ConsumerWatch

Value emerging

18 July 2022

The consumer sectors are facing a perfect storm of declining demand (lower real incomes and consumer confidence) and widespread inflationary pressures, which we believe are unlikely to abate quickly. Although downgrades to profit estimates have begun, we believe the full impact of the economic downturn is yet to be reflected in what appear to be optimistic growth expectations for the majority of companies. The share prices of the companies have been quick to recognise the deteriorating outlook, with notable outperformance by those with revenues and profits that are customarily less sensitive to macroeconomic changes. We would be cautious about expecting a wholesale quick recovery in sentiment towards the consumer sector given the greater uncertainty on profits due to unusually high inflation. We highlight a number of companies already sufficiently discounting a reduction in revenue, many of which have a net cash position.

Revenue upgrades offset by cost pressures

The consumer sectors across Europe and North America mainly enjoyed upgrades to CY22 consensus revenue expectations through Q222, as life continued to return towards normal post the disruption caused by COVID-19 in 2020 and 2021. However, strains on consumer spending began to emerge during Q222 and the well-flagged inflationary cost pressures, particularly inputs and transportation, weighed on profit expectations for 2022 Despite the deteriorating macroeconomic trends, consensus (source: Refinitiv) expects the majority of sectors to report revenue growth in 2022 versus 2021, and again in 2023. While the revenues of many companies continue to recover post COVID-19, and higher inflation (versus previous downturns) may support revenue growth, we believe consensus revenue forecasts may be too optimistic. Potential downgrades to revenue estimates are likely to be compounded by ongoing inflation. Therefore, we believe consensus profit estimates for many companies are vulnerable to new and/or further downgrades.

Share price declines leading profit downgrades

The expected macroeconomic weakness has wrought havoc with the share prices of many of the companies already, particularly those exposed to consumer discretionary spend. The length and depth of the economic slowdown and potential reductions in revenues and profits remain difficult to predict. To identify valuation opportunities at the corporate level we have applied a 'blunt' 10% cut to CY21 revenue to estimate future revenue. We rationalise the 10% reduction by 20% lower real demand, similar to the revenue declines seen in the 2008/09 downturn when inflation was lower than today, offset by 10% inflation. This may be overly conservative for some companies, given, say structural growth drivers or the lifecycle of the company. We highlight 50 companies in each of the UK and Continental Europe that, using this assumption, appear to be trading below their long-term average EV/sales multiples. Some caution is warranted when comparing prospective multiples for companies with a shorter trading history, given the effects of higher interest rates and inflation on WACCs. In addition, high cost inflation is likely to make achieving cost savings more difficult than the most recent economic downturn.

Edison themes

As one of the largest issuer-sponsored research firms, we are known for our bottom-up work on individual stocks. However, our thinking does not stop at the company level. Through our regular dialogue with management teams and investors, we consider the broad themes related to the companies we follow. Edison themes aims to identify the big issues likely to shape company strategy and portfolios in the years ahead.

Edison clients mentioned in this report

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Lookers (LN.LOOK)

musicMagpie (LN.MMAG)

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Analysts

Russell Pointon	+44 (020) 3077 5700
Alastair George	+44 (020) 3077 5700
Sara Welford	+44 (020) 3077 5700
Richard Finch	+44 (020) 3077 5700
Milo Bussell	+44 (020) 3077 5700

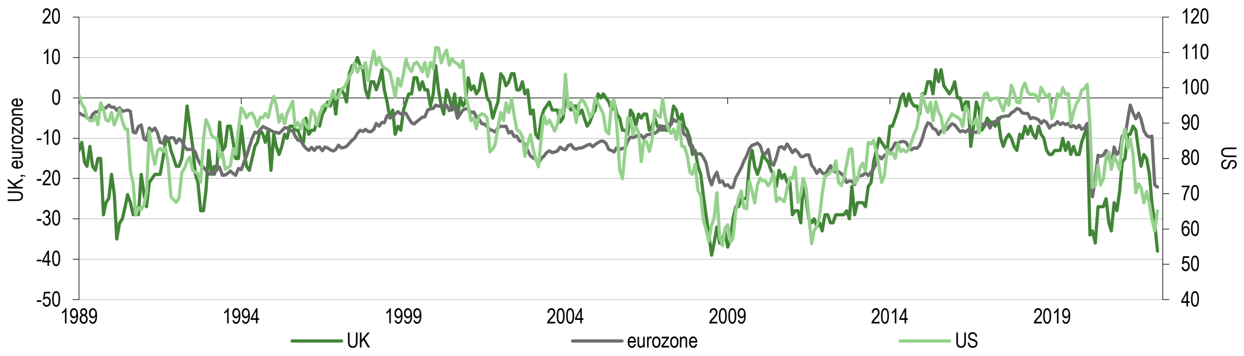
consumer@edisongroup.com

Consumers pressured by declining real incomes

Investors in consumer stocks have been hit by two perfect storms in almost as many years. COVID-19 effectively shut down the sector during 2020 and 2021. Yet the 're-opening trade' proved very short-lived. No sooner had restrictions on social activity been lifted than a massive squeeze on real incomes took hold, spanning the United States, UK and Europe. As a result, all but the most defensive consumer sectors have suffered meaningful price declines during 2022 to date.

While valuations are now significantly cheaper than at the start of the year, we would highlight that many consumer stocks remain in the crosshairs of the economic dynamics currently in play. Energy and food costs have surged on a global basis and look set to remain elevated given the strong likelihood of a prolonged war in Ukraine. The initial impact of these rising prices has been to create a decline in real incomes as wages have lagged inflation, pressuring consumer confidence on both sides of the Atlantic, Exhibit 1.

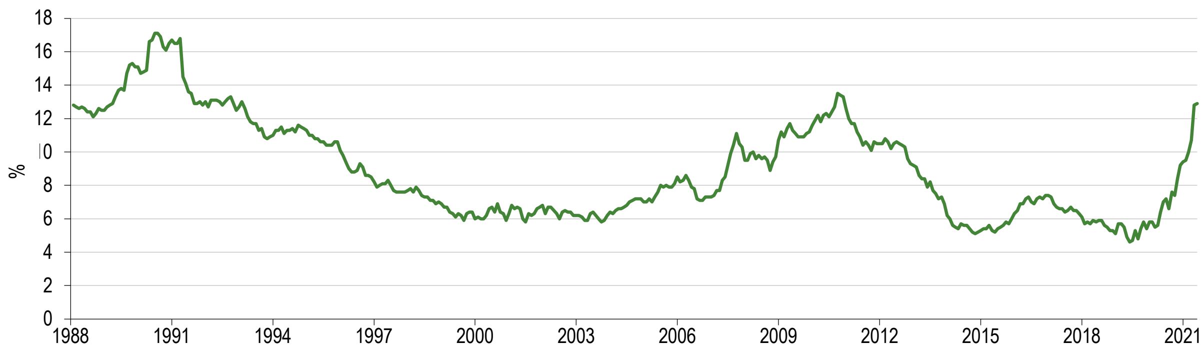
Exhibit 1: UK and US consumer confidence has plunged



Source: Refinitiv

The relatively weak performance of providers of the more discretionary components of the consumer basket is a rational response by investors to this squeeze on consumer spending power, in our view. We would emphasise the downturn in consumer confidence has been significant. In the eurozone, confidence is back to the extraordinarily low levels seen during the initial stages of the COVID-19 pandemic. In the UK, the economic misery index, which is the sum of inflation plus unemployment, is at levels not seen since the financial crisis of 2008, Exhibit 2.

Exhibit 2: UK economic 'misery' index (inflation + unemployment rate)



Source: Refinitiv

Furthermore, the cost structure of many consumer-facing enterprises runs directly into the current inflationary headwinds, with labour shortages and rising property and energy costs cutting into margins. We believe we are still in the early stages of a downgrade cycle for consensus earnings forecasts, following a long period of upgrades during the COVID-19 recovery period. Therefore, despite the relatively poor sector performance in the year-to-date, it may still be too early to bottom-fish the sector in general, even if there may yet be some individual companies that are sufficiently discounted to reflect worst-case economic outcomes.

Due to the non-economic reasons for the global supply shortages in food and energy, namely the war in Ukraine, we would be cautious about expecting a quick recovery in sentiment towards the consumer sector. A slowdown in economic activity is underway and given the lags associated with changes in the stance of monetary policy, this slowdown is likely to persist until at least H222.

We expect several 'false dawns' as inflation slows during the coming quarters. These might temporarily improve market sentiment towards the consumer sector. However, the descent to targeted inflation is likely to be shallow and central bank policymakers have indicated that monetary policy may need to become restrictive to bring inflation back to target. Such financial conditions are hardly conducive to a boom in consumer spending.

