OFF WALL STREET

INITIATION / SHORT

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INITIATION: **Bellring Brands, Inc.** (BRBR: $58.75) June 25, 2025

Position: **Sell** Setup: **Competition** Target: **$44**

$MM	3Q25e	4Q25e	1Q26e	2Q26e	2025e	2026e
Rev	541	629	581	650	2,291	2,511
EPS	0.45	0.52	0.55	0.52	2.08	2.17
Y/Y Growth	-17%	-4%	-5%	-2%	8%	4%
PE	N/A	N/A	N/A	N/A	28.2x	27.1x
Consensus Revs	532	653	593	653	2,306	2,558
Consensus EPS	0.50	0.60	0.62	0.61	2.20	2.52

Shares Out: 129.9M Market Cap: $7.6B FYE: Sep

CONCEPT

1. Protein shake competition appears to be heating up, potentially pressuring retail shelf space for Premier Protein, BRBR's flagship RTD protein shake brand.
2. Additional gains in household penetration may be increasingly difficult.
3. The cost of doing business for BRBR appears set to increase. Amid a broader competitive set and growing production capacity, more reinvestment in advertising and promotions will likely be needed, pressuring ASPs and profitability more than bulls expect.
4. BRBR trades at a valuation that appears to imply mid-teens revenue growth and elevated margins well into the future. These lofty expectations make BRBR shares vulnerable to multiple compression if any cracks emerge in the company's protein-driven growth story.

To speak with the analyst on this name, please email research@offwallstreet.com, or call 617 868 7880.
For important disclosures, please refer to the end of this report.

SUMMARY

BRBR is a leading player in the ready-to-drink (RTD) protein shake market, a ~$6B industry in the U.S. With annual revenues over ~$2.1B, 90% of which are in the U.S., we estimate BRBR holds ~10% share of the $20B convenient nutrition market (protein powders, RTD beverages and protein bars) and a 30% share of the $6B RTD protein shake market (~$1.8B in RTD protein shake sales).

The company's product portfolio primarily consists of two product forms, ready-to-drink (RTD) protein shakes (accounting for ~83% of total sales) and protein powders (~15% of total sales), which are sold across club stores, FDM (food, drug and mass), e-commerce, specialty retailers, and convenience channels.

BRBR's product portfolio is broken down into two key brands, Premier Protein and Dymatize. Premier Protein (~85% of total sales) consists primarily of RTD protein shakes (~96% of segment revenue) and protein powders (~4% of segment revenue) targeting mainstream consumers focused on everyday nutrition. The Dymatize brand (~12% of total sales) consists primarily of protein powders and targets fitness enthusiasts and consumers focused on sports nutrition.

Given their relative size and importance to BRBR, our report focuses chiefly on the RTD protein shake market and BRBR's flagship brand, Premier Protein.

As the category leader in RTD protein shakes, and the only publicly traded protein pure play, BRBR benefited disproportionately from the COVID-induced health and wellness trend and the increased demand for protein by both mainstream consumers and GLP-1 users. In the five years since 2019, sales growth at BRBR surged, resulting in a 5-year revenue CAGR of 18.5% despite production capacity constraints in 2022. Since its IPO in October 2019, shares of BRBR have increased nearly +330% as compared to +96% for the S&P 500.

Looking ahead, BRBR's long-term growth algorithm calls for annual revenue growth of 10%-12% and adjusted EBITDA margin of 18%-20%. Street estimates have set a high bar for BRBR, calling for above target revenue growth and EBITDA margins through FY27. Consensus estimates forecast annual revenue growth of 15%, adjusted EBITDA of 21% and annual EPS growth of 15% for the next three years.

Bulls believe BRBR is a unique asset in the context of the overall consumer staples space, given its growth, asset light business model, cash flow, and strategic optionality (M&A, potential product line extensions, etc.). Street bulls argue that low household penetration combined with strong macro trends toward health and wellness support a long pathway of growth for BRBR.

Based on our research, protein shake competition appears to be heating up, threatening retail shelf space for Premier Protein, BRBR's flagship RTD protein shake brand. With GLP-1s and the trend toward health and wellness in full force, nearly every CPG company, from startups to established giants, is investing in and launching protein-packed products. In addition to a proliferation of protein-packed food and snack offerings, the number of brands participating in the protein fortified beverage industry is growing exponentially. The "protein arms race" era of CPG has started, and we suspect BRBR's flagship Premier Protein brand will not be immune to increased competition.

During our recent store checks at Costco, which we estimate accounts for ~36% of BRBR's sales, we witnessed several new RTD brands on display at discount prices to Premier Protein. For example, Nurri RTD protein shakes, which are lactose free, were launched exclusively at Costco in September 2024.

The growth of the trend is also now pushing protein in new and sometimes unexpected beverage categories. For example, established protein food companies like Chobani and Oikos yogurt launched RTD protein shakes in recent months. These products have just rolled out on Amazon and at major retailers like Walmart, Costco, Target and more.

The bridge between the mainstream energy drink market and the RTD protein market is also beginning to blur with multiple energy drink brands making the cross over recently. Energy drink brand Bucked Up has added a line of "lightly carbonated" protein drinks and there is also a wave of new protein sodas coming to market, with companies like nutrition and wellness brand Don't Quit! coming out with a sparkling line. Even major energy drink companies like Celsius (CELH) have acquired their way into the protein beverage space. In May 2025 CELH acquired Alani Nu, which has a $50M RTD protein business, which CELH views as a key growth category going forward.

To support its case for additional expansion opportunities, BRBR claims household penetration for energy drinks is around 70%, and that the #1 and #2 market share players (Red Bull and Monster have market share of 37% and

28%, respectively) have household penetration rates of ~50% versus ~20% for Premier Protein. The implication is that Premier Protein is less than halfway through its growth curve.

We are skeptical RTD protein shakes can match the popularity of energy drinks. BRBR already competes in channels that command 90% of RTD retail sales and even management acknowledges that its shelf space in its largest channel, club stores, is not likely to increase. At ~50% household penetration, the RTD category is already approaching levels where protein bars topped out.

Finally, after years of supply constraints, aseptic processing supply for RTDs is increasing. With no physical moat to ward off competition, BRBR appears increasingly vulnerable to a proliferation of new entrants and intensifying price competition. With many brands vying for shelf space, it will be essential for BRBR to maintain a strong brand identity to stand out from the crowd. We expect advertising and promotional activity to increase sharply in the years ahead, potentially pressuring sales growth and margins more than bulls expect.

At an EV of $8.5B, BRBR's current valuation equals ~43% of the $20B U.S. convenient nutrition category and 142% of the estimated $6B U.S. RTD protein shake segment. Consensus estimates call for BRBR to generate mid-teens revenue growth and elevated adjusted EBITDA margins (~21%) well into the future. These lofty expectations make BRBR shares vulnerable to multiple compression if any cracks emerge in the company's protein-driven growth story.

In FY22 when BRBR last faced revenue growth challenges from capacity constraints, shares traded in a range of 15X-20X forward year estimated EPS. Our $44 price target equates to 20X our FY26 EPS of $2.17, representing ~25% downside. On a FCF yield basis, our $44 price target implies a FCF yield of 3.0% based on our estimated FCF per share of $1.35 in FY25.

Borrow Information: BRBR

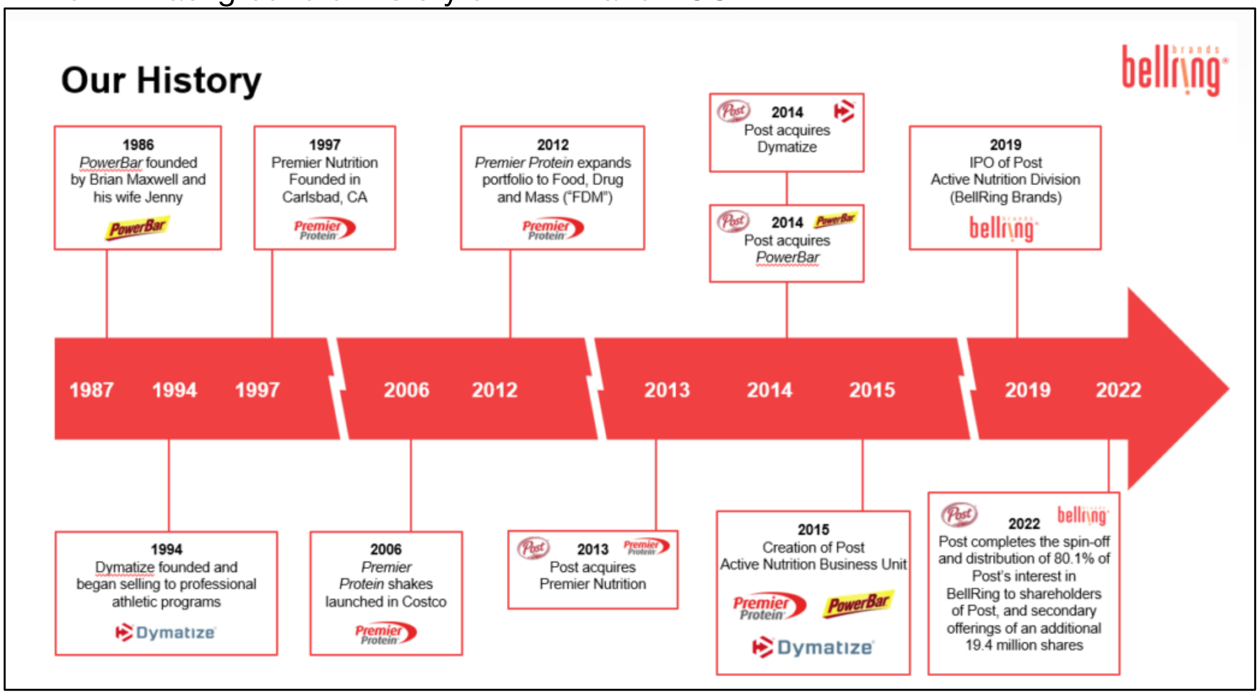
Supply Quantity	Short Interest	Available to Borrow	Date
54.6M	113K	54.4M	6/25/2025

Source: PB Optimize, Datalend

BACKGROUND

Bellring Brands, Inc. (BRBR), a spin-off from Post Holdings (POST), had its IPO on October 17, 2019, with shares priced at $14.00 per share. POST divested the remainder of its interest in BRBR in November 2022, and the company is now a standalone, publicly traded company.

