Consumer Staples Briefing Book

December 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.

December real-time spending is softening across 15/18 proprietary Optimal staples subsectors, we note: positive inflection in pet, dollar, and fast food ticket versus negative inflection across club, hard discounters, and mainstream spending growth. Club and hard discounters continue to outpace mainstream, but less so. Luxury transaction count growth an unexpected pickup… See pp 5-12.

Callouts from our proprietary *Optimal Cost Factor (which incorporates 30 - cost inputs)*… Input costs down off energy moves, with natural gas declines helping all manufacturers in recent weeks. Cocoa has leveled off into year end, but is still the most notable 2025 input tailwind. Input declines alongside easing labor costs are helping the restaurant profit outlook, especially wings. Leading beneficiaries of current cost relief include HSY, MDLZ & Wing Restaurants... See p 14.

U.S. FDA approved the first oral GLP-1 for weight management this December for potential offerings early 2026. Food and beverage manufacturers could face another structural headwind.

Staples have underperformed discretionary and the broader market since mid-2025 (See p 26). We monitor fundamentals of the largest staples names (See p 20-23). With consumer spending reported better than expected for 3Q25, continued demand for essential goods and broader consumer spending are causes for optimism despite historic pessimism in reported Consumer Sentiment. See p 36.

Our upcoming virtual client meetings, contact us with questions:

- **Fine Dining & Hospitality / Luxury that Cares - Virtual Meeting with Jose Andres Group CEO – 1/20** Register Here
- **Food & Beverage Strategy Outlook with Mark Pogharian – mid January**

	Getting Worse	Getting Better
Underdiscussed	• Staples companies have an alignment problem that allows for excess cost to serve & suboptimal pricing actions. • Lower end consumers are extremely stressed relative to the broader economy. Many can’t afford the items they want.	• Cost relief from commodities appears to be on the way for 2026. • Unexpected tariff relief in certain commodities including beef, coffee, cocoa, bananas & flavorings. • Increased recession risk could drive disruptive improvement in food sector volume outlook. • Changing hemp regulation may be worth +100 bps to the beer industry by late 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. This is well known and, generally, priced in.

Proprietary Subsector Spending Analysis

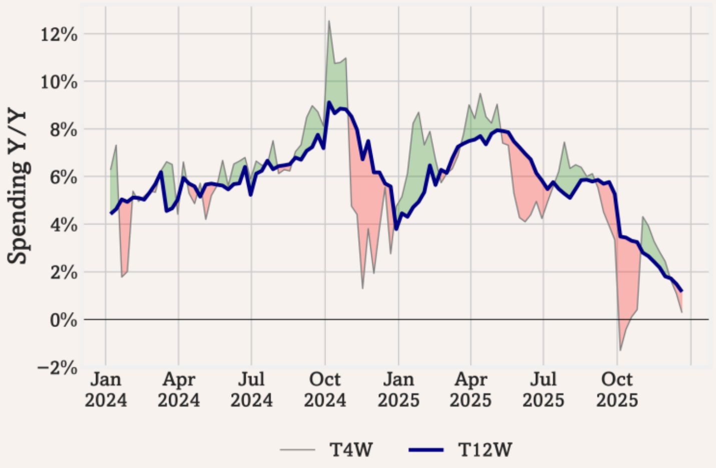
Slowing in consumer spending across the Staples economy – we note 15/18 measured categories with negative inflection between 4-week & 12-week trends, 15/18 last month

	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	0.3%	1.2%	-0.9%	0.9%	1.3%	-0.6%	-0.2%
GROCERY DELIVERY	-0.4%	1.2%	-1.6%	5.8%	7.5%	-5.9%	-5.9%
DOLLAR	3.6%	4.0%	-0.5%	0.0%	1.3%	3.6%	2.8%
HARD DISCOUNTER	0.1%	2.1%	-2.0%	-0.6%	1.5%	0.8%	0.6%
MAINSTREAM GROCERS	-0.8%	0.4%	-1.2%	-1.4%	-0.6%	0.5%	1.0%
PET	-4.2%	-3.2%	-1.0%	-6.4%	-4.5%	2.4%	1.3%
PHARMACY	-8.5%	-7.8%	-0.8%	-5.8%	-5.4%	-2.8%	-2.5%
PREMIUM GROCERS	-0.7%	0.5%	-1.2%	-1.0%	0.4%	0.3%	0.1%
BROADLINE RETAIL	-2.5%	-0.9%	-1.6%	-3.4%	-2.4%	0.9%	1.5%
E-COMMERCE	3.4%	5.4%	-2.0%	3.9%	5.9%	-0.5%	-0.5%
MEAL DELIVERY	9.4%	9.6%	-0.3%	6.5%	6.9%	2.7%	2.6%
FAST FOOD	1.6%	1.1%	0.5%	-2.2%	-1.4%	3.8%	2.6%
BEAUTY	-4.8%	-1.7%	-3.1%	-6.3%	-3.7%	1.6%	2.0%
LUXURY	-5.6%	-7.9%	2.3%	11.5%	4.9%	-15.4%	-12.2%
FAST CASUAL	-1.9%	-1.8%	-0.1%	-3.8%	-3.6%	1.9%	1.8%
CASUAL DINING	-4.3%	-3.6%	-0.8%	-9.4%	-8.8%	5.6%	5.7%
COFFEE	-0.1%	0.6%	-0.7%	-0.9%	-0.1%	0.8%	0.7%
PIZZA	-3.1%	-4.8%	1.7%	-2.4%	-4.2%	-0.8%	-0.6%

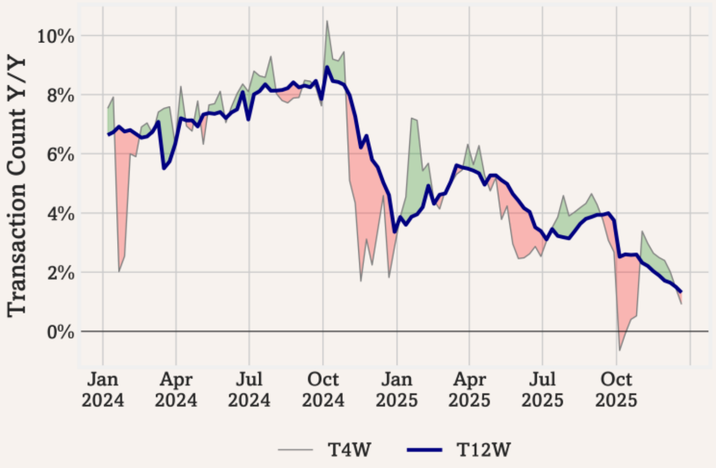
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Club spending growth still positive y/y but lower than earlier in the year. Mainstream also showing a slight decel but primarily driven by negative inflection in transaction growth

Club Spending



Club Transactions

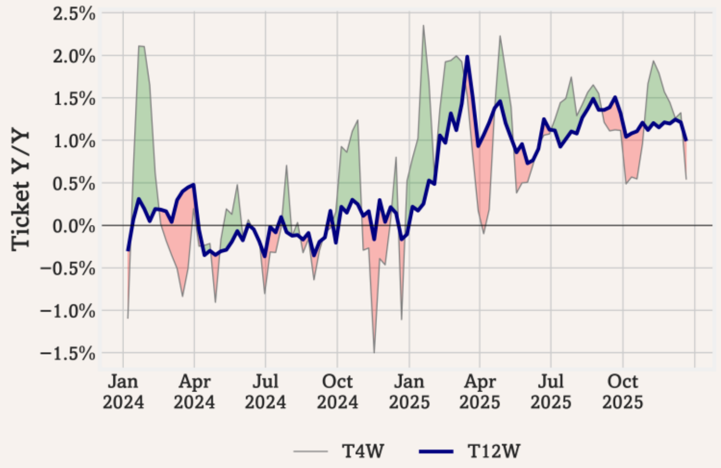


Club Ticket

Mainstream Grocers Spending

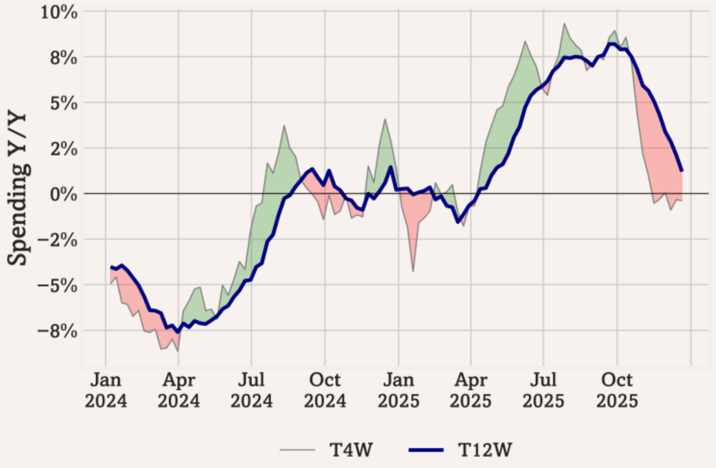
Mainstream Grocers Transactions

Mainstream Grocers Ticket

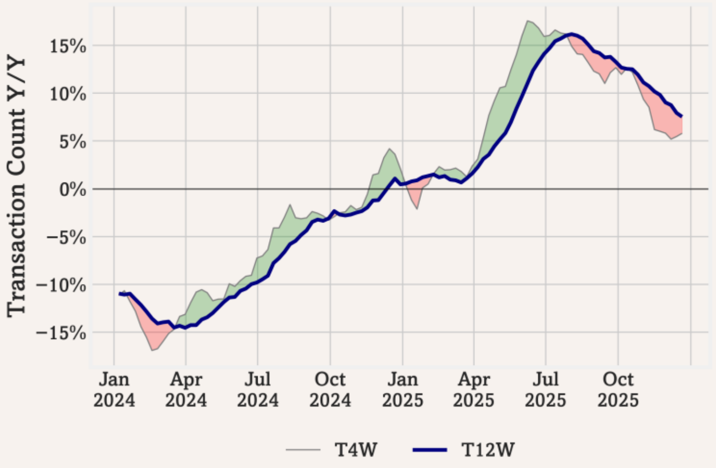


Grocery & meal delivery spending cooling on weaker ticket; strong meal delivery transaction growth decelerating since summer.

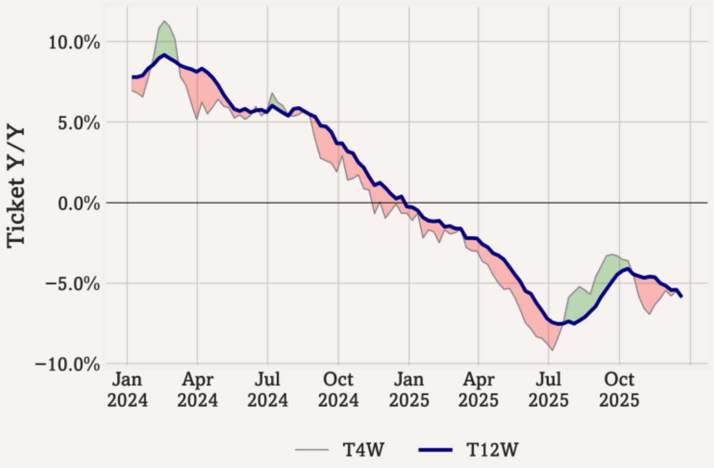
Grocery Delivery Spending



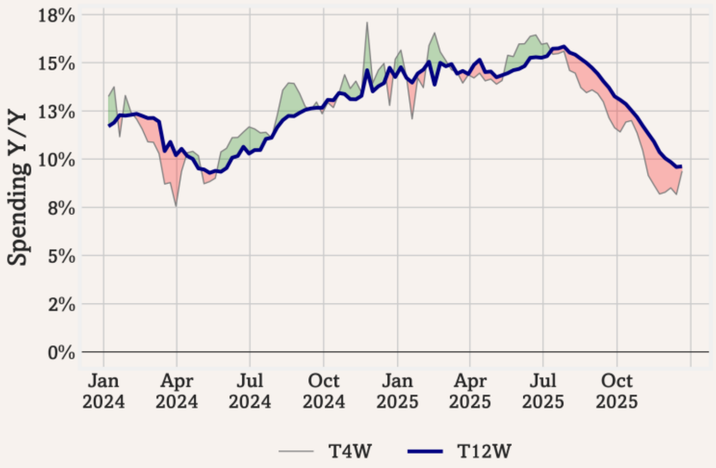
Grocery Delivery Transactions



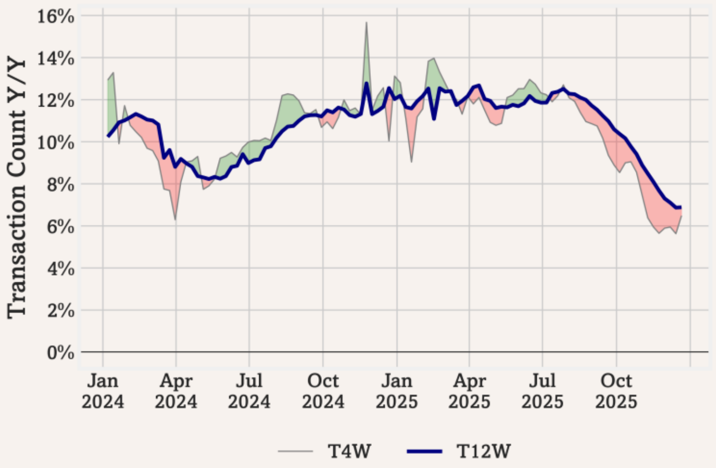
Grocery Delivery Ticket



Meal Delivery Spending



Meal Delivery Transactions

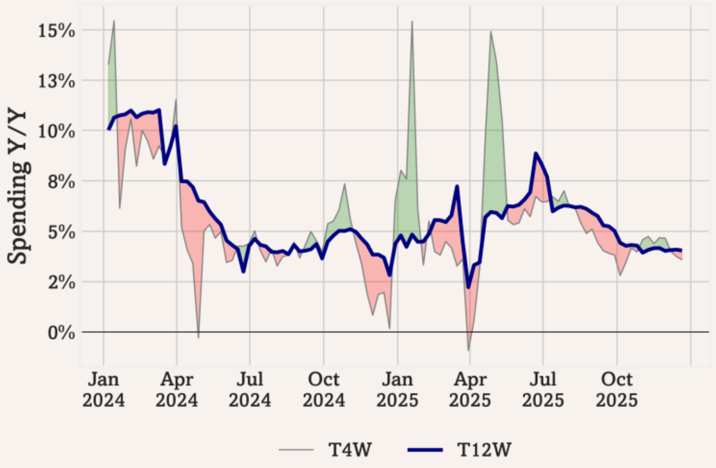


Meal Delivery Ticket

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

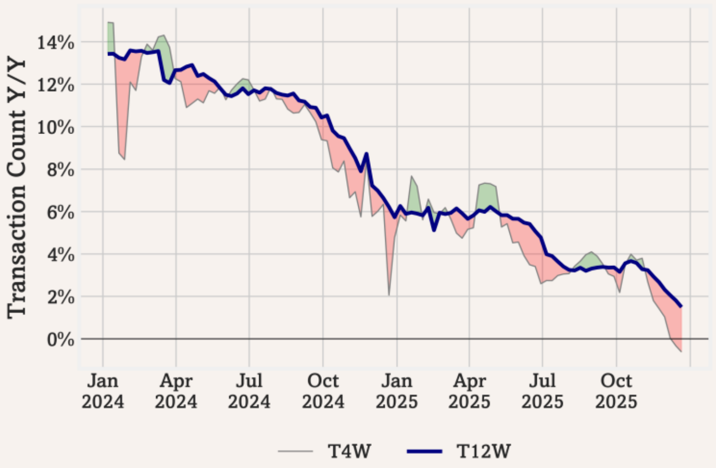


Dollar Store Transactions

Dollar Store Ticket

Hard Discounters Spending

Hard Discounters Transactions

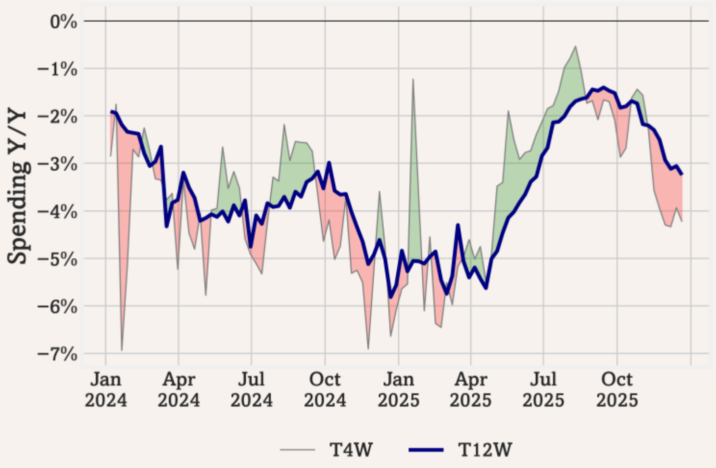


Hard Discounters Ticket

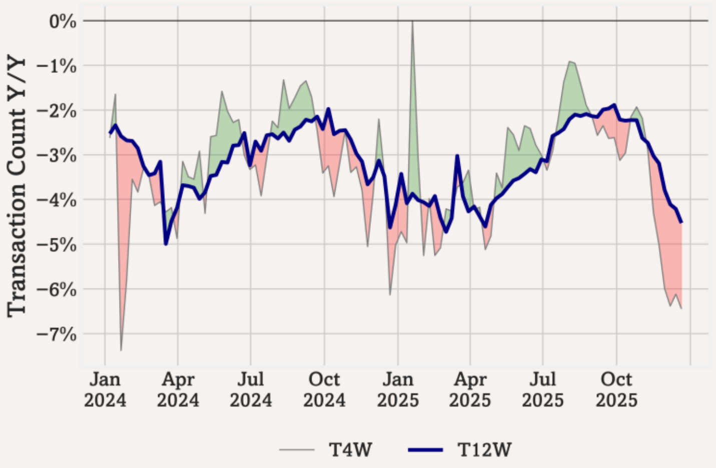
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Pet channel spending negatively inflecting again despite positive ticket growth y/y; E-commerce (including AMZN) still taking total spending share

Pet Spending

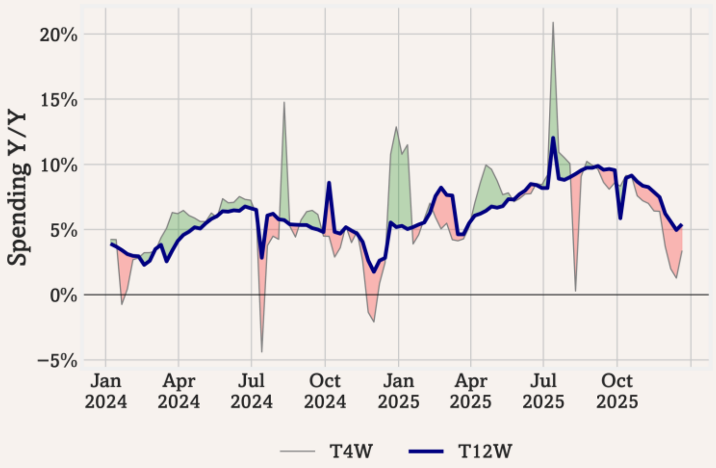


Pet Transactions

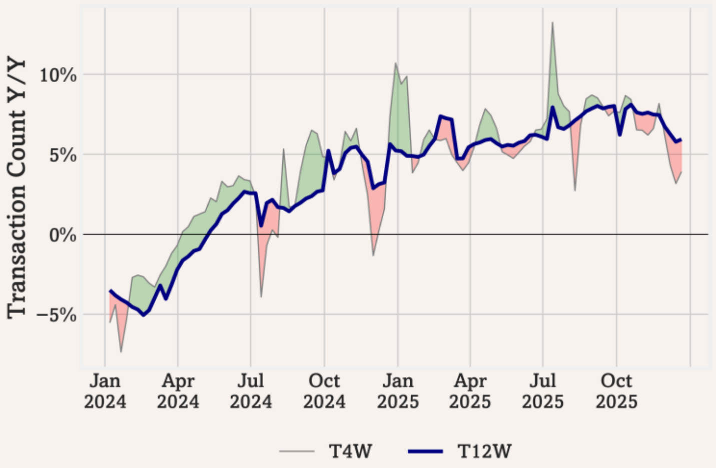


Pet Ticket

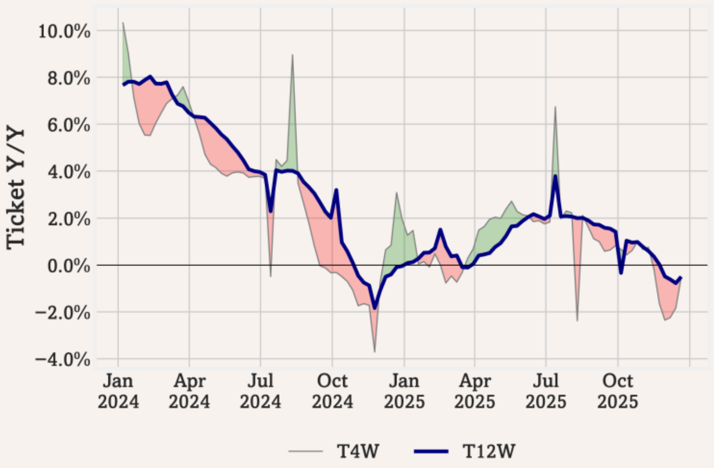
E-commerce Spending



E-commerce Transactions



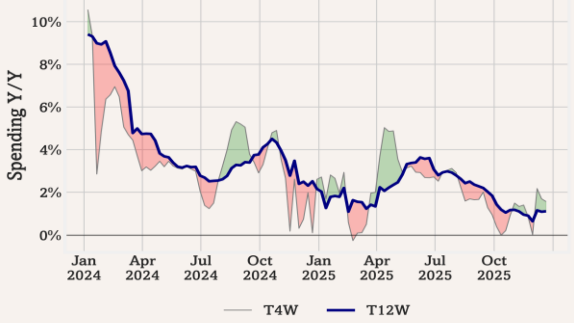
E-commerce Ticket



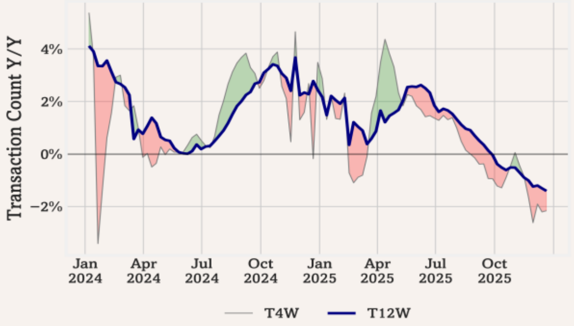
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Fast casual & casual dining losing share as value top of mind for consumers. Ticket growth the bright spot in the space despite decel in transaction counts across the board

