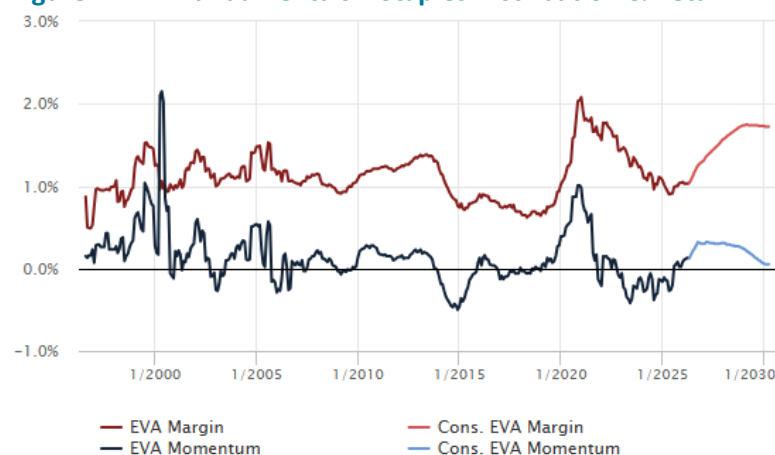


Staples Distribution & Retail: Ex-U.S. Driving EVA Growth

Acceleration in EVA Momentum (growth) for the Global Consumer Staples Distribution & Retail industry aggregate (**Figure 1**, blue line) has been driven by strong Sales growth and expanding EBITDAR Margin over the past five months. This growth is led by all three EVA drivers moving favorably in the global ex U.S. region. In the U.S., however, EVA growth has been pressured, impacted by plateauing EBITDAR Margin and higher net investment as a % of sales (Productive Capital Charge).

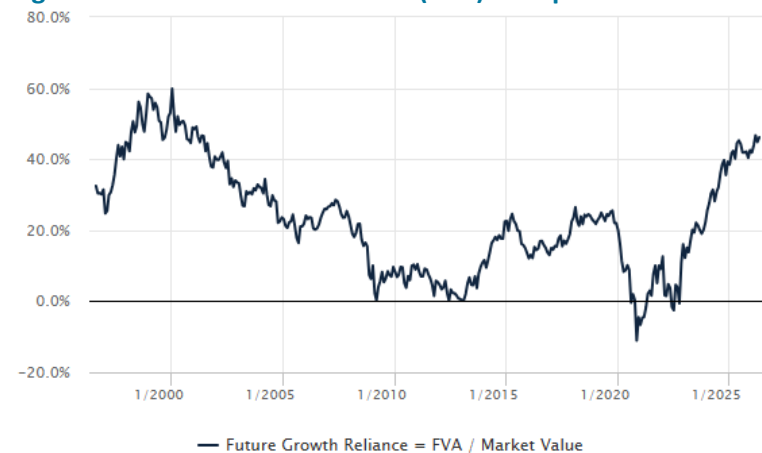
In this report, we search for firms in the industry (Developed Markets only) that are relatively attractive in the PRVit framework and have registered an uptrend in both Sales growth and EBITDAR Margin over the past eight quarters. These companies may be leading candidates if EVA Fundamentals for the industry continue to improve going forward. The full list is available on page 2.

Figure 1: EVA Fundamentals – Staples Distribution & Retail



In **Figure 2**, we chart Future Growth Reliance (FGR) for the global Staples Distribution & Retail industry. This is our equivalent of the price-to-earnings ratio, explaining the % of current market value that is dependent on future EVA. FGR was trading near 46% as of April-end, at the highest level in 25 years. EVA growth is currently positive and has moved higher over the past few months, and investors are pricing the industry for a continuation in this trend.

Figure 2: Future Growth Reliance (FGR) – Staples Distribution & Retail



Key Summary

Acceleration in EVA Momentum (growth) for the Global Consumer Staples Distribution & Retail industry aggregate has been driven by strong Sales growth and expanding EBITDAR Margin over the past five months. This growth is led by all three EVA drivers moving favorably in the global ex U.S. region. In the U.S., however, EVA growth has been pressured, impacted by plateauing EBITDAR Margin and higher net investment as a % of sales (Productive Capital Charge). In this report, we search for firms that are relatively attractive in the PRVit framework and have registered an uptrend in both Sales growth and EBITDAR Margin over the past two years.

