

The Campbell's Company (CPB)

\$28.68 (Stock Price as of 12/16/2025)

Price Target (6-12 Months): **\$32.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 10/06/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM: C

Value: B

Growth: C

Momentum: F

Summary

Campbell's demonstrates resilience through strong brand loyalty, category leadership and innovation-driven growth, anchored by key products like broth, condensed soups and high-growth acquisitions such as Sovos Brands. In fiscal 2025, cost savings exceeded targets, and the Snacks segment showed early signs of stabilization. New product launches and marketing initiatives continue to reinforce household relevance and drive greater engagement. Apart from this, robust cash flow supported dividends and share repurchases in the fiscal, reflecting financial flexibility. However, near-term pressures from inflation, tariffs and elevated marketing spend are expected to weigh on margins, with fiscal 2026 guidance pointing to a 12-18% decline in adjusted earnings per share. We expect the adjusted gross margin to contract 50 basis points in fiscal 2026.

Data Overview

52 Week High-Low	\$43.85 - \$27.85
20 Day Average Volume (sh)	7,227,004
Market Cap	\$8.6 B
YTD Price Change	-31.5%
Beta	-0.05
Dividend / Div Yld	\$1.56 / 5.4%
Industry	Food - Miscellaneous
Zacks Industry Rank	Bottom 18% (197 out of 243)

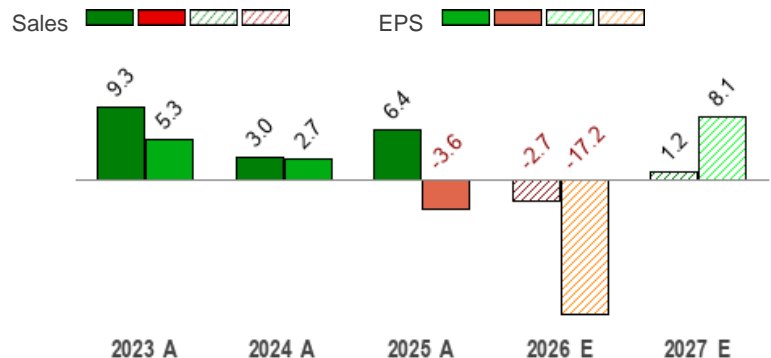
Last EPS Surprise	5.5%
Last Sales Surprise	0.7%
EPS F1 Est- 4 week change	-0.8%
Expected Report Date	03/04/2026
Earnings ESP	-1.3%

P/E TTM	10.0
P/E F1	11.7
PEG F1	-2.2
P/S TTM	0.8

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	2,711 E	2,691 E	2,466 E	2,227 E	10,094 E
2026	2,677 A	2,658 E	2,436 E	2,200 E	9,973 E
2025	2,772 A	2,685 A	2,475 A	2,321 A	10,253 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	0.79 E	0.70 E	0.64 E	0.53 E	2.66 E
2026	0.77 A	0.64 E	0.58 E	0.50 E	2.46 E
2025	0.89 A	0.74 A	0.73 A	0.62 A	2.97 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/16/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/01/2025.

Overview

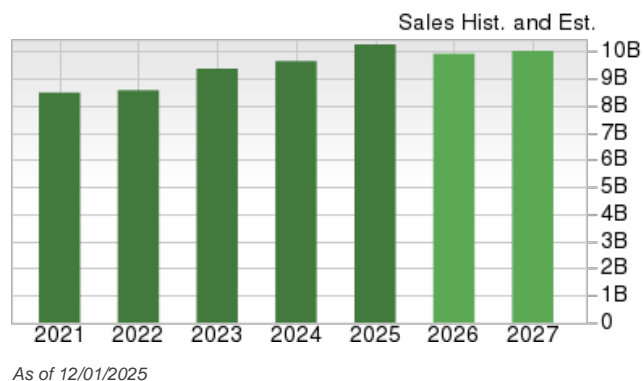
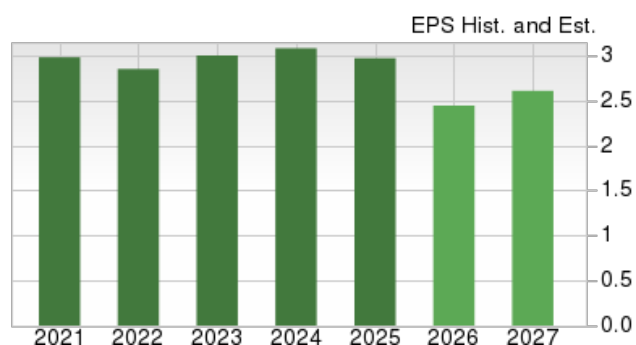
Based in Camden, NJ, The Campbell's Company, together with its subsidiaries, is a worldwide manufacturer and marketer of high-quality, branded convenience food products. The company was instituted as a business corporation on Nov 23, 1922 under the laws of New Jersey.

