



NYSE: GIS

Consumer Staples Industry

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Stock Rating: HOLD

As of November 10, 2023

Current Price: \$65.28

Target Range: \$66 - 73

Investment Thesis

We recommend a **HOLD** rating for General Mills with a target price range of \$66 - \$73. General Mills continues to be a strong player in the slow growth, consumer staples sector. The company continues to experience stable growth with a large market capitalization in comparison to the industry and competitors. Based on our economic forecasts, we believe that this investment can yield a 12% upside for investors

Drivers of Investment Thesis

- **Brand name and customer loyalty:** General Mills has a strong brand name that has led success within the industry. Consumers know they can rely on General Mills to deliver high quality products for reasonable prices, leading to strong customer loyalty.
- **Consistent performance during economic uncertainty:** With the expectation of the Fed remaining hawkish, we are expecting General Mills to perform well since their margins tend to increase in this economic environment. Their sales will stay stable and the larger margins will boost profits.

Risks To Investment Thesis

- **Underperforming segments:** General Mills has nine different product segments that generate revenue. Diversification does not always lead to growth as four of the nine segments generated negative growth in 2023. This can be attributed to a lack of focus among certain product lines.
- **Constrained exponential growth:** The consumer staples sector is typically a low growth, defensive sector. There are typically not many breakthroughs or innovations leading to exponential growth. General Mills has seen total revenue grow on average 1.8% over the last eight years, proving to be a stable investment that lacks large growth trend.

Company Overview

General Mills has been making food the world loves for over 150 years. It is a leading global manufacturer and marketer with over 100 brands in more than 100 countries across 6 continents. Some of their popular brands include Nature Valley, Betty Crocker, Pillsbury, Yoplait, among others. General Mills was founded by Cadwallader Washburn and is headquartered in Minneapolis, MN.

Financial Snapshot

Valuation Models

DCF: \$67.29

DDM: \$72.39

Relative Valuation: \$67.94

Stock Performance Highlights

Current Price: \$65.25

52-Week Range: \$60.33 - \$90.89

Market Cap: \$37.95 B

Financial Metrics

2023 Revenue (\$M): \$20,094

2024E Revenue (\$M): \$21,260

2023 EPS: \$4.36

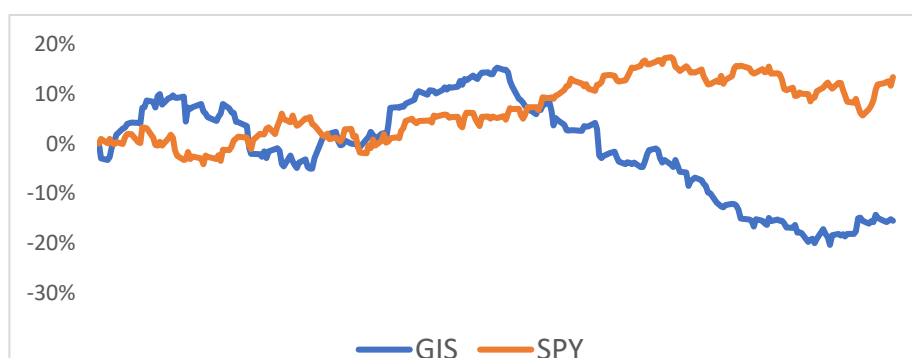
2024E EPS: \$4.58

Financial Ratios

2023 ROE: 0.26

2023 ROA: 0.08

12 Month Returns



Economic Analysis

Inflation

Consumer price index (CPI), or inflation, is the general change in the price of goods and services. Inflation has been trending downward recently with a peak of 9.1% in 2022 and has been dropping ever since. Currently, the CPI is around 3.70% YoY, which has been a benefit to General Mills [5].

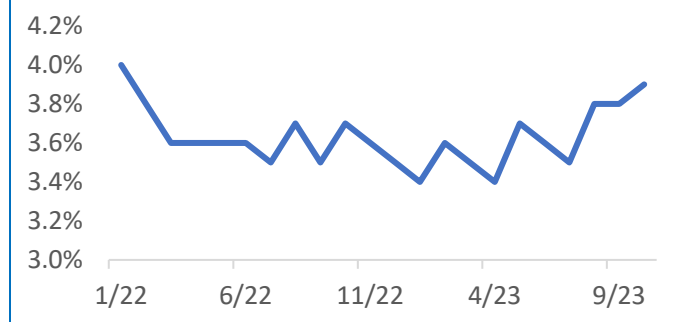
Higher inflation causes input costs to rise for producers like General Mills, thus lowering their profit margins. Now that the inflation rate has been declining, it allows General Mills to increase margins and generate more profit. Lower inflation also boosts consumers spending on General Mills products. Another way lower inflation helps General Mills is by increasing consumers spending. When there is high inflation, consumers spend less, which results in purchasing store-brand or generic-label brands. However, with lower inflation, consumers will remain comfortable purchasing General Mills products.

We expect inflation to continue its decreasing trajectory with the CPI going under 2% in 2024. We are making that assumption because we believe the Fed will continue raising the rates until the CPI rate nears pre-pandemic levels at roughly 2%. We expect these inflationary trends to have a positive overall impact on General Mills.

Unemployment Rates

The United States unemployment rate is a measure of the amount of people who can work and are looking for a job. Over the past five years, unemployment has been fluctuating due to Covid-19. Over the last two years, the rate has become more stable. Currently the unemployment rate is at 3.9% after historic lows in early 2023 and has seemingly increased over the last few months [8]. In the following column we have a graph displaying unemployment trends in the last two years.

Unemployment Rate



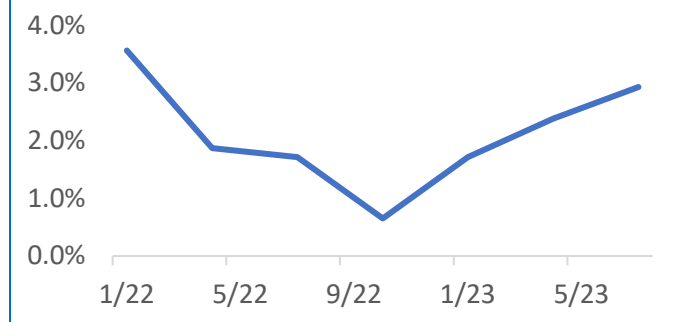
Source: Fred [8]

Unemployment rates are an important metric to determine the overall health of the economy. As unemployment rates continue to increase, certain companies within the consumer staples industry can be impacted. Although the consumer staples sector is less volatile to economic downturn, certain companies can still see the negative impact in their business operations. If unemployment rates increase, a company like General Mills who sells premium brand name items can see a decrease in sales as consumers become more price sensitive.

Real GDP Growth

Real GDP is the inflation adjusted value of goods and services produced by an economy within a given year. Below is a graph of real GDP starting with Q1 2022 and ending at Q3 2023. It shows that real GDP has remained relatively stable over the last two years. It had a slight dip in Q4 of 2022 but has consistently risen since then.

Real GDP



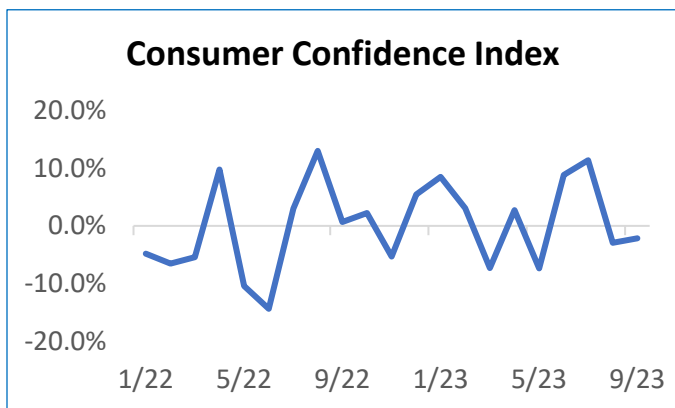
Source: FRED [7]

General Mills benefits more when Real GDP is lower rather than higher. When Real GDP is high, consumers are typically going out to eat more and spending less at stores like Walmart where General Mills gets most their sales from. So, when Real GDP is lower consumers eat out less and in return General Mills succeeds.

We envision Real GDP increasing to 3.2% since we expect the economy to perform well over the years due to lower unemployment rates and a healthier economy. Overall, this would have a negative impact on General Mills due to consumers spending more at restaurants and not at stores such as Walmart.

Consumer Confidence Index

Consumer confidence index (CCI) is the measure of how optimistic or pessimistic consumers are about the state of the economy. The CCI has been slightly decreasing over the past year as consumers have become more cautious about the state of the economy. The graph below shows the CCI change in percentage over the past two years.



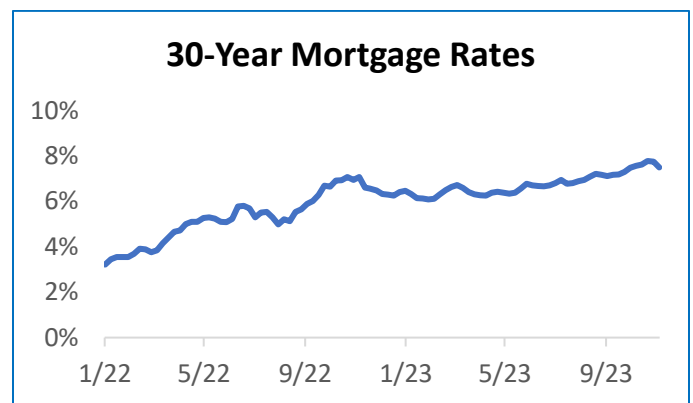
Source: FRED [11]

When the CCI is increasing, it shows consumers are more confident and typically will spend more on discretionary items rather than staples. If CCI is increasing, it is worse off for General Mills since consumers will spend more of their income on discretionary goods rather than staples when they are more confident in the economy.

We believe the CCI will increase instead of decrease in the future since we see inflation becoming more stable and then consumers being willing to spend more with that change. This will lead General Mills to be slightly worse off moving forward.

Interest Rates

Interest rates involve the cost of a loan to a borrower. The 30-year mortgage rates have been increasing recently to try and combat the high inflation prices. Currently the 30-year mortgage rate is 7.83% [4]. Graphed below is the mortgage rates from 2022 to present day.



