

## Food Stock Perspective - 4Q23 Preview and 2024 Outlook

### Summary

We maintain our Neutral weighting for the Food group, citing a valuation that is a discount to history (-20% discount to the S&P 500 and 15th relative percentile), pressured by weak volumes and an uncertain volume recovery trajectory. We estimate 4% EPS growth in 2024 supported by 2% organic sales growth and margin expansion. We adjusted our sales and EPS estimates in some cases due to our outlook and/or FX, and we outline these updates below. While valuation remains compelling in relation to history for the food stocks, we remain cautious reflecting the uncertainty in revenue growth pacing in 2024 as volumes remain soft, the risk of accelerated private label market share gains, and potential for increased promotional activity. We advise investors to remain selective in their food exposure, and we highlight our stock recommendations below.

### Key Points

- The food stocks underperformed the S&P 500 (-910bps) and underperformed the Consumer Staples group (-260bps) during the fourth quarter.** The fourth quarter underperformance brings the full-year 2023 underperformance to the S&P 500 to 3,430bps and Consumer Staples to 800bps. Food stocks have pushed down to their 15th percentile relative multiple in relation to the S&P 500 reflecting concerns about the weak volume environment and the risk companies become more promotional if volumes do not inflect.
- We approach our 2024 outlook with a degree of caution with volume deleverage in the first half and an uncertain volume recovery trajectory a watch-out in the second half of the year. In 2024, we estimate 2% organic sales growth and 4% EPS growth.** We expect volume growth to improve through 2024 with volume growth taking hold in the second half.
- Cost inflation is estimated to be down modestly in 2024 based on current input prices including a carryover benefit from lower prices in 2023.** Input costs have started to rollover and our commodity index indicates a 1.5% decline in costs for 2024 if current prices hold following a high-single digit decline in 2023. We anticipate only targeted price increases going forward with the current input cost environment and productivity programs supporting an improving gross margin performance in 2024 – we estimate 40bps of expansion for the year.
- Private label continues on a path to market share gains, but the share gains have been modest and essentially in line with the pre-pandemic trend – up 50bps in 2023.** The rate of share gains was steady through 2023, but we would not be surprised to see this expand in 2024, especially if economic conditions wane. While market share could push up for private label during a weaker consumer environment, an increase in food consumed at-home could benefit volumes overall.
- We continue to expect a focus on acquisitions/divestitures/spinoffs as companies continue to improve the growth profile of their portfolios, especially given the dearth of growth.** Balance sheets are in an improved state (2.5x debt/EBITDA) and cash flow is expected to grow again. Debt levels have pushed down and free cash flow after dividends remains robust (\$8 billion for the large-cap food companies in 2024) supporting optionality for the group – acquisitions and share repurchase activity.
- We stand ahead of consensus in the fourth quarter for Campbell, McCormick, Mondelez, Post, Sovos, and Hain while modestly below consensus for Kellanova, Westrock Coffee, and W.K. Kellogg.** In addition, we are raising our target prices for BellRing, Smucker, Kellanova, W.K. Kellogg, Mondelez and Vital, and lowering for Hershey.
- We hold a Neutral weighting for the Food group and recommend investors remain selective in their ownership, we continue to recommend the following Buy-rated stocks:** BellRing Brands (BRBR, \$54.58), General Mills (GIS, \$63.64), Kraft Heinz (KHC, \$36.82), Lamb Weston (LW, \$105.85), Mondelez (MDLZ, \$73.95), Post Holdings (POST, \$91.63), Simply Good Foods (SMPL, \$39.43), Vital Farms (VITL, \$14.71), and Westrock Coffee (WEST, \$10.51).

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All relevant disclosures and certifications appear on pages 101 - 103 of this report.

Company Update  
January 24, 2024

Company	Symbol	Price	Market Cap (mm)	Rating		Target Price	
				To	From	To	From
BellRing Brands, Inc.	BRBR	\$54.58	\$7,253.7	Buy	--	\$60.00	\$54.00
Conagra Brands, Inc.	CAG	\$29.41	\$14,110.9	Hold	--	\$29.00	--
Campbell Soup Company	CPB	\$44.12	\$13,191.9	Hold	--	\$45.00	--
General Mills, Inc.	GIS	\$63.64	\$37,070.3	Buy	--	\$68.00	--
Hain Celestial Group, Inc.	HAIN	\$10.55	\$944.3	Hold	--	\$11.00	--
Hershey Company (The)	HSY	\$189.31	\$38,808.6	Hold	--	\$195.00	\$205.00
Kellanova	K	\$53.47	\$18,447.2	Hold	--	\$58.00	\$56.00
Kraft Heinz Company (The)	KHC	\$36.82	\$45,472.7	Buy	--	\$40.00	--
WK Kellogg Co.	KLG	\$13.27	\$1,141.2	Hold	--	\$13.00	\$11.00
Lamb Weston Holdings, Inc.	LW	\$105.85	\$15,401.2	Buy	--	\$130.00	--
Mondelez International	MDLZ	\$73.95	\$101,312	Buy	--	\$81.00	\$78.00
McCormick & Company	MKC	\$65.78	\$17,767.2	Hold	--	\$70.00	--
Post Holdings, Inc.	POST	\$91.63	\$6,230.8	Buy	--	\$98.00	--
J. M. Smucker Company (The)	SJM	\$129.74	\$13,717.4	Hold	--	\$135.00	\$125.00
Simply Good Foods Company	SMPL	\$39.43	\$3,986.0	Buy	--	\$48.00	--
Sovos Brands, Inc.	SOVO	\$22.11	\$2,294.6	Hold	--	\$23.00	--
TreeHouse Foods, Inc.	THS	\$41.84	\$2,359.8	Hold	--	\$42.00	--
Vital Farms, Inc.	VITL	\$14.71	\$634.6	Buy	--	\$16.00	\$15.00
Westrock Coffee Company	WEST	\$10.51	\$1,178.3	Buy	--	\$12.00	--

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FOOD AND TOBACCO

## Food Stock Perspective – 4Q23 Preview and 2024 Outlook



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Prices are as of the close on January 24, 2024, unless otherwise noted.

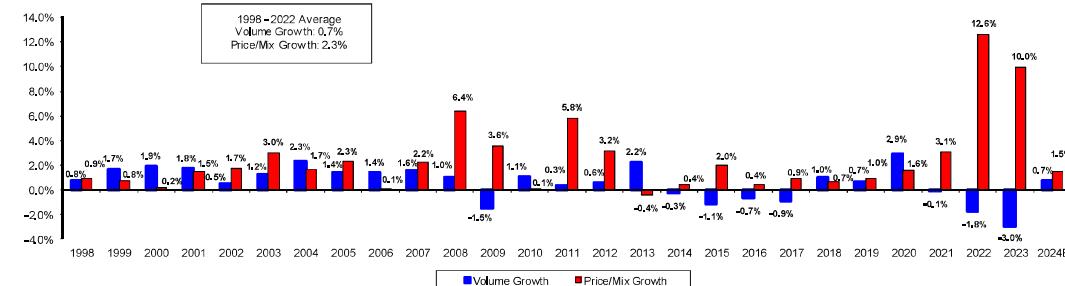
## Packaged Foods Key Themes

- **Key themes for 2024:** The trajectory of volume improvement in 2024 remains unclear, current consumption trends suggest volumes inflect in 2H24, input costs have modestly rolled over, productivity programs support margin expansion. GLP-1 concerns and private label remain watch-outs as the drug class gains popularity and economic conditions may deteriorate for consumers. Also, strong balance sheets provide M&A optionality.
- **The 25-year average food multiple: 19x forward EPS, 13x EV/EBITDA.** Currently at 14.5x P/E, 10.5x EV/EBITDA, <20th percentile relative to the S&P 500.
- **We estimate 2% organic sales growth in 2024, supported by the carry-over benefit from pricing and modest volume growth with volumes inflecting in 2H.** We estimate pricing up 1.5% (1H weighted) and volume up 0.5% for the year (2H weighted).
- **Raw Input costs are expected to be down low-single digits in 2024 by our estimate.** We do not expect a significant give back in pricing, but deeper promotional activity remains a watch-out if volumes remain weak. And we expect to watch volume/private label trade down (no evidence of accelerated private label performance yet during 2024).
- **We see a margin expansion in 2024 benefiting from volume leverage, modestly lower input costs, and productivity savings.** Increased competitive activity, especially if volumes remain weak, is the primary risk to our margin outlook.
- **Private label remains a watch-out for share gains –** 50bps increase in 2023 with the rate of gains stable. Price gaps are narrowing reflecting PL pricing. But, tougher economic conditions could initiate trade-down.
- **Gross margins expanded strongly in 2023 (+140bps) and we estimate a more normal rate of expansion in 2024 (+40bps) benefiting from carry-over pricing, volume leverage, productivity savings, and a modest tailwind from input costs.**
- **FX is expected to be a drag in 1H24, but a benefit in 2H24. Net neutral effect.**
- **We estimate +4% EPS growth in 2024.**
- **Dividend yield (3.0%+)** has been a key support factor (but limited by higher Treasury yields).
- **Consolidation? Not large-scale.** Balance sheets are improved across the industry (~2.5x debt/EBITDA CY23). While we have no knowledge of transactions, we believe companies ready to acquire include: **GIS, K, KHC, MDLZ, HSY, and Nestle** given their balance sheets. Recent deals: **SJM (Hostess) & CPB (Sovos - pending).**

## Sales

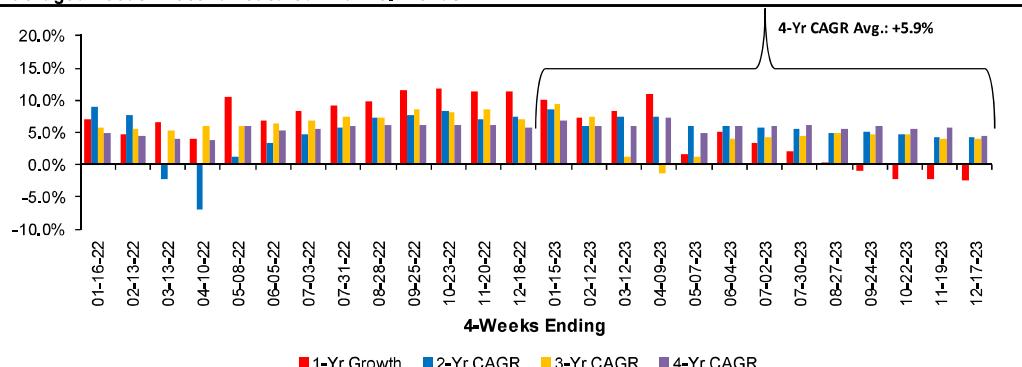
We estimate 2% organic sales growth in 2024, supported by carryover pricing and an inflection to volume growth in the second half of the year, reflecting easing comparisons and abating headwinds.

Average Large-Cap Food Industry Volume and Price/Mix Growth



Source: Company reports and Stifel estimates

Packaged Foods - Recent Measured Channel Trends



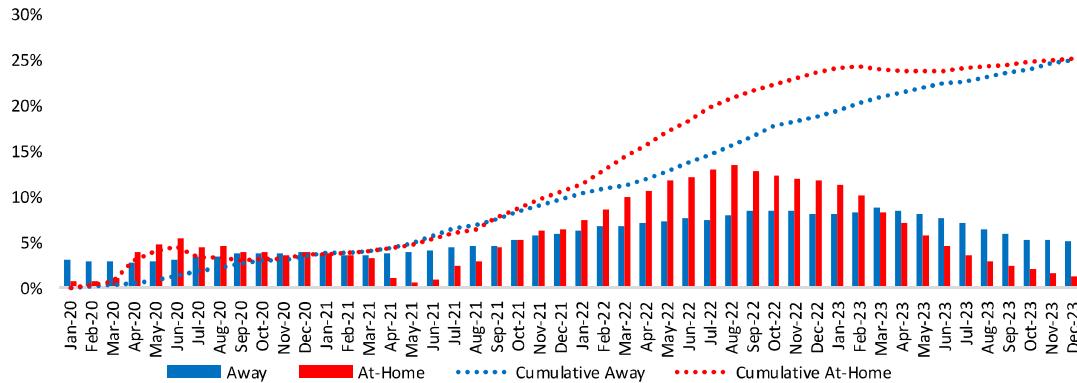
Source: Circana

- Volumes have declined since mid-2021 first from lapping the COVID-related demand surge and then the elasticity impact from inflation-based pricing.
- As pricing has diminished, volumes have remained under pressure as consumers digest the impact of 25%+ cumulative pricing, reduction in SNAP benefits, and economic pressure.
- We estimate a steady improvement in volumes in 2024 with an inflection to growth in the second half of the year reflecting easing comparisons and abating headwinds.
- Consumption is currently declining 2.5% driven by a 5% volume decline (consistent on a trailing 52-week basis) partially offset by 2.5% contribution from price/mix reflecting targeted pricing actions in early 2023 and carry-over pricing from 2022.

## Food Away From Home versus At-Home

*Inflation for food away from home is outpacing at-home food prices currently, which we believe provides a tailwind to the packaged foods group.*

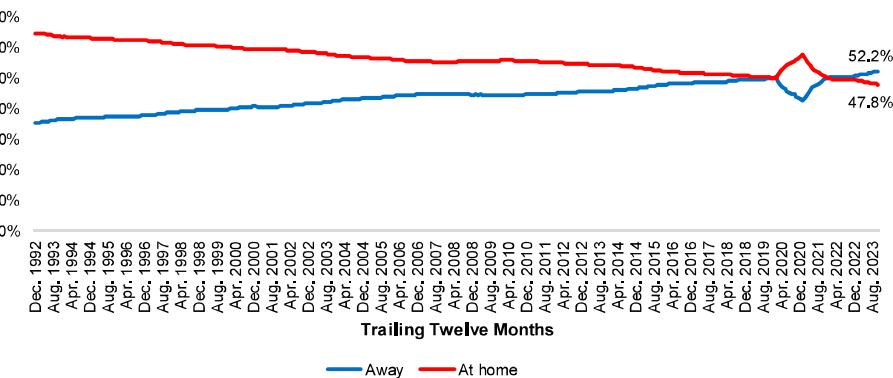
Inflation: Away From Home versus At-Home



Source: U.S. Bureau of Labor Statistics, Stifel research

- Pricing for away from home is up mid-single digits currently and fairly steady versus declining pricing for at-home food.

Food Expenditures: Away From Home versus At-Home

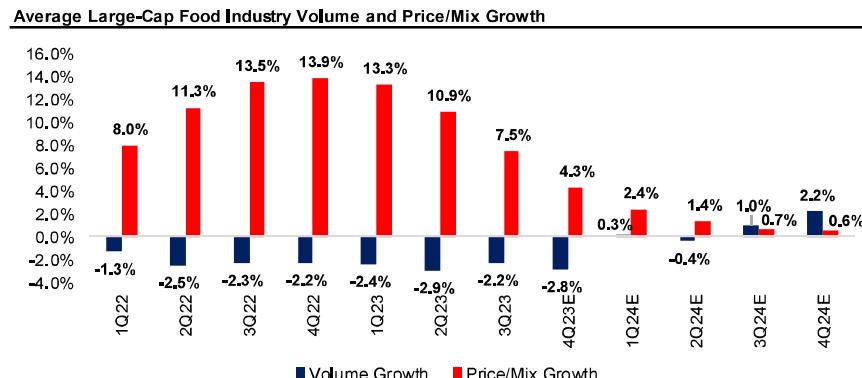


Source: United States Census Bureau, Stifel research

- Away from home expenditures continue to decline as a percent of overall food expenditures aided by higher pricing for away from home. More pressure on consumers has benefitted at-home food consumption in the past.

## Quarterly Sales Progression in 2024

*Current consumption trends suggest volumes will inflect to growth in the second half of 2024 reflecting easing comparisons. We expect the contribution from price/mix to diminish but remain positive through the year.*



Source: Company reports and Stifel estimates



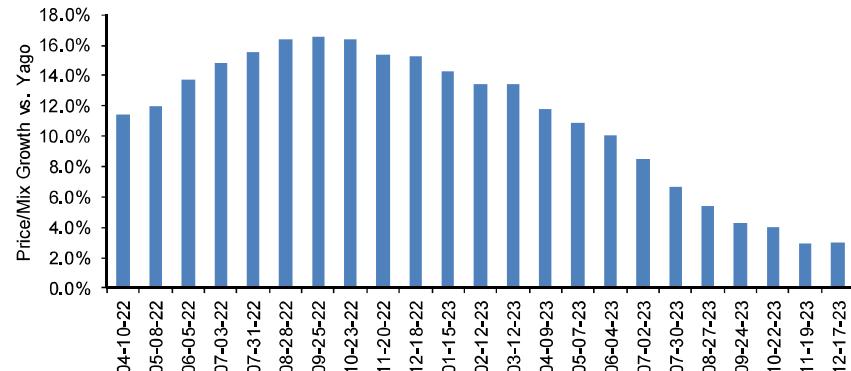
Source: Circana, Stifel estimates

- We outline quarterly volume and price/mix estimates for the group. We expect volumes to improve through 2024 with price/mix contribution continuing to diminish but remain positive through the year benefiting from carry over pricing and revenue growth management actions.
  - 1Q volume growth includes several unique benefits more than offsetting underlying decline including:
    - SJM co-manufacturing pet sales.
    - HSY inventory build ahead of ERP conversion in the Confection business.
- Current consumption trends suggest volumes will remain in decline in 1H2024 before inflecting to growth in the second half of the year.
- Tailwinds to volume include easing comparisons as the group laps 2+ years of volume decline, lapsing the reduction in supplement SNAP expirations in early 2023, and limited incremental pricing in 2024 along with a normal frequency of promotional activity.

## Pricing

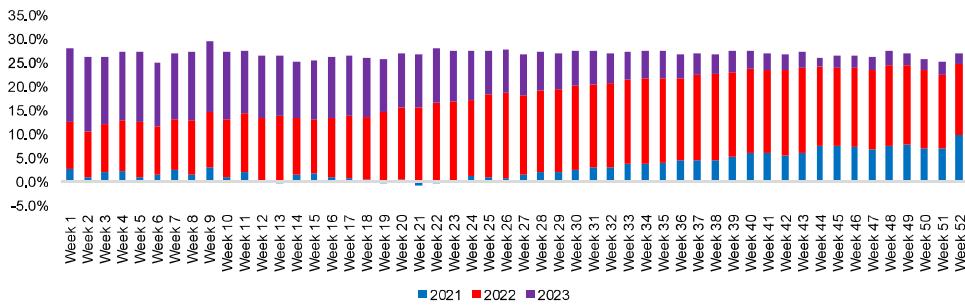
*Incremental pricing peaked in Fall 2022 near +17% y/y pricing and we expect incremental pricing to continue to dissipate through 2024. On a cumulative basis prices are up above 25%+ compared to levels in 2021.*

Category Pricing Analysis of Top 61 Grocery Categories (ex. Dairy) - 4 Weeks Ending



Source: Circana

Packaged Foods Pricing



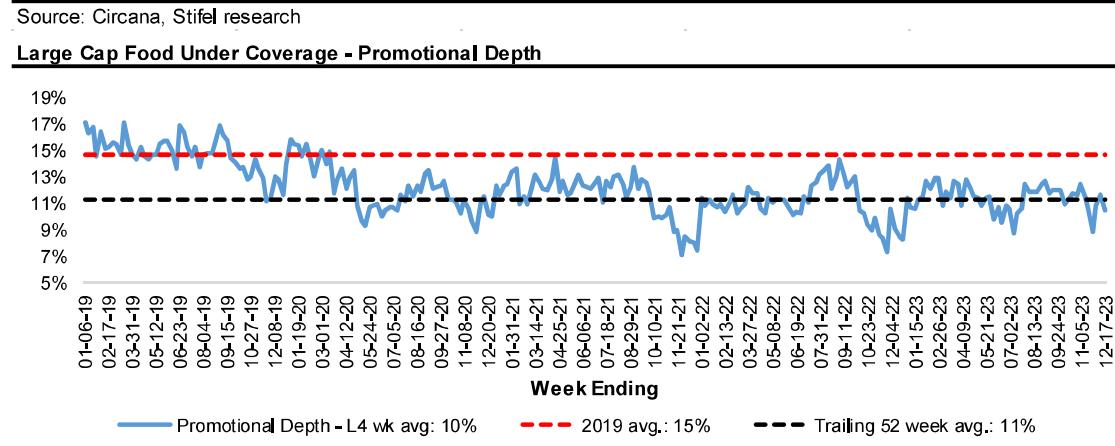
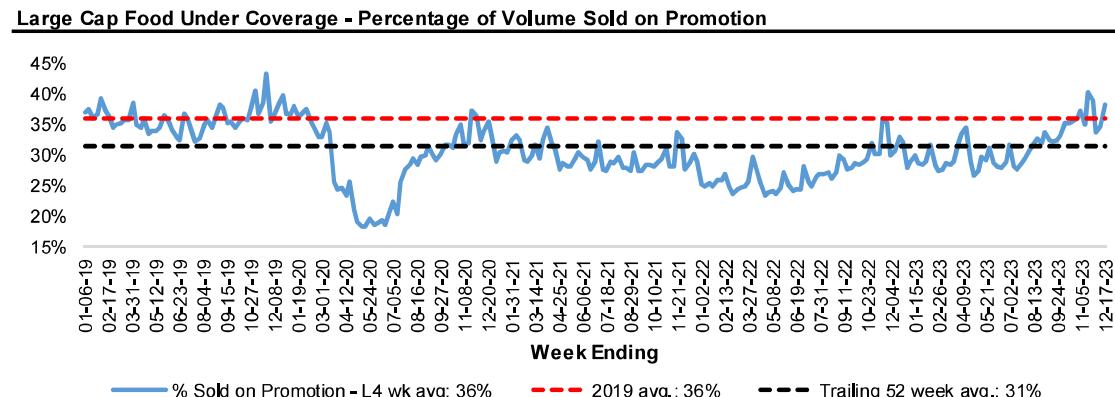
Source: Circana, Stifel research

- We believe the pricing environment is now normalized, while targeting pricing actions are likely especially in pass-through categories; we do not anticipate additional broad-based list price increases with the contribution from pricing diminished entering 2024.
- The speed, scale, and broad nature of the inflation created an environment where pricing moved up significantly and at an increasing pace that we believe is balanced against the increase in inflation. Inflation remains the only support for pricing in packaged foods in our view.
- With pricing picking up aggressively, input costs at least stabilizing or rolling over, and with most hedgeable input costs being hedged now for the year, we see this margin pressure moving to gross margin expansion – improvement took hold in 1H23 and we expect it to continue through 2023 and into 2024.
- We believe Mondelez, Hershey, Lamb Weston, General Mills, and Kellogg maintain the best pricing power in the industry driven by a host of factors – leading market share positions, low private label incidence, and, in the case of Lamb Weston, an oligopoly with high capacity utilization rates. And, of the food stocks in our coverage, Mondelez, Hershey, and Lamb Weston have the best visibility into their input prices whether through hedging, forward purchase contracts, or the circumstances surrounding their main input prices currently.

## Promotional Levels

*The frequency of promotional activity has returned to pre-pandemic normalized levels while the depth of promotion remains well below 2019 levels. With input costs rolling over, a broad pick up in promotional activity and depth of promotion are watch-outs, especially if volumes remain weak and input costs favorability continues.*

- Promotional activity has returned to 2019 levels in terms of prevalence while promotional activity has featured less depth of discounting.
- We do not expect a full return to pre-pandemic levels for the industry, in terms of depth of promotion.
- Exiting 2023 the frequency of promotion for Food companies returned to 2019 levels on a trailing 52 week basis. We expect this level to hold in 2024 with minimal drag on price realization.
- With input costs rolling over, we believe the depth of promotion deserves close watch. While improved capabilities and RGM across the industry has improved the efficiency of promotional activity we remain watchful for a pick up in the depth of promotion.
- Overall, the drag from a return to the 2019 depth of promotion would be a low to mid-single digit drag on pricing on average.



## Commodity Exposure and Inflation

**We estimate raw inputs will be down 1.5% or so in 2024 based on current prices, while realized total input cost inflation by Food companies will likely be much less favorable reflecting supply chain costs and labor.**

	Corn	Soybean*	Wheat	Broilers	Sugar	Cocoa	Coffee	Beef	Milk	Cheese	Butter	Energy	Packaging	Total	Weighted % Chg 2025E	Weighted % Chg YTD vs Yago	Weighted % Chg Now vs Future	Weighted % Chg 2024E
Campbell Soup			3	1	1	1		1	1	1	1	1	3	14	-0.7%	-2.1%	-0.2%	-0.4%
ConAgra Foods	2	1	3	1	1			1	1			1	3	14	-0.2%	-10.8%	-5.9%	-6.1%
General Mills	2	1	3	1	1	1			2		1	1	3	16	-1.1%	-7.2%	-3.1%	-3.2%
Post	1	1	3		1	1				1		2	3	13	0.4%	-6.6%	-2.5%	-2.9%
Hershey	1				3	3			2			1	3	13	-0.4%	12.1%	5.3%	6.0%
J.M. Smucker	2	2	2	1	1	1	3	1	1			1	3	18	-0.2%	-1.7%	-1.5%	-1.4%
Kellanova	2	1	2		2	1				1	1	2	3	15	-0.4%	-6.2%	-3.0%	-3.6%
Kraft Heinz	2	1	2	1	2		3	1		3		2	3	20	0.7%	-6.4%	-3.7%	-3.9%
Lamb Weston		2										2	3	7	0.0%	-10.6%	-3.8%	-4.4%
McCormick		1	1		1					2		1	3	9	1.1%	-10.3%	-5.2%	-5.5%
Mondelez			1		3	3	1		2	2	1	1	3	17	-0.4%	8.1%	4.2%	4.5%
TreeHouse		3	2	1	1					1	1	1	3	13	-0.5%	-10.0%	-5.0%	-5.6%
<b>% Change</b>																		
2024 YTD vs Yago	-32.5%	-18.4%	-19.0%	5.6%	13.5%	67.5%	17.5%	9.6%	-13.8%	-21.4%	-7.8%	-11.3%	-5.0%	-3.2%				
2024 YOY	-34.1%	-19.5%	-20.0%	6.2%	19.5%	78.4%	19.6%	11.3%	-13.8%	-21.4%	-7.8%	-11.3%	-5.0%	-2.0%				
2024 Now vs Future^	-19.0%	-12.2%	-8.2%	3.4%	-2.9%	36.7%	7.9%	1.0%	-4.2%	-8.8%	2.1%	3.4%	-3.0%	-1.5%				
2024E	-19.9%	-12.6%	-8.9%	3.5%	-2.1%	36.1%	8.5%	1.5%	-1.1%	-9.2%	-2.5%	2.0%	-3.1%	-1.5%				
2023	-18.8%	-8.3%	-27.6%	-11.6%	27.4%	33.6%	-19.9%	20.5%	-21.0%	-12.9%	-5.8%	-38.8%	-5.3%	-8.1%				
2022	20.8%	11.3%	28.1%	40.3%	5.6%	-0.6%	26.6%	14.8%	38.8%	25.5%	66.5%	59.8%	8.6%	22.4%				
2021	55.8%	42.8%	27.7%	35.9%	38.3%	0.6%	50.4%	17.9%	3.7%	-14.3%	5.9%	52.7%	19.8%	26.2%				
2020	-6.0%	6.3%	10.9%	+16.9%	3.7%	3.8%	9.0%	-8.6%	-4.2%	9.4%	-29.6%	-18.3%	-3.3%	-1.3%				
2019	3.7%	-4.5%	-0.9%	-9.1%	0.8%	2.9%	-10.2%	1.4%	16.9%	12.3%	-0.4%	-9.5%	-1.7%	0.2%				
2018	3.0%	-4.3%	12.9%	4.3%	-22.2%	15.8%	-14.8%	-2.6%	-9.0%	-5.2%	-3.7%	10.7%	4.6%	0.9%				
2017	0.5%	-0.2%	0.4%	11.0%	-12.9%	-29.6%	-2.0%	-0.5%	9.1%	4.0%	12.3%	17.8%	6.1%	1.2%				
2016	-4.8%	4.5%	-13.4%	-3.1%	38.1%	-7.8%	1.9%	-19.5%	-7.5%	-2.8%	-0.4%	-10.5%	-2.7%	-1.3%				
2015	-9.4%	-22.2%	-13.4%	4.1%	-20.0%	2.7%	-24.5%	-2.9%	-30.0%	-23.5%	-3.3%	-34.2%	-3.7%	-14.1%				
2014	-25.4%	-10.6%	-14.4%	6.0%	-5.9%	24.9%	40.3%	18.2%	20.9%	22.2%	39.4%	5.1%	4.1%	3.9%				
2013	-18.7%	-7.0%	-9.1%	10.1%	-18.5%	3.1%	-27.7%	2.6%	9.1%	4.0%	-5.2%	12.4%	4.9%	-2.2%				
2012	1.6%	10.3%	5.8%	7.9%	-20.4%	-20.1%	-30.9%	7.3%	-8.7%	-6.7%	-16.7%	-12.3%	0.7%	-5.1%				
2011	56.0%	26.0%	20.9%	1.9%	20.6%	-0.9%	54.2%	21.2%	24.6%	18.8%	13.1%	7.6%	5.6%	18.0%				
2010	15.4%	4.3%	10.5%	0.1%	26.6%	5.1%	31.4%	12.6%	33.8%	17.2%	39.9%	16.6%	7.0%	14.7%				
2009	-28.7%	-18.7%	-32.9%	-5.7%	45.3%	9.7%	-5.4%	-10.1%	-36.2%	-36.4%	-14.8%	-49.3%	-4.9%	-13.7%				
2008	50.3%	50.0%	33.8%	13.0%	4.5%	16.5%	18.2%	2.7%	-0.8%	9.5%	6.6%	29.5%	8.0%	19.1%				

1 = Light Exposure, 2 = Medium Exposure, 3 = Heavy Exposure

\* Company exposure to soybeans also includes soybean oil.

<sup>^</sup>Now vs Future is a comparison of current price vs. average price from the comparable time-period year-end through year-end.

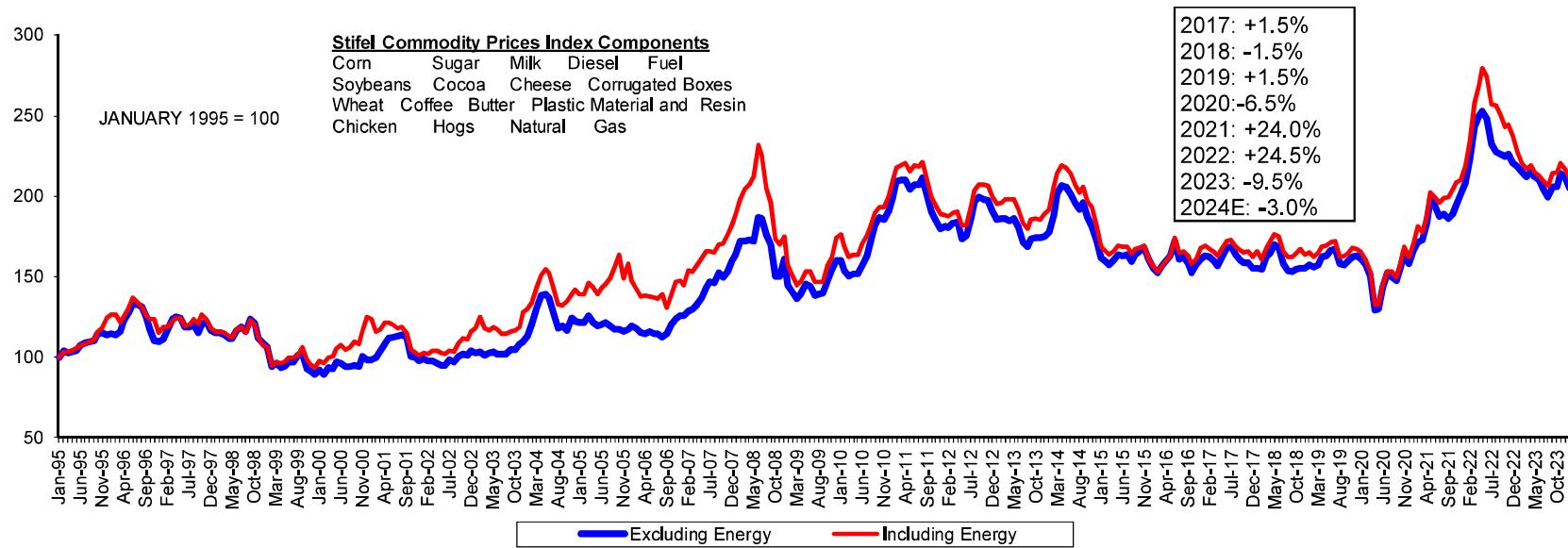
Source: USDA, Chicago Mercantile Exchange, Baseline, Bureau of Labor Statistics, company reports, EverAg, and Stifel estimates.

Current direct input cost levels suggest 1.5% deflation in raw inputs — we believe overall input costs for companies will be less favorable including other supply chain costs and the impact of hedging activity. We do not expect this level of deflation to lead to a significant give back in pricing across the industry.

## Input Cost Inflation Index

*On a spot basis, inputs have rolled over and are expected to be down mid-single digits for the year. With most food companies covered for a significant portion of their projected inputs in 2023, we expect input costs to be somewhat beneficial in 2024 but not a level that results in aggressive competitive behavior and broad pricing give back.*

Stifel Food Commodity Price Index

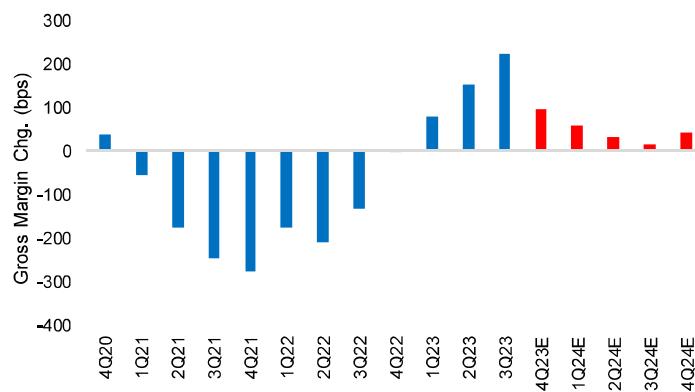


Sources: USDA, Chicago Mercantile Exchange, Baseline, Bureau of Labor Statistics, and Stifel estimates

## Margin Progression

**We estimate 40bps of margin expansion in 2024, with potential upside supported by a faster inflection to volume growth and productivity savings.**

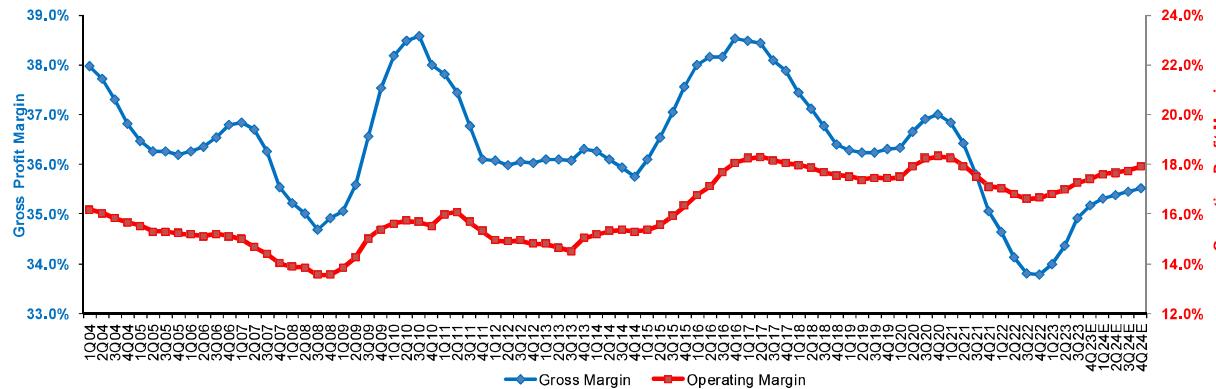
Gross Profit Margin - Quarterly Progression



- We estimate a more normal level of gross margin expansion in 2024 following strong expansion in 2023 as pricing caught up to inflation and lower supply chain costs.
- We expect margin expansion to be supported by modest volume growth (especially in 2H24), modestly lower input costs, continued progress against supply chain costs, and productivity savings.
- Overall, we estimate 40bps of gross margin improvement in 2024 with stronger expansion in 1H benefiting from lower supply chain costs and carry over pricing.
- Gross margins remain approximately 100 bps below pre-pandemic levels exiting 2023, reflecting the mechanical drag from offsetting dollar inflation with pricing and higher supply chain costs, which we expect to wind down and further support gross margin gains.

Source: Company reports, Stifel estimates

Large Cap Foods Profit Margin - Trailing Twelve Months



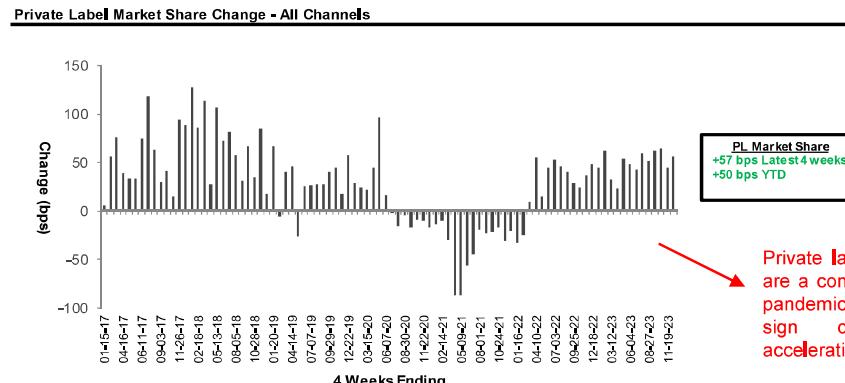
	Margin Chg. (bps)	
	Gross	Operating
2010	+50	+10
2011	-190	-20
2012	-10	-50
2013	+30	+20
2014	-60	+30
2015	+180	+110
2016	+100	+170
2017	-60	0
2018	-150	-50
2019	-10	-10
2020	+70	+90
2021	-190	-120
2022	-130	-40
2023E	+140	+70
2024E	+40	+50

Source: Company reports and Stifel estimates

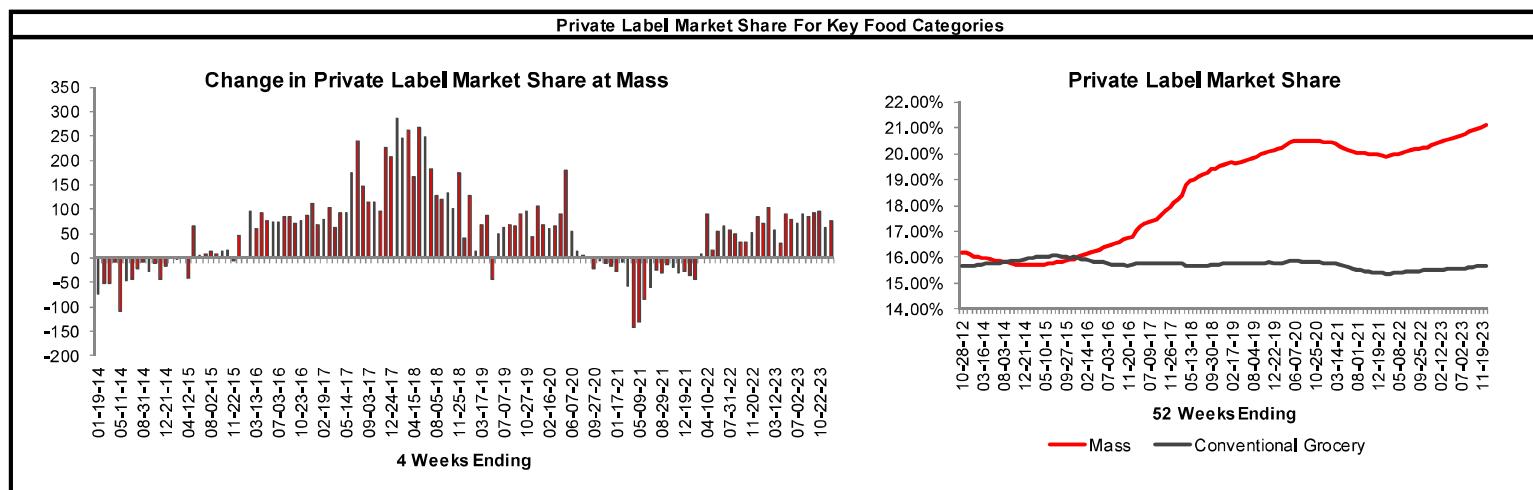
## Private Label

**Private label is gaining share, but in line with the pre-pandemic trend. We have not seen an acceleration in private label trends, which remains a watch-out if economic conditions worsen for consumers.**

- **Private label remains a watch-out, especially if economic conditions for consumers weaken.**
- **Private label is gaining share currently, but share gains have not meaningfully accelerated, and we view the current environment as a continuation of the pre-pandemic trend.** We saw private label market share turn positive in mid-2022 and the pace of share gains has remained fairly steady.
- **Private label pricing is currently above brands and private label is gaining dollar and volume share even as price gaps widen.**



Source: Circana, Stifel research



## Private Label Purchase Intent

*Due to the combination of less overall government assistance and rampant inflation as evidenced in the price increases that have pushed through the food industry, we believe the environment for brands being favored over private label has mostly eroded. We expect the private label to continue to gain share in line with recent trends.*

Early January 2024	2016-2019 Average	12-month Average	6-Month Average	3-Month Average	Latest 3-Survey Average
Total Respondents	4,583	2,761	1,541	903	
<b>How often are you planning to buy store brand products?</b>					
More than in the past	23%	39%	40%	41%	41%
Less than in the past	7%	10%	11%	12%	13%
Same as before	68%	45%	43%	42%	42%
Never	3%	6%	6%	5%	4%

Source: Stifel Proprietary Consumer Spending Survey.

Early January 2024	12-month Average	6-Month Average	3-Month Average	Latest 3-Survey Average
Respondents	4,583	2,761	1,541	903

**How are your shopping patterns changing in response to higher grocery prices (e.g., food, beverages, laundry, toothpaste, household products, etc)? (Select all that apply)**

I am buying less expensive brands.	51%	51%	52%	51%
I am buying private label.	26%	26%	29%	28%
I am consuming less.	28%	29%	29%	28%
Prices are rising, but there are no changes to what I'm buying.	21%	21%	20%	20%
<u>I do not see the price of groceries rising.</u>	2%	2%	2%	2%

Source: Stifel Proprietary Consumer Spending Survey.

## Stifel – Food & Tobacco Equity Research

Matthew E. Smith

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### GLP-1

**The survey indicates 15% of respondents are currently taking GLP-1 drugs and that another 25% of respondents are interested in the drugs if they were FDA approved. If we take the total potential users indicated in the survey, 40% or so, that would imply a 20% reduction in calories could be a low to mid-single-digit impact on food volumes.**

3 Survey Average (Nov. 23 - Jan. 24)	Above \$75,000	Below \$75,000	Prefer not to answer	Age 18-34	Age 35-64	Age 65+	Male	Female	Total
Total Respondents	314	565	24	271	478	154	450	453	903
Respondents taking GLP-1	88	50	1	65	72	2	86	53	139
<b>Do you currently take a GLP-1 weight loss drug?</b>									
Yes	28%	9%	4%	24%	15%	1%	19%	12%	15%
No	72%	91%	96%	76%	85%	99%	81%	88%	85%

Source: Stifel Proprietary Consumer Spending Survey.

3 Survey Average (Nov. 23 - Jan. 24)	Above \$75,000	Below \$75,000	Prefer not to answer	Age 18-34	Age 35-64	Age 65+	Male	Female	Total
Respondents	226	515	23	206	406	152	364	400	764
<b>Would you be interested in GLP-1 medication?</b>									
Yes	28%	24%	22%	29%	29%	11%	23%	27%	25%
No	72%	76%	78%	71%	71%	89%	77%	73%	75%

Source: Stifel Proprietary Consumer Spending Survey.

\*Based on respondents who are NOT currently taking a GLP-1 medication.

\*\*Given the medication is FDA approved, has proven results, and becomes widely available

Calorie Reduction Estimates from GLP-1 Adoption, over an 18-month period	
U.S. Population (m)	331.9
>18 U.S. Population (m)	258.2
% of U.S. Population Obese/Severely Obese*	42%
<b>GLP-1 Calorie Impact</b>	
U.S. GLP-1 Users (survey response)	15%
% that are new GLP-1 users in last year	35%
Half of 21% of respondents interested in GLP-1	11%
Estimated % new U.S. adult GLP-1 users	16%
Daily reduction in calorie consumption by GLP-1 users	25%
<b>Estimated calorie reduction by 18+ U.S. GLP-1 adoption</b>	
	4%

Source: CDC, Stifel estimates

**We believe the potential impact to volumes for the food group is muted by the ebb and flow of GLP-1 users as individuals lapse and restart usage, household shopping habits, and the ability of food companies to adjust their product portfolios to tailor to this growing cohort.**

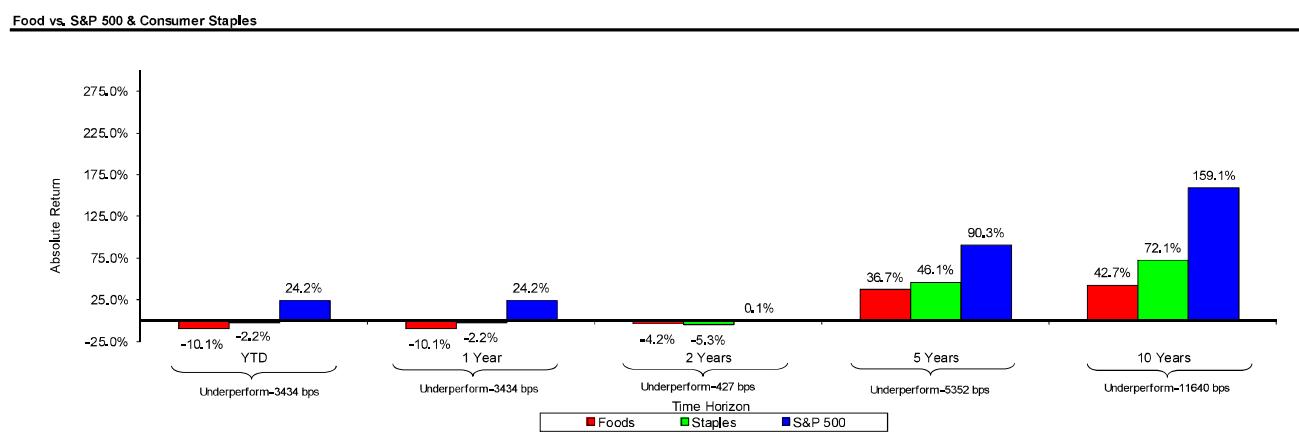
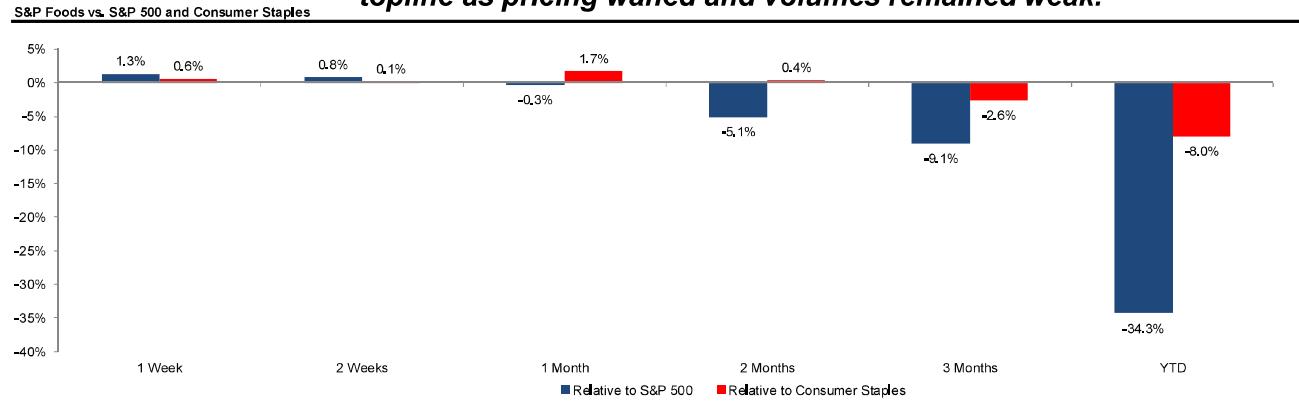
**Overall, the survey would indicate that over 35% of potential GLP-1 users are currently taking the drug suggesting a large portion of the volume headwind is already in the base.**

**We think the survey supports future growth potential for the convenient nutrition category. Convenient nutrition categories offer consumers convenient and nutrient dense options, which we believe become increasingly relevant for GLP-1 users that are reducing calories consumed.**

STIFEL

## Food Stock Performance

**Food stocks underperformed the S&P 500 by over 3,400bps bps in 2023 and underperformed the Consumer Staples group by 800bps. We believe the underperformance was driven by the rising rate environment and decelerating topline as pricing waned and volumes remained weak.**



## Packaged Foods Valuation

**We take a Neutral view of the Food stocks, reflecting the uncertainty in the trajectory of volume recovery in 2024, a volatile economic environment favoring this defensive group, and a discount valuation – below the 20<sup>th</sup> percentile relative multiple.**

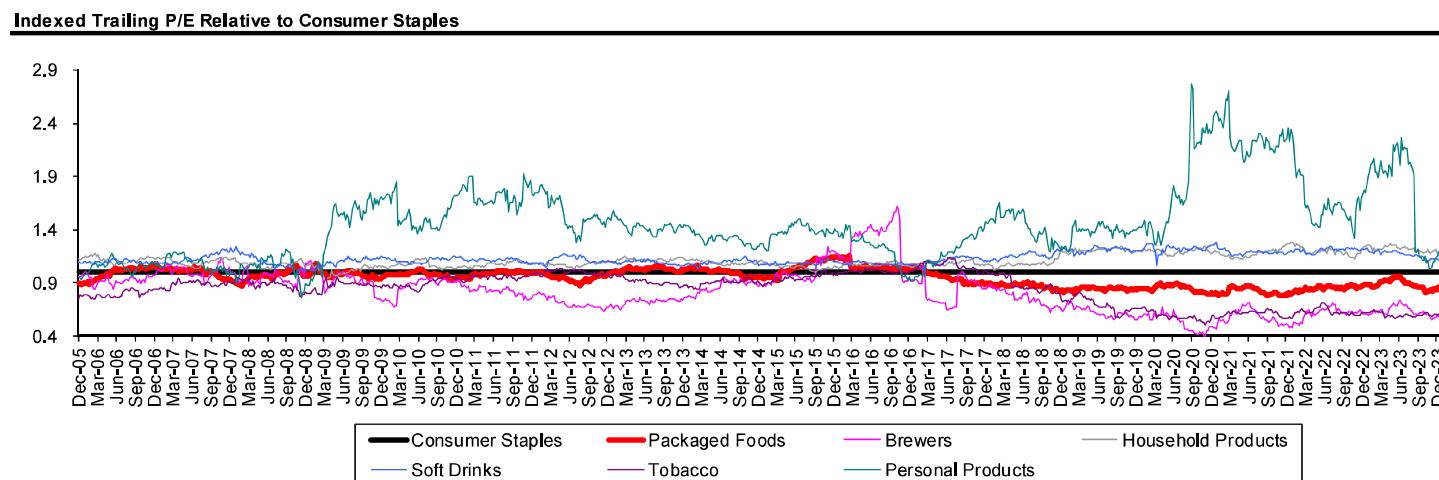
VALUATION SUMMARY						
	P/E Absolute	Absolute Percentile	Relative to S&P500	Relative to S&P500 Percentile	Relative to Staples	Relative to Staples Percentile
<b>Food</b>	17.4	51.0%	-21.2%	14.5%	-15.9%	22.1%
Tobacco	12.1	25.4%	-45.0%	20.7%	-41.2%	24.9%
<b>Beverages*</b>	22.5	56.0%	2.5%	9.6%	9.1%	49.9%
Soft Drinks	22.9	59.3%	3.9%	5.7%	10.9%	33.8%
Brewers	11.8	14.9%	-46.4%	5.3%	-42.8%	6.4%
<b>Household &amp; Personal Products*</b>	24.2	75.8%	10.0%	25.1%	17.1%	73.1%
Personal Products	23.5	32.6%	6.8%	3.0%	14.0%	19.5%
<b>Consumer Staples</b>	20.6	67.2%	-6.3%	13.3%	NMF	NMF

Data as of 1/12/2024

Percentiles based on data from 12/31/1999 to present

\*Percentiles based on data from 12/12/2008 to present

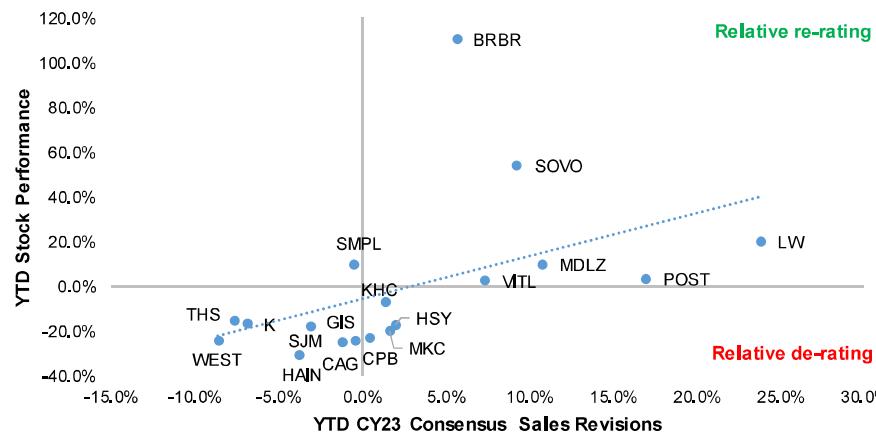
Source: FactSet, Stifel research



Source: FactSet

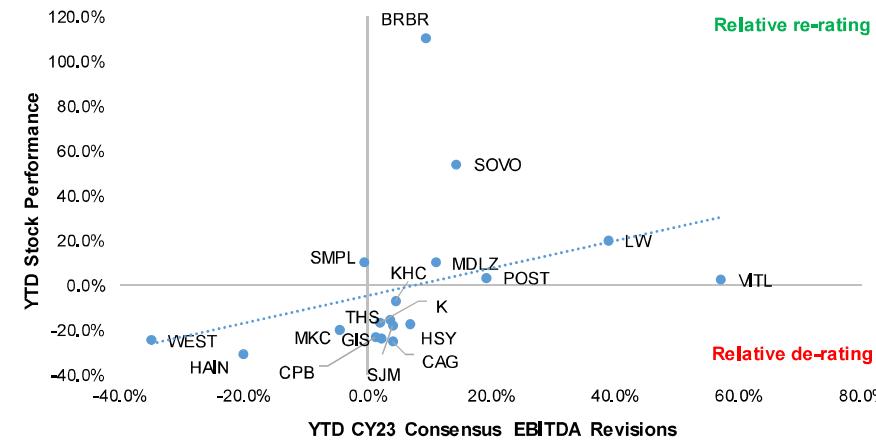
## Packaged Foods Multiple Re-Rating

Packaged Food Consensus Sales Revisions vs. Stock Performance



Source: FactSet, Stifel Research

Packaged Food Consensus EBITDA Revisions vs. Stock Performance



Source: FactSet, Stifel Research

- We outline the clear trend that managing and beating investor expectations has been a bonafide framework for food companies in this environment.

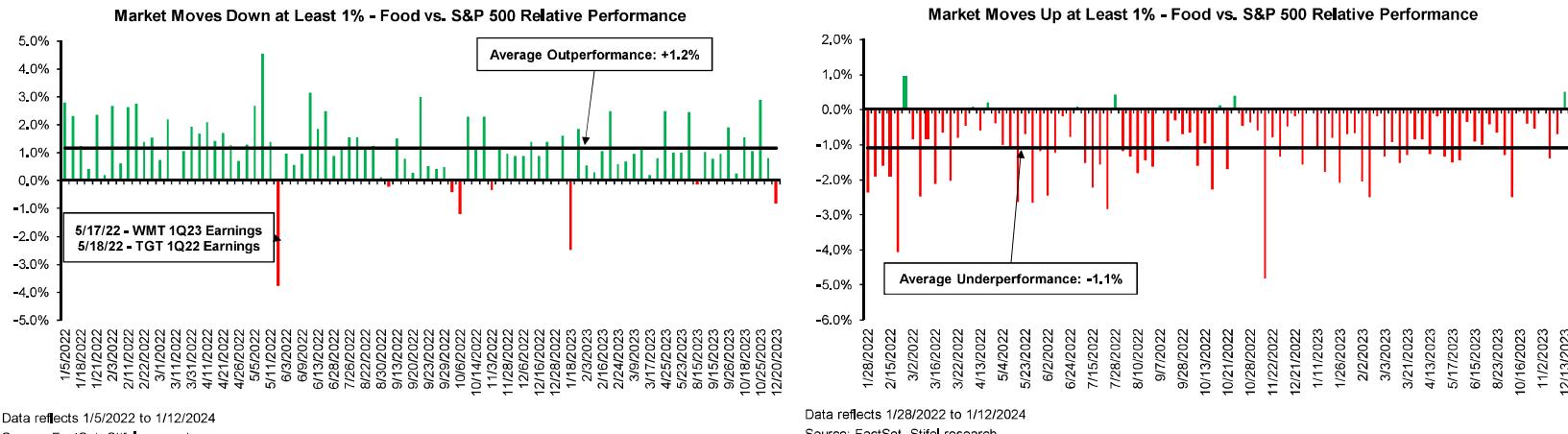
- The flip side of this holds especially true with a pronounced underperformance for stocks with negative estimate revisions.

- The charts below highlight the incidence of consensus estimate revisions against share price performance and we believe the trend is clear – companies where estimate revisions have pushed up over the past year generally are benefiting from positive multiple re-rating on a relative basis.

- This concept is not novel, and no doubt is the objective of most companies, but it is worth highlighting the underperformance for companies with negative revisions and the de-rating that has occurred.

