

Church & Dwight

Analyst Day highlights revised Evergreen model building on 2023 improvements

Reiterate Rating: NEUTRAL | PO: 100.00 USD | Price: 99.37 USD

Evergreen model revised upward on broad progress

CHD hosted its Analyst Day at the NYSE on 2/2, following the release of Q4 earnings. We came away encouraged by the progress the company made in 2023, which drove our upgrade to Neutral in mid-December ([see report](#)). CHD upwardly revised its long-term growth model, and now expects +4% organic sales, vs. +3% prior, better gross margin expansion of +25-50bps (vs. +25bps prior) on productivity and margin-accretive acquisitions, while marketing investment and SG&A will support efficiency and systems.

2024 guidance moves toward narrowing gross margin gap

2024 guidance of reported and organic sales +4-5% (organic ex. Megalac), gross margin +50-75bps, and adj. EPS growth +7-9% incl. 1% drag from Megalac is back-half weighted due to marketing spend shifted to the first half of the year to support new product innovations. 2024 gross margin expansion is estimated at +50-75bps, which at the midpoint narrows the gap to 80bps back to pre-COVID gross margin of 45.5%. We expect CHD to largely return to pre-COVID levels of gross margin in 2025, aided by a more premium portfolio (now 63% of sales vs. 37% value). CHD continues to expand distribution and sees significant runway for acquisitions Hero and Therabreath, which have aided the premium portfolio. We expect CHD to make at least one acquisition in 2024, likely in personal care, following none in 2023 due to high valuations.

Adjusting 2024 estimates; 2024 EPS growth 2H weighted

CHD guided to Q1 sales +4%, and EPS of \$0.85 on gross margin expansion and marketing spend +100bps y/y for innovation support. We expect gross margin to be stronger in 1H24 with marketing spend also higher, leading to lower EPS growth in 1H vs. 2H. Overall, we reduce our Q1 adj. EPS estimate to \$0.87 vs. \$0.96 prior on higher investment, with 2024e EPS \$3.48 vs. \$3.50 prior.

Reiterate Neutral and \$100 PO

We reiterate our Neutral rating and our PO at \$100, reflecting a ~26x P/E multiple on our 2025 EPS estimate of \$3.79. While we appreciate CHD's improved long-term growth model, we see valuation as full. We believe a ~26x multiple appropriately balances pricing gains waning and volume growth supported by investment spend.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	2.97	3.17	3.48	3.79	4.16
GAAP EPS	1.68	3.05	3.48	3.79	4.16
EPS Change (YoY)	-1.7%	6.7%	9.8%	8.9%	9.8%
Consensus EPS (Bloomberg)			3.42	3.69	4.00
DPS	1.05	1.09	1.13	1.18	1.23
Valuation (Dec)					
P/E	33.5x	31.3x	28.6x	26.2x	23.9x
GAAP P/E	59.1x	32.6x	28.6x	26.2x	23.9x
Dividend Yield	1.1%	1.1%	1.1%	1.2%	1.2%
EV / EBITDA*	21.9x	20.5x	19.5x	18.3x	17.3x
Free Cash Flow Yield*	2.9%	3.3%	3.2%	4.2%	4.6%

* For full definitions of *IQmethod*SM measures, see page 5.

05 February 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	6,024.1	6,128.6
2025E Rev (m)	6,240.5	6,349.6
2026E Rev (m)	NA	6,581.2
2024E EPS	3.50	3.48
2025E EPS	3.80	3.79
2026E EPS	NA	4.16

Anna Lizzul

Research Analyst
BofAS
+1 646 855 2569
anna.lizzul@bofa.com

Bryan D. Spillane

Research Analyst
BofAS
+1 646 855 1979
bryan.spillane@bofa.com

Jonathan Keypour

Research Analyst
BofAS
+1 646 855 4345
jonathan.keypour@bofa.com

Stock Data

Price	99.37 USD
Price Objective	100.00 USD
Date Established	15-Dec-2023
Investment Opinion	B-2-7
52-Week Range	81.79 USD - 103.21 USD
Mrkt Val (mn) / Shares Out (mn)	24,544 USD / 247.0
Free Float	99.8%
Average Daily Value (mn)	129.60 USD
BofA Ticker / Exchange	CHD / NYS
Bloomberg / Reuters	CHD US / CHD.N
ROE (2024E)	20.7%
Net Dbt to Eqty (Dec-2023A)	53.5%
ESGMeter TM	High

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"](#).

