Company Analysis

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Introduction

Headquartered in Skillman, New Jersey, Kenvue Incorporated is an American consumer health company, formerly the healthcare division of Johnson & Johnson. At the time of this report, the company is trading at $20.20 per share with a market capitalization of $38.67 billion USD. Bolstering a workforce of over 22,000 employees, Kenvue has rapidly established itself as a leading player in consumer health, owning more than 10 iconic brands that are ubiquitous in households worldwide.

History

Established on February 23rd, 2022, Kenvue emerged as the consumer health division of Johnson & Johnson (JNJ), a reputable institution in healthcare with a history spanning over 138 years, renowned for its groundbreaking contributions to the COVID vaccine and many other healthcare related products. Following the lead of Merck & Co. and Pfizer, which had previously integrated their consumer health operations with Bayer and GSK plc respectively over the past decade, Johnson & Johnson followed suit. This decision was further fueled by allegations surrounding Johnson & Johnson's talc-based baby powder, which allegedly contained asbestos, a mineral which is linked to the development of ovarian cancer in humans. The separation was viewed as mutually advantageous, as consumer health was perceived less pivotal to Johnson & Johnson's financial portfolio compared to its medical ventures. In 2023, Kenvue pursued an initial public offering (IPO) and officially went public on May 4th, 2023, offering 1.89 billion shares at a price of $26.90 per share. By the end of the inaugural trading day, Johnson & Johnson had retained approximately 90.9 percent of Kenvue’s shares post-IPO. Currently, Kenvue's stock reflect a notable decrease from its prior achievements particularly in today's environment of high inflation.

Company Products

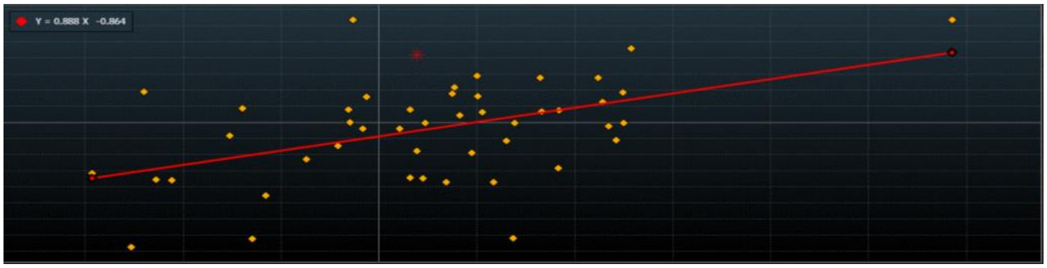
Kenvue boasts a portfolio of renowned consumer brands such as Band-Aid, Benadryl, Listerine, Johnson’s Baby, Tylenol, Neutrogena, and Neosporin. These names are everywhere, often found in every medical cabinet of households. Focusing on the past 2 years, revenue streams from essential health, skin health and beauty have been roughly equal with self-care emerging as the primary driver post-COVID.

Industry Research

Looking at the consumer health industry, Kenvue has rapidly emerged as a leading competitor in the market. With a market capitalization of $38.67 billion, Kenvue's two largest competitors in the consumer health industry are Kimberly-Clark Corp and Estee Lauder Cos Inc., which have market capitalizations of $43.58 billion and $55.26 billion respectively. The average market capitalization among its competitors is $19.01 billion, positioning Kenvue as one of the largest consumer healthcare providers.

When considering Kenvue's position within the wider market landscape, it's notable that the standard Beta calculation typically spans a 5-year period using monthly data. However, given Kenvue's relatively recent listing of approximately one year, there exists a greater margin for error. To compensate for this, we supplement our analysis by supplementing our findings with the industry average, thereby achieving a more precise depiction of Kenvue's systematic risk. Upon regressing Kenvue's historical returns against the S&P 500 index return, it is found that the historical beta is 0.888 and the alpha is -0.864. The industry overall exhibits a beta of 0.89 (Bloomberg), which closely aligns with our estimate. Nevertheless, utilizing our regressed beta in the CAPM model, assuming the S&P returns 11 percent, and 10-year treasury rates remain around 4.2 percent, the calculated return of levered equity sits around 10.2 percent.

