Consumer Staples Briefing Book

January 2026

OPTIMAL

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

January real-time spending is improving as 16/17 proprietary Optimal staples subsectors now inflecting positively (compared to 14/17 inflecting negatively last month) we note: positive inflection in restaurant and beauty spending versus negative inflection for hard discounters & mainstream grocery ticket. Mainstream grocery now flat while dollar and club clear leaders. Restaurant spending improving in each of its 3 subsectors… See pp 5-12.

Callouts from our proprietary *Optimal Cost Factor (which incorporates 30 + cost inputs)*… Cost relief from lower input costs remains despite winter weather drives energy costs higher. Lower meats/protein costs continue to benefit food service industry, creating timely (GLP-1) center plate protein margin opportunities. Leading beneficiaries of current cost relief include HSY, LW, MDLZ & Wing Restaurants... See p 14.

The risk of another U.S. government shutdown remains elevated ahead of another funding deadline and ongoing budget negotiations. Indirect headwinds especially among lower-income households dependent on federal benefits.

Staples starting 2026 strong as a broadening market leads outperformance over discretionary and the broader market (See p 26). We monitor fundamentals of the largest staples names (See p 20-23). Evidence of less pressure on middle class with Core CPI at its lowest year/year level since 2021, and lower mortgage rates hope to open the locked in US housing market. See p 35-38.

Our upcoming virtual client meetings, contact us with questions:

- **2026 Outlook for Retail / Brands / Sourcing with Michael Mone, President & CEO of Harry Bachrach – 2/6**
- **2026-2028 Housing & Economy – Midterms, Policy, and Other Considerations – Virtual Client Meeting with Ted Gayer, President of the Niskanen Center – 2/20**
- **2026 Alcoholic Beverage Outlook – Virtual Client Meeting with Michael Cherner, President of Prestige-Ledroit – 2/27**

	Getting Worse	Getting Better
Underdiscussed	• Lower commodity inputs hurting retailer comp outlook via lower perimeter/perishables spend. • Lower end consumers are extremely stressed relative to the broader economy. Many can't afford the items they want. • Congressionally approved temporary funding expires at the end of this month, concerns increasing about an additional round of partial government shutdowns.	• Input cost declines since early Fall 2025 suggest earnings flexibility relative to plans for 2026. • Strong global crop yields and oversupply lowering commodity cost inputs including corn and cocoa. • Staples and Small Caps off to strong start to 2026 • For global staples brands, a weakening US dollar may advantage those with high overseas exposure (e.g. CL, EL, PG, UL, MICC).
Overdiscussed	• GLP-1 is a headwind for food & beverage sectors. • Consumers report they are choosing to drink less alcohol.	• Much of the sector at record low *relative* valuations. • Many companies have announced the exploration of strategic options, selling or splitting. This is well known and, generally, priced in. • A health-conscious consumer actively seeking new brands and products that help them meet their goals

Proprietary Subsector Spending Analysis

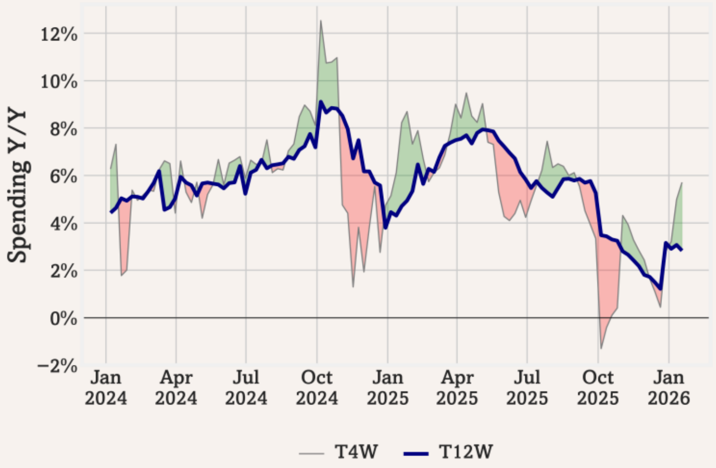
Softer consumer spending trends across the Staples economy have improved in January – we note 17/18 measured categories with positive inflection between 4-week & 12-week trends, 15/18 inflecting negatively last month

	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	5.7%	2.8%	2.9%	4.5%	2.6%	1.1%	0.2%
GROCERY DELIVERY	1.5%	0.3%	1.2%	5.0%	5.6%	-3.3%	-5.0%
DOLLAR	6.7%	4.9%	1.8%	5.2%	2.1%	1.4%	2.8%
HARD DISCOUNTER	0.7%	1.2%	-0.5%	1.1%	0.7%	-0.4%	0.5%
MAINSTREAM GROCERS	0.8%	0.3%	0.5%	0.2%	-0.6%	0.6%	0.9%
PET	-0.3%	-2.8%	2.5%	-1.5%	-4.3%	1.2%	1.6%
PHARMACY	-1.1%	-5.6%	4.5%	-1.0%	-4.0%	0.0%	-1.6%
PREMIUM GROCERS	0.8%	0.3%	0.5%	0.9%	0.3%	-0.1%	0.0%
BROADLINE RETAIL	3.0%	0.0%	3.0%	0.6%	-1.6%	2.4%	1.7%
E-COMMERCE	11.0%	6.3%	4.8%	13.0%	7.8%	-1.7%	-1.4%
MEAL DELIVERY	11.5%	9.7%	1.8%	8.3%	6.9%	3.0%	2.7%
FAST FOOD	3.6%	2.0%	1.6%	1.9%	-0.7%	1.7%	2.7%
BEAUTY	8.1%	-0.3%	8.4%	2.6%	-2.9%	5.3%	2.6%
FAST CASUAL	2.0%	-1.1%	3.1%	0.9%	-2.7%	1.1%	1.6%
CASUAL DINING	2.8%	-1.8%	4.6%	-3.4%	-7.3%	6.4%	5.9%
COFFEE	5.2%	1.7%	3.5%	3.4%	0.5%	1.7%	1.2%
PIZZA	-3.2%	-4.2%	1.0%	-4.3%	-4.4%	1.2%	0.1%

Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Mainstream grocery spending growing still positive y/y but soft. Club (Costco, BJ's, Sam's Club) spending growth has turned sharply higher and is inflecting positively, primarily driven by transaction growth

Club Spending



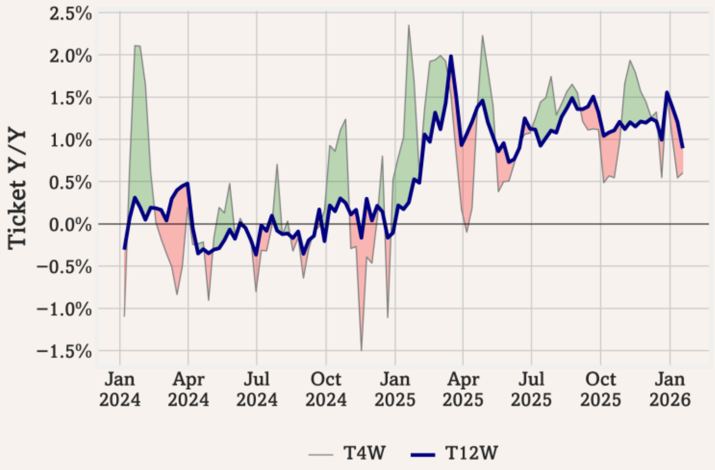
Club Transactions

Club Ticket

Mainstream Grocers Spending

Mainstream Grocers Transactions

Mainstream Grocers Ticket

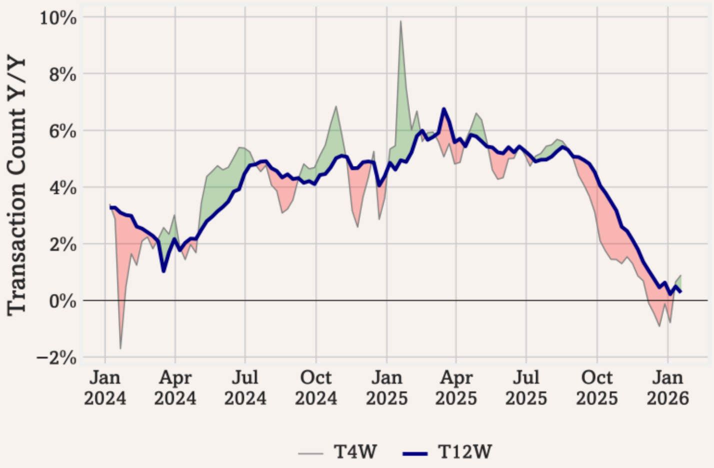


Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

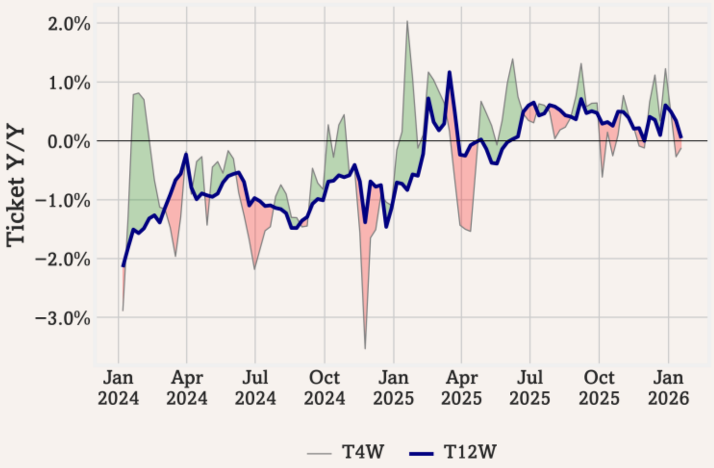
Premium grocers (including The Fresh Market & Sprouts) spending growth flattening. Luxury at multiple levels (Louis Vuitton & Coach) leading positive inflection across measured categories

Premium Grocers Spending

Premium Grocers Transactions



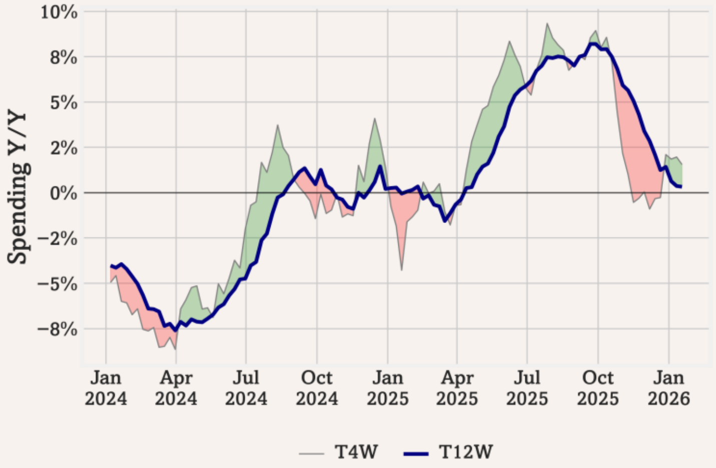
Premium Grocers Ticket



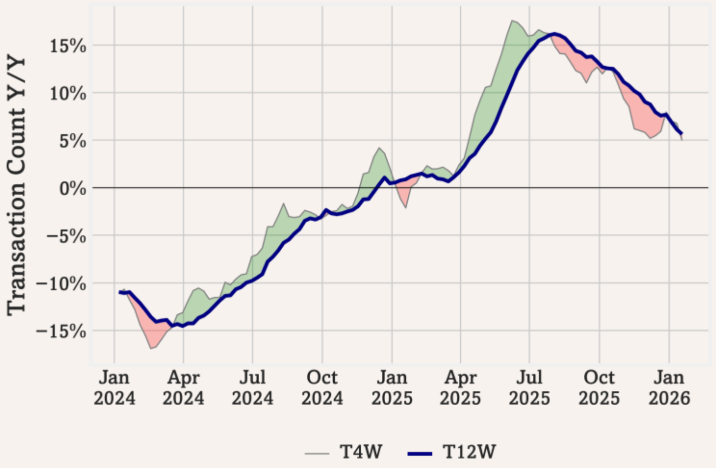
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Grocery delivery transactions decel, spending lower on mix to Amazon Fresh. Strong meal delivery (DASH, GrubHub, Uber Eats) spending growth decelerating since summer but inflecting positively of late

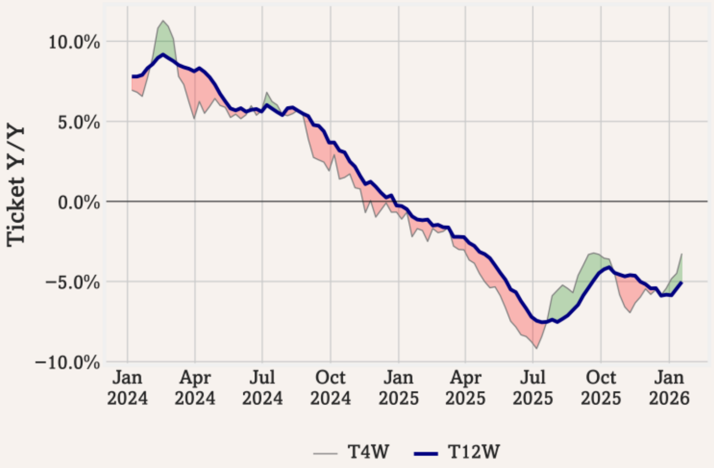
Grocery Delivery Spending



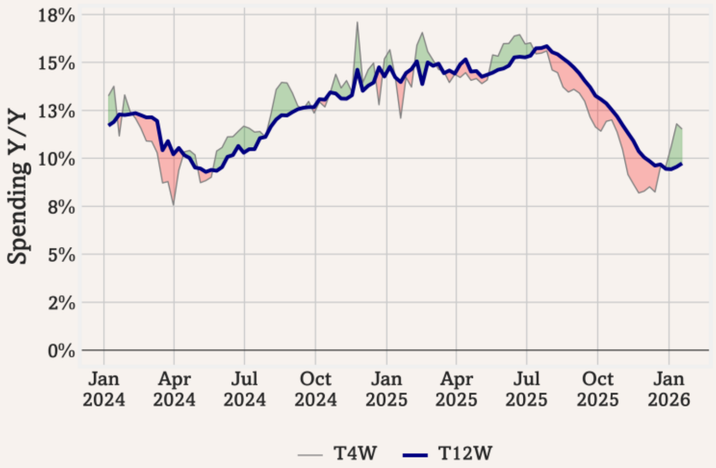
Grocery Delivery Transactions



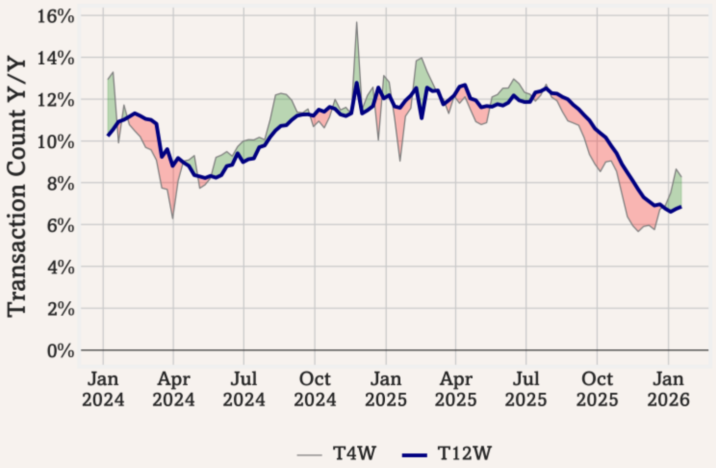
Grocery Delivery Ticket



Meal Delivery Spending



Meal Delivery Transactions



Meal Delivery Ticket

Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Hard discounters spending growth slowing; growth remains strong from Trader Joe's. Dollar store (DG & DLTR) spending growth inflecting positively with ticket growth

Dollar Store Spending

Dollar Store Transactions

Dollar Store Ticket

Hard Discounters Spending

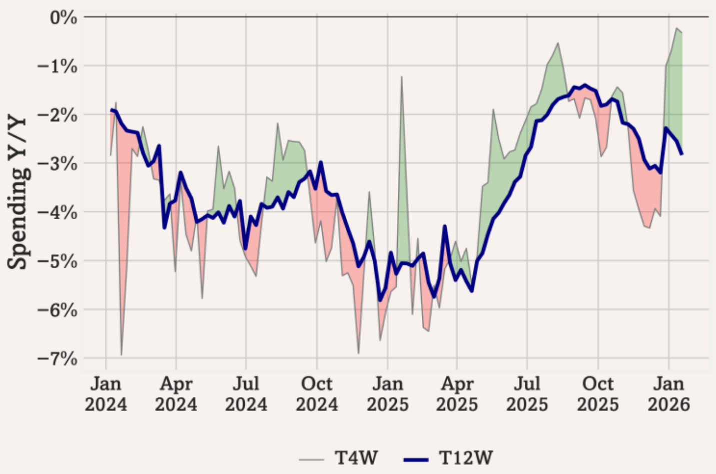
Hard Discounters Transactions

Hard Discounters Ticket

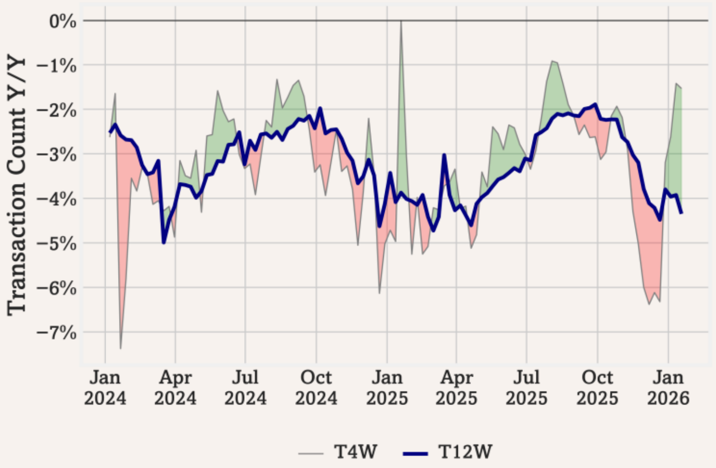
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Pet channel (PetSmart & Petco) spending growth positively inflecting as ticket growth now with positive ticket growth y/y; E-commerce (including AMZN) still taking total spending share

