

Lamb Weston (NYSE: LW)

Pitched Dated: November 25, 2020

Dina Sayed | Jaden Rose | Alan Yang | Andrew Zhang | Juan Leblanc | Surav Malla | Dhiren Kewalramani

Table of Contents

Company Overview

Industry Outlook

Investment Thesis

Catalyst & Risks

Valuation

Recommendation

Company Overview

Leading Consumer Staple Specializing in Providing Value-Add Frozen Potato Products

Company Highlights

- Lamb Weston Holdings, Inc. (NYSE: LW) is one of the largest value-add frozen potato processors and distributors internationally
- Lamb Weston was spun-off of Conagra Brands, Inc (NYSE:CAG) in November 2016
- Lamb Weston was founded in 1950 in Eagle, Idaho - United States of America
- The company has 25 processing facilities in most parts of the world and employs over 6,000 employees

Revenue Generation

- **Global (52%):** Include sales to large chain restaurants with international operations (McDonalds, Yum Brands!); Retail and FoodService sales outside of the U.S. and Canada
- **Foodservice (31%):** Include sales to foodservice distribution partners that are responsible for last segment sales to end consumer (restaurants, cafeterias, nursing homes, etc.)
- **Retail (13%):** Includes sales to grocery, clubs, and other specialty retailers in the United States
- **Other (4%):** Include sales from Lamb Weston's frozen vegetable and dairy business

Management



Thomas P. Werner: CEO, President. Joined LW since inception. Previously held executive positions in Conagra.

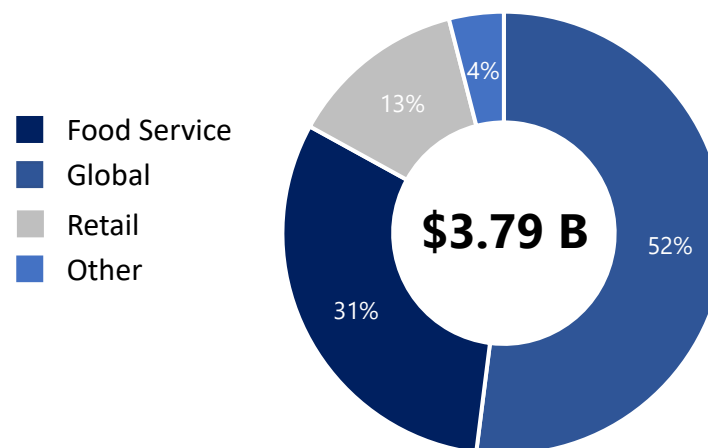


Robert M. McNutt: CFO, SVP. Joined LW since inception. Previously worked as CFO at Experia & Greif.



Gerardo Scheuffler: CSPO, SVP. Joined LW in 2019. 25+ years of experience in supply chain.

Revenue Segmentation



Company Overview

Strong Economic Moat Driven from Established Farmer Relationships and Oligopoly Market

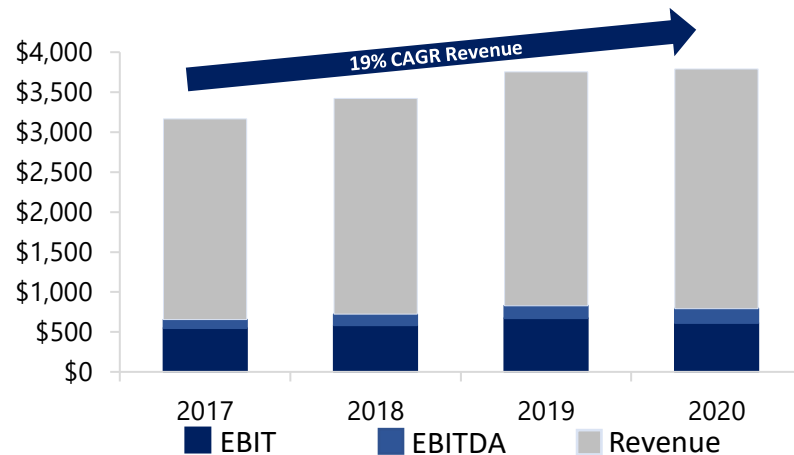
Competitive Advantage

- LW is the market leader in an oligopoly market with strong relationships built through brand reputation developed over 60 years
- Global diversification and infrastructure provides strong economies of scale deterring new entrants
- Developed strong relationships with potato farmers to create the ability to maintain strong margin control through supply changes
- Committed to efficient and sustainable agriculture initiatives

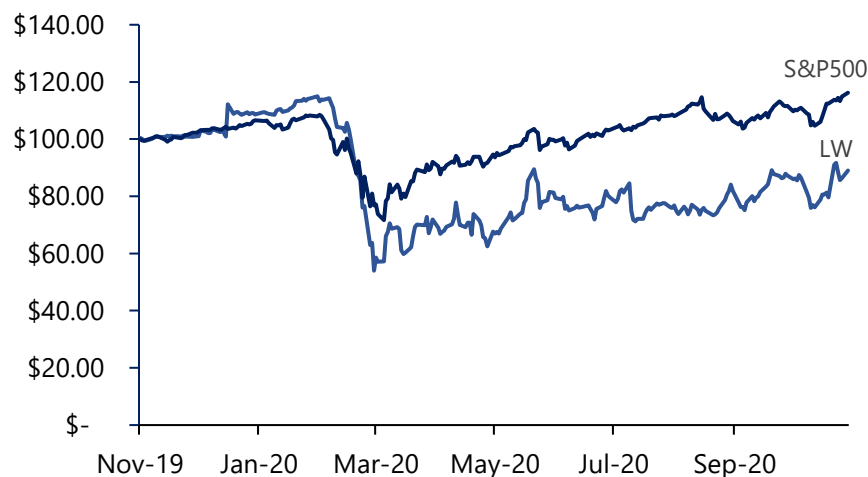
Covid-19 Impact

- International lockdowns impacted Global and FoodService segment revenues, while Retail remained stable with increased grocery sales
- In China, demand fell by 50% during lockdown but has recovered 70% of pre-covid levels
- Quick Service Restaurants are the main customers of Lamb Weston (~65% of Revenue) and have been slowly recovering from reduced service levels
- Social Distancing measures are continuing to put downward pressure on FoodService segment

Financial Profile



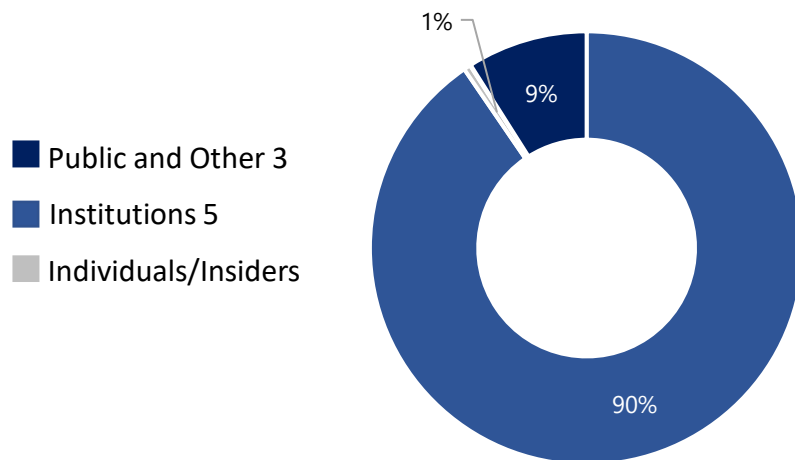
LTM Stock Chart



Company Overview

Majority Institutional Ownership Shows Strong Professional Confidence in LW Moving Forward

Shareholder Overview

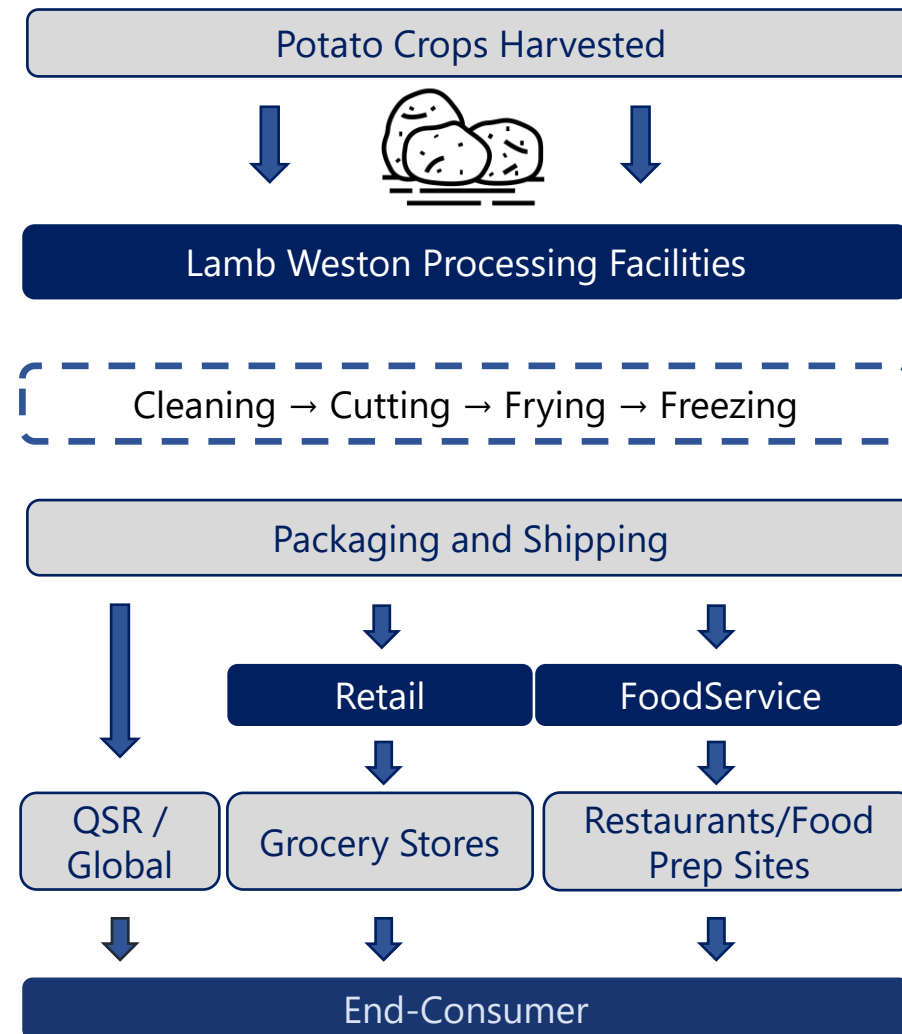


Top Shareholders

Stockholder	Stake	Share owned	USD Value (000's)
Capital group Company	11.59%	16,837,849	\$ 1,115,844.25
The Vanguard Group, Inc.	10.74%	15,605,037	\$ 1,034,145.80
BlackRock Fund Advisors	5.92%	8,608,173	\$ 570,463.63
APG Asset Management NV	5.49%	7,976,330	\$ 528,591.39
SSgA Funds Management, Inc.	4.51%	6,553,802	\$ 434,320.46