For the application of the CAPM model outlined earlier, it is imperative to engage in a discussion regarding future monetary policy to ensure an accurate forecast of market premiums. According to US monetary policy under Jerome Powell, treasury rates are expected to remain steady for the next two periods before potentially decreasing rates to stimulate borrowing and safeguard against sudden recession (Reuters). This is why in our calculations, the treasury rate for this year is set at 4.2 percent, while next year's rate is approximately 4.1 percent, reflecting the anticipated rate stability and the intention to lower rates thereafter. Subsequently, a series of four percent 10-year treasury rates are assumed since it is too difficult to make a prediction that far in advance without knowledge of how the economy reacts to current economic policy.



Pro-Forma Statements

Before analyzing the balance sheet and income statements, it's important to acknowledge that all highlighted items on the income statement are projections described in the preceding section.

Balance Sheet

Fiscal year Jan-Dec (in millions)	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29
ASSETS								
Current Assets								
Cash	$ 1,231	$ 1,382	$ 1,552	$ 1,242	$ 894	$ 1,004	$ 627	$ 704
Accounts Receivable	$ 2,297	$ 2,640	$ 2,558	$ 2,647	$ 2,753	$ 2,849	$ 2,935	$ 3,023
Inventory	$ 2,226	$ 1,851	$ 2,014	$ 1,985	$ 2,065	$ 2,084	$ 2,146	$ 2,210
Other Current Assets	$ 123	$ 265	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150
Total Current Assets	$ 5,877	$ 6,138	$ 6,273	$ 6,024	$ 5,862	$ 6,087	$ 5,858	$ 6,087
Net Capital Assets								
Gross PPE	$ 5,700	$ 6,243	$ 7,143	$ 7,743	$ 8,143	$ 8,543	$ 8,943	$ 9,343
Accumulated Depreciation	$ (3,880)	$ (4,201)	$ (4,792)	$ (5,405)	$ (6,027)	$ (6,649)	$ (7,271)	$ (7,892)
Goodwill	$ 19,038	$ 18,890	$ 19,000	$ 19,000	$ 19,000	$ 19,000	$ 19,000	$ 19,001
Other Non Current Assets	$ 434	$ 623	$ 600	$ 600	$ 600	$ 600	$ 600	$ 601
Non Current Deffered Assets	$ 147	$ 158	$ 150	$ 150	$ 150	$ 150	$ 150	$ 151
Total Net Capital Assets	$ 21,439	$ 21,713	$ 22,101	$ 22,088	$ 21,866	$ 21,644	$ 21,422	$ 21,204
TOTAL ASSETS	$ 27,316	$ 27,851	$ 28,374	$ 28,112	$ 27,728	$ 27,731	$ 27,280	$ 27,291
Liabilities								
Current Liabilities								
Pension and Post Retirement	$ 272	$ 406	$ 460	$ 460	$ 460	$ 460	$ 460	$ 460
Current Debt and Capital Lease Obligatic	$ 35	$ 643	$ 600	$ 850	$ 850	$ 600	$ 1,100	$ 600
Accounts Payable	$ 2,158	$ 2,631	$ 2,333	$ 2,380	$ 2,350	$ 2,316	$ 2,409	$ 2,431
Accrued Expenses	$ 1,461	$ 1,801	$ 1,683	$ 1,742	$ 1,812	$ 1,875	$ 1,931	$ 1,989
Total Current Liabilities	$ 3,926	$ 5,481	$ 5,076	$ 5,432	$ 5,471	$ 5,251	$ 5,900	$ 5,480
Non Current Liabilities								
Long Term Debt	$ -	$ 7,687	$ 7,692	$ 6,942	$ 6,192	$ 6,192	$ 5,192	$ 5,192
Deferred Liabilities	$ 2,479	$ 2,621	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500
Other Long Term Liabilities	$ 941	$ 851	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900
Total Liabilities	$ 7,346	$ 16,640	$ 16,168	$ 15,775	$ 15,064	$ 14,844	$ 14,493	$ 14,072
Stockholders' Equity	$ 19,970	$ 11,211	$ 12,206	$ 12,337	$ 12,664	$ 12,887	$ 12,787	$ 13,219
TOTAL LIABILITIES + EQUITY	$ 27,316	$ 27,851	$ 28,374	$ 28,112	$ 27,728	$ 27,731	$ 27,280	$ 27,291

When analyzing Kenvue’s balance sheet, it's crucial to note their upcoming relocation to a new headquarters in 2025 and the establishment of a new R&D building in 2026 (Fierce Pharma). Looking to future Assets, a reduction in Cash is observed from 2025 onwards, followed by an increase in 2027, and another decrease in 2028. This pattern is attributed to the repurchase of debt for their headquarters and expansion building described in the “debt” part of this section.

