

Corteva (NASDAQ: CTVA)

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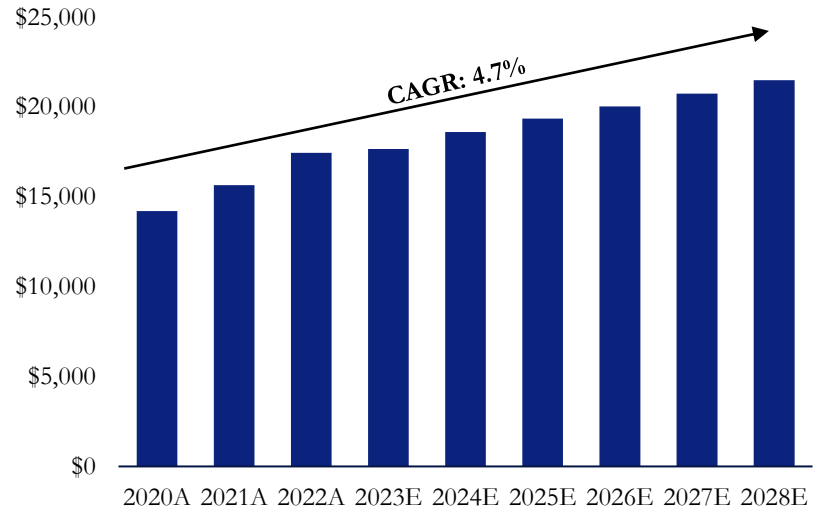
Company Overview

Corteva is a leading seed and crop protection company with strong global presence and is uniquely positioned to grow due to its sole focus and dedication in the agriculture industry

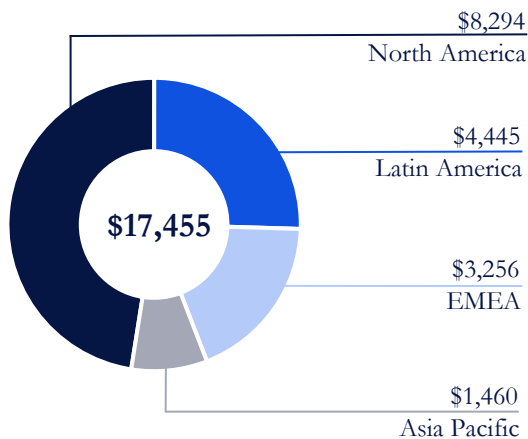
Company Background

- On June 1, 2019, Corteva became an independent, publicly traded company through the completed separation of DuPont de Nemours, Inc post the Dow and Dupont merger in 2017
- Corteva is the only major agriscience company completely dedicated to agriculture. By combining the strengths of DuPont Pioneer, DuPont Crop Protection, and Dow AgroSciences, the company gained over two centuries of scientific achievement and research
- Corteva’s mission is to contribute to a healthier, more secure, and sustainable food supply
- Through utilization of precision agriculture – the use of technology to increase efficiency, sustainability, and yields of farms – Corteva develops products that help farmers get the most out of their land and spot issues before they become problems

Revenue Growth (\$mm)



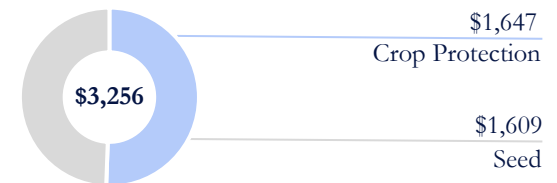
Revenue Breakdown (\$mm)



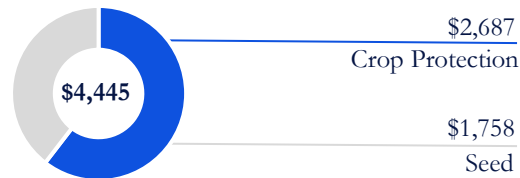
North America



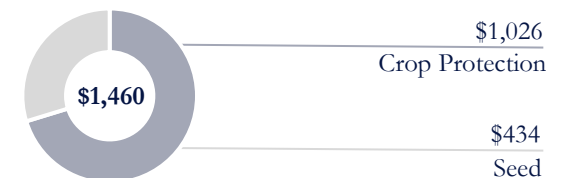
EMEA



Latin America



Asia Pacific



Seed Segment

Corteva's seed segment focuses on supplying farmers with genetically advanced seeds to increase their overall yields

Overview



CTVA supplies **commercial seeds** to farmers and other distributors



Their seeds combine advanced genetic plant traits (germplasm) to produce optimum yields for farmers



Traits improve resistance to weather, disease, insects and enhance food and nutritional characteristics

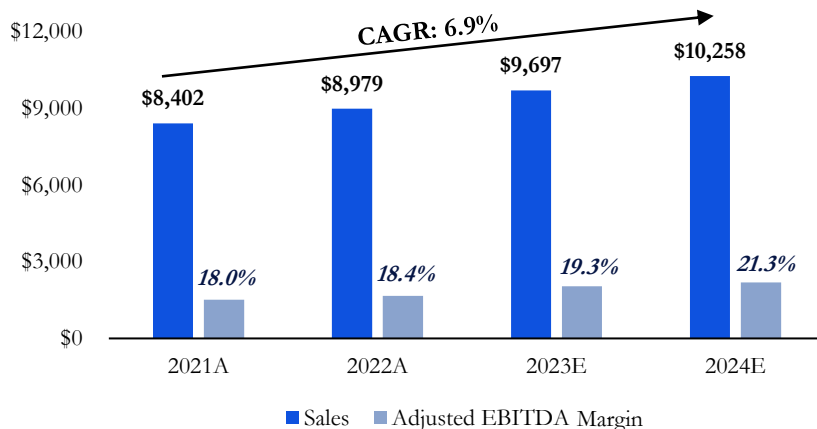


CTVA has **35-40% market share** for corn seed and approximately **30% for soybean** in the U.S.

Regional & Retail Brands



Segment Performance & Prediction (\$mm)



Advanced Seed Traits



Makes plants resistant to many herbicides so farmers have more options to **protect from weeds**, thus increasing yields



Protects **against corn insects** for maximum yield potential



Protects **against above-ground pests**, including corn borer, corn earworm and fall armyworm

Crop Protection Segment

Corteva's crop protection segment focuses on producing high-quality, non-damaging products to help farmers protect their crops

Overview



Crop protection products protect against weeds, insects, disease



These products include herbicides, fungicides, insecticides, nematicides, and seed treatments



CTVA's crop protection products are professionally developed to ensure healthy crops with high yields



Segment EBITDA was \$1,684mm (52% of total EBITDA)

Notable Products

Closer™

Spray for quick control of scale insects in vegetable, fruit and field crops

Approach® Prima

Fungicide that kills disease nearly 2x faster than competitors

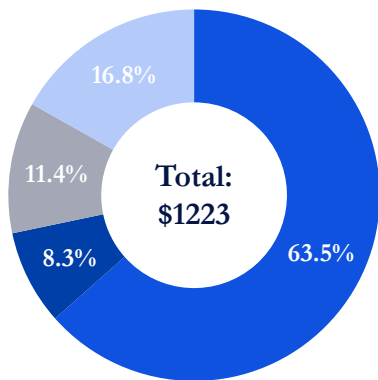
Resicore® XL

Herbicide that controls more than 75 different weeds that target corn

Instinct® II

Underground nitrogen stabilizer that gives corn optimal conditions for growth

Product Mix (\$mm)



Product	Sales
Herbicides	\$776
Insecticides	\$101
Fungicides	\$140
Other	\$206

Emergence into the Biologicals Business

Biologicals are crop protection products that are naturally derived and already exist in nature



Stoller
\$1.2 Billion



Symborg
NATURAL GROWTH
N/A

“Their knowledge and expertise combined with Corteva’s innovations capabilities will come together to form a leading Biologicals Business ready to accelerate and grow with the rapidly expanding biologicals market”

Corteva is uniquely positioned to benefit from the **shift from traditional seed and crop protection products to frontier markets** including biologicals, renewable energy, and specialty oils

1 Margin Expansion

Clear direction from management shows Corteva's initiative to improve margins and base business to increase profitability

2 Strategic Positioning

New acquisitions and leading innovation combine to strategically position Corteva in rapidly growing frontier markets that are driven by innovation

3 Legislation

Global legislation initiatives, which require and drive demand for Corteva's products, present a significant opportunity to accelerate Corteva's growth

Recommendation: **BUY**
Price Target: \$65.01
Upside: 30.3%

30.3%

52.5%

(20.4%)