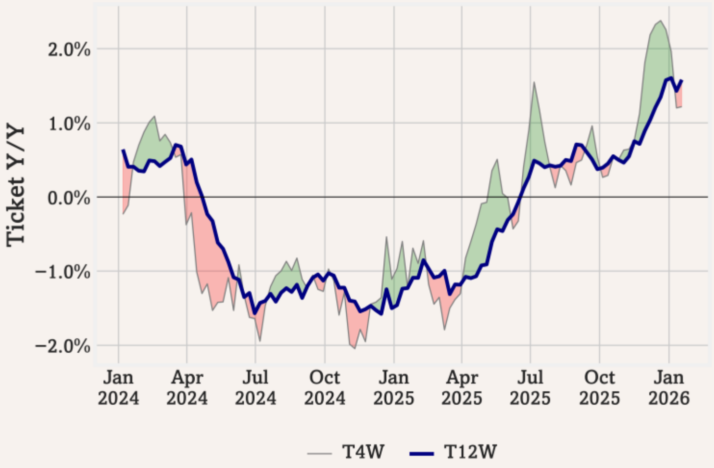
Pet Spending



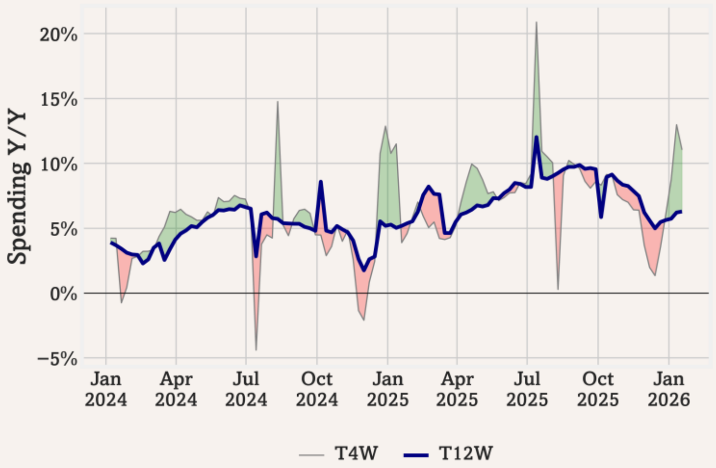
Pet Transactions



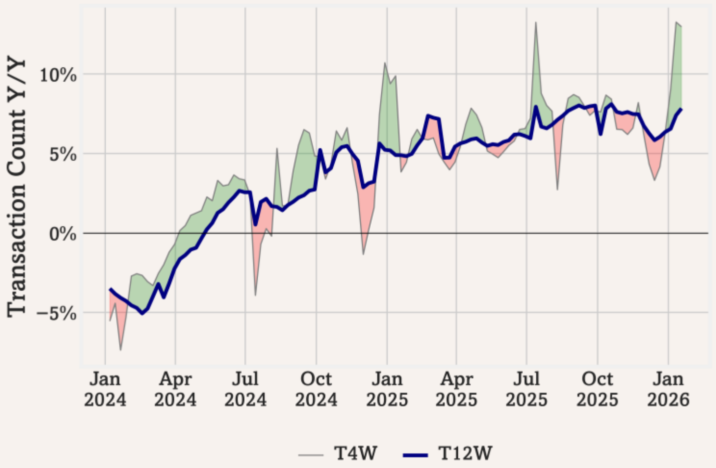
Pet Ticket



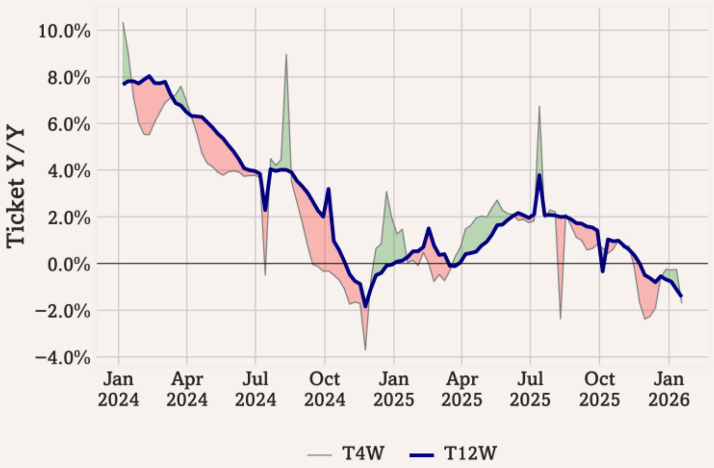
E-commerce Spending



E-commerce Transactions



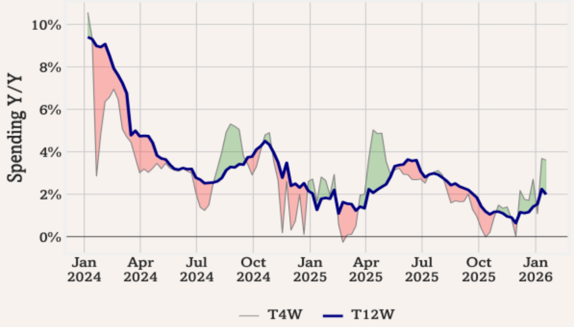
E-commerce Ticket



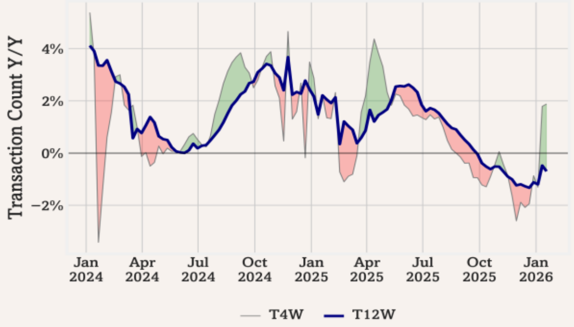
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Spending growth positively inflecting across the board for food away from home. Fast casual & casual dining spending growth regaining share after decelerating for much of 2H25

Fast Food Spending

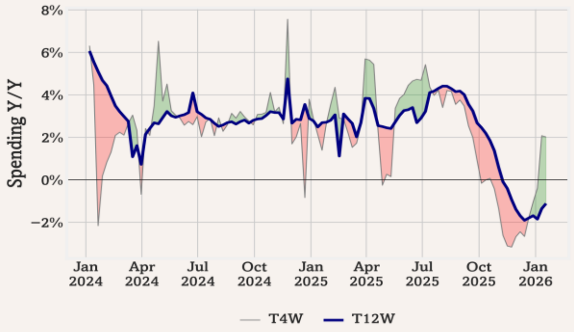


Fast Food Transactions

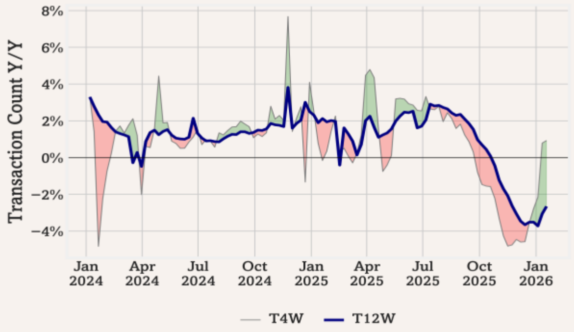


Fast Food Ticket

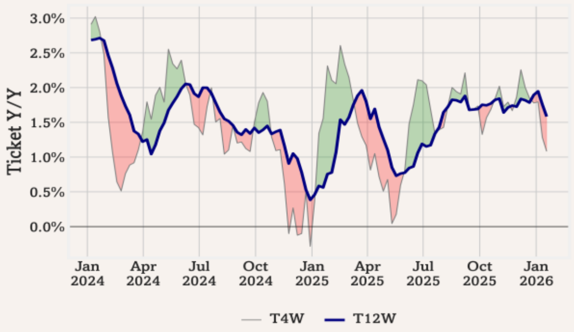
Fast Casual Spending



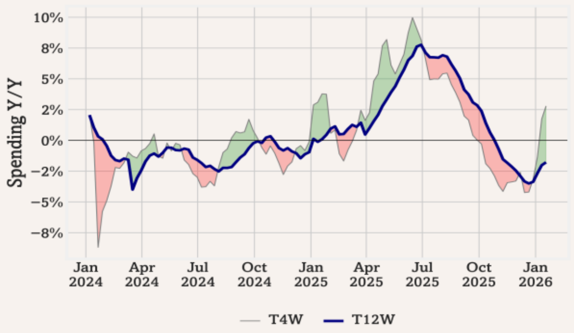
Fast Casual Transactions



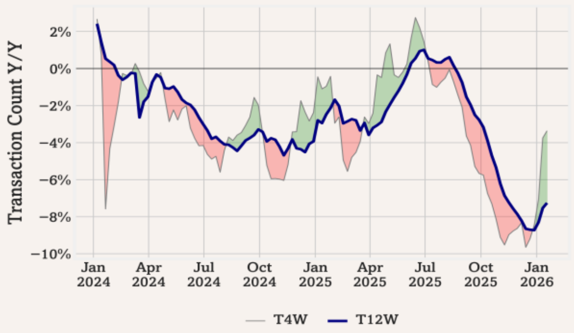
Fast Casual Ticket



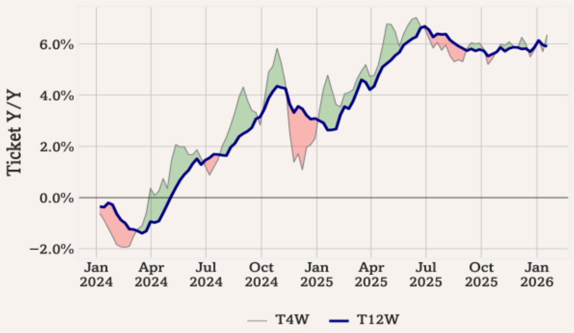
Casual Dining Spending



Casual Dining Transactions



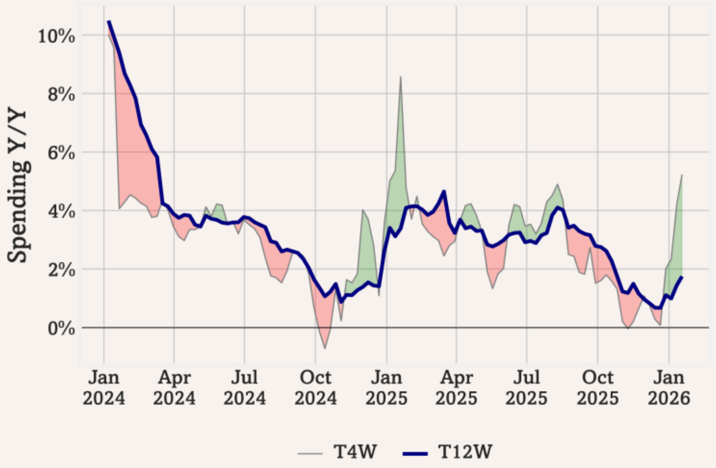
Casual Dining Ticket



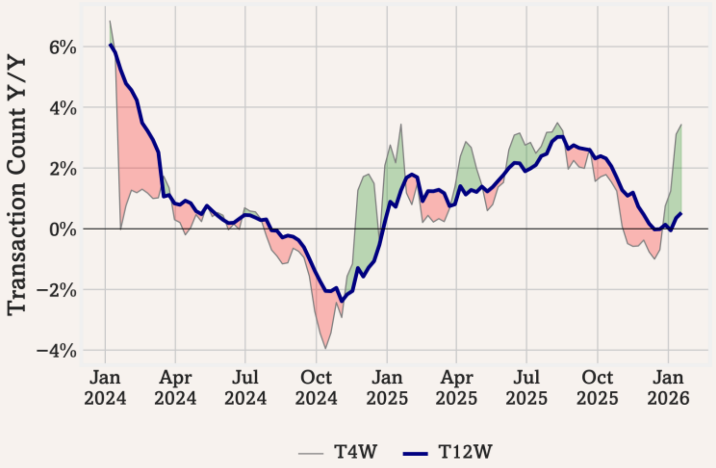
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Coffee spending growth inflecting positively (BROS a leader in the industry). Meanwhile pizza spending growth continues to run down despite accelerating ticket growth (DPZ a leader in industry)

Coffee Spending



Coffee Transactions

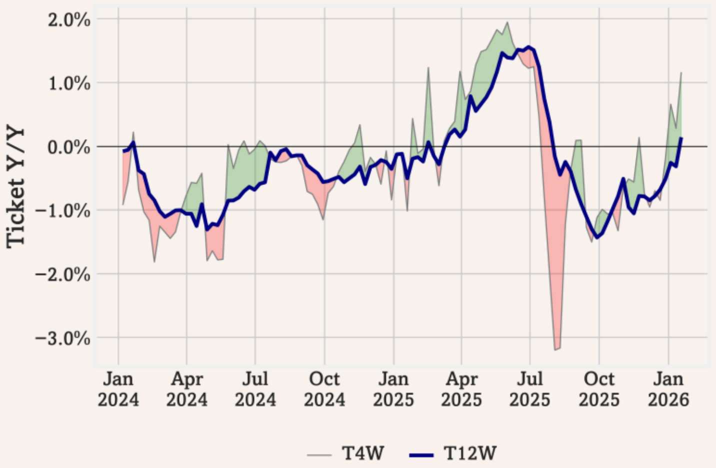


Coffee Ticket

Pizza Spending

Pizza Transactions

Pizza Ticket



Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

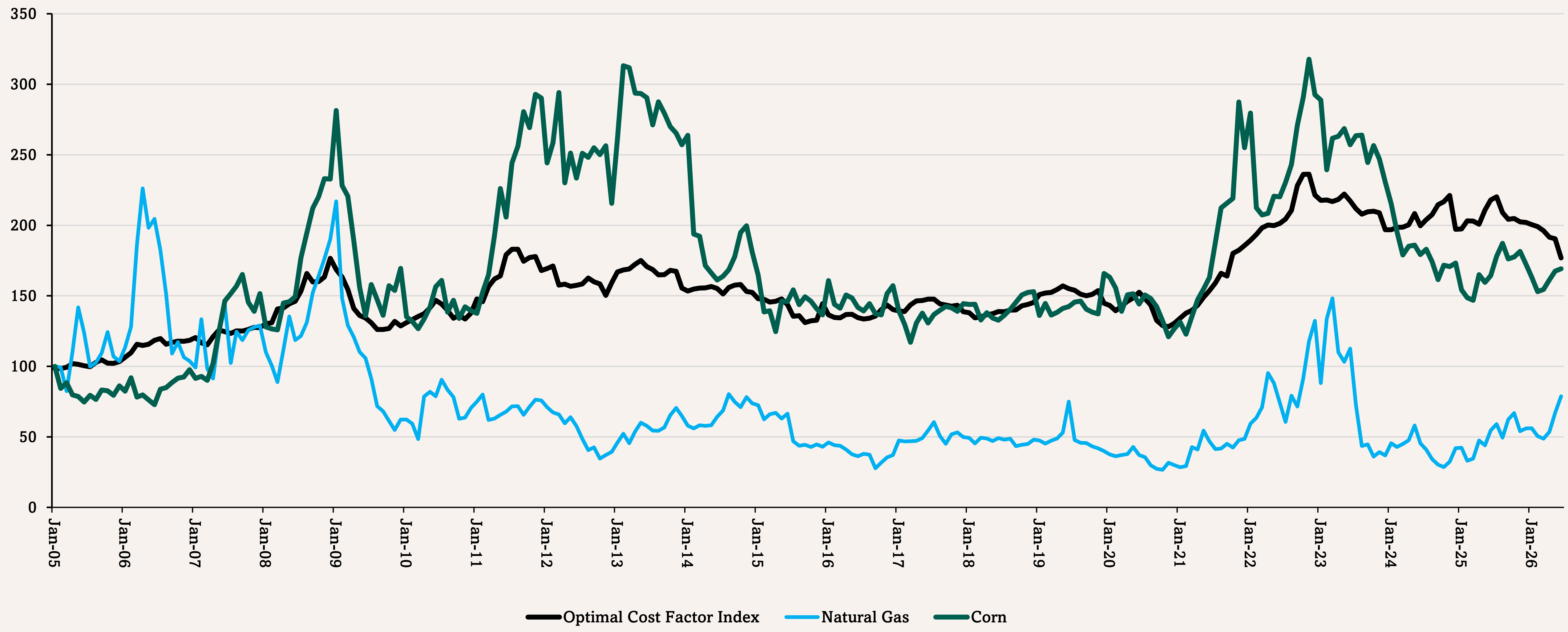
Proprietary Cost Analysis

Our Optimal Cost Factor tracks companies' U.S. input cost risk via proprietary weightings; lower meats/proteins prices leading cost tailwinds, near-term headwinds from energy off recent winter storms

W/W		Today / T4W Average		Today T4W / YAGO T4W	
COMPANIES					
Index	5.9%	Index	3.9%	Index	-11.2%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
CHD	17.5%	CHD	11.0%	CPB	1.2%
CLX	16.8%	CLX	10.9%	CELH	1.2%
EPC	12.4%	PG	9.7%	EPC	-2.4%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
HSY	1.5%	HSY	-1.6%	HSY	-32.1%
KO	2.1%	SAM	1.8%	LW	-24.7%
CAG	2.2%	SAM	1.8%	MDLZ	-21.7%
COMMODITIES					
Index	5.9%	Index	3.9%	Index	-11.2%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
ENERGY/FREIGHT	26.4%	ENERGY/FREIGHT	16.1%	PACKAGING	4.0%
DAIRY	2.2%	OILS/OILSEEDS	3.2%	OILS/OILSEEDS	1.1%
OILS/OILSEEDS	1.3%	MEATS/PROTEINS	1.2%	GRAINS	-8.0%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
SOFTS/SWEETENERS	-1.9%	SOFTS/SWEETENERS	-3.3%	MEATS/PROTEINS	-35.2%
GRAINS	-1.4%	GRAINS	-1.9%	DAIRY	-27.6%
MEATS/PROTEINS	-0.4%	DAIRY	0.0%	SOFTS/SWEETENERS	-21.3%
FOOD SERVICE					
Index	5.9%	Index	3.9%	Index	-11.2%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
FAST CASUAL UPSCALE	7.7%	ALL WINGS	5.9%	FAST CASUAL MEXICAN	-5.1%
ALL WINGS	7.5%	FAST CASUAL UPSCALE	5.8%	FAST FOOD MEXICAN	-6.3%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
FAST FOOD BURGER	5.9%	FAST FOOD BURGER	5.0%	ALL WINGS	-19.6%
FAST FOOD MEXICAN	6.9%	FAST FOOD MEXICAN	5.2%	FAST CASUAL UPSCALE	-12.2%

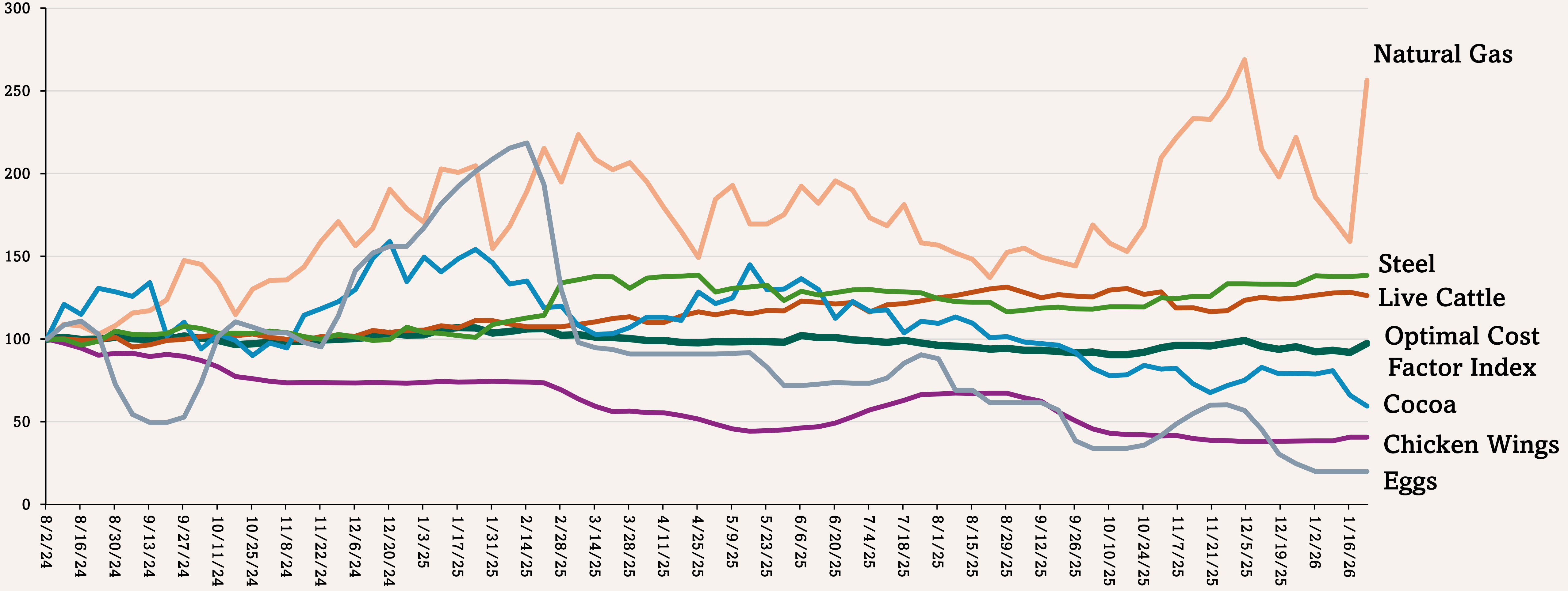
Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA,

