

Crown Holdings Inc.

Post 4Q, CCK looks undervalued. Expect increased investor interest

Reiterate Rating: BUY | PO: 89.00 USD | Price: 76.92 USD

Sell-off post 4Q drives attractive val'n, investor interest

Given Crown's (CCK) recent 4Q results and commentary regarding its non-beverage can segments, we thought it was a good time to review these businesses and our approach to valuation. Recall, 4Q results and commentary were somewhat disappointing and led to a sell-off. CCK looks undervalued, and this could allow for increased investor interest in the stock over time and how Crown can further improve performance, portfolio, etc..

Transit packaging - doing relatively well

CCK's largest non-beverage can business is Transit Packaging (19% of total revenue) which produces automation, equipment, tools, industrial products, and protective solutions. CCK purchased this business (Signode) from Carlyle in 2018 for \$3.91bn (or 10.2x adj. EBITDA) with the rationale being that it was a high-quality business at an attractive financial profile with both immediate and long-term benefits to CCK. True, the business has good cash generation (i.e. ~12.5% of sales on average since 2019), but post-transaction leverage (at ~5x) and the fact that Crown wasn't an obvious strategic owner for this asset impacted the shares at the time. While Transit still doesn't obviously fit with a largely beverage-can oriented company, its performance has been reasonable in recent periods. Interestingly, it was Crown's "other" non-beverage units - Aerosol, Machinery, Tinplate - that performed less well in 4Q and impacted the 2024 guide, as did unabsorbed fixed costs in European Beverage.

What's Transit worth, what's Crown worth?

CCK should trade at \$89/share based on our analyses, including our sum-of-the-parts (SOTP) work. We lower our PO to \$89 from \$93 in this report as we discuss below. Covid, supply-chain disruptions, and other factors, have kept Transit EBIT in place over time. Demand in 2024 is expected to remain challenged given a softer industrial backdrop, but recent cost-reduction efforts should allow earnings to grow modestly y/y. Nonetheless, we do think this is a fairly good business. Considering its margin and return profile, we believe it should trade at a 20% discount to peers, or about 12x EV/FCF and 10x EV/EBITDA. See inside for additional analysis.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	6.75	5.86	5.90	6.50	7.05
GAAP EPS	5.99	3.76	4.89	5.46	5.98
EPS Change (YoY)	-11.9%	-13.2%	0.7%	10.2%	8.5%
Consensus EPS (Bloomberg)			5.98	6.77	7.60
DPS	0.88	0.88	0.88	0.88	0.88
Valuation (Dec)					
P/E	11.4x	13.1x	13.0x	11.8x	10.9x
GAAP P/E	12.8x	20.5x	15.7x	14.1x	12.9x
Dividend Yield	1.1%	1.1%	1.1%	1.1%	1.1%
EV / EBITDA*	9.7x	9.0x	9.1x	8.7x	8.5x
Free Cash Flow Yield*	-0.4%	7.2%	8.0%	9.3%	8.4%

* For full definitions of *IQmethod*SM measures, see page 9.

26 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	93.00	89.00

George L. Staphos
Research Analyst
BofAS
+1 646 855 4495
george.l.staphos@bofa.com

Cashen Keeler
Research Analyst
BofAS
+1 646 855 4256
cashen.keeler@bofa.com

Lucas Hudson
Research Analyst
BofAS
+1 917 861 6981
lucas.hudson@bofa.com

Stock Data

Price	76.92 USD
Price Objective	89.00 USD
Date Established	26-Feb-2024
Investment Opinion	B-1-7
52-Week Range	69.61 USD - 96.35 USD
Mrkt Val (mn) / Shares Out (mn)	9,193 USD / 119.5
Free Float	99.1%
Average Daily Value (mn)	109.28 USD
BofA Ticker / Exchange	CCK / NYSE
Bloomberg / Reuters	CCK US / CCK.N
ROE (2024E)	24.4%
Net Dbt to Eqty (Dec-2023A)	227.5%
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](#)".

