



ConsumerWatch | July 2024

# THE TIMES THEY ARE A-CHANGIN'

## 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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 **EDISON**  
BRILLIANT KNOWLEDGE

The key takeaway from our quarterly review of the consumer sectors is that there are the first signs of improving momentum to profit estimates for UK and European companies for some time. While overall consensus profit estimates reduced again, for the first time in four quarters the number of companies to receive upgrades increased while the number of downgrades reduced. This follows a similar swing in momentum for North American companies in the previous quarter. A similar relative improvement was seen in all regions in the second quarter of 2023, so it will be interesting to see how estimates change during the forthcoming results season. The external environment (macroeconomic forecasts have been stable or modestly increased and consumer confidence is generally moving in the right direction) appears supportive of better times ahead, but investors should keep an eye on inflation and how unseasonal weather in the UK and parts of Europe has affected companies. Our [previous reports](#) have highlighted the many valuation opportunities in the consumer sectors. In this edition, we focus on which companies look most attractive based on their valuation relative to their expected profitability and how their estimates have fared.

## Consumer sectors weak again in Q224

There was not much love for consumer companies again in Q224 as sector aggregates for UK, European and North American companies all underperformed their regional benchmarks, as they did in [Q124](#). At the individual sector level, there were very few outperformers in each of the regions; only three or four of the 16 sectors fared better than their benchmarks. While performance broadly tracked changes in profit estimates, a number of sectors appear to have been unfairly treated (ie they did not perform on upgrades to estimates) and, conversely, a number were able to shake off downgrades.

## Encouraging signs in estimate revisions

While there were further net downgrades to consensus CY24 profit estimates for the majority of the UK and European sectors in the period, so that overall estimates declined, we believe the improving momentum is encouraging, with more companies receiving upgrades in the quarter coupled with fewer companies that were downgraded in both regions. In recent quarters, the trend was for more downgrades than upgrades, which is rarely helpful. For the North American companies, this was the second consecutive quarter of an increasing number of companies with upgrades and fewer with downgrades to estimates, following worsening trends through H223. The majority of sectors are expected to grow profits in CY24, although in the UK and North America it is quite concentrated, helped by either a stable or more favourable demand backdrop.

## Looking at relative value

In our previous reports, our valuation screen has focused on comparing the companies' prospective valuations with historical multiples. In this report we look at how the companies stack up on a relative basis by comparing prospective multiples with forecast operating margins.

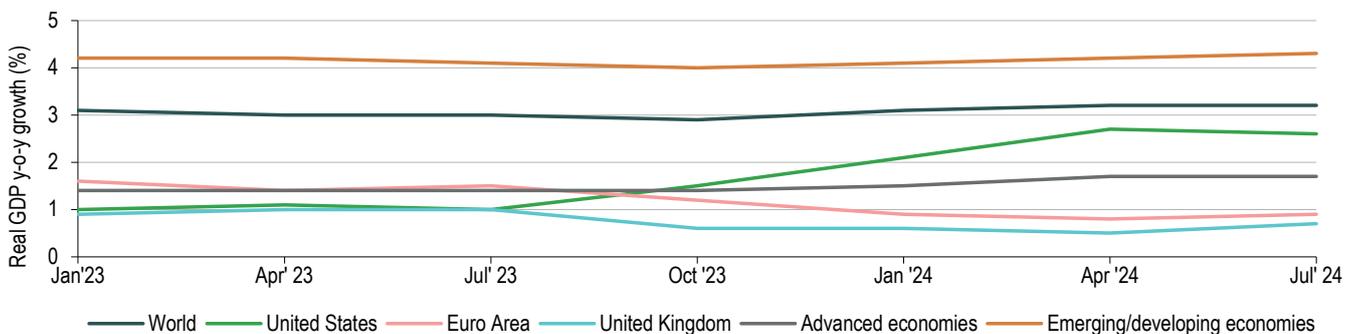
# OVERVIEW

## Growth forecasts stable and confidence broadly improving

The summary of the macroeconomic news is similar to that in our last report: growth estimates are broadly stable to marginally more positive, but medium-term growth expectations are relatively low versus historical trends.

First looking at the global picture, in its July 2024 World Economic Outlook, the International Monetary Fund (IMF) maintained its overall forecasts for year-on-year real GDP growth of 3.2%, although there were some small tweaks in the sources of growth from its prior update. On the positive side, its growth estimates for the UK, Euro Area and emerging/developing economies increased marginally, by 0.2% to 0.7%, by 0.1% to 0.9% and by 0.1% to 4.3%, respectively. On the other side of the ledger, its estimate for US growth was downgraded for the first time since its April 2023 update, by 0.1% to 2.6%, to reflect lower reported growth than expected in the first quarter. The IMF specifically highlighted that service price inflation is holding up progress on disinflation, which is complicating monetary policy normalisation and therefore, in the IMF's view, the upside risks to inflation have increased.

Exhibit 1: Real GDP estimates for 2024

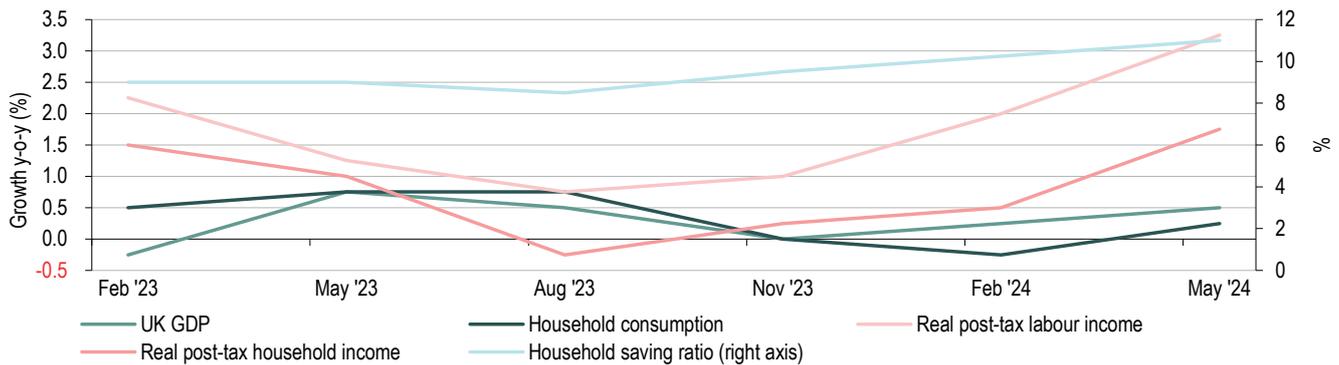


Source: International Monetary Fund

Focusing on the UK, in its recent quarterly updates (the last of which was published in May), the Bank of England has, in the main, increased its estimates for UK GDP growth, real post-tax labour income and real post-tax household income for 2024. Its estimate for household consumption growth has been more mixed and slower to see upgrades, with a recent uptick only in the May 2024 update, which recognises the expected recovery in real incomes. However, most of these forecasts had been cut through the middle/end of 2023. The end result is that the Bank of England's current estimates for growth of GDP and household consumption are lower than they were a year ago, whereas its estimates for growth in real post-tax labour income and household income have increased.

Nonetheless, momentum is definitely better than it was. As household consumption declined in H224, the easy comparatives may be supportive of better headline news in the second half of the year. On the other side of the equation, the Bank of England's estimate for the household savings ratio has increased, which naturally tempers demand. There is a greater level of optimism about the outlook for 2025 as the Bank of England forecasts good growth in household consumption of 1.25% versus the 0.25% it expects for 2024.

Exhibit 2: Bank of England UK economic forecasts

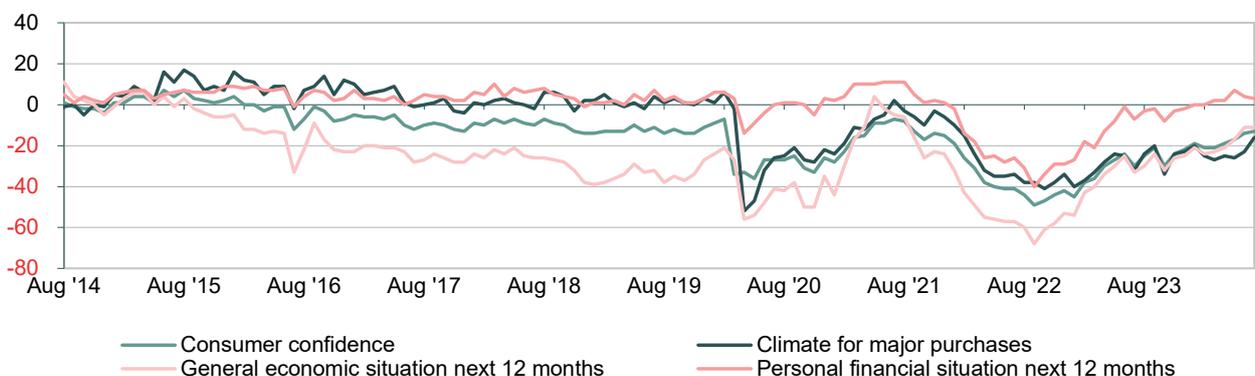


Source: Bank of England

## Confidence generally improving

There has been a notable improvement in UK consumer confidence in recent months, with month-on-month improvements through Q224 and into July following a somewhat stuttering start to the year. The overall indicator in July 2024 was at its 'highest' level since September 2021. Within the aggregate, all of the constituent indicators were higher than 12 months ago. July saw a significant improvement in the climate for the major purchases indicator, which had been lagging behind the recovery in the other indicator.

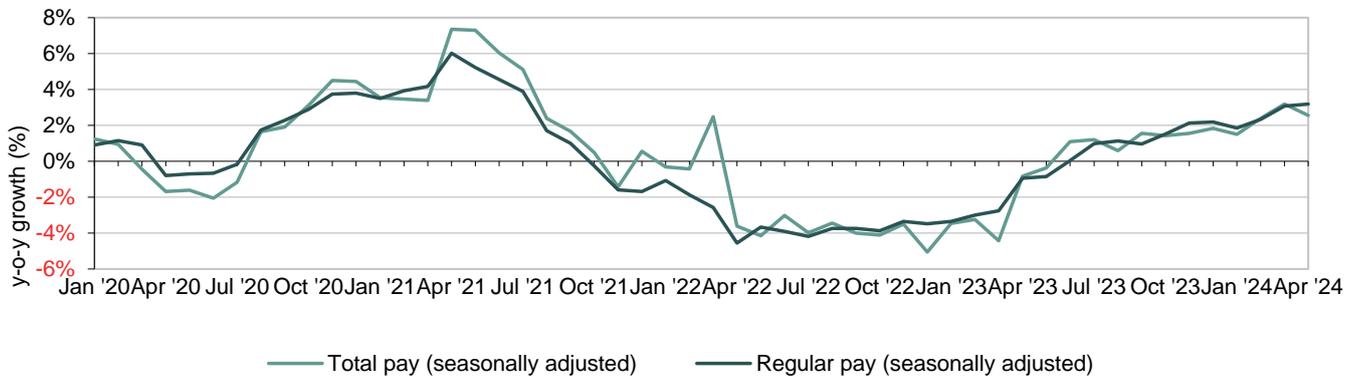
Exhibit 3: GfK UK consumer confidence



Source: LSEG

In our May 2024 report, we commented on the expected improvement in real household disposable income in 2024 and 2025, which is undoubtedly being helped by real improvements in earnings that have been in place since June 2023 through to April 2024.

