

## Conagra Brands, Inc.

## Waiting on spring thaw

Reiterate Rating: NEUTRAL | PO: 30.00 USD | Price: 28.72 USD

## Lowering estimates on softer 2H outlook

Yesterday, Conagra Brands (CAG) reported [2Q24 earnings](#) above Street on lower SG&A/A&P and better JV income despite sales and gross margin misses. For the balance of the year, CAG does not expect a material improvement in the consumer backdrop relative to 2Q, with some incremental pressure to price/mix from higher trade spend in 2H. This is expected to pressure gross margins and earnings vs our prior model which is leading to our lower estimates. Reiterate Neutral as valuation is near trough levels, though earnings could face additional pressure if volume improvements do not materialize.

## FY24 guidance lowered; lowering FY24 adj. EPS est.

CAG lowered its FY24 financial outlook for sales, adj. operating margin and adj. EPS. We lower our FY24 adj. EPS estimate to \$2.57 from \$2.65, driven by 1) lower sales (-1.6% org sales vs updated (1)%-(-2%) outlook), 2) lower gross margin/profit both offsetting (15.6% operating margin) 3) higher JV income (\$170mm) and 4) lower interest expense (\$440mm). We also our lower FY25-26 adj. EPS estimates to \$2.63 and \$2.70 respectively, from \$2.74, and \$2.84.

## 2H24 modeling considerations

Organic sales: at the midpoint, organic sales growth in 2H is implied to be down -1% YoY, with volumes slightly negative (BofAe -0.2%) and pricing down a little more than 2Q's -0.5% (BofAe -1.0%). In Grocery & Snacks, CAG will be lapping its Armour recall in 3Q. In Refrigerated & Frozen, CAG will lap out of stocks on fish sticks in 3Q, and COLD cyber event in 4Q. For the year, gross margin is expected to be flat to FY23's 27.1%, implying 2H24 to look similar to 2Q's 26.9%. Trade and A&P are both expected to be higher in 2H versus 1H, with A&P specifically expected to be ~20% higher in 2H vs 1H. For the year, SG&A and A&P as a % of sales targets of ~9.1% and ~2.4%, flat vs FY23.

## Reiterate Neutral &amp; \$30 PO

Maintain Neutral and \$30 price objective based on 11x our CY25 EPS estimate, which is below center-store peers given elevated leverage relative to the peer group and higher portfolio elasticity compared to its center store peers.

Estimates (May) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	2.37	2.77	2.57	2.63	2.70
EPS Change (YoY)	-11.2%	16.9%	-7.2%	2.3%	2.7%
Consensus EPS (Bloomberg)			2.69	2.76	2.88
DPS	1.21	1.30	1.38	1.45	1.52
Valuation (May)					
P/E	12.1x	10.4x	11.2x	10.9x	10.6x
Dividend Yield	4.2%	4.5%	4.8%	5.0%	5.3%
EV / EBITDA*	11.2x	10.0x	10.0x	9.8x	9.6x
Free Cash Flow Yield*	5.2%	4.6%	9.2%	8.3%	8.1%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 5.

05 January 2024

## Equity

## Key Changes

(US\$)	Previous	Current
2024E Rev (m)	12,296.9	12,123.5
2025E Rev (m)	12,419.8	12,244.7
2026E Rev (m)	12,544.0	12,367.2
2024E EPS	2.65	2.57
2025E EPS	2.74	2.63
2026E EPS	2.84	2.70

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## Stock Data

Price	28.72 USD
Price Objective	30.00 USD
Date Established	6-Oct-2023
Investment Opinion	B-2-7
52-Week Range	25.16 USD - 41.30 USD
Mrkt Val (mn) / Shares Out (mn)	13,780 USD / 479.8
Free Float	99.4%
Average Daily Value (mn)	116.82 USD
BofA Ticker / Exchange	CAG / NYS
Bloomberg / Reuters	CAG US / CAG.N
ROE (2024E)	13.6%
Net Dbt to Eqty (May-2023A)	96.5%
ESGMeter™	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 January 2024 05:00AM EST

# iQprofile<sup>SM</sup> Conagra Brands, Inc.

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	6.6%	7.6%	7.6%	7.8%	7.7%
Return on Equity	13.0%	15.1%	13.6%	13.2%	12.8%
Operating Margin	14.4%	15.6%	15.6%	15.7%	15.9%
Free Cash Flow	713	633	1,265	1,149	1,121

