

Celsius Holdings Inc

Cooling off: Downgrading to Neutral as uncertainties skew risk/reward profile

Rating Change: NEUTRAL | PO: 65.00 USD | Price: 59.58 USD

Share contraction adds uncertainty to sales momentum

We are downgrading shares of Celsius Holdings (CELH) from Buy to Neutral, maintaining our \$65 PO. With CELH market share unexpectedly declining and still down versus the August peak, uncertainty around sales growth now weighs on what had been a more favorable risk/reward profile when they were benefitting from the momentum of the Pepsi distribution deal.

Competitive pressure complicates velocity recovery

CELH US sales continue to be very strong with considerable opportunity supported by rising consumer awareness. However, it remains unclear if recent market share and velocity (dollar sales per points of distribution) declines are merely seasonal or not. With Monster (MNST) pushing to expand Reign Storm and reclaim lost Bang distribution, and Red Bull maintaining strong marketing, competition could weigh on growth this year. Looking at a range of scenarios, our base case assumptions support a \$65 PO and our best and bear cases reflect balanced upside and downside, hence our Neutral rating.

What could reignite share, momentum and our rating

Improving velocity and market share are essential for us to become more constructive. Potential levers are: 1) shelf resets that should fetch CELH incremental share of energy facings and open up the number of SKUs carried per store, 2) new products, including canned and powdered flavors as well as the recently launched 16oz Essentials line that should expand nationwide this year; and 3) additional international market expansion with the rollout in Canada already underway. Still, while the above levers should serve as a catalyst to growth, we flag a lack of differentiating innovation and heightened competition as potential hurdles to Celsius' ability to meaningfully expand market share.

Maintaining \$65 PO, lowering 4Q23 sales estimates

We are lowering our 4Q23 sales estimate from \$351mil to \$341mil to reflect moderating Nielsen data, with adj. EBITDA now \$55.0mil vs \$56.7mil prior. We maintain our \$65 PO, noting CELH's share price is up +10% YTD vs a flat S&P 500. Our DCF-derived PO now implies a target EV/EBITDA multiple of 30x CY25e (down 1x), still above its average 2yr forward premium relative to Monster. This premium is justified in our view by considerable sales and margin runway within a fast-growing category.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	0.02	(0.88)	0.74	0.95	1.22
GAAP EPS	0.02	(0.93)	0.62	0.84	1.11
EPS Change (YoY)	-50.0%	NM	NM	28.4%	28.4%
Consensus EPS (Bloomberg)			0.79	1.00	1.38
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	2,979.0x	NM	80.5x	62.7x	48.8x
GAAP P/E	2,979.0x	NM	96.1x	70.9x	53.7x
EV / EBITDA*	409.8x	199.5x	49.0x	37.0x	27.1x
Free Cash Flow Yield*	-0.7%	0.7%	1.3%	1.5%	3.2%

* For full definitions of *IQmethod*SM measures, see page 11.

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Timestamp: 19 January 2024 06:00AM EST

19 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Inv. Opinion	C-1-9	C-2-9
Inv. Rating	BUY	NEUTRAL
2023E Rev (m)	1,321.8	1,311.6
2024E Rev (m)	1,739.3	1,757.9
2025E Rev (m)	2,338.1	2,363.6
2023E EPS	0.75	0.74
2024E EPS	0.94	0.95
2025E EPS	1.20	1.22

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Stock Data

Price	59.58 USD
Price Objective	65.00 USD
Date Established	29-Sep-2023
Investment Opinion	C-2-9
52-Week Range	26.75 USD - 68.95 USD
Mrkt Val (mn) / Shares Out (mn)	13,803 USD / 231.7
Free Float	61.8%
Average Daily Value (mn)	235.93 USD
BofA Ticker / Exchange	CELH / NAS
Bloomberg / Reuters	CELH US / CELH.OQ
ROE (2023E)	118.4%
Net Dbt to Eqty (Dec-2022A)	-71.0%
ESGMeter TM	Medium

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

iQprofileSM Celsius Holdings Inc

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	10.1%	10.4%	21.0%	22.6%	24.1%
Return on Equity	2.5%	-154.6%	118.4%	58.6%	42.0%
Operating Margin	10.4%	10.4%	21.5%	21.3%	21.5%
Free Cash Flow	(100)	100	183	209	448

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	-24.5x	NM	1.1x	1.0x	1.5x
Asset Replacement Ratio	2.3x	4.3x	5.1x	4.4x	2.9x
Tax Rate	197.0%	NM	20.9%	21.0%	21.0%
Net Debt-to-Equity Ratio	-7.5%	-71.0%	-75.1%	-72.1%	-79.2%
Interest Cover	NA	NA	NA	NA	NA