Furthermore, in terms of margins, investors are likely to continue to fear second-round inflation effects as wage settlements for lower-income workers are likely to be struck at significantly higher levels than investors have become accustomed to in the past decade.

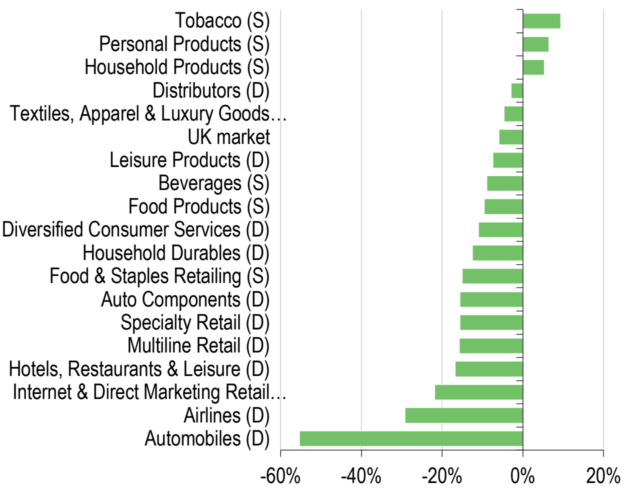
We believe investors should therefore exercise a degree of patience towards the sector and carefully monitor company guidance and consensus earnings forecasts for signs that earnings forecasts have bottomed, which is in our view a pre-condition for sustainable share price outperformance. We believe in light of the incoming macroeconomic data there is limited merit in attempting to underwrite the current expansion, which appears near its end. Instead, the aim should be to participate in recovery themes that play out over the 2023–24 period.

In the following sections we discuss recent trends – share price performance, consensus estimates revisions and resulting valuations – for the consumer sectors in the UK and Continental Europe.

UK

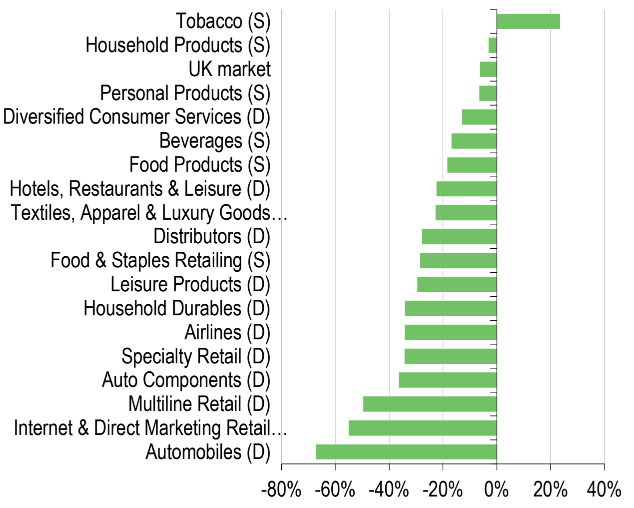
Staples sectors have outperformed

Exhibit 3: Market value change in Q222



Source: Edison Investment Research, Refinitiv

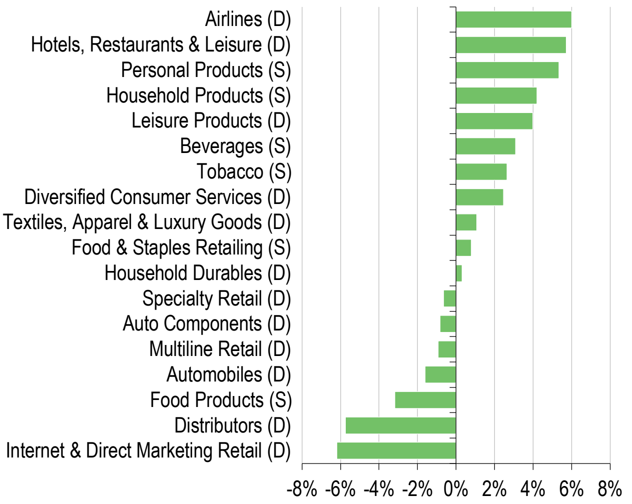
Exhibit 4: Market value change in H122



Source: Edison Investment Research, Refinitiv

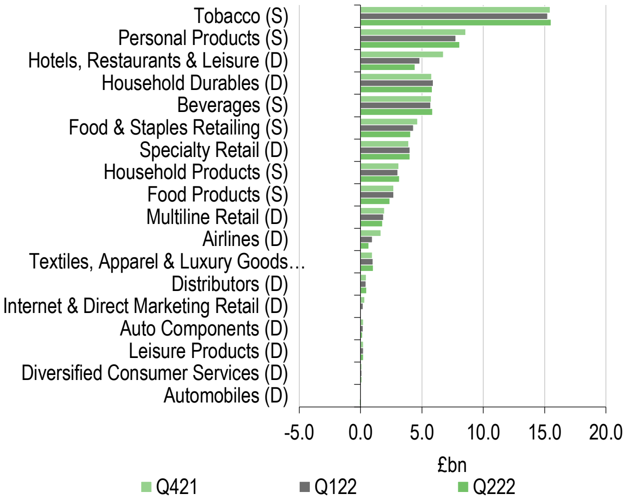
There was a notable outperformance by the UK consumer staples sectors (indicated S in the above and following charts) versus the discretionary (indicated D) sectors during Q222. Three of the staples sectors – tobacco, personal products and household products – generated positive price returns of 9%, 6% and 5%, respectively, well ahead of the UK market's decline of 6%. Tobacco was the only sector to generate a positive return in H122. Please note we are using the sector (ie industry classifications) as defined by MSCI's Global Industry Classification Standard but also include other companies that are categorised outside the consumer sectors by MSCI, for example airlines, to give a broader view of how consumer-facing businesses have performed and are valued.

Exhibit 5: Consensus CY22e revenue changes in Q222



Source: Edison Investment Research, Refinitiv

Exhibit 6: Consensus CY22e adjusted EBIT



Source: Edison Investment Research, Refinitiv

During Q222, the UK consumer sectors fared relatively well with respect to revenue upgrades; consensus CY22 revenue estimates increased for 11 of the 18 sectors, with a good representation of upgrades across staples and discretionary sectors. However, the upgrades to CY22 revenue forecasts did not translate to EBIT upgrades for all of those sectors. The sectors with negative EBIT revisions despite revenue upgrades were hotels, restaurants & leisure (revenue +6%, EBIT -8%), household durables (revenue +<1%, EBIT -1%), food & staples retailing (revenue +1%, EBIT -5%) and airlines (revenue +6%, EBIT -31%).

Strongest performing sectors

In tobacco, the share prices of both BAT Industries and Imperial Brands advanced as consensus estimates for CY22 revenue and EBIT increased. The best performing companies in personal products were Warpaint London (+14%), as CY22 revenue forecasts increased by 9%, and Unilever (+8%), as CY22 revenue forecasts increased by 5%. The underperformers were Cellular Goods (-66%), Revolution Beauty (-30%) and Science in Sport (-20%) despite limited changes to estimates. The performance of household products was primarily driven by Reckitt Benckiser; it represents almost 100% of the sector's market value, and the company enjoyed low-single-digit upgrades to CY22 consensus estimates during the quarter. McBride's share price fell by 64% as consensus estimates for its CY22 EBIT loss more than doubled.

Weakest performing sectors

Internet & direct marketing retail's negative performance was broad based with only two companies, Hostelworld (+21%) and Victorian Plumbing (+15%), producing a positive share price return in Q222. The former saw continued momentum in consensus estimates for FY22, with revenue +21% and EBIT +36%, while the latter's revenue and EBIT estimates were downgraded marginally. Moonpig's share price was unchanged despite being the only other company in the group for which there were upgrades to consensus estimates for CY22 (revenue +11%, EBIT +15%). In aggregate, CY22 estimates for the sector declined during the quarter. Revenue estimates fell by 6% with the most significant downgrades for Made.com (revenue -22%), ASOS (revenue -15%) and Seraphine (revenue -10%). We note the aggregate CY22 EBIT estimate for the sector has fallen from £329m at the start of 2022 to a loss of £9m by the end of June, due mainly to significant reductions in EBIT estimates for ASOS (-45%), boohoo (-50%), Made.com (expected loss increased from £4m to £37m) and THG (from £61m profit to £44m loss).

