

Initiated 2026-09-30 · Price \$42.19 (as of 2026-09-30 10:15 AM EDT, stockanalysis.com) · Mkt cap \$3.08bn · Consumer discretionary / leisure products · Model: verified

Rating: Sell — Conviction: Low

YETI is a debt-free, cash-generative premium brand, and FY2026 is going well: sales guided +7–8%, adjusted EPS guidance raised. But at 11.7x EBITDA the market already pays for the investor-day framework. That multiple is well above every listed peer (6–8x), while Drinkware, half of sales, grew 2% last quarter and SG&A grew 17%. Both valuation methods put Base below the price, and the bear path sits further from it than the bull. Sell, with Low conviction because the call leans on the discount rate.

Conviction tests (3a-v-c): T1 fail (Sell → Hold at –1pp: Base –13.9%; –24.5% at +1pp stays Sell) · T2 fail (exit multiple alone –4.8% reads Hold; Gordon alone –34.4% reads Sell) · T3 pass · T4 pass

MODEL VALUE RANGE VS PRICE



Business overview

YETI designs premium coolers, drinkware and bags, made by contract manufacturers mostly in Asia. FY2025 revenue was \$1.87bn (+2.1% over a 53-week year). In Q2 2026, sales were \$483.9mm (+9%): Coolers & Equipment \$232.4mm (+16%) and Drinkware \$241.4mm (+2%); direct-to-consumer 55% (+7%) and wholesale 45% (+10%); US \$391.0mm (+6%) and international \$92.9mm (+19%). Earnings turn on three things: whether Drinkware growth resumes, whether margin holds as tariff costs (~20% assumed for H2) and SG&A investment rise, and how far international scales. Management guides FY2026 sales +7% to +8%, a 14.9% adjusted operating margin and adjusted EPS of \$2.94–\$3.00. The 2026-09-17 investor day framed FY2026–30 as mid- to high-single-digit growth, \$1.2–1.4bn of cumulative FCF and ~\$100mm of "Project Upcycle" savings.

Competition

In drinkware YETI competes with Stanley (private), Owala (private), HydroJug and Hydro Flask (Helen of Troy). In coolers it competes with RTIC, Igloo and Coleman. Amazon-channel tracking from the 2024–25 cooldown gave Stanley 49.1% share (–14.3% y/y), YETI 14.5% (+0.8%) and Owala 8.3% (+3.8%) (Modern Retail, April 2025, via search summary; about 18 months old). YETI held share as the category deflated; its Q2 Drinkware +2% says it has not re-accelerated. Pressure would show first in Drinkware price and promotion, then in wholesale reorders. The closest listed comparable, Helen of Troy, trades at 6.4x trailing EV/EBITDA; Deckers is at 7.1x and Crocs at 8.0x. On trade: the Supreme Court ruled the IEEPA tariffs unlawful in February 2026 (10-Q), and YETI's outlook assumes US tariffs of about 20% in H2 2026. The regime actually in force for YETI's sourcing countries today is n/a (unverified).

Bull case

1. **Coolers, bags and international compound** — Coolers & Equipment grew 16% and international 19% in Q2, and management targets a \$1bn international business. Plays out if international keeps growing in the high teens and bags/soft coolers carry enterprise growth to the framework's high end (8–9%). *Model: rev_growth*
2. **Project Upcycle drops through** — ~\$100mm of productivity is about 5% of sales. FY2023's EBITDA margin was 16.4%. Plays out if tariffs ease and most savings reach the P&L, lifting margin toward 19% by FY2030. *Model: ebitda_margin*
3. **The premium multiple holds** — a net-cash-like balance sheet and a durable brand keep the multiple near today's 11.7x. Plays out if two more quarters of high-single-digit growth show FY2026 is not a one-year rebound. *Model: exit_ev_ebitda*

