

Tyson Foods, Inc. (TSN)

April 5, 2023

Consumer Staples – Packaged Foods and Meats

Stock Rating

BUY

Investment Thesis

We recommend a HOLD rating on Tyson Foods, Inc. with a price range of \$73–\$83, showing potential upside of 21.7% to 28.3%. Tyson’s margins face pressure from higher feed costs and elevated cattle prices. Despite downward pressure on margins, this is offset by the company’s projected cost savings of \$300+ million in 2023.

Drivers of Thesis

- Despite battling elevated input costs, we expect Tyson’s gross margin to increase by 115 basis points over the projected period from 2023 to 2027 as chicken, beef, and pork margins widen.
- Tyson is on track to achieve \$300+ million in productivity savings in 2023 followed by \$1 billion in recurring savings by enhancing operational efficiency with automation, improved logistics, and streamlined suppliers¹.
- Higher adjusted operating margins of 8–10% in the company’s prepared foods segment will be additionally bolstered by an expected recovery in beef and chicken margins through lower costs of goods sold¹.

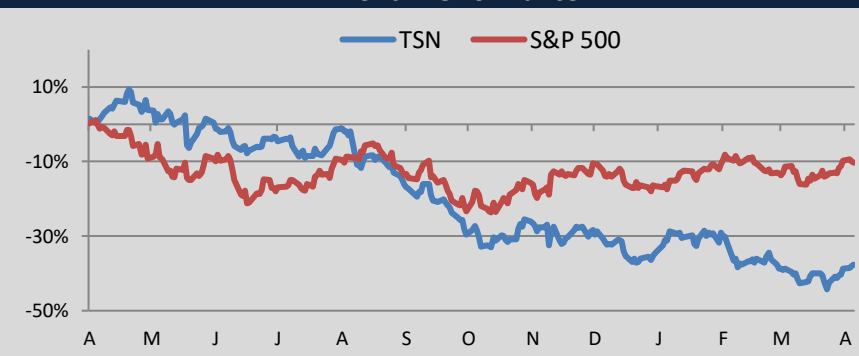
Risks to Thesis

- Cautious consumer spending and a decline of 7.8% in disposable income in 2022 contributed to overall volume growth of just 0.8%^{1&2}. With a bearish outlook on disposable income growth of only 0.2% in 2023², overall sales are forecasted grow at a CAGR of only 2.3%.
- Tyson’s revised outlook on chicken, beef, and pork margins of 300 basis points lower than previously expected offers a bearish outlook on the improvement in near-term margin recovery¹.
- An overall weak macroeconomic environment with high inflation and peak interest rates may hinder the company’s ability to realize their forecasted cost savings in the near-term.

Earnings Estimates

Year	2020	2021	2022	2023E	2024E	2025E
EPS	\$5.79	\$8.57	\$9.18	\$4.29	\$5.47	\$6.31
HF est. growth	2.1%	48.0%	7.1%	-49.7%	7.9%	5.1%

12 Month Performance



Target Price

\$68–\$77

Henry Fund DCF	\$77
Henry Fund DDM	\$72
Relative Multiple	\$68

Price Data

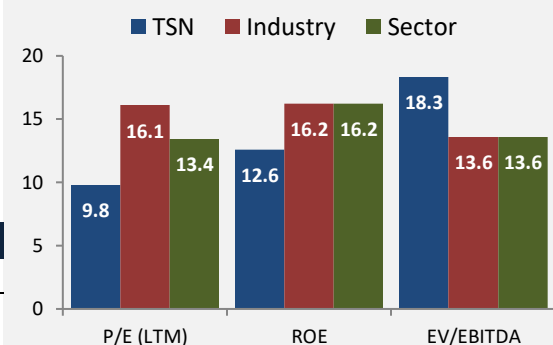
Current Price	\$60
52wk Range	\$56 – \$100
Consensus 1yr Target	\$66.60

Key Statistics

Market Cap (B)	\$20,806
Shares Outstanding (M)	348.6
Institutional Ownership	84.1%
Beta	0.74
Dividend Yield	3.2%
Est. 5yr Growth	-9.8%
Price/Earnings (TTM)	8.7
Price/Earnings (23E)	14.0
Price/Sales (TTM)	0.4
Price/Sales (23E)	0.4

Profitability

Operating Margin	8.3%
Profit Margin	6.1%
Return on Assets (TTM)	8.8%
Return on Equity (TTM)	18.1%



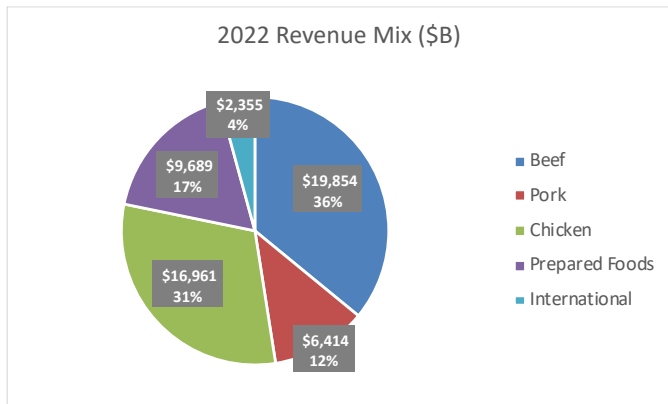
Company Description

Tyson Foods, Inc., headquartered in Springdale, Arkansas, engages in the production of processed meats and poultry. It operates in the following segments: Beef, Pork, Chicken, and Prepared Foods. In 2022, Tyson Foods was the second largest meat processor in the U.S. with over \$35 billion in revenue and 13.3% market share². In addition to the company’s main segments, Tyson’s international segment has created a presence in 140 countries including Australia, Canada, Chile, and Japan.

COMPANY DESCRIPTION

Tyson Foods, Inc. is one of the world’s largest meat processors with a portfolio of chicken, beef, pork and prepared food products. The company has an establish market position and is a recognized leader in protein with roughly 124,000 employees in the U.S. and 18,000 employees in foreign countries². Tyson’s presence has reached over 140 countries and their international segment has grown at a CAGR of 46.5% over the past five years.

Tyson Foods operates through several brands in each respective beef, pork, chicken, and packaged foods market. Their major brands include Tyson, Wright, Jimmy Dean, Hillshire, Ball Park, State Fair, and many other brands that populate the aisles of stores across Australia, Canada, China, the European Union, and the United States¹.

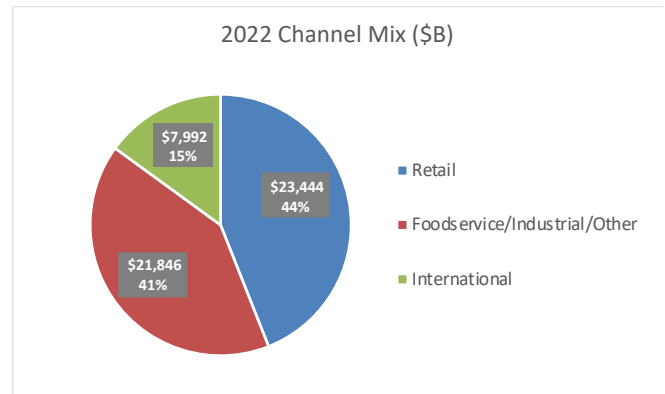


Source: Tyson Foods, Inc. 2022 10-K

The company’s international sales of \$8.3 billion accounted for 15.6% of their total sales in FY 2022. In the company’s most recent earnings call, analysts noted the noted the segments difficulty in generating strong and consistent profits. Tyson Foods’ executives responded by explaining that the company faced supply chain headwinds from COVID-19 and expects the segment’s recovery to be fueled by their strong investments in innovation and smart factories⁵.

Tyson Foods, Inc. operates through retail, foodservice, industrial, and international segments with retail being their largest segment with \$23 billion in revenue for FY 2022¹. In 2022, increases in sales of \$324 million drive top-line growth for the company. Other areas such as foodservice and international saw declines in sales, but they were bolstered by elevated prices of chicken and

beef. The following chart shows the sales mix by channel and the respective revenues in each for FY 2022.



Source: Tyson Foods, Inc. 2022 10-K

Moving forward, we expect Tyson’s investments in international projects to come to fruition as volume and sales growth builds momentum. This growth is partially fueled by the end of COVID lockdowns in China and a less-strong U.S. dollar, opening the opportunity for increased exports. Foodservice and retail channels have a positive outlook as the company seems to put COVID-related impacts in the rearview.

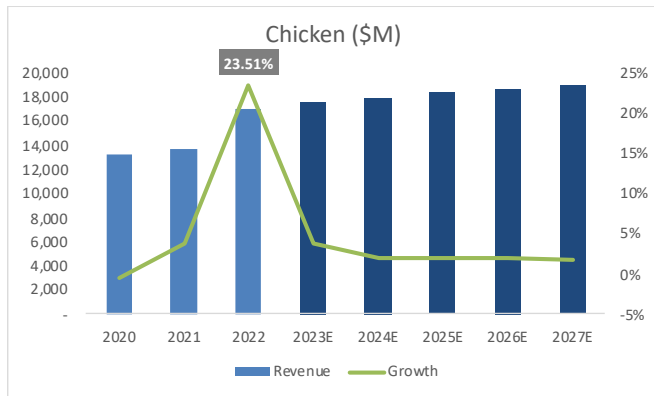
Chicken

Chicken is the company’s second largest segment, with just shy of \$17 billion in sales in 2022. The company’s domestic chicken operations include the raising and processing of live chickens, and purchasing raw materials for fresh, frozen, and value-added chicken products. Notably, this segment also includes logistics operations that assist the movement of products through the domestic supply chain and global operations of chicken breeding.

Tyson Foods, Inc. recently settled a class-action lawsuit regarding their chicken segment and the pricing of their poultry products. The case alleges that the company along with 18 others drove up the prices of poultry products since at least 2008²⁹. This lawsuit has netted \$10.5 million in fines against the company as of October 24, 2022²⁹. A contingent additional fine in the amount of \$15 million has been modeled to reflect any ongoing settlements.

Otherwise, the company’s chicken segment has performed very well, with growth of 23.5% in 2022. This growth was spurred by increased domestic production and strategic pricing initiatives in an inflated cost environment. From 2021 to 2022, the company’s adjusted operating margin

on chicken products jumped from 0.2% to 5.5%⁶. Despite increasing volume by 3% and harvesting 15% more chicken, the company reported QoQ growth of -7.7%⁵ & ⁷. An excess in expected retail fresh chicken demand resulted in a resale of this chicken through other channels at discounted prices. Aside from a mismatch in demand, the company’s segment is projected to recover modestly at an annual CAGR of 2.3% from 2023 to 2027.



Source: Tyson Foods, Inc. 2022 10-K & Henry Fund Model

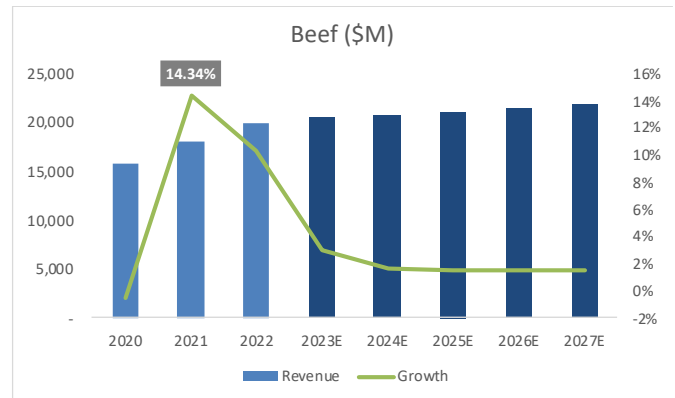
Historically, the company has experienced a strong margin from chicken, especially in 2022. The company has since lowered guidance on chicken from 6–8% to 2–4%⁵. In 2022, the company endured approximately \$635 million in increased costs in their chicken segment attributable to increased feed costs and grow out expenses¹.

With a bearish outlook on the margin of chicken, we forecasted the company’s segment to grow 3.9% in 2023 and decay exponentially to 1.8% in 2027. We expect the improvement in the chicken margin to stem from a few important components: diversified value-added chicken products and enhanced automation. The company plans to continue investment in automation to mitigate inflationary costs and compete for more market share in the food service channel with new products.

Beef

Tyson’s beef segment includes the operations related to the processing of live fed cattle and fabricating them into primal and sub-primal cuts of beef and case-ready products¹. These products are offered to a wide variety of end-markets including food retailers, foodservice distributors, restaurant operators, hotel chains, schools, healthcare facilities, the military and other food processors¹. The company does not have cattle facilities of their own, but Tyson’s employs cattle buyers to purchase

live cattle on the open spot market. The company employs procedures to counter the increased costs of imbalance in supply and demand for live cattle.



