Consumer Staples Briefing Book

October 2025

OPTIMAL

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Optimal Advisory is pleased to bring you an updated *Consumer Staples Briefing Book* with 40+ pages and 100+ charts.

October real-time spending is softening across 16/18 proprietary Optimal staples subsectors, we also note: strong spending growth for grocery & meal delivery… versus sharp drop in club spending and premium grocery transaction growth not translating as much to mainstream grocery. Premium grocery is still outpacing mainstream, but less so. see pp 5-12. We suggest the direct & indirect effects of the ongoing government shutdown likely impacting spending across both higher and lower income stratum.

Callouts from our proprietary *Optimal Cost Factor (which incorporates 29 cost inputs)* include 15/30 tracked companies with cost exposure at lowest level in 12 months, including the representative index … see p 17. Meats/proteins with higher cost pressures y/y while softs/sweets with softening spot cost pressures in shorter term directly translating to HSY, LW, MDLZ, KDP … See p 14.

According to a current message on the USDA website with respect to SNAP; "the well has run dry. At this time, there will be no benefits issued November 1." We still see several potential off ramps to this impasse, but this is an escalation. We note SNAP is the largest federal food aid program and serves roughly 17% (22 million) of total U.S. households (132.2 million). In 2024, SNAP benefits comprised $95 billion or roughly 8.7% of food at home spending of $1.1 trillion and likely comprise a similar portion today.

Please talk to us or your salesperson about our upcoming planned meetings:

- **Apparel Supply Chain – Virtual November 6th**
- **Consumer Spending Geopolitical Threats Outside the US** – Virtual in November
- **Private Equity in Wine & Spirits** – Virtual in November
- **The Math of CPG & Digital Activation** – Virtual in December
- **The State of Private Label and Its Broader Impacts on CPG** – Virtual in December

	Getting Worse	Getting Better
Underdiscussed	• Government shutdown delays farm loans & subsidies during planting/planning season, depresses hope for near-term farm aid – which is broadly inflationary. • Staples companies have an alignment problem that allowed excess cost & suboptimal pricing actions. • Lower end consumers are extremely stressed relative to the broader economy.	• Consumers are shopping more with delivery and in limited assortment outlets (e.g. AMZN Fresh.) • Increased recession risk could drive disruptive improvement in food sector volume outlook. • Cost relief from commodities appears to be on the way for 2026.
Overdiscussed	• GLP-1 is a headwind for food & beverage sectors. • There's unusually high management turnover. • Retailers are optimizing shelf sets for value. • Consumers report they are choosing to drink less alcohol.	• Much of the sector is at near record low *relative* valuations. • Many companies have announced the exploration of strategic options, selling or splitting.

Proprietary Subsector Spending Analysis

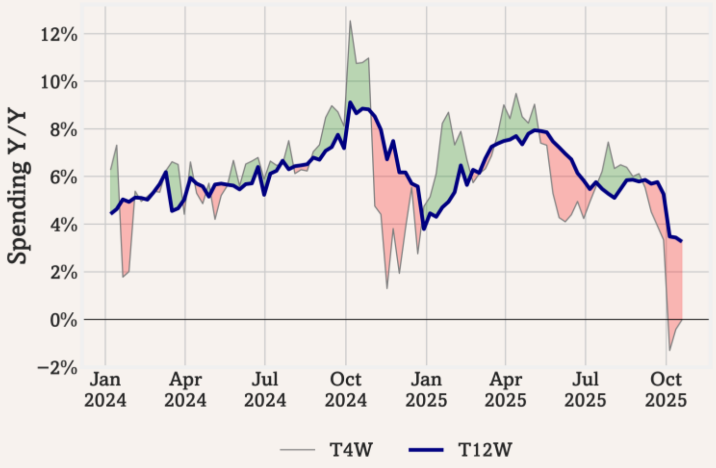
Slowing in consumer spending across the Staples economy – we note 16/18 measured categories with negative inflection between 4-week & 12-week trends

	SPENDING			TRANSACTION COUNT		AVERAGE TICKET	
Optimal Subsector	T4W Y/Y	T12W Y/Y	Inflection	T4W Y/Y	T12W Y/Y	T4W Y/Y	T12W Y/Y
CLUB	0.0%	3.3%	-3.3%	0.3%	2.5%	-0.3%	0.8%
GROCERY DELIVERY	7.1%	7.5%	-0.4%	12.1%	12.5%	-3.6%	-4.1%
DOLLAR	4.1%	4.3%	-0.2%	3.4%	3.2%	0.4%	1.0%
HARD DISCOUNTER	3.6%	3.9%	-0.3%	3.9%	3.6%	-0.3%	0.3%
MAINSTREAM GROCERS	1.2%	1.8%	-0.6%	0.6%	0.7%	0.6%	1.1%
PET	-1.7%	-1.7%	0.0%	-2.2%	-2.3%	0.3%	0.4%
PHARMACY	-6.2%	-5.5%	-0.8%	-4.2%	-3.8%	-1.9%	-1.4%
PREMIUM GROCERS	1.1%	3.7%	-2.6%	1.4%	3.5%	0.1%	0.0%
BROADLINE RETAIL	-0.4%	1.6%	-2.0%	-1.3%	-0.6%	1.0%	2.2%
E-COMMERCE	8.9%	9.1%	-0.1%	8.3%	8.1%	0.6%	0.9%
MEAL DELIVERY	11.8%	12.5%	-0.9%	8.9%	9.7%	2.7%	2.5%
FAST FOOD	0.1%	1.0%	-1.5%	-1.0%	-0.6%	1.1%	1.7%
BEAUTY	5.6%	5.6%	-3.8%	2.0%	2.9%	3.5%	2.7%
LUXURY	3.7%	8.0%	-0.6%	1.2%	4.3%	2.5%	3.5%
FAST CASUAL	-0.1%	1.8%	-1.7%	-1.7%	0.0%	1.6%	1.8%
CASUAL DINING	-2.4%	0.6%	-1.1%	-7.4%	-4.7%	5.4%	5.6%
COFFEE	1.5%	2.2%	0.3%	1.5%	2.0%	0.0%	0.2%
PIZZA	-4.5%	-3.9%	-0.9%	-3.4%	-2.9%	-1.1%	-1.0%

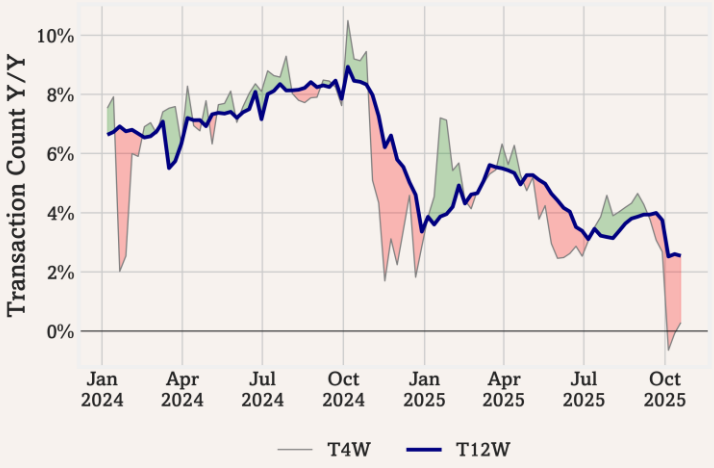
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Club spending showing a drop around the government shutdown; mainstream grocers seem more insulated

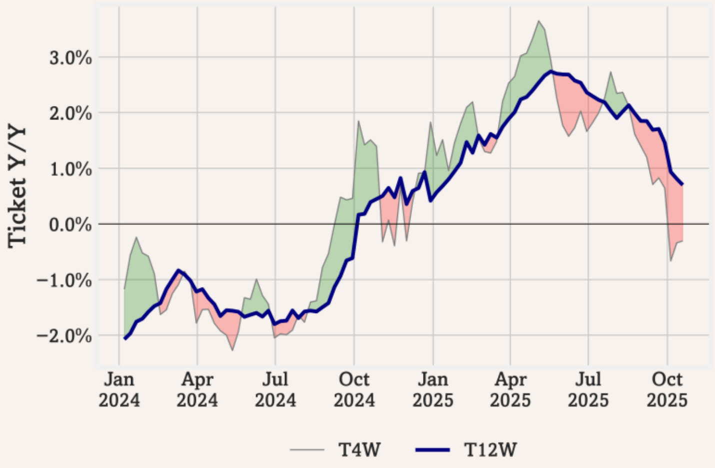
Club Spending



Club Transactions

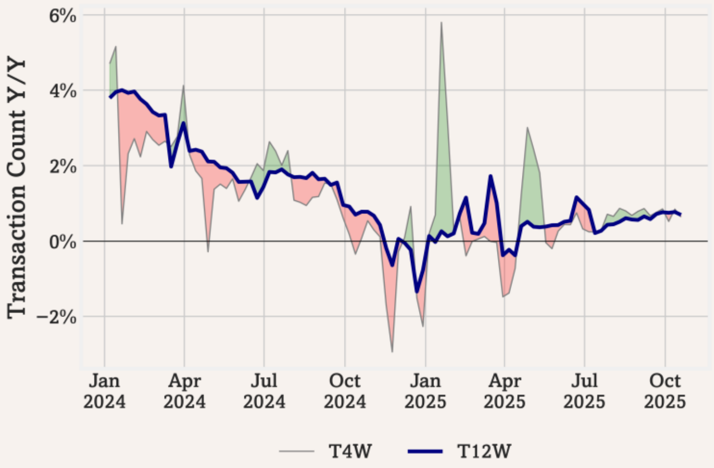


Club Ticket

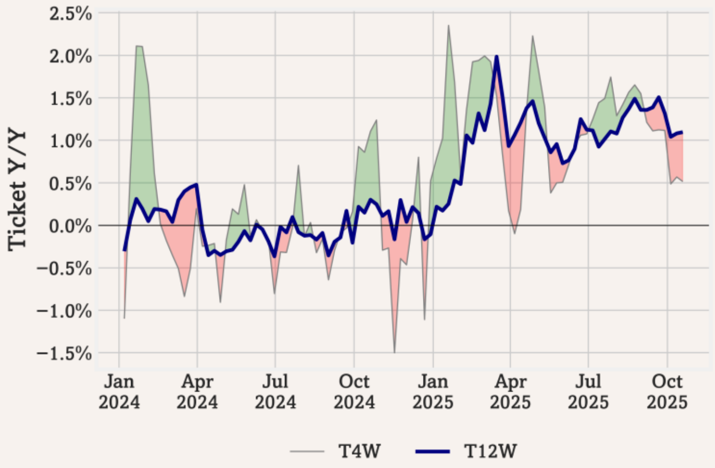


Mainstream Grocers Spending

Mainstream Grocers Transactions



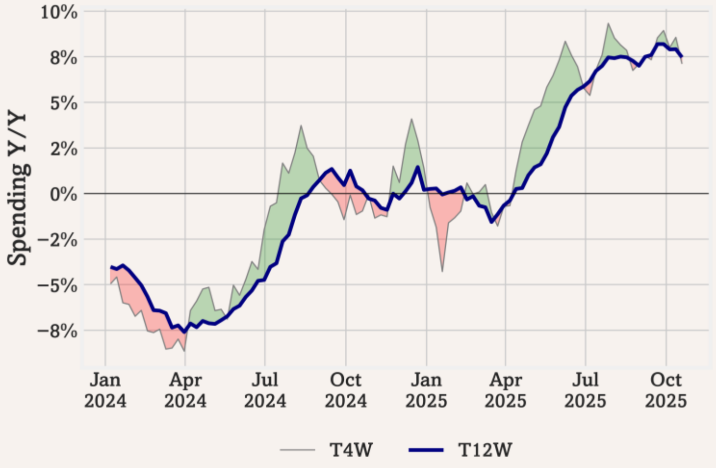
Mainstream Grocers Ticket



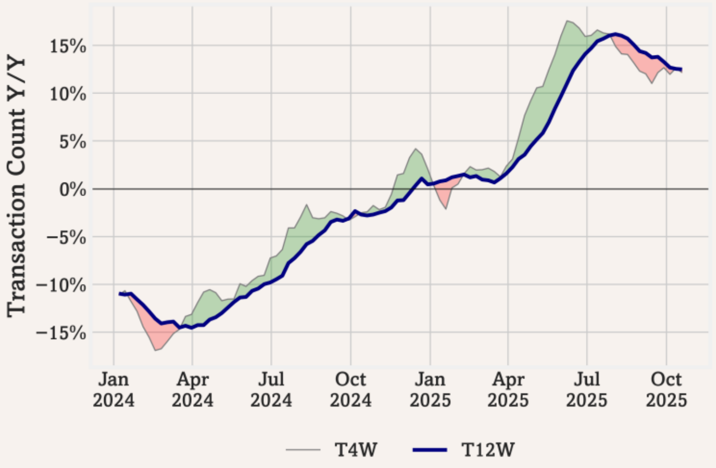
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Grocery & meal delivery transactions up double digit; mix toward Amazon Fresh driving lower grocery delivery ticket while HelloFresh transaction counts running down a drag on subsector performance

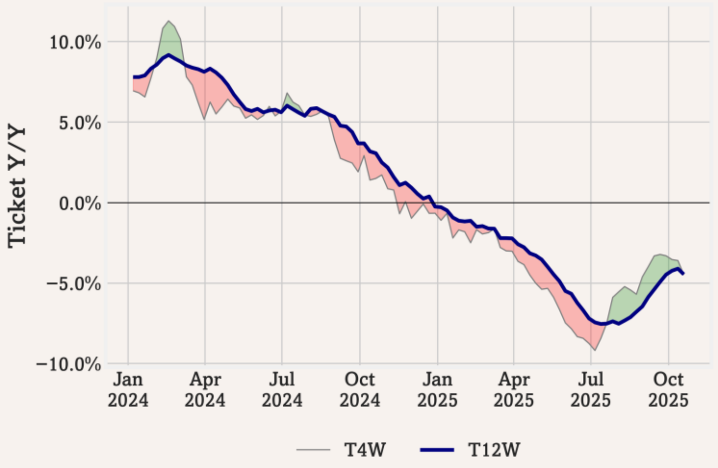
Grocery Delivery Spending



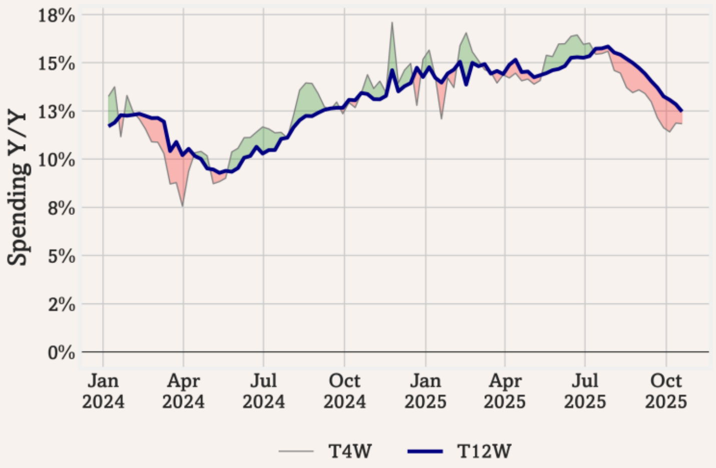
Grocery Delivery Transactions



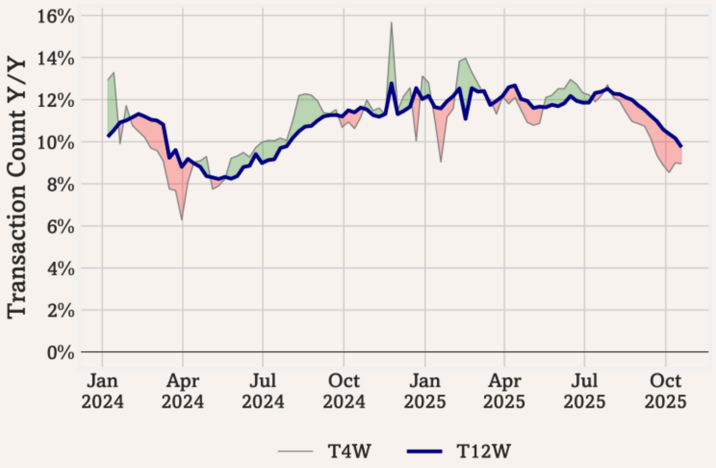
Grocery Delivery Ticket



Meal Delivery Spending



Meal Delivery Transactions

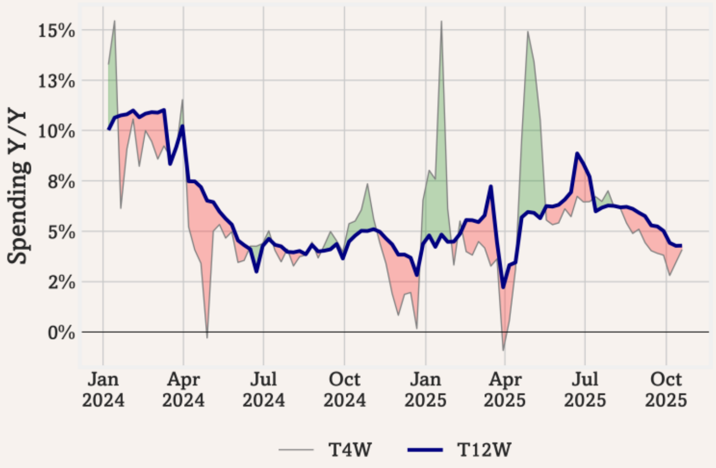


Meal Delivery Ticket

Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

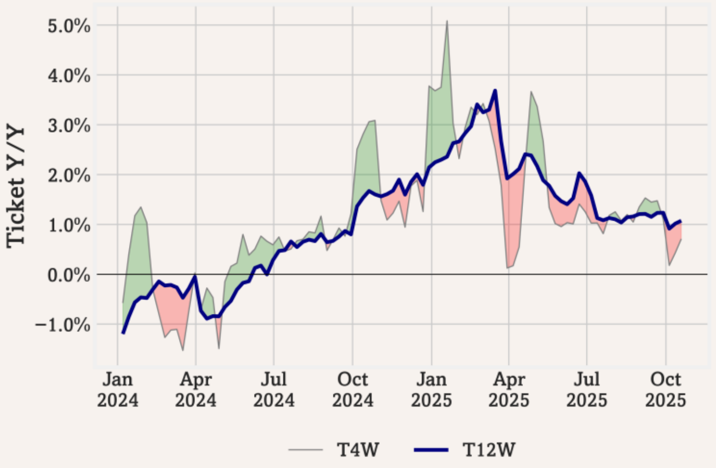
Dollar & hard discounters outpacing mainstream grocery; DLTR a leader in growth for industry. Growth remains strong from Trader Joe's in hard discounters subsector

Dollar Store Spending

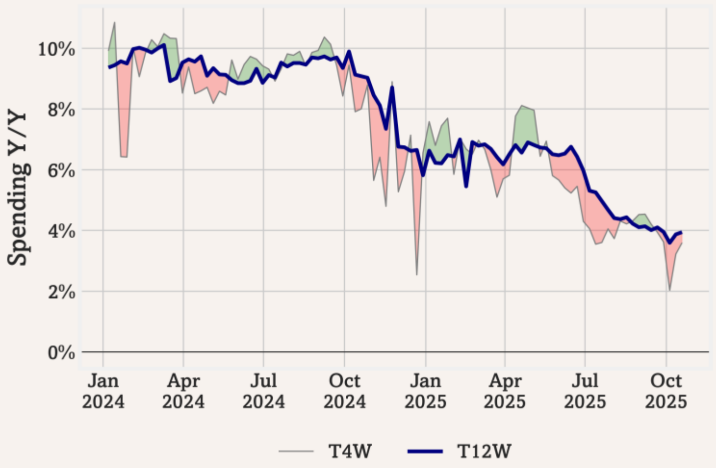


Dollar Store Transactions

Dollar Store Ticket

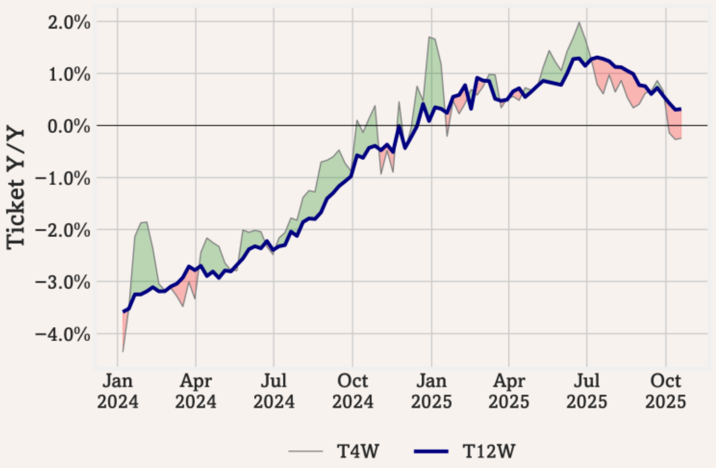


Hard Discounters Spending



Hard Discounters Transactions

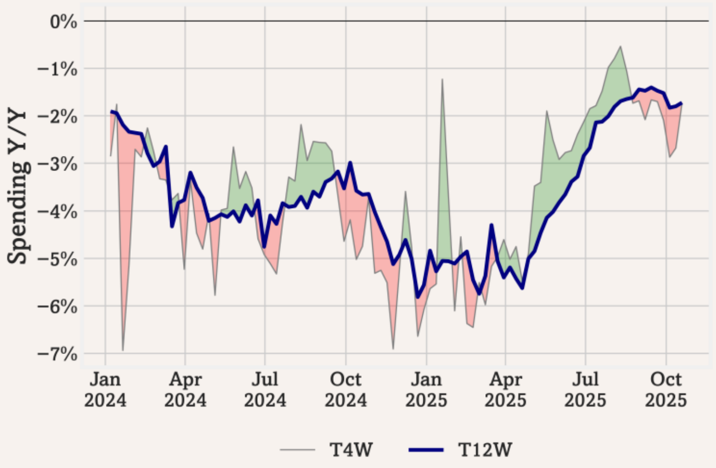
Hard Discounters Ticket



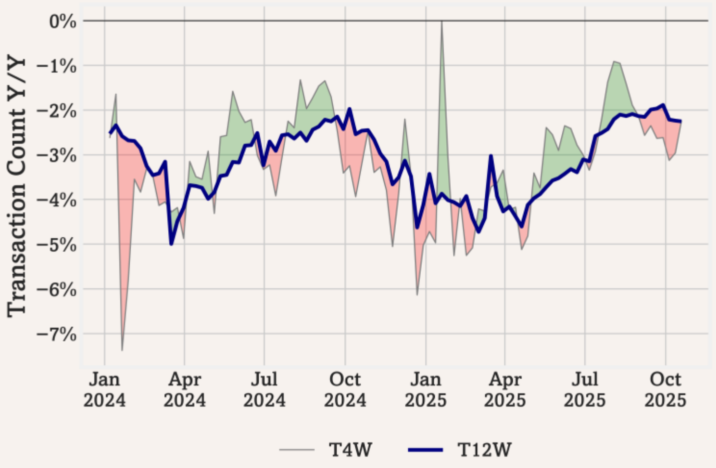
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Pet channel spending mixed off tougher comps; E-commerce (including AMZN) still taking total spending share

