Equity Valuation of Kraft Heinz (Ticker: KHC) – July 25th, 2025

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Abstract

Title: Equity Valuation of Kraft Heinz (Ticker: KHC) – July 25th, 2025

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This dissertation aims to determine the 12-month stock price target of the Kraft Heinz Company as of July 25th, 2025 and to derive an investment recommendation based on the outcome of the valuation of either buy, hold or sell. Prior to analysing the firm and its underlying market, the dissertation reviews state-of-the-art valuation methodologies, thereby establishing the rationale for the selected methods applied. The market analysis focuses on the packaged food market and the core markets of Kraft Heinz, sauces and condiments, as well as prepared meals. Afterwards the focus was on analysing qualitative and quantitative aspects of the company and using an enterprise DCF to estimate the intrinsic value and a relative valuation method to value the firm. The valuation results were summarized in a football field chart and led to a target price of $40.61. In the final part, the results were compared with an equity valuation report by UBS, which revealed small differences in the valuation, ultimately leading to a different investment recommendation.

Keywords: Equity Valuation, Kraft Heinz, Packaging Food Valuation, Discounted Cash Flow, Relative Valuation

Abstrato

Título: Equity Valuation of Kraft Heinz (Ticker: KHC) – July 25th, 2025

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Esta dissertação tem como objetivo determinar o preço-alvo das ações da Kraft Heinz Company para um horizonte de 12 meses a partir de 25 de julho de 2025, bem como derivar uma recomendação de investimento — comprar, manter ou vender — com base no resultado da avaliação. Antes de analisar a empresa e o seu mercado subjacente, a dissertação revisa as metodologias de avaliação mais avançadas, estabelecendo assim a fundamentação para os métodos selecionados. A análise de mercado concentra-se no setor de alimentos processados e nos principais mercados da Kraft Heinz: molhos e condimentos, bem como refeições preparadas. Em seguida, a atenção foi direcionada para a análise dos aspetos qualitativos e quantitativos da empresa, utilizando um modelo de Fluxo de Caixa Descontado corporativo para estimar o valor intrínseco e um método de avaliação relativa para valorar a empresa. Os resultados da avaliação foram sintetizados em um gráfico do tipo football field e conduziram a um preço-alvo de 40,61 dólares. Na parte final, os resultados foram comparados com um relatório de avaliação de ações do UBS, o qual revelou pequenas diferenças na valorização, levando, em última instância, a uma recomendação de investimento distinta.

Palavras-chave: Avaliação patrimonial, Kraft Heinz, Avaliação de alimentos embalados, Fluxo de caixa descontado, Avaliação relativa

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List of Abbreviations

β - Beta

CAPEX – Capital Expenditure

CAPM – Capital Asset Pricing Model

CCC – Cash Conversion Cycle

DIO – Days Inventory Outstanding

DPO – Days Payables Outstanding

DSO – Days Sales Outstanding

D&A – Depreciation & Amortisation

EV/EBIT – Enterprise Value-to-EBIT

EV/EBITDA – Enterprise Value-to-EBITDA

FCF – Free Cash Flow

FCFE – Free Cash Flow to Equity

FCFF – Free Cash Flow to Firm

g – Growth

k_d – Cost of Debt

k_e – Cost of Equity

M&A – Mergers & Acquisitions

P/B – Price-to-Book

P/E – Price-to-Earnings

PPE – Property, Plant & Equipment

PV – Present Value

R&D – Research & Development

SG&A – Selling, General & Administrative

WACC – Weighted Average Cost of Capital

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1.0 Introdcution

This dissertation aims to provide an investment recommendation for the Kraft Heinz stock based on a 12-month stock price target derived from a fundamental analysis of the company. Kraft Heinz is a globally operating manufacturer of food and beverage products, most famously known for their iconic H.J. Heinz ketchup. The company is headquartered in the United States and employs 36,000 people. The motivation to conduct an equity valuation on Kraft Heinz is driven by the relevance of the packaging food industry that billions of customers rely on every day and by the interest in analysing the company's position as one of the largest players, yet one that also has faced challenges over the last years.

The thesis is split into six main chapters. The first chapter is a literature review, where state-of-the-art valuation literature is presented with an emphasis on the relevant tools for this valuation. The next part provides an overview of the industry that Kraft Heinz operates in and highlights the key trends. The third chapter presents an overview of Kraft Heinz with a focus on the current strategy of the company and its future ambitions. After reviewing the company in a qualitative way, the next chapter provides a deep dive into the historical financials and the financial forecasting for the planning period. Based on the qualitative and quantitative analyses of both past performance and future outlook, the valuation was conducted in the fifth chapter. The sixth and last chapter of the main part compares the dissertation with an equity research report of UBS on Kraft Heinz.

2.0 Literature Review

Chapter 2 provides an overview of different valuation methods.

2.1 Introduction to Valuation

"Price is what you pay; value is what you get" (Berkshire Hathaway, 2009), as Warren Buffett, legendary value investor and CEO of Berkshire Hathaway, wrote in his annual Berkshire Hathaway shareholder letter for the year 2008. The transaction of an asset always consists of a buyer and a seller. The price that the seller receives is the same as the price that the buyer pays. Nonetheless, the value of the asset can differ from its price. The actual value can be far below its price or exceed it greatly. Therefore, the quote by Warren Buffett perfectly captures the essence of a valuation and why it is such a fundamental component within finance.

Every asset can be valued, but depending on the underlying asset, certain parts of the valuation can vary from case to case (Damodaran, 2012). Although there are very common approaches

and models to value firms, they do not necessarily have to result in the same value. This is the consequence of every valuation always consisting of different expectations, chances, risks and many more aspects that result in different subjective assumptions which are represented in these models (Damodaran, 2012). Additionally, as companies differ greatly in their characteristics like size, business model and financials – to name a few – not every valuation approach is applicable to the same extent. Therefore, it is of utmost relevance to choose the right models for specific valuations (Damodaran, 2012).

Generally, there are three valuation approaches according to Damodaran (2012):

I. Discounted cash flow (DCF) valuation
II. Relative valuation
III. Contingent claim valuation

In the following, I will explain the main models and the relevant input factors for these models based on the relevant literature.

2.2 Discounted-Cash-Flow Valuation

The DCF valuation is based on the foundation that the value of any asset is equal to the expected cash flows (CF_t) that it will create over its lifetime (n), discounted with an appropriate rate (r) that reflects the riskiness of the underlying cash flows (Damodaran, 2012).

$$Value = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t}$$

Equation 1: Discounted Cash Flow

According to Damodaran (2012), in order to conduct a DCF valuation, it is important that a company has positive stable cash flows, which also can be reliably forecasted for future periods and where an appropriate discount rate is available.

Among DCF valuations, there are many different approaches to value a business, such as the enterprise DCF, the adjusted present value model, the dividend discount model and the equity DCF (Damodaran, 2012). While the enterprise DCF and the APV model value the entire business, the DDM and the equity DCF value only the equity stake (Damodaran, 2012).

Enterprise discounted cash flow model

The enterprise discounted cash flow model measures the value of a company based on the free cash flow to firm (FCFF), which is the cash flow to all investors (equity holders, debt holders, and any other investor in the firm). The FCFF can be estimated by starting at the EBIT level, a representative figure for the operating profit, and then adjusting it for taxes, reinvestment needs and the change in working capital (Damodaran, 2012).

$$FCFF = EBIT * (1 + Tax\ rate) + Depreciation - Capital\ expenditure - \Delta\ Working\ Capital$$

Equation 2: Free Cash Flow to Firm

Adding all free cash flows and the terminal value and discounting them at the weighted average cost of capital (WACC) results in the overall value of the firm, which is also referred to as "enterprise value" (Damodaran, 2012).

$$Value\ of\ a\ firm = \sum_{t=1}^{t=n} \frac{CF\ to\ firm_t}{(1 + WACC)^t} + \frac{Terminal\ Value_n}{(1 + WACC)^n}$$

Equation 3: Value of firm

The computation of the terminal value is described in section 2.3. However, it is important to note that a lot of the firm's value lies in the terminal value, which is very sensitive to already small changes (Damodaran, 2012). These small changes can therefore already lead to a substantial impact on the company's value.

To determine the value of the firm's equity, the company's net debt, consisting of the firm's debt and other non-equity claims on the cash flow, is subtracted from the enterprise value (Koller et al., 2020).

The enterprise DCF method is especially a relevant valuation approach when the company maintains, next to a positive stable cash flow, also a stable debt-to-value ratio (Koller et al., 2020).

Adjusted present value model

The adjusted present value (APV) model values the enterprise value of a firm, just like the DCF model, but with a different approach. Originally introduced by Myers (1974), the APV model follows the approach of estimating a company's value by separating it into two components. The first component is the value of the unlevered company by calculating its net present value (NPV) of future cash flows (Myers, 1974). This follows the same principle as the DCF model

by discounting future cash flows at an appropriate discount rate. As the unlevered firm value is calculated, the discount rate is the unlevered cost of equity (Damodaran, 2012). The second part is the value that is generated by the financing decisions of the company (Myers, 1974). More specifically, it is about valuing the interest tax shield that results from the debt financing of the firm (Damodaran, 2012). As debt does not only create an interest tax shield but also the risk of the company defaulting, these effects also need to be taken into consideration (Damodaran, 2012). The value of a firm using the APV can therefore be illustrated as:

$$\begin{aligned} &Value\ of\ levered\ firm \\ &= PV\ of\ FCFF\ assuming\ full\ equity\ financing \\ &+ PV\ of\ interest\ tax\ shield + PV\ of\ expected\ bankruptcy\ cost \end{aligned}$$

Equation 4 = Value of levered firm (APV approach)

The APV model is especially relevant when a company's debt-to-value ratio is not stable, as WACC approaches are more difficult to apply in such cases and could lead to inaccurate results (Koller et al., 2020).

Dividend discount model

The Dividend Discount Model (DDM) is an approach to value the equity stake of a firm. It measures the stock price of a company by discounting its expected dividends (Fuller & Hsia, 1984). The resulting formula discounts the expected dividends per share in period t (E(DPS_t)) with the cost of equity (k_e) (Damodaran, 2006) as dividends are only attributable to equity holders. It is based on the notion that the only actual cash flow that a shareholder receives is dividends (Damodaran, 2012).

$$Value\ per\ share\ of\ stock = \sum_{t=1}^{t=\infty} \frac{E(DPS_t)}{(1+k_e)^t}$$

Equation 5 = Basic Dividend Discount Model

However, a problem associated with this model is that the cash flow to shareholders is referred to as the dividend (Damodaran, 2006). This does not always hold true, as it is possible that firms choose to either not pay out cash that could be distributed to shareholders or pay out more dividends than they generated in cash flows, funded by issuing new equity or debt (Damodaran, 2006). In the first case, the value of the equity would be estimated too conservatively, while in the second scenario it would be overstated (Damodaran, 2006).

Over time, several adjustments have been made to the DDM. As the value per share depends on the future expected dividends, an important factor to consider is the growth rate of these dividends. Since forecasts are mostly only reliable until a certain point in time, the DDM has been adjusted to value a firm with a stable growth rate that it can sustain forever (Damodaran, 2006).

$$Value\ of\ Stock = \frac{Expected\ Dividends\ next\ period}{(Cost\ of\ equity - Expected\ growth\ rate\ in\ perpetuity)}$$

Equation 6 = Dividend Disocunt Model in perpetuity

An important consideration in this model is that the expected growth rate cannot be higher than the growth rate of the economy, as this would otherwise imply that the firm size would exceed the economy in the future (Damodaran, 2006). A problem with this model is the impact even small changes in the expected growth rate can have on the equity value (Damodaran, 2006).

Another adjustment to the DDM was the incorporation of share buybacks as an additional method to return cash to shareholders (Damodaran, 2006). This method was developed as share buybacks gained larger popularity as a way to return cash to shareholders (Damodaran, 2012). To take this into account, an "augmented dividend payout ratio" was created (Damodaran, 2012).

$$Augmented\ dividend\ payout\ ratio\ = \frac{(Dividends + Stock\ buybacks)}{Net\ Income}$$

Equation 7 = Augmented dividend payout ratio

A problem with this approach is that while dividends often remain stable, share buybacks tend to vary a lot (Damodaran, 2006). It is not uncommon for companies to have a large stock buyback programme in one year but not buy back any in the following years, skewing the resulting payout ratio (Damodaran, 2006).

Equity discounted cash flow model

The equity discounted cash flow model is very similar to the DDM and values companies based on the free cash flow to equity (FCFE). According to Damodaran (2012), this refers to the cash flow that remains after covering all financial obligations, including debt payments and adjusting for capital expenditure and working capital needs. Based on this, the free cash flow to equity represents the cash flow that is available to be paid out as dividends and can be estimated as:

$$\begin{aligned} &Free\ cash\ flow\ to\ equity \\ &\quad = Net\ income - (Capital\ expenditures - Depreciation) \\ &\quad - (Change\ in\ noncash\ working\ capital) \\ &\quad + (New\ debt\ issued - Debt\ repayments) \end{aligned}$$

Equation 8 = Free Cash Flow to Equity

In order to calculate the equity value of the entire firm, all the FCFE and the terminal value have to be added up and discounted at a rate that reflects the riskiness of the underlying cash flows, as earlier mentioned. As the FCFE is only available to equity holder it is discounted by the cost of equity (Koller et al., 2020). The corresponding formula is:

$$Equity\ Value = \sum_{t=1}^{t=n} \frac{FCFE_t}{(1+k_e)^t} + \frac{Terminal\ Value_n}{(1+k_e)^n}$$

Equation 9 = Equity Value

Similar to the enterprise DCF, the value of the equity DCF is also very reliant on the terminal value, where small changes can already have a significant impact.

2.3 Input factors for the DCF valuation

Weighted average cost of capital (WACC)

Since the FCFF is the cash flow available to all investors, the rate that it is discounted with needs to represent the risks that all investors are exposed to (Koller et al., 2020). For a company that is only equity (E) and debt (D) financed, the WACC is the weighted average of the cost of debt (k_d) and the cost of equity (k_e), each proportional to its weight in the firm's capital structure. As the interest for the debt is tax deductible and excluded from the free cash flow, the cost of debt is also multiplied by one minus the marginal tax rate (τ_m), which is also known as the interest tax shield (ITS) (Koller et al., 2020).

$$WACC = \frac{D}{D+E} * k_d * (1-\tau_m) + \frac{E}{D+E} * k_e$$

Equation 10 = Weighted Average Cost of Capital

There are two important things to note. First, if a firm has financing sources beyond equity and debt, such as preferred stocks, they have to be included in the WACC according to their proportion in the capital structure and expected return rate (Koller et al., 2020). Second, the WACC needs to be adjusted if there are changes in the capital structure of a firm (Koller et al.,

2020). Otherwise, changes in the debt-to-equity ratio are not incorporated in the tax shield calculations, which would ultimately lead to a wrong WACC (Koller et al., 2020).

Cost of debt

The cost of debt for an investment-grade company (debt that is rated at BBB or better by S&P Global (*S&P Global - Understanding Credit Ratings*, n.d.)) can be approximated by using the yield to maturity on the outstanding long-term, option-free debt of a company (Koller et al., 2020). By multiplying the cost of debt with 1 minus the marginal tax rate, the after-tax cost of debt is calculated (Koller et al., 2020). If the debt of a company is below investment grade (debt that is rated at BB or lower by S&P Global (*S&P Global - Understanding Credit Ratings*, n.d.)), Koller et al. (2020) propose to refrain from approximating the cost of debt and instead recommend applying the APV approach, discounting the FCFE with the unlevered cost of equity. Another approach to estimate the cost of debt was suggested by Damodaran (2012). For firms with frequently traded long-term outstanding bonds, he also recommends using the yield to maturity. However, when companies have outstanding bonds that are not frequently traded, a default spread that reflects the credit rating of the company is added on top of the risk-free rate (Damodaran, 2012).

Cost of equity

The cost of equity (k_e) is a key component of the cost of capital (Koller et al., 2020). It is the expected return rate that an investor demands in order to make an equity investment in a firm (Damodaran, 2012). This compensation for an equity investment is connected to the two categories of risks that need to be considered when investing (Damodaran, 2012). The categories of risk are the firm-specific risk and the market risk. The firm-specific risk is known as the unsystematic risk or diversifiable risk. It captures the risk that affects some or only one individual firm and can be reduced or completely eliminated by investing in more than one security (Damodaran, 2012). The market risk is also known as systematic risk or non-diversifiable risk. This type of risk affects all investments and cannot be reduced or eliminated, no matter the portfolio construction (Damodaran, 2012). Only the systematic risk is relevant when determining the cost of equity, as the diversifiable risk can be diversified away (Koller et al., 2020). In the CAPM, the most common method to calculate the cost of equity, the exposure to systematic risk is measured by the market beta (β) (Koller et al., 2020). The other inputs that are needed to calculate the cost of equity with the CAPM are the risk-free rate (r_f) and the market risk premium ($E(R_m) - r_f$) (Damodaran, 2012).

$$k_e = r_f + \beta_i[E(R_m) - r_f]$$

Equation 11 = Capital Asset Pricing Model (CAPM)

In the following, the different input factors for the CAPM are explained, as well as how they are estimated in this thesis.

Beta

In the CAPM, the beta captures the additional risk that an investment adds to the market portfolio (Damodaran, 2012). The overall market carries an average beta of 1 (Berk & DeMarzo, 2017). A beta of 1 can be interpreted as a stock price moving on average 1% for each 1% of movement in the overall market (Berk & DeMarzo, 2017). A security with a beta higher than 1 indicates that this security responds stronger to movements in the overall market (Koller et al., 2020). This is often the case for companies that operate in cyclical industries, such as technology firms, as their profits tend to vary over the business cycle (Berk & DeMarzo, 2017). Given the stronger reaction, the expected return of this security needs to exceed the market return in order for the CAPM to hold (Koller et al., 2020). The inverse effect is observable for firms that operate in non-cyclical industries like non-cyclical food companies (Berk & DeMarzo, 2017). Their beta is usually below 1, which indicates less sensitivity to overall market movements. Along with their lower beta goes a lower expected return for these companies (Berk & DeMarzo, 2017).

The literature suggests that there are different ways of estimating the beta. According to Koller et al. (2020) and Damodaran (2012), common ways of doing so are to estimate the industry beta by using a set of peer company betas (Koller et al., 2020) or using historical market betas (Damodaran, 2012). To estimate the industry beta by using the peer company approach, the betas for the individual companies have to be calculated first (Koller et al., 2020). The next step is to unlever the calculated betas to obtain the implied beta, assuming the company is fully equity financed (Koller et al., 2020).

$$\beta_u = \frac{\beta_L}{\left(1 + \frac{D}{E}\right)}$$

Equation 12 = Unlevered Beta

Using the unlevered betas of the peer group to build a representative beta, for example the median beta, is the last step (Koller et al., 2020). The historical market beta is calculated by conducting a regression of the past stock returns against the past market index returns

(Damodaran, 2012). Regardless of the approach that is used, it is very important to note that the goal is to estimate a historical beta that also functions as a predictor for the future beta (Koller et al., 2020). In this thesis, both of the previously mentioned approaches to estimate the beta will be applied. However, following Koller et al.'s (2020) recommendation to use the peer company approach when implementing the CAPM and given the possible imprecision associated with the historical market beta approach, the historical market beta will be primarily used as a comparison to the estimated peer company beta. The beta calculation for Kraft Heinz is presented in 6.0.

Risk-Free rate

The risk-free rate is another important component of the CAPM. An asset is considered risk-free if the expected returns on it are certain (Damodaran, 2012). Damodaran (2012) further explains that there are two conditions for an asset to be considered risk-free. The first one is that there is no risk of default (Damodaran, 2012). This condition implies that the only securities that could be classified as risk-free are government securities due to the government's ability to print money (Damodaran, 2012). The second condition for an asset to be classified as riskless is that the expected return needs to be equal to the actual return (Damodaran, 2012). To manage this condition, the duration of the risk-free asset needs to be aligned with the duration of the analysed cash flows (Damodaran, 2012).