Bear case

1. **Drinkware has plateaued** — Drinkware is ~50% of sales and grew 2% in Q2, after an industry-wide boom and bust. Plays out if Drinkware turns negative while the cooler cycle cools, pushing growth to ~0% in FY2027–28 and the multiple toward peers. *Model: rev_growth, ebitda_margin, exit_ev_ebitda*
2. **A discretionary slowdown hits premium price points** — \$40 tumblers and \$300+ coolers are easy purchases to defer; inventory was \$359.1mm at Q2 (+5%). Plays out if wholesale partners destock and inventory outgrows sales. *Model: rev_growth, nwc_pct_rev*
3. **Costs outrun sales at a high discount rate** — Q2 adjusted SG&A grew 19% against sales +9%, and adjusted operating income fell 7% excluding refunds. A beta of 1.68 at a 5.26% risk-free rate gives a 13.4% WACC. Plays out if tariffs stay ~20%+ and SG&A keeps growing faster than sales while the 10Y stays above 5%. *Model: ebitda_margin, wacc*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
EV/EBITDA (model basis: mkt cap – cash + funded debt; GAAP EBITDA after SBC, leases excluded)	11.7x FY2025	n/a (unverified)	HELE 6.4x · DECK 7.1x · CROX 8.0x (trailing, lease-inclusive, aggregator)	Model; stockanalysis 2026-09-30
EV/EBITDA (aggregator, trailing, lease-inclusive)	11.4x	n/a (unverified)	same as above	stockanalysis 2026-09-30
Forward P/E (consensus)	13.5x	n/a (unverified)	HELE 7.7x · DECK 10.3x · CROX 8.4x	stockanalysis 2026-09-30
FCF yield (FY OCF – capex, on today's market cap)	6.9% FY2025 (\$212mm); FY2026 guide \$200–225mm (6.5–7.3%)	FY2023 7.6% · FY2024 7.1% of today's cap	HELE 12.3% · DECK 10.6% · CROX 12.0% (TTM, aggregator)	EDGAR; Q2 release; stockanalysis 2026-09-30

Model-implied value range (from `model-summary.json` ; generic module, Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$18.20 · Base \$33.93 · Bull \$51.55 per share, i.e. implied returns of –56.9% / –19.6% / +22.2% vs \$42.19. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits between Base and Bull, so the market already assumes growth near the framework's high end with margin expansion. Neither method embeds a re-rating. The exit method uses 10.0x, a ~14% de-rating from today's 11.7x, and gives \$40.18 (–4.8%). The Gordon method gives \$27.68, 31% lower. At a 13.36% WACC and 3% terminal growth, it embeds about 6.0x (est.) year-five EBITDA, roughly peer level. Tail sensitivity (Drinkware is ~50% of sales): FY2026 +6%, then revenue –6%, –8%, 0% and +2%; EBITDA margin falling to 11%; NWC 12% of sales; a 6.0x exit; a 15.36% WACC. The bear midpoint falls to \$11.30.

Balance sheet: net leverage 0.16x FY2025 EBITDA; gross leverage 0.38x; coverage 47.7x (model Credit). Debt of \$101.7mm at 2026-07-04: Term Loan A \$71.7mm (5.53%) and \$30.0mm drawn on the \$300mm revolver (5.48%), both floating and maturing June 2028 (2023 amendment, via search summary). Liquidity: \$59.8mm cash plus \$270.0mm undrawn revolver. Ratings: none found. Cash fell from \$358.8mm (FY2024) to \$59.8mm at Q2 as buybacks outran FCF. H1 FCF was \$4.3mm, so the FY2026 guide rests on the seasonal H2. IEEPA refund receivables of \$65.8mm (\$0.90 per share, 2.1% of market cap; \$16.2mm since collected) are not credited to value.

Model note: verified: LibreOffice recalculation matched all 3,207 formula cells. Unverified inputs: none. Assumptions without basis: none. No scenario CHECKS. EBITDA is GAAP operating income plus D&A, after SBC. Base Y1 EPS of \$2.67 is 10% below the \$2.97 adjusted-guide midpoint. Adjusted EPS excludes SBC (~\$0.37 per share after tax) and the refund; the model's 73.0mm cover-count shares (guide 75.4mm) lift its EPS ~3%. NWC for FY2021–23 was not retrieved. Debt maturity comes from a search summary of the 2023 credit amendment 8-K.

