

ConsumerWatch | May 2024

# GIVE ME A REASON TO LOVE YOU

## 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.

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The consumer sectors entered the year with almost universal optimism about the outlook for profits for the individual companies, albeit there was a general feeling that the recovery would be gradual and weighted to the second half of the year.

There are signs of life in some of the macroeconomic indicators and a number of sectors have enjoyed good upgrades in Q124. However, the ongoing overall negative trends in consensus profit estimates, with more companies and sectors seeing further downgrades to forecasts than upgrades in the period, due to a combination of lower revenue growth and profitability in the main, have given investors few reasons to get behind the predicted recovery for the consumer companies. A change in momentum would be extremely welcome for the many companies that continue to look very attractively valued.

# MACRO OVERVIEW

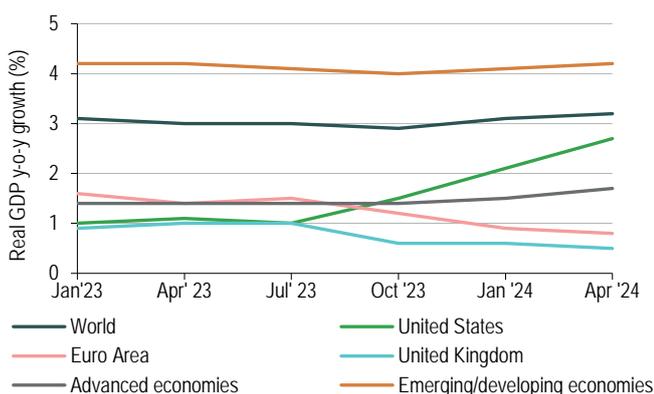
## Improving but below-trend growth expected

There appears to be a consistent view among the economic forecasters we highlight below, one of economic crisis averted, but the outlook for growth, global and for the UK, in 2024 and 2025 is below the long-term trend, albeit the estimates for 2024 continue to nudge up.

The International Monetary Fund (IMF) marginally increased its estimate for global economic growth for 2024, by 0.1% to 3.2%, in its April 2024 World Economic Outlook report, from 3.1% in the January 2024 report. Within the upgrade, there were quite divergent trends: continuing upgrades for the US and emerging/developing economies were partially offset by ongoing downgrades for the UK and Euro Area. The upgrades to the US's growth estimates are quite eye-catching; the estimates have almost tripled from the 1% growth forecast in the July 2023 update to 2.7% in the most recent update. Conversely, the estimates for the UK and the Euro Area have either halved or almost halved in the same time frame, from 1% to 0.5% and from 1.5% to 0.8%, respectively.

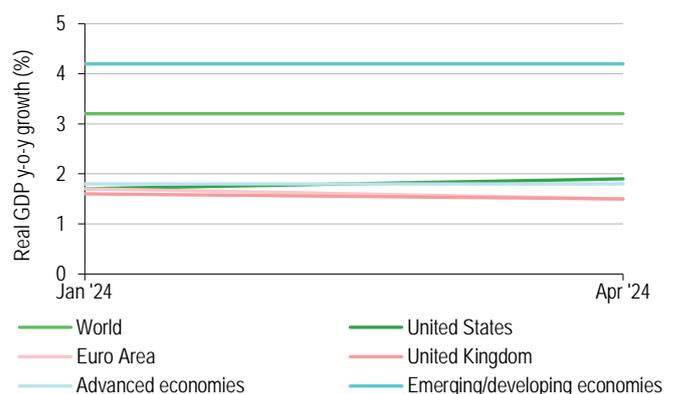
Looking into next year, its overall global growth estimate of 3.2% (ie a similar rate of growth as expected for 2024) is unchanged. Within the total, the IMF expects a slowdown versus 2024 for the US (1.9%) but better growth for the UK (1.5%) and Euro Area (1.5%); the estimate for the US has increased since the start of the year while estimates for the UK and Europe have reduced.

Exhibit 1: Real GDP growth estimates for 2024



Source: International Monetary Fund

Exhibit 2: Real GDP growth estimates for 2025

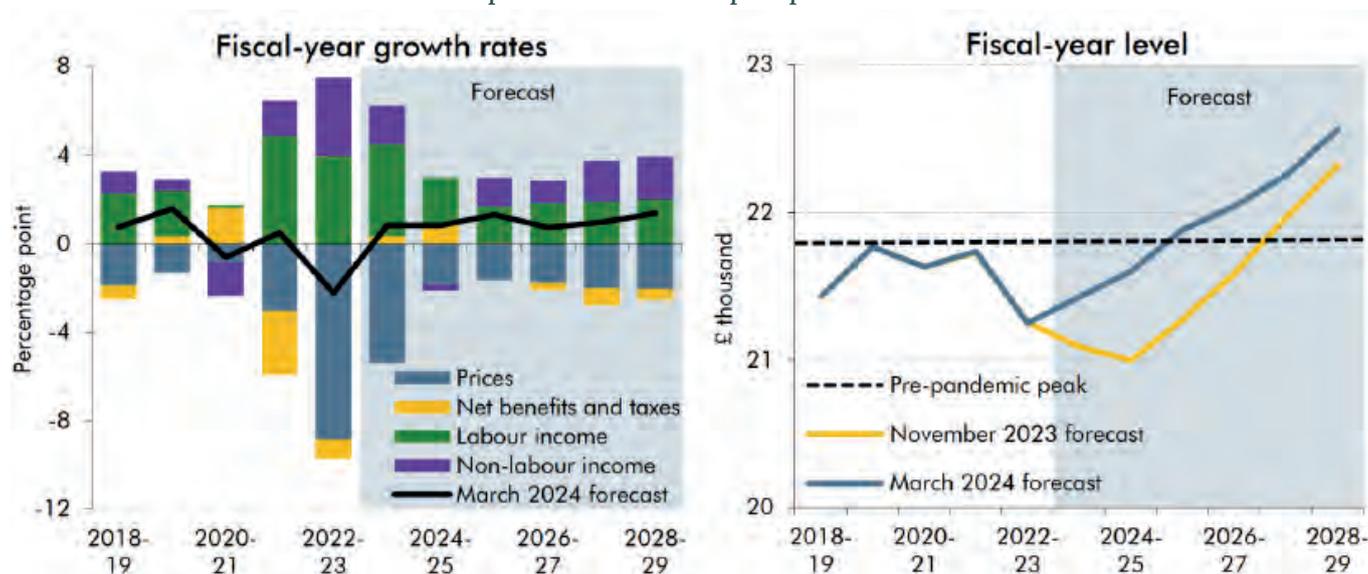


Source: International Monetary Fund

Turning our attention to the UK, and given our primary focus on the consumer sectors, the key takeaway from the Office for Budget Responsibility's (OBR's) March 2024 Economic and Fiscal Outlook for the UK was the expectation that real household disposable income (RHDI) would recover quicker than previously expected, which is very welcome news, despite the modest reduction/increase in near-term/medium-term real GDP growth

estimates. Recalling that the more than 2% decline in RHDI in 2022–23 was the largest year-on-year drop since records began in the 1950s, and the OBR previously forecast RHDI would decline again in both 2023–24 and 2025, it actually increased by 0.8% in 2023–24 and the OBR now expects continued growth in 2024–25. As a result, RHDI is expected to recover to its pre-pandemic peak in 2025–26, two years earlier than previously forecast.

Exhibit 3: UK real household disposable income per person



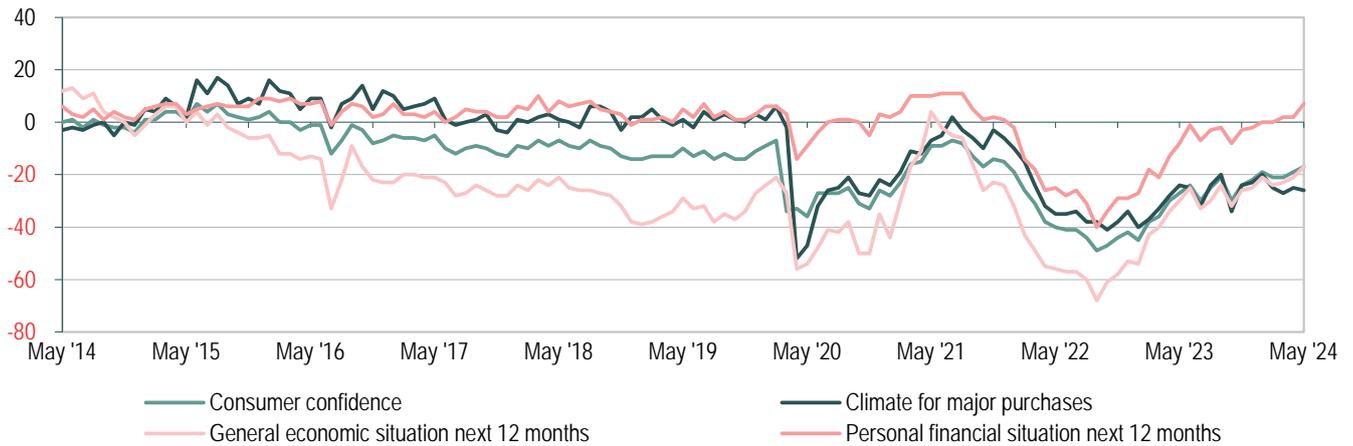
Source: Office for Budget Responsibility, Economic and Fiscal Outlook, March 2024

## What is happening on the ground?

Following the 'good' improvement in UK consumer confidence in January 2024 to -19 from -22 in December 2023 that we highlighted in our [last report](#), the subsequent months from February to April were relatively disappointing with no real progress in the overall confidence level, which moved between -21 and -19. That changed with data for May 2024, the confidence indicator improving to -17. Still weak, but better than it has been for some time.

As we have indicated previously, consumer confidence has been on a broadly upward trend since the latter months of 2022. Looking at the various indicators within the aggregate for consumer confidence, there has been a significant improvement in the indicator for personal financial situation in next 12 months, and it is now firmly in positive territory. The only indicator that deteriorated in May 2024 was climate for major purchases, which has been consistently weak since February, and resonates with comments from a number of companies exposed to big ticket spend. The data were released just after the unexpected announcement of the general election, so it will be interesting to see how this evolves with a potential change of an unpopular government and leader versus the opposition.

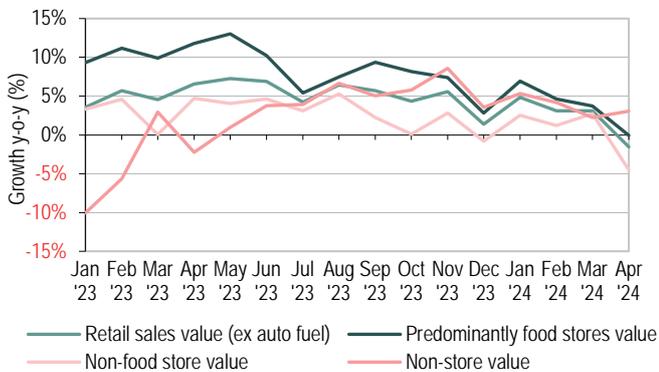
Exhibit 4: GfK UK consumer confidence indicators



Source: LSEG

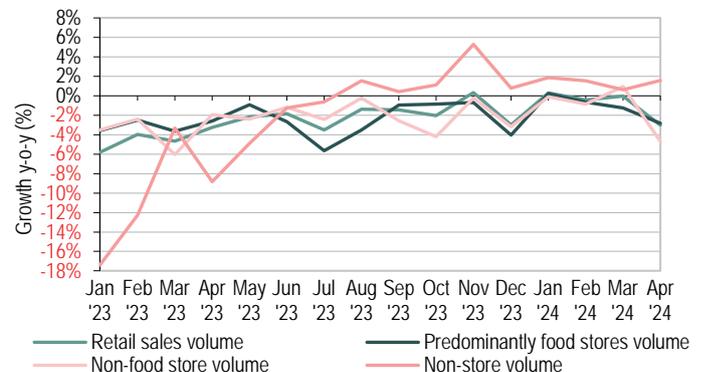
Retail sales data in the UK continue to be mixed or weak, not many people in the UK need to be told that the poor spring weather has negatively affected footfall. A slightly earlier four-day Easter weekend in 2024 versus 2023 may also have had an impact recently. April 2024 was a very disappointing month for UK retail sales excluding auto fuel, as it saw the first year-on-year-decline since early 2021. Volumes, which had been on an improving trend, were poor across both food and non-food but consumers will be cheered that a significant reduction in inflation to 1.5% from 4–5% at the start of the year and over 9% a year ago contributed to the decline in retail sales.