Market risk premium

The market risk premium is the difference between the expected return of the market and the risk-free rate (Berk & DeMarzo, 2017). According to Damodaran (2020), there are three approaches to estimate the equity risk premium. The first one is to conduct a survey amongst investors on their equity return expectations (Damodaran, 2020). The second one is to estimate the risk premium as the historical premium that was earned on the stock market over the risk-free rate (Damodaran, 2012). In this approach, the actual returns of the stock market are compared to the actual returns of the risk-free rate over the same time horizon (Damodaran, 2012). The difference between the historical returns represents the historical risk premium (Damodaran, 2012). The third approach is considered a forward-looking premium, as it is based on current market rates and is also referred to as an implied premium (Damodaran, 2020).

Terminal value

The terminal value is a critical part in determining the value of a firm. After estimating the future cash flow for a planning period, it gets increasingly difficult to predict value drivers from a certain point onwards (Koller et al., 2020). At that point it is useful to compute a terminal value that represents the value of the firm at that point in time (Damodaran, 2012). According to Damodaran (2012), there are three ways to estimate the terminal value, of which the first one has the assumption that the assets of the firm get liquidated in the terminal year. The other two methods assume that the company's cash flow will grow at a stable rate forever (Damodaran, 2012). As for Kraft Heinz, a stable growth of cash flows instead of a liquidation after the forecasting period is expected. The first of the two stable growth methods is the multiple approach. The multiple approach values a firm by applying a multiple to the financial result (e.g. revenue, EBITDA, EBIT) in the last year of the planning period (Damodaran, 2012). Identifying such a multiple is done by looking at today's price of comparable firms or using fundamental data of the company (Damodaran, 2012). The second approach is to use the stable growth model. This model underlies the assumptions that the company will grow at a constant rate forever. It can be applied to both the enterprise DCF and the equity DCF. The formulas when valuing the terminal value in each scenario are according to Damodaran (2012):

$$Terminal\ value_n = \frac{Free\ cash\ flow\ to\ firm_{n+1}}{(Cost\ of\ capital_{n+1} - g_n)}$$

Equation 13 = Terminal value

$$Terminal\ value\ of\ equity_n = \frac{Cash\ flow\ to\ equity_{n+1}}{(Cost\ of\ equity_{n+1} - g_n)}$$

Equation 14 = Terminal value of equity

An important thing to note is that the growth rate in the terminal value formula has a great impact on the company's valuation. Identical to the stable growth rate in the DDM, the growth rate cannot be higher than the growth rate of the economy that the firm operates in (Damodaran, 2012).

2.4 Relative Valuation

The value of an asset in a relative valuation is derived from the pricing of comparable assets in the market (Damodaran, 2012). Relative valuation is also referred to as multiple valuation and is, in practice, a very common method to conduct a valuation (Damodaran, 2012). A multiples valuation is either based on other trading firms or on past transactions (Kaplan & Ruback,

1995). Trading multiples compare different ratios of a company — such as the price-earnings (P/E), enterprise value to EBITDA (EV/EBITDA), enterprise value to EBIT (EV/EBIT), or the price-book (P/B) ratio — to those of comparable firms or the industry average (Damodaran, 2012). Trading multiples can be based on either historical or forward-looking numbers. Research has shown that especially forward-looking relative valuations explain stock prices very well (Liu et al., 2001). Transaction multiples compare the same ratios as trading multiples, but since transaction multiples are based on past transactions, they can only be calculated with historical numbers. Despite its common use, there is not one multiple that is claimed to yield the most accurate value (Lie & Lie, 2002). Reasons for the multiple approach being very commonly used include that it needs a lot fewer assumptions than a DCF valuation and is relatively easy to calculate (Damodaran, 2012). Multiples also reflect the sentiment of the market that the company operates in, giving an indication of current valuations (Damodaran, 2012).

Peer Group

An important part of conducting an accurate relative valuation is the selection of a peer group consisting of truly relevant comparable firms (Koller et al., 2020). Damodaran (2012) explains that the ideal comparable company would be exactly identical to the valuated one regarding risk, growth potential and cash flows. Therefore, comparable companies operate not necessarily in the same sector or industry (Damodaran, 2012). However, according to Koller et al. (2020), comparable companies should operate in the same industry and also have similar performance regarding return on capital invested (ROIC) and growth. In a study conducted by Lie & Lie (2002), the peer group was selected based on the industry they operate in, as this led to the smallest estimation errors when using the P/E multiple. Regarding the size of the peer group, Koller et al. (2020) outline that it is common practice to choose 8 to 15 peers.

Limitations of relative valuation

Besides their wide applicability and their strengths, multiples also have weaknesses. The first one would be that multiples represent the market sentiment to a certain degree, which is also a positive thing, but depending on the market environment, the estimated values can be too high or too low (Damodaran, 2012). The second is that multiples can be manipulated to justify certain valuations, as there is little transparency about which multiple is chosen (Damodaran, 2012) and as mentioned earlier, there is not one correct multiple that will guarantee the most accurate value (Lie & Lie, 2002).

2.5 Rationale for Valuation Methodologies and Final Considerations

After presenting relevant valuation methodologies, I will now elaborate on which models have been used to value Kraft Heinz and the rationale behind their selection.

Kraft Heinz is a mature company with a history of positive, stable cash flows. Furthermore, they announced in 2022 that they reached their long-term net leverage target ratio (net debt divided by LTM EBITDA) at around three (Kraft Heinz, 2022b). These circumstances allow for conducting an enterprise discounted cash flow model in order to value Kraft Heinz. Furthermore, as suggested by Koller et al. (2020) and Fernández (2001), multiples will be calculated after a careful consideration of relevant comparable companies to verify the DCF valuation.

After valuing the equity of Kraft Heinz, the ultimate outcome is an investment recommendation on the stock.

3.0 Industry Analysis

Kraft Heinz is a globally operating packaging food firm. Within the packaging food market, they especially focus on condiments and sauces but also offer a wide variety of other products. This section will at first explore the packaged food market as a whole and describe recent trends regarding products and consumer preferences. Afterwards the porter's five forces model will be applied to all major industries that Kraft Heinz operates in.

3.1 Packaging Food Industry

The packaged food industry is directly tied to the food industry and its role is to protect food so it remains edible for consumers (Marsh & Bugusu, 2007). As food products are essential in every person's life, the industry is enormous. Among the key players in this market are Nestlé SA., the Coca-Cola Company, PepsiCo Inc., General Mills, Mondelez International and many more (*Packaged Food Industry Size - Market Report*, n.d.). Even though the named players are amongst the market leaders, the global packaged food market remains highly fragmented and competitive (*Packaged Food Industry Size - Market Report*, n.d.). In previous decades growth within consumer-packaged-goods came naturally through a growing population and expanding wealth (Moulton et al., 2024). As the population has been growing less within the last ten years, especially because of lower growth rates in China and since it will stagnate even more in the next ten years (Moulton et al., 2024), this natural growth rate is not given anymore. Therefore, it becomes increasingly important for companies in this segment to distinguish themselves. Due

to the competitive nature of the industry and the fragmentation, it is of utmost importance for companies to understand evolving consumer preferences, the underlying drivers of these preferences, how to achieve growth and how to reach their target customers.

One of the largest trends within consumer preferences is the shift to healthier products. This is especially due to the fact that consumers around the world start to value food higher in order to increase their health (*7 Food Trends 2025*, n.d.). This includes food as a way to strengthen the immune system, increase brain health or manage stress better (*7 Food Trends 2025*, n.d.). Additionally, the overall trend of "health & wellness" in recent years (McKinsey & Company, n.d.) led to consumers becoming more health-conscious and aware. This trend is also connected to the rising awareness of consumers regarding the sources of their food and sustainability aspects (Mordor Intelligence, n.d.).

At the same time, the preference for more convenient food products also rises, especially as consumers try to save precious time while still meeting their taste and health preferences (Mordor Intelligence, n.d.). This trend increases the demand for food options that require little effort to prepare, are easy to store and have a long shelf life, such as ready-to-eat meals, frozen foods and snacks (*Packaged Food Market*, n.d.). The fastest-growing market for packaged foods, driven by the strong demand for convenient meals, is India with a CAGR of 6.2%, followed by the USA with a CAGR of 4.0% in the period from 2025 to 2030 (*Packaged Food Market*, n.d.).

In order to achieve growth, innovation is the key for many companies to distinguishing themselves from their competition (Moulton et al., 2024). For large packaging food manufacturers that offer a wide variety of convenient food options already, exploring new products that also align with evolving health-conscious customer preferences showcases a great opportunity to differentiate from competitors (*Packaged Food Market*, n.d.).

3.2 Porter's Five Forces analyses

To analyse the dynamics of Kraft Heinz's "Accelerate" program, separate Porter's five forces analyses for each segment have been conducted. Please refer to Appendix 2 for both analyses.

4.0 Company Analysis

After giving an overview of the industries that Kraft Heinz operates in, I will now provide a more in-depth analysis of the company.

4.1 Company Overview of Kraft Heinz

The Kraft Heinz Company ("Kraft Heinz") (Nasdaq: KHC) is a globally operating packaging food firm that manufactures and markets food and beverage products (Berkshire Hathaway, 2017). It was formed in 2015 by merging the Kraft Foods Group, Inc. and the H. J. Heinz Company, two historically rich consumer goods and packaging food companies whose roots dated back to 1923 and 1869, respectively. The merger was structured in such a way that the Kraft Foods Group was acquired by the H. J. Heinz Company and after the closing of the transaction, the company was renamed the Kraft Heinz Company. Kraft Heinz employs approximately 36,000 people globally and the co-headquarters of the firm are in Chicago, Illinois and Pittsburgh, Pennsylvania (Kraft Heinz, 2025a). Most famously known for the iconic H. J. Heinz ketchup, Kraft Heinz has a great variety of globally known brands and sells products on five continents. The product portfolio of Kraft Heinz consists of condiments and sauces, meals, desserts, refreshment beverages, coffee, meats and other grocery products. As the roots of the firm are in the United States, North America has always been the key market, but the firm is also growing in other regions, especially the emerging markets.

4.2 Ownership Structure

As of July 25th 2025, Berkshire Hathaway owned 27.5% of Kraft Heinz. Institutional or individual investors possess the remaining common stock, which trades in free float.

The relationship of Berkshire Hathaway dates back to 2013, when Berkshire, alongside 3G Capital, acquired the H. J. Heinz company (Kraft Heinz, 2023). In 2015, following the merger of Kraft Foods and the H. J. Heinz Company to form the Kraft Heinz Company, Berkshire maintained its investment, owning approximately 27% of the firm (Berkshire Hathaway, 2017). Meanwhile, 3G Capital exited its investment in 2023 and is no longer a shareholder.

4.3 Share Price Development

From 2019 to the end of 2024, the share price of Kraft Heinz significantly underperformed its two benchmark indices, the S&P 500 and the iShares US Consumer Staples ETF (an ETF that is used to represent the S&P 500 Consumer Staples index). The Kraft Heinz stock reached its lowest point during the Covid-19 outbreak in March 2020, after they were already facing trouble since February 2019, when they reported an impairment that led to a non-cash write-off of around 16 billion U.S. dollars. Dividends for all indices were included and more about the financial and dividend development of Kraft Heinz is explained in Chapter 5.0.

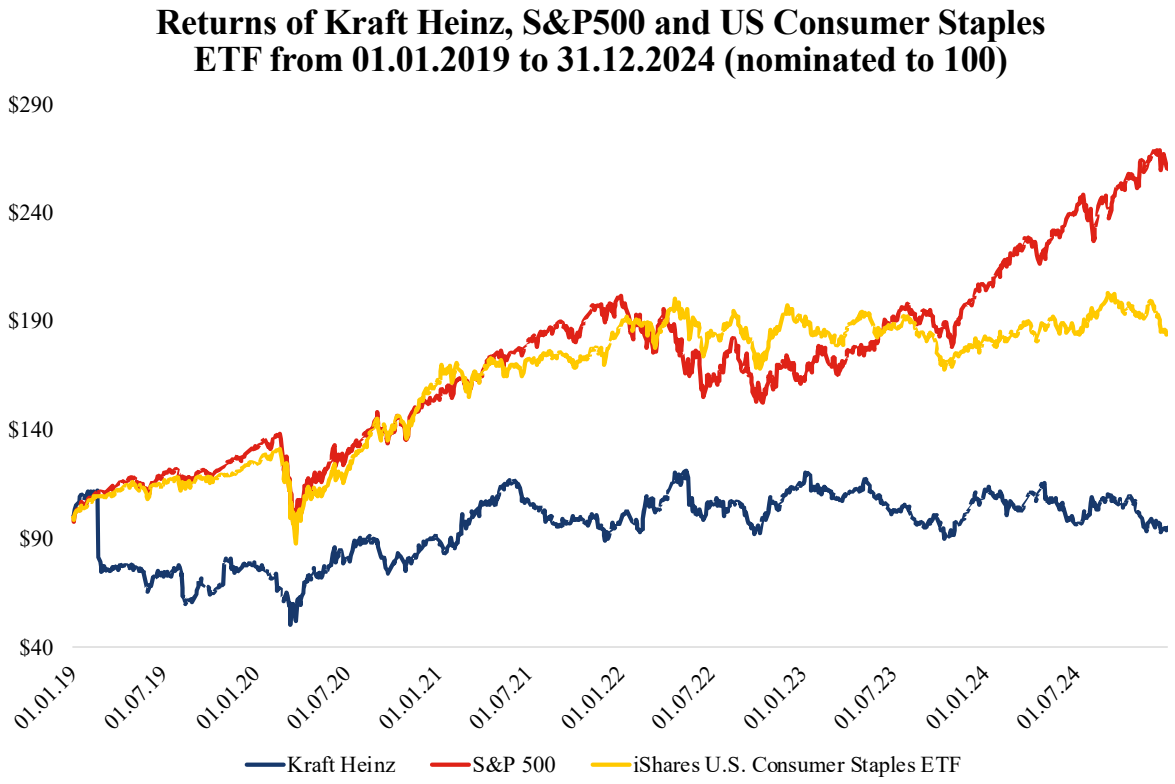

Figure 1: Daily stock returns of Kraft Heinz and daily index returns of S&P 500 and iShares US Consumer Staples ETF since 01.01.2019 until 31.12.2024, nominated to 100.

4.4 Product Portfolio and Company Strategy

The product portfolio of Kraft Heinz is structured into eight product platforms: Taste Elevation, Easy Ready Meals, Substantial Snacking, Desserts, Hydration, Cheese, Coffee, Meats and Other (Kraft Heinz, 2025a). Given the broad product portfolio, I will provide a brief overview of the Kraft Heinz products and brands that are included in each platform.

Taste Elevation consists of all products related to sauces, condiments, spices and dressings. Iconic products such as Heinz ketchup or mayonnaise can be found within this platform. Complete meals that are easy to prepare, such as Kraft Heinz Mac & Cheese varieties, frozen potato products, or other frozen meals, are included in Easy Ready Meals. Substantial Snacking contains products that are also easy to prepare but don't function as full meals but rather as snacks, such as their Lunchables. As the name suggests, desserts include products that serve as an after-dinner treat, in particular puddings. Hydration represents the variety of refreshment beverages that Kraft Heinz offers, for example Kool-Aid or Golden Circle. The last three product platforms — Cheese, Meats and Coffee — are representative of the products they contain. Within these platforms, products such as Kraft shredded or sliced cheese, Oscar Mayer hot dogs or Maxwell's instant coffee are included.

The strategy of Kraft Heinz has shifted in recent years, but with the annual report 2024 and the presentation at the Consumer Analyst Group of New York (“CAGNY”), the company provided an outlook on how they want to develop the previously mentioned product platforms and where this development should lead the company as a whole.

Kraft Heinz evaluates their platforms based on the potential development of the respective markets and how the platforms can position themselves in these markets, using two metrics: “market attractiveness” and the “right to win”. Market attractiveness is determined by the estimated annual industry growth, while the right to win is assessed through a combination of the company’s net sales, the adjusted gross profit margin potential, the relative market share and the market share trajectory (Kraft Heinz, 2025b). According to this analysis, Kraft Heinz identifies Taste Elevation, Easy Ready Meals and Substantial Snacking as the segments with the greatest potential. What makes these particularly attractive are the large market share that Kraft Heinz already holds, a high adjusted gross profit margin, medium-strong private label penetration and a mid-single-digit projected ten-year CAGR (Kraft Heinz, 2025b). The Dessert and Hydration platforms are considered less attractive than the previously mentioned platforms. Although the private label penetration is projected to remain low and the adjusted gross profit margin and the market share are both high, the market is more saturated overall and the projected ten-year CAGR is in the low single-digit range (Kraft Heinz, 2025b). The least attractive platforms are Meats, Cheese and Coffee. While Kraft Heinz also maintains a market share in these segments, there is a high private label penetration, a low adjusted gross profit margin and a projected flat ten-year CAGR (Kraft Heinz, 2025b).

Given the different opportunities that Kraft Heinz sees within their platforms, they assigned the plaforms to three different roles: “Accelerate”, “Protect” and “Balance”. Figure 2 illustrates the roles, the platforms assigned to them, and the brands associated with each platform.

Figure 2: The brands of Kraft Heinz assigned to the product platforms and their corresponding roles

4.5 Future Growth Strategy

The "Accelerate", "Protect" and "Balance" roles are directly tied to the future strategy of Kraft Heinz. In order to realise its plans, Kraft Heinz plans to focus particularly on North America retail, driven by the accelerate platforms, the global away from home space and the emerging markets (Kraft Heinz, 2025b).

North America Retail

As previously mentioned, Kraft Heinz aims to grow within its North American retail business, in particular through Taste Elevation, Easy Ready Meals and Substantial Snacking. For Taste Elevation, they plan to expand the usage occasions, further differentiate their products from competitors and grow other Heinz products beyond ketchup, such as different barbecue sauces or mayonnaise (Kraft Heinz, 2025b). The focus of Easy Ready Meals also includes expanding the usage occasions and flavours but additionally accelerating Mexican cuisine products tied to their partnership with Taco Bell. Furthermore, Kraft Heinz wants to focus on products that have

labels like “50% more per package” or “value package” to create sizes that target value-orientated consumers (Kraft Heinz, 2025b). For Substantial Snacking, the actions to accelerate growth are very comparable to those for Easy Ready Meals. The focus is on expanding usage, enhancing everyday relevance and creating product sizes that target value-orientated customers. However, for their snacks especially, there is an additional emphasis on improving the core product performance. This includes for example increasing the amount of protein in their Lunchables and in their Bites (Kraft Heinz, 2025b). After facing weak demand for their Lunchables products in 2024 (Reuters, 2024), this could also be a necessary step to boost the demand again.

Away from home

Away from home is the second strategic pillar to ensure further growth and focuses on all meals that are consumed beyond one’s own home. Kraft Heinz already plays an important role in restaurants, but they want to expand their channel penetration and offer more products in stadiums and hotels. Examples of this are the partnership that Kraft Heinz already has with the Chicago Cubs (the MLB team of Chicago), labelling Kraft Heinz as the “official condiment of the Chicago Cubs”, or the new partnership with Hilton Hotels, where special 34ml glass bottles of Heinz ketchup are offered (Kraft Heinz, 2025b). Furthermore, Kraft Heinz wants to provide more custom solutions for restaurant chefs and grow other products beside their flagship ketchups. To ensure more convenience for consumers, the company also wants to offer more innovative solutions for sauce dispensers (Kraft Heinz, 2025b).

Emerging markets

The emerging markets are the last of the strategic pillars for growth. Kraft Heinz has a rich history in the U.S. and earns more than 70% of their revenue there. To increase their presence in the emerging markets, Kraft Heinz acquired “local jewels” over the past years, especially in the condiments & sauces space. These “local jewels” and Heinz products, where the brand equity can be leveraged, are supposed to work complementary to drive the distribution in these markets. Furthermore, product innovations such as different flavours also play a fundamental role to broaden the usage occasions (Kraft Heinz, 2025b).