Exhibit 4: UK real pay



Source: Office for National Statistics

In addition to improving consumer confidence, there has been a broad improvement in similar indicators for businesses in recent months, which is naturally supportive of future employment and incomes.

Exhibit 5: Confederation of British Industry business optimism



Source: LSEG

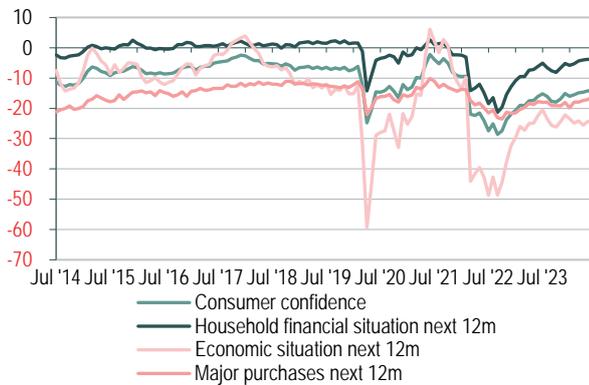
Exhibit 6: Lloyds Bank Business Barometer



Source: LSEG

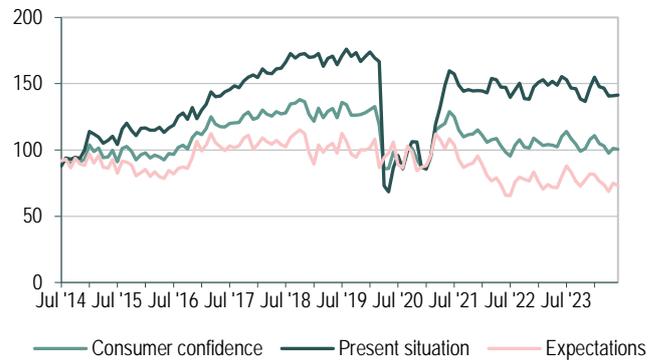
Consumer confidence in the Euro Area has been on a broadly improving trend through Q2'24 and since the start of the year, with the constituent indicators for the next 12 months (household situation, economic situation and major purchases) mostly trending upwards. The US consumer confidence index has been in a relatively narrow range in recent months, although lower than it was in the earlier part of the year, with lower readings in both the present situation and expectations indexes. The expectations index, which takes into account the outlook for income, the labour market and business conditions, remains relatively low.

Exhibit 7: Euro Area consumer confidence (European Commission)



Source: LSEG

Exhibit 8: US consumer confidence (The Conference Board)

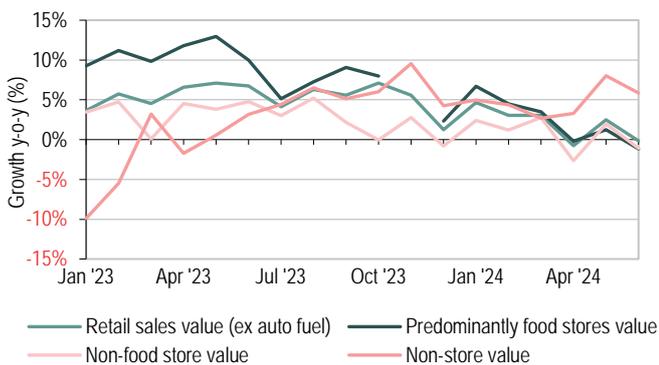


Source: LSEG

## How this is translating into activity

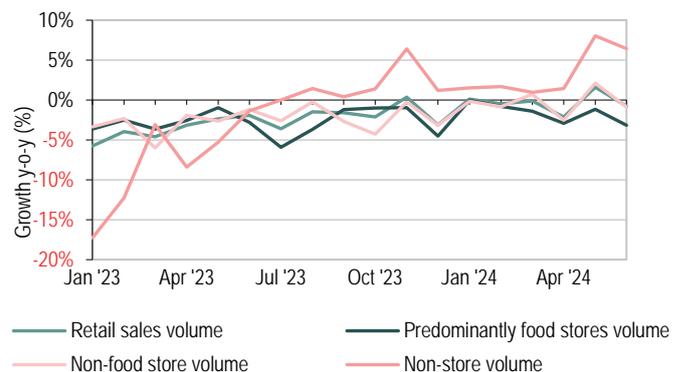
The UK Office for National Statistics reported a slight year-on-year fall in retail sales (excluding auto fuel) in June 2024 of 0.1%, following good growth of 2.5% in May 2024. The downturn was attributed to the unseasonable wet weather and uncertainty ahead of the election. June was only the second month this year that reported a year-on-year decline in retail sales and it was fairly evenly split between food and non-food. The year-on-year decline reflects a combination of year-on-year volume declines, which are much better than a year ago, and lower inflation, the latter will please the consumer. Retailers will be hopeful of better times ahead following the conclusion of the general election and the improvements in consumer confidence. It would also be helpful if the great British summer provides a helping hand.

Exhibit 9: ONS retail sales value



Source: Office for National Statistics

Exhibit 10: ONS retail sales volume



Source: Office for National Statistics

## Consumer sectors underperformed again in Q224, but improving momentum in number of upgrades/downgrades

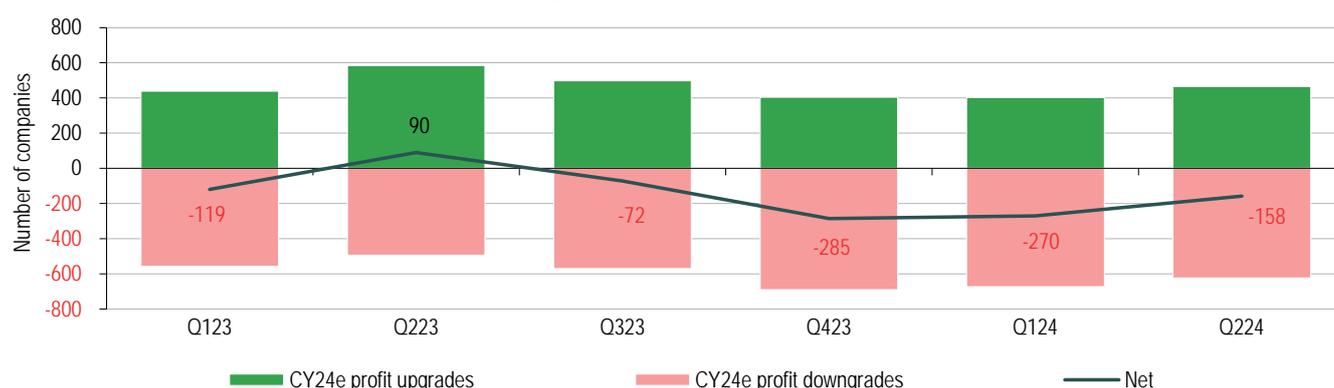
In the following sections we look at what happened to the share prices and consensus CY24 profit (operating profit) estimates for the UK, Continental European and North American consumer sectors in Q224 and H124.

Despite improving or stable consumer confidence, the aggregates for the consumer sectors in each of the regions underperformed their benchmarks in Q224, which followed underperformance in the first quarter. The underperformance was broadly spread, as only three or four of the 16 sectors in each region outperformed their benchmarks.

Overall consensus CY24 profit estimates for the UK and Continental European sectors declined again in Q224, by c 1% and 2%, respectively, following downgrades in Q124. On the more positive side, the North American companies enjoyed net upgrades of about 1%, but the upgrades were quite concentrated. In general, fortunes were weak, with estimates for the majority of sectors in each region (13 in the UK, Exhibit 13; nine in Europe, Exhibit 21; and 13 in North America, Exhibit 29 from 16 sectors) receiving downgrades to profit estimates.

While this all sounds a bit downbeat, we think there are more encouraging trends at the individual company level. Although the current macroenvironment is presenting clear winners and losers, in Q224 there was an increase in the number of companies for which consensus CY24 profit estimates were upgraded and a reduction in the number of companies whose estimates were downgraded for each of the three regions. Exhibit 11 shows the aggregate number of companies in all three regions that received upgrades/downgrades to consensus CY24 profit estimates and determines the net number for each of the last six quarters. There is a clear improvement in the number of net downgrades in each of the last two quarters (Q124 and Q224) following a deterioration in the two prior quarters (Q323 and Q423). The aggregate masks what is happening in the individual regions: significantly, Q224 was the first quarter of improvement in the net number of upgrades to downgrades in both the UK (Exhibit 16) and Continental Europe (Exhibit 24) since Q223. For North America (Exhibit 32), it was the second consecutive quarter of relative improvement in the net number of upgrades to downgrades. Prior to that, the ratio of downgrades to upgrades increased through H223. We highlight the fact that the sectors also enjoyed a relative improvement in the net number of upgrades to downgrades in Q223 before the trends deteriorated, as can be seen in the charts. However, the external environment appears more favourable than it was 12 months ago. Therefore, it will be interesting to see how the forthcoming results season unfolds.

Exhibit 11: Quarterly progression in upgrades/downgrades to consensus CY24e profit



Source: LSEG, Edison Investment Research

## Consensus expectations for CY24

At the end of Q224, consensus was forecasting better profit growth in CY24 for the North American consumer sectors than the UK sectors, which in turn was better than the estimated growth for Continental Europe, although as we demonstrate later this is due to skewing by a small number of sectors that represent a large part of the overall profit pool. The projected decline for profit in Continental Europe is almost entirely due to the automobiles sector, which represented more than 40% of aggregate profit in CY23. If we exclude automobiles, revenue and profit growth are much more respectable at 4% and 9%, respectively.

In local currency terms, the discretionary sectors were forecast to generate better year-on-year profit growth in CY24 than the staples sectors in the UK and North America, whereas the growth is more balanced in Europe after the exclusion of the automobiles sector.

Exhibit 12: Consensus expectations for CY24e and CY25e

	Revenue growth		Profit growth	
	CY24e	CY25e	CY24e	CY25e
UK total (£)	2%	4%	7%	8%
- UK discretionary (£)	3%	6%	17%	14%
- UK staples (£)	1%	3%	2%	5%
Continental Europe (€)	3%	5%	(2%)	10%
- Continental Europe discretionary (€)	2%	5%	(6%)	11%
- Continental Europe staples (€)	3%	4%	8%	9%
North America (US\$)	4%	6%	15%	13%
- North America discretionary (US\$)	5%	8%	21%	16%
- North America staples (US\$)	2%	4%	6%	8%

Source: LSEG, Edison Investment Research

The growth is relatively broad based in all of the regions, but also quite skewed. For example, the growth in UK profits is heavily weighted towards the hotels, restaurants & leisure, food products and consumer staples distribution & retail sectors and in North

America profits growth is weighted towards the broadline retail and hotels, restaurants & leisure sectors.

## Valuation opportunities in the consumer sector

For each of the regions, we screen for valuation opportunities in the sector. In previous reports, our screen has focused on prospective EV/sales multiples for the individual companies versus historical multiples given the difficulties of comparing multiples such as EV/EBITDA either side of the adoption of IFRS 16 for accounting periods that began on or after 1 January 2019. This screen provides a good indication of a company's absolute value versus its own history.