The hotels, restaurants & leisure sector declined by 17% during the period as aggregate consensus EBIT forecasts fell by 8% including a significant negative impact from Carnival due to its scale (consensus CY22 EBIT loss of £1.2bn expected at end Q222 versus a profit of £1.2bn at start of the year). There were good upgrades to consensus estimates for 888 Holdings (acquisition of William Hill International), Best of the Best, InterContinental Hotels, PPHE, Quixant, SSP, Ten Entertainment and Whitbread, which helped to stimulate a positive share price response for all except InterContinental Hotels and Whitbread. The companies with the most significant downgrades to consensus estimates were Carnival, Rank Group (EBIT -39%), City Pub Group (-25%) and DP Eurasia (-11%).

There were few companies with positive share price performances in specialty retail during Q222; the only positive moves were by Shoe Zone (+28%) as consensus CY22 EBIT forecasts increased by 18%, Vivo Energy (+6%) on increased to EBIT forecasts of 9%, Scholium Group (+3%) but no forecasts available, Frasers (+2%) with a modest trim to CY22 estimates, and Card Factory (+1%) as CY22 EBIT forecasts increased by 9%. Large increases in CY22 EBIT estimates for QUIZ (more than threefold), Lookers (+15%) and Vertu Motors (+35%) were rewarded with negative share price moves of -5%, -20% and -19%, respectively.

Sector forecasts and valuations: Some discounting a downturn

Following the widespread weakness in share prices in Q222 and since the start of the year, many of the UK subsectors are trading at a discount to their long-term average EV/sales multiples.

Exhibit 7 below indicates prospective multiples, revenue growth expectations and historical revenue growth rates through the Global Financial Crisis (GFC) for the subsectors. To make the comparison of prospective multiples versus historical multiples more valid we exclude lease liabilities, introduced with the adoption of IFRS 16 for accounting periods that began on or after 1 January 2019, from the calculation of enterprise value. For the purposes of our analysis, 'long-term' refers to the period since 2006, where available for individual companies, to include the GFC, which began in 2008.

Exhibit 7: UK subsector valuations and revenue growth rates

Subsector	EV/sales CY22 (x)	LT average EV/sales (x)	Premium/ (discount) to LT average	Revenue growth CY22e	Revenue growth CY23e	Revenue growth 2009	Revenue growth 2010	EV/sales CY22 (x) if revenue - 10% y-o-y	Premium/ (discount) to LT average
Apparel Retail (D)	0.2	2.2	(90%)	14%	6%	N/A	N/A	0.3	(88%)
Internet & Direct Marketing Retail (D)	0.4	1.9	(77%)	7%	13%	12%	15%	0.5	(73%)
Computer & Electronics Retail (D)	0.1	0.3	(81%)	(6%)	(1%)	0%	0%	0.1	(72%)
Education Services (D)	2.1	7.1	(70%)	7%	5%	(30%)	(41%)	2.6	(64%)
Food Distributors (S)	0.3	0.8	(64%)	(2%)	5%	9%	1%	0.3	(58%)
Airlines (D)	0.4	2.5	(84%)	156%	26%	11%	13%	1.1	(57%)
Automobile Manufacturers (D)	1.0	2.9	(66%)	22%	19%	N/A	N/A	1.3	(54%)
Housewares & Specialties (D)	0.3	0.7	(64%)	14%	4%	8%	5%	0.3	(53%)
Packaged Foods & Meats (S)	0.7	1.7	(58%)	14%	5%	(7%)	(3%)	0.9	(47%)
Home Improvement Retail (D)	0.3	0.6	(50%)	(2%)	2%	5%	(0%)	0.3	(45%)
Specialised Consumer Services (D)	2.0	3.7	(46%)	(6%)	7%	5%	8%	2.1	(43%)
Footwear (D)	2.3	5.1	(54%)	19%	16%	N/A	N/A	3.1	(39%)
Homefurnishing Retail (D)	0.8	1.5	(46%)	9%	4%	12%	13%	1.0	(35%)
Food Retail (S)	0.3	0.6	(41%)	3%	2%	6%	6%	0.4	(31%)
General Merchandise Stores (D)	2.4	1.6	46%	59%	12%	N/A	N/A	1.2	(24%)
Apparel, Accessories & Luxury Goods (D)	1.5	2.4	(36%)	12%	8%	5%	21%	1.9	(19%)
Homebuilding (D)	0.8	1.2	(31%)	9%	7%	(24%)	(7%)	1.0	(17%)
Auto Parts & Equipment (D)	0.6	0.8	(28%)	7%	11%	39%	4%	0.7	(14%)
Agricultural Products (S)	0.6	0.8	(24%)	18%	(1%)	1%	12%	0.8	(4%)
Casinos & Gaming (D)	1.9	2.7	(31%)	27%	11%	8%	11%	2.6	(3%)
Distributors (D)	0.3	0.3	(7%)	(3%)	5%	(6%)	8%	0.3	(0%)
Specialty Stores (D)	0.7	0.9	(16%)	11%	7%	5%	6%	0.9	4%
Soft Drinks (S)	1.4	1.6	(11%)	8%	4%	11%	15%	1.7	5%
Household Appliances (D)	1.0	1.2	(14%)	11%	3%	N/A	N/A	1.3	9%
Home Furnishings (D)	0.6	0.7	(16%)	20%	7%	(6%)	5%	0.8	12%
Household Products (S)	3.5	3.6	(2%)	5%	4%	17%	8%	4.1	14%
Department Stores (D)	1.6	1.7	(6%)	10%	3%	4%	(1%)	2.0	15%
Leisure Facilities (D)	1.7	2.9	(41%)	76%	17%	(7%)	17%	3.4	16%
Personal Products (S)	2.3	2.3	3%	11%	3%	10%	7%	2.8	23%
Textiles (D)	0.8	0.8	4%	14%	3%	3%	(9%)	1.0	26%
Brewers (S)	1.3	1.4	(12%)	31%	3%	7%	3%	1.8	29%
Automotive Retail (D)	0.2	0.2	(26%)	69%	7%	(11%)	10%	0.3	40%
Distillers & Vintners (S)	5.5	4.8	14%	13%	7%	8%	4%	6.9	43%
Restaurants (D)	1.2	1.2	2%	34%	11%	11%	6%	1.8	50%
Consumer Electronics (D)	1.9	1.2	56%	12%	7%	(7%)	(2%)	2.4	94%
Leisure Products (D)	2.9	1.7	65%	10%	9%	4%	3%	3.5	101%
Hotels, Resorts & Cruise Lines (D)	3.2	3.5	(10%)	175%	42%	7%	10%	8.5	144%

Source: Edison Investment Research, Refinitiv. Note: Tobacco sector excluded due to Refinitiv's methodology, historic revenue for Imperial Brands, but not for BAT Industries, is quoted gross of duty but forecasts are net of duty. LT = long term. Priced 30 June 2022.

The prospective CY22 EV/sales multiples are based on consensus revenue estimates at the end of June 2022. The forecasts include revenue declines versus 2021 for just five subsectors: distributors: specialised consumer services, food distributors, computer & electronics retail, and home improvement retail. While recognising the revenue of many consumer-facing companies continues to recover from the outbreak of COVID-19, current forecasts for limited revenue declines in 2022 and 2023 may be too optimistic given the scale of revenue declines witnessed around the world during the last major non-COVID-19 economic downturn, the GFC. We note the GFC was a relatively short downturn, which received plenty of fiscal and monetary stimulation to aid recovery.

The depth and length of the slowdown and potential impact on the subsector revenues remains difficult to predict. We therefore demonstrate in the above table the prospective EV/sales multiples for the industries if we assume a broad 10% y-o-y reduction in revenue from CY21, as we do for all regions, which may be too aggressive for some sectors, for example the staples companies or specific companies with structural growth drivers. We rationalise the 10% reduction by 20% lower real demand, similar to the revenue declines seen in the 2008/09 downturn (in the US and Continental Europe) when inflation was lower than today, offset by 10% inflation. Few of the UK sectors in aggregate saw a 10% revenue decline during the GFC. However, we note there is a survivorship bias in the current listed companies, and many of the companies, for example some of the internet & direct marketing retail companies, were not publicly listed during the GFC. The short trading history of some companies that recently traded at higher multiples due to (lower WACCs) lower interest rates, inflation and risk premium may make the comparison of current prospective multiples versus historic multiples less relevant for some.

Exhibit 7 highlights that at the end of June 2021 of the 39 subsectors were trading at a discount to their long-term averages with the assumption of a 20% reduction of revenue versus CY21.