Source: Tyson Foods, Inc. 2022 10-K & Henry Fund Model

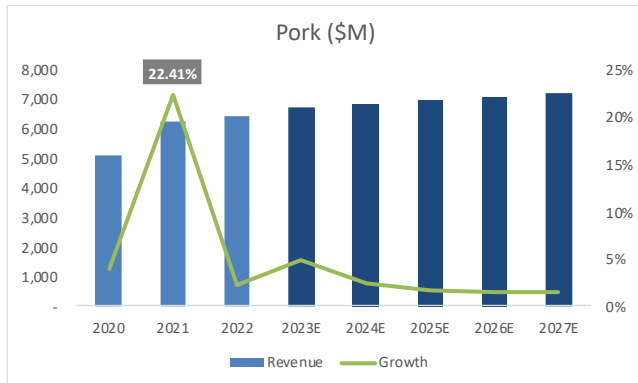
The company’s 2021 and 2022 results were driven by a strong demand for beef products and a normalized cost of live cattle. This trend has since reversed, and the company has lowered their adjusted operating margin from 5–7% to 2–4% for their beef segment. In 2022 alone, the company experienced an increase of roughly \$2.0 billion in costs of live cattle.

Moving forward, the company’s beef segment is expected to grow modestly following a few years of heightened demand and inflated prices. In 2023, we expect this segment to grow at 3.0% and to decay to 1.5% by the end of the projected period in 2027.

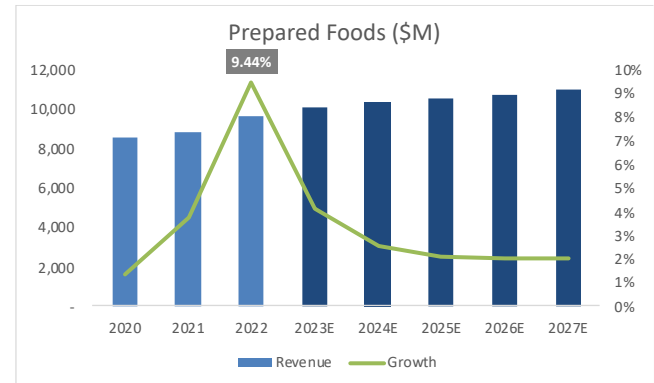
Pork

Tyson Foods operated a well-established pork segment in addition to other meats. Their operations consist of the processing of live market hogs and fabricating them in primal and sub-primal cuts and pork products. This segment’s structure is comparable to the company’s beef segment as the company does not own the facilities to raise hogs. Rather, the company’s procurement of hogs comes from relationships with independent producers and employed hog buyers. Much like the beef segment, the company also employs strategies to hedge against the costs of lean hogs.

The chart below shows the historical and forecasted performance of the pork segment.



Source: Tyson Foods, Inc. 2022 10-K & Henry Fund Model



Source: Tyson Foods, Inc. 2022 10-K & Henry Fund Model

The company experienced significant revenue growth in 2021 due to an inflated cost environment that the company still manages in 2022. The company was able to capture a higher operating margin of 5.2% in 2021¹. In 2021, the company was still battling higher input costs as the company had an increase of approximately \$980 million in the pork segment¹. These trends of increased input costs have continued, and the company has since revised guidance on the pork margin from 2–4% to 0–2%⁵. Tyson’s expects higher margins in their beef and pork segments of 2–4%⁵.

With a bearish outlook on the pork segment, we forecast that the company will experience growth in 2023 of 4.9% trending downwards to 1.5% in the terminal year of 2027. This represents a CAGR of 2.4% which is fueled by a normalization of input costs, increased productivity savings, and enhanced management execution.

Prepared Foods

Tyson Foods’ prepared foods segment has experienced elevated growth driven by a boom in market demand for ready-to-eat meals. Tyson’s segment engages in the production and marketing of frozen and refrigerated food products as well as the logistics operations required to move the products through the supply chain. The prominent brands in this segment include Jimmy Dean, Hillshire Farm, Ball Park, Wright, State Fair, and a variety of other brands that line the aisles of stores.

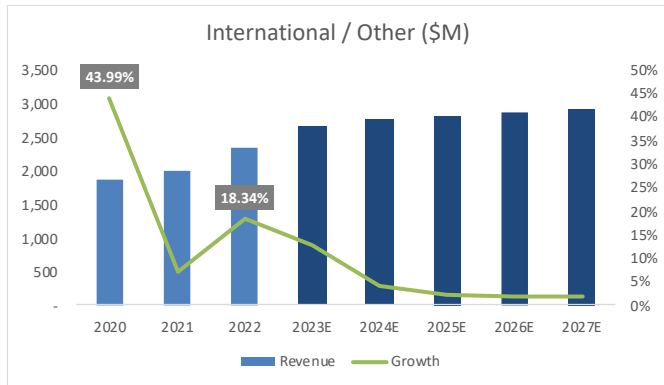
The raw materials used in the prepared foods products segment are mainly-commodity based, which exposes the company to some risk in the fluctuation of prices. However, this segment is supported by intersegment sales which are mainly protected from drastic fluctuations in the costs of procuring certain inputs in prepared foods.

Due to the value-added process of supplying prepared foods, Tyson generated a much higher margin on these products, but the elevated costs of other segments flow through to the prepared foods segment. Despite intersegment sales supporting the production of the prepared foods segment, management’s guidance for their 2023 operating margin remains between 8–10%⁵.

The growth of this segment has spurred as a result of consumer preferences. Over three quarters of consumers enjoy the convenience of ready-to-eat/heat meals and about a third of consumers don’t want to take the time to cook at home⁸. We forecast that this trend will continue in 2023 and throughout the projection period with growth in 2023 of 4.1% and a terminal growth rate of 2.0%. This segment faces headwinds in the post-pandemic world as more and more consumers return to dining out at restaurants.

International / Other

Tyson Foods, Inc. has taken strong steps to tap into the international market. Particularly, the company has made strides in foreign production operations in Asia-Pacific, China, and Korea. With 20 chicken processing facilities, four feed mills, and other various processing facilities. The company is well-positioned to capture the growing demand for protein overseas.



Source: Tyson Foods, Inc. 2022 10-K & Henry Fund Model

Past revenue performance of this segment illustrates that the company has been successful in capturing the growing demand for protein. This revenue has come at a steep cost as the firm has struggled to generate consistent profit within their international segment. With the detrimental impacts of supply chain problems, we forecast that Tyson will be further enabled to grow this segment at a CAGR of 4.4% over the projected period.

Cost Structure

The company's largest costs are the costs of goods sold. Historically, the company has shown a five-year average gross profit margin of 12.7%, but due to the inflated costs of inputs such as live cattle, lean hogs, and feed, we see this margin falling to 10.2% in 2023 followed by a recovery of 114 basis points throughout the projection period. At this point, Tyson has benefitted from the elevated costs of meat and poultry, but this has since caught up with their costs of goods, deflating their margins significantly across segments.

Followed by cost of goods sold, Tyson Foods incurs selling, general and administrative expenses. Over the forecasted period, we expect these expenses to increase due to inflationary market conditions resulting in the growth in labor costs. Historically, this number has floated between 2.0% and 3.0%, so we forecasted this number to increase linearly from 2.5% to 2.8%.

Debt Analysis

Tyson Foods, Inc. has a BB+ credit rating from S&P with a stable outlook₁₀. Fitch also ranks Tyson's debt at BBB with a stable outlook, but they also note various factors that could lead to an upgrade and downgrade₁₁. Fitch notes that an upgrade would be likely if the company maintains a free cash flow margin above 2.5% combined with gross

debt to EBITDA around 2.0x₁₁. A downgrade would be likely if the company surpasses gross debt to EBITDA of 2.5x caused by higher input costs and a sustained supply/demand imbalance of protein.

Ticker	Gross Debt / EBITDA	D/E	EBIT / Int. Expense	Rating
TSN	1.66	0.43	5.56	BBB+
HRL	1.73	0.43	1.73	A-
CPB	2.77	1.27	2.77	BBB
CAG	5.96	1.04	5.96	BBB-
GIS	2.62	1.13	2.62	BBB
KHC	4.32	0.41	5.65	BBB
PPC	2.02	1.12	-1.87	BBB-
CALM	-0.62	0.00	N/A	N/A
K	3.25	1.67	4.86	BBB

Source: Factsets

Tyson's debt metrics, in comparison to peers, shows that the company is in a strong financial position to meet upcoming debt obligations. Also, Tyson Foods meets the required criteria to avoid a downgrade in credit rating.

Despite heightened prevailing market interest rates, the company's weighted average interest rate on their outstanding debt is roughly 4.5%₁. The chart below denotes the company's upcoming debt obligations.

Debt Obligations (\$M)	2023	2024-2025	2026-2027	2028+
Debt Principal	467	1,302	2,166	4,468
Interest Payments	364	646	545	4,569

Source: Tyson Foods, Inc. 2022 10-K

Historically, the company's EBITDA / interest expense has floated between 8 and 15, but we forecast a slight decrease over the projection period in the range of 9 to 10 as cost of capital rises and the margins on meat and poultry becomes constrained by input costs. When the upcoming debt matures, we expect that Tyson will pay off the debt in the near-term and refinance some of their later maturities as interest rates normalize. With a liquidity position of \$4.04 billion including cash, Tyson Foods is well-positioned to meet upcoming debt obligations.

ESG Analysis

In general, companies in the Package Foods and Meats Industry do not rank favorably in terms of ESG. Generally, meat processing firms rank poorly in ESG due to high greenhouse gas emissions, unethical treatment of livestock, and intensive land and water use.

RECENT DEVELOPMENTS

Avian Influenza

In February of 2022, Reuters reported that a flock of roughly a quarter million chickens tested positive for a dangerous form of the bird flu at a Tyson Foods farm in Kentucky. News of this outbreak spread globally to clients in China and Korea. Action was swift and orders from Kentucky and Indiana were blocked due to potential contamination¹⁴.

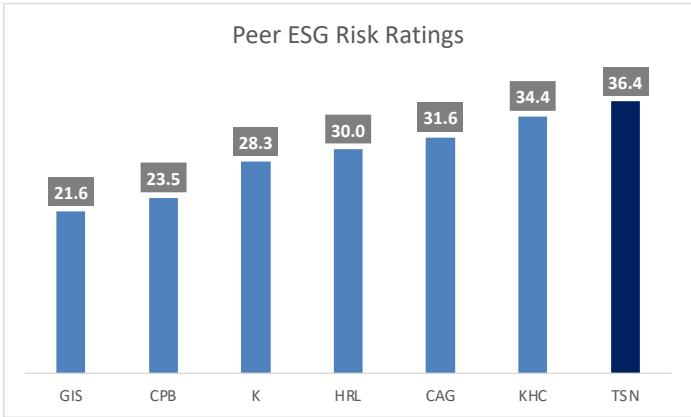
On May 9th, 2022, the company reported their second quarter earnings of their 2022 fiscal year. The leader of their poultry segment, David Bray, stated that the company had implemented crucial security measures to ensure that each and every chicken was tested for avian influenza before leaving the farm. Since the company reporting earnings in 2022, the firm has seldomly mentioned avian influenza impacting their operations.

In 2023, Avian Influenza has become less prominent in commercial flocks. As of the end of March 2023, there have been 17 confirmed commercial flocks that have had cases of Avian appear³⁰. In total, total there have been 323 cases of Avian appearing in commercial flocks³⁰. In the month of April 2023, there have been no reports of birds being infected with the virus in the U.S.

Q1 Earnings Report – February 8, 2023

Tyson Foods, Inc. reported their first quarter earnings and missed investor expectations by 35.3%, resulting in the stock dropping by 4.6% within the day⁷. The company missed analyst estimates in their beef and pork segments by 6.8% and 10.8% respectively. This comes as the elevated costs of inputs continues to catch up with the company. Subsequently this has eroded the company’s margins in meat, chicken, and poultry but the company demonstrated confidence in the prepared foods segment. As mentioned before, the company offered a bearish outlook on the company’s ability to generate sustained high margins in meat and poultry by decreasing expected operating margins by an average of 300 basis points across segments.