In this report we look at prospective EV/sales multiples (including lease liabilities) versus gross and operating margins to give a better sense of relative valuation among the sectors. We work on the assumption that a higher level of profitability would justify a higher valuation, all other things being equal, while recognising that different industries have different investment requirements, growth rates and levels of profitability. For both (ie EV/sales versus gross margin and EV/sales versus operating margin), we derive a line of best fit and select the companies with a valuation 'below' the lines of best fit (ie those that have a relatively low EV/sales multiple for a given margin). For all three regions, we find there is a better correlation between EV/sales and operating margin (UK: R-squared of 0.73; Europe: R-squared of 0.42; and North America: R-Squared of 0.4) than EV/sales and gross margin.

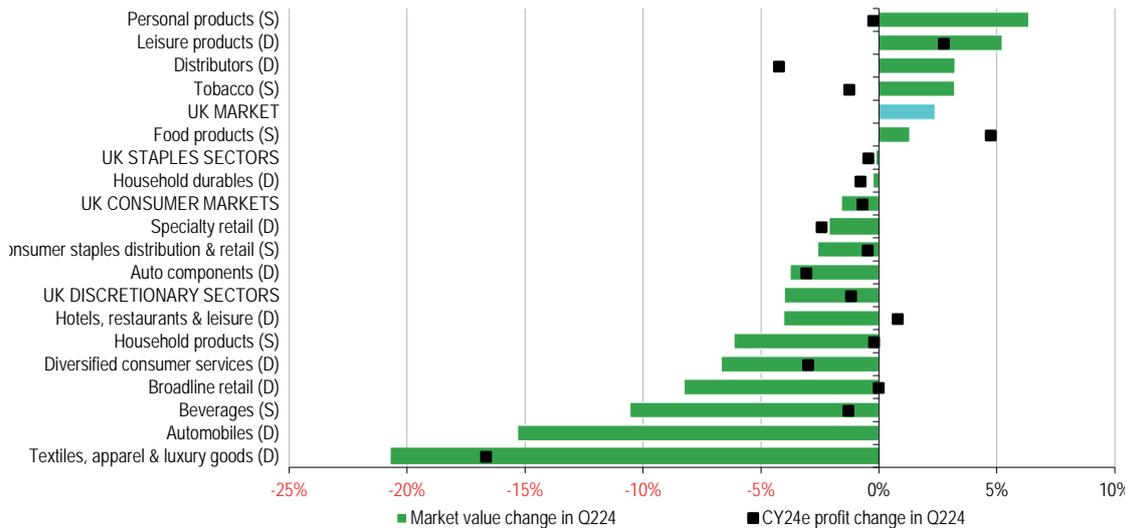
Throughout the report we use sector (ie industry) classifications as defined by the MSCI Global Industry Classification Standard and in our charts the discretionary sectors are labelled D and the staples sectors are labelled S.

We create the industry aggregations from the bottom up, by summing the data for the individual companies in the sector. The quoted changes in market values and growth rates for estimates are on a like-for-like 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 Data and Analytics (formerly 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 2% decline in UK consumer sectors means performance was slightly worse in Q224 than Q124, when the sectors were broadly flat, thus continuing their underperformance versus the UK market, which increased by more than 2% in Q224. Only four of the 16 sectors outperformed in Q224 and three enjoyed upgrades to consensus CY24 profit estimates. Generally, sector performance followed the trends in estimates, except hotels, restaurants & leisure, which declined despite upgrades to profit estimates, while tobacco, distributors and personal products shirked off downgrades.

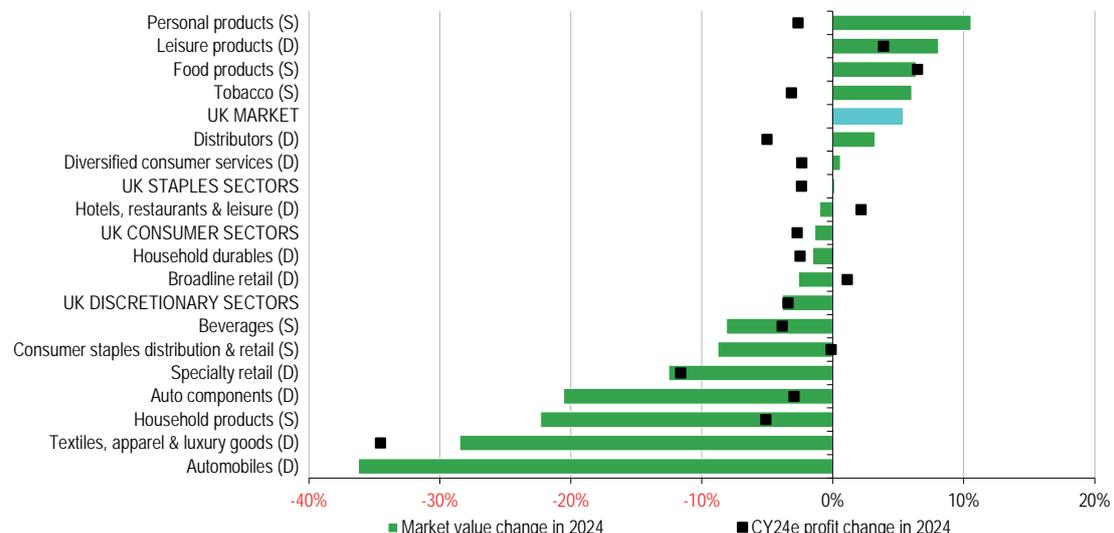
Exhibit 13: UK sector performance versus consensus CY24e profit in Q224



Source: LSEG, Edison Investment Research

In the year to date, there has been a broad downward trend in consensus CY24 profit estimates, which has weighed on performance and only four sectors have benefited from upgrades. Sectors that appear to have been unfairly treated (ie have declined despite upgrades) include broadline retail and hotels, restaurants & leisure. Conversely, diversified consumer services, distributors, tobacco and personal products have provided positive returns despite downgrades to estimates.

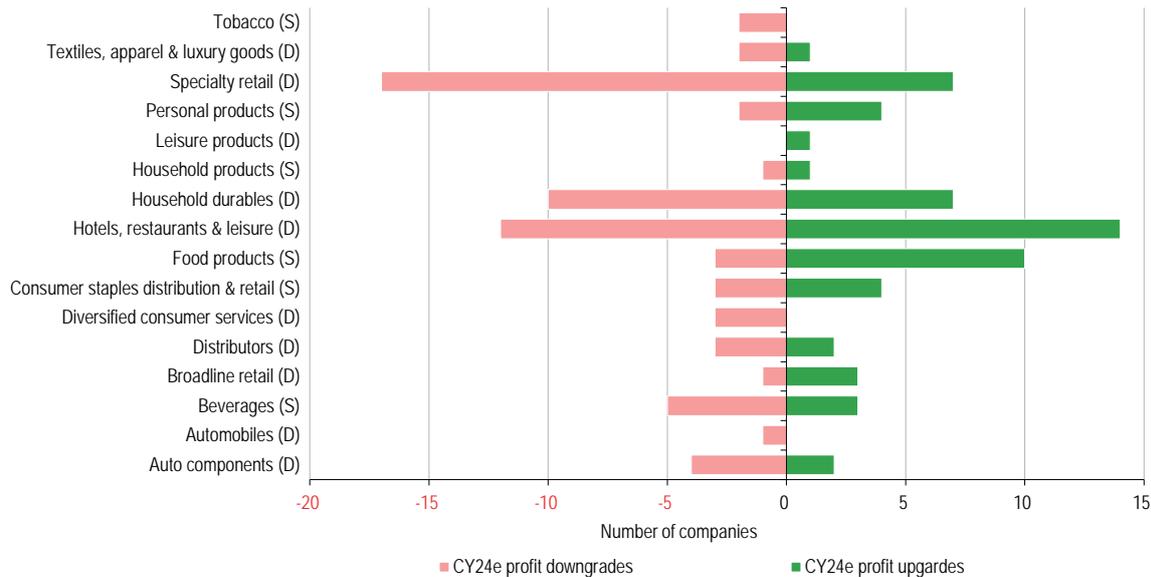
Exhibit 14: UK sector performance versus consensus CY24e profit in H124



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 CY24 profit estimates in the period, to derive the net number of upgrades (positive) or downgrades (negative). It is clear from Exhibit 15 that the fortunes of individual companies remain quite mixed. There were several sectors with a net number of upgrades: broadline retail, consumer staples, distribution & retail, food products, hotels, restaurants & leisure, leisure products and personal products.

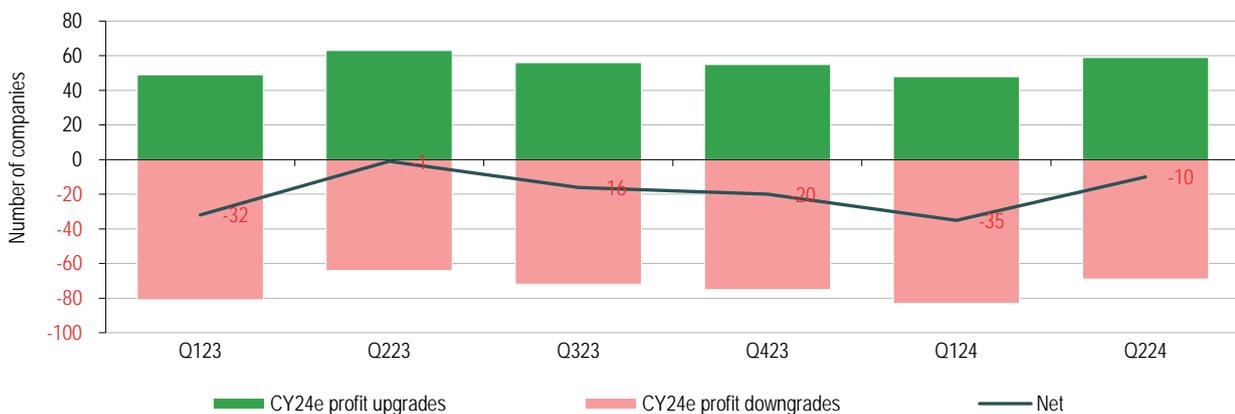
Exhibit 15: Number of companies to receive downgrades/upgrades to CY24e profit in Q224



Source: LSEG, Edison Investment Research

Although a large number of companies continued to receive downgrades to consensus CY24 profit estimates in Q224, there is a definite and encouraging improvement in momentum versus previous quarters as there were more upgrades and fewer downgrades. We note a similar relative improvement in Q223 before trends deteriorated through the remainder of the year and into the start of 2024.

Exhibit 16: Quarterly progression in upgrades/downgrades to CY24e profit



Source: LSEG, Edison Investment Research

## The majority of the sectors are expected to grow

Following the changes to estimates in Q224, at 30 June 2024 consensus was expecting year-on-year revenue growth of 2% and profit growth of 7% in CY24, which is heavily skewed towards profit recovery by the discretionary sectors. For CY25, consensus was expecting further growth of 4% and 8%, respectively. In Exhibit 17, we show the consensus revenue and profit growth expectations for the sectors and their relative contributions to the overall profit growth of the sector, in descending order. Although the majority of sectors are expected to demonstrate growth, overall profit growth is quite concentrated in three sectors – hotels, restaurants & leisure; food products; and consumer staples distribution & retail – which represent c 30% of the total forecast profit pool .