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 10 to 12. Analyst Certification on page 8. Price Objective Basis/Risk on page 8.

12663566

Timestamp: 26 February 2024 01:08AM EST

iQprofileSM Crown Holdings Inc.

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	9.8%	9.2%	9.1%	9.5%	9.7%
Return on Equity	43.6%	30.8%	24.4%	23.7%	23.0%
Operating Margin	9.9%	11.5%	11.2%	11.8%	11.8%
Free Cash Flow	(36)	660	740	854	769

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.0x	2.1x	1.8x	1.8x	1.6x
Asset Replacement Ratio	1.8x	1.6x	1.0x	1.0x	1.0x
Tax Rate	23.0%	27.9%	25.0%	24.9%	24.9%
Net Debt-to-Equity Ratio	347.6%	227.5%	195.6%	171.0%	150.4%
Interest Cover	4.5x	3.2x	3.0x	3.2x	3.4x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	12,943	12,010	12,156	12,483	12,819
% Change	8.7%	-7.2%	1.2%	2.7%	2.7%
Gross Profit	2,300	2,464	2,431	2,497	2,564
% Change	-6.5%	7.1%	-1.3%	2.7%	2.7%
EBITDA	1,744	1,882	1,850	1,952	1,993
% Change	-2.5%	7.9%	-1.7%	5.5%	2.1%
Net Interest & Other Income	(280)	(474)	(437)	(457)	(444)
Net Income (Adjusted)	820	701	700	751	794
% Change	-18.4%	-14.5%	-0.2%	7.3%	5.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	685	436	564	607	647
Depreciation & Amortization	460	499	484	484	484
Change in Working Capital	(562)	171	(44)	0	(50)
Deferred Taxation Charge	28	0	0	0	0
Other Adjustments, Net	192	347	236	263	188
Capital Expenditure	(839)	(793)	(500)	(500)	(500)
Free Cash Flow	-36	660	740	854	769
% Change	NM	NM	12.1%	15.4%	-10.0%
Share / Issue Repurchase	(722)	(12)	(500)	(500)	(500)
Cost of Dividends Paid	(100)	(126)	(110)	(150)	(150)
Change in Debt	(2,010)	(188)	(400)	(200)	(200)

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	550	1,310	1,135	1,238	1,257
Trade Receivables	1,843	1,719	1,940	1,950	2,000
Other Current Assets	2,266	1,804	1,951	1,991	1,991
Property, Plant & Equipment	4,540	5,062	5,078	5,094	5,110
Other Non-Current Assets	5,102	5,442	5,442	5,442	5,442
Total Assets	14,301	15,337	15,546	15,715	15,800
Short-Term Debt	185	775	775	775	775
Other Current Liabilities	3,747	3,426	3,750	3,800	3,800
Long-Term Debt	6,792	6,699	6,299	6,099	5,899
Other Non-Current Liabilities	1,728	1,727	1,786	1,845	1,825
Total Liabilities	12,452	12,627	12,610	12,519	12,299
Total Equity	1,849	2,710	3,036	3,296	3,601
Total Equity & Liabilities	14,301	15,337	15,646	15,815	15,900

* For full definitions of iQmethodSM measures, see page 9.

Company Sector

Packaging

Company Description

With revenues of \$12bn in 2023, Crown Holdings is a leading global supplier of metal packaging products (primarily beverage and food cans) to consumer products companies. CCK is organized as follows: Americas Beverage (40% of total sales), European Beverage (16%), Asia Pacific (12%), Transit Packaging (20%), and Non-Reportable segment (12%). CCK operates in 47 countries with over 26,000 employees.

Investment Rationale

We rate CCK Buy given our view of its relative valuation, which we still view as attractive. While CCK's initial 2024 guidance was below BofA/Street estimates, the company should see modest growth in the Americas and Europe in 2024 while its North American aerosol and beverage can equipment businesses will be soft.

