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Global Equity Research
Industry Note

CONSUMER PACKAGED GOODS RESEARCH

September 12, 2017

Adjusting Several Models & Price Targets, Reiterate Overweight on Newell Brands

KEY TAKEAWAYS

Newell: Storm impacts near-term EPS but long-term thesis unchanged. Stock has pulled back 10% on a 3% change in EPS guidance (midpoint $3.00 vs $3.10, 7c due to Hurricane Harvey/resin, 3c higher 2H reinvestment spend). Critics suggest story is less clean & more delayed than prior. However, thesis hasn't changed and pull-back vs group overdone (resin is a key input for group, which is flat to up since the disclosure). Others may offset impact with lesser spend but Newell remains confident in 2H innovation plans and has committed to spending more. We've reduced estimates (F17 now $3.01 vs $3.14 prior) & target now $55 vs $58. We remain overweight, as we believe market underestimates potential acceleration in JAH organic; re-investment works & we think customization does too; plus, addressing channel shift to e-commerce is likely > $1bn by 2020. Updated model inside.

Kimberly: Weak data & potential resin impact cause us to reduce ests/target. We've been cautious on KMB (see here), given pressure on Personal Care - its biggest, highest margin biz. Average organic the 18 Qs prior to 2H16 slowdown was 6.1% (vs 2.3% for Consumer Tissue & 3.1% KC-P.) Weakness likely to continue, as category slowed (at least partially due to birth rates) & competition increased (at least partially due to PG). After speaking at a competitor conference Sept 6th, management acknowledged sales have been soft through mid-August. Like NWL, we suspect KMB will have some Harvey impact too. As a result, we reduced F17 EPS estimate modestly & target is now $128 vs $132. We remain Equalweight. Updated model inside.

Brown Forman: Rye launch underestimated but valuation keeps us sidelined. JD started to promote Tennessee Rye on its website & with a tweet last Thursday. Launch could be underestimated, as additional aging should improve quality & blending of barrels improve consistency vs an already strong-performing Single-Barrel and JD name should allow it to both accelerate category growth and capture share from lesser brands. F18's strong brand reinvestment (funded by cost cuts) should help too. For example, new creative for Gentleman Jack (positioning it as a fancied-up, but just-as-authentic product as "Old No. 7") doubled its growth rate in short order. We'd expect similar support for Rye. We're Equalweight, but solely due to valuation. Target increased to $57 vs $54 prior on back of strong numbers (reported 8/30) and increased forward estimates. Updated model inside.

Coty: Just as organic seems set to inflect, costs likely to continue higher. Organic while weak, was in line with our expectations for Jun-Q but costs much higher as (1) higher spend than expected required to reinvigorate brands and execute at retail and (2) impact of anticipated TSA exits was meaningfully more impactful than anticipated & these additional costs are unlikely to be addressed until 2H18. We also now have less conviction on a near-term inflection in Consumer Beauty. With no clear guidance and little visibility, valuation is not attractive enough & we remain Equalweight. Target decreased to $17 vs $19 prior on back of very weak numbers (reported 8/22) & lowered forward estimates. Updated model inside.

Refer to page 25 for important disclosures and Analyst Certification. RenMac and its affiliated companies do not seek to do business with the companies covered in this report. RenMac does not make a market in the security. The analyst does not own shares in the security.

Ratings

Industry View:	Neutral

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Industry & Company Tearsheets

Industry Comp Table

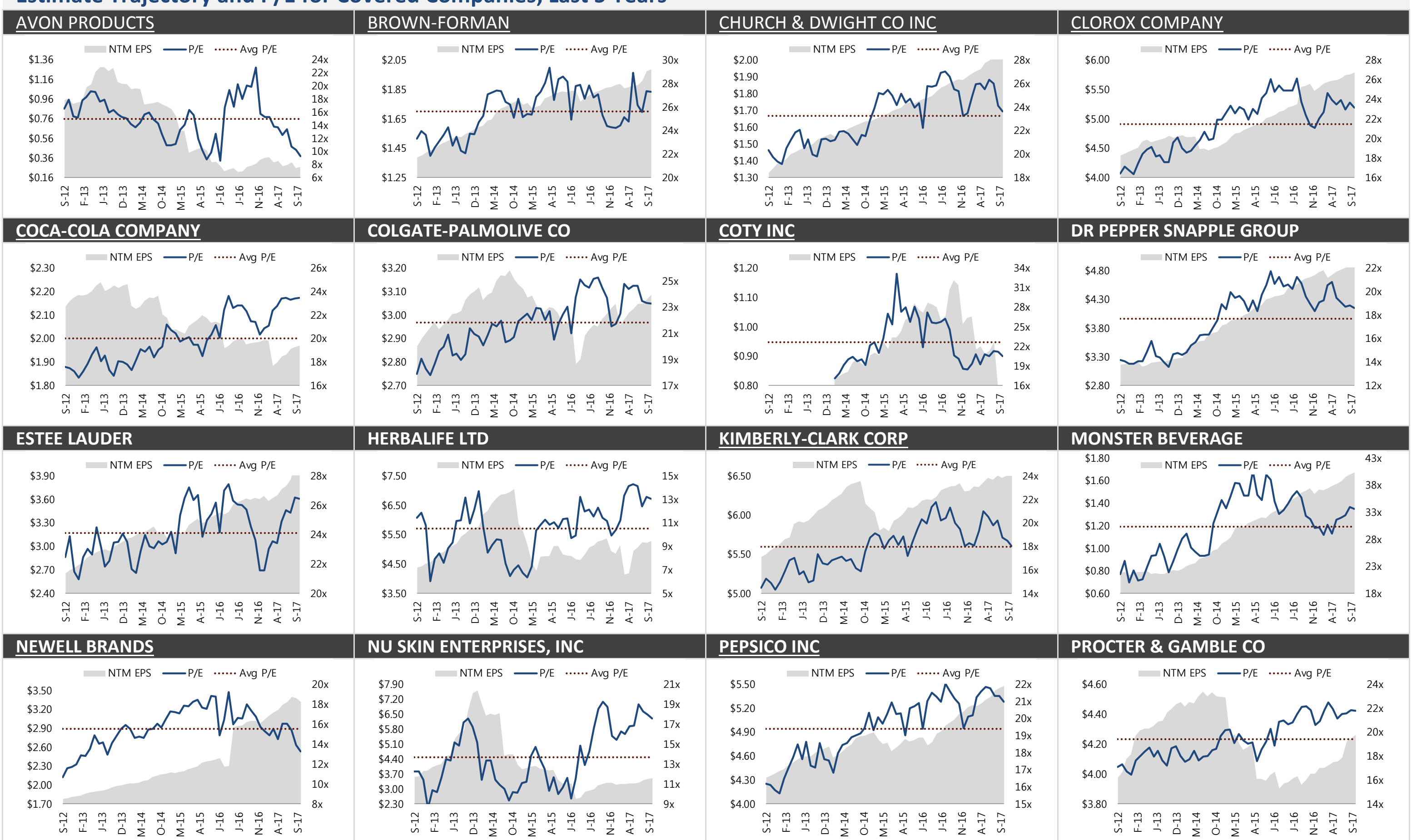
							Performance		EPS Momentum		NTM Multiples			Other					
							YTD	LTM			P/E			DEBT	Yields		Sentiment		
Full Name	TKR	Market Cap (USD m's)	Rating	Current Price	Target	Return	YTD Δ	LTM Return	EPS 6mo Δ	Exp EPS Gr	Current P/E	PE / Growth	P/E v Avg	ND/EBITDA	FCF Yld	Div Yld	% Buy	% Sell	14D RSI
Packaged Goods (646																			
Direct Sales							**9%**	**-12%**	**-10%**	**89%**	**14x**	**0.2x**	**-11%**	**1.2x**	**8%**	**2%**	**34%**	**10%**	**62**
Household Products & Personal Care							**12%**	**1%**	**-3%**	**89%**	**22x**	**0.3x**	**14%**	**1.8x**	**4%**	**2%**	**34%**	**6%**	**42**
Beverages							**16%**	**12%**	**1%**	**89%**	**26x**	**0.3x**	**22%**	**2.0x**	**4%**	**2%**	**42%**	**6%**	**65**
Avon Products	AVP	$1,122	OW	$2.55	$4	57%	-49%	-55%	-45%	89%	10x	0.1x	-52%	2.4x	15%		20%	0%	41
Brown Forman	BFB	$21,450	EW	$54.65	$57	4%	23%	19%	1%	89%	28x	0.3x	27%	1.7x	4%	1%	6%	24%	78
Church & Dwight	CHD	$12,381	UW	$49.62	$48	-3%	14%	6%	2%	89%	25x	0.3x	18%	1.3x	5%	2%	14%	24%	40
Clorox	CLX	$17,428	EW	$135.03	$139	3%	15%	12%	-1%	89%	24x	0.3x	23%	1.3x	4%	2%	12%	6%	32
Coca-Cola	KO	$198,422	EW	$46.52	$47	1%	14%	11%	2%	89%	24x	0.3x	23%	1.9x	3%	3%	38%	4%	73
Colgate-Palmolive	CL	$63,438	EW	$72.02	$75	4%	12%	1%	-1%	89%	24x	0.3x	17%	1.1x	4%	2%	14%	0%	55
Coty	COTY	$12,518	EW	$16.72	$17	2%	-7%	-30%	-27%	89%	24x	0.3x	6%	4.4x	3%	3%	31%	13%	22
Dr Pepper Snapple	DPS	$16,739	OW	$92.11	$106	15%	3%	3%	1%	89%	20x	0.2x	21%	2.6x	5%	3%	30%	5%	56
Estee Lauder	EL	$40,012	OW	$108.74	$121	11%	44%	24%	7%	89%	27x	0.3x	17%	0.7x	3%	1%	83%	0%	64
Herbalife	HLF	$6,484	EW	$69.01	$75	9%	43%	12%	13%	89%	14x	0.2x	6%	0.9x	3%		40%	0%	60
Kimberly Clark	KMB	$42,255	EW	$119.60	$128	7%	7%	0%	-1%	89%	19x	0.2x	19%	1.7x	5%	3%	7%	0%	36
Monster Beverage	MNST	$32,192	OW	$56.66	$60	6%	28%	15%	0%	89%	36x	0.4x	24%		3%		76%	0%	82
Newell Brands	NWL	$21,574	OW	$44.02	$55	25%	0%	-11%	-1%	89%	14x	0.2x	-5%	3.4x	4%	2%	76%	0%	22
Nu Skin Enterprises	NUS	$3,297	EW	$62.27	$59	-5%	33%	8%	3%	89%	18x	0.2x	12%	0.2x	5%	2%	43%	29%	86
Pepsico	PEP	$164,917	OW	$115.69	$127	10%	13%	12%	1%	89%	22x	0.2x	13%	1.6x	4%	3%	59%	0%	34
Procter & Gamble	PG	$239,676	OW	$93.99	$105	12%	14%	10%	1%	89%	23x	0.3x	18%	0.9x	4%	3%	38%	10%	65
GROUP		**$893,905**				**10%**	**13%**	**2%**	**-3%**	**89%**	**22x**	**0.2x**	**12%**	**1.7x**	**5%**	**2%**	**37%**	**7%**	**53**
S&P 500	**.SPX**			**$2,488**			**0%**				**18x**		**17%**	**2.0x**	**4%**	**2%**			

Upside to Target		
1	AVP	57%
2	NWL	25%
3	DPS	15%
4	PG	12%
5	EL	11%
6	PEP	10%
7	HLF	9%
8	KMB	7%
9	MNST	6%
10	BFB	4%
11	CL	4%
12	CLX	3%
13	COTY	2%
14	KO	1%
15	CHD	-3%
16	NUS	-5%

Source: Thomson Reuters, RenMac Estimates

** all prices as of 9/12/17*

Estimate Trajectory and P/E for Covered Companies, Last 5 Years



Source: Thomson Reuters, RenMac estimates.

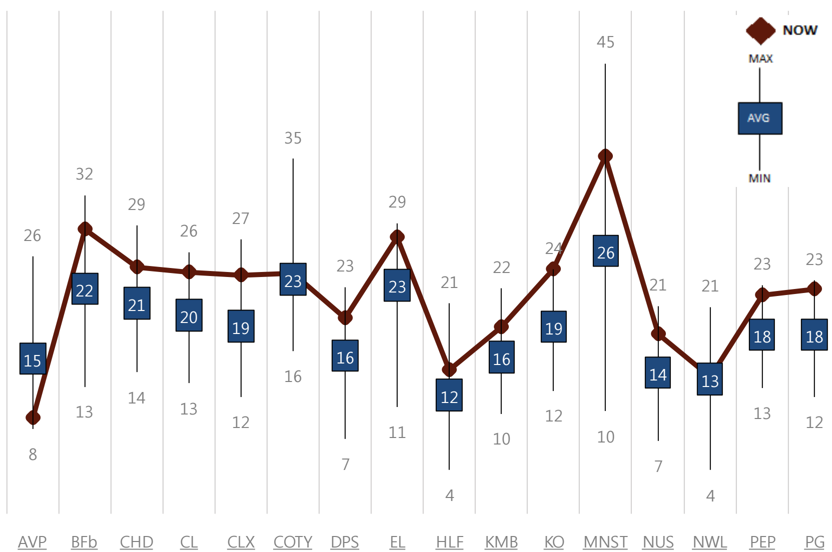
VALUATION: We Remain Equalweight the Group

	5D Δ		MTD Δ		QTD Δ		YTD Δ		LTM Δ
BFb	3%	BFb	3%	EL	14%	EL	44%	EL	26%
NUS	2%	NUS	2%	MNST.O	13%	HLF	43%	BFb	21%
EL	2%	EL	2%	BFb	12%	NUS	32%	MNST.O	15%
KO	2%	KO	2%	PG	7%	MNST.O	27%	PEP	14%
MNST.O	1%	MNST.O	1%	KO	3%	BFb	22%	KO	13%
AVP	1%	AVP	1%	CLX	1%	CLX	14%	HLF	13%
PG	1%	PG	1%	DPS	0%	KO	14%	CLX	12%
DPS	1%	DPS	1%	PEP	0%	PG	13%	PG	11%
CL	0%	CL	0%	NUS	-1%	CHD	12%	NUS	9%
HLF	0%	HLF	0%	CL	-3%	PEP	12%	CHD	5%
PEP	-1%	PEP	-1%	HLF	-3%	CL	12%	DPS	4%
COTY.K	-1%	COTY.K	-1%	CHD	-5%	KMB	6%	CL	4%
CHD	-2%	CHD	-2%	KMB	-8%	DPS	2%	KMB	-1%
CLX	-3%	CLX	-3%	COTY.K	-12%	NWL	0%	NWL	-11%
KMB	-3%	KMB	-3%	NWL	-17%	COTY.K	-8%	COTY.K	-30%
NWL	-9%	NWL	-9%	AVP	-34%	AVP	-50%	AVP	-54%
AVG	-0.5%		-0.5%		-1.9%		12.2%		3.1%
.SPX	-0.6%	.SPX	-0.4%	.SPX	-0.4%	.SPX	9.9%	.SPX	15.7%

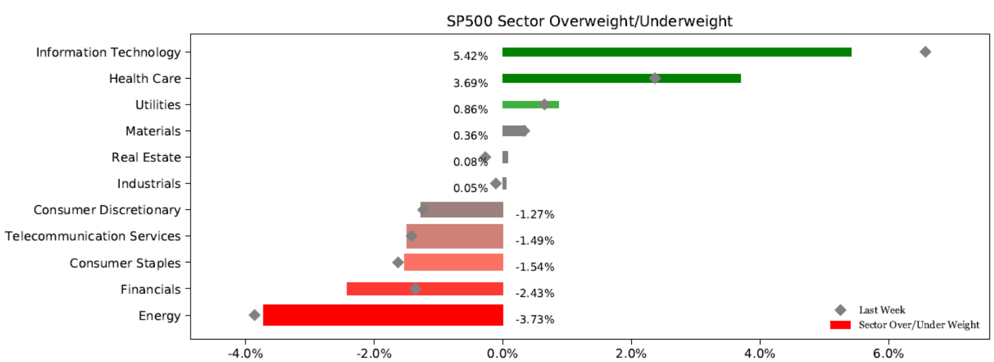
- CPG has modestly outperformed the S&P year-to-date.
- M&A hopes have helped momentum, returning group to prior near-term peaks.

