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CFA Institute Research Challenge

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University of Minnesota Duluth Student Research

Date: 1/19/2023 **Ticker:** NYSE: GIS **Current Price:** \$78.00
Subject Company: General Mills, Inc. **Sector:** Consumer Staples **Target Price:** \$ 101
Recommendation: **BUY** **Industry:** Food-Major Diversified **Upside:** 29%

Units in USD millions, except per share	
Market Data	
52 wk High/Low	88.34 / 61.67
Market Cap.	48,266
Shares Outstanding	611
Levered Beta	0.24
Float	99.69%
Inst. Ownership	77.1%
Price/Earnings (NTM)	\$4.42
Key Financials (5-Year Average)	
Gross Margin	34.5%
Operating Margin	17.3%
EBITDA Margin	21.1%
Net Margin	12.7%
ROA	7.3%
ROE	30.0%
Effective Tax Rate	20.2%
Div. Per Share	\$ 1.99
Inventory Turn	6.5x
Current Metrics	
Diluted EPS (LTM)	\$4.79
Enterprise Value	57,389
EBITDA(LTM)	3,743
EV/EBITDA	18.69x
DCF Summary	
TEV Using DCF	72,694
Plus: Excess Cash	644
Less: Total Debt	12,873
Equity Value	60,465
/ Diluted Shares	611
Implied DCF Price	\$ 99.00
Dividend Yield	2.25%
Annual Dividends/Share	\$ 2.23
1-YR PT (Rounded)	\$ 101

BRIEF OVERVIEW

General Mills, Inc. (“General Mills”, “GIS”, “the Company”, or “the Business”) is a global leader in the packaged foods industry, specializing in the manufacturing and marketing of products from 100+ companies.

INVESTMENT SUMMARY

We initiate a **BUY** recommendation for GIS with a 12-month target price of \$101 representing approximately 29% upside from its current price levels. Our recommendation is principally based off a Discounted Cash Flow (DCF) analysis contemporaneous with GIS’ three near-term catalysts. Additionally, we complemented the DCF analysis with a Price-to-Earnings (P/E) multiple of 22.1x supported through a peer comp analysis, further supporting our valuation and conviction. Our recommendation is supported by three primary catalyst: (1) GIS’ Strength of Brands – we believe GIS possesses an extraordinarily strong competitive advantage through its brand recognition and pricing power advantages leading to shareholder returns. (2) Anticipated hyper growth in its Pet segment business –we expect the segment to continue to deliver double digit growth. (3) Consumer spending on At-Home Foods – consumer preferences for at-home food items since the COVID-19 pandemic remains popular among consumers

General Mills’ House of Leading Brands

GIS is recognized for its well-known and loved brands and currently owns nine \$1+ billion brands that have fueled the company’s growth. GIS has consistently grown its business through tactful Research & Development (R&D) spending, awareness of consumer trends, and applying a disciplined strategic acquisition strategy to add better choices and value to its consumers. The Company’s powerful brand recognition is key to its ability to operate within the packaged foods industry. GIS has many of the world’s best well-known brands such as Cheerios, Pillsbury, Nature Valley, Betty Crocker, and Blue Buffalo. GIS will not only continue to dominate market share, but will expand as the Company continues to strategically grow its key brands. GIS has maintained remarkably strong brand recognition over the years, and by serving as the true backbone of the Company’s operation, it will continue to drive shareholder value.

Erupting Growth within the Pet Segment

GIS’ strategic acquisition of Blue Buffalo in 2018 has generated healthy top and bottom-line growth, pleasing shareholders. Management expects the segment to continue to deliver high growth for the foreseeable future. Mirroring the Company’s strategic scheme of building well-known brands, Blue Buffalo is a well-known brand among consumers, further increasing its competitive edge within the pet industry. In the last five years, GIS has grown revenue within the segment by 22% on a Compounded Annual Growth Rate (CAGR). GIS recently added to its line up in the Pet segment through its recent acquisition of Tyson Foods’ Pet Treats, which will further complement its presence in the segment. Currently, GIS’ pet segment depends heavily on dog food, however we forecast the Company to expand into other companion pet foods and accessories. Going forward, we are convinced that this segment will be the primary growth driver for the Company.

Consumer Strength for At-Home Foods

Consumer-spending habits have materially changed over the past three years since the beginning of the COVID-19 pandemic. As work from home policies were implemented during the pandemic, people who would normally buy food at work started making their meals at home. We predict these trends to continue going forward in 2023, not only because a lot of workers are still working from home or using a hybrid option, but also because of the current monetary policy that the global economy is adjusting to. General Mills is positioned well for this environment and we expect consumer demand for its products to remain strong as consumers choose to prepare more meals at home. With a wide variety of food choices consumers have under the General Mills umbrella, we foresee consumers to continue to purchase many of these staple brands for the Next Twelve Months (NTM).



BUSINESS DESCRIPTION

Headquartered in Minneapolis, Minnesota, General Mills offers a variety of human and pet food products for consumers around the world. The company has more than 100 brands in 100 countries across six continents. GIS has 35,000+ employees across business functions such as manufacturing, R&D, marketing, and others. The Company operates through four segments: North America Retail, International, Pet, and North America Foodservice. GIS focuses on various large, global categories, such as snacks, including grain, fruit and savory snacks, nutrition bars, and ready-to-eat cereal; wholesome natural pet food; and super-premium ice cream.

History

Founded in Minneapolis in 1928, General Mills can trace its beginnings to Cadwallader Washburn who, in 1866, formed the Minneapolis Milling Company along the banks of the Mississippi River. In 1928, James Ford Bell led the creation of General Mills through the merger of Washburn Crosby and several other large mills. This consolidation was well timed as it gave the newly formed Company the strength it needed to survive the Great Depression. Since 1928, General Mills has become the largest flour-milling Company in the world. Ready-to-eat cereals have become the staple of the Company and its success in the food marketplace. General Mills has since acquired many companies, which has allowed the Company to successfully grow its business, manufacture and market across the globe, and has continued to have strong relationships with major customers, such as Walmart, that accounts for 20% of its total revenue (Figure 4).

Business Segments

General Mills operates in four distinct business segments – North America Retail, Europe and Australia, North American Convenience Stores and Foodservices, and Pet.

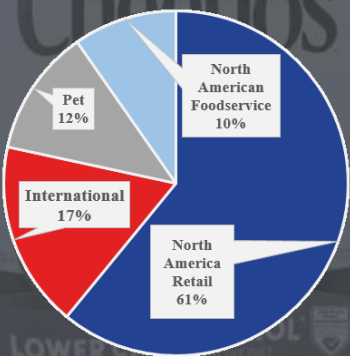
North America Retail: The North American Retail segment consists of processed food items for grocery stores, mass merchandisers, membership stores, natural food chains, drug stores, discount chains and e-commerce grocery providers. North American Retail generated over 59.9% (LTM) of the company’s revenue accounting for an astonishing \$11,572 Million in FY2022. North American Retail produces a wide variety of products including ready-to-eat cereal, yogurt, soup, meal kits, dough products, baking mixes, frozen pizza, snack bars, and fruit snacks. Revenue within the segment had a historic 5-year CAGR of +2.6% from FY2018 to FY2023. North America Retail segment has been General Mills’ most consistent segment in terms of growth, with an average 10-year growth rate of +1.1%. Breaking down the segment even further, there are four operating units including US Meals & Baking Solutions (\$4,024 Million in revenue in FY2022), US Morning Foods (\$3,371 Million in revenue in FY2022), US Snacks (\$3,191.4 Million in revenue in FY2022), and Canada (\$953 Million in revenue in FY2022). General Mills generated \$2.7B in Operating Profit within the North America Retail segment, which consisted of 77.7% of Operating Profit leading to an Operating Margin of 14.2% for the segment in FY2022.

International: The International Segment consists of retail and foodservice activities outside of North America. Products in this segment include premium ice cream and frozen dessert, meal snacks, snack bars, dessert and baking mixes, and shelf stable vegetables. The International segment generated 17.5% of the company’s total revenue accounting for \$3,316 Million in FY2022. More recently, international revenues have declined due to foreign-exchange headwinds, an ice-cream recall, and business divestitures leading to a -9.3% YoY growth from FY2021 to FY2022. General Mills accumulated \$232 Million in Operating Profit within the International Segment in FY2022, which was 6.7% of total Operating Profit for the year. We anticipate growth within this segment to lag other segments in FY2023 but to return to growth in FY2026 and beyond.

North American Foodservice: The North American Foodservice segment consists of ready-to-eat cereals, snacks, yogurt, frozen meals, unbaked and fully baked frozen dough products, and baking mixes. North American Foodservice accounted for 9.7% of the company’s total revenue generating \$1,846 Million in FY2022, an increase of +5.9% from FY2021. Operating Profit within the segment grew from \$203 Million to \$256 Million from FY2021 to FY2022, contributing to 7.6% of total Operating Profit for the year. We are very optimistic on this segment next year and believe there is the potential 8.0% growth in FY2023 as more people choose to eat At-Home due to the current economic challenges related to rising interest rates. General Mills recently finalized its acquisition of TNT Crust in 4Q2022, which we fully expect will drive revenue growth within the segment moving forward. General Mills purchased the business for \$253 Million, financing the deal through US commercial paper and recorded goodwill of \$154.3 Million. General Mills management team is very confident that TNT Crust will contribute to sales growth within the segment as TNT Crust has boasted a double compound annual growth rate over the past four years leading to sales of \$100 Million in CY2021.

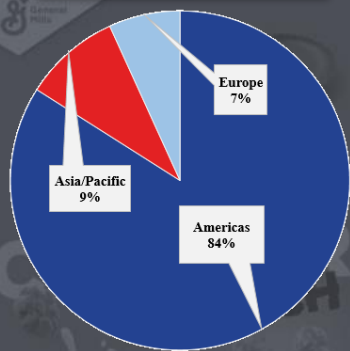
Pet: General Mills’ Pet segment consists of pet food and treats sold in the United States through specialty channels, national pet superstores, regional pet stores, neighborhood pet stores, farm and feed stores, e-commerce retailers, veterinary clinics, and grocery and mass merchandisers. The Pet segment is the fastest growing segment and accounts for 11.9% of total Company revenue generating \$2,259 Million in FY2022, a 30.4% increase from FY2021. We fully expect that this will continue to be the company’s fastest growing segment and a key driver of revenue, profit and cash flow growth going forward. The strategic acquisitions of Blue Buffalo and Tyson Foods’ Pet Treats business has established a solid base for General Mills Pet Segment. General Mills acquired Tyson Foods’ Pet Treats Business in FY2022 for USD \$1.2 billion in cash. Management believes the business is a “wonderful compliment” to the Blue Buffalo business and feel optimistic on the growth potential the business has moving forward. At the time of the acquisition of Blue Buffalo, the Wholesome Natural Pet Food category was the fastest growing portion of the \$30 billion pet food market in the United States. We are going to continue to see this pattern as more and more consumers are holding off on having children. For some consumers, pet ownership is an alternative option to parenthood. The so-called “Pet parents” often purchase high-value pet foods, such as Blue Buffalo, that have all-natural or organic ingredients. Pet Segment volume grew 8% in FY2022 partially due to the Tyson Foods’ Pet Treats business leading to

Figure 1: Sales by Segment FY22



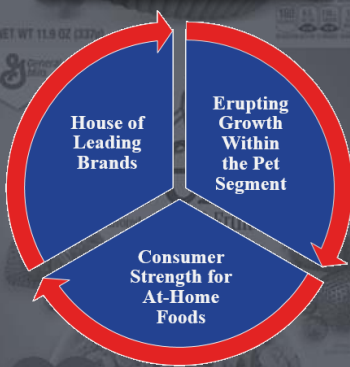
Source: FactSet

Figure 2: Revenue by Geography FY22



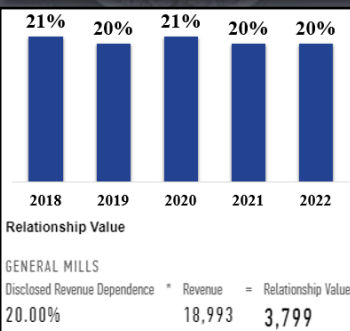
Source: FactSet

Figure 3: Investment Thesis



Source: Team Analysis

Figure 4: Revenue Dependence of Walmart



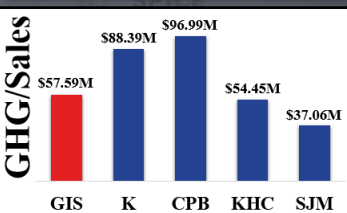
Source: FactSet

Figure 5: Relative ESG



Source: Team Analysis

Figure 6: GHG Emissions to Sales



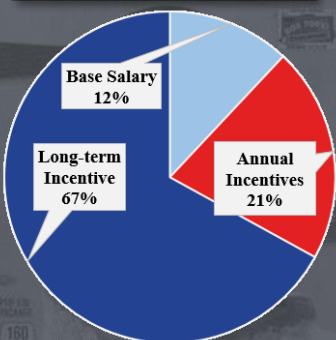
Source: Bloomberg

Figure 7: Company Awards & Recognition



Source: GIS CR Report 2022

Figure 8: CEO Compensation



Source: FactSet

an operating profit of \$471 million for the segment, which was 13.6% of total operating profit for FY2022. Even though the Pet Segment was established in 2018 with the Blue Buffalo segment, General Mills has been able to achieve a 4-year CAGR of 27.8% within the segment. Pet Segment revenues as a percentage of total revenue has expanded from 5.4% to 11.9% from FY2018 to FY2022.

ENVIRONMENTAL, SOCIAL, GOVERNANCE

General Mills has delivered positive results in the area of ESG compared to its peers, as seen in [Appendix 11](#). We believe the Company has room for improvement but is comfortable with the company's overall ESG ranking in comparison to its peers. We fully expect to see the Company improve its ESG standards in several key areas over the next few years and pioneer the industry.

Environmental

One of GIS' main ESG strengths is its Environmental Supply Chain Management process due to (1) the transparency of GMOs in products, (2) the company's goal of increasing reusable and recyclable packaging, and (3) the company's goal of sourcing more of its main ingredients from responsible and sustainable suppliers. In FY2022, GIS revised its Palm Oil Policy and clarified expectations from suppliers including, but not limited to, no burning for new plantations or replanting, progressive reductions of greenhouse gas emissions, and measures to ensure inclusion of smallholders in the supply chain. As a part of these expectations, 90% of the supplier volumes were covered by a public "No Deforestation, No Peat, and No Exploitation (NDPE) policy" in FY2021. GIS is also actively leading initiatives for a "deforestation-free" supply chain and better future for the environment through its founding membership of the CGF Forest Positive Coalition of Action. This initiative requires member companies to work together for a forest positive future.

We have also found GIS to be successful in its water management processes. The Company acknowledges that over 700 million people are without access to clean drinking water and have established goals to reduce water usage in CY2006. According to General Mills, agricultural activities account for over 69% of total water use globally. Food companies, such as GIS, that rely on agriculture inputs are committed to advancing water stewardship to reduce water usage in food production facilities. GIS has chosen to rely on regenerative agriculture, one of its main commitments for the environment, to improve water quality and quantity in the communities of its suppliers.

