



NYSE: GIS

Consumer Staples Industry

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Stock Rating: BUY

Valuation as of April 16, 2023

Current Price: \$86.56**Target Price: \$102 - 123**

Investment Thesis

We recommend a BUY rating for General Mills with a current target price range of \$102 - \$123. General Mills is a strong investment with consistent returns and predictable demand that will prove valuable in times of economic uncertainty. Although the company faces higher costs of inputs, the company is able to drive higher organic profits than any peer. Based on our economic forecasts, we believe this investment will yield at least a 15% upside for investors.

Drivers of Investment Thesis

- Consumer staples is in a defensive sector that has historically done very well in times of economic uncertainty. The consumer staples sector, as a whole, provided positive returns of 0.37% last year while the S&P500 returned -16.17%.
- General Mills has over 100 brands, including many in the fast-growing healthy snacks segment of pre-packaged food sales. Growth in the healthy snacks market is estimated to grow at a CAGR of 6.5% through the decade. Recent divestitures have streamlined company focus on higher growth product lines.

Risks to Investment Thesis

- Supply chain disruptions led to a 2.2% increase in cost of goods sold as a percentage of sales in fiscal year 2022 for General Mills. Large increases in input costs will force General Mills and its peers to streamline operations while economic conditions tighten.
- Increases in inflation cause consumers to tighten budgets and reduce discretionary spending. This reduction in spending and increased use of low-priced alternatives caused a 1% decline in General Mills' overall volume growth in fiscal year 2022.

Company Description

General Mills is a global leader in the production of branded consumer foods. The company owns over 100 brands across more than 100 countries throughout the world. Such brands include Cheerios, Nature Valley, Betty Crocker, and Yoplait. Operations are segmented into four categories: North America retail, North America foodservice, pet, and International.

Financial Snapshot

Stock Performance Highlights

Current Price: \$86.56

52-Week Range: \$64.94 - \$88.34

Market Cap: \$51.19 B

Model Price Projections

DCF: \$123

DDM: \$116

Relative Valuation: \$105

Financial Metrics

2022 Revenue: \$18,993

2023E Revenue: \$19,736

2022 EPS: \$4.46

2023E EPS: \$3.87

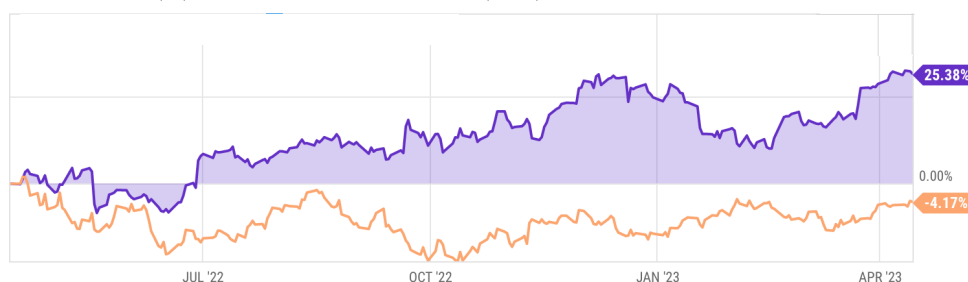
2022 Ratios

ROA: 0.09

ROE: 0.29

12 Month Returns

● GENERAL MILLS INC (GIS) TOTAL RETURN ● S&P 500 TOTAL RETURN (^SPXTR)



Executive Summary

General Mills (NYSE:GIS) is an international leader in the manufacturing of branded processed consumer food products. Not only is General Mills boasts higher gross margin, EPS, and organic sales growth than its closest two competitors, earning its spot as an industry leader. Given the potential worsening of economic conditions, consumer staples, specifically food products, present a stable return for investors. Additionally, health snack trends in the industry are well-anticipated by General Mills who owns a variety of brands well-positioned to embrace growth within this market. General Mills has recently divested interest in select international brands to refocus company efforts on core profit drivers. These divestitures will allow the somewhat streamlined company to better eliminate expenses given current high input costs. General Mills' dominance in the global manufacturing of branded processed consumer food products presents opportunity for portfolio stability in a time of economic turmoil.

Company Analysis

General Mills (NYSE:GIS) is a global leader in the manufacturing of branded processed consumer foods. Based out of Minneapolis, MN, this company boasts over 100 brands in over 100 countries [14]. Manufacturing operations are spread throughout the US including plants in Carlisle, Independence, and Cedar Rapids, Iowa. Corporate strategy involves supplying value-added products using brand-focused marketing strategies. Strong brand recognition is done with consumer-centered marketing initiatives, innovative product development, and effective merchandising. General Mills operates in various consumer packaged categories including snacks, cereal, convenience meals, baking mixes, frozen dough, and yogurt. Many of the foods we enjoy every day belong to the General Mills family of brands. Some of their most popular brands are displayed as follows:



Source: General Mills [15]

General Mills reports revenue by 4 different segments on their financial statement. Percentage of revenue is broken down below by segments: North America Retail, Pet, International, and North America Foodservice.

Net Sales by Segment



Source: General Mills 10-K [14]

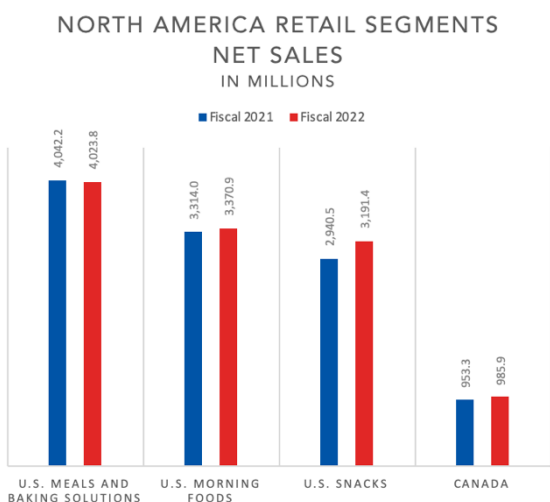
North America Retail is the largest segment for General Mills and boasts the highest gross margin percentage of 23% (operating profit as a percentage of net sales). The pet segment has the next highest gross margin percentage

coming in at 21%. North America Foodservice and the International segments have the lowest gross margin percentages at 14% and 7%, respectively.

North America Retail

The North America Retail segment contains most ready-for-consumption food products. The segment experienced growth in the last fiscal year driven by an increase in the net price realization and mix. This growth was slightly offset by a decrease in volume. That is, the company is realizing broader success in the market while selling slightly less of each product. These results coincide with the business strategy of diversified product development.

The North America Retail segment is further broken down into four categories: US Meals and Baking Solutions, US Morning Foods, US Snacks, and Canada. The following chart breaks down net sales by these four categories.



Source: General Mills 10-K [14]

US Morning Foods and Canada segments experienced growth similar to that of the North America Retail segment as a whole. U.S. Meals and Baking Solutions sales remained stable over the past year. US Meals and Baking Solutions is a division that has tremendous growth potential for General Mills if efforts are made to keep up with trends in the industry. Busy consumers, many

living in two income households, prioritize healthy, quick, and easy meal options that fit into their daily lives [16]. Innovations in this product line would prove to be beneficial for General Mills, but no announcements for growth have been announced.

The segment with the greatest growth over the past year is the US Snacks division. General Mills is a quick adopter of the health food trend. Snack brands include company staples in addition to healthier options developed recently. Larabar, EPIC, Fiber One, Good Measure, and Nature Valley are all perceived as healthier snack options in the General Mills family of brands. The healthy snacks market is expected to grow to over \$150 billion by 2030 at a CAGR of 6.5% from 2022-2029 [16]. Consumers are now favoring smaller meals and snacks to control portion sizes due to health concerns. This trend has caused a boom in the snack industry, specifically those perceived as healthy snacks. General Mills is well suited to fulfill the demand with a variety of snacks perceived as healthy. This advantage will continue to provide growth for the North America Retail segment into the future.

International

The International Segment of General Mills experienced a 9% decline in net sales for the fiscal year [14]. This decline was driven by a decline in volume growth. Specifically, the decline in volume growth was driven by divestitures of 51% of European Yoplait operations. The company states that this divestiture is in line with company strategy related to prioritizing core operations [17]. In return for the European branch of Yoplait, General Mills received a 49% ownership interest in Yoplait Canada [18]. This portion makes General Mills the sole owner of Yoplait Canada. Additionally, General Mills will be able to make use of the Yoplait name in the US and Canada at reduced royalty rates. With new entrants into the yogurt market competing to share in the growth of the healthy snacks market, Yoplait has been fighting to keep market power. Divesting

international operations is a valuable move for the company as they can now focus solely on North American markets trends. As for international business risk, General Mills hedges against currency risk with derivative securities up to 18 months in advance of contract fulfillment [14]. The current strengthening of the US dollar will pose a risk for international firms moving forward. Hedging contracts, specifically those hedged in advance, produces predictable cash flows and reduces international business risk. This risk-aversion technique will be critical for financial stability among a continually strengthening US dollar.

Pet

The Pet Segment grew by 30% in the prior year [14]. Main drivers of growth include growth in net price realization and mix and volume growth from the acquisition of Tyson Foods’ pet treat business. General Mills has been making acquisitions in this segment since 2018 and it is paying off for them with high growth in sales. General Mills first acquired Blue Buffalo in 2018 putting them at the top of the wholesome natural pet food market [19]. This segment, viewed as healthier for pets, is the fastest growing segment of the pet food industry, not unlike the healthy snacks segment of the industry. General Mills seems to be embracing health food trends in all divisions which promotes strong sales now and into the future. General Mills then acquired Tyson Foods’ pet treat business in 2021 which helped spur sales growth in the last fiscal year [20]. Tyson’s brands of pet treats are the leader in natural pet treats, further cementing General Mills as a major player in that segment. We expect to see continued high growth in the pet segment in the next 5-10 years. We also expect additional acquisitions from General Mills in this newly developed segment but cannot accurately predict any future endeavors at this time.

North America Foodservice

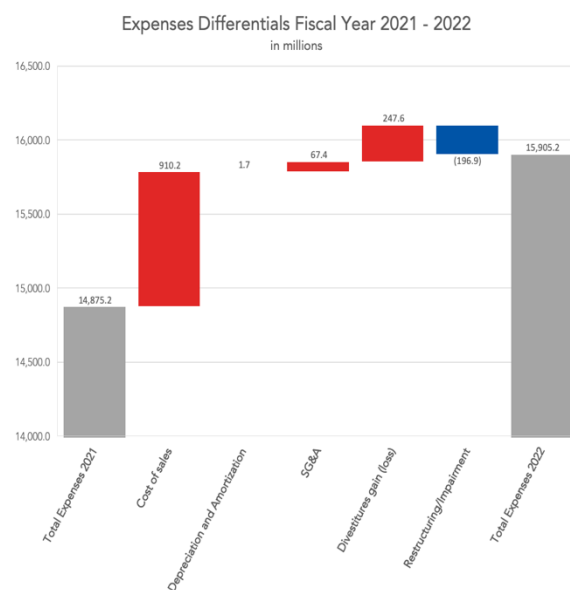
The North America Foodservice Segment sells many of the same products as the retail division

in addition to baking mixes and flour. The primary difference is that the customers for this division are foodservice, vending, and supermarket bakeries. 24% net sales growth for the year was driven by favorable net price realization, mostly due to market index pricing for goods such as bakery flour [14].

Expense Analysis

The most important expenses for General Mills are cost of sales, SG&A, divestitures loss (gain), and restructuring, impairment, and other exit costs.

Cost of sales increased by \$912 million in fiscal 2022 to \$12,591 million. This increase was driven by a \$1,514 million increase in product costs and mix offset by a decrease in volume. The increase in cost of sales resulted in a 1.90% decrease to gross margin as a percentage of net sales - now at 33.7%. Gross margin is still higher than other competitors in the industry (ex. Kellogg = 32.2%). Decreases in gross margin is concerning given current economic trends. It is now more expensive to produce products and overall volume has declined in the past year. Due to the comparatively high gross margin of General Mills compared to its competitors, this strain is most likely felt throughout the entire industry.



Source: General Mills 10-K [14]

SG&A expenses increased from \$3,080 million in 2021 to \$3,147 million in 2022. The increase was primarily caused by higher transaction costs and lower net corporate investment activity. General Mills decreased media and advertising expenses to offset the increase. Divestitures experienced a gain last fiscal year due to the above-mentioned sale of European Yoplait. Restructuring charges decreased from \$170 million in 2021 to \$26 million in 2022. A major restructuring occurred in 2021 and continuing expenses are decreasing as time moves on.

Margin and Profit Analysis

In the third quarter of the 2023 fiscal year, ended February 26, 2023, General Mills beat earning expectations. Net sales increased 13% from the prior year and organic net sales increased 16% [22]. This increase is promising given the inflation of inputs and consumer buying habits over the last quarter. Adjusted diluted EPS of \$0.97 beat analyst estimates of \$0.92 [21]. General Mills has beaten earnings estimates for the past 5 quarters.

At the end of the 3rd quarter management raised earnings expectations for fiscal year 2023

- Adjusted diluted EPS is expected to increase 8-9% compared to the originally expected 7-8%
- Adjusted operating profit is expected to increase 7-8% as opposed to 6-7%.
- Organic net sales are now expected to increase 10-11% as opposed to 10% for the year.

Additional management considerations for the fourth quarter include currency fluctuation risk, the divestiture of certain branded products, and input cost inflation [22]. Management is expecting a 4-point headwind for sales in the international division due to the strengthening of the US dollar. Additionally, the firm divested the Helper convenience meal and Suddenly Salad side dishes brands in early 2023 which may

contribute to a loss of sales volume. Finally, management continues to expect input price inflation of 14-15% of total cost of goods sold.

Governance and ESG Initiatives

General Mills focuses on products that positively impact climate change, increase consumer personalization, and provide technology enabled conveniences [14]. General Mills was the first company across all industries to have an approved climate goal from the Science-Based Target's Initiative [23]. Management plans to reduce greenhouse gas emissions by 30% by 2030 and plans to eliminate all greenhouse gas emissions by 2050. General Mills will also increase consumer personalization with the new addition of a brand loyalty program [24]. The program recognizes consumers' wants and needs and helps to stretch their dollars through rewards and meal accessibility. This program will also influence pricing initiatives and coupon strategies. Technology deployment will allow customers to scan any receipt after shopping to earn 1% back on General Mills products purchased. This technology initiative, coupled with consumer personalization develops brand loyalty, thereby enhancing General Mills' revenue.

SWOT

Strengths

Strengths of General Mills include a variety of well-known brands that are in well-positioned segments that will thrive given current trends in the industry. Within a highly competitive industry like consumer branded foods, product offerings are very similar. When this is the case, the main influence in consumer decisions is brand awareness. General Mills owns over 100 brands, many of which are incredibly well known and carry a reputation for quality. As consumers lives become more hectic, decision fatigue influences our trips to the grocery store. Many of General Mills' brands stick out in consumers' minds as a high-quality product which makes decisions much easier. Brand loyalty is difficult to build, but

General Mills already has a solid footing in this area. Secondly, new, younger brands are being added to the company's repertoire that embrace the health trend. Whether it be the snacking industry or the pet industry, General Mills has a variety of brands that are perceived as more natural or healthy. General Mills can utilize strong brand recognition paired with product innovation to further growth within the industry better than competitors.