The company's brands are sold in approximately 120 countries, and its principal geographies include North America, France, Germany, Belgium, and Australia. The widely-recognized brands of the company include Campbell's, Pepperidge Farm, Bolthouse Farms, V8, Swanson, Pace, Prego, Royal Dansk, and Garden Fresh Gourmet.

The Campbell's Company currently reports under the following segments:

The Meals & Beverages (51.8% of Q4 sales) segment includes the retail and food service businesses in the United States and Canada. The segment includes Campbell's condensed and ready-to-serve soups; Swanson broth and stocks; Pacific Foods broth, soups and non-dairy beverages; Prego pasta sauces; Pace Mexican sauces; Campbell's gravies, pasta, beans and dinner sauces; Swanson canned poultry; V8 juices and beverages; and Campbell's tomato juice.

The Snacks (48.2% of Q4 sales) segment includes Pepperidge Farm cookies, crackers, fresh bakery and frozen products in U.S. retail, including Milano cookies and Goldfish crackers as well as Snyder's of Hanover pretzels, Lance sandwich crackers, Cape Cod and Kettle Brand potato chips, Late July snacks, Snack Factory Pretzel Crisps and other snacking products in the United States and Canada. The segment also includes the retail business in Latin America.



Reasons To Buy:

▲ **Solid Meals & Beverages Momentum:** Campbell's continued to demonstrate the underlying strength of its Meals & Beverages division in the fourth quarter of fiscal 2025, reflecting consumer loyalty, category leadership, and innovation-led growth. The segment maintained strong in-market performance, with Leadership Brand consumption up 1% in the quarter and 2% for the full year. Reported net sales for Meals & Beverages reached \$6.05 billion for fiscal 2025, and segment operating earnings increased 10% year over year, underscoring the division's durable profitability and pricing discipline.

Within the portfolio, broth and condensed cooking soups remained robust drivers, supported by increasing home-cooked meal trends and brand relevance in everyday recipes. Broth consumption grew 7% in the quarter, while condensed soups achieved their seventh consecutive quarter of dollar-share growth, highlighting sustained momentum across key categories. New innovation such as Swanson ramen broth and Pacific bone broth flavors helped expand household usage occasions, while Rao's continued its growth story, with high-single-digit consumption growth and an approximate 1.2-point dollar share gain in the fourth quarter. These upsides continue to anchor Campbell's top-line resilience and operating leverage entering fiscal 2026.

▲ **Strategic Portfolio Management Strengthens Core Focus:** Campbell's ongoing portfolio transformation continues to create a sharper, more focused business aligned with its long-term strategic pillars. The successful integration of the Sovos Brands acquisition, completed in March 2024, has proven accretive to both sales and earnings. The acquisition, which added high-growth brands such as Rao's and Michael Angelo's, contributed meaningfully to the company's 6% reported net sales growth in fiscal 2025 to \$10.25 billion.

On the other hand, the company's disciplined divestiture strategy has enhanced portfolio quality and focus. The divestitures of noosa yoghurt in February 2025 and Pop Secret popcorn in August 2024 eliminated non-core, lower-margin brands, improving mix and reducing operational complexity. With a more focused brand architecture, powered by Campbell's, Swanson, Rao's, Prego, Pepperidge Farm, and Goldfish, the company has positioned itself mainly around high-velocity, repeat-purchase categories. This ongoing portfolio realignment strengthens Campbell's capacity for sustainable growth.

▲ **Operational Efficiencies and Expanded Cost Savings Program:** Cost management remains a key pillar of Campbell's growth strategy. During fiscal 2025, the company realized \$145 million in savings from its productivity and cost-synergy initiatives, exceeding internal expectations and underscoring the success of its PEAK cost savings program. Encouraged by this progress, management raised the total program target from \$250 million to \$375 million by fiscal 2028.