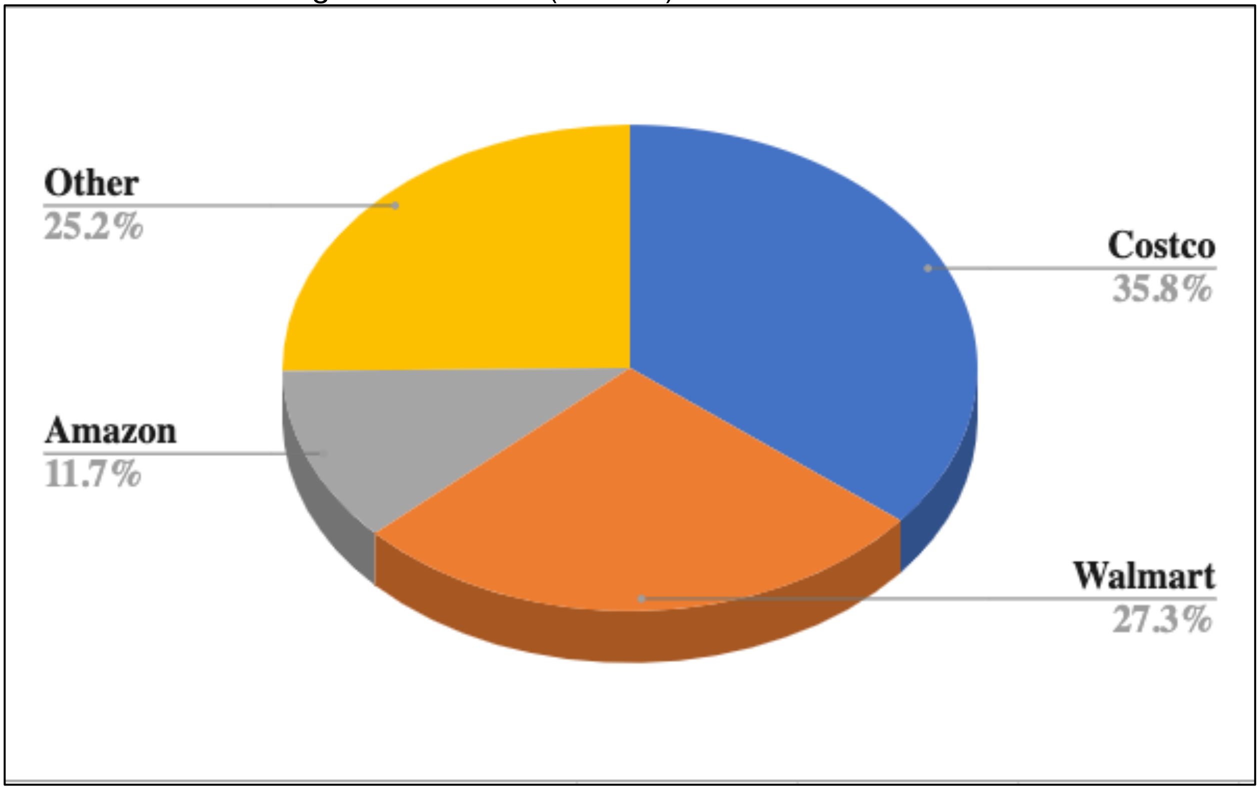
Exhibit 1: Background & History of BRBR and POST



Source: Post Holdings website

BRBR is a leading player in the convenient nutrition category, a ~$20B industry in the U.S. With annual revenues over ~$2.1B, 90% of which are in the U.S., we estimate BRBR holds ~10% share of its target market. The company's product portfolio primarily consists of two product forms, ready-to-drink (RTD) protein shakes (accounting for ~83% of total sales) and protein powders (~15% of total sales), which are sold across club stores, FDM (food, drug and mass), e-commerce, specialty retailers, and convenience channels. The company's largest customers, Costco, Walmart (including Sam's Club) and Amazon accounted for approximately 74.8% of sales in FY24 (ended September 30, 2024).

Exhibit 2: BRBR's Largest Customers (FY2024)



Source: BRBR 2024 10K

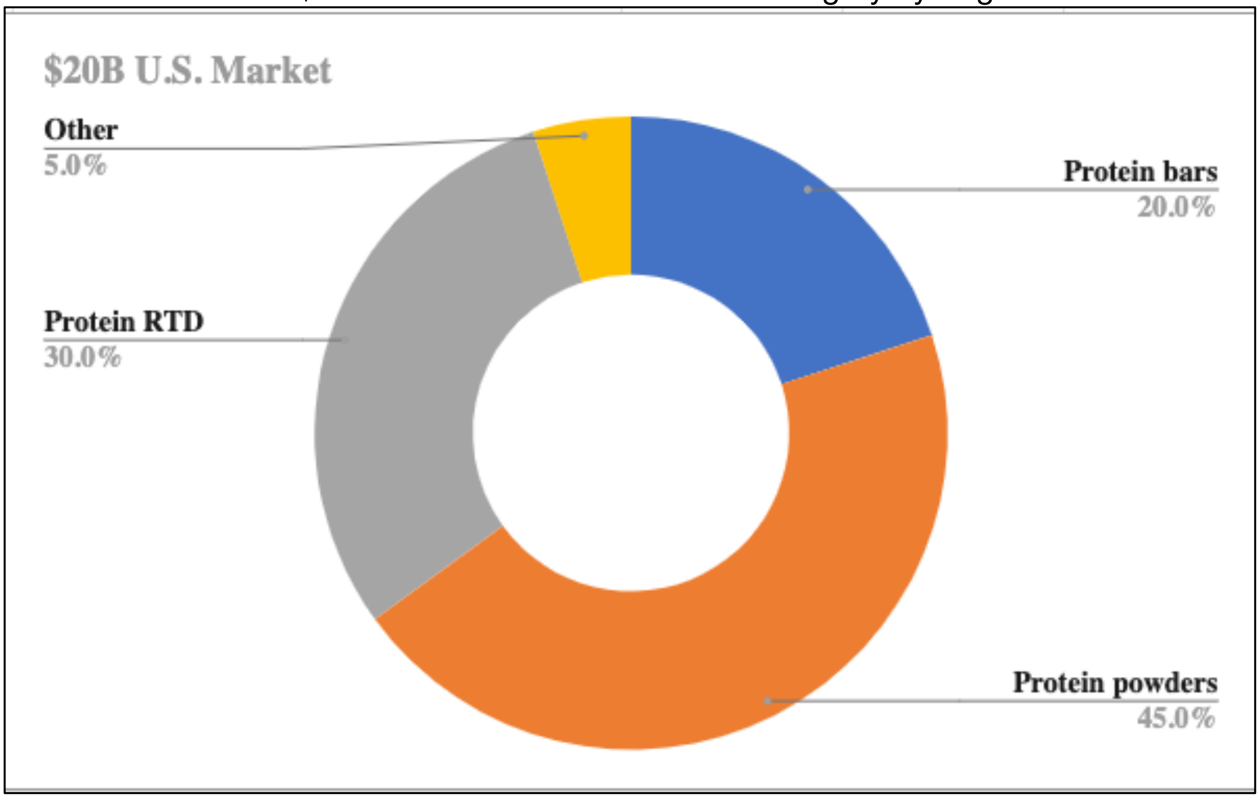
BRBR's product portfolio is broken down into two key brands, Premier Protein and Dymatize. Premier Protein (~85% of total sales) consists primarily of RTD protein shakes (~96% of segment revenue) and protein powders (~4% of segment revenue) targeting mainstream consumers focused on everyday nutrition. Unlike traditional beverages, most consumers utilize Premier Protein RTD shakes as a meal replacement, with ~60% of shakes consumed in the morning, mostly at home (~75% of Premier Protein shakes are consumed at home according to BRBR management).

The Dymatize brand (~12% of total sales) generally targets fitness enthusiasts and consumers focused on sports nutrition. The brand's portfolio includes an assortment of sports nutrition products, with protein powders (ISO.100, Elite 100% Whey and Super Mass Gainer) accounting for the majority of Dymatize's sales.

The remaining 3% of sales consists primarily of nutrition bar products under the PowerBar brand, which are manufactured and sold mostly in the EU. PowerBar was discontinued in North America in 2023.

The U.S. convenient nutrition category TAM, which includes protein bars, powders, RTD protein shakes and other nutritional supplements, is estimated to be valued at ~$20B, according to BRBR management. BRBR primarily participates in the protein powder and RTD protein shake segments, which make up more than 70% of the convenient nutrition category. With ~$1.8B in annual RTD protein shake revenue and ~30% market share in the U.S., we estimate the U.S. market for RTD protein shakes is valued at ~$6B. While estimates vary, according to Glanbia Nutritionals, the U.S. market for protein bars was estimated at ~$4B in 2024. We estimate the remaining $10B market segment is made up of sales of protein powder and other nutrition supplements.