## Food Relative Performance – Defensive Characteristics

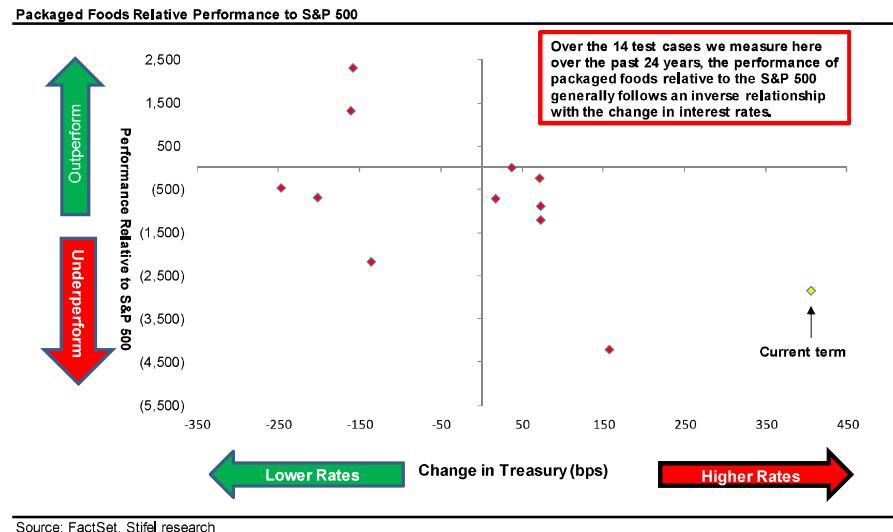
**Food stocks have consistently shown their defensive nature, especially more recently. Since the beginning of 2022, Food stocks have outperformed by 120bps on average on days when market has declined >1%.**



- In analyzing the performance of the food stocks since the start of the year in 2022, a period of increased volatility in the market, we saw a strong and consistent performance from the food stocks as defensive vehicles. Across 2022 and 2023, we measured all of the days the market moved up more than 1% or moved down more than 1% and we assessed the performance of the food stocks on each of these days.
- On the down-days, the average outperformance by the food stocks was +120bps, while on the up-days, the average underperformance by food stocks was -110bps.
- The charts above outline the performance of the food stocks in relation to the S&P 500 on those days where the market moved up or down significantly. As expected, the defensive nature of the food stocks is exhibited above – a strong outperformance when stocks broadly move lower, and an underperformance when stocks broadly move higher.

## Interest Rate Correlation

**The negative correlation between rising interest rates and Food stocks is well known, however, we highlight the performance of the group in the final phase of a rising rate environment.**



- Over the 14 test cases we measure here over the past 24 years, the performance of packaged foods relative to the S&P 500 generally follows an inverse relationship with the change in interest rates.
- During a period of rising rates, Consumer Staples underperforms 83% of the time periods when we evaluate the relative performance over the full cycle.
- We believe a stable Fed rate environment with the likelihood of rate cuts in 2024 favors the Packaged Foods group and support a relative outperformance for the group.
- When we evaluate just the final six months of the cycle, the relative performance has been pronounced for Consumer Staples and the Food stocks, which have outperformed over half of the time periods.
- While food generally underperforms during a rising rate cycle, the group has a tendency to outperform during the final six months of the rising rate environment.

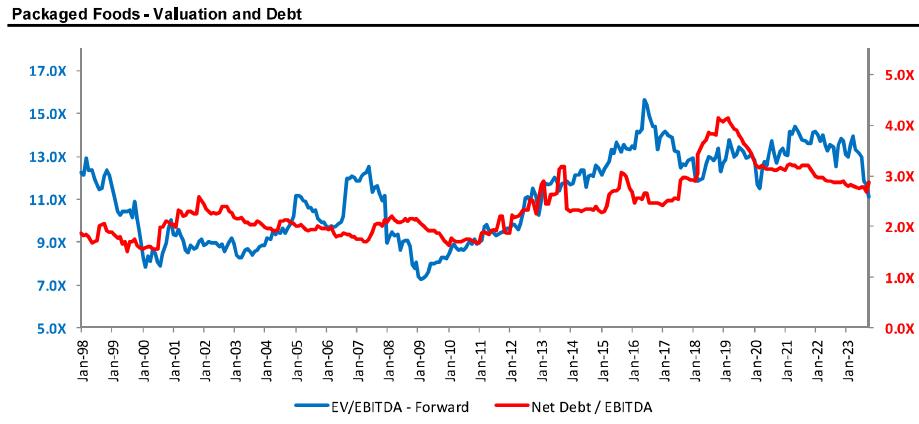
Percentage of Relative Performance During Periods of Rising Rates			
	Term	Leading 6 months	Final 6 Months
Staples	Outperform	14.3%	28.6%
	Underperform	85.7%	71.4%
Food	Outperform	14.3%	42.9%
	Underperform	71.4%	57.1%
Tobacco	Outperform	14.3%	28.6%
	Underperform	85.7%	71.4%

14 total rate periods, 7 periods of rising rates including the current period

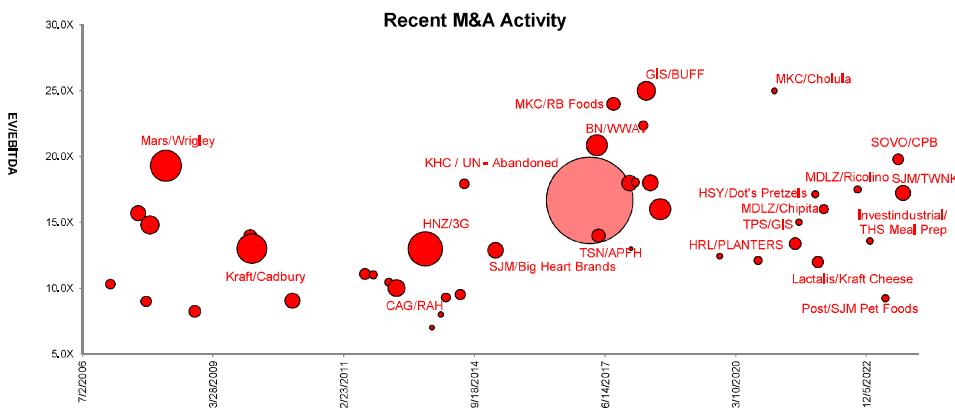
Source: Factset, Stifel estimates

## Balance Sheets and M&A

**Balance sheets are in great shape, in our view, which should provide optionality and support M&A. We expect companies to continue to use M&A and divestitures to improve portfolio growth profiles.**



Source: Company reports, Stifel estimates



Bubble Size represents size of acquisition.  
Source: Company reports and Stifel estimates

We believe the food companies are focused intently on acquisitions as a lever for growth and this follows the significant improvement in the balance sheet across our coverage – now down below 3.0x debt/EBITDA from nearly 4x debt/EBITDA at the outset of the pandemic. The food industry went through a period of debt-funded acquisitions before the pandemic, which pushed balance sheets up to 4x debt/EBITDA and at a level that was fully supported by the cash flow generation of the companies, but at higher than average levels versus history. For years, leading up to the more recent experience, food company balance sheets were arguably inefficient with debt levels in the 2-2.5x range. The higher debt levels allowed some of the companies to shift their portfolio toward faster growing businesses.

Companies have used M&A to improve the growth rate of their portfolios. Recent examples:

- SJM: Milk Bone, Meow Mix, now Hostess
- CPB: Pending acq. of Sovos Brands
- MDLZ: Perfect Snacks, Give & Go, Hu, Grenade Protein Bars, Gourmet Foods, Chipita, Clif, Ricolino
- HSY: Amplify Snack Brands, Pirate Brands, Dot's, Lily's chocolate, popcorn assets
- GIS: Blue Buffalo, Tyson Pet Snacks
- MKC: Cholula, Franks Red Hot
- POST: Smucker Pet Food brands
- THS: Seasoned pretzel assets

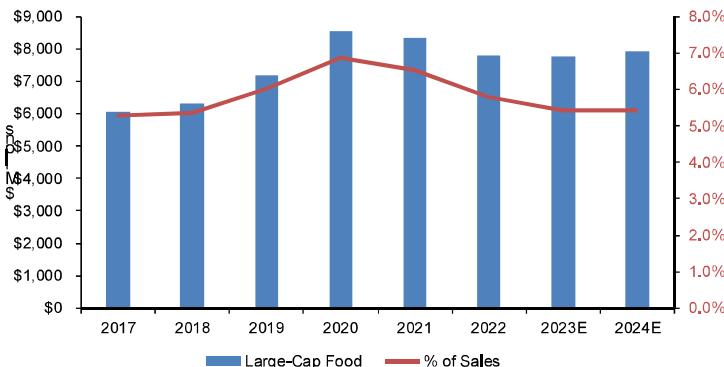
Divestitures have been prevalent for the group over the past five years to simplify portfolios and improve growth rates. Recent activity includes:

- MDLZ: Developed market gum business
- KHC: natural cheese and nuts, roughly 10% of revenue
- GIS: yogurt in Europe, Helper and Suddenly Salad. In total, these represented roughly 15% of revenue
- SJM: pet food divestiture, 20% of revenue and fermented condiments
- THS: meal prep business, nearly 50% of revenue

## FCF & Dividends

**Free cash flow for food companies should continue to support dividend growth, capex, and share repurchase activity.**  
**We believe dividends remain sacrosanct and we believe dividend growth will continue to track EPS growth.**

Free Cash Flow after Dividends - Large Cap Food



Source: Company reports and Stifel estimates

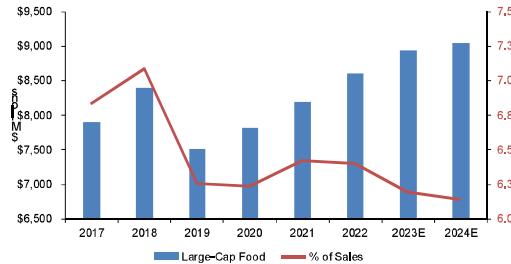
Dividend growth has mostly matched EPS growth as the industry focuses on its free cash flow generation and rewarding shareholders with a 3%+ dividend yield.

We estimate \$8 billion in free cash flow in 2024 (this figure includes dividends given their "fixed" cost nature for the food companies), will start to transition away from debt reduction and focus more on acquisitions and share repurchase activity, in our view.

**We regard the dividends at food companies as sacrosanct and we believe dividend growth will continue to occur in 2024 and should mostly track the 7% EPS growth we currently estimate.** At present, the dividend payout averages around 50% of earnings for the food industry, leaving plenty of excess capacity for debt reduction and share repurchase activity.

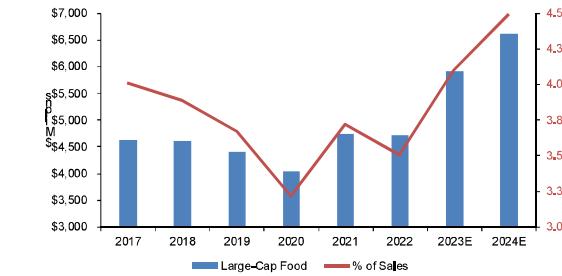
**We estimate over \$6 billion in share repurchase activity in 2024, accelerating from recent years as more companies are moving away from a sole focus on reducing debt following a spate of acquisitions across the industry to considering share repurchases and acquisitions given the broad improvement in balance sheets over the past three years.**

Dividends - Large Cap Food



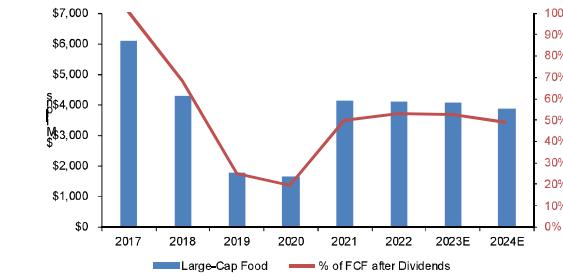
Dividend decline in 2019 due to a \$1.23b reduction by Kraft Heinz  
Source: Company reports and Stifel estimates

Capital Expenditures - Large Cap Food



Source: Company reports and Stifel estimates

Share Repurchases - Large Cap Food



Source: Company reports and Stifel estimates

## Packaged Foods Comp Sheet

			Rating	1/24/2024 Price	2023 (X)	P/E 2024E (X)	2025E (X)	2023 (X)	EV/EBITDA 2024E (X)	2024E Div Payout	LT EPS Growth	2024E Div Yield	2024E FCF to EBITDA	
CAG	Conagra Brands	HOLD	29.41	10.7X	11.3X	10.7X	7.9X	8.1X	7.8X	53.6%	+6%+8%	4.8%	8.2%	2.4X
CPB	Campbell Soup	HOLD	44.12	15.3X	14.0X	13.2X	10.3X	9.8X	9.5X	46.9%	+7%+9%	3.4%	6.8%	2.5X
GIS	General Mills	BUY	63.64	14.4X	13.9X	13.3X	11.4X	11.1X	10.8X	51.7%	MSD + HSD	3.7%	6.2%	2.5X
HSY	Hershey	HOLD	189.31	19.8X	19.0X	18.2X	13.9X	13.2X	12.6X	47.9%	+6%+8%	2.5%	4.6%	1.3X
SJM	J.M. Smucker	HOLD	129.74	13.4X	13.1X	12.1X	12.6X	10.7X	10.1X	42.7%	HSD	3.3%	5.4%	4.1X
K	Kellanova	HOLD	53.47	14.7X	14.2X	13.1X	10.4X	10.1X	9.6X	59.5%	+7%+9%	4.2%	5.8%	2.3X
KHC	Kraft Heinz Company	BUY	36.82	12.4X	11.6X	10.6X	10.2X	9.8X	9.4X	50.6%	+6%+8%	4.3%	8.4%	2.9X
LW	Lamb Weston	BUY	105.85	18.0X	17.2X	17.2X	12.8X	11.2X	10.6X	23.4%	HSD	1.4%	2.2%	2.1X
POST	Post Holdings	BUY	91.63	17.2X	18.2X	16.5X	9.4X	9.2X	9.0X	NA	NA	NA	5.6%	4.4X
THS	TreeHouse Foods	HOLD	41.84	17.5X	16.3X	14.5X	9.5X	8.8X	8.3X	NA	NA	NA	7.3%	2.8X
KLG	WK Kellogg	HOLD	13.27	6.9X	8.5X	9.0X	6.9X	6.6X	6.1X	41.1%	NA	4.8%	(8.7%)	2.3X
<b>"Domestic" Food Average</b>				14.6X	14.3X	13.5X	10.5X	9.8X	9.4X	46.4%	NA	3.6%	4.7%	2.7X
<b>"Domestic" Food Average (ex. LW, POST, THS, &amp; KLG)</b>				14.4X	13.9X	13.0X	11.0X	10.4X	10.0X	50.4%	NA	3.7%	6.5%	2.6X
BRBR	BellRing Brands	BUY	54.58	39.5X	32.2X	27.5X	23.1X	20.7X	18.7X	NA	NA	NA	3.3%	2.1X
HAIN	Hain Celestial	HOLD	10.55	17.2X	22.8X	17.1X	11.3X	10.3X	9.5X	NA	NA	NA	4.7%	4.6X
SMPL	Simply Good Foods	BUY	39.43	24.1X	21.0X	18.6X	16.8X	15.4X	14.5X	NA	NA	NA	4.6%	0.6X
SOVO	Sovos Brands	HOLD	22.11	30.1X	26.3X	22.6X	17.0X	14.4X	13.1X	NA	NA	NA	4.8%	1.6X
VITL	Vital Farms	BUY	14.71	29.6X	22.7X	17.4X	12.9X	10.7X	8.5X	NA	NA	NA	NMF	-1.5X
WEST	Westrock Coffee	BUY	10.51	NMF	NMF	55.3X	25.2X	17.8X	11.5X	NA	NA	NA	NMF	-0.6X
FRPT	FreshPet^	BUY	88.09	NMF	NMF	69.5X	43.4X	29.2X	NA	NA	NA	NA	NMF	1.1X
MNST	Monster Energy Corp^	BUY	55.07	35.1X	30.2X	26.8X	26.6X	22.5X	20.0X	NA	NA	NA	3.1%	-1.0X
<b>Demographically Favored Avg. (Ex. FRPT)</b>				29.2X	25.9X	26.5X	19.0X	16.0X	13.7X	NA	NA	4.1%	0.8X	
ABI-BE	Anheuser-Busch InBev	NC	€ 57.76	21.0X	21.0X	19.7X	9.6X	8.9X	8.9X	19.1%	NA	0.9%	7.8%	3.0X
KO	Coca-Cola	NC	58.91	21.9X	21.0X	19.7X	19.4X	18.4X	18.4X	65.7%	+7%+9%	3.1%	3.9%	1.7X
CL	Colgate-Palmolive^	BUY	80.08	24.9X	23.0X	21.1X	16.3X	15.2X	15.2X	55.1%	Double-Digit	2.4%	4.5%	1.7X
MDLZ	Mondelez	BUY	73.95	22.8X	21.1X	19.5X	16.0X	15.3X	14.5X	48.6%	HSD	2.3%	4.6%	2.0X
MKC	McCormick	HOLD	65.78	24.9X	23.3X	21.6X	17.8X	16.9X	16.0X	59.6%	+9%+11%	2.6%	4.0%	3.1X
NESN-CH	Nestle^	BUY	CHF 95.32	19.7X	18.8X	17.5X	12.9X	12.5X	12.5X	58.2%	NA	3.1%	4.5%	0.1X
PEP	PepsiCo	NC	165.60	21.9X	20.3X	18.8X	15.8X	14.5X	14.5X	62.1%	HSD	3.1%	4.2%	1.9X
PG	Procter and Gamble^	HOLD	152.12	24.6X	22.6X	21.0X	18.4X	17.0X	17.0X	56.0%	NA	2.5%	3.9%	1.1X
ULVR-GB	Unilever	NC	£37.24	16.7X	15.9X	14.9X	11.5X	11.0X	11.0X	63.9%	NA	4.0%	6.2%	1.9X
<b>Global Consumer Staples</b>				21.5X	20.0X	18.1X	14.6X	13.7X	12.7X	54.2%	NA	2.9%	4.8%	1.8X
<b>All Food Average (ex. VITL)</b>				18.9X	17.7X	18.4X	13.6X	12.3X	11.4X	48.6%	NA	3.4%	4.6%	2.1X
<b>Large Cap Food</b>				18.7X	18.0X	16.7X	13.1X	12.5X	11.8X	51.9%	NA	3.2%	5.4%	2.3X

Ratings: BUY, HOLD, SELL, SU is for suspended stocks, NC is for stocks not covered.

<sup>a</sup>Covered by our colleague Mark Astrachan

<sup>\*\*</sup>Covered by our colleague Pascal Boll, Stifel Europe Bank AG; for institutional use only

Source: Company reports, FactSet, and Stifel estimates

## Current Estimates vs. Consensus

Estimates Summary																		
	Current Quarter						Current Year						Forward Year					
	Quarter	Estimate	Prior estimate	Change	Consensus	Over/Under \$ %	Estimate	Prior estimate	Change	Consensus	Over/Under \$ %	Estimate	Prior estimate	Change	Consensus	Over/Under \$ %		
CPB	2Q24E	0.79	0.80	-0.01	0.78	0.01 1.3%	3.06	3.09	-0.03	3.07	-0.01 -0.3%	3.23	3.26	-0.03	3.24	0.00 -0.3%		
CAG	2Q24A	0.71	0.71		0.71		2.61	2.61		2.60	0.01 0.4%	2.67	2.67		2.70	-0.03 -1.1%		
GIS	2Q24A	1.25	1.25		1.25		4.49	4.48	0.01	4.49		4.66	4.65	0.01	4.65	0.00 0.2%		
HSY	4Q23E	1.97	1.99	-0.02	1.96	0.01 0.5%	9.54	9.55	-0.01	9.51	0.02 0.3%	9.95	10.17	-0.22	9.85	0.10 1.0%		
SJM	3Q24E	2.25	2.25		2.27	-0.02 -0.9%	9.52	9.52		9.52		10.17	10.38	-0.21	10.19	-0.02 -0.2%		
K	4Q23E	0.74	0.70	0.04	0.74		3.64	3.59	0.05	4.12	-0.48 -11.7%	3.77	3.77		3.60	0.17 4.7%		
MKC	4Q23E	0.80	0.80		0.79	0.00 1.3%	2.64	2.64		2.64		2.82	2.86	-0.04	2.85	-0.03 -1.1%		
MDLZ	4Q23E	0.78	0.74	0.04	0.77	0.01 1.3%	3.24	3.20	0.04	3.24		3.50	3.38	0.12	3.51	-0.01 -0.3%		
THS	^ 4Q23E	107	107		107	0 0.2%	364	364		364	0.2%	393	387	6	391	2 0.6%		
POST	^ 1Q24E	300	302	-2	299	1 0.2%	1264	1249	15	1246	18 1.5%	1308	1296	12	1298	10 0.7%		
SMPL	^ 1Q24A	62	62		62		263	264	-1	264	-1 -0.4%	281	281		284	-3 -1.0%		
BRBR	^ 1Q24E	95	95		94	1 0.8%	380	376	3.9	379	1 0.2%	421	410	12	423	-2 -0.4%		
KHC	^ 4Q23E	1673	1656	17	1681	-8 -0.5%	6330	6313	17	6320	11 0.2%	6588	6536	52	6469	119 1.8%		
LW	^ 2Q24A	377	377		377		1591	1592	-1	1590	1 0.1%	1729	1732	-3	1751	-22 -1.3%		
VITL	^ 4Q23E	8.4	8.4		8.4	0.0 0.1%	43	43		43		52	51	1	53	0 -0.9%		
SOVO	^ 4Q23E	41.1	38.9	2	40.7	0.4 1.1%	151	149	2.3	151	0.3%	179	164	15	165	14 8.6%		
WEST	^ 4Q23E	14.2	14.2		16.1	-1.9 -11.6%	46	46		47	-2 -4.0%	64	65	0	74	-10 -13.0%		
HAIN	^ 2Q24E	46.8	52.0	-5	43.5	3.3 7.6%	159	160	-1.1	160	-1 -0.4%	175	169	6	174	1 0.6%		
KLG	4Q23E	44.8	44.8		46.3	-1.5 -3.3%	250	250		253	-3 -1.1%	262	262		259	2 0.8%		

<sup>a</sup>EBITDA estimates shown; otherwise EPS is presented

Source: Stifel estimates, Factset, Company reports

- We adjusted our sales and EPS estimates in some cases due to our outlook and/or FX. Overall, we raised estimates for Kellanova, Mondelez, Kraft Heinz, and Sovos, while modestly lowering estimates for Campbell, Hershey, Post, and Hain.
- For the fourth quarter, we find most of our estimates essentially in line with consensus expectations. We stand ahead of consensus for Campbell, McCormick, Mondelez, Post, Sovos, and Hain. We stand below consensus for Kellanova, Westrock Coffee, and W.K. Kellogg.
- For the current fiscal year, we stand in line to below consensus for most companies in our coverage. In most cases, our estimates are only modestly different from the consensus estimate. We remain most concerned by the outlook for Campbell and Conagra. We believe the impact from weaker volumes and the potential for higher promotional spending in the second half of FY24 to combat volume weakness which could keep earnings growth below investor expectations.
- For 2024, we estimate 5% EPS growth for the large-cap food companies and we believe the trajectory of volume recovery is the primary factor in risk to our estimate. We believe volumes will inflect to growth in 2H24, faster improvement in volumes would support upside to our estimates while a slower recovery or greater reinvestment to support volume improvement would pressure earnings.

## Calendar 2023 Fourth Quarter Estimate Summary

Calendar 2023 Fourth Quarter Estimates (\$s in millions)																				
	BellRing Brands^	Campbell Soup**	Conagra Brands***	General Mills***	Hain Celestial^	JM Smucker**	Kellanova	Kraft Heinz^	W.K. Kellogg^	Lamb Weston***	McCormick	Mondelez	Simply Good Foods****	Sovos Brands^	TreeHouse^	Vital Farms^	Westrock Coffee^	Food Average		
Volume Growth	10.7%	-4.0%	-2.9%	-4.0%	-2.7%	-4.5%	5.6%	-5.3%	-11.9%	-13.0%	-6.0%	-1.4%	3.1%	-4.3%	2.6%	10.8%	-6.5%	12.0%	-3.3%	-0.4%
Revenue	\$404.2	\$2,398.1	\$3,208.1	\$5,139.4	\$455.5	\$2,731.1	\$2,258.4	\$3,135.1	\$6,951.6	\$649.9	\$1,732.1	\$1,775.4	\$9,363.6	\$1,931.3	\$308.7	\$283.8	\$933.9	\$131.5	\$215.6	
% Growth	11.4%	-3.5%	-3.2%	-1.6%	0.3%	3.0%	1.9%	-0.9%	-5.8%	-3.0%	35.7%	4.7%	7.7%	23.3%	2.6%	8.3%	-6.3%	19.5%	-5.3%	5.5%
Operating Income	\$86.1	\$358.3	\$510.3	\$989.4	\$31.9	\$548.9	\$425.5	\$388.1	\$1,403.5	\$23.8	\$301.0	\$305.1	\$1,413.3	\$175.2	\$62.0	\$36.7	\$65.1	\$3.7	\$7.6	
% Growth	13.1%	-1.0%	-9.3%	12.5%	-9.6%	-1.2%	19.0%	-3.9%	-3.6%	40.0%	22.2%	9.6%	8.5%	9.3%	2.0%	7.6%	-22.2%	8.4%	-26.6%	2.2%
Tax Rate	27.0%	24.0%	27.6%	20.8%	24.0%	1.0%	24.6%	22.0%	21.0%	24.0%	23.9%	22.0%	24.5%	23.0%	24.5%	26.0%	24.0%	28.0%	25.0%	23.0%
Interest Expense	\$14.8	\$48.0	\$113.3	\$117.8	\$13.3	\$40.5	\$102.9	\$84.3	\$236.4	\$10.1	\$29.1	\$52.1	\$84.9	\$76.7	\$4.9	\$10.1	\$14.5	-\$0.6	\$7.0	
Shares Outstanding	132.7	298.6	479.8	582.5	89.5	206.0	106.7	345.1	1235.5	86.1	145.5	271.1	1364.4	67.2	101.1	103.9	55.5	43.2	112.0	
EPS / EBITDA	\$95	\$0.79	\$0.71	\$1.25	\$46.8	\$1.97	\$2.25	\$0.74	\$1,673	\$45	\$377	\$0.80	\$0.78	\$300	\$62	\$41	\$107	\$8	\$14	
% Growth	12.0%	-1.3%	-12.7%	13.3%	-6.1%	-2.6%	1.5%	-42.6%	-4.0%	21.1%	14.8%	9.4%	10.7%	11.0%	2.0%	11.1%	-10.9%	22.7%	-18.7%	3.1%
Consensus EPS / EBITDA	\$94	\$0.78	\$0.71	\$1.25	\$43.5	\$1.96	\$2.27	\$0.74	\$1,681	\$46	\$377	\$0.79	\$0.77	\$299	\$62	\$40.7	\$106.75	\$8.4	\$16	
Variance - consensus	0.8%	1.3%	0.0%	0.0%	7.6%	0.5%	-0.9%	0.0%	-0.5%	-3.3%	0.0%	1.3%	1.3%	0.2%	0.0%	1.1%	0.2%	0.1%	-11.6%	
EBITDA / Share	\$0.72	\$1.53	\$1.38	\$1.95	\$0.52	\$3.16	\$4.63	\$1.48	\$1.35	\$0.52	\$2.59	\$1.33	\$1.43	\$4.46	\$0.61	\$0.40	\$1.93	\$0.19	\$0.13	
Gross Margin	34.5%	31.2%	26.9%	35.0%	0.0%	42.5%	37.5%	33.2%	34.5%	29.0%	27.6%	38.0%	36.5%	28.0%	37.3%	30.0%	18.5%	31.5%	17.0%	29.8%
Operating Margin	21.3%	14.9%	15.9%	18.3%	0.0%	20.1%	18.8%	12.4%	20.2%	3.7%	17.4%	17.2%	15.1%	9.1%	20.1%	12.9%	7.0%	2.8%	3.5%	13.9%
EBITDA Margin	23.5%	19.1%	20.7%	22.1%	0.0%	23.8%	21.9%	16.2%	24.1%	6.8%	21.8%	20.4%	20.9%	15.5%	20.1%	14.5%	11.5%	6.4%	6.6%	17.2%
Free Cash Flow (after divs)	\$57	\$105	\$203	\$359	\$9	-\$7	\$41	\$40	\$438	\$54	\$1	\$95	\$662	\$72	\$42	\$27	\$15	\$0	-\$21	
Total Ending Debt	\$832	\$4,656	\$9,070	\$12,651	\$795	\$4,914	\$8,686	\$6,413	\$19,528	\$499	\$27	\$4,697	\$19,986	\$6,225	\$272	\$487	\$1,064	\$16	\$288	
Capital Expenditures	\$1	\$114	\$70	\$152	\$18	\$276	\$156	\$187	\$290	-\$23	\$240	\$73	\$420	\$108	\$1	\$3	\$66	\$0	\$28	
D & A	\$5	\$100	\$99	\$129	\$13	\$102	\$142	\$121	\$270	\$21	\$71	\$56	\$541	\$107	\$6	\$10	\$42	\$0	\$7	

<sup>^</sup> EBITDA estimate shown  
<sup>\*\*</sup> Represents the quarter ending in April  
<sup>\*\*\*</sup> Represents the quarter ended in February  
<sup>\*\*\*\*</sup> Represents Company Filings and Stifel estimates

- As outlined above, we estimate 2% earnings growth for the large-cap food companies in the quarter (ex. Kellanova), slightly trailing our full year EPS growth expectation. We estimate a 2.5% volume decline for the large-cap group including volume declines for each company excluding JM Smucker and Mondelez.
- Our estimates include another quarter of strong gross margin expansion benefiting from carry over pricing more than offsetting current input cost inflation and lower supply chain costs.
- As previously mentioned, we stand ahead of consensus (>1%) for Campbell, McCormick, Mondelez, Post, Sovos, and Hain. We stand below consensus for Kellanova, Westrock Coffee, and W.K. Kellogg.

## **Calendar 2024E Outlook**

- **We provide a summary of our estimates for CY2024 for each company below including a ranking based on key fundamentals and valuation metrics that we track closely.** We have been utilizing this analysis for the past several years and find it to be a valuable tool that investors can use to assess fundamentals and valuation in order to isolate any opportunities within certain stocks where the fundamentals and valuation are not aligned. We believe this analysis does a good job of ranking each company on the basis of key fundamental factors and then combining that with a similar ranking on the basis of several valuation metrics, providing investors with a concise look at the “total package” for each food company.
  - **Interestingly, three food stocks currently screen as being undervalued in relation to their fundamentals.** This analysis suggests that Smucker, Kraft Heinz, and Campbell have the best ranking in this analysis with “7” overall (on the 18-point scale), suggesting these stocks maintain the best mix of operating fundamentals and valuation level. Conagra, General Mills, Kellanova, Simply Good Foods, TreeHouse, and Vital Farms “8” and “9” rankings round out the list of what we regard as the most interesting stocks based on the combination of operating fundamentals and valuation. While each of these stocks that screens favorably we find interesting at this level, we have a Buy rating for General Mills, Kraft Heinz, Simply Good Foods, and Vital Farms, which we believe are best positioned to outperform from this level. There are various factors that can work against this analysis, such as FX adjustments and acquisitions/divestitures but, for the most part, we find this analysis to be a concise summary of the current fundamentals and valuation for each individual company.
  - **When we screen simply for the cheapest valuation utilizing a variety of valuation metrics across our coverage, Conagra and Kraft Heinz stand out** amongst the food stocks in our coverage for the lowest/cheapest valuation levels and one of the widest disparities in valuation we have seen in this analysis. Westrock, BellRing, McCormick, Mondelez, and Sovos maintain the highest absolute valuation levels in the group based on this analysis.
  - **On a purely fundamental basis, Simply, BellRing, and Smucker maintain the strongest fundamental outlooks across the group.** The results of this study vary from month-to-month and quarter-to-quarter. Therefore, we keep a close eye on this ranking, which we believe provides a quick summary of the relationship between fundamentals and valuation and does a good job of isolating those companies for which valuation is disjointed from fundamentals.

Calendar 2024 Outlook																																							
(\$ in millions)		Q1 Performance												Q2 Performance																									
		BRBR	Rank	CPB	Rank	CAG	Rank	GS	Rank	HAIN	Rank	HSY	Rank	SJM	Rank	K	Rank	KHC	Rank	KLG	Rank	LW	Rank	MKC	Rank	MDLZ	Rank	POST	Rank	SMPL	Rank	SOVO	Rank	THS	Rank	VITI	Rank	WFST	Rank
Sales Growth	13.0%	3	2.1%	15	-0.2%	17	-0.8%	19	4.7%	9	2.9%	12	9.3%	6	2.8%	13	2.2%	14	-0.5%	18	11.3%	5	2.1%	16	3.6%	11	12.1%	4	6.9%	7	14.4%	2	4.0%	10	19.5%	1	4.8%	8	
Volume Growth	15.5%	2	2.5%	8	0.5%	13	-2.3%	19	3.2%	7	0.5%	14	1.3%	9	0.9%	11	0.2%	16	-2.0%	18	0.1%	17	0.2%	15	3.3%	6	1.0%	10	6.9%	4	4.2%	12	20.4%	3	5.9%	5			
Gross Profit Growth	14.8%	4	3.7%	12	-0.5%	19	0.0%	18	13.2%	8	3.1%	16	13.7%	7	3.5%	13	3.3%	14	0.1%	17	16.6%	3	3.3%	15	4.0%	11	13.8%	6	11.8%	9	17.2%	2	5.5%	10	19.8%	1	14.7%	5	
Gross Profit Margin	32.7%	10	31.7%	11	27.3%	16	35.1%	6	23.7%	17	44.9%	1	38.1%	3	33.7%	9	34.0%	8	29.0%	14	29.9%	13	37.5%	5	37.5%	4	28.6%	2	30.7%	12	17.9%	18	34.0%	7	17.8%	19			
Bps Increase	53	7	8	-7	19	29	12	180	18	147	4	21	14	35	11	18	15	157	5	44	9	12	16	41	17	170	2	73	6	25	13	17	152	3	15.2%	3			
Operating Profit Growth	12.7%	7.8%	10	-3.0%	18	1.9%	15	18.1%	4	5.8%	12	17.6%	3	3.7%	14	6.0%	16	-1.3%	19	12.2%	8	5.8%	11	5.2%	15	21.4%	1	-0.2%	17	8.5%	9	13.0%	8	8.8%	8	21.2%	2	34.8%	1
Operating Profit Margin	16.2%	6	15.1%	11	15.5%	18	16.2%	7	5.7%	8	24.7%	1	20.3%	2	14.4%	12	20.0%	3	6.5%	16	18.5%	10	18.0%	8	20.0%	4	13.5%	19	15.1%	17	3.2%	19	16.1%	1	17.3%	17			
Bps Increase	-6	15	7.8	-7	11	17	4	8	6	66	4	147	1	13	13	51	7	-9	24	12	56	5	23	11	-116	19	31	10	-16	35	9	11	14	72	3				
EPS Growth	22.5%	2	9.6%	5	-5.3%	15	3.0%	13	-24.8%	18	4.3%	11	2.5%	14	3.5%	12	6.9%	9	-18.5%	17	4.4%	10	0.7%	8	8.0%	6	-5.3%	16	14.8%	3	14.2%	4	7.5%	7	30.1%	1	NM		
Share Repurchase	200	200	0	500	0	0	0	0	0	300	0	1600	0	4	0	0	0	0	2800	140	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
% of Market Cap	2.8%	3	1.5%	6	0.0%	10	1.3%	7	0.0%	10	0.0%	10	0.0%	10	1.6%	5	3.5%	1	0.0%	10	0.0%	9	0.0%	10	2.8%	2	2.2%	4	0.8%	8	0.0%	10	0.0%	10	0.0%	10			
Debt Reduction	0	200	575	300	80	0	0	275	7	0	0	-400	0	0	0	260	0	0	200	155	80	0	120	0	-80														
% of Total Debt	0.0%	12	4.3%	7	6.3%	5	2.4%	10	10.1%	3	0.0%	12	3.2%	9	0.0%	12	0.0%	12	-80.2%	18	1.0%	11	5.5%	6	0.0%	12	3.2%	8	57%	1	16.4%	2	8.0%	4	NM	-28%	17		
Average Fundamental Rank	6	9	14	12	9	10	6	12	10	16	9	10	9	11	5	7	7	11	7	11	5	7	11	7	11	7	9	11	7	9	11	7	9						
Current Dividend Yield	0.0%	12	3.4%	6	4.8%	2	3.7%	5	0.0%	12	2.5%	9	3.3%	7	4.2%	4	4.3%	3	4.8%	1	1.4%	11	2.6%	8	2.3%	10	0.0%	12	0.0%	12	0.0%	12	0.0%	12					
Current P/E (Calendar 2024)	32.2	18	14.0	6	11.3	2	13.9	5	22.8	15	19.0	11	13.1	4	14.2	7	11.6	3	8.5	1	17.2	9	23.3	16	21.1	13	18.2	10	21.0	12	26.3	17	16.3	8	22.7	14	75.6%	19	
Current EV/EBITDA (FY24)	20.7	19	9.8	6	8.1	2	11.1	11	10.3	8	13.2	13	10.7	10	7	9.8	5	6.8	1	11.2	12	16.9	17	15.3	15	9.2	4	15.4	16	14.4	14	8.8	3	10.7	9	17.8	18		
FCF Yield (Calendar 2024)	3.3%	16	6.8%	5	8.2%	3	6.2%	6	4.7%	11	4.6%	13	5.4%	9	5.8%	7	8.4%	2	-8.7%	19	2.2%	17	4.0%	15	4.6%	12	5.6%	8	4.6%	14	4.8%	10	7.3%	4	8.8%	1	-3.7%	18	
Average Valuation Rank	16	6	2	7	12	12	8	6	3	6	12	14	13	9	14	13	7	11	10	9	10	9	10	9	10	9	10	9	8	10	9	10	9	10	17				
Average Overall Rank *	11	7	8	9	10	11	7	9	7	11	10	12	11	10	9	10	9	10	9	10	9	10	9	10	9	10	9	8	10	9	10	9	8	13					

\*Simple average of fundamental and valuation rankings  
Source: Company reports, Stifel estimates

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## Calendar 2024E Earnings Leverage Analysis

	Lower Margin and Sales Growth	Operating Margin -50 bps	Sales Growth -100 bps	2024E	Sales Growth +100 bps	Operating Margin +50 bps	Higher Margin and Sales Growth
BRBR	EPS Growth	17.1%	16.3%	21.1%	22.5%	23.7%	26.4%
	Incremental EPS	-\$0.07	-\$0.06	-\$0.02	\$0.02	\$0.05	\$0.07
	EPS % Change	-4.4%	-3.4%	-1.2%	0.9%	3.2%	4.3%
CPB	EPS Growth	4.2%	5.4%	8.3%	9.6%	10.8%	13.7%
	Incremental EPS	-\$0.16	-\$0.12	-\$0.04	\$0.04	\$0.12	\$0.16
	EPS % Change	-4.9%	-3.8%	-1.1%	1.1%	3.8%	5.0%
CAG	EPS Growth	-9.7%	-8.6%	-6.3%	-5.3%	-4.2%	-1.9%
	Incremental EPS	-\$0.12	-\$0.09	-\$0.03	\$0.03	\$0.09	\$0.12
	EPS % Change	-4.7%	-3.6%	-1.1%	1.1%	3.6%	4.7%
GIS	EPS Growth	-1.2%	-0.1%	1.9%	3.0%	4.2%	6.2%
	Incremental EPS	-\$0.19	-\$0.14	-\$0.05	\$0.05	\$0.14	\$0.19
	EPS % Change	-4.1%	-3.0%	-1.1%	1.1%	3.0%	4.2%
HAIN	EPS Growth	22.0%	24.6%	47.5%	50.3%	53.1%	76.1%
	Incremental EPS	-\$0.09	-\$0.08	-\$0.01	\$0.01	\$0.08	\$0.09
	EPS % Change	-18.8%	-17.1%	-1.3%	1.9%	17.1%	19.2%
HSY	EPS Growth	2.9%	4.0%	5.3%	6.5%	7.7%	8.9%
	Incremental EPS	-\$0.34	-\$0.23	-\$0.11	\$0.11	\$0.23	\$0.35
	EPS % Change	-3.4%	-2.3%	-1.1%	1.1%	2.3%	3.4%
SJM	EPS Growth	-2.0%	-0.8%	1.3%	2.5%	3.7%	5.8%
	Incremental EPS	-\$0.44	-\$0.32	-\$0.12	\$0.12	\$0.32	\$0.45
	EPS % Change	-4.4%	-3.2%	-1.2%	1.2%	3.3%	4.5%
K	EPS Growth	-1.7%	-0.6%	2.4%	3.5%	4.7%	7.7%
	Incremental EPS	-\$0.19	-\$0.15	-\$0.04	\$0.04	\$0.15	\$0.20
	EPS % Change	-5.1%	-4.0%	-1.1%	1.1%	4.0%	5.2%
KHC	EPS Growth	2.3%	3.5%	5.3%	6.5%	7.7%	9.5%
	Incremental EPS	-\$0.12	-\$0.09	-\$0.04	\$0.04	\$0.09	\$0.13
	EPS % Change	-3.9%	-2.8%	-1.1%	1.1%	2.8%	4.0%
KLG	EPS Growth	-25.4%	-24.6%	-19.3%	-18.5%	-17.6%	-12.3%
	Incremental EPS	-\$0.13	-\$0.12	-\$0.02	\$0.02	\$0.12	\$0.14
	EPS % Change	-8.5%	-7.6%	-1.0%	1.0%	7.6%	8.7%
LW	EPS Growth	0.2%	1.2%	3.3%	4.4%	5.4%	7.5%
	Incremental EPS	-\$0.24	-\$0.18	-\$0.06	\$0.06	\$0.18	\$0.25
	EPS % Change	-4.0%	-3.0%	-1.0%	1.0%	3.0%	4.0%
MDLZ	EPS Growth	3.8%	4.8%	7.0%	8.0%	9.1%	11.3%
	Incremental EPS	-\$0.14	-\$0.11	-\$0.03	\$0.03	\$0.11	\$0.14
	EPS % Change	-4.0%	-3.0%	-1.0%	1.0%	3.0%	4.0%
MKC	EPS Growth	1.9%	3.0%	5.8%	6.7%	7.9%	10.4%
	Incremental EPS	-\$0.13	-\$0.10	-\$0.03	\$0.03	\$0.10	\$0.13
	EPS % Change	-4.5%	-3.5%	-1.1%	1.1%	3.5%	4.6%
POST	EPS Growth	-15.7%	-14.3%	-6.8%	-5.3%	-3.9%	3.6%
	Incremental EPS	-\$0.55	-\$0.48	-\$0.08	\$0.08	\$0.48	\$0.56
	EPS % Change	-11.0%	-9.5%	-1.8%	1.5%	9.4%	11.1%
SMPL	EPS Growth	10.6%	11.7%	13.6%	14.8%	15.9%	17.9%
	Incremental EPS	-\$0.07	-\$0.05	-\$0.02	\$0.02	\$0.05	\$0.07
	EPS % Change	-3.6%	-2.7%	-1.0%	1.0%	2.7%	3.7%
SOVO	EPS Growth	7.3%	8.6%	12.9%	14.2%	15.5%	19.8%
	Incremental EPS	-\$0.05	-\$0.04	-\$0.01	\$0.01	\$0.04	\$0.05
	EPS % Change	-6.0%	-4.3%	-1.2%	1.2%	4.9%	6.1%
THS	EPS Growth	-4.0%	-2.7%	6.2%	7.5%	8.9%	17.8%
	Incremental EPS	-\$0.28	-\$0.25	-\$0.03	\$0.03	\$0.25	\$0.28
	EPS % Change	-10.7%	-9.8%	-1.2%	1.2%	9.6%	10.9%
VITL	EPS Growth	19.5%	20.4%	29.1%	30.1%	31.1%	39.8%
	Incremental EPS	-\$0.05	-\$0.05	\$0.00	\$0.00	\$0.05	\$0.05
	EPS % Change	-8.1%	-7.4%	-0.8%	0.8%	7.4%	8.3%
WEST	EPS Growth	N/M	N/M	N/M	N/M	N/M	N/M
	Incremental EPS	-\$0.03	-\$0.03	\$0.00	\$0.00	\$0.03	\$0.03
	EPS % Change	-230.0%	-218.6%	-13.5%	13.5%	218.6%	234.2%
Average	EPS Growth	1.8%	3.0%	7.7%	9.0%	10.2%	14.9%
	EPS % Change	-18.1%	-16.5%	-1.8%	1.8%	16.5%	18.4%

Source: Company reports, Stifel estimates

## Calendar 2024E Sales/Operating Margin Projections

	"24E Sales Growth	Sales Bias	"24E Oper. Margin	Basis Point Change	Oper. Margin Bias	Comments
CPB	2.1%	-	15.1%	78	-	Pricing is essentially fully lapped with revenue growth supported by favorable mix and a slow recovery in volumes. Volumes, especially in soup, have been challenged as the company contends with weak category trends and private label share gains. Margin remains a watch-out if Campbell increases promotional and merchandising activity.
CAG	-0.2%	+	15.9%	-11	-	Conagra is leaning into promotional activity to drive volume growth. Our volume estimates reflect a prudent trajectory in recovery while margins remain a watch-out as Conagra ramps up investment. If volumes do not reflect to growth the volume deleverage and investment level are risks.
BRBR	13.0%	+	18.2%	-6	NC	Sales growth is accelerating benefiting from incremental capacity in the shake business, faster incremental capacity realization would support stronger sales growth. Increasing investment toward pre-constraint level is weighing on margin but this is offset by input cost favorability.
GIS	-0.8%	NC	18.2%	49	-	Soft volume trends in NAR and Pet persist into 2024, our estimates include improving trends in NAR supported by volumes while Pet is likely to remain pressured. Greater investment, especially in Pet, to improve volume trends is a risk to our margin estimates.
HAIN	4.7%	-	5.7%	52	-	Volume trends are decelerating even as the pricing rolls off. We believe the company may need to lean into promotional activity to stabilize its volume performance which would pressure margins even as productivity savings are realized.
HSY	3.5%	-	24.7%	58	NC	Category trends have softened and competitive pressure has picked up. Innovation and incremental capacity support volume growth, but cocoa inflation likely requires pricing or margins will be pressured and incremental pricing could soften revenue growth reflecting elasticity and competitive pressure.
SJM	9.3%	NC	20.3%	147	NC	Our estimates include solid base business growth supported by Uncrustables and Pet and the incremental benefit from the Hostess acquisition. A faster return to growth in sweet baked goods would support upside to our estimates.
K	2.8%	+	14.5%	13	NC	Our estimates include modest volume growth and the carry over benefit from pricing. We estimate volumes inflect to growth in the second half of the year benefiting from easing comparisons and abating headwinds.
KHC	2.2%	+	20.2%	51	NC	Foodservice and International sales trends remain strong and volumes in North America are beginning to improve. We see this setting up for a solid 2024 outlook. We estimate modest volume growth for the year with the majority of revenue growth supported by carry over pricing.
KLG	-0.5%	NC	20.2%	51	-	Trends in the cereal category remain weak even as pricing rolls off, WK Kellogg is losing share while private label is performing well. We believe the weaker volumes may require greater reinvestment which would pressure our margin estimates in 2024.
LW	11.3%	+	18.5%	24	+	Sales growth reflects pricing to offset inflation, the lapping of contract exits, and improving underlying volumes. Lamb's underlying margins continue to expand, continued growth in value added fries (battered) and less disruption from ERP conversion would support upside to our margin estimates.
MDLZ	3.6%	NC	16.4%	25	-	Mondelez continues to grow its organic sales strongly, well ahead of its LT growth, and including both pricing and volume growth. Pricing will likely contribute to growth again in 2024 as the company contends with cocoa inflation. Greater disruption from pricing negotiations with customers is a risk to revenue growth and margins.
MKC	2.1%	-	15.8%	56	NC	Volumes remain weak with growth mostly supported by carry over pricing actions. Our estimates includes sequentially improving volumes in 2024. Greater investments to support innovation and narrow price gaps are risks to our margin expansion estimate.
POST	12.1%	NC	9.2%	-136	NC	Revenue growth is mostly supported by the Pet Food acquisition with underlying growth challenged by lapping All benefits in the Foodservice business. Continued growth in the Pet business and greater synergy realization in 2024 would support upside to our estimates.
SMPL	6.9%	+	20.1%	31	NC	Quest growth remains robust, but Atkins remains in decline. Gross margin expansion is taking hold benefiting from lower input costs and we expect this to continue through 2024. 2024 growth benefits from an extra shipping week.
SOVO	14.4%	+	13.5%	-16	+	Growth led by the Rao's brand supported by household penetration gains, expanded distribution, and pricing. The pending acquisition by Campbell continues to be under review by FTC.
THS	4.0%	+	6.6%	35	+	The company has outlined a robust sales growth opportunity driven by significant pricing and limited volume effect. We believe this could be aided by trade-down activity which could benefit private label. Productivity savings which begin to take hold in 2024 supports margin expansion.
VITL	19.5%	NC	6.1%	11	+	Revenue growth is supported by distribution gains, increased household penetration, and innovation. Grain cost favorability supports upside to our margin estimate in 2024. Growth is burdened by lapping an extra shipping week in the prior year.
WEST	4.8%	NC	3.2%	72	NC	Westrock's transformational Conway facility remains on track with initial lines starting up in 2H24. Our growth estimates in 2024 reflect easy comparisons versus the prior year with just modest initial contribution from Conway. Faster customer ordering and fulfillment from Conway in 2024 would support upside to our estimates.
Average	6.0%		14.9%	31		

NC = No change expected

Source: Company reports, Stifel estimates

## Stifel – Food & Tobacco Equity Research

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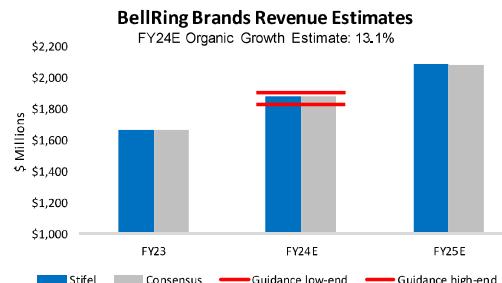
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points																
BellRing Brands (BRBR)	BUY	2/5/2024	\$54.58	<p style="text-align: center;"><b>Stifel Estimates</b></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <th>1Q23A</th> <th>1Q24E</th> <th>FY24E</th> <th>FY25E</th> </tr> <tr> <td>\$85</td> <td>\$95</td> <td>\$380</td> <td>\$421</td> </tr> </table> <p style="text-align: center;">Consensus Estimates</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <th>1Q23A</th> <th>1Q24E</th> <th>FY24E</th> <th>FY25E</th> </tr> <tr> <td>\$85</td> <td>\$94</td> <td>\$379</td> <td>\$423</td> </tr> </table>	1Q23A	1Q24E	FY24E	FY25E	\$85	\$95	\$380	\$421	1Q23A	1Q24E	FY24E	FY25E	\$85	\$94	\$379	\$423	<p><b>Sales</b></p> <p>Our sales growth estimate is driven by nearly 11% volume growth and a slight pricing benefit related to the rolling off of the high-single digit increase from October 2022. By brand, we estimate 10% sales growth for Premier as it laps a low-double-digit trade inventory fill, and 27% growth for Dymatize as it laps a de-load in the international and specialty channels.</p> <p><b>GM</b></p> <p>We estimate 60bps of gross margin expansion to 34.5% in 1Q24 related to lower protein costs versus the prior year – promotions are not expected to impact the first quarter.</p> <p><b>EBITDA</b></p> <p>Our \$95.1 million 1Q24 EBITDA estimate (+12%) reflects 10bps of margin expansion as increased marketing spend offsets gross margin expansion.</p>
1Q23A	1Q24E	FY24E	FY25E																		
\$85	\$95	\$380	\$421																		
1Q23A	1Q24E	FY24E	FY25E																		
\$85	\$94	\$379	\$423																		

Closing price as of 1/24/2024

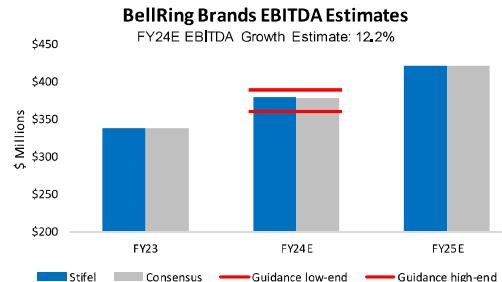
Source: Stifel estimates and FactSet

### 1Q24 Preview

- BellRing Brands is scheduled to report its first quarter earnings on February 5 after the market close, with its earnings call the next morning. First quarter guidance calls for low-double-digit sales growth and EBITDA margins similar to 1Q23 – we estimate nearly 11.5% sales growth and EBITDA of \$95.1 million (+12%) including 10bps margin expansion versus the prior year to 23.5%.
- Our sales growth estimate is driven by nearly 11% volume growth and a slight pricing benefit related to the rolling off of the high-single-digit increase from October 2022.
- By brand, we estimate 10% sales growth for Premier as it laps a low-double-digit trade inventory fill, and 27% growth for Dymatize as it laps a de-load in the international and specialty channels. Overall we expect consumption to outpace shipments during 1Q24 related to last year's Premier inventory fill and the timing difference between when retailers reflected pricing actions on shelves and when the actions benefited shipment growth – the delay in retailers raising shelf pricing is resulting in the company's pricing actions benefitting consumption growth while shipment growth fully lapped the pricing benefit in October.
- We estimate 60bps of gross margin expansion to 34.5% in 1Q24 related to lower dairy protein costs versus the prior year – promotions are not expected to impact the first quarter.
- Our \$95.1 million EBITDA estimate reflects 10bps of margin expansion as increased marketing spend offsets gross margin expansion.
- With the company discontinuing Power Bar in North America, the remaining \$17.4 million of accelerated amortization is expected to impact the first quarter – while this will be adjusted out of non-GAAP results, the adjusted tax rate of 27% we estimate in 1Q24 is higher than the 25% rate we estimate for the remainder of the year.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## BellRing Brands – BRBR – BUY – \$60 Target Price

### 2024 Outlook

- The company's FY24 guidance calls for revenue in the range of \$1.83-\$1.91 billion (+10% to +15%) and EBITDA of \$360-\$390 million (+6% to +15%). The mid-point of the sales guidance is above the high-end of the company's 10%-12% long-term algorithm and the EBITDA margin of 20% across the guidance ranges stands at the high-end of the 18%-20% long-term target.
- Enabled by production that increased 17% in FY23 and an expectation for an additional 20%+ increase in FY24, we estimate strong volume growth in FY24 related to distribution expansion, increased promotional activity, and relaunched Premier shake flavors (1H24 benefit).
- We estimate over 13% sales growth for the year, with nearly 13% growth for Premier and over 17% growth for Dymatize, as total company volume increases over 15% behind a nearly 15.5% increase for Premier and an over 18% increase for Dymatize.
- Due to a more normal promotional cadence in FY24, we estimate over a 2% price/mix headwind – no promotions are expected in 1Q24, 2Q should feature events for both Premier and Dymatize, limited promotions occurring in 3Q, and promotions on the full premier brand in 4Q24.
- Following a similar cadence we expect the first quarter to feature the highest gross margin of the year, with the second and fourth quarters resulting in the lowest gross margin performances – we estimate 50bps of expansion for the year to 32.5% with increases in both halves and through 9M24 followed by a decrease in 4Q24 against a period when protein costs had declined from their 2Q23/3Q23 peaks.
- Following an analysis of incremental margins, we have raised our FY24 EBITDA estimate by \$4 million to \$379.7 million (+12%), which reflects a 20% EBITDA margin.
- In terms of cadence, we expect higher sales and EBITDA growth during the first half due to improved production, with the second quarter exhibiting the greatest growth for both metrics as the company is able to reengage in club promotions that did not occur in FY23.
- We expect the highest EBITDA margin of the year to occur in 1Q24 before marketing spending kicks in for Dymatize and Premier powder in 2Q24, a continuation of the Dymatize campaign in 3Q24, and then the launch of a national marketing campaign for Premier during the fourth quarter when tetra packs have reached a sufficient level of supply – marketing spend is expected to total 3%-3.5% of sales during FY24 and we expect SG&A expenses as a percentage of sales to increase 60bps as a result.

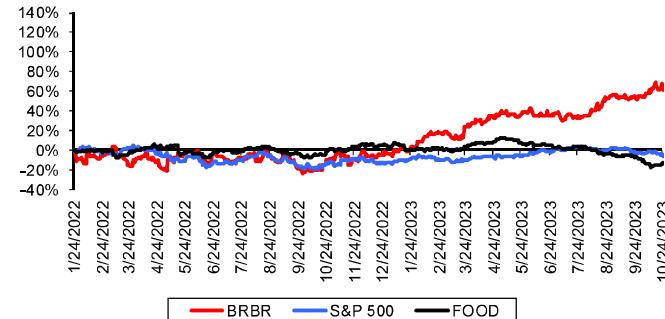
### Stock

- We continue with our Buy rating and we are raising our target price to \$60. Our share price reflects our mixed methodology considering a value of the base business in the upper-\$50 range (70% of target price) and a 30% probability of takeout which we believe is in the mid-\$60 range.
- This premium base multiple is appropriate in our view and is supported by the strong growth momentum and improving supply supporting volume led growth in FY24 and beyond.
- The balance sheet is an asset here with leverage standing near 2.4x today, and we expect leverage to fall below 2x exiting FY24 supporting optionality. In the near term we expect the company to opportunistically repurchase shares.
- Risks to our target price include customer concentration, category concentration, reliance on co-manufacturers, input cost inflation, and the ability to price.