While GIS is above the median in energy management compared to industry peers, we believe there is room for improvement, specifically in its renewable energy adoption. Currently, GIS sources a very low amount of energy from renewable energy sources, however, the Company has committed to using 100% renewable electricity by 2030. This is a goal we think is very attainable. In addition, we believe GIS is better positioned in its GHG Emissions/Sales in comparison to its competitors (Figure 6) but feel that the Company can further reduce its GHG emissions.

Social

GIS is proud to use philanthropy as an added lever to advance racial equity through its support for food banks, anti-hunger, and racial justice organizations. The Company also has mentorship programs in place that connect GIS employees with students in the communities in which it operates.

We find that the Company is exceeding in the customer welfare category due to the transparency with customers when encountering issues that may affect the health and security of its customers. GIS works together with its customers, such as Walmart, to get any new developments out to consumers as soon as possible and to facilitate product recalls. In addition, we found that GIS has an impressive record of responsible and high standard marketing practices by ensuring that messages reach all intended audiences and are inclusive and respectful. In November of 2022, the Company paused ads on Twitter due to an increased concern about content moderation and uncertainty in top management.

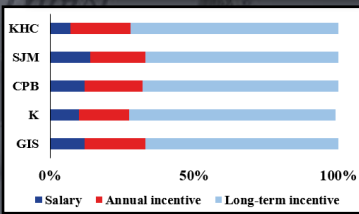
Occupational Health and Safety Management is another area in which we feel that GIS excels. There are several systems in place to ensure the health and safety of the employees such as a leading safety system that is used to communicate issues, track progress, and refine process with safety at work and an environmental and Safety Management System used to ensure the correct tracking and implementation of protocols and measures. GIS is also attacking the root of safety issues, a lack of proper education, by introducing interactive training modules that will properly educate employees on risks in the workplace.

Governance

In our ESG analysis, we uncovered GIS' ISS score of C+, which is slightly above average and industry leading. GIS' ISS score is positively driven by its executive management and compensation, its Board of Directors, and its shareholder structure. To further analyze GIS' leadership, a corporate governance test was performed ([Appendix 9](#)) [Executive Management](#). The twelve individuals comprising General Mills' executive team have extensive experience with the Company with an average tenure of 20.9 years, and educational backgrounds relevant to assigned fields ([Appendix 7](#)). GIS' executive management team has adequate diversity as five out of twelve (41.7%) executives are females, and the remaining seven members (58.3%) are men. Out of the twelve members, only two (16.7%) are ethnically diverse, a number we think could be improved.

Compensation. The compensation for executive officers at General Mills is determined by the Board of Director's Compensation Committee. We are under the impression that the committee has done a great job establishing, monitoring, and disclosing the company's compensation structure. General Mills has clearly defined their Compensation Philosophy through three core principles: Compensation design that supports the business strategy, performance-based pay, and competitive compensation opportunities. Jeffrey Harmening's compensation package is similar to those of other CEOs in the industry (Figure 9) and consists of a 12.0% base salary (paid in cash), a 21.0% cash-based annual incentive, and 67.0% long-term incentives of which 50.0% are performance share units, 25.0% are

Figure 9: Peer CEO Compensation



Source: FY2022 Proxy Statement

stock options, and 25.0% restricted stock units (Figure 8). Harmening’s compensation is 88% performance-based, while other named executive officers’ compensation is 78% performance-based.

Board of Directors. General Mills’ Board of Directors consists of twelve directors from diverse backgrounds and experiences. With the addition of Ms. Kim Goodwin to the board in FY2022, females represent 50.0% of the BoD. We found an area of concern to be the lack of separation of the CEO and Chairman Positions as both positions are held by Jeff Harmening. 91.7% of the board is independent (Appendix 8) and all independent directors serve on at least one of the five committees (Appendix 10). All twelve directors hold shares in the company, which means that they have skin in the game and should be inclined to act in the best interest of shareholders.

Shareholders. General Mills has a diversified base of global shareholders based in the United States and other countries around the world. The top institutional investor, Capital Group Companies Inc., has an established a process to integrate ESG into its research and is known to have dialogues with the Company about ESG risks. With 86.11% of shareholder ownership under institutional control, we believe this helps provide better oversight of company activities for shareholders.

INDUSTRY OVERVIEW

The Consumer-Packaged Goods industry consists of companies that manufacture and sell products for everyday use. Technological trends are a powerful force across the industry. More specifically, the food-processing category includes the transformation of food items into a form used by end consumers. Marketing, advertising, and brand differentiation are key considerations for companies in the industry. Many food-processing companies face strong competition and the risk of substitute goods. Competition on price and quality is often fierce, so brand identification and differentiation are critical to performance. Consumer staple items are non-cyclical, meaning demand is somewhat unrelated to economic conditions. Main industry competitors include Post Holdings (POST), Kellogg (K), Kraft Heinz (KHC), Hershey (HSY), Mondelez (MDLZ), Campbell Soup Company (CPB), Conagra Brands (CAG), J.M Smucker (SJM) and PepsiCo (PEP). The Food Processing market generated USD \$105.1 Billion in Revenue in CY2022 and is expected to generate USD \$140.2 Billion in Revenue by CY2029, implying a CAGR of 4.2% over the period. Robust investments in food processing and rising demand for convenience products are expected to be strong drivers for the market. The Consumer-Packaged Goods (CPG) market was estimated to be valued at \$20 billion in CY2021 and is projected to reach \$25 billion by CY2030, growing at a CAGR of 2.9% from CY2022 to CY2030.

Key Drivers & Success Factors

We believe that strong industry growth feeds from industry drivers including product innovation, product quality, pricing, and brand loyalty. The Packaged Goods industry has continued to see strong demand for products at a relatively constant level regardless of price. The Food Processing industry has seen intense levels of competition due to technology advancements leading to product innovation. Companies must continue to keep up with technology advancements to use to their advantage when innovating products, as consumer preferences have made a large impact in the 2000s. As the Total Addressable Market (TAM) overflows with more increase in competition companies’ look towards bringing in new sources of revenue. This has led many companies to engage in acquisitions to boost revenue growth and source product diversification and innovation and to maintain the competitive positioning within the industry.

Headwinds and Tailwinds

In addition to the items below, factors affecting the industry include technology advances, increasing competition, global population, and E-commerce growth.

Rising Costs. Market share critically depends on pricing power as factors such as rising commodity prices, transportation costs, and labor costs apply pressure on overall profitability. Current geopolitical conflicts between Ukraine and Russia have disrupted commodity prices. In 2019, Russia and Ukraine together exported 25.4 percent of the world’s wheat, according to the Observatory of Economic Complexity (OEC) [Figure 13] Shopper cost sensitivity amid elevated inflation is leading Consumer Packed Goods (CPG) manufacturers and retailers to keep a tighter rein on pricing. Higher commodity prices affect macroeconomic conditions in a variety of channels starting with inflation. Some commodity prices (wheat and oil) are closely linked to the prices of consumption goods (bread and gasoline), as other commodity prices, like metals, are key production inputs. The second channel is through changed patterns. As commodity prices rise, firms tend to substitute away from expensive inputs towards other productions inputs. These effects can be larger if higher commodity prices result from a reduction in commodity supply.

Regulations. The food industry is subject to a variety of regulations, including those related to food safety, labeling, and marketing. These regulations can create compliance costs and other challenges for companies. General Mills must infuse safety practices in all areas of operations in order to stay subject to regulations and implements safety practices in systems, governance, suppliers, and recalls. It is important to act fast on recalls in order to keep customers safe as well as General Mills reputation.

Consumer Preferences. Consumers are increasingly seeking out convenience, variety, and healthier options in food choices and companies able to meet these preferences stand to benefit from a boost in demand. U.S. consumers are starting to notice higher prices when they shop and they are not optimistic about their financial well-being. After consumer confidence hit a new peak in 2021 since the start of the COVID-19 pandemic, it has steadily declined since then. We are convicted that this is going to continue and be reflected in consumer spending habits. General Mills has been able to focus on the need to sharpen their brands’ value propositions and invest in innovation to maintain brand loyalty.

Figure 10: Top 10 Institutional Holders

Institutional Holder	% of Shares Held
Capital Group Cos Inc.	12.34%
The Vanguard Group Inc.	8.70%
BlackRock Fund Advisors	8.66%
State Street Corp.	5.68%
Geode Capital Management LLC	1.91%
Charles Schwab Investment Management, Inc.	1.51%
Bank of America Corp.	1.30%
Northern Trust Investments, Inc.	1.29%
UBS AG	1.10%
Nordea Bank Abp	0.96%
% Held by Top 10 Institutional Holders	43.45%

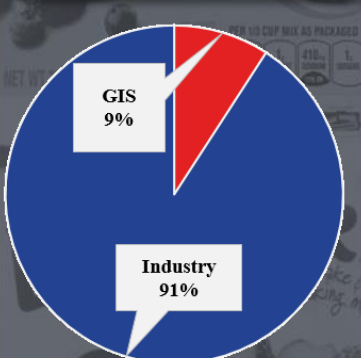
Source: Cap IQ Pro

Figure 11: Food Processing Market CAGR



Source: FactSet

Figure 12: Snack Production Market Share



Source: FactSet

COMPETITIVE POSITIONING

North American Retail (69.9%) and Pet (11.5%) are the most competitive segments for General Mills. Principal competitors include food manufacturers and food retailers carrying branded and private label products. General Mills competes with regional brands in generic and private label items normally at a discounted price. Competition in product categories is based on pricing, product innovation, and quality. Private label brands continue to grow in popularity as Europe and North America both see an increase in development. In this industry, it accounts for \$1 of every \$3 spent in the consumer packaged goods (CPG) market. Companies within this industry must use data and digital technologies to tailor experiences, services, products, and promotions to the individual and shift from maximizing supply chains to personalizing demand chains.

Kellogg Company (K-US)

Headquartered in Battle Creek, Michigan, Kellogg is a world leader in the manufacturing, marketing, and distribution of ready-to-eat cereal and convenience foods with a market cap of \$24.0 Billion. Kellogg operates through four key business segments: (1) Snacks (48%), (2) Cereal (36%), (3) Noodles & Other (8%), and (4) Frozen (8%).

Analysis: We discovered the company generated \$14,903 Million for 2022 LTM, an increase of 5% from FY2021 and has generated a 5-year average revenue growth rate of 1.7%. Operating and Net Margins were slightly below the industry averages of 12.0% and 9.0% respectively with sales growth in-line with the industry average of 2.0% (Figure 14). Kellogg's largest operating segment is the snacks business, which accounted for 48.0% of total revenue, or \$6,807 million, in FY2021. One area that we find Kellogg lagging behind General Mills is the Operating Margin comparison. As stated earlier on a five-year basis, Kellogg has generated an average Operating Margin of 12% compared to General Mills' of 17%. Although Kellogg will be a direct competitor within the Cereal segment, we believe that General Mills will not be faced with competition from Kellogg outside of the cereal segment due to GIS' larger stake in other business segments that Kellogg has not been able to breach yet.

Kraft Heinz Company (KHC-US)

Kraft is a North American market leader in the manufacturing and marketing of packaged food and beverage products and operates through four key business segments: (1) Condiments & Sauces (28%), (2) Cheese & Dairy (19%), (3) Ambient Foods (11%), and (4) Other (42%). Kraft controls roughly 39.0% of market share within the industry and has a Market-Cap of USD \$48 Billion. We view Kraft as a direct competitor of General Mills in the United States manufactured food products segment.

Analysis: In our analysis of Kraft, we determined that this company has generated less attractive revenue growth the past 5 years delivering a (0.3%) annual growth rate over the period. Kraft has been able to maintain respectable operating margins of 21.0% on a 5-year average, 4.0% higher than the industry average (Figure 15). As the second largest company in the industry based on market share, we feel Kraft is formidable competitor to General Mills, but believe General Mills is set up better to deliver more attractive growth within its business segments compared to Kraft. Kraft is valued at 11.52x EV/EBITDA, lower than the industry's current average of 14.87x, as they normally trade at a discount compared to the industry. Thus, we believe the value that Kraft will bring is accurately reflected within the company's current share price. We believe that although Kraft and General Mills directly compete through brand recognition, we do not believe that Kraft will impose a threat to market share due to General Mills strategic branding model.

J.M. Smucker Company (SJM-US)

Smucker is one of the leading companies in Retail Pet Foods, accounting for over 34.0% of total revenue in the Pet Food industry for FY2022. We believe that J.M Smucker is a direct competitor in two of its business segments: (1) U.S Retail Consumer Foods (21%) and (2) U.S Retail Pet Foods (35%).

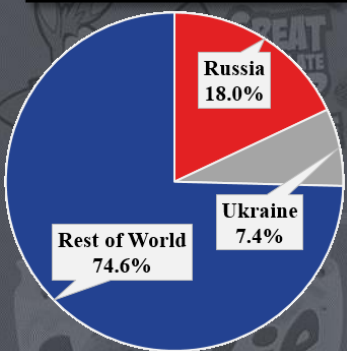
Analysis: We included Smucker into our peer comparison due to its large presence in the Retail Pet Food segment. In our analysis of Smucker, we found that this Company generated \$7,999 Million in revenue for FY2022 with a 5-year CAGR of 2.0% in line with the industry average. (Figure 16) The Retail Pet food Segment is the newest segment for Smucker and currently its largest segment. Smucker began its fast approach into the Pet Food category in 2015, when it acquired Big Heart Pet Brands for \$6 billion. In 2018, Smucker acquired Ainsworth Pet Nutrition for 1.9B, allowing Smucker's pet segment to grow by +33% from 2018 to 2019. This segment operates through eight business categories: (1) Rachael Ray Nutrish, (2) Meow Mix, (3) Milk-bone, (4) Natural Balance, (5) Kibbles 'n Bits, (6) 9Lives, (7) Nature's Recipe, and (8) Pup-peroni branded products. The revenue growth within the Retail Pet food segment generated \$2,764 million in FY2022 with a 5-year CAGR of 6.0%. Smucker has been able to dominate within the Pet segment due to the vast majority of acquisitions made over the past several years with Ainsworth Pet Nutrition being one of the most successful acquisitions. We believe that General Mills will begin to gain market share from Smucker in the Pet segment due to the consumer preference in all natural food that Blue Buffalo has to offer.

Campbell Soup Company (CPB-US)

Campbell Soup is a manufacturing and marketing company operating through two business segments: (1) Meals and Beverages (54%) and (2) Snacks (46%). The Meals and Beverage segment includes soup, meals, and beverage products in retail and foodservice. We believe CPB is a competitor to GIS in both business segments, specifically in its ready-to-eat convenience Snacks segment.