Valuations Are Again Above Long-Term Averages

- Average NTM P/E for our coverage is now 24x (ex-Direct Sales) versus a near-term trough of 20x in early December. This is back to the prior near-term peak of 24x in August (where the group broke).
- Multiples for many within our coverage group are again meaningfully above LT Average. With further multiple expansion unlikely, group must rely on estimate increases or deals actually getting done.
- Improvement in Emerging Markets, currency, or policy (corporate tax, repatriation) could provide upside longer-term.



Market Remains Underweight the Sector – We Would Be Equalweight Given Downside Support from M&A



- Market remains **underweight** in Staples, as it has been all year.
- We see pockets of value within CPG, but we're **EQUALWEIGHT** the group overall. Growth gap relative to the market is likely to increase and a *fundamental* catalyst is hard to see.
- Most meaningful upside risk for the group is resumption of **M&A activity**. We view this as unlikely.

Source: Thomson Reuters, RenMac Technical team estimates.

AVON PRODUCTS (AVP, OW, $4PT)

AVON the company for women
Avon Color #1 · Avon Renew #2 · Avon Naturals #3 · Avon Care #4

Emerging Market Route to Market unmatched, brand means something, and biz can be reinvigorated. Comps ease in Dec-Q & we should get new CEO in March, but patience on results likely still required.

BROWN-FORMAN (BF/B, EW, $57PT)

Jack Daniel's 49% of sales · el Jimador 24% of sales · Finlandia 13% of sales · Canadian Mist 6% of sales · Early Times 3% of sales · Herradura 1% of sales · Woodford Reserve 1% of sales · Pepe Lopez 1% of sales · Old Forester <1% of sales

We see unexploited EM & margin potential; a Whiskey tailwind, & benefit from portfolio optimization and stepped-up innovation. We're Equal Weight, but solely on valuation - - we think estimate bias is upwards.

CHURCH & DWIGHT CO INC (CHD, UW, $48PT)

Arm & Hammer 40% of sales · Xtra 13% of sales · OxiClean 8% of sales · Nair 5% of sales · Spinbrush 5% of sales · vitafusion 5% of sales · L'il Critters 3% of sales · batiste 2% of sales · Arrid Extra Dry 2% of sales

Share donors no longer generous & US growth tougher. Int'l biz (incl. Export) is strong but low visibility & high volatility. Int'l success could draw a suitor but tough to see who, given big premium to group.

CLOROX COMPANY (CLX, EW, $139PT)

Clorox 46% of sales · Hidden Valley 15% of sales · Fresh Step 10% of sales · Pine-Sol 6% of sales · Burt's Bees 5% of sales · poett 5% of sales · Scoop Away 4% of sales · Liquid-Plumr 3% of sales · Tilex 2% of sales · Masterpiece 1% of sales · green works 1% of sales · Ever Clean 1% of sales

Innovation driving better-than-expected organic; TV ads & adjacencies help Burt's cycle tough comps; Renew Life deal better than modeled; & larger deal now likely but post re-rating, this seems baked in.

COCA-COLA COMPANY (KO, EW, $47PT)

Coca-Cola 38% of sales · Sprite 8% of sales · Diet Coke 7% of sales · Fanta 7% of sales · Coca-Cola zero 4% of sales · Minute Maid 4% of sales · Powerade 2% of sales · Aquarius 2% of sales · Dasani 1% of sales · Valle 1% of sales · vitaminwater 1% of sales · Simply Orange 1% of sales

Could expand re-franchising, extend cost-saves, & utilize Monster as brand incubator (all more likely given recent CEO change). Longer-term, it could get taken out or see an activist, but better opportunities exist.

COLGATE-PALMOLIVE CO (CL, EW, $75PT)

Colgate 33% of sales · Hill's 17% of sales · Palmolive 10% of sales · Ajax 5% of sales · Darlie 3% of sales · Protex 3% of sales · Sanex 2% of sales · Suavitel 2% of sales · Softsoap 2% of sales

Slower growth of last 3 Qs being addressed with reinvestment (mktg, innovation, e-com). This is funded by productivity but a new restructuring may be needed to turn biz. Meanwhile M&A hopes limit downside.

COTY INC (COTY, EW, $17PT)

Historic: Rimmel 8% of sales · Calvin Klein 6% of sales · adidas 5% of sales · Sally Hansen 4% of sales · philosophy 2% of sales · Marc Jacobs 1% of sales
New from P&G: CoverGirl 10% of sales · Max Factor 9% of sales · Wella 8% of sales · Clairol 5% of sales · Hugo Boss 3% of sales · Vidal Sassoon 3% of sales · Gucci 1% of sales
Hypermarcas: Risqué 2% of sales · monange 1% of sales

Organic pressures should lift; margins improve as Coty leverages pre-close PG spend; & brands have more potential than market thinks. However, near-term results likely still weak in this show-me story.

DR PEPPER SNAPPLE GROUP (DPS, OW, $106PT)

Dr Pepper 39% of sales · Snapple 15% · Canada Dry 9% · 7Up 7% · Schweppes 6% · Squirt 5% · Crush 5% · bai 5% · A&W 4% · Mott's 2% · RC 2% · Nantucket Nectars 2% · Hawaiian Punch 1%
Allied Brands: Fiji Water · Big Red · Vita Coco · AriZona · BodyArmor · neuro · Fruitō · High Brew · core · BodyArmor SuperDrink

Discount unjustified given strong category exposure (CSDs are largely flavored & Ales which are outperforming Colas), cost cutting culture, & ability of Allied Brands to morph DPS into a growthier business.

ESTEE LAUDER (EL, OW, $114PT)

Clinique 33% of sales · Estée Lauder 31% of sales · MAC 16% of sales · Bobbi Brown 4% of sales · Aveda 3% of sales · Origins 3% of sales · smashbox 2% of sales · Crème de la Mer 2% of sales · GlamGlow · Rodin olio lusso · Le Labo · Editions de Parfums Frederic Malle · Dr.Jart+ · Kilian · Becca · Too Faced

Clinique & Lauder improvement will boost organic; MAC is healthier than market thinks; M&A helps growth & competencies; channel diversification is accelerating; & productivity offsets higher cost of growth.

HERBALIFE LTD (HLF, EW, $75PT)

HERBALIFE
Weight Management: 64% (Formula 1: 30%) · Targeted Nutrition: 23% · Energy, Sports & Fitness: 5% · Other: 3%

Cadence of share repurchase should accelerate meaningfully the next few months & Consent Order implementation seems to be on-track. However, lack of visibility on near-term volume trends keeps us sidelined.

KIMBERLY-CLARK CORP (KMB, EW, $128PT)

Huggies 35% of sales · Kleenex 18% of sales · Scott 11% of sales · Kotex 9% of sales · Kleen Bebé 5% of sales · Depend 3% of sales · Turma da Mônica 3% of sales · Andrex 2% of sales · Poise 2% of sales · Pétalo 2% of sales · Viva 1% of sales · GoodNites 1% of sales

Organic may remain weak, as Personal Care category slows & competition increases in this large, high margin biz that's been KMB's key growth engine since '12. P/E discount could grow given woes/reduced M&A hope.

MONSTER BEVERAGE (MNST, OW, $60PT)

Monster 76% of sales · NOS 8% of sales · burn 7% of sales · Relentless 2% of sales · Full Throttle 2% of sales · Mother 2% of sales · nalu <1% of sales · <1% of sales · Mutant <1% of sales

US should improve as innovation launches & production issues resolve (+ easy comp); benefits of Coke Int'l distribution still ahead; & proving brand incubation ability could expand Coke relationship.

NEWELL BRANDS (NWL, OW, $55PT)

NWL: Rubbermaid · Graco · Paper Mate · Sharpie · Mr. Sketch · Expo · Prismacolor · bubba · contigo · baby jogger · Elmer's
JAH: FoodSaver · Seal-a-Meal · Oster · Mr. Coffee · Ball · Crock-Pot · aerobed · Coleman · Rawlings · The Waddington Group · Jostens · Yankee Candle

Market underestimates potential acceleration in JAH organic; re-investment works & we think customization does too; plus, addressing channel shift to e-commerce is likely worth > $1bn by 2020.

NU SKIN ENTERPRISES, INC. (NUS, EW, $59PT)

NU SKIN · ageLOC — 61% of Sales
PHARMANEX — 39% of sales

China story working again: LTOs have momentum & new investor Ping An may improve business capabilities. Regulatory inquiries also largely concluded, but stock likely prices it all in given premium to peers.

PEPSICO INC (PEP, OW, $127PT)

Pepsi 17% of sales · Lay's 11% of sales · Gatorade 9% of sales · Doritos 6% of sales · Mtn Dew 4% of sales · Tropicana 4% of sales · Cheetos 4% of sales · Diet Pepsi 3% of sales · Ruffles 3% of sales · Quaker 3% of sales · Mirinda 3% of sales · Tostitos 2% of sales · Aquafina 2% of sales · Pepsi Max 2% of sales · Fritos 1% of sales · Diet Mtn Dew 1% of sales

Pricing/organic can hold up vs tough comps; letting consumers dictate product/ packaging is improving brand equities; & productivity efforts will likely continue once current program comes to an end.

PROCTER & GAMBLE CO (PG, OW, $105PT)

Pampers 13% of sales · Tide 10% of sales · Gillette 10% of sales · Pantene 5% of sales · Oral-B 4% of sales · Olay 4% of sales · always 4% of sales · head & shoulders 3% of sales · Charmin 3% of sales · Bounty 3% of sales · Crest 2% of sales · Gain 2% of sales

Organic likely to continue inflecting; $10bn cost program is "new normal"; & activist could push for faster-than-guided delivery and/or additional divestitures and/or improved buybacks/dividends.

AVON PRODUCTS (AVP, OW, $4PT)

SUMMARY

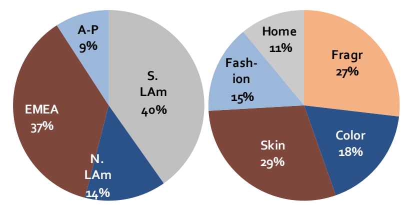
Updated 8/8/17

Brand Map

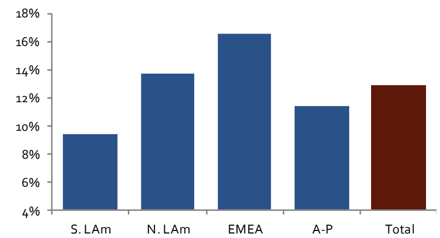
Thesis

Emerging Market Route to Market unmatched, brand means something, and biz can be reinvigorated. Comps ease in Dec-Q & we should get new CEO in March, but patience on results likely still required.

2017E Revenue Breakdown



2017E Operating Margin by Segment



Estimates

	ESTIMATES										
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Rev	$1,333	$1,396	$1,365	$1,574	$1,359	$1,458	$1,428	$1,582	$5,668	$5,827	$5,991
% organic	-1.0%	-4.0%	-3.0%	1.0%	3.0%	5.0%	5.0%	1.0%	-2.0%	3.0%	3.0%
Op. profit	$39	$70	$98	$119	$51	$82	$117	$141	$326	$391	$450
% sales	2.9%	5.0%	7.2%	7.6%	3.8%	5.7%	8.2%	8.9%	5.7%	6.7%	7.5%
E.P.S. (u/l)	-$0.07	-$0.07	$0.06	$0.09	$0.00	$0.05	$0.10	$0.13	$0.00	$0.28	$0.40
Growth											
Revenue	2.0%	-2.7%	-3.1%	0.4%	1.9%	4.4%	4.6%	0.6%	-0.9%	2.8%	2.8%
Op Profit	-29.1%	-32.9%	-1.1%	4.3%	32.2%	17.5%	19.5%	18.1%	-12.5%	20.1%	15.0%
Op Profit Ch	-128bp	-226bp	14bp	28bp	86bp	63bp	102bp	132bp	-76bp	96bp	80bp
EPS	10%	-198%	169%	1003%	-100%	-167%	61%	45%	-102%	nm	45%

	VARIANCE – RenMac vs Consensus										
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Rev	—	—	-2.6%	-3.4%	-0.9%	1.7%	-1.2%	-4.0%	-1.7%	-1.3%	-1.2%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op. profit	—	—	-15.1%	-19.6%	-1.1%	13.7%	-7.1%	-5.3%	-12.7%	-6.7%	-8.0%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	—	—	-14.1%	-30.8%	nm	-6.2%	-14.6%	-8.1%	nm	-5.0%	-10.5%

Bull Case

- CEO search now underway, as activist and investors have hoped
- Cerberus & Barrington board involvement → fresh eyes
- Removal of US removes big distraction, enables focus on EMs
- Cerberus' progress on US business suggests EMs *can* be fixed
- Brand better than market thinks; mission resonates with Millennials
- Spend on Representative-facing systems will improve sales experience
- Back office systems should improve planning and execution
- F/x should turn tailwind, after meaningful headwind the last few years

Bear Case

- Mgmt transition: Jamie Wilson CFO effective Jan 1; Miguel Fernandez will be Global Prez (Aug 14), Jonathan Meyers COO (Sept 1)
- Unusual / sub-optimal that these hires were made prior to the new CEO
- Show-me story, after string of execution issues
- Business changes could continue to disrupt Representatives
- Fixes to front- and back-end of the business may cost more than guided
- Diagnosis of issues & spend to correct it may be incomplete/inaccurate
- Competition has increased in EMs (Brazil mentioned most recently)
- Taxes are a meaningful drag, partially due to repatriation of cash to US

Catalysts

- Any increase in Cerberus' involvement in AVP
- Conversely, any decrease in Cerberus' investment in AVP
- Any Cerberus initiatives in N Am that improve the US Brand
- Additional divestitures of non-core brands or markets

Guidance

2017

- *Low end of* C$ +lsd; Adj Op Margin +100-140bp; FCF up modestly
- 2H active rep growth 0-1%
- Continued easing of F/x headwinds
- $230m cost saves (incl. '16 run rate -- $50m new)
- IT/supply chain investment $45m ($20m redux to protect cash flow)

LT targets:

- 1%-2% active sales rep growth; +MSD% sales growth;
- LDD operating margin; $350m cost takeout through 2018

Source: Company documents, RenMac estimates.

BROWN-FORMAN CORP (BF/B, EW, $57PT)

SUMMARY

Updated 9/12/17

Brand Map

49% of sales | 24% of sales | 13% of sales

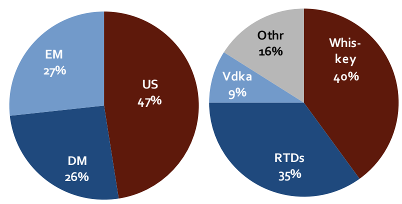
6% of sales | 3% of sales | 1% of sales

1% of sales | 1% of sales | <1% of sales

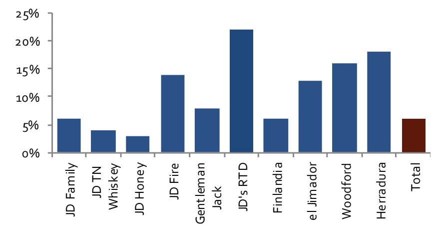
Thesis

We see unexploited EM & margin potential; a Whiskey tailwind, & benefit from portfolio optimization and stepped-up innovation. We're Equalweight, but solely on valuation -- we think estimates bias is upwards.