	Price	P/E		EV/EBITDA		Div. Yield	FCF Yield
	1/24/2024	2024E	2025E	2024E	2025E		
BRBR	\$54.58	32.2x	27.5x	20.7x	18.7x	0.0%	3.3%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

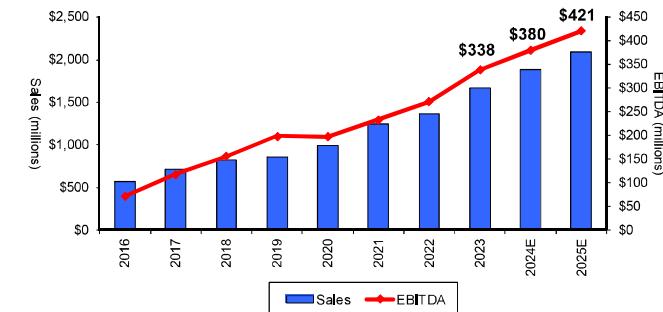
Source: Company reports, FactSet, Stifel estimates

### Price Change - Two Year



Source: FactSet

### Sales and EBITDA



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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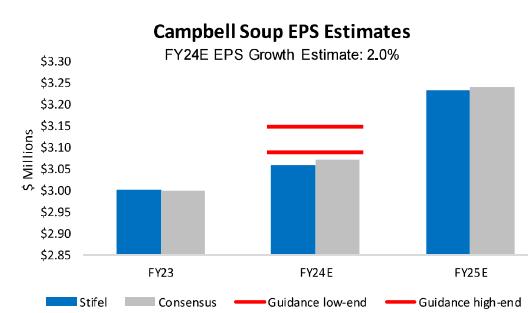
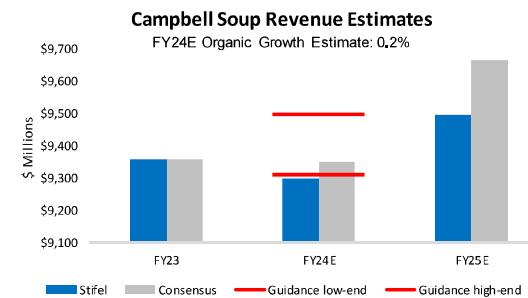
				EPS Expectations				Stifel Expectations/Key Points					
Company	Rating	Release Date	Price	2Q23A	2024E	FY24E	FY25E	Sales					
Campbell (CPB)	HOLD	TBD	\$44.12	\$0.80	\$0.79	\$3.06	\$3.23	Sales	We expect 2Q24 sales growth to be in line with consumption, and have lowered our sales estimate to better reflect measured channel trends. We now estimate a nearly 3% organic sales decline consisting of a 1% pricing benefit and a -4% volume decline. By division, we estimate a -5% Meals and Beverages performance and flat organic growth in Snacks with volume down 4%. Moderating inflation is enabling productivity and cost savings to have a greater impact on the P&L, which alongside an improved volume performance and a lessening mix headwind is supporting the 50bps gross margin increase we estimate in the quarter to 31.2% - due to normal seasonality, our estimate reflects a 90bps sequential decline.				
				Consensus Estimates	2023A	2024E	FY24E	FY25E	GM	We estimate a slight EBIT decrease for 2Q24 with a 5% decline in Meals & Beverages offset by a 7% Snacks increase - we estimate 40bps of operating margin expansion as increased marketing/selling expense saps the gross margin expansion we estimate. Due to the marketing spending shift out of 1Q24 and into 2Q24, we expect marketing as a percentage of sales to be 9.4% during 2Q24.			

Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 2Q24 Preview

- We expect Campbell to report its 2Q24 results in early March. We are lowering our 2Q24 EPS estimate by \$0.01 to \$0.79, which represents a 1% decline and stands \$0.01 ahead of the consensus. Our lowered estimates reflect a softer sales outlook.
- We expect 2Q24 sales growth to be in line with consumption, and have lowered our sales estimate to better reflect measured channel trends. We now estimate a nearly 3% organic sales decline consisting of a 1% pricing benefit and a -4% volume decline. By division, we estimate a -5% Meals and Beverages performance with volume -4% and pricing down 1% due to a pickup in promotional activity. We estimate a flat organic growth in Snacks with volume down 4%.
- We expect the 2Q24 volume decline to improve sequentially versus 1Q24, which was impacted by a tough comparison as promotional activity results in some volume improvement as well.
- Our sales estimate includes a sequential decline in pricing. The company implemented its fourth round of pricing at the start of 3Q23 a LSD increase. We expect pricing in the Meals and Beverages division to turn negative in the second quarter due to increased promotions.
- Moderating inflation is enabling productivity and cost savings to have a greater impact on the P&L, which alongside an improved volume performance and a lessening mix headwind is supporting the 50bps gross margin increase we estimate in the quarter to 31.2%; due to normal seasonality, our estimate reflects a 90bps sequential decline. Our first half gross margin estimate reflects 20bps of expansion.
- We estimate a slight EBIT decrease for 2Q24 with a 5% decline in Meals & Beverages offset by a 7% Snacks increase - we estimate 40bps of operating margin expansion as increased marketing/selling expense partially offsets gross margin expansion we estimate. Due to the marketing spending shift out of 1Q24 and into 2Q24, we expect marketing as a percentage of sales to move up to 9.4% in the second quarter.
- Below the line, we estimate a 0.3% headwind to EPS growth as higher interest expense is largely offset by a lower share count.



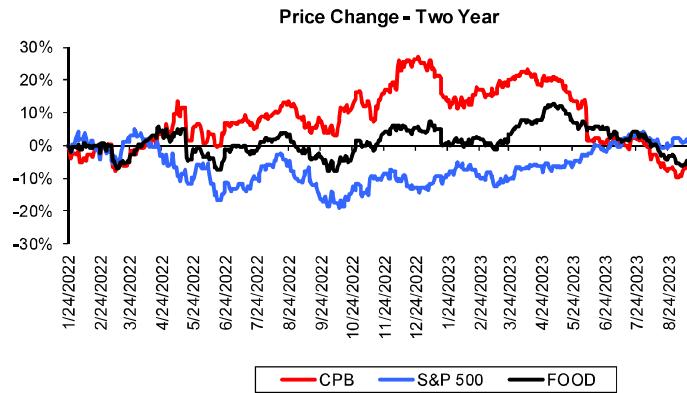
## Campbell Soup – CPB – HOLD – \$45 Target Price

### FY24 Outlook

- Campbell's guidance calls for 0%-2% organic sales growth, 3%-5% EBIT growth, and 3%-5% EPS growth (\$3.09-\$3.15) – prior to any benefit from the Sovos Brands acquisition.
- Reflecting our lowered second quarter estimates and lower margin expectations across the year, we now estimate EPS of \$3.06 (+2%) in FY24, which stands \$0.03 below our previous estimate and \$0.02 below the consensus.
- The company is expecting volume declines in the first half before inflecting to growth in 2H23, due to moderating pricing (fourth wave rolls off at the end of 2Q24), easier comparisons, innovation, and increased marketing spending. We estimate 0.2% organic sales growth in FY24 with pricing up 1.1% and volume/mix down less than 1% as growth in the second half is not enough to overcome declines in 1H24. Due to promotional activity, we expect pricing to be slightly negative in 2H24. Marketing >9% of sales should support volume improvement during the second half.
- We estimate 30bps of gross margin expansion in FY24 due to moderating inflation (up low-single digits versus +12% in FY23), cost savings (\$35-\$40 million), productivity (3% of COGS), scale benefits as second half volume growth generates volume leverage, continued Snacks synergy realization, and a mix benefit in Meals & Beverages as current outsized foodservice growth normalizes (low-margin) and retail sales improve and inflect to growth against easy comparisons (high-margin). In terms of phasing, we believe the first quarter's 10bps decline reflects the most pressure in FY24 (lower volume and negative mix due to soup declines), and expect year-over-year expansion through the remainder of the year due to the factors outlined above.
- We estimate 2% EBIT growth for the year, with a sequentially improving rate of growth in the remaining quarters versus 1Q24's 9% decline.
- We expect Meals & Beverages EBIT to decline nearly 2% in FY24 with a -9% decline in the first half overcoming 13.5% 2H24 growth due to the timing of pricing offsetting inflation, mix improvement, and volume growth – we estimate a flat margin performance for the year.
- For Snacks, we estimate 9% growth for the year with the EBIT margin expanding 110bps to 15.5% as abating macro headwinds allow more of the Snyder's Lance synergies/productivity to shine.
- Lower pension income of \$13 million is expected to be a \$0.03 EPS headwind (-1%) concentrated in the first quarter, with additional headwinds from higher interest expense and a higher tax rate. Overall, we expect below the line items to be a slight benefit to EPS growth in FY24.
- Stock
- We continue with our Hold rating and our \$45 target price, which we derive by assigning a 10x EV/EBITDA multiple to our FY24 EBITDA estimate.
- We believe this valuation appropriately balances the second half weighted year against an outlook calling for a volume growth exiting the year and strong margin improvement in Snacks.
- The balance sheet is expected to push up towards 4x leverage following the Sovos acquisition and we believe the company will prioritize capital expenditures to support growth and productivity savings and debt reduction over the medium term with the company targeting achieving 3x leverage by the end of the third year following the transaction.
- Risks to our target price include the tough comparisons (and weak volumes), volatility in input costs, the ability to offset the costs with savings, and the continued execution risk of integrating Snyder's Lance and achieving the synergies from the acquisition.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
CPB	\$44.12	14.0x	13.2x	9.8x	9.5x	3.4%	6.8%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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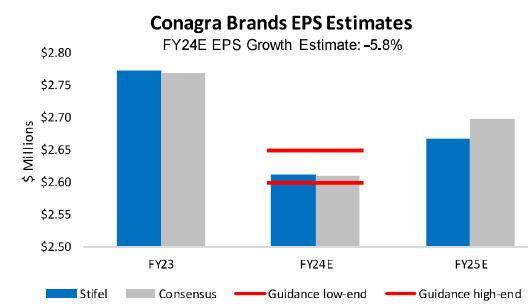
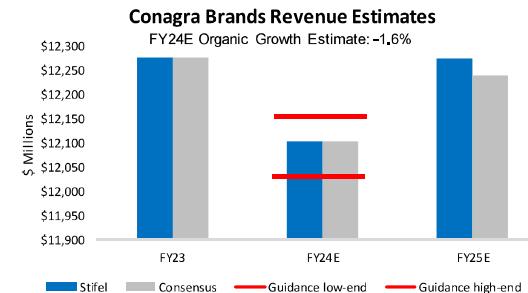
Company	Rating	Release Date	Price	EPS Expectations	Stifel Expectations/Key Points																									
Conagra Brands (CAG)	HOLD	1/4/2024	\$29.41	<table border="1"> <thead> <tr> <th colspan="4">Stifel Estimates</th> </tr> <tr> <th>2Q23A</th> <th>2Q24A</th> <th>FY24E</th> <th>FY25E</th> </tr> </thead> <tbody> <tr> <td>\$0.81</td> <td>\$0.71</td> <td>\$2.61</td> <td>\$2.67</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Consensus Estimates</th> </tr> <tr> <th>2Q23A</th> <th>2Q24A</th> <th>FY24E</th> <th>FY25E</th> </tr> </thead> <tbody> <tr> <td>\$0.81</td> <td>\$0.71</td> <td>\$2.60</td> <td>\$2.70</td> </tr> </tbody> </table>	Stifel Estimates				2Q23A	2Q24A	FY24E	FY25E	\$0.81	\$0.71	\$2.61	\$2.67	Consensus Estimates				2Q23A	2Q24A	FY24E	FY25E	\$0.81	\$0.71	\$2.60	\$2.70	<b>Sales</b> Organic sales declined -3.4% with volume down -2.9% and price/mix down -0.5%. By division, Grocery & Snacks decreased 4.1%, Refrigerated & Frozen declined 5.8%, Foodservice increased 4.3%, and International increased 5.6%. <b>GM</b> Gross margin for the quarter was down 130bps to 26.9% and declined 70ps on sequential basis. <b>OM</b> Operating profit was down 9.3% in the quarter including an 8% reduction in A&P spending. Operating profit was down over 17% in the Grocery & Snacks division and down 14% in Refrigerated & Frozen partially offset by 10% growth in International and 24% growth in Foodservice.	
Stifel Estimates																														
2Q23A	2Q24A	FY24E	FY25E																											
\$0.81	\$0.71	\$2.61	\$2.67																											
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2Q23A	2Q24A	FY24E	FY25E																											
\$0.81	\$0.71	\$2.60	\$2.70																											

Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 2Q24 Review

- Conagra reported 2Q24 EPS of \$0.71, down over 12.5% from the prior year but \$0.05 ahead of our estimate and \$0.03 ahead of consensus reflecting lower organic sales and unfavorable operating leverage.
- Organic sales declined -3.4% with a sequential volume improvement to -2.9% as pricing turned negative (-0.5%).
  - By division: Grocery and Snacks organic sales declined 4%, with volume declining nearly 4% and price/mix growth decreasing -0.4%. Refrigerated and Frozen organic sales declined 5.8% as volume and price/mix growth declined -3.3% and -2.5%, respectively. International organic sales were up 5.6%, driven by volume increasing 3.3% and price/mix growth of 2.3%. Foodservice sales were up 4.3% on an organic basis, benefiting from 6.8% price/mix growth more than offsetting a -2.5% volume decline.
- Gross margin for the quarter was down 130bps to 26.9% and declined 70ps on sequential basis.
- Operating profit was down 9.3% in the quarter including an 8% reduction in A&P spending.
  - By division: Operating profit was down over 17% in the Grocery & Snacks division and down 14% in Refrigerated & Frozen partially offset by 10% growth in International and 24% growth in Foodservice.
- Conagra's net debt/EBITDA leverage ratio stands at 3.55x as of 2Q24 with the company targeting a 3.0x leverage level exiting FY26.



## Conagra Brands– CAG – HOLD – \$29 Target Price

### FY24 Outlook

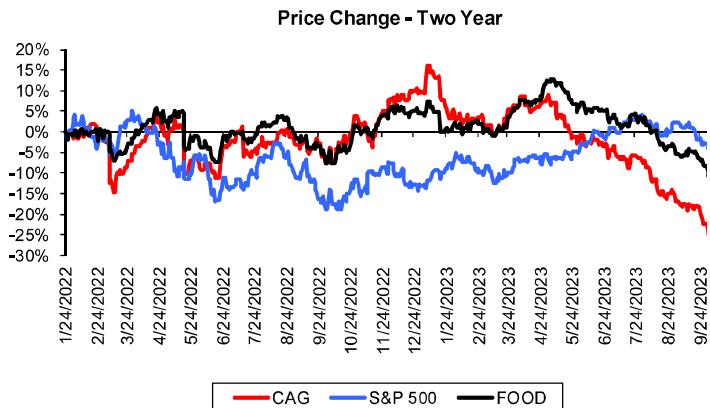
- Conagra lowered its FY24 guidance and now expects a -2% to -1% organic sales decline (+1% growth previously), a 15.6% operating margin (16%-16.5% previously), and a -6% to -4% EPS decline (\$2.60-\$2.65; down \$0.10).
- We estimate EPS of \$2.61 (-6%) including an estimated 6 ppt. drag from below-the-line headwinds including higher interest expense and lower equity earnings, which we estimate will decrease nearly 20% due to a normalization in the Ardent Mills business, whose trading division benefitted significantly from volatility in flour prices in FY23.
- For organic sales, we estimate a -1.6% decline including our lowered second half expectations in which both pricing and volume decline.
- We estimate a sequentially improving volume performance in the second half as International and Foodservice continue to grow, while the North America retail businesses face easy comparisons against product recalls, items on allocation, and a cyber-incident.
- We estimate a 1% pricing benefit for the year, with a 1% decline in the second half related to reductions in pass-through categories and an uptick in promotions offset by carryover pricing from FY23 and targeted pricing that took hold in the second quarter.
- We estimate 10bps of gross margin expansion in FY24 to 27.2% including -40bps of margin compression in the second half driven by promotional activity to stimulate volume growth and inflation are offset by productivity and an improved supply chain performance.
- We estimate a flat operating profit performance in FY24 and a 15.8% operating margin (+20bps), driven by the first quarter's 300bps expansion as the following nine months experience declines.

### Stock

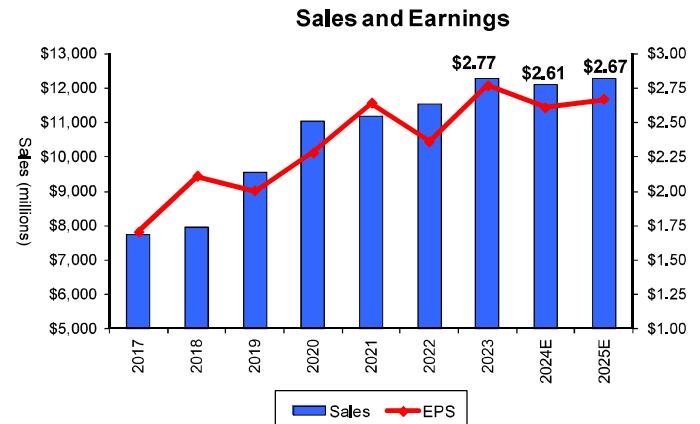
- We continue with our Hold rating and \$29 target price which we derive by assigning a 9.0x EV/ EBITDA multiple to our calendar 2024 estimate, placing the shares at a 20% discount to its domestic large-cap packaged food peers.
- Risks to our target price include the ability to achieve pricing to offset input cost inflation, a lag in timing between input cost inflation and pricing pressuring margins, weak underlying volumes as the company seeks to improve its sales growth, volatility in commodities and other input costs, and a higher level of debt on its balance sheet following the Pinnacle acquisition.

	Price 1/24/2024	P/E 2024E	EV/EBITDA 2024E	Div. Yield	FCF Yield
CAG	\$29.41	11.3x	8.1x	4.8%	8.2%
Food Average	18.0x	16.7x	12.5x	3.2%	5.4%
Staples Average	20.0x	18.1x	13.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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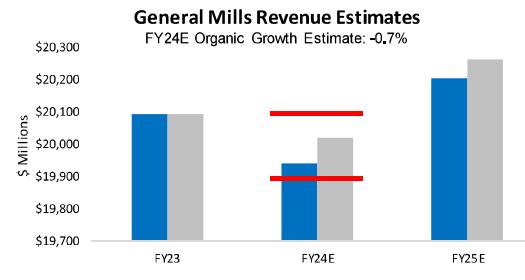
Company	Rating	Release Date	Price	EPS Expectations	Stifel Expectations/Key Points		
General Mills (GIS)	BUY	12/20/2023	\$63.64	Stifel Estimates	<b>Sales</b> <b>GM</b> <b>OM</b>	Total reported sales were down 2% with organic sales down 2% consisting of a 4% volume decline partially offset by a 3ppt. contribution from price/mix. Organic sales were down 2% in North America Retail, down 4% in Pet, and were flat in both the Foodservice and International segments. Gross margin expanded 180bps this quarter to 35% driven by HMM savings and price/mix partially offset by supply chain costs and volume deleverage. The operating margin was up 240bps versus the prior year including an 80bps benefit from favorable corporate expense driven primarily by lower incentive compensation.	
				Consensus Estimates			
				2Q23A 2Q24A FY24E FY25E \$1.10 \$1.25 \$4.49 \$4.66			

Closing price as of 1/24/2024

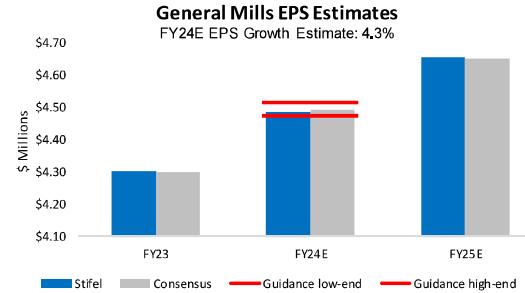
Source: Stifel estimates and FactSet

### 2Q24 Review

- General Mills reported 2Q24 EPS of \$1.25, which was up 13.3% versus the prior year, and \$0.07 ahead of our estimate and \$0.09 ahead of the consensus estimate.
- Total reported sales were down 2% with organic sales down 2% consisting of a 4% volume decline partially offset by a 3ppt. contribution from price/mix.
- Organic sales were down 2% in North America Retail, down 4% in Pet including further inventory reductions, and were flat in both the Foodservice and International segments.
- Gross margin expanded 180bps this quarter to 35% driven by HMM savings and price/mix partially offset by supply chain costs and volume deleverage.
- The operating margin was up 240bps versus the prior year including an 80bps benefit from favorable corporate expense driven primarily by lower incentive compensation.
- In NA Retail, organic sales were down 2% driven by a 5% volume decline partially offset by a 4% contribution from price/mix.
  - Operating profit was up 3% supported by pricing and HMM savings partially offset by lower volume.
- In Pet, organic sales were down 4% consisting of an 11% volume decline partially offset by a 7ppt. contribution from price/mix and operating profit was up 18% driven by pricing and HMM savings.
- In the North America Foodservice segment, underlying sales were flat with a 1% volume decline mostly offset by price/mix and operating profit increased 17%.
- Organic sales in the International segment were flat with a 4% volume decline offset by a 3ppt. contribution from price/mix and reported sales were up 2% including a +2% FX benefit. Operating profit was up 100% against an easy comparison in the prior year lapping the ice cream recall.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

STIFEL

## Stifel – Food & Tobacco Equity Research

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# General Mills – GIS – BUY – \$68 Target Price

## FY24 Outlook

- General Mills lowered its FY24 guidance, and now expects organic sales in the range of -1% to flat (previously 3%-4%) and constant currency growth of 4%-5% (4%-6% previously) for both operating profit and EPS (\$4.47-\$4.52).
- Lowered sales guidance reflects a delayed volume recovery versus previous expectations due to consumers seeking value, and a faster-than-expected recovery of the competitive shelf set.
- We estimate FY24 EPS of \$4.49 (+4%) with the lowered sales expectation partially offset by stronger productivity and HMM savings.
- We estimate organic sales of -1% in FY24 and a 3% decline in 2H24 driven by NAR and Pet.
- We now estimate a 4.5% volume decline in for the year, with a 4.5% decline in 2H24.
- Advertising and media costs are expected to grow faster than sales in FY24, though with the significantly lowered organic sales outlook, we believe investment spending has likely been curtailed, which may further burden growth in FY25.
- Pricing in FY24 should be driven by carryover actions from FY23 with the contribution from pricing waning through the year (largest increase in 1Q24) while remaining positive each quarter.
- We estimate 80bps of expansion in FY24 to 35% as carryover pricing, HMM savings, and supply chain improvements offset the 5% inflation the company is expecting for the year and unfavorable mix (lower Pet growth and higher Foodservice growth).

## FY25 Outlook

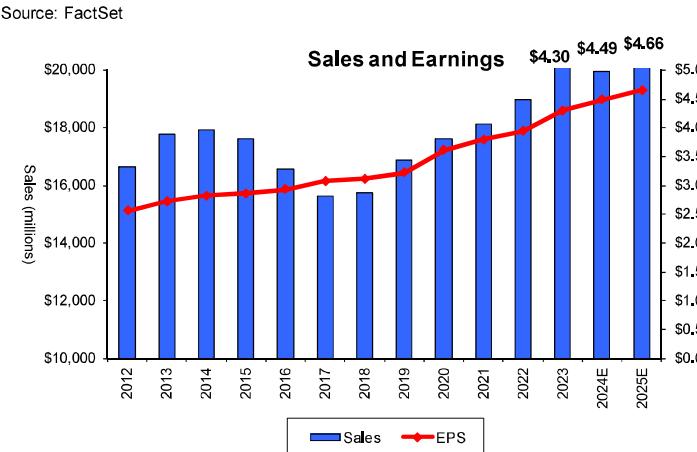
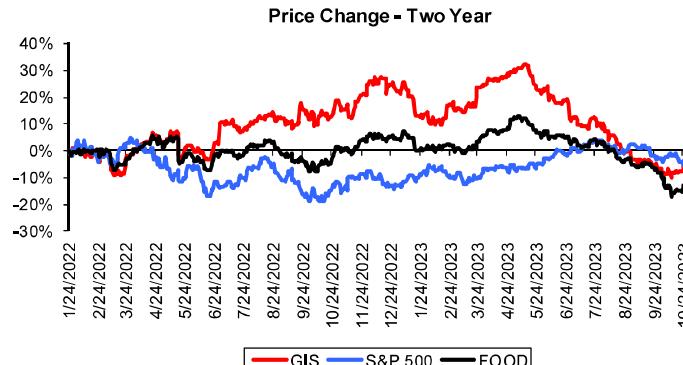
- For FY25, we estimate EPS of \$4.66 representing just 4% growth near the low end of the company's growth targets including a 1ppt. headwind from a rebuild in incentive compensation.
- We estimate over 1% organic sales growth, with 0.5% volume growth supported by increases in Foodservice and International.
- We estimate 20bps of gross margin expansion, largely due to the 4% HMM savings the company expects. Our 3% operating profit growth estimate reflects over 3.5% growth in North America Retail and a 1.5% increase for Pet.

## Stock

- We continue with our Buy rating and our \$68 target price which we derive by assigning a 12x EV/EBITDA multiple using our CY24 estimates, placing the shares at a roughly 10% premium to the large-cap packaged foods group.
- Risks to our target price include the tough comps created recently, higher costs related to the pandemic, increased input cost inflation, and incremental marketing investments to help stimulate volume growth.

	Price	P/E		EV/EBITDA		Div. Yield	FCF Yield
	1/24/2024	2024E	2025E	2024E	2025E		
GIS	\$63.64	13.9x	13.3x	11.1x	10.8x	3.7%	6.2%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



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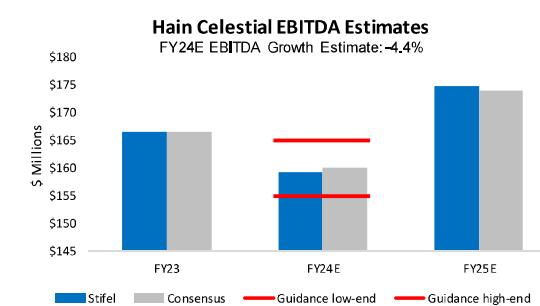
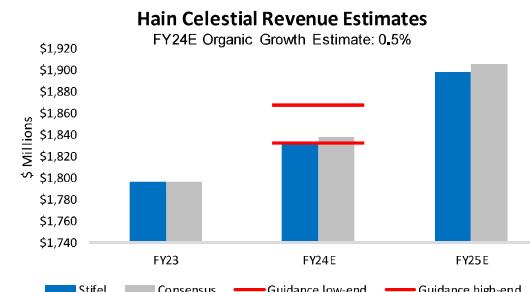
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points																
Hain Celestial (HAIN)	HOLD	2/7/2024	\$10.55	<div style="display: flex; justify-content: space-around;"> <span>Stifel Estimates</span> <span>Consensus Estimates</span> </div> <table border="1" style="width: 100%; text-align: center;"> <tr> <td><u>2Q23A</u></td> <td><u>2024E</u></td> <td><u>FY24E</u></td> <td><u>FY25E</u></td> </tr> <tr> <td>\$50</td> <td>\$47</td> <td>\$159</td> <td>\$175</td> </tr> <tr> <td><u>2Q23A</u></td> <td><u>2024E</u></td> <td><u>FY24E</u></td> <td><u>FY25E</u></td> </tr> <tr> <td>\$50</td> <td>\$43</td> <td>\$160</td> <td>\$174</td> </tr> </table>	<u>2Q23A</u>	<u>2024E</u>	<u>FY24E</u>	<u>FY25E</u>	\$50	\$47	\$159	\$175	<u>2Q23A</u>	<u>2024E</u>	<u>FY24E</u>	<u>FY25E</u>	\$50	\$43	\$160	\$174	<p>We have adjusted our sales estimate to reflect weak measured channel trends and now estimate a -1.5% organic sales decline with North America declining 3.5% inclusive of a benefit from store resets in support of tea season and shipments ahead of an innovation launch. We estimate 2% organic growth in International.</p> <p>We estimate 10bps of gross margin expansion in 2Q24 to 23% as pricing is able to offset inflation, which alongside productivity neutralizes volume deleverage related to the formula supply constraints.</p> <p>We have lowered our EBITDA estimate to \$46.8 million (-6%) due to the weak measured channel performance with our previous estimate already considering the continued supply constraints. Our estimate made up by a -10% decline in North America and 10% underlying growth in International.</p>
<u>2Q23A</u>	<u>2024E</u>	<u>FY24E</u>	<u>FY25E</u>																		
\$50	\$47	\$159	\$175																		
<u>2Q23A</u>	<u>2024E</u>	<u>FY24E</u>	<u>FY25E</u>																		
\$50	\$43	\$160	\$174																		

Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 2Q24 Preview

- We expect Hain to report its 2Q24 earnings in early February and we are lowering our EBITDA estimate to \$46.8 million (-6%) as we take a cautious view on sales given weak measured channel performance.
- Organic baby formula supply constraints are expected to persist into the second quarter — we estimate these constraints will result in a 3.5% sales growth headwind in North America and a 2% total sales headwind (\$10 million).
- We have adjusted our sales estimate to reflect weak measured channel trends and now estimate a -1.5% organic sales decline (+0.3% growth based on the company's definition that includes an FX benefit) with North America declining 3.5% inclusive of a benefit from store resets in support of tea season and shipments ahead of an innovation launch. We estimate 2% organic growth in International (+6.5% reported sales growth).
- Hain's volume trends and elasticity are amongst the worst of its peers, with measured channel data for December indicating elasticity of over 3.5x versus nearly 2.5x in September.
- The company has already taken some tactical pricing in FY24 and we expect some more to hit in 2Q24, enabling the company to offset inflation with solely its pricing actions.
- We estimate 10bps of gross margin expansion in 2Q24 to 23% as pricing is able to offset inflation, which alongside productivity neutralizes volume deleverage related to the formula supply constraints.
- We have lowered our EBITDA estimate to \$46.8 million (-6%) due to the weak measured channel performance with our previous estimate already considering the continued supply constraints. Our estimate made up by a -10% decline in North America and 10% underlying growth in International.
- Despite EBITDA margin expansion in International, we expect a 70bps decline in the second quarter to 10.3% due to 90bps of contraction in North America.



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# Hain Celestial – HAIN – HOLD – \$11 Target Price

### 2024 Outlook

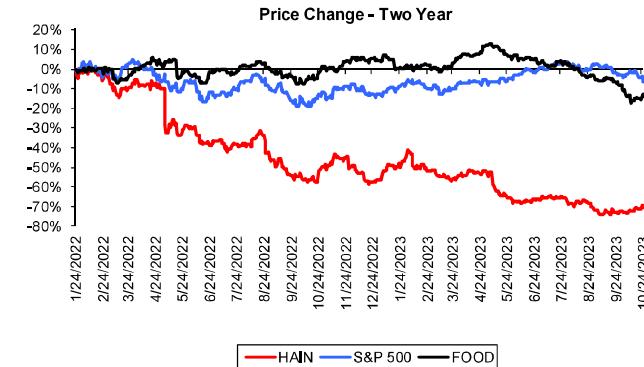
- Hain's FY24 guidance calls for 2%-4% organic sales growth and EBITDA in the range of \$155-\$165 million (-7% to -1%).
- The company's 1Q24 EBITDA performance outperformed expectations, and the company plans to reinvest this upside back into the business during the second quarter. The EBITDA outlook includes a \$20 million drag, with roughly two-thirds of this headwind related to an incentive compensation rebuild and the remainder related to investments in brand building (channel expansion/marketing investment) and capabilities for away from home and ecommerce. The \$20 million EBITDA headwind is expected to mainly impact 2H24 (with some 2Q24 impact), as the company drives productivity and efficiencies in 1H24 to fuel investments in the second half, with pricing catching inflation in the second quarter, by our estimate, and providing additional investment flexibility.
- Due to organic baby formula supply constraints continuing into the second quarter, in addition to the non-repeating margin dilutive Terra Chips promo and shipment timing shift for an Alba sun season promotion that impacted the first quarter, FY24 is expected to be a back-half weighted year.
- We estimate EBITDA of \$159 million (-4%) with a 1H/2H split of 44%/56% and 85% of the EBITDA we estimate being generated in the final nine months of the fiscal year.
- The company has already taken some tactical pricing in FY24 and we expect some more to hit in 2Q24, enabling the company to offset inflation with solely its pricing actions. For the year, we estimate 0.5% organic sales growth (2% based on the company's definition) for Hain, with North America -0.4% and International +2.3%.
- For gross margin, we estimate 100bps of expansion in FY24, with a 40bps decline in 1H24 and 240bps of expansion in 2H24, benefiting from pricing in place to offset inflation (3%-4% in FY24), with further support from productivity initiatives (3.5%-4% of COGS) and an easy 3Q comparison.
- Our overall EBITDA estimate of \$159 million reflects a 60bps EBITDA margin decline and is comprised of a 9% North America decline and 11% International growth.

### Stock

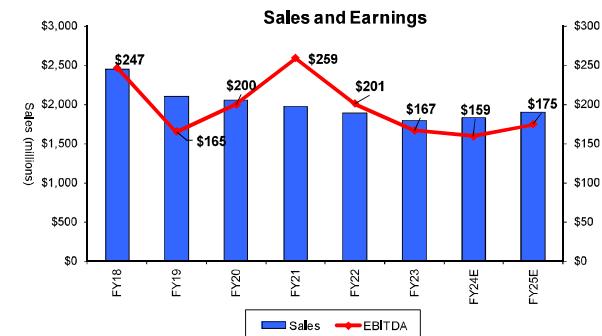
- We continue with our Hold rating and \$11 target price which we derive by assigning a 10.5x multiple to our calendar 2024 estimates. We believe our \$11 target price properly balances the company's growth algorithm against slower growth in the near term and executional risk as the company pursues its Hain Reimagined strategy.
- Hain's new algorithm through FY27 calls for CAGRs of 3%+ for organic sales and 10%+ for EBITDA, with the company expecting to achieve a 12%+ EBITDA margin by FY27. EBITDA growth is expected to be significantly weighted towards FY26-FY27.
- Risks to our target price include management transition, which could result in a softer earnings outlook, input cost inflation and the ability to achieve pricing, supply chain disruption including the company's co-manufacturing network, elasticity and down trading, and the realization of cost savings.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
HAIN	\$10.55	22.8x	22.8x	10.3x	10.3x	0.0%	4.7%
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%	5.4%	
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%	4.8%	

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

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Company	Rating	Release Date	Price	EPS Expectations	Stifel Expectations/Key Points		
Hershey (HSY)	HOLD	2/8/2024	\$189.31	<b>Stifel Estimates</b> <u>4Q22A</u> \$2.02 <u>4Q23E</u> \$1.97 <u>FY23E</u> \$9.54 <u>FY24E</u> \$9.95 <u>4Q22A</u> \$2.02 <u>4Q23E</u> \$1.96 <u>FY23E</u> \$9.51 <u>FY24E</u> \$9.85	Sales	For 4Q23, we estimate 3% sales growth, with pricing up 7% and volume down 4.5%. By division, we estimate 5% growth in N.A. Confectionery, -20% growth in N.A. Salty Snacks, and 12% growth in International (6% FX benefit).  We estimate a 120bps decline in 4Q23 versus the prior year and a 240bps sequential decline as the fourth quarter is impacted by a greater mix of seasonal sales (lower margin), the absence of fixed cost leverage that benefitted 3Q23 (Salty Snacks inventory build), and the beginning headwinds from cocoa prices at all-time highs which offset tailwinds from pricing and productivity.  Our fourth quarter estimates result in a 1% operating profit decline and a 20.1% operating profit margin, reflecting an 80bps decrease driven by an 80bps decline in N.A. Confectionery and a 390bps decline in N.A. Salty Snacks.	GM OM

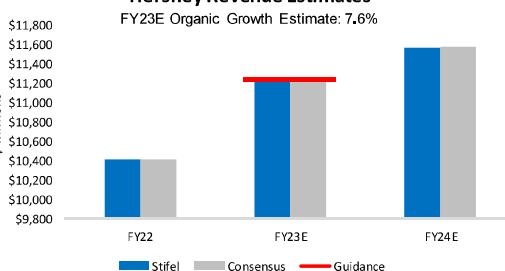
Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 4Q23 Preview

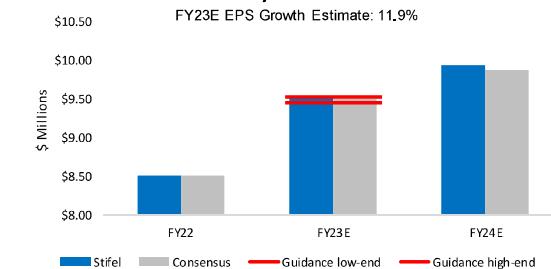
- Hershey is scheduled to report its 4Q23 earnings on February 8, slightly later than usual which we believe relates to the ERP conversion in Salty Snacks. We estimate EPS of \$1.97 (-3%).
- For 4Q23, we estimate 3% sales growth, with pricing up 7% and volume down 4.5%. By division, we estimate 5% growth in N.A. Confectionery, -20% growth in N.A. Salty Snacks, and 12% growth in International (6% FX benefit).
- Following the implementation of a high-single-digit increase on half of the confectionery portfolio that took effect in 3Q23, the company begins to lap price increases in 4Q23, leading to a sequential moderation. We estimate a 7% pricing benefit in 4Q23 and an 8.5% contribution in FY23.
- We estimate a 4.5% volume decline in 4Q23 and expect a less than 1% decline for the year. The 3Q23 inventory load in N.A. Salty Snacks ahead of the ERP implementation was a 16% divisional benefit that we expect will reverse out in the fourth quarter – we estimate a 20% 4Q23 decline inclusive of challenging trends. For N.A. Confectionery, we do not expect the merchandising reduction at a large retailer will impact the 4Q23 performance given the importance of seasonal sales during the quarter – we estimate a 3% volume decline as normalized elasticity is partially offset by a pull forward of some Easter sales.
- We estimate a 120bps gross margin decline in 4Q23 versus the prior year and a 240bps sequential decline as the fourth quarter is impacted by a greater mix of seasonal sales (lower margin), the absence of fixed cost leverage that benefitted 3Q23 (Salty Snacks inventory build), and input cost inflation which offset tailwinds from pricing and productivity.
- We believe SG&A as a percentage of sales will increase in the fourth quarter as the company increases advertising at a double-digit rate to support seasonal sell through and program reactivation for Salty Snacks. Our fourth quarter estimates result in a 1% operating profit decline and a 20.1% operating profit margin, reflecting an 80bps decrease driven by an 80bps decline in N.A. Confectionery and a 390bps decline in N.A. Salty Snacks.

### Hershey Revenue Estimates



Source: FactSet, Stifel estimates

### Hershey EPS Estimates



Source: FactSet, Stifel estimates

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## Hershey Company – HSY – HOLD – \$195 Target Price

### 2024 Preview

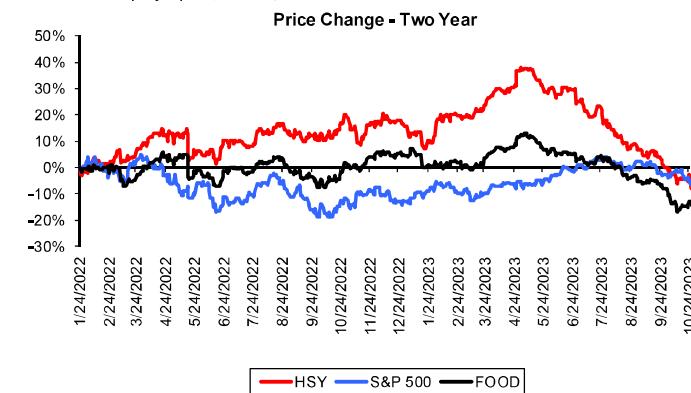
- As a preliminary look at next year, we are moving our EPS estimate below the long-term target and below guidance provided at the company's 2023 investor day calling for 7%-8% growth. We now estimate EPS of \$9.95 (+4%), which stands \$0.10 ahead of the consensus estimate.
- We now estimate 3% sales growth supported by low-single digit pricing and slight volume growth (driven by N.A. Salty Snacks). Capacity improvements in both chocolate and additional co-manufacturers for sweets should enable increased innovation, distribution, and promotions, which alongside distribution expansion in N.A. Salty Snacks (Dot's) and the pricing carryover leads to the 3% sales growth we estimate.
- The merchandising reduction at a key retailer is likely to be a headwind in 1Q24, a quarter in which merchandising is more meaningful (less seasonal business).
- We expect the ERP implementation in Confectionery will result in an inventory build in 1Q24 that is drawn down in 2Q24, with fixed cost absorption boosting margins in 1Q24.
- We expect 60bps of gross margin expansion for the year as pricing and productivity offset cocoa prices that are currently near all-time highs.
- The company has not yet announced further price increases, and expects continued productivity generation out of trade, media, and processes, while also having greater bandwidth to perform supply chain productivity with its capacity in a better position.
- We estimate 6% operating profit growth in FY24 with N.A. Confectionery +4%, N.A. Salty Snacks +16%, and International +6% - we expect 70bps of operating margin expansion to 24.7% driven by 60bps of expansion N.A. Confectionery, 130bps of expansion in Salty Snacks, and 50bps of expansion in International.

### Stock

- We continue with our Hold rating and we are lowering our target price to \$195 target price, reflecting a 13.5x multiple on our 2024 EV/EBITDA estimate. This valuation is a 20% premium to its peers, reflecting the company's balanced growth, leading market shares, and pricing ability against input cost pressure and heightened competitive activity.
- Shares have been under pressure amidst concerns related to normalizing elasticity, share losses, cocoa/sugar inflation, and the potential that further pricing actions may be needed to offset this inflation beyond what productivity can cover. The potential for further pricing in FY24 exists, which could compound elasticity and share loss pressure.
- The company's balance sheet remains strong, in our view, with leverage at just 1.4x, a level that we believe provides the company with optionality for share repurchase/M&A.
- Risks to our target price include weaker volume trends in relation to increased pricing, volatility and inflation in input costs, the ability to pass price increases onto the consumer, retail store traffic trends, and increased competition.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
HSY	\$189.31	19.0x	18.2x	13.2x	12.6x	2.5%	4.6%
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%	5.4%	
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%	4.8%	

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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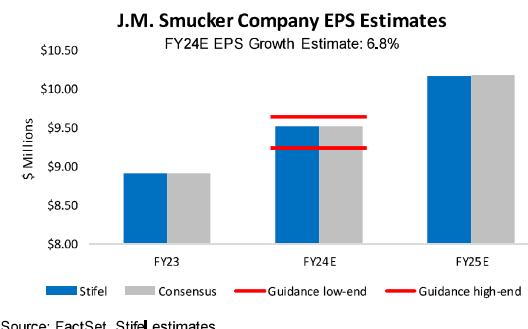
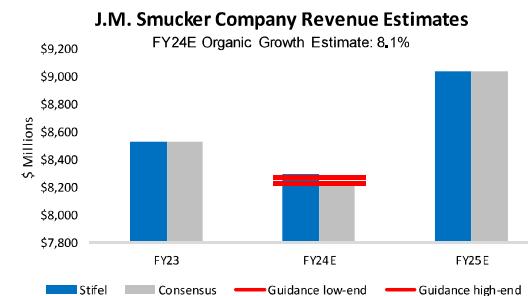
Company	Rating	Release Date	Price	EPS Expectations	Stifel Expectations/Key Points
JM Smucker (SJM)	HOLD	TBD	\$129.74	<b>Stifel Estimates</b> 3Q23A \$2.21 3Q24F \$2.25 FY24F \$9.52 FY25E \$10.17  <b>Consensus Estimates</b> 3Q23A \$2.21 3Q24F \$2.27 FY24F \$9.52 FY25E \$10.19	<b>Sales</b> For the quarter, we estimate 6% organic sales growth with volume up 5.5% due to increases in each division. By division, we estimate organic growth of 4% in Frozen Handheld and Spreads, -2% in Coffee, 6% in International and Away From Home, and 11% in Pet (+15% inclusive of co-manufacturing sales). We estimate 410bps of gross margin expansion to 37.5% as pricing fully offsets inflation alongside benefits from productivity, an improved supply chain, and mix improvements. Sequentially, we estimate a 120bps gross margin decrease related to deflationary coffee pricing, promotional activity in Frozen Handheld and Spreads, and a 30bps (\$0.05) decline related to an inventory step up for Hostess.  <b>GM</b> For EBITA, we estimate a 19% increase in the quarter, largely due to the Hostess acquisition. We expect an 18% decline in Pet due to the divestiture, with stranded costs impacting both the division and corporate overhead. We expect growth in the other divisions and estimate 270bps of EBITA margin expansion to 18.8%.  <b>OM</b>

Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 3Q24 Preview

- Smucker is expected to report its 3Q24 earnings in late February and we continue to estimate EPS of \$2.25 representing 1.5% growth. Our model now reflects the recent Fermented Food divestiture in Canada which had an immaterial impact on our estimates (\$60m in annual revenue).
- The company is guiding to mid-single-digit comparable sales growth and low-single digit EPS growth in the third quarter including a \$0.20 drag related to the Hostess acquisition.
- For the quarter, we estimate 6% organic sales growth with volume up 5.5% due to increases in each division – we expect Pet to benefit from ~\$30 million of co-manufacturing sales to Post. We estimate pricing to be up 0.5%, largely due to carryover actions with incremental pricing in 4Q23 for Pet and peanut butter pricing early in FY24. Passing through coffee deflation is a partial offset.
- By division, we estimate organic growth of 4% in Frozen Handheld and Spreads, -2% in Coffee, 6% in International and Away From Home, and 11% in Pet (+15% inclusive of co-manufacturing sales).
- We estimate 410bps of gross margin expansion to 37.5% as pricing fully offsets inflation alongside benefits from productivity, an improved supply chain, and mix improvements. Sequentially, we estimate a 120bps gross margin contraction related to promotional activity in Frozen Handheld and Spreads and a 30bps (\$0.05) decline related to an inventory step up for Hostess partially offset by coffee deflation.
- For EBITA, we estimate a 19% increase in the quarter, largely due to the Hostess acquisition. We expect an 18% decline in Pet due to the divestiture, with stranded costs impacting both the division and corporate overhead. We expect growth in the other divisions and estimate 270bps of EBITA margin expansion to 18.8%.
- Our 3Q24 EPS estimate reflects nearly 2% growth inclusive of the \$0.20 Hostess headwind – excluding the acquisition, our estimate reflects 11% growth. We believe below-the-line items will be a 17.5% headwind to EPS due to interest expense associated with the Hostess acquisition.



## J.M. Smucker Company – SJM – HOLD – \$135 Target Price

### FY24 Outlook

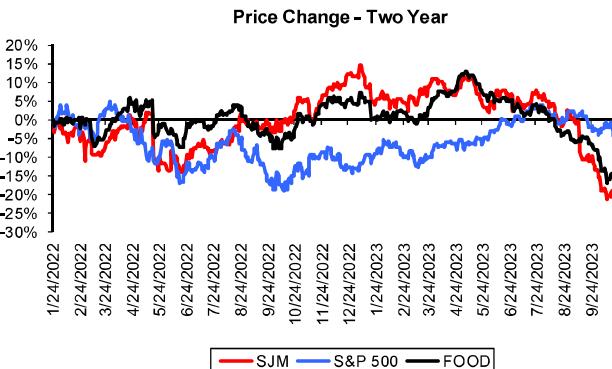
- Smucker's FY24 guidance calls for 8.5%-9% comparable sales growth and EPS in the range of \$9.25-\$9.65, reflecting 4%-8% growth. These ranges include the benefit of lapping the Jif recall, with sales benefitting by 3pts. and EPS by \$0.80. Stranded overhead for the pet food divestiture is expected to lower EPS by \$0.60 (-7%), inclusive of benefits from the Transformation office, and income from TSA and co-manufacturing agreements with Post. The Hostess acquisition is expected to be a \$0.40 EPS headwind in FY24. Excluding the impacts of stranded overhead, the Jif recall, and the Hostess acquisition, we estimate the guidance range includes high-single digit underlying growth.
- On an underlying basis, sales are expected to be up approximately 4% when accounting for the Jif comparison and a 2% benefit related to the co-manufacturing agreement with Post. The 8.5%-9% comparable sales growth outlook includes a high-single digit contribution from volume/mix, with growth in each division, and low-single-digit price realization (mostly carry-over from FY23 actions).
- We expect positive volume growth in each division, with organic sales growth +13% (+10% underlying) in Frozen Handheld and Spreads, +18% (+16% underlying) in Pet, -1% in Coffee, and +11% in the International and Away from Home division. Due to the company passing through deflation, pricing in the Coffee division is expected to decline. For the year, we estimate 8% organic sales growth with volume +6% and pricing +2%.
- We estimate 435bps of gross margin expansion in 37.5% related to mix benefits from the pet divestiture, carry over impact of pricing actions offsetting inflation, an improved supply chain, and productivity/cost savings.
- For EBITDA, we estimate 13% growth, with Frozen Handheld and Spreads and Away From Home/International leading the way due to the Jif benefit and Pet down over 20% related to ~\$60 million of divested pet food profit and an \$85 million or so headwind from stranded overhead split between the Pet segment and corporate expenses.
- We continue to estimate FY24 EPS of \$9.52, representing nearly 7% growth and standing above the mid-point of the company's guidance. From a base business perspective, we estimate over 9% EPS growth. We estimate an over 6% headwind from below the line items, including a 10ppt. headwind from higher interest expense partially offset by a 2ppt. lower share count benefit.

### Stock

- We continue with our Hold rating and are raising our target price to \$135, reflecting an 11x EV/EBITDA multiple on our CY24 estimates. This multiple places the shares in-line with the company's U.S. packaged food peers, which we believe appropriately reflects the company's growth profile against integrating Hostess and addressing stranded overhead.
- The Hostess Brands acquisition is expected to be accretive in FY25 – we estimate high-single-digit EPS growth for the year, although the overall rate of growth is similar to what we would have expected from the legacy business including the use of cash for share repurchase.
- The balance sheet moves up to 4.5x following the acquisition, and we expect Smucker to prioritize debt reduction repaying roughly \$500 million annually over the next three years which we estimate will result in a leverage ratio below 3.5x exiting FY27.
- Risks to our target price include weaker volume trends (Pet Foods and Coffee in particular), volatility in input costs, the ability to pass input cost increases onto the consumer, and heightened acquisition multiples.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
SJM	\$129.74	13.1x	12.1x	10.7x	10.1x	3.3%	5.4%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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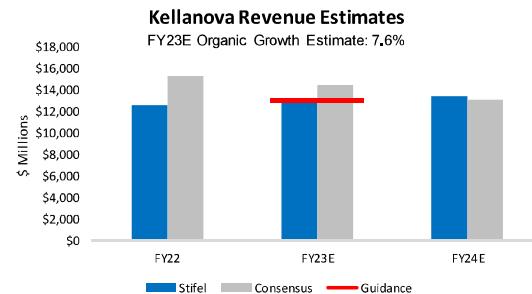
Company	Rating	Release Date	Price	EPS Expectations	Stifel Expectations/Key Points				
Kellanova (K)	HOLD	2/8/2024	\$53.47	Stifel Estimates	<b>4Q22A</b> \$1.29	<b>4Q23E</b> \$0.74	<b>FY23E</b> \$3.64		
						<b>FY24E</b> \$3.77	<b>Sales</b>  We estimate over 3% organic sales growth driven by pricing (+9%) and a -5% volume decline. By division for organic sales, we estimate a 3% decline in North America, +6% growth in Europe, and +11% growth in both AMEA and Latin America.		
				Consensus Estimates	<b>4Q22A</b> \$1.29	<b>4Q23E</b> \$0.74	<b>FY23E</b> \$4.12	<b>FY24E</b> \$3.60	<b>GM</b>  We estimate 60bps of gross margin expansion in 4Q23 to 33.2% as pricing and productivity outpace inflation and the company has moved past supply chain headwinds.
							<b>OM</b>  We estimate a flat currency neutral operating profit performance in 4Q23 (-4% reported), with a -3% decline in North America, +14% in Europe, +15% in AMEA, and +15% in Latin America.		

Closing price as of 1/24/2024

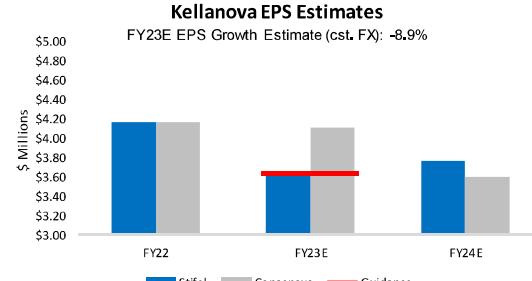
Source: Stifel estimates and FactSet

### 4Q23 Preview

- Kellanova is expected to report its 4Q23 earnings on February 8 – we now estimate EPS of \$0.74 (-39% currency neutral decline including 36ppt. drag from lower pension income). Guidance calls for 4Q23 EPS in the range of \$0.73-\$0.76; our estimate stands \$0.01 below the consensus.
- We estimate over 3% organic sales growth driven by pricing (+9%) more than offsetting a -5% volume decline. This volume performance represents a sequential improvement from the -7% decline in 3Q23 as the company enhanced its merchandising activities; normalized elasticities remain a headwind.
- Our 3% organic growth estimate in 4Q23 reflects a sequential slowdown from 5% due to less pricing. We estimate 4Q23 sales of \$3.1 billion, with our estimate rounding down to the company's guidance calling for \$3.1 billion of sales on a stand alone basis (ex. W.K. Kellogg Co.).
- We expect the company's international markets to grow faster than the U.S., where the company returned to merchandising later than its competitors – during the fourth quarter, we estimate a 3% organic sales decline in North America, 6% growth in Europe, and 11% growth in both AMEA and Latin America. We believe the Russia exit will lower total sales growth by 1%.
- We estimate 60bps of gross margin expansion in 4Q23 to 33.2% as pricing and productivity outpace inflation and the company has moved past supply chain headwinds.
- We estimate constant currency operating profit of \$388 million (flat currency neutral performance) as the company ramps its advertising and promotional spending. Guidance calls for EBIT of \$380-\$390 million in 4Q23.
- Our fourth quarter EPS estimate stands at \$0.74, reflecting a 39% currency neutral decline against a tough pension income comparison. Specifically, we expect the lower pension income to be a 36% headwind to growth as higher interest expense is a 3% headwind.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## Kellanova – K – HOLD – \$58 Target Price

### 2024 Preview

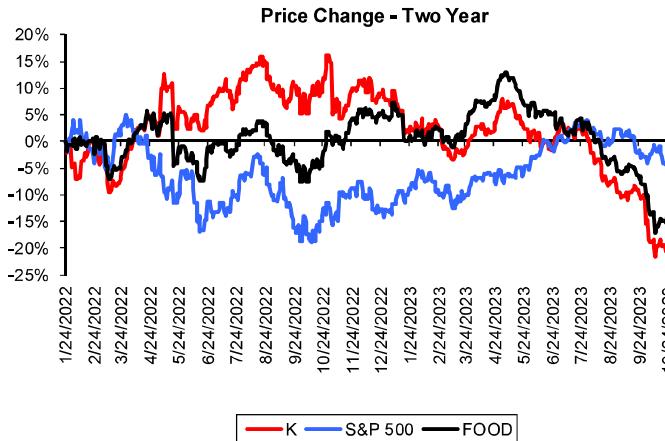
- With its third quarter results, Kellanova reiterated its expectation for 2024 to be an on-algorithm year for sales and profit. The algorithm calls for 3%-5% organic sales growth, 5%-7% constant currency operating profit growth, and 7%-9% constant currency EPS growth.
- For FY24, we estimate an on-algorithm year for organic sales growth as we expect 3% growth driven by carryover pricing actions (+2%) as volume grows nearly 1%.
- We expect volume growth to improve through the year, with a >1% decline in the first half and >2.5% growth in the second half as pricing contracts and volumes improve including the benefit of the company's merchandising efforts taking hold.
- We expect snacks and emerging markets to drive sales growth in FY24. By division, we estimate 1.5% organic sales growth in North America, 2% growth in Europe, 6.5% growth in AMEA, and 4.5% growth in Latin America. SKU rationalization and price pack architecture modifications in Latin America intended to improve profitability have been negatively impacting volume in recent periods.
- We estimate 20bps of gross margin expansion in FY24 as inflation moderates – we expect inflation to be up low-single digits for the year.
- We expect a below-algorithm profit performance in FY24 based on our modeling of incremental margins by division. We estimate 4% currency neutral operating profit growth in FY24 with 2.5% growth in North America, 3% growth in Europe, 7% growth in AMEA, and 8% growth in Latin America. The company's algorithm calls for 5-7% growth. We estimate 10bps of operating margin expansion to 14.5%
- In the medium-term the business is targeting a 15% operating margin. We expect margin expansion to be driven by operating leverage, mitigating stranded margin, mix shifting towards higher margin brands, scaling emerging markets, productivity targeting 3.5%-4% of COGS, and revenue growth management initiatives.
- Our FY24 EPS estimate of \$3.77 reflects 3.5% currency neutral growth (algorithm calls for 7%-9% growth) with a minor headwind from below the line items.

### Stock

- We continue with our Hold rating and are raising our target price to \$58 reflecting an 11x EV/EBITDA multiple based on our FY24 estimates, which represents a multiple inline with its peers. We expect capital priorities to focus on capital investments to improve capacity, share buybacks – both opportunistic and to offset dilution, and potential M&A focusing on scaling emerging markets, accessing incremental snacking occasions/capabilities, and cost synergies. Leverage near 2.2x currently.
- The risks to our target price include volatility/inflation of input costs, weakening volumes, heavier reinvestment costs, and disruption due to the spin-out of WK Kellogg.

