The Spin-Off Report

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HIDDEN OPPORTUNITIES

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THE RADAR SCREEN

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These companies are on our radar screen for a variety of reasons: a similar company may have recently announced a spin-off, the company may be under investor pressure to consider strategic alternatives, or the current segments may not prove a synergistic fit and as a result the stock trades at a discount to its closest peers. While we are neither advocating a spin-off nor making the case that a spin-off is likely in the near term, these are names that we are following.

Company	Symbol	Industry	Market Capitalization *(in millions)*
Caesars Entertainment, Inc.	CZR	Casinos & Gaming	$4,725
Coty Inc.	COTY	Personal Care Products	$2,921
Genuine Parts Company	GPC	Automotive & Industrial Replacement Parts	$18,077
Goodyear Tire & Rubber Co.	GT	Auto Parts	$2,481
Luxfer Holdings	LXFR	Gas Cylinders & Materials	$338
Matthews International Corp.	MATW	Memorialization & Packaging	$754
Middleby Corporation	MIDD	Kitchen & Food Processing Equipment	$5,952
Netgear, Inc.	NTGR	Communications Equipment	$734
PepsiCo, Inc.	PEP	Food & Beverage	$204,431
Stanley Black & Decker	SWK	Tools & Industrial	$10,929
The Scotts Miracle-Gro Co.	SMG	Lawn & Garden	$3,305
Viasat, Inc.	**VSAT**	**Communications Equipment**	**$4,416**
XPO, Inc.	XPO	Transportation	$16,836

Note: New entries are in bold.

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UPDATE: Sealed Air Corp. (NYSE: SEE) has been removed from *The Radar Screen* following the November 16th announcement of a definitive agreement to be acquired by private-equity firm Clayton, Dubilier & Rice (CDR) for ~$10.3 billion or $42.15 per share in cash; the transaction is expected to close in mid-2026.

Caesars Entertainment, Inc. (NASDAQ: CZR)

Price	$	23.15	52 Week High	$	40.00	Inclusion Date		Apr-25
Shares Outstanding		204	52 Week Low	$	18.25	Inclusion Price	$	25.00
Market Cap.		4,725						
Net Debt (Cash)		24,024	Average Daily Volume		7,553,379			
Enterprise Value	$	28,749						

On March 17, 2025, Caesars Entertainment, Inc. (NASDAQ: CZR) entered into an agreement with Ichan Enterprises, which per Bloomberg holds a 1.15% stake in the company, to add two independent representatives, including Ichan's general counsel & chief financial officer Jesse Lynn and Ted Papapostolou, to an expanded Board of 12 members (previously 10). Concurrent with the announcement, the investor (who has agreed to customary standstill & voting commitments over the next twelve months) articulated both its respect for and willingness to work with the current management team as well as, among other things, explore "strategic alternatives for the Company's underappreciated digital business". For context, it is worthy to highlight that this is not the first time Mr. Ichan has been involved in CZR; to that end, back in 2018, Mr. Ichan, at one point, controlled ~25% of the company, secured three Board seats, of which one appointee still serves to this day although not currently an employee of Mr. Ichan's firm, and successfully pushed for a merger with Eldorado Resorts in mid-2020 (before dissolving his financial interest shortly thereafter).

Currently, the company reports four primary segments: 1) Las Vegas (38% of consolidated sales and 48.5% of adj. EBITDA in 2024); 2) Regional (49% of sales and 46.5% of adj. EBITDA); 3) Digital (10.5% of sales and 3% of adj. EBITDA); and 4) Managed & Branded (2.5% of total sales and 2% of adj. EBITDA in 2024). In terms of guidance, the company does not provide granular earnings guidance but has articulated a broad framework for full-year modeling expectations, including total master lease rent of ~$1.35 billion, interest expense of ~$775 million, capital expenditures of ~$650 million (at the mid-point) and cash taxes at 3%-4 of adj. EBITDA. As well, management has indicated that its preferred use of free cash flow (FCF) generation will be towards debt repayment & share repurchases (see Exhibit 2). On the latter FCF front, management has further highlighted that the company had concluded an "intensive capital investment cycle that began at the close of merger in July of 2020" and predicted that "the returns on our investments and continued strength in both brick and mortar properties and Caesars Digital will produce a dramatic increase in free cash flow in 2025 and 2026" and into 2027 (again, of which the majority will be deployed toward debt reduction and to a somewhat lesser degree share repurchases). In term s of tangible target, the company has consistently backed its previous expectation that its Digital segment would generate ~$500 million in adj. EBITDA in 2026 (with further upside looking into 2027-2028).

In terms of valuation, peers to CZR's traditional gaming operations could include Las Vegas-centric concerns, such as MGM Resorts International (NYSE: MGM), Las Vegas Sands (NYSE: LVS), and Wynn Resorts (NASDAQ: WYNN) as well Regional-players, such as Boyd Gaming Corp. (NYSE: BYD), Penn Entertainment Inc. (NASDAQ: PENN), Melco Resorts & Entertainment (NASDAQ: MLCO) and Red Rock Resorts (NASDAQ: RRR) which trade, on average, at ~7.5x 2026E EV/EBITDA), while Digital gaming players, such as DraftKings (NASDAQ: DKNG) and Flutter Entertainment (NYSE: FLUT) trade, on average, at ~12.5x. Ancillary leisure and hospitality peers, such as Carnival Corporation (NYSE: CCL), Norwegian Cruise Lines Holdings (NYSE: NCLH), Royal Caribbean Cruises Ltd. (NYSE: RCL), as well as Six Flags Entertainment (NYSE: FUN), which has attracted activist interest from Jana Partners who holds a roughly 9% stake, trade at ~9.5x 2026E EV/EBITDA (in a range of 8.0x-13.5x), while Hilton Worldwide Holdings Inc. (NYSE: HLT), Hyatt Hotels Corp. (NYSE: H), and Marriott International Inc, (NASDAQ: MAR), trade at ~16.5x 2026E EV/EBITDA (in a range of 15.5x-18.5x). In terms of M&A, according to Chain Bridge Research, transaction activity in the Betting & Gaming and Entertainment Facility sectors have averaged ~11x and 9.5x forward EV/EBITDA, respectively.

Applying a blended multiple of ~6.5x to 2026E EBITDA for core-CZR implies a value of ~$25 billion while applying a 12.5x multiple to estimated 2026E Digital EBITDA implies value to roughly $4.25 billion.

Accounting for corporate costs as well as leases, capitalized at the corporate average, along with projected net debt and minority interest, yields a total sum-of-the-parts value of ~$7.1 billion, or ~$34 per share (based on a diluted share count of 208 million).

Coty Inc. (NYSE: COTY)

Price	$	3.34	52 Week High	$	8.04	Inclusion Date		Oct-25
Shares Outstanding		875	52 Week Low	$	3.12	Inclusion Price	$	4.01
Market Cap.		2,921						
Net Debt (Cash)		4,033	Average Daily Volume		7,960,031			
Enterprise Value	$	6,954						

Coty Inc. (NYSE: COTY), a global beauty company with brands across the fragrance, cosmetics as well as skin & body care sectors, is undergoing a strategic review as well as a broader leadership and operational overhaul. On the former point, COTY's strategic review will focus on its Consumer Beauty business, specifically its ~$1.2 billion mass color cosmetics business, which includes brands such as CoverGirl, Rimmel, Sally Hansen and Max Factor, as well as its Brazilian business, which is comprised of myriad local brands generating ~$400 million in annual sales. The review will contemplate a range of potential options, including a spin-off or sale as well as partnerships with the goal of maximizing value and "strengthening" the company's balance sheet. Amid this review, the Consumer Beauty business will be helmed by current Board member Gordon von Bretten while the segment's current chief brands officer, Stefano Curti, and the chief commercial officer, Alexis Vaganay, will depart the company. On the operational front, the company also intends to more closely integrate its Prestige Beauty and Consumer/Mass Fragrance businesses, which comprise ~69% of COTY's consolidated sales.

