BofA SECURITIES

US Consumer Staples

Takeaways from BofA Consumer & Retail Conference 2024

Industry Overview

12 Staples companies/meetings across two days in Miami

Earlier this week, we hosted our annual 2024 Consumer & Retail Conference for the second time in Miami, FL, where we hosted presentations and/or investor meetings with management teams from CPB, HRL, PPC, TSN, UTZ, CCEP, CELH, COCO, NAPA, TAP, KVUE, PG.

Food—SNAP roll-offs and summer to be key watch-outs

Snacking/center-store (CPB, UTZ) and protein (HRL, PPC, TSN) companies were in focus. Overall, volume trajectory continues to be a focal point with SNAP roll-off laps in March/April and the summer to be key watch-outs for potential positive inflection points. In snacks – snacking categories, particularly salty snacks, have seen sluggish scanner data as it was one of the last categories to feel elasticities. As we move closer into the summer (bigger snacking season) and promotional/merchandizing activity potentially unlocking incremental demand, snacking volumes could see some relief. We expect UTZ to be differentiated in this regard as a share gainer and upgraded to Buy this morning in a separate report. CPB also announced the closing of the SOVO acquisition on Tuesday morning. In protein – Chicken fundamentals continue to be strongest with some analogies that '24 could set up similar or close to '15-'17 profit cycle. Pork availability is improving after a liquidation period given improved herd health. Cattle cycle remains challenged as heifer retention remains elusive.

Beverages— Teeing up summer activations

CCEP, CELH, NAPA and COCO hosted meetings and TAP held a fireside chat. CCEP reiterated a bullish tone for 2H24, with strong summer activation around the Olympics and soccer lapping against easy comps. With the Philippines deal closed, management spoke to margin expansion potential over the long term from improved sugar costs. CELH highlighted their strong US growth runway driven by incremental fridge and shelf placements, with a willingness to invest behind growth vs blowing out gross margins this year. TAP sounded upbeat about US market share in 1Q, confident in the prospect of holding last year's gains. COCO confident in sales outlook this year, freight seems manageable, plenty of distribution runway, and new pack configurations. NAPA sees luxury wine category growth of 0-1% for rest of year but expects company-specific dynamics to outpace.

HPC— Innovation takes focus for PG and KVUE

PG and KVUE hosted investor meetings. In 2024, Kenvue has a strategy to improve in skin health & beauty, with: 1) increasing marketing, 2) increasing innovation, and 3) increasing in-store execution. Longer-term, to drive actionable change within the organization, Kenvue is aligning compensation incentives with driving profitable growth with margin expansion, rather than a primary focus of efficiency to maximize FCF. On innovation, Procter showed off its new Tide Evo laundry tile which is in test and should hit shelves later this year. By market, the US sounded strong, Latam is faring better thanks to catch-up pricing in Argentina, and China weakness is moderating but still a drag through FY24.

14 March 2024

Equity
United States
Consumer Staples

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

Peter T. Galbo, CFA
Research Analyst
BofAS
+1 646 743 0175
peter.galbo@bofa.com

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

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

Christian Junquera
Research Analyst
BofAS
+1 646 855 5195
christian.junquera@bofa.com

Yasmine Deswandhy
Research Analyst
BofAS
+1 646 855 3745
yasmine.deswandhy@bofa.com

Tickers mentioned

CCEP: Coca-Cola European Partners
CELH: Celsius Holdings
CPB: Campbell's Soup Co.
COCO: VitaCoco
HRL: Hormel Foods Corp.
KVUE: Kenvue
NAPA: Duckhorn Portfolio
PG: Procter & Gamble
PPC: Pilgrim's Pride
TAP: Molson Coors
TSN: Tyson Foods
UTZ: Utz Brands

Timestamp: 14 March 2024 05:00AM EDT

Takeaways by company

Campbell Soup Company (CPB)