Weaknesses

With so many brands, creates a difficulty to focus. One company doing too many different things gives the perception of a lack of individual quality. Restructuring within the last few years has aimed to remedy this weakness, but there is still work to be done. Some brands are positioned to embrace trends and change while other brands are solid staples within their segments. Balancing so many different divisions can lead to inefficiencies and inefficient macro-decision making. General Mills recognized this weakness at one point, but still manufactures so many brands globally that focus could use improvement. General Mills has been losing volume growth in its core business operations related to the North America Retail and International divisions. Too many brands and a lack of focus could lead to a reduction in market share.

Opportunities

General Mills is a stable company that has the potential to do well in an economic downturn and is embracing consumer trends. Companies with low volatility and stable consumer demand are poised to do better than highly volatile and discretionary companies during times of economic hardship. Given the current uncertainty around the economy, General Mills is poised to be a stable investment to maintain consistent dividend cash flows and earn steady returns. Consumers staples – specifically food products – are generally purchases that remain in a consumer's shopping cart regardless of income. Some discretionary or higher priced items may

see a reduction in prices, but overall, General Mills is centered around necessities. Secondly, General Mills has developed or acquired brands that have embraced the health food snacking trends. The healthy snack industry is poised to continue to grow in the near future and General Mills will be able to capitalize on their current position in the market.

Threats

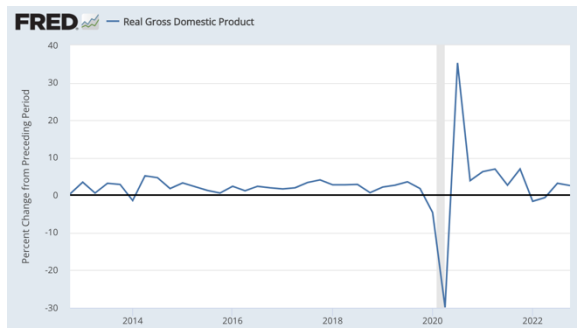
Threats to General Mills include rising input costs, currency exchange risk, and a decrease in consumer discretionary purchases due to poor economic conditions. Input costs, as mentioned in the company's most recent quarterly report, will continue to rise. Management expects input cost inflation of 14-15% of total cost of goods sold in this fiscal year [22]. Inflation is still high for the foreseeable future and will continue to threaten profits. Currency exchange risk is also high for companies that conduct much of their business internationally. The strengthening of the US dollar will continue to increase currency exchange risk and threaten profits in the future. Finally, consumers will have to exercise more discretion in purchasing as economic conditions worsen. If the country were to fall into a recession, sales would inevitably fall. Other expenses would need to be cut or minimized to maintain profits during this time.

Economic Analysis

During times of economic uncertainty, the consumer staples sector has historically been reliably stable. It is especially valuable during times of low GDP growth, high inflation, low consumer confidence, and low disposable income. In current economic conditions, food and personal hygiene products remain necessities for consumers. While these factors may constrain spending and force consumers to substitute for lower-priced options, demand will not fall as much as it would for discretionary items.

Real GDP

Declining real GDP is one indicator of poor economic conditions which influence both business growth and equity trading. Historically, GDP has consistently increased 2-3% on a quarterly basis. The COVID-19 pandemic caused real GDP to fall drastically, followed by a steady recovery. Due to disruptions in the supply chain and after-effects from the pandemic, real GDP slowed once again in early 2022. This slow-down led to two consecutive quarters with negative real GDP growth. Typically, this is an indication of the beginning of a recession, but GDP growth rebounded in the third quarter with a 3.6% growth rate. The fourth quarter grew by only 0.6% indicating we are not clear of recession concerns yet. The following graph shows percentage change in GDP by quarter. Once stable, GDP continues to fluctuate unpredictably since the pandemic in 2020.



Source: FRED [1]

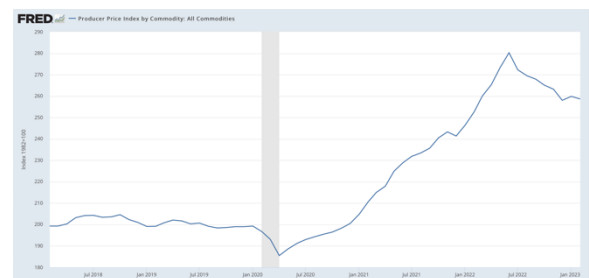
If nothing else is certain, this post-pandemic time is tumultuous for GDP growth and the business environment. Despite low GDP growth, 2022 was a good year for the defensive consumer staples sector compared to the entire market. While the S&P500 declined 16.17% for the year, the consumer staples sector index was able to improve by 0.37% [2]. As GDP continues to fluctuate during this time of economic uncertainty, the consumer staples sector is a stable investment compared to other sectors.

Inflation

Increasing inflation puts a strain on both consumer demand and supply input prices.

Inflation has been increasing drastically since shortly after the beginning of the COVID-19 pandemic. Inflation pressures have eased some since mid-summer of 2022, but is still on the rise at a pace greater than consumers and businesses are accustomed to.

On the supply side, the Producer Price Index (PPI) relays information related to the input costs businesses incur. As shown in the graph below, the price of domestic inputs began rising drastically shortly after the beginning of the COVID-19 pandemic.

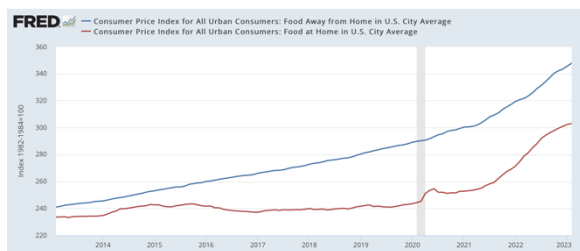


Source: FRED [3]

Supply chains were disrupted due to labor shortages, health concerns, and government closures of businesses. These disruptions resulted in widespread shortages and price increases. Returning to full production remained difficult after the pandemic which leads many producers to continue to try to play catch-up. After July of 2022, the cost of inputs is declining, though they remain high. At least for now, input prices seem to be steadily declining which reduces pressure on businesses. We predict that this downward trend will continue in the short term until PPI returns to a steady level as observed prior to 2020. The overall price index will be higher compared to pre-2020 levels, but businesses will be able to adjust in time to the new higher input price level.

Consumers, on the other hand, aren't experiencing the same inflation relief. The Consumer Price Index (CPI) is up 5% from a year ago, led by an 8.5% 12 year-over-year change in food prices [4]. Food products are an inelastic

good, meaning consumers will tolerate greater price changes before changing buying habits. Additionally, the increase in prices of food is greater represented in the “food away from home” category than the “food at home” category. Once very similar, the two categories began to drastically diverge in prices in 2016. This gap has only been made worse post-pandemic as illustrated in the graph below. “Food at home” (the red line) remains constant compared to the increasing blue “food away from home” line above. We expect this trend to continue as the labor-intensive restaurant industry faces increases in the cost of labor. This trend is promising for companies that produce ready-to-eat consumer products like General Mills. Compared to eating out, preparing food at home is relatively cheap. Consumers experiencing financial stress will likely eliminate the cost of “food away from home” in favor of “food at home.”



Source: FRED [5]

In all, current inflation trends present an opportunity for the consumer staples industry. Input price increases are slowing but those high prices can be passed along to consumers without a significant change in demand. From a consumer perspective, food at home is significantly less expensive than food away from home. When consumers are forced to use greater discretion in their purchases, food away from home will likely face more decrease in demand than food at home. The consumer staples industry will be able to withstand high inflation better than other consumer discretionary industries due to this combination of factors.

Consumer Confidence

Consumer confidence is crucial to the consumer staples industry. Consumer confidence in the economy (both present and future) influences buying habits, and therefore, sales within the industry. Confidence in the economy typically declines in times of unfavorable economic uncertainty and recessions. A decline in consumer confidence is typically accompanied by a decrease in discretionary spending and a substitution in favor of lower priced goods.

In the most recent consumer confidence survey, consumer consensus on current economic conditions declined slightly. Alternatively, consumer sentiment regarding the short-term economic outlook improved slightly. Future outlook still remains below 80 on the scale and has for 12 out of the last 13 months. This low level is typically an indication of a recession within the next year. For now, a recession has been held at bay, but consumers are not confident going forward.



Source: The Conference Board [6]

For companies within the consumer staples industry, a decline in consumer confidence may mean a reduction in sales for name brands and an increase in sales for private label goods. More than 50% of US branded packaged goods manufacturers also make private labels equivalents of the goods they sell [7]. This strategy is one way to avoid loss of consumer demand but runs the risk of product cannibalization. For now, branded packaged goods have a leg up on private label goods. Branded products capitalize on brand loyalty,

brand specialization, and retail advertising. Since the COVID-19 pandemic, consumers have favored brands over private label goods [8]. Consumers tend to have a higher trust in brand-name options (a major factor in decision making) and tend to purchase more branded items when ordering online. This is good news for branded packaged goods manufacturers for now. While we do not expect a deep recession in the near future, such economic conditions may force consumers to change buying behavior. Branded products also have more control over shelf-space in many retail stores. Valuable real estate in stores like endcaps are typically bargained for by branded products as opposed to private label goods. These factors will keep a major loss in market share at bay for the time being.

Household Financial Health

Rising prices and consumer confidence affect households in various ways. Equal increases in prices and wages, for instance, result in no real effect on one's financial situation. The personal savings rate and disposable personal income metrics allow for a better look into the health of household finances across the US.

Disposable personal income (DPI), the amount individuals have to spend or save after taxes, is still on the rise. As seen in the graph, outside of the peaks in 2020 and 2021 from COVID-19 relief checks, disposable personal income has been rising at a continuous rate. Income and wages, net of tax, are rising at a pace like pre-pandemic levels. Inflation, however, is much higher than its pre-pandemic levels meaning actual purchasing power is much lower.



Source: FRED [9]

The personal savings rate displays personal savings as a percentage of disposable income. Historically, personal savings rates stayed between 5-10% since the 2008 recession. Again, this metric experienced a peak attributable to relief funds from the COVID-19 pandemic. Since then, personal saving as a percentage of disposable income has been declining. The rate bottomed out at 2.6% in June of 2022 – the third lowest ratio ever recorded. Consumers are able to save less of their disposable income even though it is near the highest it's ever been.



Source: FRED [10]

Traditionally, a low savings rate tells of consumers forgoing future consumption for current consumption. Consumers could be optimistic about the future of the economy and anticipate higher wages in the future, therefore forgoing current savings. Alternatively, savings trends may lead consumers to choose to save less. Savings rates were high in the 60's and 70's for working adults who grew up in the Great Depression. Demographic changes may lead to younger adults now savings less as a matter of personal choice. Low savings, however, may exacerbate a potential recession. Consumers who face worsening economic conditions without adequate savings will have to alter purchasing decisions. Although consumer staples are a necessity, as noted above, consumers may be forced to cut costs wherever necessary, favoring private label or other low-cost options. We expect to see this metric continue at a rate of around 5%. Given high inflation, many consumers may not be able to generate personal savings even if they wanted to.

Industry Analysis

General Mills operates in the consumer-based food products industry. This industry group includes companies that turn agricultural products into finished food products for consumption. Companies included in this list typically manufacture multiple lines of food products. Given probable economic downturn, major manufacturers of a diverse range of products are best suited for success compared to those who produce limited or niche products.

Industry Trends and Growth Catalysts

FDA and Environmental (CERCLA) Regulations

The FDA is continually changing regulations regarding the safety of production and consumption of food products. Maintaining compliance with standards is critical not only to the legal standing of the company, but also when it comes to public perception. With a strong reliance on brand name and trademarks, public litigation is not only costly on a legal expense line but could also cause a decline in sales. New regulations related to the COVID-19 pandemic are yet to emerge regarding the safety of production and distribution but are on the radar of many firms in the industry. General Mills has been party to a variety of remedial obligations related to environmental impacts within the last year. The result of these actions is yet to be fully disclosed [14].

Health Trends

Trends in the food industry are moving towards healthier options. More consumers are avoiding certain ingredients like trans-fat, sodium, sugar, GMOs, grain, and nuts. Instead, consumers are looking for healthy fats and proteins. The healthy snacks market is expected to grow to over \$150 billion by 2030 at a CAGR of 6.5% from 2022 to 2029 [16]. Shifts to healthier and more sustainable-produced products will likely be costly for firms in the industry. Sourcing quality products will take both time and capital. Those able to adjust quicker will be able to recognize a greater share of growth profits. Companies that do not offer options that satisfy consumer wants

will fail to maintain market share and profits will fall in the long run. Healthier food options, if created well, are also less likely to face backlash moving forward. Foods high in chemicals are likely to receive harsh criticism unlike those made with whole organic ingredients. Maintaining favorable public perception of brand-image help firms in the industry maintain a competitive advantage. General Mills, with a variety of healthy-image brands is well-poised to benefit from the increase in market size. We expect this trend will increase sales in the North America retail segment, specifically the snack division over at least the next decade.

Retailer Streamlining

Grocery retailers are consolidating to become more efficient and reduce prices. This includes a reduction in product mix and an increase in reliance on their own brand of products. This trend is supported by the popularization of private label retailers like Aldi and Trader Joes. The decision to purchase a name-brand compared to private-label brand is not determined solely by the consumer. Retailers have tremendous power in promoting one or the other at the point of purchase. Point-of-sale marketing is an opportunity and a threat for branded product manufacturers like General Mills. Private-label retailers like Aldi and Trader Joes present a risk to market reach for branded goods. On the other hand, General Mills, with a variety of products, can influence product placement in large retailers like Target and Walmart. Effect on net sales is indeterminable, but branded product manufacturers will likely be forced to compete on multiple fronts.

Convenience Meal Alternatives

Low preparation, healthy meal options provide an opportunity to gain market share. Many households are dual income meaning many consumers have less time than ever to spend preparing meals. Today's consumers are looking for quick meal options that don't compromise on taste or nutritional value. Options like these will allow companies in this industry to set themselves

apart from the competition. It will also take private label brands a significant time to develop similar products which provides at least short-term advantages. For companies with strong brand recognition like General Mills, this presents an exciting opportunity. Consumers are most likely to choose options that are trustworthy based on prior experience. Earned trust from reliability in one product line will promote sales in a new, similar product line. For instance, if a consumer trusts Progresso soups, they are more likely to reach for a Progresso soup meal kit than one from a competing brand.

Competitors

Competitors of General Mills typically manufacture multiple food product lines. For the top competitors in the industry, most revenues are generated in the United States with a small percentage of international business. Customers typically include large food retailers such as Walmart instead of a direct-to-consumer model. Firms are differentiated in this industry by product variety and brand awareness. For example, General Mills produces Progresso soups and Campbell Soup Company produces Campbell's soups. While the products may be similar, brand recognition is the main driver of individual sales for each company. The three top competitors in this industry include General Mills (GIS), Kraft Heinz Corporation (KHC), and Campbell Soup Company (CPB).