- 90% of LW ownership is institutional investors
- Executives have shareholder incentive from inside ownership

Value/Supply Chain



Consumer Overview: Shifting Consumption Channels

Consumer Momentum Directed Towards LW Retail Segment will Mitigate Downside from FoodService

Shift From Dine-In to Takeout

- During COVID, consumer dine-in traffic and government lockdowns dramatically reduced restaurant traffic and consequently potato consumption
- Simultaneously, delivery volumes surged to historical highs. So, while reduced demand from dine-ins is detrimental to LW's bottom line, an increase in deliveries serves to counteract that effect

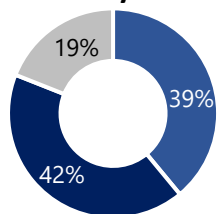
Consumer Takeout Spending (yoy%)



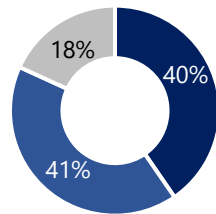
Polarizing Health & Indulgence Tolerance

- During the pandemic, it seems like consumers have grown increasingly polarized towards the decision of whether they should eat healthier food or more indulgent food

Healthy Food



Comfort Foods



■ More than before COVID

■ Same as before COVID

■ Less than before COVID

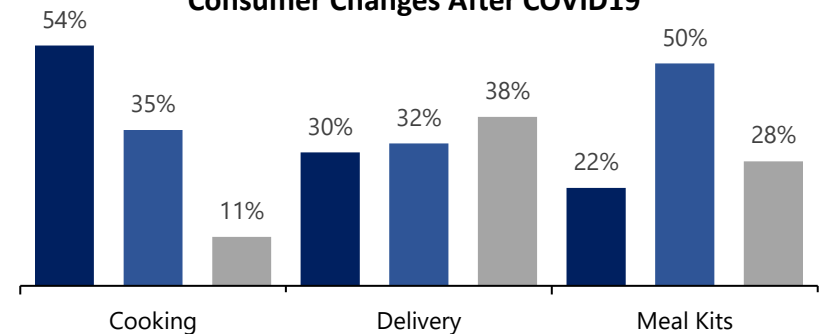
Increase in Grocery and Home Cooking Consumption

- While online deliveries have surged tremendously, the increase seems to have been salvaged from those who ate-out often.
- When considering cooking at home an alternative, the biggest increase belonged to those who decided to cook more themselves, shifting away from both deliveries and in-person dining completely
- As a result, LW may see significant changes in its revenue segments moving forward, with revenue shifting away from commercial and towards grocery demand



COVID-19 Drivers in Changing Preferences

Consumer Changes After COVID19



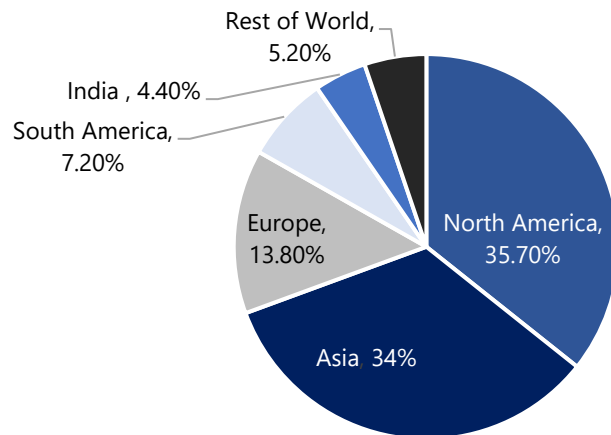
■ More than before COVID ■ Same as before COVID

■ Less than before COVID

Industry Overview: Quick Service Restaurants

LW will Continue to Benefit from the Tailwinds of QSR Concentration in Local Markets and High Growth in Emerging Markets

QSR Market Share Segmentation

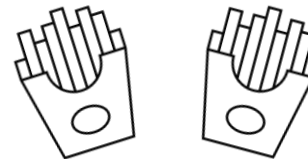


QSR's Growth Rate Projections

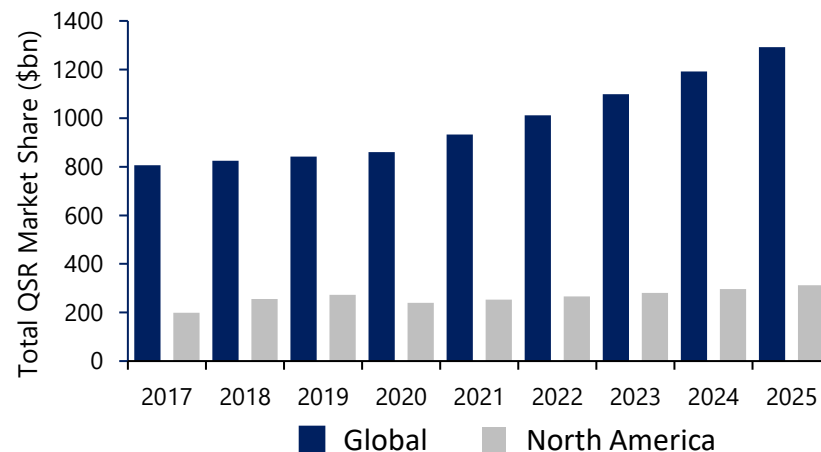
- International QSR market expected to grow at 8.5%, attributable to middle east Asia
- North American QSR growth is expected to slow down to 5.9% due to a highly concentrated market
- Shutdown impacted the revenue growth of QSR's however, two thirds of revenue was from drive thru revenue pre-covid
- Now, drive thru revenue is ~80% of historical total revenue levels
- 60.3% of QSR Revenue comes from addressable Lamb Weston customers

QSR Market Trends

- Consumers are adopting convenience foods, as takeaway and delivery are pandemic safe protocols
- Third party delivery have expanded total addressable market by enabling a new channel of product accessibility
- Majority of growth during the pandemic was caused from a shift into the chicken sales, Same Store Sales were up 29.2%
- QSR target market is households with income of ~50-100k



North America and International Market Growth

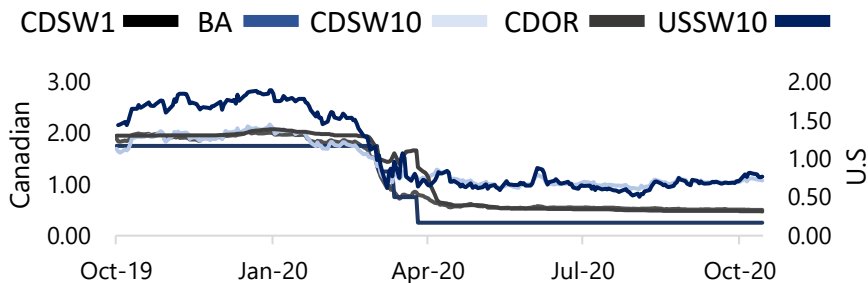


Macro Overview: Favourable I-Rates & Biden Policies

Low Interest Rate Environment and Biden's Tariff Hesitation Benefits LW's International Customers

A Promise from Central Banks of Committed QE

- After multiple emergency cuts during the earlier days of COVID, central banks across the world have unanimously committed to additional QE
- The Fed and BoC specifically have promised to keep interest rates in the near-term low



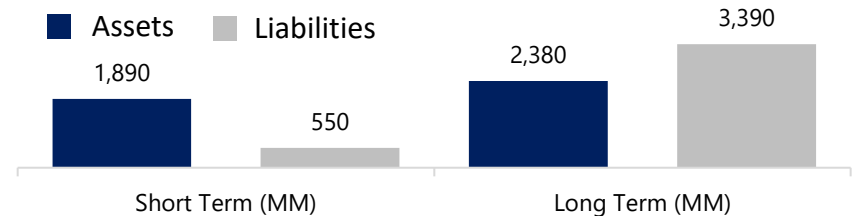
Biden's "Made in America" & Predictability

- While Trump is no longer here for another term, Biden has signaled no intention of reverting existing Tariffs, nor any intentions of removing existing FTAs
- The above implies that the 0% duty for exports to Mexico and Canada will remain