Exhibit 17: UK consumer sector CY24 growth expectations

	Revenue growth CY24e	EBIT growth CY24e	Contribution to total CY24e profit growth
Hotels, restaurants & leisure (D)	4%	41%	74%
Food products (S)	3%	26%	15%
Consumer staples distribution & retail (S)	3%	11%	11%
Auto components (D)	4%	90%	7%
Personal products (S)	(0%)	1%	4%
Specialty retail (D)	2%	4%	3%
Household products (S)	0%	3%	3%
Diversified consumer services (D)	0%	15%	2%
Automobiles (D)	10%	75%	1%
Broadline retail (D)	6%	3%	1%
Leisure products (D)	6%	6%	0%
Distributors (D)	2%	(6%)	(1%)
Beverages (S)	0%	(2%)	(3%)
Textiles, apparel & luxury goods (D)	(4%)	(23%)	(4%)
Tobacco (S)	(3%)	(2%)	(6%)
Household durables (D)	(1%)	(8%)	(7%)

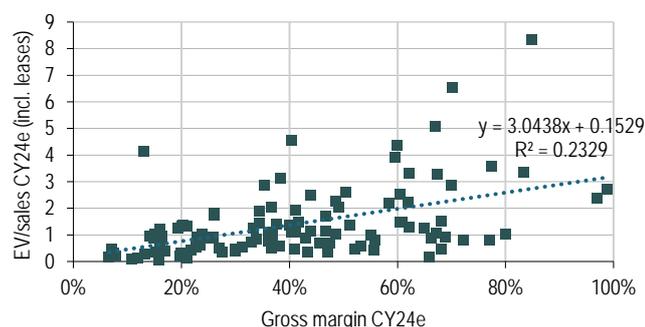
Source: LSEG, Edison Investment Research. Note: Tobacco revenue only includes BAT Industries.

## UK consumer valuation opportunities

As highlighted earlier, in this report we focus our screen on relative value by comparing prospective EV/sales multiples (including leases) with forecast CY24 gross and operating margin for each company.

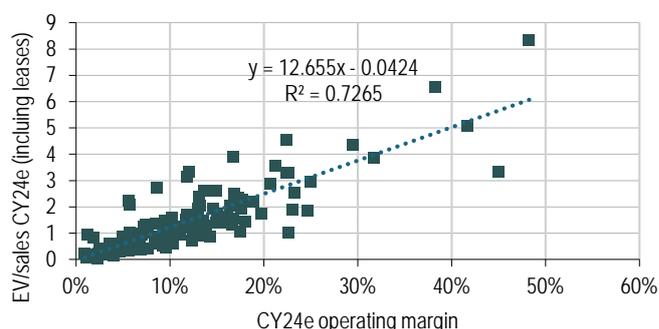
With respect to the comparison of prospective EV/sales with both prospective gross and operating margin, we can see from Exhibits 18 and 19 that there is a better correlation between EV/sales and operating margin (R-squared of 0.73) than there is for EV/sales and gross margin (R-squared of 0.23) and therefore the former should be considered more significant. We highlight that the data are not complete for all companies, which likely affects the calculation of the line of best fit. Of the more than 200 companies in the UK consumer sector, LSEG has prospective gross margin for just over half of the companies and prospective operating margin for two-thirds of the companies.

Exhibit 18: Correlation of CY24e EV/sales and gross margin



Source: LSEG, Edison Investment Research

Exhibit 19: Correlation of CY24e EV/sales and operating margin



Source: LSEG, Edison Investment Research

Exhibit 20 shows all of the companies that were trading at a discount relative to the predicted valuation measure of the lines of best fit versus either the gross margin or the operating margin. For the UK only, we include those companies that appear attractively valued using either margin, as those with a high gross margin relative to operating margin can see a strong increase in operating margin as revenue grows. For each company, we also show how their consensus profit estimates changed in Q224. The table is sorted in ascending order of prospective EV/sales multiple and we have excluded companies with a market capitalisation of less than £20m.

We note that 31 of the 104 listed companies appear attractively valued relative to the predicted valuations from the lines of best fit for both gross and operating margin and a good proportion, c 40%, of the companies enjoyed upgrades to consensus CY24 profit estimates in the period.

Exhibit 20: UK valuation screen

Company	Ticker	Market value 30 June 2024 (£m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Relative value using operating margin CY24e	Relative value using gross margin CY24e	Consensus CY24e EBIT change Q224
Vertu Motors	VTU	243	0.1	11%	1%	Y	Y	0%
Wynnstay Group	WYWYN	88	0.1	12%	1%		Y	-21%
Virgin Wines UK	VINO	25	0.2	N/A	3%	Y		0%
Smiths News	SNWS	145	0.2	7%	4%	Y	Y	0%
Naked Wines	WINEW	48	0.2	N/A	2%	Y		6%
Currys	CURY	816	0.2	20%	3%	Y	Y	-1%
Motorpoint Group	MOTR	125	0.2	8%	1%		Y	2%
Hilton Food Group	HFG	806	0.3	13%	3%		Y	0%
IG Design Group	IGRI	214	0.3	20%	5%	Y	Y	2%
J Sainsbury	SBRY	6,050	0.3	7%	3%	Y	Y	0%
ASOS	ASOS	425	0.3	43%	-2%		Y	-91%
Gear4music (Holdings)	G4M	35	0.3	27%	3%		Y	0%
Inchcape	INCH	3,072	0.3	15%	6%	Y	Y	0%
Halfords Group	HFD	307	0.4	47%	3%		Y	-14%
Dowlais Group	DWL	1,010	0.4	17%	7%	Y	Y	-3%
McBride	MCB	241	0.4	N/A	7%	Y		9%
Likewise Group	LIKE	35	0.4	30%	3%		Y	-2%
Kitwave Group	KITW	237	0.4	22%	5%	Y	Y	-0%
Boohoo Group	BOOH	436	0.4	52%	-1%		Y	-19%
Tesco	TSCO	21,200	0.4	7%	4%	Y		-1%
Sanderson Design Group	SDG	61	0.5	68%	10%	Y	Y	-15%
Portmeirion Group	PMGR	32	0.5	41%	6%	Y	Y	0%

Cont.

Exhibit 20: UK valuation screen cont.

Company	Ticker	Market value 30 June 2024 (£m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Relative value using operating margin CY24e	Relative value using gross margin CY24e	Consensus CY24e EBIT change Q224
C&C Group	GCC	613	0.5	N/A	4%	Y		-3%
Bakkavor Group	BAKK	828	0.5	27%	5%	Y	Y	6%
Kingfisher	KGF	4,616	0.5	37%	5%	Y	Y	-0%
Marks Electrical Group	MRKM	75	0.5	23%	4%		Y	-5%
CT Automotive Group	CTA	47	0.5	N/A	9%	Y		1%
Greencore Group	GNC	769	0.5	31%	5%	Y	Y	6%
Revolution Beauty Group	REVB	78	0.6	47%	4%		Y	9%
Wickes Group	WIX	326	0.6	37%	4%		Y	-5%
Topps Tiles	TPT	81	0.6	53%	5%		Y	-13%
Marks and Spencer Group	MKS	5,867	0.6	38%	7%	Y	Y	5%
AO World plc	AO	642	0.6	23%	4%		Y	2%
Shoe Zone	SHOE	69	0.6	24%	9%	Y	Y	0%
Rank Group	RNK	318	0.6	N/A	7%	Y		0%
Colefax Group	CFX	54	0.6	N/A	7%			0%
Mothercare	MTC	25	0.6	N/A	10%	Y		-6%
THG	THG	828	0.7	46%	-2%		Y	18%
Stelrad Group	SRAD	141	0.7	n/a	10%	Y		0%
JD Sports Fashion	JD	6,192	0.7	48%	9%	Y	Y	-0%
Nexteq	NXQ	85	0.7	37%	12%	Y	Y	0%
Journeo	JNEO	41	0.7	33%	9%	Y	Y	0%
Deliveroo	ROO	2,129	0.7	36%	-1%		Y	39%
Springfield Properties	SPRSP	112	0.8	16%	7%	Y		0%
DFS Furniture	DFSD	257	0.8	56%	5%		Y	-22%
SSP Group	SSPG	1,182	0.8	72%	7%	Y	Y	-3%
Tortilla Mexican Grill	MEX	23	0.8	77%	2%		Y	-30%
Card Factory	CARDC	323	0.8	34%	14%	Y	Y	5%
MJ Gleeson	GLEG	301	0.9	24%	8%	Y	Y	-1%
Procook Group	PROC	25	0.9	66%	5%		Y	10%
Ultimate Products	ULTP	129	0.9	26%	10%	Y	Y	-16%
Watches of Switzerland Group	WOSG	992	0.9	15%	9%	Y		1%
Frasers Group	FRAS	3,973	0.9	43%	10%	Y	Y	-3%
Supreme	SUP	193	0.9	26%	14%	Y	Y	3%
Barratt Developments	BDEV	4,602	0.9	17%	10%	Y		-1%
Mulberry Group	MUL	65	0.9	69%	-1%		Y	0%
Vistry Group	VTYV	3,991	0.9	16%	11%	Y		1%
Henry Boot	BOOT	281	1.0	N/A	10%	Y		1%
PZ Cussons	PZC	424	1.0	36%	11%	Y	Y	2%
Videndum	VIDV	270	1.0	N/A	10%	Y		-14%
Victorian Plumbing Group	VIC	303	1.0	49%	8%		Y	6%
Associated British Foods	ABF	18,490	1.0	24%	10%	Y		6%
Anexo Group	ANXA	78	1.0	80%	23%	Y	Y	0%
Evoke	EVOK	376	1.0	67%	13%	Y	Y	-0%
Playtech	PTEC	1,438	1.1	N/A	18%	Y		-0%
Aston Martin Lagonda Global Holdings	AML	1,185	1.1	41%	-1%		Y	0%
Loungers	LGRS	276	1.1	40%	8%		Y	4%
B&M European Value Retail	BMEB	4,383	1.1	37%	11%	Y	Y	-2%
Ocado Group	OCDO	2,401	1.1	44%	-9%		Y	-14%
Pets at Home Group	PETSP	1,381	1.1	47%	10%	Y	Y	-1%
Mitchells & Butlers	MAB	1,706	1.2	N/A	11%	Y		5%
Bellway	BWY	3,017	1.2	16%	10%	Y		-1%
Redrow	RDW	2,206	1.2	19%	12%	Y		-0%
Coca Cola HBC	CCH	9,818	1.2	33%	11%	Y		0%
Dr Martens	DOCS	718	1.3	65%	10%		Y	-38%
WH Smith	SMWH	1,482	1.3	62%	10%		Y	-2%
REA Holdings	REAH	40	1.3	N/A	14%	Y		-2%
Churchill China	CHCH	125	1.3	N/A	12%	Y		1%
Taylor Wimpey	TW	5,032	1.3	20%	12%	Y		-2%
Cairn Homes	CRN	867	1.3	21%	17%	Y		1%
Dunelm Group	DNLM	2,151	1.4	51%	12%	Y	Y	-0%
Persimmon	PSN	4,323	1.4	20%	13%	Y		0%
Premier Foods	PFD	1,379	1.4	38%	16%	Y		1%
On The Beach Group	OTB	229	1.4	N/A	15%	Y		-1%
Coats Group	COA	1,265	1.4	35%	18%	Y		0%
Tribal Group	TRBG	116	1.5	N/A	13%	Y		0%
Greggs	GRG	2,835	1.5	61%	10%		Y	0%

Cont.