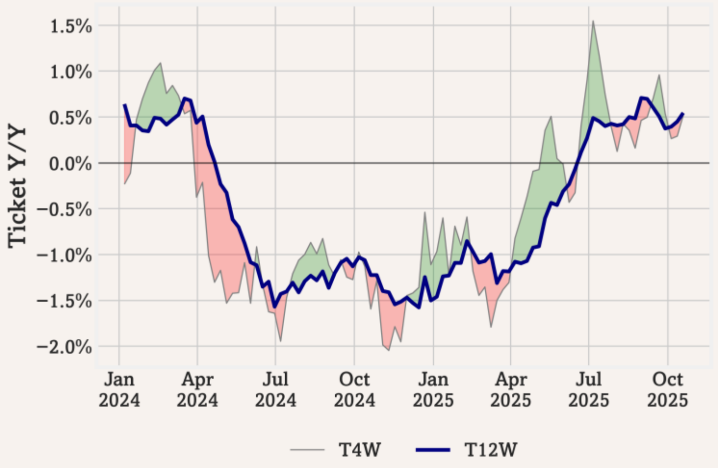
Pet Spending



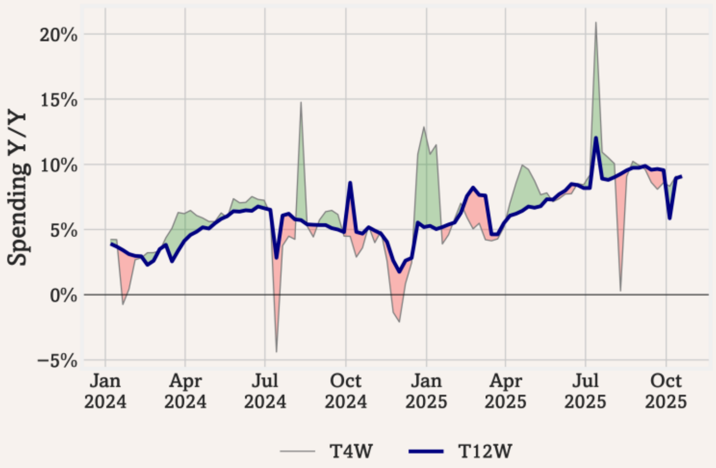
Pet Transactions



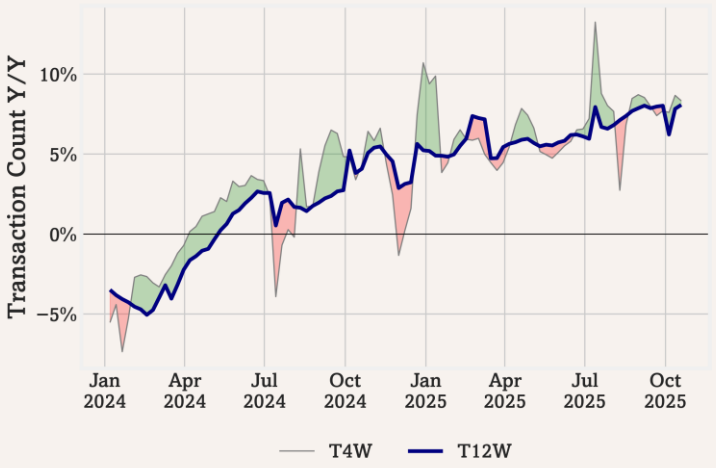
Pet Ticket



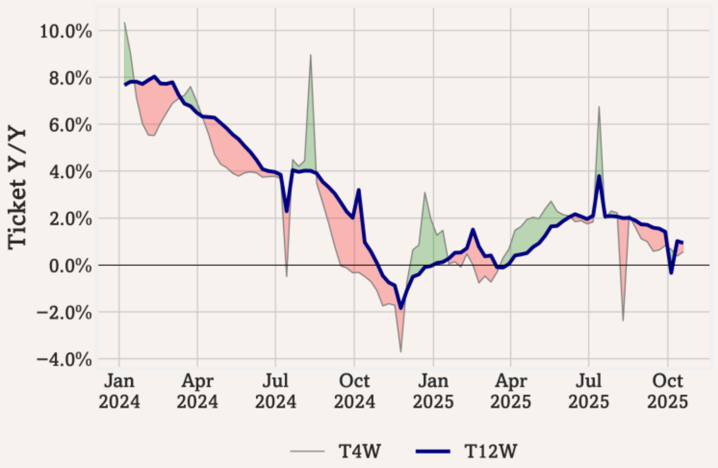
E-commerce Spending



E-commerce Transactions



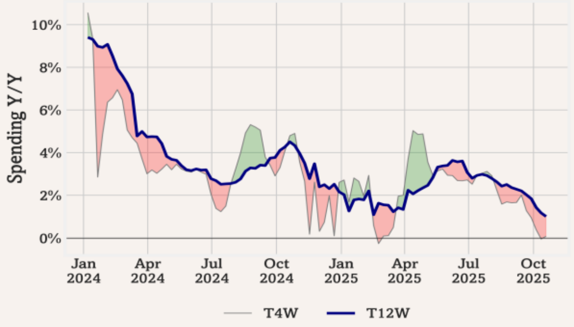
E-commerce Ticket



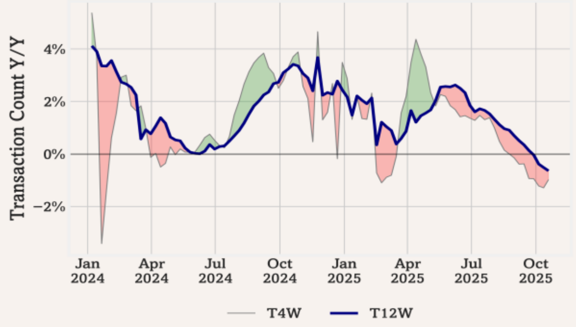
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Fast food & fast casual gaining share in dining as value top of mind. Casual Dining ticket growth outpacing comps, negative inflection in transactions for all

Fast Food Spending

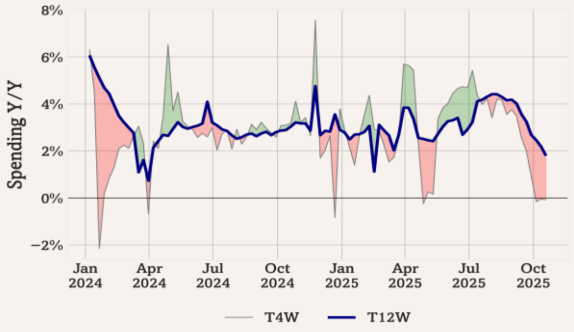


Fast Food Transactions

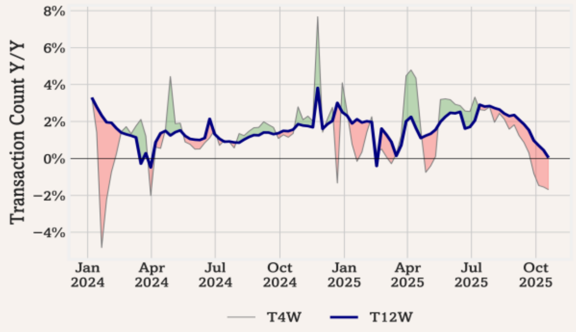


Fast Food Ticket

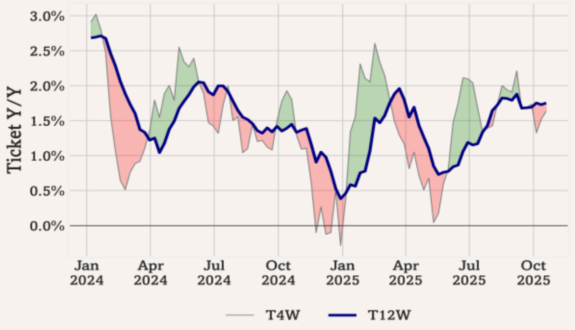
Fast Casual Spending



Fast Casual Transactions



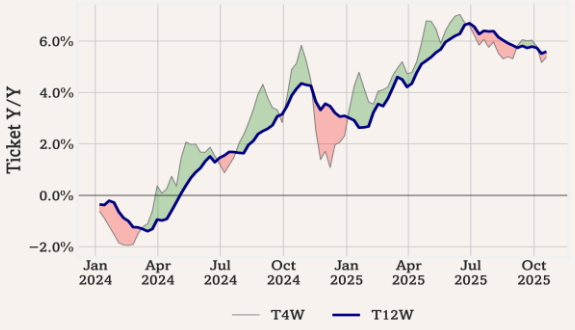
Fast Casual Ticket



Casual Dining Spending

Casual Dining Transactions

Casual Dining Ticket

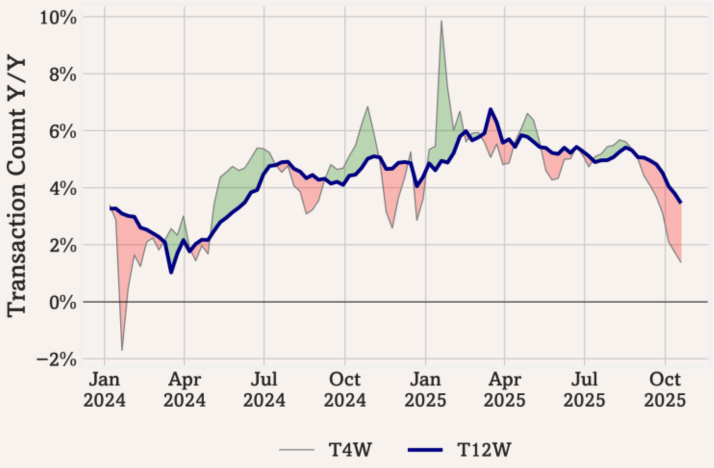


Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

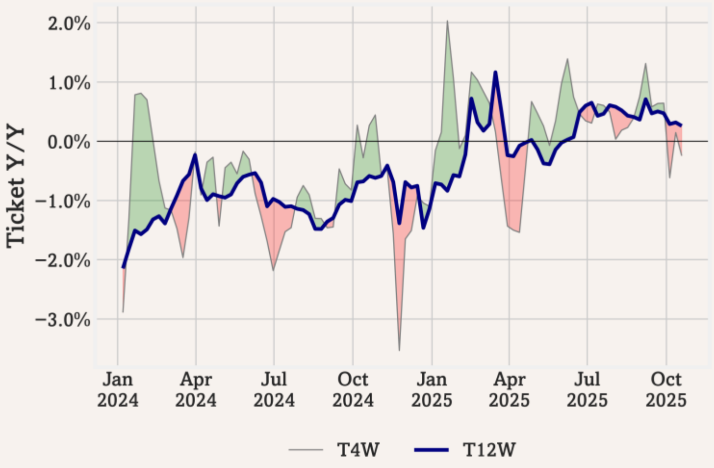
Premium grocers spending (including The Fresh Market & Sprouts) beginning to inflect negatively but running up y/y across spending and transaction counts and gaining share vs. mainstream (slide 6)

Premium Grocers Spending

Premium Grocers Transactions

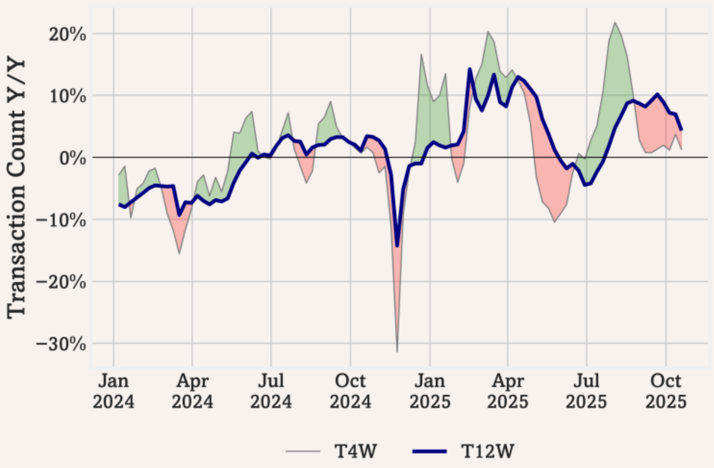


Premium Grocers Ticket

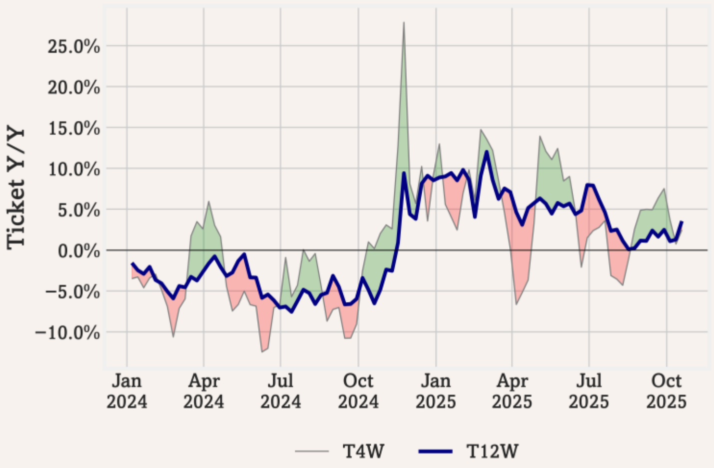


Luxury Spending

Luxury Transactions



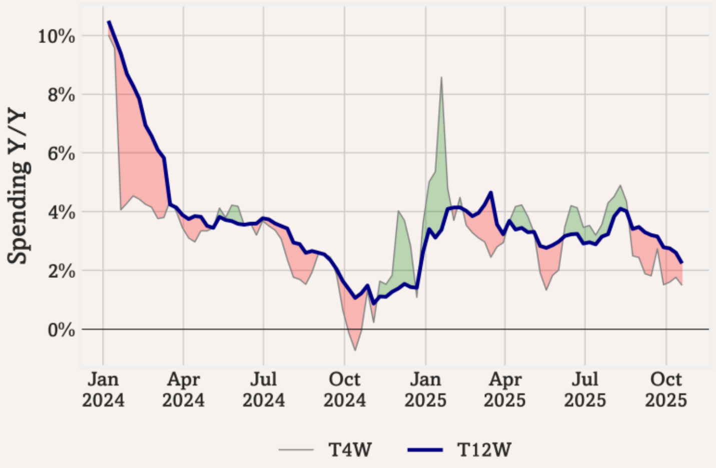
Luxury Ticket



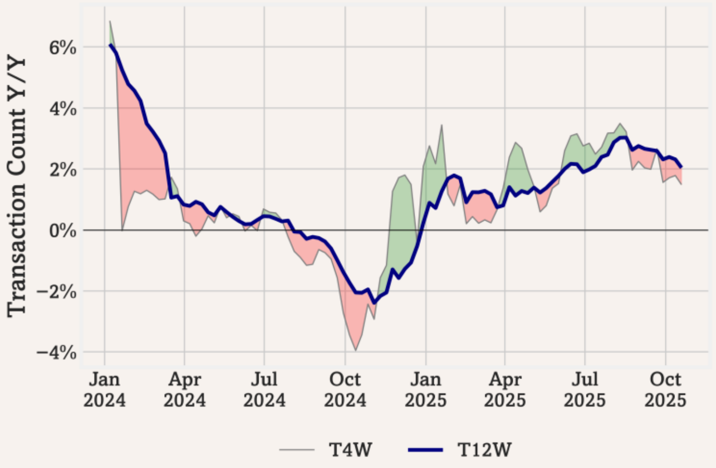
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Coffee spending (Including SBUX) running up but negative inflection in ticket now moving to flat y/y

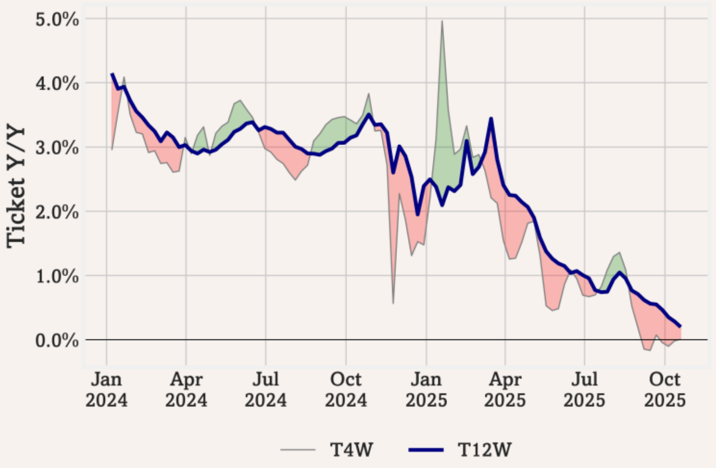
Coffee Spending



Coffee Transactions



Coffee Ticket



Pizza Spending

Pizza Transactions

Pizza Ticket

Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

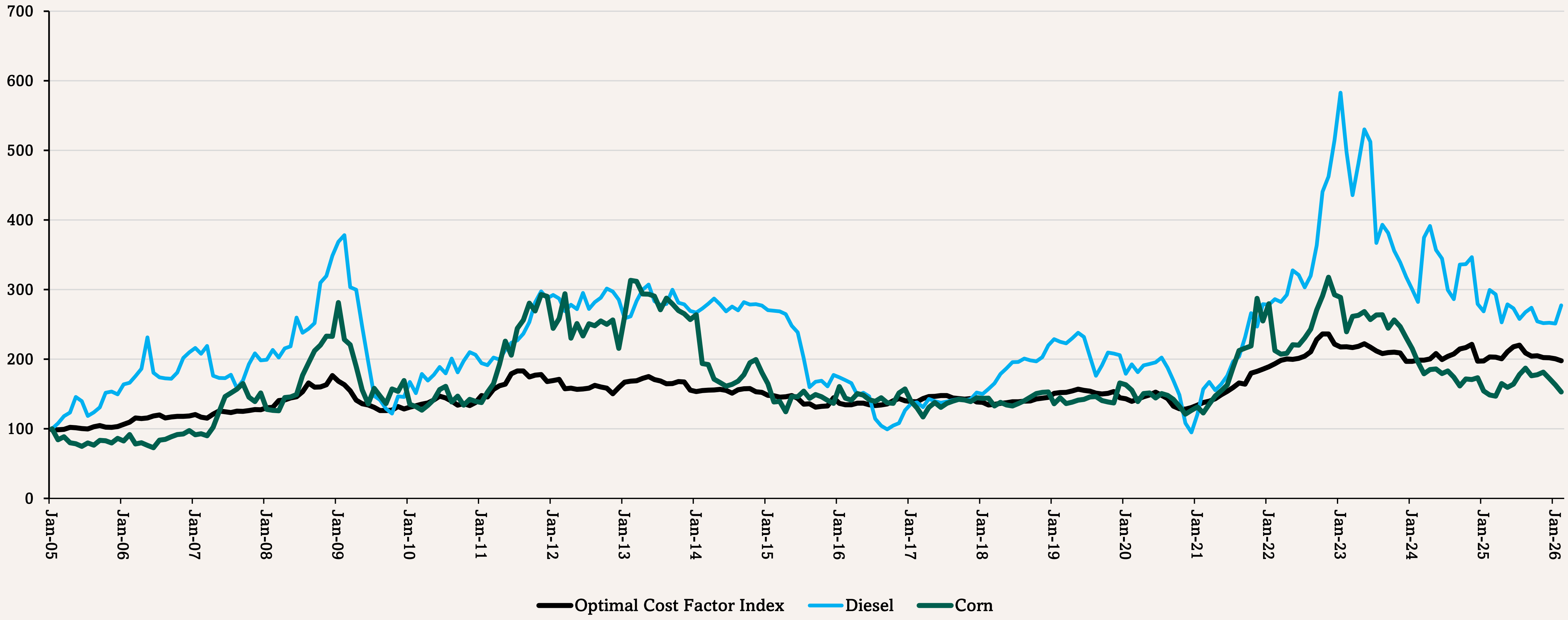
Proprietary Cost Analysis

Our Optimal Cost Factor tracks companies' U.S. input cost risk via proprietary weightings; proteins leading cost pressures for food manufacturers with sweeteners easing