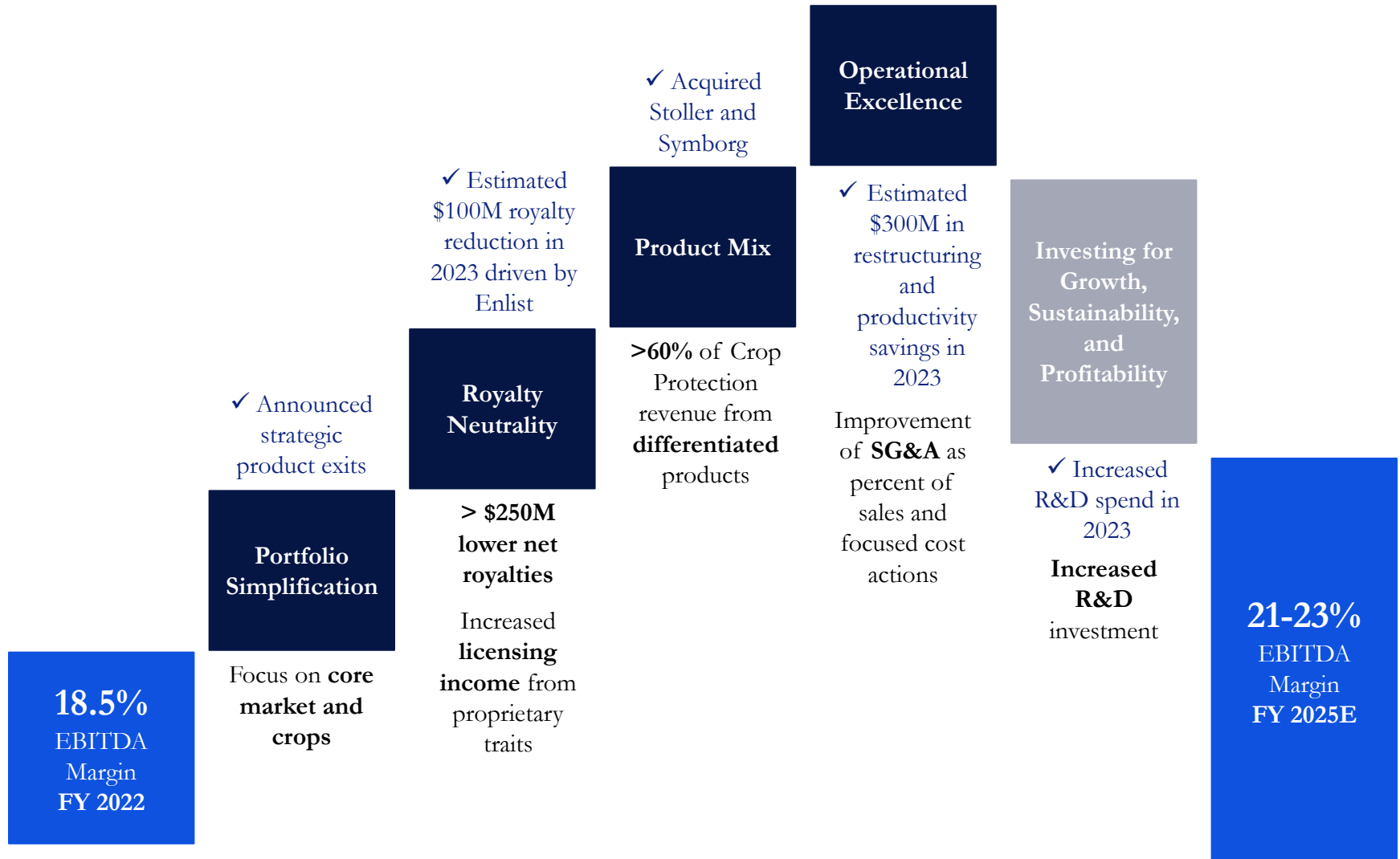
Bear

Base

Bull

Value Creation Framework Driving Margin Expansion

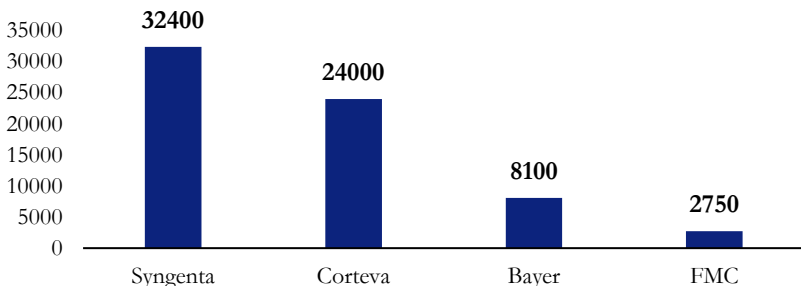
Corteva has created a value creation framework to deliver on its promise of 21-23% EBITDA margins by 2025



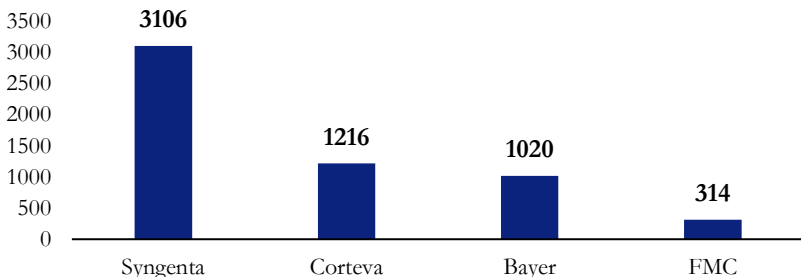
Competitive Differentiation

Corteva is superior to competitors because of their management, product portfolio, R&D pipeline, and positioning in the market

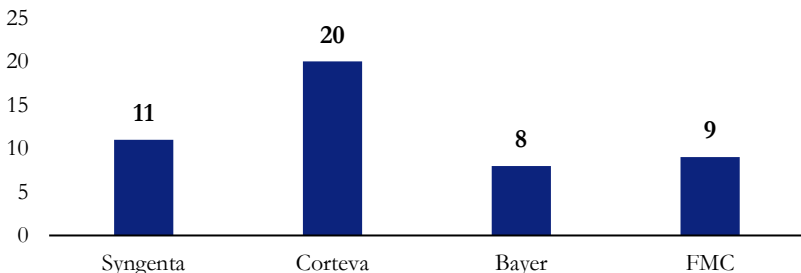
Peak Pipeline Net Sales (\$mm)



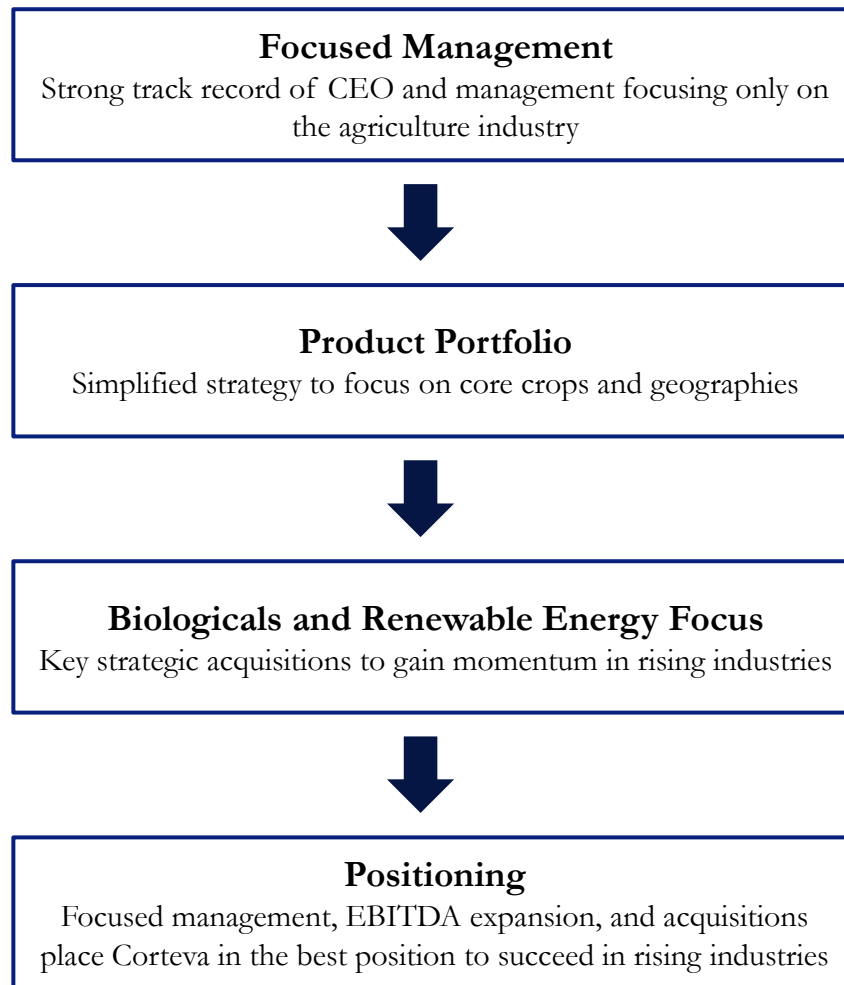
2022 R&D Spend (\$mm)



Sales per R&D \$



Why Corteva?