Exhibit 5: Retail sales value



Source: Office for National Statistics

Exhibit 6: Retail sales volume



Source: Office for National Statistics

Looking at the housing market there appear to be some signs of better times ahead, although the data, like consumer confidence, remain mixed and volatile. The most recent data to March 2024 show that the number of mortgage approvals has been increasing month-on-month since October 2023, but more importantly, given its seasonality, has been increasing year-on-year since November 2023. Prior to this, from August 2021, the number of mortgage approvals had declined year-on-year for 26 of the 27 months. While there had been a month-on-month improvement in the number of property transactions for the three months January to March 2024, year-on-year they continued to decline, albeit at a reducing rate versus most of 2023.

Exhibit 7: UK house mortgage approvals



Source: Bank of England

Exhibit 8: UK residential property transactions



Source: HM Customs and Excise

To conclude, the outlook for the consumer sectors looks more encouraging but this is not yet translating through fully to consumer spending.

## Sectors underperformed in Q124, forecast trends not helpful

In the sections that follow we look at what happened to the share prices and consensus CY24 profit estimates for the consumer sectors in Q124 in the UK, Continental Europe and North America. We then look at the consensus growth estimates for revenue and operating profit for CY24 and screen for valuation opportunities among the companies.

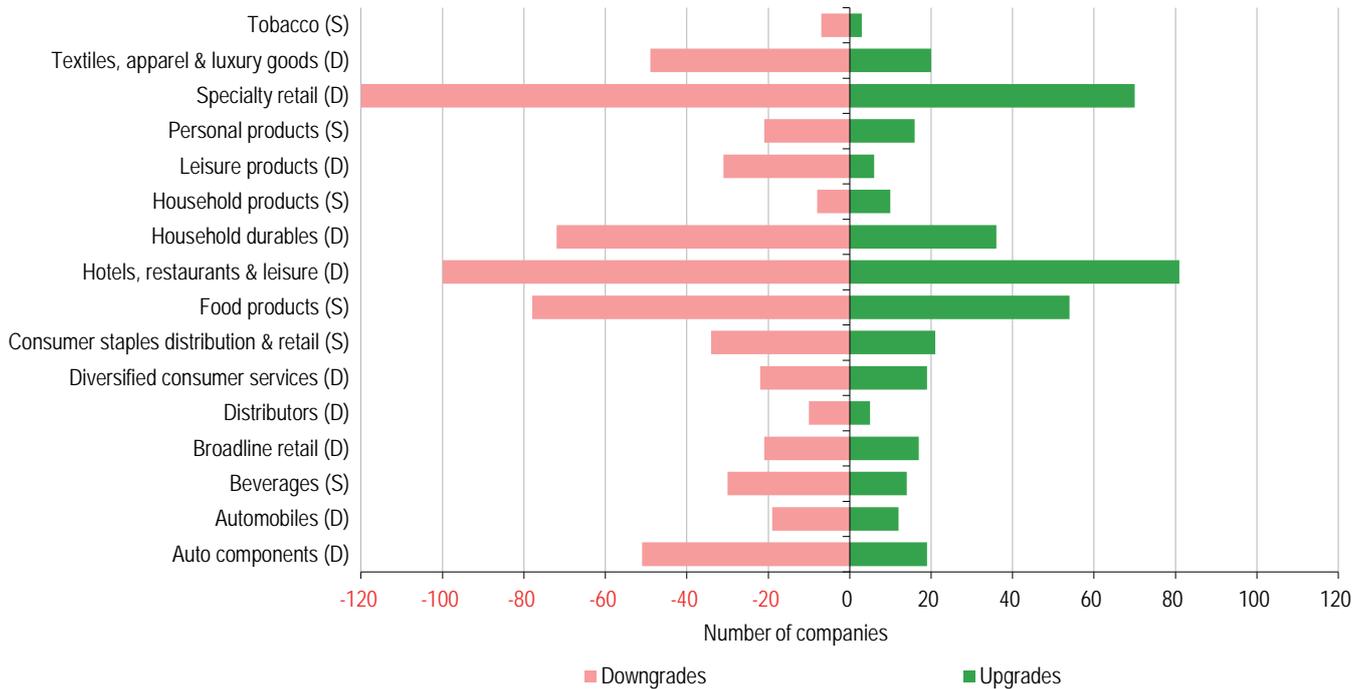
Despite the expectations of a better year for profits for the sectors, the aggregates for each of the regions all underperformed their regional benchmarks in Q124. However, it was not all bad news as roughly one-third or one-quarter of the sectors outperformed their benchmarks.

Overall, the trends in consensus profit expectations for the sectors in CY24 were unhelpful with aggregate downgrades for the UK of 2%, Europe of 3% and very marginal downgrades for North America. Here too, it was not all bad news as a number of the sectors enjoyed upgrades to consensus estimates, notably the UK (seven of the 16 sectors received upgrades) versus four in North America and two in Continental Europe.

In the UK, directionally the sectors performed mainly in line with the changes to consensus profit estimates in the period (Exhibit 13) but in Continental Europe (Exhibit 18) and North America (Exhibit 23) the relationship was less clear.

At the individual company level there were downgrades for almost two-thirds of the companies in Q124, with all but one sector (household products) seeing a net number of downgrades to upgrades.

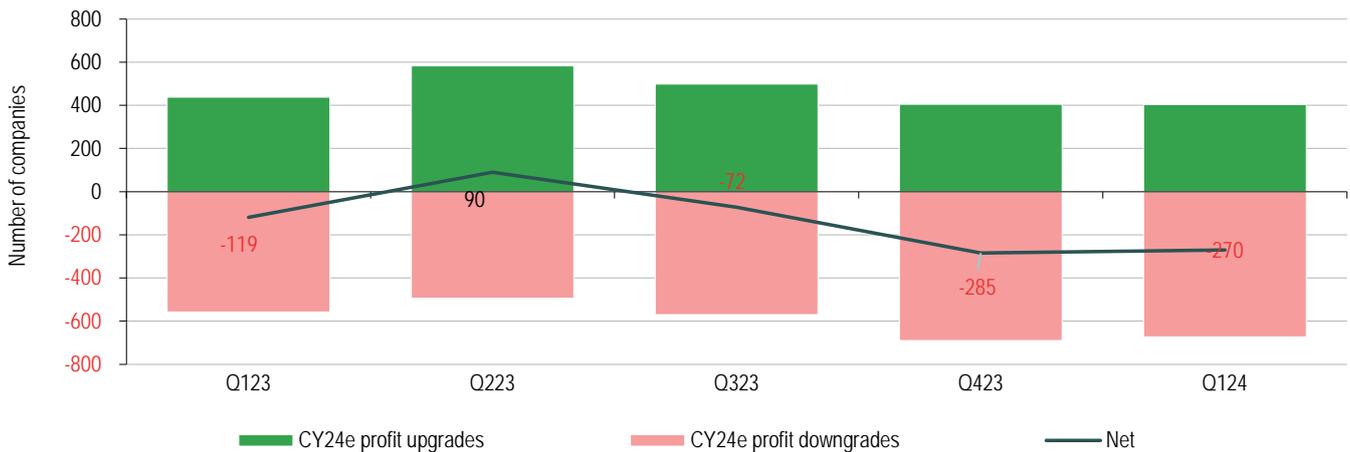
Exhibit 9: Number of companies to receive downgrades/upgrades to CY24e profit in Q124



Source: LSEG, Edison Investment Research

This continued the overall trend of more downgrades to upgrades to company estimates for CY24 that has been in place since Q323, although there was a slight improvement in the net ratio from Q423, which is entirely attributable to the North American sectors (see Exhibit 25), as the UK (Exhibit 15) and Continental European (Exhibit 20) sectors saw a further deterioration in Q124.

Exhibit 10: Quarterly progression in upgrades/downgrades to CY24e profit



Source: LSEG, Edison Investment Research

# Consensus expectations for CY24

At the end of Q124, consensus was expecting better profit growth in CY24 for the North American and UK consumer sectors, 13% and 7%, respectively, than for the Continental European sectors, 2 %.

Exhibit 11: Consensus expectations for CY24 and CY25

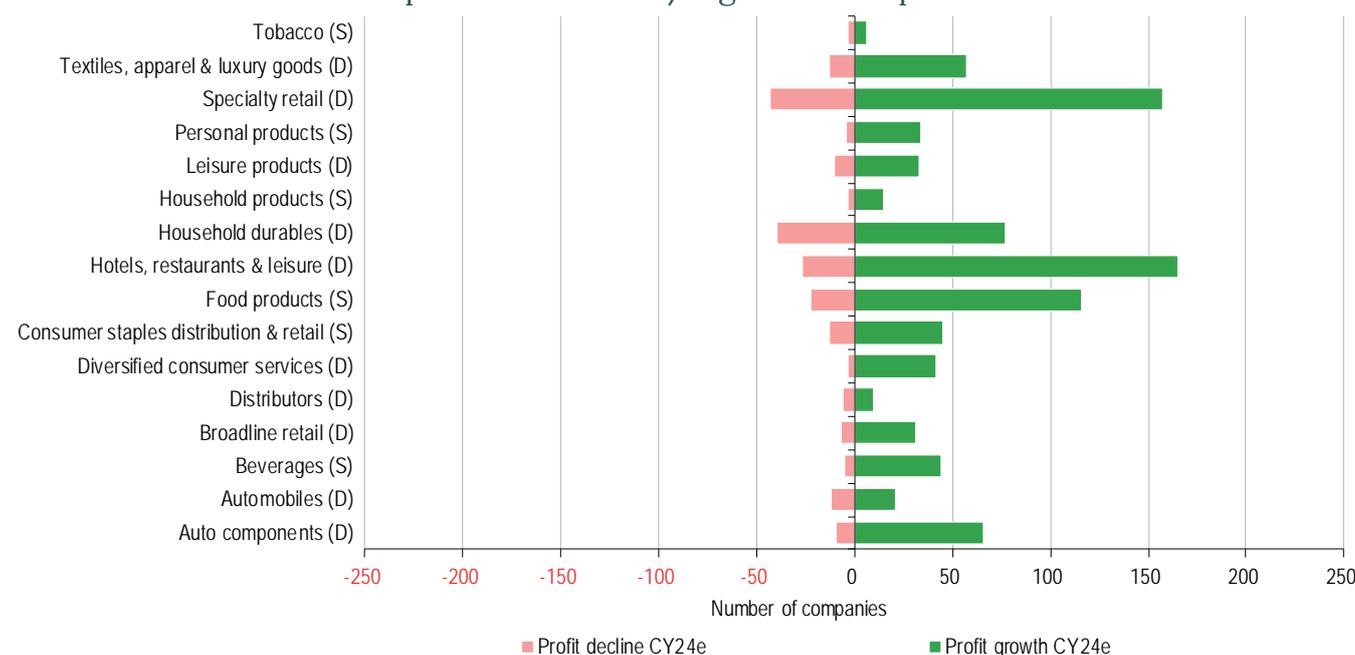
	Revenue growth		Profit growth	
	CY24e	CY25e	CY24e	CY25e
UK total (£)	2%	4%	7%	8%
- UK discretionary (£)	3%	6%	17%	14%
- UK staples (£)	2%	3%	3%	5%
Continental Europe (€)	4%	4%	2%	9%
- Continental Europe discretionary (€)	3%	5%	(1%)	10%
- Continental Europe staples (€)	5%	3%	9%	8%
North America (US\$)	4%	6%	13%	13%
- North America discretionary (US\$)	5%	8%	19%	17%
- North America staples (US\$)	3%	4%	6%	7%

Source: LSEG, Edison Investment Research

The discretionary sectors were expected to generate the greatest year-on-year growth in profits in CY24 in both the UK and North America. The overall figure for Continental Europe masks an underlying improvement for the majority of the sectors, offset primarily by an expected decline (10%) for the automobiles sector, which is significant as it represents 36% of the expected consumer profit pool.

There continues to be a high level of optimism for the individual companies as 83% are forecast to generate a higher level of profit in CY24 than CY23.

Exhibit 12: Number of companies with lower/higher CY24e profit than CY23



Source: LSEG, Edison Investment Research

# Valuation opportunities in the consumer sectors

We screen for valuation opportunities by looking at prospective multiples for each company versus their long-term average. We focus on EV/sales in our screens but also show P/E multiples given the difficulties of comparing, say EV/EBITDA multiples either side of the adoption of IFRS 16 for accounting periods that began on or after 1 January 2019. To make the comparison of EV/sales over the long term more valid, we exclude lease liabilities, introduced with the adoption of IFRS 16, from the calculation of enterprise value. Our 'long term' covers the period 2006–23 so we recognise the changes over the most recent cycle, including the global financial crisis. The figures for CY23 are by definition estimates for those without a December year-end until the companies report figures that enable the annualisation for CY23.