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Timestamp: 05 February 2024 12:05AM EST

iQprofileSM Church & Dwight

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	11.4%	11.6%	12.0%	12.2%	12.2%
Return on Equity	21.8%	21.5%	20.7%	19.8%	19.1%
Operating Margin	18.9%	18.5%	19.0%	19.7%	20.4%
Free Cash Flow	706	807	792	1,026	1,139

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.2x	1.3x	1.1x	1.2x	1.2x
Asset Replacement Ratio	0.8x	1.0x	0.7x	0.6x	0.6x
Tax Rate	20.9%	21.9%	23.0%	23.0%	23.0%
Net Debt-to-Equity Ratio	69.4%	53.5%	34.9%	16.0%	-0.3%
Interest Cover	NA	NA	NA	NA	NA

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	5,376	5,868	6,129	6,350	6,581
% Change	3.6%	9.2%	4.4%	3.6%	3.6%
Gross Profit	2,250	2,589	2,746	2,877	3,015
% Change	-0.6%	15.0%	6.1%	4.8%	4.8%
EBITDA	1,229	1,312	1,382	1,469	1,561
% Change	2.4%	6.7%	5.4%	6.3%	6.2%
Net Interest & Other Income	12	9	10	10	10
Net Income (Adjusted)	731	785	858	943	1,043
% Change	-3.0%	7.4%	9.3%	9.9%	10.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	414	756	858	943	1,043
Depreciation & Amortization	214	225	216	216	216
Change in Working Capital	(58)	(4)	(131)	(6)	12
Deferred Taxation Charge	(118)	0	0	0	0
Other Adjustments, Net	433	53	2	0	0
Capital Expenditure	(179)	(224)	(153)	(127)	(132)
Free Cash Flow	706	807	792	1,026	1,139
% Change	-19.3%	14.3%	-1.9%	29.5%	11.1%
Share / Issue Repurchase	26	112	1	NA	NA
Cost of Dividends Paid	(255)	(267)	(280)	(293)	(308)
Change in Debt	120	(271)	(300)	(100)	(100)

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	270	345	558	1,191	1,924
Trade Receivables	422	527	470	487	505
Other Current Assets	704	658	740	759	778
Property, Plant & Equipment	761	928	920	887	859
Other Non-Current Assets	6,189	6,112	6,054	5,998	5,942
Total Assets	8,346	8,569	8,742	9,322	10,007
Short-Term Debt	74	204	204	204	204
Other Current Liabilities	1,110	1,218	1,112	1,142	1,173
Long-Term Debt	2,600	2,202	1,902	1,802	1,702
Other Non-Current Liabilities	1,072	1,090	1,090	1,090	1,090
Total Liabilities	4,856	4,714	4,308	4,237	4,168
Total Equity	3,463	3,855	4,434	5,085	5,839
Total Equity & Liabilities	8,319	8,569	8,742	9,322	10,007

* For full definitions of iQmethodSM measures, see page 5.

Company Sector

Household Products

Company Description

Church & Dwight is a manufacturer of household, personal care, and specialty products under brands such as Arm & Hammer, OxiClean, Trojan, and Spinbrush. It operates in three segments: Consumer Domestic, Consumer International, and Specialty Products. Church's top fourteen brands account for over 85% of sales and profits, and geographically, the U.S. accounts for 82% of sales.

Investment Rationale

We rate shares of CHD Neutral. We see a balanced risk/reward setup due to: 1) a return to the company's annual growth model, 2) limited private label risk to the value portfolio, and 3) investment spend aiding distribution gains and volume recovery. We appreciate CHD's 37% exposure to value products while continuing to elevate the premium portfolio through innovation.