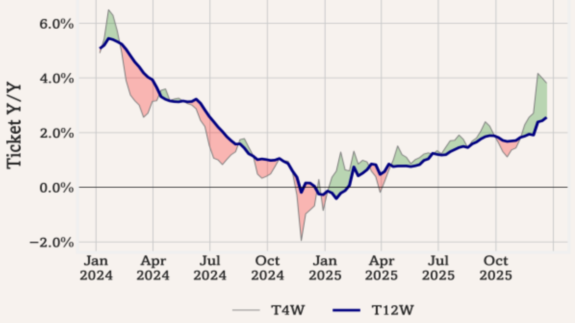
Fast Food Spending



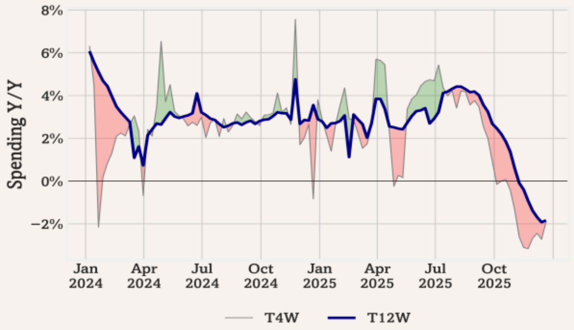
Fast Food Transactions



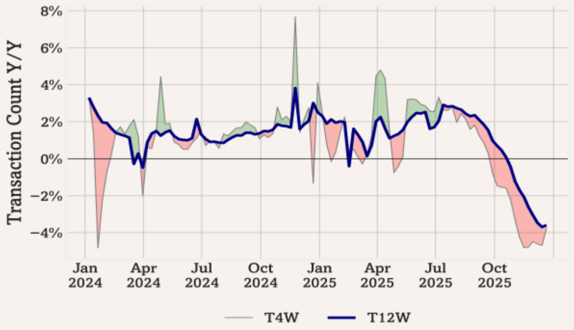
Fast Food Ticket



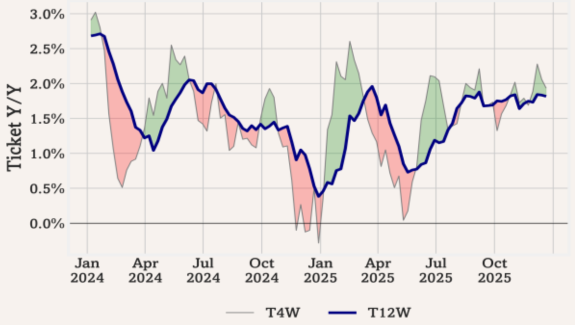
Fast Casual Spending



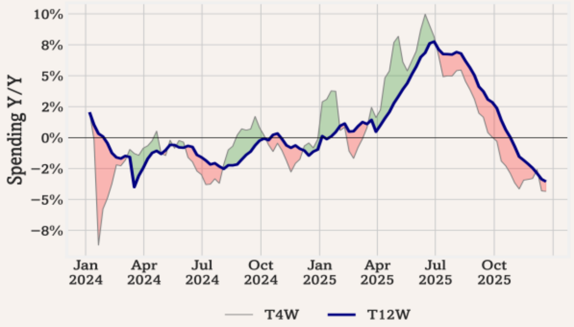
Fast Casual Transactions



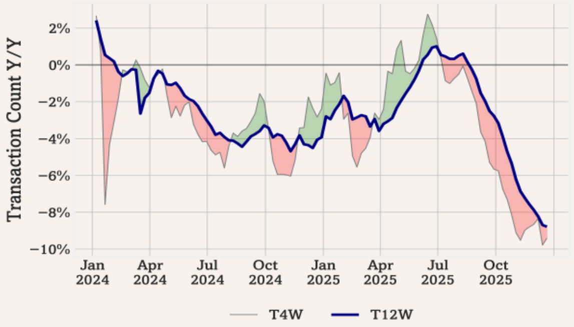
Fast Casual Ticket



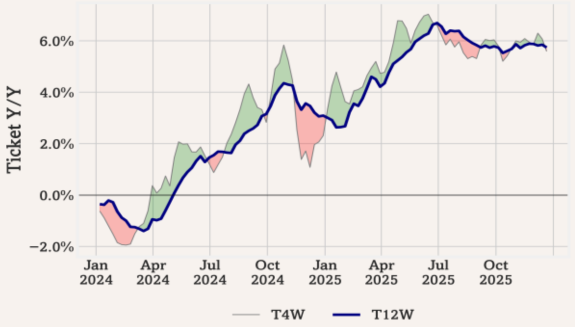
Casual Dining Spending



Casual Dining Transactions



Casual Dining Ticket

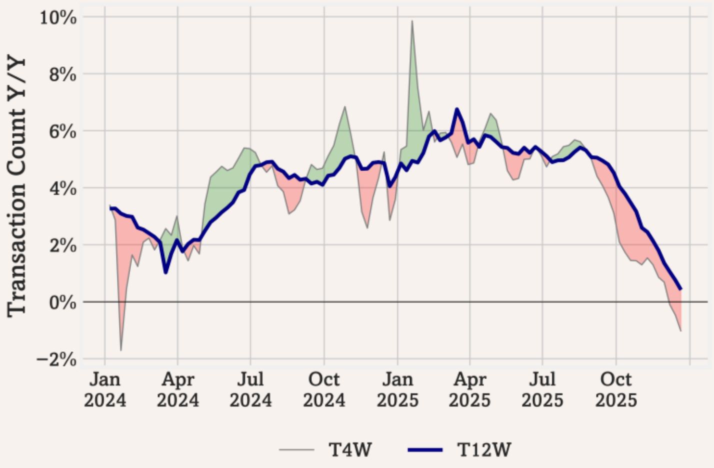


Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

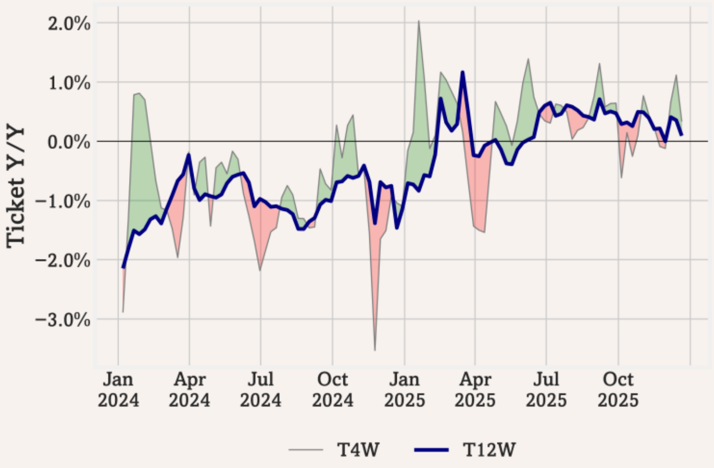
Premium grocers spending (including The Fresh Market & Sprouts) continues to inflect negatively. Mass luxury (e.g. Coach) driving stabilization in luxury spend.

Premium Grocers Spending

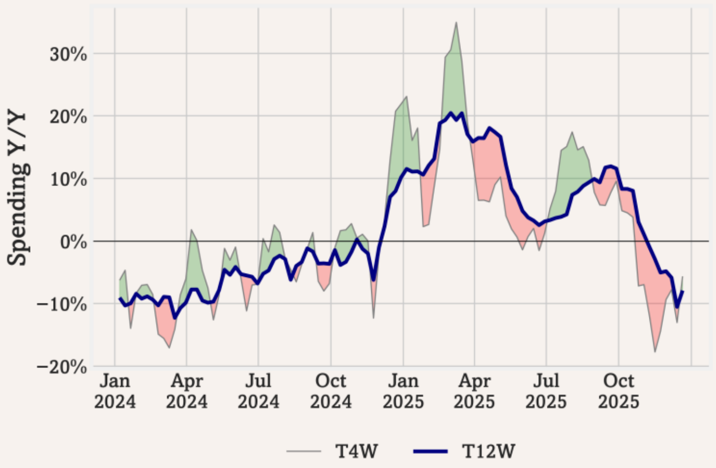
Premium Grocers Transactions



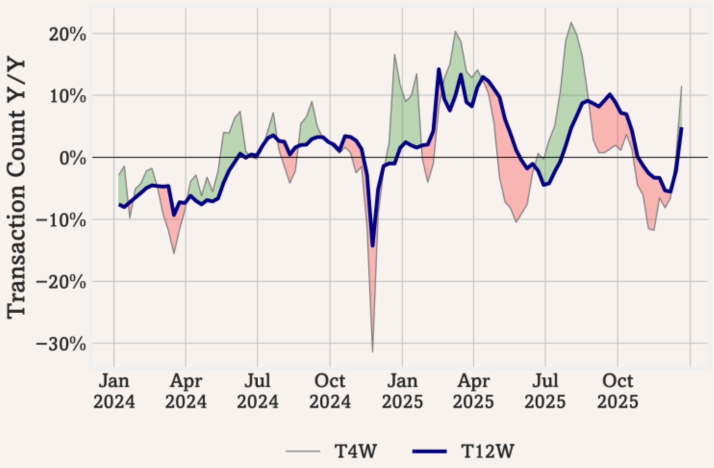
Premium Grocers Ticket



Luxury Spending



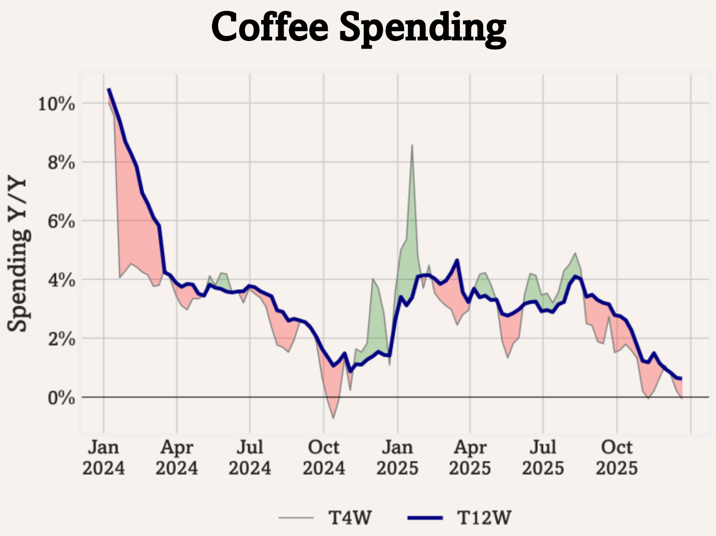
Luxury Transactions

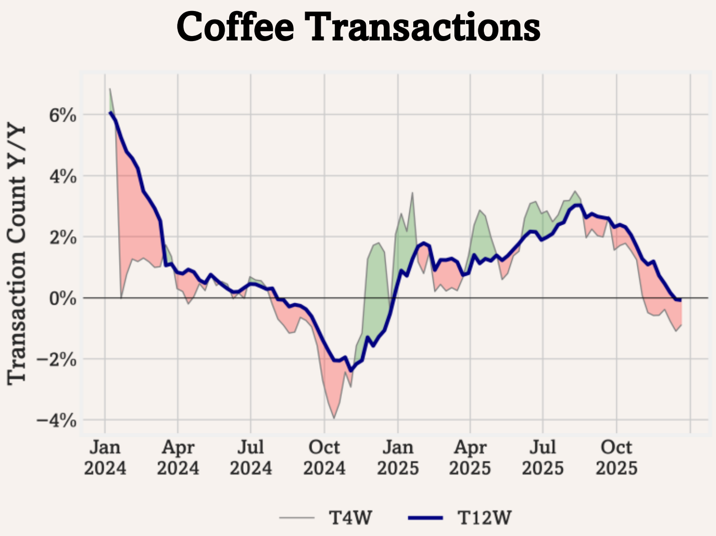


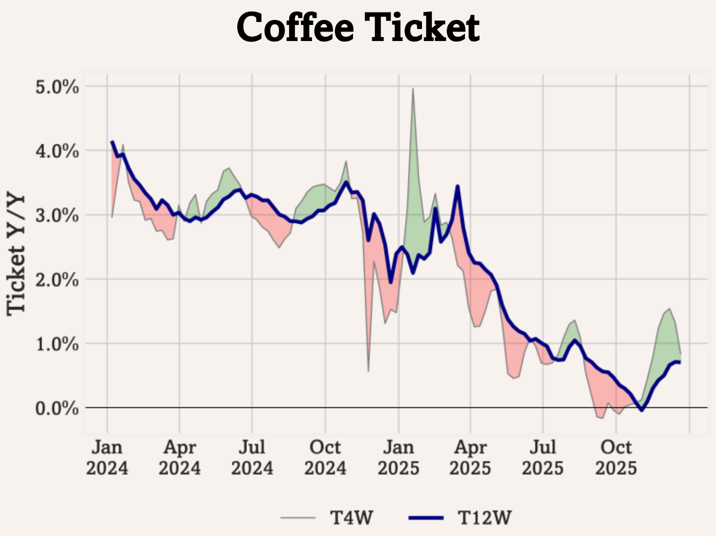
Luxury Ticket

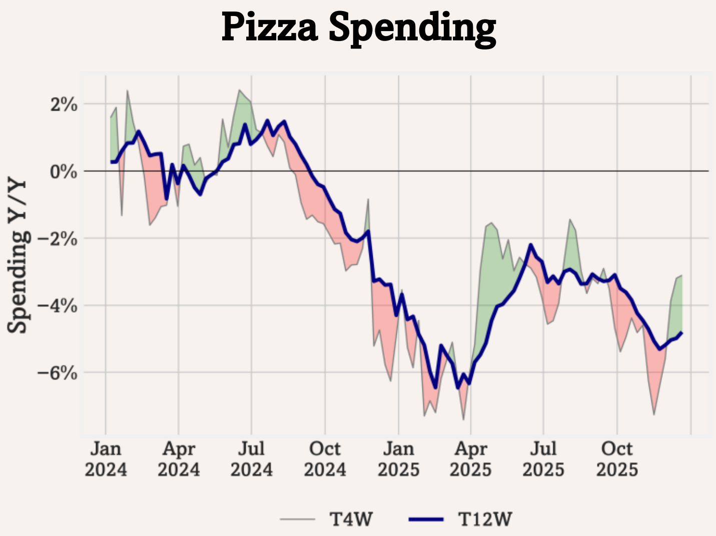
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

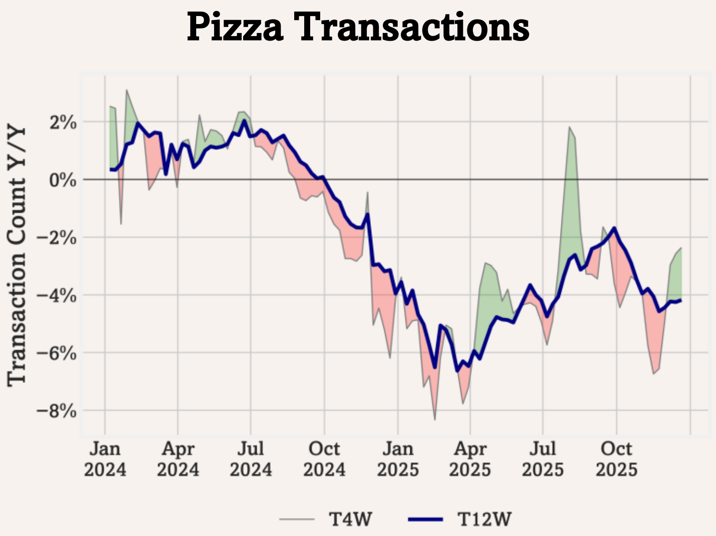
Coffee spending (Including SBUX) running up but approaching flat with inflection in transaction counts and positive inflection in ticket

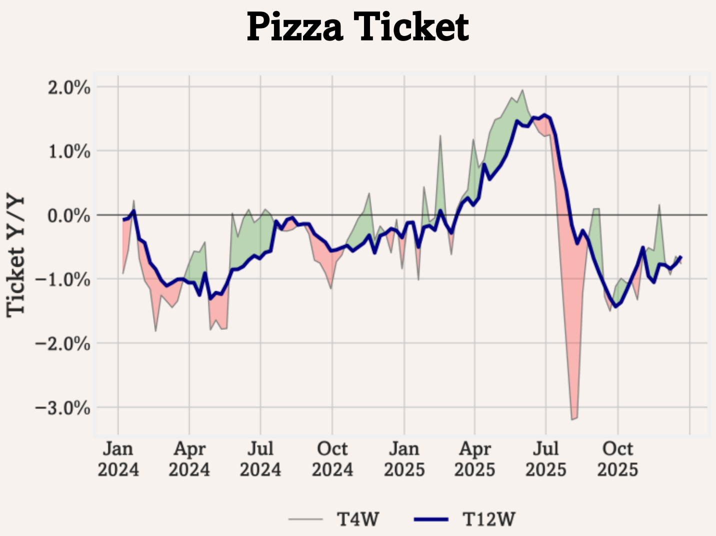












Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

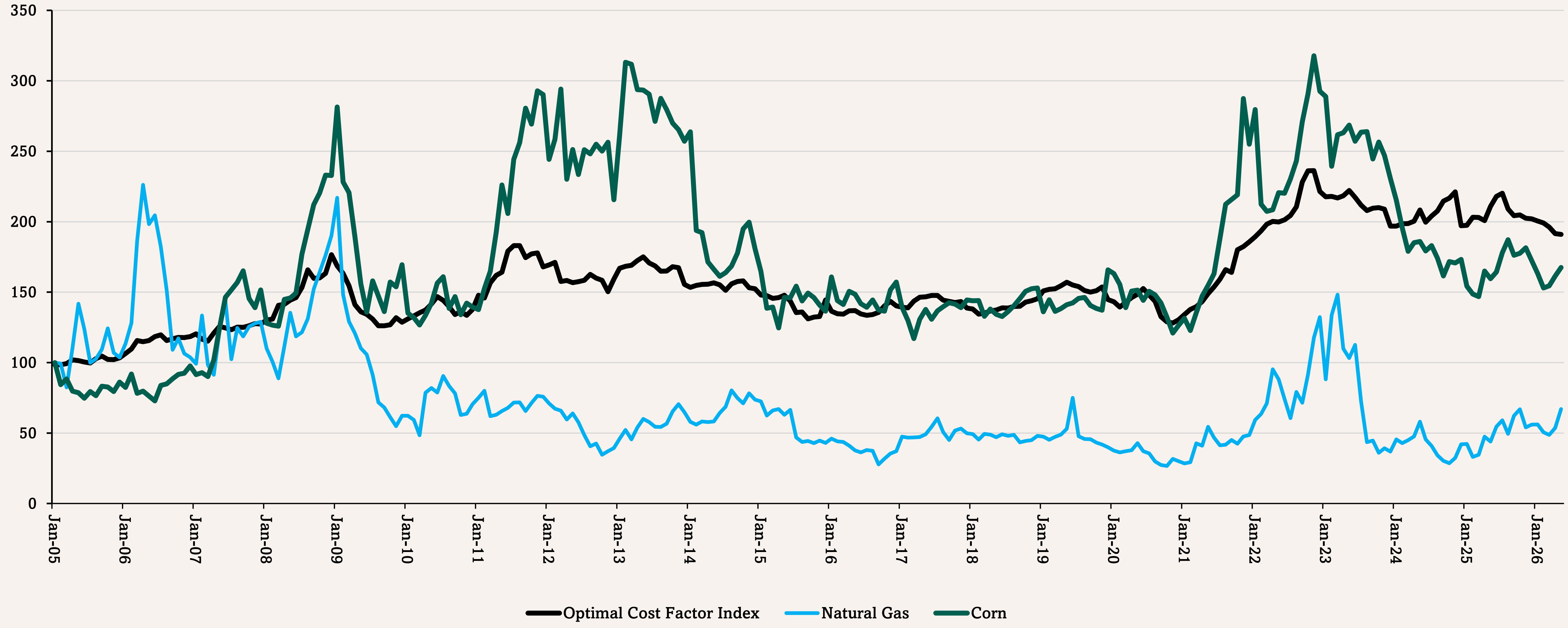
Proprietary Cost Analysis

Our Optimal Cost Factor tracks companies' U.S. input cost risk via proprietary weightings; lower sweetener prices leading cost tailwinds, packaging/energy are waning headwinds.

