

# JPMorgan says Corteva split announcement has not lowered company's value



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Investing.com -- Corteva's plan to split into two companies has drawn a negative initial market reaction, but JPMorgan sees an opportunity, upgrading the stock to Overweight.

The agricultural inputs group announced it will separate in the second half of 2026 into a seed company, referred to as Spinco, and a crop chemical business, New Corteva.



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JPMorgan explained in its note on Thursday that Spinco “would be a pure play seed company, and New Corteva would be a pure play crop chemical company retaining the historical PFAS liabilities of Corteva as well as historical DuPont pension liabilities.”

The bank added that New Corteva “is to have no call on the future cash flows of the seed spin-co for its PFAS responsibilities because New Corteva’s EBITDA is above a certain EBITDA plateau level.”

The idea, JPMorgan said, is that “slower growth in the aggregate with faster growth of one higher-quality part, could create more value over time.”

Spinco is expected to benefit from lower financial leverage and legacy costs, opening the door to multiple expansion.

Shares fell sharply on the news. JPMorgan noted that “yesterday’s market response to the official separation announcement was decidedly negative,” with Corteva’s share price

decreasing by over 9%.



Including declines since reports of the plan emerged earlier this month, the drop is close to \$7.5 billion, according to the bank.

JPMorgan argued the selloff leaves the stock undervalued. “We do not believe that the split announcement has lowered the value of Corteva,” analysts wrote.

They estimate the seed company is trading around 13.5x EBITDA and the crop chemical business at 6x, well below peers. The bank maintained its \$70 price target on the stock.

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