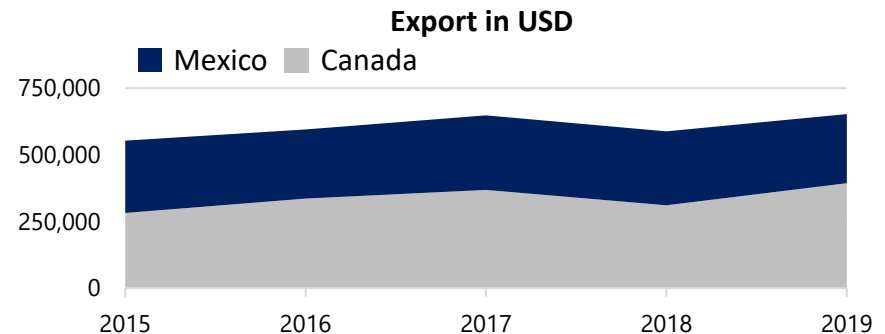
Lower Interest Rates for the Foreseeable Future

- During the Jackson Hole Symposium earlier in August, Powell also concluded that the Fed would allow inflation to overshoot its targeted 2% for longer periods to prefer an "average" inflation rate instead
- Current swap rates have priced in unchanging interest rates with at most a 1% increase for the next 10 years (ussw10). This will allow LW to enjoy lowering debt-servicing expenses for the foreseeable future



CUSMA Stability

- With Canada and Mexico as the top importers of U.S. potatoes, CUSMA stability is key to maintain the duty rate of 0 for both export and imports



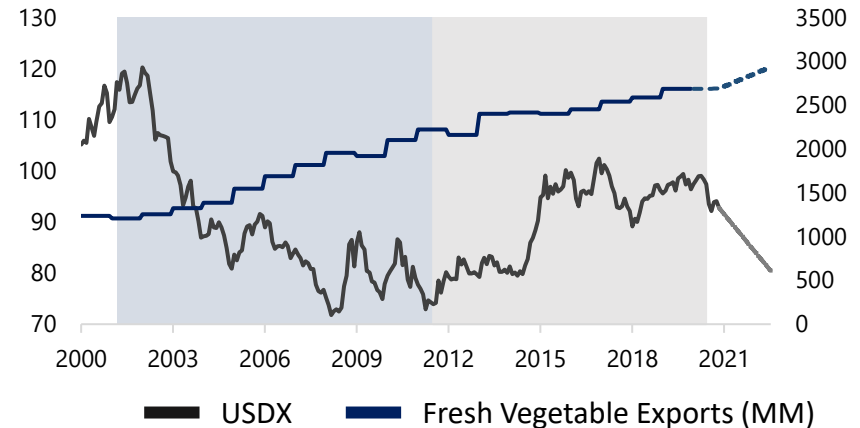
Thesis I: Era of Increased Exports

Favorable FX and Demographic Trends will Contribute to International Growth

International Demand from Depressed USD

- The USDX was in a downtrend from early 2000 to 2011. This served as a tailwind to boost all U.S. exports and as shown, fresh vegetable exports as well, which includes potatoes
- This downtrend reversed into an uptrend in early 2012 and became a headwind for exports, as indicated by a much slower growth rate in exports (region in light blue)
- Unprecedented QE, additional stimulus packages under a democratic regime, poor economic outlooks that will keep interest rates low, and emerging markets outperformance all act as forces that will reverse this uptrend and start a new downtrend for the USD

Export Demand Forecast

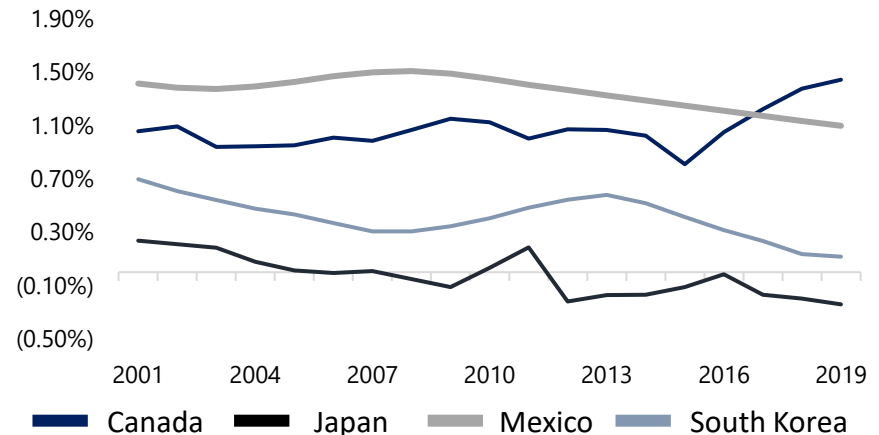


Demographic Tailwinds Persist Despite Mixed Growth

- Demand growth in staple foods is largely driven by population growth
- The top 4 importers of U.S. potatoes in 2017 from most to least imported were Canada, Japan, Mexico, and South Korea
- While Japan's population growth was never a strong point, Canada's immigration policy and Mexico and South Korea's growth rates still remain elevated, indicating that future import demand will only continue to increase



Top U.S. Potato Importers Population Growth(%)



Thesis II: Oligopoly Market Leader with Scale

Lamb Weston's Strong Economic Moat and Market Dynamics drive YoY Pricing Power and High FCF Conversion Rates

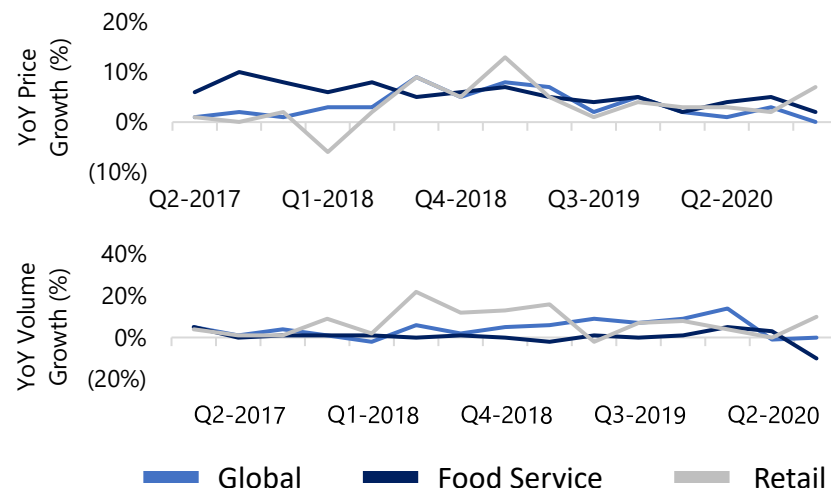
Oligopoly Market Dynamics

- Market leader in the value-add frozen potato industry, two other main competitors McCain Foods and Cavendish Farms
- Market power to maintain its scalability through its pre-existing infrastructure, historically operated at ~95% utilization rate
- Ability to have YoY pricing power against customer base in all segments
- Market dynamics contribute to strong average FCF conversion from EBITDA (~55%)

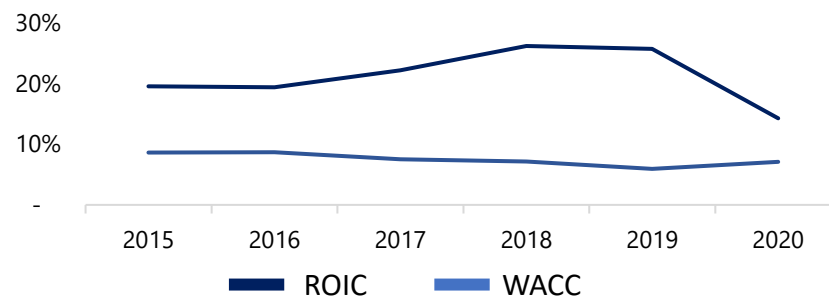
Resilient Business Model

- Strong economic moat due to high upfront capital infrastructure and farmer relationships, processing facilities positioned in Idaho and Washington which account for 46.2% of potato production
- Ability to maintain strong margins because of contracts with potato farmers and YoY increasing yield (%)
- Looking forward, it will maintain its multi-year contracts(~75%) with farmers while cutting annual contracts to offset supply drop
- Resilient customer base include McDonalds, Yum Brands, top 100 restaurant chains, and various grocery wholesalers

YoY Pricing Power Growth Vs. YoY Volume Growth



ROIC vs. WACC

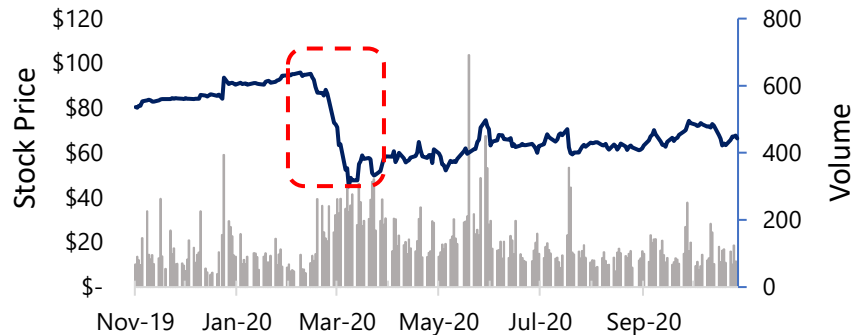


Historically, LW creates consistent shareholder value through strategic capital investments

Thesis III: Investment Opportunity

Market has Misinterpreted Lamb Weston's Impact from Restaurant Closures

The Current Situation...



Feb 21 – Mar 21, 2020: Covid-19 spread across the globe causing lockdowns and a 49.95% decline in LW stock price.

What the Street Thinks...