Stock Data

Average Daily Volume 1,420,646

Quarterly Earnings Estimates

	2023	2024
Q1	1.20A	0.92E
Q2	1.68A	1.51E
Q3	1.73A	1.84E
Q4	1.24A	1.63E

Tough start to the year

4Q reporting met with a sell-off

We reiterate a Buy rating on CCK. Crown results and guidance were below our forecasts (we were below the Street) and CCK could have possibly considered a preannouncement. That said, we do view the shares as undervalued at 8.5x EBITDA and 12x earnings on 2024. In 4Q, CCK's aggregate results were below our estimates primarily given lower results in European Beverage, Transit Packaging, and Other which were collectively below our model by \$55mn. Meantime, results in Americas Beverage and Asia Pacific were ahead of our model by a combined ~\$50mn.

To be fair, CCK's beverage packaging businesses were not that far off our forecasts when aggregated, with Europe being the drag. As for guidance, CCK expects 2024 EPS of \$5.80-6.20 (which compared to our original estimate of \$6.35 and the Street at \$6.85) and we are now at \$5.90. Further, the company commented that it expects largely flat earnings in Americas, 2021-like levels of earning in Europe (which would represent an increase), income growth in Transit (2H weighted), and headwinds in Other from North American Aerosol and the can-making equipment business.

Investors should reengage in CCK

Weakness in North American tinplate and machinery, 4Q catch-up accruals in European tinplate, moderate performance in Transit and continued headwinds and unabsorbed fixed costs in Europe led to ~\$15 or ~20% drop in the shares since reporting. In turn, such performance could encourage investors to reengage and review CCK's valuation, trends, and strategy. While it has "company" in this regard within the packaging sector, CCK is now underperforming the S&P500, after a period of outperformance.

Exhibit 1: CCK has underperformed the market in 2021, 2022, and 2023

CCK stock price 2014-2024



Source: BofA Global Research, FactSet

BofA GLOBAL RESEARCH



Reviewing the businesses

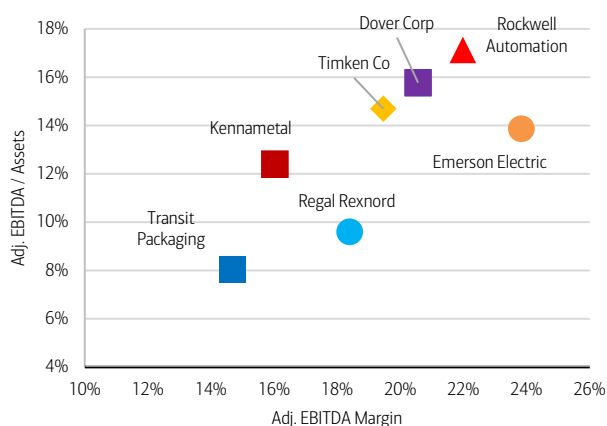
Signode performance versus peers

Transit's EBIT has grown at a CAGR of 3.4% as the business was faced with a slowdown in global manufacturing activity in 2019 and Covid in 2020. Performance improved nicely in 2021 given the pass through of higher costs along with better volumes but 2022 EBIT was lower given a slowdown in demand, the divestiture of the Kiwiplan business, and steel inventory holding losses early in the year. Management implemented an overhead cost reduction program which helped bolster earnings in 2023 despite softer demand and we are forecasting for earnings to be up slightly in 2024 given these factors.

Given this backdrop and our review of peer performance, Transit has averaged lower returns on average versus its peer group. That said, we recognize that there is no perfect comparable peer in this case, but nonetheless returns are still lower than this group.

Exhibit 2: On average since 2019, Transits margins and returns...

