



TBC CAPITAL

LUXURY GOODS

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Industry Snapshot

INDUSTRY KEY PARAMETERS (WEIGHTED AVERAGE)

1.28
Beta (vs SPY)

1.17%
Dividend Yield

79.43
Price To Book

0.85
Correlation (with SPY)

83.18
Price To Earnings

3.83
Price To Sales

1.80
Debt To Equity

23.31
EV To EBITDA

3.42
PEG Ratio

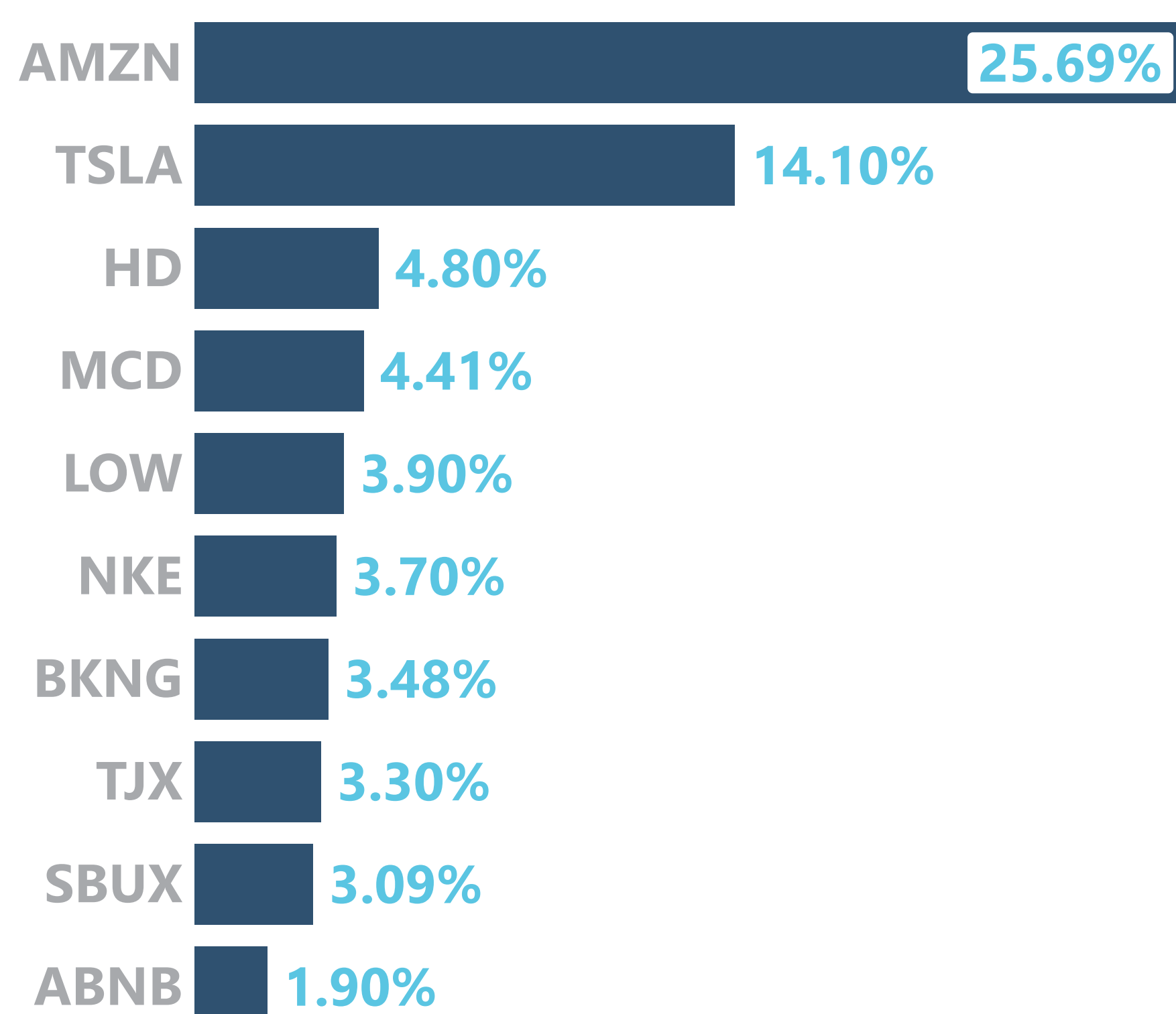
INDUSTRY RATIONALE

The luxury goods industry, synonymous with opulence, superior quality, and brand prestige, stands as a beacon of resilience and growth. With a market size of USD 272.74 billion in 2022, a figure projected to escalate to USD 392.40 billion by 2030 at a CAGR of 4.7%, the sector beckons exploration and investment. Dominated by established giants, the industry's landscape is delineated by the top 10 companies contributing 38.4% of total sales, as highlighted in the 2023 Deloitte Global Powers of Luxury Goods report. While these industry leaders maintain their influence, the "Fastest 20" companies exhibit a dynamic surge with a remarkable CAGR of 18.3% between 2019 and 2022.

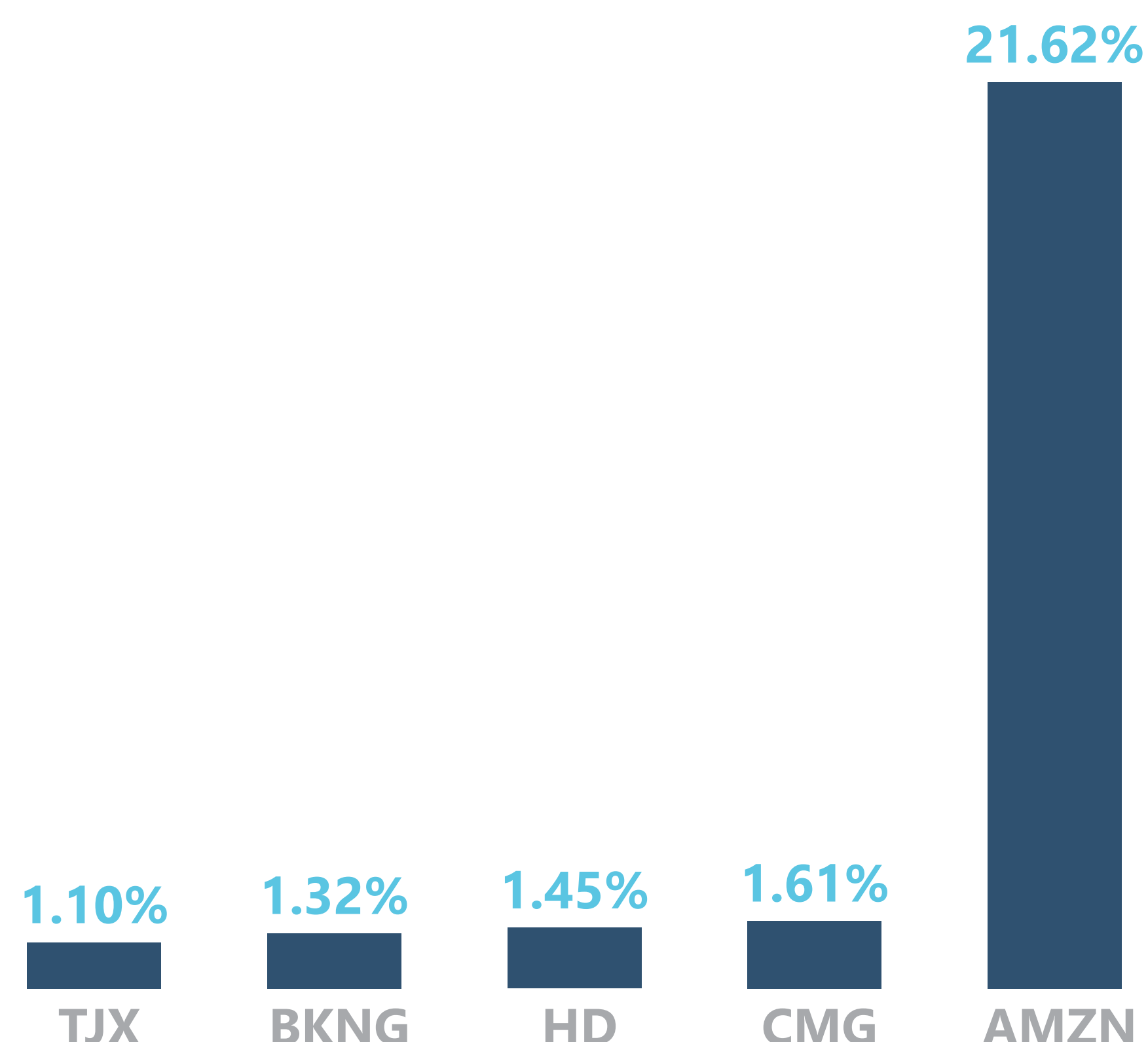
Major players such as LVMH, Kering, Richemont, Chanel, and Estée Lauder Companies boast diverse portfolios encompassing fashion, accessories, jewelry, and other luxury segments. The industry's allure is shaped by intangible values, brand heritage, and meticulous craftsmanship, with products often representing status, self-expression, and cultural significance. The rise of millennial and Gen Z consumers, coupled with a growing preference for experiences, fuels the demand for luxury goods, prompting the industry to embrace digital transformation through omnichannel strategies.

However, challenges loom, including the perennial threat of counterfeiting, susceptibility to economic fluctuations, and the impact of geopolitical tensions on consumer confidence. Despite these hurdles, the industry finds exciting opportunities in emerging markets, particularly the burgeoning middle class in countries like China and India. Moreover, the increasing emphasis on sustainability and ethical practices aligns with consumer preferences, providing brands with an opportunity to embrace environmentally conscious materials and production processes. Technological advancements, including artificial intelligence and virtual reality, offer avenues for enhancing customer engagement.

INDUSTRY ETF's TOP 10 HOLDINGS



TOP 5 GROWTH CONTRIBUTORS



INDUSTRY KEY PARAMETERS (WEIGHTED AVERAGE)

— Consumer Discretionary Select Sector SPDR Fund – S&P 500 (SPY)



INDUSTRY ETF's COUNTRY WEIGHTINGS

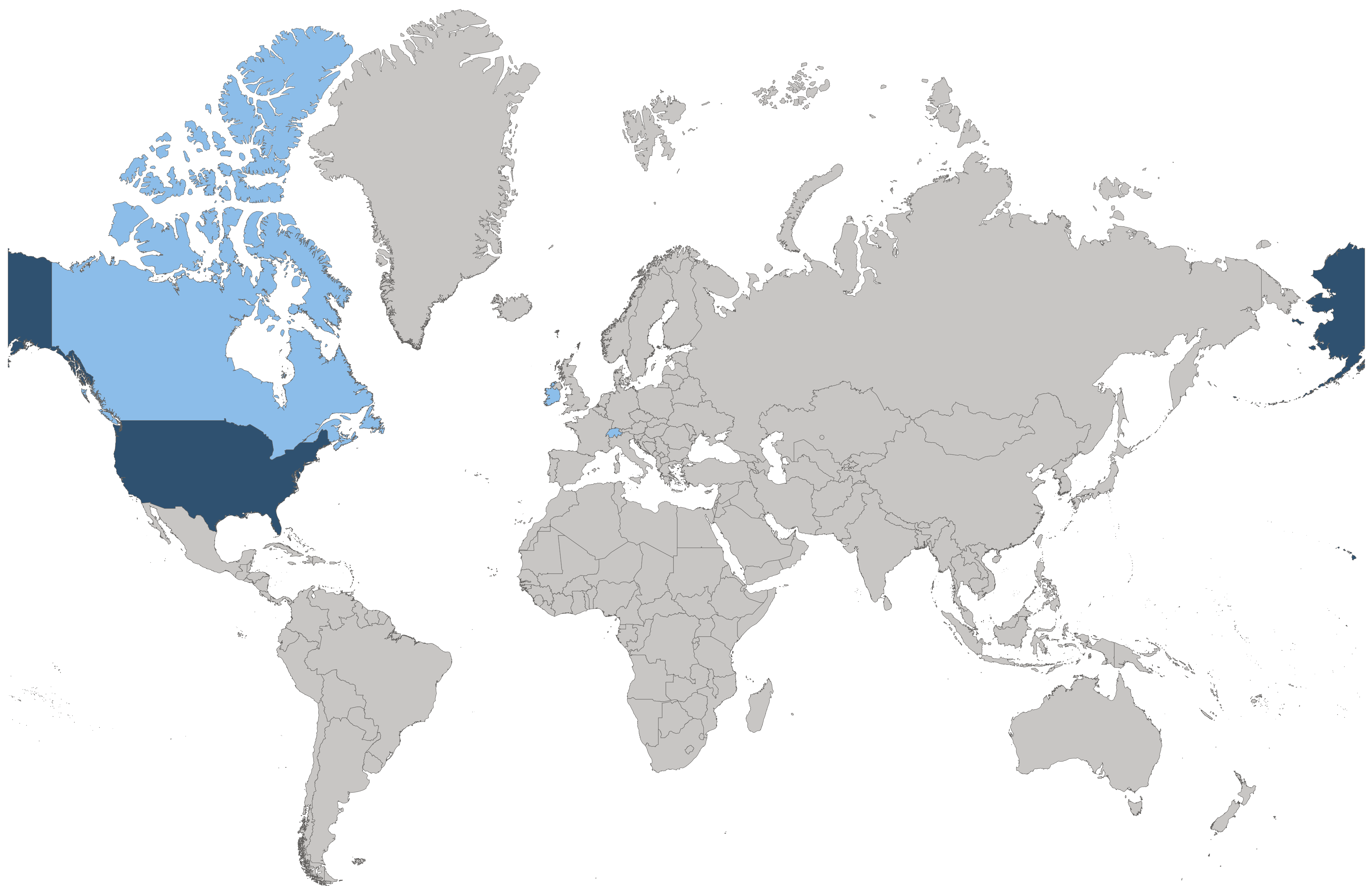
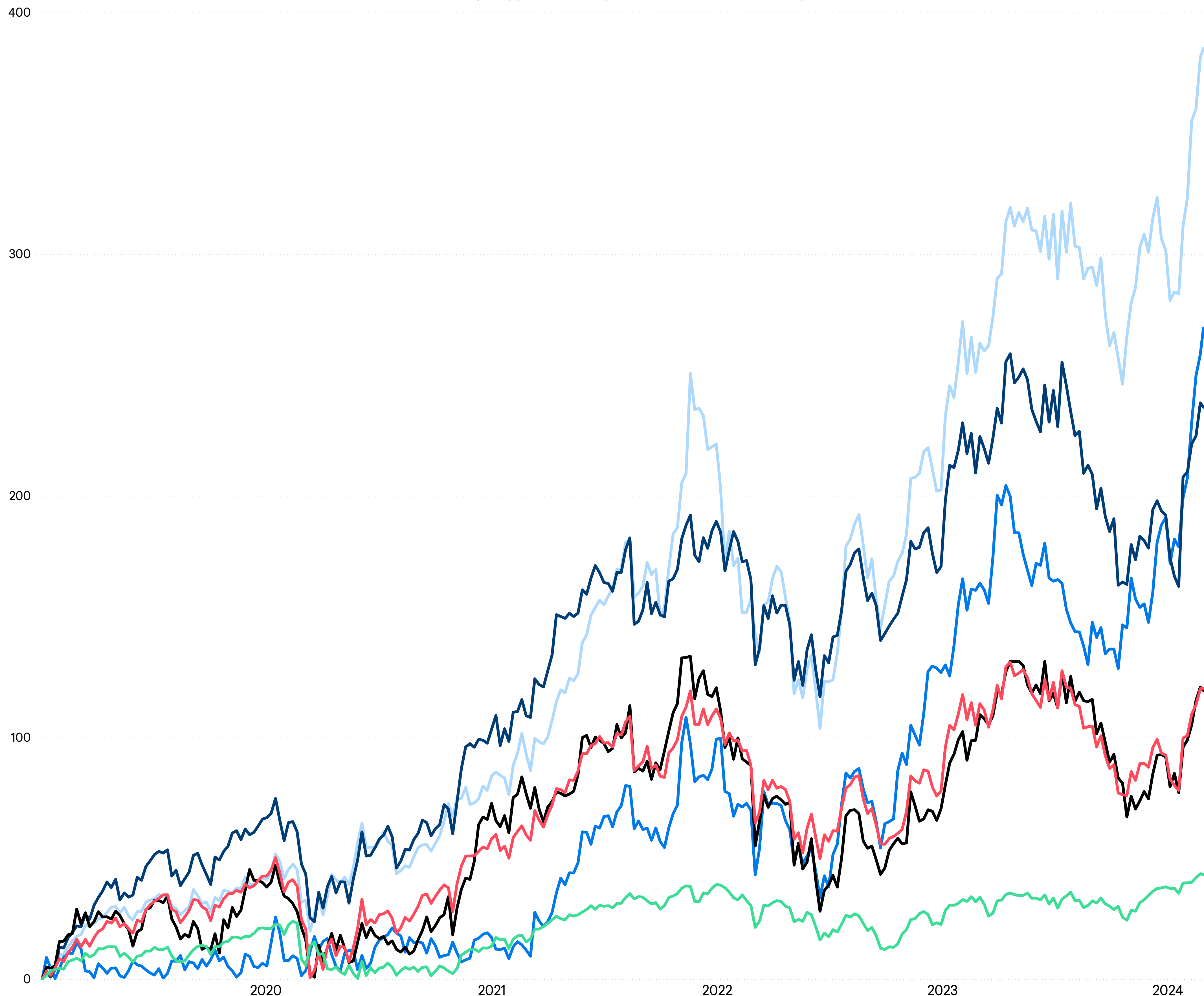


Chart of the Industry

Major Luxury Brands

— Brunello Cucinelli — Hermes — LVMH — Moncler — MSCI Europe Apparel & Luxury Goods Index — MSCI Europe Index



The positive margins reported during the fourth-quarter earnings season have restored confidence in luxury stocks, causing them to outperform the broader equity market, according to Citi analysts. Despite concerns about the Chinese economy's gradual reopening and decreased demand in Europe and the US in 2023, LVMH's fourth-quarter revenue increased by 10%, indicating a potential end to the downgrade cycle.

European luxury stocks are expected to stage a comeback amidst cooling inflation, sustained high wages, and increased spending by US consumers, as per Goldman Sachs Group Inc. strategists. They upgraded their rating on regional consumer products and services, anticipating that luxury goods-makers will benefit from improved wealth dynamics in the US. The recent rebound in luxury stocks follows a period of worry over subdued demand in China.

JPMorgan Chase & Co. analysts advise caution regarding an early rebound in European luxury stocks, suggesting investors wait until the second half of 2024. Despite a recent rally since October, JPMorgan downgraded industry leader LVMH due to concerns about the absence of earnings upgrades and high valuations. The analyst recommends a conservative approach in the short term.

UBS Group AG analysts caution luxury stock investors about a potentially weak earnings season with limited visibility into the sector's 2024 outlook. Slowing demand from Chinese shoppers and a lack of significant improvement elsewhere are expected to impact sales. While UBS sees long-term potential in the sector, they advocate a cautious stance in the short term, advising investors to focus on defensive players like Hermes International SCA rather than unproven turnaround options such as Burberry Group Plc.

Stocks To Watch - Part 1

TAPESTRY, INC. - (TPR)

tapestry

\$47.53

Current Price

\$25.99 - 48.8

52 Week Range

▲13.87%

52 Week Change

\$10,901,765,980

Market Capitalization

1.54

Beta

9.68

EV To EBITDA

11.87

Price To Earnings

3.51

Debt To Equity

COMPANY OVERVIEW

Tapestry, Inc. provides luxury accessories and branded lifestyle products in the United States, Japan, Greater China, and internationally. The company operates in three segments: Coach, Kate Spade, and Stuart Weitzman. It offers women's accessories, including handbags, such as wallets, money pieces, wristlets, and cosmetic cases; novelty accessories comprising address books, time management and travel accessories, sketchbooks, and portfolios; and key rings and charms. The company also provides bag collections, including business cases, computer bags, messenger-style bags, backpacks, and totes;

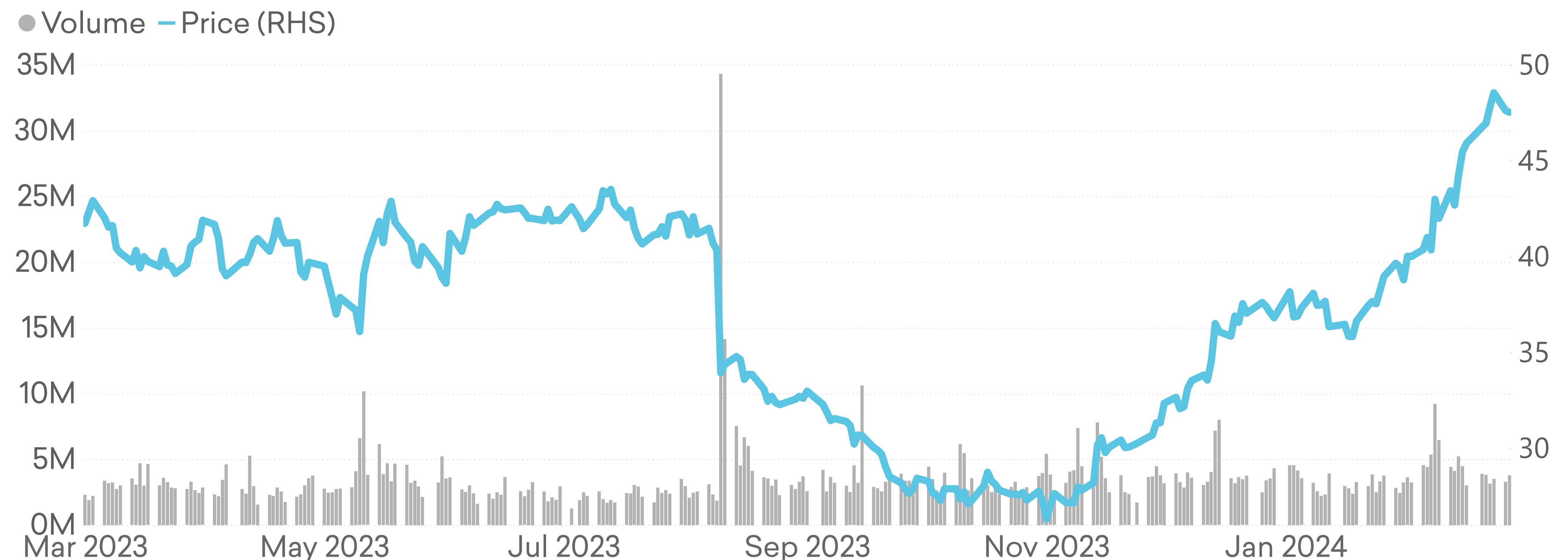
POTENTIAL CATALYSTS/RATIONALE

Managements steadfast commitment to the pending CPRI acquisition could be perceived as a robust catalyst, with consistent messaging reinforcing their dedication to finalizing the deal by the end of CY24.

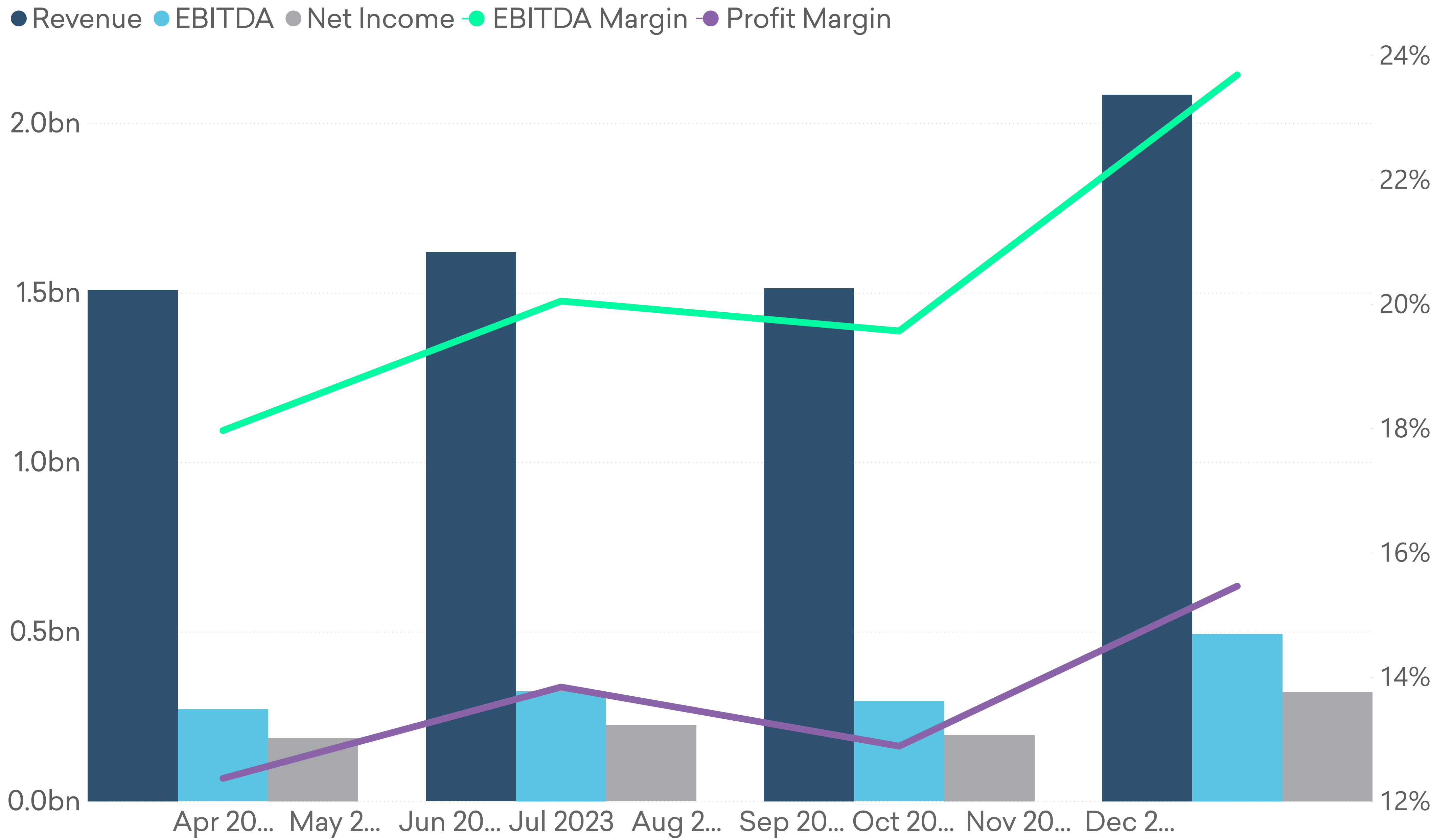
POTENTIAL RISKS

The company might face risks including potential weaker top-line momentum and volatility/disruptions in Chinas consumer backdrop as it progresses with the CPRI acquisition.

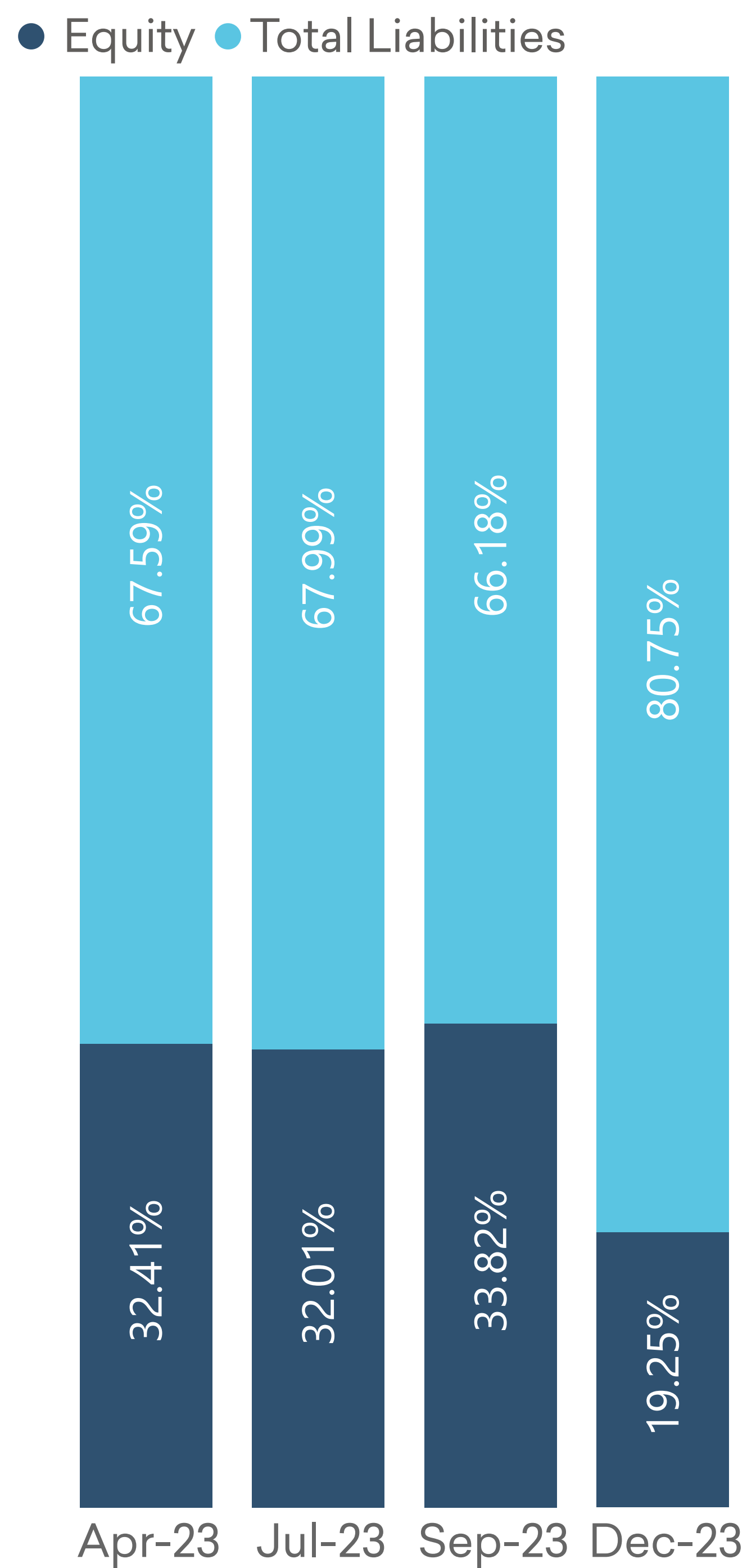
ONE YEAR PRICE PERFORMANCE AND VOLUME



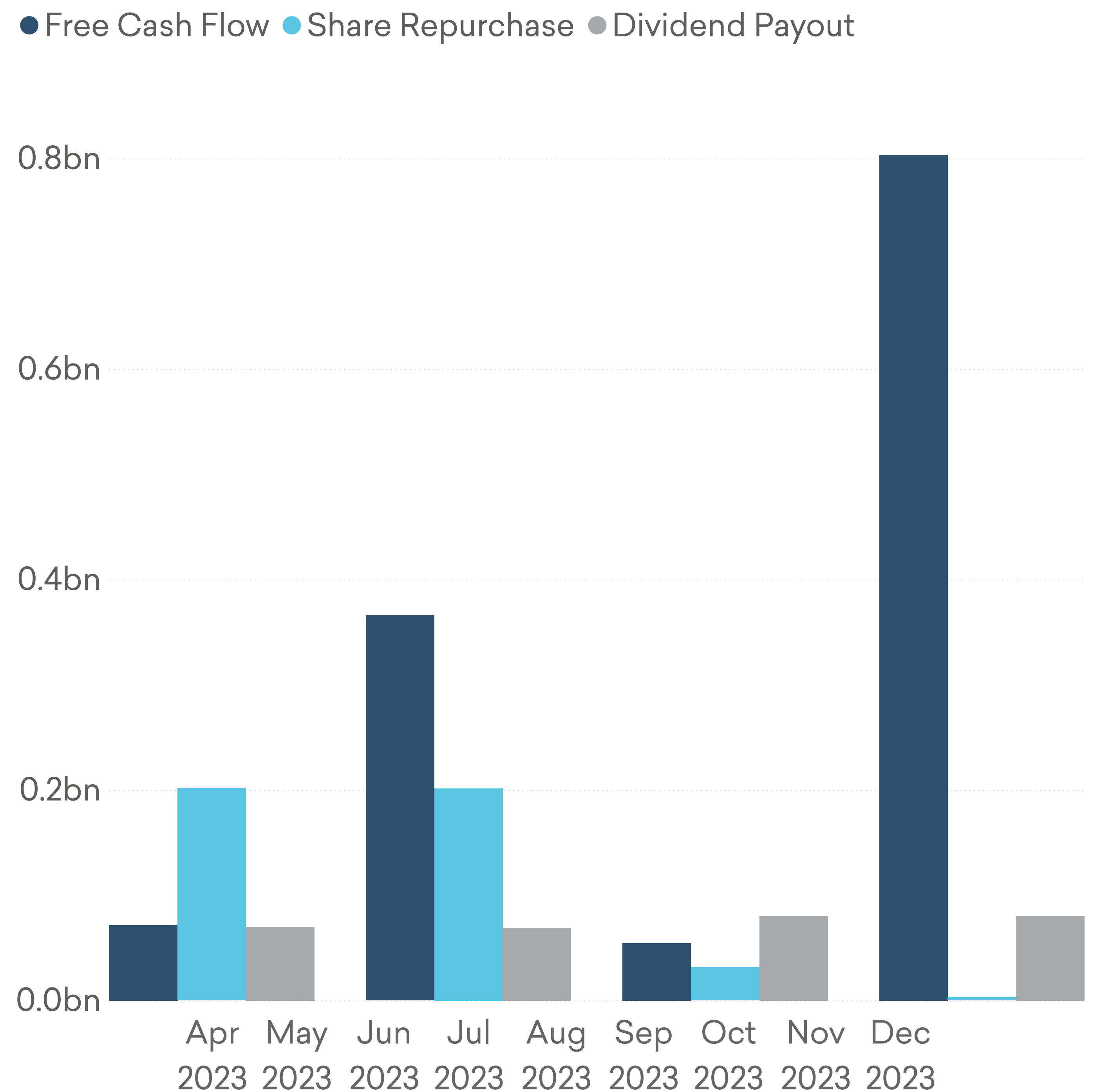
PROFITABILITY



CAPITAL STRUCTURE



CASH FLOWS



Stocks To Watch - Part 2

PVH CORP. - (PVH)



\$137.13

Current Price

\$69.27 - 139.18

52 Week Range

▲71.31%

52 Week Change

\$8,178,090,375

Market Capitalization

2.20

Beta

13.35

EV To EBITDA

15.72

Price To Earnings

0.72

Debt To Equity

COMPANY OVERVIEW

PVH Corp. operates as an apparel company worldwide. The company operates through six segments: Tommy Hilfiger North America, Tommy Hilfiger International, Calvin Klein North America, Calvin Klein International, Heritage Brands Wholesale, and Heritage Brands Retail. It designs, markets, and retails men's, women's, and children's apparel and accessories

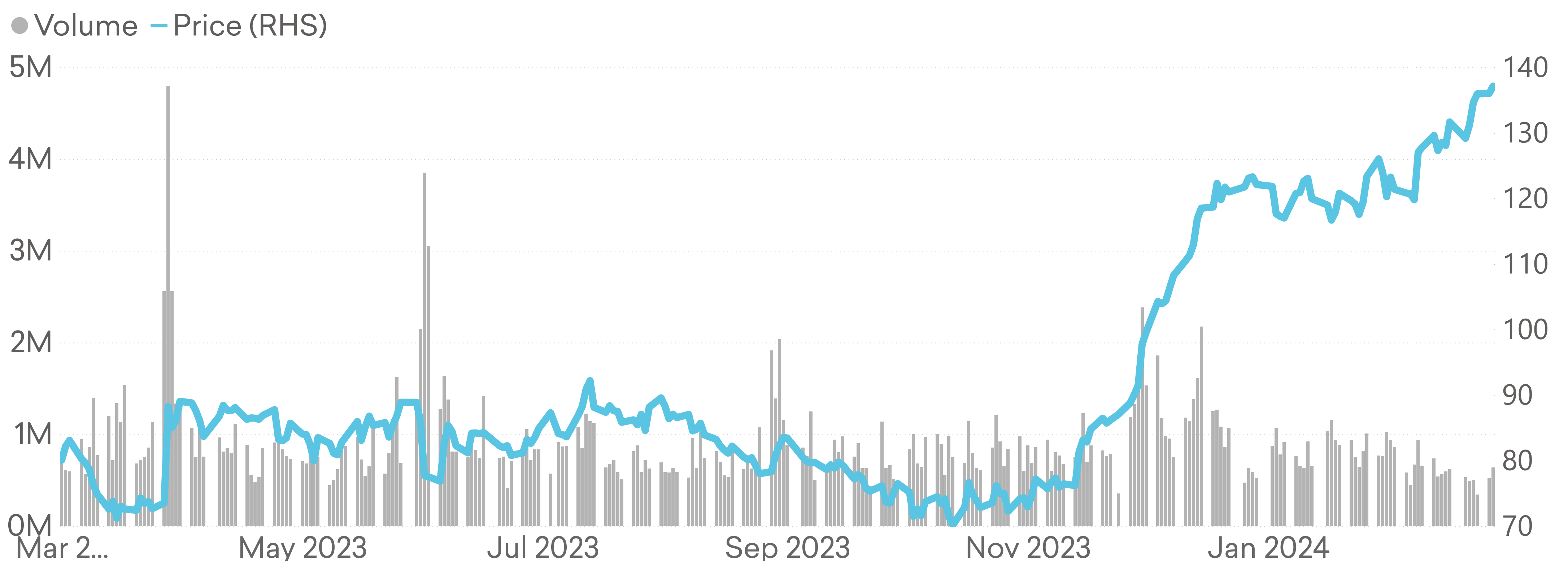
POTENTIAL CATALYSTS/RATIONALE

The company's effective Direct-to-Consumer (DTC) strategy, responsive product shifts, and expectations of favorable cost dynamics could be seen as potential catalysts for investors.

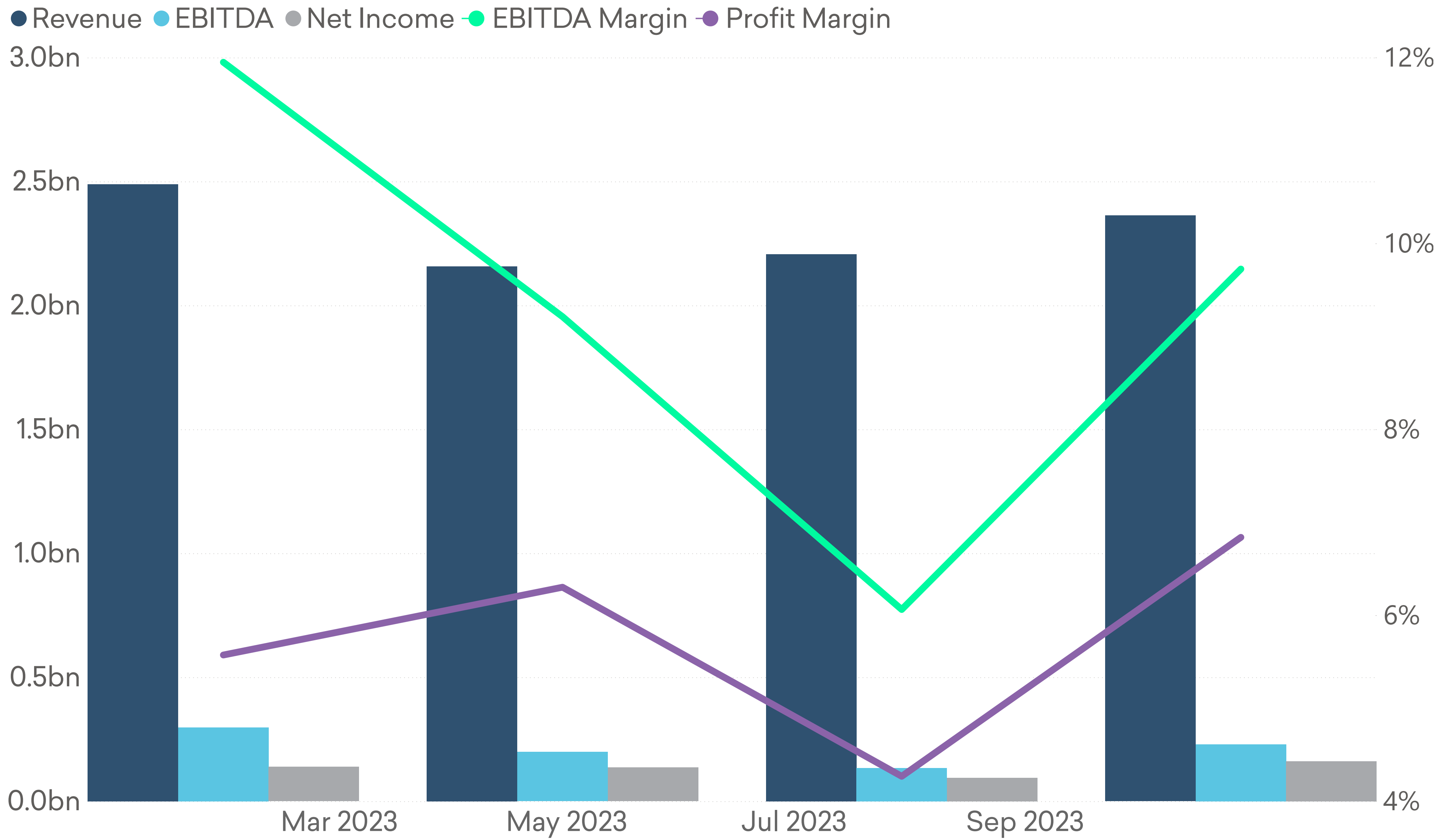
POTENTIAL RISKS

PVH might face a risk from the challenging economic conditions in Europe, affecting consumer confidence and wholesale channel growth, given its significant exposure to the region.

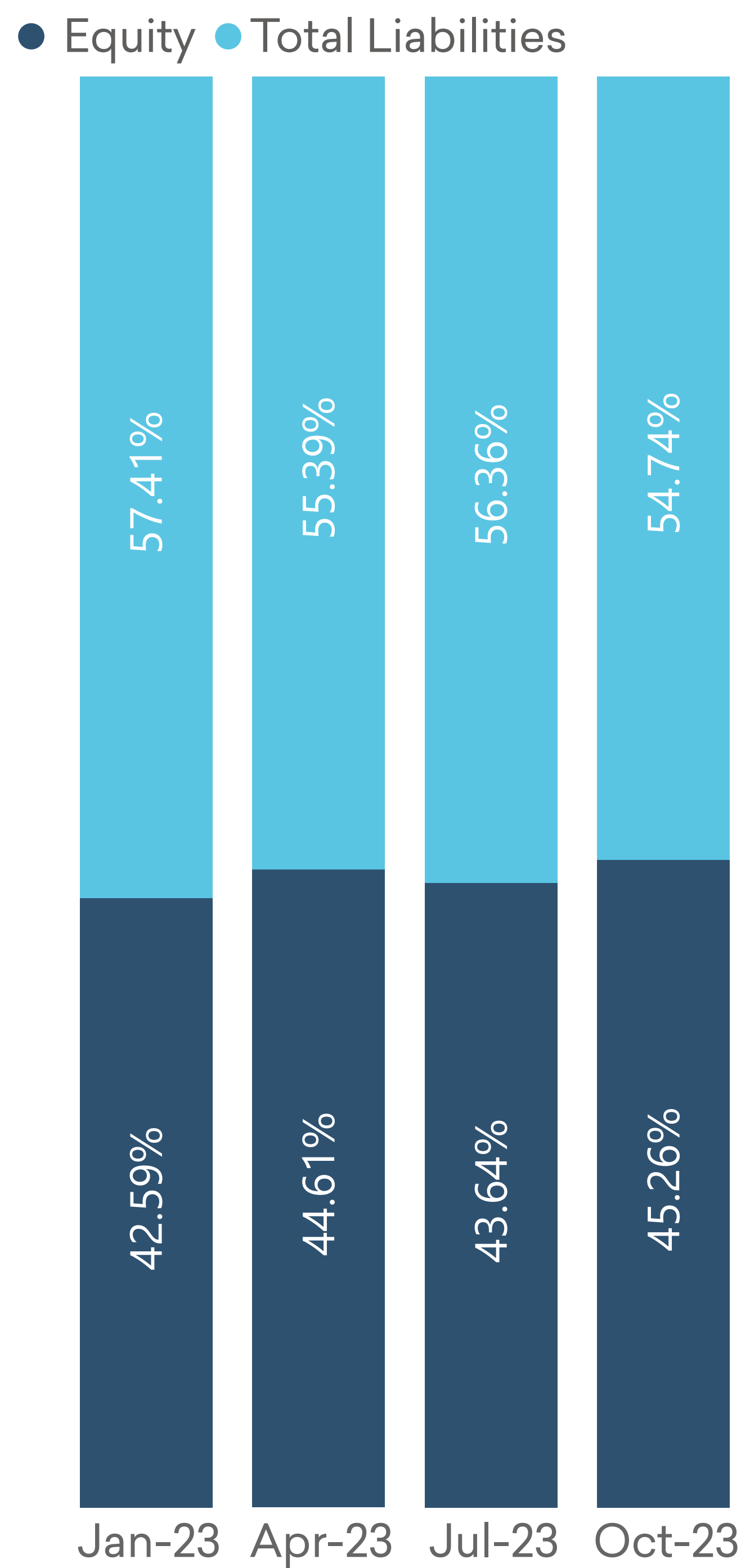
ONE YEAR PRICE PERFORMANCE AND VOLUME



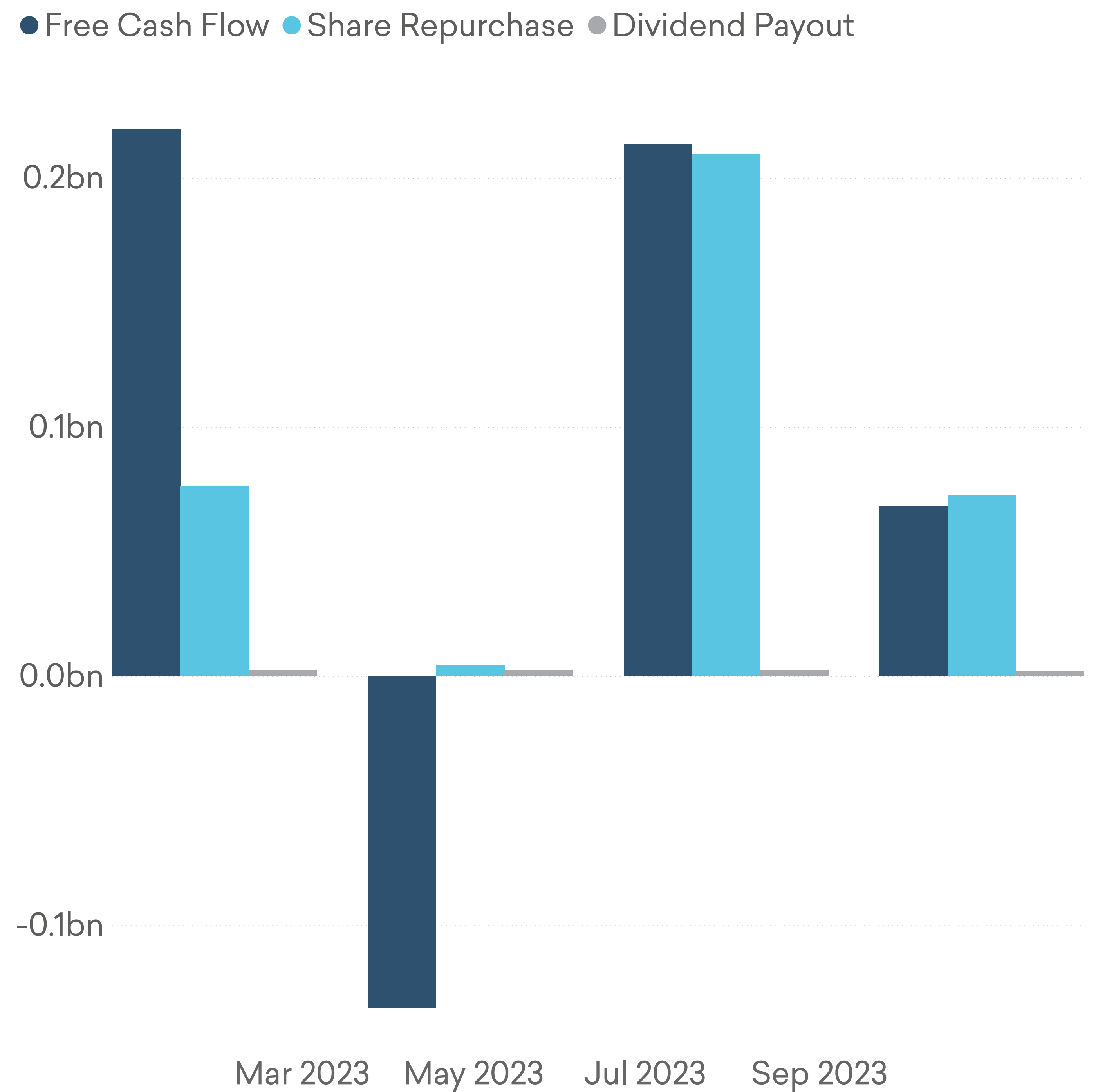
PROFITABILITY



CAPITAL STRUCTURE



CASH FLOWS



Stocks To Watch - Part 3

SIGNET JEWELERS LIMITED - (SIG)



\$106.55

Current Price

\$57.1 - 108.79

52 Week Range

▲50.53%

52 Week Change

\$4,722,008,315

Market Capitalization

2.18

Beta

7.65

EV To EBITDA

10.53

Price To Earnings

0.57

Debt To Equity

COMPANY OVERVIEW

Signet Jewelers Limited operates as a diamond jewelry retailer. It operates through three segments: North America, International, and Other. The North America segment operates jewelry stores in jewelry stores in malls, mall-based kiosks, and off-mall locations in the United States and Canada primarily under the Kay Jewelers, Kay Jewelers Outlet, Jared The Galleria Of Jewelry, Jared Vault, Zales Jewelers, Zales Outlet, Diamonds Direct, James Allen, Banter by Piercing Pagoda, and Peoples Jewellers names, as well as operates online through JamesAllen.com and Rocksbox.

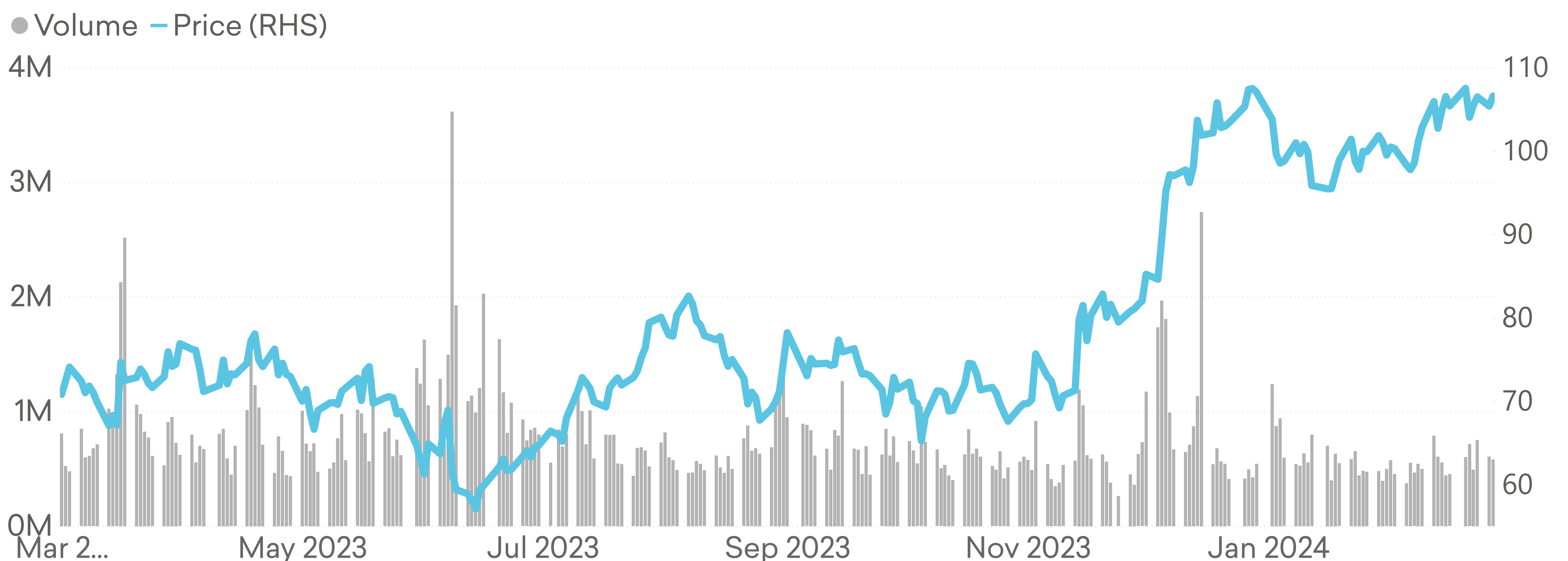
POTENTIAL CATALYSTS/RATIONALE

Analysts views Signets large share repurchase program as a positive. The company has repurchased shares at prices below the current market value, and there is a remaining authorization for future repurchases.

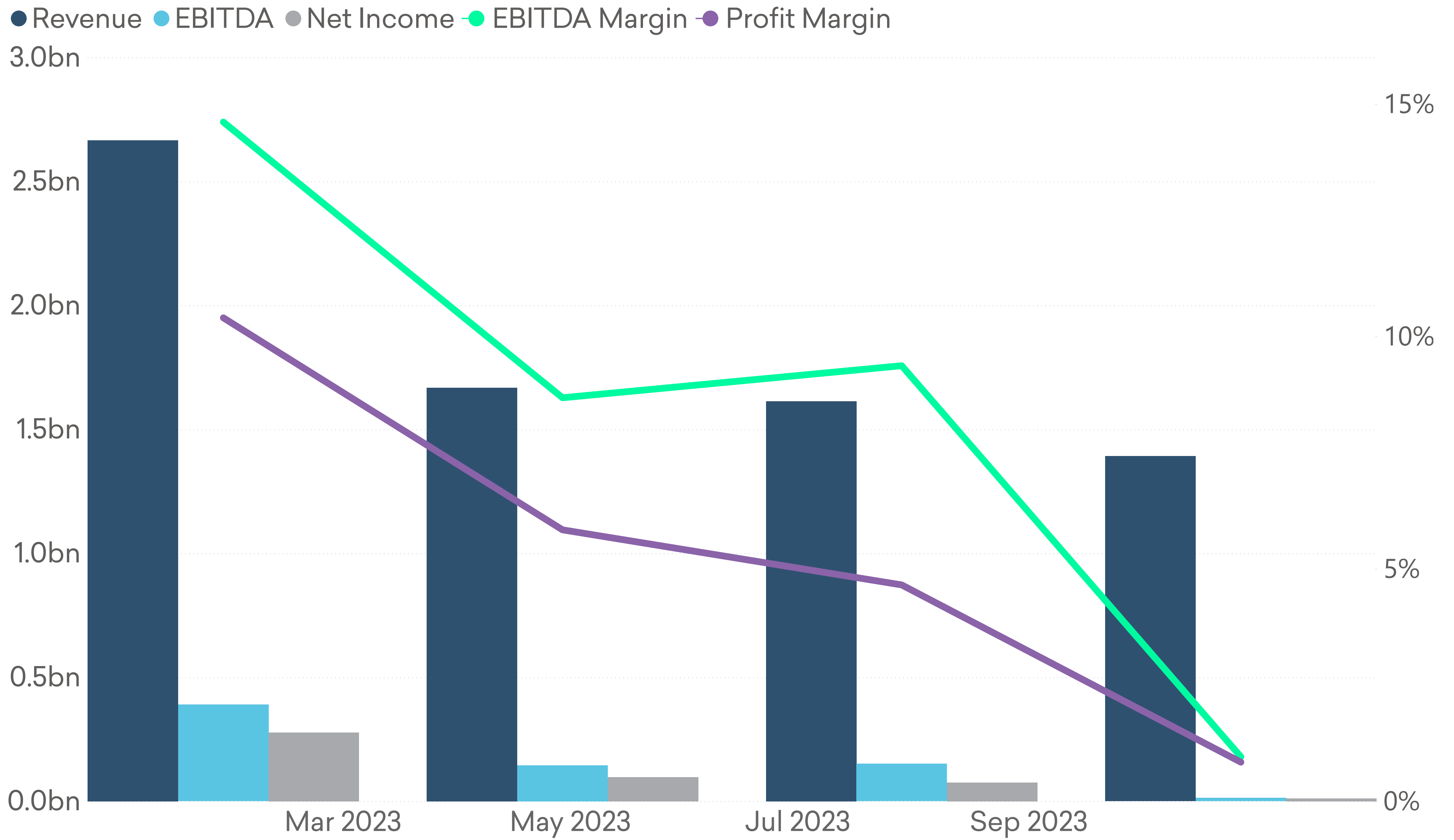
POTENTIAL RISKS

CEO Gina Drosos has sold a considerable amount of the companys shares in recent months, which might be concerning for investors.

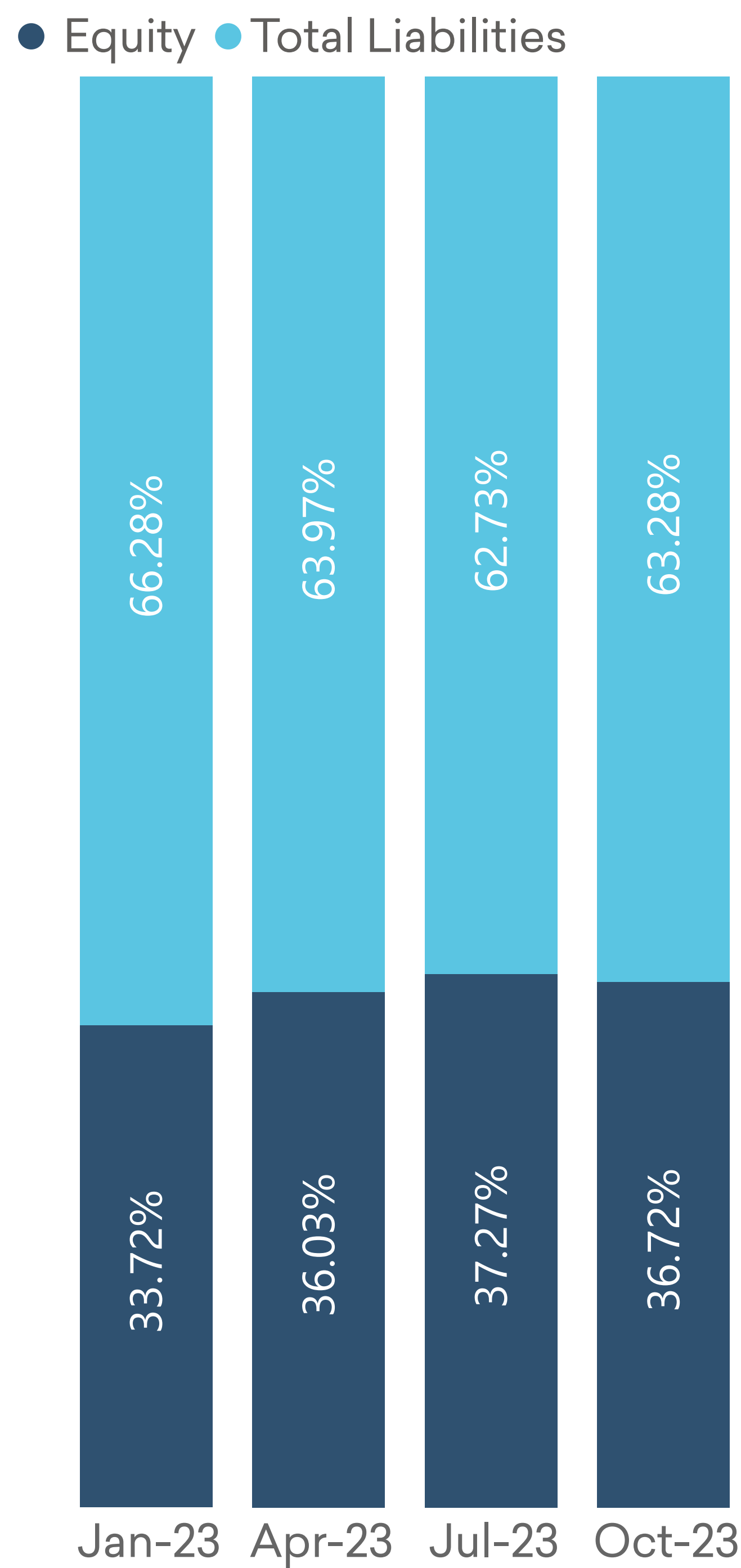
ONE YEAR PRICE PERFORMANCE AND VOLUME



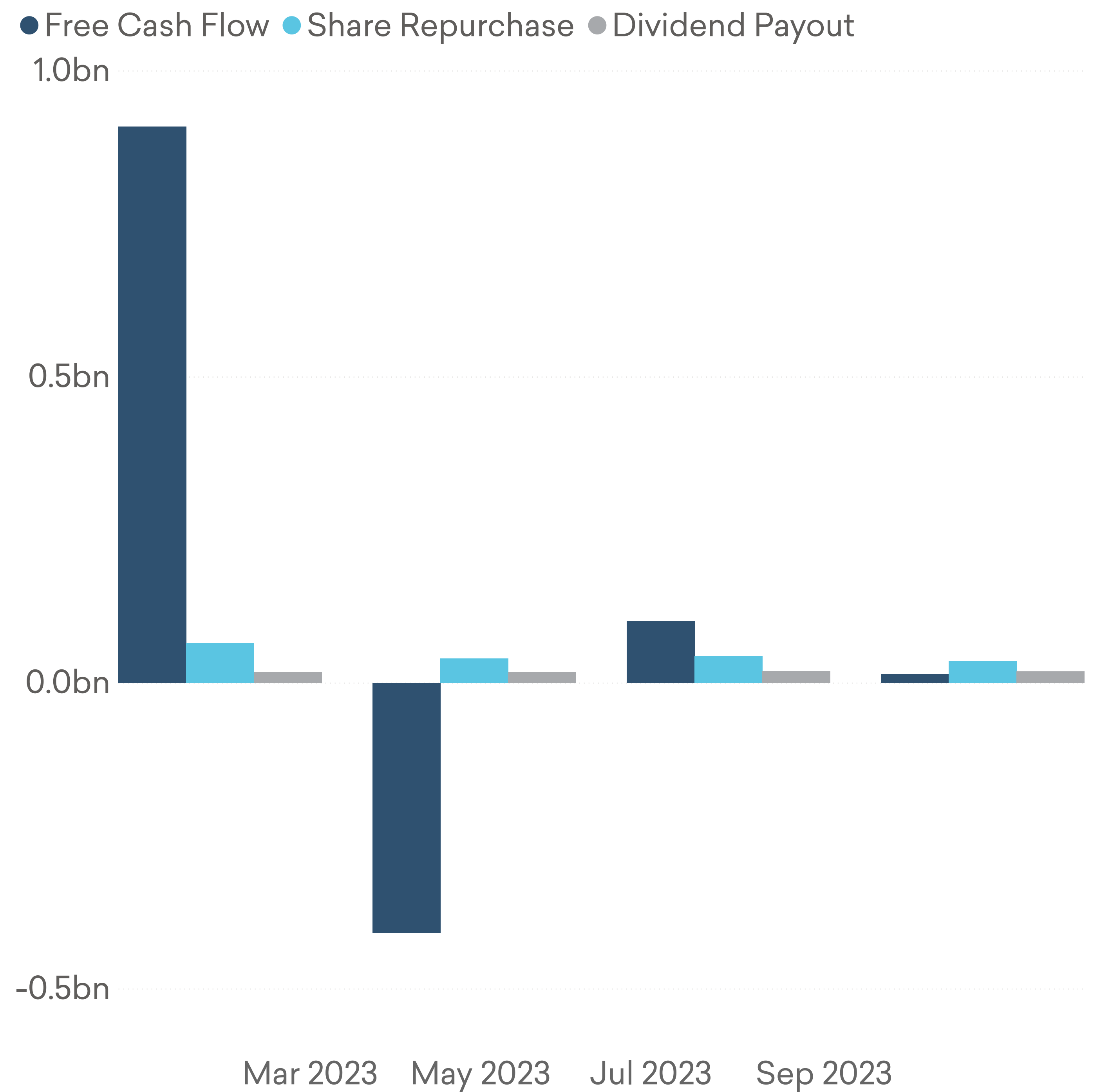
PROFITABILITY



CAPITAL STRUCTURE



CASH FLOWS



Stocks To Watch - Part 4

MOVADO GROUP, INC. - (MOV)



\$28.76

Current Price

\$23.94 - 35.6

52 Week Range

▼ -9.19%

52 Week Change

\$635,020,800

Market Capitalization

1.16

Beta

6.78

EV To EBITDA

11.38

Price To Earnings

0.19

Debt To Equity

COMPANY OVERVIEW

Movado Group, Inc. designs, sources, markets, and distributes watches worldwide. The company operates in two segments, Watch and Accessory Brands, and Company Stores. It offers its watches under the Movado, Concord, Ebel, Olivia Burton, and MVMT brands, as well as licensed brands, such as Coach, Tommy Hilfiger, HUGO BOSS, Lacoste, Calvin Klein, and Scuderia Ferrari. The company also provides after-sales and shipping services.

POTENTIAL CATALYSTS/RATIONALE

Movados capital-light approach, stable margins, and a gross profit margin expectation of 55% for this year present a potential catalyst for future value appreciation.

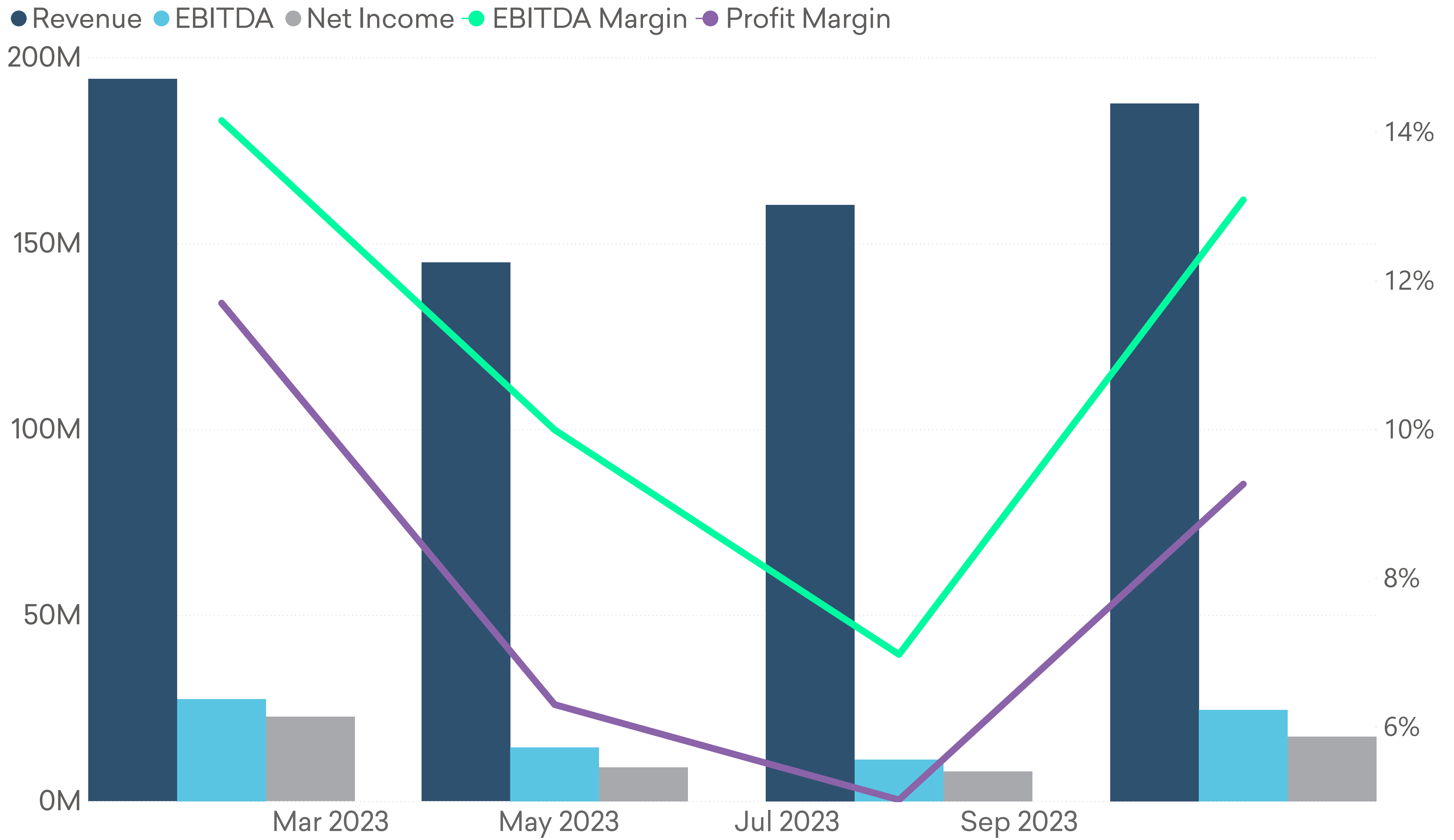
POTENTIAL RISKS

Following the loss of the Scuderia Ferrari license in 2021, the companys license dynamics might present challenges looking forward.

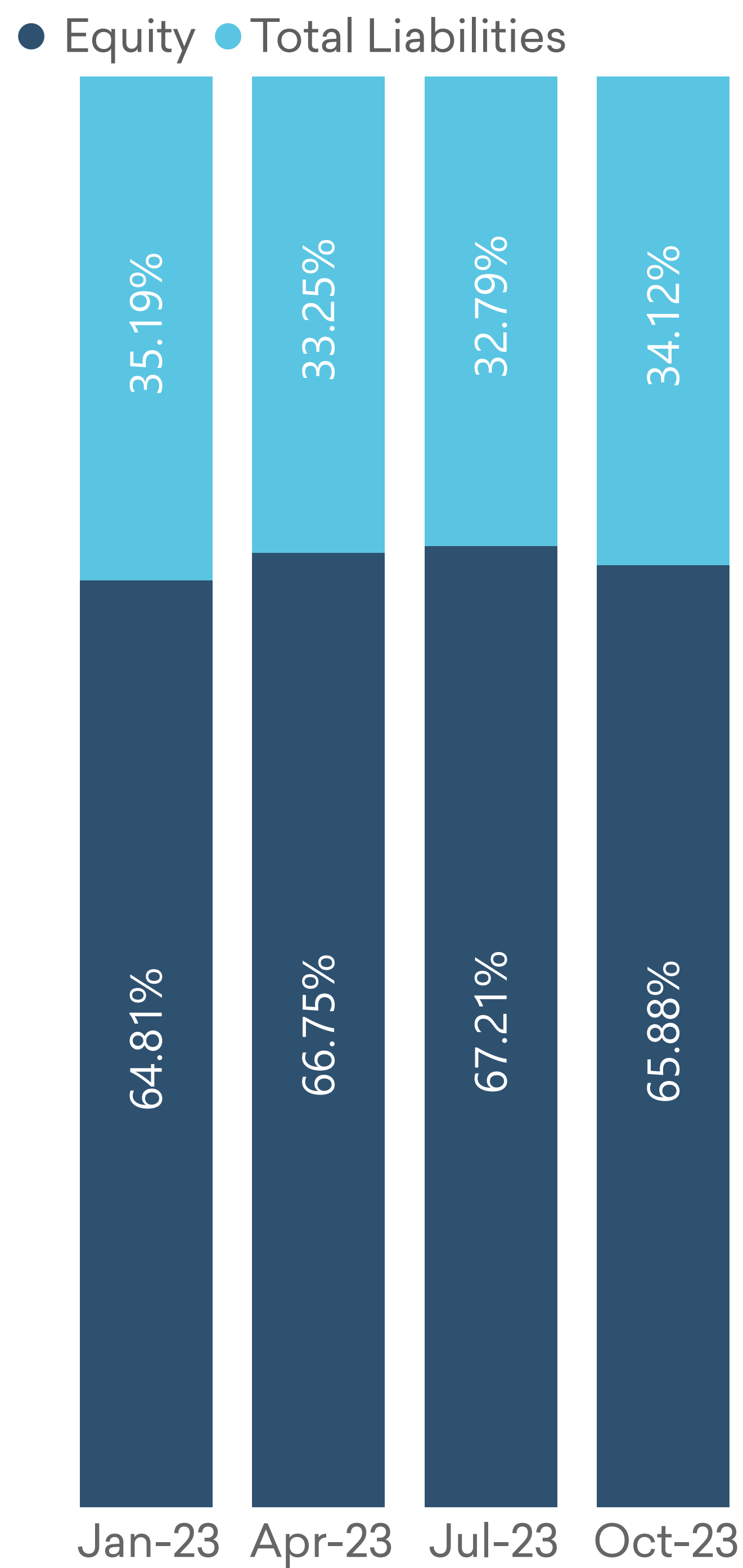
ONE YEAR PRICE PERFORMANCE AND VOLUME



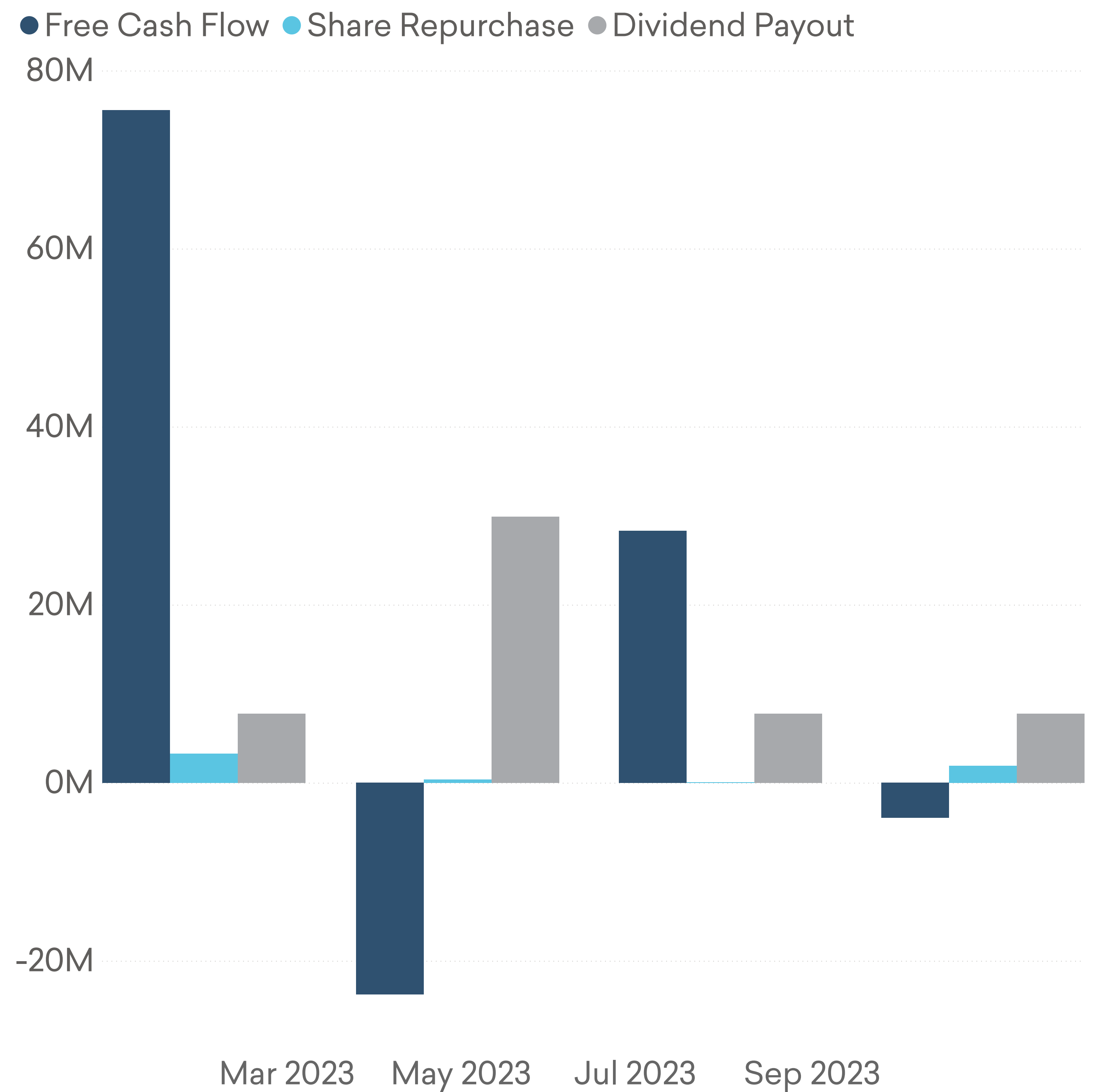
PROFITABILITY



CAPITAL STRUCTURE



CASH FLOWS



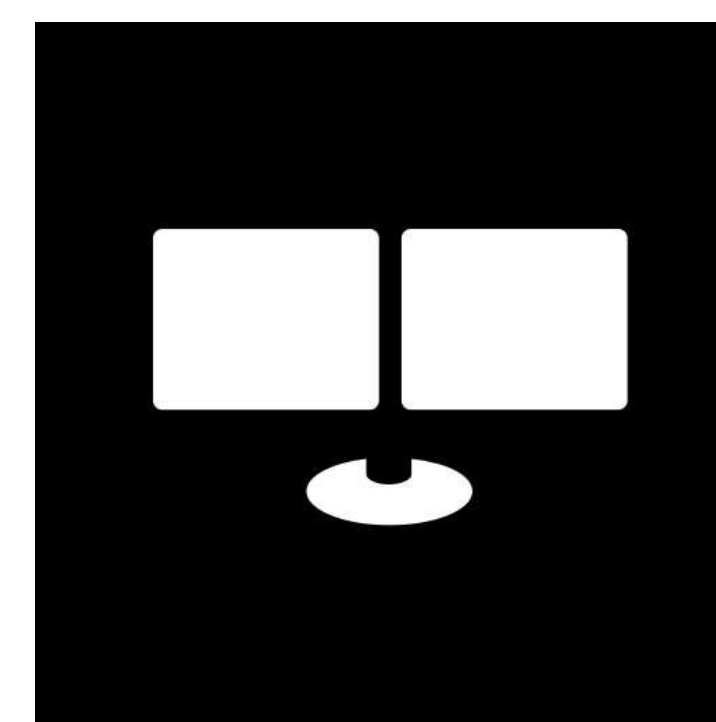
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