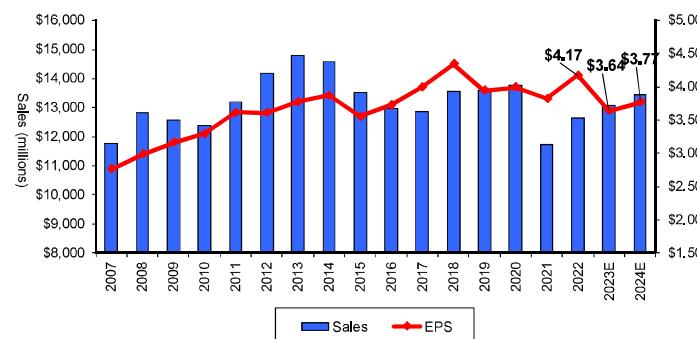
	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
K	\$53.47	14.2x	13.1x	10.1x	9.6x	4.2%	5.8%
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%	5.4%	
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%	4.8%	

Source: Company reports, FactSet, Stifel estimates



Source: FactSet

### Sales and Earnings: Kellogg Reflected in 2007-2020



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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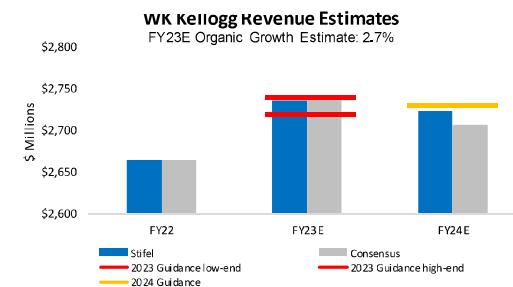
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points																
WK Kellogg (KLG)	HOLD	2/13/2024	\$13.27	<p style="text-align: center;"><b>Stifel Estimates</b></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td><b>4Q22A</b></td> <td><b>4Q23E</b></td> <td><b>FY23E</b></td> <td><b>FY24E</b></td> </tr> <tr> <td>\$37.0</td> <td>\$44.8</td> <td>\$249.8</td> <td>\$261.6</td> </tr> </table> <p style="text-align: center;"><b>Consensus Estimates</b></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td><b>4Q22A</b></td> <td><b>4Q23E</b></td> <td><b>FY23E</b></td> <td><b>FY24E</b></td> </tr> <tr> <td>\$37.0</td> <td>\$46.3</td> <td>\$252.5</td> <td>\$259.5</td> </tr> </table>	<b>4Q22A</b>	<b>4Q23E</b>	<b>FY23E</b>	<b>FY24E</b>	\$37.0	\$44.8	\$249.8	\$261.6	<b>4Q22A</b>	<b>4Q23E</b>	<b>FY23E</b>	<b>FY24E</b>	\$37.0	\$46.3	\$252.5	\$259.5	<p><b>Sales</b></p> <p>We estimate a 3% organic sales decline with volume down 13%, at a similar level as the third quarter, due to normalizing elasticities and lapping significant commercial activity in the prior year. Our sales estimate reflects measured channel sales trends during the quarter.</p> <p><b>GM</b></p> <p>We expect 270bps of gross margin expansion in 4Q23 as pricing continues to outpace inflation alongside improved productivity – our 28.8% estimate for the year reflects 400bps of expansion as the company has moved past the fire and strike challenges.</p> <p><b>EBITDA</b></p> <p>We estimate 4Q23 EBITDA of \$45 million (+21%) driven by the gross margin expansion – our EBITDA margin estimate of 6.9% is up 140bps versus the prior year but down 60bps sequentially as the company ramps its commercial activity to combat share losses.</p>
<b>4Q22A</b>	<b>4Q23E</b>	<b>FY23E</b>	<b>FY24E</b>																		
\$37.0	\$44.8	\$249.8	\$261.6																		
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Closing price as of 1/24/2024

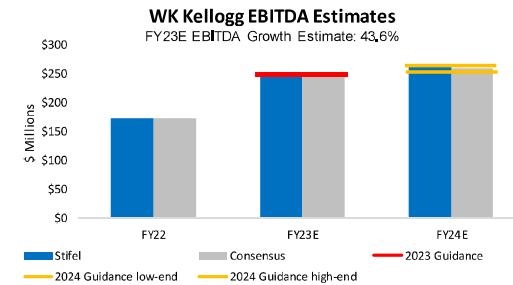
Source: Stifel estimates and FactSet

### 4Q23 Preview

- WK Kellogg is scheduled to report its 4Q23 earnings February 13, and we continue to estimate EBITDA of \$45 million, with our estimate standing slightly below consensus.
- For the fourth quarter, we estimate a 3% organic sales decline with volume down 13%, at a similar level as the third quarter, due to normalizing elasticities and lapping significant commercial activity in the prior year – the fourth quarter represents the company's lowest absolute dollar result due to seasonality. Due to capacity constraints related to the fire and strike, the company priced later than its competitors, and it is this lingering pricing that is causing the significant uptick in recent elasticity and share losses. Our sales estimate reflects measured channel sales trends during the quarter.
- In the medium-term, the company expects the cereal category to decline low-single digits, while WK Kellogg gains shares, supporting stable revenue. Market share in the U.S. still remains well below pre-strike and fire levels. Revenue growth is focused on premium innovation, promotional effectiveness, and price pack architecture.
- We expect 270bps of gross margin expansion in 4Q23 as pricing continues to outpace inflation alongside improved productivity – our 28.8% estimate for the year reflects 400bps of expansion as the company has moved past the fire and strike challenges.
- We estimate EBITDA of \$45 million (+21%) driven by the gross margin expansion – our EBITDA margin estimate of 6.9% is up 140bps versus the prior year but down 60bps sequentially as the company ramps its commercial activity to combat share losses. Our FY23 EBITDA estimate stands at \$250 million (+44%), with our margin estimate of 9.1% reflecting a 260bps improvement driven by pricing and moving past the fire and strike.
- Over time, EBITDA margin expansion is expected to be driven by supply chain modernization, improved operating efficiencies, productivity, and revenue growth management.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## WK Kellogg – KLG – HOLD – \$13 Target Price

### 2024 Preview

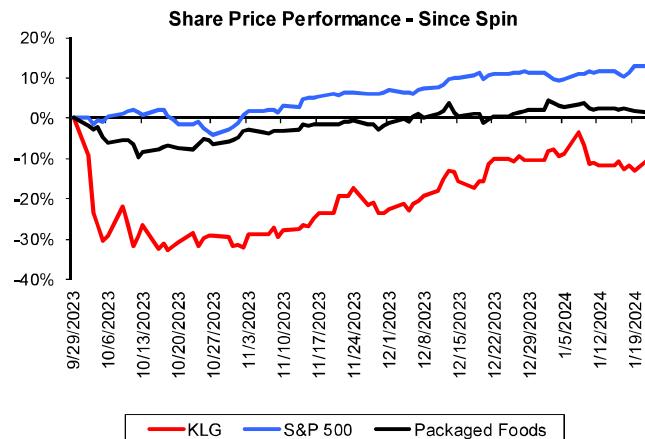
- WK Kellogg expects flat sales growth and EBITDA in the range of \$255-\$265 million in 2024 indicating a 9.5% EBITDA margin at the mid-point of the ranges.
- WK Kellogg's near-term financial targets include flat revenue growth in 2024-2026 from the \$2.72-\$2.74 million the company expects in 2023 and 500bps of EBITDA margin expansion through 2026. The margin expansion is primarily supported by supply chain modernization, improved operating efficiencies, productivity, and revenue growth management, with all of this expansion first passing through the gross margin.
- We estimate a 0.5% revenue decline in 2024 with a 1.5% contribution from price/mix offset by volume declines. We estimate some favorable carryover price/mix benefitting the first half of 2024 but volumes remaining weak as consumers continue to respond to the cumulative amount of pricing across the store.
- We expect share pressure to continue into 2024, related to the company pricing later than its competitors — TPD gains and merchandising are planned to combat the losses.
- Relatedly, the current high rate of elasticity is expected to continue into 2024 as the company laps prior year pricing actions — we expect the rate of volume decline to moderate in 2024 as the rate of pricing moves lower.
- We anticipate a return to a more normal category growth environment in the second half of 2024 as pricing is lapped with price/mix contributing roughly 1%, offset by a 1% volume decline.
- We estimate 20bps of gross margin expansion with gross profit dollars flat. The gross margin expansion will be partially offset by higher SG&A expense including a pick up in marketing and advertising - we estimate 50bps of EBITDA margin expansion supporting 5% EBITDA growth to \$262 million.
- The company will begin its supply chain investments in FY24 and we estimate capex will step up to nearly 12% of sales with the company's leverage moving up towards 3.5x exiting the year.

### Stock

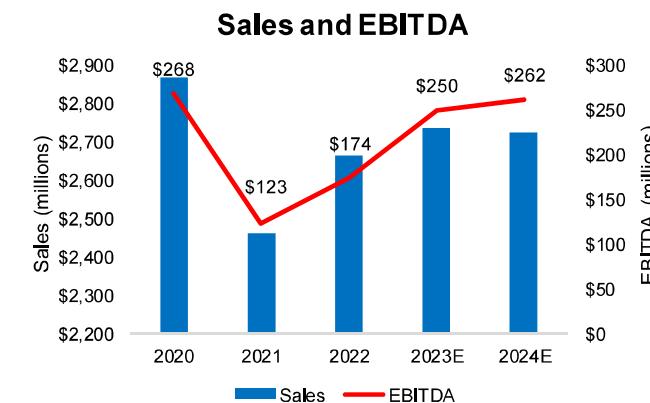
- We are raising our target price to \$13 which we derive by assigning a 6.5x multiple to our 2024 estimates. We believe shares of WK Kellogg are fairly valued at the current share price, with the current discount appropriately balancing the EBITDA growth outlook supported by margin expansion against a low profit margin base, the reliance on a mature category that is expected to decline modestly, heavy capital spending, and EBITDA growth that we believe will be weighted toward the final year of the company's outlook horizon (2024-2026).
- Risks to our target price include the company's category concentration to U.S. ready to eat breakfast cereal, input cost inflation, supply chain disruptions, and disruptions associated with the spin-out from Kellogg Co.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
KLG	\$13.27	9.0x	0.0x	6.1x	0.0x	4.8%	-8.7%
Food Average	18.0x	16.7x	13.1x	12.5x	3.2%	5.4%	
Staples Average	20.0x	18.1x	14.6x	13.7x	2.9%	4.8%	

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports, Stifel estimates

## Stifel – Food & Tobacco Equity Research

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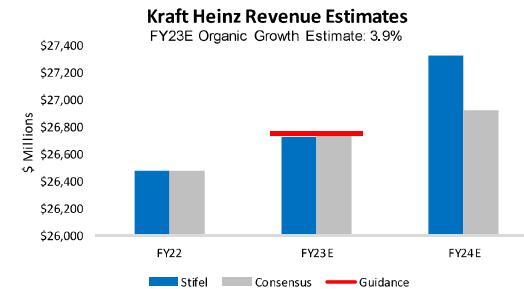
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points
Kraft Heinz Co. (KHC)	BUY	2/14/2024	\$36.82	<b>Stifel Estimates</b> 4Q22A 4Q23E FY23E FY24E \$1,743 \$1,673 \$6,330 \$6,588  <b>Consensus Estimates</b> 4Q22A 4Q23E FY23E FY24E \$1,743 \$1,681 \$6,320 \$6,469	<p><b>Sales</b></p> <p>We estimate over 2% organic growth driven by a 4% underlying volume decline and +6% pricing – inclusive of the over 7.5% volume headwind due to the extra week, we estimate a 6% reported sales decline in 4Q23. We estimate 0% organic growth in North America and +9% in International.</p> <p><b>GM</b></p> <p>Despite increased promotional activity for the holidays, we expect seasonality to result in a 50bps sequential increase in 4Q23 to 34.5%. We estimate 230bps of expansion in FY23 with the company's guidance calling for 200-250bps.</p> <p><b>EBITDA</b></p> <p>Our 4% underlying EBITDA growth estimate includes 3% growth in North America and 9.5% growth in International.</p>

Closing price as of 1/24/2024

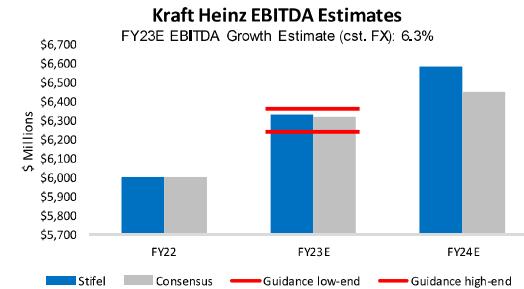
Source: Stifel estimates and FactSet

### 4Q23 Preview

- Kraft Heinz is expected to report its 4Q23 earnings in mid-February; our \$1.67 billion EBITDA estimate reflects 4% growth excluding the 53<sup>rd</sup> week headwind. Our FY23 estimate stands at \$6.33 billion (+8% ex. 53<sup>rd</sup> week) and is slightly ahead of the consensus.
- For the fourth quarter, we estimate over 2% organic growth driven by a 4% underlying volume decline and +6% pricing – inclusive of the over 7.5% volume headwind due to the extra week, we estimate a 6% reported sales decline in 4Q23.
- By division in 4Q23, we estimate a flat performance in North America and +9% in International.
- Our volume decline estimate includes sequential improvement versus the nearly 5.5% decline in 3Q23 due to the company lapping prior year pricing actions, implementation of the share recovery plan, innovation, share gains in foodservice, and continued double-digit growth in emerging markets as the company moves past a holiday timing headwind in Asia that impacted the third quarter.
- Despite increased promotional activity for the holidays, we expect seasonality to result in a 50bps sequential increase in 4Q23 to 34.5%. For the year, we estimate 230bps of margin expansion with the company's guidance calling for 200-250bps.
- We estimate a significant step up in SG&A expenses for the year (+11%) as the company invests in marketing, technology, and R&D, with gross cost savings of greater than \$500 million acting as a partial offset. During the third quarter, Kraft increased its marketing spend by 25%, its R&D spend by 8%, and its technology spend by 24% - we expect a further ramp in 4Q23 and into 2024.
- Year-to-date, Kraft Heinz has achieved over \$450 million of gross savings (more than FY22 in its entirety), and will likely well exceed its \$500 million annual target with its 4Q23 performance.
- Our 4% underlying EBITDA growth estimate includes 3% growth in North America and 9.5% growth in International.
- We estimate 4Q23 EPS of \$0.77, reflecting a 1% constant currency increase and excluding the impact of lapping the 53rd week as a higher tax rate is a 6% headwind in the quarter.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## Kraft Heinz Company – KHC – Buy – \$40 Target Price

### 2024 Preview

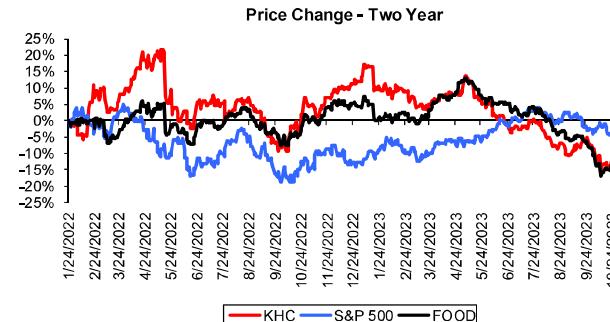
- The company's long-term targets call for 2-4% organic sales growth, 4%-6% EBITDA growth, and 6%-8% EPS growth.
- The path toward balanced organic sales growth will proceed into 2024 – we estimate volume/mix inflects mid-year supporting an on-algorithm year, albeit at the low-end of the ranges as the company transitions from the inflation based pricing benefit and an elevated level of productivity savings in 2023.
- We now estimate 2% organic sales growth, in-line with the company's 2%-3% long-term target, as pricing (+1.5%) leads the way with slight volume growth.
- By division, we estimate 1% growth in North America with a slight volume decline even as growth inflects positive for the second half of the year. For International, we estimate 5% organic sales growth with a better balance between volume growth and pricing as strength in foodservice and emerging markets drives this performance.
- We expect 40bps of gross margin expansion in FY24 to 34%, benefiting from cost savings and an improved supply chain performance, with expansion in 1H24 driven by an easy comparison against periods hampered by supply chain disruptions for cream cheese and cold cuts.
- We estimate EBITDA of \$6.59 billion, representing 4% constant currency growth and at the low-end of its long-term range of 4%-6%. By division, we estimate nearly 2% growth in North America and 7.5% growth in International.
- Our FY24 EPS estimate of \$3.16 represents 6.5% constant currency growth, at the low end of the company's 6%-8% long-term target including a 1.5% benefit from below the line items.

### Stock

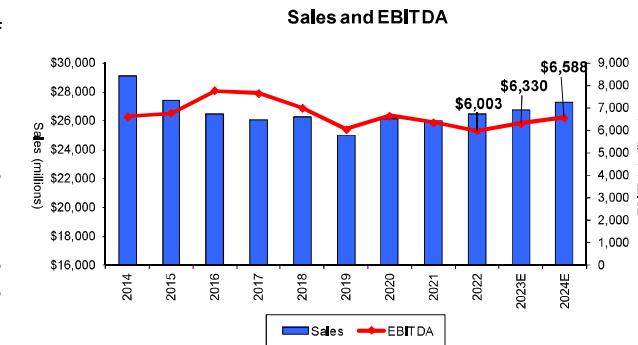
- We maintain our Buy rating and our \$40 target price; 10.5x EV/EBITDA on our FY24 estimates. Our Buy rating and target price are driven by the improvement in the company's growth profile due to portfolio reshaping, a return to market share gains in the U.S. Grow platform, reduced pressure from input cost inflation, the benefit of continued Foodservice share gains, and strong International growth driven especially by the continued performance in emerging markets amidst the discount valuation for the shares. In addition, the heavy level of investment in 2023 should allow a greater rate of productivity savings to drop to the bottom line in 2024.
- Although KHC experienced higher elasticity and volume declines primarily driven by price gaps, there is evidence of stabilization in volume and the company's U.S. Grow platforms gained share in the third quarter.
- The balance sheet continues to improve and leverage stands at 2.9x, below the company's 3x target level supporting optionality for Kraft Heinz to return more cash to shareholders.
- The risks to achieving our target price include volatile input cost inflation, any related volume weakness, the realization of cost savings, private label activity in its categories, which could work against sales growth, and the risk of its large shareholders (3G/Berkshire) selling shares.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
KHC	\$36.82	11.6x	10.6x	9.8x	9.4x	4.3%	8.4%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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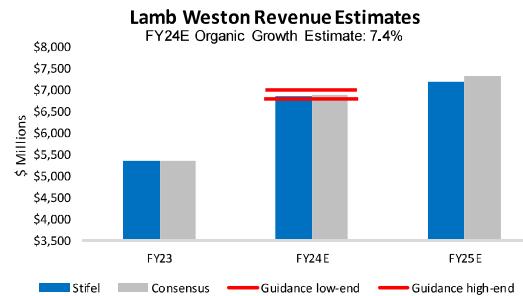
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points
Lamb Weston (LW)	BUY	1/4/2024	\$105.85	<b>Stifel Estimates</b> 2Q23A 2Q24A FY24E FY25E \$329 \$377 \$1,591 \$1,729	<b>Sales</b> Organic sales increased 6% driven by a 12% contribution from price/mix more than offsetting a 6% volume decline. By segment, underlying sales increased 10% in North America and decreased 12% in the International segment.  <b>GM</b> The gross margin was down 220bps versus the prior year to 27.6%, and declined 180bps sequentially. These declines were due to a write-off related to excess potatoes stemming from the better than expected North America crop and lowered volume expectations compared to the start of the year.  <b>EBITDA</b> Total adjusted EBITDA including JV's was up 15% to \$377 million including a \$71 million charge related to writing off excess potatoes. EBITDA was up +7% in North America and +66% in International including the benefit of the LW EMEA acquisition.

Closing price as of 1/24/2024

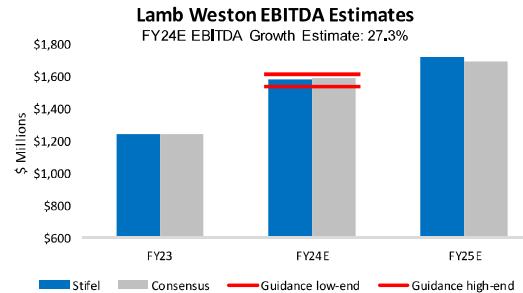
Source: Stifel estimates and FactSet

### 2Q24 Review

- Lamb Weston's reported 2Q24 EBITDA up +15% to \$377 million, which was \$15 million below our estimate including a \$71 million write-off relating to writing off excess potatoes from the 2023 crop.
- Organic sales were up 6% driven by price/mix growth (12%), while volume was down 6% (improving from -8% sequentially) with the decline associated with the exit of low price/low margin contracts – volume elasticities remain low.
  - By segment: Underlying sales increased 10% in North America benefiting from a 14% increase in price/mix growth more than offsetting the -4% volume decline. International segment decreased 12% as volume decreased -22% more than offsetting the benefit of 10% price/mix growth.
- Gross margin was down 220bps versus the prior year to 27.6%, and declined 180bps sequentially driven by the write-off related to excess potatoes. Excluding the write-off the margin stood near 31.3%, ahead of our expectation.
- Total adjusted EBITDA including JV's was up 15% to \$377 million including a \$71 million charge related to writing off excess potatoes.
  - By segment: In North America, EBITDA was up +7% supported by strong pricing and margin expansion more than offsetting the impact of the volume decline. In the International business EBITDA was up +66% including the benefit of the LW EMEA acquisition.
- Leverage currently stands near 2.2x using our FY24 EBITDA estimate supporting optionality including share repurchase and opportunistic M&A.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

STIFEL

## Stifel – Food & Tobacco Equity Research

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# Lamb Weston – LW – BUY – \$130 Target Price

### 2024 Outlook

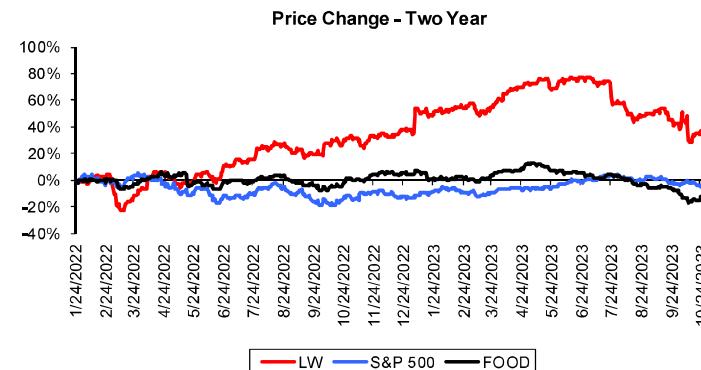
- Lamb reiterated its FY24 guidance calling for \$6.8 to \$7.0 billion in revenue representing 27% to 31% growth, including \$1.1-1.2 billion of incremental sales from LW EMEA, with underlying sales growth range of 6.5-8.5%.
- Guidance calls for EBITDA in the range of \$1.540 to \$1.620 billion representing 23% to 30% growth, including three quarters of incremental contribution from the LW EMEA acquisition. The company reiterated its FY24 guidance despite the \$71 million write-off associated with excess potatoes from the 2023 crop.
- For FY24, we estimate \$6.88 billion (+29%) in sales, with the LW EMEA acquisition benefiting 9M23 and contributing 21% of the total increase (\$1.14 billion in incremental revenue from acquisitions).
- On an underlying basis, we estimate 7% growth including nearly 11% contribution from price/mix related to carryover actions from FY23, contract pricing taking hold in 2H24, and mix benefits from stepping away from lower margin sales, even as less pass-through transportation pricing will be a slight headwind (roughly 1ppt. In 2H24 by our estimate).
- We estimate a 4% volume decline, with results pressured by mix management and the exit of lower priced/margin business, and reflective of our caution pertaining to restaurant traffic trends (particularly casual and full-service). Our estimates include lower volume in 3Q associated with ERP implementation disruption and an inflection to volume growth in the fourth quarter.
- We estimate a 29% gross margin in FY24, representing a 110bps increase in FY24 with pricing offsetting a lower rate of inflation, mix benefits from stepping away from lower margin volume, and contribution from the Win as One productivity program more than offsetting the impact of writing off excess potatoes.
- We estimate FY24 EBITDA of \$1.591 billion, representing 27% growth, slightly lower than our previous estimate reflecting the potato write-off partially offset by a strong underlying performance.

### Stock

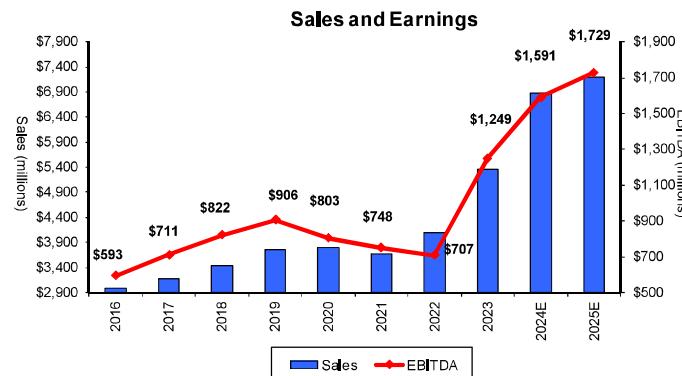
- We continue with our Buy rating and \$130 target price which we derive by assigning a 13x EV/EBITDA multiple to our CY24 estimate.
- Risks to our target price include significant disruptions in the supply chain, increased price competition due to an increase in capacity, economic conditions that could work against away-from-home sales, significant weather events in the Pacific Northwest, given the concentration of production/processing in that area, and slowing international demand.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
LW	\$105.85	17.2x	16.0x	11.2x	10.6x	1.4%	2.2%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

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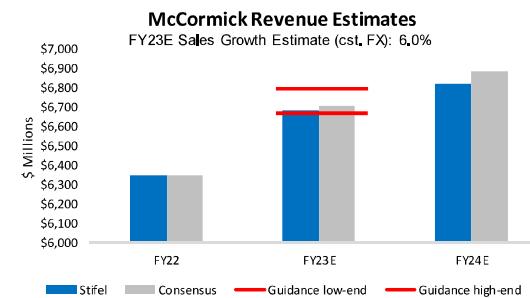
Company	Rating	Release Date	Price	EPS Expectations	Stifel Expectations/Key Points
McCormick (MKC)	HOLD	1/25/2024	\$65.78	<b>Stifel Estimates</b> 4Q22A \$0.73    4Q23E \$0.80    FY23E \$2.64    FY24E \$2.82  <b>Consensus Estimates</b> 4Q22A \$0.73    4Q23E \$0.79    FY23E \$2.64    FY24E \$2.85	<p><b>Sales</b></p> <p>We estimate 3.5% constant currency sales growth, with a flat performance in Consumer and 9% growth in Flavor Solutions – we expect sequential volume improvement for the company and in the Consumer division due to the easy comparison in China.</p> <p><b>GM</b></p> <p>Benefits from pricing, cost savings, and portfolio optimization should drive the gross margin higher for the year – we estimate a 120bps increase, within the company's 110-140bps guidance range. We estimate a 38% gross margin in 4Q23, reflecting a 120bps increase versus the prior year and a 100bps sequential increase.</p> <p><b>OM</b></p> <p>For 4Q23, we estimate constant currency operating profit growth of over 8.5%, with 2% growth in Consumer and 45% growth in Flavor Solutions, as the operating margin expands in both divisions and 80bps overall.</p>

Closing price as of 1/24/2024

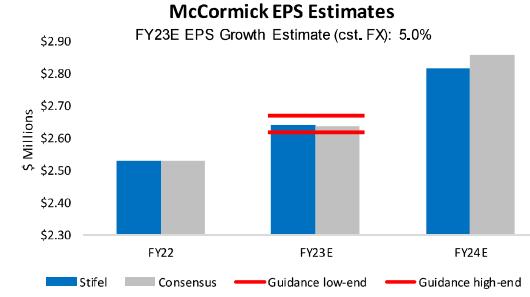
Source: Stifel estimates and FactSet

### 4Q23 Preview

- McCormick is scheduled to report its fourth quarter results on January 25 and due to measured channel trends, we are lowering our Consumer Sales estimate by 1.5% while maintaining our outlook for the Flavor Solutions division. We continue to estimate 4Q23 EPS of \$0.80 which stands in-line with the consensus estimate representing 9% growth.
- For 4Q23, we estimate 3.5% constant currency sales growth, with the flat performance in Consumer and 9% growth in Flavor Solutions – we expect sequential volume improvement for the company and in the Consumer division due to the easy comparison in China. Growth in Flavor Solutions is driven by a 9% pricing increase with this rate outpacing the 3% increase in Consumer due to a higher rate of inflation impacting Flavor Solutions.
- In the Consumer business, the company has now fully lapped the Russia exit and faces an easy comparison in 4Q23 due to lapping lockdowns in China. Our 4Q23 Consumer sales estimate reflects growth in China due to the comparison offsetting the Americas DSD exit headwind, with our estimate for flat organic growth reflecting measured channel volume declines offset by pricing.
- Benefits from pricing, cost savings, and portfolio optimization should drive the gross margin higher for the year – we estimate a 120bps increase, within the company's 110-140bps guidance range. We estimate a 38% gross margin in 4Q23, reflecting a 120bps increase versus the prior year and a 100bps sequential increase.
- For 4Q23, we estimate constant currency operating profit growth of over 8.5%, with 2% growth in Consumer and 45% growth in Flavor Solutions, as the operating margin expands in both divisions and 80bps overall.
- We expect a neutral impact below the line as an interest expense headwind is offset by a lower tax rate and higher equity earnings.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

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# McCormick – MKC – HOLD – \$70 Target Price

## 2024 Preview

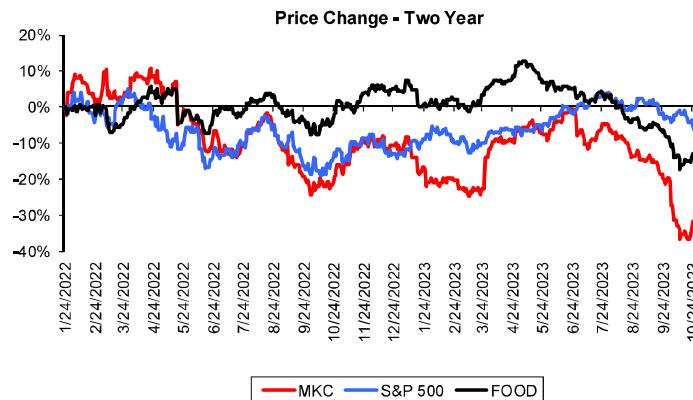
- For FY24, our estimates stand below the company's algorithm. We slightly lowered our organic sales growth estimate to 2%, 5% operating profit growth, and 6% EPS growth. Our lowered estimates reflect measured channel analysis.
- Sales growth reflects carryover pricing actions driving sales growth with volume increasing slightly for the year with modest volume growth driven by the Flavor Solutions business. By division, we estimate constant currency sales to be up slightly in the Consumer division as volume declines over 1.5%. In Flavor Solutions, we estimate 3% constant currency sales growth with volume up 2.5% and pricing up over 1% as the divestiture of the Italian canning business is a 1% headwind.
- We estimate 50bps of gross margin expansion in FY24 related to carryover pricing, CCI/GOE savings, improved mix, and the elimination of dual plant running costs in Flavor Solutions.
- Our profit growth estimate is driven by 3% growth in Consumer and 13% growth in Flavor Solutions, as the overall EBIT margin expands 60bps with 40bps of expansion in Consumer and 80bps in Flavor Solutions. Overall we estimate 5% constant currency growth for the company.
- Due to our lowered sales estimates, we are lowering our FY24 EPS estimate by \$0.04 to \$2.82 (+6% constant currency) inclusive of a 2.5% below the line benefit driven by lower interest expense, higher equity earnings, and lower other expense.
- The company expects to delever to 3x net debt to EBITDA before the end of FY24 – currently at 3.9x TTM EBITDA.

## Stock

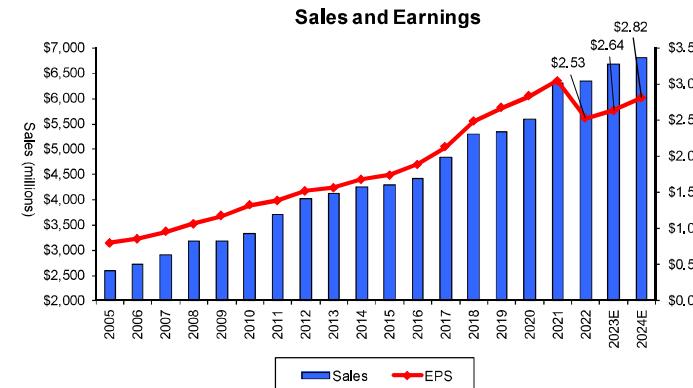
- We continue with our Hold rating and \$70 target price which we derive by assigning a 18x EV/EBITDA multiple to our FY24 estimates.
- We believe the current valuation appropriately balances the near-term volume outlook against the long-term growth potential and improving optionality with the balance sheet expected to delever to near 3x next year – a level that we believe will allow the company to more actively pursue M&A. The company plans to maintain a balanced utilization of cash through growth investments while simultaneously deleveraging, allowing for potential M&A activity driven by its stronger operating cash flow and overall balance sheet structure with M&A accounting for 1/3 of the long-term strategy (4%-6%).
- Risks to our target price include a weakening of volumes, slowdown in the food away from home industry, tough comps and weaker growth in FY22, and the volatility of input costs leading to significant pricing requirements for the business.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
MKC	\$65.78	23.3x	21.6x	16.9x	16.0x	2.6%	4.0%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

STIFEL

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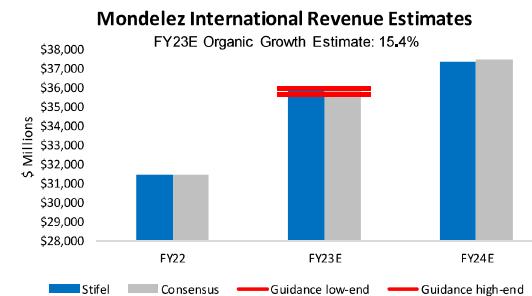
Company	Rating	Release Date	Price	EPS Expectations	Stifel Expectations/Key Points
Mondelez (MDLZ)	BUY	1/30/2024	\$73.95	Stifel Estimates 4Q22A 4Q23E FY23E FY24E \$0.71 \$0.78 \$3.24 \$3.50  Consensus Estimates 4Q22A 4Q23E FY23E FY24E \$0.71 \$0.77 \$3.24 \$3.51	<b>Sales</b> We estimate 11% organic growth, driven by 8% pricing and 3% volume growth. We estimate nearly 8% reported growth due to an over 1.5% FX headwind and a nearly 2% headwind related to the developed market gum divestiture.  <b>GM</b> Due to seasonality and a headwind from the gum divestiture, we expect a 210bps sequential gross margin decline to 36.5% in 4Q23 – this represents 50bps of expansion versus the prior year.  <b>OM</b> We estimate nearly 11% constant currency operating profit growth. By region, we estimate 3% operating profit growth in North America, 19% growth in Europe, 10% growth in AMEA, and 30% growth in Latin America.

Closing price as of 1/24/2024

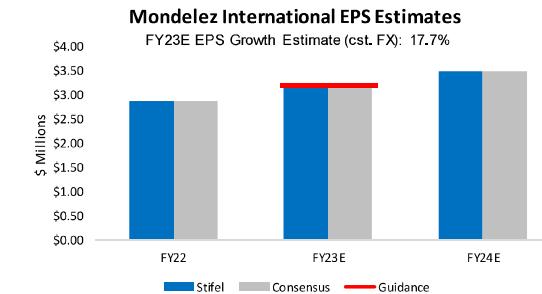
Source: Stifel estimates and FactSet

### 4Q23 Preview

- Mondelez is scheduled to report its 4Q23 earnings on January 30 after the market close. We now estimate EPS of \$0.78, reflecting 15% currency neutral growth due to our raised sales and margin expectations. Our estimate stands \$0.01 ahead of the consensus.
- Implied guidance for the fourth quarter indicates 6%-10% organic sales growth and 8% constant currency EPS growth. We expect the strong momentum in the business to continue in 4Q23 benefitting from continued strength in the company's categories, strong commercial plans, resilient consumer confidence, relatively benign elasticities, continued brand investments, and emerging market health.
- For the fourth quarter, we estimate 11% organic growth, driven by 8% pricing and 3% volume growth. We estimate nearly 8% reported growth including an over 1.5% FX headwind and a nearly 2% headwind related to the developed market gum divestiture.
- With pricing in 2024 necessary due to cocoa/sugar inflation, we expect the company to control inventories before the pricing hits – we expect a sequential decline for volume to 3% growth in 4Q23 versus the 4% result in 3Q23. We estimate 8% pricing in the quarter, down 3% sequentially.
- By division, we estimate organic growth of +5% in North America (+3% volume growth), +13% in Europe (+3% volume growth), +11% in AMEA (+4% volume growth), and +22% in Latin America (+2% volume growth).
- Due to seasonality and a headwind from the gum divestiture, we expect a 210bps sequential gross margin decline to 36.5% in 4Q23 – this represents 50bps of expansion versus the prior year. For the year, due to the delayed European pricing, and a higher rate of inflation related to lapping beneficial hedges in FY22, we estimate a 10bps decline.
- For 4Q23, we estimate nearly 11% constant currency operating profit growth. We expect a 2% benefit from below the line items in 4Q23, including lower interest expense and a lower share count.
- By region, we estimate 3% operating profit growth in North America, 19% growth in Europe, 10% growth in AMEA, and 30% growth in Latin America.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## Mondelez International – MDLZ – BUY – \$81 Target Price

### 2024 Preview

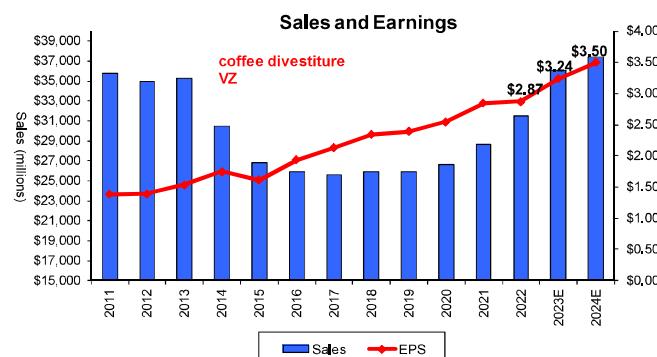
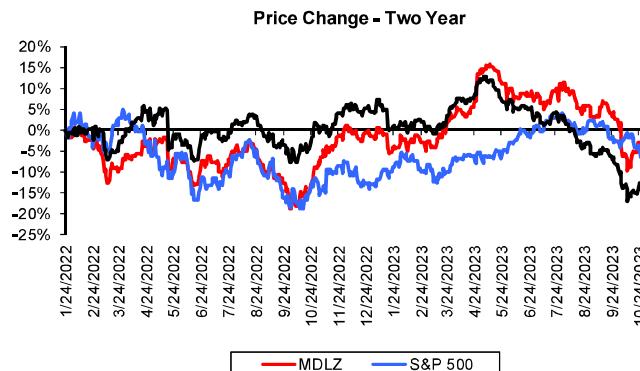
- For 2024, we estimate over 7% organic sales growth and EPS of \$3.50, reflecting 6% constant currency growth including low-single-digit dilution from the gum divestiture.
- Our top-line estimates include a balanced contribution from volume/mix and pricing. The company, along with its peers, will need to implement additional pricing in FY24 to cover inflation in cocoa and sugar. Our organic sales growth estimate is comprised of a 4% pricing contribution and over 3% volume growth, with growth higher in the first half.
- Reloading retailer inventories after the company's pricing actions are implemented will be a volume tailwind to FY24 and the company's investments should spur additional demand.
- The company is expecting gross inflation near 10% in 2024; the company was hedged through 1H24 as of the 3Q23 earnings call.
- We estimate modest gross margin expansion in 2024 (10bps) as the company's pricing/productivity actions offset inflation, while dilution from the developed market gum divestiture is a headwind.
- We estimate 7% constant currency operating profit growth in FY24 based on our modeling of incremental margins. We estimate 20bps of operating margin expansion to 16.4%. We expect Europe to exhibit the greatest growth (+8%) due to pricing actions.
- We believe the momentum in emerging market growth will continue into 2024 benefiting from the resiliency in the category growth and distribution growth opportunities as the company continues to broaden its products.
- We estimate the gum divestiture will be a nearly 2ppt. drag on reported sales growth and a similar drag to operating profit in the year. We expect proceeds from the gum divestiture to be put towards additional share repurchases, with below-the-line contributions a 2% benefit to the year resulting in low-single-digit dilution from the transaction in 2024.
- Even with the dilution, our estimates suggest Mondelez will achieve EPS growth in line with its high-single digit algorithm. Our organic sales growth estimate of 6% stands ahead of the algorithm calling for 3%-5% growth.

### Stock

- We continue with our Buy rating and we are raising our target price to \$81 target price reflecting our now higher 2024 estimates. We derive our target price by assigning a 16.5x multiple to our 2024 estimates placing the shares in line with historical valuation.
- The risks to our target price include a weaker volume performance, the inability to raise prices in reaction to cost inflation, and the need for heavier investment to support stronger sales growth. At the same time, we acknowledge that a stronger rate of revenue growth achieved more quickly could continue to push the share price and valuation higher from this level.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
MDLZ	\$73.95	21.1x	19.5x	15.3x	14.5x	2.3%	4.6%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%	5.4%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%	4.8%

Source: Company reports, FactSet, Stifel estimates



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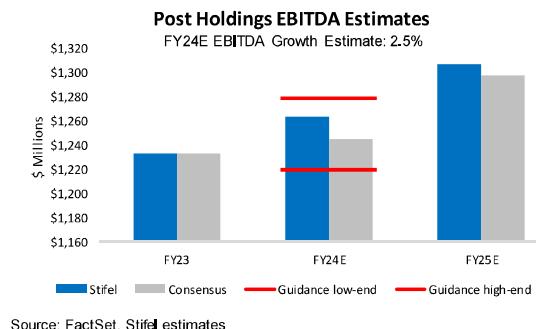
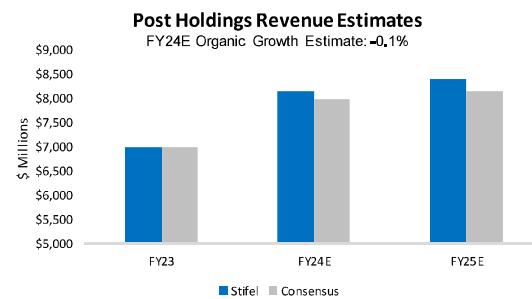
				EBITDA Expectations (\$mil)	Stifel Expectations/Key Points																
Company	Rating	Release Date	Price																		
Post (POST)	BUY	2/1/2024	\$91.63	<p style="text-align: center;"><b>Stifel Estimates</b></p> <table> <tr> <td><b>1Q23A</b></td> <td><b>1Q24E</b></td> <td><b>FY24E</b></td> <td><b>FY25E</b></td> </tr> <tr> <td>\$270</td> <td>\$300</td> <td>\$1,264</td> <td>\$1,308</td> </tr> </table> <p style="text-align: center;">Consensus Estimates</p> <table> <tr> <td><b>1Q23A</b></td> <td><b>1Q24E</b></td> <td><b>FY24E</b></td> <td><b>FY25E</b></td> </tr> <tr> <td>\$270</td> <td>\$299</td> <td>\$1,246</td> <td>\$1,298</td> </tr> </table>	<b>1Q23A</b>	<b>1Q24E</b>	<b>FY24E</b>	<b>FY25E</b>	\$270	\$300	\$1,264	\$1,308	<b>1Q23A</b>	<b>1Q24E</b>	<b>FY24E</b>	<b>FY25E</b>	\$270	\$299	\$1,246	\$1,298	<p><b>Sales</b></p> <p>We estimate 23% sales growth due to the Pet acquisition as organic sales decline 3% with volume down 4% largely due to an 8% PCB decline versus the 6% decline in 4Q23 which benefitted from back to school sales as cereal trends remain challenged.</p> <p><b>GM</b></p> <p>We estimate a 28% gross margin in the quarter, up 150bps from the prior year and down 150 bps on a sequential basis reflecting a drag from mix and the pet acquisition.</p> <p><b>EBITDA</b></p> <p>Our 1Q24 EBITDA estimate of \$300 million represents 11% growth. Similar to the dynamics impacting the year, we expect the EBITDA margin to decline 170bps versus the prior year to 15.5% with the decrease in PCB related to the Pet acquisition driving the decline (-400bps) as the Foodservice margin declines 90bps due to lapping the AI pricing benefit to 1Q23.</p>
<b>1Q23A</b>	<b>1Q24E</b>	<b>FY24E</b>	<b>FY25E</b>																		
\$270	\$300	\$1,264	\$1,308																		
<b>1Q23A</b>	<b>1Q24E</b>	<b>FY24E</b>	<b>FY25E</b>																		
\$270	\$299	\$1,246	\$1,298																		

Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 1Q24 Preview

- Post is scheduled to report its first quarter earnings on February 1 after the market close, with its earning call the following morning. We now estimate 1Q24 EBITDA of \$300 million representing 11% growth with sequential declines in PCB and Foodservice, but increases for Refrigerated Retail and Weetabix.
- We estimate 23% sales growth including the Pet acquisition with a 3% decline in organic sales consisting of a 4% volume decline including to an 8% PCB decline versus the 6% decline in 4Q23 which benefitted from back to school sales as cereal trends remain challenged. We expect a sequential volume decline improvement to -1.5% in Refrigerated Retail (-8% in 4Q23) due to holiday sales and an improved supply chain performance versus the prior year. We expect Foodservice volumes to decline 3% due to lapping incremental volume related to AI in 1Q23.
- By business, on an underlying basis, we estimate 0% growth in Consumer Brands, a 9% decline in Foodservice (lapping AI), -0.5% decline in Refrigerated Retail, and 5% growth for Weetabix.
- We estimate a 28% gross margin in the quarter, up 150bps from the prior year and down 150 bps on a sequential basis reflecting a drag from mix and the pet acquisition.
- Our 1Q24 EBITDA estimate of \$300 million represents 11% growth. Similar to the dynamics impacting the year, we expect the EBITDA margin to decline 170bps versus the prior year to 15.5% with the decrease in PCB related to the Pet acquisition driving the decline (-400bps) as the Foodservice margin declines 90bps due to lapping the AI pricing benefit to 1Q23.
- By division, we estimate 39% PCB growth (+4% underlying) due to the Pet acquisition, -13.5% in Foodservice related to lapping the AI benefit in the prior year, -1% in Refrigerated Retail reflecting a sequential increase due to holiday sales in the quarter, and 10% growth in Weetabix which also reflects sequential improvement against a period impacted trade promotions and higher costs.



## Stifel – Food & Tobacco Equity Research

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# Post Holdings – POST – BUY – \$98 Target Price

## FY24 Outlook

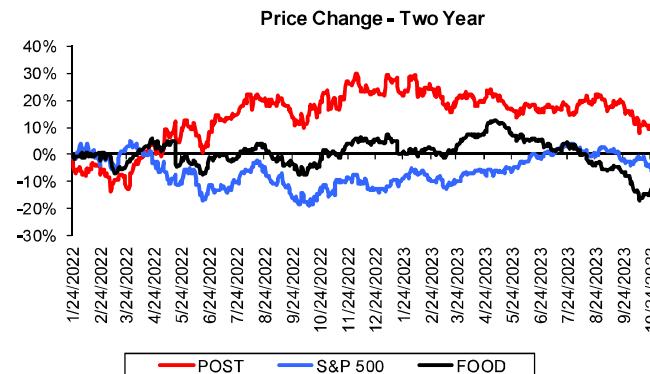
- Post's guidance calls for \$1.22-\$1.28 billion of EBITDA (-1% to +4%). Perfection Pet is expected to contribute \$25 million in EBITDA over the initial 12 months of ownership, and the acquisition has allowed Post to lower its CapEx needs associated with capacity expansion to support its pet business. We expect the business to contribute \$20 million of EBITDA during the 10 months of Post's ownership in FY24.
- The guidance range implies a slightly positive performance with underlying base business growth and incremental contribution from the Pet acquisitions offset by lapping extraordinary earnings in Foodservice in 2023 related to AI – we believe the Foodservice business overearned by \$115 million or so in FY23 versus its normalized run-rate of \$400 million annually following the completion of the shake plant in December. And the Pet business performed much better than initial expectations in FY23 due to a strong margin performance stemming from inventory rebuilding at retail driving volume leverage
- Going forward, we expect a pullback in the Pet business' profit run rate due to investments in labor, marketing, and manufacturing as the company transitions off the TSA with Smucker, but we still expect incremental EBITDA generation in FY24. For the year, we expect the Pet business to contribute ~\$115 million to EBITDA, standing above the company's guidance at the time of the acquisition which called for \$100 million of base business EBITDA prior to the inclusion of any synergy benefits which are expected to unlock an additional \$30 million over time.
- Using the FY23 EBITDA result of \$1.23 billion, adding in the incremental contribution from the Pet business, and backing out the overearning in the Foodservice business and the increased Pet investments, we estimate a normalized EBITDA base of ~\$1.2 billion.
- Our FY24 EBITDA estimate stands at \$1.26 billion, representing 2.5% reported growth and 5.5% growth when normalizing for Pet and Foodservice performances.
- By division, we estimate 21% growth in Post Consumer Brands (+9% ex. Pet's incremental acquisition benefit and deferred investments), an 18% decline in Foodservice due to the tough A.I. comparison (+3% underlying), 3% growth in Refrigerated Retail, and 6% growth in Weetabix.
- For organic sales, we estimate a flat performance, with growth in each division besides Foodservice where the A.I. pricing dynamic makes for a challenging comparison

## Stock

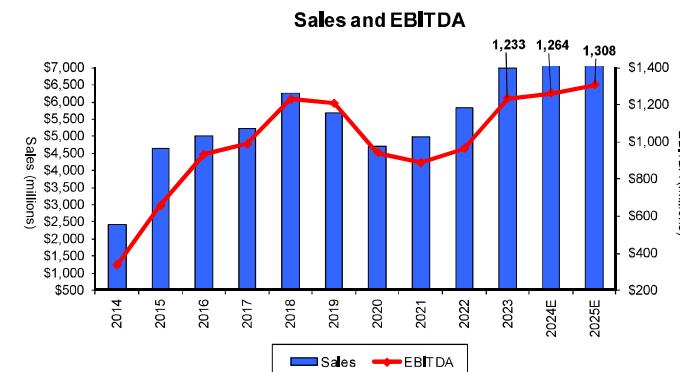
- We continue with our Buy rating and \$98 target price, reflecting a 9.5x multiple on our CY24 estimates. The company currently trades at just a 9x multiple, and does not properly account for Post's growth potential, optionality, and strong cash position.
- The risks to our Buy rating and target price include the debt leverage on the balance sheet (above 5x debt/EBITDA), rising interest rates and a potential increase in future debt costs (existing debt is mostly set at fixed rates), rising multiples for acquisitions, egg supply and further Avian Influenza (AI) outbreaks as we saw in 2015, rising input costs, and the recovery in Foodservice sales around COVID-19.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
POST	\$91.63	18.2x	16.5x	9.2x	9.0x	0.0%	5.6%
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%	5.4%	
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%	4.8%	

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

STIFEL

## Stifel – Food & Tobacco Equity Research

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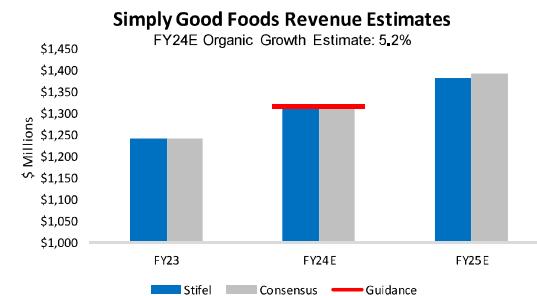
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points
Simply Good Foods (SMPL)	BUY	1/4/2024	\$39.43	Stifel Estimates 1Q23A 1Q24A FY24E FY25E \$61 \$62 \$263 \$281	<b>Sales</b> 1Q24 reported sales of \$308.7 million were up 2.6% versus the prior year. Total retail takeaway was up 8% outpacing reported shipments by over 5% reflecting promotional event timing. Consumption growth was led by the Quest brand with takeaway up 19% while Atkins sales were down 4%.

Closing price as of 1/24/2024

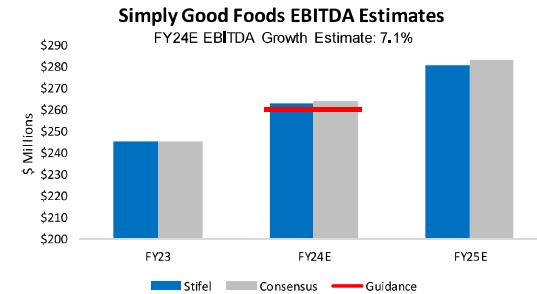
Source: Stifel estimates and FactSet

### 4Q23 Review

- Simply Good Foods reported 1Q24 EBITDA of \$62 million, up 22% vs. the prior year and \$0.5 million ahead of our estimate and \$1 million ahead of consensus.
- Total reported sales of +\$308 million (2.6%) were supported by 2.6% volume growth trailing consumption growth due to unfavorable inventory shifts.
- Total retail takeaway was up 8% outpacing reported shipments by over 5% reflecting promotional event timing.
- Consumption growth was led by the Quest brand with takeaway up 19% while Atkins sales were down 4%, consistent on a sequential basis.
- Gross margin expanded 40bps to 37.3% reflecting lower ingredient and packaging costs, gross margin expansion is expected to accelerate over the rest of the year.
- The company generated EBITDA of \$62 million, up +2% versus the prior year and slightly trailing sales growth due to higher SG&A.
- Operating profit was up 2% in the quarter benefiting from volume growth and gross margin expansion partially offsetting higher selling and marketing costs. Operating margin declined 10bps to 20.1%
- The net debt level stands at just 0.6x EBITDA, which supports optionality including M&A, and while we have no knowledge of any potential M&A, we believe Simply could be a potential takeover candidate itself once the Atkins brand stabilization takes hold.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## Simply Good Foods – SMPL – BUY – \$48 Target Price

### 2024 Outlook

- Simply's FY24 outlook calls for sales growth at the high-end of its 4%-6% long-term algorithm (including a 1 ppt. extra week benefit) and EBITDA growth slightly ahead of sales. EPS growth is expected to be greater than EBITDA due to lower interest expense.
- SMPL expects FY24 sales growth to be driven by volume with shipments and retail takeaway in-line as the company exited FY23 with trade inventory at normal levels
- We are slightly lowering our sales growth estimate for the year to 6%, with 5% growth on an underlying basis as the 53rd week adds 1ppt. of growth.
- By brand, we expect mid-teen growth for Quest and now expect a mid-single digit decline for Atkins with retail takeaway improved in the second half for Atkins as the revitalization plan takes hold and continued momentum in the Quest brand benefits from advertising.
- We estimate 150bps of gross margin expansion in FY24 to 38% due to lower ingredient and packaging costs. We estimate 90bps of expansion in 1H24 and 210bps of expansion in 2H24, as the first half is impacted by higher than normal trade spending in 1Q24 and typical New Year spending in 2Q24.
- We expect operating expenses to increase greater than sales as the company invests in marketing, innovation, and category management for both brands, while also investing in capabilities and rebuilding incentive compensation.
- We estimate EBITDA of \$263 million in FY24, representing 7% reported growth and 6% growth on an underlying basis, including an increase in investments to support growth.
- We expect EBITDA growth in each quarter of FY24, with 9% growth in the second half given the greater gross margin expansion we expect in 2H24.
- We estimate FY24 EPS of \$1.82, representing 11% growth and standing ahead of the EBITDA growth we estimate due to a 4% benefit from lower interest expense.

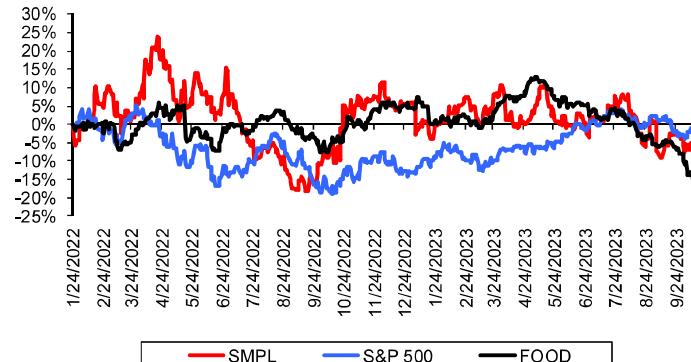
### Stock

- We continue with our Buy rating and \$48 target price, which we derive by assigning a 18.5x EV/EBITDA multiple to our FY24 estimates which we believe balances the near-term sales growth profile, strong balance sheet, and potential GLP-1 related benefit against weaker Atkins trends as the company executes its brand revitalization plan.
- The balance sheet is an asset with leverage near 0.5x (versus 4.5x leverage following the Quest acquisition), a level that we believe supports optionality for Simply to pursue opportunistic M&A.
- Risks include a reduction in consumer mobility, increased promotion and marketing cost, volume softness, supply constraints, promotional intensity of its categories, and a spike in input cost inflation.

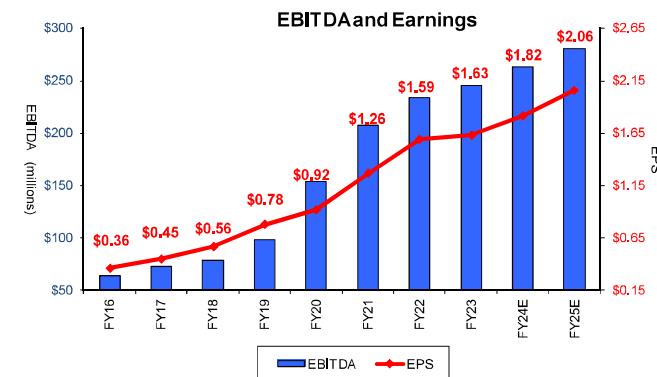
	Price 1/24/2024	P/E 2024E	EV/EBITDA 2024E	Div. Yield	FCF Yield
SMPL	\$39.43	21.0x	18.6x	15.4x	14.5x
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%

Source: Company reports, FactSet, Stifel estimates

### Price Change - Two Year



Source: FactSet



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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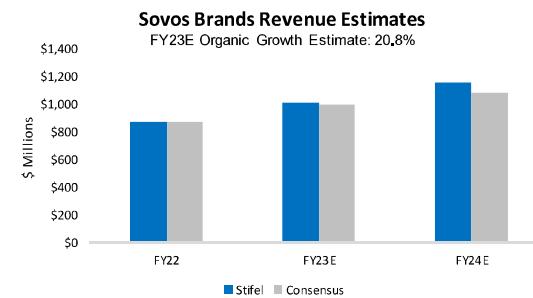
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points
Sovos Brands (SOVO)	HOLD	TBD	\$22.11	Stifel Estimates <u>4Q22A</u> <u>4Q23E</u> <u>FY23E</u> <u>FY24E</u> \$37.0 \$41.1 \$151.3 \$178.7	We estimate 8% sales growth driven by 11% volume growth including a 10% 53rd week headwind, a 1.5% pricing benefit, and a 4% headwind from the Birch Benders divestiture. Excluding the 53rd week headwind, by brand we estimate 30% growth for Rao's, 1% for noosa, and -10% for Michael Angelo's.
				Consensus Estimates <u>4Q22A</u> <u>4Q23E</u> <u>FY23E</u> <u>FY24E</u> \$37.0 \$40.7 \$150.8 \$164.6	With pricing, productivity, and mix more than offsetting inflation, we estimate 80bps of gross margin expansion to 30%. We expect a 30bps sequential increase due to slotting fees associated with the pizza launch and new sauces, in addition to promotions for pizza that impacted 3Q23.
				EBITDA	We estimate 11% EBITDA growth in 4Q23 as pricing and productivity offset investments in brand building, innovation, and capabilities. We expect the EBITDA margin to expand 40bps to 14.5%.