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	314	654	1,312	1,758	2,364
% Change	140.4%	108.0%	100.7%	34.0%	34.5%
Gross Profit	128	271	625	843	1,147
% Change	110.2%	111.3%	130.8%	34.8%	36.1%
EBITDA	34	70	285	378	516
% Change	125.6%	105.4%	307.2%	32.3%	36.5%
Net Interest & Other Income	(37)	(221)	(8)	(9)	(32)
Net Income (Adjusted)	4	(199)	176	238	319
% Change	-53.8%	NM	NM	35.2%	33.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	4	(187)	204	266	346
Depreciation & Amortization	1	2	3	4	8
Change in Working Capital	(134)	42	(111)	(116)	15
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	32	252	104	73	103
Capital Expenditure	(3)	(8)	(16)	(18)	(24)
Free Cash Flow	-100	100	183	209	448
% Change	NM	NM	83.4%	14.2%	114.0%
Share / Issue Repurchase	71	546	2	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	16	614	813	995	1,416
Trade Receivables	41	66	93	144	155
Other Current Assets	205	238	213	259	313
Property, Plant & Equipment	3	10	23	37	53
Other Non-Current Assets	48	294	306	292	278
Total Assets	314	1,222	1,449	1,728	2,214
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	93	161	194	176	256
Long-Term Debt	0	0	0	0	0
Other Non-Current Liabilities	4	196	172	172	172
Total Liabilities	97	357	367	348	428
Total Equity	217	865	1,082	1,379	1,787
Total Equity & Liabilities	314	1,222	1,449	1,728	2,214

* For full definitions of iQmethodSM measures, see page 11.

Company Sector

Soft Drinks

Company Description

Celsius Holdings, Inc. markets its line of health-focused energy beverages with ingredients purported to boost calorie-burning, and promote a healthy, active lifestyle. Celsius products are offered as canned sparkling and still beverages as well as concentrated packets, and are sold primarily in the United States across retail convenience, food, drug, and mass market channels as well as through e-commerce platforms like Amazon. Internationally, CELH has a small presence in Scandinavia and China.

Investment Rationale

We rate CELH Neutral. Celsius's broader demographic appeal and positioning alongside new usage occasions should help them grow the category and take market share, but with US distribution more or less completed via the Pepsi partnership, CELH will need to source growth from shelf expansion against mounting competition. We still see strong sales and EBITDA potential, but wait for stronger velocity to signal a resumption of momentum in market share gains.

Stock Data

Average Daily Volume 3,959,836

Quarterly Earnings Estimates

	2022	2023
Q1	0.03A	0.15A
Q2	0.04A	0.17A
Q3	-0.82A	0.30A
Q4	-0.12A	0.13E

Downgrading CELH to Hold

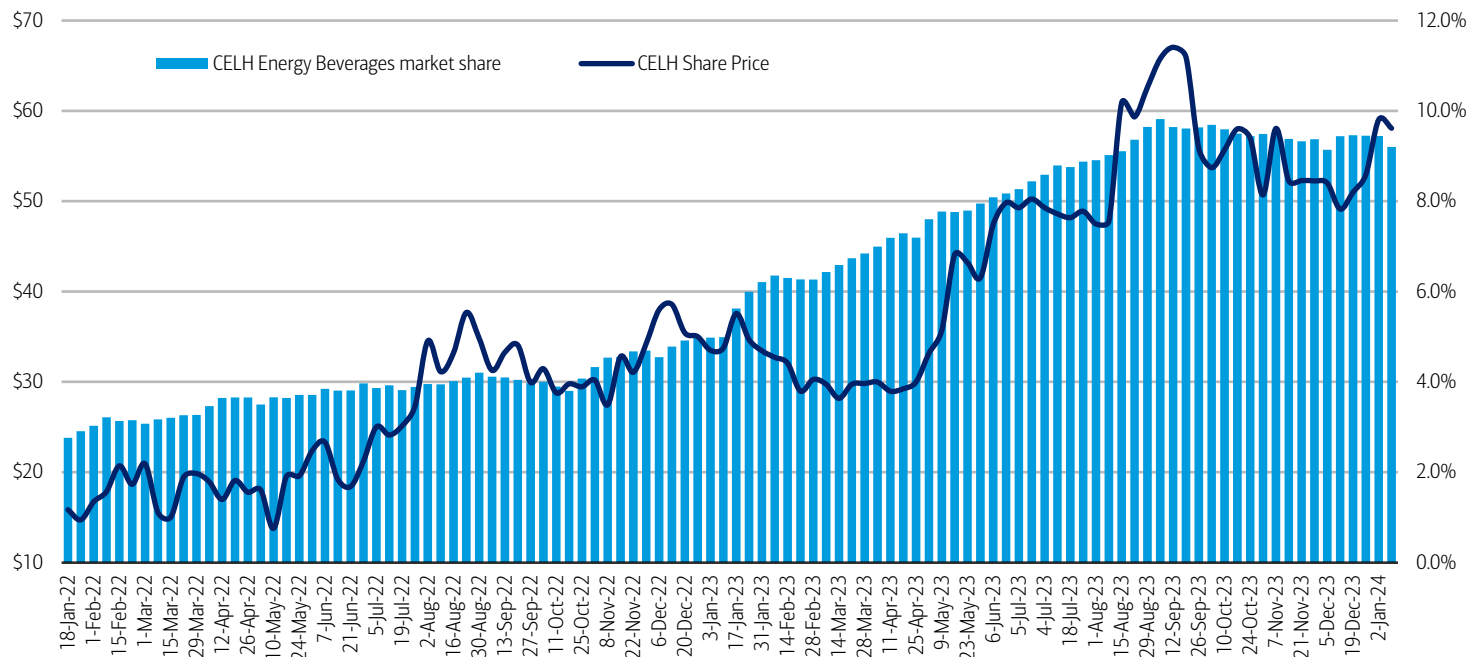
CELH share price moves on market share data

Celsius' impressive run since migrating their direct-store distribution operations to PepsiCo's network on October 1st, 2022, has given the company's distribution, sales, and market share a meaningful bump.