- Restaurant shutdown and expected closures are expected to cut Lamb Weston's customer base
- Restaurant industry will have a prolonged recovery consistently hampering Lamb Weston's Earnings
- Consumers are trending toward healthy eating, pushing away from QSRs and frozen products



Our View: Shifting Price/Mix Mitigates Downside

- Still has been able to execute an upside of price/mix
- Strong Growth in the Retail segment (~5%) has partially offset the decrease in sales from the Foodservice segment
- Rebalancing supply and demand by cutting 20-25% of potato supply contracts to continue strong control over price mix increases
- Stable business to whether lower demand, and can be well positioned for long-term growth

Our View: Revenue Recovery Through Take Out Sales

- Data revealed that restaurants loss only 40% of revenue by offering take out
- Currently, there are additional restaurant sales because of third party delivery and an additional revenue stream
- 72% increase in potato product purchases in third party delivery apps since Us lockdown
- Revenue has recovered near prior year levels; Global (~95%), Foodservice (~80%)

Company Comparables Analysis

Companies Universe

Valuation Statistics		Equity	Enterprise	EV/Revenue		EV/EBITDA		P/E	
Company Name		Value	Value	LTM	NTM	LTM	NTM	LTM	NTM
Conagra Brands, Inc.	CAG	\$17,390.60	\$26,932.20	2.4 x	2.5 x	11.4 x	11.8 x	17.8 x	14.8 x
McCormick & Company, Inc	MKC	\$24,701.68	\$28,796.50	5.2 x	5.0 x	24.1 x	23.3 x	32.5 x	32.5 x
The Hain Celestial Group, Inc	HAIN	\$3,199.54	\$3,539.20	1.7 x	1.7 x	19.0 x	15.4 x	105.7 x	26.4 x
Mondelez International, Inc.	MDLZ	\$77,613.82	\$96,301.90	3.7 x	3.6 x	18.2 x	17.1 x	25.9 x	20.1 x
Nomad Foods, Inc.	NOMD	\$4,897.83	\$6,240.00	2.2 x	2.2 x	13.2 x	11.6 x	22.6 x	15.6 x
Maximum		\$77,613.82	\$96,301.90	5.2 x	5.0 x	24.1 x	23.3 x	105.7 x	32.5 x
75th Percentile		\$24,701.68	\$28,796.50	3.7 x	3.6 x	19.0 x	17.1 x	32.5 x	26.4 x
Median		\$17,390.60	\$26,932.20	2.4 x	2.5 x	18.2 x	15.4 x	25.9 x	20.1 x
25th Percentile		\$4,897.83	\$6,240.00	2.2 x	2.2 x	13.2 x	11.8 x	22.6 x	15.6 x
Minimum		\$3,199.54	\$3,539.20	1.7 x	1.7 x	11.4 x	11.6 x	17.8 x	14.8 x
Lamb Weston Holdings, Inc.	LW	\$9,607.50	\$11,640.70	3.2 x	3.2 x		14.2 x		25.8 x

Operating Statistics

Operating Statistics		Capitalization													
Company Name	Ticker	Share Price	Diluted Shares	Equity Value	Enterprise Value	Revenue		EBITDA		EPS		Revenue Growth	EBITDA Growth	EBITDA Margin	
						LTM	NTM	LTM	NTM	LTM	NTM			LTM	NTM
Conagra Brands, Inc.	CAG	35.60	488.50	17,390.6	26,932.2	11,342.6	10,833.5	2,363.6	2,275.7	2.0	2.4	(4.5%)	(3.7%)	20.8%	21.0%
McCormick & Company, Inc	MKC	185.17	133.40	24,701.7	28,796.5	5,528.2	5,716.4	1,194.4	1,237.3	5.7	5.7	3.4%	3.6%	21.6%	21.6%
The Hain Celestial Group, Inc	HAIN	31.71	100.90	3,199.5	3,539.2	2,053.2	2,053.2	186.0	229.5	0.3	1.2	—	23.4%	9.1%	11.2%
Mondelez International, Inc.	MDLZ	54.34	1,428.30	77,613.8	96,301.9	26,196.0	27,037.9	5,292.0	5,647.7	2.1	2.7	3.2%	6.7%	20.2%	20.9%
Nomad Foods, Inc.	NOMD	24.90	196.70	4,897.8	6,240.0	2,875.3	2,866.8	474.5	536.4	1.1	1.6	(0.3%)	13.0%	16.5%	18.7%
Maximum		\$185.17		24,701.7	28,796.5	11,342.6	10,833.5	2,363.6	2,275.7	\$ 5.70	\$ 5.70	3.4%	23.4%	21.6%	21.6%
75th Percentile		110.39		21,046.1	27,864.4	8,435.4	8,275.0	1,779.0	1,756.5	3.9	4.1	1.7%	13.5%	21.2%	21.3%
Median		\$35.60		\$17,390.60	\$26,932.20	\$5,528.20	\$5,716.40	\$1,194.40	\$1,237.30	\$2.00	\$2.40	—	3.6%	20.8%	21.0%
25th Percentile		33.66		10,295.1	15,235.7	3,790.7	3,884.8	690.2	733.4	1.2	1.8	(2.2%)	(0.1%)	14.9%	16.1%
Minimum		31.71		3,199.5	3,539.2	2,053.2	2,053.2	186.0	229.5	0.3	1.2	(4.5%)	(3.7%)	9.1%	11.2%
Lamb Weston Holdings, Inc.	LW	\$ 71.40	146.3	\$ 9,607.5	\$ 11,640.7	\$ 3,674.9	\$ 3,659.1	\$ 781.0	\$ 821.3	\$ 2.3	\$ 2.6	-0.43%	5.2%	21.3%	22.4%

Discounted Cash Flow Analysis

Free Cash Flow Projections

Discounted Cash Flow Model

(US\$ millions)	Historical			Forecast									
	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	3423.7	3756.5	3792.4	3618.7	3772.4	3935.5	4098.6	4256.0	4408.0	4554.6	4696.0	4832.6	4964.4
(-) COGS	(2,544.2)	(2,753.0)	(2,850.2)	(2,719.8)	(2,816.5)	(2,918.6)	(3,019.0)	(3,113.7)	(3,202.8)	(3,286.6)	(3,365.2)	(3,438.8)	(3,507.9)
Gross Profit	879.5	1003.5	942.2	898.9	955.9	1016.9	1079.6	1142.3	1205.1	1268.0	1330.9	1393.7	1456.6
(-) Operating Expenses	(295.4)	(331.8)	(327.2)	(361.4)	(354.8)	(370.2)	(344.5)	(357.8)	(370.5)	(382.9)	(394.8)	(406.2)	(417.3)
EBIT	584.1	671.7	615.0	537.5	601.1	646.8	735.0	784.6	834.6	885.1	936.1	987.5	1039.3
Add: D&A	143.3	162.4	184.0	191.2	192.8	199.5	206.6	216.6	228.0	240.9	254.1	267.3	280.6
EBITDA	727.4	834.1	799.0	728.8	793.9	846.3	941.7	1001.2	1062.6	1126.0	1190.2	1254.8	1319.9
Less: CapEx	(306.8)	(334.2)	(167.7)	(217.1)	(301.8)	(314.8)	(368.9)	(402.2)	(437.4)	(455.5)	(469.6)	(483.3)	(496.4)
Less: Change in Net Working Capital	(62.6)	(24.4)	(33.9)	78.6	(45.9)	(17.5)	(74.5)	(18.4)	(17.3)	(16.3)	(15.3)	(14.4)	(13.5)
Unlevered Free Cash Flows	358	476	597	590	446	514	498	581	608	654	705	757	810
WACC				6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
PV of Unlevered Free Cash Flows				555	395	428	391	428	422	428	434	438	441

DCF Assumptions

- Revenue was projected using conservative growth rates compared to industry and historical results
- Priced in expanding gross margins as a results of YoY pricing power and controlled input costs
- WACC was calculated on an a normalized 10-Year U.S. Treasury rate of 1.94% compared the current 0.83% rate to adjust for the recent plunge in long-term rates
- Target Debt/Capitalization was set to 10% as we believe Lamb Weston will paydown debt and return to pre-Covid levels of debt

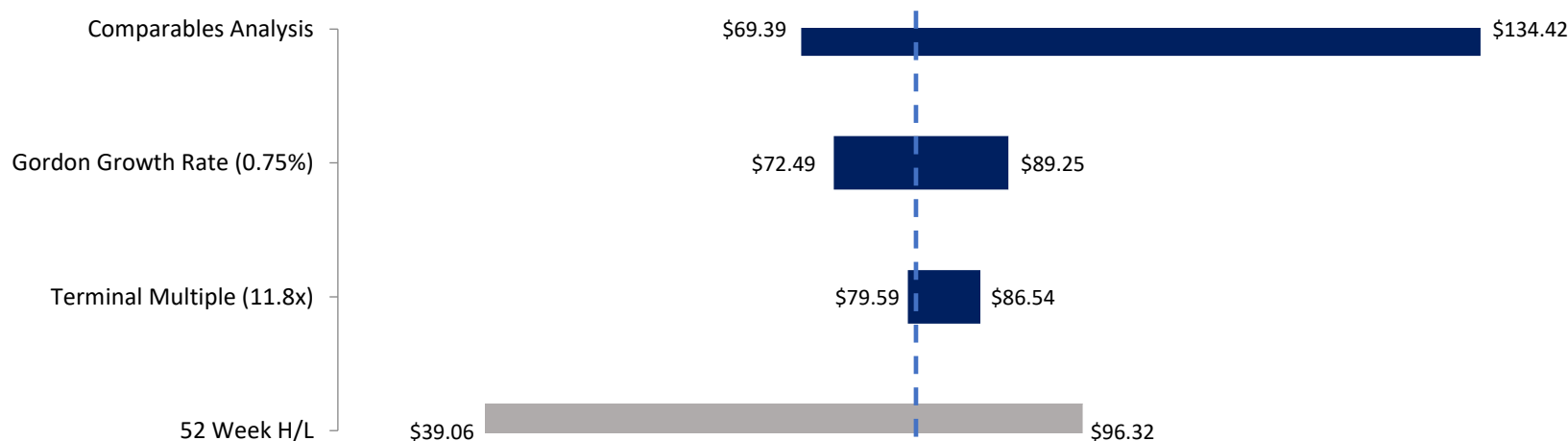
WACC Analysis

10-Year U.S. Treasury	1.94%
Market Risk Premium	6.1%
Beta	0.78
Size Premium	-
Cost of Equity	6.7%
Cost of Debt	3.8%
Tax Rate	30.5%
After-Tax Cost of Debt	2.6%
Target Debt/Capitalization	10.0%
WACC	6.27%