M/M		Today / T3M Average		Today T3M / YAGO T3M	
Companies					
Index	-2.3%	Index	-2.0%	Index	-2.0%
Greatest		Greatest		Greatest	
TAP	0.9%	CELH	0.6%	THS	10.3%
SAM	0.7%	MNST	0.5%	CELH	5.4%
ABI	0.7%	TAP	0.4%	FRPT	5.0%
Least		Least		Least	
HSY	-8.0%	HSY	-7.8%	LW	-12.9%
MDLZ	-5.2%	MDLZ	-5.2%	HSY	-9.9%
KDP	-3.4%	SMPL	-3.7%	MDLZ	-6.7%
Commodities					
Index	-2.3%	Index	-2.0%	Index	-2.0%
Greatest		Greatest		Greatest	
PACKAGING	0.6%	PACKAGING	-0.6%	MEATS/PROTEINS	13.4%
MEATS/PROTEINS	0.1%	ENERGY/FREIGHT	-0.8%	PACKAGING	2.9%
ENERGY/FREIGHT	-0.3%	GRAINS	-1.6%	OILS/OILSEEDS	-1.9%
Least		Least		Least	
SOFTS/SWEETENERS	-5.9%	SOFTS/SWEETENERS	-4.6%	SOFTS/SWEETENERS	-5.9%
OILS/OILSEEDS	-3.8%	OILS/OILSEEDS	-2.7%	GRAINS	-3.4%
DAIRY	-3.0%	DAIRY	-2.0%	ENERGY/FREIGHT	-3.4%

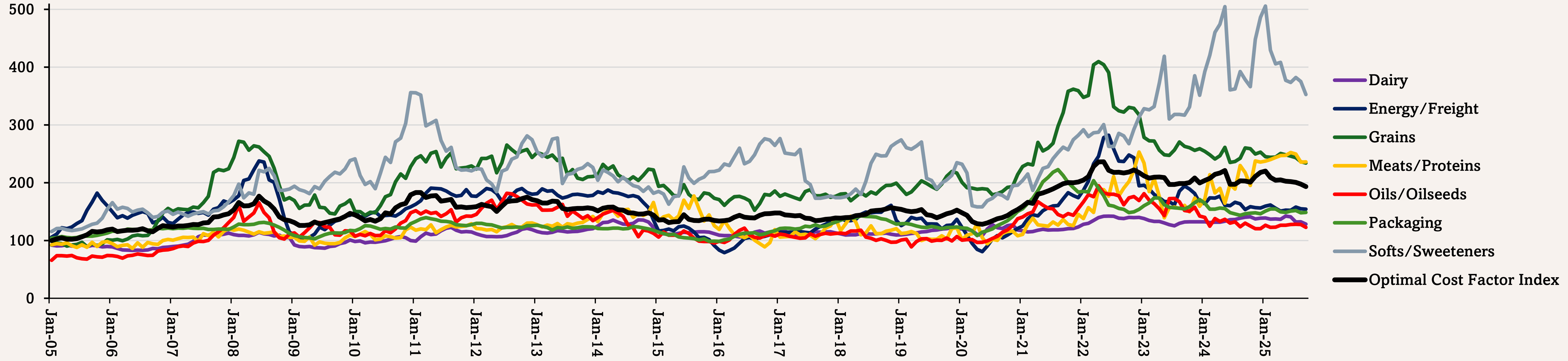
Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA,

The Optimal Cost Factor (OCF) incorporates cost exposure to 29 commodities, with diesel and corn the most predictive (OCF shown 6 months forward to approximate lag)



Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA

Dairy & grains costs down y/y. Meats/proteins up 21% from 12-month low



Ticker	Value at September 2025	Value at August 2025	M/M%	Value at September 2024	Y/Y %	Most Recent T3M	Change vs. 3M	YAGO T3M	T3M / YAGO T3M	12 Mo Low	Increase Since 12-Mo Low
Dairy	128.2	132.2	-3.0%	140.4	-8.7%	130.8	-2.0%	138.4	-5.5%	128.2	0.0%
Energy/Freight	154.3	154.8	-0.3%	153.5	0.5%	155.6	-0.8%	161.1	-3.4%	150.8	2.4%
Grains	234.0	236.4	-1.0%	260.1	-10.0%	237.9	-1.6%	246.3	-3.4%	234.0	0.0%
Meats/Proteins	236.1	235.8	0.1%	217.5	8.6%	240.5	-1.8%	212.1	13.4%	195.3	20.9%
Oils/Oilseeds	122.8	127.7	-3.8%	130.1	-5.6%	126.2	-2.7%	128.6	-1.9%	120.3	2.1%
Packaging	148.7	147.9	0.6%	146.3	1.6%	149.5	-0.6%	145.2	2.9%	146.1	1.8%
Softs/Sweeteners	352.7	375.0	-5.9%	378.4	-6.8%	369.9	-4.6%	377.7	-2.1%	352.7	0.0%

Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA,

HSY with the greatest monthly decrease in cost exposure, 15/30 tracked companies with cost exposure at lowest level in 12 months, including the broad OA Cost Factor Index

Ticker	Value at September 2025	Value at August 2025	M/M%	Value at September 2024	Y/Y %	Most Recent T3M	Change vs. 3M	YAGO T3M	T3M / YAGO T3M	12 Mo Low	Increase Since 12-Mo Low
ABI	187.5	186.1	0.7%	191.3	-2.0%	187.3	0.1%	185.2	1.1%	182.0	3.0%
SAM	161.9	160.7	0.7%	162.1	-0.2%	161.6	0.2%	158.7	1.8%	153.2	5.7%
TAP	173.1	171.5	0.9%	173.8	-0.4%	172.4	0.4%	169.2	1.9%	165.9	4.3%
CELH	74.7	75.2	-0.6%	72.6	3.0%	74.3	0.6%	70.5	5.4%	71.8	4.0%
MNST	110.4	110.5	-0.1%	117.3	-5.9%	109.8	0.5%	114.0	-3.7%	108.5	1.8%
KDP	147.3	152.4	-3.4%	146.2	0.7%	148.0	-0.5%	143.7	3.0%	144.2	2.1%
KO	142.2	143.0	-0.6%	155.6	-8.6%	142.7	-0.4%	152.0	-6.1%	141.1	0.8%
PEP	153.2	155.3	-1.4%	164.2	-6.7%	154.9	-1.1%	159.9	-3.1%	153.2	0.0%
CAG	179.4	182.4	-1.6%	188.9	-5.0%	183.3	-2.2%	186.4	-1.6%	179.4	0.0%
CPB	125.2	128.2	-2.4%	126.2	-0.8%	128.2	-2.4%	126.6	1.3%	125.0	0.1%
KHC	142.4	145.2	-1.9%	145.5	-2.1%	144.1	-1.2%	143.0	0.8%	142.4	0.0%
FLO	141.6	144.3	-1.8%	154.7	-8.4%	144.2	-1.8%	149.2	-3.3%	141.6	0.0%
MDLZ	179.6	189.4	-5.2%	201.7	-11.0%	189.5	-5.2%	203.2	-6.7%	179.6	0.0%
HSY	252.1	274.1	-8.0%	291.6	-13.5%	273.5	-7.8%	303.6	-9.9%	252.1	0.0%
MKC	159.3	164.3	-3.0%	174.7	-8.8%	164.2	-3.0%	171.8	-4.4%	159.3	0.0%
SJM	106.7	109.2	-2.2%	112.8	-5.4%	108.7	-1.8%	110.7	-1.8%	106.7	0.0%
THS	167.8	174.0	-3.6%	156.5	7.2%	167.4	0.3%	151.7	10.3%	151.0	11.1%
JJSF	129.3	131.8	-2.0%	135.0	-4.2%	132.1	-2.1%	131.3	0.6%	129.3	0.0%
HRL	111.1	111.9	-0.7%	112.7	-1.4%	112.2	-0.9%	111.0	1.0%	111.1	0.0%
LW	221.0	228.9	-3.4%	256.7	-13.9%	228.5	-3.3%	262.2	-12.9%	211.1	4.7%
GIS	161.2	165.4	-2.5%	175.2	-8.0%	166.4	-3.1%	170.9	-2.7%	161.2	0.0%
POST	124.5	126.7	-1.7%	134.2	-7.2%	127.3	-2.2%	129.8	-1.9%	124.5	0.0%
LANC	129.0	131.4	-1.8%	132.0	-2.3%	132.1	-2.3%	130.0	1.6%	128.8	0.2%
SMPL	122.8	127.9	-4.0%	133.9	-8.3%	127.6	-3.7%	136.6	-6.6%	122.8	0.0%
BRBR	128.5	133.9	-4.0%	140.5	-8.6%	133.4	-3.7%	143.0	-6.7%	128.5	0.0%
FRPT	100.7	102.3	-1.5%	96.8	4.0%	101.3	-0.6%	96.5	5.0%	95.5	5.5%
CHD	96.9	97.7	-0.8%	95.7	1.3%	97.5	-0.5%	96.2	1.3%	94.8	2.2%
CLX	102.1	103.4	-1.3%	100.9	1.2%	103.0	-0.9%	101.6	1.4%	100.6	1.4%
EPC	96.7	97.5	-0.8%	94.7	2.1%	97.5	-0.8%	94.6	3.1%	94.0	2.8%
PG	105.8	106.8	-1.0%	104.3	1.4%	106.6	-0.8%	104.5	2.0%	104.0	1.7%
Optimal Cost Factor Index	193.3	197.7	-2.3%	203.1	-4.8%	197.2	-2.0%	201.2	-2.0%	193.3	0.0%

Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA,

Private label, food, proteins face significant pricing need to match commodity cost push

Ticker	Value at September 2025	LTM Avg	Today T3M / YAGO T3M	Inputs % of COGS	Gross EBIT % Impact	TTM Avg Gross Margin	Gross Pricing Need
ABI	187.5	187.6	1.1%	60%	-0.7%	55.7%	0.3%
SAM	161.9	159.7	1.8%	60%	-1.1%	46.5%	0.6%
TAP	173.1	171.7	1.9%	60%	-1.1%	38.8%	0.7%
CELH	74.7	73.8	5.4%	70%	-3.8%	50.5%	1.9%
MNST	110.4	111.9	-3.7%	70%	2.6%	55.2%	-1.2%
KDP	147.3	151.1	3.0%	55%	-1.6%	54.9%	0.7%
KO	142.2	146.3	-6.1%	60%	3.7%	61.4%	-1.4%
PEP	153.2	163.6	-3.1%	60%	1.9%	54.4%	-0.9%
CAG	179.4	193.9	-1.6%	60%	1.0%	25.9%	-0.7%
CPB	125.2	130.9	1.3%	60%	-0.8%	30.4%	0.5%
KHC	142.4	147.5	0.8%	65%	-0.5%	34.3%	0.3%
FLO	141.6	147.9	-3.3%	65%	2.2%	49.4%	-1.1%
MDLZ	179.6	206.0	-6.7%	65%	4.4%	32.5%	-3.0%
HSY	252.1	308.5	-9.9%	65%	6.4%	40.1%	-3.9%
MKC	159.3	174.4	-4.4%	65%	2.9%	38.5%	-1.8%
SJM	106.7	111.4	-1.8%	65%	1.2%	35.1%	-0.8%
THS	167.8	168.8	10.3%	70%	-7.2%	16.9%	6.0%
JJSF	129.3	133.4	0.6%	65%	-0.4%	29.7%	0.3%
HRL	111.1	113.6	1.0%	70%	-0.7%	16.3%	0.6%
LW	221.0	279.0	-12.9%	70%	9.0%	21.7%	-7.0%
GIS	161.2	173.4	-2.7%	65%	1.7%	34.3%	-1.1%
POST	124.5	131.9	-1.9%	65%	1.3%	29.2%	-0.9%
LANC	129.0	131.3	1.6%	60%	-0.9%	23.9%	0.7%
SMPL	122.8	134.7	-6.6%	60%	4.0%	37.4%	-2.5%
BRBR	128.5	140.9	-6.7%	60%	4.0%	35.4%	-2.6%
FRPT	100.7	100.2	5.0%	60%	-3.0%	40.8%	1.8%
CHD	96.9	97.6	1.3%	55%	-0.7%	44.5%	0.4%
CLX	102.1	102.8	1.4%	60%	-0.8%	45.2%	0.5%
EPC	96.7	97.4	3.1%	60%	-1.9%	42.2%	1.1%
PG	105.8	106.6	2.0%	65%	-1.3%	51.2%	0.6%

Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA,

Valuation Snapshot

Beverage Comps

Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	Fwd. EV / Fwd. EBITDA	Fwd. EV / Fwd. GROSS PROFIT
KO	COCA-COLA	$70.70	$337,736	$304,081	$11,429	$16,209	$31,635	2.77	29.55	11.50	20.84	10.74
PEP	PEPSICO INC	$152.82	$251,334	$208,991	$16,835	$18,067	$42,188	2.51	14.93	5.04	13.91	4.79
ABI	ANHEUSER BUSCH INBEV SA	$61.55	$203,363	$124,539	$20,240	$21,323	$68,081	3.36	10.05	6.24	9.54	5.86
MNST	MONSTER BEVERAGE CORP	$68.81	$65,027	$67,066	$2,027	$2,493	-$2,039	-1.01	32.09	15.39	26.09	13.93
DEO	DIAGEO	$94.72	$75,879	$52,767	$6,074	$6,646	$21,024	3.46	12.49	6.23	11.42	6.17
HEIA	HEINEKEN	$79.81	$67,226	$46,002	$6,285	$7,397	$18,256	2.90	10.70	10.38	9.09	5.52
CCEP	COCA COLA EUROPEAN PARTNERS	$92.31	$54,595	$42,370	$3,316	$4,294	$11,666	3.52	16.47	6.83	12.71	6.07
KDP	KEURIG DR PEPPER INC	$28.69	$54,291	$38,991	$3,493	$4,803	$15,300	4.38	15.54	6.13	11.30	5.94
PRNDY	PERNOD RICARD	$20.27	$39,405	$25,555	$3,444	$3,520	$12,657	3.68	11.44	5.56	11.20	5.75
STZ	CONSTELLATION BRANDS INC CLASS A	$136.11	$34,593	$23,834	$913	$3,340	$10,473	11.47	37.88	6.95	10.36	7.39
CELH	CELSIUS HOLDINGS INC	$61.73	$17,036	$15,964	$165	$552	$248	1.50	103.16	20.23	30.88	11.06
BFA	BROWN FORMAN CORP CLASS A	$28.11	$15,591	$13,361	$1,239	$1,190	$2,230	1.80	12.58	6.69	13.10	6.81
BFB	BROWN FORMAN CORP CLASS B	$28.38	$15,591	$13,361	$1,239	$1,190	$2,230	1.80	12.58	6.69	13.10	6.81
TAP	MOLSON COORS BREWING CLASS B	$45.40	$15,261	$8,980	$2,597	$2,307	$5,925	2.28	5.88	3.49	6.62	3.59
PRMB	PRIMO BRANDS	$22.40	$13,679	$8,365	$694	$1,483	$5,314	7.66	19.72	7.50	9.22	5.90
SAM	BOSTON BEER INC CLASS A	$226.69	$2,206	$2,415	$179	$223	-$210	-1.17	12.30	2.33	9.91	2.31

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Food Comps

Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	Fwd. EV / Fwd. EBITDA	Fwd. EV / Fwd. GROSS PROFIT
NESN	NESTLE SA	$99.91	$333,361	$257,425	$20,793	$22,444	$75,658	3.64	16.03	6.81	14.85	6.30
MDLZ	MONDELEZ INTERNATIONAL INC CLASS A	$62.18	$100,506	$80,451	$7,878	$6,745	$20,001	2.54	12.76	8.32	14.90	7.39
HSY	HERSHEY FOODS	$182.03	$42,035	$36,946	$3,407	$2,344	$5,089	1.49	12.34	9.28	17.93	9.99
KHC	KRAFT HEINZ	$25.50	$48,992	$30,211	$2,763	$5,866	$18,647	6.75	17.73	5.65	8.35	5.74
GIS	GENERAL MILLS INC	$48.07	$39,129	$25,663	$3,990	$3,473	$13,454	3.37	9.81	5.95	11.27	6.22
K	KELLANOVA	$83.11	$35,124	$28,893	$2,364	$2,205	$6,130	2.59	14.86	7.80	15.93	7.87
TSN	TYSON FOODS INC CLASS A	$51.85	$27,034	$18,454	$2,987	$3,585	$8,450	2.83	9.05	6.94	7.54	6.31
MKC	MCCORMICK & CO NON-VOTING INC	$66.50	$22,139	$17,845	$1,345	$1,345	$4,263	3.17	16.46	8.53	16.47	8.04
JBSAY	JBS SA	$13.23	$34,193	$14,623	$6,567	$6,585	$18,744	2.85	5.21	2.92	5.19	2.99
HRL	HORMEL FOODS CORP	$23.80	$15,329	$13,093	$1,368	$1,315	$2,226	1.63	11.21	7.79	11.65	7.57
SJM	JM SMUCKER	$105.18	$19,329	$11,240	-$125	$1,959	$8,089	-64.61	-154.38	6.31	9.87	5.93
CPB	CAMPBELL SOUP	$31.28	$16,403	$9,321	$1,673	$1,720	$7,080	4.23	9.80	5.26	9.54	5.37
SFD	SMITHFIELD FOODS	$22.56	$10,783	$8,908	$1,457	$1,565	$1,618	1.11	7.40	7.19	6.89	5.23
CAG	CONAGRA BRANDS INC	$18.20	$16,295	$8,713	$1,802	$1,721	$7,582	4.21	9.04	5.61	9.47	6.01
LW	LAMB WESTON HOLDINGS INC	$65.75	$13,062	$9,169	$1,105	$1,167	$3,893	3.52	11.83	9.43	11.19	9.35
POST	POST HOLDINGS INC	$107.55	$12,153	$5,852	$1,326	$1,515	$6,291	4.74	9.17	5.25	8.02	4.81
LANC	LANCASTER COLONY	$163.74	$4,395	$4,501	$297	$306	-$106	-0.36	14.81	9.65	14.36	9.27
BRBR	BELLRING BRANDS INC	$31.07	$4,879	$3,914	$428	$484	$965	2.26	11.41	6.19	10.09	6.05
FLO	FLOWERS FOODS INC	$12.70	$4,757	$2,690	$582	$526	$2,066	3.55	8.18	1.89	9.04	1.88
SMPL	SIMPLY GOOD FOODS	$19.93	$2,156	$2,006	$178	$273	$151	0.84	12.09	4.10	7.91	4.20
FRPT	FRESHPET INC	$53.82	$2,886	$2,635	$113	$194	$251	2.22	25.49	6.78	14.92	5.98
JJSF	J & J SNACK FOODS	$90.63	$1,858	$1,768	$216	$175	$90	0.42	8.61	3.91	10.63	3.83
FDP	FRESH DEL MONTE PRODUCE	$34.41	$1,957	$1,653	$343	$248	$286	0.83	5.70	5.22	7.89	5.24
DOLE	DOLE	$12.94	$2,566	$1,231	$379	$394	$1,187	3.13	6.76	3.55	6.52	3.44
THS	TREEHOUSE FOODS	$19.20	$2,601	$971	$297	$360	$1,630	5.50	8.77	4.62	7.23	4.23