Biologicals Industry... Why Attractive in the future

In the face of rising population needs and environmental concerns, the biological industry is expected to lead the front of sustainable farming

Overview

- Biologicals are crop protection products **derived from living organisms or natural materials**
- Like pesticides and herbicides, biologicals **protect plants and enhance plant growth**



Biostimulants
Enhance plant health and maximize nutrition

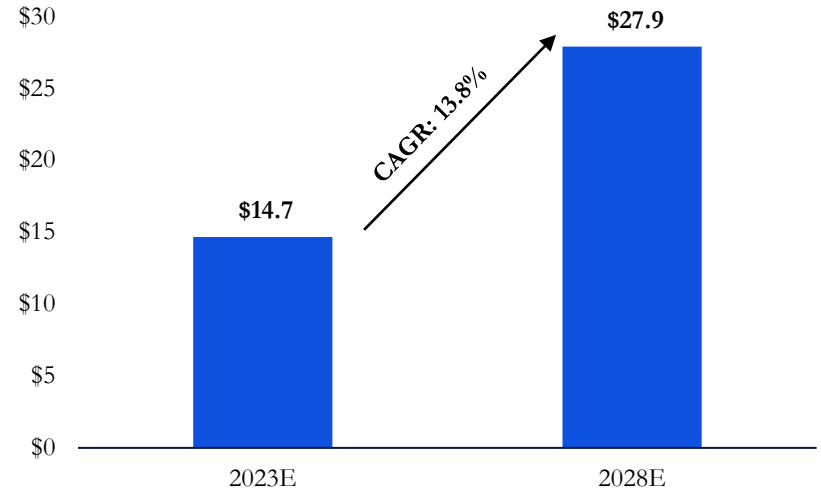


Biocontrol
Manage pests and protect crop biodiversity



Pheromones
Protect plants from harmful insects

Rapidly Expanding Industry (\$bn)



Drivers of Growth in Biologicals Industry



Biologicals address the growing concern of **agricultural sustainability**



Strict regulations on chemical solutions drive need for safer alternatives



Need to meet the food needs of a **growing population**



Growing consumer preference for **organic food products**

Corteva's Position in the Frontier Markets

Corteva has a top of the line R&D pipeline, setting them up to penetrate future markets and gain significant market share

Biologicals

Renewable Fuels

Specialty Oils / Proteins

Mid – to – Next Decade Growth Opportunities

2021 addressable market ~ **\$9B**

2035 addressable market ~ **\$30B**
(~20-25% of CP market)

Complementary to traditional crop chemistries with favorable environmental profile

32B market / 8 billion gallons of renewable oils from oilseeds by 2030*

Increased demand for corn ethanol and sustainable aviation fuels

Double cropping system reduces carbon intensity of oil production by ~**2.6x**

Specialty protein and oils for human consumption

Modified and enhanced protein composition in soybean for animal feed

\$10B spent annually on synthetic amino acids

✓ Closed Stoller and Symborg Acquisitions

✓ Collaboration with Bunge and Chevron

✓ Amino-Acid Enhanced Soy Collaboration with Bungea

Competitive Strengths to Enable Growth

Industry-leading gene editing

Out-licensing and unique stacking opportunities

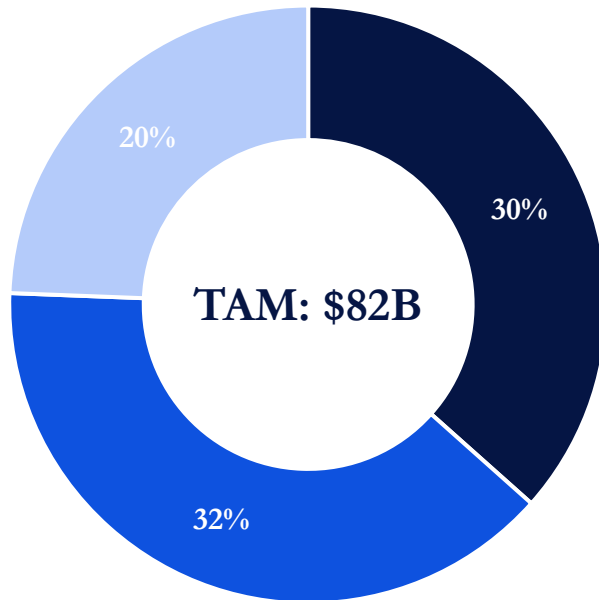
Expanding native diversity to drive yields

Transforming digital program to product enablement

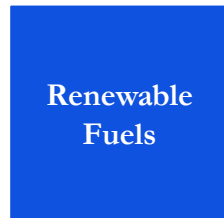
Attractive Position to Capitalize from Industry Growth

Global legislation drives demand for Corteva products, as ESG and renewable energy sources become a top priority for governments

Increasing TAM



Biologicals



Renewable
Fuels



Specialty
Oils

Legislation

\$400 B

Inflation Reduction Act

- For clean energy, transmission, and transportation – main goal to reduce carbon emissions by roughly 40% by 2030

~\$230 B

2023 New Farm Bill

- For farmer-related programs such as crop insurance, income support programs, and voluntary incentive-based conservation programs

~\$100 B

Agriculture Resilience Act

- For increasing research, improving soil health, protecting existing farmland, boosting investments in on-farm energy initiatives, etc.

\$65 B

European Union Farming Subsidies

- For farmers each year – largest line item in the E.U. budget and one of the biggest subsidy programs in the world

\$1.9 B

Brazil PRONAMP

- For mid-size farmers – allows them to have access to special lines of credit through the national programme to support medium size agriculture producers

Why This Opportunity Exists

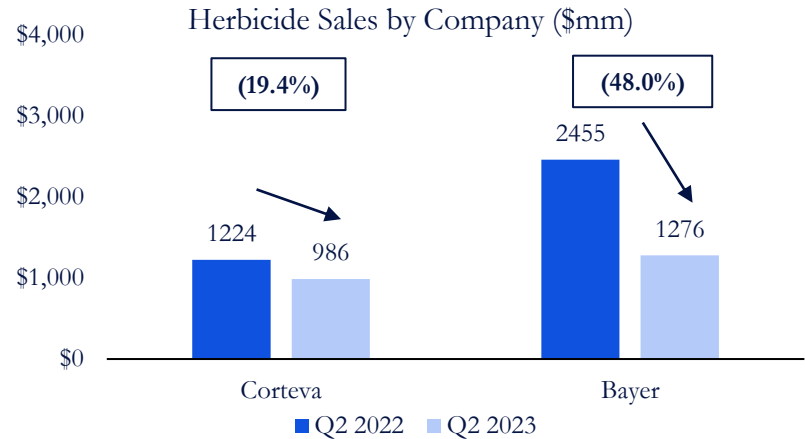
Worldwide destocking has created a “dark cloud” around chemical agricultural companies...

