



# Corteva, Inc. (CTVA)

Updated May 21<sup>st</sup>, 2025 by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$69	<b>5 Year CAGR Estimate:</b>	10.7%	<b>Market Cap:</b>	\$47 B
<b>Fair Value Price:</b>	\$60	<b>5 Year Growth Estimate:</b>	13.0%	<b>Ex-Dividend Date:</b>	06/03/2025 <sup>1</sup>
<b>% Fair Value:</b>	115%	<b>5 Year Valuation Multiple Estimate:</b>	-2.8%	<b>Dividend Payment Date:</b>	06/17/2025
<b>Dividend Yield:</b>	1.0%	<b>5 Year Price Target</b>	\$111	<b>Years Of Dividend Growth:</b>	6
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Industrials	<b>Rating:</b>	Hold

## Overview & Current Events

Corteva is an agricultural specialty business that is based in Indiana. The company operates two major segments: Seed, and Crop Protection. The Seed segment develops and supplies advanced germplasm and traits that help improve yields for farmers. The segment focuses on technologies that boost resistance to weather, disease, insects, and weeds. The Crop Protection segment offers products that protect against weeds, insects and pests, diseases, etc. The company operates globally, and was formed in 2018 after being spun off from the former DowDuPont Corporation. Corteva employs 22,000 people and should generate about \$17 billion in revenue this year.

Corteva posted first quarter earnings on May 7<sup>th</sup>, 2025, and results were mixed. Adjusted earnings-per-share came to \$1.13, which was 25 cents ahead of expectations. Revenue was off 1.6% year-over-year to \$4.42 billion, missing estimates by \$130 million.

North America saw 6% sales growth, which was supported by increased corn acreage. EMEA declined 7% due to seasonal timing and forex pressures. Latin America plummeted by 14%, which was attributable to currency headwinds in Argentina, primarily. Asia-Pacific was down 5%, although Seed sales in the area rose 9% year-over-year.

Corteva reiterated guidance for \$17.2 billion to \$17.6 billion in net sales for the year. Operating EBITDA is expected to be between \$3.6 billion and \$3.8 billion. In addition, share repurchases are expected to be \$1 billion for the year. We now see \$3.00 in adjusted earnings-per-share for the year, up a nickel from prior.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	--	\$0.62	(\$0.22)	\$0.79	\$0.73	\$0.82	\$2.15	\$1.58	\$1.39	\$1.46	<b>\$3.00</b>	<b>\$5.53</b>
<b>DPS</b>	--	--	--	--	\$0.39	\$0.52	\$0.55	\$0.59	\$0.63	\$0.67	<b>\$0.68</b>	<b>\$1.00</b>
<b>Shares<sup>2</sup></b>	--	754.1	831.3	749.4	749.5	751.2	741.6	724.5	711.9	696.0	<b>685</b>	<b>620</b>

The company's growth in earnings has been lumpy to say the least as it's beholden to the world's farmers demanding its products, as well as things like weather and competition from other market entrants. Corteva has broad and deep scale in the agricultural industry, but there is little it can do about the inherent volatility in the industry. In addition, forex translation has proven to be a big factor in the company's results in recent years, including again in 2025.

This year should be record earnings, and roughly double what was produced in 2024. We see robust double-digit growth from there, but note that the company's earnings are subject to substantial revisions both up and down over time. We see share repurchases as a big tailwind to earnings-per-share, as well as revenue growth, with margins less of a tailwind. We reiterate that forex headwinds are weighing on results currently, but at some point could become a tailwind if/when the dollar strengthens.

<sup>1</sup> Estimated date

<sup>2</sup> Share count is in millions.

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*



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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	--	--	--	--	38.9	47.2	22.5	38.6	34.1	38.3	<b>23.0</b>	<b>20.0</b>
Avg. Yld.	--	--	--	--	1.4%	1.3%	1.1%	1.0%	1.3%	1.2%	<b>1.0%</b>	<b>0.9%</b>

The average dividend yield for Corteva since it began paying in 2019 is just over 1%, which is about where it is today as well. We see the yield potentially declining over time as the company has raised its dividend rather tentatively in recent years. We are looking for the share price, therefore, to rise more quickly than the payout, and for the 2030 yield to potentially be under 1%.

The average valuation is well north of 30, but we also note that this is due mostly to very low and volatile earnings. With Corteva's earnings profile maturing, we see 20 times earnings as fair value. With the stock at 23 times earnings, we see Corteva as somewhat overvalued today.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