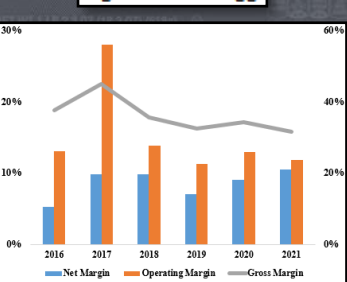
Analysis: In our analysis, we found that CPB generated \$8,562 Million in revenue for FY2022 generating a 5-year CAGR of 2.0%. Net and Operating Margins have lagged the industry average at 7.0% and 15.0% (Figure 17). Sales growth has been in line with the industry's 5-year average of 2.0%. We found in our analysis that Campbell EPS YoY growth was (23.7%) compared to General Mills EPS YoY growth of 16.9%. Campbell is valued at 14.1x EV/EBITDA, which is lower than the industry's current average of 14.87x, as they normally trade at a discount compared to the industry. Thus, we believe the value that Campbell will bring is accurately reflected within the

Figure 13: Exporters of Wheat



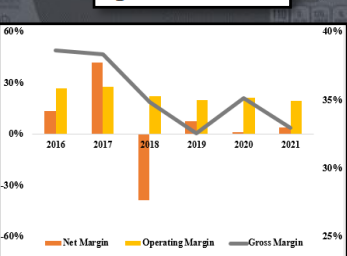
Source: Observatory of Economic Complexity

Figure 14: Kellogg



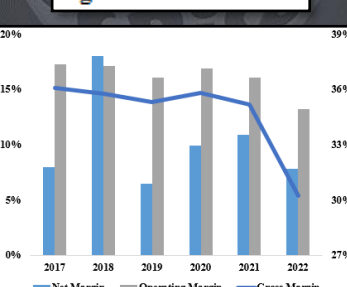
Source: FactSet

Figure 15: Kraft Heinz



Source: FactSet

Figure 16: J.M. Smucker



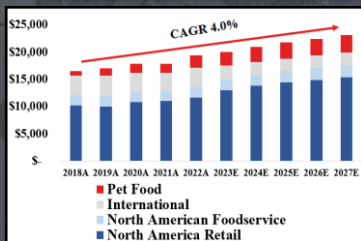
Source: FactSet

Figure 17: Campbell Soup



Source: FactSet

Figure 18: Revenue Projections



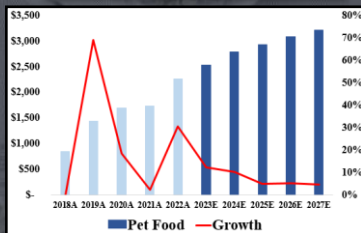
Source: FactSet

Figure 19: NAR Revenue Growth



Source: FactSet

Figure 20: Pet Revenue Growth



Source: FactSet

company's current share price. We do not see enough growth within CPB to compete with the growth that General Mills has been able to maintain the last few years and years to come.

FINANCIAL ANALYSIS

North America Retail & Pet Segments to Invigorate General Mills Revenue Growth

General Mills has reshaped its house of brands over the past five years through its “Accelerate Strategy”, which looks to positively boost company growth by building a house of brands through strategic acquisitions. The Company is optimistic this will lead to increased innovation, unleashing scale and a force for good. Recent key acquisitions including Blue Buffalo, TNT Crust, and Tyson Foods’ Pet Treat business have helped the Company grow revenues at a 5-year CAGR of +4.0%, which is more than double of the 10-year CAGR of +1.3% from FY2013 to FY2022. Next year, we anticipate revenue growth of +5.3% and believe the Company is set up to deliver a CAGR +4.0% through FY2027 (Figure 18). Our revenue growth assumptions are supported by the (3) At Home Food Consumption and (2) Pet Segment catalysts previously listed and an increase in price and volume mix.

General Mills - Key Financials											
	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY	2025 FY	2026 FY	2027 FY	Trend Line

Revenue	15,740	16,865	17,627	18,127	18,993	19,998	20,879	21,680	22,387	23,057	
Operating Profit	2,420	2,516	2,954	3,145	3,476	3,174	4,119	4,311	4,496	4,664	
Net Income	2,131	1,753	2,181	2,340	2,707	2,719	2,739	2,899	3,037	3,215	
EPS	\$ 3.64	\$ 2.90	\$ 3.56	\$ 3.78	\$ 4.42	\$ 4.45	\$ 4.57	\$ 4.88	\$ 5.16	\$ 5.51	
Dividend Per Share	\$ 1.96	\$ 1.96	\$ 1.96	\$ 2.02	\$ 2.04	\$ 2.23	\$ 2.40	\$ 2.62	\$ 2.77	\$ 2.96	
Payout Ratio	53.8%	67.6%	55.1%	53.4%	46.2%	50.1%	52.6%	53.7%	53.6%	53.7%	
Free Cash Flow per Share	\$ 3.79	\$ 3.75	\$ 5.24	\$ 3.96	\$ 4.48	\$ 6.45	\$ 5.07	\$ 4.99	\$ 5.28	\$ 5.71	
Profitability Ratios											
Gross Margin	34.6%	34.5%	35.4%	34.8%	33.1%	32.9%	34.0%	34.0%	34.5%	35.0%	
SG&A to Sales	17.6%	17.3%	17.7%	17.0%	16.4%	17.0%	16.8%	16.7%	16.6%	16.5%	
Operating Margin	17.0%	17.3%	17.7%	17.8%	16.7%	15.9%	19.7%	19.9%	20.1%	20.2%	
Net Income Margin	13.5%	10.4%	12.4%	12.9%	14.3%	13.6%	13.1%	13.4%	13.6%	13.9%	
Free Cash Flow to Sales	14.1%	13.5%	18.2%	13.5%	14.5%	19.7%	14.6%	13.7%	13.9%	14.4%	
ROA	7.9%	5.7%	7.0%	7.3%	8.5%	8.2%	8.0%	8.2%	8.4%	8.6%	
ROE	40.7%	26.6%	28.9%	26.7%	27.1%	22.3%	20.7%	20.2%	19.6%	19.1%	
Leverage & Liquidity Ratios											
LT Debt / Total Equity	206.3%	164.8%	139.1%	106.3%	89.0%	80.0%	77.0%	73.1%	68.5%	63.7%	
Current Ratio	0.60x	0.60x	0.70x	0.70x	0.60x	0.69x	0.80x	0.75x	0.86x	0.82x	
Cash Ratio	0.10x	0.10x	0.20x	0.20x	0.10x	0.17x	0.25x	0.17x	0.26x	0.21x	
Quick Ratio	0.34x	0.37x	0.49x	0.48x	0.40x	0.47x	0.57x	0.50x	0.61x	0.57x	
Operating Efficiency Ratios											
Receivables Turnover	10.11x	10.03x	10.70x	11.14x	11.40x	11.13x	10.76x	10.76x	10.74x	10.74x	
Inventory Turnover	6.59x	6.94x	7.70x	7.19x	6.83x	7.38x	7.64x	7.63x	7.60x	7.65x	
<i>Units in USD millions, except per share</i>											

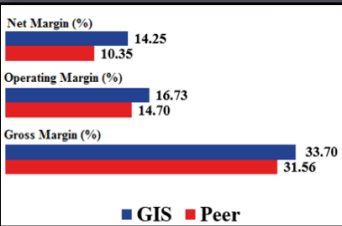
North America Retail sales, which represents 59.9% of the company's revenue over the last twelve months (LTM), has been a consistent contributing factor in top-line growth since the Covid-19 pandemic in CY2020. As restaurants were shut down during the pandemic, General Mills found itself at the heart of the at home food consumption and spending. Changes in Monetary Policy has given General Mills an opportunity to grow revenues as consumers look to buy more at home foods and meals as interest rates make it more difficult for consumers to spend on eating out. Historically, General Mills' North America Retail segment has grown revenues at a 10-year CAGR of +1.0% and more recently a 5-year CAGR of +2.6%, making it the most consistent business segment within the company. We expect growth to accelerate in the segment next year (FY2023) at a rate of +12.2% and looking further, we expect segment revenue to reach \$15,322M by 2027 implying a CAGR of +5.8% (Figure 19). We attribute our expectations within the segment to General Mills' ability to successfully market key brands within the segment, a strong first half of FY2023 in which the segment grew +13.0% YoY in 1Q2023 and 2Q2023, and a strong expectation that consumers will continue to change spending habits from going out to eat at restaurants to eating at home due to the inflation and economic environment. Furthermore, we conducted a survey to help us predict consumer trends moving forward in which we discovered 53.1% of the population would pay more for a name brand versus a generic brand and 48.5% of the population would pay \$5 to \$6 for a box of cereal. (Appendix 11).

Since the acquisition of Blue Buffalo in 2018, General Mills' Pet segment has experienced four years of continuous revenue growth. Over the past 4 years, the Pet segment has generated a CAGR of +21.7%. Although only 12.0% of General Mills' current revenue (LTM), we expect this segment will grow at a substantial pace and drive revenue growth for the next 5 years. Our analysis leads us to believe that the Pet Segment will grow +12.1% in FY2023 (Figure 20). We anticipate growth within the segment will remain strong, even with an expectation of slower consumer spending, due to consumers not wanting to switch pet food brands & the strong Blue Buffalo brand that attracts pet owners with its “Life Protection Formula”. We have also taken into consideration the recent acquisition of Tyson Foods' Pet Treat business, which we expect will increase volume growth within the Pet segment, leading to additional sales growth within the segment. We believe the Pet Food segment will achieve a CAGR of +7.3% from FY2023 to FY2027, with revenues reaching \$3,214M by FY2027. We are under the opinion that continued product innovation within the segment, expansion into cat food & treat options, and loyal customers will be the underlying drivers of growth within the Pet segment.

Billion Dollar Brands & Cost Control Maintain General Mills Competitive Margins

Our first catalyst, General Mills House of Leading Brands, supports our belief that General Mills has set itself up

Figure 21: FY22 Peer Margin Comparison

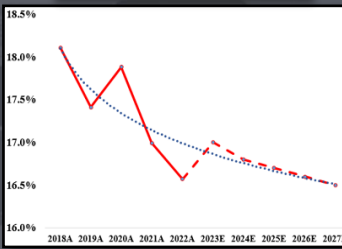


Source: FactSet

competitively through the various brands the Company owns and operates. Additionally, we found that consumers prefer General Mills’ brands based on a survey we conducted that showed 39.4% of survey takers chose a General Mills cereal brand compared to competitor brands (Appendix 11). Brand loyalty is clearly evident in its margins as the Company has been able to deliver better-than-average industry margins through Holistic Margin Management keeping Cost of Goods Sold (COGS) consistent as a percentage of revenue, decreasing SG&A expenses as a percentage to sales over the past 10 years, and strategic tax management. In FY2022, General Mills generated Gross Margins of 33.7% compared to the Industry average of 31.5%, through higher pricing & offset by higher Cost of Goods Sold (COGS) (Figure 21). As we analyze the Company’s Income Statement further, we recognized a substantial difference between the company’s margins compared to its competitors. Operating Margins for FY2022 were 16.7% compared to the peer average of 14.7%, and Net Margins were 14.2% compared to the peer average of 10.3% (Figure 21). Our peer group analysis consisted of companies operating within the global Food Services industry (Appendix 12).

General Mills has been able to achieve better than industry margins through its pricing strategy & cost controls over the past 5 years. Although, Cost of Goods Sold (GOGS) have increased a cumulative 22.0% from FY2018 to FY2022, price increases have been consistent enough to preserve better than industry average Gross Margins. Gross Margins have ranged from 33.0% to 35.4% over the last 5 years with the low occurring in FY2022 due to higher input costs from inflation, and over the past 10 years Gross Margins averaged 34.5%. Operating Margins have averaged 16.5% over the past 5 years, which is due to SG&A expenses remaining under control, with SG&A to Sales declining from 18.1% in FY2018 to 16.6% in FY2022. Recently, the Company was involved in divestitures of its Yoplait SAS, Yoplait Marques SNC, Liberte Marques Sarl & European Dough businesses, resulting in a \$194 million gain on the sale which helped the Company preserve better than industry average Operating Margins of 16.7% vs peer average 14.7%. Overall, the effective tax rate of General Mills has normalized over the past 5 years, and Net Margin has expanded from 10.4% in FY2019 to 14.2% in FY2022. After-tax earnings from joint ventures have also added to GIS’ net income, leading to net margin expansion as well.

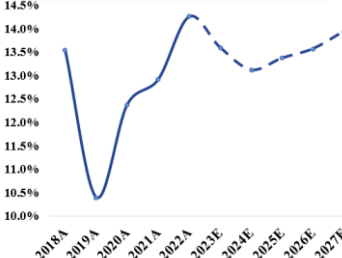
Figure 22: SG&A to Sales



Source: FactSet

As brand reputation remains a core focus of General Mills, we expect the Company’s Gross, Operating and Net Margins to remain favorable versus its competitors going forward. Additionally, we expect Cost of Goods Sold (COGS) to increase to 67.1% in FY2023 due to the elevated inflationary environment and to eventually track back down to 65.0% by FY2027. As a result, we expect Gross Margins will hold around the 33.0% level and expand back towards 35.0% by FY2027. We believe input costs will come down as inflation cools, while prices should hold as consumers adjust. We also expect SG&A expenses to rise 0.40% in FY2023 due to the company’s investment in innovation and brand building, leading to Operating Margin remaining flat YoY in FY2023 at 18.3%. Although we expect SG&A to Sales to increase next year, we project SG&A to sales to follow the current downward trend from FY2018 and eventually become 16.5% by FY2027 (Figure 22). As SG&A as a percentage of sales contracts, we anticipate Operating Margin to improve eventually reaching 18.5% by FY2027. As for Net Margins, General Mills has delivered a 10-year average of 11.2% and we expect Net Margins to expand over the next 5 years, eventually reaching 14.0% by FY2027 (Figure 23). We expect that the projected margin expansion will be a function of Gross Margin expansion, increased cost controls, and an average effective tax rate of 20.5%.

Figure 23: Net Margin (%) Projections

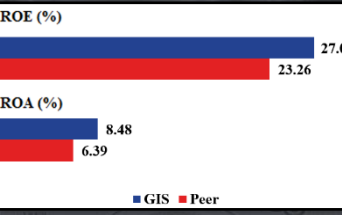


Source: FactSet

Management Team Effective & Efficient: Efficiency Ratios Prove

The Company’s management team has proven its ability to effectively run the business through our analysis of the Company’s Return on Assets (ROA) and Return on Equity (ROE) metrics. Since FY2019, General Mills has experienced consistent growth from its ability to generate profits based on assets used within the business. ROA has expanded from 5.7% to 8.5% (49% increase) from FY2019 to FY2022 respectively. We believe this efficiency metric is an excellent example of management’s ability to achieve returns based on assets deployed in the business. General Mills’ management team outpaced its competitors in terms of Return on Assets during FY2022, with a ROA of 8.5% compared to the peer average of 6.4%, which is a premium of 32.8% (Figure 24). General Mills’ ROE has fluctuated between 24.7% and 38.3% over the past 10 years with a 10-year average of 29%, due to higher leverage in the business from historical debt financing of acquisitions. Although not increasing on a consistent basis, the company’s ROE outpaced its competitors in FY2022 at 27.1% versus the peer average of 23.3% (Figure 24). In order to figure out how efficiency within the business will look in the future, we conducted a 3-factor DuPont Analysis. Based on our assumptions, we found that an improvement in Net Margins and Asset Turnover, General Mills will increase ROA from 8.2% in FY2023 to 8.6% by FY2027. As leverage within the business is reduced from paying off outstanding debts, we can anticipate a decrease in ROE from 22.3% in FY2023 to 19.1% to FY2027. We feel this is a more accurate representation of General Mills’ ROE as the business has historically been highly leveraged.

