

The Campbell's Company (NASDAQ: CPB)

Consumer Defensive – Packaged Foods

Comfort Food, Uncomfortable Returns

February 14, 2025

Founded in 1869 and headquartered in Camden, New Jersey, The Campbell's Company (Campbell's) is one of the largest manufacturers and marketers of processed food in the United States, and hosts a wide variety of brands, including Chunky, Rao's Homemade, Goldfish, and Pepperidge Farms.

Industry Overview

Campbell's belongs to the highly competitive food and beverage industry, one of the largest and most dynamic sectors of the global economy. The industry encompasses a broad range of businesses, ranging from those that participate in the production and processing of the goods, to those who distribute and sell them to consumers. As of 2024, the global food and beverage industry was valued at approximately \$6.2 trillion, and is expected to grow at a CAGR of nearly 4.5%. Key players in the North American market include The Kraft Heinz Company, The J.M. Smucker Company, and General Mills, Inc.

Thesis

Campbell's has long stood as one of North America's most recognizable brands, and has grown to include a plethora of portfolio companies that provide a wide swath of foods to consumers of all income levels. However, in recent years, the company has struggled to differentiate itself from competitors and appeal to younger consumers, leaving many to wonder for how long Campbell's can preserve its position.

Valuation

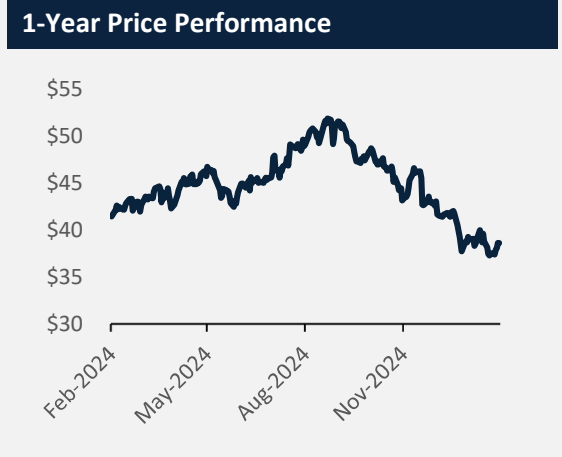
Our target share price of \$30.91, is derived from a perpetuity growth method and an EV/EBITDA exit multiple from our DCF, as well as an EV/EBITDA and P/E multiple from our comparable companies analysis. All methods were weighed equally. Therefore, we initiate a **SELL** rating on Campbell's with an implied downside of -19.9%.

Analyst: Alex Hong, BCom. '27
contact@westpeakresearch.com

Equity Research	US
Price Target	US\$ 30.91
Rating	Sell
Share Price (Feb. 14 Close)	US\$ 38.60
Total Return	-19.9%

Key Statistics	
52 Week H/L	\$50.63/\$37.94
Market Capitalization	\$11.5B
Average Daily Trading Volume	2.9M
Net Debt	\$8.3B
Enterprise Value	\$18.6B
Net Debt/EBITDA	4.4x
Diluted Shares Outstanding	298M
Free Float	64.3%
Dividend Yield	4.0%

Analyst Forecast			
	2025E	2026E	2027E
Revenue	\$10.2B	\$10.3B	\$10.3B
EBITDA	\$1.9B	\$2.0B	\$1.9B
Net Income	\$782M	\$755M	\$696M
EPS	\$2.62	\$2.53	\$2.34
P/E	21.0x	17.8x	16.5x
EV/EBITDA	10.2x	12.1x	9.3x



Company Overview

Founded in 1869 and headquartered in Camden, New Jersey, The Campbell's Company is one of the largest manufacturers and marketers of processed food in the United States. In 1954, the company went public on the New York Stock Exchange, after which it made multiple acquisitions, including Swanson in 1955, Pepperidge Farm in 1961, and Mrs. Paul's Seafood in 1982, greatly diversifying its portfolio. Throughout its history, Campbell's has proclaimed that its mission is to "connect people through food they love," which may explain their focus on products that evoke a sense of nostalgia in customers. However, this reputation has seemingly weighed them down during periods of economic growth, as many of their products are simultaneously seen as inferior goods.