Closing price as of 1/24/2024

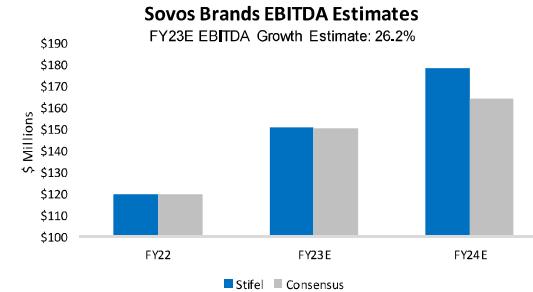
Source: Stifel estimates and FactSet

### 4Q23 Preview

- Sovos Brands has typically reported its fourth quarter earnings in mid-March; however, this timeline may be impacted by Campbell's pending acquisition. Campbell has an agreement in place to acquire Sovos for \$23 per share, which represents an enterprise value of \$2.7 billion and a roughly 15x EV/EBITDA multiple using our 2024 estimates. The transaction is expected to close in mid-2024; the acquisition is pending regulatory approval.
- Due to impressive measured channel sales trends for Rao's, we are raising our estimates and now expect 12% organic sales growth (inclusive of 53rd week headwind) and \$41 million (+11%) of EBITDA, with our estimate standing ahead of the consensus for sales and in-line for EBITDA.
- For the fourth quarter, we estimate 8% sales growth driven by 11% volume growth including a 10% 53rd week headwind, a 1.5% pricing benefit, and a 4% headwind from the Birch Benders divestiture.
  - Pricing in 4Q23 is expected to decline sequentially, as the company laps prior year actions. The company took pricing in late 2022 and another 8%-10% increase on noosa and the frozen portfolio in February 2023.
  - Excluding the 53rd week headwind, by brand we estimate 30% growth for Rao's (consumption +35%), 1% for noosa, and -10% for Michael Angelo's.
  - We estimate the Rao's business will make up nearly 80% of sales in 4Q23.
- With pricing, productivity, and mix more than offsetting inflation, we estimate 80bps of gross margin expansion to 30%. We expect a 30bps sequential increase due to slotting fees associated with the pizza launch and new sauces, in addition to promotions for pizza that impacted 3Q23.
- We estimate 11% EBITDA growth in 4Q23 as pricing and productivity offset investments in brand building, innovation, and capabilities. We expect the EBITDA margin to expand 40bps to 14.5%.
- Below the line, the company is in an unfavorable interest expense position, with interest rates on its debt at over 8%. We estimate an 8% headwind to EPS in the third quarter from below the line.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## Sovos Brands – SOVO – HOLD – \$23 Target Price

### 2024 Preview

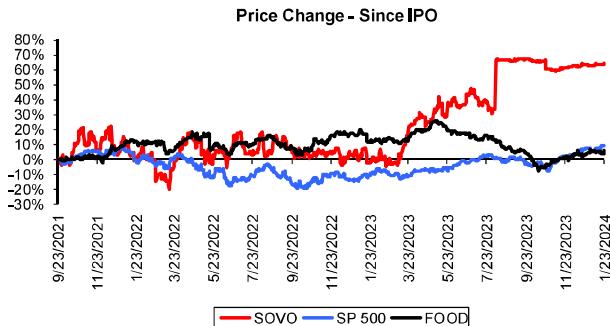
- Due to the pending acquisition by Campbell, the company is unlikely to provide guidance for 2024.
- We have raised our FY24 sales estimates to better reflect CAGR trends and now expect FY24 sales of \$1.16 billion, representing 14% organic growth, with volume up 14% and pricing slightly positive.
  - In February, the company will lap the 8%-10% pricing action on noosa and the frozen portfolio.
  - By brand, in FY24, we estimate organic growth of 18.5% for Rao's, 3.5% for noosa, and -6% for Michael Angelo's. We expect the Rao's business will make up nearly 80% of total company sales in 2024.
- We estimate 75bps of gross margin improvement in FY24 as productivity offsets inflation and increased investments behind supporting its brands, innovation, and capabilities. The company is increasing its marketing and R&D spend by double-digits in FY23 and we expect similar increases in FY24.
  - In terms of cadence, we expect the greatest rate of expansion to occur in 1Q24 as this period compares against the quarter most impacted by inflation in FY23. We estimate 140bps of expansion in 1Q24 and 50bps of expansion on average through the remaining quarters.
  - Frozen automation, value engineering, logistics optimization, and supplier partnerships are the focus of productivity initiatives, which alongside increased scale should continue to support margin expansion.
- For EBITDA, we estimate \$179 million (+18% growth) in FY24.
- Based upon our analysis of incremental margin, we expect EBITDA growth to be higher in the first half (+24%), with the second half increasing 13%. Our estimates indicate the 1H/2H EBITDA split to be 49%/51%.

### Stock

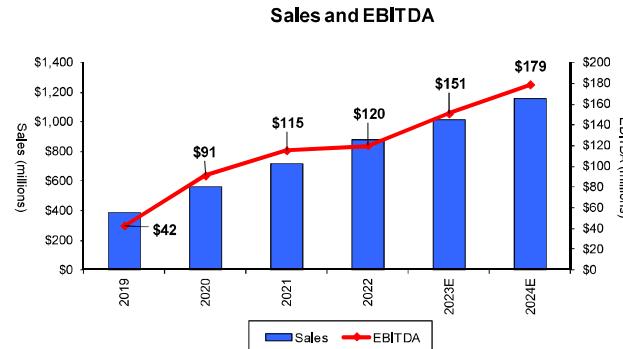
- We continue with our Hold rating and \$23 target price. We believe the acquisition agreement with Campbell including the \$23 per share value represents a 15x EV/EBITDA multiple using our 2024 estimates.
- On October 23, Campbell and Sovos received a request for additional information from the FTC regarding the companies' proposed merger. Campbell now expects the transaction to be completed in calendar 2024, with a closing in mid-2024 the objective versus the previously targeted December 2023 timeline. The merger agreement requires Campbell to challenge the FTC and potentially pay a \$147 million fee in the event of a non-appealable injunction.
- We believe there is a relatively low probability of a competing offer given the Board of Directors approvals, a "no-shop" provision, breakup fees, and the generally high multiple reflected in the current transaction. Advent International is Sovos' largest shareholder with over 40% of shares and has participated in the board approval of the transaction.
- Risks to our target price include failure to complete a merger with Campbell Soup, a competitive bid, failure to achieve necessary regulatory approvals to complete a merger, customer concentration, acquisition strategy, reliance on co-manufacturing, input cost inflation, and the risk of more shares hitting the market following the expiration of the lock-up agreement.

	Price	P/E	EV/EBITDA		Div.	FCF
	1/24/2024	2024E	2025E	2024E	2025E	Yield
SOVO	\$22.11	26.3x	22.6x	14.4x	13.1x	0.0%
Food Average		18.0x	16.7x	12.5x	11.8x	3.2%
Staples Average		20.0x	18.1x	13.7x	12.7x	2.9%
						4.8%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet



Source: Company reports and Stifel estimates

## Stifel – Food & Tobacco Equity Research

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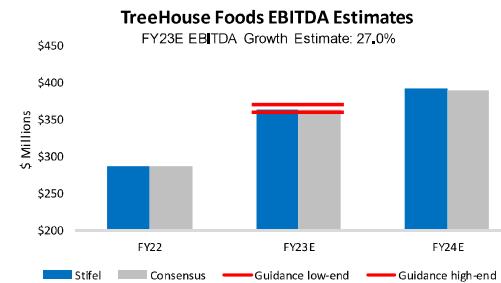
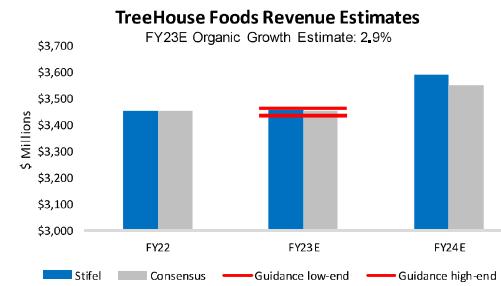
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points																								
TreeHouse (THS)	HOLD	2/16/2024	\$41.84	<table border="1"> <thead> <tr> <th colspan="4">Stifel Estimates</th> </tr> <tr> <th>4Q22A</th> <th>4Q23E</th> <th>FY23E</th> <th>FY24E</th> </tr> </thead> <tbody> <tr> <td>\$120</td> <td>\$107</td> <td>\$364</td> <td>\$393</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Consensus Estimates</th> </tr> <tr> <th>4Q22A</th> <th>4Q23E</th> <th>FY23E</th> <th>FY24E</th> </tr> </thead> <tbody> <tr> <td>\$120</td> <td>\$107</td> <td>\$364</td> <td>\$391</td> </tr> </tbody> </table>	Stifel Estimates				4Q22A	4Q23E	FY23E	FY24E	\$120	\$107	\$364	\$393	Consensus Estimates				4Q22A	4Q23E	FY23E	FY24E	\$120	\$107	\$364	\$391	<p><b>Sales</b> We estimate a flat sales performance in 2023, with our fourth quarter estimate reflecting an over 6% decline driven by a 6.5% volume headwind (underlying decline and impacts from recall/packaging disruption) and a slight pricing tailwind.</p> <p><b>Gross Margin</b> We estimate 10bps of gross margin expansion versus the prior year in 4Q23 and 120bps of sequential expansion to 18.5% driven by TMOS and the company's supply chain initiatives.</p> <p><b>EBITDA</b> For EBITDA, we continue to estimate \$364 million in FY23 (+25% on continuing operations basis), with our fourth quarter estimate of \$107 million representing an 11% decline due to the costs associated with the recall, packaging disruption, and TSA wind down.</p>
Stifel Estimates																													
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\$120	\$107	\$364	\$391																										

Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 4Q23 Preview

- TreeHouse is scheduled to report its fourth quarter earnings on February 16 and we estimate EBITDA of \$107 million representing an 11% decline and standing \$1 million ahead of the consensus estimate.
- The company's fourth quarter outlook includes 3% continuing operations sales growth (\$910-\$940 million) and EBITDA in the range of \$103-\$113 million (-13% to -5% on continuing operations basis).
- We estimate a 6% decline in organic sales in the fourth quarter driven by a 6.5% volume headwind (underlying decline and impacts from recall/packaging disruption) and a slight pricing tailwind.
- Excluding the impact of the broth product recall and the packaging disruption, organic sales are expected to be flat to slightly down. 4Q23 faces the easiest lap against peak service level disruptions in the prior year, and with increased promotional activity further bolstering the volume performance. Organic volume (excluding the recall and packaging disruption headwinds) in the fourth quarter is expected to decline and the contribution from pricing should diminish as actions are lapped.
- We estimate 10bps of gross margin expansion versus the prior year in 4Q23 and 120bps of sequential expansion to 18.5% driven by TMOS and the company's supply chain initiatives.
- For the year, we estimate a 17.6% gross margin reflecting 120bps of expansion, supported by positive PNOC (especially across the first three quarters, and an improving supply chain performance — the company expects to experience mid-single digit inflation in FY23).
- For EBITDA, we continue to estimate \$364 million in FY23 (+25% on continuing operations basis), with our fourth quarter estimate of \$107 million representing an 11% decline due to the costs associated with the recall, packaging disruption, and TSA wind down. The wind down of the Meal Prep TSA agreement is expected to be a \$5-\$7 million expense in 4Q23.



## TreeHouse Foods – THS – HOLD – \$42 Target Price

### 2024 Preview

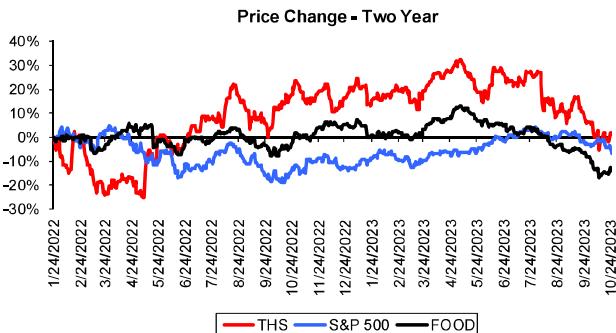
- The company has not provided 2024 guidance, but did note during its 3Q23 earnings call an expectation to exit FY23 with an EBITDA run-rate of ~\$400 million.
- At its June 2023 investor day, Treehouse laid out annual targets calling for 3%-5% revenue growth and 8%-10% EBITDA growth.
- We estimate 4% sales growth in 2024 including 1% organic sales growth and a 3ppt. contribution from the recently completed fermented condiment acquisition. With the inclusion of the acquisition in our model, our FY24 estimates are in-line with the company's targets as we now estimate 4% sales growth and 8% EBITDA growth. The acquisition is margin accretive for Treehouse and generated \$60 million of annual sales for Smucker, which adds over 1.5% to our FY24 sales growth estimate.
- Our 4% sales growth estimate in FY24 is driven by 1% volume growth, the 1.5% fermented foods benefit, and a 1.5% benefit from the seasoned pretzel and coffee acquisitions.
- We estimate a 17.9% gross margin in 2024, which is up 30bps reflecting continued TMOS and supply chain savings.
- Our EBITDA estimate of \$393 million currently trails the \$400 million run-rate the company plans to exit FY23 at, and reflects 8% growth with our 1H/2H attribution reflecting a more typical cadence of 47%/53% for FY24 – our EBITDA margin estimate of 10.9% represents 40bps of expansion.
- Supply chain savings are expected to drive the EBITDA growth we estimate – the company noted with its third quarter results that it remains on track to deliver \$250 million of gross supply chain savings in 2024-2027.

### Stock

- We continue with our Hold rating and \$42 target price, reflecting a 9x EV/EBITDA multiple on our FY24 estimates.
- As we assess the current valuation of the shares, 8.5x EBITDA multiple using our 2024 estimates, we see modest upside from this level until the company achieves consistent volume growth.
- Ultimately, we believe TreeHouse should trade at a modest discount to the packaged foods group, as investors balance the inherent volatility of the contract based business against improved portfolio growth profile and the free cash flow generation.
- Leverage stands near 2.2x net debt/EBITDA, providing TreeHouse with flexibility to invest to support supply chain improvement, targeted capacity expansion, and opportunistic M&A.
- The risks to our target price include significant input cost inflation, a more competitive promotional environment, disruption from the supply chain, the potential for lost customers (an ongoing risk in the procurement model for private label), and the potential for a take out at a significant premium.

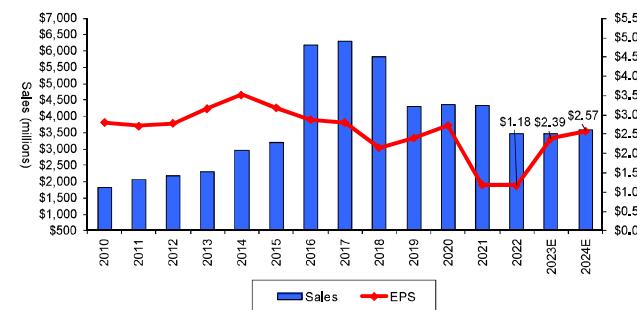
	Price 1/24/2024	P/E 2024E	EV/EBITDA 2024E	Div. Yield	FCF Yield
THS	\$41.84	16.3x	14.5x	8.8x	8.3x
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%

Source: Company reports, FactSet, Stifel estimates



Source: FactSet

### Sales and Earnings



Source: Company reports and Stifel estimates

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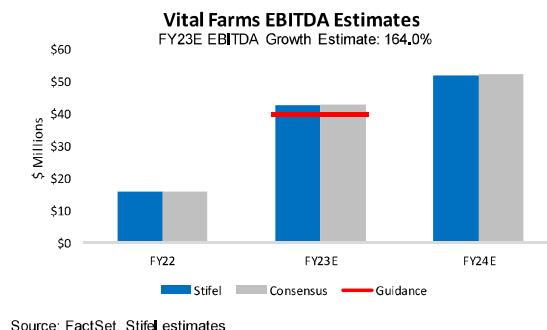
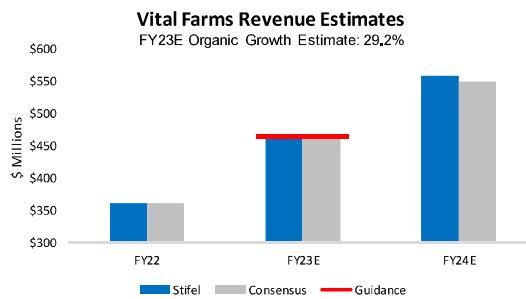
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points	
Vital Farms (VITL)	BUY	TBD	\$14.71	Stifel Estimates		
				<u>4Q22A</u> <u>4Q23F</u> <u>FY23E</u> <u>FY24E</u>		
				\$6.9    \$8.4    \$42.9    \$52.0		
				Consensus Estimates		
				<u>4Q22A</u> <u>4Q23F</u> <u>FY23E</u> <u>FY24E</u>		
				\$6.9    \$8.4    \$43.1    \$52.5		
				EBITDA	<b>Sales</b>	
					We estimate 19.5% revenue growth supported by 4% underlying volume growth, an over 7.5% 53rd week benefit, and a 7.5% pricing benefit. Pricing is supported by a low-double-digit increase on the company's egg products that was implemented in January 2023, partially offset by increased promotional activity.	
					We estimate a 31.5% gross margin in 4Q23, up 120bps from the prior year and down 170bps sequentially reflecting a return to a more normal promotional cadence surrounding the holidays.	
					<b>GM</b>	
					We continue to estimate 4Q23 EBITDA of \$8.4 million, up 23% versus the prior year but down sequentially due to increased promotion and advertising expense despite volume leverage stemming from the 53rd week.	
					<b>EBITDA</b>	

Closing price as of 1/24/2024

Source: Stifel estimates and FactSet

### 4Q23 Preview

- Vital Farms is expected to report its fourth quarter earnings in late January. We are slightly lowering our sales estimate reflecting measured channel trends. We now estimate 19.5% revenue growth (including the benefit of an extra week) while continuing to estimate EBITDA of \$8.4 million (+23%). Our EBITDA estimate stands in line with the consensus.
- We estimate 19.5% revenue growth supported by 4% underlying volume growth (matching measured channel increase), an over 7.5% 53<sup>rd</sup> week benefit, and a 7.5% pricing benefit. Pricing is supported by a low-double-digit increase on the company's egg products that was implemented in January 2023, partially offset by increased promotional activity.
- By product type, we estimate 13% underlying growth for egg products (21% reported) and a -5% underlying decline for butter (+3 reported).
- For the year, we estimate 29% sales growth to \$468 million, supported by 14% volume growth (including the benefit of an extra week) and an over 15% contribution from price. The company's guidance called for revenue of at least \$465 million.
- We estimate a 31.5% gross margin in 4Q23, up 120bps from the prior year and down 170bps sequentially reflecting a return to a more normal promotional cadence surrounding the holidays.
- For the year, we estimate a 33.9% gross margin representing 340bps of expansion, with greater expansion in 1H23 (+590bps) than in 2H23 due to very limited 1H23 promo activity, strong pricing, and elevated breaker prices.
- We continue to estimate \$8.4 million in EBITDA, up 23% versus the prior year but down sequentially due to increased promotion and advertising expense despite volume leverage stemming from the 53<sup>rd</sup> week. Our EBITDA margin estimate reflects 20bps of expansion versus the prior year and a 200bps sequential decline. FY23 guidance called for at least \$40 million of EBITDA.



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# Vital Farms – VITL – BUY – \$16 Target Price

## 2024 Outlook

- Looking ahead to 2024, we estimate another strong year of growth with underlying sales up over 21.5% and EBITDA growing nearly in line with revenue growth.
- We estimate revenue of \$559 million, representing 19.5% growth inclusive of lapping the FY23 53rd week and supported by over 22.5% underlying volume growth and a 1% pricing headwind (promotions).
- We believe revenue growth will remain supported by both velocity growth and distribution gains as Vital Farms continues to grow its store count and gains additional distribution in existing stores. The company now has a network of over 300 million farms to supply its eggs, the existing processing facility has ample latent capacity, and there remains a long runway of distribution growth to continue to support Vital's revenue growth in 2024 and beyond.
- Our volume estimate contemplates the lapping of the 53rd week in 4Q23, which we expect to be a 2% headwind to growth in 2023. The first quarter faces a challenging comparison due to lapping a high-single digit to low-double digit A1 benefit in 1Q23, when Vital's eggs were in better supply than lower-priced offerings – we estimate 11.5% growth in 1Q24 versus the 55% increase in 1Q23. We expect growth to bounce back in 2Q24 to 22% against a period in FY23 when retailers were normalizing their order patterns.
- We do not expect additional pricing in 2024 and the company will fully lap its existing pricing actions exiting 2023.
- For the gross margin, we estimate a modest increase to 34%, up 10bps, as the company realizes a full year of normal promotional activity as fixed cost leverage results in the slight expansion.
- We estimate FY24 EBITDA of \$52 million (+21%), with our EBITDA margin estimate at 9.3%, representing expansion of 10bps versus the prior year. The company continues to invest in its capabilities, and we expect an over 20% increase in SG&A, with marketing spending increasing in line with the sales increase.
- The company's FY27 targets call for \$1 billion in revenue, a 35% gross margin, and a 12%-14% EBITDA margin. The revenue target suggests a 21% CAGR in FY23-FY27 off our FY23 estimate. Revenue growth towards the \$1 billion target is expected to be driven by increased consumer adoption (targeting 20 million new households), distribution gains, and more SKUs at existing retailers.

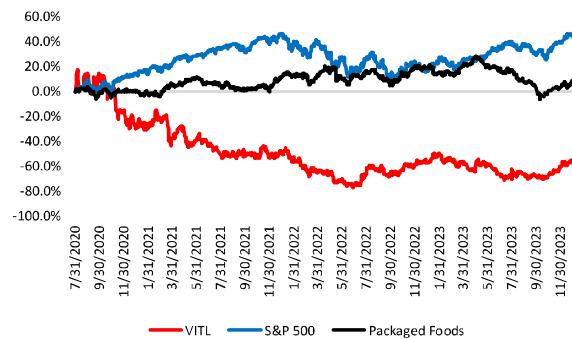
## Stock

- We continue with our Buy rating and are raising our target price to \$16, which we derive by assigning a 1x EV/Sales multiple and an 11.5x EV/EBITDA multiple using our FY24 estimates. We believe these multiples, which stand at a significant discount to a peer set of demographically favored growth companies, reflects the advantaged sales growth outlook against a lower EBITDA margin profile and concerns of the impact of a difficult consumer environment.
- The company's advantaged and balanced growth outlook remain supportive of a higher valuation level, in our view, 20%+ annual revenue growth and a roughly 400bps improvement in the EBITDA margin over the next four years is unique especially when considering the current valuation discount to the company's demographically favored peers.
- Risks to our target price include customer concentration, incremental capital requirements, COVID-19, category concentration, concentrated processing footprint, reliance on a broad farmer network, large competitors, incremental secondary offerings, and an overhang from the B-Corp structure.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
VITL	\$14.71	22.7x	17.4x	10.7x	8.5x	0.0%	8.6%
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%	5.4%	
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%	4.8%	

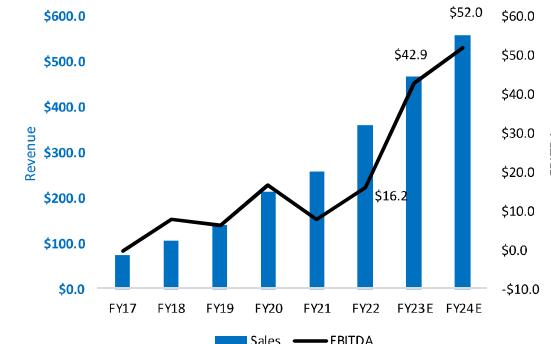
Source: Company reports, FactSet, Stifel estimates

## Share Price Performance - Since IPO



Source: FactSet, Stifel research

## Vital Farms Revenue and EBITDA



\$ in millions

Source: Company reports, Stifel estimates

STIFEL

## Stifel – Food & Tobacco Equity Research

Matthew E. Smith

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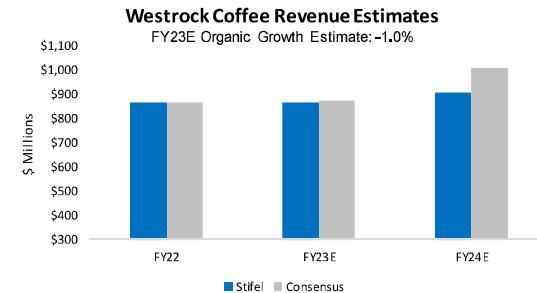
Company	Rating	Release Date	Price	EBITDA Expectations (\$mil)	Stifel Expectations/Key Points
Westrock Coffee (WEST)	BUY	TBD	\$10.51	Stifel Estimates <b>4Q22A 4Q23E FY23F FY24E</b> \$17.5 \$14.2 \$45.5 \$64.5	<p>Sales: We estimate a 5% sales decline in 4Q23, with a nearly 3% volume decrease and a 2% price/mix decline due to the pass through impact of deflationary coffee. We expect a 2% decline in Beverage Solutions and a 25% decline in SS&amp;T. The company's margin performance should benefit from mix benefits related to increased sales of single-serve and FE&amp;I products. We estimate a 17% gross margin reflecting a 70bps increase versus the prior year and a 50bps sequential increase.</p> <p>GM: Our 4Q23 EBITDA estimate of \$14 million represents a 19% decline and is driven by a 20% Beverage Solutions decline and a 10% decline in SS&amp;T.</p> <p>EBITDA:</p>
				Consensus Estimates <b>4Q22A 4Q23E FY23F FY24E</b> \$17.5 \$16.1 \$47.4 \$74.1	

Closing price as of 1/24/2024

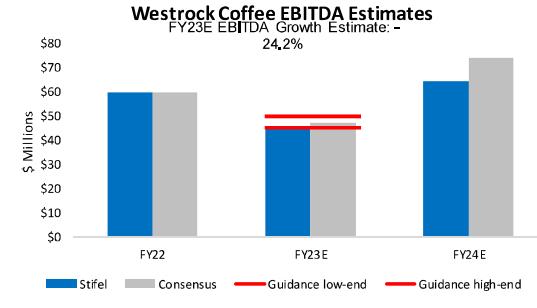
Source: Stifel estimates and FactSet

### 4Q23 Preview

- Westrock Coffee is expected to report its fourth quarter results in mid-March, and we are continuing with our \$14 million (-19%) EBITDA estimate, which stands slightly below the consensus.
- We estimate a 5% sales decline in 4Q23, with a nearly 3% volume decrease and a 2% price/mix decline due to the pass through impact of green coffee prices. We expect a 2% decline in Beverage Solutions and a 25% decline in SS&T. The Beverage Solutions business will be impacted by a continued drag from lower hot coffee sales partially offset by growth in single serve coffee and extracts. During the third quarter, hot coffee sales were sharply lower in July and August as consumer behavior was impacted by higher gas prices, interest rates, and warmer temperatures – we believe to a lesser degree, headwinds from hot coffee impacted the fourth quarter as well.
- The company's margin performance should benefit from mix benefits related to increased sales of single-serve and FE&I products. We estimate a 17% gross margin reflecting a 70bps increase versus the prior year and a 50bps sequential increase.
- Our 4Q23 EBITDA estimate of \$14 million represents a 19% decline and is driven by a 20% Beverage Solutions decline and a 10% decline in SS&T.
- For EBITDA margin, we estimate a 110bps decrease versus the prior year and a 130bps sequential increase to 6.6%.
- Our FY23 EBITDA estimate of \$45.5 million stands near the low-end of the company's 2023 guidance, \$45 to \$50 million, as we take a more cautious view of the business in the near term ahead of the benefits of the Conway facility.
- All eyes remain on the Conway facility and the EBITDA potential of the business as it expands its value-added coffee products including bottling, canning, and extract business supported by its transformational Conway facility that is on track to begin production in 2Q24. Conway is expected to contribute an incremental \$125-\$150 million of EBITDA by FY27 with the overall company targeting achieving \$200 million in EBITDA. Westrock expects the initial lines to begin production in 2Q24.



Source: FactSet, Stifel estimates



Source: FactSet, Stifel estimates

## Westrock Coffee – WEST – BUY – \$12 Target Price

### 2024 Preview

- Looking ahead to 2024, we estimate robust EBITDA growth as the business recovers from the unique headwinds that weighed on EBITDA in 2023.
- We continue to estimate EBITDA of \$64.5 million representing 41.5% growth benefiting from lapping elevated supply chain costs and ERP spending that weighed on 1H23 results, an easy comparison in the third quarter, and base business growth along with a modest contribution from the initial benefits of the Conway facility.
  - Higher supply chain costs associated with servicing a large single serve contract and one-time ERP implementation expenses were an \$8 to \$10 million drag on 1H23; the company will likely benefit from the easy comparison with those costs now normalized.
  - The unique slowdown in the hot coffee business during 3Q23 was a \$6 million drag and a \$2 million inventory charge will be lapped in the third quarter.
  - These unique factors total \$16 to \$18 million and account for ~90% of the increase in EBITDA we estimate in 2024.
  - The remainder of EBITDA growth in our estimate, roughly \$2 million, is supported by base business growth and the initial contribution from Conway.
- The Conway capacity has the potential to grow EBITDA by over 4x our FY23 estimate; however, the pathway to the full \$200 million in EBITDA is likely to be volatile – Conway is currently on schedule, but once the lines are operational we believe the process of its committed customers agreeing on product standards and initiating their contracts could take time. We believe our 2024 estimates take a prudent view of the EBITDA contribution from Conway in its initial year, with just a \$2 million or so contribution in the year.
- Our FY25 EBITDA estimate of \$100 million represents more than double the EBITDA we estimate in 2023, benefitting from the EBITDA contribution from the initial production capacity of the Conway facility. We believe the initial Conway build out is capable of supporting approximately \$80 million in EBITDA contribution once fully utilized – we believe Conway will build up to this potential run-rate exiting FY25.

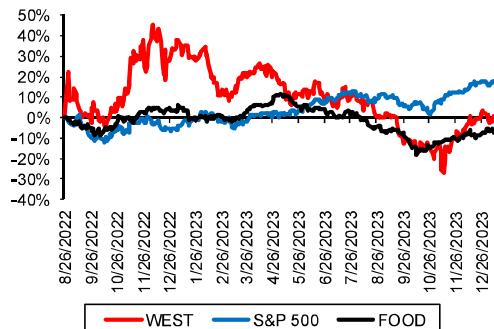
### Stock

- We continue with our Buy rating and \$12 target price which incorporates a 13.5x EV/EBITDA multiple using our 2025 estimates.
- With a focus on the faster growing/higher margin areas of the category (cold brew coffee and K-cups), its alignment with some of the larger, global brands in the world, and a focus on expanding its international footprint, we believe Westrock provides a strong growth potential for its business and a clear market share growth opportunity.
- Risks to our target price include overhang from the SPAC transaction, capital intensity, Conway construction delays, acquisition strategy, international expansion, input cost inflation, and potential foodservice weakness.

	Price 1/24/2024	P/E 2024E	P/E 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. Yield	FCF Yield
WEST	\$10.51	756.5x	55.3x	17.8x	11.5x	0.0%	-3.7%
Food Average	18.0x	16.7x	12.5x	11.8x	3.2%	5.4%	
Staples Average	20.0x	18.1x	13.7x	12.7x	2.9%	4.8%	

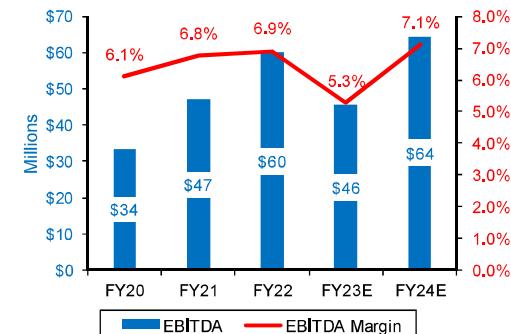
Source: Company reports, FactSet, Stifel estimates

### Price Change - Post Business Combination



Source: FactSet

### EBITDA and EBITDA Margin



Source: Company reports and Stifel estimates

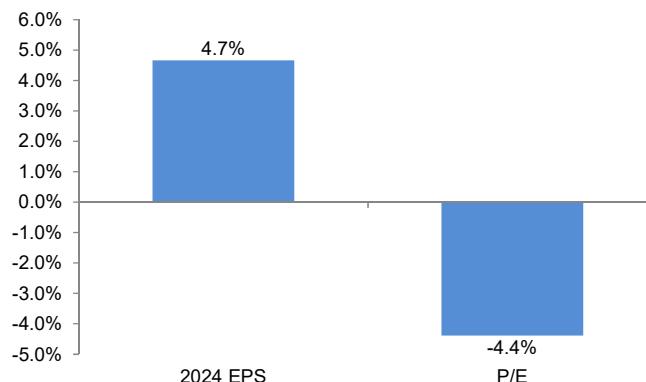
**Return Composition - Change in Estimates vs. Valuation Measures**

Company Name	Ticker	Price Change 2024	2023 EPS Growth	2024 P/E	2024E EPS Growth
S&P 500		2.1%	1.7%	-9.6%	11.7%
S&P Packaged Food		0.0%	-3.3%	-8.9%	9.0%
S&P Consumer Staples		-0.5%	4.2%	-7.9%	7.4%
BellRing Brands	BRBR	-1.5%	17.1%	-24.0%	22.5%
Campbell Soup	CPB	2.1%	-6.7%	-7.5%	9.6%
ConAgra Foods	CAG	2.6%	5.3%	7.9%	-5.3%
General Mills	GIS	-2.3%	6.5%	-5.3%	3.0%
Hain Celestial	HAIN	-3.7%	-14.3%	21.1%	-24.8%
Hershey	HSY	1.5%	11.9%	-2.8%	4.3%
JM Smucker	SJM	2.7%	13.9%	0.2%	2.5%
Kellanova	K	-4.4%	-12.8%	-7.9%	3.5%
Kraft Heinz	KHC	-0.4%	6.4%	-6.9%	6.5%
W.K. Kellogg	KLG	1.0%	NMF	NMF	-18.5%
Lamb Weston	LW	-2.1%	84.2%	-6.4%	4.4%
McCormick	MKC	-3.9%	4.4%	-10.6%	6.7%
Mondelez	MDLZ	2.1%	12.7%	-5.9%	8.0%
Post Holdings	POST	4.1%	86.4%	9.4%	-5.3%
Simply Good Foods	SMPL	-0.4%	3.7%	-15.2%	14.8%
Sovos Brands	SOVO	0.4%	23.3%	-13.9%	14.2%
TreeHouse Foods	THS	0.9%	103.3%	-6.6%	7.5%
Vital Farms	VITL	-6.2%	NMF	NMF	30.1%
Westrock Coffee	WEST	2.9%	NMF	NMF	NMF
Average		-0.2%	21.6%	-4.4%	4.7%

Prices as of 1/24/24

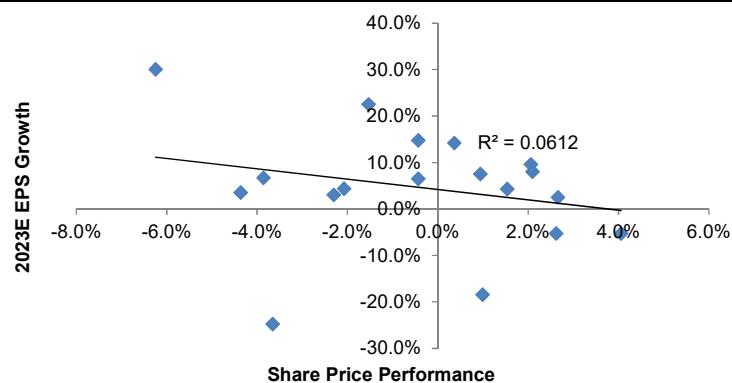
Source: FactSet, Stifel estimates

**Return Composition - Change in EPS vs. Valuation Multiples**



Source: FactSet, Stifel estimates

**Change in 2023E EPS vs. 2023 Price Performance**



Source: FactSet, Stifel estimates

Company Update  
January 24, 2024

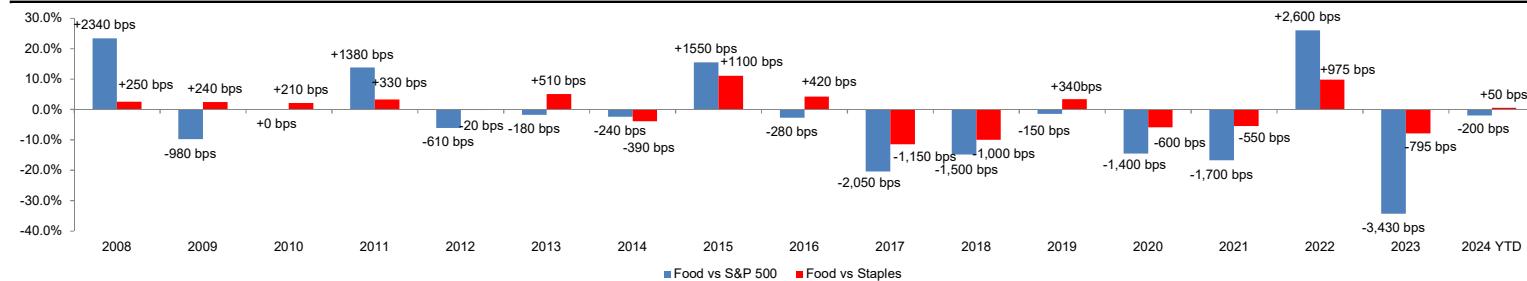
Stock Return Analysis

Company Name	Ticker	Jan. MTD	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1Q24 QTD	2Q24	3Q24	4Q24	FY23	FY24 YTD
Campbell Soup Company	CPB	2.1%												2.1%				-23.8%	2.1%
ConAgra Foods	CAG	2.6%												2.6%				-25.9%	2.6%
General Mills	GIS	-2.3%												-2.3%				-22.3%	-2.3%
Hain Celestial	HAIN	-3.7%												-3.7%				-32.3%	-3.7%
Hershey	HSY	1.5%												1.5%				-19.5%	1.5%
JM Smucker	SJM	2.7%												2.7%				-20.2%	2.7%
Kellogg	K	-4.4%												-4.4%				-16.4%	-4.4%
Kraft Heinz Company	KHC	-0.4%												-0.4%				-9.2%	-0.4%
WK Kellogg	KLG	1.0%												1.0%				-10.5%	1.0%
Lamb Weston	LW	-2.1%												-2.1%				21.0%	-2.1%
McCormick	MKC	-3.9%												-3.9%				-17.5%	-3.9%
Mondelez	MDLZ	2.1%												2.1%				8.7%	2.1%
BellRing Brands	BRBR	-1.5%												-1.5%				116.2%	-1.5%
Post Holdings	POST	4.1%												4.1%				-2.4%	4.1%
Simply Good Foods	SMPL	-0.4%												-0.4%				4.1%	-0.4%
Sovos Brands	SOVO	0.4%												0.4%				53.3%	0.4%
TreeHouse Foods	THS	0.9%												0.9%				-16.1%	0.9%
Vital Farms	VITL	-6.2%												-6.2%				5.2%	-6.2%
Westrock Coffee	WEST	2.9%												2.9%				2.1%	2.9%
Average		-0.2%												-0.2%				-0.3%	-0.2%
S&P Packaged Food		0.0%												0.0%				-10.1%	0.0%
S&P Consumer Staples		-0.5%												-0.5%				-2.2%	-0.5%
S&P 500		2.1%												2.1%				24.2%	2.1%

Prices as of 1/24/2024

Source: FactSet, Stifel estimates

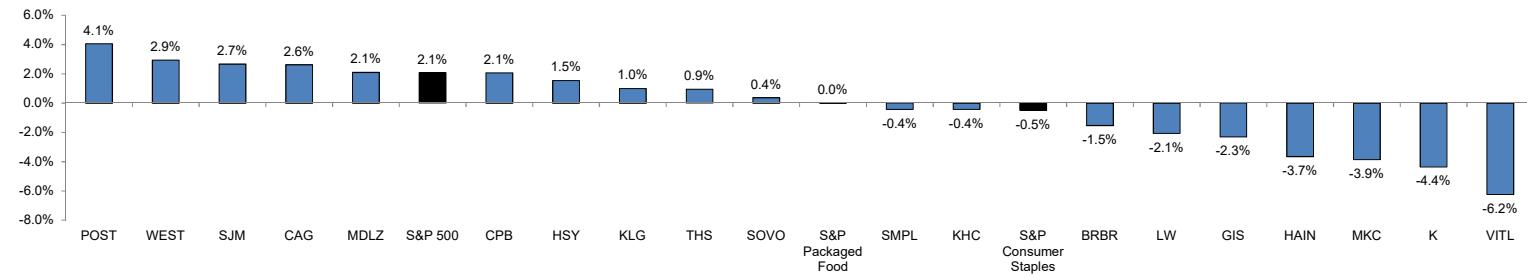
Relative Performance



Prices as of 1/24/2024

Source: FactSet

2024 Price Performance



Prices as of 1/24/2024

Source: FactSet

BellRing Brands Income Statement (in millions of US dollars)															
	FY23				2023 Year End	FY24E				2024E Year End	FY25E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
<b>Net Sales</b>	<b>362.7</b>	<b>385.6</b>	<b>445.9</b>	<b>472.6</b>	<b>1,666.8</b>	<b>404.2</b>	<b>451.7</b>	<b>500.0</b>	<b>528.6</b>	<b>1,884.5</b>	<b>450.5</b>	<b>502.6</b>	<b>547.7</b>	<b>588.2</b>	<b>2,089.0</b>
COGS	239.7	267.7	308.0	318.1	1,133.5	264.7	309.4	337.5	359.5	1,271.1	292.8	341.8	366.9	397.0	1,398.6
<b>Gross Profit</b>	<b>123.0</b>	<b>117.9</b>	<b>137.9</b>	<b>154.5</b>	<b>533.3</b>	<b>139.4</b>	<b>142.3</b>	<b>162.5</b>	<b>169.2</b>	<b>613.4</b>	<b>157.7</b>	<b>160.8</b>	<b>180.7</b>	<b>191.2</b>	<b>690.4</b>
SG&A	46.9	58.7	60.0	65.1	230.7	53.4	70.4	74.4	72.3	270.5	62.3	79.5	83.2	81.8	306.8
<b>Operating Income</b>	<b>76.1</b>	<b>59.2</b>	<b>77.9</b>	<b>89.4</b>	<b>302.6</b>	<b>86.1</b>	<b>71.9</b>	<b>88.1</b>	<b>96.9</b>	<b>342.9</b>	<b>95.3</b>	<b>81.4</b>	<b>97.6</b>	<b>109.4</b>	<b>383.6</b>
Interest Expense	16.7	16.8	17.3	16.1	66.9	14.8	14.6	14.6	14.6	58.4	14.6	14.6	14.6	14.6	58.2
Other Expense	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	0.0	0.0
Pretax Income	59.4	42.4	60.6	73.3	235.7	71.3	57.3	73.5	82.3	284.5	80.8	66.8	83.0	94.8	325.4
Provision for taxes	14.5	10.5	14.9	18.6	58.5	19.2	14.3	18.4	20.6	72.5	20.2	16.7	20.8	23.7	81.4
Tax Rate	24.4%	24.8%	24.6%	25.4%	24.8%	27.0%	25.0%	25.0%	25.0%	25.5%	25.0%	25.0%	25.0%	25.0%	25.0%
Minority Interest	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	0.0	0.0
<b>Net Income</b>	<b>44.9</b>	<b>31.9</b>	<b>45.7</b>	<b>54.7</b>	<b>177.2</b>	<b>52.0</b>	<b>43.0</b>	<b>55.2</b>	<b>61.7</b>	<b>211.9</b>	<b>60.6</b>	<b>50.1</b>	<b>62.3</b>	<b>71.1</b>	<b>244.1</b>
<b>EPS</b>	<b>\$0.33</b>	<b>\$0.24</b>	<b>\$0.34</b>	<b>\$0.41</b>	<b>\$1.32</b>	<b>\$0.39</b>	<b>\$0.33</b>	<b>\$0.42</b>	<b>\$0.48</b>	<b>\$1.61</b>	<b>\$0.47</b>	<b>\$0.39</b>	<b>\$0.49</b>	<b>\$0.56</b>	<b>\$1.92</b>
Shares out. - Diluted	135.1	134.5	133.8	132.9	134.1	132.7	131.9	130.8	129.8	131.3	128.8	127.8	126.8	125.9	127.3
EBITDA	84.9	68.0	86.9	98.5	338.3	95.1	80.9	97.3	106.4	379.7	104.6	90.6	107.1	119.1	421.4
EBITDA/Share	\$0.63	\$0.51	\$0.65	\$0.74	\$2.52	\$0.72	\$0.61	\$0.74	\$0.82	\$2.89	\$0.81	\$0.71	\$0.84	\$0.95	\$3.31
<b>Growth Rates</b>															
	FY23				2023 Year End	FY24E				2024E Year End	FY25E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	18.3%	22.3%	20.3%	24.6%	21.5%	11.4%	17.2%	12.1%	11.9%	13.1%	11.5%	11.3%	9.5%	11.3%	10.9%
Gross Profit	33.7%	35.8%	14.1%	26.0%	26.3%	13.4%	20.7%	17.8%	9.5%	15.0%	13.1%	13.0%	11.2%	13.0%	12.6%
EBITDA	42.0%	33.6%	7.5%	23.3%	24.6%	12.0%	19.0%	12.0%	8.0%	12.2%	10.0%	12.0%	10.0%	12.0%	11.0%
Operating Profit	45.0%	36.4%	8.5%	25.0%	26.5%	13.1%	21.4%	13.1%	8.4%	13.3%	10.8%	13.2%	10.8%	12.9%	11.9%
Pretax Profit	34.7%	21.5%	8.4%	33.0%	24.1%	20.0%	35.2%	21.3%	12.3%	20.7%	13.3%	16.5%	12.9%	15.2%	14.4%
Net Income	344.6%	120.0%	7.5%	30.9%	62.7%	15.9%	34.8%	20.7%	12.9%	19.6%	16.4%	16.5%	12.9%	15.2%	15.2%
EPS	30.3%	2.9%	9.9%	34.0%	13.9%	18.0%	37.4%	23.4%	15.6%	22.1%	19.9%	20.3%	16.5%	18.8%	18.8%
Shares Outstanding	241.2%	113.8%	-2.1%	-2.4%	42.9%	-1.8%	-1.9%	-2.2%	-2.4%	-2.1%	-2.9%	-3.1%	-3.1%	-3.0%	-3.0%
<b>Margin Analysis</b>															
	FY23				2023 Year End	FY24E				2024E Year End	FY25E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Gross Margin	33.9%	30.6%	30.9%	32.7%	32.0%	34.5%	31.5%	32.5%	32.0%	32.5%	35.0%	32.0%	33.0%	32.5%	33.0%
Operating Margin	21.0%	15.4%	17.5%	18.9%	18.2%	21.3%	15.9%	17.6%	18.3%	18.2%	21.2%	16.2%	17.8%	18.6%	18.4%
Pretax Margin	16.4%	11.0%	13.6%	15.5%	14.1%	17.6%	12.7%	14.7%	15.6%	15.1%	17.9%	13.3%	15.2%	16.1%	15.6%
Net Margin	12.4%	8.3%	10.2%	11.6%	10.6%	12.9%	9.5%	11.0%	11.7%	11.2%	13.4%	10.0%	11.4%	12.1%	11.7%
EBITDA Margin	23.4%	17.6%	19.5%	20.8%	20.3%	23.5%	17.9%	19.5%	20.1%	20.1%	23.2%	18.0%	19.5%	20.3%	20.2%

Source: Company Reports and Stifel estimates

Company Update  
January 24, 2024

Campbell Soup Income Statement (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	2,575	2,485	2,229	2,068	9,357	2,518	2,398	2,268	2,115	9,300	2,572	2,450	2,314	2,160	9,496
Cost of Goods Sold	1,746	1,722	1,540	1,436	6,444	1,710	1,650	1,554	1,459	6,373	1,736	1,673	1,578	1,479	6,467
Gross Profit	829	763	689	632	2,913	808	748	715	656	2,926	836	777	736	680	3,029
Marketing & Selling Expense	201	217	194	194	806	220	226	201	197	843	213	210	195	214	833
Administrative Expense	155	157	154	164	630	150	132	136	148	566	167	159	150	140	617
Research & Development	21	21	22	25	89	23	24	23	21	91	26	24	23	26	99
Other Expense, net	3	6	6	7	22	8	8	9	8	34	9	9	8	8	35
Operating Income	449	362	313	242	1,366	407	358	346	281	1,392	421	373	359	292	1,445
Interest Expense	46	45	46	47	184	48	48	47	47	190	48	47	47	46	187
Pretax Income	403	317	267	195	1,182	359	310	298	234	1,202	373	326	312	246	1,258
Income Taxes	96	76	63	45	280	87	74	72	56	289	90	78	75	59	302
Tax Rate	23.8%	24.0%	23.6%	23.1%	23.7%	24.2%	24.0%	24.0%	24.0%	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%
Min. Int./Disc. Ops.	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	0.0	0.0
Net Income	307	241	204	150	902	272	236	227	178	913	284	248	237	187	956
Ave. Shares (Mil.)	301	301	301	299	301	299	299	298	297	298	297	296	295	295	296
Earnings per Share	\$1.02	\$0.80	\$0.68	\$0.50	\$3.00	\$0.91	\$0.79	\$0.76	\$0.60	\$3.06	\$0.96	\$0.84	\$0.80	\$0.63	\$3.23
EBITDA	540	447	421	345	1753	503	458	446	381	1787	522	474	459	393	1848
EBITDA/Share	\$1.79	\$1.49	\$1.40	\$1.15	\$5.83	\$1.68	\$1.53	\$1.50	\$1.28	\$5.99	\$1.76	\$1.60	\$1.55	\$1.33	\$6.25
<b>Growth Rates</b>															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q	9.3%	-2.2%	-3.5%	1.8%	2.3%	-0.6%	2.2%	2.2%	2.0%	2.1%	2.1%
Sales	15.2%	12.5%	4.6%	4.1%	9.3%	-2.2%	-3.5%	1.8%	2.3%	-0.6%	2.2%	2.2%	2.0%	2.1%	2.1%
- Volume/Mix	-1.0%	-2.0%	-7.0%	-5.0%	-3.7%	-5.0%	-4.0%	2.8%	2.8%	-0.9%	2.2%	2.2%	2.0%	2.1%	2.1%
- Price/ Promotion	16.0%	14.0%	12.0%	10.0%	12.9%	3.0%	1.2%	-0.2%	-0.2%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
- FX Effect	0.0%	0.0%	0.0%	-0.2%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- Dispositions/Acq	0.0%	0.0%	0.0%	-1.0%	-0.1%	-1.0%	-0.7%	-0.7%	-0.3%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Profit	14.0%	13.7%	2.7%	1.6%	8.2%	-2.5%	-1.9%	3.7%	3.8%	0.5%	3.5%	3.8%	3.0%	3.7%	3.5%
EBITDA	14.4%	11.5%	3.7%	-2.8%	7.3%	-6.9%	2.4%	5.8%	10.3%	1.9%	3.7%	3.5%	3.1%	3.2%	3.4%
Operating Profit	15.4%	13.8%	-2.5%	-10.0%	5.3%	-9.4%	-1.0%	10.5%	16.1%	1.9%	3.4%	4.2%	3.7%	3.9%	3.8%
Pretax Profit	17.8%	16.5%	-2.9%	-12.9%	6.2%	-10.9%	-2.1%	11.8%	20.0%	1.7%	4.0%	5.2%	4.6%	5.1%	4.7%
Net Income	13.3%	15.9%	-3.8%	-11.8%	4.8%	-11.4%	-2.1%	11.2%	18.6%	1.2%	4.3%	5.2%	4.6%	5.1%	4.8%
Shares Outstanding	-0.7%	-0.7%	-0.3%	-1.0%	-0.7%	-0.7%	-0.8%	-1.0%	-0.6%	-0.8%	-0.8%	-0.9%	-0.8%	-0.8%	-0.8%
EPS	14.0%	16.6%	-3.5%	-10.9%	5.5%	-10.8%	-1.3%	12.4%	19.3%	2.0%	5.1%	6.1%	5.5%	6.0%	5.6%
<b>Margin Analysis</b>															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q	End	1Q	2Q	3Q	4Q	End	1Q	2Q	3Q	4Q	End
Gross	32.2%	30.7%	30.9%	30.6%	31.1%	32.1%	31.2%	31.5%	31.0%	31.5%	32.5%	31.7%	31.8%	31.5%	31.9%
EBITDA	21.0%	18.0%	18.9%	16.7%	18.7%	20.0%	19.1%	19.6%	18.0%	19.2%	20.3%	19.4%	19.9%	18.2%	19.5%
Operating	17.4%	14.6%	14.0%	11.7%	14.6%	16.2%	14.9%	15.3%	13.3%	15.0%	16.4%	15.2%	15.5%	13.5%	15.2%
Pretax	15.7%	12.8%	12.0%	9.4%	12.6%	14.3%	12.9%	13.2%	11.1%	12.9%	14.5%	13.3%	13.5%	11.4%	13.2%
Net	11.9%	9.7%	9.2%	7.3%	9.6%	10.8%	9.8%	10.0%	8.4%	9.8%	11.0%	10.1%	10.3%	8.7%	10.1%

Sources: Company Reports and Stifel estimates

Company Update  
January 24, 2024

Campbell Soup Divisional Analysis (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
<b>Sales</b>															
Meals & Beverages	1,455	1,408	1,108	936	4,907	1,404	1,338	1,130	955	4,826	1,425	1,358	1,141	964	4,888
Campbell Snacks	1,120	1,077	1,121	1,132	4,450	1,114	1,061	1,138	1,160	4,473	1,147	1,092	1,172	1,195	4,607
<b>Total Revenue</b>	<b>2,575</b>	<b>2,485</b>	<b>2,229</b>	<b>2,068</b>	<b>9,357</b>	<b>2,518</b>	<b>2,398</b>	<b>2,268</b>	<b>2,115</b>	<b>9,300</b>	<b>2,572</b>	<b>2,450</b>	<b>2,314</b>	<b>2,160</b>	<b>9,496</b>
<b>Sales - Growth Rate</b>															
Meals & Beverages	14.9%	10.4%	-2.0%	0.1%	6.5%	-3.5%	-5.0%	2.0%	2.0%	-1.6%	1.5%	1.5%	1.0%	1.0%	1.3%
- Volume/Mix	-1.0%	-4.0%	-11.0%	-5.0%	-5.3%	-6.0%	-4.0%	2.5%	2.5%	-1.3%	1.5%	1.5%	1.0%	1.0%	1.3%
- Price/ Promotion	16.0%	15.0%	9.0%	6.0%	11.5%	2.0%	-1.0%	-0.5%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- Dispositions/Acq	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%	0.0%	0.0%
<b>Snacks</b>	<b>15.5%</b>	<b>15.3%</b>	<b>12.2%</b>	<b>7.6%</b>	<b>12.5%</b>	<b>-0.5%</b>	<b>-1.5%</b>	<b>1.5%</b>	<b>2.5%</b>	<b>0.5%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
- Volume/Mix	-2.0%	2.0%	-3.0%	-5.0%	-2.0%	-4.0%	-4.0%	3.0%	3.0%	-0.5%	3.0%	3.0%	3.0%	3.0%	3.0%
- Price/ Promotion	17.0%	13.0%	15.0%	13.0%	14.5%	5.0%	4.0%	0.0%	0.0%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%
- Foreign Exchange	0.0%	0.0%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- Dispositions/Acq	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%	0.0%	0.0%
<b>Operating Profit</b>															
Meals & Beverages	331	249	182	132	894	287	237	204	152	879	298	246	208	155	907
Campbell Snacks	153	150	179	158	640	161	161	193	180	695	164	167	203	189	723
Corporate	-35	-37	-48	-48	-168	-41	-39	-51	-51	-182	-42	-40	-52	-52	-186
<b>Total Operating Profit</b>	<b>449</b>	<b>362</b>	<b>313</b>	<b>242</b>	<b>1,366</b>	<b>407</b>	<b>358</b>	<b>346</b>	<b>281</b>	<b>1,392</b>	<b>421</b>	<b>373</b>	<b>359</b>	<b>292</b>	<b>1,445</b>
<b>Operating Profit Growth</b>															
Meals & Beverages	18.2%	16.9%	-17.3%	-18.0%	2.3%	-13.3%	-5.0%	12.0%	15.0%	-1.7%	4.0%	4.0%	2.0%	2.0%	3.2%
Campbell Snacks	19.5%	24.0%	40.9%	12.1%	23.8%	5.2%	7.3%	7.8%	14.0%	8.6%	2.0%	4.0%	5.0%	5.0%	4.1%
Corporate	84.2%	131.3%	84.6%	45.5%	78.7%	17.1%	6.0%	6.0%	6.0%	8.3%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Total Operating Profit</b>	<b>15.4%</b>	<b>13.8%</b>	<b>-2.5%</b>	<b>-10.0%</b>	<b>5.3%</b>	<b>-9.4%</b>	<b>-1.0%</b>	<b>10.5%</b>	<b>16.1%</b>	<b>1.9%</b>	<b>3.4%</b>	<b>4.2%</b>	<b>3.7%</b>	<b>3.9%</b>	<b>3.8%</b>
<b>Operating Margin</b>															
Simple Meals & Beverages	22.7%	17.7%	16.4%	14.1%	18.2%	20.4%	17.7%	18.0%	15.9%	18.2%	20.9%	18.1%	18.2%	16.1%	18.6%
Campbell Snacks	13.7%	13.9%	16.0%	14.0%	14.4%	14.5%	15.2%	17.0%	15.5%	15.5%	14.3%	15.3%	17.3%	15.8%	15.7%
<b>Total Operating Margin</b>	<b>17.4%</b>	<b>14.6%</b>	<b>14.0%</b>	<b>11.7%</b>	<b>14.6%</b>	<b>16.2%</b>	<b>14.9%</b>	<b>15.3%</b>	<b>13.3%</b>	<b>15.0%</b>	<b>16.4%</b>	<b>15.2%</b>	<b>15.5%</b>	<b>13.5%</b>	<b>15.2%</b>

Sources: Company Reports and Stifel estimates

Conagra Brands Income Statement (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Sales	2,904	3,313	3,087	2,973	12,277	2,904	3,208	3,037	2,956	12,104	2,865	3,292	3,092	3,028	12,276
Cost of Goods	2,182	2,380	2,218	2,170	8,950	2,103	2,346	2,208	2,158	8,814	2,077	2,386	2,226	2,195	8,885
Gross Profit	723	933	869	803	3,327	801	862	829	798	3,291	788	905	866	833	3,391
Selling, General & Administrative	324	370	346	370	1,411	317	352	330	374	1,373	319	364	350	384	1,416
<b>Operating Income</b>	<b>398</b>	<b>563</b>	<b>522</b>	<b>433</b>	<b>1,917</b>	<b>484</b>	<b>510</b>	<b>499</b>	<b>424</b>	<b>1,917</b>	<b>468</b>	<b>542</b>	<b>516</b>	<b>449</b>	<b>1,975</b>
Other Income	(6)	(6)	(6)	(6)	(24)	0	0	0	0	1	0	0	0	0	0
Interest Expense	97	100	104	108	410	106	113	112	111	442	113	111	109	108	442
Pretax Income	307	469	424	331	1,531	378	397	386	313	1,474	355	430	407	342	1,534
Taxes	82	126	108	96	411	97	110	102	83	392	94	114	108	91	406
Equity Earnings / Discontinued Ops	49	49	50	63	211	35	54	38	44	171	32	49	34	40	154
<b>Net Income</b>	<b>275</b>	<b>392</b>	<b>366</b>	<b>299</b>	<b>1,331</b>	<b>316</b>	<b>341</b>	<b>321</b>	<b>274</b>	<b>1,253</b>	<b>293</b>	<b>365</b>	<b>333</b>	<b>291</b>	<b>1,281</b>
Avg. Shares - Diluted	481	481	479	480	480	480	480	480	480	480	480	480	480	480	480
<b>Earnings per Share</b>	<b>\$0.57</b>	<b>\$0.81</b>	<b>\$0.76</b>	<b>\$0.62</b>	<b>\$2.77</b>	<b>\$0.66</b>	<b>\$0.71</b>	<b>\$0.67</b>	<b>\$0.57</b>	<b>\$2.61</b>	<b>\$0.61</b>	<b>\$0.76</b>	<b>\$0.69</b>	<b>\$0.61</b>	<b>\$2.67</b>
EBITDA	540	704	664	589	2,498	616	664	629	561	2,469	598	689	648	587	2,522
EBITDA per Share	\$1.12	\$1.46	\$1.38	\$1.23	\$5.20	\$1.28	\$1.38	\$1.31	\$1.17	\$5.15	\$1.25	\$1.43	\$1.35	\$1.22	\$5.25

Growth Rates															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Sales	9.5%	8.3%	5.9%	2.2%	6.4%	0.0%	-3.2%	-1.6%	-0.6%	-1.4%	-1.4%	2.6%	1.8%	2.4%	1.4%
- Volume	-4.6%	-8.4%	-9.0%	-7.7%	-7.5%	-6.6%	-2.9%	-0.6%	0.2%	-2.5%	0.2%	2.5%	1.9%	2.5%	1.8%
- Price/Mix	14.3%	17.0%	15.1%	9.9%	14.1%	6.3%	-0.5%	-1.1%	-0.9%	0.8%	-1.5%	-0.1%	-0.1%	-0.1%	-0.4%
- Foreign Exchange	-0.2%	-0.3%	-0.2%	0.0%	-0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.0%	0.2%	0.0%	0.0%	0.1%
- Acq/Divestiture	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%	0.0%	0.0%
Gross Profit	7.1%	21.7%	23.9%	11.0%	16.1%	10.9%	-7.6%	-4.6%	-0.6%	-1.1%	-1.7%	5.0%	4.4%	4.3%	3.1%
EBITDA	10.0%	22.9%	23.1%	3.0%	14.8%	14.0%	-5.7%	-5.3%	-4.8%	-1.1%	-2.9%	3.7%	3.1%	4.7%	2.1%
Operating Profit	6.2%	25.8%	30.7%	-0.4%	15.7%	21.6%	-9.3%	-4.5%	-2.2%	0.0%	-3.3%	6.1%	3.5%	5.9%	3.0%
Pretax Profit	3.5%	27.2%	32.1%	-7.5%	13.9%	23.0%	-15.4%	-8.9%	-5.4%	-3.7%	-6.1%	8.5%	5.3%	9.0%	4.0%
Net Income	14.3%	27.9%	31.3%	-5.0%	16.8%	15.0%	-12.9%	-12.2%	-8.1%	-5.9%	-7.3%	6.9%	3.5%	6.0%	2.3%
Shares Outstanding	-0.4%	-0.2%	-0.6%	-0.6%	-0.4%	-0.2%	-0.2%	0.1%	0.1%	-0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
EPS	14.7%	28.2%	32.1%	-4.5%	17.3%	15.1%	-12.7%	-12.3%	-8.2%	-5.8%	-7.4%	6.8%	3.5%	5.9%	2.2%

Margin Analysis															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Gross Margin	24.9%	28.2%	28.1%	27.0%	27.1%	27.6%	26.9%	27.3%	27.0%	27.2%	27.5%	27.5%	28.0%	27.5%	27.6%
Operating Margin	13.7%	17.0%	16.9%	14.6%	15.6%	16.7%	15.9%	16.4%	14.3%	15.8%	16.4%	16.5%	16.7%	14.8%	16.1%
Pretax Margin	10.6%	14.1%	13.7%	11.1%	12.5%	13.0%	12.4%	12.7%	10.6%	12.2%	12.4%	13.1%	13.2%	11.3%	12.5%
Net Margin	9.5%	11.8%	11.9%	10.0%	10.8%	10.9%	10.6%	10.6%	9.3%	10.4%	10.2%	11.1%	10.8%	9.6%	10.4%
Tax Rate	22.9%	24.3%	22.8%	24.3%	23.6%	23.6%	24.3%	24.2%	23.2%	23.8%	24.3%	23.8%	24.5%	23.7%	24.1%

Source: Company reports and Stifel estimates.