Figure 24: FY22 Peer ROA & ROE Comparison



Source: FactSet

	DuPont Analysis										Trend Line (2018-2027)
	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY	2025 FY	2026 FY	2027 FY	
Asset Turnover	0.51	0.55	0.56	0.56	0.60	0.61	0.61	0.62	0.62	0.62	
Net Margin	13.5%	10.4%	12.4%	12.9%	14.3%	13.6%	13.1%	13.4%	13.6%	13.9%	
ROA	6.8%	5.7%	7.0%	7.2%	8.6%	8.2%	8.0%	8.2%	8.4%	8.6%	
Equity Multiplier	5.07	4.34	3.89	3.41	2.99	2.71	2.59	2.46	2.34	2.22	
ROE	34.7%	24.8%	27.1%	24.7%	25.7%	22.3%	20.7%	20.2%	19.6%	19.1%	

Perspective on General Mills' Financial Health

Being in an industry that relies heavily on M&A activity to support growth, General Mills has proven to maintain a healthy balance sheet, which supports their growth strategy. General Mills issued \$4,800 million in long-term debt in 4Q2018, part of which was used to fund the acquisition of Blue Buffalo. The debt issuance significantly increased total liabilities for General Mills in FY2018. Since then, GIS liabilities have decreased from \$23,355 million in FY2018 to \$20,302 million by the end of FY2022. This has allowed General Mills to grow shareholder's equity, represented in a decreasing LT Debt to Total Equity ratio, which was 206.3% in FY2018 and 89.0% by the end of FY2022. We are confident that this shows evidence that General Mills can successfully fund operations through debt and has the financial capacity to pay off outstanding debt while returning to shareholders. Going forward, General Mills will continue to pay off debt and we expect a LT Debt to Equity ratio of 63.7% by FY2027 leading to more equity for shareholders.

From a liquidity standpoint, General Mills lagged its competitors in FY2022 with a Current Ratio and Cash Ratio of 0.63 & 0.11 respectively due to low cash on hand from the \$1.2B cash investment to acquire Tyson Foods' Pet Food business in 1Q2022. Looking further back, General Mills 5-year average Current Ratio & Cash Ratio is 0.63 & 0.14 respectively. Although General Mills lags the Peer Average Current Ratio of 1.07 and Cash Ratio of 0.22 for FY2022, we are confident in the company's ability to finance operations through debt. Through our analysis, we anticipate General Mills Current & Cash Ratio to reach 0.82 and 0.21 respectively by FY2027. We anticipate an improvement in these liquidity ratios in the next 5 years as General Mills has more cash on hand from expectations of higher cash flows moving forward. (Figure 25)

Consistent Cash Flows Feed Investors Dividends

Over the past 10 years, General Mills has maintained stable Free Cash Flow generation, which has been partially returned to shareholders in the form of quarterly dividend payments. Free Cash Flow on an annual basis has grown from \$2,312 million in FY2013 to \$2,747 million in FY2022, representing a 10-year CAGR of +4.7%. We believe General Mills will continue to produce consistent Free Cash Flow going forward as Revenue grows and in return, return value to shareholders in the form of a healthy quarterly and annual dividend. For FY2023, we expect the annual dividend per share to grow +9.3% YoY to \$2.23, reflecting a Dividend Yield of 2.3% based on our FY2023 Price Target of (\$100). Projecting further out, we expect General Mills dividend growth to have a 10-year CAGR of +4.4% through 2027. Anticipation of accelerated dividend growth is due to our opinion that General Mills will consistently grow Free Cash Flow (FCF) over the next 5 years.

General Mills' Free Cash Flow generation has been the result of improved profitability and a decline in Capital Expenditures. Over the past 10 years, Free Cash Flow has increased at a CAGR of +4.7%, which has allowed the Company to increase shareholder dividends annually (Figure 26). The Company's average payout ratio has been 55.2% over the past 5 years, which we feel has room to increase securing dividend growth into the future. General Mills is extremely adverse in considering a cut to its dividend; therefore, it will be crucial for the Company to continue to increase its Free Cash Flow to support its dividend growth responsibly (Figure 27). Due to expectations of increased revenue growth, cost control, and keeping capital expenditures around 2.9% of sales over the next 5 years, we expect Free Cash Flow to increase to \$3,328M by FY2027. This implies a 10-year Free Cash Flow CAGR of +6.8% from FY2018 to FY2027. As we see the company's Free Cash Flow grow, we are confident General Mills will continue to increase shareholder dividends (Figure 27). We currently expect the dividend payout ratio to be around 50% in FY2023, up +3.8% from its payout ratio of 46.2% in FY2022. We expect the payout ratio to increase once again in FY2024 to 53% due to expectations of strong FCF growth and remain around 54.0% through FY2027.

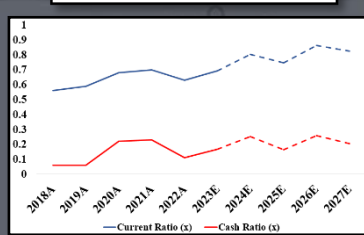
VALUATION

Valuing GIS, we conducted an intrinsic and multiples-based valuation approach to arrive at a BUY recommendation with a 12-month target price of \$101 representing approximately 29% upside from its \$78 closing price. Our recommendation is based on a Discounted Cash Flow (DCF) analysis in conjunction with GIS' main growth prospects. We believe a DCF valuation approach provides a more accurate representation of the Company and its fundamental financial position and have opted to use it as our primary valuation method. Additionally, we supported our primary valuation method with a peer group analysis. The peer group analysis consists of GIS' main competitors' valuation multiples in opposition to GIS. Furthermore, the peer group analysis draws conclusions showcasing GIS' profitability against GIS' respective peers. Valuation multiples analyzed include Price-to-Earnings (P/E), Price-to-Sales (P/S), Enterprise Value-to-EBITDA (EV/EBITDA), and Price-to-Free Cash Flow (P/FCF). Profitability and cost savings are highlighted by looking at ROA, ROE, EBITDA Margin, and Gross Margin contrary to their competitors. Our target price has a FY 23E Price to Earnings (P/E) multiple of 22x vs. median peer company multiples of 19x respectively. The assumptions we made were considered on fruition of our main three growth catalysts, historical performance, macroeconomic and industry outlooks, management commentary and forecast from the Company's Management's Discussion and Analysis (MD&A) and lastly GIS' ability to capitalize on ESG initiatives.

Discounted Cash Flow Analysis

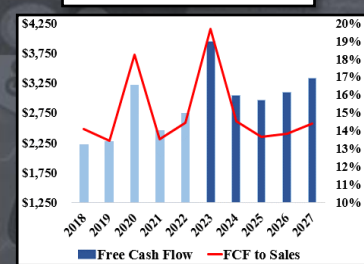
To find the intrinsic value of GIS, we administered a DCF analysis in coincidence with our main three growth prospects. The DCF features three years of fiscal year historical figures and projects five years out with 2028 representing the terminal year. First, we calculated the Net Present Value (NPV) of FY23 – FY27 Unlevered Free Cash Flow. The present value of the sum of future cash flows through 2027 using the WACC as the discount rate tallied to be \$13,762 million. Next, we found the terminal value using perpetuity approach to present value. With 2028 representing the terminal year, we assigned a perpetual growth rate of 1.5%. The NPV of terminal value calculates \$58,392 million. The sum of both the terminal value and the present value of the sum of future cash flows through

Figure 25: Current & Cash Ratios



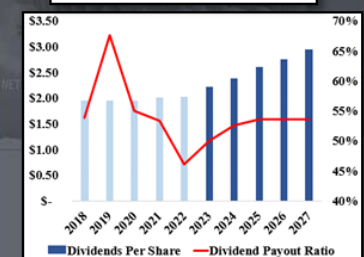
Source: FactSet

Figure 26: FCF Projections



Source: FactSet

Figure 27: Dividends & Payout Ratio



Source: FactSet

Figure 28: GIS P/E 03/22 - 12/22



Source: FactSet

Figure 29: DCF Summary

DCF Summary	
TEV Using DCF	72,694
Plus: Excess Cash	644
Less: Total Debt	12,873
Equity Value	60,465
/ Diluted Shares	611
Implied DCF Price	\$ 99.00
Dividend Yield	2.25%
Annual Dividends/Share	\$ 2.23
1-YR PT (Rounded)	\$ 101

Source: Team Analysis

Figure 30: Sensitivity Analysis

WACC	Perp. Growth Rate (%)	1.40%			1.50%			1.60%			
		6.00%	\$ 93.30	\$ 95.41	\$ 97.62	5.86%	\$ 98.27	\$ 101	\$ 103.01	5.75%	\$ 100.05

Net Margin	Projected P/E Multiple	21.00x			22.10x			23.00x			
		13.00%	\$ 91.39	\$ 96.18	\$ 100.10	13.60%	\$ 95.59	\$ 101	\$ 104.70	14.00%	\$ 98.42

Source: Team Analysis

Figure 31: ROA & ROE



Source: FactSet

2027 equals an Enterprise Value of \$72,694 million. GIS has interest bearing liabilities of \$9,755 million and total balance sheet cash of 644 million bringing net debt to \$12,229 million. The Equity Value of \$60,465 million divided by 611 million fully diluted shares comes to \$101 per share.

Calculating Share Price Using Capital Structure

General Mills Capital Structure:	Face Amount	Book Amount	Interest Rate	Expense	Weighted Average Cost
Corporate Bond Due 2023	\$ 1,402	\$ 1,402	2.21%	\$ 31	0.32%
Corporate Bond Due 2024	500	500	3.65%	18	0.13%
Corporate Bond Due 2025	1,301	1,301	2.51%	33	0.33%
Corporate Bond Due 2026	601	601	0.45%	3	0.03%
Corporate Bond Due 2027	1,151	1,151	2.61%	30	0.31%
Corporate Bond Due 2028	1,400	1,400	4.20%	59	0.60%
Corporate Bond Due 2030	750	750	2.88%	22	0.22%
Corporate Bond Due 2031	500	500	2.25%	11	0.12%
Corporate Bond Due 2038	282	282	4.50%	13	0.13%
Corporate Bond Due 2040	383	383	5.40%	21	0.21%
Corporate Bond Due 2043	435	435	4.15%	18	0.19%
Corporate Bond Due 2048	446	446	4.70%	21	0.21%
Corporate Bond Due 2051	605	605	3.00%	18	0.19%
Total Interest Bearing Liabilities	\$ 9,755	\$ 9,755		\$ 297	3.04%

Net Debt Calculation:	
Total Balance Sheet Cash	644
Total Corporate Debt Face Amount Plus ST debt	\$ 12,873
Less: Excess Available Cash	(644)
Net Debt Balance	\$ 12,229

Calculating Share Price:	
Total Enterprise Value Using DCF	\$72,694
Less: Net Debt	\$ 12,229
Equity Value	\$60,465

Fully Diluted Shares	
Implied DCF Price / Share	\$99.00
Dividend Yield (%)	2.25%
Annual Dividends Per Share	\$2.23
12-Month PT	\$101
Upside / (Downside) % to Current Price	26.26%

Calculating WACC

The DCF analysis includes a discount rate of 5.81% found through calculations of GIS' WACC. We arrived at this discount rate by calculating the total debt and the total equity value of the business, to find target capitalization ratios. Debt as a % of total capitalization amounted to 19.69% contrasted to 80.31% equity as a % of total capitalization. To find the cost of debt, we used a 3.04% debt financing interest rate and a corporate tax rate of 20.40% to find the tax-affected cost of debt to be 2.4%. Cost of Equity was computed using a risk-free rate of 4.00%, equity risk premium of 4.5%, and size premium of 3.00%. Levered beta was found to be .24 based on a beta comparable comparison analysis with GIS' main competitors. The Cost of Equity was determined to be 6.62% based off the above inputs.

Segmentation and Growth

In order to thoroughly understand topline growth, we opted to use a multi-stage and segmented revenue forecast for GIS. Considering General Mills' various segments, each segment faces different headwinds and tailwinds impacting revenue growth and profitability. With a wide moat and assorted businesses, further segment analysis was indispensable to estimate future growth. Looking ahead to FY 2023 and beyond, anticipate revenue growth for the North American Retail segment to be 12.2% International growth remains problematic with GIS and lamentably may continue to be GIS' laggard. With continued FX headwinds, we expect growth rates to continue to be negative in FY 2023 however continue to improve the following years. The Pet segment has soaring potential to witness momentous growth going forward. In FY 2023, we anticipate Pet revenue will continue to grow at nearly 12.1% YoY. With explosive growth in FY 2022, we expect the pet segment to be the blueprint to GIS' success through the next five years. Lastly, in North American Foodservice, we expect growth of 6.0% YoY in 2023, and expect growth to slow after that. Accounting for roughly 10% of GIS' Net Sales, the North American Foodservice segment has experienced consistent growth and remains a durable part of the business.

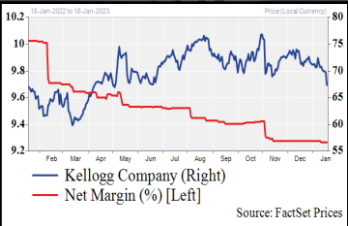
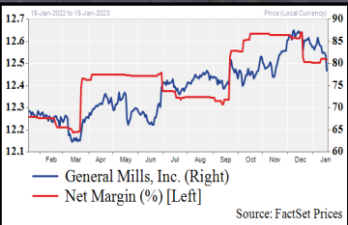
Cost Savings and Margin Expansion

Everything being equal, General Mills' prevailing economic moat along with future prospects continue to cultivate and augment General Mills' value. Having a populous economic moat strengthen margins throughout the business growing margin expansion by implementing cost savings and economies of scale. The cost savings projected by management and historical figures led us to anticipate improvement in both cost of sales and SG&A throughout the next five years. In Fiscal year 2022, GIS outperformed the industry competitors in both EBITDA margin and gross margin respectively. GIS boasted approximately 100 bps better EBITDA Margin and Gross Margin. Looking forward, we expect GIS to continue to lead the industry and remain in the top 75th percentile of quality profitability. General Mills second quarter Fiscal 2023, GIS delivered strong results in Q2, including second consecutive quarter of gross margin expansion. With GIS proving to execute well against their margin expansion strategy, we estimate that GIS will continue to achieve success accomplish FY 23 priorities

Peer Group Analysis

Our primary relative valuation multiple we chose to evaluate was the Price to Earnings (P/E) multiple. We chose to primarily look at the P/E multiple because this ratio holds the most value comparing against similar companies in the

Figure 32: Net Margin Comparison



Source: FactSet

same industry. Relative to peers, GIS' P/E multiple trades at a slight premium to the top eight competitors in the industry. The underlying trades at a premium because the stock consistently returns value to shareholders time and time again, while continuing to improve profitability through various market conditions. Gross Margin and EBITDA Margin continue to outperform the industry average as well as industry leading ROA and ROE metrics which are inclined to increase. Price-to-Free Cash Flow (P/FCF) and EV-to EBITDA (EV/EBITDA) multiples are significantly lower than the industry median. We project that over the next five years, this multiple has room to expand and overtake the industry median. With the multiple expanding, we can expect the share price to significantly increase. The Peer Group analysis validates and verifies our primary valuation method and our 12-month price target.

