Consumer Staples Briefing Book

June 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.

May real-time spending pressured as 4/19 proprietary Optimal staples subsectors inflecting positively (compared to just 2/19 inflecting positively last month); we note: positive inflection in gas stations & luxury versus negative inflection for grocery delivery, pet, & e-commerce. Hard discounters lagging, mainstream grocery again losing spend share versus premium & other formats… See pp 5-12.

After 6 months of cost tailwinds, war driven higher energy prices have created a rarely seen challenge to prospective CPG budgets. The Optimal Cost Factor (which incorporates 30 + cost inputs) is now rising (+7.9% y/y, was down ~12% y/y in February). Remaining beneficiaries of current cost relief include HSY+, LW+, MDLZ+ & Wing Restaurants+… See p 14.

Staples continues to outperform discretionary but lagging tech and the broader market (See p 26). We monitor fundamentals of the largest staples names (See p 20-23).

Optimal unpacks The World Cup Catalyst: Consumer Activation in the Age of Agentic AI on Thursday, June 4th 11AM ET – Virtual Meeting.

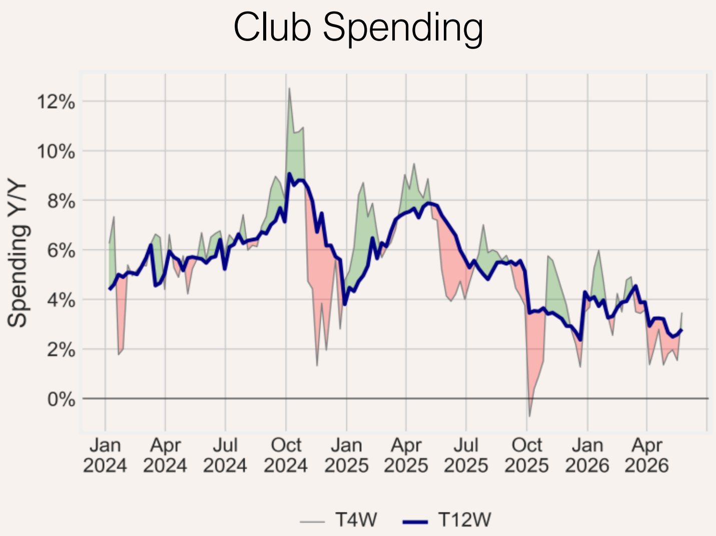
	Getting Worse	Getting Better
Underdiscussed	• Lower end consumers are extremely stressed relative to the broader economy. Many can't afford the items they want and are more sensitive to price shocks. • GLP-1 is a tide pulling disproportionately high LCV customers (i.e. high income, urban, female) consumers out of select food & beverage categories. • Recent strategic explorations (e.g. KHC, CAG) show little strategic interest in food names.	• 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. • Recent M&A activity in the spirits/alcohol space suggests market pessimism has overshot reality. • A squeezed consumer is a net "win" for CPG as rotation to meals at home should exceed price sensitivity impact. • Resilience in higher-end segments (coffee, energy drinks, health-focused SKUs).
Overdiscussed	• GLP-1 is a volume 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.	• "Something has to give" strategically driving M&A in CPG. No, it doesn't. The math doesn't work on prospective deals for targets with high fixed costs and declining volume. Sellers have been willing for years now, a path to volume growth has to be clear before more deals can happen.

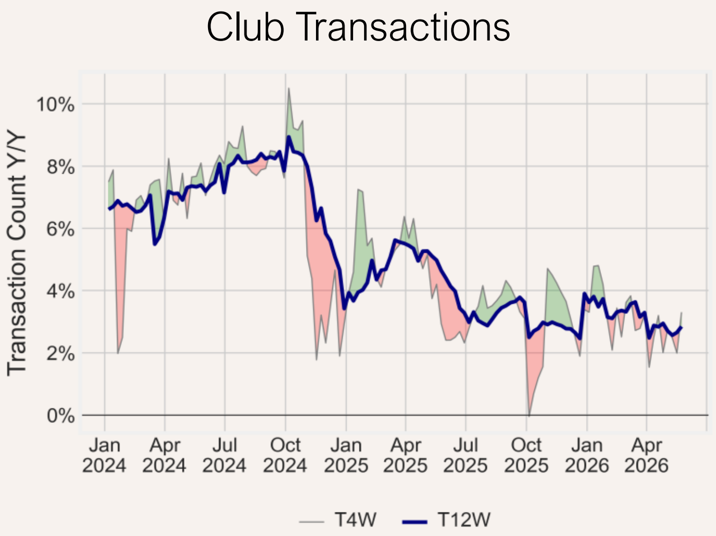
Proprietary Subsector Spending Analysis

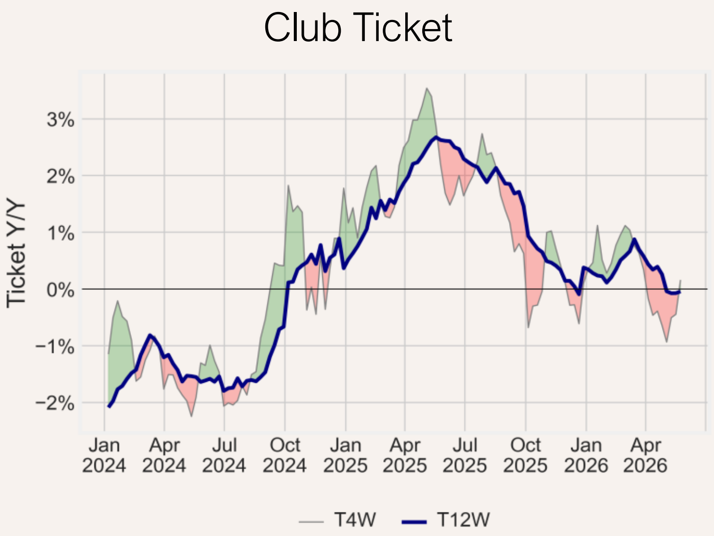
Consumer spending trends pressured across the Staples economy in May – we note 4/19 measured categories (gas stations, luxury, fast casual, beauty) with positive inflection (>100bps), while only 3/19 inflected negatively (<100 bps = flat) between 4-week & 12-week trends.

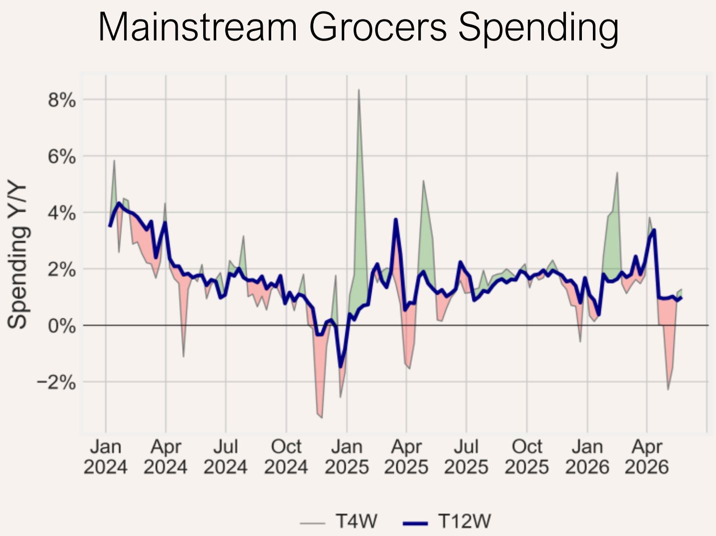
	REVENUE TREND			TRANSACTION COUNT		AVERAGE TICKET	
Optimal Subsector	T4W Y/Y	T12W Y/Y	Inflection	T4W Y/Y	T12W Y/Y	T4W Y/Y	T12W Y/Y
CLUB	3.5%	2.8%	0.7%	3.3%	2.8%	0.2%	0.0%
GROCERY DELIVERY	-7.7%	-6.8%	-0.9%	-10.2%	-9.0%	2.7%	2.4%
DOLLAR	3.7%	4.0%	-0.3%	0.9%	1.4%	2.8%	2.6%
HARD DISCOUNTER	-0.3%	-0.4%	0.1%	0.3%	0.1%	-0.5%	-0.5%
MAINSTREAM GROCERS	1.3%	1.0%	0.3%	-0.2%	-0.3%	1.5%	1.3%
PREMIUM GROCERS	2.0%	2.6%	-0.6%	0.6%	0.9%	1.4%	1.6%
PET	-3.6%	-2.2%	-1.4%	-4.5%	-3.2%	1.0%	1.1%
PHARMACY	-0.5%	-0.3%	-0.2%	-2.0%	-1.9%	1.6%	1.6%
BROADLINE RETAIL	1.4%	2.2%	-0.8%	0.4%	1.6%	1.1%	0.6%
E-COMMERCE	7.4%	8.5%	-1.1%	11.5%	11.4%	-3.7%	-2.6%
GAS STATIONS	22.1%	20.6%	1.5%	1.3%	4.3%	20.6%	15.6%
BEAUTY	-0.5%	-1.4%	1.0%	-2.7%	-3.6%	2.3%	2.2%
LUXURY	24.1%	10.9%	13.2%	10.7%	5.1%	12.1%	5.6%
MEAL DELIVERY	12.1%	11.6%	0.5%	7.7%	7.5%	4.1%	3.8%
FAST FOOD	-1.7%	-1.2%	-0.5%	-3.4%	-2.7%	1.7%	1.6%
FAST CASUAL	1.7%	0.6%	1.1%	-0.6%	-1.2%	2.3%	1.8%
CASUAL DINING	-2.7%	-3.0%	0.3%	-6.2%	-7.1%	3.7%	4.4%
COFFEE	4.6%	4.5%	0.1%	1.1%	1.8%	3.5%	2.7%
PIZZA	-12.1%	-10.2%	-1.9%	-8.6%	-7.1%	-3.9%	-3.3%

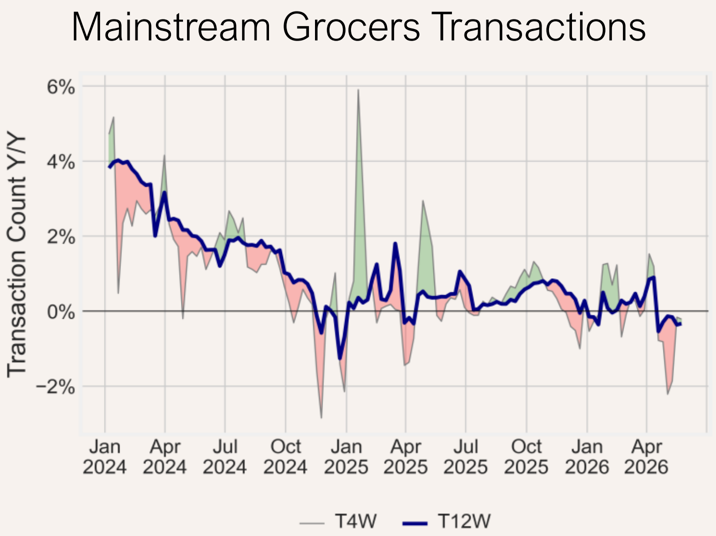
Mainstream grocery spending growth inflecting positively, including positive short-term trend led by Albertsons & Food Lion in category. Club (Costco, BJ's, Sam's Club) spending growth remains positive, hurt by decelerating transaction growth while ticket growth remains positive.

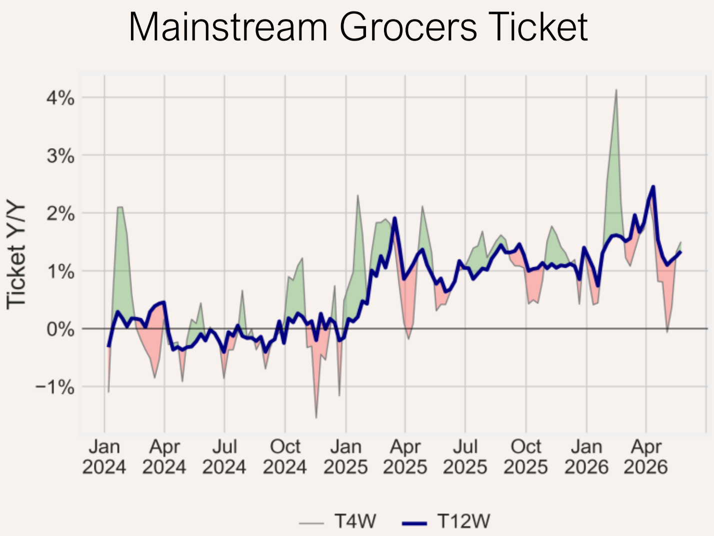












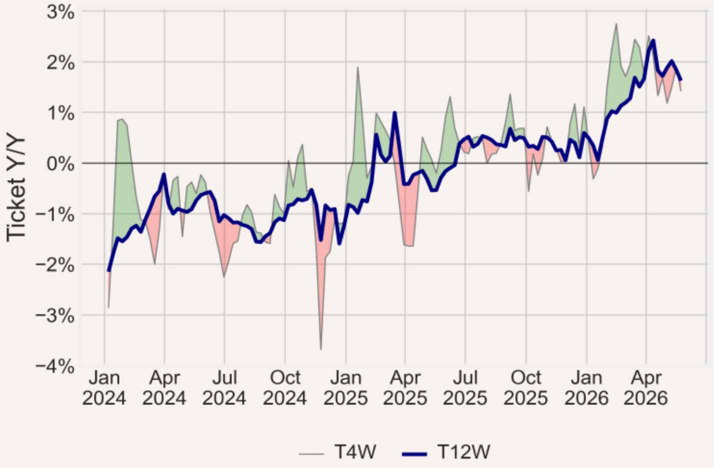
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Premium grocers (including The Fresh Market & Sprouts) spending growth turning higher after months of deceleration in transaction growth. Luxury spending (Louis Vuitton & Coach) growth remains positive and inflecting sharply higher driven by short-term spending growth at Louis Vuitton.

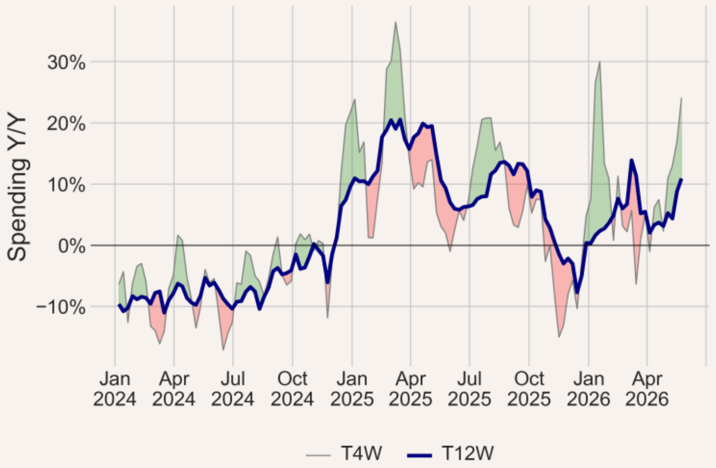
Premium Grocers Spending

Premium Grocers Transactions

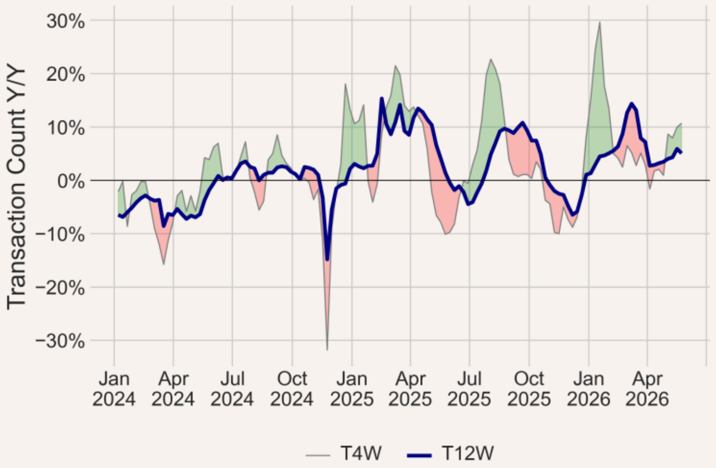
Premium Grocers Ticket



Luxury Spending



Luxury Transactions

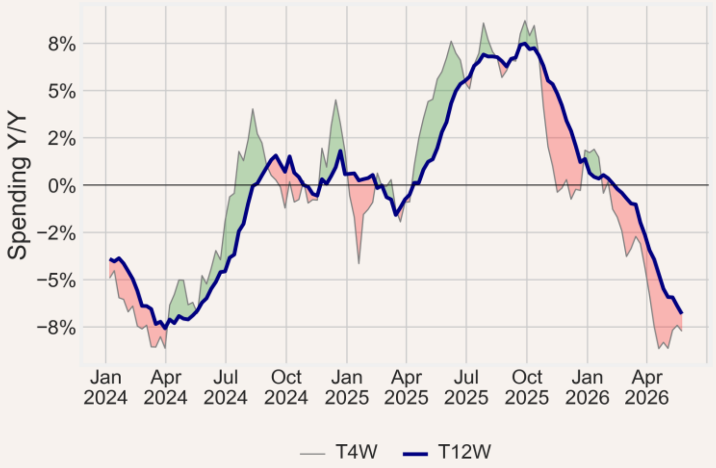


Luxury Ticket

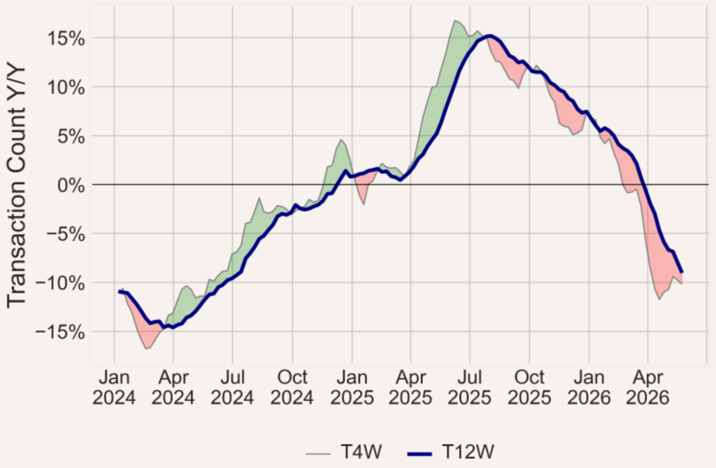
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Grocery delivery transaction and spending growth starting to roll, Amazon Fresh leads category in growth and nominally. Strong meal delivery (DASH, GrubHub, Uber Eats) ticket continues to positively inflect.

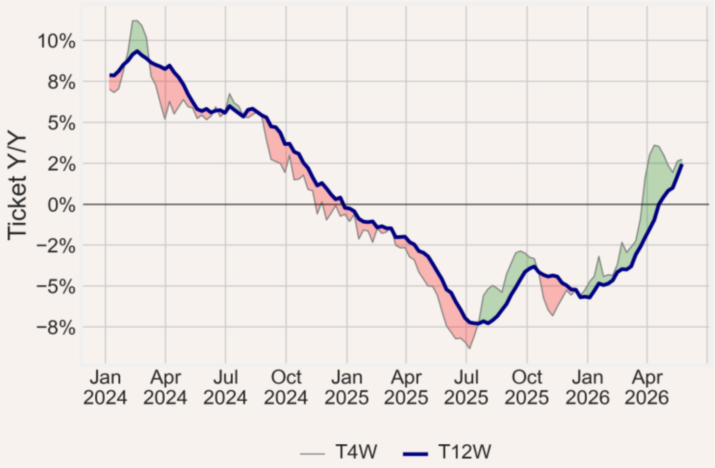
Grocery Delivery Spending



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 face decelerating transactions and ticket growth; Trader Joe's & Lidl continue to lead category nominally and growing. Dollar store (DG & DLTR) spending still positive y/y but lower than previous months.