Source: FRED [6]

Interest rates have a big impact on General Mills due to the amount of debt that they carry. Since General Mills borrows a lot, if the cost to borrow increases it will increase the cost to repay the debt. General Mills oftentimes chooses to refinance their debt, and an increase in interest rates will seemingly put General Mills at a disadvantage when looking to repay. Although interest rates can negatively impact General Mills and their ability to repay debt, an increase in interest rates is typically followed by a decrease in inflation. Lower inflation can decrease input costs and improve General Mills from an operational standpoint.

We anticipate interest rates slightly increasing until inflation can reach the 2% mark as mentioned earlier sometime in 2024. Once inflation reaches 2%, we expect the interest rates to start dropping quickly into the range of 4-5% in late 2024.

Industry Analysis

Industry Description

General Mills operates in the packaged foods industry. Players in this industry sell their products to wholesalers, mass merchandisers, convenience stores, and other venues for revenue. Additionally, competitors in this industry typically have multiple product food lines under their business segment. One of the largest differentiators between firms in this industry are whether they operate as food processors or food manufacturers. Food processors take a raw product and turns it into an ingredient, while food manufacturers purchase ingredients and use them within a product. General Mills operates as a food manufacturer. Below is a table showing General Mills versus competitors in the industry.

	GIS	K	POST	CPB
Market Cap (\$M)	37,876	17,883	5,170	12,030
Sales (\$M)	20,094	15,315	5,851	9,357
Inv. Turnover	7.05	7.05	7.81	5.96
ROA	7.34	6.75	2.33	6.00
ROE	27.06	40.63	9.70	30.78

Source: FactSet [10][15][16][17]

Industry Trends

Retailer Consolidation and Private Labels:

Consolidation in the grocery and retail industry has been one of the largest trends impacting the packaged foods industry. Consolidation has been used to lower prices and improve overall efficiency for retailers. The emergence of private label foods has also impacted the industry with larger retailers carrying more private labels. The decision to sell private labels impacts both the retailers and the consumer. Selling private labels benefits the retailer by lowering costs and increasing margins while the consumers benefit from seeing a cheaper alternative to products they typically purchase.

FDA and CERCLA Regulations:

The highly competitive human and pet food industry is regulated to ensure safe practices related to the production, packaging, quality and safety of all products [12]. Regulations are continually evolving to protect both the consumer and producer of consumer products. The ability to simply comply with these regulations can result in a clear competitive advantage and positive brand image. Failure to comply with regulations can result in lawsuits, a recall of products, and administrative penalties. Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) regulations are centered around the cleanup of hazardous substances into the environment [3]. In 2023, General Mills was involved with two separate responses associated with alleged release of hazardous substances or wastes [12]. Although the results are not expected to impact future earnings, this response is in compliance with regulatory requirements.

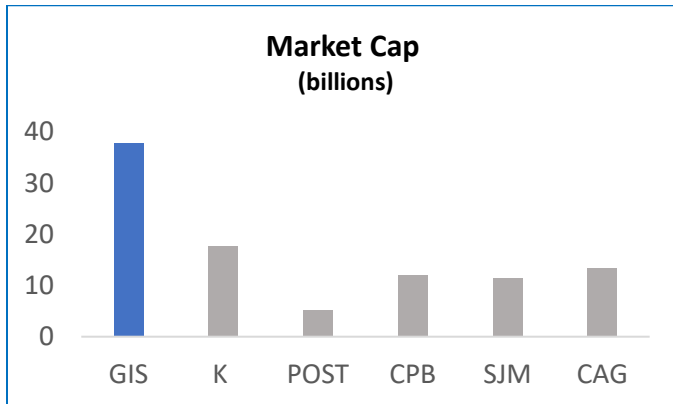
Health and Wellness Trends:

Trends in the food industry, in particular the packaged foods industry have been shifting towards healthier alternatives. Consumers are looking to avoid ingredients such as sodium, trans fat, GMO's, sugar, and other added preservatives that have been deemed unhealthy. The Global Health and Wellness Food market projected to grow at a CAGR of 8.5% until 2027 [2]. The production of healthier foods and products will benefit firms with sales but will inevitably cost more to produce. If healthier alternatives are produced and cleared by regulators, the legal risk factor is significantly decreased as many lawsuits have stemmed from chemicals and added preservatives in some packaged foods. The mitigation of potential legal risks adds to the brand image and how consumers view the company.

Peer Comparisons

The main competitors in the packaged food industry are General Mills (GIS), Kellanova (K), Post Holdings

(POST), Campbell Soup Company (CPB), The J.M Smucker Company (SJM), and Conagra Brands, Inc. (CAG). Each of the players in this industry produce similar products with an emphasis on different specialty items. Below is a graph of market capitalization of the competitors within the industry.



Source: FactSet [10]

Porter's Five Forces

Competitive Rivalry – High

There is such a high degree of competition in the industry, with some of the largest competition being between brand names versus private labels and generic brands such as Kirkland and Great Value. During the first half of 2023 these private labels rose 8.2% in sales [13]. This makes it difficult for General Mills to control the industry since Great Value and Kirkland lead with lower prices and General Mills relies more on consumer loyalty and brand recognition to have sustainable margins.

Threat of New Entrants – High

There is a high threat of new entrants in the industry because many products produced within the packaged foods industry can be easily replicated. Numerous private label brands have started to increase market share in certain business segments such as cereal. General Mills benefits from selling a product at a higher price than most with the expectation that the quality of their product is superior. When products can be easily replicated,

customer and brand loyalty is crucial for sustained success in the industry.

Supplier Power – Low

With many suppliers in the packaged food industry, the amount of power that suppliers hold is minimal. General Mills seems to focus on mitigating the risk of supplier power by having numerous suppliers across the globe. Although many suppliers reside in the United States, General Mills management states they often try to make advanced purchases to ensure that they always have an adequate supply in the event of a supply chain disruption [12].

Buyer Power – Moderate

Buyers hold a moderate amount of influence over the prices for producers. Buyers can always shift to a cheaper alternative but sacrifice potential quality. If General Mills is unable to leverage its brand name and consumer loyalty, it will likely have to lower prices and decrease margins in doing so.

Threat of Substitute Products – High

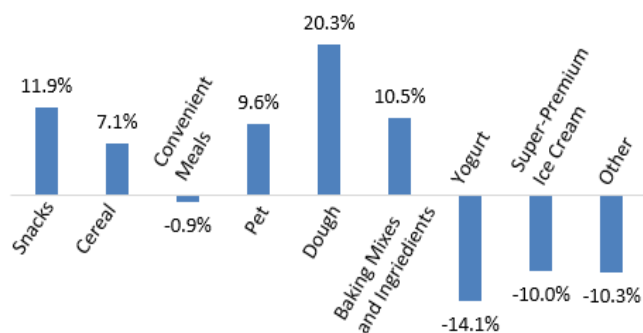
With many players in the packaged foods industry, it is very easy for consumers to convert to a different producer for products. A high threat of substitute products leaves more power in the hands of consumers given that they continuously have the power to choose an alternative product. This puts pressure on producers to gain a competitive advantage with all their product lines.

Company Analysis

Revenue Analysis

General Mills recognizes revenue in nine product segments: Snacks, Cereal, Convenient Meals, Pet, Dough, Baking Mixes and Ingredients, Yogurt, and Super-Premium Ice Cream and Other. Below is a graph of General Mills 2023 revenue decomposition.

Revenue Decomposition



Snacks

The snacks segment has been the most successful revenue segment for General Mills. It makes up over 22% of General Mills revenue and has consistently grown over the past 10 years. This segment is made up of popular brands such as Nature Valley, Pillsbury, Chex Mix, Fiber One, and many more. Their snacks segment is sold globally unlike other revenue segments.

Historically the snacks segment has made up 20% of General Mills revenue. This segment has grown every year since Covid in 2020 and we expect this trend to continue. General Mills should have a strong focus on this segment since it impacts so much of their revenue. Therefore, we forecast high growth in 2024 starting at 10% then leveling off to 3% in 2029.

Cereal

Cereal is the next highest segment for General Mills. Overall, it has had slower growth of the segments. But in the past few years they have made significant jumps and plan to continue that. The greatest strength General Mills has in this segment is brand recognition with household names such as Lucky Charms, Trix, Cheerios, among others. As well as a joint venture with Nestlé to help compete in the cereal markets outside of North America. Similarly, to the snacks segment their cereals are also sold globally.

In past years cereal has been relatively stable and reliable from General Mills. This segment has increased around 2% over the past 8 years. However, as mentioned in their investors call earlier this quarter General Mills emphasized, they should be dominant in the cereal industry as it continues to remain the number one breakfast food for consumers. This is why we anticipate a 5% growth for General Mills in 2024 for their cereal segment.

Convenient Meals

The convenient meals segment includes meal kits, ethnic meals, pizza, soup, side dish mixes, frozen breakfast, and frozen entrees [12]. This segment has not seen much fluctuation over the years and have not made any big moves in the industry. However, it remains a strong revenue segment for General Mills since it is sold globally.

The convenient meals segment has seen back-to-back years of negative growth. This is concerning since it is General Mills 3rd largest revenue segment. We expect slight growth of 1% in this segment over the next year and growing up to 3% in 2029.

Pet

The pet segment is relatively new and was introduced to General Mills in 2018. The pet segment consists of pet food and is sold in the United States and Canada throughout pet super stores, e-commerce retailers, and other stores [GIS 10k]. The pet food segment operates under the brand Blue Buffalo, most notably known for their sales in dog food. In 2022, General Mills acquired Tyson Foods to help grow this segment and acquired Tyson's Foods pet treats business.

In the 5 years General Mills has had their pet segment it has grown 3.2% on average. They had an acquisition of Tyson Foods pet treats which shows they are trying to grow this segment even more. We expect high growth of 9.6% in 2024, steady over 3% in 2029. Management has also put an increased

focus on marketing for the segment to continue growth trends [14].

Dough

Their dough segment is made up of refrigerated and frozen dough. They have recently been investing more into this segment by expanding on previous dough factories.

General Mills dough segment has been growing significantly over the past 4 years with an average of 9.7%. We expect General Mills to get to 12% this year since they have made large investments into different dough factories. Overall, this should be General Mills largest growth throughout all their segments because of their investments into the segment.

Baking Mixes and Ingredients

The baking mixes and ingredients segment is made up of a few popular brands such as Pillsbury, Bisquick, Betty Crocker and a few others. Only the Betty Crocker brands are sold globally.