Alternative Cases and Valuation Risks

Risks that may influence our valuation primarily include metrics of profitability. With market uncertainty surrounding monetary policy, the cost of capital may remain inflated and prevent the realization of forecasted earnings due to higher cost of goods sold. Our assumptions include management continuing to successfully navigate through this current environment of rising interest rates and continue to deliver bottom-line growth. To off-set higher cost of goods, GIS has been taking advantage of their pricing power position in the industry and raising prices. However, GIS may not be able to maintain this level of pricing power for long-term. If interest rates fall too quickly, profits may improve, however demand for General Mill's products will be down due to consumers buying cheaper alternatives.

INVESTMENT RISKS

Operational Risks

OR1: Supply Chain Disruptions (high probability, low impact). Many of General Mills' products are manufactured at a single location and in the case of disruptions, such as labor shortages, import/export restrictions, and more at these locations, sales may get affected. **Valuation Impact:** We find this to have a low impact. **Mitigation:** General Mills does more horizontal integration which allows the Company to have more control of the different parts of the supply chain. In case GIS works with third-party vendors, the Company is constantly working to make sure that it has good relationships with them and has the resources to always meet the demand.

OR2: Commodity Prices Continue to Rise (low probability, moderate impact). Commodity prices have risen in the last few years and remain volatile today due to pandemics, climate change, political conflicts, and currency fluctuations. **Valuation Impact:** We have found that General Mills' profit margins could decrease by 3.3% if COGS increases by 10%. **Mitigation:** We think that General Mills' well-established contracts with suppliers as well as its high productivity can offset these increased costs.

Market Risks

MR1: Consumers Switching to Generic Brands (low probability, low impact). As companies may be forced to raise prices, consumers may move away from name brands and instead by the cheaper, generic brands. **Valuation Impact:** Due to General Mills strong reputation, we find this risk to have little impact. **Mitigation:** General Mills has strong brand loyalty so many customers will continue to choose the brand despite the rise in prices.

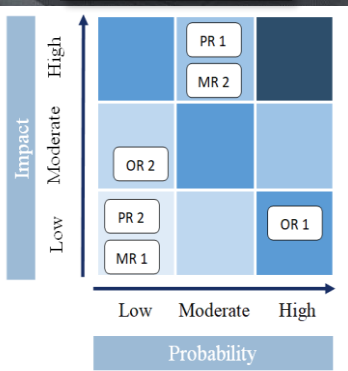
MR2: Inflation (moderate probability, high impact). Increasing costs of materials, production, and transportation are forcing companies, including General Mills, to raise prices. **Valuation Impact:** Increasing the WACC by 100 basis points creates a 2.81% upside. **Mitigation:** Inflation is expected to stabilize in the near future in response to the Federal Reserve's interest rate hikes.

Political Risks

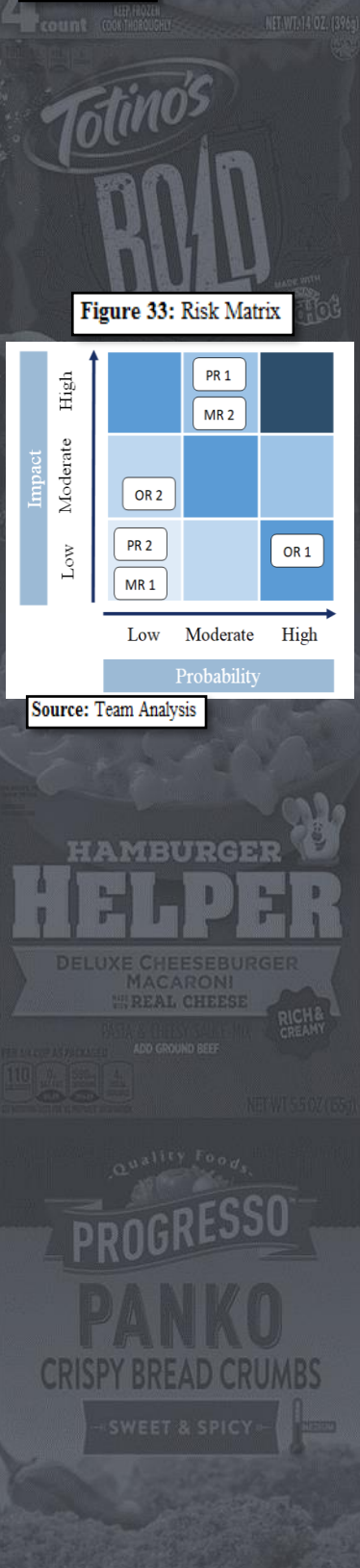
PR1: United States' Tax Environment (moderate probability, high impact). President Biden has proposed further raises of the corporate tax rate to 28%. **Valuation Impact:** By increasing our model's current tax rate of 20.4% to the proposed tax rate of 28%, we can see a decrease in our estimated net income by approximately 10.58%. **Mitigation:** General Mills can offset certain unfavorable tax components relating to acquisitions and divestitures.

PR2: Changes in Political Conditions (low probability, low impact). General Mills could face two different scenarios that can make international travel more difficult for General Mills. The first one being that some countries are still enforcing quarantine for their residents and/or for travelers entering the country. The second one is that some countries have travelling restrictions on other countries and their citizens. **Valuation Impact:** We find this risk to be unlikely. **Mitigation:** General Mills maintains good relationships with its suppliers and workers in other countries and can perform business virtually so that they do not have to travel.

Figure 33: Risk Matrix

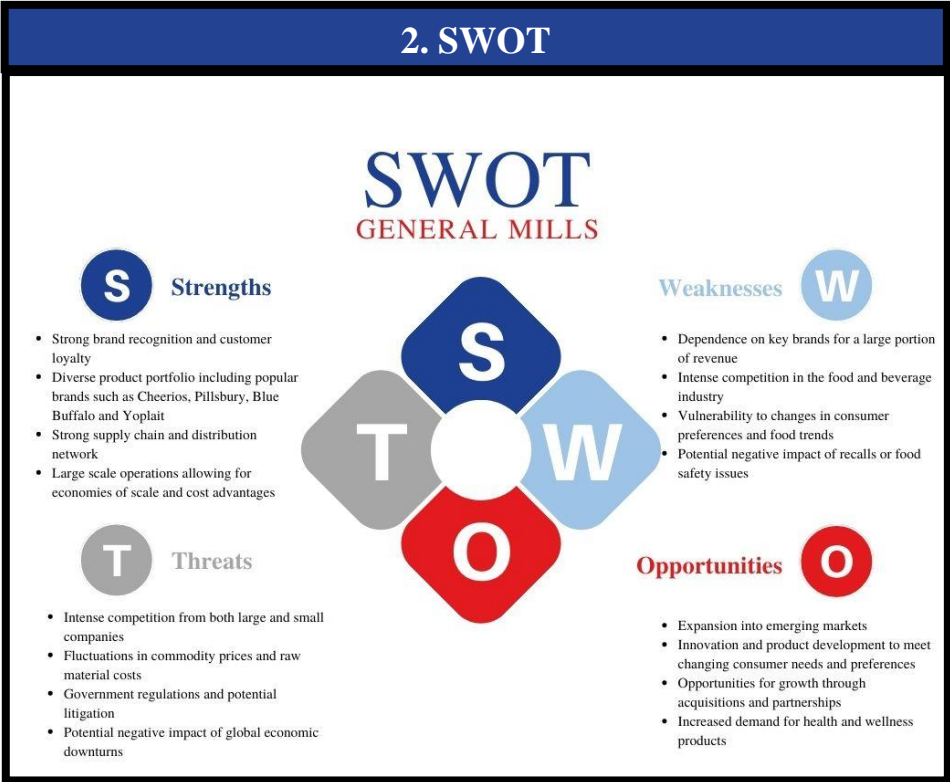


Source: Team Analysis



APPENDIX MAP

- 1. Trading History
- 2. SWOT
- 3. Porter's 5 Forces
- 4. PESTEL
- 5. Acquisitions
- 6. Peer Comparison
- 7. Executive Management
- 8. Board of Directors
- 9. Governance Assessment
- 10. Sub Committees
- 11. ESG Scorecard
- 12. Peer comp
- 13. Segment Analysis
- 14. Key Assumptions
- 15. Quality of Earnings
- 16. Financial Statement Model
- 17. Monte Carlo Simulation
- 18. Works Cited



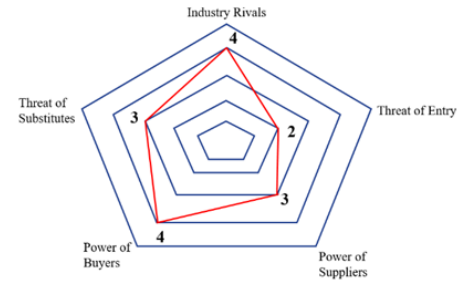
3. PORTER'S 5 FORCES

Threat of Substitutes -3

- Several alternative brands within various food categories including cereal, bars, snacks, dough, etc.
- General Mills has several high quality foods attractive to buyers
- Strong branding keeps recurring purchases from consumer
- Adaptive ability to follow consumer trends keeps customers locked in

Industry Rivals -4

- Intense competition driven by necessity to follow consumer trends
- Several well-positioned companies that are battling for market share
- Consistent M&A activity leading to more competition to grow and to strategically acquire potential



Power of Buyers - 4

- Consumer trends must be met in order to maintain sales growth
- Consumers highly sensitive to pricing, lower cost alternatives pose a threat if prices are too high

Power of Suppliers - 3

- Commodity pricing fluctuations impacts profitability
- Dependent on several materials necessary for packaging food

Threat of Entry - 2

- High barriers to entry due to a high need for capital investments
- Well-positioned and already established businesses within the industry
- Establishing relationship with distribution centers necessary to flourish within the industry, which can be difficult starting in the industry

Source: Team Analysis

4. PESTEL

P

POLITICAL

- The food and beverage industry is subject to government regulations related to food safety, labeling, advertising, and other areas. Changes in these regulations can affect the way that General Mills does business
- Trade policies and agreements can also impact the company's ability to source raw materials and distribute its products globally

E

ECONOMICAL

- Economic conditions and consumer spending patterns can affect demand for General Mills' products. A downturn in the economy can lead to reduced sales and profitability
- Changes in commodity prices and the cost of raw materials can also impact the company's profitability

S

SOCIAL

- Consumer preferences and attitudes towards health and wellness can affect the demand for General Mills' products
- Demographic changes, such as an aging population or shifts in household size, can also impact demand for different types of food products

T

TECHNOLOGICAL

- Advances in technology can enable General Mills to improve the quality and safety of its products, as well as reduce costs and increase efficiency.
- Technology can also enable the company to reach and engage with consumers through digital marketing and e-commerce channels

E

ENVIRONMENTAL

- The food and beverage industry has significant impact on the environment. General Mills is subject to regulations and initiatives related to sustainability, waste reductions, and energy efficiency
- The company also faces risks related to natural disasters, such as droughts and floods, which can affect the availability of raw materials

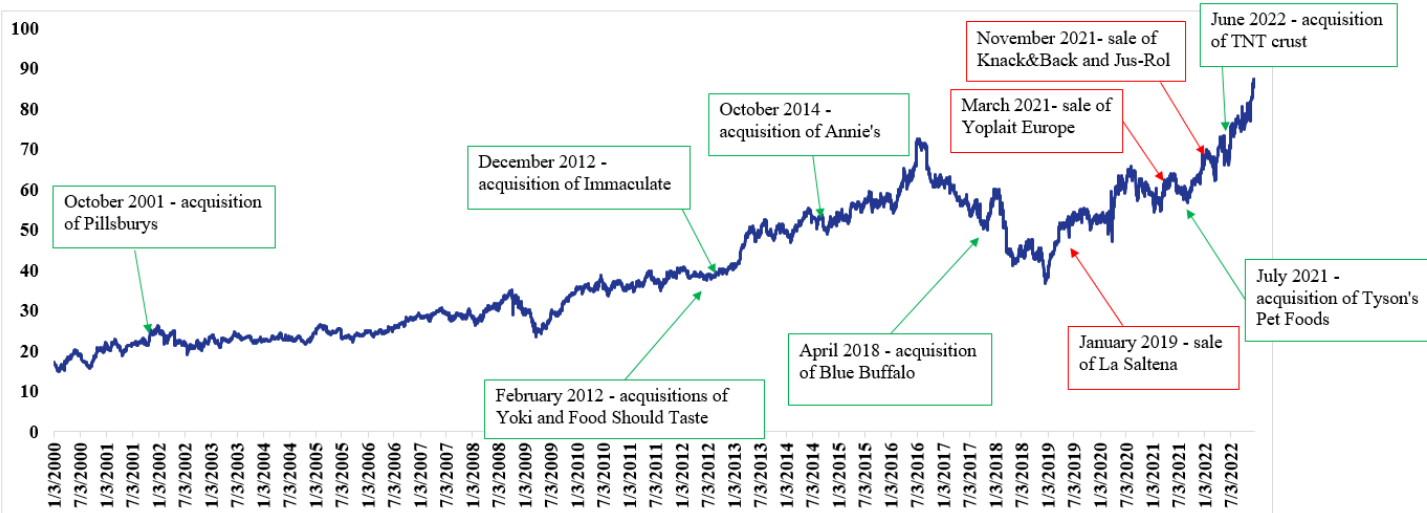
L

LEGAL

- The industry is subject to a variety of legal challenges, such as product liability lawsuits and intellectual property disputes. General Mills must be prepared to defend itself against these threats and manage the potential financial and reputational impact
- The company must also ensure that it is in compliance with all relevant laws regulations, including those related to food safety, labeling, and advertising