Revenue Segments

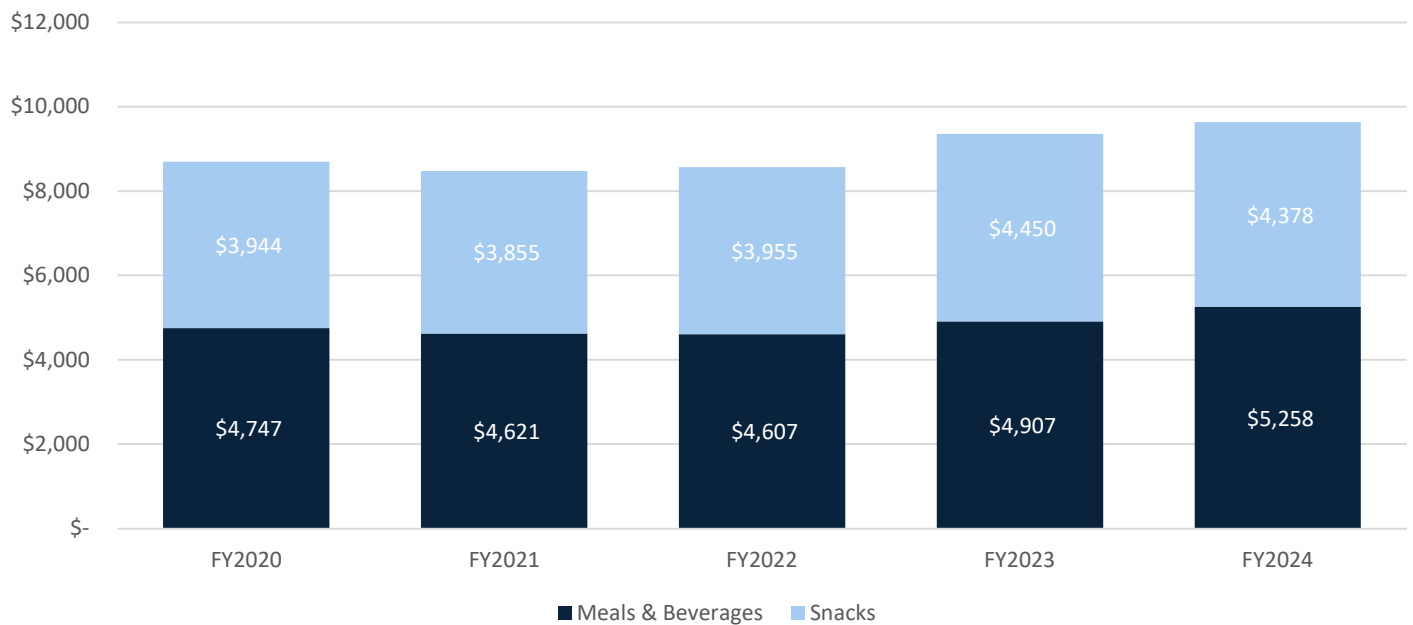
Campbell's operates through two business segments: Meals & Beverages, and Snacks.

The Meals & Beverages segment consists of the company's iconic soups, as well as broths, sauces, and other shelf-stables beverages under brands such as Chunky, Rao's Homemade, Prego, and V8. While the segment accounts for approximately 54.6% of the company's overall revenue, its share has been decreasing in recent years.

Meanwhile, the Snacks segment is home to brands like Pepperidge Farm, Snyder's of Hanover, and Kettle Brand, with products including cookies, crackers, pretzels, and chips. While this segment only accounts for the remaining 45.4% of the company's overall revenue, Campbell's is looking to shift its efforts to primarily growing their Snack companies.

Revenue by Segment (US\$ M)

FY2020 - FY2024



Company Strategy

In recent years, amid fluctuating sales and declining brand notoriety, Campbell's has decided to lean on its diverse portfolio as part of its strategic priorities, with its recent acquisition of Sovos Brands in 2024 bringing incremental growth to its Meals & Beverages segment. Another strategic priority includes delivering a more modernized manufacturing and distribution network, as the company looks to become less vulnerable to supply chain disruptions (akin to those witnessed during the pandemic) and cut significant costs.

Industry Analysis

Campbell's belongs to the highly competitive food and beverage industry, one of the largest and most dynamic sectors of the global economy. The industry encompasses a broad range of businesses, ranging from those that participate in the production and processing of the goods, to those who distribute and sell them to consumers. As of 2024, the global food and beverage industry was valued at approximately \$6.2 trillion, and is expected to grow at a CAGR of 4.5%. Key players in the North American market (where Campbell's primarily operates) include The Coca-Cola Company, Kraft Heinz Company, General Mills Inc., and Unilever.

Industry Trends

In recent years, however, the industry has faced several challenges, most notably supply chain issues, commodity cost volatility, and general economic uncertainties. In order to shield themselves from any future occurrences of these issues, Campbell's has made it one of their top priorities to modernizing their manufacturing and distribution network, purchasing nearly \$517 million of plant assets this past fiscal year. On the consumer side, market trends seem to reflect a growing demand for both convenience and innovation, as more and more people are looking for healthier options that work well with a busy lifestyle. Campbell's believes that they are positioning themselves well for this sort of market, increasing investments in their snack segment (e.g., Goldfish), and championing their "healthy-for-you" brands in recent marketing campaigns (e.g., V8). Another market trend that Campbell's seems to be particularly susceptible to is the shift towards online grocery shopping, which picked up steam during the COVID-19 pandemic. For now, the company is relying on its biggest customer, Walmart, and its online platform to keep up with competitors who sell their products on sites like Amazon. Overall, Campbell's believes that even in an industry known for fluctuating consumer preferences and uncertain market conditions, they have a wide-enough moat - attributed to the sheer number of brands they own and their notoriety - to be able to maintain their legacy position.