SOVO deal economics improved from initial announcement

We hosted Mark Clouse, CEO, Carrie Andersen, CFO, and Rebecca Gardy, Chief IR, for a fireside chat and investor meetings on March 12th. CPB completed its acquisition of Sovos Brands (SOVO) for ~$2.7bn on March 12th. Though the timing of the acquisition process turned out to be ~4 months longer than expected, CPB notes that the economics of the deal have significantly improved more than it initially contemplated back in August (more favorable interest rates and SOVO over-delivering on sales, for example). Though CPB won't be providing official guidance including SOVO until it reports 3Q in June, considerations include: 1) differences in accounting. CPB won't be adjusting out stock-based compensation and intangible asset amortization expense as SOVO did. 2) The SOVO portfolio is to be placed in the newly formed Distinctive Brands unit (within Meals & Bev), led by Risa Cretella, former Chief Sales Officer at SOVO. This would also include Pacific Foods, while US Retail, Canada & Foodservice will still be managed in Meals & Bevs, but separately. 3) CPB's $2bn delayed draw term loan (plus commercial paper) used to close the transaction will result in slightly more interest expense than usual until permanent financing is in place. Given the negative interest carry, CPB is inclined to put permanent financing in place sooner rather than later. 4) Noosa strategic review remains ongoing but is not core to CPB's long term plans. On snacks, CPB noted that salty snacks held up as a category relative to other food and has been the last to feel elasticity impacts. However, once SNAP is lapped and we hit key summer holiday windows, CPB expects to have a better view on snacks trajectory of recovery. Pretzels, Popcorn & partner brands are feeling most impact, while Goldfish remains strong.

Hormel Foods Corp (HRL)

Foodservice solid; focused on regaining distribution in China

We hosted Jacinth Smiley, CFO, Mark Ourada, VP Foodservice, and David Dahlstrom, Director of IR, for a fireside chat and investor meetings on March 13th. Following better than expected volumes in 1Q, HRL continues to expect solid back-half performance supported by some improvement in volumes. Recall that 2Q will be most pressured this year on EPS mostly driven by lower profitability in turkey. Foodservice saw some upside in 1Q and moving forward the expectation is for the segment to see volume growth but likely not to the magnitude of 1Q. On China, volume recovery is predicated on regaining distribution—HRL's current guidance does not contemplate any improvement in the consumer backdrop, which means potential for upside if the China consumer does improve. Outside of China, HRL is pleased with the headway it has made on its Garudafood investment, highlighting its upcoming product launches and the pathway the investment provides to increase distribution in Southeast Asia. On Planters, new innovation and push into the c-store channels (captured in foodservice), could be a source of upside after a difficult transition period post-acquisition.

Pilgrim's Pride Corp (PPC)

Bullish outlook for 2024; favorable gross margin backdrop

We hosted CFO Matt Galvanoni and VP of IR Andy Rojeski for investor meetings on March 12th. Overall PPC's outlook for the US chicken market in 2024 remains bullish. Supply growth should be limited through at least 1H given hatchability trends and USDA production outlook. We expect this to support pricing as we normalize after 4 years of significant volatility. Demand is holding up well both at retail and foodservice (QSR in particular) as beef availability remains low and costs to consumers are high. When combined with a more favorable feed cost environment on corn/soybean this sets up a very favorable margin backdrop, in our view. When asked for potential analogous pre-COVID years PPC pointed to a potential to approach 2017 levels of margin, but perhaps not all the way to those favorable levels. Commodity big bird breast meat prices could reach the historical high water mark of $2/lb at peak season in May, in our view.

In Europe, PPC continues to expect a seasonally weaker 1Q relative to 4Q23, but noted improvements from its restructuring programs which should be fully in place by 4Q24 and run rating in 2025. Mexico remains volatile given the live bird markets.

Tyson Foods Inc. (TSN)

Updates by segment: Chicken constructive, Beef pressured, Pork avail improving

We hosted Brady Stewart, Pres. of Beef & Pork and Chief Supply Chain Officer, Ash Bhumbla, Chicken CFO, Rahul Ray, Senior Director of Finance and Sean Cornett, VP of Finance & IR for investor meetings on March 12th. Chicken: TSN expects 2Q to be lower sequentially given typical seasonality and some hatch issues. However, bigger picture the chicken backdrop has improved with prices remaining favorable/normalizing and grain prices coming down—the full year remains constructive with 3Q/4Q looking more like 1Q. As a reminder, movements in commodity chicken prices tend to flow through TSN's P&L on a 90-day lag. Beef: On the Texas Wildfires, TSN saw a minimal impact, despite operating a nearby plant in Amarillo, TX. Smoke can sometimes lead to challenges which will be monitored in the coming weeks. Heifer retention remains elusive despite improved pasture conditions in the cattle belt and significant increases in cattle prices. The biggest hurdle from a unit economics standpoint for ranchers appears to be financing costs to retain cattle, with loans that can approach 10% interest rates. Spring calving/summer will be key windows. Pork: Perry, IA closure date will be at the end of June—the summer months tend to be most constrained with respect to supply. This plant is an older and smaller asset which would have required a large amount of capex to maintain. Most of the volume will be shifted to the other 5 pork assets. Overall pork availability has improved—TSN is seeing some liquidation in hog markets being offset by productivity/better herd health.