General drivers of growth

In addition to the three strategic pillars and the actions they contain to ensure growth, Kraft Heinz also defined general enablers for growth. Disruptive marketing is the first of these. By

building a creative ecosystem, Kraft Heinz aims to further strengthen their brands (Kraft Heinz, 2025b). Social media also plays a key factor in this context. Previously, they launched campaigns where customers were able to create their own Heinz sauce and showcase it on TikTok or partner with influencers that create recipes with Heinz products and advertise it on Instagram. Innovations in the space of flavour, package sizes, convenience, usage occasions and using omnichannel sales strategies are also centrepieces of future growth (Kraft Heinz, 2025b).

4.6 SWOT analysis

To further analyse Kraft Heinz, a SWOT analysis has been conducted. Please refer to appendix 3.

5.0 Financial Analysis and Forecasting

In the following section I will analyse the historical financial performance of Kraft Heinz. The analysis is based on calculating different ratios and observing and interpreting trends within their financials. The calculations are all based on the three financial statements of Kraft Heinz retrieved from Refinitiv (income statement, cash flow statement and balance sheet).

One important disclaimer is that with its annual report for the year 2024, Kraft Heinz changed their reportable segments and introduced new platforms to report their revenue development. Based on this new segmentation into the roles “Accelerate”, “Protect” and “Balance”, Kraft Heinz only provides historical revenue values according to these segments for the years 2022, 2023 and 2024. Additionally, in the presentation for the CAGNY 2025, Kraft Heinz provided the information that in 2019 the Accelerate segments accounted for 61% of the overall revenue (Kraft Heinz, 2025b). Based on this incomplete information, the previous years, up to 2018, have been approximated by building an average over the years 2022, 2023 and 2024 and aligning it with the information provided at the CAGNY. This approximation may lead to minor inaccuracies in the revenue allocation from 2018 to 2021. However, it should end up not having a material impact on the overall valuation of the firm, as the total revenue remains correct.

The forecasting period is from 2025 until 2030. This is due to the assumption that Kraft Heinz will be in a steady state from 2030 onwards. Most of the items were forecasted by assuming that in the last year of the planning period, the company reaches averages of the historical financials. This approach is justified by the fact that Kraft Heinz is a mature firm operating in a stable, non-cyclical industry with limited growth potential. While the company provides

outlooks on the segments they want to grow in, they do not offer enough explanation how these objectives will be achieved. Given these circumstances, relying on historical figures offers the most reliable basis for assessing the company's future development. For the period 2025 to 2029, the RRI formula in Excel was used to approach the historical average. The most important items and items where a deviating approach was applied are explained in the following.

Revenue

The following figure represents the revenue development of Kraft Heinz from 2018 to 2024. Due to the circumstances mentioned in the previous disclaimer, the total revenue values of the years 2018 to 2021 are as reported in the respective annual report, while the allocated distribution of the roles is an approximation. The overall revenue decreased with a CAGR of -0.27% from $26.268 in 2018 to $25.846 in 2024. Due to the assumptions and Kraft Heinz changing the scope of their role categorisation, no precise analysis can be made on the revenue allocation. However, given the information at the CAGNY, it can be observed that between 2019 and 2024 the revenue allocation within Accelerate segments increased from 61% to 67%. Based on this and in line with their M&A strategy, analysed in its respective segment, it is assumed that Protect segments remained stable while the Balance units decreased from 26% in 2019 to 20% in 2024.

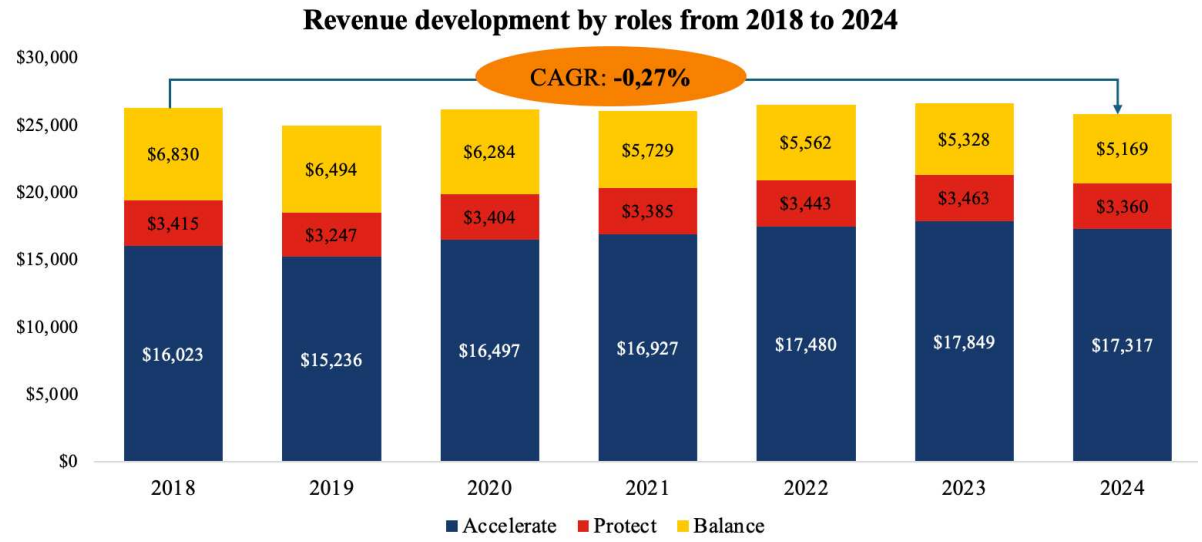

Figure 3: Revenue development of Kraft Heinz segmented into roles from 2018 to 2024 (in $m)

The revenue was forecasted based on the different platforms within each strategic role. At the CAGNY 2025, Kraft Heinz revealed that, in the future – without mentioning a specific year – its "Accelerate" segments should account for 75 percent plus of their total revenues (Kraft Heinz, 2025b). The planning period ends in 2030 at which point it is assumed that the firm will

be in a steady state. Accordingly, the first assumption of the revenue forecast is that 2030, the "Accelerate" platforms will account for around 75 percent of the revenue, while "Protect" and "Balance" segments will together account for the remaining 25 percent. Based on this assumption, the first step to forecast the revenues was to analyze past market growth and future expected growth across all markets that Kraft Heinz operates in. These growth rates are provided in chapter 3, the industry analysis. As it is not just important how the market developed and is expected to develop but also how Kraft Heinz positioned itself in these markets, examining at how the three roles – "Accelerate", "Protect" and "Balance" – performed in the past was the next step. As shown in appendix 4, the revenues in each platform fluctuated throughout the years. A visible trend is that over the entire historical period, the platforms within "Accelerate" showed overall growth, while the "Protect" platforms remained flat and the "Balance" segments decreased. However, due to the previously described issue, that there is no clear reporting history of the Kraft Heinz platforms, the individual performance of the platforms might vary and further interpretations could be inaccurate or misleading. This issue also increases the number of assumptions required to forecast the revenue. Nonetheless, as the historical financials still provide key information, regressions were conducted, regressing the revenue development of Kraft Heinz on the development of the respective market. Please refer to appendix 5 to 12 for the details. The only deviating approaches were used for the "Desserts" and "Others" platforms. For "Desserts" it was difficult to determine an accurate market size of gelatin desserts within the United States. Only past and projected future growth rates of this market were available. Therefore, an average delta of Kraft Heinz's past performance and the market performance was calculated. This delta was subtracted from the future market growth, leading to the approximated growth of Kraft Heinz's "Desserts" platform. For "Others", no relevant market data exists. Therefore, an average of the other three "Balance" platforms in the respective year was used, to estimate the annual performance. Using these methodologies led to an overall revenue share in 2030 of around 77% for "Accelerate" platforms, 13% for "Protect" and 10% for "Balance" platforms. Please refer to appendix 13 for the final revenue forecast.

EBITDA, EBIT and Net Income

The financial performance of Kraft Heinz on an EBITDA and EBIT level was relatively stable from 2018 to 2024. The EBITDA margin fluctuated between 27% and 22% and the EBIT margin ranged between 23% and 19%. Lower revenues were usually offset by lower cost of goods sold, maintaining a relatively stable gross margin between 31% and 35%. Selling,

General & Administrative (SG&A) and Research & Development (R&D) expenses, as well as Depreciation & Amortisation (D&A), were also relatively stable, resulting in stable EBITDA and EBIT margins (for the historical income statement, please refer to appendix 17). D&A are further analysed with capital expenditures in a later section.

The net income, however, tells a different story. While the net income was positive between 2019 and 2024, ranging from a 1% to an 11% margin, in 2018 the net income was more than minus ten billion U.S. dollars. This high negative net income was the result of a quarterly impairment test that lowered the goodwill, especially of reporting units in the U.S. refrigerated and Canada retail segments (Kraft Heinz, 2019). This impairment resulted in a non-cash loss of $15.4 billion (Kraft Heinz, 2019). Further expectational items are also analysed in the next section.

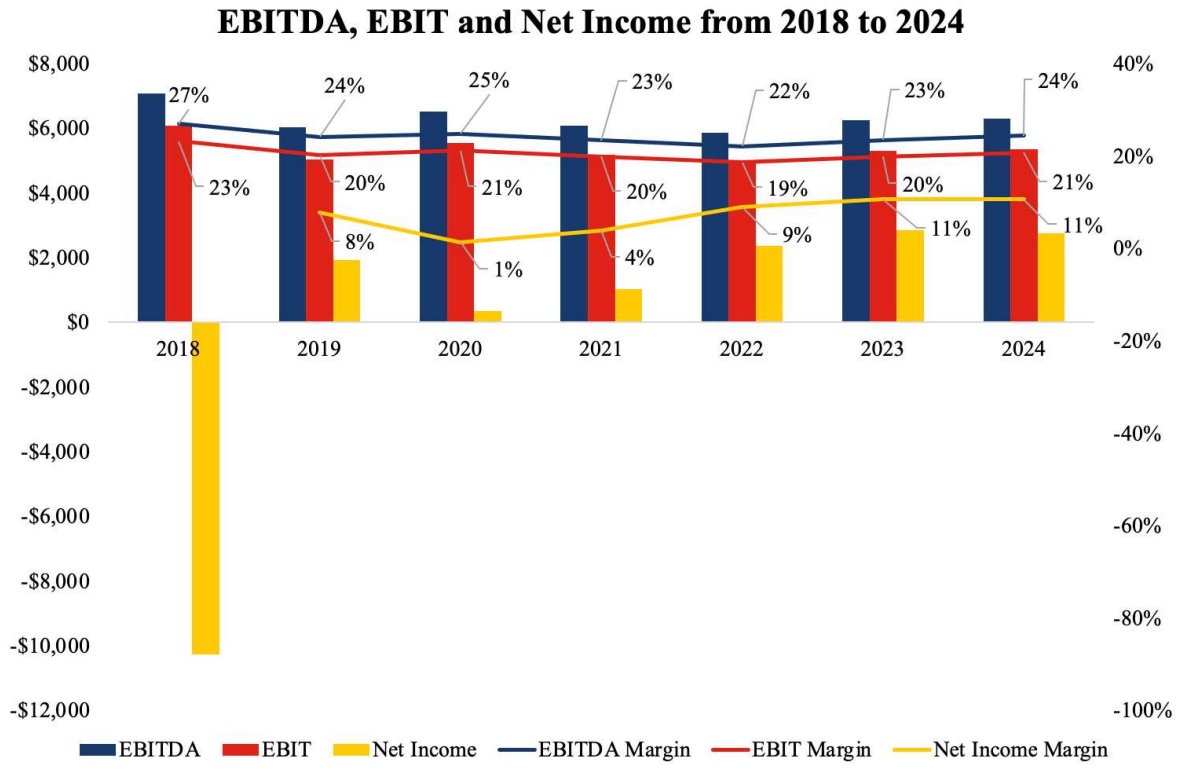

Figure 4: EBITDA, EBIT and Net Income of Kraft Heinz from 2018 to 2024 (in $m)

Exceptional Items

As mentioned in the previous section, Kraft Heinz had especially in 2018 very high "non-recurring expenses" due to impairments. However, looking at the other years, it shows that Kraft Heinz had impairments on goodwill every year that were greater than $1 billion, except for 2022 ($999 million) and 2023 ($662 million). Goodwill occurs during an M&A transaction

when a company acquires another company for a price above its fair value of net assets. This goodwill is only written down in the context of an impairment if the value of the asset decreased and is not recoverable. This suggests that the impairments that have been conducted over the past years support Warren Buffett's statement that he paid too much for Kraft in the merger (*Berkshire Hathaway Annual Meeting 2019*, 2019).

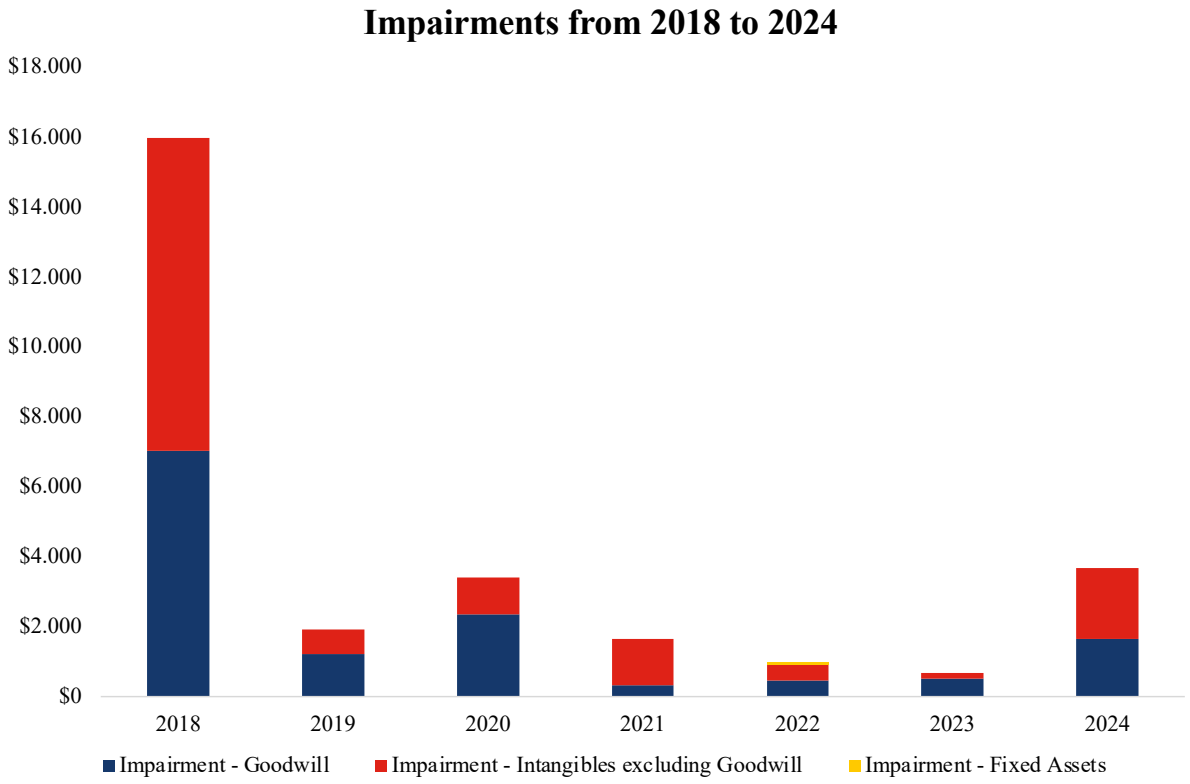

Figure 5: Impairments of Kraft Heinz from 2018 to 2024 (in $m)

Working Capital

The working capital has been fluctuating over the past years. Based on the changes, it is observable that Kraft Heinz has been trying to optimise its working capital, as their cash conversion cycle (CCC) over the entire period has also been negative, resulting in Kraft Heinz receiving payments from their customers before they had to settle their own payments with their suppliers. In recent years the CCC came closer to 0 again, which is ultimately the effect of Kraft Heinz taking longer periods to sell its inventories as the days of the inventory outstanding (DIO) increased from around 57 days in 2018 to close to 73 days in 2024. The days of the sales outstanding (DSO) and the days of the payables outstanding (DPO) remained constant throughout the period.

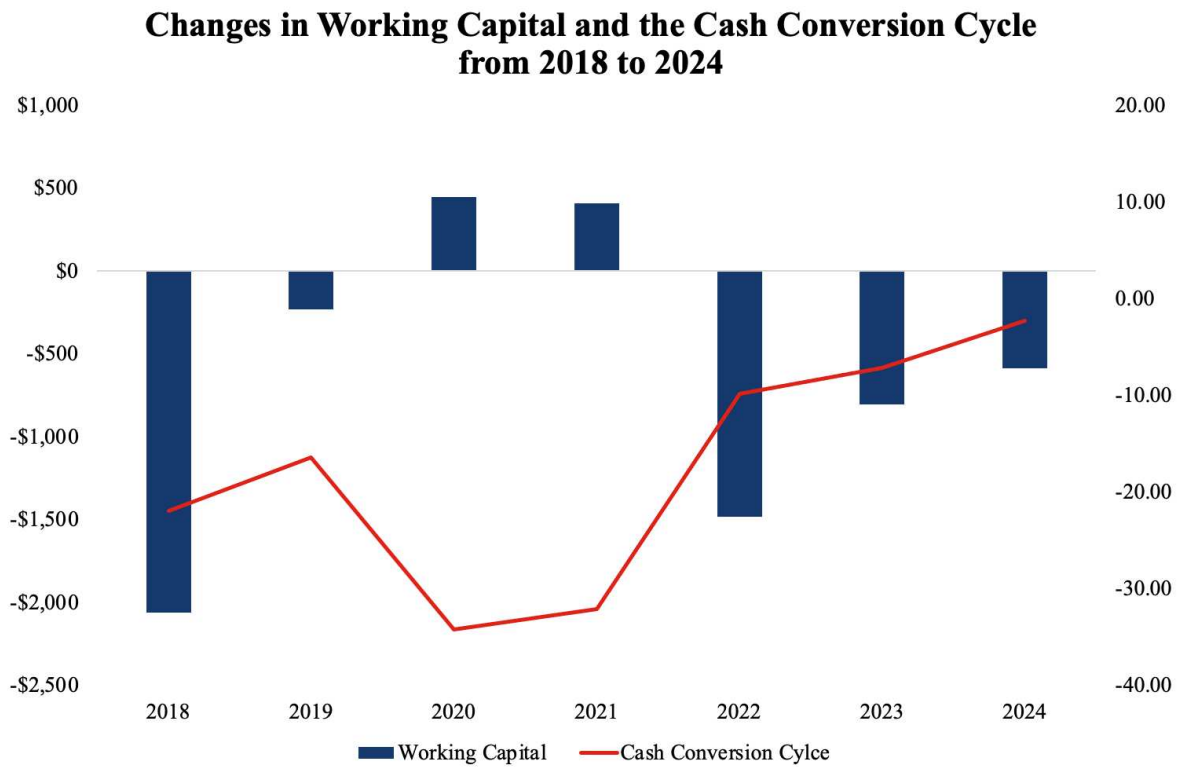

Figure 6: Changes in Working Capital and the Cash Conversion Cycle from 2018 to 2024 (in $m)

The changes in working capital were forecasted by calculating an average of the DSO, the DIO and the DPO over the historical period 2018 to 2024, which will be reached in the last year of the planning period. From 2025 to 2029, these values are assumed to converge to the historical average. The other current assets and liabilities were assumed to remain at a constant proportion to the OPEX throughout the entire forecasting period.