In Exhibits 17, 22 and 27, we show the more than 100 UK and top 100 European and North America companies with prospective CY24 EV/sales multiples that were below their long-term average at the end of April 2024. Among the highlighted companies, the trends in consensus profit estimates were very variable in Q124.

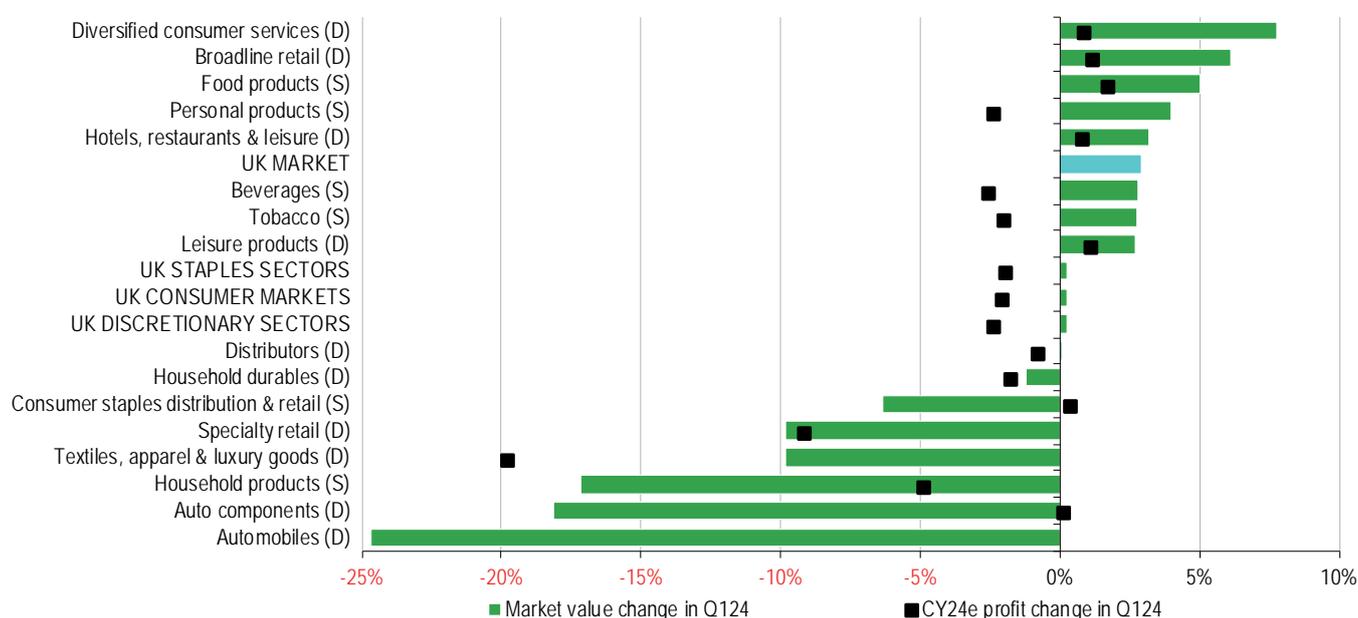
Throughout the report we use sector (ie industry) classifications as defined by the MSCI Global Industry Classification Standard and in our charts the discretionary sectors are labelled D and the staples sectors labelled S.

We create the sector aggregations bottom-up, by summing the data for the individual companies in the sectors. The quoted changes in market values and growth rates for estimates are on a like-for-like or comparable basis (ie we only include data for a company if there are data for both the base and current period). The source of our data is LSEG (Refinitiv), and so we are dependent on the completeness (LSEG may not include data from all covering analysts and may not include every line item of the analysts' models), timeliness and therefore accuracy of its data.

# UNITED KINGDOM

The UK consumer sectors limped through Q124 – they were broadly flat overall, underperforming the UK market, which increased by 3%. The ongoing negative momentum in consensus CY24 profit estimates, which fell by c 2% in the period, was not helpful. The real damage to overall performance was due to significant downward moves, c 10% or more, by automobiles; auto components; household products; textiles, apparel and luxury goods; and specialty retail. The auto components sector appears to have been unfairly treated as consensus profit estimates were relatively unchanged. Only five of the 16 sectors outperformed the market: diversified consumer services; broadline retail; food products; personal products; and hotels, restaurants and leisure, all of which, except personal products, enjoyed upgrades to profit estimates.

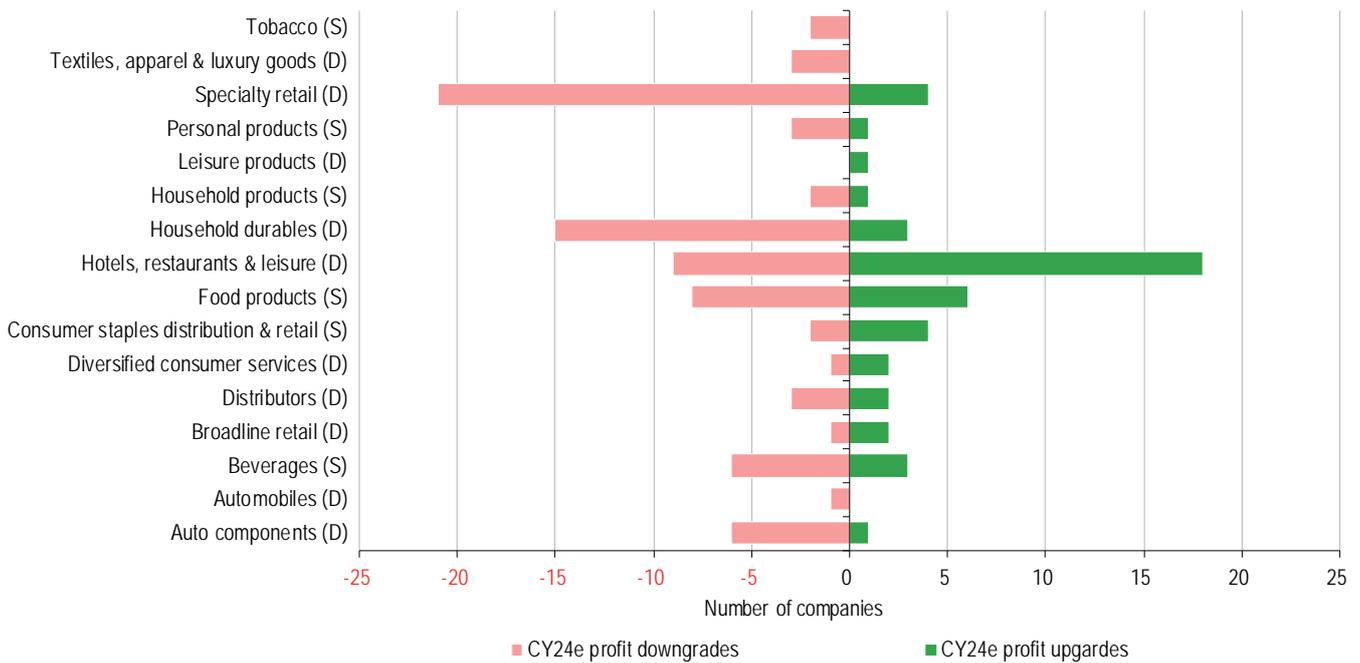
Exhibit 13: UK sector performance versus consensus CY24e profit in Q124



Source: LSEG, Edison Investment Research

To get better insight into the overall health of the sectors (ie to eliminate any skewing of estimates changes for the major companies) we look at the number of companies that received upgrades and downgrades to consensus profit estimates in the period to derive the net number of upgrades (positive) or downgrades (negative). It is pretty clear in Exhibit 14 there were downgrades for more companies than upgrades in Q124, to give overall net downgrades. On the upgrade side, the hotels, restaurants and leisure sector stands out with upgrades for more companies than downgrades. On the negative side, the specialty retail and household durables sectors saw large net downgrades.

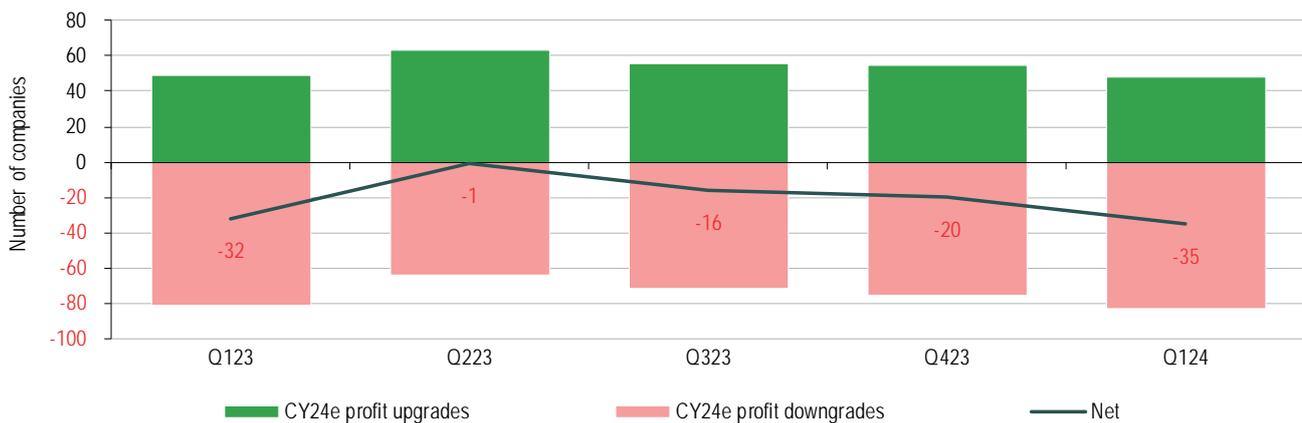
Exhibit 14: Number of companies to receive downgrades/upgrades to CY24e profit in Q124



Source: LSEG, Edison Investment Research

In our recent quarterly reports, we highlighted how momentum in the ratio of upgrades to downgrades for CY24 profit estimates began to deteriorate from the middle of 2023. In Exhibit 15 below we can see that the trend in the ratio of net downgrades to upgrades for CY24 consensus profit estimates has continued to deteriorate in Q124.

Exhibit 15: Quarterly progression in upgrades/downgrades to CY24e profit



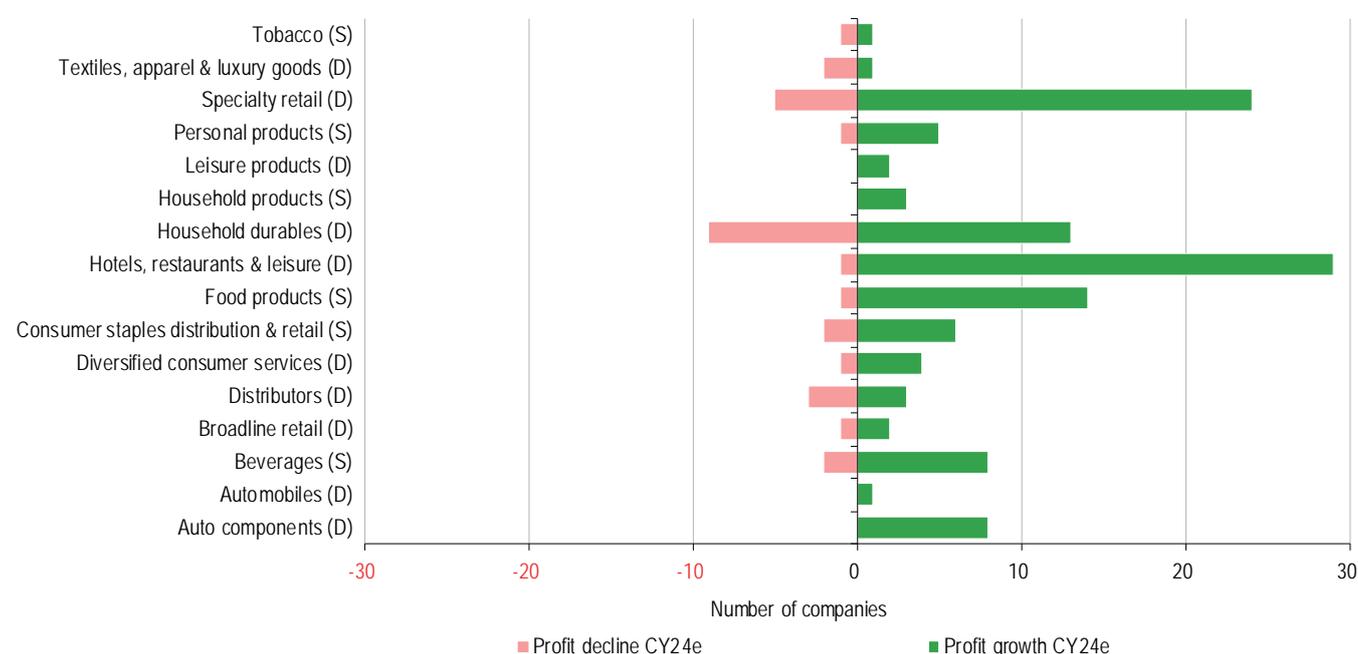
Source: LSEG, Edison Investment Research

## Consensus bullish about prospects for CY24

At the end of Q124 consensus was forecasting year-on-year revenue growth of 2% and profit growth of 7% for the UK consumer sectors in CY24, with more optimism for profit growth by the discretionary sectors of 17% than for the staples sectors of 3%.