W/W		Today / T4W Average		Today T4W / YAGO T4W	
COMPANIES					
Index	-1.7%	Index	-2.6%	Index	-4.1%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
KO	-0.2%	KO	-0.8%	EPC	5.9%
SAM	-0.4%	SMPL	-1.1%	CPB	5.6%
BRBR	-0.7%	HSY	-1.2%	CELH	5.5%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
THS	-6.0%	THS	-6.0%	HSY	-25.5%
KDP	-3.6%	CLX	-4.5%	MDLZ	-14.0%
LANC	-3.3%	LANC	-4.4%	BRBR	-12.2%
COMMODITIES					
Index	-1.7%	Index	-2.6%	Index	-4.1%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
DAIRY	0.6%	PACKAGING	-0.5%	OILS/OILSEEDS	9.1%
GRAINS	-0.1%	GRAINS	-0.7%	ENERGY/FREIGHT	4.9%
MEATS/PROTEINS	-0.1%	MEATS/PROTEINS	-0.9%	PACKAGING	4.4%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
SOFTS/SWEETENERS	-6.2%	ENERGY/FREIGHT	-7.9%	MEATS/PROTEINS	-25.4%
ENERGY/FREIGHT	-3.7%	SOFTS/SWEETENERS	-4.1%	DAIRY	-17.7%
OILS/OILSEEDS	-2.6%	OILS/OILSEEDS	-2.4%	SOFTS/SWEETENERS	-14.5%
FOOD SERVICE					
Index	-1.7%	Index	-2.6%	Index	-4.1%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
FAST FOOD BURGER	-2.0%	FAST FOOD BURGER	-2.5%	FAST CASUAL MEXICAN	1.8%
FAST FOOD MEXICAN	-2.4%	FAST FOOD MEXICAN	-3.4%	FAST FOOD MEXICAN	0.8%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
ALL WINGS	-2.7%	FAST CASUAL UPSCALE	-3.8%	ALL WINGS	-12.0%
FAST CASUAL MEXICAN	-2.6%	ALL WINGS	-3.7%	FAST CASUAL UPSCALE	-3.3%

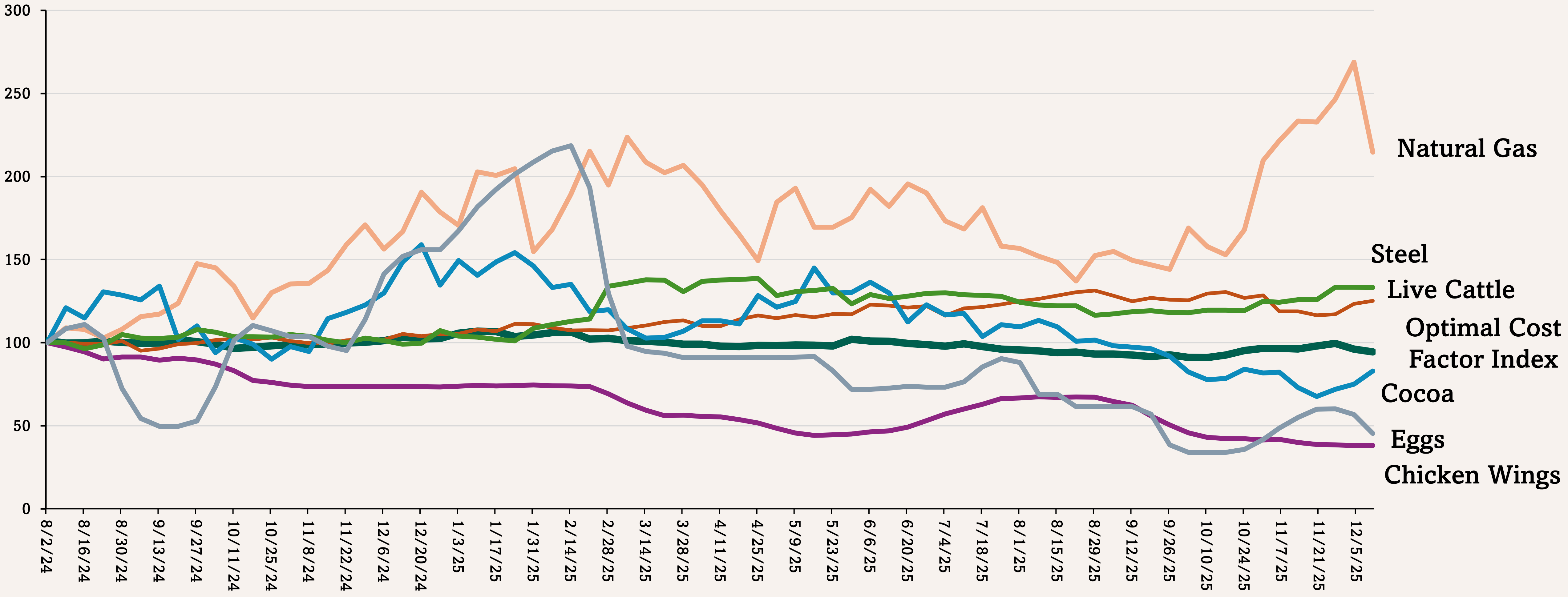
Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA,

The Optimal Cost Factor (OCF) incorporates cost exposure to 30 commodities, with natural gas and corn the most influential in recent months (OCF shown 6 months forward to approximate lag)



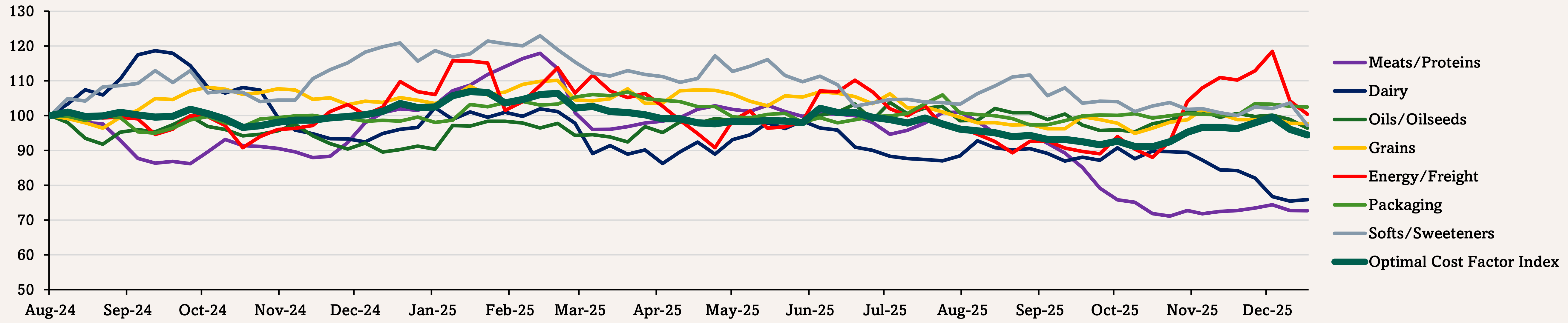
Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA

Largest cost headwinds & tailwinds shown below (August 2024 = 100)



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

Tailwinds for produces as meats/proteins costs down y/y and energy costs down sharply in the last 3 weeks



Ticker	Value at 12/18	Value at 12/11	W/W %	Most Recent T4W	YAGO T4W	T4W / YAGO T4W %	12 Mo Low	Increase Since 12-Mo Low
Meats/Proteins	72.7	72.7	-0.1%	73.3	98.3	-25.4%	71.1	2.2%
Dairy	75.9	75.4	0.6%	77.5	94.2	-17.7%	75.4	0.6%
Softs/Sweeteners	97.2	103.6	-6.2%	101.3	118.5	-14.5%	97.2	0.0%
Grains	97.7	97.8	-0.1%	98.4	104.1	-5.5%	94.9	3.0%
Optimal Cost Factor Index	94.5	96.1	-1.7%	97.0	101.2	-4.1%	91.1	3.8%
Packaging	102.5	102.7	-0.2%	103.0	98.7	4.4%	97.3	5.3%
Energy/Freight	100.4	104.3	-3.7%	109.0	103.9	4.9%	88.0	14.1%
Oils/Oilseeds	96.4	98.9	-2.6%	98.8	90.6	9.1%	90.2	6.8%

Putative impacts of recent changes in input costs on margin; actual realization depends on timing & hedging

Ticker	Value at 12/18	LTM Avg	Today T4W / YAGO T4W	Inputs % of COGS	Gross EBIT % Impact	TTM Avg Gross Margin	Gross Pricing Need
HSY	75.2	89.4	-25.5%	65%	16.6%	40.1%	-9.9%
MDLZ	72.8	81.0	-14.0%	65%	9.1%	32.5%	-6.1%
BRBR	57.5	62.9	-12.2%	60%	7.3%	35.4%	-4.7%
SMPL	54.5	59.5	-12.0%	60%	7.2%	37.4%	-4.5%
LW	78.8	84.5	-11.4%	70%	8.0%	21.7%	-6.2%
GIS	77.4	83.2	-7.1%	65%	4.6%	34.3%	-3.0%
MKC	78.5	83.3	-6.5%	65%	4.2%	38.5%	-2.6%
KO	68.8	69.6	-6.4%	60%	3.8%	61.4%	-1.5%
POST	67.7	71.8	-5.3%	65%	3.4%	29.2%	-2.4%
CAG	91.5	98.2	-5.1%	60%	3.0%	25.9%	-2.3%
FLO	72.8	76.9	-5.1%	65%	3.3%	49.4%	-1.7%
KHC	74.0	78.7	-4.1%	65%	2.7%	34.3%	-1.8%
PEP	85.8	88.6	-3.9%	60%	2.4%	54.4%	-1.1%
SJM	58.8	60.4	-3.2%	65%	2.1%	35.1%	-1.4%
FRPT	54.5	59.5	-2.7%	60%	1.6%	40.8%	-1.0%
KDP	64.9	67.4	-2.4%	55%	1.3%	54.9%	-0.6%
CHD	52.9	53.6	-2.3%	55%	1.3%	44.5%	-0.7%
CLX	55.9	56.9	-1.7%	60%	1.0%	45.2%	-0.5%
MNST	59.1	58.2	-1.5%	70%	1.0%	55.2%	-0.5%
ABI	84.0	84.2	-1.5%	60%	0.9%	55.7%	-0.4%
SAM	82.3	81.8	-0.8%	60%	0.5%	46.5%	-0.3%
TAP	82.3	81.8	-0.8%	60%	0.5%	38.8%	-0.3%
JJSF	75.3	78.2	0.7%	65%	-0.4%	29.7%	0.3%
LANC	76.3	80.2	0.8%	60%	-0.5%	23.9%	0.4%
PG	62.8	62.6	3.1%	65%	-2.0%	51.2%	1.0%
HRL	70.2	71.3	3.5%	70%	-2.4%	16.3%	2.0%
THS	79.0	82.5	4.1%	70%	-2.9%	16.9%	2.4%
CELH	52.4	50.2	5.5%	70%	-3.9%	50.5%	1.9%
CPB	72.5	72.5	5.6%	60%	-3.4%	30.4%	2.4%
EPC	59.8	59.1	5.9%	60%	-3.5%	42.2%	2.0%

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	$69.87	$334,208	$300,553	$11,429	$16,164	$31,635	2.77	29.24	11.38	20.68	10.65
PEP	PEPSICO INC	$143.78	$238,939	$196,596	$16,835	$17,976	$42,188	2.51	14.19	4.79	13.29	4.54
ABI	ANHEUSER BUSCH INBEV SA	$64.04	$208,143	$129,319	$20,240	$21,358	$68,081	3.36	10.28	6.39	9.75	6.03
MNST	MONSTER BEVERAGE CORP	$77.31	$72,972	$75,534	$2,027	$2,613	-$2,561	-1.26	36.01	16.39	27.93	14.83
DEO	DIAGEO	$86.32	$71,158	$48,046	$6,074	$6,492	$21,024	3.46	11.72	5.85	10.96	5.89
HEIA	HEINEKEN	$80.79	$67,759	$46,535	$6,285	$7,465	$18,256	2.90	10.78	10.47	9.08	5.51
CCEP	COCA COLA EUROPEAN PARTNERS	$91.69	$53,619	$41,394	$3,316	$4,353	$11,666	3.52	16.17	6.71	12.32	6.08
KDP	KEURIG DR PEPPER INC	$28.10	$55,229	$38,176	$3,493	$4,836	$17,053	4.88	15.81	6.24	11.42	5.98
PRNDY	PERNOD RICARD	$17.30	$35,671	$21,821	$3,444	$3,504	$12,657	3.68	10.36	5.03	10.18	5.27
STZ	CONSTELLATION BRANDS INC CLASS A	$139.41	$35,161	$24,402	$913	$3,346	$10,473	11.47	38.50	7.07	10.51	7.53
CELH	CELSIUS HOLDINGS INC	$45.59	$13,568	$11,752	$165	$604	$56	0.34	82.16	12.42	22.47	8.69
BFA	BROWN FORMAN CORP CLASS A	$26.14	$14,451	$12,123	$1,239	$1,169	$2,328	1.88	11.66	6.29	12.36	6.29
BFB	BROWN FORMAN CORP CLASS B	$26.19	$14,451	$12,123	$1,239	$1,169	$2,328	1.88	11.66	6.29	12.36	6.29
TAP	MOLSON COORS BREWING CLASS B	$46.42	$15,110	$9,207	$2,597	$2,295	$5,560	2.14	5.82	3.48	6.58	3.58
PRMB	PRIMO BRANDS	$16.61	$11,428	$6,150	$694	$1,441	$5,277	7.61	16.48	5.66	7.93	5.33
SAM	BOSTON BEER INC CLASS A	$197.05	$1,891	$2,100	$179	$225	-$210	-1.17	10.54	2.00	8.41	1.98

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	$98.61	$329,998	$254,061	$20,793	$22,405	$75,658	3.64	15.87	6.74	14.73	6.31
MDLZ	MONDELEZ INTERNATIONAL INC	$54.64	$91,123	$70,505	$7,878	$6,517	$20,566	2.61	11.57	7.79	13.98	6.74
HSY	HERSHEY FOODS	$184.20	$41,930	$37,353	$3,407	$2,355	$4,577	1.34	12.31	9.67	17.81	9.30
KHC	KRAFT HEINZ	$24.13	$46,749	$28,562	$2,763	$5,748	$18,058	6.54	16.92	5.51	8.13	5.59
GIS	GENERAL MILLS INC	$47.05	$38,169	$25,105	$3,990	$3,491	$13,051	3.27	9.57	6.02	10.93	6.06
K	KELLANOVA	$83.44	$35,083	$29,031	$2,364	$2,211	$5,960	2.52	14.84	7.96	15.87	7.85
TSN	TYSON FOODS INC CLASS A	$58.56	$29,283	$20,675	$2,691	$3,515	$8,466	3.15	10.88	8.22	8.33	6.55
MKC	MCCORMICK & CO NON-VOTING INC	$68.93	$22,781	$18,487	$1,345	$1,346	$4,263	3.17	16.94	8.78	16.93	8.26
HRL	HORMEL FOODS CORP	$24.26	$15,682	$13,346	$1,029	$1,344	$2,322	2.26	15.24	8.29	11.67	7.96
SJM	JM SMUCKER	$99.67	$18,532	$10,634	-$125	$1,992	$7,898	-63.08	-148.02	6.08	9.31	5.72
CPB	CAMPBELL SOUP	$28.15	$15,533	$8,392	$1,673	$1,707	$7,139	4.27	9.28	5.10	9.10	5.16
SFD	SMITHFIELD FOODS	$22.44	$10,696	$8,821	$1,457	$1,608	$1,618	1.11	7.34	7.13	6.65	5.32
CAG	CONAGRA BRANDS INC	$17.24	$15,824	$8,247	$1,802	$1,731	$7,577	4.20	8.78	5.75	9.14	5.70
LW	LAMB WESTON HOLDINGS INC	$42.15	$9,716	$5,854	$1,105	$1,108	$3,862	3.50	8.80	6.79	8.77	7.42
POST	POST HOLDINGS INC	$101.16	$12,755	$5,220	$1,398	$1,524	$7,524	5.38	9.13	5.45	8.37	5.42
LANC	LANCASTER COLONY	$165.85	$4,417	$4,559	$297	$308	-$141	-0.48	14.89	9.53	14.32	9.16
BRBR	BELLRING BRANDS INC	$30.16	$4,651	$3,609	$380	$433	$1,042	2.74	12.24	6.04	10.73	6.13
FLO	FLOWERS FOODS INC	$10.89	$4,400	$2,300	$582	$519	$2,100	3.61	7.56	1.75	8.47	1.76
SMPL	SIMPLY GOOD FOODS	$19.98	$2,104	$1,898	$188	$272	$206	1.10	11.21	4.00	7.74	4.13
FRPT	FRESHPET INC	$64.17	$3,352	$3,132	$113	$192	$220	1.95	29.61	7.66	17.43	6.93
JJSF	J & J SNACK FOODS	$89.86	$1,796	$1,738	$189	$193	$58	0.31	9.50	3.82	9.29	3.67
FDP	FRESH DEL MONTE PRODUCE	$35.86	$1,966	$1,713	$343	$248	$238	0.69	5.72	5.43	7.93	5.10
DOLE	DOLE	$15.03	$2,655	$1,430	$379	$392	$1,084	2.86	7.00	3.72	6.77	3.59
THS	TREEHOUSE FOODS	$23.67	$2,807	$1,195	$297	$352	$1,612	5.44	9.47	4.76	7.97	4.63

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

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	$144.74	$364,045	$338,219	$23,574	$24,178	$24,775	1.05	15.44	8.41	15.06	8.14
OR	L'OREAL	$428.45	$233,400	$228,685	$10,932	$12,537	$4,712	0.43	21.35	6.60	18.62	6.01
UNA	UNILEVER PLC	$65.30	$176,160	$142,406	$12,069	$14,559	$31,240	2.59	14.60	6.02	12.10	5.96
CL	COLGATE-PALMOLIVE	$79.73	$71,597	$64,268	$5,015	$4,934	$6,947	1.39	14.28	5.92	14.51	5.71
RB	RECKITT BENCKISER	$80.69	$65,717	$54,255	$4,771	$5,382	$11,413	2.39	13.78	5.96	12.21	5.54
KMB	KIMBERLY CLARK CORP	$101.00	$40,341	$33,518	$4,144	$3,606	$6,687	1.61	9.73	6.35	11.19	6.37
KVUE	KENVUE INC	$17.19	$40,896	$32,936	$2,511	$3,377	$7,960	3.17	16.29	4.69	12.11	4.45
EL	ESTEE LAUDER INC CLASS A	$107.65	$45,996	$38,793	$540	$2,296	$7,203	13.34	85.18	4.29	20.03	4.11
BEI	BEIERSDORF	$109.23	$21,726	$26,500	$2,012	$2,014	-$4,789	-2.38	10.80	3.46	10.79	3.15
CHD	CHURCH AND DWIGHT INC	$85.39	$22,600	$20,505	$1,086	$1,408	$2,096	1.93	20.80	8.28	16.05	7.88
CLX	CLOROX	$98.53	$15,091	$12,019	$1,398	$1,252	$2,912	2.08	10.79	5.03	12.05	5.06
ELF	ELF BEAUTY INC	$80.42	$5,519	$4,796	$215	$306	$723	3.37	25.68	5.67	18.06	4.51
REYN	REYNOLDS	$23.29	$6,584	$4,899	$701	$663	$1,685	2.40	9.39	7.09	9.94	6.93
COTY	COTY INC CLASS A	$3.10	$7,156	$2,711	$722	$996	$4,033	5.59	9.91	1.91	7.19	1.88
SMG	SCOTTS MIRACLE GRO	$57.93	$5,706	$3,360	$520	$607	$2,346	4.51	10.96	5.46	9.40	5.31
PRGO	PERRIGO	$13.82	$5,296	$1,902	$488	$721	$3,394	6.96	10.86	3.49	7.35	3.15
ENR	ENERGIZER HOLDINGS	$20.31	$4,689	$1,393	$588	$599	$3,297	5.60	7.97	3.80	7.83	3.91
SPB	SPECTRUM BRANDS	$60.06	$1,935	$1,404	$354	$291	$531	1.50	5.46	1.87	6.65	1.86
EPC	EDGEWELL PERSONAL CARE	$17.48	$2,076	$817	$209	$303	$1,260	6.02	9.92	2.24	6.86	2.16

