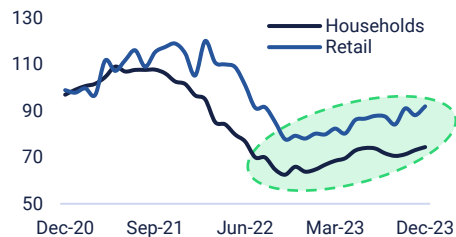


# Improved sentiment and Q-reports behind valuation expansion for consumer companies

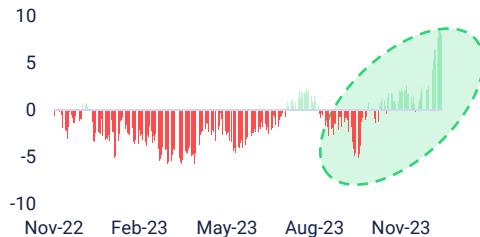
## Valuation multiple expansion driven by improved consumer confidence

- Household confidence is on an upward trend, reflecting a growing sense of stability and optimism. The shift is mainly attributed to the decline in interest rates in the wake of a fall in inflation, and a robust labour market. The improvement in household confidence was recorded in the end of 2023. Subsequently, and with a slight delay, the retail trade confidence indicator showed a corresponding increase.
- The improved sentiment and strong Q3 reports have been reflected in the equity market, as evidenced by the outperformance of the CSQ Consumer Index relative to the OMXSPI. This trend is illustrated by the widening spread shown in the chart "CSQ Consumer Index, less OMXSPI" below. Also, as investors are reallocating resources to the consumer sector, leading to an expansion of valuation multiples.'
- The ongoing shift in consumer confidence is expected to sustain and drive demand for consumer stocks pushing the sector higher, provided the upcoming Q4 reporting season with accompanied guiding avoids outright disappointment.

### Confidence indicators



### CSQ Consumer Index, less OMXSPI



### Valuation expansion, EV/Sales NTM



### Valuation expansion, EV/EBIT NTM



## Valuations

[Medians]	NTM				LTM			
	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E
All	1.0x	8.1x	15.1x	16.6x	1.0x	12.1x	15.9x	28.2x
Retail	1.1x	8.1x	15.6x	16.3x	1.0x	12.9x	17.3x	38.3x
E-com	0.7x	9.8x	20.7x	30.3x	0.7x	13.0x	21.6x	51.6x
Consumer stap.	0.8x	7.2x	13.0x	15.1x	0.9x	10.2x	14.8x	22.0x
Consumer disc.	1.0x	9.1x	15.5x	16.6	1.2x	11.8x	15.3x	29.4x

## Top seven winners (30 days)

### Retail (multiples for NTM)

Ticker	30D	90D	YTD	2023	EV/Sales	EV/EBITDA	EV/EBIT	P/E
RUSTA	30.3%	NA	1.3%	NA	1.4x	9.2x	19.2x	NA
RIZZO B	28.5%	34.6%	-12.7%	-48.1%	NA	NA	NA	NA
NELLY	17.3%	38.6%	11.7%	88.8%	NA	NA	NA	NA
NNH	17.2%	12.8%	8.4%	-42.6%	NA	NA	NA	NA
SODER	16.7%	22.1%	1.7%	5.3%	NA	NA	NA	NA
OBAB	16.0%	-0.4%	15.5%	-61.9%	NA	NA	NA	NA
DUST	13.6%	-34.8%	8.3%	-76.3%	0.4x	9.8x	17.6x	16.7x

### Consumer staples. (multiples for NTM)

Ticker	30D	90D	YTD	2023	EV/Sales	EV/EBITDA	EV/EBIT	P/E
CHEF	29.7%	33.6%	11.0%	198.5%	0.3x	3.2x	8.6x	4.6x
VOLAB	12.2%	65.2%	10.6%	-63.2%	NA	NA	NA	NA
SCST	11.5%	26.9%	8.2%	17.3%	0.4x	6.4x	11.8x	10.7x
VIVA	9.1%	18.5%	-1.4%	-10.7%	1.0x	12.2x	19.0x	27.7x
SNX	8.3%	42.0%	1.2%	17.6%	NA	NA	NA	NA
DUNI	6.1%	8.4%	4.6%	20.4%	NA	NA	NA	NA
ESSITY B	4.0%	8.9%	4.8%	-8.5%	1.7x	9.3x	13.6x	17.0x