Change in Working Capital	2025	2026	2027	2028	2029	2030
Accounts Receivable DSO	2,189	2,190	2,188	2,184	2,184	2,183
Inventories DIO	3,389	3,340	3,286	3,230	3,181	3,131
Other Current Assets as % of OPEX	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%
Accounts Payable DPO	5,037	5,098	5,152	5,202	5,262	5,320
Other current liabilites as % of OPEX	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%
Working Capital	**- 484**	**- 589**	**- 693**	**- 796**	**- 901**	**- 1,005**
Change in Working Capital	**- 108**	**- 105**	**- 104**	**- 103**	**- 104**	**- 104**

Figure 7: Forecasting of Working Capital (in $m)

Capital Expenditures and Depreciation & Amortisation

The capital expenditures (CAPEX) of Kraft Heinz were, except for 2024, consistently investments into property, plant & equipment (PPE). Throughout the historical period, the CAPEX was in relation to the PPE relatively stable, usually ranging between 7% and 9%. The

only small outlier was during the COVID-19 year, 2020, where the CAPEX was 5% in relation to the PPE. Otherwise, the CAPEX history of Kraft Heinz is very stable.

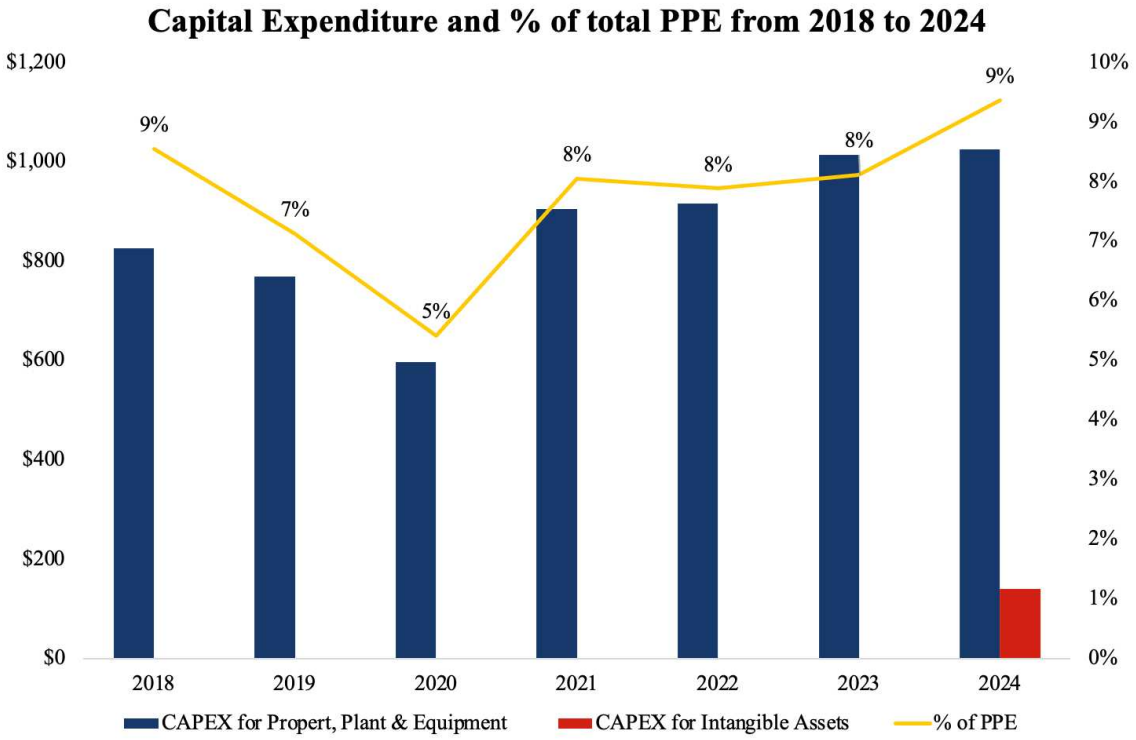

Figure 8: Capital Expenditures of Kraft Heinz and the relation to the total PPE from 2018 to 2024 (in $m)

The D&A excluding exceptional items that were mentioned earlier showcase a similar pattern as the CAPEX. It ranges every year between 8% and 10% of the total PPE. Comparing depreciation and amortisation shows that depreciation represents around 70% to 74%, while amortisation accounts for approximately 26% to 30% of the total D&A every year.

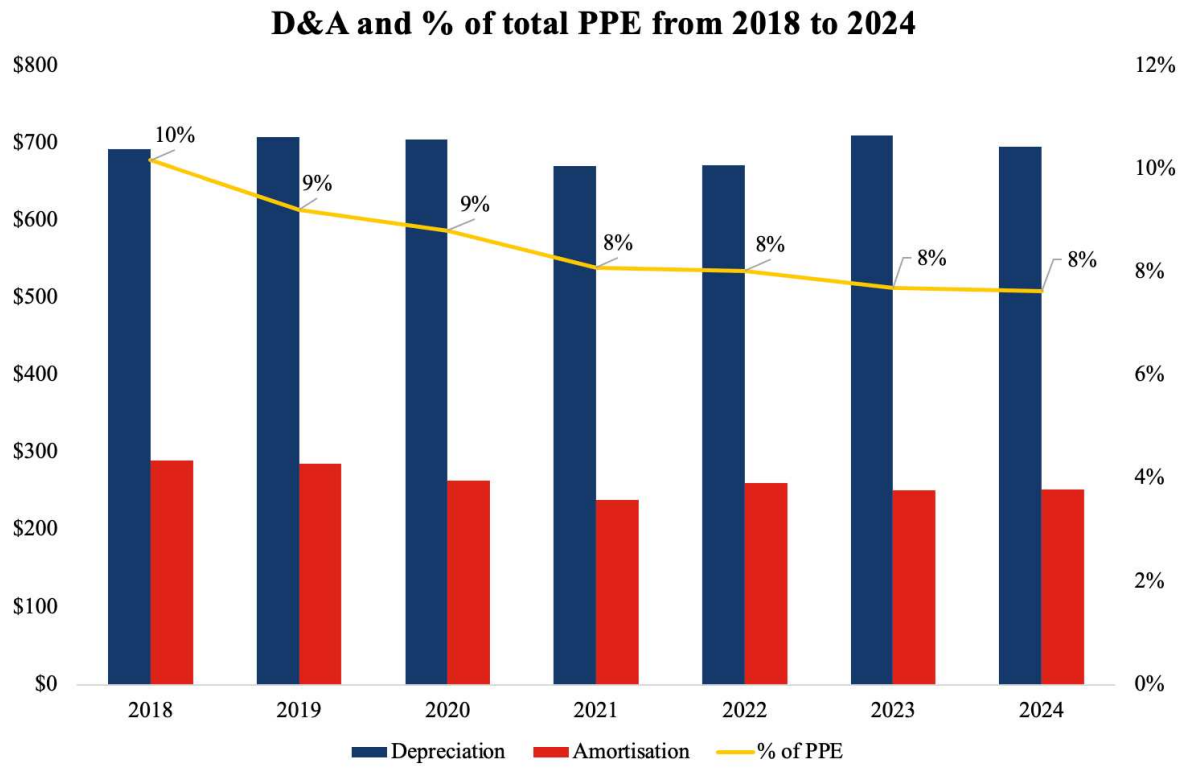

Figure 9: Depreciation & Amortisation of Kraft Heinz and the relation to the total PPE from 2018 to 2024 (in $m)

Comparing the yearly D&A to CAPEX ratio from 2018 to 2024 also gives interesting insights into the company. In 2018 and 2019, the depreciations and amortisations were higher than the CAPEX. In 2020 this was the case as well, but due to the COVID-19 crisis, the low CAPEX is seen as a precautionary action, as during that time there were high uncertainties about the future. In 2021 and 2022 the D&A was just as high as the CAPEX and in 2023 and 2024 the D&A was even lower than the CAPEX. Resulting from these numbers, the average D&A to CAPEX ratio over the entire period is approximately 1. This indicates that Kraft Heinz maintains its asset base and instead of looking for an aggressive expansion, they have already reached a certain maturity in the market.

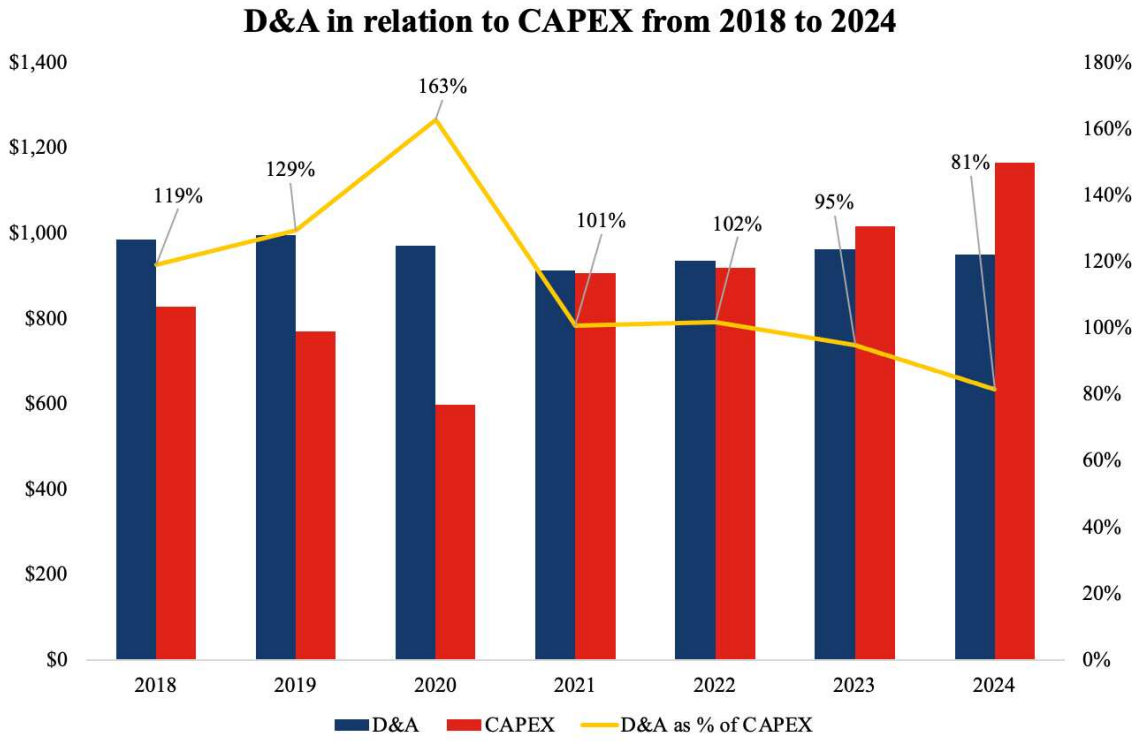

Figure 10: Depreciation & Amortisation in relation to Capital Expenditures of Kraft Heinz from 2018 to 2024 (in $m)

Due to this analysis, it is assumed that this constant ratio will continue in the future, and the Capex investments into PPE and IA will be equal to the yearly D&A.

Property Plant & Equipment	2025	2026	2027	2028	2029	2030
Beginning balance	7,691.0	7,691.0	7,691.0	7,691.0	7,691.0	7,691.0
Capex	699.1	702.1	705.2	708.3	711.4	714.5
Depreciation	699.1	702.1	705.2	708.3	711.4	714.5
Ending balance	7,691.0	7,691.0	7,691.0	7,691.0	7,691.0	7,691.0

Intangible Assets	2025	2026	2027	2028	2029	2030
Beginning balance	40,099.0	40,099.0	40,099.0	40,099.0	40,099.0	40,099.0
Capex	249.3	246.6	243.9	241.2	238.6	236.0
Amortization	249.3	246.6	243.9	241.2	238.6	236.0
Ending balance	40,099.0	40,099.0	40,099.0	40,099.0	40,099.0	40,099.0

Figure 11: Depreciation & Amortisation and Capex forecasting (in $m)

Other Investing Cashflow

Kraft Heinz has been actively acquiring and selling businesses and business units over the past years.

Figure 12: Acquisitions and Divestures of Kraft Heinz from 2018 to 2024 (in $m)

When looking at the past years, it is especially observable that Kraft Heinz frequently sold parts or full business segments. The largest sale was the entire "Nuts business" in 2021, which Kraft Heinz also declared as a "strategic shift" in their annual report (Kraft Heinz, 2022a). Other sales include the 100% disposal of their "India business" (Kraft Heinz, 2019), a sale of 50.1% in their South African subsidiary (Kraft Heinz, 2019), a sale of certain assets in their cheese business (Kraft Heinz, 2020), the sale of their business-to-business powdered cheese business (Kraft Heinz, 2023), the sale of their infant nutrition business in Russia (Kraft Heinz, 2025a) and the sale of their Papua New Guinea business (Kraft Heinz, 2025a). Additionally, in 2018 Kraft Heinz was negotiating a sale of the "Rest of the World Segment" (Kraft Heinz, 2020). However, the transaction was cancelled later on (Kraft Heinz, 2022a).

Kraft Heinz was also actively acquiring businesses, but the transaction volumes were much lower. Transactions between 2018 and 2024 include the 100% acquisitions of Cerebos Pacific Limited, an Australian food and beverage company with a strong footprint in both Australia and New Zealand (Kraft Heinz, 2019), "The Ethical Bean Coffee Company", a Canada-based coffee roaster (Kraft Heinz, 2019), "Wellio", a U.S. full-service meal planning and preparation technology start-up company (Kraft Heinz, 2019) and "Primal Nutrition", a better-for-you brand primarily focused on condiments, sauces, and dressings with growing product lines in healthy snacks and other categories (Kraft Heinz, 2020). Additionally, they fully acquired Assan Gida, a condiments and sauces manufacturer based in Turkey (Kraft Heinz, 2022a) and Companhia Hemmer Indústria e Comércio, a Brazilian food and beverage manufacturing

company focused on the condiments and sauces category (Kraft Heinz, 2024). Furthermore, Kraft Heinz acquired majority stakes in BR Spices Indústria e Comércio de Alimentos Ltda, a spice wholesaler located in Brazil and Just Spices, a German-based company focused on direct-to-consumer sales of premium spice blends (Kraft Heinz, 2023).

Analysing the M&A activity of Kraft Heinz over the past years reveals a clear pattern. They followed the strategy of divesting segments that are further away from their core revenue drivers, which are primarily connected to condiments and sauces, while simultaneously investing to further expand within these core segements. The divestments includes their entire nuts operations, segments related to their cheese business and some segments in the emerging markets. Investments include especially manufacturers and wholesalers in the field of condiments and sauces in South America, Asia and Europe.

Debt Retirement and Leverage

Looking at the historical debt and leverage development, it is observable that Kraft Heinz was strongly levered[1] in 2018 and 2019. This also led to a downgrade in the credit rating from BBB- to BB+ in 2019 (Kraft Heinz, 2020). The numbers show that the high leverage was seen as a problem by the Kraft Heinz management team and since 2019 they focused on reducing the leverage from approximately 4.5 to around 3.0. A leverage of 3.0 times net debt divided by EBITDA was also targeted by Kraft Heinz according to a press release in 2022 (Kraft Heinz, 2022b).

[1] The leverage of each year was calculated by first building the Net Debt (subtracting cash & cash equivalents from the total debt) and then dividing the Net Debt by the Last-Twelve-Month EBITDA. Please refer to Appendix 15 for the detailed calculations

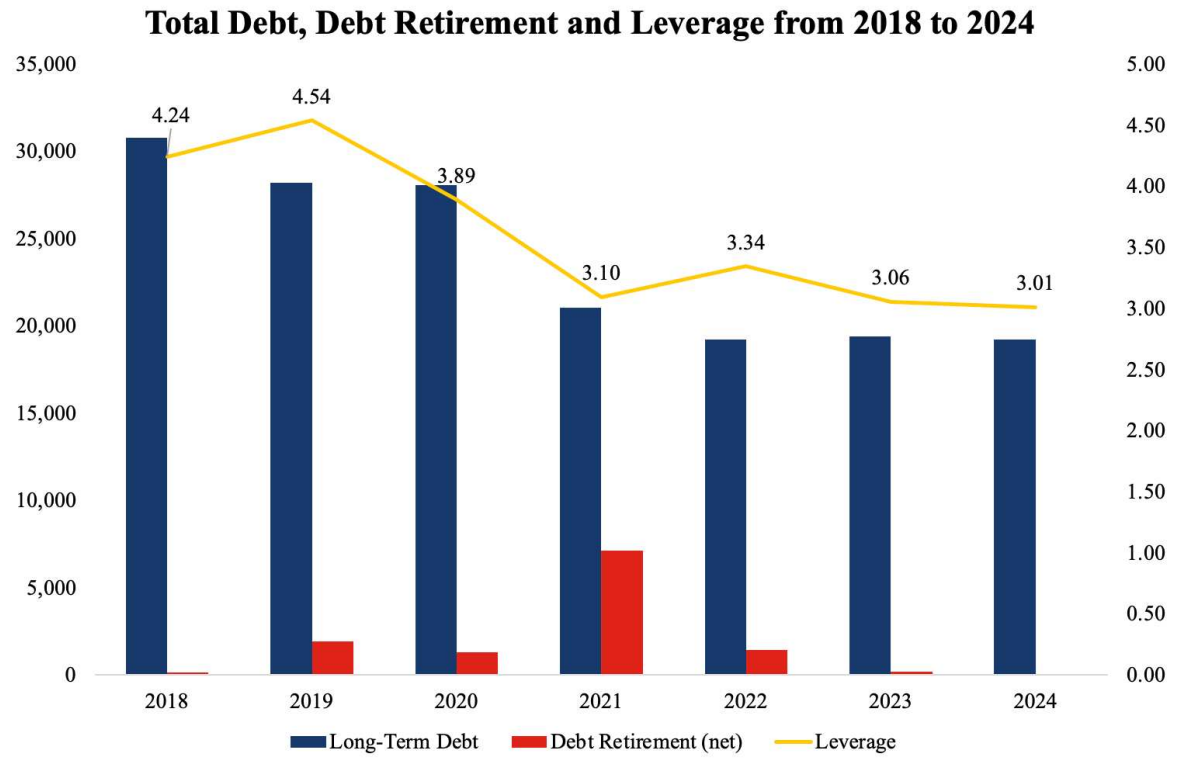

Figure 13: Total Debt, Debt Retirement and Leverage of Kraft Heinz from 2018 to 2024 (in $m)

This target structure of 3.0x net debt divided by EBITDA was considered for the forecasting period and approximately maintained.

Dividends and Stock Buybacks

Since being reduced to $1.60 per year ($0.40 per quarter) in 2019 from $2.50 in 2018, the dividend of Kraft Heinz has been unchanged. It is paid in quarterly installments. The dividend payout ratio has been fluctuating throughout the period due to the impact of non-cash expenses on the net income. The dividend history suggests that Kraft Heinz recognised in 2018 that they would not be able to maintain a dividend of $2.50 per share. Therefore, they decided to lower it to an amount that will be maintainable over the next years to avoid further dividend cuts and win back the trust of investors. Over the period between 2018 and 2024, shares have only been retired in 2023 and 2024. This indicates that Kraft Heinz wanted to return more to shareholders but hesitated to increase the dividend again.