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

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.0x	0.7x	1.4x	1.3x	1.3x
Asset Replacement Ratio	1.2x	1.0x	1.2x	1.3x	1.2x
Tax Rate	23.4%	23.6%	24.0%	24.0%	24.0%
Net Debt-to-Equity Ratio	98.3%	96.5%	76.9%	67.9%	60.5%
Interest Cover	4.4x	4.7x	4.3x	4.5x	4.6x

## Income Statement Data (May)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	11,536	12,277	12,123	12,245	12,367
% Change	3.0%	6.4%	-1.3%	1.0%	1.0%
Gross Profit	2,865	3,327	3,281	3,322	3,380
% Change	-10.8%	16.1%	-1.4%	1.3%	1.7%
EBITDA	2,032	2,287	2,276	2,321	2,385
% Change	-13.7%	12.5%	-0.4%	2.0%	2.8%
Net Interest & Other Income	(313)	(385)	(440)	(430)	(430)
<b>Net Income (Adjusted)</b>	<b>1,141</b>	<b>1,331</b>	<b>1,231</b>	<b>1,263</b>	<b>1,296</b>
<b>% Change</b>	<b>-12.5%</b>	<b>16.7%</b>	<b>-7.5%</b>	<b>2.5%</b>	<b>2.6%</b>

## Free Cash Flow Data (May)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	1,141	1,331	1,231	1,263	1,296
Depreciation & Amortization	375	370	386	400	420
Change in Working Capital	(218)	(816)	18	71	(10)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(120)	110	80	(85)	(85)
Capital Expenditure	(464)	(362)	(450)	(500)	(500)
<b>Free Cash Flow</b>	<b>713</b>	<b>633</b>	<b>1,265</b>	<b>1,149</b>	<b>1,121</b>
<b>% Change</b>	<b>-25.9%</b>	<b>-11.2%</b>	<b>99.8%</b>	<b>-9.2%</b>	<b>-2.4%</b>
Share / Issue Repurchase	(61)	(148)	(13)	0	0
Cost of Dividends Paid	(582)	(624)	(661)	(695)	(730)
Change in Debt	378	(73)	(2,202)	0	0

## Balance Sheet Data (May)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	83	94	351	804	1,196
Trade Receivables	867	965	988	964	974
Other Current Assets	2,083	2,326	2,309	2,276	2,293
Property, Plant & Equipment	2,714	2,774	2,923	3,023	3,103
Other Non-Current Assets	16,688	15,894	15,815	15,900	15,985
<b>Total Assets</b>	<b>22,435</b>	<b>22,053</b>	<b>22,384</b>	<b>22,967</b>	<b>23,549</b>
Short-Term Debt	707	1,516	1,017	1,017	1,017
Other Current Liabilities	2,812	2,925	3,841	3,856	3,873
Long-Term Debt	8,088	7,081	6,493	6,493	6,493
Other Non-Current Liabilities	1,966	1,723	1,719	1,719	1,719
<b>Total Liabilities</b>	<b>13,573</b>	<b>13,245</b>	<b>13,071</b>	<b>13,086</b>	<b>13,103</b>
<b>Total Equity</b>	<b>8,862</b>	<b>8,807</b>	<b>9,313</b>	<b>9,880</b>	<b>10,446</b>
<b>Total Equity &amp; Liabilities</b>	<b>22,435</b>	<b>22,053</b>	<b>22,384</b>	<b>22,967</b>	<b>23,549</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 5.

## Company Sector

Food Processors

## Company Description

ConAgra Brands (CAG) is a leading packaged food manufacturer in the US and generated 2023 sales of \$12.277bn and EBITDA of \$2.523bn. ConAgra's four operating segments are Grocery & Snacks, Refrigerated & Frozen, International, and Foodservice. Key brands include Marie Callender's, Bird's Eye, Banquet, Slim Jim, Healthy Choice & Hunt's.

## Investment Rationale

Our Neutral rating is predicated on our view that investors will question the sustainability of CAG sales growth in the face of declining elasticities and potential pressure from retailers on price, as well as its relatively high debt leverage vs packaged food peers. Our Neutral rating reflects that shares already reflect a discount to peers and so valuation is supportive at current levels.