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)

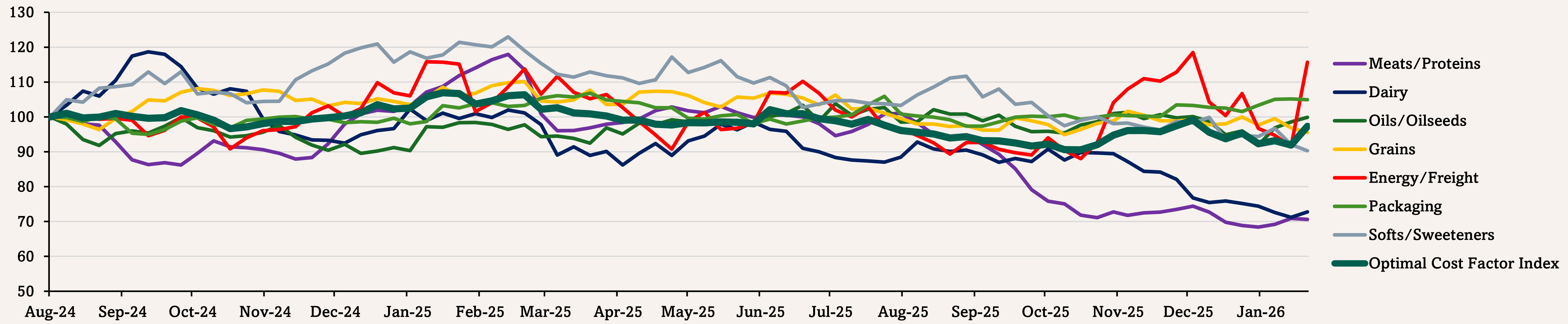


Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA

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



Tailwinds for producers as meats/proteins costs down y/y and energy costs up sharply in the last week



Ticker	Value at 1/22	Value at 1/15	W/W %	Most Recent T4W	YAGO T4W	T4W / YAGO T4W %	12 Mo Low	Increase Since 12-Mo Low
Meats/Proteins	70.6	70.9	-0.4%	69.8	107.7	-35.2%	68.4	3.2%
Dairy	72.8	71.2	2.2%	72.7	100.5	-27.6%	71.2	2.2%
Softs/Sweeteners	90.3	92.1	-1.9%	93.4	118.7	-21.3%	90.3	0.0%
Energy/Freight	115.7	91.5	26.4%	99.6	113.2	-11.9%	88.0	31.4%
Optimal Cost Factor Index	97.3	91.9	5.9%	93.7	105.5	-11.2%	90.6	7.4%
Grains	95.5	96.9	-1.4%	97.4	105.8	-8.0%	94.9	0.7%
Oils/Oilseeds	99.9	98.6	1.3%	96.8	95.7	1.1%	91.9	8.6%
Packaging	104.9	105.2	-0.2%	104.6	100.6	4.0%	97.3	7.8%

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

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

Ticker	Value at 1/22	LTM Avg	Today T4W / YAGO T4W	Inputs % of COGS	Gross EBIT % Impact	TTM Avg Gross Margin	Gross Pricing Need
HSY	70.6	86.4	-32.1%	65%	20.9%	40.1%	-12.5%
LW	72.0	80.7	-24.7%	70%	17.3%	21.7%	-13.5%
MDLZ	72.5	79.3	-21.7%	65%	14.1%	32.5%	-9.5%
BRBR	56.8	61.7	-20.9%	60%	12.5%	35.4%	-8.1%
SMPL	54.0	58.4	-20.7%	60%	12.4%	37.4%	-7.8%
GIS	78.6	82.1	-15.2%	65%	9.9%	34.3%	-6.5%
POST	68.9	70.9	-14.9%	65%	9.7%	29.2%	-6.8%
MKC	79.9	82.1	-14.8%	65%	9.6%	38.5%	-5.9%
CHD	58.9	53.0	-12.7%	55%	7.0%	44.5%	-3.9%
CAG	91.3	96.8	-12.4%	60%	7.4%	25.9%	-5.5%
CLX	62.2	56.3	-12.2%	60%	7.3%	45.2%	-4.0%
KHC	74.9	77.9	-10.5%	65%	6.9%	34.3%	-4.5%
FLO	75.2	76.1	-10.4%	65%	6.8%	49.4%	-3.4%
PEP	86.6	87.7	-10.2%	60%	6.1%	54.4%	-2.8%
FRPT	58.2	59.0	-9.4%	60%	5.7%	40.8%	-3.3%
SJM	61.5	60.0	-8.5%	65%	5.5%	35.1%	-3.6%
LANC	81.6	79.7	-7.6%	60%	4.6%	23.9%	-3.5%
KDP	67.7	67.0	-7.4%	55%	4.1%	54.9%	-1.8%
THS	82.1	82.2	-6.6%	70%	4.6%	16.9%	-3.8%
PG	69.3	62.3	-6.6%	65%	4.3%	51.2%	-2.1%
SAM	83.5	81.4	-6.3%	60%	3.8%	46.5%	-2.0%
TAP	83.5	81.4	-6.3%	60%	3.8%	38.8%	-2.3%
ABI	85.5	83.8	-6.3%	60%	3.8%	55.7%	-1.7%
KO	71.4	69.2	-6.2%	60%	3.7%	61.4%	-1.4%
JJSF	79.5	77.9	-5.4%	65%	3.5%	29.7%	-2.5%
MNST	63.3	58.0	-4.1%	70%	2.9%	55.2%	-1.3%
HRL	73.7	71.1	-3.9%	70%	2.7%	16.3%	-2.3%
EPC	65.3	59.0	-2.4%	60%	1.4%	42.2%	-0.8%
CELH	56.3	50.3	1.2%	70%	-0.9%	50.5%	0.4%
CPB	75.3	72.7	1.2%	60%	-0.7%	30.4%	0.5%

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	EV / Fwd. EBITDA	EV / Fwd. GROSS PROFIT
KO	COCA-COLA	$73.25	$349,630	$315,975	$11,429	$16,146	$31,635	2.77	30.59	11.90	21.65	11.17
PEP	PEPSICO INC	$147.88	$245,161	$202,900	$16,835	$18,126	$42,188	2.51	14.56	4.92	13.53	4.65
ABI	ANHEUSER BUSCH INBEV SA	$70.47	$221,113	$142,289	$20,240	$21,305	$68,081	3.36	10.92	6.78	10.38	6.40
MNST	MONSTER BEVERAGE CORP	$81.33	$76,973	$79,534	$2,027	$2,611	-$2,561	-1.26	37.98	17.29	29.47	15.58
DEO	DIAGEO	$88.60	$72,705	$49,593	$6,074	$6,491	$21,024	3.46	11.97	5.97	11.20	6.03
HEIA	HEINEKEN	$80.24	$67,444	$46,220	$6,285	$7,640	$18,256	2.90	10.73	5.93	8.83	5.53
CCE	COCA COLA EUROPEAN PARTNERS	$90.38	$52,946	$40,721	$3,316	$4,328	$11,666	3.52	15.97	6.62	12.23	5.96
KDP	KEURIG DR PEPPER INC	$27.45	$54,557	$37,504	$3,493	$4,835	$17,053	4.88	15.62	6.16	11.28	5.90
STZ	CONSTELLATION BRANDS INC CLASS A	$161.51	$38,763	$27,962	$913	$3,365	$10,511	11.51	42.45	7.95	11.52	8.23
PRNDY	PERNOD RICARD	$17.56	$36,049	$22,200	$3,444	$3,504	$12,657	3.68	10.47	5.08	10.29	5.38
CARL.B	CARLSBERG	$135.31	$29,211	$18,688	$2,124	$2,949	$10,090	4.75	13.75	5.33	9.91	4.49
CELH	CELSIUS HOLDINGS INC	$55.32	$16,058	$14,243	$165	$601	$56	0.34	97.24	14.70	26.73	10.31
BFA	BROWN FORMAN CORP CLASS A	$27.10	$14,836	$12,508	$1,239	$1,177	$2,328	1.88	11.97	6.45	12.61	6.46
BFB	BROWN FORMAN CORP CLASS B	$26.76	$14,836	$12,508	$1,239	$1,177	$2,328	1.88	11.97	6.45	12.61	6.46
TAP	MOLSON COORS BREWING CLASS B	$48.57	$15,551	$9,647	$2,597	$2,290	$5,560	2.14	5.99	3.58	6.79	3.69
PRMB	PRIMO BRANDS	$19.11	$12,341	$7,063	$694	$1,439	$5,277	7.61	17.79	6.11	8.58	5.79
SAM	BOSTON BEER INC CLASS A	$220.13	$2,127	$2,336	$179	$226	-$210	-1.17	11.86	2.25	9.41	2.23

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	EV / Fwd. EBITDA	EV / Fwd. GROSS PROFIT
NESN	NESTLE SA	$95.05	$320,847	$244,911	$20,793	$22,717	$75,658	3.64	15.43	6.55	14.12	6.01
MDLZ	MONDELEZ INTERNATIONAL	$58.69	$96,949	$76,331	$7,878	$6,467	$20,566	2.61	12.31	8.29	14.99	7.18
BN	DANONE	$79.26	$64,789	$54,007	$4,574	$5,589	$10,714	2.34	14.17	4.31	11.59	3.91
HSY	HERSHEY FOODS	$190.66	$43,326	$38,749	$3,407	$2,357	$4,577	1.34	12.72	9.99	18.38	9.42
KHC	KRAFT HEINZ	$23.62	$46,376	$28,189	$2,763	$5,746	$18,058	6.54	16.78	5.47	8.07	5.58
GIS	GENERAL MILLS INC	$44.64	$37,030	$23,966	$3,990	$3,496	$13,051	3.27	9.28	5.84	10.59	5.87
TSN	TYSON FOODS INC CLASS A	$65.40	$31,767	$23,159	$2,691	$3,526	$8,466	3.15	11.80	8.92	9.01	7.13
MKC	MCCORMICK & CO NON-VOTING INC	$62.90	$21,052	$16,893	$1,379	$1,552	$4,127	2.99	15.26	8.12	13.56	7.06
HRL	HORMEL FOODS CORP	$24.99	$16,125	$13,788	$1,029	$1,343	$2,322	2.26	15.67	8.52	12.01	8.19
SJM	JM SMUCKER	$104.93	$19,120	$11,222	$2,137	$1,992	$7,898	3.70	8.95	6.28	9.60	5.91
SFD	SMITHFIELD FOODS	$23.77	$11,192	$9,317	$1,457	$1,611	$1,618	1.11	7.68	5.54	6.95	5.57
CAG	CONAGRA BRANDS INC	$17.87	$16,154	$8,577	$1,802	$1,727	$7,577	4.20	8.96	5.87	9.36	5.87
CPB	CAMPBELL SOUP	$27.25	$15,295	$8,154	$1,673	$1,704	$7,139	4.27	9.14	5.02	8.98	5.09
LW	LAMB WESTON HOLDINGS INC	$44.79	$10,096	$6,234	$1,105	$1,108	$3,862	3.50	9.14	7.05	9.11	7.71
POST	POST HOLDINGS INC	$98.57	$12,660	$5,125	$1,398	$1,525	$7,524	5.38	9.06	5.41	8.30	5.38
LANC	LANCASTER COLONY	$167.09	$4,470	$4,611	$297	$309	-$141	-0.48	15.07	9.64	14.49	9.27
FRPT	FRESHPET INC	$71.52	$3,694	$3,474	$113	$192	$220	1.95	32.63	8.44	19.19	7.66
BRBR	BELLRING BRANDS INC	$25.94	$4,139	$3,097	$380	$431	$1,042	2.74	10.90	5.37	9.61	5.47
FLO	FLOWERS FOODS INC	$11.08	$4,457	$2,357	$582	$519	$2,100	3.61	7.66	1.77	8.59	1.80
FDP	FRESH DEL MONTE PRODUCE	$39.02	$2,122	$1,869	$343	$248	$238	0.69	6.18	5.87	8.56	5.50
SMPL	SIMPLY GOOD FOODS	$19.59	$2,084	$1,827	$188	$272	$257	1.37	11.10	4.12	7.67	4.00
JJSF	J & J SNACK FOODS	$93.91	$1,846	$1,788	$189	$192	$58	0.31	9.77	3.93	9.61	3.79
DOLE	DOLE	$15.55	$2,697	$1,473	$379	$392	$1,084	2.86	7.11	3.78	6.88	3.65
THS	TREEHOUSE FOODS	$24.60	$2,853	$1,241	$297	$352	$1,612	5.44	9.62	4.84	8.10	4.72

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	EV / Fwd. EBITDA	EV / Fwd. GROSS PROFIT
PG	PROCTER & GAMBLE	$148.32	$372,041	$345,184	$23,574	$24,063	$25,814	1.10	15.78	8.61	15.46	8.28
OR	L'OREAL	$455.24	$247,714	$242,999	$10,932	$12,538	$4,712	0.43	22.66	7.01	19.76	6.35
UNA	UNILEVER PLC	$67.07	$180,006	$146,252	$12,069	$14,147	$31,240	2.59	14.91	6.15	12.72	6.36
CL	COLGATE-PALMOLIVE	$85.85	$76,497	$69,168	$5,015	$4,932	$6,947	1.39	15.25	6.33	15.51	6.10
RB	RECKITT BENCKISER	$82.20	$66,677	$55,215	$4,771	$5,418	$11,413	2.39	13.98	6.05	12.31	5.67
EL	ESTEE LAUDER INC CLASS A	$116.76	$49,331	$42,128	$540	$2,307	$7,203	13.34	91.35	4.60	21.38	4.40
HEN3	HENKEL	$86.74	$37,959	$36,284	$3,817	$4,391	$1,367	0.36	9.95	3.26	8.65	3.15
KVUE	KENVUE INC	$17.48	$41,633	$33,673	$2,511	$3,368	$7,960	3.17	16.58	4.77	12.36	4.55
KMB	KIMBERLY CLARK CORP	$100.47	$40,166	$33,536	$3,156	$4,001	$6,480	2.05	12.73	6.78	10.04	6.05
BEI	BEIERSDORF	$116.25	$23,440	$28,215	$2,012	$2,018	-$4,789	-2.38	11.65	3.73	11.62	3.40
CHD	CHURCH AND DWIGHT INC	$92.37	$24,284	$22,190	$1,086	$1,408	$2,096	1.93	22.35	8.90	17.24	8.48
CLX	CLOROX	$112.71	$16,852	$13,780	$1,398	$1,251	$2,912	2.08	12.05	5.61	13.47	5.63
ELF	ELF BEAUTY INC	$86.63	$5,954	$5,230	$215	$306	$723	3.37	27.71	6.11	19.43	4.87
REYN	REYNOLDS CONSUMER PRODUCTS INC	$23.19	$6,579	$4,894	$701	$664	$1,685	2.40	9.39	7.09	9.92	6.89
SMG	SCOTTS MIRACLE GRO	$62.88	$5,997	$3,652	$520	$606	$2,346	4.51	11.52	5.74	9.89	5.55
COTY	COTY INC CLASS A	$3.17	$7,222	$2,777	$722	$995	$4,033	5.59	10.00	1.93	7.26	1.90
PRGO	PERRIGO	$14.01	$5,326	$1,932	$488	$721	$3,394	6.96	10.92	3.51	7.39	3.20
SPB	SPECTRUM BRANDS	$65.08	$2,053	$1,523	$354	$291	$531	1.50	5.80	1.99	7.07	1.98
ENR	ENERGIZER HOLDINGS	$21.41	$4,769	$1,472	$588	$600	$3,297	5.60	8.11	3.87	7.95	3.97
EPC	EDGEWELL PERSONAL CARE	$19.32	$2,163	$903	$209	$302	$1,260	6.02	10.33	2.34	7.16	2.25

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

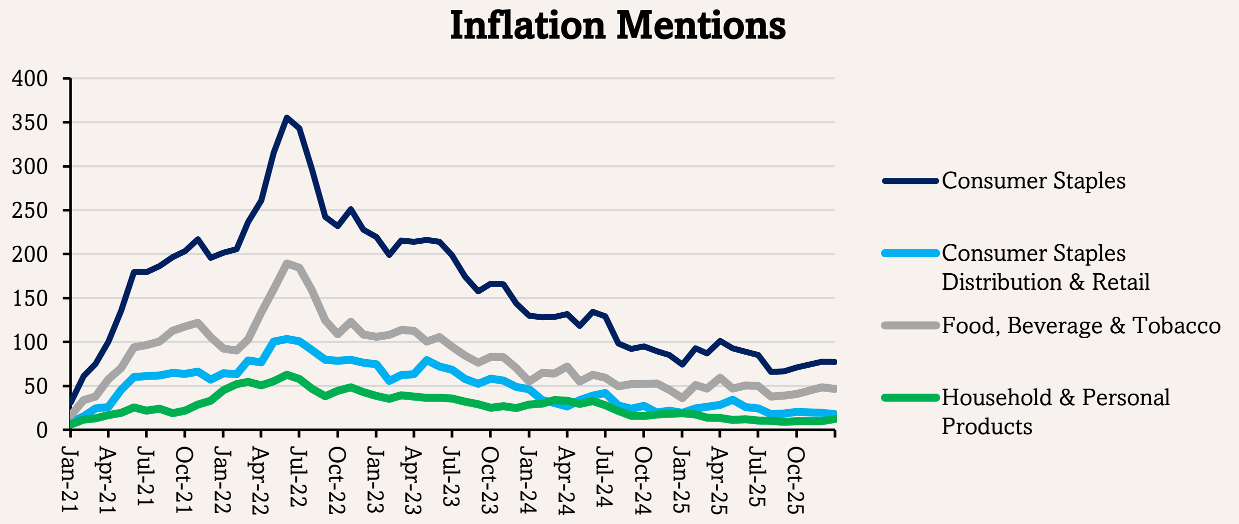
Ingredients Comps

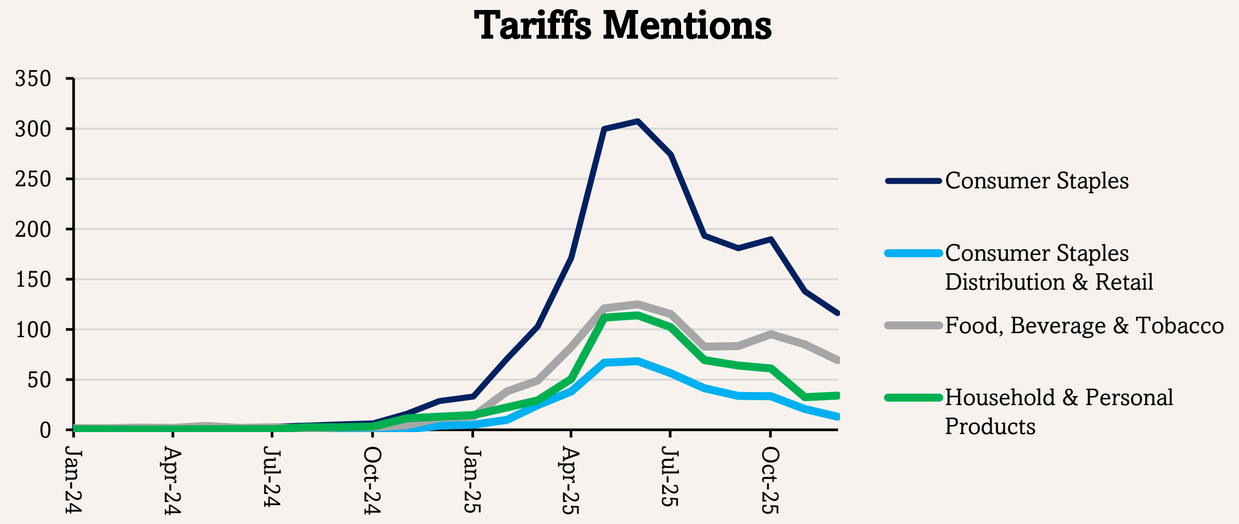
Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	EV / Fwd. EBITDA	EV / Fwd. GROSS PROFIT
GIVN	GIVAUDAN SA	$4,087.94	$43,387	$37,746	$1,982	$2,318	$5,641	2.85	21.89	11.29	18.72	10.37
ADM	ARCHER DANIELS MIDLAND	$68.20	$41,089	$32,857	$3,078	$3,503	$7,972	2.59	13.35	7.94	11.73	7.57
BG	BUNGE	$116.18	$38,148	$22,556	$2,505	$2,699	$14,069	5.62	15.23	10.97	14.14	7.84
IFF	INTERNATIONAL FLAVORS & FRAGRANCES	$73.01	$24,786	$18,685	$1,907	$2,085	$6,069	3.18	13.00	6.15	11.89	6.40
KRZ	KERRY GROUP PLC	$86.68	$16,260	$13,935	$1,257	$1,431	$2,323	1.85	12.93	4.57	11.36	4.00
INGR	INGREDION	$116.91	$8,346	$7,441	$1,164	$1,261	$877	0.75	7.17	4.52	6.62	4.51
GL9	GLANBIA	$19.05	$5,405	$4,644	$391	$502	$762	1.95	13.83	4.97	10.78	4.60