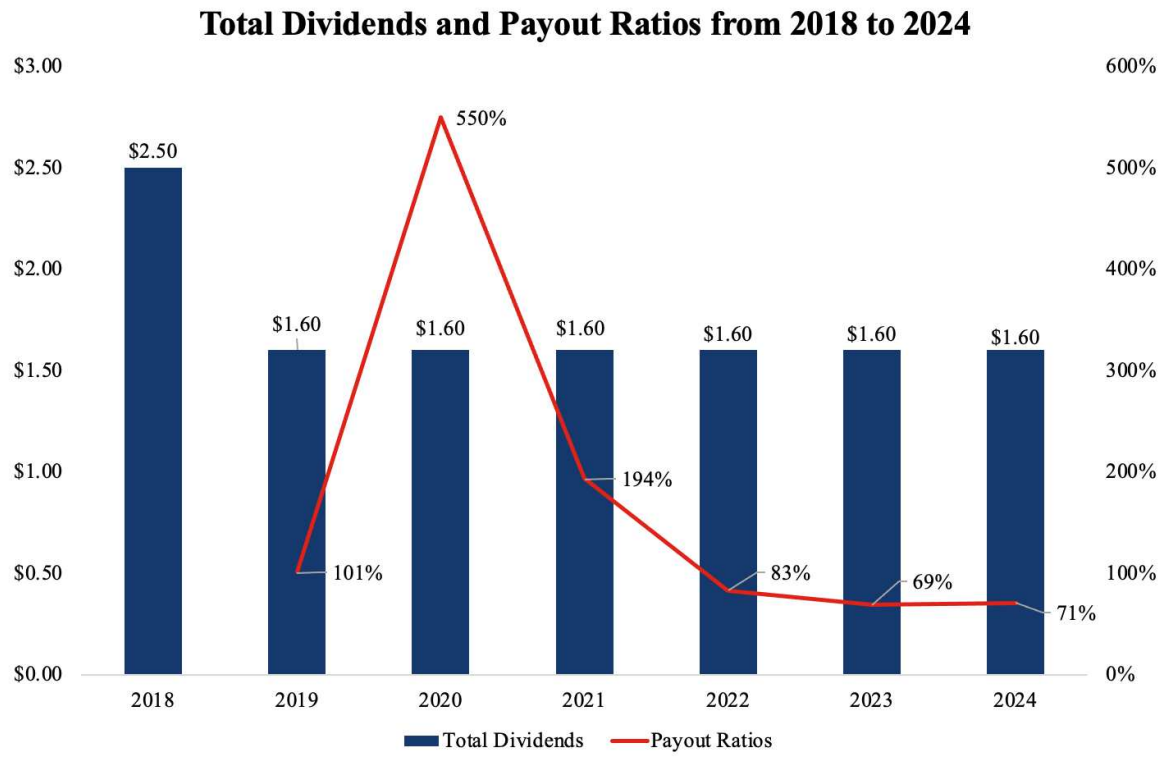

Figure 14: Total Dividends and Payout Ratios of Kraft Heinz from 2018 to 2024 (in $)

In their latest annual report, Kraft Heinz does not provide any details for future dividends, However, as the dividend has not been changed since it was lowered to annually $1.60 per share it is assumed, that the firm does not want to increase the dividend too fast so there will be no future cuts again. When the company increases the dividend, it is expected to be of sustainable nature. As 2025 is according to their presentation at CAGNY (2025b) their "year of stabilization", no dividend increases are expected for this year. For 2026 and further, it is expected that the dividend will increase by 0.5% per year. For stock buybacks, Kraft Heinz also does not provide any details, but the firm states that they want to use them as a way of providing value for their shareholders (Kraft Heinz, 2025a). Therefore, in the forecast period, it is assumed that share repurchase programs will be carried out with excess capital after dividend payments and ensuring that the aimed-for leverage of 3.0x is maintained to return the capital to the shareholders.

6.0 Valuation

In the previous chapters I provided at first a literature review on different methods to conduct a valuation and after that an analysis of Kraft Heinz and the industries they operate in. This chapter focuses on using the previously gathered information of the firm and the market to apply the enterprise DCF and the relative valuation to value Kraft Heinz. The first part of the

valuation will be about the peer group of Kraft Heinz. Then the WACC will be calculated and the relevant input factors will be used to conduct the enterprise DCF model. Following this, a relative valuation is performed and in the last part, the different valuation outcomes will be compared in a football field.

Peer Group

The peer group is an essential item for all valuation methods in this thesis. It will be used to calculate the beta for the cost of equity within the DCF model and the multiples for the relative valuation. As it was mentioned in the literature review, an ideal peer group would consist of companies that are identical in risk, growth potential and cash flows. As there is hardly one firm identical to another, the peer group was compiled in such a way that the individual match may vary, but the overall selection represents a set of comparable company. The peer group was selected based on the following characteristics:

I. Profitability
II. Size
III. Sector
IV. Brand establishment
V. Growth

The profitability was measured by the average EBITDA margin of the firms from 2019 to 2024. EBITDA was chosen, as it is a good approximation of the cash flow to all investors. In order to indicate how large a company is, the market capitalisation was chosen. Further criteria are the sector and the original founding year of the company[1]. It requires the comparable firms to be food manufacturers of non-cyclical consumer goods with well-established brand names in the United States over a long time horizon. This metric provides insight into how long the company has already been operating to build its reputation and brand name. To capture growth, two metrics were chosen. The first one is the CAGR of the EBITDA from 2019 to 2024 and the other is the long-term growth – mean. This was retrieved from Refinitiv, representing the average of analyst estimates for the mean compound EPS growth rate over a time horizon of three to five years. This way, both past growth rates and future growth estimates were considered. Based on the criteria, the following eight companies were chosen as comparable firms.

[1] The “year founded” refers to the year of the original founding. Some entities were created later through a spin-off of other companies.

Company	EBITDA Margin (in %)	Market Cap (in US-Dollar)	Sector	Year founded[1]	EBITDA Growth	Long Term Growth - Mean
Kraft Heinz Co	24.2%	33,943,987,457	Food Manufacturer	1869 / 1923	-2.0%	-0.3%
Campbell's Co	19.3%	9,736,924,886	Food Manufacturer	1869	0.6%	4.4%
Conagra Brands Inc	19.4%	9,171,679,934	Food Manufacturer	1919	4.9%	-1.1%
J M Smucker Co	21.8%	11,630,654,358	Food Manufacturer	1897	1.8%	3.0%
General Mills Inc	20.6%	27,701,771,914	Food Manufacturer	1928	2.7%	2.1%
Kellanova	15.7%	27,696,146,277	Food Manufacturer	1906	2.7%	4.5%
Mondelez International Inc	20.6%	91,326,667,179	Food Manufacturer	1923	6.7%	2.2%
PepsiCo Inc	19.2%	196,394,124,914	Food Manufacturer	1898	6.0%	4.7%

Figure 15: Peer Group

6.1 Weighted Average Cost of Capital

The WACC was calculated by using the formula presented in chapter 2.3. Applying the WACC formula by using all calculated values leads to a weighted average cost of capital of 5.51%.

Weighted Average Cost of Capital	
Market Value Equity	33,943,987,457
Market Value Debt	21,489,925,764
Cost of Equity	6.43%
Cost of Debt	5.47%
Marginal Tax Rate	25.70%
WACC	5.51%

Figure 16: WACC calculation

Cost of debt

The long-term debt of Kraft Heinz is rated BBB by S&P Global Ratings (Kraft Heinz, 2025a), which classifies the bonds as "investment grade". Therefore, the cost of debt was calculated, in line with previously presented literature, by building the weighted average yield to maturity of Kraft Heinz's outstanding bonds. Bonds that were emitted in a different currency were converted with Morningstar exchange rates from 25.07.2025. Additionally, to converting the market value of the bonds, the yields for the Euro and Brazilian bonds were converted. As there was no YTM provided by Refinitiv for the Brazil bonds, the YTM was approximated. This was done by applying Damodaran's (2023) approach of adding a sovereign spread on top of the U.S. cost of debt. The respective formula is:

$$YTM_{Kraft\ Heinz\ BRL\ Bonds} = YTM_{Kraft\ Heinz\ USD\ Bonds} + (Brazil\ 10\ year\ government\ bond - U.S.\ 10\ year\ government\ bond)$$

Equation 15 = Approximated YTM Kraft Heinz Brazil Bonds

The YTM of a 10-year Kraft Heinz U.S. bond is 5.47%. The Brazil 10-year government bond yield is 14.02% as of 25.07, retrieved from Refinitiv. The U.S risk-free rate is 4.23%. The resulting YTM for the Brazil bonds, using equation 15, is 15.26%. To convert the yields of the Euro and Brazilian bonds into a synthetic U.S. dollar yield, the following formula was applied:

$$(1 + YTM_{USD\ equivalent}) = (1 + YTM_{foreign\ currency}) * \left(\frac{(1 + Kraft\ Heinz\ \ 10year\ bond_{USD})}{(1 + \ Local\ 10year\ T - Bill_{foreign\ currency})}\right)$$

Equation 16 = Conversion of YTMs

The resulting converted YTMs are as followed:

	YTM	10-year Treasury Yield	YTM US-equivalent
Brazilian Real	15.32%	14.25%	6.85%
British Pound	5.24%	4.43%	6.20%
British Pound	4.53%	4.43%	5.48%
Euro	2.84%	2.44%	5.65%
Euro	2.63%	2.44%	5.43%
Euro	2.93%	2.44%	5.73%
Euro	3.28%	2.44%	6.09%

Figure 17: YTM conversion

The 10-year treasury yields were retrieved from Refinitiv.

This approach led to a weighted yield of maturity of 5.47%. The implied cost of debt of Kraft Heinz is 5,47%. Please refer to appendix 14 for details.

Cost of equity

In order to calculate the cost of equity, the CAPM was applied. As mentioned in the literature review, the CAPM consists of a beta, a risk-free rate and an equity risk premium. Inserting the calculated values into the CAPM formula, yields a cost of equity of 6.43%.

Cost of Equity Peers Approach	
ERP (Kroll)	5.50%
Beta	0.40
US 10Y Govt Bond (25.07.2025 Refinitive)	4.23%
CAPM - Cost of Equity	6.43%

Figure 18: Cost of equity calculation

Beta

The beta was calculated by applying the peer group approach. At first the 5-year monthly beta and the company market capitalisation were retrieved from Refinitiv. Afterwards, for each peer, the outstanding bond market value was observed. Bonds that were emitted in a different currency were converted to U.S. dollars with Morningstar exchange rates from 25.07.2025 to accurately determine the leverage. By dividing the market value of the outstanding bonds with the company market capitalisation the leverage was calculated.

Company	Beta 5 Year Monthly	Market Cap (in US-Dollar)	Outstanding Bonds - Market Value	Leverage (D/E)
Kraft Heinz Co	0.42	33,943,987,457	21,489,925,763.65	63.3%
Campbell's Co	0.18	9,736,924,886	7,662,688,000.00	78.7%
Conagra Brands Inc	0.30	9,171,679,934	7,421,963,000.00	80.9%
J M Smucker Co	0.38	11,630,654,358	7,453,262,000.00	64.1%
General Mills Inc	0.14	27,701,771,914	13,761,022,000.00	49.7%
Kellanova	0.34	27,696,146,277	5,491,258,200.00	19.8%
Mondelez International Inc	0.52	91,326,667,179	16,931,645,595.58	18.5%
PepsiCo Inc	0.50	196,394,124,914	47,846,479,280.57	24.4%

Figure 19: Peer Group leverage calculation

After obtaining the leverage ratio the following formula can be applied to calculate the unleverd beta of each peer:

$$\beta_u = \frac{\beta_L}{\left(1 + \frac{D}{E}\right)}$$

Equation 17 = Unlevered Beta

Beta			
Peers	Levered Beta	Leverage	Unlevered Beta
Campbell's Co	0.18	78.70%	0.10
Conagra Brands Inc	0.30	80.92%	0.16
J M Smucker Co	0.38	64.08%	0.23
General Mills Inc	0.14	49.68%	0.09
Kellanova	0.34	19.83%	0.29
Mondelez International Inc	0.52	18.54%	0.44
PepsiCo Inc	0.50	24.36%	0.40
Average			0.24

Figure 20: Peer group unlevered betas

Based on the average unlevered beta, equation 8 has been rewritten as:

$$\beta_L = \beta_u * \left(1 + \frac{D}{E}\right)$$

Equation 18 = Levered Beta

Using Kraft Heinz's leverage and the peer groups obtained average of the unlevered betas, applying equation 16 leads to a levered beta of 0.40.

Company	Unlevered Beta	Leverage	Levered Beta
Kraft Heinz Co	**0.24**	**63.3%**	**0.40**

Figure 21: Kraft Heinz levered beta

Risk-free rate

In line with the literature review, the risk-free rate was approximated by the yield of the 10-year U.S government bond, which was 4.23% as of July 25th, 2025 according to Refinitiv.

Tax rate

The tax rate was calculated by first looking at the geographical segmentation of Kraft Heinz revenues according to the latest annual report (Kraft Heinz, 2025a).

Geographical Segementation	Total Revenue in %
North America	75.6%
International Developed Markets	13.7%
Emerging Markets	10.7%

Figure 22: Geographical segmentation of Kraft Heinz's revenue

Afterwards, for every segment, the tax rate of relevant countries where Kraft Heinz sells products was retrieved from Damodaran. As the exact revenue split in each segment is not provided, for the international developed markets and the emerging markets, an average allocation was assumed. For North America it was assumed that the United States accounts for the biggest part, as in previous years it was reported that the U.S accounts for 70% of total revenues.

North America	Revenue Allocation	Tax Rates
US	85%	25.0%
Canada	10%	26.5%
Mexico	5%	30.0%
Weighted Tax Rate		25.4%

Figure 23: North America revenue in percent and tax rates

International Developed Markets	Revenue Allocation	Tax Rates
UK	9.1%	25.0%
Germany	9.1%	30.0%
Belgium	9.1%	25.0%
Netherlands	9.1%	25.8%
France	9.1%	25.0%
Spain	9.1%	25.0%
Italy	9.1%	24.0%
Sweden	9.1%	20.6%
Denmark	9.1%	22.0%
Australia	9.1%	30.0%
New Zealand	9.1%	28.0%
Weighted Tax Rate		25.5%

Figure 24: International developed markets revenues in percent and tax rates

Emerging Markets	Revenue Allocation	Tax Rates
Argentina	16.7%	35.0%
Indonesia	16.7%	22.0%
Venezuela	16.7%	34.0%
Turkey	16.7%	25.0%
Egypt	16.7%	22.5%
Nigeria	16.7%	30.0%
Weighted Tax Rate		28.1%

Figure 25: Emerging Markets revenue in percent and tax rates

After calculating the weighted tax rate for each geographical segment, the weighted tax rates were weighted according to the split in figure 17, leading to an overall tax rate of 25.7%.

Market risk premium

The first step in calculating the equity risk premium was to download the monthly market prices of the Russell 3000 index. The Russell 3000 was chosen to represent the market as it measures the performance of the 3000 largest publicly listed U.S. companies. Based on the monthly closing market prices of the index from 31.12.2019 to 30.06.2025, the monthly returns were calculated. The average of the monthly returns over the entire period was annualised in the last step by multiplying the average monthly returns by 12, yielding an average annualized return of 14.58%. Please refer to appendix 16 for the calculations. Subtracting the risk-free rate of 4.23% from the annualised market return, leads to a market risk premium of 10.22%. Due to Moulton et al. (2024) the performance of the Russell 3000, this risk premium is very high for a U.S. company. In order to ensure a correct valuation, a market risk premium of 5.5% has been

applied, which is a recommended U.S. Equity Risk Premium from the financial advisory company Kroll (2025).

Terminal value growth rate

As previously mentioned, the growth rate of the terminal value is a critical input parameter, as it reflects the company's expected growth in perpetuity and therefore has a significant influence on the overall valuation. When determining the growth rate, it is important that it remains below the industry and the economic growth rate. Otherwise, it would be implied that the firm could indefinitely outgrow its industry or the broader economy, which is not a possible scenario. As Kraft Heinz operates in many different subindustries of packaged consumer goods, it is hard to use one certain growth rate, but according to Moulton et al. (2024), the overall consumer goods industry will grow at an inflation-adjusted rate of 3% to 5%. According to the International Monetary Fund, the broader economy is divided into advanced economies and emerging markets, which are projected to grow at 1.4% and 3.7%, respectively (*IMF Real GDP Growth*, n.d.). Combined, worldwide economic growth is expected to average 2.8% (*IMF Real GDP Growth*, n.d.). Dividing between developed and emerging markets is very important for determining the TV growth rate, as Kraft Heinz records 89.3% of their revenue in developed and only 10.7% in emerging countries (Kraft Heinz, 2025a). Additionally, Kraft Heinz is a very mature firm and the CAGR from 2018 to 2024 was -0.27%. Due to these aspects – the maturity of the firm, the relatively low industry growth and the fact that Kraft Heinz has had trouble since 2018 converting their growth initiatives into actual growth – the terminal value growth is assumed to be 0.50%.

6.2 Enterprise Discounted Cash Flow Model

After identifying and computing all the relevant parameters required to perform an enterprise discounted cash flow model, the next step was to calculate the free cash flows to the firm (FCFF) for each of the forecasted years up to the point where the firm is assumed to enter steady state. To value the company as of 2025, the forecasted free cash flows have to be discounted to their present value, using the WACC as the discount factor and also taking the respective year of the cash flow into account. As the valuation is for the 25th of July, the FCFF 2025 has been multiplied by 5/12, for the remaining months in 2025. To discount it accordingly, it has also been discounted with 5/12 instead of the full year.

	Forecast					
Enterprise DCF	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E
($m, FYE 31/12)						
EBIT	2,281.6	5,490.7	5,496.2	5,496.8	5,507.1	5,514.1
- Tax	(479.1)	(1,153.0)	(1,154.2)	(1,154.3)	(1,156.5)	(1,158.0)
NOPAT	**1,802.5**	**4,337.7**	**4,342.0**	**4,342.4**	**4,350.6**	**4,356.1**
+ Depreciation & Ammortization	395.1	948.7	949.1	949.5	950.0	950.6
- CapEx	(395.1)	(948.7)	(949.1)	(949.5)	(950.0)	(950.6)
- Δ Working Capital	(45.0)	(104.9)	(104.2)	(103.4)	(104.3)	(103.9)
FCFF	**1,757.5**	**4,232.8**	**4,237.9**	**4,239.0**	**4,246.3**	**4,252.2**
Discount Factor	1.023	1.113	1.175	1.239	1.308	1.380
Discounted FCFF	**1,718.4**	**3,802.2**	**3,608.0**	**3,420.5**	**3,247.4**	**3,082.1**

Figure 26: Free cash flows to firm for the forecasting period (in $m)

The sum of the discounted FCFFs yields an overall present value of $18,879 million.

Terminal Value

As mentioned in the literature review, the enterprise value consists of two components: the present value of the FCFFs in the forecasting period and the present value of the terminal value. The terminal value is calculated by using *Equation 13* and dividing the FCFF in 2030 by the difference between the WACC and the perpetual growth rate. To incorporate the terminal value into the enterprise value, it then has to be discounted with the same discount factor that is used for the year 2030 in the FCFF forecasting.

Enterprise Value	
($m, FYE 31/12)	
Sum PV FCFF	18,879
PV Terminal Value	61,519
Enterprise Value	80,398

Figure 27: Enterprise value of Kraft Heinz (in $m)

This calculation results in the terminal value representing nearly 75% of the enterprise value, which may be considered a bit higher than the typical range. Usually, the terminal value accounts for 60-70% of the enterprise value, although this figure can vary significantly depending on the circumstances and assumptions. In this specific scenario the forecasting period is relatively short and it is assumed that Kraft Heinz reaches its steady state in 2030, contributing to the higher terminal. However, at 75% the terminal value is not concerningly high, given that Kraft Heinz is a very mature firm with predictable and stable cash flows.

Target price of DCF valuation

In order to arrive at the final share price, the enterprise value must be adjusted to derive the equity value. In this bridge from the enterprise to the equity value, net debt and other financial adjustments are deducted from the enterprise value to receive the value that belongs solely to the shareholders.