### Consumer disc. (multiples for NTM)

Ticker	30D	90D	YTD	2023	EV/Sales	EV/EBITDA	EV/EBIT	P/E
ZOOM	474.2%	405.3%	51.6%	25.0%	NA	NA	NA	NA
WTG	26.4%	32.4%	23.0%	-10.3%	NA	NA	NA	NA
REALFI	11.5%	42.5%	26.7%	132.2%	NA	NA	NA	NA
PLEJD	9.1%	10.8%	-0.8%	-18.8%	NA	NA	NA	NA
EPRO B	8.8%	-3.2%	0.4%	25.5%	1.5x	11.2x	15.5x	18.6x
CANDLE B	5.5%	44.3%	-9.8%	-53.2%	0.9x	13.0x	15.0x	16.7x
FMM B	5.4%	20.2%	6.2%	-9.2%	NA	NA	NA	NA

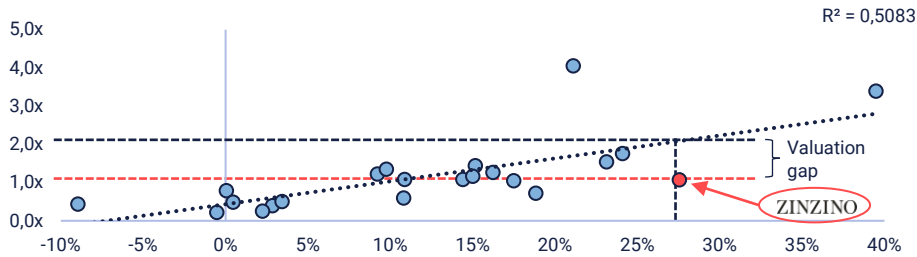
CSQ Consumer Index consist of 50 equally weighted companies considered as Retail, Consumer staples or Consumer discretionary. Share prices 15 Jan. 2024. Konjunkturbarometern is represented as confidence indicators. NTM = Next twelve months. Sources: SCB, Konjunkturinstitutet, S&P Capital IQ and Carlsquare

# Improved sentiment behind valuation expansion for consumer companies

## Zinzino looks cheap compared to the retail sector

- Zinzino, a prominent player in the dietary supplements and cosmetics industry, operates on a subscription-based model with a primary focus on direct sales.
- Over the last three years (2020-2022), Zinzino has shown an admirable average annual growth rate of 24%. Meanwhile, the EBIT margin has declined from 7.6% in 2020 to 6.0% in 2022. However, the latest trailing twelve months (LTM) data shows a robust EBIT margin of 11.0%, coupled with a growth rate of 23%.
- For the full year 2023, Carlsquare Equity Research expects sales to increase by 23% to SEK 1,671m. EBIT is expected to be SEK 216m, which corresponds to a healthy margin of 12%. The Q4 report will be published on 27 February 2024.
- Based on expected growth and NTM EBIT margin, Zinzino looks cheap in terms of EV/sales compared to other retail companies listed in Sweden.
- Read the latest research update [here](#).