Stock Data

Average Daily Volume 1,304,226

Quarterly Earnings Estimates

	2023	2024
Q1	0.85A	0.87E
Q2	0.92A	0.88E
Q3	0.74A	0.88E
Q4	0.65A	0.84E

Exhibit 1: CHD Income Statement

Fiscal year end Dec; \$ in millions, except per share data

	2023					2024E					2025E				
	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-25
YE December 31	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Household Products	601.6	619.2	636.2	627.1	2,484.1	619.6	637.8	655.3	645.9	2,558.6	632.0	650.5	668.4	658.8	2,609.8
growth	15.6%	8.1%	7.4%	6.9%	9.3%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Personal Care Products	515.3	509.0	496.9	565.9	2,087.1	543.6	537.0	524.2	597.0	2,201.9	562.7	555.8	542.6	617.9	2,279.0
growth	8.6%	17.9%	18.8%	5.9%	12.3%	5.5%	5.5%	5.5%	5.5%	5.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Total Consumer Domestic	1,116.9	1,128.2	1,133.1	1,193.0	4,571.2	1,163.3	1,174.8	1,179.5	1,242.9	4,760.5	1,194.7	1,206.3	1,211.0	1,276.8	4,888.8
growth	12.2%	12.3%	12.1%	6.4%	10.7%	4.2%	4.1%	4.1%	4.2%	4.1%	2.7%	2.7%	2.7%	2.7%	2.7%
Consumer International	230.6	241.9	244.4	258.8	975.7	244.4	256.4	259.1	274.3	1,034.2	264.0	276.9	279.8	296.3	1,117.0
growth	7.5%	4.9%	11.2%	11.9%	8.9%	6.0%	6.0%	6.0%	6.0%	6.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Specialty Products	82.3	84.1	78.4	76.2	321.0	85.6	87.5	81.5	79.2	333.8	88.2	90.1	84.0	81.6	343.9
growth	-5.9%	-6.5%	-10.1%	-9.2%	-7.9%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Total Net Sales	\$1,429.	\$1,454.	\$1,455.	\$1,528.	\$5,867.	\$1,493.	\$1,518.	\$1,520.	\$1,596.	\$6,128.	\$1,546.	\$1,573.	\$1,574.	\$1,654.	\$6,349.
growth	10.2%	9.7%	10.5%	6.4%	9.2%	4.4%	4.4%	4.4%	4.5%	4.4%	3.6%	3.6%	3.6%	3.6%	3.6%
COGS - reported	807.8	815.3	809.6	846.7	3,279.4	828.8	839.3	837.7	876.7	3,382.4	850.7	861.6	859.9	900.3	3,472.6
COGS - ex-charges and gains	807.8	815.3	809.6	846.7	3,279.4	828.8	839.3	837.7	876.7	3,382.4	850.7	861.6	859.9	900.3	3,472.6
Gross profit - reported	622.0	638.9	646.3	681.3	2,588.5	664.6	679.4	682.4	719.8	2,746.2	696.1	711.7	714.8	754.3	2,876.9
Gross profit - ex-charges & gains	622.0	638.9	646.3	681.3	2,588.5	664.6	679.4	682.4	719.8	2,746.2	696.1	711.7	714.8	754.3	2,876.9
Gross margin	43.5%	43.9%	44.4%	44.6%	44.1%	44.5%	44.7%	44.9%	45.1%	44.8%	45.0%	45.2%	45.4%	45.6%	45.3%
Gross margin change (bps)	91	278	266	263	226	100	80	50	50	70	50	50	50	50	50
Operating Expenses															
Marketing expenses	122.3	132.2	167.8	219.0	641.3	145.7	153.2	175.2	212.9	687.0	150.9	158.8	181.5	220.6	711.7
as % of sales	8.6%	9.1%	11.5%	14.3%	10.9%	9.8%	10.1%	11.5%	13.3%	11.2%	9.8%	10.1%	11.5%	13.3%	11.2%
y/y change (bps)	70	133	84	112	97	120	100	0	(100)	28	0	0	0	0	0
Selling & Administrative- reported	207.8	213.1	222.7	246.2	889.8	227.3	230.1	209.7	225.7	892.8	232.4	235.2	214.1	230.6	912.3
Selling & Admin - ex charges	200.5	205.8	215.4	238.9	860.6	227.3	230.1	209.7	225.7	892.8	232.4	235.2	214.1	230.6	912.3
as % of sales	14.0%	14.2%	14.8%	15.6%	14.7%	15.2%	15.2%	13.8%	14.1%	14.6%	15.0%	15.0%	13.6%	13.9%	14.4%
y/y change (bps)	93	51	302	211	164	120	100	(100)	(150)	(10)	(20)	(20)	(20)	(20)	(20)
Operating income- reported	291.9	293.6	255.8	216.1	1,057.4	291.6	296.0	297.5	281.3	1,166.4	312.9	317.7	319.2	303.1	1,252.9
Operating income	299.2	300.9	263.1	223.4	1,086.6	291.6	296.0	297.5	281.3	1,166.4	312.9	317.7	319.2	303.1	1,252.9
Operating margin	20.9%	20.7%	18.1%	14.6%	18.5%	19.5%	19.5%	19.6%	17.6%	19.0%	20.2%	20.2%	20.3%	18.3%	19.7%
Operating margin change (bps)	(71)	95	(120)	(60)	(36)	(140)	(120)	150	300	51	70	70	70	70	70
Equity in earnings of affiliates	4.4	2.0	1.7	0.6	8.7	3.0	3.0	2.0	2.0	10.0	3.0	3.0	2.0	2.0	10.0
Other income (expense), net- reported	(27.5)	(26.2)	(23.5)	(21.5)	(98.7)	(16.6)	(15.7)	(15.6)	(14.6)	(62.4)	(12.5)	(11.7)	(12.1)	(2.5)	(38.8)
Other income (expense), net- ex charges	(27.5)	(26.2)	(23.5)	(19.2)	(96.4)	(16.6)	(15.7)	(15.6)	(14.6)	(62.4)	(12.5)	(11.7)	(12.1)	(2.5)	(38.8)
Pretax - reported	268.8	269.4	234.0	195.2	967.4	278.0	283.3	283.9	268.8	1,114.0	303.3	309.0	309.2	302.6	1,224.1
Pretax - ex-charges	276.1	276.7	241.3	204.8	998.9	278.0	283.3	283.9	268.8	1,114.0	303.3	309.0	309.2	302.6	1,224.1
Pretax margin	19.3%	19.0%	16.6%	13.4%	17.0%	18.6%	18.7%	18.7%	16.8%	18.2%	19.6%	19.6%	19.6%	18.3%	19.3%
Income taxes (benefit) - reported	65.6	48.2	56.5	41.5	211.8	63.9	65.2	65.3	61.8	256.2	69.8	71.1	71.1	69.6	281.5
Income taxes (benefit) - ex-charges	65.6	48.2	56.5	43.6	213.9	63.9	65.2	65.3	61.8	256.2	69.8	71.1	71.1	69.6	281.5
Tax rate - reported	24.4%	17.9%	24.1%	21.3%	21.9%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Tax rate - ex-charges	23.8%	17.4%	23.4%	21.3%	21.4%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Net Earnings - reported	203.2	221.2	177.5	153.7	755.6	214.1	218.1	218.6	206.9	857.8	233.6	237.9	238.1	233.0	942.5
Net earnings - ex-charges	210.5	228.5	184.8	161.2	785.0	214.1	218.1	218.6	206.9	857.8	233.6	237.9	238.1	233.0	942.5
EPS from Continuing Operations															
EPS - reported	\$0.82	\$0.89	\$0.71	\$0.62	\$3.05	\$0.87	\$0.88	\$0.88	\$0.84	\$3.48	\$0.94	\$0.96	\$0.96	\$0.93	\$3.79
EPS - ex-charges	\$0.85	\$0.92	\$0.74	\$0.65	\$3.17	\$0.87	\$0.88	\$0.88	\$0.84	\$3.48	\$0.94	\$0.96	\$0.96	\$0.93	\$3.79
Shares Outstanding—Diluted	246.8	247.9	248.7	247.0	247.6	246.1	246.6	247.1	247.6	246.8	248.1	248.6	249.1	249.6	248.8