Historically this segment tends to fluctuate a lot over years with lows of -8.7% and highs of 18.4% growth rates. We expect this segment to grow around 6% since this segment has been doing well in recent years and we expect that trend to continue.

Yogurt

Yogurt is one of their smallest segments and is only made up of 4 brands with Yoplait being the most popular. A large contributor to the smaller segment is because these brands are only sold in North America.

This segment has been performing awful with an average of -7.2% growth rates in the past 8 years. General Mills has not invested a lot in this segment so we expect this segment to be -4% then rise to 3%.

Super-Premium Ice Cream

Super-Premium Ice Cream is unique since Häagen-Dazs is the only brand. Also, General Mills manages and operates the business outside of North America even though Häagen-Dazs is sold worldwide.

The super-premium ice cream segment is another segment that has had negative performance in past years. This is not surprising since they only have one brand and have not invested more into this segment. That is why we forecast this segment to have -5% growth next year and slowly rise to 3%.

Other

The other revenue segment is made up of vegetable brands such as Green Giant, Cascadian Farm, and Muir Glen. This is only sold in North America which is why it is the smallest segment General Mills has.

This has been the lowest segment over the last 8 years at -11.2%. We are seeing lots of trends with negative growth means General Mills is not investing in these segments. We estimate another negative growth for 2024 with -4.8% rising to 3%.

SWOT

Strengths

The greatest strength General Mills has is their brand name and customer loyalty. General Mills has been operating for over 150 years which has aided their ability to create a strong brand image over time. In the highly competitive packaged foods industry, the ability to stand out to consumers with notable brand names and brand quality serves as an immediate advantage for General Mills. An additional strength of General Mills has been their ability to adapt to a defensive consumers staples sector. This economic sector does not always see groundbreaking changes within products, yet General Mills was able to evolve and create their pet segment. The pet segment allows General Mills to benefit from another source of revenue and the company was the beneficiary of both internal

research and adaptation, as well as consumer confidence that the brand would produce high quality products in a segment that they did not have experience in.

Weaknesses

Due to General Mills wide variety of products, it makes it difficult for them to come out with any innovations or breakthroughs. Management mentions the importance of being at the forefront of innovation, yet there are not many recent examples showing that [14]. By not having a center of focus it leads to them spreading their resources thin which could lead to losing market share long term. These weaknesses will continue to cause inefficiencies and make it difficult to find long term success in any of their products.

Opportunities

An opportunity for General Mills is expanding into new and existing international markets. As previously mentioned, General Mills is represented in over 100 countries. However, only their most popular brands are being sold globally. They have many products that are only being offered in the North America region. General Mills has already had success in international markets so they can continue their efforts to increase their reach. Another opportunity for General Mills would be investing into healthier products. They currently have organic/natural products but not many brands for those products. With current health trends in the US, especially among cereal and snacks General Mills can be a direct beneficiary of a growing industry within the consumer staples sector [1].

Threats

The largest threats to General Mills would be poor economic health, rising input costs, and supply chain issues. When the economy is struggling, overall consumer spending goes down. This may cause customers who normally pay more for a General Mills product to shift to a generic brand to

save more during economic hardship. Another threat is rising input costs. If input costs increase General Mills' profit margin would decrease and negatively impact their profits. The last threat that remains are supply chain disruptions. If consumer demand exceeds the ability of a third-party distributor, General Mills will suffer the consequences of not being able to produce enough products.

Expense Analysis

Expense Analysis

The most notable expenses for General Mills are Cost of Sales, Depreciation and Amortization, and SG&A expenses.

Cost of Sales

Cost of sales increased by \$958 million in fiscal 2023 to \$13,548 million. The increase was primarily driven by a \$1,454 million increase attributable to product rate and mix, partially offset by a \$950 million decrease due to lower volume. Cost of sales for General Mills has remained relatively consistent over time, so when forecasting we used the eight-year average and straight-lined it for future years. The average cost of sales accounted for 61.49% of total revenue, in line with the range of 55-64% in the eight years prior.

Depreciation and Amortization

Depreciation and Amortization expense has remained steady over time while slightly decreasing over the last 5 years. We started the forecast of this expense by using the average of historical depreciation as a percentage of historical beginning net PPE. With limited fluctuation over the course of eight years, we felt comfortable using the eight-year average of 15.97% to project future years depreciation and amortization expense. We utilized

the 15.97% and multiplied it by the beginning year PPE in each of the following forecasted years.

SG&A Expense

Similar to depreciation and amortization expense, SG&A expense has seen little fluctuation over the last eight years. For General Mills, SG&A expense is composed of media and advertising expenses, compensation and benefits expenses, charitable contributions, and other smaller expenses. With little variance, we felt comfortable using the historical average of SG&A as a percentage of sales and multiplying that average by each forecasted year's sales. Our average SG&A expense was 17.53%, meaning each forecasted year's SG&A expense was 17.53% of sales.

Capital Expenditures

Capital Expenditures (Capex) has remained relatively consistent over time for General Mills. The eight-year average for capex was 3.51% of total sales. General Mills has made a goal to have roughly 4% of sales being devoted to capital expenditures with prioritization on cost savings and capacity for constrained platforms. Given the consistency over time, we felt comfortable forecasting capex at 4% in each of the following years.

Cost of Equity

To calculate the cost of equity, we used the CAPM formula. This formula involves multiplying the equity risk premium and the beta, and then adding the risk-free rate. For beta, we utilized Damodaran's beta for the food industry at .90 as of November 7th [9]. We also utilized a 4.63% risk free rate based on the 10-year treasury bond and a 5.0% equity risk premium based on Damodaran's implied rate as of November 7th. Using these values and the CAPM formula, we received a cost of equity at 9.13%.

Cost of Debt

To calculate the cost of debt, we utilized a 6.13% pre-tax cost of debt for a YTM bond of General Mills

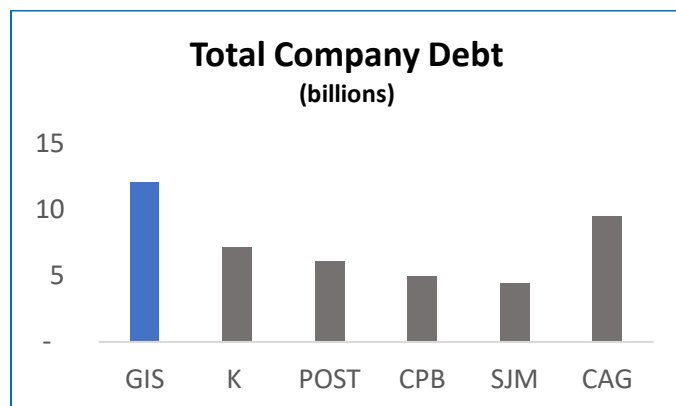
maturing in 2033, as well as the previously mentioned 4.63% risk free rate. Next, we subtracted the risk-free rate from the pre-tax cost of debt to receive an implied default premium of 1.50%. To get the after-tax cost of debt, we multiplied the pre-tax cost of debt by the marginal tax rate of 21.50% to give us a cost of debt of 4.81%.

WACC

One of the largest factors impacting our valuation model was the weight average cost of capital (WACC). To calculate the WACC, we utilized the weighted average cost of equity and after-tax cost of debt. We also needed the market value of equity and market value of total debt. To get the market value of equity we took the number of shares outstanding and multiplied it by the stock price as of November 10th. For total debt, we utilized the amount of total debt from the most recent fiscal year end. With the four variables listed, we were able to obtain a WACC of 7.77%.

Capital Structure

General Mills currently has \$1.7 billion of long-term debt that is maturing in the next 12 months. \$500 million of 3.65% fixed rate notes due February 2024, as well as \$400 million of floating rates due October 2023. For repayment of debt, General Mills often issues new debt to pay down old debt. With no target capital structure, it appears General Mills will continue to keep refinancing as they do not have the cash on hand to pay off the amount of debt they currently have.



Source: FactSet [10]

Included is the total company debt for notable comparable companies within the packaged food industry. General Mills holds a BBB debt rating, indicating that the company has an adequate amount of financial capacity to meet its commitments of repayment [17].

Valuation Analysis

Valuation Approach

For our revenue projections, historical data dating back to 2015 to provide us with the best understanding of how General Mills has performed over the past 8 years. The only year we were unable to use 8 years' worth of data for was the Pet segment as it was formed in 2018. We also utilized industry projections for each of the segments that General Mills recognizes revenue in to gauge where each of the segments may be headed based on analyst's projections and economic trends. Compiling historical data as well as future projections allowed us to construct discounted cash flow, economic profit, dividend discount, and relative valuation models.

Revenue Decomposition

General Mills is a stable company in a slow growth, defensive sector. A defensive sector is typically less volatile than most, given that the products are almost always in demand regardless of the economy. For each of the forecasted revenue segments, each segment reaches a steady growth rate at 3%. The number of 3% mirrors the historical average of GDP growth rate. Each terminal forecasted year is in correspondence with this average growth rate.

Valuation Models

Discounted Cash Flow (DCF) Model:

The first method we used to calculate the intrinsic value of General Mills was the DCF model. The first step in calculating the intrinsic value was to calculate free cash flow (FCF) for six years until 2029. In 2029, we compute the continuing value (CV), or the sum of future cash flows using a constant growth rate. Within the calculation of the continuing value, there are three important assumptions: the CV growth of NOPLAT, CV years ROIC, and the WACC. The CV growth of NOPLAT used was 2.50%. This number was used to mirror where we envision the economy will go, as well as impacts by industry that General Mills operates in. The CV year ROIC was computed by taking the 2029 NOPLAT divided by the 2029 beginning invested capital which leads to a value of 35.74%. The final number used to compute the continuing value of 2029 was the WACC at 7.77%. Using these numbers, the continuing value calculated was \$66.1 million, representing the sum future cash flows at a constant growth rate for General Mills. Once the continuing value was found, the next step was to find the present value of each cash flow from 2024-2028. In order to find the present value of each cash flow, we used the free cash flow for each forecasted year and discounted it by the WACC. The sum of each of these cash flows and the discounted continuing value is equal to the value of operating assets. The next step was to adjust for non-operating items such as excess cash, marketable securities, and total debt. The final step was to divide the total value of equity by the number of shares outstanding to get an intrinsic value of the stock at \$67.29.