F18E Revenue Breakdown



Organic (most recent Q)



Estimates

	ESTIMATES										
$m	**1Q18 A**	**2Q18 E**	**3Q18 E**	**4Q18 E**	**1Q19 E**	**2Q19 E**	**3Q19 E**	**4Q19 E**	**FY18 E**	**FY19 E**	**FY20 E**
Net Revs	$723	$881	$857	$736	$753	$930	$905	$778	$3,198	$3,367	$3,546
% organic	6.0%	6.2%	6.1%	6.1%	4.2%	5.5%	5.6%	5.6%	6.0%	5.0%	5.0%
Op Profit	$244	$306	$299	$232	$258	$329	$327	$254	$1,080	$1,168	$1,267
% sales	33.7%	34.7%	34.9%	31.5%	34.3%	35.4%	36.1%	32.7%	33.8%	34.7%	35.7%
E.P.S. (u/l)	$0.46	$0.53	$0.52	$0.40	$0.46	$0.59	$0.59	$0.45	$1.91	$2.09	$2.31
Revenue	9.4%	6.2%	6.1%	6.1%	4.2%	5.5%	5.6%	5.6%	6.9%	5.3%	5.3%
Op Profit	14.6%	5.0%	9.5%	9.3%	5.9%	7.7%	9.3%	9.6%	9.2%	8.1%	8.4%
Margin Ch	152bp	-38bp	108bp	91bp	56bp	70bp	120bp	120bp	73bp	92bp	102bp
EPS	26.7%	6.1%	10.6%	7.3%	-0.2%	11.0%	12.7%	13.4%	12.0%	9.3%	10.4%

	VARIANCE RenMac vs Consensus										
$m	**1Q18 A**	**2Q18 E**	**3Q18 E**	**4Q18 E**	**1Q19 E**	**2Q19 E**	**3Q19 E**	**4Q19 E**	**FY18 E**	**FY19 E**	**FY20 E**
Net Revs	—	1.3%	-0.1%	0.2%	0.0%	1.6%	0.6%	0.6%	0.5%	0.8%	1.7%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	—	0.0%	0.0%	-0.2%	0.9%	0.3%	1.1%	-0.1%	0.2%	1.2%	3.2%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	—	-0.2%	0.0%	-0.4%	-0.9%	0.4%	2.0%	0.0%	0.3%	1.0%	4.2%

Bull Case

- Sweet spot-Liquor, Brown Spirits, Premium all outpace Alcohol
- Whiskey Renaissance is likely to continue
- Flavors can continue to drive sales/gain incremental consumer
- Meaningful Emerging Market whitespace remains
- Meaningful margin opportunity remains
- Portfolio optimization can speed growth, improve margins
- Portfolio adjustments make Brown a more attractive target

Bear Case

- Competition is increasing from small batch bourbon
- Category risk exists if/as Vodka (potentially) makes a comeback
- Organic growth has slowed recently
- Potential price pressure as Beam/Suntory goes after volume
- Pressure from macro/Fx
- Tennessee Fire could be less robust than Honey (flavor fatigue)
- Liquidity risk of a tightly controlled company

Catalysts

- Additional new flavors
- More aggressive Emerging Market push
- Cost cutting announcement
- Consumer preference changes
- Successful rollout of JD Tennessee Rye (and/or other innovation)

Current Guidance

- **FY18**: Underlying net sales growth of 4%-5% (excluding excise taxes); higher in 1H given comps; U/L GM down slightly; flattish SG&A; A&P flat to up (%of sales); op income growth of 6% to 8%; EPS between $1.85 and $1.95; tax 28%
- **Cost Saves:** $100m through 2020 – more meaningful impact in out years
- **Tennessee Rye:** launch this Fall (cleaner JD compares as no longer lapping Fire launch + this launch coming out)
- 10% move USD impacts annual results by 6c for F18

Source: Company documents, RenMac estimates.

CHURCH & DWIGHT CO INC (CHD, UW, $48PT)

SUMMARY

Updated 8/8/17

Brand Map

40% of sales | 13% of sales | 8% of sales

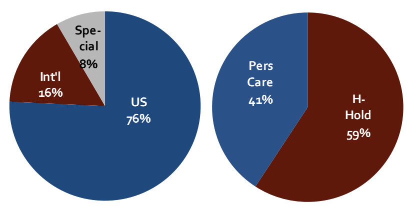
5% of sales | 5% of sales | 5% of sales

3% of sales | 2% of sales | 2% of sales

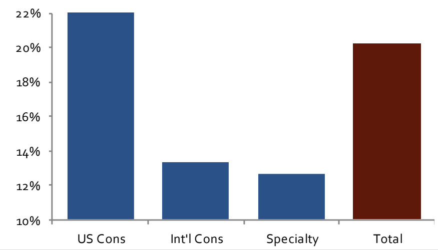
Thesis

Share donors no longer generous & US growth tougher. Int'l biz (incl. Export) is strong but low visibility & high volatility. Int'l success could draw a suitor but tough to see who, given big premium to group.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

ESTIMATES

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Rev	$877	$898	$934	$984	$967	$997	$993	$1,013	$3,692	$3,970	$4,111
organic	2.3%	1.8%	3.9%	3.3%	3.9%	4.6%	2.7%	3.0%	2.9%	3.5%	3.6%
Op profit	$200	$162	$197	$227	$221	$186	$230	$233	$785	$870	$907
% sales	22.8%	18.1%	21.1%	23.1%	22.9%	18.6%	23.2%	23.0%	21.3%	21.9%	22.1%
E.P.S. (u/l)	$0.52	$0.41	$0.48	$0.55	$0.54	$0.45	$0.57	$0.58	$1.95	$2.14	$2.27
Growth											
Revenue	3.3%	2.3%	7.2%	9.8%	10.3%	11.0%	6.3%	3.0%	5.7%	7.5%	3.6%
Op Profit	11.2%	-7.4%	0.3%	27.2%	10.9%	14.2%	17.2%	2.8%	7.7%	10.8%	4.2%
Margin Ch	161bp	-189bp	-145bp	315bp	13bp	53bp	214bp	-5bp	40bp	65bp	14bp
EPS	20.6%	-4.2%	1.9%	25.3%	5.2%	10.1%	18.0%	6.1%	10.8%	9.6%	6.1%

VARIANCE — RenMac vs Consensus

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Rev	—	—	0.3%	-1.6%	1.6%	1.9%	-0.2%	-1.1%	-0.8%	-0.5%	-0.3%
organic	—	—	—	—	—	—	—	—	—	—	—
Op profit	—	—	1.8%	1.7%	-2.1%	-1.1%	4.1%	-2.6%	0.5%	1.5%	-0.5%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	—	—	3.4%	2.0%	-0.2%	-1.3%	6.8%	1.6%	1.3%	1.6%	1.0%

Bull Case

- Strong brand equities with potential adjacencies
- Strong innovation credentials & potential upside to Waterpik guidance
- Megabrand strategy focuses spend behind umbrella brands
- International push suggests brands travel well overseas
- Strong M&A history / M&A firepower remains post Waterpik acquisition
- Takeout candidate (particularly by one wanting US exposure)

Bear Case

- Growth is being driven increasingly by International
- Industry promo levels have picked up, particularly in Personal Care
- International Export biz sacrifices visibility and control, adds volatility
- Tough to anniversary/replicate success of recent strong innovation
- Increased competition from PG & HEN3 (Laundry), CLX (Kitty Litter)
- Waterpik deal was needed to maintain growth algorithm
- Current extended valuation makes takeout less likely

Catalysts

- M&A–firepower to buy, small enough to get bought
- Progress on German subsidiary
- Any change in current International trajectory
- Any increase/decrease in competitive activity
- Any margin pressure from incremental investments behind promotion

Guidance

F17

- **Sales**: 3% organic
- **Profit**: mod inflation: GM +40bp; SG&A 12.8% mktg 12%, Capex $55m
- **EPS**: +8.5% (-1pt F/x); $1.92 (3c acct change)
- **Other**: $20m interest, 3c benefit acctg change, $650m CFO

F18: 9% EPS (7% core, 3% accretion, 1% drag from 1-time transaction costs

Waterpik: $265m rev, $80m EBITA, $10m syn by '19, +DD organic history

Source: Company documents, RenMac estimates.

CLOROX COMPANY (CLX, EW, $139PT)

SUMMARY

Updated 8/8/17

Brand Map

46% of sales

15% of sales

10% of sales

6% of sales

5% of sales

5% of sales

4% of sales

3% of sales

2% of sales

1% of sales

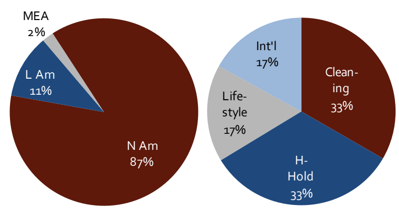
1% of sales

1% of sales

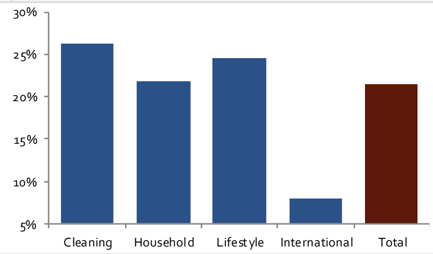
Thesis

Innovation driving better-than-expected organic; TV ads & adjacencies help Burt's cycle tough comps; Renew Life deal better than modeled; & larger deal now likely but post re-rating, this seems baked in.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

ESTIMATES

$m	1Q18 E	2Q18 E	3Q18 E	4Q18 E	1Q19 E	2Q19 E	3Q19 E	4Q19 E	FY18 E	FY19 E	FY20 E
Net Revs	$1,478	$1,443	$1,521	$1,703	$1,525	$1,494	$1,571	$1,752	$6,145	$6,343	$6,537
% organic	3.0%	2.8%	3.0%	3.4%	3.2%	3.6%	3.3%	2.9%	3.0%	3.2%	3.1%
Op profit	$294	$285	$266	$337	$312	$303	$283	$354	$1,182	$1,252	$1,316
% sales	19.9%	19.8%	17.5%	19.8%	20.4%	20.3%	18.0%	20.2%	19.2%	19.7%	20.1%
E.P.S. (u/l)	$1.41	$1.32	$1.29	$1.64	$1.51	$1.42	$1.40	$1.75	$5.67	$6.08	$6.46
Growth											
Revenue	2.4%	2.6%	3.0%	3.4%	3.2%	3.6%	3.3%	2.9%	2.9%	3.2%	3.1%
Op Profit	4.6%	4.8%	5.1%	4.8%	6.0%	6.3%	6.5%	5.2%	4.9%	5.9%	5.1%
Margin Ch	42bp	42bp	36bp	27bp	54bp	53bp	54bp	44bp	36bp	51bp	39bp
EPS	3.7%	16.0%	-1.1%	7.4%	7.3%	7.6%	7.9%	6.3%	6.2%	7.2%	6.3%

VARIANCE — RenMac vs Consensus

$m	1Q18 E	2Q18 E	3Q18 E	4Q18 E	1Q19 E	2Q19 E	3Q19 E	4Q19 E	FY18 E	FY19 E	FY20 E
Net Revs	-0.2%	0.4%	-0.1%	-0.4%	-0.1%	0.9%	0.5%	-0.4%	-0.1%	-0.2%	-0.7%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op profit	-0.8%	2.0%	-2.8%	0.9%	0.5%	5.0%	-1.9%	1.2%	0.5%	6.5%	11.9%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	-0.4%	0.3%	-0.7%	1.4%	1.7%	4.2%	-0.1%	1.3%	0.1%	0.7%	1.3%

Bull Case

- Organic has been exceeding expectations for sleepy categories
- Private Label=biggest competitor and not investing
- Innovation has consistently added 3pts of growth since 2012
- Burt's Bees & now Renew Life change growth profile of biz
- Firepower remains for additional M&A
- Take-out candidate (particularly by one wanting US exposure)

Bear Case

- Slow growth categories
- Competitive landscape intensifying (increased trade promo & more focused competitors)
- Commodity tailwind that funded reinvestment is ending
- Low EM exposure limits long-term growth prospects
- Burt's comps increasingly tough and a meaningful driver of organic

Catalysts

- October 2017 Analyst Day
- Early read on Renew Life
- Innovation in key categories
- Input costs
- Any large acquisition
- Increase in Private Label price gap (could cause consumer trade-down)

Guidance

FY18:

- **Sales:** 2-4% (3pts innovation, 1pt price, 1pt hit from F/x)
- **EBIT:** gross margin up slightly (higher manufacturing, logistics & input costs); SG&A to be <14
- **EPS:** $5.52-$5.72 (+3-7%)
- **Other:** effective tax rate 32-33%

Source: Company documents, RenMac estimates.

COCA-COLA COMPANY (KO, EW, $47PT)

SUMMARY

Updated 8/1/17

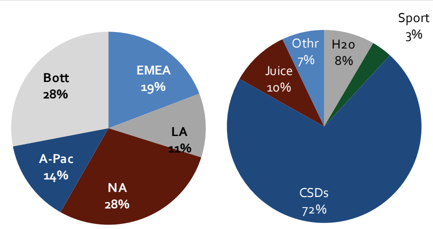
Brand Map

38% of sales	8% of sales	7% of sales	7% of sales
4% of sales	4% of sales	2% of sales	2% of sales
1% of sales	1% of sales	1% of sales	1% of sales

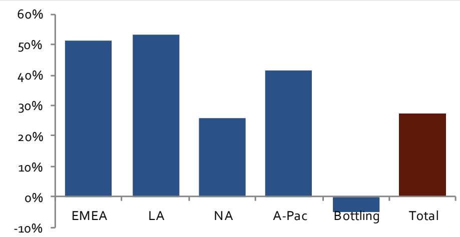
Thesis

Could expand re-franchising, extend cost-saves, & utilize Monster as brand incubator (all more likely given recent CEO change). Longer-term, it could get taken out or see an activist, but better opportunities exist.

2017E Revenue Breakdown



2017E Operating Margin by Segment



Estimates

	ESTIMATES										
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Rev	$9,132	$9,702	$8,605	$7,569	$7,715	$8,541	$7,740	$6,972	$35,008	$30,968	$32,402
% organic	0.0%	3.0%	4.3%	7.0%	6.1%	4.4%	2.7%	1.9%	3.5%	3.9%	4.6%
Op profit	$2,289	$2,937	$2,439	$2,110	$2,540	$2,785	$2,573	$2,215	$9,775	$10,113	$10,887
% sales	25.1%	30.3%	28.3%	27.9%	32.9%	32.6%	33.2%	31.8%	27.9%	32.7%	33.6%
E.P.S. (u/l)	$0.43	$0.59	$0.50	$0.42	$0.48	$0.58	$0.53	$0.45	$1.94	$2.04	$2.20

	VARIANCE RenMac vs Consensus										
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Rev	—	—	-1.1%	2.7%	4.1%	2.3%	-1.2%	1.1%	-0.1%	-0.9%	2.1%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op profit	—	—	—	—	—	—	—	—	—	—	—
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	—	—	3.0%	6.3%	8.0%	-0.9%	3.5%	5.3%	2.0%	2.8%	3.0%

	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Revenue	-11.2%	-15.9%	-19.1%	-19.3%	-15.5%	-12.0%	-10.1%	-7.9%	-16.3%	-11.5%	-7.4%
Op Profit	-6.5%	-3.7%	-1.7%	6.6%	11.0%	-5.2%	5.5%	5.0%	-1.8%	3.5%	11.4%
Margin Ch	127bp	384bp	500bp	677bp	786bp	233bp	490bp	388bp	412bp	473bp	567bp
EPS	-5.4%	-1.4%	1.8%	13.5%	11.6%	-1.7%	6.5%	7.6%	1.3%	5.4%	13.7%

Bull Case

- Price discipline should continue & helps category growth
- New packaging (immediate consumption, transaction packs, mini-cans) and products (Coke Zero Sugar, Innocent) continue to boost organic
- Refranchising improves operating margins, CapEx and ROIC
- $3.8bn cost savings by 2019 target understates potential
- Monster provides access to fast growth brands with lower risk

Bear Case

- CSD category is weak and unlikely to improve, ever
- Organic could slow as comparisons get more difficult
- Externalizing bottler/distributors could hurt innovation
- Potential disruption from refranchising
- Carryover risk from the Monster investment (health risks)

Potential Catalysts

- Further diversification/M&A
- Increasing stake in Monster
- Any activist involvement

Guidance

F17

- **Sales**: 3% organic; 1-2% F/x; 18-19% structural
- **Op Profit**: 7-8% C$, 2% F/x; 5-6% structural
- **EPS**: 0-2% decline vs $1.91 in 2016
- **Other**: 24% tax; $2bn share repo; $2-2.5bn CapEx

3Q

- **Sales:** 19-20% structural headwind; 1-2% F/x
- **Op Profit:** 9-10% structural; 2-3% F/x

F18

- **Sales:** 16-17% structural
- **Op Profit:** 1-2% structural; lsd F/x
- **Other:** Tax 26%

Source: Company documents, RenMac estimates.