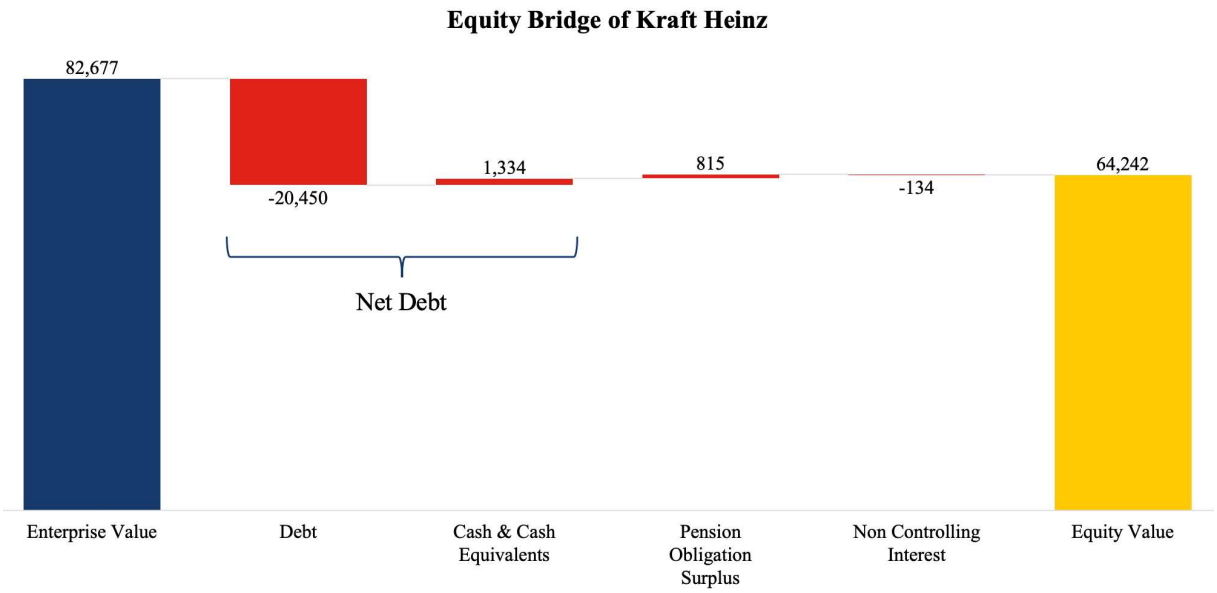

Figure 28: Equity bridge (in $m)

In the final step of the enterprise DCF valuation, the equity value is divided by the amount of outstanding shares leading to the calculated value per share.

Price per share	
Equity value	61,963
Fully Dilluted Shares Outstanding	1,210.0
Price/share	51.21

Figure 29: Enterprise DCF valuation price per share (in $)

Sensitivity analysis

As the DCF valuation is inherently based on assumptions and predictions, which were derived as objectively as possible, there is nonetheless no guarantee for correctness. Besides operational forecasts, the WACC and the growth rate of the terminal value are key drivers that significantly impact any DCF valuation. To illustrate how sensitive the valuation is to changes in the WACC and the TV growth rate, a sensitivity analysis has been conducted.

WACC	Terminal Value Growth Rate				
	0.00%	0.25%	0.5%	0.75%	1.00%
6.51%	36.83	38.30	39.90	41.64	43.54
6.01%	41.30	43.09	45.04	47.18	49.53
5.51%	46.60	48.79	51.21	53.88	56.85
5.01%	52.95	55.69	58.75	62.16	65.99
4.51%	60.71	64.22	68.17	72.64	77.75

Figure 30: Enterprise DCF valuation sensitivity analysis (in $)

6.3 Multiple Valuation

While the DCF values the intrinsic value of a company and relies on forecasts and assumptions, the multiple valuation compares different metrics of the company to those of the company's peer group and selected precedent transactions. In the following analysis, both the comparable company analysis (CCA) and the comparable transaction analysis (CTA) were conducted.

Comparable company multiple approach

Selecting a truly comparable peer group is a critical factor in order to ensure a great comparable company multiple valuation. Therefore, the peer group used for the Beta calculation was consistently applied in this context as well. After retrieving the multiples, both the median and the average were calculated. Further calculations and comparisons were based on the median, as it is more robust against extreme outliers. For an upper and a lower boundary, the 75th percentile and the 25th percentile were chosen.

Company	EV/EBITDA	EV/EBIT	P/E
Kraft Heinz	**8.84**	**10.41**	**9.32**
Conagra Brands	9.12	11.27	8.17
Campbell's	12.39	16.34	10.91
J M Smucker	9.23	12.02	10.83
General Mills	11.22	13.02	11.67
Kellanova	14.46	17.22	21.74
Mondelez International	12.16	14.55	20.03
PepsiCo	13.23	16.66	17.72
Median value	12.16	14.55	11.67
Average value	11.69	14.44	14.44
25th percentile	10.23	12.52	10.87
75th percentile	12.81	16.50	18.88
Share price (median)	$48.13	$49.20	$26.50
Share price (25th percentile)	$38.08	$40.23	$24.68
Share price (75th percentile)	$51.54	$57.88	$42.85

Figure 31: Comparable company multiple valuation

Based on the CCA, several key observations can be made. First, it shows that Kraft Heinz trades, with regard to all three multiples, at a very low level, as even the 25th percentile multiples are above the current trading of Kraft Heinz. Second, the median derived share prices based on the EV/EBITDA and EV/EBIT multiples are relatively constant at $48.12 and $49.20 respectively. These share prices imply significant upside potentials of 67.78% and 71.54% compared to the current stock price of $28.68. In contrast to this valuation, the P/E multiple indicates a share price at $26.50, which is a downside potential of 7.60%. This discrepancy is caused by the non-cash impairments in Kraft Heinz income statement, which are reflected in the net income, but as they are not cash effective, they do not lower the EBITDA or the EBIT.

Precedent transaction multiple approach

For the precedent transaction multiple valuation, transactions from 2010 to 2025 were analysed. The criteria were that the acquired company operates in the food and beverage sector and has its headquarters in the United States. In addition, only transactions for which both the EV/EBITDA and the EV/EBIT multiple were available were included. Please refer to appendix 23 for the full list of the transactions and the multiples.

	EV / EBITDA	EV / EBIT
Median value	10.70	17.09
Average value	15.80	20.45
25th percentile	8.41	10.54
75th percentile	18.28	21.79
Net Debt	-$19,116.00	-$19,116.00
Pension obligation surplus	$815.00	$815.00
Non-Controlling interest	-$134.00	-$134.00
Outstanding shares	1,210.00	1,210.00
Share price (median)	$40.52	$60.46
Share price (25th percentile)	$28.62	$31.47
Share price (75th percentile)	$80.05	$81.28

Figure 32: Precedent transaction multiple valuation

In contrast to the CCA, the CTA showcases a significant discrepancy between the median share price derived from the EV/EBITDA multiple and the EV/EBIT multiple. Additionally, the gap between the lowest valuation – based on the EV/EBITDA 25th percentile at $28.62 – and the highest valuation – based on the EV/EBIT 75th percentile at $81.28 – is substantial. Compared to the CCA, the CTA results in a higher valuation. This is usually the case, as the precedent transactions already factor in the acquisition premiums paid by strategic buyers.

6.4 Football Field

To compare the final results from the different valuation methods, a football field was created. Besides the DCF, the CCA and the CTA analysis, the figure also contains the lowest and the highest stock price of Kraft Heinz since 25.07.2022.

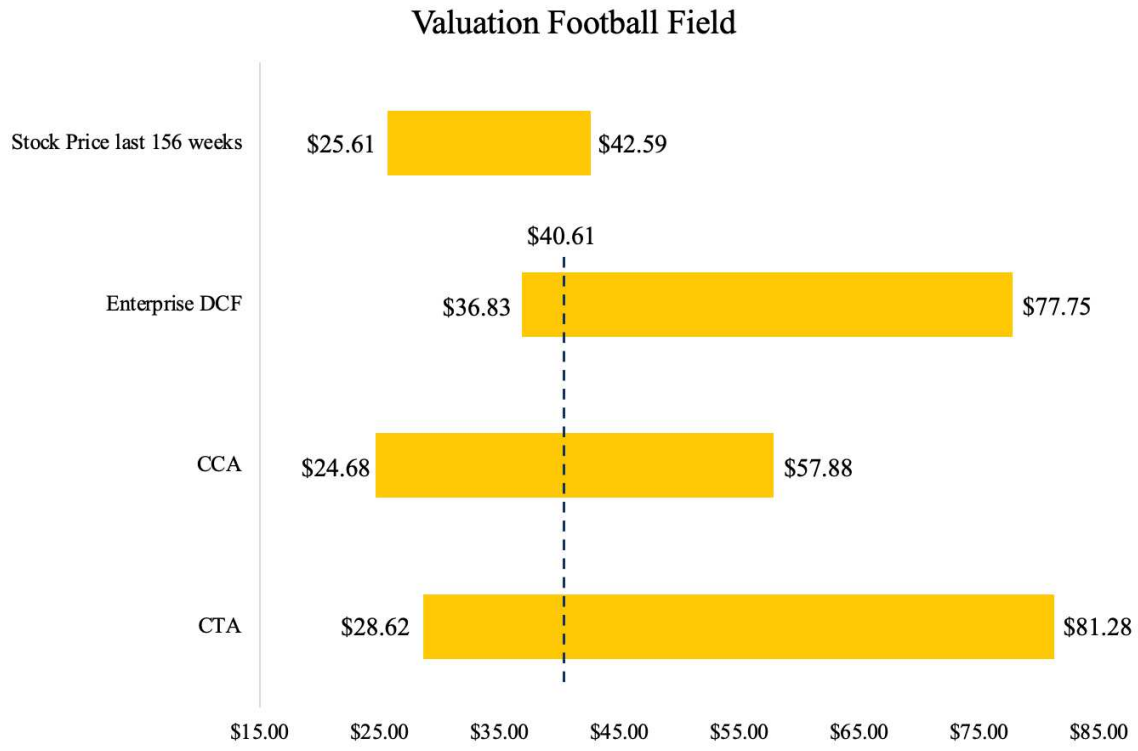

Figure 33: Valuation football field

The average CCA, CTA and DCF valuation yields a 12-month target stock price of $40.61, indicating an upside potential of 41.60% compared to the current trading level of $28.68. The 12-month horizon reflects the expected convergence of the market price toward the value that the valuation yields and the current stock price. Based on this analysis, Kraft Heinz is assigned a BUY recommendation. This stock price was calculated by averaging the median and the 25th percentile scenarios of the three valuation methodologies applied. The rationale behind this approach is to incorporate both the current market sentiment, in which non-cyclical consumer goods companies are under immense pressure and the operational challenges that Kraft Heinz has been facing. In particular, the repeated failure of the company and the management to successfully execute any of the different growth strategies over the past years has led to a lot of scepticism among investors. Many investors are awaiting tangible results in order to regain their faith in the company and the management. Furthermore, the ongoing difficulty in realising synergies that were expected from the Kraft Heinz merger in 2015 continues to be a major factor

weighing down market perception. This has gone so far, that Kraft Heinz reportedly prepares for a demerger, potentially splitting the company into a condiments and sauces and a Kraft foods products business again (*Kraft Heinz Reportedly Preparing to Split*, n.d.).

7.0 Comparison with Equity Report

In this part, the previously conducted valuation is compared to an equity research report published by UBS on 29.04.2025. In their report, UBS sets a 12-month price target of $31.00 for Kraft Heinz, accompanied by a NEUTRAL rating. Compared to the target price of $31.00 by UBS, this equity valuation reflects a 33.00% higher estimate at $40.61. In order to understand the differences in valuation outcomes, it is important to compare the underlying value drivers.

For the year 2025, UBS forecasts a revenue of $24,913, whereas this report projects a revenue of $26,442 for the same period. The more conservative outlook in the top line by UBS is also reflected in the EBIT and Net Income forecast. UBS forecasts an EBIT of 4,889 and a Net Income of $3,074, resulting in EPS of $2.57. In contrast, this report forecasts an EBIT of $5,475.9 and a Net Income of 3,359.2, resulting in EPS of $2.77. Notably, by 2029, which marks the final year of the planning period in the UBS report, the financial forecasts of both reports converge as they become similar. For 2029, UBS forecasts revenue of $26,534, an EBIT of $5,300 and EPS of $2.99, while this dissertation projects a revenue of $26,767, an EBIT of $5,507.1 and EPS of $2.74 for the same year. This indicates that the projections in this report assume a more optimistic outlook for the beginning of the planning period, followed by a lower growth rate, while UBS projects a more conservative development for the beginning of the planning period but a slightly higher growth rate. UBS does not disclose any valuation methodologies that led to their final investment recommendation, making further quantitative comparisons impossible. However, they share insights into the risks they associate with Kraft Heinz. While UBS acknowledges that at the current trading price Kraft Heinz seems attractively value, they maintain a neutral position due to ongoing fundamental weaknesses. Similar to the rationale for a more conservative valuation in this report, UBS also views the company's inability to gain meaningful results from past investments as a significant risk factor. Although the Kraft Heinz management insists that its current key initiatives will materialise, UBS remains unconvinced until there is clear visibility of change in the form of tangible improvements in the top and bottom line.

In conclusion, both the UBS equity report and this dissertation highlight current fundamental challenges around Kraft Heinz. However, while UBS issues a 12-month target price of $31.00, this dissertation estimates the value per share at $40.61. It is not known UBS calculated the price of $31.00 but it reflects a very conservative assessment. While the dissertation also considers the operational weaknesses and the current market sentiment, it also demonstrates that Kraft Heinz is currently trading at an attractive valuation, both intrinsically and relative to its peers, indicating meaningful upside potential and supporting a BUY recommendation.

Appendix

Appendix 1: Contingent claim valuation

The contingent claim, also known as the option approach, is a way of valuing a company like an option and calculating its fair value. The two models that are very common within the option approach are the Black-Scholes model and the binomial option price model (Damodaran, 2012). The contingent claim valuation is especially applicable when the value of an asset depends on the occurrence of an event (Damodaran, 2012) and when flexibility is important (Koller et al., 2020). A great benefit of the option approach is that it captures, other than the DCF approach, the value of making different decisions (Luehrman, 1998), as Luehrman (1998) argues that the value of a company does not just depend on the cash flow it generates but rather on a chain of real options. There are many relevant scenarios and industries, especially those where flexibility is a key component (Koller et al., 2020), such as biotech (Koller et al., 2020), in which this model has been explored. To provide an example, Kellog & Charnes (2000) used the option approach to value a biotechnology company. Their rationale was that the success of biotechnology companies greatly depends on one drug that is in development (Kellog & Charnes, 2000).

However, due to the lack of applicability to the valuation of Kraft Heinz, this method is not further discussed in the context of this thesis.

Appendix 2: Porter's five forces analysis of the condiments & sauces and the prepared meals market

Porter's Five Forces – Condiments & Sauces

Threat of New Entrants to the Industry

The threat of new entrants is rather low. Even though the market is fragmented, the advantages of large players are their strong brand reputations, their broad product portfolio and the economies of scale that they can achieve. In addition, food production is a strongly regulated sector which automatically leads to higher entry barriers. However, due to a strong demand, especially for products with health and nutritional benefits, local players could succeed in special niches (Marketline, 2024b).

Threat of Substitute Products

Consuming homemade and one's own creations of sauces is gaining popularity due to ongoing health trends and therefore increases the demand for alternative products such as honey (Marketline, 2024b). However, as convenience and saving time are also important factors for many customers, ready-to-use spices and sauces are still highly regarded (Marketline, 2024b). Furthermore, many leading companies, including Kraft Heinz, also produce substitute products (such as honey) to mitigate substitution threats (Marketline, 2024b). Overall, the threat of substitution is moderate.

Rivalry of Competitors

The market is highly fragmented and even the top players like Unilever, Kraft Heinz, McCormick and Nestlé only account for a global market share of less than 20%, which indicates that there are many competitors (Marketline, 2024b). The ease of exiting the market varies from company to company and depends on the business model. This applies especially to companies with highly specialised production facilities. Establishing these manufacturing facilities also results in high fixed costs (Marketline, 2024b). Overall, there is high rivalry among competitors.

Bargaining Power of Suppliers

The inputs for sauces and dressings are commodities such as spices, salt, sugar, eggs and many others that are supplied by many different farmers, growers and companies. An important criterium for these suppliers is a certain product quality that needs to be assured. If the quality of the end products sold were to deteriorate, the brand reputation of players could be irreversibly damaged. Therefore, established and trusted suppliers hold a certain negotiation power (Marketline, 2024b). Another group of suppliers are the packaging manufacturers, who face increasing negotiation power due to more guidelines and demand for environmentally friendly packaging (Marketline, 2024b). In total, the power of suppliers is moderate.

Bargaining Power of Customers

Due to the market being very fragmented, customers such as large retail chains have a broad range of potential suppliers and relatively low switching costs, which indicates a lot of negotiation power.

Porter's Five Forces – Prepared Meals

Threat of New Entrants to the Industry

The threat of new entrants is moderate. In order to break into the prepared meals market, there is a lot of capital required to establish manufacturing facilities and to build storage and distribution networks and a strong brand. Additionally, the sector is strongly regulated. Opportunities for new entrants exist, especially within healthy product innovations, as health-focused alternatives are a highly requested market trend (Marketline, 2024a).

Threat of Substitute Products

Substitute products are mainly fresh foods and home-cooked meals. Due to recent trends and the awareness of consumers about their health, switching from prepared meals to healthier options is becoming more common. However, as convenience is still a very relevant factor that drives consumer behaviour, prepared meals are still a very popular choice. The threat of substitutes also depends on the geographic location, as health trends are more dominant in some parts of the world than in others. Overall, the threat of substitutes is moderate (Marketline, 2024a).

Rivalry of Competitors

The prepared meals market is very fragmented, with the four largest players only accounting for around 26% in 2023 (Marketline, 2024a). Due to mostly undifferentiated products that result in weak brand loyalty, the competition is based primarily on price and quality (Marketline, 2024a). Large players benefit from economies of scale and producing a variety of products. Overall, there is a strong degree of rivalry (Marketline, 2024a).

Bargaining Power of Suppliers

Overall, the suppliers hold strong power. Similar to the ingredients for sauces, it is important that the inputs for prepared meal products possess a high quality in line with the required standards of the firm. If this is not the case, a firm's brand equity may suffer severe damage (Marketline, 2024a). Usually, the ingredients have little differentiation for the end products, which is the only aspect that weakens the supplier power slightly, and they are farmed by smaller businesses and sold through large wholesalers (Marketline, 2024a).

Bargaining Power of Customers

Customers have moderate to strong bargaining power. Major customers of prepared meals are supermarkets and hypermarkets, which include chains like Wal-Mart or Tesco. As the product similarity is rather high, the switching costs for customers are low, giving buyers a lot of power (Marketline, 2024a). However, since prepared meals play an important role for retailers as they want to offer products that are highly requested by consumers, they depend to a certain degree on suppliers of products with high demand, which lowers their bargaining power (Marketline, 2024a). This also leads to retailers developing or vertically integrating private label products to decrease this dependency again and strengthen their position (Marketline, 2024a).