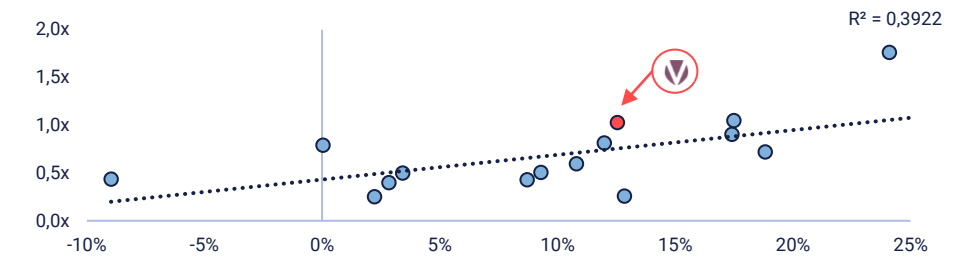
Regression: EV/Sales NTM and growth + EBIT margin, NTM (retail)



## Viva Wine Group, eCom set to turn positive

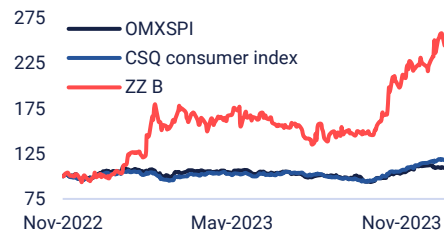
- Viva Wine Group is the leading supplier of wine to the monopolies in Sweden, Finland and Norway. The company also operates e-commerce platforms in Europe.
- Over the last three years (2020-2022), Viva has grown by an average of 18% per year. Meanwhile, the adj. EBITA margin has declined from 10.3% in 2020 to 9.9% in 2022. The eCom segment has had a negative impact on financial performance. LTM, the company has grown by 3.5%, accompanied with an adj. EBITA margin of 8.7%.
- For the full year 2023, Carlsquare Equity Research expects sales to increase by 3.8% to SEK 3,971m. This translates to an adjusted EBITA of SEK 313m, corresponding to a margin of 7.9%. The Q4 report will be published on 22 February.
- In 2024, we expect eCom to start contributing positively to financials, leading to growth in parallel with margin expansion. M&A adds upside.
- Read the latest research update [here](#).

Regression: EV/Sales NTM and growth + EBIT margin, NTM (cons. staples & e-com)

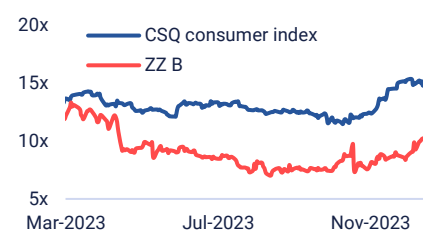


## Share price development

Index = 100, 30 Nov. 2023

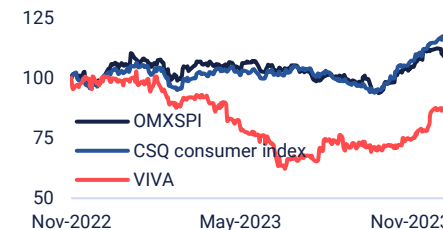


## Valuation development EV/EBIT, NTM



## Share price development

Index = 100, 30 Nov. 2023



## Valuation development EV/EBIT, NTM



CSQ consumer index consist of 50 equally weighted companies considered as Retail, Consumer staples or Consumer discretionary. Share prices 15 Jan. 2024. NTM = Next twelve months. Sources: S&P Capital IQ and Carlsquare estimates

# Consumer rally led by retail after strong Q3 reports 2023

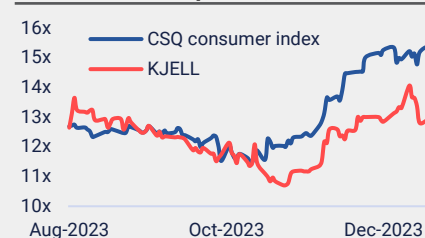
## Leading the consumer rally

- **Kjell Group** has led the consumer rally. The stock has outperformed since the release of Q3 2023 on 31 October 2023. Q4 2023 will be released on 13 February 2023.
- Looking ahead to the Q4 2023 report, growth of 6.2% is expected, leading to an EBIT margin of 4.6%, NTM (S&P Capital IQ). Looking at EV/sales NTM and expected growth + EBIT margin, the stock looks somewhat attractively valued.

