

US Consumer Staples

Bonjour, Cheers, Halla, Guten tag & Gruezi...tales from European marketing

Industry Overview

25 meetings, 6 cities, 5 countries, 5 days

We spent the past week on the road meeting with European investors across France, the UK, Sweden, Germany and Switzerland. Top thematic questions were 1) pace of volume recovery for staples in '24, 2) further private label trade down risk, 3) Potential for M&A/Self Help. 4) Long only's are looking to be opportunistic on stocks that may "stumble" (HSY, PEP, KDP, MKC); we see this as a reflection that valuations across most other names are perceived as "full". By sub-category most questions were on Pet Food, Beauty, Snacking, Spirits. Top 5 most discussed single stocks (in order): EL (every meeting), MDLZ, PEP, CL & MNST. Other notable stocks discussed: PG, ELF, LW, KHC, KO, BF/B, STZ.

Paris: EL & GLP-1

We began the week in Paris; Estee Lauder (EL) was the most popular topic. Focus includes path to China/Hainan recovery and potential strategic actions that could be taken. Other topical names included MDLZ, HSY, LW, KO and COTY. GLP-1 questions were also topical, though most were asking about long-term impacts; we'd note that US investors have largely put this in the rear view.

London: MNST/STZ & volume recovery

Meetings in London offered a slightly different tone. While questions on EL were again popular, we noted several inquiries looking for quality compounders with volume growth ahead. MNST and STZ were most requested, a surprise to us, where volume and margin potential as well as capital return make for attractive long term investment cases. Pace of volume recovery across staples was also brought up in several meetings. On a category level Pet Food weakness, Beer over Spirits, Beauty resilience were topical.

Stockholm is for Stocks: CL, KHC, MDLZ

Snowy Stockholm offered more single stock conversations. Focus from investors was on Colgate (CL) and Mondelez (MDLZ), with some receptivity from value-oriented portfolios to our Buy rating on KHC. Many noted they were unaware of the company turnaround over the past four years. From a thematic standpoint, Pet Food dynamics were once again topical.

Frankfurt (Virtual): PEP, MDLZ, EL & volume recovery

An ice storm and two cancelled flights led us to make Frankfurt a virtual day. Investors were particularly focused on pace of volume recovery in the packaged food space, and questions around when SNAP impact will be fully lapped (we think some point in 2Q). Single stock focus was consistent with other stops including PEP, MDLZ, EL & PG.

Zurich & Geneva: MNST/CELH, Vol recovery

Our final day featured a two-for-one: Monster was the most widely discussed single stock, with discussion of how CELH shapes up for '24. Pace of volume recovery was top question among portfolio managers (side note every meeting in Switzerland comes with a piece of chocolate). Cocoa prices were often discussed.

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United States
Consumer Staples

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HSY	Hershey
PEP	PepsiCo
KDP	Keurig Dr Pepper
MKC	McCormick
EL	Estee Lauder
MNST	Monster Beverage
PG	Procter & Gamble
ELF	e.l.f. Beauty
LW	Lamb Weston Holdings
KHC	Kraft Heinz
KO	Coca Cola
STZ	Constellation
CELH	Celsius Holdings Inc

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