Recommendation: Buy

Weighted Valuation Based on our DCF and Comparable Analysis Yield a 16% Upside

Football Field Analysis



Base Case Valuation Summary

Valuation Method	Weight	Price
Gordon Growth Method	33%	\$80.10
Terminal Multiple Method	33%	\$82.98
Comparables Analysis	33%	\$81.63
Target Price	100%	\$81.57
Current Price		\$69.92
Implied Upside		17%

Investment Horizon Return

Valuation Method	Weight	Price
Bull Case	20%	\$85.86
Base Case	50%	\$81.57
Bear Case	30%	\$76.78
Target Price	100%	\$80.99
Current Price		\$69.92
Implied Upside		16%

Risks, Mitigants and Catalysts

Lamb Weston's Resilient and Diversified Business Model Positions them well from Downside Risks

Risk: Second Lockdown

- Restaurant close again, with minimal stimulus a lot of them could go into bankruptcy cutting into Lamb Weston's customer base
- Households would also be put under financial distress, and could cause a cut back in discretionary spending
- Mitigant: Lamb Weston's revenue mainly comes from large and stable operations including companies like McDonalds and Yum Brands.

Risk: Competitors Ramping Up Supply

- Competitors could ramp up supply and undercut Lamb Weston causing them to lose market share
- This would also depress Lamb Weston's margins and overall profitability because of an over supply in the market
- Mitigant: it would be very irrational for competitors to cut into their short term profitability for more market share, when the whole pie is growing

Catalyst: Accelerated Vaccine

- Promising Vaccine would increase consumer sentiment towards easing out of the pandemic
- Restaurants would resume operations at full capacity, propelling Lamb Weston to reach prior revenue targets
- Third party delivery and takeaway option could expand the segment growth Foodservice even after reaching normality

Catalyst: Earnings 01/01/2021

- Further recovery in their topline would continue to increase market confidence in Lamb Weston's stable business model
- Deteriorating COVID-19 related costs will expand their bottom line margins
- Supply cuts and decreased storage costs will become materially realized

Appendix Overview

- [Key Drivers](#)
- [Debt, PP&E & Working Capital Schedules](#)
- [Income Statement](#)
- [Cash Flows](#)
- [Balance Sheet](#)
- [WACC Calculations](#)
- [DCF Model](#)
- [DCF Valuation](#)
- [Comparable Companies Analysis](#)
- [Valuation Summary](#)

Key Drivers

Target - Key Drivers:		Historical			Projected									
		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue Drivers:														
Base Case														
Segmented Revenue Growth	% of Revenue													
Global	52%	7.00%	12.00%	1.00%	-4.0%	5.1%	5.1%	4.6%	4.1%	3.7%	3.3%	3.0%	2.7%	2.4%
Food Services	31%	7.00%	5.00%	-8.00%	-12.0%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Retail	13%	17.00%	11.00%	20.00%	10.0%	6.0%	5.4%	4.9%	4.4%	3.9%	3.5%	3.2%	2.9%	2.6%
Others	4%	2.00%	7.00%	10.00%	-2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total		8.07%	9.72%	0.96%	-4.6%	4.2%	4.3%	4.1%	3.8%	3.6%	3.3%	3.1%	2.9%	2.7%
Bull Case														
Segmented Revenue Growth	% of Revenue													
Global	52%	7.00%	12.00%	1.00%	2.8%	5.6%	5.6%	5.0%	4.5%	4.1%	3.7%	3.3%	3.0%	2.7%
Food Services	31%	7.00%	5.00%	-8.00%	1.3%	2.8%	3.3%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Retail	13%	17.00%	11.00%	20.00%	11.0%	6.6%	5.9%	5.3%	4.8%	4.3%	3.9%	3.5%	3.2%	2.8%
Others	4%	2.00%	7.00%	10.00%	2.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Total		8.1%	9.5%	1.0%	3.4%	4.7%	4.8%	4.6%	4.2%	3.9%	3.7%	3.4%	3.2%	3.0%
Bear Case														
Segmented Revenue Growth	% of Revenue													
Global	52%	7.00%	12.00%	1.00%	-3.6%	-2.6%	-1.6%	-0.6%	3.3%	3.0%	2.7%	2.4%	2.2%	2.0%
Food Services	31%	7.00%	5.00%	-8.00%	-8.0%	-4.0%	0.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Retail	13%	17.00%	11.00%	20.00%	9.0%	5.4%	4.9%	4.4%	3.9%	3.5%	3.2%	2.9%	2.6%	2.3%
Others	4%	2.00%	7.00%	10.00%	-1.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Total		8.1%	9.5%	1.0%	-3.3%	-1.9%	-0.2%	1.2%	3.1%	2.9%	2.7%	2.5%	2.4%	2.2%
Cost of Goods Sold														
COGS % Revenue		74.31%	73.29%	75.16%	75.16%	74.66%	74.16%	73.66%	73.16%	72.66%	72.16%	71.66%	71.16%	70.66%
Operating Income & Expenses:														
SG&A % Revenue:	\$ M	(281.9)	(316.4)	(311.8)	(325.7)	(339.5)	(354.2)	(327.9)	(340.5)	(352.6)	(364.4)	(375.7)	(386.6)	(397.2)
	% Revenue	8%	8%	8%	9.0%	9.0%	9.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
R&D % Revenue:	\$ M	(13.5)	(15.4)	(15.4)	(14.7)	(15.3)	(16.0)	(16.6)	(17.3)	(17.9)	(18.5)	(19.1)	(19.6)	(20.2)
	% Revenue	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Interest Income on Cash:	\$ M	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Rate on Cash		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Rate	%	21.8%	21.5%	23.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
Dividends														
Dividends Paid		(110.2)	(113.3)	(121.3)	(124.9)	(128.7)	(132.5)	(136.5)	(140.6)	(144.8)	(149.2)	(153.7)	(158.3)	(163.0)
Dividend Growth			3%	7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Debt, PP&E & WC Schedules

Debt Schedule:

	Historical:			Projected:									
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Beginning Balance		2,336.7	2,205.6	2,982.1	2,704.6	2,415.6	2,384.3	2,353.0	2,022.9	1,671.0	1,301.4	912.2	912.2
Repayment of Debt		(131.1)	-	(544.6)	(289.0)	(31.3)	(31.3)	(1,325.8)	(444.3)	(444.3)	(444.3)	-	-
Issuance of Debt		-	776.5	267.1	-	-	-	995.6	92.5	74.7	55.2	-	-
Ending Balance	2,336.7	2,205.6	2,982.1	2,704.6	2,415.6	2,384.3	2,353.0	2,022.9	1,671.0	1,301.4	912.2	912.2	912.2
CF Available for Debt Repayment	174.4	346.7	406.3	277.5	291.0	302.6	315.6	330.2	351.9	369.6	389.1	410.4	433.5
Interest Expense	(108.8)	(107.1)	(108.0)	(113.6)	(115.9)	(114.4)	(112.9)	(97.1)	(80.2)	(62.5)	(43.8)	(43.8)	(43.8)
Interest Rate		4.6%	4.9%	4.2%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%

PP&E Schedule:

	Historical:			Projected:									
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Beginning Property and Equipment		2,581.3	2,874.5	3,109.7	3,135.6	3,244.5	3,359.8	3,522.1	3,707.7	3,917.0	4,131.6	4,347.1	4,563.0
(-) Depreciation of Property and Equipment	(136.3)	(155.5)	(175.3)	(191.2)	(192.8)	(199.5)	(206.6)	(216.6)	(228.0)	(240.9)	(254.1)	(267.3)	(280.6)
(+) Capex	306.8	334.2	167.7	217.1	301.8	314.8	368.9	402.2	437.4	455.5	469.6	483.3	496.4
Historical Adjustment		114.5	242.8	-	-	-	-	-	-	-	-	-	-
Ending Property and Equipment	2,581.3	2,874.5	3,109.7	3,135.6	3,244.5	3,359.8	3,522.1	3,707.7	3,917.0	4,131.6	4,347.1	4,563.0	4,778.8
Depreciation as % of Beginning Property and Equipment		6%	6%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Capex as a % of Revenue	9%	9%	4%	6.0%	8.0%	8.0%	9.0%	9.5%	9.9%	10.0%	10.0%	10.0%	10.0%

Working Capital Schedule:

	Historical:			Projected:									
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Inventory	549.7	498.3	486.7	514.8	533.1	552.4	571.4	589.3	606.2	622.1	636.9	650.9	664.0
Accounts Receivable	225.9	340.1	342.1	327.2	341.1	355.8	370.6	384.8	398.5	411.8	424.6	436.9	448.8
Prepaid Expenses	99.2	110.9	109.8	108.6	113.2	118.1	123.0	127.7	132.2	136.6	140.9	145.0	148.9
Total Current Non-Cash Assets	874.8	949.3	938.6	950.5	987.3	1,026.3	1,064.9	1,101.8	1,137.0	1,170.5	1,202.4	1,232.8	1,261.7
Accounts Payable	254.4	289.2	244.4	298.7	293.3	306.0	284.8	295.7	306.3	316.5	326.3	335.8	344.9
Accrued Expenses	184.9	187.5	169.7	205.9	202.2	211.0	196.3	203.9	211.2	218.2	225.0	231.5	237.8
Total Current Liabilities	439.3	476.7	414.1	504.7	495.5	516.9	481.1	499.6	517.4	534.7	551.3	567.3	582.8
Net Working Capital	435.5	472.6	524.5	445.9	491.8	509.3	583.8	602.2	619.5	635.8	651.1	665.5	679.0
Change in Net Working Capital		(37.1)	(51.9)	78.6	(45.9)	(17.5)	(74.5)	(18.4)	(17.3)	(16.3)	(15.3)	(14.4)	(13.5)
Revenue	3,423.7	3,756.5	3,792.4	3,618.7	3,772.4	3,935.5	4,098.6	4,256.0	4,408.0	4,554.6	4,696.0	4,832.6	4,964.4
Operating Expenses	295.4	331.8	327.2	361.4	354.8	370.2	344.5	357.8	370.5	382.9	394.8	406.2	417.3
Days	365	365	365	365	365	365	365	365	365	365	365	365	365
Inventory Days Outstanding	78.9	66.1	62.3	69.1	69.1	69.1	69.1	69.1	69.1	69.1	69.1	69.1	69.1
Days Sales Outstanding	24	33	33	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0
Prepaid Expenses as % of Revenue	2.9%	3.0%	2.9%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Days Payables Outstanding	314	318	273	302	302	302	302	302	302	302	302	302	302
Accrued Expenses as % of Operating Expenses	62.6%	56.5%	51.9%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%

Income Statement

Income Statement:		Historical:			Projected:									
		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue:														
(+) Revenue:	\$ M	3,423.7	3,756.5	3,792.4	3,618.71	3,772.39	3,935.51	4,098.58	4,256.04	4,407.99	4,554.58	4,696.02	4,832.55	4,964.44
Total Revenue:	\$ M	3,423.7	3,756.5	3,792.4	3,618.7	3,772.4	3,935.5	4,098.6	4,256.0	4,408.0	4,554.6	4,696.0	4,832.6	4,964.4
Cost of Goods Sold:														
(-) Cost of Goods Sold:	\$ M	(2,544.2)	(2,753.0)	(2,850.2)	(2,719.8)	(2,816.5)	(2,918.6)	(3,019.0)	(3,113.7)	(3,202.8)	(3,286.6)	(3,365.2)	(3,438.8)	(3,507.9)
Gross Profit:	\$ M	879.5	1,003.5	942.2	898.9	955.9	1,016.9	1,079.6	1,142.3	1,205.1	1,268.0	1,330.9	1,393.7	1,456.6
Operating Expenses:	\$ M													
(-) Selling General & Admin Expense:	\$ M	(281.9)	(316.4)	(311.8)	(346.7)	(339.5)	(354.2)	(327.9)	(340.5)	(352.6)	(364.4)	(375.7)	(386.6)	(397.2)
(-) Research & Development:	\$ M	(13.5)	(15.4)	(15.4)	(14.7)	(15.3)	(16.0)	(16.6)	(17.3)	(18.5)	(19.1)	(19.6)	(20.2)	(20.2)
Operating Expenses		(295.4)	(331.8)	(327.2)	(361.4)	(354.8)	(370.2)	(344.5)	(357.8)	(370.5)	(382.9)	(394.8)	(406.2)	(417.3)
Consolidated Operating Income:	\$ M	584.1	671.7	615.0	537.5	601.1	646.8	735.0	784.6	834.6	885.1	936.1	987.5	1,039.3
(+) Interest Income:	\$ M	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) Interest Expense:	\$ M	(108.8)	(107.1)	(108.0)	(113.6)	(115.9)	(114.4)	(112.9)	(97.1)	(80.2)	(62.5)	(43.8)	(43.8)	(43.8)
(+/-) Other:	\$ M	79.6	56.2	(28.8)										
Net Interest Income / (Expense):	\$ M	(29.2)	(50.9)	(136.8)	(113.6)	(115.9)	(114.4)	(112.9)	(97.1)	(80.2)	(62.5)	(43.8)	(43.8)	(43.8)
Pre-Tax Income:	\$ M	554.9	620.8	478.2	423.9	485.1	532.3	622.1	687.5	754.4	822.7	892.3	943.7	995.5
(-) Income Tax Provision:	\$ M	121.2	133.6	112.3	129.3	148.0	162.4	189.7	209.7	230.1	250.9	272.2	287.8	303.6
Net Income to Company	\$ M	433.7	487.2	365.9	294.6	337.2	370.0	432.4	477.8	524.3	571.8	620.2	655.9	691.8
(-) Minority Interest in Earnings:	\$ M	(16.9)	(8.6)	-	-	-	-	-	-	-	-	-	-	-
Net Income:		416.8	478.6	365.9	294.6	337.2	370.0	432.4	477.8	524.3	571.8	620.2	655.9	691.8
(+/-) Pref. Dividends and Other Adj.	\$ M	(2.7)	(10.8)	-	-	-	-	-	-	-	-	-	-	-
Net Income to Common:		414.1	467.8	365.9	294.6	337.2	370.0	432.4	477.8	524.3	571.8	620.2	655.9	1,383.7
Earnings Per Share (EPS):	\$ / Share	\$ 2.82	\$ 3.31	\$ 2.49	\$ 2.00	\$ 2.29	\$ 2.52	\$ 2.94	\$ 3.25	\$ 3.56	\$ 3.89	\$ 4.22	\$ 4.46	\$ 4.70
Average Diluted Shares:	M Shares	147.0	147.3	147.1	147.1	147.1	147.1	147.1	147.1	147.1	147.1	147.1	147.1	147.1

Cash Flows

Cash Flow:		Historical:			Projected:									
		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Net Income:	\$ M	416.8	478.6	365.9	294.6	337.2	370.0	432.4	477.8	524.3	571.8	620.2	655.9	691.8
(+) Depreciation & Amortization:	\$ M	136.3	155.5	175.3	191.2	192.8	199.5	206.6	216.6	228.0	240.9	254.1	267.3	280.6
(+) Amortization of Intangibles:	\$ M	2.4	2.2	2.5	-	-	-	-	-	-	-	-	-	-
(+) Other Amortization:	\$ M	4.6	4.7	6.2	-	-	-	-	-	-	-	-	-	-
(+) Stock-Based Compensation:	\$ M	13.5	18.8	22.8	-	-	-	-	-	-	-	-	-	-
(+/-) Other Items:	\$ M	(29.8)	45.5	35.2	-	-	-	-	-	-	-	-	-	-
(+/-) Change in Working Capital:	\$ M	(62.6)	(24.4)	(33.9)	78.6	(45.9)	(17.5)	(74.5)	(18.4)	(17.3)	(16.3)	(15.3)	(14.4)	(13.5)
Cash Flow from Operations:	\$ M	481.2	680.9	574.0	564.5	484.1	552.0	564.5	676.0	735.0	796.4	858.9	908.9	959.0
(-) Capital Expenditures:	\$ M	(306.8)	(334.2)	(167.7)	(217.1)	(301.8)	(314.8)	(368.9)	(402.2)	(437.4)	(455.5)	(469.6)	(483.3)	(496.4)
(-) Investments in Securities:	\$ M			(22.6)	-	-	-	-	-	-	-	-	-	-
(+/-) Other:	\$ M		(88.8)	(155.7)	-	-	-	-	-	-	-	-	-	-
Cash Flow from Investing:	\$ M	(306.8)	(423.0)	(346.0)	(217.1)	(301.8)	(314.8)	(368.9)	(402.2)	(437.4)	(455.5)	(469.6)	(483.3)	(496.4)
(+) Short Term Debt Issued	\$ M	-	-	490.5	-	-	-	-	-	-	-	-	-	-
(+) Long Term Debt Issued	\$ M	-	-	1,122.9	267.1	-	-	-	995.6	92.5	74.7	55.2	-	-
(-) Short Term Debt Repaid	\$ M	(14.4)	(1.0)	-	-	-	-	-	-	-	-	-	-	-
(-) Long Term Debt Repaid	\$ M	(39.2)	(66.7)	(336.3)	(544.6)	(289.0)	(31.3)	(31.3)	(1,325.8)	(444.3)	(444.3)	(444.3)	-	-
(-) Repurchase of Common Stock	\$ M	(2.7)	(36.4)	(28.9)	-	-	-	-	-	-	-	-	-	-
(-) Dividends Paid	\$ M	(110.2)	(113.3)	(121.3)	(124.9)	(128.7)	(132.5)	(136.5)	(140.6)	(144.8)	(149.2)	(153.7)	(158.3)	(163.0)
(+/-) Other Financing Activities	\$ M	(12.4)	(82.2)	(1.9)	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing:	\$ M	(178.9)	(299.6)	1,125.0	(402.4)	(417.7)	(163.8)	(167.8)	(470.8)	(496.7)	(518.8)	(542.8)	(158.3)	(163.0)
FX Rate Effects:	\$ M	3.0	(1.7)	(1.2)	-	-	-	-	-	-	-	-	-	-
Net Change in Cash:	\$ M	(1.5)	(43.4)	1,351.8	(55.0)	(235.4)	73.3	27.8	(197.0)	(199.1)	(177.9)	(153.4)	267.3	299.5
Total Debt Balance:	\$ M	2,336.7	2,205.6	2,982.1	2,704.6	2,415.6	2,384.3	2,353.0	2,022.9	1,671.0	1,301.4	912.2	912.2	912.2
Total Cash Balance:	\$ M	55.6	12.2	1,364.0	1,309.0	1,073.6	1,146.8	1,174.6	977.7	778.6	600.6	447.2	714.5	1,014.1