Average adj. EBITDA margin and adj. EBITDA / Assets (2019-2023)

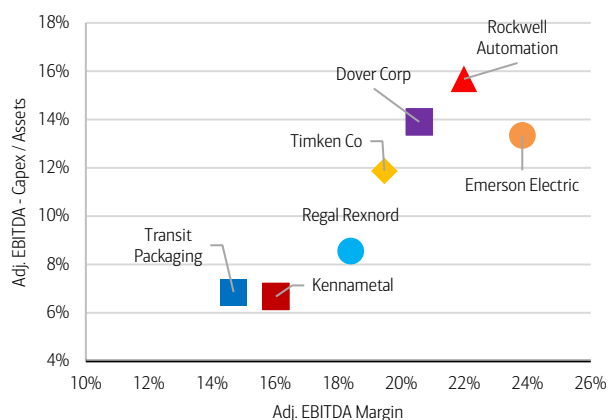


Source: Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 3: ...are lower than peers

Average adj. EBITDA margin and adj. EBITDA – Capex / Assets (2019-2023)



Source: Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH

As a result and upon review of current market multiples for these companies, we believe that Transit should trade at 10x EBITDA or a 20% discount versus the peers we show in Exhibit 4. While we don't have a perfect comparable for Transit, we have compiled a list of companies that we think share similar characteristics at a portfolio and fundamental level.

Exhibit 4: Comparables for CCK's Transit Packaging business

Given our review of historical performance and current valuations, we think Transit should trade near ~10x

Company	Market Cap.	Recent Price	Total Debt	Other LT-Liabs	Cash	Enterprise Value*	Reported EV/EBITDA				Reported EV/(EBITDA-Capex)			
							2022A	2023E	2024E	2025E	2022A	2023E	2024E	2025E
Timken Co	\$5,829	\$82.56	\$1,790	\$375	\$419	\$7,575	8.9x	7.6x	8.9x	8.2x	11.2x	9.3x	11.3x	10.4x
Kennametal	\$1,933	\$24.38	\$619	\$90	\$91	\$2,551	7.5x	7.8x	7.6x	7.0x	11.1x	11.3x	11.4x	9.7x
Regal Rexnord	\$10,080	\$152.04	\$6,381	\$1,243	\$574	\$17,130	15.1x	15.2x	11.8x	10.8x	16.3x	17.1x	12.8x	11.7x
Rockwell Automation	\$32,489	\$283.50	\$3,374	\$859	\$440	\$36,282	21.2x	18.1x	17.6x	17.2x	22.2x	20.2x	19.5x	19.4x
Emerson Electric	\$59,114	\$103.40	\$10,859	\$4,112	\$2,076	\$72,009	21.9x	18.0x	15.6x	14.8x	23.6x	19.9x	17.2x	16.2x
Dover Corp	\$22,395	\$160.08	\$3,460	\$813	\$399	\$26,269	14.5x	14.6x	13.8x	13.0x	16.5x	16.3x	15.1x	14.3x
Average	\$131,840		\$26,484	\$7,491	\$3,998	\$161,817	14.8x	13.6x	12.5x	11.8x	16.8x	15.7x	14.6x	13.6x
Transit Packaging						\$3,780	11.7x	10.2x	10.0x	10.1x	14.7x	12.3x	12.0x	12.2x

Company	Reported EBITDA				EBITDA - Capex				ROIC	
	2022A	2023E	2024E	2025E	2022A	2023E	2024E	2025E	2023E	2024E
Timken Co	\$856	\$999	\$854	\$921	\$677	\$811	\$669	\$730	21.0%	24.5%
Kennametal	\$340	\$326	\$335	\$365	\$230	\$225	\$224	\$264	18.5%	17.7%
Regal Rexnord	\$1,136	\$1,123	\$1,451	\$1,586	\$1,053	\$1,004	\$1,336	\$1,464	9.3%	9.2%
Rockwell Automation	\$1,712	\$2,002	\$2,064	\$2,115	\$1,632	\$1,798	\$1,861	\$1,870	25.5%	29.8%
Emerson Electric	\$3,295	\$3,996	\$4,625	\$4,865	\$3,053	\$3,615	\$4,186	\$4,457	9.3%	11.3%
Dover Corp	\$1,810	\$1,805	\$1,908	\$2,020	\$1,589	\$1,612	\$1,736	\$1,840	22.2%	22.1%
Average	\$9,149	\$10,251	\$11,238	\$11,872	\$8,234	\$9,065	\$10,012	\$10,625	17.6%	19.1%
Transit Packaging	\$322	\$372	\$378	\$375	\$258	\$308	\$314	\$311		