COLGATE-PALMOLIVE CO (CL, EW, $75PT)

SUMMARY ***Updated 7/21/17***

Brand Map

Colgate
33% of sales

Hill's
17% of sales

Palmolive
10% of sales

AJAX
5% of sales

DARLIE
3% of sales

Protex
3% of sales

Sanex
2% of sales

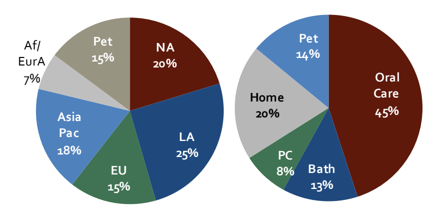
Suavitel
2% of sales

Softsoap
2% of sales

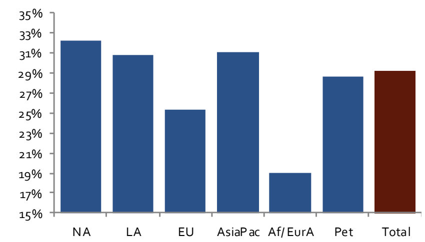
Thesis

Slower growth of last 3 Qs being addressed with reinvestment (mktg, innovation, e-com). This is funded by productivity but a new restructuring may be needed to turn biz. Meanwhile M&A hopes limit downside.

F17 Revenue Breakdown



F17 Operating Margin by Segment



Estimates

ESTIMATES

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Revenue	$3,762	$3,826	$3,925	$3,885	$3,973	$4,055	$4,083	$3,938	$15,398	$16,049	$16,693
% volume	-2.0%	-1.0%	--	--	--	--	--	--	--	--	--
% pricing	2.5%	1.0%	--	--	--	--	--	--	--	--	--
% organic	0.5%	0.0%	2.1%	4.9%	5.6%	6.0%	4.0%	1.4%	1.9%	4.2%	4.0%
Op Profit	$931	$995	$1,042	$1,056	$1,017	$1,065	$1,136	$1,123	$4,024	$4,341	$4,573
% sales	24.7%	26.0%	26.5%	27.2%	25.6%	26.3%	27.8%	28.5%	26.1%	27.0%	27.4%
E.P.S. (u/l)	$0.67	$0.72	$0.73	$0.77	$0.74	$0.78	$0.80	$0.82	$2.89	$3.15	$3.35

VARIANCE – RenMac vs Consensus

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Revenue	—	—	-0.1%	-0.6%	0.5%	1.5%	-0.1%	-2.1%	-0.2%	0.0%	0.0%
% volume	—	—	—	—	—	—	—	—	—	—	—
% pricing	—	—	—	—	—	—	—	—	—	—	—
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	—	—	0.3%	-1.6%	1.3%	0.5%	3.8%	0.2%	0.0%	1.3%	-0.1%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	—	—	0.1%	-1.1%	3.3%	0.6%	2.2%	-1.0%	-0.1%	0.7%	-0.5%

Revenue	0.0%	-0.5%	1.5%	4.4%	5.6%	6.0%	4.0%	1.4%	1.3%	4.2%	4.0%
Op profit	1.0%	-0.8%	1.9%	1.7%	9.2%	7.0%	9.1%	6.4%	1.0%	7.9%	5.3%
Margin Ch	24bp	-8bp	11bp	-71bp	84bp	26bp	129bp	135bp	-10bp	92bp	34bp
EPS	5.4%	2.3%	0.5%	2.1%	10.0%	8.2%	10.2%	7.5%	2.5%	9.0%	6.4%

Bull Case

- Dominance in Oral Care
- Unmatched distribution in Latin America
- Could spin Pet or use as an acquisition vehicle
- Strong innovation continues generating trade-up (whitening trend = major tailwind for innovation – visible benefits)
- Meaningful opportunity for Tom's of Maine brand given Naturals trend
- Widely viewed as a potential takeout merger

Bear Case

- "One-off" issues are adding up, causing Bears to question execution
- Stepped-up competition may require higher promo and/or lower prices
- Growth may be further pressured if/when inflationary EM pricing reverses
- Succession plan unclear (management approaching retirement age)

Catalysts

- Further press speculation re: potential takeout
- Sale/spin of a "non-core" business to focus more on Oral Care
- Tuck-in acquisition to elevate growth potential in key category
- Cessation of seemingly self-inflicted issues
- Announcement of new restructuring program
- Improvement in Emerging Market growth profile
- F/x turning tailwind

Current Guidance

FY17

- **Growth:** +LSD organic growth; +LSD C$ adjusted EPS growth, -MSD EPS GAAP. Slight topline hit from F/x.
- **Margins:** GMs up y/y; midpoint of 75-125bp; inputs flat to modestly up; step up advertising "quite meaningfully"; restructuring charge $275-360m after-tax
- **Other:** Tax rate 31-32%
- **Long-term**: 4-7% organic growth; 75-125bp GM improvement

Source: Company documents, RenMac estimates.

COTY INC (COTY, EW, $17PT)

SUMMARY

Updated 9/12/17

Brand Map

Historic

RIMMEL 8% of sales	Calvin Klein 6% of sales
adidas 5% of sales	Sally Hansen 4% of sales
philosophy 2% of sales	MARC JACOBS 1% of sales

Hypermarcas

RISQUÉ A VIDA EM CORES 2% of sales	monange 1% of sales

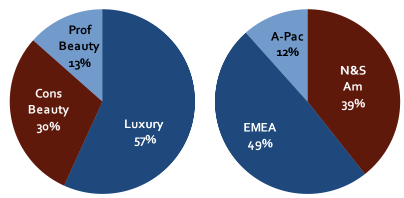
New from P&G

COVERGIRL 10% of sales	MAX FACTOR X 9% of sales
WELLA 8% of sales	Clairol 5% of sales
HUGO HUGO BOSS 3% of sales	VIDAL SASSOON 3% of sales
GUCCI 1% of sales	

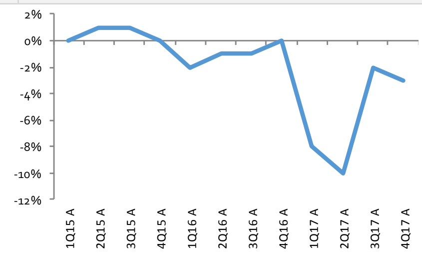
Thesis

Organic pressures should lift; margins improve as Coty leverages pre-close PG spend; and brands have more potential than market thinks. However, near-term results likely to be weak in this show-me story.

F17A Revenue Breakdown



Historical Organic Trend



Estimates

	ESTIMATES											VARIANCE RenMac vs Consensus										
$m	1Q18 E	2Q18 E	3Q18 E	4Q18 E	1Q19 E	2Q19 E	3Q19 E	4Q19 E	FY18 E	FY19 E	FY20 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	1Q19 E	2Q19 E	3Q19 E	4Q19 E	FY18 E	FY19 E	FY20 E
Net revenues	$2,238	$2,478	$2,115	$2,301	$2,261	$2,502	$2,136	$2,324	$9,132	$9,223	$9,408	0.7%	0.9%	1.6%	1.5%	-2.3%	0.2%	1.6%	0.8%	0.9%	1.0%	0.9%
Org Growth	-1%	2%	1%	3%	1%	1%	1%	1%	1%	1%	2%											
Op Profit	$154	$309	$282	$227	$271	$350	$320	$256	$972	$1,198	$1,411	1.0%	-2.7%	-1.6%	-15.4%	10.3%	3.2%	5.8%	-8.9%	-4.3%	-8.2%	-7.8%
% sales	49.0%	49.0%	50.0%	50.0%	48.0%	48.0%	48.0%	48.0%	49.5%	48.0%	45.0%	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/g)	$0.07	$0.25	$0.22	$0.17	$0.21	$0.29	$0.26	$0.20	$0.71	$0.97	$1.20	4.8%	7.7%	6.5%	-4.7%	33.7%	-2.4%	-0.4%	-0.5%	1.3%	-2.4%	0.0%

Revenue	107.2%	7.9%	4.1%	2.7%	1.0%	1.0%	1.0%	1.0%	19.4%	1.0%	2.0%
Op Profit	5.9%	45.0%	35.5%	153.2%	76.5%	13.5%	13.5%	12.4%	48.1%	23.2%	17.8%
Margin Ch	-658bp	319bp	309bp	588bp	513bp	155bp	166bp	112bp	207bp	234bp	201bp
EPS	-68.0%	-15.9%	48.9%	nm	187.2%	18.1%	18.6%	18.5%	5.6%	35.7%	23.8%

Bull Case

- M&A & initiatives all improve both growth & margin potential
- M&A has also improved competencies and geographic reach
- Potential for further portfolio optimization
- Power Brands remain strong, growing low- to mid-single-digits
- Compares get easier as Coty moves through F17
- If Skin/Body exits, growth/margins meaningfully improve

Bear Case

- Organic pressures remain
- Transition risk is generally high on deals this size
- A weak historic biz plus PG's weak brands could magnify issues
- CEO role transfer from Becht to Pane could cause disruption
- If organic fails to accelerate, 2020 targets need to be reduced
- Long wait likely before innovations launch on PG brands

Catalysts

- Any changes to synergy targets
- Any hints on portfolio rationalization (6-8% currently guided)
- Any improvement in Fragrance
- Better innovation
- Improvement in acquired brands with Coty's increased focus

Current Guidance

LT Targets:

- 4yr synergies & WC benefits of $750m and $500m; EPS $1.53 in FY20
- 20% of $750M synergies FY17, 50% FY18, 80% FY19, 100% thru F20
- EPS of $1.53 in FY20.

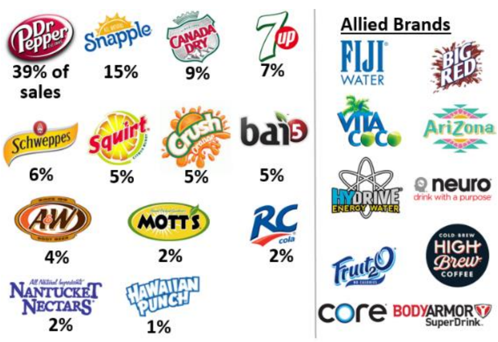
Source: Company documents, Thomson Reuters, RenMac estimates.

DR PEPPER SNAPPLE GROUP INC (DPS, OW, $106PT)

SUMMARY

Updated 8/1/17

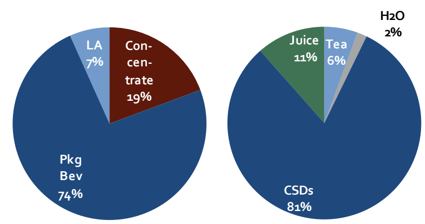
Brand Map



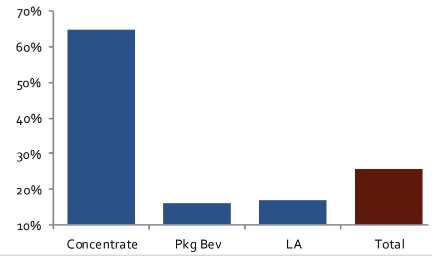
Thesis

Discount unjustified given strong category exposure (CSDs are largely flavored & Ales which are outperforming Colas), cost cutting culture, & ability of Allied Brands to morph DPS into a growthier business.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

ESTIMATES

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Revenue	$1,510	$1,797	$1,782	$1,694	$1,617	$1,832	$1,871	$1,764	$6,783	$7,083	$7,376
% organic	2.0%	6.0%	2.9%	3.7%	5.6%	1.9%	5.0%	4.1%	3.7%	4.1%	4.1%
Op Profit	$248	$371	$379	$371	$301	$402	$419	$404	$1,369	$1,525	$1,635
Op Profit	16.4%	20.6%	21.3%	21.9%	18.6%	21.9%	22.4%	22.9%	20.2%	21.5%	22.2%
E.P.S. (u/g)	$1.01	$1.25	$1.19	$1.17	$0.94	$1.31	$1.35	$1.31	$4.62	$4.91	$5.39

VARIANCE — RenMac vs Consensus

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Revenue	—	—	0.4%	1.1%	2.9%	-1.2%	2.3%	2.1%	0.4%	1.0%	1.3%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	—	—	0.1%	-0.7%	0.2%	-2.9%	4.3%	5.4%	-5.1%	-0.3%	0.7%
Op Profit	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/g)	—	—	-0.1%	-0.4%	-2.0%	-4.2%	1.9%	1.3%	-0.1%	-1.3%	-0.9%

	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Revenue	1.5%	6.0%	6.1%	7.3%	7.1%	1.9%	5.0%	4.1%	5.3%	4.4%	4.1%
Op Profit	-19.0%	-4.1%	4.1%	13.5%	21.3%	8.3%	10.4%	8.8%	-1.1%	11.4%	7.2%
Margin Ch	-415bp	-219bp	-40bp	119bp	218bp	129bp	110bp	99bp	-130bp	134bp	64bp
EPS	7.8%	-0.2%	2.1%	11.4%	-7.2%	5.4%	13.5%	11.6%	8.3%	6.2%	9.7%

Bull Case

- CSD Price tailwind remains (big mix opportunity remains)
- CSD portfolio skewed toward higher growth Flavors and Ales
- Encouraging Developments in troubled 7-Up brand
- Quickly diversifying away from CSDs w/ Allied Brands
  - Attractive risk/reward utilization of niche brands
  - Strong growth remains, even in largest Allied Brands
  - No deal shortage, will likely continue to add brands
  - Allied Brands distribution leverages excess capacity
  - Core brands gain market insights from Allied Brands

Bear Case

- CSD category volume trends remain weak
- 50%+ of revenue growth is Allied Brands (3rd party distribution)
  - Comps are getting more difficult
  - Brands could leave
- Margins already at all time high
- Bringing BAI in-house increases risk
- Dependency on Coke & Pepsi for 50% of volume distributed
- US skew limits long-term growth prospects

Catalysts

- Signing of additional niche brands
- Buy-out (or loss) of an existing Allied Brand
- Any long-term margin guidance
- Any improvement in 7-Up trends

Guidance

- **Sales:** 1%+ org vol, (2% inc BAI); 4.5% Net Sales (F/x not material, +2pts BAI).
- **Profit:** COGS +50bp; 50bp improvement in GM; marketing 7.5% of sales; ex-BAI +$30m general costs; +$15m health & welfare (RCI will offset most).
- **EPS:** F/x 4c hit; $4.56-4.66
- **BAI:** 7c FY dilution (investing more in driving trial); will 2x in a 2 yrs
- **Other:** 4c hit weak Mexico consumer; net interest=$170m ($50m BAI); $21-22m non-cash purchase acctg adj (SG&A); lapping $5m non-cash gain Aguafiel; inputs +0.5%; tax 34%; 9.4% divi increase, $450-500m repo; CapEx 3% of sales

Source: Company documents, RenMac estimates.

