

## Utz Brands

## Chipping away at leverage

Reiterate Rating: NEUTRAL | PO: 19.00 USD | Price: 18.34 USD

## 4Q results in line with January pre-announcement

UTZ reported 4Q23 sales of \$352.1mm and adj. EBITDA of \$49.4mm, which was in line with the company's January [pre-announcement](#) (see our report). 4Q23 model highlights: 1) Net sales declined -0.7% y/y, with organic sales -0.3% (volume/mix +0.5% and price -0.8%) and IO headwind worth 40bps. 2) Gross margins increased +52bps y/y as benefits from productivity and favorable sales mix more than offset lower net price realization, cost inflation, and supply chain investments. 3) SD&A expenses declined -5.1% y/y due to a reduction in selling costs from the shift to IOs, lower administrative expenses and productivity benefits.

## FY24 financial outlook in line with consensus

UTZ also announced its FY24 financial outlook, which was in line with Visible Alpha consensus on an organic sales growth and adj. EBITDA basis. UTZ expects organic sales to increase +3.0% y/y and to be predominantly driven by volume/mix. This is below the company's long-term target of +4-5%, which assumes that the salty snacks category grows at a rate of +2-3% and UTZ gains market share. UTZ also forecasts adj. EBITDA growth within the range of +5% to +8%, and consensus was at the high end of the range.

## Lower estimates and 1Q24 model highlights

We lower our FY24/25/26 adj. EBITDAe from \$206.8mm/\$231.3mm/\$257.6mm to \$200.1mm/\$224.0mm/\$249.6mm, respectively. Our lower forecasts are driven by UTZ divesting Good Health and R.W. Garcia, worth about \$45mm of sales. The brands were sold for \$150mm in after-tax net proceeds, which will be used to pay down debt. Key drivers behind our 1Q24 adj. EBITDAe of \$42.6mm are 1) organic sales growth of +1.0% y/y (UTZ expects growth to build sequentially; we expect growth to reach +4.5% by Q4), 2) 35.6% gross margins or up +120bps y/y, and 3) SD&A expense in line with last year.

## Reiterate Neutral rating and \$19 PO

We reiterate our Neutral rating and \$19 PO, which is still based on 15.5x our CY25 EV/EBITDAe. We value shares of UTZ at a premium to "platform companies" and companies that compete in the salty snack category given what we believe is an embedded take-out premium.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.55	0.57	0.69	0.76	0.90
GAAP EPS	0	(0.31)	0.73	0.76	0.90
EPS Change (YoY)	-3.5%	3.6%	21.1%	10.1%	18.4%
Consensus EPS (Bloomberg)			0.66	0.77	0.93
DPS	0.22	0.23	0.25	0.27	0.29
Valuation (Dec)					
P/E	33.3x	32.2x	26.6x	24.1x	20.4x
GAAP P/E	NA	NM	25.1x	24.1x	20.4x
Dividend Yield	1.2%	1.2%	1.3%	1.5%	1.6%
EV / EBITDA*	20.4x	18.6x	17.4x	15.6x	14.0x
Free Cash Flow Yield*	-1.5%	0.8%	2.5%	2.7%	3.7%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 6.

29 February 2024

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## Stock Data

Price	18.34 USD
Price Objective	19.00 USD
Date Established	31-Jan-2024
Investment Opinion	B-2-7
52-Week Range	11.17 USD - 19.21 USD
Mkt Val (mn) / Shares Out (mn)	2,613 USD / 142.5
Free Float	77.5%
Average Daily Value (mn)	13.00 USD
BofA Ticker / Exchange	UTZ / NYS
Bloomberg / Reuters	UTZ US / UTZ.N
ROE (2024E)	6.6%
Net Dbt to Eqty (Dec-2023A)	62.6%
ESGMeter <sup>TM</sup>	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

IO: independent operator

PO: price objective

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Refer to important disclosures on page 7 to 9. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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# iQprofile<sup>SM</sup> Utz Brands