Source: Company reports, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH

NA Tinplate and Equipment face '24 headwinds

CCK's other non-beverage can businesses are reported in "Other" and these include the company's food and aerosol can and closures businesses in North America (or "Tinplate") as well as its beverage tooling and equipment operations. The combination of lower earnings in these businesses and Glass is ultimately expected to be a ~\$80mn headwind y/y.

While the company does not quantify the size of each underlying business, our research suggests that the equipment and aerosol businesses are down sharply in profits on an annualized basis, with the bulk of Other's \$120mn in EBIT residing in food cans. (While it is reported in Americas Beverage, the Glass container business is down sharply, too, and at a relatively similar magnitude to the drop in equipment and aerosol). The beverage can equipment business had decent performance over the past several years given the global capacity expansion in beverage can manufacturing, but growth slowed in 2023 after these projects were completed and equipment will remain pressured in 2024.

Tinplate has had its issues, so needs to be watched

Meantime, NA tinplate (food and aerosol) also showed good performance in 2020-2021 because of at-home food consumption throughout Covid. As a result, CCK also added a new food can facility in Dubuque, Iowa as well as additional lines at its Hanover, Pennsylvania plant, Owatonna, Minnesota facility, and most recently a pet food can line Dubuque. However, management expects Tinplate to remain somewhat pressured in 2024 given softer trends in aerosol given steel's relative pricing to other substrates. Additionally, our research suggests some customer mix issues relative to peers as well. Moreover, there have been past periods, either in Europe or North America, in which seemingly good trends in food cans were disrupted by weather, competitive entry, or other factors. CCK sees its North American food can businesses as well capitalized but we are not sure whether this business in aggregate fits with CCK's beverage packaging operations longer-term – and we see Signode/Transit as a better overall business.



We see 2x (low) embedded multiple for Transit

Overall, CCK should approach \$90/share

Based on our analysis of Transit relative to peer companies, we think it should trade for a ~20% discount or 10x (which is slightly higher than our prior 9x and about in-line with the multiple CCK purchased the business for). Further, given the outlook as well as comparables for the Other business, we think 7x is appropriate at this juncture. Given this and our current multiples for beverage cans (7-11x – Ball [BALL; Buy] trades at 13x and Ardagh [AMBP; Neutral] trades at 9x), our resulting sum-of-the-parts (SOTP) valuation is \$102/share. Given our review of peer and past company ranges, we lower our multiples slightly for the beverage can businesses in this report. To derive our price objective, we combine our SOTP value with a 15-16x P/E multiple and a FCF valuation which includes \$800mn of normalized FCF along with a 11% cost of equity and 2% growth rate. As such, our resulting PO is \$89 (which is down from a prior \$93).

Obviously, it's hard to know what the market is discounting across the segments and that would impact the implied Transit multiple. Ascribing a lower 8-9x multiple range for the beverage can businesses would lead to a 7x for Transit – no matter the valuation ascribed, CCK seems undervalued to us. See Exhibits 5-6 for our theoretical illustrations.

Exhibit 5: CCK sum-of-the-parts based on current market price

Based on CCK's current share price, we believe the market is likely embedding these multiples

EV/EBITDA				
Segment	Target Multiples		2024E EBITDA	Midpoint Value
	Low	High		
Americas Beverage	11.0x	11.0x	\$988	\$10,871
European Beverage	7.0x	8.0x	\$285	\$2,136
Asia Pacific	9.0x	9.0x	\$213	\$1,913
Transit Packaging	2.0x	2.0x	\$378	\$756
Other	7.0x	7.0x	\$77	\$536
20% Stake in European Tinplate				\$564
Total Value				\$16,776
Add: Cash				\$1,135
Less: Total Debt				(\$7,074)
Less: Total Other LT Liabilities & Noncontrolling interests				(\$1,786)
Equity Value				\$9,051
Shares				118.2
Equity Value Per Share				\$77