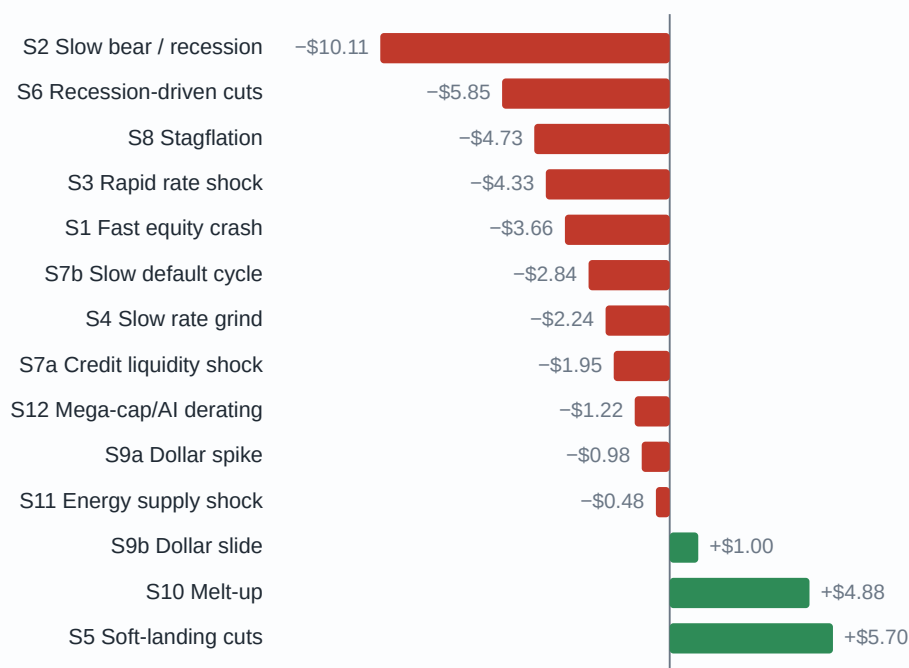
Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	Beta 1.68 and ~11% short interest; multiple de-risks, no operating channel	Med	–\$3.66
S2 Slow bear / recession	–	Wholesale destocking, promotions and SG&A deleverage on premium price points; multiple compresses. Milder than the bear case (\$15.73 below Base) because it is a two-year dip, not a permanent drinkware plateau	High	–\$10.11
S3 Rapid rate shock	–	Long-duration growth equity: discount rate and multiple re-price; only \$102mm of floating debt	Med	–\$4.33
S4 Slow rate grind	–	Same channel, grinding	Low	–\$2.24
S5 Soft-landing cuts	+	Lower discount rate plus consumer relief	Med	+\$5.70
S6 Recession-driven cuts	–	Destocking and promotions outweigh lower rates	Med	–\$5.85
S7a Credit liquidity shock	–	Near-zero net debt and \$270mm undrawn revolver; only high-beta equity selling	Low	–\$1.95
S7b Slow default cycle	–	Weaker sporting-goods and outdoor wholesale accounts	Low	–\$2.84
S8 Stagflation	–	Steel, freight and wages rise while consumers trade down from premium	Med	–\$4.73
S9a Dollar spike	–	International ~19% of sales: translation loss; sourcing is largely dollar-priced, so little offset	Low	–\$0.98
S9b Dollar slide	+	Mirror: translation gain	Low	+\$1.00
S10 Melt-up	+	Heavily shorted high-beta consumer growth name: covering and re-rating	Med	+\$4.88
S11 Energy supply shock	–	Ocean freight and resin costs; gasoline squeeze on discretionary spend	Low	–\$0.48
S12 Mega-cap/AI derating	–	Not AI-linked; modest spillover to high-beta equities	Low	–\$1.22

Currently active/on watch per the playbook: S3 is active (`state.md` says partially active; the 2026-09-29 macro log has all three legs met at a 10Y of 5.26%). S8, S10 and S11 are on watch. S3 is the live row, through the discount rate on a 1.68-beta equity.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: Drinkware returns to mid-single-digit growth, adjusted SG&A growth falls back below sales growth while the 14.9% adjusted operating margin guide is delivered, or the price falls toward the exit-method Base with the growth outlook intact. **Downgrades if:** Drinkware turns negative, inventory keeps outgrowing sales into Q4, or H2 FCF falls short of what the \$200–225mm guide needs.

Watch items

- **W1:** Q3 2026 sales growth vs the FY +7–8% guide and adjusted operating margin vs the 14.9% full-year guide — Q3 release — ~early Nov 2026 — *Model: rev_growth, ebitda_margin*
- **W2:** Drinkware growth (Q2 +2%) and international growth (Q2 +19%) — Q3 release — ~early Nov 2026 — *Model: rev_growth*
- **W3:** Adjusted SG&A growth vs sales growth (Q2 +19% vs +9%) — Q3/Q4 releases — Nov 2026 / Feb 2027 — *Model: ebitda_margin*
- **W4:** Inventory (\$359.1mm, +5%) vs sales, and FY2026 FCF vs the \$200–225mm guide — FY2026 10-K — ~late Feb 2027 — *Model: nwc_pct_rev*

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Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.