Exhibit 3: Estimated $20B U.S. Convenient Nutrition Category by Segment



Source: OWS estimates, BRBR market data disclosures, Glanbia Nutritionals

The COVID outbreak in 2020 made consumers aware of the adverse impact of diabetes, chronic diseases, and obesity conditions on their immunity levels. Increased awareness about the adverse impact of an unhealthy diet on immunity resulted in more health-conscious consumers and growing demand for functional beverages supplemented with protein and vitamins. Protein has many health benefits from muscle building and workout recovery, to losing weight, to immune system and tissue repair. As such, it is perhaps not surprising that consumer interest in high protein products, like Premier Protein's RTD protein shakes, has surged in the years following the COVID.

Post COVID, it is not just athletes looking to boost their protein intake. According to the International Food Information Council (IFIC), protein is the number one nutrient consumers say they "try to consume," with 71% of Americans indicating they want to consume more protein in 2024, up from 59% in 2022 and 67% in 2023. Similarly, in the 2025 Vitamin Shoppe Consumer Survey, 66% of respondents said they are actively trying to add more protein to their diets.

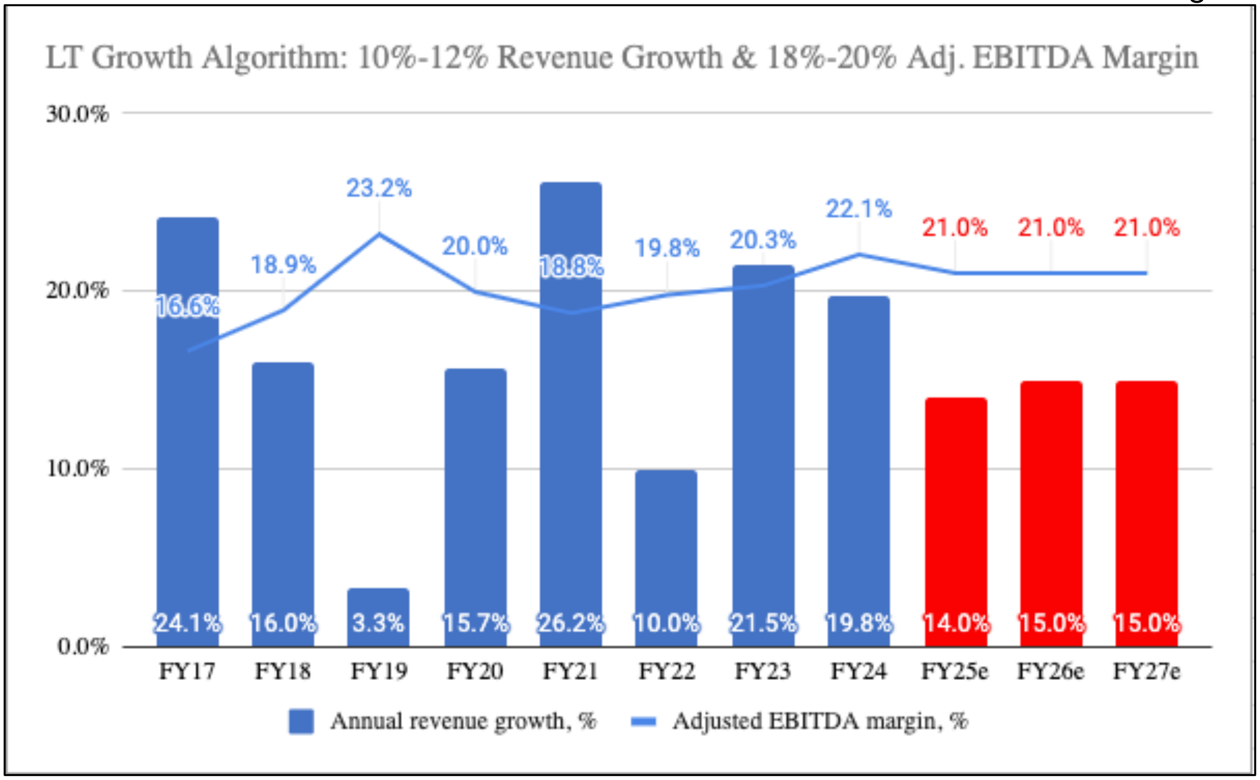
Fitness-focused consumers have supported strong growth rates in the protein powder market segment for years. In the years since COVID, increased consumer focus on health created an influx of new demographics beyond the young male dominated muscle building cohort, including increased usage of more convenient protein RTDs by women and the elderly. More recently, GLP-1 weight-loss medications supercharged growth in the RTD category even more, as reduced food consumption by GLP-1 users requires more fiber, hydration and protein supplements to maintain muscle mass.

As the category leader in RTD protein shakes, and the only publicly traded protein pure play, BRBR benefited disproportionately from the COVID-induced health and wellness trend and the increased demand for protein by both mainstream consumers and GLP-1 users. In the five years since 2019, sales growth at BRBR surged, resulting in a 5-year revenue CAGR of 18.5% despite production capacity constraints in 2022. Since its IPO in October 2019, shares of BRBR have increased nearly +330% as compared to +96% for the S&P 500.

Looking ahead, the overall U.S. convenient nutrition category is expected to grow in the high-single digits annually. The bulk of this category growth is expected to be supported by continued robust growth in the RTD segment, which has grown at a 5-year CAGR of ~14% since 2019.

For its part, BRBR's long-term growth algorithm calls for annual revenue growth of 10%-12%, although the company has sustained above target growth for some time, generating a 5-year revenue CAGR of 18.5% since 2019. In the medium-term, the company's focus is on organic growth in its core, U.S. RTD and protein powder markets, but longer term BRBR may target additional growth opportunities through M&A and international expansion. BRBR has set a long-term target for adjusted EBITDA margin of 18%-20%. As shown in Exhibit 4 below, street estimates have set a high bar for BRBR, calling for above target revenue growth and EBITDA margins through FY27. Consensus estimates forecast annual EPS growth of 15% for the next three years.

Exhibit 4: BRBR Historical & Consensus Estimated Revenue Growth & EBITDA Margin



Source: Bloomberg, BRBR SEC documents

BRBR partners with co-manufacturers to produce its products, enabling the company to operate with minimal personnel (485 employees at FY24 YE) and focus on sales and marketing, brand management and product development. Formulating RTD protein shakes requires expensive specialized aseptic processing equipment and capabilities and comprehensive knowledge of protein chemistry, formulation principles, and processing techniques.

While BRBR's outsourcing strategy avoids significant upfront capital investment in PP&E, it has left the company highly dependent on its co-manufacturing partners, resulting in supply disruptions in recent years. This capital light model also prevents BRBR from capitalizing on margin enhancing scale advantages.

Although BRBR has been aggressively adding additional third-party contract manufacturers of its RTD protein shakes over the last several years, the company's supply chain remains highly concentrated with ~48% of Premier Protein's RTD shake supply in FY24 derived from a single manufacturer, Stremick Heritage Foods, LLC, and ~29% from a single facility operated by

Stremick Heritage located in Joplin, MO. Other third-party contract manufacturing partners of BRBR include Post Holdings and SunOpta.

As we discuss in detail below, in response to increased consumer demand for RTDs, co-manufacturers have increased aseptic processing capacity, which may allow new entrants to more easily enter the RTD protein shake market in the years ahead. Unlike protein powder and bar formulation, formulating RTD protein shakes requires specialized processing capabilities and comprehensive knowledge of protein chemistry, formulation principles, and processing techniques. Accordingly, many emerging RTD protein shake brands like BRBR work with third-party manufacturers to enter the category quickly and to avoid the significant financial commitment of purchasing a manufacturing facility and aseptic processing equipment and acquiring the processing and packaging expertise and knowhow necessary to produce RTD shakes.

Co-packers with aseptic processing capabilities play a crucial role in the RTD protein shake market. Aseptic filling lines are specialized production lines that are designed to fill and package products in a sterile environment, ensuring that they are free from contamination and harmful bacteria. This process involves sterilizing the packaging materials, containers, and the product before filling, sealing, and packaging them in a sterile environment. This ensures that the products remain fresh, safe, and free from harmful microorganisms, extending their shelf life and preserving their quality.

With aseptic processing supply increasing and no physical moat to ward off competition, BRBR appears increasingly vulnerable to a proliferation of new entrants and intensifying price competition. With many brands vying for shelf space, it will be essential for BRBR to maintain a strong brand identity to stand out from the crowd. We expect advertising and promotional activity to increase sharply in the years ahead, potentially pressuring sales growth and margins more than bulls expect.

The company’s asset light business model requires modest capital expenditures, with annual capex averaging less than 1% of sales over the last three years. While working capital for inventory is typically a modest drain on cash generation, minimal capex requirements allows for high FCF generation. FCF use has focused chiefly on stock repurchases and debt reduction. Going forward we expect the bulk of FCF generation to be put toward stock repurchases as financial leverage (net debt / adj. EBITDA) is at 1.9X.