Dollar Store Spending

Dollar Store Transactions

Dollar Store Ticket

Hard Discounters Spending

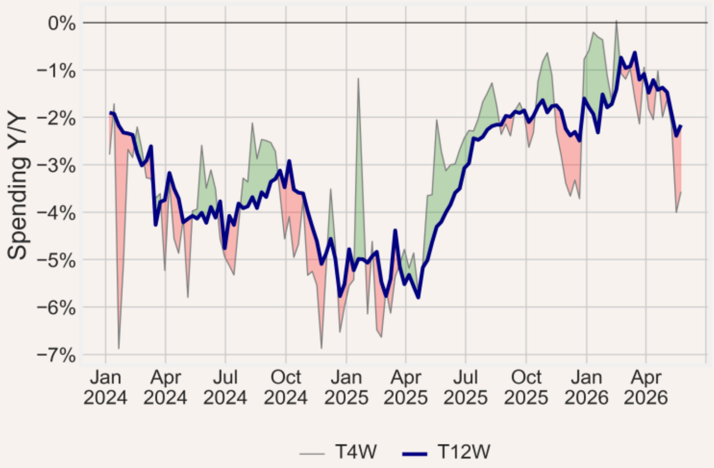
Hard Discounters Transactions

Hard Discounters Ticket

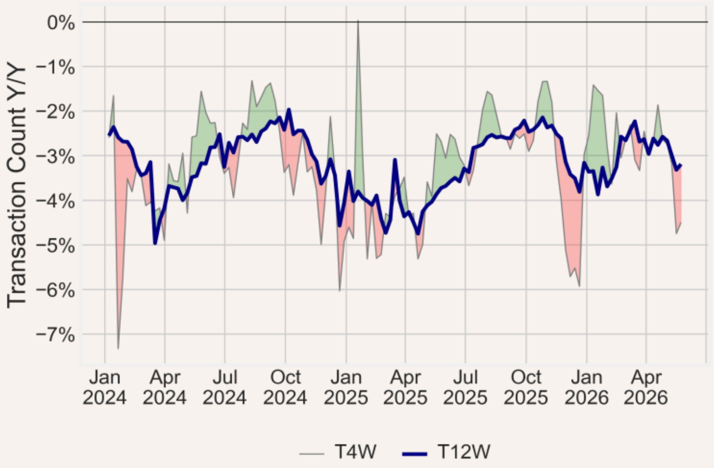
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Pet channel (PetSmart & Petco) spending growth still negative and negatively inflecting as ticket growth leads; sustained positive inflection at the pharmacy counter (Amazon Pharmacy growing aggressively in category but comping against a small base).

Pet Spending

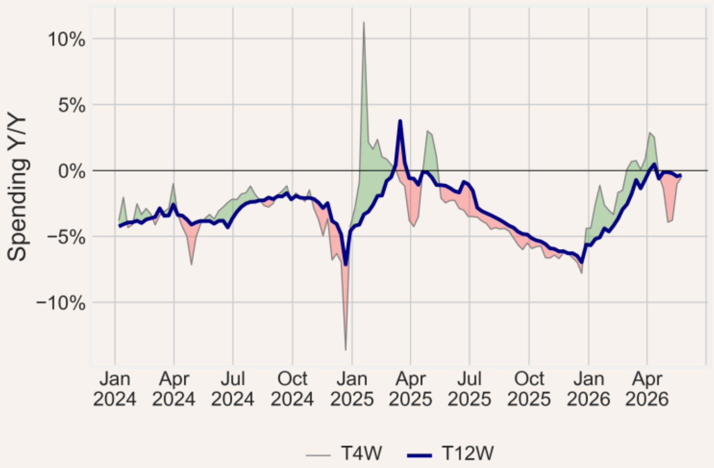


Pet Transactions



Pet Ticket

Pharmacy Spending

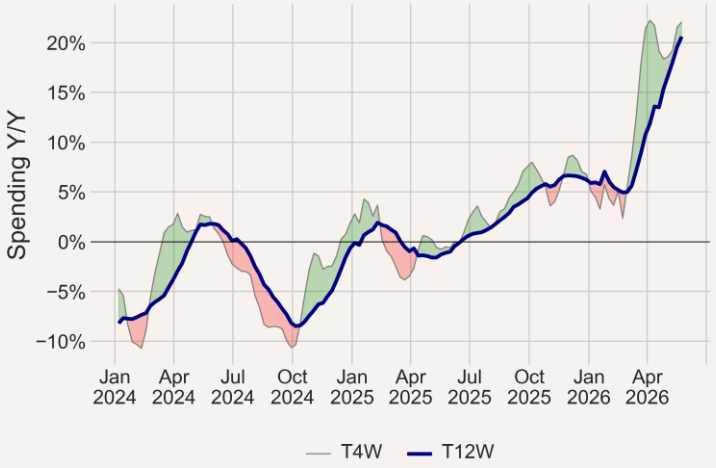


Pharmacy Transactions

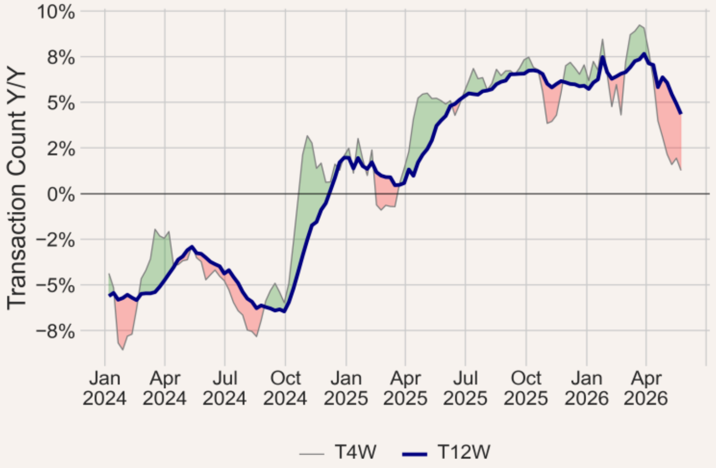
Pharmacy Ticket

Gas station spending continues to move higher driven by higher gasoline prices. E-commerce (including AMZN) still taking total spending share with positive & accelerating transaction growth.

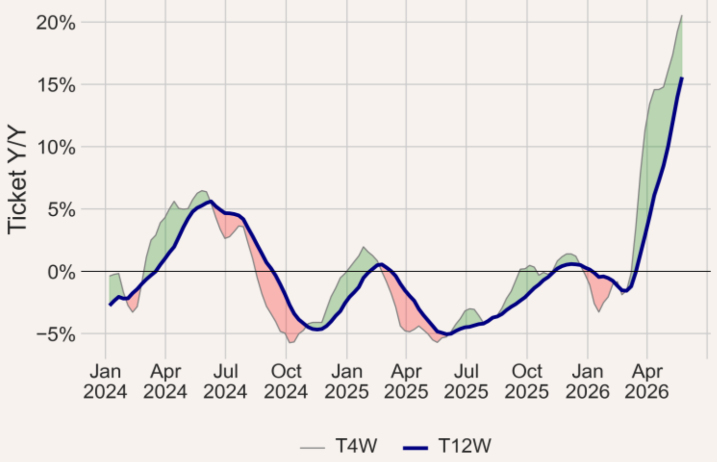
Gas Station Spending



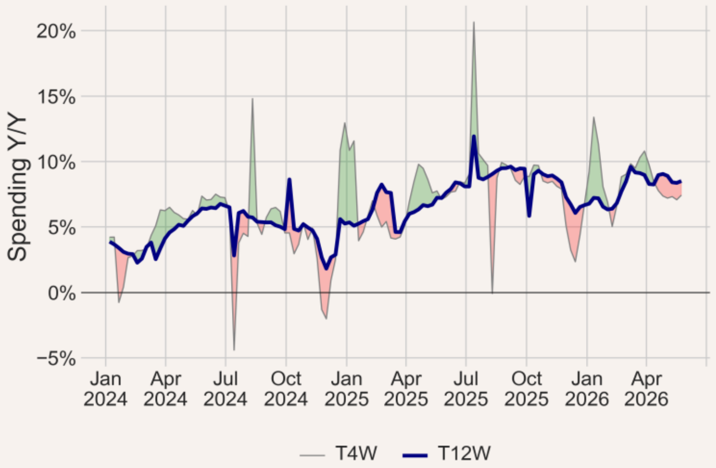
Gas Station Transactions



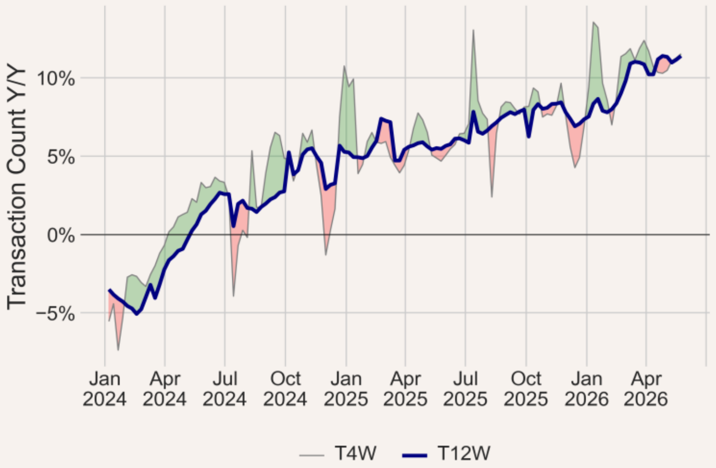
Gas Station Ticket



E-commerce Spending



E-commerce Transactions



E-commerce Ticket

Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Spending growth pressured at QSR & casual dining. Food away from the home trending lower from a relative peak in summer 2025. Fast casual a bright spot for the category with positively inflecting ticket and spending growth.

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

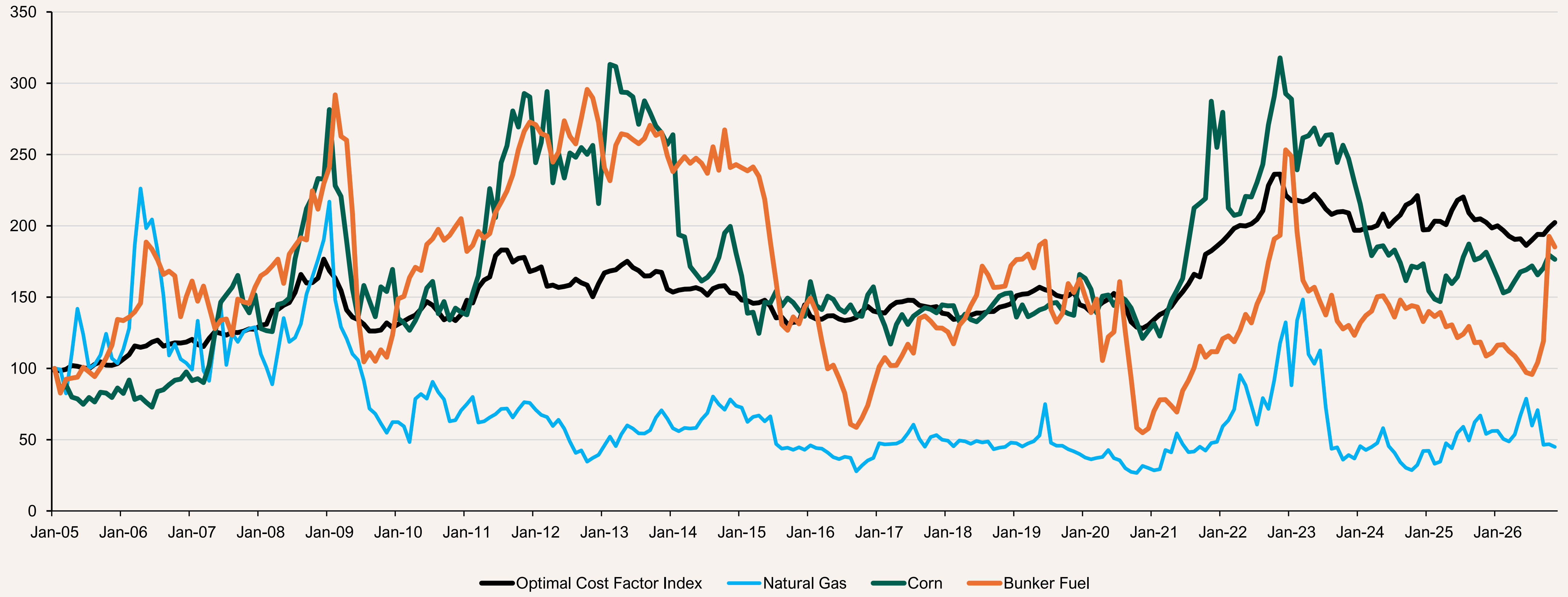
Proprietary Cost Analysis

Our Optimal Cost Factor tracks companies' U.S. input cost risk via proprietary weightings; higher energy & packaging prices are headwinds while softs, sweeteners and non-beef protein are tailwinds.

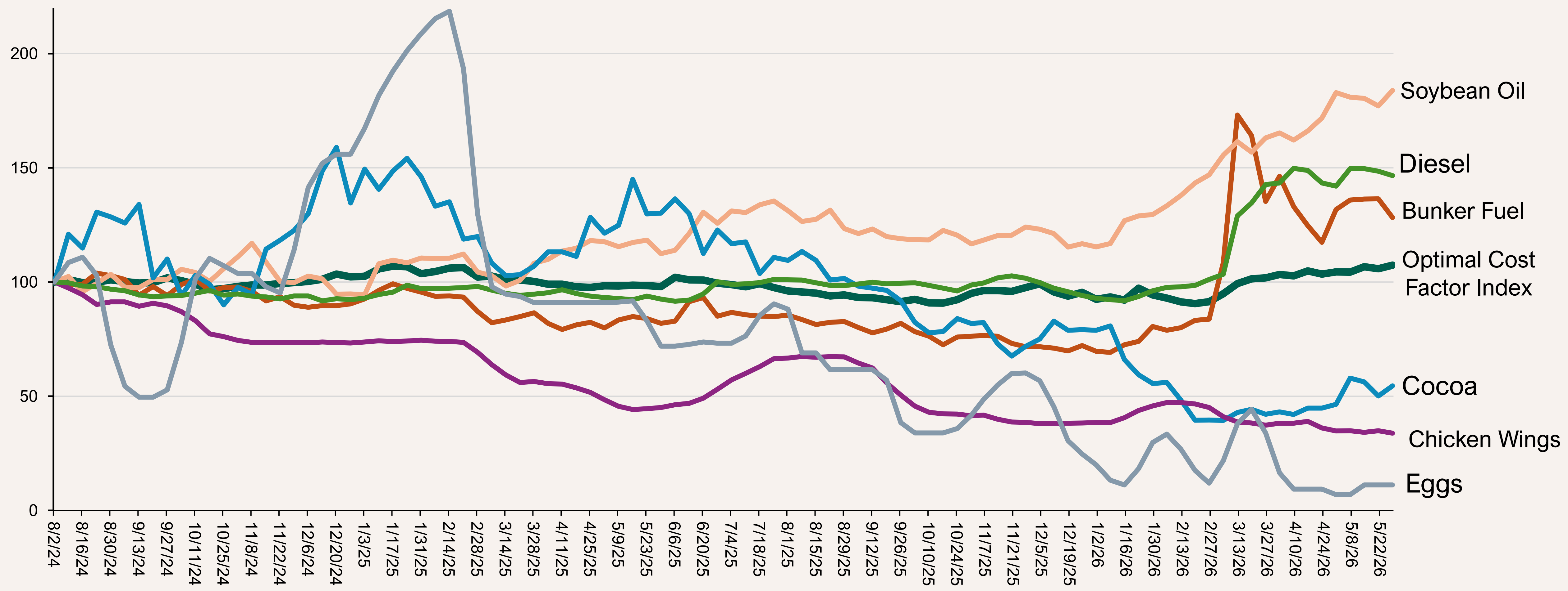
W/W		Today / T4W Average		Today T4W / YAGO T4W	
COMPANIES					
Index	1.5%	Index	1.2%	Index	7.9%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
CHD	3.8%	CHD	3.9%	PG	23.8%
EPC	3.4%	CELH	3.5%	CLX	22.5%
PG	3.2%	EPC	3.0%	EPC	22.2%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
FLO	-0.7%	KDP	-0.2%	HSY	-25.2%
PEP	0.4%	FLO	-0.2%	LW	-11.5%
KO	0.5%	MDLZ	0.1%	MDLZ	-4.6%
COMMODITIES					
Index	1.5%	Index	1.2%	Index	7.9%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
PACKAGING	2.2%	PACKAGING	25.8%	PACKAGING	25.8%
OILS/OILSEEDS	1.8%	ENERGY/FREIGHT	21.9%	ENERGY/FREIGHT	21.9%
ENERGY/FREIGHT	1.0%	OILS/OILSEEDS	19.8%	OILS/OILSEEDS	19.8%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
DAIRY	-1.8%	MEATS/PROTEINS	-26.7%	MEATS/PROTEINS	-26.7%
GRAINS	-1.1%	SOFTS/SWEETENERS	-26.5%	SOFTS/SWEETENERS	-26.5%
MEATS/PROTEINS	-0.5%	DAIRY	-12.8%	DAIRY	-12.8%
FOOD SERVICE					
Index	1.5%	Index	1.2%	Index	7.9%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
FAST FOOD BURGER	0.9%	FAST FOOD BURGER	1.0%	FAST CASUAL MEXICAN	-6.6%
FULL SERVICE UPSCALE	0.9%	FULL SERVICE UPSCALE	0.7%	FAST FOOD MEXICAN	-7.0%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
ALL WINGS	0.5%	FAST FOOD MEXICAN	0.2%	ALL WINGS	-12.4%
FAST FOOD MEXICAN	0.6%	FAST CASUAL MEXICAN	0.4%	FAST FOOD BURGER	-9.5%

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

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



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


200
150
100
50
0
Soybean Oil
Diesel
Bunker Fuel
Optimal Cost Factor Index
Cocoa
Chicken Wings
Eggs
8/2/24
8/16/24
8/30/24
9/13/24
9/27/24
10/11/24
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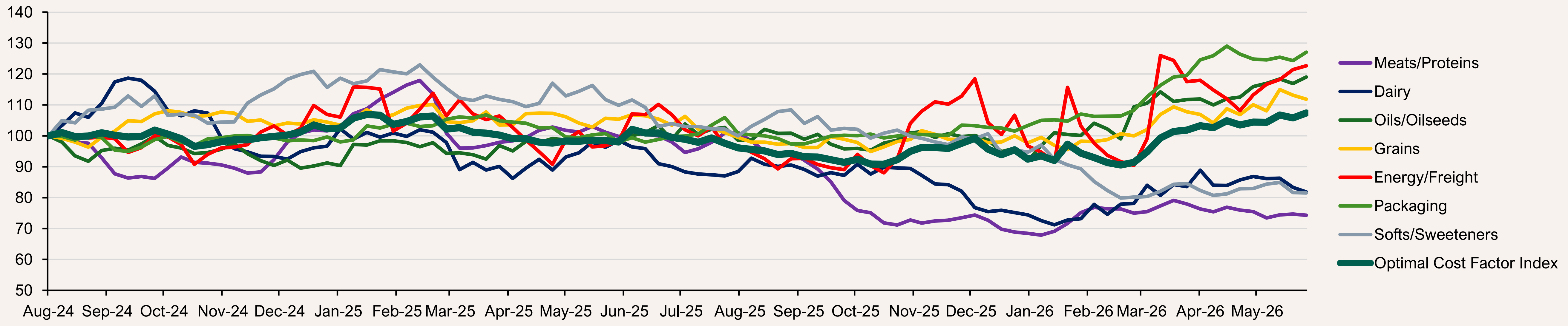
5/22/26

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



Category	Value at 5/28	Value at 5/21	W/W %	Most Recent T4W	YAGO T4W	T4W / YAGO T4W %	12 Mo Low	Increase Since 12-Mo Low
Meats/Proteins	74.3	74.7	-0.5%	74.2	101.3	-26.7%	67.9	9.5%
Softs/Sweeteners	81.5	81.7	-0.1%	83.1	113.1	-26.5%	79.9	2.1%
Dairy	81.8	83.3	-1.8%	84.4	96.8	-12.8%	71.2	14.9%
Grains	111.8	113.1	-1.1%	112.0	104.5	7.2%	94.9	17.9%
Optimal Cost Factor Index	107.4	105.8	1.5%	106.1	98.3	7.9%	90.6	18.6%
Oils/Oilseeds	119.0	116.9	1.8%	117.8	98.3	19.8%	91.9	29.5%
Energy/Freight	122.7	121.4	1.0%	119.7	98.2	21.9%	88.0	39.3%
Packaging	127.0	124.3	2.2%	125.3	99.6	25.8%	97.3	30.5%

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

Ticker	Value at 5/28	LTM Avg	Today T4W / YAGO T4W	Inputs % of COGS	Gross EBIT % Impact	TTM Avg Gross Margin	Gross Pricing Need
HSY	71.9	76.8	-25.2%	65%	16.4%	40.1%	-9.8%
LW	74.6	75.8	-11.5%	70%	8.1%	21.7%	-6.3%
MDLZ	79.5	75.6	-4.6%	65%	3.0%	32.5%	-2.0%
FRPT	63.7	58.1	-1.3%	60%	0.8%	40.8%	-0.5%
THS	82.5	80.1	-0.5%	70%	0.3%	16.9%	-0.3%
BRBR	64.5	60.0	0.2%	60%	-0.1%	35.4%	0.1%
SMPL	61.1	56.8	0.4%	60%	-0.2%	37.4%	0.1%
MKC	86.6	80.5	2.5%	65%	-1.6%	38.5%	1.0%
CAG	105.3	95.9	3.6%	60%	-2.1%	25.9%	1.6%
POST	75.9	69.8	4.5%	65%	-2.9%	29.2%	2.1%
GIS	89.0	80.9	4.7%	65%	-3.1%	34.3%	2.0%
KHC	85.9	78.2	7.9%	65%	-5.2%	34.3%	3.4%
SAM	87.9	81.8	8.3%	60%	-5.0%	46.5%	2.7%
TAP	87.9	81.8	8.3%	60%	-5.0%	38.8%	3.0%
ABI	91.2	84.3	8.9%	60%	-5.4%	55.7%	2.4%
MNST	63.1	58.5	9.7%	70%	-6.8%	55.2%	3.0%
HRL	80.7	72.2	11.5%	70%	-8.0%	16.3%	6.7%
CPB	84.1	73.6	11.5%	60%	-6.9%	30.4%	4.8%
PEP	100.1	88.5	13.9%	60%	-8.4%	54.4%	3.8%
CELH	57.4	51.4	15.2%	70%	-10.6%	50.5%	5.3%
CHD	62.3	53.1	16.0%	55%	-8.8%	44.5%	4.9%
KDP	77.1	67.9	16.5%	55%	-9.1%	54.9%	4.1%
JJSF	93.4	80.0	18.6%	65%	-12.1%	29.7%	8.5%
FLO	90.2	77.7	19.3%	65%	-12.6%	49.4%	6.4%
SJM	71.9	61.4	19.4%	65%	-12.6%	35.1%	8.2%
LANC	96.1	82.4	19.9%	60%	-11.9%	23.9%	9.1%
KO	81.5	71.2	19.9%	60%	-12.0%	61.4%	4.6%
EPC	72.9	60.8	22.2%	60%	-13.3%	42.2%	7.7%
CLX	69.1	57.4	22.5%	60%	-13.5%	45.2%	7.4%
PG	77.3	64.1	23.8%	65%	-15.5%	51.2%	7.6%

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

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Valuation Snapshot

Beverage Comps

SAM with a lower EV/GP than TAP – seems like an opportunity….albeit in an out of favor sector.

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	$79.01	$372,110	$339,939	$16,573	$17,426	$30,070	1.8	22.5	12.4	21.4	12.4
PEP	PEPSICO INC	$144.19	$239,127	$197,074	$18,682	$20,001	$41,900	2.2	12.8	4.6	12.0	4.4
ABI	ANHEUSER BUSCH INBEV SA	$80.54	$234,008	$162,624	$21,223	$23,316	$60,935	2.9	11.0	7.1	10.0	6.5
MNST	MONSTER BEVERAGE CORP	$88.08	$83,158	$86,143	$2,882	$3,060	-$2,985	N.A.	28.9	17.0	27.2	15.7
DEO	DIAGEO	$82.46	$68,813	$45,901	$7,550	$8,237	$20,819	2.8	9.1	5.7	8.4	5.7
HEIA	HEINEKEN	$78.27	$64,375	$44,258	$7,415	$8,129	$17,024	2.3	8.7	6.4	7.9	3.8
CCE	COCA COLA EUROPEAN PARTNERS	$90.69	$52,172	$40,195	$4,183	$4,559	$11,427	2.7	12.5	6.2	11.4	5.7
KDP	KEURIG DR PEPPER INC	$30.03	$75,976	$40,858	$4,851	$6,865	$26,697	5.5	15.7	8.3	11.1	6.3
STZ	CONSTELLATION BRANDS	$138.82	$35,309	$23,905	$3,150	$3,440	$11,100	3.5	11.2	7.5	10.3	7.5
PRNDY	PERNOD RICARD	$14.75	$32,991	$18,605	$3,395	$3,329	$13,149	3.9	9.7	5.0	9.9	5.1
CARL.B	CARLSBERG	$134.52	$28,747	$18,707	$2,845	$3,092	$9,589	3.4	10.1	4.7	9.3	4.4
BFA	BROWN FORMAN CORP	$26.73	$14,330	$11,968	$1,199	$1,171	$2,362	2.0	12.0	6.2	12.2	6.2
BFB	BROWN FORMAN CORP	$25.72	$14,330	$11,968	$1,199	$1,171	$2,362	2.0	12.0	6.2	12.2	6.2
CELH	CELSIUS HOLDINGS INC	$33.27	$10,385	$8,505	$745	$796	$120	0.2	13.9	6.9	13.0	6.1
TAP	MOLSON COORS	$39.53	$13,868	$7,456	$2,348	$2,080	$6,103	2.6	5.9	3.2	6.7	3.5
PRMB	PRIMO BRANDS	$24.80	$14,421	$8,999	$1,411	$1,505	$5,422	3.8	10.2	7.2	9.6	6.9
SAM	BOSTON BEER INC	$177.28	$1,717	$1,846	$10	$222	-$129	N.A.	174.1	1.8	7.7	1.8

Food Comps

Center store food EV/GP still relatively high relative to present organic GP trajectory – the crux of our cautious stance. SG&A has finite opportunities for reduction, and high debt is not a strategic asset.

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	$101.66	$326,367	$261,939	$21,752	$23,109	$64,116	2.9	15.0	6.5	14.1	6.3
MDLZ	MONDELEZ	$61.17	$98,673	$78,521	$6,258	$7,010	$20,098	3.2	15.8	9.0	14.1	7.6
BN	DANONE	$71.13	$59,173	$48,467	$5,675	$5,792	$9,471	1.7	10.4	3.7	10.2	3.5
HSY	HERSHEY FOODS	$194.03	$44,162	$39,358	$2,566	$3,177	$4,804	1.9	17.2	10.5	13.9	8.5
KHC	KRAFT HEINZ	$24.01	$45,639	$28,471	$5,369	$4,967	$17,042	3.2	8.5	5.4	9.2	5.7
GIS	GENERAL MILLS INC	$33.81	$31,240	$18,044	$3,280	$3,257	$13,182	4.0	9.5	5.1	9.6	5.1
TSN	TYSON FOODS INC	$61.02	$29,173	$21,487	$3,498	$3,684	$7,583	2.2	8.3	8.1	7.9	6.3
MKC	MCCORMICK & CO	$47.37	$18,053	$12,732	$1,377	$1,581	$4,746	3.4	13.1	6.7	11.4	5.8
HRL	HORMEL FOODS CORP	$23.23	$14,795	$12,784	$1,234	$1,396	$1,996	1.6	12.0	7.8	10.6	7.4
SJM	JM SMUCKER	$103.20	$18,452	$11,006	$1,787	$2,145	$7,446	4.2	10.3	6.2	8.6	5.6
SFD	SMITHFIELD FOODS	$25.83	$11,478	$10,164	$1,698	$1,757	$1,003	0.6	6.8	5.5	6.5	5.5
CAG	CONAGRA BRANDS INC	$13.28	$13,631	$6,354	$1,900	$1,760	$7,277	3.8	7.2	5.0	7.7	5.0
CPB	CAMPBELL SOUP	$21.11	$13,142	$6,294	$1,764	$1,575	$6,846	3.9	7.5	4.5	8.3	4.5
LW	LAMB WESTON HOLDINGS INC	$43.18	$9,897	$5,962	$1,145	$1,116	$3,935	3.4	8.6	7.6	8.9	7.6
POST	POST HOLDINGS INC	$91.84	$11,534	$4,162	$1,636	$1,557	$7,361	4.5	7.1	4.6	7.4	4.8
LANC	LANCASTER COLONY	$111.94	$2,888	$3,070	$297	$323	-$181	N.A.	9.7	6.1	8.9	5.8
FRPT	FRESHPET INC	$51.60	$2,648	$2,536	$198	$224	$113	0.6	13.4	5.6	11.8	5.1
FLO	FLOWERS FOODS INC	$7.64	$3,651	$1,620	$532	$471	$2,031	3.8	6.9	1.4	7.8	1.5
BRBR	BELLRING BRANDS INC	$8.36	$2,124	$972	$382	$320	$1,152	3.0	5.6	3.0	6.6	3.3
FDP	FRESH DEL MONTE PRODUCE	$32.14	$2,106	$1,529	$279	$286	$563	2.0	7.6	5.3	7.4	4.7
JJSF	J & J SNACK FOODS	$76.12	$1,560	$1,428	$185	$200	$133	0.7	8.4	3.3	7.8	3.2
SMPL	SIMPLY GOOD FOODS	$11.52	$1,385	$1,042	$251	$220	$342	1.4	5.5	2.9	6.3	3.1
DOLE	DOLE	$13.99	$2,596	$1,331	$391	$403	$1,122	2.9	6.6	3.6	6.4	3.4

HPC Comps

Estee Lauder EV/GP seems low for relative organic GP growth potential given volume opportunity & GMROI. While strategy a risk, EPC suggests opportunity also.

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	$143.56	$359,999	$334,294	$23,631	$23,986	$24,720	1.0	15.2	8.2	15.0	8.0
OR	L'OREAL	$446.51	$240,746	$238,316	$12,106	$13,121	$2,370	0.2	19.9	6.5	18.3	6.0
UNA	UNILEVER PLC	$56.64	$152,377	$122,714	$12,880	$13,638	$27,249	2.1	11.8	5.6	11.2	5.4
CL	COLGATE-PALMOLIVE	$90.13	$79,016	$72,121	$5,029	$5,082	$6,554	1.3	15.7	6.6	15.5	6.1
RB	RECKITT BENCKISER	$61.83	$48,164	$39,402	$5,248	$4,793	$8,714	1.7	9.2	4.4	10.0	4.4
EL	ESTEE LAUDER INC	$88.95	$38,356	$32,182	$2,365	$2,712	$6,174	2.6	16.2	3.5	14.1	3.2
HEN3	HENKEL	$79.11	$33,349	$32,720	$4,187	$4,310	$319	0.1	8.0	2.8	7.7	2.8
KMB	KIMBERLY CLARK CORP	$97.60	$39,057	$32,397	$3,415	$3,977	$6,542	1.9	11.4	6.6	9.8	5.7
KVUE	KENVUE INC	$17.28	$40,764	$33,178	$3,647	$3,832	$7,586	2.1	11.2	4.6	10.6	4.3
BEI	BEIERSDORF	$81.61	$14,829	$19,676	$1,928	$1,928	-$4,867	N.A.	7.7	2.3	7.7	2.2
CHD	CHURCH AND DWIGHT INC	$95.63	$24,533	$22,659	$1,409	$1,442	$1,874	1.3	17.4	8.8	17.0	8.5
CLX	CLOROX	$90.02	$14,343	$10,885	$1,398	$1,380	$3,299	2.4	10.3	4.8	10.4	4.5
ELF	ELF BEAUTY INC	$56.00	$3,956	$3,329	$335	$377	$627	1.9	11.8	3.3	10.5	3.0
REYN	REYNOLDS CONSUMER	$21.67	$6,129	$4,567	$682	$670	$1,562	2.3	9.0	6.6	9.1	6.7
SMG	SCOTTS MIRACLE GRO	$59.00	$6,094	$3,433	$615	$584	$2,661	4.3	9.9	5.5	10.4	6.8
COTY	COTY INC CLASS A	$2.13	$5,454	$1,875	$880	$822	$3,168	3.6	6.2	1.5	6.6	1.5
PRGO	PERRIGO	$11.05	$4,977	$1,529	$761	$639	$3,448	4.5	6.5	3.6	7.8	3.3
SPB	SPECTRUM BRANDS	$78.69	$2,405	$1,825	$287	$302	$580	2.0	8.4	2.4	8.0	2.2
ENR	ENERGIZER HOLDINGS	$18.22	$4,482	$1,248	$608	$606	$3,234	5.3	7.4	3.7	7.4	3.7
EPC	EDGEWELL PERSONAL CARE	$17.52	$1,787	$807	$255	$258	$980	3.8	7.0	2.1	6.9	2.0

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Ingredients Comps

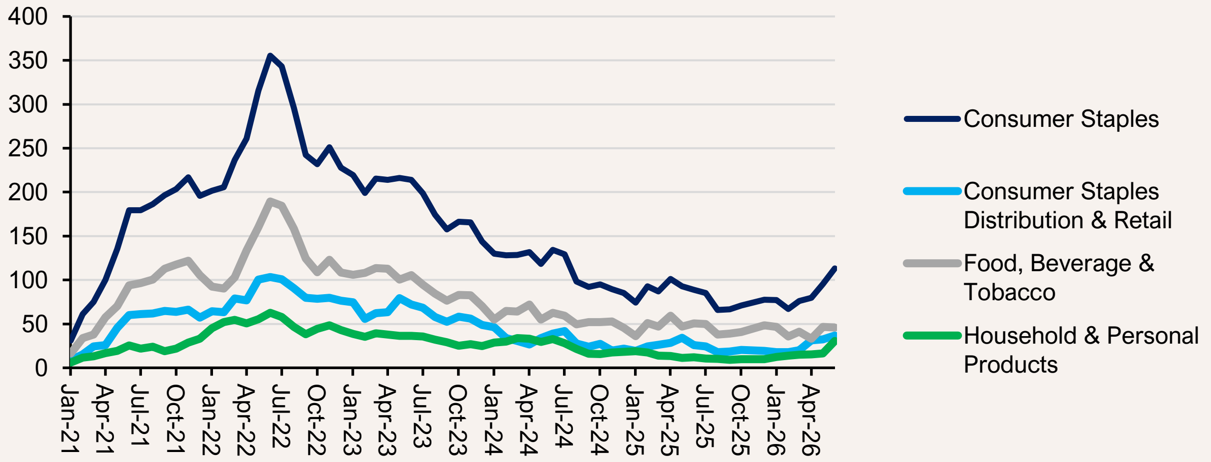
Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	Fwd. EV / Fwd. EBITDA	Fwd. EV / Fwd. GROSS PROFIT
GIVN	GIVAUDAN SA	$3,711.29	$38,938	$34,268	$2,113	$2,241	$4,630	2.2	18.4	10.0	17.4	9.3
ADM	ARCHER DANIELS MIDLAND	$79.78	$48,782	$38,450	$3,662	$4,887	$10,033	2.7	13.3	9.6	10.0	7.2
BG	BUNGE	$123.30	$39,944	$23,922	$3,010	$4,223	$14,590	4.8	13.3	11.1	9.5	7.7
IFF	INTERNATIONAL FLAVORS & FRAGRANCES	$76.05	$25,322	$19,416	$2,076	$2,122	$5,873	2.8	12.2	6.5	11.9	6.5
KRZ	KERRY GROUP PLC	$85.73	$16,208	$13,660	$1,366	$1,446	$2,546	1.9	11.9	4.5	11.2	4.5
INGR	INGREDION	$101.44	$7,326	$6,397	$1,189	$1,245	$907	0.8	6.2	4.1	5.9	4.1
GL9	GLANBIA	$24.74	$6,625	$5,991	$499	$531	$635	1.3	13.3	6.0	12.5	6.0

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

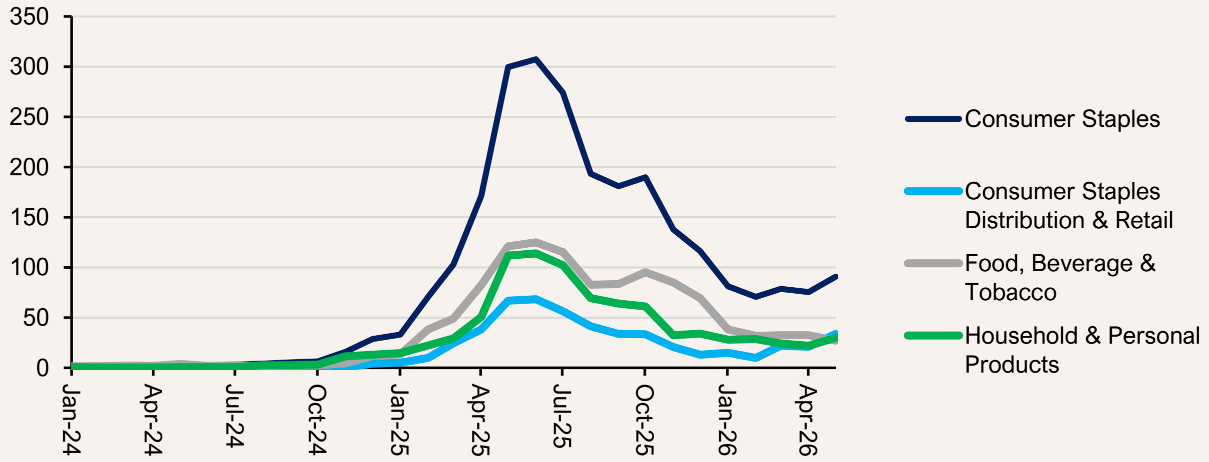
Thematic Analysis

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, mentions beginning to rise off mounting energy input costs.

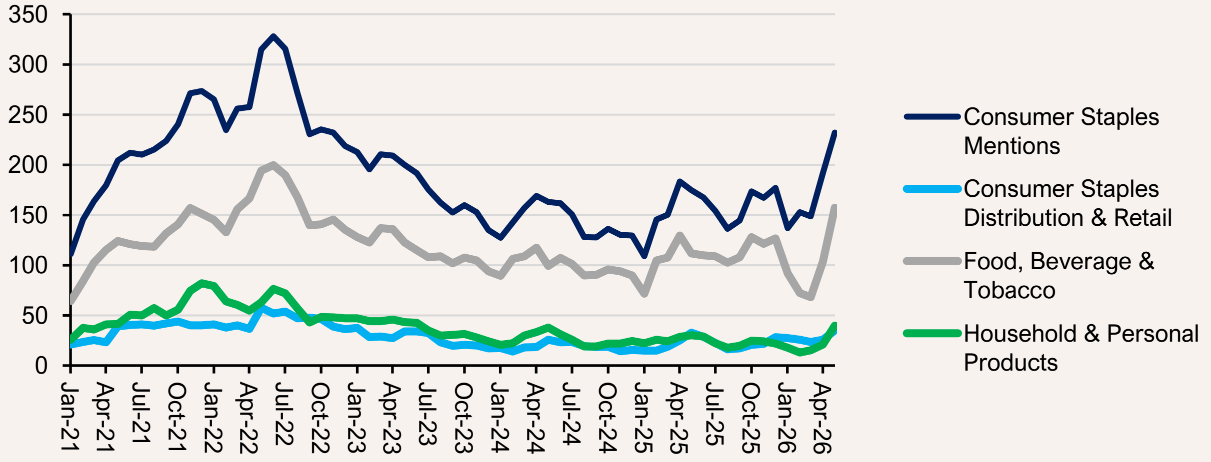
Inflation Mentions



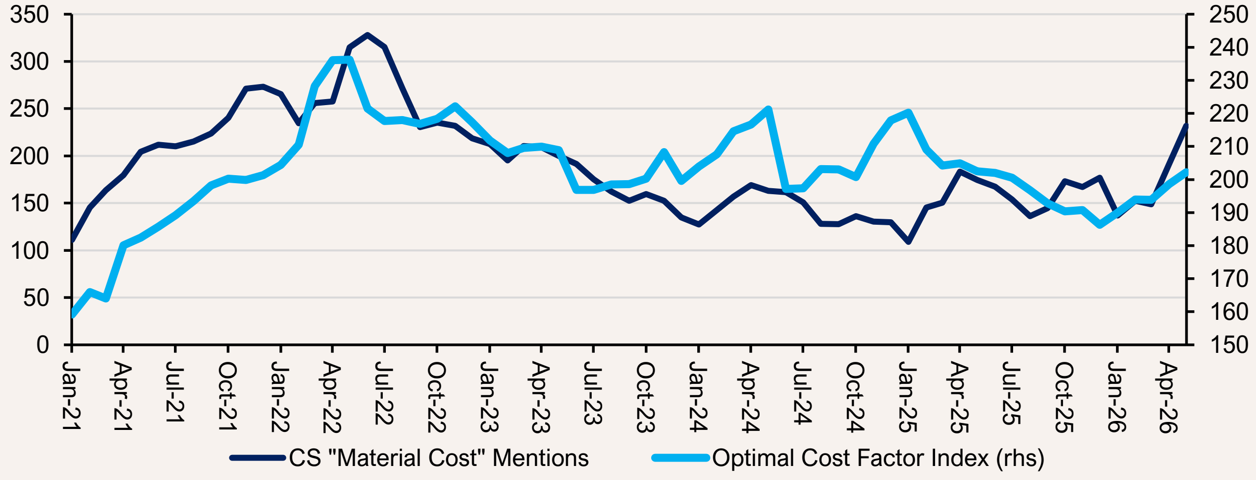
Tariffs Mentions



Material Cost Mentions



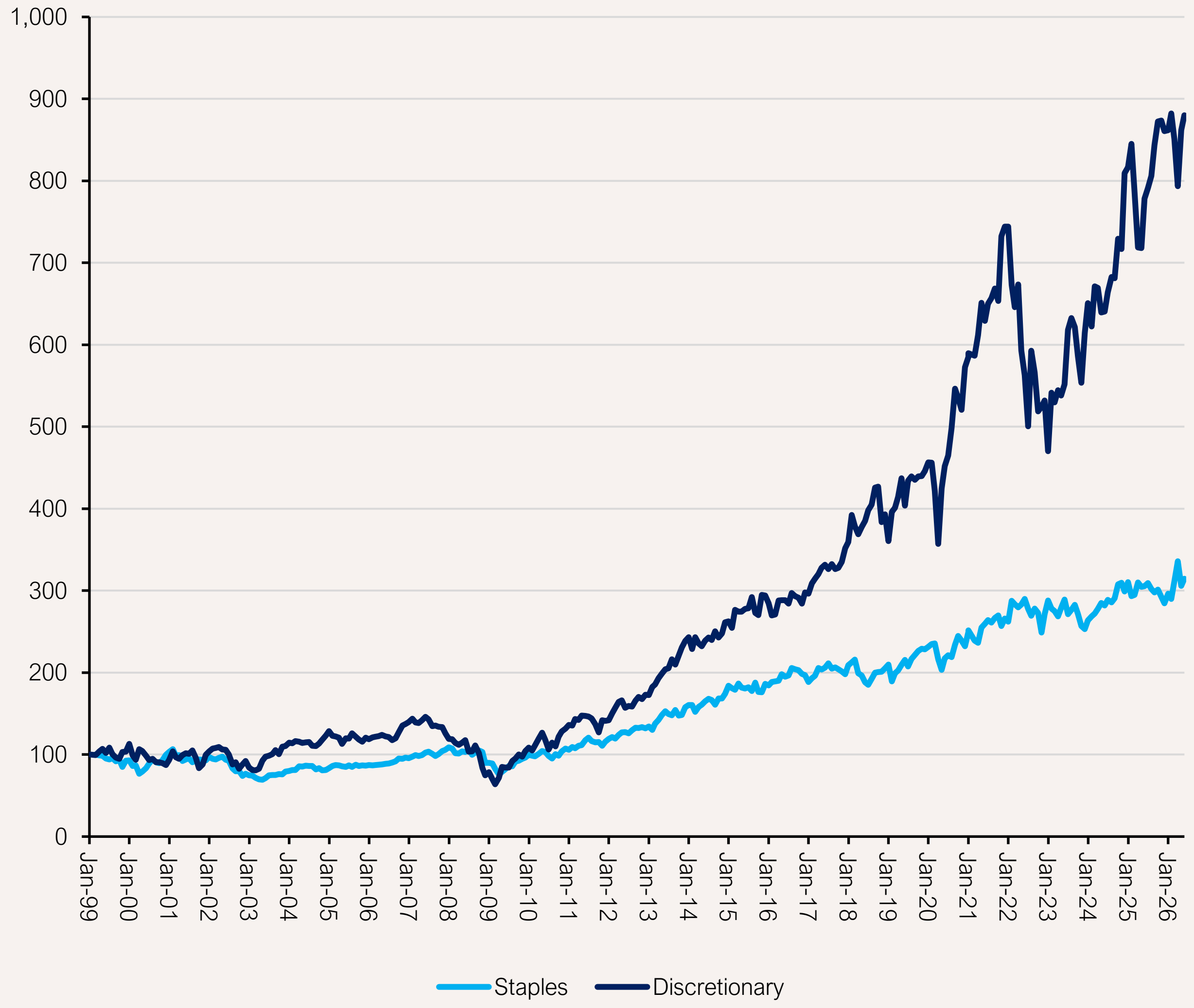
Cost Factor vs. Material Cost Mentions



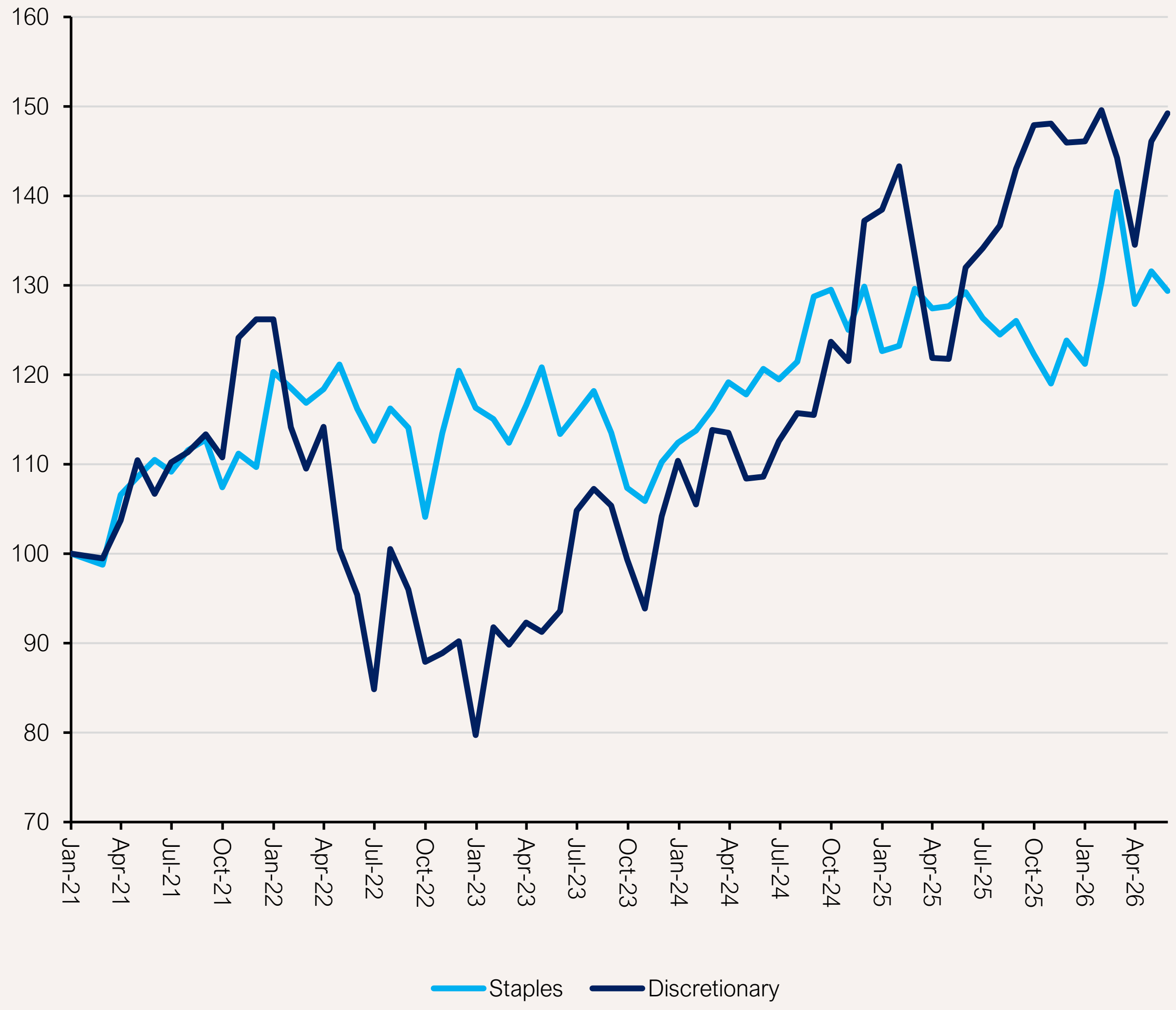
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Discretionary outperformed staples from 2010-2020. After a hot start to 2026, Staples & Discretionary performance has made up some losses from a month ago.

Sector Equity Returns (Jan 1999 = 100)

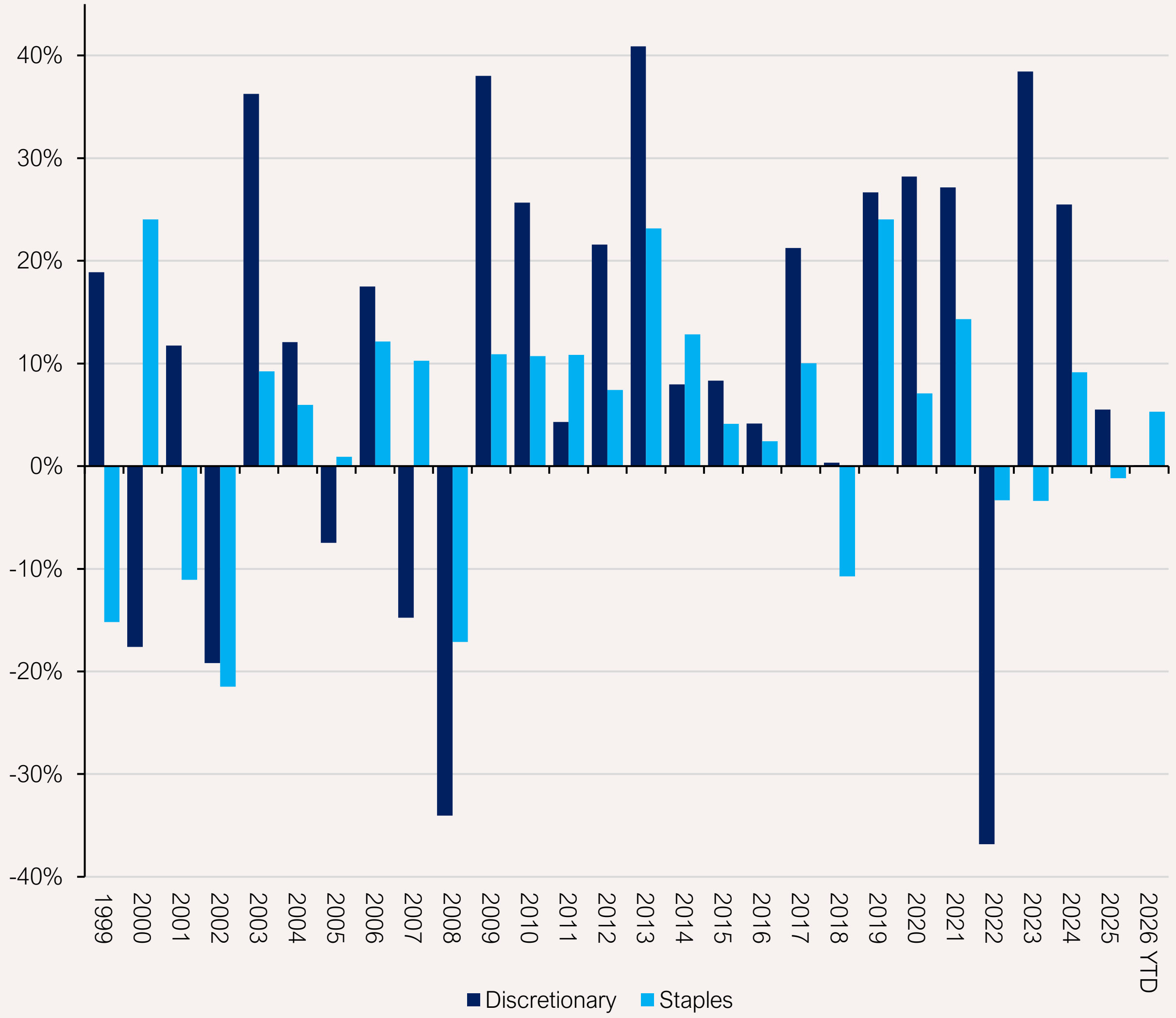


Sector Equity Returns (Jan 2021 = 100)

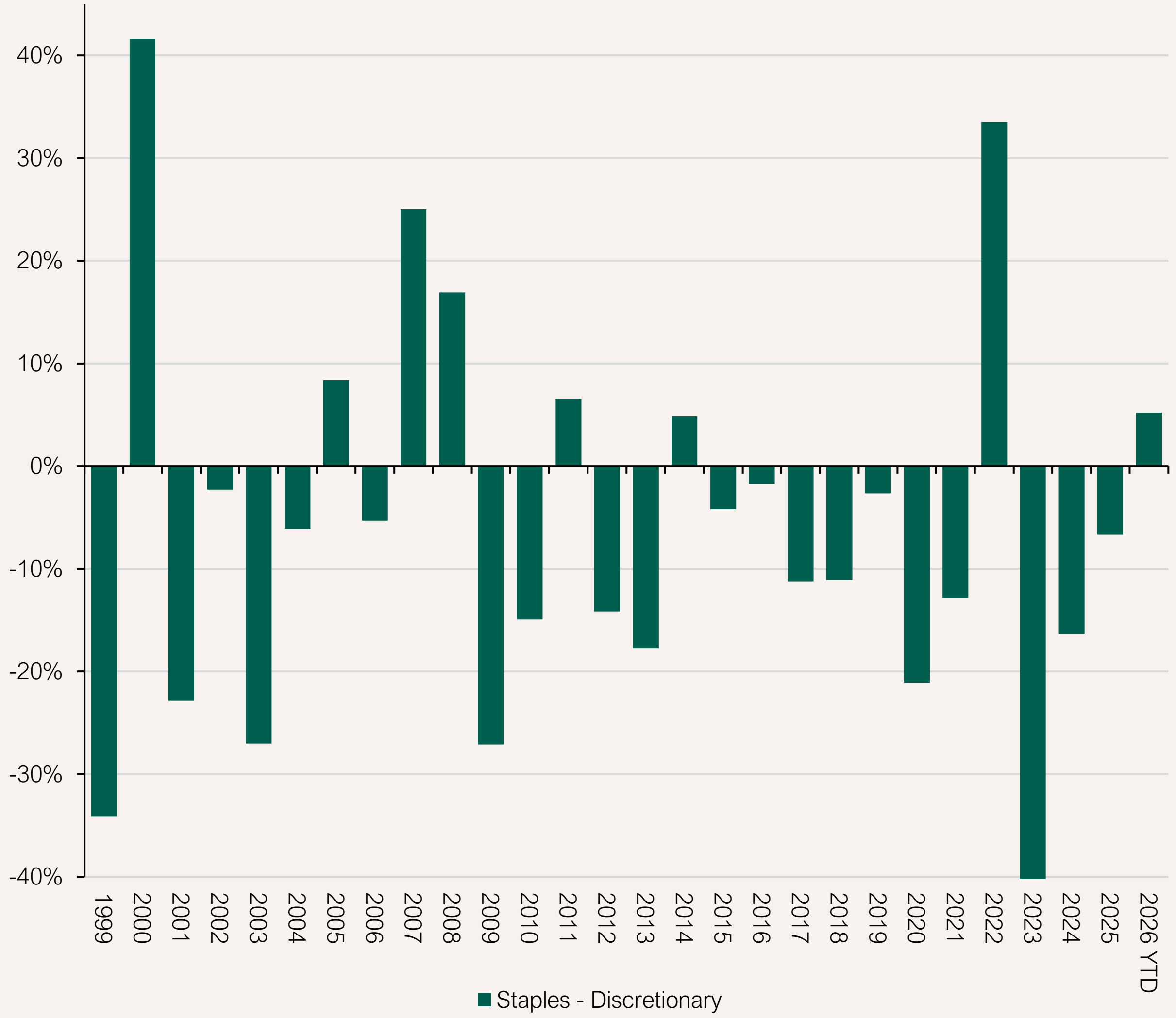


Year to date, the SPDR Staples ETF (XLP) has performed well (+5.2%); Consumer Discretionary ETF (XLY) has returned +0.1%.

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

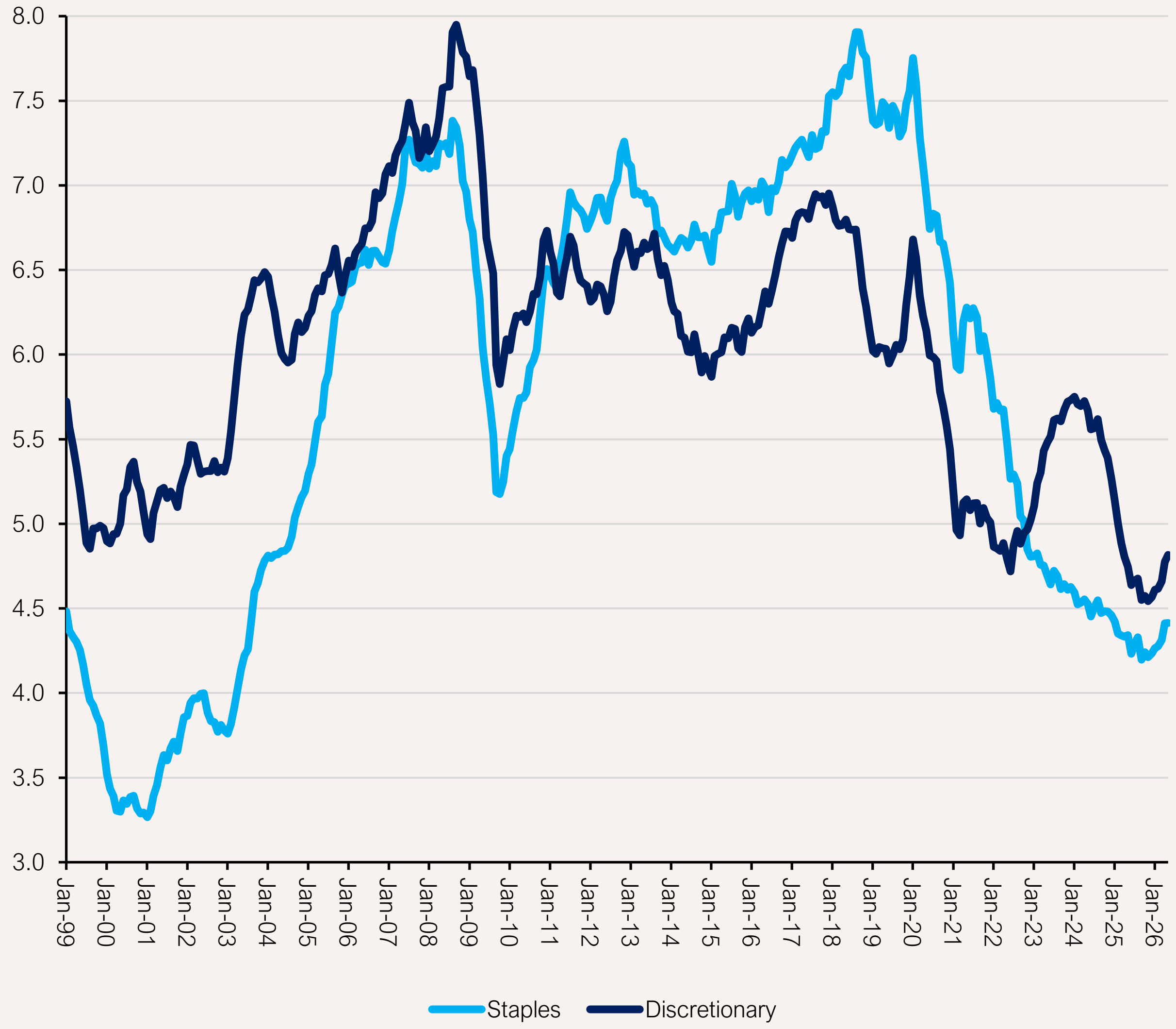


Annual Discretionary Performance Relative to Staples



The average short ratio for the more than 250 consumer staples and discretionary names in the S&P 1500 has turned higher from a recent bottom. The right chart unpacks the largest movers (by SIR ▲) in short interest for consumer names in the last month.