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Ingredients Comps

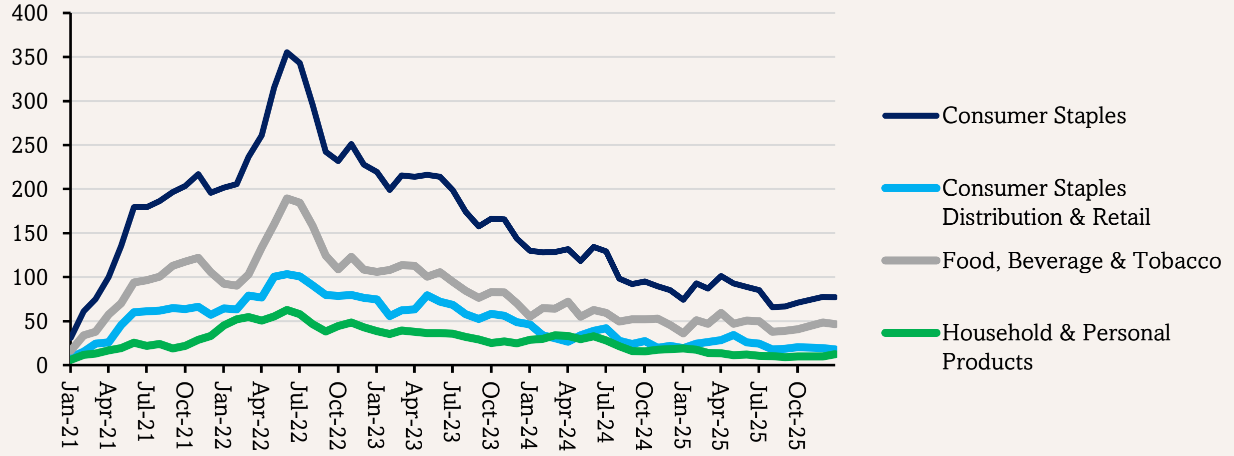
Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	Fwd. EV / Fwd. EBITDA	Fwd. EV / Fwd. GROSS PROFIT
GIVN	GIVAUDAN SA	$3,966.81	$42,269	$36,628	$1,982	$2,297	$5,641	2.85	21.33	11.00	18.40	10.12
ADM	ARCHER DANIELS MIDLAND	$57.91	$36,062	$27,830	$3,078	$3,400	$7,972	2.59	11.72	6.96	10.61	6.59
IFF	INTERNATIONAL FLAVORS & FRAGRANCES	$67.47	$23,380	$17,279	$1,907	$2,085	$6,069	3.18	12.26	5.80	11.21	6.04
BG	BUNGE	$89.08	$32,817	$17,225	$2,505	$2,689	$14,069	5.62	13.10	9.43	12.21	6.53
KRZ	KERRY GROUP PLC	$90.64	$16,928	$14,603	$1,257	$1,442	$2,323	1.85	13.47	12.82	11.74	4.13
INGR	INGREDION	$111.40	$7,982	$7,077	$1,164	$1,261	$877	0.75	6.86	4.32	6.33	4.30
GL9	GLANBIA	$16.61	$4,810	$4,048	$391	$501	$762	1.95	12.30	4.43	9.59	4.05

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

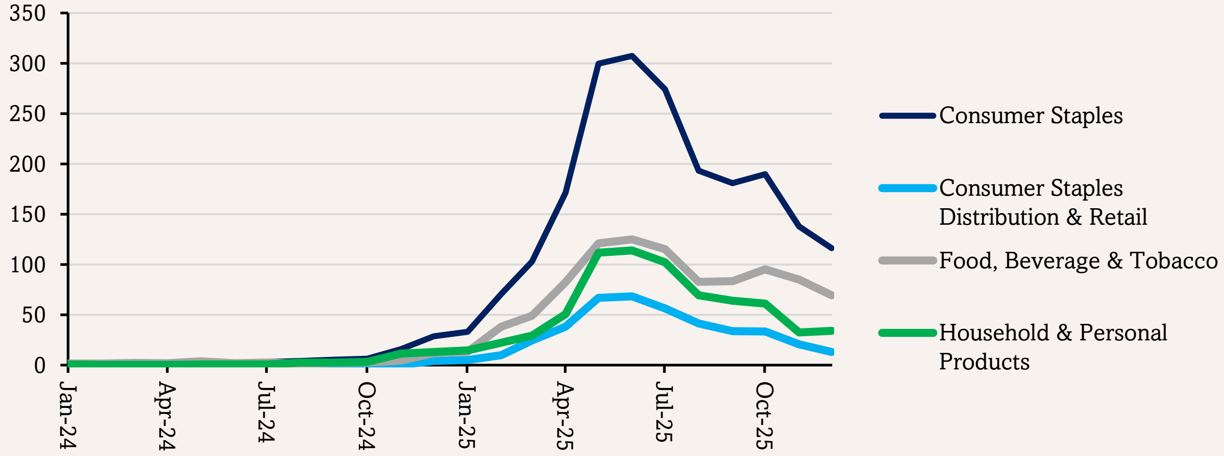
Thematic Analysis

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts; inflation and tariff mentions higher than last month. Companies tend not to mention material cost tailwinds.

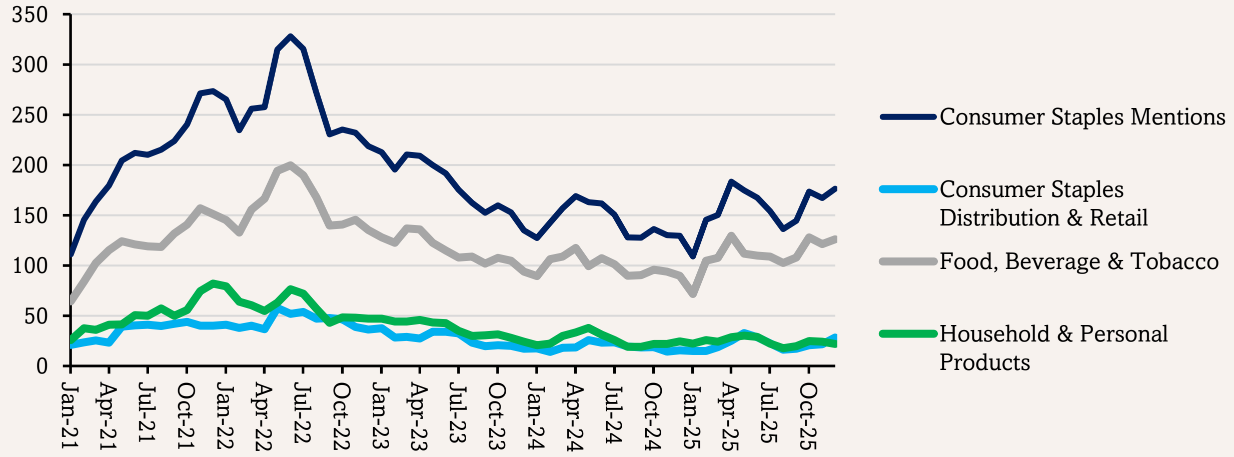
Inflation Mentions



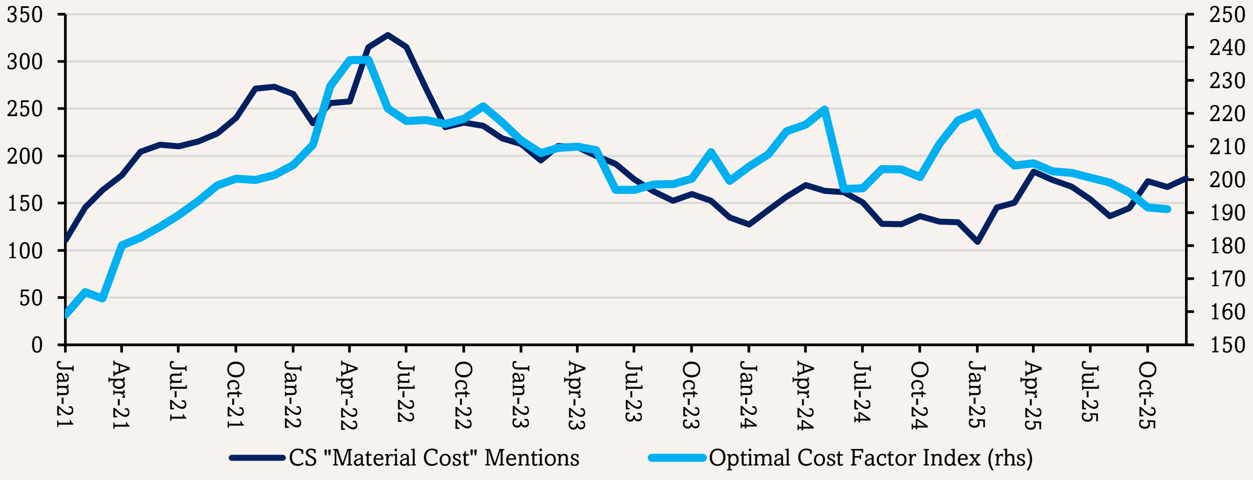
Tariffs Mentions



Material Cost Mentions



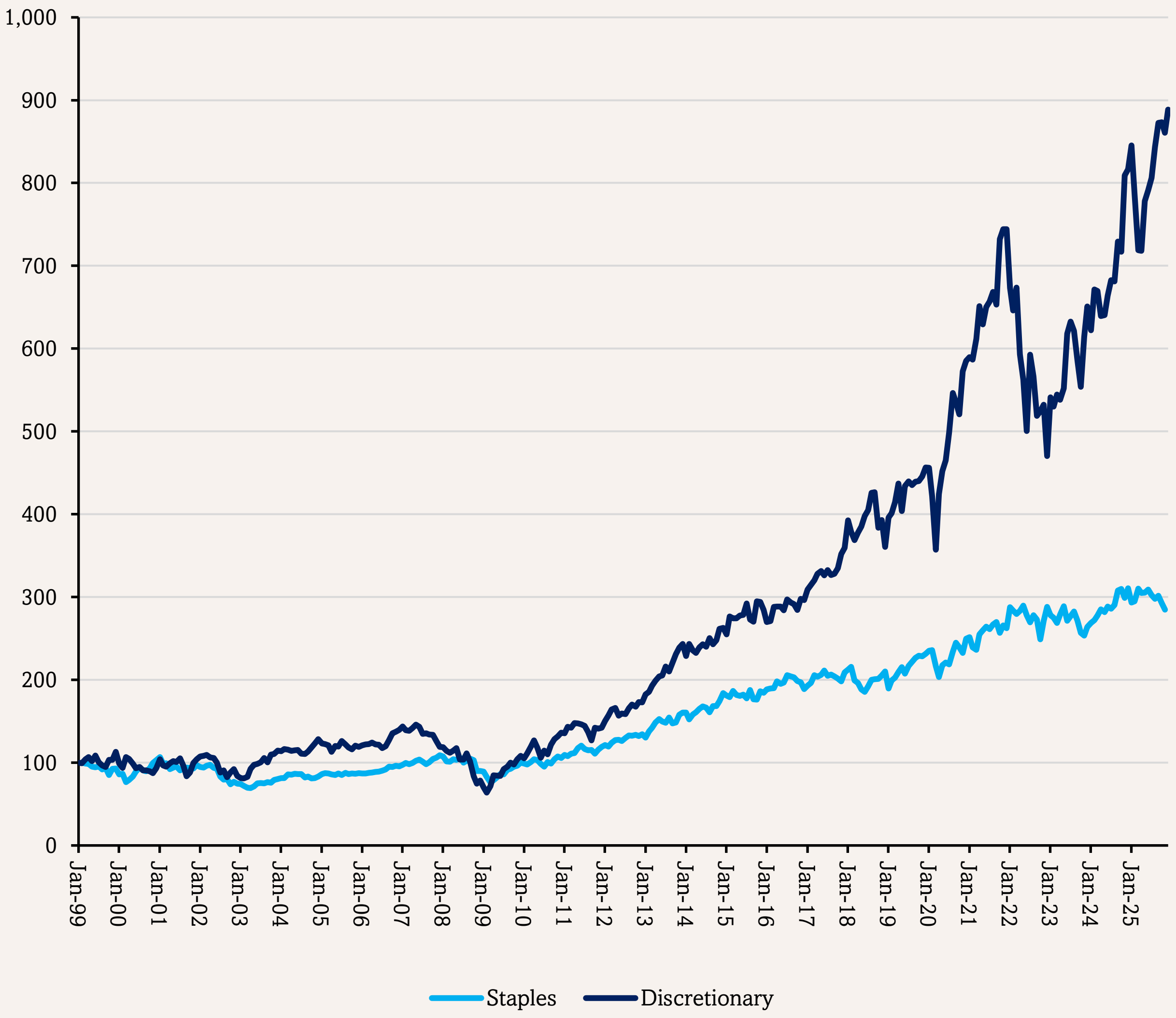
Cost Factor vs. Material Cost Mentions



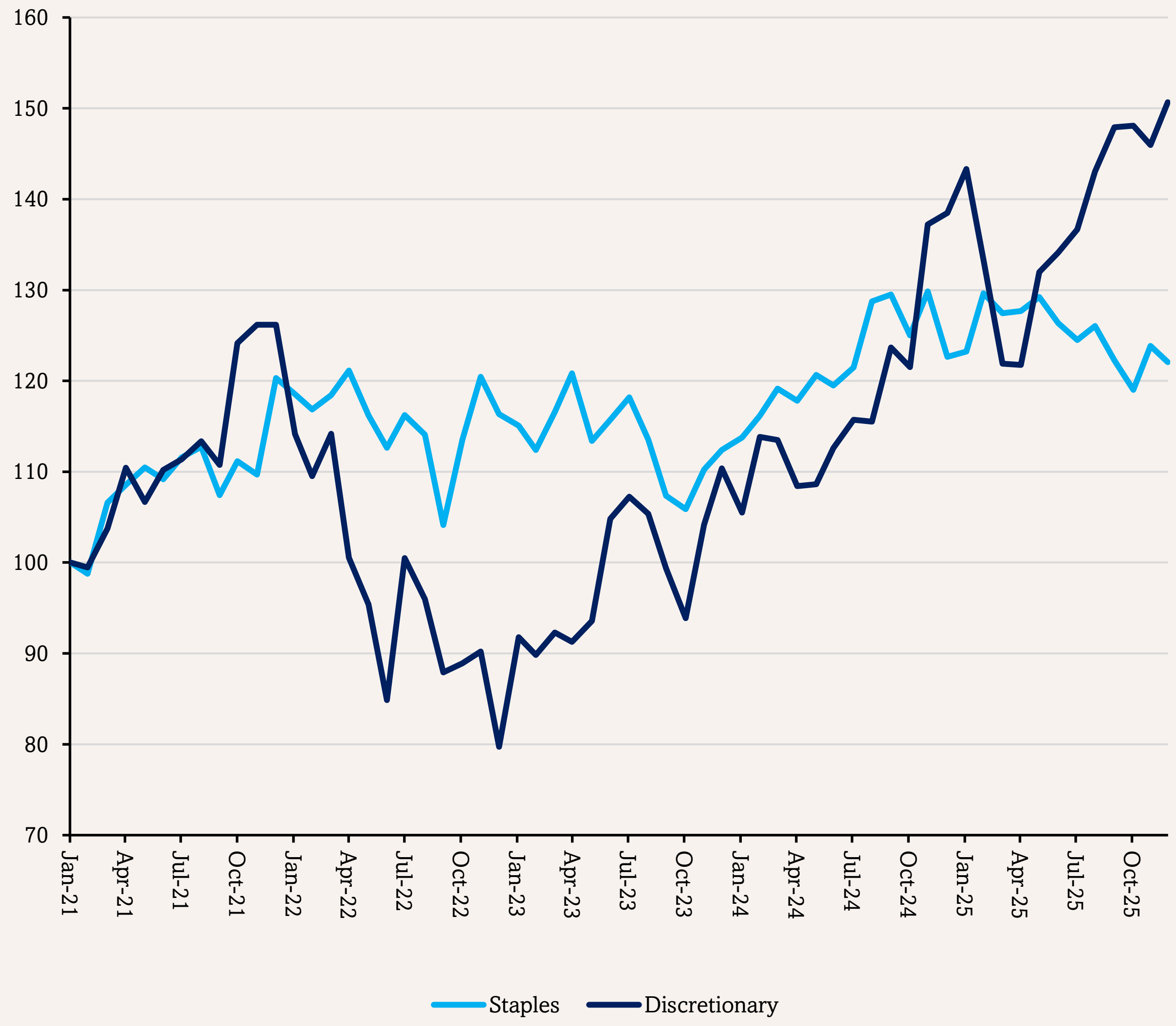
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Discretionary outperformance from 2010-2020; discretionary performing above staples since mid-2025

Sector Equity Returns (Jan 1999 = 100)



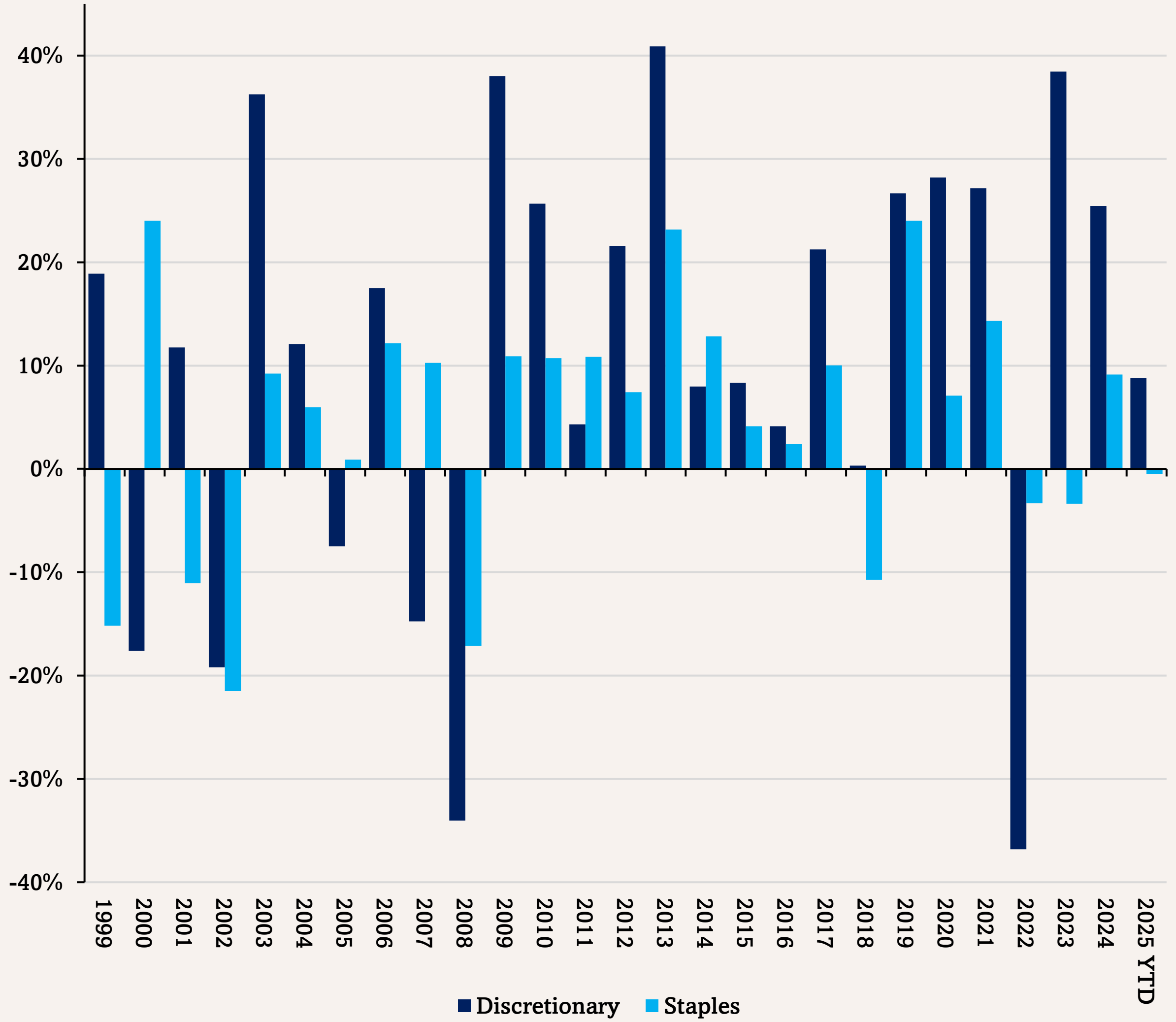
Sector Equity Returns (Jan 2021 = 100)