Economic Profit (EP) Model:

The next valuation model used to find an intrinsic share price was the economic profit model. This model discounts economic profit instead of FCF. Economic profit for each forecasted year can be found by taking the beginning invested capital and multiplying that number by the change of ROIC and the WACC. Continuing value for this model the values included are the continuing value economic

profit, CV growth of NOPLAT, continuing value ROIC, and the WACC. The economic profit continuing value calculated was \$55.6 million. We then had to discount the economic profit for each forecasted year as well as the continuing value and add the two numbers together. This number in combination with the last FYE invested capital leads to the value of operating assets, which mirrors the value of operating assets from the DCF model. The same adjustments are made as the DCF model including excess cash, marketable securities, and total debt. The intrinsic value share price of the EP model is \$67.29, the same as the DCF model.

Dividen Discount Model (DDM):

The next model used was the dividend discount model (DDM). The assumptions used in this model include the CV growth of EPS, CV year ROE, and the cost of equity. The first step in this model was to forecast the EPS for 6 years, which gave us a value of \$6.82 in 2029. We also forecasted a P/E multiple using the estimated CV growth of EPS at 2.50%, CV of ROE at 25.59%, and a cost of equity at 9.13%. This multiple multiplied by the 2029 EPS gave a future stock price of \$92.79. We then used the forecasted dividends until 2029 and discounted them along with the future stock price. The sum of these numbers gave us our intrinsic value of \$72.39 per share. The number received from the DDM is relatively similar compared to the DCF/EP model, giving us more confidence in each of the assumptions made throughout.

Relative Valuation Model:

For the relative valuation model, we used the comparable companies to General Mills. These companies include The Kraft Heinz Company, Kellanova, The J.M. Smucker Company, Post Holdings, Inc., Campbell Soup Company, Lamb Weston Holdings, McCormick & Company, and Conagra Brands, Inc. We utilized the average P/E ratios for the eight firms for both 2023 and 2024, which in turn gave us 15.58 and 14.17, respectively.

We then multiplied these numbers by our estimated EPS ratios to give us 67.94 and 65.77 in 2023 and 2024, respectively. These numbers are very similar to those of our previous models, reassuring that our comparable companies used in the model are respectable.

Sensitivity Analysis

Sensitivity Analysis

We created 6 sensitivity tables to find correlations between two variables to see how the variables impacted our stock price. Each sensitivity table used different variables, resulting in 12 total variables used throughout. This was also used to give us an estimate of what our range would be for our stock price. The ranges in the green show the more attractive price while the red shows the lower price.

Marginal Tax Rate and Pre-Tax Cost of Debt

We constructed a sensitivity table with marginal tax rate and pre-tax cost of debt to see how these changes would affect the stock price. Both variables impact the WACC and were used to help find the value of our stock price at different weights. We felt that testing the increase in marginal tax rate was crucial as the rate has fluctuated over time.

We found that as the marginal tax rate increased as did our stock price. When the pre-tax cost of debt decreased, we also saw our stock price increase. Based on the fluctuation of the variables, the predicted price ranged from \$61.47-74.44.

		Marginal Tax Rate							
		67.29	18.50%	19.50%	20.50%	21.50%	22.50%	23.50%	24.50%
Pre-Tax Cost of Debt	4.63%		74.44	74.76	75.09	75.42	75.76	76.09	76.43
	5.13%		71.55	71.89	72.24	72.59	72.94	73.29	73.65
	5.63%		68.79	69.15	69.52	69.88	70.25	70.62	70.99
	6.13%		66.17	66.54	66.92	67.30	67.68	68.07	68.45
	6.63%		63.67	64.05	64.44	64.83	65.23	65.62	66.03
	7.13%		61.27	61.67	62.07	62.47	62.88	63.29	63.70
	7.63%		58.99	59.39	59.80	60.21	60.63	61.04	61.47

Inventory (% of sales) and Capex (% of sales)

We created a sensitivity table with inventory and capex both being used as a percentage of sales.

These numbers are both used to gather our NOPLAT and invested capital numbers. Also, a portion of Capex is likely inventory so we figured that the table would help show us the relationship between the two. We noticed as inventory increased our stock price decreased and while sales decreased our stock price increased. Capex made the largest change between the two variables as it is a direct correlation to cash flow. The range in price for this table was \$62.75-\$71.84.

		Inventory (% of sales)							
		67.29	9.30%	9.80%	10.30%	10.80%	11.30%	11.80%	12.30%
Capex (% of sales)	3.25%	71.84	71.58	71.33	71.07	70.82	70.56	70.31	70.31
	3.50%	70.58	70.32	70.07	69.81	69.56	69.30	69.05	69.05
	3.75%	69.32	69.07	68.81	68.55	68.30	68.04	67.79	67.79
	4.00%	68.06	67.81	67.55	67.30	67.04	66.78	66.53	66.53
	4.25%	66.80	66.55	66.29	66.04	65.78	65.53	65.27	65.27
	4.50%	65.54	65.29	65.03	64.78	64.52	64.27	64.01	64.01
	4.75%	64.29	64.03	63.78	63.52	63.26	63.01	62.75	62.75

WACC and CV Growth of NOPLAT

Another sensitivity table we looked at was comparing the WACC and CV growth of NOPLAT. The WACC is used in the DCF to get the PV of the FCF values. The CV growth of NOPLAT helps get the continuing value calculation for the DCF. In our sensitivity table we noticed as WACC decreased, our stock price increased drastically. As CV growth of NOPLAT increased the stock price did as well. This sensitivity table had the widest range of stock prices at \$39.72 - \$135.85, which is a testament to how much the price can fluctuate based on the two variables.

		WACC							
		67.29	6.26%	6.76%	7.26%	7.76%	8.26%	8.76%	9.26%
CV Growth of NOPLAT	1.75%	91.13	78.29	67.78	59.01	51.59	45.23	39.72	39.72
	2.00%	96.39	82.36	70.99	61.60	53.70	46.97	41.17	41.17
	2.25%	102.32	86.89	74.53	64.42	55.99	48.85	42.72	42.72
	2.50%	109.03	91.94	78.45	67.51	58.47	50.87	44.39	44.39
	2.75%	116.69	97.63	82.79	70.91	61.18	53.06	46.19	46.19
	3.00%	125.54	104.08	87.65	74.66	64.14	55.44	48.13	48.13
	3.25%	135.85	111.44	93.11	78.83	67.40	58.04	50.23	50.23

Depreciation Rate and ROI%

We built a sensitivity table with depreciation rate and ROI% to test the range of our stock price. We used these variables because both impact the values of our assets differently. We found that increasing the depreciation rate had a slight decrease on the stock price while increasing the ROI% also had a slight decrease on our stock price.

Out of all our sensitivity tables, this table had the smallest range from \$66.58 - \$68.76.

		Depreciation Rate							
		67.29	11.47%	12.97%	14.47%	15.97%	17.47%	18.97%	20.47%
ROI%	5.32%	68.76	68.21	67.77	67.42	67.16	66.97	66.83	66.83
	5.57%	68.71	68.17	67.73	67.38	67.11	66.92	66.79	66.79
	5.82%	68.67	68.12	67.68	67.34	67.07	66.88	66.75	66.75
	6.07%	68.62	68.08	67.64	67.29	67.03	66.84	66.71	66.71
	6.32%	68.57	68.03	67.59	67.25	66.98	66.79	66.66	66.66
	6.57%	68.53	67.99	67.55	67.20	66.94	66.75	66.62	66.62
	6.82%	68.48	67.94	67.50	67.16	66.90	66.71	66.58	66.58

Beta and Equity Risk Premium

We created a sensitivity table with the beta alongside the equity risk premium. Both values were major components in determining the WACC, so we tested to see how much they impacted the stock price when changed against each other. We found that as beta increased, our stock price decreased. Since beta measures a stock's volatility to the overall market, any increase would have a negative impact on the price. Similarly, as our equity risk premium increased our stock price decreased. The price variance for this table was \$48.46-\$93.11.

		Beta							
		67.29	0.84	0.86	0.88	0.90	0.92	0.94	0.96
Equity Risk Premium	3.50%	93.11	91.68	90.27	88.90	87.56	86.25	84.96	84.96
	4.00%	84.96	83.53	82.12	80.76	79.42	78.11	76.83	76.83
	4.50%	77.79	76.36	74.97	73.61	72.29	70.99	69.73	69.73
	5.00%	71.42	70.01	68.63	67.29	65.98	64.71	63.47	63.47
	5.50%	65.73	64.34	62.98	61.66	60.38	59.13	57.91	57.91
	6.00%	60.61	59.24	57.91	56.61	55.35	54.13	52.93	52.93
	6.50%	55.98	54.63	53.33	52.06	50.82	49.62	48.46	48.46

SG&A (% of sales) and COGS (% of sales)

For our final sensitivity table, we tested SG&A and COGS, both as a percentage of sales. We used these two accounts since they are the two largest accounts impacting our sales. We discovered that as SG&A decreased our stock price increased. Similar to SG&A, as COGS decreased our stock price increased. The largest fluctuation between the two came from any changes to COGS. COGS is by far the largest expense for General Mills and any percentage increase or decrease will have a significant impact on both operations and the stock price. The range in stock price for this table was \$28.71-\$105.84.

		SG&A (% of sales)							
		67.29	16.03%	16.53%	17.03%	17.53%	18.03%	18.53%	19.03%
COGS (% of sales)	56.99%	105.84	102.63	99.41	96.20	92.99	89.77	86.56	
	58.49%	96.20	92.99	89.77	86.56	83.35	80.13	76.92	
	59.99%	86.56	83.35	80.13	76.92	73.70	70.49	67.28	
	61.49%	76.92	73.70	70.49	67.28	64.06	60.85	57.64	
	62.99%	67.28	64.06	60.85	57.64	54.42	51.21	47.99	
	64.49%	57.64	54.42	51.21	47.99	44.78	41.57	38.35	
	65.99%	47.99	44.78	41.57	38.35	35.14	31.93	28.71	

Conclusion

Overall, we suggest a **HOLD** rating for General Mills due to their strong brand name paired with our economic outlook. General Mills still needs to improve their diverse revenue streams and have better innovations to increase growth opportunities. Based on these factors we have determined a target range for General Mills to trade between \$66 – 73.

Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation (FIN:4250) class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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General Mills, Inc.
Revenue Decomposition

\$ in thousands, unless otherwise noted

Fiscal Years Ending May. 31	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Snacks	3,574,200	3,960,900	4,431,500	4,874,650	5,293,870	5,675,029	6,004,180	6,268,364	6,456,415
% Growth YoY	1.3%	10.8%	11.9%	10.0%	8.6%	7.2%	5.8%	4.4%	3.0%
Cereal	2,868,900	2,998,100	3,209,500	3,369,975	3,471,074	3,575,206	3,682,463	3,792,937	3,906,725
% Growth YoY	-0.2%	4.5%	7.1%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Convenient Meals	3,030,200	2,988,500	2,961,600	2,991,216	3,033,093	3,087,689	3,180,319	3,275,729	3,374,001
% Growth YoY	7.7%	-1.4%	-0.9%	1.0%	1.4%	1.8%	3.0%	3.0%	3.0%
Pet	1,732,400	2,260,100	2,476,000	2,713,696	2,938,390	3,142,902	3,320,162	3,463,593	3,567,500
% Growth YoY	-15.8%	30.5%	9.6%	9.6%	8.3%	7.0%	5.6%	4.3%	3.0%
Dough	1,866,100	1,986,300	2,390,500	2,677,360	2,938,403	3,158,783	3,324,619	3,424,357	3,527,088
% Growth YoY	3.6%	6.4%	20.3%	12.0%	9.8%	7.5%	5.3%	3.0%	3.0%
Baking Mixes and Ingredients	1,695,500	1,843,600	2,037,300	2,159,538	2,272,914	2,375,195	2,464,265	2,538,193	2,614,338
% Growth YoY	0.1%	8.7%	10.5%	6.0%	5.3%	4.5%	3.8%	3.0%	3.0%
Yogurt	2,074,800	1,714,900	1,472,900	1,413,984	1,456,404	1,500,096	1,545,098	1,591,451	1,639,195
% Growth YoY	23.9%	-17.3%	-14.1%	-4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Super-premium ice cream	819,700	782,200	703,700	668,515	661,830	681,685	702,135	723,199	744,895
% Growth YoY	14.1%	-4.6%	-10.0%	-5.0%	-1.0%	3.0%	3.0%	3.0%	3.0%
Other	465,200	458,200	411,200	391,462	395,377	407,238	419,455	432,039	445,000
% Growth YoY	0.3%	-1.5%	-10.3%	-4.8%	1.0%	3.0%	3.0%	3.0%	3.0%
Total Revenues	18,127,000	18,992,800	20,094,200	21,260,396	22,461,354	23,603,822	24,642,697	25,509,862	26,275,158
% Growth YoY	2.8%	4.8%	5.8%	5.8%	5.6%	5.1%	4.4%	3.5%	3.0%

General Mills, Inc.									
<i>Income Statement</i>									
\$ in thousands, unless otherwise noted									
Fiscal Years Ending May. 31	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	18,127,000	18,992,800	20,094,200	21,260,396	22,461,354	23,603,822	24,642,697	25,509,862	26,275,158
Cost of sales	11,077,400	12,020,300	13,001,800	13,073,411	13,811,902	14,514,427	15,153,250	15,686,487	16,157,081
Depreciation and Amortization	601,300	570,300	546,600	580,616	623,696	667,569	711,733	755,480	797,781
Selling, general & administrative expenses	3,079,600	3,147,000	3,500,400	3,726,066	3,936,544	4,136,771	4,318,843	4,470,821	4,604,945
Divestitures (gain) loss, net	53,500	(194,100)	(444,600)	-	-	-	-	-	-
Restructuring, impairment, & other exit costs (recoveries)	170,400	(26,500)	56,200	15,000	-	-	-	-	-
Operating profit	3,144,800	3,475,800	3,433,800	3,865,304	4,089,212	4,285,055	4,458,871	4,597,075	4,715,351
Benefit plan non-service income	(132,900)	(113,400)	(88,800)	(92,276)	(95,888)	(99,641)	(103,542)	(107,595)	(111,806)
Interest expense	430,900	387,200	400,500	717,782	834,864	792,419	859,046	840,008	863,526
Capitalized interest	(3,200)	(3,800)	(4,400)	(8,706)	(10,126)	(9,612)	(10,420)	(10,189)	(10,474)
Interest income	(7,400)	(3,800)	(14,000)	(35,551)	(246,190)	(283,368)	(411,499)	(480,647)	(584,043)
Earnings (loss) before income taxes & after-tax earnings from joint ventures	2,857,400	3,209,600	3,140,500	3,284,055	3,606,552	3,885,257	4,125,285	4,355,497	4,558,148
Income taxes	629,100	586,300	612,200	706,072	775,409	835,330	886,936	936,432	980,002
After-tax earnings (losses) from joint ventures	117,700	111,700	81,300	109,344	115,521	121,397	126,740	131,200	135,136
Net earnings (loss), including earnings attributable to redeemable & noncontrolling interest	2,346,000	2,735,000	2,609,600	2,687,327	2,946,664	3,171,323	3,365,089	3,550,265	3,713,282
Net earnings (loss) attributable to redeemable & noncontrolling interests	6,200	27,700	15,700	43,085	47,243	50,845	53,951	56,920	59,534
Net earnings attributable to General Mills	2,339,800	2,707,300	2,593,900	2,644,242	2,899,422	3,120,479	3,311,138	3,493,345	3,653,749
Weighted average shares outstanding - basic	614,100	607,500	594,800	577,378	564,048	556,141	548,837	542,101	535,901
Year end shares outstanding	607,700	598,900	586,600	568,156	559,940	552,343	545,331	538,871	532,931
Net earnings (loss) per share - basic	3.81	4.46	4.36	4.58	5.14	5.61	6.03	6.44	6.82
Dividends per share	2.02	2.04	2.16	2.41	2.60	2.77	2.93	3.07	3.20

General Mills, Inc.*Balance Sheet*

\$ in thousands, unless otherwise noted

Fiscal Years Ending May. 31

	2014A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Assets										
Cash & cash equivalents	867,300	1,505,200	569,400	585,500	4,054,586	4,666,872	6,777,103	7,915,925	9,618,791	11,132,927
Receivables	1,483,600	1,638,500	1,692,100	1,683,200	1,780,887	1,881,486	1,977,185	2,064,207	2,136,845	2,200,951
Inventories	1,559,400	1,820,500	1,867,300	2,172,000	2,298,055	2,427,868	2,551,358	2,663,651	2,757,384	2,840,105
Deferred income taxes	74,100	-	-	-	-	-	-	-	-	-
Marketable investments	-	360,000	249,800	117,200	123,508	130,155	137,160	144,542	152,321	160,519
Prepaid expenses & other current assets	409,100	790,300	802,100	735,700	778,397	822,368	864,196	902,232	933,981	962,001
Assets held for sale	-	-	158,900	-	-	-	-	-	-	-
Total current assets	4,393,500	5,754,500	5,089,800	5,176,400	8,911,926	9,798,593	12,169,842	13,546,015	15,447,002	17,135,984
Total land, buildings & equipment, gross	9,393,100	10,465,100	10,210,300	10,569,600	11,420,016	12,318,470	13,262,623	14,248,331	15,268,725	16,319,732
Less: accumulated depreciation	5,451,200	6,858,300	6,816,500	6,933,400	7,514,016	8,137,712	8,805,280	9,517,013	10,272,493	11,070,274
Net Land, buildings, & equipment	3,941,900	3,606,800	3,393,800	3,636,200	3,906,000	4,180,758	4,457,342	4,731,318	4,996,232	5,249,458
Goodwill	8,650,500	14,062,400	14,378,500	14,511,200	14,511,200	14,511,200	14,511,200	14,511,200	14,511,200	14,511,200
Net other intangible assets	5,014,300	7,150,600	6,999,900	6,967,600	6,810,166	6,641,051	6,460,040	6,267,053	6,062,205	5,845,887
Other assets	1,145,500	1,267,600	1,228,100	1,160,300	1,230,752	1,305,482	1,384,750	1,468,831	1,558,016	1,652,618
Operating leases	189,000	378,600	336,800	340,000	365,227	390,918	416,780	442,398	467,169	490,846
Total assets	23,145,700	31,841,900	31,090,100	31,451,700	35,370,045	36,437,084	38,983,174	40,524,417	42,574,655	44,395,146
Liabilities										
Accounts Payable	1,611,300	3,653,500	3,982,300	4,194,200	4,437,616	4,688,289	4,926,752	5,143,594	5,324,594	5,484,332
Current Portion of Long Term Debt	1,250,600	2,463,800	1,674,200	1,709,100	1,709,100	800,500	1,680,100	1,179,300	1,400,000	1,400,000
Notes Payable	1,111,700	361,300	811,400	31,700	1,036,287	1,094,824	1,150,511	1,201,149	1,243,417	1,280,719
Other Current Liabilities	1,449,900	1,787,200	1,552,000	1,600,700	1,784,031	2,122,890	2,061,211	2,324,487	2,331,579	2,438,365
Total Current Liabilities	5,423,500	8,265,800	8,019,900	7,535,700	8,967,034	8,706,503	9,818,575	9,848,530	10,299,590	10,603,416
Long Term Debt	6,423,500	9,786,900	9,134,800	9,965,100	10,869,937	11,027,787	11,179,078	11,318,763	11,439,339	11,545,678
Deferred Income Taxes	1,666,000	2,118,400	2,218,300	2,110,900	2,408,826	2,645,375	2,849,802	3,025,861	3,194,720	3,343,362
Other liabilities	1,643,200	1,292,700	929,100	1,140,000	1,772,036	1,872,134	1,967,358	2,053,947	2,126,225	2,190,012
Total Liabilities	15,156,200	21,463,800	20,302,100	20,751,700	24,017,832	24,251,799	25,814,814	26,247,101	27,059,874	27,682,469
Redeemable Interest	984,100	604,900	-	-	-	-	-	-	-	-
Shareholder Equity										
Contributed Capital:										
Common Stock and Additional Paid In Capital	1,307,300	1,441,000	1,258,400	1,297,900	1,452,062	1,606,224	1,760,386	1,914,548	2,068,710	2,070,294
Common Stock	75,500	75,500	75,500	75,500						
Additional Paid in Capital	1,231,800	1,365,500	1,182,900	1,222,400						
Retained Earnings	11,787,200	17,069,800	18,532,600	19,838,600	21,093,566	22,525,233	24,103,302	25,804,144	27,630,528	29,567,307
Treasury Stock	(5,219,400)	(6,611,200)	(7,278,100)	(8,410,000)	(9,210,000)	(10,010,000)	(10,810,000)	(11,610,000)	(12,410,000)	(13,210,000)
Accumulated Other Comprehensive Loss	(1,340,300)	(2,429,200)	(1,970,500)	(2,276,900)	(2,276,900)	(2,276,900)	(2,276,900)	(2,276,900)	(2,276,900)	(2,276,900)
Non Controlling Interests	470,600	302,800	245,600	250,400	293,485	340,728	391,572	445,523	502,443	561,977
Total Equity	7,005,400	9,773,200	10,788,000	10,700,000	11,352,213	12,185,285	13,168,361	14,277,316	15,514,782	16,712,678
Total Liabilities & Shareholder Equity	23,145,700	31,841,900	31,090,100	31,451,700	35,370,045	36,437,084	38,983,174	40,524,417	42,574,655	44,395,146

