GLOBAL RETAIL

Global Consumer and Retail Conference 2026 — Day 1 Takeaways



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Day 1 of our 33rd Annual Global Consumer and Retail Conference pointed to a resilient but discerning consumer. Management teams framed performance as a function of execution on assortment, newness, value, and cost discipline. Back-to-school commentary was encouraging and companies continued to signal measured and intentional price/AUR increases in select categories. That said, energy and commodity costs (fuel, freight, gold) are worth watching as key headwinds, and tariffs remain uncertain. Key themes we identified on Day 1 of the conference include:

The consumer is resilient but discerning: Presenters were near-unanimous in describing demand as stable rather than deteriorating, with several explicitly noting no material change in consumer behavior. We also saw several companies point to healthy back-to-school results (WMT, GCO, ANF, PENN). However, consumers are behaving surgically, with item-specific desires and value-seeking behaviors (BOBS, BJ, SIG). Commentary regarding the US consumer remains more upbeat than other geographies (EMEA and LATAM still a pressure point).

Winning on brand heat, newness, and innovation: Management teams attributed outperformance to product newness, cultural relevance, and storytelling (DKS, WSM, WHR). Assortment expansion, influencer and celebrity partnerships, collaborations, runway moments and content are resonating with consumers, while stale product was more likely to be subject to promotional pressures. Excess supply in legacy athletic silhouettes and assortment misses in seasonal categories were both cited as the primary drivers of discounting. Marketing is an area of investment and focus across the board as brands look to capture customer attention (PVH, GAP, GOOS, TREX).

Pricing still a debate: While tariff refunds and lower rates are being reinvested back into price in select areas of the market (BJ), many companies are pointing to continued AUR growth ahead (GOOS, GCO, GAP) and some are taking pricing or announcing surcharges to offset inflation (SIG, BOYD, VVV, WHR). We expect this to

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be a key focus on Day 2.

Headwinds worth watching: Rising crude oil and derivatives, freight, and metals inflation were all flagged as headwinds, though timing of this is key as raw material pressures for softlines is slower to materialize than package delivery cost pressures. Industry promotional levels have stepped up in select subsectors (DKS, BOBS), and many companies are reserving margin dollars to ensure their ability to compete this holiday (OLLI, PVH). Tariff refunds and lower rates are also being reinvested back into price (BJ, GAP's Old Navy brand).

Capital allocation in focus given market valuations: Reinvestment in driving growth and buybacks are increasingly a capital allocation focus (TREX, TJX, SIG). The bar for M&A has risen (SIG, PENN, TNL).

Apparel and Footwear

Key Takeaways on Gap, Inc (Buy, covered by Brooke Roach)

Presenters: We hosted Richard Dickson, President and CEO, from Gap, Inc. at the 33rd Annual Global Retailing Conference.

Bottom Line: Management highlighted continued progress against its transformation roadmap, noting market share gains across key categories, improved profitability, and momentum across much of the portfolio. The company expressed confidence in actions taken at Old Navy and reiterated excitement around both the core business and newer growth opportunities including beauty, accessories, and fashiontainment.

Key Takeaways

- **Consumer backdrop:** Management noted that the consumer remains resilient but discerning, emphasizing the importance of delivering the right product and store experience. The company also discussed continued consumer interest in nostalgia and brands from the 1990s, while noting that store experiences are becoming increasingly important. Importantly, management indicated it is not seeing meaningful changes in consumer behavior and continues to see opportunities across the portfolio.
- **Old Navy recovery initiatives:** Management reiterated that it feels good about Old Navy overall, while acknowledging recent weakness in seasonal categories. Specifically, the company highlighted dresses as a driver of execution issues, where consumers gravitated toward occasion dresses while Old Navy carried a larger assortment of everyday dresses. Management also cited inventory mix issues in other seasonal categories, noting that product generally worked but inventories were not aligned with demand. The company stated these issues have been diagnosed and characterized them as, to some extent, transitory. Looking ahead, management noted product and assortment actions have been taken, while marketing has been rewired to emphasize product and value through sharper price points and messaging. Management also highlighted encouraging responses to the Cardi B campaign and pointed to denim, active, and kids & baby as areas of strength

that are expected to become increasingly important drivers of the business as seasonal categories become less relevant through the balance of the year. Management also discussed the upcoming leadership transition at Old Navy, expressing confidence that incoming Brand President Michael Francis is the right leader for the brand's next phase, citing his role in recent marketing initiatives and focus on content creation and "fashiontainment." The company also noted it has a lot more announcements and a lot more heat ahead.

- **Gap brand:** Management struck a constructive tone on the Gap brand, highlighting growth across a number of key metrics, including traffic, units, AURs, customer acquisition, full-price selling, and market share. The company noted it has improved its denim market position from the #10 brand in the country several years ago to #6 today, while kids & baby has improved from #6 to #4. Management also highlighted growth in its customer file and noted the brand is attracting Gen Z consumers while maintaining relevance with existing customers. The company discussed product improvements, culturally relevant storytelling, partnerships, and category expansion initiatives, noting these efforts have helped place the brand more prominently within the cultural conversation. Management also pointed to early engagement around the Gap bag showcased during New York Fashion Week as an example of the brand's growing cultural relevance.
- **Beauty and accessories opportunity:** Management provided an update on its expansion into beauty and accessories, noting that both categories have progressed from announcement to launch over the last year. The company reiterated that these are categories in which it has participated historically, but is now approaching with greater strategic intent, dedicated talent, and category expertise. Within beauty, management noted it is currently the fastest-growing category in Old Navy's checkout lanes and highlighted positive early responses to recent launches. While management characterized both businesses as being in the early stages, it continues to view them as meaningful long-term opportunities and attractive margin categories.
- **Fashiontainment strategy:** Management discussed fashiontainment as an extension of its efforts to build brands through storytelling, content, entertainment partnerships, and licensing relationships. The company highlighted initiatives across music, entertainment, and content creation while also discussing opportunities to leverage entertainment calendars and broader industry relationships across the portfolio. Management noted these efforts are intended to keep GAP's brands connected to consumers and part of broader cultural conversations.
- **Transformation roadmap:** Management reiterated its transformation roadmap, highlighting progress from fixing fundamentals to what it described as the beginning of the build momentum phase. The company noted it does not believe it has entered the accelerate growth phase yet. Management pointed to market share gains across denim and kids & baby, operating margins that have returned to the high-single-digit range, financial and operational discipline, strong cash flow, and a strong balance sheet as indicators of progress. Looking ahead, management emphasized continued improvement in the core apparel business while building additional growth vectors through beauty, accessories, licensing, and fashiontainment.

We are a Buy rated on GAP with $27, 12-month price target based on a 4.35x Q5-Q8 EV/EBITDA valuation methodology. Key downside risks include: (1) Long-term cost headwinds from freight and wage inflation driving margin pressure. (2) Prolonged pressure on the low-income consumer's spending power. (3) Weak execution. (4) Increased competition with off-price peers or other apparel businesses.

Key Takeaways on Genesco, Inc. (Not Covered, authored by Brooke Roach)

Presenters: We hosted Mimi Vaughn (Board Chair, President & CEO) and Jonathan Collins (CFO) from Genesco, Inc. at the 33rd Annual Global Retailing Conference.

Bottom Line: GCO highlighted continued momentum at Journeys and discussed progress against its footwear-first strategy, noting benefits from assortment, store, and cost initiatives. While management acknowledged a potentially more challenging consumer backdrop in the back half, the company pointed to strong back-to-school performance and ongoing opportunities for profit improvement.

Key Takeaways

- **Health of the consumer:** GCO highlighted strong back-to-school performance across consumer demographic groups. Management noted the back-half environment could become more challenging given higher gas prices and broader inflationary pressures, specifically citing fuel costs as a point of pressure for consumers. At the same time, the company pointed to lower borrowing levels and credit card paydowns and noted all demographic groups performed well during back-to-school. Looking ahead, management indicated the consumer could be in a better position in 2027 than in 2026. On behavior, management noted consumers continue to be very item and product-driven.
- **Comp momentum at Journeys:** Management highlighted eight (nearly nine) consecutive quarters of positive comps at Journeys and noted August comps accelerated to the MSD% range. GCO discussed a larger opportunity within the female customer base and highlighted assortment elevation, increased brand awareness, social media engagement, and improved store experiences. Management also noted recent marketing initiatives have contributed to improvements in both online and store traffic.
- **4.0 store formats:** GCO highlighted continued strong performance from its 4.0 store initiative, noting converted stores are generating greater than 25% sales lifts. Management pointed to stronger traffic, higher conversion, and higher ASPs as key drivers and noted the initiative remains among the company's highest capital allocation priorities. The company highlighted plans for ~95 store projects this year following 85 last year, with a growing focus on larger-format stores in higher-tier malls and attractive geographies. Management noted historical store footprints of roughly 2,000-2,300 square feet are increasingly being expanded toward ~4,000 square feet, with select ~5,000 square foot formats also being tested.
- **Category trends and promotional environment:** Management noted the footwear environment remains promotional, particularly within athletic footwear, while reiterating its focus on full-price selling. GCO highlighted strength across both

athletic and casual footwear and noted growth is being driven by multiple brands rather than a single trend. The company discussed continued momentum in lifestyle running and low-profile footwear, while also highlighting stronger performance in more feminine styles (Ballerina flats / Mary Janes). Management also noted its ability to extend the life of existing footwear franchises through new colorways, patterns, and styling while continuing to introduce newer brands and categories. More broadly, management highlighted diversification across brands, categories, and consumer preferences as an important differentiator as footwear trends evolve.

- **Schuh:** Management discussed efforts to improve performance at Schuh through a reduction in promotional activity and a greater focus on full-price selling. While these actions have pressured sales trends, the company highlighted an ~300bps improvement in gross margin and discussed ongoing investments in product, assortment, and consumer initiatives. Management also highlighted the appointment of a new leader for the business.
- **Johnston & Murphy:** Management highlighted continued category expansion at Johnston & Murphy, noting non-footwear categories now represent approximately half of the business. The company discussed favorable response to apparel offerings, increased in-season product introductions, and marketing initiatives, including its partnership with Peyton Manning. Management also noted growth among younger customer cohorts and discussed a shift toward more dressed-up consumer preferences.
- **Margin expansion:** Management reiterated its focus on improving profitability through gross margin expansion, structural cost savings, and operating leverage. The company highlighted progress against its $40-50 million cost savings initiative, including savings from IT-related actions, and discussed additional opportunities tied to automation, supply chain efficiencies, and AI. Management also discussed its goal of returning the business to a 4% operating margin profile over the next several years.

Key Takeaways on Canada Goose Holdings Inc. (Sell, covered by Brooke Roach)

Presenters: We hosted Neil Bowden, CFO, from Canada Goose Holdings Inc. at the 33rd Annual Global Retailing Conference.

Bottom Line: Management emphasized continued progress against the company's multi-year strategy to broaden Canada Goose beyond its winter heritage, highlighting increasing traction in year-round categories, growing influence from Creative Director Haider Ackermann across the assortment, and a planned step-up in brand investment heading into peak season. While management acknowledged a mixed consumer and traffic backdrop, particularly in Europe and portions of retail, the company reiterated its focus on controllable drivers including conversion, store productivity, product availability, and SG&A discipline, while maintaining confidence in its ability to expand profitability over time despite tariff-related uncertainty.

Key Takeaways

- **Year-round product assortment:** Management highlighted continued momentum

in non-down categories, noting that approximately half of unit sales now come from products outside of down outerwear. The company continues to see strong adoption of knitwear, fleece, apparel, and accessories as it works to position Canada Goose as a year-round luxury brand across a wider range of occasions and climates. Management also noted that Haider Ackermann's influence has expanded beyond Snow Goose into mainline collections, helping drive engagement from both new and existing customers through greater product newness, broader style relevance, and an expanded assortment beyond core parkas.

- **Traffic remains mixed:** Management acknowledged that retail traffic trends remained below expectations exiting 1Q, despite stronger e-commerce metrics and healthy wholesale traffic. By region, Europe continues to be challenging, North America is described as generally stable but uneven, and China remains mixed. Within this backdrop, management emphasized that improving conversion, merchandising, product availability, and customer experience remain the highest-priority operational initiatives.
- **Tariffs:** Management noted that recent tariffs will have <200bps of impact on an unmitigated basis. The company staged inventory earlier in the year as a mitigation lever, though it continues to ship product into the US for replenishment. Into the future, price is a key mitigation lever though no decision has been made yet.
- **Marketing investment increasing:** Management discussed a planned increase in marketing spend through the balance of the year, with efforts centered on driving awareness and brand relevance through regional activations, partnerships, and global ambassador campaigns. Importantly, the company emphasized that the objective remains expanding consumer reach and strengthening brand awareness, particularly in North America and China, with an expectation that these investments support traffic over time.
- **Store productivity:** Management reiterated its focus on retail execution, highlighting sales productivity, store-level profitability, labor optimization, selling behaviors, and inventory availability as key drivers. The company noted that FY26 marked the first year in several years that the fleet exceeded its C$4,000 sales-per-square-foot benchmark and emphasized continued opportunity to improve performance across underpenetrated periods and stores below target productivity levels.
- **Wholesale momentum:** Management expressed encouragement around wholesale partner interest, particularly for product categories extending beyond the traditional winter assortment. The company noted that recent spring/summer sell-in trends reflected growing demand for broader Canada Goose product offerings and reiterated expectations for wholesale growth this year following stabilization and modest growth last year.
- **Long-term margin opportunity:** Management reiterated confidence in the company's ability to expand profitability over time. On gross margin, the company noted that product-category margin gaps have narrowed through sourcing and merchandising improvements and believes additional opportunity remains even as the assortment broadens. On operating margins, management emphasized SG&A

leverage as a key driver, supported by disciplined headcount growth, revenue expansion, and continued focus on cost control. Management characterized tariff pressure as manageable in the current year, highlighted inventory-related mitigation actions already in place, and indicated that no significant pricing response is currently being contemplated.

We are Sell-rated on GOOS.TO/GOOS with C$11.5/US$8.25 12-month price targets based on 4.00x Q5-Q8 EV/EBITDA. Key upside risks include: (1) reacceleration of brand momentum; (2) improved margin profile; and (3) faster-than-anticipated improvement in global / luxury consumer spending.

Key Takeaways on PVH Corp. (Buy, covered by Brooke Roach)

Presenters: We hosted Stefan Larsson (CEO), Alexis Rollier (CFO), and Melissa Stone (EVP, Global FP&A), from PVH Corp. at the 33rd Annual Global Retailing Conference.

Bottom Line: PVH highlighted continued progress against its PVH+ strategy, pointing to increasing consumer engagement, traffic growth, and AUR expansion across both Calvin Klein and Tommy Hilfiger. Management discussed opportunities to build on recent momentum through stronger execution in key product categories, enhanced marketplace execution, and continued operational discipline, while noting planning assumptions reflect a continuation of the current consumer environment through the balance of 2026. The company also highlighted licensing growth and cost savings initiatives as contributors to future profit improvement.

