

Welcome

# Consumer Staples Sector Presentation

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**Student Investment Management**

*(Data as of March 14, 2017)*

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# Consumer Staples Sector

Business Analysis 01

Economic Analysis 02

Financial Analysis 03

Valuation Analysis 04

**Consumer staples** are essential products that people are unable or unwilling to cut out of their budgets regardless of their financial situations

→ Defensive/Non-cyclical

# Consumer Staples Sector



- Size: \$2.216 trillion



- 9.4% of S&P 500



Information Technology	21.5%
Financials	14.8%
Health Care	14.1%
Consumer Discretionary	12.1%
Industrials	10.2%
Consumer Staples	9.4%
Energy	6.6%
Utilities	3.2%
Real Estate	2.9%
Materials	2.8%
Telecommunication Services	2.4%

Based on GICS® sectors  
The weightings for each sector of the index are rounded to the nearest tenth of a percent; therefore, the aggregate weightings for the index may not equal 100%.  
As Of Feb 28, 2017

## Industries In The Consumer Staples Sector

[Back To All Sectors](#)

Industry	1 Month	3 Month	YTD	PPE	Price to sales	Dividend Yield
<b>Beverages</b> 18 Companies	0.00%	0.00%	--	24.9x	2.6x	2.51%
<b>Food Products</b> 43 Companies	0.00%	0.00%	--	18.2x	0.9x	2.46%
<b>Tobacco</b> 8 Companies	0.00%	0.00%	--	16.6x	4.1x	4.07%
<b>Food &amp; Staples Retailing</b> 26 Companies	0.00%	0.00%	--	19.2x	0.5x	1.42%
<b>Household Products</b> 11 Companies	0.00%	0.00%	--	20.0x	2.0x	2.36%
<b>Personal Products</b> 17 Companies	0.00%	0.00%	--	22.1x	1.6x	1.45%
<b>Food &amp; Staples Retailing</b> 23 Companies	-0.90%	-3.68%	-1.47%	14.3x	0.4x	2.05%
<b>Food Beverage &amp; Tobacco</b> 66 Companies	+2.59%	+6.27%	+6.27%	14.9x	1.5x	3.11%
<b>Household &amp; Personal Products</b> 28 Companies	+4.46%	+8.82%	+10.37%	16.3x	1.9x	2.97%

# Industries in the Sector

# Major Constituents



Number of Constituents within S&P 500: 37



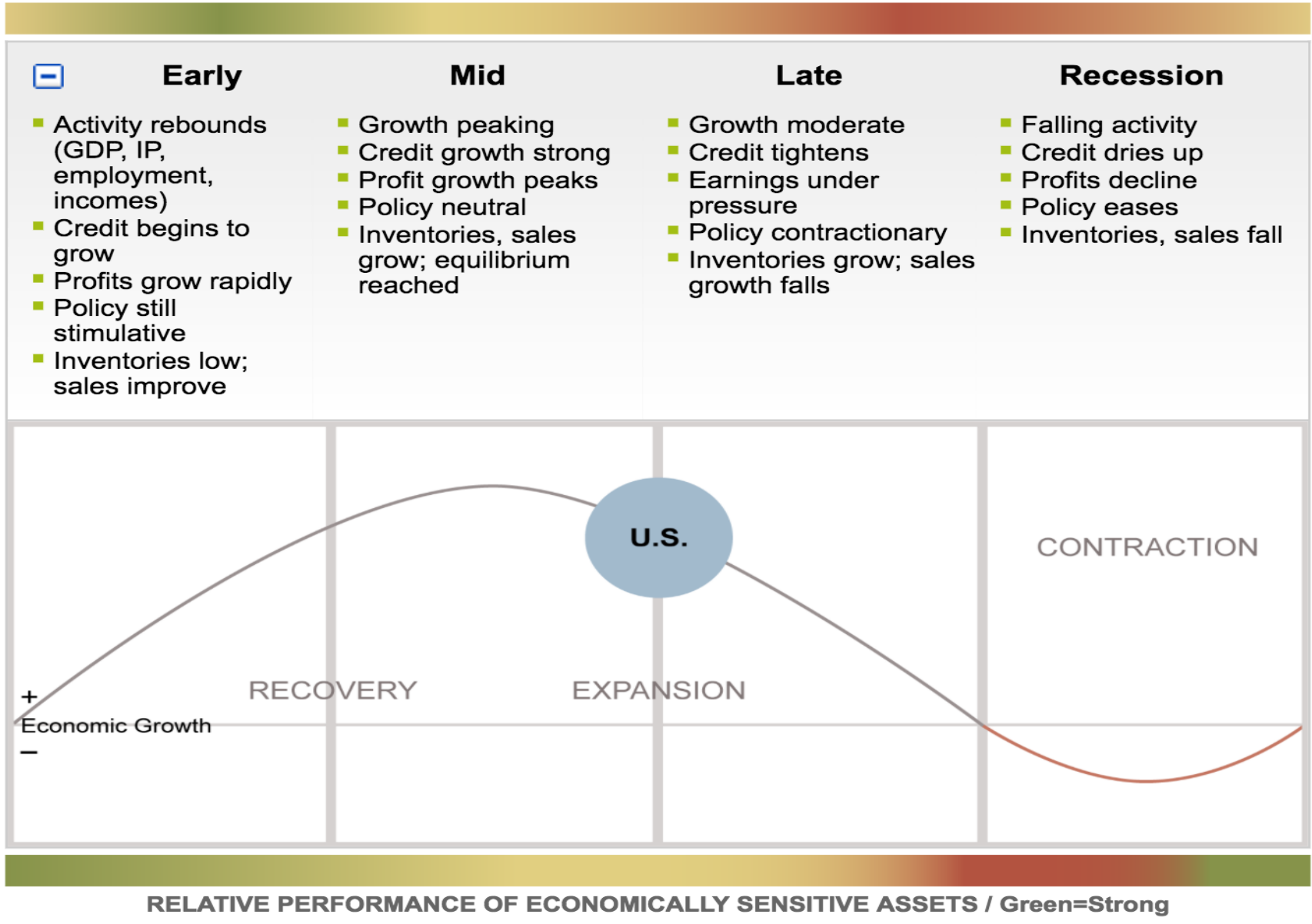
Top Ten Players

Company Name	Market Cap
USD \$	
Procter & Gamble Co/The	233,431,924,736
Wal-Mart Stores Inc	214,969,647,104
Coca-Cola Co/The	180,393,361,408
Philip Morris International Inc	172,234,850,304
PepsiCo Inc	156,151,513,088
Altria Group Inc	146,717,163,520
Kraft Heinz Co/The	110,978,465,792
Walgreens Boots Alliance Inc	92,408,258,560
Reynolds American Inc	86,539,952,128
CVS Health Corp	82,507,276,288

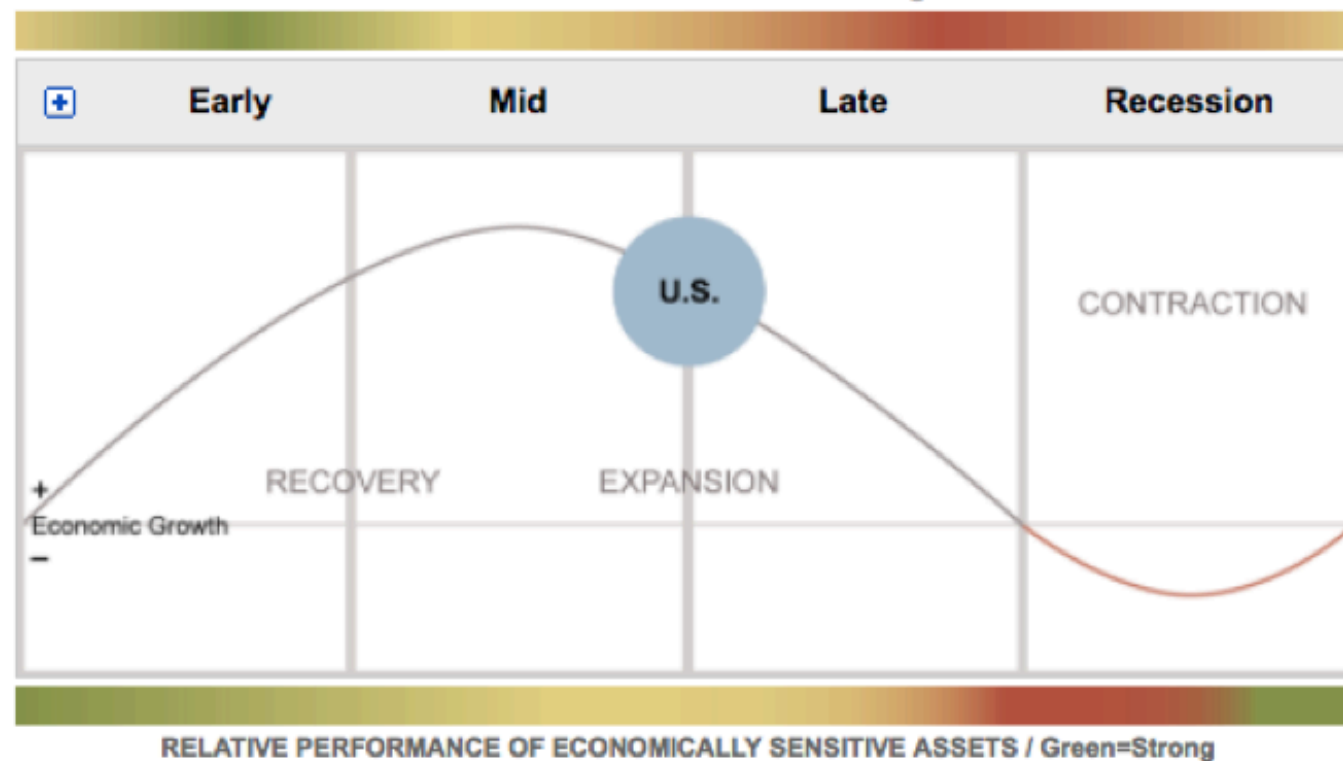
# Business Analysis

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# Phrases of Life Cycle



### Sector Performance by Business Cycle Phase

Sector	Early	Mid	Late	Recession
Consumer Staples	-		+	++

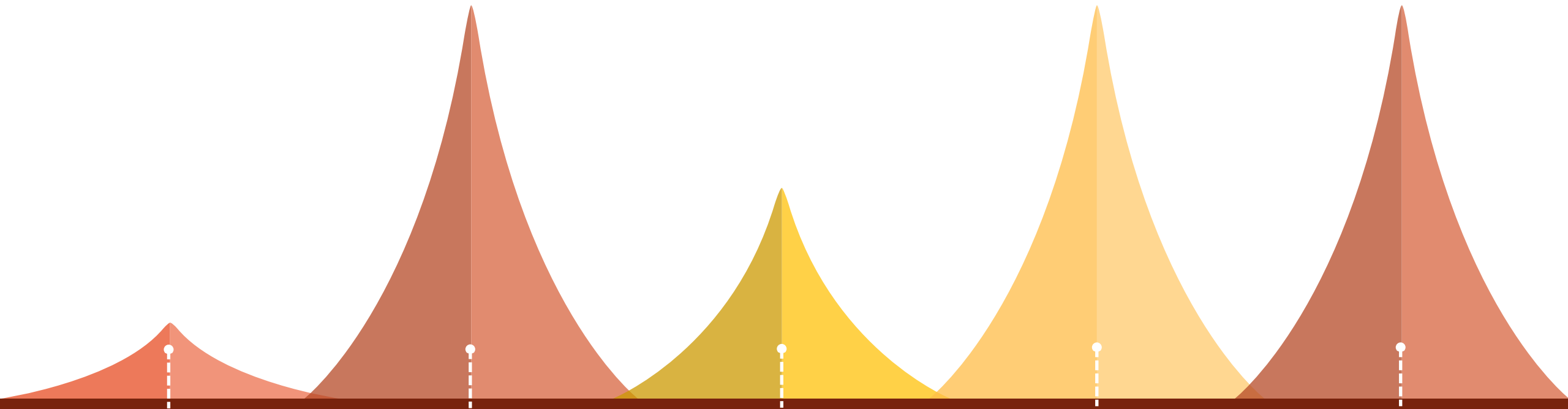
++ Consistently Overperform    -- Consistently Underperform    □ No Clear Pattern  
 + Overperform    - Underperform

Phrases of Life Cycle



# Porter's Five Forces Analysis

## Consumer Staples Industry



**Power of Suppliers: Low**

- Many suppliers
- Low pricing power against large buyers

**Power of Buyers: High**

- Low switching cost

**Threat of New Entrants: Middle**

- Small amount of capital investment
- Market penetration of large companies

**Threat of Substitutes: High**

- Products not very differentiated
- High price sensitivity
- Low brand loyalty

**Degree of Rivalry: High**

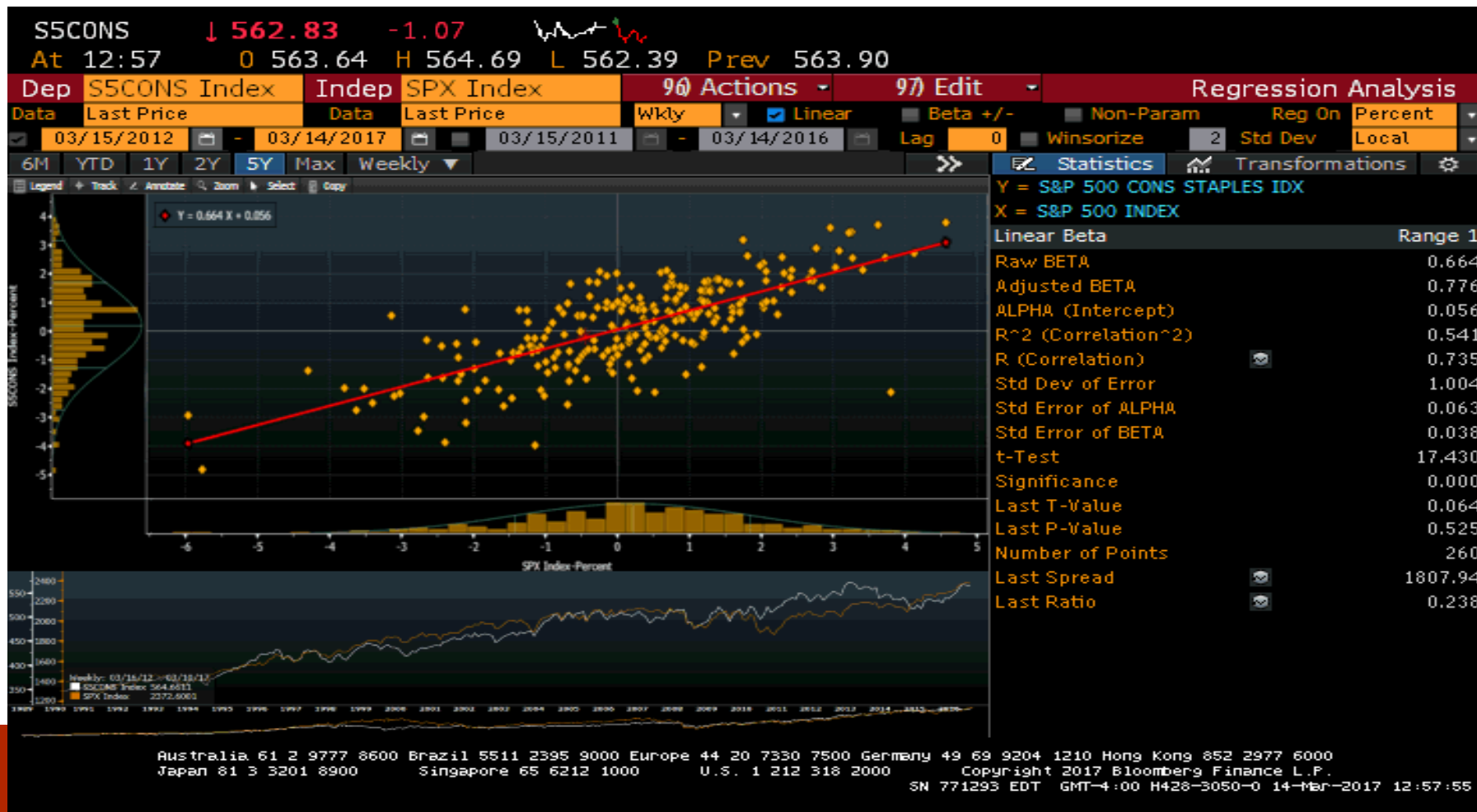
- Easy product substitution
- Many market participants

# Economic Analysis

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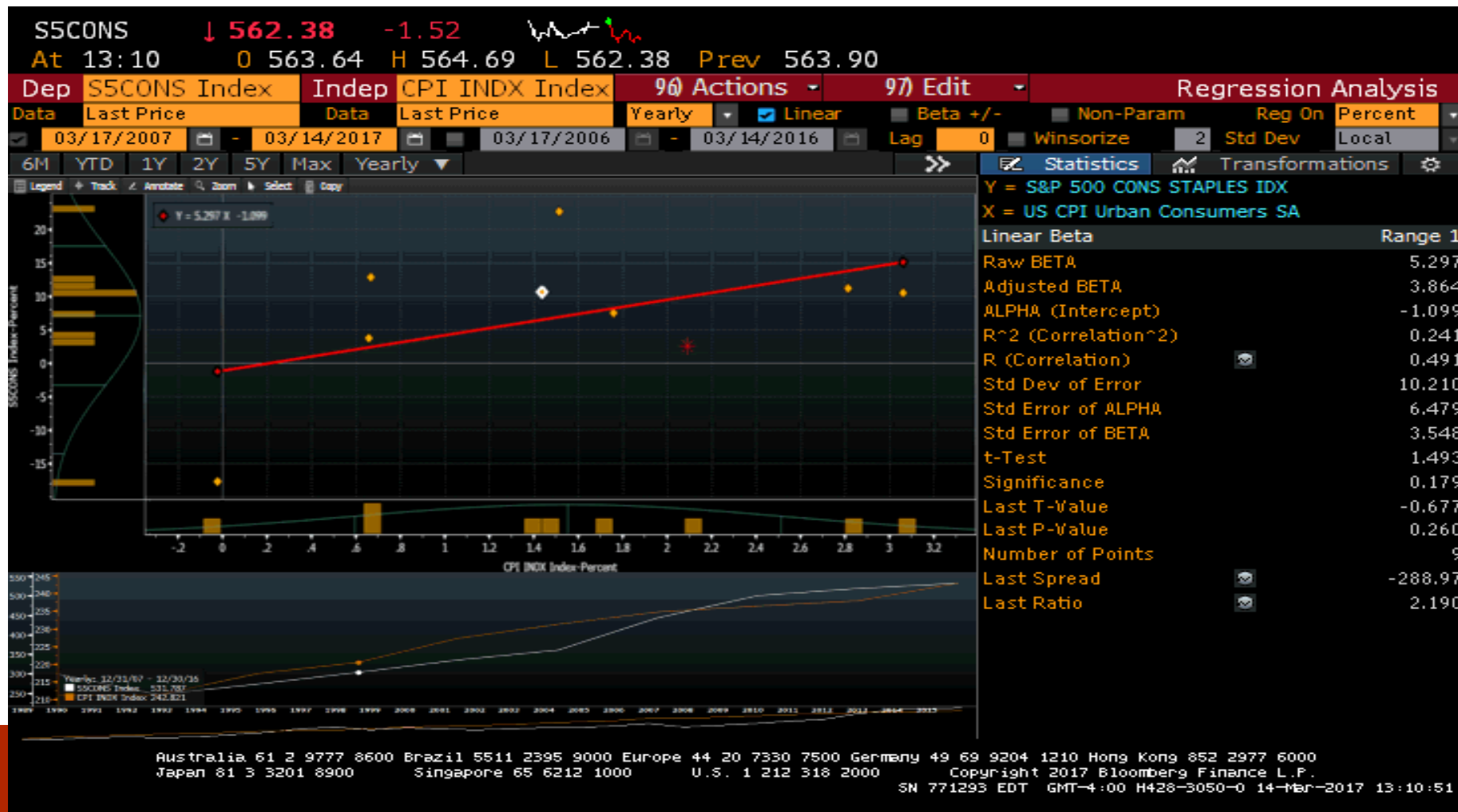


# Regression: Cons Staples vs. S&P 500



S5CONS vs. SPX  
Raw Beta = 0.664

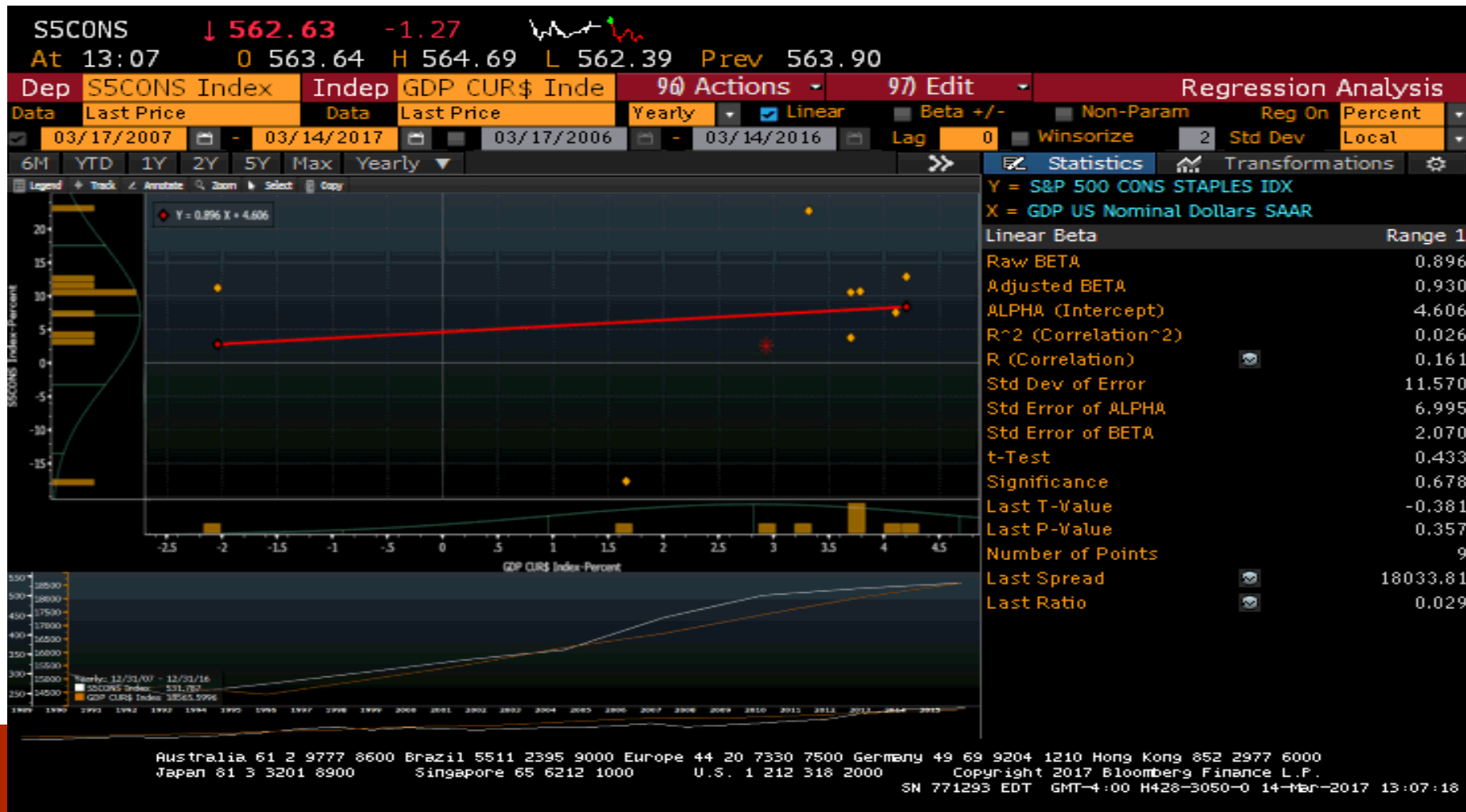
# Regression: Cons Staples vs. CPI



S5CONS vs. CPI

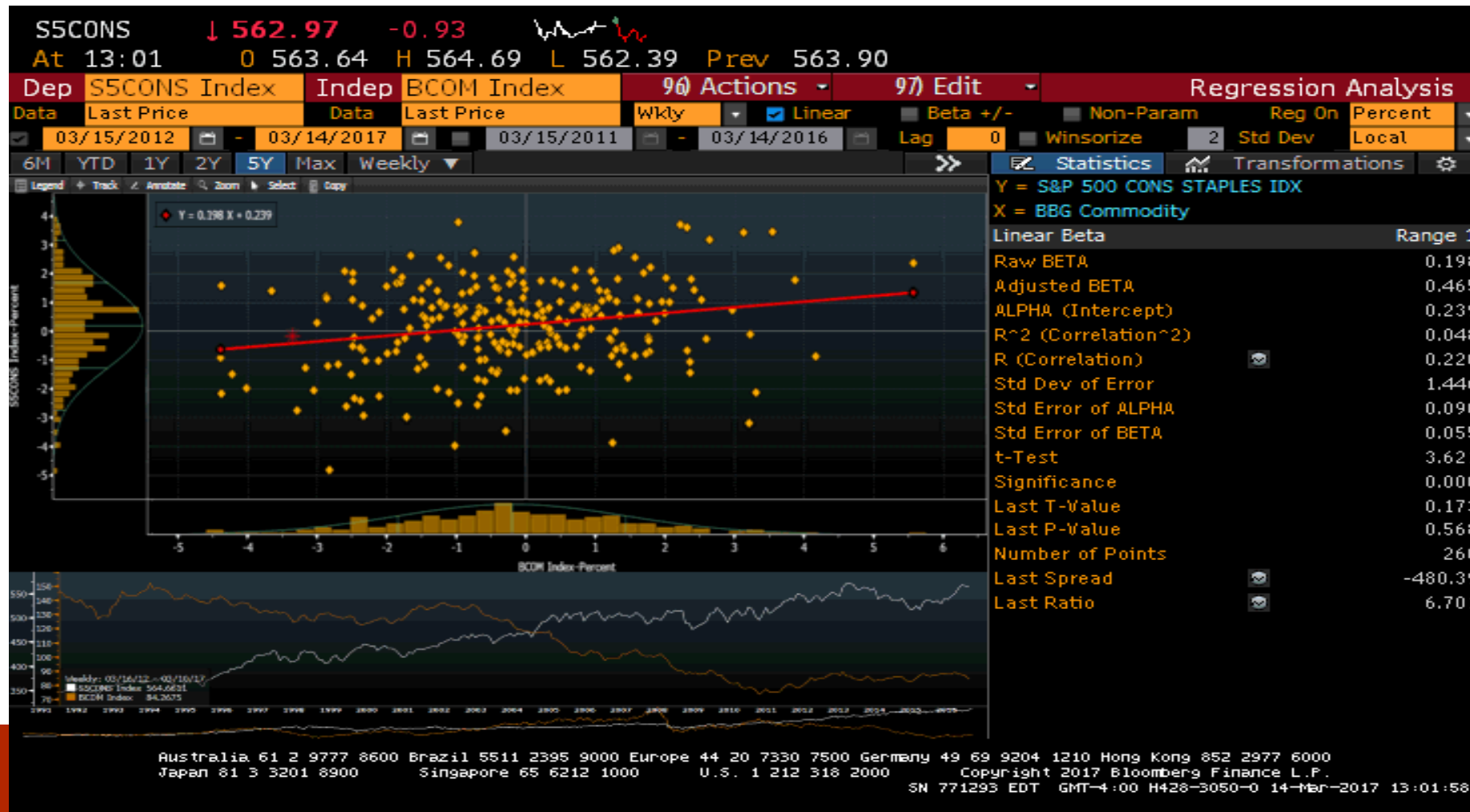
Raw Beta = 5.297

# Regression: Cons Staples vs. GDP



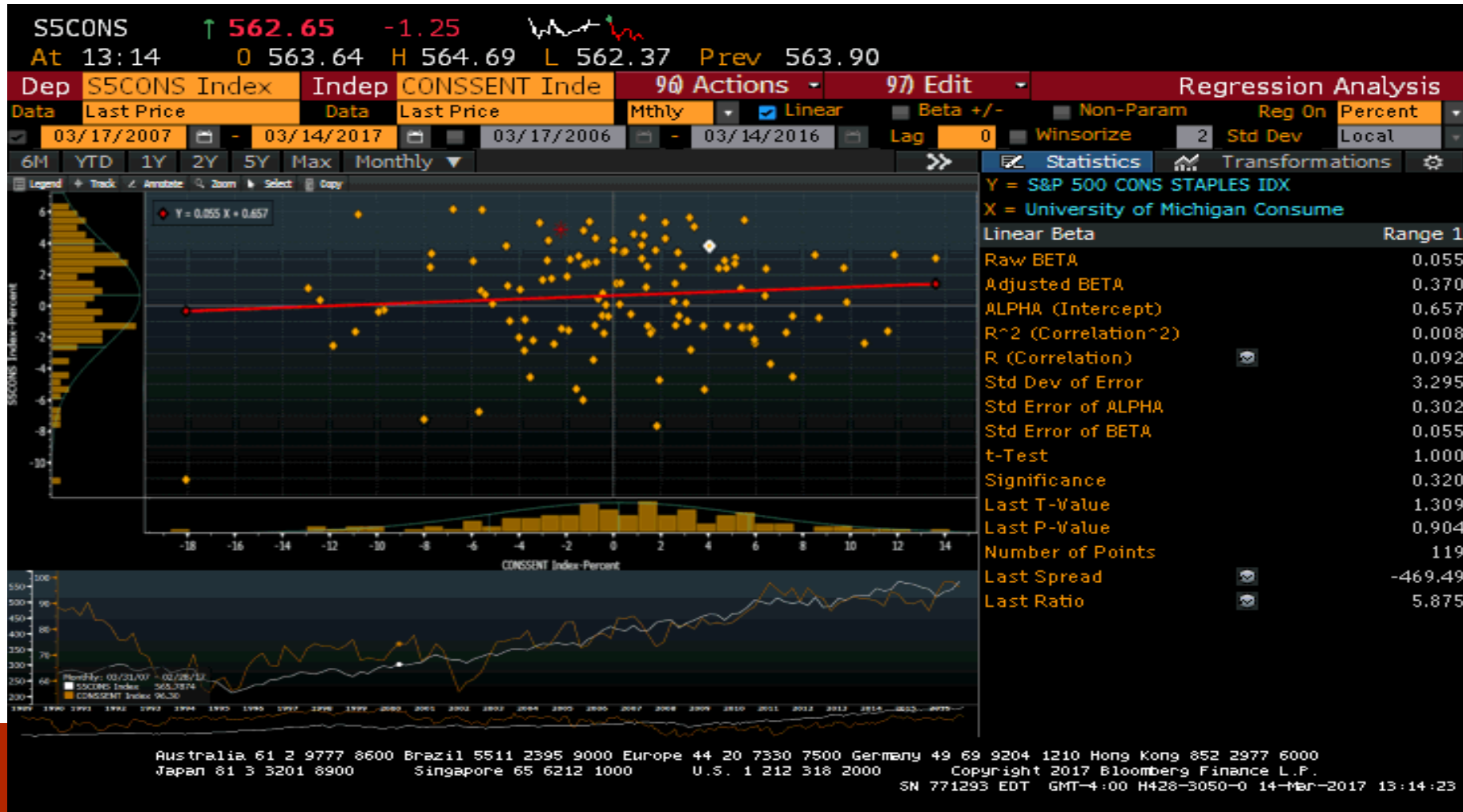
S5CONS vs. GDP \$  
Raw Beta = 0.896

# Regression: Cons Staples vs. Commodity Price



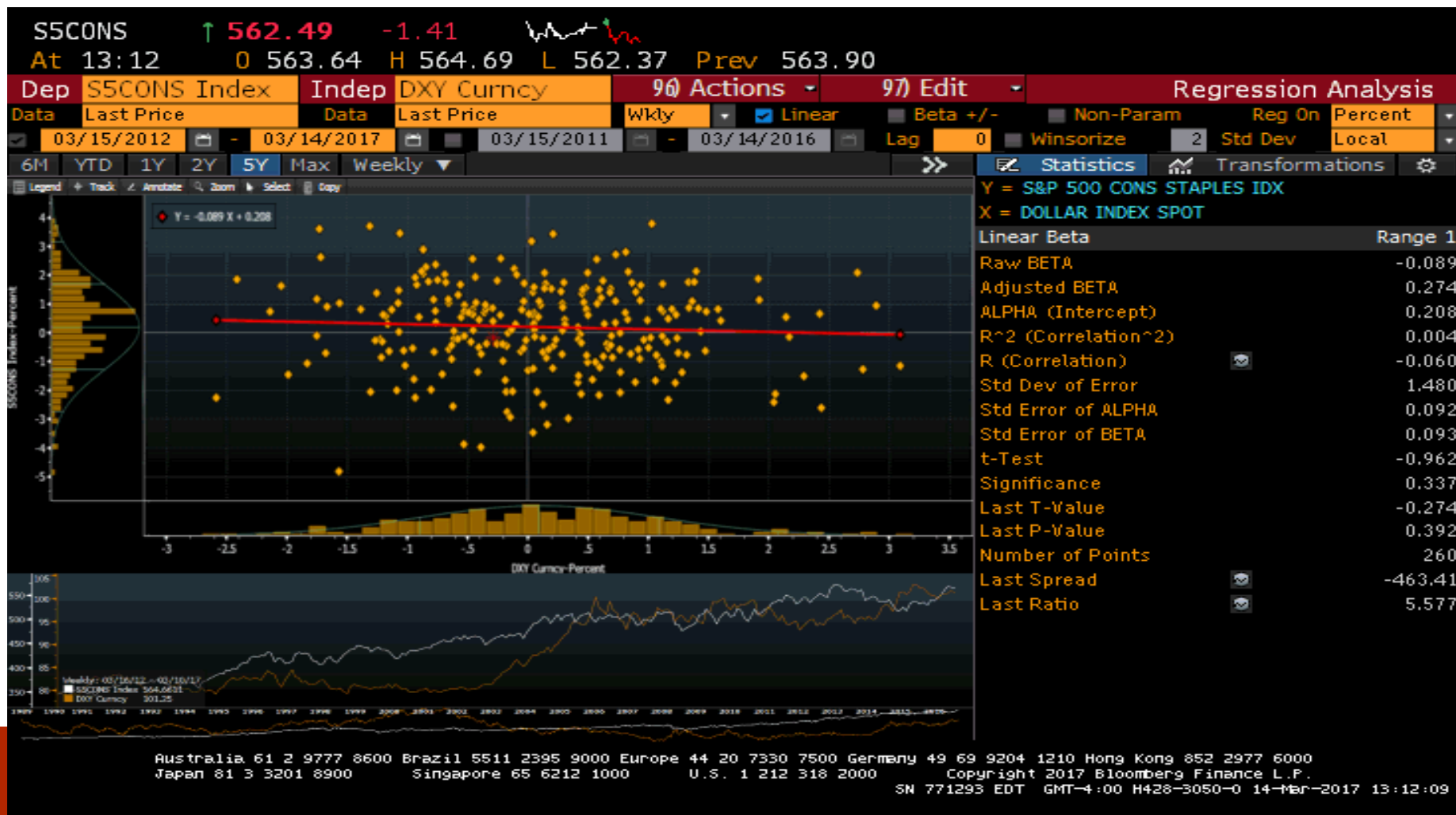
S5CONS vs. BCOM  
Raw Beta = 0.198

# Regression: Cons Staples vs. Consumer Sentiment



S5CONS vs. CONSSSENT  
 Raw Beta = 0.055

# Regression: Cons Staples vs. USD



S5CONS vs. DXY

Raw Beta = - 0.089



# Financial Analysis

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# Sector Performance DES

S5CONS Index Page 1/2 Security Description: Index

1) Profile 2) Characteristics

**S&P 500 Consumer Staples Sector Index GICS Level 1** FIGI BBG000QZ9Q51

Standard and Poor's 500 Consumer Staples Index is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base period. The parent index is SPXL1. This is a GICS Level 1 Sector group. Intraday values are calculated by Bloomberg and not supported by S&P DJI, however the close price in HP<GO> is the official close price calculated by S&P DJI.

Index Values Calculated by Bloomberg

3) Price Chart | GP »

Period	Level	% Change	Net Change
Year to Date	531.79	+5.93	+31.52
52 Week Ago	535.35	+5.22	+27.96
52 Week High	574.62 (07/14/16)		
52 Week Low	511.01 (12/01/16)		

4) Financial Analysis | FA »

Price/Earnings	22.27	Ex-Dividend	-0.7734
Dividend Yield	2.61	Ex-Date	03/13/17

5) Index Information

Volume	34.97MLN (03/13/17)
Market Cap	N.A.
Divisor	N.A.
Trading Hours	09:30 - 17:00
Currency	USD
Composite Volume	N.A.

6) Members | MEMB » 37 ↑9 ↓28 →0

No Industry Groups

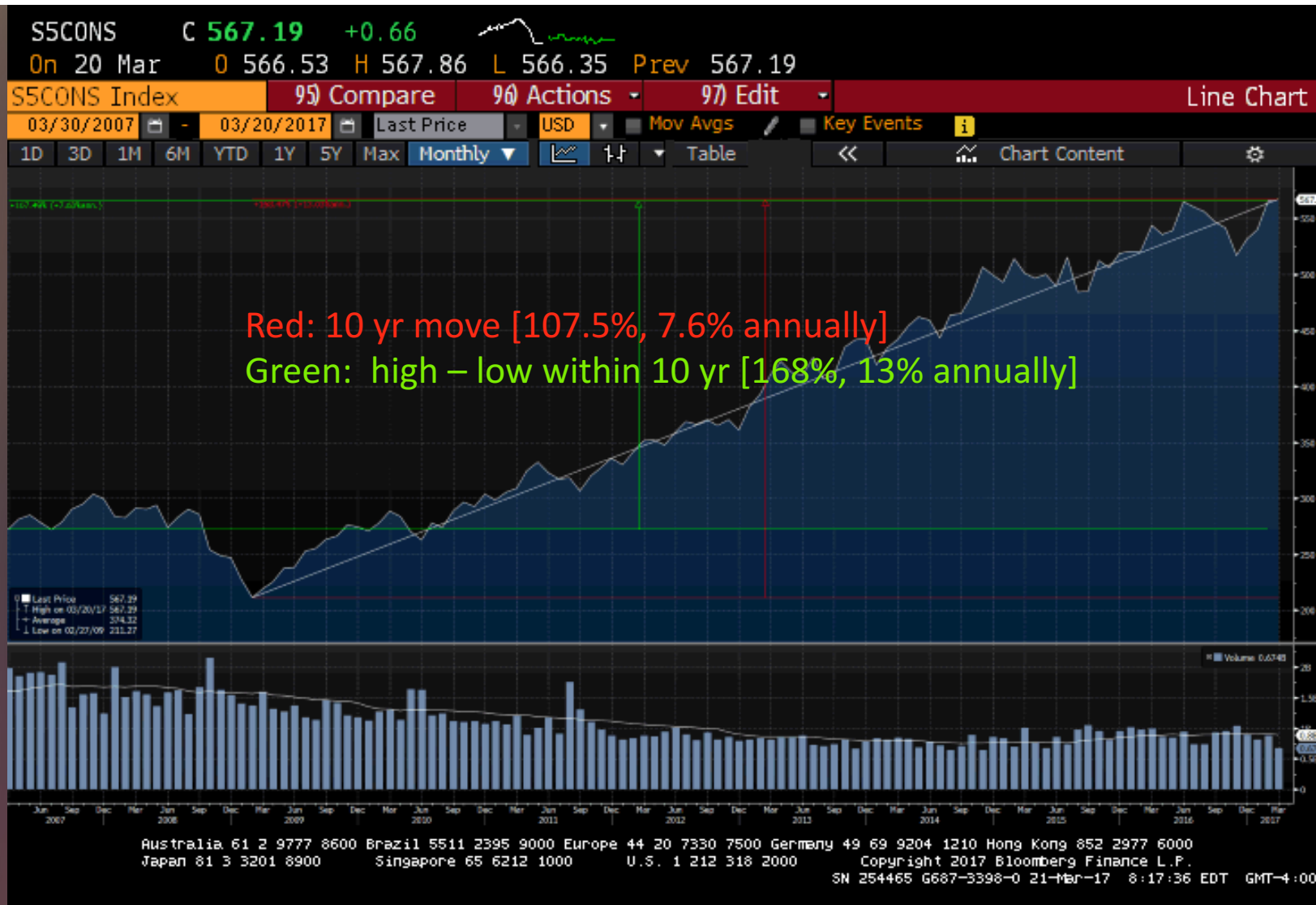
8) Movers | MOV »

Leaders		% Chg	Laggers		% Chg
9) WMT	UN	+1.67	13) TSN	UN	-1.43
10) CAG	UN	+0.37	14) COTY	UN	-0.91
11) BF/B	UN	+0.24	15) WBA	Uw	-0.71
12) MKC	UN	+0.18	16) EL	UN	-0.69

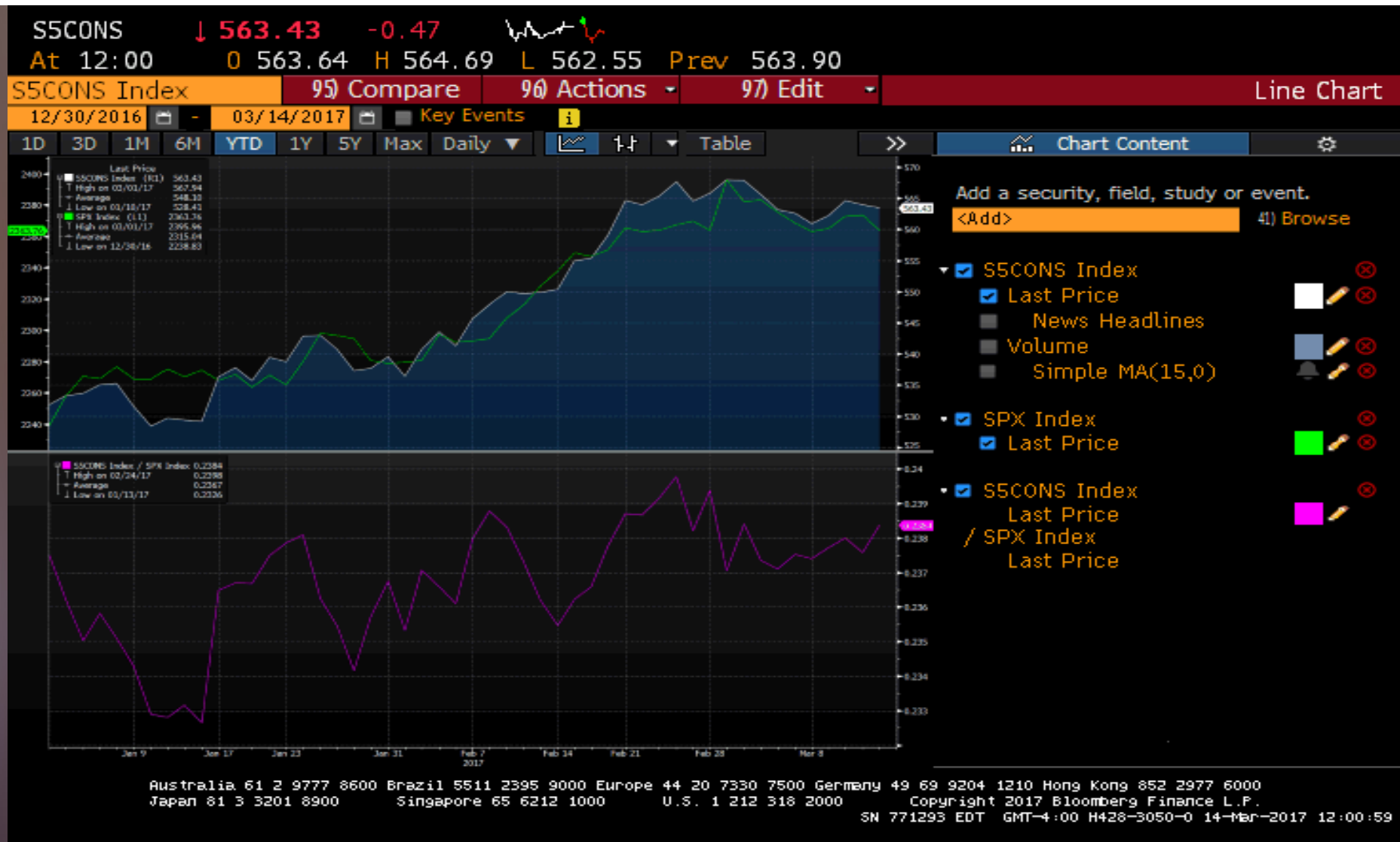
# Sector Financials Snapshot

S5CONS				Security Description: Index			
↓ 563.28 -0.62 				Page 2/2			
At 11:42 O 563.64 H 564.69 L 562.55 Prev 563.90							
S5CONS Index							
1) Profile				2) Characteristics			
3) Return Analysis   TRA »							
Range	Level	% Chg	Annual	Range	Level	% Chg	Annual
1 Day	563.90	-0.10	-31.56	1 Year	535.35	5.22	+5.22
5 Days	562.56	0.13	+7.23	2 Year	494.06	14.02	+6.76
MTD	565.79	-0.44	-10.81	5 Year	345.69	62.95	+10.25
QTD	531.79	5.93	+32.85	Qtr 4:15	484.91	6.91	+31.12
YTD	531.79	5.93	+32.85	Qtr 1:16	518.42	4.85	+21.18
1 Month	550.41	2.34	+35.26	Qtr 2:16	543.56	3.94	+16.98
3 Month	530.77	6.13	+27.30	Qtr 3:16	564.99	-3.27	-12.60
6 Month	539.58	4.40	+9.07	Qtr 4:16	546.54	-2.70	-10.50
4) Financial Analysis   FA »							
Price Earnings Ratio (P/E)	22.27	EPS	25.29				
Est P/E	20.92	Est EPS	26.93				
P/E Before X0	21.34	EPS Before X0	26.40				
Price/Book	5.39	Book/Share	104.50				
Price/Sales	1.48	Sales/Share	380.67				
EBITDA	46.57	Cashflow/share	35.26				
Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000							
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P.							
SN 771293 EDT GMT-4:00 H428-3050-0 14-Mar-2017 11:42:08							

# Sector Performance – 10 YR



# YTD Consumer Staples vs. S&P 500



# Major Companies -- Ratios (MKT CAP > 100B)

Ticker	Name	Market Cap	Price	P/E	P/CF	P/EBITDA	P/S	P/B	Revenue - 1 Yr Growth	Revenue T12M
PG UN Equity	Procter & Gamble Co	233,431,924,736	90.99	24.31	18.23	14.76	3.75	4.49	-0.35	65,230,999,552
WMT UN Equity	<u>Wal-Mart Stores Inc</u>	214,969,647,104	70.99	16.36	6.96	6.69	0.45	2.80	0.98	485,873,000,448
KO UN Equity	Coca-Cola C	180,393,361,408	41.9	21.89	20.62	17.43	4.33	7.81	-5.91	41,863,001,088
PM UN Equity	Philip Morris International Inc	172,234,850,304	110.75	24.76	21.30	14.88	6.45	--	9.06	26,684,999,680
PEP UN Equity	PepsiCo Inc	156,151,513,088	109.28	22.57	15.16	12.99	2.51	14.13	5.00	62,799,000,576
MO UN Equity	Altria Group Inc	146,717,163,520	75.34	25.16	38.95	16.46	7.63	11.50	0.08	19,336,999,936
KHC UW Equity	Kraft Heinz Co	110,978,465,792	90.78	26.51	21.15	15.50	4.18	1.93	-3.75	26,486,999,552

# Major Companies -- Margin Growth (MKT CAP > 100B)

Ticker	Name	Market Cap	NI / Profit - 5 Yr Geo Gr LF	NI / Profit - 1 Yr Gr:Q	CAGR of T12M NI / Profit over 4 Calendar Quarters	Gross Profit Growth	Rev - 1 Yr Gr:Q
PG UN Equity	Procter & Gamble Co	233,431,924,736	36.04	145.63	80.00	-3.87	-0.35
WMT UN Equity	Wal-Mart Stores Inc	214,969,647,104	-6.16	-17.86	-7.13	2.87	0.98
KO UN Equity	Coca-Cola Co	180,393,361,408	-19.99	-55.54	-11.18	-5.27	-5.91
PM UN Equity	Philip Morris International Inc	172,234,850,304	-1.93	36.99	1.36	-0.77	9.06
PEP UN Equity	PepsiCo Inc	156,151,513,088	-0.20	-18.45	15.81	0.77	5.00
MO UN Equity	Altria Group Inc	146,717,163,520	65.17	724.06	170.94	4.29	0.08
KHC UW Equity	Kraft Heinz Co	110,978,465,792	--	46.36	124.36	4.79	-3.75

# Valuation Analysis

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Absolute Basis

Relative Basis

Technical Analysis





	High	Low	Median	Current
P/E	22.4551	20.869	21.5685	22.25
P/B	5.3796	4.9803	5.1802	5.2871
P/S	1.4456	1.3523	1.3912	1.433
P/EBITDA	12.1964	11.3431	11.7202	12.085



Current ratios: in the middle, close to the high end (YTD)

Absolute Basis



Increasing trend since 2008

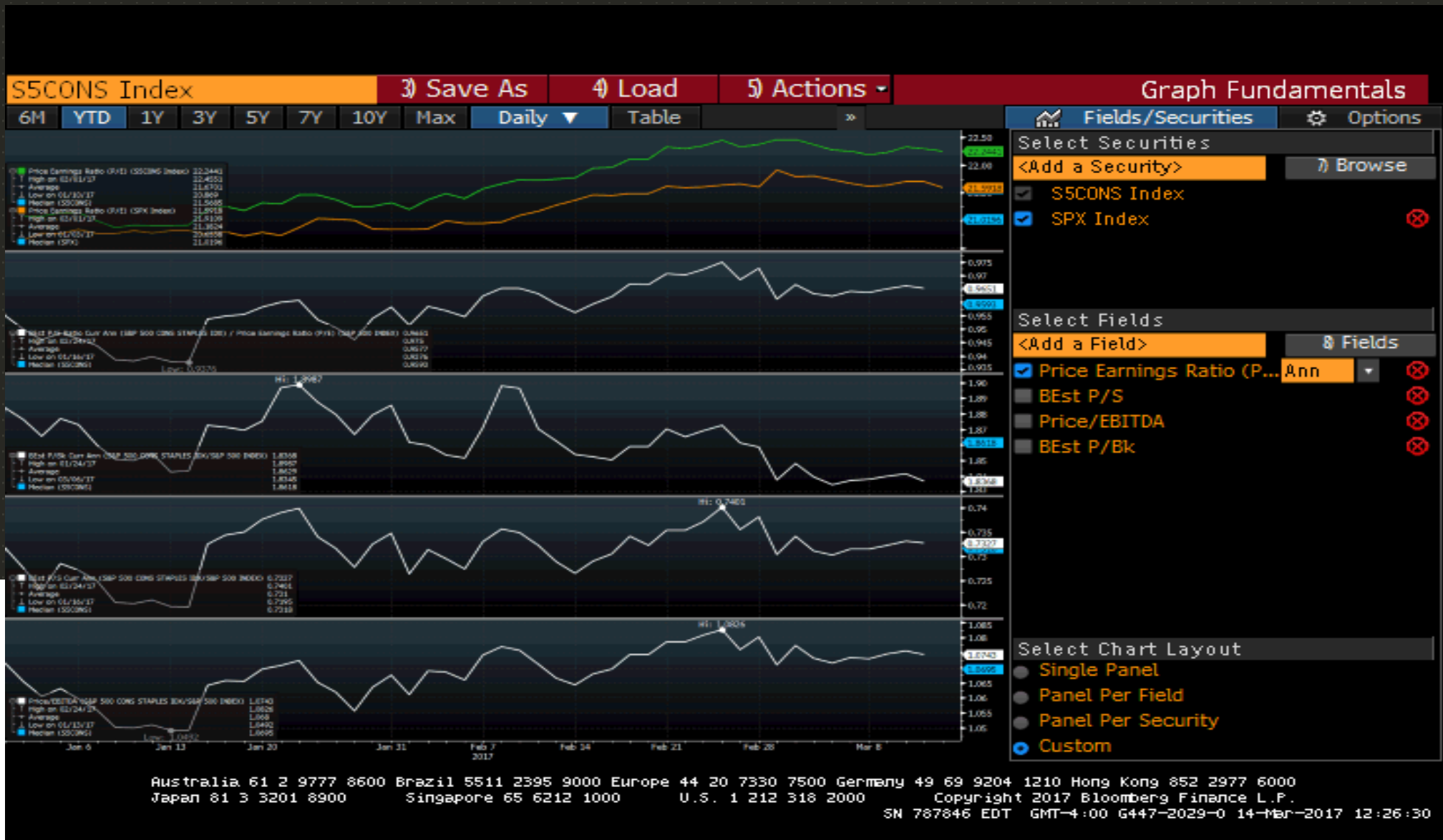


	High	Low	Median	Current
P/E	1.1542	1.1159	1.1387	1.1422
P/B	1.8987	1.8345	1.8618	1.8368
P/S	0.7401	0.7195	0.7318	0.7327
P/EBITDA	1.0826	1.0492	1.0695	1.0743



Relative to S&P 500 Index, the performance of the sector is overall inline with the economy.

Relative Basis



Relative to S&P 500



# Technical Analysis

Menu  
Report Generation Complete

S5CONS Index    96 Actions    97 Output    98 Settings    Financial Analysis

S&P 500 Consumer Staples Sector Index GICS Level 1    Compare <Sec>    Periodicity Annuals    Currency USD

1 Key Stats    2 Fundamentals    3 Custom

10 Highlights    11 Valuation    13 Profitability    14 Leverage & Liquidity    15 Market Data

	CY 2013	CY 2014	CY 2015	CY 2016	Current	CY 2017 Est	CY 2018 Est
12 Months Ending	12/31/2013	12/31/2014	12/31/2015	12/30/2016	03/14/2017	12/30/2017	12/30/2018
<b>Valuation Metrics</b>							
Price/Earnings	18.46	20.60	21.01	21.00	22.27	20.92	19.36
Price/Earnings, Positiv	18.46	20.44	21.01	21.00	22.27	20.92	19.36
Price/Earnings before	19.16	23.22	22.74	20.02	21.34		
Price/Book Value	4.38	5.28	5.12	5.10	5.39	5.29	5.10
EV/Sales	1.42	1.53	1.64	1.63	1.69	1.64	1.58
EV/EBIT	14.16	16.69	17.15	16.16	16.93		
EV/EBITDA	11.68	13.52	13.92	13.26	13.85	12.99	12.32
Dividend Yield	2.61	2.52	2.72	2.73	2.61	2.72	2.92
<b>Fundamentals</b>							
Gross Margin	29.80	29.19	28.98	29.21	29.16		
Operating Margin	9.95	9.15	9.52	10.02	9.94		
Profit Margin	6.82	6.01	6.06	7.52	7.43		
Return on Assets	8.96	7.84	7.29	9.01	8.94	8.52	8.55
Return on Equity	25.25	22.42	21.61	27.82	27.59	27.70	30.56

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Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P.  
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## Margins & ROE



# Technical Analysis



## Historical ROE




 Technical  
Analysis

S5CONS ↓ 562.80 -1.10   
 At 12:41 0 563.64 H 564.69 L 562.39 Prev 563.90

S5CONS Index 90 Actions 97 Output 98 Settings Financial Analysis

S&P 500 Consumer Staples Sector Index GICS Level 1 Compare <Sec> Periods 10 Annuals Currency USD

1 Key Stats 2 Fundamentals 3 Custom

11 Income Statement 12 Balance Sheet 13 Cash Flow

	CY 2014	CY 2015	CY 2016	Current	CY 2017 Est	CY 2018 Est
12 Months Ending	12/31/2014	12/31/2015	12/30/2016	03/14/2017	12/30/2017	12/30/2018
Cash Flow Items per Share						
 Cash From Operations	33.26	34.76	35.45	35.26	34.20	37.06
 Cash Flow From Investing	-13.94	-16.16	-15.41	-15.31		
 Cash From Financing	-17.79	-20.81	-18.25	-17.97		
Reference Items						
 Capital Expenditures	-10.19	-10.71	-10.65	-10.65	-10.80	-10.57
 Free Cash Flow	23.13	24.12	24.88	24.67	23.41	26.48
 Dividends	12.57	14.08	14.50	14.68	15.31	16.44
 Dividends, Gross	12.57	14.08	14.50	14.68		
 Dividends, Net	12.57	14.08	14.50	14.68		
 Free Cash Flow Yield	4.63	4.65	4.68	4.38		
 Dividend Yield	2.52	2.72	2.73	2.61	2.72	2.92
 Dividend Yield (Gross)	2.52	2.72	2.73	2.61		
 Dividend Yield (Net)	2.52	2.72	2.73	2.61		

Navigation: << < > >> Zoom 100%

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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P.  
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## Cash Flow &amp; Dividends

**Recommendation: BUY**

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**THANKS FOR WATCHING !!!**  
**Questions ???**