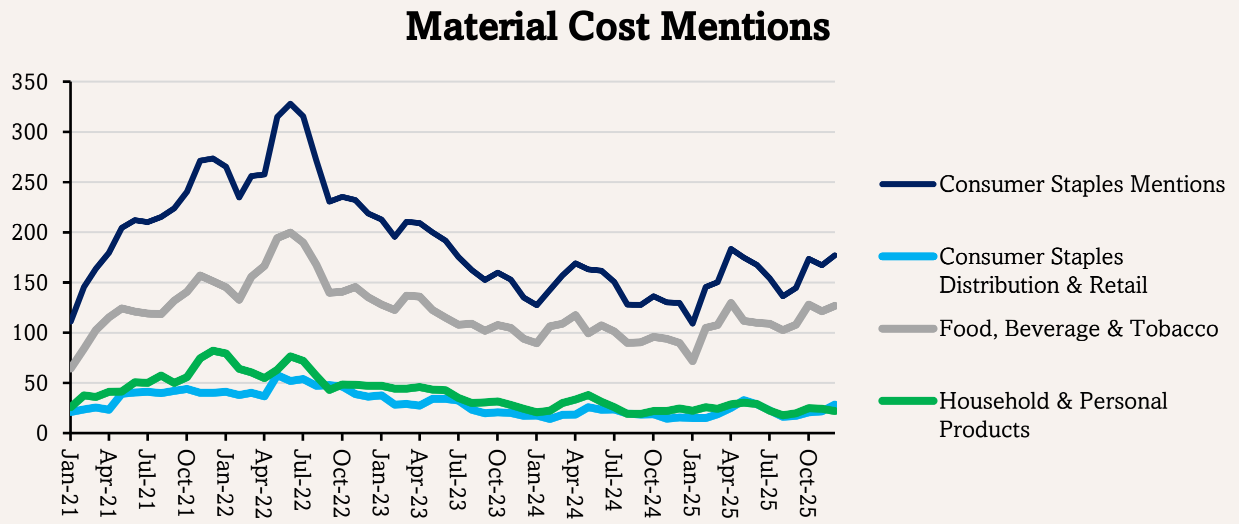
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

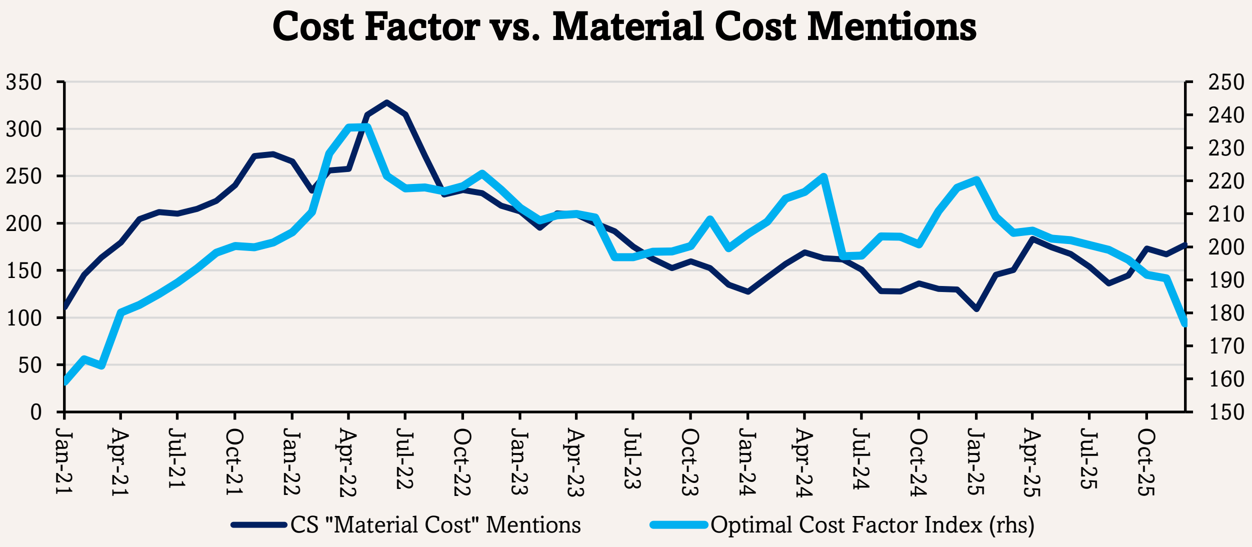
Thematic Analysis

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts; tariff mentions decelerating. Material cost mentions increasing in the last 2 months while Optimal Cost Factor moving lower





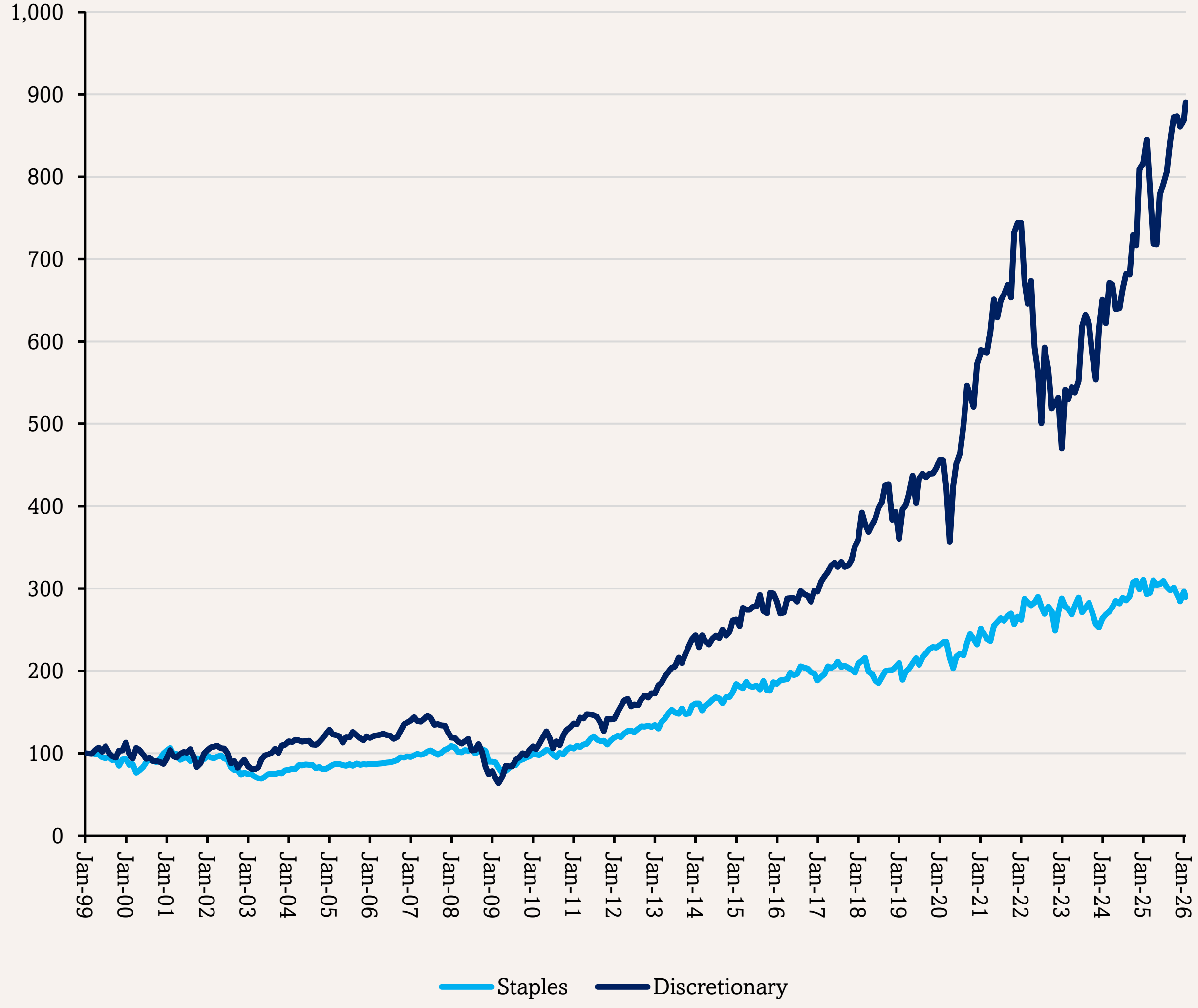




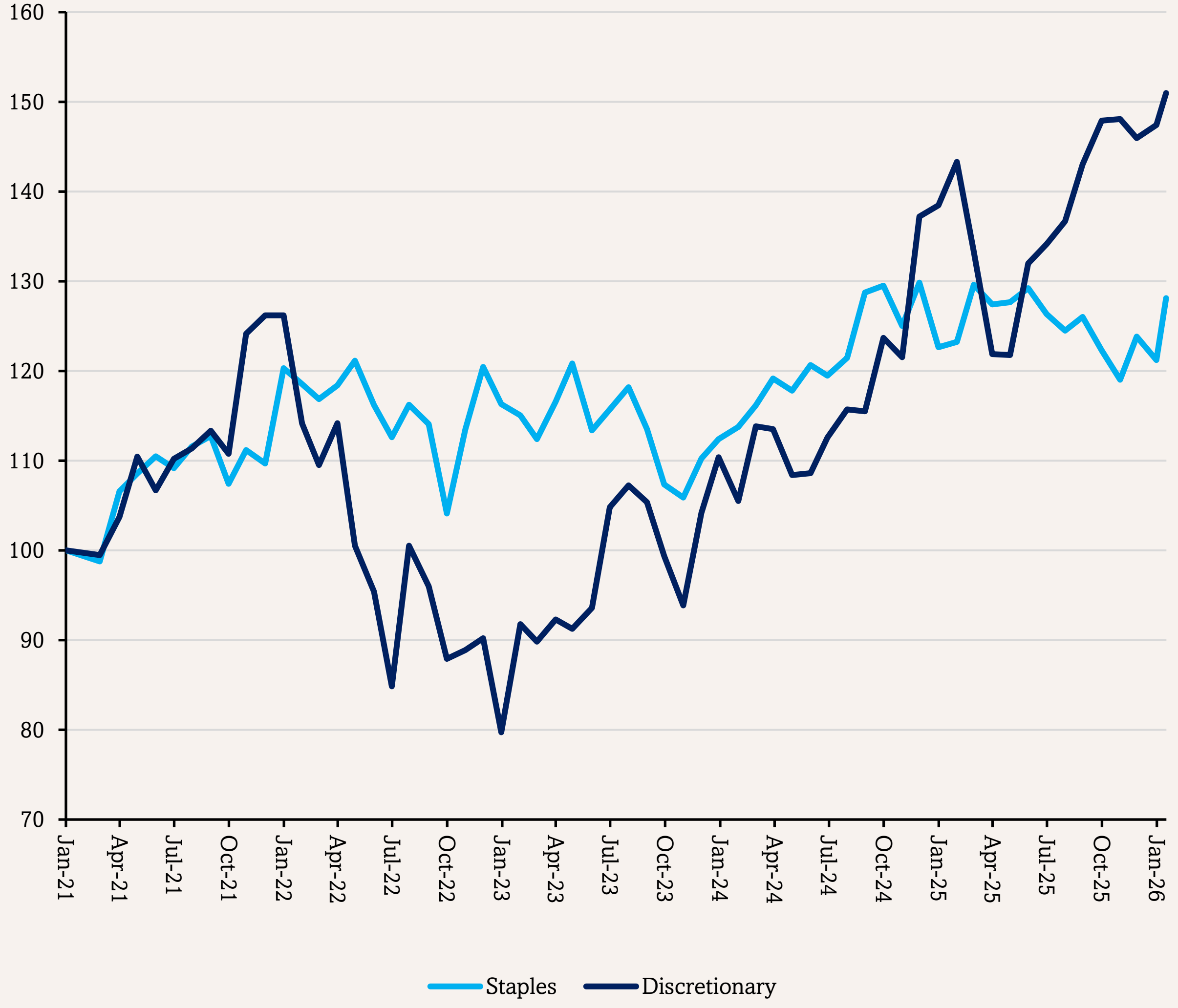
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Discretionary outperformed Staples from 2010-2020. Despite a strong finish to 2025, discretionary is currently lagging Staples performance to start 2026 YTD

Sector Equity Returns (Jan 1999 = 100)



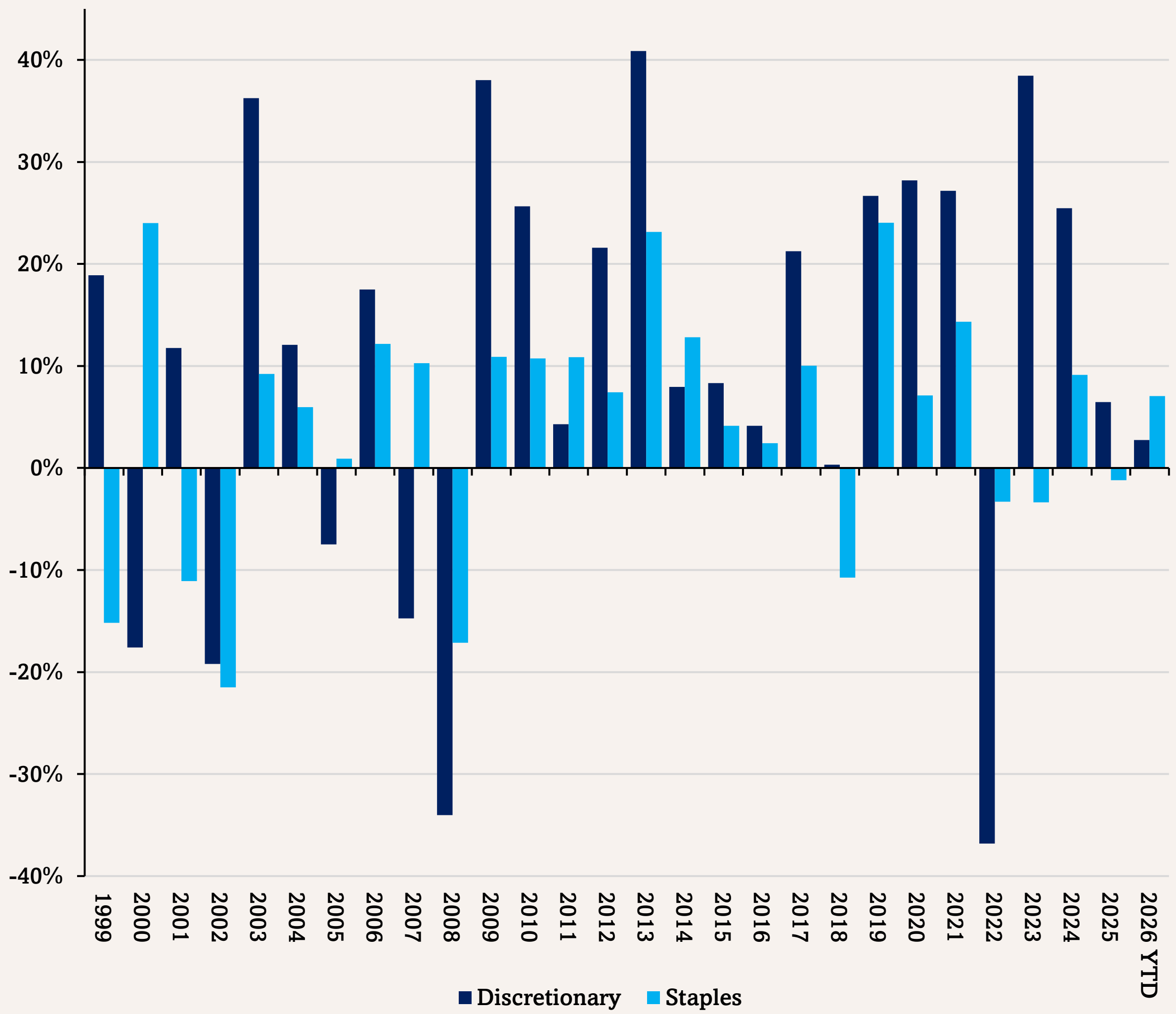
Sector Equity Returns (Jan 2021 = 100)



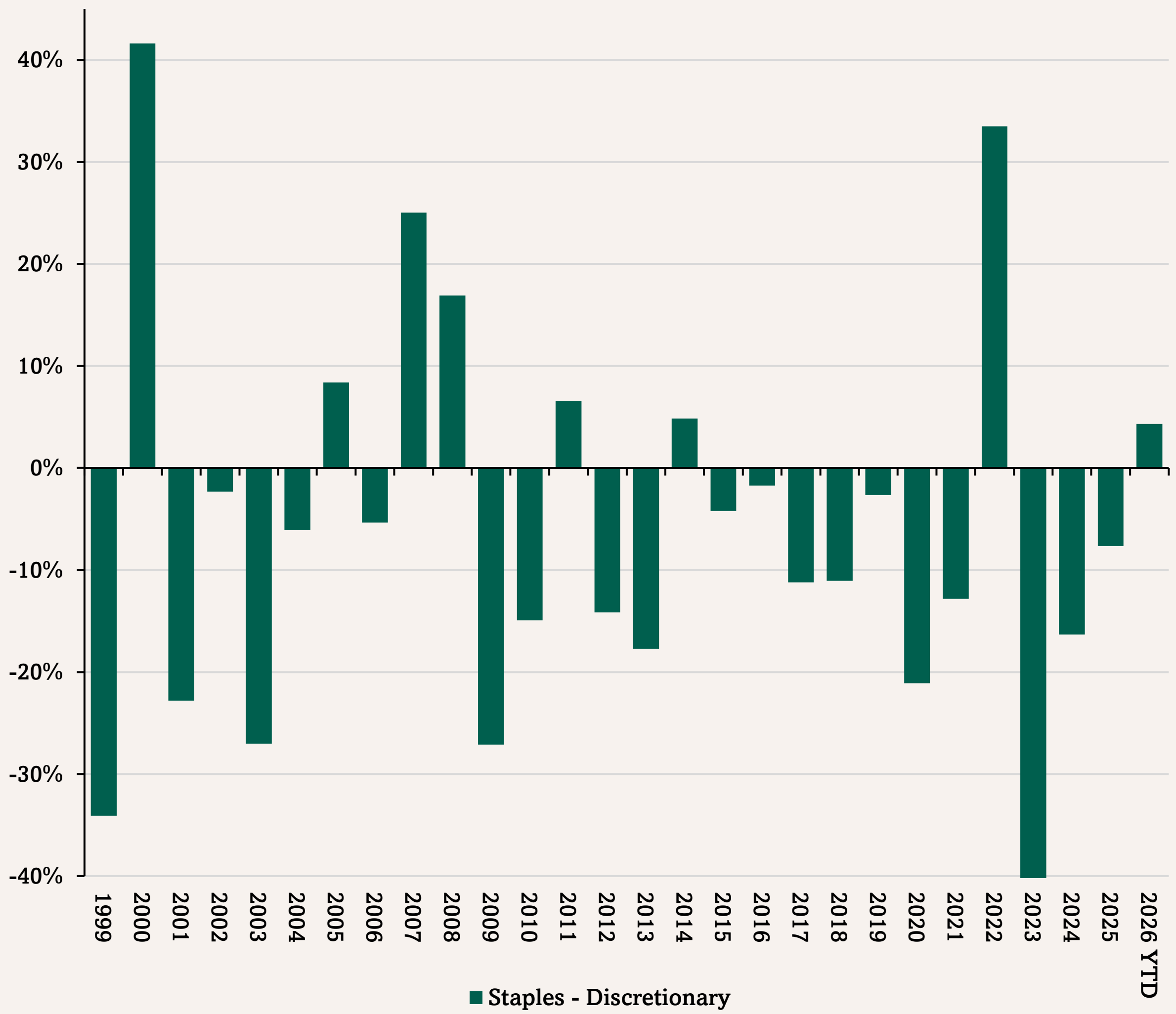
Sources: Optimal Advisory Analysis, Bloomberg

To start 2026, the SPDR Staples ETF (XLP) has increased (+7.1%) ahead of Consumer Discretionary ETF (XLY) has returned +2.7%.