Conagra Brands Divisional Analysis (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
<b>Sales</b>															
Grocery & Snacks	1,188	1,350	1,244	1,200	4,982	1,203	1,295	1,256	1,188	4,942	1,191	1,321	1,281	1,212	5,005
Refrigerated & Frozen	1,208	1,422	1,308	1,219	5,156	1,152	1,339	1,229	1,209	4,928	1,144	1,365	1,254	1,257	5,020
International	234	259	260	251	1,003	260	280	273	271	1,084	258	290	293	274	1,114
Foodservice	275	283	275	303	1,136	289	295	278	288	1,150	272	316	264	285	1,137
<b>Total Sales</b>	<b>2,904</b>	<b>3,313</b>	<b>3,087</b>	<b>2,973</b>	<b>12,277</b>	<b>2,904</b>	<b>3,208</b>	<b>3,037</b>	<b>2,956</b>	<b>12,104</b>	<b>2,865</b>	<b>3,292</b>	<b>3,092</b>	<b>3,028</b>	<b>12,276</b>
<b>Sales Growth</b>															
Grocery & Snacks	<b>10.5%</b>	<b>6.8%</b>	<b>3.7%</b>	<b>3.6%</b>	<b>6.1%</b>	<b>1.2%</b>	<b>-4.1%</b>	<b>1.0%</b>	<b>-1.0%</b>	<b>-0.8%</b>	<b>-1.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>1.3%</b>
- Volume	-6.1%	-11.6%	-10.0%	-5.5%	-8.4%	-4.4%	-3.7%	2.0%	0.0%	-1.6%	1.0%	2.0%	2.0%	2.0%	1.8%
- Price/Mix	16.6%	18.4%	13.7%	9.1%	14.5%	5.6%	-0.4%	-1.0%	-1.0%	0.7%	-2.0%	0.0%	0.0%	0.0%	-0.5%
- FX	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%	0.0%	0.0%
- Acq./Divest/Other	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%	0.0%	0.0%
Refrigerated & Frozen	<b>9.6%</b>	<b>10.5%</b>	<b>5.6%</b>	<b>-1.1%</b>	<b>6.1%</b>	<b>-4.6%</b>	<b>-5.8%</b>	<b>-6.0%</b>	<b>-0.9%</b>	<b>-4.4%</b>	<b>-0.7%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>4.0%</b>	<b>1.9%</b>
- Volume	-2.5%	-5.5%	-9.8%	-11.5%	-7.4%	-10.5%	-3.3%	-3.0%	1.1%	-3.9%	0.8%	2.0%	2.0%	4.0%	2.2%
- Price/Mix	12.1%	16.0%	15.4%	10.4%	13.5%	5.9%	-2.5%	-3.0%	-2.0%	-0.5%	-1.5%	0.0%	0.0%	0.0%	-0.4%
- FX	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%	0.0%	0.0%
- Acq./Divest/Other	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%	0.0%	0.0%
International	<b>-1.3%</b>	<b>-1.3%</b>	<b>7.7%</b>	<b>8.6%</b>	<b>3.3%</b>	<b>11.4%</b>	<b>8.1%</b>	<b>5.2%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>-0.8%</b>	<b>3.7%</b>	<b>7.2%</b>	<b>1.0%</b>	<b>2.8%</b>
- Volume	-7.4%	-10.7%	-7.0%	-4.3%	-7.5%	0.3%	3.3%	1.0%	5.0%	2.4%	-1.0%	1.0%	7.0%	1.0%	2.0%
- Price/Mix	8.4%	12.8%	16.5%	13.8%	12.9%	7.9%	2.3%	2.0%	1.0%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%
- FX	-2.3%	-3.4%	-1.8%	-0.9%	-2.1%	3.2%	2.5%	2.2%	2.1%	2.5%	0.2%	2.7%	0.2%	0.0%	0.8%
- Acq./Divest/Other	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%	0.0%	0.0%
Foodservice	<b>14.6%</b>	<b>14.8%</b>	<b>17.2%</b>	<b>5.5%</b>	<b>12.7%</b>	<b>5.2%</b>	<b>4.3%</b>	<b>1.0%</b>	<b>-5.0%</b>	<b>1.2%</b>	<b>-6.0%</b>	<b>7.0%</b>	<b>-5.0%</b>	<b>-1.0%</b>	<b>-1.2%</b>
- Volume	-4.2%	-3.4%	-1.2%	-3.8%	-3.2%	-5.1%	-2.5%	-3.0%	-7.0%	-4.5%	-5.0%	8.0%	-4.0%	0.0%	-0.2%
- Price/Mix	18.8%	18.2%	18.5%	9.3%	15.9%	10.3%	6.8%	4.0%	2.0%	5.7%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
- FX	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%	0.0%	0.0%
- Acq./Divest/Other	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%	0.0%	0.0%
<b>Operating Profit</b>															
Grocery & Snacks	254	341	257	235	1,086	264	282	262	230	1,037	258	290	270	237	1,055
Refrigerated & Frozen	176	259	271	218	924	201	222	238	214	876	198	233	248	233	913
International	27	37	37	34	135	42	41	41	41	165	42	44	47	42	175
Foodservice	22	29	25	28	104	41	35	26	21	124	35	44	21	20	120
Corporate Expenses	(80)	(102)	(68)	(82)	(332)	(64)	(70)	(69)	(82)	(285)	(64)	(70)	(70)	(83)	(288)
<b>Total Operating Profit</b>	<b>398</b>	<b>563</b>	<b>522</b>	<b>433</b>	<b>1,917</b>	<b>484</b>	<b>510</b>	<b>499</b>	<b>424</b>	<b>1,917</b>	<b>468</b>	<b>542</b>	<b>516</b>	<b>449</b>	<b>1,975</b>
<b>Operating Profit Growth</b>															
Grocery & Snacks	<b>15.4%</b>	<b>24.6%</b>	<b>8.0%</b>	<b>-8.1%</b>	<b>10.1%</b>	<b>3.8%</b>	<b>-17.3%</b>	<b>2.0%</b>	<b>-2.0%</b>	<b>-4.5%</b>	<b>-2.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>1.7%</b>
Refrigerated & Frozen	<b>8.1%</b>	<b>37.2%</b>	<b>53.7%</b>	<b>17.7%</b>	<b>29.6%</b>	<b>14.6%</b>	<b>-14.2%</b>	<b>-12.0%</b>	<b>-2.0%</b>	<b>-5.2%</b>	<b>-1.5%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>9.0%</b>	<b>4.2%</b>
International	<b>-21.4%</b>	<b>-0.8%</b>	<b>23.6%</b>	<b>71.0%</b>	<b>11.3%</b>	<b>57.8%</b>	<b>10.3%</b>	<b>10.0%</b>	<b>20.0%</b>	<b>22.1%</b>	<b>-1.8%</b>	<b>8.7%</b>	<b>15.2%</b>	<b>2.0%</b>	<b>5.9%</b>
Foodservice	<b>5.3%</b>	<b>53.2%</b>	<b>70.3%</b>	<b>-2.4%</b>	<b>24.9%</b>	<b>88.0%</b>	<b>24.2%</b>	<b>5.0%</b>	<b>-25.0%</b>	<b>19.4%</b>	<b>-15.0%</b>	<b>25.0%</b>	<b>-20.0%</b>	<b>-5.0%</b>	<b>-2.9%</b>
Corporate Expenses	<b>27.9%</b>	<b>44.4%</b>	<b>13.9%</b>	<b>50.6%</b>	<b>34.3%</b>	<b>-20.2%</b>	<b>-31.8%</b>	<b>2.0%</b>	<b>0.0%</b>	<b>-14.3%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Total Operating Profit</b>	<b>6.2%</b>	<b>25.8%</b>	<b>30.7%</b>	<b>-0.4%</b>	<b>15.7%</b>	<b>21.6%</b>	<b>-9.3%</b>	<b>-4.5%</b>	<b>-2.2%</b>	<b>0.0%</b>	<b>-3.3%</b>	<b>6.1%</b>	<b>3.5%</b>	<b>5.9%</b>	<b>3.0%</b>
<b>Operating Margin</b>															
Grocery & Snacks	<b>21.4%</b>	<b>25.3%</b>	<b>20.7%</b>	<b>19.6%</b>	<b>21.8%</b>	<b>21.9%</b>	<b>21.8%</b>	<b>20.9%</b>	<b>19.4%</b>	<b>21.0%</b>	<b>21.7%</b>	<b>22.0%</b>	<b>21.1%</b>	<b>19.5%</b>	<b>21.1%</b>
Refrigerated & Frozen	<b>14.5%</b>	<b>18.2%</b>	<b>20.7%</b>	<b>17.9%</b>	<b>17.9%</b>	<b>17.5%</b>	<b>16.6%</b>	<b>19.4%</b>	<b>17.7%</b>	<b>17.8%</b>	<b>17.3%</b>	<b>17.1%</b>	<b>19.8%</b>	<b>18.5%</b>	<b>18.2%</b>
International	<b>11.5%</b>	<b>14.2%</b>	<b>14.3%</b>	<b>13.6%</b>	<b>13.5%</b>	<b>16.3%</b>	<b>14.5%</b>	<b>15.0%</b>	<b>15.1%</b>	<b>15.2%</b>	<b>16.1%</b>	<b>15.2%</b>	<b>16.1%</b>	<b>15.3%</b>	<b>15.7%</b>
Foodservice	<b>7.9%</b>	<b>10.1%</b>	<b>9.2%</b>	<b>9.4%</b>	<b>9.1%</b>	<b>14.1%</b>	<b>12.0%</b>	<b>9.5%</b>	<b>7.4%</b>	<b>10.8%</b>	<b>12.8%</b>	<b>14.0%</b>	<b>8.0%</b>	<b>7.1%</b>	<b>10.6%</b>
<b>Total Operating Margin</b>	<b>13.7%</b>	<b>17.0%</b>	<b>16.9%</b>	<b>14.6%</b>	<b>15.6%</b>	<b>16.7%</b>	<b>15.9%</b>	<b>16.4%</b>	<b>14.3%</b>	<b>15.8%</b>	<b>16.4%</b>	<b>16.5%</b>	<b>16.7%</b>	<b>14.8%</b>	<b>16.1%</b>

Source: Company reports and Stifel estimates.

General Mills Income Statement (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Sales	4,718	5,221	5,126	5,030	20,094	4,905	5,139	4,937	4,962	19,943	4,921	5,214	5,023	5,047	20,205
Cost of Sales	3,074	3,487	3,393	3,270	13,224	3,170	3,340	3,234	3,225	12,968	3,159	3,389	3,290	3,255	13,094
Gross Profits	1,644	1,734	1,733	1,760	6,870	1,735	1,800	1,703	1,737	6,974	1,762	1,825	1,733	1,792	7,111
Selling, General, Admin Exp	763	854	926	870	3,413	836	810	865	852	3,363	843	813	861	872	3,388
Operating Income	881	880	807	889	3,457	899	989	838	884	3,611	919	1,012	872	920	3,723
Interest Expense, Net	88	92	98	105	382	117	118	126	128	489	130	130	129	129	519
Other Expense/(Income)	(22)	(22)	(22)	(24)	(89)	(17)	(20)	(21)	(21)	(79)	(17)	(20)	(21)	(21)	(79)
Pretax Income	815	810	730	809	3,164	799	892	733	778	3,201	805	902	763	813	3,283
Taxes	161	171	158	155	644	169	185	147	156	656	169	189	160	171	689
Tax Rate	19.7%	21.1%	21.6%	19.1%	20.4%	21.1%	20.8%	20.0%	20.0%	20.5%	21.0%	21.0%	21.0%	21.0%	21.0%
Equity Earnings	20	25	14	23	82	24	26	15	26	90	24	26	15	27	92
Non-Controlling Interests	3	2	5	5	16	7	7	5	5	23	3	3	5	5	16
Net Income	671	662	581	672	2,586	647	725	596	643	2,612	658	735	613	664	2,670
Average Shares (Mil.)	606	602	599	598	601	591	583	577	577	582	576	574	573	571	574
Earnings per Share	\$1.11	\$1.10	\$0.97	\$1.12	\$4.30	\$1.09	\$1.25	\$1.03	\$1.11	\$4.49	\$1.14	\$1.28	\$1.07	\$1.16	\$4.66
EBITDA	1,037	1,041	966	1,049	4,093	1,053	1,138	1,007	1,054	4,253	1,081	1,177	1,038	1,086	4,382
EBITDA/Share	\$1.71	\$1.73	\$1.61	\$1.75	\$6.81	\$1.78	\$1.95	\$1.75	\$1.83	\$7.31	\$1.88	\$2.05	\$1.81	\$1.90	\$7.64
<b>Growth Rates</b>															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Sales	3.9%	3.9%	13.0%	2.8%	5.8%	4.0%	-1.6%	-3.7%	-1.4%	-0.8%	0.3%	1.4%	1.7%	1.7%	1.3%
- Volume	-5.0%	-6.0%	0.0%	-6.0%	-4.6%	-2.0%	-4.0%	-6.5%	-2.1%	-4.3%	-0.6%	0.3%	1.1%	1.1%	0.5%
- Price/Mix	15.0%	17.0%	16.0%	11.0%	14.7%	7.0%	3.0%	2.6%	0.6%	3.6%	1.0%	0.9%	0.6%	0.6%	0.8%
- Foreign Exchange	-1.0%	-1.0%	-1.0%	-1.0%	-1.3%	0.0%	0.0%	0.2%	0.2%	0.2%	0.0%	0.3%	0.0%	0.0%	0.1%
- Divestitures/Acquisitions	-5.0%	-5.0%	-2.0%	-1.0%	-3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Profit	4.4%	7.0%	21.5%	6.4%	9.5%	5.5%	3.8%	-1.7%	-1.3%	1.5%	1.5%	1.4%	1.7%	3.2%	2.0%
EBITDA	4.3%	5.1%	14.0%	-1.5%	5.0%	1.6%	9.3%	4.3%	0.5%	3.9%	2.6%	3.4%	3.0%	3.0%	3.0%
Operating Profit	7.6%	7.1%	19.3%	-0.8%	7.6%	2.0%	12.5%	3.9%	-0.6%	4.4%	2.2%	2.3%	4.1%	4.0%	3.1%
Pretax Profit	8.3%	7.1%	18.3%	-1.5%	7.4%	-2.0%	10.1%	0.3%	-3.8%	1.2%	0.8%	1.2%	4.2%	4.5%	2.6%
Net Income	10.5%	8.6%	13.1%	-1.4%	7.2%	-3.6%	9.6%	2.6%	-4.3%	1.0%	1.7%	1.4%	2.9%	3.2%	2.2%
Shares Outstanding	-1.4%	-1.8%	-2.2%	-2.1%	-1.9%	-2.4%	-3.2%	-3.7%	-3.4%	-3.2%	-2.5%	-1.4%	-0.8%	-1.1%	-1.5%
EPS	12.1%	10.6%	15.6%	0.7%	9.3%	-1.2%	13.3%	6.5%	-0.9%	4.3%	4.3%	2.8%	3.7%	4.4%	3.7%
<b>Margin Analysis</b>															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Gross Margin	34.9%	33.2%	33.8%	35.0%	34.2%	35.4%	35.0%	34.5%	35.0%	35.0%	35.8%	35.0%	34.5%	35.5%	35.2%
EBITDA Margin	22.0%	19.9%	18.8%	20.9%	20.4%	21.5%	22.1%	20.4%	21.3%	21.3%	22.0%	22.6%	20.7%	21.5%	21.7%
Operating Margin	18.7%	16.9%	15.7%	17.7%	17.2%	18.3%	19.3%	17.0%	17.8%	18.1%	18.7%	19.4%	17.4%	18.2%	18.4%
Pretax Margin	17.3%	15.5%	14.2%	16.1%	15.7%	16.3%	17.4%	14.8%	15.7%	16.1%	16.4%	17.3%	15.2%	16.1%	16.2%
Net Margin	14.2%	12.7%	11.3%	13.4%	12.9%	13.2%	14.1%	12.1%	13.0%	13.1%	13.4%	14.1%	12.2%	13.1%	13.2%

Source: Company Reports and Stifel Estimates.

General Mills Divisional Analysis (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
<b>Sales</b>															
North America Retail	2,989	3,373	3,232	3,066	12,660	3,073	3,305	3,121	3,008	12,507	3,072	3,343	3,183	3,068	12,667
Pet	580	593	646	655	2,473	580	569	558	629	2,336	580	564	564	635	2,343
North America Foodservice	496	583	548	564	2,192	536	582	548	576	2,242	547	606	559	588	2,300
International	653	672	701	745	2,770	716	683	710	749	2,858	722	701	717	756	2,896
<b>Total Revenue</b>	<b>4,718</b>	<b>5,221</b>	<b>5,126</b>	<b>5,030</b>	<b>20,094</b>	<b>4,905</b>	<b>5,139</b>	<b>4,937</b>	<b>4,962</b>	<b>19,943</b>	<b>4,921</b>	<b>5,214</b>	<b>5,023</b>	<b>5,047</b>	<b>20,205</b>
<b>Sales - Growth Rate</b>															
North America Retail	10.3%	10.8%	14.9%	2.0%	9.4%	2.8%	-2.0%	-3.4%	-1.9%	-1.2%	0.0%	1.1%	2.0%	2.0%	1.3%
- Volume	-5.0%	-7.0%	0.0%	-6.0%	-4.6%	-4.0%	-5.0%	-6.5%	-2.5%	-4.5%	-1.0%	0.0%	1.0%	1.0%	0.2%
- Price/Mix	17.0%	20.0%	18.0%	11.0%	16.5%	8.0%	4.0%	3.0%	0.5%	3.8%	1.0%	1.0%	1.0%	1.0%	1.0%
- Foreign Exchange	0.0%	-1.0%	-1.0%	-1.0%	-0.8%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
- Divestitures/Acquisitions	-1.0%	-2.0%	-3.0%	-2.0%	-2.0%	-1.0%	0.0%	0.0%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Pet	18.8%	-0.1%	13.7%	7.3%	9.5%	0.0%	-4.0%	-13.5%	-4.0%	-5.5%	0.0%	-1.0%	1.0%	1.0%	0.3%
- Volume	-3.0%	-11.0%	6.0%	-2.0%	-2.6%	-5.0%	-11.0%	-17.0%	-6.0%	-9.8%	-3.0%	-3.0%	1.0%	1.0%	-1.0%
- Price/Mix	17.0%	11.0%	8.0%	9.0%	11.0%	5.0%	7.0%	3.5%	2.0%	4.3%	3.0%	2.0%	0.0%	0.0%	1.2%
- Foreign Exchange	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%	0.0%	0.0%
- Divestitures/Acquisitions	5.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
North America Foodservice	20.9%	23.6%	25.3%	7.2%	18.7%	8.0%	-0.2%	0.1%	2.1%	2.3%	2.0%	4.1%	2.0%	2.0%	2.6%
- Volume	-3.0%	-2.0%	1.0%	-2.0%	-1.5%	4.0%	-1.0%	1.0%	1.5%	1.3%	2.0%	4.0%	2.0%	2.0%	2.5%
- Price/Mix	21.0%	19.0%	18.0%	3.0%	14.6%	0.0%	1.0%	-1.0%	0.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
- Foreign Exchange	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
- Divestitures/Acquisitions	3.0%	6.0%	6.0%	6.0%	5.3%	4.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
International	-29.9%	-26.5%	-2.8%	-0.7%	-16.5%	9.7%	1.7%	1.3%	0.6%	3.2%	0.9%	2.6%	1.0%	1.0%	1.3%
- Volume	-7.0%	-7.0%	-4.0%	-13.0%	-7.7%	-5.0%	-4.0%	-3.0%	0.0%	-2.9%	1.0%	1.0%	1.0%	1.0%	1.0%
- Price/Mix	5.0%	12.0%	11.0%	18.0%	11.2%	13.0%	3.0%	3.0%	0.0%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%
- Foreign Exchange	-5.0%	-6.0%	-4.0%	-3.0%	-4.6%	1.0%	2.0%	1.3%	0.6%	1.2%	-0.1%	1.6%	0.0%	0.0%	0.3%
- Divestitures/Acquisitions	-23.0%	-26.0%	-6.0%	-3.0%	-15.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Revenue</b>	<b>3.9%</b>	<b>3.9%</b>	<b>13.0%</b>	<b>2.8%</b>	<b>5.8%</b>	<b>4.0%</b>	<b>-1.6%</b>	<b>-3.7%</b>	<b>-1.4%</b>	<b>-0.8%</b>	<b>0.3%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.3%</b>
<b>Operating Profit</b>															
North America Retail	778	837	787	780	3,181	798	860	763	764	3,185	814	886	801	802	3,303
Pet	123	87	103	133	446	111	103	89	117	420	111	103	92	121	426
North America Foodservice	54	82	82	73	290	59	96	85	75	314	61	99	88	78	327
International	35	18	42	67	162	50	35	46	67	197	52	36	47	69	203
Corporate/Other	(108)	(143)	(207)	(163)	(621)	(120)	(103)	(145)	(138)	(506)	(120)	(111)	(157)	(149)	(537)
<b>Total Operating Profit</b>	<b>881</b>	<b>880</b>	<b>807</b>	<b>889</b>	<b>3,457</b>	<b>899</b>	<b>989</b>	<b>838</b>	<b>884</b>	<b>3,611</b>	<b>919</b>	<b>1,012</b>	<b>872</b>	<b>920</b>	<b>3,723</b>
<b>Operating Profit Growth</b>															
North America Retail	19.9%	23.9%	28.7%	2.0%	17.8%	2.6%	2.7%	-3.0%	-2.0%	0.1%	2.0%	3.0%	5.0%	5.0%	3.7%
Pet	6.9%	-34.1%	-7.2%	17.6%	-5.3%	-9.7%	18.4%	-13.0%	-12.0%	-5.7%	0.0%	0.0%	3.0%	3.0%	1.5%
North America Foodservice	-25.3%	20.0%	134.1%	-10.0%	13.5%	10.3%	17.2%	3.0%	3.0%	8.3%	4.0%	4.0%	4.0%	4.0%	4.0%
International	-42.6%	-70.0%	18.1%	-12.2%	-30.3%	43.7%	94.4%	8.0%	0.0%	21.9%	3.0%	3.0%	3.0%	3.0%	3.0%
Corporate/Other	40.4%	26.9%	77.6%	17.9%	39.8%	10.5%	-28.1%	-30.0%	-15.0%	-18.6%	0.0%	8.0%	8.0%	8.0%	6.1%
<b>Total Operating Profit</b>	<b>7.6%</b>	<b>7.1%</b>	<b>19.3%</b>	<b>-0.8%</b>	<b>7.6%</b>	<b>2.0%</b>	<b>12.5%</b>	<b>3.9%</b>	<b>-0.6%</b>	<b>4.4%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>3.1%</b>
<b>Operating Margin</b>															
North America Retail	26.0%	24.8%	24.3%	25.4%	25.1%	26.0%	26.0%	24.5%	25.4%	25.5%	26.5%	26.5%	25.2%	26.1%	26.1%
Pet	21.2%	14.6%	15.9%	20.3%	18.0%	19.2%	18.0%	16.0%	18.6%	18.0%	19.2%	18.2%	16.3%	19.0%	18.2%
North America Foodservice	10.8%	14.0%	15.0%	12.8%	13.2%	11.0%	16.4%	15.5%	13.0%	14.0%	11.2%	16.4%	15.8%	13.2%	14.2%
International	5.3%	2.6%	6.1%	9.0%	5.8%	7.0%	5.1%	6.5%	8.9%	6.9%	7.1%	5.1%	6.6%	9.1%	7.0%
<b>Total Operating Margin</b>	<b>18.7%</b>	<b>16.9%</b>	<b>15.7%</b>	<b>17.7%</b>	<b>17.2%</b>	<b>18.3%</b>	<b>19.3%</b>	<b>17.0%</b>	<b>17.8%</b>	<b>18.1%</b>	<b>18.7%</b>	<b>19.4%</b>	<b>17.4%</b>	<b>18.2%</b>	<b>18.4%</b>

Source: Company reports and Stifel estimates.

Hain Celestial Income Statement (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	439	454	455	448	1,797	425	455	488	464	1,832	440	475	504	479	1,899
Cost of Goods Sold	345	350	358	346	1,399	338	351	368	350	1,407	345	360	376	358	1,439
Gross Profit	94	104	98	102	398	87	105	119	114	425	95	115	128	122	460
Selling, General, & Ad. Exp. & Amort.	74	69	75	73	291	78	73	93	82	326	82	79	98	87	347
Operating Income	20	35	22	29	107	10	32	26	31	99	13	36	30	35	113
Interest Expense	7	11	13	14	45	13	13	13	13	52	12	12	11	11	46
Other Expense/(Inc.)	0	(1)	0	0	(0)	0	0	0	0	0	0	0	0	0	0
Pretax Income	13	25	8	15	61	(4)	19	13	19	47	1	24	18	23	67
Income Taxes	3	7	1	5	15	(1)	4	3	4	11	0	6	4	6	16
Tax Rate	24.8%	27.0%	6.4%	32.3%	25.0%	23.9%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Equity Earnings / Minority Interest	0.4	0.3	0.5	(0.1)	1.1	0.5	0.5	0.5	0.5	2.0	0.5	0.5	0.4	0.5	1.9
Net Income	9	18	7	10	45	(4)	14	10	14	34	0	18	14	17	49
Ave. Shares (Mil.)	89.5	89.6	89.4	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	88.9	87.7	88.9
EPS	\$0.10	\$0.20	\$0.08	\$0.11	\$0.50	(\$0.04)	\$0.15	\$0.11	\$0.15	\$0.37	\$0.00	\$0.20	\$0.15	\$0.20	\$0.55
EBITDA	36.0	49.8	37.3	43.5	166.6	24.1	46.8	41.9	46.6	159.3	27.6	51.3	45.7	50.2	174.8
EBITDA/Share	\$0.40	\$0.56	\$0.42	\$0.49	\$1.86	\$0.27	\$0.52	\$0.47	\$0.52	\$1.78	\$0.31	\$0.57	\$0.51	\$0.57	\$1.97
<b>Growth Rates</b>															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	-3.4%	-4.8%	-9.5%	-2.0%	-5.0%	-3.3%	0.3%	7.1%	3.5%	2.0%	3.6%	4.3%	3.4%	3.4%	3.6%
- Underlying	-0.8%	-2.5%	-6.2%	-1.7%	-3.1%	-5.4%	-1.4%	5.8%	3.0%	0.5%	3.2%	3.2%	3.4%	3.4%	3.3%
- Acq/Divest	3.2%	3.1%	0.0%	0.0%	1.7%	-0.4%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
- Foreign Exchange	-5.9%	-5.4%	-3.3%	-0.3%	-3.6%	2.5%	1.7%	1.4%	0.5%	1.5%	0.3%	1.1%	0.0%	0.0%	0.4%
Gross Profit	-13.2%	-11.5%	-17.1%	14.5%	-8.1%	-7.5%	0.9%	22.5%	11.6%	6.9%	9.0%	9.7%	7.2%	7.2%	8.2%
EBITDA	-23.9%	-15.9%	-36.5%	23.0%	-16.9%	-33.1%	-6.1%	12.4%	7.1%	-4.4%	14.6%	9.7%	9.1%	7.7%	9.7%
Operating Profit	-40.5%	-22.7%	-47.6%	48.8%	-24.7%	-52.4%	-9.8%	18.8%	9.2%	-6.9%	31.8%	12.8%	12.7%	10.0%	13.8%
Pretax Profit	-59.8%	-40.9%	-78.5%	-2.2%	-52.5%	-131.2%	-27.0%	59.4%	27.4%	-23.8%	-117.9%	30.0%	36.1%	24.7%	42.2%
Net Income	-61.3%	-46.8%	-75.2%	32.7%	-53.0%	-138.3%	-25.4%	32.0%	36.8%	-25.3%	-100.5%	31.4%	39.1%	25.6%	45.1%
Shares Outstanding	-8.2%	-5.5%	-2.1%	-0.4%	-4.1%	0.0%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	-0.7%	-2.0%	-0.7%
EPS	-57.8%	-43.7%	-74.7%	33.2%	-50.9%	-138.3%	-25.3%	31.8%	36.7%	-25.3%	-100.5%	31.4%	40.1%	28.2%	46.1%
<b>Margin Analysis</b>															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Gross	21.5%	22.9%	21.4%	22.7%	22.1%	20.5%	23.0%	24.5%	24.5%	23.2%	21.6%	24.2%	25.4%	25.4%	24.2%
EBITDA	8.2%	11.0%	8.2%	9.7%	9.3%	5.7%	10.3%	8.6%	10.1%	8.7%	6.3%	10.8%	9.1%	10.5%	9.2%
Operating	4.6%	7.8%	4.9%	6.4%	5.9%	2.3%	7.0%	5.4%	6.8%	5.4%	2.9%	7.6%	5.9%	7.2%	6.0%
Pretax	2.9%	5.6%	1.9%	3.3%	3.4%	-0.9%	4.1%	2.8%	4.0%	2.6%	0.2%	5.1%	3.6%	4.9%	3.5%
Net	2.1%	4.0%	1.6%	2.2%	2.5%	-0.8%	3.0%	2.0%	3.0%	1.8%	0.0%	3.8%	2.7%	3.6%	2.6%

Source: Company reports and Stifel estimates.

Hain Celestial Divisional Analysis (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
<b>Sales</b>															
North America	288	282	287	282	1,139	260	272	310	290	1,133	271	284	319	299	1,173
International	151	172	169	166	657	165	183	178	173	699	170	191	185	180	726
Total Revenue	439	454	455	448	1,797	425	455	488	464	1,832	440	475	504	479	1,899
<b>Sales - Growth Rate</b>															
North America	8.6%	2.7%	-12.0%	-5.1%	-2.1%	-9.8%	-3.5%	8.2%	3.1%	-0.5%	4.1%	4.2%	3.0%	3.0%	3.5%
- Underlying	3.4%	-1.9%	-11.5%	-4.6%	-4.2%	-9.2%	-3.5%	8.0%	3.0%	-0.4%	4.0%	4.0%	3.0%	3.0%	3.5%
- Acq/Divest	5.6%	5.4%	0.1%	0.0%	2.8%	-0.6%	0.0%	0.0%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
- Foreign Exchange	-0.4%	-0.8%	-0.6%	-0.5%	-0.6%	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%	0.2%	0.0%	0.0%	0.1%
International	-20.3%	-14.9%	-4.9%	3.7%	-9.8%	9.3%	6.5%	5.4%	4.3%	6.3%	2.8%	4.4%	4.0%	4.0%	3.8%
- Underlying	-6.7%	-3.2%	3.5%	3.6%	-1.4%	2.0%	2.0%	2.0%	3.0%	2.3%	2.0%	2.0%	4.0%	4.0%	3.0%
- Acq/Divest	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%	0.0%	0.0%
- Foreign Exchange	-13.6%	-11.7%	-8.3%	0.1%	-8.4%	7.3%	4.5%	3.4%	1.3%	4.1%	0.8%	2.4%	0.0%	0.0%	0.8%
Total Revenue	-3.4%	-4.8%	-9.5%	-2.0%	-5.0%	-3.3%	0.3%	7.1%	3.5%	2.0%	3.6%	4.3%	3.4%	3.4%	3.6%
<b>EBITDA</b>															
North America	31	39	27	27	123	19	35	30	29	112	22	37	32	31	123
International	15	19	21	27	83	17	22	24	29	92	19	24	26	31	99
Corporate	-10	-8	-11	-11	-40	-12	-10	-12	-11	-45	-13	-10	-12	-12	-47
Total EBITDA	36	50	37	44	167	24	47	42	47	159	28	51	46	50	175
<b>EBITDA Growth</b>															
North America	27.7%	15.5%	-27.1%	-2.6%	0.9%	-39.2%	-10.0%	10.2%	7.1%	-9.1%	15.1%	8.2%	8.0%	8.0%	9.2%
International	-53.9%	-43.9%	-19.6%	58.4%	-25.0%	16.7%	14.5%	11.4%	6.3%	11.4%	6.8%	9.4%	8.0%	6.0%	7.5%
Total EBITDA Profit	-23.9%	-15.9%	-36.5%	23.0%	-16.9%	-33.1%	-6.1%	12.4%	7.1%	-4.4%	14.6%	9.7%	9.1%	7.7%	9.7%
<b>EBITDA Margin</b>															
North America	10.7%	13.6%	9.5%	9.6%	10.8%	7.2%	12.7%	9.7%	9.9%	9.9%	8.0%	13.2%	10.1%	10.4%	10.4%
International	9.9%	11.2%	12.6%	16.5%	12.6%	10.6%	12.0%	13.3%	16.9%	13.2%	11.0%	12.6%	13.8%	17.2%	13.7%
Total EBITDA Margin	8.2%	11.0%	8.2%	9.7%	9.3%	5.7%	10.3%	8.6%	10.1%	8.7%	6.3%	10.8%	9.1%	10.5%	9.2%

Source: Company reports and Sifel estimates.

NMF = Not Meaningful

THE HERSHEY COMPANY Income Statement (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Sales	2,666	2,373	2,728	2,652	10,419	2,988	2,490	3,030	2,731	11,239	3,181	2,416	3,088	2,884	11,570
Cost of Sales	1,445	1,331	1,570	1,492	5,838	1,594	1,364	1,668	1,570	6,197	1,686	1,329	1,714	1,644	6,373
Gross Profits	1,222	1,041	1,159	1,160	4,582	1,394	1,126	1,362	1,161	5,042	1,495	1,087	1,374	1,240	5,197
Selling, General, Admin Expens	514	515	543	605	2,176	563	555	608	612	2,338	566	546	593	631	2,337
Operating Income	708	527	615	555	2,405	831	571	753	549	2,704	929	541	781	609	2,860
Interest Expense, Net	33	33	35	36	138	38	37	40	41	155	41	41	41	41	162
Other Expense	10	20	48	128	206	3	84	43	99	229	3	84	43	99	229
Pretax Income	664	474	532	392	2,062	790	450	671	410	2,320	886	416	698	470	2,469
Taxes	141	101	85	-25	302	180	37	137	4	359	190	89	119	9	408
Tax Rate	21.2%	21.4%	15.9%	-6.5%	14.6%	22.8%	8.3%	20.4%	1.0%	15.5%	21.5%	21.5%	17.0%	2.0%	16.5%
Minority Interest	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	0.0	0.0
Net Income	523	372	447	417	1,760	609	413	534	406	1,962	695	326	579	460	2,061
Ave. Shares (Mil.)	207.3	206.4	206.3	206.3	206.6	205.8	205.5	205.5	206.0	205.7	206.5	207.0	207.5	208.0	207.2
Earnings per Share	\$2.53	\$1.80	\$2.17	\$2.02	\$8.52	\$2.96	\$2.01	\$2.60	\$1.97	\$9.54	\$3.37	\$1.58	\$2.79	\$2.21	\$9.95
EBITDA	799	621	709	655	2,784	929	672	857	651	3,109	1,037	649	889	717	3,293
EBITDA/Share	\$3.85	\$3.01	\$3.44	\$3.18	\$13.48	\$4.51	\$3.27	\$4.17	\$3.16	\$15.11	\$5.02	\$3.14	\$4.29	\$3.45	\$15.89
Growth Rates															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Sales	16.1%	19.3%	15.6%	14.0%	16.1%	12.1%	5.0%	11.1%	3.0%	7.9%	6.5%	-3.0%	1.9%	5.6%	2.9%
- Volume/Mix	4.6%	4.6%	4.1%	2.2%	4.0%	2.9%	-2.7%	0.9%	-4.5%	-0.8%	3.5%	-5.6%	0.2%	3.7%	0.5%
- Price	6.9%	9.5%	7.7%	8.5%	8.0%	9.3%	7.7%	9.8%	7.0%	8.4%	2.6%	2.5%	1.6%	1.7%	2.1%
- Divestiture/Acquisition	4.6%	5.3%	4.1%	3.6%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- FX	0.0%	-0.1%	-0.3%	-0.3%	-0.2%	-0.1%	0.0%	0.4%	0.5%	0.2%	0.4%	0.1%	0.1%	0.2%	0.2%
Gross Profit	16.3%	12.8%	10.8%	14.6%	13.6%	14.1%	8.1%	17.5%	0.1%	10.0%	7.3%	-3.4%	0.9%	6.9%	3.1%
EBITDA	26.1%	15.9%	10.7%	17.3%	17.5%	16.3%	8.3%	20.7%	-0.6%	11.7%	11.7%	-3.5%	3.8%	10.1%	5.9%
Operating Profit	27.4%	14.7%	9.3%	16.7%	17.1%	17.3%	8.3%	22.4%	-1.2%	12.4%	11.9%	-5.3%	3.7%	10.9%	5.8%
Pretax Profit	28.5%	12.5%	4.3%	9.0%	14.1%	18.9%	-5.1%	26.2%	4.6%	12.5%	12.1%	-7.5%	4.0%	14.6%	6.4%
Net Income	30.7%	21.8%	2.8%	18.6%	17.9%	16.4%	10.8%	19.5%	-2.7%	11.5%	14.1%	-20.9%	8.4%	13.5%	5.1%
EPS	31.5%	22.5%	3.4%	19.3%	18.6%	17.2%	11.3%	19.9%	-2.6%	11.9%	13.7%	-21.4%	7.4%	12.4%	4.3%
Shares Outstanding	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.7%	-0.4%	-0.4%	-0.1%	-0.4%	0.3%	0.7%	1.0%	1.0%	0.7%
Margin Analysis															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Gross Margin	45.8%	43.9%	42.5%	43.7%	44.0%	46.6%	45.2%	44.9%	42.5%	44.9%	47.0%	45.0%	44.5%	43.0%	44.9%
EBITDA	30.0%	26.2%	26.0%	24.7%	26.7%	31.1%	27.0%	28.3%	23.8%	27.7%	32.6%	26.9%	28.8%	24.9%	28.5%
Operating Margin	26.6%	22.2%	22.6%	20.9%	23.1%	27.8%	22.9%	24.9%	20.1%	24.1%	29.2%	22.4%	25.3%	21.1%	24.7%
Pretax Margin	24.9%	20.0%	19.5%	14.8%	19.8%	26.4%	18.1%	22.1%	15.0%	20.6%	27.8%	17.2%	22.6%	16.3%	21.3%
Net Margin	19.6%	15.7%	16.4%	15.7%	16.9%	20.4%	16.6%	17.6%	14.9%	17.5%	21.9%	13.5%	18.8%	16.0%	17.8%

Source: Company Reports and Stifel Estimates

THE HERSHEY COMPANY Segment Analysis (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
<b>Sales by Segment</b>															
North America Confectionery	2,217.0	1,909.1	2,235.6	2,174.8	8,536.5	2,452.2	1,993.1	2,457.6	2,283.2	9,186.1	2,637.5	1,883.6	2,531.8	2,352.9	9,405.7
North America Salty Snacks	226.1	256.3	275.0	272.0	1,029.4	270.0	272.4	345.2	217.1	1,104.6	286.2	295.5	316.7	293.6	1,192.1
International	223.1	207.2	217.6	205.6	853.4	265.5	224.8	227.2	230.7	948.2	257.7	236.8	239.8	237.8	972.1
Total	2,666.2	2,372.6	2,728.2	2,652.3	10,419.3	2,987.6	2,490.3	3,030.0	2,731.1	11,238.9	3,181.4	2,415.9	3,088.3	2,884.3	11,569.9
<b>Sales - Growth Rate</b>															
North America Confectionery	11.7%	12.9%	10.4%	9.7%	11.1%	10.6%	4.4%	9.9%	5.0%	7.6%	7.6%	-5.5%	3.0%	3.1%	2.4%
North America Salty Snacks	86.2%	99.9%	87.0%	71.4%	85.3%	19.4%	6.3%	25.5%	-20.2%	7.3%	6.0%	8.5%	-8.2%	35.3%	7.9%
International	17.9%	21.3%	15.4%	11.1%	16.3%	19.0%	8.5%	4.4%	12.2%	11.1%	-2.9%	5.3%	5.6%	3.1%	2.5%
Total	16.1%	19.3%	15.6%	14.0%	16.1%	12.1%	5.0%	11.1%	3.0%	7.9%	6.5%	-3.0%	1.9%	5.6%	2.9%
<b>Operating Income by Segment</b>															
North America Confectionery	781.9	618.9	706.8	703.5	2,811.1	887.8	657.2	847.5	721.1	3,113.5	985.4	617.7	885.6	757.1	3,245.9
North America Salty Snacks	21.3	37.4	44.5	56.7	159.9	46.8	43.8	57.4	36.8	184.8	53.8	52.5	45.9	62.6	214.9
International	42.0	30.7	35.4	(0.1)	107.9	55.0	41.1	31.7	10.0	137.8	52.3	45.2	36.4	12.5	146.4
Corporate/Other	(137.3)	(160.1)	(171.4)	(204.7)	(673.5)	(159.0)	(171.2)	(183.1)	(219.0)	(732.3)	(162.1)	(174.6)	(186.8)	(223.4)	(747.0)
Total	707.9	526.9	615.3	555.3	2,405.4	830.6	570.9	753.4	548.9	2,703.8	929.4	540.9	781.1	608.9	2,860.2
<b>Operating Profit - Growth Rate</b>															
North America Confectionery	21.7%	11.6%	7.8%	12.9%	13.5%	13.5%	6.2%	19.9%	2.5%	10.8%	11.0%	-6.0%	4.5%	5.0%	4.3%
North America Salty Snacks	-16.1%	43.7%	50.2%	187.5%	58.7%	119.7%	16.9%	28.9%	-35.0%	15.5%	15.0%	20.0%	-20.0%	70.0%	16.3%
International	53.1%	11.4%	81.0%	NMF	45.5%	31.1%	33.9%	-10.4%	NMF	27.7%	-5.0%	10.0%	15.0%	25.0%	6.2%
Corporate/Other	-1.7%	7.7%	20.9%	22.7%	12.8%	15.8%	6.9%	6.8%	7.0%	8.7%	2.0%	2.0%	2.0%	2.0%	2.0%
Total	27.4%	14.7%	9.3%	16.7%	17.1%	17.3%	8.3%	22.4%	-1.2%	12.4%	11.9%	-5.3%	3.7%	10.9%	5.8%
<b>Operating Margin by Segment</b>															
North America Confectionery	35.3%	32.4%	31.6%	32.3%	32.9%	36.2%	33.0%	34.5%	31.6%	33.9%	37.4%	32.8%	35.0%	32.2%	34.5%
North America Salty Snacks	9.4%	14.6%	16.2%	20.8%	15.5%	17.3%	16.1%	16.6%	17.0%	16.7%	18.8%	17.8%	14.5%	21.3%	18.0%
International	18.8%	14.8%	16.3%	NMF	12.6%	20.7%	18.3%	13.9%	4.3%	14.5%	20.3%	19.1%	15.2%	5.3%	15.1%
Total	26.6%	22.2%	22.6%	20.9%	23.1%	27.8%	22.9%	24.9%	20.1%	24.1%	29.2%	22.4%	25.3%	21.1%	24.7%

Source: Company Reports and Stifel Estimates

JM Smucker Company Income Statement (in millions of US dollars)															
April Fiscal Year End	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	1,873	2,205	2,216	2,235	8,529	1,805	1,939	2,258	2,293	8,295	2,125	2,293	2,294	2,332	9,044
Cost of Goods Sold	1,286	1,474	1,477	1,463	5,700	1,161	1,188	1,411	1,422	5,182	1,328	1,399	1,429	1,441	5,597
Gross Profit	587	731	739	772	2,830	644	751	847	871	3,113	797	894	865	891	3,447
Selling, General, & Ad. Exp.	317	351	382	364	1,414	313	365	421	412	1,511	388	391	409	403	1,590
Operating Income	270	380	358	408	1,415	332	385	426	460	1,602	409	504	456	488	1,857
Interest Expense	39	40	38	35	152	32	35	103	108	278	107	107	106	105	424
Other Expense/(Inc.)	1	(1)	(5)	(6)	(11)	(2)	(0)	(5)	(3)	(10)	(4)	(3)	(5)	(3)	(15)
Pretax Income	231	339	315	367	1,253	297	350	318	348	1,313	298	394	345	380	1,418
Income Taxes	53	83	78	87	302	70	85	78	86	319	71	95	83	91	340
Tax Rate	23.0%	24.4%	24.8%	23.8%	24.1%	23.6%	24.3%	24.6%	24.6%	24.3%	24.0%	24.0%	24.0%	24.0%	24.0%
Equity Earnings	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	0.0	0.0
Net Income	178	256	237	280	951	227	265	240	263	994	226	300	263	289	1,078
Ave. Shares (Mil.)	106.8	106.9	107.0	105.9	106.7	102.8	102.4	106.7	105.7	104.4	105.8	105.9	106.0	106.1	106.0
EPS	\$1.67	\$2.40	\$2.21	\$2.64	\$8.92	\$2.21	\$2.59	\$2.25	\$2.48	\$9.52	\$2.14	\$2.83	\$2.48	\$2.72	\$10.17
EBITDA	325.1	436.7	417.4	465.8	1645.0	381.9	438.4	494.3	528.3	1842.9	478.1	572.5	524.5	556.9	2132.0
EBITDA/Share	\$3.04	\$4.09	\$3.90	\$4.40	\$15.42	\$3.71	\$4.28	\$4.63	\$5.00	\$17.65	\$4.52	\$5.40	\$4.95	\$5.25	\$20.12
Growth Rates															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	0.8%	7.6%	7.7%	9.9%	6.6%	-3.6%	-12.1%	1.9%	2.6%	-2.7%	17.7%	18.3%	1.6%	1.7%	9.0%
- Volume/Mix	-9.2%	-5.5%	-4.1%	0.0%	-5.0%	10.1%	3.2%	5.6%	5.1%	5.9%	-1.1%	0.4%	0.8%	1.7%	0.5%
- Price	13.4%	16.5%	14.4%	11.0%	14.3%	6.5%	2.3%	0.4%	0.3%	2.2%	-1.0%	0.0%	0.0%	0.0%	-0.2%
- Foreign Exchange	-0.2%	-0.3%	-0.4%	0.0%	-0.3%	-0.2%	-0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Gross Profit	-9.1%	0.0%	3.8%	17.8%	3.1%	9.7%	2.7%	14.6%	12.9%	10.0%	23.7%	19.2%	2.1%	2.2%	10.7%
EBITDA	-14.9%	-2.6%	-4.7%	14.3%	-1.8%	17.5%	0.4%	18.4%	13.4%	12.0%	25.2%	30.6%	6.1%	5.4%	15.7%
Operating Profit	-16.5%	-2.1%	-5.4%	16.3%	-1.7%	22.9%	1.5%	19.0%	12.6%	13.2%	23.4%	30.7%	7.1%	6.2%	15.9%
Pretax Profit	-14.0%	-1.7%	-6.5%	18.7%	-0.6%	28.4%	3.2%	0.9%	-5.1%	4.9%	0.2%	12.6%	8.6%	9.3%	8.0%
Net Income	-13.5%	-2.9%	-6.2%	16.5%	-1.2%	27.5%	3.4%	1.3%	-6.1%	4.6%	-0.3%	13.0%	9.5%	10.1%	8.4%
Shares Outstanding	-1.5%	-1.4%	-1.4%	-1.8%	-1.5%	-3.7%	-4.2%	-0.3%	-0.2%	-2.1%	2.9%	3.4%	-0.7%	0.4%	1.5%
EPS	-12.2%	-1.5%	-4.9%	18.6%	0.3%	32.4%	8.0%	1.5%	-6.0%	6.8%	-3.1%	9.3%	10.2%	9.7%	6.8%
Margin Analysis															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3Q	4Q		1Q	2Q	3Q	4Q	
Gross	31.4%	33.2%	33.4%	34.5%	33.2%	35.7%	38.7%	37.5%	38.0%	37.5%	37.5%	39.0%	37.7%	38.2%	38.1%
EBITDA	17.4%	19.8%	18.8%	20.8%	19.3%	21.2%	22.6%	21.9%	23.0%	22.2%	22.5%	25.0%	22.9%	23.9%	23.6%
Operating	14.4%	17.2%	16.1%	18.3%	16.6%	18.4%	19.9%	18.8%	20.0%	19.3%	19.3%	22.0%	19.9%	20.9%	20.5%
Pretax	12.4%	15.4%	14.2%	16.4%	14.7%	16.5%	18.0%	14.1%	15.2%	15.8%	14.0%	17.2%	15.1%	16.3%	15.7%
Net	9.5%	11.6%	10.7%	12.5%	11.1%	12.6%	13.7%	10.6%	11.5%	12.0%	10.7%	13.1%	11.4%	12.4%	11.9%

Source: Company Reports and Stifel estimates.

JM Smucker Company Divisional Analysis (in millions of US dollars)																		
April Fiscal Year End	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End			
	1Q	2Q	3Q	4Q		1QA	2QA	3Q	4Q		1Q	2Q	3Q	4Q				
<b>Sales</b>																		
Coffee	598	710	735	693	2,735	625	686	720	679	2,710	606	699	728	699	2,732			
Frozen Handheld and Spreads	311	432	434	453	1,631	464	464	440	446	1,814	466	466	453	459	1,844			
Away From Home and International	235	298	288	304	1,125	275	325	296	303	1,198	268	321	295	312	1,197			
Pet	729	765	759	785	3,038	441	464	500	518	1,923	399	435	479	503	1,816			
Sweet Baked Snacks											302	348	650	385	371	339	359	1,454
<b>Total Revenue</b>	<b>1,873</b>	<b>2,205</b>	<b>2,216</b>	<b>2,235</b>	<b>8,529</b>	<b>1,805</b>	<b>1,939</b>	<b>2,258</b>	<b>2,293</b>	<b>8,295</b>	<b>2,125</b>	<b>2,293</b>	<b>2,294</b>	<b>2,332</b>	<b>9,044</b>			
<b>Sales - Growth Rate</b>																		
Coffee	10.1%	10.0%	11.1%	7.0%	9.5%	4.5%	-3.4%	-2.0%	-2.0%	-0.9%	-3.0%	2.0%	1.0%	3.0%	0.8%			
- Volume/Mix	-14.0%	-13.0%	-8.0%	-3.0%	-9.3%	4.0%	0.0%	2.0%	1.0%	1.7%	0.0%	2.0%	1.0%	3.0%	1.5%			
- Price	24.0%	23.0%	19.0%	10.0%	18.8%	0.0%	-4.0%	-4.0%	-3.0%	-2.9%	-3.0%	0.0%	0.0%	0.0%	-0.7%			
- Foreign Exchange	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%	0.0%	0.0%			
Frozen Handheld and Spreads	-28.6%	-2.0%	0.3%	14.1%	-4.5%	49.1%	7.4%	1.2%	-1.6%	11.2%	0.4%	0.4%	3.0%	3.0%	1.7%			
- Volume/Mix	-20.0%	-3.0%	3.0%	2.0%	-4.7%	28.0%	0.0%	1.0%	1.0%	5.9%	3.0%	3.0%	3.0%	3.0%	3.0%			
- Price	-3.0%	9.0%	6.0%	12.0%	5.9%	22.0%	7.0%	3.0%	0.0%	6.9%	0.0%	0.0%	0.0%	0.0%	0.0%			
- Foreign Exchange	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%	0.0%	0.0%			
Away From Home and International	1.6%	13.7%	8.6%	11.9%	9.2%	17.1%	9.0%	2.5%	-0.3%	6.5%	-2.4%	-1.0%	-0.1%	3.0%	-0.1%			
- Volume/Mix	0.0%	-1.0%	-3.0%	2.0%	-0.5%	14.0%	7.0%	5.0%	5.0%	7.4%	3.0%	3.0%	3.0%	3.0%	3.0%			
- Price	4.0%	18.0%	15.0%	13.0%	12.8%	8.0%	5.0%	1.0%	1.0%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%			
- Foreign Exchange	-1.9%	-2.7%	-2.7%	-2.8%	-2.6%	-1.6%	-0.8%	0.3%	0.6%	-0.3%	0.0%	0.6%	0.3%	0.0%	0.2%			
Pet	12.5%	9.1%	8.9%	9.4%	9.9%	-39.5%	-39.4%	-34.0%	-34.1%	-36.7%	-9.5%	-6.3%	-4.2%	-2.8%	-5.5%			
- Volume/Mix	-3.0%	-3.0%	-5.0%	-1.0%	-3.0%	12.0%	12.0%	12.1%	11.2%	11.8%	-9.5%	-6.3%	-4.2%	-2.8%	-5.5%			
- Price	20.0%	16.0%	16.0%	12.0%	15.9%	10.0%	8.0%	3.0%	3.0%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%			
- Foreign Exchange	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%	0.0%	0.0%			
Sweet Baked Snacks															12.1%	3.0%	123.5%	
- Volume/Mix															3.0%	3.0%	3.0%	
- Price															0.0%	0.0%	0.0%	
- Foreign Exchange															0.0%	0.0%	0.0%	
<b>Total Revenue</b>	<b>0.8%</b>	<b>7.6%</b>	<b>7.7%</b>	<b>9.9%</b>	<b>6.6%</b>	<b>-3.6%</b>	<b>-12.1%</b>	<b>1.9%</b>	<b>2.6%</b>	<b>-2.7%</b>	<b>17.7%</b>	<b>18.3%</b>	<b>1.6%</b>	<b>1.7%</b>	<b>9.0%</b>			
<b>Operating Profit</b>																		
Coffee	146	188	204	200	738	170	171	212	212	765	184	220	223	221	847			
Frozen Handheld and Spreads	55	100	94	103	353	106	129	104	102	440	107	130	111	108	455			
Away From Home and International	17	42	38	48	143	36	60	43	47	187	36	60	43	50	189			
Pet	120	120	109	146	495	81	97	90	119	387	78	93	87	126	384			
Sweet Baked Snacks											98	97	95	89	379			
Corporate Expense	68	70	87	88	313	62	72	102	103	339	92	97	103	105	397			
<b>Total Operating Profit</b>	<b>270</b>	<b>380</b>	<b>358</b>	<b>408</b>	<b>1,415</b>	<b>332</b>	<b>385</b>	<b>426</b>	<b>460</b>	<b>1,602</b>	<b>409</b>	<b>504</b>	<b>456</b>	<b>488</b>	<b>1,857</b>			
<b>Operating Profit Growth*</b>																		
Coffee	-3.6%	-9.7%	-4.4%	21.9%	0.1%	16.6%	-8.9%	4.0%	6.0%	3.8%	8.0%	28.8%	5.0%	4.0%	10.7%			
Frozen Handheld and Spreads	-53.8%	-9.6%	-5.4%	8.8%	-16.9%	92.9%	28.1%	11.0%	-1.7%	24.9%	0.8%	0.8%	6.0%	6.0%	3.2%			
Away From Home and International	-49.5%	2.7%	9.9%	38.0%	0.9%	119.3%	45.1%	13.9%	-0.6%	30.3%	-1.1%	0.1%	1.0%	5.0%	1.3%			
Pet	50.6%	20.6%	13.9%	20.5%	25.0%	-32.4%	-19.1%	-17.8%	-18.6%	-21.9%	-4.6%	-3.9%	-2.4%	6.0%	-0.7%			
Sweet Baked Snacks															20.7%	7.0%	134.2%	
Corporate Expense	13.8%	-1.3%	34.2%	39.2%	21.0%	-8.6%	2.1%	17.2%	17.0%	8.2%	49.3%	36.0%	1.2%	1.2%	17.3%			
<b>Total Operating Profit</b>	<b>-16.5%</b>	<b>-2.1%</b>	<b>-5.4%</b>	<b>16.3%</b>	<b>-1.7%</b>	<b>22.9%</b>	<b>1.5%</b>	<b>19.0%</b>	<b>12.6%</b>	<b>13.2%</b>	<b>23.4%</b>	<b>30.7%</b>	<b>7.1%</b>	<b>6.2%</b>	<b>15.9%</b>			
<b>Operating Margin</b>																		
Coffee	24.4%	26.4%	27.8%	28.9%	27.0%	27.2%	24.9%	29.5%	31.3%	28.2%	30.3%	31.5%	30.6%	31.6%	31.0%			
Frozen Handheld and Spreads	17.6%	23.2%	21.7%	22.8%	21.6%	22.8%	27.7%	23.8%	22.8%	24.3%	22.9%	27.8%	24.5%	23.5%	24.6%			
Away From Home and International	7.1%	13.9%	13.0%	15.7%	12.7%	13.2%	18.5%	14.5%	15.6%	15.6%	13.4%	18.8%	14.6%	15.9%	15.8%			
Pet	16.5%	15.7%	14.4%	18.5%	16.3%	18.4%	20.9%	17.9%	22.9%	20.1%	19.4%	21.5%	18.2%	25.0%	21.1%			
Sweet Baked Snacks											24.9%	25.4%	26.2%	28.0%	24.9%			
<b>Total Operating Profit</b>	<b>14.4%</b>	<b>17.2%</b>	<b>16.1%</b>	<b>18.3%</b>	<b>16.6%</b>	<b>18.4%</b>	<b>19.9%</b>	<b>18.8%</b>	<b>20.0%</b>	<b>19.3%</b>	<b>19.3%</b>	<b>22.0%</b>	<b>19.9%</b>	<b>20.9%</b>	<b>20.5%</b>			

Source: Company reports and Stifel estimates.