EVA Primer

1. EVA measures the true economic profit of a business after compensating shareholders for use of their capital and is therefore superior to standard accounting measures.
2. The value of a company is the capital invested plus the present value of future EVA generation. The math is like a DCF: Market Value = Capital + PV(EVA).
3. Therefore, more Economic Value Added (EVA) is better.

Daksh Vashist, CFA
Associate

ISS EVA Equity Research Team
evaanalytics@iss-stoxx.com

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

Visit our website www.EVAexpress.com

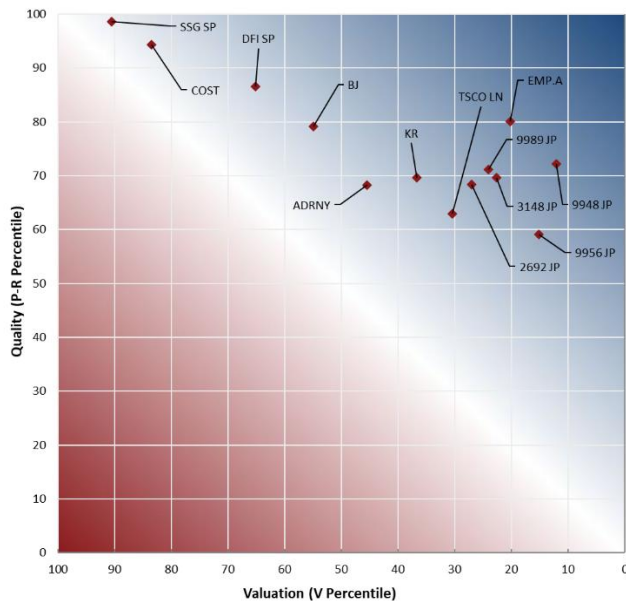
Figure 3: Consumer Staples Distribution & Retail – Positive Sales Growth and EBITDAR Margin Trend

In **Figure 3** below, we screen for firms in the industry (Developed Markets) that look relatively attractive in the PRVit framework (PRVit Score ≥ 50). We search for names that have seen an uptrend in both Sales Growth and EBITDAR Margin over the past eight quarters. On average, the firms maintain a strong PRVit Prime Score, as high levels of Quality (P-R) are supported by relatively low Valuations.

ADRNY, **3148 JP**, and **9948 JP** were selected in the 2026 Consumer Staples Roadmap ([report](#)) as top picks.

Name	Ticker	Country	Mkt Cap (\$mm)	PRVit Prime Score	Quality (P-R)	Valuation Score (V)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	EBITDAR Margin Trend (8 Qts)	EBITDAR Margin (TFQ - Current)	Sales Growth Trend (8 Qts)	Sales Growth (TFQ - Current)	Return YTD (%)
COSTCO WHOLESALE CORP	COST	U.S.	448,883	52	94	83	2.26%	0.20%	1		4.79%		8.40%	17.64%
TESCO PLC	TSCO LN	U.K.	41,805	54	63	30	0.79%	-0.06%	2		6.77%		10.14%	8.82%
KROGER CO	KR	U.S.	41,783	71	70	37	0.93%	0.02%	3		6.94%		0.35%	9.03%
KONINKLIJKE AHOLD DELHAIZE -ADR	ADRNY	Netherlands	41,634	55	68	45	0.77%	0.97%	7		7.25%		17.21%	16.86%
BJS WHSL CLUB HLDGS INC	BJ	U.S.	12,156	60	79	55	2.05%	-0.05%	1		7.40%		4.66%	3.87%
EMPIRE CO LTD -CL A	EMP.A	Canada	7,786	91	80	20	0.93%	-0.10%	-2		7.47%		1.33%	-1.26%
DFI RETAIL GROUP HOLDINGS	DFI SP	Hong Kong	5,658	54	87	65	-0.03%	2.62%	2		13.58%		0.04%	20.58%
SHENG SIONG GROUP LTD	SSG SP	Singapore	3,583	53	99	90	8.04%	0.90%	1		15.03%		12.32%	16.65%
SUNDRUG CO LTD	9989 JP	Japan	2,866	60	71	24	1.68%	0.15%	4		11.78%		7.15%	-11.05%
CREATE SD HOLDINGS CO LTD	3148 JP	Japan	1,392	60	70	23	1.75%	0.35%	4		9.94%		8.67%	-2.25%
VALOR HOLDINGS CO LTD	9956 JP	Japan	1,247	56	59	15	-0.38%	0.20%	2		9.88%		7.13%	8.46%
ARCS CO LTD	9948 JP	Japan	1,245	75	72	12	0.51%	0.15%	4		5.67%		4.89%	1.33%
ITOCHU-SHOKUJIN CO LTD	2692 JP	Japan	1,050	53	68	27	-0.19%	-0.10%	2		1.71%		4.28%	15.12%
Average			47,007	61	75	41	1.47%	0.40%	2		8.32%		6.66%	7.98%