Investment Theses

Investment Thesis 1 – Declining Innovation and Brand Recognition

Campbell's declining innovation and brand recognition pose significant risks to its growth prospects. Over the past several years, the company's revenue growth has been relatively stagnant, with FY 2024 net sales increasing by just 1% year-over-year, compared to a more robust 4% average growth in the broader North American food and beverage sector. The company's flagship brands, such as Campbell's Soups, which currently generate nearly 30% of total sales, have faced

declining consumer demand due to shifting preferences for healthier, fresher, and more diverse food options. In FY 2024, the brand's sales fell by 13%, highlighting their struggle to keep up with newer consumer trends. Meanwhile, Campbell's competitors, such as Conagra and General Mills, have seen stronger growth in their innovation-driven segments, such as plant-based and organic products. Despite efforts to expand into these areas with acquisitions like Snyder's-Lance and the Bolthouse Farms brands, Campbell's innovation pipeline has been slow to catch up with the evolving market. If the company fails to revitalize its product offerings or improve brand perception, particularly with younger consumers who increasingly prioritize health and sustainability, and aren't as already familiar with their brand, Campbell's could see further erosion in its market share. This lack of innovation and brand relevance could also limit the company's ability to maintain pricing power and margin expansion amid a price-sensitive economy, potentially damaging its long-term financial performance.

Investment Thesis 2 – Disappointing Acquisitions

Campbell's acquisition strategy has thus far yielded disappointing results, presenting a key challenge to its growth outlook. Despite investing heavily in acquisitions like Snyder's-Lance and Bolthouse Farms in 2018 and 2012 respectively, the company has struggled to extract meaningful value from these deals. Snyder's-Lance, for example, despite its \$4.9 billion acquisition, has not delivered the expected growth in the snack category, with Campbell's recent FY 2024 results showing only modest improvements in its snacks division. Similarly, Bolthouse Farms, a brand expected to capitalize on the growing demand for healthier, fresh foods, has faced difficulties innovating and growing its business, with sales stagnating and margins under pressure. These underperforming acquisitions have raised questions about Campbell's ability to successfully integrate and maximize the value of its acquisitions, particularly in a highly competitive and rapidly evolving food industry. If Campbell's cannot improve its acquisition strategy and better capitalize on synergies, it risks continuing to overpay for assets without delivering sustainable long-term growth, potentially limiting investor confidence and its overall financial performance.

Valuation

Discounted Cash Flow Analysis

Revenue Forecasts

We forecast that both segments will slow down to a 1.5% growth rate, given the decline of the company's Meals & Beverages segment, along with the drawn-out growth of its Snacks segment.

Costs of Goods Sold (COGS)

We forecast the Cost of Goods Sold to be worth 65.0% of the revenue, which is an estimate derived from historical data.

Sales, General, and Administrative Expenses (SG&A)

We forecast the SG&A to be worth 16.0% of the revenue, which is an estimate derived from historical data.

Capital Expenditures (CAPEX)

We forecast that capital expenditures will be around 16.0%, which is an estimate derived from historical data.

Weighted Average Cost of Capital (WACC)

We calculated the weighted average cost of capital to be 5.8% for Campbell's through taking the weighted average cost of debt and equity. The cost of debt was calculated by using a pre-tax cost of debt of 4.5% and reducing it by the company's effective tax rate of 24.6%. This resulted in a cost of debt of 5.0%. To calculate the cost of equity, we used the market's expected rate of return of 9.7% and the company's adjusted beta of 0.33. The resulting cost of equity was 6.3%. The 5.0% cost of debt and 6.3% cost of equity was used to derive a weighted average cost of capital of 5.8%.

Perpetuity Growth Rate

We assumed a perpetuity growth rate of 1.5% as we believe this accurately reflects Campbell's slow, but continuing growth and expansion, and of their position as one of the largest and most reputable companies in the processed foods industry.

Terminal EV / EBITDA Multiple

A terminal EV/EBITDA multiple of 10.2x was calculated by taking the median from our comparable companies analysis.

Comparable Companies Analysis Set

For our comparable companies analysis, we selected other publicly traded companies with similar business models that also operate within the packaged foods industry. We chose to use the median as opposed to the mean in order to protect against extreme outliers. Our set returned an EV/EBITDA implied price of \$37.80, and a P/E implied price of \$38.79.

Kellanova (NYSE: K)

Kellanova, together with its subsidiaries, manufactures and markets snacks and convenience foods in North America, Europe, Latin America, the Asia Pacific, the Middle East, Australia, and Africa. Its principal products include crackers, crisps, savory snacks, toaster pastries, cereal bars, granola bars and bites, ready-to-eat cereals, frozen waffles, veggie foods, and noodles. It sells its products to retailers through direct sales forces, as well as brokers and distributors. The company was formerly known as Kellogg Company and changed its name to Kellanova in October 2023. Kellanova was founded in 1906 and is headquartered in Chicago, Illinois.

McCormick & Company, Inc. (NYSE: MKC)

McCormick & Company, Incorporated manufactures, markets, and distributes spices, seasoning mixes, condiments, and other flavorful products to the food industry. It operates in two segments, Consumer and Flavor Solutions. The Consumer segment offers spices, herbs, and seasonings, as well as condiments and sauces, and desserts. The Flavor Solutions segment offers seasoning blends, spices and herbs, condiments, coating systems, and compound flavors to multinational food manufacturers and foodservice customers. It serves foodservice customers directly and indirectly through distributors. The company was founded in 1889 and is headquartered in Hunt Valley, Maryland.