In addition, Campbell's plans to mitigate approximately 60% of the tariff impact in fiscal 2026 through targeted productivity initiatives, supplier diversification, pricing actions, and improved inventory management. Management expects roughly \$70 million in cost savings and 5% productivity gains in COGS during fiscal 2026 alone. These disciplined efforts in cost control and productivity are likely to protect margins even as the company steps up investments in brand building, innovation, and marketing to drive top-line growth. The expanded PEAK target not only demonstrates confidence in execution but also signals ongoing commitment to self-funding growth.

▲ **Rebounding Snacks Segment Supported by Share Recovery:** While the Snacks division has faced category softness, the fourth quarter showed encouraging signs of stabilization. Reported net sales increased 2% in the quarter (including the 53rd week), and five of the eight leadership snack brands improved sequentially in market share. Notably, Snack Factory grew share by 0.7 points, and brands such as Cape Cod, Kettle, and Late July gained share in their respective categories. Management reaffirmed plans to reignite growth in Goldfish through stronger innovation, flavor extensions, and stepped-up marketing in fiscal 2026. This sequential improvement across multiple brands, together with a clear investment plan for the coming year, underlines management's confidence in returning Snacks to growth.

▲ **Solid Cash Generation and Commitment to Shareholder Returns:** Campbell's continued to generate robust cash flows and maintain disciplined capital allocation. For fiscal 2025, the company reported \$1.13 billion in cash flow from operations, reflecting strong underlying earnings and working capital discipline. Campbell's returned \$521 million to shareholders during the year, including \$459 million in dividends and \$62 million in share repurchases. The company also increased its dividend by 5% during the third quarter of fiscal 2025, demonstrating confidence in future cash flow sustainability. With net debt to adjusted EBITDA at 3.6X, liquidity of \$132 million in cash and approximately \$1.5 billion available under its revolving credit facility, Campbell's maintains ample balance sheet flexibility to fund growth initiatives and further shareholder returns.

Campbell's consistent execution has been noteworthy, with successful innovations, effective marketing programs and share trend improvements.

Reasons To Sell:

▼ **Margin Compression and Elevated Cost Pressures:** Campbell's margins remain under strain from inflation, supply-chain expenses and ongoing cost pressures. In the fourth quarter of fiscal 2025, the adjusted gross margin contracted approximately 90 basis points to 30.5% due to cost inflation and supply-chain expenses, with moderate tariff impacts. Adjusted EBIT declined 2% to \$321 million, as productivity gains were insufficient to fully offset operational inflation. Our model suggests a 50-basis-point contraction in the adjusted gross margin to 30.1% in fiscal 2026.

Campbell's is navigating a volatile consumer landscape. Also, the company is witnessing input cost inflation.

Management expects marketing and selling expenses to increase to 9-10% of sales in fiscal 2026, up from historical levels, which could further pressure operating margins if top-line growth does not accelerate. While Campbell's expects to mitigate some cost headwinds through its expanded PEAK cost savings program, tariff-related inflation and heightened promotional spending are likely to weigh on profitability in the near term. We expect adjusted marketing and selling expenses to increase 6.6% in fiscal 2026.

▼ **Tariff Headwinds Pose Significant Risk:** One of the biggest challenges in Campbell's outlook is the substantial earnings impact of newly imposed tariffs. Management estimates that tariffs could represent roughly 4% of the total cost of goods sold in fiscal 2026, and even after expected mitigation actions, only 60% of this impact is likely to be offset in the near term. In fact, two-thirds of the projected adjusted EPS decline in fiscal 2026 is attributable to tariffs, highlighting the scale of the challenge.

The company's heavy reliance on imported packaging materials and certain ingredients leaves it exposed to escalating trade costs. Although management is pursuing mitigation efforts through supplier negotiations, sourcing diversification and selective pricing, the remainder of the cost impact could significantly weigh on the gross margin. Given the unpredictable regulatory landscape and volatile geopolitical environment, the tariff issue introduces high uncertainty into Campbell's fiscal 2026 earnings outlook.

▼ **Guidance Implies Sharp Earnings Decline:** Management's fiscal 2026 outlook signals a meaningful earnings step-down. On a comparable 52-week basis, organic net sales are projected to range between a 1% decline and a 1% increase, while adjusted EBIT is expected to fall 9-13%. Adjusted EPS is anticipated to decline 12-18% to \$2.40-\$2.55. These estimates indicate that the company expects lower profitability despite ongoing cost-savings initiatives, largely due to tariffs, inflation and reinvestment in marketing.

