OPTIMAL

Consumer Staples Briefing Book

July 2026
Optimal Advisory

Summary

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

July real-time spending pressured as 18/19 proprietary Optimal staples subsectors inflecting negatively (< 100bp; compared to just 15/19 inflecting negatively last month). Mainstream grocery lagging, dollar & club spending growth remains positive as premium also looks more insulated… See pp 5-12.

For the year, costs are up , primarily on energy and packaging as oil again approaches $100/barrel. More importantly, costs are up sharply (~15%+) since February updates, leaving CPG companies scrambling for a 2027 narrative. Ironically, deflation in key perishables categories (dairy, eggs, meats ex beef) is hurting the comp outlook for food retailers (e.g. eggs @ ACI this week) even as costs rise broadly. The Optimal Cost Factor (which incorporates 30 + cost inputs) is elevated (+5.5% 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 in a defensive rotation as sells off intensify in some tech sectors (See p 26). We monitor fundamentals of the largest staples names (See p 20-23).

Theme Box

	Getting Worse	Getting Better
Underdiscussed	• Lower end consumers are extremely stressed relative to the broader economy. Many can't afford the items they want, including alcohol, 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. • Small challenger brands and direct-to-consumer players are taking niche share from legacy incumbents owing mainly to tech driven changes in the customer acquisition journey.	• 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. • 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.	• Apparent green shoots of M&A in CPG like Utz appears to set a potential valuation floor – we're skeptical of that concept. In our view, the math doesn't work for targets with high fixed costs and declining volume.

Section 02

Optimal Subsector Spending Analysis

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Consumer spending trends pressured across the Staples economy in July – we note 19/19 measured categories with negative spending growth inflection, while 13/19 with positively inflecting ticket growth (<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	1.1%	3.3%	-2.2%	1.3%	3.2%	-0.2%	0.1%
GROCERY DELIVERY	-12.5%	-10.2%	-2.3%	-15.4%	-13.3%	3.4%	3.5%
DOLLAR	1.0%	3.2%	-2.2%	-1.0%	0.8%	2.0%	2.4%
HARD DISCOUNTER	-1.8%	-0.8%	-1.0%	-2.2%	-0.5%	0.4%	-0.3%
MAINSTREAM GROCERS	-2.1%	0.0%	-2.2%	-2.9%	-1.1%	0.8%	1.1%
PREMIUM GROCERS	-0.1%	1.5%	-1.6%	-1.2%	0.1%	1.0%	1.4%
PET	-5.3%	-3.6%	-1.7%	-5.6%	-4.4%	0.3%	0.9%
PHARMACY	-2.6%	-0.6%	-1.9%	-5.0%	-2.6%	2.6%	2.0%
BROADLINE RETAIL	-0.8%	1.1%	-1.8%	-0.2%	0.9%	-0.5%	0.2%
E-COMMERCE	-0.5%	4.8%	-5.3%	6.0%	9.7%	-6.1%	-4.5%
GAS STATIONS	-3.4%	-1.6%	-1.8%	-6.1%	-3.8%	2.8%	2.3%
BEAUTY	3.5%	14.2%	-10.7%	-3.3%	2.4%	7.0%	11.5%
LUXURY	-6.4%	-3.0%	-3.3%	-9.2%	-6.8%	3.1%	4.1%
MEAL DELIVERY	1.8%	2.4%	-0.6%	-7.6%	-5.0%	10.1%	7.8%
FAST FOOD	0.0%	2.2%	-2.2%	-1.7%	0.1%	1.7%	2.1%
FAST CASUAL	0.9%	2.0%	-1.0%	-2.0%	-0.6%	3.0%	2.6%
CASUAL DINING	-4.5%	-3.3%	-1.2%	-8.0%	-6.9%	3.8%	3.8%
COFFEE	3.0%	4.1%	-1.1%	-1.1%	0.3%	4.2%	3.8%
PIZZA	-12.9%	-12.0%	-1.0%	-10.5%	-9.1%	-2.7%	-3.2%

Optimal Advisory Analysis, Bloomberg Second Measure

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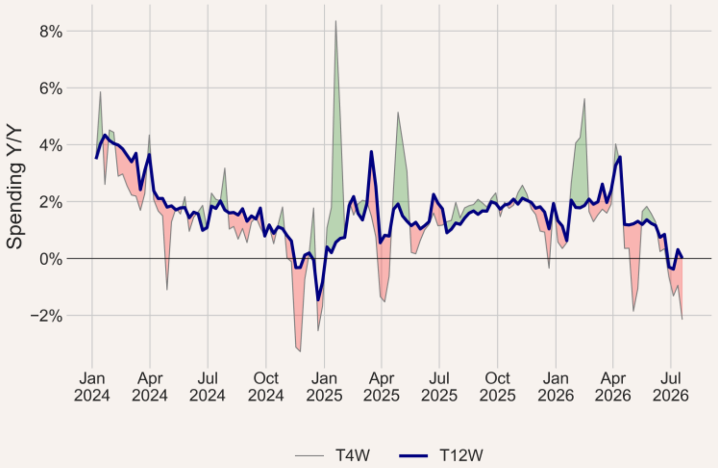
Mainstream grocery spending growth inflecting positively, including positive short-term trend led by Giant & Food Lion in category with Kroger lagging. Club (Costco, BJ's, Sam's Club) spending growth is now inflecting negative, hurt by decelerating transactions

Club Spending

Club Transactions

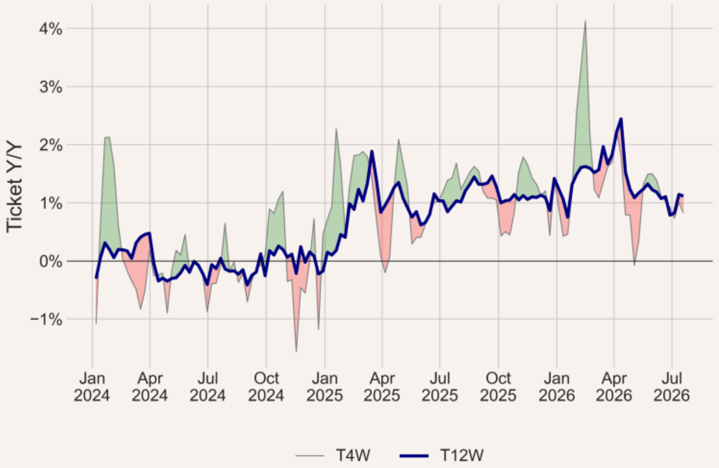
Club Ticket

Mainstream Grocers Spending



Mainstream Grocers Transactions

Mainstream Grocers Ticket



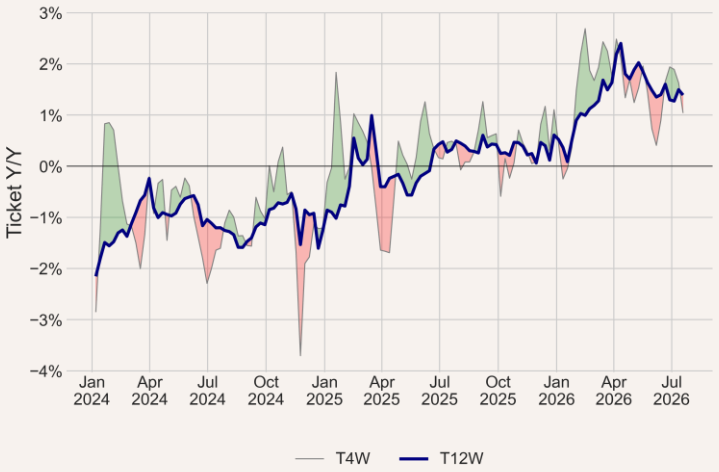
Optimal Advisory Analysis, Bloomberg Second Measure

Premium grocers (including The Fresh Market & Sprouts) spending growth still positive but decelerating. Luxury spending (Louis Vuitton & Coach) remains positive but is inflecting negatively

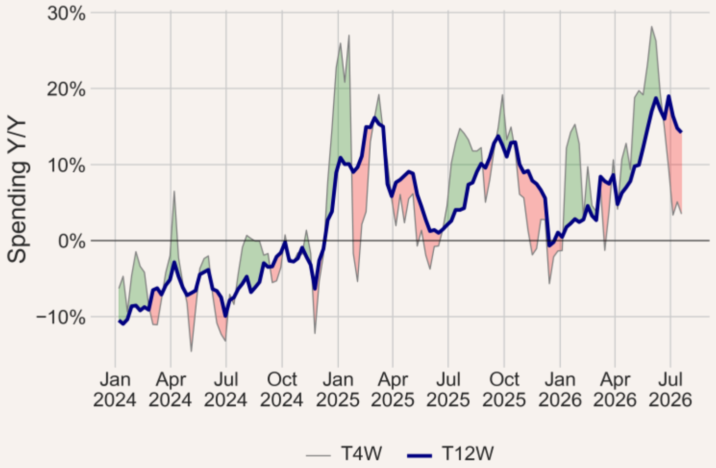
Premium Grocers Spending

Premium Grocers Transactions

Premium Grocers Ticket

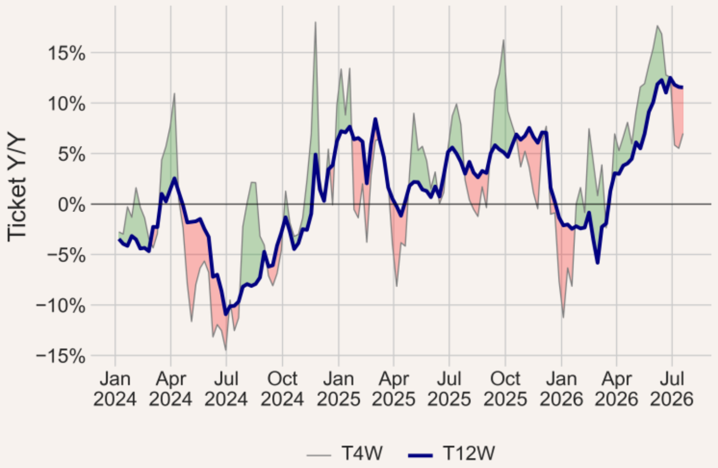


Luxury Spending



Luxury Transactions

Luxury Ticket



Optimal Advisory Analysis, Bloomberg Second Measure

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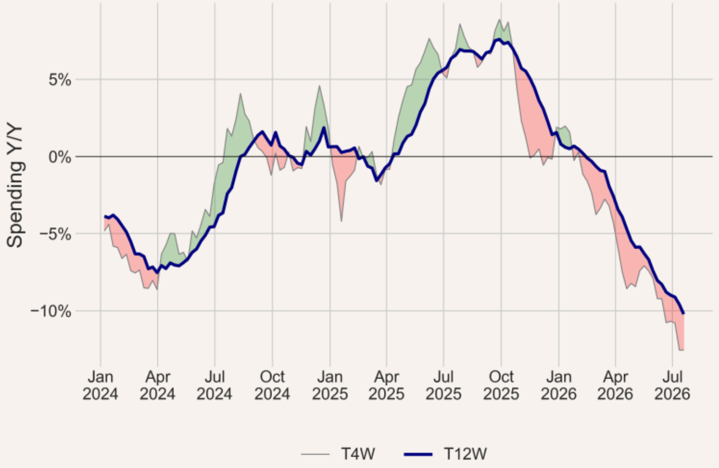
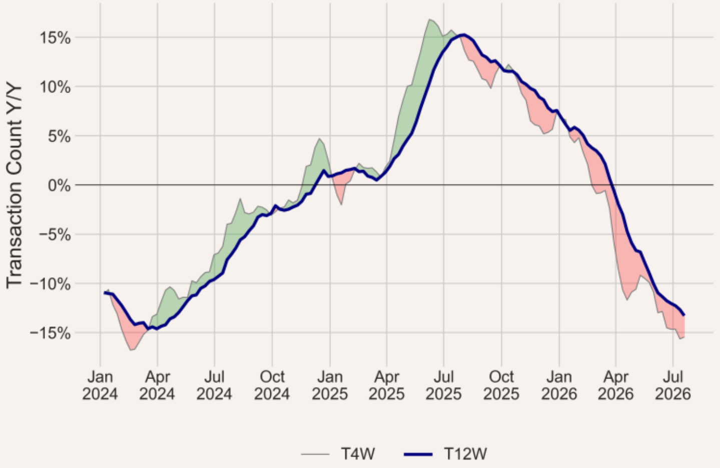
Grocery delivery transaction and spending growth is starting to roll, Amazon Fresh is driving the category. Strong meal delivery (DASH, GrubHub, Uber Eats) ticket is accelerating

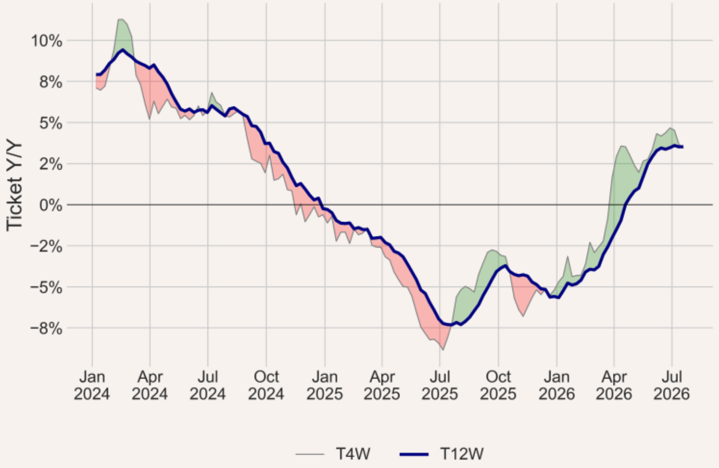
Grocery Delivery Spending



Grocery Delivery Transactions

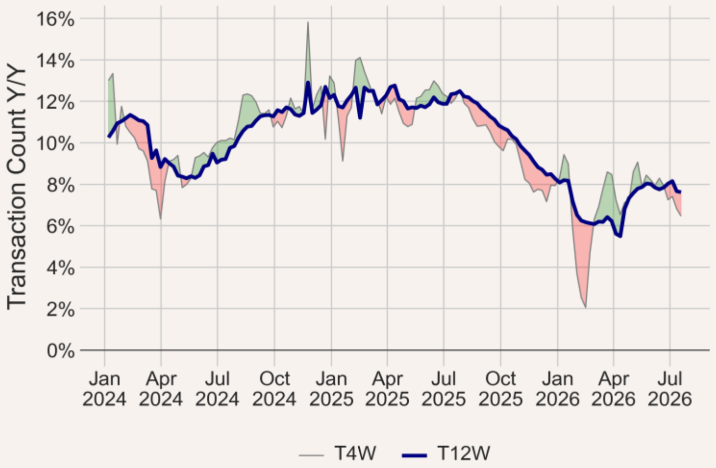


Grocery Delivery Ticket



Meal Delivery Spending

Meal Delivery Transactions

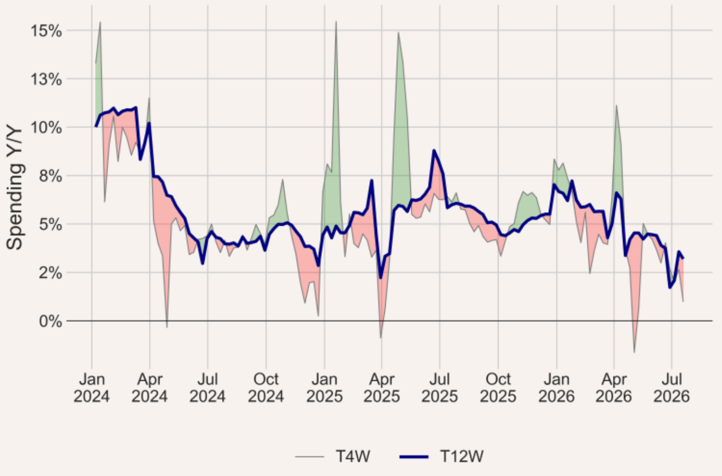


Meal Delivery Ticket

Optimal Advisory Analysis, Bloomberg Second Measure

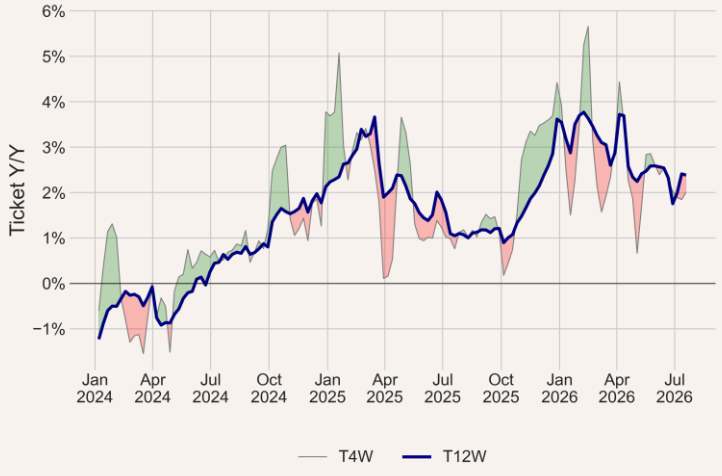
Hard discounters face decelerating transactions and ticket growth; Trader Joe's & Lidl continue to lead category nominally and growing. Dollar store (DG & DLTR) spending is positive y/y but decelerating

Dollar Store Spending



Dollar Store Transactions

Dollar Store Ticket



Hard Discounters Spending

Hard Discounters Transactions

Hard Discounters Ticket

Optimal Advisory Analysis, Bloomberg Second Measure

Pet channel (PetSmart & Petco) spending growth pressured & negatively inflecting driven by ticket. There is volatility at the pharmacy counter while Amazon Pharmacy grows rapidly

Pet Spending

Pet Transactions

Pet Ticket

Pharmacy Spending

Pharmacy Transactions

Pharmacy Ticket

Optimal Advisory Analysis, Bloomberg Second Measure

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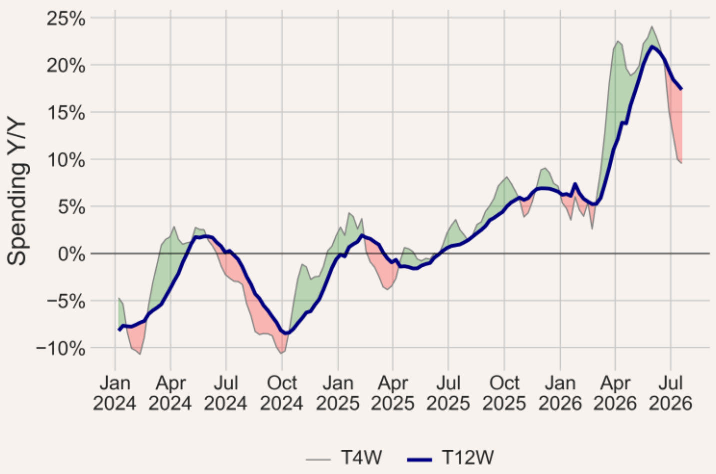
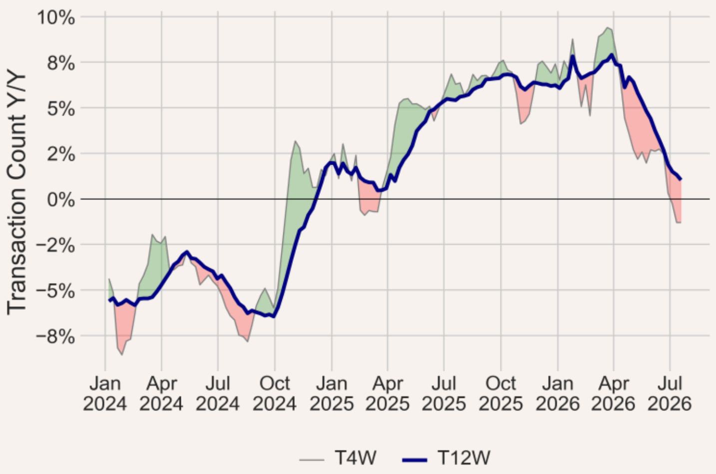
Gas station spending elevated on ticket as transactions decelerate. E-commerce (including AMZN) still taking total spending share despite decelerating ticket growth

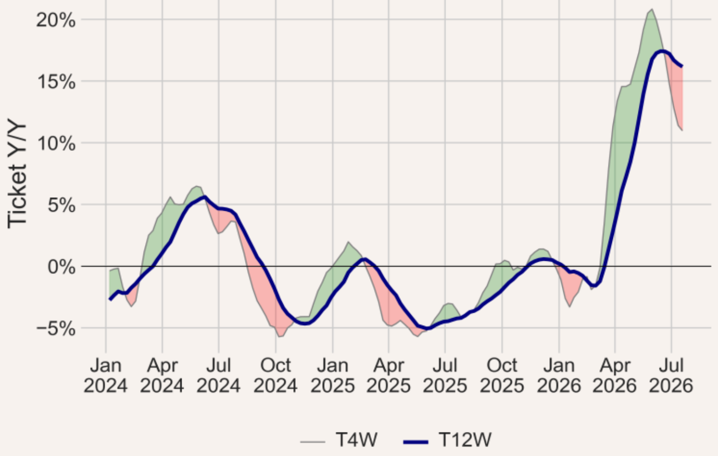
Gas Station Spending



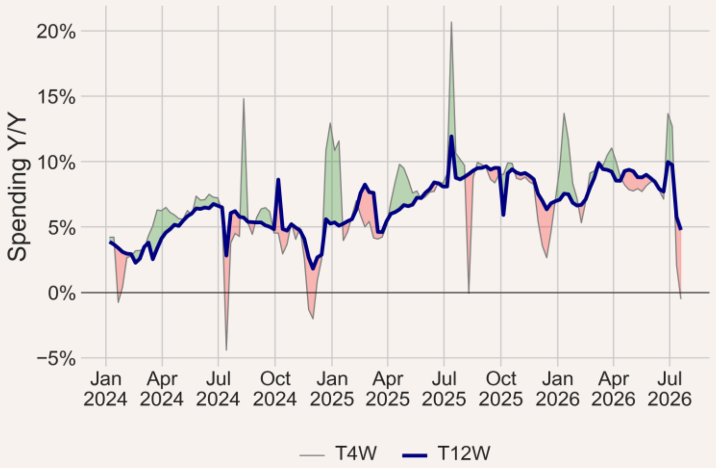
Gas Station Transactions



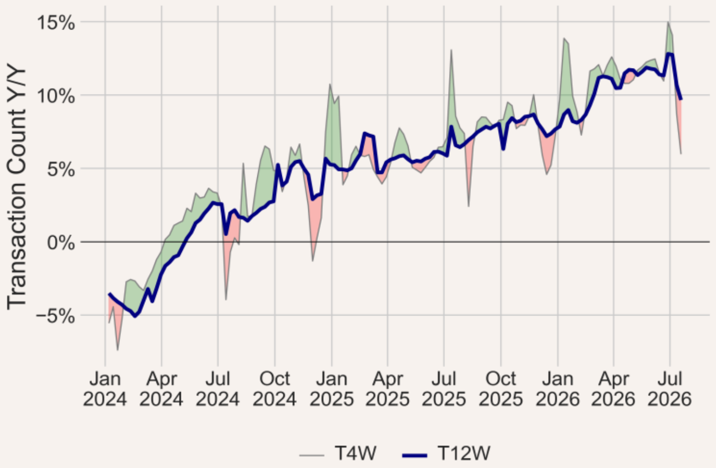
Gas Station Ticket



E-commerce Spending



E-commerce Transactions



E-commerce Ticket

Optimal Advisory Analysis, Bloomberg Second Measure

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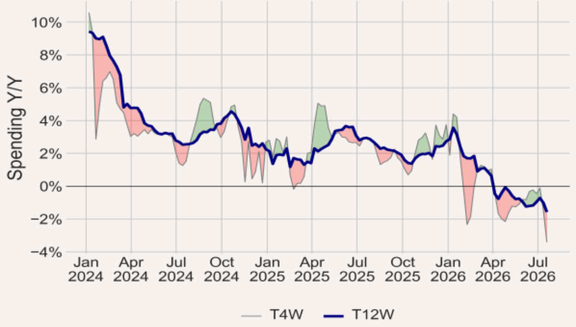
Spending growth pressured at QSR & casual dining – transactions down across the board. Foodservice trending lower from summer 2025 peak. Fast casual a bright spot with positively inflecting ticket

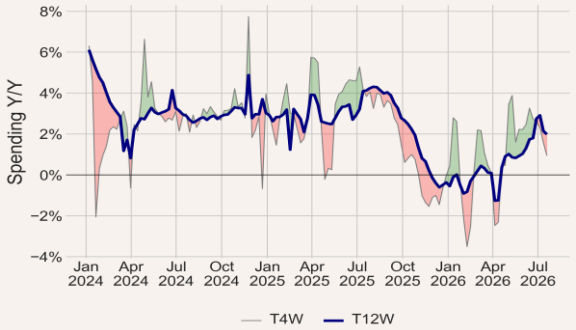
Fast Food Spending



Fast Food Transactions

Fast Food Ticket

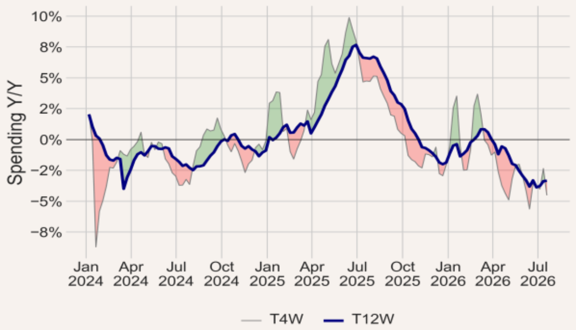
Fast Casual Spending



Fast Casual Transactions

Fast Casual Ticket

Casual Dining Spending



Casual Dining Transactions

Casual Dining Ticket

Optimal Advisory Analysis, Bloomberg Second Measure

Section 03

Proprietary Cost Analysis

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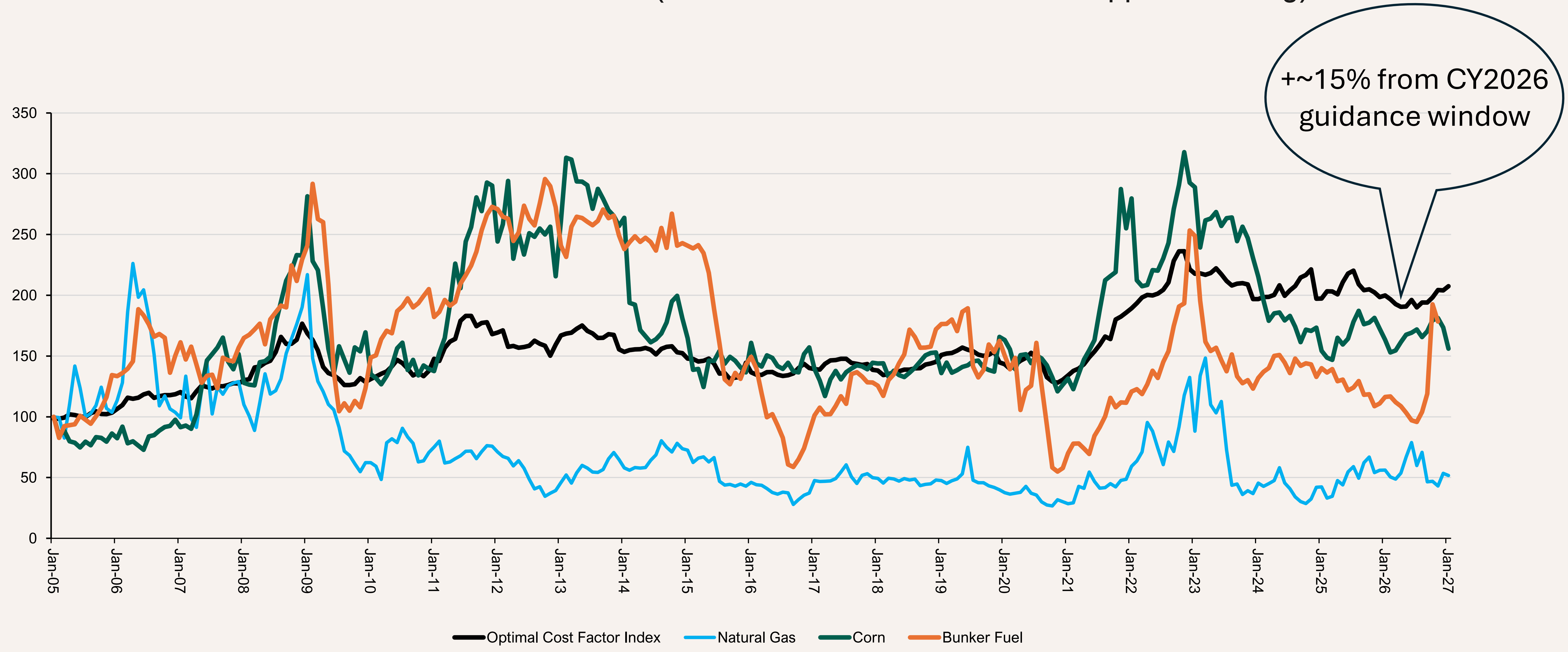
Our Optimal Cost Factor tracks companies' U.S. input cost risk via proprietary sector & company weightings; higher energy & packaging prices are headwinds while softs, sweeteners and non-beef protein are tailwinds

W/W		Today / T4W Average		Today T4W / YAGO T4W	
COMPANIES					
Index	0.6%	Index	1.7%	Index	5.5%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
LANC	2.4%	FLO	4.8%	CPB	16.5%
MDLZ	2.4%	LANC	4.1%	EPC	15.5%
FLO	2.2%	POST	3.9%	CHD	14.2%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
ABI	-2.5%	HSY	-0.3%	HSY	-14.4%
SAM	-2.4%	MNST	-0.1%	LW	-14.2%
CHD	-0.6%	CHD	-0.1%	MDLZ	-2.8%
COMMODITIES					
Index	0.6%	Index	1.7%	Index	5.5%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
ENERGY/FREIGHT	4.7%	GRAINS	5.7%	ENERGY/FREIGHT	18.5%
OILS/OILSEEDS	2.9%	ENERGY/FREIGHT	4.1%	OILS/OILSEEDS	12.0%
DAIRY	2.3%	OILS/OILSEEDS	3.9%	PACKAGING	10.5%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
SOFTS/SWEETENERS	-0.6%	SOFTS/SWEETENERS	-2.4%	MEATS/PROTEINS	-27.4%
GRAINS	-0.3%	PACKAGING	0.9%	SOFTS/SWEETENERS	-10.5%
PACKAGING	-0.1%	MEATS/PROTEINS	1.2%	DAIRY	-7.6%
FOOD SERVICE					
Index	0.6%	Index	1.7%	Index	5.5%
Headwinds (Greatest)		Headwinds (Greatest)		Headwinds (Greatest)	
FAST CASUAL UPSCALE	2.2%	FAST CASUAL UPSCALE	3.1%	FAST CASUAL MEXICAN	-3.8%
FAST FOOD MEXICAN	1.9%	FULL SERVICE UPSCALE	2.5%	FAST FOOD MEXICAN	-3.9%
Tailwinds (Least)		Tailwinds (Least)		Tailwinds (Least)	
ALL WINGS	1.0%	FAST FOOD BURGER	1.7%	ALL WINGS	-14.7%
FAST FOOD BURGER	1.4%	FAST CASUAL MEXICAN	2.0%	FAST FOOD BURGER	-9.1%

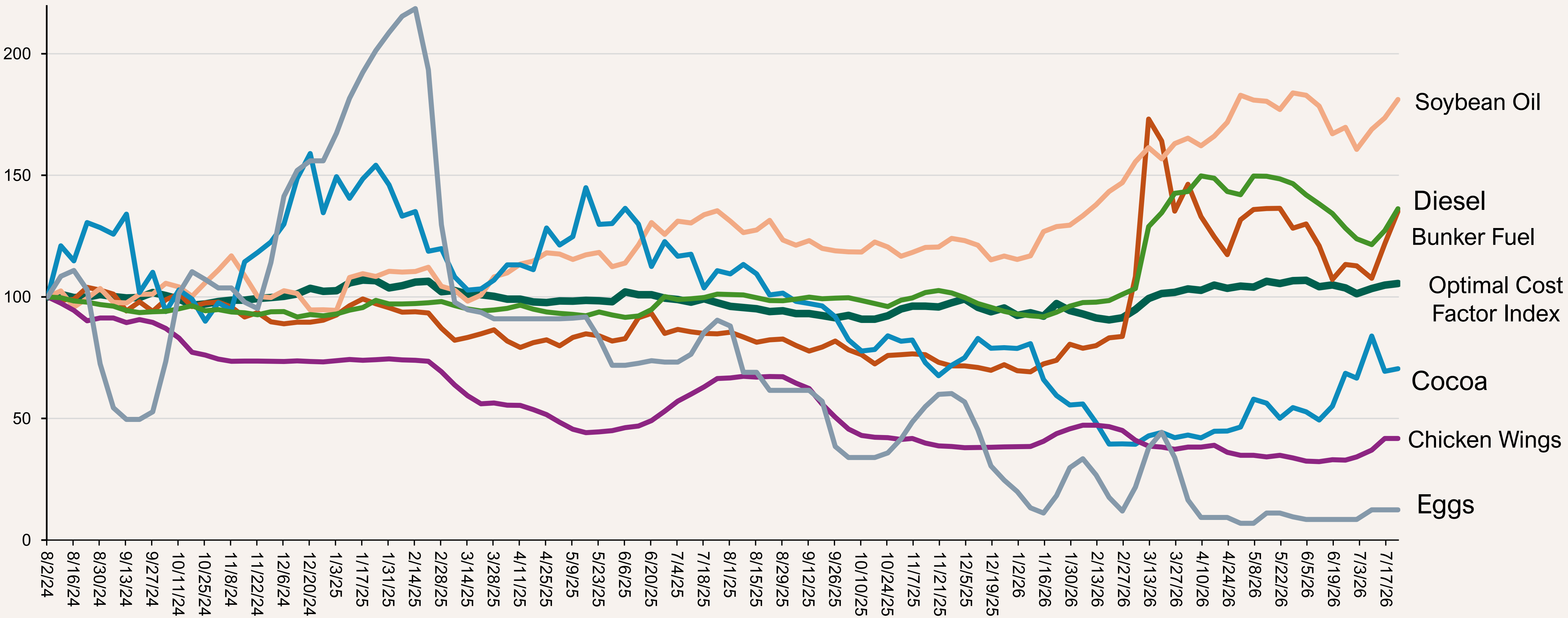
Optimal Advisory Proprietary Analysis, Bloomberg, FRED, USDA, BEA

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)



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

Optimal Cost Factor Index: biggest component headwinds & tailwinds



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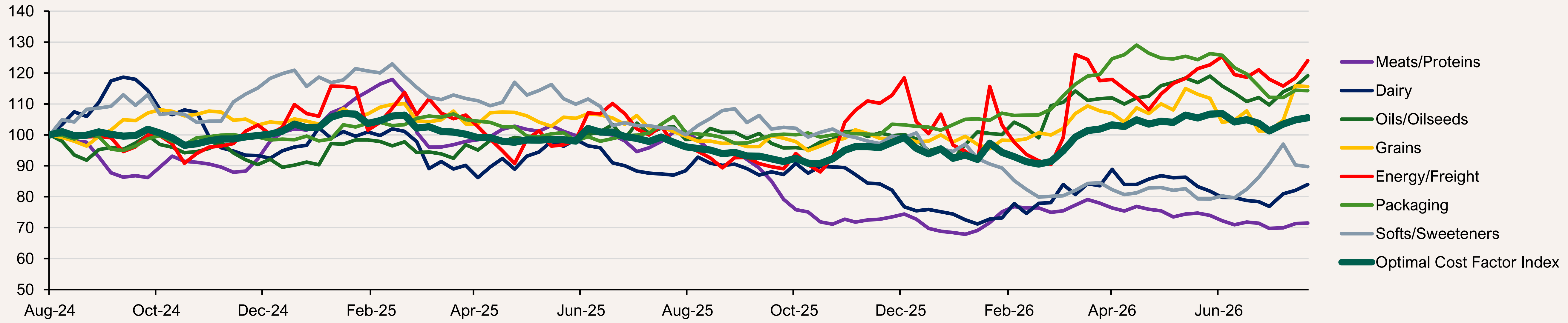
Tailwinds for food producers as softs & meats/proteins costs down. Higher energy costs & shipping risk are suddenly an immediate tax on everything – including packaging costs



Category	Value at 7/23	Value at 7/16	W/W %	Most Recent T4W	YAGO T4W	T4W / YAGO T4W %	12 Mo Low	Increase Since 12-Mo Low
Meats/Proteins	71.5	71.3	0.3%	70.6	97.3	-27.4%	67.9	5.4%
Softs/Sweeteners	89.7	90.2	-0.6%	91.9	102.6	-10.5%	79.2	13.2%
Dairy	84.0	82.1	2.3%	81.0	87.6	-7.6%	71.2	17.9%
Optimal Cost Factor Index	105.5	104.8	0.6%	103.8	98.4	5.5%	90.6	16.5%
Grains	115.6	115.9	-0.3%	109.4	103.0	6.2%	94.9	21.8%
Packaging	114.3	114.4	-0.1%	113.2	102.5	10.5%	97.3	17.4%
Oils/Oilseeds	119.1	115.7	2.9%	114.6	102.3	12.0%	91.9	29.6%
Energy/Freight	124.0	118.4	4.7%	119.1	100.5	18.5%	88.0	40.9%

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

Cost Inflation Profit Impact: Putative margin impacts of recent raw input cost changes; actual realization depends on timing & hedging

Ticker	Value at 7/23	LTM Avg	Today T4W / YAGO T4W	Inputs % of COGS	Gross EBIT % Impact	TTM Avg Gross Margin	Gross Pricing Need
HSY	76.0	73.9	-14.4%	65%	9.4%	40.1%	-5.6%
LW	74.8	73.9	-14.2%	70%	9.9%	21.7%	-7.8%
MDLZ	80.3	74.9	-2.8%	65%	1.8%	32.5%	-1.2%
SMPL	60.8	56.6	0.1%	60%	-0.1%	37.4%	0.1%
BRBR	64.0	59.8	0.3%	60%	-0.2%	35.4%	0.1%
CAG	104.9	96.1	1.9%	60%	-1.2%	25.9%	0.9%
FRPT	62.4	57.9	2.7%	60%	-1.6%	40.8%	1.0%
MKC	88.3	80.6	3.0%	65%	-1.9%	38.5%	1.2%
GIS	90.5	81.1	4.0%	65%	-2.6%	34.3%	1.7%
POST	77.8	70.0	4.7%	65%	-3.0%	29.2%	2.2%
PEP	94.9	89.3	5.0%	60%	-3.0%	54.4%	1.4%
ABI	88.3	85.0	5.2%	60%	-3.1%	55.7%	1.4%
SAM	84.7	82.5	5.4%	60%	-3.2%	46.5%	1.7%
TAP	84.7	82.5	5.4%	60%	-3.2%	38.8%	2.0%
KHC	85.7	78.8	5.6%	65%	-3.6%	34.3%	2.4%
KDP	68.9	68.6	5.7%	55%	-3.2%	54.9%	1.4%
KO	75.0	72.4	7.6%	60%	-4.6%	61.4%	1.8%
SJM	66.1	62.3	7.8%	65%	-5.1%	35.1%	3.3%
HRL	79.9	73.0	8.0%	70%	-5.6%	16.3%	4.7%
THS	85.7	80.5	8.9%	70%	-6.2%	16.9%	5.2%
MNST	62.1	59.2	9.2%	70%	-6.4%	55.2%	2.9%
LANC	96.4	84.0	11.9%	60%	-7.2%	23.9%	5.4%
FLO	91.4	79.0	12.3%	65%	-8.0%	49.4%	4.0%
CLX	64.2	58.5	12.5%	60%	-7.5%	45.2%	4.1%
CELH	55.6	52.4	13.1%	70%	-9.1%	50.5%	4.5%
JJSF	93.2	81.7	13.1%	65%	-8.5%	29.7%	6.0%
PG	70.9	65.5	13.2%	65%	-8.6%	51.2%	4.2%
CHD	60.6	54.1	14.2%	55%	-7.8%	44.5%	4.3%
EPC	68.5	62.2	15.5%	60%	-9.3%	42.2%	5.4%
CPB	85.9	75.2	16.5%	60%	-9.9%	30.4%	6.9%

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

Section 04

Valuation Snapshot

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Beverage Comps: KO & other beverage producers getting a World Cup lift

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	$89.24	$416,189	$383,954	$16,937	$17,695	$30,070	1.8	24.6	13.4	23.5	13.9
PEP	PEPSICO INC	$143.21	$238,143	$195,473	$19,670	$20,011	$42,498	2.2	12.1	4.6	11.9	4.4
ABI	ANHEUSER BUSCH INBEV SA	$84.03	$241,053	$169,669	$21,223	$23,379	$60,935	2.9	11.4	7.3	10.3	6.7
MNST	MONSTER BEVERAGE CORP	$99.11	$93,945	$96,930	$2,882	$3,064	-$2,985	N.A.	32.6	19.2	30.7	17.7
DEO	DIAGEO	$89.34	$72,643	$49,731	$7,550	$7,371	$20,819	2.8	9.6	6.1	9.9	6.1
HEIA	HEINEKEN	$90.73	$71,418	$51,300	$7,415	$7,950	$17,024	2.3	9.6	7.1	9.0	4.2
CCE	COCA COLA EUROPEAN PARTNERS	$112.20	$61,706	$49,729	$4,183	$4,423	$11,427	2.7	14.8	7.3	14.0	6.9
KDP	KEURIG DR PEPPER INC	$31.52	$78,010	$42,892	$4,851	$6,745	$26,697	5.5	16.1	8.6	11.6	6.5
STZ	CONSTELLATION BRANDS	$134.24	$33,658	$22,926	$3,306	$3,424	$10,437	3.2	10.2	7.0	9.8	7.2
PRNDY	PERNOD RICARD	$15.39	$33,798	$19,412	$3,395	$3,222	$13,149	3.9	10.0	5.1	10.5	5.4
CARL.B	CARLSBERG	$143.89	$30,034	$19,994	$2,845	$3,025	$9,589	3.4	10.6	4.9	9.9	4.7
BFB	BROWN FORMAN CORP	$29.09	$15,747	$13,444	$1,093	$1,153	$2,303	2.1	14.4	6.6	13.7	6.8
CELH	CELSIUS HOLDINGS INC	$29.41	$9,398	$7,518	$745	$783	$120	0.2	12.6	6.3	12.0	5.5
TAP	MOLSON COORS	$42.97	$14,464	$8,052	$2,348	$2,067	$6,103	2.6	6.2	3.4	7.0	3.6
PRMB	PRIMO BRANDS	$23.43	$13,924	$8,502	$1,411	$1,504	$5,422	3.8	9.9	7.0	9.3	6.3
SAM	BOSTON BEER INC	$188.52	$1,706	$1,940	$209	$222	-$234	N.A.	8.2	1.8	7.7	1.8

Optimal Advisory Analysis, Bloomberg

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	$100.72	$329,980	$259,513	$22,417	$23,426	$70,129	3.1	14.7	6.5	14.1	6.2
MDLZ	MONDELEZ	$62.93	$100,932	$80,780	$6,258	$6,988	$20,098	3.2	16.1	9.2	14.4	7.8
BN	DANONE	$82.75	$67,251	$56,546	$5,675	$5,749	$9,471	1.7	11.9	4.2	11.7	4.2
HSY	HERSHEY FOODS	$182.58	$41,839	$37,035	$2,566	$3,172	$4,804	1.9	16.3	10.0	13.2	8.0
KHC	KRAFT HEINZ	$27.27	$49,510	$32,342	$5,369	$4,967	$17,042	3.2	9.2	5.8	10.0	6.2
GIS	GENERAL MILLS INC	$38.16	$33,865	$20,366	$3,367	$3,077	$13,487	4.0	10.1	5.5	11.0	5.7
TSN	TYSON FOODS INC	$62.36	$29,645	$21,959	$3,498	$3,621	$7,583	2.2	8.5	8.2	8.2	6.3
MKC	MCCORMICK & CO	$51.48	$19,029	$13,849	$1,471	$1,597	$4,602	3.1	12.9	6.6	11.9	5.9
HRL	HORMEL FOODS CORP	$26.02	$16,333	$14,322	$1,311	$1,406	$1,996	1.5	12.5	8.6	11.6	8.2
SJM	JM SMUCKER	$124.36	$20,363	$13,292	$1,838	$2,077	$7,071	3.8	11.1	6.8	9.8	6.2
SFD	SMITHFIELD FOODS	$27.26	$12,040	$10,726	$1,698	$1,749	$1,003	0.6	7.1	5.7	6.9	5.7
CAG	CONAGRA BRANDS INC	$15.49	$14,672	$7,415	$1,840	$1,594	$7,257	3.9	8.0	5.4	9.2	5.6
CPB	CAMPBELL SOUP	$23.14	$13,825	$6,899	$1,672	$1,512	$6,924	4.1	8.3	4.8	9.1	4.9
LW	LAMB WESTON HOLDINGS INC	$53.92	$11,382	$7,413	$1,147	$1,164	$3,969	3.5	9.9	8.1	9.8	8.8
POST	POST HOLDINGS INC	$94.79	$11,668	$4,296	$1,636	$1,545	$7,361	4.5	7.1	4.7	7.6	4.9
LANC	LANCASTER COLONY	$111.28	$2,870	$3,052	$298	$331	-$181	N.A.	9.6	6.1	8.7	5.7
FRPT	FRESHPET INC	$61.73	$3,146	$3,033	$198	$224	$113	0.6	15.9	6.7	14.0	6.1
FLO	FLOWERS FOODS INC	$7.85	$3,695	$1,664	$532	$469	$2,031	3.8	6.9	1.4	7.9	1.5
BRBR	BELLRING BRANDS INC	$13.99	$2,779	$1,627	$382	$320	$1,152	3.0	7.3	4.0	8.7	4.3
DMC	Del Monte Corp	$29.25	$1,969	$1,392	$279	$239	$563	2.0	7.1	4.9	8.2	4.4
JJSF	J & J SNACK FOODS	$81.15	$1,655	$1,522	$185	$199	$133	0.7	8.9	3.4	8.3	3.4
SMPL	SIMPLY GOOD FOODS	$11.02	$1,299	$975	$235	$216	$325	1.4	5.5	2.8	6.0	3.0
DOLE	DOLE	$14.41	$2,636	$1,371	$391	$404	$1,122	2.9	6.7	3.7	6.5	3.5

Optimal Advisory Analysis, Bloomberg

OPTIMAL

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	$152.00	$379,652	$353,947	$23,631	$23,778	$24,720	1.0	16.1	8.6	16.0	8.6
OR	L'OREAL	$437.57	$235,386	$232,926	$12,106	$12,835	$2,370	0.2	19.4	6.4	18.3	6.0
UNA	UNILEVER PLC	$66.91	$173,797	$144,137	$12,370	$13,766	$27,249	2.2	14.0	N.A.	12.6	6.2
CL	COLGATE-PALMOLIVE	$94.31	$82,361	$75,466	$5,029	$5,094	$6,554	1.3	16.4	6.9	16.2	6.3
RB	RECKITT BENCKISER	$68.85	$52,485	$43,724	$5,248	$4,862	$8,714	1.7	10.0	4.8	10.8	4.8
EL	ESTEE LAUDER INC	$84.05	$36,583	$30,409	$2,365	$2,730	$6,174	2.6	15.5	3.3	13.4	3.0
HEN3	HENKEL	$84.85	$37,604	$36,975	$4,187	$4,334	$319	0.1	9.0	3.1	8.7	3.1
KMB	KIMBERLY CLARK CORP	$114.25	$44,583	$37,923	$3,415	$3,865	$6,542	1.9	13.1	7.6	11.5	6.7
KVUE	KENVUE INC	$19.88	$45,746	$38,160	$3,647	$3,827	$7,586	2.1	12.5	5.1	12.0	4.8
BEI	BEIERSDORF	$92.19	$17,379	$22,226	$1,928	$1,875	-$4,867	N.A.	9.0	2.7	9.3	2.7
CHD	CHURCH AND DWIGHT INC	$100.83	$25,765	$23,891	$1,409	$1,453	$1,874	1.3	18.3	9.2	17.7	8.9
CLX	CLOROX	$100.31	$15,588	$12,130	$1,398	$1,371	$3,299	2.4	11.1	5.2	11.4	4.9
ELF	ELF BEAUTY INC	$84.40	$5,644	$5,017	$335	$377	$627	1.9	16.8	4.7	15.0	4.3
REYN	REYNOLDS CONSUMER	$25.94	$7,030	$5,468	$682	$668	$1,562	2.3	10.3	7.6	10.5	7.6
SMG	SCOTTS MIRACLE GRO	$71.38	$6,814	$4,153	$615	$588	$2,661	4.3	11.1	6.2	11.6	7.9
COTY	COTY INC CLASS A	$2.84	$6,074	$2,496	$880	$831	$3,168	3.6	6.9	1.6	7.3	1.7
PRGO	PERRIGO	$10.40	$4,888	$1,440	$761	$639	$3,448	4.5	6.4	3.5	7.6	3.3
SPB	SPECTRUM BRANDS	$89.66	$2,641	$2,062	$287	$294	$580	2.0	9.2	2.6	9.0	2.4
ENR	ENERGIZER HOLDINGS	$22.04	$4,743	$1,509	$608	$602	$3,234	5.3	7.8	4.0	7.9	4.0
EPC	EDGEWELL PERSONAL CARE	$28.55	$2,295	$1,316	$255	$258	$980	3.8	9.0	2.7	8.9	2.6