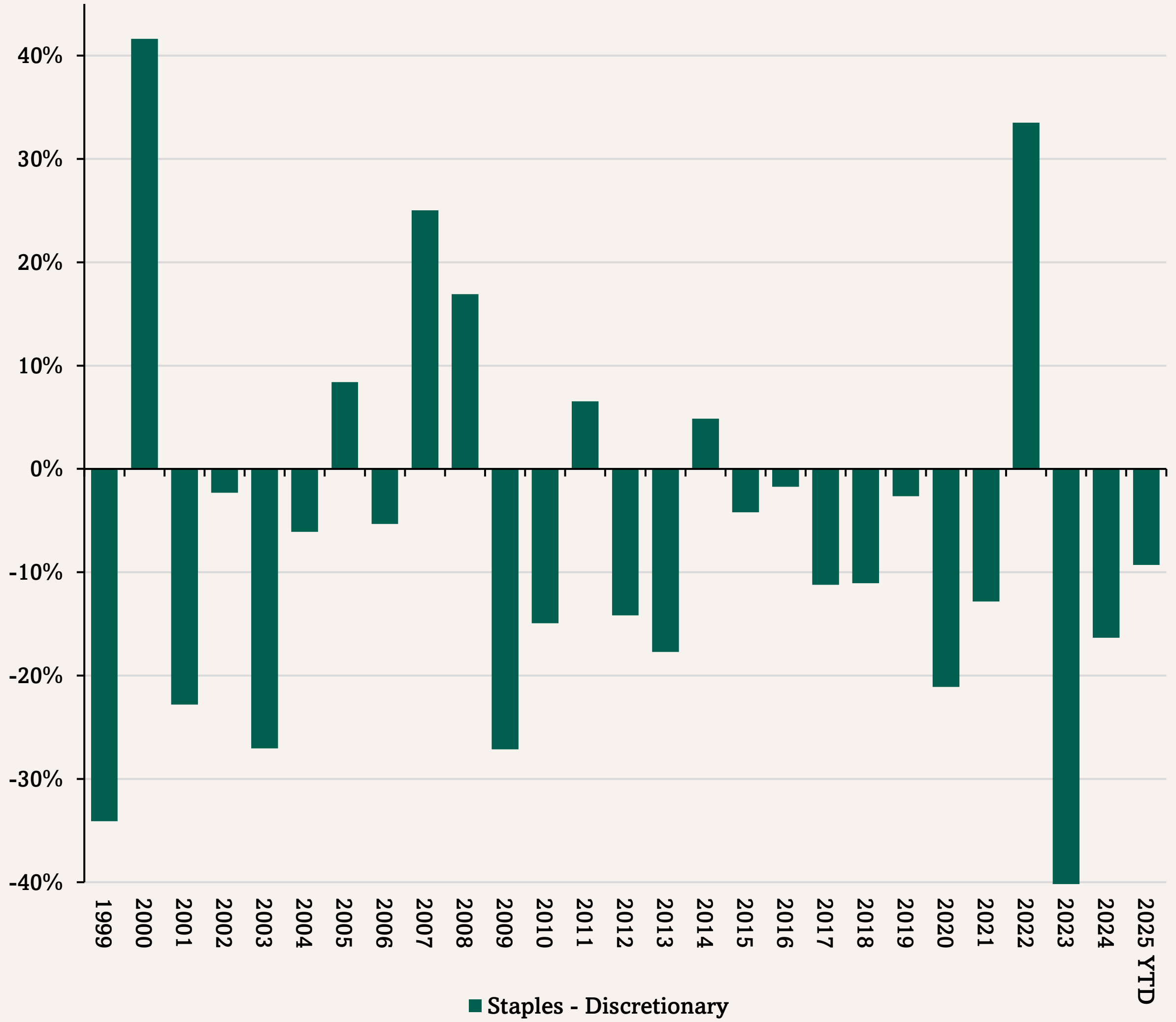
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Year to date, the SPDR Staples ETF (XLP) has declined (-0.5%); Consumer Discretionary ETF (XLY) has returned +8.8%.

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



Annual Staples Performance Relative to Discretionary

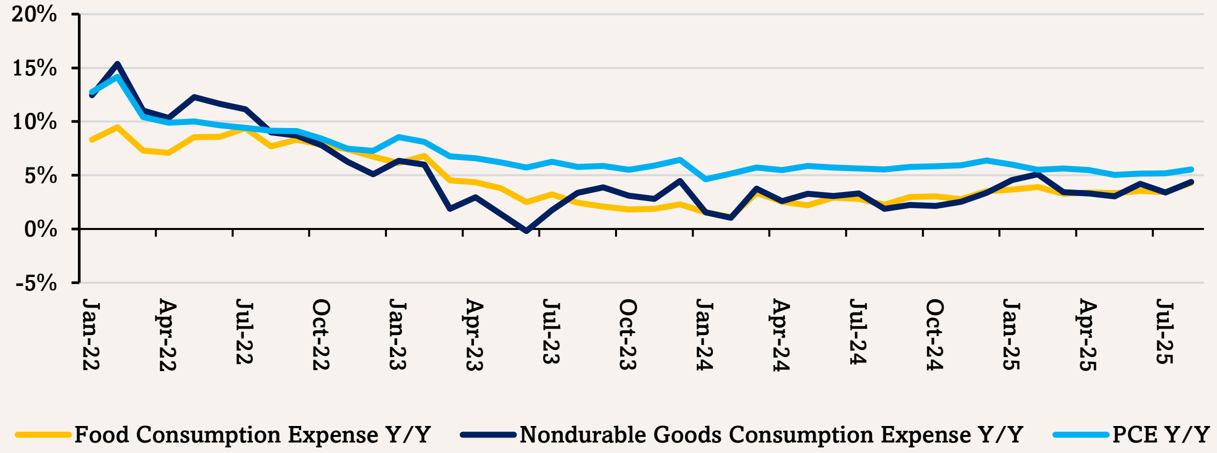


Sources: Optimal Advisory Proprietary Analysis, Bloomberg

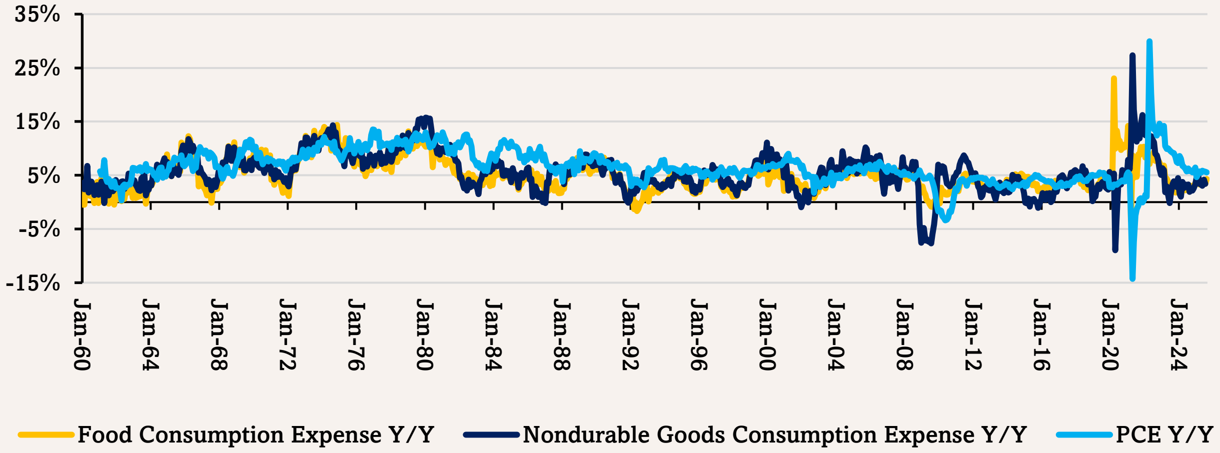
Consumer Staples Macro

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

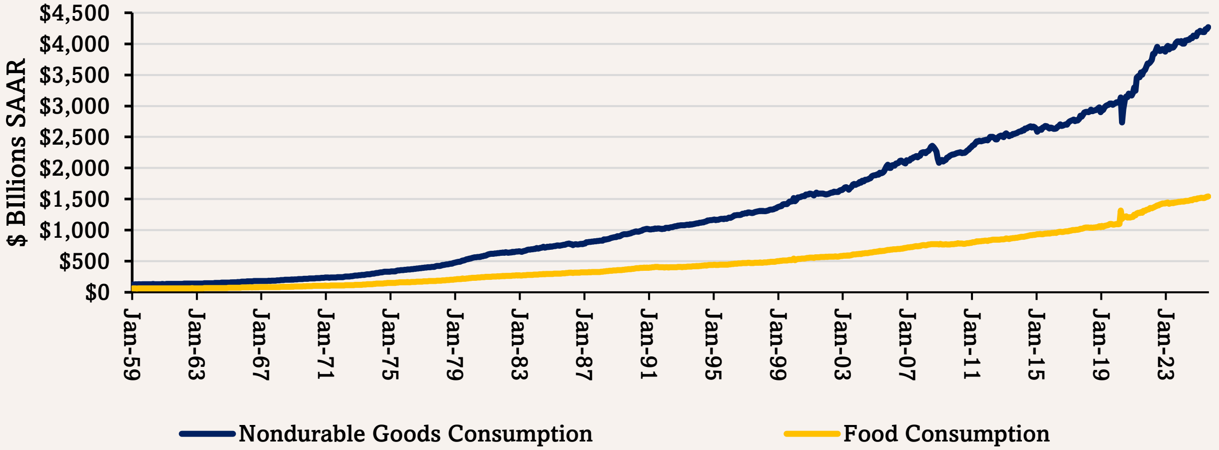
Nondurable & Food Expense Growth Running Below PCE



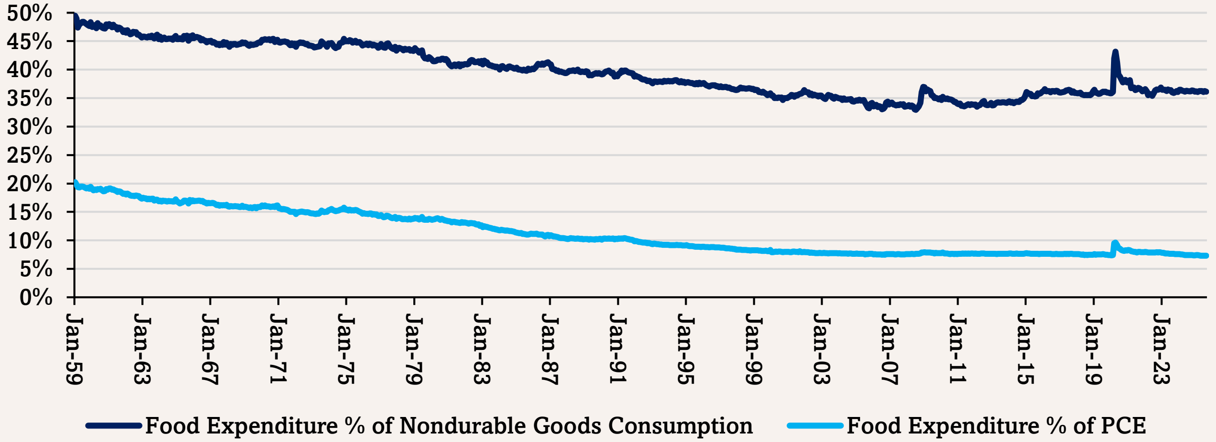
Long Term Consumption Growth



Nominal Dollars of Consumption



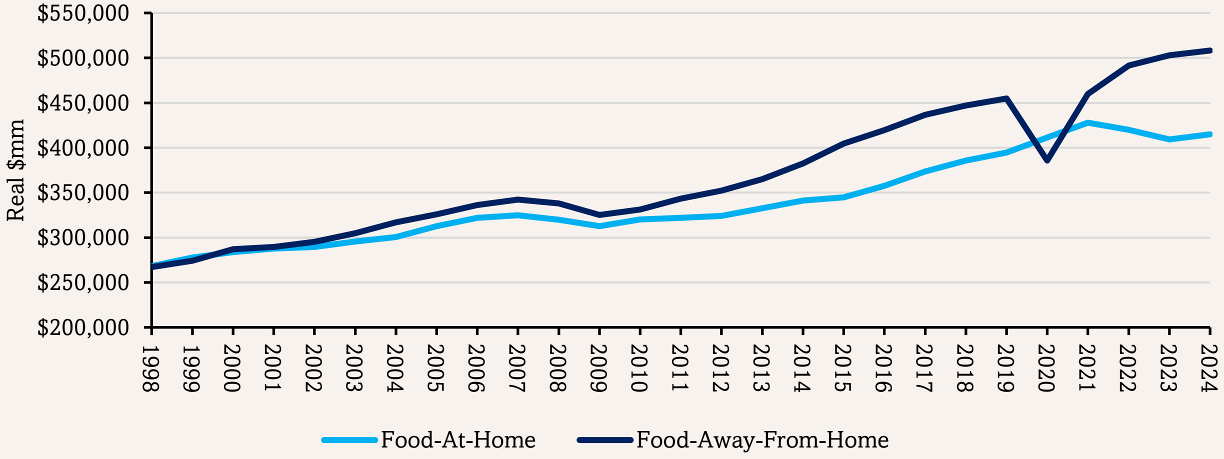
Proportionate Food Consumption



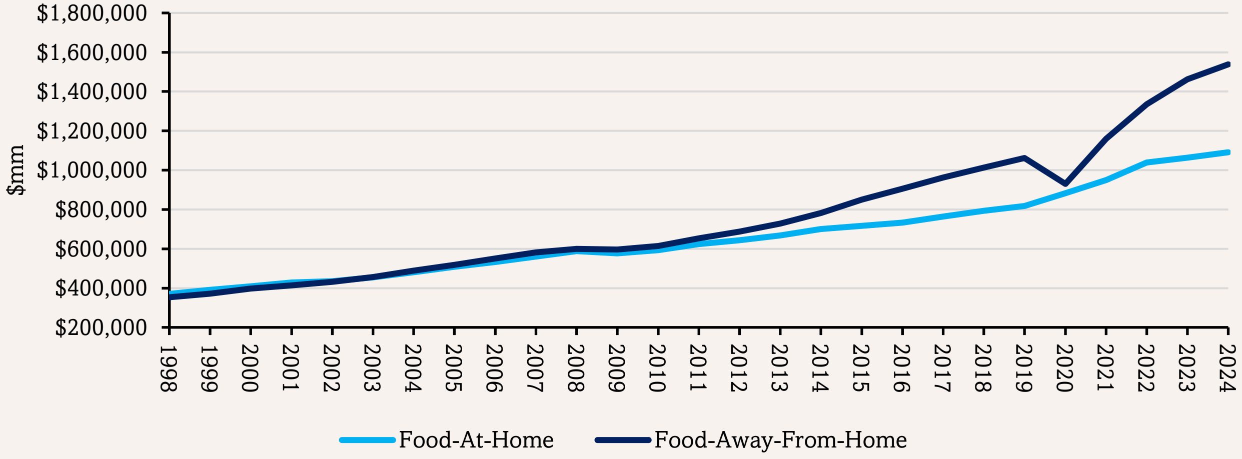
Sources: Optimal Advisory Proprietary Analysis, BEA, FRED

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

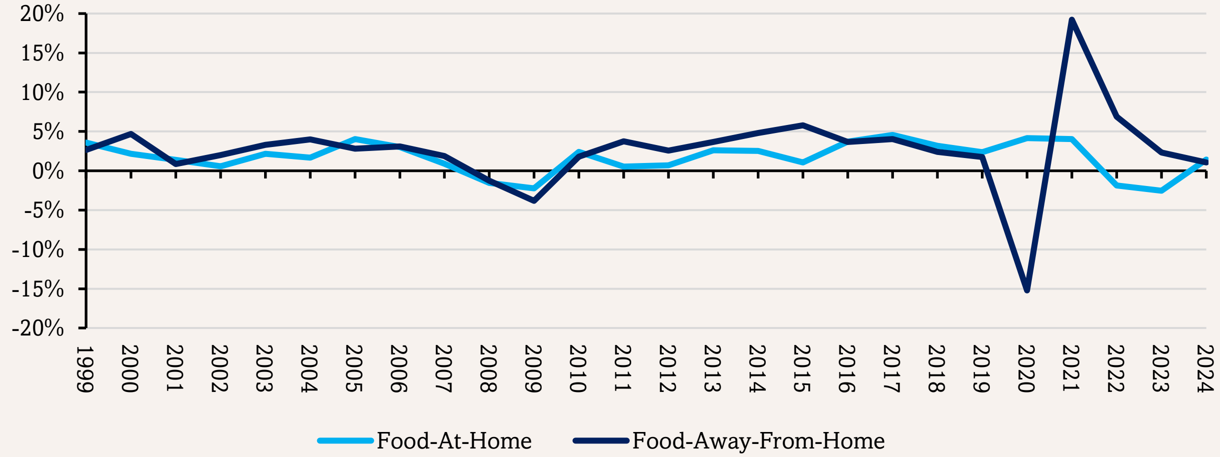
Long Term Food Spend REAL (1988 Base Year)



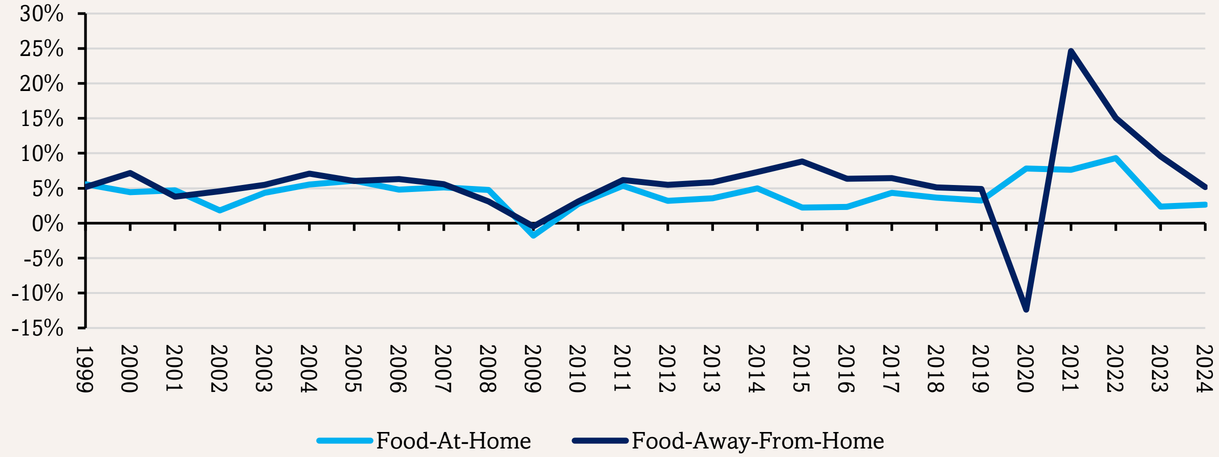
Long Term Food Spend



Food Spend REAL Growth (1988 Base Year)