HPC Comps

Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	Fwd. EV / Fwd. EBITDA	Fwd. EV / Fwd. GROSS PROFIT
PG	PROCTER & GAMBLE	$152.23	$381,734	$355,908	$23,574	$24,156	$24,775	1.05	16.19	8.82	15.80	8.49
OR	L'OREAL	$434.55	$235,954	$231,239	$10,932	$12,409	$4,712	0.43	21.58	6.68	19.01	6.11
UNA	UNILEVER PLC	$61.60	$184,583	$150,829	$12,069	$14,868	$31,240	2.59	15.29	6.31	12.41	5.97
CL	COLGATE-PALMOLIVE	$77.48	$70,341	$62,645	$5,015	$4,966	$7,346	1.46	14.03	5.81	14.16	5.59
RB	RECKITT BENCKISER	$77.84	$63,963	$52,501	$4,771	$5,349	$11,413	2.39	13.41	5.80	11.96	5.45
KMB	KIMBERLY CLARK CORP	$121.33	$46,919	$40,180	$4,144	$3,565	$6,607	1.59	11.32	7.06	13.16	7.49
KVUE	KENVUE INC	$14.76	$35,933	$28,393	$2,511	$3,397	$7,540	3.00	14.31	4.09	10.58	3.93
EL	ESTEE LAUDER INC CLASS A	$98.92	$42,278	$35,729	$540	$2,258	$6,549	12.13	78.29	3.99	18.73	3.86
BEI	BEIERSDORF	$108.75	$21,585	$26,359	$2,012	$2,003	-$4,789	-2.38	10.73	3.43	10.78	3.15
CHD	CHURCH AND DWIGHT INC	$85.37	$22,317	$20,831	$1,086	$1,410	$1,487	1.37	20.54	8.27	15.83	7.98
CLX	CLOROX	$115.57	$16,985	$14,075	$1,398	$1,257	$2,749	1.97	12.15	5.29	13.52	5.88
ELF	ELF BEAUTY INC	$126.44	$7,325	$7,180	$215	$347	$145	0.67	34.08	7.72	21.08	5.98
REYN	REYNOLDS CONSUMER PRODUCTS INC	$23.62	$6,650	$4,970	$701	$655	$1,680	2.40	9.49	7.12	10.16	7.12
COTY	COTY INC CLASS A	$4.04	$7,927	$3,526	$722	$990	$3,988	5.52	10.98	2.07	8.01	2.11
SMG	SCOTTS MIRACLE GRO	$55.20	$5,609	$3,187	$375	$578	$2,422	6.46	14.95	5.66	9.70	4.78
PRGO	PERRIGO	$21.63	$6,353	$2,975	$488	$761	$3,379	6.93	13.02	4.11	8.35	3.57
ENR	ENERGIZER HOLDINGS	$24.02	$4,937	$1,642	$373	$632	$3,295	8.84	13.25	4.00	7.82	3.91
SPB	SPECTRUM BRANDS	$55.48	$1,980	$1,342	$307	$291	$638	2.08	6.45	1.86	6.81	1.90
EPC	EDGEWELL PERSONAL CARE	$19.38	$2,095	$899	$305	$313	$1,196	3.92	6.86	2.25	6.70	2.20

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Ingredients Comps

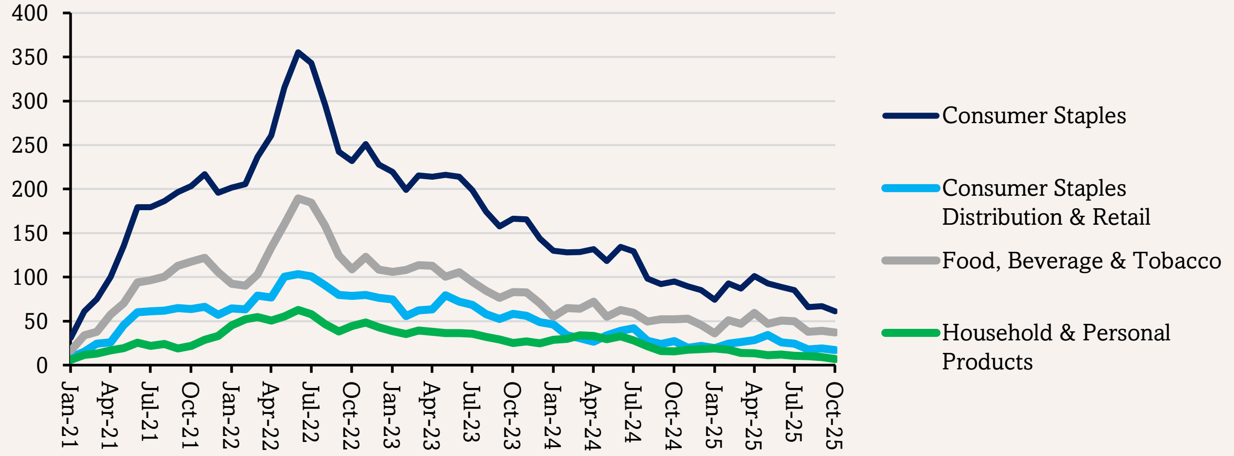
Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	Fwd. EV / Fwd. EBITDA	Fwd. EV / Fwd. GROSS PROFIT
GIVN	GIVAUDAN SA	$4,326.91	$45,570	$39,930	$1,982	$2,309	$5,641	2.85	22.99	11.86	19.74	10.70
ADM	ARCHER DANIELS MIDLAND	$61.99	$39,635	$29,827	$3,078	$3,818	$9,551	3.10	12.88	7.52	10.38	6.96
IFF	INTERNATIONAL FLAVORS & FRAGRANCES	$65.10	$22,759	$16,693	$1,907	$2,065	$6,034	3.16	11.93	5.56	11.02	5.88
BG	BUNGE	$96.79	$25,505	$19,356	$2,505	$2,314	$5,076	2.03	10.18	8.00	11.02	5.49
KRZ	KERRY GROUP PLC	$96.53	$17,959	$15,634	$1,257	$1,424	$2,323	1.85	14.29	13.61	12.61	4.44
INGR	INGREDION	$117.81	$8,508	$7,561	$1,164	$1,286	$919	0.79	7.31	4.55	6.62	4.50
GL9	GLANBIA	$17.17	$4,954	$4,192	$391	$501	$762	1.95	12.67	4.56	9.88	4.17

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

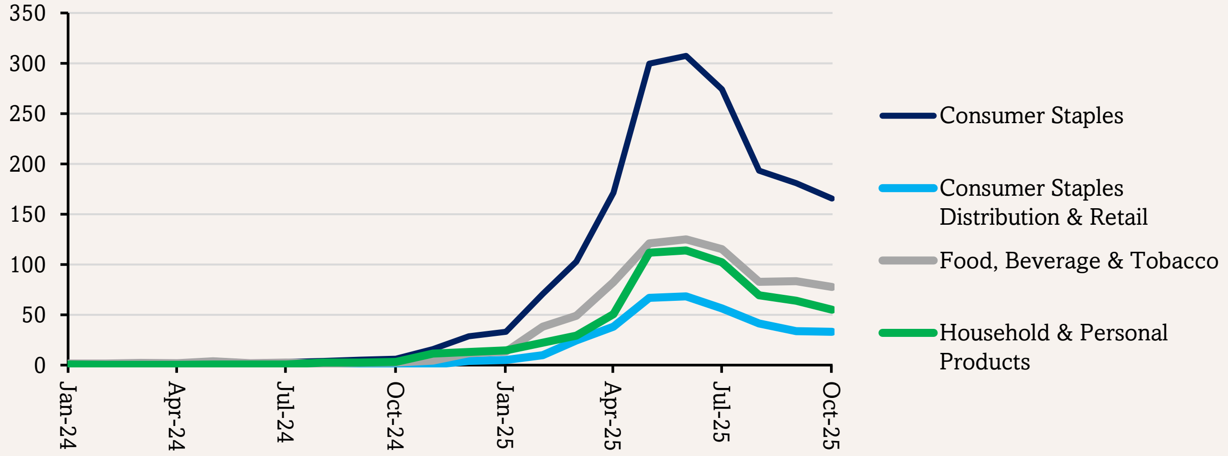
Thematic Analysis

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts; regulation, tariffs, inflation top of mind – but less so

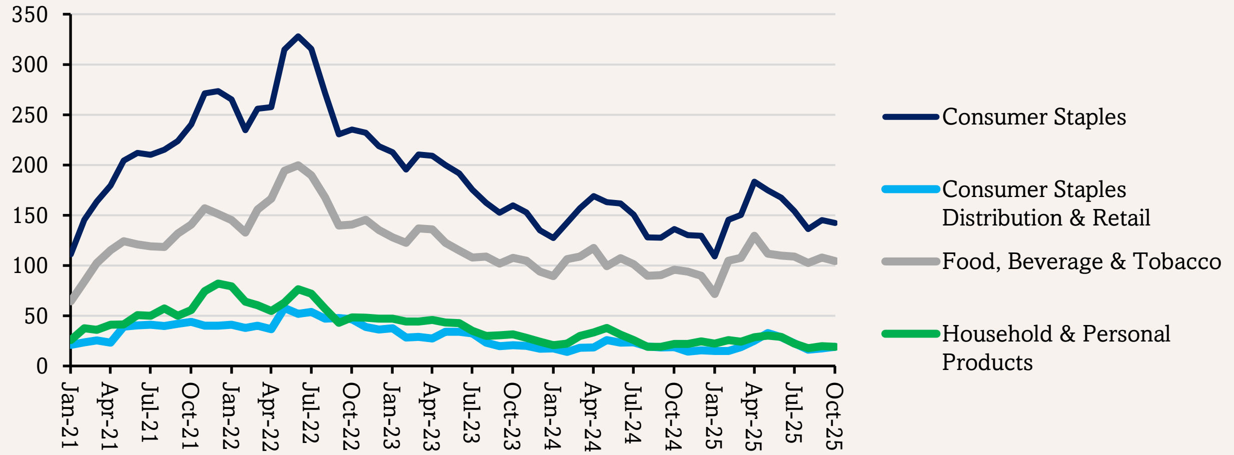
Inflation Mentions



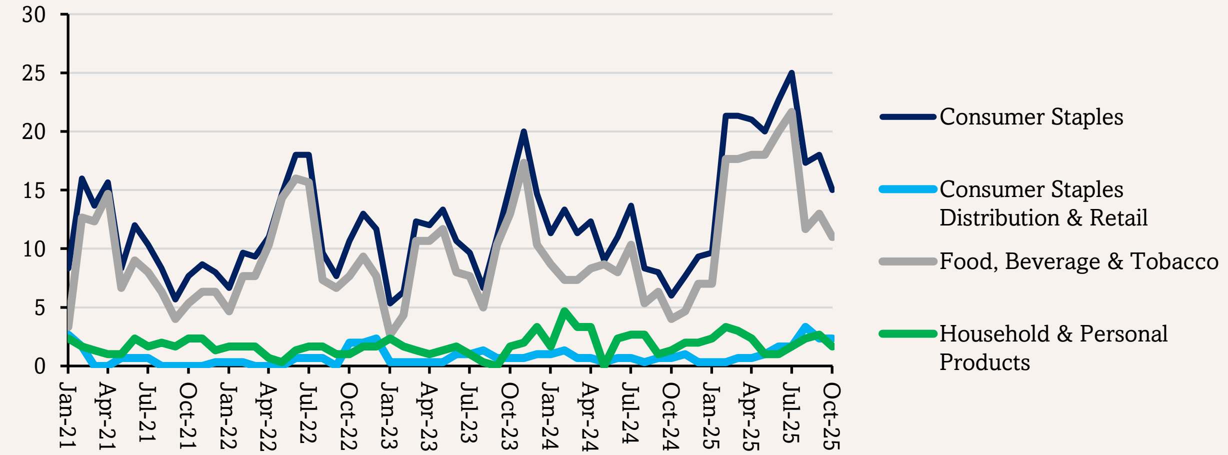
Tariffs Mentions



Material Cost Mentions

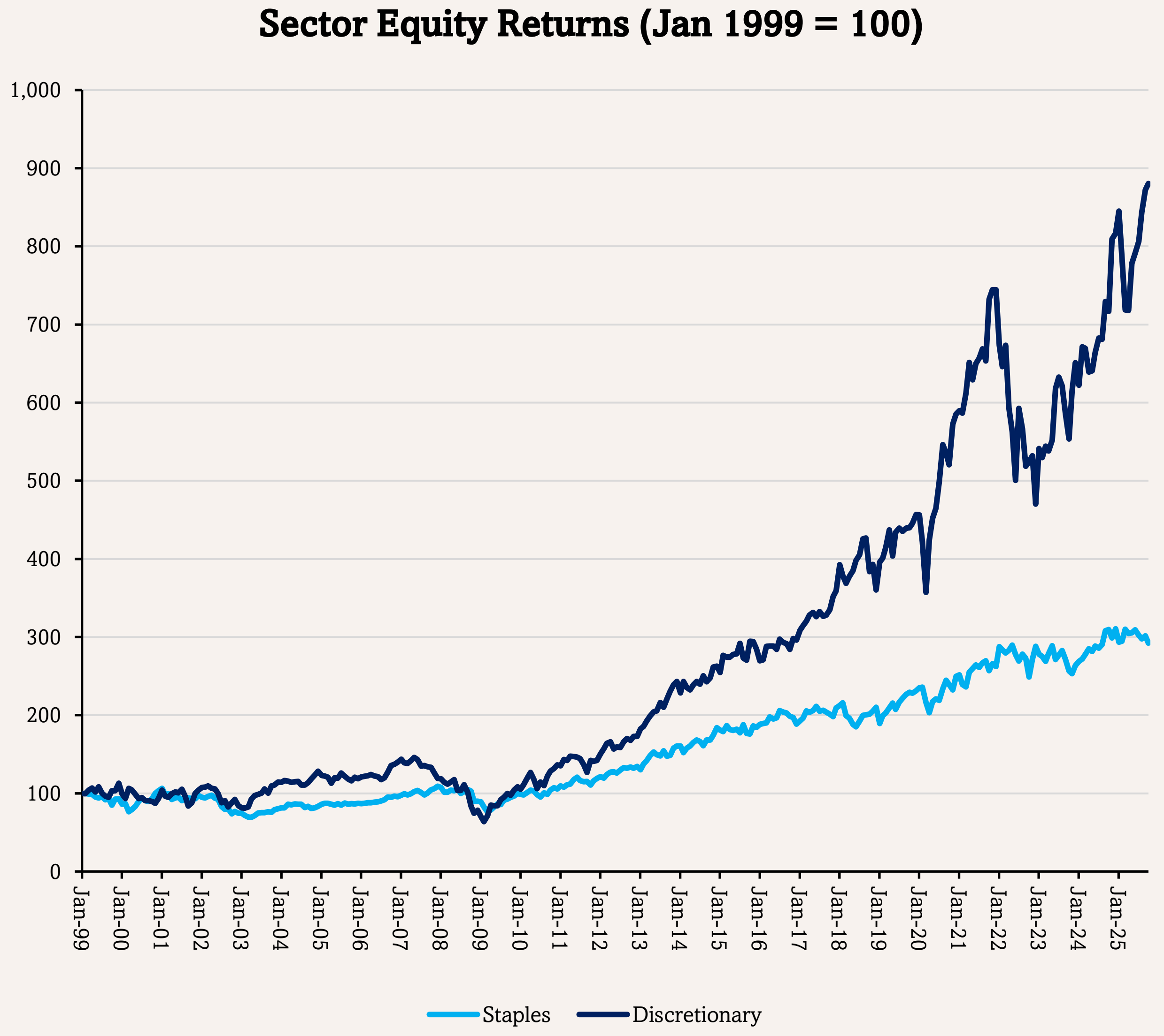


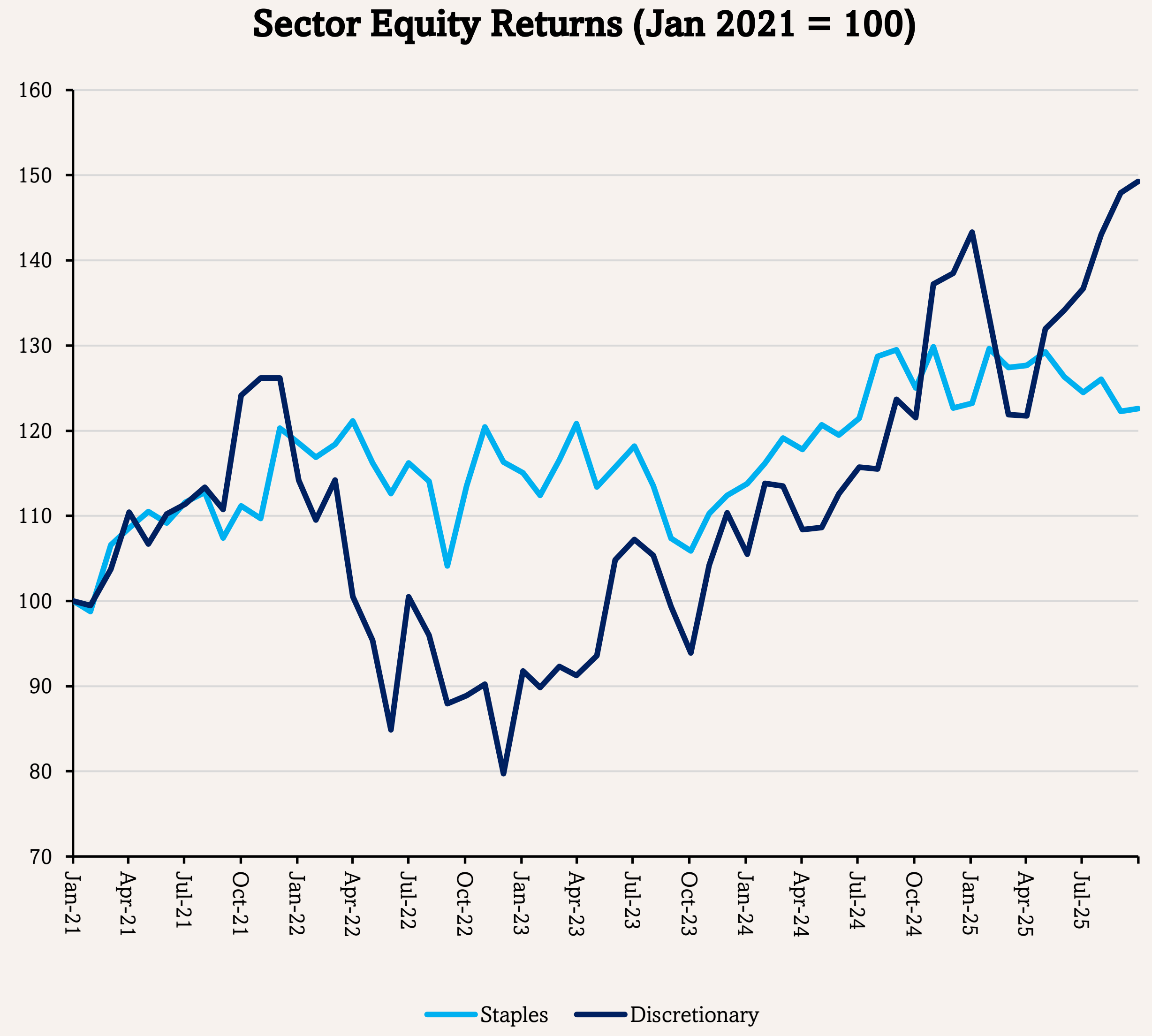
Regulation Mentions



Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Discretionary outperformance from 2010-2020; discretionary more volatile but performance in line with staples since 2021