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	5.4%	6.0%	6.2%	6.8%	7.4%
Return on Equity	5.4%	5.7%	6.6%	6.7%	7.6%
Operating Margin	12.2%	12.9%	14.0%	14.9%	15.9%
Free Cash Flow	(40)	21	65	70	97

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.6x	0.9x	1.4x	1.4x	1.4x
Asset Replacement Ratio	1.0x	0.7x	0.9x	1.0x	0.9x
Tax Rate	18.7%	17.0%	20.0%	21.0%	21.0%
Net Debt-to-Equity Ratio	59.2%	62.6%	43.1%	39.3%	33.9%
Interest Cover	4.0x	3.2x	4.0x	3.7x	4.2x

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	1,408	1,438	1,434	1,498	1,566
% Change	19.3%	2.1%	-0.3%	4.5%	4.5%
Gross Profit	504	514	530	568	610
% Change	18.6%	1.9%	3.1%	7.3%	7.3%
EBITDA	171	187	200	224	250
% Change	9.2%	9.7%	7.0%	11.9%	11.4%
Net Interest & Other Income	(77)	(88)	(77)	(88)	(88)
<b>Net Income (Adjusted)</b>	<b>78</b>	<b>81</b>	<b>99</b>	<b>107</b>	<b>128</b>
<b>% Change</b>	<b>-3.0%</b>	<b>4.6%</b>	<b>21.0%</b>	<b>9.1%</b>	<b>18.9%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	78	81	99	107	128
Depreciation & Amortization	87	79	84	88	88
Change in Working Capital	(11)	10	(23)	(20)	(19)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(105)	(94)	(20)	(20)	(20)
Capital Expenditure	(88)	(56)	(75)	(85)	(80)
<b>Free Cash Flow</b>	<b>-40</b>	<b>21</b>	<b>65</b>	<b>70</b>	<b>97</b>
<b>% Change</b>	<b>NM</b>	<b>NM</b>	<b>208.9%</b>	<b>8.2%</b>	<b>38.3%</b>
Share / Issue Repurchase	NA	NA	NA	NA	NA
Cost of Dividends Paid	(17)	(19)	(20)	(22)	(24)
Change in Debt	64	(16)	(150)	0	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	73	52	87	125	188
Trade Receivables	137	135	137	144	150
Other Current Assets	162	141	161	174	184
Property, Plant & Equipment	345	319	352	393	429
Other Non-Current Assets	2,123	2,100	2,058	2,014	1,970
<b>Total Assets</b>	<b>2,840</b>	<b>2,747</b>	<b>2,795</b>	<b>2,849</b>	<b>2,921</b>
Short-Term Debt	19	21	21	21	21
Other Current Liabilities	219	210	209	208	206
Long-Term Debt	914	898	748	748	748
Other Non-Current Liabilities	238	235	235	235	235
<b>Total Liabilities</b>	<b>1,389</b>	<b>1,363</b>	<b>1,213</b>	<b>1,211</b>	<b>1,209</b>
<b>Total Equity</b>	<b>1,451</b>	<b>1,384</b>	<b>1,582</b>	<b>1,638</b>	<b>1,712</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,840</b>	<b>2,747</b>	<b>2,795</b>	<b>2,849</b>	<b>2,921</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 6.

## Company Sector

Food Producers

## Company Description

UTZ is a leading pure-play salty snack platform company in the U.S. that is responsible for manufacturing, marketing and distributing a wide range of salty snacks (potato chips, tortilla chips, pretzels, cheese snacks and pork rinds). The company has been in business for over 100 years and went public through a special purpose acquisition fund in 2020. The company is responsible for producing the following brands: Utz, On the Border, Golden Flake, Zapp's and Good Health.

## Investment Rationale

We rate UTZ shares Neutral. Overall, we are positive on UTZ's category tailwinds and scale opportunity. However, at current valuation, UTZ's status a "show me story" and elevated leverage are less compelling, in our view.