Average Short Interest Ratio of Consumer Names (TTM Avg)



Consumer Short Ratio ▲

Ticker	Company	M/ T3M	T3M vs Prior Year T3M	T6M vs Prior Year T6M
NWL	Newell Brands Inc	-10.1%	87.5%	183.3%
ACI	Albertsons Cos Inc	8.4%	85.5%	133.9%
KDP	Keurig Dr Pepper Inc	29.2%	178.9%	127.7%
GME	GameStop Corp	-45.7%	99.7%	117.2%
BBWI	Bath & Body Works	-1.1%	158.7%	94.3%
PM	Philip Morris Int	-3.1%	92.2%	90.8%
F	Ford Motor Co	-42.3%	83.6%	85.5%
GAP	The Gap Inc	-11.2%	96.9%	-2.4%
CELH	Celsius Holdings Inc	-24.4%	-15.0%	-5.6%
KR	The Kroger Co	15.5%	-1.2%	-16.5%
GIS	General Mills Inc	7.1%	-22.8%	-18.5%
LVS	Las Vegas Sands Corp	1.0%	-10.9%	-32.7%
CCL	Carnival Corp	-8.8%	-44.0%	-37.6%
TSCO	Tractor Supply Co	-42.9%	-60.0%	-40.8%

"The Next Wave of GLP-1 Users"… Optimal recently unpacked survey metrics of a key consumer cohort, GLP-1 Users; key findings below.

Older & Married

Skew 55+ and Baby Boomer/Gen X. Married majority. Millennials at Index 46 — the sharpest demographic gap in the data.

Hispanic & Southern

27.8% Hispanic vs. 16.3% nationally (Index 171). Concentrated in the South (Index 129); West significantly under-represents customers (Index 62).

Higher Income

Nearly 3× more likely to earn $200K+. Far less likely to lack a HS diploma (Index 34). Government benefits received by 49% (Index 150).

Utilitarian

Consumer clothing preferences are shifting away from luxury fashion and toward practical, comfortable, and dependable everyday wear.

Inclined to Gamble

People taking GLP-1 medications gamble at nearly twice the national average, with online gambling particularly elevated.

Sober & Diet-Conscious

66% non-drinkers (Index 131). Non-alcoholic spirits at 2× nationally. Diet soda and iced tea are primary beverage choices.

Fast Casual Users

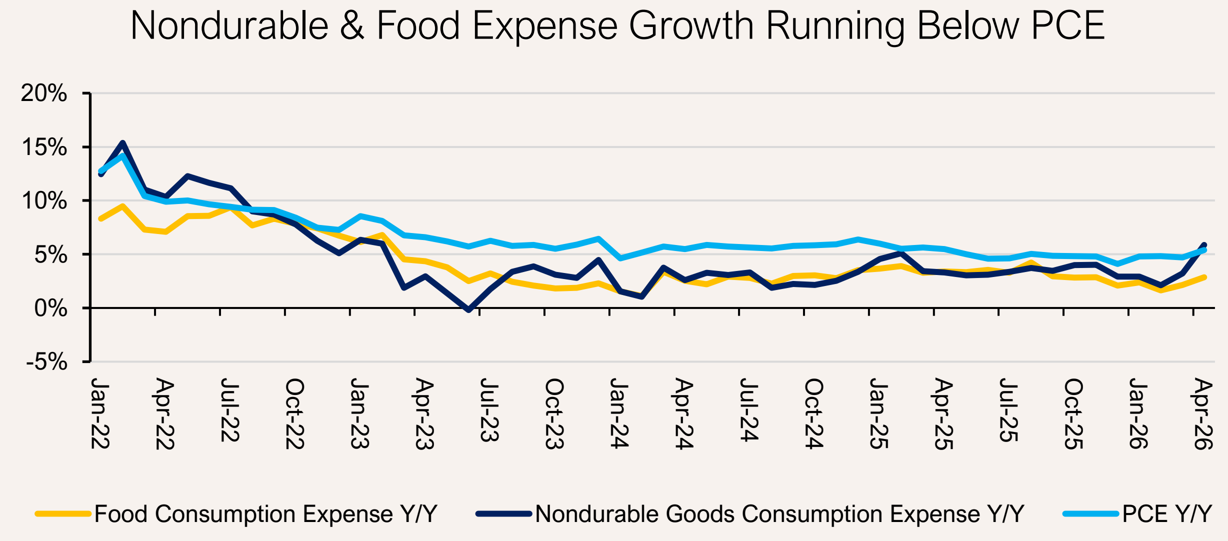
Heavy fast casual lunch users at Index 142, morning snack Index 332. Wingstop a clear favorite.

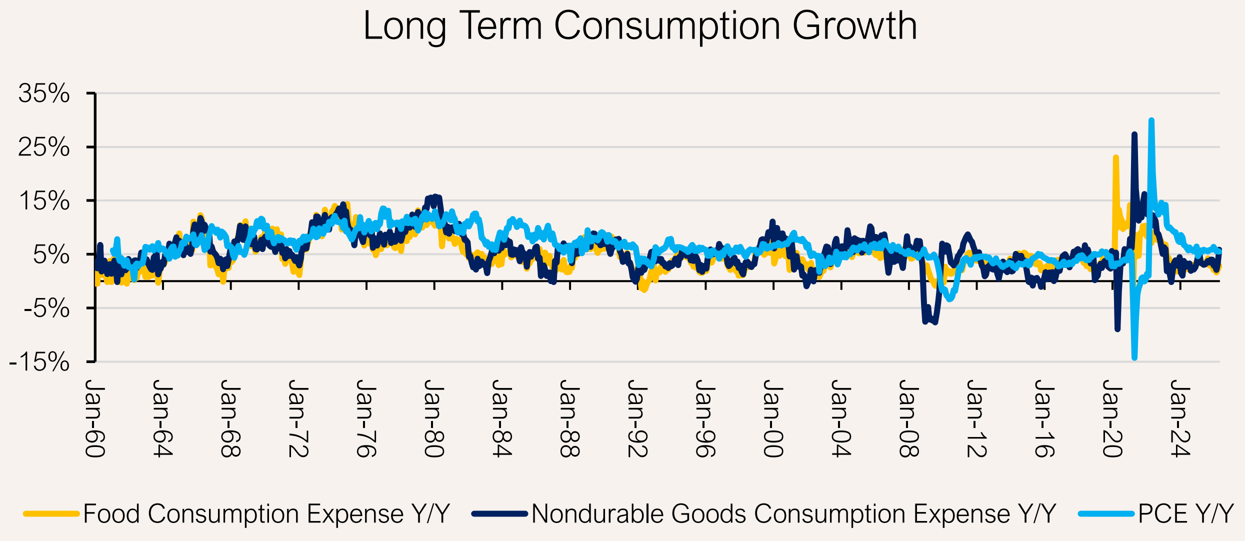
Media-Engaged

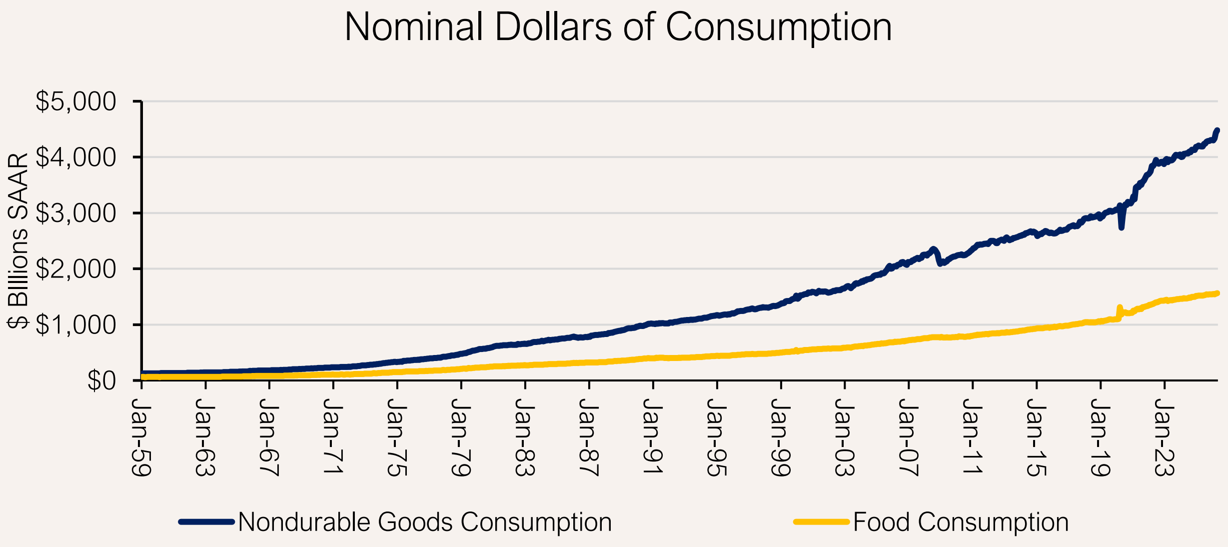
Movies/TV Index 114. Current events/politics Index 117. Home improvement Index 115. An engaged, informed consumer base.

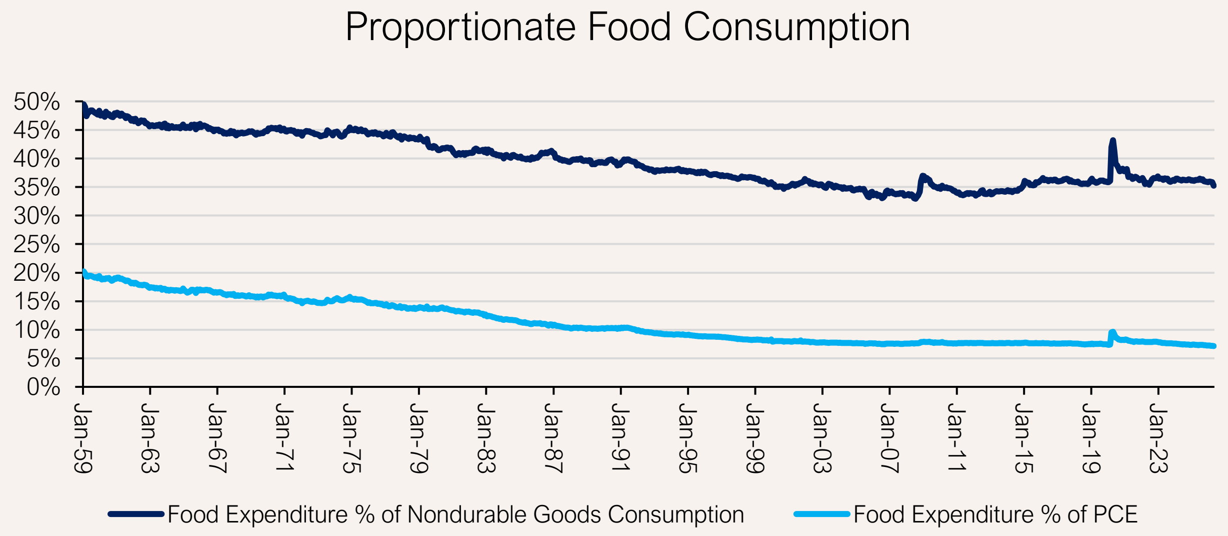
Consumer Staples Macro

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

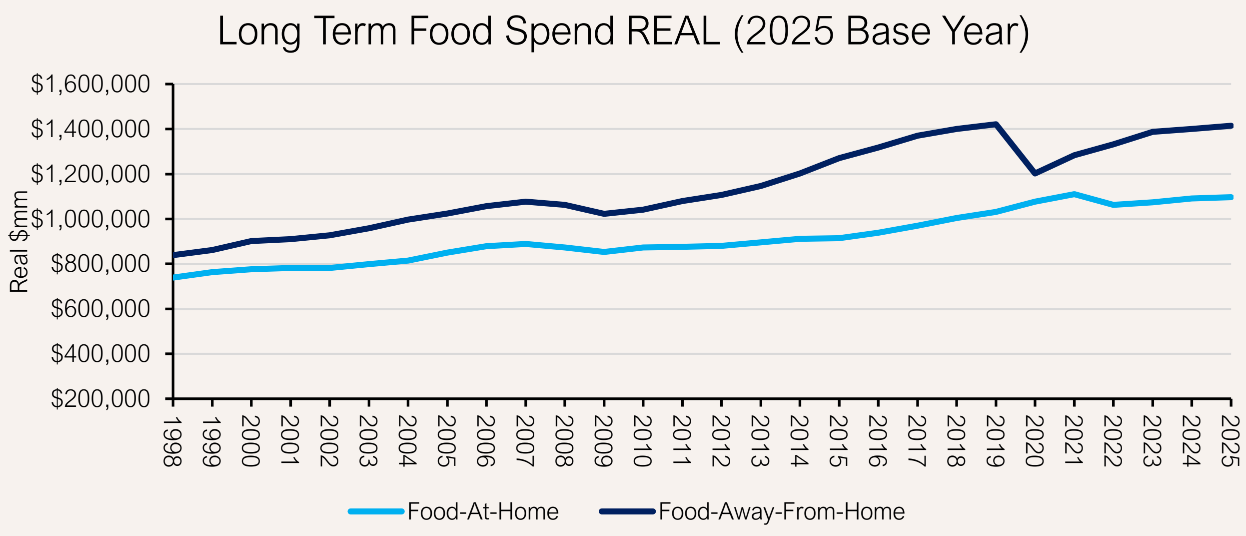


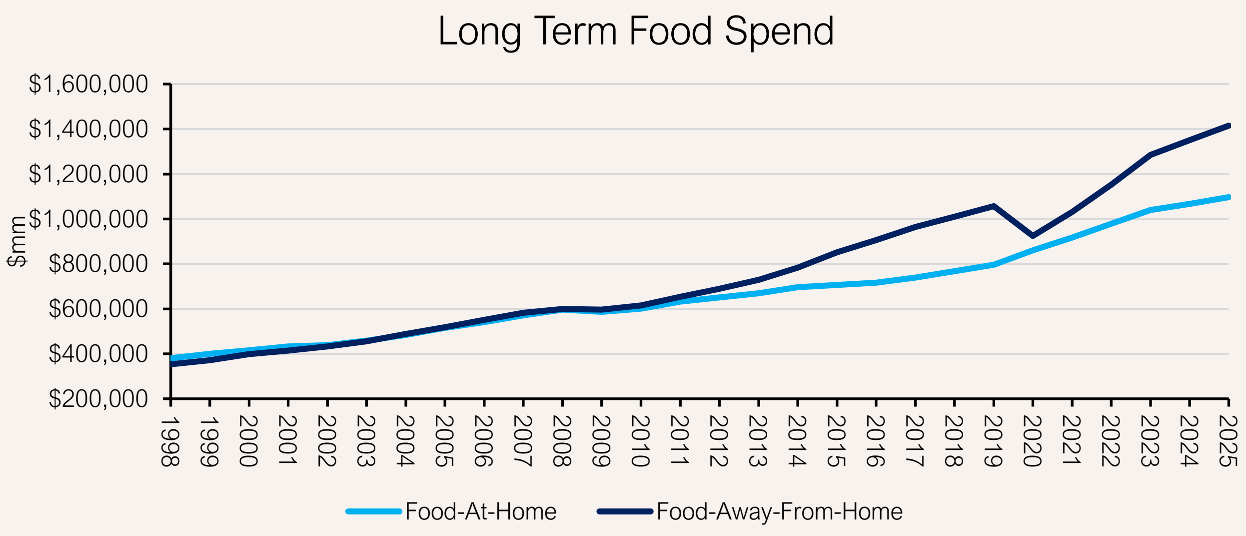


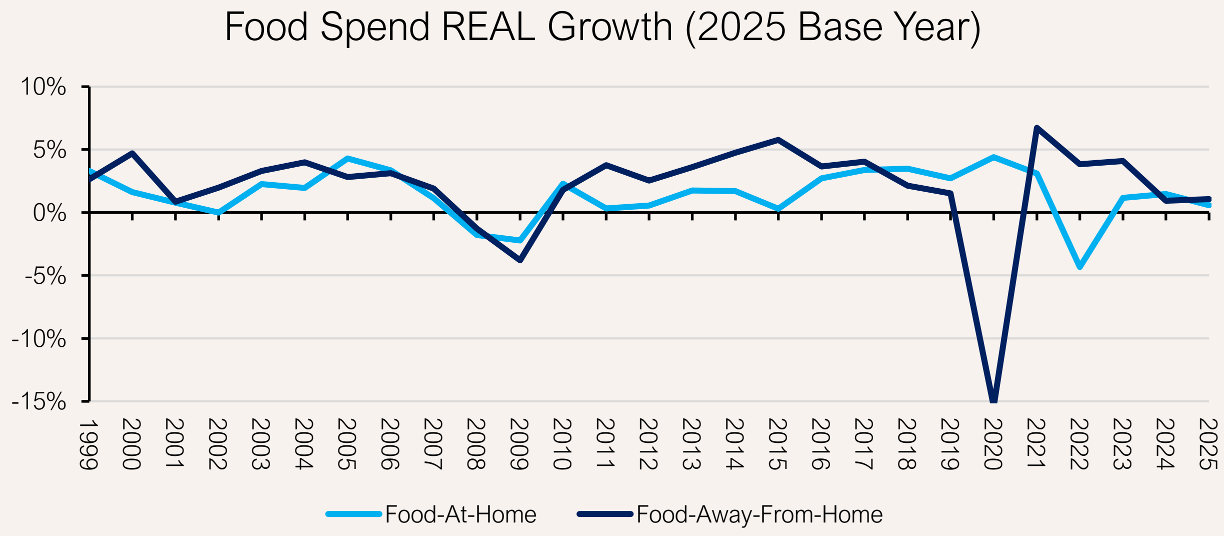


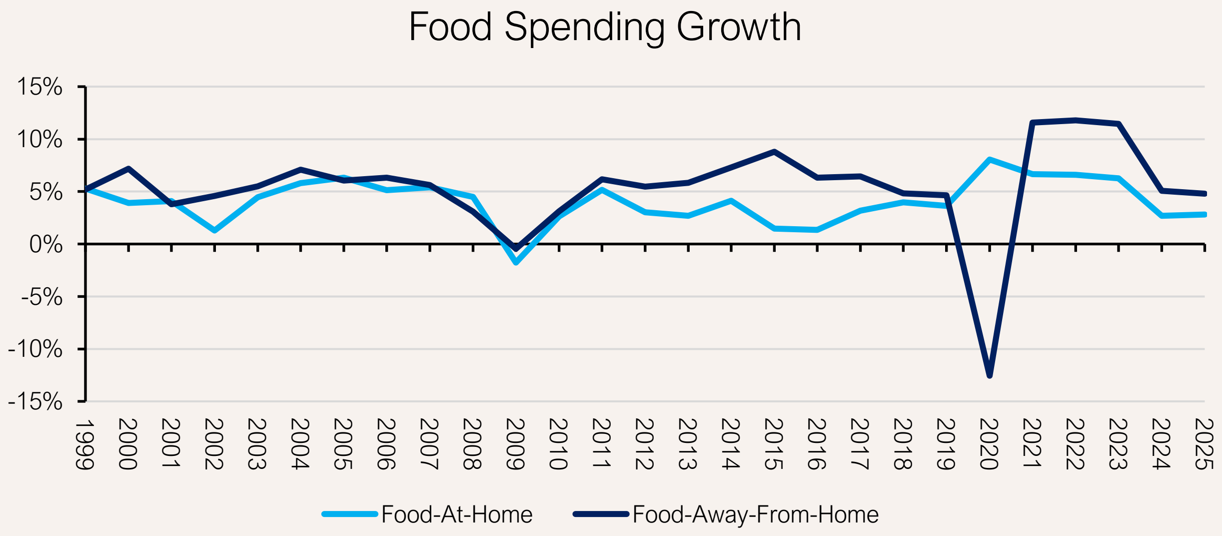


Food-at-home has lagged other spending, lost share to away-from-home (and a lot of other spending categories) over the long-term.



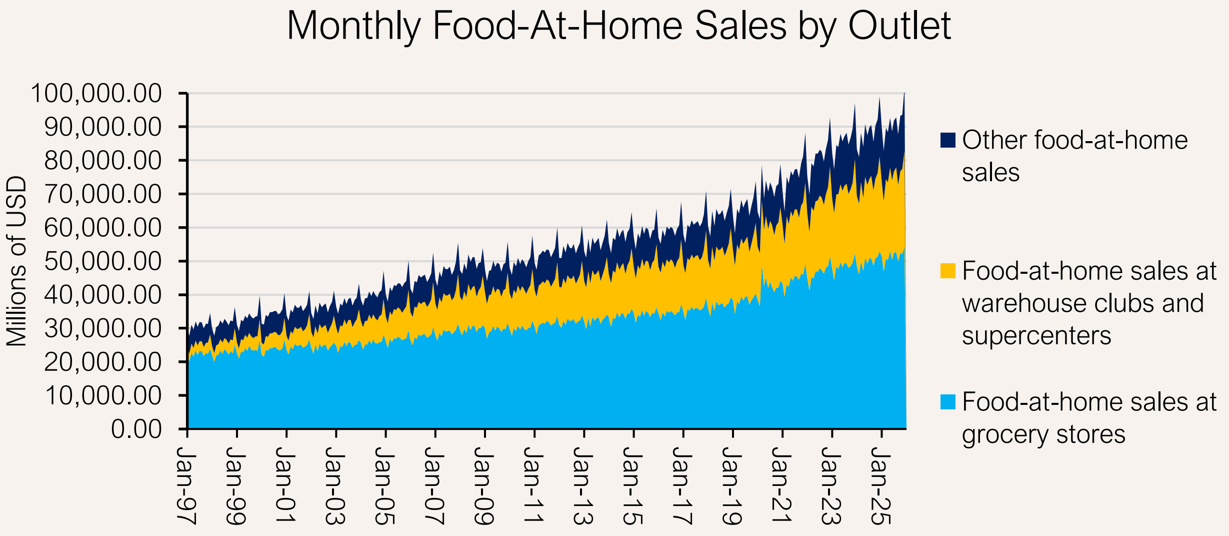


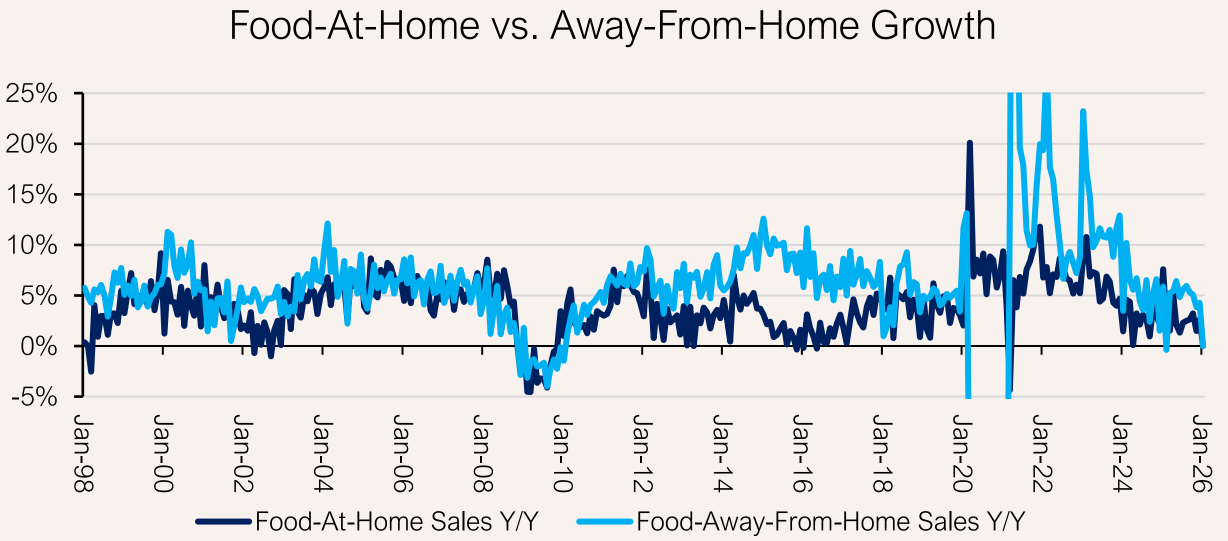




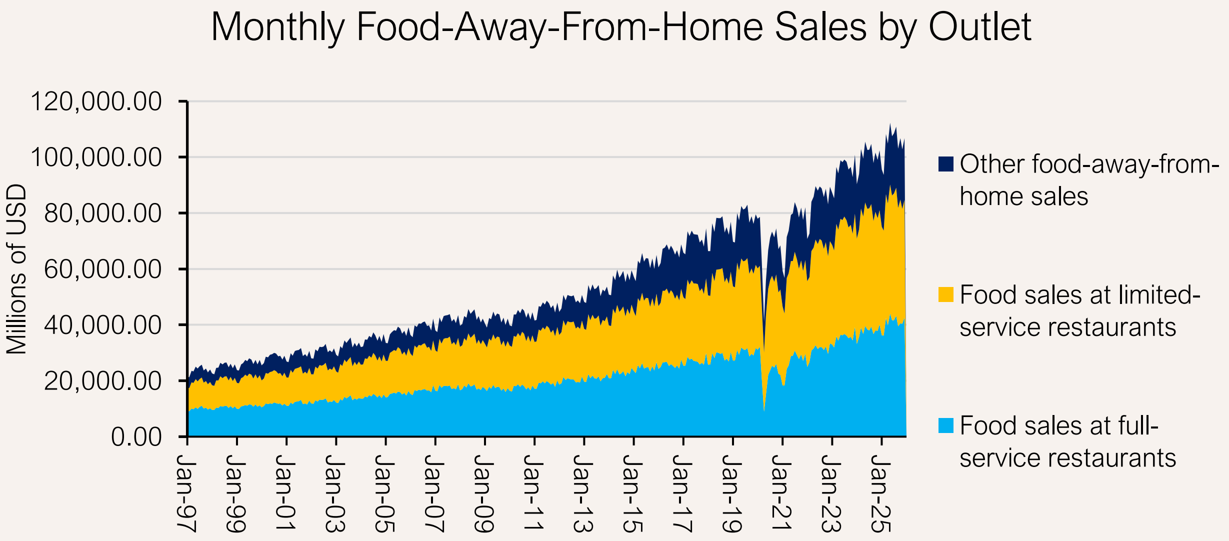
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

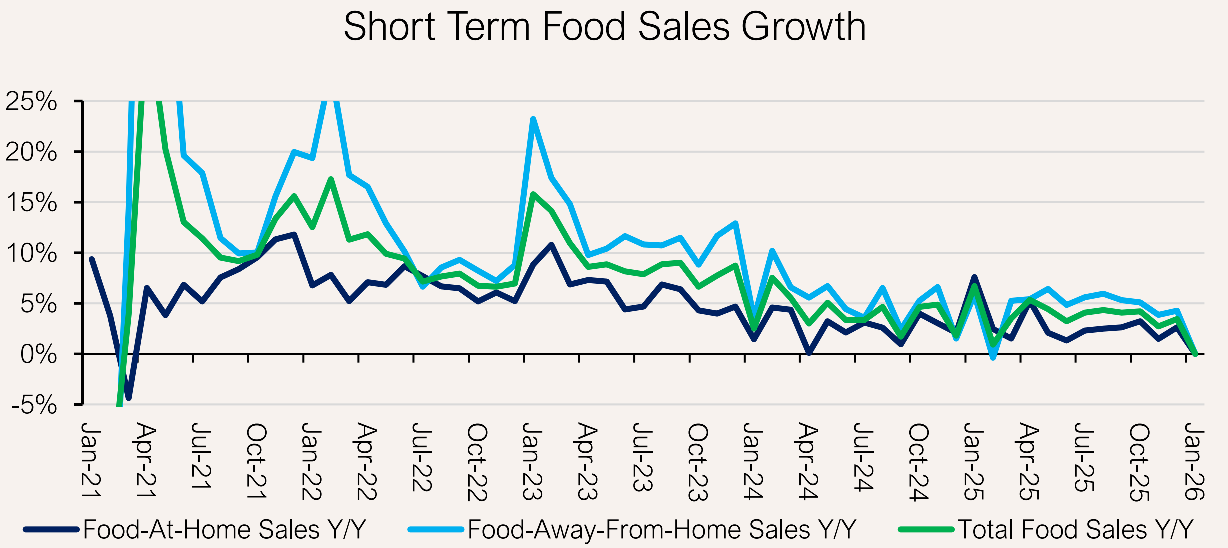
Food-away-from-home sales gaining share, driven by full and limited-service restaurants.





*y-axis constrained to avoid pandemic skew

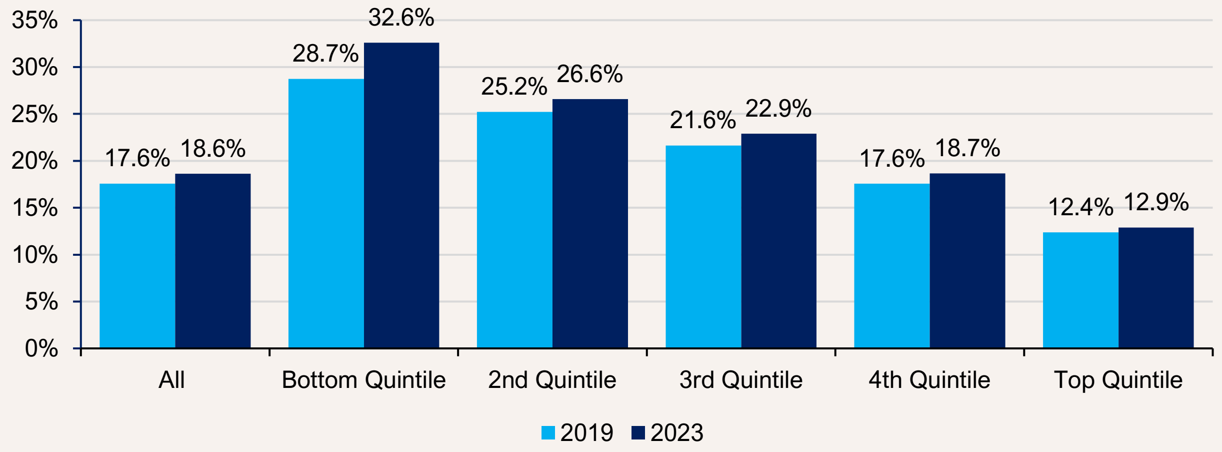




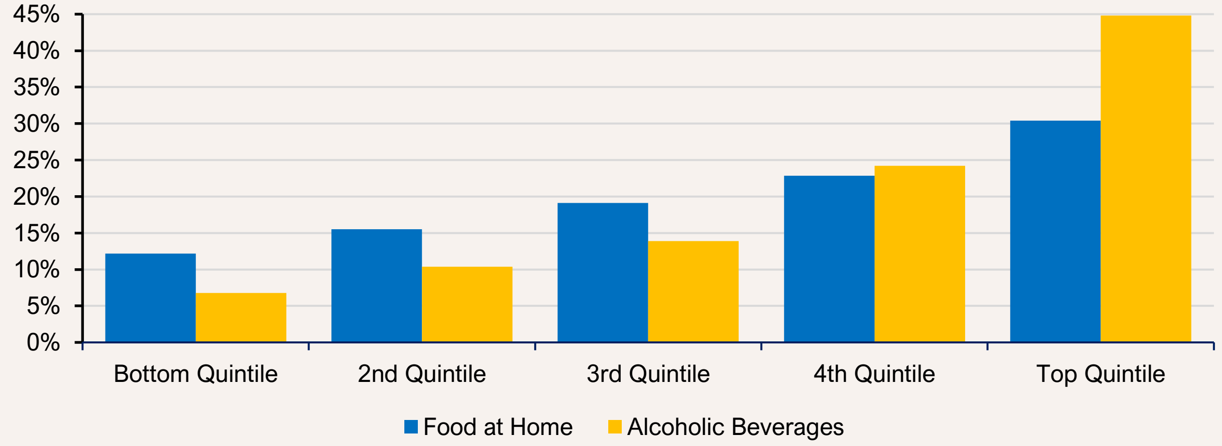
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

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

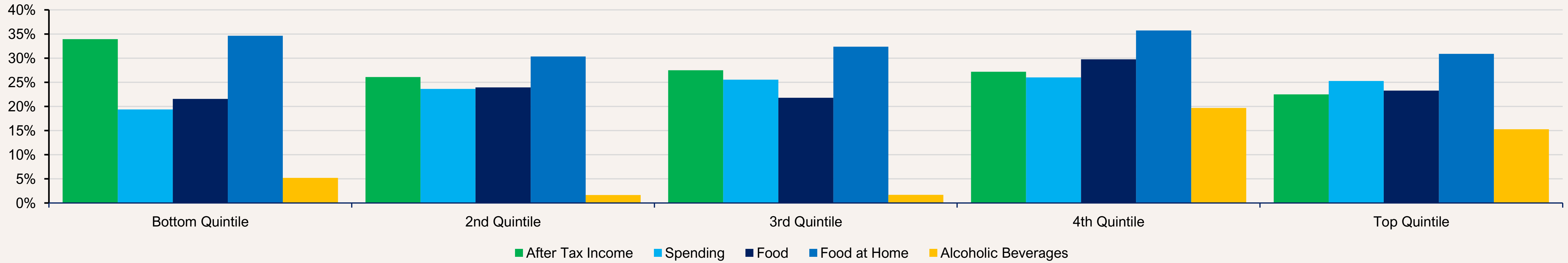
FAH Spend % of Discretionary Spending by Income Quintile



2023 Proportion of total spending on FAH & Alcohol

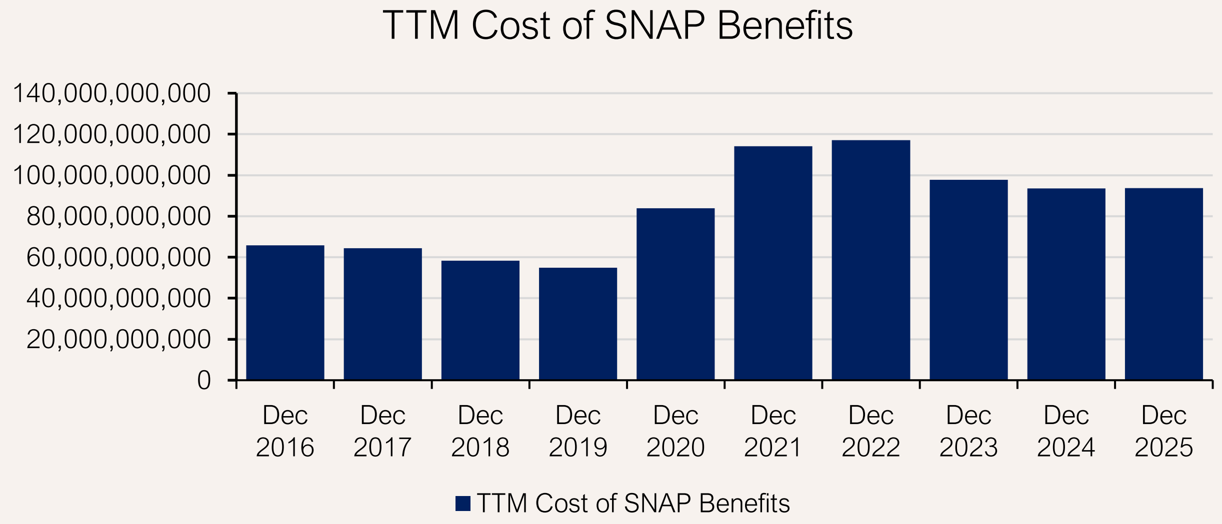


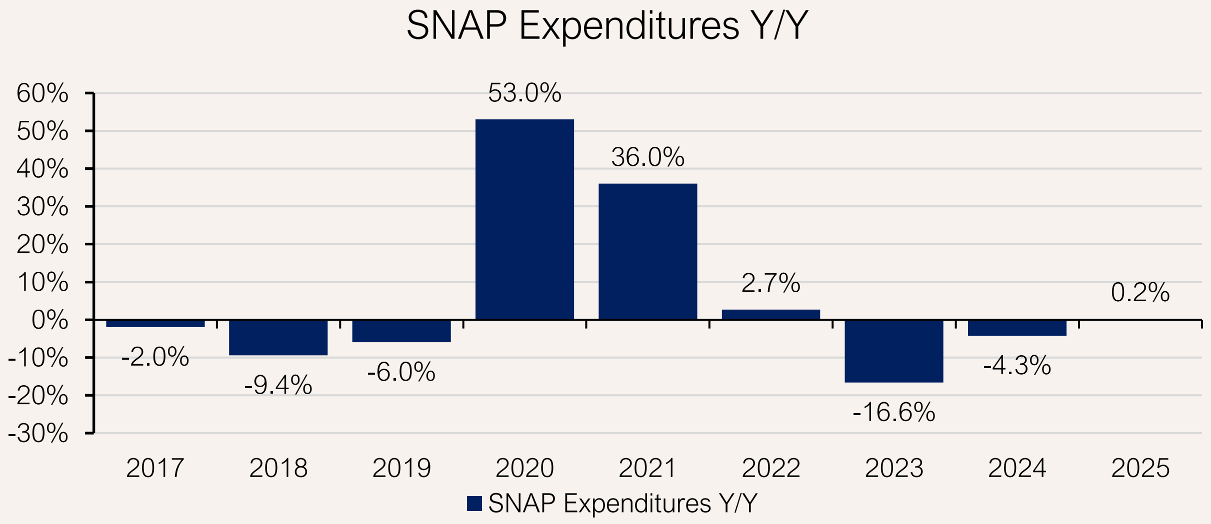
2023 vs 2019 Growth in Spending by Income Quintile

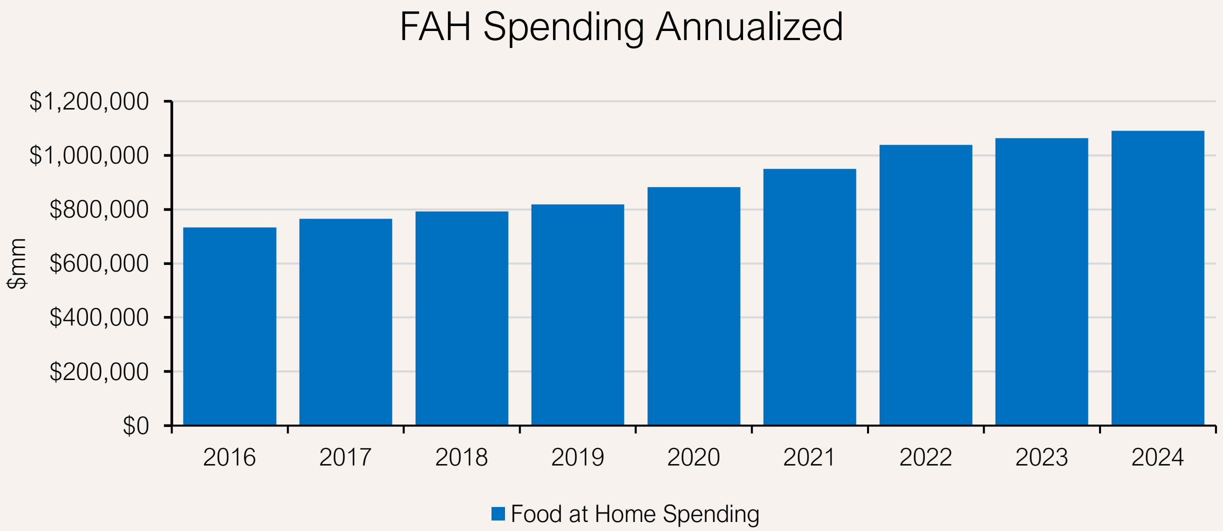


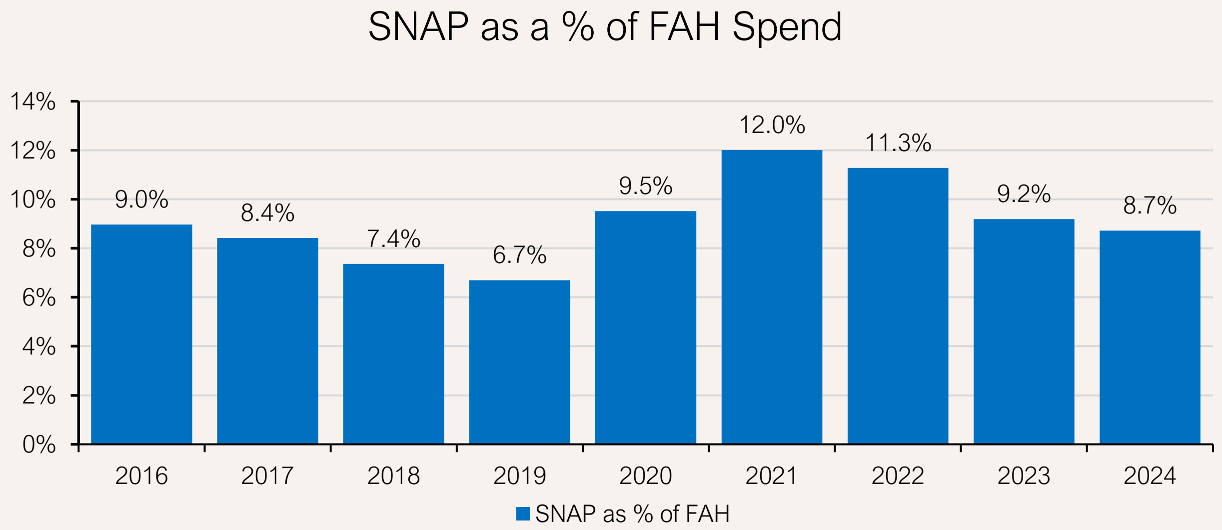
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

SNAP participation and expenditure flat 2025 vs. 2024 according to the latest data.



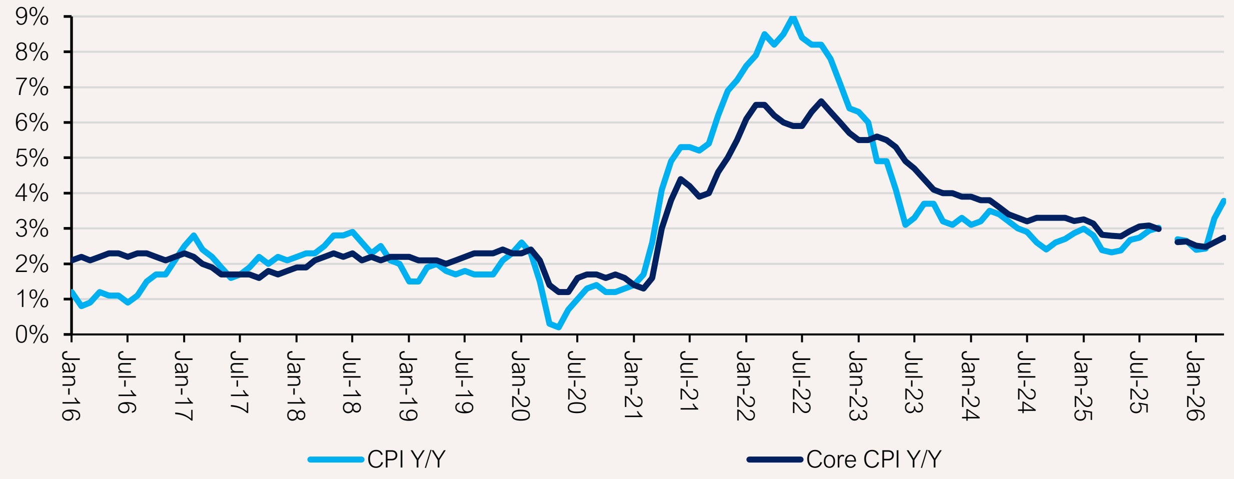


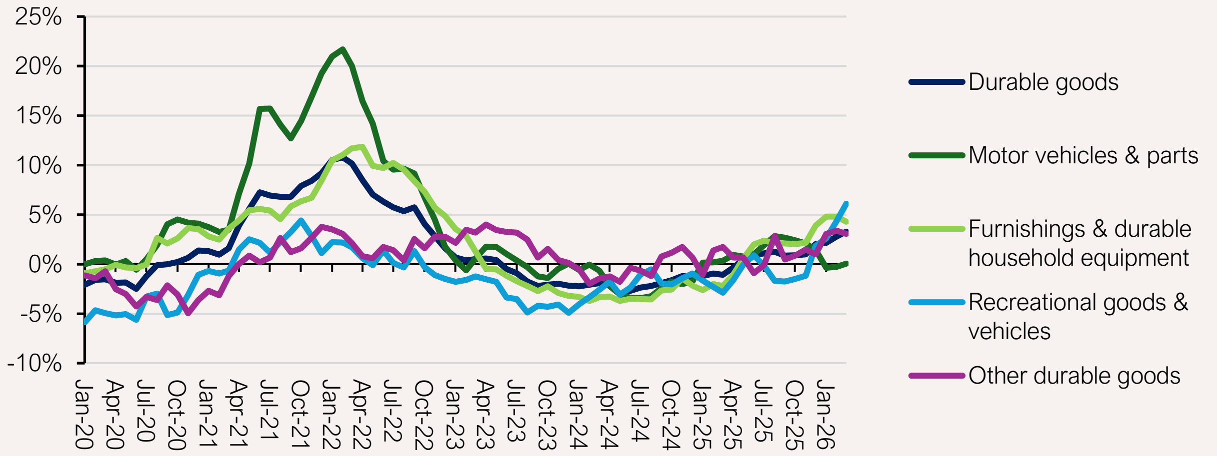


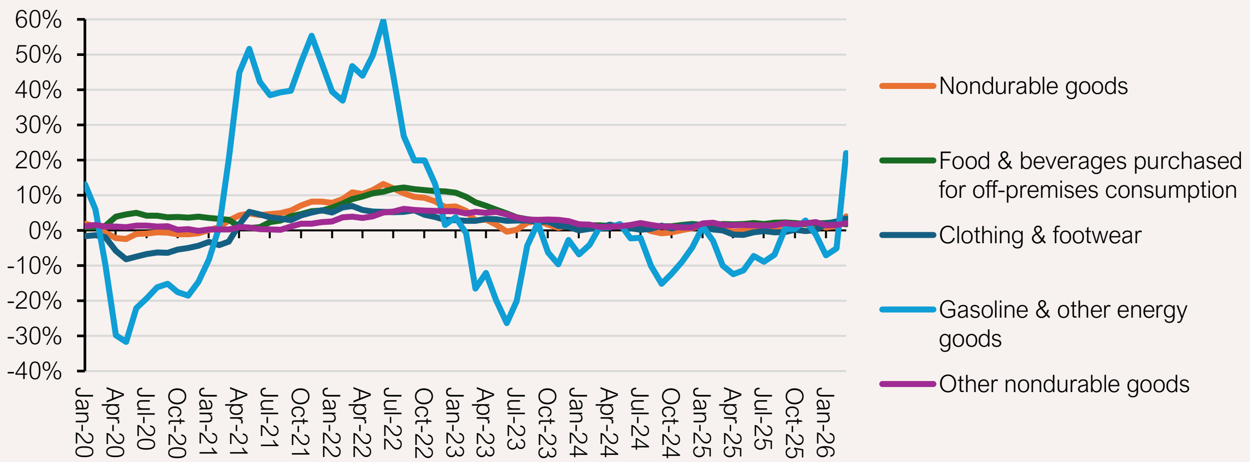


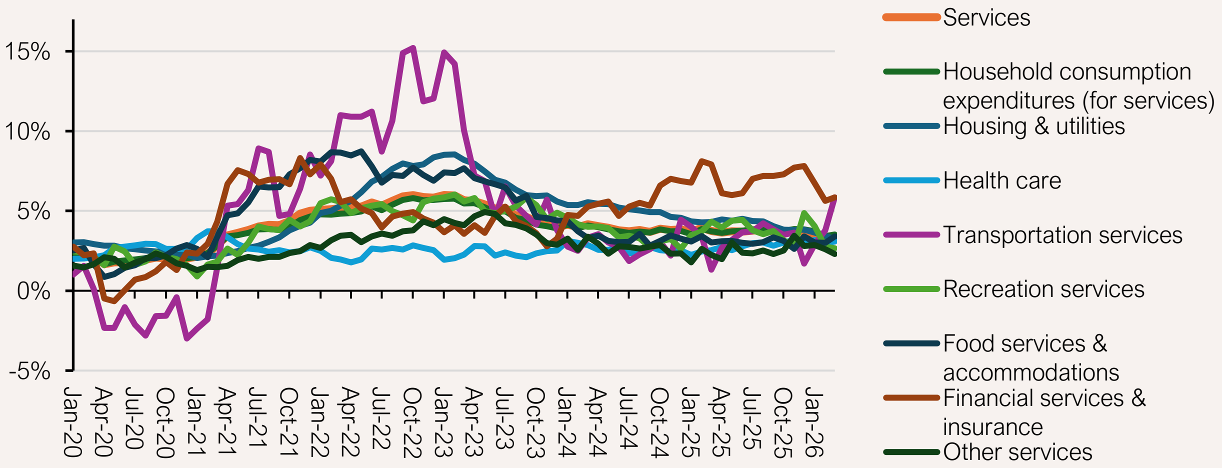
Sources: Optimal Advisory Proprietary Analysis, USDA, Economic Research Services

Headline CPI up sharply in April to +3.8%, the highest level in 23 months off conflict with Iran. PCE price index for gasoline beginning to capture higher energy prices, gasoline up 22% y/y in March.

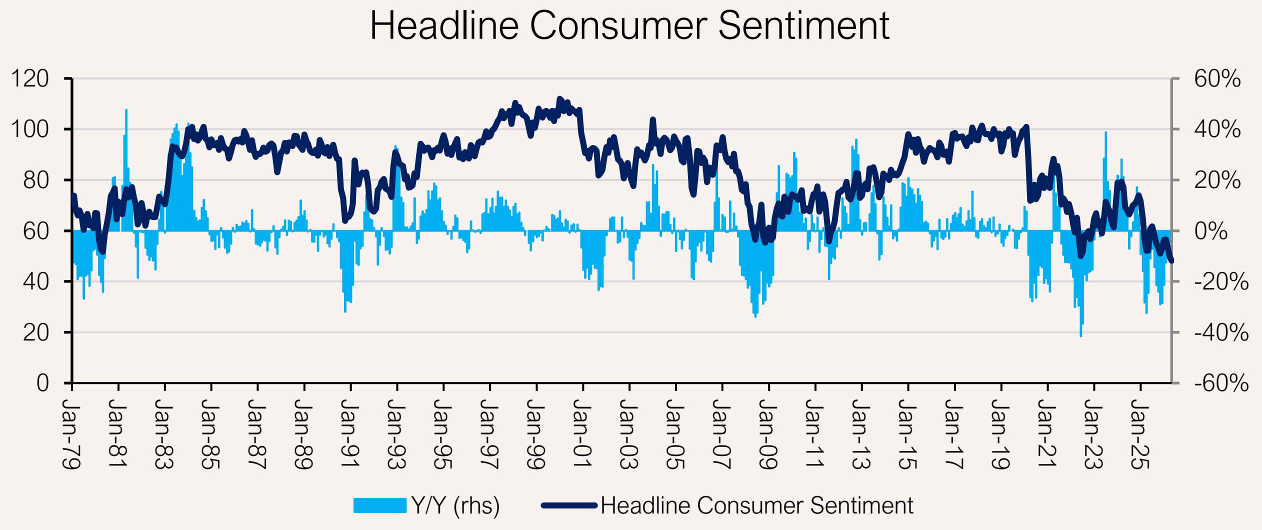


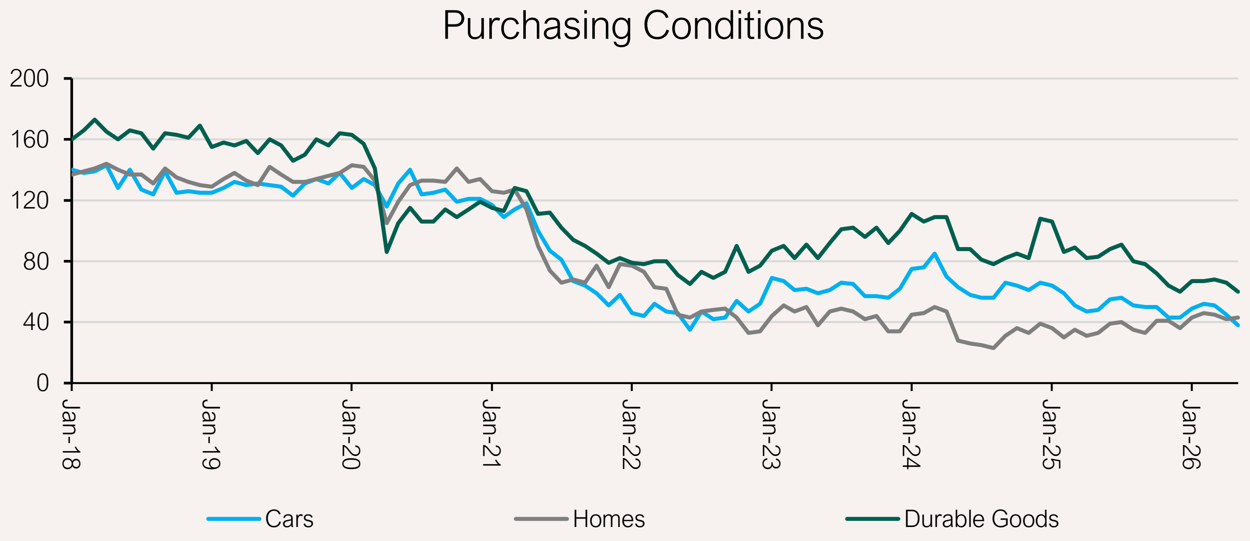


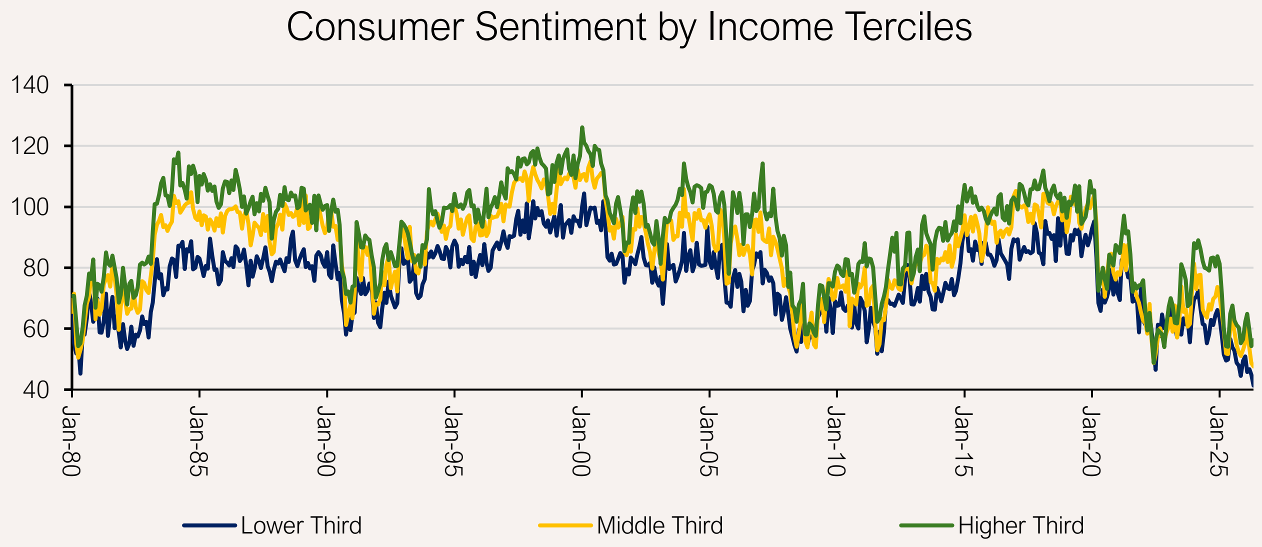


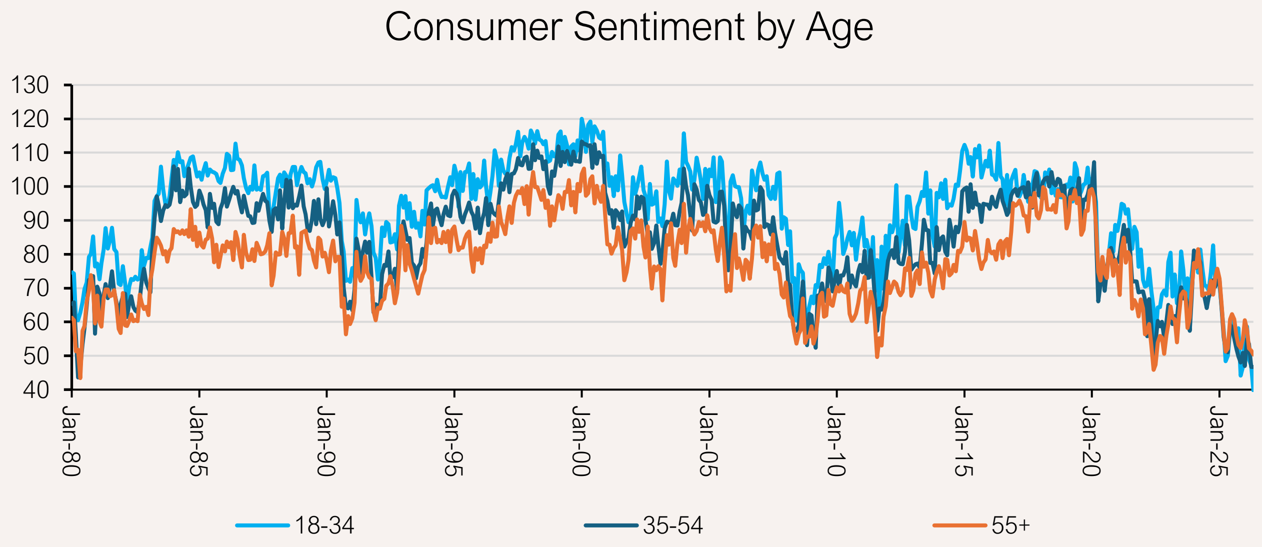


Headline Sentiment for May finalized at an ALL-TIME LOW of index 44.8. Declines are particularly strong among age 35-54 (-16.1% y/y) and lower-income (-27.1% y/y) respondents.



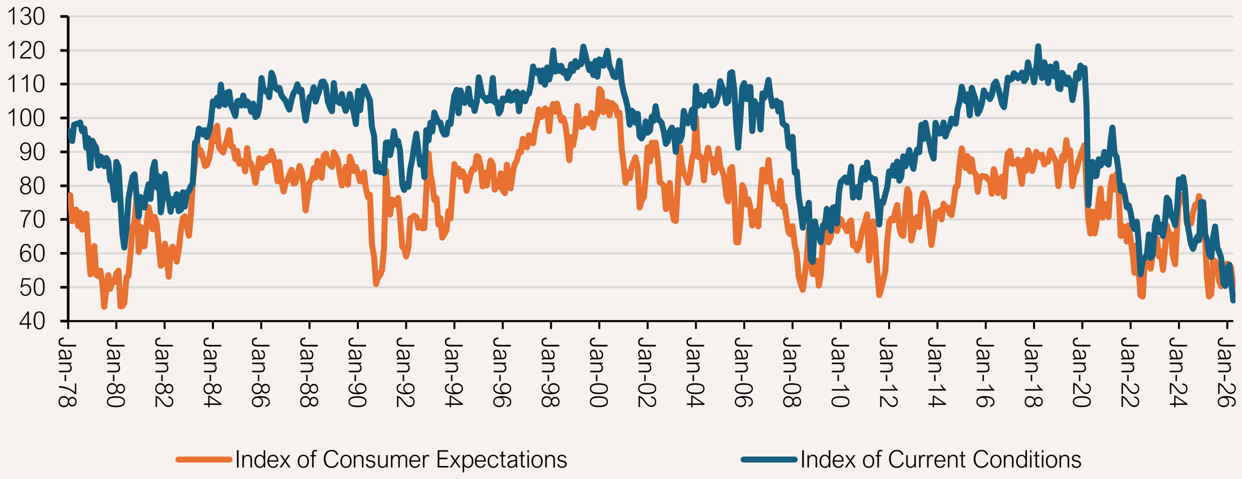




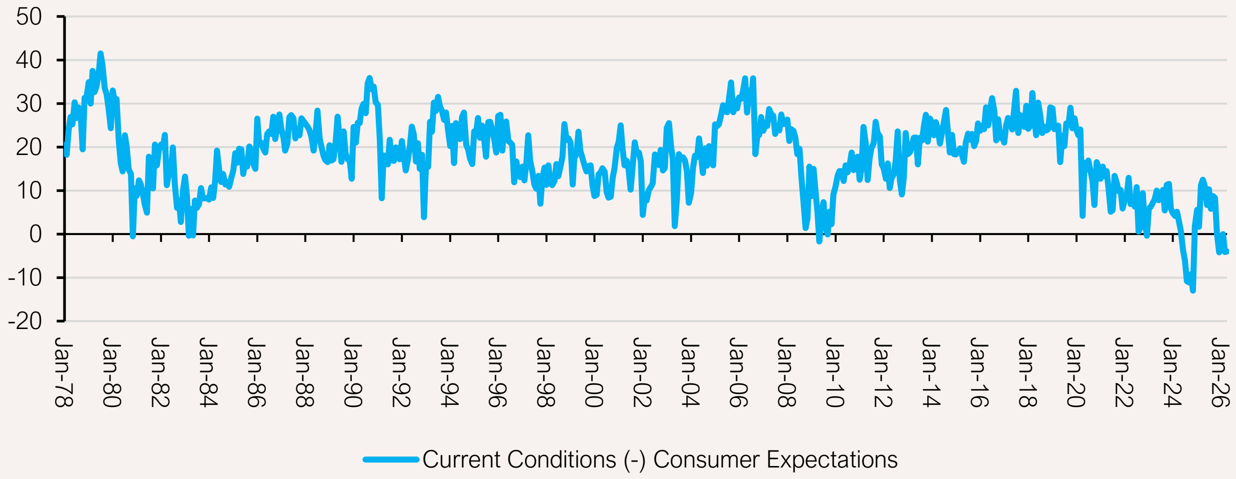


Consumer expectations & reported current conditions are both down sharply in May. Durable goods buying conditions continue to be the largest source of pessimism, running down -28% y/y.