Currently, COTY operates two business segments: 1) Prestige (~63% of consolidated sales and ~70.5% of adj. EBITDA in the June-ending F2025), which provides higher-end fragrance and skin care products, including brands, such as Burberry, Calvin Klein, Chole, Escada, Gucci, Hugo Boss, Kiley, and Marc Jacobs; and 2) Consumer Beauty (~37% of consolidated sales and ~29.5% of adj. EBITDA in the June-ending F2025), which provides skincare and fragrance for the so-called "masses" under the aforementioned brands as well as Adidas, David Beckham, Bozzano, Bourjois, Jovan, Monange, Nautica, Paixao, Risque and Vera Wang.

In terms of the outlook, management has anecdotally indicated that looking into F2026, "the market backdrop remains complex. Consumer demand for beauty continues to be solid, particularly for fragrances across price points and formats. At the same time, broader macroeconomic and tariff uncertainty is fueling cautious retailer ordering and a more promotional competitive environment. Against this backdrop, Coty is launching major innovations, capturing new growth opportunities with a multi-brand push into fragrance mists, and expanding distribution across fragrances. In parallel, the Company is continuing to clean the baseline, including assuring that retailer inventories are rightsized relative to current demand trends to drive alignment between sell-in and sell-out, and that the Company is rebalancing its resources within Consumer Beauty to overdrive its profit engines, particularly mass fragrances." More specifically, the company expects to see a gradual improvement in sales over the course of the fiscal year with "like-for-like" (LFL) sales down 6%-8% in 1Q F2026 and 3%-5% in 2Q 2026 with a return to year-over-year growth in 2H F2026. On the margin front, the company expects gross margin pressure in 1H F2026 resulting in adj. EBITDA declining in the mid-to-high teens in 1Q F2026 and in the low-to-mid teens in 2Q F2026 albeit with a return to adj. EBITDA growth in 2H F2026. In terms of EPS, lower interest and taxes is projected to support a high-single digit to mid-teen percent decline in 1H F2026 to $0.33-$0.36 with adj. EPS growth resuming in 2H F2026. First-half F2026 free cash flow is expected to be more than $350 million and the company expects to end the year with a leverage ratio below the 3.5x level at the end of 4Q F2025.

In terms of valuation, COTY could be compared with a range of competitors, including Beiersdorf (BEI GR), Colgate-Palmolive Company (NYSE: CL), e.l.f. Beauty Inc. (NYSE: ELF), The Estee lauder Company (NYSE: EL), Interparfums, Inc. (NASDAQ: IPAR), Kenvue Inc. (NYSE: KVUE), Kering (KER FP), LVMH Moet Hennessey (MC FP), L'Oreal (OR FP), The Procter & Gamble Company, Puig (PUIG SM), Ulta Beauty (NASDAQ: ULTA), and Unilever Plc (ULVR LN) which, as a group, trade, on average of ~13x 2026E EV/EBITDA (albeit in a wide range of 8.5x-22x). Applying a blended multiple of ~8x implies segment values of ~$6.75 billion and $2.375 billion, respectively.

Accounting for corporate costs as well as projected net debt yields a sum of the parts value of ~$4.45 billion or ~$5 per share (based on a diluted share count of ~871 million).

Genuine Parts Company (NYSE: GPC)

Price	$	129.95	52 Week High	$	143.48	Inclusion Date		Oct-25
Shares Outstanding		139	52 Week Low	$	104.01	Inclusion Price	$	139.22
Market Cap.		18,077						
Net Debt (Cash)		5,967	Average Daily Volume		1,163,259			
Enterprise Value	$	24,044						

Genuine Parts Company (NYSE: GPC), a global provider of replacement parts to the auto & industrial sectors, which is in the midst of an ongoing (but only recently disclosed) strategic & operational review, could consider a range of strategic options, including the separation of its Auto and Industrial businesses. In that context, on September 4, 2025, GPC reached a cooperation agreement with activist-investor Elliott Management, who reportedly holds a ~$1 billion stake in the company, which precipitated the addition of two Elliott-back representatives to GPC's 12-member Board (as well as the retirement of two long-tenured existing Board members).

Currently, GPC operates two business segments: 1) Automotive Parts Group (~67% of consolidated sales and ~54% of adj. EBITDA in 2024), which primarily operates under the NAPA Auto Parts brand; and 2) Industrial Parts Group (~33% of consolidated sales and ~46% of adj. EBITDA in 2024), which primarily operates under the Motion Industries brand. In terms of guidance, the company currently projects full-year 2025E consolidated top line growth of 1%-3% (previously 2%-4%), comprised of Automotive growth of 1.5%-3.5% (previously 2%-4%) and Industrial growth of 1%-3% (previously 2%-4%), with adjusted EPS of $7.50-$8.00 (previously $7.75-$8.25). Operating cash flow is expected to be $1.1-$1.3 billion (previously $1.2-$1.4 billion) with free cash flow (FCF) of $700-$900 million (previously $800 million-$1.0 billion). The tax rate for full-year 2025E is projected to be ~24%. Per management, the current outlook incorporates the anticipated impact of all U.S. tariffs currently in effect, as well as the company's updated view on market trends for 2H 2025.

GPC's Automotive Parts Group could be compared with AutoZone, Inc. (NYSE: AZO), O'Reilly Automotive, Inc. (NASDAQ: ORLY), Advance Auto Parts, Inc. (NYSE: AAP), and LKQ Corp. (NASDAQ: LKQ) and Bapcor (foreign), which, in average, trade at ~12x 2026E EV/EBITDA (in a range of 6x-22x), while the Industrial Parts Group could be compared with Applied Industrial Technologies (NYSE: AIT), Fastenal Company (NASDAQ: FAST), and W.W. Grainger, Inc. (NYSE: GWW), which trade, on average, at ~19.5x 2026E EV/EBITDA (in a range of 15x-27x). Applying a 7.5x multiple to the lower-margin Automotive business and a ~16.5x to the Industrial business implies segment values of $11.8 billion and $18.25 billion, respectively.

Accounting for corporate costs as well as projected net debt yields a sum of the parts value of ~$22.0 billion or $158 per share (based on a diluted share count of ~139.25 million).