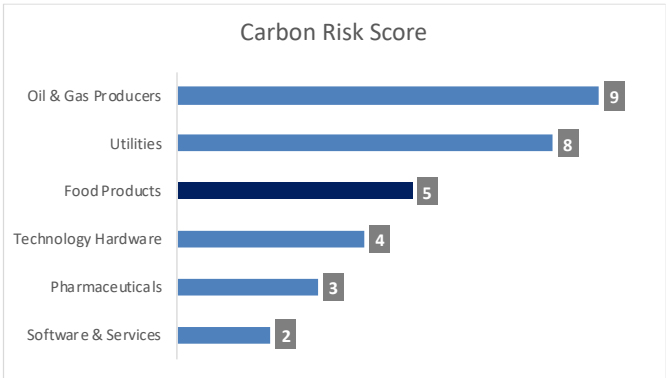
Despite lowering guidance, the company’s CEO remains faithful that they are nearing the trough of the beef cycle where margins will be expected to improve before the end of 2023. When discussing the expected operating margin



Source: Sustainalytics

The chart shows that Tyson’s ESG risk is significantly higher than most of the firm’s competitors. The company has taken strides to lower their ESG risk with a myriad of initiatives. Prominently, the company has enacted a goal to achieve net-zero emissions by 2050. Since 2019, the company has reduced scope 1 and 2 emissions by 13.6% and 13.0% respectively. In addition, the company has joined alliances aimed to reward good water governance and promote animal health and welfare.

The following chart shows a comparison between different industries.



Source: Sustainalytics

Although the food products industry is not ranked favorably in terms of their carbon risk, there are companies with deeper roots in emissions. This does not diminish Tyson’s exposure to carbon risk as one of their largest segments, beef, is one the highest-emitting livestock. Some speculate on the impact of potential carbon taxes as mechanisms for penalizing emissions in other industries have become more popular, such as utilities and their reliance on renewable energy credits or offsets to lower carbon emissions¹².

of 2–4%, the CEO mentions that it is a conservative number⁵. Despite a bearish outlook on the performance of each segment after record EPS in 2022 and 2021, the recovery in meat margins is within reach.

INDUSTRY TRENDS

Plant-Based “Meat”

The plant-based meat industry has gained momentum in recent years; hence, many players have started to enter the industry. It started with Beyond Meat, Inc. that was founded in 2009 and subsequently IPO’d in 2019. The concept of plant-based protein had been around for decades, but it picked up traction with the adoption from vegetarian, vegan, health-conscious, and animal welfare activist individuals. Since the idea gained traction and popularity, some traditional meat producers began to enter the market.

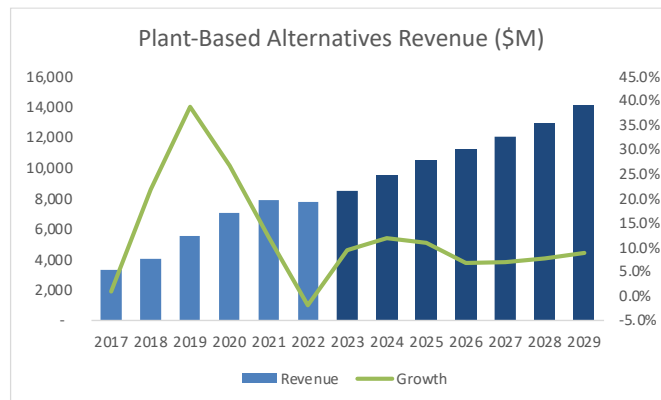
In 2017, Tyson Foods sought to enter the plant-based market with a minority stake of Beyond Meat of roughly 6.5%, but Tyson’s sold their stake shortly before Beyond Meat IPO’d in 2019. Tyson has since entered the plant-based market once again in 2021 with the introduction of Raised & Rooted, a plant-based line of products aimed to capture a broader market share¹.

Tyson’s entrance into the plant-based market may prove to be too late with companies such as Kellogg and Conagra already capturing a combined 9.8% of the share of the alternative meat market. Kellogg Company had plans to spin-off their plant-based operation, but the company has since decided to keep the segment under the Kellogg umbrella of brands and companies.



Source: IBIS World – Meat Alternatives

The story of plant-based meat is a tale of innovation, disruption, and adaptation. Plant-based meat companies started as a niche market; however, these companies now compete for a similar market share that traditional meat processors do. This has forced these traditional companies to enter the space to compete.

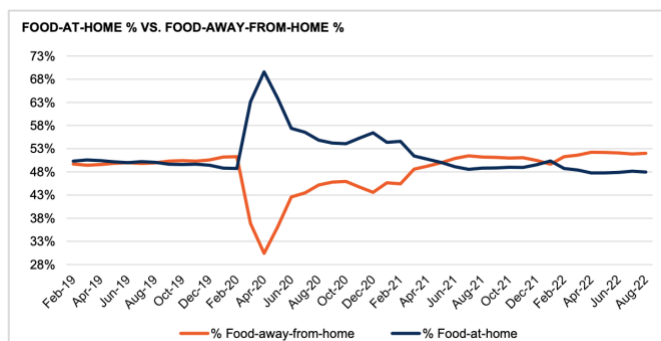


Source: IBIS World – Meat Alternatives

The meat alternatives market has become popular enough to attract the attention of meat processors and even some fast-food companies. With a projected CAGR of 8.9% over the period from 2023 to 2029, the growth prospects are significantly higher than traditional meat. Packaged food and meat companies that have entered the alternative market are well-positioned moving forward.

Recovery in Food-Away-From-Home

The COVID-19 pandemic sent shockwaves through the economy and has drastically altered food consumption at the onset of the pandemic. Widespread closures of restaurants and dining options meant that 70% of all food consumption took place at home.



Source: S&P CapitalIQ – Food & Beverage Industry

Pre-pandemic levels indicated that roughly 50% of meals were consumed away from home. The economic recovery and reopening of the domestic and global economy

enabled more meals to be consumed away from home. Consumers sought to return to normalcy which eventually resulted in food-away-from-home overtaking food-at-home. Surprisingly, the number of meals away from home has surpassed food-at-home, but this trend is not expected to continue for long. We expect that consumers will be more cautious with discretionary spending such as eating away from home, which will drive higher growth in the prepared foods market.

MARKETS AND COMPETITION

Threat of New Entrants

Well-rooted brand recognition and economies of scale have deterred new entrants for a long period, but consumer preferences have shifted over time. As younger consumers are less brand loyal and open to trying new brands on the basis of price, quality, and purpose, the threat of new entrants is **moderate**³. Brands that are more socially conscious have especially done well with Millennials and Gen Z generations³.

Threat of Substitutes

The threat of substitutes in the packaged foods and meats industry is **moderate to high** due to the availability and prominence of alternatives³. With plant-based meat gaining traction across the globe, established processors are threatened by climate- and health-conscious consumers seeking alternatives. Plant-based meat alternatives have capitalized on consumers concerned with the health risks associated with red meat consumption and natural resource constraints. There has been a scramble within the meat industry to develop alternatives to capture elevated growth from alternatives.

Bargaining Power of Buyers

The bargaining power of buyers is **high**³. The main channels in the packaged foods and meats industry includes retailers, wholesalers, distributors, and foodservice companies. As a result, many packaged foods and meats companies have a high customer concentration, relying on large companies to consume and stock their products on shelves. With a high customer concentration, competing on the basis of price is an important element of maintaining market position. A company's ability to consistently stay on the shelves

signals their ability to control input costs and stay competitive.

Bargaining Power of Suppliers

In the packaged foods and meats industry, the bargaining power of suppliers is **low**³. Suppliers in the industry sell commodity-based products that are widely available. Having established relationships with several agricultural firms or farmers is important for companies in the industry to spread risk across an array of suppliers.

Degree of Competition

The degree of competition within this industry is **high**³. The industry faces competition from private label brands, innovative products, and redesigned products. There is very limited potential for exponential growth within developed markets, so many large companies have sought to tap into developing markets. Increased globalization has supported the expansion of these companies into new markets, but expansion has faced headwinds from the relative strength of the dollar and supply chain hurdles.

PEER COMPARISONS



The packaged foods and meats industry is dominated by a handful of large players. Their operations consist of meat, beef, and poultry processing. These companies usually compete on the basis of established brands and the control of input costs. Well-positioned companies have supply contracts in place for key inputs and are vertically

integrated to contain their input costs and maintain a strong gross margin. Not to mention, key competitors in this space have made investments in automation to reduce costs and realize efficiency gains. With recent industry trends favoring alternative meat products, the industry has been quick to adapt and launch their own branded lines of plant-based meat alternatives. Being appealing to health-conscious consumers has become pinnacle to capturing an inclusive market share.

The selected peer comparison includes Hormel Foods Corporation (HRL), Campbell Soup Company (CPB), Conagra Brands, Inc. (CAG), General Mills, Inc. (GIS), Kraft Heinz Company (KHC), and Kellogg Company (K). These companies operate in the packaged foods and meats industry and their operating structure reflects the operations of Tyson Foods, Inc. (TSN). The list of peer comparisons also Pilgrim's Pride Corporation (PPC) and Cal-Maine Foods, Inc (CALM). These comps represent the meat processing and egg production elements of the food industry. The chart below described some of the basic financial metrics of each respective firm.

Ticker	Market Cap (\$M)	ROA	ROE	ROI
TSN	\$2,184	6.7%	18.0%	9.8%
HRL	\$2,208	7.4%	13.1%	9.6%
CPB	\$1,661	6.8%	23.6%	11.6%
CAG	\$1,786	3.6%	9.2%	6.3%
GIS	\$5,081	9.0%	27.0%	13.5%
KHC	\$4,783	2.6%	4.8%	4.5%
PPC	\$5,420	8.1%	26.6%	14.9%
CALM	\$2,750	44.9%	58.8%	10.0%
K	\$2,324	5.1%	23.8%	13.2%
Average	\$3,133	10.5%	22.8%	10.4%

Source: Finviz

Among the foods products comparable companies, Tyson's appears to be slightly below average with their return metrics. After comparing margins between packaged products and meats companies, the same trend appears.

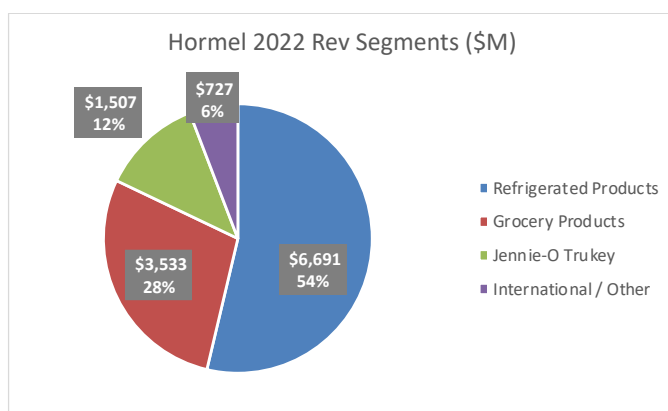
Ticker	Gross Margin	Op. Margin	Net Margin
TSN	10.5%	6.4%	4.5%
HRL	17.1%	10.4%	7.9%
CPB	30.8%	13.6%	8.9%
CAG	26.3%	10.4%	6.6%
GIS	33.0%	18.7%	14.0%
KHC	31.1%	13.8%	8.9%
PPC	10.4%	6.7%	4.3%
CALM	39.2%	32.0%	24.8%
K	30.1%	10.7%	6.3%
Average	25.4%	13.6%	9.6%

Source: Finviz

Tyson's margins appear to be lower than the comparables. This is due to the recent volatility stemming from the prices of meats. Due to rising input costs, Tyson Foods reported slightly lower margins in 2022. The price of beef is expected to be approaching the trough where Tyson will soon be able to generate a higher margin. We think that recovery in meat margins will constitute a strong reason to hold the stock within the portfolio.

Hormel Foods Corporation: -11.5% YTD

Hormel engages in the production of meat and foods products. Headquartered in Austin, Minnesota, the company operates the following segments: Grocery Products, Refrigerated Foods, Jennie-O Turkey, and International/Other.



Source: FactSet

Because of Hormel's share of the meat processing business, it is important to include the company as it closely reflects the operations on Tyson Foods, Inc. The company's grocery products provide a buffer to the company's overall margin, but the risk profile is very similar to Tyson's. Because of Hormel's exposure to the pork and turkey markets, their margins fluctuate depending on meat market conditions.

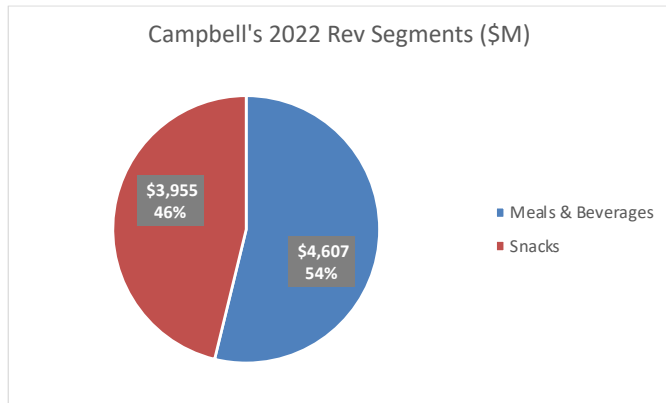
Hormel Foods issued guidance along with their first quarter results, and the company offers a dim outlook for 2023 with expected net sales growth in the range of 1-3%¹⁷.