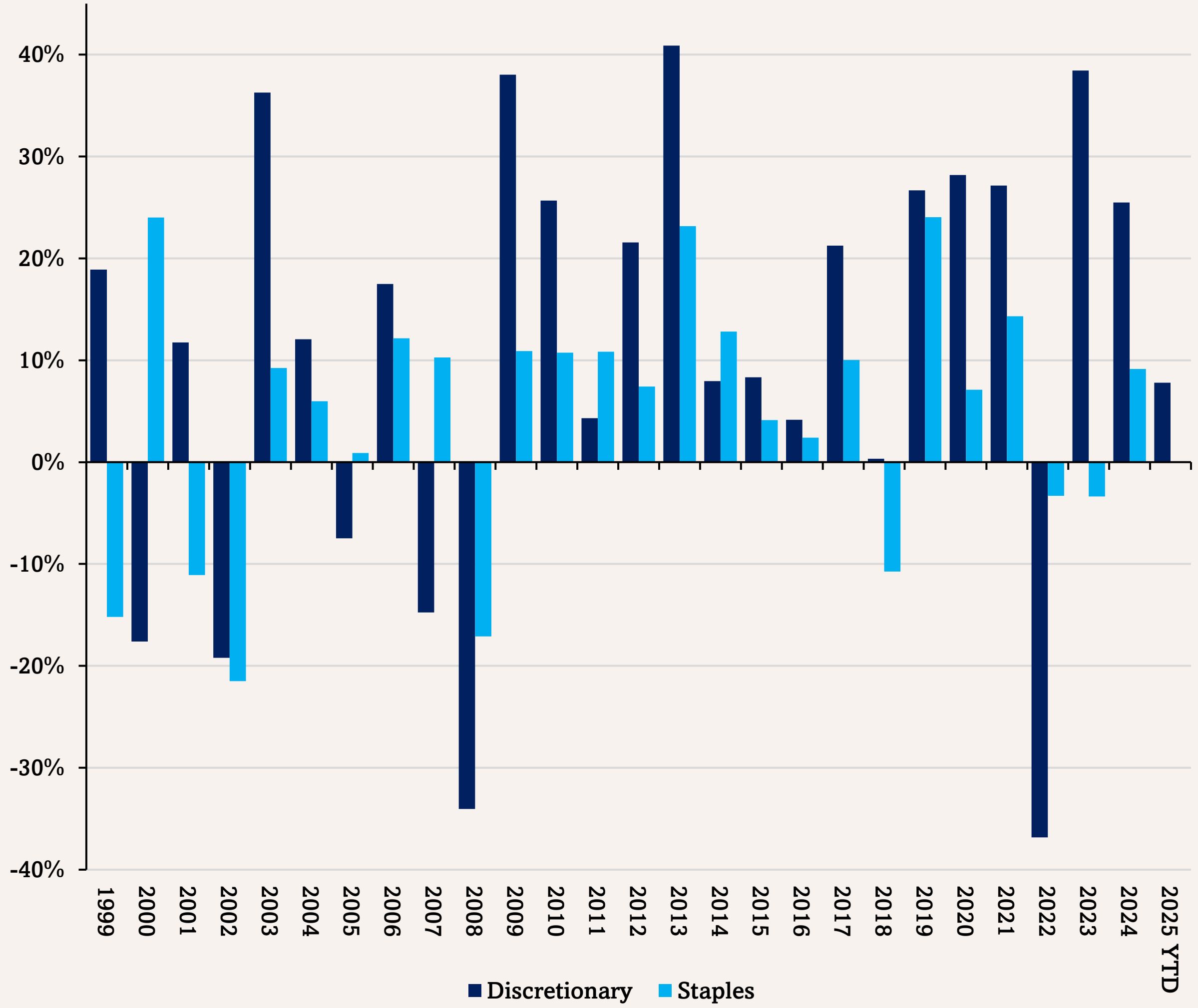




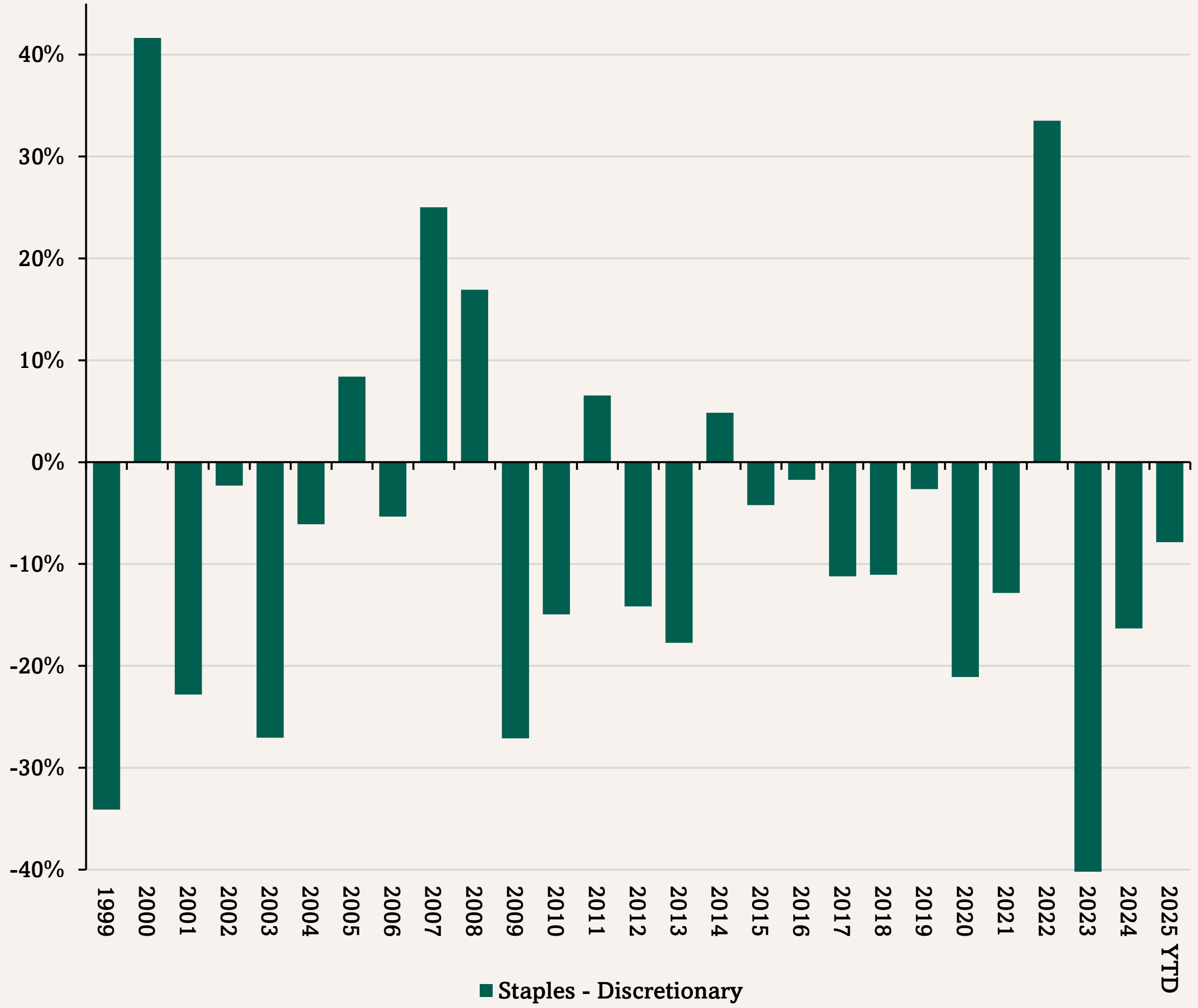
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Year to date, the SPDR Staples ETF (XLP) has declined (-0.1%); Consumer Discretionary ETF (XLY) has returned +7.8%

Annual Returns of XLP (Staples) and XLY (Cons. Disc.)



Annual Staples Performance Relative to Discretionary

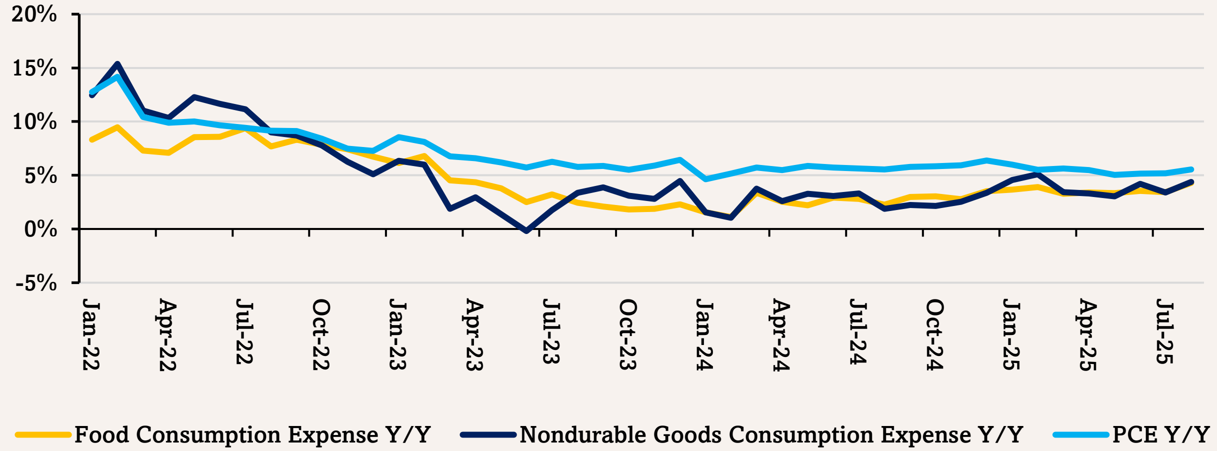


Sources: Optimal Advisory Proprietary Analysis, Bloomberg

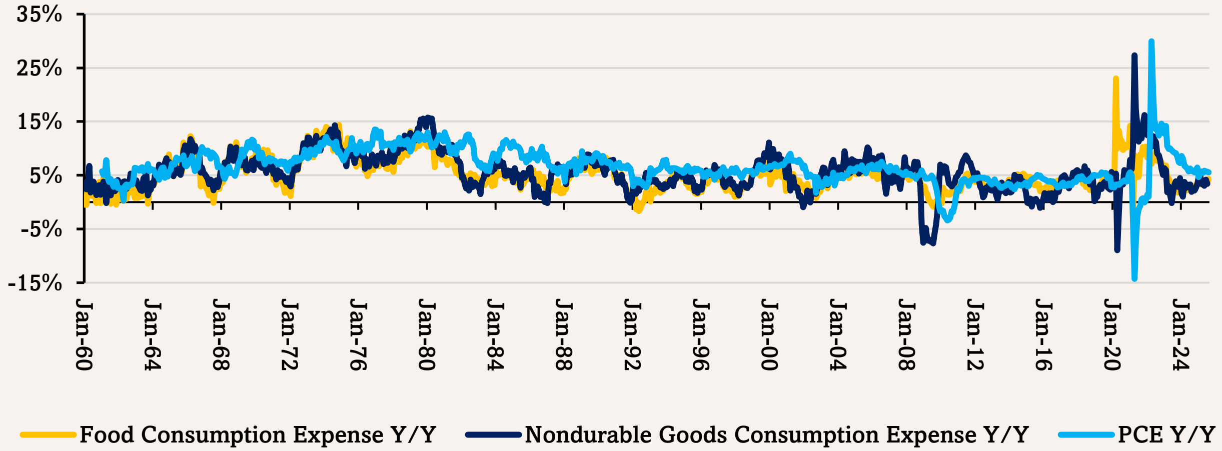
Consumer Staples Macro

Food expenditure as a percentage of PCE and ND goods seems to have reached a floor

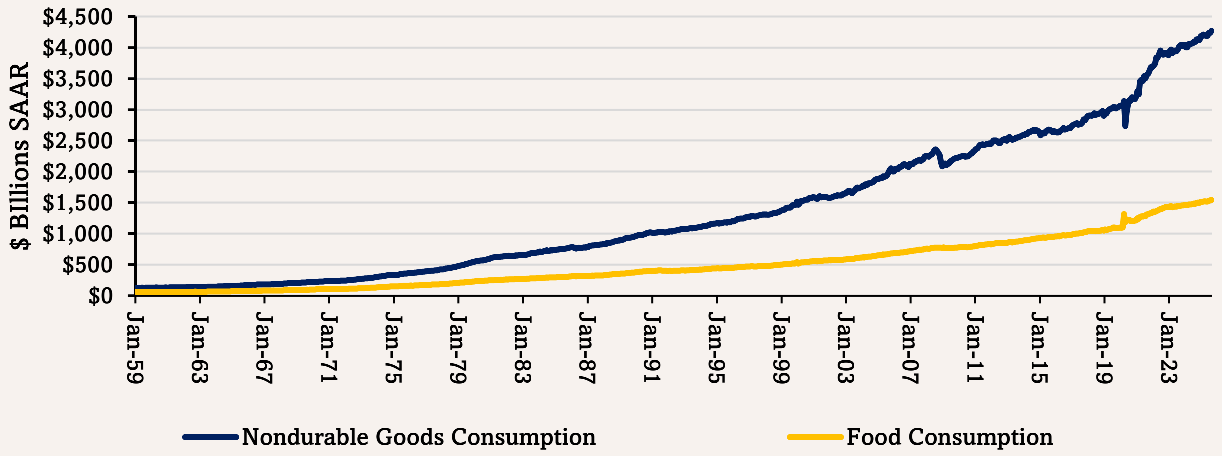
Nondurable & Food Expense Growth Running Below PCE



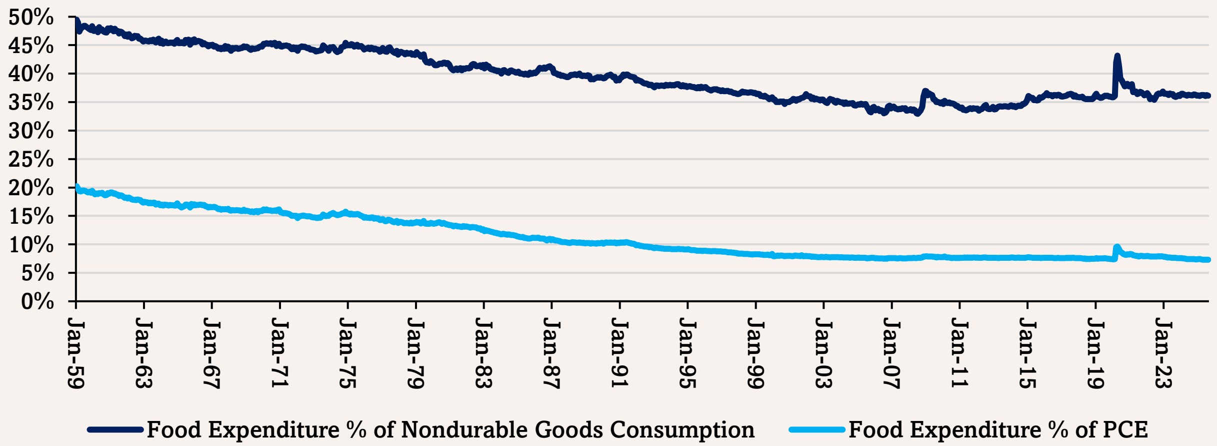
Long Term Consumption Growth



Nominal Dollars of Consumption



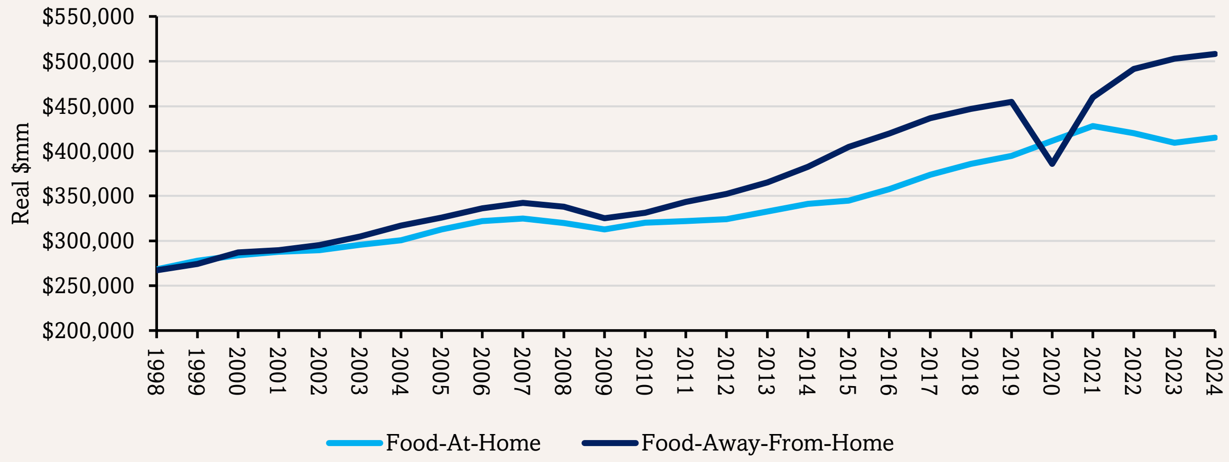
Proportionate Food Consumption



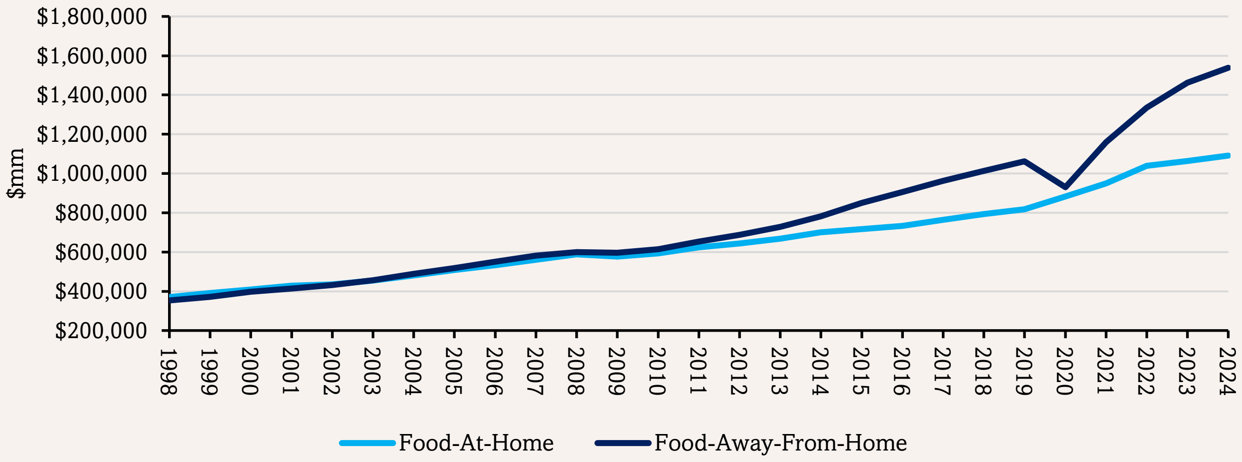
Sources: Optimal Advisory Proprietary Analysis, BEA, FRED

Food at home has lagged other spending, lost share to away from home (and a lot of other spending categories) over the long-term

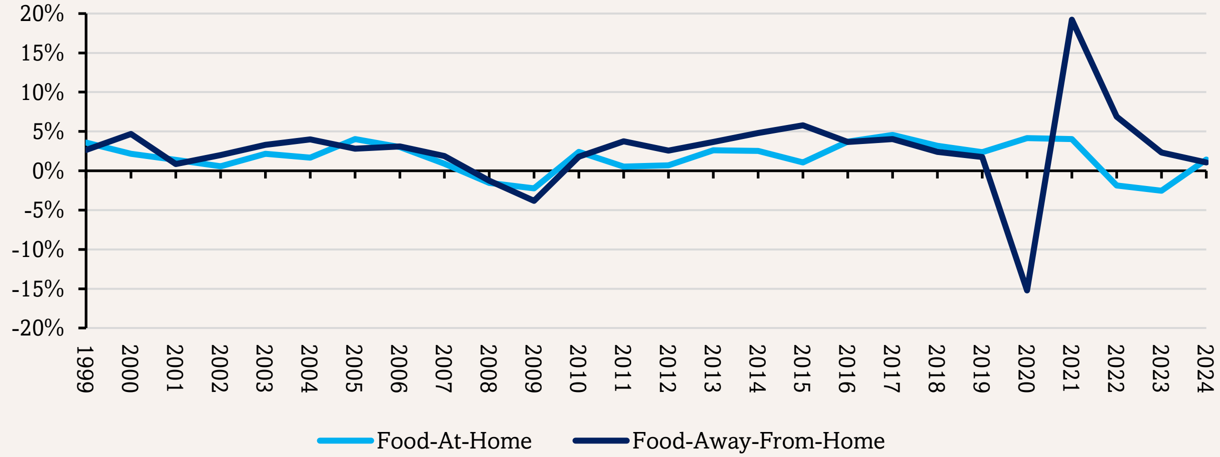
Long Term Food Spend REAL (1988 Base Year)



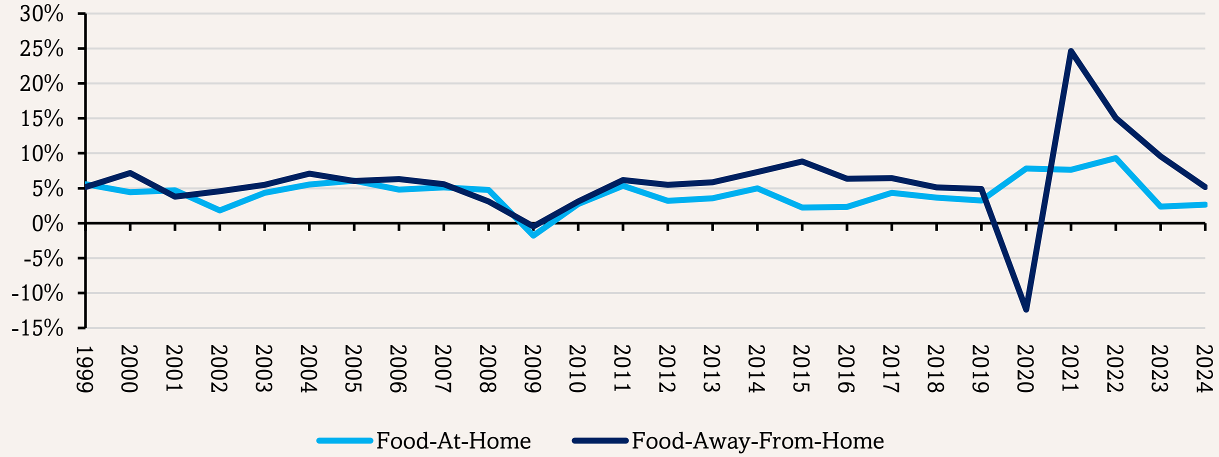
Long Term Food Spend



Food Spend REAL Growth (1988 Base Year)