There continues to be a high level of optimism for the sectors in CY24, as consensus is expecting year-on-year profit growth for 81% of the companies for which there are estimates. Textiles, apparel and luxury goods is the only sector where more companies are expected to generate lower profits in CY24 than CY23, as a result of the weakness at both Burberry and Dr. Martens.

Exhibit 16: Number of companies with lower/higher CY24e profit than CY23



Source: LSEG, Edison Investment Research

## UK consumer company valuation opportunities

We turn our attention to identifying potential valuation opportunities at the individual company level. In Exhibit 17 we show the 106 UK companies that were trading with a prospective EV/sales multiple for CY24 below the historical long-term average at the end of April 2024. For each company, in the table we include: consensus revenue and profit growth estimates for CY24; how consensus CY24 profit estimates changed during Q124; how the CY24e operating margin compares with the long-term average; and the CY24e P/E multiple and how it compares with the long-term average. With respect to the relative margin, a negative percentage indicates a forecast margin that is below those achieved between 2006–23, a percentage between 0% and 100% indicates where the forecast margin is within the historical range and a percentage greater.

The companies are sorted by their discount to the long-term average EV/sales multiple. We only include companies for which consensus is expecting positive free cash flow for CY24 and CY25 on a combined basis. We exclude another c 30 companies that either have no consensus estimates for free cash flow or are expected to generate negative free cash flow in CY24 and CY25 on a combined basis.

The companies listed had a fairly mixed performance with respect to upgrades (highlighted green) or downgrades (highlighted red) to consensus CY24 profit estimates in Q124, with upgrades for 45 companies and downgrades for 54 others.

Exhibit 17: UK company valuation screen

Company	Ticker	Share price 30 April 2024 (p)	Market value 30 April 2024 (£m)	Sales growth CY24e	EBIT growth CY24e	CY24e EBIT change 3m	EV/sales CY24 (x)	Premium/ (discount) to long-term average EV/sales	CY24e EBIT margin relative	P/E CY24e (x)	P/E CY24e vs long-term average
Samarkand Group PLC	SMK	2	1	7%	76%	0%	0.1	-98%	100%	n/a	n/a
Cairn Homes PLC	CRN	136	878	29%	26%	10%	1.3	-94%	100%	8.9	-85%
ASOS PLC	ASOS	334	399	-6%	44%	-84%	0.2	-87%	0%	n/a	n/a
Boohoo Group PLC	BOOH	33	426	-0%	3%	-143%	0.3	-86%	2%	n/a	n/a
Naked Wines PLC	WINEW	52	39	-10%	-17%	32%	0.1	-84%	44%	9.9	-57%
On The Beach Group PLC	OTB	144	242	15%	71%	1%	0.8	-81%	78%	10.0	-96%
Virgin Wines UK PLC	VINO	48	27	4%	106%	-14%	0.2	-79%	0%	n/a	n/a
Playtech PLC	PTEC	530	1,639	3%	31%	-3%	1.1	-77%	21%	10.2	-47%
Topps Tiles PLC	TPT	43	85	-2%	4%	-22%	0.2	-77%	0%	13.2	-13%
C&C Group PLC	GCC	165	643	1%	19%	-4%	0.5	-77%	45%	16.7	-37%
Safestay PLC	SSTY	19	12	1%	14%	0%	1.3	-72%	90%	n/a	n/a
Halfords Group PLC	HFD	151	331	3%	1%	-26%	0.2	-72%	0%	11.5	-6%
THG PLC	THG	64	845	3%	n/a	-77%	0.5	-71%	85%	n/a	n/a
Tortilla Mexican Grill PLC	MEX	49	19	12%	108%	3%	0.3	-70%	61%	21.2	-54%
M P Evans Group PLC	MPE	838	445	1%	-0%	-5%	1.8	-68%	82%	9.9	-61%
Trainline PLC	TRNT	298	1,397	10%	19%	5%	3.4	-66%	100%	23.1	-64%
Nexseq PLC	NXQ	151	101	-1%	2%	-0%	0.9	-66%	50%	10.4	-54%
GYM Group PLC	GYM	110	198	8%	22%	32%	1.2	-64%	82%	n/a	n/a
Dr Martens PLC	DOCS	76	735	-5%	-40%	-45%	1.2	-64%	0%	17.8	-34%
Watches of Switzerland Group PLC	WOSG	339	812	5%	1%	-25%	0.5	-64%	27%	8.4	-82%
Auction Technology Group PLC	ATG	499	611	24%	95%	14%	4.0	-62%	100%	12.3	-24%
R E A Holdings PLC	REAH	80	35	4%	5%	-25%	1.3	-62%	32%	n/a	n/a
Gear4music (Holdings) PLC	G4M	145	31	4%	62%	8%	0.3	-61%	17%	9.8	-78%
Fevertree Drinks PLC	FEVR	1,133	1,322	7%	126%	-9%	3.2	-61%	13%	36.9	-38%
Currys PLC	CURY	62	705	-6%	-20%	-7%	0.1	-60%	0%	7.6	-60%
Rank Group PLC	RNK	84	396	7%	73%	0%	0.5	-60%	25%	13.4	-17%
Science in Sport PLC	SISS	16	29	1%	53%	20%	0.5	-60%	100%	n/a	n/a
Northcoders Group PLC	CODE	153	12	20%	n/a	0%	1.3	-59%	75%	n/a	n/a
Revolution Beauty Group PLC	REVB	27	86	0%	180%	0%	0.6	-56%	100%	36.3	17%
Wynnstay Group PLC	WYWYN	350	80	-5%	20%	-2%	0.1	-55%	1%	10.0	-17%
Card Factory PLC	CARDC	109	380	6%	4%	6%	0.8	-54%	58%	8.2	-49%
SSP Group PLC	SSPG	197	1,571	12%	16%	0%	0.6	-53%	98%	16.7	-96%
Marston's PLC	MARS	28	177	3%	19%	0%	1.1	-53%	42%	4.0	-73%
Marks Electrical Group PLC	MRKM	70	74	12%	-1%	-48%	0.5	-52%	0%	21.7	-18%
IG Design Group PLC	IGRI	158	155	-2%	58%	1%	0.3	-51%	45%	8.9	-56%
Anexo Group PLC	ANXA	63	74	-4%	-6%	0%	1.0	-50%	26%	4.3	-54%
Carnival PLC	CCL	1,085	14,897	12%	52%	2%	1.9	-50%	96%	13.9	-17%
Cake Box Holdings PLC	CBOX	168	68	10%	10%	1%	1.5	-49%	0%	n/a	n/a
Young & Co's Brewery PLC	YNGa	984	523	18%	20%	-0%	1.4	-49%	95%	13.3	-59%
Headlam Group PLC	HEAD	176	142	-0%	-64%	-28%	0.3	-49%	0%	24.5	63%
Greencore Group PLC	GNC	132	620	-2%	9%	-0%	0.4	-48%	48%	13.7	-52%
Focusrite PLC	TUNE	353	210	-8%	-19%	-40%	1.3	-48%	0%	16.8	-29%
Venture Life Group PLC	VLG	41	51	25%	59%	14%	1.0	-47%	92%	6.9	-86%
Burberry Group PLC	BRBY	1,151	4,125	-1%	-12%	-29%	1.3	-46%	0%	14.9	-40%
Victorian Plumbing Group PLC	VIC	77	253	5%	27%	-3%	0.7	-46%	54%	15.8	-48%
Marks and Spencer Group PLC	MKS	256	5,219	4%	10%	3%	0.4	-46%	37%	10.3	-70%
888 Holdings PLC	888	85	383	5%	151%	-8%	1.0	-46%	54%	8.9	-77%
Loungers PLC	LGRS	244	255	17%	30%	1%	0.7	-45%	100%	21.1	-12%
DFS Furniture PLC	DFSD	116	274	-2%	7%	-10%	0.4	-45%	62%	12.6	-30%
J Sainsbury PLC	SBRY	263	6,253	3%	-5%	2%	0.2	-43%	36%	12.0	-31%
PPHE Hotel Group Ltd	PPH	1,480	626	9%	11%	3%	2.4	-43%	93%	19.5	46%
Mitchells & Butlers PLC	MAB	242	1,444	4%	19%	3%	1.0	-41%	41%	10.5	-55%
Nichols PLC	NICL	964	352	4%	6%	-3%	1.6	-40%	31%	16.3	-37%
MJ Gleeson PLC	GLEG	502	295	7%	0%	-19%	0.8	-39%	70%	14.9	-16%

Cont.

Exhibit 17: UK company valuation screen cont.