Companies trading at a discount to long-term average multiple

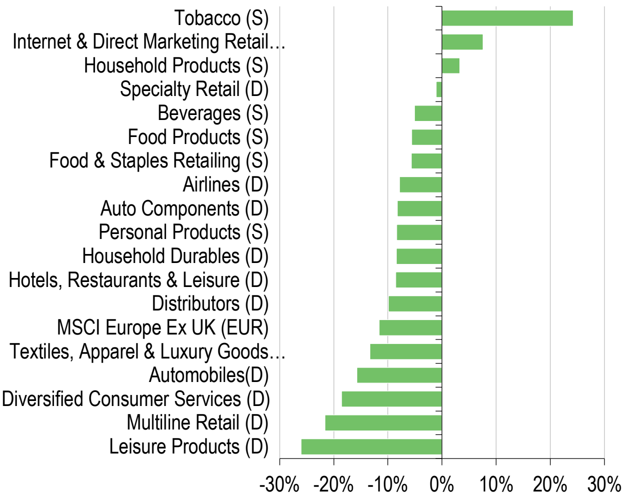
In Appendix 1 we list 50 UK companies that, at the end of June 2022, were trading with a CY22 EV/sales multiple at the greatest discount to their long-term average multiple, based on our blanket assumption for a year-on-year revenue decline from 2021 of 10%. These include Edison clients musicMagpie and Hostmore. We note that a number of the companies have a relatively limited trading history.

For each company, we include, where available, the last reported net debt/(cash) position before and after IFRS 16 liabilities relative to market value, revenue growth in 2009 and 2010, and consensus revenue growth expectations for CY22 and CY23 as at the end of June 2022. We note that 29 of the 50 companies have a last reported net cash position excluding IFRS 16 liabilities, and 15 have a last reported net cash position including the lease liabilities.

Continental Europe

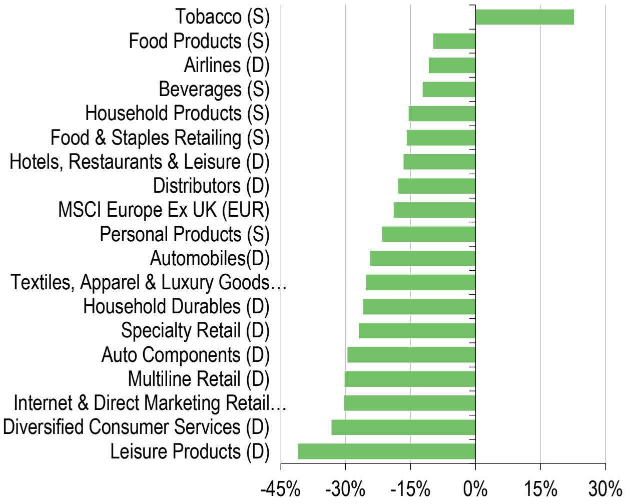
Relative performance from staples and discretionary

Exhibit 8: Market value change in Q222 (€)



Source: Edison Investment Research, Refinitiv

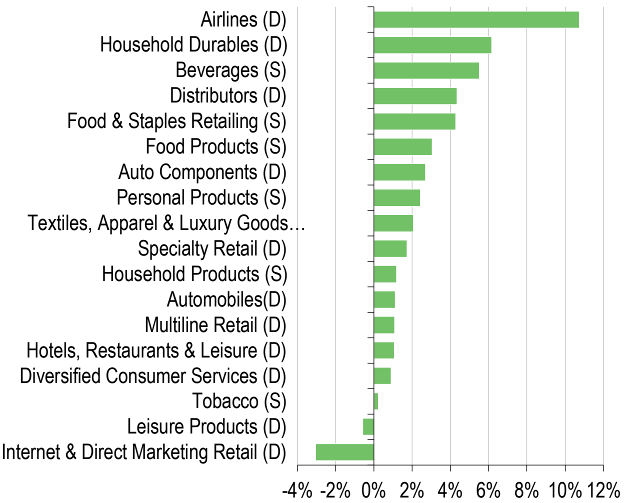
Exhibit 9: Market value change in H122 (€)



Source: Edison Investment Research, Refinitiv

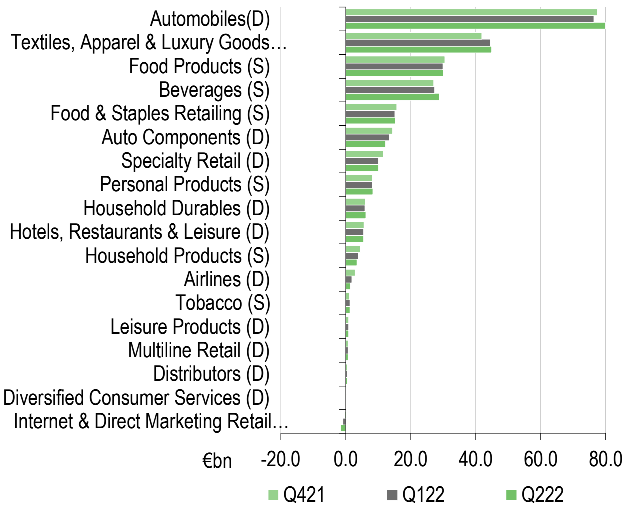
The majority of the consumer discretionary and staples sectors provided a better return than the MSCI Europe ex UK Index's negative return of 12% during Q222. Three sectors – tobacco, internet & direct marketing retail and household products – provided positive absolute returns.

Exhibit 10: Consensus CY22e revenue changes in Q222



Source: Edison Investment Research, Refinitiv

Exhibit 11: Consensus CY22 adjusted EBIT (€bn)



Source: Edison Investment Research, Refinitiv

Consensus CY22 revenue estimates were upgraded for all but two sectors, internet & direct marketing retail and leisure products, during Q222. In addition to downgrades to CY22 EBIT estimates for these sectors, revenue upgrades did not translate to EBIT upgrades for some other sectors. Sectors for which EBIT forecasts were downgraded despite upgrades to revenue estimates were diversified consumer services (revenue +1%, EBIT -3%), multiline retail (revenue +1%, EBIT -2%), tobacco (revenue +<1%, EBIT -1%), airlines (revenue +11%, EBIT -19%), household products (revenue +1%, EBIT -14%) and auto components (revenue +3%, EBIT -9%).

Weakest performing sectors

Most (ie 72 of the 82 listed) internet & direct marketing retail companies produced strongly negative (ie 30–50%) share price returns during the quarter. The majority of the industry's positive price performance was due to the strong increase (+28%) in the share price of Prosus, the sector's heavyweight at c 77% of its total value at the period end. There were upgrades to consensus CY22 EBIT estimates for four companies during the period: Groupe LDLC, Just Eat Takeaway, Manutan International and Windeln.de; although revenue estimates increased for only Manutan.

Only one company with household products, Essity (+17%), produced a positive share price return during Q222 as its consensus estimates for FY22 revenue increased, while EBIT decreased.

The underperformance of leisure products was broad based, with only one company, Abeo (+13%), having a higher share price by the end of Q222.

The overall negative price performance in multiline retail included only three companies with a positive return in the period: Stockmann, whose share price increase of 26% compares with upgrades to CY22 consensus revenue and EBIT expectations of 5% and 52% respectively, Ludwig Beck am Rathauseck – Textilhaus and Nama dd Ljubljana, neither of which has consensus forecasts according to Refinitiv. The share prices of General Merchandise Stores, Pepco and Europris fell by 23–24% on relatively small marginal, ie 2–4% downgrades to consensus CY22 EBIT estimates.

Sector forecasts and valuations: Few revenue declines forecast

The majority of the European subsectors are trading at a discount to their long-term average EV/Sales multiples based on consensus revenue estimates for CY22 at the end of Q122. However, there are practically no estimates for revenue declines in CY22 or CY23 despite the deteriorating macroeconomic indicators.