Campbell Soup Company: -2.3% YTD

Campbell Soup Company is a diversified producer of foods and beverage products headquartered in Camden, New Jersey. They operate through two large segments: Campbell's Snacks and Campbell's Meals & Beverages.

As the producer of Kraft Mac & Cheese, Philadelphia Cream Cheese, Lunchables, Heinz Tomato Ketchup, Oscar Meyer, and Velveeta, the company has a strong brand foundation with six brands valued over \$1 billion²².

With a highly recognizable portfolio of products, Kraft Heinz products capture a higher gross margin due to the strength of the brand. With a significantly smaller exposure to the volatility of meat products, the company is safe guarded more than Tyson Foods, Inc.



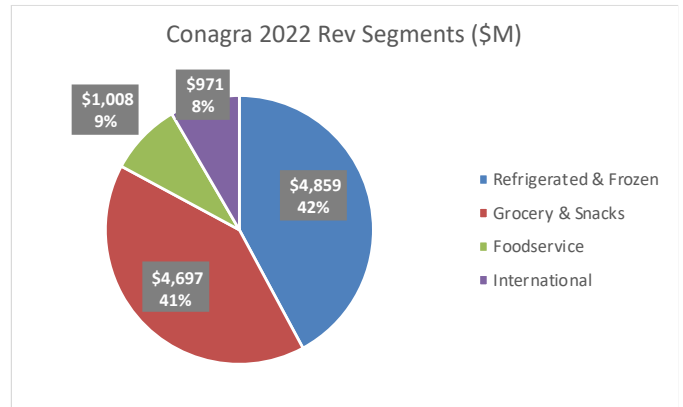
Source: FactSet

Campbell's snack segment and meals and beverages are supported by a myriad of established brands such as Pepperidge Farm, Goldfish, Snyder's, Cape Cod, Milano, Swanson, Prego, Pace, and V8¹⁸. With an array of established and recognizable brands, Campbell's captures one of the highest margins across the group of comparables.

Campbell's reported their second quarter 2023 earnings on March 7th, and revised guidance for FY 2023. Campbell's raised sales guidance by 150 basis points and adjusted EBIT margins by 200 basis points¹⁸. Upon reporting a bright outlook for the rest of their 2023 fiscal year, the stock rallied 1.9%⁷.

Conagra Brands, Inc: -0.8% YTD

Conagra Brands engages in the manufacturing and sale of processed and packaged foods⁷. The company operates through the following segments depicted in the chart.

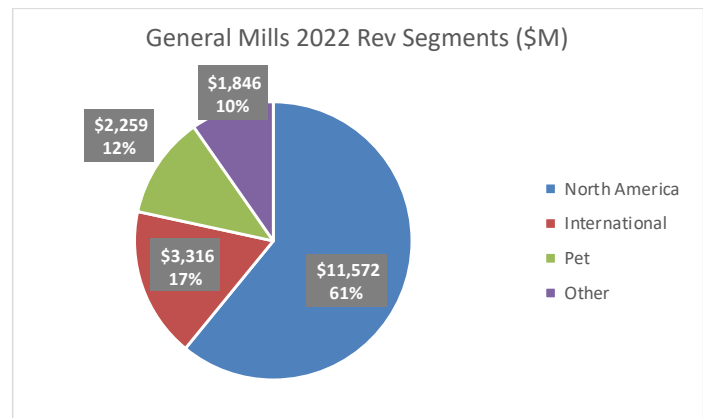


Source: FactSet

The company's product offering differs in their approach to the market. Conagra's approach focuses on providing healthier foods through responsible sourcing. The company underwent a rebranding that sought to transform a nearly 100-year-old company to a company with differentiated capabilities and capital allocation. This is partly evidenced by the company's portfolio of brands including Birds Eye, Hunt's, Vlasic, Slim Jim, Chef Boyardee, and Healthy Choice products¹⁹.

General Mills, Inc: +3.6% YTD

General Mills is the largest company in the peer group with an expansive portfolio of products that support the company segments.



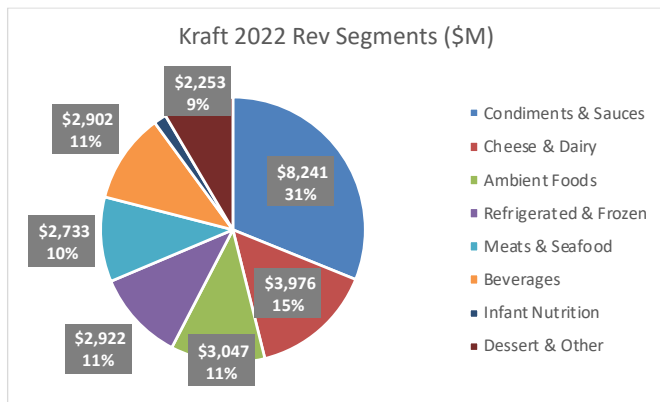
Source: FactSet

The company brands include Betty Crocker, Blue Buffalo, Haagen-Dazs, Nature Valley, Old El Paso, Pillsbury, Totino's, and Yoplait²¹. The company's continued investment in media and branding campaign has created an economic moat that surrounds the company's core brands. From 2019 to 2022, the company's media spending has grown at a CAGR of 4.0%²¹.

The company reported strong third quarter sales on March 23rd, 2023, delivering respective QoQ operating profit growth of 29.0% and 134.0% in North American Retail and Foodservice segments. After a strong performance across all segments, the company raised EPS growth marginally by 100 basis points²¹.

Kraft Heinz Company: -3.7% YTD

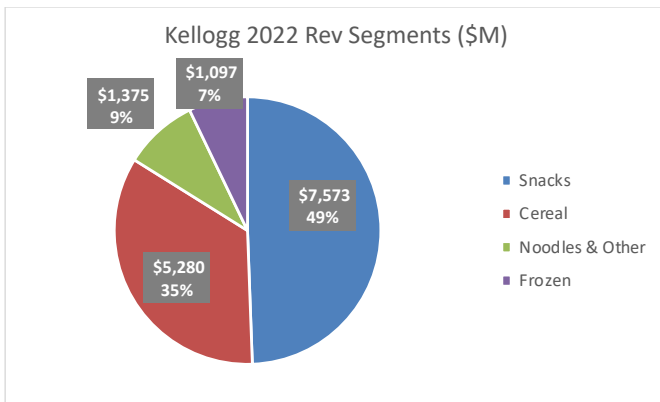
The Kraft Heinz Company engages in the manufacturing and marketing of food and beverage products. The company divides their sales across eight different segments that comprise a wide product offering.



Source: Kraft Heinz 2022 10-K

Kellogg Company: -4.6% YTD

Kellogg Company is involved with manufacturing, marketing, and distribution of ready-to-eat cereal and convenience foods.



Source: FactSet

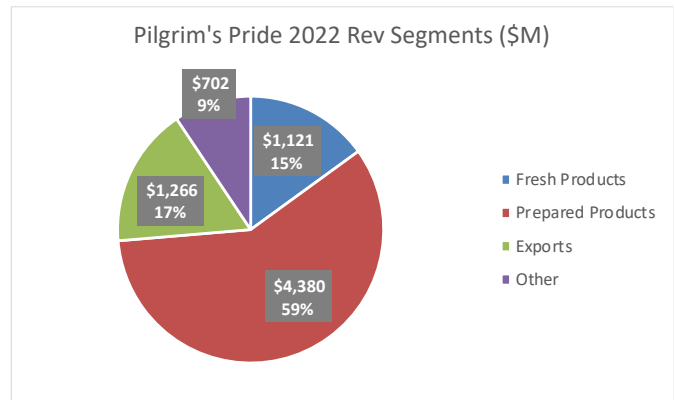
The company reported fourth quarter earnings on February 9th, 2023, and delivered on strong EPS guidance from 2022 with 12% sales growth, 7% operating profit growth, and 5% EPS growth²³. Moving forward with the

company's momentum from 2022, Kellogg issued revised net sales guidance growth of 5–7%, but they expect EPS to fall 2–4% as a result of pension remeasurement²³.

By the end of 2023, the company plans to spin-off their North American cereal operation consisting of brands such as Froot Loops, Rice Krispies, and Corn Flakes. The spun-off company will be named 'Kellanova' and will assume the ticker 'K' while the existing company will be renamed W.K. Kellogg, after the founder who created Corn Flakes in 1894²⁴.

Pilgrim's Pride Corporation: -1.9% YTD

Pilgrim's Pride Corporation mainly engages in meat production, processing, marketing, and distribution. The company operates 75 protein processing plants in 14 states, Puerto Rico, Mexico, the U.K., Ireland, and across continental Europe²⁵.



Source: FactSet

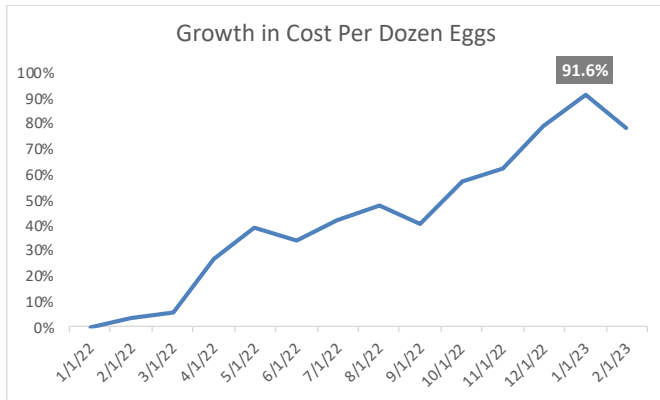
With the company's expansive chicken operations, the company has a similar risk profile to Tyson Foods. The companies, Tyson's and Pilgrim's Pride, faced significant headwinds in 2022 due to an imbalance of supply and demand for chicken. The excess supply pushed chicken prices lower and diminished gross margins to 10.5% and 10.4% respectively of Tyson and Pilgrim's Pride⁷.

With large-scale operations in Europe accounting for 28% of 2022 sales, Pilgrim's Pride has faced greater inflationary headwinds overseas. With expected improvement in chicken fundamentals and matching supply and demand,

both Tyson and Pilgrim’s Pride have a positive outlook on the performance of their chicken segments.

Cal-Maine Foods, Inc: -4.6% YTD

Cal-Maine Foods is involved in the production, grading, packing, and marketing of eggs. As part of their operations, the company owns farms, processing plants, hatcheries, feed mills, warehouses, and other office properties. These assets comprise the largest egg producer in the U.S. with a 20% share of the overall retail market.

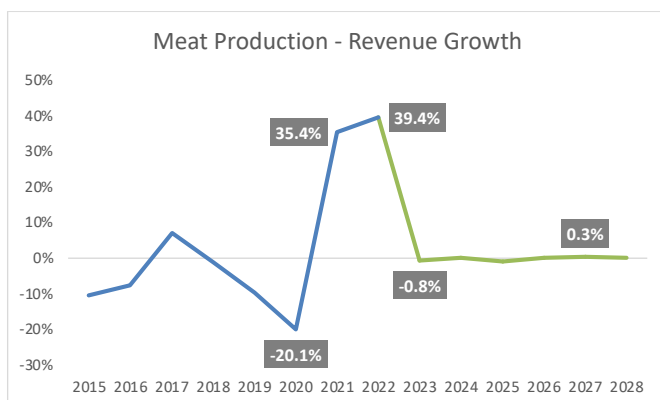


Source: FRED

Following a spike in the price per dozen of eggs, the company’s EPS grew 503.6%. From January 2022, the market price per dozen of eggs had risen 91.6% and reached \$4.82²⁷.

ECONOMIC OUTLOOK

Meat Production – Expected Growth



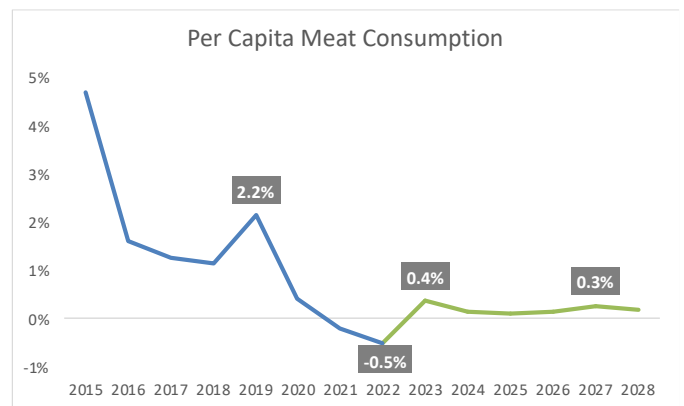
Source: IBIS World – Meat Production

The meat production industry outperformed in terms of revenue in 2022, but they faced headwinds from the rising costs of inputs required to raise animals and source live

cattle and lean hogs. As the price of meat and poultry is expected to normalize in by the end of 2023, meat producers and processors will continue to sell off high-cost inventory at lower market prices. Not to mention the prevalence of plant-based meat solutions will continue to compete for a portion of the market. Companies will have to choose to launch plant-based alternatives at the risk of cannibalizing their current product lines.