## Stock Data

Average Daily Volume 708,939

## Quarterly Earnings Estimates

	2023	2024
Q1	0.11A	0.13E
Q2	0.13A	0.17E
Q3	0.17A	0.21E
Q4	0.16A	0.19E

# Variance

## Exhibit 1: UTZ 4Q23 Variance

4Q23 adj. EBITDA was in line with our forecast

Variance	4Q23	4Q23E	A vs. E	Per Share	4Q22	% Change
<b>Net sales</b>	<b>\$352.1</b>	<b>\$352.0</b>	<b>\$0.1</b>	<b>\$0.00</b>	<b>\$354.7</b>	<b>-0.7%</b>
Cost of goods	221.5	223.5	-2.1	0.0	224.9	-1.5%
<b>Adjusted Gross profit</b>	<b>\$130.6</b>	<b>\$128.5</b>	<b>\$2.1</b>	<b>\$0.01</b>	<b>\$129.7</b>	<b>0.7%</b>
Gross margin	37.1%	36.5%	60bps		36.6%	52bps
Selling, general and administrative expenses	81.3	79.6	1.7	0.0	85.7	-5.1%
Gain (loss) on disposal of PPE	1.9	0.0	1.9	0.0	0.0	#DIV/0!
Gain (loss) on sale of routes	-2.2	0.5	-2.7	0.0	0.0	7757.1%
<b>Adjusted Operating Profit (excludes D&amp;A)</b>	<b>\$49.1</b>	<b>\$49.4</b>	<b>-\$0.4</b>	<b>\$0.00</b>	<b>\$44.0</b>	<b>11.5%</b>
Operating margin	13.9%	14.0%	-10bps		12.4%	152bps
Interest expense	15.2	11.2	3.9	0.0	11.9	26.9%
Other income (expense)	0.8	0.5	0.3	0.0	0.3	145.9%
Non-acquisition related D&A	-7.5	-8.5	1.0	0.0	-7.3	2.6%
Loss on re-measurement of warrant liability (gain)	0.0	0.0	0.0	0.0	0.0	#DIV/0!
<b>Income before taxes</b>	<b>\$27.2</b>	<b>\$30.2</b>	<b>-\$3.0</b>	<b>-\$0.02</b>	<b>\$25.1</b>	<b>8.4%</b>
Tax expense (benefit)	4.3	5.4	-1.1	0.0	3.6	20.3%
Effective tax rate	15.8%	18.0%	-223bps		14.2%	156bps
<b>Adjusted net income</b>	<b>\$22.9</b>	<b>\$24.8</b>	<b>-\$1.8</b>	<b>-\$0.01</b>	<b>\$21.5</b>	<b>6.4%</b>
Controlling interest (benefit)	-5.5	-1.0	-4.5	0.0	-1.1	422.0%
<b>Adjusted net income attributable to UTZ</b>	<b>\$28.4</b>	<b>\$25.8</b>	<b>\$2.7</b>	<b>\$0.02</b>	<b>\$22.6</b>	<b>25.9%</b>
Adjustments	-56.1	-11.5	-44.6	-0.3	-7.7	628.6%
<b>Reported net income attributable to controlling interest</b>	<b>-\$27.7</b>	<b>\$14.3</b>	<b>-\$41.9</b>	<b>-\$0.24</b>	<b>\$14.9</b>	<b>-285.9%</b>
<b>Adj. Diluted EPS</b>	<b>\$0.16</b>	<b>\$0.17</b>	<b>(\$0.01)</b>		<b>\$0.15</b>	<b>7.0%</b>
Shares outstanding	142	142.8	-0.8	\$0.00	142.7	-0.5%
<b>Sales breakdown</b>						
Volume Growth	0.5%	-0.8%	125bps		-2.0%	250bps
Price/Mix	-0.8%	0.5%	-130bps		17.9%	-1870bps
IO shift/discounts	-0.4%	-0.5%	10bps		-1.0%	60bps
<b>Organic Sales Growth</b>	<b>-0.3%</b>	<b>-0.3%</b>	<b>-5bps</b>		<b>15.9%</b>	<b>-1620bps</b>
Extra week	0.0%	0.0%	bps		0.0%	bps
M&A	0.0%	0.0%	bps		3.0%	-300bps
<b>Net Sales Growth</b>	<b>-0.7%</b>	<b>-0.8%</b>	<b>5bps</b>		<b>17.9%</b>	<b>-1856bps</b>
<b>EBITDA breakdown</b>						
Consolidated comparable adjusted EBITDA	\$49.4	\$49.4	-\$0.1		\$44.1	11.9%
Adj. EBITDA margin	14.0%	14.0%	-2bps		12.4%	158bps

Source: BofA Global Research. A = Actual. E = Estimate.