Utz Brands Inc (UTZ)

Upgraded shares from Neutral to Buy post our Miami Conference

We hosted UTZ CEO Howard Friedman, CFO Ajay Kataria and VP of Investor Relations Kevin Powers to a fireside chat and investor meetings with clients. We also upgraded shares of UTZ this morning from to Neutral to Buy given: 1) we left with increased confidence in UTZ's roadmap to achieving its long-term sales algorithm of 4-5% as we exit 4Q24 and into 2025 which we believe could drive upside to both earnings estimates and multiple. The company's long-term sales algorithm of 4-5% assumes salty snacks category grows at a rate of +2-3% and the company gains share through its geographic distribution expansion. Another way the company framed achieving its long-term sales algorithm was that it only needs to hold volume share in its core markets and grow share by +20bps in its expansion markets. 2) Leverage is beginning to recede into the rearview and was the key driver behind our prior Neutral rating. After tax proceeds of $150mm from the sale of Good Health & R.W. Garcia will lower leverage (net debt/adj. EBITDA) from 4.6x to 3.9x. We believe UTZ is on track to achieve 3.5x by the end of FY24. 3) UTZ presents as a potential takeout candidate, in our view, given the company competes in the fast-growing salty snacks category and recently announced what we consider to be a conservative 16% adj. EBITDA margin target for FY26 at its investor day.

Coca-Cola Europacific Partners (CCEP)

Good 2H setup in Europe; laying out Philippines margin opportunity

We hosted CFO Nik Jhangiani, VP of Investor Relations Sarah Willett, and Associate Director of Investor Relations & Corporate strategy for investor meetings on March 12th.

Europe: CCEP reiterated expectations for a strong 2H. Even if the poor weather we saw last year offsets the easy comp CCEP should still benefit from activations around the Olympics, America Cup and Euro Cup. Pricing in France and carryover pricing from Great Britain and Germany will also be a boon to organic growth for the first 6 and 9 months of 2024, respectively. Additional pricing later in the year should follow a similar cadence to 2023 as well.

Indonesia: We should see improvements ramp as SKU rationalizations that began in 2023 resolve by the end of 1Q. Cessation of fuel and rice subsidies last year should make for a somewhat easier comp but suggests pressure on consumer wallets will remain a headwind. Longer term, the play in Indonesia remains conversion of beverage occasions to Sparkling through consumer activation, with price points now in the sweet spot for affordability.

Philippines: Recalling that Philippines results will only benefit CCEP's income statement for the prorated one-month period since the deal closed, management elaborated on the 2018 excise tax and the highly regulated sugar market since 2021 that has depressed margins in the region. Ultimately, they see the opening of the sugar market as a longer-term catalyst for profitability in the Philippines.

Celsius Holdings, Inc. (CELH)

Growth, growth, and more growth

We hosted CFO Jarrod Langhans and SVP of Communications Paul Wiseman for investor meetings on March 12th.

US sales runway: With ACV expansion virtually complete in their Core and Vibe lines, management highlighted depth of distribution – more coolers, better placements, expansion of SKUs on shelf – as the near-term priority to deliver 40% levels of YoY growth. Unsurprisingly, the lion's share of this growth is expected to come in the Convenience & Gas (C&G) channel. The new 16oz Essentials line which stands at about 50% ACV has about 10pts of distribution runway remaining which should be incremental this year as well.

Foodservice: CELH highlighted colleges/universities and hospitals as particularly strong foodservice channels already, with vending machines and restaurants seemingly the next biggest opportunities. Vending machine rollout will require retrofitting of PEP's machines to handle the 12oz slim can format, implying a potentially slower rollout there, though the 16oz Essentials cans slot in just fine as-is. The restaurant opportunity is still in its early days with only 1 SKU at Dunkin locations, which management expects to expand in large incremental pockets over time, flagging PEP's relationship with Yum Brands (Pizza Hut, Taco Bell) as the next logical partnership for CELH.