Moving to other line items, Accounts Receivable is forecasted as a percentage of revenue, historically at 16 percent, while inventory is forecasted as a percentage of COGS, historically at 30 percent. Accounts Receivable is commonly linked to the number of purchases made and consequently affects revenue, whereas Inventory is correlated with the quantity of goods produced and thereby has a relationship with the cost of goods sold.

Now focusing on net capital assets, Property, Plant, and Equipment (PPE) are projected forward using the change in capital from the income statement, which increases by $900 in 2024 and $400 in 2025 due to the opening of their new headquarters and R&D department. Depreciation and Amortization are projected using straight-line depreciation per Kenvue's 10-K filing.

(Dollars in Millions)

2024	2025	2026	2027	2028	Thereafter
$ —	$ 750	$ 750	$ —	$ 1,000	$ 5,250

Kenvue also projected its amortization for the next 5 years in its 10-K filing as shown above. This determines depreciation, as the projected amount of D&A less the amortization projection. Goodwill is projected linearly since it does not consistently change from year to year. Overall, Kenvue's assets are expected to increase steadily as they complete spending on new infrastructure and depreciate it over time, leading to an increase in their non-current assets while augmenting their inventory and current assets.

Turning to liabilities, it's evident that Kenvue assumed a substantial amount of debt in 2023 to finance their new headquarters and R&D building. They also reported an expected interest payment of $400 million in 2024 in their 10-K filing, a 150 million increase from the previous year. Considering their current average debt yield of 5.2 percent (Bloomberg), this results in a projected long-term debt of $7.7 billion in 2024. Alongside the significant increase in interest payments from 2023 to 2024, there was a notable rise in the interest rates which offsets the long-term debt increase anticipated with the debt increase. Kenvue also disclosed its debt repayment schedule for the next 5 years, which has been factored into their long-term debt.

Looking at current liabilities, there's an increase in current debt and capital lease obligations, expected to rise due to the purchase of new property as a capital lease obligation. This acquisition will also lead to increased staff, hence pension, and post-retirement costs, projected at $460 million for the next 5 years. Continuing with current liabilities, accounts payable is forecasted as a percentage of COGS, historically around 35 percent, reflecting future delivery of goods contributing to the cost of goods sold. Lastly, accrued expenses are projected as a percentage of operating expenses, historically around 25 percent, utilized to forecast accrued expenses for the next 5 years.

Finally, shareholders' equity suffered in 2023 due to the PPE purchase but is projected to increase over the next 6 years by approximately $2 billion. There is a substantial increase in 2024 followed by incremental increases every year except in 2028, when a significant debt repayment is due.