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# Income statement

## Exhibit 2: UTZ Income Statement

We forecast FY24 adj. EBITDA of \$200.1mm

	Dec-22	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Dec-25	Dec-26
Dec Year End	2022	2023	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E
<b>Net sales</b>	<b>\$1,408.4</b>	<b>\$1,438.2</b>	<b>\$342.3</b>	<b>\$361.0</b>	<b>\$373.6</b>	<b>\$356.7</b>	<b>\$1,433.6</b>	<b>\$1,498.2</b>	<b>\$1,565.6</b>
Cost of goods	904.3	924.7	220.3	230.4	233.4	220.0	904.1	929.8	956.0
<b>Adjusted Gross profit</b>	<b>\$504.1</b>	<b>\$513.6</b>	<b>\$122.0</b>	<b>\$130.6</b>	<b>\$140.2</b>	<b>\$136.7</b>	<b>\$529.6</b>	<b>\$568.4</b>	<b>\$609.6</b>
Selling, general and administrative expenses	333.2	326.5	79.9	82.8	85.0	83.8	331.5	346.4	362.0
Gain (loss) on disposal of PPE	-	1.9	-	-	-	-	-	-	-
Gain (loss) on sale of routes	1.6	(3.1)	0.5	0.5	0.5	0.5	2.0	2.0	2.0
<b>Adjusted Operating Profit (excludes D&amp;A)</b>	<b>\$172.5</b>	<b>\$185.9</b>	<b>\$42.6</b>	<b>\$48.4</b>	<b>\$55.8</b>	<b>\$53.3</b>	<b>\$200.1</b>	<b>\$224.0</b>	<b>\$249.6</b>
Interest expense	42.6	58.9	13.5	12.2	12.2	12.2	50.0	60.0	60.0
Other income (expense)	0.3	3.1	0.8	0.8	0.8	0.8	3.0	2.0	2.0
Non-acquisition related D&A	(34.4)	(32.0)	(7.5)	(7.5)	(7.5)	(7.5)	(30.0)	(30.0)	(30.0)
warrant liability (gain)	-	-	-	-	-	-	-	-	-
<b>Income before taxes</b>	<b>\$95.7</b>	<b>\$98.1</b>	<b>\$22.3</b>	<b>\$29.5</b>	<b>\$36.9</b>	<b>\$34.4</b>	<b>\$123.1</b>	<b>\$136.0</b>	<b>\$161.6</b>
Tax expense (benefit)	17.9	16.7	4.5	5.9	7.4	6.9	24.6	28.6	33.9
<b>Adjusted net income</b>	<b>\$77.8</b>	<b>\$81.4</b>	<b>\$17.9</b>	<b>\$23.6</b>	<b>\$29.5</b>	<b>\$27.5</b>	<b>\$98.5</b>	<b>\$107.4</b>	<b>\$127.7</b>
Controlling interest (benefit)	(13.6)	(15.1)	(3.8)	(3.8)	(3.8)	(3.8)	(15.0)	(4.0)	(4.0)
<b>Adjusted net income attributable to UTZ</b>	<b>\$91.5</b>	<b>\$96.5</b>	<b>\$21.6</b>	<b>\$27.3</b>	<b>\$33.3</b>	<b>\$31.3</b>	<b>\$113.5</b>	<b>\$111.4</b>	<b>\$131.7</b>
Adjustments	(91.9)	(121.5)	(13.5)	(13.5)	(13.5)	(13.5)	(54.0)	(58.0)	(58.0)
<b>controlling interest</b>	<b>(\$0.4)</b>	<b>(\$24.9)</b>	<b>\$8.1</b>	<b>\$13.8</b>	<b>\$19.8</b>	<b>\$17.8</b>	<b>\$59.5</b>	<b>\$53.4</b>	<b>\$73.7</b>
<b>Fully diluted shares on an as-converted Basis</b>	<b>141.5</b>	<b>142.7</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>
<b>Class A common stock outstanding</b>	<b>80.4</b>	<b>81.7</b>	<b>81.1</b>	<b>81.1</b>	<b>81.1</b>	<b>81.1</b>	<b>81.1</b>	<b>81.1</b>	<b>81.1</b>
<b>Adj. Diluted EPS</b>	<b>\$0.55</b>	<b>\$0.57</b>	<b>\$0.13</b>	<b>\$0.17</b>	<b>\$0.21</b>	<b>\$0.19</b>	<b>\$0.69</b>	<b>\$0.76</b>	<b>\$0.90</b>