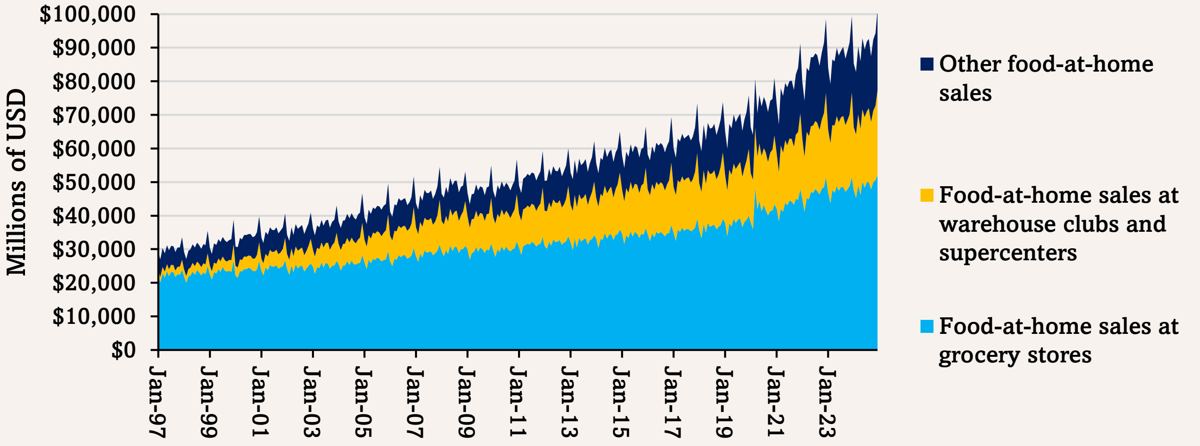
Food Spending Growth



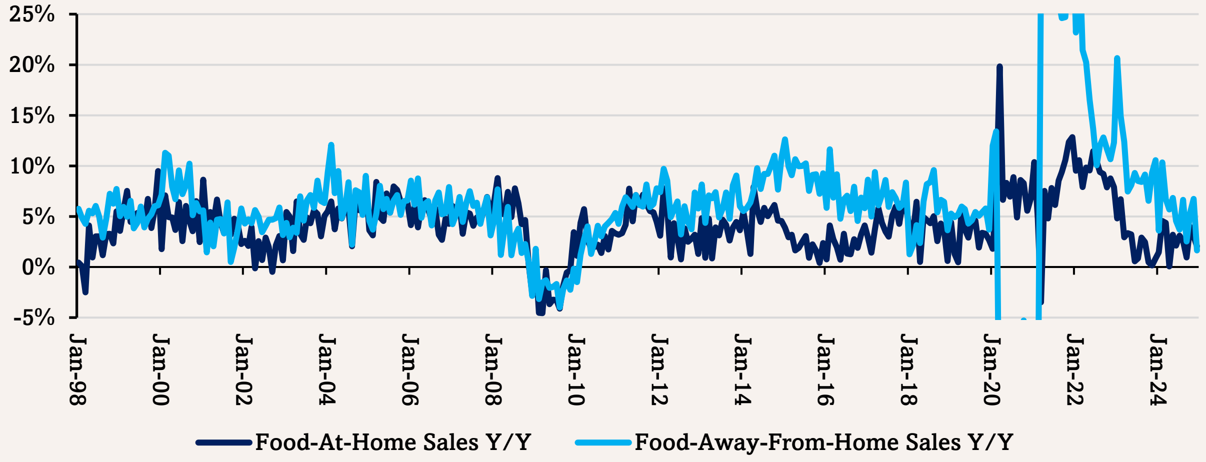
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

Food-away-from-home sales gaining share, driven by full and limited-service restaurants

Monthly Food-At-Home Sales by Outlet

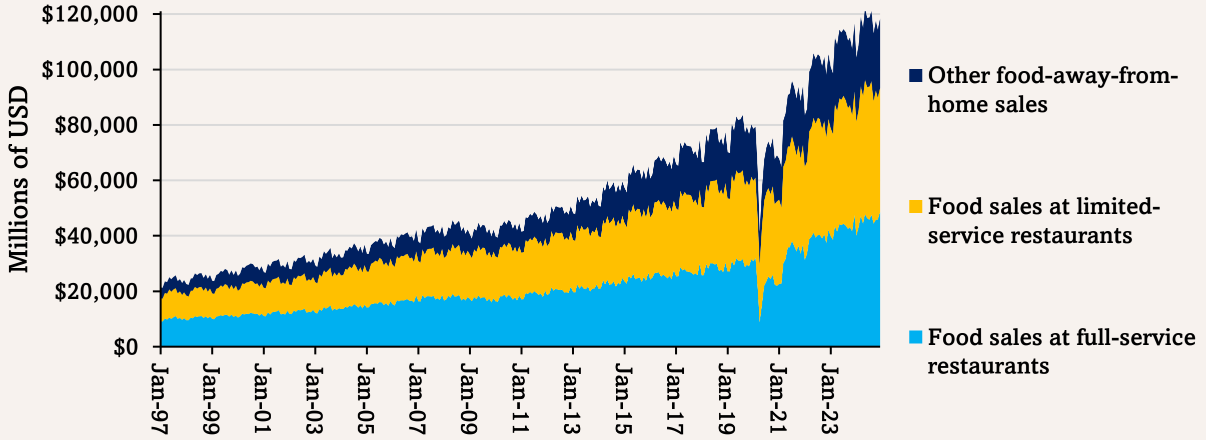


Food-At-Home vs. Away-From-Home Growth

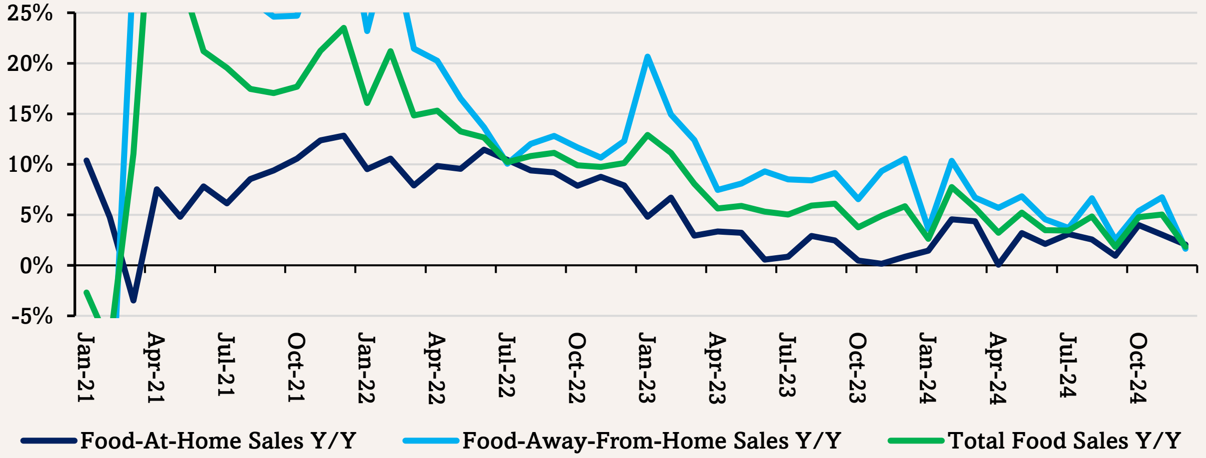


**y-axis constrained to avoid pandemic skew*

Monthly Food-Away-From-Home Sales by Outlet



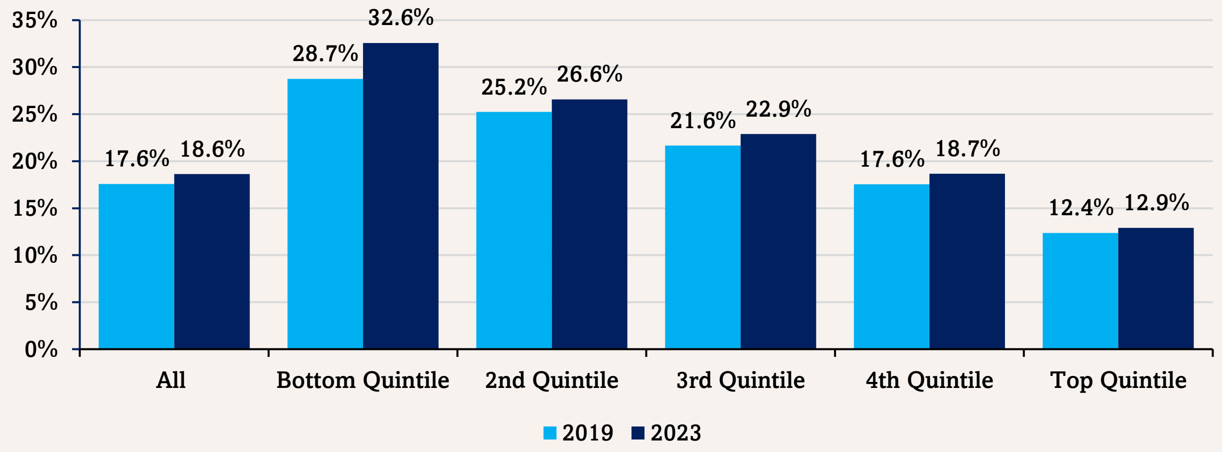
Short Term Food Sales Growth



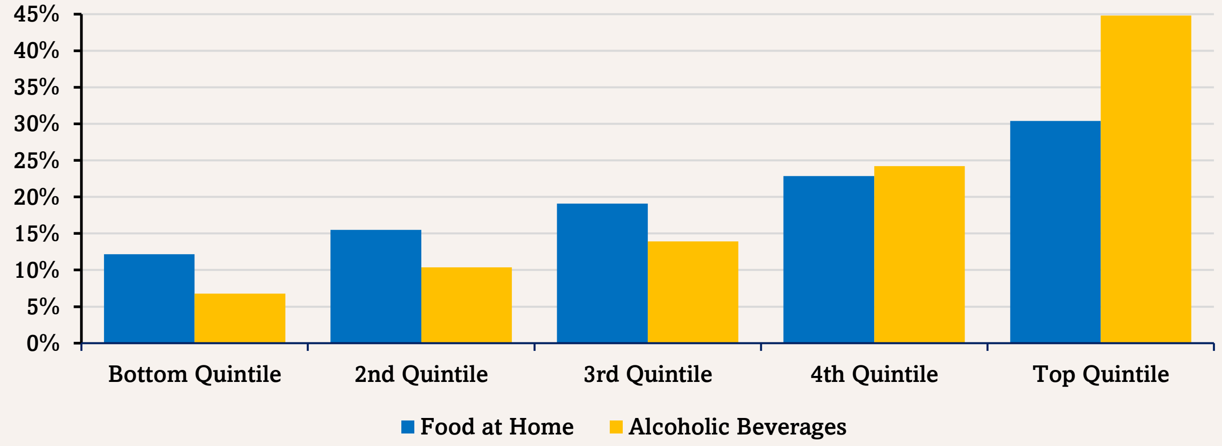
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

FAH a pressure point for lower income consumers; note alcohol spend skews higher-income

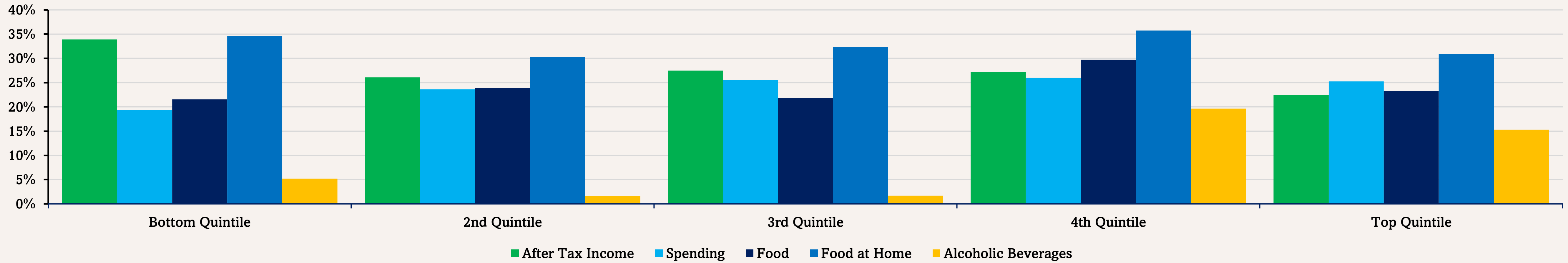
FAH Spend % of Discretionary Spending by Income Quintile



2023 Proportion of total spending on FAH & Alcohol



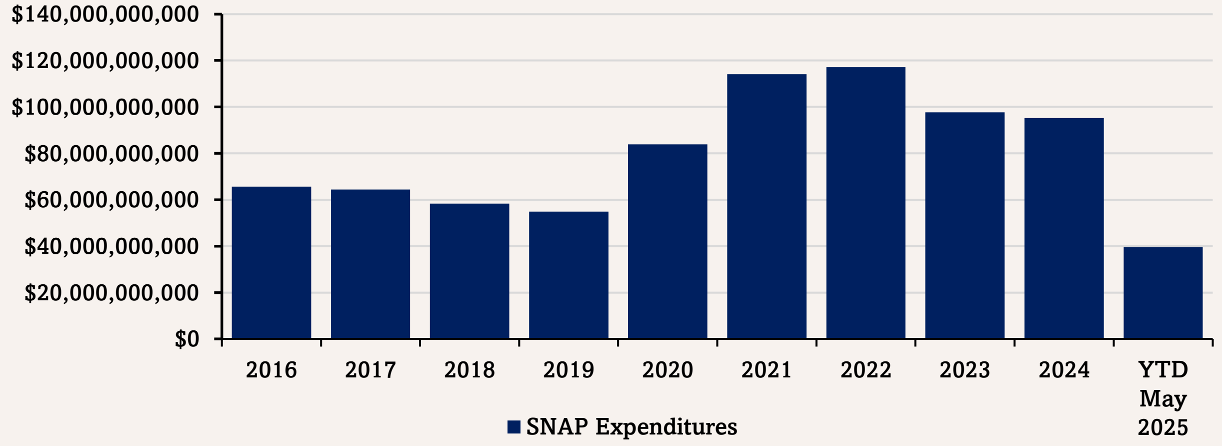
2023 vs 2019 Growth in Spending by Income Quintile



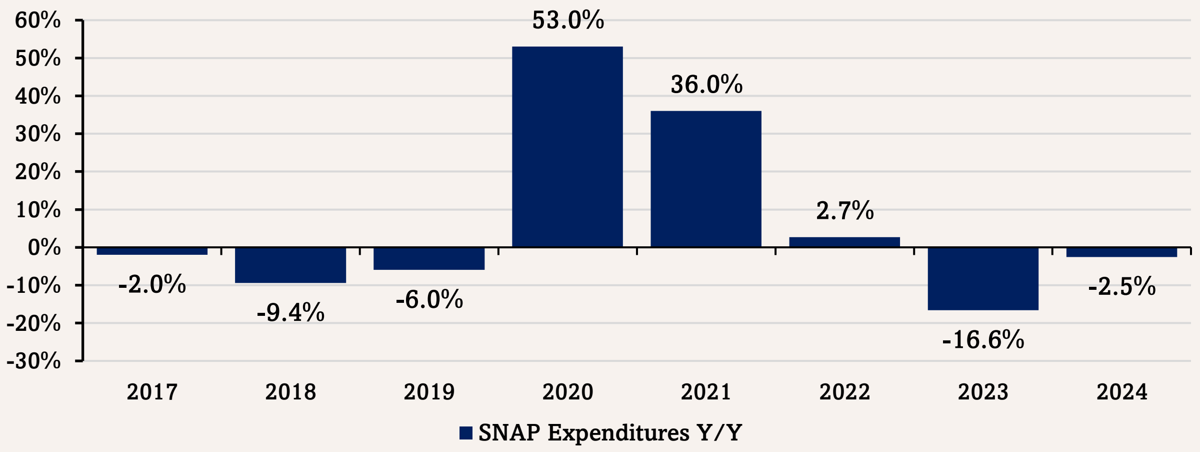
Sources: *Optimal Advisory Proprietary Analysis, USDA, Economic Research Services*

SNAP headwind was over, but new headwinds include shutdown, work requirements & state budget uncertainty

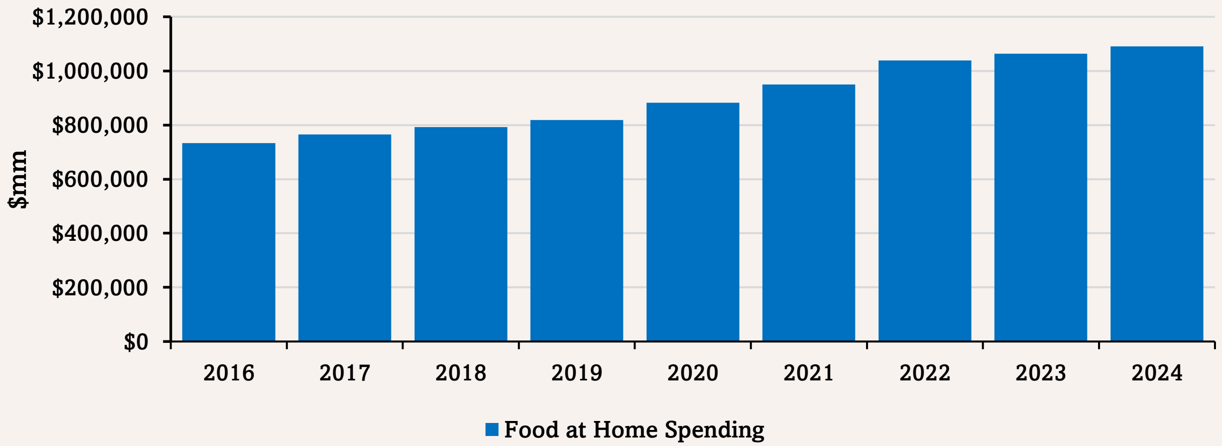
TTM Cost of SNAP Benefits



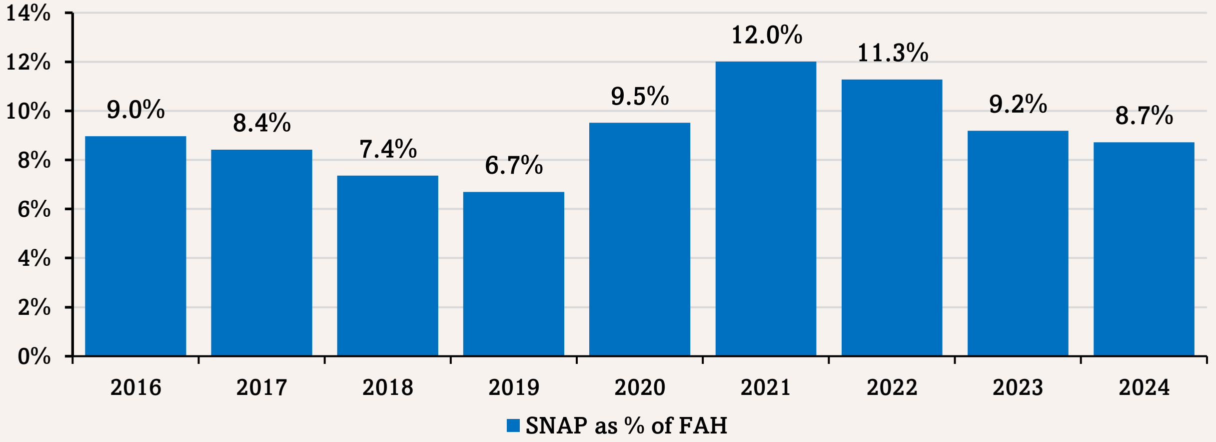
SNAP Expenditures Y/Y



FAH Spending Annualized



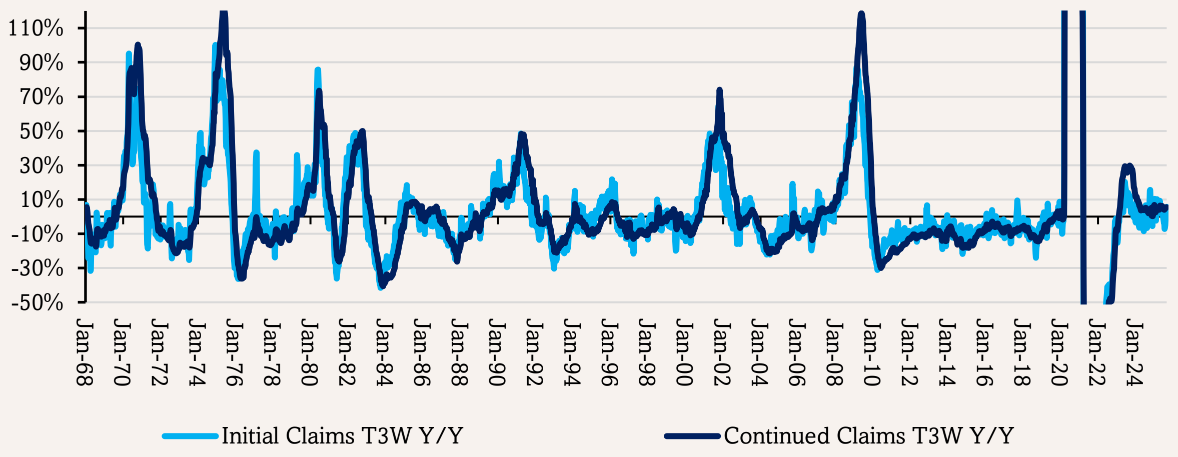
SNAP as a % of FAH Spend



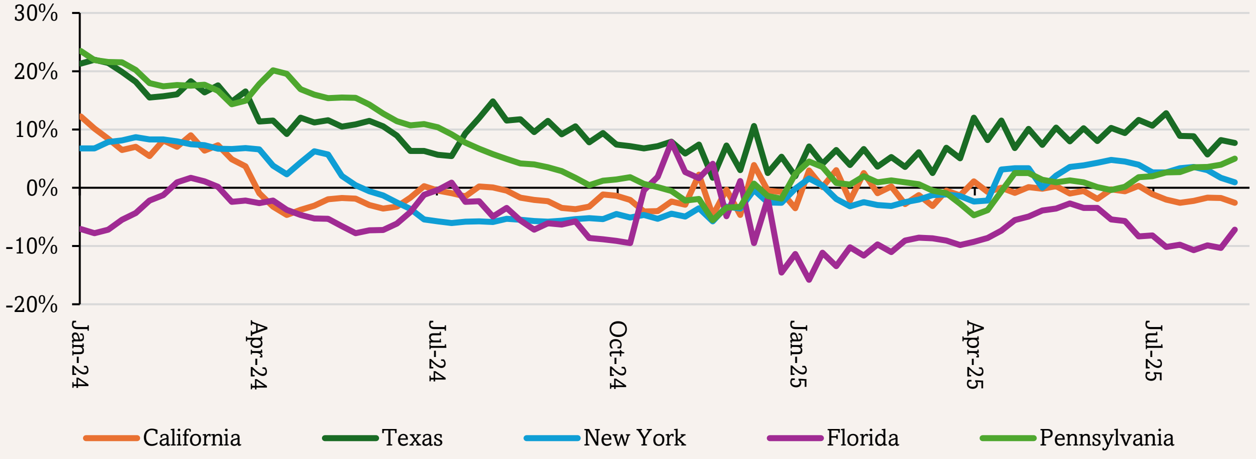
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