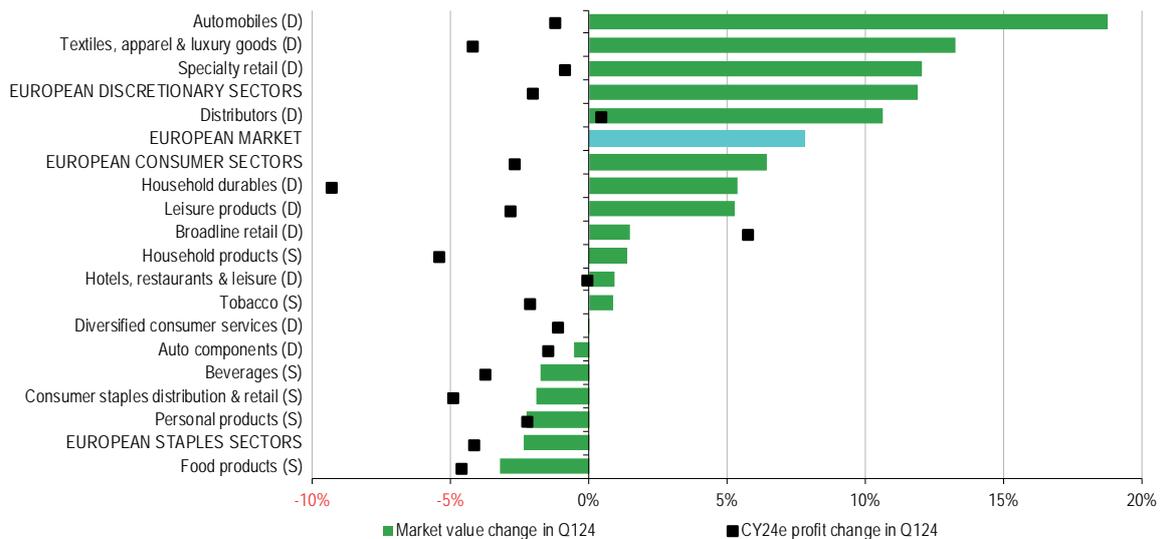
Company	Ticker	Share price 30 April 2024 (p)	Market value 30 April 2024 (£m)	Sales growth CY24e	EBIT growth CY24e	CY24e EBIT change 3m	EV/sales CY24 (x)	Premium/ (discount) to long-term average EV/sales	CY24e EBIT margin relative	P/E CY24e (x)	P/E CY24e vs long-term average
Kingfisher PLC	KGF	248	4,641	-0%	-8%	-5%	0.3	-39%	11%	12.2	-59%
Shepherd Neame Ltd	SHEP	690	103	7%	-0%	0%	1.0	-38%	59%	16.9	-8%
PZ Cussons PLC	PZC	102	437	-7%	-4%	-8%	1.0	-38%	20%	12.8	-45%
Whitbread PLC	WTB	3,167	5,843	7%	7%	-0%	1.9	-37%	94%	13.5	-33%
Henry Boot PLC	BOOT	187	252	-0%	-4%	-11%	0.9	-37%	27%	11.0	-17%
Fuller Smith & Turner PLC	FSTA	604	222	2%	15%	-0%	1.0	-37%	84%	13.3	-5%
Tesco PLC	TSCO	296	20,856	3%	9%	-1%	0.3	-37%	51%	11.9	-53%
CT Automotive Group PLC	CTA	59	44	17%	50%	-7%	0.5	-36%	100%	n/a	n/a
Supreme PLC	SUP	133	156	8%	11%	22%	0.7	-36%	100%	7.0	-41%
Moonpig Group PLC	MOONM	156	535	7%	5%	0%	1.9	-35%	0%	13.0	-55%
Pets at Home Group PLC	PETSP	292	1,375	5%	6%	-5%	0.9	-35%	28%	13.1	-22%
Anpario PLC	ANP	265	54	4%	67%	10%	1.3	-35%	93%	16.9	-17%
Domino's Pizza Group PLC	DOM	326	1,315	6%	13%	3%	2.1	-35%	18%	15.8	-32%
AO World plc	AO	106	617	3%	27%	6%	0.5	-34%	100%	21.9	-89%
A G Barr PLC	BAG	571	643	7%	10%	8%	1.4	-33%	1%	15.2	-21%
Deliveroo PLC	ROO	134	2,176	5%	79%	49%	0.7	-33%	100%	241.8	15%
TI Fluid Systems PLC	TIFS	139	704	0%	25%	5%	0.4	-33%	84%	7.1	-77%
J D Wetherspoon PLC	JDW	725	896	5%	18%	0%	0.8	-33%	88%	15.6	-77%
Hostelworld Group PLC	HSW	161	201	9%	220%	5%	2.3	-32%	100%	54.6	-30%
Reckitt Benckiser Group PLC	RKT	4,468	31,489	0%	3%	-5%	2.6	-31%	28%	13.7	-36%
British American Tobacco plc	BATS	2,351	52,409	-2%	-4%	-2%	3.2	-30%	100%	6.4	-53%
Sanderson Design Group PLC	SDG	103	73	4%	0%	-9%	0.5	-29%	39%	7.8	-36%
Benchmark Holdings PLC	BMKB	45	335	9%	1,179%	2%	2.1	-28%	83%	n/a	n/a
Wickes Group PLC	WIX	146	359	1%	-11%	-6%	0.2	-28%	0%	10.9	-6%
Smiths News PLC	SNWS	53	132	-4%	-2%	1%	0.1	-27%	100%	5.2	-52%
Vistry Group PLC	VTYV	1,198	4,086	20%	34%	5%	1.0	-27%	67%	13.4	-42%
JD Sports Fashion PLC	JDY	116	5,992	6%	2%	-17%	0.4	-27%	60%	9.0	-42%
Dunelm Group PLC	DNLM	1,015	2,052	4%	5%	-1%	1.2	-26%	26%	13.3	-17%
B&M European Value Retail SA	BMEB	519	5,234	9%	8%	1%	1.0	-24%	60%	13.1	-51%
McBride PLC	MCB	111	193	5%	58%	29%	0.3	-24%	100%	5.3	-73%
WH Smith PLC	SMWH	1,097	1,436	8%	9%	-3%	0.9	-23%	92%	12.1	-19%
Bakkavor Group Plc	BAKK	121	705	1%	6%	5%	0.4	-23%	11%	13.1	-67%
Stelrad Group plc	SRAD	130	167	-1%	8%	-11%	0.7	-21%	37%	10.3	-63%
Flutter Entertainment PLC	FLTRF	14,925	26,484	16%	367%	0%	2.7	-19%	49%	30.5	-34%
Hilton Food Group PLC	HFG	916	825	4%	20%	1%	0.2	-19%	59%	15.1	-17%
Dowlais Group Plc	DWL	82	1,135	10%	222%	-2%	0.4	-19%	0%	5.7	-29%
Frasers Group PLC	FRAS	817	3,677	5%	2%	-3%	0.7	-17%	89%	9.1	-43%
Coca Cola HBC AG	CCH	2,590	9,468	1%	2%	0%	1.2	-15%	99%	14.0	-36%
Associated British Foods PLC	ABF	2,656	19,971	4%	34%	7%	0.9	-15%	100%	13.8	-35%
Colefax Group PLC	CFX	805	50	-5%	-20%	-11%	0.3	-15%	37%	11.8	4%
Hollywood Bowl Group PLC	BOWL	342	589	8%	1%	0%	2.3	-14%	75%	15.8	-63%
Barratt Developments P L C	BDEV	455	4,431	-8%	-33%	-3%	0.8	-14%	41%	15.7	17%
Accrol Group Holdings PLC	ACRL	38	123	-3%	40%	-1%	0.7	-14%	93%	12.6	-12%
Ab Dynamics PLC	ABDP	1,810	415	8%	16%	-0%	3.4	-9%	55%	36.2	-19%
Diageo PLC	DGE	2,776	61,713	1%	-2%	-2%	4.6	-9%	51%	18.1	-14%
Persimmon PLC	PSN	1,304	4,169	2%	8%	4%	1.3	-8%	38%	16.3	46%
Entain PLC	ENT	787	5,026	3%	58%	-8%	1.6	-7%	41%	21.7	-37%
Videndum PLC	VIDV	275	261	31%	138%	0%	1.1	-4%	94%	10.1	-50%
Victoria PLC	VCP	195	222	-2%	9%	-26%	0.9	-4%	79%	8.0	-66%
Springfield Properties PLC	SPRSP	96	113	-9%	-6%	-4%	0.7	-4%	0%	11.8	11%
Inchcape PLC	INCH	800	3,323	3%	-0%	-1%	0.3	-2%	100%	9.3	-52%
Britvic PLC	BVIC	885	2,207	6%	9%	1%	1.5	-1%	72%	14.0	-25%

Source: LSEG, Edison Investment Research

# CONTINENTAL EUROPE

The European consumer sectors performed well in absolute terms in Q124, increasing in value by 6%, but lagged the 8% market return. Although the majority (10) of the 16 sectors provided a positive return, the majority (12) of sectors underperformed, as aggregate consensus CY24 profit estimates fell by 3%. The downgrades to estimates were broad based, and only two sectors, broadline retail and distributors, which are relatively small from a profit pool perspective, received upgrades. The overall downgrades to profit estimates of 4% were greater than the 1% downgrade to revenue estimates, indicating margin pressure versus prior expectations.

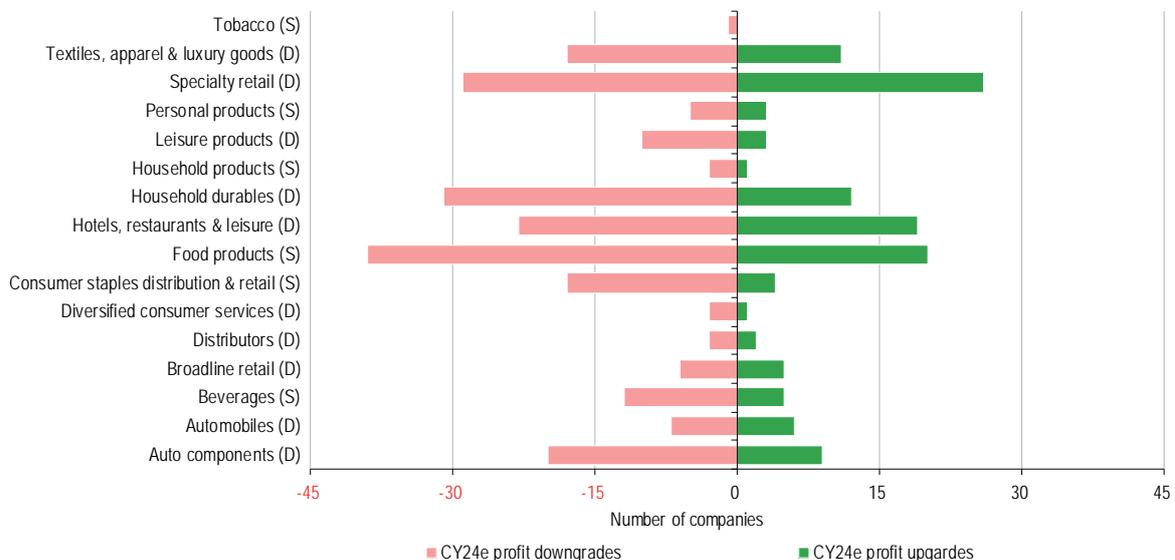
Exhibit 18: Continental European sector performance versus CY24e profit in Q124



Source: LSEG, Edison Investment Research

Exhibit 19 shows the extent of the weakness in momentum for consensus CY24 profit estimates, which were downgraded for more than two-thirds of the companies in the sectors.

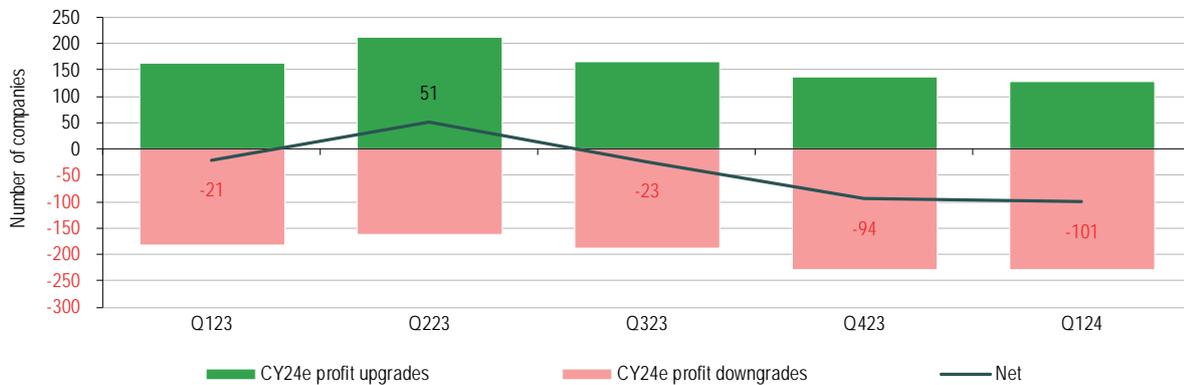
Exhibit 19: Number of companies to receive downgrades/upgrades to CY24e profit in Q124



Source: LSEG, Edison Investment Research

As we saw for the UK consumer sectors, the net number of downgrades to upgrades of consensus CY24 profit estimates for individual companies deteriorated again in Q124, a trend that began from the middle of CY23.

Exhibit 20: Quarterly progression in upgrades/downgrades to CY24e profit



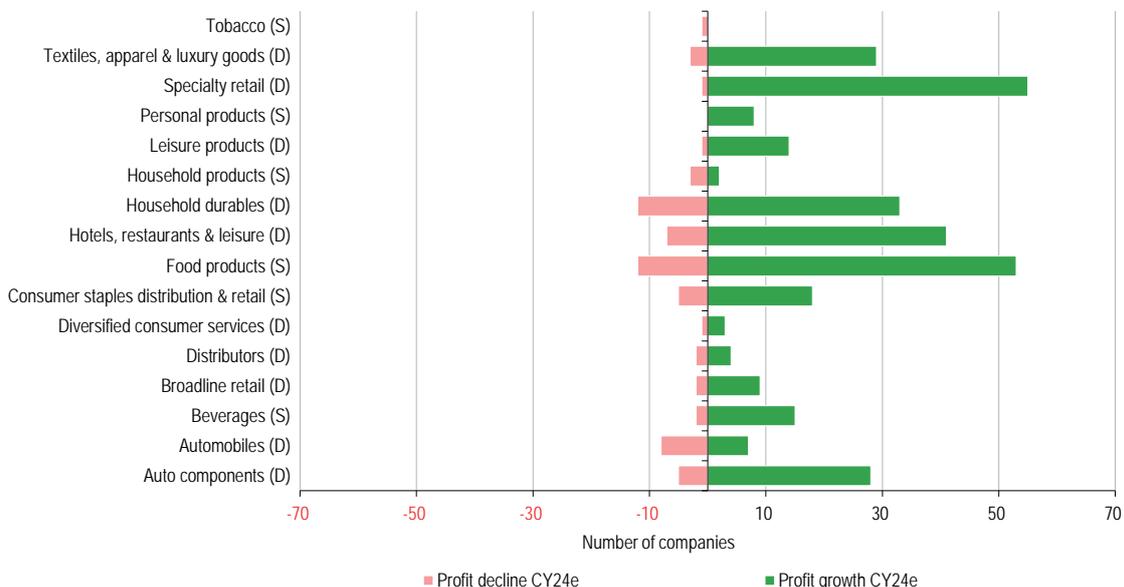
Source: LSEG, Edison Investment Research

## Consensus expecting growth for the majority of companies

At the end of Q124 consensus was expecting relatively lower profit growth for CY24 of 2% on revenue growth of 4%. The relatively low profit growth mainly reflects the forecast decline for the automobiles sector, which is a significant contributor (36%) of the total profit pool of the sectors.