<b>Reported EPS</b>	<b>(\$0.00)</b>	<b>(\$0.31)</b>	<b>\$0.10</b>	<b>\$0.17</b>	<b>\$0.24</b>	<b>\$0.22</b>	<b>\$0.73</b>	<b>\$0.66</b>	<b>\$0.91</b>
<b>Dividend per share</b>	<b>\$0.22</b>	<b>\$0.23</b>	<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.25</b>	<b>\$0.27</b>	<b>\$0.29</b>
<b>EBITDA calculation</b>									
<b>Adjusted Operating profit (excluding D&amp;A)</b>	<b>\$172.5</b>	<b>\$185.9</b>	<b>\$42.6</b>	<b>\$48.4</b>	<b>\$55.8</b>	<b>\$53.3</b>	<b>\$200.1</b>	<b>\$224.0</b>	<b>\$249.6</b>
Other adjustments	(2.0)	1.1	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$170.5</b>	<b>\$187.0</b>	<b>\$42.6</b>	<b>\$48.4</b>	<b>\$55.8</b>	<b>\$53.3</b>	<b>\$200.1</b>	<b>\$224.0</b>	<b>\$249.6</b>
		<b>\$187.0</b>					<b>\$202.0</b>	<b>\$222.1</b>	<b>\$248.7</b>
<b>Margin Analysis</b>			1.2%				1.23%		
Adjusted Gross Margin (excluding D&A)	35.8%	35.7%	35.6%	36.2%	37.5%	38.3%	36.9%	37.9%	38.9%
COGS as a % of sales (excluding D&A)	64.2%	64.3%	64.4%	63.8%	62.5%	61.7%	63.1%	62.1%	61.1%
SG&A as a % of sales (excluding D&A)	23.7%	22.7%	23.4%	22.9%	22.7%	23.5%	23.1%	23.1%	23.1%
Adjusted Operating Profit (excluding D&A)	12.2%	12.9%	12.4%	13.4%	14.9%	15.0%	14.0%	14.9%	15.9%
<b>Adjusted EBITDA</b>	<b>12.1%</b>	<b>13.0%</b>	<b>12.4%</b>	<b>13.4%</b>	<b>14.9%</b>	<b>15.0%</b>	<b>14.0%</b>	<b>14.9%</b>	<b>15.9%</b>
Further adjusted EBITDA	12.1%	13.0%	12.4%	13.4%	14.9%	15.0%	14.0%	14.9%	15.9%
Normalized further adjusted EBITDA	12.1%	13.0%	12.4%	13.4%	14.9%	15.0%	14.0%	14.9%	15.9%
Effective tax rate	18.7%	17.0%	20.0%	20.0%	20.0%	20.0%	20.0%	21.0%	21.0%
Net profit (attributable to UTZ) margin	6.5%	6.7%	6.3%	7.6%	8.9%	8.8%	7.9%	7.4%	8.4%
Dividend as a % of EPS	39.8%	40.0%	49.2%	37.2%	29.8%	31.9%	35.7%	35.5%	32.4%
<b>YoY % Change</b>									
Sales	19.3%	2.1%	-2.6%	-0.5%	0.5%	1.3%	-0.3%	4.5%	4.5%
Adjusted gross profit	18.6%	1.9%	0.8%	3.0%	3.8%	4.6%	3.1%	7.3%	7.3%
Adjusted Operating Profit (ex D&A)	11.2%	7.8%	8.9%	6.4%	6.7%	8.7%	7.6%	11.9%	11.4%
<b>Adjusted EBITDA</b>	<b>9.2%</b>	<b>9.7%</b>	<b>5.4%</b>	<b>7.1%</b>	<b>7.1%</b>	<b>8.0%</b>	<b>7.0%</b>	<b>11.9%</b>	<b>11.4%</b>
Normalized further adjusted EBITDA	2.6%	9.6%	5.4%	7.1%	7.1%	8.0%	7.0%	11.9%	11.4%
Income before taxes	-2.8%	2.5%	22.4%	30.4%	22.8%	26.5%	25.5%	10.4%	18.9%
Net income attributable to UTZ	-1.4%	5.5%	5.9%	17.5%	36.2%	10.0%	17.6%	-1.8%	18.2%
Adjusted EPS	-3.2%	3.8%	19.4%	26.3%	20.5%	20.2%	21.6%	9.1%	18.9%
Dividend growth rate	9.5%	4.1%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%