Exhibit 12: Continental European valuations and revenue growth rates

Subsector	EV/Sales CY22 (x)	LT average EV/Sales (x)	Premium/ (discount) to LT average	Revenue growth CY22e	Revenue growth CY23e	Revenue growth 2009	Revenue growth 2010	EV/Sales CY22 (x) if revenue - 10% y-o-y	Premium/ (discount) to LT average
Education Services (D)	0.4	2.6	(84%)	4%	7%	92%	(7%)	0.5	(80%)
Computer & Electronics Retail (D)	0.1	0.3	(68%)	2%	2%	(4%)	3%	0.1	(63%)
Homefurnishing Retail (D)	0.4	0.9	(53%)	2%	7%	(23%)	(1%)	0.5	(46%)
Apparel Retail (D)	1.3	2.6	(48%)	12%	5%	4%	15%	1.7	(35%)
Agricultural Products (S)	0.5	1.0	(46%)	9%	(0%)	1%	10%	0.6	(35%)
Food Distributors (S)	0.2	0.3	(35%)	8%	3%	(1%)	8%	0.2	(22%)
Footwear (D)	1.0	1.5	(37%)	17%	11%	(2%)	9%	1.2	(19%)
Hypermarkets & Super Centres (S)	0.2	0.3	(30%)	6%	4%	(2%)	(2%)	0.3	(18%)
General Merchandise Stores (D)	0.9	1.4	(35%)	14%	14%	(7%)	(26%)	1.2	(18%)
Auto Parts & Equipment (D)	0.4	0.6	(33%)	16%	9%	(18%)	32%	0.5	(13%)
Drug Retail (S)	0.8	1.2	(28%)	13%	29%	(33%)	6%	1.1	(9%)
Household Appliances (D)	0.5	0.7	(22%)	3%	3%	(6%)	9%	0.6	(8%)
Automotive Retail (D)	0.3	0.5	(28%)	11%	12%	(20%)	20%	0.4	(7%)
Household Products (S)	1.4	1.7	(19%)	8%	3%	(4%)	11%	1.6	(3%)
Department Stores (D)	0.8	1.0	(16%)	6%	5%	(6%)	6%	1.0	(1%)
Automobile Manufacturers (D)	0.8	0.9	(17%)	10%	6%	(18%)	20%	0.9	1%
Home Improvement Retail (D)	0.4	0.4	(9%)	1%	3%	2%	6%	0.4	2%
Home Furnishings (D)	0.8	0.9	(12%)	5%	3%	(12%)	1%	0.9	3%
Housewares & Specialties (D)	1.1	1.2	(11%)	7%	5%	(8%)	3%	1.3	5%
Food Retail (S)	0.4	0.5	(14%)	10%	2%	2%	11%	0.5	6%
Specialty Stores (D)	1.0	1.4	(25%)	28%	16%	8%	10%	1.5	8%
Restaurants (D)	0.6	0.7	(16%)	16%	7%	2%	6%	0.8	9%
Tires & Rubber (D)	0.8	1.0	(14%)	13%	3%	(12%)	21%	1.0	9%
Brewers (S)	2.3	2.8	(17%)	19%	7%	20%	6%	3.0	10%
Motorcycle Manufacturers (D)	0.9	0.8	9%	11%	8%	(6%)	(0%)	1.1	34%
Soft Drinks (S)	1.3	1.2	7%	16%	6%	(8%)	(0%)	1.7	38%
Textiles (D)	1.0	0.9	4%	18%	14%	(22%)	10%	1.3	39%
Leisure Products (D)	1.4	1.2	19%	13%	10%	(13%)	9%	1.8	50%
Hotels, Resorts & Cruise Lines (D)	0.8	1.1	(27%)	88%	15%	(19%)	13%	1.7	53%
Packaged Foods & Meats (S)	2.3	1.9	22%	13%	4%	(0%)	2%	2.8	54%
Consumer Electronics (D)	1.4	1.1	23%	16%	9%	(12%)	2%	1.8	58%
Distillers & Vintners (S)	4.3	3.4	26%	14%	7%	(2%)	6%	5.5	60%
Personal Products (S)	4.2	3.1	34%	13%	6%	(2%)	8%	5.3	68%
Homebuilding (D)	0.9	1.0	(18%)	3%	(0%)	(15%)	6%	1.9	77%
Leisure Facilities (D)	2.1	2.3	(10%)	78%	13%	(1%)	0%	4.2	80%
Apparel, Accessories & Luxury Goods (D)	3.3	2.3	40%	16%	8%	(5%)	12%	4.2	80%
Airlines (D)	0.5	0.5	(2%)	86%	19%	(11%)	17%	0.9	102%
Internet & Direct Marketing Retail (D)	2.9	1.9	52%	25%	19%	(7%)	14%	4.1	111%
Distributors (D)	1.0	0.6	72%	14%	16%	(5%)	(4%)	1.3	122%
Tobacco (S)	4.7	2.5	93%	9%	5%	3%	5%	5.8	135%
Casinos & Gaming (D)	3.7	1.9	97%	13%	11%	(1%)	(0%)	4.7	147%
Specialised Consumer Services (D)	2.8	1.3	121%	56%	16%	0%	0%	4.9	282%

Source: Edison Investment Research, Refinitiv. Note: LT = long term. Priced 30 June 2022.

As highlighted previously, comparing the effects of different economic downturns on a company's results is complicated but, as can be seen above, revenue growth rates in 2009 for the sectors ranged between -33% and +20%, with many experiencing double-digit declines in a period of low inflation. We therefore make the broad assumption – as we did for the UK above – for a 10% decline in CY22 revenue versus 2021, which includes a real demand decline of 20% offset by 10% inflation. With this assumption, the number of subsectors trading at the end of June at a discount to their long-term EV/Sales multiples reduces to just 15 from 42.

Companies trading at a discount to long-term average multiple

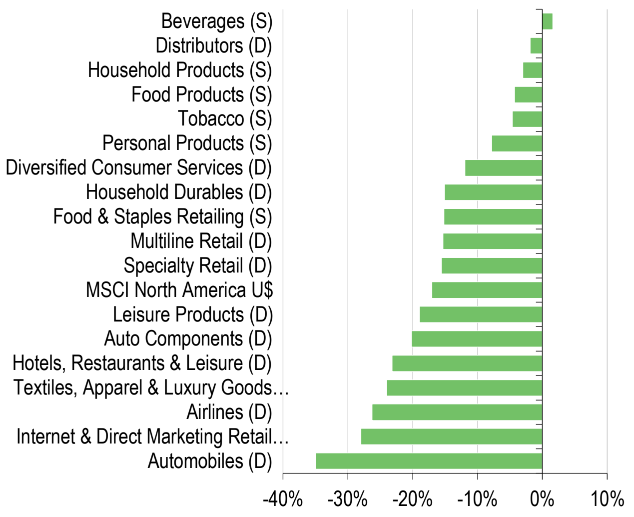
In Appendix 1, we highlight 50 Continental European companies which, at the end of June 2022, were trading on a CY22 EV/Sales multiple at the greatest discount to their long-term average, based on our blanket assumption for a y-o-y revenue decline from 2021 of 10%. We note that a number of the companies have a relatively limited trading history so comparison of prospective multiples may be less meaningful than for those with a more established history.

For each company, we include – where available – the last reported net debt/(cash) position before and after IFRS 16 liabilities relative to market value, revenue growth in 2009 and 2010, and consensus revenue growth expectations for CY22 and CY23 as at end June 2022. We note that 26 of the 50 companies listed have a last reported net cash position excluding IFRS 16 liabilities, and 18 have a last reported net cash position including lease liabilities.