General Mills, Inc.*Historical Cash Flow Statement*

\$ in thousands, unless otherwise noted

Fiscal Years Ending May. 31	2019A	2020A	2021A	2022A	2023A
Net earnings (losses), including earnings attributable to redeemable & noncontrolling interests	1,786,200	2,210,800	2,346,000	2,735,000	2,609,600
Depreciation & amortization	620,100	594,700	601,300	570,300	546,600
After-tax losses (earnings) from joint ventures	(72,000)	(91,100)	(117,700)	(111,700)	(81,300)
Distributions of losses (earnings) from joint ventures	86,700	76,500	95,200	107,500	69,900
Stock-based compensation	84,900	94,900	89,900	98,700	111,700
Deferred income taxes	93,500	(29,600)	118,800	62,200	(22,200)
Pension & other postretirement benefit plan contributions	(28,800)	(31,100)	(33,400)	(31,300)	(30,100)
Pension & other postretirement benefit plan cost (income)	6,100	(32,300)	(33,600)	(30,100)	(27,600)
Divestitures loss (gain)	30,000	-	53,500	(194,100)	(444,600)
Restructuring, impairment, & other exit costs (recoveries)	235,700	43,600	150,900	(117,100)	24,400
Other income adjustments, net	(27,900)	45,900	(131,800)	(50,700)	71,100
Net cash flows from operating activities	2,807,000	3,676,200	2,983,200	3,316,100	2,778,600
Purchases of land, buildings & equipment	(537,600)	(460,800)	(530,800)	(568,700)	(689,500)
Acquisition	-	-	-	(1,201,300)	-
Acquisitions, net of cash acquired	-	-	-	-	(251,500)
Disposition of (investments in) affiliates, net	100	(48,000)	15,500	15,400	(32,200)
Proceeds from disposal of land, buildings & equipment	14,300	1,700	2,700	3,300	1,300
Proceeds from divestitures, net of cash divested	26,400	-	2,900	74,100	633,100
Other investing activities, net	(59,700)	20,900	(3,100)	(13,500)	(7,600)
Net cash flows from investing activities	(556,500)	(486,200)	(512,800)	(1,690,700)	(346,400)
Change in notes payable	(66,300)	(1,158,600)	71,700	551,400	(769,300)
Issuance of long-term debt	339,100	1,638,100	1,576,500	2,203,700	2,324,400
Payment of long-term debt	(1,493,800)	(1,396,700)	(2,609,000)	(3,140,900)	(1,421,700)
Debt exchange participation incentive cash payment	-	-	(201,400)	-	-
Proceeds from common stock issued on exercised options	241,400	263,400	74,300	161,700	232,300
Purchases of common stock for treasury	(1,100)	(3,400)	(301,400)	(876,800)	(1,403,600)
Dividends paid	(1,181,700)	(1,195,800)	(1,246,400)	(1,244,500)	(1,287,900)
Distributions to noncontrolling & redeemable interest holders	(38,500)	(72,500)	(48,900)	(129,800)	(15,700)
Other financing activities, net	(31,200)	(16,000)	(30,900)	(28,000)	(62,600)
Net cash flows from financing activities	(2,176,400)	(1,941,500)	(2,715,500)	(2,503,200)	(2,404,100)

General Mills, Inc.*Forecasted Cash Flow Statement*

\$ in thousands, unless otherwise noted

Fiscal Years Ending May. 31**2024E****2025E****2026E****2027E****2028E****2029E****Cash Flows from Operating Activities**

Net Income	2,644,242	2,899,422	3,120,479	3,311,138	3,493,345	3,653,749
Depreciation and amortization	580,616	623,696	667,569	711,733	755,480	797,781
Changes in Operating Assets						
Change in receivables	(97,687)	(100,599)	(95,699)	(87,022)	(72,639)	(64,105)
Change in inventories	(126,055)	(129,813)	(123,490)	(112,293)	(93,733)	(82,722)
Change in prepaid expenses and other current assets	(42,697)	(43,970)	(41,829)	(38,036)	(31,749)	(28,019)
Changes in Deferred Tax Assets	-	-	-	-	-	-
Changes in Operating Liabilities						
Change in accounts payable	243,416	250,672	238,464	216,841	181,001	159,738
Change in deferred taxes	297,926	236,549	204,427	176,059	168,859	148,643
Change in other current liabilities	183,331	338,860	(61,679)	263,276	7,092	106,786
Change in other liabilities	632,036	100,099	95,224	86,589	72,278	63,787
Net cash provided by operating activities	4,315,127	4,174,916	4,003,465	4,528,285	4,479,933	4,755,636

Cash from Investing Activities

Capital Expenditures	(850,416)	(898,454)	(944,153)	(985,708)	(1,020,394)	(1,051,006)
Capitalization of intangible assets	157,434	169,115	181,011	192,986	204,848	216,318
Change in assets held for sale	-	-	-	-	-	-
Other assets	(70,452)	(74,730)	(79,268)	(84,081)	(89,186)	(94,601)
Net cash used for investing activities	(763,434)	(804,069)	(842,409)	(876,802)	(904,732)	(929,289)

Cash Flows from Financing Activities

Proceeds from issuance of notes payable	1,004,587	58,538	55,687	50,637	42,268	37,302
Change in current portion of long-term debt	-	(908,600)	879,600	(500,800)	220,700	-
Proceeds from issuance of long-term debt	904,837	157,850	151,291	139,684	120,577	106,339
Payments of dividends	(1,389,277)	(1,467,754)	(1,542,410)	(1,610,296)	(1,666,961)	(1,716,970)
Proceeds from issuance of common stock	154,162	154,162	154,162	154,162	154,162	1,584
Addition to noncontrolling interest	43,085	47,243	50,845	53,951	56,920	59,534
Purchases of common stock for treasury	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Net cash provided by financing activities	(82,607)	(2,758,562)	(1,050,825)	(2,512,661)	(1,872,335)	(2,312,211)

Change in cash	3,469,086	612,285	2,110,231	1,138,822	1,702,867	1,514,136
Change at the beginning of the year	585,500	4,054,586	4,666,872	6,777,103	7,915,925	9,618,791
Cash at the end of the year	4,054,586	4,666,872	6,777,103	7,915,925	9,618,791	11,132,927

General Mills, Inc.
Common Size Income Statement

Fiscal Years Ending May. 31	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of sales	61.11%	63.29%	64.70%	61.49%	61.49%	61.49%	61.49%	61.49%	61.49%
Depreciation & Amortization	3.32%	3.00%	2.72%	2.73%	2.78%	2.83%	2.89%	2.96%	3.04%
Selling, general & administrative expenses	16.99%	16.57%	17.42%	17.53%	17.53%	17.53%	17.53%	17.53%	17.53%
Divestitures (gain) loss, net	0.30%	-1.02%	-2.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Restructuring, impairment, & other exit costs (recovery)	0.94%	-0.14%	0.28%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating profit	17.35%	18.30%	17.09%	18.18%	18.21%	18.15%	18.09%	18.02%	17.95%
Benefit plan non-service income	-0.73%	-0.60%	-0.44%	-0.43%	-0.41%	-0.39%	-0.37%	-0.36%	-0.35%
Interest expense	2.38%	2.04%	1.99%	3.38%	3.72%	3.36%	3.49%	3.29%	3.29%
Capitalized interest	-0.02%	-0.02%	-0.02%	-0.04%	-0.05%	-0.04%	-0.04%	-0.04%	-0.04%
Interest income	-0.04%	-0.02%	-0.07%	-0.17%	-1.10%	-1.20%	-1.67%	-1.88%	-2.22%
Earnings (loss) before income taxes & after-tax earnings	15.76%	16.90%	15.63%	15.45%	16.06%	16.46%	16.74%	17.07%	17.35%
Income taxes	3.47%	3.09%	3.05%	3.32%	3.45%	3.54%	3.60%	3.67%	3.73%
After-tax earnings (losses) from joint ventures	0.65%	0.59%	0.40%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%
Net earnings (loss), including earnings attributable to noncontrolling interests	12.94%	14.40%	12.99%	12.64%	13.12%	13.44%	13.66%	13.92%	14.13%
Net earnings (loss) attributable to redeemable & noncontrolling interests	0.26%	1.01%	0.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%
Net earnings attributable to General Mills	12.91%	14.25%	12.91%	12.44%	12.91%	13.22%	13.44%	13.69%	13.91%

