



Krause Fund Research  
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#### Analysts

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#### Recommendation: Hold

NYSE: GIS Stock Price: \$57.51  
Target Range: \$63 - \$66

### Company Overview

General Mills, Inc. (NYSE: GIS) is a global food company with a portfolio of leading brands including Cheerios, Nature Valley, Betty Crocker, Blue Buffalo, and Häagen-Dazs. Operating in over 100 countries, GIS offers products across key categories such as cereal, snacks, yogurt, pet food, and baking mixes. Its “Accelerate” strategy focuses on brand growth, innovation, and scale to drive long-term performance and global impact.

### Financial Snapshot

#### Stock Performance Highlights

Current Price: \$58.06  
52 Week Range: \$55.15 – \$75.90  
Market Capitalization: 31.793 B  
Shares Outstanding: 547,600,534

#### Krause Fund Valuation Models

DCF/EP: \$73.60  
DDM: \$70.27  
Relative Valuation: \$62.88 - \$66.56  
WACC: 5.42%  
Beta: 0.40

#### Financial Metrics

2024 Revenue: \$19,857.2 M  
2025E Revenue: \$ 18,730.9 M

#### Financial Ratios

2024 ROE: 24.8%  
2024 ROIC: 28.4%  
2024 ROA: 7.9%  
2024 Debt-to-Equity: 137.6%

### Earnings Estimates

Year	2024	2025E	2026E	2027E	2028E
EPS	4.34	3.84	3.90	4.11	4.32
Growth	-0.46%	-11.62%	1.68%	5.34%	5.10%

### Investment Thesis

We recommend a **HOLD** rating on General Mills with a target price of \$63 - \$66.

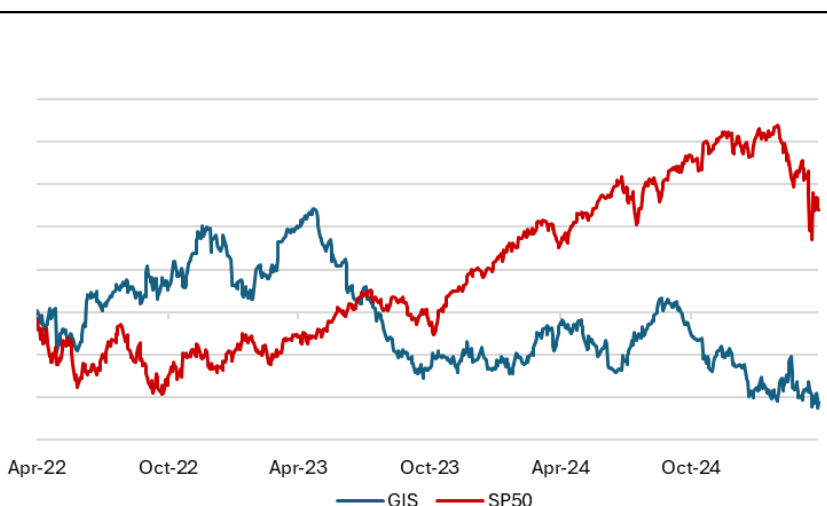
#### Thesis Drivers

- Brand strength and recognition of the largest value driving assets for General Mills allow for long term consumer loyalty and bargaining power with retailers. To further this attribute, they have increased their focus on active brand growth through investing in advertising and plan to continue this initiative going forward.
- The recent strategic divestiture of the North American yogurt business and capital reallocation into the pet food space positions the company for long-term, low-risk growth.

#### Risks to Thesis

- Further price-sensitive behavior from the consumer could pose a challenge when General Mills products are being considered next to those from private label brands.
- General Mills has based its business on acquisitions, but there are inherent costs and risks. Acquisition timing may cause a revenue shortfall, but more importantly, in the long run, if a segment falters and no worthy acquisition opportunities arise, General Mills has limited strategic alternatives.

### 3 Year Stock Performance



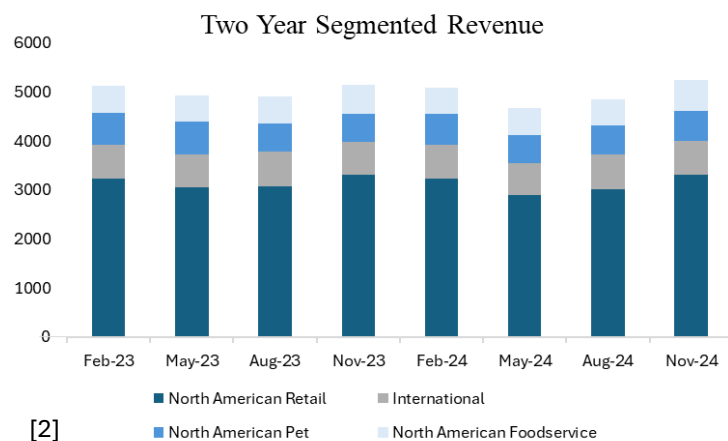
## Company Description

For more than a century, General Mills (GIS) has been producing and marketing the leading consumer foods in countries around the world. The products offered originate from over 100 wholly owned brands along with two strategic joint ventures, which combined, serve nearly 130 countries worldwide. These subsidiaries are analyzed under the operating segments of North America Retail, International, Pet, and North America Foodservice. The brands and products General Mills offers span a variety of subsectors such as snacks, ready-to-eat cereal, convenient meals, natural pet food, refrigerated and frozen dough, baking mixes and ingredients, yogurt, and premium ice cream. The international joint ventures consist of a partnership with Nestlé in the cereal segment and Häagen-Dazs Japan, offering ice cream. General Mills primarily does business with various types of retailers, both specialty and general, as well as with restaurants and K-12 schools.

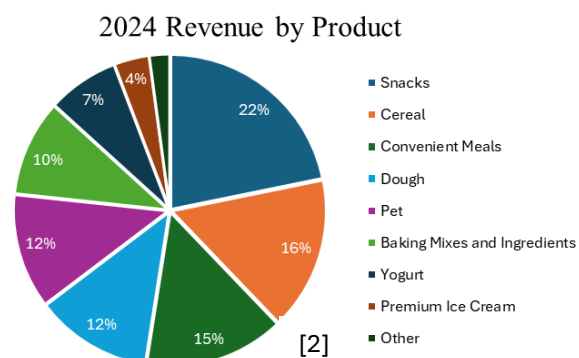
The company has focused on driving returns through brand building, innovation, economies of scale, and positive global impact in the past years. These pillars form the foundation of their “Accelerate” strategy, which is designed to build on the strengths of General Mills and drive long-term growth [1].

## Revenue Decomposition and Segment Discussion

To best understand the operations of General Mills, it is helpful to break down the revenue it produces by segment and product. The segments are generally divided by type of customer, while the product breakout is specific to the product purchased.



The North America Retail segment accounts for the greatest percentage of revenue generated by General Mills and is the business line that most likely comes to mind when thinking of the company. The segment accounted for 63% of sales in 2024 and includes sales of almost all offered products to most of the retailers General Mills does business with. The International segment accounts for all retail and foodservice sales outside of the US and Canada. Offerings in this segment include brands related to joint ventures operating independently offshore, as well as goods produced domestically and exported. The Pet operating segment accounts for various pet food products sold in the US and Canada, and the North America Foodservice segment accounts for sales to non-retail distributors such as restaurants, vending services, and bakeries. Because the North America Retail segment makes up such a significant portion of total revenue, any percentage change in that segment will have a large effect on total revenue. For example, as is observable in the bar chart, from the first quarter to the second quarter of 2024, North America Retail sales dropped roughly 10%, with total sales down 8%. Diversification is one strategy General Mills has in mind to manage this challenge going forward.



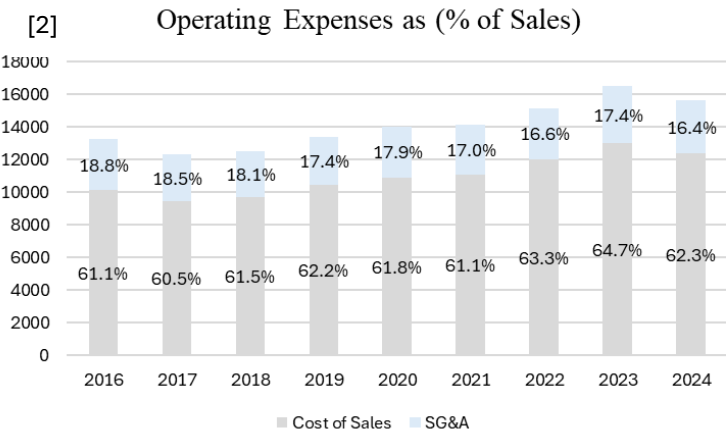
The Pet segment has been one method General Mills has used to answer this challenge, introduced in 2018 with their roughly \$8 billion acquisition of Blue Buffalo. Pet spending from 2013 to 2021 in the US rose at a compounded annual growth rate of roughly 7.5 percent [19]. In America, families have always been fond of their pets, but a recent “humanization of pets” trend has led pet owners to seek the highest quality products for their furry friends. Since entering the sector in 2018, General Mills has been able to capture a large part of this demand, growing this segment naturally and through

four later acquisitions [3]. In the last year, their North American yogurt holdings were sold, and Whitebridge Pet Brands was acquired.

General Mills manages its various brands and products with diversification and opportunity in mind. As previously discussed, the first change we expect going forward from 2024 is to yogurt sales. As shown in the pie chart, yogurt made up roughly 7.5% of total revenue in 2024 but will taper off in 2025 as the yogurt business, including Yoplait, Liberte, Go-Gurt, Oui, Mountain High, and :ratio, is being sold to Lactalis and Sodiaal. It had been a consistent drag on performance as the product’s revenue had halved since 2015. On the other hand, revenue from pet products is likely to see the opposite effect going forward. Although it is difficult to predict with certainty what the impact of the Whitebridge acquisition will be, we believe it will contribute meaningfully to the future growth of pet product sales.

We expect that due to new acquisitions integrating into General Mills and tailwinds the industry is experiencing, annual growth in the near term will be near 6% and gradually fall to normal levels. For products such as snacks, cereal, dough, baking mixes, and ice cream, we expect low steady-state growth with dough leading the charge due to expected advertising and innovation of key brands. We expect convenient meals revenue to grow up to 4% in the coming years as a result of consumer health focus and the necessity for convenience.

Cost Structure Analysis



Effectively, all costs incurred by General Mills that appear above operating profit on the income statement

fall into either cost of sales (~80%) or SG&A expenses (~20%). Very recently, General Mills has coined the term Holistic Margin Management (HMM) to put a large focus on managing costs through efficient distribution, production, and pricing. In the stacked bar chart, it can be seen that General Mills has effectively been able to maintain a healthy cost of sales percentage, while reducing SG&A as a percentage of sales over time. HMM was a key area of focus for 2024 and has been cited by management to be a key aspect of their strategy going into 2025 and beyond [1].

A small but meaningful contributor to cost of sales is research and development. Compared to its universe of comparable companies, General Mills spends more than double on R&D as a percentage of sales (1.3%) [6]. This shows the commitment of the company to genuinely create the best products and is one of the reasons for their high brand loyalty.

The primary items that feed into the cost of sales are raw materials like grain, dairy products, packaging supplies, and energy. While the majority of these commodities are produced in the United States, there are a number of ingredients imported from countries around the world. General Mills sources vanilla from Madagascar, cocoa from Ghana and Nigeria, and oats from Canada [17]. When looking at these inputs, tariffs must be a large consideration. Tariffs have the potential to affect the cost of imports, and countries are likely to react differently. While General Mills has stated publicly that tariffs will not have a significant impact on fiscal 2025 results due to uncertainty, Canada is planning to set tariffs on imports to the US at 25% starting March 4<sup>th</sup>, 2025 [18]. Because General Mills primarily sources oats from Canada this could potentially increase costs for said ingredient. Depending on if they prefer to stomach the extra expense or pass it through to the consumer, products with oats as a component like Cheerios, Nature Valley bars, and various types of oatmeal could see price fluctuations.