Per Capita Meat Consumption

This metric is an integral signal of the expected performance of the packed meats industry. This metric is not normally very volatile but low meat and poultry prices in 2015 led to a higher consumption of meat.

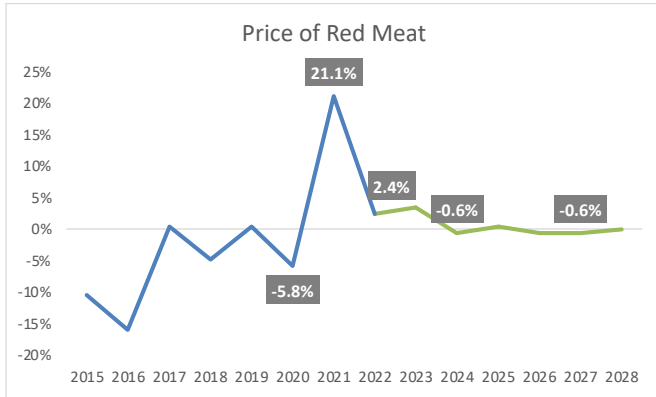


Source: FactSet

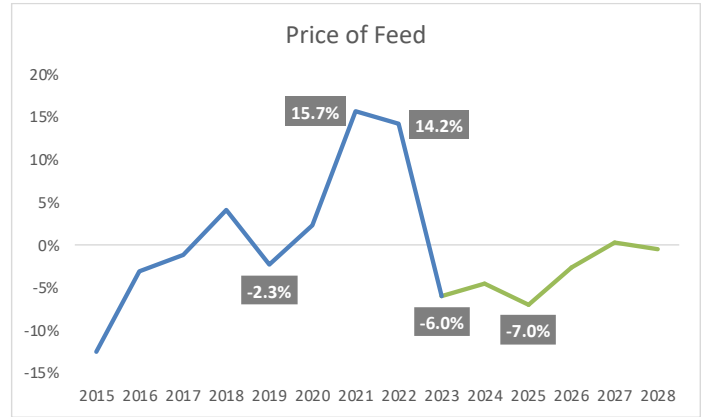
In 2022, there are many competing factors that the consumer is forced to grapple. Inflationary headwinds have caused strain on the consumer’s budget resulting in less disposable income and more conscious consumer spending.

Price of Red Meat

As aforementioned, the price of red meat fell in 2015 and 2016 which triggered a spike in consumptions. The effect of a decline in the price of meat is prominent on Tyson’s financials in 2016. The decline in the price of meats led to an overall decrease of 10.9% in revenue and over a 15% decrease in the beef segment. The company’s performance recovered in 2021 and 2022 and Tyson’s reported record EPS of \$8.57 and \$9.18 in each respective year. The inflationary environment has since caught up with companies as they battle the rise of feed costs, freight, transportation, and other livestock.

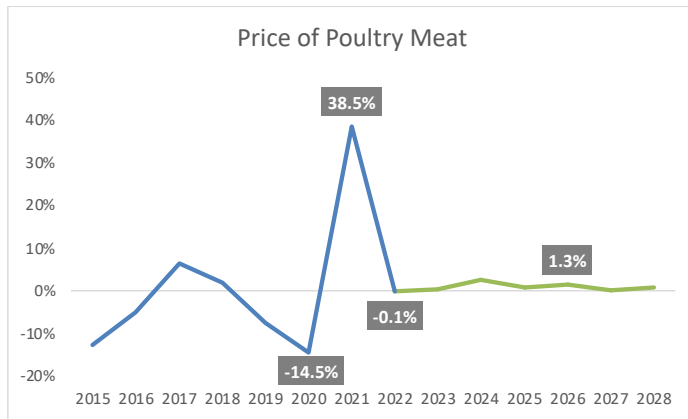


Source: IBIS World – Meat Production



Source: IBIS World – Meat Production

Price of Poultry



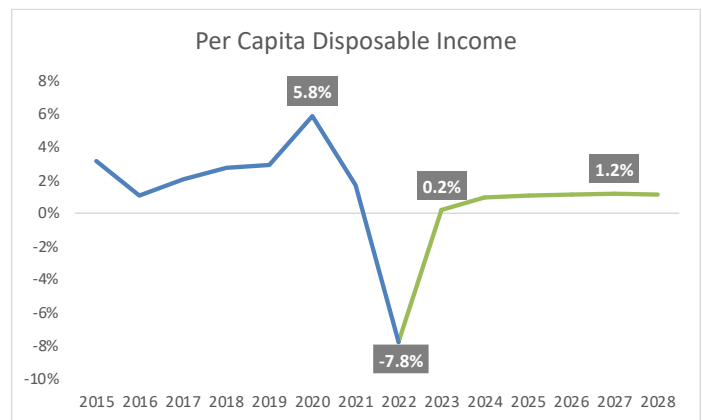
Source: IBIS World – Meat Production

The poultry story has a similar ring to the red meat story and timeline. The spike in prices contributed to a strong performance in 2021, followed by a modest year in 2022.

Price of Feed

Price of feed has demonstrated a strong correlation to the overall prices of meats. In 2022, Tyson Foods, Inc. incurred an additional \$635 million in costs due to the elevated costs of feed. An expected sharp downturn in the price of feed is expected in 2023 which signals that the meat market could enter recovery. This offers a bright outlook despite the current turmoil of company chicken segments caused by a mismatch between demand and supply. With a lower cost of feed, this leaves greater space for companies to make a greater margin on chicken harvesting.

Disposable Income and Consumer Spending



Source: IBIS World – Meat Production

A strong contraction in consumer spending in 2022 did not entirely permeate the consumer staples market, as volume still grew roughly 2.5%²⁸. In the consumer staples market, the companies are generally more resistant to the overall macroeconomic economy; however, inflation has impacted all aspects of the packaged foods and meats industry. A normalization in inflation levels translates to a softer operating environment for these companies. Moving forward, the outlook for Tyson Foods and similar companies improves as the consumer recovers lost disposable income from inflation.

VALUATION

Revenue Decomposition

Revenue was decomposed by the company's main operating segments: Beef, Chicken, Pork, Prepared Foods and International/Other. Intersegment Sales was also forecasted to reflect the company's use of end products in their prepared foods. We used average historical growth

rates to serve as a baseline for expected revenue growth in 2023 and decayed these growth rates exponentially over the projection period.

Segment	Projected CAGR	5-yr Historical CAGR
Beef	1.82%	6.02%
Chicken	2.30%	8.25%
Pork	2.40%	4.13%
Prepared Foods	2.56%	4.29%
International /Other	4.42%	46.50%
Total Revenue	2.25%	6.85%

Source: Tyson Foods, Inc. 2022 10-K & Henry Fund Model

The chart above shows that the projected growth rates are very conservative in comparison to historical averages, and this has still yielded an upside potential of 21.7% to 38.3% as of the company's current share price of \$59.96.

Income Statement

We expect the company to deliver modest top-line growth of 3.93% in 2023, eventually decaying to stable rate of 1.68% in 2027. The growth for 2023 is slightly below the company's FY 2023 guidance of 4–7%. This implies that the company's margins could continue to struggle in the near-term.

As mentioned before, the company recorded record EPS for Class A shares in 2021 and 2022, delivering EPS of \$8.57 and \$9.18 respectively. We forecast that the company's EPS will drop to \$4.15 in 2023 and grow modestly to \$5.58 per share in 2027. This is more bearish than the street's estimate of \$4.32 of expected EPS in 2023 as Wall Street analysts reacted very poorly to company's recent revision in their guidance. On the other hand, we see the recovery in beef and chicken margins to appear sooner than the market expects as Tyson fights to fix poor execution on matching supply and demand.

Capital Expenditures Projection

Capital expenditures were projected based on the company's guidance and the capex required to continuously support the company's efficiency goals and complete the construction of additional buildings and introduce new equipment. The company anticipates capital expenditures of \$2.5 billion in 2023, and we forecast that the company will follow through with their plan to allocate this level of capex to achieve greater efficiency gains through further investments in automation and supply chain solutions⁵.

Looking beyond 2023, we expect the company to grow their capex between 5.0% and 10.0% in order to greater enhance operational efficiencies. This is important for the company to become well-positioned for unfavorable cycles and the impacts of volatile inputs.

Discounted Cash Flow Model

The discounted cash flow model pulls the calculated cash flows from the drivers' tab and discounts them by the weighted average cost of capital. After discounting the cash flows and terminal value of the company, the model sums the present value of these cash flows to arrive at the value of the company's operating assets. After adjusting for the company's non-operating items such as excess cash, various forms of long-term debt, noncontrolling interests, and the value of employee stock options, we arrive at the value of equity. The value of equity, divided by the total number of shares outstanding in 2022, brings us to a share price of \$76.83.

Economic Profit Model

Economic profit is calculated based on the excess return the company generates on their invested capital compared to their weighted average cost of capital. The model discounts the projected economic profit over the projected period and calculates a terminal value based on the expected long-term growth of net operating profit and sustained return on invested capital.

We employed a 1.75% terminal value growth estimate for NOPLAT and a 9.57% terminal year ROIC. Upon discounting the expected economic profit, the model arrives at the value of operating assets which is then adjusted for the same non-operating assets and liabilities as the discounted cash flow model. After arriving at equity value and dividing by the current amount of outstanding shares, the model returned a price of \$76.83 per share.

Dividend Discount Model

The dividend discount model is most useful for companies with a strong history of issuing dividends. Tyson's has been a stable, defensive, dividend-issuing stock, making the company's dividend discount model more accurate in determining a price target.

Tyson Foods has two different classes of shares. Class B shares are generally allocated to family and have more

voting rights that Class A shares. The Class B shares are very similar to the class A shares but only receive 90% of the EPS that Class A shares receive. We forecasted the company’s Class A dividends to grow at a rate of 5.42% in 2023 and to linearly decay to 5.00% in the terminal year to \$2.40 dividends per share. In turn, the Class B shares’ dividends also growth at this rate. These dividends were then discounted, and a terminal P/E multiple was calculated based on an expected 1.90% continued growth of EPS and a sustained 8.92% ROE. This terminal P/E multiple of 13.27 was used to calculate an expected future stock price. The dividend discount model arrived at a share price of \$72.83.

It is important to note the share repurchase assumptions that also drive the DDM model. From 2013 to 2022, the company, on average repurchased \$586.3 million worth of shares₁. The company tends to repurchase more shares when the company’s stock has not performed well, so we forecast the company will repurchase a total of 11.2 million shares in 2023 for a total of roughly \$670 million. The number of shares purchased is forecasted to taper off in the projected period as the stock gains momentum as meat margins recover.

Relative Valuation

A relative valuation based on expected EPS for 2023 through 2025 was conducted using peers in the food products and packaged meats industries. These expected EPS figures were then used to create an implied P/E multiple based on the companies’ respective current share price. The list of peers included Hormel Foods, Campbell Soup Company, Conagra Brands, General Mills, Kraft Heinz, Pilgrim’s Pride, Cal-Maine Foods, and Kellogg Company.

Ratio	Target Price
P/E 2022E	\$ 64.70
P/E 2023E	\$ 68.02
P/E 2024E	\$ 71.47
Average	\$ 68.06

Source: FactSet & Henry Fund Model

Companies with inflated or deflated P/E ratios that did not reflect normal operating conditions were removed from the peer group.

INVESTMENT POSITIVES

- The industry is expected to be nearing the trough of the beef cycle which provides hope for an improvement in margins above the company’s expected 2–4% adjusted operating margin.
- The company remains confident in their ability to generate high margins of 8–10% in their prepared foods segment. This could be additionally bolstered by the recovery in the company beef, chicken, and poultry segments that support Tyson’s prepared foods.
- Tyson’s aggressive planned capital expenditures aimed at achieving \$1+ billion in operating efficiencies through investments in automation, supply chain solutions, and functional agility will work to counteract periods of high inflation and elevated input costs.

INVESTMENT NEGATIVES

- Sustained high levels of interest rates may impede the company’s ability to invest heavily in innovative automation and supply chain solutions. This will delay the company’s expected achievement of \$1 billion in recurring savings.
- Additional increases in feed costs will continue to erode gross margins in the company’s chicken segment.
- Persistent high levels of inflation will continue to decrease consumer disposable income. If meat prices fail to normalize, Tyson’s segments will experience negative growth in the projected period.
- The rising prevalence and growth of the plant-based meat industry has potential to cannibalize a small portion of the sales generated from consumers of Tyson’s established product lines.

