

# ModernGraham Valuation

Company Name:

General Mills, Inc.

Company Ticker GIS

Date of Analysis

8/15/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$42,472,044,709	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.79	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	29.27%	Fail
5. Earnings Growth	PEmg < 20	26.32	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	8.82	Fail
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.79	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-6.55	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.70
MG Growth Estimate	1.05%
<b>MG Value</b>	<b>\$28.64</b>
MG Value based on 3% Growth	\$39.14
MG Value based on 0% Growth	\$22.94
Market Implied Growth Rate	8.91%

### MG Opinion

Current Price	\$71.04
% of Intrinsic Value	248.06%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.99
Graham Number	\$23.65
PEmg	26.32
Current Ratio	0.79
PB Ratio	8.82
Current Dividend	\$1.78
Dividend Yield	2.51%
Number of Consecutive Years of Dividend Growth	13

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.01	Next Fiscal Year Estimate	\$2.70
May2016	\$2.77	May2016	\$2.54
May2015	\$1.97	May2015	\$2.46
May2014	\$2.83	May2014	\$2.67
May2013	\$2.79	May2013	\$2.52
May2012	\$2.35	May2012	\$2.33
May2011	\$2.70	May2011	\$2.23
May2010	\$2.24	May2010	\$1.93
May2009	\$1.90	May2009	\$1.74
May2008	\$1.86	May2008	\$1.62
May2007	\$1.59	May2007	\$1.48
May2006	\$1.45	May2006	\$1.36
May2005	\$1.54	May2005	\$1.27
May2004	\$1.30	May2004	\$1.11
May2003	\$1.22	May2003	\$1.00
May2002	\$0.67	May2002	\$0.88
May2001	\$1.14	May2001	\$0.95
May2000	\$1.00	<b>Balance Sheet Information 5/1/2016</b>	
May1999	\$0.85	Total Current Assets	\$3,937,200,000
May1998	\$0.65	Total Current Liabilities	\$5,014,700,000
May1997	\$0.69	Long-Term Debt	\$7,057,700,000
		Total Assets	\$21,712,300,000
		Intangible Assets	\$13,279,800,000
		Total Liabilities	\$16,782,100,000
		Shares Outstanding (Diluted Average)	611,900,000





**Disclaimer:**

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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