Income Statement

Fiscal year Jan-Dec (in millions)	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29
Revenue	**$ 14,929**	**$ 15,444**	**$ 15,985**	**$ 16,544**	**$ 17,206**	**$ 17,808**	**$ 18,342**	**$ 18,892**
% Growth		*3.45%*	*3.50%*	*3.50%*	*4.00%*	*3.50%*	*3.00%*	*3.00%*
COGS	**$ 6,665**	**$ 6,801**	**$ 6,714**	**$ 6,618**	**$ 6,882**	**$ 6,945**	**$ 7,153**	**$ 7,368**
% Sales	45%	44%	42%	40%	40%	39%	39%	39%
Gross Rev	**$ 8,264**	**$ 8,643**	**$ 9,271**	**$ 9,926**	**$ 10,323**	**$ 10,863**	**$ 11,189**	**$ 11,524**
% Sales	*55%*	*56%*	*58%*	*60%*	*60%*	*61%*	*61%*	*61%*
OpEx	**$ 5,609**	**$ 6,159**	**$ 6,234**	**$ 6,452**	**$ 6,710**	**$ 6,945**	**$ 7,153**	**$ 7,368**
% Sales	*38%*	*40%*	*39%*	*39%*	*39%*	*39%*	*39%*	*39%*
Operating Income	**$ 2,655**	**$ 2,484**	**$ 3,037**	**$ 3,474**	**$ 3,613**	**$ 3,918**	**$ 4,035**	**$ 4,156**
D&A	**$ 644**	**$ 627**	**$ 900**	**$ 900**	**$ 900**	**$ 900**	**$ 900**	**$ 900**
Depreciation	$ 230	$ 279	$ 591	$ 613	$ 622	$ 622	$ 622	$ 621
Amortization	$ 414	$ 348	$ 309	$ 287	$ 278	$ 278	$ 278	$ 279
EBIT	**$ 2,011**	**$ 1,857**	**$ 2,137**	**$ 2,574**	**$ 2,713**	**$ 3,018**	**$ 3,135**	**$ 3,256**
Interest	**$ -**	**$ 250**	**$ 400**	**$ 400**	**$ 400**	**$ 400**	**$ 400**	**$ 400**
EBT	**$ 2,011**	**$ 1,607**	**$ 1,737**	**$ 2,174**	**$ 2,313**	**$ 2,618**	**$ 2,735**	**$ 2,856**
Tax	**$ 573**	**$ 526**	**$ 577**	**$ 695**	**$ 733**	**$ 815**	**$ 847**	**$ 879**
Tax Rate	*28%*	*28%*	*27%*	*27%*	*27%*	*27%*	*27%*	*27%*
Net Income	**$ 1,438**	**$ 1,081**	**$ 1,160**	**$ 1,479**	**$ 1,581**	**$ 1,803**	**$ 1,889**	**$ 1,977**
Profit Margin	*10%*	*7%*	*7%*	*9%*	*9%*	*10%*	*10%*	*10%*
Operating Cash Flow	**$ 2,082**	**$ 1,958**	**$ 2,460**	**$ 2,779**	**$ 2,881**	**$ 3,103**	**$ 3,189**	**$ 3,277**
Working Capital	**$ 1,951**	**$ 657**	**$ 1,197**	**$ 592**	**$ 390**	**$ 835**	**$ (42)**	**$ 607**
Change In Net Working Capital	**$ -**	**$ (1,294)**	**$ 540**	**$ (605)**	**$ (201)**	**$ 445**	**$ (878)**	**$ 649**
Change in Capital	**$ 375**	**$ 469**	**$ 900**	**$ 600**	**$ 400**	**$ 400**	**$ 400**	**$ 400**
Free Cash Flow	**$ (244)**	**$ 832**	**$ 1,020**	**$ 2,785**	**$ 2,682**	**$ 2,258**	**$ 3,667**	**$ 2,228**

The conflict in Ukraine has disrupted numerous industries, including consumer healthcare product delivery and sales. Consequently, Kenvue experienced a decline in sales in 2023 due to the suspension of personal care products in Russia, a trend expected to persist in the next few years (Kenvue Investor Relations). Therefore, Kenvue's revenue in 2024 is anticipated to remain at its 2023 level, hovering around the 3.5 percent mark. Looking ahead, the inauguration of the new R&D center in 2026 is anticipated to bolster revenue to the 4 percent mark as Kenvue continues to introduce new products with an enhanced team of scientists. Eventually, Kenvue's revenue is projected to gradually decrease to the industry average by 2029 as the initial enthusiasm surrounding the company wanes and more competitors enter the already saturated consumer healthcare market.

Moving to the cost of goods sold (COGS) and operating expenditures (OpEx), a decrease in COGS is expected once the new facilities are completed, allowing the company to focus on new ways of reducing costs with additional capabilities. While operational expenditures may improve, the rise in production from larger facilities will offset the per-unit decrease, keeping the forecast at a steady 39 percent.

Regarding Depreciation and Amortization (D&A) assumptions, it's evident that Depreciation and Amortization should increase in 2024 as Kenvue acquires a new property for its headquarters. Furthermore, the opening of a new building in 2026 will increase depreciation forecasts 622 million, which will then be straight-line depreciated until the end of the forecasted period in 2029.

According to Kenvue’s debt repayment schedule, most of the debt incurred to finance the new headquarters and R&D building was accrued in 2023. Kenvue mentioned in its 2024 outlook an expected interest payment of $400 million, $150 million more than the previous year (Kenvue Investor Relations). Since the debt repayment schedule indicates that none of the debt will expire within the 6-year period, interest payments remain unchanged.

Kenvue's tax rate is expected to remain constant at 27 percent for the foreseeable future. In its 2024 outlook, it anticipates facing a tax rate between 26.5 to 27.5 percent over the next year (Kenvue Investor Relations).

Finally, analyzing Kenvue's change in capital, it's noted that there is a $900 million increase in 2024 due to the purchase of the new headquarters, along with a $600 million increase to accommodate the opening of the new R&D department in 2026. These two new properties will incur a $400 million increase in capital as maintenance for the foreseeable future.

Valuations

Methodology

This report employs a standard Adjusted Present Value (APV) analysis to assess the value of this company. Due to the nature of property acquisitions, Kenvue's debt undergoes constant fluctuations, consequently altering its debt-to-equity ratio. Given the rapid changes in debt levels and the evolving growth rate of this relatively new company, a straightforward discount using Weighted Average Cost of Capital (WACC) is not applicable. This involves converting their return on levered equity to return on unlevered equity using Miller-Modigliani Proposition II. Subsequently, utilizing the free cash flows for the initial six years, alongside the perpetuity cash flows (Terminal Value), and discount them to ascertain the net present value of equity. Additionally, calculating the net present value of financing by discounting the depreciation tax shield as well as the interest tax shield by the risk-free rate and the bond yield, respectively. Ultimately, a Dividend Discount Model wasn't employed to assess the value of this company. This decision was influenced by the inconsistency in the growth of the $0.20 dividends per share and the fact that the discount rate, which would be the WACC, doesn't suitably apply here due to the fluctuating Debt-to-Equity ratio.

Adjusted Present Value

APV Analysis	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29
Year	(0.25)	0.75	1.75	2.75	3.75	4.75	5.75
10 Year Treasury Bond Rate	4.21%	4.10%	4.00%	4.00%	4.00%	4.00%	4.00%
S$P Return	11%	11%	11%	11%	11%	11%	11%
Beta	0.888	0.888	0.888	0.888	0.888	0.888	0.888
Interest	$ 250	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400
Debt	$ 7,687	$ 7,692	$ 6,942	$ 6,192	$ 6,192	$ 5,192	$ 5,192
Debt Yeild to Maturity	3.25%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%
D/E	1.48	1.32	1.28	1.19	1.15	1.13	1.06
Market Premium	6.79%	6.90%	7.00%	7.00%	7.00%	7.00%	7.00%
Return on Levered Equity (CAPM)	**10.24%**	**10.23%**	**10.22%**	**10.22%**	**10.22%**	**10.22%**	**10.22%**
Return on Unlevered Equity	6.64%	7.76%	7.79%	7.88%	7.92%	7.94%	8.02%
Present Value of Unlevered Equity	$ 845.48	$ 964.31	$ 2,441.89	$ 2,176.87	$ 1,696.31	$ 2,550.03	$ 1,429.40
Depreciation Tax Sheild	$ 177.60	$ 243.00	$ 243.00	$ 243.00	$ 243.00	$ 243.00	$ 243.00
Present Value of Dep. Tax Sheild	$ 179.44	$ 235.79	$ 226.88	$ 218.15	$ 209.76	$ 201.70	$ 193.94
Interest Tax Sheild	$ 71.23	$ 113.30	$ 108.00	$ 108.00	$ 108.00	$ 108.00	$ 108.00
Present Value of Interest Tax Sheild	$ 71.81	$ 109.07	$ 98.83	$ 93.95	$ 89.30	$ 84.89	$ 80.69

Utilizing the 2023 calendar year as a baseline for our estimations, the projections have been discounted by three-quarters of a year, reflecting the current timing of this report, which covers the first three months of 2024. As stated in the industry research section, we anticipate a gradual decrease in 10-year bond rates over the upcoming years, culminating in a target rate of 4 percent by 2029. Additionally, our APV analysis assumes an 11 percent annual return from the S&P, considering its historical performance slightly above 10 percent (Investopedia). Leveraging the previously regressed beta, we apply the CAPM (Capital Asset Pricing Model) to estimate a roughly 10 percent return on levered equity.

In 2024, Kenvue reports a $150 million increase in interest payments, which as discussed in the balance sheet section of this report has been offset by a major increase in the cost of borrowing. Bloomberg's estimates place Kenvue's bond yield to maturity at around 5.2 percent which aligns with the projected figure utilized in this analysis. Due to the substantial debt acquired in 2023, Kenvue's debt-to-equity ratio experiences a drastic decline annually as they continue their scheduled debt repurchases, eventually approaching 1.07, nearing the industry average debt-to-equity ratio of 1.22.

Finally, leveraging the Miller-Modigliani Proposition II, we calculate the return on unlevered equity, which stabilizes around the 7 percent mark. This enables us to discount free cash flow by the return on unlevered equity, yielding the net present value of the unlevered firm, which, when combined with the net present value of the depreciation and interest tax shields, provides a comprehensive valuation perspective.

Terminal Value

Terminal Value		TV
Terminal Growth Rate		3.00%
WACC		6.91%
FCF Year 6	$	2,228
Terminal Value	$	57,039.55
Present Value	$	34,897.35

WACC	
Return on Bonds	5.20%
Return on Equity	10.22%
D/E Raito	1.06
Percent Equity	48.44%
Percent Debt	51.56%
WACC	6.91%

By 2029, it's anticipated that Kenvue's debt-to-equity ratio will stabilize, with no further debt repurchases planned. This stability allows us to employ the Weighted Average Cost of Capital (WACC) method to discount the terminal value back to the present day. The terminal growth rate aligns with the long-term industry growth rate of 3 percent. Assuming Kenvue's bond yield to maturity, beta, and debt-to-equity ratio remains consistent in the long term, the weighted average cost of capital is estimated at 6.91 percent in perpetuity.

Utilizing the perpetual growth formula to project the Terminal value in 2029, we discount it back to present value using the unlevered equity and add it to the present value of financing, resulting in the adjusted present value of Kenvue.

Putting It All Together

APV (In Millions)		
APV	**$**	**47,999.12**
Current Debt	$	7,687.00
Enterprise Value		40,312.12
Shares Outstanding		1,920
Fair Price	**$**	**21.00**
KENVUE INC. (XNYS:KVUE)	$	20.39
Percent Difference		3.00%

Important Ratios		
EPS	$	0.56
Projected P/E	$	37.29
Tobin's Q		1.72
Quick Ratio		0.78
D/E		1.48
Price to FCF (23)		2.52%

Upon consolidation of the preceding calculations, the calculated present value is $47,999 million, or approximately $48 billion. Deducting the existing debt of $7.7 billion from the APV, the enterprise value approximates $40 billion, merely $1.04 billion higher than the current

$38.96 billion market capitalization. Continuing the analysis, dividing the enterprise value by the 1.92 billion outstanding shares, the model suggests a **fair price for Kenvue at $21.00**. As of the time of this report, this represents a 3 percent increase from its current market price of $20.39.

Analysis

Currently, **my recommendation is to hold onto this stock**, with a leaning towards suggesting its purchase due to Kenvue's consistent dividends and large market share. Referencing Yahoo Finance, we observe that most analysts are either bullish or neutral on the stock's trajectory, a sentiment I concur with. These analyses suggest that Kenvue is positioned as a long-term growth prospect that will yield handsome dividends along the way. However, countering this argument, the seemingly largest concern is that Kenvue's enterprise value appears inflated and excessively expensive compared to companies in its industry, alongside apprehensions about potential future lawsuits stemming from their talcum powder lawsuit.

Personally, I worry about the growth potential of the industry. Industries growing at the higher end of 3 percent annually (Kenvue Investor Relations) raise concerns for investors, particularly when they can invest in an S&P ETF and achieve an average return of 10 percent per year. On the other hand, it is encouraging to see competitors like Elf Beauty, which was listed at $26 in May of 2021 and is now trading at $196. Additionally, Kenvue's significant market share with historically recognizable products such as Band-Aid and Tylenol are a promising sign of continued growth as there doesn't appear to be a competitor challenging these products.

Finally, according to the model, we anticipate Kenvue's free cash flow (FCF) to increase substantially over the next 6 years, echoing analysts who emphasize the importance of FCF. They point out that Kenvue's price-to-FCF ratio is half of its competitors, making it a bargain at its current price. Considering Kenvue's valuation from the models above, along with its market share, dividend policy and planned profit margin improvements, I believe this is an excellent long-term growth stock to hold onto barring any more lawsuits like the talcum powder case.

Conclusion

In summary, **my recommendation would be to maintain your position in Kenvue Incorporated**, currently priced around $20 per share. This recommendation stems from several factors, including the Adjusted Present Value analysis, notable market share, the consistent payment of 20-cent dividends, and the company's strategic initiatives aimed at reducing costs and enhancing profit margins.

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