Optimal Advisory Analysis, Bloomberg

Ingredients Comps

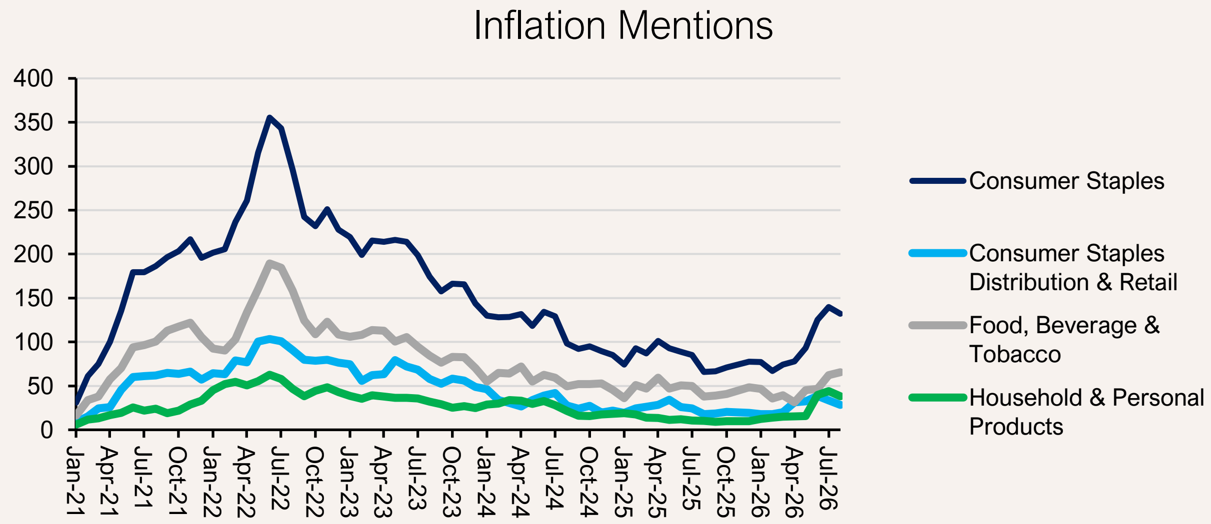
Ticker	Name	Stock Price	EV ($mm)	Market Cap ($mm)	CY EBITDA ($mm)	CY+1 EBITDA ($mm)	Net Debt ($mm)	Debt/EBITDA	EV/EBITDA	EV/GROSS PROFIT	Fwd. EV / Fwd. EBITDA	Fwd. EV / Fwd. GROSS PROFIT
GIVN	GIVAUDAN SA	$4,062.42	$43,235	$37,511	$2,180	$2,246	$5,683	2.6	19.8	10.5	19.2	10.3
ADM	ARCHER DANIELS MIDLAND	$83.68	$50,662	$40,330	$3,662	$5,055	$10,033	2.7	13.8	9.9	10.0	7.3
BG	BUNGE	$117.31	$38,800	$22,760	$3,010	$4,186	$14,590	4.8	12.9	10.8	9.3	7.3
IFF	INTERNATIONAL FLAVORS & FRAGRANCES	$79.17	$26,118	$20,212	$2,076	$2,068	$5,873	2.8	12.6	6.7	12.6	6.7
KRZ	KERRY GROUP PLC	$97.62	$18,036	$15,488	$1,366	$1,423	$2,546	1.9	13.2	5.0	12.7	5.3
INGR	INGREDION	$103.06	$7,428	$6,499	$1,189	$1,242	$907	0.8	6.2	4.1	6.0	4.1
GL9	GLANBIA	$26.29	$6,925	$6,290	$499	$538	$635	1.3	13.9	6.3	12.9	6.3

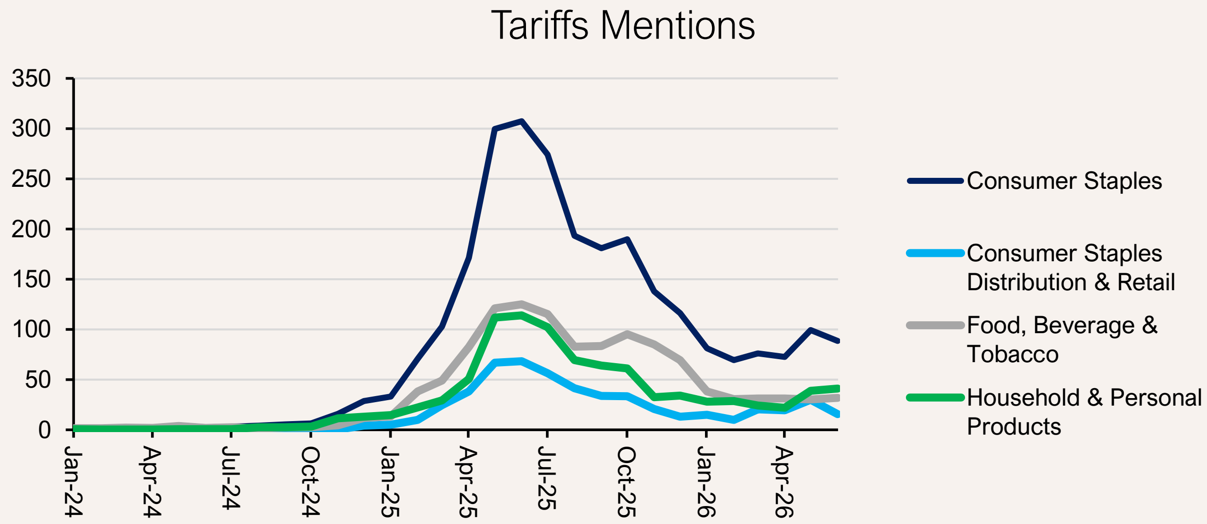
Optimal Advisory Analysis, Bloomberg

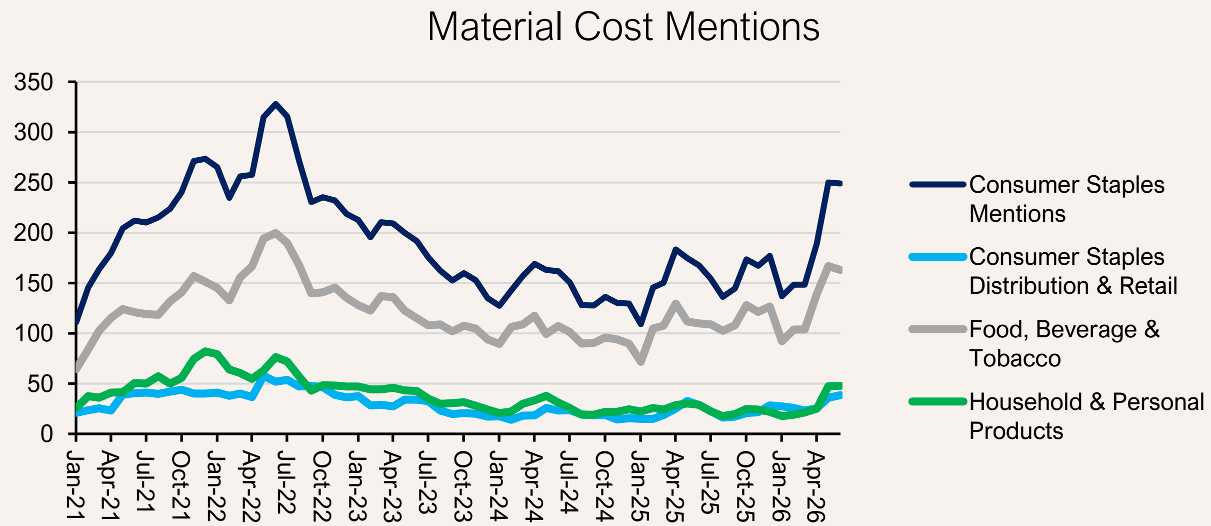
Section 05

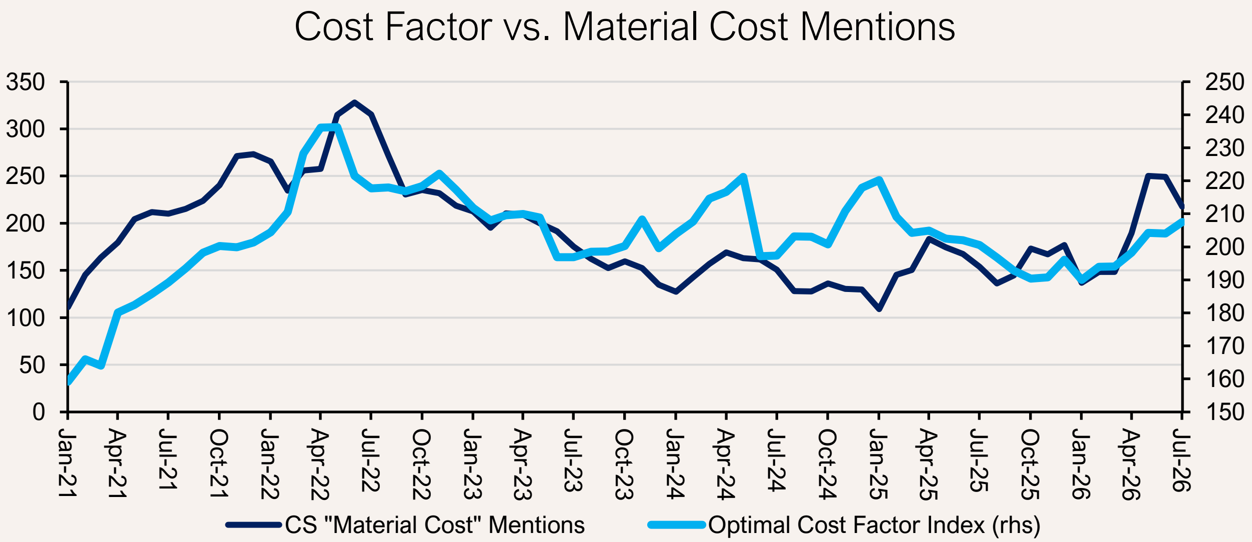
Thematic Analysis

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.



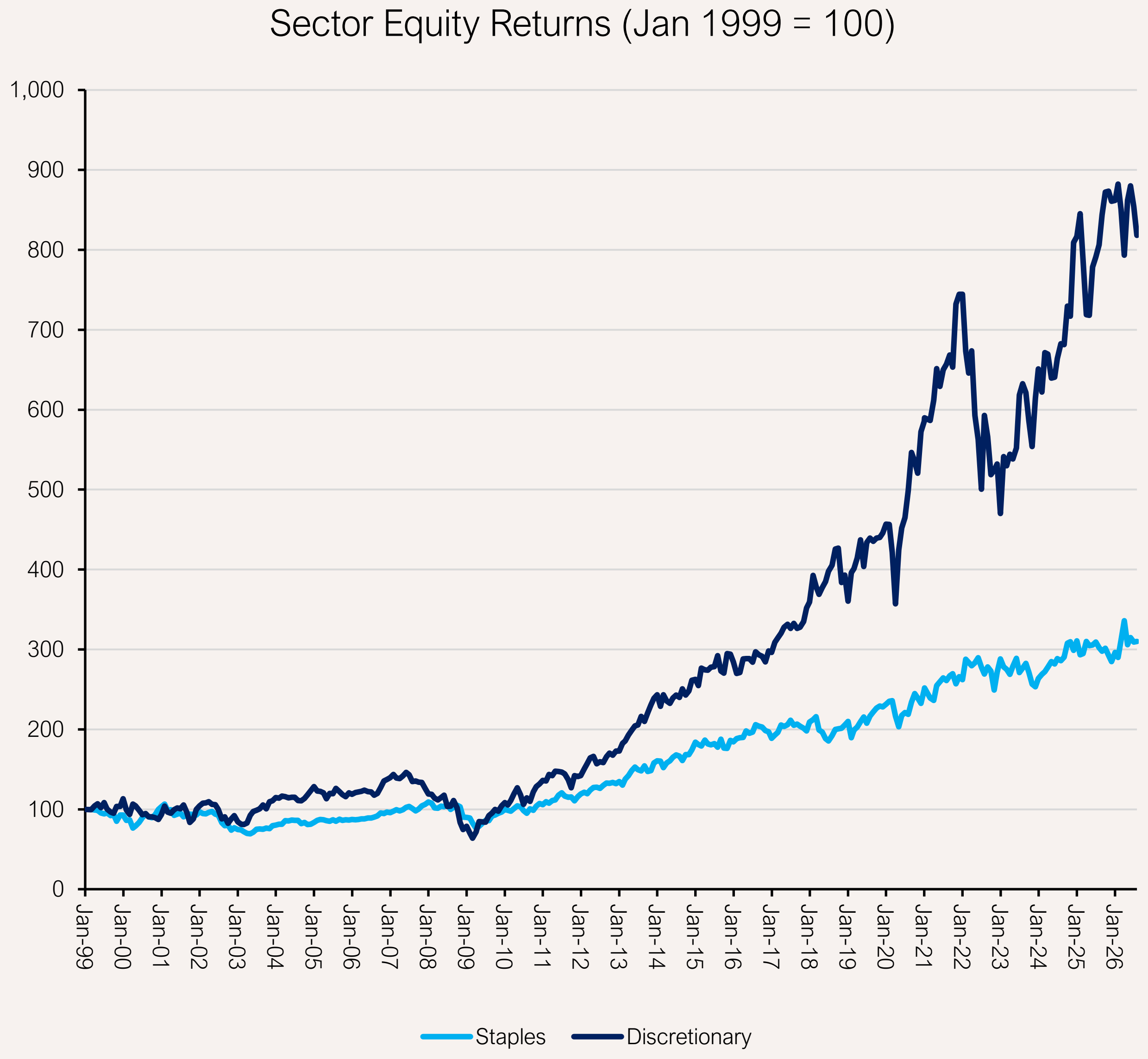


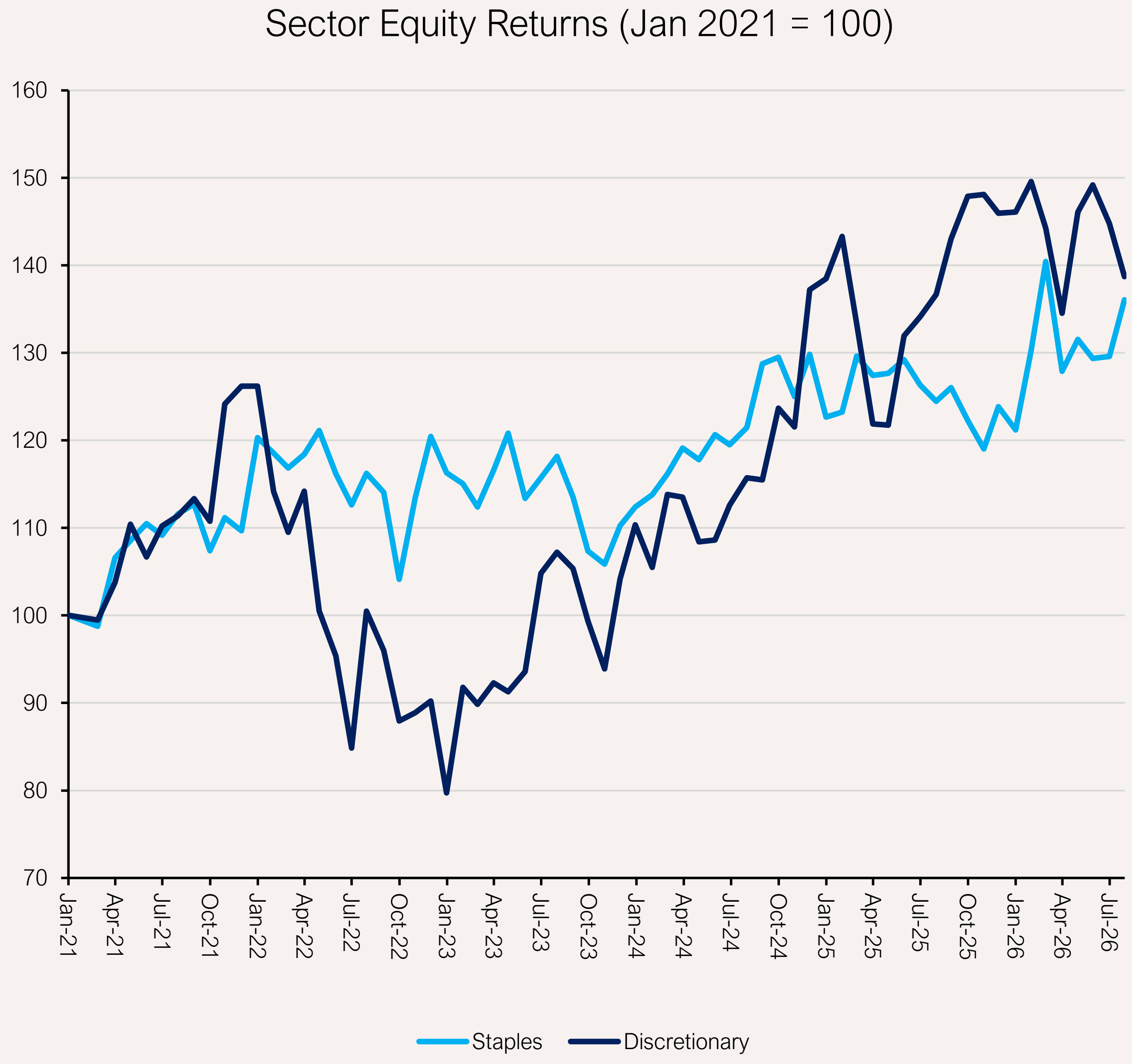




OPTIMAL

Discretionary outperformed staples from 2010-2020. More than halfway through 2026, Staples has begun to outpace Discretionary in a defensive rotation.

