



# General Mills (GIS)

Updated September 18<sup>th</sup>, 2025 by Aristofanis Papadatos

## Key Metrics

<b>Current Price:</b>	\$49	<b>5 Year CAGR Estimate:</b>	12.9%	<b>Market Cap:</b>	\$26 B
<b>Fair Value Price:</b>	\$63	<b>5 Year Growth Estimate:</b>	4.0%	<b>Ex-Dividend Date:</b>	10/9/25
<b>% Fair Value:</b>	78%	<b>5 Year Valuation Multiple Estimate:</b>	5.1%	<b>Dividend Payment Date:</b>	10/31/25
<b>Dividend Yield:</b>	5.0%	<b>5 Year Price Target</b>	\$77	<b>Years Of Dividend Growth:</b>	6
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	Hold

## Overview & Current Events

General Mills is a packaged food giant, with more than 100 brands and operations in more than 100 countries. It has a market capitalization of \$26 billion. General Mills has not cut its dividend for 125 consecutive years. The stock underperformed the market by a wide margin in 2015-2019 due to stagnation of sales amid increased health consciousness of consumers, but it then recovered, mostly thanks to the acquisition of Blue Buffalo and the pandemic, which greatly increased food consumption at home.

On June 30<sup>th</sup>, 2025, General Mills completed the sale of its North American yogurt business for \$2.1 billion in cash. The proceeds will be used for share repurchases. The sale of this business, which generated 8% of total sales last year, is expected to reduce earnings-per-share by ~3% in fiscal 2026, which ends in May 2026. General Mills decided to sell its North American yogurt business for its low profit margins.

In mid-September, General Mills reported (9/17/25) results for Q1-2026. Net sales and organic sales fell -7% and -3%, respectively, over the prior year's quarter, primarily due to lower prices. It was one of the worst declines in the last five years. Gross margin shrank from 34.8% to 33.9%, partly due to higher input costs. Adjusted earnings-per-share decreased -20%, from \$1.07 to \$0.86, but exceeded the analysts' consensus by \$0.04.

General Mills is facing tough comparisons, as the pandemic has subsided. It generates 85% of its sales from at-home food demand. It is also facing high cost inflation, which is likely to persist for a while. In addition, it is currently investing in its pet business to reinvigorate growth, at the expense of short-term earnings. As a result, the company reiterated its weak guidance for fiscal 2026. It expects approximately flat organic sales and a 10%-15% decline in earnings-per-share. Accordingly, we still expect earnings-per-share of \$3.70.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$2.92	\$3.08	\$3.11	\$3.22	\$3.61	\$3.79	\$3.94	\$4.30	\$4.52	\$4.21	<b>\$3.70</b>	<b>\$4.50</b>
<b>DPS</b>	\$1.78	\$1.92	\$1.96	\$1.96	\$1.96	\$2.02	\$2.04	\$2.16	\$2.36	\$2.40	<b>\$2.44</b>	<b>\$2.80</b>
<b>Shares<sup>1</sup></b>	596.8	576.9	593.0	605.0	616.1	619.4	604.9	591.0	570.4	550.4	<b>530.0</b>	<b>500.0</b>

General Mills has grown its earnings-per-share at a 4.1% average annual rate in the last decade. In recent years, the company accelerated, though it has stumbled in recent quarters due to tough comparisons and cost inflation. We expect approximately 4.0% annual earnings-per-share growth over the next five years, mostly thanks to Blue Buffalo. Earnings-per-share will also benefit from a decent amount of share repurchases, as the proceeds from the sale of North American yogurt business will be allocated on share repurchases. Buybacks had paused due to the high debt load caused by the acquisition of Blue Buffalo but they have resumed in recent years. Moreover, despite concerns that the tailwind from strong at-home food demand amid the pandemic will fade after the end of the health crisis, management has repeatedly stated that it expects the pandemic to have a permanent boosting effect on at-home food demand. Nevertheless, the weak business performance this year shows that the benefit from the pandemic has faded.

<sup>1</sup> In millions.