Exhibit 5: BRBR's OCF, FCF & Cash Flow Conversion (FY19 – FY24)

	2019	2020	2021	2022	2023	2024
Operating & Free Cash Flow:						
Net earnings (loss)	123.1	100.1	114.4	116.0	165.5	246.5
D&A	25.3	25.3	53.7	21.3	28.3	36.5
Working capital	(63.2)	(33.3)	50.3	(141.1)	12.4	(97.6)
Other non-cash items	13.1	5.1	7.7	24.8	9.4	14.2
Reported cash flow from operations	**98.3**	**97.2**	**226.1**	**21.0**	**215.6**	**199.6**
Adjustments (tax withheld, net of stock option plan issuance)						
Adjusted operating cash flow	**98.3**	**97.2**	**226.1**	**21.0**	**215.6**	**199.6**
CapEx, net	(3.2)	(2.1)	(1.6)	(1.8)	(1.8)	(1.8)
Free cash flow	**95.1**	**95.1**	**224.5**	**19.2**	**213.8**	**197.8**
Cash paid for acquisitions, net	0.0	0.0	0.0	0.0	0.0	0.0
FCF after acquisitions & divestitures	**95.1**	**95.1**	**224.5**	**19.2**	**213.8**	**197.8**
Proceeds from stock issuance (repurchases)	0.0	524.4	0.0	(42.8)	(125.5)	(146.6)
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Debt issuance/(payments)	0.0	(544.9)	(95.4)	(522.8)	(74.0)	(25.0)
Net cash flow (payments/repurchases) stock, divs & debt	0.0	80.9	129.1	(546.4)	14.3	26.2
FCF / share		$4.41	$3.97	$0.17	$2.13	$1.20
FCF / average invested capital		13.4%	32.8%	2.6%	26.1%	22.6%
FCF / adj. net income		95.0%	196.2%	17.6%	120.7%	77.4%
FCF / Adj. EBITDA		48.2%	96.0%	7.1%	63.2%	44.9%

Source: BRBR SEC documents, OWS estimates

DISCUSSION

1. Protein shake competition appears to be heating up, potentially pressuring retail shelf space for Premier Protein, BRBR's flagship RTD protein shake brand.

The market research company, Circana, recently published its 2024 New Product Pacesetters report noting that, with the "Ozempic Era" in full swing and a push for high-protein products infiltrating the CPG space, 2024 was deemed "the year of protein." Given the rise in consumer interest in and preference for protein-rich foods and beverages, many food and beverage brands are increasingly fortifying a wider variety of foods with protein, including meals, snacks and beverages. Examples of new branded protein packed food offerings on the market include Purely Elizabeth Protein Oatmeal, Khloud protein popcorn (a new Khloe Kardashian brand), Wheaties Protein cereal, high-protein Kashi waffles, a new line of high protein Snickers bars with 20g of protein, and Health Choice MAX, a line of easy-to-prepare frozen meals with high protein levels.

BevNET.com, a food and beverage-oriented media company, noted that in a March social media post, Fred Hart – a creative and design strategist who has helped develop branding for protein-forward brands like Koia – called the current wave of product innovation the "Protein Arms Race Era of CPG," where brands appear to be in a mad rush to pack more grams, and thus more function, in each serving. Hart cautioned that from a branding perspective, this trend risks turning the "entire personality" of a brand into a dosage. According to Hart, “when the only story being told is ‘we have more,’ it’s a short runway to commoditization.”

Speaking to BevNET in May, Hart said that the proliferation of protein across product categories – be it beverage or food, with protein-added ice cream, donuts and cookies filling the market alongside powders, shakes, sodas and other functional drinks – has also meant that brands will now need to contend with share of stomach, especially with protein-fortified products intended to fill up and satiate hunger.

In addition to a proliferation of protein-packed food and snack offerings, the number of brands participating in the protein fortified beverage industry is growing exponentially. For example, in 2020 Walmart launched a 30g private label RTD protein shake under its Equate brand, followed by the launch of Member’s Mark protein shakes at Sam’s Club. By late FY20 BRBR acknowledged on its F4Q20 conference call that private label had grown to 8% of the RTD category.

On its F3Q24 conference call with investors BRBR management provided an update, noting that private label represented about 9% of the RTD segment. So, despite tight RTD manufacturing capacity in recent years and a complicated formulation process, which resulted in several exits by less strong private label entrants, private label has matched category growth and even gained modest market share in the RTD segment. BRBR noted that private label offerings are now concentrated in a few powerful retail brands like WalMart’s Equate brand, Member’s Mark at Sam’s Club and Costco’s Kirkland brand. BRBR estimates that private label represents 9%-10% of the powders segment (4.5% in tracked channels).

Despite the modest market share gain by private label, BRBR claims the influx of private label brands have had little impact on sales. According to BRBR, Premier Protein’s strong consumer loyalty and repeat purchase metrics (repeat rate ~50%) insulate the company from low-cost entrants like private label. Also, private label tends to have limited flavors (vanilla, strawberry and chocolate) versus the 11 different flavor offerings from Premier Protein.

On the branded side, new RTD offerings appear to be ramping more rapidly. In April 2024 Simply Good Foods (SMPL), the owner of Atkins and Quest brands, acquired Only What You Need (OWYN), a leading plant-based RTD protein shake brand, for $280M, or ~2.3X expected 2024 sales of $120M. In its press release announcing the deal, SMPL made it clear that its intention was to grow the brand through expanded distribution and shelf space. By mid 2024, protein shake competition began heating up in earnest, with Coca-Cola owned Fairlife (purchased in 2020), Core Power (a Fairlife line) and OWYN gaining shelf space at Costco and other retail outlets and outperforming Premier Protein in sales growth and contributing more to category growth in 2024, according to Nielsen data at the time.

In mid 2024, despite understandable investor concerns over BRBR's positioning in the wake of competitive inroads by Fairlife and OWYN, bulls argued the broader competitive set helps mainstream the category. According to BRBR bulls at the time, category growth, not market share, matters more at this stage. There is ample room for multiple players to coexist they argued. Afterall, Premier and Fairlife appeal to different customers. Millennials prefer Fairlife (31% of customers) while Boomers favor Premier (35% of customers). Further, more than 60% of new buyers to each brand are also new to the category, implying switching is relatively low. All is well!

During our recent store checks at Costco, which we estimate accounts for ~36% of BRBR's sales, we witnessed several new RTD brands on display at discount prices to Premier Protein. For example, Nurri RTD protein shakes, which are lactose free, were launched exclusively at Costco in September 2024. Nurri branded vanilla and chocolate shakes were offered at $19.99 per 12 pack, or $1.67 per 11oz shake, as compared to Premier Protein's chocolate shake offering at $31.99 per 18 pack, or $1.78 per 11oz shake.

Exhibit 6: Nurri's RTD Protein Shakes at Costco

Source: Costco

Exhibit 7: Premier Protein's RTD Protein Shakes at Costco

Source: Costco

At $29.49 per 18 pack, Pepsi's Muscle Milk RTD protein shake was on sale for $1.64 per 11oz shake, an 8% discount to Premier Protein. While Muscle Milk has struggled to attract the mainstream consumer, Pepsi has stated publicly recently that the company plans to introduce new innovations in the protein beverage segment in late 2025 or early 2026.

Exhibit 8: Pepsi's Muscle Milk RTD Protein Shakes at Costco

Source: Costco

The cheapest offering on display at Costco was Orgain's plant-based protein shake offering, which has been at Costco for several years. Orgain controlled the end cap space of the protein product aisle and was being offered with a manufacturer's instant rebate at 21% off the listed price. At $1.31 per 11oz shake, Orgain's RTD was priced at a 26% discount versus Premier Protein.

Exhibit 9: Orgain's RTD Protein Shakes at Costco

Source: Costco

In F2Q25 BRBR noted that starting in late F2Q (ended March 31, 2025) several key retailers destocked RTD supply, which is expected to be a mid-single digit headwind to growth in F3Q25. This change is in addition to the previously anticipated mid-single-digit impact to the third quarter from lapping last year's trade inventory replenishments. BRBR now expect F3Q net sales growth of low-single-digits, down sharply from the high-teens growth posted in recent quarters. While BRBR claims consumer consumption remains strong and blamed the large destocking on reduced hoarding at club customers, this large destocking may be a warning sign of a slowdown in the category or increased competition, as we observed during our recent store visits to Costco.

In addition to newcomers like Nurri, more established brands are upping the protein content, with Fairlife offering a 42g protein shake in its Core Power line and Quest Nutrition has gone as high as 45g in a single 14oz bottle. Just a few short years ago, Premier Protein was the only brand to offer a shake with 30g of protein, a distinction the company was all too happy to reference as proof the company was the innovation leader in the category. Now the company finds itself behind the eight ball and downplaying ever higher protein offerings from competitors.

BRBR says it does not need to keep pushing protein content higher, as there is a limit to how much protein a consumer needs in one serving. Instead, BRBR plans to focus innovation on new occasions, like afternoon snacking or dessert, as with its new Indulgence line launched in 2025. We suspect this transition may be a sign that the category is maturing from mainstreaming protein content to lower volume occasions.

The growth of the trend is also now pushing protein in new and sometimes unexpected beverage categories. For example, established protein food companies like Chobani and Oikos yogurt launched RTD protein shakes in recent months. In July 2020 Chobani introduced Complete, a new, high protein line of products, including a yogurt drink offering up to 20g of protein. Chobani has since continued to innovate and introduce new lines of protein-packed, functional yogurt cups and drinks. In October 2024 Chobani rebranded the Complete product line to Chobani High Protein and introduced a new line of yogurt cups and drinks, including cups with 20g of protein and drinks with 15, 20, and for the first time, 30g of protein in each serving, matching the protein content of Premier Protein's flagship RTD offering.

Importantly, Chobani's High Protein line of products are made with only natural ingredients, including real fruit, and are high in naturally occurring vitamin B12 with no added sugar, preservatives or added protein powders. Alternatively, Premier Protein shakes are made with artificial sweeteners and flavors and inulin, a synthetic fiber which may cause GI issues for certain consumers. Chobani's High Protein 20g protein Greek yogurt cups rolled out at retailers nationwide in November 2024 followed by its High Protein 15g, 20g, and 30g drinks in January 2025.

