



CONSUMER STOCKS: HAPPY, HEALTHY HOME

THE MONTHLY RESEARCH CONFERENCE CALL

MODERATOR:

Jim Kelleher, CFA

Director of Research

Wednesday, August 5, 2020

11:00 a.m. ET

61 Broadway • NYC, N.Y. 10006

Telephone: (212) 425-7500

■ **Consumer Stocks: Happy, Healthy Home**

- John Eade: President of Argus
- Chris Graja, CFA: Senior Analyst

■ **New Coverage at Argus**

- Churck & Dwight: Arm & Hammer, Oxyclean and more
- Fidelity National Information: FinTech leader
- Hormel Foods Corp.: leading protein supplier
- Teledoc Health: virtual doctor visits
- Find it on the site: homepage, search companies, enter ticker

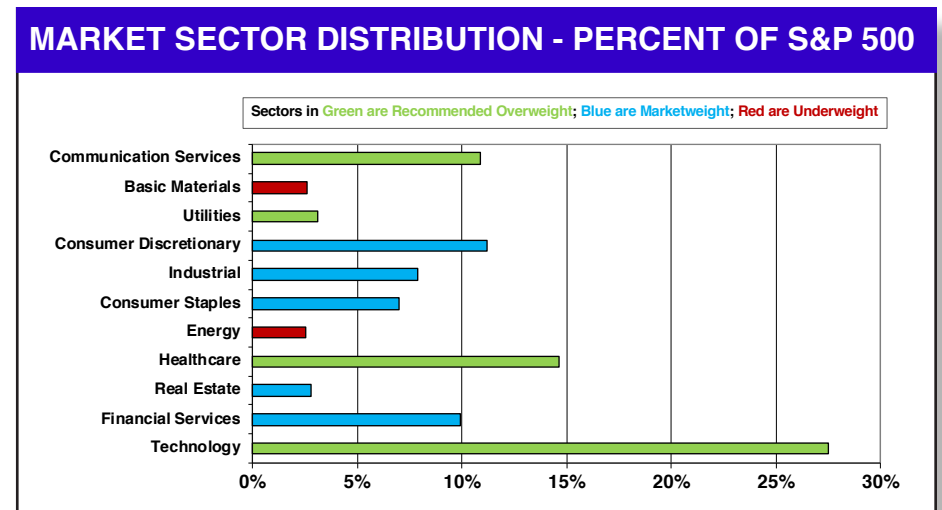
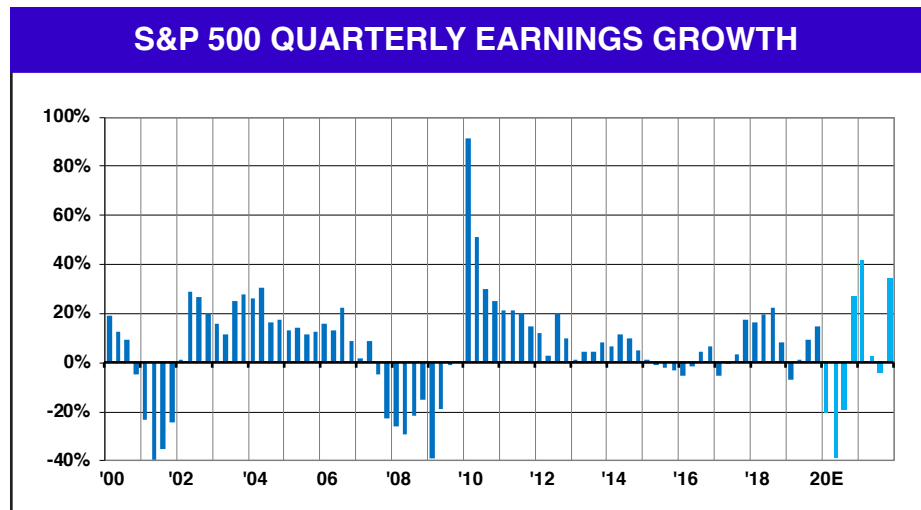
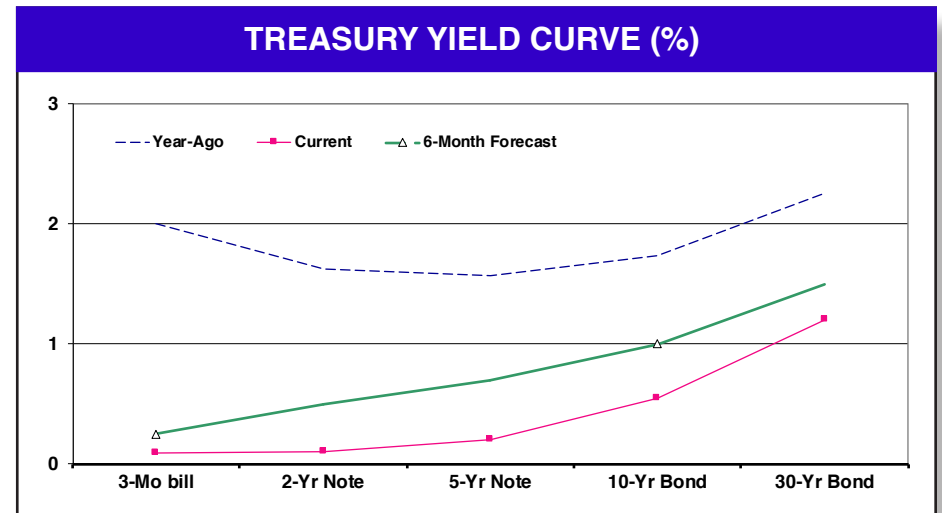
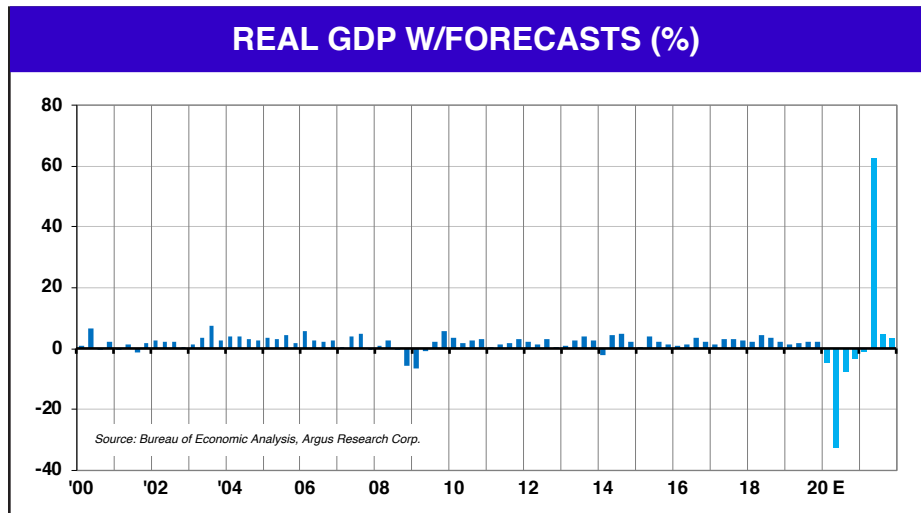
■ **Argus Quick Notes**