Debt and Interest Expense

In the current year approximately \$1.6 billion of outstanding debt will mature, which is on the higher end of the spectrum. General Mills holds a substantial amount of debt, but when compared to their profitability

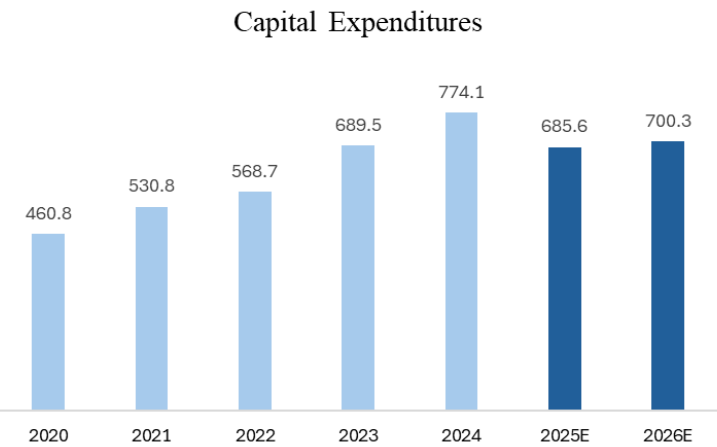
and market cap, it is a level of debt they can manage. Their current interest coverage ratio is 7.16, which indicates they are able to cover their interest payments with a healthy buffer. However, they are rated as a lower tier investment-grade borrower largely due to the sheer volume of debt they hold. They are not likely to pay down much of this in the short term, as they will likely refinance, but they have proved the ability to service what they hold. This will continue going forward.

[6]

5 Year Debt Maturity Schedule	
Fiscal Year	Payment (\$Mil)
2025	1,614.8
2026	1,411.5
2027	1,668.2
2028	1,900.0
2029	784.1
Thereafter	5,996.20

Capital Expenditures

General Mills has had a steady increase in capital expenditures since 2020 but decreases slightly leading into our forecast years. This is partially because of a the 2024 revenue slump and that large capital expenditure spend relating to the purchase of Whitebridge Pet Brands. In the first 9 months of fiscal year 2025, they have spent around 405 million, compared to fiscal year 2024 with 774 million. This was factored into our forecasted years, with 2025 expecting 686 million and 2026 expecting 700 million in capital expenditures. This approach could be related to the tariff uncertainty, giving cash flow flexibility.



Payout Policy

General Mills consistently uses dividends and share repurchases as a means of returning value to shareholders. They have been paying a dividend for more than a century, and although there have been fluctuations in the payout ratio over the last ~10 years, it tends to float around 50%. Additionally, since 2016, General Mills has averaged an increase to the dividend of 4% annually [6]. Buying back shares is another method they have used and is a strategy they plan to carry out in the future under the right circumstances as well. General Mills has stated that in the event they have excess capital, without a worthwhile asset to purchase, they will return it to shareholders through buybacks. In the first nine months of 2025, General Mills committed to buying back 14 million shares at roughly \$900 million, in part financed by the recent sale of the yogurt business [20].

Industry Analysis

The consumer staples industry includes companies that produce and sell essential products, such as food, beverages, personal care items, and household goods. These products are considered non-cyclical, with demand remaining relatively stable through economic downturns. As a result, companies in this sector are often viewed as resilient, offering steady performance throughout all economic environments. Major players typically operate both domestically and internationally, have large distribution networks, and benefit from strong brand loyalty. While the industry is generally considered mature with modest growth, opportunities can be realized through adapting to consumer preferences and diversifying product offerings. Companies in this industry depend on the strength and growth of their brands and must consistently work to attract and retain consumer loyalty.

Peer Universe Comparisons

General Mills operates in a segment of the consumer staples industry focused on producing and managing key brands in the packaged foods space. Some competitors competing in this segment include J.M. Smucker, Mondelez International, Campbell’s, Hormel Foods, Hershey, and Kraft Heinz. Although there is some

[2]

overlap, many of these companies have found a unique spot in the market and have developed flagship brands and strategies.

Company	Key Brands		
The Hershey Co.	Hershey's	Reese's	Ice Breakers
J.M Smucker	Smucker's	Folgers	Milk-Bone
Mondelez Int.	Oreo	Cadbury	Trident
Kraft Heinz Co.	Kraft	Heinz	Oscar Mayer
General Mills	Cheerios	Nature Valley	Betty Crocker
Campbell Soup	Campbell's	Pepperidge Farm	Prego
Hormel Foods	SPAM	Hormel	Skippy

Company	Gross Margin (%)	Mkt Cap (\$B)
The Hershey Co.	42.9%	33.8
J.M Smucker	35.5%	12.4
Mondelez Int.	33.6%	87.7
Kraft Heinz Co.	34.8%	35.2
General Mills	34.8%	31.5
Campbell Soup	30.4%	11.4
Hormel Foods	17.2%	16.8

[6]

### Private Label Pressure

Although retailers have produced their own goods and maintained their own brands, many have recently prioritized this focus. Examples include Costco's Kirkland Signature, Walmart's Great Value, and Good & Gather or Up&Up at Target. They serve as direct competition to companies that sell similar products at higher prices. Although standalone companies may have a higher quality standard, retailers have invested substantially in their brands. Because brand-name products come at a premium price, economic conditions push consumers to lean toward cheaper alternatives, such as private labels. The volatile economic landscape society has been experiencing has not benefited brand names, as store brand sales increased nearly 4% compared to that of national/name brands of 1% growth in the past year [9]. With most products from private labels being similar and in direct competition with companies that sell name brand products, we are seeing a slight move towards said private labels. This shift poses a challenge to many consumer staples companies.

### Sales Channels for the Sector

Products within consumer staples are distributed through many different sales channels. The most common vendors include mass-market retailers like Walmart,

Target, and Costco; grocery chains like Kroger and Safeway; and e-commerce platforms like Amazon and company operated online stores. Direct-to-consumer and online grocery delivery services have grown rapidly, accelerated by the Covid-19 pandemic. Companies in this industry often export to markets in Europe, Asia, and Latin America, with countries such as Canada, Mexico, China, and the UK as major trade partners [11]. With global trade comes inherent risks, with potential reciprocal tariffs currently in the spotlight due to the U.S. having promised tariffs, increasing tension in our trading relationships. This has the potential to greatly increase the cost of exporting goods and may require very creative solutions to mitigate the impact on margins.

### Demographic and Policy Changes

Consumers worldwide, particularly in the United States, have evolving consumption habits, often influenced by trends in economic cycles, health consciousness, societal movements, and political agendas. One trend previously discussed in relation to General Mills is pet spending, particularly the humanization of pets, resulting in significant annual increases in pet owner spending. In addition to this societal trend, the demand for these pet-related goods is highly inelastic, as pet owners are unlikely to sacrifice their pet's well-being for small savings on food. Among General Mills' comparable companies, both J.M. Smucker and Kraft Heinz own pet-related consumer brands and are actively taking advantage of this dynamic shift.

Generously stated, the companies in the packaged consumer foods segment don't build their portfolio of brands and offerings on their health propositions. As a result, two driving forces could pose a challenge for the companies in this industry in the near term. One of the most recent developments that may have effects is the appointment of Robert F. Kennedy Jr. to the position of Secretary of Health and Human Services. He has publicly stated his intention to ban the use of various sweeteners, food dyes, and so called "forever chemicals" [7]. Studies have confirmed that as of 2019, roughly 60 percent of all foods purchased by US households contained some combination of these substances [5]. An ongoing trend on the other hand is the increased use of GLP-1 drugs like Ozempic which typically lead the consumer to search for healthier options, and in less



quantity. This is a trend that could prove to be concerning for many consumer staples companies.

## **Mergers and Acquisitions**

Because performance for consumer staples companies is heavily dependent on the quality of the brands they hold, these brands are often bought and sold to best fit management's expectations for what portfolio of assets would yield the greatest total return. As a result, the industry sees a high volume of mergers and acquisitions. In FY 2023, there were 229 deals within consumer goods, down from 398 the year before [10]. Given the industry's traditionally slow and steady growth, a strategy some companies employ to stay competitive is to occasionally target smaller, innovative companies to enhance current product lines in addition to large purchases when entering a new market.

## **Opportunities for Industry Growth**

Although the consumer staples industry generally has modest growth, there are currently opportunities in the sector with the increased humanization of pets, driving demand for premium pet food and care products. General Mills has taken advantage of this trend through strategic mergers and acquisitions, such as Blue Buffalo. Other companies have followed, like J.M. Smucker acquiring Ainsworth Pet Nutrition [12]. The continued expansion of retail and e-commerce allows for easier access to products, supporting sales growth. The previously mentioned risk of health focus on the consumer staples industry could serve as a growth vector if adopted. Calorie conscious, low sugar, and fat free options may provide additional growth if implemented.

## **Porters Five Forces**

### Threat of New Entrants

The threat of new entrants in the consumer staples industry is relatively low. High capital requirements for manufacturing, distribution, and marketing create barriers. Established players benefit from strong brand recognition, economies of scale, and loyal customer bases. This makes it difficult for new products to get on the shelf, as branded products are already taking up space. Despite this, in recent history many of the companies that would generally struggle to find their ways onto shelves to gain meaningful sales have been

able to take to online markets and e-commerce websites to get their packaged food brands off the ground. An additional method for entry into this market has been influencer-backed brands. Over the past few years, a number of large influencers have launched consumer products that immediately gained access to shelf space in the most sought-after retailers (Feastables/Lunchly). This is a method of entry into the industry that poses a potential threat. Overall though, due to the massive infrastructure and brand strength required, there remains a relatively low threat of new entrants.

### Bargaining Power of Suppliers

Large consumer staples companies purchase raw materials at scale that typically allows them to negotiate for lower prices. For the largest manufacturers there can often be numerous suppliers competing for their business which can further reduce the cost to the producer. However, fluctuations in commodity prices and disruptions in global supply chains can occasionally shift bargaining power to suppliers, potentially impacting profit margins for producers. General Mills sources ingredients from multiple countries, with the U.S. being a primary supplier, which helps mitigate the risk of such disruptions.

### Bargaining Power of Buyers

The bargaining power of buyers in this industry is generally high but it can differ depending on the brand being purchased. Due to the competitive nature of this industry, customers often have multiple choices. The rise of private-label products from large retailers like Walmart and Costco has also given consumers more options at competitive prices. As a result, in the event where no industry leading brand will bring the retailer significantly more revenue for a certain product, they have no incentive to give the seller a favorable deal. On the other hand, if the retailer makes far more with the brand owned by a company like General Mills than they would with their own brand, they may have less bargaining power in that scenario.

### Threat of Substitute Products

The threat of substitutes to the consumer staples products is low. This industry is titled "staples" for a very good reason. Although over time there are new developments and innovations, the companies that produce the products are leading the innovative charge. The only real threat of substitution comes from a

potential revival of non-packaged food products, which could eat into the profits of this industry.