THE ESTEE LAUDER COMPANIES (EL, OW, $121PT)

SUMMARY

Updated 8/21/17

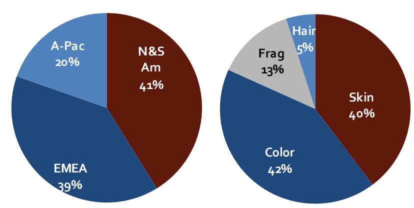
Brand Map

CLINIQUE 33% of sales
ESTĒE LAUDER 31% of sales
MAC 16% of sales
BOBBI BROWN 4% of sales
AVEDA 3% of sales
ORIGINS 3% of sales
smashbox 2% of sales
CRÈME DE LA MER 2% of sales
GLAMGLOW
RODIN olio lusso
LE LABO
EDITIONS DE PARFUMS FREDERIC MALLE
Dr.Jart+
Kilian
BECCA
Too Faced

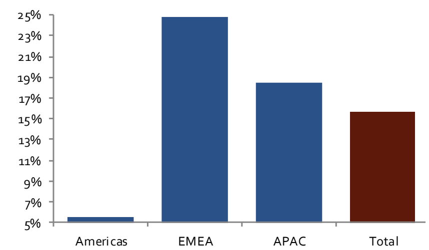
Thesis

Clinique & Lauder improvement will boost organic; MAC is healthier than market thinks; M&A helps growth & competencies; channel diversification is accelerating; & productivity offsets higher cost of growth.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

$m	1Q18 E	2Q18 E	3Q18 E	4Q18 E	1Q19 E	2Q19 E	3Q19 E	4Q19 E	FY18 E	FY19 E	FY20 E
	ESTIMATES										
Net revenues	$3,198	$3,521	$3,024	$3,056	$3,312	$3,727	$3,314	$3,355	$12,799	$13,708	$14,669
% organic	11.0%	9.0%	5.0%	5.0%	4.0%	6.0%	10.0%	10.0%	8.0%	7.0%	7.0%
Op Profit	$510	$737	$529	$303	$548	$801	$596	$340	$2,079	$2,285	$2,531
% sales	16.0%	20.9%	17.5%	9.9%	16.5%	21.5%	18.0%	10.1%	16.2%	16.7%	17.3%
E.P.S. (u/l)	$0.95	$1.38	$0.99	$0.56	$1.04	$1.52	$1.13	$0.65	$3.88	$4.34	$4.89
Growth											
Revenue	11.6%	9.8%	5.9%	5.6%	3.6%	5.9%	9.6%	9.8%	8.2%	7.1%	7.0%
Op Profit	14.9%	12.7%	8.1%	7.8%	7.3%	8.7%	12.6%	12.3%	11.3%	9.9%	10.8%
Margin Ch	46bp	54bp	37bp	20bp	58bp	57bp	49bp	23bp	45bp	42bp	59bp
EPS	12.9%	13.2%	8.0%	9.5%	9.4%	10.3%	14.8%	16.0%	11.3%	12.0%	12.7%

$m	1Q18 E	2Q18 E	3Q18 E	4Q18 E	1Q19 E	2Q19 E	3Q19 E	4Q19 E	FY18 E	FY19 E	FY20 E
	VARIANCE RenMac vs Consensus										
Net revenues	1.1%	-0.7%	-1.5%	-0.5%	-0.9%	-0.3%	0.9%	1.6%	-0.1%	0.4%	1.1%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	-1.6%	-0.9%	-0.6%	-3.1%	-2.3%	-0.4%	0.6%	-1.1%	-0.9%	-1.0%	0.6%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	-1.6%	-1.9%	-1.9%	-2.9%	-3.0%	-1.6%	0.2%	-2.8%	-2.3%	-1.5%	-0.3%

Bull Case

- Best-in-class organic growth continues
- Makeup tailwinds continue to support brand growth
- Lauder/Clinique continue to improve
  - Lauder connecting with a younger audience
  - Clinique innovation no longer cannibalizes 3-Step
- Diversification away from Department Stores accelerating (Ulta)
- Marketing/innovation noticeably increasing, driving growth
- Niche brand M&A fills gaps in portfolio & could continue
- Large inventory/margin opportunity when needed

Bear Case

- Cost of growth increasing (own-retail build-outs, M&A)
- Opening of free standing stores is riskier than core business
- More volatile than peers given macro sensitivity
- Integration risk, given 8 acquisitions since late 2014
- Core Skin Care category (industry-wide) remains weak
- Margin opportunity has not yet materialized
- Competition intensifying, incl. fast growth niche brands

Catalysts

- Return to +MSD% in Clinique (Lauder has already achieved)
- Any improvement in US Department Stores or free-standing stores
- Additional brand entries into faster growth channels
- Further M&A

Guidance

F18

- Sales: 7-8% C$ sales; 2pts Too Faced & Becca; +1pt Fx
- Margins: +30-50bp, SMI $150-200m; no flow-through of LBF (reinvested)
- EPS: $3.87 - $3.94 (9c Fx, 1c M&A); 9-11% C$ increase
- Other: Tax 27%; CFO $1.9bn; CapEx 4.5-5% of Sales

Sept-Q: 9-10% sales (4pts Too Faced & Becca, neutral Fx); 94-97c EPS

Long-Term: Prestige 4-5% growth + 1-2pts of share (1pt M&A); LBF $200-300m p.a. by 2021; 50bp margin avg next 3 yrs; 150 inventory days by 2020

Source: Company documents, RenMac estimates.

HERBALIFE LTD (HLF, EW, $75PT)

SUMMARY

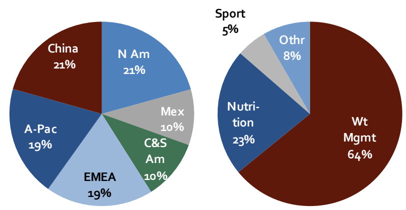
Updated 8/8/17

Brand Map

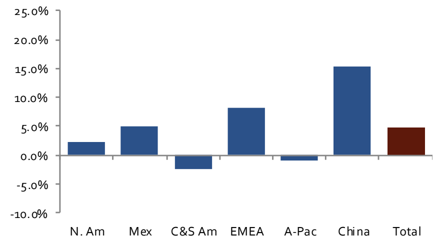
Thesis

Cadence of share repurchase should accelerate meaningfully the next few months & Consent Order implementation seems to be on-track. However, lack of visibility on near-term volume trends keeps us sidelined.

F17E Revenue Breakdown



F17 E Organic Growth



Estimates

ESTIMATES											
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net revenues	$1,102	$1,147	$1,110	$1,149	$1,155	$1,322	$1,187	$1,134	$4,509	$4,798	$5,043
% organic	0.0%	-3.0%	-2.1%	6.1%	1.4%	13.3%	6.9%	-1.3%	0.1%	5.1%	5.1%
Op Profit	$166	$217	$148	$140	$174	$187	$159	$138	$670	$657	$690
% sales	6.4%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
E.P.S. (u/g)	$1.24	$1.51	$0.97	$0.91	$1.28	$1.46	$1.08	$0.92	$4.67	$4.75	$5.23
Growth											
Revenue	-1.6%	-4.6%	-1.0%	10.0%	4.8%	15.2%	6.9%	-1.3%	0.5%	6.4%	5.1%
OP Profit	-7.3%	-7.2%	-11.9%	10.0%	4.8%	-13.9%	6.9%	-1.3%	-5.2%	-2.0%	5.1%
Margin Ch	-93bp	-53bp	-165bp	0bp	0bp	-477bp	0bp	0bp	-89bp	-118bp	0bp
EPS	-8.8%	17.1%	-19.6%	-9.2%	3.6%	-3.3%	11.2%	1.5%	-3.9%	1.9%	10.1%

VARIANCE RenMac vs Consensus											
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net revenues	—	—	1.6%	2.4%	-0.5%	4.2%	2.0%	-2.0%	1.3%	2.1%	0.0%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	—	—	13.0%	-1.9%	3.3%	4.3%	0.6%	-4.6%	10.3%	2.2%	0.1%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/g)	—	—	11.5%	-15.2%	-4.9%	-5.5%	-17.5%	-24.2%	-0.9%	-12.0%	0.0%

Bull Case

- 90% documented as retail sales v 80% bogey for unlimited payout
- Once FTC requirement met, focus can return to fundamentals/growth
- $1.5bn share repo could be accelerated (meaningfully accretive)
- High margin, low capital intensity, strong growth
- Good industry & product: can aid obesity & starvation, both big issues; bundled with community-based solution
- Opportunities exist -- geography, product, category, technology

Bear Case

- Low visibility on US & Mexico due to Consent Order Implementation
- China is likely to remain weak; possible diagnosis remains incomplete
- Unexplained mgmt changes/departures (general counsel, China, Brazil)
- FTC compliance measures could cause continued Distributor disruption
- Compliance costs could weigh on profitability
- Self-selected "Preferred Customers" may now order less than prior
- China investigation could remain an overhang

Catalysts

- Additional share purchases by Carl Icahn, more comments that HLF should be a private business, or actually taking HLF private
- Reversal of poor China trends due to current initiatives
- Media/press/activist attention
- Discussion of growth opportunities

Current Guidance

	Three Months Ending September 30, 2017		Twelve Months Ending December 31, 2017	
	Low	High	Low	High
Volume Point Growth vs 2016	(7.0%)	(2.0%)	(5.0%)	0.0%
Net Sales Growth vs 2016	(5.0%)	0.0%	(3.0%)	2.0%
Diluted EPS [(a)]	$ 0.48	$ 0.68	$ 3.80	$ 4.20
Adjusted[(b)] Diluted EPS	$ 0.65	$ 0.85	$ 4.30	$ 4.70
Cap Ex ($ millions)	$ 40.0	$ 50.0	$ 115.0	$ 135.0
Effective Tax Rate [(a)]	30.0%	32.0%	23.5%	25.5%
Adjusted Effective Tax Rate [(b)]	27.5%	29.5%	21.5%	23.5%
Currency Adjusted Net Sales Growth vs 2016	(5.0%)	0.0%	(2.7%)	2.3%
Currency Adjusted Diluted EPS	$ 0.70	$ 0.90	$ 4.50	$ 4.90

Source: Company documents, RenMac estimates.

KIMBERLY-CLARK CORP (KMB, EW, $128PT)

SUMMARY

Updated 9/12/17

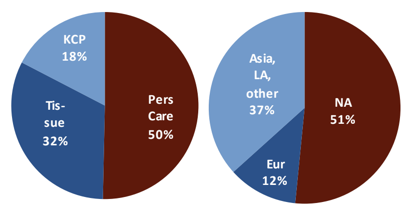
Brand Map

Huggies	Kleenex	Scott	Kotex
35% of sales	18% of sales	11% of sales	9% of sales
KleenBebé	Depend	Turma da Mônica	Andrex
5% of sales	3% of sales	3% of sales	2% of sales
Poise	Pétalo	Viva	GoodNites
2% of sales	2% of sales	1% of sales	1% of sales

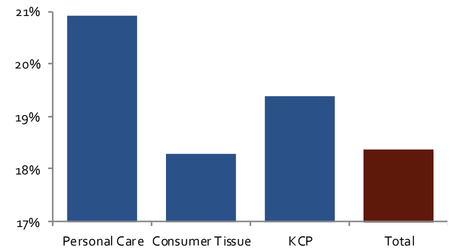
Thesis

Organic may remain weak, as Personal Care category slows & competition increases in this large, high margin biz that's been KMB's key growth engine since '12. P/E discount could grow given woes/reduced M&A hope.

2017E Revenue Breakdown



2017E Operating Margin by Segment



Estimates

	ESTIMATES											VARIANCE										
												RenMac vs Consensus										
$m	**1Q17 A**	**2Q17 A**	**3Q17 E**	**4Q17 E**	**1Q18 E**	**2Q18 E**	**3Q18 E**	**4Q18 E**	**FY17 E**	**FY18 E**	**FY19 E**	**1Q17 A**	**2Q17 A**	**3Q17 E**	**4Q17 E**	**1Q18 E**	**2Q18 E**	**3Q18 E**	**4Q18 E**	**FY17 E**	**FY18 E**	**FY19 E**
Net Revs	$4,483	$4,554	$4,671	$4,552	$4,647	$4,720	$4,718	$4,665	$18,260	$18,750	$19,342	—	—	0.1%	-1.6%	0.4%	0.6%	-0.8%	-0.9%	-0.4%	-0.2%	0.2%
% organic	-1.0%	-1.0%	2.0%	0.0%	4.0%	4.0%	1.0%	2.0%	0.0%	3.0%	3.0%	—	—	—	—	—	—	—	—	—	—	—
Op Profit	$834	$799	$832	$874	$860	$824	$854	$910	$3,339	$3,449	$3,621	—	—	-1.7%	-0.5%	-1.4%	-2.7%	-4.1%	-0.8%	-0.7%	-1.7%	-1.7%
% sales	18.6%	17.5%	17.8%	19.2%	18.5%	17.5%	18.1%	19.5%	18.3%	18.4%	18.7%	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	$1.57	$1.49	$1.53	$1.60	$1.59	$1.55	$1.59	$1.68	$6.18	$6.41	$6.81	—	—	-1.1%	-0.8%	-2.0%	-1.8%	-3.5%	-2.0%	-0.5%	-3.1%	-3.6%

Revenue	0.2%	-0.7%	1.7%	0.2%	3.7%	3.6%	1.0%	2.5%	0.3%	2.7%	3.2%
Op Profit	2.0%	-3.5%	-0.9%	1.8%	3.1%	3.1%	2.7%	4.1%	-0.2%	3.3%	5.0%
Margin Ch	33bp	-50bp	-46bp	31bp	-10bp	-9bp	31bp	31bp	-9bp	11bp	33bp
EPS	2.8%	-3.0%	0.5%	10.0%	1.2%	4.3%	3.9%	5.3%	2.5%	3.7%	6.2%

Bull Case

- Management has said innovation is strong in 2017
- Strong + consistent cost-cutting initiative (FORCE)
- E-commerce expanding quickly in developed + EMs
- Fem Care in China remains a big whitespace opportunity
- Firepower to buy growthier assets

Bear Case

- Emerging Markets were driving growth but have slowed
- Increased competition in China, economic pressure in LatAm
- Increased competition in Diapers/Fem Care
- Commodity costs unlikely to boost margins in 2017
- Channel shift, high promo, retailer demands, threat from Aldi/Lidl

Catalysts

- Potential M&A
- Trends in China business
- 2017 guidance (even more important than elsewhere)
- Performance vs new competition
- M&A landscape (many think KMB is a potential target)
- Announcement of a new (or extended) restructuring program

Current Guidance

F17

- **Sales**: net & organic sales flat to up slightly (vs +1-2% prior), price/mix down slightly; 0% F/x hit
- **Op Profit**: FORCE savings $425-450m inflation +$200-300m ($950-975 eucalyptus; $50-$60 oil – but with benefit relative to this)
- **EPS**: Lowe end of prior $6.20-$6.35 range
- **Other**: int exp ↓ slightly; slightly lower effective tax rate, decline NI from equity (peso); $850- $900m CapEx; $800m-$1bn buybacks; $2.2-2.4 bn repo + divi. 1 day improvement in WC

Source: Company documents, RenMac estimates.