Appendix 3: SWOT analysis

I. **Strengths**
   - Large brand portfolio with a broad range of non-cyclical food and beverage products
   - Broad range of convenience products that are in strong demand
   - Highly recognized company with strong brand equity

II. **Weaknesses**
   - Kraft Heinz's revenue is very dependent on North America, as the firm generates approximately 75% of its revenue there
   - Management has been facing issues to operationally improve the firm and lacks creation of shareholder value

III. **Opportunities**
   - Expanding the sauces and dressing business especially within the emerging markets
   - Further product innovations offer distinction from competitors

IV. **Threads**
   - Consumer preferences towards more nutritional products could negatively impact Kraft Heinz sales
   - Intensifying competition especially in the emerging markets
   - Private label penetration of grocery store chains especially in economic downturns
   - Stricter regulations regarding plastic packaging in certain consumer markets

Appendix 4: Kraft Heinz revenue development based on the approach described in chapter 5

	Historical						
Income Statement	2018 A	2019 A	2020 A	2021 A	2022 A	2023 A	2024 A
($m, FYE 31/12)							
ACCELERATE	**16,023**	**15,236**	**16,497**	**16,927**	**17,480**	**17,849**	**17,317**
ACCELERATE Revenue Growth %		*(4.9%)*	*8.3%*	*2.6%*	*3.3%*	*2.1%*	*(3.0%)*
Taste Elevation	10,260	9,683	10,406	10,597	10,859	11,722	11,372
Taste Elevation Revenue Growth %		*(5.6%)*	*7.5%*	*1.8%*	*2.5%*	*7.9%*	*(3.0%)*
Easy Ready Meals	4,447	4,268	4,664	4,829	5,032	4,795	4,652
Easy Ready Meals Revenue Growth %		*(4.0%)*	*9.3%*	*3.5%*	*4.2%*	*(4.7%)*	*(3.0%)*
Substantial Snacking	1,317	1,285	1,427	1,502	1,589	1,332	1,292
Substantial Snacking Revenue Growth %		*(2.4%)*	*11.1%*	*5.2%*	*5.8%*	*(16.2%)*	*(3.0%)*
PROTECT	**3,415**	**3,247**	**3,404**	**3,385**	**3,443**	**3,463**	**3,360**
PROTECT Revenue Growth %		*(4.9%)*	*4.8%*	*(0.5%)*	*1.7%*	*0.6%*	*(3.0%)*
Desserts	1,051	999	1,047	1,042	1,059	1,066	1,034
Desserts Revenue Growth %		*(4.9%)*	*4.8%*	*(0.5%)*	*1.7%*	*0.6%*	*(3.0%)*
Hydration	2,364	2,248	2,357	2,344	2,384	2,398	2,326
Hydration Revenue Growth %		*(4.9%)*	*4.8%*	*(0.5%)*	*1.7%*	*0.6%*	*(3.0%)*
BALANCE	**6,830**	**6,494**	**6,284**	**5,729**	**5,562**	**5,328**	**5,169**
BALANCE Revenue Growth %		*(4.9%)*	*(3.2%)*	*(8.8%)*	*(2.9%)*	*(4.2%)*	*(3.0%)*
Cheese	2,336	2,207	2,122	1,922	1,854	1,865	1,809
Cheese Revenue Growth %		*(5.5%)*	*(3.9%)*	*(9.4%)*	*(3.5%)*	*0.6%*	*(3.0%)*
Coffee	1,001	946	909	824	795	799	775
Coffee Revenue Growth %		*(5.5%)*	*(3.9%)*	*(9.4%)*	*(3.5%)*	*0.6%*	*(3.0%)*
Meats	2,825	2,711	2,647	2,434	2,384	2,131	2,068
Meats Revenue Growth %		*(4.0%)*	*(2.4%)*	*(8.0%)*	*(2.1%)*	*(10.6%)*	*(3.0%)*
Other	667	630	606	549	530	533	517
Other Revenue Growth %		*(5.5%)*	*(3.9%)*	*(9.4%)*	*(3.5%)*	*0.6%*	*(3.0%)*
Revenue	**26,268**	**24,977**	**26,185**	**26,042**	**26,485**	**26,640**	**25,846**
% growth		*(4.9%)*	*4.8%*	*(0.5%)*	*1.7%*	*0.6%*	*(3.0%)*

Appendix 5: Taste Elevation regression

Taste Elevation (Condiments, Sauces, Dressings, and Spreads)													
Globally	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD	183.26	188.68	197.93	212.04	228.45	244.38	262.34	280.35	299.56	316.70	334.59	353.75	377.59
Growth Rate in %		3.0%	4.9%	7.1%	7.7%	7.0%	7.3%	6.9%	6.9%	5.7%	5.6%	5.7%	6.7%
Kraft Heinz in mn. USD	10260	9683	10406	10597	10859	11722	11372	12030	12431	12790	13164	13564	14062
Growth Rate in %		*(5.6%)*	*7.5%*	*1.8%*	*2.5%*	*7.9%*	*(3.0%)*	*5.8%*	*3.3%*	*2.9%*	*2.9%*	*3.0%*	*3.7%*

Appendix 6: Easy Ready Meals regression

Easy Ready Meals (Ready-to-eat meals)													
Globally	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD	397.2	411.73	437.22	472.31	511.7	549.24	592.67	636.58	681.49	722.04	765.18	810.87	868.77
Growth Rate in %		3.7%	6.2%	8.0%	8.3%	7.3%	7.9%	7.4%	7.1%	6.0%	6.0%	6.0%	7.1%
Kraft Heinz in mn. USD	4447	4268	4664	4829	5032	4795	4652	4976	5065	5145	5231	5321	5436
Growth Rate in %		*(4.0%)*	*9.3%*	*3.5%*	*4.2%*	*(4.7%)*	*(6.0%)*	*7.0%*	*1.8%*	*1.6%*	*1.7%*	*1.7%*	*2.2%*

Appendix 7: Substantial Snacking regression

Substantial Snacking (Snack Food)													
Globally	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD	175.13	184.63	189.29	202.51	218.47	233.21	251.12	269.45	287.43	304.38	321.84	341.31	363.84
Growth Rate in %		5.4%	2.5%	7.0%	7.9%	6.7%	7.7%	7.3%	6.7%	5.9%	5.7%	6.0%	6.6%
Kraft Heinz in mn. USD	1317	1399	1501	1528	1589	1332	1292	1367	1351	1335	1319	1302	1282
Growth Rate in %		*(2.4%)*	*11.1%*	*5.2%*	*5.8%*	*(16.2%)*	*(6.2%)*	*5.8%*	*(1.2%)*	*(1.1%)*	*(1.2%)*	*(1.3%)*	*(1.6%)*

Appendix 8: Dessert's revenue forecasting

Flavored Gelatin Desserts													
North America	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD													
Growth Rate in %		2.9%	2.9%	2.9%	2.9%	2.9%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Kraft Heinz in mn. USD	1051	999	1047	1042	1059	1066	1034	1034	1034	1035	1035	1035	1036
Delta zu KHC		*(7.8%)*	*1.9%*	*(3.4%)*	*(1.2%)*	*(2.3%)*	*(6.2%)*	*0.03%*	*0.03%*	*0.03%*	*0.03%*	*0.03%*	*0.03%*
Average Delta zu KHC							*(3.17%)*						

Appendix 9: Hydration regression

Drinks Soft Drink & Juices													
North America	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD	121.88	122.8	129.42	144.32	142.76	147.41	153.94	156.84	159.95	163.24	166.62	170.14	173.58
Growth Rate in %		0.8%	5.4%	11.5%	-1.1%	3.3%	4.4%	1.9%	2.0%	2.1%	2.1%	2.1%	2.1%
Kraft Heinz in mn. USD	2364	2248	2357	2344	2384	2398	2326	2374	2379	2384	2389	2394	2399
Growth Rate in %		*(4.9%)*	*4.8%*	*(0.5%)*	*1.7%*	*0.6%*	*(3.0%)*	*2.1%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*

Appendix 10: Cheese regression

Cheese													
North America	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD	35.65	36.82	37.52	39.42	42.41	44.47	47.21	50.02	52.99	55.72	58.82	61.11	64.47
Growth Rate in %		3.3%	1.9%	5.1%	7.6%	4.9%	6.2%	6.0%	5.9%	5.2%	5.6%	3.9%	5.5%
Kraft Heinz in mn. USD	2336	2207	2122	1922	1854	1865	1809	1610	1483	1366	1234	1136	993
Growth Rate in %		*(5.5%)*	*(3.9%)*	*(9.4%)*	*(3.5%)*	*0.6%*	*(3.0%)*	*(11.0%)*	*(7.9%)*	*(7.9%)*	*(9.7%)*	*(7.9%)*	*(12.6%)*

Appendix 11: Coffee regression

Coffee at Home													
North America	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD	13.67	13.87	13.67	14.48	15.72	15.46	16.08	16.46	16.84	17.23	17.63	18.02	18.43
Growth Rate in %		1.5%	-1.4%	5.9%	8.6%	-1.7%	4.0%	2.4%	2.3%	2.3%	2.3%	2.2%	2.3%
Kraft Heinz in mn. USD	1001	946	909	824	795	799	775	730	701	671	640	610	579
Growth Rate in %		*(7.0%)*	*(2.4%)*	*(15.3%)*	*(12.1%)*	*2.2%*	*(7.0%)*	*(4.6%)*	*(4.6%)*	*(4.6%)*	*(4.6%)*	*(4.7%)*	*(4.6%)*

Appendix 12: Meats regression

Processed Meats													
North America	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry in bn. USD	52.85	53.45	53.01	54.44	57.19	59.65	61.7	63.8	65.95	68.13	70.65	73.38	77.17
Growth Rate in %		1.1%	-0.8%	2.7%	5.1%	4.3%	3.4%	3.4%	3.4%	3.3%	3.7%	3.9%	5.2%
Kraft Heinz in mn. USD	2825	2711	2647	2434	2384	2131	2068	1854	1686	1517	1320	1108	813
Growth Rate in %		*(4.0%)*	*(2.4%)*	*(8.0%)*	*(2.1%)*	*(10.6%)*	*(3.0%)*	*(10.4%)*	*(9.0%)*	*(10.1%)*	*(12.9%)*	*(16.1%)*	*(26.6%)*

Appendix 13: Revenue forecast

	Forecasts					
Income Statement	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E
($m, FYE 31/12)						
ACCELERATE	**18,373**	**18,847**	**19,270**	**19,714**	**20,187**	**20,780**
ACCELERATE Revenue Growth %	6.1%	2.6%	2.2%	2.3%	2.4%	2.9%
Taste Elevation	12,030	12,431	12,790	13,164	13,564	14,062
Taste Elevation Revenue Growth %	*5.8%*	*3.3%*	*2.9%*	*2.9%*	*3.0%*	*3.7%*
Easy Ready Meals	4,976	5,065	5,145	5,231	5,321	5,436
Easy Ready Meals Revenue Growth %	*7.0%*	*1.8%*	*1.6%*	*1.7%*	*1.7%*	*2.2%*
Substantial Snacking	1,367	1,351	1,335	1,319	1,302	1,282
Substantial Snacking Revenue Growth %	*5.8%*	*(1.2%)*	*(1.1%)*	*(1.2%)*	*(1.3%)*	*(1.6%)*
PROTECT	**3,409**	**3,414**	**3,419**	**3,424**	**3,430**	**3,435**
PROTECT Revenue Growth %	1.4%	0.1%	0.2%	0.2%	0.2%	0.2%
Desserts	1,034	1,034	1,035	1,035	1,035	1,036
Desserts Revenue Growth %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Hydration	2,374	2,379	2,384	2,389	2,394	2,399
Hydration Revenue Growth %	*2.1%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*
BALANCE	**4,661**	**4,293**	**3,934**	**3,532**	**3,151**	**2,637**
BALANCE Revenue Growth %	-9.8%	-7.9%	-8.4%	-10.2%	-10.8%	-16.3%
Cheese	1,610	1,483	1,366	1,234	1,136	993
Cheese Revenue Growth %	*(11.0%)*	*(7.9%)*	*(7.9%)*	*(9.7%)*	*(7.9%)*	*(12.6%)*
Coffee	730	701	671	640	610	579
Coffee Revenue Growth %	*(5.9%)*	*(4.0%)*	*(4.3%)*	*(4.6%)*	*(4.7%)*	*(5.2%)*
Meats	1,854	1,686	1,517	1,320	1,108	813
Meats Revenue Growth %	*(10.4%)*	*(9.0%)*	*(10.1%)*	*(12.9%)*	*(16.1%)*	*(26.6%)*
Other	468	423	380	338	296	253
Other Revenue Growth %	*(9.5%)*	*(9.6%)*	*(10.2%)*	*(11.1%)*	*(12.2%)*	*(14.8%)*
Revenue	**26,442**	**26,553**	**26,622**	**26,670**	**26,767**	**26,852**
% growth	*2.3%*	*0.4%*	*0.3%*	*0.2%*	*0.4%*	*0.3%*

Appendix 14: Cost of Debt

Number	Year of Issue	Maturity	Currency	Exchange Rate to US Dollar	Foreign Currency Amount Issued	US Dollar Amount Issued	Weight	YTM in %	Weighted Yield
1	1998	15-Jul-2028	US Dollar			204,066,000	0.95%	4.77	0.0
2	2002	15-Mar-2032	US Dollar			20,000	0.00%	5.1	0.0
4	2003	15-Mar-2032	US Dollar			304,511,000	1.42%	5.1	0.001
6	2009	01-Aug-2039	US Dollar			787,394,532	3.66%	5.61	0.002
7	2012	26-Jan-2039	US Dollar			978,000	0.00%	5.6	0.0
9	2012	04-Jun-2042	US Dollar			1,300,000	0.01%	5.74	0.0
11	2013	26-Jan-2039	US Dollar			810,759,000	3.77%	5.6	0.002
12	2013	09-Feb-2040	US Dollar			573,676,000	2.67%	5.66	0.002
13	2013	04-Jun-2042	US Dollar			1,499,593,000	6.98%	5.74	0.004
14	2015	15-Jul-2045	US Dollar			330,000	0.00%	5.83	0.0
16	2016	01-Jun-2026	US Dollar			1,874,968,000	8.72%	4.63	0.004
17	2016	01-Jun-2026	US Dollar			1,146,000	0.01%	4.63	0.0
19	2016	15-Jul-2035	US Dollar			618,589,000	2.88%	5.22	0.002
20	2016	15-Jul-2045	US Dollar			1,613,031,000	7.51%	5.83	0.004
21	2016	01-Jun-2046	US Dollar			24,000	0.00%	5.8	0.0
22	2016	01-Jun-2046	US Dollar			2,786,150,000	12.96%	5.8	0.008
24	2018	30-Jan-2029	US Dollar			358,939,000	1.67%	4.61	0.001
25	2019	01-Apr-2030	US Dollar			2,679,000	0.01%	4.78	0.0
27	2019	01-Oct-2039	US Dollar			2,076,000	0.01%	5.57	0.0
30	2019	01-Oct-2049	US Dollar			500,000	0.00%	5.85	0.0
32	2020	15-May-2027	US Dollar			625,000	0.00%	4.51	0.0
33	2020	01-Jun-2050	US Dollar			3,803,000	0.02%	5.84	0.0
35	2021	15-May-2027	US Dollar			1,349,375,000	6.28%	4.51	0.003
36	2021	01-Apr-2030	US Dollar			740,512,000	3.45%	4.78	0.002
37	2021	01-Mar-2031	US Dollar			383,954,000	1.79%	4.79	0.001
38	2021	01-Oct-2039	US Dollar			380,908,000	1.77%	5.57	0.001
39	2021	01-Oct-2049	US Dollar			1,499,500,000	6.98%	5.85	0.004
40	2021	01-Jun-2050	US Dollar			796,197,000	3.70%	5.84	0.002
41	2025	15-Mar-2032	US Dollar			500,000,000	2.33%	4.96	0.001
42	2025	15-Mar-2035	US Dollar			500,000,000	2.33%	5.26	0.001
43	2000	18-Feb-2030	British Pound	0.75	159,925,000	119,943,750	0.56%	6.20	0.0
44	2015	01-Jul-2027	British Pound	0.75	511,760,000	383,820,000	1.79%	5.48	0.001
45	2016	25-May-2028	Euro	0.87	1,328,000,000	1,155,360,000	5.38%	5.65	0.003
46	2018	15-Apr-2028	Brazilian Real	5.55	111,296,133	617,693,538	2.87%	6.85	0.002
47	2022	21-Jun-2032	Brazilian Real	5.55	170	944	0.000004%	6.85	0.000000003
48	2023	09-May-2025	Euro	0.87	637,440,000	554,572,800	2.58%	5.43	0.001
49	2024	15-Mar-2029	Euro	0.87	584,320,000	508,358,400	2.37%	5.73	0.001
50	2025	15-Mar-2033	Euro	0.87	637,440,000	554,572,800	2.58%	6.09	0.002
					21,489,925,764		100.00%	**5.47%**	

Appendix 15: Leverage calculations

Leverage	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Debt	31,168.0	29,845.0	28,916.0	22,432.0	20,780.0	20,649.0	20,450.0	20,450.0	20,450.0	20,450.0	20,450.0	20,450.0	20,450.0
Short Term Debt	*398.0*	*1,175.0*	*371.0*	*887.0*	*962.0*	*754.0*	*771.0*	*771.0*	*771.0*	*771.0*	*771.0*	*771.0*	*771.0*
Long Term Debt	*30,770.0*	*28,670.0*	*28,545.0*	*21,545.0*	*19,818.0*	*19,895.0*	*19,679.0*	*19,679.0*	*19,679.0*	*19,679.0*	*19,679.0*	*19,679.0*	*19,679.0*
Cash & Cash Equivalents	1,130.0	2,279.0	3,417.0	3,445.0	1,040.0	1,400.0	1,334.0	1,851.9	2,352.1	2,329.9	2,280.9	2,213.7	2,124.0
EBITDA	7,078.0	6,041.0	6,519.0	6,091.0	5,866.0	6,258.0	6,308.0	6,424.3	6,439.4	6,445.3	6,446.3	6,457.1	6,464.6
Leverage	4.2	4.6	3.9	3.1	3.4	3.1	3.0	2.9	2.8	2.8	2.8	2.8	2.8

Appendix 16: Market Risk premium

Exchange Date	Close	Monthly Return (in %)	Average Return Annualised
31-Dec-2019	10,131.84		14.58%
31-Jan-2020	10,120.77	-0.11%	
29-Feb-2020	9,292.15	-8.19%	
31-Mar-2020	8,014.32	-13.75%	
30-Apr-2020	9,075.73	13.24%	
31-May-2020	9,561.09	5.35%	
30-Jun-2020	9,779.68	2.29%	
31-Jul-2020	10,335.00	5.68%	
31-Aug-2020	11,083.71	7.24%	
30-Sep-2020	10,680.14	-3.64%	
31-Oct-2020	10,449.63	-2.16%	
30-Nov-2020	11,720.86	12.17%	
31-Dec-2020	12,248.16	4.50%	
31-Jan-2021	12,193.68	-0.44%	
28-Feb-2021	12,574.82	3.13%	
31-Mar-2021	13,025.54	3.58%	
30-Apr-2021	13,697.00	5.15%	
31-May-2021	13,759.52	0.46%	
30-Jun-2021	14,098.82	2.47%	
31-Jul-2021	14,337.24	1.69%	
31-Aug-2021	14,746.10	2.85%	
30-Sep-2021	14,084.48	-4.49%	
31-Oct-2021	15,036.93	6.76%	
30-Nov-2021	14,808.05	-1.52%	
31-Dec-2021	15,391.17	3.94%	
31-Jan-2022	14,485.61	-5.88%	
28-Feb-2022	14,120.73	-2.52%	
31-Mar-2022	14,578.76	3.24%	
30-Apr-2022	13,270.42	-8.97%	
31-May-2022	13,252.63	-0.13%	
30-Jun-2022	12,143.93	-8.37%	
31-Jul-2022	13,283.25	9.38%	
31-Aug-2022	12,787.53	-3.73%	
30-Sep-2022	11,601.76	-9.27%	
31-Oct-2022	12,553.17	8.20%	
30-Nov-2022	13,208.40	5.22%	
31-Dec-2022	12,435.00	-5.86%	
31-Jan-2023	13,291.43	6.89%	
28-Feb-2023	12,980.78	-2.34%	
31-Mar-2023	13,327.87	2.67%	
30-Apr-2023	13,469.87	1.07%	
31-May-2023	13,522.28	0.39%	
30-Jun-2023	14,445.65	6.83%	
31-Jul-2023	14,963.48	3.58%	
31-Aug-2023	14,674.63	-1.93%	
30-Sep-2023	13,975.62	-4.76%	
31-Oct-2023	13,605.14	-2.65%	
30-Nov-2023	14,873.80	9.32%	
31-Dec-2023	15,662.73	5.30%	
31-Jan-2024	15,836.32	1.11%	
29-Feb-2024	16,693.55	5.41%	
31-Mar-2024	17,232.04	3.23%	
30-Apr-2024	16,473.80	-4.40%	
31-May-2024	17,252.13	4.72%	
30-Jun-2024	17,786.22	3.10%	
31-Jul-2024	18,116.84	1.86%	
31-Aug-2024	18,511.22	2.18%	
30-Sep-2024	18,894.14	2.07%	
31-Oct-2024	18,755.39	-0.73%	
30-Nov-2024	20,003.08	6.65%	
31-Dec-2024	19,391.68	-3.06%	
31-Jan-2025	20,003.84	3.16%	
28-Feb-2025	19,620.49	-1.92%	
31-Mar-2025	18,476.02	-5.83%	
30-Apr-2025	18,352.06	-0.67%	
31-May-2025	19,515.32	6.34%	
30-Jun-2025	20,506.76	5.08%	