Claims data has been delayed with the government shutdown, but weekly Indeed job postings continue to show a weaker job market through October for many industries

Unemployment Claims T3W Y/Y



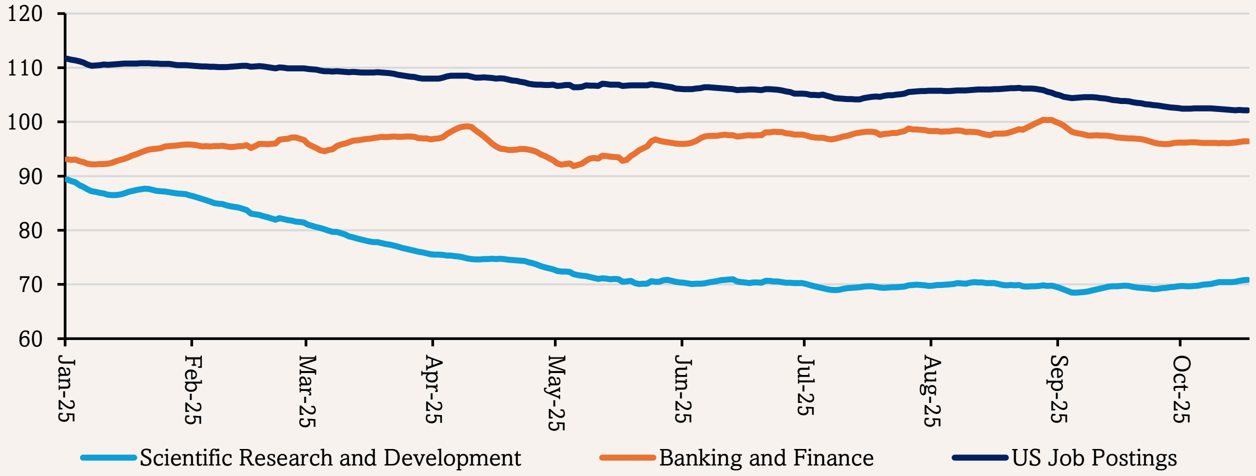
State Continued Claims T3W Y/Y



Industry Indeed Job Postings Leaders & Laggards

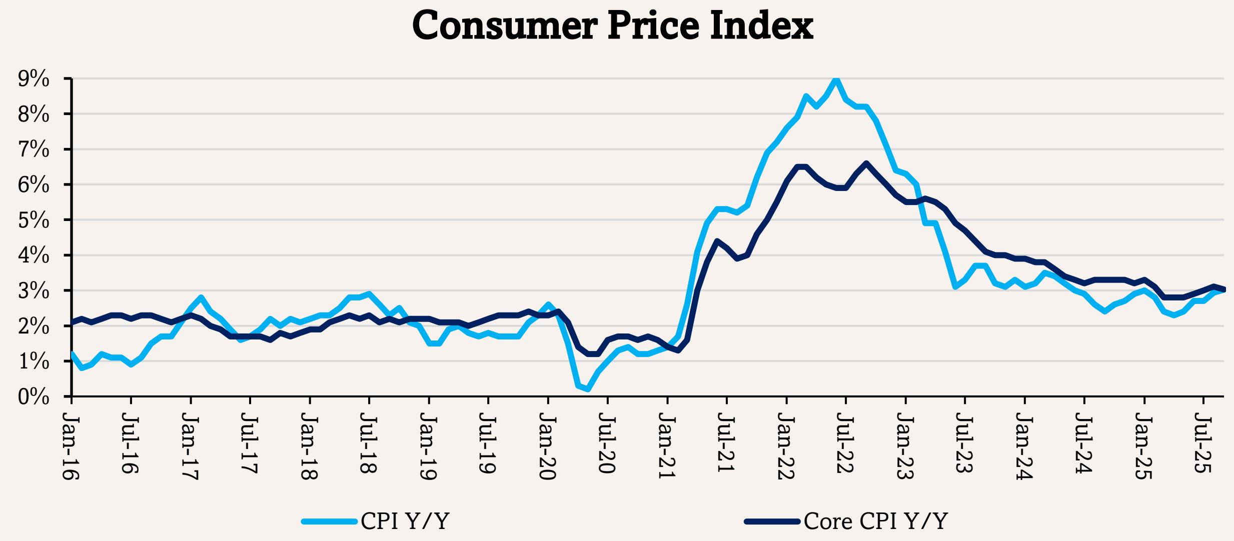
Industry	Posting Level Relative, Pre-Pandemic = 100	Y/Y Job Postings
Scientific Research and Development	70.84	-22.6%
Childcare	94.46	-18.7%
Media and Communications	65.82	-15.0%
Retail	88.44	-14.7%
Architecture	86.77	-12.5%
Accounting	112.45	-12.4%
Retail	91.86	-13.1%
US Job Postings	102.14	-7.3%
Marketing	77.33	-0.1%
Production and Manufacturing	106.73	0.7%
Therapy	186.22	0.8%
Banking and Finance	96.41	3.9%

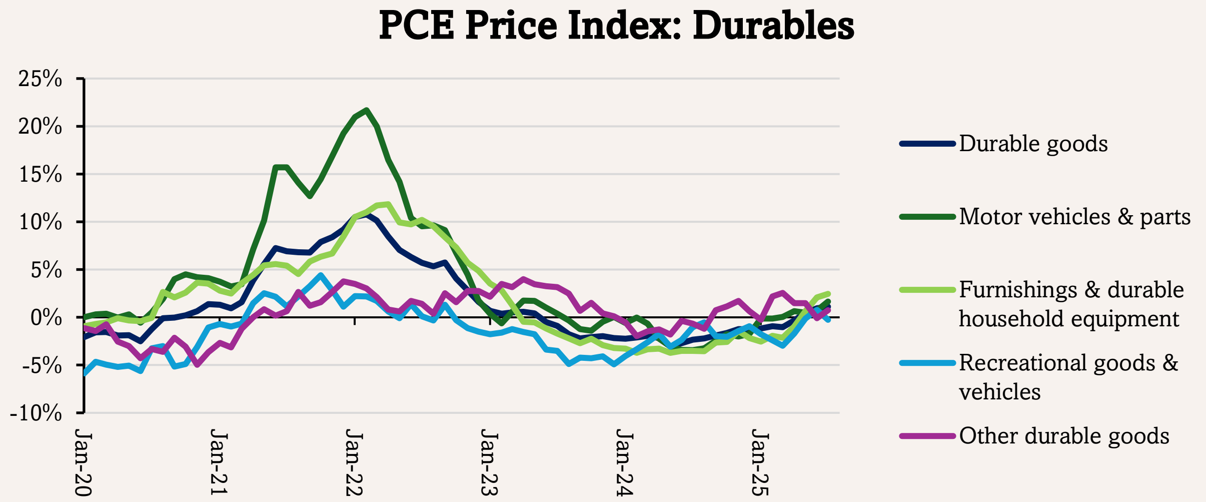
Daily Indeed Job Postings

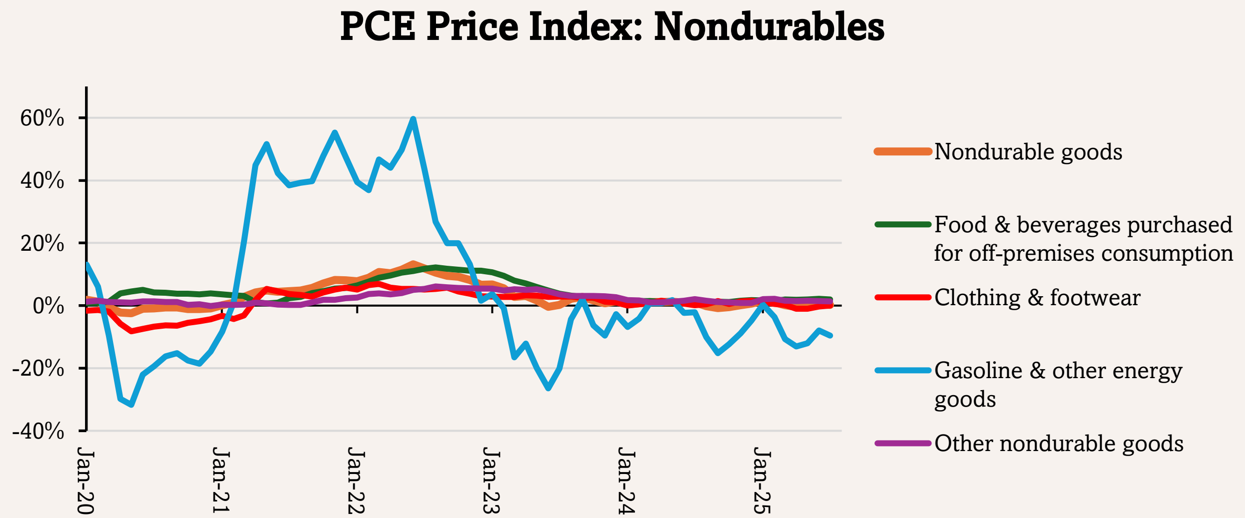


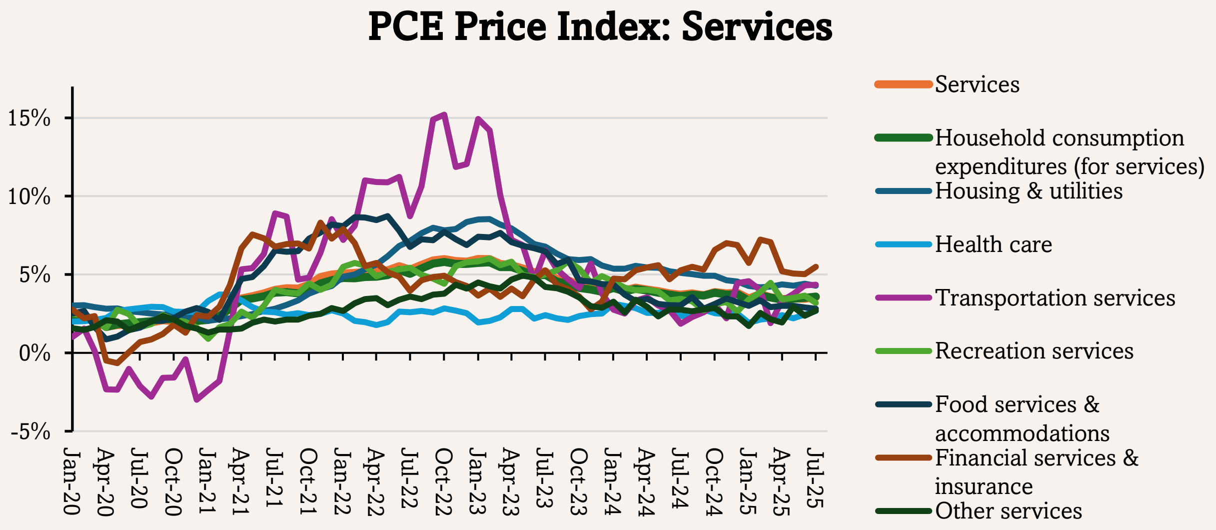
Sources: Optimal Advisory Proprietary Analysis, Indeed, U.S. Employment and Training Administration

Across most durable goods categories, the PCE Price Index has inflected back positively y/y after declining since the start of 2023





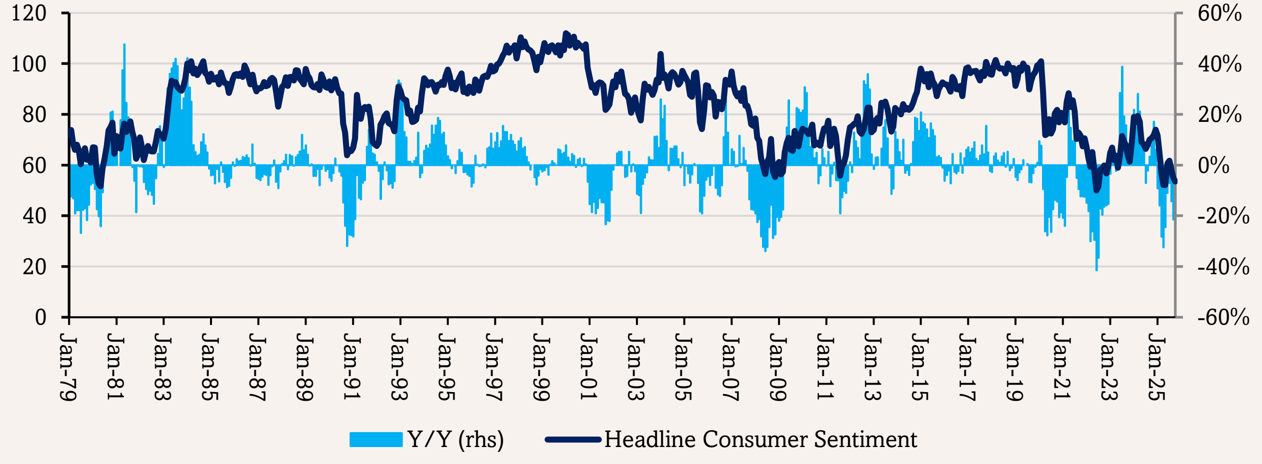




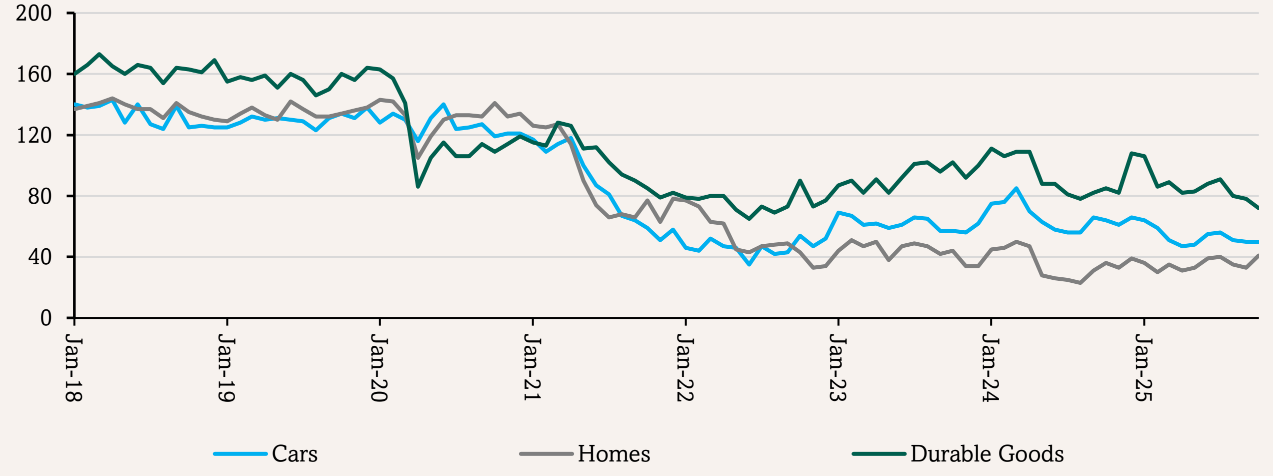
Sources: Optimal Advisory Proprietary Analysis, BEA, BLS

Consumer sentiment has rebounded from early 2025 lows across demographics; purchasing conditions have also rebounded slightly but are still below pre-pandemic trends