In May 2025 Oikos, a part of Danone North America, and the #1 high protein yogurt brand introduced Oikos Protein Shakes, a new line of RTD 12oz protein shakes. Oikos Protein Shakes rolled out on Amazon and select retailers including Kroger, Wakefern, HyVee & CVS, nationwide, in the Protein Shake aisle in May, with additional retailers rolling out this summer, including at Walmart, Costco, Target and more.

Exhibit 10: Oikos Protein Shakes

Source: Oikosyogurt.com

Competition for protein consumers is not only coming from new lines of shakes. New forms of protein-packed beverages are emerging to compete with traditional RTD protein shake brands like Premier Protein. For example, founded in 2019, Slate Milk quickly pivoted from healthy chocolate milk to better for you protein milk drinks, and more recently, to RTD coffee drinks with protein. Slate now offers four canned SKUs, including Mocha Latte, Vanilla Latte, Caramel Latte, and Sweet Cream Latte, all packed with 20g of protein and made with ultra filtered, lactose free milk. In a recent interview with the Dairy Reporter, Slate's co-founder, Manny Lubin, noted that "a lot of people are using Slate's protein coffees as a replacement for their protein shakes." Slate's beverages are offered in over 15,000 stores nationwide, including most grocery stores and mass stores.

Exhibit 11: Slate's RTD Protein Coffee Drinks

Source: dairyreporter.com

The bridge between the mainstream energy drink market and the RTD protein market is also beginning to blur with multiple energy drink brands making the cross over recently. Energy drink brand Bucked Up has added a line of "lightly carbonated" protein drinks. There is also a wave of new protein sodas coming to market, with companies like nutrition and wellness brand Don't Quit! coming out with a sparkling line after TikTok users began making their own homebrewed "Dirty Protein Sodas" in 2024.

U.K. startup Feisty Soda, which is preparing for a U.S. rollout that could come as soon as this fall, also makes a line of 12oz sodas made with 10-12g of protein each. Founder and CEO, Vy Cutting, recently noted in an interview with BevNET that the sodas are appealing more to female consumers, a key target market for mainstream RTD protein shake brands like Premier Protein.

Some energy drink companies like CELSIUS have acquired their way into the protein beverage space. In May 2025 CELSIUS acquired Alani Nu, which has a $50M RTD protein business, which CELSIUS views as a key growth category going forward.

Similarly, Ryse, a TX based supplements company founded in 2017, launched a new 12oz canned line of protein-boosted energy drinks in June 2025. This follows on the company's debut of two other RTDs in 2024, the Loaded Pre-Workout in 12oz bottles and whey-based Ryse Clear Protein (22g) in 16.9oz bottles. Ryse has big plans to expand in protein and is currently developing a milk-based drink with 30g of protein per serving that will be released within two to three months.

Exhibit 12: Ryse Energy Drinks with Protein

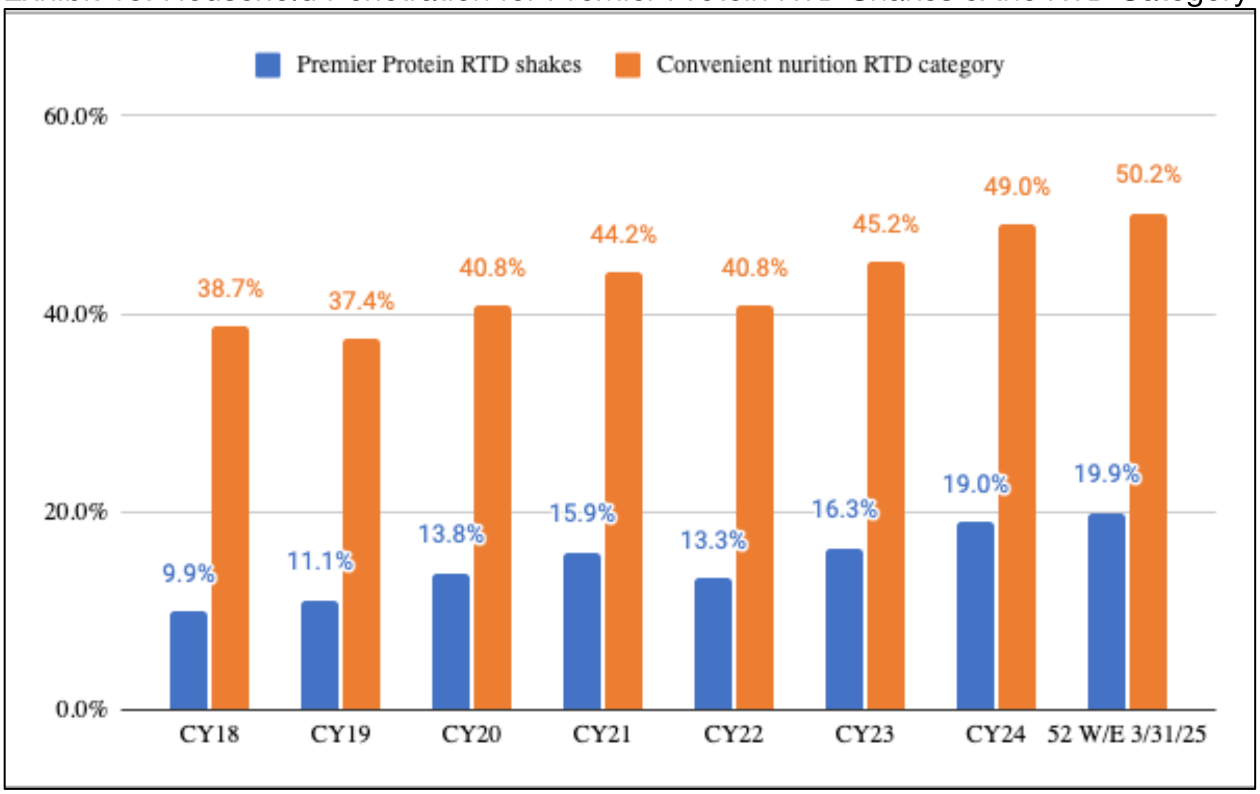
Source: rysesupps.com

While BRBR bulls point to continued strength for Premier Protein reflected in Nielsen data to downplay competition in the RTD segment, we suspect this crutch may not hold up much longer. As Circana noted, 2024 was "the year of protein," and nearly every CPG company, from startups to established giants, is investing in and launching protein-packed products. The "protein arms race" era of CPG has started, and we suspect even BRBR's flagship Premier Protein brand will not be immune to increased competition and the war for share of stomach.

3. Additional gains in household penetration may be increasingly difficult.

Street bulls argue that low household penetration combined with strong macro trends toward health and wellness support a long pathway of growth for BRBR. As shown in Exhibit 13 below, household penetration for the convenient nutrition RTD segment reached 50.2% in the 52-week period ending March 31, 2025, up sharply from 37.4% in 2019 at the time of BRBR's IPO. Similarly, household penetration for Premier Protein RTD shakes is now near 20%, about 2X the level of five years ago. Premier Protein RTD products are now in one in five households nationwide.

Exhibit 13: Household Penetration for Premier Protein RTD Shakes & the RTD Category



Source: BRBR investor presentations, Numerator HH penetration data

To support its case for additional expansion opportunities, BRBR claims household penetration for energy drinks is around 70%, and that the #1 and #2 market share players (Red Bull and Monster have market share of 37% and 28%, respectively) have household penetration rates of ~50% versus ~20% for

Premier Protein. The implication is that Premier Protein is less than halfway through its growth curve.

In fact, BRBR thinks it can double its distribution in food and mass, partly by expanding its bottle production capacity to better serve the single-serve category. Also, BRBR thinks convenient nutrition should have 2-3X the category space it does today, given the low household penetration and growth. This is particularly true for the food channels, where the category needs a reorganization to a more appropriate aisle/display away from pharmacy to the beverage aisle. BRBR bulls have taken the bait and appear to believe Premier Protein has a runway to more than double sales.

We note, however, BRBR's long-term target for household penetration appears to be a moving target. During the IPO roadshow in 2019 BRBR management stated that a good target for household penetration for the RTD category was ~50%, in-line with where nutrition bars topped out. For Premier Protein, the target was ~10%-12%, in line with the household penetration rates of Cliff and Kind bars at the time. Then in mid 2024 the target for Premier Protein RTDs shifted up to match the household penetration of nutrition bars at 50% and the RTD category is now expected to match the household penetration of energy drinks at ~70%.

We are skeptical RTD protein shakes can match the popularity of energy drinks. One major difference that even BRBR management has acknowledged is that Premier Protein RTD shakes are largely an adult beverage, with an average consumer age in the early 40s (~70% of Premier Protein's customer base is made up of Gen X and Boomers+), whereas energy drinks have a sizable younger consumer base, predominantly in the 18–24-year-old range. Also, energy drinks are sold predominantly at convenience stores as on-the-go products, a channel that accounts for only 10% of RTD protein shake sales. BRBR already competes in channels that command 90% of RTD retail sales and even management acknowledges that its shelf space at the largest channel, club, is not likely to increase. In fact, as we discussed above, we think Premier Protein is at risk of losing shelf space at major customers like Costco.