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Tyson Foods, Inc.
Revenue Decomposition

Fiscal Years Ending 9/31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	Projection CAGR	Historical 5-yr CAGR
Total Revenue	43,185	47,049	53,282	55,374	56,530	57,556	58,568	59,550	2.25%	6.85%
Growth	1.84%	8.95%	13.25%	3.93%	2.09%	1.82%	1.76%	1.68%		
Beef	15,742	17,999	19,854	20,441	20,778	21,092	21,409	21,730	1.82%	6.02%
Growth	-0.54%	14.34%	10.31%	2.96%	1.65%	1.51%	1.50%	1.50%		
Pork	5,128	6,277	6,414	6,729	6,888	7,006	7,115	7,221	2.40%	4.13%
Growth	3.97%	22.41%	2.18%	4.92%	2.35%	1.71%	1.55%	1.50%		
Chicken	13,234	13,733	16,961	17,617	17,963	18,315	18,675	19,002	2.30%	8.25%
Growth	-0.50%	3.77%	23.51%	3.87%	1.96%	1.96%	1.96%	1.75%		
Prepared Foods	8,532	8,853	9,689	10,087	10,342	10,563	10,777	10,993	2.56%	4.29%
Growth	1.35%	3.76%	9.44%	4.11%	2.53%	2.13%	2.03%	2.00%		
International / Other	1,856	1,990	2,355	2,656	2,761	2,822	2,873	2,924	4.42%	46.50%
Growth	43.99%	7.22%	18.34%	12.78%	3.96%	2.19%	1.84%	1.75%		
Intersegment Sales	(1,307)	(1,803)	(1,991)	(2,157)	(2,202)	(2,242)	(2,281)	(2,320)	3.10%	7.11%
% of Total Revenue	-3.32%	-4.23%	-4.07%	-3.75%	-3.75%	-3.75%	-3.75%	-3.75%		
Growth	-4.04%	37.95%	10.43%	8.34%	2.09%	1.82%	1.76%	1.68%		

Tyson Foods, Inc.
Value Driver Estimation

All figures in millions of USD

Fiscal Years Ending 9/31

	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
NOPLAT:								
Operating Revenues:								
Beef	15,742	17,999	19,854	20,441	20,778	21,092	21,409	21,730
Pork	5,128	6,277	6,414	6,729	6,888	7,006	7,115	7,221
Chicken	13,234	13,733	16,961	17,617	17,963	18,315	18,675	19,002
Prepared Foods	8,532	8,853	9,689	10,087	10,342	10,563	10,777	10,993
International / Other	1,856	1,990	2,355	2,656	2,761	2,822	2,873	2,924
Intersegment Sales	(1,307)	(1,803)	(1,991)	(2,157)	(2,202)	(2,242)	(2,281)	(2,320)
Operating Expenses:								
Cost of Goods Sold	(37,801)	(40,523)	(46,614)	(50,356)	(51,090)	(51,777)	(52,503)	(52,822)
Selling, General, & Administrative	(1,198)	(935)	(1,067)	(1,384)	(1,463)	(1,527)	(1,583)	(1,697)
Depreciation	(900)	(934)	(945)	(1,014)	(1,187)	(1,370)	(1,563)	(1,769)
Amortization	(278)	(261)	(246)	(262)	(260)	(258)	(256)	(254)
Add: Tax Shield from Op Leases	6	7	7	8	9	10	10	10
EBITA	3,014	4,403	4,417	2,367	2,539	2,634	2,673	3,018
Add: Income Tax Expense	593	981	900	503	528	541	541	612
Add: Tax Shield from Interest Expense	116	103	88	95	106	111	117	126
Less: Tax Shield from Interest Income	(2)	(2)	(4)	(10)	(4)	0	4	7
Add / Less: Tax Shield from Other Income	(31)	(16)	(21)	(22)	(22)	(23)	(23)	(23)
Total	676	1,066	963	566	607	630	639	722
Change in Deferred Taxes	(39)	(122)	263	263	276	283	283	320
NOPLAT	2,299	3,214	3,717	2,063	2,208	2,287	2,317	2,616
Invested Capital (IC)								
Normal Cash	291	317	359	373	(20)	(435)	(712)	(971)
Net Property, Plant, & Equipment	7,596	7,837	8,685	10,171	11,734	13,390	15,155	17,046
Intangible Assets, Net	6,774	6,519	6,252	6,208	6,164	6,121	6,077	6,034
Operating Assets:								
Accounts Receivable	1,952	2,400	2,577	2,711	2,767	2,818	2,867	2,915
Inventories	3,859	4,382	5,514	5,715	5,834	5,940	6,044	6,146
Other Current Assets	367	533	508	538	550	560	569	579
Other Assets	1,589	1,582	1,741	1,903	1,943	1,978	2,013	2,046
Operating Liabilities:								
Accounts Payable	1,876	2,225	2,483	2,535	2,588	2,635	2,681	2,726
Other Current Liabilities	1,810	3,033	2,371	1,912	1,951	1,987	2,022	2,056
Other Liabilities	1,728	1,654	1,377	1,690	1,725	1,756	1,787	1,817
Total Invested Capital	17,014	16,658	19,405	21,483	22,707	23,992	25,523	27,197
Free Cash Flow (FCF):								
NOPLAT	2,299	3,214	3,717	2,063	2,208	2,287	2,317	2,616
Change in IC	(458)	(356)	2,747	2,078	1,224	1,284	1,532	1,673
FCF	2,757	3,570	970	(14)	984	1,003	785	943
Return on Invested Capital (ROIC):								
NOPLAT	2,299	3,214	3,717	2,063	2,208	2,287	2,317	2,616
Beginning IC	17,472	17,014	16,658	19,405	21,483	22,707	23,992	25,523
ROIC	13.16%	18.89%	22.31%	10.63%	10.28%	10.07%	9.66%	10.25%
Economic Profit (EP):								
Beginning IC	17,472	17,014	16,658	19,405	21,483	22,707	23,992	25,523
x (ROIC - WACC)	6.36%	12.10%	15.52%	3.84%	3.48%	3.28%	2.86%	3.45%
EP	1,112	2,058	2,585	745	748	744	686	882

Tyson Foods, Inc.

Income Statement

All figures in millions of USD

Fiscal Years Ending 9/31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Operating Revenues:								
Beef	15,742	17,999	19,854	20,441	20,778	21,092	21,409	21,730
Pork	5,128	6,277	6,414	6,729	6,888	7,006	7,115	7,221
Chicken	13,234	13,733	16,961	17,617	17,963	18,315	18,675	19,002
Prepared Foods	8,532	8,853	9,689	10,087	10,342	10,563	10,777	10,993
International / Other	1,856	1,990	2,355	2,656	2,761	2,822	2,873	2,924
Intersegment Sales	(1,307)	(1,803)	(1,991)	(2,157)	(2,202)	(2,242)	(2,281)	(2,320)
Total Operating Revenues	43,185	47,049	53,282	55,374	56,530	57,556	58,568	59,550
Cost of Goods Sold	(37,801)	(40,523)	(46,614)	(50,356)	(51,090)	(51,777)	(52,503)	(52,822)
Gross Profit	5,384	6,526	6,668	5,019	5,439	5,779	6,065	6,728
Operating Expenses:								
Selling, General, & Administrative	(1,198)	(935)	(1,067)	(1,384)	(1,463)	(1,527)	(1,583)	(1,697)
Depreciation	(900)	(934)	(945)	(1,014)	(1,187)	(1,370)	(1,563)	(1,769)
Amortization	(278)	(261)	(246)	(262)	(260)	(258)	(256)	(254)
Total Operating Expenses	(2,376)	(2,130)	(2,258)	(2,660)	(2,910)	(3,155)	(3,402)	(3,720)
Operating Income	3,008	4,396	4,410	2,359	2,530	2,625	2,663	3,008
Other Income (Expense):								
Interest Income	10	8	17	42	19	(1)	(18)	(29)
Interest Expense	(485)	(428)	(365)	(398)	(442)	(464)	(489)	(527)
Other, Net	131	65	87	90	92	94	96	97
Total Other Income (Loss)	(344)	(355)	(261)	(265)	(331)	(370)	(411)	(459)
Earnings Before Taxes	2,664	4,041	4,149	2,094	2,199	2,254	2,252	2,549
Current Income Tax Benefit (Expense)	(593)	(981)	(900)	(503)	(528)	(541)	(541)	(612)
Earnings from Continuing Operations	2,071	3,060	3,249	1,591	1,671	1,713	1,712	1,938
Noncontrolling Interest	(10)	(13)	(11)	(11)	(11)	(11)	(11)	(11)
Net Earnings Attributable to Common Stockholders	2,061	3,047	3,238	1,580	1,660	1,702	1,701	1,927
Weighted Average Shares	363	363	360	350	341	333	325	318
Class A Basic	293	293	290	280	271	263	255	248
Class B Basic	70	70	70	70	70	70	70	70
Class A EPS	\$ 5.79	\$ 8.57	\$ 9.18	\$ 4.61	\$ 4.98	\$ 5.23	\$ 5.35	\$ 6.20
	2.1%	48.0%	7.1%	-49.8%	7.9%	5.1%	2.3%	15.9%
Class B EPS	\$ 5.21	\$ 7.70	\$ 8.25	\$ 4.15	\$ 4.48	\$ 4.71	\$ 4.81	\$ 5.58
Class A Dividends	1.705	1.795	1.860	1.961	2.065	2.173	2.286	2.400
Class B Dividends	1.553	1.625	1.674	1.765	1.859	1.956	2.057	2.160
Total Dividends	608.28	639.69	656.58	672.03	688.86	707.49	726.66	745.56
Growth								
Dividend Payout	29.16%	20.87%	20.17%	-42.52%	-41.49%	-41.56%	-42.73%	-38.70%

Tyson Foods, Inc.

Balance Sheet

All figures in millions of USD

Fiscal Years Ending 9/31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Assets								
Current Assets:								
Cash and Cash Equivalents	1,420	2,507	1,031	453	(20)	(435)	(712)	(971)
Accounts Receivable	1,952	2,400	2,577	2,711	2,767	2,818	2,867	2,915
Inventories	3,859	4,382	5,514	5,715	5,834	5,940	6,044	6,146
Other Current Assets	367	533	508	538	550	560	569	579
Assets Held for Sale	-	-	-	-	-	-	-	-
Total Current Assets	7,598	9,822	9,630	9,417	9,131	8,882	8,769	8,669
Net Property, Plant, & Equipment	7,596	7,837	8,685	10,171	11,734	13,390	15,155	17,046
Goodwill	10,899	10,549	10,513	10,513	10,513	10,513	10,513	10,513
Intangible Assets, Net	6,774	6,519	6,252	6,208	6,164	6,121	6,077	6,034
Other Assets	1,589	1,582	1,741	1,903	1,943	1,978	2,013	2,046
Total Assets	34,456	36,309	36,821	38,212	39,485	40,883	42,527	44,309
Current Liabilities:								
Current Debt	548	1,067	459	467	522	627	975	1,191
Accounts Payable	1,876	2,225	2,483	2,535	2,588	2,635	2,681	2,726
Other Current Liabilities	1,810	3,033	2,371	1,912	1,951	1,987	2,022	2,056
Liabilities Held for Sale	-	-	-	-	-	-	-	-
Total Current Liabilities	4,234	6,325	5,313	4,913	5,062	5,248	5,678	5,973
Long Term Debt	10,791	8,281	7,862	8,772	9,178	9,599	10,045	10,520
Deferred Income Taxes	2,317	2,195	2,458	2,721	2,997	3,280	3,563	3,883
Other Liabilities	1,728	1,654	1,377	1,690	1,725	1,756	1,787	1,817
Total Liabilities	19,070	18,455	17,010	18,097	18,962	19,885	21,074	22,194
Capital								
Capital In Excess of Par Value and Common Stock	4,478	4,531	4,598	4,660	4,722	4,784	4,846	4,908
Retained Earnings	15,100	17,502	20,084	20,992	21,964	22,958	23,933	25,113
Treasury Stock	(4,145)	(4,138)	(4,683)	(5,353)	(5,984)	(6,571)	(7,157)	(7,743)
Accumulated Other Comprehensive Income	(179)	(172)	(297)	(297)	(297)	(297)	(297)	(297)
Noncontrolling Interests	132	131	109	113	118	123	128	133
Total Shareholder's Equity	15,386	17,854	19,811	20,116	20,523	20,998	21,453	22,115
Total Liabilities & Equity	34,456	36,309	36,821	38,212	39,485	40,883	42,527	44,309