The Kraft Heinz Company (NASDAQ: KHC)

The Kraft Heinz Company, together with its subsidiaries, manufactures and markets food and beverage products in North America and internationally. Its products include condiments and sauces, cheese and dairy products, meals, meats, refreshment beverages, coffee, and other grocery products. It sells its products through its own sales organizations, as well as through independent brokers, wholesale, cooperative, independent grocery accounts, and online through various e-commerce platforms and retailers. The company was formerly known as H.J. Heinz Holding Corporation and changed its name to The Kraft Heinz Company in July 2015. The Kraft Heinz Company was founded in 1869 and is based in Pittsburgh, Pennsylvania.

Mondelez International, Inc. (NASDAQ: MDLZ)

Mondelez International, Inc., through its subsidiaries, manufactures, markets, and sells snack food and beverage products in the Latin America, North America, Asia, the Middle East, Africa, and Europe. It provides biscuits and baked snacks, including cookies, crackers, salted snacks, snack bars, and cakes and pastries; chocolates; and gums and candies, as well as various cheese and grocery, and powdered beverage products. Mondelez International, Inc. was formerly known as Kraft Foods Inc. and changed its name to Mondelez International, Inc. in October 2012. The company was incorporated in 2000 and is headquartered in Chicago, Illinois.

Catalysts

Increased Strain on Supply Chains

Campbell's continues to face significant risks to its supply chain, which in turn, could disrupt manufacturing and sales. These risks include factors like extreme weather, climate change, natural disasters, geopolitical conflicts, labor shortages, and cybersecurity breaches. The volatility of commodity prices and disruptions in the agricultural sector, such as droughts or crop diseases, could also negatively impact production. For instance, Sovos Brands' Rao's Sauce products (which Campbell's recently acquired) rely on a single facility in Italy and the U.S. for production, creating vulnerability to potential issues with suppliers or contract manufacturers. Such disruptions could be costly, time-consuming, and harmful to the company's financial performance.

Sweeping Regulatory Changes

Recently, Robert F. Kennedy Jr. became the Secretary of Health and Human Services (HHS), leaving Campbell's open to several regulatory risks, including product labeling, and health and safety regulations. As an example, Kennedy has been an outspoken critic of certain chemicals in food products, advocating for stricter oversight and transparency. If his policies were to prioritize stronger regulations on food additives or preservatives, Campbell's could face increased costs or operational challenges to meet these new standards. Another regulatory risk could involve changes in labeling requirements, such as a more stringent disclosure of ingredients, sourcing practices, or health claims on product packaging.

Risks

Economic Downturns

If inflation were to rise even higher under the second Trump administration (be it through tariffs or inflationary spending), it could serve as a catalyst for Campbell's to adjust its pricing strategy and improve its profitability. With inflation driving up the cost of raw materials, labor, and transportation, Campbell's could pass these increased costs onto consumers through higher prices, potentially boosting revenue per unit. Additionally, the company's strong portfolio brands may enable it to maintain consumer loyalty even amid higher prices, minimizing the impact of demand elasticity (e.g., Campbell's Soup has always been well-known as a cheap alternative). On the other hand, if inflation persists and erodes consumer purchasing power, Campbell's could see a shift toward more value-oriented products, which may result in changes to its product mix or promotional strategies.

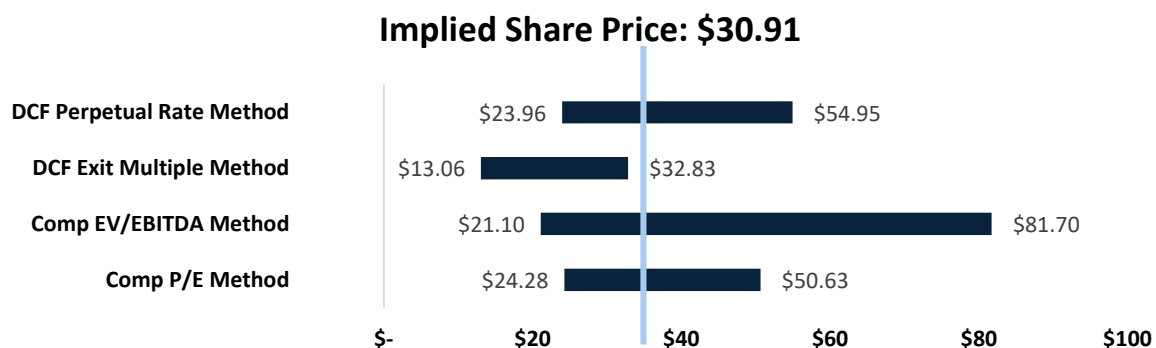
Improved Performance of Acquisitions

If Campbell's recent acquisitions perform better than expected (e.g., Sovos Brands), it could serve as a significant catalyst for the company's growth. Stronger-than-anticipated integration and performance of acquired brands could lead to increased revenue and market share, particularly in key areas such as premium products and healthier food offerings. This would not only enhance Campbell's competitive position in the evolving consumer packaged goods sector but also improve profitability through operational synergies and cost efficiencies. Additionally, a successful acquisition strategy could boost investor confidence, driving positive sentiment in the stock and potentially leading to an upward revision of earnings estimates. Given Campbell's focus on expanding its portfolio through strategic acquisitions, particularly in high-growth segments like organic and natural foods, stronger-than-expected results would provide a compelling narrative for future growth, unlocking significant upside potential for the company.