Unlike energy drinks, protein shakes are chiefly breakfast meal replacement drinks, which limits consumption in afternoon and evening dayparts. According to the 2024 IFIC Food & Health survey, of those that snack in the evening or late at night, only 5% prefer protein or meal replacement shakes. BRBR has noted that research indicates ~64% of shake consumption occurs at home at breakfast (75% for Premier Protein) and 14% is consumed at work or school. The remaining 22% of shake consumption occurs when traveling, commuting or at fitness centers and gyms. These metrics stands in sharp contrast to energy drinks and even protein bars, which tend to be more snacking-oriented and much more suited to on-the-go occasions. We note that household penetration for protein bars topped out at ~54%, about where the RTD category is today.

Also, BRBR has experienced remarkable growth over the last five years driven, in part, by GLP-1 use. According to BRBR, GLP-1 use represented about a quarter of BRBR's growth over the last several years. On a recent conference call with investors BRBR acknowledged that this tailwind may now be slowing as more companies compete for GLP-1 users and new users are offset by people stopping usage once they hit their target weight goal.

Some brands are targeting GLP-1 users specifically. In September 2024 SMPL launched Atkins Strong, a line of high-protein shakes designed specifically for GLP-1 drug users. Similarly, supplement chains such as GNC and Vitamin Shoppe have added in-store displays dedicated to GLP-1 related products, including offerings aimed at helping users of the medication manage common side effects and nutritional deficiencies.

Exhibit 14: GNC In-Store Display of GLP-1 Products

Source: BevNet.com

For BRBR bulls, the news that a quarter of BRBR's growth may have come from GLP-1 users should have come as a shock. And management's acknowledgement that this tailwind may be over is nothing short of a gut punch to bullish hopes for above trend growth for years to come. Instead, bulls framed the GLP-1 news as a win/win. As one "street" analyst wrote:

> "While the company estimates that roughly 1/4 of Premier Protein's growth has been coming from GLP-1 adoption, we think the good news is that even lapsed GLP-1 users will likely still consume more RTD shakes as part of their effort to maintain weight. That is, given BRBR's strong repeat rates at above 50%, we think that even as GLP-1 penetration stabilizes, BRBR should continue to be a beneficiary as new people start using the drugs and potentially get introduced to BRBR's suite of products, while those that roll off maintain their use of the product (similar to how BRBR uses displays in stores to expand its household penetration and then converts those customers into more frequent users over time)."

In short, nothing stops this train! Call us skeptical.

3. The cost of doing business for BRBR appears set to increase.

For years, one of the key bull arguments on BRBR and the RTD segment in general has been that production capacity has been scarce, which keeps prices elevated and competition limited. Unlike protein powder and bar formulation, formulating RTD protein shakes requires specialized processing capabilities and comprehensive knowledge of protein chemistry, formulation principles, and processing techniques. Accordingly, many emerging RTD protein shake brands like BRBR work with third-party manufacturers to enter the category quickly and to avoid the significant financial commitment of purchasing a manufacturing facility and aseptic processing equipment and acquiring the processing and packaging expertise and knowhow necessary to produce RTD shakes.

Co-packers with aseptic processing capabilities play a crucial role in the RTD protein shake market. Aseptic filling lines are specialized production lines that are designed to fill and package products in a sterile environment, ensuring that they are free from contamination and harmful bacteria. Since it can take up to 24 months to bring on greenfield capacity, capacity has remained tight in recent years driven in part by explosive demand for RTDs and COVID related supply chain constraints.

While tight capacity can constrain revenue growth potential (as occurred for BRBR in FY22), it also negates the need for aggressive advertising and promotional activity, propping up margins. With COVID and GLP-1 tailwinds providing sufficient demand tailwinds, the industry's capacity deficit seemed to be a tailwind for BRBR in recent years. We suspect BRBR may have been overearning during these tight capacity years.

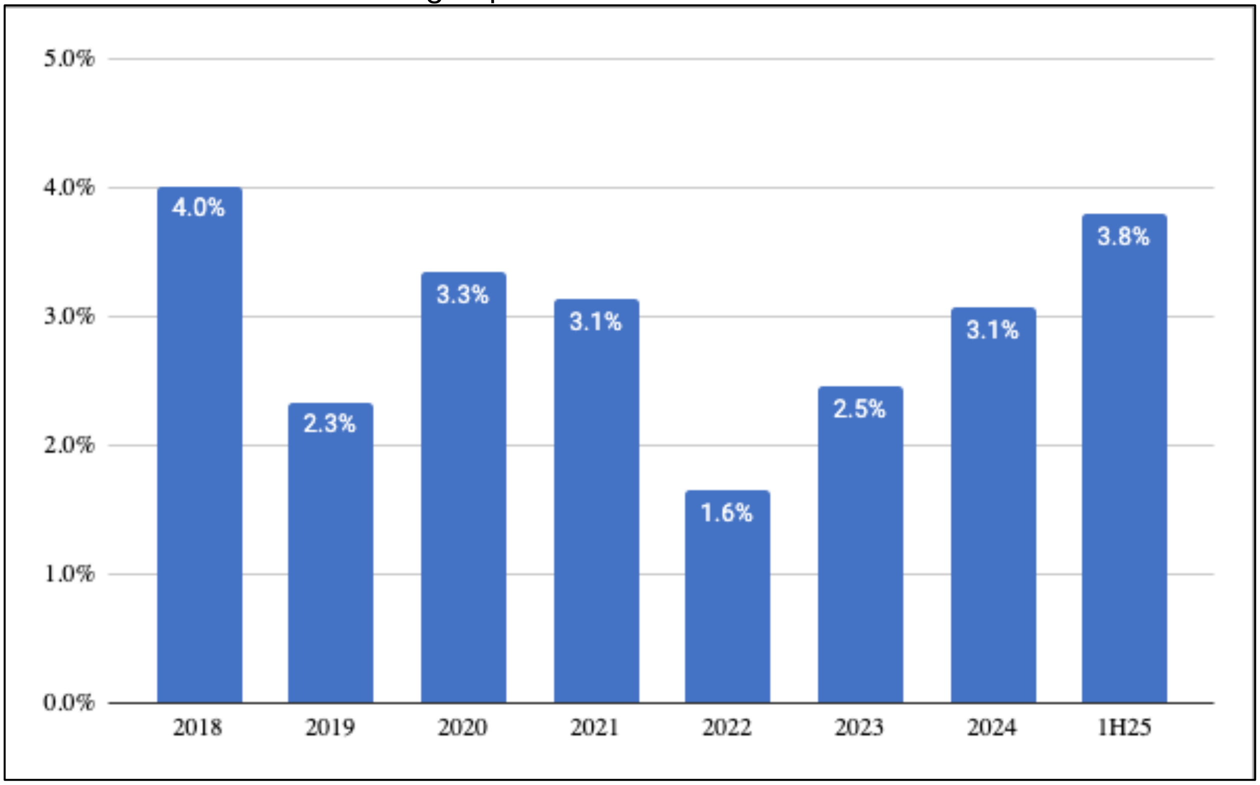
Looking ahead, more capacity is on its way. BRBR's co-manufacturers added 20% new production capacity in FY22, 17% in FY23 and 20%+ in FY24. In FY25 BRBR expects co-manufacturer production capacity to increase in the mid-to-high teens. While some of this new capacity is dedicated to BRBR, not all of it is exclusive. With capacity constraints in the rear-view mirror, bulls expect revenue growth to remain elevated at +15%, above the long-term target of 10%-12%. With ample supply to tap into, BRBR is focused on driving consumer demand and household penetration through national advertising, which the company has not engaged in since 2021.

Of course, greater production capacity in the industry may also incent more advertising and promotional activity, potentially pressuring sales, margins and EPS at BRBR more than bulls expect. In fact, BRBR recently noted that increases in RTD aseptic processing capacity have already led to higher promotional spending for some smaller RTD brands. If capacity increases are already incenting small brands to discount to drive sales volume, what is likely to happen when Coca-Cola's (KO) new Fairlife plant comes online in late 2025? Fairlife, the second leading RTD brand, is adding production capacity with a new $650M, 745,000 square foot facility, and we suspect KO will be highly incented to drive volume through its new facility, potentially leaning into promotional activity to drive sales.

With aseptic processing supply increasing and no physical moat to ward off competition, BRBR appears increasingly vulnerable to a proliferation of new entrants and intensifying price competition. With many brands vying for shelf space, it will be essential for BRBR to maintain a strong brand identity to stand out from the crowd. We expect advertising and promotional activity to increase sharply in the years ahead, potentially pressuring sales growth and margins more than bulls expect.

BRBR believes that Premier Protein requires lower marketing spend than other beverage brands because the company's TV and digital advertising campaigns are boosted by elevated consumer loyalty and a large organic, social and influencer following. As shown in Exhibit 15 below, BRBR's advertising expense has remained below 4% since 2018 when the company was part of POST.

Exhibit 15: BRBR’s Advertising Expense as a % of Revenue



Source: BRBR 10Ks, transcripts

BRBR’s advertising and promotional (A&P) expense is relatively low as compared to other growth-oriented CPG brands, suggesting the brand has no advertising moat protecting its franchise. In 2024 the Vita Coco (COCO) spent 6.1% of sales on A&P, The Simply Good Foods Co. (SMPL) spent 7.7%, Monster Beverage Corp. spent 7.8% and Celsius Holdings (CELH) spent 16.4%. While there is no specific data on Red Bull, the leading energy drink brand, it is believed its advertising and promotional budget is north of 20% of sales.

We suspect BRBR’s early entrance into the RTD category provided the company with some short-lived advantages in terms of variety of flavors, production capacity and shelf space at retailers. The industry capacity constraints of the last few years may have extended those advantages somewhat. But, without a manufacturing moat, if BRBR is to grow revenue as bulls expect and eventually reach household penetration levels on par with leading energy drink companies, its advertising spend will likely have to expand meaningfully, likely pressuring profits more than bulls expect.