MONSTER BEVERAGE CORP. (MNST, OW, $60PT)

SUMMARY

Updated 8/9/17

Brand Map

76% of sales | 8% of sales | 7% of sales | 2% of sales

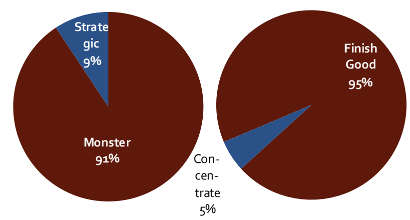
2% of sales | 2% of sales | <1% of sales

<1% of sales | <1% of sales

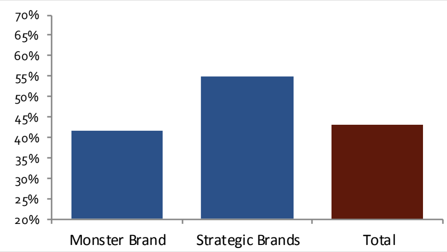
Thesis

US should improve as innovation launches & production issues resolve (+ easy comp); benefits of Coke Int'l distribution still ahead; & proving brand incubation ability could expand Coke relationship.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

ESTIMATES

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Revs	$742	$907	$915	$849	$825	$992	$994	$922	$3,413	$3,732	$4,155
% volume	10.1%	11.0%	14.7%	12.2%	10.6%	9.0%	8.3%	8.3%	12.1%	9.0%	10.7%
% pricing	-1.6%	-0.5%	2.0%	1.0%	1.3%	0.3%	0.3%	0.3%	0.3%	0.5%	0.5%
% organic	8.5%	10.6%	16.7%	13.2%	11.9%	9.3%	8.5%	8.6%	12.3%	9.5%	11.3%
Op Profit	$264	$350	$356	$320	$326	$410	$406	$347	$1,290	$1,489	$1,679
% sales	35.6%	38.6%	38.9%	37.7%	39.5%	41.3%	40.9%	37.7%	37.8%	39.9%	40.4%
E.P.S. (u/g)	$0.31	$0.39	$0.41	$0.37	$0.38	$0.46	$0.47	$0.40	$1.48	$1.72	$1.94
Revenue	9.1%	9.0%	16.2%	12.6%	11.2%	9.3%	8.6%	8.6%	11.8%	9.4%	11.3%
Op Profit	2.4%	8.2%	18.6%	5.5%	23.4%	17.0%	14.2%	8.6%	8.9%	15.4%	12.7%
Margin Ch	-235bp	-29bp	82bp	-255bp	391bp	271bp	200bp	0bp	-100bp	211bp	50bp
EPS	14.3%	18.2%	22.6%	6.4%	24.3%	18.3%	14.6%	9.0%	15.6%	16.2%	13.0%

VARIANCE
RenMac vs Consensus

$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Revs	—	—	1.0%	2.2%	0.6%	-0.6%	1.3%	1.1%	0.8%	-0.4%	-0.1%
% volume	—	—	—	—	—	—	—	—	—	—	—
% pricing	—	—	—	—	—	—	—	—	—	—	—
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	—	—	1.7%	0.1%	3.3%	4.6%	5.2%	-2.9%	-0.8%	1.1%	1.1%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/g)	—	—	4.2%	0.2%	4.3%	1.9%	5.7%	-4.7%	0.1%	0.2%	-0.7%

Bull Case

- Management "gets it," targeting niche consumers
- Int'l distribution thru KO more impactful than market thinks
- Big China opportunity now being addressed
- Strategic Brands open up new niche segments
- Add'l distribution gains: Home Depot, Best Buy, McDonalds, Club

Bear Case

- Energy drinks could slow more (+37% '03-08 to +msd now)
- Competition (Red Bull flavors, Mountain Dew Kickstart)
- Little to no communication with investors (lacks visibility)
- Headlines re: health risks/FDA issues
- Gas prices/convenience tailwind may reverse
- Trump could reduce exposure to important immigrant consumer
- Founders sold shares

Catalysts

- Additional details on China roll-out
- Traction on Strategic Brands
- Additional details on Mutant and Hydro
- Resolution of Java production issue
- Any change in IR methodology

Current Guidance

N/A

Source: Company documents, RenMac estimates.

NEWELL RUBBERMAID (NWL, OW, $55PT)

SUMMARY

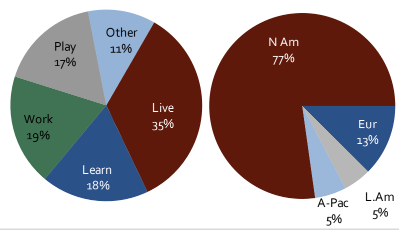
Updated 9/12/17

Brand Map

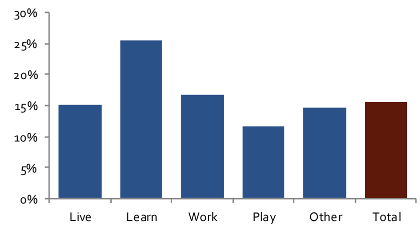
Thesis

Market underestimates potential acceleration in JAH organic; re-investment works & we think customization does too; plus, addressing channel shift to e-commerce is likely > $1bn by 2020.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

	ESTIMATES										
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Revs	$3,266	$4,055	$3,752	$3,989	$3,372	$4,266	$3,897	$4,136	$15,061	$15,671	$16,339
% core	2.5%	2.5%	3.2%	4.4%	3.4%	3.7%	3.1%	2.9%	3.0%	3.0%	3.0%
Op profit	$348	$692	$611	$687	$382	$796	$699	$779	$2,338	$2,656	$2,745
% sales	34.5%	37.0%	35.4%	36.5%	33.9%	37.3%	35.8%	36.9%	35.9%	36.1%	36.1%
E.P.S. (u/l)	$0.34	$0.87	$0.94	$0.87	$0.42	$1.02	$0.92	$1.03	$3.01	$3.38	$3.85
Growth											
Revenue	148.4%	5.1%	-5.1%	-3.6%	3.2%	5.2%	3.9%	3.7%	13.6%	4.0%	4.3%
Op Profit	102.3%	13.8%	0.4%	1.6%	10.0%	15.1%	14.3%	13.4%	13.2%	13.6%	3.3%
Margin Ch	-242bp	131bp	90bp	88bp	69bp	160bp	163bp	161bp	-4bp	143bp	-15bp
EPS	-15.6%	12.2%	20.7%	7.9%	24.1%	17.1%	-2.2%	19.0%	4.1%	12.3%	13.9%

	VARIANCE										
	RenMac vs Consensus										
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net Revs	—	—	0.9%	2.3%	6.3%	2.3%	2.9%	3.6%	0.8%	3.7%	4.3%
% core	—	—	—	—	—	—	—	—	—	—	—
Op profit	—	—	-2.8%	-3.2%	0.9%	2.2%	-5.1%	-6.2%	-1.7%	-1.7%	-7.1%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/l)	—	—	1.1%	-1.2%	2.3%	1.8%	-2.7%	-2.4%	0.1%	-0.1%	-0.1%

Bull Case

- Playbook for Jarden mimics how CEO Polk turned the NWL biz
- Strong e-commerce (high exposure, strong competency, & stand-alone)
- A leader in customization, which should accelerate organic long-term
- New products, new distribution & stronger brand activity coming in 2H
- Comps ease & biz starts to cycle Dec-Qs increased industry pressure
- Will begin to accumulate surplus cash in 2H that can be put to work
- Categories are less discretionary than market thinks

Bear Case

- Businesses are more discretionary than traditional Staples categories
- Abundance of categories/brands could make biz difficult to manage
- Inventory redux & retailer consolidation are hitting several categories
- Guidance assumes no further US retail-driven disruptions in 2H
- Won't see benefits of insights work on organic growth until 2018
- Use of cash (add'l M&A) could further increase complexity of the biz
- 16% of revenue is US resin-based products

Catalysts

- Re-acceleration of organic trend in 2H and beyond
- Further acquisitions or divestitures / portfolio optimization
- More examples of customization, continued success of such at Yankee
- Progress on e-commerce strategy (or more aggressive 2020 guidance)

Current Guidance

F17

- **Sales**: $14.8-15.0bn; 2.5-4% core sales (toward middle of this)
- **Op Profit**: $300m cost saves this year
- **EPS**: $2.95 – 3.05 (tracking toward midpoint)
- **Other**: interest $475m; 22-23% tax (3Q +HSD-LDD), 490m shares; ~$1.8bn debt redux in F17
- **Synergies**: $500m savings by 3Q18, $1bn by 2021
- **Cash from Operations:** $2bn no later than 2019

Source: Company documents, RenMac estimates.

NU SKIN ENTERPRISES, INC. (NUS, EW, $59PT)

SUMMARY

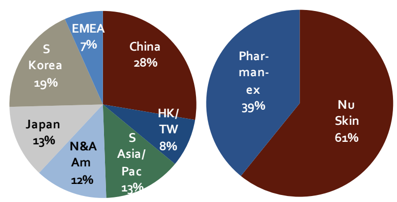
Updated 8/8/17

Brand Map

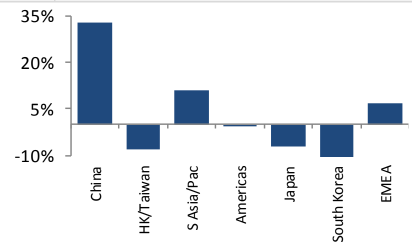
Thesis

China story working again: LTOs have momentum & new investor Ping An may improve business capabilities. Regulatory inquiries also largely concluded, but stock likely prices it all in given premium to peers.

F16A Revenue Breakdown



Organic, Mar-Q (A)



Estimates

	ESTIMATES											VARIANCE — RenMac vs Consensus										
$m	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net rev	$499	$550	$564	$630	$526	$580	$594	$664	$2,243	$2,363	$2,434	—	—	0.9%	-5.0%	-0.6%	-0.2%	-0.3%	0.2%	-1.3%	-0.2%	0.8%
% organic	6.6%	-6.8%	-5.6%	16.6%	5.3%	5.4%	5.3%	5.3%	2.0%	5.0%	3.0%	—	—	—	—	—	—	—	—	—	—	—
Op Profit	$46	$65	$72	$105	$57	$69	$76	$111	$287	$313	$324	—	—	3.6%	2.0%	3.6%	-3.7%	-4.1%	-0.4%	1.8%	1.5%	2.0%
% sales	9.3%	11.8%	12.7%	16.6%	10.8%	11.9%	12.8%	16.7%	12.8%	13.2%	13.3%	—	—	—	—	—	—	—	—	—	—	—
EPS (u/l)	$0.49	$0.77	$0.78	$1.18	$0.62	$0.88	$0.85	$1.27	$3.22	$3.63	$4.02	—	—	2.3%	-1.4%	0.1%	-0.6%	-10.1%	6.8%	-0.5%	1.5%	0.1%

	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Revenue	5.8%	-8.4%	-6.6%	18.6%	5.3%	5.4%	5.3%	5.3%	1.6%	5.3%	3.0%
Op Profit	17.2%	-18.9%	-7.0%	71.9%	22.9%	6.2%	6.1%	6.0%	11.7%	8.8%	3.8%
Margin Ch	90bp	-152bp	-5bp	515bp	155bp	10bp	10bp	10bp	116bp	42bp	10bp
EPS	18.7%	-3.4%	-12.2%	70.9%	26.4%	15.2%	9.2%	7.9%	15.2%	12.8%	10.9%

Bull Case

- Innovative products, history of driving sales with LTOs
- China story (~40% of sales), and China growth has returned
- Most regulatory issues are now in the rear-view mirror
- Ping An investment improves China capabilities and morale
- AgeLOC Me is responding well to pricing strategy
- Management confidence in LumiSpa launch

Bear Case

- China market is volatile, low visibility, and high fixed cost
- Quarterly visibility is low due to impact of LTOs
- China LTO improvements may be price-driven (unsustainable)
- FTC Consent Order might require adjustments to N Am business
- VitaMeal remains controversial

Catalysts

- October Analyst event will unveil NUS's new vision for its sales model
- Further comments on 2017 innovation launches
- Sales leader progression, particularly in China
- Progress on Youth & Me launches
- Updates on LumiSpa launch for the Fall

Current Guidance

F17

- **Sales**: $2.26-2.30bn; C$ 4-6%, 2-3% F/x
- **EPS**: $3.10-3.25
- **Other**:$250m minimum cash balance; Tax 35-35.5%, CFO $275m

3Q

- 3Q rev $540-560m; 2% F/x with 71-76c EPS (both well below us/Street)
- $56m LOTO compare from 3Q last year

Source: Company documents, RenMac estimates.

PEPSICO INC. (PEP, OW, $127PT)

SUMMARY

Updated 7/12/17

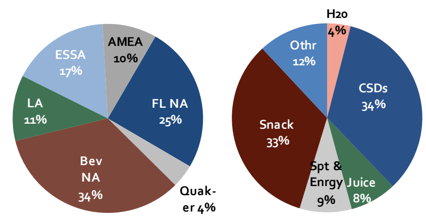
Brand Map

17% of sales	11% of sales	9% of sales	6% of sales
4% of sales	4% of sales	4% of sales	3% of sales
3% of sales	3% of sales	3% of sales	2% of sales
2% of sales	2% of sales	1% of sales	1% of sales

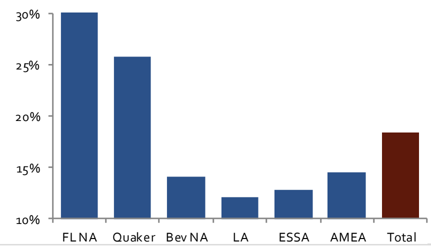
Thesis

Pricing/organic can hold up vs tough comps; letting consumers dictate product/packaging is improving brand equities; and productivity efforts will likely continue once current program comes to an end.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

$m	ESTIMATES 1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net revenues	$12,049	$15,710	$16,312	$19,940	$12,509	$16,241	$16,858	$20,615	$64,011	$66,223	$68,427
% volume	0.0%	0.0%	--	--	--	--	--	--	--	--	--
% pricing	2.0%	3.0%	--	--	--	--	--	--	--	--	--
% organic	2.0%	3.0%	2.9%	3.3%	3.1%	3.4%	3.3%	3.4%	2.9%	3.3%	3.3%
Op Profit	$1,974	$3,050	$3,004	$2,820	$2,096	$3,182	$3,200	$2,968	$10,848	$11,447	$12,210
% sales	16.4%	19.4%	18.4%	14.1%	16.8%	19.6%	19.0%	14.4%	16.9%	17.3%	17.8%
E.P.S. (u/g)	$0.94	$1.50	$1.46	$1.34	$1.00	$1.60	$1.58	$1.43	$5.24	$5.61	$6.05

$m	VARIANCE – RenMac vs Consensus 1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Net revenues	—	—	0.1%	1.2%	0.1%	-0.1%	0.3%	0.4%	0.6%	0.5%	0.5%
% volume	—	—	—	—	—	—	—	—	—	—	—
% pricing	—	—	—	—	—	—	—	—	—	—	—
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	—	—	1.4%	2.0%	-0.2%	-0.1%	3.0%	1.1%	1.0%	0.4%	1.4%
% sales	—	—	--	--	--	--	--	--	--	--	--
E.P.S. (u/g)	—	—	2.5%	3.9%	1.1%	1.3%	3.2%	1.1%	1.8%	1.1%	1.2%

	1Q17 A	2Q17 A	3Q17 E	4Q17 E	1Q18 E	2Q18 E	3Q18 E	4Q18 E	FY17 E	FY18 E	FY19 E
Revenue	1.6%	2.0%	1.8%	2.2%	3.8%	3.4%	3.3%	3.4%	1.9%	3.5%	3.3%
Op Profit	-0.1%	4.7%	4.0%	7.7%	6.2%	4.3%	6.5%	5.3%	4.4%	5.5%	6.7%
Margin Ch	-28bp	49bp	40bp	73bp	37bp	18bp	57bp	26bp	40bp	34bp	56bp
EPS	5.6%	10.3%	4.3%	12.1%	6.5%	6.8%	8.1%	6.6%	11.0%	7.0%	7.8%

Bull Case

- Diversification away from CSDs helps growth
- Best in class snacks business (plus category strength)
- Frito Lay has opportunity still in Premium (growing 4x overall)
- Quaker could be better utilized
- Marketing/branding initiatives are working
- LifeWtr proves ability to build new brands ($200m retail biz in 5 mo)
- Potential upside to $1bn/yr productivity target through '19

Bear Case

- N Am CSDs still challenged (vol down 20% since '07)
- Lapped new CSD packaging, push into convenience (tough comps)
- Salty Snacks do not mesh with Health & Wellness trend
- Monster's new Mutant product directly targets Mountain Dew
- SKU proliferation could create paradox of choice & hurt organic

Catalysts

- Increase in savings target
- Any change in CSD pricing discipline
- M&A

Guidance

F17

- **Sales**: +3%+ organic; -2pt F/x; 53rd week -1pt
- **Op Profit**: A&M flat; cost cutting more SG&A than COGS
- **EPS**: $5.13 (8% C$, 2pt F/x)
- **Other**: tax 24%, $10bn OCF, $3bn capex, $7bn FCF, $4.5bn divi, $2bn repo

Source: Company documents, RenMac estimates.