## Exhibit 20: UK valuation screen cont.

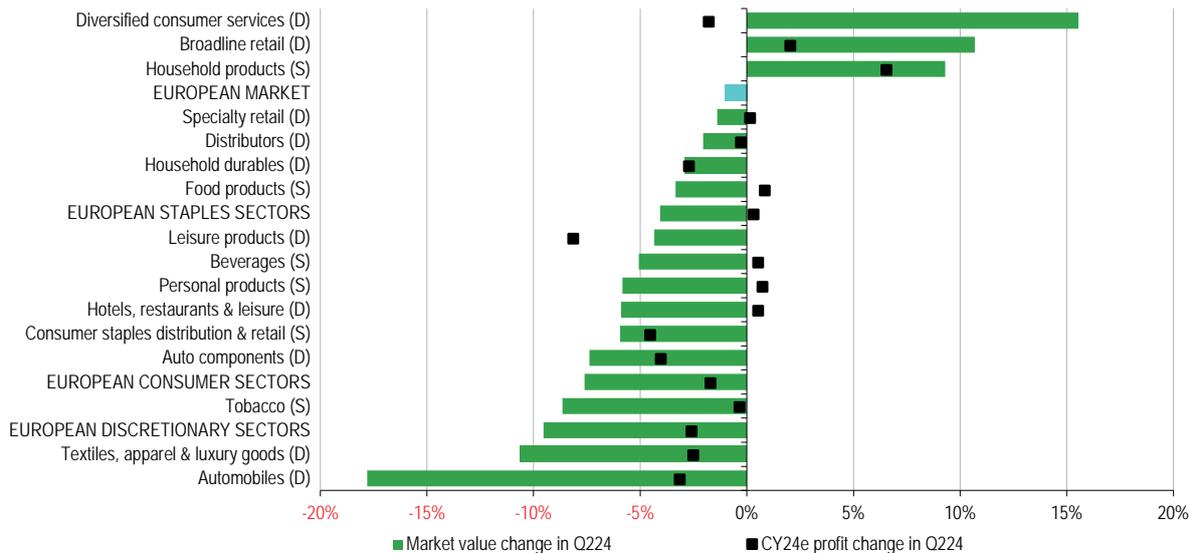
Company	Ticker	Market value 30 June 2024 (£m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Relative value using operating margin CY24e	Relative value using gross margin CY24e	Consensus CY24e EBIT change Q224
Entain	ENT	4,024	1.5	61%	14%	Y	Y	-2%
AG Barr	BAG	672	1.5	42%	13%	Y		1%
Burberry Group	BRBY	3,148	1.5	68%	12%		Y	-20%
Tate & Lyle	TATE	2,390	1.6	N/A	17%	Y		1%
Cake Box Holdings	CBOX	72	1.6	N/A	16%	Y		1%
Nichols	NICL	372	1.7	N/A	15%	Y		-2%
Berkeley Group Holdings	BKGH	4,854	1.7	26%	20%	Y		2%
MP Evans Group	MPE	455	1.8	26%	25%	Y		4%
ME Group International	MEGPM	644	1.9	35%	23%	Y		-0%
Marston's	MARS	197	1.9	N/A	18%	Y		1%
Moonpig Group	MOONM	655	2.2	59%	19%	Y		-1%
Hostelworld Group	HSW	204	2.4	97%	13%		Y	-21%
Reckitt Benckiser Group	RKT	29,907	2.5	60%	23%	Y		-0%
GYM Group	GYM	198	2.7	99%	9%		Y	11%
Hollywood Bowl Group	BOWL	525	2.9	N/A	25%	Y		-0%
British American Tobacco	BATS	53,986	3.3	83%	45%	Y		-1%
Auction Technology Group	ATG	610	5.1	67%	42%	Y		-22%

Source: LSEG, Edison Investment Research

# CONTINENTAL EUROPE

The Continental European consumer sectors had a torrid time in Q224, significantly underperforming with a decline of 8% versus the market fall of 1%. Only three sectors, broadline retail, distributors and household products, outperformed. The sector performance mainly reflects changes in consensus profit estimates, with net downgrades to CY24 profit estimates of c 2%. Sectors that appear to have been unfairly treated include hotels, restaurants & leisure, personal products, beverages, food products and specialty retail.

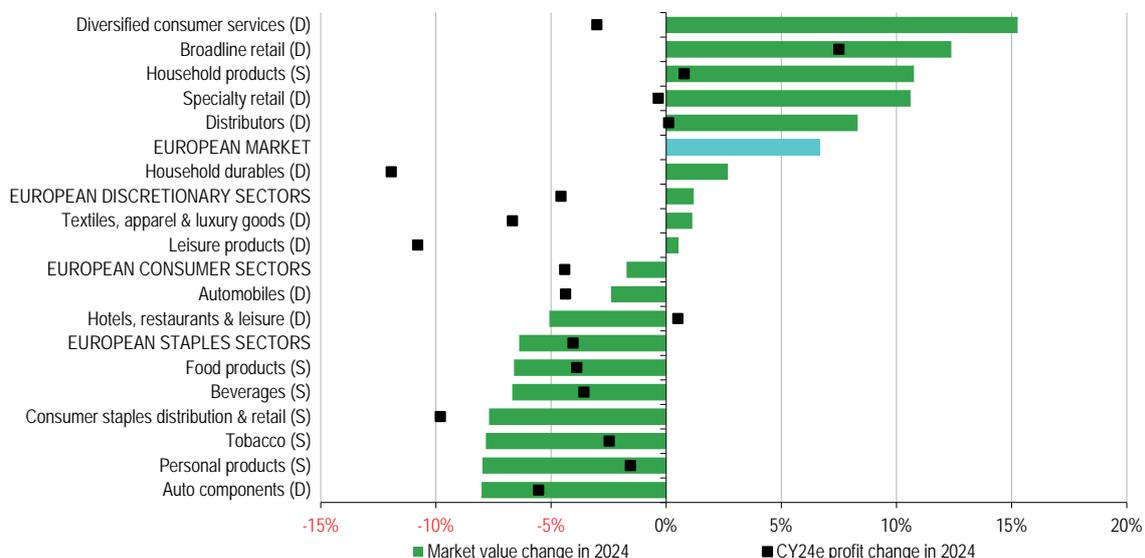
Exhibit 21: Continental European sector performance versus CY24e profit in Q224



Source: LSEG, Edison Investment Research

In the year to date, there is only one sector that has declined despite upgrades to consensus CY24 profit estimates – hotels, restaurants & leisure – while a number (leisure products, textiles, apparel & luxury goods, house durables, specialty retail and diversified consumer services) have performed well despite downgrades to estimates.

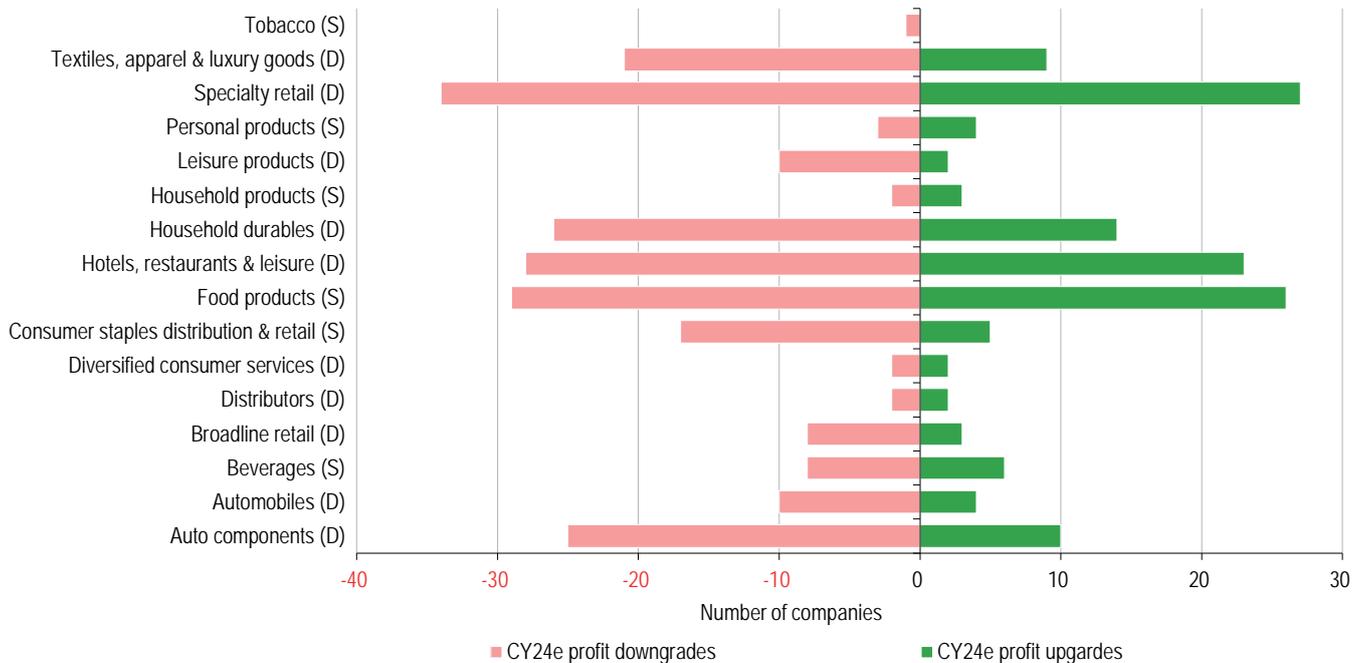
Exhibit 22: Continental European sector performance versus CY24e profit in H124



Source: LSEG, Edison Investment Research

Looking at the number of companies that received upgrades and downgrades to consensus CY24 profit estimates in Q224, there continued to be significantly more downgrades than upgrades. There were more upgrades than downgrades for only two sectors: household products and personal products.

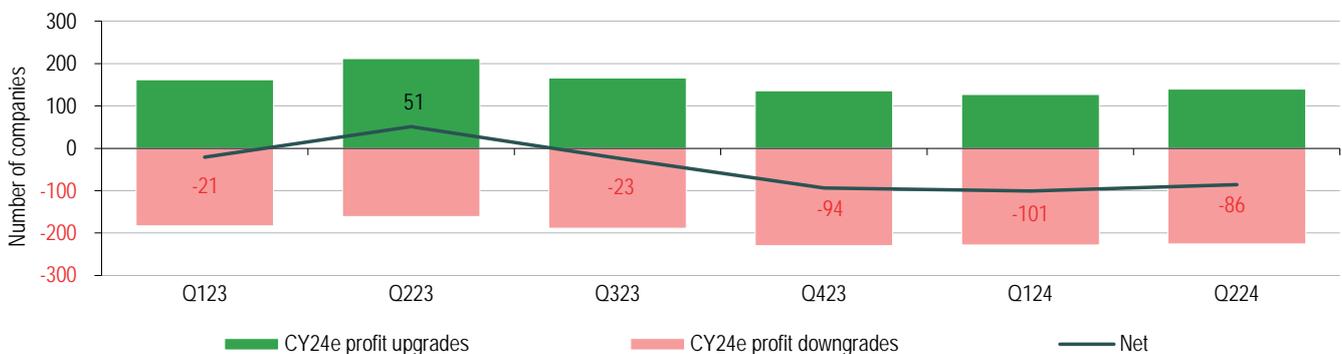
Exhibit 23: Number of companies to receive downgrades/upgrades to CY24e profit in Q224



Source: LSEG, Edison Investment Research

As we saw in the UK, although a high number of companies continued to receive downgrades to consensus CY24 profit estimates in Q224, there was slightly better overall momentum, with more upgrades and fewer downgrades than in prior quarters. We note a similar relative improvement in the same period in CY23, and will therefore watch the upcoming results season with interest.