Recommendation

SELL

We currently recommend a **SELL** on Campbell's, with a target price of \$30.91, and a total return of -19.9%.



Appendix 1: Income Statement

Operating Model										
<i>(USD in millions, except per share)</i>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Income Statement										
Revenue	8,691	8,476	8,562	9,357	9,636	10,219	10,346	10,257	10,186	10,133
Cost Of Goods Sold	5,355	5,345	5,593	6,042	6,235	6,642	6,725	6,667	6,621	6,587
Gross Profit	3,336	3,131	2,969	3,315	3,401	3,577	3,621	3,590	3,565	3,547
SG&A Expense	1,611	1,470	1,417	1,511	1,548	1,635	1,655	1,641	1,630	1,621
Depreciation & Amortization	328	317	337	380	384	409	414	410	407	405
Other Operating Expense/(Income)	108	(265)	21	7	70	-	-	-	-	-
Operating Income	1,289	1,609	1,194	1,417	1,399	1,533	1,552	1,539	1,528	1,520
Interest Expense	(341)	(209)	(188)	(184)	(243)	(332)	(412)	(500)	(500)	(500)
Restructuring Charges	(69)	(53)	(31)	(71)	(235)	(185)	(160)	(135)	(135)	(135)
Gain (Loss) On Sale Of Assets	(113)	(11)	-	(13)	-	-	-	-	-	-
Asset Writedown	-	-	-	(7)	(156)	-	-	-	-	-
Settlements	-	-	-	(14)	(8)	-	-	-	-	-
EBT	766	1,336	975	1,128	757	1,016	980	904	893	885
Tax Expense	174	328	218	270	190	234	225	208	205	204
Earnings from Continued Operations	592	1,008	757	858	567	782	755	696	688	681
Earnings from Discontinued Operations	1,036	(6)	-	-	-	-	-	-	-	-
Net Income	1,628	1,002	757	858	567	782	755	696	688	681
EBITDA	1,617	1,926	1,531	1,797	1,783	1,942	1,966	1,949	1,935	1,925
EBIT	1,289	1,609	1,194	1,417	1,399	1,533	1,552	1,539	1,528	1,520
Effective Tax Rate %	22.7%	24.6%	22.4%	23.9%	25.1%	23.0%	23.0%	23.0%	23.0%	23.0%

Appendix 2: Balance Sheet

Operating Model										
<i>(USD in millions, except per share)</i>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance Sheet										
ASSETS										
Cash And Equivalents	859	69	109	189	108	501	508	197	73	(52)
Accounts Receivable	575	595	541	529	630	715	724	718	713	709
Inventories	871	933	1,246	1,291	1,386	1,328	1,345	1,333	1,324	1,317
Other Current Assets	80	98	67	52	66	80	80	80	80	80
Total Current Assets	2,385	1,695	1,963	2,061	2,190	2,624	2,657	2,328	2,191	2,055
Net Property, Plant and Equipment	2,622	2,605	2,582	2,673	3,031	3,200	3,484	3,601	3,729	3,857
Goodwill	3,986	3,981	3,979	3,965	5,077	5,000	4,000	3,500	3,500	3,500
Other Intangibles	3,350	3,239	3,198	3,142	4,716	5,000	4,000	3,500	3,500	3,500
Other Long-Term Assets	29	214	170	217	221	200	200	200	200	200
Total Assets	12,372	11,734	11,892	12,058	15,235	16,024	14,341	13,129	13,119	13,112
LIABILITIES										
Accounts Payable	1,049	1,070	1,334	1,306	1,311	1,395	1,412	1,400	1,390	1,383
Accrued Expenses	603	513	518	510	590	500	500	500	500	500
Short-Term Borrowings	278	37	235	178	250	1,200	800	400	400	400
Other Current Liabilities	130	124	154	125	155	130	130	130	130	130
Total Current Liabilities	2,060	1,744	2,241	2,119	2,306	3,225	2,842	2,430	2,420	2,413
Long-Term Debt	5,911	5,010	4,546	4,483	6,863	6,500	5,500	5,000	5,000	5,000
Long-Term Leases	258	245	269	306	429	400	400	400	400	400
Pension & Other Post-Retire. Benefits	462	341	260	230	221	250	250	250	250	250
Deferred Tax Liability	938	1,056	1,077	1,087	1,433	1,450	1,250	1,050	1,050	1,050
Other Non-Current Liabilities	174	184	166	170	187	400	300	200	200	200
Total Liabilities	9,803	8,580	8,559	8,395	11,439	12,225	10,542	9,330	9,320	9,313
EQUITY										
Common Stock	12	12	12	12	12	12	12	12	12	12
Additional Paid In Capital	394	414	415	420	437	400	400	400	400	400
Retained Earnings	3,190	3,742	4,040	4,451	4,569	4,600	4,600	4,600	4,600	4,600
Treasury Stock	(1,023)	(1,021)	(1,138)	(1,219)	(1,207)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Comprehensive Income and Other	(10)	5	2	(3)	(17)	(15)	(15)	(15)	(15)	(15)
Total Common Equity	2,563	3,152	3,331	3,661	3,794	3,797	3,797	3,797	3,797	3,797
Minority Interest	6	2	2	2	2	2	2	2	2	2
Total Equity	2,569	3,154	3,333	3,663	3,796	3,799	3,799	3,799	3,799	3,799
Total Liabilities And Equity	12,372	11,734	11,892	12,058	15,235	16,024	14,341	13,129	13,119	13,112