## Stock Data

Average Daily Volume 4,067,538

## Quarterly Earnings Estimates

	2023	2024
Q1	0.57A	0.66A
Q2	0.81A	0.71A
Q3	0.76A	0.62E
Q4	0.62A	0.58E

# Income statement

## Exhibit 1: CAG summary income statement

We lower our FY24 adj. EPS to \$2.57

Income Statement		Aug-22	Nov-22	Feb-23	May-23		Aug-23	Nov-23	Feb-24	May-24			
(\$ in mms, excl. per share data)	F2022	1Q23	2Q23	3Q23	4Q23	F2023	1Q24	2Q24	3Q24E	4Q24E	F2024E	F2025E	F2026E
<b>Sales</b>	<b>\$11,535.9</b>	<b>\$2,904.3</b>	<b>\$3,312.9</b>	<b>\$3,086.5</b>	<b>\$2,973.3</b>	<b>\$12,277.0</b>	<b>\$2,904.0</b>	<b>\$3,208.1</b>	<b>\$3,007.7</b>	<b>\$3,003.7</b>	<b>\$12,123.5</b>	<b>\$12,244.7</b>	<b>\$12,367.2</b>
Cost Of Goods	8,670.6	2,181.7	2,380.1	2,217.8	2,170.2	8,949.8	2,102.6	2,346.0	2,201.8	2,192.4	8,842.8	8,922.6	8,987.1
<b>Gross Profit</b>	<b>\$2,865.3</b>	<b>\$722.6</b>	<b>\$932.8</b>	<b>\$868.7</b>	<b>\$803.1</b>	<b>\$3,327.2</b>	<b>\$801.4</b>	<b>\$862.1</b>	<b>\$805.9</b>	<b>\$811.3</b>	<b>\$3,280.7</b>	<b>\$3,322.1</b>	<b>\$3,380.1</b>
SG&A	963.9	262.5	291.2	265.9	300.9	1,120.5	258.4	279.3	263.2	298.9	1,099.7	1,101.0	1,112.0
A&P	244.6	61.9	78.8	80.5	68.9	290.1	58.7	72.5	81.2	78.1	290.5	300.2	303.2
<b>Operating Income</b>	<b>\$1,656.8</b>	<b>\$398.2</b>	<b>\$562.8</b>	<b>\$522.3</b>	<b>\$433.3</b>	<b>\$1,916.6</b>	<b>\$484.3</b>	<b>\$510.3</b>	<b>\$461.5</b>	<b>\$434.3</b>	<b>\$1,890.5</b>	<b>\$1,921.0</b>	<b>\$1,964.9</b>
JV income	145.3	49.2	49.3	50.5	63.0	212.0	35.5	54.3	40.1	40.1	170.0	170.0	170.0
Interest Expense	379.9	97.1	100.3	104.2	108.0	409.6	106.0	113.3	110.4	110.4	440.0	429.7	429.7
Adj. Pension & Postretirement													
Non-Service Income	67.2	6.1	6.1	6.0	6.0	24.2	0.3	(0.4)	-	-	(0.1)	-	-
<b>Pretax Income</b>	<b>\$1,489.4</b>	<b>\$356.4</b>	<b>\$517.9</b>	<b>\$474.6</b>	<b>\$394.3</b>	<b>\$1,743.2</b>	<b>\$414.1</b>	<b>\$450.9</b>	<b>\$391.3</b>	<b>\$364.1</b>	<b>\$1,620.3</b>	<b>\$1,661.3</b>	<b>\$1,705.3</b>
Income Taxes	348.0	81.6	125.8	108.1	95.7	411.2	97.4	109.5	93.9	87.4	388.2	398.7	409.3
Non Controlling Interest	(0.7)	-	(0.4)	(0.5)	-	(0.9)	(0.8)	-	-	-	(0.8)	-	-
<b>Net Income - Cont Ops before Items</b>	<b>\$1,140.7</b>	<b>\$274.8</b>	<b>\$391.8</b>	<b>\$366.0</b>	<b>\$298.6</b>	<b>\$1,331.2</b>	<b>\$315.9</b>	<b>\$341.4</b>	<b>\$297.4</b>	<b>\$276.7</b>	<b>\$1,231.4</b>	<b>\$1,262.6</b>	<b>\$1,296.0</b>
<b>EPS - Continuing Ops Excl. Items</b>	<b>\$2.37</b>	<b>\$0.57</b>	<b>\$0.81</b>	<b>\$0.76</b>	<b>\$0.62</b>	<b>\$2.77</b>	<b>\$0.66</b>	<b>\$0.71</b>	<b>\$0.62</b>	<b>\$0.58</b>	<b>\$2.57</b>	<b>\$2.63</b>	<b>\$2.70</b>
Shares Outstanding	482.2	480.6	480.9	479.4	479.7	480.2	479.8	479.8	479.8	479.8	479.8	479.8	479.8