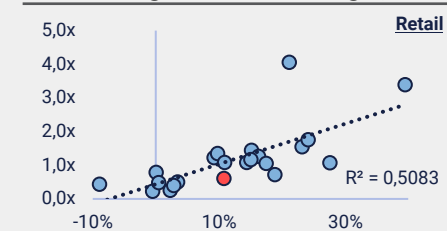
### Share price development



### Valuation development, EV/EBIT NTM

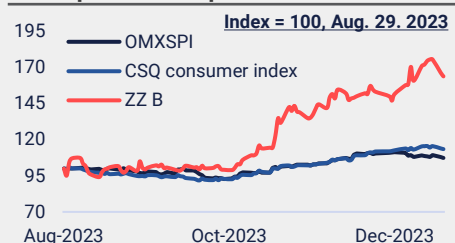


### EV/Sales & growth + EBIT margin, NTM

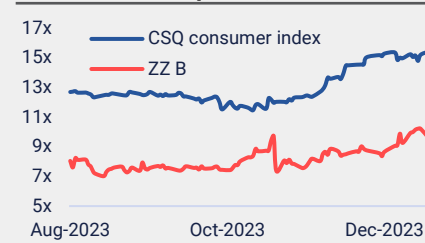


- **Zinzino** is another company leading the consumer rally after a consistently strong financial performance since Q2 2022. Q4 2023 will be released on 27 February 2023.
- Ahead of the Q4 2023 report, Carlsquare Equity Research expects growth of 13.5% and an EBIT margin of 12.0%, NTM. Looking at EV/sales NTM and expected growth + EBIT margin, the stock looks attractively valued.

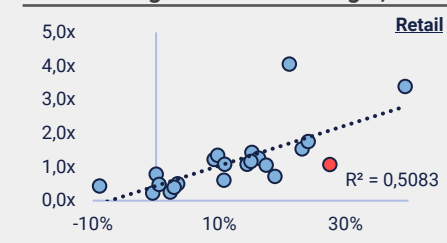
### Share price development



### Valuation development, EV/EBIT NTM

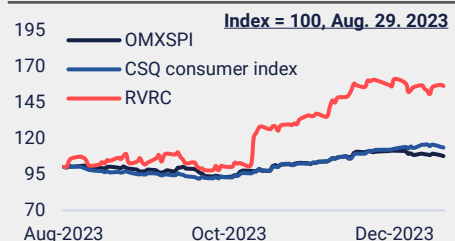


### EV/Sales & growth + EBIT margin, NTM

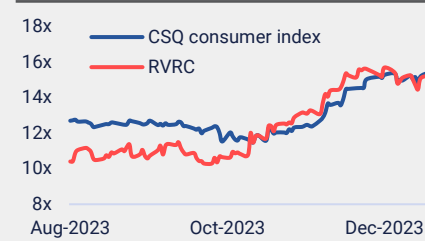


- **RVRC Holding** is a third leader in the Consumer Rally after a strong report for Jul-Sep 2024. The report for Jul-Dec 2023 will be published on 30 January 2023.
- Ahead of the report, growth of 17.2% and an EBIT margin of 22.3% NTM are expected (S&P Capital IQ). Looking at the EV/EBIT NTM multiple, the stock looks fully valued at these levels, but relatively attractive compared to e-coms.