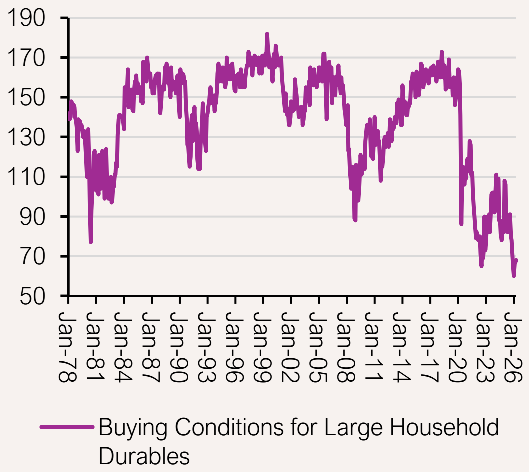
Expectations vs. Current Conditions

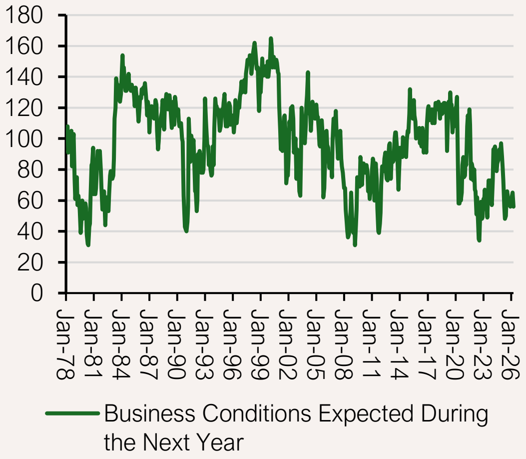


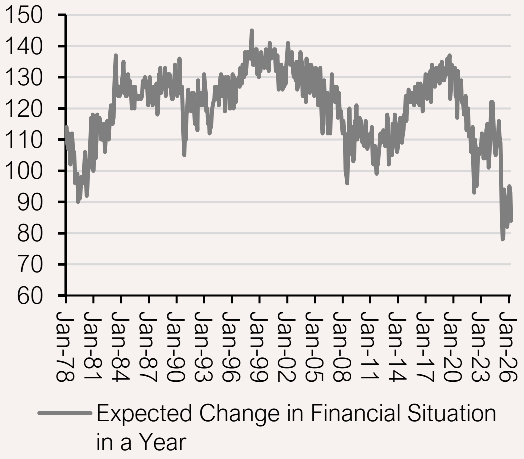
Current Conditions - Expectations

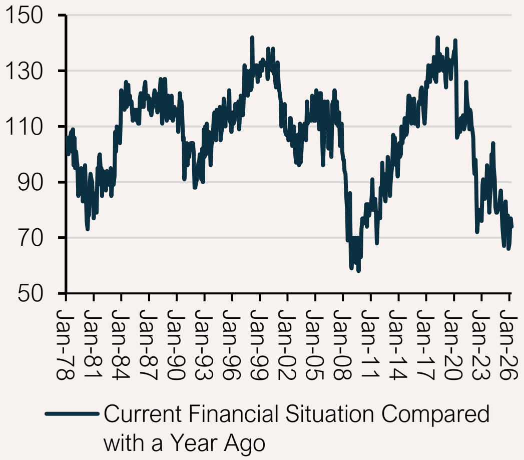


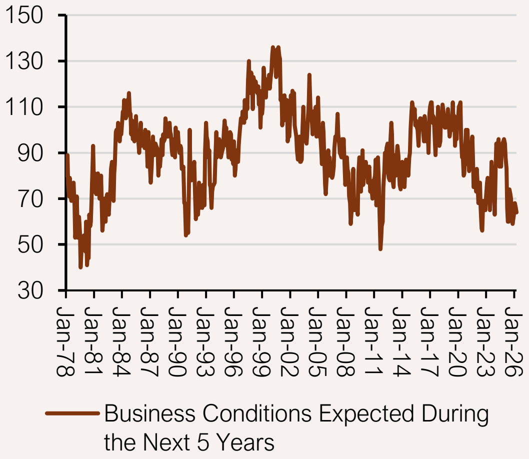
Components of Consumer Sentiment







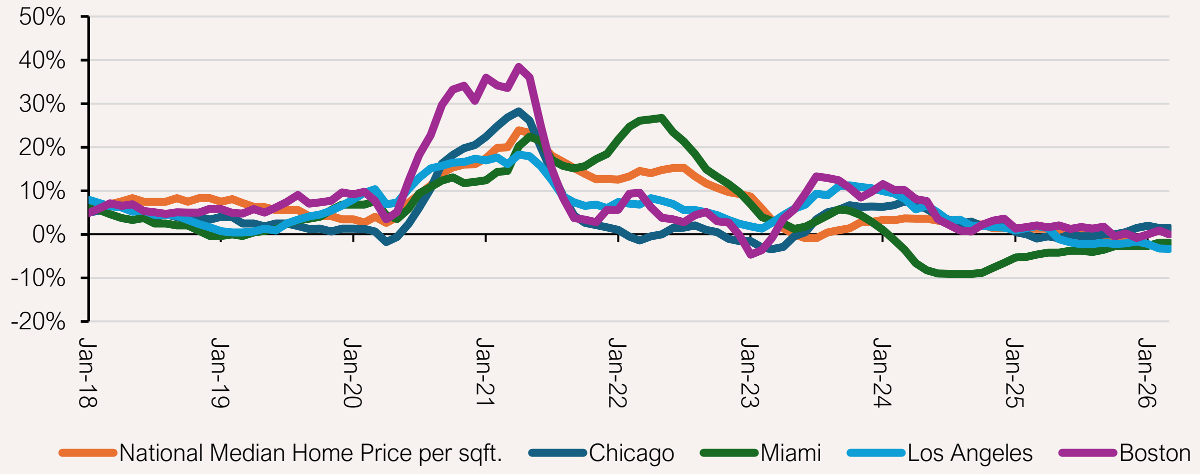




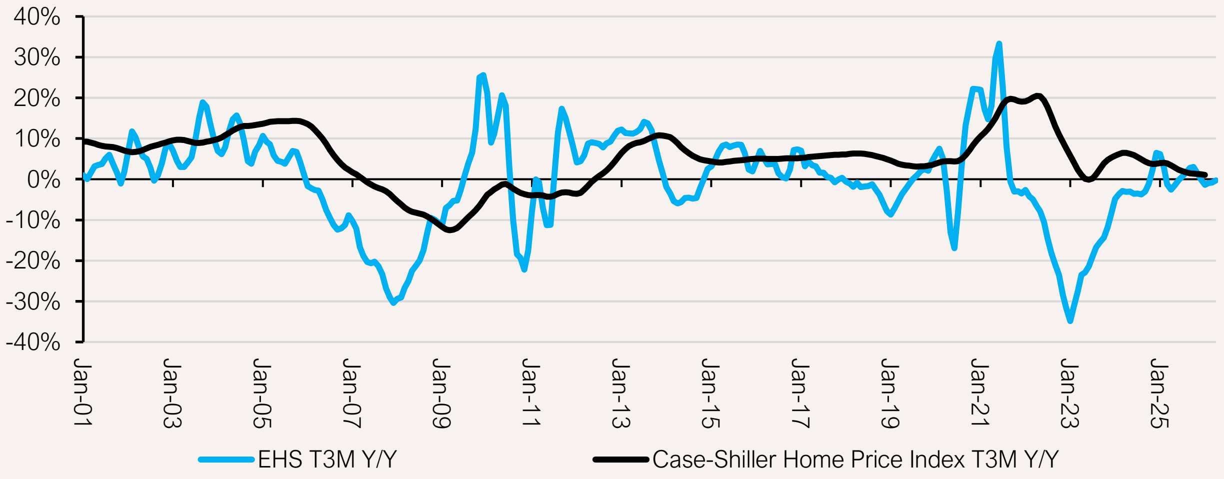
Sources: Optimal Advisory Analysis, University of Michigan Consumer Sentiment Survey

Mortgage rates have turned sharply higher off energy driven interest rate increases. Higher borrowing costs will continue to lock-in the already stagnant housing market. Roughly 18% of US GDP is related to the selling, building, fixing, lending, and furnishing of homes – velocity matters for the broader economy.

Median Home Price Per Sqft. Y/Y



Existing Home Sales

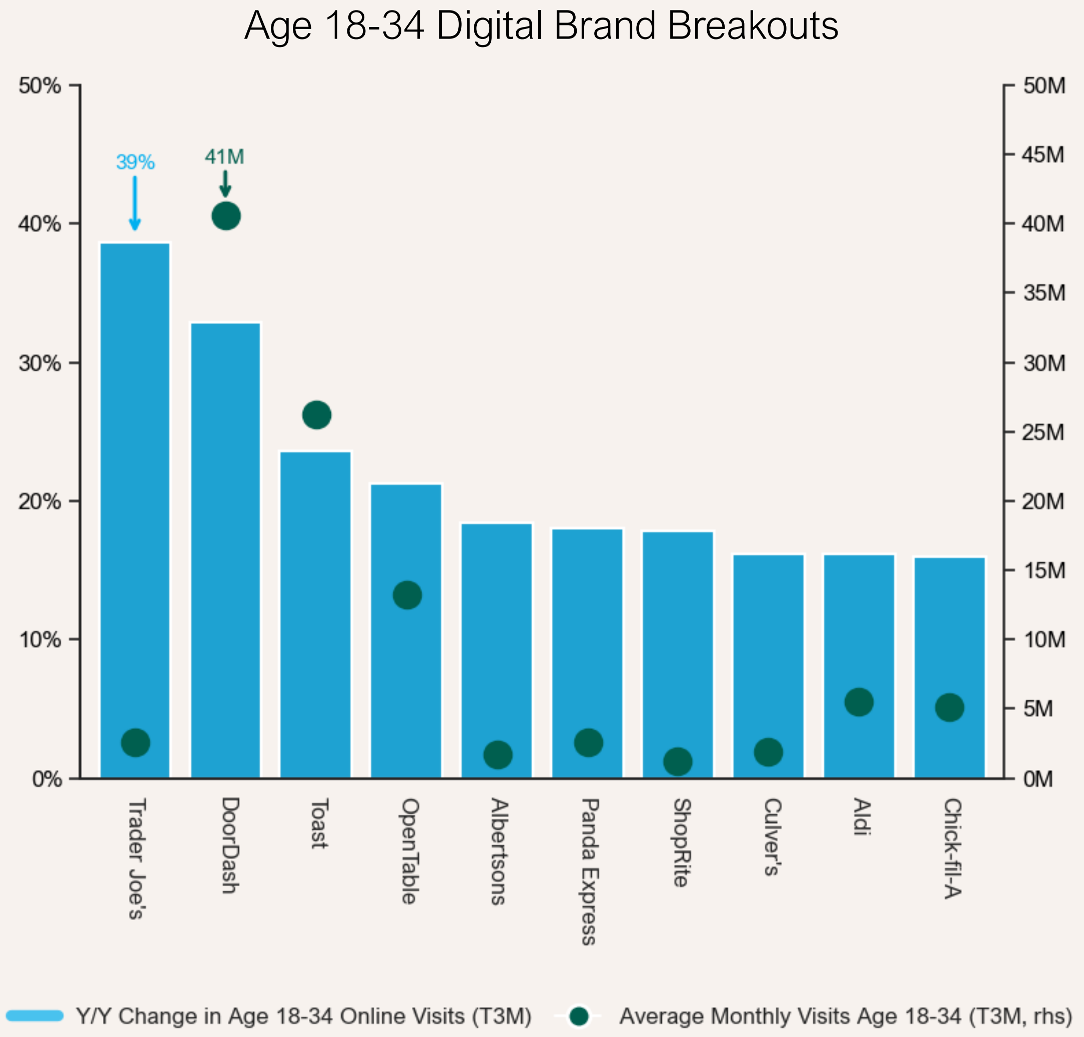


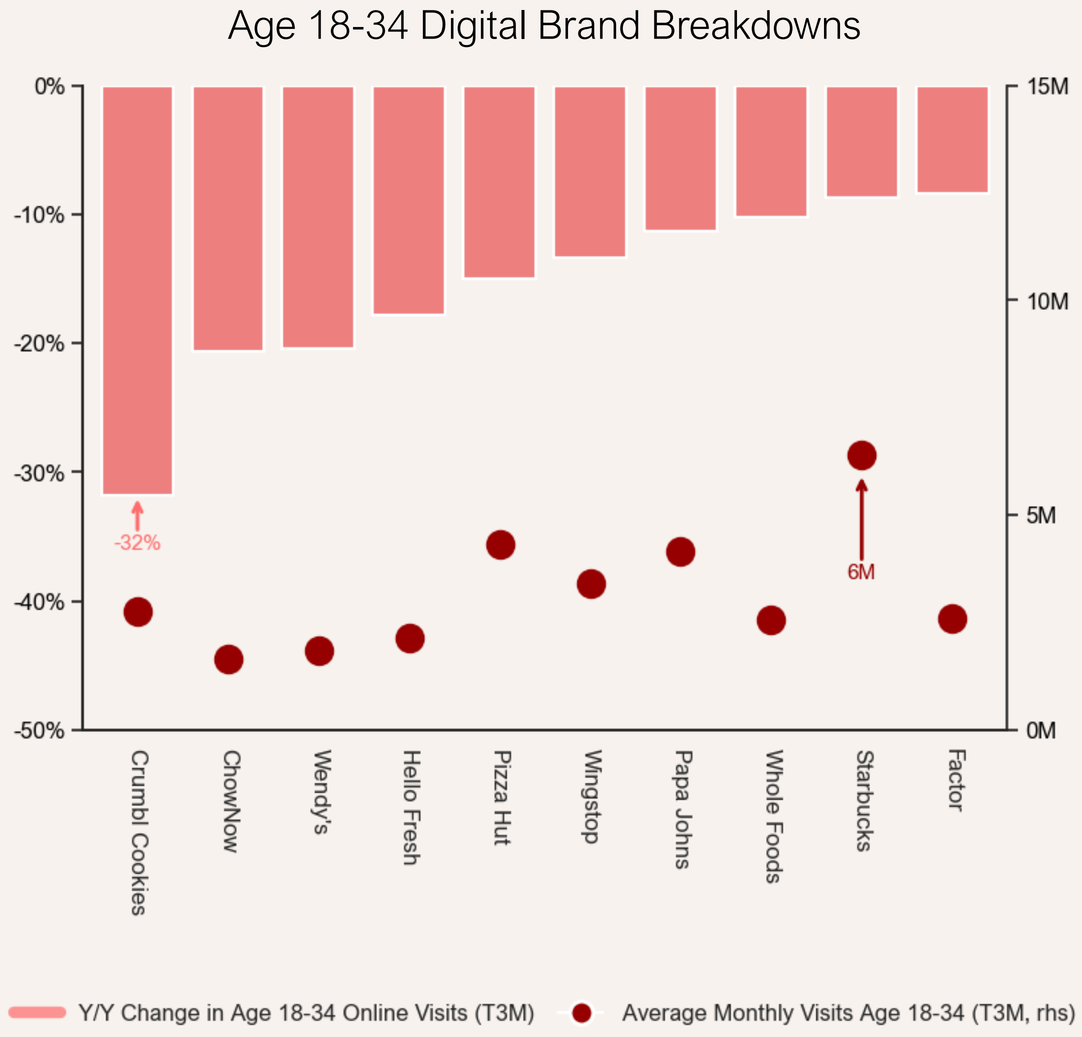
Metro Area Case Shiller Home Price Index Y/Y Heat Map

	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington, D.C.
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	1.8%	5.7%	-1.4%	-0.5%	0.5%	-1.1%	5.3%	0.2%	0.4%	0.3%
Dec-25	1.1%	5.3%	-2.2%	-0.9%	0.6%	-1.5%	5.4%	0.7%	-0.2%	0.2%
Jan-26	1.3%	4.7%	-2.2%	-1.1%	0.1%	-0.9%	5.2%	0.3%	-0.6%	0.1%
Feb-26	0.8%	4.8%	-2.3%	-1.2%	-0.8%	-0.3%	5.0%	0.5%	-0.7%	-0.2%

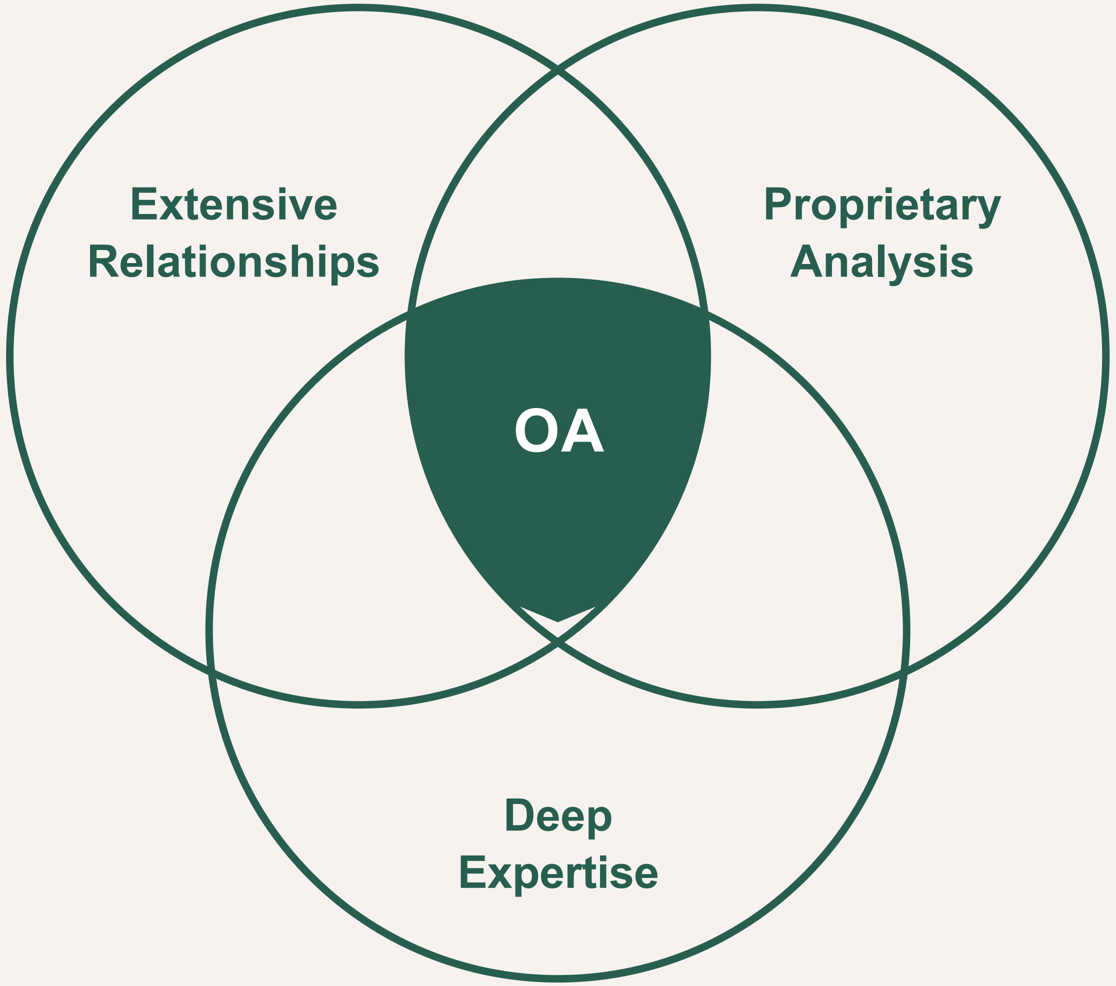
Digital Inflections

Age 18-34 digital traffic to Trader Joe's, DoorDash, Toast, & OpenTable is breaking out, and is breaking down for Crumbl Cookies, ChowNow, Wendy's, & Hello Fresh.





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 centric sectors