Exhibit 24: Quarterly progression in upgrades/downgrades to CY24e profit



Source: LSEG, Edison Investment Research

## The majority of sectors are expected to grow profit in CY24

Following the changes to estimates in Q224, at 30 June 2024 consensus was expecting year-on-year revenue growth of 3% and a profit decline of 2% in CY24, which is heavily skewed towards profit recovery by the staples sectors and declines for discretionary. The only reason for the expected decline in operating profit for the discretionary and all consumer sectors is the projected 18% fall in profits for the automobiles sector, which is a significant contributor to the group at c 41% of base CY23 profits. Overall expected revenue and profit growth for the remaining sectors is much healthier at 4% and 9%, respectively, if we exclude automobiles. For CY25, consensus was expecting better growth of 5% and 10%, respectively, including automobiles.

The projected revenue and profit growth of the sectors and their contribution to the overcall change in CY24 profit estimates are shown in Exhibit 25. The underlying picture appears healthy as the majority of sectors are forecast to generate higher profit in CY24 than CY23.

Exhibit 25: European consumer sector CY24 growth expectations

	Revenue growth CY24e	EBIT growth CY24e	Contribution to total CY24e profit growth
Hotels, restaurants & leisure (D)	9%	32%	45%
Beverages (S)	4%	10%	44%
Specialty retail (D)	5%	19%	38%
Food products (S)	3%	7%	37%
Consumer staples distribution & retail (S)	4%	18%	29%
Textiles, apparel & luxury goods (D)	4%	3%	21%
Auto components (D)	2%	8%	21%
Personal products (S)	8%	8%	15%
Household durables (D)	(0%)	25%	11%
Broadline retail (D)	14%	41%	6%
Leisure products (D)	3%	5%	1%
Distributors (D)	8%	1%	0%
Diversified consumer services (D)	10%	(2%)	(0%)
Tobacco (S)	1%	(11%)	(0%)
Household products (S)	1%	(3%)	(3%)
Automobiles (D)	1%	(18%)	(364%)

Source: LSEG, Edison Investment Research

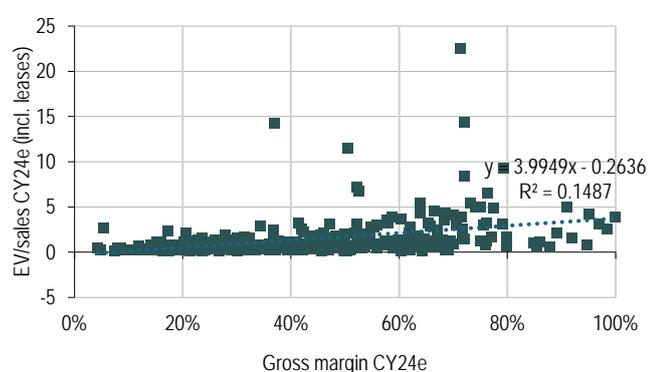
## Continental European consumer valuation opportunities

In Exhibit 28 we show the output from the valuation screen, which we described earlier, for the Continental European companies. The output differs slightly from the screens for the UK companies as here we include the 100 companies that appear to offer better value (from more than 200 companies) versus the predicted line of best fit when comparing

prospective EV/sales (including leases) and operating margin. The companies are sorted from greatest to smallest discount of prospective EV/sales relative to the predicted multiple by the line of best fit and we only include companies with a market capitalisation of more than €30m.

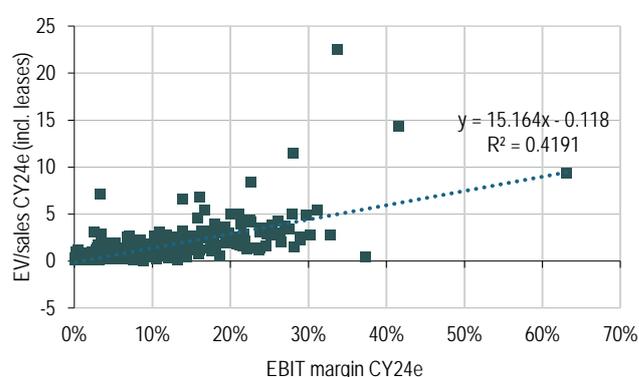
We can see from Exhibits 26 and 27 that there is a better correlation between EV/sales and operating margin than EV/sales and gross margin, as we found with the UK companies, albeit the R-squared for the former of 0.42 is much lower than the UK's 0.73 (see Exhibit 19). LSEG data are less comprehensive for the European companies; for example only 38% of the companies on LSEG have prospective operating profit estimates.

Exhibit 26: Correlation of CY24e EV/sales and gross margin



Source: LSEG, Edison Investment Research

Exhibit 27: Correlation of CY24e EV/sales and operating margin



Source: LSEG, Edison Investment Research

Exhibit 28: Continental Europe valuation screen

Company	Ticker	Market value 30 June 2024 (€m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Consensus CY24e EBIT change Q224
Naturhouse Health	NTH	97	1.5	72%	28%	-0%
Betsson	BETSb	1,328	1.2	66%	24%	11%
Atal	1AT	531	1.4	27%	24%	3%
Jumbo	BABr	3,654	2.8	55%	33%	4%
Bergbahnen Engelberg Truebsee Titlis Bet	TIBN	142	1.6	92%	25%	24%
Masoval	MASM	359	2.3	n/a	29%	19%
Sipef	SIFB	582	1.4	46%	23%	15%
Abitare In	ABIT	106	1.3	29%	22%	-8%
Lottomatica Group	LTMC	2,841	2.0	50%	26%	4%
Fontaine Pajot	ALFPC	169	0.1	60%	13%	1%
Greek Organisation of Football Prognostics	OPAr	5,418	2.5	42%	29%	0%
Laurent Perrier	LPER	672	2.8	N/A	30%	5%
Van de Velde	VELD	402	1.6	49%	22%	0%
Catana Group	CATGR	131	0.5	53%	14%	-3%
Dr Ing hc F Porsche	P911_p	31,634	0.7	28%	16%	-2%
Dom Development	DOMP	1,044	1.7	32%	22%	3%
Telematic Interactive Bulgaria	BGTIB	100	1.1	N/A	18%	-30%
Purcari Wineries	ROWINE	129	1.7	44%	21%	0%
B&C Speakers	37B	168	1.6	36%	20%	-9%
Vrancon Pommery Monopole	VRKP	129	0.4	N/A	12%	8%
Orascom Development Holding	ODHN	243	0.8	28%	14%	-5%
Stellantis	STLAM	55,837	0.2	19%	11%	-9%
Austevoll Seafood	AUSS	1,469	0.7	N/A	13%	3%
Trigano	TRIA	2,113	0.6	33%	12%	4%
Cofle	CFL	33	0.6	63%	12%	-17%
Gentili Mosconi	GMN	52	0.7	36%	13%	-18%

Cont.

Exhibit 28: Continental Europe valuation screen cont.

Company	Ticker	Market value 30 June 2024 (€m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Consensus CY24e EBIT change Q224
Fope	FOPE	151	2.1	N/A	22%	-2%
Scandinavian Tobacco Group	STOGR	1,133	1.4	N/A	17%	-0%
Glenveagh Properties	GLV	730	0.8	18%	13%	0%
Puig Brands	PUIGb	4,558	1.2	75%	16%	0%
Swatch Group	UHR	9,990	1.0	85%	14%	-2%
Anheuser-Busch Inbev	ABI	97,264	2.8	55%	26%	2%
Nacon	NACON	103	0.6	66%	11%	-3%
New Wave Group	NEWAb	897	1.3	50%	16%	-9%
Wittchen	WTN	145	1.3	N/A	16%	-16%
Compagnie des Alpes	CDAF	686	1.1	86%	15%	11%
Holidaycheck Group	HOC	348	1.7	N/A	18%	0%
Dalata Hotel Group	DHG	892	2.7	62%	25%	0%
Italian Sea Group	TISGR	486	1.2	76%	15%	0%
SalMar	SALM	6,521	2.9	56%	26%	-9%
Pirelli & C	PIRC	5,554	1.3	70%	15%	1%
Novem Group	NVM	246	0.6	51%	10%	-4%
Bigben Interactive	BGBN	39	0.1	50%	8%	-5%
CIE Automotive	CIEA	3,106	1.1	41%	14%	1%
Ferretti	YACHT	943	0.5	42%	10%	0%
La Francaise des Jeux	FDJ	5,886	2.0	54%	19%	0%
Zinzino	ZZb	171	0.9	N/A	13%	0%
Cars Motorcycles and Marine Engine Trade and Import Company	MTDr	82	0.6	N/A	11%	0%
Mowi	MOWI	8,043	1.8	50%	18%	-10%
Angler Gaming	ANGLR	30	0.7	29%	11%	-4%
Sanlorenzo	SNL	1,352	1.4	68%	15%	-1%
Olvi Oyj	OLVAS	541	0.8	39%	12%	0%
Raketech Group Holding	RAKE	34	0.5	50%	9%	-40%
P/F Bakkafrost	BAKKA	2,814	2.8	66%	25%	1%
Compagnie Generale des Etablissements Michelin	MICP	25,791	1.0	28%	13%	0%
Einhell Germany	EING_p	315	0.4	40%	8%	-6%
MR Bricolage	ALMRB	84	0.3	41%	8%	0%
Leroy Seafood Group	LSG	2,265	1.0	47%	12%	-1%
Kaufman & Broad	KOF	508	0.3	18%	7%	-0%
Autohellas	AUTr	550	1.2	23%	14%	0%
Dexelance	DEX	280	1.1	N/A	12%	-7%
Arctic Fish Holding	AFISH	144	3.4	N/A	28%	20%
Kri-Kri Milk Industry	KRIr	375	1.5	32%	15%	0%
Fenix Outdoor International	FEOb	705	1.0	N/A	12%	1%
KWS SAAT SE & Co	KWSG	1,967	1.4	60%	14%	10%
Schaeffler	SHA_p	892	0.3	23%	7%	1%
Douglas	DOU1	1,838	0.8	46%	10%	0%
Bayerische Motoren Werke	BMWG	56,043	0.8	19%	10%	1%
Indel B	INDB	134	0.7	N/A	9%	-20%
De' Longhi	DLG	4,412	1.1	50%	12%	1%
Saf-Holland	SFQ	839	0.7	20%	9%	-2%
Gaming Innovation Group	GIG	348	2.6	99%	22%	-18%
Mercedes-Benz Group	MBGn	69,009	1.0	21%	11%	-1%
Pandora	PNDORA	11,546	3.1	79%	25%	2%
Valsoia	VALS	105	0.8	N/A	10%	0%
Piaggio & C	PIA	983	0.8	29%	9%	-2%
Hugo Boss	BOSSn	2,941	0.9	62%	10%	-3%
Volvo Car	VOLCARb	8,584	0.2	19%	6%	0%
RVRC Holding	RVRC	455	2.5	72%	21%	-10%
Brembo	BRBI	3,421	1.0	43%	11%	-3%
Voyageurs du Monde	ALVDM	618	0.5	32%	7%	-4%
Belysse Group	BELYS	31	0.6	54%	8%	14%
Knaus Tabbert	KTAG	405	0.4	28%	7%	-7%
Duni	DUNI	420	0.7	N/A	8%	-12%
Schloss Wachenheim	SWAG	120	0.4	41%	7%	0%
JDE Peets	JDEP	9,057	1.5	37%	14%	-0%
TUI	TUI1n	3,351	0.3	8%	6%	0%
Kindred Group	KINDsdb	2,556	1.6	N/A	14%	0%
Profoto Holding (publ)	PRFO	207	3.1	71%	24%	-12%
Emak	EM	165	0.6	N/A	8%	0%
SEB	SEBF	5,285	0.8	40%	9%	-2%

Cont.