Source: BofA Global Research

BofA GLOBAL RESEARCH



## Price objective basis & risk

### Utz Brands (UTZ)

Our \$19 PO is based on our 15.5x CY25 EV/EBITDA estimate. At this multiple, we value shares of UTZ at a premium to "platform companies" and companies that compete in the salty snack category given what we believe is an embedded take-out premium.

Upside risks are 1) better pricing to cover inflation than anticipated, 2) faster category/brand growth vs peers and market share gains, 3) better-than-modeled cost synergies from M&A, 4) deflationary cost basket

Downside risks are 1) bigger-than-expected volume hit from price increases, 2) regional brands do not translate nationally, 3) cost synergies do not achieve targets, 4) leverage above peers, 5) inflation continues to accelerate.

## Analyst Certification

I, Peter T. Galbo, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	BellRing Brands Inc	BRBR	BRBR US	Bryan D. Spillane
	Coca-Cola Europacific Partners plc	CCEP	CCEP US	Bryan D. Spillane
	Colgate-Palmolive Company	CL	CL US	Bryan D. Spillane
	Constellation Brands	STZ	STZ US	Bryan D. Spillane
	Coty Inc.	COTY	COTY US	Anna Lizzul
	e.l.f. Beauty	ELF	ELF US	Anna Lizzul
	Freshpet, Inc.	FRPT	FRPT US	Bryan D. Spillane
	Kenvue Inc.	KVUE	KVUE US	Anna Lizzul
	Keurig Dr Pepper	KDP	KDP US	Bryan D. Spillane
	Kraft Heinz Company	KHC	KHC US	Bryan D. Spillane
	Lamb Weston Holdings Inc	LW	LW US	Peter T. Galbo, CFA
	McCormick & Co.	MKC	MKC US	Peter T. Galbo, CFA
	Mondelez International	MDLZ	MDLZ US	Bryan D. Spillane
	Monster Beverage Corporation	MNST	MNST US	Peter T. Galbo, CFA
	PepsiCo	PEP	PEP US	Bryan D. Spillane
	Philip Morris International	PM	PM US	Lisa K. Lewandowski
	Pilgrim's Pride Corp.	PPC	PPC US	Peter T. Galbo, CFA
	The Coca Cola Company	KO	KO US	Bryan D. Spillane
	The Procter & Gamble Company	PG	PG US	Bryan D. Spillane
<b>NEUTRAL</b>				
	Altria Group	MO	MO US	Lisa K. Lewandowski
	Celsius Holdings Inc	CELH	CELH US	Jonathan Keypour
	Church & Dwight	CHD	CHD US	Anna Lizzul
	Clorox	CLX	CLX US	Anna Lizzul
	Conagra Brands, Inc.	CAG	CAG US	Peter T. Galbo, CFA
	Estee Lauder Companies Inc.	EL	EL US	Bryan D. Spillane
	General Mills	GIS	GIS US	Bryan D. Spillane
	JM Smucker Company	SJM	SJM US	Peter T. Galbo, CFA