Margins: Management reiterated conservatism around gross margins in 2024, leaving in flexibility to chase growth through additional promotion spending if warranted, and accounting for inefficiencies related to US innovation and international rollouts. We should see some margin benefit as CELH expands limited release SKUs nationally, broadening production of these SKUs across more of its six orbits. Rationalization of lower velocity SKUs including their line of stevia products should also provide some manufacturing and shipping efficiencies.

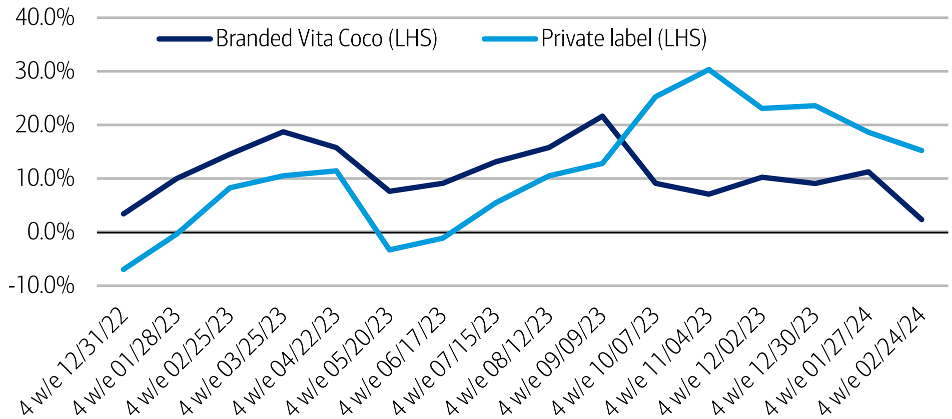
International: The Canada rollout has been smooth according to management and shown strong demand given only 4 SKUs are available in-country at the moment. Ahead of the UK rollout, management is seeing good brand awareness already on the back of social media activity, with Suntory leveraging its Lucozade footprint to secure CELH in coolers. Speaking on potential future geographies, management highlighted Japan and Australia as good target markets, with the Philippines, Indonesia, and South Korea in the running but likely further down the line.

The Vita Coco Company, Inc. (COCO)

Updates on price gaps, coconut water category, channel shifting and GMs

We hosted CEO Martin Roper and CFO Corey Baker for investor meetings on March 12th. **Price gaps** - COCO discussed how the price gap between Private label coconut water and Branded Vita Coco continues to widen and this is driving private label volumes to outpace Branded Vita Coco. COCO's FY24 sales outlook is for sales to grow between +0.3% and +2.3% year over year with Branded Vita Coco up high-single digits. **Bullish on coconut water** – With consumers incorporating coconut water into their smoothies, cocktails and cooking recipes COCO is optimistic on the long-term growth trajectory of the coconut water category. **Channel shifting** – COCO is seeing consumers make more purchases in the discount and club channel. On **gross margins** COCO noted that while ocean freight rates have increased the company is not being as negatively impacted as the spot rates would suggest. At the midpoint COCO is guiding for 37% gross margins or up +40bps y/y.

Exhibit 1: Year over year change in volumes
Private label coconut water volumes are outpacing Branded Vita Coco driven by a wider price gap



Source: BofA Global Research

BofA GLOBAL RESEARCH

The Duckhorn Portfolio Inc. (NAPA)

Wine remains challenged, however NAPA is confident over the longer term

We hosted Jennifer Jung, CFO, Sean Sullivan, Chief Strategy & Legal Officer and Ben Avenia-Tapper, Vice President of Investor Relations for investor meetings on March 13th. Key takeaways included: 1) the total wine category remains challenged, however higher price points are seeing better growth trends. NAPA expects luxury category to grow 0-1% in 2H, but for NAPA to outpace. 2) NAPA sees plenty of distribution runway which is is integral to its long-term organic sales outlook. NAPA's brands are currently in about 65,000 accounts or a 22.3% penetration rate of suitable accounts with a goal to achieve a 27.0% penetration. 3) Innovation/in stock will be key to resuming 2H growth including Decoy Featherweight, Decoy Limited Paso Robles Cabernet, and resuming "wine by the glass".