	GIS	KHC	CPB
<i>Market Cap (\$M)</i>	50,841	47,898	16,405
<i>Sales (\$M)</i>	18,933	26,043	8,562
<i>Net Income (\$M)</i>	2,707	1,012	757
<i>Gross Margin %</i>	33.08%	32.97%	30.21%
<i>Return on Equity</i>	27.06	2.04	23.35
<i>Inventory Turnover</i>	6.89	6.61	5.48
<i>Sales/Share</i>	31.00	21.07	28.35
<i>Price/Earnings</i>	15.81	43.05	19.69
<i>Organic Net Sales (% change)</i>	6%	1.8%	2%

Source: FactSet [11] [12] [13]

While General Mills may be slightly larger than Kraft Heinz and Campbells Soup Company, it is also able to best its two competitors in ratio analysis. Specifically, General Mills' organic net sales growth, a key metric in the industry, is 3 times that of its next closest competitor.

The main competitive forces that shape this industry are value, product quality, brand recognition, and product innovation. This industry is highly competitive as there are numerous firms in this industry worldwide. Many products are very similar and have a high threat of substitution. Competition among brands is fierce but the threat of private label products gaining a large share of the market is high. Many products sold in this industry are elastic goods due to the threat of substitution. Price a good too high and customers will replace with a cheaper, private label product. To maintain a competitive advantage, firms in this industry communicate clearly to consumers that a branded product is better quality and provides better value. Typically, value and quality are communicated through brand-centered advertising campaigns. There is a premium that consumers will pay for a brand name they can trust. Ensuring that consumers believe your brand is worth the premium is key to competition in the industry.

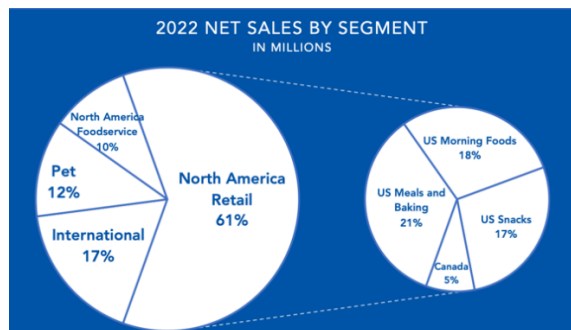
Product innovation is also important in maintaining a strong market share. New, innovative products give manufacturers a head-start to earn profits in untapped markets and develop brand loyalty. Developing unique products with strong brand recognition that maintains consumer interest is the key to having success in this industry.

General Mills is well-positioned in the industry with strong financial metrics, brand recognition, consistent product innovation, and acquisition of brands that maintain consumer interest. Further growth within industry will develop from continued brand awareness through marketing campaigns and product line expansions.

Valuation Methodology

Revenue Decomposition

2022 net sales for General Mills are broken down by segment as follows:



Source: General Mills 10-K [14]

Given that General Mills is a stable growth company in a steady growth industry, our revenue forecasts model a similar percentage breakdown as fiscal year 2022. Breaking down the North America Retail segment, we took 5-year averages of each segment and forecasted steady growth through 2032. U.S. Meals and Baking Solutions will grow at 1.02% while U.S. Morning Foods grows at 0.38%. With divestitures of the Helper meal kit brand and Yoplait International, we predict the slow growth in sales of these two segments.

We expect a slightly higher growth rate in the Canada division with a 5-year average of 1.82%. Upon the sale of Yoplait Europe, General Mills received reduced royalty rates for the Yogurt in Canada and the US. Additionally, Canada Yoplait is now wholly owned by General Mills. This results in a slightly higher net sales growth compared to the other two segments.

Per industry trends and strong historical growth, we predict a growth in the U.S. Snack segment to be 9.78% moving forward. The healthy snack market is expected to grow at a CAGR of 6.5% until 2029 [16]. We expect that General Mills will grow at about 1.5 times that rate given its current market penetration with already well-known brands.

The growth of these individual segments results in an overall growth rate for the North America Retail segment of 3-4% per year. The 4-year historical average of net sales for this segment is 3.49%, so we are confident that sales will grow in line with our predictions.

Similar to the other segments, for the International and North America Foodservice segments, we used a 5-year historical average to predict future sales growth. The International segment has historically shrunk at a rate of 1.16%. Unfortunately, we predict this to remain true. In the near term, foreign currency risk and divestiture of international brands are likely to reduce net sale in this segment. As for the North America Foodservice segment, the 5-year historical average leads us to predict that the segment will grow at 0.69%. This segment is historically very stable for the company (outside of the declines seen due to the COVID-19 pandemic). We predict a continually steady revenue growth for the near future.

Finally, the pet division is fairly new, and thereby hard to predict from historical returns. We took a 5-year average for this segment as well which was around 17%. Given that the segment is still experiencing high growth from recent success of acquisitions, a 17% growth rate is realistic but not sustainable. Growth in this segment will level as time progresses. We estimate a 2% decline in growth until the year over year growth rate reaches 8% (17% in year 1, 15% in year 2, 13% in year 3, etc.). We expect this segment to level off at 8% year over year growth which is a similar rate to that of the snack division. Both segments have strong growth potential given the current trends in their respective industries which we estimate to be roughly the same.

Cost of Goods Sold

Management provided little specific guidance on the future of cost of goods sold outside of the effects of inflation on input prices. A 5-year historical average of cost of goods sold as a percentage of sales yielded 62%. In 2022

however, General Mills reported a 63.29% cost of goods sold as a percentage of net sales. General Mills' end of fiscal year is May 2022, so this cost of sales occurred in before inflation peaked in summer of 2022. We expect that cost of goods sold will be even higher this year to reflect the higher prices experienced after that mid-summer peak. We forecast that cost of sales as a percentage of net sales will remain around 64% for the foreseeable future.

SG&A Expenses

Similar to cost of goods sold, management gives little guidance on the breakdown of future operating expenses. Selling, general, and administrative expenses have remained steady for the last 10 years while declining slightly. Given expected inflation to input costs, we expect to observe a rate at or near our 5-year average. Our past 5 years of SG&A expenses as a percentage of net sales ranged from 16.5% - 17.5%. Our estimate of 17.27% falls in the middle of this range, albeit on the high side to account for expected inflation.

Capital Expenditures

General Mills has been very consistent regarding capital expenditures in the past 10 years. As the company remains in a steady state of growth, capital expenditures have been declining slightly. We took a 5-year historical average of purchases of land, buildings, and equipment which came out to be \$544.12 million per year. We then assumed a consistent outflow in the near future, adjusted for consistent depreciation expense and inflation growth. As for inflation, we estimated a 5% inflation rate during 2023. This is consistent with the most recent CPI report. In 2024 and beyond, we forecasted a steady 2% inflation rate in line with Fed targets.

WACC

To find the weighted average cost of capital (WACC) for General Mills, we took the weighted average of the company's cost of equity and after-tax cost of debt.

To calculate cost of equity, we utilized the capital asset pricing model (CAPM). To begin, we obtained our risk-free rate from the 10-year US treasury bond yield which is 3.52% [25]. Next, we obtained our market risk premium from the trailing 12-month cash yield from New York University's Professor Damodaran which came out to be 5.44% [26]. General Mills' beta, or volatility compared to the market, was 0.21 and obtained from the average of the 2, 3, 4, and 5-year weekly beta data on Bloomberg [27]. We multiplied General Mill's beta by the market risk premium and added back the risk-free rate to calculate a cost of equity of 4.65%.

To calculate the after-tax cost of debt, we first obtained the yield to maturity of General Mill's 10-year bond. The closest bond to a 10-year offering from General Mills was a 10-year bond issued in October of 2021 and maturing in October of 2031. The yield to maturity on this bond is 4.64% [28]. The marginal tax rate for General Mills, found in the 10-K, is 18.3% [14].

Total shareholder equity (market capitalization) is 51,840.8 million (80.51% weight). Total debt outstanding for General Mills is 12,549.5 million (19.49% weight). Finally, we multiplied each weight by its respective cost of capital and reached a WACC of 4.48%.

Valuation Models

DCF and EP Models

To find the intrinsic value of General Mills, we first utilized a discounted cash flow (DCF) model. To do this, we first forecasted out free cash flows for the company through 10 years. We then estimated the continuing value of the firm using a constant growth of NOPLAT rate of 0.25%. This firm is in a steady growth phase and will likely continue to grow at a slow steady rate long into the future. Next, we discounted all cash flows and the continuing value by our previously calculated WACC and summed the results. This led us to the value of our operating assets. We adjusted for non-operating items such as excess cash, debt, and earnings attributable to NCI that do not

belong in the calculation for the value of equity. Finally, we divided our value of equity by shares outstanding and arrived at an intrinsic value for the stock of \$122.70.

We also, alternatively, calculated the intrinsic value of the stock using the economic profit (EP) model. We forecasted our economic profit out 10 years once again and discounted the results. Additionally, we calculated a continuing value of the entity using our 2032E return on invested capital of 32.04%. Once again, we adjusted non-operating items and arrived at an intrinsic value of \$122.70.

We are confident that these two models present an accurate valuation of General Mills' stock as of the model date. We acknowledge, however, that given the instability in the economy and consistent interest rate increases, risk-free rates and market premiums are incredibly volatile. Changes in these rates greatly affect our model and the intrinsic value calculated.

DDM

To find the intrinsic value of General Mills, we then utilized a dividend discount model (DDM). We believe this to be a useful tool in estimating the value of General Mills given their consistent ability to pay dividends and beat earnings per share estimates.

We began by forecasting earnings per share out 10 years to estimate the 2032 EPS to be \$6.46. Additionally, we forecasted a P/E ratio using an estimated continuing value of EPS of 0.25%, continuing value of ROE of 19.79%, and our cost of equity from earlier of 4.65%. General Mills' intrinsic price as of 2032 will be \$145.06. We then forecasted dividends over the next 10 years. In line with the 10-year historical average, we expect an average increase of \$0.08 per year. Finally, we discounted the dividends and 2032 price to generate an intrinsic price today of \$115.94.

We believe this intrinsic value to be accurate given the consistency and reliability from General

Mills in both the payment of dividends and surpassing of earnings estimates.

Relative Valuation

For our third valuation technique, we utilized relative valuation using the multiples of comparable firms. Firms used for comparison were chosen based on similarity in industry and size (market capitalization). For each comparison, we recorded price at the model date, EPS estimates for 2023 and 2024, and sales per share estimates for 2023 and 2024. Competitors included PepsiCo, Campbell Soup Company, Kellogg, Hershey, Keurig Dr. Pepper, Monster, JM Smuckers, Kraft Heinz, and Lamb Weston. We then averaged the P/E ratios for all competitors and multiplied by the current price of General Mills. The industry average 1-year and 2-year forward P/E ratios were 22.55x and 20.66x, respectively. For General Mills, we calculated these ratios to be 22.4x and 21.5x, respectively. General Mills' forward P/E ratios fall right in line with industry standards. The 2023 forward rate conveys that General Mills is slightly undervalued while the 2024 rate conveys a slight overvaluation. We also averaged price/sales per share among all competitors and again multiplied this by the current price of General Mills. The industry average 1-year and 2-year forward price divided by sales per share ratios were 3.31x and 3.08x, respectively. We calculated these ratios to be 2.73x and 2.61x, respectively for General Mills. The relatively low ratio for General Mills compared to the industry average relays that General Mills is undervalued. Based on its value compared to its peers, we estimate that General Mills' intrinsic value falls in the range of \$83.35 - \$104.99, making it generally undervalued.

Sensitivity Analysis

To test the validity of our assumptions, we created 6 sensitivity tables based on the valuations calculated in the DDM and DCF models. Reference to the specific valuation model is denoted in the top left corner of each sensitivity table. Dark blue shading indicates

proximity to actual values used in the respective model.

Beta and Equity Risk Premium

In our first data table, we analyzed how changes in beta and equity risk premium affect valuation using the discounted cash flow model. Specifically, the combination of these two variables affects the WACC used to discount cash flows. As anticipated, changes in the return of the market, or equity risk premium, result in very little volatility while the beta is very low. General Mills has a low beta which makes it indifferent to fluctuations in market returns. As the equity market risk premium increases, WACC (our discount factor) increases, and implied price decreases. Similarly, as beta increases, WACC increases, thereby decreasing the implied price. Valuation is slightly more sensitive to beta compared to equity risk premium. Decreasing beta by 30% results in an increase to implied price of \$10. Similarly, decreasing the market risk premium by 30% results in an implied price increase of only \$9.

Equity Risk Premium	DCF	Beta						
	122.70	0.15	0.17	0.19	0.21	0.23	0.25	0.27
4.00%	140.04	137.16	134.37	131.68	129.08	126.56	124.12	
4.50%	137.51	134.37	131.35	128.44	125.64	122.93	120.32	
5.00%	135.06	131.68	128.44	125.33	122.35	119.48	116.71	
5.44%	132.96	129.39	125.97	122.70	119.57	116.56	113.68	
6.00%	130.37	126.56	122.93	119.48	116.18	113.02	110.00	
6.50%	128.12	124.12	120.32	116.71	113.28	110.00	106.88	
7.00%	125.94	121.76	117.81	114.06	110.50	107.12	103.90	

COGS and SG&A (as a percentage of sales)

COGS and SG&A expenses are the two greatest expenses that General Mills has on their income statement. Given the increase to input prices, we decided to test the sensitivity of these expenses as a percentage of sales. An increase in either of these expenses decreases net income and therefore decreases implied price. The equity valuation is sensitive to both expenses as a percentage of sales. It is far more sensitive to COGS as a percentage of sales, however. For a 6% decrease in COGS, implied price increased \$35. For a similar 6% decrease to SG&A expense, implied price increased only \$10. Given that both are a percentage of sales and COGS is a larger percentage to begin with, it would make sense

that COGS results in larger variation. If you increase expenses by 2% (either by changing COGS from 64% to 66% or SG&A from 17.27% to 19.27%) gross margin will decrease by the same amount. Because COGS is a larger expense, it is more susceptible to variation in input prices. Even a small increase in COGS will have a larger income statement effect whereas a similar increase into a smaller account like SG&A won't have as large of an effect.