North America

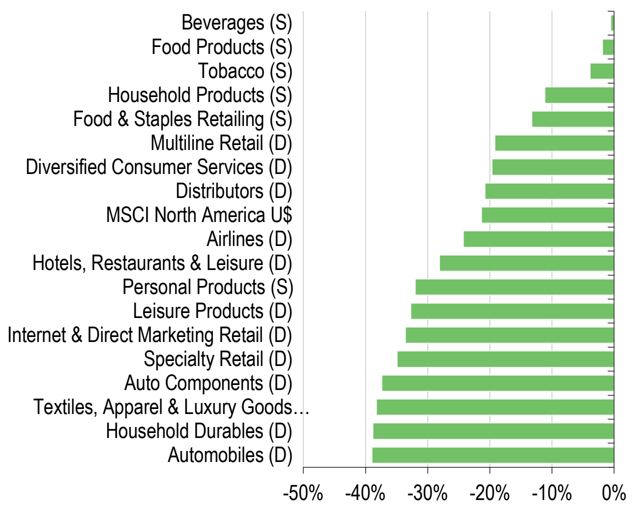
Staples dominated performance in Q222

Exhibit 13: Market value change in Q222



Source: Edison Investment Research, Refinitiv

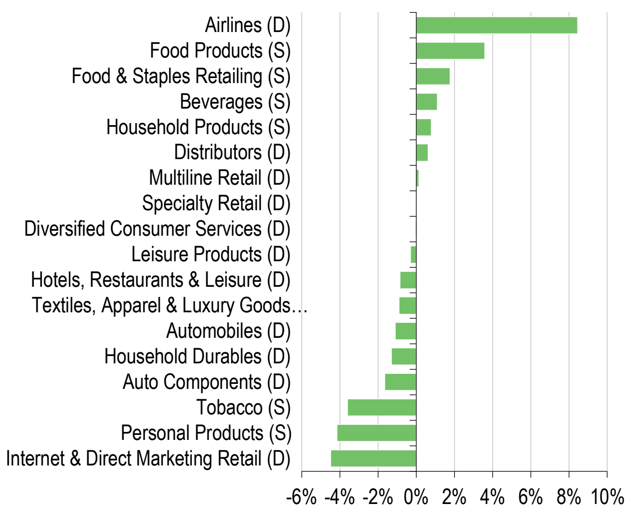
Exhibit 14: Market value change in H122



Source: Edison Investment Research, Refinitiv

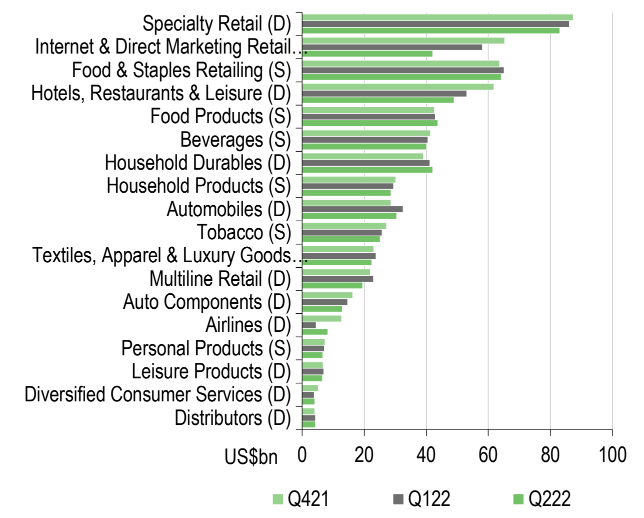
During Q222, all consumer staples sectors and a number of the discretionary sectors (ie specialty retail, multiline retail, household durables, diversified consumer services and distributors) performed better than the MSCI North America (U$) Index's -17% return. Beverages was the only sector to produce a positive return, +2%. Year to date, all sectors have produced a negative return, with relatively better performance from the staples sectors, as all except personal products outperformed the index's return of -21%.

Exhibit 15: Consensus CY22e revenue changes in Q222



Source: Edison Investment Research, Refinitiv

Exhibit 16: Consensus CY22e adjusted EBIT (US$bn)



Source: Edison Investment Research, Refinitiv

The widespread negative share price returns in Q222 coincided with downgrades to CY22 adjusted EBIT estimates for all but five sectors (distributors (+1%), diversified consumer services (+4%), airlines (+84%), household durables (+2%) and food products (+2%) as revenue estimates were upgraded for six sectors (distributors, household products, beverages, food & staples retailing, food products and airlines in ascending order). In H122, CY22 adjusted EBIT estimates have increased for only five sectors: distributors (+4%), automobiles (+7%), household durables (+8%), food products (+2%) and food & staples retailing (+1%).

Strongest performing sectors

The best performing sector, beverages, enjoyed a small (1%) increase in CY22 revenue estimates but a minor (1%) downgrade to EBIT estimates during Q222. The companies with the strongest share price performance in Q222 were Duckhorn Portfolio, MGP Ingredients, Celsius Holdings, Coca-Cola Consolidated, Splash Beverage, Monster Beverage and National Beverage as CY22 estimates were upgraded for all except the last three companies.

Weakest performing sectors

Moving on to the worst performing sectors, in aggregate, consensus CY22 revenue estimates for automobiles declined by 1% and EBIT by 6% during Q222, leading to a 35% decline in the value of the sector. The only companies in the automobiles sector to generate a positive share price return were NIO (+3%) and Xpeng, as consensus EBIT loss expectations for the former increased but fell for the latter. Other companies that enjoyed an increase in EBIT expectations during Q222 were AYRO (lower losses now forecast), Ford Motor Company and Winnebago Industries.

The internet & direct marketing retail sector declined by 28%, as CY22 revenue estimates fell by 8% and EBIT by a more significant 27%. The negative performance was widespread, with only five (Baozun, Jowell Global, Lulu's Fashion Lounge, Pinduoduo and Points.com) of 87 companies producing a positive return, despite variable changes to consensus EBIT expectations for those five companies.

The airlines sector performed poorly, declining by 26% in aggregate, despite enjoying the highest percentage increase in consensus CY22 revenue expectations (+8%) and EBIT (+84%) of all sectors. The key beneficiaries of the upgrades to CY22 EBIT estimates were American Airlines (move from loss to profit), Delta Air Lines, Southwest Airlines and United Airlines. Year to date, changes to CY22 EBIT estimates for the sector have been much less favourable, with a cumulative reduction of 34%.

Sector forecasts and valuations: Few revenue declines forecast

As with the UK and Continental Europe, the majority (31) of the (42) North American subsectors are trading on CY22e EV/Sales multiples that are below their long-term averages, but are expecting few y-o-y revenue declines for the year. In 2009, the range of growth rates for revenue was -34% to +17%.

For the other geographies, when we apply a blanket y-o-y reduction of 10% to CY21 revenues, the number of subsectors that continue to trade at a discount to their long-term average EV/Sales multiples reduces to 15.

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Exhibit 17: North American subsector valuations and revenue growth rates

	EV/Sales CY22 (x)	LT average EV/Sales (x)	Premium/ (discount) to LT average	Revenue growth CY22e	Revenue growth CY23e	Revenue growth 2009	Revenue growth 2010	EV/Sales CY22 (x) if revenue -10% y-o-y	Premium/ (discount) to LT average
Brewers (S)	1.2	4.8	(75%)	5%	2%	(33%)	8%	2.0	(58%)
Textiles (D)	0.3	0.7	(58%)	10%	6%	(7%)	10%	0.4	(46%)
Department Stores (D)	0.3	0.7	(64%)	1%	1%	(2%)	6%	0.4	(46%)
Drug Retail (S)	0.2	0.6	(62%)	0%	2%	5%	4%	0.3	(43%)
Education Services (D)	1.7	2.3	(28%)	(10%)	6%	17%	16%	1.4	(38%)
Housewares & Specialties (D)	0.7	1.6	(57%)	(4%)	2%	(11%)	5%	1.2	(26%)
Homefurnishing Retail (D)	0.6	0.9	(38%)	(0%)	3%	(0%)	11%	0.7	(25%)
Motorcycle Manufacturers (D)	1.0	2.5	(60%)	(6%)	13%	(20%)	2%	2.0	(20%)
Internet & Direct Marketing Retail (D)	2.0	2.8	(30%)	10%	16%	15%	29%	2.3	(18%)
Homebuilding (D)	0.6	1.2	(48%)	19%	0%	(34%)	3%	1.0	(15%)
Home Furnishings (D)	0.6	1.1	(46%)	7%	3%	(19%)	5%	1.0	(15%)
Apparel, Accessories & Luxury Goods (D)	1.2	1.9	(35%)	10%	7%	(2%)	19%	1.6	(14%)
Consumer Electronics (D)	1.9	2.2	(14%)	8%	8%	(12%)	(6%)	2.0	(7%)
Apparel Retail (D)	0.8	1.0	(19%)	5%	5%	2%	7%	1.0	(5%)
Casinos & Gaming (D)	1.5	3.4	(55%)	16%	20%	(5%)	22%	3.4	(1%)
Computer & Electronics Retail (D)	0.4	0.5	(10%)	(3%)	3%	8%	2%	0.5	1%
Leisure Products (D)	1.0	1.4	(29%)	11%	7%	(16%)	8%	1.5	6%
Tobacco (S)	4.4	4.8	(7%)	(13%)	4%	8%	6%	5.2	8%
Leisure Facilities (D)	2.2	4.2	(47%)	30%	11%	(11%)	5%	4.6	9%
Specialty Stores (D)	0.8	1.0	(13%)	4%	5%	(6%)	5%	1.1	11%
Food Distributors (S)	0.3	0.5	(37%)	18%	5%	(1%)	5%	0.5	14%
Food Retail (S)	0.4	0.5	(17%)	7%	2%	(2%)	9%	0.6	19%
Auto Parts & Equipment (D)	0.7	0.7	2%	9%	10%	(27%)	30%	0.8	23%
Automotive Retail (D)	0.6	0.8	(29%)	18%	6%	(12%)	15%	1.0	29%
Tires & Rubber (D)	0.1	0.5	(71%)	19%	4%	(16%)	16%	0.6	29%
General Merchandise Stores (D)	0.9	0.9	(2%)	6%	5%	2%	6%	1.2	30%
Packaged Foods & Meats (S)	1.5	1.7	(11%)	7%	3%	(1%)	(0%)	2.3	33%
Hypermarkets & Super Centres (S)	0.7	0.6	12%	6%	5%	2%	4%	0.8	40%
Specialised Consumer Services (D)	1.6	2.2	(28%)	15%	7%	(10%)	(3%)	3.2	43%
Household Appliances (D)	0.4	0.6	(31%)	0%	5%	(9%)	8%	0.8	43%
Restaurants (D)	2.8	2.8	(2%)	11%	8%	(2%)	3%	4.1	44%
Airlines (D)	0.4	0.8	(53%)	63%	10%	(6%)	19%	1.2	44%
Home Improvement Retail (D)	1.5	1.4	10%	4%	3%	(5%)	2%	2.0	46%
Household Products (S)	3.5	3.0	14%	4%	4%	(1%)	3%	4.5	47%
Footwear (D)	2.7	2.1	25%	11%	10%	0%	7%	3.2	52%
Soft Drinks (S)	3.7	3.3	13%	7%	5%	(1%)	21%	5.0	52%
Distributors (D)	1.1	1.0	14%	10%	3%	(5%)	11%	1.5	57%
Distillers & Vintners (S)	5.5	4.5	22%	7%	7%	(6%)	1%	7.5	67%
Agricultural Products (S)	0.4	0.4	7%	13%	(1%)	(12%)	9%	0.7	71%
Personal Products (S)	2.8	2.1	31%	6%	8%	(2%)	10%	3.6	72%
Hotels, Resorts & Cruise Lines (D)	2.4	3.2	(27%)	73%	23%	(10%)	10%	5.9	85%
Automobile Manufacturers (D)	2.2	1.1	95%	22%	18%	(19%)	11%	3.4	205%

Source: Edison Investment Research, Refinitiv. Note: LT = long term. Priced 30 June 2022.