Appendix 17: Historical Income Statement

	Historical						
Income Statement	2018 A	2019 A	2020 A	2021 A	2022 A	2023 A	2024 A
Revenue	**26,268**	**24,977**	**26,185**	**26,042**	**26,485**	**26,640**	**25,846**
% growth		*(4.9%)*	*4.8%*	*(0.5%)*	*1.7%*	*0.6%*	*(3.0%)*
Cost of Goods Sold	17,105	16,825	17,028	17,343	18,187	17,656	16,889
COGS % of Sales	65%	67%	65%	67%	69%	66%	65%
Gross Profit	**9,163.0**	**8,152.0**	**9,157.0**	**8,699.0**	**8,298.0**	**8,984.0**	**8,957.0**
Gross Margin %	*34.9%*	*32.6%*	*35.0%*	*33.4%*	*31.3%*	*33.7%*	*34.7%*
SG&A	2,959	2,993	3,488	3,378	3,238	3,540	3,447
% of Sales	11%	12%	13%	13%	12%	13%	13%
Research & Development	109	112	119	140	127	147	150
% of Sales	0.4%	0.4%	0.5%	0.5%	0.5%	0.6%	0.6%
EBITDA	**7,078.0**	**6,041.0**	**6,519.0**	**6,091.0**	**5,866.0**	**6,258.0**	**6,308.0**
EBITDA Margin %	*26.9%*	*24.2%*	*24.9%*	*23.4%*	*22.1%*	*23.5%*	*24.4%*
Depreciation	693	708	705	671	672	710	696
% of PPE	*9.8%*	*9.3%*	*9.5%*	*9.1%*	*9.1%*	*9.2%*	*9.0%*
Amortisation	290	286	264	239	261	251	252
% of Intangibles excl. Goodwill	*0.6%*	*0.6%*	*0.6%*	*0.5%*	*0.6%*	*0.6%*	*0.6%*
Operating Income (EBIT)	**6,095.0**	**5,047.0**	**5,550.0**	**5,181.0**	**4,933.0**	**5,297.0**	**5,360.0**
Operating Margin %							
Interest income	0	0	0	15	27	40	69
Interest expense	-1,284	-1,361	-1,394	-2,047	-921	-912	-912
Other Financial Income/(Expense)	352	970	315	323	251	-184	142
Profit Before Taxes - PBT	**5,163.0**	**4,656.0**	**4,471.0**	**3,472.0**	**4,290.0**	**4,241.0**	**4,659.0**
% of sales	*19.7%*	*18.6%*	*17.1%*	*13.3%*	*16.2%*	*15.9%*	*18.0%*
Taxes	-1,171	728	750	919	598	787	-1,890
Implied Tax rate %	*(22.7%)*	*15.6%*	*16.8%*	*26.5%*	*13.9%*	*18.6%*	*(40.6%)*
Net income excluding Non-Reoccuring	**6,334.0**	**3,928.0**	**3,721.0**	**2,553.0**	**3,692.0**	**3,454.0**	**6,549.0**
% of sales	*24.1%*	*15.7%*	*14.2%*	*9.8%*	*13.9%*	*13.0%*	*25.3%*
Exceptional items	-16,484	-1,995	-3,441	-1,764	-1,324	-608	-3,803
Net Income including Non-Reocurring	**(10,150.0)**	**1,933.0**	**280.0**	**789.0**	**2,368.0**	**2,846.0**	**2,746.0**
Extraordinary activitiies after tax gain/loss	-104	0	81	235	0	0	0
Net Income	**(10,254.0)**	**1,933.0**	**361.0**	**1,024.0**	**2,368.0**	**2,846.0**	**2,746.0**
thereof attributable to shareholders	-10,192	1,935	356	1,012	2,363	2,855	2,744
thereof attributable to Non-Controlling Interest	-62	-2	5	12	5	-9	2
% of sales	*(39.0%)*	*7.7%*	*1.4%*	*3.9%*	*8.9%*	*10.7%*	*10.6%*

Appendix 18: Projected Income Statement

	Forecasts					
Income Statement	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E
Revenue	**26,442**	**26,553**	**26,622**	**26,670**	**26,767**	**26,852**
% growth	*2.3%*	*0.4%*	*0.3%*	*0.2%*	*0.4%*	*0.3%*
Cost of Goods Sold	17,322.2	17,439.0	17,528.6	17,604.2	17,713.3	17,813.9
COGS % of Sales	66%	66%	66%	66%	66%	66%
Gross Profit	**9,119.9**	**9,114.3**	**9,093.8**	**9,065.6**	**9,054.1**	**9,037.6**
Gross Margin %	*34.5%*	*34.3%*	*34.2%*	*34.0%*	*33.8%*	*33.7%*
SG&A	3,494.5	3,477.4	3,454.8	3,429.6	3,410.9	3,390.6
% of Sales	13%	13%	13%	13%	13%	13%
Research & Development	149.5	146.2	142.7	139.3	136.1	133.0
% of Sales	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%
EBITDA	**6,424.3**	**6,439.4**	**6,445.3**	**6,446.3**	**6,457.1**	**6,464.6**
EBITDA Margin %	*24.3%*	*24.3%*	*24.2%*	*24.2%*	*24.1%*	*24.1%*
Depreciation	699.1	702.1	705.2	708.3	711.4	714.5
% of PPE	9.1%	9.1%	9.2%	9.2%	9.2%	9.3%
Amortisation	249.3	246.6	243.9	241.2	238.6	236.0
% of Intangibles excl. Goodwill	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Operating Income (EBIT)	**5,475.9**	**5,490.7**	**5,496.2**	**5,496.8**	**5,507.1**	**5,514.1**
Operating Margin %						
Interest income	-	-	-	-	-	-
Interest expense	(954.8)	(976.1)	(997.8)	(1,020.1)	(1,042.8)	(1,066.0)
Other Financial Income/(Expense)	-	-	-	-	-	-
Profit Before Taxes - PBT	**4,521.1**	**4,514.6**	**4,498.4**	**4,476.7**	**4,464.3**	**4,448.0**
% of sales	*17.1%*	*17.0%*	*16.9%*	*16.8%*	*16.7%*	*16.6%*
Taxes	1,161.9	1,160.3	1,156.1	1,150.5	1,147.3	1,143.1
Implied Tax rate %	*25.7%*	*25.7%*	*25.7%*	*25.7%*	*25.7%*	*25.7%*
Net income excluding Non-Reoccuring	**3,359.2**	**3,354.4**	**3,342.3**	**3,326.2**	**3,317.0**	**3,304.9**
% of sales	12.70%	12.63%	12.55%	12.47%	12.39%	12.31%
Exceptional items	-	-	-	-	-	-
Net Income including Non-Reocurring	**3,359.2**	**3,354.4**	**3,342.3**	**3,326.2**	**3,317.0**	**3,304.9**
Extraordinary activitiies after tax gain/loss	-	-	-	-	-	-
Net Income	**3,359.2**	**3,354.4**	**3,342.3**	**3,326.2**	**3,317.0**	**3,304.9**
thereof attributable to shareholders	3,357.2	3,352.4	3,340.3	3,324.2	3,315.0	3,302.9
thereof attributable to Non-Controlling Interest	2.0	2.0	2.0	2.0	2.0	2.0
% of sales	*12.7%*	*12.6%*	*12.6%*	*12.5%*	*12.4%*	*12.3%*

Appendix 19: Historical Balance Sheet – Assets

	Historical						
Balance sheet	2018 A	2019 A	2020 A	2021 A	2022 A	2023 A	2024 A
($m, FYE 31/12)							
Assets							
Current assets							
Excess cash							
Cash and cash equivalents	1,130.0	2,279.0	3,417.0	3,445.0	1,040.0	1,400.0	1,334.0
Derivatives	-	54.0	-	-	-	-	-
Accounts Receivable	2,281.0	2,146.0	2,063.0	1,957.0	2,120.0	2,112.0	2,147.0
Inventories	2,667.0	2,721.0	2,554.0	2,729.0	3,651.0	3,614.0	3,376.0
Prepaid expenses and other	400.0	384.0	351.0	136.0	240.0	234.0	215.0
Assets Held For Sale	1,376.0	122.0	1,863.0	11.0	4.0	3.0	-
Other current assets	1,221.0	391.0	574.0	716.0	842.0	566.0	583.0
Total current assets	9,075.0	8,097.0	10,822.0	8,994.0	7,897.0	7,929.0	7,655.0
Non-current assets							
Net PP&E	7,078.0	7,597.0	7,438.0	7,375.0	7,408.0	7,696.0	7,691.0
Goodwill	36,503.0	35,546.0	33,089.0	31,296.0	30,833.0	30,459.0	28,673.0
Derivative LT	-	201.0	-	-	-	-	-
Other Intangibles	49,468.0	48,652.0	46,667.0	43,542.0	42,649.0	42,448.0	40,099.0
Other assets	1,337.0	1,357.0	1,814.0	2,187.0	1,726.0	1,807.0	4,169.0
Total non-current assets	94,386.0	93,353.0	89,008.0	84,400.0	82,616.0	82,410.0	80,632.0
Total Assets	**103,461**	**101,450**	**99,830**	**93,394**	**90,513**	**90,339**	**88,287**

Appendix 20: Projected Balance Sheet – Assets

	Forecasts					
Balance sheet	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E
($m, FYE 31/12)						
Assets						
Current assets						
Excess cash						
Cash and cash equivalents	1,851.9	2,352.1	2,329.9	2,280.9	2,213.7	2,124.0
Derivatives	-	-	-	-	-	-
Accounts Receivable	2,188.6	2,190.0	2,187.8	2,183.8	2,184.0	2,183.0
Inventories	3,389.1	3,339.6	3,285.5	3,229.7	3,180.8	3,131.0
Prepaid expenses and other	215.0	215.0	215.0	215.0	215.0	215.0
Assets Held For Sale	-	-	-	-	-	-
Other current assets	589.1	586.5	583.2	579.6	576.9	573.9
Total current assets	8,233.7	8,683.2	8,601.4	8,489.0	8,370.2	8,226.8
Non-current assets						
Net PP&E	7,691.0	7,691.0	7,691.0	7,691.0	7,691.0	7,691.0
Goodwill	28,673.0	28,673.0	28,673.0	28,673.0	28,673.0	28,673.0
Derivative LT	-	-	-	-	-	-
Other Intangibles	40,099.0	40,099.0	40,099.0	40,099.0	40,099.0	40,099.0
Other assets	4,169.0	4,169.0	4,169.0	4,169.0	4,169.0	4,169.0
Total non-current assets	80,632.0	80,632.0	80,632.0	80,632.0	80,632.0	80,632.0
Total Assets	**88,866**	**89,315**	**89,233**	**89,121**	**89,002**	**88,859**

Appendix 21: Historical Balance Sheet – Liabilities + Equity

	Historical						
Balance sheet	2018 A	2019 A	2020 A	2021 A	2022 A	2023 A	2024 A
($m, FYE 31/12)							
Liabilities							
Current liabilities							
Revolver							
Short-Term Debt & Curr. Port. of LT Debt	398.0	1,175.0	371.0	887.0	962.0	754.0	771.0
Accounts Payable	4,875.0	4,650.0	5,250.0	5,557.0	5,597.0	5,360.0	4,885.0
Curr. Income Taxes Payable	-	-	-	541.0	136.0	-	-
Derivative Liabilities	-	23.0	-	-	-	-	-
Other current liabilites	2,230.0	2,027.0	2,440.0	2,079.0	2,333.0	1,923.0	1,597.0
Total current liabilities	7,503.0	7,875.0	8,061.0	9,064.0	9,028.0	8,037.0	7,253.0
Non-current liabilities							
Total long-term debt	30,770.0	28,670.0	28,545.0	21,545.0	19,818.0	19,895.0	19,679.0
Accounts Payable	306.0	273.0	243.0	-	-	-	-
Other long-term liabilities	905.0	1,005.0	1,276.0	2,801.0	2,685.0	2,518.0	2,357.0
Deferred Income Tax Liabilities	12,202.0	11,878.0	11,462.0	10,536.0	10,152.0	10,201.0	9,679.0
Total non-current liabilities	44,183.0	41,826.0	41,526.0	34,882.0	32,655.0	32,614.0	31,715.0
Total Liabilities	**51,686.0**	**49,701.0**	**49,587.0**	**43,946.0**	**41,683.0**	**40,651.0**	**38,968.0**
Equity							
Common stock	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Additional paid-in capital	58,723.0	56,828.0	55,096.0	53,379.0	51,834.0	52,037.0	52,135.0
Retained earnings	(4,853.0)	(3,060.0)	(2,694.0)	(1,682.0)	489.0	1,367.0	2,171.0
Treasure stock	(282.0)	(271.0)	(344.0)	(587.0)	(847.0)	(1,286.0)	(2,218.0)
Other Reserves & Translation Adjustment	(1,943.0)	(1,886.0)	(1,967.0)	(1,824.0)	(2,810.0)	(2,604.0)	(2,915.0)
Non-Controlling Interest	118.0	126.0	140.0	150.0	152.0	162.0	134.0
Total Equity	**51,775.0**	**51,749.0**	**50,243.0**	**49,448.0**	**48,830.0**	**49,688.0**	**49,319.0**
Total Liabilities & Equity	**103,461**	**101,450**	**99,830**	**93,394**	**90,513**	**90,339**	**88,287**

Appendix 22: Projected Balance Sheet – Liabilities + Equity

	Forecasts					
Balance sheet	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E
($m, FYE 31/12)						
Liabilities						
Current liabilities						
Revolver						
Short-Term Debt & Curr. Port. of LT Debt	771.0	771.0	771.0	771.0	771.0	771.0
Accounts Payable	5,037.2	5,098.3	5,152.0	5,201.9	5,262.2	5,320.4
Curr. Income Taxes Payable	-	-	-	-	-	-
Derivative Liabilities	-	-	-	-	-	-
Other current liabilites	1,613.6	1,606.6	1,597.6	1,587.6	1,580.2	1,572.1
Total current liabilities	7,421.8	7,475.9	7,520.5	7,560.6	7,613.4	7,663.6
Non-current liabilities						
Total long-term debt	19,679.0	19,679.0	19,679.0	19,679.0	19,679.0	19,679.0
Accounts Payable	-	-	-	-	-	-
Other long-term liabilities	2,357.0	2,357.0	2,357.0	2,357.0	2,357.0	2,357.0
Deferred Income Tax Liabilities	9,679.0	9,679.0	9,679.0	9,679.0	9,679.0	9,679.0
Total non-current liabilities	31,715.0	31,715.0	31,715.0	31,715.0	31,715.0	31,715.0
Total Liabilities	**39,136.8**	**39,190.9**	**39,235.5**	**39,275.6**	**39,328.4**	**39,378.6**
Equity						
Common stock	12.0	12.0	12.0	12.0	12.0	12.0
Additional paid-in capital	52,135.0	52,135.0	52,135.0	52,135.0	52,135.0	52,135.0
Retained earnings	2,580.9	2,976.3	2,849.9	2,697.4	2,525.9	2,332.3
Treasure stock	(2,218.0)	(2,218.0)	(2,218.0)	(2,218.0)	(2,218.0)	(2,218.0)
Other Reserves & Translation Adjustment	(2,915.0)	(2,915.0)	(2,915.0)	(2,915.0)	(2,915.0)	(2,915.0)
Non-Controlling Interest	134.0	134.0	134.0	134.0	134.0	134.0
Total Equity	**49,728.9**	**50,124.3**	**49,997.9**	**49,845.4**	**49,673.9**	**49,480.3**
Total Liabilities & Equity	**88,866**	**89,315**	**89,233**	**89,121**	**89,002**	**88,859**

Appendix 23: Precedent Transaction Multiples

Date Announced	Target Full Name	Deal Value (in $mn)	EV / Sales	EV / EBITDA	EV / EBIT
07.10.2024	The Duckhorn Portfolio Inc	1,946.43	4.01	10.50	13.38
21.08.2024	Vector Group Ltd	3,256.75	2.71	8.27	8.56
07.08.2024	PetIQ Inc	1,342.31	1.16	11.62	17.09
11.09.2023	Hostess Brands Inc	5,460.12	0.00	17.20	0.00
07.08.2023	Sovos Brands Inc	2,731.50	2.77	18.96	20.98
07.08.2023	Westrock Coffee Co	20.60	1.59	22.94	51.16
27.06.2023	Whole Earth Brands Inc	576.83	1.08	7.87	22.75
01.08.2022	Celsius Holdings Inc	550.00	11.17	102.71	144.41
05.08.2021	BellRing Brands Inc	1,374.17	1.60	8.73	10.33
16.04.2020	SunOpta Inc	30.00	0.61	10.66	28.57
11.11.2019	Craft Brew Alliance Inc	245.91	1.73	34.61	0.00
23.02.2018	Blue Buffalo Pet Products Inc	8,038.58	5.69	23.17	24.24
29.01.2018	Dr Pepper Snapple Group Inc	26,668.22	3.33	13.90	15.86
18.12.2017	Snyder's-Lance Inc	6,090.64	2.71	19.49	28.59
06.10.2017	Omega Protein Corp	480.97	1.37	7.29	11.97
25.04.2017	AdvancePierre Foods Holdings Inc	4,141.84	2.51	13.07	17.70
01.02.2017	Mead Johnson Nutrition Co	17,731.74	4.86	18.28	20.49
21.10.2016	Reynolds American Inc	60,167.66	7.70	16.10	16.49
15.01.2016	Synutra International Inc	128.19	1.52	7.08	9.22
08.06.2015	ConAgra Foods Inc	562.00	0.98	7.17	9.61
21.02.2015	Keurig Green Mountain Inc	623.57	3.79	14.68	18.17
15.10.2014	Penford Corp	334.81	0.69	9.54	15.94
08.09.2014	Annies Inc	814.40	3.38	27.53	31.30
11.08.2014	Chiquita Brands International Inc	1,275.47	0.42	10.00	19.38
05.02.2014	Green Mountain Coffee Roasters Inc	831.60	3.71	14.41	17.85
11.06.2013	Dole Food Co Inc	1,018.44	0.35	10.70	21.79
29.05.2013	Smithfield Foods Inc	6,947.08	0.51	7.78	10.54
20.12.2012	Westway Group Inc	463.29	1.10	8.88	18.68
27.11.2012	Ralcorp Holdings Inc	6,716.79	1.52	10.38	15.35
14.11.2012	Teavana Holdings Inc	636.27	2.78	13.89	17.19
27.09.2012	Post Holdings Inc	53.38	2.02	9.07	13.02
23.07.2012	Peet's Coffee & Tea Inc	978.55	2.41	18.40	26.45
12.03.2012	Pilgrim's Pride Corp	107.63	0.37	6.95	15.11
06.07.2011	Vaughan Foods Inc	28.48	0.28	6.85	0.00
25.11.2010	Del Monte Foods Co	5,311.01	1.41	8.41	9.94
10.08.2010	Green Mountain Coffee Roasters Inc	250.00	3.06	19.74	24.69
21.06.2010	American Italian Pasta Co	1,241.57	2.16	7.82	9.67

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