### Industry Rivalry

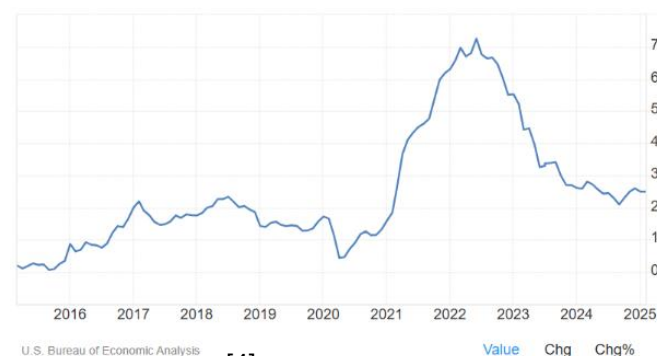
Rivalry within the industry is high. This sector is highly competitive with large players fighting for market share. Established giants like Procter & Gamble, Kraft Heinz, Nestlé, and Coca-Cola dominate the industry, and smaller, more agile companies are challenging them in niche segments. The battle for market share is intense, with price wars, heavy marketing campaigns, and frequent product innovation. To highlight the competitive nature of this business, every cereal that is offered at Walmart from various producers are located in the exact same location in the store. The consumer staples companies, and private labels are all competing for the attention of the consumer concentrated in one single aisle.

### Conclusion

This Porter's Five Forces analysis displays where firms in the consumer staples industry position themselves in the market, along with all the dynamics they face in operating their businesses. Market leaders, like General Mills, have strong brand recognition, scale advantages, and a loyal customer base. For the consumer staples sector, the companies closest to the end consumer have the highest degree of bargaining power. This is especially true when the same companies that sell the products produced by the consumer staples companies make their own competing products. Again, this reinforces the importance of companies like General Mills owning the strongest brands and continually investing in them.

## Economic Outlook

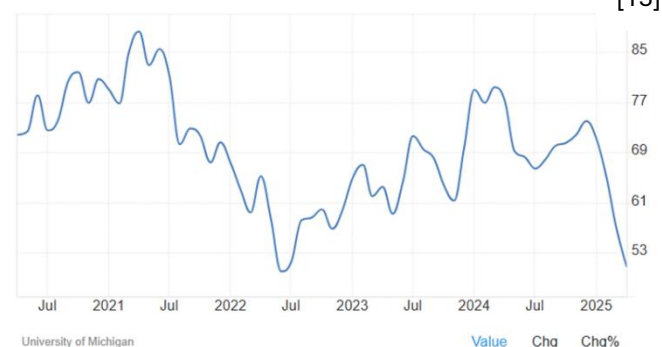
### PCE Inflation



[4]

Compared to highs in the low 7 percent's of year-over-year PCE inflation rates in mid-2022 from Covid-19 related stimulus, the most recently reported rate of 2.8% surprisingly doesn't remove the unease felt by consumers, companies, and the FOMC. The two main drivers affecting inflation in the near term are Real GDP growth and the effect of tariffs. Because we expect the inflationary impact of the tariffs to overcome the deflationary effect of slowing growth of GDP, we expect PCE inflation to increase to around 3.4% by the end of 2025. Although this could have a potential negative impact on the spending patterns of General Mills customers, we don't expect it to be incredibly substantial due to how moderate the increase is relative to prior time periods. We also don't expect the rise in PCE inflation to materially impact General Mills from a margin perspective due to their ability to manage costs through Holistic Margin Management.

### Consumer Confidence Index



Consumer confidence is now the worst it has been in roughly five years. Although extremely low consumer confidence often predicates low spending from said consumers and slight migration away from General Mills products is possible, we believe that this will not only be transitory, but also relatively short lived. We expect consumer confidence will return to the high 60's by the end of 2025. It is likely that revenue will mostly see the effect from this development in Q2 and Q3 of this year. Separately, the decrease in consumer confidence also has the potential to bring capital to General Mills investors through additional equity investments resulting from the perceived safety of consumer staples.

### Interest Rates

Setting aside potential negative effects on consumers in a higher interest rate environment, there are numerous

factors in the world of corporate finance to be considered. Elevated interest rates make the WACC, or discount rate rise, causing financing to become less affordable. This could slow growth initiatives like M&A and capital expenditures. General Mills specifically holds a substantial amount of debt which is generally not problematic for the debt already on the balance sheet but for new issuances and refinancings, which occur consistently, the debt may incur a higher cost basis. In our WACC estimation, we used the 10 year treasury yield of 4.415% as our risk-free rate which is reflected below as the current yield on the 10 year treasury.



The Yield recently dropped around September of 2024, reaching a low of 3.6% and a high of almost 4.8% in January. We expect rates will continue to remain around 4.25% because of economic uncertainty.

## Real GDP

Real GDP is a key economic indicator for the consumer staples industry because it reflects the overall growth and health of the economy. Periods of strong GDP growth lead to higher demand for premium brands as rising income levels and stronger consumer confidence usually follow. Real GDP in the US increased 3.1% and 2.4% in the third and fourth quarters of 2024 [13].

Real GDP has been steadily increasing but is expected to decelerate sharply over the next year because of tariffs. Raising prices, reducing real income, and disrupting supply chains can potentially decrease demand for products General Mills offers. We expect real GDP to decline to about 1% over the next year, reflecting a cautious outlook for growth in the near term.

## Valuation

### Assumptions

In our model, we used a 5 year forecast period because General Mills is a company well into its mature stage of growth. Using the 10 year treasury yield as of 04/21/25 of 4.42%, a 3 year adj beta of 0.4 from FactSet, and the Damodaran free cash yield of 4.61% as our equity risk premium to give us a 6.26% cost of equity. Using the risk free rate mentioned, YTM on a General Mills 10 year bond of 4.79% (implying a default premium of 0.37%), and marginal tax rate of 21%, it gave an after tax cost of debt of 3.78. Using a 68.68% weight of equity and 31.32% weight of debt, the WACC for General Mills is 5.48%.

## Discounted Cash Flow and Economic Profit

Estimated Share Price: **\$73.60**

Our discounted cash flow and economic profit model forecast period depicted a 5 year span between 2025 and 2029, with the inclusion of continuing value growth assumptions accounting for all years after the projection period. We used 1% as the CV growth of NOPLAT, 24.35% for our CV year ROIC, 5.48% WACC, and 6.26% cost of equity. Our CV growth of NOPLAT was based on low recent revenue growth for name brand products and additional recent struggles competing with private label brands. Although this challenge will not be present in all economic cycles, to maintain conservatism we deemed it appropriate. We adjusted for non-operating items after discounting cash flows, economic profit values, and the continuing value. Our DCF and EP models are higher than our target valuation range.

## Dividend Discount Model

Estimated Share Price: **\$70.27**

The dividend discount model forecast period was, again, between 2025 and 2029. General Mills has an extensive history of paying dividends. Over recent years, there has been a steady dividend increase, so we assumed a growth rate of 2% in forecast years. Because there are no down years and this assumes dividends will be steadily increasing forever at the same rate, our DDM has a higher valuation than other models. Our CV growth of EPS is 0.5%, CV year ROE of 23.95%, and cost of equity is 6.26%.



## Relative Valuation

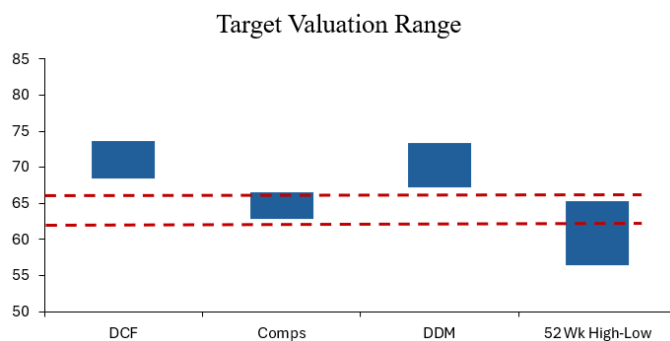
Estimated Share Price: **\$62.88 - \$66.56**

The entire range of relative valuation yields across the various metrics fall between \$57.85 and \$85.71. The ratio that yielded the valuation of roughly \$85 per share was EV/Sales with the lowest being EV/EBITDA. The metrics that yielded valuations more-so in the middle of the road were the one and two year forward P/E ratios. These yielded \$66.54 and \$62.70 per share respectively.

## Valuation Thesis

As a result of the recent downturn facing both General Mills and the entire consumer staples industry and the typical countercyclicality of said industry, at the current time it is more accurate to give more consideration to the value of our company relative to its comparables.

Therefore, we have set a target price range of \$63-\$66.



## Sensitivity Analysis

		Beta						
Equity Risk Premium	73.60	0.28	0.32	0.36	0.40	0.44	0.48	0.52
	3.41%	73.02	73.11	73.20	73.29	73.38	73.47	73.55
	3.81%	73.10	73.20	73.29	73.39	73.49	73.59	73.69
	4.21%	73.17	73.28	73.39	73.50	73.61	73.71	73.82
	4.61%	73.24	73.36	73.48	73.60	73.72	73.84	73.96
	5.01%	73.31	73.44	73.57	73.70	73.83	73.96	74.09
	5.41%	73.39	73.53	73.67	73.81	73.95	74.09	74.23
	5.81%	73.46	73.61	73.76	73.91	74.06	74.21	74.36

## Beta and Equity Risk Premium

Both Beta and Equity Risk Premium are components in the calculation of the cost of equity which makes up roughly 70% of the capital structure of General Mills. Surprisingly, neither of these metrics when altered have a substantial effect on the intrinsic value of the company. There is less than a \$1 per share difference between the value yielded using the lowest Beta and ERP, to the highest of both metrics.

## Inventory (% of Sales) and Cost of Sales

		Inventory (% of Sales - Forecast Years)						
		73.60	8.56%	9.06%	9.56%	10.07%	10.57%	11.07%
Cost of Sales (% of Sales for Forecast Years)	61.00%	75.71	75.54	75.36	75.18	75.01	74.83	74.66
	62.00%	75.18	75.01	74.83	74.66	74.48	74.31	74.13
	63.00%	74.66	74.48	74.30	74.13	73.95	73.78	73.60
	64.00%	74.13	73.95	73.78	73.60	73.42	73.25	73.07
	65.00%	73.60	73.42	73.25	73.07	72.90	72.72	72.54
	66.00%	73.07	72.89	72.72	72.54	72.37	72.19	72.02
	67.00%	72.54	72.37	72.19	72.02	71.84	71.66	71.49

For General Mills, cost of sales is the single largest cost category on a percentage basis, and inventory is the largest line item in operating working capital. As a result, when expenditure of both increase on a percentage of sales basis, there is a large impact on valuation. There is a \$4.22 spread between the lowest and highest valuations. Of the two metrics, cost of sales has a marginally greater effect on valuation.

## WACC and NOPLAT CV Growth

		WACC						
NOPLAT CV Growth	73.60	5.18%	5.28%	5.38%	5.48%	5.58%	5.68%	5.78%
	0.40%	71.54	69.55	67.65	65.77	64.06	62.37	60.74
	0.60%	74.33	72.21	70.17	68.17	66.35	64.55	62.82
	0.80%	77.38	75.10	72.91	70.77	68.82	66.90	65.06
	1.00%	80.71	78.25	75.91	73.60	71.52	69.46	67.49
	1.20%	84.39	81.72	79.18	76.70	74.45	72.25	70.13
	1.40%	88.45	85.55	82.79	80.10	77.67	75.29	73.02
	1.60%	92.97	89.79	86.78	83.85	81.22	78.64	76.18

Because WACC is the actual rate used to discount all forecasted cash flows, less than one percent change in said metric at our expected NOPLAT CV growth rate results in a roughly \$13 dollar share price differential. The NOPLAT continuing value growth rate is the main driver of the perpetuity portion, which in the case of General Mills makes up the majority of the total valuation. At very low WACC's and high continuing value growth expectations, very high share prices are estimated, but the more conservative estimates align more with our share price target.