Balance Sheet

Balance Sheet:		Historical:				Projected:									
		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	
ASSETS:															
Current Assets:															
Cash And Equivalents	\$ M	55.6	12.2	1,364.0	1,309.0	1,073.6	1,146.8	1,174.6	977.7	778.6	600.6	447.2	714.5	1,014.1	
Accounts Receivable	\$ M	225.9	340.1	342.1	327.2	341.1	355.8	370.6	384.8	398.5	411.8	424.6	436.9	448.8	
Inventory	\$ M	549.7	498.3	486.7	514.8	533.1	552.4	571.4	589.3	606.2	622.1	636.9	650.9	664.0	
Prepaid Expenses	\$ M	99.2	110.9	109.8	108.6	113.2	118.1	123.0	127.7	132.2	136.6	140.9	145.0	148.9	
Other Current Assets	\$ M	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Assets:	\$ M	930.4	961.5	2,302.6	2,259.5	2,060.9	2,173.1	2,239.6	2,079.5	1,915.6	1,771.1	1,649.6	1,947.3	2,275.8	
Long-Term Assets:															
Gross Property, Plant & Equipment	\$ M	2,581.3	2,874.5	3,109.7	3,326.8	3,628.6	3,943.5	4,312.3	4,714.5	5,151.9	5,607.4	6,077.0	6,560.2	7,056.7	
Accumulated Depreciation	\$ M	(1,160.5)	(1,276.7)	(1,407.7)	(1,598.9)	(1,791.8)	(1,991.3)	(2,198.0)	(2,414.6)	(2,642.6)	(2,883.5)	(3,137.6)	(3,404.9)	(3,685.5)	
Long-term Investments	\$ M	219.8	224.6	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	
Goodwill	\$ M	135.1	205.9	303.8	303.8	303.8	303.8	303.8	303.8	303.8	303.8	303.8	303.8	303.8	
Other Intangibles	\$ M	35.4	37.6	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	
Deferred Tax Assets, LT	\$ M	0.4	1.8	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	
Other Long-Term Assets	\$ M	10.7	18.9	63.1	63.1	63.1	63.1	63.1	63.1	63.1	63.1	63.1	63.1	63.1	
Total Long-Term Assets:	\$ M	1,822.2	2,086.6	2,359.7	2,385.6	2,494.5	2,609.8	2,772.1	2,957.7	3,167.0	3,381.6	3,597.1	3,813.0	4,028.8	
TOTAL ASSETS:	\$ M	\$ 2,752.6	\$ 3,048.1	\$ 4,662.3	\$ 4,645.1	\$ 4,555.4	\$ 4,782.9	\$ 5,011.7	\$ 5,037.1	\$ 5,082.6	\$ 5,152.7	\$ 5,246.7	\$ 5,760.3	\$ 6,304.6	
LIABILITIES & EQUITY:															
Current Liabilities:															
Accounts Payable	\$ M	254.4	289.2	244.4	298.7	293.3	306.0	284.8	295.7	306.3	316.5	326.3	335.8	344.9	
Accrued Expenses	\$ M	184.9	187.5	169.7	205.9	202.2	211.0	196.3	203.9	211.2	218.2	225.0	231.5	237.8	
Short-term Borrowings	\$ M	9.6	8.4	498.7	498.7	498.7	498.7	498.7	498.7	498.7	498.7	498.7	498.7	498.7	
Curr. Port. of LT Debt	\$ M	38.7	33.7	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	
Curr. Port. of Leases	\$ M	-	4.3	31.2	31.2	31.2	31.2	31.2	31.2	31.2	31.2	31.2	31.2	31.2	
Curr. Income Taxes Payable	\$ M	3.1	0.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	
Other Current Liabilities	\$ M	28.0	29.2	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	
Total Current Liabilities:	\$ M	518.7	552.8	1,024.9	1,115.5	1,106.3	1,127.7	1,091.9	1,110.4	1,128.2	1,145.5	1,162.1	1,178.1	1,193.6	
Long-Term Liabilities:															
Long-Term Debt	\$ M	2,336.7	2,205.6	2,982.1	2,704.6	2,415.6	2,384.3	2,353.0	2,022.9	1,671.0	1,301.4	912.2	912.2	912.2	
Long-Term Leases	\$ M	-	74.6	155.1	155.1	155.1	155.1	155.1	155.1	155.1	155.1	155.1	155.1	155.1	
Pension & Other Post-Retire. Benefits	\$ M	-	17.3	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	
Def. Tax Liability, Non-Curr.	\$ M	92.1	125.7	152.5	152.5	152.5	152.5	152.5	152.5	152.5	152.5	152.5	152.5	152.5	
Other Non-Current Liabilities	\$ M	84.3	76.7	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	
Total Long-Term Liabilities:	\$ M	2,513.1	2,499.9	3,397.4	3,119.9	2,830.9	2,799.6	2,768.3	2,438.2	2,086.3	1,716.7	1,327.5	1,327.5	1,327.5	
Total Liabilities:	\$ M	\$ 3,031.8	\$ 3,052.7	\$ 4,422.3	\$ 4,235.4	\$ 3,937.2	\$ 3,927.4	\$ 3,860.2	\$ 3,548.6	\$ 3,214.5	\$ 2,862.1	\$ 2,489.6	\$ 2,505.6	\$ 2,521.1	
Shareholders' Equity:															
Common Stock	\$ M	146.4	146.7	147.0	147.0	147.0	147.0	147.0	147.0	147.0	147.0	147.0	147.0	147.0	
Additional Paid In Capital	\$ M	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retained Earnings	\$ M	426.4	803.6	1,064.6	1,234.3	1,442.8	1,680.2	1,976.0	2,313.2	2,692.6	3,115.2	3,581.7	4,079.3	4,608.1	
Treasury Stock	\$ M	(2.9)	(39.3)	(68.2)	(68.2)	(68.2)	(68.2)	(68.2)	(68.2)	(68.2)	(68.2)	(68.2)	(68.2)	(68.2)	
Comprehensive Inc. and Other	\$ M	(904.7)	(915.6)	(903.4)	(903.4)	(903.4)	(903.4)	(903.4)	(903.4)	(903.4)	(903.4)	(903.4)	(903.4)	(903.4)	
Total Common Equity:	\$ M	\$ (334.8)	\$ (4.6)	\$ 240.0	\$ 409.7	\$ 618.2	\$ 855.6	\$ 1,151.4	\$ 1,488.6	\$ 1,868.0	\$ 2,290.6	\$ 2,757.1	\$ 3,254.7	\$ 3,783.5	
Minority Interest	\$ M	55.6	-	-	-	-	-	-	-	-	-	-	-	-	
Total Equity	\$ M	(279.2)	(4.6)	240.0	409.7	618.2	855.6	1,151.4	1,488.6	1,868.0	2,290.6	2,757.1	3,254.7	3,783.5	
TOTAL LIABILITIES & EQUITY:	\$ M	\$ 2,752.6	\$ 3,048.1	\$ 4,662.3	\$ 4,645.1	\$ 4,555.4	\$ 4,782.9	\$ 5,011.7	\$ 5,037.1	\$ 5,082.6	\$ 5,152.7	\$ 5,246.7	\$ 5,760.3	\$ 6,304.6	
Balance Sheet Check:		OK!	OK!	OK!	OK!	OK!	OK!	OK!	OK!	OK!	OK!	OK!	OK!	OK!	

WACC Calculations

WACC Analysis	
10-Year U.S. Treasury	1.94%
Market Risk Premium	6.1%
Beta	0.78
Size Premium	-
Cost of Equity	6.7%
Cost of Debt	3.8%
Tax Rate	30.5%
After-Tax Cost of Debt	2.6%
Target Debt/Capitalization	10.0%
WACC	6.27%

Debt Tranche Analysis				
Outstanding Debt (\$mm)	Amount	%	Interest Rate	Maturity
Revolving Credit Facility	495.0	13.90%	2.350%	
Other Credit Facilities	3.7	0.10%	2.350%	
Term Loan Facility	276.6	7.80%	2.350%	2021
Term A-1 Loan	288.7	8.10%	2.520%	2024
Term A-2 Loan	325.0	9.10%	2.030%	2025
Senior Notes	833.0	23.40%	4.625%	2024
Senior Notes	833.0	23.40%	4.875%	2026
Senior Notes	500.0	14.10%	4.875%	2028
Total Debt Obligations	3555.0		3.812%	

Amortization Schedule	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY28	FY29
Straightlined										
Revolving Credit Facility										
Other Credit Facilities										
Term Loan Facility	276.6									
Term A-1 Loan	14.44									
Term A-2 Loan	16.25									
Senior Notes	104.1	104.1	104.1	104.1						
Senior Notes	83.3	83.3	83.3	83.3	83.3	83.3				
Senior Notes	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5		
Total Debt Payments	557.2	249.9	249.9	249.9	145.8	145.8	62.5	62.5	0	0

DCF Model

Discounted Cash Flow Model

(US\$ millions)	Historical			Forecast									
	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	3423.7	3756.5	3792.4	3618.7	3772.4	3935.5	4098.6	4256.0	4408.0	4554.6	4696.0	4832.6	4964.4
(-) COGS	(2,544.2)	(2,753.0)	(2,850.2)	(2,719.8)	(2,816.5)	(2,918.6)	(3,019.0)	(3,113.7)	(3,202.8)	(3,286.6)	(3,365.2)	(3,438.8)	(3,507.9)
Gross Profit	879.5	1003.5	942.2	898.9	955.9	1016.9	1079.6	1142.3	1205.1	1268.0	1330.9	1393.7	1456.6
(-) Operating Expenses	(295.4)	(331.8)	(327.2)	(361.4)	(354.8)	(370.2)	(344.5)	(357.8)	(370.5)	(382.9)	(394.8)	(406.2)	(417.3)
EBIT	584.1	671.7	615.0	537.5	601.1	646.8	735.0	784.6	834.6	885.1	936.1	987.5	1039.3
Add: D&A	143.3	162.4	184.0	191.2	192.8	199.5	206.6	216.6	228.0	240.9	254.1	267.3	280.6
EBITDA	727.4	834.1	799.0	728.8	793.9	846.3	941.7	1001.2	1062.6	1126.0	1190.2	1254.8	1319.9
Less: CapEx	(306.8)	(334.2)	(167.7)	(217.1)	(301.8)	(314.8)	(368.9)	(402.2)	(437.4)	(455.5)	(469.6)	(483.3)	(496.4)
Less: Change in Net Working Capital	(62.6)	(24.4)	(33.9)	78.6	(45.9)	(17.5)	(74.5)	(18.4)	(17.3)	(16.3)	(15.3)	(14.4)	(13.5)
Unlevered Free Cash Flows	358	476	597	590	446	514	498	581	608	654	705	757	810