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



Annual Staples Performance Relative to Discretionary

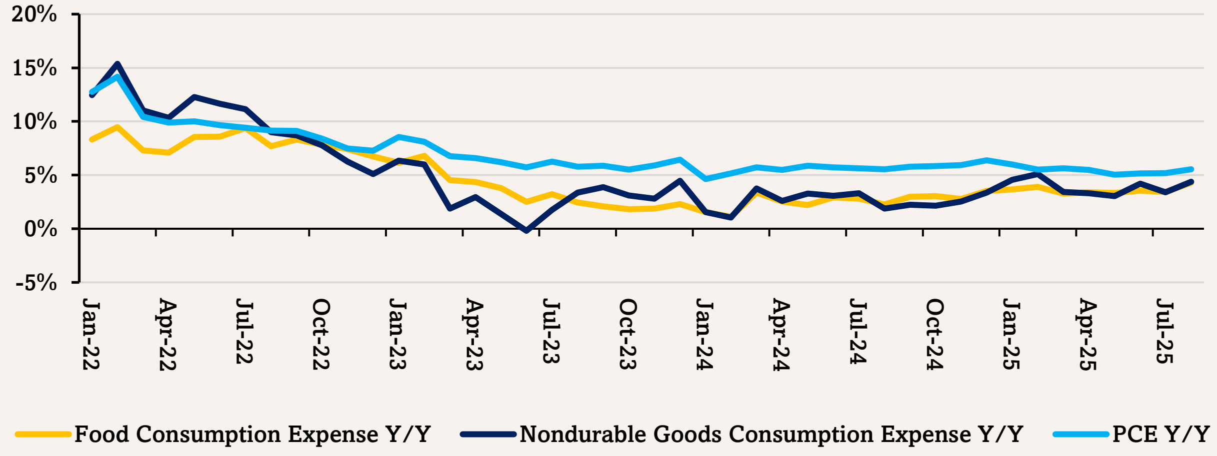


Sources: Optimal Advisory Proprietary Analysis, Bloomberg

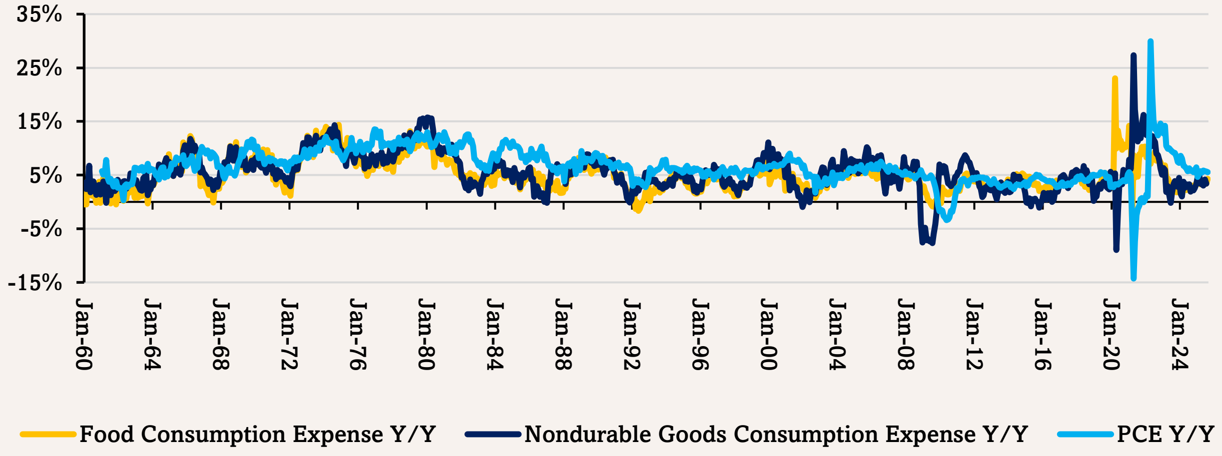
Consumer Staples Macro

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

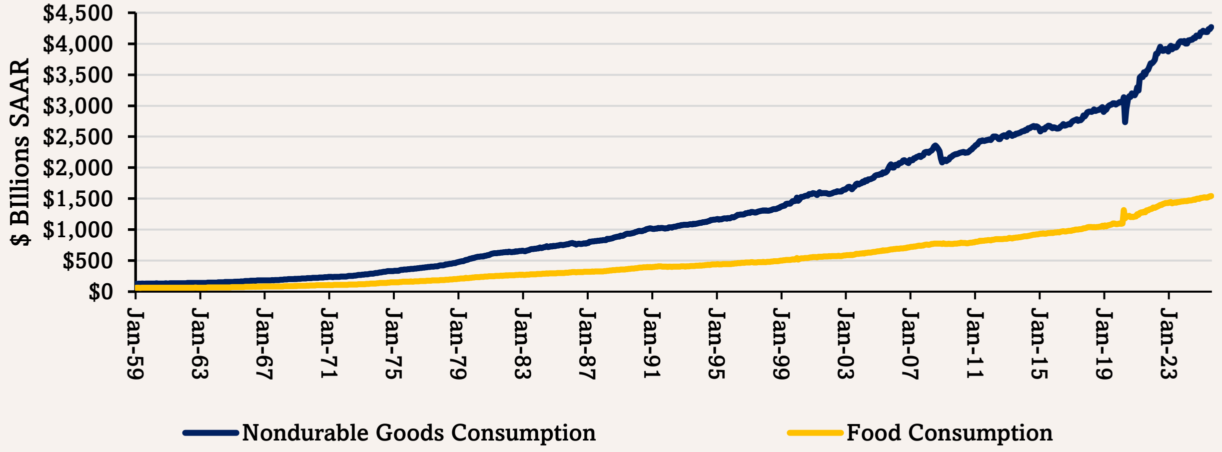
Nondurable & Food Expense Growth Running Below PCE



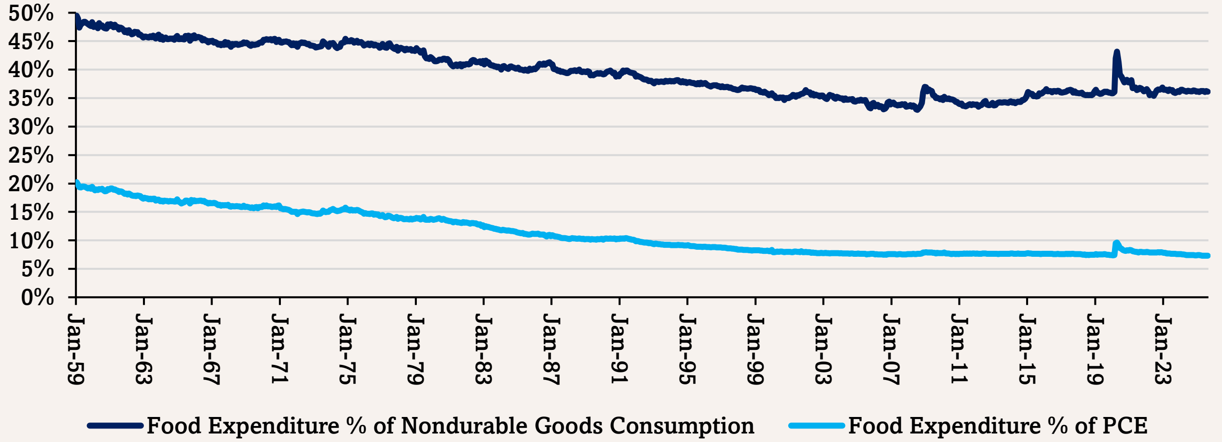
Long Term Consumption Growth



Nominal Dollars of Consumption

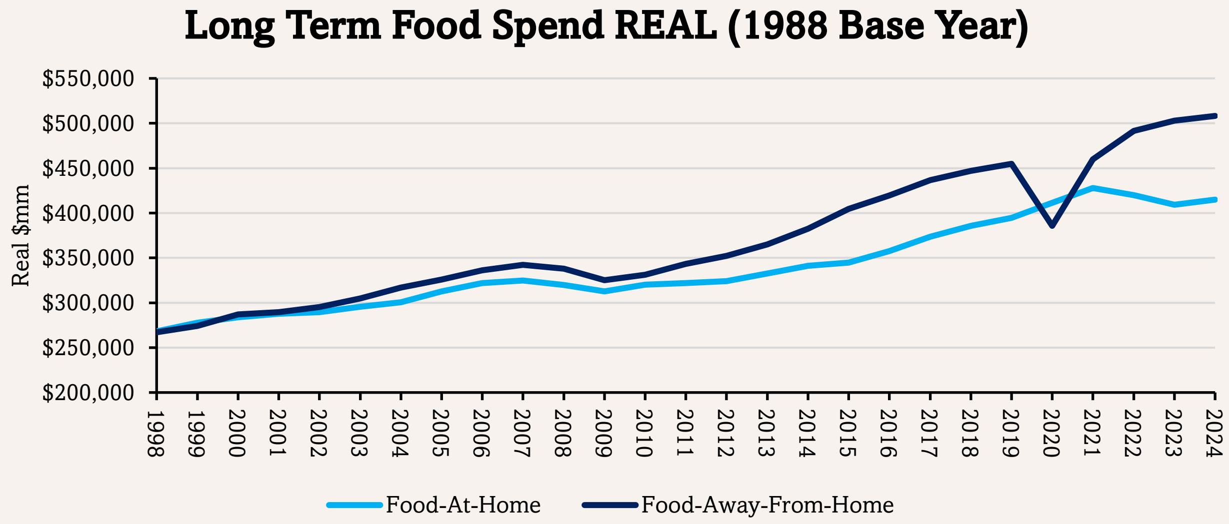


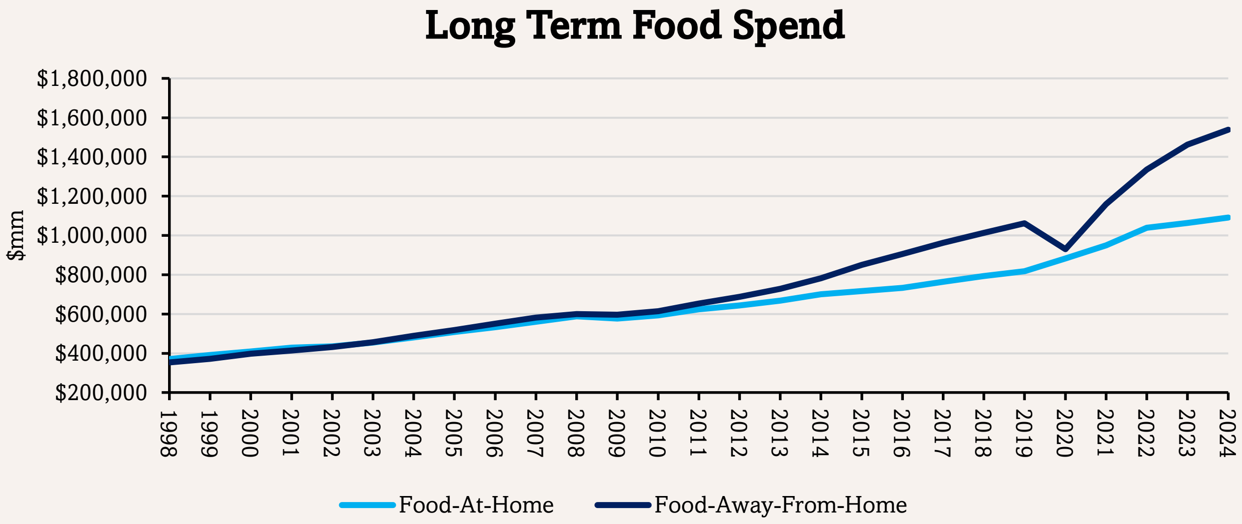
Proportionate Food Consumption

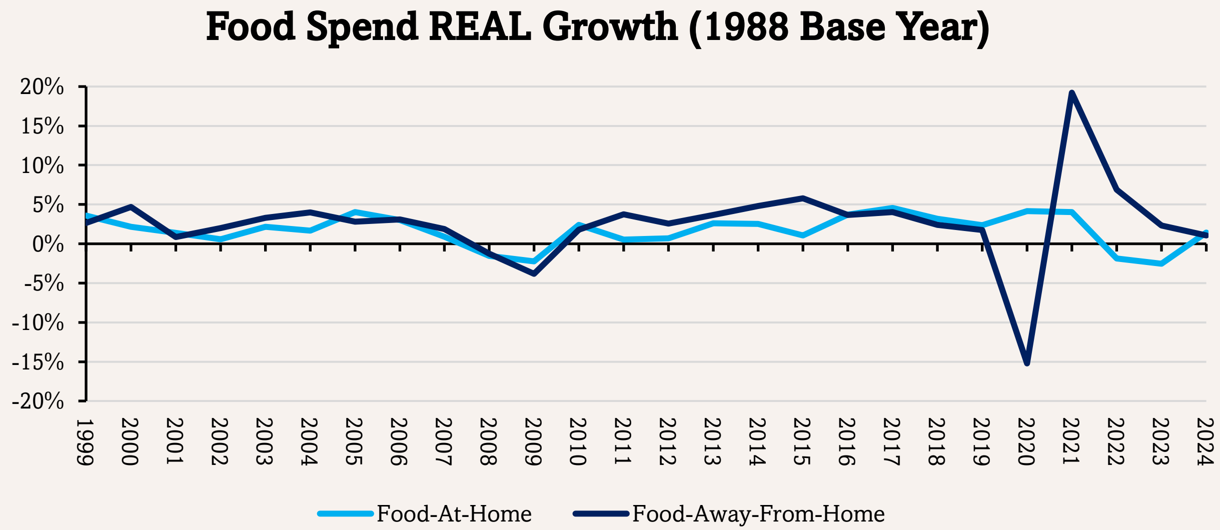


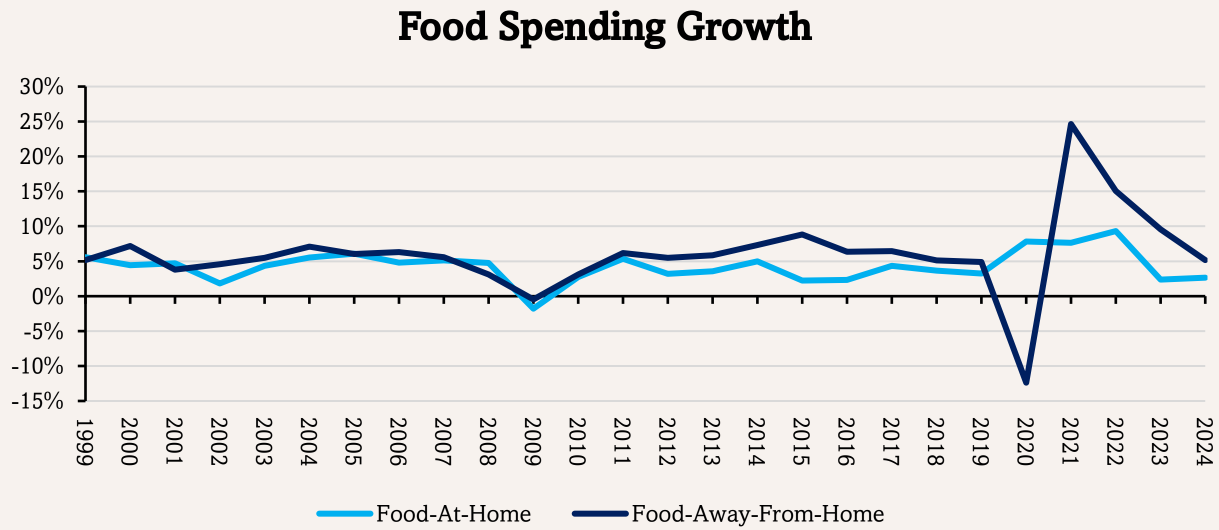
Sources: Optimal Advisory Proprietary Analysis, BEA, FRED

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





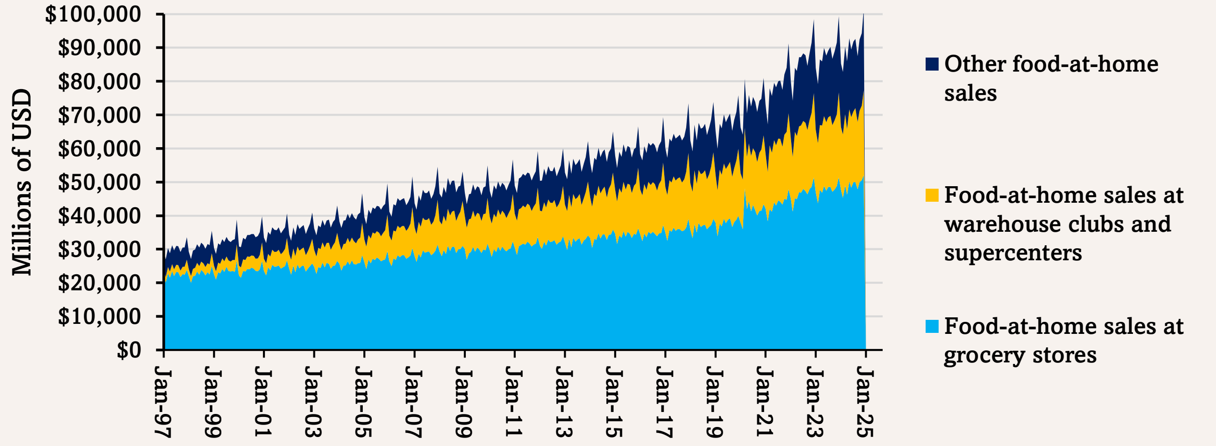




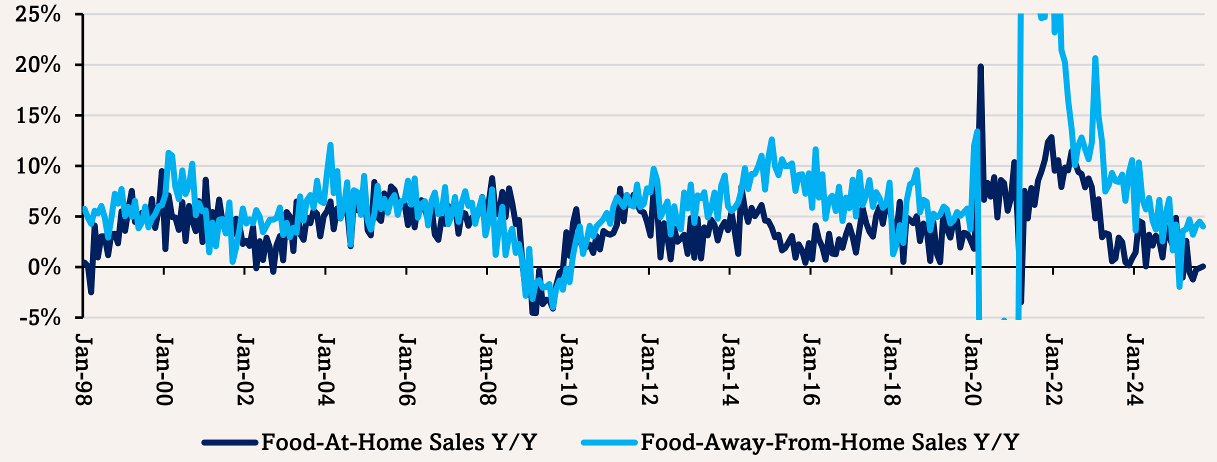
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