▼ **Currency Headwinds Pose a Concern:** Due to its exposure to the international markets, Campbell's remains vulnerable to currency fluctuations. This is because a strengthening U.S. dollar will shrink margins in every case so that the company is unable to raise prices and pass the impact on to customers. Thus, volatile currency movements are a concern for the company.

▼ **Competitive Risk:** Since Campbell's operates in the food industry, it faces intense global competition for nearly all its key products. The company mainly competes on grounds of taste, brand recognition, advertising, quality, convenience, price, promotion and service. Further, some of its rivals boast solid financial and marketing resources, among others. Consequently, excessive pressure from competitors or a shift in consumers' preferences may cause Campbell's to incur greater marketing and other costs, reduce prices or lose market share, all of which are likely to hurt overall performance.

Last Earnings Report

Campbell's Q4 Earnings Beat Estimates, Organic Sales Drop 3% Y/Y

The Campbell's Company reported mixed fourth-quarter fiscal 2025 results. Adjusted earnings per share (EPS) were 62 cents, down 2% year over year, due to lower adjusted earnings before interest and taxes (EBIT). However, the bottom line beat the Zacks Consensus Estimate of 57 cents.

Net sales of \$2,321 million grew 1% year over year, but came below the Zacks Consensus Estimate of \$2,334 million. The year-over-year increase in the top line stemmed from the benefit of the Sovos Brands acquisition. Organic net sales dipped 3% to \$2.2 billion, mainly due to lower volume/mix, partly related to the anticipated reversal of the favorable timing of shipments in the third quarter with respect to the implementation of its existing enterprise-resource planning system for Sovos Brands. The additional week is likely to have contributed 7% to net sales, 9% to adjusted EBIT and 10% to adjusted EPS, or six cents a share, to fourth-quarter fiscal 2025 results.

The company's adjusted gross profit fell to \$709 million from \$719 million, while the adjusted gross profit margin declined 90 basis points (bps) to 30.5%. The margin decrease was primarily due to cost inflation and supply-chain expenses with moderate tariff impacts, partly offset by supply-chain productivity benefits, favorable net price realization and cost savings.

Adjusted marketing and selling expenses rose 5% to \$197 million, primarily due to the impact of the increased advertising and consumer promotion expenses. In contrast, adjusted administrative expenses dipped 4% to \$158 million, mainly reflecting benefits from cost savings and lower incentive compensation, partly offset by increased general administrative costs and inflation. The adjusted EBIT dropped 2% to \$321 million, mainly owing to reduced adjusted gross profit and elevated adjusted marketing and selling expenses, somewhat offset by lower adjusted administrative expenses and adjusted other expenses.

Meals & Beverages: Net sales reached \$1,202 million and were comparable to the year-ago period, driven by the acquisition. Excluding the additional week in the quarter and the noosa divestiture, organic net sales dipped 3%, DUE TO declines in Rao's pasta sauces and U.S. soup. A 4% fall in volume/mix was partly offset by a favorable net price realization of 1%. Sales of Rao's pasta sauces fell owing to the planned reversal of the favorable third-quarter timing of shipments with respect to the implementation of its existing enterprise-resource planning system for Sovos Brands.

Snacks: Net sales totaled \$1,119 million, up 2% year over year. Excluding the impact of the Pop Secret divestiture and an extra week in the quarter, organic net sales were down 2%, primarily due to decreases in third-party partner and contract brands and Snyder's of Hanover pretzels. The decline was caused by a 5% drop in volume/mix, with net price realization of 2%.

CPB's Fiscal 2026 Guidance

Consumers have been highly deliberate in their food choices, with a commitment to premiumization, flavor exploration, health and wellness, and cooking at home. CPB's brand portfolio is poised well to leverage such trends with brand support and innovation. Simultaneously, CPB battles a dynamic operating and regulatory landscape resulting in substantial input cost woes, thanks to tariffs, which, despite major mitigation efforts, lower its earnings view for the fiscal year. However, the company anticipates making progress toward sustainable growth in fiscal 2026 while mitigating some of the short-term cost headwinds. Fiscal 2026 guidance is based on the exclusion of the additional week in fiscal 2025.