Likewise, CELH's share price has increased almost +95% compared to the S&P's 30% return over the same period, supported in some part by bi-weekly scanned channel consumption data that showed Celsius gaining share hand over fist as the brand expanded nationwide.

Exhibit 1: CELH US Nielsen share of Energy Beverages vs share price

Share price and market share have a 90% correlation



Source: Nielsen xAOC+C, Bloomberg, BofA Global Research

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The strong correlation between CELH's market share in scanned channels and its share price makes good sense in our view based on the fact that long-term, defensible market share has been a key debate in the Celsius story.

With US market share now wavering just shy of the all-important category hurdle of 10%, we downgrade the stock to a Neutral rating to reflect slowing momentum in what is ultimately a momentum-driven name.

CELH market share showing signs of instability

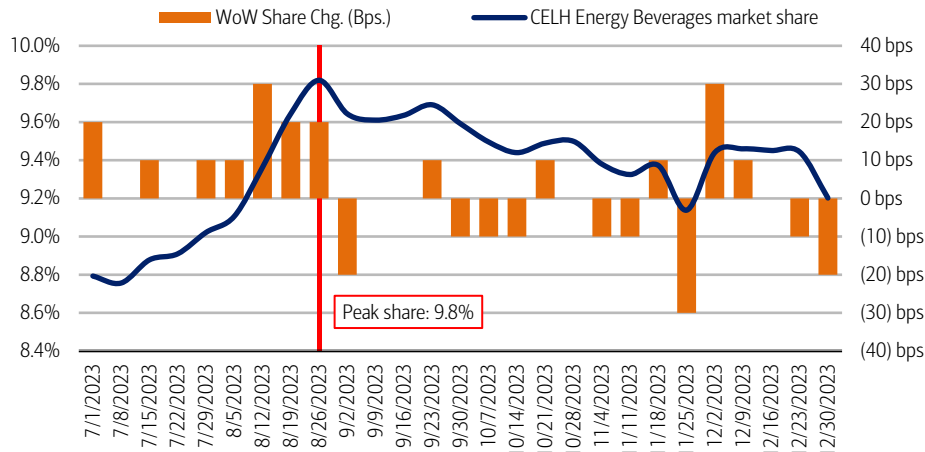
CELH scanned channel market share of the syndicated Energy Drinks category, including coffee and tea energy, peaked at 9.8% for the week ending August 26th. In the 47 weeks between the PEP distribution transition on October 1st, 2022 and CELH reaching peak market share, CELH averaged nearly 15bps of week-over-week share gains.

Since the peak in August, CELH market share has declined by -60bps overall, a weekly average of about -5bps over the 18-week period through December 30th.



Exhibit 2: CELH US Nielsen weekly market share of Energy Beverages

CELH share has declined -60bps since peaking at 9.8% at the end of August



Source: Nielsen xAOC+C, Bloomberg, BofA Global Research

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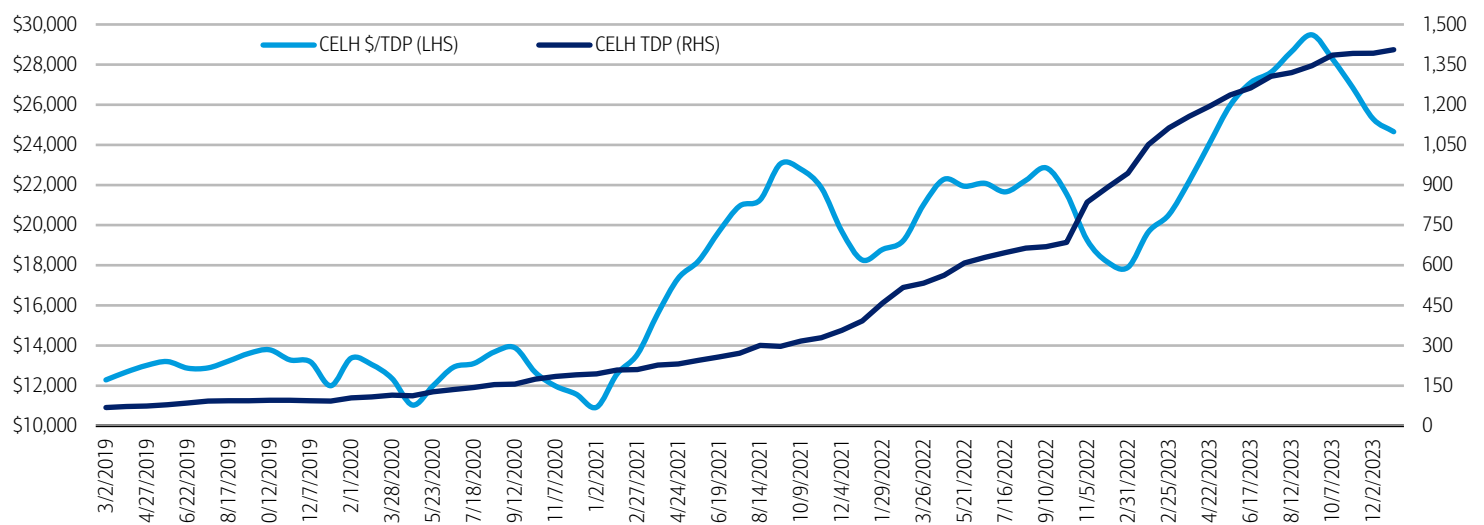
Although rolling 4wk data shoes CELH share recoup +10bps from 9.3% to 9.4% between the 12/02 and 12/30 periods, the sequentially weaker weekly data into the new year suggests share recovery might not be trend as favorably into early 2024 as share it has in the beginning of years past.