Source: Team Analysis

5. ACQUISITIONS AND DIVESTITURES



Source: Company Data

6. EXECUTIVE MANAGEMENT



Jeffrey L. Harmening, CEO and Chairman



Dana McNabb, Chief Strategy and Growth Officer



Jonathon J. Nudi, Group President, North America Retail



Kofi A. Bruce, Chief Financial Officer



Sean Walker, Group President, International



Shawn O'Grady, Group President, North America Foodservice



Bethany Quam, Group President, Pet

Name	Position	Age	Year Joined	Education	Shares held
Jeff Harmening	CEO and Chairman	55	1994	BA in Economics, MBA	470,306
Kofi Bruce	Chief Financial Officer	52	2009	BA in International Relations, MBA	56,424
Jaime Montemayor	Chief Digital and Technology Officer	58	2020	BS in Computer Science, MS in Computer Science	36,730
Jonathon Nudi	Group President, North America Retail	52	1993	BS in Marketing, MBA	82,530
Shawn O'Grady	Group President, North America Foodservice	58	1990	Bachelor in Chemical Engineering, MBA	167,144
Bethany Quam	Group President, Pet	51	1993	Bachelor in Accounting, MBA	63,696
Sean Walker	Group President, International	56	1989	Bachelor	90,232
Dana McNabb	Chief Strategy & Growth Officer	46	1999	Bachelor in Commerce	15,875
Paul Gallagher	Chief Supply Chain Officer	54	2019	Bachelor in Engineering	24,404
Jodi Benson	Chief Innovation, Technology and Quality Officer	57	1990	BS in Chemical Engineering	38,107
Karen Wilson Thissen	General Counsel and Secretary	55	2022	Bachelor in Finance, JD	8,185
Jacqueline Williams-Roll	Chief Human Resources Officer	53	1995	BS in Business Administration, Masters in HR	80,246

7. BOARD OF DIRECTORS

Name	Position	Age	Member Since	Independent	Shares Held	Other Positions
Jeff Harmening	Chairman	55	2018	No	470,306	
Steve Odland	Independent Lead Director	63	2004	Yes	167,951	President & CEO, The Conference Board
R. Kerry Clark	Board Member	70	2009	Yes	59,144	Retired Chairman & CEO, Cardinal Health
David Cordani	Board Member	56	2014	Yes	39,385	Chairman & CEO, Cigna Corp.
C. Kim Goodwin	Board Member		2022	Yes	7,631	
Maria Henry	Board Member	56	2016	Yes	35,200	CFD, Kimberly-Clark
Jo Ann Jenkins	Board Member	64	2020	Yes	11,830	CEO, AARP Inc.
Elizabeth Lempres	Board Member	61	2019	Yes	15,123	
Diane Neal	Board Member	66	2018	Yes	14,318	
Maria Sastre	Board Member	67	2018	Yes	15,233	
Eric Spunk	Board Member	58	2015	Yes	22,926	
Jorge Uribe	Board Member	65	2016	Yes	24,677	

Source: FY2022 Proxy Statement

8. GOVERNANCE ASSESSMENT

Governance Assessment—General Mills	Weight	Score	Points
Ensuring the basis of an effective corporate governance framework			
• Clear transparency for governance framework	10%	9	0.9
• Follows laws and regulations within the industry			
The rights of shareholders and key ownership functions			
• Material information is easily accessible to shareholders	20%	8	1.6
• Voting rights at Annual Meeting of Shareholders			
Institutional investors, stock markets, and other intermediaries	20%	5	1.0
• No record of insider trading			
• Institutional investors disclose their voting policies			
The role of stakeholders in corporate governance	10%	9	0.9
• Has made numerous commitments to the communities in which the company operates			
• Stakeholders can voice their concerns			
Disclosure and Transparency	20%	8	0.8
• Transparent about its financial performance			
• Easy access to Investor Relations for all shareholders, no matter how much stock they hold			
• Utilizes KPMG as the independent auditor			
The responsibilities of the board	20%	9	1.8
• Diverse board with various backgrounds			
• The committees oversees the different aspects of the business			
Totals	100%	48	7

For measuring the overall corporate governance of GIS, we performed a Governance Assessment based on the Principles of Corporate Governance as outlined by the Organization for Economic Cooperation and Development (OCED). Each of the categories is judged on a scale of 1-10. Based on our team analysis, GIS received a score of 7/10.

Source: FY2022 Proxy Statement

9. SUB COMMITTEES

	Audit	Comp.	Corp. Gov.	Finance	Public Resp.
Steve Odland				✓	✓
R. Kerry Clark	✓			✓	
David Cordani	✓	✓			
C. Kim Goodwin		✓	✓		
Maria Henry	✓			✓	
Jo Ann Jenkins			✓		✓
Elizabeth Lempres	✓	✓			
Diane Neal			✓		✓
Maria Sastre		✓	✓		
Eric Spunk	✓				✓
Jorge Uribe		✓			✓

✓ Chair
 ✓ Member

Source: FY2022 Proxy Statement

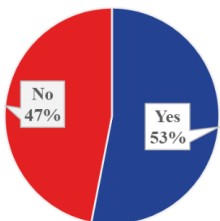
10: ESG SCORECARD

Provider	Measure	Best score	GIS	Relative	KHC	K	CPB	SJM
MSCI	ESG	AAA	AAA	Better	A	AAA	AA	AA
Sustainalytics (risk score)	ESG	1	33	Better	35.17	113	55	30.97
S&P Global	ESG	100	94	Better	89	92	93	78
Bloomberg (disclosure)	ESG	100	64.14	Worse	50.56	65.06	67.46	55.98
ISS (QualityScore)	G	1	6	Worse	10	6	4	8
ISS ESG	ESG	A	C+	Better	C-	C+	C+	C

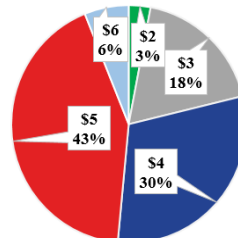
Source: Bloomberg

11: PROPRIETARY RESEARCH

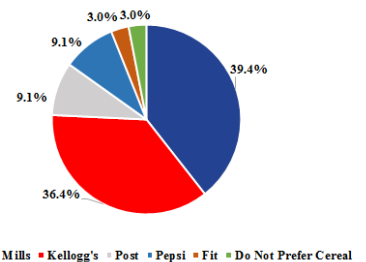
Are you willing to pay more for a name brand than a generic brand?



What is the maximum price you would spend on cereal?



What is your preferred cereal? (By Brand)



Source: Proprietary Research by Team

12. PEER COMPARISON

Ticker	Company	Price-to-Earnings (P/E)			Price-to-Sales (P/S)			Price-to-Free Cash Flow (P/FCF)			EV-to EBITDA (EV/EBITDA)		
		2022 FY	2023 FY	2024 FY	2022 FY	2023 FY	2024 FY	2022 FY	2023 FY	2024 FY	2022 FY	2023 FY	2024 FY
POST	Post Holdings, Inc.	54.98x	30.07x	24.69x	00.88x	00.90x	00.80x	40.34x	NM	NM	13.78x	11.30x	10.70x
K	Kellogg Company	16.27x	16.32x	15.67x	01.56x	01.60x	01.50x	19.25x	22.00x	19.50x	13.94x	12.90x	12.70x
KHC	Kraft Heinz Company	14.63x	14.40x	13.69x	01.67x	01.90x	01.90x	09.77x	21.10x	13.30x	10.55x	11.60x	11.30x
HSY	Hershey Company	26.20x	24.21x	22.45x	04.48x	04.20x	04.00x	25.33x	35.90x	24.00x	19.89x	17.60x	16.70x
MDLZ	Mondelez International, Inc. Class A	22.03x	20.86x	19.32x	03.26x	02.80x	02.70x	29.50x	27.50x	23.40x	19.15x	17.60x	16.80x
CPB	Campbell Soup Company	18.45x	17.53x	16.65x	01.74x	01.80x	01.80x	15.87x	21.70x	18.50x	13.04x	12.60x	12.30x
CAG	Conagra Brands, Inc.	14.36x	13.64x	12.99x	01.39x	01.60x	01.50x	22.42x	24.10x	13.00x	12.02x	12.50x	12.10x
SJM	J.M. Smucker Company	17.41x	15.53x	14.77x	01.85x	02.00x	02.00x	20.55x	27.40x	23.10x	17.96x	13.50x	12.40x
GIS	General Mills, Inc.	19.0x	22.1x	23.0x	02.3x	03.0x	03.3x	15.6x	15.4x	16.0x	14.2x	18.7x	15.0x
	Min	14.36x	13.64x	12.99x	00.88x	00.90x	00.80x	09.77x	21.10x	13.00x	10.55x	11.30x	10.70x
	Median	17.93x	16.92x	16.16x	01.71x	01.85x	01.85x	21.49x	24.10x	19.50x	13.86x	12.75x	12.35x
	Average	23.04x	19.07x	17.53x	02.10x	02.10x	02.03x	22.88x	25.67x	19.26x	15.04x	13.70x	13.13x
	Max	54.98x	30.07x	24.69x	04.48x	04.20x	04.00x	40.34x	35.90x	24.00x	19.89x	17.60x	16.80x
Ticker	Company	EBITDA Margin			Gross Margin			ROA			ROE		
		2022 FY	2023 FY	2024 FY	2022 FY	2023 FY	2024 FY	2022 FY	2023 FY	2024 FY	2022 FY	2023 FY	2024 FY
POST	Post Holdings, Inc.	16.47%	16.64%	17.34%	25.17%	27.03%	27.90%	NM	NM	NM	NM	NM	NM
K	Kellogg Company	15.40%	15.71%	15.75%	31.27%	31.89%	31.82%	07.42%	07.33%	07.42%	27.25%	24.95%	23.74%
KHC	Kraft Heinz Company	22.47%	22.82%	23.19%	31.35%	31.87%	32.32%	03.70%	03.75%	03.91%	06.82%	06.73%	06.81%
HSY	Hershey Company	26.21%	26.41%	26.85%	43.82%	44.14%	44.72%	15.45%	15.68%	15.52%	05.32%	04.80%	04.43%
MDLZ	Mondelez International, Inc. Class A	19.60%	19.63%	19.95%	37.72%	37.86%	38.18%	05.98%	06.21%	06.44%	14.79%	15.20%	16.04%
CPB	Campbell Soup Company	19.13%	18.64%	18.88%	31.33%	31.26%	32.21%	07.24%	07.29%	07.50%	26.11%	23.98%	23.67%
CAG	Conagra Brands, Inc.	18.96%	19.32%	19.59%	26.36%	27.37%	27.60%	05.62%	05.79%	05.94%	14.22%	14.02%	13.97%
SJM	J.M. Smucker Company	19.03%	20.26%	20.54%	33.31%	35.08%	35.97%	05.56%	06.01%	06.02%	10.82%	11.44%	11.33%
GIS	General Mills, Inc.	20.74%	18.96%	20.19%	33.10%	32.90%	34.00%	08.60%	08.20%	08.00%	25.70%	22.30%	20.70%
	Min	15.40%	15.71%	15.75%	25.17%	27.03%	27.60%	03.70%	03.75%	03.91%	05.32%	04.80%	04.43%
	Median	19.08%	19.48%	19.77%	31.34%	31.88%	32.26%	05.98%	06.21%	06.44%	14.22%	14.02%	13.97%
	Average	19.66%	19.93%	20.26%	32.54%	33.31%	33.84%	07.28%	07.44%	07.53%	15.05%	14.45%	14.28%
	Max	26.21%	26.41%	26.85%	43.82%	44.14%	44.72%	15.45%	15.68%	15.52%	27.25%	24.95%	23.74%

Peer Comparison

	2018A	2019A	2020A	2021A	2022E	5-Year Average	Trend
NI margin %							
Kellogg	10%	7%	9%	10%	9%	9%	
Kraft Heinz	-39%	8%	1%	4%	13%	-3%	
J.M Smucker	18%	7%	10%	11%	8%	11%	
Campbell Soup	3%	6%	7%	12%	9%	7%	
General Mills	14%	10%	12%	13%	14%	13%	
Industry Average (2400 Consumer Non-Durables)	13%	13%	12%	12%	12%	13%	
Industry Average (2405 Food)	12%	12%	12%	12%	12%	12%	
Operating Margin %							
Kellogg	14%	11%	13%	12%	12%	12%	
Kraft Heinz	22%	20%	21%	19%	19%	20%	
J.M Smucker	17%	16%	17%	16%	12%	16%	
Campbell Soup	15%	15%	16%	15%	14%	15%	
General Mills	17%	17%	18%	18%	17%	17%	
Industry Average (2400 Consumer Non-Durables)	18%	18%	18%	18%	17%	18%	
Industry Average (2405 Food)	17%	16%	17%	16%	17%	17%	
Sales Growth %							
Kellogg	5%	0%	1%	3%	7%	3%	
Kraft Heinz	14%	-5%	5%	-1%	1%	3%	
J.M Smucker	0%	7%	0%	3%	0%	2%	
Campbell Soup	10%	-7%	7%	-2%	1%	2%	
General Mills	1%	7%	5%	3%	5%	4%	
Industry Average (2400 Consumer Non-Durables)	4%	3%	-1%	10%	8%	5%	
Industry Average (2405 Food)	3%	-1%	4%	3%	2%	2%	
ROE %							
Kellogg	56%	36%	43%	44%	27%	41%	
Kraft Heinz	-17%	4%	70%	2%	7%	13%	
J.M Smucker	18%	6%	10%	11%	8%	11%	
Campbell Soup	17%	38%	32%	35%	23%	29%	
General Mills	41%	27%	29%	27%	27%	30%	
Industry Average (2400 Consumer Non-Durables)	25%	25%	24%	24%	25%	25%	
Industry Average (2405 Food)	19%	10%	11%	11%	10%	12%	
ROA %							
Kellogg	8%	5%	7%	8%	8%	7%	
Kraft Heinz	-9%	2%	35%	1%	4%	7%	
J.M Smucker	9%	3%	5%	5%	4%	5%	
Campbell Soup	2%	3%	5%	8%	6%	5%	
General Mills	8%	6%	7%	7%	8%	7%	
Industry Average (2400 Consumer Non-Durables)	9%	8%	7%	8%	8%	8%	
Industry Average (2405 Food)	8%	4%	4%	5%	5%	5%	

13. Segment Analysis

Segment Analysis: General Mills						Short-term		Mid-Term		Long-Term	
USD Millions	May '18	May '19	May '20	May '21	May '22	May '23E	May '24E	May '25E	May '26E	May '27E	May '28E
Net Sales	15,740	16,865	17,627	18,127	18,993	19,998	20,879	21,680	22,387	23,057	23,749
North America Retail	10,115	9,925	10,751	10,995	11,572	12,986	13,727	14,359	14,857	15,322	15,705
International	3,695	3,540	3,365	3,657	3,316	2,523	2,305	2,273	2,291	2,313	2,348
Pet	847	1,431	1,695	1,732	2,259	2,533	2,791	2,930	3,077	3,214	3,471
North America Foodservice	1,930	1,969	1,816	1,742	1,846	1,956	2,056	2,118	2,162	2,208	2,252

Segment Analysis: General Mills						Short-term		Mid-Term		Long-Term	
Segment Growth YoY	May '18	May '19	May '20	May '21	May '22	May '23E	May '24E	May '25E	May '26E	May '27E	May '28E
Net Sales	0.8%	7.1%	4.5%	2.8%	4.8%	5.3%	4.4%	3.8%	3.3%	3.0%	3.0%
North America Retail	-0.8%	-1.9%	8.3%	2.3%	5.2%	12.2%	6.3%	5.5%	3.9%	2.8%	2.5%
International	3.4%	-4.2%	-4.9%	8.7%	-9.3%	-23.9%	-8.6%	-1.4%	0.8%	1.0%	1.5%
Pet	-	69.0%	18.4%	2.2%	30.4%	12.1%	10.2%	5.0%	5.0%	4.5%	8.0%
North America Foodservice	3.2%	2.0%	-7.8%	-4.1%	5.9%	6.0%	5.1%	3.0%	2.1%	2.1%	2.0%