At the individual company level, there was more optimism with 83% of companies expected to generate higher profit in CY24e than CY23.

Exhibit 21: Number of companies with lower/higher CY24e profit than CY23



Source: LSEG, Edison Investment Research

# Continental European consumer company valuation opportunities

In Exhibit 22 we show the 100 companies that were trading with a prospective CY24 EV/sales multiple at the greatest discount to their long-term average at the end of April 2024. In Q124, almost two-thirds of the listed companies received downgrades to consensus CY24 profit estimates, while just over one-quarter enjoyed upgrades, so it was a challenging quarter for the companies as a whole.

Exhibit 22: Continental Europe valuation screen

Company	Ticker	Share price 30 April 2024 (€)	Market value 30 April 2024 (€m)	Sales growth CY24e	EBIT growth CY24e	CY24e EBIT change 3m	EV/sales CY24 (x)	Premium/ (discount) to long-term average EV/sales	CY24e EBIT margin relative	P/E CY24e (x)	P/E CY24e vs long-term average
Unieuro SpA	UNIR	9.2	191	1%	39%	-2%	-0.1	-379%	0%	7.5	-43%
Ceconomy AG	CECG	2.2	1,054	1%	25%	-3%	-0.0	-116%	27%	7.0	-81%
Atlantic Sapphire ASA	ASA	0.9	91	576%	62%	-551%	1.3	-99%	100%	n/a	n/a
MHP Hotel AG	CDZO	1.1	49	23%	80%	-50%	0.3	-99%	97%	n/a	n/a
Havila Kystruten AS	HKY	0.9	63	121%	n/a	-16%	0.4	-98%	100%	n/a	n/a
Glenveagh Properties PLC	GLV	1.3	741	57%	79%	3%	0.8	-98%	100%	7.6	-65%
Abitare In SpA	ABIT	4.0	107	-27%	-7%	-31%	1.0	-96%	1%	6.2	-80%
Humble Group AB	HUMBLE	9.8	373	10%	49%	-15%	0.7	-94%	100%	12.0	n/a
Rapid Nutrition PLC	ALRPD	0.1	1	11%	14%	0%	0.4	-94%	72%	2.6	-93%
Hellofresh SE	HFGG	6.3	1,097	3%	-27%	-67%	0.1	-92%	52%	25.5	-35%
Just Eat Takeaway.com NV	TKWY	13.9	3,051	1%	96%	91%	0.6	-90%	100%	n/a	n/a
AST Groupe SA	ALAST	0.4	5	-46%	n/a	0%	0.1	-88%	5%	n/a	n/a
Winfarm SA	ALWF	4.9	10	7%	n/a	-56%	0.1	-87%	44%	9.3	-89%
Delivery Hero SE	DEHER	26.4	7,237	11%	n/a	32%	0.9	-85%	100%	n/a	n/a
Vranken Pommery Monopole SA	VRKP	15.5	139	1%	n/a	0%	0.4	-84%	27%	13.2	-94%
Spartoo SA	ALSPT	0.5	8	-5%	n/a	24%	0.1	-84%	39%	n/a	n/a
Acroud AB	ACROUD	0.9	13	4%	-42%	-29%	0.7	-82%	84%	n/a	n/a
Maisons du Monde SA	MDM	4.5	177	-2%	n/a	-38%	0.2	-82%	0%	18.0	11%
Compagnia Dei Caraibi SpA	1TIME	0.7	10	19%	115%	-50%	0.2	-80%	0%	3.0	-88%
Ecomiam SA	ALECO	2.9	10	13%	80%	0%	0.2	-80%	65%	n/a	n/a
Geox SpA	GEO	0.7	182	1%	9%	-35%	0.3	-80%	52%	45.6	-31%
Delticom AG	DEXGn	2.6	39	-3%	68%	49%	0.1	-77%	27%	7.4	-81%
U10 Corp SA	ALU10	1.2	21	0%	n/a	-59%	0.1	-77%	6%	n/a	n/a
Raketech Group Holding PLC	RAKE	13.2	47	20%	7%	-17%	0.5	-76%	0%	3.9	-62%
Pierce Group AB (publ)	PIERCE	7.7	52	-2%	127%	15%	0.2	-76%	64%	23.0	-79%
Orascom Development Holding AG	ODHN	4.2	259	15%	20%	-2%	0.7	-74%	73%	5.4	-65%
Angler Gaming PLC	ANGLR	5.2	33	15%	18%	10%	0.7	-74%	41%	11.8	-14%
Eurocash SA	EUR	13.7	444	12%	10%	-6%	0.1	-74%	49%	10.9	-61%
Destination Italia SpA	DIT	0.9	16	45%	-32%	0%	0.3	-73%	100%	n/a	n/a
SRP Groupe SA	SRPG	1.0	118	0%	-15%	-85%	0.1	-73%	66%	59.2	-66%
Zalando SE	ZALG	24.7	6,505	3%	60%	-2%	0.5	-72%	56%	32.0	-79%
Greenyard NV	GREENY	5.3	276	5%	15%	-2%	0.1	-71%	28%	8.6	-80%
ForFarmers NV	FFARM	2.4	217	6%	79%	-10%	0.1	-71%	9%	11.4	-57%
Erlringklinger AG	ZILGn	6.7	423	3%	8%	-0%	0.4	-70%	11%	9.0	-60%
Talea Group SpA	TALEA	5.6	39	28%	104%	-87%	0.4	-69%	91%	n/a	n/a
BHG Group AB	BHGF	13.9	215	0%	19,286%	-0%	0.3	-67%	61%	17.2	-74%
Kongsberg Automotive ASA	KOA	1.8	146	-4%	57%	0%	0.2	-67%	68%	8.6	-70%
SMCP SA	SMCP	2.3	172	2%	-4%	-32%	0.4	-66%	51%	6.3	-75%
Miko NV	MIKK	59.0	74	5%	20%	0%	0.2	-65%	18%	24.5	100%
Centrale del Latte d'Italia SpA	CLII	2.8	39	1%	21%	-26%	0.2	-65%	65%	6.7	-88%
Volvo Car AB	VOLCARb	34.9	8,938	6%	-8%	9%	0.2	-65%	46%	5.7	-61%
Allegro.eu SA	ALEP	34.0	8,378	17%	40%	2%	3.5	-65%	27%	25.8	-79%
Platform Group AG	TPGG	7.7	133	-38%	n/a	-7%	0.3	-64%	71%	13.3	-94%
Duell Oyj	DUELL	0.0	34	3%	31%	-54%	0.5	-64%	0%	n/a	n/a
Savencia SA	SAVEN	52.8	741	1%	n/a	-5%	0.1	-63%	10%	5.9	-58%
Lastminute.com NV	LMN	21.2	254	12%	59%	-4%	0.4	-63%	90%	15.9	-33%
Poulaillon SA	ALPOU	5.0	26	n/a	-35%	1%	0.2	-63%	92%	12.1	-73%
Verkkokauppa.com Oyj	VERK	2.3	103	-2%	29%	-34%	0.2	-63%	26%	20.6	-78%
Feintool International Holding AG	FTON	17.8	270	0%	15%	-4%	0.3	-62%	70%	11.8	-60%
Fodellia Oyj	FODELIA	5.2	42	10%	7%	-8%	0.9	-62%	78%	18.3	-99%
Basic Fit NV	BFIT	20.7	1,370	19%	54%	-8%	1.7	-62%	100%	44.9	-65%

Cont.

Exhibit 22: Continental Europe valuation screen cont.

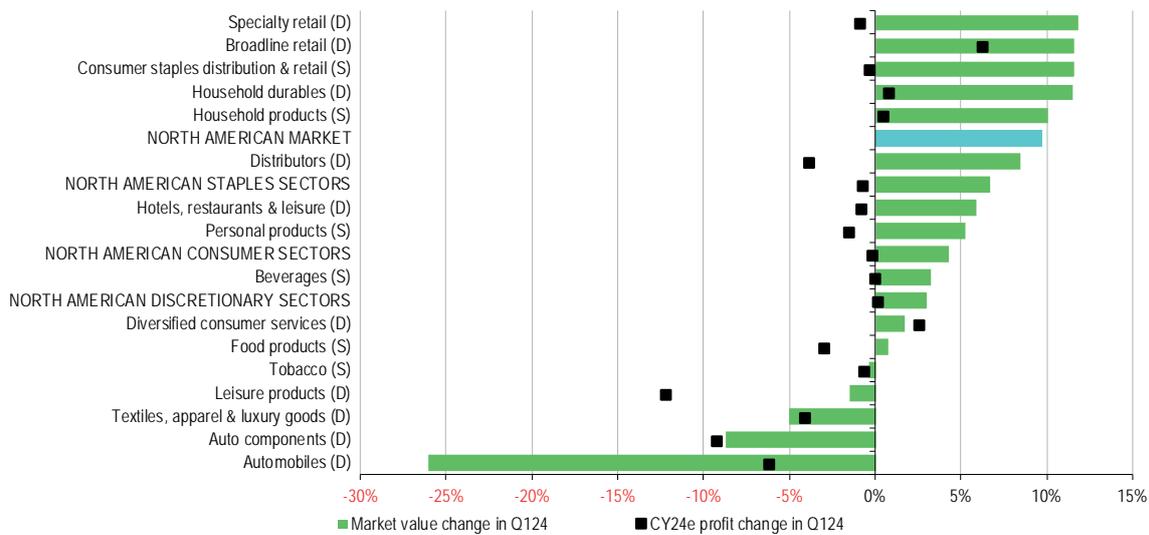
Company	Ticker	Share price 30 April 2024 (€)	Market value 30 April 2024 (€m)	Sales growth CY24e	EBIT growth CY24e	CY24e EBIT change 3m	EV/sales CY24 (x)	Premium/ (discount) to long-term average EV/sales	CY24e EBIT margin relative	P/E CY24e (x)	P/E CY24e vs long- term average
Bang & Olufsen A/S	BO	9.5	158	-2%	-355%	-48%	0.4	-59%	74%	41.2	-89%
Omer Decugis & Cie SA	ALODC	4.1	36	14%	18%	43%	0.1	-58%	100%	7.0	-96%
Lanson BCC SA	ALLAN	44.7	303	5%	6%	8%	1.1	-58%	100%	8.5	-43%
Meko AB	MEKO	112.6	546	8%	-0%	-15%	0.5	-57%	0%	10.4	-36%
Hochdorf Holding AG	HOCN	5.0	11	2%	158%	-71%	0.2	-57%	82%	n/a	n/a
CCC SA	CCCP	94.6	1,518	22%	254%	11%	0.8	-57%	26%	43.6	26%
Pepco Group NV	PCOP	19.3	2,585	12%	11%	-4%	0.5	-57%	0%	13.5	-64%
Cofle SpA	CFL	6.1	37	8%	34%	-8%	0.6	-56%	0%	7.0	-69%
Lindex Group Oyj	LINDEX	2.9	461	2%	-3%	5%	0.4	-56%	91%	13.8	-35%
Swatch Group AG	UHR	193.7	10,327	1%	-3%	-20%	1.0	-55%	56%	12.0	-37%
Kjell Group AB (publ)	KJELL	19.0	51	1%	18%	-45%	0.4	-55%	0%	25.9	3%
Continental AG	CONG	60.8	12,230	2%	10%	-7%	0.4	-55%	42%	7.2	-74%
Kamux Oyj	KAMUX	5.3	214	6%	73%	-13%	0.2	-55%	19%	12.6	-41%
Erlebnis Akademie AG	EADG	4.9	12	27%	1,050%	-13%	1.3	-55%	92%	4.7	-86%
tonies SE	TNIE	5.1	650	35%	n/a	27%	1.3	-55%	100%	69.9	n/a
Sligro Food Group NV	SLIGR	14.3	634	4%	141%	4%	0.3	-54%	56%	14.8	-32%
Avolta AG	AVOL	35.0	5,499	5%	5%	-0%	0.6	-53%	92%	14.4	-94%
Nimbus Group AB (publ)	BOAT	22.9	42	-1%	-3%	-5%	0.3	-53%	0%	6.4	-22%
Midsona AB	MSONb	8.0	100	-2%	122%	-30%	0.4	-53%	82%	12.9	-37%
Fountaine Pajot SA	ALFPC	130.0	218	20%	75%	10%	0.3	-53%	95%	6.5	-61%
Prosus NV	PRX	31.5	81,626	16%	73%	44%	13.4	-52%	100%	14.5	-21%
Westwing Group SE	WEW	8.7	181	3%	70%	16%	0.3	-52%	58%	n/a	n/a
Elior Group SA	ELIOR	2.6	659	12%	155%	-3%	0.3	-51%	66%	11.0	-67%
Gestamp Automocion SA	GEST	2.8	1,631	2%	-1%	-13%	0.2	-51%	80%	5.0	-61%
Neinor Homes SA	HOME	10.5	791	18%	-7%	0%	1.4	-51%	81%	12.2	-12%
Hugo Boss AG	BOSSn	50.5	3,576	5%	14%	-9%	0.8	-50%	67%	12.2	-34%
Masoval AS	MASM	30.5	319	13%	41%	-11%	2.0	-50%	0%	11.7	-3%
Salvatore Ferragamo SpA	SFER	9.3	1,583	-6%	-27%	-21%	1.3	-50%	38%	68.8	130%
Gaming Innovation Group Inc	GIG	33.9	373	94%	36%	-15%	2.5	-49%	98%	12.4	-88%
H & M Hennes & Mauritz AB	HMB	176.8	21,787	-1%	37%	-6%	1.0	-49%	29%	17.3	-36%
Compagnie Plastic Omnium SE	PLOF	11.5	1,679	3%	24%	-7%	0.3	-49%	40%	8.4	-34%
Matas A/S	MATAS	113.0	583	26%	30%	4%	0.7	-49%	0%	11.7	-16%
Catana Group SA	CATGR	4.9	150	7%	20%	-2%	0.5	-49%	100%	6.3	-47%
Dalata Hotel Group PLC	DHG	4.2	951	8%	7%	1%	1.8	-48%	97%	10.4	-64%
Betsson AB	BETSb	122.5	1,267	12%	18%	7%	1.1	-48%	69%	6.5	-43%
Anora Group Oyj	ANORA	5.0	339	1%	-248%	7%	0.5	-48%	37%	12.1	-39%
Monnalisa SpA	MONNA	1.5	8	5%	42%	0%	0.4	-47%	78%	n/a	n/a
Elica SpA	ELC	1.9	121	-1%	-24%	-29%	0.2	-47%	49%	13.1	-87%
Groupe LDLC SA	ALLDL	16.6	103	5%	203%	-39%	0.2	-47%	34%	10.3	-65%
Hexaom SA	ALHEX	23.1	161	-12%	n/a	-8%	0.2	-47%	16%	8.8	-39%
Fenix Outdoor International AG	FEOIb	694.0	659	8%	70%	10%	0.8	-46%	51%	9.4	-46%
NH Hotel Group SA	NHH	4.1	1,787	4%	-7%	10%	0.9	-46%	97%	13.4	-71%
AcadeMedia AB	ACADE	50.6	441	9%	-5%	-0%	0.3	-46%	16%	6.4	-49%
Novem Group SA	NVM	5.8	252	n/a	n/a	-16%	0.5	-46%	0%	6.1	-54%
TUI AG	TUI1n	6.6	3,384	9%	61%	1%	0.2	-45%	100%	6.1	-87%
Austevoll Seafood ASA	AUSS	89.2	1,543	4%	39%	-4%	0.7	-45%	53%	9.3	-50%
Distribuidora Internacional de Alimentacion SA	DIDA	0.0	747	-4%	108%	0%	0.2	-45%	58%	n/a	n/a
Puma SE	PUMG	43.5	6,600	3%	8%	-18%	0.7	-45%	36%	18.5	-76%
Bulten AB	BULTEN	82.9	148	1%	75%	-1%	0.3	-45%	80%	7.3	-56%