Dividend Per Share	\$1.21	\$0.31	\$0.33	\$0.33	\$0.33	\$1.30	\$0.33	\$0.35	\$0.35	\$0.35	\$1.38	\$1.45	\$1.52
YoY Dividend Growth	24.4%	13.6%	5.0%	5.0%	5.0%	7.0%	5.6%	6.7%	6.7%	6.7%	6.4%	5.0%	5.0%
Dividend payout ratio	51%					47%					54%	55%	56%
<b>Margin Analysis</b>													
Gross margin	24.8%	24.9%	28.2%	28.1%	27.0%	27.1%	27.6%	26.9%	26.8%	27.0%	27.1%	27.1%	27.3%
SG&A % Sales	8.4%	9.0%	8.8%	8.6%	10.1%	9.1%	8.9%	8.7%	8.8%	10.0%	9.1%	9.0%	9.0%
A&P % Sales	2.1%	2.1%	2.4%	2.6%	2.3%	2.4%	2.0%	2.3%	2.7%	2.6%	2.4%	2.5%	2.5%
<b>Operating margin</b>	<b>14.4%</b>	<b>13.7%</b>	<b>17.0%</b>	<b>16.9%</b>	<b>14.6%</b>	<b>15.6%</b>	<b>16.7%</b>	<b>15.9%</b>	<b>15.3%</b>	<b>14.5%</b>	<b>15.6%</b>	<b>15.7%</b>	<b>15.9%</b>
EBITDA margin	17.6%	16.9%	19.8%	19.9%	17.7%	18.6%	20.0%	19.0%	18.5%	17.6%	18.8%	19.0%	19.3%
Pretax Margin	12.9%	12.3%	15.6%	15.4%	13.3%	14.2%	14.3%	14.1%	13.0%	12.1%	13.4%	13.6%	13.8%
Tax Rate	23.4%	22.9%	24.3%	22.8%	24.3%	23.6%	23.5%	24.3%	24.0%	24.0%	24.0%	24.0%	24.0%
<b>Bps Change</b>													
Gross margin	(386.0)	(54.5)	309.9	409.0	215.5	226.3	271.6	(128.4)	(135.0)	0.0	(4.0)	7.0	20.0
Operating margin	(321.3)	(41.9)	236.9	321.1	(38.2)	124.9	296.6	(108.2)	(157.7)	(11.3)	(1.8)	9.5	20.0
EBITDA margin	(342.1)	(85.4)	199.0	301.5	(34.4)	100.8	309.1	(77.8)	(138.3)	(7.4)	15.2	17.8	32.9
<b>YoY % Chg</b>													
Sales	3.0%	9.5%	8.3%	5.9%	2.2%	6.4%	(0.0%)	(3.2%)	(2.6%)	1.0%	(1.3%)	1.0%	1.0%
Gross profit	(10.8%)	7.1%	21.7%	23.9%	11.0%	16.1%	10.9%	(7.6%)	(7.2%)	1.0%	(1.4%)	1.3%	1.7%
SG&A	(2.4%)	10.5%	17.5%	12.4%	24.3%	16.2%	(1.6%)	(4.1%)	(1.0%)	(0.7%)	(1.9%)	0.1%	1.0%
A&P	(5.2%)	(0.5%)	10.4%	24.0%	49.5%	18.6%	(5.2%)	(8.0%)	0.9%	13.3%	0.1%	3.3%	1.0%
Operating Income	(15.8%)	6.2%	25.8%	30.7%	(0.4%)	15.7%	21.6%	(9.3%)	(11.6%)	0.2%	(1.4%)	1.6%	2.3%
Pretax Income	(11.7%)	12.4%	30.2%	28.6%	(2.8%)	17.0%	16.2%	(12.9%)	(17.6%)	(7.7%)	(7.0%)	2.5%	2.6%
JV income	72.2%	143.6%	67.1%	5.0%	32.6%	45.9%	(27.8%)	10.1%	(20.6%)	(36.3%)	(19.8%)	0.0%	0.0%
Net Income	(12.5%)	14.3%	27.6%	31.3%	(5.0%)	16.7%	15.0%	(12.9%)	(18.8%)	(7.3%)	(7.5%)	2.5%	2.6%
EPS - Continuing Ops Ex Items	(11.5%)	14.7%	27.8%	32.1%	(4.5%)	17.2%	15.1%	(12.7%)	(18.8%)	(7.4%)	(7.4%)	2.5%	2.6%
<b>Credit Analysis</b>	<b>F2022</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23</b>	<b>F2023</b>	<b>1Q24</b>	<b>2Q24</b>	<b>3Q24E</b>	<b>4Q24E</b>	<b>F2024E</b>	<b>F2025E</b>	<b>F2026E</b>
Adjusted EBITDA	\$2,244.7	\$546.5	\$710.7	\$670.3	\$595.2	\$2,522.7	\$616.7	\$663.5	\$596.6	\$569.4	\$2,446.3	\$2,491.0	\$2,554.9
Net debt / EBITDA	4.0x	3.9x	3.9x	3.6x	3.6x	3.6x	3.5x	3.5x	3.6x	3.6x	3.6x	3.3x	3.1x