Segment Analysis: General Mills						Short-term		Mid-Term		Long-Term	
% of Net Sales	May '18	May '19	May '20	May '21	May '22	May '23E	May '24E	May '25E	May '26E	May '27E	May '28E
Net Sales	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
North America Retail	64.3%	58.9%	61.0%	60.7%	60.9%	64.9%	65.7%	66.2%	66.4%	66.5%	66.1%
International	23.5%	21.0%	19.1%	20.2%	17.5%	12.6%	11.0%	10.5%	10.2%	10.0%	9.9%
Pet	5.4%	8.5%	9.6%	9.6%	11.9%	12.7%	13.4%	13.5%	13.7%	13.9%	14.6%
North America Foodservice	12.3%	11.7%	10.3%	9.6%	9.7%	9.8%	9.8%	9.8%	9.7%	9.6%	9.5%

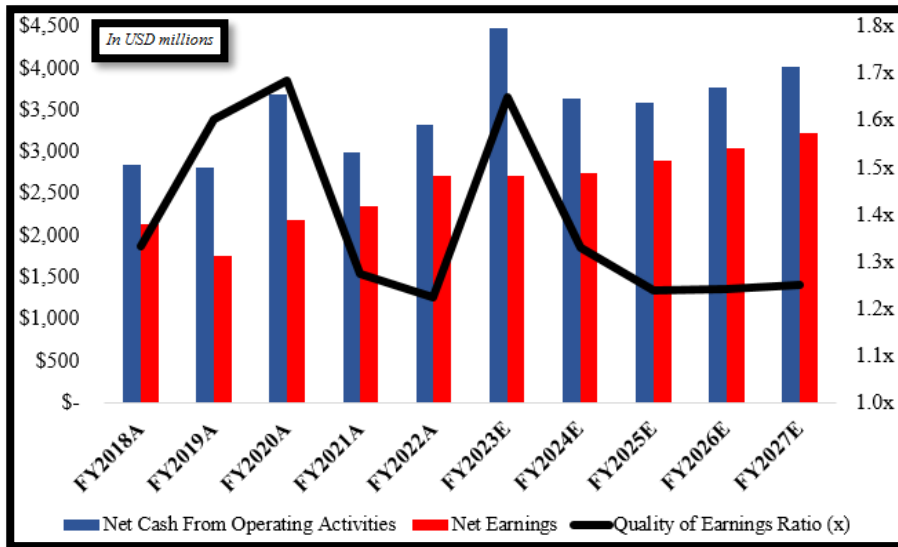
14. Key Assumptions

Cost of Equity:		
Risk-free Rate	4.0%	Assumption of 25-50 bps hike in 2023
Equity Risk Premium	4.5%	Assumption of 9% market expected rate of return
Size "Premium"	3.0%	Risk premium required by investors
Unlevered Beta	0.21	Comp set median unlevered beta
Debt / Equity	22.32%	Debt as a % of total cap / equity as a % of total cap
Corporate Tax Rate	20.40%	Management guidance
Levered Beta	0.24	Calculated w/ unlevered beta, debt/equity, tax rate
Cost of Equity	6.60%	Calculated
Cost of Debt:		
Debt financing int. rate	3.04%	Weighted average cost of long-term debt
Corporate tax rate	20.40%	Management guidance
Tax-affected cost of debt	2.4%	Calculated
Target Capitalization Ratios:		
Debt as % of total capitalization	19.69%	Total debt / total capitalization
Equity as % of total capitalization	80.31%	Total equity / total capitalization
WACC:		
Weighted average cost of capital	5.81%	Calculated

Income Statement Drivers		
Revenue growth	5.29%	Strong FY23 powered by our catalyst
Cost of Sales as a % of Revenue	67.13%	84 bps increase from FY22, followed by margin expansion Y/Y
SG&A as a % of Revenue	17.00%	43 bps increase from FY22, followed by margin expansion Y/Y
Effective Tax Rate	20.40%	Management guidance
Revenue Growth Per Business Segment		
North America Retail	12.22%	Conviction based off catalysts & last 10 years data
International	(23.90%)	Management guided FX headwinds & supply chain bottlenecks
Pet	12.10%	Explosive growth; catalyst #2
North American Foodservice	5.96%	Assumption off last 10 years of data, considering the future
Working Capital Schedule		
Days Sales Outstanding (DSO)	33	5 year average
Inventory Turns	6.74x	10 year average
Prepaid Expenses as a % of Revenue	14.49%	10 year average
Days Payables Outstanding (DPO)	125	10 year average
Accrued Liabilities as a % of Cost of Sales	13.96%	5 year average
PP&E and Intangible Schedule		
Capex as a % of Revenue	2.69%	5 year average, increasing to 3% over time
Depreciation Waterfall		
Average useful life	10.00	Company 10-k defines AUL to be "3-30" years. Factors considered
Cash Flow Statement		
Acquisition, Net of Cash Acquired	(1,600)	Assuming mgmt. continues to strategically grow inorganically. Assuming \$1.6B acquisition every two years, \$400M every other
Equity Schedule		
Dividend Payout Ratio	54%	5 year average; to perpetuity
Share Repurchase	940.00	Assuming \$940M per year of buy-backs to perpetuity
Debt Pay down & Interest Schedule		
Change in debt	0.00	Assuming payment of ST debt is the same as issuing new debt
Shares Outstanding		
Shares Issued from Options	10.00	Assuming 10 million shares issued from options per FY into perp.
Share Repurchase		Assuming 21 million shares repurchased for treasury per FY into perp.
DCF Analysis Assumptions		
WACC	5.81%	See WACC assumptions
Terminal Growth Rate	1.50%	History average of the historical inflation rate and historical GDP growth rate, while considering the current inverse yield curve

15. Quality of Earnings

	Quality of Earnings									
	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY	2025 FY	2026 FY	2027 FY
Net Cash From Operating Activities	2,841	2,807	3,676	2,983	3,316	4,480	3,642	3,593	3,774	4,020
YoY % Change		(1.2%)	31.0%	(18.9%)	11.2%	35.1%	(18.7%)	(1.3%)	5.0%	6.5%
Net Earnings	2,131	1,753	2,181	2,340	2,707	2,719	2,739	2,899	3,037	3,215
Quality of Earnings Ratio (x)	1.33x	1.60x	1.69x	1.27x	1.23x	1.65x	1.33x	1.24x	1.24x	1.25x
Free Cash Flow	2,218	2,269	3,215	2,452	2,747	3,942	3,041	2,964	3,102	3,328
YoY % Change		2.3%	41.7%	(23.7%)	12.0%	43.5%	(22.9%)	(2.5%)	4.7%	7.3%
Net Sales	15,740	16,865	17,627	18,127	18,993	19,998	20,879	21,680	22,387	23,057
YoY % Change		7.1%	4.5%	2.8%	4.8%	5.3%	4.4%	3.8%	3.3%	3.0%
Accounts Receivables	1,684	1,680	1,615	1,639	1,692	1,902	1,980	2,051	2,116	2,178
YoY % Change		(0.2%)	(3.9%)	1.5%	3.2%	12.4%	4.1%	3.6%	3.2%	2.9%
Inventories	1,642	1,559	1,426	1,821	1,867	1,770	1,839	1,912	1,947	1,973
YoY % Change		(5.1%)	(8.5%)	27.7%	2.5%	(5.2%)	3.9%	4.0%	1.8%	1.3%
<i>Units in USD millions</i>										



In order to deem General Mills earnings of quality, we conducted a Quality of Earnings (QoE) Analysis. Our first step was to find out if Operating Cash flow was greater than net profit to find out if the “true” earnings of the company was greater than net profit. Next, we checked whether free cash flow was consistently growing to see if anything unusual was occurring within the Statement of Cash Flows. Thirdly, we tested to see if Sales growth was higher than receivables and inventories growth to make sure these current assets were not being tied up in the business. We deemed that General Mills does in fact have quality earnings and are confident they will continue to provide quality earnings through FY2027.

A second check was completed through an Inventory Turnover and Accounts Receivables Turnover analysis, in which we found that based on our projections, General Mills would improve turnover averages over the next five years.

Liquidity Ratios	Liquidity Analysis											
	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	AVG	2023 FY	2024 FY	2025 FY	2026 FY	2027 FY	AVG
Current Ratio	0.56x	0.59x	0.68x	0.70x	0.63x	0.63x	0.69x	0.80x	0.75x	0.86x	0.82x	0.79x
Cash Ratio	0.06x	0.06x	0.22x	0.23x	0.11x	0.14x	0.17x	0.25x	0.17x	0.26x	0.21x	0.21x
Quick Ratio	0.34x	0.37x	0.49x	0.48x	0.40x	0.42x	0.47x	0.57x	0.50x	0.61x	0.57x	0.55x
Operating Efficiency												
Accounts Receivable Turnover	10.11x	10.03x	10.70x	11.14x	11.40x	10.68x	11.13x	10.76x	10.76x	10.74x	10.74x	10.83x
AR Q1	1,430	1,684	1,680	1,615	1,639		1,692	1,902	1,980	2,051	2,116	
AR Q4	1,684	1,680	1,615	1,639	1,692		1,902	1,980	2,051	2,116	2,178	
Average AR	1,557	1,682	1,648	1,627	1,666		1,797	1,941	2,016	2,084	2,147	
Net Sales for FY	15,740	16,865	17,627	18,127	18,993		19,998	20,879	21,680	22,387	23,057	
Inventory Turnover	6.59x	6.94x	7.70x	7.19x	6.83x	7.05x	7.38x	7.64x	7.63x	7.60x	7.65x	7.58x
Inventories Q1	1,484	1,642	1,559	1,426	1,821		1,867	1,770	1,839	1,912	1,947	
Inventories Q4	1,642	1,559	1,426	1,821	1,867		1,770	1,839	1,912	1,947	1,973	
Average Inventories	1,563	1,601	1,493	1,624	1,844		1,819	1,805	1,876	1,930	1,960	
COGS	10,305	11,108	11,497	11,679	12,591		13,424	13,780	14,309	14,663	14,987	
<i>Units in USD millions</i>												

Working Capital Schedule

	Estimate															
	2020 FY	2021 FY	2022 FY	2023 FQ1	2023 FQ2	2023 FQ3	2023 FQ4	2023 FY	2024 FQ1	2024 FQ2	2024 FQ3	2024 FQ4	2024 FY	2025 FY	2026 FY	2027 FY
Working Capital Balances																
Accounts Receivable, net	1,615	1,639	1,692	1,730	1,834	1,786	1,902	1,902	1,819	2,001	1,856	1,980	1,980	2,051	2,116	2,178
Inventories	1,426	1,821	1,867	2,090	2,121	1,755	1,770	1,770	2,092	2,173	1,823	1,839	1,839	1,912	1,947	1,973
Prepaid Expenses and Other Current Assets	402	790	802	719	731	542	542	542	588	764	563	563	563	585	600	613
Total Non-Cash Current Assets	3,444	4,249	4,362	4,540	4,687	4,083	4,214	4,214	4,499	4,938	4,241	4,382	4,382	4,548	4,664	4,763
Accounts Payable	3,248	3,654	3,982	3,786	4,023	3,615	4,428	4,428	4,728	5,002	4,454	4,871	4,871	5,046	5,167	5,276
Other Current Liabilities	1,633	1,787	1,552	1,722	2,068	2,128	1,835	1,835	1,829	2,118	2,211	1,911	1,911	1,979	2,027	2,069
Total Non-Debt Current Liabilities	4,881	5,441	5,534	5,508	6,091	5,742	6,263	6,263	6,557	7,120	6,665	6,781	6,781	7,025	7,194	7,346
Net Working Capital	(1,438)	(1,191)	(1,173)	(969)	(1,404)	(1,660)	(2,050)	(2,050)	(2,059)	(2,182)	(2,423)	(2,399)	(2,399)	(2,477)	(2,530)	(2,582)
Change in Net Working Capital		246	19	204	(435)	(256)	(877)	(877)	(9)	(123)	(241)	(350)	(350)	(78)	(53)	(52)
Drivers																
Days Sales Outstanding (DSO)	33	33	33	33	32	33	33	33	33	33	33	33	33	33	33	33
Inventory Turns	8.04X	6.42X	6.74X	6.26X	6.63X	7.33X	6.69X	6.74X	6.26X	6.63X	7.33X	6.69X	6.74X	6.74X	6.74X	6.74X
Prepaid Expenses as a % of Revenue	9.12%	17.44%	16.89%	15.25%	14.01%	11.12%	13.96%	14.49%	11.85%	14.01%	11.12%	13.96%	14.49%	14.49%	14.49%	14.49%
Days Payables Outstanding (DPO)	103	114	115	106	104	101	116	125	130	125	120	123	125	125	125	125
Accrued Liabilities as a % of Cost of Sales	14.24%	15.30%	12.33%	13.16%	14.71%	16.54%	13.40%	13.96%	13.97%	14.71%	16.54%	13.40%	13.96%	13.96%	13.96%	13.96%

PP&E and Intangible Schedule

	Estimate															
	2020 FY	2021 FY	2022 FY	2023 FQ1	2023 FQ2	2023 FQ3	2023 FQ4	2023 FY	2024 FQ1	2024 FQ2	2024 FQ3	2024 FQ4	2024 FY	2025 FY	2026 FY	2027 FY
PP&E																
Beginning PP&E Balance	3,787	3,581	3,607	3,394	3,359	3,358	3,444	3,394	3,539	3,559	3,599	3,637	3,539	3,686	3,799	3,887
Depreciation	(561)	(544)	(550)	(137)	(135)	(60)	(60)	(393)	(113)	(113)	(113)	(113)	(453)	(516)	(583)	(652)
Capex	355	570	337	102	134	146	156	538	134	153	152	162	601	629	672	692
Ending PP&E	3,581	3,607	3,394	3,359	3,358	3,444	3,539	3,539	3,559	3,599	3,637	3,686	3,686	3,799	3,887	3,926
Intangible																
Beginning Intangible Balance	7,167	7,096	7,151	7,000	6,979	6,975	7,000	7,000	6,980	6,975	6,970	6,980	6,980	6,960	6,940	6,920
Amortization	(33)	(58)	(21)	(3)	(5)	(5)	(5)	(20)	(5)	(5)	(5)	(5)	(20)	(20)	(20)	(20)
Additions	(38)	112	(130)	(18)	0	0	0	0	0	0	0	0	0	0	0	0
Ending Intangible Balance	7,096	7,151	7,000	6,979	6,975	6,970	6,980	6,980	6,975	6,970	6,965	6,960	6,960	6,940	6,920	6,900
Goodwill	13,923	14,062	14,379	14,455	14,476	14,832	15,804	15,804	15,860	15,916	15,972	16,029	16,029	17,454	17,679	19,104
Drivers																
Capex as a % of Revenue	2.01%	3.14%	1.77%	2.16%	2.57%	3.00%	3.00%	2.69%	2.70%	2.80%	3.00%	3.00%	2.88%	2.90%	3.00%	3.00%