Source: Company reports and BofA Global Research estimates.

BofA GLOBAL RESEARCH



Price objective basis & risk

Church & Dwight (CHD)

Our \$100 PO for CHD shares is based on a CY25e P/E ratio of 26x, a premium to the company's 10-year average P/E multiple of 24x. We believe this multiple appropriately balances organic sales growth, partially offset by investment spending to aid distribution and volume growth.

Upside risks to our price objective are: 1) greater capture of premium and value sales supported by investment spend, 2) little or no market share gains by private label exposure (only 5 of CHD's 18 categories), 3) e-commerce as a percent of sales continues to grow, helping to diversify distribution outlets, 4) strong free cash flow conversion, enabling CHD to return capital to shareholders or pursue M&A.

Downside risks to our price objective are: 1) a weakening consumer environment leading to lower volume demand elasticities, 2) increased cost inflation and limited pricing power near-term, 3) supply chain issues leading to lower fill rates and an inability to change mix/packaging sizes, 4) retailer inventory reductions amid a shift in demand to lower cost products, 5) a pullback in marketing spend leading to market share declines.

Analyst Certification

I, Anna Lizzul, 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
BUY				
	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
NEUTRAL				
	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
	Kellanova	K	K US	Peter T. Galbo, CFA
	Molson Coors Beverage Company	TAP	TAP US	Bryan D. Spillane

US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	The Duckhorn Portfolio, Inc.	NAPA	NAPA US	Peter T. Galbo, CFA
	The Hershey Company	HSY	HSY US	Bryan D. Spillane
	Utz Brands	UTZ	UTZ US	Peter T. Galbo, CFA
	WK Kellogg Co	KLG	KLG US	Peter T. Galbo, CFA

UNDERPERFORM

	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 Nutrition Ltd	HLF	HLF US	Anna Lizzul
	Hormel Foods Corp.	HRL	HRL US	Peter T. Galbo, CFA
	Kimberly-Clark	KMB	KMB US	Anna Lizzul
	Tyson Foods, Inc.	TSN	TSN US	Peter T. Galbo, CFA

RSTR

	The Vita Coco Company, Inc.	COCO	COCO US	Bryan D. Spillane
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iQmethodSM 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 & 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

Basic EBIT + Depreciation + Amortization

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Church & Dwight (CHD) Price Chart



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Equity Investment Rating Distribution: Consumer Products Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	32	50.00%	Buy	16	50.00%
Hold	19	29.69%	Hold	8	42.11%
Sell	13	20.31%	Sell	7	53.85%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
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^{R1} 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 ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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