## CV Year ROIC and Normal Cash %

		CV Year ROIC						
Normal Cash %	73.60	21.35%	22.35%	23.35%	24.35%	25.35%	26.35%	27.35%
	1.60%	73.21	73.39	73.56	73.71	73.85	73.97	74.09
	1.70%	73.18	73.36	73.52	73.67	73.81	73.94	74.06
	1.80%	73.14	73.32	73.48	73.63	73.77	73.90	74.02
	1.90%	73.10	73.28	73.45	73.60	73.74	73.87	73.98
	2.00%	73.07	73.25	73.41	73.56	73.70	73.83	73.95
	2.10%	73.03	73.21	73.38	73.53	73.66	73.79	73.91
	2.20%	73.00	73.17	73.34	73.49	73.63	73.76	73.87

Because excess cash is added back when deriving equity value from enterprise value, when the percent of normal

cash increases, the amount of excess cash that is added back into equity value decreases. Although there is some change in valuation because of this metric, it does not surpass the dollar at any point. Because CV year ROIC is included in the perpetuity calculation, it would be expected that changes to the metric would significantly alter valuation but because ROIC is far above the growth rate, General Mills theoretically needs to reinvest moderately to grow, and altering valuation moves less as a result.

### Marginal Tax Rate vs SG&A (% of sales)

SG&A (% of Sales)	Marginal Tax Rate							
	73.60	17.85%	18.90%	19.95%	21.00%	22.05%	23.10%	24.15%
	16.20%	78.21	77.99	77.78	77.57	77.36	77.15	76.94
	16.40%	76.88	76.67	76.46	76.25	76.04	75.82	75.61
	16.60%	75.56	75.35	75.14	74.93	74.71	74.50	74.29
	16.80%	74.24	74.03	73.82	73.60	73.39	73.18	72.97
	17.00%	72.92	72.70	72.49	72.28	72.07	71.86	71.65
	17.20%	71.59	71.38	71.17	70.96	70.75	70.54	70.32
	17.40%	70.27	70.06	69.85	69.64	69.42	69.21	69.00

Taxes and SG&A are consistently two of the more major expenses incurred by General Mills. The effect on valuation by changes in SG&A is larger mainly because it is a significantly larger spending category. While multiple percentage changes to the marginal tax rate can swing the valuation by a few dollars, altering the SG&A percentage relative to sales by a little more than one percent can result in a spread of about \$8.

### Revenue Growth vs Interest Expense

		Revenue Growth Shift % (Forecast Years)						
		73.60	-0.60%	-0.40%	-0.20%	0.00%	0.20%	0.40%
Interest Expense (% of Debt)	2.81%	70.07	71.28	72.51	73.74	74.99	76.25	77.52
	3.11%	70.03	71.24	72.46	73.70	74.94	76.20	77.47
	3.41%	69.98	71.19	72.42	73.65	74.90	76.15	77.42
	3.71%	69.94	71.15	72.37	73.60	74.85	76.10	77.37
	4.01%	69.89	71.10	72.32	73.56	74.80	76.06	77.32
	4.31%	69.84	71.05	72.28	73.51	74.75	76.01	77.28
	4.61%	69.80	71.01	72.23	73.46	74.71	75.96	77.23

Although changing the interest expense as a percentage of total debt does change valuation slightly, it is not material whatsoever. What this says about General Mills is that they are more than capable of servicing the debt they hold. In forecasting revenue, we expect there to be fluctuations on a year by year basis so this sensitivity table adjusts each projected year's revenue growth assumption by the numbers stated on the top of the table. It is evident that even small swings in revenue growth can cause a significant change in valuation.

### 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**
**Revenue Decomposition**

(In millions)

<b>Fiscal Years Ending May 31</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Snacks	3,392.0	3,297.2	3,302.2	3,419.0	3,359.3	3,529.7	3,574.2	3,960.9	4,431.5	4,327.3	4,370.6	4,414.3	4,458.4	4,503.0	4,548.0
Cereal	2,771.3	2,731.5	2,673.2	2,679.2	2,672.2	2,814.3	3,030.2	2,998.1	3,209.5	3,187.5	3,219.4	3,256.7	3,294.4	3,332.6	3,371.2
Convenient Meals	2,810.3	2,779.0	2,653.6	2,677.4	2,641.8	2,874.1	2,868.9	2,988.5	2,961.6	2,906.5	2,964.6	3,053.6	3,175.7	3,302.7	3,434.8
Dough	1,877.0	1,820.0	1,690.6	1,684.1	1,692.8	1,801.1	1,866.1	1,986.3	2,390.5	2,423.6	2,472.1	2,521.5	2,571.9	2,623.4	2,675.9
Pet	-	-	-	-	1,430.9	1,694.6	1,732.4	2,260.1	2,476.0	2,382.7	2,525.7	2,677.2	2,784.3	2,853.9	2,925.2
Baking Mixes and Ingredients	1,867.7	1,704.3	1,654.1	1,653.4	1,608.9	1,674.2	1,695.5	1,843.6	2,037.3	1,996.0	2,016.0	2,036.1	2,056.5	2,077.0	2,097.8
Yogurt	2,938.3	2,760.9	2,403.5	2,320.0	2,193.6	2,056.6	2,074.8	1,714.9	1,472.9	1,482.5	-	-	-	-	-
Ice Cream	769.5	731.2	738.4	803.7	813.2	718.1	819.7	782.2	703.7	728.7	736.0	743.3	758.2	773.4	788.8
Other (+Vegetables)	1,204.2	739.0	504.2	503.5	452.5	463.9	465.2	458.2	411.2	422.4	426.6	430.9	435.2	439.6	443.9
<b>Total Sales</b>	<b>17,630.3</b>	<b>16,563.1</b>	<b>15,619.8</b>	<b>15,740.3</b>	<b>16,865.2</b>	<b>17,626.6</b>	<b>18,127.0</b>	<b>18,992.8</b>	<b>20,094.2</b>	<b>19,857.2</b>	<b>18,730.9</b>	<b>19,133.6</b>	<b>19,534.7</b>	<b>19,905.6</b>	<b>20,285.7</b>

**Growth Rates by Product**

Snacks	4.9%	-2.8%	0.2%	3.5%	-1.7%	5.1%	1.3%	10.8%	11.9%	-2.4%	1.0%	1.0%	1.0%	1.0%	1.0%
Cereal	-3.1%	-1.4%	-2.1%	0.2%	-0.3%	5.3%	7.7%	-1.1%	7.1%	-0.7%	1.0%	1.2%	1.2%	1.2%	1.2%
Convenient Meals	-1.2%	-1.1%	-4.5%	0.9%	-1.3%	8.8%	-0.2%	4.2%	-0.9%	-1.9%	2.0%	3.0%	4.0%	4.0%	4.0%
Dough	-0.7%	-3.0%	-7.1%	-0.4%	0.5%	6.4%	3.6%	6.4%	20.3%	1.4%	2.0%	2.0%	2.0%	2.0%	2.0%
Pet	0.0%	0.0%	0.0%	0.0%	0.0%	18.4%	2.2%	30.5%	9.6%	-3.8%	6.0%	6.0%	4.0%	2.5%	2.5%
Baking Mixes and Ingredients	-6.4%	-8.7%	-2.9%	0.0%	-2.7%	4.1%	1.3%	8.7%	10.5%	-2.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Yogurt	-0.9%	-6.0%	-12.9%	-3.5%	-5.4%	-6.2%	0.9%	-17.3%	-14.1%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Ice Cream	1.7%	-5.0%	1.0%	8.8%	1.2%	-11.7%	14.1%	-4.6%	-10.0%	3.6%	1.0%	1.0%	2.0%	2.0%	2.0%
Other	-11.8%	-38.6%	-31.8%	-0.1%	-10.1%	2.5%	0.3%	-1.5%	-10.3%	2.7%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Total Sales</b>	<b>-1.6%</b>	<b>-6.1%</b>	<b>-5.7%</b>	<b>0.8%</b>	<b>7.1%</b>	<b>4.5%</b>	<b>2.8%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>-1.2%</b>	<b>-5.7%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>1.9%</b>	<b>1.9%</b>



**General Mills**
**Income Statement**

(In millions)

<i>Fiscal Years Ending May 31</i>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Net sales	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	20,094.2	19,857.2	18,730.9	19,133.6	19,534.7	19,905.6	20,285.7
Cost of sales	11,092.8	10,125.5	9,448.4	9,686.0	10,488.3	10,902.0	11,077.4	12,020.3	13,001.8	12,372.4	11,987.8	12,245.5	12,502.2	12,739.6	12,982.9
Depreciation and amortization	588.3	608.1	603.6	618.8	620.1	594.7	601.3	570.3	546.6	552.7	613.7	625.1	637.1	649.4	662.0
Selling, general and administrative expenses	3,328.0	3,118.9	2,888.8	2,850.1	2,935.8	3,151.6	3,079.6	3,147.0	3,500.4	3,259.0	3,146.8	3,214.4	3,281.8	3,344.1	3,408.0
Divestitures loss (gain)	-	(148.2)	6.5	-	30.0	-	53.5	(194.1)	(444.6)	-	(95.9)	-	-	-	-
Restructuring, impairment, and other exit costs (recoveries)	543.9	151.4	180.4	165.6	275.1	24.4	170.4	(26.5)	56.2	241.4	93.2	93.2	93.2	93.2	93.2
<b>Operating profit</b>	<b>2,077.3</b>	<b>2,707.4</b>	<b>2,492.1</b>	<b>2,419.9</b>	<b>2,515.9</b>	<b>2,953.9</b>	<b>3,144.8</b>	<b>3,475.8</b>	<b>3,433.8</b>	<b>3,431.7</b>	<b>2,985.3</b>	<b>2,955.3</b>	<b>3,020.4</b>	<b>3,079.2</b>	<b>3,139.7</b>
Benefit plan non-service (Income)	-	-	(74.3)	(89.4)	(87.9)	(112.8)	(132.9)	(113.4)	(88.8)	(75.8)	(64.7)	(55.2)	(51.2)	(47.4)	(44.0)
Interest, net	315.4	303.8	295.1	373.7	521.8	466.5	420.3	379.6	382.1	479.2	448.9	445.6	447.7	449.7	451.7
Earnings before income taxes and after-tax earnings from joint-ventures	1,761.9	2,403.6	2,271.3	2,135.6	2,082.0	2,600.2	2,857.4	3,209.6	3,140.5	3,028.3	2,601.2	2,564.9	2,623.8	2,677.0	2,731.9
Income taxes	586.8	755.2	655.2	57.3	367.8	480.5	629.1	586.3	612.2	594.5	559.3	551.5	564.1	575.5	587.4
After-tax earnings from joint ventures	84.3	88.4	85.0	84.7	72.0	91.1	117.7	111.7	81.3	84.8	88.6	90.6	92.4	94.2	96.0
Net earnings, including earnings attributable to redeemable and noncontrollin	1,259.4	1,736.8	1,701.1	2,163.0	1,786.2	2,210.8	2,346.0	2,735.0	2,609.6	2,518.6	2,130.6	2,104.0	2,152.2	2,195.6	2,240.6
Net earnings attributable to redeemable and noncontrolling interests	38.1	39.4	43.6	32.0	33.5	29.6	6.2	27.7	15.7	22.0	17.7	17.4	17.8	18.2	18.6
<b>Net earnings attributable to General Mills</b>	<b>1,221.3</b>	<b>1,697.4</b>	<b>1,657.5</b>	<b>2,131.0</b>	<b>1,752.7</b>	<b>2,181.2</b>	<b>2,339.8</b>	<b>2,707.3</b>	<b>2,593.9</b>	<b>2,496.6</b>	<b>2,112.9</b>	<b>2,086.6</b>	<b>2,134.3</b>	<b>2,177.4</b>	<b>2,222.0</b>
Total shares outstanding (basic)	598.74	597.02	577.10	593.37	601.96	609.87	607.21	597.16	585.18	558.15	543.73	529.32	514.90	500.49	486.07
Weighted average shares outstanding (basic)	605.62	597.88	587.06	585.23	597.66	605.91	608.54	602.18	591.17	571.66	550.94	536.52	522.11	507.69	493.28
Earnings per share (basic)	2.02	2.83	2.82	3.69	2.92	3.59	3.81	4.46	4.36	4.34	3.84	3.89	4.09	4.29	4.50
Annual dividends per share	1.67	1.78	1.92	1.96	1.96	1.96	2.02	2.04	2.16	2.36	2.41	2.46	2.50	2.55	2.61