1 Market Overreaction from Industry-Wide Crop Protection Destocking

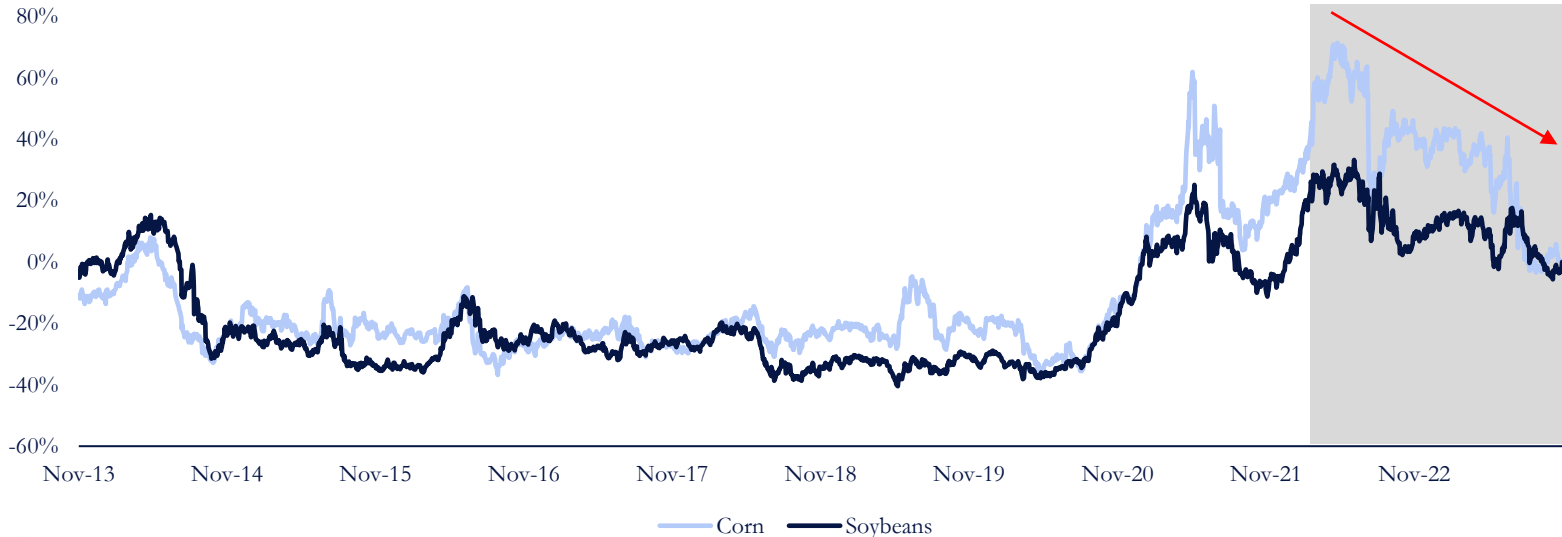
Higher operational costs have caused farmers to pull back on purchasing herbicides and pesticides ahead of time

Improved supply-chains have shifted buying behavior back to a **just-in-time purchasing methods**

Resulted in lower overall volume of sales for crop protection products in Q2



2 1-Yr Decrease in Commodity Prices of Corn and Soybeans from Historical Highs



Base Case - Strong Upside

Exit Multiple Method:

Terminal Value:	
2028 EBITDA	\$5,187.9
Exit Multiple	11.5x
Terminal Value	\$59,661.1
Period	4.9
PV of Terminal Value	\$39,065.4
Implied PGR	2.0%

Gordon Growth Method:

Terminal Value:	
2028 FCF	\$3,458.1
PGR	2.0%
Terminal Value	\$50,545.9
Period	4.9
PV of Terminal Value	\$33,096.92
Implied Exit Multiple	10.5x

Blended Share Price:	
Exit Multiple Method:	\$69.22
<i>% Weight</i>	50%
Gordon Growth Method:	\$60.81
<i>% Weight</i>	50%
Blended Share Price	\$65.01
Upside/Downside	30.3%

Value Distribution:	
PV of Period Cash Flows	\$12,933.1
PV of Terminal Value	\$39,065.4
Total	\$51,998.5
Period Cash Flows	24.9%
Terminal Value	75%
Total	100.0%

Value Distribution:	
PV of Period Cash Flows	\$12,933.1
PV of Terminal Value	\$33,096.9
Total	\$46,030.0
Period Cash Flows	28.1%
Terminal Value	71.9%
Total	100.0%

Implied Share Price:	
Enterprise Value	\$51,998.5
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$49,111.5
Shares Outstanding	709.5
Share Price	\$69.22
Upside/Downside	38.7%

Implied Share Price:	
Enterprise Value	\$46,030.0
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$43,143.0
Shares Outstanding	709.5
Share Price	\$60.81
Upside/Downside	21.8%

Commentary

- Exit multiple was determined by taking a historical average - Corteva has been trading at an industry premium since it went public
- Decided on a PGR of 2.0%, for we believe the target inflation is a good proxy for growth
- Took a 50/50 blend of the two output prices to come to an implied share price of \$65.01, a 30.3% upside from the current share price of \$49.91

What you Need to Believe

Corteva has several initiatives to drive increased returns with minimal downside

Bear Case	Base Case	Bull Case
Slowed growth in already existing segments with increased operational expenses	Continued top-line growth in existing seed and crop protection segments	Increased top-line growth in existing seed and crop protection segments
CTVA fails to capture growth in frontier markets	CTVA captures market share in biologicals industry proportional to current share of agricultural industry	CTVA captures higher market share in biologicals proportional to current share of agricultural industry
17.0% long-term EBITDA margin	22.1% long-term EBITDA margin	24.1% long-term EBITDA margin
Commodity prices of corn and soy fall below historical averages		Commodity prices of corn and soy remain above historical averages

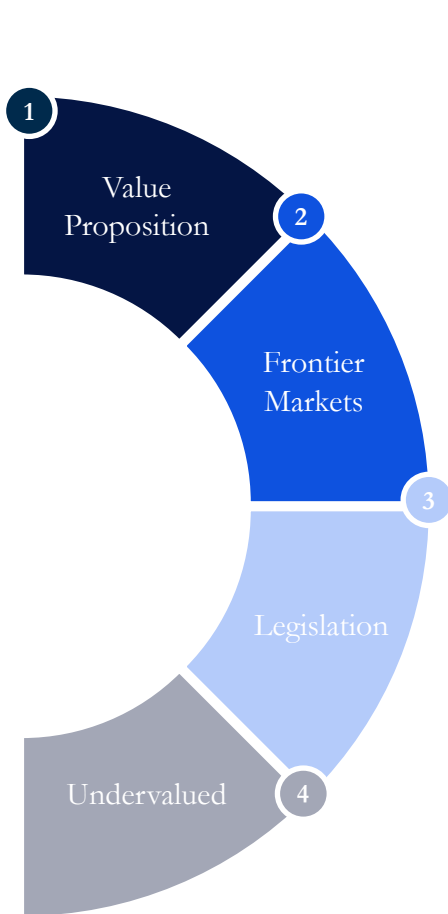
\$39.73
(20.4%)

\$65.01
30.3%

\$76.07
52.5%

Closing Argument

Corteva – a driver in the future of agriculture



1

Value Proposition

Clear direction from management shows Corteva’s initiative to improve margins and base business to allow them to become more profitable

2

Frontier Markets

Corteva continues to pour money into strategic acquisitions and R&D to stay on the front of discovery and tap into new markets

3

Legislation

Global legislation initiatives, which require and drive demand for Corteva’s products, present a significant opportunity to accelerate Corteva’s growth

4

Undervalued

Despite recessionary headwinds, Corteva is at an attractive buying price due in a steady market and minimal risk of a second destocking in the future