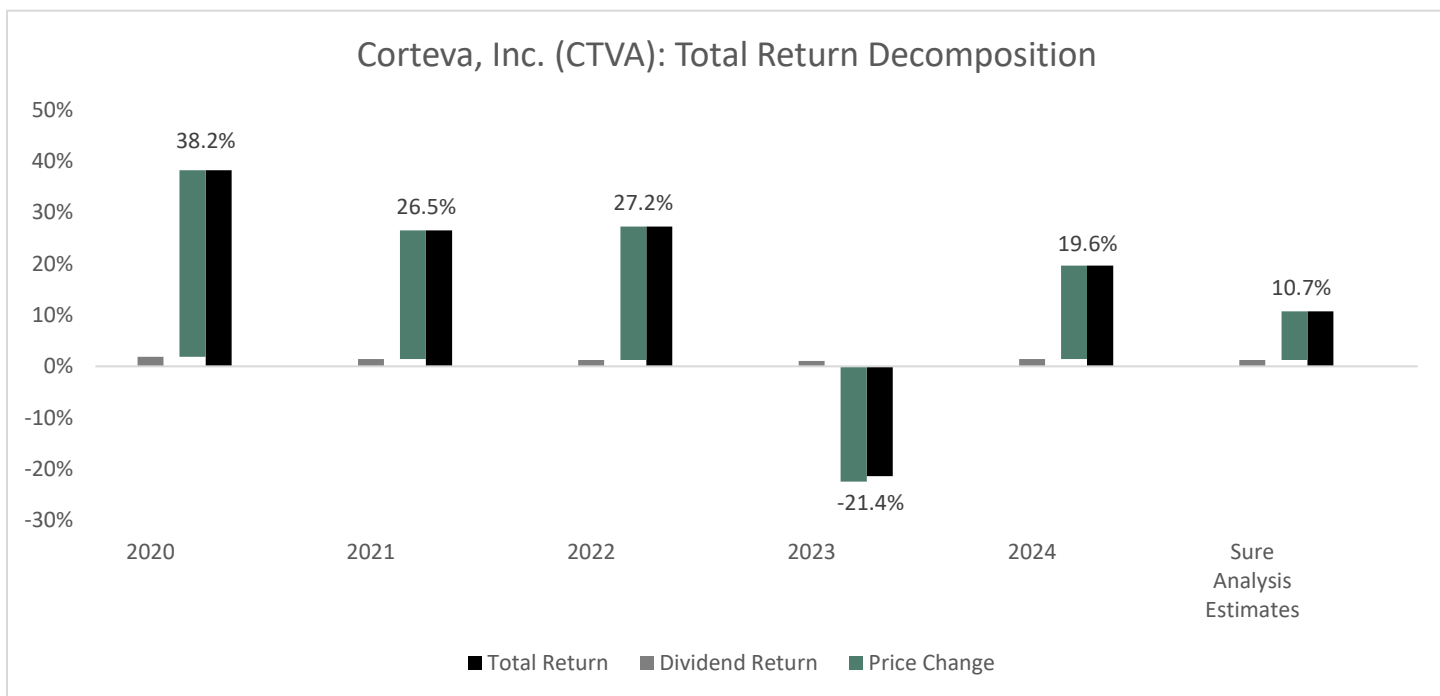
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout		0%	0%	0%	53%	63%	26%	37%	45%	46%	<b>23%</b>	<b>18%</b>

The payout ratio is quite reasonable at about a quarter of earnings, and should improve over time as earnings rise. Corteva has certain competitive advantages with its scale in the industry, and reputation for the best offerings in niche agriculture applications. Its resiliency is negatively impacted by inherent volatility in agriculture. On the plus side, Corteva has no net debt, so its balance sheet is in excellent condition.

## Final Thoughts & Recommendation

We see Corteva's growth potential as attractive, but note it will likely never be a strong income stock. Still, with a market-average yield and long runway of dividend boosts ahead, we move Corteva from buy to hold on the higher valuation.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	---	14,041	14,240	14,287	13,846	14,217	15,655	17,455	17,226	16,908
Gross Profit	---	5,650	5,838	4,339	5,271	5,710	6,435	7,019	7,306	7,379
Gross Margin	---	40.2%	41.0%	30.4%	38.1%	40.2%	41.1%	40.2%	42.4%	43.6%
SG&A Exp.	---	2,937	2,972	3,041	3,065	3,043	3,209	3,173	3,176	3,196
D&A Exp.	---	---	---	2,790	1,599	1,177	1,243	1,223	1,211	1,227
Operating Profit	---	886	188	(448)	584	843	1,317	1,928	2,110	2,096
Operating Margin	---	6.3%	1.3%	-3.1%	4.2%	5.9%	8.4%	11.0%	12.2%	12.4%
Net Profit	---	503	2,534	(5,065)	(959)	681	1,759	1,147	735	907
Net Margin	---	3.6%	17.8%	-35.5%	-6.9%	4.8%	11.2%	6.6%	4.3%	5.4%
Free Cash Flow	---	---	---	(1,018)	(93)	1,589	2,154	267	1,174	1,548
Income Tax	---	(270)	(2,943)	(31)	(46)	(81)	524	210	152	412

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	---	---	---	108,683	42,397	42,649	42,344	42,618	42,996	40,825
Cash & Equivalents	---	---	---	2,270	1,764	3,526	4,459	3,191	2,644	3,106
Accounts Receivable	---	---	---	3,649	4,225	3,754	3,441	4,261	4,329	4,615
Inventories	---	---	---	5,310	5,032	4,882	5,180	6,811	6,899	5,432
Goodwill & Int. Ass.	---	---	---	22,248	21,653	21,016	20,151	19,301	20,231	19,284
Total Liabilities	---	---	---	33,530	17,842	17,586	16,721	17,077	17,717	16,795
Accounts Payable	---	---	---	2,602	3,702	3,615	4,126	4,895	4,280	4,039
Long-Term Debt	---	---	---	7,846	118	1,105	1,117	1,304	2,488	2,703
Shareholder's Equity	---	---	---	74,660	24,309	24,824	25,384	25,302	25,037	23,789
LTD/E Ratio	---	---	---	0.11	0.00	0.04	0.04	0.05	0.10	0.11

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	---	---	---	---	-1.3%	1.6%	4.1%	2.7%	1.7%	2.2%
Return on Equity	---	---	---	---	-1.9%	2.7%	6.9%	4.5%	2.9%	3.7%
ROIC	---	---	---	---	-1.8%	2.7%	6.6%	4.3%	2.7%	3.3%
Shares Out.	---	754.1	831.3	749.4	749.5	751.2	741.6	724.5	711.9	696.0
Revenue/Share	---	18.74	19.00	19.06	18.47	18.93	21.11	24.09	24.20	24.29
FCF/Share	---	---	---	(1.36)	(0.12)	2.12	2.90	0.37	1.65	2.22

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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