Figure 4: PRVit HEAT Map

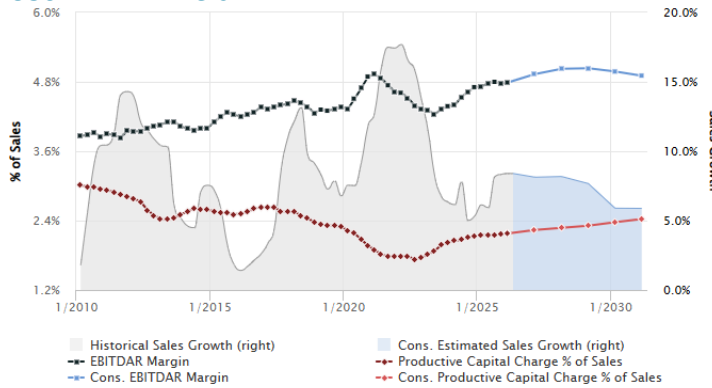


Summary firm-level commentary for **COST** and **TSCO LN** on the next page.

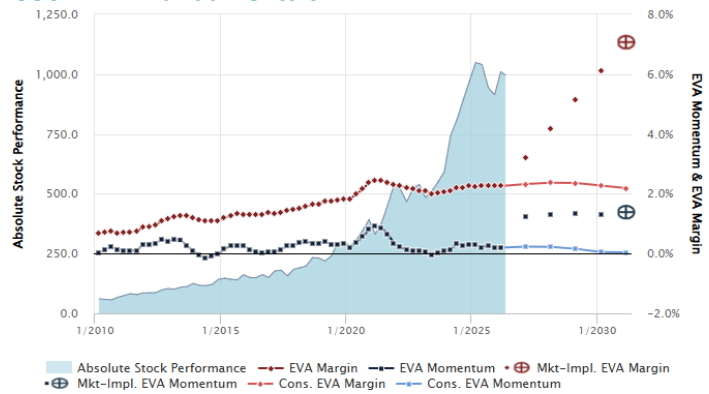
Costco Wholesale Corporation (COST)

Costco Wholesale Corporation (COST, rated 'Hold') COST is an 'Expensive but Worth It' name that has seen EVA Momentum (growth) move positively for 11 consecutive quarters. This has been driven by a strong 70bps expansion in EBITDAR Margin, while Sales growth has accelerated to 8.4% as of the quarter ending February 2026. During this period, EVA Margin has expanded by 30bps and is currently only 20bps away from record highs of early 2021, at 2.3%. The Productive Capital Charge (higher is less favorable) has been a drag on EVA Fundamentals over the past three years, trending higher due to an elevated PP&E Charge (% of Sales). Embedded expectations for growth (Future Value Added, FVA) are near record highs as the firm continues to see a strong improvement in economic profitability since May 2023. FGR is currently trading at 70%, near historic highs and significantly above the pre-2022 highs of 44%. The firm is very strong from a Quality (P-R) standpoint, but the market has already priced-in strong expectations for future EVA creation, leaving little room for disappointment.