Kellanova Income Statement (in millions of US dollars)															
	2022E				2022E Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	3,057	3,181	3,249	3,163	12,650	3,341	3,350	3,255	3,135	13,081	3,424	3,403	3,365	3,256	13,448
Cost of Goods Sold	2,055	2,119	2,214	2,135	8,523	2,263	2,204	2,143	2,094	8,704	2,311	2,236	2,207	2,165	8,920
<b>Gross Profit</b>	<b>1,002</b>	<b>1,062</b>	<b>1,035</b>	<b>1,028</b>	<b>4,127</b>	<b>1,078</b>	<b>1,146</b>	<b>1,112</b>	<b>1,041</b>	<b>4,377</b>	<b>1,113</b>	<b>1,167</b>	<b>1,158</b>	<b>1,091</b>	<b>4,528</b>
Selling, General, & Ad. Exp.	536	595	603	624	2,358	578	617	648	653	2,496	595	628	675	680	2,577
<b>Operating Income</b>	<b>466</b>	<b>467</b>	<b>432</b>	<b>404</b>	<b>1,769</b>	<b>500</b>	<b>529</b>	<b>464</b>	<b>388</b>	<b>1,881</b>	<b>518</b>	<b>540</b>	<b>483</b>	<b>411</b>	<b>1,951</b>
Interest Expense	56	54	56	69	235	80	82	83	84	329	74	74	74	74	295
Other Expense/(Inc.)	(25)	(23)	(16)	(232)	(296)	(18)	(29)	6	(25)	(66)	(6)	(6)	(6)	(6)	(22)
Pretax Income	435	436	392	567	1,830	438	476	375	329	1,618	450	471	414	342	1,678
Income Taxes	90	105	78	129	402	101	107	77	72	358	103	108	95	79	386
Tax Rate	20.7%	24.0%	19.9%	22.8%	21.9%	23.2%	22.5%	20.5%	22.0%	22.1%	23.0%	23.0%	23.0%	23.0%	23.0%
Equity Earnings / Minority Interest	(1.0)	2.0	1.0	5.0	7.0	(2.0)	(2.0)	(1.0)	0.0	(5.0)	0.0	0.0	(1.0)	0.0	(1.0)
<b>Net Income</b>	<b>344</b>	<b>333</b>	<b>315</b>	<b>443</b>	<b>1,435</b>	<b>335</b>	<b>367</b>	<b>297</b>	<b>256</b>	<b>1,255</b>	<b>346</b>	<b>363</b>	<b>318</b>	<b>264</b>	<b>1,291</b>
Ave. Shares (Mil.)	342.0	342.0	344.0	342.0	344.0	345.0	345.0	345.0	345.1	345.0	344.3	342.9	342.0	341.9	342.8
<b>EPS</b>	<b>\$1.01</b>	<b>\$0.97</b>	<b>\$0.92</b>	<b>\$1.29</b>	<b>\$4.17</b>	<b>\$0.97</b>	<b>\$1.06</b>	<b>\$0.86</b>	<b>\$0.74</b>	<b>\$3.64</b>	<b>\$1.01</b>	<b>\$1.06</b>	<b>\$0.93</b>	<b>\$0.77</b>	<b>\$3.77</b>
EBITDA	570.0	568.0	529.0	519.0	2186.0	597.0	622.0	558.0	509.1	2286.1	620.7	642.0	584.1	513.1	2359.9
EBITDA/Share	\$1.67	\$1.66	\$1.54	\$1.52	\$6.35	\$1.73	\$1.80	\$1.62	\$1.48	\$6.63	\$1.80	\$1.87	\$1.71	\$1.50	\$6.88
Growth Rates															
	2022E				2022E Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales					7.9%	9.3%	5.3%	0.2%	-0.9%	3.4%	2.5%	1.6%	3.4%	3.8%	2.8%
- Volume					-2.1%	-1.5%	-7.2%	-7.0%	-5.3%	-5.3%	-1.9%	-0.5%	2.9%	2.7%	0.9%
- Price/Mix					14.3%	14.9%	15.7%	12.3%	8.7%	12.9%	5.4%	3.2%	0.2%	0.0%	2.1%
- Foreign Exchange					-4.1%	-3.9%	-3.0%	-5.0%	-4.0%	-4.0%	-1.0%	-1.0%	0.3%	1.1%	-0.1%
Gross Profit					2.8%	7.6%	7.9%	7.4%	1.3%	6.1%	3.2%	1.9%	4.1%	4.8%	3.5%
EBITDA					5.3%	4.7%	9.5%	5.5%	-1.9%	4.6%	4.0%	3.2%	4.7%	0.8%	3.2%
Operating Profit					1.1%	7.3%	13.3%	7.4%	-3.9%	6.3%	3.6%	2.0%	4.0%	5.8%	3.7%
Pretax Profit					8.9%	0.7%	9.2%	-4.3%	-42.0%	-11.6%	2.7%	-1.0%	10.5%	4.1%	3.7%
Net Income					9.2%	-2.8%	10.1%	-5.7%	-42.1%	-12.6%	3.6%	-1.1%	7.1%	2.8%	2.9%
Shares Outstanding					0.1%	0.9%	0.9%	0.3%	0.9%	0.3%	-0.2%	-0.6%	-0.9%	-0.9%	-0.7%
<b>EPS</b>					<b>9.1%</b>	<b>-3.6%</b>	<b>9.1%</b>	<b>-6.0%</b>	<b>-42.6%</b>	<b>-12.8%</b>	<b>3.8%</b>	<b>-0.5%</b>	<b>8.0%</b>	<b>3.8%</b>	<b>3.5%</b>
Margin Analysis															
	2022E				2022E Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Gross	32.8%	33.4%	31.9%	32.5%	32.6%	32.3%	34.2%	34.2%	33.2%	33.5%	32.5%	34.3%	34.4%	33.5%	33.7%
EBITDA	18.6%	17.9%	16.3%	16.4%	17.3%	17.9%	18.6%	17.1%	16.2%	17.5%	18.1%	18.9%	17.4%	15.8%	17.5%
Operating	15.2%	14.7%	13.3%	12.8%	14.0%	15.0%	15.8%	14.3%	12.4%	14.4%	15.1%	15.9%	14.3%	12.6%	14.5%
Pretax	14.2%	13.7%	12.1%	17.9%	14.5%	13.1%	14.2%	11.5%	10.5%	12.4%	13.1%	13.8%	12.3%	10.5%	12.5%
Net	11.3%	10.5%	9.7%	14.0%	11.3%	10.0%	11.0%	9.1%	8.2%	9.6%	10.1%	10.7%	9.5%	8.1%	9.6%

Source: Company reports and Stifel estimates.

Kellanova Divisional Analysis (in millions of US dollars)															
	2022E				2022E Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
<b>Sales</b>															
North America	1,494	1,565	1,640	1,593	6,293	1,676	1,634	1,645	1,545	6,500	1,711	1,651	1,662	1,578	6,603
Europe	589	598	562	561	2,310	604	669	616	599	2,488	626	682	647	625	2,579
Asia Pacific	718	732	767	717	2,934	770	712	657	662	2,801	744	708	702	702	2,857
Latin America	256	288	283	296	1,123	292	336	338	330	1,296	343	362	354	350	1,409
Total Revenue	3,057	3,183	3,252	3,167	12,660	3,342	3,351	3,256	3,135	13,084	3,424	3,403	3,365	3,256	13,448
<b>Sales - Growth Rate</b>															
North America					10.1%	12.2%	4.4%	0.3%	-3.0%	3.3%	2.1%	1.1%	1.0%	2.1%	1.6%
- Volume					-1.2%	0.3%	-9.9%	-8.8%	-8.0%	-6.7%	-3.0%	-2.0%	1.0%	2.0%	-0.4%
- Price/Mix					11.6%	12.6%	14.7%	9.2%	5.0%	10.3%	5.0%	3.0%	0.0%	0.0%	1.9%
- Foreign Exchange					-0.4%	-0.5%	-0.3%	-0.1%	0.0%	-0.2%	0.1%	0.1%	0.0%	0.1%	0.1%
Europe	1.9%	-3.2%	-11.0%	-1.4%	-3.6%	2.5%	11.9%	9.6%	6.7%	7.7%	3.6%	1.9%	5.0%	4.4%	3.7%
- Volume	-1.8%	-2.5%	-8.2%	-0.6%	-2.2%	-5.9%	-3.8%	-7.7%	-6.0%	-5.8%	-2.0%	-1.0%	3.0%	2.0%	0.4%
- Price/Mix	9.7%	10.2%	10.9%	8.9%	9.9%	13.5%	14.3%	15.9%	12.0%	13.9%	3.0%	2.0%	1.0%	0.0%	1.5%
- Foreign Exchange	-6.1%	-11.0%	-13.6%	-9.7%	-10.1%	-5.1%	1.4%	1.3%	0.7%	-0.4%	2.6%	0.9%	1.0%	2.4%	1.7%
Asia Pacific	12.2%	11.2%	12.3%	13.4%	12.3%	7.2%	-2.7%	-14.3%	-7.7%	-4.5%	-3.3%	-0.5%	6.9%	6.1%	2.0%
- Volume	-3.1%	-4.4%	-4.0%	1.9%	-2.4%	0.4%	-3.3%	-1.9%	-2.0%	-1.7%	-1.0%	1.0%	7.0%	5.0%	3.1%
- Price/Mix	20.3%	22.8%	25.8%	24.6%	23.4%	19.4%	17.2%	14.0%	13.0%	15.9%	8.0%	6.0%	0.0%	0.0%	3.5%
- Foreign Exchange	-5.0%	-7.2%	-9.6%	-13.1%	-8.7%	-12.6%	-16.6%	-26.4%	-18.7%	-18.7%	-10.3%	-7.5%	-0.1%	1.1%	-4.2%
Latin America	8.5%	8.3%	12.2%	21.8%	12.6%	14.1%	16.7%	19.4%	11.4%	15.4%	17.3%	7.8%	4.8%	6.2%	8.8%
- Volume	-6.4%	-5.5%	-4.3%	-4.8%	-5.3%	-7.5%	-10.3%	-9.2%	1.0%	-6.4%	2.0%	4.0%	4.0%	3.0%	3.3%
- Price/Mix	12.3%	14.5%	18.0%	23.9%	17.2%	18.8%	19.5%	17.1%	10.0%	16.2%	6.0%	0.0%	0.0%	0.0%	1.4%
- Foreign Exchange	2.5%	-0.8%	-1.1%	2.6%	0.8%	2.9%	7.6%	11.3%	0.4%	5.6%	9.3%	3.8%	0.8%	3.2%	4.1%
Total Revenue					7.9%	9.3%	5.3%	0.2%	-0.9%	3.4%	2.5%	1.6%	3.4%	3.8%	2.8%
<b>Operating Profit</b>															
North America	335	330	325	338	1,328	369	375	335	328	1,407	380	381	342	339	1,442
Europe	98	107	76	49	330	92	104	97	56	349	96	106	103	61	366
Asia Pacific	66	62	64	61	253	74	67	63	59	263	71	67	69	65	271
Latin America	22	33	29	42	126	27	42	40	48	157	35	47	43	52	176
Corporate Expense	-55	-65	-62	-86	-268	-62	-59	-71	-103	-295	-64	-61	-73	-106	-304
Total Operating Profit	466	467	432	404	1,769	500	529	464	388	1,881	518	540	483	411	1,951
<b>Operating Profit Growth</b>															
North America					-1.7%	10.1%	13.6%	3.1%	-3.0%	5.9%	3.0%	1.5%	2.0%	3.5%	2.5%
Europe	22.5%	5.9%	-19.1%	-32.9%	-5.2%	-6.1%	-2.8%	27.6%	14.7%	5.8%	4.6%	2.4%	6.0%	8.4%	4.9%
Asia Pacific	4.8%	-1.6%	6.7%	1.7%	2.8%	12.1%	8.1%	-1.6%	-3.7%	3.8%	-4.3%	-0.5%	8.9%	10.1%	3.0%
Latin America	-29.0%	3.1%	3.6%	90.9%	11.5%	22.7%	27.3%	37.9%	15.4%	25.0%	29.3%	10.8%	6.8%	7.2%	11.9%
Corporate Expense					5.5%	12.7%	-9.2%	14.5%	20.0%	10.1%	3.0%	3.0%	3.0%	3.0%	3.0%
Total Operating Profit					-1.9%	7.3%	13.3%	7.4%	-3.9%	6.3%	3.6%	2.0%	4.0%	5.8%	3.7%
<b>Operating Margin</b>															
North America	22.4%	21.1%	19.8%	21.2%	21.1%	22.0%	22.9%	20.4%	21.2%	21.6%	22.2%	23.1%	20.6%	21.5%	21.8%
Europe	16.6%	17.9%	13.5%	8.7%	14.3%	15.2%	15.5%	15.7%	9.4%	14.0%	15.4%	15.6%	15.9%	9.7%	14.2%
Asia Pacific	9.2%	8.5%	8.3%	8.5%	8.6%	9.6%	9.4%	9.6%	8.9%	9.4%	9.5%	9.4%	9.8%	9.2%	9.5%
Latin America	8.6%	11.5%	10.2%	14.2%	11.2%	9.2%	12.5%	11.8%	14.7%	12.2%	10.2%	12.8%	12.1%	14.8%	12.5%
Total Operating Margin	15.2%	14.7%	13.3%	12.8%	14.0%	15.0%	15.8%	14.3%	12.4%	14.4%	15.1%	15.9%	14.3%	12.6%	14.5%

Source: Company reports and Sifel estimates.

NMF = Not Meaningful

WK Kellogg Income Statement (in millions of US dollars)															
	2022E				2022E Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	615	683	697	670	2,665	712	691	684	650	2,737	705	691	684	643	2,723
Cost of Goods Sold	501	492	517	494	2,004	521	477	489	461	1,948	508	487	486	454	1,934
<b>Gross Profit</b>	<b>114</b>	<b>191</b>	<b>180</b>	<b>176</b>	<b>661</b>	<b>191</b>	<b>214</b>	<b>195</b>	<b>188</b>	<b>788</b>	<b>197</b>	<b>204</b>	<b>198</b>	<b>190</b>	<b>789</b>
Selling, General, & Ad. Exp.	104	129	163	159	555	142	141	161	165	609	148	134	164	166	613
<b>Operating Income</b>	<b>10</b>	<b>62</b>	<b>17</b>	<b>17</b>	<b>106</b>	<b>49</b>	<b>73</b>	<b>34</b>	<b>24</b>	<b>180</b>	<b>49</b>	<b>69</b>	<b>34</b>	<b>24</b>	<b>177</b>
Interest Expense	9	9	9	9	37	9	9	9	10	37	9	11	12	14	45
Other Expense/(Inc.)	(29)	(28)	(22)	180	101	(8)	(7)	(38)	(20)	(73)	(12)	(12)	(12)	(12)	(48)
Pretax Income	30	81	30	(172)	(32)	48	71	63	34	216	53	71	34	22	179
Income Taxes	7	19	7	(41)	(8)	12	17	15	8	52	13	17	8	5	43
Tax Rate	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Equity Earnings / Minority Interest	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	0.0	0.0
<b>Net Income</b>	<b>23</b>	<b>61</b>	<b>23</b>	<b>(131)</b>	<b>(24)</b>	<b>36</b>	<b>54</b>	<b>48</b>	<b>26</b>	<b>164</b>	<b>40</b>	<b>54</b>	<b>26</b>	<b>17</b>	<b>136</b>
Ave. Shares (Mil.)	85.6	85.6	85.6	85.6	85.6	85.6	85.6	85.6	86.1	85.8	86.6	87.1	87.6	88.1	87.4
<b>EPS</b>	<b>\$0.26</b>	<b>\$0.72</b>	<b>\$0.26</b>	<b>(\$1.53)</b>	<b>(\$0.28)</b>	<b>\$0.43</b>	<b>\$0.63</b>	<b>\$0.56</b>	<b>\$0.30</b>	<b>\$1.91</b>	<b>\$0.46</b>	<b>\$0.62</b>	<b>\$0.29</b>	<b>\$0.19</b>	<b>\$1.56</b>
EBITDA	24.0	82.0	31.0	37.0	174.0	66.0	88.0	51.0	44.8	249.8	70.7	90.6	55.3	45.1	261.6
EBITDA/Share	\$0.28	\$0.96	\$0.36	\$0.43	\$2.03	\$0.77	\$1.03	\$0.60	\$0.52	\$2.91	\$0.82	\$1.04	\$0.63	\$0.51	\$2.99
Growth Rates															
	2022E				2022E Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales					8.3%	15.8%	1.2%	-1.9%	-3.0%	2.7%	-1.0%	0.0%	0.0%	-1.0%	-0.5%
- Volume					-0.1%	-2.7%	-12.4%	-13.4%	-13.0%	-10.6%	-4.0%	-2.0%	-1.0%	-1.0%	-2.0%
- Price/Mix					9.7%	18.3%	13.7%	11.5%	10.0%	13.3%	3.0%	2.0%	1.0%	0.0%	1.5%
- Foreign Exchange					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Profit					11.7%	67.5%	12.0%	8.3%	7.1%	19.3%	3.3%	-4.7%	1.7%	0.7%	0.1%
EBITDA					41.5%	175.0%	7.3%	64.5%	21.1%	43.6%	7.2%	3.0%	8.3%	0.6%	4.7%
Operating Profit					92.7%	390.0%	17.7%	100.0%	40.0%	69.6%	1.0%	-5.0%	0.0%	0.0%	-1.8%
Pretax Profit					-126.9%	61.3%	-12.1%	111.8%	-119.5%	-774.0%	9.5%	-0.3%	-46.3%	-34.6%	-16.9%
Net Income					-130.0%	61.3%	-12.1%	111.8%	-119.5%	-774.0%	9.5%	-0.3%	-46.3%	-34.6%	-16.9%
Shares Outstanding					0.0%	0.0%	0.0%	0.0%	0.6%	0.2%	1.2%	1.8%	2.3%	2.3%	1.9%
<b>EPS</b>					<b>-130.0%</b>	<b>61.3%</b>	<b>-12.1%</b>	<b>111.8%</b>	<b>-119.4%</b>	<b>-772.7%</b>	<b>8.3%</b>	<b>-2.0%</b>	<b>-47.5%</b>	<b>-36.1%</b>	<b>-18.5%</b>
Margin Analysis															
	2022E				2022E Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Gross	18.5%	28.0%	25.8%	26.3%	24.8%	26.8%	31.0%	28.5%	29.0%	28.8%	28.0%	29.5%	29.0%	29.5%	29.0%
EBITDA	3.9%	12.0%	4.4%	5.5%	6.5%	9.3%	12.7%	7.5%	6.9%	9.1%	10.0%	13.1%	8.1%	7.0%	9.6%
Operating	1.6%	9.1%	2.4%	2.5%	4.0%	6.9%	10.6%	5.0%	3.7%	6.6%	7.0%	10.0%	5.0%	3.7%	6.5%
Pretax	4.8%	11.8%	4.3%	-25.7%	-1.2%	6.7%	10.3%	9.2%	5.2%	7.9%	7.5%	10.2%	4.9%	3.4%	6.6%
Net	3.7%	9.0%	3.2%	-19.5%	-0.9%	5.1%	7.8%	7.0%	3.9%	6.0%	5.7%	7.8%	3.8%	2.6%	5.0%

Source: Company reports and Stifel estimates.

The Kraft Heinz Company Income Statement (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1QA Mar	2QA Jun	3QA Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
Net Sales	6,045	6,554	6,505	7,381	26,485	6,489	6,721	6,570	6,952	26,732	6,641	6,850	6,717	7,120	27,327
Cost of Goods Sold	4,136	4,491	4,553	5,007	18,187	4,359	4,482	4,339	4,553	17,733	4,436	4,548	4,413	4,635	18,032
Gross Profit	1,909	2,063	1,952	2,374	8,298	2,130	2,239	2,231	2,398	8,998	2,205	2,302	2,304	2,485	9,295
Selling & Marketing	818	820	809	918	3,365	898	902	933	995	3,728	878	935	946	1,007	3,766
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Income	1,091	1,243	1,143	1,456	4,933	1,232	1,337	1,298	1,404	5,271	1,327	1,366	1,357	1,478	5,528
Interest Expense	242	243	228	243	956	227	228	228	236	919	234	234	234	234	937
Corporate/Other Expense	67	108	41	35	251	54	54	58	35	201	54	54	58	35	201
Pretax Income	916	1,108	956	1,248	4,228	1,059	1,163	1,128	1,202	4,552	1,147	1,186	1,181	1,278	4,792
Provision for Taxes	165	245	169	200	779	215	186	238	252	891	229	237	236	256	958
Preferred Interest	5	0	3	(3)	5	1	(2)	(2)	(3)	(6)	1	(2)	(2)	(3)	(6)
Net Income	746	863	784	1,051	3,444	843	979	892	953	3,667	916	951	947	1,026	3,840
<b>Earnings per Share</b>	<b>\$0.60</b>	<b>\$0.70</b>	<b>\$0.63</b>	<b>\$0.85</b>	<b>\$2.79</b>	<b>\$0.68</b>	<b>\$0.79</b>	<b>\$0.72</b>	<b>\$0.77</b>	<b>\$2.97</b>	<b>\$0.74</b>	<b>\$0.78</b>	<b>\$0.78</b>	<b>\$0.86</b>	<b>\$3.16</b>
Shares Outstanding - Diluted	1,234	1,235	1,235	1,233	1,234	1,234	1,235	1,235	1,236	1,235	1,230	1,219	1,209	1,198	1,214
EBITDA	1,342	1,520	1,398	1,743	6,003	1,480	1,612	1,565	1,673	6,330	1,575	1,641	1,624	1,747	6,588
EBITDA per Share	\$1.09	\$1.23	\$1.13	\$1.41	\$4.86	\$1.20	\$1.31	\$1.27	\$1.35	\$5.13	\$1.28	\$1.35	\$1.34	\$1.46	\$5.43

Growth Rates															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
Sales	-5.5%	-0.9%	2.9%	10.0%	1.7%	7.3%	2.5%	1.0%	-5.8%	0.9%	2.3%	1.9%	2.2%	2.4%	2.2%
- Volume	-2.2%	-2.3%	-3.8%	2.3%	-1.5%	-5.3%	-7.0%	-5.4%	-11.9%	-7.5%	-1.3%	-0.3%	0.9%	1.2%	0.2%
- Price/ Mix	9.0%	12.4%	15.4%	15.2%	13.0%	14.7%	11.0%	7.1%	5.9%	9.5%	3.2%	2.1%	1.1%	0.5%	1.7%
- Foreign Exchange	-1.1%	-1.7%	-2.3%	-2.9%	-2.0%	-2.1%	-1.2%	-0.5%	0.1%	-0.9%	0.4%	0.1%	0.3%	0.7%	0.3%
- Dispositions/Acq	-11.2%	-9.3%	-6.4%	-4.6%	-7.8%	0.0%	-0.3%	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Profit	-11.9%	-9.9%	-5.0%	7.9%	-4.8%	11.6%	8.5%	14.3%	1.0%	8.4%	3.5%	2.8%	3.3%	3.6%	3.3%
EBITDA	-15.1%	-10.9%	-5.5%	8.5%	-5.8%	10.3%	6.1%	11.9%	-4.0%	5.4%	6.4%	1.8%	3.8%	4.4%	4.1%
Operating Profit	-16.5%	-12.8%	-4.8%	9.4%	-6.3%	12.9%	7.6%	13.6%	-3.6%	6.8%	7.7%	2.2%	4.6%	5.3%	4.9%
Pretax Profit	-12.5%	-7.7%	-3.8%	8.9%	-3.6%	15.6%	5.0%	18.0%	-3.7%	7.7%	8.3%	2.0%	4.7%	6.4%	5.3%
Net Income	-15.7%	-9.8%	-3.1%	9.3%	-4.7%	13.0%	13.4%	13.8%	-9.4%	6.5%	8.7%	-2.9%	6.2%	7.7%	4.7%
Shares Outstanding	0.2%	0.9%	-0.1%	0.7%	0.4%	0.0%	0.0%	0.0%	0.2%	0.1%	-0.3%	-1.3%	-2.1%	-3.0%	-1.7%
EPS	-15.8%	-10.6%	-3.0%	8.5%	-5.1%	13.0%	13.4%	13.8%	-9.5%	6.4%	9.0%	-1.7%	8.5%	11.0%	6.5%

Margin Analysis															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
Gross Margin	31.6%	31.5%	30.0%	32.2%	31.3%	32.8%	33.3%	34.0%	34.5%	33.7%	33.2%	33.6%	34.3%	34.9%	34.0%
EBITDA Margin	22.2%	23.2%	21.5%	23.6%	22.7%	22.8%	24.0%	23.8%	24.1%	23.7%	23.7%	24.0%	24.2%	24.5%	24.1%
Operating Margin	18.0%	19.0%	17.6%	19.7%	18.6%	19.0%	19.9%	19.8%	20.2%	19.7%	20.0%	19.9%	20.2%	20.8%	20.2%
Pretax Margin	15.2%	16.9%	14.7%	16.9%	16.0%	16.3%	17.3%	17.2%	17.3%	17.0%	17.3%	17.3%	17.6%	18.0%	17.5%
Net Margin	12.3%	13.2%	12.1%	14.2%	13.0%	13.0%	14.6%	13.6%	13.7%	13.7%	13.8%	13.9%	14.1%	14.4%	14.1%
Tax Rate	18.0%	22.1%	17.7%	16.0%	18.4%	20.3%	16.0%	21.1%	21.0%	19.6%	20.0%	20.0%	20.0%	20.0%	20.0%

Source: Company reports and Stifel estimates.

The Kraft Heinz Company Divisional Analysis (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1QA Mar	2QA Jun	3QA Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
<b>Sales</b>															
North America	4,601	5,039	5,016	5,684	20,340	4,885	5,079	4,995	5,228	20,187	4,940	5,108	5,048	5,290	20,386
International	1,444	1,515	1,489	1,697	6,145	1,604	1,642	1,575	1,723	6,544	1,701	1,742	1,669	1,830	6,941
<b>Total</b>	<b>6,045</b>	<b>6,554</b>	<b>6,505</b>	<b>7,381</b>	<b>26,485</b>	<b>6,489</b>	<b>6,721</b>	<b>6,570</b>	<b>6,952</b>	<b>26,732</b>	<b>6,641</b>	<b>6,850</b>	<b>6,717</b>	<b>7,120</b>	<b>27,327</b>
<b>Sales - Growth Rate</b>															
North America	-8.0%	-3.1%	1.5%	9.1%	-0.1%	6.2%	0.8%	-0.4%	-8.0%	-0.8%	1.1%	0.6%	1.1%	1.2%	1.0%
International	3.6%	7.2%	7.7%	13.1%	8.0%	11.1%	8.4%	5.8%	1.6%	6.5%	6.0%	6.1%	5.9%	6.2%	6.1%
<b>Total</b>	<b>-5.5%</b>	<b>-0.9%</b>	<b>2.9%</b>	<b>10.0%</b>	<b>1.7%</b>	<b>7.3%</b>	<b>2.5%</b>	<b>1.0%</b>	<b>-5.8%</b>	<b>0.9%</b>	<b>2.3%</b>	<b>1.9%</b>	<b>2.2%</b>	<b>2.4%</b>	<b>2.2%</b>
<b>Operating Profit</b>															
North America	1,035	1,200	1,068	1,393	4,696	1,198	1,243	1,245	1,331	5,017	1,230	1,258	1,269	1,363	5,120
International	186	188	185	221	780	195	226	194	228	843	215	247	212	251	926
Corporate Expense	(130)	(145)	(110)	(158)	(543)	(161)	(132)	(141)	(155)	(589)	(118)	(139)	(124)	(136)	(517)
<b>Total</b>	<b>1,091</b>	<b>1,243</b>	<b>1,143</b>	<b>1,456</b>	<b>4,933</b>	<b>1,232</b>	<b>1,337</b>	<b>1,298</b>	<b>1,404</b>	<b>5,271</b>	<b>1,327</b>	<b>1,366</b>	<b>1,357</b>	<b>1,478</b>	<b>5,528</b>
<b>Operating Profit Growth</b>															
North America	-15.6%	-10.9%	-5.3%	7.5%	-6.0%	15.8%	3.6%	16.5%	-4.5%	6.8%	2.6%	1.2%	2.0%	2.4%	2.1%
International	-17.6%	-17.3%	-4.5%	19.3%	-6.3%	4.6%	20.2%	5.1%	3.2%	8.1%	10.5%	9.1%	9.3%	10.4%	9.8%
<b>Total</b>	<b>-16.5%</b>	<b>-12.8%</b>	<b>-4.8%</b>	<b>9.4%</b>	<b>-6.3%</b>	<b>12.9%</b>	<b>7.6%</b>	<b>13.6%</b>	<b>-3.6%</b>	<b>6.8%</b>	<b>7.7%</b>	<b>2.2%</b>	<b>4.6%</b>	<b>5.3%</b>	<b>4.9%</b>
<b>Operating Margin</b>															
North America	22.5%	23.8%	21.3%	24.5%	23.1%	24.5%	24.5%	24.9%	25.5%	24.9%	24.9%	24.6%	25.1%	25.8%	25.1%
International	12.9%	12.4%	12.4%	13.0%	12.7%	12.1%	13.8%	12.3%	13.2%	12.9%	12.7%	14.2%	12.7%	13.7%	13.3%
<b>Total</b>	<b>18.0%</b>	<b>19.0%</b>	<b>17.6%</b>	<b>19.7%</b>	<b>18.6%</b>	<b>19.0%</b>	<b>19.9%</b>	<b>19.8%</b>	<b>20.2%</b>	<b>19.7%</b>	<b>20.0%</b>	<b>19.9%</b>	<b>20.2%</b>	<b>20.8%</b>	<b>20.2%</b>
<b>EBITDA</b>															
North America	1,173	1,348	1,213	1,550	5,284	1,333	1,385	1,390	1,477	5,585	1,364	1,400	1,415	1,509	5,688
International	242	248	243	284	1,017	255	290	259	289	1,093	275	311	277	313	1,176
Corporate Expense	(73)	(76)	(58)	(91)	(298)	(108)	(63)	(84)	(93)	(348)	(65)	(69)	(67)	(74)	(276)
<b>Total</b>	<b>1,342</b>	<b>1,520</b>	<b>1,398</b>	<b>1,743</b>	<b>6,003</b>	<b>1,480</b>	<b>1,612</b>	<b>1,565</b>	<b>1,673</b>	<b>6,330</b>	<b>1,575</b>	<b>1,641</b>	<b>1,624</b>	<b>1,747</b>	<b>6,588</b>
<b>EBITDA Growth</b>															
North America	-14.2%	-9.6%	-4.7%	7.3%	-5.2%	13.6%	2.7%	14.6%	-4.7%	5.7%	2.4%	1.1%	1.8%	2.2%	1.8%
International	-14.5%	-13.3%	-3.6%	15.9%	-4.6%	5.4%	16.9%	6.6%	1.9%	7.5%	8.0%	7.1%	6.9%	8.2%	7.6%
Corporate Expense	4.3%	7.0%	26.1%	8.3%	10.0%	47.9%	-17.1%	44.8%	2.3%	16.8%	-40.0%	10.0%	-20.0%	-20.0%	-20.8%
<b>Total</b>	<b>-15.1%</b>	<b>-10.9%</b>	<b>-5.5%</b>	<b>8.5%</b>	<b>-5.8%</b>	<b>10.3%</b>	<b>6.1%</b>	<b>11.9%</b>	<b>-4.0%</b>	<b>5.4%</b>	<b>6.4%</b>	<b>1.8%</b>	<b>3.8%</b>	<b>4.4%</b>	<b>4.1%</b>
<b>EBITDA Margin</b>															
North America	25.5%	26.8%	24.2%	27.3%	26.0%	27.3%	27.3%	27.8%	28.3%	27.7%	27.6%	27.4%	28.0%	28.5%	27.9%
International	16.8%	16.4%	16.3%	16.7%	16.6%	15.9%	17.7%	16.4%	16.8%	16.7%	16.2%	17.8%	16.6%	17.1%	16.9%
<b>Total</b>	<b>22.2%</b>	<b>23.2%</b>	<b>21.5%</b>	<b>23.6%</b>	<b>22.7%</b>	<b>22.8%</b>	<b>24.0%</b>	<b>23.8%</b>	<b>24.1%</b>	<b>23.7%</b>	<b>23.7%</b>	<b>24.0%</b>	<b>24.2%</b>	<b>24.5%</b>	<b>24.1%</b>

Source: Company reports and Stifel estimates.

Lamb Weston Income Statement (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Sales	1,126	1,277	1,254	1,695	5,351	1,665	1,732	1,646	1,836	6,879	1,754	1,824	1,712	1,903	7,193
Cost of Goods	848	895	851	1,256	3,850	1,175	1,254	1,152	1,303	4,884	1,263	1,230	1,181	1,332	5,006
Gross Profit	277	381	403	439	1,501	490	478	494	532	1,995	491	594	531	571	2,187
Selling, General & Administrative	115	135	134	182	566	160	177	189	222	749	161	235	209	248	853
Operating Income	162	246	269	257	935	330	301	305	310	1,246	330	359	322	323	1,334
Interest Expense	26	25	26	33	109	31	29	44	44	148	44	44	43	43	174
Other Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pretax Income	136	222	243	225	825	299	272	260	266	1,098	286	316	278	280	1,161
Taxes	38	63	52	38	190	72	65	63	64	264	70	77	67	68	282
Equity Earnings Less Minority	15	23	24	6	68	12	5	8	8	32	12	11	9	8	40
Net Income	113	181	215	193	702	240	212	205	210	866	228	250	220	221	918
Avg. Shares - Diluted	145	145	145	147	145	147	146	145	145	146	145	145	145	145	145
Earnings per Share	\$0.78	\$1.25	\$1.49	\$1.31	\$4.84	\$1.63	\$1.45	\$1.41	\$1.44	\$5.94	\$1.57	\$1.72	\$1.51	\$1.52	\$6.33
EBITDA	211	298	319	326	1,153	399	370	386	395	1,549	417	447	406	410	1,679
EBITDA Including Joint Ventures	235	329	352	334	1,249	413	377	397	405	1,591	431	460	417	421	1,729
EBITDA per Share	\$1.46	\$2.06	\$2.20	\$2.22	\$7.94	\$2.72	\$2.54	\$2.66	\$2.71	\$10.64	\$2.87	\$3.08	\$2.80	\$2.83	\$11.57

Growth Rates															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Sales	14.4%	26.8%	31.3%	47.0%	30.5%	47.9%	35.7%	31.3%	8.3%	28.6%	5.3%	5.3%	4.0%	3.7%	4.6%
Gross Profit	75.4%	80.2%	85.4%	73.5%	78.6%	76.8%	25.5%	22.6%	21.2%	32.9%	0.2%	24.2%	7.5%	7.2%	9.6%
EBITDA	84.4%	78.3%	80.1%	67.4%	76.8%	76.0%	14.6%	12.6%	21.3%	27.3%	4.5%	22.0%	5.1%	4.0%	8.7%
Operating Profit	139.3%	103.2%	105.9%	88.6%	105.0%	103.6%	22.2%	13.2%	20.7%	33.3%	0.1%	19.3%	5.6%	4.1%	7.1%
Pretax Profit	241.7%	140.7%	132.0%	101.3%	137.0%	120.0%	22.6%	7.1%	18.6%	33.0%	-4.3%	16.0%	6.9%	5.3%	5.7%
Net Income	246.0%	138.9%	145.0%	138.5%	153.4%	111.4%	16.9%	-4.7%	8.8%	23.3%	-4.7%	17.9%	7.0%	5.4%	6.0%
Shares Outstanding	-1.6%	-1.2%	-0.5%	1.2%	-0.5%	1.4%	0.6%	0.3%	-1.0%	0.3%	-0.9%	-0.2%	-0.1%	-0.2%	-0.4%
EPS	251.6%	141.7%	146.2%	135.5%	154.6%	108.5%	16.2%	-5.0%	9.9%	22.9%	-3.8%	18.1%	7.2%	5.7%	6.4%

Margin Analysis															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
Gross Margin	24.6%	29.9%	32.1%	25.9%	28.0%	29.4%	27.6%	30.0%	29.0%	29.0%	28.0%	32.6%	31.0%	30.0%	30.4%
Operating Margin	14.4%	19.3%	21.5%	15.2%	17.5%	19.8%	17.4%	18.5%	16.9%	18.1%	18.8%	19.7%	18.8%	17.0%	18.5%
EBITDA Margin	20.8%	25.8%	28.1%	19.7%	23.4%	24.8%	21.8%	24.1%	22.0%	23.1%	24.6%	25.2%	24.3%	22.1%	24.0%
Net Margin	10.1%	14.2%	17.2%	11.4%	13.1%	14.4%	12.2%	12.5%	11.4%	12.6%	13.0%	13.7%	12.8%	11.6%	12.8%
Tax Rate	25.0%	26.0%	19.3%	16.4%	21.3%	23.1%	23.5%	23.5%	23.5%	23.4%	23.5%	23.5%	23.5%	23.5%	23.5%

Source: Company reports and Stifel estimates.

Lamb Weston Divisional Analysis (in millions of US dollars)															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May		1Q Aug	2Q Nov	3Q Feb	4Q May	
<b>Sales</b>															
North America	956	1,063	1,071	1,161	4,249	1,135	1,167	1,098	1,253	4,653	1,192	1,225	1,136	1,297	4,851
International	170	214	183	534	1,101	530	565	549	582	2,226	562	599	576	606	2,342
<b>Total Sales</b>	<b>1,126</b>	<b>1,277</b>	<b>1,254</b>	<b>1,695</b>	<b>5,351</b>	<b>1,665</b>	<b>1,732</b>	<b>1,646</b>	<b>1,836</b>	<b>6,879</b>	<b>1,754</b>	<b>1,824</b>	<b>1,712</b>	<b>1,903</b>	<b>7,193</b>
<b>Sales Growth</b>															
North America	16.4%	21.8%	31.5%	17.3%	21.5%	18.8%	9.8%	2.5%	8.0%	9.5%	5.0%	5.0%	3.5%	3.5%	4.2%
International	4.1%	59.3%	30.2%	226.7%	83.0%	211.7%	164.0%	200.1%	9.0%	102.1%	6.0%	6.0%	5.0%	4.0%	5.2%
<b>EBITDA including JV</b>															
North America	232	300	333	298	1,162	379	321	336	357	1,395	391	400	357	375	1,523
International	33	60	54	84	231	90	100	106	99	395	93	114	112	103	422
Unallocated	(30)	(31)	(35)	(48)	(144)	(56)	(45)	(46)	(51)	(198)	(53)	(55)	(51)	(57)	(216)
<b>Total EBITDA</b>	<b>235</b>	<b>329</b>	<b>352</b>	<b>334</b>	<b>1,249</b>	<b>413</b>	<b>377</b>	<b>397</b>	<b>405</b>	<b>1,591</b>	<b>431</b>	<b>460</b>	<b>417</b>	<b>421</b>	<b>1,729</b>
<b>EBITDA Growth</b>															
North America	67.4%	65.6%	78.3%	45.0%	63.3%	63.7%	7.2%	1.0%	20.0%	20.0%	3.0%	24.6%	6.0%	5.0%	9.2%
International	271.9%	151.9%	100.4%	354.3%	195.4%	170.7%	66.4%	96.6%	18.0%	70.9%	4.0%	14.0%	5.0%	4.0%	6.8%
Corporate Expense	50.0%	52.2%	91.8%	95.9%	73.2%	85.5%	44.3%	32.1%	7.5%	37.8%	-6.4%	22.7%	11.4%	11.1%	8.8%
<b>EBITDA Margin</b>															
North America	24.3%	28.2%	31.1%	25.7%	27.4%	33.4%	27.5%	30.6%	28.5%	30.0%	32.8%	32.7%	31.4%	28.9%	31.4%
International	19.5%	28.1%	29.6%	15.6%	21.0%	16.9%	17.7%	19.4%	16.9%	17.7%	16.6%	19.1%	19.4%	16.9%	18.0%
<b>Total EBITDA Margin</b>	<b>20.8%</b>	<b>25.8%</b>	<b>28.1%</b>	<b>19.7%</b>	<b>23.4%</b>	<b>24.8%</b>	<b>21.8%</b>	<b>24.1%</b>	<b>22.0%</b>	<b>23.1%</b>	<b>24.6%</b>	<b>25.2%</b>	<b>24.3%</b>	<b>22.1%</b>	<b>24.0%</b>
<b>Operating Profit</b>															
North America	186	252	283	247	968	324	273	285	300	1,181	331	341	302	315	1,289
International	7	26	21	60	113	63	73	67	63	267	53	74	71	66	264
Unallocated	(31)	(31)	(35)	(49)	(146)	(57)	(46)	(47)	(52)	(202)	(54)	(56)	(52)	(58)	(219)
<b>Total Operating Profit</b>	<b>162</b>	<b>246</b>	<b>269</b>	<b>257</b>	<b>935</b>	<b>330</b>	<b>301</b>	<b>305</b>	<b>310</b>	<b>1,246</b>	<b>330</b>	<b>359</b>	<b>322</b>	<b>323</b>	<b>1,334</b>
<b>Operating Profit Growth</b>															
North America	94.0%	86.1%	98.4%	51.3%	80.2%	74.0%	8.4%	0.6%	21.6%	22.1%	2.3%	24.6%	6.3%	5.1%	9.1%
International	-190.7%	298.4%	221.2%	-3600.0%	2873.7%	832.4%	187.8%	215.5%	6.1%	136.1%	-16.8%	0.9%	6.7%	5.0%	-0.9%
Corporate Expense	48.8%	51.2%	89.2%	96.4%	72.2%	85.4%	46.0%	33.5%	7.4%	38.4%	-6.3%	21.7%	11.2%	10.9%	8.6%
<b>Operating Margin</b>															
North America	19.5%	23.7%	26.4%	21.2%	22.8%	28.5%	23.4%	25.9%	23.9%	25.4%	27.8%	27.8%	26.6%	24.3%	26.6%
International	4.0%	11.9%	11.6%	11.1%	10.3%	12.0%	13.0%	12.2%	10.8%	12.0%	9.4%	12.4%	12.4%	10.9%	11.3%
<b>Total Operating Margin</b>	<b>14.4%</b>	<b>19.3%</b>	<b>21.5%</b>	<b>15.2%</b>	<b>17.5%</b>	<b>19.8%</b>	<b>17.4%</b>	<b>18.5%</b>	<b>16.9%</b>	<b>18.1%</b>	<b>18.8%</b>	<b>19.7%</b>	<b>18.8%</b>	<b>17.0%</b>	<b>18.5%</b>

Source: Company reports and Stifel estimates.

McCormick Income Statement (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov	
Net Sales	1,522	1,537	1,596	1,696	6,351	1,566	1,659	1,685	1,775	6,685	1,590	1,682	1,689	1,861	6,823
Cost of Goods Sold	962	1,014	1,029	1,071	4,076	1,003	1,044	1,062	1,101	4,209	1,013	1,053	1,064	1,135	4,265
Gross Profit	560	523	567	624	2,275	563	616	623	675	2,476	577	629	625	726	2,557
Selling & Distribution	333	349	328	347	1,357	336	381	372	370	1,458	342	388	374	376	1,480
Operating Income	227	174	239	278	917	227	235	251	305	1,018	235	241	251	350	1,077
Interest Expense	33	34	38	44	149	51	52	53	52	208	51	51	50	49	202
Other Income	6	6	28	8	49	11	13	7	9	40	11	13	7	9	40
Other Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pretax Income	200	146	229	242	817	187	195	206	262	850	195	203	208	310	915
Provision for Taxes	40	27	48	56	171	41	44	44	58	186	43	45	46	68	201
Income from Operations	161	119	180	186	646	146	152	162	204	664	152	158	162	241	714
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unconsolidated Income	9	10	8	11	38	14	10	13	12	50	14	11	14	13	51
Net Income	170	130	188	197	684	160	162	175	216	714	166	169	176	254	765
Earnings per Share	\$0.63	\$0.48	\$0.69	\$0.73	\$2.53	\$0.59	\$0.60	\$0.65	\$0.80	\$2.64	\$0.61	\$0.62	\$0.65	\$0.93	\$2.82
Shares out. - Diluted	271	271	270	270	270	270	270	270	271	270	271	271	272	272	272
EBITDA	276	223	289	330	1,118	275	284	305	361	1,225	288	295	304	403	1,290
EBITDA/Share	\$1.02	\$0.82	\$1.07	\$1.22	\$4.14	\$1.02	\$1.05	\$1.13	\$1.33	\$4.53	\$1.06	\$1.09	\$1.12	\$1.48	\$4.75
Growth Rates															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov	
Sales	2.8%	-1.3%	3.0%	-2.0%	0.5%	2.8%	8.0%	5.6%	4.7%	5.3%	1.6%	1.4%	0.3%	4.8%	2.1%
Gross Profit	-4.0%	-14.9%	-5.5%	-11.8%	-9.2%	0.4%	17.7%	9.9%	8.0%	8.9%	2.6%	2.2%	0.3%	7.6%	3.3%
EBITDA	-11.1%	-26.1%	-9.7%	-7.2%	-13.2%	-0.5%	27.3%	5.6%	9.4%	9.5%	5.0%	3.8%	-0.2%	11.6%	5.4%
Operating Profit	-13.5%	-32.6%	-12.4%	-10.0%	-16.7%	-0.1%	35.2%	5.2%	9.8%	11.0%	3.6%	2.7%	-0.1%	14.7%	5.8%
Pretax Profit	-14.2%	-35.3%	-5.5%	-13.8%	-16.8%	-6.4%	33.4%	-10.1%	8.3%	4.0%	4.0%	4.0%	1.1%	18.2%	7.7%
Net Income	-12.2%	-30.4%	-13.5%	-13.5%	-17.0%	-5.6%	25.1%	-6.8%	9.9%	4.3%	3.7%	4.3%	0.6%	17.5%	7.3%
Shares Outstanding	0.2%	0.2%	0.1%	0.0%	0.1%	-0.3%	-0.3%	0.0%	0.4%	0.0%	0.5%	0.6%	0.6%	0.3%	0.5%
EPS	-12.4%	-30.5%	-13.6%	-13.5%	-17.1%	-5.4%	25.4%	-6.7%	9.4%	4.4%	3.1%	3.7%	0.0%	17.2%	6.7%
Margin Analysis															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov	
Gross Margin	36.8%	34.0%	35.5%	36.8%	35.8%	36.0%	37.1%	37.0%	38.0%	37.0%	36.3%	37.4%	37.0%	39.0%	37.5%
EBITDA Margin	18.1%	14.5%	18.1%	19.5%	17.6%	17.5%	17.1%	18.1%	20.4%	18.3%	18.1%	17.5%	18.0%	21.7%	18.9%
Operating Margin	14.9%	11.3%	15.0%	16.4%	14.4%	14.5%	14.2%	14.9%	17.2%	15.2%	14.8%	14.4%	14.9%	18.8%	15.8%
Pretax Margin	13.2%	9.5%	14.3%	14.3%	12.9%	12.0%	11.8%	12.2%	14.8%	12.7%	12.2%	12.1%	12.3%	16.6%	13.4%
Net Margin	11.2%	8.4%	11.8%	11.6%	10.8%	10.2%	9.8%	10.4%	12.2%	10.7%	10.5%	10.1%	10.4%	13.6%	11.2%
Tax Rate	19.7%	18.6%	21.2%	23.1%	20.9%	21.8%	22.3%	21.4%	22.0%	21.9%	22.0%	22.0%	22.0%	22.0%	22.0%

Source: Company Reports and Stifel estimates

McCormick Divisional Analysis (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov		1Q Feb	2Q May	3Q Aug	4Q Nov	
<b>Sales</b>															
Consumer	926.1	866.1	927.9	1,037.8	3,757.9	909.5	912.1	937.1	1,049.8	3,808.5	904.4	908.8	925.6	1,105.9	3,844.6
Flavor Solutions	596.3	670.7	667.7	657.9	2,592.6	656.0	747.1	747.6	725.6	2,876.3	686.0	773.2	763.5	755.2	2,977.9
Total	1,522.4	1,536.8	1,595.6	1,695.7	6,350.5	1,565.5	1,659.2	1,684.7	1,775.4	6,684.8	1,590.4	1,682.0	1,689.1	1,861.1	6,822.6
<b>Sales Growth</b>															
Consumer	-2.2%	-8.4%	0.7%	-7.6%	-4.6%	-1.8%	5.3%	1.0%	1.2%	1.3%	-0.6%	-0.4%	-1.2%	5.3%	0.9%
Flavor Solutions	11.5%	9.7%	6.4%	8.4%	8.9%	10.0%	11.4%	12.0%	10.3%	10.9%	4.6%	3.5%	2.1%	4.1%	3.5%
Total	2.8%	-1.3%	3.0%	-2.0%	0.5%	2.8%	8.0%	5.6%	4.7%	5.3%	1.6%	1.4%	0.3%	4.8%	2.1%
<b>Operating Profit</b>															
Consumer	167.0	124.8	183.7	235.2	710.7	173.4	153.6	173.3	242.6	742.9	170.7	151.5	166.8	277.4	766.5
Flavor Solutions	60.1	49.0	54.9	42.7	206.7	53.4	81.4	77.8	62.5	275.1	64.4	89.9	84.1	72.5	311.0
Total	227.1	173.8	238.6	277.9	917.4	226.8	235.0	251.1	305.1	1,018.0	235.1	241.5	251.0	349.9	1,077.4
<b>Operating Profit Growth</b>															
Consumer	-12.1%	-29.4%	-2.2%	-6.1%	-11.7%	3.8%	23.1%	-5.7%	3.2%	4.5%	-1.6%	-1.4%	-3.7%	14.3%	3.2%
Flavor Solutions	-17.2%	-39.7%	-35.0%	-26.8%	-30.3%	-11.1%	66.1%	41.7%	46.3%	33.1%	20.6%	10.5%	8.1%	16.1%	13.1%
Total	-13.5%	-32.6%	-12.4%	-10.0%	-16.7%	-0.1%	35.2%	5.2%	9.8%	11.0%	3.6%	2.7%	-0.1%	14.7%	5.8%
<b>Operating Margin</b>															
Consumer	18.0%	14.4%	19.8%	22.7%	18.9%	19.1%	16.8%	18.5%	23.1%	19.5%	18.9%	16.7%	18.0%	25.1%	19.9%
Flavor Solutions	10.1%	7.3%	8.2%	6.5%	8.0%	8.1%	10.9%	10.4%	8.6%	9.6%	9.4%	11.6%	11.0%	9.6%	10.4%
Total	14.9%	11.3%	15.0%	16.4%	14.4%	14.5%	14.2%	14.9%	17.2%	15.2%	14.8%	14.4%	14.9%	18.8%	15.8%

Source: Company Reports and Stifel estimates

Mondelez Income Statement (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1QA Mar	2QA Jun	3QA Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
Net Sales	7,764	7,274	7,763	8,695	31,496	9,166	8,507	9,029	9,364	36,066	9,562	8,748	9,217	9,852	37,378
Cost of Goods Sold	4,754	4,518	4,862	5,565	19,699	5,767	5,314	5,546	5,946	22,573	5,995	5,458	5,659	6,236	23,349
Gross Profit	3,010	2,756	2,901	3,130	11,797	3,399	3,193	3,483	3,418	13,493	3,566	3,289	3,558	3,616	14,029
Selling & Marketing	1,556	1,563	1,571	1,671	6,361	1,709	1,749	1,855	1,832	7,145	1,792	1,781	1,893	1,894	7,361
Amortization	77	96	77	157	407	109	112	117	173	511	112	115	121	178	526
Operating Income	1,377	1,097	1,253	1,302	5,029	1,581	1,332	1,511	1,413	5,837	1,662	1,393	1,544	1,543	6,142
Interest Expense	34	77	136	116	363	89	91	64	85	329	85	85	85	85	340
Corporate/Other Expense	(33)	(31)	(30)	(32)	(126)	(28)	(27)	(19)	(20)	(94)	(28)	(27)	(19)	(20)	(94)
Pretax Income	1,376	1,051	1,147	1,218	4,792	1,520	1,268	1,466	1,348	5,602	1,605	1,335	1,478	1,479	5,896
Provision for Taxes	312	209	211	298	1,030	344	305	393	330	1,372	385	320	355	355	1,415
Minority Interest	(63)	(53)	(53)	(50)	(219)	(48)	(69)	(44)	(48)	(209)	(50)	(72)	(46)	(50)	(219)
Net Income	1,127	895	989	970	3,981	1,224	1,032	1,117	1,066	4,439	1,270	1,087	1,169	1,174	4,700
<b>Earnings per Share</b>	<b>\$0.81</b>	<b>\$0.64</b>	<b>\$0.72</b>	<b>\$0.71</b>	<b>\$2.87</b>	<b>\$0.89</b>	<b>\$0.75</b>	<b>\$0.82</b>	<b>\$0.78</b>	<b>\$3.24</b>	<b>\$0.94</b>	<b>\$0.81</b>	<b>\$0.87</b>	<b>\$0.88</b>	<b>\$3.50</b>
Shares Outstanding - Diluted	1,398	1,389	1,379	1,375	1,385	1,373	1,372	1,370	1,364	1,370	1,354	1,346	1,339	1,331	1,343
EBITDA	1,652	1,370	1,524	1,590	6,136	1,884	1,622	1,820	1,954	7,280	2,036	1,766	1,918	1,917	7,637
EBITDA per Share	\$1.18	\$0.99	\$1.11	\$1.16	\$4.43	\$1.37	\$1.18	\$1.33	\$1.43	\$5.31	\$1.50	\$1.31	\$1.43	\$1.44	\$5.69

Growth Rates															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
Sales	7.3%	9.7%	8.3%	13.6%	9.8%	18.1%	17.0%	16.3%	7.7%	14.5%	4.3%	2.8%	2.1%	5.2%	3.6%
- Volume	3.8%	5.1%	0.7%	1.6%	2.7%	3.2%	0.0%	3.8%	3.1%	2.6%	2.7%	4.5%	2.8%	3.0%	3.3%
- Price/ Mix	4.8%	8.0%	11.4%	13.8%	9.6%	16.2%	15.8%	11.9%	8.0%	12.8%	6.2%	3.7%	3.2%	2.6%	3.9%
- Foreign Exchange	-4.1%	-6.4%	-8.2%	-7.9%	-6.7%	-6.0%	-3.9%	-2.2%	-1.6%	-3.4%	-2.4%	-3.0%	-1.7%	-0.4%	-1.9%
- Dispositions/Acq	2.8%	3.0%	4.4%	6.1%	4.1%	4.7%	5.1%	2.8%	-1.8%	2.5%	-2.2%	-2.4%	0.0%	0.0%	-1.7%
Gross Profit	5.0%	4.1%	5.6%	10.0%	6.2%	12.9%	15.9%	20.1%	9.2%	14.4%	4.9%	3.0%	2.1%	5.8%	4.0%
EBITDA	4.8%	1.1%	1.2%	9.6%	4.2%	14.0%	18.4%	19.4%	22.9%	18.6%	8.1%	8.9%	5.4%	-1.9%	4.9%
Operating Profit	6.6%	2.0%	1.6%	10.8%	5.3%	14.8%	21.4%	20.6%	8.5%	16.1%	5.1%	4.6%	2.2%	9.2%	5.2%
Pretax Profit	9.3%	-1.0%	-3.4%	8.9%	3.6%	10.5%	20.6%	27.8%	10.7%	16.9%	5.6%	5.3%	0.8%	9.7%	5.2%
Net Income	1.2%	-3.0%	-0.5%	-2.6%	-1.1%	8.6%	15.3%	12.9%	9.8%	11.5%	3.8%	5.3%	4.7%	10.1%	5.9%
Shares Outstanding	-1.7%	-1.9%	-2.1%	-2.1%	-1.9%	-1.8%	-1.2%	-0.7%	-0.8%	-1.1%	-1.4%	-1.9%	-2.3%	-2.4%	-2.0%
EPS	2.9%	-1.1%	1.6%	-0.5%	0.8%	10.6%	16.7%	13.7%	10.7%	12.7%	5.2%	7.3%	7.1%	12.9%	8.0%

Margin Analysis															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
Gross Margin	38.8%	37.9%	37.4%	36.0%	37.5%	37.1%	37.5%	38.6%	36.5%	37.4%	37.3%	37.6%	38.6%	36.7%	37.5%
EBITDA Margin	21.3%	18.8%	19.6%	18.3%	19.5%	20.6%	19.1%	20.2%	20.9%	20.2%	21.3%	20.2%	20.8%	19.5%	20.4%
Operating Margin	17.7%	15.1%	16.1%	15.0%	16.0%	17.2%	15.7%	16.7%	15.1%	16.2%	17.4%	15.9%	16.8%	15.7%	16.4%
Pretax Margin	17.7%	14.4%	14.8%	14.0%	15.2%	16.6%	14.9%	16.2%	14.4%	15.5%	16.8%	15.3%	16.0%	15.0%	15.8%
Net Margin	14.5%	12.3%	12.7%	11.2%	12.6%	13.4%	12.1%	12.4%	11.4%	12.3%	13.3%	12.4%	12.7%	11.9%	12.6%
Tax Rate	22.7%	19.9%	18.4%	24.5%	21.5%	22.6%	24.1%	26.8%	24.5%	24.5%	24.0%	24.0%	24.0%	24.0%	24.0%

Source: Company reports and Stifel estimates.