Tyson Foods, Inc.*Forecasted Cash Flow Statement*

All figures in millions of USD

Fiscal Years Ending 9/31	2023E	2024E	2025E	2026E	2027E
Operating Activities					
Net Income (Loss)	1,580	1,660	1,702	1,701	1,927
Add: Depreciation	1,014	1,187	1,370	1,563	1,769
Add: Amortization	262	260	258	256	254
Changes in Working Capital Accounts					
Accounts Receivable	(134)	(57)	(50)	(50)	(48)
Inventories	(201)	(119)	(106)	(104)	(101)
Other Current Assets	(30)	(11)	(10)	(10)	(10)
Other Assets	(162)	(40)	(35)	(35)	(34)
Accounts Payable	52	53	47	46	45
Other Current Liabilities	(459)	40	35	35	34
Deferred Income Taxes	263	276	283	283	320
Other Liabilities	313	35	31	31	30
Net Cash Provided by Operating Activities	2,497	3,285	3,525	3,716	4,186
Investing Activities					
Capital Expenditures	(2,500)	(2,750)	(3,025)	(3,328)	(3,660)
Noncontrolling Interests	4	5	5	5	5
Intangibles	(218)	(216)	(215)	(213)	(211)
Net Cash Provided by Investing Activities	(2,713)	(2,961)	(3,235)	(3,535)	(3,866)
Financing Activities					
Current Debt	8	55	104	348	217
Long Term Debt	910	406	421	446	474
Treasury Stock	(670)	(631)	(586)	(586)	(586)
Proceeds from Common Stock Issuance	62	62	62	62	62
Payments of Dividends	(672)	(689)	(707)	(727)	(746)
Net Cash Provided by Financing Activities	(362)	(797)	(706)	(457)	(579)
Change in Cash	(578)	(473)	(415)	(276)	(259)
Ending Cash Balance	453	(20)	(435)	(712)	(971)

Tyson Foods, Inc.
Historical Cash Flow Statement

All figures in millions of USD

Fiscal Years Ending 9/31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Activities										
Consolidated Net Earnings (Loss)	778	856	1,224	1,772	1,778	3,027	2,035	2,071	3,060	3,249
Adjustments to Reconcile Net Earnings to Net Earnings										
Depreciation	474	494	609	617	642	723	819	900	934	945
Amortization	45	36	102	88	119	220	279	292	280	257
Deferred Income Taxes	(12)	(105)	38	84	(39)	(865)	92	18	(125)	264
Convertible Debt Discount	-	(92)	-	-	-	-	-	-	-	-
Gain on Dispositions of Businesses	-	-	(177)	-	-	(42)	(17)	-	(784)	-
Impairment of Assets	74	107	285	45	214	175	94	48	60	34
Share-Based Compensation	-	-	69	81	92	69	77	89	91	93
Other	26	31	71	(34)	(57)	(58)	(20)	(124)	(57)	(51)
Increase / Decrease in Accounts Receivable	(126)	(93)	66	73	(55)	(2)	(226)	191	(508)	(176)
Increase / Decrease in Inventories	15	(148)	220	148	(246)	(207)	(214)	86	(567)	(1,195)
Increase / Decrease in Accounts Payable	(12)	202	(162)	(130)	61	(44)	(55)	(64)	351	302
Increase / Decrease in Income Taxes Payable / Receivable	80	(133)	177	(19)	55	111	(254)	62	421	(580)
Increase / Decrease in Interest Payable	(1)	5	(23)	(1)	16	(3)	47	(41)	(5)	(13)
Net Changes in Other Operating Assets and Liabilities	(27)	18	71	(8)	19	(141)	(144)	346	689	(442)
Net Operating Cash Flow	1,314	1,178	2,570	2,716	2,599	2,963	2,513	3,874	3,840	2,687
Investing Activities										
Additions to property, plant and equipment	(558)	(632)	(854)	(695)	(1,069)	(1,200)	(1,259)	(1,199)	(1,209)	(1,887)
Purchases of marketable securities	(135)	(18)	(38)	(46)	(79)	(42)	(64)	(105)	(72)	(35)
Proceeds from sale of marketable securities	117	33	52	37	61	37	63	87	70	34
Acquisitions, Net of Cash Acquired	(67)	(8,183)	31	20	(3,077)	(1,498)	(2,374)	(52)	125	130
Proceeds from Sale of Business	-	-	539	-	-	797	170	29	1,188	-
Investments in Noncontrolling Interests	-	-	-	-	-	-	-	(183)	(44)	(177)
Net Investing Cash Flow	(643)	(8,800)	(270)	(684)	(4,164)	(1,906)	(3,464)	(1,423)	58	(1,935)
Financing Activities										
Proceeds from Issuance of Long-Term Debt	68	5,576	501	1	5,444	1,148	4,634	1,609	585	103
Payments on Debt	(91)	(639)	(650)	351	(1,349)	448	(2,073)	(2)	(2,632)	(1,191)
Payments on Revolving Credit Facility	-	-	(1,345)	(765)	(2,110)	(1,755)	(1,065)	(1,280)	-	-
Proceeds from Issuance of Commercial Paper	-	-	-	-	8,138	21,024	17,722	14,272	-	-
Repayments of Commercial Paper	-	-	-	-	(7,360)	(21,197)	(17,327)	(15,271)	-	-
Proceeds from Issuance of Debt Component of Tangible Equity Units	-	205	-	-	-	-	-	-	-	-
Proceeds from Issuance of Common Stock, Net of Issuance Costs	-	873	-	-	-	-	-	-	-	-
Proceeds from Issuance of Tangible Equity Units	-	1,255	-	-	-	-	-	-	-	-
Payment of Advance Pierre Tra Liability	-	-	-	-	(223)	-	-	-	-	-
Purchases of Tyson Class A Common Stock	(614)	(295)	(495)	(1,944)	(860)	(427)	(252)	(207)	(67)	(702)
Dividends	(104)	(104)	(147)	(216)	(319)	(431)	(537)	(601)	(636)	(653)
Debt Issuance Costs	-	-	-	-	-	-	-	-	-	-
Stock Options Exercised	123	67	84	128	154	102	99	30	41	126
Other, Net Excluding Stock Options Exercised	18	(23)	17	68	15	(14)	(30)	(18)	(22)	(6)
Net Financing Cash Flow	(600)	6,915	(2,035)	(2,377)	1,530	(1,102)	1,171	(1,468)	(2,731)	(2,323)
Effect of Exchange Rates	3	-	(15)	6	4	(3)	(6)	(1)	4	(35)
Net Increase / Decrease In Cash and Cash Equivalents	74	(707)	250	(339)	(31)	(48)	214	982	1,171	(1,606)
Cash and Cash Equivalents, Beginning of Period		1,145	438	688	349	318	270	484	1,420	2,507
Cash and Cash Equivalents, End of Period		438	688	349	318	270	484	1,466	2,591	901

Tyson Foods, Inc.
Income Statement

Fiscal Years Ending 9/31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Operating Revenues:								
Beef	36.45%	38.26%	37.26%	36.91%	36.76%	36.65%	36.55%	36.49%
Pork	11.87%	13.34%	12.04%	12.15%	12.18%	12.17%	12.15%	12.13%
Chicken	30.64%	29.19%	31.83%	31.82%	31.78%	31.82%	31.89%	31.91%
Prepared Foods	19.76%	18.82%	18.18%	18.22%	18.30%	18.35%	18.40%	18.46%
International / Other	4.30%	4.23%	4.42%	4.80%	4.88%	4.90%	4.91%	4.91%
Intersegment Sales	-3.03%	-3.83%	-3.74%	-3.90%	-3.90%	-3.90%	-3.90%	-3.90%
Total Operating Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	-87.53%	-86.13%	-87.49%	-90.94%	-90.38%	-89.96%	-89.64%	-88.70%
Gross Profit	12.47%	13.87%	12.51%	9.06%	9.62%	10.04%	10.36%	11.30%
Operating Expenses:								
Selling, General, & Administrative	-2.77%	-1.99%	-2.00%	-2.50%	-2.59%	-2.65%	-2.70%	-2.85%
Depreciation	-2.08%	-1.99%	-1.77%	-1.83%	-2.10%	-2.38%	-2.67%	-2.97%
Amortization	-0.64%	-0.55%	-0.46%	-0.47%	-0.46%	-0.45%	-0.44%	-0.43%
Total Operating Expenses	-5.50%	-4.53%	-4.24%	-4.80%	-5.15%	-5.48%	-5.81%	-6.25%
Operating Income	6.97%	9.34%	8.28%	4.26%	4.47%	4.56%	4.55%	5.05%
Other Income (Expense):								
Interest Income	0.02%	0.02%	0.03%	0.08%	0.03%	0.00%	-0.03%	-0.05%
Interest Expense	-1.12%	-0.91%	-0.69%	-0.72%	-0.78%	-0.81%	-0.83%	-0.88%
Other, Net	0.30%	0.14%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Total Other Income (Loss)	-0.80%	-0.75%	-0.49%	-0.48%	-0.58%	-0.64%	-0.70%	-0.77%
Earnings Before Taxes	6.17%	8.59%	7.79%	3.78%	3.89%	3.92%	3.85%	4.28%
Current Income Tax Benefit (Expense)	-1.37%	-2.09%	-1.69%	-0.91%	-0.93%	-0.94%	-0.92%	-1.03%
Earnings from Continuing Operations	4.80%	6.50%	6.10%	2.87%	2.96%	2.98%	2.92%	3.25%
Noncontrolling Interest	-0.02%	-0.03%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%
Net Earnings Attributable to Common Stockholders	4.77%	6.48%	6.08%	2.85%	2.94%	2.96%	2.90%	3.24%

Tyson Foods, Inc.
Common Size Balance Sheet

Fiscal Years Ending 9/31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Assets								
Current Assets:								
Cash and Cash Equivalents	3.29%	5.33%	1.93%	0.82%	-0.04%	-0.76%	-1.22%	-1.63%
Accounts Receivable	4.52%	5.10%	4.84%	4.90%	4.90%	4.90%	4.90%	4.90%
Inventories	8.94%	9.31%	10.35%	10.32%	10.32%	10.32%	10.32%	10.32%
Other Current Assets	0.85%	1.13%	0.95%	0.97%	0.97%	0.97%	0.97%	0.97%
Assets Held for Sale	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Current Assets	17.59%	20.88%	18.07%	17.01%	16.15%	15.43%	14.97%	14.56%
Net Property, Plant, & Equipment	17.59%	16.66%	16.30%	18.37%	20.76%	23.26%	25.88%	28.62%
Goodwill	25.24%	22.42%	19.73%	18.99%	18.60%	18.27%	17.95%	17.65%
Intangible Assets, Net	15.69%	13.86%	11.73%	11.21%	10.90%	10.63%	10.38%	10.13%
Other Assets	3.68%	3.36%	3.27%	3.44%	3.44%	3.44%	3.44%	3.44%
Total Assets	79.79%	77.17%	69.11%	69.01%	69.85%	71.03%	72.61%	74.41%
Current Liabilities:								
Current Debt	1.27%	2.27%	0.86%	0.84%	0.92%	1.09%	1.66%	2.00%
Accounts Payable	4.34%	4.73%	4.66%	4.58%	4.58%	4.58%	4.58%	4.58%
Other Current Liabilities	4.19%	6.45%	4.45%	3.45%	3.45%	3.45%	3.45%	3.45%
Liabilities Held for Sale	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Current Liabilities	9.80%	13.44%	9.97%	8.87%	8.95%	9.12%	9.69%	10.03%
Long Term Debt	24.99%	17.60%	14.76%	15.84%	16.24%	16.68%	17.15%	17.67%
Deferred Income Taxes	5.37%	4.67%	4.61%	4.91%	5.30%	5.70%	6.08%	6.52%
Other Liabilities	4.00%	3.52%	2.58%	3.05%	3.05%	3.05%	3.05%	3.05%
Total Liabilities	44.16%	39.23%	31.92%	32.68%	33.54%	34.55%	35.98%	37.27%
Capital								
Capital In Excess of Par Value	10.37%	9.63%	8.63%	8.42%	8.35%	8.31%	8.27%	8.24%
Retained Earnings	34.97%	37.20%	37.69%	37.91%	38.85%	39.89%	40.86%	42.17%
Treasury Stock	-9.60%	-8.80%	-8.79%	-9.67%	-10.59%	-11.42%	-12.22%	-13.00%
Accumulated Other Comprehensive Income	-0.41%	-0.37%	-0.56%	-0.54%	-0.53%	-0.52%	-0.51%	-0.50%
Noncontrolling Interests	0.31%	0.28%	0.20%	0.20%	0.21%	0.21%	0.22%	0.22%
Total Shareholder's Equity	35.63%	37.95%	37.18%	36.33%	36.30%	36.48%	36.63%	37.14%
Total Liabilities & Equity	79.79%	77.17%	69.11%	69.01%	69.85%	71.03%	72.61%	74.41%