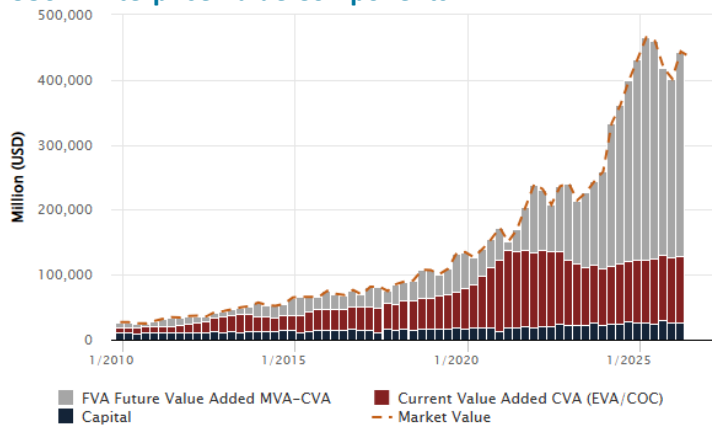
COST: EVA Drivers



COST: EVA Fundamentals



COST: Enterprise Value Components



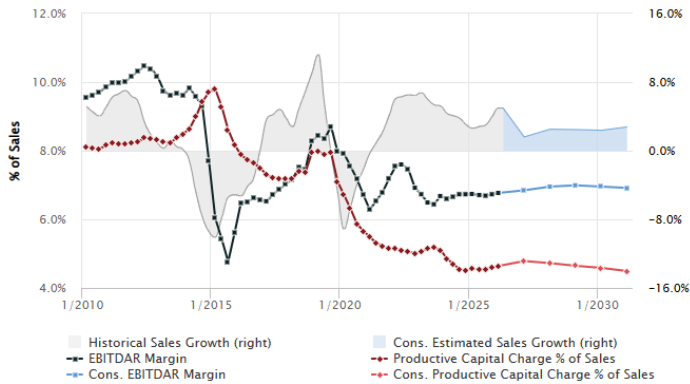
COST: Future Growth Reliance (FGR)



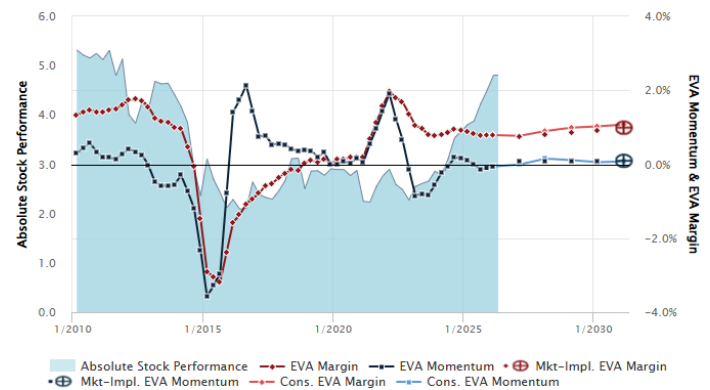
Tesco PLC (TSCO LN)

Tesco PLC (TSCO LN, rated 'Hold') TSCO LN is a 'High Quality and Cheap' name. EVA Momentum (growth) remains negative as of the quarter ending February 2026 but has trended higher within the last two quarters after four sequential quarters of deterioration. Sales growth accelerated to 5% as of the latest reported quarter. EBITDAR Margin is currently near 3-year highs, at 6.8%, but remains 80bps below the 2022 highs of 7.6%. Embedded expectations for growth (FVA) turned positive after 7 years in August 2025, at a time when EVA Margin has shown some signs of bottoming out near 5-year lows. FGR is currently near 9-year highs, at 7%, as investors price-in modest but positive expectations for incremental EVA creation going forward for the first time since 2018.