## Exhibit 28: Continental Europe valuation screen cont.

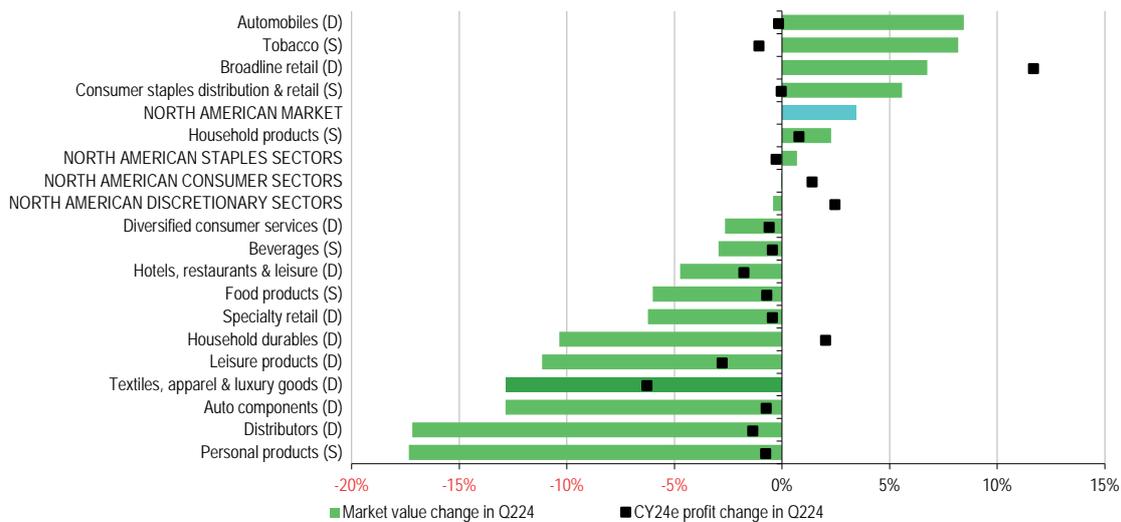
Company	Ticker	Market value 30 June 2024 (€m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Consensus CY24e EBIT change Q224
Ilirija	ILRA	62	2.4	N/A	19%	2%
Platform Group	TPGG	146	0.4	30%	6%	68%
Embellence Group (publ)	EMBELL	67	1.2	60%	12%	13%
Grieg Seafood	GSFG	626	1.5	52%	13%	-23%
Continental	CONG	10,570	0.4	23%	6%	-13%
Henkel AG & Co	HNKG_p	33,874	1.5	46%	14%	9%
Societe LDC	LOUP	2,422	0.3	51%	6%	-2%
Ebro Foods	EBRO	2,389	0.9	45%	9%	1%
Rugvista Group (publ)	RUG	99	1.3	62%	12%	-20%

Source: LSEG, Edison Investment Research

# NORTH AMERICA

The North American consumer sectors were flat in Q224 and underperformed the regional benchmark, which increased by c 3%, with only four sectors outperforming. Overall, consensus CY24 profit estimates increased by 1%, although this was fairly concentrated with upgrades for only three of the 16 sectors: broadline retail, household durables and household products, which in total represent c 30% of the total profit pool. There appears to have been a mixed correlation between sector performance and changes to profit estimates: one sector (household durables) declined despite upgrades to profit estimates and three sectors (automobiles, tobacco and consumer staples distribution & retail) performed well despite small downgrades to profit estimates.

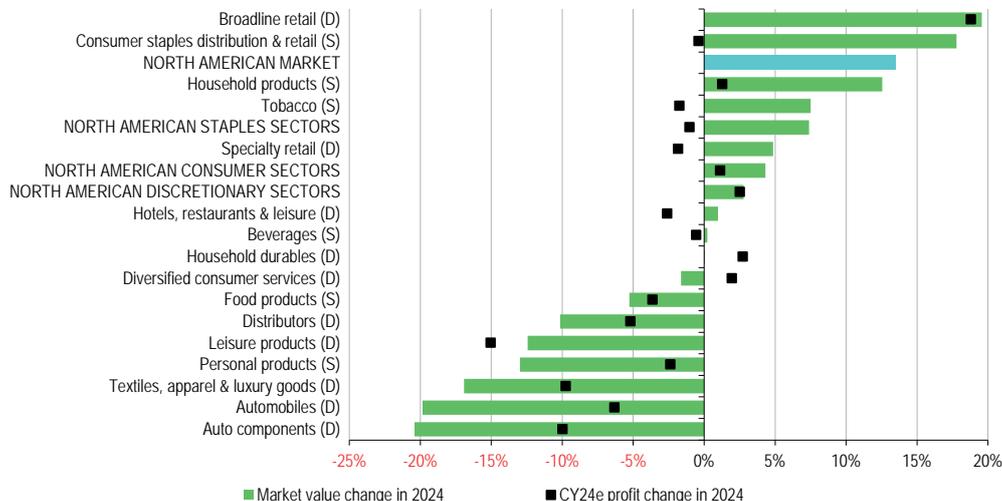
Exhibit 29: North American sector performance versus CY24e profit in Q224



Source: LSEG, Edison Investment Research

In the year to date, five sectors (beverages, hotels, restaurants & leisure, specialty retail, tobacco and consumer staples, distribution & retail) have performed well despite downgrades to consensus profit estimates. Overall profit estimates increased by about 1% in H124.

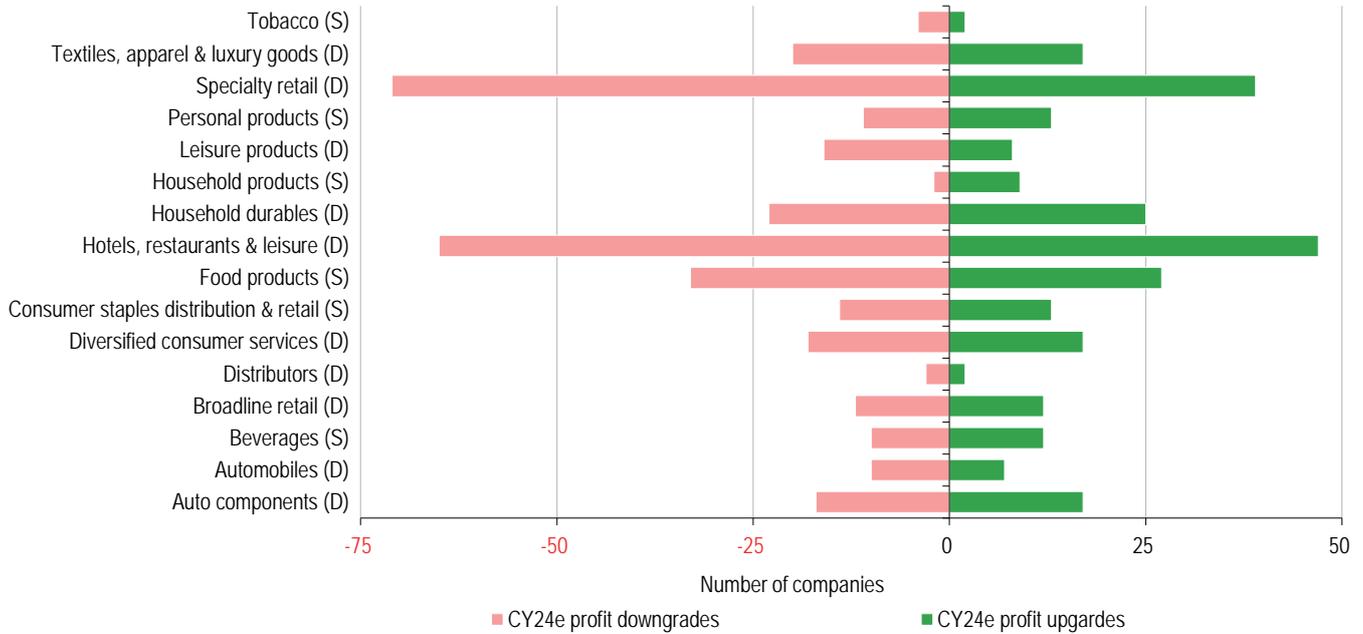
Exhibit 30: North American sector performance versus CY24e profit in H124



Source: LSEG, Edison Investment Research

At the individual company level, there were more downgrades to consensus CY24 profit estimates than upgrades in Q224. On the positive side, more companies enjoyed upgrades than downgrades in Q224 in five sectors (beverages, broadline retail, diversified consumer services, household products and personal products).

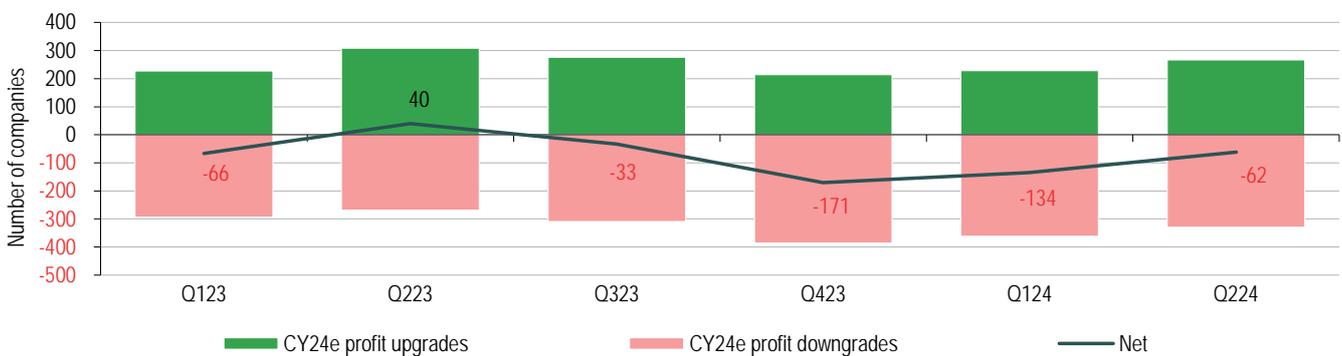
Exhibit 31: Number of companies to receive downgrades/upgrades to CY24e profit in Q224



Source: LSEG, Edison Investment Research

Despite more downgrades than upgrades to consensus CY24 profit estimates for individual companies in Q224, it was the second consecutive quarter of relative improvement (ie more upgrades and fewer downgrades).

Exhibit 32: Quarterly progression in upgrades/downgrades to CY24e profit



Source: LSEG, Edison Investment Research

## Majority of sectors expected to grow profit in CY24

Following the changes to estimates in Q224, at 30 June 2024, consensus was expecting year-on-year revenue growth of 4% and profit growth of 15% in CY24 for the North American consumer sectors, which is more heavily geared towards growth by the discretionary sectors. For CY25, consensus forecasts higher revenue growth of 6% and lower but still attractive profit growth of 13%.