SG&A (as a % of sales)	DCF	COGS (as a % of sales)						
	122.70	60.2%	61.4%	62.7%	64.0%	65.3%	66.6%	67.8%
16.23%	167.17	155.50	143.83	132.16	120.49	108.82	97.15	
16.58%	164.02	152.35	140.68	129.01	117.34	105.67	94.00	
16.92%	160.87	149.20	137.53	125.86	114.19	102.52	90.85	
17.27%	157.72	146.05	134.38	122.71	111.04	99.37	87.71	
17.62%	154.57	142.90	131.23	119.56	107.89	96.23	84.56	
17.96%	151.42	139.75	128.08	116.41	104.75	93.08	81.41	
18.31%	148.27	136.60	124.93	113.27	101.60	89.93	78.26	

WACC and CV Growth of NOPLAT

WACC and the CV growth of NOPLAT are the two biggest assumptions in the discounted cash flow model. An increase in WACC, the discount rate, will result in a decrease to the implied price. Alternatively, an increase in the expected growth rate of NOPLAT will increase the implied price. WACC is used to discount each free cash flow in this model and is therefore, more involved with the implied price. The growth rate of NOPLAT is only used to calculate the continuing value of the firm. As such, WACC results in significantly more variability in intrinsic value compared to the growth rate of NOPLAT. A 30% decrease in WACC results in an increase to the implied price of \$72. Conversely, a 30% increase in the growth rate of NOPLAT results in only a \$2 increase to implied price.

CV Growth of NOPLAT	DCF	WACC						
	122.70	3.14%	3.58%	4.03%	4.48%	4.93%	5.38%	5.82%
0.18%	190.63	161.30	138.83	121.07	106.70	94.83	84.86	
0.20%	191.96	162.25	139.53	121.61	107.11	95.15	85.13	
0.23%	193.32	163.22	140.25	122.15	107.53	95.48	85.39	
0.25%	194.70	164.20	140.97	122.70	107.96	95.82	85.66	
0.28%	196.11	165.20	141.70	123.25	108.38	96.16	85.93	
0.30%	197.54	166.21	142.44	123.81	108.82	96.50	86.20	
0.33%	199.00	167.24	143.20	124.38	109.25	96.84	86.48	

Marginal Tax Rate and Pre-Tax Cost of Debt

Marginal tax rate and pre-tax cost of debt are both inputs for the cost of debt used in the WACC calculation. The pre-tax cost of debt is multiplied by (1-marginal tax rate) to calculate the

cost of debt used in WACC. Because the weight of debt is only roughly 20%, the effect of both inputs is minimal, that is, implied price is not very sensitive to either. Even so, pre-tax cost of debt results in significantly more variability in implied price compared to the marginal tax rate. A 30% decrease in the pre-tax cost of debt results in an increase to implied price of \$9. Alternatively, a 30% increase in the marginal tax rate increases the implied price by only \$2. Both influenced by government action, the variability in these two inputs is heavily dependent on economic fluctuations. Due to economic uncertainty, fluctuations in these two inputs are likely, but they will have little effect on the value of the firm.

DCF		Marginal Tax Rate						
		12.81%	14.64%	16.47%	18.30%	20.13%	21.96%	23.79%
Pre-Tax Cost of Debt	122.70							
	3.25%	130.01	130.47	130.94	131.41	131.88	132.35	132.83
	3.71%	126.86	127.37	127.88	128.40	128.92	129.44	129.97
	4.18%	123.83	124.38	124.94	125.50	126.06	126.63	127.20
	4.64%	120.91	121.50	122.10	122.70	123.30	123.91	124.53
	5.10%	118.09	118.72	119.35	119.99	120.63	121.28	121.94
	5.57%	115.38	116.04	116.70	117.37	118.05	118.74	119.43
	6.03%	112.75	113.44	114.14	114.84	115.55	116.27	116.99

CV Growth of EPS and Cost of Equity

The continuing value of earnings per share and cost of equity are the two biggest assumptions that influence the dividend growth model. Implied price in the DDM is especially sensitivity to changes in the cost of equity. Once again, an increase to the cost of equity results in a greater WACC, thereby discounting values at a larger rate. Larger discount rates result in lower implied prices. A 30% decrease to the cost of equity results in a \$64 increase to the implied price. Conversely, a 30% increase in the continuing value growth rate of EPS results in only a \$2 increase to implied price. Like the sensitivity analysis conducted for the growth rate of NOPLAT, the growth rate of EPS only effects the continuing firm value. The cost of equity influences the discounting of every value in the model and therefore, has a much greater effect than the growth rate. Any assumptions about the residual growth rate of the firm past the next decade are not significantly sensitive, which is helpful to the validity of our model. Changes in the long-term growth rate will not result in large

sways to the implied price of the firm, making the model a safe assumption of intrinsic value.

DDM		CV Growth of EPS						
		0.13%	0.18%	0.23%	0.25%	0.28%	0.33%	0.43%
Cost of Equity	115.94							
	3.25%	174.75	177.05	179.04	180.17	181.31	183.90	188.82
	3.72%	149.05	150.68	152.07	152.87	153.67	155.48	158.88
	4.18%	129.37	130.56	131.58	132.16	132.74	134.05	136.50
	4.65%	113.85	114.75	115.51	115.94	116.37	117.35	119.17
	5.11%	101.32	102.01	102.59	102.92	103.25	103.99	105.37
	5.58%	91.01	91.55	92.00	92.26	92.52	93.09	94.16
	6.04%	82.40	82.82	83.18	83.38	83.59	84.04	84.88

Depreciation Rate and Return on Investment

In our model, the two main assumptions that influence the value of our assets are the depreciation rate and the rate of return on investments. Although the two rates affect different assets on the balance sheet, the effects they have on the implied price are very similar. As ROI increases, so does the value of intangible assets. Alternatively, the depreciation rate decreases the net value of the land, buildings, and equipment account. As a test for the validity of our ROI assumption, we wanted to test for similarity to other similar rates. We conclude that the ROI percentage is a valid rate compared to our historical average of depreciation. A 30% increase in the depreciation rate results in an increase to the implied stock price of \$1.31. Similarly, a 30% increase in the return-on-investment rate results in an increase to the implied stock price of \$0.75. Implied price is not sensitive to changes in either the depreciation rate or the return-on-investment rate. Significant changes in either rate result in very low changes to the implied price. Therefore, assumptions related to these two rates that do not reflect reality for the firm are insignificant and do not greatly affect the implied price of the firm.

DCF		Depreciation Rate						
		11.10%	12.68%	14.27%	15.85%	17.44%	19.02%	20.61%
ROI%	122.70							
	1.40%	124.75	124.19	123.76	123.44	123.22	123.06	122.96
	1.60%	124.51	123.94	123.51	123.20	122.97	122.81	122.71
	1.80%	124.26	123.69	123.27	122.95	122.72	122.57	122.46
	2.00%	124.01	123.44	123.01	122.70	122.47	122.31	122.21
	2.20%	123.75	123.19	122.76	122.44	122.21	122.06	121.96
	2.40%	123.49	122.93	122.50	122.18	121.96	121.80	121.70
	2.60%	123.23	122.66	122.24	121.92	121.69	121.54	121.44

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General Mills, Inc.		Revenue Decomposition in Millions																			
Fiscal Years Ending May 31		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
North America Retail																					
U.S. Meals & Baking Solutions		4,969.9	4,868.5	4,644.1	4,297.3	3,876.6	3,865.7	3,839.8	4,408.5	4,042.2	4,023.8	4,064.8	4,106.2	4,148.1	4,190.3	4,233.0	4,276.2	4,319.8	4,363.8	4,408.3	4,453.2
% Growth YoY			-2.04%	-4.61%	-7.47%	-9.79%	-0.28%	-0.67%	14.81%	-8.31%	-0.46%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%
% of North America Retail		46.82%	45.91%	44.20%	39.29%	38.02%	38.22%	38.69%	41.01%	35.93%	34.77%	34.00%	33.19%	32.35%	31.49%	30.59%	29.67%	28.73%	27.78%	26.80%	25.82%
U.S. Morning Foods (Cereal + Yogurt)		3,777.4	3,738.6	3,728.5	3,615.5	3,316.1	3,179.2	3,162.1	3,353.1	3,314.0	3,370.9	3,383.9	3,396.9	3,410.0	3,423.1	3,436.3	3,449.5	3,462.8	3,476.1	3,489.5	3,502.9
% Growth YoY			-1.03%	-0.27%	-3.03%	-8.28%	-4.13%	-0.54%	5.04%	-1.17%	1.72%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
% of North America Retail		35.59%	35.25%	35.49%	33.06%	32.52%	31.43%	31.86%	31.19%	29.46%	29.13%	28.30%	27.46%	26.60%	25.72%	24.83%	23.94%	23.03%	22.13%	21.22%	20.31%
U.S. Snacks		1,867.6	1,997.8	2,134.4	2,094.3	2,098.2	2,140.5	2,060.9	2,091.9	2,940.5	3,191.4	3,503.5	3,846.2	4,222.3	4,635.3	5,088.6	5,586.3	6,132.6	6,732.4	7,390.8	8,113.6
% Growth YoY			6.97%	6.84%	-1.88%	0.19%	2.02%	-3.72%	1.50%	40.57%	8.53%	9.78%	9.78%	9.78%	9.78%	9.78%	9.78%	9.78%	9.78%	9.78%	9.78%
% of North America Retail		17.59%	18.84%	20.31%	19.15%	20.58%	21.16%	20.76%	19.46%	26.14%	27.58%	29.30%	31.09%	32.93%	34.83%	36.78%	38.77%	40.79%	42.85%	44.93%	47.03%
Canada		-	-	-	929.5	906.0	930.0	862.4	897.0	953.3	985.9	1,003.8	1,022.1	1,040.6	1,059.6	1,078.8	1,098.4	1,118.4	1,138.7	1,159.4	1,180.5
% Growth YoY					8.50%	8.89%	9.19%	8.69%	8.34%	8.47%	8.52%	8.40%	8.26%	8.12%	7.96%	7.80%	7.62%	7.44%	7.25%	7.05%	6.84%
% of North America Retail					8.50%	8.89%	9.19%	8.69%	8.34%	8.47%	8.52%	8.40%	8.26%	8.12%	7.96%	7.80%	7.62%	7.44%	7.25%	7.05%	6.84%
North America Retail		10,614.9	10,604.9	10,807.0	10,936.6	10,196.9	10,115.4	9,925.2	10,750.5	11,280.0	11,872.0	11,956.0	12,371.4	12,821.0	13,308.3	13,836.7	14,410.4	15,033.5	15,711.0	16,448.0	17,250.2
% Growth YoY			-0.09%	-0.92%	4.09%	-6.76%	-0.80%	-1.88%	8.32%	4.65%	2.86%	3.32%	3.47%	3.63%	3.80%	3.97%	4.15%	4.32%	4.51%	4.69%	4.88%
% of Net Sales		59.72%	59.21%	59.60%	66.03%	65.28%	64.26%	58.85%	60.99%	62.06%	60.93%	60.58%	60.28%	60.07%	59.98%	60.07%	60.24%	60.42%	60.60%	60.78%	60.96%
International (Europe/Australia + Asia/Latin America)		5,200.2	5,385.9	5,128.2	3,702.7	3,552.9	3,694.8	3,540.0	3,365.1	3,656.8	3,315.7	3,277.3	3,239.3	3,201.7	3,164.6	3,127.9	3,091.7	3,055.8	3,020.4	2,985.4	2,950.8
% Growth YoY			3.57%	-4.78%	-27.80%	-4.05%	3.99%	-4.19%	-4.94%	8.67%	-9.33%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%
% of Net Sales		29.26%	30.07%	29.09%	22.36%	22.75%	23.47%	20.99%	19.09%	20.17%	17.46%	16.61%	15.78%	15.00%	14.26%	13.58%	12.92%	12.28%	11.65%	11.03%	10.43%
Pet		-	-	-	-	-	-	1,430.9	1,694.6	1,732.4	2,259.4	2,644.1	3,041.4	3,437.6	3,816.7	4,161.2	4,495.2	4,856.0	5,245.8	5,666.8	6,121.7
% Growth YoY								8.48%	9.61%	9.56%	11.90%	13.40%	14.82%	16.11%	17.20%	18.06%	18.79%	19.52%	20.23%	20.94%	21.63%
% of Net Sales								8.48%	9.61%	9.56%	11.90%	13.40%	14.82%	16.11%	17.20%	18.06%	18.79%	19.52%	20.23%	20.94%	21.63%
North America Foodservice (Convenience Store + Foodservice)		1,959.0	1,918.8	1,995.1	1,923.8	1,870.0	1,930.2	1,969.1	1,816.4	1,487.8	1,845.7	1,858.4	1,871.2	1,884.1	1,897.1	1,910.2	1,923.3	1,936.6	1,949.9	1,963.3	1,976.9
% Growth YoY			-2.05%	3.98%	-3.57%	-2.80%	3.22%	2.02%	-7.75%	-18.09%	24.06%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
% of Net Sales		11.02%	10.71%	11.32%	11.61%	11.97%	12.26%	11.68%	10.30%	8.21%	9.72%	9.42%	9.12%	8.83%	8.55%	8.29%	8.04%	7.78%	7.52%	7.25%	6.99%
Net sales		17,774.1	17,909.6	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	19,735.8	20,523.3	21,344.5	22,186.6	23,036.0	23,920.6	24,881.9	25,927.1	27,063.5	28,299.6
% Growth YoY			0.76%	-1.56%	-6.95%	-5.70%	0.77%	7.15%	4.51%	2.84%	4.78%	1.97%	2.17%	2.30%	2.34%	2.28%	2.15%	2.37%	2.60%	2.83%	3.06%

General Mills, Inc.

Income Statement

In Millions (except for per share values)

Fiscal Year Ending May 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net sales	17,774.1	17,909.6	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	19,735.8	20,523.3	21,344.5	22,186.6	23,036.0	23,920.6	24,881.9	25,927.1	27,063.5	28,299.6
Cost of sales	10,762.2	10,954.4	11,092.8	10,125.5	9,452.4	9,694.1	10,488.3	10,902.0	11,077.4	12,020.3	12,631.9	13,135.9	13,661.5	14,200.6	14,744.2	15,310.3	15,925.7	16,594.6	17,322.0	18,113.1
Depreciation and Amortization Expenses	588.0	585.4	588.3	608.1	603.6	618.8	620.1	594.7	601.3	570.3	537.8	543.1	545.0	546.6	547.9	549.1	550.0	550.8	551.5	552.0
Selling, general & administrative expenses	3,552.3	3,474.3	3,328.0	3,118.9	2,801.3	2,752.6	2,935.8	3,151.6	3,079.6	3,147.0	3,407.7	3,543.7	3,685.5	3,830.9	3,977.5	4,130.3	4,296.3	4,476.7	4,673.0	4,886.4
Divestitures gain (loss)	-	65.5	-	148.2	(13.5)	-	(30.0)	-	(53.5)	194.1	-	-	-	-	-	-	-	-	-	-
Restructuring, impairment, & other exit costs (recoveries)	19.8	3.6	543.9	151.4	182.6	165.6	275.1	24.4	170.4	(26.5)	-	-	-	-	-	-	-	-	-	-
Operating profit	2,851.8	2,957.4	2,077.3	2,707.4	2,566.4	2,509.3	2,515.9	2,953.9	3,144.8	3,475.8	3,186.4	3,300.8	3,482.8	3,608.6	3,766.3	3,930.9	4,110.0	4,304.9	4,517.1	4,748.0
Benefit plan non-service income	-	-	-	-	-	-	87.9	112.8	132.9	113.4	115.67	117.98	120.34	122.75	125.20	127.71	130.26	132.87	135.52	138.23
Interest, net	(316.9)	(302.4)	(315.4)	(303.8)	(295.1)	(373.7)	(521.8)	(466.5)	(420.3)	(379.6)	(839.19)	(887.87)	(883.88)	(860.97)	(868.71)	(892.77)	(829.14)	(837.89)	(847.16)	(866.99)
Earnings (loss) before income taxes	2,534.9	2,655.0	1,761.9	2,403.6	2,271.3	2,135.6	2,082.0	2,600.2	2,857.4	3,209.6	2,734.9	2,830.7	2,989.0	3,170.4	3,305.8	3,465.8	3,611.1	3,799.9	4,008.5	4,229.3
Income taxes	741.2	883.3	586.8	755.2	655.2	57.3	367.8	480.5	629.1	586.3	500.48	518.01	546.98	580.18	604.97	634.25	660.83	695.39	733.00	773.96
After-tax earnings (losses) from joint ventures	98.8	89.6	84.3	88.4	85.0	84.7	72.0	91.1	117.7	111.7	114.32	116.99	119.73	122.53	125.40	128.34	131.34	134.42	137.57	140.79
Net earnings (loss)	1,892.5	1,861.3	1,259.4	1,736.8	1,701.1	2,163.0	1,786.2	2,210.8	2,346.0	2,735.0	2,348.7	2,429.6	2,561.7	2,712.7	2,826.3	2,989.9	3,081.6	3,239.0	3,410.0	3,696.1
Net earnings (loss) attributable to NCI	(37.3)	(36.9)	(38.1)	(39.4)	(43.6)	(32.0)	(33.5)	(29.6)	(6.2)	(27.7)	(41.8)	(43.2)	(45.4)	(48.2)	(50.3)	(52.6)	(54.8)	(57.6)	(60.6)	(63.9)
Net earnings attributable to General Mills	1,855.2	1,824.4	1,221.3	1,697.4	1,657.5	2,131.0	1,752.7	2,181.2	2,339.8	2,707.3	2,306.9	2,386.4	2,516.3	2,664.5	2,776.0	2,907.3	3,026.8	3,181.4	3,349.4	3,632.2
Net earnings (loss) per share - basic	2.86	2.90	2.02	2.83	2.82	3.69	2.92	3.89	3.81	4.46	3.87	4.03	4.29	4.57	4.80	5.07	5.34	5.68	6.05	6.46
Year-end shares outstanding	640.8	612.3	598.7	596.8	576.9	593.1	601.9	609.8	607.7	598.9	594.0	589.2	584.7	580.2	575.9	570.0	563.2	556.5	550.0	543.6
Weighted average shares outstanding - basic	648.6	628.6	603.3	598.9	587.1	576.8	600.4	608.1	614.1	607.5	596.4	591.6	587.0	582.4	578.1	573.0	566.6	559.9	553.3	546.8
Dividends per share	1.32	1.55	1.67	1.78	1.92	1.96	1.96	1.96	2.02	2.04	2.12	2.20	2.28	2.36	2.44	2.52	2.60	2.68	2.76	2.84

General Mills, Inc.

Balance Sheet

In Millions

Fiscal Years Ending May 31

	2019	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
ASSETS																				
Current Assets																				
Cash & cash equivalents	741.4	867.3	334.2	763.7	766.1	399.0	450.0	1,677.8	1,505.2	569.4	1,584.8	2,029.0	2,165.2	3,444.7	4,421.8	6,033.7	7,089.4	8,289.5	9,649.8	11,187.3
Receivables	1,446.4	1,483.6	1,386.7	1,360.8	1,430.1	1,684.2	1,679.7	1,615.1	1,638.5	1,692.1	1,765.0	1,835.4	1,908.8	1,984.1	2,060.1	2,139.2	2,225.2	2,318.6	2,420.3	2,530.8
Inventories	1,545.5	1,559.4	1,540.9	1,413.7	1,483.6	1,642.2	1,559.3	1,426.3	1,820.5	1,867.3	1,812.2	1,884.5	1,959.9	2,037.2	2,115.2	2,196.4	2,284.7	2,380.6	2,485.0	2,598.5
Prepaid expenses & other current assets	437.6	409.1	423.8	399.0	381.6	398.3	497.5	402.1	790.3	802.1	559.4	581.8	605.0	628.9	653.0	678.1	705.3	734.9	767.2	802.2
Assets held for sale	-	-	-	-	-	-	-	-	-	158.9	-	-	-	-	-	-	-	-	-	-
Total current assets	4,298.9	4,393.5	3,785.7	3,937.2	4,061.4	4,123.7	4,186.5	5,121.3	5,754.5	5,089.8	5,721.4	6,330.6	6,638.9	8,094.9	9,250.1	11,047.4	12,304.6	13,723.7	15,322.2	17,118.8
Non-current Assets																				
Land, buildings, & equipment	3,878.1	3,941.9	3,783.3	3,743.6	3,687.7	4,047.2	3,787.2	3,580.6	3,606.8	3,393.8	3,427.3	3,439.2	3,449.2	3,457.6	3,464.6	3,470.6	3,475.6	3,479.8	3,483.4	3,486.3
Goodwill	8,622.2	8,650.5	8,874.9	8,741.2	8,747.2	14,065.0	13,995.8	13,923.2	14,062.4	14,378.5	14,378.5	14,378.5	14,378.5	14,378.5	14,378.5	14,378.5	14,378.5	14,378.5	14,378.5	14,378.5
Other intangible assets	5,015.1	5,014.3	4,677.0	4,538.6	4,530.4	7,445.1	7,166.8	7,095.8	7,150.6	6,999.9	7,139.9	7,282.7	7,428.3	7,576.9	7,728.5	7,883.0	8,040.7	8,201.5	8,365.5	8,532.8
Other assets	843.7	1,145.5	843.6	751.7	785.9	943.0	974.9	720.6	889.0	891.3	909.1	927.3	945.9	964.8	984.1	1,003.7	1,023.8	1,044.3	1,065.2	1,086.5
Operating Lease ROU Assets	-	-	-	-	-	-	-	365.2	378.6	336.8	340.1	341.3	342.3	343.1	343.8	344.4	344.9	345.3	345.7	346.0
Total assets	22,658.0	23,145.7	21,964.5	21,712.3	21,812.6	30,624.0	30,111.2	30,806.7	31,841.9	31,090.1	31,916.3	32,699.6	33,183.1	34,815.8	36,149.6	38,127.7	39,568.1	41,173.2	42,960.5	44,948.9
LIABILITIES AND EQUITY																				
Current Liabilities																				
Accounts payable	1,423.2	1,611.3	1,684.0	2,044.5	2,119.8	2,746.2	2,854.1	3,247.7	3,653.5	3,982.3	2,889.3	3,004.6	3,124.8	3,248.1	3,372.5	3,502.0	3,642.7	3,795.7	3,962.1	4,143.1
Current portion of long-term debt	1,443.3	1,250.6	1,000.4	1,103.4	604.7	1,600.1	1,396.5	2,331.5	2,463.8	1,674.2	1,674.2	1,442.3	800.0	1,180.9	1,179.4	1,805.0	1,826.1	1,848.2	1,871.4	1,894.0
Notes payable	599.7	1,111.7	615.8	269.8	1,234.1	1,549.8	1,468.7	279.0	361.3	811.4	742.5	772.1	803.0	834.7	866.7	899.9	936.1	975.4	1,018.2	1,064.7
Other current liabilities	1,827.7	1,449.9	1,589.6	1,595.0	1,372.2	1,445.8	1,367.8	1,633.3	1,787.2	1,552.0	1,784.2	1,855.4	1,929.6	2,005.8	2,082.5	2,162.5	2,249.4	2,343.9	2,446.6	2,554.8
Total current liabilities	5,293.9	5,423.5	4,890.1	5,014.7	5,330.8	7,341.9	7,087.1	7,491.5	8,265.8	8,019.9	7,090.2	7,074.4	6,657.5	7,269.5	7,501.1	8,369.5	8,654.3	8,963.2	9,298.4	9,662.1
Non-current Liabilities																				
Long-term debt	5,926.1	6,423.5	7,607.7	7,057.7	7,442.9	12,668.7	11,424.8	10,929.0	9,786.9	9,134.8	10,253.0	10,368.5	10,486.9	10,607.4	10,729.1	10,854.1	10,985.4	11,123.7	11,269.6	11,423.7
Deferred income taxes	1,389.1	1,666.0	1,550.3	1,399.6	1,719.4	2,003.8	2,031.0	1,947.1	2,118.4	2,218.3	2,265.0	2,313.4	2,364.5	2,418.6	2,475.1	2,534.3	2,596.0	2,660.9	2,729.4	2,801.6
Other liabilities	1,952.9	1,643.2	1,744.8	2,087.6	1,523.1	1,341.0	1,448.9	1,545.0	1,292.7	929.1	947.7	966.6	986.0	1,005.7	1,025.8	1,046.3	1,067.2	1,088.6	1,110.4	1,132.6
Total liabilities	14,562.0	15,156.2	15,792.9	15,559.6	16,216.2	23,385.4	22,191.8	21,912.6	21,463.8	20,302.1	20,555.9	20,723.0	20,494.8	21,301.2	21,731.1	22,804.2	23,303.0	23,836.5	24,407.7	25,020.0
Equity																				
Redeemable interest	967.5	984.1	778.9	845.6	910.9	776.2	551.7	544.6	604.9	-	-	-	-	-	-	-	-	-	-	-
Stockholders' Equity																				
Common Stock and APIC	1,242.1	1,307.3	1,372.2	1,252.5	1,196.4	1,278.0	1,462.2	1,424.1	1,441.0	1,258.4	1,413.5	1,568.5	1,723.6	1,878.7	2,033.7	2,089.6	2,089.6	2,089.6	2,089.6	2,089.6
Retained earnings	10,702.6	11,787.2	11,990.8	12,616.5	13,138.9	14,459.6	14,996.7	15,982.1	17,069.8	18,532.6	19,575.1	20,659.9	21,837.8	23,127.8	24,493.3	25,956.7	27,510.4	29,191.3	31,013.7	32,992.8
Common stock in treasury, at cost	(3,687.2)	(5,219.4)	(6,055.6)	(6,326.6)	(7,762.9)	(7,167.5)	(6,779.0)	(6,433.3)	(6,611.2)	(7,278.1)	(7,945.0)	(8,611.9)	(9,278.8)	(9,945.7)	(10,612.6)	(11,279.5)	(11,946.4)	(12,613.3)	(13,280.2)	(13,947.1)
Accumulated other comprehensive income (loss)	(1,585.3)	(1,340.3)	(2,310.7)	(2,612.2)	(2,244.5)	(2,429.0)	(2,625.4)	(2,914.4)	(2,429.2)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)	(1,970.5)
Total stockholders' equity	6,672.2	6,534.8	4,996.7	4,930.2	4,327.9	6,141.1	7,054.5	8,058.5	9,470.4	10,542.4	11,073.0	11,646.1	12,312.1	13,090.2	13,943.9	14,796.3	15,683.0	16,697.1	17,852.5	19,164.8
Noncontrolling interests	456.3	470.6	396.0	376.9	357.6	351.3	313.2	291.0	302.8	245.6	287.4	330.6	376.1	424.3	474.6	527.2	582.0	639.6	700.3	764.2
Total Equity	7,128.5	7,005.4	5,392.7	5,307.1	4,685.5	6,492.4	7,367.7	8,349.5	9,773.2	10,788.0	11,360.4	11,976.6	12,688.2	13,514.6	14,418.5	15,325.5	16,265.1	17,336.7	18,552.8	19,929.0
Total Liabilities and Equity	22,658.0	23,145.7	21,964.5	21,712.3	21,812.6	30,624.0	30,111.2	30,806.7	31,841.9	31,090.1	31,916.3	32,699.6	33,183.1	34,815.8	36,149.6	38,127.7	39,568.1	41,173.2	42,960.5	44,948.9

General Mills, Inc.
Historical Cash Flow Statement
 In Millions

Fiscal Years Ending May 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Flows from Operating Activities										
Net earnings (losses)	1,892.50	1,861.30	1,259.40	1,736.80	1,701.10	2,163.00	1,786.20	2,210.80	2,346.00	2,735.00
Depreciation & amortization	588.00	585.40	588.30	608.10	603.60	618.80	620.10	594.70	601.30	570.30
After-tax losses (earnings) from joint ventures	(98.80)	(89.60)	(84.30)	(88.40)	(85.00)	(84.70)	(72.00)	(91.10)	(117.70)	(111.70)
Distributions of losses (earnings) from joint ventures	115.70	90.50	72.60	75.10	75.60	113.20	86.70	76.50	95.20	107.50
Stock-based compensation	100.40	108.50	106.40	89.80	95.70	77.00	84.90	94.90	89.90	98.70
Deferred income taxes	81.80	172.50	25.30	120.60	183.90	(504.30)	93.50	(29.60)	118.80	62.20
Tax benefit on exercised options	(103.00)	(69.30)	(74.60)	(94.10)	(64.10)	-	-	-	-	-
Pension & other postretirement benefit plan contributions	(223.20)	(49.70)	(49.50)	(47.80)	(45.40)	(31.80)	(28.80)	(31.10)	(33.40)	(31.30)
Pension & other postretirement benefit plan cost (income)	131.20	124.10	91.30	118.10	35.70	4.60	6.10	(32.30)	(33.60)	(30.10)
Divestitures loss (gain)	-	(65.50)	-	(148.20)	13.50	-	30.00	-	53.50	(194.10)
Restructuring, impairment, & other exit costs (recoveries)	(60.20)	(18.80)	531.10	107.20	117.00	126.00	235.70	43.60	150.90	(117.10)
Changes in current assets & liabilities	471.10	(32.20)	214.70	258.20	(232.00)	542.10	(7.50)	793.90	(155.90)	277.40
Other income adjustments, net	30.50	(76.20)	(137.90)	(105.60)	(86.30)	(182.90)	(27.90)	45.90	(131.80)	(50.70)
Net cash flows from operating activities	2,926.00	2,541.00	2,542.80	2,629.80	2,313.30	2,841.00	2,807.00	3,676.20	2,983.20	3,316.10
Cash Flows from Investing Activities										
Purchases of land, buildings & equipment	(613.90)	(663.50)	(712.40)	(729.30)	(684.40)	(622.70)	(537.60)	(460.80)	(530.80)	(568.70)
Acquisition	(898.00)	-	(822.30)	(84.00)	-	(8,035.80)	-	-	-	(1,201.30)
Disposition of (investments in) affiliates, net	(40.40)	(54.90)	(102.40)	63.90	3.30	(17.30)	0.10	(48.00)	15.50	15.40
Proceeds from disposal of land, buildings & equipment	24.20	6.60	11.00	4.40	4.20	1.40	14.30	1.70	2.70	3.30
Proceeds from divestitures, net of cash divested	-	121.60	-	828.50	17.50	-	26.40	-	2.90	74.10
Exchangeable note	16.20	29.30	27.90	21.10	13.00	-	-	-	-	-
Other investing activities, net	(3.50)	(0.90)	(4.00)	(11.20)	(0.50)	(11.00)	(59.70)	20.90	(3.10)	(13.50)
Net cash flows from investing activities	(1,515.40)	(561.80)	(1,602.20)	93.40	(646.90)	(8,685.40)	(556.50)	(486.20)	(512.80)	(1,690.70)
Cash Flows from Financing Activities										
Change in notes payable	(44.50)	572.90	(509.80)	(323.80)	962.40	327.50	(66.30)	(1,158.60)	71.70	551.40
Issuance of long-term debt	1,001.10	1,673.00	2,253.20	542.50	1,072.10	6,550.00	339.10	1,638.10	1,576.50	2,203.70
Payment of long-term debt	(542.30)	(1,444.80)	(1,145.80)	(1,000.40)	(1,000.00)	(600.10)	(1,493.80)	(1,396.70)	(2,609.00)	(3,140.90)
Debt exchange participation incentive cash payment	-	-	-	-	-	-	-	-	(201.40)	-
Proceeds from common stock issued on exercised options	300.80	108.10	163.70	171.90	112.60	99.30	241.40	263.40	74.30	161.70
Proceeds from common stock issued	-	-	-	-	-	969.90	-	-	-	-
Tax benefit on exercised options	103.00	69.30	74.60	94.10	64.10	-	-	-	-	-
Purchases of common stock for treasury	(1,044.90)	(1,745.30)	(1,161.90)	(606.70)	(1,651.50)	(601.60)	(1.10)	(3.40)	(301.40)	(876.80)
Dividends paid	(867.60)	(983.30)	(1,017.70)	(1,071.70)	(1,135.10)	(1,139.70)	(1,181.70)	(1,195.80)	(1,246.40)	(1,244.50)
Investment in redeemable interest	-	-	-	-	-	-	55.70	-	-	-
Addition of noncontrolling interest	-	17.60	-	-	-	-	-	-	-	-
Distributions to noncontrolling & redeemable interest holders	(39.20)	(77.40)	(25.00)	(84.30)	(61.00)	(51.80)	(38.50)	(72.50)	(48.90)	(129.80)
Other financing activities, net	(6.60)	(14.20)	(16.10)	(7.20)	(9.10)	(108.00)	(31.20)	(16.00)	(30.90)	(28.00)
Net cash flows from financing activities	(1,140.20)	(1,824.10)	(1,384.80)	(2,285.60)	(1,645.50)	5,445.50	(2,176.40)	(1,941.50)	(2,715.50)	(2,503.20)
Effect of exchange rate changes on cash & cash equivalents	(0.20)	(29.20)	(88.90)	(8.10)	(18.50)	31.80	(23.10)	(20.70)	72.50	(58.00)
Increase (decrease) in cash & cash equivalents	270.20	125.90	(533.10)	429.50	2.40	(367.10)	51.00	1,227.80	(172.60)	(935.80)
Cash & cash equivalents - beginning of year	471.20	741.40	867.30	334.20	763.70	766.10	399.00	450.00	1,677.80	1,505.20
Cash & cash equivalents - end of year	741.40	867.30	334.20	763.70	766.10	399.00	450.00	1,677.80	1,505.20	569.40

General Mills, Inc.*Forecasted Cash Flow Statement*

In Millions

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Cash from Operating Activities										
Net Income	2,306.9	2,386.4	2,516.2	2,664.5	2,776.0	2,907.3	3,026.8	3,181.4	3,349.4	3,532.2
Depreciation and amortization	537.8	543.1	545.0	546.6	547.9	549.1	550.0	550.8	551.5	552.0
Change in deferred taxes	46.7	48.4	51.1	54.2	56.5	59.2	61.7	64.9	68.4	72.3
Change in receivables	(72.9)	(70.4)	(73.4)	(75.3)	(76.0)	(79.1)	(86.0)	(93.5)	(101.6)	(110.5)
Change in inventories	55.1	(72.3)	(75.4)	(77.3)	(78.0)	(81.2)	(88.3)	(96.0)	(104.4)	(113.5)
Change in prepaid expenses and other current assets	242.7	(22.3)	(23.3)	(23.9)	(24.1)	(25.1)	(27.3)	(29.6)	(32.2)	(35.0)
Change in accounts payable	(1,093.0)	115.3	120.2	123.3	124.3	129.5	140.7	153.0	166.4	181.0
Change in other current liabilities	232.2	71.2	74.2	76.1	76.8	80.0	86.9	94.5	102.7	111.7
Change in other liabilities	18.6	19.0	19.3	19.7	20.1	20.5	20.9	21.3	21.8	22.2
Net cash provided by operating activities	2,274.2	3,018.3	3,153.9	3,307.9	3,423.7	3,560.1	3,685.6	3,846.9	4,022.0	4,212.3
Cash from Investing Activities										
Capital Expenditures	(571.3)	(555.0)	(555.0)	(555.0)	(555.0)	(555.0)	(555.0)	(555.0)	(555.0)	(555.0)
Capitalization of intangible assets	(140.0)	(142.8)	(145.7)	(148.6)	(151.5)	(154.6)	(157.7)	(160.8)	(164.0)	(167.3)
Change in Assets Held for Sale	158.9	-	-	-	-	-	-	-	-	-
Change in Operating Lease ROU Assets	(3.3)	(1.2)	(1.0)	(0.8)	(0.7)	(0.6)	(0.5)	(0.4)	(0.4)	(0.3)
Other assets	(17.8)	(18.2)	(18.5)	(18.9)	(19.3)	(19.7)	(20.1)	(20.5)	(20.9)	(21.3)
Net cash used for investing activities	(573.6)	(717.2)	(720.2)	(723.3)	(726.5)	(729.8)	(733.2)	(736.7)	(740.3)	(743.9)
Cash from Financing Activities										
Proceeds from issuance of notes payable	(68.9)	29.6	30.9	31.7	32.0	33.3	36.2	39.3	42.8	46.5
Change in current portion of long-term debt	-	(231.9)	(642.3)	380.9	(1.5)	625.6	21.0	22.1	23.3	24.5
Proceeds from issuance of long-term debt	1,118.2	115.5	118.4	120.5	121.7	125.0	131.4	138.3	145.9	154.1
Payment of dividends	(1,264.5)	(1,301.6)	(1,338.3)	(1,374.6)	(1,410.5)	(1,443.9)	(1,473.2)	(1,500.5)	(1,527.1)	(1,553.0)
Proceeds from issuance of common stock	155.1	155.1	155.1	155.1	155.1	55.8	-	-	-	-
Addition to Noncontrolling Interest	41.8	43.2	45.6	48.2	50.3	52.6	54.8	57.6	60.6	63.9
Purchases of common stock for treasury	(666.9)	(666.9)	(666.9)	(666.9)	(666.9)	(666.9)	(666.9)	(666.9)	(666.9)	(666.9)
Net cash provided by financing activities	(685.2)	(1,857.0)	(2,297.6)	(1,305.1)	(1,720.0)	(1,218.4)	(1,896.7)	(1,910.0)	(1,921.4)	(1,930.8)
Change in cash	1,015.4	444.2	136.2	1,279.5	977.2	1,611.9	1,055.7	1,200.1	1,360.3	1,537.5
Cash at the beginning of the year	569.4	1,584.8	2,029.0	2,165.2	3,444.7	4,421.8	6,033.7	7,089.4	8,289.5	9,649.8
Cash at the end of the year	1,584.8	2,029.0	2,165.2	3,444.7	4,421.8	6,033.7	7,089.4	8,289.5	9,649.8	11,187.3

General Mills, Inc.

Common Size Income Statement

In Millions

Fiscal Years Ending May 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net sales	17,774.10	17,909.60	17,630.30	16,563.10	15,619.80	15,740.40	16,865.20	17,626.60	18,127.80	18,992.80	19,735.80	20,523.28	21,344.47	22,186.64	23,036.02	23,920.56	24,881.94	25,927.08	27,063.53	28,299.56
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	60.55%	61.16%	62.92%	61.13%	60.52%	61.59%	62.19%	61.85%	61.11%	63.29%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Depreciation and Amortization Expense	3.31%	3.27%	3.34%	3.67%	3.86%	3.93%	3.69%	3.37%	3.32%	3.00%	2.73%	2.65%	2.55%	2.46%	2.38%	2.30%	2.21%	2.12%	2.04%	1.95%
Selling, general & administrative expenses	19.99%	19.40%	18.88%	18.83%	17.93%	17.49%	17.41%	17.88%	16.99%	16.57%	17.27%	17.27%	17.27%	17.27%	17.27%	17.27%	17.27%	17.27%	17.27%	17.27%
Divestitures gain (loss)	0.00%	0.37%	0.00%	0.89%	-0.09%	0.00%	-0.18%	0.00%	-0.30%	1.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Restructuring, impairment, & other exit costs (recoveries)	0.11%	0.02%	3.09%	0.91%	1.17%	1.05%	1.83%	0.14%	0.94%	-0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating profit	16.04%	16.51%	11.78%	16.35%	16.43%	15.94%	14.92%	16.76%	17.35%	18.30%	16.00%	16.08%	16.17%	16.26%	16.35%	16.43%	16.52%	16.60%	16.69%	16.78%
Benefit plan non-service income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%	0.64%	0.73%	0.60%	0.59%	0.57%	0.56%	0.55%	0.54%	0.53%	0.52%	0.51%	0.50%	0.49%
Interest, net	-1.78%	-1.69%	-1.79%	-1.83%	-1.89%	-2.37%	-3.09%	-2.85%	-2.32%	-2.00%	-2.73%	-2.86%	-2.74%	-2.53%	-2.54%	-2.48%	-2.53%	-2.46%	-2.39%	-2.32%
Earnings (loss) before income taxes & after-tax earnings from joint ventures	14.26%	14.82%	9.99%	14.51%	14.54%	13.57%	12.34%	14.75%	15.76%	16.90%	13.86%	13.79%	14.00%	14.29%	14.35%	14.49%	14.51%	14.66%	14.80%	14.94%
Income taxes	4.17%	4.93%	3.33%	4.56%	4.19%	3.36%	2.18%	2.73%	3.47%	3.09%	2.54%	2.52%	2.56%	2.61%	2.63%	2.65%	2.66%	2.68%	2.71%	2.73%
After-tax earnings (losses) from joint ventures	0.58%	0.50%	0.48%	0.53%	0.54%	0.54%	0.43%	0.52%	0.65%	0.59%	0.58%	0.57%	0.56%	0.55%	0.54%	0.54%	0.53%	0.52%	0.51%	0.50%
Net earnings (loss)	10.85%	10.39%	7.14%	10.49%	10.89%	13.74%	10.59%	12.54%	12.94%	14.40%	11.90%	11.84%	12.00%	12.23%	12.27%	12.37%	12.39%	12.49%	12.60%	12.71%
Net earnings (loss) attributable to noncontrolling interests	-0.21%	-0.21%	-0.22%	-0.24%	-0.28%	-0.20%	-0.20%	-0.17%	-0.03%	-0.15%	-0.21%	-0.21%	-0.22%	-0.22%	-0.22%	-0.22%	-0.22%	-0.22%	-0.22%	-0.23%
Net earnings attributable to General Mills	10.44%	10.19%	6.93%	10.25%	10.61%	13.54%	10.39%	12.37%	12.91%	14.25%	11.69%	11.63%	11.79%	12.01%	12.05%	12.15%	12.16%	12.27%	12.38%	12.48%

General Mills, Inc.

Common Size Balance Sheet

In Millions

Fiscal Years Ending May 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Sales	17,774.1	17,909.6	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	19,735.8	20,523.3	21,344.5	22,186.6	23,036.0	23,920.6	24,881.9	25,927.1	27,063.5	28,299.6
ASSETS																				
Current Assets																				
Cash & cash equivalents	4.17%	4.84%	1.90%	4.61%	4.90%	2.53%	2.67%	9.52%	8.30%	3.00%	8.03%	9.89%	10.14%	15.53%	19.20%	25.22%	28.49%	31.97%	35.66%	39.53%
Receivables	8.14%	8.28%	7.87%	8.22%	9.16%	10.70%	9.96%	9.16%	9.04%	8.91%	8.94%	8.94%	8.94%	8.94%	8.94%	8.94%	8.94%	8.94%	8.94%	8.94%
Inventories	8.70%	8.71%	8.74%	8.54%	9.50%	10.43%	9.25%	8.09%	10.04%	9.83%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%	9.18%
Prepaid expenses & other current assets	2.46%	2.28%	2.40%	2.41%	2.44%	2.53%	2.95%	2.28%	4.36%	4.22%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%
Assets held for sale	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current assets	24.19%	24.83%	21.47%	23.77%	26.00%	26.20%	24.62%	29.08%	31.75%	26.80%	28.99%	30.88%	31.10%	36.49%	40.15%	46.16%	49.45%	52.93%	56.62%	60.49%
Land, buildings, & equipment	21.82%	22.01%	21.46%	22.60%	23.61%	25.71%	22.46%	20.31%	19.90%	17.87%	17.37%	16.76%	16.16%	15.58%	15.04%	14.51%	13.97%	13.42%	12.87%	12.32%
Goodwill	48.51%	48.30%	50.34%	52.78%	56.00%	69.34%	82.99%	78.99%	77.58%	75.71%	72.85%	70.06%	67.36%	64.81%	62.42%	60.11%	57.79%	55.46%	53.13%	50.81%
Other intangible assets	28.22%	28.00%	26.53%	27.40%	29.00%	47.30%	42.49%	40.26%	39.45%	36.84%	36.18%	35.49%	34.80%	34.15%	33.55%	32.96%	32.32%	31.63%	30.91%	30.15%
Other assets	4.75%	6.40%	4.78%	4.54%	5.03%	5.99%	5.78%	4.09%	4.90%	4.69%	4.61%	4.52%	4.43%	4.35%	4.27%	4.20%	4.11%	4.03%	3.94%	3.84%
Total assets	127.48%	129.24%	124.58%	131.09%	139.65%	194.56%	178.54%	174.77%	175.66%	163.69%	161.72%	159.33%	155.46%	156.92%	156.93%	159.39%	159.02%	158.80%	158.74%	158.83%
LIABILITIES AND EQUITY																				
Current Liabilities																				
Accounts payable	8.01%	9.00%	9.55%	12.36%	13.57%	17.45%	16.92%	18.42%	20.16%	20.97%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%
Current portion of long-term debt	8.12%	6.98%	5.67%	6.64%	3.87%	10.17%	8.28%	13.23%	13.59%	8.81%	8.48%	7.03%	3.75%	5.32%	5.12%	7.55%	7.34%	7.13%	6.91%	6.70%
Notes payable	3.37%	6.21%	3.49%	1.63%	7.90%	9.85%	8.71%	1.58%	1.99%	4.27%	3.76%	3.76%	3.76%	3.76%	3.76%	3.76%	3.76%	3.76%	3.76%	3.76%
Other current liabilities	10.28%	8.10%	9.02%	9.63%	8.79%	9.19%	8.11%	9.27%	9.86%	8.17%	9.04%	9.04%	9.04%	9.04%	9.04%	9.04%	9.04%	9.04%	9.04%	9.04%
Total current liabilities	29.78%	30.28%	27.74%	30.28%	34.13%	46.64%	42.02%	42.50%	45.60%	42.23%	35.93%	34.47%	31.19%	32.77%	32.54%	34.99%	34.78%	34.57%	34.36%	34.14%
Long-term debt	33.34%	35.87%	43.15%	42.61%	48.93%	80.49%	68.93%	62.00%	53.99%	48.10%	51.95%	50.52%	49.13%	47.81%	46.58%	45.38%	44.15%	42.90%	41.64%	40.37%
Deferred income taxes	7.82%	9.30%	8.79%	8.45%	11.01%	12.73%	12.04%	11.05%	11.69%	11.68%	11.48%	11.27%	11.08%	10.90%	10.74%	10.59%	10.43%	10.26%	10.09%	9.90%
Other liabilities	10.99%	9.17%	9.90%	12.60%	9.75%	8.52%	8.59%	8.77%	7.13%	4.89%	4.80%	4.71%	4.62%	4.53%	4.45%	4.37%	4.29%	4.20%	4.10%	4.00%
Total liabilities	61.93%	64.63%	69.58%	93.94%	108.82%	148.38%	131.55%	124.32%	118.41%	106.89%	104.16%	100.97%	96.02%	96.01%	94.34%	95.35%	93.68%	91.94%	90.19%	88.41%
Redeemable interest	5.44%	5.49%	4.42%	5.11%	5.83%	4.93%	3.27%	3.09%	3.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Stockholder's Equity																				
Common stock and APIC	6.99%	7.30%	7.78%	7.56%	7.66%	8.12%	8.67%	8.08%	7.95%	6.63%	7.16%	7.64%	8.08%	8.47%	8.83%	8.74%	8.40%	8.06%	7.72%	7.38%
Retained earnings	60.21%	65.81%	68.01%	76.17%	84.12%	91.86%	88.92%	90.67%	94.17%	97.58%	99.19%	100.67%	102.31%	104.24%	106.33%	108.51%	110.56%	112.59%	114.60%	116.58%
Common stock in treasury, at cost	-20.74%	-29.14%	-34.35%	-38.20%	-49.70%	-45.54%	-40.20%	-36.50%	-36.47%	-38.32%	-40.26%	-41.96%	-43.47%	-44.83%	-46.07%	-47.15%	-48.01%	-48.65%	-49.07%	-49.28%
Accumulated other comprehensive income (loss)	-8.92%	-7.48%	-13.11%	-15.77%	-14.37%	-15.43%	-15.57%	-16.53%	-13.40%	-10.37%	-9.98%	-9.60%	-9.23%	-8.88%	-8.55%	-8.24%	-7.92%	-7.60%	-7.28%	-6.96%
Total Stockholders' Equity	37.54%	36.49%	28.34%	29.77%	27.71%	39.01%	41.83%	45.72%	52.24%	55.51%	56.11%	56.75%	57.68%	59.00%	60.53%	61.86%	63.03%	64.40%	65.97%	67.72%
Noncontrolling interests	2.57%	2.63%	2.25%	2.28%	2.29%	2.23%	1.86%	1.65%	1.67%	1.29%	1.46%	1.61%	1.61%	1.91%	2.06%	2.20%	2.34%	2.47%	2.59%	2.70%
Total Equity	40.11%	39.12%	30.59%	32.04%	30.00%	41.25%	43.69%	47.37%	53.92%	56.80%	57.56%	58.36%	59.45%	60.91%	62.59%	64.06%	65.37%	66.87%	68.55%	70.42%
Total Liabilities and Equity	127.48%	129.24%	124.58%	131.09%	139.65%	194.56%	178.54%	174.77%	175.66%	163.69%	161.72%	159.33%	155.46%	156.92%	156.93%	159.39%	159.02%	158.80%	158.74%	158.83%

General Mills, Inc.																						
Value Driver Estimation																						
In Millions																						
Fiscal Years Ending May 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E		
NOPLAT:																						
Net Sales	17,774.1	17,909.6	17,430.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	19,735.8	20,523.3	21,344.5	22,186.6	23,036.0	23,920.6	24,881.9	25,927.1	27,063.5	28,299.6		
Cost of Sales	10,762.2	10,954.4	11,092.8	10,125.5	9,452.4	9,494.1	10,488.3	10,902.0	11,077.4	12,020.3	12,431.9	13,135.9	13,661.5	14,200.6	14,744.2	15,310.3	15,925.7	16,594.6	17,322.0	18,113.1		
Selling, general & administrative expenses	3,552.3	3,474.3	3,328.0	3,118.9	2,801.3	2,752.6	2,935.8	3,151.6	3,079.6	3,147.0	3,407.7	3,543.7	3,685.5	3,830.9	3,977.5	4,130.3	4,296.3	4,476.7	4,673.0	4,886.4		
Depreciation and Amortization	588.0	585.4	588.3	608.1	603.6	618.8	620.1	594.7	601.3	570.3	537.8	543.1	545.0	546.6	547.9	549.1	550.0	550.8	551.5	552.0		
Implied Operating Lease Interest	-	17.3	15.5	16.1	16.2	20.1	22.6	19.6	16.9	17.6	15.6	15.8	15.8	15.9	15.9	16.0	16.0	16.0	16.0	16.0		
Operating Income	2,871.6	2,912.8	2,636.7	2,726.7	2,778.7	2,695.0	2,843.6	2,997.9	3,388.6	3,272.8	3,174.0	3,316.3	3,468.3	3,624.5	3,782.3	3,946.8	4,126.0	4,320.9	4,533.1	4,764.1		
- Less Adjusted Taxes	741.2	883.3	586.8	755.2	655.2	57.3	367.8	480.5	629.1	586.3	500.5	518.0	547.0	580.2	605.0	634.2	660.8	695.4	733.0	774.0		
+ Tax Shield on Implied Operating Lease Interest	-	5.7	5.2	5.0	4.7	0.5	4.0	3.6	3.7	3.2	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9		
- Tax Shield on Restructuring and Impairment	(5.8)	(1.2)	(181.1)	(47.5)	(52.6)	(4.5)	(48.7)	(4.5)	(37.5)	4.8	-	-	-	-	-	-	-	-	-	-		
- Tax Shield on Divestitures Gain (Loss)	-	(21.8)	-	(46.5)	3.9	-	5.3	-	11.8	(35.5)	-	-	-	-	-	-	-	-	-	-		
+ Tax Shield on Benefit Plan Non-Service Income	-	-	-	-	-	-	(15.6)	(20.9)	(29.2)	(20.8)	(21.2)	(21.6)	(22.0)	(22.5)	(22.9)	(23.4)	(23.8)	(24.3)	(24.8)	(25.3)		
+ Tax Shield on Interest, Net	92.5	100.7	105.0	95.4	81.6	81.6	92.4	86.3	92.5	69.5	58.7	107.6	106.8	102.7	107.2	108.5	115.1	116.7	118.4	120.2		
Total Adjusted Taxes	828.0	964.7	515.9	761.6	696.1	63.5	405.2	545.0	670.3	607.6	580.8	606.9	634.7	663.3	692.2	722.3	755.1	790.7	829.6	871.8		
+ Change in Deferred Taxes	-	276.9	(115.7)	(150.7)	319.8	284.4	27.2	(83.9)	171.3	99.9	46.7	48.4	51.1	54.2	56.5	59.2	61.7	64.9	68.4	72.3		
NOPLAT	2,043.6	2,222.9	2,005.1	1,814.4	2,402.3	2,916.0	2,465.6	2,368.9	2,886.6	2,765.1	2,639.9	2,757.8	2,884.7	3,015.4	3,146.6	3,283.8	3,432.6	3,595.1	3,772.0	3,964.5		
growth of NOPLAT	-	8.77%	-9.80%	-9.51%	32.40%	21.38%	-15.45%	-9.2%	21.85%	-4.21%	-4.53%	4.47%	4.60%	4.53%	4.35%	4.36%	4.53%	4.73%	4.92%	5.10%		
Invested Capital (IC)																						
Operating Current Assets (CA)																						
Normal Cash	355.5	358.2	352.6	331.3	312.4	314.8	337.3	352.5	362.5	379.9	394.7	410.5	426.9	443.7	460.7	478.4	497.6	518.5	541.3	566.0		
Receivables	1,446.4	1,483.6	1,386.7	1,360.8	1,430.1	1,684.2	1,679.7	1,615.1	1,638.5	1,692.1	1,765.0	1,835.4	1,908.8	1,984.1	2,060.1	2,139.2	2,225.2	2,318.6	2,420.3	2,530.8		
Inventories	1,545.5	1,559.4	1,540.9	1,413.7	1,483.6	1,642.2	1,559.3	1,426.3	1,820.5	1,867.3	1,812.2	1,884.5	1,959.9	2,037.2	2,115.2	2,196.4	2,284.7	2,380.6	2,485.0	2,598.5		
Prepaid expenses & other current assets	437.6	409.1	423.8	399.0	381.6	398.3	497.5	402.1	790.3	802.1	559.4	581.8	605.0	628.9	653.0	678.1	705.3	734.9	767.2	802.2		
Total Current Operating Assets	3,785.0	3,810.3	3,704.0	3,504.8	3,607.7	4,039.5	4,073.8	3,796.0	4,511.8	4,741.4	4,531.3	4,712.1	4,900.6	5,094.0	5,289.0	5,492.1	5,712.8	5,952.8	6,213.7	6,497.5		
Non Interest-Bearing Current Liabilities (CL)																						
Accounts payable	1,423.2	1,611.3	1,684.0	2,046.5	2,119.8	2,746.2	2,854.1	3,247.7	3,653.5	3,982.3	2,889.3	3,004.6	3,124.8	3,248.1	3,372.5	3,502.0	3,642.7	3,795.7	3,962.1	4,143.1		
Other Current Liabilities	1,827.7	1,449.9	1,589.9	1,595.0	1,372.2	1,445.8	1,367.8	1,633.3	1,787.2	1,552.0	1,784.2	1,855.4	1,929.6	2,005.8	2,082.5	2,162.5	2,249.4	2,343.9	2,446.6	2,558.4		
PV Operating Leases	-	-	-	-	-	-	-	365.2	378.6	336.8	340.1	341.3	342.3	343.1	343.8	344.4	344.9	345.3	345.7	346.0		
Total Non-Interest Bearing Current Liabilities (CL)	3,250.9	3,061.2	3,273.9	3,641.5	3,492.0	4,192.0	4,221.9	5,246.2	5,819.3	5,871.1	5,013.6	5,201.3	5,396.7	5,597.0	5,798.8	6,008.9	6,237.1	6,485.0	6,784.4	7,047.4		
Net P/E	3,878.1	3,941.9	3,783.3	3,743.6	3,687.7	4,047.2	3,787.2	3,580.6	3,606.8	3,393.8	3,427.3	3,439.2	3,449.2	3,457.6	3,464.6	3,470.6	3,475.6	3,479.8	3,483.4	3,486.3		
Net Other Operating Assets																						
Other intangible assets	5,015.1	5,014.3	4,677.0	4,538.6	4,530.4	7,445.1	7,166.8	7,095.8	7,150.6	6,999.9	7,139.9	7,282.7	7,428.3	7,576.9	7,728.5	7,883.0	8,040.7	8,201.5	8,365.5	8,532.8		
Other operating assets	843.7	1,145.5	843.6	751.7	785.9	943.0	974.9	720.6	889.0	891.3	909.1	927.3	945.9	964.8	984.1	1,003.7	1,023.8	1,044.3	1,065.2	1,086.5		
Total Net Other Operating Assets	5,858.8	6,159.8	5,520.6	5,290.3	5,316.3	8,388.1	8,141.7	7,816.4	8,039.6	7,891.2	8,049.0	8,210.0	8,374.2	8,541.7	8,712.3	8,886.8	9,064.5	9,245.8	9,430.7	9,619.3		
Invested Capital	10,271.0	10,850.8	9,734.0	8,977.2	9,119.7	12,282.8	11,780.8	9,946.8	10,438.9	10,155.3	10,994.0	11,189.9	11,327.2	11,496.2	11,667.3	11,840.5	12,015.8	12,193.4	12,373.3	12,555.7		
Free Cash Flow (FCF):																						
NOPLAT	2,043.6	2,222.9	2,005.1	1,814.4	2,402.3	2,916.0	2,465.6	2,368.9	2,886.6	2,765.1	2,639.9	2,757.8	2,884.7	3,015.4	3,146.6	3,283.8	3,432.6	3,595.1	3,772.0	3,964.5		
Change in IC	579.8	(1,116.8)	(836.8)	222.5	3,163.1	(502.0)	(1,834.0)	492.1	(283.7)	838.7	166.0	167.3	169.0	171.1	173.2	175.3	177.6	179.9	182.4			
FCF	1,663.1	3,121.9	2,651.2	2,179.8	(247.1)	2,967.6	4,202.9	2,394.5	3,048.8	1,801.2	2,591.8	2,717.4	2,846.4	2,975.5	3,110.5	3,287.3	3,417.6	3,592.1	3,782.1			
Return on Invested Capital (ROIC):																						
NOPLAT	2,043.6	2,222.9	2,005.1	1,814.4	2,402.3	2,916.0	2,465.6	2,368.9	2,886.6	2,765.1	2,639.9	2,757.8	2,884.7	3,015.4	3,146.6	3,283.8	3,432.6	3,595.1	3,772.0	3,964.5		
Beginning IC	10,271.0	10,850.8	9,734.0	8,977.2	9,119.7	12,282.8	11,780.8	9,946.8	10,438.9	10,155.3	10,994.0	11,189.9	11,327.2	11,496.2	11,667.3	11,840.5	12,015.8	12,193.4	12,373.3			
ROIC	21.44%	18.48%	18.64%	27.00%	31.97%	20.07%	20.11%	29.02%	26.49%	26.00%	25.08%	25.88%	26.62%	27.37%	28.15%	28.99%	29.92%	30.99%	32.04%			
Economic Profit (EP):																						
Beginning IC	10,271.0	10,850.8	9,734.0	8,977.2	9,119.7	12,282.8	11,780.8	9,946.8	10,438.9	10,155.3	10,994.0	11,189.9	11,327.2	11,496.2	11,667.3	11,840.5	12,015.8	12,193.4	12,373.3			
x (ROIC - WACC)	17.16%	14.00%	14.16%	22.52%	27.49%	15.59%	15.63%	24.54%	22.01%	21.52%	20.60%	21.37%	22.14%	22.89%	23.67%	24.51%	25.44%	26.46%	27.56%			
EP	1,762.8	1,519.0	1,378.3	2,008.8	2,507.4	1,915.3	1,841.2	2,441.0	2,297.5	2,185.0	2,265.3	2,384.7	2,507.9	2,631.6	2,761.1	2,902.2	3,056.9	3,225.8	3,410.2			

General Mills, Inc.*Weighted Average Cost of Capital (WACC) Estimation*

Cost of Equity:	
Risk-Free Rate	3.52%
Beta	0.21
Equity Risk Premium	5.44%
Cost of Equity	4.65%

ASSUMPTIONS:

10-year Treasury Bond
Average of 2, 3, 4, and 5-year weekly beta
Damadorian Trailing 12 Month Cash Yield

Cost of Debt:	
Risk-Free Rate	3.52%
Implied Default Premium	1.13%
Pre-Tax Cost of Debt	4.64%
Marginal Tax Rate	18%
After-Tax Cost of Debt	3.79%

10-year Treasury Bond

YTM on company's 10-year corporate bond (Maturity 10/31)
2022 Marginal Tax Rates (See Inputs)

Market Value of Common Equity:		MV Weights
Total Shares Outstanding	598.9	
Current Stock Price	86.6	
MV of Equity	51,840.8	80.51%
Market Value of Debt:		
Current Portion of LT Debt	1,674.2	
Notes Payable	811.4	
Long-Term Debt	9,134.8	
Other Liabilities	929.1	
MV of Total Debt	12,549.5	19.49%
Market Value of the Firm	64,390.3	100.00%

Estimated WACC	4.48%
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General Mills, Inc.
Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models
Key Inputs:

CV Growth of NOPLAT	0.25%
CV Year ROIC	32.04%
WACC	4.48%
Cost of Equity	4.65%

<i>Fiscal Years Ending May 31</i>	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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DCF Model:

Free Cash Flow (FCF)	1,801.2	2,591.8	2,717.4	2,846.4	2,975.5	3,110.5	3,257.3	3,417.6	3,592.1	3,782.1
Continuing Value (CV)										92,997.7
PV of FCF	1,724.0	2,374.3	2,382.6	2,388.7	2,390.0	2,391.4	2,396.8	2,406.9	2,421.3	62,687.8
Value of Operating Assets:	83,563.8									
Non-Operating Adjustments	1,190.1	+ Excess Cash								
	158.9	+ Assets held for sale								
	(12,549.5)	- Debt								
	(341.7)	- PV Operating Leases								
	(27.7)	- Earnings attributable to NCI								
	(433.0)	- ESOP								
Value of Equity	71,560.9									
Shares Outstanding	594.0									
Intrinsic Value of Last FYE	120.5									
Implied Price as of Today	\$ 122.70									

EP Model:

Economic Profit (EP)	2,185.0	2,265.3	2,384.7	2,507.9	2,631.6	2,761.1	2,902.2	3,056.9	3,225.8	3,410.2
Continuing Value (CV)										80,624.4
PV of EP	2,091.3	2,075.2	2,090.9	2,104.7	2,113.8	2,122.7	2,135.5	2,152.9	2,174.4	54,347.2
Total PV of EP	73,408.6									
Invested Capital (last FYE)	10,155.3									
Value of Operating Assets:	83,563.8									
Non-Operating Adjustments	1,190.1	+ Excess Cash								
	158.9	+ Assets held for sale								
	(12,549.5)	- Debt								
	(341.7)	- PV Operating Leases								
	(27.7)	- Earnings attributable to NCI								
	(433.0)	- ESOP								
Value of Equity	71,560.9									
Shares Outstanding	594.0									
Intrinsic Value of Last FYE	120.5									
Implied Price as of Today	\$ 122.70									

General Mills, Inc.

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending May 31 **2023E** **2024E** **2025E** **2026E** **2027E** **2028E** **2029E** **2030E** **2031E** **2032E**

EPS	\$	3.87	\$	4.03	\$	4.29	\$	4.57	\$	4.80	\$	5.07	\$	5.34	\$	5.68	\$	6.05	\$	6.46
(implied EPS growth)				4.29%		6.27%		6.72%		4.97%		5.66%		5.28%		6.37%		6.54%		6.70%
Key Assumptions																				
CV growth of EPS		0.25%																		
CV Year ROE		19.79%																		
Cost of Equity		4.65%																		
Future Cash Flows																				
P/E Multiple (CV Year)																				22.46
EPS (CV Year)																				6.46
Future Stock Price																				\$ 145.06
Dividends Per Share		2.12		2.20		2.28		2.36		2.44		2.52		2.60		2.68		2.76		
Discounted Cash Flows		2.03		2.01		1.99		1.97		1.94		1.92		1.89		1.86		1.83		96.39
Intrinsic Value as of Last FYE	\$	113.84																		
Implied Price as of Today	\$	115.94																		

General Mills, Inc.
Relative Valuation Models

Ticker	Company	Price	EPS		P/E 23	P/E 24	Sales/Share		P/S 2023	P/S 2024
			2023E	2024E			2023	2024		
PEP	PepsiCo	\$183.51	\$7.25	\$7.88	25.31	23.29	65.20	68.40	2.81	2.68
CPB	Campbell Soup Company	\$54.78	\$3.02	\$3.16	18.14	17.34	31.30	31.60	1.75	1.73
K	Kellogg Company	\$67.00	\$4.04	\$4.27	16.58	15.69	46.80	47.70	1.43	1.40
HSY	Hershey Company	\$256.28	\$9.42	\$10.13	27.21	25.30	54.80	56.90	4.68	4.50
KDP	Keurig Doctor Pepper	\$35.10	\$1.79	\$1.92	19.61	18.28	10.50	10.90	3.34	3.22
MNST	Monster Beverage Company	\$52.56	\$1.50	\$1.76	35.04	29.86	6.80	7.50	7.73	7.01
KHC	Kraft Heinz Company	\$39.10	\$2.72	\$2.87	14.38	13.62	22.10	22.50	1.77	1.74
LW	Lamb Weston	\$108.71	\$4.50	\$4.96	24.16	21.92	36.60	46.40	2.97	2.34
Average					22.55	20.66			3.31	3.08

GIS	General Mills, Inc.	\$86.56	\$3.87	\$4.03	22.4	21.5	31.71	33.23	2.73	2.61
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Implied Relative Value:	
P/E (EPS23)	\$ 87.23
P/E (EPS24)	\$ 83.35
P/S (ESP23)	\$ 104.99
P/S (EPS24)	\$ 102.31

General Mills, Inc.

Key Management Ratios

Fiscal Years Ending May 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Liquidity Ratios:																				
Current Ratio (Current Assets/Current Liabilities)	0.81	0.81	0.77	0.79	0.76	0.56	0.59	0.68	0.70	0.63	0.81	0.89	1.00	1.11	1.23	1.32	1.42	1.53	1.65	1.77
Operating Cash Flow Ratio (Operating Cash Flow/Current Liabilities)	0.43	0.56	0.64	0.66	0.64	0.48	0.52	0.51	0.49	0.53	0.32	0.43	0.47	0.46	0.46	0.43	0.43	0.43	0.43	0.44
Quick Ratio (Cash + A/R + Marketable Securities/Current Liabilities)	0.41	0.43	0.35	0.42	0.41	0.28	0.30	0.44	0.38	0.28	0.47	0.55	0.61	0.75	0.86	0.98	1.08	1.18	1.30	1.42
Asset-Management Ratios:																				
Asset Turnover Ratio (Sales/Total Assets)	0.78	0.77	0.80	0.76	0.72	0.51	0.56	0.57	0.57	0.61	0.62	0.63	0.64	0.64	0.64	0.63	0.63	0.63	0.63	0.63
Inventory Turnover Ratio (Sales/Inventory)	11.50	11.48	11.44	11.72	10.53	9.58	10.82	12.36	9.96	10.17	10.89	10.89	10.89	10.89	10.89	10.89	10.89	10.89	10.89	10.89
Days in Inventory (365 days/Inventory Turnover Ratio)	31.74	31.78	31.90	31.15	34.67	38.08	33.75	29.53	36.66	35.89	33.51	33.51	33.51	33.51	33.51	33.51	33.51	33.51	33.51	33.51
Days Sales Outstanding (Average Accts Receivable/Sales * 365)		29.86	29.71	30.27	32.61	36.11	36.40	34.11	32.76	32.00	31.97	32.02	32.01	32.02	32.04	32.04	32.01	31.98	31.96	31.93
Financial Leverage Ratios:																				
Debt-to-Equity Ratio (Total Debt/Total Equity)	2.04	2.16	2.93	2.93	3.46	3.60	3.01	2.62	2.20	1.88	1.81	1.73	1.62	1.58	1.51	1.49	1.43	1.37	1.32	1.26
Debt-to-Asset Ratio (Total Debt/Total Assets)	0.64	0.65	0.72	0.72	0.74	0.76	0.74	0.71	0.67	0.65	0.64	0.63	0.62	0.61	0.60	0.60	0.59	0.58	0.57	0.56
Debt/EV Ratio (Total Debt/EV)		8.60	10.40	11.29	8.09	9.31	11.59	11.90	8.79	8.84	9.41	9.15	8.59	8.49	8.26	8.26	8.03	7.80	7.57	7.34
Profitability Ratios:																				
Return on Equity (NI/Shareholder's Equity)		0.27	0.19	0.34	0.34	0.49	0.29	0.31	0.29	0.29	0.22	0.22	0.22	0.22	0.21	0.21	0.20	0.20	0.20	0.20
Operating Profit Margin (Operating Profit/Revenue)	0.16	0.16	0.15	0.16	0.18	0.17	0.17	0.17	0.19	0.17	0.16	0.16	0.16	0.16	0.16	0.16	0.17	0.17	0.17	0.17
Return on Assets (Net Income/Total Assets)	0.08	0.08	0.06	0.08	0.08	0.07	0.06	0.07	0.07	0.09	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Gross Profit Margin (Revenue-COGS/Revenue)	0.39	0.39	0.37	0.39	0.39	0.38	0.38	0.38	0.39	0.37	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Payout Policy Ratios:																				
Dividend Payout Ratio (Dividend/EPS)	0.46	0.53	0.83	0.63	0.68	0.53	0.67	0.55	0.53	0.46	0.55	0.55	0.53	0.52	0.51	0.50	0.49	0.47	0.46	0.44
Total Payout Ratio ((Divs. + Repurchases)/NI)	1.03	1.50	1.78	0.99	1.68	0.82	0.67	0.55	0.66	0.78	0.84	0.82	0.80	0.77	0.75	0.73	0.71	0.68	0.66	0.63
Dividend Coverage Ratio (Net Income/Dividend)	2.17	1.87	1.21	1.59	1.47	1.88	1.49	1.83	1.89	2.18	1.82	1.83	1.88	1.94	1.97	2.01	2.05	2.12	2.19	2.27

General Mills, Inc.

Sensitivity Tables

DCF		Beta						
		0.15	0.17	0.19	0.21	0.23	0.25	0.27
Equity Risk Premium	122.70							
	4.00%	140.04	137.16	134.37	131.68	129.08	126.56	124.12
	4.50%	137.51	134.37	131.35	128.44	125.64	122.93	120.32
	5.00%	135.06	131.68	128.44	125.33	122.35	119.48	116.71
	5.44%	132.96	129.39	125.97	122.70	119.57	116.56	113.68
	6.00%	130.37	126.56	122.93	119.48	116.18	113.02	110.00
	6.50%	128.12	124.12	120.32	116.71	113.28	110.00	106.88
	7.00%	125.94	121.76	117.81	114.06	110.50	107.12	103.90

DCF		Marginal Tax Rate						
		12.81%	14.64%	16.47%	18.30%	20.13%	21.96%	23.79%
Pre-Tax Cost of Debt	122.70							
	3.25%	130.01	130.47	130.94	131.41	131.88	132.35	132.83
	3.71%	126.86	127.37	127.88	128.40	128.92	129.44	129.97
	4.18%	123.83	124.38	124.94	125.50	126.06	126.63	127.20
	4.64%	120.91	121.50	122.10	122.70	123.30	123.91	124.53
	5.10%	118.09	118.72	119.35	119.99	120.63	121.28	121.94
	5.57%	115.38	116.04	116.70	117.37	118.05	118.74	119.43
	6.03%	112.75	113.44	114.14	114.84	115.55	116.27	116.99

DCF		COGS (as a % of sales)						
		60.2%	61.4%	62.7%	64.0%	65.3%	66.6%	67.8%
SG&A (as a % of sales)	122.70							
	16.23%	167.17	155.50	143.83	132.16	120.49	108.82	97.15
	16.58%	164.02	152.35	140.68	129.01	117.34	105.67	94.00
	16.92%	160.87	149.20	137.53	125.86	114.19	102.52	90.85
	17.27%	157.72	146.05	134.38	122.71	111.04	99.37	87.71
	17.62%	154.57	142.90	131.23	119.56	107.89	96.23	84.56
	17.96%	151.42	139.75	128.08	116.41	104.75	93.08	81.41
	18.31%	148.27	136.60	124.93	113.27	101.60	89.93	78.26

DDM		CV Growth of EPS						
		0.13%	0.18%	0.23%	0.25%	0.28%	0.33%	0.43%
Cost of Equity	115.94							
	3.25%	174.75	177.05	179.04	180.17	181.31	183.90	188.82
	3.72%	149.05	150.68	152.07	152.87	153.67	155.48	158.88
	4.18%	129.37	130.56	131.58	132.16	132.74	134.05	136.50
	4.65%	113.85	114.75	115.51	115.94	116.37	117.35	119.17
	5.11%	101.32	102.01	102.59	102.92	103.25	103.99	105.37
	5.58%	91.01	91.55	92.00	92.26	92.52	93.09	94.16
	6.04%	82.40	82.82	83.18	83.38	83.59	84.04	84.88

DCF		WACC						
		3.14%	3.58%	4.03%	4.48%	4.93%	5.38%	5.82%
CV Growth of NOPLAT	122.70							
	0.18%	190.63	161.30	138.83	121.07	106.70	94.83	84.86
	0.20%	191.96	162.25	139.53	121.61	107.11	95.15	85.13
	0.23%	193.32	163.22	140.25	122.15	107.53	95.48	85.39
	0.25%	194.70	164.20	140.97	122.70	107.96	95.82	85.66
	0.28%	196.11	165.20	141.70	123.25	108.38	96.16	85.93
	0.30%	197.54	166.21	142.44	123.81	108.82	96.50	86.20
	0.33%	199.00	167.24	143.20	124.38	109.25	96.84	86.48

DCF		Depreciation Rate						
		11.10%	12.68%	14.27%	15.85%	17.44%	19.02%	20.61%
ROI%	122.70							
	1.40%	124.75	124.19	123.76	123.44	123.22	123.06	122.96
	1.60%	124.51	123.94	123.51	123.20	122.97	122.81	122.71
	1.80%	124.26	123.69	123.27	122.95	122.72	122.57	122.46
	2.00%	124.01	123.44	123.01	122.70	122.47	122.31	122.21
	2.20%	123.75	123.19	122.76	122.44	122.21	122.06	121.96
	2.40%	123.49	122.93	122.50	122.18	121.96	121.80	121.70
	2.60%	123.23	122.66	122.24	121.92	121.69	121.54	121.44