Key Takeaways

- **PVH+ strategy:** Management highlighted continued progress against the PVH+ strategy, emphasizing clearer brand positioning, stronger category focus, and improved connections between product, marketing, and marketplace execution. The company pointed to increasing consumer engagement across social platforms, double-digit e-commerce traffic growth at Calvin Klein and high-single-digit e-commerce traffic growth at Tommy Hilfiger, which translated into e-commerce growth across both brands. Management also highlighted strength across core categories including denim, underwear, sweaters, shirts, and polos, with AUR increases across several of these categories.
- **Europe:** Management described Europe as a source of historical strength for the company and highlighted improved DTC trends in 2Q relative to 1Q despite ongoing pressure related to the Middle East conflict. The company noted e-commerce growth across both Calvin Klein and Tommy Hilfiger and highlighted continued consumer engagement across categories including denim, sneakers, outerwear, and sweaters. Management also discussed deeper collaboration with wholesale partners through inventory visibility and expanded in-season replenishment capabilities. While Spring '27 forward orders reflected a more cautious wholesale backdrop, management noted increasing flexibility through in-season reorders and replenishment.
- **North America and APAC:** Management highlighted strengthening wholesale trends in North America into the back half of the year and noted APAC trends improved sequentially from 1Q to 2Q. The company also discussed investments across DTC

channels, including e-commerce, stores, outlet locations, and wholesale shop-in-shop experiences, aimed at improving marketplace execution and converting higher consumer engagement into growth.

- **Wholesale execution:** Management highlighted closer collaboration with wholesale partners across regions, supported by greater access to consumer and inventory data. The company noted a stronger wholesale outlook in North America in the back half and discussed efforts to expand replenishment capabilities, particularly in Europe, where partners have taken a more conservative approach to forward orders. Management emphasized the importance of aligning product, marketing, and consumer insights to drive stronger sell-through and in-season opportunities.
- **Margins and pricing**: Management highlighted continued AUR growth and noted that growth in key categories has been accompanied by higher pricing. The company also noted gross margins improved in 2Q, including in the Americas despite higher tariff costs, supported by DTC performance, AUR expansion, and lower promotional activity. Management reiterated its focus on category execution, sourcing capabilities, and operational discipline as important drivers of future profitability.
- **Licensing:** Management discussed progress on the transition of the North America women's wholesale licensing business, noting the work is expected to be substantially complete by the end of 2026. The company highlighted that its underlying licensing business is already growing and noted licensing revenues are expected to increase in 2027. Management also discussed investments in licensing leadership and highlighted licensing as an additional growth driver alongside the core business.
- **Cost savings and margin framework:** Management highlighted progress against its $45 million annualized cost savings initiative, noting a little less than half of the savings are expected to benefit 2026 and a little more than half are expected to benefit 2027. The company discussed opportunities across procurement, sourcing, organizational efficiency, and operating costs, while also emphasizing continued investment behind growth initiatives. Management noted future margin expansion is expected to be supported by revenue growth, AUR expansion, sourcing efficiencies, supply chain initiatives, and ongoing SG&A savings efforts.
- **Marketing and brand heat:** Management highlighted marketing as a key component of the PVH+ strategy and noted the company remains comfortable investing approximately 6% of sales behind marketing initiatives. PVH discussed increased focus on consumer segments including Gen Z and younger Millennials and highlighted improvements in social engagement, e-commerce traffic, and category performance where product, marketing, and marketplace execution are most closely aligned. Management also discussed recent runway shows, campaigns, and consumer activations as examples of efforts to increase engagement and drive traffic across both brands.

We are Buy rated on PVH with an $88, 12-month price target based on 5.25x Q5-Q8 EV/EBITDA. Key downside risks include (1) Wholesale channel pressures persist longer than anticipated; (2) Weaker-than-expected margin recapture opportunity; (3) Regional softness in EMEA and North America.

Key Takeaways on Exemplar Luxury Group (Not Covered, authored by Brooke Roach)

Presenters: We hosted Geoffroy van Raemdonck, CEO, from Exemplar Luxury Group at the 33rd Annual Global Retailing Conference.

Bottom Line: Management emphasized ELG's differentiated position as a gateway to the US luxury customer, supported by longstanding customer relationships, an experienced sales associate base, and the combined scale of Saks Fifth Avenue, Neiman Marcus, and Bergdorf Goodman. The company expressed confidence in the resilience of the luxury consumer and highlighted the US as a key growth market for luxury brands, while discussing opportunities to leverage customer data, personalization, and portfolio synergies to deepen customer engagement and strengthen brand partnerships. Management also noted that the restructuring has provided a stronger balance sheet and lower-cost operating foundation to support these strategic growth initiatives.

Key Takeaways

- **Post-restructuring foundation:** Management highlighted a stronger financial position following the restructuring, including ~$900mn of liquidity, reduced debt service requirements, and a ~$300mn reduction in fixed costs. The company also discussed actions it had taken to simplify the business through store fleet optimization, distribution center consolidation, exiting off-price activities, and exiting certain real estate and development businesses. The business is healthy, with management noting all 49 stores were four-wall profitable as of the end of May, performance through the spring exceeded internal expectations, and confidence improved heading into the fall season.
- **Luxury customer relationships:** ELG emphasized that customer relationships are the company's primary asset, noting that customers spending more than $36k annually account for ~40% of sales. The company highlighted ~90% retention rates within this cohort and noted that ~75% have been customers for more than five years. Management also discussed the importance of personal relationships, highlighting that customers who transact repeatedly with the same sales associate spend significantly more over time. The company noted its sales associate base remains highly stable, with LSD attrition over the past year and no attrition among top associates in 2Q, which management viewed as evidence of the strength of both associate and customer relationships.
- **Gateway to the U.S. luxury customer:** ELG's scale and positioning are a key gateway to the US luxury customer, which management described as one of the industry's primary growth markets. The company noted that many of its highest-value customers do not primarily shop mono-brand stores, making ELG an important access point for luxury brands seeking to reach and acquire these consumers. Management also discussed the benefits of combining customer data, sales associate relationships, and insights across banners to deliver more personalized engagement and help brand partners connect with customers across categories and channels.
- **Portfolio synergies and banner differentiation:** The company sees opportunities to invest behind the distinct identities of each of its banners (Saks Fifth Avenue,

Neiman Marcus, and Bergdorf Goodman) while leveraging shared capabilities across the organization. Despite operating in several overlapping markets, the company noted limited overlap among customers and highlighted opportunities to further differentiate each banner. At the same time, management discussed meaningful benefits from shared technology, infrastructure, cost efficiencies, management resources, and best-practice sharing across the portfolio.

- **Vendor relationships:** Relationships with vendors have improved following the restructuring process. The company noted that all of its top 200 brand partners from pre-restructuring continue to do business with ELG, representing ~90% of GMV. Discussions with vendors have largely shifted from payment and liquidity concerns toward growth opportunities, assortment expansion, and deeper strategic partnerships. The company also emphasized the importance of transparency and rebuilding trust with vendors throughout the restructuring process.
- **Future of luxury retail:** Luxury retail will continue to be centered around human relationships, personalized service, and differentiated experiences. The company discussed opportunities to use technology, including AI, to enhance customer engagement and improve the effectiveness of sales associates, while emphasizing that luxury remains rooted in craftsmanship, storytelling, and emotional connection. Management suggested innovation will increasingly support and scale personalized service rather than replace the human element of luxury retail.
- **Luxury outlook and consumer:** Management struck a cautiously optimistic tone on the luxury consumer and the upcoming holiday season. The company highlighted improving customer sentiment, citing luxury consumer survey work that showed optimism around personal finances, the economy, and continued intent to purchase luxury goods. ELG's highest-end luxury customers continue to outperform the broader business and management indicated luxury remains a resilient category, while emphasizing the importance of remaining agile and responsive to changing customer preferences. More broadly, the strongest luxury brands continue to benefit from newness, innovation, and compelling product offerings, noting that consumers remain willing to spend when they perceive value in the product, brand proposition, and overall experience rather than focusing solely on price.
- **Growth algorithm and long-term opportunity:** Management highlighted a more streamlined operating model following the restructuring, noting growth should flow through the P&L more efficiently given the lower fixed-cost structure. The company discussed a near-term focus on rebuilding customer relationships, winning customers during the holiday season, and leveraging investments across the ELG platform. Looking longer term, ELG has ambitions to further elevate luxury experiences, deepen personalization, grow faster than the broader luxury market, advance toward a ~$9bn GMV business, and achieve double-digit EBITDA margins.

Key Takeaways on Petco (Neutral, covered by Kate McShane)

Presenters: We hosted Joel Anderson, Chief Executive Officer, and Sabrina Simmons, Chief Financial Officer of Petco, at the Global Consumer and Retail Conference.

Bottom Line: Management highlighted Petco's transition into Phase 3 of its turnaround strategy, shifting focus from cost-cutting to top-line growth. The company reported two consecutive quarters of positive comparable sales with healthy margins. Key growth pillars include differentiated products, integrated services, omnichannel enhancements, and an improved store experience. This operational momentum is supported by debt reduction and a strengthening balance sheet, positioning the company for future capital deployment and shareholder returns.

Key Takeaways

- **Multi-phased approach to turnaround:** Management noted that Phase 1 (rebuilding the leadership team) is complete, and Phase 2 (executing strategic work streams to enhance retail performance and improve the bottom line) has established a strong foundation, though efficiency efforts remain ongoing. The company is now executing Phase 3 (Reach for the Sky), which focuses on returning to top-line growth with healthy margins. Management emphasized that margin improvements will be driven by controllable factors, such as owned brands, rather than relying on macro tailwinds. The Phase 3 growth strategy is anchored by four pillars: 1) a better store experience, 2) merchandise differentiation, 3) services at scale, and 4) improving omnichannel.
- **Services:** Petco's wholly owned services model (grooming and 300 vet hospitals) remains a point of differentiation. Management highlighted that the "One Petco way" allows groomers and veterinarians to view a pet's food purchase history and make targeted recommendations. The vet hospital fleet recently posted double-digit growth in visits, and management sees a long runway to mature these locations and improve returns without requiring additional capital.
- **Petco Perks:** The company has relaunched its membership program as Petco Perks (formerly Vital Care) to reduce friction and drive deeper loyalty through personalization and cross-selling. On the digital front, Autoship is approaching 100% in-stock reliability, and the addition of BOPUS (buy online, pick up in store) for Autoship orders provides a distinct convenience advantage over pure-play competitors. Management noted that customers engaging across center store, services, and online spend 5x more than single-channel shoppers.
- **Store fleet and new formats:** The company plans to close 15 to 20 underperforming stores this year. With ~50% of the fleet up for lease renewal over the next three years, Petco has flexibility to negotiate rents, relocate, or remodel. Additionally, management highlighted that early tests of a new 7-store prototype have yielded higher NPS, increased transactions, and larger average order sizes.
- **Deleveraging and cash flow generation:** Management has made progress in

repairing the balance sheet, paying down $170mn in debt over the last nine months (including a voluntary $75mn payment in September). Petco's net debt to EBITDA has improved from 4.2x to 2.8x, and is focused towards its 2.0x target. Management noted that reaching the 2.0x leverage target will unlock flexibility for shareholder distributions and broader investments in proven initiatives, such as the new store remodels.

- **Pet trends:** Management noted that while dog adoptions are slightly down this year, premiumization (such as fresh and frozen food) is a key growth offset. Conversely, cat adoptions are growing, with new kittens surpassing new puppies for the first time, and Petco is successfully capturing this demand through targeted merchandising, such as its new cat candy shop.

Valuation & Risks

We are Neutral rated on WOOF. Our 12-month price target is $4.30 based on our downside/base/upside case EV/EBITDA multiples of 5.5x/6.0x/6.5x.

Upside risks include improved macro environment for pet industry, successful execution of turnaround strategy by management, and veterinary and services integration scales up rapidly.

Downside risks include sustained discretionary demand headwinds; lower-than-expected gross margin due to an increasing mix of value-priced consumables; a highly crowded and mature industry with competition from mass, specialty, regional, and e-commerce channels, and intensified competition could drive sales and margin pressure; margin pressure from channel shift as e-commerce and lower-margin services, such as vet care, become a larger portion of the mix; WOOF's higher-than-average leverage and variable rate exposure is a concern for investors; and the vet care expansion is in the early stages.

Key Takeaways on Signet Jewelers Ltd. (Neutral, covered by Jon Keypour)

Presenters: We hosted Joan Hilson (COO & CFO) and Rob Ballew (SVP, Investor Relations & Capital Markets) from Signet Jewelers Ltd. at the 33rd Annual Global Retailing Conference.

Bottom Line: Following a strong 2Q earnings print last week, management highlighted the agility in its assortments across their three largest brands amid a more surgical promotional approach as they build to the 4Q holiday selling season. Management characterized the consumer outlook underpinning its projection for $1bil of cumulative revenue through 2035 from the recently-announced consumer financing deal as conservative, with contributions scaling in 3yr periods. Broadly speaking, management characterized a healthy consumer, supporting AUR and unit growth at higher price points despite some sticker shock at the lower end of the price curve. Still, challenging 4Q execution remains the key hurdle, though next year's setup is off to a good start with gold hedges covering nearly 50% of the first half of 2027, store transformations well under way, and new leadership behind Zales, Banter, and Blue Nile.

Key Takeaways

- **Consumer Credit Agreement:** Management's outlook on the new credit agreement echoed the same positive sentiment from 2Q results last week, reiterating the $1bil revenue opportunity over the life of the contract fully flowing to gross margin. We note that management's assumptions underlying this forecast calls for material contraction in consumer spending, which we take to be a conservative outlook.
- **Brand Strategy:** Management commentary reflected a confident tone on the brand strategy work underway with Jared, Kay, and Zales. Early results from Jared and Kay's redesigned dotcom sites bode well for the same overhaul slated for Zales, with Blue Nile poised to leverage accessibility, chasing higher-income consumers. SIG is also optimistic that growing online impressions on lower, more efficient ad spend speaks to strength of the strategy ahead of the holiday season.
- **Pricing and Volume:** Constructive commentary on AUR growth hinges mostly on product mix as volume growth in higher-ticket items shifts proportion of units, alongside organic pricing. Volume of lower-priced items is expected to remain under pressure, though lapping last year's government shut down from October to November should soften YoY comparisons.
- **Gold:** Gold inflation pressuring margins in 2H27 should transition nicely to a more benign YoY pricing environment, with the first half of calendar 2027 already hedged. Product engineering has also proven effective, swapping higher-cost gold with diamonds, preserving value and satisfying consumers.
- **Capital allocation:** Incremental cashflow from the Bread deal will funnel into SIG's core priorities of organic reinvestment and return to shareholders, though we wait to see how those excess funds are proportioned between them in 2027. Considering brand investment plans have been in consideration for a number of years already, we suspect additional cashflow would likely lean towards buybacks.

We are Neutral rated on SIG with a 12-month price target of $109 based on a target P/E multiple of 7.5x on our Q5-Q8 estimates. **Risks to the upside:** Further lowering of tariff rates, lower gold costs, better elasticity (particularly in fashion brands), favorable fashion trends emphasizing jewelry and accessories. **Risks to the downside:** Contraction in consumer wallets, particularly in the mid-to-lower income consumer where SIG's clientele tends to be concentrated, significant contraction in diamond prices, competition from start-up/DTC retailers including that stoked by fast-moving social media trends/attention.

Key Takeaways on Chewy, Inc. (Buy, covered by Eric Sheridan)

Presenters: We hosted Sumit Singh, CEO of Chewy at the 33rd Annual Global Consumer and Retail Conference.

Bottom Line: Key takeaways from our conversation: 1) management expressed confidence in Chewy's ability to continue gaining share and grow faster than the broader pet category despite a stable but still pressured industry backdrop; 2) Chewy's evolution into a broader pet care ecosystem continues to gain momentum, with investments across Chewy Health, Chewy Vet Care, Modern Animal, pharmacy, and services creating new avenues for customer acquisition, engagement, and long-term NSPAC growth; and 3) management highlighted AI, automation, and health as large long-term opportunities,

believing they can simultaneously improve customer outcomes, expand addressable market opportunities, and drive meaningful operating leverage over time.

Key Takeaways

- **Macro:** Management described the consumer environment as stable but still pressured, particularly within dog-related categories where lower adoption activity and reduced discretionary spend have weighed on growth. While premium attach rates and non-essential purchases have faced pressure, recurring consumables and health-related categories remain strong, supporting continued market share gains. Additionally, management views these headwinds as cyclical rather than structural and remains confident that Chewy's value proposition, convenience, and recurring revenue model position the company to outperform the broader pet market.
- **NSPAC:** NSPAC is a key pillar of Chewy's long-term growth strategy, with management focused on driving greater wallet share and loyalty through Health, Autoship, and Chewy+. Chewy is focused on increasing engagement and spend from its existing customer base, with initiatives such as clinics, pharmacy, and membership benefits designed to improve retention, purchase frequency, and customer lifetime value, while supporting durable NSPAC growth over time.
- **Health:** Health remains a key growth vector for CHWY (across pharmacy, Chewy Vet Care, care services, and veterinary offerings) and continues to drive higher wallet share and increase NSPAC. Chewy's tech stack positions them well for the growing telehealth opportunity (which will broaden the health TAM and lower cost to serve), as the company sees the combination of physical care, digital health, pharmacy, and commerce as a differentiated customer proposition.
- **Autoship and Chewy+:** Now representing +84.6% of sales, autoship remains the foundation of customer retention, engagement, and lifetime value expansion. Management discussed opportunities to further enhance Autoship through better personalization, greater category penetration, health integration, and loyalty initiatives. Management also noted a potential an enhanced version of Chewy+ which will be launched later this year.
- **Agentic & AI:** AI remains a significant area of investment across fulfillment, customer service, pharmacy operations, marketing, and internal productivity. Current use cases include improving marketing targeting and search automation, enhancing customer service through AI-powered chat capabilities (Cai), and increasing fulfillment efficiency, while longer-term opportunities center on better assortment discovery, stronger attach rates, and AI-driven demand capture. From an agentic standpoint, management noted that a small portion of traffic come from AI-powered discovery platforms, and Chewy is actively adapting its tech capabilities to capture this demand.
- **Capital Allocation:** Chewy described a balanced capital allocation framework centered on investing behind high-return organic opportunities (of which mgmt emphasized will be self funded), evaluating M&A opportunities and returning capital to shareholders.

Valuation & Risks

We are Buy rated on CHWY. Our $30, 12-month price target is based on an equal blend of (1) EV/GAAP EBITDA applied to our NTM+1 year estimates and (2) a modified DCF using EV/FCF-SBC multiple applied to our NTM+4 years estimates discounted back 3 years.

Risks to our Buy rating include: (1) Customer growth - Our forward revenue trajectory could be at risk if Chewy's active customer base does not stabilize due to outsized levels of churn and/or lower gross additions; (2) NSPAC Growth - Risk that the spending patterns of newly acquired cohorts is lower than that of older cohorts or that the spend levels of older cohorts comes under pressure. Any deflation/disinflation in pricing could also pressure NSPAC growth; (3) Execution against key product initiatives - Gross margin expansion is predicated on management's ability to execute on various strategic initiatives, particularly scaling private label and pet health as a percentage of revenue. If Chewy is not able to drive pet health and private label adoption, then our overall gross margin and Adj. EBITDA margin could be overly optimistic; (4) Macroeconomic environment - Current macroeconomic headwinds sustain and/or are more severe than expected, weighing on consumer spend growth/budgets over the next several quarters. CHWY is also exposed to the volatility caused by the global macroeconomic environment & investor risk appetite for growth stocks.

Off Price

Key Takeaways on TJX Cos. (Buy, covered by Brooke Roach)

We hosted a dinner with TJX management on Monday, September 14th, in conjunction with our 2026 Global Consumer and Retail Conference. In attendance were John Klinger (SEVP & CFO), Debra McConnell (SVP, Global Communications), Jeff Botte (VP, Investor Relations), and Jenny Trinh (Investor Relations Manager).

Bottom line: Recent Marmaxx underperformance reflects buying, planning, and allocation execution issues rather than structural, systems, macro, merchandise availability, or competitive factors. Management stated that the issues have been identified, corrective actions are underway, and trends have already improved entering 3Q, with greater improvement expected during the holiday season. More broadly, the company reiterated confidence in its buying organization and merchandise availability, continued market share opportunity within full-price retail, and its ability to accelerate future store growth.

Key takeaways

- **Execution issues identified and being addressed:** Management reiterated that the recently disclosed performance issues were driven primarily by buying, planning, and allocation decisions following internal personnel moves (not impacted by talent attrition). The issues were concentrated in a handful of departments rather than broader structural problems. Some of TJX's 2Q merchandising decisions will continue to impact 3Q and portions of 4Q, but the impact will lessen each quarter. Management noted that trends have already begun improving, they expect greater improvement during the holiday selling season, and have implemented additional reporting tools designed to provide buying management with greater oversight and

guardrails for the future. Additionally, the company pointed to execution issues in Europe two years ago that were subsequently addressed, followed by strong performance in that division, as evidence of their ability to drive improvement.

- **Performance attributed to execution rather than competition:** The company argued that recent results do not indicate a change in competitive dynamics and have no correlation with categories where AUR/vendor pricing has changed more materially. They highlighted that stores located near competitors performed similarly to stores located farther away and noted that comps were positive across geographies. They also stated that if competitive pressures were the primary issue, weakness would likely have appeared more broadly across departments rather than within the handful of departments where execution issues were identified.
- **Consumer trends and market share opportunity:** Performance across higher- and lower-income consumer groups has remained relatively consistent in recent quarters, and management noted little change in demographic trends. Management reiterated that it continues to see opportunity to gain share within apparel. They also pointed to TJX's history of growing in difficult economic environments and attracting customers when discretionary income is pressured.
- **International and store growth opportunities:** TJX highlighted strong early performance in Spain, including at stores in both prime retail urban and suburban locations, and noted plans to open five stores in the market this year and ten next year. They also discussed smaller-format stores in dense urban markets, noting that these formats have created additional real estate opportunities and produced limited cannibalization in the examples discussed. Executives reiterated that existing supply-chain capacity can support an additional percentage point of store growth and highlighted ongoing automation, facility-expansion, and distribution investments.
- **2H margins:** Management identified higher fuel and freight costs as the largest differences between 1H and 2H profitability. They also discussed a lower tariff-related benefit than in 1H and a potential shrink headwind in 4Q (depending on physical counts). TJX also highlighted efforts to offset higher costs through automation, distribution efficiencies, improved truck utilization, and more efficient delivery routes.

Valuation and key risks

We are Buy rated on TJX. Our $178, 12-month price target is based on 19.0x Q5-Q8 EV/EBITDA. Key downside risks include: (1) Deceleration in comparable store sales, including slower store traffic (2) Higher-than-anticipated disruption in the international business as a result of geopolitical tension or macro volatility, and (3) Slower expansion in margins due to weaker supply, ongoing inflationary pressures, or other headwinds.

Key Takeaways on Travel + Leisure Co. (Buy, covered by Lizzie Dove)

Presenters: We hosted Erik Hoag (CFO) and Andrew Burns (VP, Investor Relations) from Travel + Leisure Co. at the Global Consumer and Retail Conference 2026.

Bottom Line: TNL reiterated confidence in its long-term growth algorithm, with 2027 expected to be within that algo. TNL's consumer base continues to perform well, and management continues to expect provisions to be down y/y in 2026. TNL also highlighted its two recent acquisitions, noting that those deals enable TNL to increase its owner base by >10%, while adding additional locations in key markets and being immediately accretive, with a limited impact on TNL's balance sheet. Lastly, management noted that with its shares currently yielding an estimated 16-18% buyback return, there is a high bar for other capital allocation priorities, such as additional M&A.

Key Takeaways

- **Long term algo.** Management reiterated confidence in its LT algo, including: 1) sales growth of 6-8%, 2) EBITDA growth in the mid-single digits, 3) EPS growth in the teens and 4) ~50% EBITDA to FCF conversion. TNL also highlighted additional strategic priorities over the next 12 months including integrating its recent acquisitions, launching its new brands, and allocating capital thoughtfully.
- **2027.** Management expects TNL to live inside its algo in 2027 (with the benefits of recent M&A) and that 2027 margins should be relatively stable vs. 2026 (GSe 25.8% Adjusted EBITDA margin).
- **Consumer.** TNL's consumer base continues to perform well, with its business model proving durable, in spite of a choppy macro. Key metrics such as length of stay and the booking window have not changed materially, with tour flow remaining positive. Management noted that if the macro were to weaken, TNL sees several mitigants including: 1) the highly attractive value proposition of its product, where owners lock in their prepaid vacations at a fixed rate, 2) its existing owner base (2/3 of transactions), which provides a highly predictable demand stream through upgrades and 3) TNL's ability to adjust its marketing spend, costs, or consumer financing promotions/pricing.
- **Provisions.** Management reiterated that it continues to see provisions in the upper teens over the long term as being achievable (down from ~21% in 2026), with TNL highlighting the following focus areas including: 1) upfront credit quality (with an average customer having a ~740 FICO score and a household income of ~$130,000), 2) owner engagement (with its teams focused on engaging customers and helping them schedule their next vacation while on their current vacation) and 3) improving its servicing and collection processes. In 2026, management reiterated that it expects loan loss provisions to be down y/y (excluding the impact of acquisitions). Longer term, management would expect the provisions on its recently acquired businesses to mirror that of legacy TNL.
- **Brands.** Management highlighted its brand strategy, noting that TNL operates six

distinct brands in three different categories: 1) its legacy brands - including Club Wyndham and Worldmark, 2) its growth brands- including Margaritaville and Accor Vacation Club, and 3) its emerging brands - including Sports Illustrated Resorts and Eddie Bauer Adventure Club. TNL noted that it expects to utilize the same playbook that it used for its growth brands, on its newer emerging brands, which will help TNL widen its TAM of new owners and attract a younger demographic.

- **Owner Mix.** Management reiterated that the right long-term mix of new owners vs. existing owners remains a 1/3, 2/3 mix, highlighting the need to balance filling the top of TNL's funnel with new owners (where TNL has a track record of successfully upgrading new owners 2.5x times over the first ten years of ownership) with existing owners, who tend to have higher VPGs.
- **Resort Optimization.** Management highlighted its recent resort optimization initiative, which resulted in TNL taking 17 resorts out of its network (which tended to be older properties, with slightly lower occupancy). While management had guided to a $100mn sales headwind from the closure sales centers at these properties, actual Q1 and Q2 sales outperformed the top end of TNL's guidance, underscoring the resilience of TNL's sales organization.
- **Travel and Membership.** With TNL's Travel and Membership business continuing to face top-line headwinds (segment outlook for down roughly double digits in 2026), TNL is focused on: 1) managing the cost and investment side of that business and 2) creating value for its 3.3mn members (i.e. a recent initiative that enables these members to redeem their points for cruise vacations).
- **M&A.** Management highlighted its recent acquisitions of Yes& Vacations and Spinnaker Resorts, with TNL noting that both acquisitions met the following criteria: 1) being immediately accretive on day 1 (with $50mn of EBITDA expected in the first year), 2) providing a new owner base, with the opportunity to upsell and monetize (with the two acquisitions bringing in ~100,000 new owners, vs. 800,000 for TNL pre-acquisition), 3) being accretive to TNL's map, with the acquisitions adding new locations such as Hilton Head and Maui, 4) high confidence in value realization, with a low risk of integration and 5) minimal balance sheet intensity (with the deal adding just 2/10 of a leverage turn to its balance sheet).
- **Capital Allocation.** From a capital allocation perspective, TNL is focused on the following priorities: 1) maintaining a healthy balance sheet, 2) paying an attractive dividend (with the stock currently yielding 3-4%) and 3) allocating its remaining capital to opportunities with the highest risk-adjusted returns. Indeed, management noted that with its shares currently yielding an estimated 16%-18% implied buyback return, there is a high bar for investing in additional capital allocation opportunities such as M&A.

Valuation & Risks

Valuation. Our 12-month price target of $87 is based on a 7.5X 2027E EV/EBITDA multiple.

Risks. A deteriorating macro environment, which could cause consumer spending to decelerate meaningfully, making it difficult to attract new buyers given the high upfront

cost of a timeshare. Discretionary big-ticket purchases like vacation ownership intervals are particularly sensitive to weakening consumer confidence, rising unemployment, and slowing wage growth, all of which could pressure tour flow, VPG (Volume Per Guest), and ultimately contract sales below our forecast. Risk of higher defaults if consumer credit quality weakens, causing loan loss provisions to step up.

Key Takeaways on Aramark Holdings (Buy, covered by Lizzie Dove)

Presenters: We hosted Jim Tarangelo (EVP and CFO) and Pat Liebler (CEO & President of Aramark Nexus) from Aramark Holdings at the Global Consumer and Retail Conference 2026.

Bottom Line: ARMK's tone was upbeat across the board, as management continues to see strong momentum across both its core business and Nexus. We would highlight three key points from the fireside: 1) Management was upbeat in its assessment of the TAM for Nexus, and expects this business to grow to ~$2-$3bn over the next few years. 2) After the announcement of a new contract win for Nexus today, management noted that they expect this contract to generate >$100mn revenue over time, and will likely ramp in the first half of calendar year 2027, and is an entirely new client vs. prior Nexus wins. 3) With Nexus contracts coming in at higher margins than the core business, ARMK now expects to remain above the steady-stage range of 20-30bps margin expansion, and sustain 30-40bps for longer.

Key Takeaways

- **Nexus.** Management was upbeat in its assessment of the TAM for Nexus, and expects this business to grow to ~$2-$3bn over the next few years, citing ARMK's scale, capability to lead large and complex projects, and first-mover advantage.
  - **New contract win details.** Management outlined three channels through which they have won Nexus businesses: 1) directly through the hyperscaler, 2) through a co-locator, and 3) through housing partners. ARMK today announced a new win via the third channel, with Nexus being selected by a new housing client. ARMK expects this contract to generate >$100mn revenue over time, and will likely ramp in the first half of calendar year 2027. This engagement includes hospitality services for a workforce community of up to 4,000 specialized trade professionals at a new AI data center in Texas, with expectations of future opportunities. With this new contract, ARMK now has an active annualized development pipeline in the $450mn to $550mn range, a portion of which is expected to be recognized in fiscal 2027, before ramping more in 2028.
  - **Regulation.** Despite some of the recent headlines around AI and data center regulation, management emphasized that any potential slowdown of development of super intelligent AI does not reduce the need for compute and data capacity. Rather, ARMK sees the need for compute and data capacity demand as higher than ever, with this demand increasing over time. As such, ARMK continues to see projects advancing on the ground and expects data centers to grow in size and scale over time. Management also noted that Nexus's initial sites are located in Texas and Wyoming, states that are generally

supportive of data center expansion.

- **Long-term algo.** Management reiterated that Nexus contracts are primarily structured as fee-based and cost-reimbursable, with margins above the company average. ARMK has historically framed the business of capable of generating approximately +5% to +8% organic revenue growth. Management noted that the company is already operating above this range, supported by accelerating US growth and continued DD% International growth. ARMK expects Nexus to drive about 1% of the growth in 4Q26, with its contribution increasing as current projects ramp and become a larger part of the portfolio.
- **Margins.** ARMK has generated ~30bps to 40bps of underlying margin improvement over the past several years and had previously indicated that the rate could eventually normalize to approximately 20bps to 30bps as the business matures. Given Nexus' above-average margin profile, management now sees an opportunity to remain above the steady-state range and sustain the 30bps to 40bps of margin accretion for longer.

- **Core Business.**
  - **US growth remains broad-based.** Retention levels, new business wins, and base business have remained robust. Management highlighted B&I and Sports & Entertainment as businesses that have been growing rapidly, alongside healthcare and collegiate hospitality which have seen accelerating growth.
  - **International growth remains sustainable.** Management highlighted recent strength in the UK, Germany, Canada, Chile and broader South America, while pointing to Sports & Entertainment and remote services as areas where ARMK has built differentiated capabilities. The company sees meaningful runway to expand sector penetration within its existing countries. While Nexus could eventually expand internationally, management's initial priority is to scale the platform in North America.
  - **First-time outsourcing remains a meaningful source of growth.** Management indicated that first-time outsourcing continues to represent ~40% or more of new business wins, with several drivers supporting continued outsourcing penetration such as supplier economics and increasingly sophisticated technology requirements.

Valuation & Risks

Valuation. Our 12-month price target of $70 is based on an equal weighting between 14x 2027E EV/EBITDA and 24x 2027E EPS.

Risks. Potential slowdown in outsourcing trends could impact ARMK's growth strategy. Increased competition and the consumer demand environment softens or competition ramps across the industry. Food inflation may be higher than we expect and could further pressure margins particularly in segments such as Healthcare, Corrections and Education.

Key Takeaways on PENN Entertainment (Buy, covered by Lizzie Dove)

Presenters: We hosted Felicia Hendrix, CFO of PENN Entertainment at the Global

Consumer and Retail Conference 2026.

Bottom Line: PENN struck an upbeat tone during the fireside and highlighted several key points. 1) Management has not seen any material shifts in consumer demand in the Retail business and noted that July was strong, while August and September were impacted by calendar shifts (weekend days and Labor Day timing) rather than any change in underlying demand. 2) For Interactive, PENN reiterated that profitability remains the central objective for the Interactive segment, reaffirming an expectation for the business to turn profitable in 2027. 3) PENN's top priorities for capital allocation are deleveraging, share repurchases and development projects, with M&A a distant fourth.

Key Takeaways

- **Retail trends remain stable.** Management said that retail demand has remained consistent throughout 2026, with no major shifts in consumer demand. While the company acknowledged that tax refunds may have provided some support during the first half of the year, management believes it has moved well beyond that period and continues to see growth driven by both same-store operations and recently opened development projects. More specifically, management noted that July was strong, while August and September were impacted by calendar shifts (weekend days and Labor Day timing) rather than any change in underlying demand. Looking ahead, management expects trends in 2H26 to remain relatively consistent with 1H26.
- **Supply headwinds to fade while PENN's projects become drivers.** Management emphasized that the company is largely through the wave of new regional casino supply that impacted several markets over the last few years, including Illinois, Iowa, and Louisiana. With no significant new supply headwinds currently on the horizon, management expects competitive pressure to continue easing. Against this improving backdrop, management highlighted Aurora, Joliet, Hollywood Casino Columbus, and M Resort as catalysts that should support growth across PENN's segments.
- **Property redevelopments Aurora and Joliet.** By relocating aging riverboat casinos to highly visible land-based locations, PENN has been able to attract a broader customer base while simultaneously eliminating costs associated with operating riverboats. Management indicated that Aurora and Joliet will take 12-15 months to fully ramp, with Joliet potentially benefiting from a larger growth runway given its location within a mixed-use development that is still being built out. These two projects also provide PENN with a proven redevelopment template that can be applied to future opportunities, such as Council Bluffs and Boomtown New Orleans.
- **Interactive.** Management reiterated that profitability remains the central objective for the Interactive segment, reaffirming an expectation for the business to turn profitable in 2027. Standalone iCasino growth in the US and digital in Canada continue to be the main focal points, with management emphasizing the value of its omnichannel strategy. Management also highlighted the strength of the ScoreBet brand, noting that PENN has built a base of roughly 3 million customers on The Score in the US that it is actively cross-selling into its OSB product.
- **Deleveraging the top capital allocation priority.** PENN's capital allocation

priorities remain centered on 1) deleveraging, 2) share repurchases, and 3) development projects, with M&A a distant fourth. PENN expects to finish 2027 below 5.0x lease-adjusted leverage and below 2.0x traditional net leverage. Management also acknowledged that the stock's implied free cash flow yield remains compelling and suggested that share repurchases could become increasingly attractive if valuation levels remain unchanged.

Valuation & Risks

Valuation. Our 12-month price target of $26 uses a SOTP-based valuation methodology using 2027E EBITDAR, with a 6.8x multiple on PENN's Property EBITDAR, less 5x on PENN's corporate and other expense. We then add back: 1) the value of Council Bluffs construction in progress, 2) the value of PENN's market access agreements (GSe $219mn, based on 3x estimated market access EBITDA of $72mn). We do not assign value to PENN's remaining Interactive segment (ex-market access) as we await tangible signs of an improvement in Interactive profitability (ex-market access). We subtract: 1) $1.7bn of traditional net debt and 2) $8.1bn of estimated lease liabilities (8x rent, in line with valuation practices across our coverage).

Risks. Weaker consumer demand across regional markets, cannibalization from iGaming and new supply, and industry regulation and taxation.

Home Furnishings

Key Takeaways on Bob's Discount Furniture, Inc. (Neutral, covered by Kate McShane)

Presenters: We hosted Carl Lukach, CFO, EVP, and Treasurer, and Eddie Plank, VP of Investor Relations and Strategy, from Bob's Discount Furniture at the 33rd Annual Global Retailing Conference.

Bottom Line: The company continues to see healthy demand and is successfully navigating a promotional industry backdrop by leaning into its core value proposition. With a target of 500+ stores by 2035, Bob's is executing a 10% annual unit growth plan, supported by strategic supply chain investments and omnichannel capabilities. Furthermore, the company is driving average order value (AOV) through a favorable mix shift, alongside an optimized financing strategy, while maintaining its Everyday Low Cost (EDLC) model to offset persistent cost headwinds.

Key Takeaways

- **Consumer health and demographics:** Management is encouraged by some stability across the category in recent months. While the broader furniture category is typically tied to housing, Bob's is less dependent on housing trends. The company's value proposition continues to resonate across cohorts, notably driving increased penetration among higher household income consumers (over $100K), who now represent ~50% of the business. Rather than specifically targeting income brackets, Bob's is shifting its marketing strategy toward AI-driven algorithms that identify customers who are approaching lifestyle milestones and have a higher propensity to

purchase.

- **Product mix and pricing strategy:** Bob's is benefiting from a trade-up across all cohorts into its better and best product tiers, which feature added functions and quality materials. Management noted that higher income customers are buying the same mix as other cohorts, initially seeking opening price points but often trading up. Additionally, management commented that pricing remains a surgical lever for cost mitigation; the company targets prices 20-25% below retail and at least 10% below peers' lowest promoted prices. While Bob's expects to implement price increases in 2H26, it will not reach the 7% level seen last year and will ensure it maintains its competitive price gap.
- **Industry dynamics and market share:** Management noted that the home furnishings industry is experiencing a highly promotional environment, and fragmented competitors, including mom-and-pop stores utilizing cash from tariff refunds, are driving deeper price promotions. Despite this, Bob's continues to gain market share across the board, from small regional players to large retailers, by consistently offering the best value and an omnichannel experience. The company is also capturing real estate and sales share from bankruptcies and competitors exiting the furniture space.
- **Omnichannel and digital initiatives:** Bob's views its business as truly omnichannel, with e-commerce sales up nearly 25% y/y in 2Q and digital penetration increasing over 200 bps to 17.3%. The company overhauled its website in late 2023 to better guide customers through the purchase journey. Management noted that a key driver is the OmniCart feature, which allows customers to create a digital cart that transitions seamlessly between online and in-store channels, aiding in discovery and driving higher-ticket online transactions.
- **Unit growth:** Bob's operates 220 locations today (with just under 300 in the near-term plan) and is highly confident in reaching its target of 500+ stores by 2035. The company is successfully executing a multi-year playbook to enter new markets, recently expanding into the Southeast (North Carolina, South Carolina, and Nashville, Tennesse). To support this 10% unit growth, Bob's is making significant investments in its supply chain in 2026. Management noted that as the fourth-largest importer on the East Coast, its network of distribution centers (DCs) and depots allows for delivery in as little as three days. The company recently broke ground on a Georgia DC to fulfill its Southeast expansion and is utilizing a Maryland DC to service Nashville and the Carolinas until the Georgia facility scales.
- **Financing:** Bob's recently transitioned to Synchrony as its primary financing partner. Historically, 50% of revenue utilized financing (versus 42% last year). The new partnership provides better data and higher approval ratings, leading to larger basket sizes for approved customers. While still early in the transition, management expects financing to become an incremental comp tailwind. On traffic, while the in-store environment has seen some declines, Bob's is outperforming the industry, offsetting store traffic softness with higher e-commerce penetration and improved conversion rates.

Valuation & Risks

We are Neutral rated on BOBS. Our 12-month price target is $22 based on relative P/E multiples of 85%/90%/95%.

Upside risks: A meaningful decline in interest rates and/or home prices, leading to an improvement in the existing housing market; Bob's is able to grow units and gain market share faster than anticipated; an increase in the percentage of better/best tier products sold; the tariff backdrop becomes more favorable for Bob's; incremental opportunities for market share gains given industry fragmentation and persistent retail pressures leading to bankruptcies

Downside risks: Any deterioration in the macro environment could lead to inconsistent demand trends and weigh on the comp; Bob's is not able to grow units as quickly as planned; a continued increase in good tier products sold, versus better/best; the tariff backdrop becomes less favorable for Bob's, and the company has to further raise prices and/or delivers lower margins

Key Takeaways on Williams-Sonoma Inc. (Buy, covered by Kate McShane)

Presenters: We hosted Jeff Howie, Executive Vice President and Chief Financial Officer, and Jeremy Brooks, Chief Accounting Officer and Head of Investor Relations, at the Global Consumer and Retail Conference.

Bottom Line: Williams-Sonoma continues to take share in the fragmented home furnishings industry, driven by brand heat, product innovation, collaborations, and a resilient higher-income consumer. The company also identified several avenues for continued growth, including retail unit white space, expanding B2B partnerships, and further penetration of the Kids business at West Elm. On the profitability side, management emphasized that meaningful efficiency opportunities remain, particularly across AI-enabled supply chain initiatives, inventory accuracy, and reduced delivery damages.

Key Takeaways

- **Market Share and Health of the Consumer:** Williams-Sonoma highlighted that the Home Furnishings industry remains fragmented, but the company continues to gain market share as many other players are becoming weaker. Management labeled three key reasons for their outperformance: 1) accelerating growth, which is driven by opportunities in core and emerging brands, and an expanded retail footprint; 2) outstanding customer service, as the company continues to win more customers over through improved delivery; and 3) strong bottom-line earnings, as Williams-Sonoma has been able to grow operating margins despite multiple headwinds, including tariffs. Williams-Sonoma's average customer remains very healthy, as they have an average household income of $150K, supported by wealth gains, home appreciation, and strong credit card spending data.
- **Banner Strength:**
  - Pottery Barn: Management clarified that Pottery Barn's -2.3% comp in 4Q25 was self-inflicted, as their holiday assortment was stale. That said, Pottery Barn has seen significant improvement since then as management is focused on driving incremental product and newness.

- West Elm: While the brand was previously challenged, West Elm's business has accelerated through 1) product, such as reducing over-reliance on furniture and introducing more textiles and decor; 2) introducing brand heat, as collaborations with influencers such as Emma Chamberlain bring in incremental customers and brand awareness; 3) reducing friction in the customer experience. Management also sees meaningful runway within the Kids business at West Elm, where penetration remains in the single digits versus ~30% at Pottery Barn Kids.
- Williams Sonoma: Since cooking has become more popular following the pandemic, Williams Sonoma has benefited as the premier destination for cooking, entertainment, and gift giving. The banner also remains differentiated through its service model, educating customers on how to use products and incorporate them into everyday occasions.

- **B2B:** B2B continues to scale as Williams-Sonoma partners with a diverse set of businesses, including restaurants, hotels, and offices (e.g., Marriott, Hilton, Starbucks, Google, and more). Notably, these partnerships create a flywheel of orders as customers continue to furnish additional locations and projects over time. The B2B business operates across all Williams-Sonoma brands, and is operating margin neutral, as the team is lean with 75 people.
- **Store Growth:** Williams-Sonoma is returning to unit growth in 2027, emphasizing that their stores are some of the best performing units in retail, comping at ~6% and >50% ROIC. Free interior design services within stores are a main driver of growth, as over half of transactions involve design appointments. Looking ahead, the company plans to reposition stores out of malls into vibrant lifestyle centers and is still seeing incremental white space in urban, wealthy markets. Management highlighted Williamsburg, Brooklyn as an example of a trending market with a younger demographic, where the company plans to open a new West Elm location in October. They also called out targets of having 50% more Pottery Barn Kids stores, and 50 total Rejuvenation stores. Management noted that if the real estate deal pipeline is favorable, they would be interested in investing in more unit growth.
- **Pricing:** Management emphasized that their pricing strategy is not broad-based, but rather is determined on the SKU level, based on value and quality. Most of the company's pricing initiatives started in April 2025, ahead of the tariffs, which led to the strong 2Q25 merchandise margin. Looking ahead, Williams-Sonoma does not anticipate material changes to its pricing structure or promotional cadence. While there remains some opportunity for additional pricing benefit, management noted the company is in the later innings of its pricing strategy.
- **Supply Chain Efficiencies and AI Opportunities:** Williams-Sonoma continues to realize supply chain efficiencies through lower delivery-related expenses and reduced damages. While the company has made significant progress in both areas, management believes there remains additional opportunity, particularly around inventory accuracy. To support these efforts, Williams-Sonoma is increasingly leveraging AI to analyze operational data and identify solutions to recurring issues. On the customer-facing side, the company views AI as an opportunity to address

many of the pain points associated with home furnishings purchases rather than simply improving product discovery. While management expects incremental benefits from these initiatives over time, they emphasized that agentic commerce remains in its infancy and is still in the very early stages of adoption.

Valuation & Risks

We are Buy-rated on WSM. Our 12-month price target is $279 based on relative P/E multiples of 100%/110%/115%.

Downside risks: inconsistent demand trends could continue to weigh on the comp, noting the share of wallet/pull-forward impact for the furniture category; margins could be pressured once WSM is no longer benefiting from freight tailwinds, or a promotional environment could weigh on margins; WSM is trading above its historical average at 22.1x NTM P/E, vs. its 3-year/5-year average of 18.6x/15.3x.

Home Improvement

Key Takeaways from Home Depot Inc. (Buy, covered by Kate McShane)

Presenters: We hosted a dinner with the Home Depot management team, including Richard McPhall, EVP and CFO, and Billy Bastek, EVP of Merchandising. The Home Depot will also be presenting at the 33rd Annual Global Consumer and Retail Conference on Tuesday, September 15th. Key takeaways from the dinner include: 1) Management's commitment to taking market share despite a challenging macro and housing environment, 2) The ongoing success and integration of recent acquisitions (SRS and GMS) to accelerate the Pro business, 3) Significant returns on supply chain and logistics investments driving faster delivery speeds, and 4) Stable margin outlooks supported by strategic pricing and unexpected improvements in shrink.

Key Takeaways

- **Macro environment & housing demand:** Management acknowledged that the current interest rate environment and housing market conditions are the toughest seen in years. Despite these macro headwinds, Q2 results exceeded expectations, and the company's stance remains focused on taking market share. Specifically, management highlighted that when smoothing NAICS industry data on a rolling 12-month basis, Home Depot continues to capture overall market share, with notable category-specific share gains in drywall, concrete, and lumber. Management noted that the demand for larger, financed projects remains under pressure due to affordability concerns, while smaller, non-financed repair and maintenance projects continue to see steady engagement. Additionally, the company noted they have not yet seen the historical benefit related to remodeling or an inflection in HELOC-financed projects. The company commented that consumer sentiment has been pressured over the last 24 months, but remains constructive on the long-term industry fundamentals.
- **Pro strategy & M&A integration (SRS/GMS):** The Pro segment remains a critical growth engine, posting its 8th consecutive quarter of positive comps, with larger

Pros driving higher comp growth. Management sizes the Pro TAM at $700 billion and believes they are steadily breaking into long-standing competitor relationships. The company is actively automating cross-selling capabilities across HD, SRS, and GMS, noting that 90% of HD stores have already fulfilled an order from SRS. Additionally, management noted that within SRS, pool and landscape categories have been strong, and while the national roofing market remains under pressure, SRS continues to take market share. Management highlighted that delivery is the tipping point for winning the Pro customer, and their evolving ecosystem, including trade credit, order management, and B2B experiences is making HD increasingly sticky. Regarding future M&A, the company maintains a strict filter requiring strategic and cultural fit, noting they are not in a rush and would avoid targets that compete with their own customers.

- **Competitive moats:** Home Depot continues to leverage its scale, store base, and vendor relationships to widen the gap against peers. Investments in the supply chain, specifically the Flatbed Distribution Center (FDC) network and line hauls, are yielding tangible results. Management noted that speed has become a primary differentiator; 65% of parcel deliveries are now fulfilled same-day or next-day. The recently launched Express Delivery is seeing strong adoption, with promises of delivery within two hours (and the vast majority arriving in less than an hour). Furthermore, 55% of big and bulky orders are delivered within two days. Management noted that while Amazon remains a competitor in consumable categories, HD maintains a distinct advantage in big and bulky items and project-based categories (e.g., plumbing, electrical, hardware), which are growing at twice the rate of online channels. Management emphasized that Amazon is unlikely to chase the complex Pro customer. Additionally, management noted that the appliance market is currently highly duress-driven (~75% of purchases), an environment where HD's supply chain investments provide a distinct operational advantage over specialty competitors.
- **Margins and Pricing:** Management expects profit to grow faster than sales over time, driven by productivity and scale, though they are no longer providing a specific long-term algorithm given the competitive landscape. The company expects Q4 gross margins to be roughly flat y/y, as the company navigates the mix pressure from the SRS and GMS acquisitions. On pricing, HD continuously tests elasticity but has not seen sufficient unit demand response to justify broad-based promotional markdowns; thus, they remain strategic with pricing. Notably, shrink has transitioned into a tailwind over the last couple of years. This unexpected improvement is attributed to better operational processes, front-end corral changes, stable self-checkout performance (aided by computer vision), and collaboration with municipalities using technologies like Flock cameras. Finally, management indicated that share repurchases, which were paused to prioritize debt reduction following recent acquisitions, are expected to resume midway through next year.

Valuation & Risks

We are Buy rated on HD. Our 12-month price target is $377 based on downside/base/upside case relative P/E multiples of 90%/100%/105%.

Downside risks include the potential that comp sales could decelerate if housing

turnover fails to recover or if macro headwinds weigh on home improvement demand; HD's valuation could be considered high if the housing market enters a more sustained slowdown; a deterioration in the pricing environment from increased competition; acquisition integration issues; and both top line and margin pressures due to lower-than-expected demand and higher supply chain costs.

Mass Retail & Wholesalers

Key Takeaways on BJ's Wholesale Club Holdings, Inc. (Buy, covered by Kate McShane)

Presenters: We hosted Laura Felice, EVP & CFO, from BJ's Wholesale Club at the 33rd Annual Global Retailing Conference.

Bottom Line: BJ's continues to deliver share gains, supported by improving price gaps. The company is seeing solid membership growth, including strong initial trends in Texas. Additionally, BJ's gas business has outperformed year to date, with gas adding to the lifetime value of the membership.

Key Takeaways

- **Unit growth and Texas expansion:** BJ's continues to forecast 25 to 30 new club openings every two years. The company opened its first Texas location in April 2026, which was followed by 3 additional openings in 2Q. Per management, membership in Texas clubs is tracking ahead of plan, 30% above company targets. In terms of the decision to enter Texas, while this is a new region with a different competitive landscape, management emphasized the space and strong population growth in Texas, adding that BJ's is looking to club deserts where households are not being served by either BJ's or its competitors. Looking at the new club pipeline (with it taking 18-24 months from a deal to building a club), BJ's has a number of clubs in the pipeline in the DFW market. BJ's new locations are largely the same at ~100K square feet in size and with gas stations, while the SKU count is a bit lower than legacy clubs.
- **Gas business:** Given the current macro backdrop, BJ's has seen outperformance in its gas business this year. The company is opening each new club with a gas station if they can, and they are also going in and backfilling clubs without gas stations. Today, BJ's has gas stations at ~77% of clubs. Gas is important to members from a value perspective and adds to the lifetime value of the membership, with management noting that members know the price of ~10 items, with the first item being gas if they have a car. The company saw +DD comp gallon growth at the tail end of 1Q and in 2Q. The attachment rate to shop in the club the same day went down as members showed up more often, with a lower number of average gallons per fill up. Of note, the company opened all four Texas clubs with gas stations, and these gas stations were some of the company's top performers in 2Q.
- **Pricing strategy:** This year, BJ's reinvested tariff refund dollars into price. The company views value as being driven by both price and assortment, and to the

extent they have dollars to invest, they are looking to reinvest those back into the business. BJ's has been gaining market share consistently, largely from grocery. Per management, BJ's can use funds to continue showcasing its ~25% better prices than grocery; on the bottom end, they have gaps of up to 40% versus some grocers. The company's price gaps have widened as they continue to take market share. While the tariff refund dollars in 1Q/2Q are viewed as one-time dollars, management noted the company has multiple sources of funds looking to the future. BJ's intent is not to take prices down and bring them back up; the company is taking a longer-term view for the lifetime value of the member with the goal of maintaining its 90% tenured renewal rate.

- **General merchandise and SKU count reduction:** BJ's general merchandise division continues to evolve, and in April, the company announced a new Chief Merchandising Officer (CMO), Stephanie Reibling, who has prior experience in the club channel from her time at Sam's Club. Management noted you can see her mark on some things happening at the club right now, but there is more to come on the company's general merchandise transformation. Additionally, BJ's is planning to reduce its SKU count by about 20% over the next few years. This is part of making sure the company has the right value, price, and assortment. Per management, BJ's plans to be tactical in removing SKUs with the goal of creating clarity for members. The company explained the change will happen over time, likely over a few years, and it will largely be category by category.

Valuation & Risks

We are Buy rated on BJ with a 12-month price target of $104, based on our risk-reward framework with downside/base/upside relative P/E multiples of 85%/90%/95%.

Downside risks: 1) traffic and sales trends decelerate due to weakness in consumer spending or declining member loyalty via competition from traditional retailers or other club models; 2) regional macroeconomic weakness or disruption on the US East Coast, in the NYC metro area in particular (~25% of sales); 3) limited in-stock availability due to supply chain issues, such as freight and port congestion; 4) higher costs pressuring margins; and 5) fuel-related headwinds.

Key Takeaways on DICK'S Sporting Goods, Inc. (Buy, covered by Kate McShane)

Presenters: We hosted Ed Stack, Executive Chairman, Lauren Hobart, President and CEO, and Navdeep Gupta, CFO, from Dick's Sporting Goods at the 33rd Annual Global Retailing Conference.

Bottom Line: Dick's does not believe the athletic cycle is over, and footwear is performing well at the core Dick's business. While the industry is facing an excess supply of legacy silhouettes, demand remains healthy with consumers gravitating towards newness and innovation in the category. Moreover, following the Foot Locker acquisition, the company has improved visibility into the footwear ecosystem and continues to expect $100-125mn in synergies from the acquisition.

Key Takeaways

- **Health of the consumer:** Per management, the consumer is under pressure across the US and in EMEA. That said, the Dick's consumer is holding up well, which is largely due to the prioritization of sport along with health and wellness. The Dick's business experienced growth across all income demographics in 2Q with no signs of trade down. On the other hand, the Foot Locker consumer is under a bit more pressure. Newness and innovation is resonating for both Dick's and Foot Locker consumers. The pressure is much greater on the EMEA business versus the US, which has been contemplated in the company's FY26 guidance.
- **State of the athletic category:** Per management, the idea that the athletic cycle is over is overdone. Footwear on the Dick's side is performing well, while the specialty channel (including Foot Locker) is a bit more challenged, with this business being more dependent on launch product. Dick's has the ability to pivot to other areas of the business, with management noting there are more alternatives today versus only a handful of brands dominating the industry. That said, margin pressure in the industry is real as legacy silhouettes slowed down and some brands started discounting. The company invested in promotions to retain customers, ensuring products are priced competitively so customers return in future seasons. Foot Locker performed well in 1Q (with US Foot Locker up +6.4% in 1Q), which was helped by launch product (including Jordan retro product), and this product did not perform as well in 2Q. Legacy silhouettes had been trending down, and somewhere in 2Q this product really slowed. That said, when a couple of these brands brought out different materials, these items performed well. Management expects the broader promotional pressure to continue through 4Q.
- **Footwear ecosystem:** Management explained that the Foot Locker acquisition provides visibility to the entire ecosystem of athletic footwear. Atmos is a tier zero retailer in Japan, which receives the new product a brand is trying to seed. From there, brands can look to Foot Locker street fashion doors and Dick's House of Sport, and as the product scales, it may go to Dick's and traditional Foot Locker locations. At the same time, the company can use Going, Going Gone! to help when there is a clearance opportunity. Moreover, Foot Locker will often experience a trend a bit ahead of Dick's, which the company can now use to its advantage in knowing how a certain franchise is performing. Management emphasized it is not taking assets away from Dick's to improve Foot Locker, and the company continues to expect $100-125mn in synergies from the acquisition.
- **FY26 expectations:** At the time of 2Q earnings in August, management lowered FY26 guidance, including Foot Locker SSS and both Dick's and Foot Locker operating margins, with a more significant cut to Foot Locker. Management is pleased with how the Dick's business is performing. Per management, Dick's footwear comps are performing well; if there is a transition out of some sneakers into other categories, that is all within the footwear business. Management explained an athlete typically needs about five different shoes, and the company (both Dick's and Foot Locker) is well positioned to serve this need. The company lowered Dick's margin expectations to reflect promotionality in legacy footwear, while also reflecting some conservatism toward fuel costs and health care costs, which the company has been experiencing all year. On the lower Foot Locker guidance, management pointed to difficulties with

launch and retro product and challenges in EMEA. Additionally, for the legacy silhouettes, it is taking management longer than they expected to pivot with some products. The industry has an overcapacity issue in some legacy silhouettes, while there is an under-capacity issue with some new shoes, which are resonating well with the consumer. The company does not see this as a demand issue given that the new and innovative product is resonating well with the consumer.

- **Foot Locker in-store changes:** While Fast Break locations are a pretty good representation of what Foot Locker should look like, the company feels there is more editing to be done. Directionally, if we assume that 80% of the business is coming from 20% of SKUs, management feels there are still too many SKUs in the 20%. The company explained they could take those dollars and reinvest in colors or franchises that are working, or they could go deeper in sizes to improve in-stock levels. Management added they are trying some additional fixtures and could add more apparel, which would help drive the margin rate.

Valuation & Risks

We are Buy rated on DKS with a 12-month price target of $170 based on our downside/base/upside case relative P/E multiples of 40%/45%/50%.

Downside risks: a weaker demand environment amidst economic uncertainty; delays in improving the Foot Locker business; potential for inventory overhang and discounting in the industry; DTC initiatives from major brands; weaker sports participation trends

Automotive Retail

Key Takeaways on Boyd Group Services Inc. (Neutral, covered by Mark Jordan)

Presenters: We hosted Brian Kaner, President & Chief Executive Officer, and Jeff Murray, Executive Vice President & Chief Financial Officer of Boyd Group Services Inc. at the 33rd Annual Global Consumer and Retail Conference.

Bottom Line: Boyd Group is operating in a more favorable environment today than prior years with respect to repairable claims, and although muted repair cost inflation is currently weighing on top-line growth, the company's discipline and focus on execution is driving strong share gains. We see the potential for outsized margin expansion if/when repair cost inflation returns.

Key Takeaways

- **Repairable claims trends have stabilized:** Industry-wide repairable claims have stabilized following several years of pressure, and with claims now declining in the low single-digit range, it is fair to characterize the current environm "normalized" from a long-term perspective.
- **Total cost of repair remains a headwind:** The headwind for the ind has shifted to muted growth from a total cost of repair perspective, quarters has trended well below historical averages. A portion this h



to elevated total loss rates, reducing the volume of higher-ticket work, but we would also note certain near-term and what we view as temporary impacts, such as an increase in alternative parts utilization across the industry, as well as a shift to repair vs. replace. Going forward, repair cost inflation is expected to return to its historical trend.

- **Boyd is taking share:** Boyd was able to grow same-store sales at 2.9% in its most recent quarter despite muted contribution from repair costs, highlighting the company's ability to take share. These share gains are largely due to the company's strong operating discipline at the store-level, and likely also benefits from a re-alignment of incentives to improve store-level focus on satisfying larger customers. We expect Boyd will continue taking share over both the near and longer term, with smaller, single-shop operators continuing to be a share donor.
- **JHCC acquisition is going well:** Boyd has fully integrated the Joe Hudson's platform ahead of schedule, pulling forward synergies, and the platform is performing well relative to expectations.
- **Margin opportunity:** Boyd has significant margin expansion opportunity, driven by structurally lower operating costs, increased internal scanning/calibration capabilities, and a continued focus on optimizing spend. As we look forward, we see the potential for robust margin expansion, particularly as same-store sales growth approaches their targeted 3%-5% range.
- **Share repurchase potential:** The company recently announced the TSX has approved the company's Notice of Intention to carry out a Normal Course Issuer Bid, allowing the company to repurchase up to 2.8mn shares (10% of public float) for a period of one year following September 16th. We believe investors should view this positively, as it signals at the very least a willingness to consider deploying cash opportunistically when necessary, complementing already compelling organic investment opportunities.

Valuation & Risks

We are Neutral rated on Boyd Group's TSX-listed shares, BYD.TO, with a 12-month price target of C$191, and the company's NYSE-listed shares, BGSI, with a 12-month price target of $137 derived from our fundamental, case-based valuation framework with downside/base/upside case EV/EBITDA multiples of 8.0x/9.0x/10.0x applied to our Q5-Q8 (3Q27-2Q28) adj. EBITDA estimates.

Upside risks include a recovery in industry-wide repairable claims and/or total cost of repair, leading to better-than-expected same-store sales growth; better-than-expected margins driven by operating leverage and cost-cutting initiatives; and a significant increase in the pace of acquisitions.

Downside risks include the potential for total loss rates to remain elevated or increase further, weighing on industry-wide repairable claims and pressuring same-store sales growth; limited margin expansion and/or contraction as inflationary cost increases and deleverage offset cost-cutting initiatives; and if the pace of M&A and/or start-up location growth slows.

Key Takeaways on Valvoline Inc. (Buy, covered by Mark Jordan)

Presenters: We hosted Lori Flees, Chief Executive Officer and Director, and Kevin Willis, Chief Financial Officer, of Valvoline Inc. at the 33rd Annual Global Retail Conference.

Bottom Line: Valvoline is well positioned in the current environment to meet demand, and while margins are expected to be impacted by rising commodity costs in the near term, the company's long-term story remain intact and is compelling.

Key Takeaways

- **Rising oil costs are a headwind in the near term:** With geopolitical conflict impacting the supply of finished lubricants, costs have increased rapidly year to date and are set to weigh on margins in the near term. This headwind could remain for several months/quarters given an estimated four to six months timeline for the supply chain to "restart" after any successful opening of the Strait of Hormuz.
- **Pricing to maintain margin dollars:** The company plans on pricing to maintain margin dollars, and for the average oil change, the recent price increases amount to $5-$7, which in our view is very digestible relative to the company's average ticket. This also presents a compelling margin expansion opportunity if/when commodity costs decline, as we would not expect the company to lower listed prices.
- **Strong vendor relationships are a differentiator:** Valvoline's purchasing scale and strong vendor relationships are a key differentiator in the current environment and gives the company confidence they will remain well supplied to meet demand in the near term. We see Valvoline's in-stock position as a potential opportunity for share gains as well, as smaller peers across the broader auto services channel likely struggle to maintain supply.
- **Passing on costs to franchisees more quickly:** The company has historically passed on commodity costs to franchisees on a penny margin based on base oil indices, but with the recently rapid increase in costs, the company is able to increase the frequency in which they pass on costs, reducing the margin headwind in the near term.
- **Breeze integration is progressing well, but some demand softness to note:** The integration of the Breeze Autocare platform is progressing well, and the stores are outperforming expectations from a transaction standpoint. The opportunity continues to lie in Valvoline's plan to increase the platform's AUV to $1.7mn from its pre-purchase $1.1mn. One cautionary note, however, is that recent price increases at locations not converted to the Valvoline banner (which are the majority) have resulted in demand headwinds, highlighting a more elastic response for the Oil Changers banner than the core company.
- **Opportunity for higher-premium oil:** Valvoline mentioned the potential to offer a higher-tired premium oil, namely Valvoline's Restore and Protect line, which, if introduced, would augment the company's current offering and provide stores with a higher ticket, and likely higher margin, premium option for customers.
- **Long-term story remains intact:** The company's long-term growth story remains intact and compelling, in our view, and is supported by an attractive whitespace potential (and potentially beyond) and secular drivers benefiting both ticket and

transactions.

Valuation & Risks

We are Buy rated on Valvoline. Our 12-month price target of $45 is based on our downside/base/upside case EV/EBITDA multiples of 9x/10x/12x applied to our Q5-Q8 (4Q27-3Q28) adj. EBITDA estimates.

Downside risks include a persistent, rapid rise in material costs; integration issues at Breeze Autocare; slower-than-expected unit growth and/or an impairment of the company's long-term growth potential; lower-than-expected sales if growth at mature stores slows meaningfully, if new stores cannibalize sales from existing locations, if Valvoline loses market share, and/or if non-oil change penetration declines; and the risk that execution or other headwinds could weigh on top line growth potential, ultimately impacting long-term profitability.

C-Stores

Key Takeaways on Yesyway, Inc. (Neutral, covered by Bonnie Herzog)

Presenters: We hosted Thomas Trkla, Chairman, President, and CEO, and Ericka Ayles, CFO and Treasurer from Yesway at the Global Consumer and Retail Conference 2026.

Bottom Line: Mgmt was upbeat about their continued strong execution against a challenging macro/operating backdrop - and sounded confident in their ability to reach the company's recently raised FY26 adj. EBITDA outlook of $235M to $245M. Along these lines, industry-wide fuel margins remain quite strong, benefiting from significant levels of volatility recently (creating pricing opportunities) - which coincides with mgmt's prior commentary that July fuel margins were in the mid-40's CPG range (which compares to ~low-40's CPG historically) - while fuel gallons remain positive (+1.4% in Q2), highlighting mgmt's ability to strike the right balance between fuel gross profit margin and gallons. Further, mgmt believes that fuel margins post the Iran war will likely structurally settle at, or above, pre-war levels - while fuel margins longer term will likely move in tandem with inflation. Elsewhere, mgmt's value-add operational initiatives inside the store - including innovating the company's foodservice offerings, and augmenting & optimizing their current in-store merchandise mix (i.e., enhancing their PL assortment) - are resonating with consumers and driving value, which is important given some ongoing consumer pressure. Lastly, mgmt yet again highlighted YSWY's strong recent cash flow generation and improved balance sheet profile, with ~$250M in liquidity available to invest back into the business - providing mgmt the opportunity to further develop NTI stores and/or more actively pursue M&A. Ultimately, mgmt noted that +MSD%/+HSD% EBITDA growth is realistic over the long term.

Key Takeaways

- **Fuel margins -** Industry-wide fuel margins remain quite strong, benefiting from significant levels of volatility recently (creating pricing opportunities) - which coincides with mgmt's prior commentary that July fuel margins were in the mid-40's CPG range (which compares to ~low-40's CPG historically). Looking ahead, the current geopolitical events and macro environment remain front of mind for

investors - especially considering the recent re-acceleration that we've seen in underlying crude prices recently. With this, we note that typically as crude oil prices rise - retail fuel prices also increase, though they move up more slowly vs crude prices - and as such, fuel margins get a bit compressed on the front side of the cost curve. However, as crude prices eventually inflect and start to move lower - retail fuel prices also move lower, though again move more slowly vs crude - and hence fuel margins move higher. While we recognize that visibility looking ahead is limited at best - if/when crude prices begin to move lower again, we could expect strong fuel margin delivery for YSWY (& the industry). Elsewhere, Yesway's disproportionate mix of diesel (36% of total fuel gallons sold in 2025 across 387 of Yesway's sites, though ~38% more recently) is also a competitive advantage (vs peers), as diesel fuel generally commands a healthy margin premium compared to gasoline (a ~9 CPG premium) - while diesel fuel gallons are typically more inelastic (vs regular fuel), as higher fuel costs are typically fully passed through to the customer. Yesway aims to drive an even greater mix shift to diesel through its self-funded new-to-industry (NTI) program - as these stores typically carry a ~42% diesel fuel mix, which compares to legacy stores at 29% - while the company's investments in their fuel offerings, including diesel fuel expansions and dispenser upgrades, have increased speed of transaction to support gallon growth.

- **NTI's & M&A -** Mgmt's FY26 guidance continues to include 6-8 new store openings - which was a deliberate decision on mgmt's part (i.e. not open more stores) in an effort to strengthen their balance sheet positioning in advance of their IPO - and has plans to open ~130 new stores over the next five years. With this in mind, Yesway expects the majority of its new-to-industry stores to be funded via their capital-light build-to-suit program – where the company typically funds ~25% (~$2.5M to $3M) of the total development cost and one of the company's third-party real estate partners funds the balance. At the same time, Yesway oversees site selection, permitting, design, and the construction processes – and once construction is completed, the company operates the location under a long-term lease agreement. Impressively, Yesway targets a one-year ROI of ~30% for build-to-suit-funded new stores – well ahead of the ~15% it targets for self-funded new stores. Importantly, Yesway operates predominantly under a company-owned, company-operated ("COCO") store model and owns ~65% of the real estate underlying its store base (as of FY25). That said, given mgmt's strong recent cash flow generation and improved balance sheet profile, with ~$250M in liquidity available to invest back into the business - mgmt is now more actively pursuing M&A currently (vs the prior five years), including small to large acquisitions. Along these lines, mgmt noted that they are currently building out a new team internally to focus on small (i.e. 1-2 stores) potential M&A deals - especially considering these smaller deals can typically be bought for an attractive single-digit multiple (and synergized down even further). Further, these smaller acquisitions are more impactful to YSWY's P&L vs much larger peers (i.e. CASY & ATD) - which could suggest less competition from peers during the bidding process. Lastly, mgmt noted that M&A can be attractive as it helps generate EBITDA immediately - as opposed to building an NTI, which takes ~12-18 months.
- **In-store performance -** With the acquisition of Allsup's in 2019, Yesway has two

strong brands, a loyal consumer following and an iconic, high-margin prepared food platform - the Allsup's burrito - on which to grow. The Allsup's foodservice platform - which includes many frozen-to-fresh deep-fried items, including the famous Allsup's deep-fried burritos and chimichangas, is a true differentiator and traffic driver. Ultimately, it's this foodservice platform - which combined with value-add operational initiatives inside the store, including YSYW's enhanced PL assortment (~9% of inside sales ex-cigs) - which is helping to drive solid in-store performance recently, as July SS inside sales growth slightly improved from the +1.2% in Q2. Impressively, YSWY's inside merchandise comparable sales growth has been positive for 18 of the past 19 quarters through 2Q26 - in part fueled by the company's growing loyalty program. Along these lines, and as seen across the c-store industry, the company is focused on expanding its loyalty rewards program, which is accepted at all of the company's stores. Per the company, their loyalty program helps to drive sales growth, customer retention, and cross-selling fuel & inside sales. Importantly, the company drives registrations and customer conversion by offering compelling vendor-funded fuel rewards, category clubs, sweepstakes – and member-only coupons/discounts. Lastly, as YSWY continues to lean into diesel - this shift should also help drive stronger inside sales growth over time, as the company noted today that the average professional driver loyalty member spends ~3x the amount inside the store vs base tier loyalty members.

- **Foodservice menu optimization -** Mgmt noted today that they are ~2/3 of the way done with their foodservice SKU rationalization/optimization, removing slower velocity items - which we think is in an effort to improve margins. Along these lines, while much of the c-store industry is moving closer & closer to a QSR format, YSWY has done the opposite (per mgmt) - leaning into their frozen-to-fried foodservice platform, which helps drive value for the consumers while also offering an efficient labor model. Along these lines, YSWY's efficient labor model is highlighted by their portfolio average of only 2.6 employees per shift (per mgmt) – in part driven by its simplified food preparation and frying station, which occupies only ~115 sq ft within the 360 sq ft central checkout counter area, enabling one employee to operate both the foodservice station and the cash registers (if needed). Looking ahead, mgmt sees opportunity to ideate their foodservice menu - and mgmt is currently looking into adding a chicken sandwich (and pizza) to complement their chicken nuggets (which are one of the top selling foordservice items). While the burrito will likely continue to anchor YSWY's foodservice offering moving forward - importantly, with no plans to adjust its price (i.e. maintain its affordability) - mgmt will look to fill in the gaps with other various foodservice offerings over time.
- **Geographic presence -** In general, c-stores' ability to cater to time-sensitive consumers means they often serve as substitutes for conventional grocery stores and quick-service restaurants (QSRs). This is particularly the case for Yesway given its geographic locations are in less dense markets, the majority of which have fewer than 20,000 residents with stable household incomes and population growth. In fact, Yesway's deep presence in smaller communities makes it at times the sole destination for fuel and grocery items for the local population. This is a key competitive advantage, as it gives Yesway an opportunity to take share from other

retail formats as it continues to expand its product offerings. As a result, Yesway ranks No.1 or No.2 in sales across most of its markets. Along these lines, we note that Yesway's portfolio of stores is largely situated along key trucking routes and major highways in rural markets – which coincides with Yesway's favorable diesel fuel mix – positioning the company as a convenient and accessible refueling destination for truck carriers. Looking ahead, mgmt noted that they will continue to focus on TX, NM, AZ & OK as key regions to further expand their store footprint - as a dense geographic store footprint makes it easier to supply fuel/merch - while these regions also typically offer a favorable fuel margin profile (fuel margins often drive site selection).