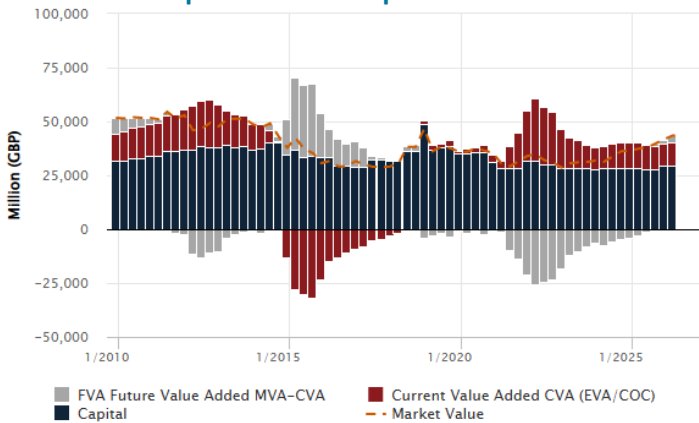
TSCO LN: EVA Drivers



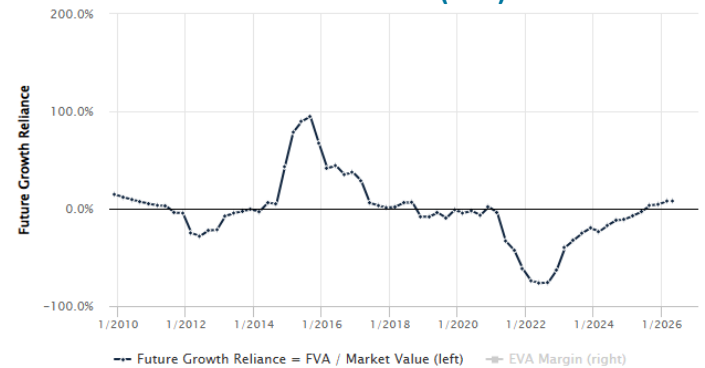
TSCO LN: EVA Fundamentals



TSCO LN: Enterprise Value Components



TSCO LN: Future Growth Reliance (FGR)



About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com ([link](#)): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework

EVA for Investors ([link](#)): A full introduction to the key EVA concepts and metrics

Analyst Certification - The Research Analyst(s) who prepared this report hereby certify that the views expressed herein accurately reflect the analyst(s) personal view(s) about the subject company and their securities and that they have not been and will not be directly or indirectly compensated for expressing specific recommendation(s) or view(s) in the report.

Disclaimers – Copyright © 2026 Institutional Shareholder Services Inc. and/or its subsidiaries ("ISS STOXX"). All rights reserved.

This report and all of the information contained in it, including without limitation all text, data, graphs and charts, is the property of ISS STOXX and/or its licensors and is provided for informational purposes only. The information may not be modified, reverse-engineered, reproduced or disseminated, in whole or in part, without prior written permission from ISS STOXX.

This report and the recommendations, ratings and/or other analytical content in the report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

The user of this report assumes all risks of any use that it may make or permit to be made of the information. While ISS STOXX exercised due care in compiling this report, ISS STOXX makes no express or implied warranties or representations with respect to the information in, or any results to be obtained by the use of, the report. In particular, the recommendations, ratings and/or other analytical content in the report are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies. ISS STOXX shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use of, reliance on, or inability to use any such information.

Please note the issuer(s) mentioned within this report and/or material may have a commercial relationship with ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly owned subsidiary of Institutional Shareholder Services Inc., or ISS-Corporate may have provided advisory or analytical services to the issuer(s) in connection with the information described in this report. No employee of ISS-Corporate played a role in the preparation of this report. If you are an institutional client of ISS STOXX, you may inquire about any issuer's use of products and services from ISS-Corporate via ProxyExchange or by emailing disclosure@issgovernance.com.

Additionally, the issuer(s) mentioned within this report and/or material may be a client of ISS STOXX, or the parent of, or affiliated with, a client of ISS STOXX. One or more of the proponents of a shareholder proposal at an upcoming meeting may be a client of ISS STOXX, or the parent of, or affiliated with, a client of ISS STOXX. None of the sponsors of any shareholder proposal(s) played a role in preparing this report.

ISS STOXX is majority owned by Deutsche Börse AG ("DB"), an international exchange organization. Both ISS STOXX and DB have established standards and procedures to protect the integrity and independence of the research, recommendations, ratings and other analytical offerings ("Research Offerings") produced by ISS STOXX.

Further information about conflict mitigation can be found [here](#).

Registered Trademarks - EVA®, EVA Momentum® and PRVit® are registered trademarks, and VARP™ and Value-At-A-Reasonable-Price™ are trademarks of Institutional Shareholder Services Inc. and EVA Dimensions, LLC. Russell 3000 is a registered trademark of The Frank Russell Company. S&P is a registered trademark of The McGraw-Hill Companies.

EVA is a registered services mark of Institutional Shareholder Services Inc. (in the field of financial data, valuation analytics and investment management) and of Stern Stewart & Co. (in the field of financial and incentive consulting).

Research Division

Senior Management Team

Gavin Thomson

Executive Director

Global Director of Fundamental Research

Casey Lea

Executive Director

Global Director of Quantitative Research