Source: LSEG, Edison Investment Research

# NORTH AMERICA

The North American consumer sectors showed a similar performance in Q124 as the European sectors, that is a good absolute increase of 4% but falling short of the strong market return of 10%. Aggregate consensus CY24 profit estimates were largely unchanged, or -0.2% to be precise, in the period, and upgrades were hard to come by as estimates increased for only four of the 16 sectors. Outperformance was restricted to just five sectors: broadline retail; household durables and household products, which responded well to upgrades; and specialty retail and consumer staples distribution and retail, which outperformed despite minor, less than 1%, downgrades to profit estimates. In addition to these outperforming sectors, a number of others shirked off downgrades to estimates and provided a positive return.

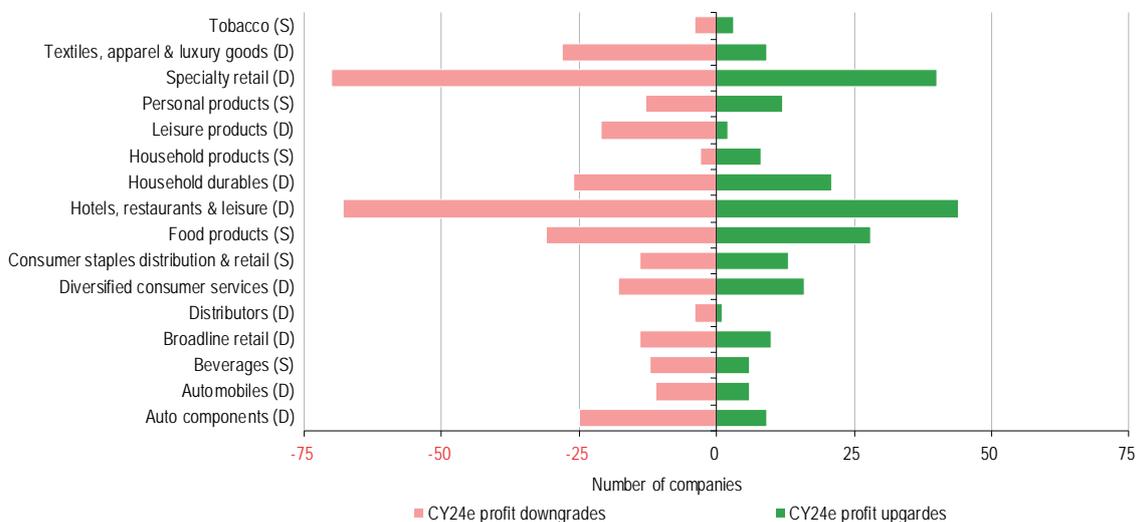
Exhibit 23: North American sector performance versus consensus CY24e profit in Q124



Source: LSEG, Edison Investment Research

At the individual company level there were more downgrades to consensus CY24 profit estimates than upgrades during Q124. The only sector to enjoy more upgrades than downgrades was household products.

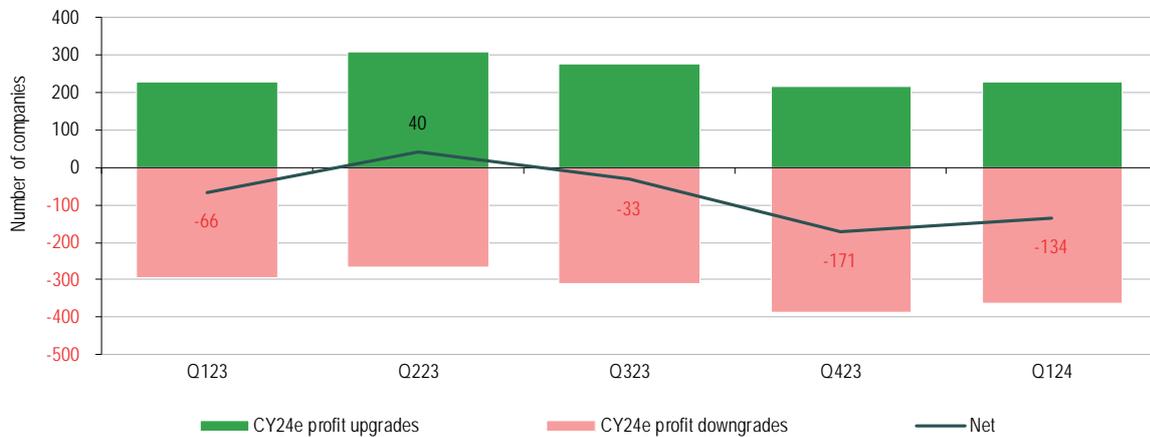
Exhibit 24: Number of companies to receive upgrades/downgrades to CY24e profit in Q124



Source: LSEG, Edison Investment Research

Although the net number of downgrades to upgrades was negative in Q124, there was a slight improvement in momentum with more upgrades and fewer downgrades than in Q423. So, momentum for the profit estimates for the North American companies appears to have been better than for the UK and the Europeans in Q124.

Exhibit 25: Quarterly progression in downgrades/upgrades to CY24e profit



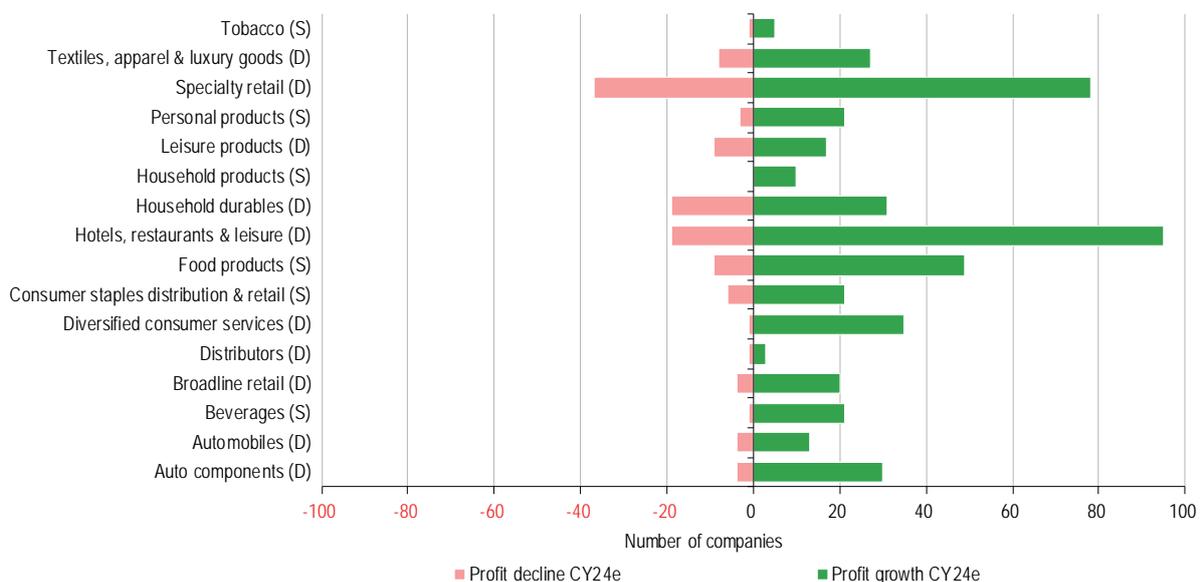
Source: LSEG, Edison Investment Research

## Strong profit growth forecast for CY24

The North American sectors are forecast to generate greater profit growth in CY24 than the UK and Continental Europe sectors. At the end of Q124 consensus was profit growth of 13% in the year, with growth from all sectors, on expected revenue growth of 4%.

As we saw for the other geographies, there is a high level of optimism at the individual company level with 79% of companies expected to generate higher profit in CY24 than CY23.

Exhibit 26: Number of companies with lower/higher CY24e profit than CY23



Source: LSEG, Edison Investment Research

# North America consumer company valuation opportunities

As we did for the UK and Continental Europe sectors, we show the same valuation screen for the individual companies in Exhibit 27. Q124 was challenging for the companies highlighted with downgrades to consensus CY24 profit estimates for more than 60% of the companies.