**General Mills**
**Balance Sheet**

(In millions)

<b>Fiscal Years Ending May 31</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Cash and cash equivalents	334.2	763.7	766.1	399.0	450.0	1,677.8	1,505.2	569.4	585.5	418.0	931.4	706.4	732.0	776.0	853.7
Receivables	1,386.7	1,360.8	1,430.1	1,684.2	1,679.7	1,615.1	1,638.5	1,692.1	1,683.2	1,696.2	1,600.0	1,634.4	1,668.6	1,700.3	1,732.8
Inventories	1,540.9	1,413.7	1,483.6	1,642.2	1,559.3	1,426.3	1,820.5	1,867.3	2,172.0	1,898.2	1,885.6	1,926.1	1,966.5	2,003.8	2,042.1
Prepaid expenses	169.3	177.9	168.9	165.6	189.0	194.5	221.7	213.5	244.4	266.1	229.8	234.7	239.7	244.2	248.9
Other and derivative receivables	229.7	203.9	198.7	214.9	292.4	155.8	176.6	268.9	330.8	242.4	228.7	233.6	238.5	243.0	247.6
Grain contracts	3.3	1.8	2.7	7.1	6.7	5.0	12.0	28.7	2.3	7.9	7.5	7.6	7.8	7.9	8.1
Miscellaneous and marketable investments	21.5	15.4	11.3	10.7	9.4	46.8	380.0	291.0	158.2	52.1	54.4	56.8	59.3	61.9	64.7
Assets held for sale	-	-	-	-	-	-	-	158.9	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>3,685.6</b>	<b>3,937.2</b>	<b>4,061.4</b>	<b>4,123.7</b>	<b>4,186.5</b>	<b>5,121.3</b>	<b>5,754.5</b>	<b>5,089.8</b>	<b>5,176.4</b>	<b>4,580.9</b>	<b>4,937.2</b>	<b>4,799.6</b>	<b>4,912.4</b>	<b>5,037.3</b>	<b>5,197.8</b>
PPE (net)	3,783.3	3,743.6	3,687.7	4,047.2	3,787.2	3,580.6	3,606.8	3,393.8	3,636.2	3,863.9	3,935.7	4,010.9	4,088.8	4,167.9	4,248.3
Goodwill	8,874.9	8,741.2	8,747.2	14,065.0	13,995.8	13,923.2	14,062.4	14,378.5	14,511.2	14,750.7	13,250.7	13,250.7	13,250.7	13,250.7	13,250.7
Other intangible assets	4,677.0	4,538.6	4,530.4	7,445.1	7,166.8	7,095.8	7,150.6	6,999.9	6,967.6	6,979.9	6,979.9	6,979.9	6,979.9	6,979.9	6,979.9
Other assets	811.2	751.7	785.9	943.0	974.9	1,085.8	1,267.6	1,228.1	1,160.3	1,294.5	1,176.7	1,202.0	1,227.2	1,250.5	1,274.4
<b>Total assets</b>	<b>21,832.0</b>	<b>21,712.3</b>	<b>21,812.6</b>	<b>30,624.0</b>	<b>30,111.2</b>	<b>30,806.7</b>	<b>31,841.9</b>	<b>31,090.1</b>	<b>31,451.7</b>	<b>31,469.9</b>	<b>30,280.2</b>	<b>30,243.1</b>	<b>30,458.9</b>	<b>30,686.2</b>	<b>30,951.1</b>
Accounts payable	1,684.0	2,046.5	2,119.8	2,746.2	2,854.1	3,247.7	3,653.5	3,982.3	4,194.2	3,987.8	3,761.6	3,842.5	3,923.0	3,997.5	4,073.9
Dividend payable	27.9	23.8	21.5	17.5	19.2	20.7	25.3	24.1	23.1	20.9	19.7	20.1	20.6	21.0	21.4
Accrued expenses	947.2	1,060.6	867.2	941.4	867.4	1,061.1	1,052.7	941.4	961.8	977.2	921.8	941.6	961.3	979.6	998.3
Current portion of long-term debt	1,000.4	1,103.4	604.7	1,600.1	1,396.5	2,331.5	2,463.8	1,674.2	1,709.1	1,614.1	1,776.4	1,622.3	1,632.8	1,640.1	1,647.3
Notes payable	615.8	269.8	1,234.1	1,549.8	1,468.7	279.0	361.3	811.4	31.7	11.8	11.2	11.4	11.7	11.9	12.1
Grain contracts and misc	279.3	308.0	296.6	304.1	338.9	299.7	331.2	351.8	359.1	283.7	322.9	329.8	336.7	343.1	349.7
Other current liabilities	335.5	202.6	186.9	182.8	142.3	251.8	378.0	234.7	256.7	137.6	251.7	257.2	262.5	267.5	272.6
<b>Total current liabilities</b>	<b>4,890.1</b>	<b>5,014.7</b>	<b>5,330.8</b>	<b>7,341.9</b>	<b>7,087.1</b>	<b>7,491.5</b>	<b>8,265.8</b>	<b>8,019.9</b>	<b>7,535.7</b>	<b>7,033.1</b>	<b>7,065.4</b>	<b>7,025.0</b>	<b>7,148.7</b>	<b>7,260.7</b>	<b>7,375.2</b>
Long-term debt	7,575.3	7,057.7	7,642.9	12,668.7	11,624.8	10,929.0	9,786.9	9,134.8	9,965.1	11,304.2	10,323.6	10,390.5	10,436.7	10,482.4	10,529.0
Deferred income taxes	1,450.2	1,399.6	1,719.4	2,003.8	2,031.0	1,947.1	2,118.4	2,218.3	2,110.9	2,200.6	2,052.8	2,024.2	2,070.7	2,112.6	2,156.0
Other liabilities	1,744.8	2,087.6	1,523.1	1,341.0	1,448.9	1,545.0	1,292.7	929.1	1,140.0	1,283.5	1,210.7	1,236.7	1,262.7	1,286.6	1,311.2
Redeemable interest	778.9	845.6	910.9	776.2	551.7	544.6	604.9	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>16,439.3</b>	<b>16,405.2</b>	<b>17,127.1</b>	<b>24,131.6</b>	<b>22,743.5</b>	<b>22,457.2</b>	<b>22,068.7</b>	<b>20,302.1</b>	<b>20,751.7</b>	<b>21,821.4</b>	<b>20,652.4</b>	<b>20,676.3</b>	<b>20,918.7</b>	<b>21,142.3</b>	<b>21,371.4</b>
Common stock and additional paid-in capital	1,372.2	1,252.5	1,196.4	1,278.0	1,462.2	1,424.1	1,441.0	1,258.4	1,297.9	1,302.5	1,443.7	1,584.8	1,726.0	1,867.2	2,008.3
Retained earnings	11,990.8	12,616.5	13,138.9	14,459.6	14,996.7	15,982.1	17,069.8	18,532.6	19,838.6	20,971.8	21,758.5	22,527.7	23,354.4	24,234.9	25,171.6
Common stock in treasury (less contra account)	(6,055.6)	(6,326.6)	(7,762.9)	(7,167.5)	(6,779.0)	(6,433.3)	(6,611.2)	(7,278.1)	(8,410.0)	(10,357.9)	(11,324.1)	(12,313.0)	(13,325.3)	(14,361.5)	(15,422.1)
Accumulated other comprehensive income (loss)	(2,310.7)	(2,612.2)	(2,244.5)	(2,429.0)	(2,625.4)	(2,914.4)	(2,429.2)	(1,970.5)	(2,276.9)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)	(2,519.7)
<b>Total shareholders equity</b>	<b>4,996.7</b>	<b>4,930.2</b>	<b>4,327.9</b>	<b>6,141.1</b>	<b>7,054.5</b>	<b>8,058.5</b>	<b>9,470.4</b>	<b>10,542.4</b>	<b>10,449.6</b>	<b>9,396.7</b>	<b>9,358.4</b>	<b>9,279.8</b>	<b>9,235.4</b>	<b>9,220.9</b>	<b>9,238.2</b>
Noncontrolling interests	396.0	376.9	357.6	351.3	313.2	291.0	302.8	245.6	250.4	251.8	269.5	286.9	304.8	323.0	341.6
<b>Total equity</b>	<b>5,392.7</b>	<b>5,307.1</b>	<b>4,685.5</b>	<b>6,492.4</b>	<b>7,367.7</b>	<b>8,349.5</b>	<b>9,773.2</b>	<b>10,788.0</b>	<b>10,700.0</b>	<b>9,648.5</b>	<b>9,627.8</b>	<b>9,566.7</b>	<b>9,540.2</b>	<b>9,543.9</b>	<b>9,579.7</b>