The company forecasts fiscal 2026 net sales to be flat to down 2%. Organic net sales are expected to range from a 1% decline to 1% rise year over year. Adjusted EBIT is estimated to decrease 9-13%. Adjusted EPS is expected to decline 12-18%, in the range of \$2.40-\$2.55, compared with \$2.97 reported in fiscal 2025.

Other assumptions include low-single digit core inflation excluding the tariff impacts, productivity gains comprising tariff mitigation of nearly 5% of COPS, enterprise cost savings of about \$70 million, adjusted effective tax rate of almost 24%, adjusted interest expense of \$320-\$325 million, share count of about 300 million and capital expenditures of roughly 4% of net sales.

FY Quarter Ending **7/31/2025**

Earnings Reporting Date	Dec 09, 2025
Sales Surprise	0.67%
EPS Surprise	5.48%
Quarterly EPS	0.77
Annual EPS (TTM)	2.86

Valuation

The Campbell Company's shares are down 27.3% in the year-to-date period and nearly 34.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 12.6% and Zacks Consumer staples sector are up 0.5%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are down 17.4% and 5%, respectively.

The S&P 500 index is up 18.9% in the year-to-date period and 16.2% in the past year.

The stock is currently trading at 12.07X forward 12-month earnings, which compares to 14.87 for the Zacks sub-industry, 16.53X for the Zacks sector and 23.57X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.30X and as low as 10.71X, with a 5-year median of 14.86. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$32 price target reflects 12.79X forward 12-month earnings.

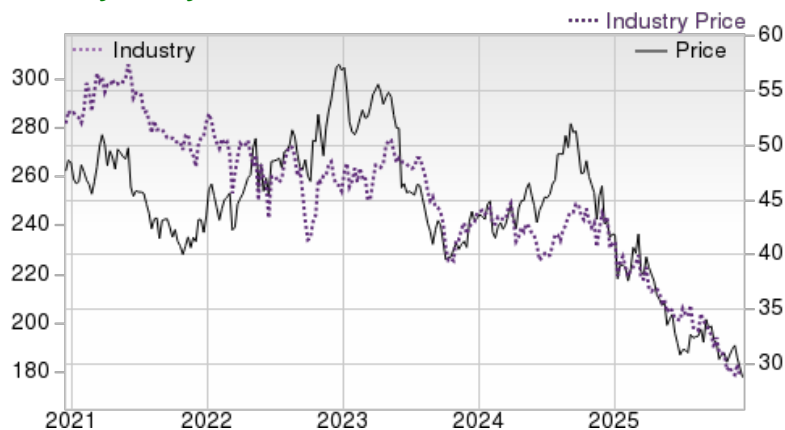
The table below shows summary valuation data for CPB

Valuation Multiples - CPB					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.07	14.87	16.53	23.57
	5-Year High	19.30	20.73	20.29	23.82
	5-Year Low	10.71	14.77	16.15	15.73
	5-Year Median	14.86	17.64	18.08	21.19
P/S F12M	Current	0.91	1.08	7.85	5.33
	5-Year High	1.90	1.99	10.80	5.50
	5-Year Low	0.89	1.08	6.51	3.83
	5-Year Median	1.47	1.53	8.69	5.04
EV/EBITDA TTM	Current	8.14	8.29	34.50	18.65
	5-Year High	12.64	15.16	44.89	22.41
	5-Year Low	8.03	8.10	33.20	13.87
	5-Year Median	10.43	13.16	39.74	17.96

As of 11/28/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 18% (197 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Conagra Brands (CAG)	Neutral	3
General Mills, Inc. (GIS)	Neutral	3
McCormick & Company, Inc. (MKC)	Neutral	3
The J. M. Smucker Co. (SJM)	Neutral	3
Flowers Foods, Inc. (FLO)	Underperform	4
Ingredion Incorporated (INGR)	Underperform	4
Kraft Heinz Company (KHC)	Underperform	4
TreeHouse Foods, Inc. (THS)	Underperform	4