- Top Healthcare Stocks
- Double Digit Dividend Growers
- Top Utility Stocks
- A Solid Quarter for Stocks

■ **Argus Innovation Portfolio**

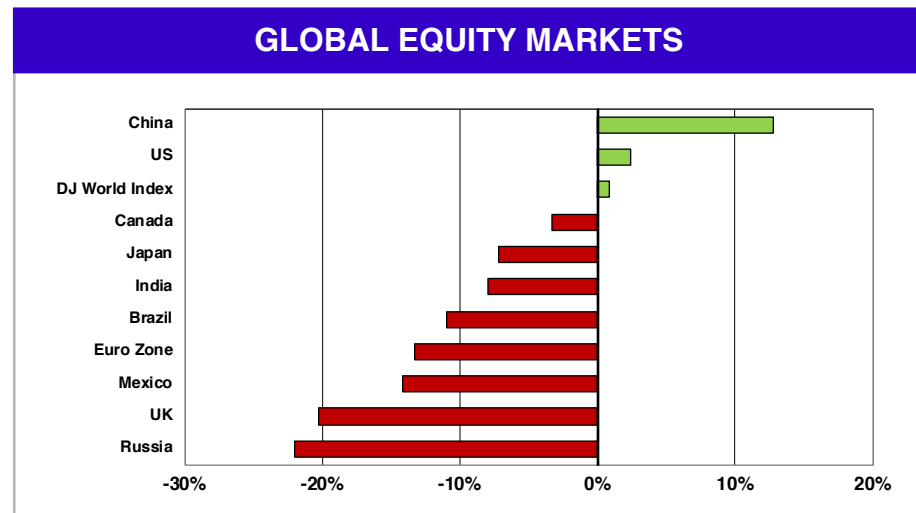
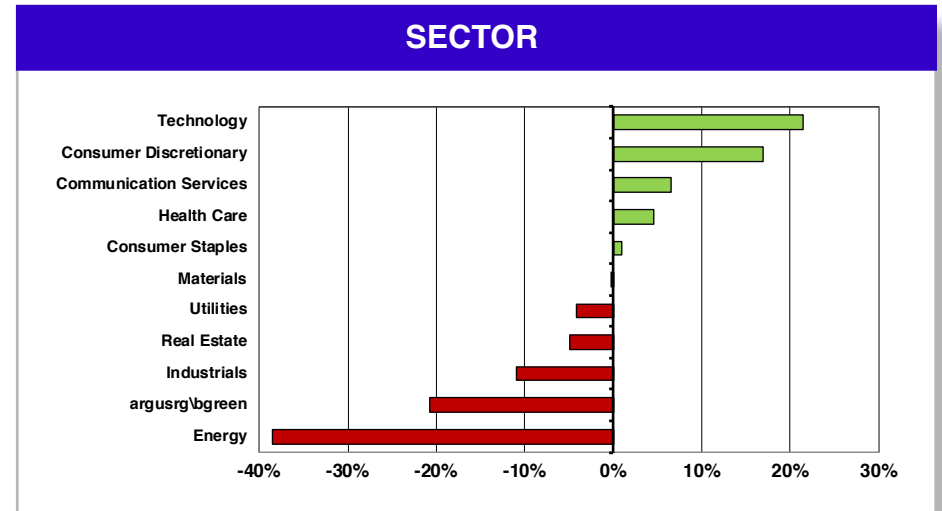
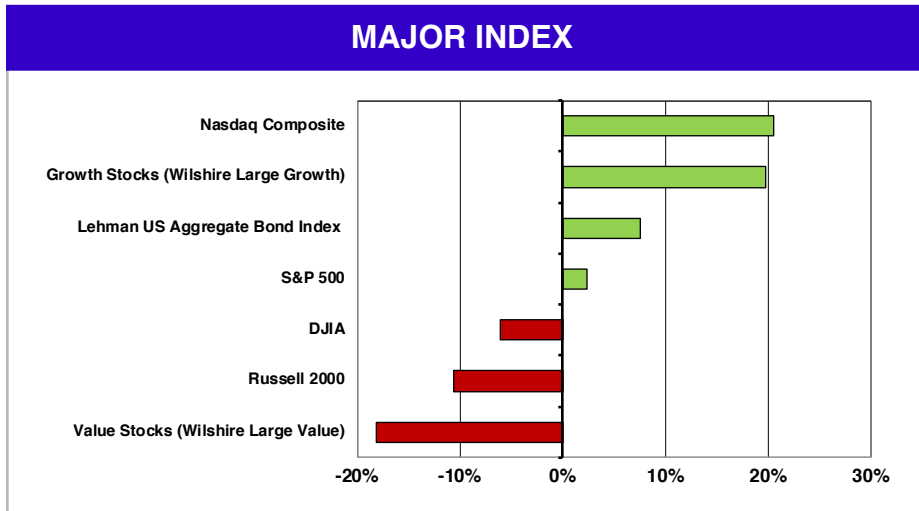
- Innovation comes in many forms
- First to Market, Product & Process Perfectors
- New Product Specialists, Industry Disruptors
- A focus on sustainable cash flows & shareholder returns
- Find our Theme Portfolios under Portfolio Strategy on our website

MACRO FORECASTS



MARKET PERFORMANCE

DATA AS JULY 31, 2020



■ Catalyst for Stock Performance

- The global health crisis has caused investors to differentiate between business models that are well positioned for the future and those that face significant challenges.

■ Our Sector View from the Bottom Up

- Gross margin is likely to decline
- SG&A will probably rise
- EPS growth may depend on traffic growth
 - » Sales = Comp sales + sales from new stores
 - » Comp = Transactions x Ticket
 - » Ticket = Units x Average Unit Price

■ **Stock Selection during the Pandemic: The Solution to Uncertainty is Discipline**

• **The Argus Six-Point System**

- » Industry Analysis
- » Growth Analysis
- » Financial Strength
- » Management Assessment
- » Risk Analysis
- » Valuation

■ **Facts and Numbers**

- **How much cash can a company pay to shareholders?**
- **How long can the company grow?**