Tyson Foods, Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	1.75%
CV Year ROIC	10.25%
WACC	6.80%
Cost of Equity	7.77%

Fiscal Years Ending 9/31	2023E	2024E	2025E	2026E	2027E
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DCF Model:

Free Cash Flow (FCF)	\$ (14.4)	\$ 983.5	\$ 1,003.2	\$ 785.0	
Continuing Value (CV)					\$ 42,995.88
PV of FCF	\$ (13.5)	\$ 862.3	\$ 823.6	\$ 603.5	\$ 33,052.5

Value of Operating Assets:	35,328
Non-Operating Adjustments	
Excess Cash	672
Price-Fixing Investigation	(11)
Short Term Debt	(459)
Long Term Debt	(7,862)
PV of Operating Leases	(453)
Noncontrolling Interests	(109)
ESOP	(73)
Value of Equity	27,034
Shares Outstanding	360
Intrinsic Value of Last FYE	\$ 75.10
Implied Price as of Today	\$ 76.83

EP Model:

Economic Profit (EP)	\$ 744.57	\$ 748.02	\$ 744.23	\$ 686.29	
Continuing Value (CV)					\$ 17,472.43
PV of EP	\$ 697.2	\$ 655.8	\$ 611.0	\$ 527.6	\$ 13,431.7

Total PV of EP	15,923
Invested Capital (last FYE)	19,405
Value of Operating Assets:	35,328
Non-Operating Adjustments	
Excess Cash	672
Price-Fixing Investigation	(11)
Short Term Debt	(459)
Long Term Debt	(7,862)
PV of Operating Leases	(453)
Noncontrolling Interests	(109)
ESOP	(73)
Value of Equity	27,034
Shares Outstanding	360
Intrinsic Value of Last FYE	\$ 75.10
Implied Price as of Today	\$ 76.83

Tyson Foods, Inc.*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

Fiscal Years Ending 9/31	2023E	2024E	2025E	2026E	2027E
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EPS	\$ 4.61	\$ 4.98	\$ 5.23	\$ 5.35	\$ 6.20
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Key Assumptions

CV growth of EPS	1.90%
CV Year ROE	8.98%
Cost of Equity	7.77%

Future Cash Flows

P/E Multiple (CV Year)					13.42
EPS (CV Year)				\$	6.20
Future Stock Price					83.25
Dividends Per Share	\$ 1.96	\$ 2.07	\$ 2.17	\$ 2.29	
Discounted Cash Flows	\$ 1.84	\$ 1.81	\$ 1.78	\$ 1.76	\$ 64.00

Intrinsic Value as of Last FYE \$ 71.19

Implied Price as of Today **\$ 72.83**

Tyson Foods, Inc.*Relative Valuation Models*

Ticker	Company	Price	EPS	EPS	EPS	P/E 23	P/E 24	P/E 24
			2023E	2024E	2025E			
HRL	Hormel Foods Corp.	\$ 39.88	\$ 1.73	\$ 1.87	\$ 1.87	23.05	21.33	21.33
CPB	Campbell Soup Co.	\$ 54.98	\$ 3.02	\$ 3.16	\$ 3.16	18.21	17.40	17.40
CAG	Conagra Brands, Inc.	\$ 37.56	\$ 2.68	\$ 2.81	\$ 2.81	14.01	13.37	13.37
GIS	General Mills, Inc.	\$ 85.46	\$ 4.24	\$ 4.48	\$ 4.48	20.16	19.08	19.08
KHC	Kraft Heinz Co.	\$ 38.67	\$ 2.72	\$ 2.87	\$ 2.87	14.22	13.47	13.47
PPC	Pilgrim's Pride Corporation	\$ 23.16	\$ 1.31	\$ 2.33	\$ 2.56	17.68	9.94	9.94
CALM	Cal-Maine Foods, Inc.	\$ 57.47	\$ 16.43	\$ 4.73	\$ 3.18	3.50	12.15	12.15
K	Kellogg Co.	\$ 66.96	\$ 4.04	\$ 4.27	\$ 4.27	16.57	15.68	15.68
Average						14.03	13.67	13.67

TSN Tyson Foods, Inc. \$59.96 \$ 4.61 \$ 4.98 \$ 5.23 13.0 12.0 11.5

Implied Relative Value:

P/E (EPS23) \$ 64.70
P/E (EPS24) \$ 68.02
PE (EPS25) \$ 71.47

Tyson Foods, Inc.*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	3.74%
Beta	0.74
Equity Risk Premium	5.45%
Cost of Equity	7.77%

ASSUMPTIONS:

20-Year U.S. Treasury Constant Maturity
52-week Beta
Henry Fund Equity Risk Premium

Cost of Debt:

Risk-Free Rate	3.74%
Implied Default Premium	2.04%
Pre-Tax Cost of Debt	5.78%
Marginal Tax Rate	24%
After-Tax Cost of Debt	4.39%

10-Year U.S. Treasury Constant Maturity

YTM on company's 10-year corporate bond

Cost of Preferred Stock:

Annual Pfd. Dividend	\$ 4.27
Price of Pfd. Shares	\$ 57.00
Cost of Preferred:	7.49%

Market Value of Common Equity:

Total Shares Outstanding	360.00
Current Stock Price	\$59.96
MV of Equity	21,585.60

MV Weights

71.10%

Market Value of Debt:

Short-Term Debt	459.00
Long-Term Debt	7862.00
PV of Operating Leases	452.65
MV of Total Debt	8,773.65

28.90%

Market Value of the Firm

30,359.25

100.00%

Estimated WACC

6.80%

Tyson Foods, Inc.
Sensitivity Tables

DCF		Beta						
	76.83	0.67	0.69	0.72	0.74	0.77	0.79	0.82
Risk-Free Rate	3.44%	89.02	86.47	84.03	81.68	79.43	77.26	75.17
	3.54%	87.14	84.67	82.29	80.02	77.83	75.72	73.69
	3.64%	85.31	82.91	80.61	78.40	76.27	74.22	72.25
	3.74%	83.54	81.21	78.98	76.83	74.76	72.76	70.84
	3.84%	81.82	79.56	77.39	75.30	73.28	71.35	69.48
	3.94%	80.15	77.96	75.84	73.81	71.85	69.96	68.14
	4.04%	78.53	76.40	74.34	72.36	70.46	68.62	66.84

DCF		Pre-Tax Cost of Debt						
	76.83	3.77%	4.02%	4.27%	4.52%	4.77%	5.02%	5.27%
Implied Depreciation	-14.67%	76.62	75.54	74.49	73.47	72.47	71.50	70.56
	-13.67%	79.41	78.29	77.20	76.14	75.10	74.10	73.12
	-12.67%	82.45	81.28	80.15	79.04	77.97	76.92	75.90
	-11.67%	85.74	84.52	83.34	82.19	81.07	79.98	78.91
	-10.67%	89.28	88.01	86.78	85.58	84.41	83.27	82.17
	-9.67%	93.08	91.76	90.48	89.22	88.00	86.82	85.66
	-8.67%	97.16	95.78	94.44	93.13	91.85	90.61	89.41

DCF		WACC						
	76.83	5.86%	6.11%	6.36%	6.61%	6.86%	7.11%	7.36%
CV Growth of NOPLAT	1.00%	93.00	86.59	80.79	75.52	70.70	66.28	62.21
	1.25%	88.13	82.46	77.28	72.53	68.17	64.13	60.40
	1.50%	86.02	80.66	75.74	71.22	67.04	63.18	59.59
	1.75%	86.02	80.66	75.74	71.22	67.04	63.18	59.59
	2.00%	88.13	82.46	77.28	72.53	68.17	64.13	60.40
	2.25%	93.00	86.59	80.79	75.52	70.70	66.28	62.21
	2.50%	102.52	94.57	87.49	81.14	75.42	70.24	65.53

DCF		Chicken Growth Decay						
	76.83	82.50%	85.00%	87.50%	90.00%	92.50%	95.00%	97.50%
Beef Growth Decay	82.50%	77.17	77.09	77.00	76.92	76.83	76.74	76.66
	85.00%	77.14	77.06	76.97	76.88	76.80	76.71	76.63
	87.50%	77.11	77.03	76.94	76.85	76.77	76.68	76.60
	90.00%	77.09	77.00	76.91	76.83	76.74	76.65	76.57
	92.50%	77.06	76.97	76.89	76.80	76.71	76.63	76.54
	95.00%	77.03	76.95	76.86	76.77	76.69	76.60	76.52
	97.50%	77.01	76.92	76.84	76.75	76.66	76.58	76.49

DCF		Equity Risk Premium						
	76.83	4.70%	4.95%	5.20%	5.45%	5.70%	5.95%	6.20%
Normal Cash %	0.37%	86.20	82.92	79.82	76.88	74.09	71.44	68.92
	0.47%	86.18	82.91	79.80	76.87	74.07	71.42	68.90
	0.57%	86.17	82.89	79.79	76.85	74.06	71.40	68.88
	0.67%	86.15	82.87	79.77	76.83	74.04	71.38	68.86
	0.77%	86.13	82.85	79.75	76.81	74.02	71.36	68.84
	0.87%	86.12	82.84	79.74	76.79	74.00	71.35	68.82
	0.97%	86.11	82.83	79.73	76.78	73.99	71.34	68.81

DDM		Dividend Growth						
	72.83	1.52%	2.52%	3.52%	4.52%	5.52%	6.52%	7.52%
Cost of Equity	7.47%	75.93	76.03	76.14	76.24	76.34	76.45	76.56
	7.57%	74.73	74.83	74.94	75.04	75.14	75.25	75.36
	7.67%	73.58	73.68	73.78	73.88	73.99	74.09	74.20
	7.77%	72.46	72.56	72.66	72.77	72.87	72.98	73.09
	7.87%	71.37	71.48	71.58	71.69	71.79	71.90	72.01
	7.97%	70.33	70.43	70.54	70.64	70.75	70.86	70.97
	8.07%	69.32	69.42	69.52	69.63	69.74	69.85	69.96

Tyson Foods, Inc.
Key Management Ratios

Fiscal Years Ending 9/31		2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Liquidity Ratios:									
Current Ratio	Current Assets / Current Liabilities	1.79	1.55	1.81	1.92	1.80	1.69	1.54	1.45
Quick Ratio	Current Assets - Inv. / Current Liabilities	0.88	0.86	0.77	0.75	0.65	0.56	0.48	0.42
Asset-Management Ratios:									
Capital Turnover	Revenue / TSE	2.81	2.64	2.69	2.75	2.75	2.74	2.73	2.69
PPE Turnover	Revenue / Net Investments	5.69	6.00	6.13	5.44	4.82	4.30	3.86	3.49
Receivable Turnover	Revenue / Average Accounts Rec.	20.94	21.62	21.41	20.94	20.64	20.61	20.60	20.60
Inventory Turnover	COGS / Average Inventory	9.49	9.83	9.42	8.97	8.85	8.80	8.76	8.67
Financial Leverage Ratios:									
Debt Ratio	Debt / Assets	0.55	0.51	0.46	0.47	0.48	0.49	0.50	0.50
Debt-to-Equity Ratio	Debt / Equity	1.24	1.03	0.86	0.90	0.92	0.95	0.98	1.00
Interest Coverage Ratio	EBITDA / Int. Expense	8.63	13.06	15.35	9.14	9.00	9.17	9.17	9.55
Debt-to-EBITDA	Debt / EBITDA	4.56	3.30	3.04	4.98	4.77	4.68	4.70	4.41
Profitability Ratios:									
Return on Equity	NI / Beg. TSE	14.49%	19.80%	18.14%	7.98%	8.25%	8.29%	8.10%	8.98%
Net Margin	NI / Total Rev.	4.77%	6.48%	6.08%	2.85%	2.94%	2.96%	2.90%	3.24%
Return on Assets	NI / Total Assets	5.98%	8.39%	8.79%	4.14%	4.20%	4.16%	4.00%	4.35%
Operating Margin	Operating Income / Total Rev.	6.97%	9.34%	8.28%	4.26%	4.47%	4.56%	4.55%	5.05%
Gross Margin	Gross Profit / Total Rev.	12.47%	13.87%	12.51%	9.06%	9.62%	10.04%	10.36%	11.30%
Payout Policy Ratios:									
Dividend Payout Ratio	(Dividend/EPS)	29.51%	20.99%	20.28%	42.52%	41.49%	41.56%	42.73%	38.70%
Dividend Coverage	EPS / Dividends per Share	3.39	4.76	4.93	2.35	2.41	2.41	2.34	2.58