<b>General Mills</b>										
<i>Historical Cash Flow Statement</i>										
(In millions)										
<b>Fiscal Years Ending May 31</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Net Income (inclusive of NCI)	1,259.4	1,736.8	1,701.1	2,163.0	1,786.2	2,210.8	2,346.0	2,735.0	2,609.6	2,518.6
Depreciation & Amortization	588.3	608.1	603.6	618.8	620.1	594.7	601.3	570.3	546.6	552.7
Deferred Taxes	25.3	120.6	183.9	(504.3)	93.5	(29.6)	118.8	62.2	(22.2)	(48.5)
Other Funds	593.0	11.7	143.0	204.3	342.6	60.5	204.8	(278.1)	(377.6)	227.3
Funds from Operations	2,466.0	2,477.2	2,631.6	2,481.8	2,842.4	2,836.4	3,270.9	3,089.4	2,756.4	3,250.1
Changes in Working Capital	76.8	152.6	(318.3)	359.2	(35.4)	839.8	(287.7)	226.7	22.2	52.5
Receivables	6.8	(6.9)	(69.2)	(122.7)	(42.7)	37.9	27.9	(166.3)	(41.2)	(1.8)
Inventories	(24.2)	(146.1)	(61.5)	15.6	53.7	103.1	(354.7)	(85.8)	(319.0)	287.6
Accounts Payable	145.8	318.7	99.5	575.3	162.4	392.5	343.1	456.7	199.8	(251.2)
Other Assets/Liabilities	(51.6)	(13.1)	(287.1)	(109.0)	(208.8)	306.3	(304.0)	22.1	182.6	17.9
<b>Net Operating Cash Flow</b>	<b>2,542.8</b>	<b>2,629.8</b>	<b>2,313.3</b>	<b>2,841.0</b>	<b>2,807.0</b>	<b>3,676.2</b>	<b>2,983.2</b>	<b>3,316.1</b>	<b>2,778.6</b>	<b>3,302.6</b>
Purchase of land, buildings & equipment	(712.4)	(729.3)	(684.4)	(622.7)	(537.6)	(460.8)	(530.8)	(568.7)	(689.5)	(774.1)
Acquisitions, net of cash acquired & investment in business	(822.3)	(84.0)	-	(8,035.8)	-	-	-	(1,201.3)	(251.5)	(451.9)
Sale of Fixed Assets & Businesses	11.0	832.9	21.7	1.4	96.4	1.7	5.6	77.4	634.4	0.8
Purchase/Sale of Investments	(102.4)	63.9	3.3	(17.3)	0.1	(48.0)	15.5	15.4	(32.2)	(2.7)
Other Uses	(4.0)	(11.2)	(0.5)	(11.0)	(59.7)	-	(3.1)	(13.5)	(7.6)	-
Other Sources	27.9	21.1	13.0	-	-	20.9	-	-	-	30.5
<b>Net Investing Cash Flow</b>	<b>(1,602.2)</b>	<b>93.4</b>	<b>(646.9)</b>	<b>(8,685.4)</b>	<b>(500.8)</b>	<b>(486.2)</b>	<b>(512.8)</b>	<b>(1,690.7)</b>	<b>(346.4)</b>	<b>(1,197.4)</b>
Common Dividends	(1,017.7)	(1,071.7)	(1,135.1)	(1,139.7)	(1,181.7)	(1,195.8)	(1,246.4)	(1,244.5)	(1,287.9)	(1,363.4)
Repurchase of Common & Preferred Stk.	(1,161.9)	(606.7)	(1,651.5)	(601.6)	(1.1)	(3.4)	(301.4)	(876.8)	(1,403.6)	(2,002.4)
Sale of Common & Preferred Stock	163.7	171.9	112.6	1,069.2	241.4	263.4	74.3	161.7	232.3	25.5
Change in Current Debt	(509.8)	(323.8)	962.4	327.5	(66.3)	(1,158.6)	71.7	551.4	(769.3)	(20.5)
Issuance of Long-Term Debt	2,253.2	542.5	1,072.1	6,550.0	339.1	1,638.1	1,576.5	2,203.7	2,324.4	2,065.2
Payment of long-term debt	(1,145.8)	(1,000.4)	(1,000.0)	(600.1)	(1,493.8)	(1,396.7)	(2,810.4)	(3,140.9)	(1,421.7)	(901.5)
Other Uses	(41.1)	(91.5)	(70.1)	(159.8)	(69.7)	(88.5)	(79.8)	(157.8)	(78.3)	(75.2)
Other Sources	74.6	94.1	64.1	-	-	-	-	-	-	-
<b>Net Financing Cash Flow</b>	<b>(1,384.8)</b>	<b>(2,285.6)</b>	<b>(1,645.5)</b>	<b>5,445.5</b>	<b>(2,232.1)</b>	<b>(1,941.5)</b>	<b>(2,715.5)</b>	<b>(2,503.2)</b>	<b>(2,404.1)</b>	<b>(2,272.3)</b>
Exchange Rate Effect	(88.9)	(8.1)	(18.5)	31.8	(23.1)	(20.7)	72.5	(58.0)	(12.0)	(0.4)
<b>Net Change in Cash</b>	<b>(533.1)</b>	<b>429.5</b>	<b>2.4</b>	<b>(367.1)</b>	<b>51.0</b>	<b>1,227.8</b>	<b>(172.6)</b>	<b>(935.8)</b>	<b>16.1</b>	<b>(167.5)</b>
Cash & cash equivalents - beginning of year	867.3	334.2	763.7	766.1	399.0	450.0	1,677.8	1,505.2	569.4	585.5
<b>Cash &amp; cash equivalents - end of year</b>	<b>334.2</b>	<b>763.7</b>	<b>766.1</b>	<b>399.0</b>	<b>450.0</b>	<b>1,677.8</b>	<b>1,505.2</b>	<b>569.4</b>	<b>585.5</b>	<b>418.0</b>

**General Mills***Forecasted Cash Flow Statement*

(In millions)

<b>Fiscal Years Ending May 31</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Net Income (inclusive of NCI)	2,112.9	2,086.6	2,134.3	2,177.4	2,222.0
Depreciation & Amortization	613.7	625.1	637.1	649.4	662.0
Noncontrolling Interests	17.7	17.4	17.8	18.2	18.6
<b>Change in Current Assets</b>					
Change in Receivables	96.2	(34.4)	(34.3)	(31.7)	(32.5)
Change in Inventory	12.6	(40.5)	(40.4)	(37.3)	(38.3)
Change in Prepaid Expenses	36.3	(4.9)	(4.9)	(4.6)	(4.7)
Change in Other and derivative receivables	13.7	(4.9)	(4.9)	(4.5)	(4.6)
Change in Grain contracts	0.4	(0.2)	(0.2)	(0.1)	(0.2)
<b>Change in Current Liabilities</b>					
Change in Accounts payable	(226.2)	80.9	80.5	74.5	76.4
Change in Dividend payable	(1.2)	0.4	0.4	0.4	0.4
Change in Accrued expenses	(55.4)	19.8	19.7	18.3	18.7
Change in Grain contracts and misc	39.2	6.9	6.9	6.4	6.6
Change in Other current liabilities	114.1	5.4	5.4	5.0	5.1
Change in Deferred income taxes	(147.8)	(28.6)	46.5	41.9	43.4
<b>Net cash provided by Operating Activities</b>	<b>2,626.3</b>	<b>2,729.1</b>	<b>2,864.1</b>	<b>2,913.3</b>	<b>2,972.9</b>
Change in Marketable investments	(2.3)	(2.4)	(2.5)	(2.6)	(2.7)
Change in Goodwill	1,500.0	-	-	-	-
Change in Other intangible assets	-	-	-	-	-
Change in Other assets	117.8	(25.3)	(25.2)	(23.3)	(23.9)
Capital Expenditure	(685.6)	(700.3)	(715.0)	(728.5)	(742.5)
<b>Net cash provided by Investing Activities</b>	<b>929.9</b>	<b>(728.0)</b>	<b>(742.7)</b>	<b>(754.5)</b>	<b>(769.1)</b>
Change in Current portion of long-term debt	162.3	(154.1)	10.5	7.3	7.2
Change in Long-term debt	(980.6)	66.9	46.2	45.7	46.6
Change in Notes payable	(0.6)	0.2	0.2	0.2	0.2
Change in Other liabilities	(72.8)	26.0	25.9	24.0	24.6
Change in Common stock and additional paid-in capital	141.2	141.2	141.2	141.2	141.2
Change in Common stock in treasury (less contra account)	(966.2)	(989.0)	(1,012.3)	(1,036.2)	#####
Change in Accumulated other comprehensive income (lo	-	-	-	-	-
Dividends Paid	(1,326.2)	(1,317.3)	(1,307.6)	(1,296.9)	#####
<b>Net cash provided by Financing Activities</b>	<b>(3,042.9)</b>	<b>(2,226.1)</b>	<b>(2,095.8)</b>	<b>(2,114.8)</b>	<b>#####</b>
<b>Total Change in Cash</b>	<b>513.4</b>	<b>(225.0)</b>	<b>25.7</b>	<b>44.0</b>	<b>77.6</b>
Beginning of year cash	418.0	931.4	706.4	732.0	776.0
End of year cash	931.4	706.4	732.0	776.0	853.7



<b>General Mills</b>															
<i>Common Size Income Statement</i>															
(In millions)															
<i>Fiscal Years Ending May 31</i>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
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%
Cost of sales	62.92%	61.13%	60.49%	61.54%	62.19%	61.85%	61.11%	63.29%	64.70%	62.31%	60.37%	61.67%	62.96%	64.16%	65.38%
Depreciation and amortization	3.34%	3.67%	3.86%	3.93%	3.68%	3.37%	3.32%	3.00%	2.72%	2.78%	3.09%	3.15%	3.21%	3.27%	3.33%
Selling, general and administrative expenses	18.88%	18.83%	18.49%	18.11%	17.41%	17.88%	16.99%	16.57%	17.42%	16.41%	15.85%	16.19%	16.53%	16.84%	17.16%
Divestitures loss (gain)	0.00%	-0.89%	0.04%	0.00%	0.18%	0.00%	0.30%	-1.02%	-2.21%	0.00%	-0.48%	0.00%	0.00%	0.00%	0.00%
Restructuring, impairment, and other exit costs (recoveries)	3.09%	0.91%	1.15%	1.05%	1.63%	0.14%	0.94%	-0.14%	0.28%	1.22%	0.47%	0.47%	0.47%	0.47%	0.47%
<b>Operating profit</b>	<b>11.78%</b>	<b>16.35%</b>	<b>15.95%</b>	<b>15.37%</b>	<b>14.92%</b>	<b>16.76%</b>	<b>17.35%</b>	<b>18.30%</b>	<b>17.09%</b>	<b>17.28%</b>	<b>15.03%</b>	<b>14.88%</b>	<b>15.21%</b>	<b>15.51%</b>	<b>15.81%</b>
Benefit plan non-service income	0.00%	0.00%	-0.48%	-0.57%	-0.52%	-0.64%	-0.73%	-0.60%	-0.44%	-0.38%	-0.33%	-0.28%	-0.26%	-0.24%	-0.22%
Interest, net	1.79%	1.83%	1.89%	2.37%	3.09%	2.65%	2.32%	2.00%	1.90%	2.41%	2.26%	2.24%	2.25%	2.26%	2.27%
Earnings before income taxes and after-tax earnings from joint-ventures	9.99%	14.51%	14.54%	13.57%	12.34%	14.75%	15.76%	16.90%	15.63%	15.25%	13.10%	12.92%	13.21%	13.48%	13.76%
Income Taxes	3.33%	4.56%	4.19%	0.36%	2.18%	2.73%	3.47%	3.09%	3.05%	2.99%	2.82%	2.78%	2.84%	2.90%	2.96%
After-tax earnings from joint ventures	0.48%	0.53%	0.54%	0.54%	0.43%	0.52%	0.65%	0.59%	0.40%	0.43%	0.45%	0.46%	0.47%	0.47%	0.48%
Net earnings, including earnings attributable to redeemable and noncontrolling interests	7.14%	10.49%	10.89%	13.74%	10.59%	12.54%	12.94%	14.40%	12.99%	12.68%	10.73%	10.60%	10.84%	11.06%	11.28%
Net earnings attributable to redeemable and noncontrolling interests	0.22%	0.24%	0.28%	0.20%	0.20%	0.17%	0.03%	0.15%	0.08%	0.11%	0.09%	0.09%	0.09%	0.09%	0.09%
<b>Net earnings attributable to General Mills</b>	<b>6.93%</b>	<b>10.25%</b>	<b>10.61%</b>	<b>13.54%</b>	<b>10.39%</b>	<b>12.37%</b>	<b>12.91%</b>	<b>14.25%</b>	<b>12.91%</b>	<b>12.57%</b>	<b>10.64%</b>	<b>10.51%</b>	<b>10.75%</b>	<b>10.97%</b>	<b>11.19%</b>