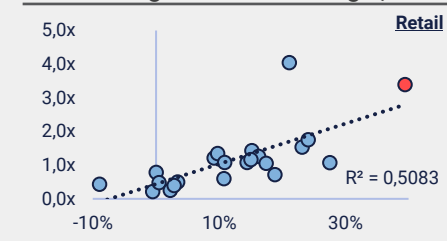
### Share price development



### Valuation development, EV/EBIT NTM



### EV/Sales & growth + EBIT margin, NTM

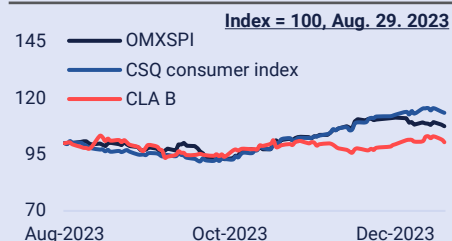


# Laggards that surprise to the upside in Q4 2023 could catch up

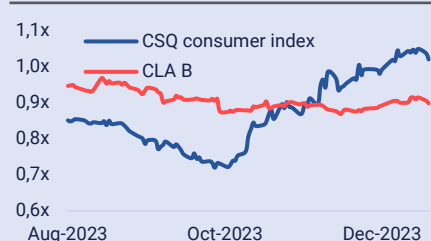
## Laggards in the consumer rally

- **Cloetta** has only participated to a very limited extent in the consumer rally, which has been characterized by strong equity momentum and valuation expansion. Instead, the underperformance may to some extent be due to a decline in growth rates.
- The Q4 report will be presented on 26 January 2024.

### Share price development

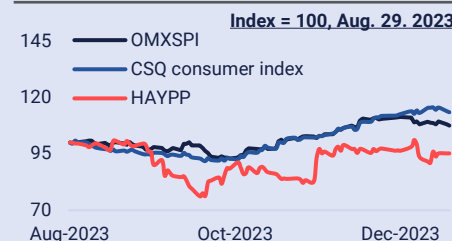


### Valuation development, EV/Sales NTM

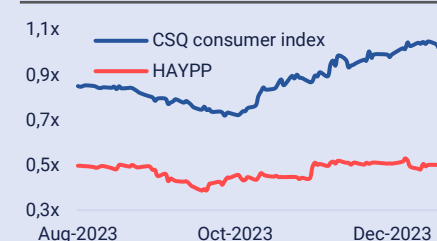


- **Haypp Group** has not fully benefited from the consumer rally, which is characterised by robust share price momentum and an extended valuation. This is despite exceptional growth in Q1-Q3. Margins just above the zero line may be an explanatory factor.
- The Q4 report is due on 15 February 2024.

### Share price development



### Valuation development, EV/Sales NTM

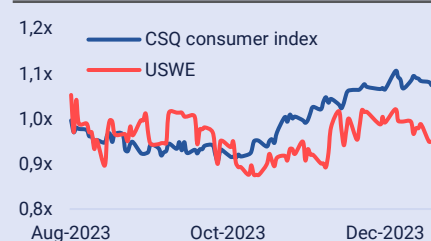


- **USWE** has not fully benefited from the consumer rally, which is characterized by robust share price momentum and an extended valuation. This is despite solid currency-adjusted organic growth and improved margins in the July-September period.
- The Q4 report will be released on 26 January 2024. Note that there are no estimates for USWE in S&P Capital IQ.

### Share price development

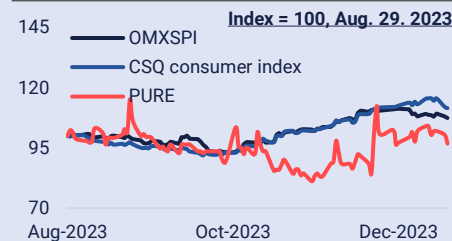


### Valuation development, EV/Sales LTM

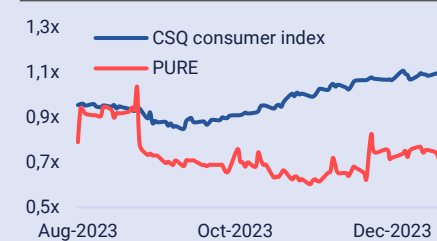


- **Purefun Group** did not benefit from the consumer rally. This is despite exceptional growth and improved LTM margins. Declining LTM growth (from high levels) and low share liquidity may explain this discrepancy to some extent.
- The next report for November 2023 to January 2024 will be presented on 27 March 2024. Please note that Purefun Group does not have a estimates in S&P Capital IQ.

### Share price development



### Valuation development, EV/Sales



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