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

Monthly Food-At-Home Sales by Outlet

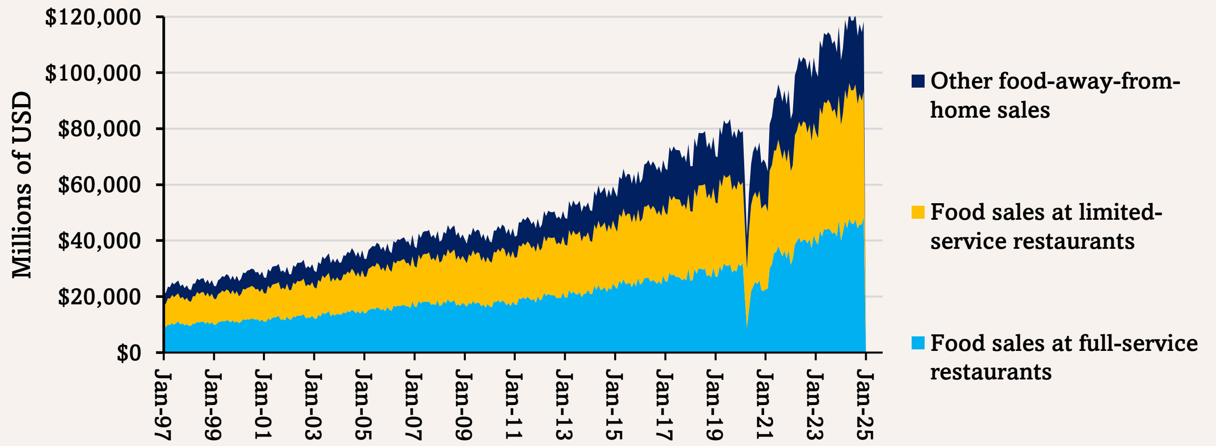


Food-At-Home vs. Away-From-Home Growth

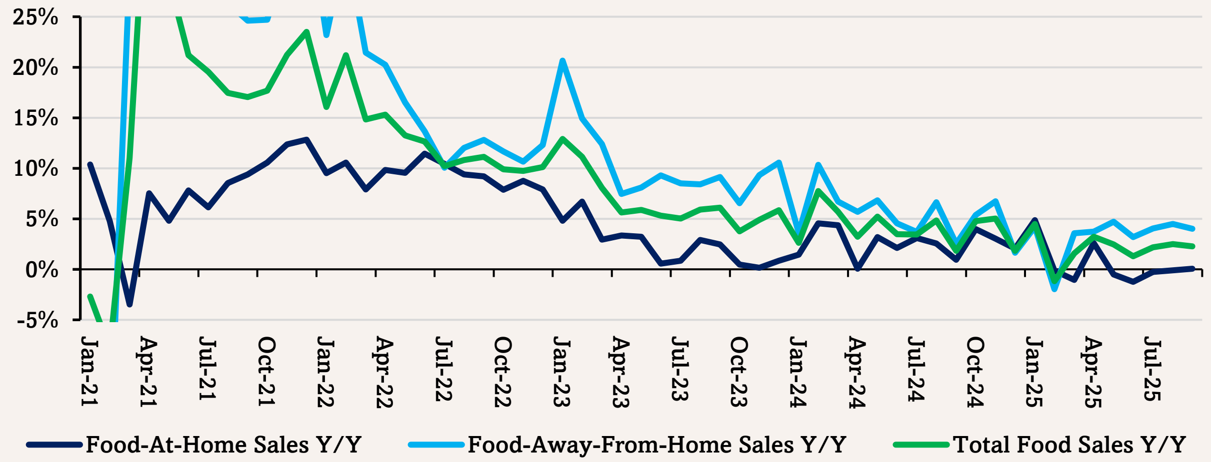


**y-axis constrained to avoid pandemic skew*

Monthly Food-Away-From-Home Sales by Outlet



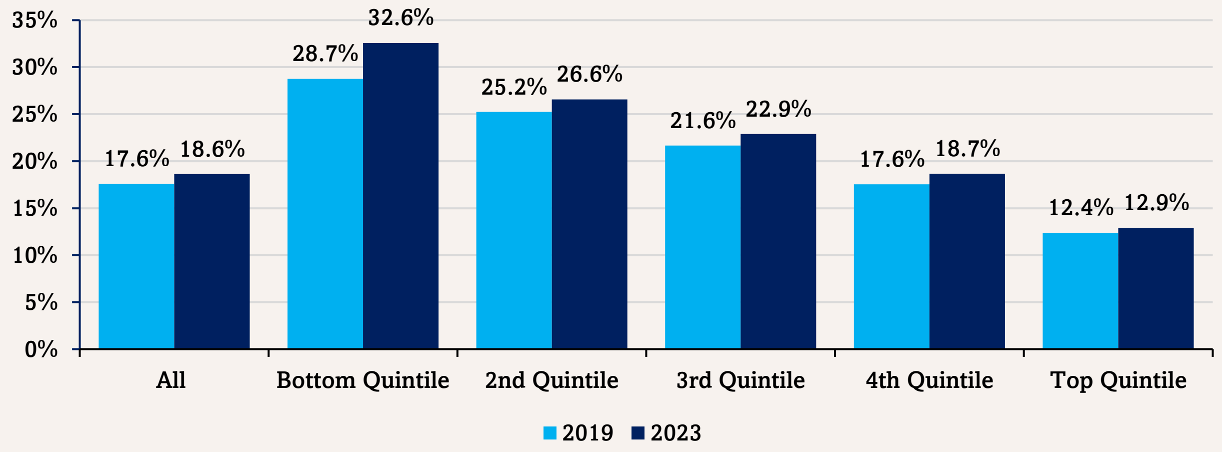
Short Term Food Sales Growth



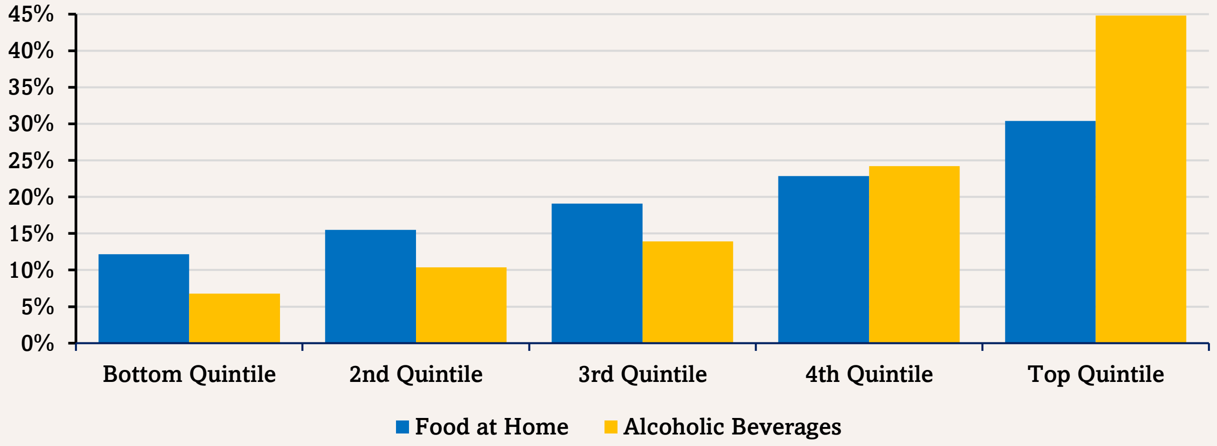
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

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

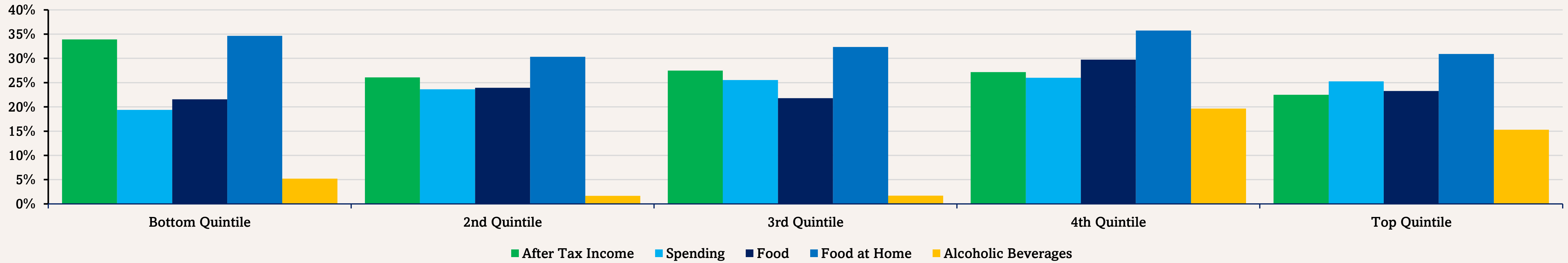
FAH Spend % of Discretionary Spending by Income Quintile



2023 Proportion of total spending on FAH & Alcohol



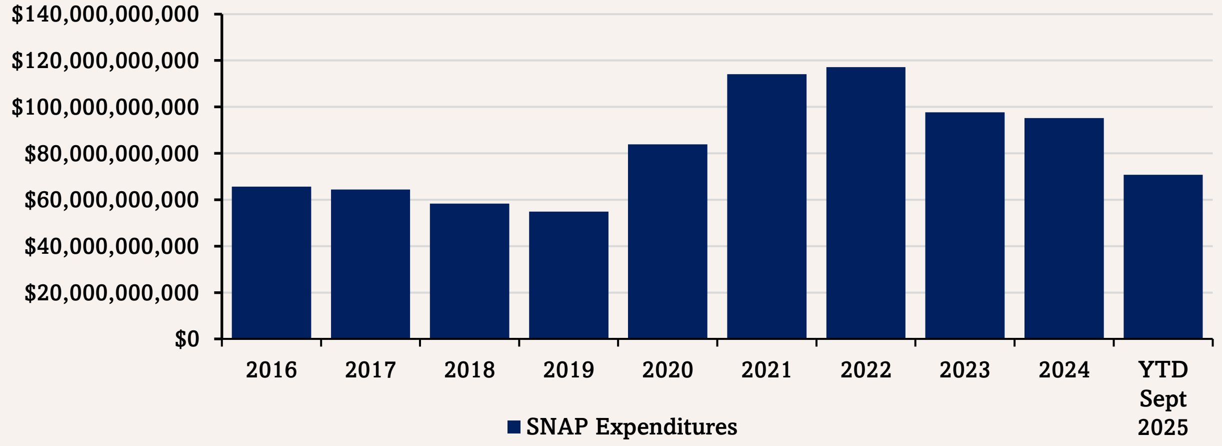
2023 vs 2019 Growth in Spending by Income Quintile



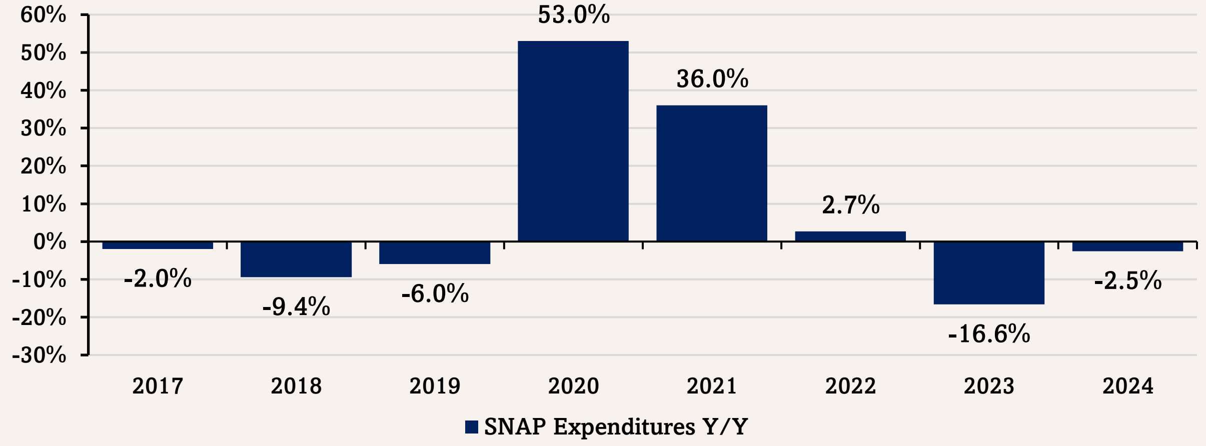
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

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

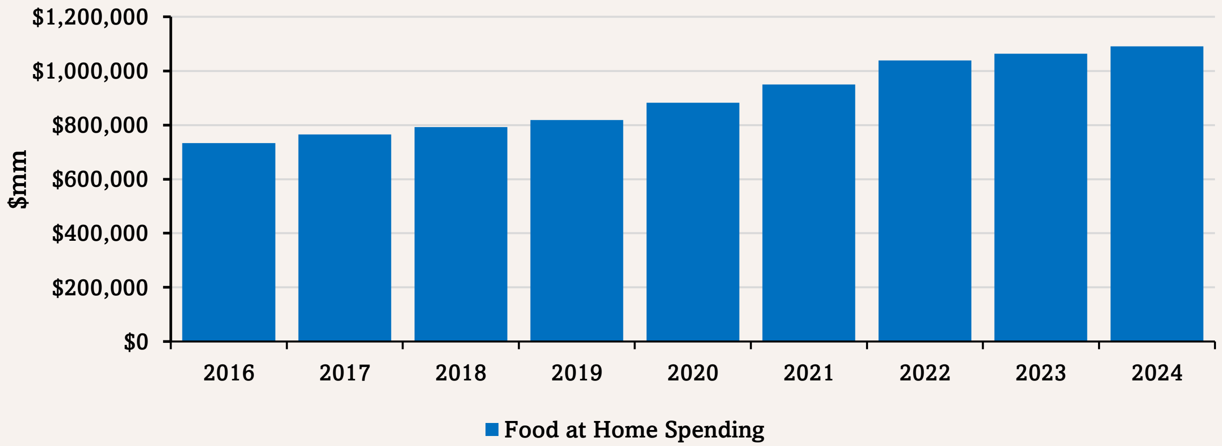
TTM Cost of SNAP Benefits



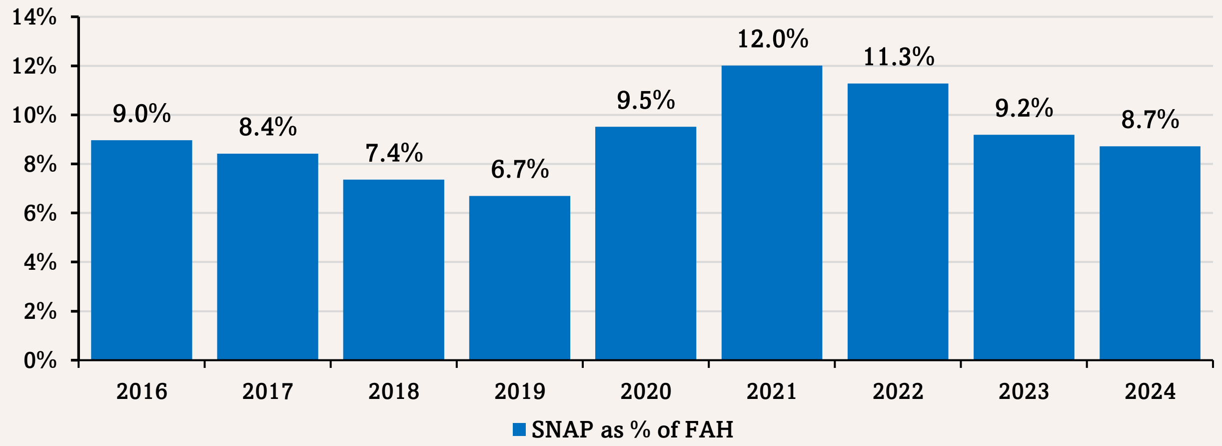
SNAP Expenditures Y/Y



FAH Spending Annualized



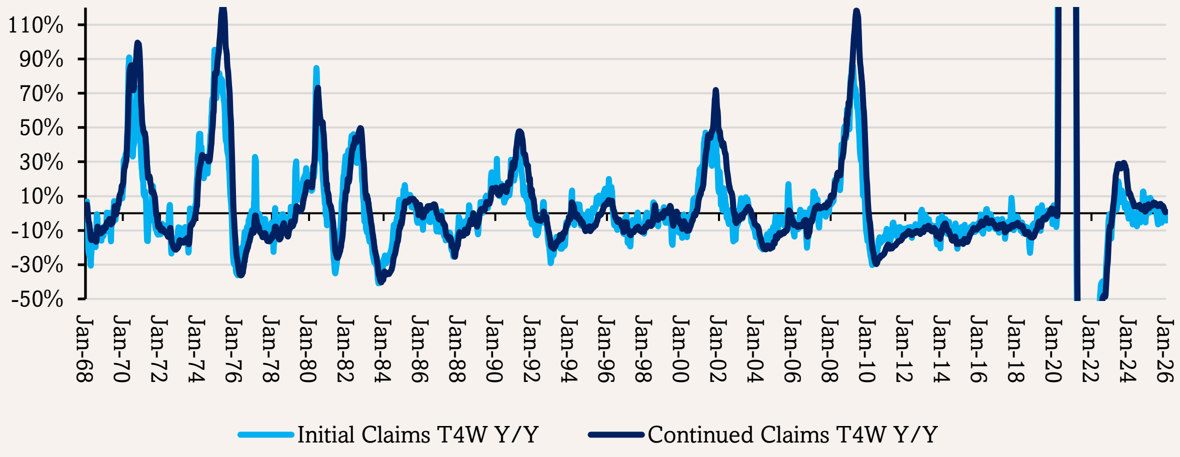
SNAP as a % of FAH Spend



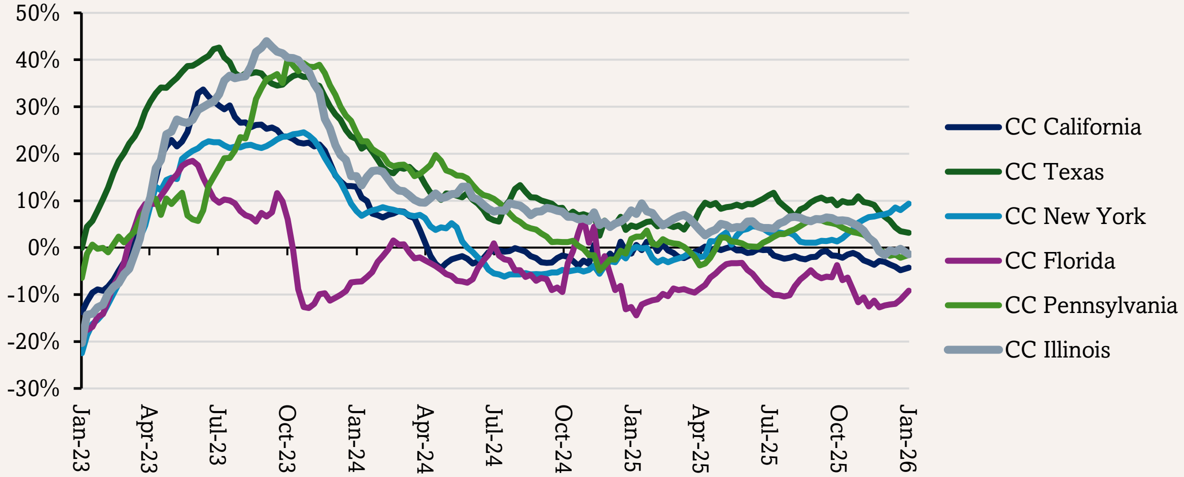
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

Continued and initial claims moving lower in recent weeks. Continued claims running up +1.0% y/y over T4W while initial claims running down -4.3% y/y over the same time frame. Most industries measured on Indeed continue to experience y/y declines in job postings, notable exception in construction

Unemployment Claims T4W Y/Y



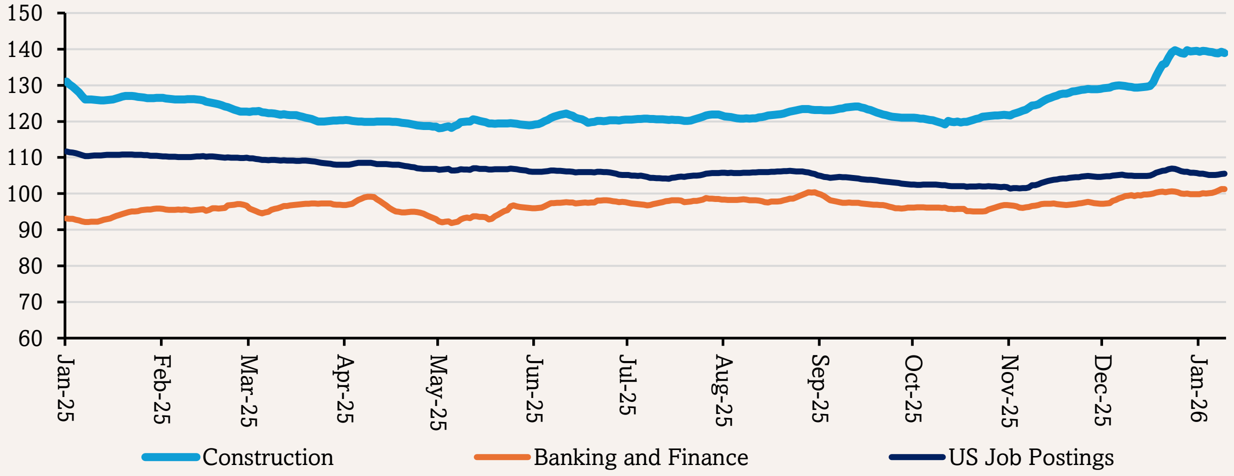
State Continued Claims T4W Y/Y



Industry Indeed Job Postings Leaders & Laggards

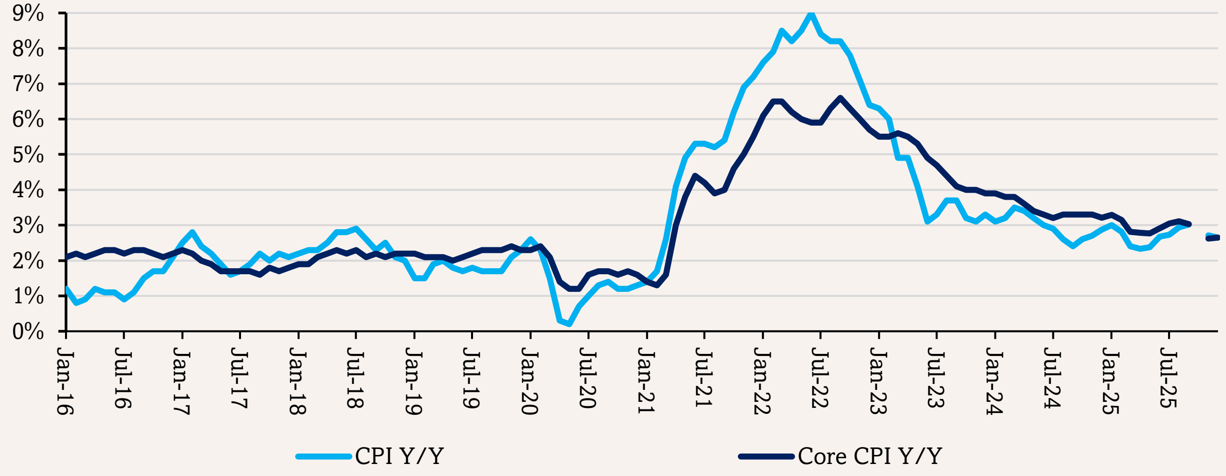
Industry	Posting Level Relative, Pre-Pandemic = 100	Y/Y Job Postings
Scientific Research and Development	72.13	-17.0%
Driving	117.76	-14.0%
Childcare	100	-12.5%
US Job Postings	**105.49**	**-4.5%**
Physicians and Surgeons	198.8	6.8%
Production and Manufacturing	115.58	7.1%
Banking and Finance	101.25	9.8%
Construction	138.89	10.2%

Daily Indeed Job Postings

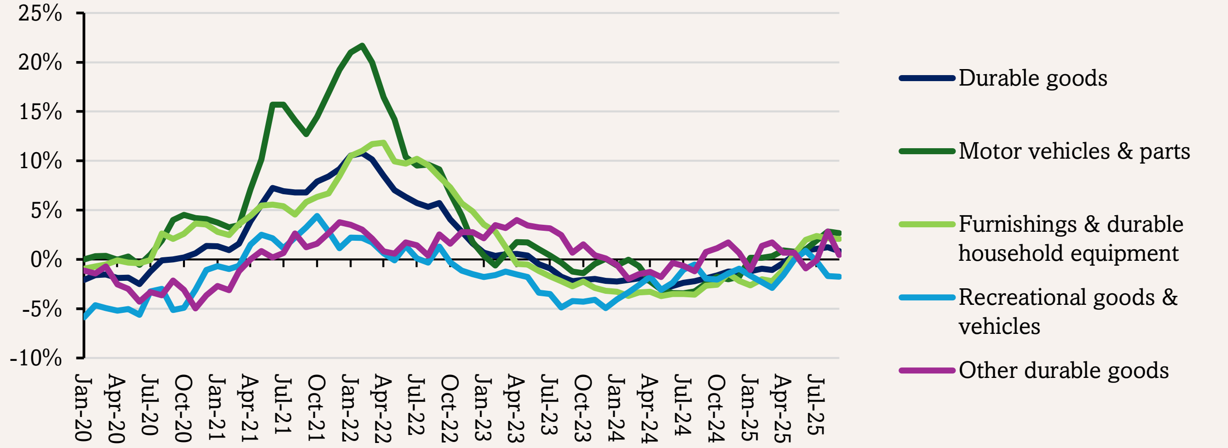


Despite missed data for October 2025, CPI y/y has moved lower at both the headline and core level. Headline CPI running up +2.7% as of December (lower than +3.0% in Sept, but higher than T12M low of +2.3% y/y in April). Core CPI at its lowest y/y level since early 2021, running up +2.6% y/y.

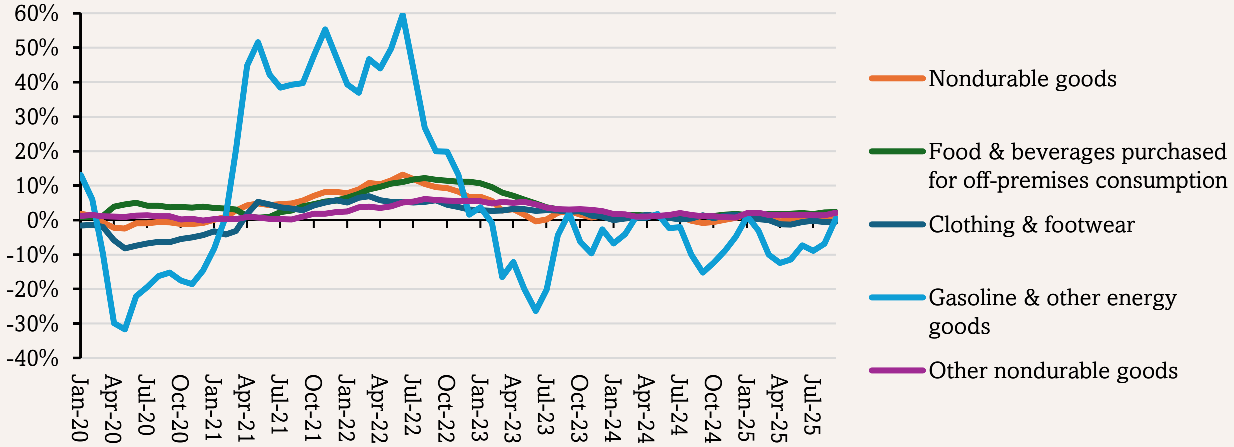
Consumer Price Index



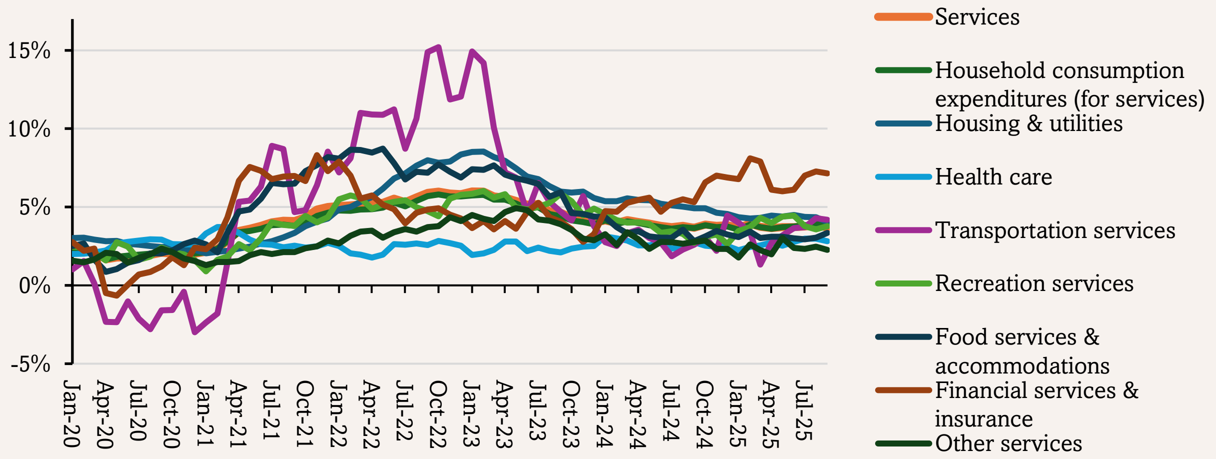
PCE Price Index: Durables



PCE Price Index: Nondurables



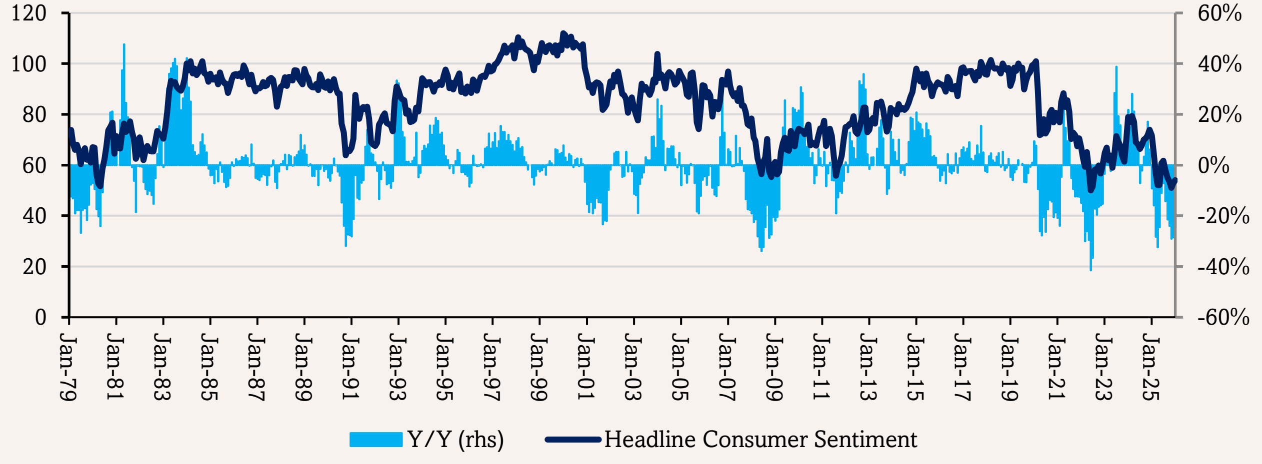
PCE Price Index: Services



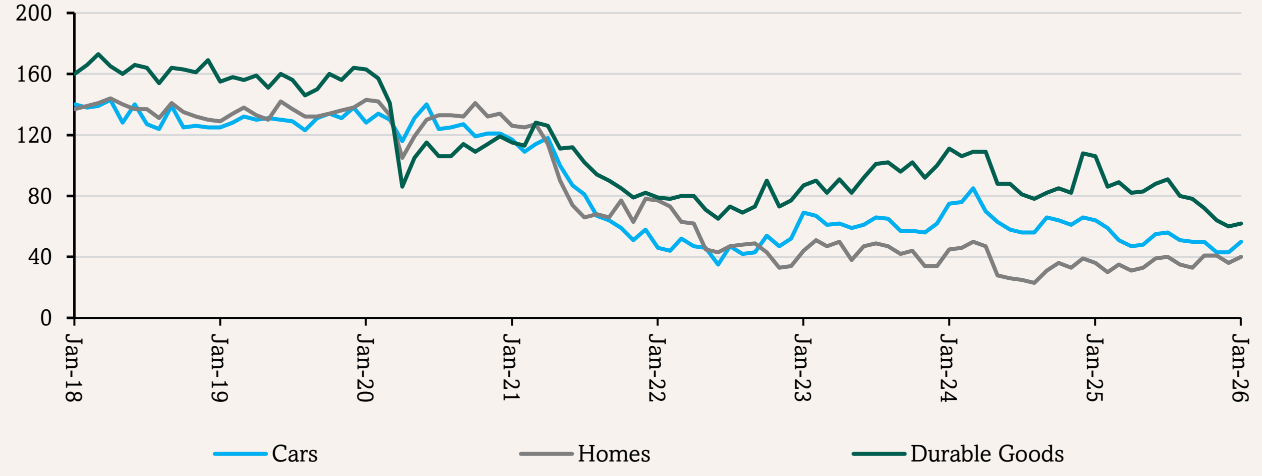
Sources: Optimal Advisory Analysis, BEA, BLS

Preliminary headline sentiment for January has run down y/y for 13 consecutive months. Sentiment is now running -24.7% y/y. Declines are particularly strong among age 35-54 (-37.5% y/y) and higher-income (-31.7% y/y) respondents

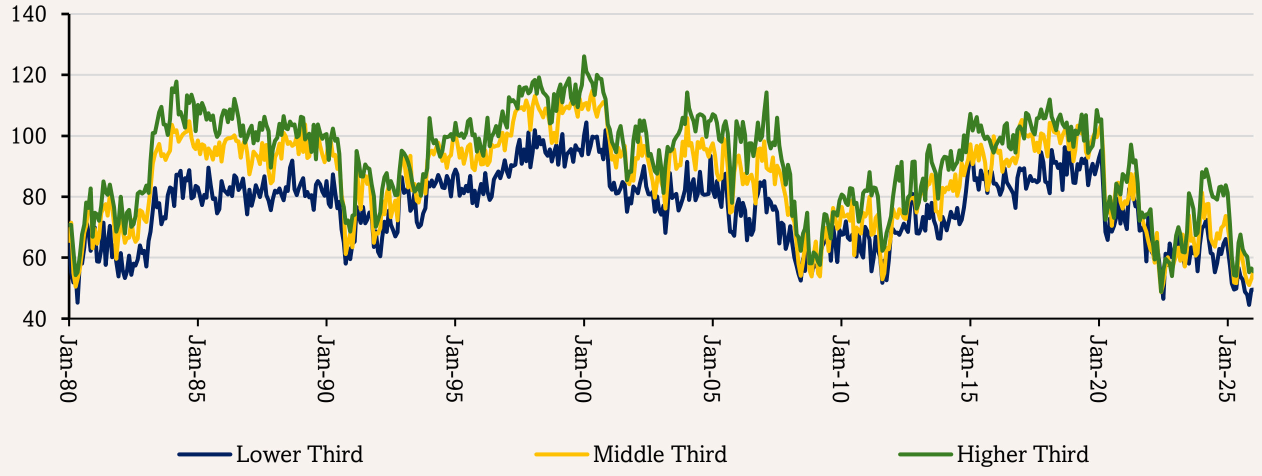
Headline Consumer Sentiment



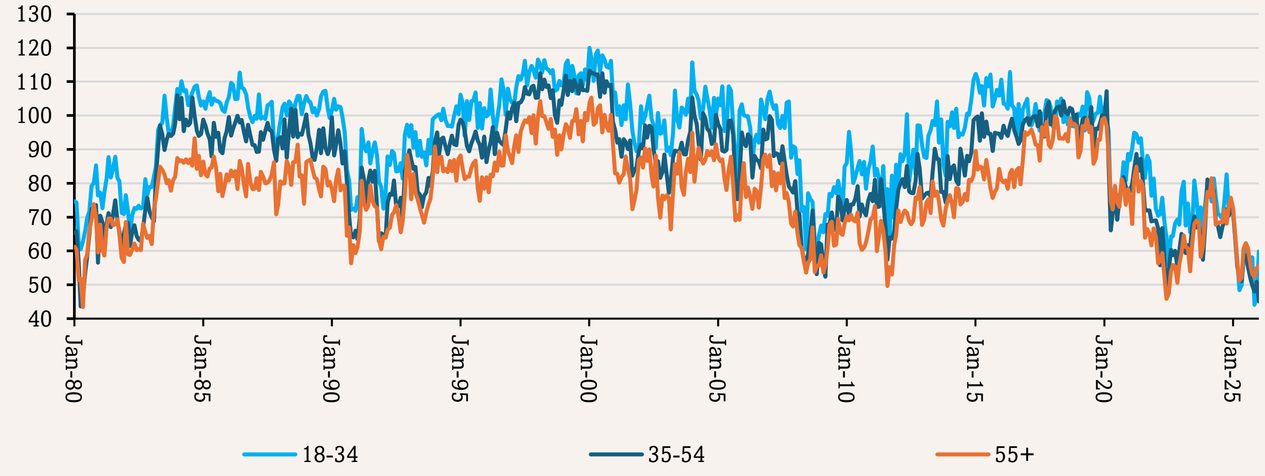
Purchasing Conditions



Consumer Sentiment by Income Terciles



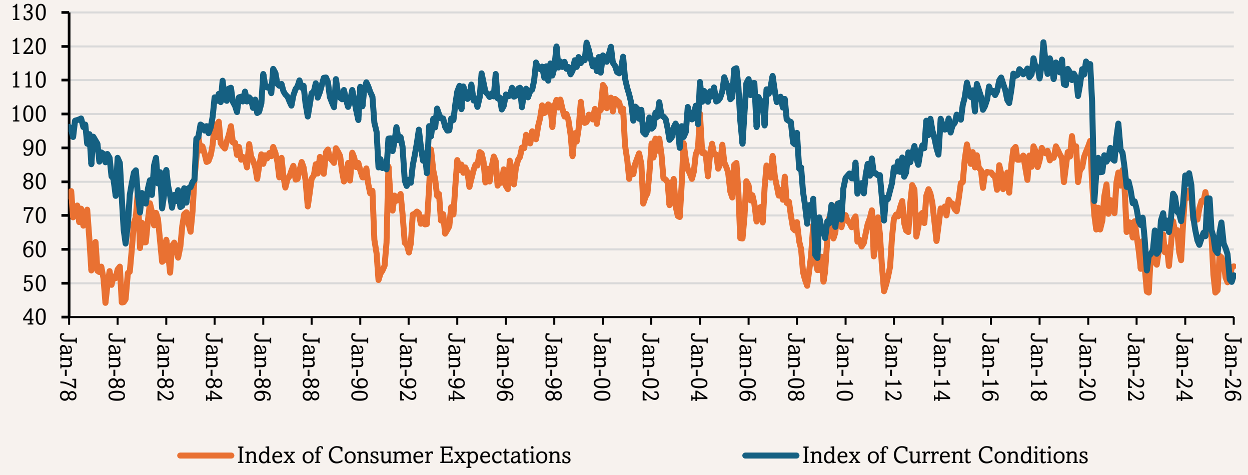
Consumer Sentiment by Age



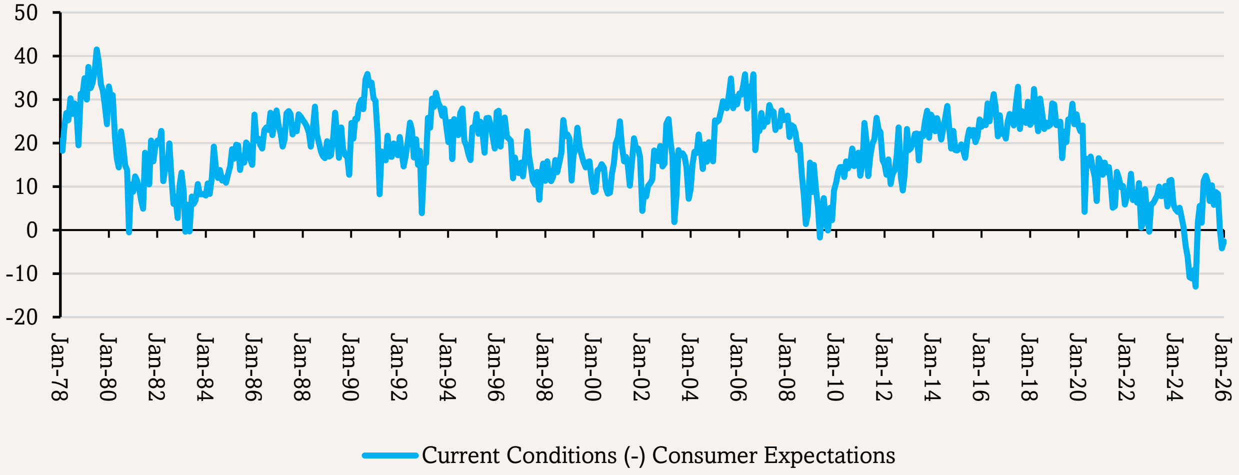
Sources: Optimal Advisory Analysis, University of Michigan Consumer Sentiment Survey