Source: CAG, BofA Global Research

BofA GLOBAL RESEARCH



## Price objective basis & risk

### Conagra Brands, Inc. (CAG)

Our \$30 price objective is based on 11x our CY25 EPS estimate, which is below center-store peers given elevated leverage relative to the peer group and higher portfolio elasticity compared to its center store peers. This is offset by gross margin expansion as pricing more than offsets cost inflation.

Upside risks: 1) inflation tapering quicker than expected, helping margin strength moving forward, 2) share gains in its respective categories and 3) service level improvement to pre pandemic levels.

Downside risks: 1) a high interest rate environment persisting longer than expected, 2) inflation to persist longer than anticipated, 3) more price elasticities and trade down to private label as consumers continue to tackle an inflationary environment.

## 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
	Celsius Holdings Inc	CELH	CELH US	Jonathan Keypour
	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
	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
	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	KLK	KLK US	Peter T. Galbo, CFA

## US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<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	YWEE	WEED CN	Lisa K. Lewandowski
	Canopy Growth	CGC	CGC US	Lisa K. Lewandowski
	Cronos Group	YCORN	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
<b>RSTR</b>	Tyson Foods, Inc.	TSN	TSN US	Peter T. Galbo, CFA
	The Vita Coco Company, Inc.	COCO	COCO US	Bryan D. Spillane

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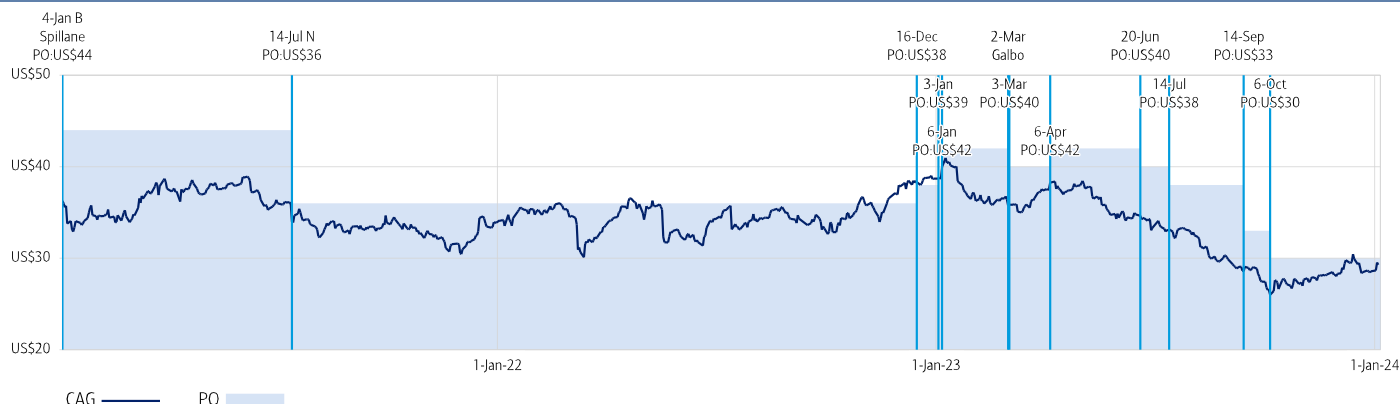
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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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