

ModernGraham Valuation

Company Name:

General Mills, Inc.

Company Ticker GIS

Date of Analysis

5/6/2018



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	\$24,433,000,543	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.69	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	35.96%	Pass
5. Earnings Growth	PEmg < 20	14.19	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.05	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	0.69	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.71	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.00
MG Growth Estimate	1.86%
MG Value	\$36.63
MG Value based on 3% Growth	\$43.46
MG Value based on 0% Growth	\$25.48
Market Implied Growth Rate	2.85%

MG Opinion

Current Price	\$42.54
% of Intrinsic Value	116.14%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$22.04
Graham Number	\$25.19
PEmg	14.19
Current Ratio	0.69
PB Ratio	5.05
Current Dividend	\$1.92
Dividend Yield	4.51%
Number of Consecutive Years of Dividend Growth	13

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$3.00
May2017	\$2.77	May2017	\$2.62
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	Balance Sheet Information	
May2000	\$1.00	2/1/2018	
May1999	\$0.85	Total Current Assets	\$4,277,100,000
May1998	\$0.65	Total Current Liabilities	\$6,209,600,000
		Long-Term Debt	\$7,163,600,000
		Total Assets	\$22,240,600,000
		Intangible Assets	\$13,471,400,000
		Total Liabilities	\$17,275,000,000
		Shares Outstanding (Diluted Average)	589,800,000





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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