Appendix 3: Cash Flow Statement

Operating Model										
<i>(USD in millions, except per share)</i>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Cash Flow Statement										
Net Income	1,628	1,002	757	858	567	782	755	696	688	681
Depreciation & Amortization	328	317	337	380	384	409	414	410	407	405
(Gain) Loss From Sale Of Assets	(926)	11	-	13	-	-	-	-	-	-
Asset Writedown & Restructuring Costs	9	21	5	23	194	185	160	135	135	135
Stock-Based Compensation	61	64	59	63	99	79	80	80	80	80
Other Operating Activities	204	(91)	64	22	70	100	100	100	100	100
Cash Flow Before Working Capital	1,304	1,324	1,222	1,359	1,314	1,555	1,508	1,421	1,410	1,402
Accounts Receivable	(30)	(20)	48	(1)	(16)	(398)	(57)	(6)	(5)	(4)
Inventories	(20)	(77)	(314)	(64)	11	(58)	17	(12)	(9)	(7)
Accounts Payable	145	(164)	200	(164)	(128)	84	17	(12)	(10)	(7)
Other Net Operating Assets	(3)	(28)	25	13	4	(20)	(20)	(20)	(20)	(20)
Net CFO	1,396	1,035	1,181	1,143	1,185	1,163	1,465	1,371	1,366	1,364
Capital Expenditure	(299)	(275)	(242)	(370)	(517)	(480)	(546)	(552)	(578)	(595)
Acquisitions	(11)	(2)	(1)	(13)	(2,646)	-	-	-	-	-
Divestitures	82	111	2	42	34	-	-	-	-	-
Other Investing Activities	2,500	8	11	1	1	-	-	-	-	-
Net CFI	2,272	(158)	(230)	(340)	(3,128)	(480)	(546)	(552)	(578)	(595)
Total Debt Issued	6,617	320	1,173	4,177	8,118	6,612	4,400	4,400	4,400	4,400
Total Debt Repaid	(9,177)	(1,501)	(1,450)	(4,315)	(5,676)	(6,225)	(4,672)	(4,890)	(4,672)	(4,655)
Issuance of Common Stock	23	2	3	22	2	-	-	-	-	-
Repurchase of Common Stock	(12)	(51)	(185)	(161)	(113)	(231)	(200)	(200)	(200)	(200)
Common Dividends Paid	(426)	(439)	(451)	(447)	(445)	(446)	(440)	(440)	(440)	(440)
Other Financing Activities	(12)	-	-	1	(23)	-	-	-	-	-
Net CFF	(2,987)	(1,669)	(910)	(723)	1,863	(290)	(912)	(1,130)	(912)	(895)
FX Effect	(1)	2	(1)	-	(1)	-	-	-	-	-
Net Change in Cash	680	(790)	40	80	(81)	393	7	(311)	(123)	(125)
Beginning Cash Balance	179	859	69	109	189	108	501	508	197	73
Ending Cash Balance	859	69	109	189	108	501	508	197	73	(52)