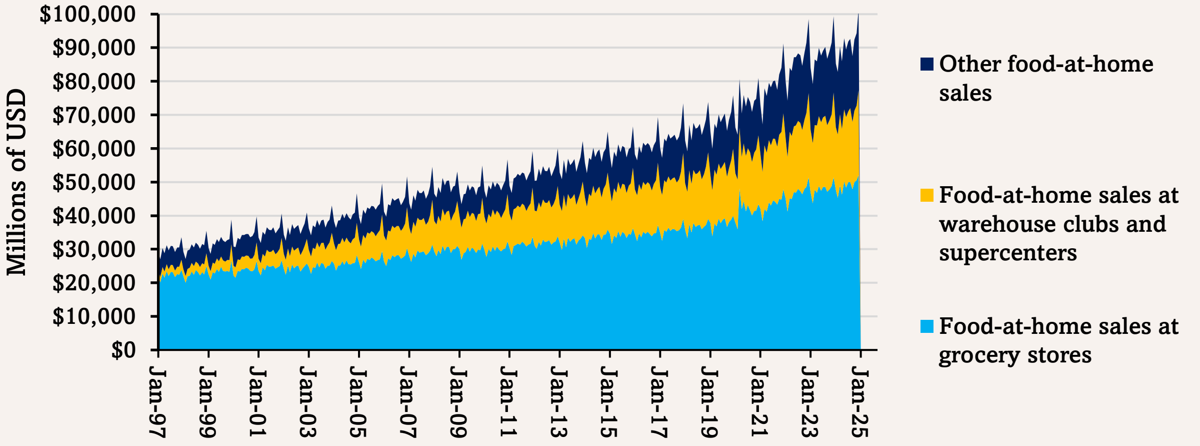
Food Spending Growth



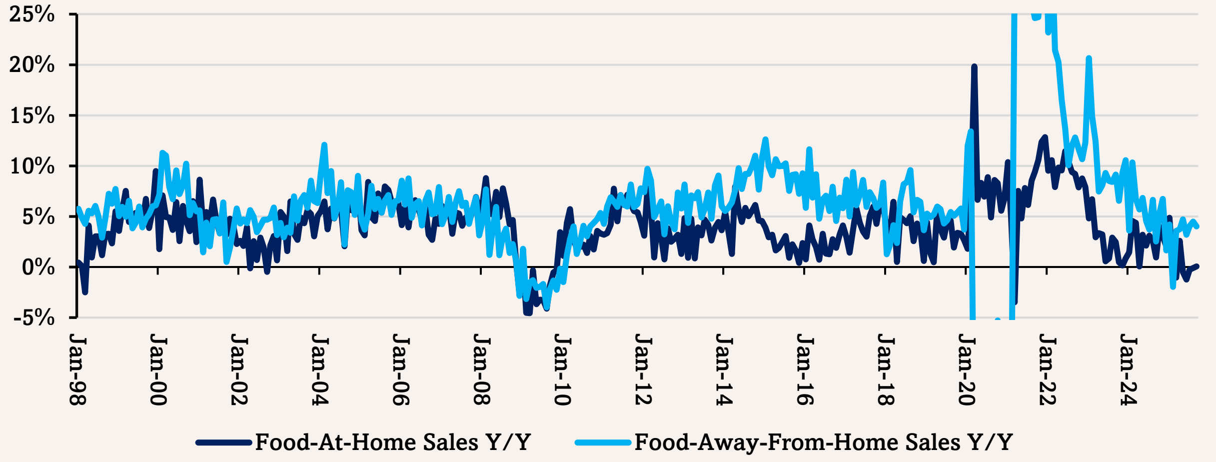
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

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

Monthly Food-At-Home Sales by Outlet

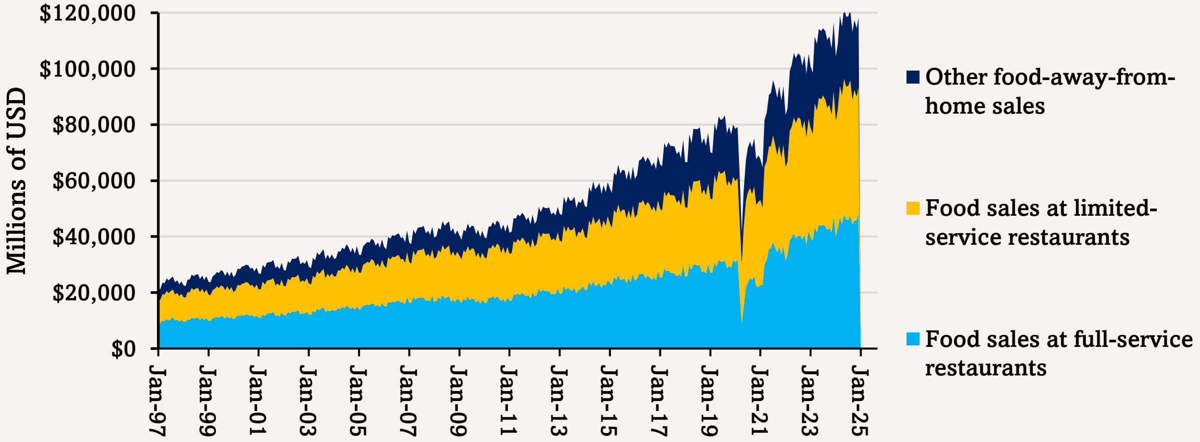


Food-At-Home vs. Away-From-Home Growth

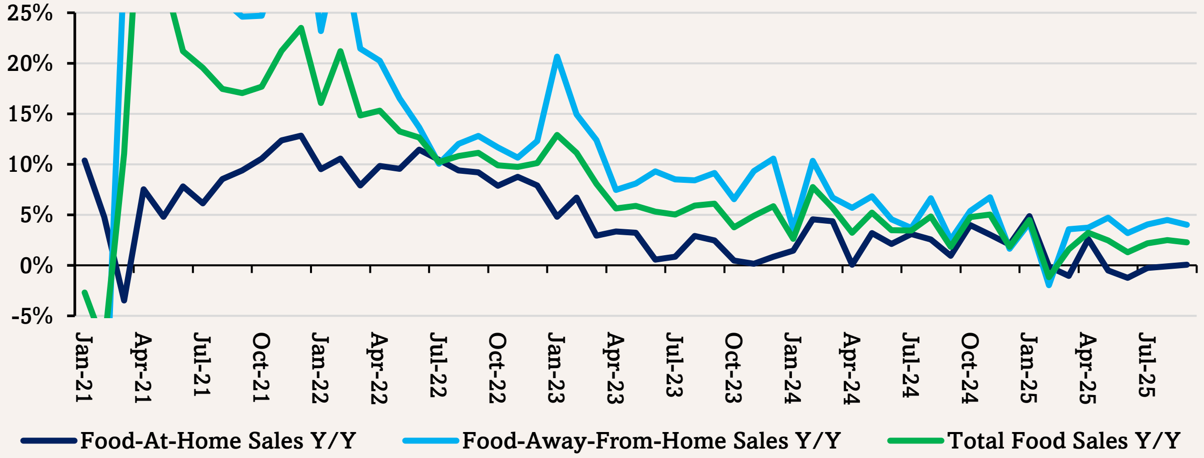


**y-axis constrained to avoid pandemic skew*

Monthly Food-Away-From-Home Sales by Outlet



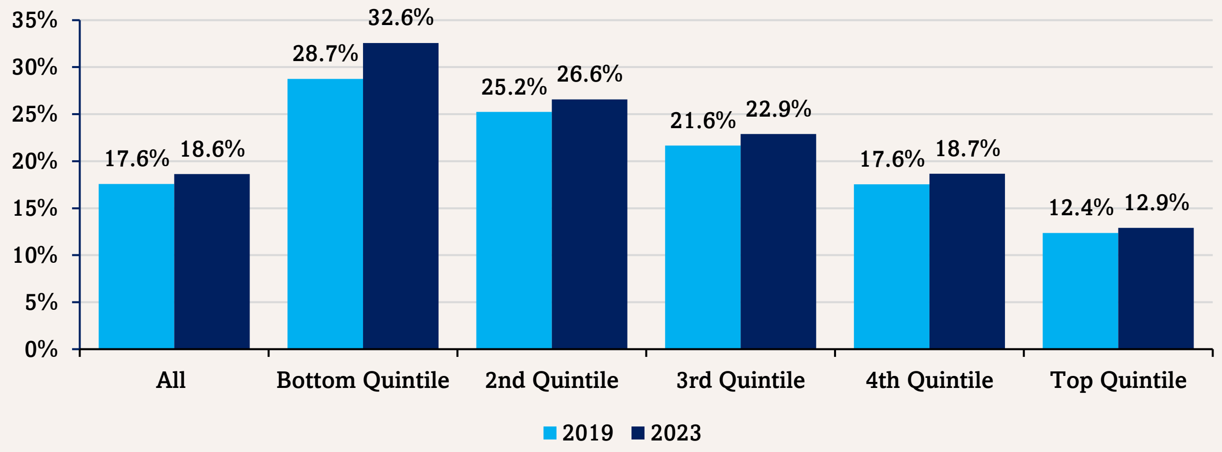
Short Term Food Sales Growth



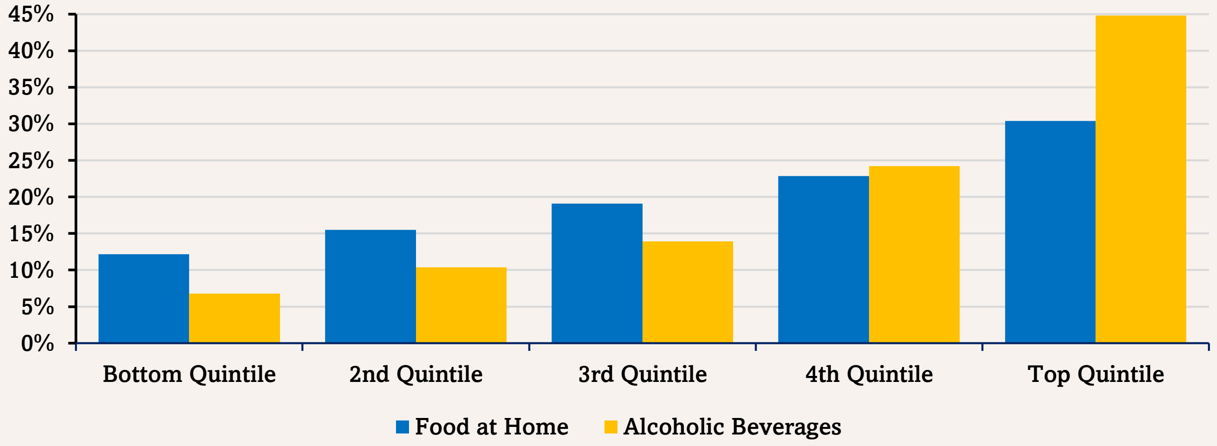
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

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

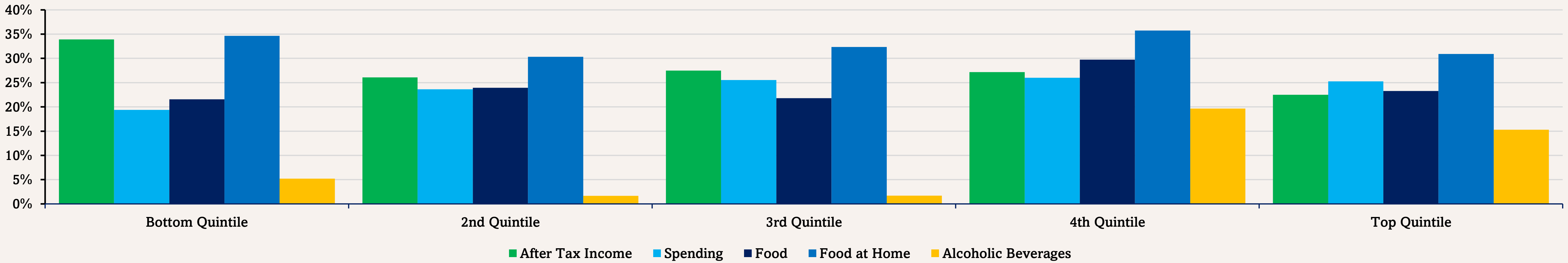
FAH Spend % of Discretionary Spending by Income Quintile



2023 Proportion of total spending on FAH & Alcohol



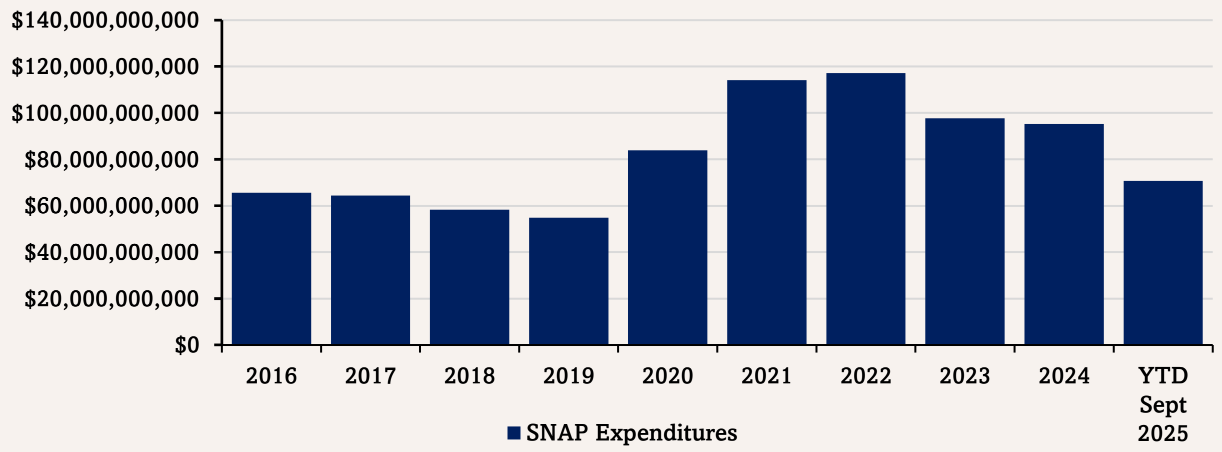
2023 vs 2019 Growth in Spending by Income Quintile



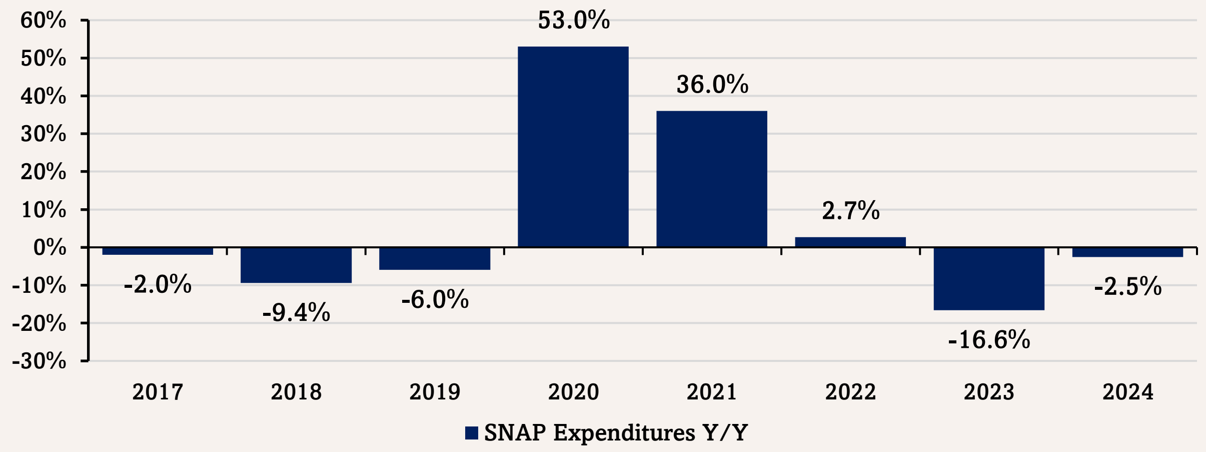
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

SNAP 2025 YTD participation in line with same time last year. New headwinds including shutdown, work requirements & state budget adding uncertainty for participants

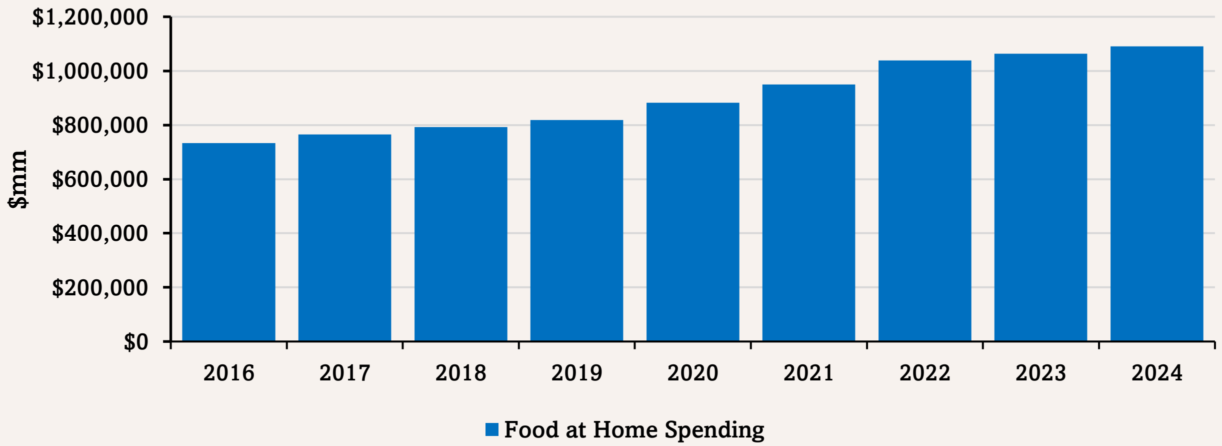
TTM Cost of SNAP Benefits



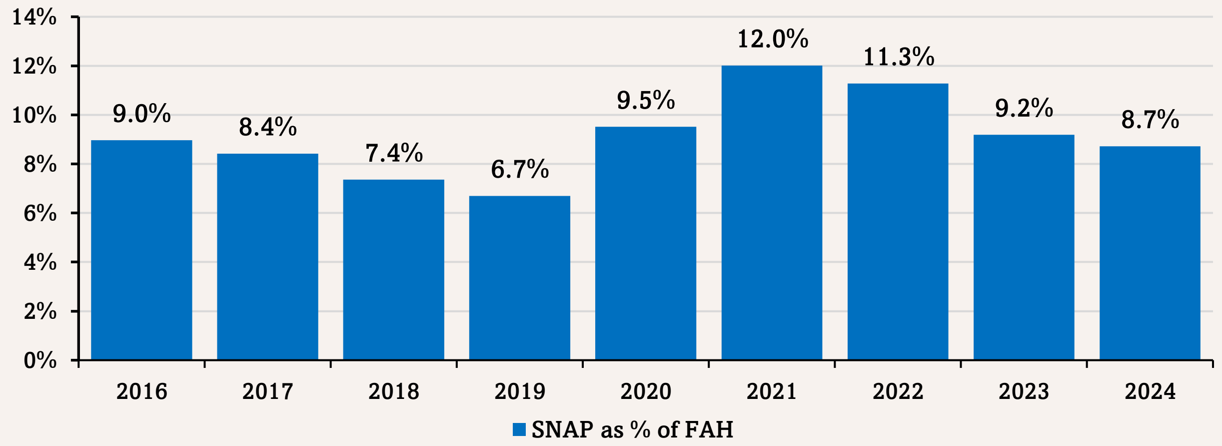
SNAP Expenditures Y/Y



FAH Spending Annualized



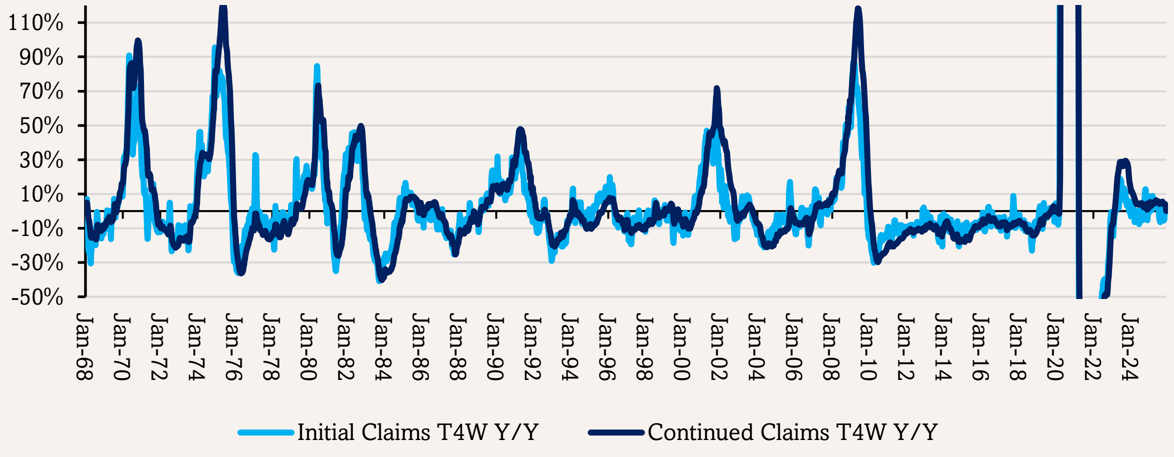
SNAP as a % of FAH Spend



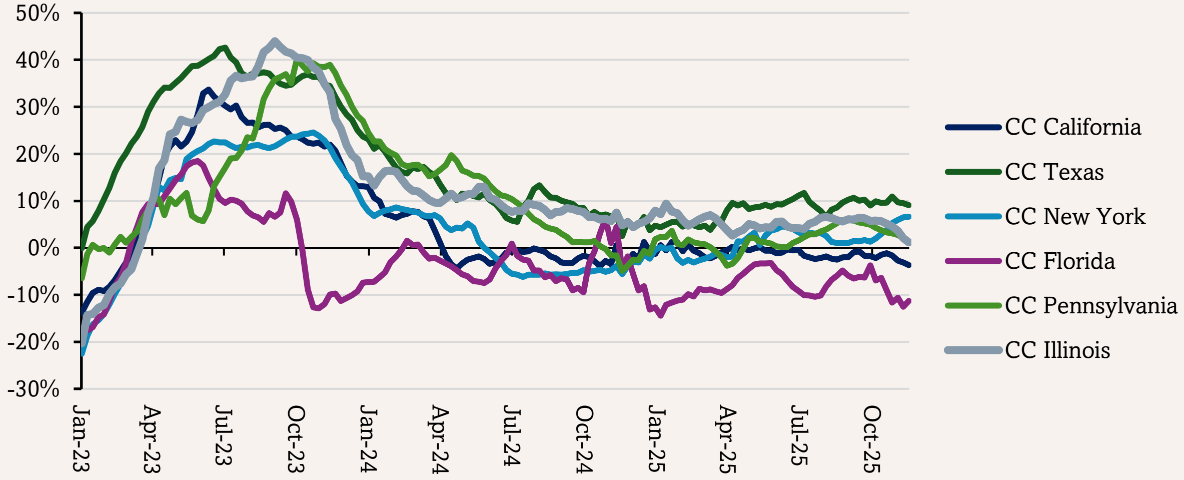
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

After going unreported for multiple weeks, continued claims running up 2.2% y/y while initial claims down -6.6% y/y. Most industries measured on Indeed continue to experience y/y declines in job postings

Unemployment Claims T4W Y/Y



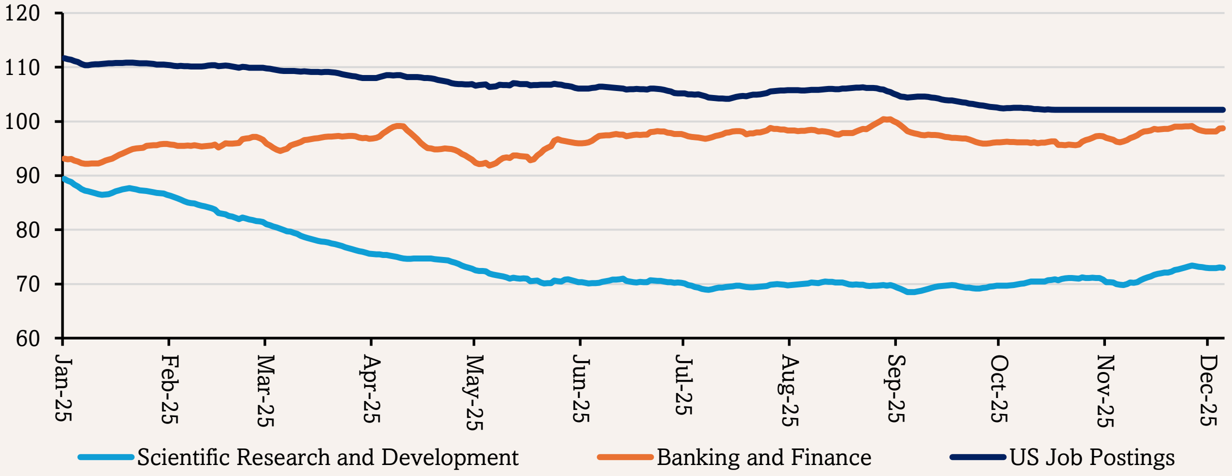
State Continued Claims T4W Y/Y



Industry Indeed Job Postings Leaders & Laggards

Industry	Posting Level Relative, Pre-Pandemic = 100	Y/Y Job Postings
Scientific Research and Development	73	-18.8%
Childcare	98.55	-16.2%
Accounting	111.66	-13.5%
Civil Engineering	152.81	-12.8%
Retail	89.98	-12.2%
Administrative Assistance	98.19	-11.9%
Education and Instruction	116.79	-11.6%
US Job Postings	**102.14**	**-7.9%**
Pharmacy	122.28	4.0%
Therapy	193.73	4.1%
Banking and Finance	98.71	5.7%
Physicians and Surgeons	199.97	6.9%

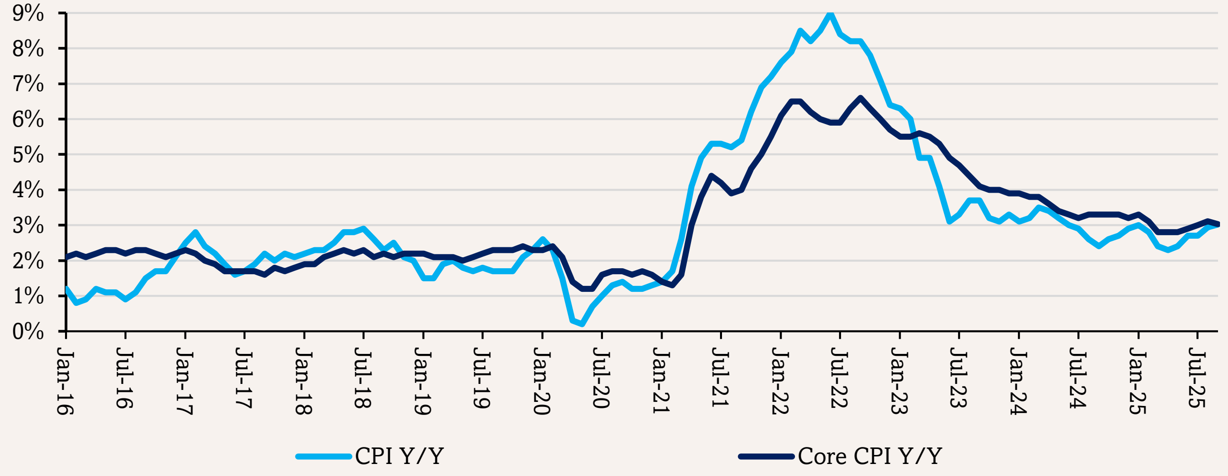
Daily Indeed Job Postings



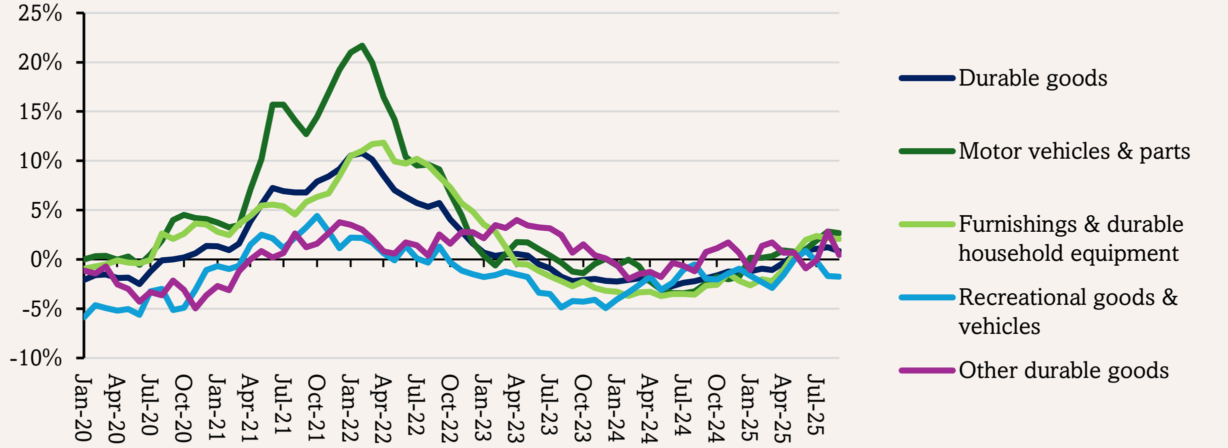
Sources: Optimal Advisory Proprietary Analysis, Indeed, U.S. Employment and Training Administration

Across most durable goods categories, the PCE Price Index has inflected back positively y/y after declining since the start of 2023. Headline and core CPI running up 3%, gasoline & energy flat y/y after running down for 7 months. Financial services price index running up 7% y/y ahead of other measured services

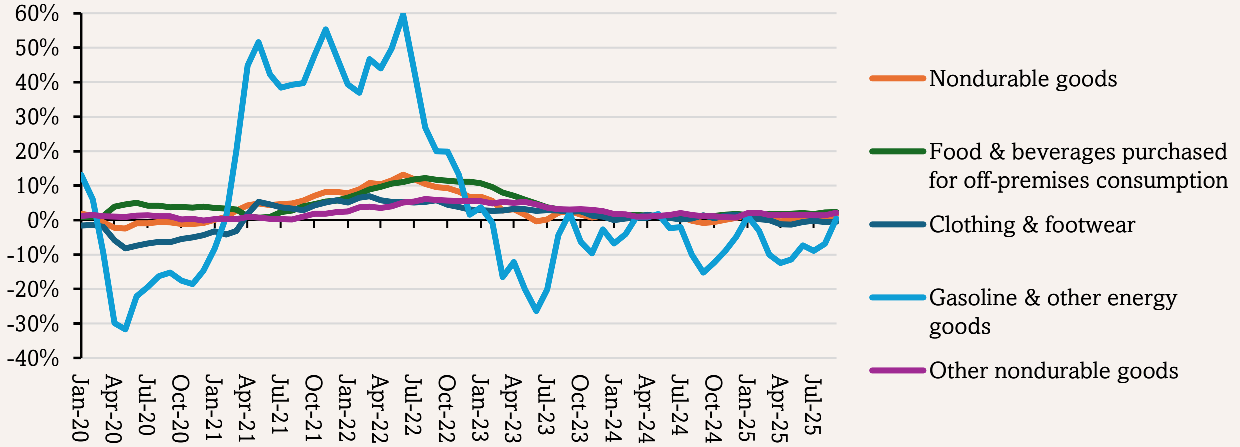
Consumer Price Index



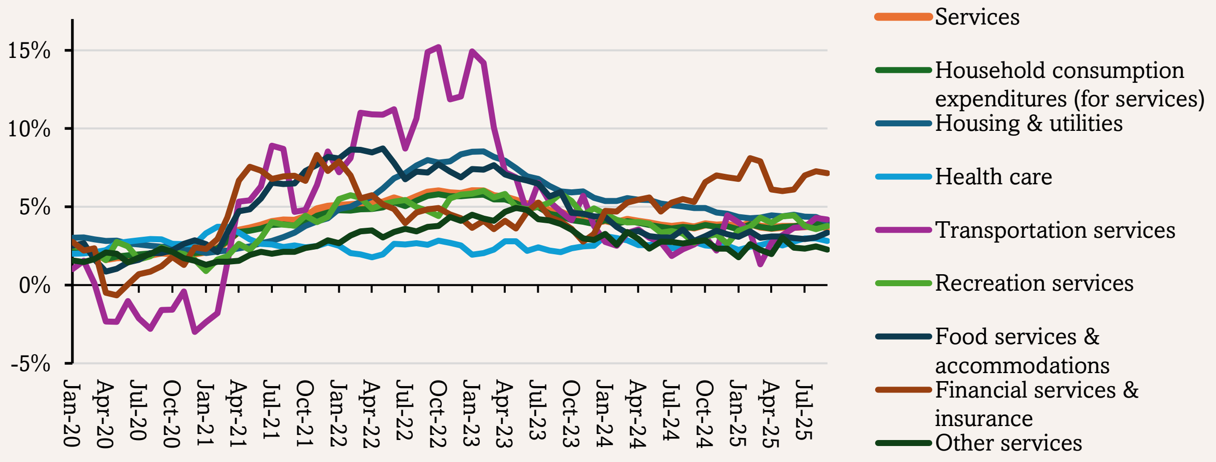
PCE Price Index: Durables



PCE Price Index: Nondurables



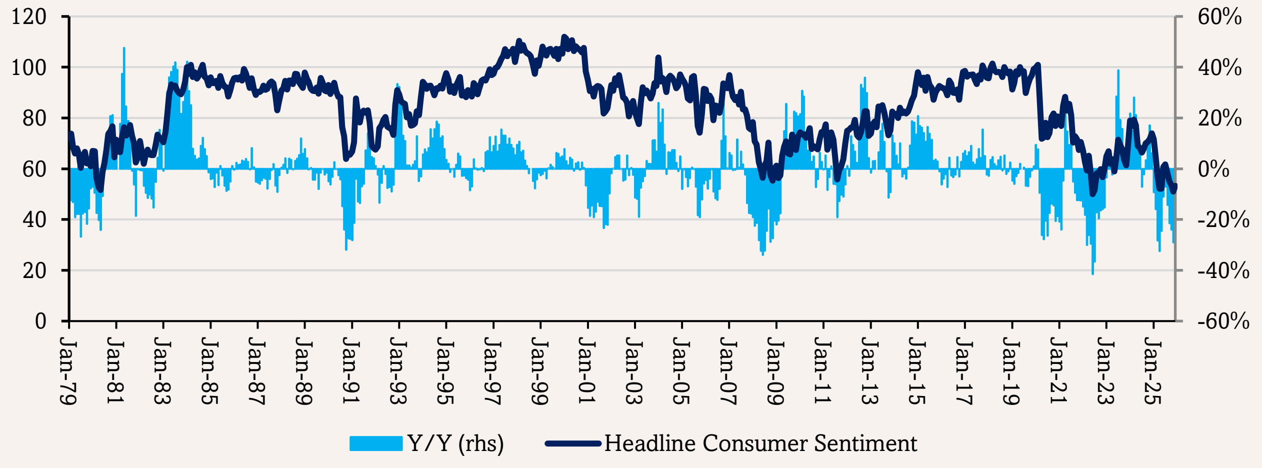
PCE Price Index: Services



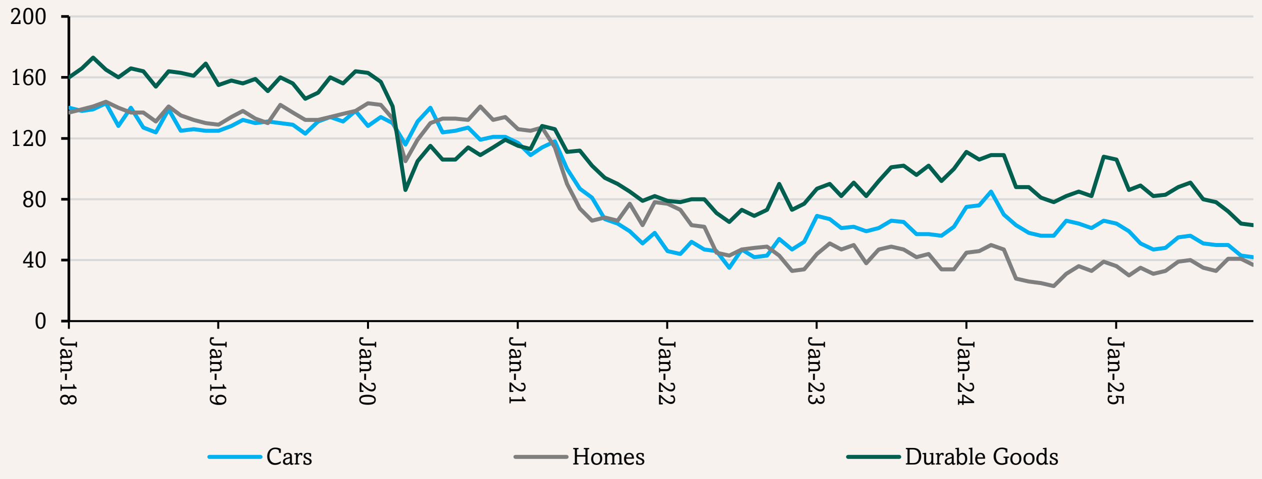
Sources: Optimal Advisory Proprietary Analysis, BEA, BLS

Preliminary headline sentiment has run down y/y for 12 consecutive months. Sentiment is now running down -28% y/y. Declines are particularly strong among 55+ (-33% y/y) and higher-income (-35% y/y) respondents

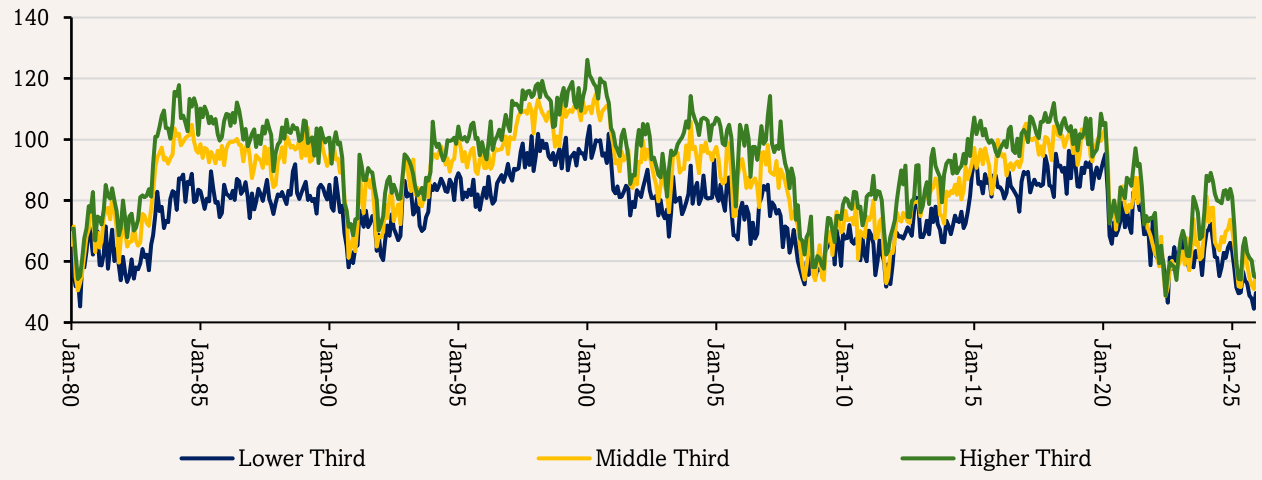
Headline Consumer Sentiment



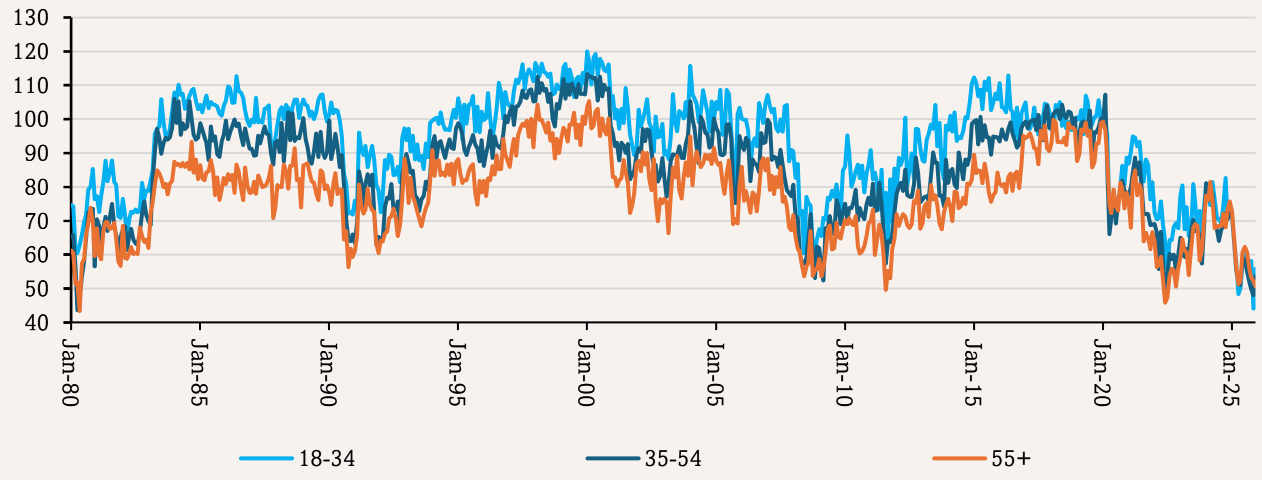
Purchasing Conditions



Consumer Sentiment by Income Terciles



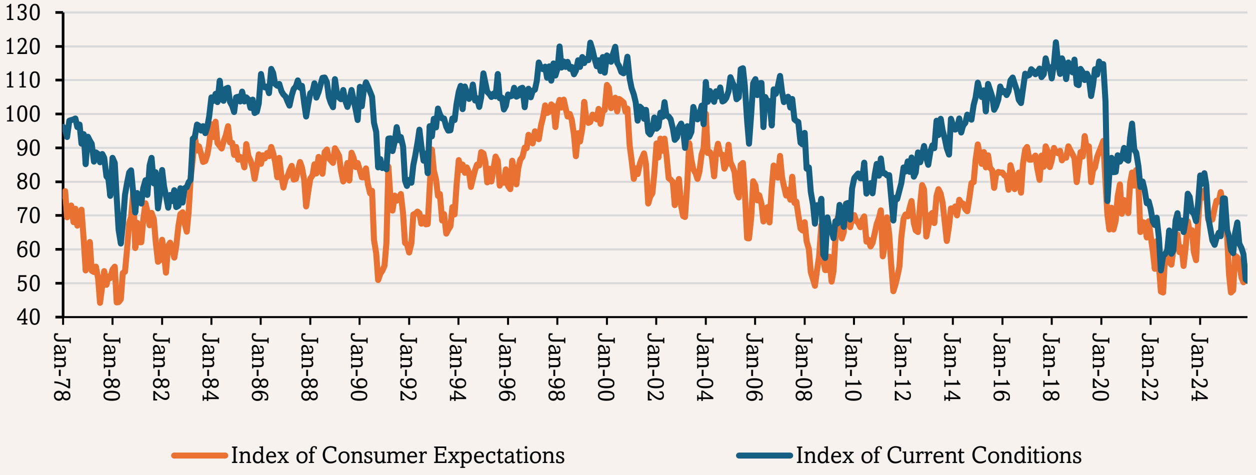
Consumer Sentiment by Age



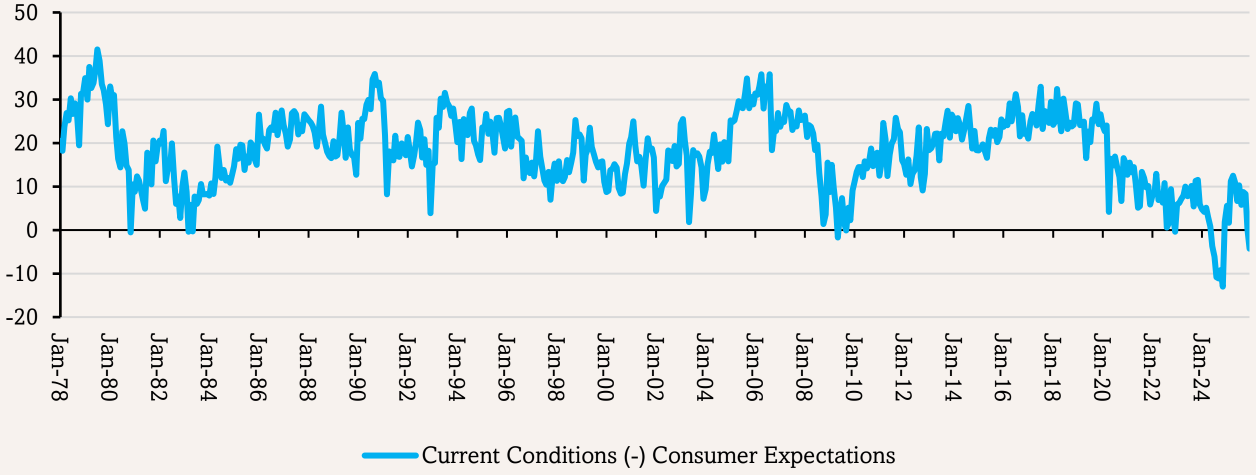
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

Survey respondents are pessimistic about current conditions. The index of current conditions is running below the index of expectations for only the 4th time since the 80s. Durable good buying conditions are running down -41% y/y, and current financial situation is running down -22% y/y after -3% y/y in October

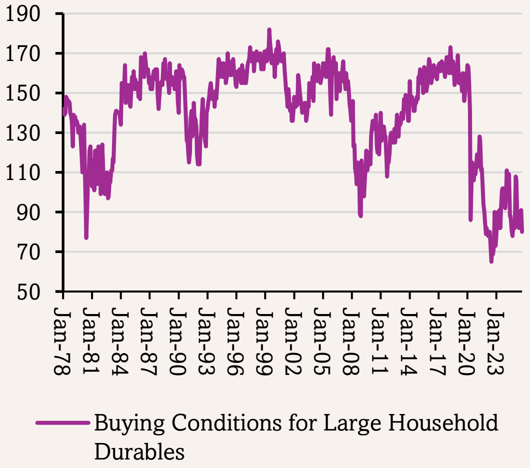
Expectations vs. Current Conditions

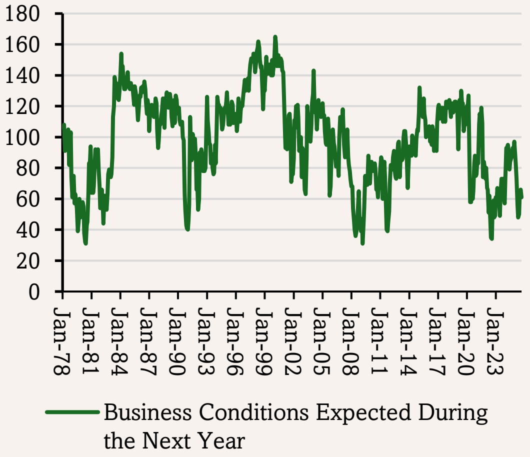


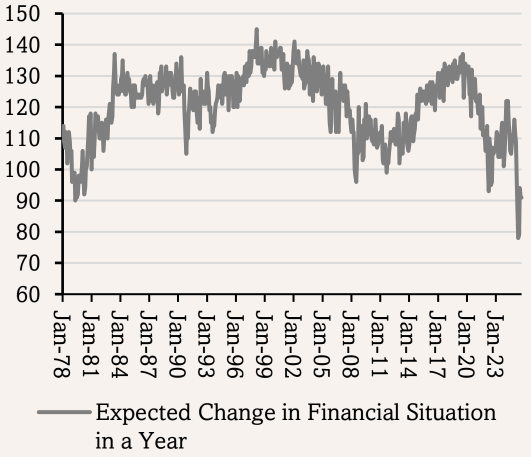
Current Conditions - Expectations

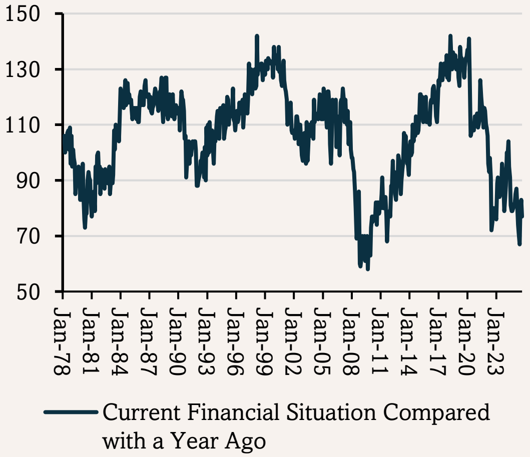


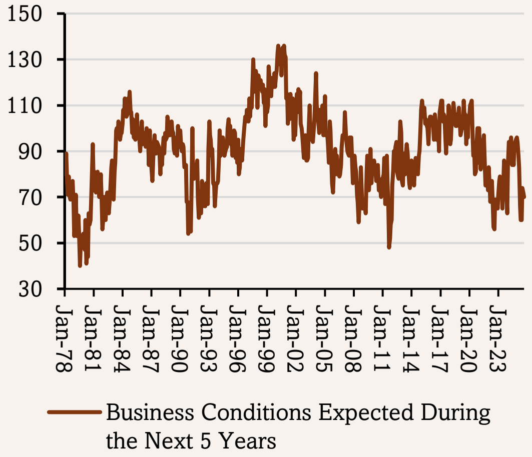
Components of Consumer Sentiment







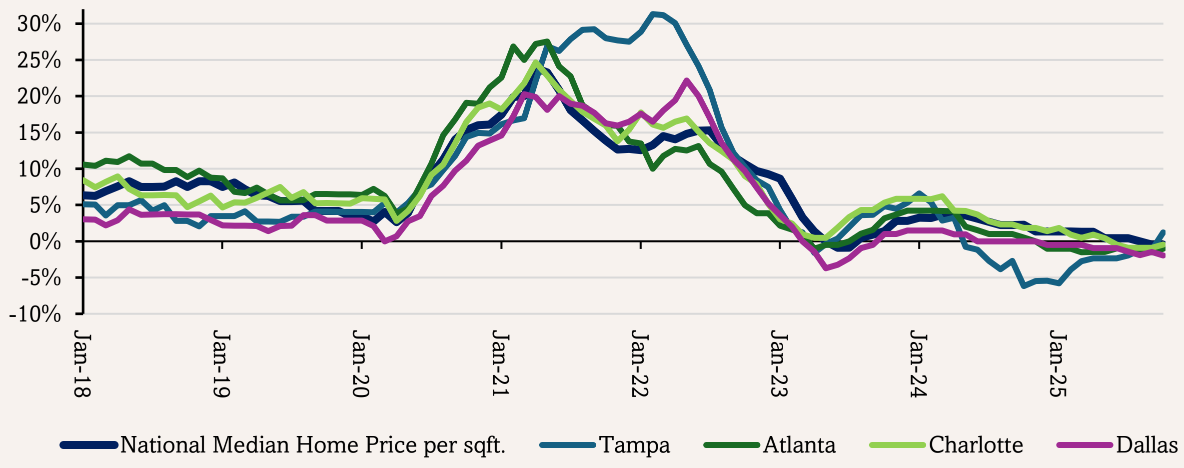




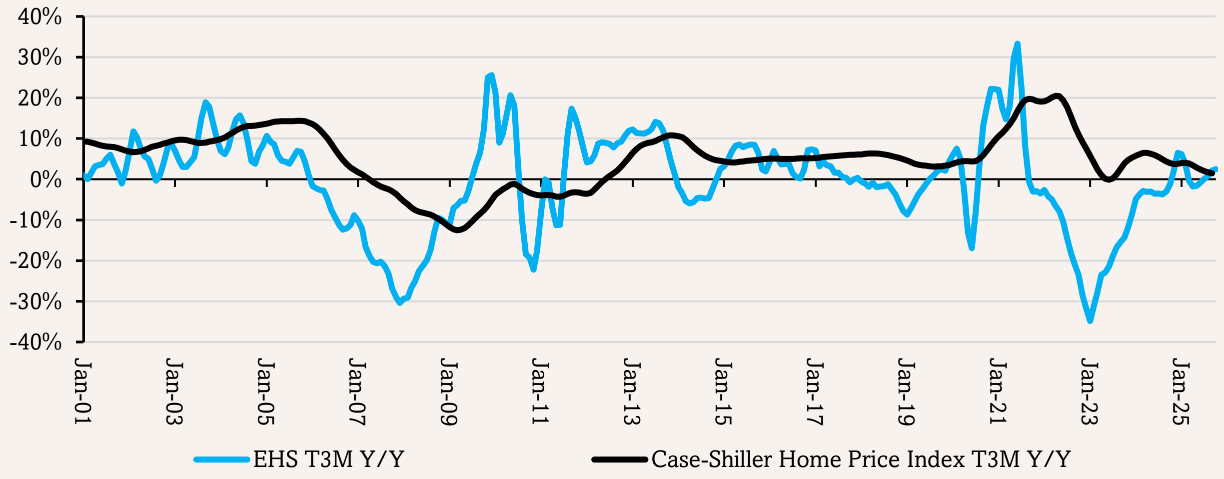
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

Home prices have been running up y/y across metro regions for much of 2025, but trends are softening and are running down y/y in September for 5/10 of the Case Shiller 10 metro areas

Median Home Price Per Sqft. Y/Y



Existing Home Sales



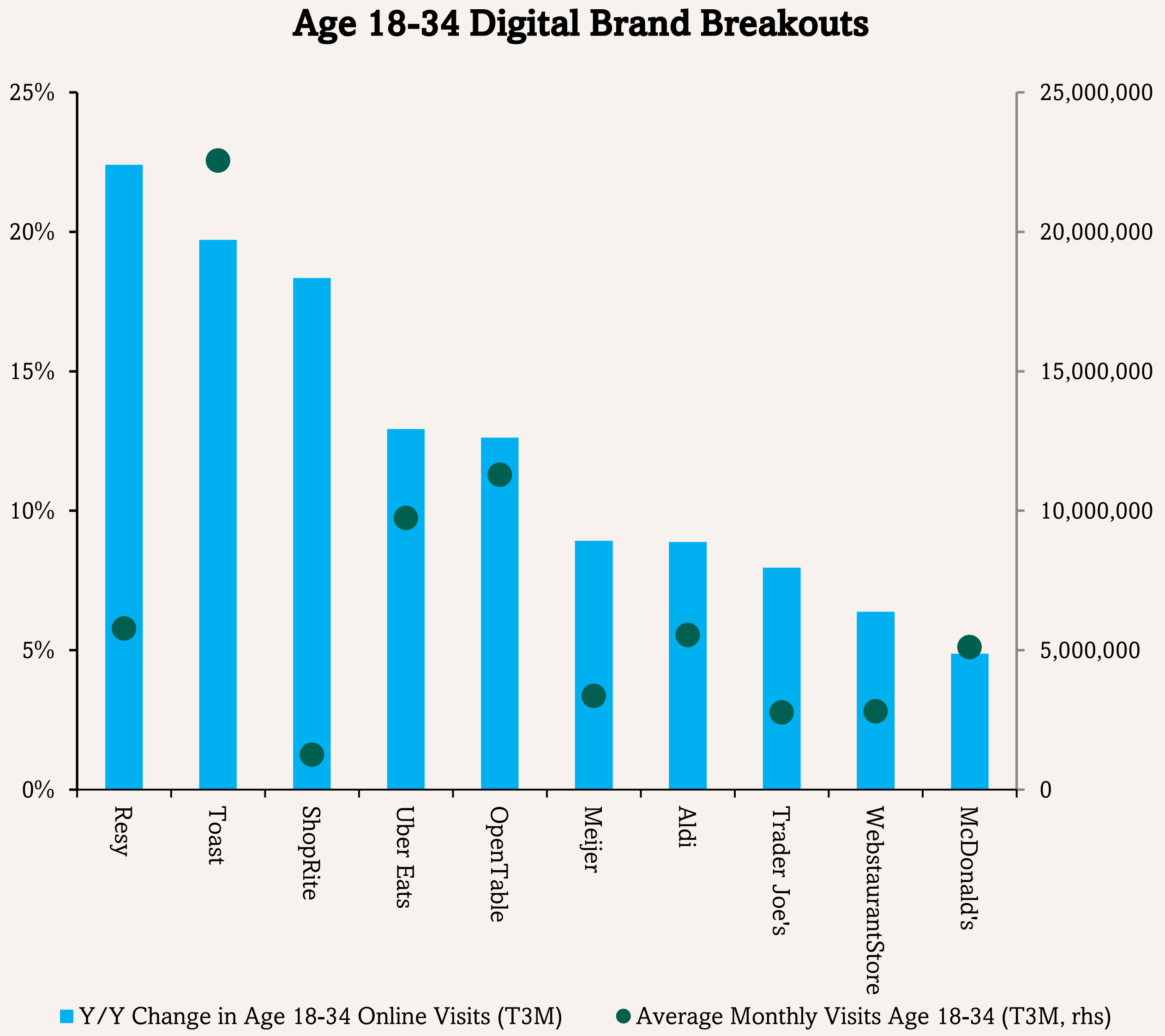
Metro Area Case Shiller Home Price Index Y/Y Heat Map

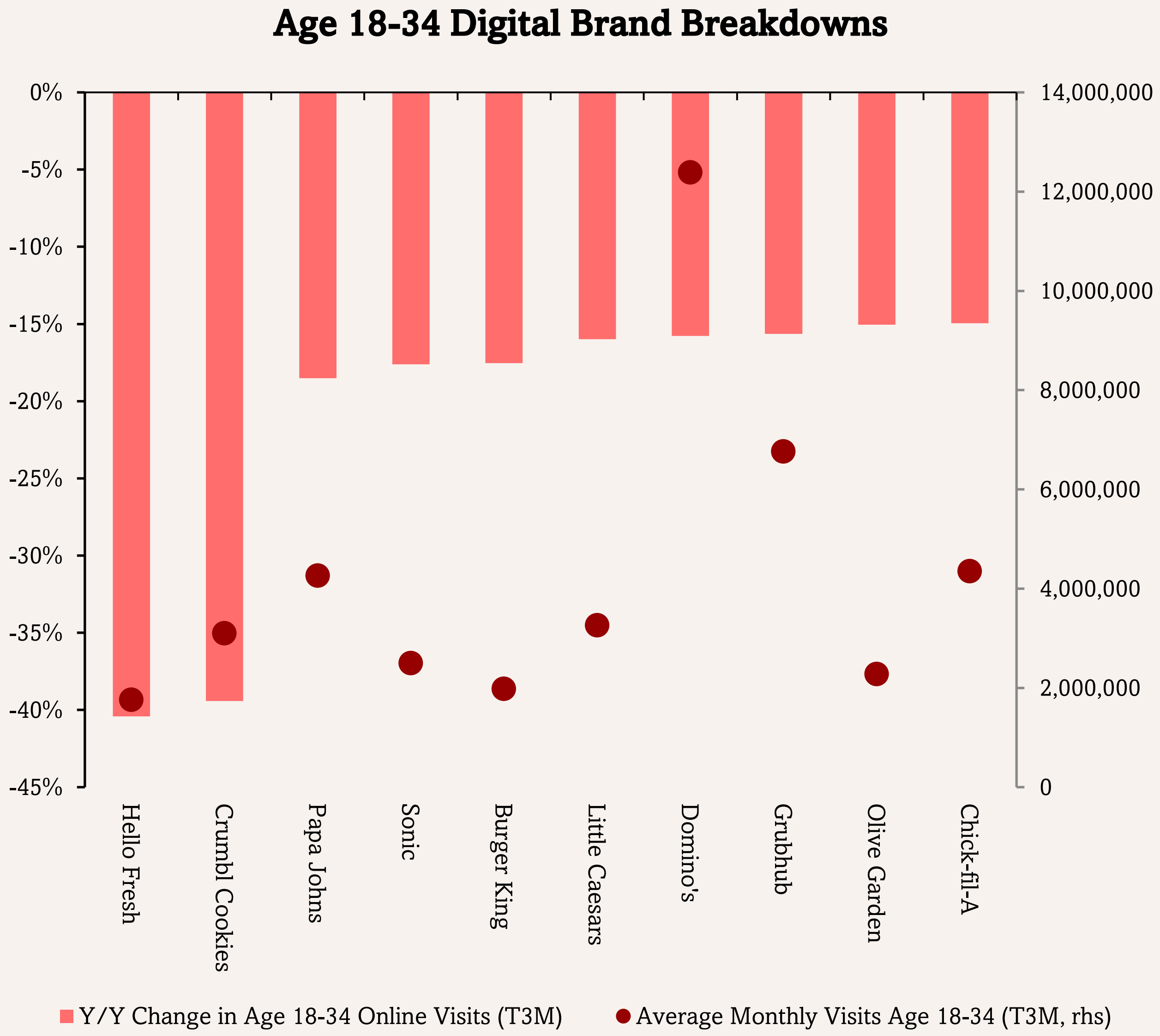
	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington, D.C.
Oct-24	4.4%	6.2%	0.5%	5.9%	4.0%	3.2%	7.5%	4.5%	1.6%	5.7%
Nov-24	5.2%	6.2%	0.9%	5.6%	3.8%	3.2%	7.6%	4.5%	2.0%	5.8%
Dec-24	6.4%	6.6%	1.5%	5.5%	3.5%	3.3%	7.6%	5.4%	2.8%	5.6%
Jan-25	6.6%	7.5%	1.9%	5.5%	4.0%	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%	6.1%	-0.6%	1.0%	0.2%	-1.3%	6.5%	-0.7%	-1.8%	1.3%
Aug-25	4.1%	5.8%	-0.7%	0.3%	0.1%	-1.6%	6.0%	-0.8%	-1.5%	0.9%
Sep-25	4.1%	5.5%	-0.7%	-0.8%	0.4%	-1.3%	5.2%	-0.8%	-0.9%	0.6%

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

Digital Inflections

Age 18-34 digital traffic to Resy, Toast, ShopRite, and Uber Eats is breaking out, and is breaking down for Hello Fresh, Crumbl Cookies, Papa Johns, & Sonic





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