The Goodyear Tire & Rubber Company (NASDAQ: GT)

Price	$	8.67	52 Week High	$	12.03	Inclusion Date		Sep-24
Shares Outstanding		286	52 Week Low	$	6.51	Inclusion Price	$	8.68
Market Cap.		2,481						
Net Debt (Cash)		8,363	Average Daily Volume		7,786,168			
Enterprise Value	$	10,844						

The Goodyear Tire & Rubber Company (NASDAQ: GT), a 125-year-old U.S. manufacturer & supplier of tires for the global auto sector, could consider its strategic options, including the separation or monetization of its company-owned retail service store network, under pressure from activist-investor Elliott Management. To that end, in May 2023, Elliott, the holder of an approximately 10% economic interest in GT, sent a letter to the company's Board outlining several operational and strategic changes that it asserts, if adopted, could restore investor confidence, and ultimately lift GT's share price toward ~$32 per share even without any incremental multiple expansion. (Notably, the investor stressed that its plans do not call for any no reductions in plant capacity or factory workforce nor any increases to the company's leverage profile.) Subsequently, on July 25th, the company and the investor announced an agreement to add three Elliott-supported directors, including the current chief executives of CSX (NYSE: CSX) and Crane (NYSE: CR) along with the former CEO of Tenneco (currently a portfolio company of Apollo Global), to its expanded Board of 15 members (up from 12) as well as the establishment of a new committee that will oversee a "review of various strategic and operational alternatives to maximize sustainable shareholder-value creation". More recently, in mid-November 2023, the company announced it would pursue strategic alternatives for its chemical business, its Dunlop brand and the off-the-road (OTR) equipment tire businesses. Subsequently, in late-July 2024, the company announced an agreement to sell the OTR business to Yokohama Rubber Co. (5101 JP) for $905 million (in a deal expected to close in ealy-2025). Subsequently, in January 2025, the company announced a sale of Dunlop to Sumitomo Rubber Industries (SRI) for ~$701 million (with an expected close in mid-2025). More recently. in late-May 2025, GT announced it had agreed to sell a majority stake in its chemical business to private-equity firm Gemspring Capital Management 0for ~$650 million in a transaction that is expected to close in late 2025. [Note: GT was previously included on *The Radar Screen* but removed for a period of time following the July 22nd OTR announcement.]

Currently, GT reports in three geographically focused segments: 1) Americas (61.5% of consolidated sales and 75.5% of EBITDA in 2024); 2) Europe, Middle East & Africa (27% of sales and 12.5% of EBITDA); and 3) Asia Pacific (11.5% of sales and 12% of sales in 2024).

In 2022, consolidated sales increased 19% (or ~10% organically) to ~$20.8 billion, driven by an ~9% increase in tire unity sales to 184.5 million the acquisition of Cooper Tire (in June 2021), while operating income fell ~1% to $1.28 billion and adjusted EBITDA rose almost 3% to ~$2.19 billion. In 2023, consolidated sales were ~$20.1$4.9 billion while operating income and EBITDA was $1.815 billion. The company does not offer any explicit earnings guidance but management does provide a range of internal assumptions in an effort provide investors with a degree of perspective for modeling purposes, which include, among others, that full-year 2024E interest expense is expected be ~$450-$475 million with cash taxes of ~$200 million, depreciation & amortization expense of ~$925 million, capital expenditures of ~$950 million and corporate expense of ~$200 million. For additional context, current consensus forecasts project 2025E sales and adj. EBITDA are projected to be $19.85 billion and $2.385 billion, respectively.

While not specifically broken out by the company, it could be reasonably assumed, for purposes of this discussion, that GT's retail service store network, which consists of ~1,025 company-owned locations and generated ~$813 million of sales in 2022 (compared with $758 million in 2021 and $658 million in 2020), could generate ~$195-$200 million of annual adj. EBITDA in 2025E. Applying the 10.5x peer average awarded other auto-related retail operators, such as Boyd Group Services (BYD CN), Driven Brands (NASDAQ: DRVN), Mister Car Wash (NYSE: MCW), Monro, Inc. (NASDAQ: MNRO) and Valvoline (NYSE: VVV), suggest potential value of ~$2.1 billion at the mid-point. Assuming GT's remaining business garners the ~4.5x 2025E EV/EBITDA multiple awarded peers, such as Bridgestone Corp. (5108 JT), Continental AG (CON GY), Michelin (ML FP), Pirelli (PIRC IM), Toyo Tire Corp. (5105 JT) and Nokian Tyres (TYRES FH), suggests value of ~$9.0 billion (based on current consensus estimates).

Accounting for net debt of ~$7.7 billion yields a sum of the parts value of ~$3.4 billion or ~$12 per share (based on a diluted share count of ~288 million).

Luxfer Holdings (NYSE: LXFR)

Price	$	12.66	52 Week High	$	15.40	Inclusion Date		Aug-24
Shares Outstanding		27	52 Week Low	$	9.41	Inclusion Price	$	12.94
Market Cap.		338						
Net Debt (Cash)		37	Average Daily Volume		116,237			
Enterprise Value	$	376						

In October 2023, Luxfer Holdings (NYSE: LXFR) announced a wide-ranging strategic review that precipitated the February 2024 decision to pursue the sale of its non-core (and poorly performing) Graphic Arts business (which closed in July 2025 as opposed to initial indications suggesting an expected completion date by year-end 2024). Further, the company has acknowledged that the remaining Gas Cylinders & Elektron businesses have no "material strategic synergies" and could ultimately be separated in management's pursuit of unlocking value for shareholders.

Currently, LXFR operates three business segments: (1) Gas Cylinders (~46% of consolidated sales & ~38.5% of adj. EBITDA in 2024), which is a leading provider of specialized carbon composite (as well as aluminum) cylinders for gas storage & transportation; (2) Elektron (46% of sales & ~61.5% of adj. EBITDA), which primarily focuses on magnesium & zirconium-based advanced materials for, among others, the aerospace, healthcare & defense sectors; and (3) Graphics Arts (8% of 2024 consolidated sales), which offers magnesium, copper, zinc & brass photoengraving plates for the graphic arts and luxury packaging arenas. In terms of financial guidance, management issued initial full year 2025E guidance calling for consolidated sales to be up "low-single digits" year-over-year with adj. EBITDA and EPS of $50-$51 million and $1.04-$1.08, respectively (see Exhibit #2 on page 2). Free cash flow is projected to be ~$20-$25 million (including a capital spending budget that is anecdotally expected to be "30%-40%" higher year-over-year due to several discrete but important projects, suggesting ~$13-$14 million for 2025).

In terms of valuation, LXFR's Gas Cylinders and Elektron segments could be imperfectly compared with a broad range of industrial and materials companies, such as Chart Industries (NYSE: GTLS), EnPro Industries (NYSE: NPO), Enerpac Tool Group (NYSE: EPAC), Everest Kanto Cylinders (EKCL IS), Generac Holdings (NYSE: GNRC), Greif Inc. (NYSE: GEF), Hexagon Composites (HEX NO), TriMas Corp. (NASDAQ: TRS) and Worthington Enterprises (NYSE: WOR), which trade at~10x 2025E EV/EBITDA, and Carpenter Technology Corp. (NYSE: CRS), DMC Global (NASDAQ: BOOM), Haynes International (NASDAQ: HAYN), Hexcel Corp. (NYSE: HXL), Johnson Matthey (JMAT LN), Kaiser Aluminum (NASDAQ: KALU) and Materion Corp. (NYSE: MTRN), which trade at 9.1x 2025E EV/EBITDA. Tangentially, a group of proxy peers (not already included in the aforementioned peer groups), including The Gorman-Rupp Co. (NYSE: GRC), Helios Technologies (NYSE: HLIO), Kadant Inc. (NYSE: KAI), L.B. Foster Co. (NASDAQ: FSTR), Quaker Chemical Corp. (NYSE: KWR), Timken Co. (NYSE: TKR) and Standex international (NYSE: SXI), trade at ~11x 2025E EV/EBITDA. Applying multiples of 8.5x and 9.5x to 2025E segment EBITDA projections for the Gas Cylinders and Elektron businesses yields segment values of roughly $203 million and $268 million, respectively. For Graphic Arts, applying a 0.5x multiple to 2025E segment sales yields a segment value of ~$13 million.

Accounting for projected net debt yields a total sum-of-the-parts value of ~$433 million, or ~$16.50 per share (based on a diluted share count of ~26.4 million).

Matthews International Corp. (NASDAQ: MATW)

Price	$	24.49	52 Week High	$	32.00	Inclusion Date		Jan-23
Shares Outstanding		31	52 Week Low	$	18.50	Inclusion Price	$	33.19
Market Cap.		754						
Net Debt (Cash)		739	Average Daily Volume		230,231			
Enterprise Value	$	1,493						

Matthews Corp. (NASDAQ: MATW) could consider a wide range of potential strategic options, including corporate governance and cost structure improvements as well as divestitures, following a consulting agreement with activist-investor, Barington Capital, which holds ~170K shares or 0.55% of the company, in late-December 2022. (As a result of the agreement, the investor agreed to withdraw its proposed nominees for election to MATW's Board at the 2023 Annual Meeting although the agreement expires 30 days prior to the 2024 Annual Meeting.) At the time, MATW reported three operating segments: (1) Memorialization (45.5% of September-ending F2023 revenue and 56.5% of adjusted EBITDA), which produces caskets, memorials, and other funeral-related products; (2) Industrial Technologies (27.5% of revenue and 23% of adj. EBITDA in F2023), which provides energy storage solutions as well as marking/coding solutions for fulfillment systems; and (3) SGK Brand Solutions (27.5% of consolidated sales and 21% of EBITDA in F2023), which provides brand management services as well as printing plates. [Note: MATW previously appeared on *The Spin-Off Radar Screen* in May 2016 but subsequently removed when the shares appreciated above our sum of the parts fair value estimate.] More recently, in late November 2024, the company announced its intent to explore strategic alternatives, seemingly with a particular focus on the Industrial Technologies segment (which is itself comprised of MATW's energy storage, warehouse automation and product identification offerings). Subsequently, in January 2025, the company announced an agreement to sell its SGK Brand Solutions business to SGS & Co. for upfront consideration of ~$350 million (i.e., $250 million in cash, $50 million, the retention of ~$50 million in securitized trade receivables and $50 million of preferred equity in the new entity) as well as a ~40% stake in the new entity. More recently, in mid-November 2025, the company signed a definitive agreement to sell its Warehouse Automation business, which is housed in the Industrial Technologies segment and generated ~$72 million of sales in F2025, to Duravant LLC for total consideration of ~$230 million; the transaction is expected to close by the end of F2026. That said, the company indicates that its strategic review remains on-going.

On a consolidated basis, MATW posted top-line growth of 5.5% to $1.76 billion in F2022 (September-end) while adjusted EBITDA declined ~7.5% to $210.4 million. In F2023, the company posted consolidated sales growth of 6.7% to $1.88 billion while adj. EBITDA improved ~7.5% to ~$226 million. In F2024, consolidated sales declined ~4.5% to $1.795 billion with adj. EBITDA down ~9% to $205.2 million. In F2025, consolidated sales were ~$1.5 billion while adj. EBITDA was $187.5 million. For F2026E, management has guided to consolidated full-year adj. EBITDA of "at least" $180 million.

In September-ending F2022, Memorialization segment sales rose ~9.0% to $840 million, while segment adjusted EBITDA declined ~8% to $152 million, representing a 18.1% margin (which was down 340 basis points year over year, in part driven by higher commodity and transportation costs). In F2023, segment sales were marginally up to $842.9 million while segment adj. EBITDA advanced ~8% to $164 million. In F2024, segment sales were $829 million with adj. EBITDA of $162.5 million. Assuming a 1% annual increase in revenue through F2026 as well as a normalized margin of 19%, F2026E adj. EBITDA could be projected to be roughly $162 million. The Memorialization segment could be compared to Hillenbrand Inc. (NYSE: HI) as well as publicly traded death-care companies such as Service Corp. (NYSE: SCI), and Carriage Services (NYSE: CSV), which trade at ~8.5x 2025E EBITDA. In terms of industry M&A, it could be noted that MATW's purchase of Aurora in 2015 was at ~10.2x, while Service Corp.'s purchases of Stewart Enterprises (formerly NASDAQ: STEI) in December 2013 and The Alderwoods Group in April 2006 were for 10.8x and 11.2x, respectively. (Given the consistency of the Memorialization business, in terms of both demand and market position, along with its attractive margin profile and free cash flow generation, it could be reasonably expected to attract acquisition interest if it were to become a standalone entity.) Applying an 8.5x multiple to F2026E EBITDA yields a segment value of roughly $1.385 billion.

At the Industrial Technologies segment, F2022 sales grew about 18% to $335.5 million, while adjusted EBITDA increased ~63% to ~57 million, representing a margin of 16.9% (up 460 basis points year over year). In F2023, segment sales increased ~51% to $505.8 million while adj. segment EBITDA ~17% to $63 million. In F2024, segment sales were $433.1 million with adj. EBITDA of $39.7 million. Based on the projection of a 1.5% revenue growth CAGR through F2026 as well as a normalized margin assumption of ~12.5%-13.0%, it can be estimated that F2026E segment adj. EBITDA could reach nearly $60 million. MATW's Industrial Technologies business could, per filings, be imperfectly compared with a broad group of industrial machinery/equipment peers, including IDEX Corp. (NYSE: IEX), Nordson (NASDAQ: NDSN), and Graco (NYSE: GGG), which on average trade at 15x 2025E EBITDA. Applying a discounted 12.5x multiple to F2026E EBITDA yields a segment value of roughly ~$728.5 million.

In F2022, SGK Brand Solutions posted a segment sales decline of ~5% to $587 million, while adjusted EBITDA fell ~34% to $60 million on an adjusted margin of 10.2% (compared with 14.8% in F2021). In F2023, segment sales declined ~9% to $532.1 million while adj. segment EBITDA fell ~5% to $57.1 million. In F2024, segment sales were $532.8 million with adj. EBITDA of $61.6 million. Assuming segment sales are roughly flat through F2026E as well as a normalized margin of ~11.5% adjusted EBITDA could be projected to be ~$60 million in F2026E. Public comparables to SGK Brand Solutions could include Brady Corp. (NYSE: BRC), CCL Industries (CCL/B CN), Ennis Inc. (NYSE: EBF), MDC Partners (NYSE: MDC) and John Wiley & Sons Inc. (NYSE: WLY), which trade on average at about 9x 2024E EBITDA, in a range of roughly 8.5x-14.5x. Applying a discounted multiple of 7.5x multiple to F2026E EBITDA yields a segment value of nearly $445 million.

Accounting for corporate costs as well net debt, including minority interest, yields a sum-of-the-parts valuation of nearly ~$1.3 billion, or about $40 per share (based on a diluted share count of ~32.0 million).

The Middleby Corporation (NASDAQ: MIDD)

Price	$	118.17	52 Week High	$	182.73	Inclusion Date		Nov-25
Shares Outstanding		50	52 Week Low	$	110.82	Inclusion Price	$	122.12
Market Cap.		5,952						
Net Debt (Cash)		1,920	Average Daily Volume		820,195			
Enterprise Value	$	7,873						

The Middleby Corporation (NASDAQ: MIDD), a global foodservice provider of cooking equipment, industrial processing equipment, and residential appliances, intends to pursue the separation of its Food Processing Equipment (FPE) business into a new, independent, publicly traded company via a tax-free spin-off that is expected to be completed, subject to customary conditions, including final Board, SEC, IRS and other regulatory approvals, in "early-2026". Concurrent with the announcement, MIDD also added activist investor, Ed Garden (formerly a co-founder of Trian and a ~6.5% holder at a reported cost basis of ~$150.50 per share) as well as Julie Bowerman (the chief marketing officer at J&J spin-off, Kenvue) to its Board (while announcing the retirement of long-time director, John Miller, at the 2025 Annual Meeting). In that context, while not publicly stated by the investor itself given its "passive" (13F) stake, it has been reported in the business press, including *The Wall St. Journal*, that Mr. Garden, whose firm has been involved in myriad activist "change" campaigns, including Cadbury, InterContinental Hotels, Mondelez International, and Pepsi, is advocating for the optimization of the Commercial Food Service (CFS) business as well as a review of the Residential Kitchen (RK) segment along with a more tailored capital allocation strategy, favoring share repurchases and internal investments as opposed to M&A.

Currently, MIDD operates three primary business segments: 1) the Commercial Foodservice Equipment Group (~62.5% of consolidated sales and ~72% of adj. EBITDA in 2024); 2) the Food Processing Equipment Group (~19% of sales and ~20% of adj. EBITDA); and 3) the Residential Kitchen Equipment Group (18.5% of consolidated sales and 8% of adj. EBITDA in 2024). On a consolidated basis, MIDD has guided to full-year 2025E sales of $3.81-$3.87 billion with adjusted EBITDA and EPS of $770-$800 million and $8.65-$9.05, respectively. In terms of capital allocation, within a targeted net leverage ratio of 2.0x-2.5x (versus 2.3x at the end of 2Q 2025) the company expects to use the "vast majority of annual free cash flow toward share repurchases" with the broader expectation of reducing the total shares outstanding by 6%-8% per year. On a normalized basis, capital expenditures are contemplated to be ~2% of consolidated sales and at least anecdotally, the company has targeted segment margin profiles at the Commercial, Residential and Food Service segments of 30%, 25%, and 25%, respectively, over the longer term. Additionally, management recently indicated that, "taking a longer term more general view with our new capital allocation philosophy and assuming more normalized market conditions, we believe we can deliver annual earnings per share growth in the high single to low double-digit range. In some years, we could certainly be higher or lower than this range due to unforeseen circumstances. But on average, we believe this is reasonable and achievable goal given our market position and positive outlook." [Note: Per management (and filings), in 2024, the Food Processing assets that are contemplated to be separated (i.e., SpinCo) generated sales of $732 million, with adjusted EBITDA of $187 million (on a margin profile of ~25.5%,). At RemainCo, the Commercial Foodservice business produced 2024 sales of ~$2.4 billion with $664 million of adjusted EBITDA (on a margin of nearly 27.5%) while the Residential Kitchen business posted sales of ~$725 million with $74 million of adj. EBITDA (on a ~10% margin). Anecdotally, the Food Processing business is expected to come to market with less leverage than the parent, which currently stands at 2.3x (within its 2.0x-2.5x target) due to a robust acquisition pipeline.]

In terms of valuation, RemainCo (i.e., the Commercial & Residential businesses) competes with a range of companies, including Electrolux AB (ELUXB SS), Haier Smart Home (600690 CH), Hoshizaki Corp. (6465 JT), Illinois Tool Works Inc. (NYSE: ITW), which owns Hobart & Vulcan-Hart, Midea Group Co. (000333 CH), Panasonic Holdings Corp. (6752 JT), and Rational AG (RAA GY) as well as, more so on the residential front, LG Electronics Inc. (066570 KS), Samsung Electronics Co. (005930 KS), Whirlpool Corp. (NYSE: WHR), Bosch Ltd. (BOS IN), and Thermador Group (THEP FP) while the Food Service business, at least in the public markets, could be compared with JBT Marel Corp. (NYSE: JBTM) and GEA Group AG (G1A GY), which trade at ~12.5x. For its part, MIDD has traded at 12.0x-12.5x forward EV/EBITDA over the last 5- and 10-year periods.

Applying a blended multiple of ~11.5x EV/EBITDA to 2026E EBITDA for RemainCo and a ~10.5x multiple at SpinCo implies values of ~$8.275 billion and nearly $1.75 billion, respectively. Accounting for corporate costs, capitalized at the blended corporate average, as well as projected net debt yields a base case, sum-of-the-parts valuation of ~$7.55 billion or ~$150 per share (based on a diluted share count of ~50.5 million).

NETGEAR, Inc. (NASDAQ: NTGR)

Price	$	25.83	52 Week High	$	36.86	Inclusion Date		May-24
Shares Outstanding		28	52 Week Low	$	18.75	Inclusion Price	$	13.35
Market Cap.		734						
Net Debt (Cash)		(283)	Average Daily Volume		470,580			
Enterprise Value	$	450						

NETGEAR, Inc. (NASDAQ: NTGR), a global networking company, could, under pressure from activist-investor Windward Management (reportedly a ~4% holder) as well as the leadership of a new chief executive (appointed in January 2024), evaluate a range of strategic options, including a material repurchase of company shares as well as the separation of its NETGEAR for Business (NFB) segment (from the core-Connected Home business). In that context, the investor, at the time of their investment, contended that with ~80% of the company's market capitalization in net cash the company's most recent free cash flow guidance implied a "de minimis, to potentially negative enterprise value by year end". Specifically, Windward recommended the company increases its share repurchase authorization to "at least $100 million" as well as to create a strategic review committee to explore the separation of its Connected Home and NETGEAR for Business (NFB) segments. (In terms of the latter, the investor notes that NFB has "consistently posted contribution margins of 20% with double-digit revenue growth" with peers trading at "8x-10x forward EBITDA" while the consolidated company "has consistently generated between $60-$140 million of EBITDA going as far back as 2006" and "management has alluded to getting back to mid-30s gross margins with the next 12-18 months, implying a path to $50-$80 million next year".) More recently, in mid-September 2024, the company indicated that it had been awarded a $135 million (or pre-tax net of ~$104 million) settlement from TP-Link related to WiFi-related patent infringement allegations. [Note: NTGR completed the spin-off of Arlo Technologies (NYSE: ARLO) in December 2018].

Currently, NTGR reports two segments: (1) Connected Homes (60% of consolidated sales and ~25% in total contribution margin); and (2) NETGEAR for Business or NFB (40% of sales and ~75% in contribution margin). In terms of guidance, for context, in mid-2024 the company withdrew the full-year 2024 financial guidance it articulated at its Investor Day in December 2023, which, in fairness, we note was issued under the previous leadership of co-founder Patrick Lo (currently Charles "CJ" Prober) and called for full-year operating margin of 1%-4% (with margins of (5%)-(2%) in 1H 2024 and 7%-10% in the back-half) with year-over year free cash (FCF) growth of 200%-400% and a tax rate of ~24%. The long-term target model projected mid-single digit annual revenue growth, a gross margin of 40%-plus, double-digit non-GAAP operating margins and low double-digit non-GAAP EPS growth. For 2025, the company's initial guidance for 1Q 2025 is for consolidated sales of $145-$160 million with a non-GAAP operating margin of (8%)-(5%). Additionally, the company expects to realize a non-GAAP tax benefit of $0.5-$1.5 million.

In 2023, Connected Homes (CH) segment sales were $446.9 million with contribution income of $9.5 million (or a 2.1% contribution margin) while the NETGEAR for Business (NFB) segment generated sales of $293.9 million with contribution income of $56.8 million (or a 19.3% margin). In 2024, CH contributed sales of $385.9 million with contribution income loss of $26.0 million while NFB posted sales of $287.8 million with contribution income of $44 million (or a contribution margin 15.3%). Based on management commentary, consensus estimates and industry trends (as well as assuming a pro-rata distribution of depreciation & amortization expense) it could be projected that the CH and NFB segments generate adj. EBITDA of ~$19 million and ~$62 million, respectively. Publicly traded peers to the Connected Homes segment could, per filings, include, D-Link Corp (2232 TT), Eero (NASDAQ: AMZN), Linksys (601138 CH), Minim (NYSE: MSI), Google WiFi (NASDAQ: GOOG), and Samsung (005930 KS), which trade at ~13x 2025E EV/EBITDA. Applying a 10.0x multiple to 2025E EBITDA implies a segment value of ~$193 million. Publicly traded peers to the NETGEAR for Business (NFB) segment could, per filings, include Cisco Systems (NASDAQW: CSCO), Dell Technologies (NASDAQ: DELL), Extreme Networks (NASDAQ: EXTR), Fortinet Inc. (NASDAQ: FTNT), Hewlett Packard Enterprises (NYSE: HPE), and Palo Alto Networks (NASDAQ: PANW), which trade at ~19.5x 2025E EV/EBITDA. Applying a 13.5x multiple to 2025E EBITDA implies a segment value of ~$835.5 million.

Accounting for corporate costs, capitalized at ~7.5x, as well as projected net cash yields a sum of the parts value of ~$930 million or ~$32.50 per share (based on a diluted share count of ~28.6 million).

PepsiCo, Inc. (NASDAQ: PEP)

Price	$	149.51	52 Week High	$	163.65	Inclusion Date		Sep-25
Shares Outstanding		1,367	52 Week Low	$	127.60	Inclusion Price	$	146.89
Market Cap.		204,431						
Net Debt (Cash)		42,188	Average Daily Volume		8,475,539			
Enterprise Value	$	246,619						

PepsiCo, Inc. (NASDAQ: PEP), a global food & beverage company, could consider a range of operational and strategic options amid pressure from activist-investor Elliott Management, which disclosed a ~$4 billion stake in the company in early-September 2025. The investor, which lauded the company as "undoubtedly one of the world's great consumer franchises" with "structural moats" and expressed "deep respect" for PEP's management, issued a letter to the company's Board with a broad spectrum of operational & strategic recommendations, including a more focused brand portfolio, an optimized asset base, the refranchising of PEP's bottling network and improved organic growth, that, all told, it estimates could lift shares by ~50% (ostensibly above the stock price of ~$148.65 per share on the day before the disclosure of its position).

As of the end of 2024, PepsiCo was organized into seven reportable business segments: 1) Frito Lay North America (FLNA); 2) Quaker Foods North America (QFNA); 3) PepsiCo Beverages North America (PBNA); 4) Latin America (LatAm); 5) Europe; 6) Africa, Middle East & South Asia (AMESA); and 7) Asia Pacific, Australia & New Zealand and China (APAC). [Note: In 1Q 2025, the company reorganized its reporting structure into six segments: 1) PepsiCo Foods North America (PFNA); 2) PepsiCo Beverages North America (PBNA); 3) International Beverages Franchise (IB Franchise); 4) Europe, Middle East & Africa (EMEA); 5) Latin American Foods (LatAm Foods); and 6) Asia Pacific Foods. Additionally, for its part, Elliott evaluates PEP as three business segments: 1) PepsiCo Beverages North America (PBNA), which includes the core Pepsi soda brand; 2) PepsiCo Foods North America (PFNA), which includes the Frito-Lay brand; and International.] In terms of guidance, for full year 2025E organic sales growth in the low-single digits with core constant currency EPS roughly "even" (or more specifically down ~1.5%) versus the $8.16 posted in 2024. The core annual effective tax rate is expected to be ~20% and total cash returns to shareholders are expected to be ~$8.6 billion, comprised of $7.6 billion in dividends and ~$1 billion in share repurchases. Anecdotally, the company's long-term organic top-line growth "algorithm" targets 4%-6% expansion and the margin target for the Beverage (PBNA) segment is in the "mid-teens'.

On the valuation front, PepsiCo could be compared with a range of consumer product peers, such as Campbell's Soup Co. (NASDAQ: CPB), Coca-Cola (NYSE: KO), Conagra Brands (NYSE: CAG), General Mills (NYSE: GIS), Hormel Foods (NYSE: HRL), Hershey (NYSE: HSY), J.M. Smucker Co. (NYSE: SJM), Keurig Dr Pepper (NASDAQ: KDP), Kraft-Heinz (NASDAQ: KHC), Mondelez (NASDAQ: MDLZ), McCormick & Co. (NYSE: MKC), Monster Beverage Corp. (NASDAQ: MNST), Nestle SA (SESN SW), Primo Brands (NYSE: PRMB), Starbucks (NASDAQ: SBUX) and UTZ Corp. (NYSE: UTZ), which trade at ~13x (in a range of 10x-21.5x). On the recent M&A front, it could be noted that Kellanova (NYSE: K) is in the process of being purchased by privately held Mars, Inc. for ~16.4x TTM adj. EBITDA.

Applying a blended multiple of ~13.5x to 2026E EBITDA implies a consolidated enterprise value of ~$280 billion. Accounting for corporate costs, capitalized at the segment average, as well as projected net debt yields consolidated total value of ~$213 billion or $155 per share (based on a diluted share count of 1,373 million).

Stanley Black & Decker (NYSE: SWK)

Price	$ 70.56	52 Week High	$	91.06	Inclusion Date		Jun-23
Shares Outstanding	155	52 Week Low	$	53.91	Inclusion Price	$	74.97
Market Cap.	10,929						
Net Debt (Cash)	6,782	Average Daily Volume		2,033,467			
Enterprise Value	$ 17,711						

Stanley Black & Decker has been active on the acquisition and divestiture fronts in recent years, and could consider divestment, via spin-off or sale, of its remaining Industrial segment assets, largely comprised of its Engineered Fasteners business, in an effort to complete its broader objective of ultimately becoming a pure-play Tools business. To that end, SWK currently reports two operating segments: (1) Tools & Outdoor (84.5% of 2023 sales and ~76% of adj. segment profit), which is comprised of the Power Tools Group (PTG) and Hand Tools, Accessories & Storage (HTAS) and Outdoor Power Equipment (Outdoor) businesses; and (2) Industrial (15.5% of 2023 sales and ~24% of adj. segment profit), which is comprised of the Engineered Fastening and Infrastructure businesses. [Note: SWK has made previous appearances on *The Radar Screen* prior to the December 2023 sale of Stanley Infrastructure to Epiroc AB (NASDAQ: EPIA) for $760 million as well as the December 2021 announcement that it would sell most of its Security assets, including the Commercial Electronic and Healthcare Security business lines, to Securitas AB (SECU STO) for ~$3.2 billion in cash and the December 2016 sale of its Mechanical Security business to dormakaba Holding AG (DOKA SW) for $725 million (transactions, in which should be noted, the company utilized capital loss carryforwards to minimize tax leakage).]

In 2022, SWK posted consolidated sales up 11% to $16.9 billion (versus $15.3 billion in 2021) with adj. EBITDA of ~$1.53 billion (compared with ~$2.46 billion in 2021) and adj. EPS from continuing operations of $4.62 (compared with $10.18 in the prior year). In 2023, consolidated sales fell ~7% to $15.781 billion, reflecting declines of ~7% and ~4% and Tools & Outdoor and Industrial, respectively, with adjusted EBITDA of $~$1.14 billion and adjusted EPS from continuing ops of $1.45. In F2024, organic sales were roughly flat with adj. EBITDA of ~$1.6 billion and adj. EPS of $4.36. For 2025E, based on a range of potential demand scenarios (i.e., organic growth trending anywhere from being flat to down 1%), the company projects adjusted EPS of ~$4.55. Free cash flow is expected to be ~$600 million. Longer-term, the company endeavors to drive organic growth 2x-3x the overall market with 25%-plus adj. gross margins along with free cash equal to, or exceeding net income and cash flow return on investment (CFROI) between 12%-15%.

Based on current trends, management commentary, and current consensus forecasts, SWK can be reasonably projected to post, on a consolidated basis, sales of ~$16.0 billion and adjusted EBITDA of ~$1.965 billion in 2025E. By segment, it can be projected that the Tools & Storage and Industrial segments could post revenue of ~$13.5 billion and ~$2.5 billion, respectively, with adjusted EBITDA of $1.715 billion and ~$530 million. Peers for Tools & Storage, which could include Makita Corp. (6586 JP), Husqvarna AB (HUSQA SS, HUSQB SS), and Snap-on Inc. (NYSE: SNA), trade at 10.5x 2025E EV/EBITDA (in a range of ~7.5x-12.0x), while Industrial peers, such as Ingersoll Rand (NYSE: IR), Illinois Tool Works (NYSE: ITW) and Atals Copco (ATCOA SS), trade at about 17.5x 2025E EV/EBITDA (in a range of ~17.0-18.5x). Applying discounted multiples of 10x and 16.5x to 2025E EBITDA projections yields segment enterprise values of ~$17.15 billion and ~$8.725 billion for Tools & Storage and Industrial, respectively.

Accounting for corporate costs capitalized at ~11.5x (or the weighted average of applied segment multiples), as well as projected net debt, implies a sum-of-the-parts fair value of ~$17.35 billion, or $115 per share (based on diluted share count of ~150.5 million).

The Scotts Miracle-Gro Company (NYSE: SMG)

Price	$	56.99	52 Week High	$	79.12	Inclusion Date		May-25
Shares Outstanding		58	52 Week Low	$	45.61	Inclusion Price	$	50.74
Market Cap.		3,305						
Net Debt (Cash)		2,346	Average Daily Volume		791,643			
Enterprise Value	$	5,651						

The Scotts Miracle-Gro Company (NYSE: SMG) is seemingly pursuing an unwinding of its, by all accounts, unsuccessful foray into the cannabis-sector. For context, in 2014, the company formed Hawthorne Gardening Co., a wholly owned subsidiary, to provide supplies for hydroponic growing/gardening in greenhouse, indoor and urban settings before subsequently creating The Hawthorne Collective, an entity focused on investing in the broader cannabis industry via minority stakes (of which the most pertinent was an integrated player with licenses in FL, PA, TX and NY called Fluent). More recently, in April 2025, the company transferred its interest in The Hawthorne Collective (i.e., the investment arm of its cannabis-related operations) to Bad Dog Holdings, an independent strategic partner, in exchange for an interest-bearing promissory note along with the option to re-acquire the business if/when federal regulations become more favorable (concurrently, the company also indicated this was an "initial" step in separating the remainder of its cannabis-related assets and re-focus on its core lawn & gardening business). That said, the company currently operates three reportable business segments: 1) U.S. Consumer (85% of sales and ~97.5% of adj. EBITDA in F2024), which is the company's core domestic lawn & garden business, which, among other things, sells grass seed, soil & nutrients as well as weed & pest control products; 2) Hawthorne (~8% of sales and ~0.5% of adj. EBITDA), which supplies nutrients, lighting & other products for use in hydroponic & indoor gardening within North America; and 3) Other (7% of sales and ~2% of adj. EBITDA in F2024), which is essentially comprised of the company's lawn & garden operations in Canada.

In terms of guidance, the company expects low-single digit growth in its U.S. Consumer business with adj. EBITDA and free cash flow (FCF) of $570-$590 million and ~$250 million (on a capex budget of ~$100 million), respectively. Adj. gross margin is projected to be ~30% with SG&A costs totaling ~17% of sales. "Other" and interest expenses are expected to increase by $10 million and decline by $150-$20 million, respectively. The effective tax rate is projected to be ~27%-29% (and the diluted share count is expected to increase by ~2 million). Longer-term (i.e., by the end of F2027) the company endeavors to post top-line growth of at least 3%, an adjusted gross margin greater than 35% and adj. EBITDA of ~$700 million. (Previously, at an investor day in mid-2024 management had initially guided to a top-line CAGR of 3% through F2026 with a gross margin of ~30%, and an adj. operating margin of ~15% leading to adj. EBITDA greater than $600 million.) The company targets a leverage ratio near 4.0x by the end of F2025 (versus 4.4x at the end of 2Q F2025) and ultimately 3.0x-3.5x over the longer-term (compared with its leverage covenant of 5.25x in 2Q F2025, which progressively declines to 5.0x in 3Q F2025, 4.75x in 4Q 2025 and 4.5x thereafter).

In terms of valuation, for its own part, SMG has traded at ~11x-12x over the last 3-, 5- and 10-year periods, more in-line with home product, and specialty chemical peers such as Church & Dwight Co. (NYSE: CHD), Clorox (NYSE: CLX), JM Smucker Co. (NYSE: SJM), Masco Corp. (NYSE: MAS), Prestige Consumer Healthcare (NYSE: PBH), Reckitt Benckiser (RKT LN), RPM International (NYSE: RPM), and Snap-On Inc. (NYSE: SNA), which, on average trade at ~12x 2026E EV/EBITDA, as opposed to, in some ways more commoditized concerns, such as Central Garden & Pet Co. (NASDAQ: CENTA) and Spectrum Brands (NYSE: SPB). Applying a blended multiple of ~11.5x, reflecting multiples of 12.0x & 9.5x to the core U.S. Consumer/Other businesses, and a 2.5x to Hawthorne, as well as accounting for corporate costs, capitalized at the corporate average, and projected net debt yields a total value of ~$4.1 billion or ~$69 per share (based on a diluted share count of ~60 million).

Viasat, Inc. (NASDAQ: VSAT)

Price	$	32.65	52 Week High	$	43.59	Inclusion Date		Dec-25
Shares Outstanding		135	52 Week Low	$	7.36	Inclusion Price	$	32.65
Market Cap.		4,416						
Net Debt (Cash)		5,848	Average Daily Volume		3,526,566			
Enterprise Value	$	10,265						

Viasat, Inc. (NASDAQ: VSAT), a communications company providing high-speed, digital satellite broadband as well as secure wireless networking services (and products), has indicated that it is "looking at all areas of our portfolio and capital structure for value-accretive opportunities", which, among other things, could ultimately portend a separation of the company's Communications Services and Defense & Advanced Technologies (DAT) segments (given their divergent growth, margin and valuation profiles). For additional context, in August 2025, Carronde Capital, which was founded by

Elliot Management alum Dan Gropper and reportedly had a ~2.6% stake in the company, publicly stated that its contention that the full separation of DAT, by either spin-off or IPO, could unlock estimated value of ~$50-$100 per share.

The company currently reports two segments: 1) Communications Services (73% of consolidated sales in March-ending F2025 albeit with an operating margin approaching breakeven); and 2) Defense & Advanced Technologies (27% of F2025 sales but with a high-teens EBIT margin profile). In terms of guidance, for the March-ending F2026, management projects "low-single digit" consolidated top-line growth with adjusted EBITDA being roughly flat year-over-year. By segment, Communication Services (CS) sales are expected to be roughly flat with F2025, as "low-double digit growth in aviation services" is assumed to be offset by "a lower rate of declines at FS&O", while Defense & Advanced Technologies (DAT) segment sales are expected to grow "in the mid-teens", driven by double-digit growth at both information security & cyber defense as well as space & mission systems. On a consolidated basis, capital expenditures are expected to be ~$1.2 billion in F2026 and the company expects to achieve free cash flow positivity in F2027.

Public comparisons to VSAT's Communications Services (CS) segment, which serves the aviation, maritime and government sectors, could include, among others, Gogo, Inc. (NASDAQ: GOGO), Iridium Communications (NASDAQ: IRDM), KVH Industries (NASDAQ: KVHI), SES SA (SESG FP), Eutelsat Communications (ETL FP) and Thales Group (HO FP), which trade at ~6.5x 2027E EV/EBITDA (in a range of ~3.5x-10.5x), while the Defense & Advanced Technologies (DAT) segment, which focuses on information, communication & cyber security for both the government and commercial sectors, could be compared with Comtech Telecommunications (NASDAQ: CMTL), EchoStar Corp. (NASDAQ: SATS), General Dynamics (NYSE: GD), Gilat Satellite Networks (NASDAQ: GILT), L3 Harris Technologies (NYSE: LHX), Safran SA (SAF FP), BAE Systems (BA/LN), and Thales Group, which trade at ~13.5x 2027E EV/EBITDA (in a range of ~8.5x-21x). Additionally, mid-cap defense technology concerns, such as AeroVironment (NASDAQ: AVAV), Kratos Defense & Security (NASDAQ: KTOS), Karman Holdings (NYSE: KRMN), Mercury Systems (NASDAQ: MRCY), and Redwire (NYSE: RDW) trade at ~35x 2027E EV/EBITDA (in a range of 22.5x-50x).

Applying a low-end multiple of 3.5x to 2027E EBITDA at Communications Services (CS) and a ~15x multiple for Defense & Advanced Technologies (DAT), implies collective value of ~$11.0 billion. Accounting for projected net debt yields a sum of the parts valuation of ~$5.7 billion or ~$41 per share (based on a diluted share count of ~140 million).

XPO, Inc. (NYSE: XPO)

Price	$	143.43	52 Week High	$	161.00	Inclusion Date		Jan-25
Shares Outstanding		117	52 Week Low	$	85.06	Inclusion Price	$	131.15
Market Cap.		16,836						
Net Debt (Cash)		3,775	Average Daily Volume		1,231,352			
Enterprise Value	$	20,611						

XPO, Inc. (NYSE: XPO), in its pursuit of emerging as a pure-play North American less-than-truckload (LTL) carrier, has undergone a multi-year simplification process (following a long-period of acquisitive conglomeration), most notably punctuated by the tax-free spin-offs of its contract logistics business, GXO Logistics, Inc. (NYSE: GXO), in August 2021 and its truck brokerage operation, RXO, Inc. (NYSE: RXO), in November 2022. To that end, XPO's last remaining step toward having a singular focus on the high-ROIC (i.e. 30%-plus) North American LTL business is the ultimate divestment of its European Transportation business (which, per anecdotal indications, is an effort that is seeing renewed effort/momentum from management). This transaction, along with the company's own internal operational initiatives, dubbed LTL 2.0, under the direction of a proven executive brought in from the industry's best-in-class operator, ODFL, as well as the potential for a cyclical upturn in freight volumes (following a prolonged period of weakness) could unlock incremental value beyond what the company has already realized/achieved. [Note: XPO has made previous appearances on *The Radar Screen*, including in February 2020, prior to the GXO spin-off announcement, and in February 2022, prior to the RXO spin-off announcement. It could also be noted that, in our view, the success of XPO's de-conglomeration efforts in recent years set the stage for the recent announcement that FedEx Corp. (NYSE: FDX) would spin-off its Freight (or LTL) division.]

XPO, in its current iteration, operates two segments: 1) North American Less-than-Truckload (60.5% of consolidated sales and 84% of adj. EBITDA in 2023); and 2) European Transportation (39.5% of 2023 sales and 16% adj. EBITDA). In terms of guidance, the company has not provided specific financial guidance on key metrics, such as consolidated sales and/or adj. EBITDA, for 2024 but it has offered some underlying planning/modeling assumptions, including a gross capital spending budget of $700-$800 million, interest expense of $225-$230 million, pension income of ~$25 million, an effective tax rate of 24%-25% and a diluted share count of 120 million. Anecdotally, given year-to-date results and normal sequential seasonality trends, management, on its 3Q 2024 earnings call, indicated that it would expect the full-year adj. operating ratio for its North American LTL business to improve "at or above the high end" of its previously articulated target of "150-250 basis points". That said, for some broader perspective, in late-2021, the company articulated a plan, internally dubbed LTL 2.0, which targeted compound annual segment sales and adj. EBITDA growth of 6%-8% and 11%-13% (see Exhibit 3), respectively (between 2021-2027) with the latter metric driven by a 6%-7% lift from volume gains & pricing in excess of inflation, 3%-4% from cost optimization via technology and ~2% from the insourcing of linehaul activity previous performed by third-parties. (All told, the achievement of this goal implies "at least" 600 basis points of profitability improvement from 2021-2027.) In terms of capital spending, the company projected annual capex (on rolling stock, infrastructure, technology, etc.) to total ~8%-12% of revenue (through 2027).

The most applicable peers in terms of valuation are pure-play, non-union less-than-truckload (LTL) operators, including Old Dominion Freight Line (NASDAQ: ODFL) and Saia, Inc. (NASDAQ: SAIA), which trade at ~18.5x 2026E EV/EBITDA (in a range of ~16.0x-20.5x) and 31x 2026E P/E (in a range of 29x-33x). In contrast, we would note that FedEx Freight, which has been identified as a potential standalone, in part due to the clear path to value creation demonstrated by XPO over the last several years, is ultimately a small part of FedEx (NYSE: FDX), who primarily remains a parcel concern, and ArcBest (NASDAQ: ARCB), which is unionized and far less profitable. Applying a 16.0x multiple, roughly in-line with SAIA, to the LTL operation's 2026E EBITDA yields a segment value of nearly $23.3 billion, or ~$192.50 per share. Considering the hodgepodge nature of XPO's European Transportation business, including dedicated truckload, less-than-truckload, brokerage, managed transportation, last mile, freight forwarding and warehousing services, there is no clear cut comparison, particularly in Europe (although we would note that a wide range of individual transportation providers trade at nearly 12.0x 2026E EV/EBITDA albeit in a wide range between ~7.5x-14.5x). Additionally, recall that XPO paid 9.1x forward estimates when it purchased Norbert Dentressangle in June 2015 and, for what it is worth, when management first explored divesting the business back in 2021-2022 reports in the financial press suggested an asking (or "whisper") price of ~$1.5-$2.0 billion. Applying a 9.0x multiple to 2026E EBITDA yields a segment value of $1.6175 billion, or roughly $13.50 per share.

Accounting for corporate costs capitalized at the corporate average, as well as projected net debt, yields a total sum-of-the-parts value of ~$21.8 billion, or ~$181 per share (based on a diluted share count of ~121 million).