Recommendation: **BUY**

Price Target: \$65.01

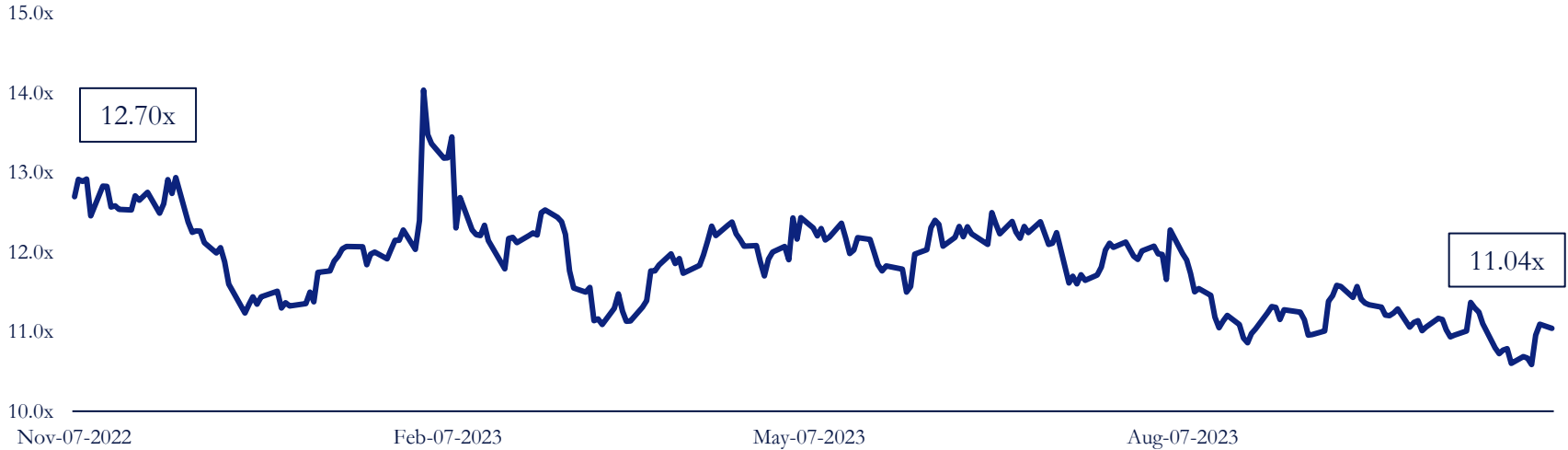
Upside: 30.3%

Appendix

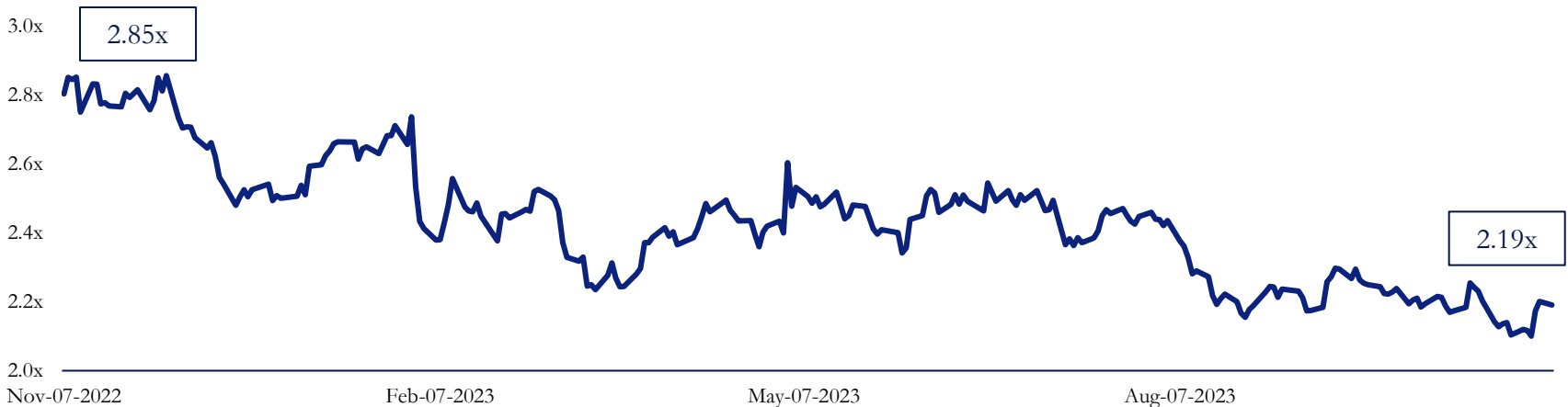
1 Year Multiple Evolution

Corteva is trading at 1-year multiple lows as a result of industry-wide destocking and fears of lowered commodity prices