Exhibit 27: North American valuation screen

Company	Ticker	Share price 30 April 2024 (US\$)	Market value 30 April 2024 (US\$m)	Sales growth CY24e	EBIT growth CY24e	CY24e EBIT change 3m	EV/sales CY24 (x)	Premium/ (discount) to long- term average EV/sales	CY24e EBIT margin relative	P/E CY24e (x)	P/E CY24e vs long- term average
Smart Share Global Ltd	EM	0.7	184	-27%	2,488%	-92%	-0.8	-694%	100%	10.4	n/a
Baozun Inc	BZUN	2.6	160	1%	152%	-36%	0.0	-101%	11%	34.9	-41%
Dada Nexus Ltd	DADA	2.0	537	14%	107%	-87%	0.0	-99%	100%	65.5	n/a
Stitch Fix Inc	SFIX	2.1	255	-12%	15%	-24%	0.0	-99%	1%	n/a	n/a
Dingdong (Cayman) Ltd	DDL	1.4	324	4%	190%	-22%	0.0	-98%	100%	15.4	n/a
Gold Flora Corp	GRAM	0.4	104	35%	133%	0%	1.1	-96%	100%	n/a	n/a
Laird Superfood Inc	LSF	1.9	19	0%	0%	54%	0.3	-94%	100%	n/a	n/a
Yatsen Holding Ltd	YSG	4.4	469	9%	102%	-73%	0.3	-93%	100%	18.9	n/a
Vacasa Inc	VCSA	7.8	172	-12%	4%	6%	0.1	-93%	100%	n/a	n/a
Golden Entertainment Inc	GDEN	32.1	928	-33%	-29%	-12%	2.0	-92%	99%	29.2	48%
Alibaba Group Holding Ltd	BABA	74.9	182,157	6%	-1%	-15%	0.9	-89%	27%	8.5	-75%
Olaplex Holdings Inc	OLPX	1.4	919	-2%	16%	-27%	2.5	-88%	0%	9.6	-83%
Melco Resorts & Entertainment Ltd	MLCO	6.5	2,899	23%	227%	-12%	1.9	-88%	97%	23.4	-37%
D2L Inc	DTOL	8.9	173	9%	-253%	19%	0.3	-87%	100%	20.2	n/a
Youdao Inc	DAO	3.5	418	13%	83%	-77%	0.6	-86%	100%	n/a	n/a
American Public Education Inc	APEI	13.8	243	2%	46%	13%	0.3	-86%	10%	25.7	-5%
Bragg Gaming Group Inc	BRAG	7.5	128	13%	-12%	0%	1.1	-85%	100%	n/a	n/a
Medifast Inc	MED	27.5	300	-40%	-94%	-90%	0.2	-84%	0%	35.9	80%
Brilliant Earth Group Inc	BRLT	2.6	250	4%	-25%	-63%	0.3	-84%	0%	22.1	-96%
Peloton Interactive Inc	PTON	3.1	1,141	1%	32%	0%	0.8	-84%	66%	n/a	n/a
Figs Inc	FIGS	5.1	869	-3%	-58%	-54%	1.2	-83%	0%	65.9	-33%
Under Armour Inc	UA	6.7	2,885	1%	14%	-1%	0.4	-82%	42%	11.2	-77%
Lulu's Fashion Lounge Holdings Inc	LVLU	1.5	58	1%	61%	-231%	0.2	-82%	0%	n/a	n/a
Chewy Inc	CHWY	15.0	6,519	5%	-134%	0%	0.5	-81%	91%	189.0	-55%
Chegg Inc	CHGG	5.2	525	-9%	269%	-25%	1.2	-80%	100%	4.4	-63%
Duluth Holdings Inc	DLTH	4.2	145	1%	30%	-798%	0.2	-80%	0%	n/a	n/a
Zumiez Inc	ZUMZ	17.2	349	-1%	-112%	-87%	0.2	-78%	0%	717.0	3,143%
Container Store Group Inc	TCS	0.8	43	-4%	-27%	-34%	0.2	-77%	0%	n/a	n/a
Beauty Health Co	SKIN	3.2	399	1%	96%	0%	1.5	-76%	100%	n/a	n/a
Coursera Inc	COUR	10.2	1,608	10%	103%	0%	1.3	-75%	100%	45.5	n/a
Canada Goose Holdings Inc	GOOS	15.5	1,103	8%	15%	-9%	1.3	-75%	0%	15.2	-67%
Solo Brands Inc	DTC	1.9	171	-0%	118%	-55%	0.6	-74%	28%	5.0	-85%
LifeVantage Corp	LFVN	6.1	78	2%	56%	8%	0.3	-74%	93%	9.0	-56%
United Natural Foods Inc	UNFI	8.9	531	1%	-6%	4%	0.1	-74%	0%	44.1	113%
Movado Group Inc	MOV	25.5	398	3%	-38%	-40%	0.2	-73%	47%	13.8	-4%
Warby Parker Inc	WRBY	11.7	1,395	13%	70%	-61%	1.6	-73%	100%	64.0	n/a
Petco Health and Wellness Company Inc	WOOF	1.5	461	-2%	21%	-26%	0.3	-73%	0%	n/a	n/a
Nova Cannabis Inc	NOVC	1.4	59	10%	n/a	0%	0.3	-73%	97%	n/a	n/a
Walgreens Boots Alliance Inc	WBA	17.7	15,296	4%	2%	-14%	0.2	-73%	0%	5.6	-72%
Wag! Group Co	PET	2.2	90	28%	36%	-134%	0.9	-72%	100%	n/a	n/a
AKA Brands Holding Corp	AKA	14.5	152	0%	34%	-27%	0.4	-72%	0%	n/a	n/a
Genesco Inc	GCO	25.3	290	-3%	47%	-30%	0.1	-71%	18%	39.1	117%
Lovesac Co	LOVE	22.2	344	4%	(5%)	-37%	0.4	-68%	73%	15.3	-31%
Real Good Food Company Inc	RGF	0.3	10	20%	27%	0%	0.6	-68%	100%	n/a	n/a
Citi Trends Inc	CTRN	21.4	183	1%	7%	-201%	0.1	-68%	0%	n/a	n/a
Latham Group Inc	SWIM	2.8	323	-11%	-99%	-99%	1.0	-67%	45%	n/a	n/a
Red Robin Gourmet Burgers Inc	RRGB	7.6	118	-4%	-221%	0%	0.2	-67%	63%	n/a	n/a
Leslie's Inc	LESL	3.9	725	1%	13%	1%	1.1	-67%	0%	12.5	-67%
RumbleOn Inc	RMBL	5.2	182	5%	1080%	-35%	0.5	-66%	98%	n/a	n/a
Vasta Platform Ltd	VSTA	3.8	308	13%	142%	-11%	1.2	-66%	100%	10.4	n/a
Nerdy Inc	NRDY	2.6	453	23%	15%	7%	1.6	-65%	96%	n/a	n/a

Cont.

Exhibit 27: North American valuation screen cont.

Company	Ticker	Share price 30 April 2024 (US)	Market value 30 April 2024 (U\$m)	Sales growth CY24e	EBIT growth CY24e	CY24e EBIT change 3m	EV/sales CY24 (x)	Premium/ (discount) to long- term average EV/sales	CY24e EBIT margin relative	P/E CY24e (x)	P/E CY24e vs long- term average
Ascend Wellness Holdings Inc	AAWHU	1.5	308	11%	849%	4%	0.9	-65%	85%	n/a	n/a
Vipshop Holdings Ltd	VIPS	15.0	8,157	3%	10%	11%	0.3	-65%	100%	6.0	-79%
Norwegian Cruise Line Holdings Ltd	NCLH	18.9	8,053	9%	41%	8%	2.3	-65%	99%	12.7	-48%
Sportsmans Warehouse Holdings Inc	SPWH	3.2	120	-7%	116%	-53%	0.2	-64%	0%	n/a	n/a
Gaotu Techedu Inc	GOTU	6.5	1,686	46%	50%	0%	2.1	-64%	78%	129.9	-18%
Kohls Corp	KSS	23.9	2,655	-5%	-2%	-9%	0.3	-64%	30%	10.1	-45%
MGM Resorts International	MGM	39.4	12,372	3%	7%	2%	0.9	-63%	81%	16.0	-4%
NU Skin Enterprises Inc	NUS	11.8	584	-8%	49%	-30%	0.4	-61%	0%	10.4	-44%
PENN Entertainment Inc	PENN	16.5	2,512	8%	-24%	-45%	0.6	-61%	0%	n/a	n/a
Revolve Group Inc	RVLV	19.9	1,410	3%	12%	-16%	1.1	-60%	0%	43.5	12%
USANA Health Sciences Inc	USNA	41.5	799	-3%	-13%	-3%	0.5	-59%	0%	15.4	-3%
Mondee Holdings Inc	MOND	2.2	192	13%	7%	0%	1.3	-59%	100%	n/a	n/a
Portillos Inc	PTLO	12.3	897	12%	8%	0%	1.6	-59%	100%	30.2	-90%
Monro Inc	MNRO	27.3	815	0%	8%	-3%	0.7	-59%	0%	16.4	-41%
New Oriental Education & Technology Group Inc	EDU	77.1	12,761	35%	59%	-5%	1.7	-59%	75%	23.7	-36%
Draftkings Inc	DKNG	41.6	19,769	31%	84%	10%	4.0	-59%	100%	n/a	n/a
Xcel Brands Inc	XELB	0.8	18	-14%	61%	-6%	1.0	-58%	37%	n/a	n/a
Universal Electronics Inc	UEIC	11.3	146	-3%	121%	-30%	0.4	-58%	18%	126.2	38%
Honest Company Inc	HNST	3.0	292	4%	41%	21%	0.7	-58%	100%	n/a	n/a
Hain Celestial Group Inc	HAIN	6.1	552	2%	7%	-3%	0.7	-58%	0%	16.5	-77%
Herbalife Ltd	HLF	8.7	863	1%	-8%	-20%	0.6	-58%	0%	4.7	-69%
Nordstrom Inc	JWN	19.0	3,104	-1%	-9%	-6%	0.4	-57%	50%	10.4	-43%
Sportradar Group AG	SRAD	9.3	2,779	18%	81%	24%	2.2	-57%	100%	27.5	-92%
Udemy Inc	UDMY	10.0	1,536	10%	93%	0%	1.3	-57%	100%	1085.6	n/a
Urban Outfitters Inc	URBN	39.0	3,622	6%	16%	4%	0.6	-57%	40%	10.9	-59%
MercadoLibre Inc	MELI	1458.7	73,952	21%	42%	-5%	4.1	-57%	52%	44.5	-77%
Onesparworld Holdings Ltd	OSW	12.7	1,332	8%	16%	-0%	1.7	-57%	100%	17.0	5%
Global-E Online Ltd	GLBE	33.5	5,576	32%	17%	-1%	7.0	-56%	100%	n/a	n/a
VF Corp	VFC	12.5	4,845	-2%	-1%	-25%	1.0	-56%	0%	9.8	-65%
MTY Food Group Inc	MTY	49.4	876	-4%	2%	-8%	1.7	-56%	0%	12.9	-30%
Lindblad Expeditions Holdings Inc	LIND	7.3	393	9%	175%	-28%	1.4	-56%	91%	n/a	n/a
PDD Holdings Inc	PDD	125.2	173,846	49%	63%	25%	2.8	-56%	100%	13.7	-80%
Foot Locker Inc	FL	20.9	1,970	-1%	-12%	-18%	0.3	-56%	8%	13.7	-18%
Capri Holdings Ltd	CPRI	35.5	4,136	0%	-2%	-15%	1.1	-56%	8%	8.3	-56%
Designer Brands Inc	DBI	9.3	532	1%	16%	-12%	0.3	-55%	72%	12.4	-73%
Afya Ltd	AFYA	17.2	1,550	7%	10%	-8%	2.9	-55%	0%	11.0	-72%
BRC Inc	BRCC	3.9	827	12%	109%	29%	2.0	-55%	100%	376.1	n/a
National Vision Holdings Inc	EYE	17.4	1,369	-7%	56%	8%	0.8	-55%	2%	31.1	-93%
Bassett Furniture Industries Inc	BSET	14.0	123	-4%	75%	0%	0.2	-55%	59%	28.1	47%
Children's Place Inc	PLCE	7.0	87	-1%	167%	-56%	0.3	-55%	33%	15.6	-29%
Destination XL Group Inc	DXLG	3.2	186	-2%	-49%	-18%	0.2	-54%	72%	10.7	-31%
1-800-Flowers.Com Inc	FLWS	9.1	585	-3%	14%	-13%	0.2	-54%	8%	27.9	17%
Unifi Inc	UFII	6.0	108	6%	81%	0%	0.3	-54%	0%	n/a	n/a
Aaron's Company Inc	AAN	6.9	218	-1%	-72%	-87%	0.2	-53%	0%	70.2	768%
Soho House & Co Inc	SHCO	5.2	1,019	8%	89%	0%	1.4	-52%	100%	n/a	n/a
Dorel Industries Inc	DIIB	6.1	146	9%	189%	1%	0.2	-52%	55%	n/a	n/a
Advance Auto Parts Inc	AAP	73.0	4,350	1%	233%	5%	0.5	-52%	0%	18.9	-2%
Sally Beauty Holdings Inc	SBH	10.9	1,138	-0%	1%	-2%	0.6	-51%	18%	5.6	-62%
CareRx Corp	CRRX	2.4	104	-2%	n/a	0%	0.6	-51%	34%	n/a	n/a

Source: LSEG, Edison Investment Research

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