Appendix 1: UK companies trading at discount to long-term EV/Sales multiple

Exhibit 18: UK companies

Company	Ticker	Share price 30 June 2022 (p)	Market value 30 June 2022 (£m)	Net debt/ (cash) (excl. leases)/ MV (%)	Net debt/ (cash) (incl. leases)/ MV (%)	EV/ Sales CY22 (x)	LT average EV/ Sales (x)	EV/ Sales 2022 if revenue -10% y-o-y (x)	Premium/ (discount) to LT average	Sales growth CY22e	Sales growth CY23e	Rev growth 2009	Rev growth 2010
SCS Group	SCSS	164	60	(147%)	39%	(0.1)	0.1	(0.1)	(215%)	11%	4%	N/A	N/A
Sportech	ROD	25	25	(91%)	(62%)	0.1	1.9	0.1	(94%)	14%	3%	(10%)	10%
Esken	ESKN	9	96	123%	252%	1.9	32.4	2.3	(93%)	7%	17%	18%	10%
Cairn Homes	CRN	85	595	15%	16%	1.3	27.6	2.1	(92%)	44%	10%	N/A	N/A
Deliveroo	ROO	90	1,580	(82%)	(79%)	0.1	2.1	0.2	(92%)	15%	21%	N/A	N/A
Superdry	SDRY	134	110	4%	218%	0.2	2.3	0.2	(91%)	10%	6%	N/A	N/A
Seraphine Group	BUMP	31	16	(9%)	36%	0.3	4.0	0.4	(90%)	17%	18%	N/A	N/A
ASOS	ASOS	839	835	8%	49%	0.2	2.0	0.3	(88%)	6%	12%	45%	49%
Dekel Agri-Vision	DKLD	3	18	137%	138%	1.1	9.5	1.4	(85%)	14%	22%	N/A	N/A
THG	THG	82	1,023	(5%)	29%	0.4	3.2	0.5	(84%)	21%	20%	N/A	N/A
boohoo group	BOOH	55	693	(0%)	7%	0.3	2.5	0.4	(84%)	4%	11%	N/A	N/A
IG Design Group	IGRI	85	82	(28%)	65%	0.1	0.6	0.1	(83%)	15%	3%	5%	2%
Works co uk	WRKS	43	26	(68%)	395%	0.0	0.2	0.0	(83%)	15%	8%	N/A	N/A
Made.Com Group	MADE	48	188	(57%)	(45%)	0.2	1.4	0.2	(82%)	(1%)	4%	N/A	N/A
QUIZ	QUIZ	10	13	(35%)	(26%)	0.1	0.7	0.1	(82%)	32%	10%	N/A	N/A
Joules Group	JOUL	36	40	13%	108%	0.2	1.1	0.2	(80%)	12%	4%	N/A	N/A
Ted Baker	TED	75	139	(2%)	88%	0.3	1.6	0.4	(77%)	19%	11%	7%	14%
Parsley Box Group	MEAL	18	13	(19%)	(18%)	0.5	1.9	0.5	(76%)	(12%)	36%	N/A	N/A
Victorian Plumbing Group	VIC	56	181	(19%)	(16%)	0.5	2.5	0.6	(76%)	2%	9%	N/A	N/A
musicMagpie	MMAG	41	44	(4%)	(0%)	0.3	1.3	0.3	(76%)	7%	8%	N/A	N/A
AO World	AO	69	330	3%	31%	0.2	0.9	0.2	(75%)	(13%)	0%	N/A	N/A
Halfords Group	HFD	143	312	(15%)	111%	0.2	0.9	0.2	(74%)	7%	4%	2%	4%
Virgin Wines UK	VINO	78	43	(44%)	(37%)	0.3	1.4	0.4	(74%)	4%	9%	N/A	N/A
Topps Tiles	TPT	39	76	(18%)	122%	0.3	1.1	0.3	(73%)	4%	4%	(10%)	1%
DP Poland	DPP	6	39	8%	33%	1.2	5.7	1.6	(73%)	18%	12%	N/A	N/A
Currys	CURY	68	769	(6%)	159%	0.1	0.3	0.1	(72%)	(6%)	(1%)	N/A	N/A
Angling Direct	ANG	40	31	(54%)	(18%)	0.2	0.7	0.2	(71%)	13%	14%	N/A	N/A
Naked Wines	WINEW	171	125	(32%)	(29%)	0.2	0.9	0.3	(70%)	6%	9%	12%	12%
ProCook Group	PROC	40	43	4%	56%	0.7	2.4	0.8	(68%)	4%	12%	N/A	N/A
Card Factory	CARDC	46	157	46%	122%	0.5	2.2	0.7	(67%)	19%	8%	N/A	N/A
Hostmore	MOREH	30	38	30%	427%	0.2	0.9	0.3	(63%)	39%	11%	N/A	N/A
C&C Group	GCC	184	721	22%	31%	0.6	2.3	0.9	(63%)	22%	11%	(18%)	20%
Marks & Spencer Group	MKS	136	2,644	12%	98%	0.3	0.8	0.3	(62%)	5%	2%	4%	3%
In The Style Group	ITS	77	40	(25%)	(21%)	0.5	1.6	0.6	(61%)	21%	19%	N/A	N/A
Playtech	PTEC	542	1,652	24%	28%	1.7	5.5	2.2	(60%)	18%	4%	15%	19%
REA Holdings	REAH	131	57	239%	248%	1.0	3.7	1.5	(59%)	34%	(2%)	17%	47%
Gusbourne	GUS	64	39	16%	21%	7.6	27.4	11.9	(57%)	41%	29%	N/A	N/A
M P Evans Group	MPE	888	483	1%	1%	1.8	6.2	2.7	(56%)	32%	(7%)	10%	50%
N Brown Group	BWNG	24	109	239%	240%	0.5	1.3	0.6	(55%)	1%	2%	5%	4%
Aston Martin Lagonda Global Holdings	AML	442	513	155%	175%	1.0	2.9	1.3	(54%)	22%	19%	N/A	N/A
FireAngel Safety Technology Group	FA	11	20	(0%)	4%	0.4	1.1	0.5	(54%)	27%	12%	N/A	N/A
Gear4music Holdings	G4M	180	38	64%	90%	0.4	1.0	0.5	(53%)	7%	10%	N/A	N/A
888 Holdings	888	168	745	(25%)	(22%)	0.3	1.8	0.9	(53%)	189%	5%	14%	8%
XP Factory	XPF	17	25	(26%)	7%	0.7	6.4	3.0	(53%)	262%	57%	N/A	N/A
McBride	MCB	16	27	417%	465%	0.2	0.5	0.2	(53%)	11%	11%	7%	1%
Mulberry Group	MUL	305	182	(11%)	24%	1.0	2.6	1.3	(52%)	11%	9%	21%	59%
Fevertree Drinks	FEVR	1,220	1,416	(12%)	(12%)	3.4	9.3	4.5	(52%)	17%	14%	N/A	N/A
Revolution Beauty Group	REVB	77	238	(7%)	(7%)	1.0	2.7	1.3	(52%)	22%	16%	N/A	N/A
Various Eateries	VAREV	45	40	(5%)	64%	0.9	3.2	1.6	(50%)	58%	31%	N/A	N/A
Samarkand Group	SMK	78	42	(21%)	(19%)	1.4	4.1	2.1	(49%)	36%	54%	N/A	N/A

Source: Edison Investment Research, Refinitiv. Note: LT = long term.