MANAGEMENT COMPENSATION

BRBR management is compensated through a combination of a base salary, annual cash bonus and long-term incentive compensation via RSUs and performance restricted stock units (PRSUs). The base salary component of BRBR management's compensation is shown in Exhibit 16, below.

Exhibit 16: BRBR Management Base Salaries (2024)

Fiscal Year 2024 NEO Target Compensation Structure Summary

Component	Summary
Base Salary	The following salaries were approved for fiscal year 2024, following a thorough review of competitive market practices provided by Aon, our independent compensation consultant. The changes were approved to bring our executives more in-line with competitive market values for similar-sized public companies in our industry. • Mr. Vitale: N/A • Ms. Davenport: $750,000 (7.1% increase) • Mr. Rode: $500,000 (9.9% increase) • Mr. Cornille: $460,000 (7.0% increase) • Mr. Rosenthal: $430,000 (7.5% increase) • Mr. Singh: $400,000 (8.1% increase)

Source: Company Filings, OWS

Annual cash bonuses of 50% up to 150% of base salary are awarded based on key financial performance metrics for both corporate business units, including net revenue targets (25%) and adjusted EBITDA targets (75%). The annual cash bonus component of BRBR management's compensation is shown in Exhibit 17, below.

Exhibit 17: BRBR Management Cash Bonus Program (2024)

Name	2024 Target Bonus (% of Salary)	2024 Actual Bonus Earned (% of Target)	2024 Actual Bonus Earned
Robert V. Vitale(1)	N/A	N/A	N/A
Darcy Horn Davenport	125%	150%	$1,406,250
Paul A. Rode	75%	150%	$ 562,500
Douglas J. Cornille	75%	150%	$ 517,500
Craig L. Rosenthal	65%	150%	$ 419,250
Robin Singh	55%	150%	$ 330,000

Source: Company Filings, OWS

BRBR's PRSU program measures three-year cumulative TSR performance against the Russell 3000 Food Products companies (37 companies at the beginning of the performance period for the fiscal year 2024 PRSU grant). This program is designed to focus executives' behaviors on long-term decision-making that enhances stockholder value. Relative TSR filters out macroeconomic and other factors that are not within management's control. Each PRSU earned is settled with a share of the company's common stock following the completion of the three-year performance period. For the fiscal year 2024 PRSU grants, shares as a percentage of target may be earned on a sliding scale as shown in Exhibit 18 below.

Exhibit 18: BRBR Management Long-Term Incentive TSR Targets

BRBR's Relative 3-Year TSR Percentile Rank	Vesting[1]
>85th	260% of target
75th	200% of target
50th	100% of target
25th	50% of target
<25th	0% of target

Source: Company Filings, OWS

The long-term incentive PRSU and RSU component of BRBR management's compensation is shown in Exhibit 19, below.

Exhibit 19: BRBR Management Long-Term Incentive Payouts (2024)

The following target LTI values were approved for the special fiscal year 2024 equity grants:

Name	PRSU Value	RSU Value	Total Value
Robert V. Vitale	N/A	N/A	N/A
Darcy Horn Davenport	$2,100,000	$2,100,000	$4,200,000
Paul A. Rode	$ 650,000	$ 650,000	$1,300,000
Douglas J. Cornille	$ 600,000	$ 600,000	$1,200,000
Craig L. Rosenthal	$ 500,000	$ 500,000	$1,000,000
Robin Singh	$ 400,000	$ 400,000	$ 800,000

Source: Company Filings, OWS

ACCOUNTING

(1 = no significant issues, 2 = some issues, 3 = major issues)

Score: 1

a. Investigation of potential securities law violations

On June 23, 2025 Robbins Geller Rudman & Dowd LLP announced an investigation into whether BRBR management violated U.S. federal securities laws by making false and/or misleading statements and/or failed to disclose material information to investors. The investigation focuses on the revelation on May 6, 2025, in which BRBR during its second quarter of 2025 earnings call revealed that certain customers were now choosing to "optimize" their inventories by lowering "their weeks of supply on hand," which would slow sales growth in the third quarter to "low-single-digits." On this news, the price of BRBR fell by nearly 19%.

On the call with investors BRBR management acknowledged that they were aware of the potential for destocking, but they did not know when it would occur. As we discussed earlier, BRBR management believes this destocking to be temporary and not a reflection of slowing consumer demand, though our store visits and research indicate several new RTD brands have recently gained shelf space or are nearing launch at Costco.

b. Insider sales

While BRBR has been rather aggressive repurchasing its shares, BRBR management, has demonstrated little appetite for purchasing BRBR shares themselves. The most recent insider buying of BRBR shares was a share purchase of 2,000 shares by Director Elliot Stein on 5/12/22. Alternatively, BRBR insiders have sold a combined ~397K shares over the past year, as shown in Exhibit 16, below.

Exhibit 16. BRBR Insider Buy/Sell Activity

06/20/25	Davenport Darcy Horn	PRES. AND CEO	Open Market Sale 10b5-1	Common Stock	$59.69	-1,600	-$95,508
06/13/25	Davenport Darcy Horn	PRES. AND CEO	Open Market Sale 10b5-1	Common Stock	$59.27	-1,600	-$94,824
06/06/25	Davenport Darcy Horn	PRES. AND CEO	Open Market Sale 10b5-1	Common Stock	$60.58	-1,600	-$96,927
05/30/25	Davenport Darcy Horn	PRES. AND CEO	Open Market Sale 10b5-1	Common Stock	$62.91	-1,600	-$100,659
04/01/25	Cornille Douglas J	CHIEF GROWTH OFFICER PNC	Open Market Sale 10b5-1	Common Stock	$75.13	-3,192	-$239,815
04/01/25	Singh Robin	CHIEF SUPPLY CHAIN OFFCR PNC	Open Market Sale 10b5-1	Common Stock	$75.14	-4,157	-$312,357
02/24/25	Vitale Robert V		Open Market Sale	Common Stock	$72.65	-29,723	-$2,159,362
02/21/25	Vitale Robert V		Open Market Sale	Common Stock	$73.47	-15,000	-$1,102,001
02/20/25	Vitale Robert V		Open Market Sale	Common Stock	$74.72	-46,766	-$3,494,520
02/19/25	Vitale Robert V		Open Market Sale	Common Stock	$77.35	-43,511	-$3,365,576
02/18/25	Vitale Robert V		Open Market Sale	Common Stock	$77.37	-44,249	-$3,423,486
02/14/25	Vitale Robert V		Open Market Sale	Common Stock	$77.04	-79,068	-$6,091,113
02/13/25	Vitale Robert V		Open Market Sale	Common Stock	$77.52	-48,230	-$3,738,790
02/12/25	Vitale Robert V		Open Market Sale	Common Stock	$76.91	-28,453	-$2,188,320
02/11/25	Vitale Robert V		Open Market Sale	Common Stock	$75.86	-28,234	-$2,141,937
02/10/25	Vitale Robert V		Open Market Sale	Common Stock	$75.30	-5,100	-$384,030
05/14/24	Vitale Robert V	EXECUTIVE CHAIRMAN	Open Market Sale	Common Stock	$60.15	-15,000	-$902,184
02/07/24	Stein Elliot Jr		Open Market Sale	Common Stock	$57.81	-1,000	-$57,807
05/11/23	Vitale Robert V	EXECUTIVE CHAIRMAN	Open Market Sale	Common Stock	$35.82	-15,000	-$537,261
05/12/22	Stein Elliot Jr		Open Market Purchase	Common Stock	$23.67	2,000	$47,340
08/09/21	Rosenthal Craig L	SVP, GC & SECRETARY	Open Market Purchase	Class A Common Stock	$29.09	1,725	$50,172
08/09/21	Vitale Robert V	EXECUTIVE CHAIRMAN	Open Market Purchase	Class A Common Stock	$29.10	10,300	$299,745
11/12/20	Rode Paul A	CFO & TREASURER	Open Market Purchase	Class A Common Stock	–	12,842	–
12/06/19	Stein Elliot Jr		Open Market Purchase	Class A Common Stock	$21.04	2,000	$42,080

Source: Bamsec.com

VALUATION

At an EV of $8.5B, BRBR's current valuation equals ~43% of the $20B U.S. convenient nutrition category and 142% of the estimated $6B U.S. RTD protein shake segment. We note that BRBR currently commands ~30% of the U.S. RTD market and 10% of the U.S. convenient nutrition market. Consensus estimates call for BRBR to generate mid-teens revenue growth and elevated adjusted EBITDA margins (~21%) well into the future. These lofty expectations make BRBR shares vulnerable to multiple compression if any cracks emerge in the company's protein-driven growth story.

With aseptic processing supply increasing and no physical or marketing moat to ward off competition, BRBR appears increasingly vulnerable to a proliferation of new entrants and intensifying price competition. With many brands vying for shelf space, it will be essential for BRBR to maintain a strong brand identity to stand out from the crowd. We expect advertising and promotional activity to increase sharply in the years ahead, potentially pressuring profits more than bulls expect.

In FY22 when BRBR last faced revenue growth challenges from capacity constraints, shares traded in a range of 15X-20X forward year estimated EPS. Our $44 price target equates to 20X our FY26 EPS of $2.17, representing ~25% downside. On a FCF yield basis, our $44 price target implies a FCF yield of 3.0% based on our estimated FCF per share of $1.35 in FY25.

RISKS

BRBR may partner with a beverage company that has direct store delivery (DSD) to add placement in mainstream beverage aisles where Coca-Cola owned Fairlife is situated. Since the supermarket channel accounts for less than 6% of category sales, bulls believe improved shelf space (shifting shelf space from the pharmacy aisle to the beverage aisle) for RTD protein shakes at grocery stores (and at WMT) is an untapped growth opportunity for BRBR. While we suspect relatively high prices for RTD protein shakes at grocery stores will limit any potential sales growth upside, such expanded distribution could result in higher sales than we contemplate.

Today the RTD protein market is dominated by whey protein-based products. Increasingly however, consumers and retailers are seeking out alternatives that can match dairy protein on nutrition, taste and texture. Early plant protein alternatives have not been very successful matching the taste of dairy-based products. Some investors expect BRBR to introduce a plant-based RTD product soon that may drive upside to our growth expectations.

BRBR may expand beyond the core RTD and powder category with Premier Protein. The company tested cereal in a higher traffic aisle with some success. Premier is consumed 60% of the time at breakfast so the brand may have some sway with consumers in this daypart. BRBR management has also stated publicly that it expects to have more than just two brands, Premier Protein and Dymatize. Additional brands, introduced through M&A or organically, could drive revenue higher than we contemplate.

Given BRBR's ample free cash flow, the company may initiate a dividend at some point in the future. While the company's cash uses are currently focused on driving organic growth, opportunistic share repurchases and debt reduction, the initiation of a dividend could entice incremental share buyers in the form of income-oriented investors.

FINANCIAL PROJECTIONS

Quarterly Income Statement

	12/31/2024 1Q25	3/31/2025 2Q25	3Q25e	4Q25e	1Q26e	2Q26e	3Q26e	4Q26e
Net sales	**532.9**	**588.0**	**541.0**	**628.7**	**580.9**	**649.5**	**597.0**	**683.9**
Cost of goods sold	333.3	398.2	354.4	418.1	374.7	438.4	394.0	454.8
Gross profit	**199.6**	**189.8**	**186.6**	**210.6**	**206.2**	**211.1**	**203.0**	**229.1**
Selling, general & admin expenses	80.1	90.5	85.5	99.3	90.0	100.7	95.5	109.4
Amortization of intangible assets	4.2	4.2	4.0	3.9	3.8	3.7	3.5	3.4
Impairment of goodwill								
Other operating (income) expenses, net								
Operating income (loss)	**115.3**	**95.1**	**97.2**	**107.4**	**112.4**	**106.8**	**103.9**	**116.2**
Interest expense	14.4	16.5	19.1	19.1	19.1	19.1	19.1	19.1
Loss on refinancing of debt								
Income before income taxes	**100.9**	**78.6**	**78.1**	**88.3**	**93.3**	**87.7**	**84.8**	**97.2**
Income tax expense (benefit)	24.0	19.9	19.5	22.1	23.3	21.9	21.2	24.3
Net income (loss)	76.9	58.7	58.6	66.2	70.0	65.8	63.6	72.9
GAAP Diluted EPS	**$0.59**	**$0.45**	**$0.45**	**$0.52**	**$0.55**	**$0.52**	**$0.51**	**$0.59**
Non GAAP adjustments	0.7	(10.0)						
Adjusted net income	76.2	68.7	58.6	66.2	70.0	65.8	63.6	72.9
Adjusted EPS	**$0.58**	**$0.53**	**$0.45**	**$0.52**	**$0.55**	**$0.52**	**$0.51**	**$0.59**
Diluted Shares Out	131.1	129.9	128.9	127.9	126.9	125.9	124.9	123.9
Q/Q Chg in share count	0.0	(1.2)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Share price			$60.00	$60.00	$60.00	$60.00	$60.00	$60.00
Adjusted EBITDA:								
Net income	76.9	58.7	58.6	66.2	70.0	65.8	63.6	72.9
Income tax expense	24.0	19.9	19.5	22.1	23.3	21.9	21.2	24.3
Interest expense, net	14.4	16.5	19.1	19.1	19.1	19.1	19.1	19.1
Depreciation and amortization	4.6	4.6	4.4	4.4	4.3	4.2	4.1	4.0
EBITDA	**119.9**	**99.7**	**101.6**	**111.8**	**116.7**	**111.0**	**108.1**	**120.3**
Non-cash stock-based comp	6.3	5.7	5.5	5.5	5.5	5.5	5.5	5.5
Other	(0.9)	13.2						
Adjusted EBITDA	**125.3**	**118.6**	**107.1**	**117.3**	**122.2**	**116.5**	**113.6**	**125.8**
EBITDA Margin	22.5%	17.0%	18.8%	17.8%	20.1%	17.1%	18.1%	17.6%
Y/Y % Chg	25.4%	4.3%	-12.6%	-4.3%	-2.6%	11.3%	6.4%	7.6%
Adj EBITDA Margin	23.5%	20.2%	19.8%	18.7%	21.0%	17.9%	19.0%	18.4%
Y/Y % Chg	24.7%	14.4%	-10.4%	0.7%	-2.4%	-1.8%	6.0%	7.2%

Annual Income Statement

	2022	2023	2024	2025e	2026e	2027e
Net sales	**1,371.5**	**1,666.8**	**1,996.2**	**2,290.6**	**2,511.3**	**2,687.1**
Cost of goods sold	949.7	1,136.6	1,288.9	1,504.0	1,661.9	1,794.9
Gross profit	**421.8**	**530.2**	**707.3**	**786.7**	**849.4**	**892.2**
Selling, general & admin expenses	189.7	216.3	284.6	355.4	395.7	428.7
Amortization of intangible assets	19.7	26.6	35.0	16.3	14.4	12.7
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other operating (income) expenses, net	0.0	0.0	0.0	0.0	0.0	0.0
Operating income (loss)	**212.4**	**287.3**	**387.7**	**415.0**	**439.3**	**450.8**
Interest expense	49.2	66.9	58.3	69.0	76.3	76.3
Loss on refinancing of debt	17.6	0.0	0.0	0.0	0.0	0.0
Income before income taxes	**145.6**	**220.4**	**329.4**	**345.9**	**363.0**	**374.5**
Income tax expense (benefit)	29.6	54.9	82.9	85.5	90.8	93.6
Net income (loss)	116.0	165.5	246.5	260.4	272.3	280.8
GAAP Diluted EPS	**$0.76**	**$1.23**	**$1.86**	**$2.01**	**$2.17**	**$2.31**
Non GAAP adjustments	(26.5)	(11.7)	(9.0)	(9.3)	0.0	0.0
Adjusted net income	108.9	177.2	255.5	269.7	272.3	280.8
Adjusted EPS	**$1.16**	**$1.32**	**$1.93**	**$2.08**	**$2.17**	**$2.31**
Diluted Shares Out	93.8	134.1	132.3	129.5	125.4	121.4
Q/Q Chg in share count						
Share price						
Adjusted EBITDA:						
Net income	82	166	247	260	272	281
Income tax expense	30	55	83	86	91	94
Interest expense, net	**49**	**67**	**58**	**69**	**76**	**76**
Depreciation and amortization	21	28	37	18	17	15
EBITDA	**182**	**316**	**424**	**433**	**456**	**466**
Non-cash stock-based comp	11	15	22	23	22	22
Other	78	8	(6)	12	0	0
Adjusted EBITDA	**271**	**338**	**440**	**468**	**478**	**488**
EBITDA Margin	13.3%	18.9%	21.3%	18.9%	18.2%	17.3%
Y/Y % Chg	36.8%	73.0%	34.4%	2.1%	5.3%	2.2%
Adj EBITDA Margin	19.8%	20.3%	22.1%	20.4%	19.0%	18.2%
Y/Y % Chg	16.0%	24.6%	30.1%	6.4%	2.1%	2.1%

Annual OCF & FCF Estimates

	2022	2023	2024	2025e	2026e
Operating & Free Cash Flow:					
Net earnings (loss)	116.0	165.5	246.5	260.4	272.3
D&A	21.3	28.3	36.5	18.0	16.7
Working capital	(141.1)	12.4	(97.6)	(122.6)	(64.7)
Other non-cash items	24.8	9.4	14.2	23.7	29.1
Reported cash flow from operations	**21.0**	**215.6**	**199.6**	**179.5**	**253.4**
Adjustments (tax withheld, net of stock option plan issuance)					
Adjusted operating cash flow	**21.0**	**215.6**	**199.6**	**179.5**	**253.4**
CapEx, net	(1.8)	(1.8)	(1.8)	(5.8)	(3.9)
Free cash flow	**19.2**	**213.8**	**197.8**	**173.7**	**249.5**
Cash paid for acquisitions, net	0.0	0.0	0.0	0.0	0.0
FCF after acquisitions & divestitures	**19.2**	**213.8**	**197.8**	**173.7**	**249.5**
Proceeds from stock issuance (repurchases)	(42.8)	(125.5)	(146.6)	(304.9)	(240.0)
Dividends paid	0.0	0.0	0.0	0.0	0.0
Debt issuance/(payments)	(522.8)	(74.0)	(25.0)	120.0	0.0
Net cash flow (payments/repurchases) stock, divs & debt	(546.4)	14.3	26.2	(11.2)	9.5
FCF / share	$0.17	$2.13	$1.20	$1.35	$1.99
FCF / average invested capital	2.6%	26.1%	22.6%	17.1%	23.2%
FCF / adj. net income	17.6%	120.7%	77.4%	64.4%	91.6%
FCF / Adj. EBITDA	7.1%	63.2%	44.9%	37.1%	52.2%