What's driving the CELH share instability?**Velocity slowing as distribution opportunity realized**

The easy answer behind CELH's share instability is that last year's strong comps have caught up to them and incremental share gains are now harder won without the low-hanging fruit of distribution expansion driving sales. While true, and certainly expected at this point in the company's lifecycle, we are also seeing velocity trends behave unfavorably. For velocity, we consider dollar sales per total distribution points (TDP) - the product of all-commodity volume (breadth of distribution) and average number of items carried per store (depth of distribution) - which captures the full picture of CELH's distribution footprint, in our view.

Exhibit 3: CELH rolling 4wk total distribution points (TDP) and sales/TDP

Velocity has begun declining despite slowing TDP expansion



Source: Nielsen xAOC+C, BofA Global Research

Exhibit 3: CELH rolling 4wk total distribution points (TDP) and sales/TDP

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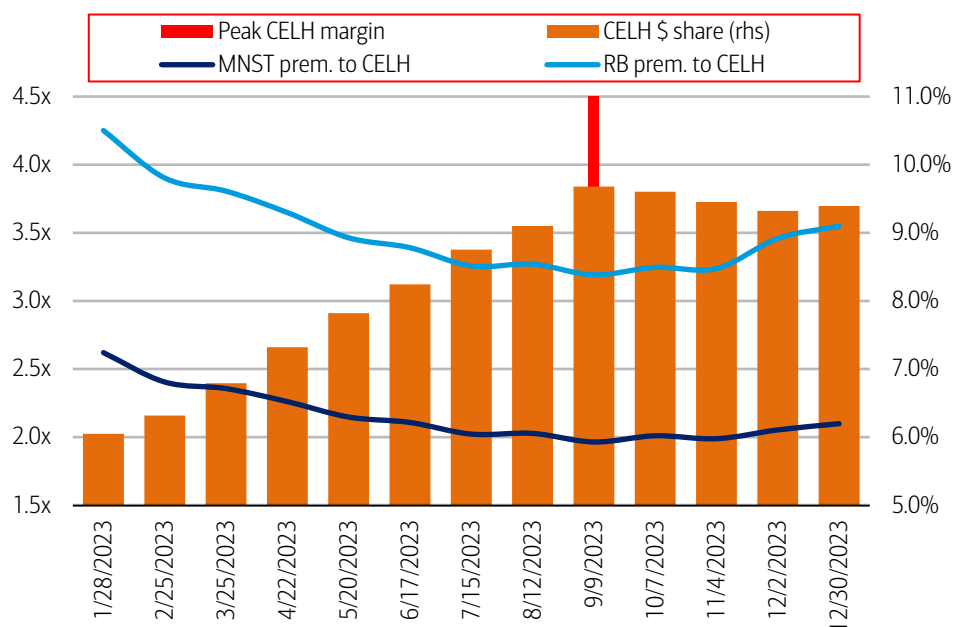
Velocity, as measured by \$/TDP, has dipped before, but usually as a result of rapid TDP expansion. Since \$/TDP peaked in the 9/9/23 4wk period however, total distribution points have grown by only 4.5% in the ensuing 16-week period, whereas TDP growth over a rolling 16-week period has averaged out at +18% through 2023. By contrast, \$/TDP since the 9/9 period has declined -16%.

Narrowing price gaps align with share softness

Part of this slowdown is probably related to seasonality (\$/TDP has contracted in December for three consecutive years), but there is some evidence that the drop-off might also be related to narrowing price gaps between Celsius and its competitors.

Exhibit 4: MNST and RB EQ price premia vs CELH (rolling 4wks)

CELH EQ price relative to peers has begun to widen again since market share has stagnated



Source: Nielsen xAOC+C, BofA Global Research

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In the above chart, the relative price gaps between Celsius and Monster/Red Bull sequentially narrows until the 9/9 period coinciding with Celsius' peak market share. At this point, Celsius' price gaps appear to steady, only beginning to widen again as market share declines continue.

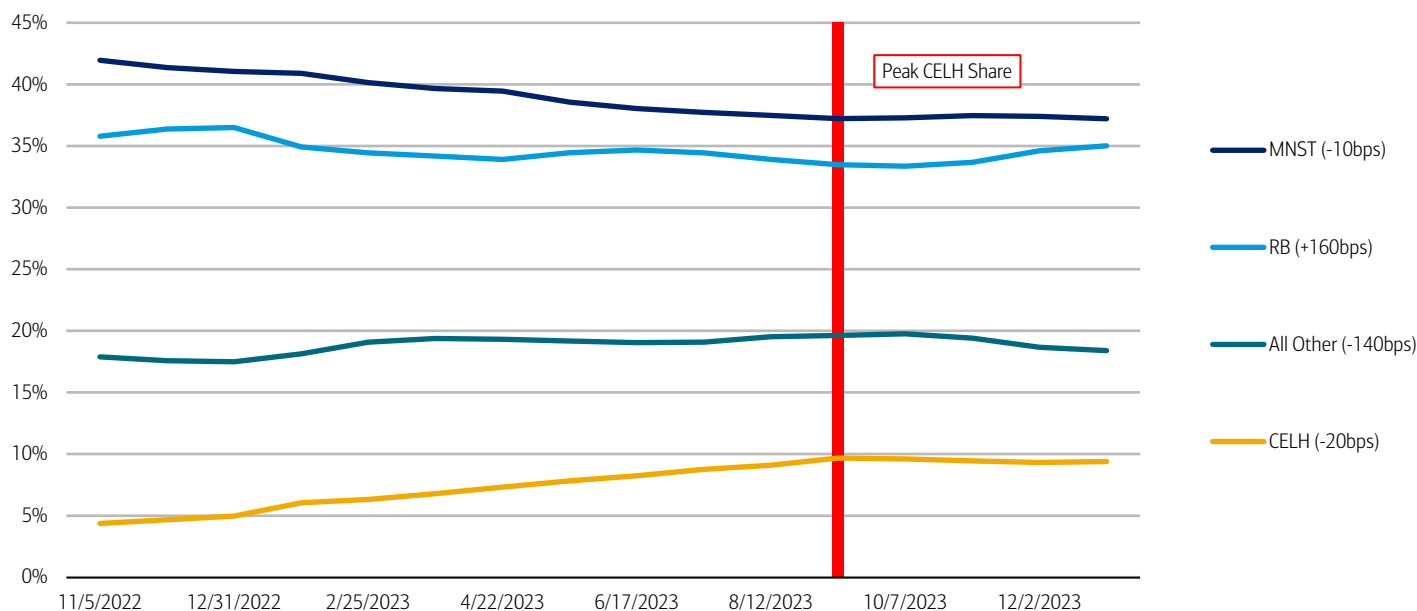
If this trend maintains, it stands to reason that CELH can regain market share by expanding its discount relative to peers, though in our view, this will introduce some risk to margin expansion potential at least near-term.

Where did the lost CELH share go?

Short answer: Red Bull, according to the chart below.

Exhibit 5: US Nielsen share of energy beverages for rolling 4wk periods (figures in parenthesis denote share change since peak CELH share)

Since CELH share peaked at 9.7% in the 4wks ending 9/9, 4wk share has declined -20bps while Red Bull share has increased +160bps



Source: Nielsen xAOC+C, BofA Global Research

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Scenario Analysis: Market Share in 2024

In this section we illustrate three possible trajectories for CELH market share and velocity in 2024, reflecting Base Case, Best Case, and Bear Case scenarios.

Exhibit 6: CELH 2024 scenario analysis assumptions

Our Base Case assumes +280bps of share in 2024

	Best	Base	Bear
CELH			
\$/TDP YoY % Chg.	37%	20%	4%
TDP YoY % Chg.	29%	16%	2%
Abs. Chg. in # Items	4.05	2.42	0.32
Abs. Chg. in %ACV	195 bps	13 bps	13 bps
\$ Share Chg. YoY	6.4 pts	2.8 pts	-0.2 pts
Total Energy Category Sales	5.3%	7.5%	8.1%

Source: NielsenIQ, BofA Global Research estimates

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Base Case

Our base case assumes soft share and velocity exit data for the last weeks of December will make for a slower return to sequential velocity improvement than in previous years. By February however, we believe velocity will follow a similar slope to prior years through August and likely reverse also in line with previous trends as seen in years prior. We expect a steady incremental build in items carried which should ramp in 1H24 as shelf resets take hold before tapering off in 2H24 to flat for November and December.

Best Case

Our best case scenario assumes velocity begins recovering immediately in January and at a rate 10% above previous years' velocity ramps. We also assume average number of items carried expands by 4, also weighted towards 1H24, but continuing to grow on shelf right through the year and at a faster rate than in our base case. We still expect some reversal of velocity beginning in September, although at a milder rate than historical levels.

Bear Case

Our bear case assumes competitor brands will have a more pronounced impact on CELH's ability to expand shelf space and drive velocity, assuming sequential velocity improvement will be delayed until March before resuming at a rate 20% below historical levels. Items carried expand at a mild rate through 1H24 in this scenario but flatten out starting in August, assuming MNST and Red Bull activations exert some pressure.

Share price implications: Base Case in line with PO, risk/reward balanced

As touched on earlier, a statistically significant linear relationship exists between CELH market share in Nielsen scanned channels and the stock price at the end of the day of each Nielsen release. Assuming this relationship applies to the market share estimates for 2024 generated by our scenario analyses, we see the current risk/reward profile as balanced, centered around our \$65 PO.

Exhibit 7: CELH metrics by 2024 year-end

Our Base Case implies a \$65 share price and balanced risk/reward between our Best and Bear case

	Current CELH	Best	Base	Bear	MNST as of 12/30/23	Red Bull as of 12/30/23
\$/TDP	24,656	33,761	29,693	25,550	44,354	54,991
# of Items	15.1	19.2	17.5	15.4	32.2	24.6
% ACV	93.0	95.0	93.1	93.1	96.0	95.4
\$ Share (%)	9.4	15.8	12.2	9.2	37.2	35.0
Valuation per share		\$84	\$65	\$49		
+/- vs Base Case	\$59.58	29%		-25%		
+/- vs Current Price		41%	9%	-18%		

Source: NielsenIQ, BofA Global Research

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Other risks and opportunities

Shelf resets: likely opens opportunities in awareness and trial

On the one hand, gaining shelf space in 2024 is basically a foregone conclusion at this point, which means more stores carrying a wider array of CELH's full assortment of flavors, full rows of CELH creating a billboard effect in immediate consumption and high-velocity fridges, better unaided awareness, and likely higher levels of trial. We largely expect shelf resets to be a catalyst for CELH in 2024.

On the other hand, if the lukewarm velocity trends turn out to be more than just the same seasonal lull we've seen for the past three years, then added distribution points without commensurate consumption growth will manifest in the scanner data as a steep drop-off in \$/TDP.

Innovation: lack of differentiation skews towards risk

Celsius has already begun selling 4 SKUs in its new 16oz Essentials line, and announced a fizz-free blue raspberry variant, all of which are currently exclusive to 7-Elevens and expanding to other retailers over the course of the year. We also know CELH plans to bring more of its flavor assortments to its powdered on-the-go format as well, which will likely primarily impact grocery and eCommerce retail. Management has given little clarity on the size of innovations that should impact 1Q24, but we see potential for near-term upside as Street estimates begin reflecting these rollouts.

More broadly though, we view the lack of differentiation in the recent slate of new product introductions for 2024 with some concern as to the longevity and runway of the brand longer-term. Essentials is more of a SKU rationalization than an entirely new product being a combination of CELH's now-defunct Heat and BCAA (branch-chained amino acids) lines. Fizz-less blue raspberry is also just a variant of another sparkling flavor, as are the on-the-go packs which furthermore could cannibalize volume from higher-margin immediate consumption occasions. We recognize it's early in the new year, but so far these innovations do little to expand Celsius out of its one-product niche.



International: Canada rollout likely already baked into CY24 estimates

A limited selection of Celsius SKUs became available in Canada in early January, delivering on management's promise to kickstart international expansion since the Pepsi deal. According to our calculations, hitting a 4% share in Canada implies a contribution to CY24 of about 1.5%. We view 4% as an achievable target within one year, being around the level of market share in the US when the Pepsi distribution deal began in 2022.

Management commentary implies the brand will break new ground in another 1-2 international markets this year though, meaning we could see upside to International estimates depending on the magnitude and activation committed to the rollout.

Model changes

We are lowering our 4Q23 net sales forecast to reflect steeper moderation in Nielsen scanned channel data over the course of the quarter. Our prior forecast for topline of \$351mil included North America sales of \$338mil, or +100% YoY growth. The basis of this prior estimate was that intra-quarter scanned channel growth ex-Club of +146% YoY would attenuate to +126% by quarter-end. With the full quarter of data now available, actual scanned channel ex-club growth leveled out at +116% YoY. We now forecast 4Q23 net sales of \$341mil with North America sales now growing +94% YoY to +328mil which assumes a conservative \$10mil YoY drag from Pepsi inventory destocking in 4Q. Our adj. EBITDA estimate is now 3% lower than previously at \$55mil, with adj. EPS unchanged at \$0.13.

Exhibit 8: CELH 4Q23e by segment

We forecast 4Q23e US sales of about \$328mil

Segment	4Q23e Forecasts
PEP	\$214
Tracked	192
Foodservice	23
% of PEP in FS	10.5%
Club	\$63
Tracked Club	25
Costco	38
Amazon	\$23
All Other	\$38
Tracked Other	4
Untracked Other	35
Shipment benefit/(drag)	(10)
Total CELH US Sales	\$328
Nielsen Tracked Club	158.6%
Nielsen Total Club	33.4%
Nielsen Scanned ex-Club	116.3%
Implied All Other Grw.	175.0%

Source: Company reports, Nielsen xAOC+C, BofA Global Research estimates

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For FY24, we now forecast net sales of \$1.76Bil, or +34.0% YoY growth, up about 1% from our prior estimate with international sales and innovation now more fully reflected in our estimates. We continue to model a gross margin of 48.0% for FY24 and \$378mil of adjusted EBITDA, also up 1% from our prior estimate as higher sales flow through.

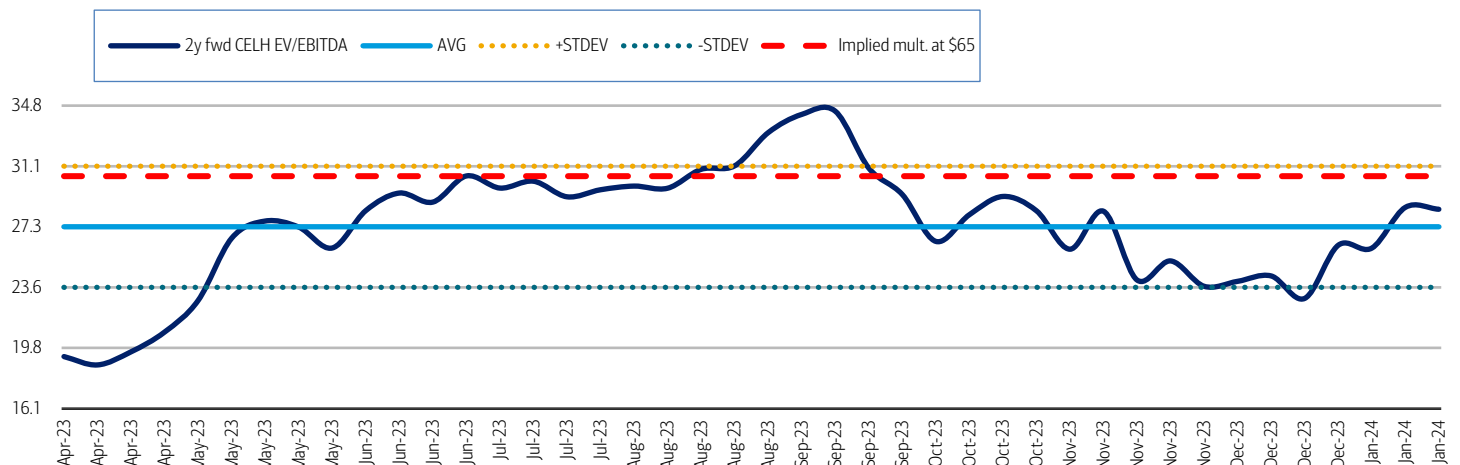
Valuation

Celsius' share price has risen by about 10% so far this year already, well ahead of the S&P 500's flat performance. With the stock price now nearing our price objective, we believe a lack of prominent catalysts and balanced upside and downside risks warrant maintaining our price target here.

We arrive at our \$65 PO using a DCF that discounts a 25% sales CAGR and a 29% adj. EBITDA CAGR from FY25-FY30, using a 10.3% WACC and a 4.0% terminal growth rate. Our PO implies a CY25e EV/EBITDA multiple of 30x our estimate, a 1x reduction from our prior implied target multiple but within a standard deviation of CELH's average absolute multiple and relative multiple vs MNST.

Exhibit 9: CELH absolute 2yr fwd EV/EBITDA multiple

Our \$65 PO implies a 2yr fwd multiple of 30x. CELH currently trades at a fwd multiple of 28x, above its recent average multiple of 27x

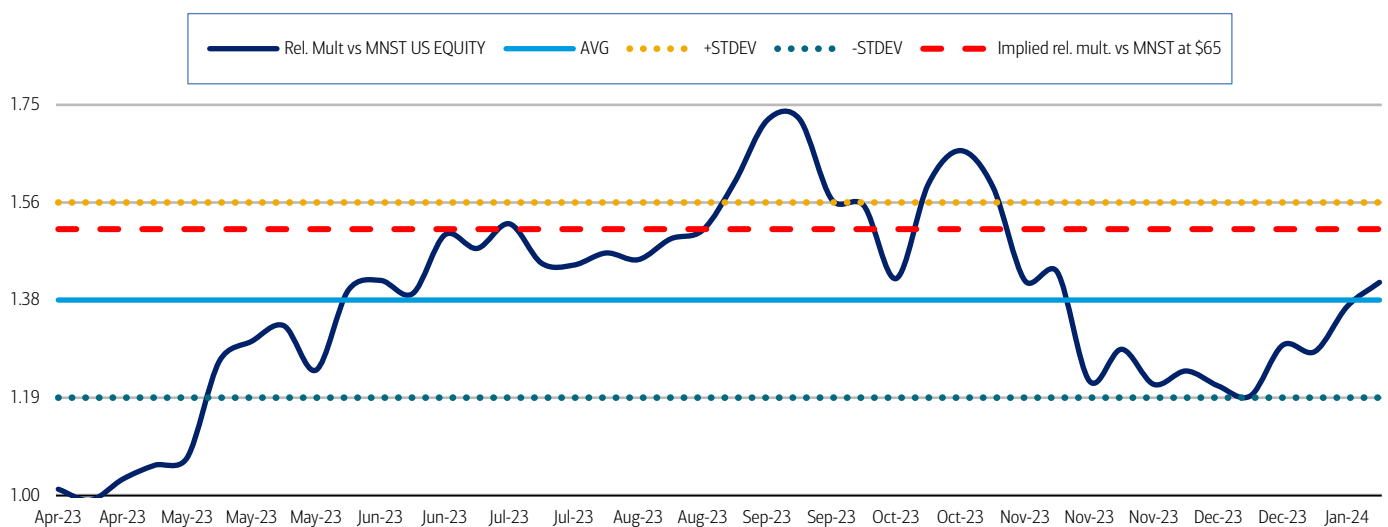


Source: Company reports, Bloomberg, BofA Global Research estimates

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Exhibit 10: CELH rel. 2yr fwd EV/EBITDA multiple vs MNST

Our \$65 PO implies a premium to MNST of 1.51x. CELH currently trades at a relative multiple to MNST of 1.41x, above its recent average of 1.38x



Source: Company reports, Bloomberg, BofA Global Research estimates

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Price objective basis & risk

Celsius Holdings Inc (CELH)

Our \$65 PO is derived using a DCF that factors our quarterly model estimates through 2026 and topline and EBITDA CAGRs of 26% and 29% between FY25-FY30, discounted by a 10.3% WACC (prior 10.9%), on a slightly lower beta of 1.29 (prior 1.31) still using a 4% terminal growth rate. Our PO now implies a CY25e EV/EBITDA multiple of 30x vs prior 31x, down 1x from our prior target valuation to reflect higher competitive pressure, bringing the valuation to a 51% premium relative to Monster Energy, above their 1yr average premium of 37%. We believe CELH's premium multiple is justified by clear readthrough to healthier velocity and share trends, considerable volume- and efficiency-driven margin expansion potential helped by scale and continuing integration into Pepsi's distribution system. Balancing our view, Energy Drinks are a highly competitive category with low barriers to entry that have seen multiple similarly-positioned products come to market which could challenge Celsius' single-product offering in the future.

Risks to the downside are potential for consumer migration to competitor products, inability to secure incremental shelf space, and potential margin pressure related to aluminum and freight costs.

Risks to the upside are faster distribution expansion, accelerated growth in international markets, and better-than-expected efficiencies as CELH moves into its first full fiscal year of integration within Pepsi's distribution system and annual planning.

Analyst Certification

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

US - Consumables Coverage Cluster

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

US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	General Mills	GIS	GIS US	Bryan D. Spillane
	JM Smucker Company	SJM	SJM US	Peter T. Galbo, CFA
	Kellanova	K	K US	Peter T. Galbo, CFA
	Molson Coors Beverage Company	TAP	TAP US	Bryan D. Spillane
	The Duckhorn Portfolio, Inc.	NAPA	NAPA US	Peter T. Galbo, CFA
	The Hershey Company	HSY	HSY US	Bryan D. Spillane
	Utz Brands	UTZ	UTZ US	Peter T. Galbo, CFA
	WK Kellogg Co	KLG	KLG US	Peter T. Galbo, CFA

UNDERPERFORM

	Brown-Forman Corporation	BFB	BF/B US	Bryan D. Spillane
	Campbell Soup Company	CPB	CPB US	Peter T. Galbo, CFA
	Canopy Growth	YWEED	WEED CN	Lisa K. Lewandowski
	Canopy Growth	CGC	CGC US	Lisa K. Lewandowski
	Cronos Group	YCRON	CRON CN	Lisa K. Lewandowski
	Cronos Group	CRON	CRON US	Lisa K. Lewandowski
	Dole plc	DOLE	DOLE US	Bryan D. Spillane
	Herbalife Nutrition Ltd	HLF	HLF US	Anna Lizzul
	Hormel Foods Corp.	HRL	HRL US	Peter T. Galbo, CFA
	Kimberly-Clark	KMB	KMB US	Anna Lizzul
	Tyson Foods, Inc.	TSN	TSN US	Peter T. Galbo, CFA

RSTR

	The Vita Coco Company, Inc.	COCO	COCO US	Bryan D. Spillane
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iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

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

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

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

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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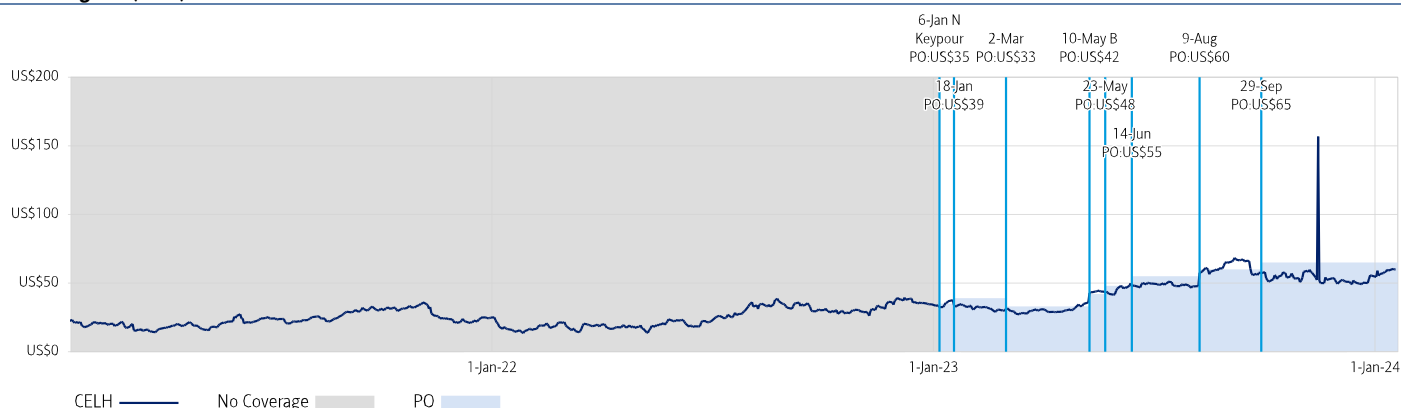
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Celsius Holdings Inc (CELH) Price Chart



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 - 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: 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.

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

^{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.

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