Appendix 2: Continental European companies trading at discount to long-term EV/sales multiple

Exhibit 19: Continental European companies

Company	Ticker	Share price at 30 June 2022 (local)	Market value 30 June 2022 (€m)	Net debt/ (cash) (excl. leases)/ MV (%)	Net debt/ (cash) (incl. leases)/ MV (%)	EV/ sales CY1 (x)	LT average EV/ sales (x)	Premium/ (discount) to LT average	EV/ sales 2022 if revenue -10% y-o-y (x)	Premium/ (discount) to LT average	Revenue growth CY22e	Revenue growth CY23e	Rev growth 2009	Rev growth 2010
Home24	H24	3.6	109	(96%)	(36%)	0.0	0.7	(99%)	0.0	(99%)	3%	17%	N/A	N/A
Desenio Group (publ)	DSNO	1.8	25	(42%)	(18%)	0.2	7.4	(98%)	0.1	(98%)	(21%)	6%	N/A	N/A
Global Fashion Group	GFG	1.4	319	(93%)	(51%)	0.0	0.7	(98%)	0.0	(98%)	8%	15%	N/A	N/A
Glenveagh Properties	GLV	0.9	650	1%	1%	1.0	60.7	(98%)	1.5	(97%)	32%	13%	N/A	N/A
Veganz Group	VEZ	17.2	21	(89%)	(89%)	0.1	3.1	(97%)	0.1	(97%)	(4%)	37%	N/A	N/A
Mister Spex	MRXG	5.6	194	(89%)	(61%)	0.1	2.6	(96%)	0.1	(95%)	19%	24%	N/A	N/A
Strax	STRAX	2.3	26	182%	186%	0.8	8.7	(91%)	0.6	(93%)	(28%)	(21%)	(173%)	(71%)
Atlantic Sapphire	ASA	19.2	186	16%	17%	3.9	213.1	(98%)	16.8	(92%)	288%	76%	N/A	N/A
LMK Group (publ)	LMKG	14.0	17	(73%)	15%	0.0	0.4	(91%)	0.0	(91%)	(13%)	8%	N/A	N/A
Kid	KID	83.3	327	20%	43%	1.2	1.2	3%	0.1	(91%)	4%	5%	N/A	N/A
Maisons du Monde	MDM	9.5	428	11%	149%	0.4	1.0	(64%)	0.1	(89%)	(5%)	7%	N/A	N/A
Delticom	DEXGn	2.6	39	1%	132%	0.1	0.6	(88%)	0.1	(89%)	(21%)	5%	20%	35%
Abitare In	ABIT	5.7	151	61%	61%	1.5	30.9	(95%)	3.6	(88%)	116%	31%	N/A	N/A
Fourlis	FRLr	2.9	150	(72%)	15%	0.1	0.8	(90%)	0.1	(87%)	16%	8%	(43%)	(3%)
Just Eat Takeaway.com	TKWY	15.1	3,225	29%	40%	0.7	7.9	(91%)	1.0	(87%)	33%	15%	N/A	N/A
Fashionette	FSNT	3.9	24	N/A	N/A	0.1	1.5	(91%)	0.2	(86%)	34%	13%	N/A	N/A
Bike24 Holding	BIKE	3.2	141	(2%)	4%	0.5	3.4	(85%)	0.6	(82%)	10%	20%	N/A	N/A
ASTARTA Holding	ASTH	19.8	106	18%	138%	0.3	1.6	(83%)	0.3	(82%)	(3%)	(7%)	4%	71%
Gerry Weber International	GWI2k	17.0	21	95%	582%	0.1	1.0	(88%)	0.2	(82%)	37%	18%	4%	6%
Westwing Group	WEW	7.1	148	(50%)	(19%)	0.2	0.9	(82%)	0.2	(82%)	(6%)	16%	N/A	N/A
AUTO1 Group	AG1G	7.0	1,505	(13%)	(9%)	0.2	1.6	(87%)	0.3	(81%)	32%	23%	N/A	N/A
Angler Gaming	ANGLR	4.7	33	(17%)	(17%)	0.7	3.2	(77%)	0.7	(78%)	(14%)	5%	N/A	N/A
XXL	XXL	5.9	144	70%	239%	0.3	1.3	(79%)	0.3	(78%)	(5%)	5%	N/A	N/A
Ceconomy	CECG	2.7	1,285	(31%)	130%	0.0	0.2	(80%)	0.0	(78%)	1%	2%	(4%)	3%
Nelly Group (publ)	NELLY	14.7	25	(20%)	102%	0.2	0.7	(76%)	0.2	(76%)	(11%)	3%	N/A	N/A
SRP Groupe	SRPG	1.2	142	(35%)	(23%)	0.1	0.6	(76%)	0.1	(75%)	(5%)	5%	N/A	N/A
ABOUT YOU Holding	YOUG	6.8	1,270	(31%)	(26%)	0.4	2.4	(83%)	0.6	(75%)	32%	27%	N/A	N/A
Windeln.de	WDL1k	0.8	10	(52%)	(39%)	0.1	0.4	(80%)	0.1	(74%)	17%	14%	N/A	N/A
Delivery Hero	DHER	35.8	8,950	19%	23%	1.1	7.9	(86%)	2.0	(74%)	62%	37%	N/A	N/A
Urb-it (publ)	URBIT	3.0	66	(7%)	(7%)	6.2	77.5	(92%)	20.1	(74%)	191%	157%	N/A	N/A
Neinor Homes	HOME	12.0	953	(20%)	(19%)	0.9	3.4	(74%)	0.9	(73%)	(6%)	(4%)	N/A	N/A
Spartoo	ALSPT	1.7	31	(28%)	(28%)	0.1	0.6	(77%)	0.2	(72%)	10%	12%	N/A	N/A
Pierce Group (publ)	PIERCE	8.7	64	21%	32%	0.5	1.9	(76%)	0.5	(72%)	9%	14%	N/A	N/A
Humble Group	HUMBLE	14.5	394	40%	40%	1.4	14.4	(90%)	4.1	(72%)	168%	14%	N/A	N/A
RugVista Group (publ)	RUG	45.9	89	(21%)	(18%)	1.0	3.9	(74%)	1.1	(71%)	0%	17%	N/A	N/A
Borges Agricultural & Industrial Nuts	BAINS	2.7	62	59%	72%	0.6	2.3	(76%)	0.7	(70%)	12%	7%	9%	(4%)
Aramis Group	ARAMI	4.3	357	4%	21%	0.2	1.0	(80%)	0.3	(70%)	35%	21%	N/A	N/A
CCC	CCCP	46.0	539	77%	144%	0.5	2.0	(77%)	0.7	(68%)	24%	19%	(1%)	21%
bet-at-home.com	ARTG	11.7	82	(51%)	(49%)	0.7	2.2	(67%)	0.7	(67%)	(8%)	(5%)	10%	57%
Nokian Tyres	TYRES	10.4	1,443	(7%)	4%	0.8	2.6	(68%)	0.9	(67%)	(7%)	(7%)	(26%)	33%
Zalando	ZALG	25.0	6,551	(11%)	1%	0.6	1.8	(70%)	0.6	(66%)	2%	14%	N/A	N/A
Allegro.eu	ALEP	23.8	5,381	13%	15%	3.1	16.8	(81%)	5.8	(66%)	65%	27%	N/A	N/A
Deoleo	OLEO	0.3	162	68%	70%	0.4	1.2	(70%)	0.4	(65%)	6%	3%	(13%)	(6%)
Atal	1AT	33.0	273	(23%)	(5%)	0.6	1.8	(64%)	0.6	(65%)	(12%)	(4%)	N/A	N/A
Eurocash	EUR	10.5	313	66%	213%	0.1	0.3	(69%)	0.1	(65%)	3%	3%	(11%)	26%
Kernel Holding	KER	19.1	343	279%	367%	0.2	0.8	(70%)	0.3	(64%)	9%	N/A	28%	48%
Hexaom	HEXAO	25.3	175	(33%)	(17%)	0.1	0.4	(71%)	0.1	(64%)	13%	4%	(21%)	12%
ForFarmers	FFARM	2.7	252	11%	25%	0.1	0.3	(68%)	0.1	(63%)	3%	(2%)	N/A	N/A
H & M Hennes & Mauritz	HMb	122.2	16,647	(9%)	24%	0.7	2.2	(67%)	0.8	(62%)	5%	4%	3%	19%
Geox	GEO	0.7	191	45%	156%	0.4	1.3	(70%)	0.5	(62%)	14%	7%	(3%)	(2%)

Source: Edison Investment Research, Refinitiv. Note: LT = long term.

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia