

Consumer Staples Briefing Book

March 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.

March real-time spending is moderating as 7/18 proprietary Optimal staples subsectors now inflecting positively (compared to 10/18 inflecting positively last month); we note: **positive inflection in premium grocers and pharmacy** versus **negative inflection for grocery delivery, dollar, and club**. Mainstream grocery is losing spend share versus premium & other formats... See pp 5-12.

Callouts from our proprietary Optimal Cost Factor (which incorporates 30 + cost inputs) is down (-2.2% y/y) **but cost tailwinds being quickly wiped out by higher oil prices**. Leading beneficiaries of current cost relief include HSY+, LW+, MDLZ+ & Wing Restaurants+... See p 14.

Our input cost analysis provides a more real-time lens on current price volatility and implications.

Staples continues to outperform discretionary & the broader market in a defensive rotation (See p 26). We monitor fundamentals of the largest staples names (See p 20-23).

Optimal's Spring 2026 Luxury Summit NYC is 4/14 with brands from around the ecosystem and a discussion of wellness / longevity / luxury convergence.

	Getting Worse	Getting Better
Underdiscussed	<ul style="list-style-type: none"> • Lower end consumers are extremely stressed relative to the broader economy. Many can't afford the items they want and are more sensitive to price shocks. • Ubiquitous high quality co-manufacturing capabilities enable private label & challenger development - a structural headwind for legacy CPG brands. 	<ul style="list-style-type: none"> • AI Resilience is a significant tailwind for the sector. AI implementation likely to support consumer insights, logistics, R&D, and marketing operations without fundamental disruption of business models. • Protein is the best trend in the U.S. food sector, with consumer demand continuing to grow. A GLP-1 driven tailwind for new & innovative offerings. • Increased M&A interest – particularly recent M&A activity in the spirits/alcohol space - validates optimism for US market. • A squeezed consumer is a net "win" for CPG as rotation to meals at home should exceed price sensitivity impact.
Overdiscussed	<ul style="list-style-type: none"> • GLP-1 is a headwind for food & beverage sectors. • Consumers report they are choosing to drink less alcohol... this is largely excess supply, comps & affordability. • Energy prices squeeze discretionary consumer budgets – most important for convenience & single serve 	<ul style="list-style-type: none"> • Staples continue to outperform the broader market YTD, and recent market volatility 2026 YTD, yet much of the sector at low relative valuations. • SCOTUS strikes down Trump's emergency-power tariffs – providing potential cost relief.

Proprietary Subsector Spending Analysis

Consumer spending trends moderating across the Staples economy in March – we note 7/18 measured categories with positive inflection between 4-week & 12-week trends, 10/18 inflecting positively last month.

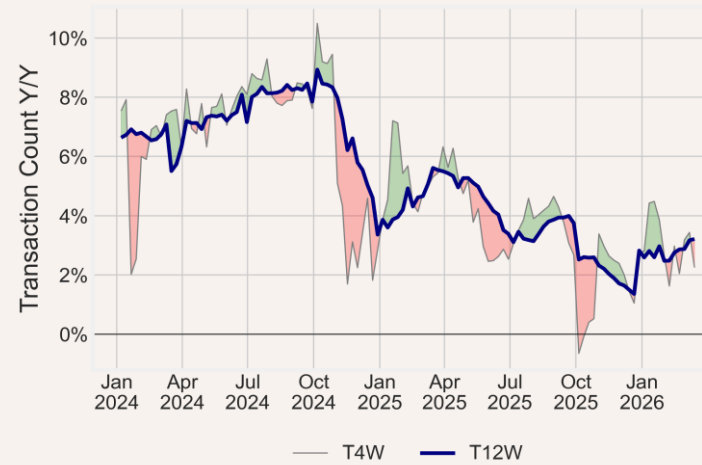
Optimal Subsector	SPENDING			TRANSACTION COUNT		AVERAGE TICKET	
	T4W Y/Y	T12W Y/Y	Inflection	T4W Y/Y	T12W Y/Y	T4W Y/Y	T12W Y/Y
CLUB	3.0%	4.1%	-1.1%	2.3%	3.2%	0.8%	0.9%
GROCERY DELIVERY	-2.8%	-0.8%	-2.0%	-0.5%	2.4%	-2.3%	-3.1%
DOLLAR	3.3%	4.9%	-1.6%	1.5%	1.9%	1.8%	2.9%
HARD DISCOUNTER	-0.3%	0.5%	-0.8%	-0.8%	-0.2%	0.5%	0.7%
MAINSTREAM GROCERS	1.7%	2.6%	-0.9%	0.2%	0.5%	1.5%	2.1%
PET	-2.0%	-0.9%	-1.0%	-3.5%	-2.5%	1.6%	1.6%
PHARMACY	0.7%	-0.8%	1.5%	-0.7%	-1.9%	1.4%	1.2%
PREMIUM GROCERS	3.3%	1.9%	1.4%	1.1%	0.4%	2.2%	1.5%
BROADLINE RETAIL	3.0%	3.9%	-0.8%	2.9%	1.8%	0.1%	2.0%
E-COMMERCE	9.0%	8.8%	0.2%	10.7%	10.7%	-1.5%	-1.7%
MEAL DELIVERY	10.7%	9.2%	1.5%	7.1%	5.5%	3.4%	3.4%
FAST FOOD	0.6%	0.6%	0.1%	-0.6%	-1.1%	1.2%	1.7%
BEAUTY	0.2%	3.2%	-2.9%	-2.7%	-1.0%	3.1%	4.2%
LUXURY	-7.4%	10.6%	-18.0%	2.0%	12.8%	-9.2%	-1.9%
FAST CASUAL	0.6%	-0.1%	0.7%	0.1%	-0.9%	0.5%	0.8%
CASUAL DINING	-0.7%	0.2%	-0.9%	-5.7%	-5.8%	5.4%	6.5%
COFFEE	4.6%	4.1%	0.6%	1.9%	1.6%	2.7%	2.4%
PIZZA	-6.3%	-5.1%	-1.1%	-4.1%	-4.8%	-2.2%	-0.4%

Mainstream grocery spending growth inflecting positively lead by Giant & H-E-B in category. Club (Costco, BJ's, Sam's Club) spending growth continues, driven by growing transactions & ticket and outpacing mainstream.

Club Spending



Club Transactions



Club Ticket



Mainstream Grocers Spending



Mainstream Grocers Transactions



Mainstream Grocers Ticket

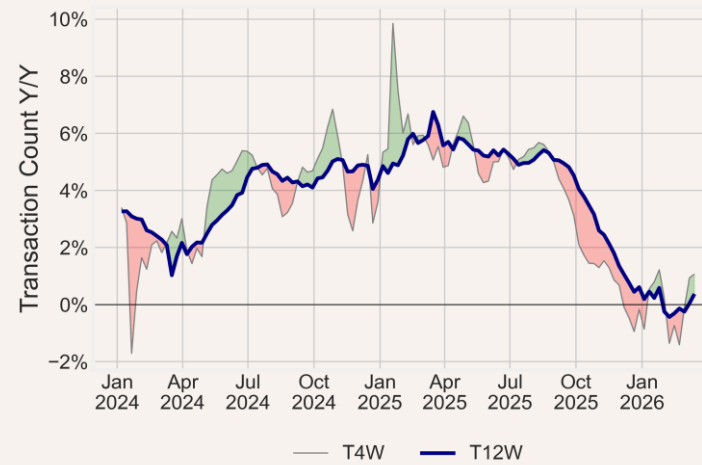


Premium grocers (including The Fresh Market & Sprouts) spending growth turning higher after months of decel in transactions & ticket growth. Pick up is evident in select luxury spending (Louis Vuitton & Coach) despite recent deceleration.

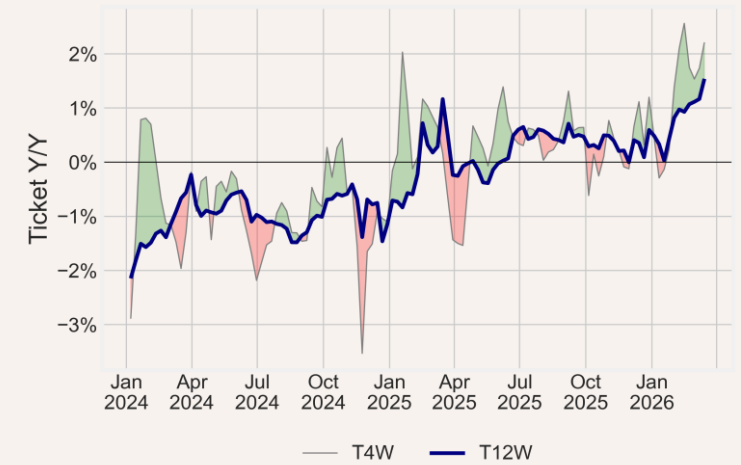
Premium Grocers Spending



Premium Grocers Transactions



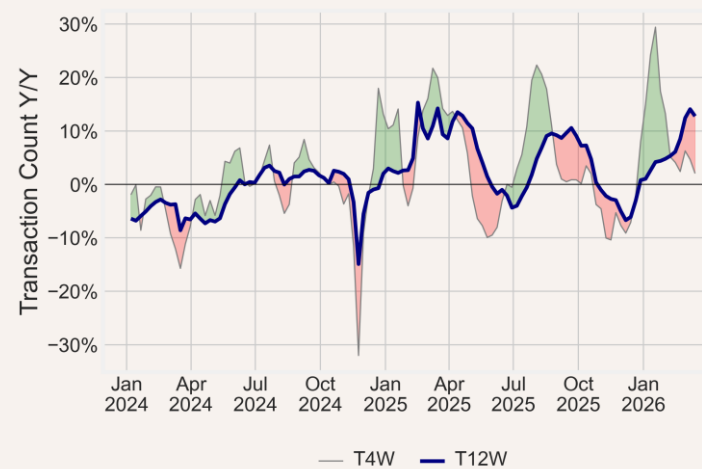
Premium Grocers Ticket



Luxury Spending



Luxury Transactions

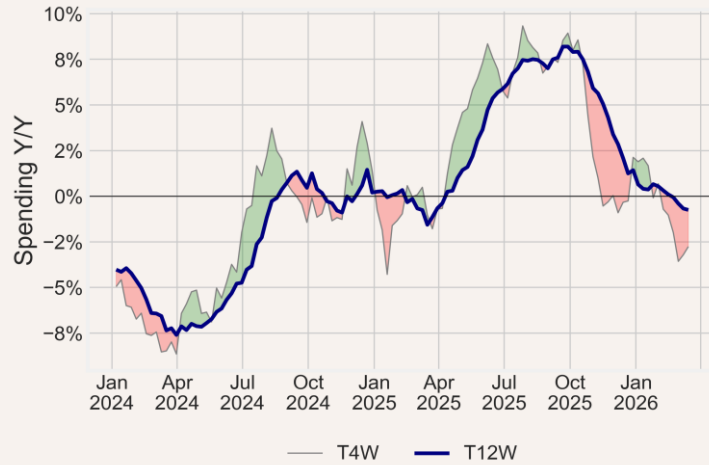


Luxury Ticket

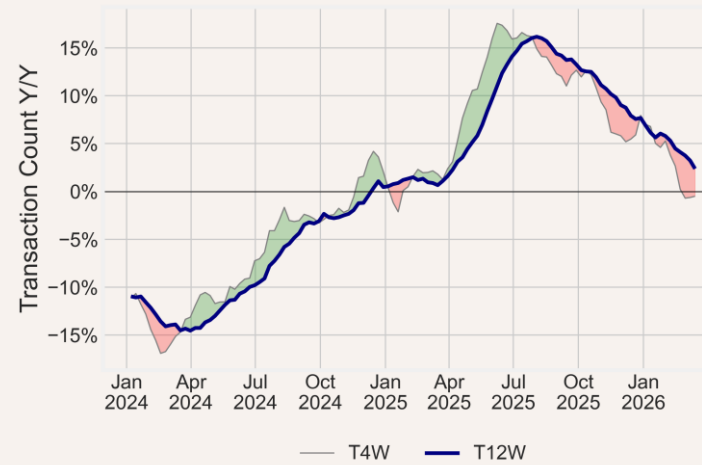


Grocery delivery transactions with sustained negative inflections and now negative on T12W trend, Amazon Fresh continues to lead category growth. Strong meal delivery (DASH, GrubHub, Uber Eats) transaction growth decelerating. Meal delivery ticket continues to positively inflect.

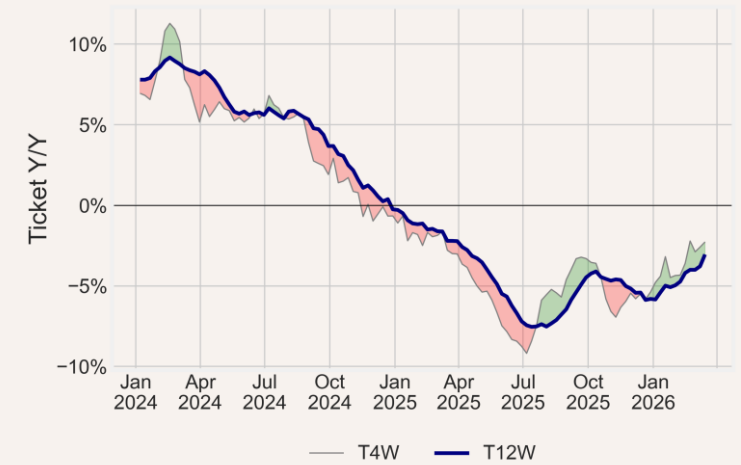
Grocery Delivery Spending



Grocery Delivery Transactions



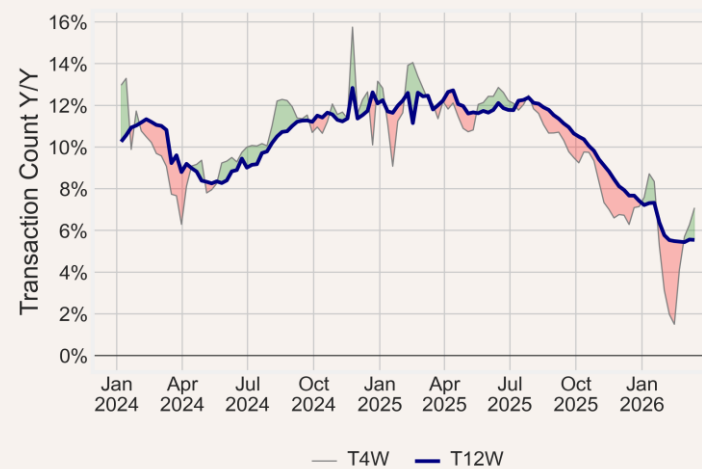
Grocery Delivery Ticket



Meal Delivery Spending



Meal Delivery Transactions



Meal Delivery Ticket



Hard discounters face decelerating transactions and accelerating ticket growth; Trader Joe's & Lidl continue to lead. Dollar store (DG & DLTR) spending flattish with transaction decline offset by ticket growth.

Dollar Store Spending



Dollar Store Transactions



Dollar Store Ticket



Hard Discounters Spending



Hard Discounters Transactions

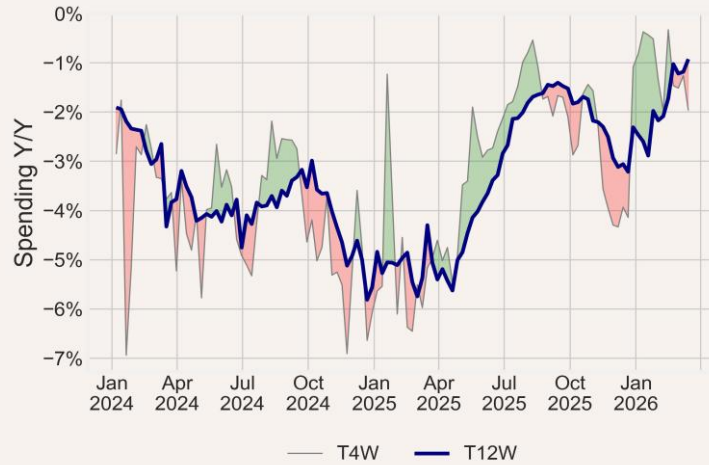


Hard Discounters Ticket

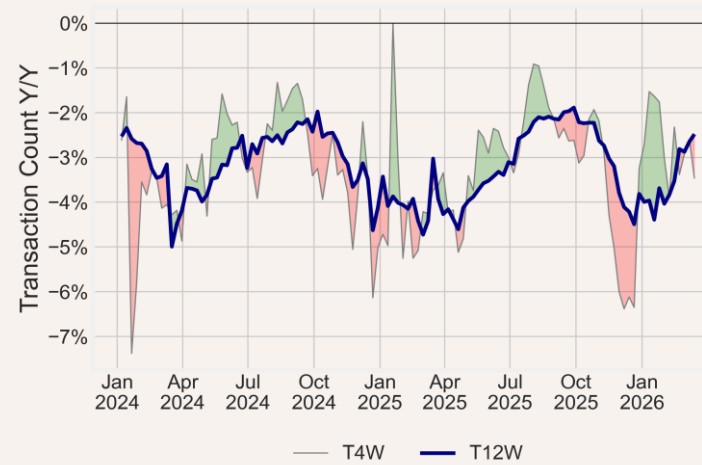


Pet channel (PetSmart & Petco) spending growth still negative but positively inflecting as ticket growth leads; E-commerce (including AMZN) still taking total spending share with positive & accelerating transaction growth.

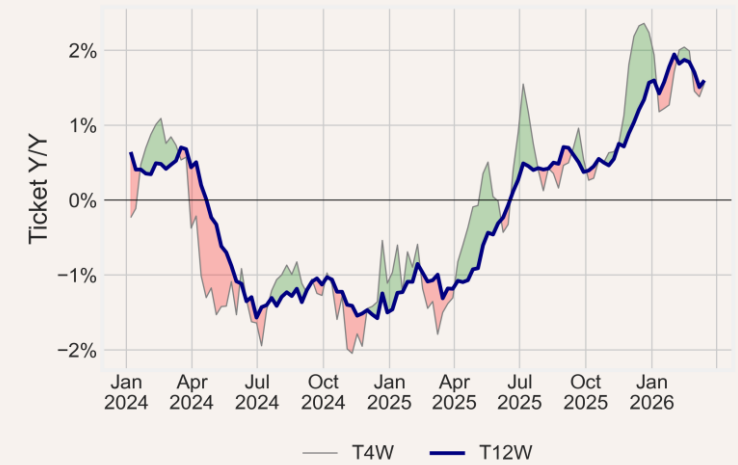
Pet Spending



Pet Transactions



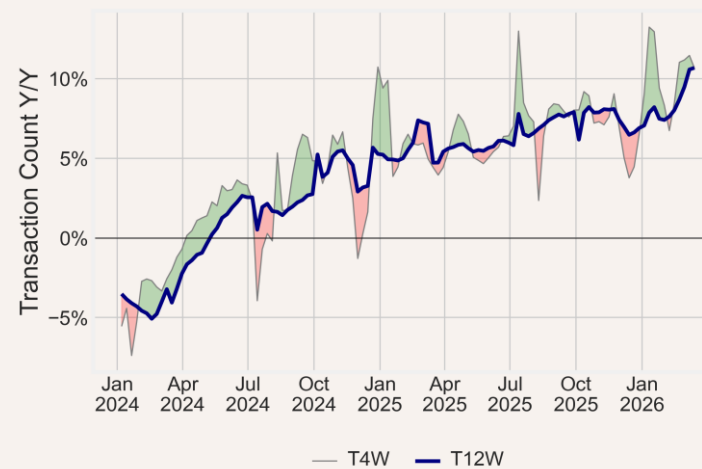
Pet Ticket



E-commerce Spending



E-commerce Transactions

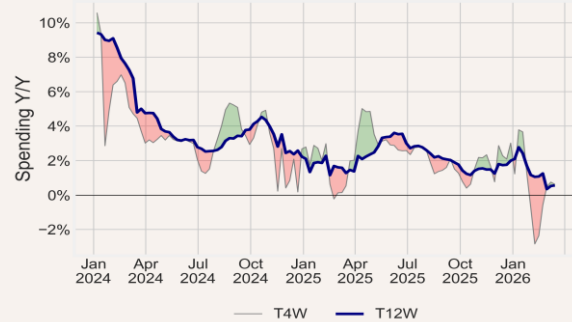


E-commerce Ticket

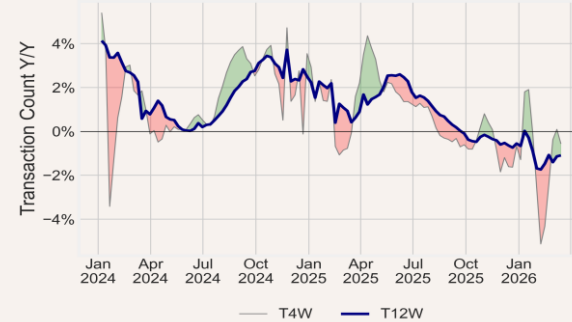


Spending growth flat across food away from home. We note an interesting trend developing as price-conscious consumers are revisiting casual dining – likely in pursuit of “more bang for buck”.

Fast Food Spending



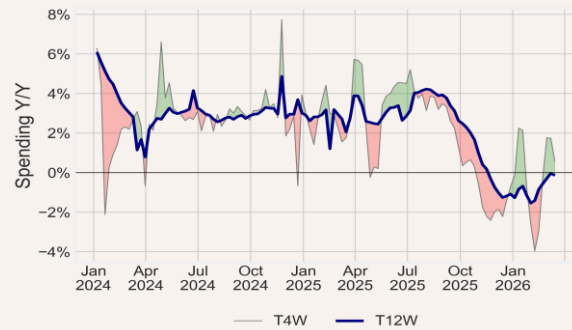
Fast Food Transactions



Fast Food Ticket



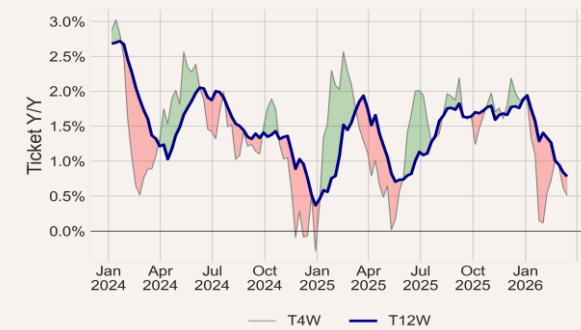
Fast Casual Spending



Fast Casual Transactions



Fast Casual Ticket



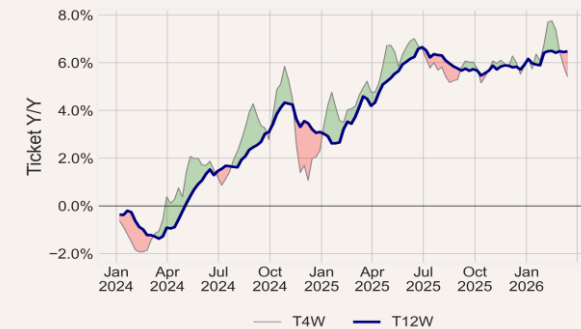
Casual Dining Spending



Casual Dining Transactions



Casual Dining Ticket

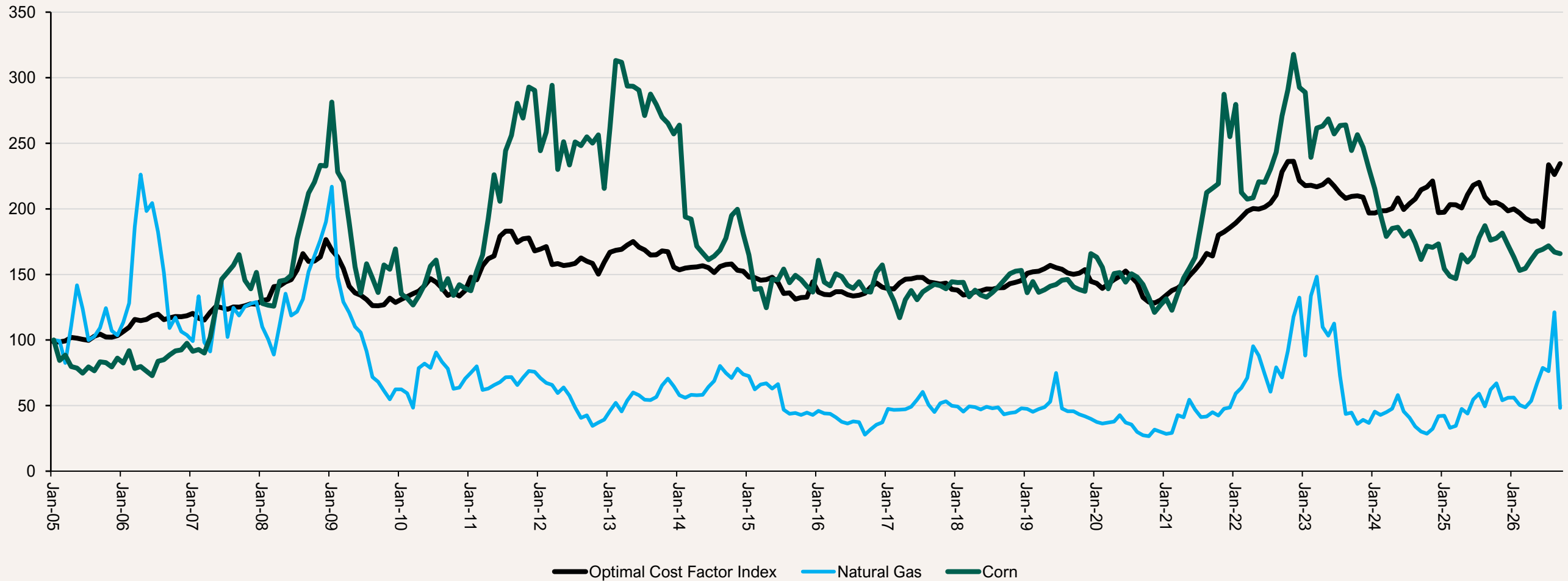


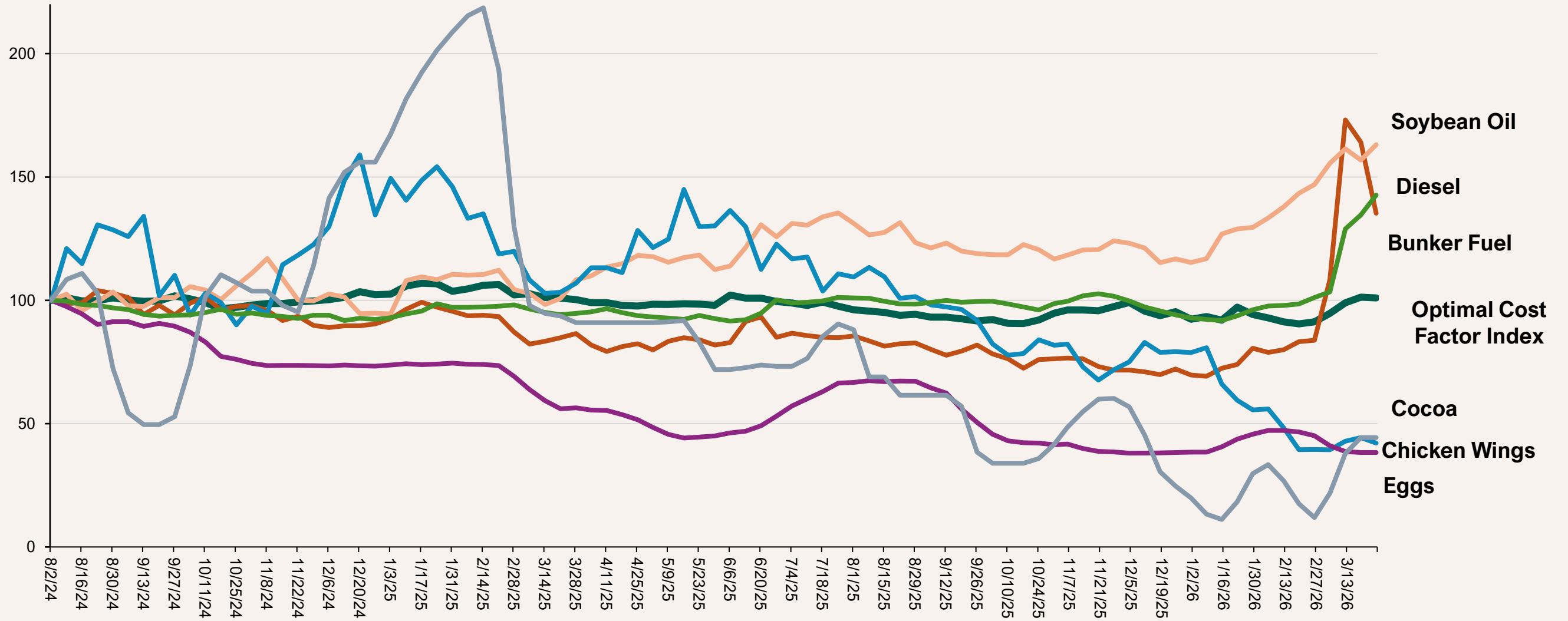
Proprietary Cost Analysis

Our Optimal Cost Factor tracks companies' U.S. input cost risk via proprietary weightings; higher energy prices eating into cost tailwinds.

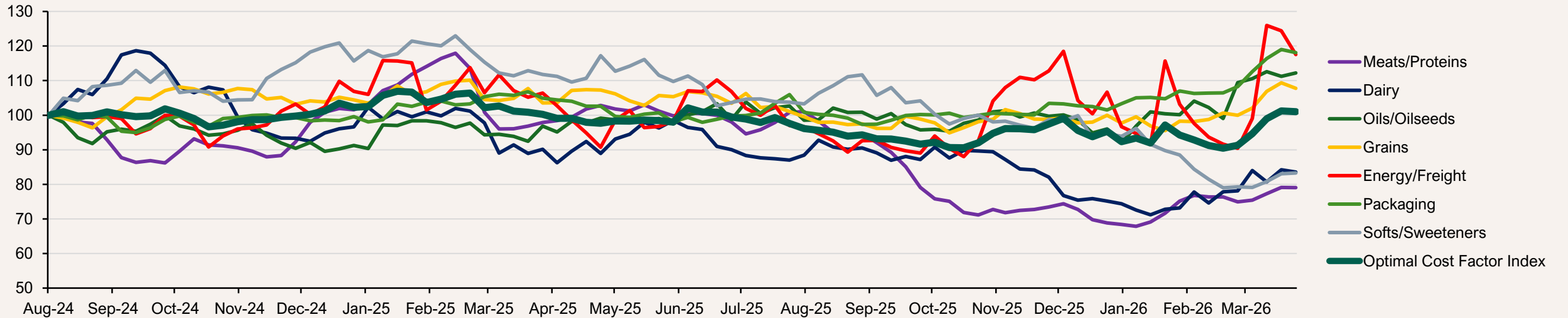
W/W		Today / T4W Average		Today T4W / YAGO T4W	
COMPANIES					
Index	-0.3%	Index	2.0%	Index	-2.2%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
CPB	1.3%	CLX	3.7%	LANC	11.5%
JJSF	1.2%	KDP	3.6%	JJSF	7.7%
HRL	0.5%	PG	3.3%	FLO	5.8%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
CELH	-2.8%	CELH	-1.6%	HSY	-27.5%
MNST	-1.8%	MNST	-0.6%	LW	-22.3%
ABI	-1.6%	ABI	0.8%	MDLZ	-10.3%
COMMODITIES					
Index	-0.3%	Index	2.0%	Index	-2.2%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
OILS/OILSEEDS	0.9%	SOFTS/SWEETENERS	2.1%	OILS/OILSEEDS	18.3%
SOFTS/SWEETENERS	0.3%	MEATS/PROTEINS	1.7%	PACKAGING	10.1%
MEATS/PROTEINS	-0.1%	PACKAGING	1.3%	ENERGY/FREIGHT	8.5%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
ENERGY/FREIGHT	-5.5%	OILS/OILSEEDS	0.5%	SOFTS/SWEETENERS	-27.2%
GRAINS	-1.5%	DAIRY	0.5%	MEATS/PROTEINS	-19.6%
DAIRY	-0.8%	ENERGY/FREIGHT	0.7%	DAIRY	-7.5%
FOOD SERVICE					
Index	-0.3%	Index	2.0%	Index	-2.2%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
FAST FOOD BURGER	-0.2%	FAST FOOD MEXICAN	0.9%	FAST FOOD MEXICAN	-4.4%
FAST CASUAL MEXICAN	-0.2%	FAST CASUAL MEXICAN	0.9%	FAST CASUAL MEXICAN	-4.5%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
ALL WINGS	-0.4%	ALL WINGS	0.3%	ALL WINGS	-16.9%
FAST CASUAL UPSCALE	-0.3%	FAST FOOD BURGER	0.5%	FAST FOOD BURGER	-8.5%

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).





Tailwinds for food producers as softs & meats/proteins costs down. Higher energy costs & shipping risk are suddenly an immediate tax on everything.



Category	Value at 3/26	Value at 3/19	W/W %	Most Recent T4W	YAGO T4W	T4W / YAGO T4W %	12 Mo Low	Increase Since 12-Mo Low
Softs/Sweeteners	83.3	83.0	0.3%	81.6	112.1	-27.2%	79.0	5.4%
Meats/Proteins	79.1	79.1	-0.1%	77.7	96.7	-19.6%	67.9	16.5%
Dairy	83.5	84.2	-0.8%	83.1	89.9	-7.5%	71.2	17.3%
Optimal Cost Factor Index	101.0	101.2	-0.3%	99.0	101.2	-2.2%	90.4	11.7%
Grains	107.7	109.4	-1.5%	106.5	105.1	1.4%	94.9	13.5%
Energy/Freight	117.5	124.4	-5.5%	116.7	107.6	8.5%	88.0	33.5%
Packaging	118.1	119.0	-0.8%	116.5	105.9	10.1%	97.3	21.3%
Oils/Oilseeds	112.2	111.2	0.9%	111.6	94.4	18.3%	91.9	22.1%

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

Ticker	Value at 3/26	LTM Avg	Today T4W / YAGO T4W	Inputs % of COGS	Gross EBIT % Impact	TTM Avg Gross Margin	Gross Pricing Need
HSY	66.8	80.8	-27.5%	65%	17.9%	40.1%	-10.7%
LW	68.5	76.6	-22.3%	70%	15.6%	21.7%	-12.2%
MDLZ	76.3	76.4	-10.3%	65%	6.7%	32.5%	-4.5%
BRBR	60.1	60.0	-7.1%	60%	4.3%	35.4%	-2.8%
SMPL	56.9	56.8	-7.1%	60%	4.2%	37.4%	-2.7%
THS	81.1	80.5	-6.8%	70%	4.7%	16.9%	-3.9%
FRPT	60.2	58.2	-5.9%	60%	3.6%	40.8%	-2.1%
CHD	55.6	51.9	-5.5%	55%	3.0%	44.5%	-1.7%
MKC	82.8	80.4	-4.3%	65%	2.8%	38.5%	-1.7%
CAG	100.2	95.4	-2.3%	60%	1.4%	25.9%	-1.0%
GIS	84.7	80.5	-2.2%	65%	1.4%	34.3%	-1.0%
POST	73.3	69.6	-1.5%	65%	1.0%	29.2%	-0.7%
CLX	61.7	55.4	-1.4%	60%	0.8%	45.2%	-0.5%
KDP	72.9	66.0	-0.9%	55%	0.5%	54.9%	-0.2%
MNST	59.4	57.7	-0.2%	70%	0.2%	55.2%	-0.1%
CPB	77.9	72.6	-0.2%	60%	0.1%	30.4%	-0.1%
PG	69.5	61.8	0.4%	65%	-0.3%	51.2%	0.1%
SAM	84.3	80.9	1.0%	60%	-0.6%	46.5%	0.3%
TAP	84.3	80.9	1.0%	60%	-0.6%	38.8%	0.4%
EPC	65.8	58.8	1.3%	60%	-0.8%	42.2%	0.4%
PEP	95.2	86.6	1.3%	60%	-0.8%	54.4%	0.4%
ABI	87.0	83.3	1.4%	60%	-0.9%	55.7%	0.4%
KHC	82.4	77.1	1.6%	65%	-1.0%	34.3%	0.7%
HRL	76.2	71.0	2.6%	70%	-1.8%	16.3%	1.5%
SJM	66.3	59.5	2.6%	65%	-1.7%	35.1%	1.1%
CELH	52.2	50.3	3.0%	70%	-2.1%	50.5%	1.0%
KO	76.8	69.0	5.0%	60%	-3.0%	61.4%	1.2%
FLO	85.9	75.6	5.8%	65%	-3.8%	49.4%	1.9%
JJSF	87.9	78.0	7.7%	65%	-5.0%	29.7%	3.5%
LANC	89.9	80.0	11.5%	60%	-6.9%	23.9%	5.3%

Valuation Snapshot

Beverage Comps

SAM with a lower EV/GP than TAP – seems like an opportunity.

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	\$75.71	\$370,089	\$325,867	\$16,063	\$17,279	\$31,408	2.0	23.0	12.3	21.4	11.9
PEP	PEPSICO INC	\$153.04	\$265,214	\$209,197	\$18,363	\$19,540	\$43,498	2.4	14.4	5.2	13.6	4.9
ABI	ANHEUSER BUSCH INBEV SA	\$67.95	\$220,390	\$137,207	\$21,223	\$23,124	\$60,935	2.9	10.4	6.7	9.5	6.1
MNST	MONSTER BEVERAGE CORP	\$71.83	\$72,997	\$70,243	\$2,697	\$2,936	-\$2,765	N.A.	27.1	15.9	24.9	14.3
DEO	DIAGEO	\$74.07	\$68,744	\$41,228	\$7,550	\$6,549	\$20,819	2.8	9.1	5.7	10.5	5.7
HEIA	HEINEKEN	\$75.02	\$67,876	\$43,211	\$7,415	\$7,952	\$17,024	2.3	9.2	6.8	8.5	4.0
CCE	COCA COLA EUROPEAN PARTNERS	\$91.64	\$57,888	\$41,063	\$4,183	\$4,523	\$11,427	2.7	13.8	6.9	12.8	6.5
KDP	KEURIG DR PEPPER INC	\$26.23	\$55,319	\$35,638	\$4,868	\$6,296	\$16,930	3.5	11.4	6.1	8.8	5.0
STZ	CONSTELLATION BRANDS	\$151.40	\$36,781	\$26,255	\$3,508	\$3,480	\$10,511	3.0	10.5	7.5	10.6	8.0
PRNDY	PERNOD RICARD	\$14.77	\$35,829	\$18,630	\$3,395	\$3,311	\$13,149	3.9	10.6	5.4	10.8	5.6
CARL.B	CARLSBERG	\$122.73	\$29,024	\$16,620	\$2,845	\$3,061	\$9,589	3.4	10.2	4.8	9.5	4.5
BFA	BROWN FORMAN CORP	\$27.19	\$14,081	\$12,472	\$1,199	\$1,182	\$2,362	2.0	11.7	6.1	11.9	6.1
BFB	BROWN FORMAN CORP	\$27.19	\$14,081	\$12,472	\$1,199	\$1,182	\$2,362	2.0	11.7	6.1	11.9	6.1
CELH	CELSIUS HOLDINGS INC	\$33.94	\$13,781	\$8,722	\$620	\$780	\$289	0.5	22.2	10.6	17.7	8.1
TAP	MOLSON COORS	\$43.40	\$14,541	\$8,200	\$2,315	\$2,133	\$5,616	2.4	6.3	3.4	6.8	3.5
PRMB	PRIMO BRANDS	\$18.25	\$13,158	\$6,628	\$1,447	\$1,501	\$5,348	3.7	9.1	6.6	8.8	6.3
SAM	BOSTON BEER INC	\$229.76	\$2,271	\$2,400	\$235	\$231	-\$184	N.A.	9.6	2.4	9.8	2.4

Food Comps

Center store food EV/GP still relatively high relative to present organic GP trajectory.

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	\$95.73	\$328,722	\$246,639	\$21,752	\$22,445	\$64,116	2.9	15.1	6.6	14.6	6.4
MDLZ	MONDELEZ	\$58.27	\$93,739	\$74,693	\$6,432	\$6,865	\$19,980	3.1	14.6	8.5	13.7	7.8
BN	DANONE	\$77.32	\$65,741	\$52,686	\$5,675	\$5,693	\$9,471	1.7	11.6	4.1	11.5	4.1
HSY	HERSHEY FOODS	\$213.73	\$49,749	\$43,321	\$1,404	\$3,005	\$4,813	3.4	35.4	12.8	16.6	9.9
KHC	KRAFT HEINZ	\$22.04	\$46,709	\$26,090	\$5,755	\$5,013	\$18,097	3.1	8.1	5.6	9.3	5.8
GIS	GENERAL MILLS INC	\$36.45	\$35,949	\$19,453	\$3,280	\$3,294	\$13,182	4.0	11.0	5.9	10.9	5.9
TSN	TYSON FOODS INC	\$63.92	\$28,729	\$22,505	\$3,540	\$3,615	\$7,084	2.0	8.1	8.7	7.9	6.2
MKC	MCCORMICK & CO	\$53.07	\$21,384	\$14,245	\$1,325	\$1,544	\$4,127	3.1	16.1	8.2	13.8	7.1
HRL	HORMEL FOODS CORP	\$23.07	\$15,007	\$12,695	\$1,277	\$1,388	\$1,956	1.5	11.8	7.9	10.8	7.5
SJM	JM SMUCKER	\$95.24	\$19,084	\$10,157	\$1,787	\$2,176	\$7,446	4.2	10.7	6.4	8.8	5.6
SFD	SMITHFIELD FOODS	\$26.69	\$11,418	\$10,502	\$1,677	\$1,730	\$857	0.5	6.8	5.4	6.6	5.4
CAG	CONAGRA BRANDS INC	\$15.62	\$16,375	\$7,472	\$1,977	\$1,731	\$7,577	3.8	8.3	5.8	9.5	6.1
CPB	CAMPBELL SOUP	\$21.99	\$14,599	\$6,556	\$1,764	\$1,597	\$6,846	3.9	8.3	5.0	9.1	5.0
LW	LAMB WESTON HOLDINGS INC	\$41.60	\$10,112	\$5,777	\$1,237	\$1,076	\$3,862	3.1	8.2	7.2	9.4	7.8
POST	POST HOLDINGS INC	\$95.70	\$12,209	\$4,589	\$1,587	\$1,553	\$7,180	4.5	7.7	5.1	7.9	5.1
LANC	LANCASTER COLONY	\$137.13	\$4,133	\$3,761	\$296	\$314	-\$163	N.A.	13.9	8.8	13.1	8.6
FRPT	FRESHPET INC	\$55.93	\$4,302	\$2,744	\$196	\$211	\$217	1.1	22.0	9.6	20.4	8.6
FLO	FLOWERS FOODS INC	\$8.40	\$3,941	\$1,777	\$535	\$476	\$2,068	3.9	7.4	1.5	8.3	1.6
BRBR	BELLRING BRANDS INC	\$15.35	\$3,091	\$1,800	\$447	\$433	\$1,121	2.5	6.9	4.2	7.1	4.1
FDP	FRESH DEL MONTE PRODUCE	\$41.91	\$2,320	\$1,986	\$300	\$269	\$313	1.0	7.7	5.8	8.6	5.7
JJSF	J & J SNACK FOODS	\$79.84	\$1,685	\$1,518	\$183	\$204	\$95	0.5	9.2	3.6	8.3	3.4
SMPL	SIMPLY GOOD FOODS	\$14.35	\$1,667	\$1,328	\$264	\$278	\$257	1.0	6.3	3.3	6.0	3.2
DOLE	DOLE	\$14.73	\$2,604	\$1,402	\$395	\$408	\$1,038	2.6	6.6	3.7	6.4	3.4
THS	TREEHOUSE FOODS	#N/A	\$2,845	#N/A	\$341	\$375	\$1,612	4.7	8.4	4.8	7.6	4.7

HPC Comps

Estee Lauder EV/GP seems low for relative organic GP growth potential given volume & GMROI.

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	\$142.71	\$389,912	\$331,658	\$23,222	\$24,333	\$25,814	1.1	16.8	9.1	16.0	8.7
OR	L'OREAL	\$402.95	\$228,328	\$215,091	\$12,106	\$12,912	\$2,370	0.2	18.9	6.2	17.7	5.9
UNA	UNILEVER PLC	\$59.43	\$174,106	\$129,860	\$12,880	\$13,580	\$27,249	2.1	13.5	6.4	12.8	6.2
CL	COLGATE-PALMOLIVE	\$84.29	\$82,094	\$67,626	\$4,977	\$5,168	\$7,159	1.4	16.5	6.8	15.9	6.3
RB	RECKITT BENCKISER	\$68.52	\$56,382	\$44,134	\$5,248	\$4,883	\$8,714	1.7	10.7	5.1	11.5	5.1
EL	ESTEE LAUDER INC	\$67.23	\$41,791	\$25,061	\$2,214	\$2,519	\$6,308	2.8	18.9	3.8	16.6	3.8
HEN3	HENKEL	\$77.89	\$37,425	\$32,187	\$4,187	\$4,284	\$319	0.1	8.9	3.1	8.7	3.1
KMB	KIMBERLY CLARK CORP	\$98.66	\$40,941	\$32,748	\$3,536	\$3,968	\$6,866	1.9	11.6	6.9	10.3	6.0
KVUE	KENVUE INC	\$17.52	\$42,171	\$33,581	\$3,437	\$3,574	\$7,612	2.2	12.3	4.8	11.8	4.5
BEI	BEIERSDORF	\$85.98	\$17,954	\$20,859	\$1,928	\$1,956	-\$4,867	N.A.	9.3	2.8	9.2	2.7
CHD	CHURCH AND DWIGHT INC	\$94.69	\$26,113	\$22,430	\$1,419	\$1,451	\$1,973	1.4	18.4	9.3	18.0	9.3
CLX	CLOROX	\$102.04	\$17,170	\$12,338	\$1,365	\$1,396	\$2,990	2.2	12.6	5.7	12.3	5.5
ELF	ELF BEAUTY INC	\$61.05	\$5,467	\$3,605	\$358	\$359	\$729	2.0	15.3	5.0	15.2	4.2
REYN	REYNOLDS CONSUMER	\$20.89	\$6,156	\$4,402	\$667	\$668	\$1,537	2.3	9.2	6.8	9.2	6.6
SMG	SCOTTS MIRACLE GRO	\$60.65	\$6,598	\$3,520	\$580	\$610	\$2,835	4.9	11.4	6.6	10.8	7.4
COTY	COTY INC CLASS A	\$2.00	\$5,322	\$1,760	\$957	\$835	\$2,827	3.0	5.6	1.4	6.4	1.5
PRGO	PERRIGO	\$9.53	\$4,725	\$1,312	\$736	\$615	\$3,286	4.5	6.4	3.1	7.7	3.0
SPB	SPECTRUM BRANDS	\$73.60	\$2,320	\$1,707	\$274	\$293	\$551	2.0	8.5	2.3	7.9	2.3
ENR	ENERGIZER HOLDINGS	\$17.01	\$4,460	\$1,165	\$590	\$605	\$3,211	5.4	7.6	3.7	7.4	3.7
EPC	EDGEWELL PERSONAL CARE	\$21.02	\$2,318	\$982	\$280	\$272	\$1,330	4.7	8.3	2.6	8.5	2.6

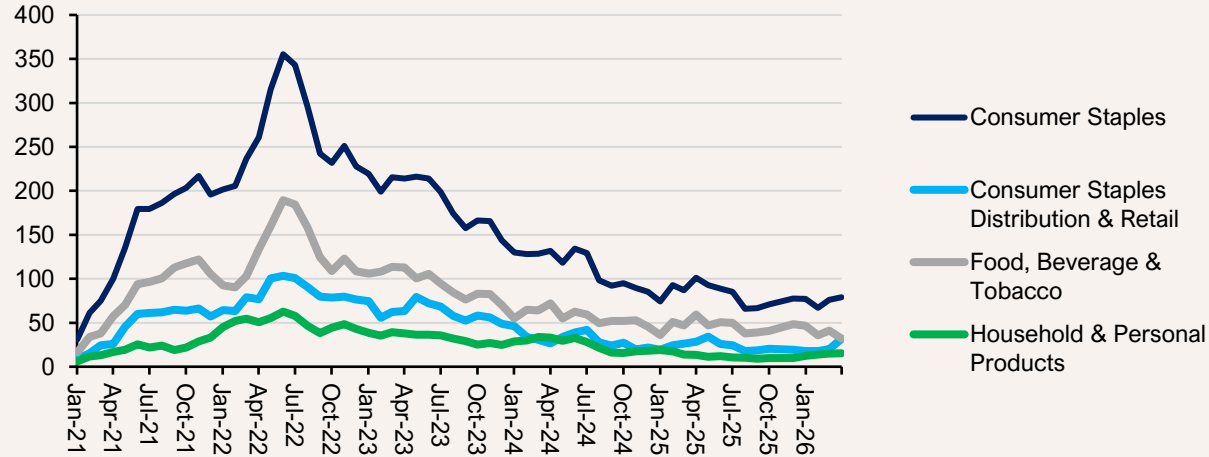
Ingredients Comps

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	\$3,325.39	\$38,340	\$30,705	\$2,113	\$2,244	\$4,630	2.2	18.1	9.8	17.1	9.4
ADM	ARCHER DANIELS MIDLAND	\$72.23	\$42,162	\$34,806	\$3,657	\$4,205	\$8,711	2.4	11.5	8.4	10.0	7.1
BG	BUNGE	\$128.72	\$39,121	\$24,908	\$2,737	\$3,597	\$14,512	5.3	14.3	11.5	10.9	8.0
IFF	INTERNATIONAL FLAVORS & FRAGRANCES	\$71.01	\$25,015	\$18,139	\$2,086	\$2,100	\$6,061	2.9	12.0	6.4	11.9	6.4
KRZ	KERRY GROUP PLC	\$76.91	\$15,580	\$12,301	\$1,366	\$1,438	\$2,546	1.9	11.4	4.3	10.8	4.2
INGR	INGREDION	\$112.11	\$8,132	\$7,057	\$1,250	\$1,268	\$938	0.8	6.5	4.5	6.4	4.3
GL9	GLANBIA	\$19.80	\$5,472	\$4,814	\$499	\$522	\$635	1.3	11.0	5.0	10.5	5.0

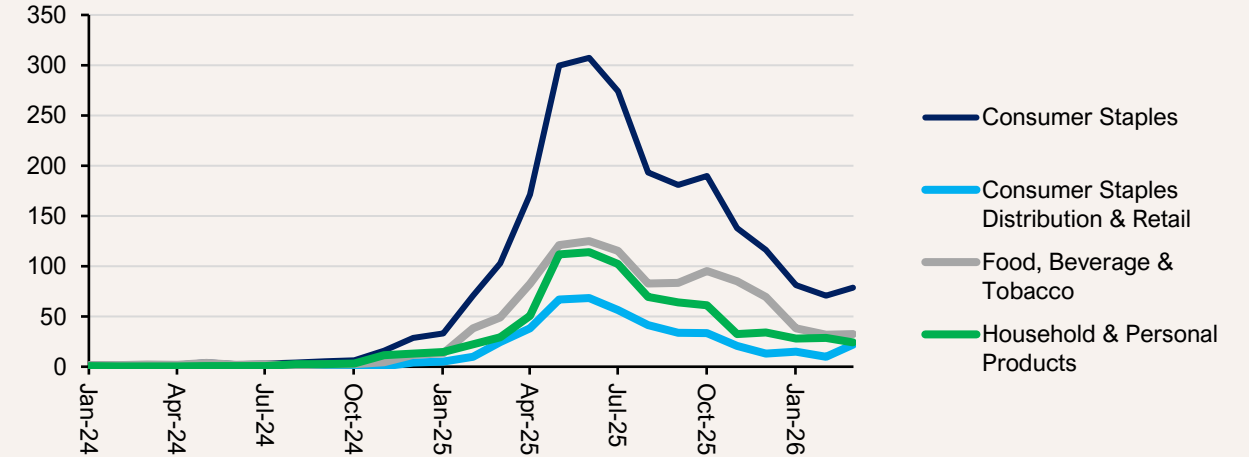
Thematic Analysis

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts. Material cost mentions have moved in line with our Optimal Cost Factor historically, a significant pick up in Cost Factor off Middle East conflict not yet captured in EPS transcripts.

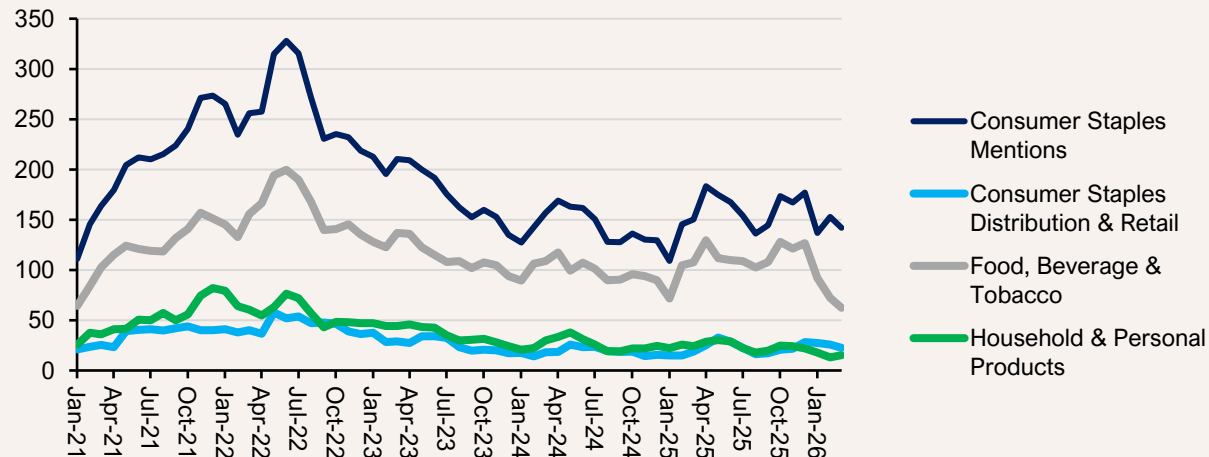
Inflation Mentions



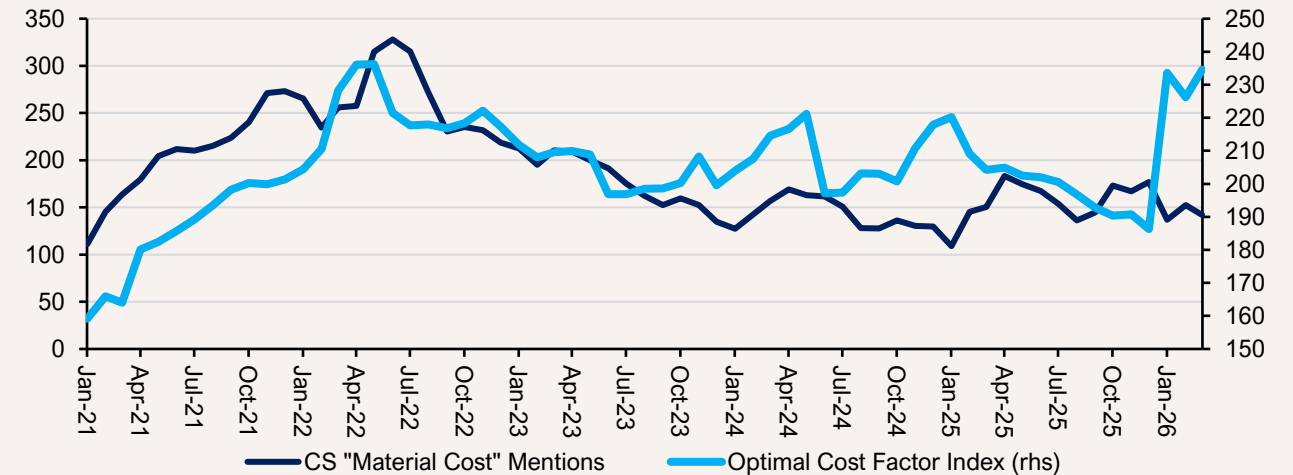
Tariffs Mentions



Material Cost Mentions

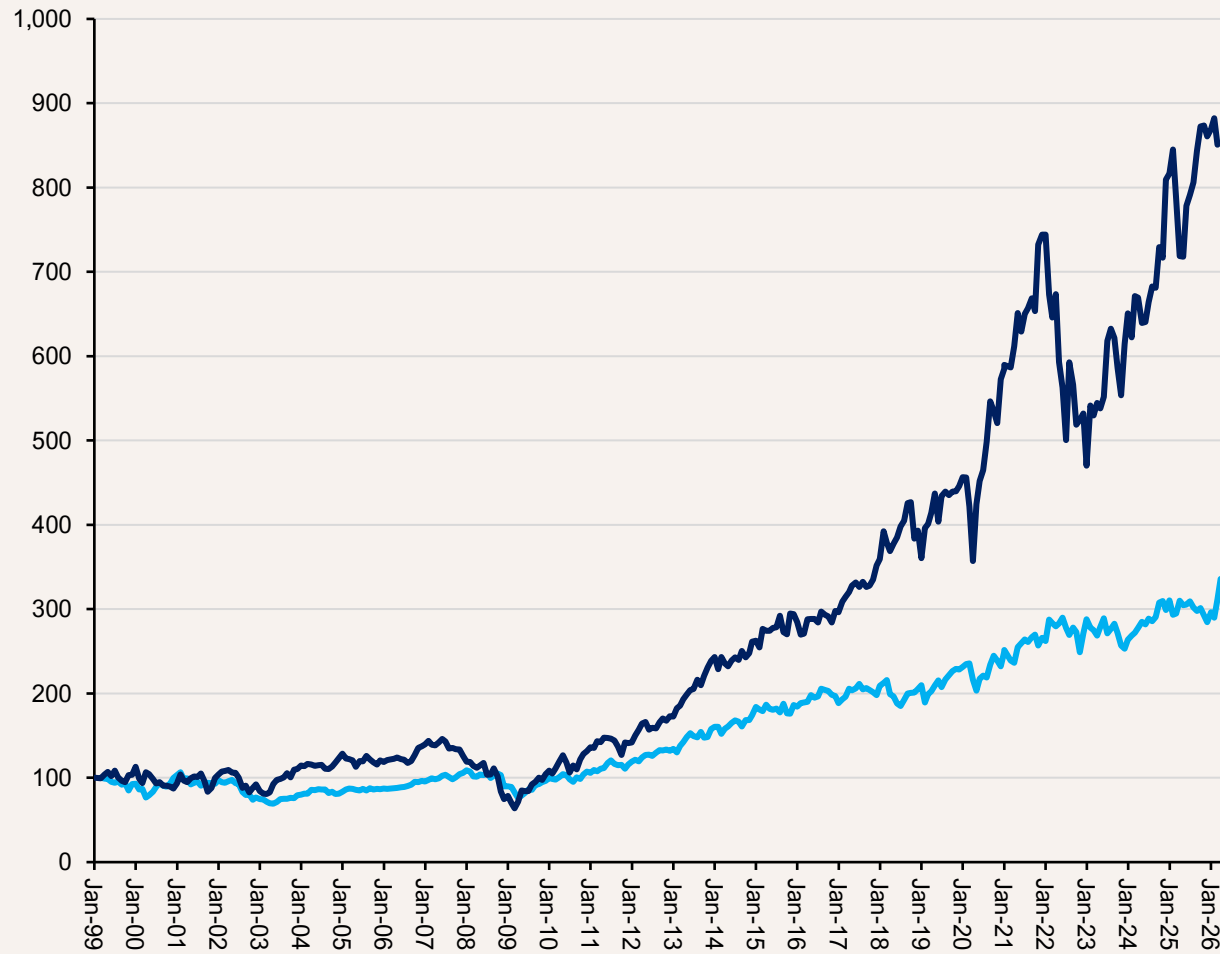


Cost Factor vs. Material Cost Mentions

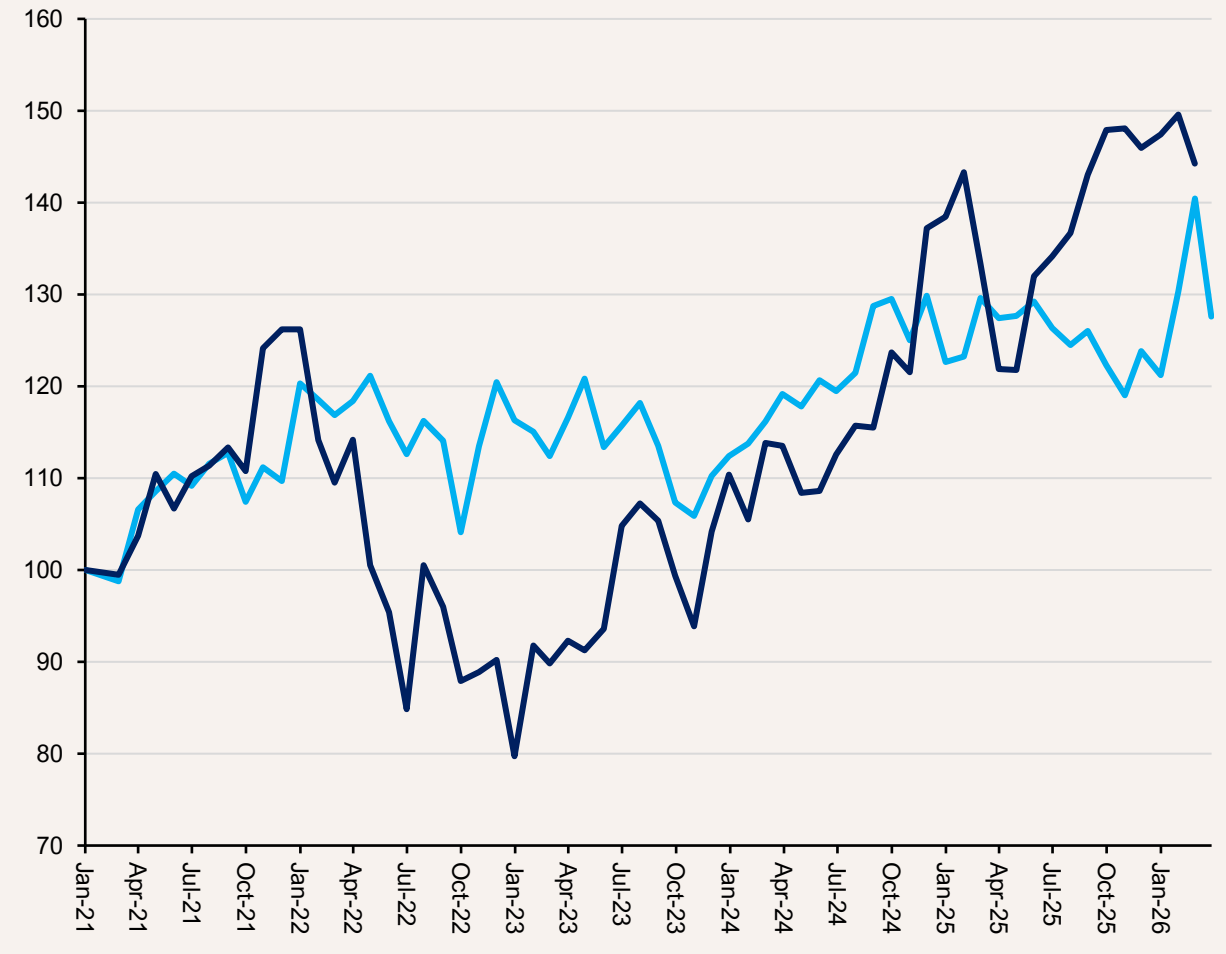


Discretionary outperformed Staples from 2010-2020. Despite a strong finish to 2025, discretionary is currently lagging Staples performance to start 2026 YTD as both have been pressured in recent weeks.

Sector Equity Returns (Jan 1999 = 100)

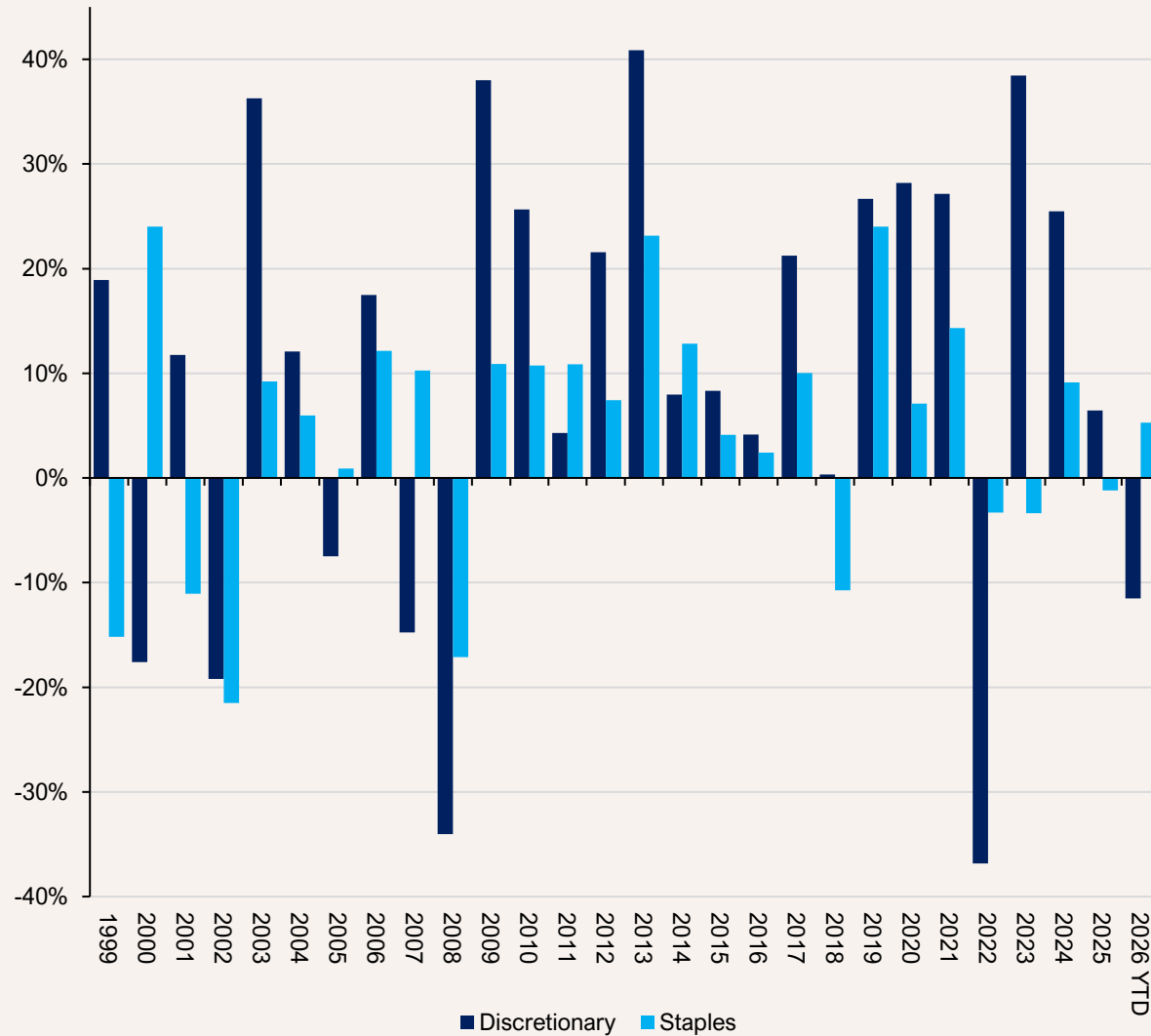


Sector Equity Returns (Jan 2021 = 100)

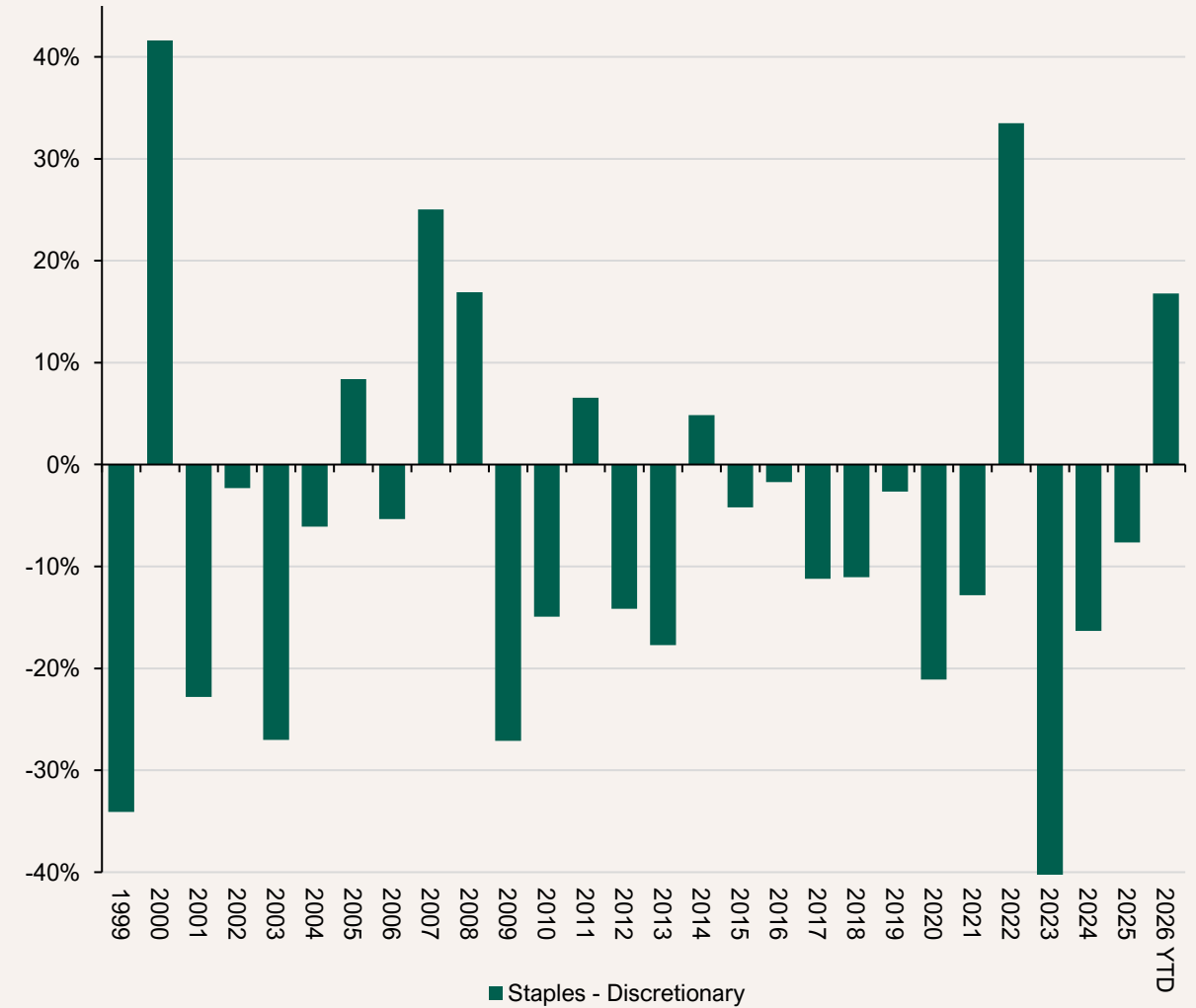


To start 2026, the SPDR Staples ETF (XLP) has outperformed (+5.3%) ahead of Consumer Discretionary (XLY) at -11.5%.

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



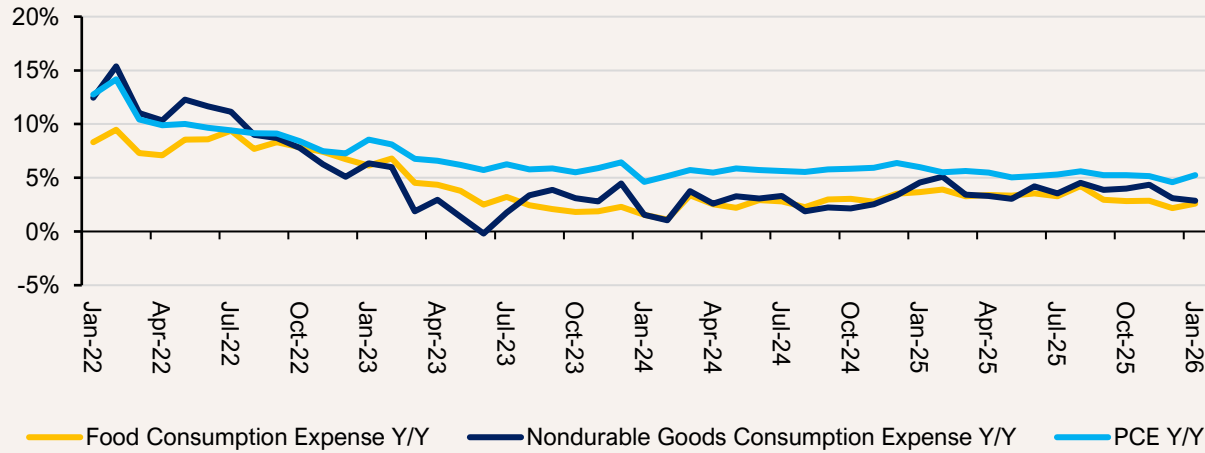
Annual Staples Performance Relative to Discretionary



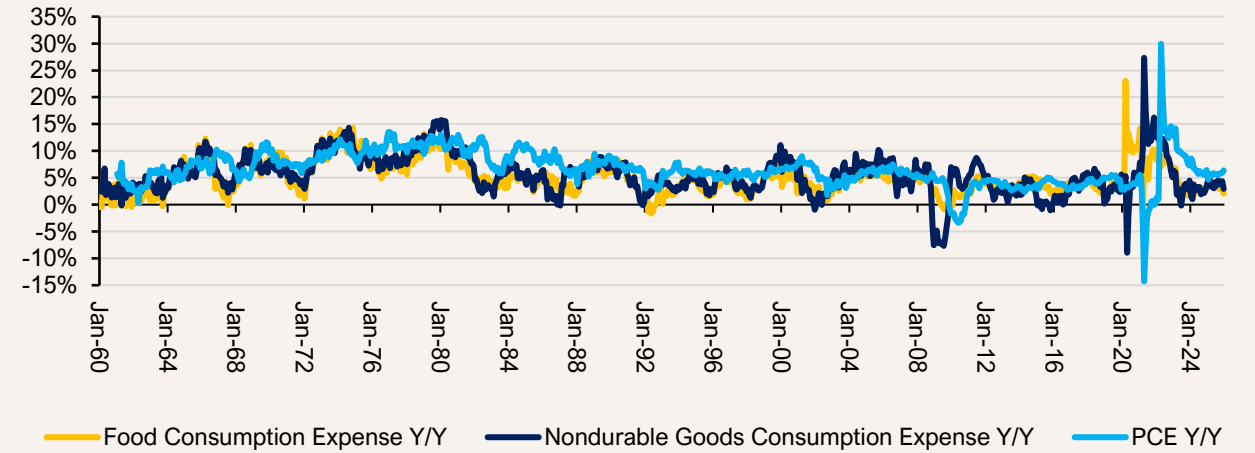
Consumer Staples Macro

Food expenditure as a percentage of PCE and ND goods seems to have reached a long-term floor.

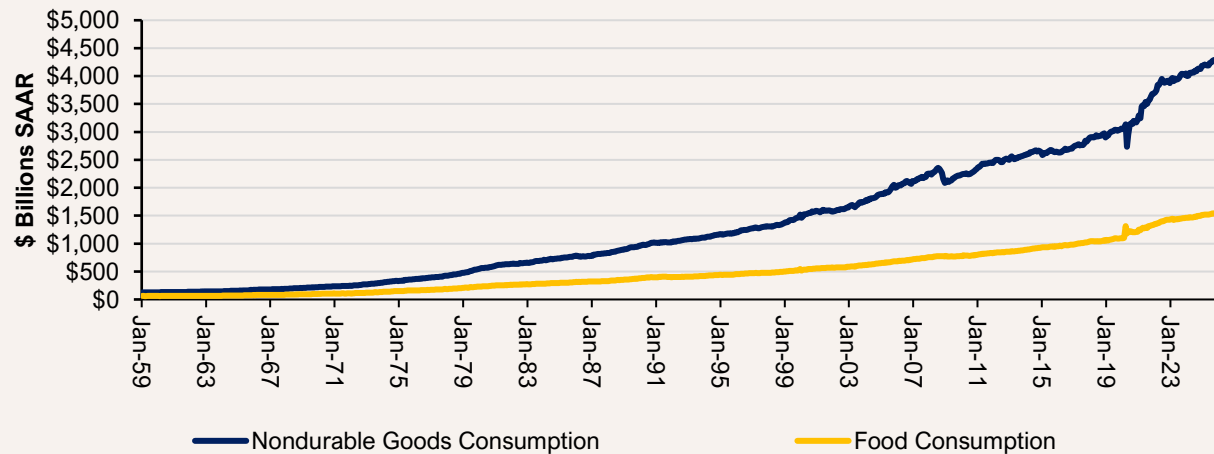
Nondurable & Food Expense Growth Running Below PCE



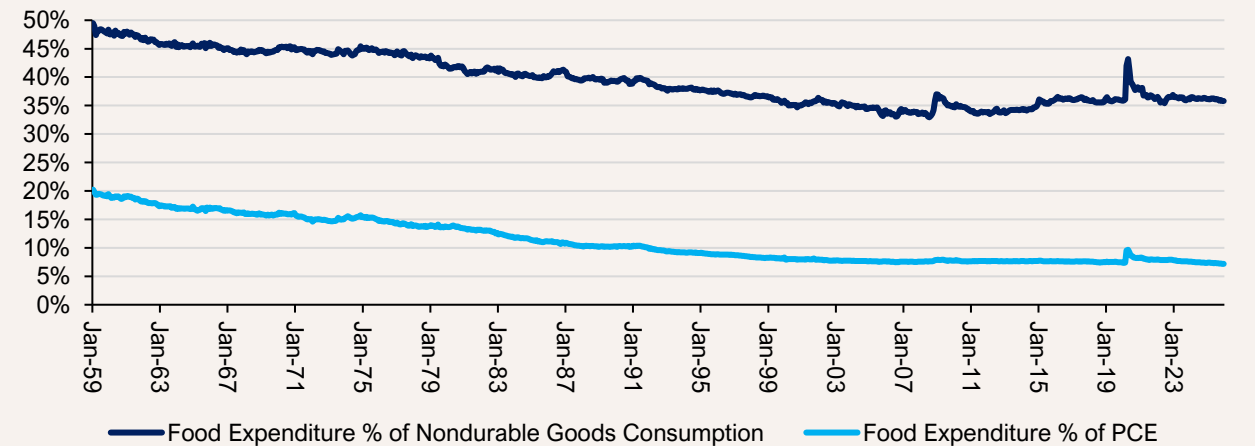
Long Term Consumption Growth



Nominal Dollars of Consumption

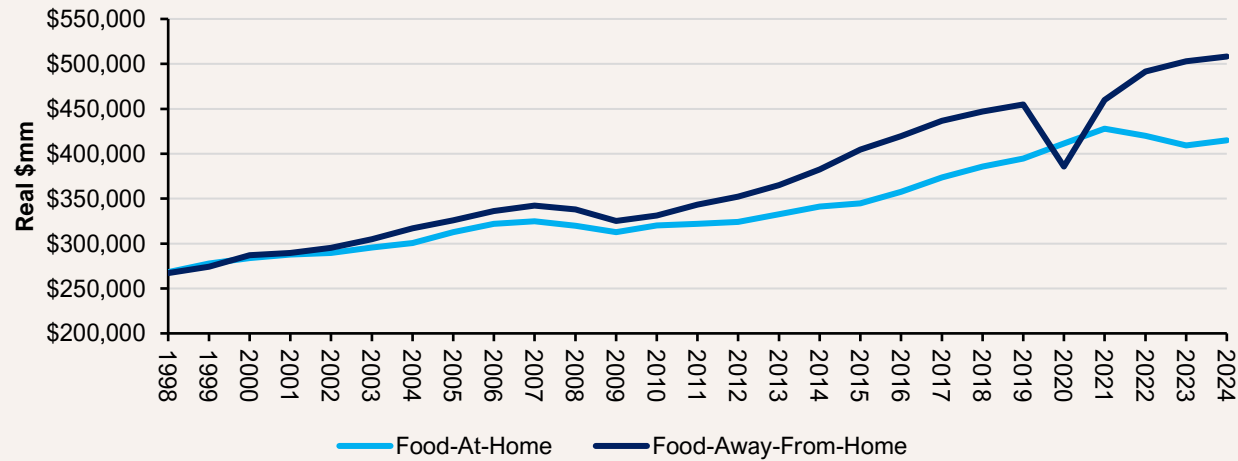


Proportionate Food Consumption

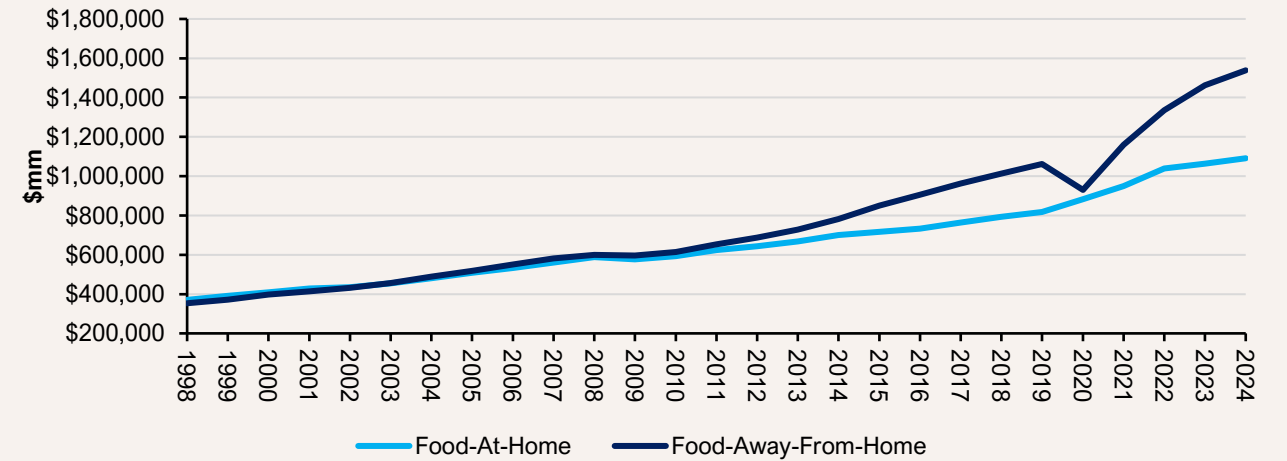


Food-at-home has lagged other spending, lost share to away-from-home (and a lot of other spending categories) over the long-term.

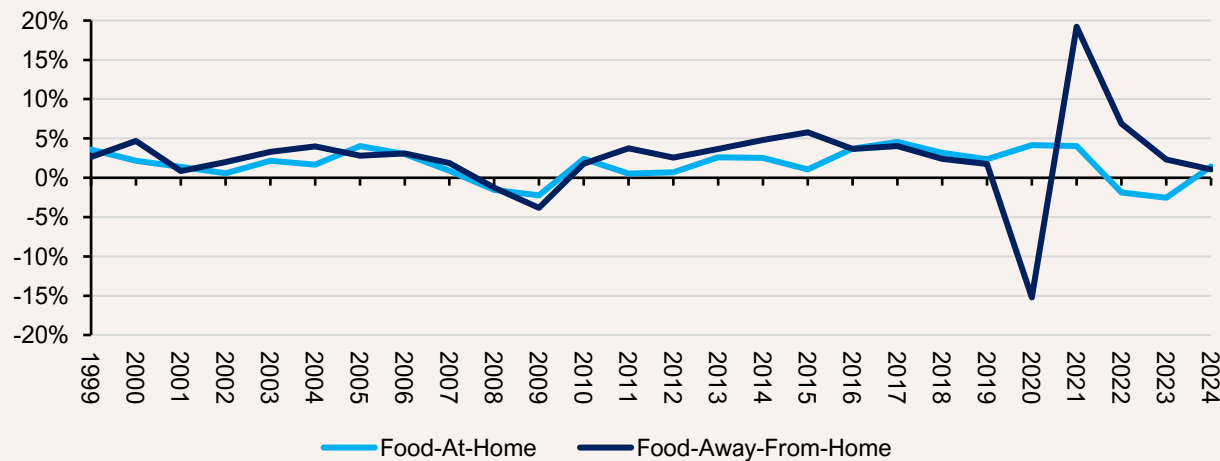
Long Term Food Spend REAL (1988 Base Year)



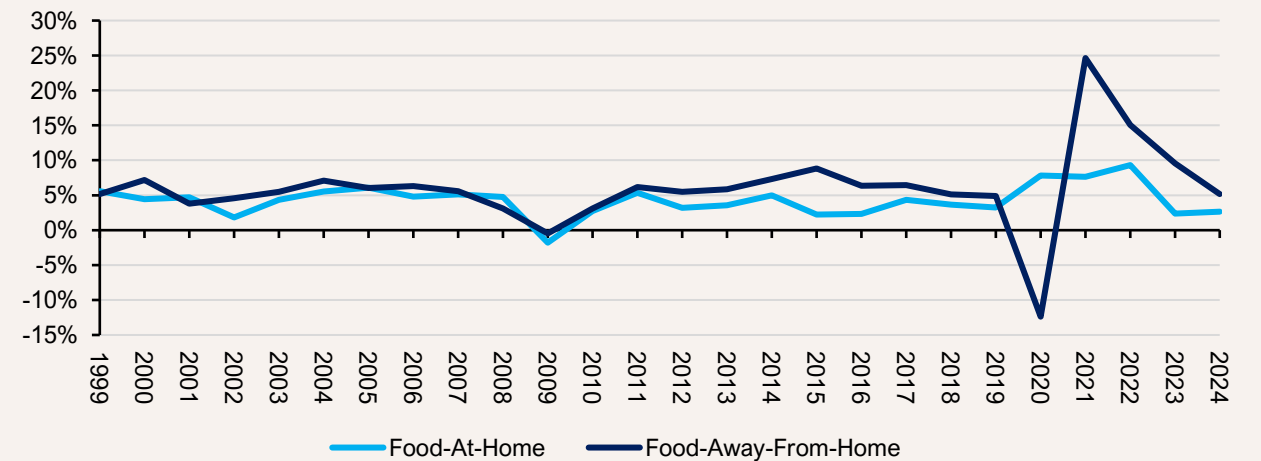
Long Term Food Spend



Food Spend REAL Growth (1988 Base Year)

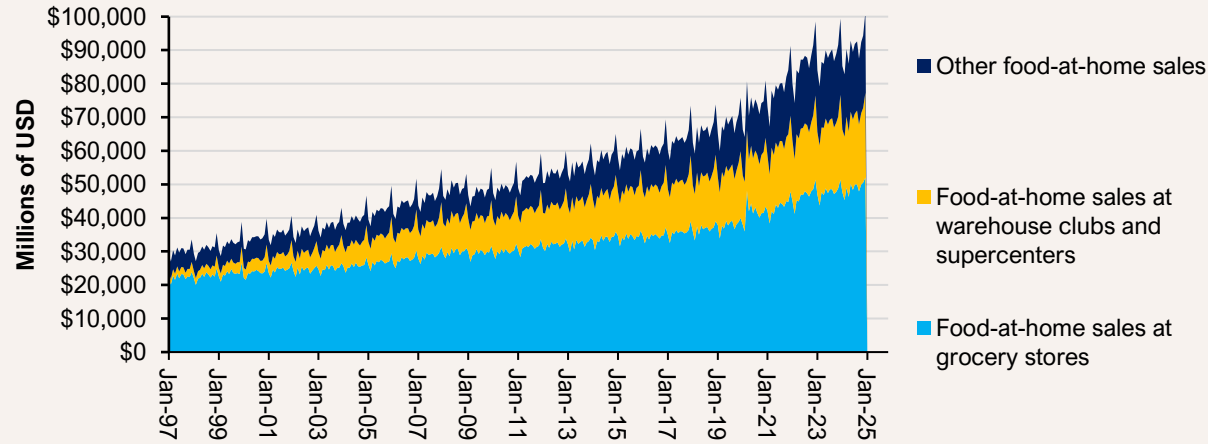


Food Spending Growth

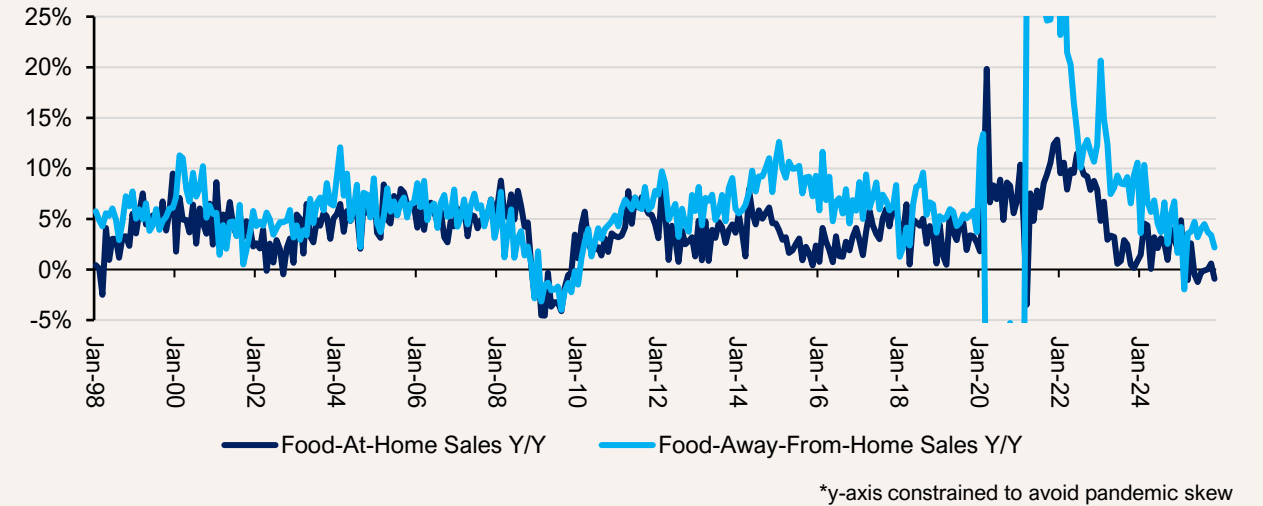


Food-away-from-home sales gaining share, driven by full and limited-service restaurants.

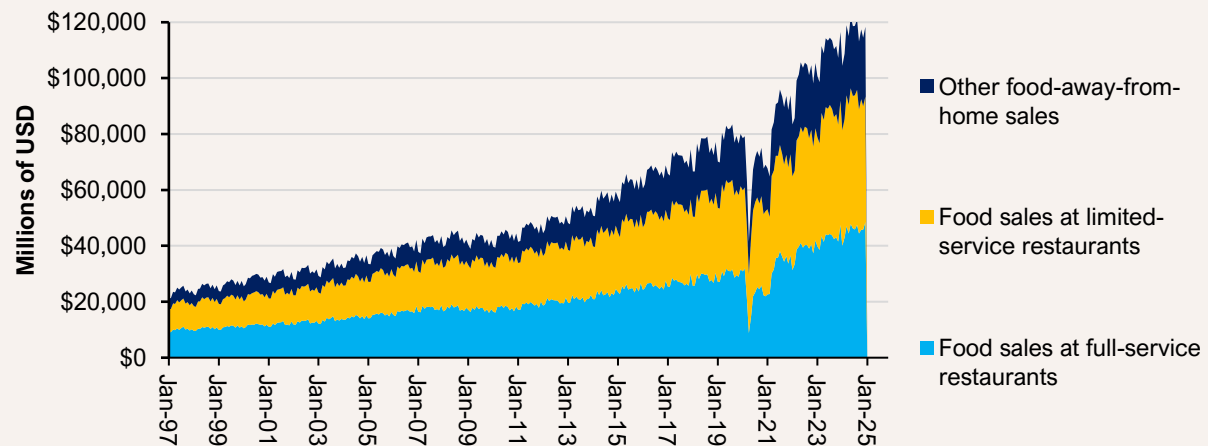
Monthly Food-At-Home Sales by Outlet



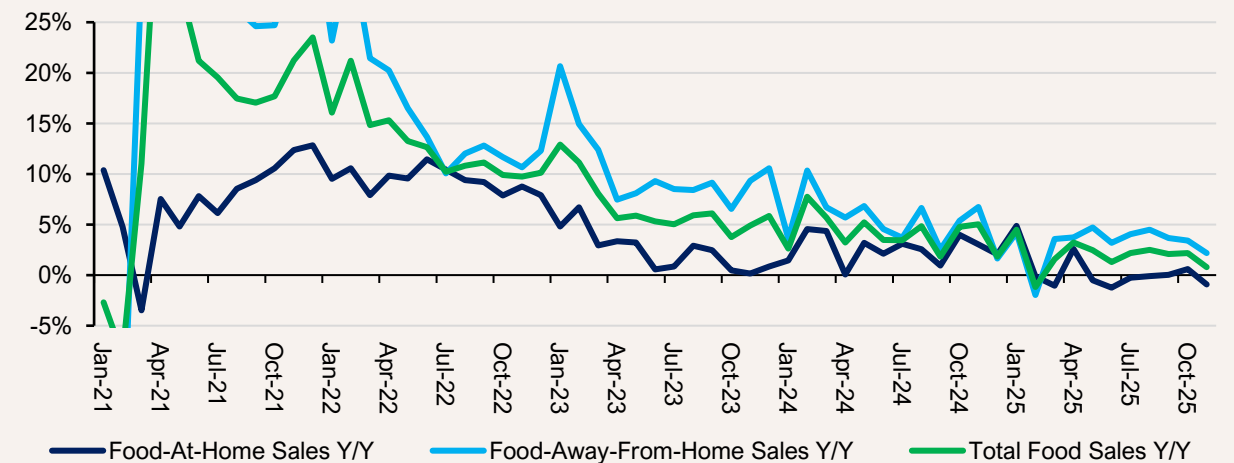
Food-At-Home vs. Away-From-Home Growth



Monthly Food-Away-From-Home Sales by Outlet

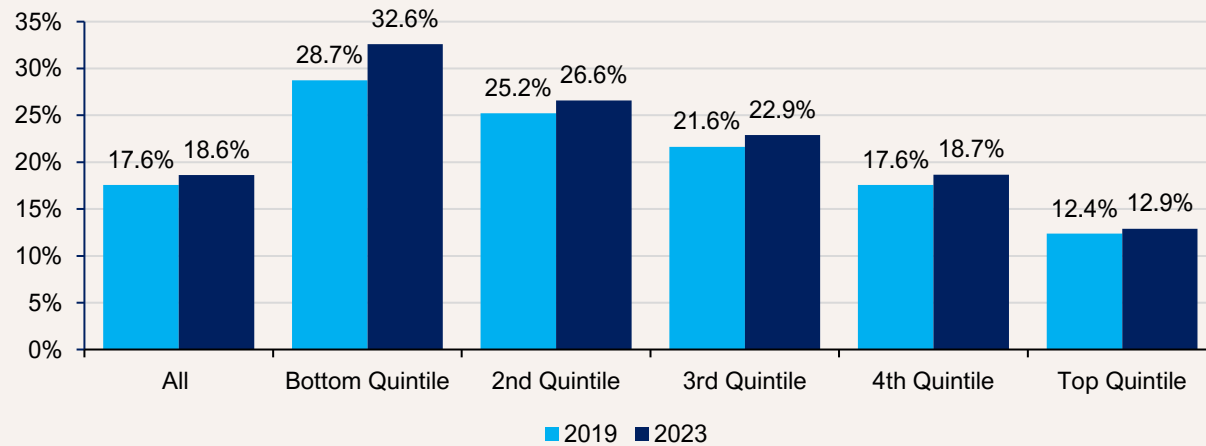


Short Term Food Sales Growth

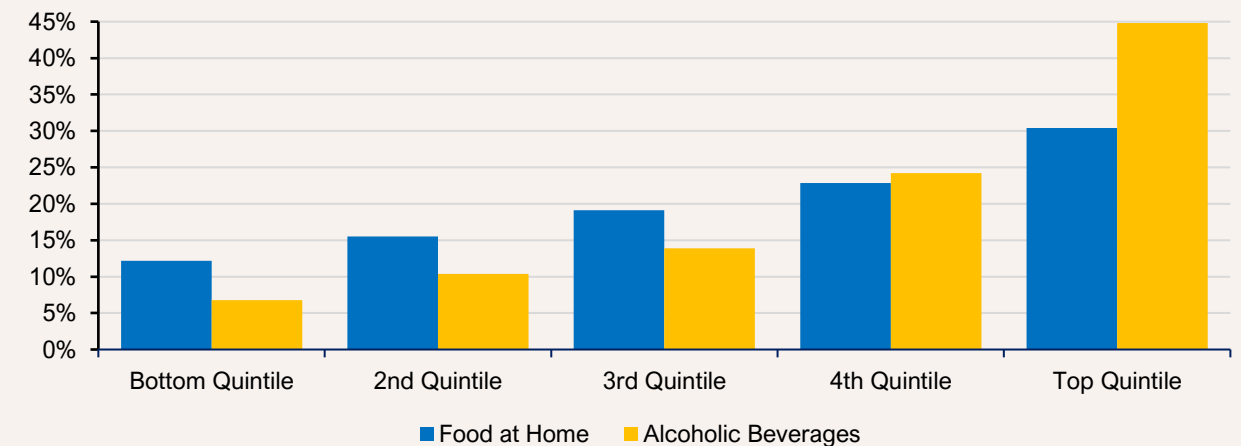


FAH a pressure point for lower income consumers; note alcohol spend skews higher-income.

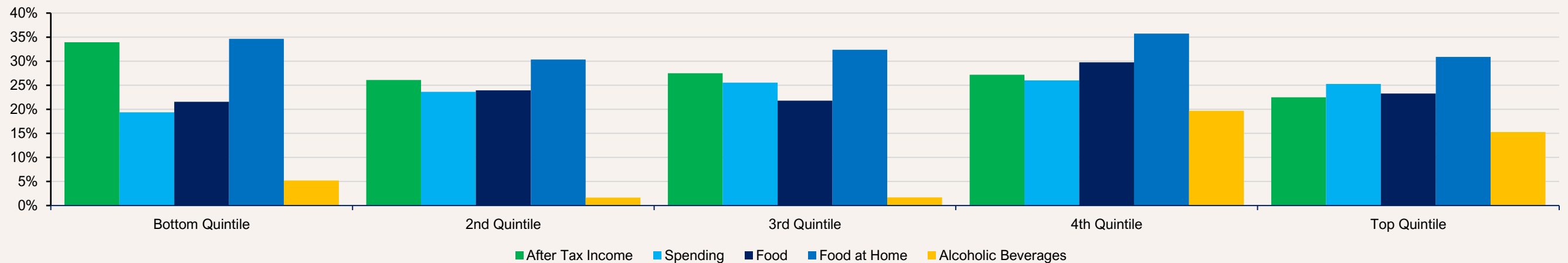
FAH Spend % of Discretionary Spending by Income Quintile



2023 Proportion of total spending on FAH & Alcohol

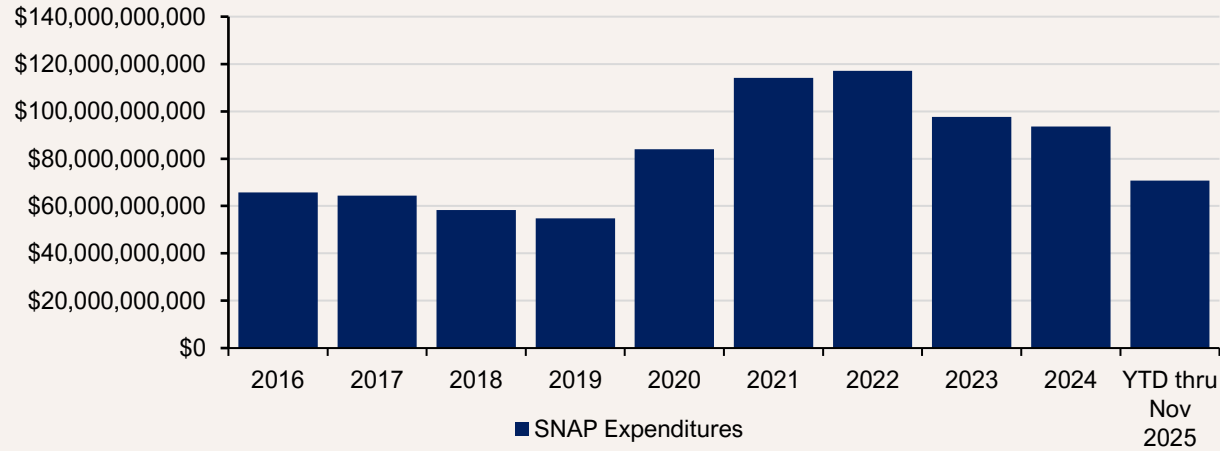


2023 vs 2019 Growth in Spending by Income Quintile

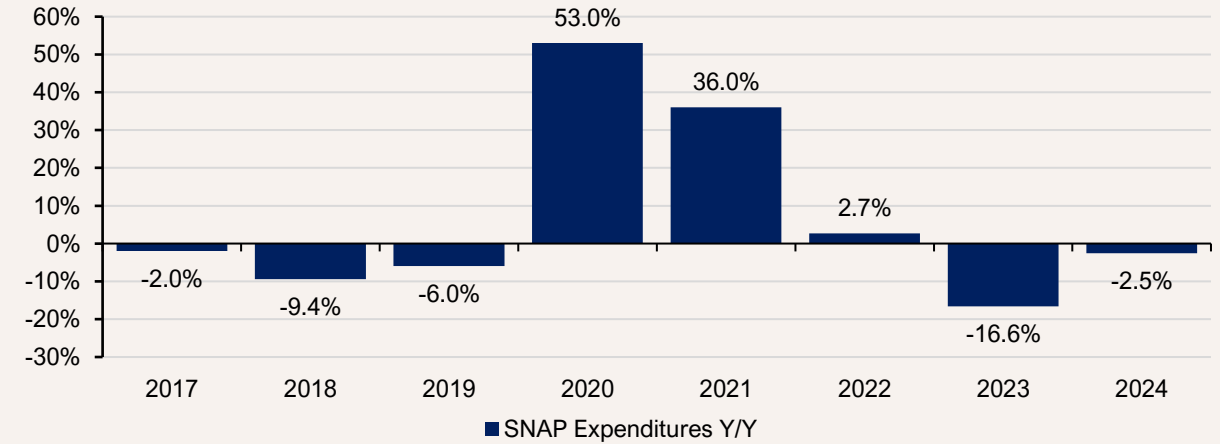


SNAP participation was ~20% lower in 2025 vs. 2024. The headwind is mostly in the base.

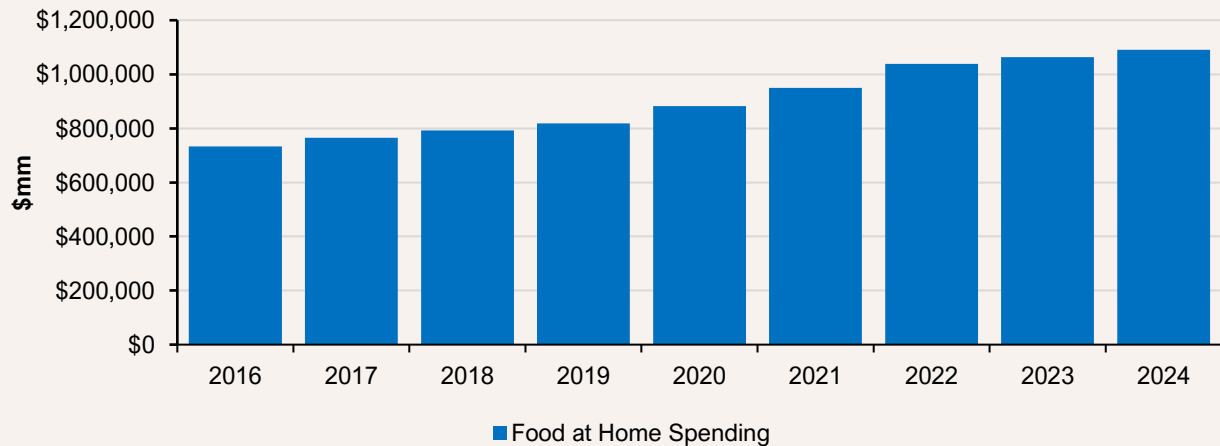
TTM Cost of SNAP Benefits



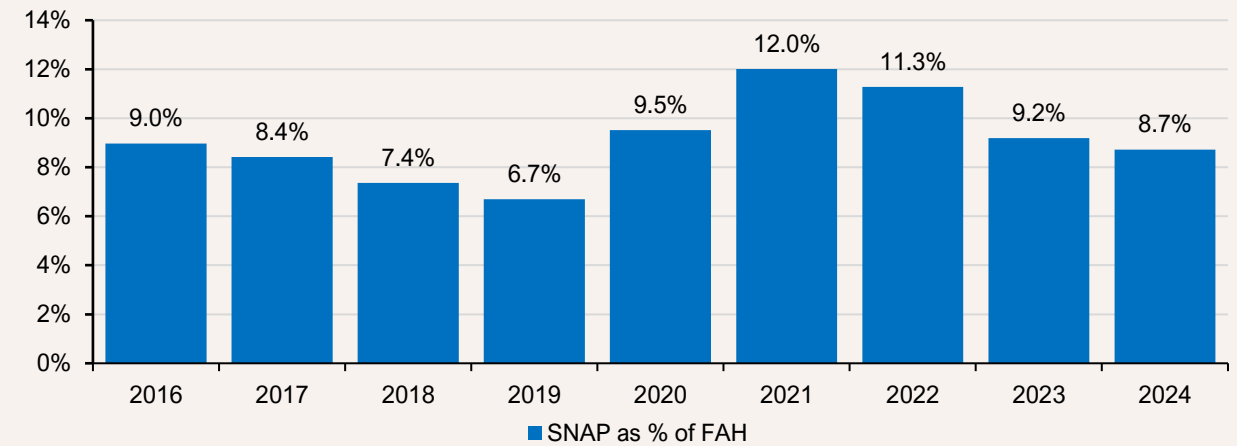
SNAP Expenditures Y/Y



FAH Spending Annualized

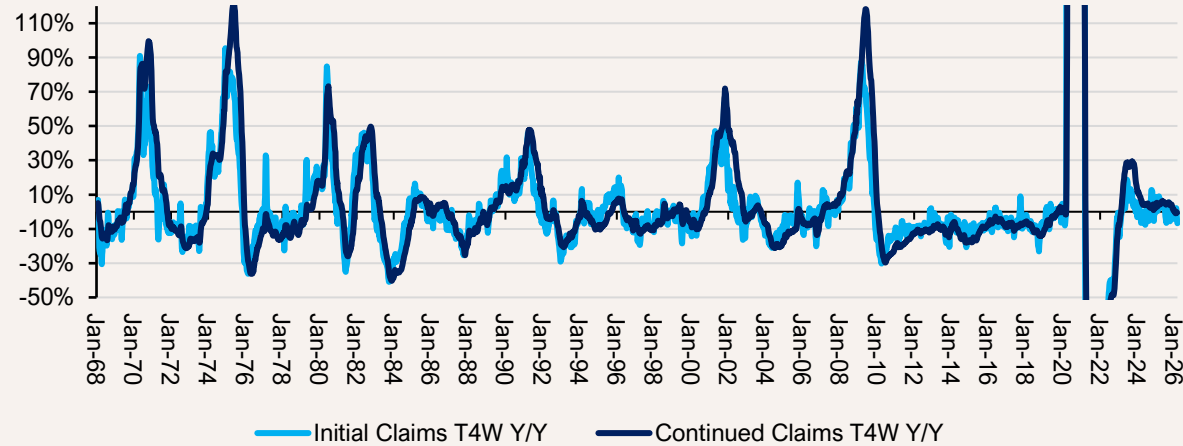


SNAP as a % of FAH Spend

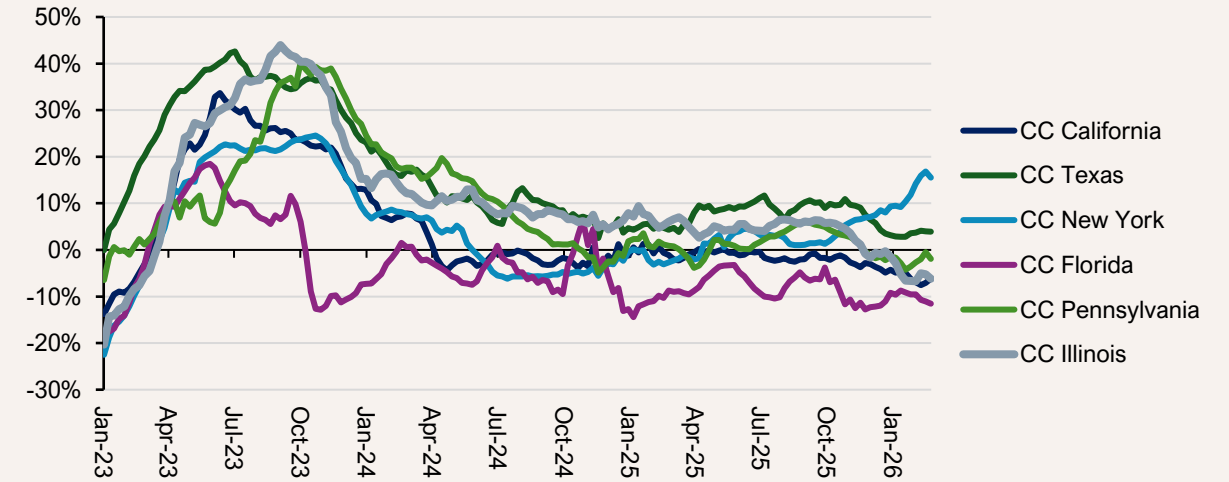


National continued and initial claims moving lower in recent weeks. Continued claims running down -0.5% y/y over T4W while initial claims running down -6.8% y/y over the same time frame.

Unemployment Claims T4W Y/Y



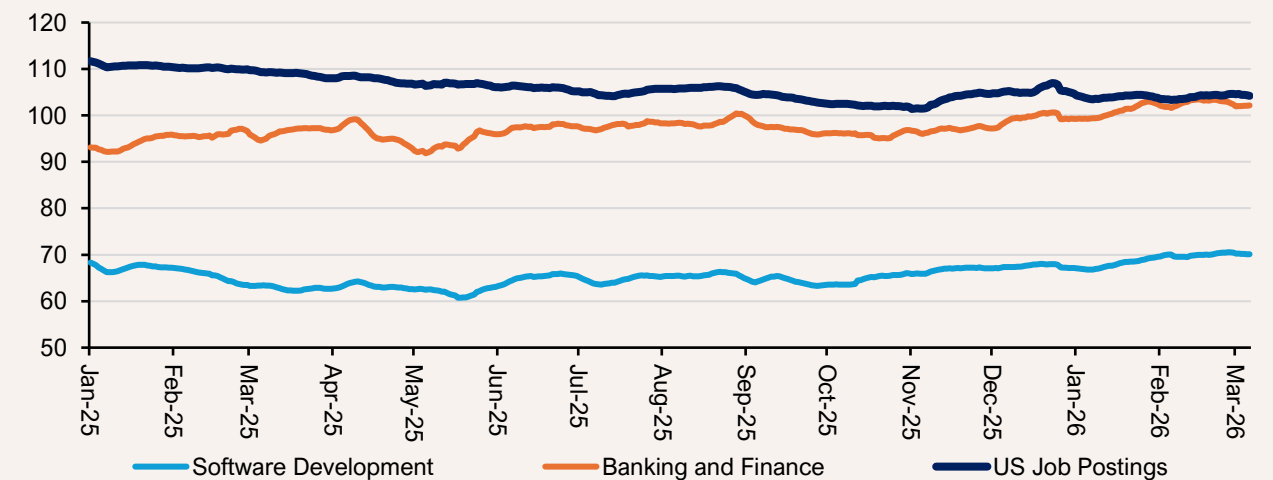
State Continued Claims T4W Y/Y



Industry Indeed Job Postings Leaders & Laggards

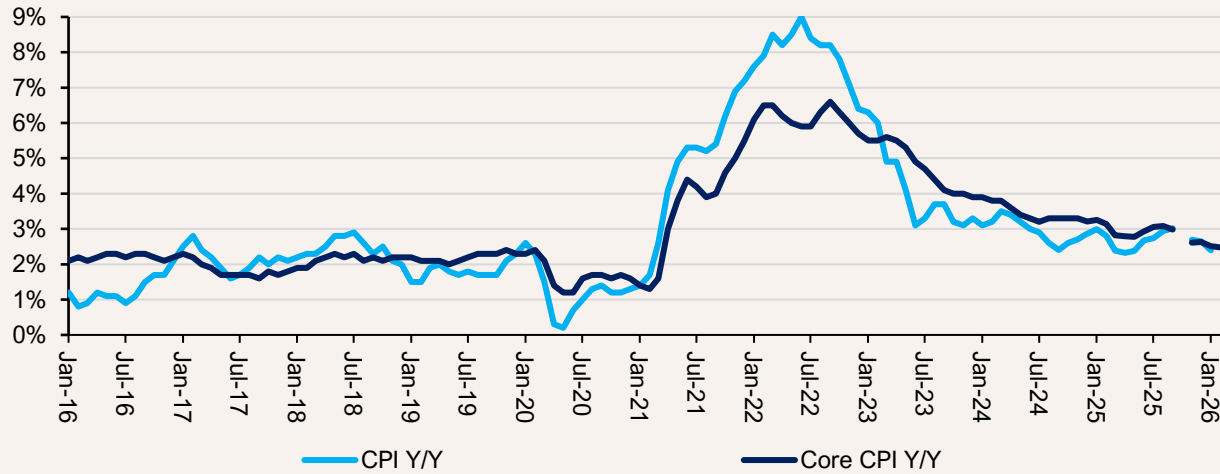
Industry	Posting Level Relative, Pre-Pandemic = 100	Y/Y Job Postings
Driving	101.12	-30.9%
Dental	127.29	-13.6%
Civil Engineering	143.44	-13.1%
Community and Social Service	109.15	-11.0%
Retail	88.43	-10.4%
Nursing	105.95	-9.8%
US Job Postings	104.23	-4.7%
Banking and Finance	102.16	7.8%
Customer Service	91.05	8.8%
Industrial Engineering	96.72	9.5%
Software Development	70.13	10.6%

Daily Indeed Job Postings

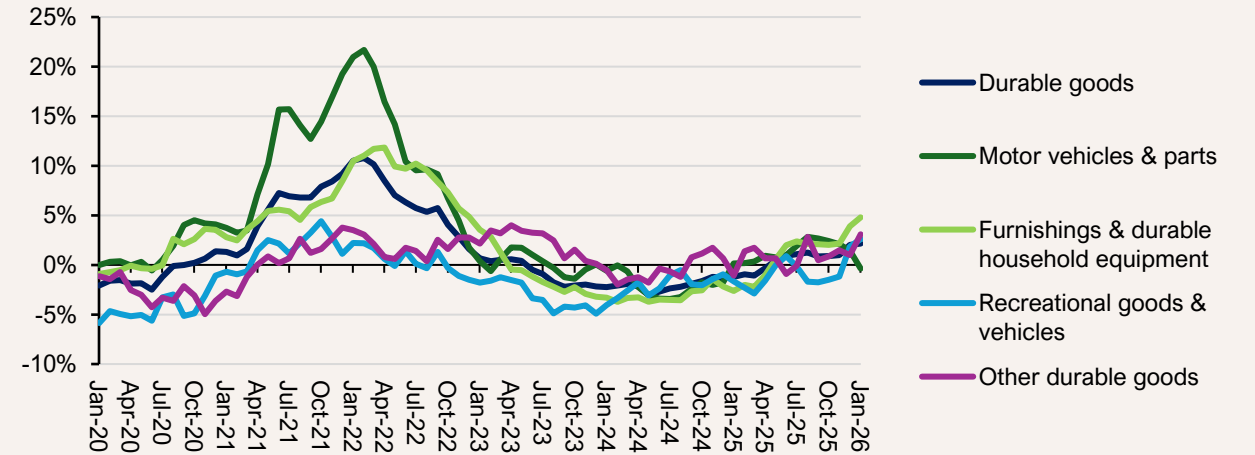


CPI unchanged y/y for February, still at lowest levels since 2021 at both the headline and core level. Headline CPI running up +2.4%, core CPI running up +2.5% y/y.

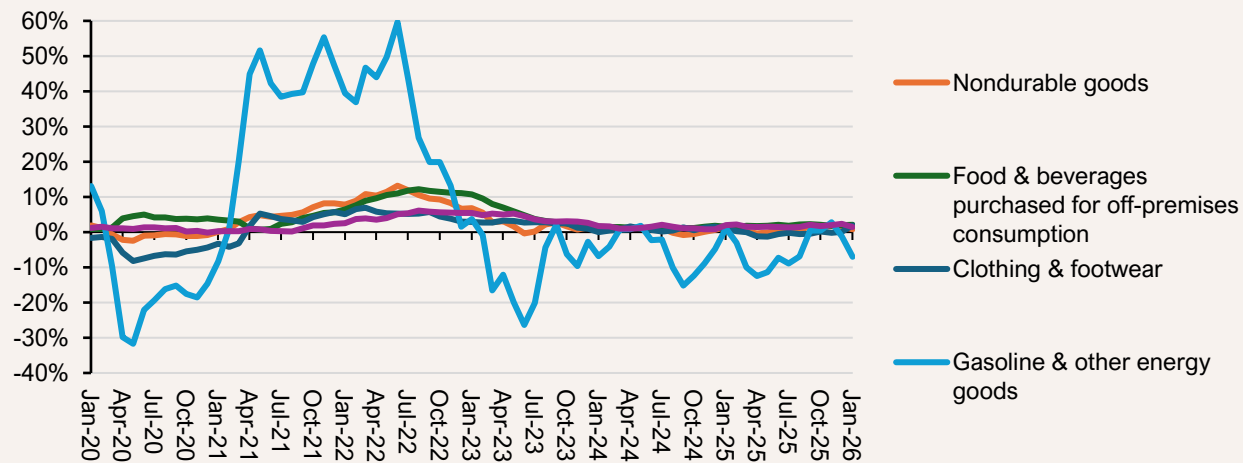
Consumer Price Index



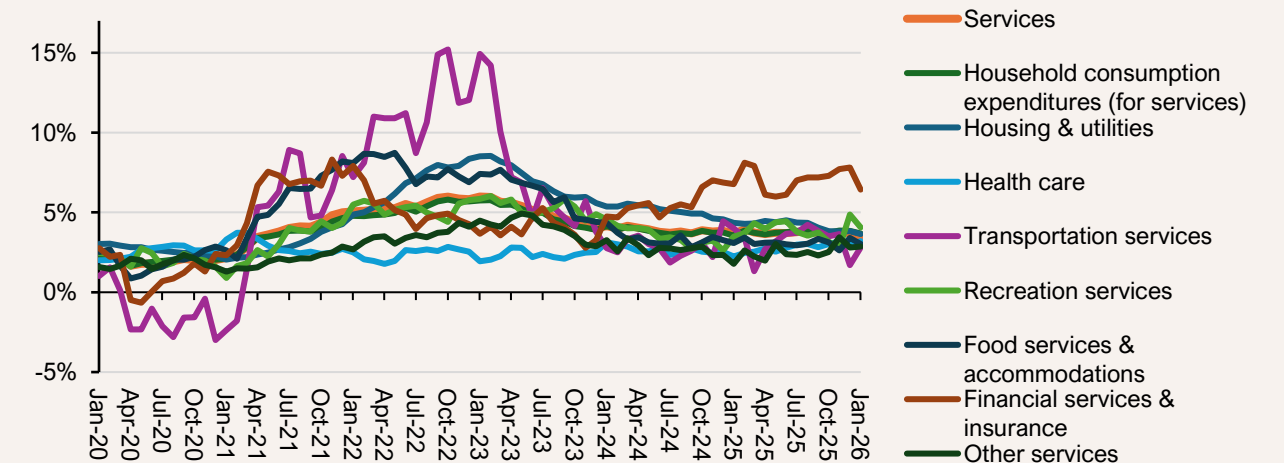
PCE Price Index: Durables



PCE Price Index: Nondurables

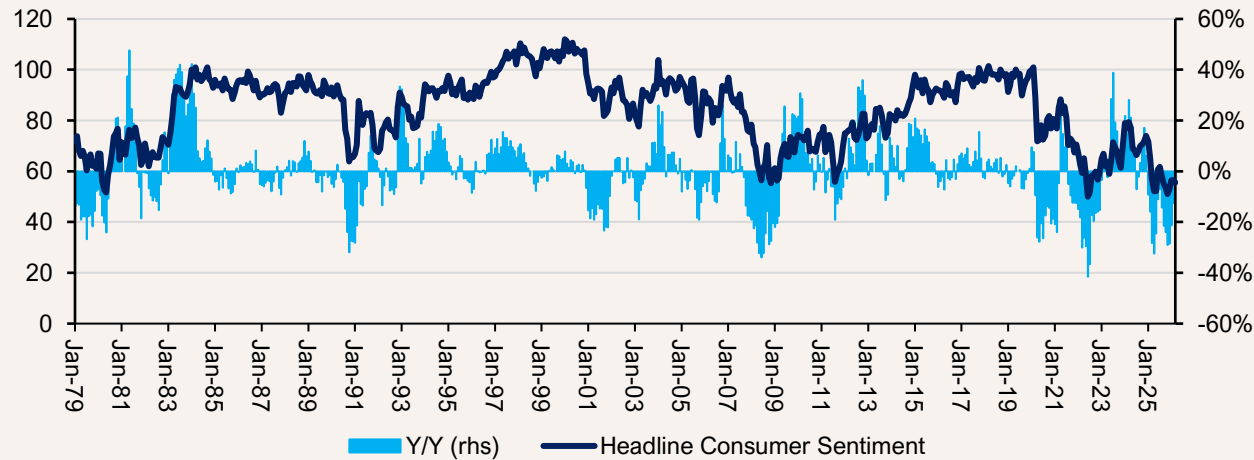


PCE Price Index: Services

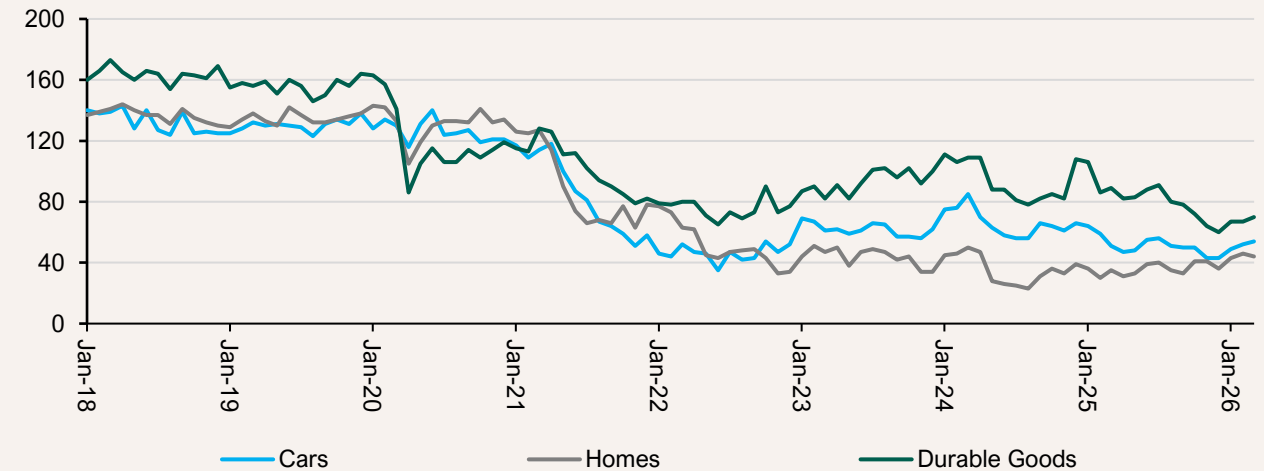


Preliminary Headline Sentiment for March has continued to run down, but less negative than the last 5 months. Sentiment is now running -2.6% y/y off easier compares. Declines are particularly strong among age 18-24 (-12.8% y/y) and middle-income (-6.6% y/y) respondents.

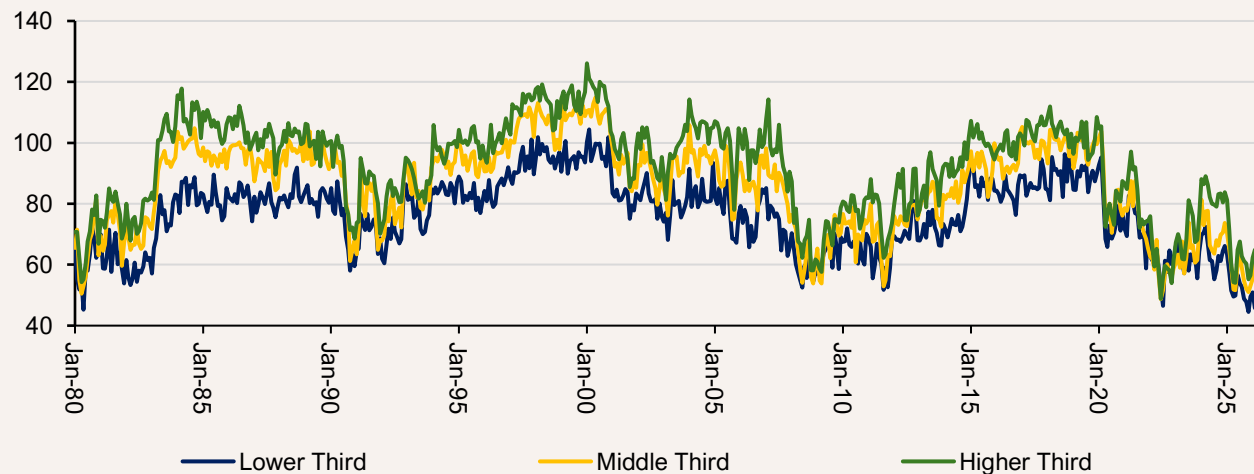
Headline Consumer Sentiment



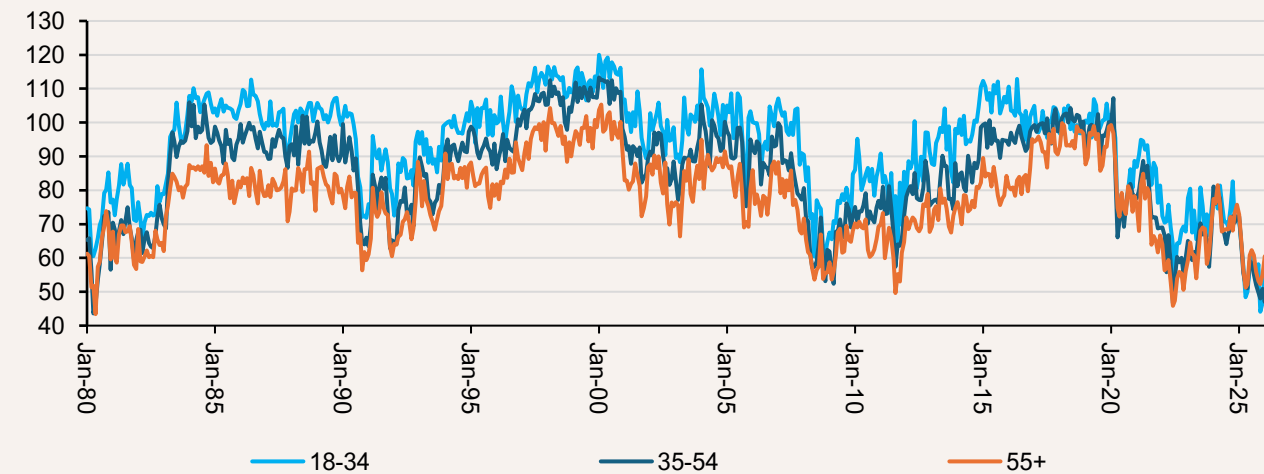
Purchasing Conditions



Consumer Sentiment by Income Terciles

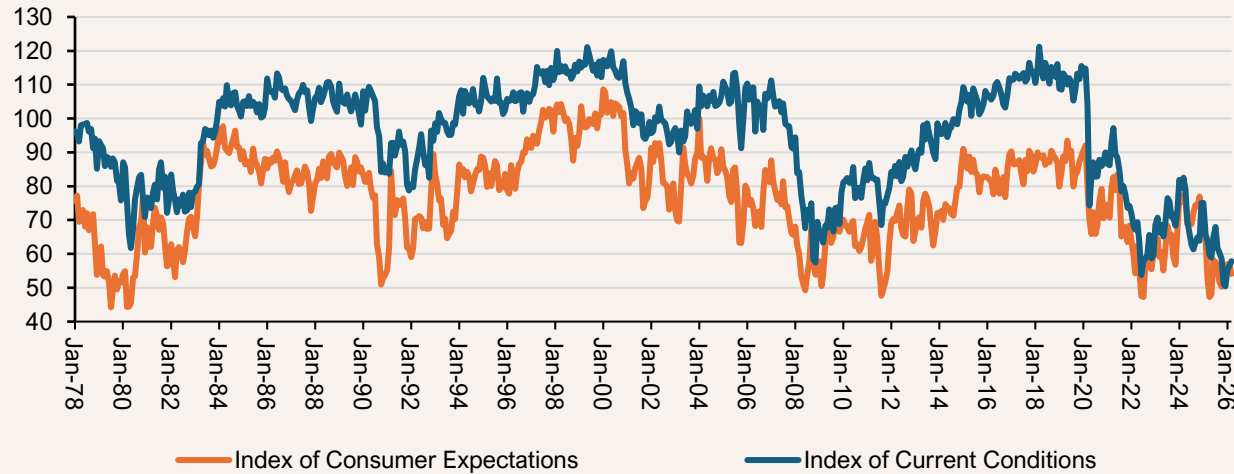


Consumer Sentiment by Age

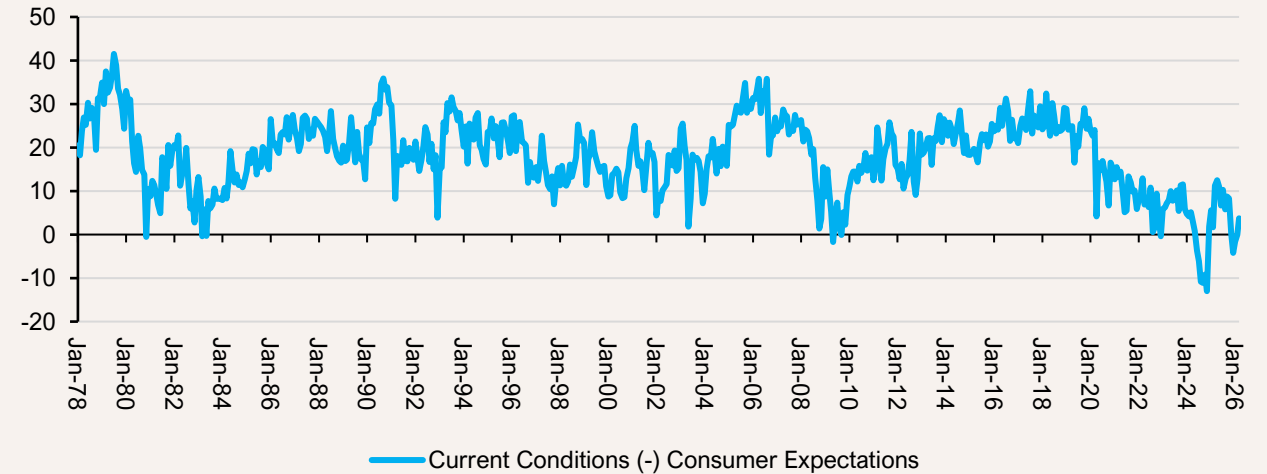


Consumer expectations are improving. Durable goods buying conditions continue to be the largest source of pessimism, running down -21% y/y. Meanwhile expected business conditions during the next year running up +10.7% y/y and current financial situation running up +4.1% y/y.

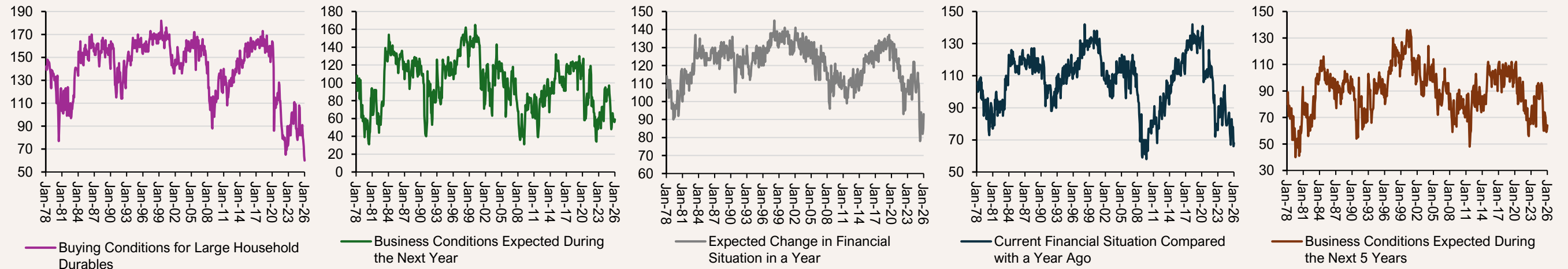
Expectations vs. Current Conditions



Current Conditions - Expectations

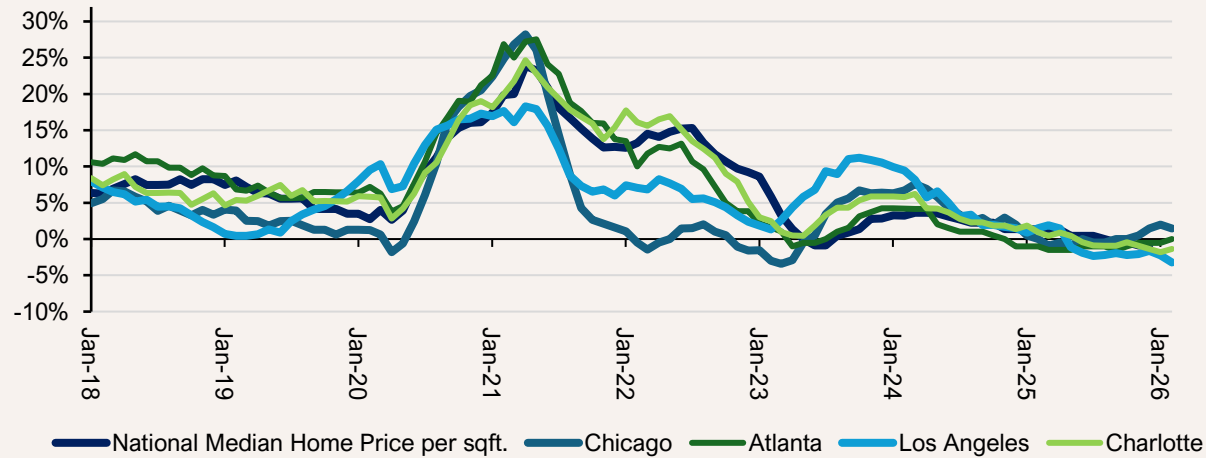


Components of Consumer Sentiment

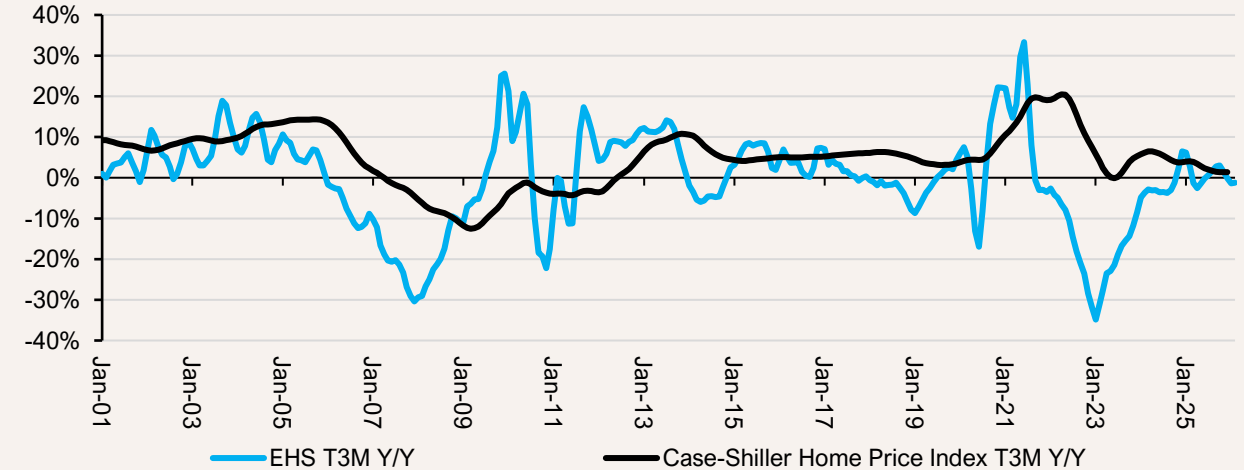


Mortgage rates have begun to move higher again under expectation of necessary rate hikes after reaching 24-month lows just weeks ago. Roughly 18% of US GDP is related to the selling, budling, fixing, lending, and furnishing of homes – velocity matters for the broader economy.

Median Home Price Per Sqft. Y/Y



Existing Home Sales



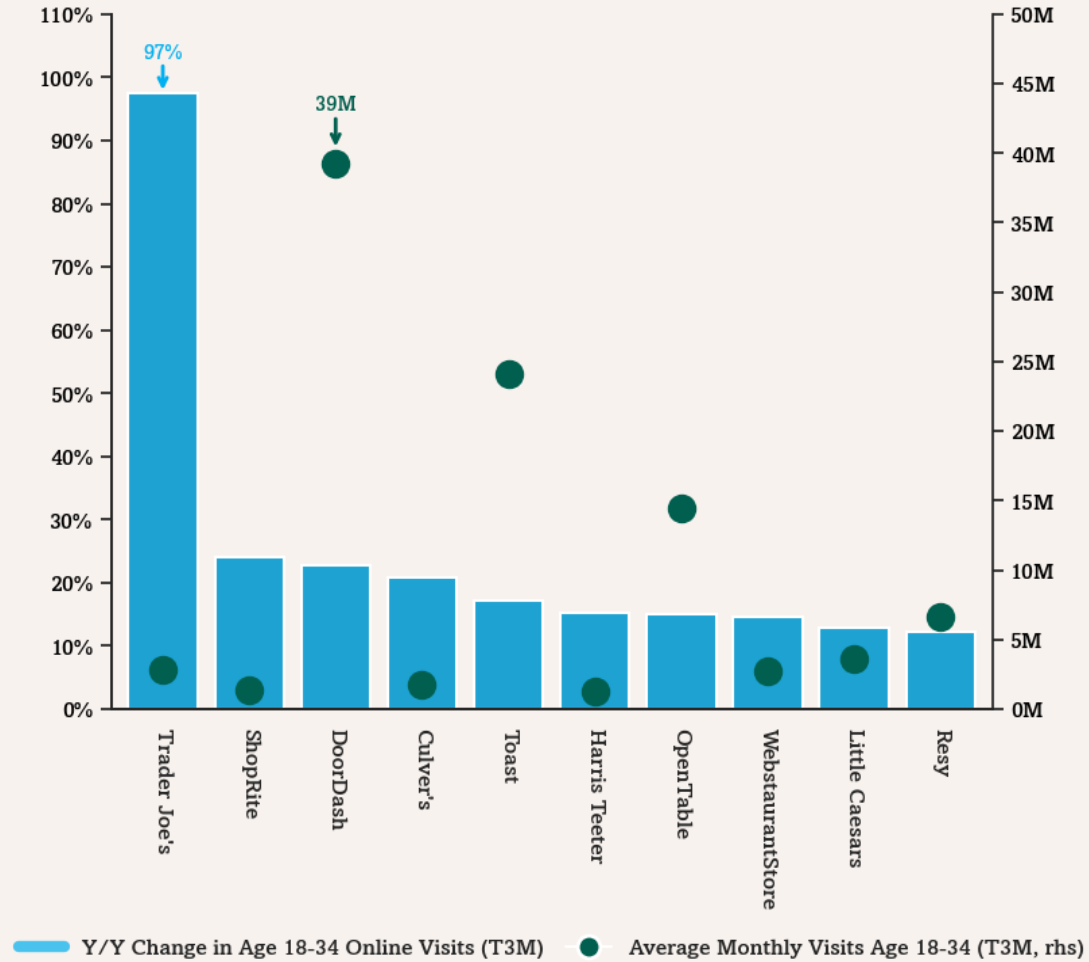
Metro Area Case Shiller Home Price Index Y/Y Heat Map

	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington, D.C.
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	3.9%	5.9%	0.8%	4.0%	2.5%	1.3%	8.1%	1.0%	0.2%	4.2%
May-25	4.7%	5.9%	0.0%	3.2%	0.9%	0.5%	7.6%	0.3%	-0.7%	3.2%
Jun-25	4.2%	6.0%	-0.6%	2.4%	0.0%	-0.2%	7.2%	-0.7%	-2.1%	2.2%
Jul-25	4.0%	6.0%	-0.6%	1.0%	0.1%	-1.3%	6.5%	-0.8%	-1.9%	1.3%
Aug-25	4.0%	5.8%	-0.8%	0.3%	0.1%	-1.6%	6.1%	-0.9%	-1.5%	0.9%
Sep-25	4.0%	5.4%	-0.8%	-0.7%	0.3%	-1.2%	5.4%	-0.9%	-0.9%	0.6%
Oct-25	3.0%	5.7%	-1.4%	-0.6%	0.1%	-1.0%	5.2%	-0.6%	0.1%	0.4%
Nov-25	1.9%	5.8%	-1.4%	-0.4%	0.5%	-1.1%	5.2%	0.2%	0.5%	0.3%
Dec-25	0.9%	5.4%	-2.1%	-0.9%	0.7%	-1.4%	5.3%	0.6%	-0.1%	0.4%

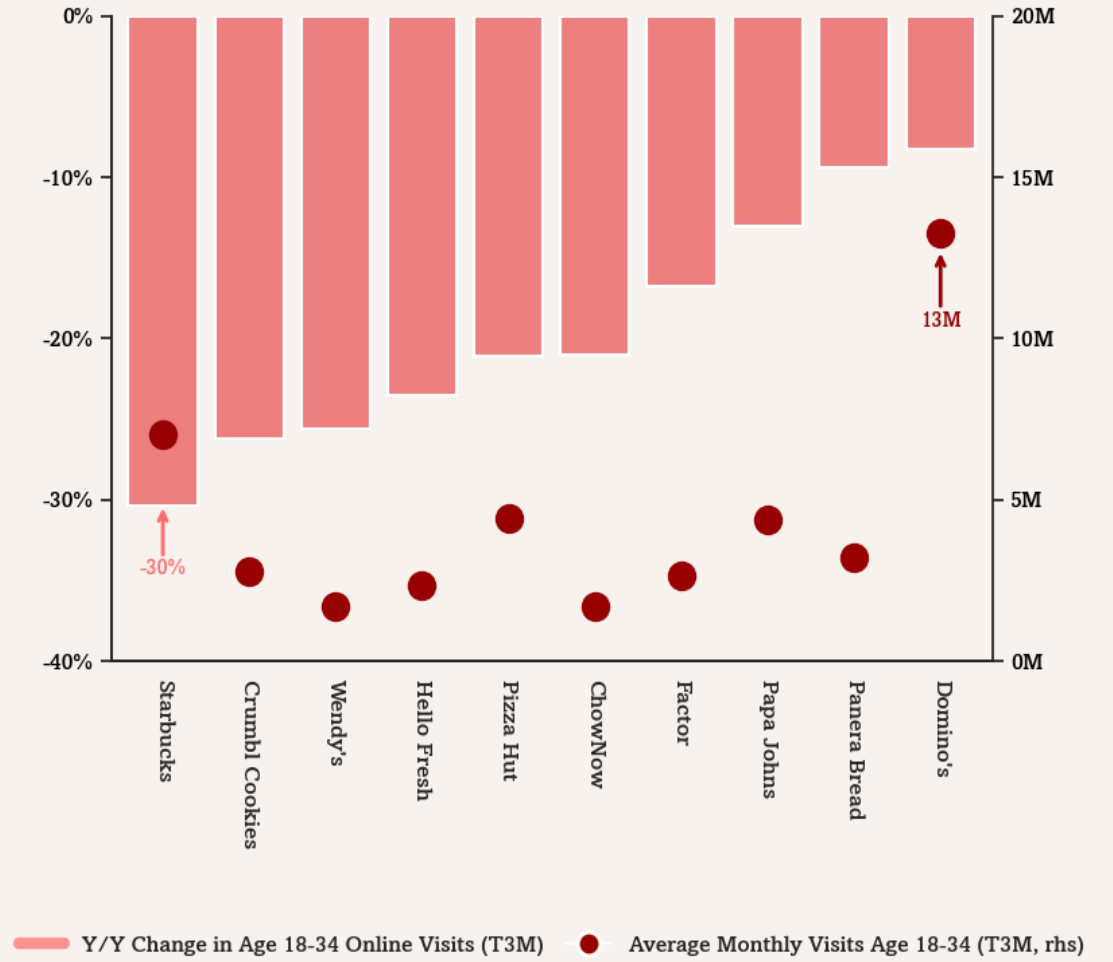
Digital Inflections

Age 18-34 digital traffic to Trader Joe's, ShopRite, DoorDash, & Culver's is breaking out, and is breaking down for Starbucks, Crumbl Cookies, Wendy's, & Hello Fresh

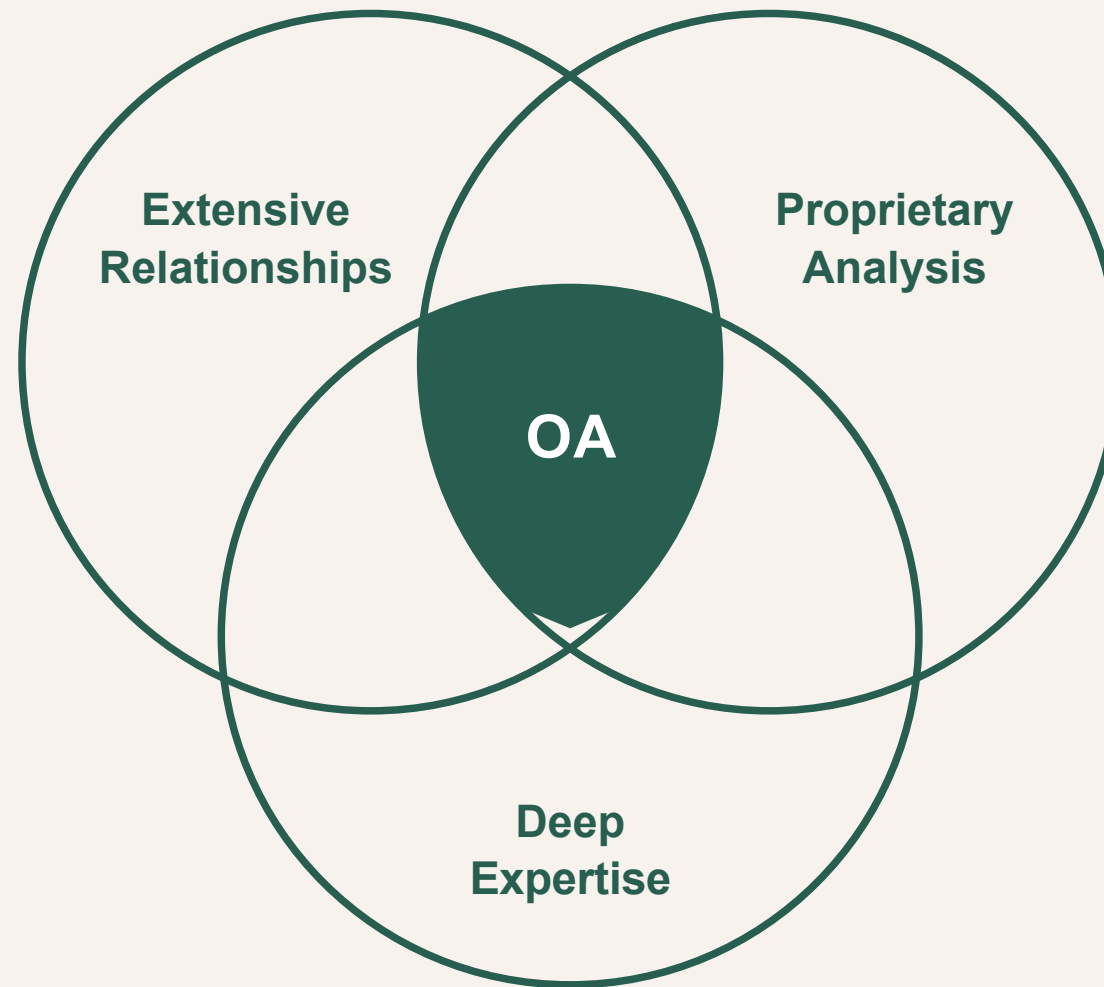
Age 18-34 Digital Brand Breakouts



Age 18-34 Digital Brand Breakdowns



Advisory Board
Consumer Collective
Experienced OA Team



OA runs proprietary math on top of value-added data sets including polling, transaction, location, digital traction, and scanner.

Our quantamental work constantly analyzes for magnitude and duration of non-normal change.

Experience and relationships across consumer sectors