Industry Comparison⁽¹⁾ Industry: Food - Miscellaneous

	CPB	X Industry	S&P 500	INGR	KHC	SJM
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Underperform	Neutral
Zacks Rank (Short Term)	4	-	-	4	4	3
VGM Score	C	-	-	A	B	B
Market Cap	8.55 B	1.67 B	38.58 B	7.13 B	29.21 B	10.64 B
# of Analysts	9	3	22	1	8	8
Dividend Yield	5.44%	0.00%	1.42%	2.92%	6.48%	4.41%
Value Score	B	-	-	A	B	B
Cash/Price	0.02	0.07	0.04	0.13	0.11	0.01
EV/EBITDA	9.19	9.36	14.55	6.72	16.70	11.70
PEG Ratio	-2.20	1.96	2.20	0.91	NA	6.78
Price/Book (P/B)	2.16	1.90	3.33	1.69	0.70	1.76
Price/Cash Flow (P/CF)	6.45	9.48	15.10	7.91	6.40	11.37
P/E (F1)	11.77	15.28	19.71	10.03	9.74	11.04
Price/Sales (P/S)	0.84	0.88	3.09	0.98	1.16	1.21
Earnings Yield	8.51%	6.20%	5.06%	9.97%	10.25%	9.06%
Debt/Equity	1.54	0.42	0.57	0.41	0.46	1.16
Cash Flow (\$/share)	4.45	1.82	8.99	14.18	3.86	8.77
Growth Score	C	-	-	B	C	B
Hist. EPS Growth (3-5 yrs)	-0.11%	7.15%	8.16%	13.98%	0.28%	2.86%
Proj. EPS Growth (F1/F0)	-17.17%	4.01%	8.57%	5.07%	-17.32%	-10.77%
Curr. Cash Flow Growth	-2.00%	2.43%	6.75%	8.71%	0.52%	-36.46%
Hist. Cash Flow Growth (3-5 yrs)	1.58%	4.64%	7.43%	6.70%	2.23%	-8.38%
Current Ratio	0.82	1.53	1.18	2.75	1.13	0.89
Debt/Capital	60.63%	34.55%	38.01%	29.10%	31.70%	53.74%
Net Margin	5.69%	2.70%	12.78%	9.07%	-17.35%	-13.61%
Return on Equity	21.84%	9.71%	17.00%	18.14%	7.26%	15.26%
Sales/Assets	0.67	0.91	0.53	0.95	0.29	0.49
Proj. Sales Growth (F1/F0)	-2.70%	0.00%	5.79%	-2.40%	-3.40%	4.00%
Momentum Score	F	-	-	B	F	F
Daily Price Chg	1.45%	0.00%	-0.24%	-0.49%	0.73%	-1.95%
1 Week Price Chg	-2.91%	0.28%	-0.59%	3.79%	0.45%	1.46%
4 Week Price Chg	-7.57%	0.00%	2.76%	4.51%	-1.16%	-6.55%
12 Week Price Chg	-15.02%	-5.40%	2.15%	-8.08%	-7.08%	-7.69%
52 Week Price Chg	-33.38%	-14.99%	12.39%	-21.05%	-21.02%	-12.97%
20 Day Average Volume	7,227,004	140,898	2,743,646	685,513	11,945,793	1,689,476
(F1) EPS Est 1 week change	-0.16%	0.00%	0.00%	0.00%	-0.05%	0.00%
(F1) EPS Est 4 week change	-0.78%	0.00%	0.00%	0.00%	-0.05%	-1.09%
(F1) EPS Est 12 week change	-0.68%	-1.49%	0.69%	-1.45%	-1.67%	-0.95%
(Q1) EPS Est Mthly Chg	-8.03%	0.00%	0.00%	0.00%	-0.20%	-7.97%

Analyst Earnings Model⁽²⁾

The Campbell's Company (CPB)

In \$MM, except per share data

	2023A	2024A	2025A				2026E				2027E	2028E		
	FY	FY	1QA	2QA	3QA	4QA	FY	1QE	2QE	3QE	4QE	FY	FY	FY
FY Ends July 31st	Jul-23	Jul-24	31-Oct-24	31-Jan-25	30-Apr-25	31-Jul-25	Jul-25	31-Oct-25	31-Jan-26	30-Apr-26	31-Jul-26	Jul-26	Jul-27	Jul-28
Income Statement														
Total Revenue	\$9,357.0	\$9,636.0	\$2,772.0	\$2,685.0	\$2,475.0	\$2,321.0	\$10,253.0	\$2,678.4	\$2,658.2	\$2,436.2	\$2,200.2	\$9,972.9	\$10,094.3	\$10,207.7
Base Volume/Mix	(4.0%)	(2.0%)	0.0%	0.0%	2.0%	(4.0%)	(1.0%)	(2.7%)	(0.1%)	(1.4%)	1.3%	(0.8%)	0.7%	0.6%
Price & Sales Allowances	13.0%	1.0%	(1.0%)	(2.0%)	(1.0%)	2.0%	(1.0%)	1.0%	0.7%	1.0%	0.5%	0.8%	0.5%	0.5%
Promotional Spending	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Organic Revenue Growth	10.0%	(1.0%)	(1.0%)	(2.0%)	1.0%	(3.0%)	(1.0%)	(1.7%)	0.6%	(0.4%)	1.8%	0.0%	1.2%	1.1%
Acquisitions/Dispositions/Other	0.0%	4.0%	11.0%	11.0%	4.0%	(3.0%)	6.0%	(1.7%)	(1.6%)	(1.2%)	0.0%	(1.2%)	0.0%	0.0%
Currency	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
53rd Week/Other			0.0%	0.0%	0.0%	7.0%	2.0%	0.0%	0.0%	0.0%	(7.7%)	(1.7%)	0.0%	0.0%
Cost of Products Sold, Adjusted	\$6,443.0	\$6,597.0	\$1,901.0	\$1,870.0	\$1,730.0	\$1,612.0	\$7,113.0	\$1,855.3	\$1,868.9	\$1,713.4	\$1,530.2	\$6,967.7	\$7,017.8	\$7,070.0
Cost of Products Sold, GAAP	\$6,440.0	\$6,665.0	\$1,905.0	\$1,866.0	\$1,747.0	\$1,616.0	\$7,134.0	\$1,868.0	\$1,859.4	\$1,725.9	\$1,553.2	\$7,006.5	\$7,047.8	\$7,105.0
Gross Profit, Adjusted	\$2,914.0	\$3,039.0	\$871.0	\$815.0	\$745.0	\$709.0	\$3,140.0	\$823.1	\$789.3	\$722.8	\$670.0	\$3,005.2	\$3,076.5	\$3,137.7
Gross Profit, GAAP	\$2,917.0	\$2,971.0	\$867.0	\$819.0	\$728.0	\$705.0	\$3,119.0	\$810.4	\$798.8	\$710.3	\$647.0	\$2,966.4	\$3,046.5	\$3,102.7
Marketing & Selling Expenses, Adjusted	\$806.0	\$821.0	\$241.0	\$255.0	\$207.0	\$197.0	\$900.0	\$261.6	\$264.4	\$230.5	\$202.9	\$959.3	\$953.6	\$960.8
Marketing & Selling Expenses, GAAP	\$811.0	\$833.0	\$250.0	\$256.0	\$216.0	\$202.0	\$924.0	\$265.6	\$265.4	\$236.6	\$203.5	\$971.2	\$974.1	\$986.8
Administrative Expenses, Adjusted	\$630.0	\$630.0	\$164.0	\$156.0	\$150.0	\$158.0	\$628.0	\$159.0	\$155.3	\$154.0	\$154.0	\$622.4	\$623.9	\$634.0
Administrative Expenses, GAAP	\$654.0	\$737.0	\$175.0	\$165.0	\$162.0	\$172.0	\$674.0	\$168.6	\$176.0	\$186.7	\$168.8	\$700.1	\$685.8	\$705.0
Research and Development Expenses, Adjusted	\$89.0	\$97.0	\$25.0	\$24.0	\$22.0	\$26.0	\$97.0	\$24.3	\$24.9	\$23.2	\$24.8	\$97.1	\$96.8	\$98.7
Research and Development Expenses, GAAP	\$92.0	\$102.0	\$26.0	\$25.0	\$23.0	\$26.0	\$100.0	\$25.3	\$25.9	\$25.2	\$24.8	\$101.2	\$100.4	\$102.6
Other Expenses/(Income), Adjusted	\$22.0	\$37.0	\$9.0	\$8.0	\$4.0	\$7.0	\$28.0	\$8.6	\$8.8	\$6.1	\$9.1	\$32.6	\$30.3	\$32.0