- **L.t growth targets -** Looking ahead, mgmt noted that while their current medium term growth algo calls for +MSD% EBITDA growth - this relatively slower growth (vs their historic ~+HSD% growth) is largely driven by mgmt's tempered NTI growth (6-8 stores) guidance this year. With this in mind - and considering mgmt's ~130 planned new store openings (in addition to potential M&A) in the next five years implies an accelerated rate (of new store openings) moving forward - mgmt noted +MSD%/+HSD% EBITDA growth is realistic.

We see significant opportunity for YSWY to deliver solid top & bottom line growth over the next several years given a strong pipeline of new to industry store growth, ability to further leverage its iconic, high-margin Allsup's burrito and its structural advantage given its disproportionate mix of diesel fuel. That said, we think much of this growth is predicated on the company's ability to deliver on its new store opening target over the next five years – which we think could prove ambitious. Through this lens, we see a more balanced risk-reward and maintain our Neutral rating.

Valuation & Risks

Our 12-month price target of $28 is based on an EV/EBITDA of 10.2x based on our Q5-Q8 EBITDA estimates. YSWY is currently trading at a Q5-Q8 EV/EBITDA multiple of 8.6x (based on our Q5-Q8 ests). Downside risks include: Deteriorating geopolitical and macroeconomic conditions could adversely impact Yesway's financial position; An inadequate pipeline of suitable new store locations and potential acquisition; Labor shortages or high turnover posing operational and financial risk; Economic conditions pressuring the Midwest and Southwest economy. Upside risks include: Fuel margins remain higher for longer; Sustained strong levels of inside sales performance.

Construction

Key Takeaways on Trex Company, Inc. (Buy, covered by Susan Maklari)

Presenters: We hosted Trex's CFO Prith Gandhi, and COO Zach Lauer at the 33rd Annual Global Retailing Conference.

Bottom Line: The speakers reiterated their second half outlook, which reflects steady end-market demand given the strength in contractor backlogs along with company-specific initiatives to drive market outperformance.

Key Takeaways

- **Near-Term Demand Remains Favorable:** Despite persistent macro headwinds, Trex noted the green shoots in demand this spring held through the summer. This is led by the success of targeted promotions and marketing of entry-level products that highlight the value proposition over wood, resulting in growth after several years of weakness. The lock-in effect of historically low-rate mortgages during the pandemic is also leading homeowners to make investments, with a focus on outdoor living given its lower-cost alternative vs larger interior projects.
- **2030 Strategic Objectives on Track:** Trex reaffirmed the long-term target of $2bn in revenue by 2030, vs the $1.215-1.250bn 2026 guide, with ~$500mn of the growth from organic initiatives and the balance from close-to-core M&A. This includes the ramp of Little Rock, which can support $1.8-2.0bn in core product over time. Despite near-term headwinds from Little Rock depreciation and less profitable railing growth, rising capacity utilization should allow for greater operating leverage, supporting margin expansion in the coming years.
- **Productivity Supports Operational Efficiency:** Trex continues to leverage advanced technology and material science to optimize manufacturing including automation of manual steps, machine learning and generative AI. In addition, the recycling supply chain is highly insulated from volatility in commodity prices. We highlight state-of-the-art capabilities at Little Rock to process polyethylene and next-generation waste streams that will also contribute to profitability over time.
- **Railing Primed for Growth and Margin Expansion:** This category is continuing to deliver double-digit growth, in line with the stated objective. The company's leading share at 7% reflects rail's highly fragmented nature, leaving ample room for Trex to double segment sales from 2023-28. Growth partially reflects its comprehensive portfolio and higher attachment rates as well as strength in core decking sales. From a margin perspective, management is focused on vertical integration to narrow the gap vs decking with key initiatives including in-sourcing outer shell manufacturing and the production of raw materials, optimizing material formulations, and pursuing targeted acquisitions.
- **Realignment of Distribution Progressing as Planned:** The company stated the national partnership with Specialty Building Products, complemented by select regional distributors, will simplify the channel model and accelerate market penetration. More specifically, the strategy is designed for faster contractor pull-through and share gains from smaller, tertiary brands, which represent an estimated $100+mn opportunity across decking and railing over time.
- **FCF Outlook Supports Capital Deployment:** As peak investment of the Little Rock campus winds down, capex is expected to decline to $100-$120mn in 2026 and further normalize to 5-6% of sales in the coming years. This, alongside working capital improvements, will drive a sizable increase in FCF supporting share repurchases and opportunistic M&A. Management is focused on bolt-on deals that can: 1) enhance vertical integration, 2) expand the outdoor living portfolio, or 3) extend its reach into the building envelope. That said, any potential acquisitions will be weighed against the return from share repurchases in the current environment.

Valuation/Risks: We are Buy rated on TREX with a 12-month price target of $61 which is based on 17.0x our Q5-8 adj. EBITDA forecast. Downside risks include: (1) decline in consumer confidence or other weakness limiting the willingness to spend on R&R projects, especially larger-ticket items, (2) delays or the inability to deliver on strategic initiatives, (3) increase in raw material costs and the inability to pass them through, and (4) loss of key customer or distributor could impact sales.

Insights from Private Companies

Key Takeaways on Li & Fung Ltd. (Private, authored by Brooke Roach)

Presenters: We hosted Joseph Phi (Group CEO) and Destan Bezmen, (President, LF Europe) from Li & Fung Ltd. at the 33rd Annual Global Retailing Conference.

Bottom line: Management's core message centered on supply-chain speed as the next key source of competitive advantage. Opportunity lies in responding faster to changing demand signals through greater visibility, optionality, and AI-enabled decision making. Management advocated for a just in sync model that combines the efficiency of just-in-time sourcing with the resilience of just-in-case networks, while noting that newer digitally native brands serving younger consumers are benefiting from shorter lead times, lower inventory commitments, and greater agility. Management described the US consumer as resilient and current order visibility as healthy into 2027.

Key takeaways:

- **Speed as the competitive advantage:** Management highlighted that supply-chain competitiveness is no longer determined solely by cost, arguing that speed is a currency of competitiveness. Li & Fung's customers are increasingly focused on shortening decision cycles, compressing lead times, and responding more rapidly to changes in consumer demand. Within this, management pointed to industry-wide efforts to debottleneck processes, improve adaptability, and build optionality across sourcing and raw-material decisions.
- **Consumer remains resilient:** Management described the US consumer as resilient and indicated that order-book visibility remains healthy into 2027. However, the company also emphasized that consumers continue to trade down, favoring off-price retailers, discounters, club formats, big-box retailers, select specialty retailers, and fast-fashion players. Against this backdrop, management cited newness, innovation, and value as the attributes most frequently discussed with customers.
- **Tariff mitigation and supply chain flexibility:** Management reiterated that tariff management is achieved through a combination of strategies rather than a single action. These efforts include geographic diversification, product engineering, postponement strategies, and nearshoring initiatives. Management cited continued expansion into regions such as Africa and highlighted the growing importance of Egypt, South America, and Turkey as sourcing hubs, while noting that successful diversification requires close collaboration between brands, retailers, and supply-chain partners.

- **Apparel cost inflation:** Despite concerns around commodity and energy costs, management stated that current cost inflation is running below many investors' expectations and continues to be in the low-single-digit range. While technical products with higher synthetic content face greater pressure, management suggested that diversified and digitally enabled supply chains should be better positioned to mitigate inflationary pressures. Importantly, management viewed sustainability investments and compliance requirements as increasingly important contributors to future cost structures.
- **AI to improve supply chain synchronization:** The company sees the greatest benefit in synchronizing inventory, sourcing, production planning, and demand signals to improve both efficiency and resilience. Management emphasized that AI is an amplifier of existing processes and highlighted the importance of redesigning workflows and maintaining human oversight rather than simply layering AI onto legacy structures.
- **Supply chain enabling postponement:** By compressing lead times and adopting postponement strategies, retailers can place orders with a more informed view of demand, reducing the frequency of inventory mismatches. Within this framework, supply-chain compression enables decisions to be made closer to the point of sale rather than months in advance.
- **Opportunity to compress supply chains in pre-production process:** Management identified product design, development, and planning activities as the largest remaining bottlenecks within apparel supply chains. While post-production processes have largely been optimized over decades, the company sees significant potential to accelerate pre-production through data-driven design, digital product development, and parallel workflows. Management believes these improvements can materially shorten the path from concept to production and ultimately enhance responsiveness to changing consumer preferences.

Disclosure Appendix

Reg AC

We, Kate McShane, CFA, Brooke Roach, CFA, Lizzie Dove, Mark Jordan, CFA, Bonnie Herzog, Jon Keypour, Eric Sheridan and Susan Maklari, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

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Unless otherwise stated, the individuals listed in the Contributing Authors disclosure of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our universe of rated stocks) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Pricing information

Aramark Holdings (Buy, $58.53), BJ's Wholesale Club Holdings (Buy, $95.31), Bob's Discount Furniture Inc. (Neutral, $16.15), Boyd Group (Neutral, $91.40), Boyd Group (Neutral, C$126.92), Canada Goose Holdings (Sell, $7.82), Canada Goose Holdings (Sell, C$10.89), Chewy Inc. (Buy, $21.35), Dick's Sporting Goods (Buy, $130.77), Gap Inc. (Buy, $20.92), Home Depot Inc. (Buy, $310.87), PVH Corp. (Buy, $73.01), Penn Entertainment Inc (Buy, $18.00), Petco Health and Wellness Co. (Neutral, $2.43), Signet Jewelers Ltd. (Neutral, $100.75), TJX Cos. (Buy, $125.99), Travel + Leisure Co. (Buy, $66.19), Trex Company Inc. (Buy, $43.66), Valvoline Inc. (Buy, $30.37), Williams-Sonoma Inc. (Buy, $229.43) and Yesway Inc. (Neutral, $22.73)

The rating(s) for Signet Jewelers Ltd. is/are relative to the other companies in its/their coverage universe: Abercrombie & Fitch Co., American Eagle Outfitters Inc., Aritzia Inc., Boot Barn Holdings, Callaway Golf Co., Carter's Inc., Groupe Dynamite Inc., Life Time Group Holdings, Signet Jewelers Ltd.

The rating(s) for Canada Goose Holdings, Gap Inc., PVH Corp. and TJX Cos. is/are relative to the other companies in its/their coverage universe: Amer Sports Inc., Burlington Stores Inc., Canada Goose Holdings, Capri Holdings, Crocs Inc., Deckers Outdoor Corp., FIGS Inc., Gap Inc., Kohl's Corp., Kontoor Brands Inc., Levi Strauss & Co., Lululemon Athletica Inc., Macy's Inc., Nike Inc., PVH Corp., Ralph Lauren Corp., Ross Stores Inc., Savers Value Village Inc., SharkNinja, Inc., TJX Cos., Tapestry Inc., Torrid Holdings Inc., Under Armour Inc., Urban Outfitters Inc., VF Corp., Victoria's Secret & Co., Warby Parker Inc., YETI Holdings

The rating(s) for Yesway Inc. is/are relative to the other companies in its/their coverage universe: Alimentation Couche-Tard Inc., Altria Group, Boston Beer Co., Brown-Forman Corp., Casey's General Stores Inc., Celsius Holdings Inc., Church & Dwight Co., Clorox Co., Coca-Cola Co., Coca-Cola Europacific Partners, Coca-Cola European Partners, Colgate-Palmolive Co., Constellation Brands, Coty Inc., Estee Lauder Co., Molson Coors Beverage Co., Monster Beverage Corp., Murphy USA Inc., Oddity Tech Ltd., PepsiCo Inc., Philip Morris International Inc., Primo Brands Corp., Procter & Gamble Co., Suja Life Inc., The Vita Coco Co. Inc., Yesway Inc., e.l.f. Beauty Inc.

The rating(s) for Trex Company Inc. is/are relative to the other companies in its/their coverage universe: A.O. Smith Corp., Alliance Laundry Holdings Inc., Armstrong World Industries Inc., Boise Cascade Co., Builders FirstSource Inc., CSW Industrials Inc., Carlisle Companies Inc., D.R. Horton Inc., Fortune Brands Innovations Inc., Installed Building Products Inc., KB Home, Latham Group Inc., Lennar Corp., Louisiana-Pacific Corp., Masco Corp., Meritage Homes Corp., Mohawk Industries Inc., Owens Corning, Pool Corp., PulteGroup Inc., SiteOne Landscape Supply Inc., Toll Brothers Inc., Trex Company Inc., Weyerhaeuser Co., Whirlpool Corp., Worthington Enterprises Inc.

The rating(s) for Chewy Inc. is/are relative to the other companies in its/their coverage universe: Airbnb Inc., Alphabet Inc., Amazon.com Inc., Angi Inc., AppLovin Corp., Bending Spoons S.p.A., Booking Holdings Inc., Bumble Inc., Chewy Inc., Clear Secure Inc., Coursera Inc., DoorDash Inc., DraftKings Inc., Duolingo Inc., Ethos Technologies Inc., Etsy Inc., Expedia Group, Fiverr International Ltd., Frontdoor Inc., Genius Sports Ltd., GoodRx Holdings Inc., Grindr Inc., Groupon Inc., Ibotta Inc., Instacart, Liftoff Mobile Inc., Lyft Inc., Match Group, MediaAlpha Inc., Meta Platforms Inc., Netflix Inc., Neutron Holdings Inc., Nextdoor Holdings, Opera Ltd., Pattern Group Inc., Peloton Interactive Inc., People Inc., Pinterest Inc., Playtika, Reddit Inc., Roblox, Snap Inc., Space Exploration Technologies Corp., Sportradar Group, Spotify Technology S.A., StubHub Holdings, Take-Two Interactive Software Inc., Tripadvisor Inc., Uber Technologies Inc., Unity Software Inc., Upwork Inc., Wayfair Inc., Webtoon Entertainment Inc., Xometry Inc., Yelp Inc., ZipRecruiter Inc.