EV/ LTM EBITDA

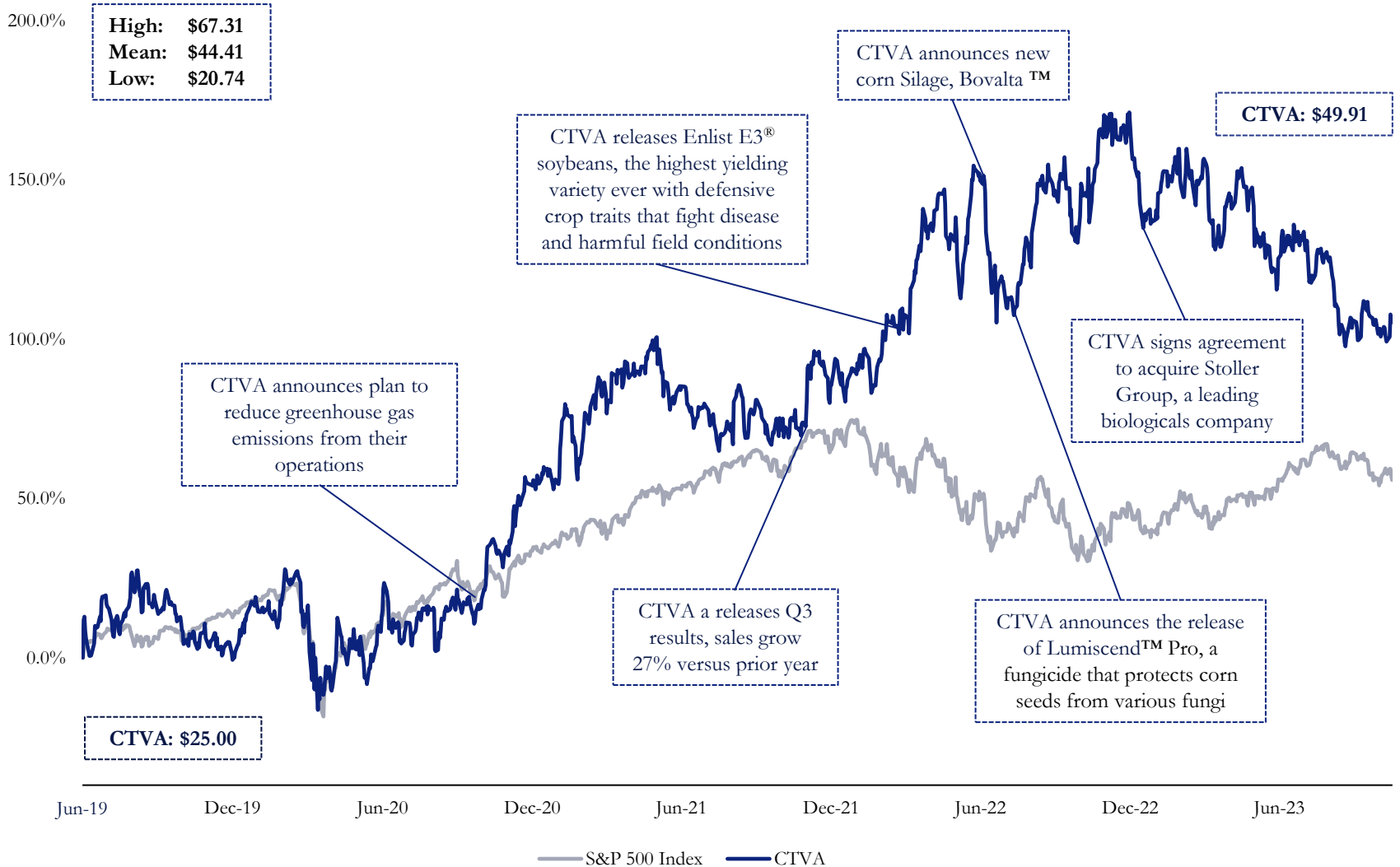


EV/ LTM Revenue



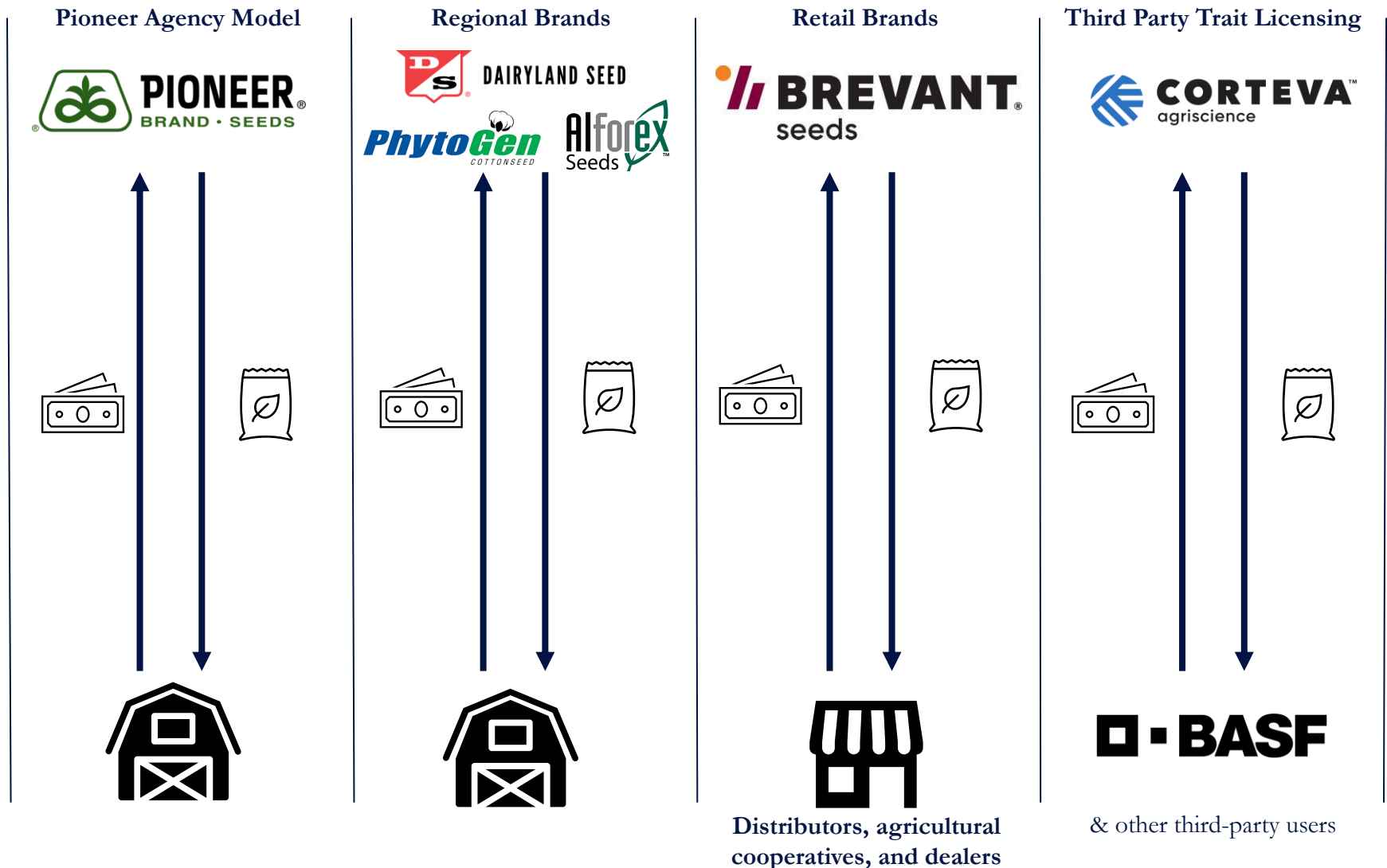
Annotated Stock Chart

CTVA has outperformed the S&P 500 since its spin-off from DowDuPont in 2019. The stock's short-term price shifts are driven from new product releases, earnings announcements, and acquisitions



How Products Are Distributed

Corteva markets and distributes the company's products through a multi-channel, multi-brand strategy, which includes four different channels



Acquisition History

Corteva has acquired three agricultural firms since their spinoff from DowDuPont in 2019



Jun-2019



Nov-2022

Jun-2022



Mar-2023



Corteva x Farming Simulator Sponsorship

Corteva markets its products on farming simulator, a well known videogame



Primary Research – Krysta Harden

Krysta Harden was Senior Vice President, External Affairs & Chief Sustainability Officer of Corteva from 2016-2019



Key Takeaways

Management is the strongest in the industry with a strong history of food and agriculture backgrounds

Corteva is truly dedicated to investing in science and building out a pipeline that is about the future

A priority of Corteva is to make sure farmers are profitable

Large farmers have a direct relationship with Corteva

Smaller farmers use wholesale and other distributors

Corteva has made loyalty and trust between them and farmers a large part of their business model

Comment on the industry wide destocking, “I think that it is a normal reset”

Other companies in the industry are distracted and not solely focused on agricultural products

Income Statement

\$ in millions

	Historical Years					Forecasted Years			
	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Income Statement:									
Total Revenue	\$14,217	\$15,655	\$17,455	\$18,168.3	\$19,344.0	\$20,311.2	\$21,326.8	\$22,393.1	\$23,512.7
<i>% Growth</i>		10.1%	11.5%	4.1%	6.5%	5.0%	5.0%	5.0%	5.0%
(-) Cost of Goods Sold	(8,507)	(9,220)	(10,436)	(10,683.0)	(11,180.8)	(11,435.2)	(12,007.0)	(12,607.3)	(13,237.7)
Gross Profit	\$5,710	\$6,435	\$7,019	\$7,485.3	\$8,163.2	\$8,876.0	\$9,319.8	\$9,785.8	\$10,275.1
<i>% Margin</i>	40.2%	41.1%	40.2%	41.2%	42.2%	43.7%	43.7%	43.7%	43.7%
(-) R&D	(1,142)	(1,187)	(1,216)	(1,272)	(1,548)	(1,625)	(1,706)	(1,791)	(1,881)
(-) Selling, General, and Administrative	(3,043)	(3,209)	(3,173)	(3,361.1)	(3,404.5)	(3,574.8)	(3,753.5)	(3,941.2)	(4,138.2)
(-) Amortization of intangibles	(682)	(722)	(702)	(690.4)	(715.7)	(751.5)	(789.1)	(828.5)	(870.0)
(-) Restructuring and asset related charges	(335)	(289)	(363)	(380.4)	(405.1)	(425.3)	(446.6)	(468.9)	(492.4)
EBIT	\$508	\$1,028	\$1,565	\$1,781.6	\$2,090.3	\$2,499.5	\$2,624.5	\$2,755.7	\$2,893.5
<i>% Margin</i>	3.6%	6.6%	9.0%	9.8%	10.8%	12.3%	12.3%	12.3%	12.3%
(+) Other income (expense)	212	1,348	(60)	272.5	290.2	304.7	319.9	335.9	352.7
(-) Interest Expense	(45)	(30)	(79)	(181.7)	(96.7)	(101.6)	(106.6)	(112.0)	(117.6)
Pre-Tax Income	\$675	\$2,346	\$1,426	\$1,872.4	\$2,283.8	\$2,702.6	\$2,837.7	\$2,979.6	\$3,128.6
<i>% Margin</i>	4.7%	15.0%	8.2%	10.3%	11.8%	13.3%	13.3%	13.3%	13.3%
(-) Taxes	81	(524)	(210)	402.6	491.0	581.1	610.1	640.6	672.6
<i>% Effective Tax Rate</i>	(12.0%)	22.3%	14.7%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%
Income from Continuing Operations After Income Taxes	\$756	\$1,822	\$1,216	\$2,275	\$2,775	\$3,284	\$3,448	\$3,620	\$3,801
(-) Discontinued Operations	(55)	(53)	(58)	(55)	(55)	(55)	(55)	(55)	(55)
(-) Noncontrolling interests	(20)	(10)	(11)	(14)	(14)	(14)	(14)	(14)	(14)
Net Income Attributable to Corteva (GAAP)	\$681	\$1,759	\$1,147	\$2,206	\$2,706	\$3,215	\$3,379	\$3,551	\$3,732
(-) Preferred Stock Dividend	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Net Income Available for Distribution	\$671	\$1,749	\$1,137	\$2,196	\$2,696	\$3,205	\$3,369	\$3,541	\$3,722
BSO	744	727	713	713	713	713	713	713	713
Basic Earnings Per Share (GAAP)	\$0.90	\$2.41	\$1.60	\$3.08	\$3.78	\$4.50	\$4.73	\$4.97	\$5.22
DSO	751	742	725	725	725	725	725	725	725
Diluted Earnings Per Share (GAAP)	\$0.91	\$2.37	\$1.58	\$3.04	\$3.73	\$4.44	\$4.66	\$4.90	\$5.15

Weighted Average Cost of Capital:	
Market Risk Premium	5.0%
Beta	0.8
Risk Free Rate	5.3%
Cost of Equity	9.5%
Risk Free Rate	4.9%
Spread	3.8%
Tax Rate	23.0%
Cost of Debt	6.8%
Total Equity	\$26,220
Total Debt	\$6,202
Equity / Total Capitalization	80.9%
Debt / Total Capitalization	19.1%
WACC	9.0%

Revenue Build

\$ in millions

	Historical Years					Forecasted Years			
	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Revenue:									
Seed	7,756	8,402	8,979	9,608	10,184	10,693	11,228	11,789	12,379
Crop Protection	6,461	7,253	8,476	8,561	9,160	9,618	10,099	10,604	11,134
Total Revenue	\$14,217	\$15,655	\$17,455	\$18,168	\$19,344	\$20,311	\$21,327	\$22,393	\$23,513
% Growth		10.1%	11.5%	4.1%	6.5%	5.0%	5.0%	5.0%	5.0%
(-) Cost of Goods Sold	8,507	9,220	10,436	10,683	11,181	11,435	12,007	12,607	13,238
Gross Profit	\$5,710	\$6,435	\$7,019	\$7,485	\$8,163	\$8,876	\$9,320	\$9,786	\$10,275
% Margin	40.2%	41.1%	40.2%	41.2%	42.2%	43.7%	43.7%	43.7%	43.7%