**US - Consumables Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Kellanova	K	K US	Peter T. Galbo, CFA
	Molson Coors Beverage Company	TAP	TAP US	Bryan D. Spillane
	The Hershey Company	HSY	HSY US	Bryan D. Spillane
	The Vita Coco Company, Inc.	COCO	COCO US	Bryan D. Spillane
	Tyson Foods, Inc.	TSN	TSN US	Peter T. Galbo, CFA
	Utz Brands	UTZ	UTZ US	Peter T. Galbo, CFA
	WK Kellogg Co	KLG	KLG US	Peter T. Galbo, CFA
<b>UNDERPERFORM</b>				
	Brown-Forman Corporation	BFB	BF/B US	Bryan D. Spillane
	Campbell Soup Company	CPB	CPB US	Peter T. Galbo, CFA
	Canopy Growth	YWEED	WEED CN	Lisa K. Lewandowski
	Canopy Growth	CGC	CGC US	Lisa K. Lewandowski
	Cronos Group	YCRON	CRON CN	Lisa K. Lewandowski
	Cronos Group	CRON	CRON US	Lisa K. Lewandowski
	Dole plc	DOLE	DOLE US	Bryan D. Spillane
	Herbalife Ltd	HLF	HLF US	Anna Lizzul
	Hormel Foods Corp.	HRL	HRL US	Peter T. Galbo, CFA
	Kimberly-Clark	KMB	KMB US	Anna Lizzul
	The Duckhorn Portfolio, Inc.	NAPA	NAPA US	Peter T. Galbo, CFA

**iQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

**Quality of Earnings**

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

**Numerator**

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

**Denominator**

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

**Valuation Toolkit**

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

**Numerator**

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

**Denominator**

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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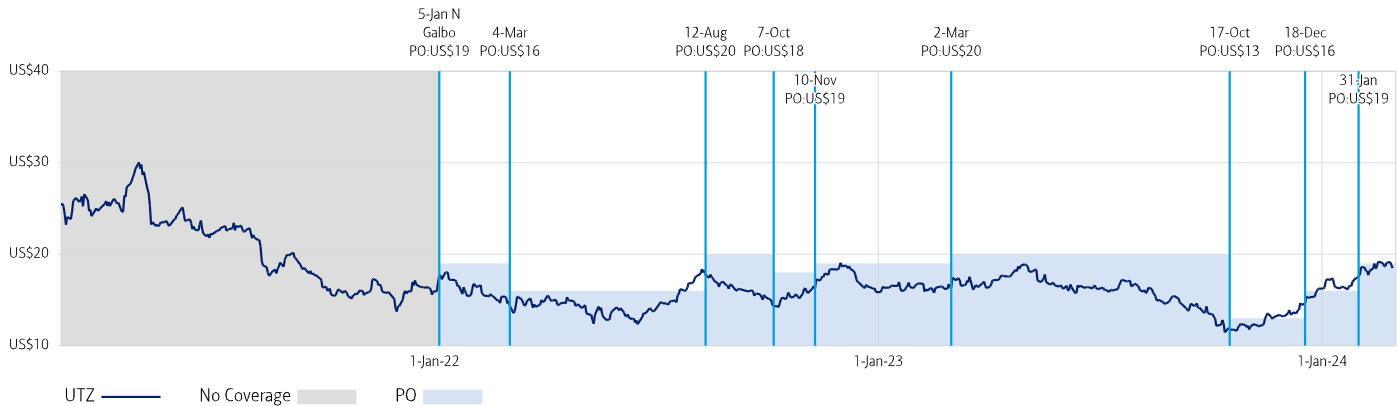
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### Utz Brands (UTZ) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Food Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	33	49.25%	Buy	16	48.48%
Hold	17	25.37%	Hold	10	58.82%
Sell	17	25.37%	Sell	8	47.06%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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