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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	20.0	20.5	17.0	14.1	15.0	16.0	16.3	18.5	15.2	15.3	13.2	17.0
Avg. Yld.	3.1%	3.0%	3.7%	4.3%	3.6%	3.3%	3.2%	2.7%	3.4%	3.7%	5.0%	3.7%

General Mills is trading at a price-to-earnings ratio of 13.2, which is much lower than its 10-year average price-to-earnings ratio of 17.0. If the stock trades at its average valuation level in five years, it will enjoy a 5.1% annualized gain.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	61.0%	62.3%	63.0%	60.9%	54.3%	53.3%	51.8%	50.2%	52.2%	57.0%	65.9%	62.2%

The strong brands of General Mills provide some competitive advantage but the fierce competition in its business, which caused the company to stagnate for five years (before the pandemic), indicates that this moat is narrow.

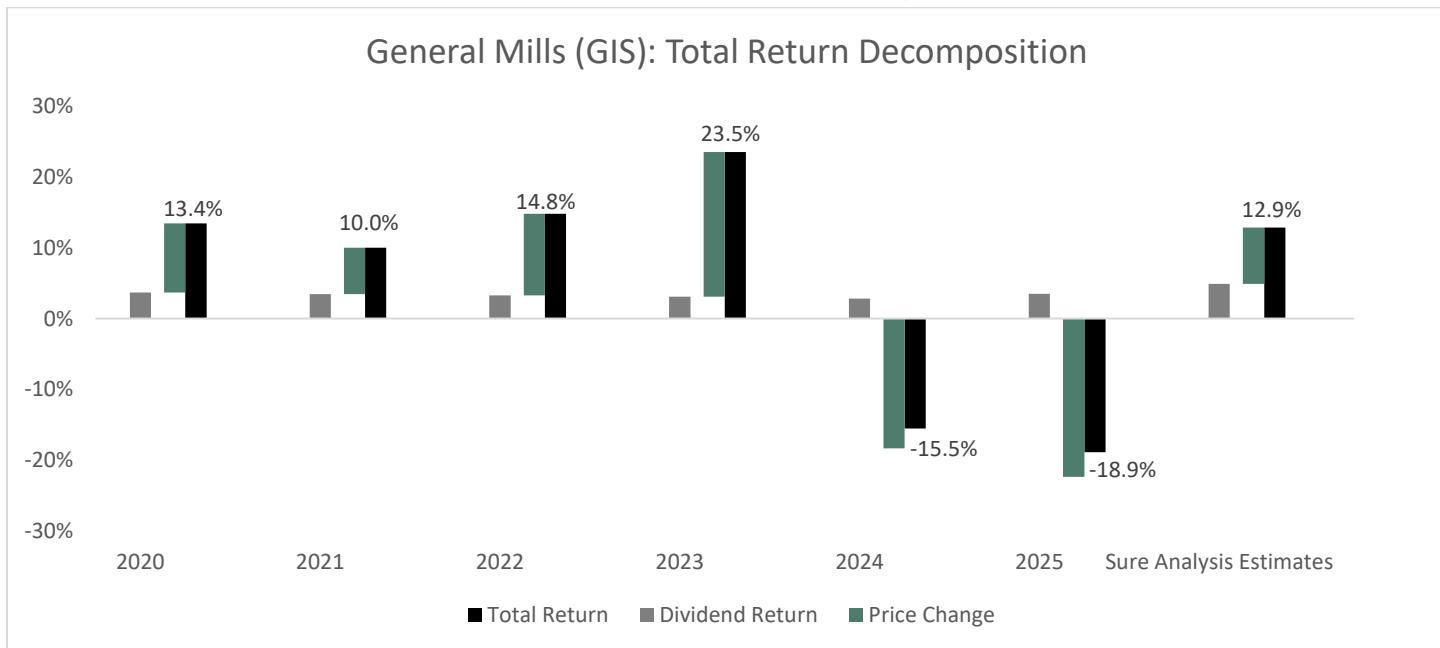
Due to the acquisition of Blue Buffalo, the debt load of General Mills increased materially. In fiscal 2019, interest expense jumped 40% due to this acquisition, from \$374 million to \$522 million. The company then significantly reduced its debt but annual interest expense has increased again to \$533 million due to the surge of interest rates.