<b>General Mills</b> <i>Common Size Balance Sheet</i> (In millions)															
<b>Fiscal Years Ending May 31</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Cash and cash equivalents	1.90%	4.61%	4.90%	2.53%	2.67%	9.52%	8.30%	3.00%	2.91%	2.11%	4.69%	3.56%	3.69%	3.91%	4.30%
Receivables	7.87%	8.22%	9.16%	10.70%	9.96%	9.16%	9.04%	8.91%	8.38%	8.54%	8.06%	8.23%	8.40%	8.56%	8.73%
Inventories	8.74%	8.54%	9.50%	10.43%	9.25%	8.09%	10.04%	9.83%	10.81%	9.56%	9.50%	9.70%	9.90%	10.09%	10.28%
Prepaid expenses	0.96%	1.07%	1.08%	1.05%	1.12%	1.10%	1.22%	1.12%	1.22%	1.34%	1.16%	1.18%	1.21%	1.23%	1.25%
Other and derivative receivables	1.30%	1.23%	1.27%	1.37%	1.73%	0.88%	0.97%	1.42%	1.65%	1.22%	1.15%	1.18%	1.20%	1.22%	1.25%
Grain Contracts	0.02%	0.01%	0.02%	0.05%	0.04%	0.03%	0.07%	0.15%	0.01%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Miscellaneous and Marketable Investments	0.12%	0.09%	0.07%	0.07%	0.06%	0.27%	2.10%	1.53%	0.79%	0.26%	0.27%	0.29%	0.30%	0.31%	0.33%
Assets held for sale	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%
<b>Total current assets</b>	<b>20.90%</b>	<b>23.77%</b>	<b>26.00%</b>	<b>26.20%</b>	<b>24.82%</b>	<b>29.05%</b>	<b>31.75%</b>	<b>26.80%</b>	<b>25.76%</b>	<b>23.07%</b>	<b>24.86%</b>	<b>24.17%</b>	<b>24.74%</b>	<b>25.37%</b>	<b>26.18%</b>
Land, buildings, and equipment	21.46%	22.60%	23.61%	25.71%	22.46%	20.31%	19.90%	17.87%	18.10%	19.46%	19.82%	20.20%	20.59%	20.99%	21.39%
Goodwill	50.34%	52.78%	56.00%	89.36%	82.99%	78.99%	77.58%	75.71%	72.22%	74.28%	66.73%	66.73%	66.73%	66.73%	66.73%
Other intangible assets	26.53%	27.40%	29.00%	47.30%	42.49%	40.26%	39.45%	36.86%	34.67%	35.15%	35.15%	35.15%	35.15%	35.15%	35.15%
Other assets	4.60%	4.54%	5.03%	5.99%	5.78%	6.16%	6.99%	6.47%	5.77%	6.52%	5.93%	6.05%	6.18%	6.30%	6.42%
<b>Total assets</b>	<b>123.83%</b>	<b>131.09%</b>	<b>139.65%</b>	<b>194.56%</b>	<b>178.54%</b>	<b>174.77%</b>	<b>175.66%</b>	<b>163.69%</b>	<b>156.52%</b>	<b>158.48%</b>	<b>152.49%</b>	<b>152.30%</b>	<b>153.39%</b>	<b>154.53%</b>	<b>155.87%</b>
Accounts Payable	9.55%	12.36%	13.57%	17.45%	16.92%	18.42%	20.16%	20.97%	20.87%	20.08%	18.94%	19.35%	19.76%	20.13%	20.52%
Current portion of long-term debt	5.67%	6.66%	3.87%	10.17%	8.28%	13.23%	13.59%	8.81%	8.51%	8.13%	8.95%	8.17%	8.22%	8.26%	8.30%
Notes payable	3.49%	1.63%	7.90%	9.85%	8.71%	1.58%	1.99%	4.27%	0.16%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Other current liabilities	1.90%	1.22%	1.20%	1.16%	0.84%	1.43%	2.09%	1.24%	1.28%	0.69%	1.27%	1.30%	1.32%	1.35%	1.37%
<b>Total current liabilities</b>	<b>27.74%</b>	<b>30.28%</b>	<b>34.13%</b>	<b>46.64%</b>	<b>42.02%</b>	<b>42.50%</b>	<b>45.60%</b>	<b>42.23%</b>	<b>37.50%</b>	<b>35.42%</b>	<b>35.58%</b>	<b>35.38%</b>	<b>36.00%</b>	<b>36.56%</b>	<b>37.14%</b>
Long-term debt	42.97%	42.61%	48.93%	80.49%	68.93%	62.00%	53.99%	48.10%	49.59%	56.93%	51.99%	52.33%	52.56%	52.79%	53.02%
Deferred income taxes	8.23%	8.45%	11.01%	12.73%	12.04%	11.05%	11.69%	11.68%	10.51%	11.08%	10.34%	10.19%	10.43%	10.64%	10.86%
Other liabilities	9.90%	12.60%	9.75%	8.52%	8.59%	8.77%	7.13%	4.89%	5.67%	6.46%	6.10%	6.23%	6.36%	6.48%	6.60%
Redeemable interest	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%
<b>Total liabilities</b>	<b>93.24%</b>	<b>99.05%</b>	<b>109.65%</b>	<b>153.31%</b>	<b>134.85%</b>	<b>127.41%</b>	<b>121.74%</b>	<b>106.89%</b>	<b>103.27%</b>	<b>109.89%</b>	<b>104.00%</b>	<b>104.13%</b>	<b>105.35%</b>	<b>106.47%</b>	<b>107.63%</b>
Common stock and additional paid-in capital	7.78%	7.56%	7.66%	8.12%	8.67%	8.08%	7.95%	6.63%	6.46%	6.56%	7.27%	7.98%	8.69%	9.40%	10.11%
Retained Earnings	68.01%	76.17%	84.12%	91.86%	88.92%	90.67%	94.17%	97.58%	98.73%	105.61%	109.57%	113.45%	117.61%	122.05%	126.76%
Common stock in treasury (less contra account)	-34.35%	-38.20%	-49.70%	-45.54%	-40.20%	-36.50%	-36.47%	-38.32%	-41.85%	-52.16%	-57.03%	-62.01%	-67.11%	-72.32%	-77.67%
Accumulated other comprehensive income (loss)	-13.11%	-15.77%	-14.37%	-15.43%	-15.57%	-16.53%	-13.40%	-10.37%	-11.33%	-12.69%	-12.69%	-12.69%	-12.69%	-12.69%	-12.69%
<b>Total Stockholders' equity</b>	<b>28.34%</b>	<b>29.77%</b>	<b>27.71%</b>	<b>39.01%</b>	<b>41.83%</b>	<b>45.72%</b>	<b>52.24%</b>	<b>55.51%</b>	<b>52.00%</b>	<b>47.32%</b>	<b>47.13%</b>	<b>46.73%</b>	<b>46.51%</b>	<b>46.44%</b>	<b>46.52%</b>
Noncontrolling interests	2.25%	2.28%	2.29%	2.23%	1.86%	1.65%	1.67%	1.29%	1.25%	1.27%	1.36%	1.44%	1.53%	1.63%	1.72%
<b>Total equity</b>	<b>30.59%</b>	<b>32.04%</b>	<b>30.00%</b>	<b>41.25%</b>	<b>43.69%</b>	<b>47.37%</b>	<b>53.92%</b>	<b>56.80%</b>	<b>53.25%</b>	<b>48.59%</b>	<b>48.49%</b>	<b>48.18%</b>	<b>48.04%</b>	<b>48.06%</b>	<b>48.24%</b>

## Value Driver Estimation

(In millions)

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Net sales	17,630.3	16,563.1	15,619.8	15,740.4	16,865.2	17,626.6	18,127.0	18,992.8	20,094.2	19,857.2	18,730.9	19,133.6	19,534.7	19,905.6	20,285.7
Cost of sales	11,092.8	10,125.5	9,448.4	9,686.0	10,488.3	10,902.0	11,077.4	12,020.3	13,001.8	12,372.4	11,987.8	12,245.5	12,502.2	12,739.6	12,982.9
SG&A expenses	3,328.0	3,118.9	2,888.8	2,850.1	2,935.8	3,151.6	3,079.6	3,147.0	3,500.4	3,259.0	3,146.8	3,214.4	3,281.8	3,344.1	3,408.0
Depreciation & amortization expense	588.3	608.1	603.6	618.8	620.1	594.7	601.3	570.3	546.6	552.7	613.7	625.1	637.1	649.4	662.0
Implied interest on operating leases	-	-	-	-	-	-	16.7	17.3	15.4	15.5	16.3	16.2	16.0	16.2	16.3
EBITA	2,621.2	2,710.6	2,679.0	2,585.5	2,821.0	2,978.3	3,385.4	3,272.5	3,060.8	3,688.6	2,998.9	3,064.7	3,129.6	3,188.6	3,249.1
Income tax expense	586.8	755.2	655.2	57.3	367.8	480.5	629.1	586.3	612.2	594.5	559.3	551.5	564.1	575.5	587.4
+Tax shield on implied interest on operating leases	-	-	-	-	-	-	3.5	3.6	3.2	3.3	3.4	3.4	3.4	3.4	3.4
+Tax shield on divestitures	-	(31.1)	1.4	-	6.3	-	11.2	(40.8)	(93.4)	-	(20.1)	-	-	-	-
+Tax shield for restructuring, impairment, and other exit costs	114.2	31.8	37.9	34.8	57.8	5.1	35.8	(5.6)	11.8	50.7	19.6	19.6	19.6	19.6	19.6
+Tax shield from interest expense	66.2	63.8	62.0	78.5	109.6	98.0	88.3	79.7	80.2	100.6	94.3	93.6	94.0	94.4	94.9
-Tax on benefits plan	-	-	(15.6)	(18.8)	(18.5)	(23.7)	(27.9)	(23.8)	(18.6)	(15.9)	(13.6)	(11.6)	(10.7)	(10.0)	(9.2)
Total adjusted taxes	767.3	819.7	740.8	151.8	523.0	559.9	740.0	599.5	595.5	733.2	642.8	656.4	670.3	683.0	696.0
Change in deferred tax liability	25.3	120.6	183.9	(504.3)	93.5	(29.6)	118.8	62.2	(22.2)	(48.5)	(147.8)	(28.6)	46.5	41.9	43.4
NOPLAT	1,879.2	2,011.5	2,122.1	1,929.4	2,391.5	2,388.8	2,764.2	2,735.2	2,443.1	2,907.0	2,208.3	2,379.7	2,505.8	2,547.5	2,596.5

## Invested Capital (IC):

Cash & cash equivalents	334.2	314.0	296.1	298.4	319.7	334.1	343.6	360.0	380.9	376.4	355.1	362.7	370.3	377.3	384.5
Receivables	1,386.7	1,360.8	1,430.1	1,684.2	1,679.7	1,615.1	1,638.5	1,692.1	1,683.2	1,696.2	1,600.0	1,634.4	1,668.6	1,700.3	1,732.8
Inventories	1,540.9	1,413.7	1,483.6	1,642.2	1,559.3	1,426.3	1,820.5	1,867.3	2,172.0	1,898.2	1,885.6	1,926.1	1,966.5	2,003.8	2,042.1
Prepaid expenses	169.3	177.9	168.9	165.6	189.0	194.5	221.7	213.5	244.4	266.1	229.8	234.7	239.7	244.2	248.9
Other current assets	229.7	203.9	198.7	214.9	292.4	155.8	176.6	268.9	330.8	242.4	228.7	233.6	238.5	243.0	247.6
Accounts payable	1,684.0	2,046.5	2,119.8	2,746.2	2,854.1	3,247.7	3,653.5	3,982.3	4,194.2	3,987.8	3,761.6	3,842.5	3,923.0	3,997.5	4,073.9
Accrued expense	947.2	1,060.6	867.2	941.4	867.4	1,061.1	1,052.7	941.4	961.8	889.1	889.1	889.1	889.1	889.1	889.1
Dividend payable	27.9	23.8	21.5	17.5	19.2	20.7	25.3	24.1	23.1	20.9	19.7	20.1	20.6	21.0	21.4
Grain contracts and miscellaneous	279.3	308.0	296.6	304.1	338.9	299.7	331.2	351.8	349.1	283.7	283.7	283.7	283.7	283.7	283.7
Net Working Capital	722.4	31.4	272.3	(3.9)	(39.5)	(903.4)	(861.8)	(897.8)	(716.9)	(702.2)	(655.1)	(643.9)	(632.8)	(622.6)	(612.1)
Net property plant & equipment	3,783.3	3,743.6	3,687.7	4,047.2	3,787.2	3,580.6	3,606.8	3,393.8	3,636.2	3,863.9	3,935.7	4,010.9	4,088.8	4,167.9	4,248.3
Intangible assets	4,677.0	4,538.6	4,530.4	7,445.1	7,166.8	7,095.8	7,150.6	6,999.9	6,967.6	6,979.9	6,979.9	6,979.9	6,979.9	6,979.9	6,979.9
Operating lease assets	-	-	-	-	-	365.2	378.6	336.8	340.0	366.1	357.3	355.8	351.2	354.1	356.9
Invested Capital	9,182.7	8,313.6	8,490.4	11,488.4	10,914.5	10,138.2	10,274.2	9,832.7	10,226.9	10,507.7	10,617.9	10,702.6	10,787.0	10,879.3	10,973.0