- **How risky are the cash flows?**

■ During the Pandemic: Surprises

- Focus on home
- Online sales surge – even groceries
- Costs increase: Compensation, order fulfillment

■ Post-Pandemic: The “New Normal”

- Focus on value:
 - » Costco (COST) Target: \$350
 - » TJX (TJX) Target: \$65
 - » Kroger (KR) Target: \$38

■ Happy Healthy Home

- A safe place to live, work and play:

- » D.R. Horton (DHI) Target: \$75

- A pleasant comfortable home:

- » Home Depot (HD) Target: \$300

- » Lowe's (LOW) Target: \$170

- » Masco (MAS) Target: \$65

- » Williams-Sonoma (WSM) Target: \$95

■ Continuing Focus on Washing, Cleaning, Health

- » Procter & Gamble (PG) Target: \$145

- » Lululemon Athletica (LULU) Target: \$360

- » Nike Corp. (NKE) Target: \$115

- » Church & Dwight (CHD) Target: \$98

- » Clorox Co. (CLX) Target: \$260

DISCLAIMER



The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. Investing in any security or investment strategy discussed in this presentation may not be suitable for you and it is recommended that you consult an independent investment advisor. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus officers, employees, agents and/or affiliates may have positions in funds or stocks discussed in this presentation. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. Argus shall accept no liability for any loss arising from the use of this presentation or the materials contained in this presentation.