PROCTER & GAMBLE CO. (PG, OW, $105PT)

SUMMARY

Updated 8/1/17

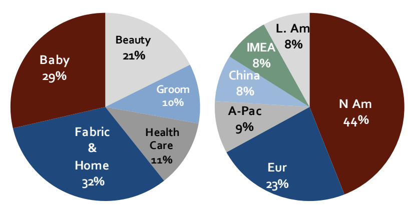
Brand Map

Pampers 13% of sales	Tide 10% of sales	Gillette 10% of sales	PANTENE 5% of sales
Oral-B 4% of sales	OLAY 4% of sales	always 4% of sales	head & shoulders 3% of sales
Charmin 3% of sales	Bounty 3% of sales	Crest 2% of sales	Gain 2% of sales

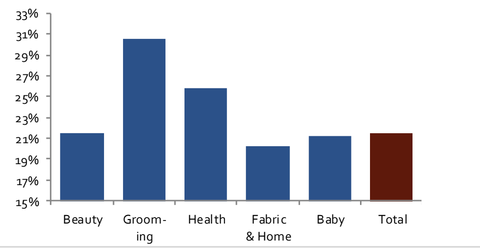
Thesis

Organic likely to continue inflecting; $10bn cost program is the "new normal"; & activist could push for faster-than-guided delivery, additional divestitures and/or improved buybacks/dividends.

F17E Revenue Breakdown



F17E Operating Margin by Segment



Estimates

	ESTIMATES										
$m	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	FY18 E	FY19 E	FY20 E
Net revenues	$16,778	$17,329	$16,239	$16,579	$17,628	$18,009	$16,680	$17,178	$66,925	$69,494	$72,420
% organic	0.6%	2.0%	3.1%	2.5%	4.5%	3.1%	1.8%	2.5%	2.0%	3.0%	3.0%
Op Profit	$3,890	$4,079	$3,565	$3,180	$4,174	$4,331	$3,738	$3,378	$14,713	$15,620	$16,617
% sales	23.2%	23.5%	22.0%	19.2%	23.7%	24.0%	22.4%	19.7%	22.0%	22.5%	22.9%
E.P.S. (u/g)	$1.08	$1.14	$1.00	$0.91	$1.18	$1.23	$1.06	$0.98	$4.13	$4.45	$4.80
Growth											
Revenue	1.6%	2.8%	4.1%	3.1%	5.1%	3.9%	2.7%	3.6%	2.9%	3.8%	4.2%
Op Profit	0.8%	2.8%	3.3%	3.3%	7.3%	6.2%	4.8%	6.2%	2.5%	6.2%	6.4%
Margin Ch	-18bp	1bp	-16bp	4bp	49bp	51bp	46bp	48bp	-8bp	49bp	47bp
EPS	5.1%	5.6%	4.1%	7.3%	9.0%	7.8%	6.4%	7.8%	5.4%	7.8%	7.9%

	VARIANCE RenMac vs Consensus										
$m	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	FY18 E	FY19 E	FY20 E
Net revenues	0.7%	-0.2%	-0.6%	-0.4%	1.8%	0.8%	-0.2%	0.3%	-0.2%	0.5%	1.1%
% organic	—	—	—	—	—	—	—	—	—	—	—
Op Profit	-0.1%	-1.0%	-4.0%	-3.5%	0.9%	0.3%	-3.2%	-0.1%	-2.2%	-1.4%	-0.7%
% sales	—	—	—	—	—	—	—	—	—	—	—
E.P.S. (u/g)	1.0%	-0.5%	-2.4%	-1.4%	1.8%	0.9%	-2.1%	2.5%	-1.0%	0.0%	1.0%

Bull Case

- Organic turning and SKU/brand rationalization largely done
- Btr packaging, shelf sets, mktg, sales effort & innovation can help growth
- China (big, high margin) is improving and big innovation coming in Baby
- Marketing benefits works better with consumer than marketing brands
- Cost-cutting likely the new normal & "balance" the new motto
- Culture change on productivity (biz units funding own reinvestment)
- Hiring from the outside has begun
- Activist scrutiny could incentivize management to make tough decisions

Bear Case

- Many years into turn-around, only 2/3 of US categories hold/gaining share.
- Strong execution required to see further progress
- Procter may be too big to grow
- Olay remains very tough to turn; Pantene still needs work

Catalysts

- If/when whitepaper is published by Peltz/Trian on the PG investment and if/when they get a seat on the board
- Results of August Premium Baby Care innovation in China
- Results of "exciting" innovation planned in Skin Care and Hair Care
- Announcement of further business sales or spins (OTC, Beauty should be divested, in our view, and both are big enough to spin)
- Announcement of a SG&A focused cost-cutting program (last $10bn program and this one are mostly COGS-focused)
- Levering up to accelerate buyback (currently only 1x ND/EBITDA)
- M&A to acquire technologies, capabilities, or potentially companies

Guidance

FY18:

- **Sales:** organic 2-3% (2H > 1H, which includes 1/4pt hit from pfolio cleanup + Blades price adj): Rptd 3%, incl 0-0.5% F/x benefit + acquisitions/ divestitures + India GST impact; Sept-Q = lowest of year
- **Profit:** core op profit 5-6%; F/x modest help; inputs $200m pressure; productivity savings build through year
- **EPS:** +5-7% EPS growth ($4.12-$4.19)
- **Other:** interest & non-op income = 1-2pt headwind; Tax rate 24%; $7.5b divi; $4-7b repo; FCF productivity 90%+; CapEx 5-5.5%;

LT: Balanced top & bottom line, SH return top third of peer group.

Source: Company documents, RenMac estimates.

Exposures, by Company

EXPOSURES

Company Exposure to Regions and Countries

Total Group	AVP	BF/B	CHD	CL	CLX	COTY	DPS	EL	HLF	KMB	KO	MNST	NUS	NWL.B	PEP	PG
Regional Exposure (% sales)																
North America	0%	48%	88%	28%	84%	32%	92%	40%	20%	50%	48%	80%	15%	70%	60%	45%
Western Europe	11%	18%	7%	17%	0%	41%	0%	33%	11%	15%	15%	10%	5%	15%	7%	22%
Eastern Europe	21%	8%	0%	5%	0%	7%	0%	3%	5%	5%	4%	0%	1%	2%	9%	7%
Latin America	53%	11%	4%	27%	14%	6%	8%	2%	23%	15%	9%	5%	0%	8%	13%	8%
Asia Pacific	10%	13%	2%	20%	0%	12%	0%	19%	40%	12%	22%	4%	79%	5%	9%	15%
Mid-East & Africa	4%	3%	0%	3%	2%	2%	0%	3%	1%	3%	2%	1%	0%	0%	1%	3%
Country Exposure (% sales)																
United States	0%	47%	82%	25%	82%	28%	87%	38%	20%	46%	47%	77%	14%	66%	54%	40%
Canada	0%	1%	6%	3%	3%	4%	5%	3%	0%	4%	1%	3%	1%	5%	6%	5%
Britain	5%	7%	5%	2%	0%	9%	0%	12%	1%	6%	2%	5%	0%	3%	2%	5%
Denmark	0%	0%	0%	0%	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Euro Area	6%	10%	2%	12%	0%	29%	0%	19%	9%	8%	12%	4%	1%	11%	5%	15%
Norway	0%	0%	0%	1%	0%	0%	0%	0%	1%	0%	0%	0%	3%	0%	0%	0%
Sweden	0%	0%	0%	1%	0%	0%	0%	1%	0%	0%	0%	1%	1%	0%	0%	1%
Switzerland	0%	0%	0%	1%	0%	1%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%
Czech Republic	1%	1%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Hungary	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Poland	3%	3%	0%	1%	0%	4%	0%	0%	0%	1%	0%	0%	0%	0%	0%	1%
Russia	11%	2%	0%	2%	0%	2%	0%	2%	3%	3%	3%	0%	1%	0%	8%	4%
Turkey	5%	2%	0%	1%	0%	0%	0%	0%	2%	1%	1%	0%	0%	0%	1%	2%

Total Group (cont.	AVP	BF/B	CHD	CL	CLX	COTY	DPS	EL	HLF	KMB	KO	MNST	NUS	NWL.B	PEP	PG
Exposure (% sales)																
Argentina	5%	0%	0%	1%	6%	1%	0%	0%	1%	1%	0%	0%	0%	0%	2%	1%
Brazil	30%	1%	3%	12%	0%	1%	0%	0%	8%	5%	3%	0%	0%	3%	3%	4%
Chile	2%	0%	0%	0%	2%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	4%	0%	0%	2%	1%	0%	0%	0%	1%	1%	0%	0%	0%	0%	0%	0%
Mexico	7%	10%	1%	7%	1%	2%	7%	1%	11%	7%	5%	4%	0%	3%	8%	2%
Venezuela	6%	0%	0%	4%	3%	2%	0%	1%	3%	1%	0%	0%	0%	0%	0%	1%
Australia	1%	7%	2%	3%	0%	4%	0%	3%	1%	3%	0%	1%	0%	0%	0%	1%
China	2%	2%	0%	6%	0%	4%	0%	6%	19%	2%	11%	0%	24%	0%	4%	7%
Hong Kong	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	6%	0%	0%	0%
India	0%	0%	0%	3%	0%	1%	0%	0%	2%	0%	4%	0%	0%	0%	3%	1%
Indonesia	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	1%	0%	0%	0%
Japan	3%	2%	0%	2%	0%	1%	0%	3%	0%	2%	4%	3%	16%	3%	1%	4%
Malaysia	1%	0%	0%	1%	0%	0%	0%	1%	2%	0%	0%	0%	6%	0%	0%	0%
Philippines	2%	0%	0%	2%	0%	0%	0%	0%	0%	0%	2%	0%	1%	0%	0%	1%
Singapore	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	1%	0%	0%	0%
South Korea	0%	1%	0%	0%	0%	1%	0%	2%	10%	3%	0%	0%	15%	0%	0%	0%
Taiwan	1%	0%	0%	1%	0%	0%	0%	2%	2%	1%	0%	0%	4%	0%	0%	0%
Thailand	0%	0%	0%	2%	0%	0%	0%	1%	1%	0%	0%	0%	4%	0%	0%	0%
Egypt	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Israel	0%	2%	0%	0%	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Saudi Arabia	0%	0%	0%	0%	1%	0%	0%	1%	0%	1%	0%	0%	0%	0%	1%	1%
South Africa	4%	1%	0%	2%	0%	1%	0%	2%	1%	1%	1%	1%	0%	0%	0%	1%

Source: Company documents, RenMac estimates.

EXPOSURES

Company Exposure to Various CPG Categories

WORLD	AVP	BFB	CHD	CL	CLX	COTY	DPS	EL	HLF	KMB	KO	MNST	NUS	PEP	PG
BEAUTY	**81%**	**—**	**3%**	**4%**	**5%**	**82%**	**—**	**92%**	**2%**	**—**	**—**	**—**	**42%**	**—**	**23%**
Premium Skin Care	—	—	—	—	—	2%	—	35%	—	—	—	—	15%	—	1%
Mass Skin Care	24%	—	1%	0%	4%	0%	—	—	1%	—	—	—	18%	—	3%
Premium Hair Care	—	—	—	—	—	—	—	3%	—	—	—	—	0%	—	1%
Mass Hair Care	5%	—	2%	4%	—	—	—	—	0%	—	—	—	2%	—	13%
Premium Cosmetics	—	—	—	—	—	1%	—	39%	—	—	—	—	—	—	0%
Mass Cosmetics	26%	—	—	—	1%	29%	—	—	—	—	—	—	6%	—	2%
Premium Fragrances	—	—	—	—	—	35%	—	15%	—	—	—	—	—	—	2%
Mass Fragrances	26%	—	—	0%	—	15%	—	—	0%	—	—	—	0%	—	0%
PERSONAL CARE	**19%**	**—**	**24%**	**62%**	**1%**	**18%**	**—**	**8%**	**—**	**4%**	**—**	**—**	**6%**	**—**	**22%**
Oral Care	—	—	12%	45%	—	—	—	—	—	—	—	—	0%	—	7%
Bath Products	5%	—	1%	13%	—	3%	—	1%	—	0%	—	—	2%	—	2%
Deodorants	8%	—	3%	4%	—	5%	—	—	—	—	—	—	0%	—	2%
Men's Shaving	0%	—	—	0%	—	0%	—	0%	—	—	—	—	0%	—	9%
Baby/Child	2%	—	1%	0%	1%	—	—	—	—	4%	—	—	0%	—	1%
Sun Care	2%	—	—	—	—	1%	—	1%	—	—	—	—	1%	—	0%
Women's Shaving	1%	—	8%	—	—	1%	—	—	—	—	—	—	0%	—	1%
Other	2%	—	—	0%	0%	8%	—	7%	—	—	—	—	3%	—	0%
HOME CARE	**—**	**—**	**48%**	**20%**	**73%**	**—**	**—**	**—**	**—**	**0%**	**—**	**—**	**—**	**—**	**25%**
Laundry Care	—	—	44%	7%	5%	—	—	—	—	—	—	—	—	—	18%
Surface Care	—	—	3%	7%	36%	—	—	—	—	0%	—	—	—	—	2%
Dishwashing	—	—	—	5%	0%	—	—	—	—	—	—	—	—	—	3%
Air Care	—	—	1%	—	1%	—	—	—	—	—	—	—	—	—	1%
Toilet Care	—	—	0%	0%	5%	—	—	—	—	—	—	—	—	—	0%
Bleach	—	—	—	1%	24%	—	—	—	—	—	—	—	—	—	—
Polishes	—	—	0%	—	0%	—	—	—	—	—	—	—	—	—	0%
PAPER PRODUCTS	**—**	**—**	**1%**	**0%**	**9%**	**—**	**—**	**—**	**—**	**96%**	**—**	**—**	**—**	**—**	**28%**
Toilet Paper	—	—	—	—	—	—	—	—	—	28%	—	—	—	—	3%
Diapers	—	—	—	—	—	—	—	—	—	35%	—	—	—	—	14%
Fem Care	—	—	—	—	—	—	—	—	—	9%	—	—	—	—	6%
Tissues	—	—	—	—	—	—	—	—	—	9%	—	—	—	—	0%
Kitchen Towels	—	—	—	—	—	—	—	—	—	4%	—	—	—	—	2%
Wipes	—	—	1%	0%	9%	—	—	—	—	4%	—	—	—	—	2%
Incontinence	—	—	—	—	—	—	—	—	—	5%	—	—	—	—	0%
ALCOHOL	**—**	**100%**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Wine	—	1%	—	—	—	—	—	—	—	—	—	—	—	—	—
Whiskies	—	62%	—	—	—	—	—	—	—	—	—	—	—	—	—
Vodka	—	9%	—	—	—	—	—	—	—	—	—	—	—	—	—
Liqueurs	—	12%	—	—	—	—	—	—	—	—	—	—	—	—	—
Rum	—	0%	—	—	—	—	—	—	—	—	—	—	—	—	—
RTDs/Mixes	—	9%	—	—	—	—	—	—	—	—	—	—	—	—	—
Tequila	—	7%	—	—	—	—	—	—	—	—	—	—	—	—	—
BEVERAGES	**—**	**—**	**—**	**—**	**—**	**—**	**100%**	**—**	**—**	**—**	**100%**	**100%**	**—**	**55%**	**—**
Carbonates	—	—	—	—	—	—	81%	—	—	—	71%	—	—	34%	—
Water	—	—	—	—	—	—	2%	—	—	—	8%	—	—	4%	—
Juice	—	—	—	—	—	—	11%	—	—	—	10%	—	—	8%	—
Tea	—	—	—	—	—	—	6%	—	—	—	3%	2%	—	0%	—
Energy Drinks	—	—	—	—	—	—	—	—	—	—	1%	91%	—	1%	—
Sports Drinks	—	—	—	—	—	—	—	—	—	—	3%	—	—	8%	—
FOOD	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**0%**	**—**	**—**	**45%**	**—**
Dairy	—	—	—	—	—	—	—	—	—	—	0%	—	—	3%	—
Snacks	—	—	—	—	—	—	—	—	—	—	—	—	—	33%	—
Sauces	—	—	—	—	—	—	—	—	—	—	—	—	—	1%	—
Biscuits	—	—	—	—	—	—	—	—	—	—	—	—	—	2%	—
Cereals	—	—	—	—	—	—	—	—	—	—	—	—	—	3%	—
Snack Bars	—	—	—	—	—	—	—	—	—	—	—	—	—	1%	—
PET	**—**	**—**	**13%**	**14%**	**12%**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Dog Food	—	—	—	9%	—	—	—	—	—	—	—	—	—	—	—
Cat Food	—	—	—	4%	—	—	—	—	—	—	—	—	—	—	—
Cat Litter	—	—	13%	—	12%	—	—	—	—	—	—	—	—	—	—
HEALTH	**0%**	**—**	**11%**	**—**	**—**	**—**	**—**	**—**	**98%**	**—**	**—**	**—**	**52%**	**0%**	**3%**
Supplements	0%	—	—	—	—	—	—	—	20%	—	—	—	35%	—	0%
Vitamins	0%	—	4%	—	—	—	—	—	10%	—	—	—	6%	—	0%
Meal Replacement	—	—	—	—	—	—	—	—	54%	—	—	—	5%	—	—