Appendix 4: Schedules

Schedules										
<i>(USD in millions, except per share)</i>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Segmented Breakdown										
Meals & Beverages	4,747	4,621	4,607	4,907	5,258	5,955	6,252	6,409	6,569	6,733
Snacks	3,944	3,855	3,955	4,450	4,378	4,265	4,094	3,848	3,618	3,401
Total Revenue	8,691	8,476	8,562	9,357	9,636	10,219	10,346	10,257	10,186	10,133
Revenue Growth										
Meals & Beverages %	-	-2.7%	-0.3%	6.5%	7.2%	12.9%	5.0%	2.5%	2.5%	2.5%
Snacks %	-	-2.3%	2.6%	12.5%	-1.6%	-2.6%	-4.0%	-6.0%	-6.0%	-6.0%
Total Revenue Growth %	-	-2.5%	1.0%	9.3%	3.0%	6.1%	1.2%	-0.9%	-0.7%	-0.5%
Margin Analysis										
COGS Margin %	61.6%	63.1%	65.3%	64.6%	64.7%	65.0%	65.0%	65.0%	65.0%	65.0%
Gross Margin %	38.4%	36.9%	34.7%	35.4%	35.3%	35.0%	35.0%	35.0%	35.0%	35.0%
SG&A Margin %	18.5%	17.3%	16.5%	16.1%	16.1%	16.0%	16.0%	16.0%	16.0%	16.0%
EBIT Margin %	27.2%	34.8%	25.9%	28.9%	26.6%	26.0%	26.0%	26.0%	26.0%	26.0%
D&A Margin %	3.8%	3.7%	3.9%	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
EBITDA Margin %	18.6%	22.7%	17.9%	19.2%	18.5%	19.0%	19.0%	19.0%	19.0%	19.0%
Effective Tax Rate %	22.7%	24.6%	22.4%	23.9%	25.1%	23.0%	23.0%	23.0%	23.0%	23.0%
PP&E Schedule										
PP&E Beginning	-	2,622	2,605	2,673	3,031	3,108	3,358	3,484	3,601	3,729
Capital Expenditures	299	275	242	370	517	480	546	552	578	595
Acquisitions	11	2	1	13	2,646	-	-	-	-	-
Divestitures	(82)	(111)	(2)	(42)	(34)	-	-	-	-	-
Depreciation	(328)	(317)	(337)	(380)	(384)	(388)	(420)	(436)	(450)	(466)
Other Adjustments	-	134	73	39	(2,745)	-	-	-	-	-
PP&E Ending	2,622	2,605	2,582	2,673	3,031	3,200	3,484	3,601	3,729	3,857
Capital Expenditures %	-	10.5%	9.3%	13.8%	17.1%	15.4%	16.3%	15.9%	16.1%	16.0%
Estimated PP&E Useful Life Years	-	8	8	7	8	8	8	8	8	8
Working Capital Forecasting										
Accounts Receivable %	6.6%	7.0%	6.3%	5.7%	6.5%	7.0%	7.0%	7.0%	7.0%	7.0%
Inventories %	10.0%	11.0%	14.6%	13.8%	14.4%	13.0%	13.0%	13.0%	13.0%	13.0%
Accounts Payable %	19.6%	20.0%	23.9%	21.6%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%

Appendix 5: Discounted Cash Flow

Discounted Cash Flow		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<i>(USD in millions, except per share)</i>											
WACC Calculations											
Cost of Equity											
Risk-Free Rate	4.6%										
Expected Market Return	9.7%										
Market Risk Premium	5.2%										
Beta	0.33										
Cost of Equity	6.3%										
Cost of Debt											
Pre-Tax Cost of Debt	4.5%										
Debt Adjustment Factor	1.48										
Effective Tax Rate	24.6%										
Cost of Debt	5.0%										
WACC											
Market Value of Equity	14,027										
Market Value of Debt	8,277										
Total Capitalization	22,304										
Cost of Equity	6.3%										
Cost of Debt	5.0%										
WACC	5.8%										
Free Cash Flow											
EBIT		1,289	1,609	1,194	1,417	1,399	1,533	1,552	1,539	1,528	1,520
Less: Tax Expense		(174)	(328)	(218)	(270)	(190)	(234)	(225)	(208)	(205)	(204)
Add: Depreciation & Amortization		328	317	337	380	384	409	414	410	407	405
Less: Capital Expenditures		(299)	(275)	(242)	(370)	(517)	(480)	(546)	(552)	(578)	(595)
Less: Change in NWC		325	(49)	(278)	(58)	(116)	(601)	(185)	(102)	(230)	(358)
Unlevered Free Cash Flow		1,469	1,274	793	1,099	960	627	1,010	1,087	922	769
Discount Factor		-	-	-	-	-	0.75	1.75	2.75	3.75	4.75
PV of Unlevered Free Cash Flow		-	-	-	-	-	601	915	931	746	588

Discounted Cash Flow Valuations											
Perpetuity Growth Method		Exit Multiple Method									
Perpetuity Growth Rate	1.50%	Terminal EV/EBITDA Multiple	7.2 x	Perpetuity Growth Rate	0.50%	WACC					
PV of Unlevered Free Cash Flow	2,247	PV of Unlevered Free Cash Flow	2,247			1.00%	6.80%	6.30%	5.80%	5.30%	4.80%
Terminal Value	13,865	Terminal Value	10,606			1.50%	\$ 15.31	\$ 19.21	\$ 23.96	\$ 29.83	\$ 37.28
Enterprise Value	16,112	Enterprise Value	12,853			2.00%	\$ 18.58	\$ 23.24	\$ 29.00	\$ 36.32	\$ 45.88
Add: Cash	808	Add: Cash	808			2.50%	\$ 22.54	\$ 28.20	\$ 35.38	\$ 44.77	\$ 57.56
Less: Debt	8,277	Less: Debt	8,277		\$ 27.41	\$ 34.46	\$ 43.69	\$ 56.24	\$ 74.30		
Less: Other EV Adjustments	-	Less: Other EV Adjustments	-		\$ 33.56	\$ 42.62	\$ 54.95	\$ 72.69	\$ 100.33		
Equity Value	8,643	Equity Value	5,384			WACC					
Shares Outstanding	298	Shares Outstanding	298	Terminal EV/EBITDA Multiple	5.2 x	6.80%	6.30%	5.80%	5.30%	4.80%	
Implied Share Price	\$ 29.00	Implied Share Price	\$ 18.07			6.2 x	\$ 11.72	\$ 12.38	\$ 13.06	\$ 13.76	\$ 14.47
						7.2 x	\$ 16.45	\$ 17.21	\$ 18.00	\$ 18.81	\$ 19.64
						8.2 x	\$ 21.18	\$ 22.05	\$ 22.94	\$ 23.86	\$ 24.81
						9.2 x	\$ 25.90	\$ 26.88	\$ 27.89	\$ 28.92	\$ 29.98
Current Price	\$ 38.60	Current Price	\$ 38.60		\$ 30.63	\$ 31.71	\$ 32.83	\$ 33.97	\$ 35.15		
Implied Price	\$ 29.00	Implied Price	\$ 18.07								
Total Return	-24.9%	Total Return	-53.2%								