The rating(s) for BJ's Wholesale Club Holdings, Bob's Discount Furniture Inc., Boyd Group, Dick's Sporting Goods, Home Depot Inc., Petco Health and Wellness Co., Valvoline Inc., Walmart Inc. and Williams-Sonoma Inc. is/are relative to the other companies in its/their coverage universe: Academy Sports & Outdoors Inc., Advance Auto Parts Inc., AutoZone Inc., BJ's Wholesale Club Holdings, Bath & Body Works Inc., Best Buy Co., Bob's Discount Furniture Inc., Boyd Group, Costco Wholesale, Dick's Sporting Goods, Dollar General Corp., Dollar Tree Stores Inc., Driven Brands Holdings, Five Below Inc., Floor & Decor Holdings, Genuine Parts Co., Home Depot Inc., Lithia Motors Inc., Lowe's Cos., National Vision Holdings, O'Reilly Automotive Inc., Ollie's Bargain Outlet Inc., Petco Health and Wellness Co., RH, Target Corp., Tractor Supply Co., Ulta Beauty Inc., Valvoline Inc., Walmart Inc., Williams-Sonoma Inc.

The rating(s) for Aramark Holdings, Penn Entertainment Inc and Travel + Leisure Co. is/are relative to the other companies in its/their coverage universe: Aramark Holdings, Avis Budget Group, Boyd Gaming Corp., Carnival Corp., Choice Hotels International Inc., Hertz Global Holdings, Hilton Grand Vacations Inc., Hilton Worldwide Holdings, Hyatt Hotels Corp., Las Vegas Sands Corp., MGM Resorts International, Marriott International, Marriott Vacations Worldwide, Norwegian Cruise Line Holdings, Penn Entertainment Inc, Red Rock Resorts Inc., Royal Caribbean Group, Six Flags, Travel + Leisure Co., United Parks & Resorts Inc., Vail Resorts, Viking Holdings, Wyndham Hotels & Resorts, Wynn Resorts Ltd.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	34%	16%	65%	59%	43%

As of July 1, 2026, Goldman Sachs Global Investment Research had investment ratings on 3,104 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Target price history table(s)

TJX Cos. (TJX)

Date of report	Target price ($)	Closing price ($)
19-Aug-26	178.00	144.50
22-May-26	194.00	158.27
26-Feb-26	187.00	158.69
10-Feb-26	186.00	153.29
19-Nov-25	170.00	145.81
11-Nov-25	163.00	146.16
20-Aug-25	159.00	138.27
21-Jul-25	148.00	124.94
22-May-25	149.00	129.58
22-Apr-25	141.00	125.71
27-Feb-25	142.00	123.49
10-Dec-24	140.00	127.20
21-Nov-24	137.00	119.77
21-Oct-24	133.00	115.66
22-Aug-24	134.00	119.00
06-Aug-24	125.00	109.41
23-May-24	112.00	100.16
25-Apr-24	110.00	96.42
29-Feb-24	100.00	99.14
16-Nov-23	98.00	88.37

Petco Health and Wellness Co. (WOOF)

Date of report	Target price ($)	Closing price ($)
03-Sep-26	4.30	2.52
04-Jun-26	4.14	2.87
30-Mar-26	3.83	2.68
13-Mar-26	3.95	3.62
01-Dec-25	4.53	3.04
29-Aug-25	5.14	3.99
09-Jun-25	4.67	2.64
27-Mar-25	4.48	3.21
11-Sep-24	4.00	4.08
29-Nov-23	5.00	2.73

Dick's Sporting Goods (DKS)

Date of report	Target price ($)	Closing price ($)
26-Aug-26	170.00	129.66
15-Jun-26	271.00	220.04
28-May-26	277.00	226.31
29-Apr-26	272.00	220.00
13-Mar-26	257.00	192.16
11-Dec-25	285.00	216.69
26-Nov-25	284.00	207.41
23-Sep-25	274.00	228.70
21-Apr-25	239.00	176.39
11-Mar-25	242.00	198.97
26-Nov-24	280.00	212.22
23-Sep-24	268.00	215.28
05-Sep-24	261.00	214.83
29-Jul-24	251.00	207.78
29-May-24	260.00	226.03
18-Apr-24	242.00	195.22
15-Mar-24	247.00	211.48
22-Nov-23	157.00	121.79
06-Oct-23	146.00	103.49

Signet Jewelers Ltd. (SIG)

Date of report	Target price ($)	Closing price ($)
10-Sep-26	109.00	97.71
11-Dec-25	96.00	91.39

Chewy Inc. (CHWY)

Date of report	Target price ($)	Closing price ($)
10-Sep-26	30.00	21.08
11-Jun-26	34.00	18.77
25-Mar-26	46.00	26.57
11-Dec-25	52.00	34.17
11-Sep-25	44.00	36.02
12-Jun-25	48.00	41.21
26-Mar-25	45.00	33.25
04-Dec-24	40.00	33.47
30-May-24	35.00	21.54
21-Mar-24	32.00	15.92
10-Jan-24	36.00	19.94
07-Dec-23	40.00	19.23
12-Oct-23	45.00	17.36

Travel + Leisure Co. (TNL)

Date of report	Target price ($)	Closing price ($)
23-Jul-26	87.00	73.45
01-Jun-26	85.00	68.78
23-Apr-26	73.00	65.14
18-Feb-26	81.00	75.39
23-Oct-25	71.00	65.14
14-Oct-25	62.00	60.75
23-Jul-25	61.00	61.87
23-Apr-25	45.00	43.05
14-Apr-25	44.00	41.44
20-Feb-25	62.00	57.12
10-Dec-24	59.00	53.81
24-Oct-24	49.00	47.62
18-Sep-24	44.00	42.67

Aramark Holdings (ARMK)

Date of report	Target price ($)	Closing price ($)
11-Aug-26	70.00	60.47
03-Aug-26	66.00	56.74
13-May-26	51.00	50.75
11-Feb-26	45.00	42.19
10-Oct-25	42.00	39.33
06-May-25	43.00	37.64
04-Feb-25	42.00	37.66
10-Dec-24	45.00	40.14
12-Nov-24	43.00	38.02
15-Oct-24	41.00	39.01
06-Aug-24	38.00	33.22
07-Feb-24	35.00	28.88
17-Jan-24	33.00	28.85

Boyd Group (BGSI)

Date of report	Target price ($)	Closing price ($)
12-Aug-26	137.00	105.06
13-May-26	150.00	98.12
02-Apr-26	165.00	123.64
18-Mar-26	172.00	140.27
13-Jan-26	184.00	158.68
08-Dec-25	176.00	168.92

Bob's Discount Furniture Inc. (BOBS)

Date of report	Target price ($)	Closing price ($)
06-Aug-26	22.00	18.06
18-Mar-26	23.00	14.62
02-Mar-26	25.00	21.08

Williams-Sonoma Inc. (WSM)

Date of report	Target price ($)	Closing price ($)
27-Aug-26	279.00	238.40
10-Aug-26	261.00	250.82
21-May-26	230.00	191.94
13-Apr-26	218.00	193.52

Bob's Discount Furniture Inc. (BOBS)

Date of report	Target price ($)	Closing price ($)

Williams-Sonoma Inc. (WSM)

Date of report	Target price ($)	Closing price ($)
19-Mar-26	185.00	182.58
19-Nov-25	194.00	174.62
28-Aug-25	203.00	188.06
01-Jul-25	179.00	169.19
23-May-25	166.00	157.85
02-May-25	174.00	160.56
20-Mar-25	201.00	164.99
30-Jan-25	224.00	217.54
21-Nov-24	170.00	172.49
23-Sep-24	145.00	153.43
23-Aug-24	141.00	139.51
23-May-24	287.00	142.28
14-Mar-24	263.00	142.83
01-Feb-24	154.00	98.49
17-Nov-23	144.00	89.43

Valvoline Inc. (VVV)

Date of report	Target price ($)	Closing price ($)
07-May-26	45.00	35.87
04-Feb-26	43.00	35.60
20-Nov-25	41.00	30.19
06-Aug-25	47.00	37.91
03-Jun-25	45.00	36.65
08-May-25	40.00	33.90
06-Feb-25	41.00	39.58
19-Nov-24	40.00	38.65
08-May-24	42.00	42.19
06-Feb-24	39.00	37.06

PVH Corp. (PVH)

Date of report	Target price ($)	Closing price ($)
04-Sep-26	88.00	74.33
05-Jun-26	87.00	77.80
02-Apr-26	93.00	77.11
29-Jan-26	83.00	62.16
04-Dec-25	90.00	77.16
03-Oct-25	93.00	83.52
27-Aug-25	91.00	81.73
06-Jun-25	81.00	65.40
22-Apr-25	92.00	71.66
02-Apr-25	99.00	77.83
04-Mar-25	109.00	70.09
06-Dec-24	128.00	107.18
28-Aug-24	124.00	97.75
06-Jun-24	144.00	121.31
12-Dec-23	126.00	111.27
30-Nov-23	99.00	97.78

BJ's Wholesale Club Holdings (BJ)

Date of report	Target price ($)	Closing price ($)
21-Aug-26	104.00	96.42
01-Jun-26	101.00	88.04
22-May-26	108.00	86.64
05-Mar-26	119.00	98.47
02-Feb-26	123.00	92.30
22-Nov-25	139.00	91.61
27-Oct-25	134.00	93.65
22-May-25	130.00	115.97
16-Apr-25	124.00	115.83
07-Mar-25	121.00	115.50
21-Nov-24	102.00	92.79
23-Aug-24	93.00	82.77
23-May-24	95.00	83.20
08-Apr-24	87.00	76.53
08-Mar-24	81.00	75.48
17-Nov-23	72.00	64.35
17-Oct-23	73.00	69.51

Walmart Inc. (WMT)

Date of report	Target price ($)	Closing price ($)
08-Sep-26	132.00	106.05
21-Aug-26	130.00	103.70
20-Jul-26	141.00	112.20
21-May-26	154.00	121.34
20-Feb-26	138.00	122.99
21-Nov-25	121.00	105.32
21-Aug-25	114.00	97.96
16-May-25	101.00	98.24
16-Apr-25	99.00	91.19
21-Feb-25	106.00	94.78
29-Jan-25	101.00	97.50
19-Nov-24	93.00	86.60
15-Aug-24	81.00	73.18
17-May-24	73.00	64.65
20-Feb-24	193.00	58.62
16-Nov-23	180.00	52.01

Boyd Group (BYD.TO)

Date of report	Target price (C$)	Closing price (C$)
12-Aug-26	191.00	146.37

Penn Entertainment Inc (PENN)

Date of report	Target price ($)	Closing price ($)
26-Jun-26	26.00	21.88

Boyd Group (BYD.TO)

Date of report	Target price (C$)	Closing price (C$)
13-May-26	205.00	134.54
02-Apr-26	229.00	171.60
18-Mar-26	235.00	192.84
13-Jan-26	255.00	219.98
08-Dec-25	245.00	233.14
12-Nov-25	247.00	225.00
14-Oct-25	243.00	220.41
13-Aug-25	239.00	213.97
03-Jun-25	231.00	201.15
14-May-25	197.00	215.00
20-Mar-25	213.00	211.92
05-Nov-24	208.00	218.30
08-Aug-24	220.00	226.01
08-Jul-24	233.00	252.15
15-May-24	235.00	238.41
20-Mar-24	269.00	288.03
10-Nov-23	238.00	243.90
19-Oct-23	225.00	232.20

Penn Entertainment Inc (PENN)

Date of report	Target price ($)	Closing price ($)

Gap Inc. (GAP)

Date of report	Target price ($)	Closing price ($)
28-Aug-26	27.00	23.48
20-Aug-26	25.00	19.65
29-May-26	28.00	21.15
29-Jan-26	32.00	27.70
21-Nov-25	29.00	24.96
21-Jul-25	26.00	20.63
30-May-25	28.00	22.31
22-Apr-25	25.00	19.49
22-Nov-24	34.00	24.87
31-May-24	32.00	28.96
25-Apr-24	25.00	20.22
08-Mar-24	24.00	20.92
17-Nov-23	18.00	17.85

Canada Goose Holdings (GOOS.TO)

Date of report	Target price (C$)	Closing price (C$)
30-Jul-26	11.50	12.97
15-May-26	12.00	13.20
06-Feb-26	13.00	15.39
31-Jul-25	14.00	15.15
21-Jul-25	15.00	19.41
22-May-25	12.00	15.84
22-Apr-25	11.00	11.53
08-Nov-24	12.00	13.55
21-Oct-24	13.00	14.47
01-Aug-24	16.00	15.11
16-May-24	17.00	17.93
02-Nov-23	15.00	14.13

Yesway Inc. (YSWY)

Date of report	Target price ($)	Closing price ($)
18-May-26	28.00	25.28

Home Depot Inc. (HD)

Date of report	Target price ($)	Closing price ($)
18-Aug-26	377.00	337.49
19-May-26	390.00	302.44
24-Feb-26	409.00	384.48
10-Dec-25	413.00	351.13
19-Nov-25	406.00	334.50
19-Aug-25	444.00	407.20
20-May-25	400.00	377.05
09-May-25	394.00	362.71
25-Feb-25	421.00	393.29
13-Nov-24	410.00	410.19
04-Nov-24	384.00	395.57
14-Aug-24	385.00	355.66
14-May-24	396.00	340.50
28-Mar-24	388.00	383.60
20-Feb-24	373.00	362.57
13-Feb-24	393.00	357.59
14-Nov-23	347.00	303.63

Trex Company Inc. (TREX)

Date of report	Target price ($)	Closing price ($)
05-Aug-26	61.00	49.57

Canada Goose Holdings (GOOS)

Date of report	Target price ($)	Closing price ($)
30-Jul-26	8.25	9.26

Trex Company Inc. (TREX)

Date of report	Target price ($)	Closing price ($)
14-Jul-26	59.00	44.17
10-Jul-26	56.00	47.16
07-May-26	49.00	39.19
10-Apr-26	47.00	39.05
25-Feb-26	54.00	41.70
13-Jan-26	51.00	42.20
16-Dec-25	54.00	34.94
05-Nov-25	63.00	32.43
13-Oct-25	73.00	51.37
05-Aug-25	83.00	65.76
15-Jul-25	78.00	60.88
09-May-25	76.00	57.76
14-Apr-25	73.00	55.28
25-Feb-25	85.00	62.40
29-Oct-24	86.00	70.63
07-Aug-24	84.00	60.07
10-Jul-24	93.00	74.78
10-May-24	114.00	87.38
05-Apr-24	109.00	96.33
27-Feb-24	108.00	93.17
10-Jan-24	89.00	81.34
14-Dec-23	84.00	80.14
03-Oct-23	78.00	58.72

Canada Goose Holdings (GOOS)

Date of report	Target price ($)	Closing price ($)
15-May-26	8.50	9.57
06-Feb-26	9.00	11.24
31-Jul-25	10.00	10.95
21-Jul-25	11.00	14.16
22-May-25	9.00	11.41
10-Dec-24	8.00	10.00
21-Oct-24	9.00	10.45
01-Aug-24	11.50	10.90
16-May-24	12.50	13.19
02-Nov-23	11.00	10.27

Price targets shown in table(s) are unadjusted for corporate actions.

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