Molson Coors (TAP)

Using 1Q to prepare for a great year

We hosted TAP CEO Gavin Hattersley and CFO Tracey Joubert to a fireside chat and investor meetings with clients on March 13th, 2024. Key takeaways include: 1) Q1 is typically a small quarter for TAP given seasonality of beer. TAP expects shipments to outpace consumption given that it is building inventory ahead of the key summer selling season. Demand for its brands remain strong and offset any production issues from Fort Worth Brewery strikes. In addition, volume leverage will positively impact margins in Q1. Secondly, TAP believes its 2023 share gains are sticky and is well positioned to grow share in 2024. Third, 2024 is off to a great start with share gains accelerating over the past few weeks. Both Coors Light and Miller Lite are entering the new year with lots of brand support (Coors Light Chill Train campaign and TAP plans to announce its Miller Lite campaign next week). 4) We got the impression that there is appetite for both opportunistic and programmatic share repurchases in 2024.

Kenvue Inc (KVUE)

Focus remains on improving skin health & beauty; aligning incentives with profitable growth

We hosted CFO Paul Ruh and Head of IR Tina Romani for investor meetings on March 12th. Kenvue continues to focus on execution in 2024, to improve from 2023's challenges post-IPO. In 2024, Kenvue has a strategy to improve in skin health & beauty, with: 1) increasing marketing, 2) increasing innovation, and 3) increasing in-store execution. The company is attempting to regain share where it has lost its stride, by having the right products, looking at optimization of the portfolio, and making it easy for customers to find products on the shelf. Some of these improvements are easier than others, although they will take time. For example, Neutrogena makeup removing wipes were moved to a lower shelf in the aisle at a certain retailer, away from the rest of brand products, and while shelf space changes are a simple fix, shelf resets will not be made until the Spring. Going forward, Kenvue is focusing on adding boots on the ground to ensure that shelf space/sets were as intended. Elsewhere, Kenvue is focused on improving packaging and messaging on products such as Neutrogena Hydroboost, to better help consumers more clearly understand the benefits of the offering. In 2024, Kenvue is more focused on driving velocity vs. shelf space expansion, which will likely see better momentum with fall resets and benefit volumes in Q4'24 and beyond.

Outside of the US, Kenvue continues to see strong performance. Although China has seen challenges post-COVID, over 50% of sales come from self care, and there is potential for long-term tailwinds due to China's Health 2030 goals. Kenvue continues to expect flat organic sales in Q1, with volumes a drag and likely still negative in Q2, then starting to see contribution of volume growth in 2H. Longer-term, to drive actionable change within the organization, Kenvue is aligning compensation incentives with driving profitable growth with margin expansion, rather than a primary focus of efficiency to maximize FCF.

The Procter & Gamble Co (PG)

Reiterated good US volume, dicey China environment, better EU and Latam

We hosted Senior VP of Investor Relations John Chevalier and VP of Investor Relations Becky Kosina for investor meetings on March 12th and 13th.

US faring better: Management painted a rosier picture of US organic growth, now within a +4-5% growth range for FY24 and a slight improvement over the ~+4% levels implied alongside 2Q earnings results.

China still weak: China remains embattled, particularly in Beauty, with significant SKII weakness that began in June 2023 a large contributing factor and likely to last through FY24. Overall, PG sees little improvement in the China consumer, though expects some relief once they begin lapping the weakness.

EU slowly improving: PG sounded happier about their progress with retailers in Europe, noting their standard practice of innovation-led pricing has helped them land pricing at retail and allowed private label brands the room to price against inflation as well which has kept PG on better terms with its retailers relative to peers. On the question of Private Label competition, PG has been outgrowing store brands and sees relatively muted risk of ceding share.

Latam: Argentina remains the major source of pressure in the region but has improved incrementally since we last heard from the company. Having frozen pricing and shipping in Argentina for up to 6 weeks prior to their election, PG was able to recover a good chunk of pricing that helped drive the improved outlook in Latam. Still, Argentina remains volatile and PG has seen somewhat elevated promotional activity from multinational peers in diapers and toothpaste vs recent levels, but still within what they consider a healthy range.