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 goods buying conditions are running down -41.5% y/y, and current financial situation is running down -17% y/y after -3% y/y in October

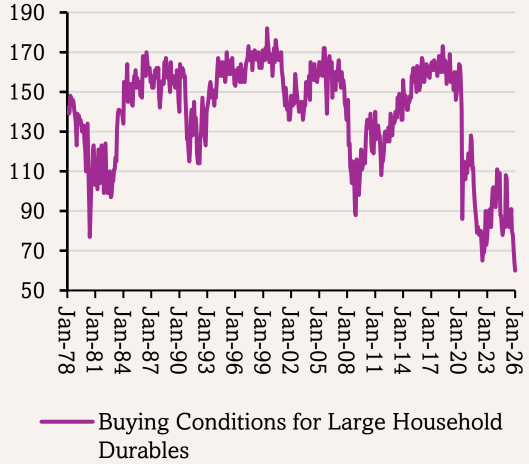
Expectations vs. Current Conditions

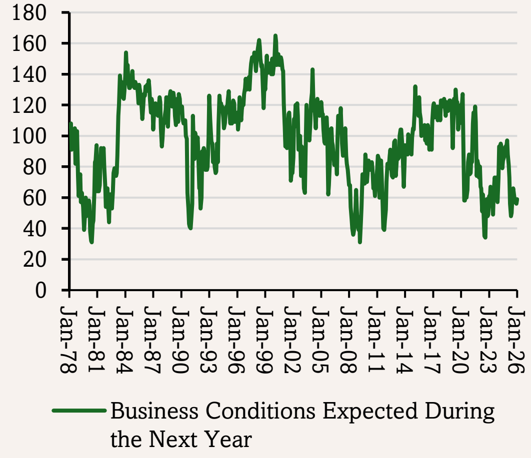


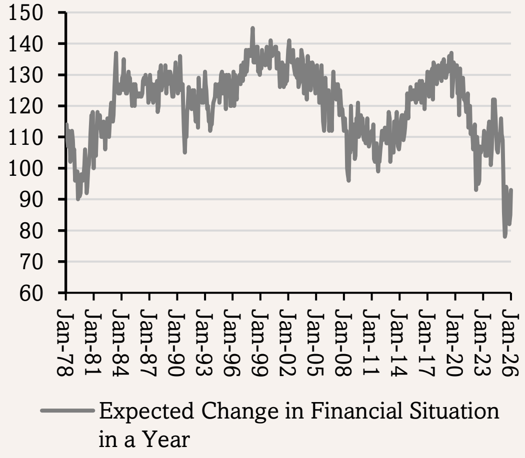
Current Conditions - Expectations

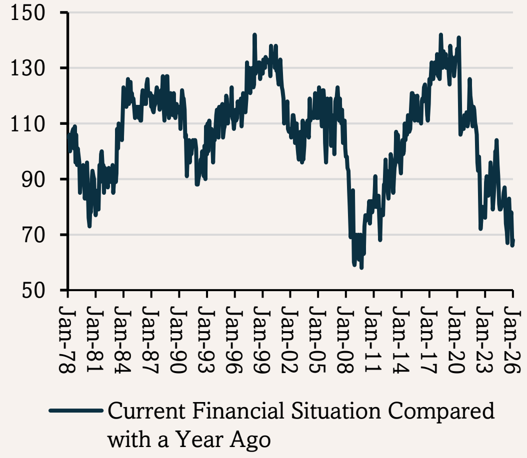


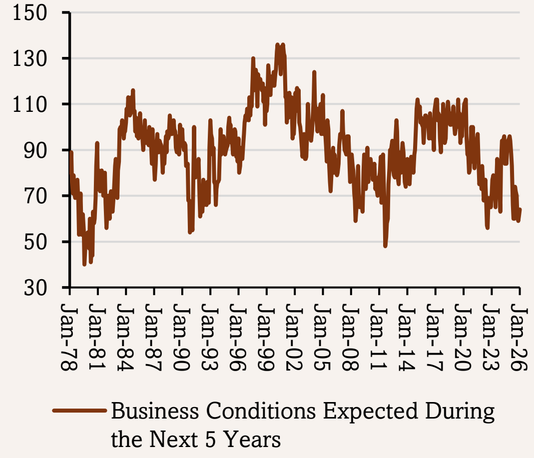
Components of Consumer Sentiment





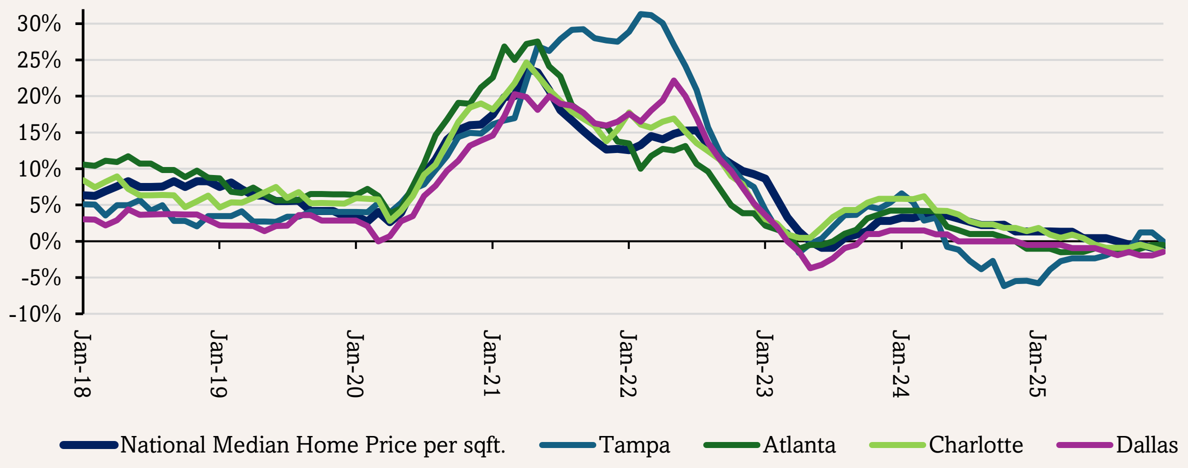




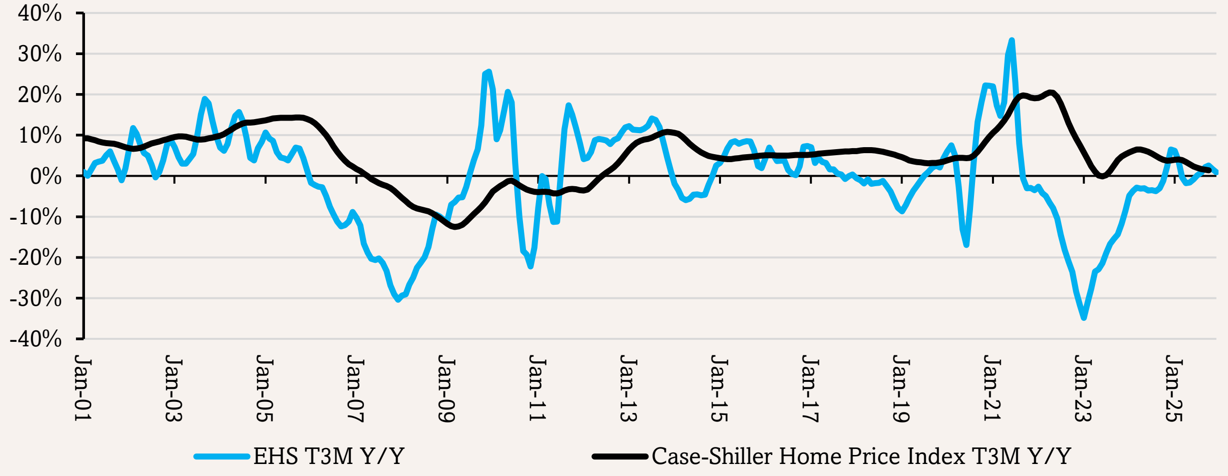


Mortgage rates closed 2025 at their lowest levels in over 16 months. Home price trends are softening across key metro areas while EHS continues to run flat/up y/y. Roughly 18% of US GDP is related to the selling, budling, fixing, lending, and furnishing of homes – velocity matters for the economy

Median Home Price Per Sqft. Y/Y



Existing Home Sales



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

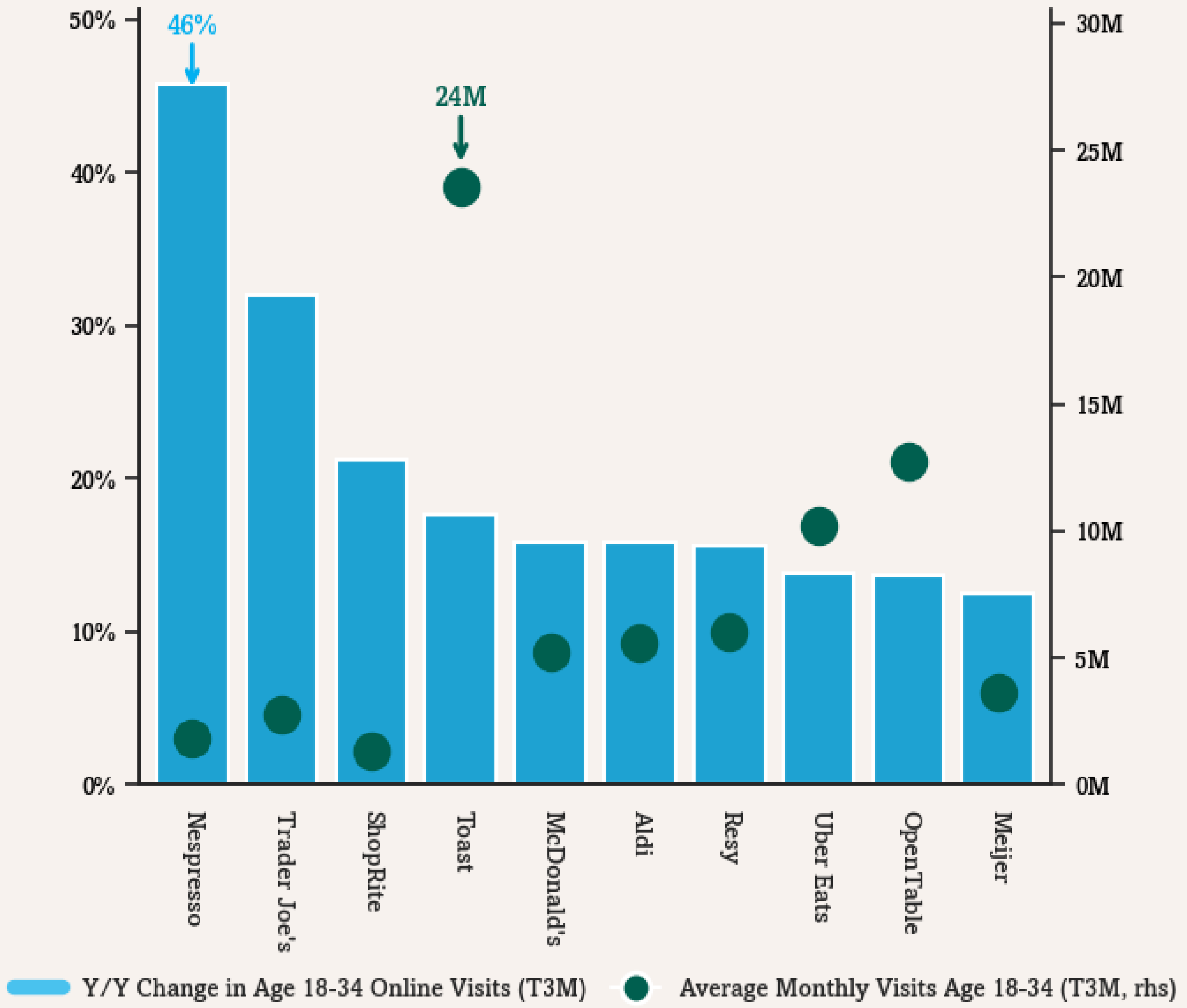
	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington, D.C.
Nov-24	5.2%	6.2%	0.9%	5.6%	3.8%	3.2%	7.6%	4.5%	2.0%	5.8%
Dec-24	6.4%	6.6%	1.5%	5.5%	3.5%	3.3%	7.6%	5.4%	2.8%	5.6%
Jan-25	6.6%	7.5%	1.9%	5.5%	4.0%	3.3%	8.2%	3.3%	3.0%	5.1%
Feb-25	5.9%	7.0%	1.6%	4.9%	4.4%	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%	-0.1%	-0.3%	7.2%	-0.8%	-2.2%	2.1%
Jul-25	4.0%	6.1%	-0.6%	1.0%	0.2%	-1.2%	6.5%	-0.8%	-1.9%	1.3%
Aug-25	4.0%	5.9%	-0.7%	0.3%	0.1%	-1.6%	6.1%	-0.8%	-1.4%	1.0%
Sep-25	4.1%	5.5%	-0.7%	-0.8%	0.4%	-1.3%	5.3%	-0.8%	-0.8%	0.6%
Oct-25	3.0%	5.9%	-1.3%	-0.7%	0.3%	-1.0%	5.0%	-0.5%	0.2%	0.4%

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

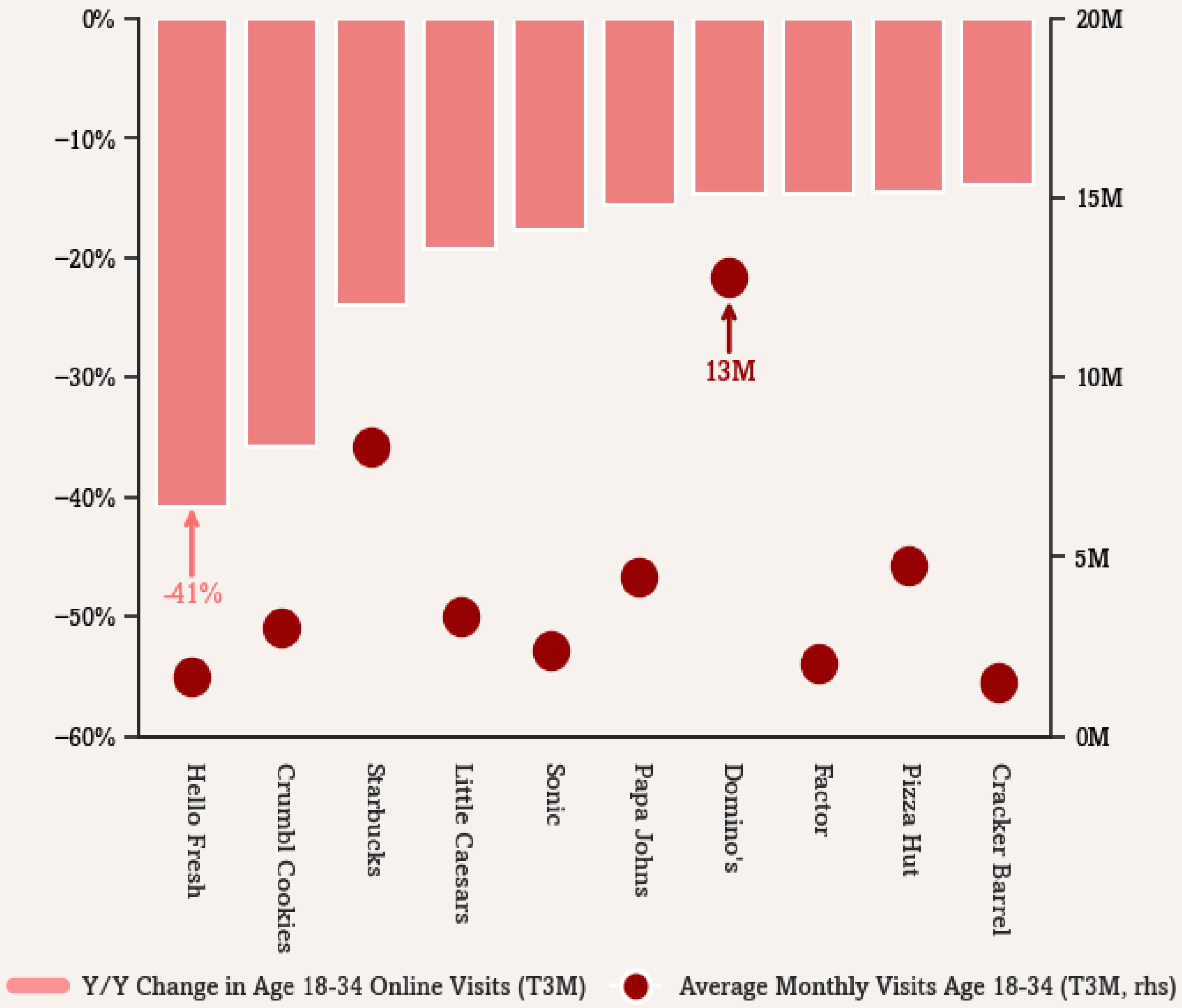
Digital Inflections

Age 18-34 digital traffic to Nespresso, Trader Joe's, ShopRite, & Toast is breaking out, and is breaking down for Hello Fresh, Crumbl Cookies, Starbucks, & Little Caesars

Age 18-34 Digital Brand Breakouts



Age 18-34 Digital Brand Breakdowns



Sources: Optimal Advisory Proprietary Analysis, Similarweb

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