Other Expenses/(Income), GAAP	\$32.0	\$261.0	\$43.0	\$41.0	\$160.0	\$29.0	\$273.0	\$33.5	\$34.4	\$94.2	\$100.6	\$262.7	\$268.1	\$270.0
Restructuring Charges	\$16.0	\$38.0	\$6.0	\$5.0	\$6.0	\$7.0	\$24.0	\$7.0	\$7.0	\$7.0	\$7.0	\$28.0	\$28.0	\$28.0
EBITDA	\$1,754.0	\$1,865.0	\$541.0	\$482.0	\$471.0	\$427.0	\$1,921.0	\$473.3	\$442.3	\$417.2	\$383.6	\$1,716.5	\$1,799.4	\$1,844.7
Depreciation & Amortization	\$387.0	\$411.0	\$109.0	\$110.0	\$109.0	\$106.0	\$434.0	\$103.7	\$106.4	\$108.1	\$104.5	\$422.7	\$427.5	\$432.5
Operating Income, Adjusted	\$1,367.0	\$1,454.0	\$432.0	\$372.0	\$362.0	\$321.0	\$1,487.0	\$369.6	\$335.9	\$309.0	\$279.2	\$1,293.8	\$1,371.9	\$1,412.3
Operating Income, GAAP	\$1,312.0	\$1,000.0	\$367.0	\$327.0	\$161.0	\$269.0	\$1,124.0	\$310.3	\$290.1	\$160.7	\$142.2	\$903.3	\$990.2	\$1,010.3
Interest Expense, Net, Adjusted	\$184.0	\$241.0	\$83.0	\$80.0	\$80.0	\$85.0	\$328.0	\$81.7	\$81.8	\$80.8	\$80.1	\$324.4	\$325.5	\$330.6
Interest Expense, Net, GAAP	\$184.0	\$243.0	\$83.0	\$80.0	\$80.0	\$85.0	\$328.0	\$80.4	\$80.4	\$81.8	\$80.1	\$322.7	\$324.6	\$329.3
Pre-Tax Income, Adjusted	\$1,183.0	\$1,213.0	\$349.0	\$292.0	\$282.0	\$236.0	\$1,159.0	\$287.9	\$254.2	\$228.2	\$199.1	\$969.4	\$1,046.4	\$1,081.7
Pre-Tax Income, GAAP	\$1,128.0	\$757.0	\$284.0	\$247.0	\$81.0	\$184.0	\$796.0	\$229.9	\$209.7	\$78.8	\$62.1	\$580.5	\$665.5	\$681.0
Income Tax, Adjusted	\$280.0	\$288.0	\$82.0	\$70.0	\$64.0	\$51.0	\$267.0	\$69.1	\$61.0	\$54.8	\$47.8	\$232.7	\$251.1	\$259.6
Income Tax, GAAP	\$270.0	\$190.0	\$66.0	\$74.0	\$15.0	\$39.0	\$194.0	\$55.2	\$50.3	\$18.9	\$14.9	\$139.3	\$159.7	\$163.4
Tax Rate, Adjusted	23.7%	23.7%	23.5%	24.0%	22.7%	21.6%	23.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Tax Rate, GAAP	23.9%	25.1%	23.2%	30.0%	18.5%	21.2%	24.4%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Net Income, Adjusted	\$903.0	\$925.0	\$267.0	\$222.0	\$218.0	\$185.0	\$892.0	\$218.8	\$193.2	\$173.4	\$151.3	\$736.7	\$795.3	\$822.1
Net Income, GAAP	\$858.0	\$567.0	\$218.0	\$173.0	\$66.0	\$145.0	\$602.0	\$174.7	\$159.3	\$59.9	\$47.2	\$441.2	\$505.8	\$517.6
Diluted Shares Outstanding	301.0	300.0	301.0	299.0	299.0	299.0	300.0	300.0	300.0	300.0	300.0	300.0	299.5	298.7
Diluted EPS, Adjusted	\$3.00	\$3.08	\$0.89	\$0.74	\$0.73	\$0.62	\$2.97	\$0.73	\$0.64	\$0.58	\$0.50	\$2.46	\$2.66	\$2.75
Diluted EPS, GAAP	\$2.87	\$1.89	\$0.72	\$0.58	\$0.22	\$0.48	\$2.01	\$0.58	\$0.53	\$0.20	\$0.16	\$1.47	\$1.69	\$1.73
Dividend per Share	\$1.48	\$1.48	\$0.37	\$0.37	\$0.39	\$0.39	\$1.52	\$0.39	\$0.39	\$0.39	\$0.39	\$1.56	\$1.64	\$1.68

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	F
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.