Depreciation Waterfall

	Estimate															
	2020 FY	2021 FY	2022 FY	2023 FQ1	2023 FQ2	2023 FQ3	2023 FQ4	2023 FY	2024 FQ1	2024 FQ2	2024 FQ3	2024 FQ4	2024 FY	2025 FY	2026 FY	2027 FY
Depreciation of Existing PP&E																
						52	52	339	85	85	85	85	339	339	339	339
Depreciation of New Capex																
2023						8	8	54	13	13	13	13	54	54	54	54
2024									15	15	15	15	60	60	60	60
2025													63	63	63	63
2026														67	67	67
2027															69	69
Total Depreciation of New Capex						8	8	54	28	28	28	28	114	177	244	313
Total Depreciation						60	60	393	113	113	113	113	453	516	583	652

Cash Flow Statement

	Estimate															
	2020 FY	2021 FY	2022 FY	2023 FQ1	2023 FQ2	2023 FQ3	2023 FQ4	2023 FY	2024 FQ1	2024 FQ2	2024 FQ3	2024 FQ4	2024 FY	2025 FY	2026 FY	2027 FY
Operating Activities																
Net Income						626	667	2,719	644	715	667	714	2,739	2,899	3,037	3,215
Depreciation						60	60	393	113	113	113	113	453	516	583	652
Amortization						5	5	20	5	5	5	5	20	20	20	20
(Increase) Decrease to Net Working Capital						256	877	877	9	123	241	350	350	78	53	52
Divestitures gain, Net						20	20	471	20	20	20	20	80	80	80	80
Net Cash Provided by Operating Activities						967	1,629	4,480	792	976	1,046	1,202	3,642	3,593	3,774	4,020
Investing Activities																
Cap Ex						(146)	(156)	(538)	(134)	(153)	(152)	(162)	(601)	(629)	(672)	(692)
Acquisition, Net of Cash Acquired						(400)	(400)	(1,600)	(100)	(100)	(100)	(100)	(400)	(1,600)	(400)	(1,600)
Proceeds from divestitures, Net of Cash Divested						44	44	175	44	44	44	44	175	175	175	175
Net Cash Provided (used) by Investing Activities						(502)	(512)	(1,963)	(190)	(209)	(208)	(218)	(826)	(2,054)	(897)	(2,117)
Financing Activities																
Change in Notes Payable						(173)	(122)	(122)	(103)	(88)	(75)	(138)	(138)	(110)	(88)	(71)
Issuance of Long-Term Debt						516	2,034	2,034	471	465	459	1,885	1,885	1,760	1,639	1,540
Payment of Long-Term Debt						(516)	(2,034)	(2,034)	(471)	(465)	(459)	(1,885)	(1,885)	(1,760)	(1,639)	(1,540)
Proceeds from Common Stock Issued on Exercised Options						205	205	798	148	148	148	148	594	634	674	714
Purchases of Common Stock for Treasury						(250)	(250)	(1,000)	(235)	(235)	(235)	(235)	(940)	(940)	(940)	(940)
Dividends Paid						(332)	(360)	(1,340)	(342)	(379)	(353)	(378)	(1,452)	(1,565)	(1,640)	(1,736)
Net Cash Used by Financing Activities						(550)	(527)	(1,664)	(532)	(553)	(515)	(603)	(1,936)	(1,982)	(1,995)	(2,033)
Effect of Exchange Rate Changes on Cash and Cash Equivalents																
						(23)	(20)	(87)	(48)	(49)	(55)	(48)	(200)	(278)	(180)	(284)
Cash and Cash Equivalents - Beginning of Period						644	569	569	1,335	1,357	1,522	1,335	1,335	2,016	1,295	1,998
Increase (decrease) in Cash and Cash Equivalents						(108)	765	765	22	165	269	681	681	(721)	702	(414)
Cash and Cash Equivalents - End of Period						536	1,335	1,335	1,357	1,522	1,791	2,016	2,016	1,295	1,998	1,584
Effect of Exchange Rate Changes on Cash and Cash Equivalents as a % of Cash and Cash Equivalents						3.6%	3.6%	15.3%	3.6%	3.6%	3.6%	3.6%	15.0%	13.8%	13.9%	14.2%

Equity Schedule

	Estimate															
	2020 FY	2021 FY	2022 FY	2023 FQ1	2023 FQ2	2023 FQ3	2023 FQ4	2023 FY	2024 FQ1	2024 FQ2	2024 FQ3	2024 FQ4	2024 FY	2025 FY	2026 FY	2027 FY
Stockholder's Equity																
Beginning Balance						10,121	10,542	10,542	12,190	12,426	12,696	12,190	12,190	13,211	14,319	15,530
Net Income						626	667	2,719	644	715	667	714	2,739	2,899	3,037	3,215
Share Repurchase						(250)	(250)	(1,000)	(235)	(235)	(235)	(235)	(940)	(940)	(940)	(940)
Dividends						(332)	(360)	(1,340)	(342)	(379)	(353)	(378)	(1,452)	(1,565)	(1,640)	(1,736)
Option Proceeds						205	205	798	148	148	148	148	594	634	674	714
Divestitures Gain, Net						20	20	471	20	20	20	20	80	80	80	80
Ending Balance						10,390	12,190	12,190	12,426	12,696	12,943	13,211	13,211	14,319	1	

Shares Outstanding

	Estimate															
	2020 FY	2021 FY	2022 FY	2023 FQ1	2023 FQ2	2023 FQ3	2023 FQ4	2023 FY	2024 FQ1	2024 FQ2	2024 FQ3	2024 FQ4	2024 FY	2025 FY	2026 FY	2027 FY
Beginning Basic Shares Outstanding	608	614	608	600	596	594	593	604	596	593	590	588	596	585	574	563
Shares Issued from Options	11	10	10	3	4	4	4	14	3	3	3	3	10	10	10	10
Share Repurchase	(5)	(5)	(14)	(7)	(5)	(5)	(5)	(23)	(5)	(5)	(5)	(5)	(21)	(21)	(21)	(21)
Ending Basic Shares Outstanding	614	619	604	597	594	593	591	596	593	590	588	585	585	574	563	553
Effect of Dilutive Securities	(0)	0	9	9	8	8	8	15	15	15	15	15	15	20	25	30
Diluted Shares Outstanding	613	619	613	606	602	601	599	611	608	605	603	600	600	594	588	583
Share Repurchase																
Projected P/E Multiple						22.10X	22.10X	22.10X	21.00X	21.00X	21.00X	21.00X	21.00X	20.00X	20.00X	20.00X
Projected Share Price						\$ 92.20	\$ 98.43	\$ 98.39	\$ 89.02	\$ 99.16	\$ 92.91	\$ 99.92	\$ 95.88	\$ 97.57	\$ 103.24	\$ 110.39
Total Shares Repurchased	5	5	14	7	5	5	5	23	5	5	5	5	21	21	21	21
EPS																
Net Income	2,181	2,340	2,707	820	606	626	667	2,719	644	715	667	714	2,739	2,899	3,037	3,215
Diluted Shares Outstanding	613	619	613	606	602	601	599	611	608	605	603	600	600	594	588	583
Diluted EPS	\$ 3.56	\$ 3.78	\$ 4.42	\$ 1.35	\$ 1.01	\$ 1.04	\$ 1.11	\$ 4.45	\$ 1.06	\$ 1.18	\$ 1.11	\$ 1.19	\$ 4.57	\$ 4.88	\$ 5.16	\$ 5.52

Unlevered Free Cash flow

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Revenues	\$ 18,993	\$ 19,997	\$ 20,878	\$ 21,681	\$ 22,386	\$ 23,058
Growth Rate (%)		5.3%	4.4%	3.8%	3.3%	3.0%
Cost of Sales	12,591	13,424	13,780	14,309	14,663	14,988
Gross Profit	\$ 6,402	\$ 6,573	\$ 7,099	\$ 7,371	\$ 7,723	\$ 8,070
Gross Margin (%)	33.7%	32.9%	34.0%	34.0%	34.5%	35.0%
Selling, General and Administrative Expenses (less D&A)	\$ 2,577	\$ 2,986	\$ 3,034	\$ 3,085	\$ 3,113	\$ 3,132
Benefit Plan Non-service Income	(113)	(87)	(87)	(87)	(87)	(87)
Total SG&A	2,463	2,899	2,948	2,998	3,026	3,045
EBITDA	\$ 3,939	\$ 3,674	\$ 4,151	\$ 4,374	\$ 4,697	\$ 5,025
EBITDA Margin (%)	20.7%	18.4%	19.9%	20.2%	21.0%	21.8%
Less: Depreciation & Amortization	570	413	473	536	603	672
EBIT	\$ 3,369	\$ 3,261	\$ 3,678	\$ 3,838	\$ 4,094	\$ 4,353
Corporate Tax Rate	17.80%	20.40%	20.50%	20.50%	20.50%	20.50%
Tax-affected EBIT	\$ 2,769	\$ 2,596	\$ 2,924	\$ 3,051	\$ 3,255	\$ 3,460
Add-back: D&A (non-cash expense)	570	413	473	536	603	672
Tax-affected EBIT + D&A	\$ 3,339	\$ 3,009	\$ 3,397	\$ 3,587	\$ 3,858	\$ 4,133
Less: CapEx	(337)	(538)	(601)	(629)	(672)	(692)
Plus / (Less): Change in Net Working Capital (NWC)	(19)	877	350	78	53	52
Unlevered Free Cash Flow (FCF)	\$ 2,984	\$ 3,348	\$ 3,146	\$ 3,036	\$ 3,239	\$ 3,493
Unlevered Free Cash Flow Growth Rate (%)		12.2%	-6.0%	-3.5%	6.7%	7.8%
Discount Year	0.0	1.0	2.0	3.0	4.0	5.0
Discount Factor		0.95	0.89	0.84	0.80	0.75
NPV of Unlevered FCF		\$ 3,164	\$ 2,811	\$ 2,564	\$ 2,586	\$ 2,636

NPV of FY23 - FY27 Free Cash Flow	\$ 13,762
Fully Diluted Shares	611
\$ / Share	\$ 22.53

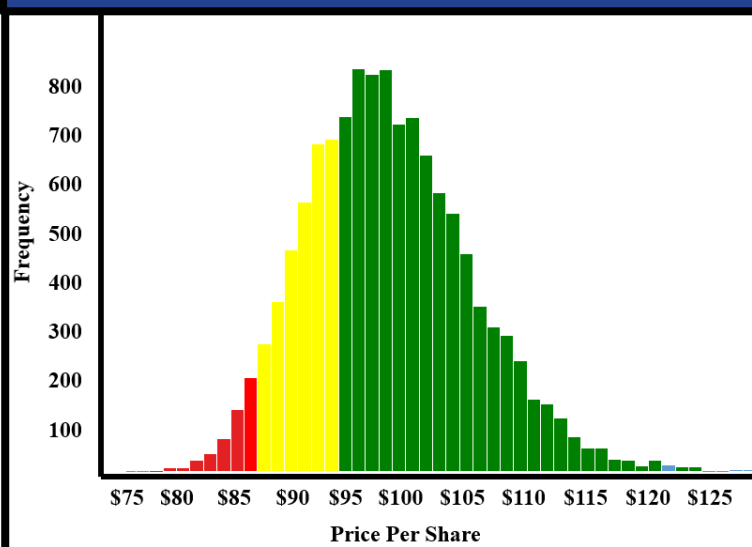
	Perp. Growth Rate (%)					
	1.30%	1.40%	1.50%	1.60%	1.75%	
WACC	6.15%	\$ 87.71	\$ 89.60	\$ 91.56	\$ 93.61	\$ 96.86
	6.00%	\$ 91.28	\$ 93.30	\$ 95.41	\$ 97.62	\$ 101.12
	5.86%	\$ 96.06	\$ 98.27	\$ 101	\$ 103.01	\$ 106.87
	5.75%	\$ 97.77	\$ 100.05	\$ 102.44	\$ 104.95	\$ 108.95
	5.60%	\$ 102.03	\$ 104.49	\$ 107.08	\$ 109.79	\$ 114.13

	Projected P/E Multiple					
	20.00x	21.00x	22.10x	23.00x	24.00x	
Net Margin	12.50%	\$ 83.69	\$ 87.88	\$ 92.48	\$ 96.25	\$ 100.43
	13.00%	\$ 87.04	\$ 91.39	\$ 96.18	\$ 100.10	\$ 104.45
	13.60%	\$ 91.04	\$ 95.59	\$ 101	\$ 104.70	\$ 109.25
	14.00%	\$ 93.74	\$ 98.42	\$ 103.58	\$ 107.80	\$ 112.48
	14.50%	\$ 97.08	\$ 101.94	\$ 107.28	\$ 111.65	\$ 116.50

Terminal Value Using Perpetuity Approach to Present Value

	FY 2027	Terminal Yr. FY 2028
Total Revenues	\$ 23,058	
Cost of Sales	14,988	
Gross Profit	\$ 8,070	
Gross Margin (%)	35.0%	
Selling, General and Administrative Expenses (less D&A)	\$ 3,132	
Benefit Plan Non-service Income	(87)	
Total SG&A	\$ 3,045	
EBITDA	\$ 5,025	
EBITDA Margin (%)	21.8%	
Less: Depreciation & Amortization	672	
EBIT	\$ 4,353	
Corporate Tax Rate	20.50%	
Tax-affected EBIT	\$ 3,460	
Add-back: D&A (non-cash expense)	672	
Tax-affected EBIT + D&A	\$ 4,133	
Less: CapEx	(692)	
Plus / (Less): Change in Net Working Capital (NWC)	52	
Unlevered FCF	\$ 3,493	
Discount Year	5.0	6.0
Discount Factor		0.71
Terminal Growth Rate	1.5%	
Terminal Value in FY27		\$ 82,613
PV of Terminal Value today		\$ 58,932
NPV of Terminal Value	\$ 58,932	
	% of TEV	
NPV of FY23 - FY25 Free Cash Flow	\$ 13,762	18.93%
NPV of Terminal Value	\$ 58,932	81.07%
*Significant value driven by terminal value of business		
Total Enterprise Value Using DCF	\$72,694	100.0%
Multiple on FY2023 EBITDA	19.79x	
Multiple on FY2027 EBITDA	14.47x	

17. Monte Carlo Simulation



18. WORKS CITED

- General Mills Company (10-K, 10-Q, Investor Deck, Conferences, Proxy Statement, Website)
- Bloomberg Terminal
- FactSet
- Morningstar
- S&P Capital IQ
- Refinitive
- Fred
- IBISWorld
- Wall Street Journal
- Observatory of Economic Complexity
- J.M. Smucker Co. website, <https://investors.jmsmucker.com/>
- Kraft Heinz Co. website, <https://ir.kraftheinzcompany.com/>
- Kellogg's website, <https://investor.kelloggs.com/>
- Campbell Soup Co. website, <https://investor.campbellsoupcompany.com/>