Mondelez Divisional Analysis (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec		1Q Mar	2Q Jun	3Q Sep	4Q Dec	
<b>Sales</b>															
Latin America	826	876	913	1,014	3,629	1,211	1,228	1,305	1,208	4,952	1,319	1,215	1,270	1,225	5,029
Asia, Middle East, and Africa (AMEA)	1,867	1,535	1,704	1,661	6,767	1,939	1,609	1,791	1,640	6,979	1,939	1,573	1,859	1,739	7,110
Europe	2,935	2,626	2,649	3,210	11,420	3,307	2,926	3,086	3,667	12,986	3,552	3,174	3,223	3,915	13,864
North America	2,136	2,237	2,497	2,810	9,680	2,709	2,744	2,847	2,849	11,149	2,752	2,785	2,865	2,974	11,376
<b>Total</b>	<b>7,764</b>	<b>7,274</b>	<b>7,763</b>	<b>8,695</b>	<b>31,496</b>	<b>9,166</b>	<b>8,507</b>	<b>9,029</b>	<b>9,364</b>	<b>36,066</b>	<b>9,562</b>	<b>8,748</b>	<b>9,217</b>	<b>9,852</b>	<b>37,378</b>
<b>Sales - Growth Rate</b>															
Latin America	23.5%	30.9%	21.6%	43.2%	29.7%	46.6%	40.2%	42.9%	19.1%	36.4%	8.9%	-1.0%	-2.7%	1.4%	1.6%
Asia, Middle East, and Africa (AMEA)	7.0%	5.7%	5.6%	1.3%	4.9%	3.9%	4.8%	5.1%	-1.3%	3.1%	0.0%	-2.2%	3.8%	6.0%	1.9%
Europe	3.1%	6.1%	-2.4%	2.9%	2.4%	12.7%	11.4%	16.5%	14.2%	13.7%	7.4%	8.5%	4.4%	6.8%	6.8%
North America	8.0%	9.3%	19.6%	28.3%	16.6%	26.8%	22.7%	14.0%	1.4%	15.2%	1.6%	1.5%	0.6%	4.4%	2.0%
<b>Total</b>	<b>7.3%</b>	<b>9.5%</b>	<b>8.3%</b>	<b>13.5%</b>	<b>9.7%</b>	<b>18.1%</b>	<b>17.0%</b>	<b>16.3%</b>	<b>7.7%</b>	<b>14.5%</b>	<b>4.3%</b>	<b>2.8%</b>	<b>2.1%</b>	<b>5.2%</b>	<b>3.6%</b>
<b>Operating Companies Income</b>															
Latin America	109	102	130	108	449	156	152	189	132	629	171	146	184	135	636
Asia, Middle East, and Africa (AMEA)	353	214	282	205	1,054	361	210	306	201	1,078	361	204	316	217	1,099
Europe	559	409	426	653	2,047	567	478	522	755	2,322	624	541	549	822	2,536
North America	433	468	492	493	1,886	606	604	611	498	2,319	618	617	615	547	2,398
Corporate Expense	(77)	(96)	(77)	(157)	(407)	(109)	(112)	(117)	(173)	(511)	(112)	(115)	(121)	(178)	(526)
<b>Total</b>	<b>1,377</b>	<b>1,097</b>	<b>1,253</b>	<b>1,302</b>	<b>5,029</b>	<b>1,581</b>	<b>1,332</b>	<b>1,511</b>	<b>1,413</b>	<b>5,837</b>	<b>1,662</b>	<b>1,393</b>	<b>1,544</b>	<b>1,543</b>	<b>6,142</b>
<b>Operating Profit Growth</b>															
Latin America	25.3%	82.1%	38.3%	54.3%	46.3%	43.1%	49.0%	45.4%	22.6%	40.2%	9.9%	-4.1%	-2.6%	1.7%	1.1%
Asia, Middle East, and Africa (AMEA)	2.9%	-0.9%	5.6%	-5.5%	1.1%	2.3%	-1.9%	8.5%	-2.1%	2.2%	-0.1%	-2.6%	3.3%	8.3%	1.9%
Europe	-2.6%	-12.4%	-18.7%	4.0%	-6.7%	1.4%	16.9%	22.5%	15.6%	13.4%	10.1%	13.1%	5.2%	8.9%	9.2%
North America	13.4%	6.1%	20.3%	36.2%	18.3%	40.0%	29.1%	24.2%	1.0%	23.0%	2.0%	2.2%	0.7%	9.9%	3.4%
Corporate Expense	-18.1%	-8.6%	26.2%	53.9%	12.4%	41.6%	16.7%	51.9%	10.0%	25.5%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Total</b>	<b>6.6%</b>	<b>2.0%</b>	<b>1.6%</b>	<b>10.8%</b>	<b>5.3%</b>	<b>14.8%</b>	<b>21.4%</b>	<b>20.6%</b>	<b>8.5%</b>	<b>16.1%</b>	<b>5.1%</b>	<b>4.6%</b>	<b>2.2%</b>	<b>9.2%</b>	<b>5.2%</b>
<b>Operating Margin</b>															
Latin America	13.2%	11.6%	14.2%	10.7%	12.4%	12.9%	12.4%	14.5%	11.0%	12.7%	13.0%	12.0%	14.5%	11.0%	12.7%
Asia, Middle East, and Africa (AMEA)	18.9%	13.9%	16.5%	12.3%	15.6%	18.6%	13.1%	17.1%	12.2%	15.4%	18.6%	13.0%	17.0%	12.5%	15.5%
Europe	19.0%	15.6%	16.1%	20.3%	17.9%	17.1%	16.3%	16.9%	20.6%	17.9%	17.6%	17.0%	17.0%	21.0%	18.3%
North America	20.3%	20.9%	19.7%	17.5%	19.5%	22.4%	22.0%	21.5%	17.5%	20.8%	22.5%	22.2%	21.5%	18.4%	21.1%
<b>Total</b>	<b>17.7%</b>	<b>15.1%</b>	<b>16.1%</b>	<b>15.0%</b>	<b>16.0%</b>	<b>17.2%</b>	<b>15.7%</b>	<b>16.7%</b>	<b>15.1%</b>	<b>16.2%</b>	<b>17.4%</b>	<b>15.9%</b>	<b>16.8%</b>	<b>15.7%</b>	<b>16.4%</b>

Source: Company reports and Stifel estimates.

Post Holdings Income Statement (in millions of US dollars)															
September Year End	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	1,566	1,620	1,859	1,945	6,991	1,931	2,084	2,068	2,070	8,153	2,028	2,135	2,118	2,121	8,403
Cost of Sales	1,151	1,189	1,336	1,371	5,047	1,391	1,500	1,479	1,460	5,829	1,456	1,535	1,513	1,494	5,997
Gross Profits	415	431	524	575	1,944	541	583	589	611	2,324	572	600	606	628	2,406
Selling, General, Admin Expenses	255	269	312	360	1,195	366	404	403	405	1,578	382	414	414	416	1,626
Operating Income	160	162	212	215	749	175	179	186	206	747	189	185	192	212	779
Interest Expense, Net	66	64	73	77	279	77	78	77	76	307	76	75	74	74	299
Other	1	0	-1	-3	-2	0	0	0	0	0	0	0	0	0	0
Pretax Income	93	98	140	141	472	99	102	109	130	439	114	110	118	139	481
Taxes	20	24	35	31	110	23	23	25	30	101	26	25	27	32	111
Tax Rate	21.6%	24.5%	25.3%	21.6%	23.3%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Preferred Interest/Equity Method	1.7	1.9	0.4	(0.1)	3.9	3.6	3.8	3.6	3.7	14.7	3.6	3.8	3.6	3.7	14.7
Net Income	71	72	104	111	358	72	74	80	96	324	84	81	87	103	355
Ave. Shares (Mil.)	65.8	65.7	68.5	68.0	67.0	67.2	66.9	66.7	66.5	66.8	66.2	65.7	65.3	64.9	65.5
Earnings per Share	\$1.08	\$1.10	\$1.52	\$1.63	\$5.34	\$1.08	\$1.11	\$1.21	\$1.45	\$4.84	\$1.27	\$1.24	\$1.33	\$1.59	\$5.42
EBITDA	270	276	338	349	1,233	300	307	316	341	1,264	317	316	325	350	1,308
EBITDA/Share	\$4.10	\$4.21	\$4.94	\$5.13	\$18.41	\$4.46	\$4.59	\$4.74	\$5.13	\$18.92	\$4.78	\$4.81	\$4.97	\$5.39	\$19.95
Growth Rates															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	17.1%	14.9%	21.9%	23.2%	19.5%	23.3%	28.6%	11.2%	6.4%	16.6%	5.0%	2.5%	2.4%	2.5%	3.1%
- Volume	1.1%	-0.9%	-3.2%	-3.9%	-1.9%	-4.3%	-0.6%	-0.2%	2.8%	-0.3%	2.1%	2.5%	2.4%	2.5%	2.4%
- Price/Mix	17.3%	16.2%	7.1%	0.9%	9.8%	1.2%	0.5%	0.0%	-0.4%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
- Divestiture/Acquisition	-1.3%	-0.8%	18.0%	26.2%	11.3%	26.4%	28.7%	11.4%	4.1%	16.7%	2.8%	0.0%	0.0%	0.0%	0.7%
Gross Profit	24.0%	20.3%	37.2%	40.4%	32.7%	30.3%	35.4%	12.6%	6.3%	19.6%	5.7%	2.8%	2.8%	2.8%	3.5%
EBITDA	32.8%	20.3%	34.8%	24.8%	28.0%	11.0%	11.2%	-6.6%	-2.2%	2.5%	5.6%	2.9%	2.8%	2.6%	3.5%
Operating Profit	72.9%	38.4%	50.9%	28.5%	44.8%	9.3%	10.7%	-12.1%	-4.2%	-0.3%	8.1%	3.5%	3.3%	3.0%	4.4%
Pretax Profit	802.9%	180.5%	116.1%	53.7%	133.8%	6.0%	3.8%	-22.0%	-8.1%	-6.9%	15.4%	8.6%	8.0%	6.6%	9.4%
Net Income	NMF	389.8%	145.3%	105.0%	241.0%	1.6%	3.5%	-22.7%	-13.1%	-9.6%	16.2%	9.1%	8.4%	6.9%	9.8%
EPS	NMF	363.7%	120.6%	92.3%	219.0%	-0.5%	1.6%	-20.6%	-11.1%	-9.4%	17.9%	11.0%	10.6%	9.4%	11.9%
Shares Outstanding	4.3%	5.6%	11.2%	6.6%	6.9%	2.1%	1.9%	-2.6%	-2.2%	-0.3%	-1.5%	-1.8%	-2.0%	-2.3%	-1.9%
Margin Analysis															
	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Gross Margin	26.5%	26.6%	28.2%	29.5%	27.8%	28.0%	28.0%	28.5%	29.5%	28.5%	28.2%	28.1%	28.6%	29.6%	28.6%
EBITDA	17.2%	17.1%	18.2%	17.9%	17.6%	15.5%	14.8%	15.3%	16.5%	15.5%	15.6%	14.8%	15.3%	16.5%	15.6%
Operating Margin	10.2%	10.0%	11.4%	11.1%	10.7%	9.1%	8.6%	9.0%	10.0%	9.2%	9.3%	8.7%	9.1%	10.0%	9.3%
Pretax Margin	5.9%	6.0%	7.5%	7.3%	6.8%	5.1%	4.9%	5.3%	6.3%	5.4%	5.6%	5.2%	5.6%	6.5%	5.7%
Net Margin	4.5%	4.4%	5.6%	5.7%	5.1%	3.7%	3.6%	3.9%	4.7%	4.0%	4.1%	3.8%	4.1%	4.9%	4.2%

Source: Company Reports and Stifel Estimates

Company Update  
January 24, 2024

Post Holdings Divisional Analysis (in millions of US dollars)															
September Year End	2023A				2023A Year End	2024E				2024E Year End	2025E				2025E Year End
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
<b>Sales</b>															
Consumer Brands	555	599	871	1,008	3,033	961	1,082	1,081	1,106	4,230	1,022	1,114	1,113	1,139	4,389
Foodservice	601	633	623	570	2,426	548	597	610	585	2,340	570	606	619	594	2,389
Refrigerated Retail	293	263	231	233	1,020	291	270	238	241	1,041	300	278	246	249	1,073
Weetabix	118	125	134	135	512	131	135	139	137	542	136	136	141	139	551
Corporate/Eliminations	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>1,566</b>	<b>1,620</b>	<b>1,859</b>	<b>1,945</b>	<b>6,991</b>	<b>1,931</b>	<b>2,084</b>	<b>2,068</b>	<b>2,070</b>	<b>8,153</b>	<b>2,028</b>	<b>2,135</b>	<b>2,118</b>	<b>2,121</b>	<b>8,403</b>
<b>Sales Growth</b>															
Consumer Brands	9.3%	4.5%	51.6%	71.5%	35.2%	73.3%	80.6%	24.0%	9.8%	39.5%	6.4%	3.0%	3.0%	3.0%	3.8%
-Volume	-1.2%	-6.2%	-5.7%	-6.2%	-4.9%	-8.0%	-3.0%	-3.0%	2.0%	-2.3%	1.0%	3.0%	3.0%	3.0%	2.5%
-Price/Mix	10.5%	10.7%	9.4%	8.9%	9.9%	8.0%	7.0%	3.0%	0.0%	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%
-Acquisition/FX	0.0%	0.0%	47.9%	68.8%	30.3%	73.3%	76.6%	24.0%	7.8%	38.0%	5.4%	0.0%	0.0%	0.0%	1.2%
Foodservice	36.9%	40.1%	7.5%	-9.0%	15.8%	-8.8%	-5.7%	-2.1%	2.8%	-3.5%	4.0%	1.5%	1.5%	1.5%	2.1%
-Volume	4.4%	12.1%	3.0%	-1.1%	4.0%	-3.0%	0.3%	2.3%	4.3%	0.9%	4.0%	1.5%	1.5%	1.5%	2.1%
-Price/Mix	32.5%	28.0%	4.5%	-7.9%	11.8%	-5.7%	-6.0%	-4.4%	-1.5%	-4.5%	0.0%	0.0%	0.0%	0.0%	0.0%
-Acquisition/FX	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%	0.0%	0.0%
Refrigerated Retail															
-Volume	1.1%	-11.1%	-11.0%	-8.2%	-7.7%	-1.5%	1.7%	3.3%	3.5%	1.7%	2.9%	3.2%	3.2%	3.3%	3.1%
-Price/Mix	8.7%	9.3%	4.6%	1.8%	5.6%	0.9%	0.9%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
-Acquisition/FX	-2.6%	-2.7%	0.0%	0.0%	-1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Weetabix	-0.4%	6.8%	7.4%	15.5%	7.3%	10.7%	7.9%	3.9%	1.8%	5.9%	3.7%	1.0%	1.0%	1.0%	1.7%
-Volume	-1.1%	-2.3%	-4.7%	2.0%	-1.6%	0.0%	1.0%	1.0%	1.0%	0.8%	0.8%	1.0%	1.0%	1.0%	1.0%
-Price/Mix	9.2%	13.0%	12.6%	5.4%	10.1%	5.0%	2.0%	1.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%
-Acquisition/FX	-8.5%	-3.9%	-0.5%	8.1%	-1.2%	5.7%	4.9%	1.9%	0.8%	3.2%	2.7%	0.0%	0.0%	0.0%	0.7%
<b>Total Revenue</b>	<b>17.1%</b>	<b>14.9%</b>	<b>21.9%</b>	<b>23.2%</b>	<b>19.5%</b>	<b>23.3%</b>	<b>28.6%</b>	<b>11.2%</b>	<b>6.4%</b>	<b>16.6%</b>	<b>5.0%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>3.1%</b>
<b>Operating Profit</b>															
Consumer Brands	81	82	107	152	421	111	115	128	160	514	118	118	130	163	529
Foodservice	77	78	113	84	352	62	67	66	66	260	66	68	67	68	270
Refrigerated Retail	21	20	18	12	71	21	22	20	14	78	23	24	22	16	86
Weetabix	21	19	18	16	74	23	21	19	16	80	24	21	20	16	82
Corporate Expense	40	37	45	48	169	42	46	47	50	185	42	47	47	51	187
<b>Total Operating Profit</b>	<b>160</b>	<b>162</b>	<b>212</b>	<b>215</b>	<b>749</b>	<b>175</b>	<b>179</b>	<b>186</b>	<b>206</b>	<b>747</b>	<b>189</b>	<b>185</b>	<b>192</b>	<b>212</b>	<b>779</b>
<b>Operating Profit Growth</b>															
Consumer Brands	9.1%	0.2%	26.5%	82.0%	30.2%	37.6%	41.5%	18.9%	5.4%	22.0%	6.2%	2.4%	2.2%	2.0%	3.0%
Foodservice	731.2%	231.9%	106.4%	8.3%	113.5%	-20.2%	-14.6%	-41.9%	-21.1%	-26.1%	7.8%	2.5%	2.5%	2.5%	3.8%
Refrigerated Retail	37.3%	16.1%	69.8%	-25.5%	19.9%	0.8%	10.7%	13.5%	20.0%	10.1%	9.4%	9.2%	9.5%	11.3%	9.7%
Weetabix	-20.9%	-28.7%	-35.0%	-42.9%	-32.0%	10.8%	10.3%	5.5%	2.6%	7.6%	4.2%	1.4%	1.5%	1.6%	2.3%
Corporate Expense	22.1%	15.3%	17.6%	30.6%	21.5%	5.5%	25.3%	5.0%	4.9%	9.5%	1.1%	1.1%	1.0%	1.0%	1.1%
<b>Total Operating Profit</b>	<b>72.9%</b>	<b>38.4%</b>	<b>50.9%</b>	<b>28.5%</b>	<b>44.8%</b>	<b>9.3%</b>	<b>10.7%</b>	<b>-12.1%</b>	<b>-4.2%</b>	<b>-0.3%</b>	<b>8.1%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>4.4%</b>
<b>Operating Profit Margin</b>															
Consumer Brands	14.5%	13.6%	12.3%	15.0%	13.9%	11.5%	10.7%	11.8%	14.4%	12.1%	11.5%	10.6%	11.7%	14.3%	12.1%
Foodservice	12.9%	12.3%	18.1%	14.7%	14.5%	11.3%	11.2%	10.8%	11.3%	11.1%	11.7%	11.3%	10.9%	11.4%	11.3%
Refrigerated Retail	7.2%	7.7%	7.8%	5.1%	7.0%	7.3%	8.3%	8.6%	6.0%	7.5%	7.7%	8.8%	9.1%	6.4%	8.0%
Weetabix	18.0%	15.3%	13.7%	11.6%	14.5%	18.0%	15.6%	13.9%	11.7%	14.8%	18.1%	15.7%	14.0%	11.7%	14.8%
<b>Total Operating Profit</b>	<b>10.2%</b>	<b>10.0%</b>	<b>11.4%</b>	<b>11.1%</b>	<b>10.7%</b>	<b>9.1%</b>	<b>8.6%</b>	<b>9.0%</b>	<b>10.0%</b>	<b>9.2%</b>	<b>9.3%</b>	<b>8.7%</b>	<b>9.1%</b>	<b>10.0%</b>	<b>9.3%</b>
<b>EBITDA</b>															
Consumer Brands	113	114	151	200	578	157	161	174	208	700	165	165	178	213	721
Foodservice	109	110	145	117	481	94	100	99	101	394	100	103	102	104	409
Refrigerated Retail	40	40	37	31	147	40	41	39	33	152	42	43	41	34	160
Weetabix	30	28	28	25	110	33	30	29	25	117	34	31	29	26	119
Corporate	22	16	22	23	83	24	25	25	26	99	24	25	25	26	101
<b>Total EBITDA</b>	<b>270</b>	<b>276</b>	<b>338</b>	<b>349</b>	<b>1,233</b>	<b>300</b>	<b>307</b>	<b>316</b>	<b>341</b>	<b>1,264</b>	<b>317</b>	<b>316</b>	<b>325</b>	<b>350</b>	<b>1,308</b>

Source: Company Reports and Stifel Estimates

SIMPLY GOOD FOODS CO Income Statement (in millions of US dollars)															
	FY23				2023 Year End	FY24E				2024E Year End	FY25E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
<b>Net Sales</b>	<b>300.9</b>	<b>296.6</b>	<b>324.8</b>	<b>320.4</b>	<b>1,242.7</b>	<b>308.7</b>	<b>326.2</b>	<b>341.0</b>	<b>346.1</b>	<b>1,322.0</b>	<b>325.7</b>	<b>349.1</b>	<b>363.2</b>	<b>353.0</b>	<b>1,390.9</b>
COGS	189.9	193.9	205.5	200.0	789.3	193.6	208.8	208.0	209.4	819.7	200.3	221.7	221.6	213.5	857.0
<b>Gross Profit</b>	<b>111.0</b>	<b>102.7</b>	<b>119.2</b>	<b>120.5</b>	<b>453.4</b>	<b>115.1</b>	<b>117.4</b>	<b>133.0</b>	<b>136.7</b>	<b>502.3</b>	<b>125.4</b>	<b>127.4</b>	<b>141.6</b>	<b>139.4</b>	<b>533.9</b>
SG&A	50.2	51.8	52.6	52.8	207.5	53.2	61.5	61.7	62.3	238.6	57.8	66.9	65.4	62.8	252.9
<b>Operating Income</b>	<b>60.8</b>	<b>50.9</b>	<b>66.6</b>	<b>67.7</b>	<b>246.0</b>	<b>62.0</b>	<b>56.0</b>	<b>71.3</b>	<b>74.4</b>	<b>263.7</b>	<b>67.5</b>	<b>60.5</b>	<b>76.3</b>	<b>76.7</b>	<b>281.0</b>
Interest Expense	7.0	8.3	7.2	6.4	28.9	4.9	6.2	5.1	4.0	20.3	2.5	2.1	1.7	1.3	7.8
Other Expense	(0.0)	(0.0)	(0.0)	0.4	0.4	(0.0)	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Pretax Income	53.7	42.6	59.4	60.9	216.6	57.0	49.8	66.3	70.5	243.7	65.1	58.4	74.6	75.4	273.6
Provision for taxes	11.4	10.5	14.8	15.3	52.0	14.0	12.0	15.9	16.9	58.8	15.6	14.0	17.9	18.1	65.7
Tax Rate	21.3%	24.7%	24.8%	25.1%	24.0%	24.5%	24.0%	24.0%	24.0%	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%
Minority Interest	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	0.0	0.0
<b>Net Income</b>	<b>42.3</b>	<b>32.1</b>	<b>44.6</b>	<b>45.6</b>	<b>164.6</b>	<b>43.0</b>	<b>37.9</b>	<b>50.4</b>	<b>53.6</b>	<b>184.9</b>	<b>49.5</b>	<b>44.4</b>	<b>56.7</b>	<b>57.3</b>	<b>207.9</b>
<b>EPS</b>	<b>\$0.42</b>	<b>\$0.32</b>	<b>\$0.44</b>	<b>\$0.45</b>	<b>\$1.63</b>	<b>\$0.43</b>	<b>\$0.37</b>	<b>\$0.50</b>	<b>\$0.53</b>	<b>\$1.83</b>	<b>\$0.49</b>	<b>\$0.44</b>	<b>\$0.56</b>	<b>\$0.57</b>	<b>\$2.06</b>
Shares out. - Diluted	100.7	100.8	100.9	100.9	100.9	101.1	101.2	101.3	101.4	101.2	101.5	101.2	100.5	99.9	100.8
EBITDA	60.8	50.9	66.6	67.3	245.6	62.0	56.1	71.4	74.5	264.0	67.6	60.6	76.4	76.8	281.4
EBITDA/Share	\$0.60	\$0.50	\$0.66	\$0.67	\$2.43	\$0.61	\$0.55	\$0.70	\$0.74	\$2.61	\$0.67	\$0.60	\$0.76	\$0.77	\$2.79
<b>Growth Rates</b>															
	FY23				2023 Year End	FY24E				2024E Year End	FY25E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Sales	7.0%	0.0%	2.6%	16.9%	6.3%	2.6%	10.0%	5.0%	8.0%	6.4%	5.5%	7.0%	6.5%	2.0%	5.2%
Gross Profit	-4.8%	-5.3%	0.5%	18.3%	1.8%	3.7%	14.3%	11.5%	13.5%	10.8%	8.9%	8.5%	6.5%	2.0%	6.3%
EBITDA	-7.4%	-6.1%	5.3%	32.0%	4.9%	2.0%	10.2%	7.1%	10.8%	7.5%	9.2%	8.0%	7.0%	3.0%	6.6%
Operating Profit	-7.2%	-6.0%	5.3%	31.6%	5.0%	2.0%	10.0%	7.0%	10.0%	7.2%	9.0%	8.0%	7.0%	3.0%	6.6%
Pretax Profit	-9.3%	-12.8%	1.7%	33.4%	2.1%	6.1%	16.9%	11.6%	15.9%	12.5%	14.2%	17.2%	12.6%	6.9%	12.3%
Net Income	-4.8%	-12.7%	-0.7%	24.0%	1.0%	1.8%	17.9%	12.9%	17.7%	12.3%	14.9%	17.2%	12.6%	6.9%	12.4%
EPS	-3.2%	-11.4%	0.7%	25.0%	2.4%	1.4%	17.5%	12.4%	17.1%	11.9%	14.5%	17.2%	13.5%	8.5%	13.0%
Shares Outstanding	-1.7%	-1.5%	-1.3%	-0.8%	-1.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.0%	-0.7%	-1.5%	-0.5%
<b>Margin Analysis</b>															
	FY23				2023 Year End	FY24E				2024E Year End	FY25E				2025E Year End
	1Q	2Q	3Q	4Q		1QA	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Gross Margin	36.9%	34.6%	36.7%	37.6%	36.5%	37.3%	36.0%	39.0%	39.5%	38.0%	38.5%	36.5%	39.0%	39.5%	38.4%
Operating Margin	20.2%	17.2%	20.5%	21.1%	19.8%	20.1%	17.2%	20.9%	21.5%	19.9%	20.7%	17.3%	21.0%	21.7%	20.2%
Pretax Margin	17.9%	14.4%	18.3%	19.0%	17.4%	18.5%	15.3%	19.4%	20.4%	18.4%	20.0%	16.7%	20.6%	21.4%	19.7%
Net Margin	14.1%	10.8%	13.7%	14.2%	13.2%	13.9%	11.6%	14.8%	15.5%	14.0%	15.2%	12.7%	15.6%	16.2%	14.9%

Source: Company Reports and Stifel estimates

Company Update  
January 24, 2024

Sovos Brands Income Statement (in millions of US dollars)															
FYE Dec.	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
<b>Net Sales</b>	<b>209.9</b>	<b>197.4</b>	<b>208.9</b>	<b>262.1</b>	<b>878.4</b>	<b>252.8</b>	<b>217.6</b>	<b>257.9</b>	<b>283.8</b>	<b>1,012.2</b>	<b>301.4</b>	<b>261.7</b>	<b>287.7</b>	<b>306.7</b>	<b>1,157.5</b>
COGS	155.4	142.2	146.6	185.6	629.8	181.7	146.9	181.5	198.7	708.8	212.5	175.3	200.6	213.5	801.8
<b>Gross Profit</b>	<b>54.5</b>	<b>55.2</b>	<b>62.3</b>	<b>76.5</b>	<b>248.6</b>	<b>71.1</b>	<b>70.7</b>	<b>76.5</b>	<b>85.2</b>	<b>303.4</b>	<b>88.9</b>	<b>86.4</b>	<b>87.2</b>	<b>93.2</b>	<b>355.7</b>
SG&A	29.6	32.5	35.8	42.4	140.4	38.0	38.5	40.3	48.4	165.2	49.6	48.7	48.0	53.3	199.6
<b>Operating Income</b>	<b>24.9</b>	<b>22.7</b>	<b>26.5</b>	<b>34.1</b>	<b>108.2</b>	<b>33.1</b>	<b>32.2</b>	<b>36.2</b>	<b>36.7</b>	<b>138.2</b>	<b>39.3</b>	<b>37.6</b>	<b>39.2</b>	<b>40.0</b>	<b>156.1</b>
Interest Expense	6.0	5.7	6.7	9.4	27.9	8.7	8.7	8.6	10.1	36.1	10.1	9.7	9.3	8.9	38.0
Other Expense	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	0.0	0.0
Pretax Income	18.9	17.0	19.8	24.7	80.3	24.4	23.5	27.6	26.6	102.1	29.2	27.9	30.0	31.1	118.1
Provision for taxes	5.1	4.3	5.5	5.0	19.9	6.3	6.1	7.0	6.9	26.3	7.6	7.3	7.8	8.1	30.7
Tax Rate	26.9%	25.1%	28.0%	20.4%	24.8%	25.7%	25.9%	25.4%	26.0%	25.8%	26.0%	26.0%	26.0%	26.0%	26.0%
Minority Interest	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	0.0	0.0
<b>Net Income</b>	<b>13.8</b>	<b>12.7</b>	<b>14.3</b>	<b>19.6</b>	<b>60.4</b>	<b>18.1</b>	<b>17.4</b>	<b>20.6</b>	<b>19.7</b>	<b>75.8</b>	<b>21.6</b>	<b>20.6</b>	<b>22.2</b>	<b>23.0</b>	<b>87.4</b>
<b>EPS</b>	<b>\$0.14</b>	<b>\$0.13</b>	<b>\$0.14</b>	<b>\$0.19</b>	<b>\$0.60</b>	<b>\$0.18</b>	<b>\$0.17</b>	<b>\$0.20</b>	<b>\$0.19</b>	<b>\$0.74</b>	<b>\$0.21</b>	<b>\$0.20</b>	<b>\$0.21</b>	<b>\$0.22</b>	<b>\$0.84</b>
Shares out. - Diluted	101.3	100.9	101.6	101.4	101.3	101.5	103.3	103.8	103.9	103.1	104.0	104.1	104.2	104.3	104.1
EBITDA	27.6	25.7	29.5	37.0	119.8	36.0	35.2	39.0	41.1	151.3	44.9	43.3	44.9	45.6	178.7
EBITDA/Share	\$0.27	\$0.25	\$0.29	\$0.36	\$1.18	\$0.35	\$0.34	\$0.38	\$0.40	\$1.47	\$0.43	\$0.42	\$0.43	\$0.44	\$1.72
<b>Growth Rates</b>															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Sales	10.9%	22.0%	16.9%	38.5%	22.1%	20.4%	10.2%	23.5%	8.3%	15.2%	19.2%	20.2%	11.6%	8.1%	14.4%
Gross Profit	-11.7%	11.1%	24.2%	28.6%	12.4%	30.4%	28.0%	22.8%	11.3%	22.1%	25.1%	22.1%	14.0%	9.5%	17.2%
EBITDA	-22.3%	-6.0%	14.5%	39.7%	4.1%	30.2%	36.9%	32.2%	11.1%	26.2%	25.0%	23.0%	15.0%	11.0%	18.1%
Operating Profit	-24.6%	-8.2%	14.9%	43.4%	3.5%	33.0%	42.0%	36.4%	7.6%	27.7%	18.8%	16.8%	8.4%	8.9%	13.0%
Pretax Profit	-31.8%	-5.8%	88.2%	40.9%	9.0%	29.4%	38.7%	38.9%	7.8%	27.1%	19.6%	18.6%	8.7%	17.0%	15.7%
Net Income	-33.7%	-4.7%	100.2%	51.0%	11.3%	31.5%	37.3%	43.7%	0.3%	25.4%	19.1%	18.4%	7.9%	17.0%	15.3%
EPS	-49.7%	-30.0%	45.9%	49.6%	-10.6%	31.2%	34.1%	40.7%	-2.1%	23.3%	16.3%	17.5%	7.4%	16.5%	14.2%
Shares Outstanding	31.7%	36.2%	37.2%	0.9%	24.5%	0.2%	2.4%	2.1%	2.4%	1.8%	2.4%	0.8%	0.4%	0.4%	1.0%
<b>Margin Analysis</b>															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Gross Margin	26.0%	28.0%	29.8%	29.2%	28.3%	28.1%	32.5%	29.7%	30.0%	30.0%	29.5%	33.0%	30.3%	30.4%	30.7%
EBITDA Margin	13.2%	13.0%	14.1%	14.1%	13.6%	14.2%	16.2%	15.1%	14.5%	14.9%	14.9%	16.5%	15.6%	14.9%	15.4%
Operating Margin	11.8%	11.5%	12.7%	13.0%	12.3%	13.1%	14.8%	14.0%	12.9%	13.7%	13.0%	14.4%	13.6%	13.0%	13.5%
Pretax Margin	9.0%	8.6%	9.5%	9.4%	9.1%	9.6%	10.8%	10.7%	9.4%	10.1%	9.7%	10.7%	10.4%	10.1%	10.2%
Net Margin	6.6%	6.4%	6.8%	7.5%	6.9%	7.2%	8.0%	8.0%	6.9%	7.5%	7.2%	7.9%	7.7%	7.5%	7.6%

Source: Company Reports and Stifel estimates

Company Update  
January 24, 2024

TreeHouse Foods Income Statement (in millions of dollars)															
	2022				2022 Year	2023E				2023E Year	2024E				2024E Year
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Net Sales	773	810	875	996	3454	854	804	866	934	3458	877	852	899	968	3595
Cost of Goods Sold	668	694	741	820	2922	700	670	717	761	2848	717	707	741	787	2952
Gross Profits	105	116	134	176	532	154	133	150	173	609	160	145	157	181	643
Selling/Distribution	61	55	52	51	219	45	40	45	54	183	44	42	41	52	180
General & Administrative	31	32	29	29	121	41	40	39	42	162	44	43	45	46	177
Amortization	12	12	12	12	48	12	12	12	12	48	12	12	12	12	48
Operating Income	1	18	41	84	144	56	42	54	65	217	60	48	59	71	238
Interest Expense	17	17	18	19	70	3	8	10	14	36	13	13	12	12	50
Other Expense (Income)	-4	0	0	-11	-16	0	0	0	0	0	0	0	0	0	0
Pretax Income	-12	1	24	76	89	53	33	44	51	181	47	36	47	59	188
Provision for taxes	-3	-2	7	21	23	13	9	11	12	46	11	9	11	14	45
Tax Rate	22%	-170%	29%	27%	26%	25%	27%	26%	24%	25%	24%	24%	24%	24%	24%
Net Income to Common	-9	3	17	56	66	40	24	32	38	135	35	27	36	45	143
Shares out. (mil)	55.8	56.0	56.1	56.7	56.2	56.7	56.8	56.4	55.5	56.4	55.2	55.4	55.6	55.8	55.5
EPS	(\$0.16)	\$0.05	\$0.30	\$0.98	\$1.18	\$0.70	\$0.43	\$0.57	\$0.69	\$2.39	\$0.64	\$0.49	\$0.64	\$0.80	\$2.57
EBITDA	\$37	\$53	\$77	\$120	\$287	\$91	\$76	\$90	\$107	\$364	\$99	\$87	\$98	\$110	\$393
EBITDA/Share	\$0.67	\$0.95	\$1.37	\$2.12	\$5.11	\$1.61	\$1.34	\$1.59	\$1.93	\$6.47	\$1.79	\$1.57	\$1.76	\$1.96	\$7.09

Growth Rates															
	2022				2022 Year	2023E				2023E Year	2024E				2024E Year
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
% change	-26.9%	-19.2%	-20.5%	-14.6%	-20.2%	10.5%	-0.8%	-1.0%	-6.3%	0.1%	2.7%	6.0%	3.7%	3.6%	4.0%
Volume	-3.7%	2.1%	-4.2%	-2.2%	-0.7%	-0.6%	-7.2%	-3.8%	-6.5%	-4.7%	-2.0%	1.0%	2.0%	2.0%	0.8%
Price	11.7%	17.7%	20.7%	24.6%	18.1%	16.7%	11.2%	3.2%	1.5%	7.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Mix/Other	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%	0.0%	0.0%
FX	-0.1%	-0.4%	-0.1%	-0.4%	-0.2%	-0.3%	-0.2%	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Acq/Div	0.0%	0.0%	-36.9%	-36.6%	-37.4%	0.0%	0.3%	4.3%	-1.3%	0.8%	4.7%	5.0%	1.7%	1.6%	3.2%
Sales						10.5%	-0.8%	-1.0%	-6.3%	0.1%	2.7%	6.0%	3.7%	3.6%	4.0%
Operating Income						6925.0%	134.3%	29.9%	-22.2%	50.9%	6.4%	15.9%	9.9%	8.7%	9.8%
Pretax Income						NMF	81.7%	-33.4%	102.2%	-12.0%	6.9%	7.0%	16.1%	4.0%	
Net Income						NMF	89.5%	-30.6%	104.1%	-10.7%	11.3%	9.9%	16.1%	5.9%	
EPS						NMF	88.5%	-29.2%	103.3%	-8.2%	14.1%	11.5%	15.6%	7.5%	
EBITDA						144.8%	43.7%	17.4%	-10.9%	27.0%	7.9%	14.1%	9.0%	2.4%	7.9%

Margin Analysis															
	2022				2022 Year	2023E				2023E Year	2024E				2024E Year
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Gross	13.6%	14.4%	15.3%	17.7%	15.4%	18.0%	16.6%	17.3%	18.5%	17.6%	18.2%	17.0%	17.5%	18.7%	17.9%
EBITDA	4.8%	6.6%	8.8%	12.0%	8.3%	10.7%	9.5%	10.4%	11.5%	10.5%	11.2%	10.2%	10.9%	11.3%	10.9%
Operating	0.1%	2.2%	4.7%	8.4%	4.2%	6.6%	5.2%	6.2%	7.0%	6.3%	6.8%	5.7%	6.6%	7.3%	6.6%
Pretax	-1.5%	0.1%	2.8%	7.6%	2.6%	6.2%	4.1%	5.1%	5.4%	5.2%	5.3%	4.2%	5.2%	6.1%	5.2%
Net	-1.2%	0.3%	2.0%	5.6%	1.9%	4.6%	3.0%	3.7%	4.1%	3.9%	4.0%	3.2%	4.0%	4.6%	4.0%

Source: Company reports and Stifel estimates

Company Update  
January 24, 2024

Vital Farms Income Statement (in millions of US dollars)															
	FY22				2022 Year End	FY23E				2023E Year End	FY24E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
<b>Net Sales</b>	<b>77.1</b>	<b>82.9</b>	<b>92.0</b>	<b>110.1</b>	<b>362.0</b>	<b>119.2</b>	<b>106.4</b>	<b>110.4</b>	<b>131.5</b>	<b>467.6</b>	<b>132.9</b>	<b>130.3</b>	<b>136.1</b>	<b>159.4</b>	<b>558.7</b>
COGS	54.4	57.9	62.5	76.8	251.6	76.5	68.6	73.8	90.1	309.0	85.7	84.1	90.5	108.4	368.6
<b>Gross Profit</b>	<b>22.7</b>	<b>24.9</b>	<b>29.5</b>	<b>33.3</b>	<b>110.4</b>	<b>42.7</b>	<b>37.8</b>	<b>36.7</b>	<b>41.4</b>	<b>158.6</b>	<b>47.2</b>	<b>46.3</b>	<b>45.6</b>	<b>51.0</b>	<b>190.0</b>
SG&A	24.4	24.2	27.3	29.9	105.9	31.8	29.8	31.4	37.7	130.7	36.8	36.6	37.9	44.8	156.1
<b>Operating Income</b>	<b>(1.7)</b>	<b>0.7</b>	<b>2.1</b>	<b>3.4</b>	<b>4.6</b>	<b>10.9</b>	<b>8.0</b>	<b>5.2</b>	<b>3.7</b>	<b>27.9</b>	<b>10.4</b>	<b>9.6</b>	<b>7.7</b>	<b>6.3</b>	<b>34.0</b>
Interest Expense	(0.1)	(0.2)	(0.3)	(0.3)	(0.9)	(0.2)	(0.3)	(0.5)	(0.6)	(1.6)	(0.7)	(0.8)	(0.9)	(1.0)	(3.5)
Other Expense	(0.0)	0.1	0.1	0.0	0.2	1.4	0.4	0.6	(0.0)	2.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Pretax Income	(1.6)	0.9	2.3	3.7	5.3	9.7	7.9	5.1	4.4	27.0	11.1	10.5	8.6	7.3	37.5
Provision for taxes	(2.4)	0.7	1.5	1.8	1.6	2.5	1.2	0.5	1.2	5.5	2.8	2.6	2.2	1.8	9.4
Tax Rate	151.7%	76.9%	63.8%	49.6%	30.1%	26.1%	15.5%	10.5%	28.0%	20.4%	25.0%	25.0%	25.0%	25.0%	25.0%
Minority Interest	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	0.0	0.0
<b>Net Income</b>	<b>0.8</b>	<b>0.2</b>	<b>0.8</b>	<b>1.9</b>	<b>3.7</b>	<b>7.1</b>	<b>6.7</b>	<b>4.5</b>	<b>3.2</b>	<b>21.5</b>	<b>8.4</b>	<b>7.9</b>	<b>6.5</b>	<b>5.5</b>	<b>28.1</b>
<b>EPS</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>\$0.02</b>	<b>\$0.04</b>	<b>\$0.09</b>	<b>\$0.16</b>	<b>\$0.15</b>	<b>\$0.10</b>	<b>\$0.07</b>	<b>\$0.50</b>	<b>\$0.19</b>	<b>\$0.18</b>	<b>\$0.15</b>	<b>\$0.13</b>	<b>\$0.65</b>
Shares out. - Diluted	40.5	40.7	42.9	43.4	40.6	43.4	43.3	43.1	43.2	43.3	43.3	43.4	43.5	43.6	43.5
EBITDA	0.5	3.7	5.2	6.9	16.2	13.9	11.3	9.3	8.4	42.9	15.2	13.6	12.0	11.1	52.0
EBITDA/Share	\$0.01	\$0.09	\$0.12	\$0.16	\$0.40	\$0.32	\$0.26	\$0.21	\$0.19	\$0.99	\$0.35	\$0.31	\$0.28	\$0.26	\$1.20
<b>Growth Rates</b>															
	FY22				2022 Year End	FY23E				2023E Year End	FY24E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Sales	31.6%	37.4%	42.4%	42.2%	38.8%	54.7%	28.4%	20.0%	19.5%	29.2%	11.5%	22.4%	23.2%	21.2%	19.5%
Gross Profit	6.4%	13.7%	48.7%	68.3%	33.2%	88.0%	51.6%	24.3%	24.4%	43.6%	10.6%	22.4%	24.3%	23.1%	19.8%
EBITDA	-89.2%	-28.4%	2248.2%	NMF	101.8%	2594.9%	210.5%	77.7%	22.7%	164.0%	10.0%	20.0%	30.0%	32.3%	21.3%
Operating Profit	NMF	-75.8%	NMF	NMF	4677.1%	NMF	996.7%	143.7%	8.4%	508.3%	-4.6%	20.0%	46.7%	67.5%	21.7%
Pretax Profit	NMF	-72.4%	NMF	NMF	1234.9%	NMF	795.0%	120.0%	19.2%	409.1%	15.2%	32.6%	70.3%	65.2%	38.8%
Net Income	-76.8%	-94.8%	NMF	NMF	53.0%	782.7%	3176.0%	443.0%	70.1%	480.0%	16.9%	17.8%	42.8%	72.1%	30.7%
EPS	-75.1%	-94.4%	NMF	NMF	63.7%	724.4%	2979.4%	439.8%	70.7%	444.4%	17.1%	17.4%	41.5%	70.5%	30.1%
Shares Outstanding	-6.8%	-6.2%	6.7%	8.4%	-6.5%	7.1%	6.4%	0.6%	-0.4%	6.5%	-0.1%	0.3%	0.9%	0.9%	0.5%
<b>Margin Analysis</b>															
	FY22				2022 Year End	FY23E				2023E Year End	FY24E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
Gross Margin	29.5%	30.1%	32.0%	30.3%	30.5%	35.8%	35.5%	33.2%	31.5%	33.9%	35.5%	35.5%	33.5%	32.0%	34.0%
Operating Margin	NMF	0.9%	2.3%	3.1%	1.3%	9.1%	7.6%	4.7%	2.8%	6.0%	7.8%	7.4%	5.6%	3.9%	6.1%
Pretax Margin	NMF	1.1%	2.5%	3.4%	1.5%	8.1%	7.4%	4.6%	3.3%	5.8%	8.4%	8.1%	6.3%	4.6%	6.7%
Net Margin	1.1%	0.2%	0.9%	1.7%	1.0%	6.0%	6.3%	4.1%	2.4%	4.6%	6.3%	6.0%	4.7%	3.4%	5.0%

Source: Company Reports and Stifel estimates

Company Update  
January 24, 2024

Westrock Coffee Company Income Statement (in millions of US dollars)																					
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End	2025E				2025E Year End	
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		
<b>Net Sales</b>	<b>186.4</b>	<b>223.4</b>	<b>230.3</b>	<b>227.7</b>	<b>867.9</b>	<b>205.4</b>	<b>224.7</b>	<b>219.6</b>	<b>215.6</b>	<b>865.3</b>	<b>191.6</b>	<b>214.2</b>	<b>242.4</b>	<b>259.0</b>	<b>907.3</b>	<b>234.5</b>	<b>259.5</b>	<b>319.6</b>	<b>337.2</b>	<b>1,150.8</b>	
COGS	149.1	183.1	188.6	190.7	711.6	172.4	190.0	183.4	178.9	724.7	158.1	176.7	198.7	212.4	746.0	192.3	212.8	262.0	276.5	943.7	
<b>Gross Profit</b>	<b>37.3</b>	<b>40.3</b>	<b>41.7</b>	<b>37.0</b>	<b>156.3</b>	<b>33.1</b>	<b>34.7</b>	<b>36.2</b>	<b>36.6</b>	<b>140.6</b>	<b>33.5</b>	<b>37.5</b>	<b>43.6</b>	<b>46.6</b>	<b>161.3</b>	<b>42.2</b>	<b>46.7</b>	<b>57.5</b>	<b>60.7</b>	<b>207.1</b>	
SG&A	32.9	33.1	29.3	26.3	121.6	29.7	29.6	30.5	29.0	118.8	26.5	28.3	38.8	38.2	131.8	34.8	37.1	43.0	37.6	152.5	
<b>Operating Income</b>	<b>4.4</b>	<b>7.2</b>	<b>12.4</b>	<b>10.7</b>	<b>34.7</b>	<b>3.4</b>	<b>5.1</b>	<b>5.8</b>	<b>7.6</b>	<b>21.9</b>	<b>7.1</b>	<b>9.2</b>	<b>4.8</b>	<b>8.4</b>	<b>29.5</b>	<b>7.5</b>	<b>9.6</b>	<b>14.5</b>	<b>23.1</b>	<b>54.7</b>	
Interest Expense	2.3	5.5	13.4	5.2	26.5	6.0	7.4	7.8	7.0	28.2	6.7	7.2	6.8	7.2	27.8	6.9	6.8	6.6	6.4	26.7	
Other Expense	(1.0)	(0.1)	0.3	(0.4)	(1.1)	0.8	(0.0)	0.5	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Pretax Income	3.0	1.8	(1.3)	5.8	9.3	(3.4)	(2.3)	(2.6)	0.7	(7.6)	0.4	2.1	(2.0)	1.2	1.7	0.6	2.9	7.9	16.7	28.0	
Provision for taxes	0.7	0.8	2.6	12.1	16.3	(3.1)	10.8	(8.7)	0.2	(0.8)	0.1	0.5	(0.5)	0.3	0.4	0.1	0.7	2.0	4.2	7.0	
Tax Rate	24.6%	43.3%	-199.4%	209.6%	174.6%	88.4%	-479.6%	340.4%	25.0%	10.2%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Minority Interest	0.2	(0.1)	(0.0)	(0.3)	(0.3)	0.0	0.0	0.0	(0.3)	(0.3)	0.0	0.0	0.0	(0.3)	(0.3)	0.0	0.0	0.0	(0.3)	(0.3)	
Common Equivalent Preferred Dividends	0.0	0.0	4.4	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	0.0	0.0	0.0	0.0	
<b>Net Income</b>	<b>2.1</b>	<b>1.1</b>	<b>(8.3)</b>	<b>(6.0)</b>	<b>(6.7)</b>	<b>(0.4)</b>	<b>(13.1)</b>	<b>6.1</b>	<b>0.8</b>	<b>(6.5)</b>	<b>0.2</b>	<b>1.6</b>	<b>(1.5)</b>	<b>1.2</b>	<b>1.6</b>	<b>0.4</b>	<b>2.1</b>	<b>5.9</b>	<b>12.8</b>	<b>21.3</b>	
<b>EPS</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>(\$0.08)</b>	<b>(\$0.06)</b>	<b>(\$0.07)</b>	<b>(\$0.00)</b>	<b>(\$0.13)</b>	<b>\$0.06</b>	<b>\$0.01</b>	<b>(\$0.06)</b>	<b>\$0.00</b>	<b>\$0.01</b>	<b>(\$0.01)</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.00</b>	<b>\$0.02</b>	<b>\$0.05</b>	<b>\$0.11</b>	<b>\$0.19</b>	
Shares out. - Diluted	97.3	97.3	97.4	100.2	98.0	102.0	100.4	107.1	112.0	105.4	112.0	112.0	112.1	112.1	112.0	112.1	112.1	112.2	112.2	112.2	
EBITDA	11.4	13.3	17.9	17.5	60.1	8.5	11.3	11.6	14.2	45.5	13.7	15.8	15.7	19.3	64.5	18.7	20.9	25.7	34.4	99.7	
EBITDA/Share	\$0.12	\$0.14	\$0.18	\$0.17	\$0.61	\$0.08	\$0.11	\$0.11	\$0.13	\$0.43	\$0.12	\$0.14	\$0.14	\$0.17	\$0.58	\$0.17	\$0.19	\$0.23	\$0.31	\$0.89	
<b>Growth Rates</b>		2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End	2025E				2025E Year End
Sales	20.0%	30.5%	27.0%	19.6%	24.3%	10.2%	0.6%	-4.6%	-5.3%	-0.3%	-6.7%	-4.7%	10.4%	20.2%	4.8%	22.4%	21.1%	31.8%	30.2%	26.8%	
Gross Profit	19.7%	17.3%	8.9%	-2.7%	10.2%	-11.3%	-13.9%	-13.1%	-1.0%	-10.0%	1.4%	8.0%	20.4%	27.2%	14.7%	25.9%	24.6%	31.8%	30.2%	28.4%	
EBITDA	37.1%	18.9%	32.9%	22.9%	27.3%	-25.8%	-14.9%	-35.3%	-18.7%	-24.2%	61.6%	39.9%	35.2%	36.0%	41.5%	36.9%	31.9%	64.1%	78.1%	54.6%	
Operating Profit	133.5%	42.6%	65.2%	48.6%	60.3%	-22.8%	-29.0%	-53.7%	-28.6%	-36.9%	107.6%	80.2%	-16.9%	10.3%	34.6%	5.6%	4.3%	203.0%	175.3%	85.6%	
Pretax Profit	NMF	38.7%	NMF	-26.8%	40.1%	NMF	NMF	NMF	-88.7%	NMF	NMF	NMF	87.4%	NMF	70.5%	38.2%	NMF	1254.9%	1576.3%		
Net Income	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	74.8%	38.2%	NMF	932.6%	1268.5%		
EPS	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	74.6%	38.1%	NMF	931.6%	1267.0%		
Shares Outstanding	0.0%	0.0%	0.2%	3.0%	0.8%	4.9%	3.2%	9.9%	11.7%	7.5%	9.8%	11.6%	4.7%	0.1%	6.3%	0.1%	0.1%	0.1%	0.1%	0.1%	
<b>Margin Analysis</b>		2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End	2025E				2025E Year End
Gross Margin	20.0%	18.0%	18.1%	16.3%	18.0%	16.1%	15.4%	16.5%	17.0%	16.3%	17.5%	17.5%	18.0%	18.0%	17.8%	18.0%	18.0%	18.0%	18.0%	18.0%	
EBITDA Margin	6.1%	5.9%	7.8%	7.7%	6.9%	4.1%	5.0%	5.3%	6.6%	5.3%	7.1%	7.4%	6.5%	7.4%	7.1%	8.0%	8.0%	8.1%	10.2%	8.7%	
Operating Margin	2.4%	3.2%	5.4%	4.7%	4.0%	1.7%	2.3%	2.6%	3.5%	2.5%	3.7%	4.3%	2.0%	3.2%	3.2%	3.7%	4.5%	6.9%	4.8%		
Pretax Margin	1.6%	0.8%	NMF	2.5%	1.1%	NMF	NMF	NMF	0.3%	NMF	0.2%	1.0%	NMF	0.5%	0.2%	0.3%	1.1%	2.5%	4.9%	2.4%	
Net Margin	1.1%	0.5%	NMF	NMF	NMF	NMF	NMF	2.8%	0.4%	NMF	0.1%	0.7%	NMF	0.5%	0.2%	0.2%	0.8%	1.8%	3.8%	1.9%	

Source: Company Reports and Stifel estimates

Westrock Coffee Company Segment Analysis (in millions of US dollars)															
	2022				2022 Year End	2023E				2023E Year End	2024E				2024E Year End
	1Q	2Q	3Q	4Q		1QA	2QA	3QA	4Q		1Q	2Q	3Q	4Q	
<b>Sales by Segment</b>															
Beverage Solutions	148.4	170.9	173.5	192.6	685.3	181.2	189.7	176.8	189.2	737.0	166.6	178.2	198.3	231.9	775.1
Sustainable Sourcing & Traceability	38.1	52.5	56.8	35.1	182.6	24.2	35.0	42.8	26.3	128.4	25.0	36.0	44.1	27.1	132.2
Total	186.4	223.4	230.3	227.7	867.9	205.4	224.7	219.6	215.6	865.3	191.6	214.2	242.4	259.0	907.3
<b>Sales - Growth Rate</b>															
Beverage Solutions	16.6%	27.1%	25.0%	28.0%	24.4%	22.1%	11.0%	1.9%	-1.7%	7.5%	-8.0%	-6.1%	12.1%	22.5%	5.2%
Sustainable Sourcing & Traceability	35.6%	43.0%	33.9%	-11.9%	24.1%	-36.3%	-33.4%	-24.7%	-25.0%	-29.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Total	20.0%	30.5%	27.0%	19.6%	24.3%	10.2%	0.6%	-4.6%	-5.3%	-0.3%	-6.7%	-4.7%	10.4%	20.2%	4.8%
<b>EBITDA by Segment</b>															
Beverage Solutions	10.4	12.5	15.9	15.2	54.0	8.4	11.7	9.9	12.1	42.1	12.2	14.3	13.9	17.1	57.5
Sustainable Sourcing & Traceability	1.0	0.8	2.0	2.3	6.1	0.0	(0.4)	1.7	2.1	3.4	1.5	1.5	1.8	2.2	6.9
Total	11.4	13.3	17.9	17.5	60.1	8.5	11.3	11.6	14.2	45.5	13.7	15.8	15.7	19.3	64.5
<b>EBITDA - Growth Rate</b>															
Beverage Solutions	28.1%	20.7%	38.6%	31.5%	30.1%	-19.2%	-6.5%	-37.8%	-20.0%	-22.0%	44.4%	22.9%	40.5%	41.2%	36.6%
Sustainable Sourcing & Traceability	450.3%	-3.6%	0.5%	-14.3%	6.9%	-96.7%	NMF	-15.6%	-10.0%	-43.6%	4587.5%	NMF	5.0%	5.0%	101.8%
Total	37.1%	18.9%	32.9%	22.9%	27.3%	-25.8%	-14.9%	-35.3%	-18.7%	-24.2%	61.6%	39.9%	35.2%	36.0%	41.5%
<b>EBITDA Margin by Segment</b>															
Beverage Solutions	7.0%	7.3%	9.2%	7.9%	7.9%	4.6%	6.1%	5.6%	6.4%	5.7%	7.3%	8.0%	7.0%	7.4%	7.4%
Sustainable Sourcing & Traceability	2.6%	1.6%	3.6%	6.5%	3.3%	0.1%	NMF	4.0%	7.8%	2.7%	6.0%	4.2%	4.1%	7.9%	5.3%
Total	6.1%	5.9%	7.8%	7.7%	6.9%	4.1%	5.0%	5.3%	6.6%	5.3%	7.1%	7.4%	6.5%	7.4%	7.1%

Source: Company Reports and Stifel Estimates

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