Source: Company documents, RenMac estimates.

ANALYST(S) CERTIFICATION(S): I, April Scee, herby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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No Analyst Ownership: The analyst principally responsible for the preparation of this research report or a member of the analyst's household does not hold a position in the stocks mentioned in this report.

Companies Mentioned:
Brown Forman (BF.B, $54.65). Equalweight
Coty (COTY, $16.72). Equalweight
Kimberly Clark (KMB, $119.60). Equalweight
Newell (NWL, $44.02). Overweight
Procter and Gamble (PG, $93.99). Overweight

Price target and Valuation Methodology: Each Analyst has a single price target in all of the stocks that they cover. The price target represents that Analyst's expectation of where the stock will trade in the next twelve months.

To arrive at our valuation we use a blend of relative value metrics and a DCF.

Risk Disclosure(s):

Risks include but are not limited to, emerging market issues, currency pressure, raw material increases, heighteed competition (branded, Private label and/or new entrants), more promotional environment, retailer de-stockings, consumer malaise, inability to react to macro or consumer trends, poor capital allocation, and execution.

Guide to RenMac's Fundamental Research Rating System: Our fundamental coverage Analysts use a relative ranking system to rate stocks as Buy, Sell or Hold (see definitions below) relative to other companies covered by the Analyst or are deemed to be in the same industry (the Analysts Coverage Universe). In addition to the stock ratings each Analyst provides an Industry Ratings which provides the outlook for the industry coverage as Positive, Neutral or Negative (see definitions below). Investors should carefully read the entire research report including the definitions of all ratings and not infer its content from ratings alone.

Stock Ratings:

Overweight – The stock is expected to outperform the un-weighted expected total return of the industry coverage universe over the next 12 months.

Equal Weight – The stock is expected to perform in line with the un-weighted expected total return of the industry coverage universe over the next 12 months.

Underweight – The stock is expected to underperform the un-weighted expected total return of the industry coverage universe over the next 12 months.

Ratings Suspended - The ratings and price target have been suspended temporarily due to market events that make coverage impracticable or to comply with applicable regulations and /or firm policy.

Distribution of Ratings:
RenMac has 31 companies under coverage.
42% have been assigned an Overweight Rating. 45% have been assigned an Equalweight Rating. 13% have been assigned an Underweight Rating. None of the companies under coverage are Invetment Banking clients.

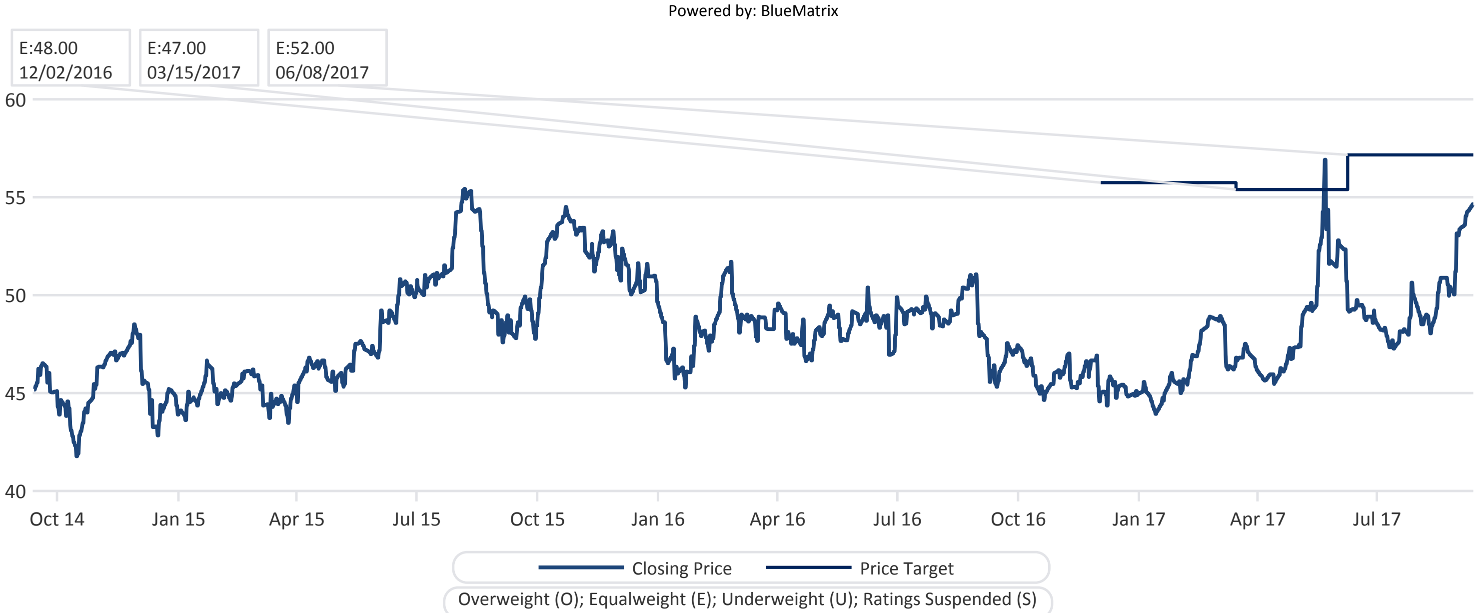
Industry Rating:

Positive – Industry coverage universe has improving fundamentals and valuations.

Neutral – Industry coverage universe has neutral fundamentals and valuations.

Negative – Industry coverage universe has deteriorating fundamentals and valuations.

Brown Forman Rating History as of 09/11/2017
Powered by: BlueMatrix



Coty Rating History as of 09/11/2017

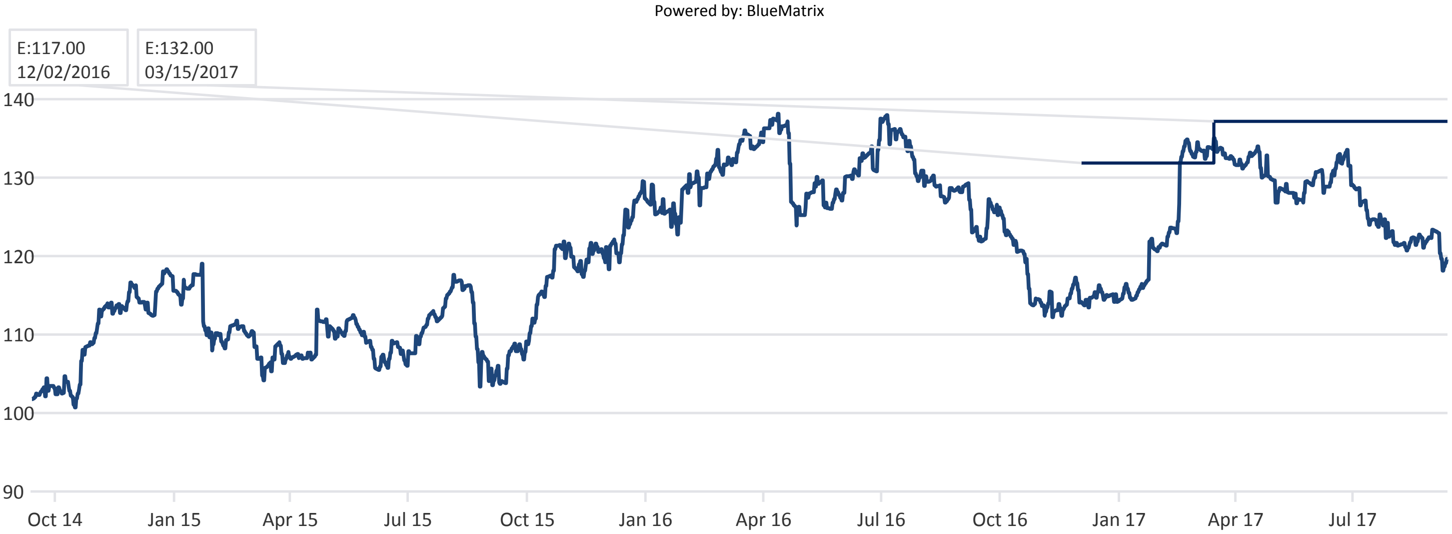
Powered by: BlueMatrix

Closing Price Price Target

Overweight (O); Equalweight (E); Underweight (U); Ratings Suspended (S)

Kimberly Clark Rating History as of 09/11/2017

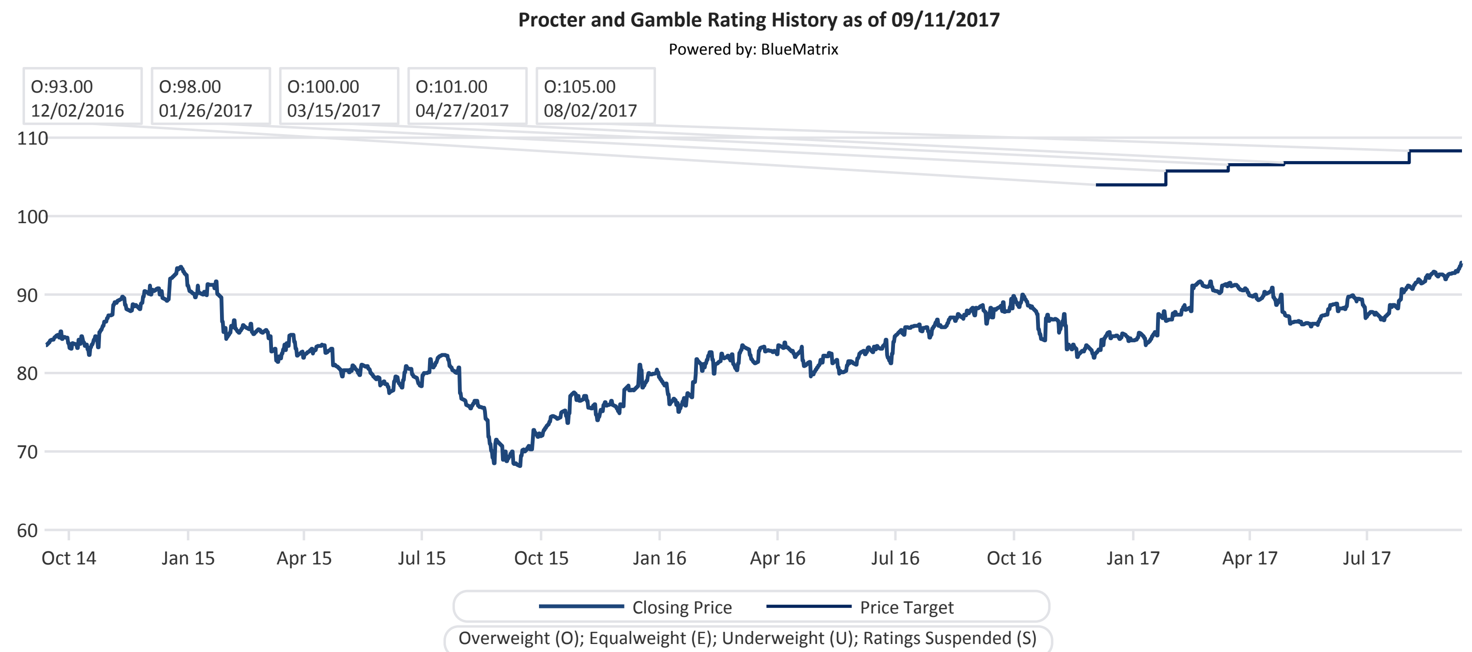
Powered by: BlueMatrix



Closing Price Price Target

Overweight (O); Equalweight (E); Underweight (U); Ratings Suspended (S)


Newell Rating History as of 09/11/2017
Powered by: BlueMatrix
O:58.00
12/02/2016
60
55
50
45
40
35
30
Oct 14
Jan 15
Apr 15
Jul 15
Oct 15
Jan 16
Apr 16
Jul 16
Oct 16
Jan 17
Apr 17
Jul 17
Closing Price
Price Target
Overweight (O); Equalweight (E); Underweight (U); Ratings Suspended (S)


Procter and Gamble Rating History as of 09/11/2017
Powered by: BlueMatrix
O:93.00
12/02/2016
O:98.00
01/26/2017
O:100.00
03/15/2017
O:101.00
04/27/2017
O:105.00
08/02/2017
110
100
90
80
70
60
Oct 14
Jan 15
Apr 15
Jul 15
Oct 15
Jan 16
Apr 16
Jul 16
Oct 16
Jan 17
Apr 17
Jul 17
Closing Price
Price Target
Overweight (O); Equalweight (E); Underweight (U); Ratings Suspended (S)

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