DCF Valuation Results

	Forecast									
	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	538	601	647	735	785	835	885	936	987	1,039
Add: Depreciation & Amortization	191	193	200	207	217	228	241	254	267	281
Less: CapEx	(217)	(302)	(315)	(369)	(402)	(437)	(455)	(470)	(483)	(496)
Less: Change in Net Working Capital	79	(46)	(18)	(74)	(18)	(17)	(16)	(15)	(14)	(13)
Unlevered Free Cash Flows	590	446	514	498	581	608	654	705	757	810
Discount Period	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
WACC	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
PV of Unlevered Free Cash Flows	555	395	428	391	428	422	428	434	438	441

DCF Valuation

DCF Valuation Results

Gordon Growth Method	
PV of Forecast Period	4,361
% of Enterprise Value	35.1%
Terminal Value	
Terminal Year UFCF	810
Perpetuity Growth Rate	0.75%
Terminal Value	14,797
PV of Terminal Value	8,059
% of Enterprise Value	64.9%
Enterprise Value	12,420
Less: Net Debt	(646)
Equity Value	11,774
Fully Diluted Shares Outstanding	147
Implied Share Price	\$80.10
Current Share Price	\$69.92
Implied Upside	15%

Terminal Multiple Method	
Cumulative PV of Free Cash Flow	4,361
% of Enterprise Value	34.0%
Terminal Value	
Terminal Year EBITDA	1,320
EBITDA Multiple	11.8x
Terminal Value	15,575
PV of Terminal Value	8,482
% of Enterprise Value	66.0%
Enterprise Value	12,843
Less: Net Debt	(646)
Equity Value	12,198
Fully Diluted Shares Outstanding	147
Implied Share Price	\$82.98
Current Share Price	\$69.92
Implied Upside	18.7%

Sensitivity Analysis

Terminal Growth	WACC					
		5.77%	6.02%	6.27%	6.52%	6.77%
	0.25%	83.23	79.09	75.29	71.80	68.59
	0.50%	86.10	81.65	77.59	73.87	70.46
	0.75%	89.25	84.45	80.10	76.13	72.49
	1.00%	92.73	87.53	82.84	78.58	74.69
	1.25%	96.59	90.94	85.86	81.27	77.10

Exit Multiple	WACC					
		5.77%	6.02%	6.27%	6.52%	6.77%
	10.8x	81.41	79.73	78.09	76.49	74.92
	11.3x	83.97	82.23	80.53	78.87	77.25
	11.8x	86.54	84.74	82.98	81.26	79.59
	12.3x	89.10	87.24	85.42	83.65	81.92
	12.8x	91.66	89.74	87.87	86.04	84.25

Terminal Growth	WACC					
	5.77%	6.02%	6.3%	6.52%	6.77%	
	1.0%	92.73	87.53	82.84	78.58	74.69
	1.5%	100.91	94.73	89.20	84.22	79.73
	2.0%	111.27	103.71	97.04	91.12	85.82
	2.5%	124.81	115.25	106.97	99.73	93.34
	3.0%	143.23	130.62	119.94	110.79	102.86

Exit Multiple	WACC					
		5.8%	6.0%	6.3%	6.5%	6.8%
	14.4x	99.9	97.8	95.7	93.7	91.7
	14.9x	102.4	100.3	98.1	96.1	94.1
	15.4x	105.0	102.8	100.6	98.5	96.4
	15.9x	107.6	105.3	103.0	100.8	98.7
	16.4x	110.1	107.8	105.5	103.2	101.1

Comparable Companies Analysis

Operating Statistics		Capitalization													
Company Name	Ticker	Share Price	Diluted Shares	Equity Value	Enterprise Value	Revenue		EBITDA		EPS		Revenue Growth	EBITDA Growth	EBITDA Margin	
						LTM	NTM	LTM	NTM	LTM	NTM			LTM	NTM
Conagra Brands, Inc.	CAG	35.60	488.50	17,390.6	26,932.2	11,342.6	10,833.5	2,363.6	2,275.7	2.0	2.4	(4.5%)	(3.7%)	20.8%	21.0%
McCormick & Company, Inc	MKC	185.17	133.40	24,701.7	28,796.5	5,528.2	5,716.4	1,194.4	1,237.3	5.7	5.7	3.4%	3.6%	21.6%	21.6%
The Hain Celestial Group, Inc	HAIN	31.71	100.90	3,199.5	3,539.2	2,053.2	2,053.2	186.0	229.5	0.3	1.2	—	23.4%	9.1%	11.2%
Mondelez International, Inc.	MDLZ	54.34	1,428.30	77,613.8	96,301.9	26,196.0	27,037.9	5,292.0	5,647.7	2.1	2.7	3.2%	6.7%	20.2%	20.9%
Nomad Foods, Inc.	NOMD	24.90	196.70	4,897.8	6,240.0	2,875.3	2,866.8	474.5	536.4	1.1	1.6	(0.3%)	13.0%	16.5%	18.7%
Maximum		\$ 185.17		24,701.7	28,796.5	11,342.6	10,833.5	2,363.6	2,275.7	\$ 5.7	\$ 5.7	3.4%	23.4%	21.6%	21.6%
75th Percentile		110.39		21,046.1	27,864.4	8,435.4	8,275.0	1,779.0	1,756.5	3.9	4.1	1.7%	13.5%	21.2%	21.3%
Median		\$ 35.60		\$ 17,390.6	\$ 26,932.2	\$ 5,528.2	\$ 5,716.4	\$ 1,194.4	\$ 1,237.3	\$ 2.0	\$ 2.4	—	3.6%	20.8%	21.0%
25th Percentile		33.66		10,295.1	15,235.7	3,790.7	3,884.8	690.2	733.4	1.2	1.8	(2.2%)	(0.1%)	14.9%	16.1%
Minimum		31.71		3,199.5	3,539.2	2,053.2	2,053.2	186.0	229.5	0.3	1.2	(4.5%)	(3.7%)	9.1%	11.2%

Lamb Weston Holdings, Inc.	LW	\$ 71.40	146.3	\$ 9,607.5	\$ 11,640.7	\$ 3,674.9	\$ 3,659.1	\$ 781.0	\$ 821.3	\$ 2.3	\$ 2.6	-0.43%	5.2%	21.3%	22.4%
----------------------------	----	----------	-------	------------	-------------	------------	------------	----------	----------	--------	--------	--------	------	-------	-------

Valuation Statistics		Equity Value		Enterprise Value		EV/Revenue		EV/EBITDA		P/E	
Company Name		Value	Value	LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
Conagra Brands, Inc.	CAG	\$ 17,390.6	\$ 26,932.2	2.4 x	2.5 x	11.4 x	11.8 x	17.8 x	14.8 x		
McCormick & Company, Inc	MKC	\$ 24,701.7	\$ 28,796.5	5.2 x	5.0 x	24.1 x	23.3 x	32.5 x	32.5 x		
The Hain Celestial Group, Inc	HAIN	\$ 3,199.5	\$ 3,539.2	1.7 x	1.7 x	19.0 x	15.4 x	105.7 x	26.4 x		
Mondelez International, Inc.	MDLZ	\$ 77,613.8	\$ 96,301.9	3.7 x	3.6 x	18.2 x	17.1 x	25.9 x	20.1 x		
Nomad Foods, Inc.	NOMD	\$ 4,897.8	\$ 6,240.0	2.2 x	2.2 x	13.2 x	11.6 x	22.6 x	15.6 x		
Maximum		\$ 77,613.8	\$ 96,301.9	5.2 x	5.0 x	24.1 x	23.3 x	105.7 x	32.5 x		
75th Percentile		\$ 24,701.7	\$ 28,796.5	3.7 x	3.6 x	19.0 x	17.1 x	32.5 x	26.4 x		
Median		\$ 17,390.6	\$ 26,932.2	2.4 x	2.5 x	18.2 x	15.4 x	25.9 x	20.1 x		
25th Percentile		\$ 4,897.8	\$ 6,240.0	2.2 x	2.2 x	13.2 x	11.8 x	22.6 x	15.6 x		
Minimum		\$ 3,199.5	\$ 3,539.2	1.7 x	1.7 x	11.4 x	11.6 x	17.8 x	14.8 x		

Lamb Weston Holdings, Inc.	LW	\$ 9,607.5	\$ 11,640.7	3.2 x	3.2 x	NM	14.2 x	NM	25.8 x		
----------------------------	----	------------	-------------	-------	-------	----	--------	----	--------	--	--

Disclaimer

The analysis and conclusions derived by Investa Insight are based on publicly available information and is strictly for educational use. Investa Insight may include statements, estimates, and projections which are prepared with respect to, among other things, a historical and anticipated operating performance of the companies that Investa Insight analyzes. Investa Insights is not liable for inaccuracy with projections.

Investa Insights will assume no responsibility or liability for any errors or inaccuracy contained that may be made of such information by the viewer. This content is in no shape associated with the views or opinions of the University or student union of said University that is represented in the pitch.

No information herein may be replicated without the consent of Investa Insights.