Base Case DCF Build

<i>\$ in millions</i>	For Fiscal Year Ending June 30th						CAGR
	2023E	2024E	2025E	2026E	2027E	2028E	
Revenue	18,168.3	19,344.0	20,311.2	21,326.8	22,393.1	23,512.7	4.4%
<i>% Growth</i>	4.1%	6.5%	5.0%	5.0%	5.0%	5.0%	
(-) Operating Expenses	(16,006)	(16,849)	(17,386)	(18,256)	(19,168)	(20,127)	
(+) D&A	1247	1373	1463	1547	1637	1732	
(+) Stock Based Compensation	55	58	61	64	67	71	
EBITDA	3,463.3	3,926.7	4,448.4	4,682.4	4,928.7	5,187.9	7.0%
<i>% Margin</i>	19.1%	20.3%	21.9%	22.0%	22.0%	22.1%	
(-) D&A	(1,247)	(1,373)	(1,463)	(1,547)	(1,637)	(1,732)	
(-) Stock Based Compensation	(55)	(58)	(61)	(64)	(67)	(71)	
EBIT	2,162.0	2,495.4	2,924.8	3,071.1	3,224.6	3,385.8	7.8%
<i>% Margin</i>	11.9%	12.9%	14.4%	14.4%	14.4%	14.4%	
(-) Taxes	(497.3)	(573.9)	(672.7)	(706.3)	(741.7)	(778.7)	
NOPAT	1,664.8	1,921.4	2,252.1	2,364.7	2,482.9	2,607.1	7.8%
(+) D&A	1,247	1,373	1,463	1,547	1,637	1,732	
(-) Capital Expenditures	(593.5)	(690.4)	(735.1)	(771.8)	(810.4)	(850.9)	
(-) Change in Net Working Capital	675.1	696.7	(117.5)	(26.9)	(28.2)	(29.6)	
UFCF	2,993.2	3,301.1	2,862.2	3,113.4	3,281.2	3,458.1	2.4%
(-) Stub-Year	(2,536.9)						
FCF For Discounting	456.3	3,301.1	2,862.2	3,113.4	3,281.2	3,458.1	
Discount Period	0.42	0.92	1.92	2.92	3.92	4.92	
Discount Factor	0.96	0.92	0.85	0.78	0.71	0.65	
PV of UFCF	440.0	3,049.1	2,425.9	2,421.4	2,341.7	2,264.6	

Base Case Share Price Output

Exit Multiple Method:

Terminal Value:	
2028 EBITDA	\$5,187.9
Exit Multiple	11.5x
Terminal Value	\$59,661.1
Period	4.9
PV of Terminal Value	\$39,070.1
Implied PGR	2.0%

Value Distribution:	
PV of Period Cash Flows	\$12,942.6
PV of Terminal Value	\$39,070.1
Total	\$52,012.7
Period Cash Flows	24.9%
Terminal Value	75%
Total	100.0%

Implied Share Price:	
Enterprise Value	\$52,012.7
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$49,125.7
Shares Outstanding	709.5
Share Price	\$69.24
Upside/Downside	38.7%

Gordon Growth Method:

Terminal Value:	
2028 FCF	\$3,458.1
PGR	2.0%
Terminal Value	\$50,545.9
Period	4.9
PV of Terminal Value	\$33,100.87
Implied Exit Multiple	10.5x

Value Distribution:	
PV of Period Cash Flows	\$12,942.6
PV of Terminal Value	\$33,100.9
Total	\$46,043.5
Period Cash Flows	28.1%
Terminal Value	71.9%
Total	100.0%

Implied Share Price:	
Enterprise Value	\$46,043.5
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$43,156.5
Shares Outstanding	709.5
Share Price	\$60.83
Upside/Downside	21.9%

Blended Share Price:	
Exit Multiple Method:	\$69.24
<i>% Weight</i>	50%
Gordon Growth Method:	\$60.83
<i>% Weight</i>	50%
Blended Share Price	\$65.03
Upside/Downside	30.3%

Base Case Sensitivities

Exit Multiple Method:

		Exit Multiple						
		10.0x	10.5x	11.0x	11.5x	12.0x	12.5x	13.0x
WACC	7.5%	\$76.99	\$79.99	\$82.98	\$85.98	\$88.97	\$91.97	\$94.96
	8.5%	\$73.79	\$76.65	\$79.51	\$82.37	\$85.24	\$88.10	\$90.96
	9.5%	\$70.75	\$73.49	\$76.22	\$78.96	\$81.69	\$84.43	\$87.16
	10.5%	\$67.86	\$70.48	\$73.10	\$75.71	\$78.33	\$80.94	\$83.56
	11.5%	\$65.12	\$67.63	\$70.13	\$72.63	\$75.13	\$77.64	\$80.14
	12.5%	\$62.52	\$64.91	\$67.31	\$69.70	\$72.10	\$74.49	\$76.89
	13.5%	\$60.04	\$62.34	\$64.63	\$66.92	\$69.21	\$71.51	\$73.80

Gordon Growth Method:

		PGR						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	7.5%	\$75.03	\$79.80	\$85.36	\$91.94	\$99.82	\$109.46	\$121.52
	8.5%	\$65.00	\$68.48	\$72.47	\$77.07	\$82.43	\$88.77	\$96.37
	9.5%	\$57.20	\$59.84	\$62.81	\$66.17	\$70.01	\$74.45	\$79.62
	10.5%	\$50.97	\$53.02	\$55.30	\$57.85	\$60.71	\$63.96	\$67.66
	11.5%	\$45.89	\$47.51	\$49.30	\$51.28	\$53.48	\$55.94	\$58.70
	12.5%	\$41.65	\$42.97	\$44.40	\$45.97	\$47.70	\$49.61	\$51.74
	13.5%	\$38.08	\$39.16	\$40.32	\$41.59	\$42.98	\$44.50	\$46.17

Bull Case DCF Build

<i>\$ in millions</i>	For Fiscal Year Ending June 30th						CAGR
	2023E	2024E	2025E	2026E	2027E	2028E	
Revenue	18,517.4	20,086.1	21,291.2	22,568.7	23,922.8	25,358.2	5.4%
<i>% Growth</i>	6.1%	8.5%	6.0%	6.0%	6.0%	6.0%	
(-) Operating Expenses	(15,943)	(17,093)	(18,012)	(19,432)	(20,000)	(21,199)	
(+) D&A	1223	1393	1505	1607	1717	1833	
(+) Stock Based Compensation	56	60	64	68	72	76	
EBITDA	3,852.5	4,446.4	4,847.7	4,812.1	5,711.8	6,068.2	7.9%
<i>% Margin</i>	20.8%	22.1%	22.8%	21.3%	23.9%	23.9%	
(-) D&A	(1,223)	(1,393)	(1,505)	(1,607)	(1,717)	(1,833)	
(-) Stock Based Compensation	(56)	(60)	(64)	(68)	(72)	(76)	
EBIT	2,573.9	2,992.8	3,278.9	3,137.1	3,923.3	4,158.7	8.3%
<i>% Margin</i>	13.9%	14.9%	15.4%	13.9%	16.4%	16.4%	
(-) Taxes	(592.0)	(688.4)	(754.1)	(721.5)	(902.4)	(956.5)	
NOPAT	1,981.9	2,304.5	2,524.7	2,415.5	3,021.0	3,202.2	8.3%
(+) D&A	1,223	1,393	1,505	1,607	1,717	1,833	
(-) Capital Expenditures	(593.5)	(703.7)	(763.3)	(809.1)	(857.6)	(909.1)	
(-) Change in Net Working Capital	653.7	815.1	(240.4)	(33.8)	(35.8)	(38.0)	
UFCF	3,265.1	3,809.3	3,026.0	3,180.0	3,844.2	4,088.5	3.8%
(-) Stub-Year	(2,767.3)						
FCF For Discounting	497.8	3,809.3	3,026.0	3,180.0	3,844.2	4,088.5	
Discount Period	0.42	0.92	1.92	2.92	3.92	4.92	
Discount Factor	0.96	0.92	0.85	0.78	0.71	0.65	
PV of UFCF	480.0	3,518.5	2,564.7	2,473.2	2,743.5	2,677.4	

Bull Case Share Price Output

Exit Multiple Method:

Terminal Value:	
2028 EBITDA	\$6,068.2
Exit Multiple	11.5x
Terminal Value	\$69,783.8
Period	4.9
PV of Terminal Value	\$45,699.1
Implied PGR	2.0%

Value Distribution:	
PV of Period Cash Flows	\$14,457.3
PV of Terminal Value	\$45,699.1
Total	\$60,156.4
Period Cash Flows	24.0%
Terminal Value	76%
Total	100.0%

Implied Share Price:	
Enterprise Value	\$60,156.4
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$57,269.4
Shares Outstanding	709.5
Share Price	\$80.72
Upside/Downside	61.7%

Gordon Growth Method:

Terminal Value:	
2028 FCF	\$4,088.5
PGR	2.0%
Terminal Value	\$59,760.9
Period	4.9
PV of Terminal Value	\$39,135.45
Implied Exit Multiple	10.5x

Value Distribution:	
PV of Period Cash Flows	\$14,457.3
PV of Terminal Value	\$39,135.5
Total	\$53,592.8
Period Cash Flows	27.0%
Terminal Value	73.0%
Total	100.0%

Implied Share Price:	
Enterprise Value	\$53,592.8
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$50,705.8
Shares Outstanding	709.5
Share Price	\$71.47
Upside/Downside	43.2%

Blended Share Price:	
Exit Multiple Method:	\$80.72
<i>% Weight</i>	50%
Gordon Growth Method:	\$71.47
<i>% Weight</i>	50%
Blended Share Price	\$76.09
Upside/Downside	52.5%

Bull Case Sensitivities

Exit Multiple Method:

		Exit Multiple						
		10.0x	10.5x	11.0x	11.5x	12.0x	12.5x	13.0x
WACC	7.5%	\$76.99	\$79.99	\$82.98	\$85.98	\$88.97	\$91.97	\$94.96
	8.5%	\$73.79	\$76.65	\$79.51	\$82.37	\$85.24	\$88.10	\$90.96
	9.5%	\$70.75	\$73.49	\$76.22	\$78.96	\$81.69	\$84.43	\$87.16
	10.5%	\$67.86	\$70.48	\$73.10	\$75.71	\$78.33	\$80.94	\$83.56
	11.5%	\$65.12	\$67.63	\$70.13	\$72.63	\$75.13	\$77.64	\$80.14
	12.5%	\$62.52	\$64.91	\$67.31	\$69.70	\$72.10	\$74.49	\$76.89
	13.5%	\$60.04	\$62.34	\$64.63	\$66.92	\$69.21	\$71.51	\$73.80

Gordon Growth Method:

		PGR						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	7.5%	\$75.03	\$79.80	\$85.36	\$91.94	\$99.82	\$109.46	\$121.52
	8.5%	\$65.00	\$68.48	\$72.47	\$77.07	\$82.43	\$88.77	\$96.37
	9.5%	\$57.20	\$59.84	\$62.81	\$66.17	\$70.01	\$74.45	\$79.62
	10.5%	\$50.97	\$53.02	\$55.30	\$57.85	\$60.71	\$63.96	\$67.66
	11.5%	\$45.89	\$47.51	\$49.30	\$51.28	\$53.48	\$55.94	\$58.70
	12.5%	\$41.65	\$42.97	\$44.40	\$45.97	\$47.70	\$49.61	\$51.74
	13.5%	\$38.08	\$39.16	\$40.32	\$41.59	\$42.98	\$44.50	\$46.17

Bear Case DCF Build

<i>\$ in millions</i>	For Fiscal Year Ending June 30th						<u>CAGR</u>
	2023E	2024E	2025E	2026E	2027E	2028E	
Revenue	17,380.3	17,727.9	18,082.5	18,444.1	18,813.0	19,189.3	1.7%
<i>% Growth</i>	-0.4%	2.0%	2.0%	2.0%	2.0%	2.0%	
(-) Operating Expenses	(15,816)	(16,132)	(16,455)	(16,784)	(17,120)	(17,462)	
(+) D&A	1252	1338	1375	1413	1452	1491	
(+) Stock Based Compensation	52	53	54	55	56	58	
EBITDA	2,868.0	2,986.9	3,056.7	3,128.2	3,201.3	3,276.0	2.2%
<i>% Margin</i>	16.5%	16.8%	16.9%	17.0%	17.0%	17.1%	
(-) D&A	(1,252)	(1,338)	(1,375)	(1,413)	(1,452)	(1,491)	
(-) Stock Based Compensation	(52)	(53)	(54)	(55)	(56)	(58)	
EBIT	1,564.2	1,595.5	1,627.4	1,660.0	1,693.2	1,727.0	1.7%
<i>% Margin</i>	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	
(-) Taxes	(359.8)	(367.0)	(374.3)	(381.8)	(389.4)	(397.2)	
NOPAT	1,204.5	1,228.5	1,253.1	1,278.2	1,303.7	1,329.8	1.7%
(+) D&A	1,252	1,338	1,375	1,413	1,452	1,491	
(-) Capital Expenditures	(593.5)	(660.5)	(673.7)	(687.1)	(700.9)	(714.9)	
(-) Change in Net Working Capital	723.6	446.2	143.6	(9.6)	(9.8)	(10.0)	
UFCF	2,586.1	2,352.5	2,098.1	1,994.3	2,044.7	2,096.4	-3.4%
(-) Stub-Year	(2,192.0)						
FCF For Discounting	394.1	2,352.5	2,098.1	1,994.3	2,044.7	2,096.4	
Discount Period	0.42	0.92	1.92	2.92	3.92	4.92	
Discount Factor	0.96	0.92	0.85	0.78	0.71	0.65	
PV of UFCF	380.0	2,172.9	1,778.3	1,551.1	1,459.3	1,372.8	

Bear Case Share Price Output

Exit Multiple Method:

Terminal Value:	
2028 EBITDA	\$3,276.0
Exit Multiple	11.5x
Terminal Value	\$37,674.0
Period	4.9
PV of Terminal Value	\$24,671.5
Implied PGR	2.0%

Value Distribution:	
PV of Period Cash Flows	\$8,714.3
PV of Terminal Value	\$24,671.5
Total	\$33,385.8
Period Cash Flows	26.1%
Terminal Value	74%
Total	100.0%

Implied Share Price:	
Enterprise Value	\$33,385.8
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$30,498.8
Shares Outstanding	709.5
Share Price	\$42.99
Upside/Downside	(13.9%)

Gordon Growth Method:

Terminal Value:	
2028 FCF	\$2,096.4
PGR	2.0%
Terminal Value	\$30,642.2
Period	4.9
PV of Terminal Value	\$20,066.57
Implied Exit Multiple	10.5x

Value Distribution:	
PV of Period Cash Flows	\$8,714.3
PV of Terminal Value	\$20,066.6
Total	\$28,780.9
Period Cash Flows	30.3%
Terminal Value	69.7%
Total	100.0%

Implied Share Price:	
Enterprise Value	\$28,780.9
(-) Total Debt	6202.0
(+) Cash	3315.0
Equity Value	\$25,893.9
Shares Outstanding	709.5
Share Price	\$36.50
Upside/Downside	(26.9%)

Blended Share Price:	
Exit Multiple Method:	\$42.99
<i>% Weight</i>	50%
Gordon Growth Method:	\$36.50
<i>% Weight</i>	50%
Blended Share Price	\$39.74
Upside/Downside	(20.4%)

Bear Case Sensitivities

Exit Multiple Method:

		Exit Multiple						
		10.0x	10.5x	11.0x	11.5x	12.0x	12.5x	13.0x
WACC	7.5%	\$76.99	\$79.99	\$82.98	\$85.98	\$88.97	\$91.97	\$94.96
	8.5%	\$73.79	\$76.65	\$79.51	\$82.37	\$85.24	\$88.10	\$90.96
	9.5%	\$70.75	\$73.49	\$76.22	\$78.96	\$81.69	\$84.43	\$87.16
	10.5%	\$67.86	\$70.48	\$73.10	\$75.71	\$78.33	\$80.94	\$83.56
	11.5%	\$65.12	\$67.63	\$70.13	\$72.63	\$75.13	\$77.64	\$80.14
	12.5%	\$62.52	\$64.91	\$67.31	\$69.70	\$72.10	\$74.49	\$76.89
	13.5%	\$60.04	\$62.34	\$64.63	\$66.92	\$69.21	\$71.51	\$73.80

Gordon Growth Method:

		PGR						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	7.5%	\$75.03	\$79.80	\$85.36	\$91.94	\$99.82	\$109.46	\$121.52
	8.5%	\$65.00	\$68.48	\$72.47	\$77.07	\$82.43	\$88.77	\$96.37
	9.5%	\$57.20	\$59.84	\$62.81	\$66.17	\$70.01	\$74.45	\$79.62
	10.5%	\$50.97	\$53.02	\$55.30	\$57.85	\$60.71	\$63.96	\$67.66
	11.5%	\$45.89	\$47.51	\$49.30	\$51.28	\$53.48	\$55.94	\$58.70
	12.5%	\$41.65	\$42.97	\$44.40	\$45.97	\$47.70	\$49.61	\$51.74
	13.5%	\$38.08	\$39.16	\$40.32	\$41.59	\$42.98	\$44.50	\$46.17