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 6: BofA CCK sum-of-the-parts valuation methodology

We think Transit should trade closer to 10x

EV/EBITDA				
Segment	Target Multiples		2024E	Midpoint
	Low	High	EBITDA	Value
Americas Beverage	11.0x	11.0x	\$988	\$10,871
European Beverage	7.0x	8.0x	\$285	\$2,136
Asia Pacific	9.0x	9.0x	\$213	\$1,913
Transit Packaging	10.0x	10.0x	\$378	\$3,780
Other	7.0x	7.0x	\$77	\$536
20% Stake in European Tinplate				\$564
Total Value				\$19,800
Add: Cash				\$1,135
Less: Total Debt				(\$7,074)
Less: Total Other LT Liabilities & Noncontrolling interests				(\$1,786)
Equity Value				\$12,075
Shares				118.2
Equity Value Per Share				\$102

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 7: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
BALL	BALL US	Ball Corp	US\$ 62.89	B-3-7
AMBP	AMBP US	Ardagh Metal Pkgg	US\$ 3.52	B-2-8

Source: BofA Global Research

BofA GLOBAL RESEARCH



Price objective basis & risk

Crown Holdings Inc. (CCK)

We calculate our PO of \$89 by using our 2024 estimates and averaging the fair values derived from (1) a 15-16x '24E P/E multiple (adj. for asbestos), (2) a sum-of-the-parts (SOTP) valuation which values the Americas Beverage segment at 11x EBITDA, European Beverage at 7x, Asia Pacific at 9x, Transit Packaging at 10x and Other at 7x, (3) our intrinsic FCF valuation, which assumes \$800mn normalized FCF, a 11% cost of equity and a 2% growth rate.

Downside risks to our PO are (1) weather uncertainties during key seasonal periods in 2Q-3Q, (2) asbestos liabilities that could present a greater drain on cash flow than we currently expect, (3) FX translation, as the majority of sales are outside the US, (4) increasing investment, particularly in EM, (5) share loss to aseptic or plastic/flexible pkgg or other materials, particularly as regards its food can ops, (6) unfavorable demand trends in key food & beverage end markets, and the overall risks to valuation, demand and pricing should growth slow, (7) unfavorable volume and pricing trends, (8) potential governmental policy and regulatory changes in the US and elsewhere.

And, as with most packaging companies, there are numerous macro risks and other risks around volumes, pricing, input costs and other factors that could negatively affect fundamental & stock price performance. Similarly should these factors prove more constructive than expected, CCK's performance/PO could exceed our forecasts.

Analyst Certification

I, George L. Staphos, 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 - Paper and Packaging Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AptarGroup Inc.	ATR	ATR US	George L. Staphos
	Berry Global	BERY	BERY US	George L. Staphos
	Brady Corp. - CI A	BRC	BRC US	Cashen Keeler
	Crown Holdings Inc.	CCK	CCK US	George L. Staphos
	Graphic Packaging	GPK	GPK US	George L. Staphos
	O-I Glass Inc	OI	OI US	George L. Staphos
	Pactiv Evergreen	PTVE	PTVE US	George L. Staphos
	Sealed Air Corp.	SEE	SEE US	George L. Staphos
	Silgan Holdings Inc.	SLGN	SLGN US	George L. Staphos
	Sonoco Products Co.	SON	SON US	George L. Staphos
	Sylvamo Corp.	SLVM	SLVM US	George L. Staphos
	WestRock	WRK	WRK US	George L. Staphos
	Weyerhaeuser Co.	WY	WY US	George L. Staphos
NEUTRAL				
	Ardagh Metal Packaging S.A.	AMBP	AMBP US	George L. Staphos
	Greif Inc.	GEF	GEF US	George L. Staphos
	Packaging Corp. of America	PKG	PKG US	George L. Staphos
	PotlatchDeltic Corp.	PCH	PCH US	George L. Staphos
UNDERPERFORM				
	Amcor Plc	AMCCF	AMC AU	George L. Staphos
	Amcor PLC	AMCR	AMCR US	George L. Staphos
	Avery Dennison Corp.	AVY	AVY US	George L. Staphos
	Ball Corp.	BALL	BALL US	George L. Staphos
	Boise Cascade Company	BCC	BCC US	George L. Staphos
	International Paper Co.	IP	IP US	George L. Staphos