Investment Rationale

Utz Brands

We rate UTZ shares Buy. We are confident UTZ can achieve its long-term sales algorithm of +4-5% driven by market share gains through its geographic distribution expansion. We believe this could drive upside to both earnings estimates and multiple. In addition, we don't expect leverage to be a issue for investors given that asset sale proceeds of $150mm will be used to pay down debt and lower leverage from 4.6x to 3.9x and on track to reach 3.5x by end of FY24.

Price objective basis & risk

Utz Brands (UTZ: B-1-7: $17.71)

Our $22 PO is based on 18.0x 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. Our target multiple of 18.0x is in line with past snack transactions - Hostess (17.2x X synergies), Dot's Pretzels (17.3x) and Snyder's-Lane (19.9x).

Upside risks are 1) faster category/brand growth vs peers and market share gains, 2) better-than-modeled cost synergies and 3) deflationary cost basket

Downside risks are 1) bigger-than-expected volume hit from price increases, 2) geographic expansion faces challenges, 3) cost synergies do not achieve targets

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.

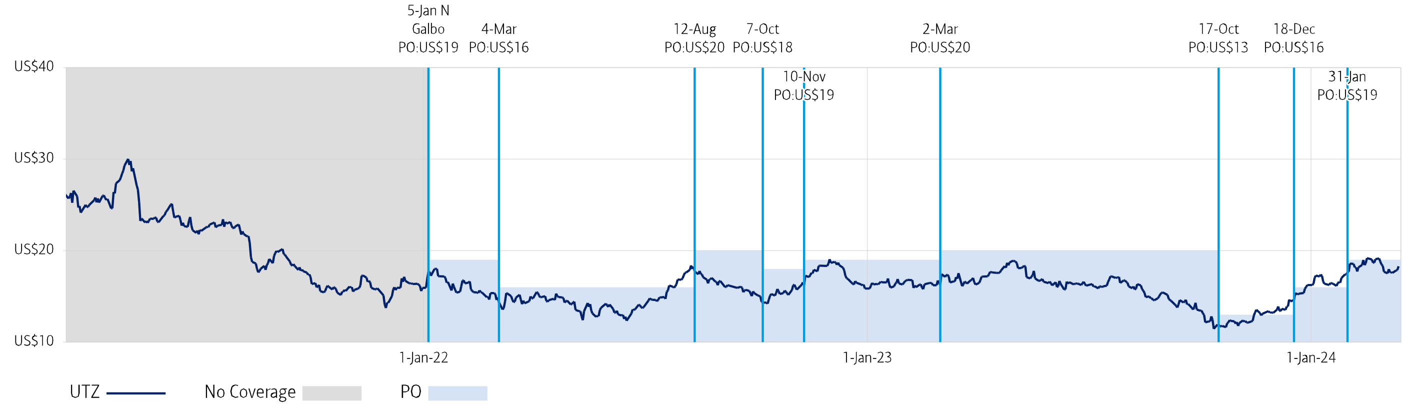
US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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
	Utz Brands	UTZ	UTZ US	Peter T. Galbo, CFA
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
	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
	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 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

Disclosures

Important Disclosures

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: Beverages - Alcoholic Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	22	61.11%	Buy	15	68.18%
Hold	6	16.67%	Hold	4	66.67%
Sell	8	22.22%	Sell	2	25.00%

Equity Investment Rating Distribution: Beverages - Soft Drinks Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	11	78.57%	Buy	6	54.55%
Hold	0	0.00%	Hold	0	0.00%
Sell	3	21.43%	Sell	1	33.33%

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: Food Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	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: Tobacco Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	3	60.00%	Buy	1	33.33%
Hold	1	20.00%	Hold	0	0.00%
Sell	1	20.00%	Sell	0	0.00%

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%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

[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.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. VOLATILITY RISK RATINGS, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. INVESTMENT RATINGS reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the Price Charts website, or call 1-800-MERRILL to have them mailed.
BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Utz Brands.
The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Utz Brands.
BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Utz Brands.
The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Utz Brands.
BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Utz Brands.
BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Utz Brands.
BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Utz Brands.
The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: Utz Brands.
BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.
Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.
The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.
Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.
Refer to BofA Global Research policies relating to conflicts of interest.
"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.
Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:
BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofaml.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSFC); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.
This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSFC; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS

India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the Electronic Communications Disclaimers for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at BofA ESGMeter methodology. ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.