General Mills, Inc.
Common Size Balance Sheet

Fiscal Years Ending May. 31	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Assets									
Cash & cash equivalents	8.30%	3.00%	2.91%	19.07%	20.78%	28.71%	32.12%	37.71%	42.37%
Receivables	9.04%	8.91%	8.38%	8.38%	8.38%	8.38%	8.38%	8.38%	8.38%
Inventories	10.04%	9.83%	10.81%	10.81%	10.81%	10.81%	10.81%	10.81%	10.81%
Deferred income taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marketable investments	1.99%	1.32%	0.58%	0.58%	0.58%	0.58%	0.59%	0.60%	0.61%
Prepaid expenses & other current assets	4.36%	4.22%	3.66%	3.66%	3.66%	3.66%	3.66%	3.66%	3.66%
Assets held for sale	0.00%	0.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current assets	31.75%	26.80%	25.76%	41.92%	43.62%	51.56%	54.97%	60.55%	65.22%
Total land, buildings & equipment, gross	57.73%	53.76%	52.60%	53.71%	54.84%	56.19%	57.82%	59.85%	62.11%
Less: accumulated depreciation	37.83%	35.89%	34.50%	35.34%	36.23%	37.30%	38.62%	40.27%	42.13%
Net Land, buildings, & equipment	19.90%	17.87%	18.10%	18.37%	18.61%	18.88%	19.20%	19.59%	19.98%
Goodwill	77.58%	75.71%	72.22%	68.25%	64.61%	61.48%	58.89%	56.88%	55.23%
Other intangible assets	39.45%	36.86%	34.67%	32.03%	29.57%	27.37%	25.43%	23.76%	22.25%
Other assets	6.99%	6.47%	5.77%	5.79%	5.81%	5.87%	5.96%	6.11%	6.29%
Total assets	176%	164%	157%	166%	162%	165%	164%	167%	169%
Liabilities									
Accounts Payable	20.16%	20.97%	20.87%	20.87%	20.87%	20.87%	20.87%	20.87%	20.87%
Current Portion of Long Term Debt	13.59%	8.81%	8.51%	8.04%	3.56%	7.12%	4.79%	5.49%	5.33%
Notes Payable	1.99%	4.27%	0.16%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%
Other Current Liabilities	9.86%	8.17%	7.97%	8.39%	9.45%	8.73%	9.43%	9.14%	9.28%
Total Current Liabilities	45.60%	42.23%	37.50%	42.18%	38.76%	41.60%	39.97%	40.37%	40.36%
Long Term Debt	53.99%	48.10%	49.59%	51.13%	49.10%	47.36%	45.93%	44.84%	43.94%
Deferred Income Taxes	11.69%	11.68%	10.51%	11.33%	11.78%	12.07%	12.28%	12.52%	12.72%
Other liabilities	7.13%	4.89%	5.67%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%
Total Liabilities	118.41%	106.89%	103.27%	112.97%	107.97%	109.37%	106.51%	106.08%	105.36%
Shareholder Equity									
Contributed Capital:									
Common Stock	0.42%	0.40%	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Additional Paid in Capital	7.53%	6.23%	6.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retained Earnings	94.17%	97.58%	98.73%	99.22%	100.28%	102.12%	104.71%	108.31%	112.53%
Treasury Stock	-36.47%	-38.32%	-41.85%	-43.32%	-44.57%	-45.80%	-47.11%	-48.65%	-50.28%
Accumulated Other Comprehensive Loss	-13.40%	-10.37%	-11.33%	-10.71%	-10.14%	-9.65%	-9.24%	-8.93%	-8.67%
Non Controlling Interests	1.67%	1.29%	1.25%	1.38%	1.52%	1.66%	1.81%	1.97%	2.14%
Total Equity	53.92%	56.80%	53.25%	53.40%	54.25%	55.79%	57.94%	60.82%	63.61%

General Mills, Inc.									
<i>Value Driver Estimation</i>									
\$ in thousands, unless otherwise noted									
<i>Fiscal Years Ending May. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
NOPLAT:									
Operating Revenues	18,127,000	18,992,800	20,094,200	21,260,396	22,461,354	23,603,822	24,642,697	25,509,862	26,275,158
Cost of Goods Sold	11,077,400	12,020,300	13,001,800	13,073,411	13,811,902	14,514,427	15,153,250	15,686,487	16,157,081
Selling, General, and Administrative Expenses	3,079,600	3,147,000	3,500,400	3,726,066	3,936,544	4,136,771	4,318,843	4,470,821	4,604,945
Depreciation and Amortization	601,300	570,300	546,600	580,616	623,696	667,569	711,733	755,480	797,781
Implied Interest on Operating Leases	16,772	14,920	15,062	16,180	17,318	18,463	19,598	20,696	21,744
EBITA (pre-tax operating income)	3,385,472	3,270,121	3,060,462	3,896,484	4,106,529	4,303,519	4,478,469	4,617,771	4,737,096
Income Tax Expense	\$ 629,100	\$ 586,300	\$ 612,200	\$ 706,072	\$ 775,409	\$ 835,330	\$ 886,936	\$ 936,432	\$ 980,002
Tax shield on interest expense	110,741	85,184	86,108	154,323	179,496	170,370	184,695	180,602	185,658
Tax shield on interest income									
Tax shield on operating lease interest	4,310	3,282	3,238	3,479	3,723	3,970	4,214	4,450	4,675
Tax shield on restructuring	43,793	(5,830)	12,083	3,225	-	-	-	-	-
Tax shield on diversitures (gain)/loss	13,750	(42,702)	(95,589)	-	-	-	-	-	-
Tax shield on benefit plan non-service income	(34,155)	(24,948)	(19,092)	(19,839)	(20,616)	(21,423)	(22,261)	(23,133)	(24,038)
Less Adjusted Taxes:	767,539	601,286	598,948	847,259	938,012	988,247	1,053,583	1,098,350	1,146,297
Total Change in Deferred Taxes	118,800	62,200	(22,200)	297,926	236,549	204,427	176,059	168,859	148,643
NOPLAT	2,736,734	2,731,034	2,439,315	3,347,150	3,405,066	3,519,699	3,600,945	3,688,279	3,739,442
Cash Taxes Paid on EBITA	648,739	539,086	621,148	549,334	701,463	783,820	877,525	929,492	997,654
Invested Capital (IC):									
Operating Working Capital									
Operating Assets									
Normal Cash	543,810	569,400	585,500	637,812	673,841	708,115	739,281	765,296	788,255
Receivables	1,638,500	1,692,100	1,683,200	1,780,887	1,881,486	1,977,185	2,064,207	2,136,845	2,200,951
Inventories	1,820,500	1,867,300	2,172,000	2,298,055	2,427,868	2,551,358	2,663,651	2,757,384	2,840,105
Prepaid expenses & other current assets	790,300	802,100	735,700	778,397	822,368	864,196	902,232	933,981	962,001
Less Operating Liabilities									
Accounts Payable	3,653,500	3,982,300	4,194,200	4,437,616	4,688,289	4,926,752	5,143,594	5,324,594	5,484,332
Other Current Liabilities	1,787,200	1,552,000	1,600,700	1,784,031	2,122,890	2,061,211	2,324,487	2,331,579	2,438,365
Operating Working Capital	(647,590)	(603,400)	(618,500)	(726,496)	(1,005,617)	(887,110)	(1,098,710)	(1,062,667)	(1,131,385)
Add Net PPE									
Net PPE	3,606,800	3,393,800	3,636,200	3,906,000	4,180,758	4,457,342	4,731,318	4,996,232	5,249,458
Add Other Long-Term Operating Assets									
Intangible Assets	7,150,600	6,999,900	6,967,600	6,810,166	6,641,051	6,460,040	6,267,053	6,062,205	5,845,887
Operating Leases	378,600	336,800	340,000	365,227	390,918	416,780	442,398	467,169	490,846
Less Other Long-Term Operating Liabilities									
Invested Capital	10,488,410	10,127,100	10,325,300	10,354,898	10,207,110	10,447,053	10,342,059	10,462,939	10,454,806
Free Cash Flow (FCF):									
NOPLAT	2,736,734	2,731,034	2,439,315	3,347,150	3,405,066	3,519,699	3,600,945	3,688,279	3,739,442
Change in IC	355,512	(361,310)	198,200	29,598	(147,788)	239,942	(104,994)	120,880	(8,133)
FCF	2,381,222	3,092,344	2,241,115	3,317,552	3,552,854	3,279,757	3,705,938	3,567,399	3,747,575
Return on Invested Capital (ROIC):									
NOPLAT	2,736,734	2,731,034	2,439,315	3,347,150	3,405,066	3,519,699	3,600,945	3,688,279	3,739,442
Beginning IC	10,132,898	10,488,410	10,127,100	10,325,300	10,354,898	10,207,110	10,447,053	10,342,059	10,462,939
ROIC	27.01%	26.04%	24.09%	32.42%	32.88%	34.48%	34.47%	35.66%	35.74%
Economic Profit (EP):									
Beginning IC	10,132,898	10,488,410	10,127,100	10,325,300	10,354,898	10,207,110	10,447,053	10,342,059	10,462,939
x (ROIC - WACC)	0.192	0.183	0.163	0.246	0.251	0.267	0.267	0.279	0.280
EP	\$1,949,300	\$1,915,974	\$1,652,332	\$2,544,765	\$2,600,381	\$2,726,499	\$2,789,099	\$2,884,591	\$2,926,361

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

Cost of Equity:

Risk-Free Rate	4.63%
Beta	0.900
Equity Risk Premium	5.00%
Cost of Equity	9.13%

Cost of Debt:

Risk-Free Rate	4.63%
Implied Default Premium	1.50%
Pre-Tax Cost of Debt	6.13%
Marginal Tax Rate	21.50%
After-Tax Cost of Debt	4.81%

Market Value of Common Equity:

Total Shares Outstanding	594,800
Current Stock Price	\$65.28
MV of Equity	38,828,544.00

MV Weights

68.52%

Market Value of Debt:

Short-Term Debt	5,826,600
Current Portion of LTD	1,709,100
Long-Term Debt	9,965,100
PV of Operating Leases	340,000
MV of Total Debt	17,840,800.00

31.48%

Market Value of the Firm

56,669,344.00

100.00%

Estimated WACC

7.77%

General Mills, Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

\$ in thousands, unless otherwise noted

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	35.74%
WACC	7.77%
Cost of Equity	9.13%

Fiscal Years Ending May 31	2024E	2025E	2026E	2027E	2028E	2029E
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DCF Model:

Free Cash Flow (FCF)	3,317,551.89	3,552,854.23	3,279,756.62	3,705,938.46	3,567,399.02	
Continuing Value (CV)						65,980,482.94
PV of FCF	3,078,332.92	3,058,955.18	2,620,204.60	2,747,196.04	2,453,810.38	45,384,212.21

Value of Operating Assets:	59,342,711.33
Non-Operating Adjustments	
Excess Cash	(384.01)
Marketable Securities	117,200.00

Short Term Debt	5,826,600.00
Current Portion of LT debt	1,709,100.00
Long Term Debt	9,965,100.00
PV of Operating Leases	340,000.00
Underfunded Pension Plans	509,600.00
Notes Payable	31,700.00
Other Current Liabilities	1,600,700.00
Non Controlling Interest	250,400.00
Other Liabilities	1,140,000.00
ESOP	233,862.93