Appendix 6: Comparable Companies Analysis

Comparable Company Analysis										
<i>(Figures in mm USD)</i>										
Company	Ticker	Equity Value	Enterprise Value	EV/EBITDA Multiple			P/E Multiple			
				2024A EV/EBITDA	2025E EV/EBITDA	2026E EV/EBITDA	2024A P/E	2025E P/E	2026E P/E	
Kellanova	(NYSE: K)	\$ 28,220.40	\$ 34,275.40	11.3x	15.7x	14.6x	22.9x	27.4x	21.2x	
The J.M. Smucker Company	(NYSE: SJM)	\$ 11,036.40	\$ 19,422.60	9.8x	8.6x	9.3x	-	20.9x	10.4x	
McCormick & Company, Inc.	(NYSE: MKC)	\$ 20,082.40	\$ 24,495.90	17.1x	17.3x	18.3x	27.2x	25.6x	24.3x	
The Kraft Heinz Company	(NASDAQ: KHC)	\$ 35,440.90	\$ 54,388.90	8.2x	7.5x	8.6x	15.4x	26.3x	9.8x	
Mondelez International, Inc.	(NASDAQ: MDLZ)	\$ 76,781.70	\$ 95,726.70	14.9x	10.9x	13.7x	22.3x	20.4x	18.5x	
General Mills, Inc.	(NYSE: GIS)	\$ 33,341.80	\$ 45,819.10	11.3x	10.0x	11.3x	15.7x	13.1x	13.7x	
The Campbell's Company	(NASDAQ: CPB)	\$ 11,620.30	\$ 19,091.30		8.5x	9.3x		21.3x	12.2x	
Mean					11.0x	12.0x		21.6x	16.3x	
Median					10.2x	12.1x		21.0x	17.8x	
High					17.3x	18.3x		27.4x	24.3x	
Low					7.5x	8.6x		13.1x	9.8x	
					EV/EBITDA Implied Price			P/E Implied Price		
Mean					\$ 42.60	\$ 57.47		\$ 39.95	\$ 52.00	
Median					\$ 37.80	\$ 57.85		\$ 38.79	\$ 56.71	
High					\$ 81.70	\$ 100.65		\$ 50.63	\$ 77.62	
Low					\$ 21.10	\$ 33.87		\$ 24.28	\$ 31.14	

Appendix 7: Summary Page

Valuation Method	Weight	Implied Value
Perpetuity Growth	25%	\$ 29.00
Exit Multiple	25%	\$ 18.07
Comps: EV/EBITDA	25%	\$ 37.80
Comps: P/E	25%	\$ 38.79
Blended Valuation		\$ 30.91
Current Share Price		\$ 38.60
Implied Downside		-19.9%

Legal Disclaimer

The content, opinions, estimates, and projections contained in this report are those of WestPeak Research Association (known as "WestPeak" or "WestPeak Research") and its directors, analysts, and affiliates and are subject to change without notice. The content, opinions, estimates, and projections on this report may not have been updated directly by WestPeak and its directors, analysts, and affiliates and may also have been altered or without your or our knowledge. WestPeak and its directors, analysts, and affiliates, without exception, do not accept any liability for factual, typographical, and grammatical errors, omissions, or content in this report. WestPeak and its directors, analysts, and affiliates do not accept any liability for damages arising from the use of or reliance on any of the content, opinions, estimates, and projections on this report. WestPeak and its directors, analysts, and affiliates endeavor to ensure that the content, opinions, estimates, and projections have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. Information may be available to WestPeak and its directors, analysts, and affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This report is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. WestPeak and its directors, analysts, and affiliates may have a personal long or short position in any of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that WestPeak and its directors, analysts, and affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The reader, by the viewing of and use of the content, opinions, estimates, and projections contained in this report is assumed by WestPeak and its directors, analysts, and affiliates to have fully read, understood, and unconditionally agreed to all the terms and conditions set forth in this legal disclaimer.

Alex Hong
Analyst

WestPeak Research Association
contact@westpeakresearch.com