US - Paper and Packaging Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Louisiana-Pacific Corp.	LPX	LPX US	George L. Staphos

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

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

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

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

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

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

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

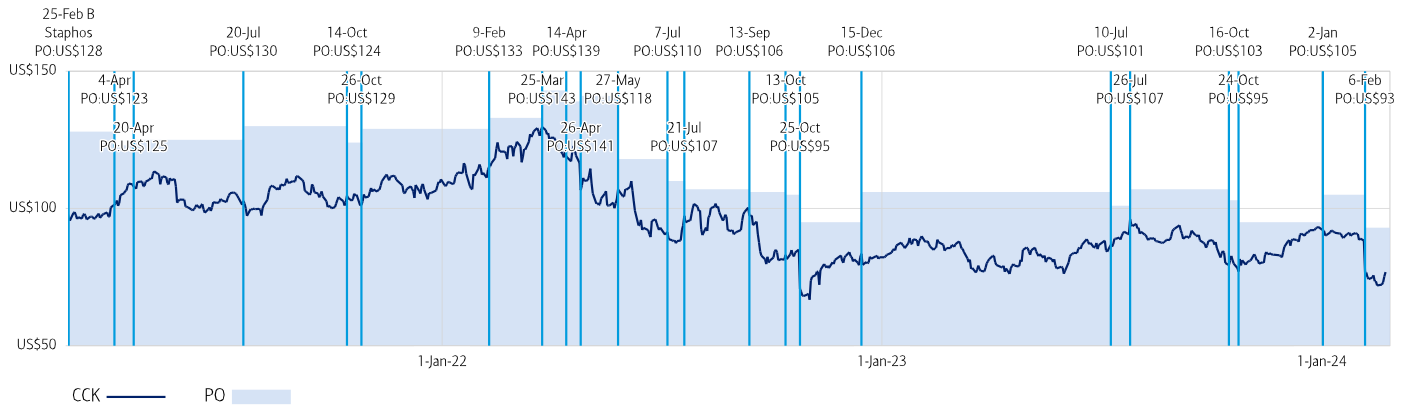
iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofileSM, iQmethodSM are service marks of Bank of America Corporation. iQdatabase[®] is a registered service mark of Bank of America Corporation.

Disclosures

Important Disclosures

Crown Holdings (CCK) 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: Packaging Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	14	60.87%	Buy	10	71.43%
Hold	6	26.09%	Hold	5	83.33%
Sell	3	13.04%	Sell	2	66.67%

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: Crown Holdings.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Crown Holdings.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Crown Holdings.

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: Crown Holdings.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Crown Holdings.

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: Crown Holdings.

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: Crown Holdings.

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: Crown Holdings.



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 BofA 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.bofamli.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 (HKSF); 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 HKSF; 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.

BoFA or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BoFA 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 BoFA for the provision of research services for a separate fee, and in connection therewith BoFA may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BoFA has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BoFA). If such recipient uses the services of BoFA in connection with the sale or purchase of a security referred to herein, BoFA may act as principal for its own account or as agent for another person. BoFA 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:

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BoFA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BoFA Securities. BoFA Global Research information is distributed simultaneously to internal and client websites and other portals by BoFA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BoFA Securities.

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.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BoFA or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BoFA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BoFA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BoFA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BoFA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BoFA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BoFA Securities is under no obligation to update this information and BoFA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BoFA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BoFA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BoFA or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BoFA Securities nor any officer or employee of BoFA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.