Value of Equity	37,852,464.39
Shares Outstanding	577,377.9
Intrinsic Value of Last FYE	\$ 65.56
Implied Price as of Today	\$ 67.29

EP Model:

Economic Profit (EP)	\$2,544,765	2,600,381.49	2,726,498.86	2,789,098.50	2,884,591.49	
Continuing Value (CV)						55,517,544.15
PV of EP	2,361,269.59	2,238,890.17	2,178,205.79	2,067,546.58	1,984,146.02	38,187,353.18

Total PV of EP	49,017,411.33
Invested Capital (last FYE)	10,325,300.00
Value of Operating Assets:	59,342,711.33
Non-Operating Adjustments	
Excess Cash	(384.01)
Marketable Securities	117,200.00

Short Term Debt	5,826,600.00
Current Portion of LT debt	1,709,100.00
Long Term Debt	9,965,100.00
PV of Operating Leases	340,000.00
Underfunded Pension plans	509,600.00
Notes Payable	31,700.00
Other Current Liabilities	1,600,700.00
Non Controlling Interest	250,400.00
Other Liabilities	1,140,000.00
ESOP	233,862.93

Value of Equity	37,852,464.39
Shares Outstanding	577,377.9
Intrinsic Value of Last FYE	\$ 65.56
Implied Price as of Today	\$ 67.29

General Mills, Inc.
Relative Valuation Models

Ticker	Company	Price	EPS		P/E 23	P/E 24
			2023E	2024E		
KHC	The Kraft Heinz Company	\$31.44	\$2.73	\$2.81	11.52	11.19
K	Kellanova	\$50.40	\$3.61	\$3.61	13.96	13.96
SJM	The J.M. Smucker Company	\$112.75	\$8.92	\$9.72	12.64	11.60
POST	Post Holdings, Inc.	\$80.64	\$4.87	\$4.93	16.56	16.36
CPB	Campbell Soup Company	\$40.44	\$2.85	\$3.07	14.19	13.17
LW	Lamb Weston Holdings	\$88.88	\$6.98	\$5.90	12.73	15.06
MKC	McCormick & Company, Inc	\$62.98	\$2.62	\$2.88	24.04	21.87
CAG	Conagra Brands, Inc	\$27.19	\$1.43	\$2.67	19.01	10.18

Average **15.58** **14.17**

GIS General Mills, Inc. \$65.28 \$4.36 \$4.64 15.0 14.1

Implied Relative Value:	
P/E (EPS23)	\$ 67.94
P/E (EPS24)	\$ 65.77
PEG (EPS23)	\$ 88.74
PEG (EPS24)	\$ 86.57

General Mills, Inc.*Key Management Ratios*

Fiscal Years Ending May. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Liquidity Ratios:									
<i>Current Ratio (CA/CL)</i>	0.70	0.63	0.69	0.99	1.13	1.24	1.38	1.50	1.62
<i>Quick Ratio (LA/CL)</i>	0.48	0.40	0.40	0.74	0.85	0.98	1.10	1.23	1.35
<i>Cash Ratio (Cash/CL)</i>	0.18	0.07	0.08	0.45	0.54	0.69	0.80	0.93	1.05
Asset-Management Ratios:									
<i>Asset turnover (Sales/Total Assets)</i>	0.57	0.61	0.64	0.60	0.62	0.61	0.61	0.60	0.59
<i>Inventory Turnover (Net Sales/Inv)</i>	9.96	10.17	9.25	9.25	9.25	9.25	9.25	9.25	9.25
<i>Receivables Turnover (Sales/AR)</i>	11.06	11.22	11.94	11.94	11.94	11.94	11.94	11.94	11.94
Financial Leverage Ratios:									
<i>Debt-to-Equity (Debt/Equity)</i>	1.25	1.00	1.09	1.11	0.97	0.98	0.88	0.83	0.77
<i>Debt-to-Assets (Total Debt/Total Assets)</i>	0.38	0.35	0.37	0.36	0.32	0.33	0.31	0.30	0.29
<i>Debt-to-Cap (Total Debt/(Total Debt + Total Equity))</i>	0.56	0.50	0.52	0.53	0.49	0.49	0.47	0.45	0.44
Profitability Ratios:									
<i>Return on Equity (NI/Beg TSE)</i>	31.76%	32.42%	26.54%	24.51%	27.10%	27.49%	27.17%	26.53%	25.59%
<i>Return on Assets (NI/Beg TA)</i>	7.77%	8.79%	8.15%	8.51%	9.22%	8.82%	9.09%	8.96%	9.02%
<i>Operating income Margin (Operating Income/Rev)</i>	17.35%	18.30%	17.09%	18.18%	18.21%	18.15%	18.09%	18.02%	17.95%
Payout Policy Ratios:									
<i>Dividend Payout Ratio (Dividend/EPS)</i>	53.02%	45.74%	49.54%	52.54%	50.62%	49.43%	48.63%	47.72%	46.99%
<i>Total Payout Ratio ((Divs. + Repurchases)/NI)</i>	12.88%	32.39%	54.11%	30.25%	27.59%	25.64%	24.16%	22.90%	21.90%

General Mills, Inc.*Valuation of Options Granted under ESOP*

Current Stock Price	\$65.28
Risk Free Rate	4.63%
Current Dividend Yield	3.10%
Annualized St. Dev. of Stock Returns	20.30%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	15,006	57.43	5.59	\$ 15.59	\$ 233,863
Range 2				\$	-
Range 3				\$	-
Range 4				\$	-
Range 5				\$	-
Range 6				\$	-
Range 7				\$	-
Range 8				\$	-
Range 9				\$	-
Total	15,006	\$ 57.43	5.59	\$ 23.41	\$ 233,863

General Mills, Inc.
Sensitivity Tables

		Marginal Tax Rate							
		67.29	18.50%	19.50%	20.50%	21.50%	22.50%	23.50%	24.50%
Pre-Tax Cost of Debt	4.63%	67.29	74.44	74.76	75.09	75.42	75.76	76.09	76.43
	5.13%		71.55	71.89	72.24	72.59	72.94	73.29	73.65
	5.63%		68.79	69.15	69.52	69.88	70.25	70.62	70.99
	6.13%		66.17	66.54	66.92	67.30	67.68	68.07	68.45
	6.63%		63.67	64.05	64.44	64.83	65.23	65.62	66.03
	7.13%		61.27	61.67	62.07	62.47	62.88	63.29	63.70
	7.63%		58.99	59.39	59.80	60.21	60.63	61.04	61.47

		Depreciation Rate							
		67.29	11.47%	12.97%	14.47%	15.97%	17.47%	18.97%	20.47%
ROI%	5.32%	67.29	68.76	68.21	67.77	67.42	67.16	66.97	66.83
	5.57%		68.71	68.17	67.73	67.38	67.11	66.92	66.79
	5.82%		68.67	68.12	67.68	67.34	67.07	66.88	66.75
	6.07%		68.62	68.08	67.64	67.29	67.03	66.84	66.71
	6.32%		68.57	68.03	67.59	67.25	66.98	66.79	66.66
	6.57%		68.53	67.99	67.55	67.20	66.94	66.75	66.62
	6.82%		68.48	67.94	67.50	67.16	66.90	66.71	66.58

		Inventory (% of sales)							
		67.29	9.30%	9.80%	10.30%	10.80%	11.30%	11.80%	12.30%
Capex (% of sales)	3.25%	67.29	71.84	71.58	71.33	71.07	70.82	70.56	70.31
	3.50%		70.58	70.32	70.07	69.81	69.56	69.30	69.05
	3.75%		69.32	69.07	68.81	68.55	68.30	68.04	67.79
	4.00%		68.06	67.81	67.55	67.30	67.04	66.78	66.53
	4.25%		66.80	66.55	66.29	66.04	65.78	65.53	65.27
	4.50%		65.54	65.29	65.03	64.78	64.52	64.27	64.01
	4.75%		64.29	64.03	63.78	63.52	63.26	63.01	62.75

		Beta							
		67.29	0.84	0.86	0.88	0.90	0.92	0.94	0.96
Equity Risk Premium	3.50%	67.29	93.11	91.68	90.27	88.90	87.56	86.25	84.96
	4.00%		84.96	83.53	82.12	80.76	79.42	78.11	76.83
	4.50%		77.79	76.36	74.97	73.61	72.29	70.99	69.73
	5.00%		71.42	70.01	68.63	67.29	65.98	64.71	63.47
	5.50%		65.73	64.34	62.98	61.66	60.38	59.13	57.91
	6.00%		60.61	59.24	57.91	56.61	55.35	54.13	52.93
	6.50%		55.98	54.63	53.33	52.06	50.82	49.62	48.46

		WACC							
		67.29	6.26%	6.76%	7.26%	7.76%	8.26%	8.76%	9.26%
CV Growth of NOPLAT	1.75%	67.29	91.13	78.29	67.78	59.01	51.59	45.23	39.72
	2.00%		96.39	82.36	70.99	61.60	53.70	46.97	41.17
	2.25%		102.32	86.89	74.53	64.42	55.99	48.85	42.72
	2.50%		109.03	91.94	78.45	67.51	58.47	50.87	44.39
	2.75%		116.69	97.63	82.79	70.91	61.18	53.06	46.19
	3.00%		125.54	104.08	87.65	74.66	64.14	55.44	48.13
	3.25%		135.85	111.44	93.11	78.83	67.40	58.04	50.23

		SG&A (% of sales)							
		67.29	16.03%	16.53%	17.03%	17.53%	18.03%	18.53%	19.03%
COGS (% of sales)	56.99%	67.29	105.84	102.63	99.41	96.20	92.99	89.77	86.56
	58.49%		96.20	92.99	89.77	86.56	83.35	80.13	76.92
	59.99%		86.56	83.35	80.13	76.92	73.70	70.49	67.28
	61.49%		76.92	73.70	70.49	67.28	64.06	60.85	57.64
	62.99%		67.28	64.06	60.85	57.64	54.42	51.21	47.99
	64.49%		57.64	54.42	51.21	47.99	44.78	41.57	38.35
	65.99%		47.99	44.78	41.57	38.35	35.14	31.93	28.71