The stock has proven resilient during recessions and market selloffs because people tend to eat at home more during difficult economic periods. In the Great Recession, while most companies saw their earnings collapse, General Mills grew its earnings-per-share by more than 10% per year from 2007 to 2010. In the fierce coronavirus crisis, General Mills proved its resilience once again, as it posted record earnings in fiscal 2020, 2021 and 2022.

## Final Thoughts & Recommendation

General Mills proved its safe-haven nature during the pandemic. The stock has declined -34% in the last 12 months due to weak sales and tough comparisons vs. last year but we expect it to return to growth mode after this tough year. The stock can offer a 12.9% average annual return over the next five years thanks to 4.0% earnings-per-share growth, its 5.0% dividend and a 5.1% valuation tailwind. It receives a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	16,563	15,620	15,740	16,865	17,627	18,127	18,993	20,094	19,857	19,487
Gross Profit	5,830	5,568	5,436	5,757	6,130	6,448	6,402	6,546	6,932	6,740
Gross Margin	35.2%	35.6%	34.5%	34.1%	34.8%	35.6%	33.7%	32.6%	34.9%	34.6%
SG&A Exp.	3,119	2,889	2,850	2,936	3,152	3,080	3,147	3,500	3,259	3,446
D&A Exp.	608	604	619	620	595	601	570	547	553	539
Operating Profit	2,711	2,679	2,586	2,821	2,978	3,369	3,255	3,045	3,673	3,300
Op. Margin	16.4%	17.2%	16.4%	16.7%	16.9%	18.6%	17.1%	15.1%	18.5%	16.9%
Net Profit	1,697	1,658	2,131	1,753	2,181	2,340	2,707	2,594	2,497	2,308
Net Margin	10.2%	10.6%	13.5%	10.4%	12.4%	12.9%	14.3%	12.9%	12.6%	11.8%
Free Cash Flow	2,035	1,731	2,218	2,269	3,215	2,452	2,747	2,089	2,529	2,293
Income Tax	755	655	57	368	481	629	586	612	595	574

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	21,712	21,813	30,624	30,111	30,807	31,842	31,090	31,452	31,470	33,071
Cash & Equivalents	764	766	399	450	1,678	1,505	569	586	418	364
Acc. Receivable	1,361	1,430	1,684	1,680	1,615	1,639	1,692	1,683	1,696	1,796
Inventories	1,414	1,484	1,642	1,559	1,426	1,821	1,867	2,172	1,898	1,911
Goodwill & Int.	13,280	13,278	21,510	21,163	21,019	21,213	21,378	21,479	21,731	22,704
Total Liabilities	16,405	17,127	24,132	22,744	22,457	22,069	20,302	20,752	21,821	23,860
Accounts Payable	2,047	2,120	2,746	2,854	3,248	3,654	3,982	4,194	3,988	4,010
Long-Term Debt	8,431	9,482	15,819	14,490	13,540	12,612	11,620	11,706	12,930	15,297
Total Equity	4,930	4,328	6,141	7,055	8,059	9,470	10,542	10,450	9,397	9,199
LTD/E Ratio	1.71	2.19	2.58	2.05	1.68	1.33	1.10	1.12	1.38	1.66

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.8%	7.6%	8.1%	5.8%	7.2%	7.5%	8.6%	8.3%	7.9%	7.2%
Return on Equity	34.2%	35.8%	40.7%	26.6%	28.9%	26.7%	27.1%	24.7%	24.5%	24.5%
ROIC	12.0%	11.9%	11.7%	7.9%	10.0%	10.6%	11.9%	11.6%	11.1%	9.7%
Shares Out.	596.8	576.9	593.0	605.0	616.1	619.4	612.6	601.2	579.5	557.5
Revenue/Share	27.07	26.12	26.87	27.86	28.74	29.28	31.00	33.42	34.27	34.95
FCF/Share	3.33	2.89	3.79	3.75	5.24	3.96	4.48	3.47	4.36	4.11

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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