## Free Cash Flow (FCF):

NOPLAT	1,879.2	2,011.5	2,122.1	1,929.4	2,391.5	2,388.8	2,764.2	2,735.2	2,443.1	2,907.0	2,208.3	2,379.7	2,505.8	2,547.5	2,596.5
Change in IC	-	(869.1)	176.8	2,998.0	(573.9)	(776.3)	136.0	(441.5)	394.2	280.8	110.2	84.7	84.4	92.2	93.8
FCF	-	2,880.7	1,945.3	(1,068.6)	2,965.4	3,165.1	2,628.2	3,176.7	2,048.9	2,626.2	2,098.1	2,295.0	2,421.3	2,455.3	2,502.8

## Return on Invested Capital (ROIC):

NOPLAT	1,879.2	2,011.5	2,122.1	1,929.4	2,391.5	2,388.8	2,764.2	2,735.2	2,443.1	2,907.0	2,208.3	2,379.7	2,505.8	2,547.5	2,596.5
Beginning IC	-	9,182.7	8,313.6	8,490.4	11,488.4	10,914.5	10,138.2	10,274.2	9,832.7	10,226.9	10,507.7	10,617.9	10,702.6	10,787.0	10,879.3
ROIC	-	21.91%	25.53%	22.72%	20.82%	21.89%	27.27%	26.62%	24.85%	28.42%	21.02%	22.41%	23.41%	23.62%	23.87%

## Economic Profit (EP):

Beginning IC	-	9,182.7	8,313.6	8,490.4	11,488.4	10,914.5	10,138.2	10,274.2	9,832.7	10,226.9	10,507.7	10,617.9	10,702.6	10,787.0	10,879.3
x (ROIC - WACC)	-5.48%	16.42%	20.04%	17.24%	15.33%	16.40%	21.78%	21.14%	19.36%	22.94%	15.53%	16.93%	17.93%	18.13%	18.38%
EP	-	1,508.1	1,666.3	1,463.9	1,761.6	1,790.4	2,208.3	2,171.9	1,904.0	2,346.2	1,632.2	1,797.6	1,919.0	1,956.1	2,000.0

## General Mills

### Weighted Average Cost of Capital (WACC) Estimation

#### Cost of Equity:

Risk-Free Rate	4.42%
Beta	0.40
Equity Risk Premium	4.61%
<b>Cost of Equity</b>	<b>6.26%</b>

#### ASSUMPTIONS:

10Y Treasury yield as of 04/21/25  
3Y Adj Beta (Close to comps ex. Kraft Heinz)  
Damodaran free cash yield

#### Cost of Debt:

Risk-Free Rate	4.42%
Implied Default Premium	0.37%
Pre-Tax Cost of Debt	4.79%
Marginal Tax Rate	21%
<b>After-Tax Cost of Debt</b>	<b>3.78%</b>

10Y Treasury yield as of 04/21/25

YTM on company's 10-year bond

#### Market Value of Common Equity:

Total Shares Outstanding	558.15
Current Stock Price	\$57.51
<b>MV of Equity</b>	<b>32,098.96</b>

#### MV Weights

68.68%

#### Market Value of Debt:

Short-Term Debt	11.8
Current Portion of LTD	1614.1
Long-Term Debt	11304.2
PV of Operating Leases	1705.1
<b>MV of Total Debt</b>	<b>14,635.20</b>

31.32%

#### Market Value of the Firm

46,734.16

100.00%

Estimated WACC

5.48%



## General Mills

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

#### Key Inputs:

CV Growth of NOPLAT	1.00%
CV Year ROIC	24.35%
WACC	5.48%
Cost of Equity	6.26%

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

Free Cash Flow (FCF)	2098.1	2295.0	2421.3	2455.3	2502.8
Continuing Value (CV)					55543.2
PV of FCF	1989.0	2062.6	2063.1	1983.2	46886.2

Value of Operating Assets: 54984.2

Non-Operating Adjustments

Excess Cash 41.6

Other and Marketable Investments 52.1

(-) Current Portion of Long Term Debt 1614.1

(-) Notes Payable 11.8

(-) Long Term Debt 11304.2

(-) Leases 385.0

(-) Other Liabilities 1283.5

(-) ESOP 0.1

(-) Non Controlling Interests 251.8

Value of Equity 40227.3

Shares Outstanding 558.1

Intrinsic Value of Last FYE \$ 72.07

Implied Price as of Today \$ 73.60

#### EP Model:

Economic Profit (EP)	1632.2	1797.6	1919.0	1956.1	2000.0
Continuing Value (CV)					44663.9
PV of EP	1547.3	1615.6	1635.0	1580.0	37692.5

Total PV of EP 44070.4

Invested Capital (last FYE) 10973.0

Value of Operating Assets: 55043.4

Non-Operating Adjustments

Excess Cash 41.6

Other and Marketable Investments 52.1

(-) Current Portion of Long Term Debt 1614.1

(-) Notes Payable 11.8

(-) Long Term Debt 11304.2

(-) Leases 385.0

(-) Other Liabilities 1283.5

(-) ESOP 0.1

(-) Non Controlling Interests 251.8

Value of Equity 40286.6

Shares Outstanding 558.1

Intrinsic Value of Last FYE \$ 72.18

Implied Price as of Today \$ 73.71

## General Mills

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

<i>Fiscal Years Ending</i>	2025E	2026E	2027E	2028E	2029E
EPS	\$ 3.84	\$ 3.89	\$ 4.09	\$ 4.29	\$ 4.50

### **Key Assumptions**

CV growth of EPS	0.50%
CV Year ROE	23.61%
Cost of Equity	6.26%

### **Future Cash Flows**

P/E Multiple (CV Year)					17.00
EPS (CV Year)					\$ 4.50
Future Stock Price					\$ 76.56
Dividends Per Share	2.41	2.46	2.50	2.55	
Discounted Cash Flows	2.27	2.17	2.09	2.00	60.05

Intrinsic Value as of Last FYE	\$ 68.59
<b>Implied Price as of Today</b>	<b>\$ 70.04</b>

## General Mills

### Relative Valuation Models

Ticker	Company	Price	EPS		P/E		EV/		
			2025E	2026E	25	26	SALES	EBITDA	EBIT
SJM	J.M. Smucker	\$118.45	\$10.34	\$10.64	11.46	11.13	2.20	9.11	11.96
MDLZ	Mondelez International	\$66.13	\$2.90	\$3.23	22.81	20.46	2.60	14.87	18.68
CPB	Campbell's Co	\$38.79	\$2.91	\$3.01	13.33	12.90	2.20	12.29	16.13
HRL	Hormel Foods	\$29.82	\$1.56	\$1.75	19.07	17.06	6.13	14.60	18.41
HSY	Hershey	\$161.95	\$6.14	\$6.58	26.36	24.60	3.45	12.98	15.13
KHC	Kraft Heinz	\$28.72	\$2.59	\$2.71	11.08	10.58	2.17	10.70	8.92
Average					17.35	16.12	3.13	12.43	16.06
GIS	General Mills	\$57.51	3.84	3.89	15.0	14.8	2.45	13.18	11.47

### Implied Relative Value:

P/E (EPS25)	\$ 66.55
P/E (EPS26)	\$ 62.70
EV/SALES	\$ 85.71
EV/EBITDA	\$ 57.85
EV/EBIT	\$ 66.34

# General Mills

## Key Management Ratios

Fiscal Years Ending May 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
<b>Liquidity Ratios:</b>															
Current ratio = current assets/current liabilities	0.75	0.79	0.76	0.56	0.59	0.68	0.70	0.63	0.69	0.65	0.70	0.68	0.69	0.69	0.70
Quick ratio = (current assets-inv) / current liabilities	0.69	0.63	0.62	0.51	0.53	0.46	0.51	0.56	0.61	0.59	0.57	0.58	0.58	0.59	0.59
Cash ratio = cash and cash equivalents / current liabilities	0.07	0.15	0.14	0.05	0.06	0.22	0.18	0.07	0.08	0.06	0.13	0.10	0.10	0.11	0.12
<b>Asset-Management Ratios:</b>															
Inventory turnover = cogs / avg inventory	7.16	6.85	6.52	6.20	6.55	7.30	6.82	6.52	6.44	6.08	6.34	6.43	6.42	6.42	6.42
Total asset turnover = sales / avg total assets	0.78	0.76	0.72	0.60	0.56	0.58	0.58	0.60	0.64	0.63	0.61	0.63	0.64	0.65	0.66
Days inventory outstanding = average inventory*365 / cog	51.01	53.59	58.78	60.32	54.27	49.98	55.68	52.03	52.38	51.00	52.45	51.95	51.47	51.04	50.63
<b>Financial Leverage Ratios:</b>															
Debt to equity ratio = total debt / total equity	1.84	1.71	2.19	2.58	2.05	1.68	1.33	1.10	1.12	1.38	1.29	1.30	1.31	1.32	1.32
Debt to assets ratio = total debt / total assets	42.1%	38.8%	43.5%	51.7%	48.1%	43.9%	39.6%	37.4%	37.2%	41.1%	40.0%	39.8%	39.7%	39.5%	39.4%
Interest coverage ratio = ebit / interest expense	6.59	8.91	8.44	6.48	4.82	6.33	7.48	9.16	8.99	7.16	6.65	6.63	6.75	6.85	6.95
<b>Profitability Ratios:</b>															
Return on equity = net income / beginning total shareho	18.7%	24.4%	34.4%	38.3%	34.7%	24.8%	27.1%	24.7%	25.7%	24.8%	26.6%	22.6%	22.5%	23.1%	23.6%
Gross profit margin = (revenue - cogs) / revenue	37.1%	38.9%	39.5%	38.5%	37.8%	38.2%	38.9%	36.7%	35.3%	37.7%	36.0%	36.0%	36.0%	36.0%	36.0%
Return on assets = net income / total assets	5.6%	7.8%	7.6%	7.0%	5.8%	7.1%	7.3%	8.7%	8.2%	7.9%	7.0%	6.9%	7.0%	7.1%	7.2%
<b>Payout Policy Ratios:</b>															
Dividend payout ratio = dividend / EPS	0.83	0.63	0.68	0.53	0.67	0.55	0.53	0.46	0.50	0.54	0.63	0.63	0.61	0.60	0.58
Dividend yield = divs per share / stock price	3.1%	3.2%	3.1%	3.3%	4.9%	3.6%	3.6%	2.9%	2.5%	3.7%	4.2%	4.2%	4.2%	4.1%	4.1%
Retention ratio = 1 - dividend payout ratio	0.17	0.37	0.32	0.47	0.33	0.45	0.47	0.54	0.50	0.46	0.37	0.37	0.39	0.40	0.42
Stock price	\$53.03	\$55.33	\$61.47	\$59.11	\$39.82	\$53.85	\$56.40	\$69.90	\$85.96	\$63.15	\$57.51	\$58.87	\$60.26	\$61.68	\$63.13