All sectors are forecast to grow profit in CY24. The significant contribution by hotels, restaurants & leisure and broadline retail is important given their relative scale, at 'only' 28% of total CY23 base profits of the sectors.

Exhibit 33: North American consumer sector CY24 growth expectations

	Revenue growth CY24e	EBIT growth CY24e	Contribution to total CY24e profit growth
Broadline retail (D)	11%	43%	45%
Hotels, restaurants & leisure (D)	12%	19%	17%
Automobiles (D)	1%	40%	7%
Beverages (S)	4%	9%	5%
Auto components (D)	3%	31%	4%
Specialty retail (D)	2%	4%	4%
Household products (S)	2%	9%	3%
Food products (S)	(1%)	5%	3%
Consumer staples distribution & retail (S)	3%	2%	2%
Tobacco (S)	(3%)	7%	2%
Diversified consumer services (D)	8%	33%	2%
Household durables (D)	3%	4%	2%
Personal products (S)	3%	24%	1%
Textiles, apparel & luxury goods (D)	0%	3%	1%
Leisure products (D)	(5%)	12%	1%
Distributors (D)	5%	7%	0%

Source: LSEG, Edison Investment Research

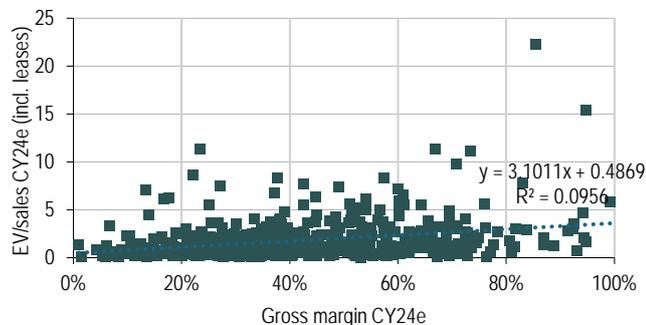
## North American consumer valuation opportunities

Exhibit 36 shows the output from the valuation screens, which we described earlier, for the North American companies. The output differs slightly from the screens for the UK companies as here we include the 100 companies that appear to offer better value (from more than 300 companies) versus the predicted line of best fit when comparing prospective EV/sales (including leases) and operating margin. The companies are sorted from greatest to smallest discount of prospective EV/sales relative to the predicted multiple by the line of best fit.

We can see from Exhibits 34 and 35 that there is a better correlation between EV/sales and operating margin than EV/sales and gross margin, as we found for the other

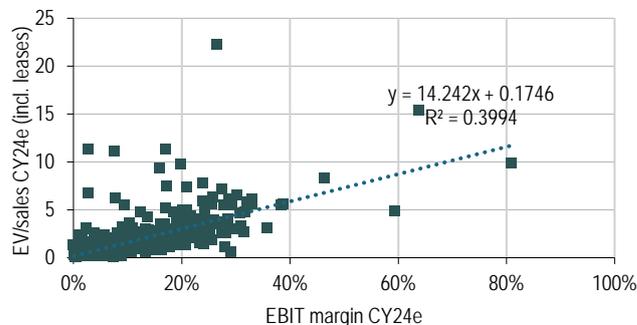
regions. The R-squared for the former of 0.40 is a little lower than 0.42 for the European companies (see Exhibit 27).

Exhibit 34: Correlation of CY24e EV/sales and gross margin



Source: LSEG, Edison Investment Research

Exhibit 35: Correlation of CY24e EV/sales and operating margin



Source: LSEG, Edison Investment Research

Exhibit 36: North America valuation screen

Company	Ticker	Market value 30 June 2024 (US\$m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Consensus CY24e EBIT change Q224
GreenTree Hospitality Group	GHG	247	0.5	N/A	29%	22%
Altria Group	MO	78,238	4.9	70%	59%	0%
Perdoceo Education Corp	PRDO	1,405	1.2	82%	28%	4%
Legacy Housing Corp	LEGH	558	3.1	49%	36%	30%
Adecoagro	AGRO	1,013	1.4	N/A	24%	14%
PDD Holdings	PDD	184,637	2.6	62%	31%	38%
Vector Group	VGR	1,664	1.8	N/A	26%	-5%
Laureate Education	LAUR	2,318	1.5	N/A	23%	1%
Diversified Royalty Corp	DIV	327	9.9	N/A	81%	-1%
Pultegroup	PHM	23,159	1.4	29%	21%	8%
Green Brick Partners	GRBK	2,572	1.4	32%	20%	11%
Chegg	CHGG	323	0.8	72%	16%	-13%
Buckle	BKE	1,876	1.3	48%	20%	-4%
Betterware de Mexico SAPI de CV	BWMX	545	1.1	65%	18%	-9%
eBay	EBAY	26,967	2.6	73%	28%	0%
Alibaba Group Holding	BABA	174,109	0.9	37%	16%	-5%
M/I Homes	MHO	3,390	0.8	N/A	15%	13%
Boyd Gaming Corp	BYD	5,228	2.1	N/A	24%	-3%
Toll Brothers	TOL	11,823	1.3	27%	19%	6%
Dine Brands Global	DIN	558	2.0	48%	23%	-3%
Olaplex Holdings	OLPX	1,019	2.6	73%	27%	-1%
United Parks & Resorts	PRKS	3,394	3.0	92%	30%	-1%
Build-A-Bear Workshop	BBW	349	0.6	54%	13%	-3%
Taylor Morrison Home Corp	TMHC	5,864	1.0	23%	15%	9%
Target Hospitality Corp	TH	873	2.4	52%	25%	-9%
Tapestry	TPR	9,832	1.5	73%	19%	-1%
Everi Holdings	EVRI	706	1.7	81%	20%	-15%
Meritage Homes Corp	MTH	5,878	1.0	25%	15%	13%
H & R Block	HRB	7,567	2.3	N/A	24%	5%
JJill	JILL	411	0.8	71%	14%	3%
Afya	AFYA	1,554	3.3	N/A	31%	-6%
Vasta Platform	VSTA	247	1.2	N/A	16%	-13%
DR Horton	DHI	46,410	1.3	24%	17%	0%
Crocs	CROX	8,859	2.5	58%	25%	1%
Atour Lifestyle Holdings	ATAT	2,525	2.3	41%	23%	3%
Despegar.com Corp	DESP	953	1.0	69%	14%	4%
Golden Entertainment	GDEN	901	1.7	N/A	19%	73%
GigaCloud Technology	GCT	1,247	0.9	27%	14%	21%
Vipshop Holdings	VIPS	7,062	0.2	23%	9%	-2%

Cont.

Exhibit 36: North America valuation screen cont.

Company	Ticker	Market value 30 June 2024 (US\$m)	EV/sales CY24e incl leases (x)	Gross margin CY24e	EBIT margin CY24e	Consensus CY24e EBIT change Q224
Lennar Corp	LEN	40,865	1.1	23%	15%	-2%
Duckhorn Portfolio	NAPA	1,044	3.1	54%	28%	3%
Spin Master Corp	TOY	2,141	1.1	55%	15%	-1%
MGP Ingredients	MGPI	1,638	2.5	42%	25%	-2%
Garrett Motion	GTX	1,941	0.9	20%	13%	-6%
Luckin Coffee	LKNCY	5,925	0.3	56%	8%	119%
International Game Technology	IGT	4,092	2.1	52%	21%	4%
Adtalem Global Education	ATGE	2,565	1.9	58%	20%	3%
Turning Point Brands	TPB	565	2.1	53%	21%	-1%
Tri Pointe Homes (Delaware)	TPH	3,534	0.9	23%	13%	12%
Academy Sports and Outdoors	ASO	3,841	0.6	34%	11%	-4%
G-III Apparel Group	GIII	1,218	0.4	40%	8%	2%
One Group Hospitality	STKS	134	0.3	19%	8%	130%
Bath & Body Works	BBWI	8,717	1.6	44%	17%	0%
NVR	NVR	23,770	2.1	25%	21%	10%
Vista Outdoor	VSTO	2,196	1.0	31%	13%	-6%
Ethan Allen Interiors	ETD	709	0.9	60%	12%	-18%
Molson Coors Beverage Co	TAP	10,178	1.4	39%	15%	-0%
Signet Jewelers	SIG	3,996	0.5	40%	9%	-1%
Monarch Casino & Resort	MCRI	1,276	2.4	N/A	22%	-1%
Motorcar Parts of America	MPAA	121	0.4	20%	8%	0%
Kraft Heinz Co	KHC	39,125	2.2	35%	20%	0%
Nomad Foods	NOMD	2,686	1.3	29%	15%	-1%
Helen of Troy	HELE	2,116	1.4	48%	15%	-5%
USANA Health Sciences	USNA	862	0.6	81%	9%	1%
Frontdoor	FTDR	2,629	1.6	50%	16%	-2%
Carter's	CRI	2,262	0.9	49%	11%	-2%
Oxford Industries	OXM	1,5\$70	1.0	64%	12%	-5%
KB Home	KBH	5,328	0.9	21%	11%	1%
Dream Finders Homes	DFH	2,420	0.8	19%	10%	-8%
Linamar Corp	LNR	2,994	0.5	17%	8%	5%
Phinia	PHIN	1,798	0.6	N/A	9%	2%
Guess?	GES	1,092	0.5	44%	8%	-2%
Sally Beauty Holdings	SBH	1,111	0.6	51%	9%	-7%
Borgwarner	BWA	7,345	0.7	18%	9%	0%
Playa Hotels & Resorts	PLYA	1,117	2.0	N/A	19%	10%
Gildan Activewear	GIL	6,396	2.3	31%	21%	-1%
Ingredion	INGR	7,530	1.1	23%	12%	1%
Dillard's	DDS	7,149	1.0	40%	11%	5%
Mattel	MAT	5,595	1.3	49%	13%	-1%
Herbalife	HLF	1,039	0.6	77%	8%	-2%
Yeti Holdings	YETI	3,252	1.7	58%	16%	2%
Travel + Leisure Co	TNL	3,205	2.2	N/A	20%	0%
Jack in the Box	JACK	988	1.7	32%	16%	-1%
Caleres	CAL	1,180	0.5	46%	7%	-0%
Solo Brands	DTC	208	0.7	61%	9%	-2%
Autoliv	ALV	8,624	0.9	19%	11%	-1%
Stride	LRN	3,049	1.5	38%	14%	4%
Visteon Corp	VC	2,945	0.7	14%	9%	1%
PVH Corp	PVH	5,914	0.9	60%	10%	-10%
J M Smucker Co	SJM	11,606	2.3	38%	20%	-1%
Lifeway Foods	LWAY	188	1.0	26%	11%	-16%
Upbound Group	UPBD	1,677	0.7	50%	9%	-5%
LKQ Corp	LKQ	11,095	1.0	40%	11%	-0%
Energizer Holdings	ENR	2,121	1.8	41%	16%	1%
Century Communities	CCS	2,596	0.9	22%	10%	2%
Smith Douglas Homes Corp	SDHC	1,199	1.3	26%	13%	-8%
Yum China Holdings	YUMC	12,025	0.8	70%	10%	-7%
American Eagle Outfitters	AEO	3,921	0.7	39%	8%	1%
JAKKS Pacific	JAKK	193	0.2	30%	5%	-19%
Aptiv	APTIV	19,159	1.2	19%	12%	0%

Source: LSEG, Edison Investment Research

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