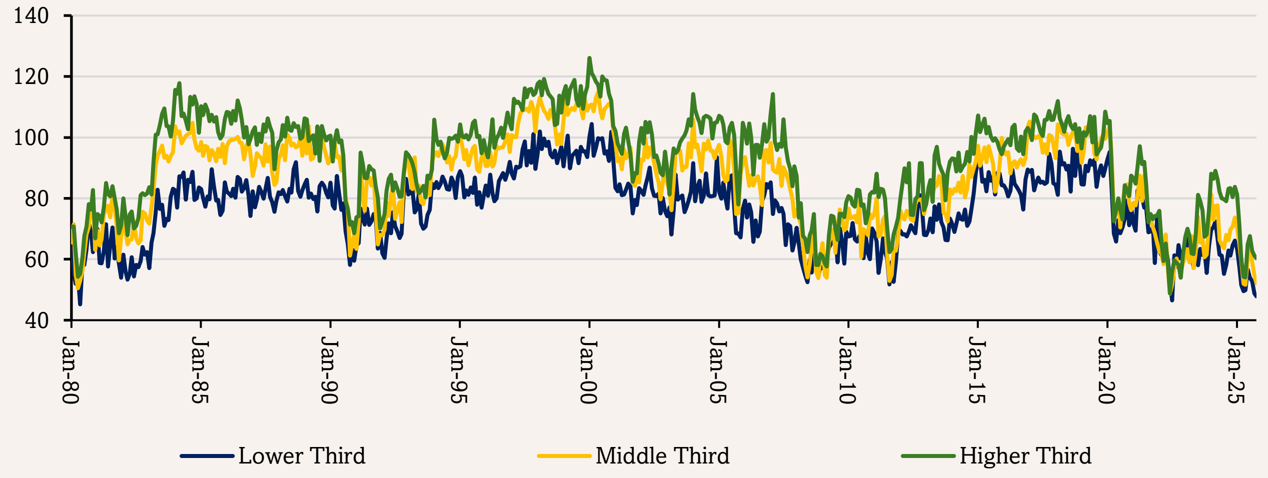
Headline Consumer Sentiment



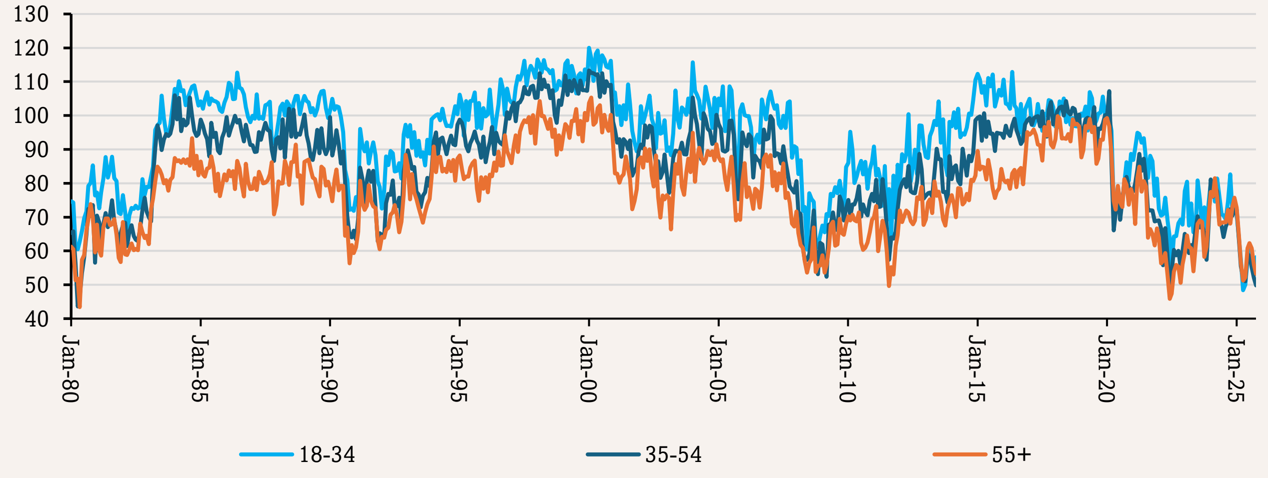
Purchasing Conditions



Consumer Sentiment by Income Terciles



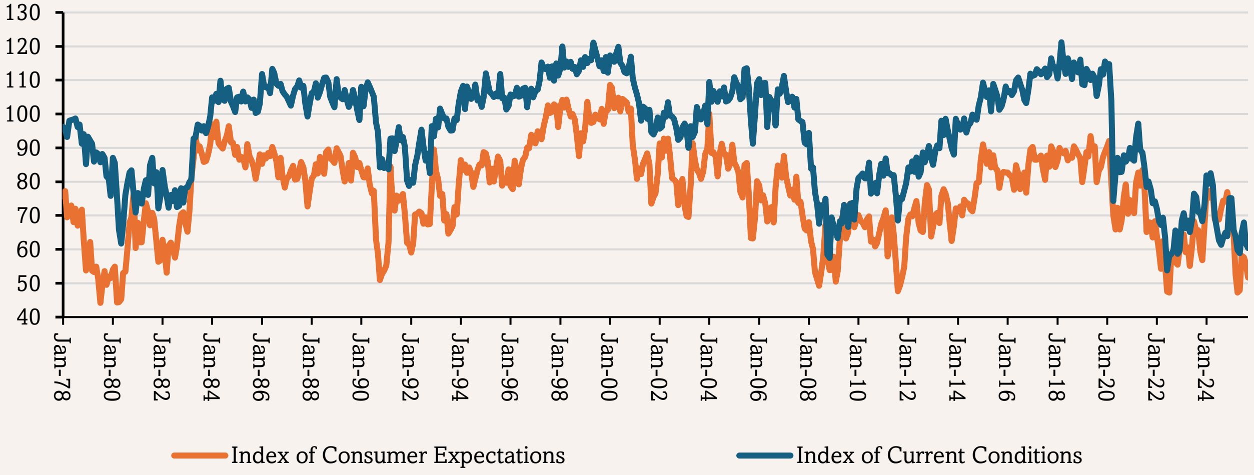
Consumer Sentiment by Age



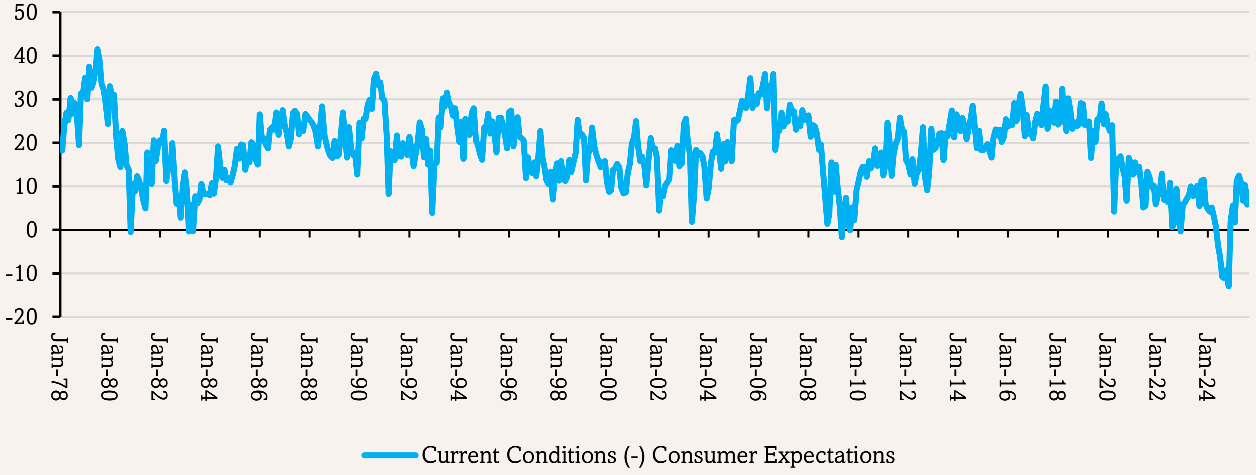
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

Current conditions are running above expectations after briefly inverting in 2024; expected change in financial situation has rebounded from early 2025 lows but remains below trend

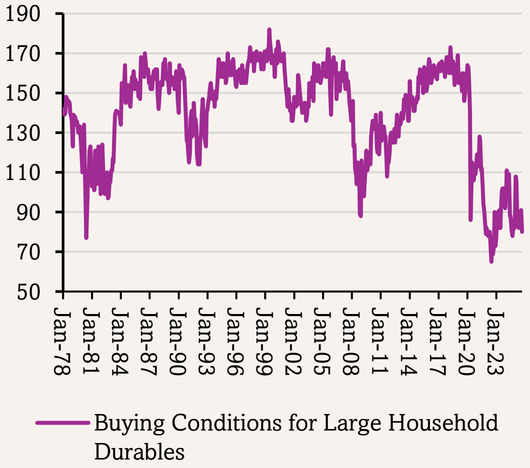
Expectations vs. Current Conditions

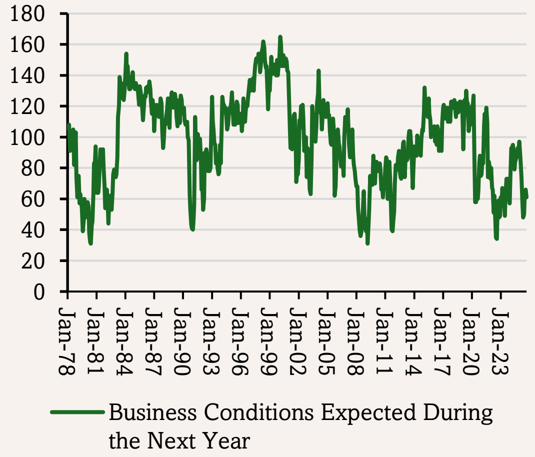


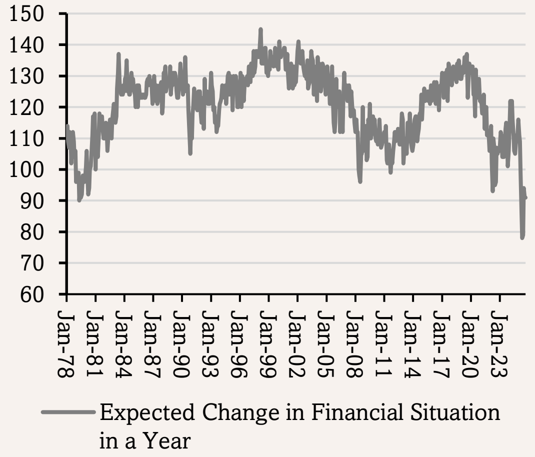
Current Conditions - Expectations

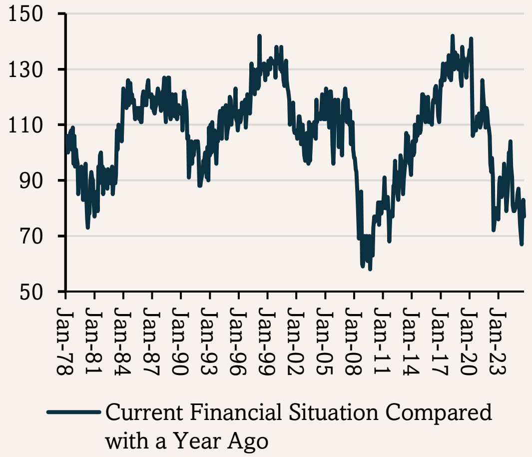


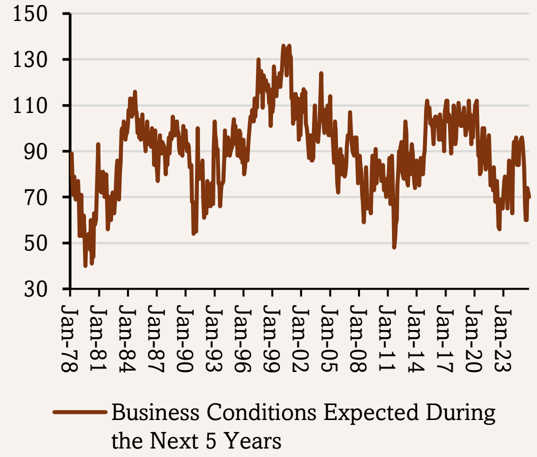
Components of Consumer Sentiment







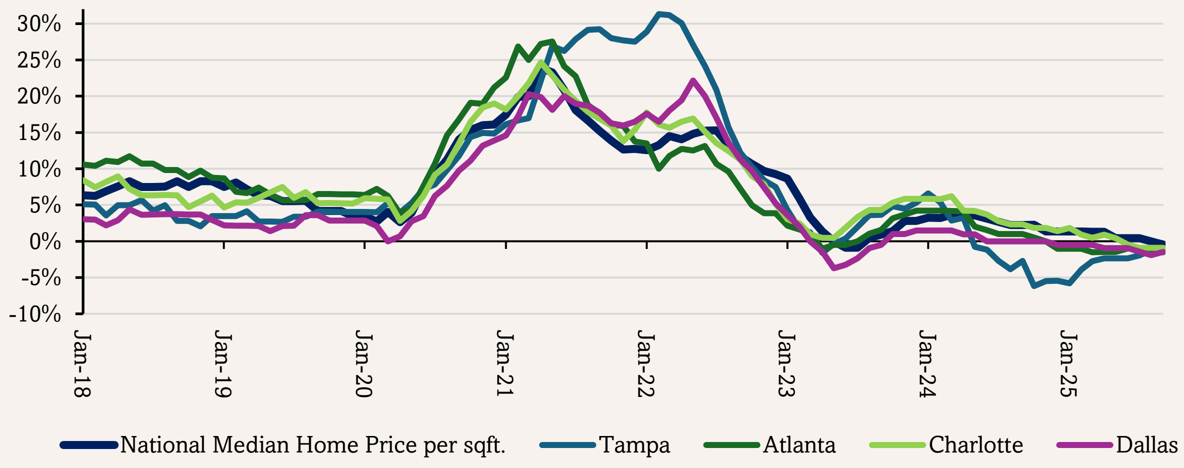




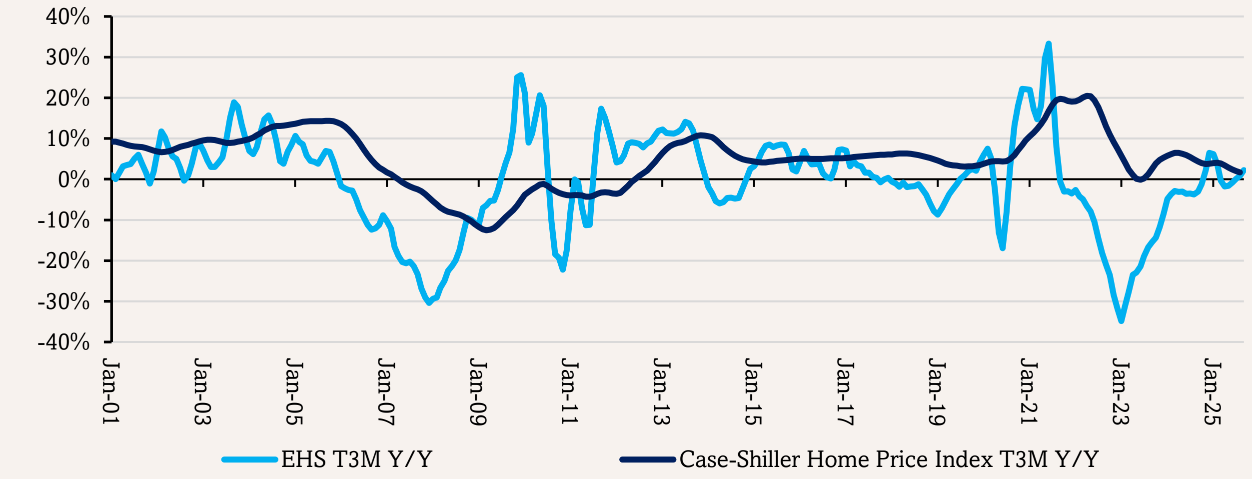
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

Home prices have been running up y/y across metro regions for much of 2025, but prices are running down y/y in Aug for San Francisco and Miami

Median Home Price Per Sqft. Y/Y



Existing Home Sales



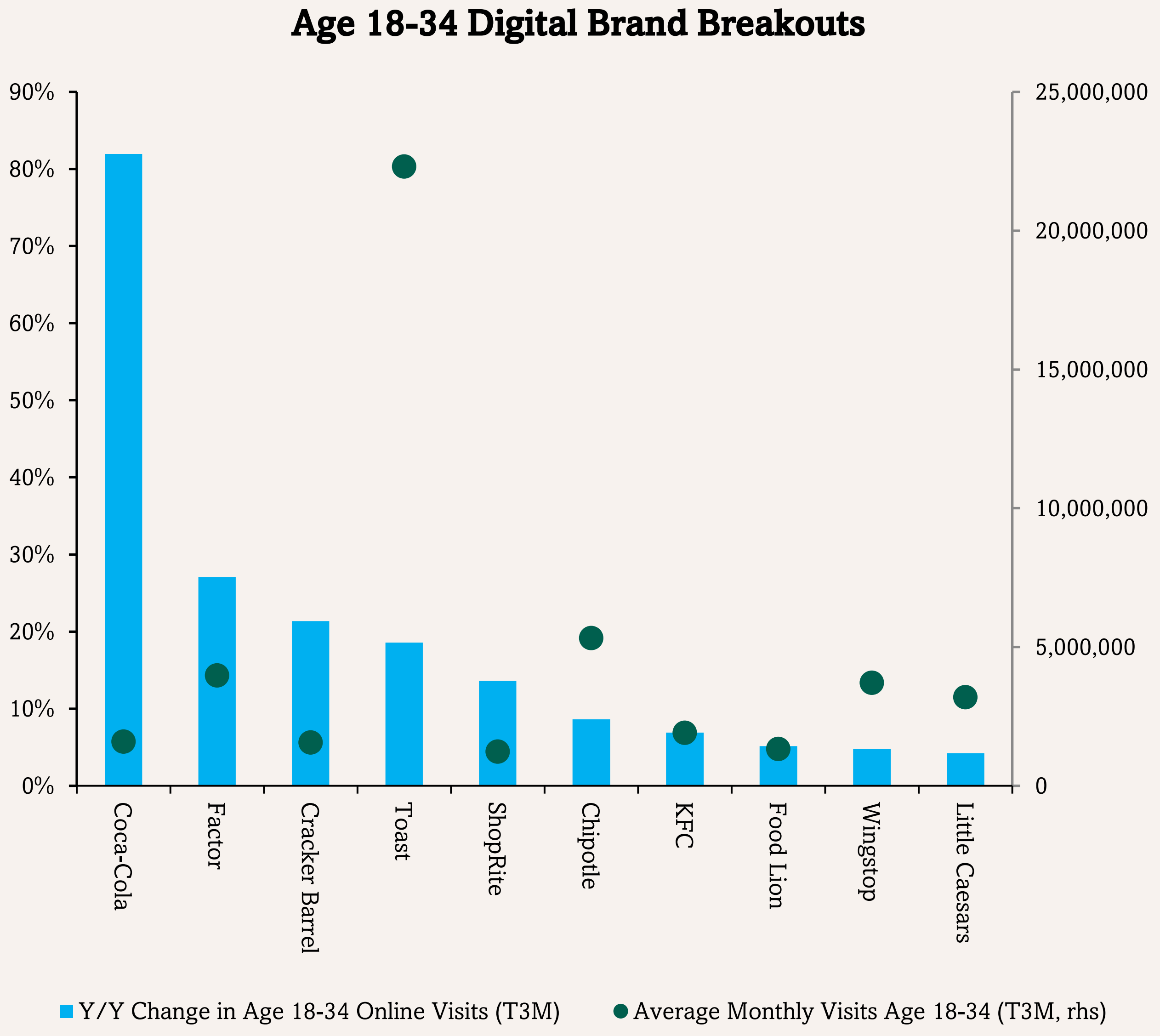
Metro Area Case Shiller Home Price Index Y/Y Heat Map

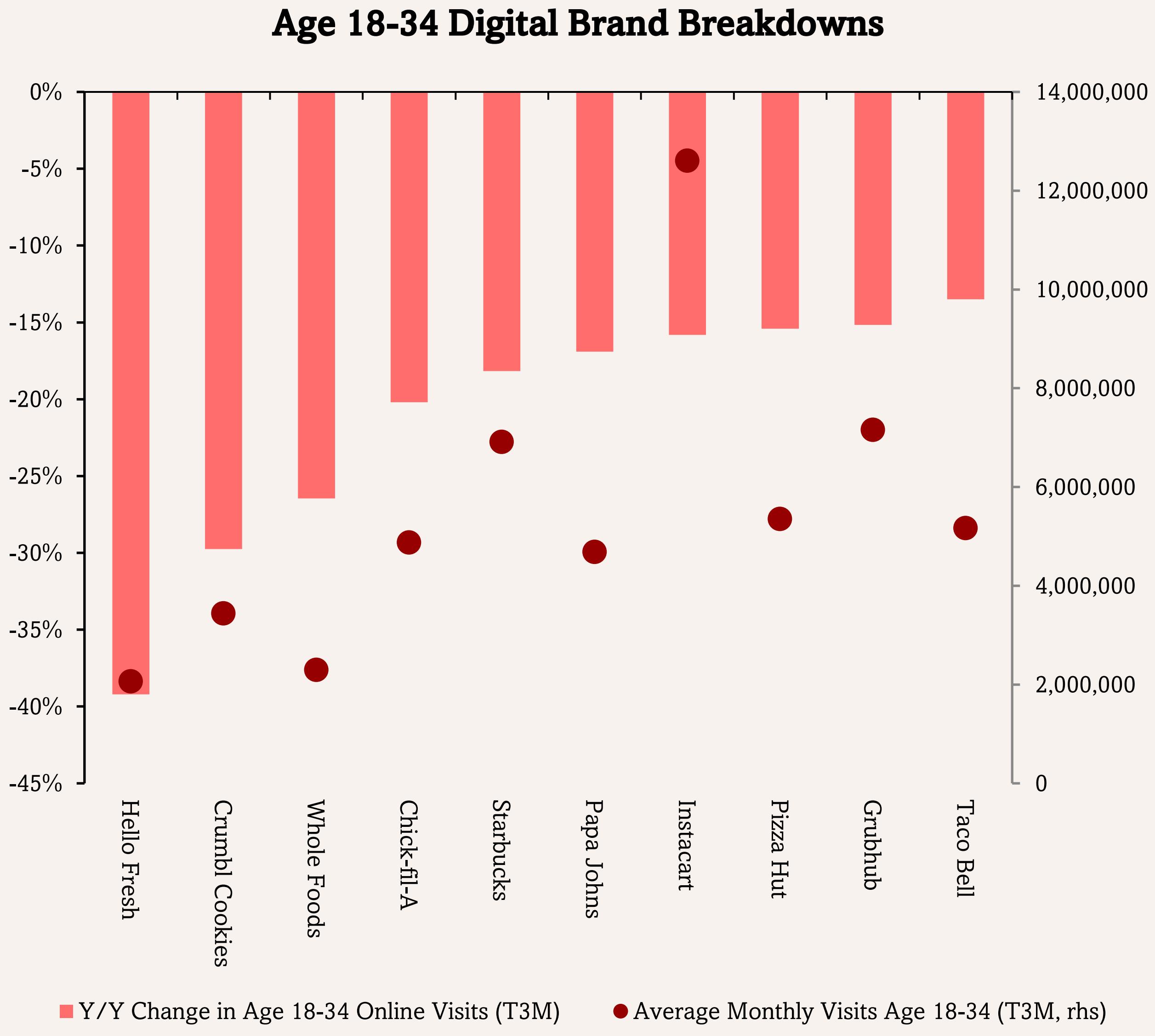
	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington, D.C.
Sep-24	4.5%	6.9%	0.2%	6.7%	4.6%	3.9%	7.8%	4.8%	2.0%	5.3%
Oct-24	4.4%	6.2%	0.5%	5.9%	4.0%	3.2%	7.5%	4.5%	1.6%	5.7%
Nov-24	5.2%	6.2%	0.9%	5.6%	3.8%	3.2%	7.6%	4.5%	2.0%	5.8%
Dec-24	6.4%	6.6%	1.5%	5.5%	3.5%	3.3%	7.6%	5.4%	2.8%	5.6%
Jan-25	6.6%	7.5%	1.9%	5.5%	4.0%	3.3%	8.2%	3.3%	3.0%	5.1%
Feb-25	5.9%	7.0%	1.6%	4.9%	4.4%	2.9%	7.9%	2.6%	3.1%	4.5%
Mar-25	4.7%	6.5%	1.4%	4.7%	4.1%	1.8%	8.2%	1.5%	1.6%	4.4%
Apr-25	3.8%	6.0%	0.7%	4.1%	2.5%	1.4%	8.1%	0.9%	0.1%	4.2%
May-25	4.6%	5.9%	-0.1%	3.3%	1.0%	0.5%	7.6%	0.2%	-0.7%	3.2%
Jun-25	4.2%	6.0%	-0.6%	2.4%	0.0%	-0.3%	7.2%	-0.7%	-2.0%	2.1%
Jul-25	4.0%	6.0%	-0.6%	1.0%	0.1%	-1.3%	6.4%	-0.7%	-2.0%	1.3%
Aug-25	4.1%	5.9%	-0.7%	0.2%	0.0%	-1.7%	6.1%	-0.7%	-1.5%	0.9%

Sources: Optimal Advisory Proprietary Analysis, Realtor.com, National Associate of Realtors, S&P Global Indices

Digital Inflections

Age 18-34 digital traffic to Coca-Cola, Factor, Cracker Barrel, and Toast is breaking out, and is breaking down for Hello Fresh, Crumbl Cookies, Whole Foods, & Chick-fil-A





Sources: Optimal Advisory Proprietary Analysis, Similarweb

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