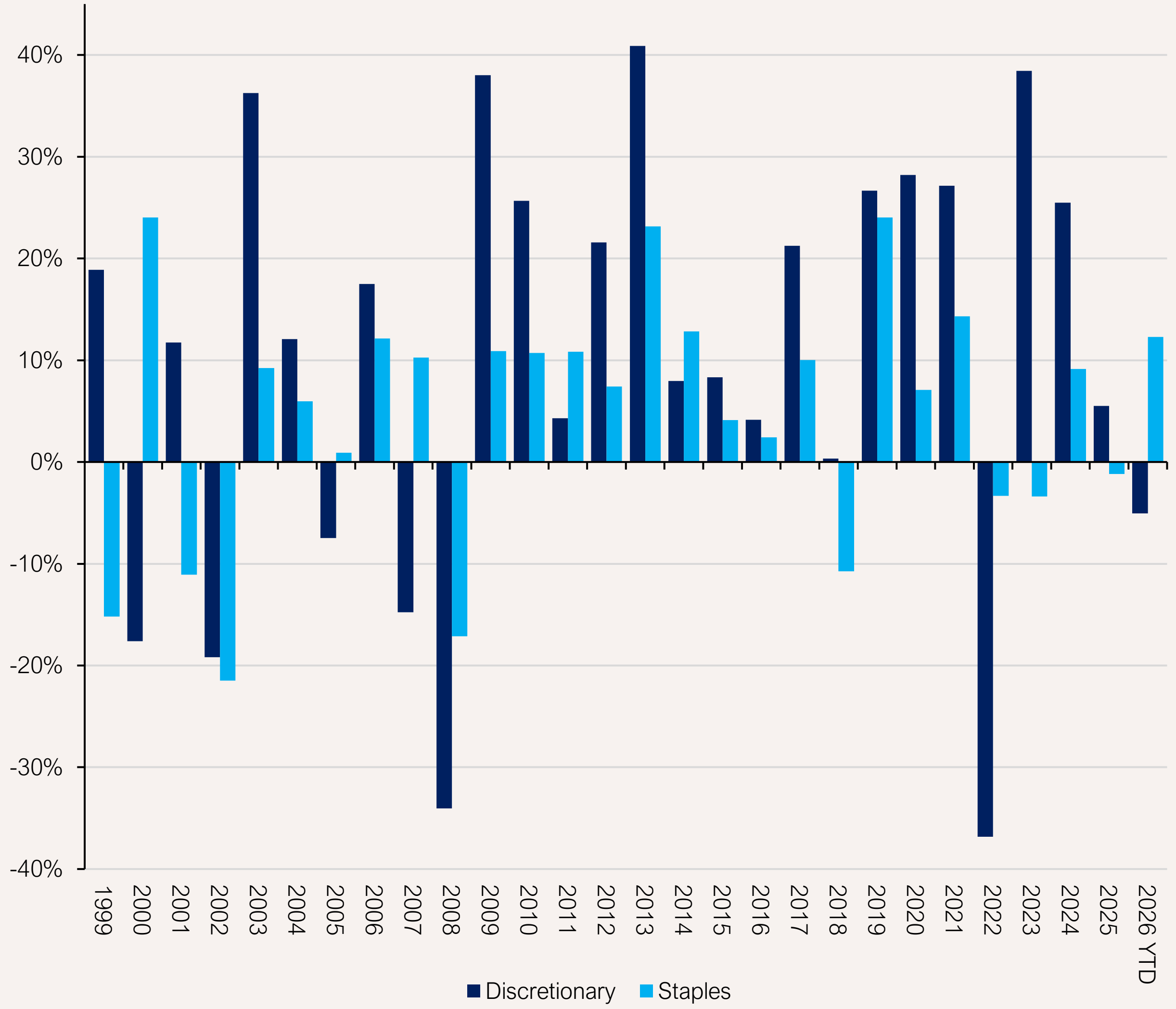




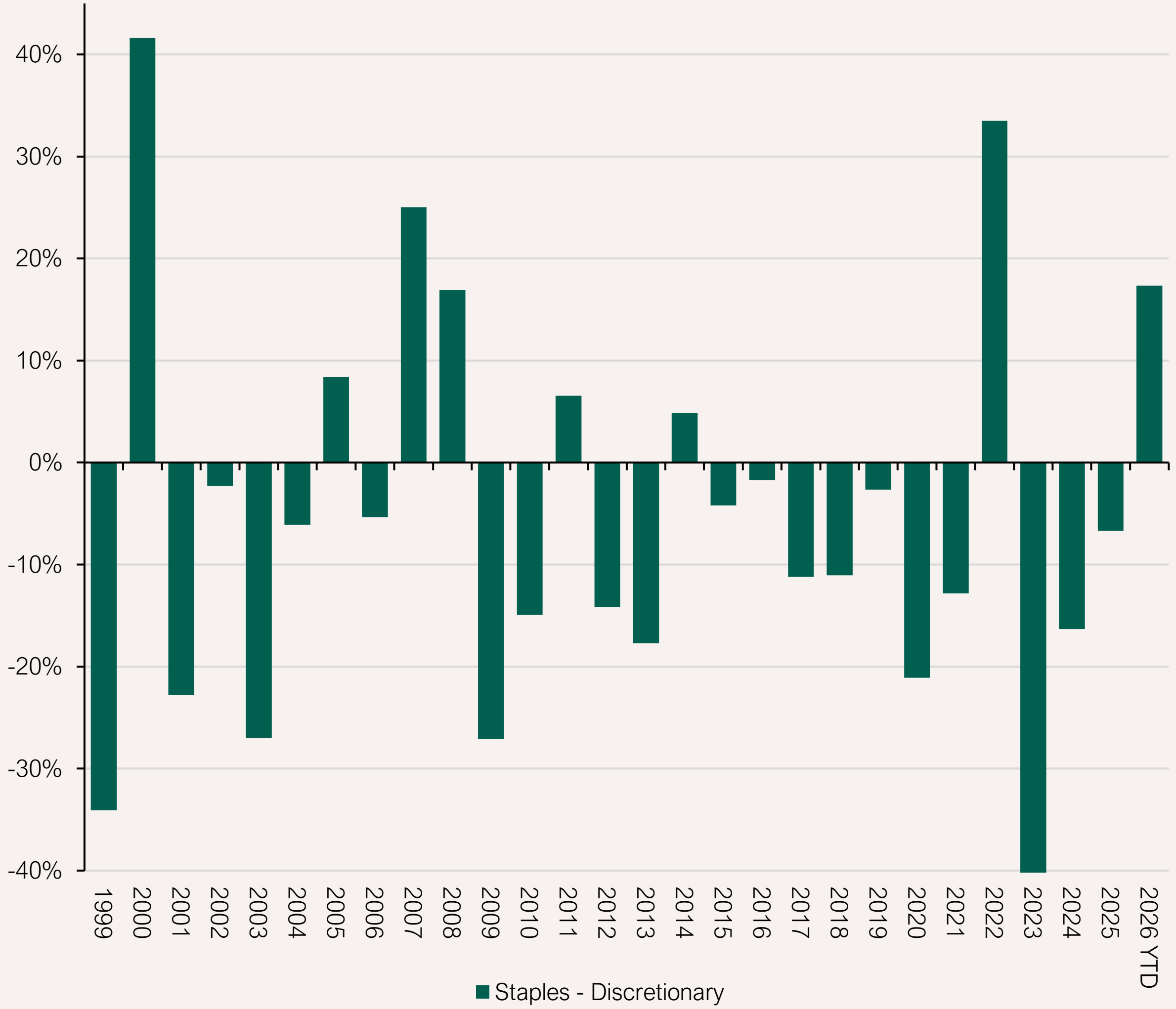
Optimal Advisory Analysis, Bloomberg

Year to date, the SPDR Staples ETF (XLP) has performed well (+12.3%); Consumer Discretionary ETF (XLY) has returned -5.1%.

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



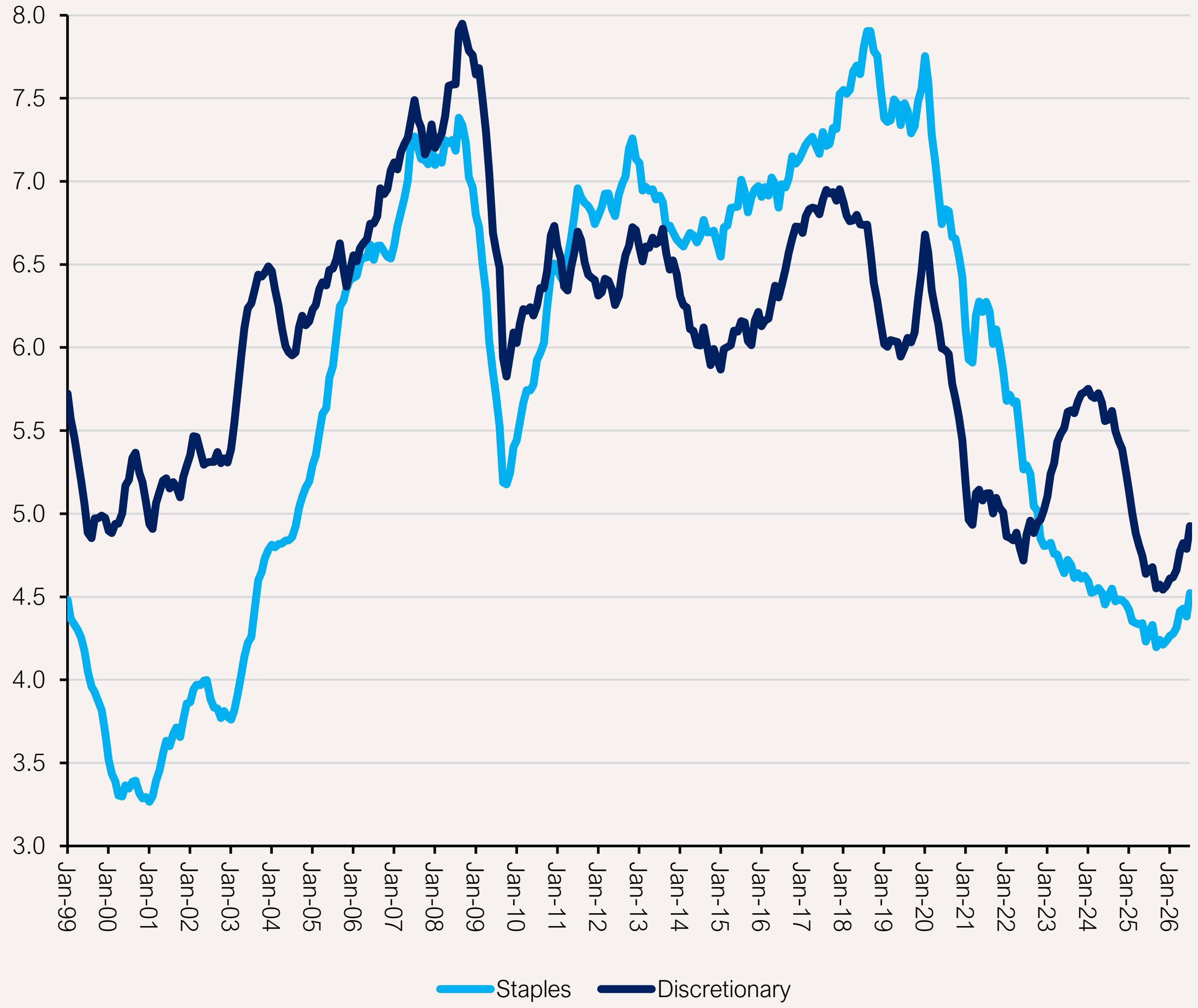
Annual Discretionary Performance Relative to Staples



Optimal Advisory Analysis, Bloomberg

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
GME	GameStop Corp	24.5%	162.0%	146.7%
KDP	Keurig Dr Pepper Inc	-6.2%	87.6%	125.2%
ACI	Albertsons Cos Inc	19.8%	78.9%	112.7%
NWL	Newell Brands Inc	19.3%	53.8%	108.1%
BBWI	Bath & Body Works Inc	29.1%	69.8%	104.1%
TSLA	Tesla Inc	1.9%	132.9%	103.0%
PM	Philip Morris Int	14.2%	90.5%	93.2%
UAA	Under Armour Inc	22.9%	89.5%	88.1%
CZR	Caesars Entertainment	46.5%	-34.0%	-7.2%
FLO	Flowers Foods Inc	57.6%	-8.9%	-11.7%
GIS	General Mills Inc	-4.0%	-12.2%	-15.9%
KR	Kroger Co	-2.9%	-20.8%	-16.6%
CCL	Carnival Corp	31.0%	-46.2%	-38.5%
TSCO	Tractor Supply Co	54.2%	-66.5%	-54.1%

Optimal Advisory Analysis, Bloomberg

OPTIMAL

"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

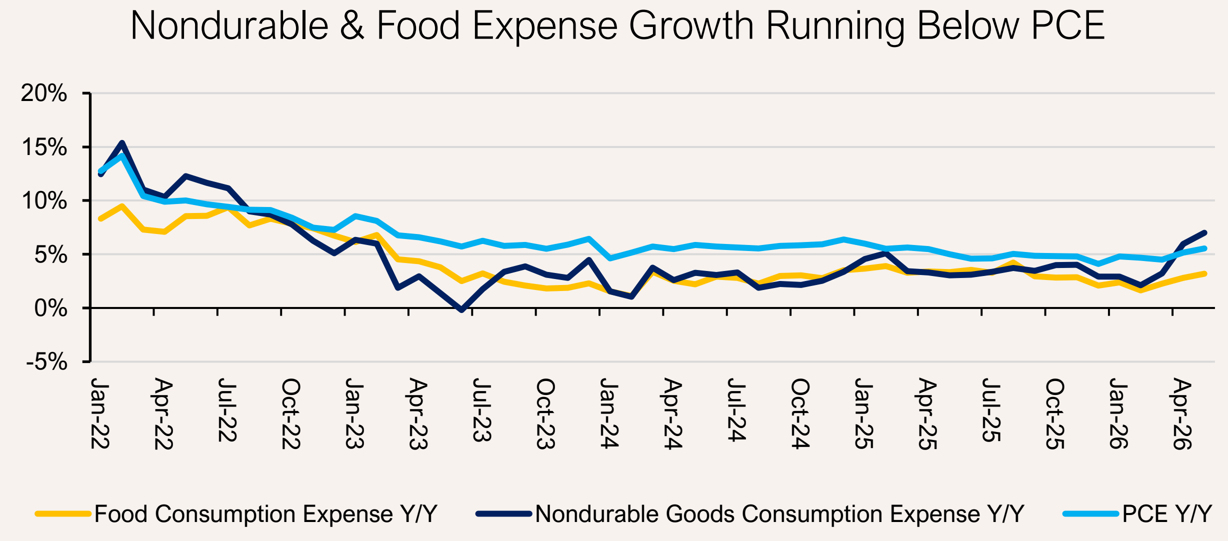
Movies/TV Index 114. Current events/politics Index 117. Home improvement Index 115. An engaged, informed consumer base.

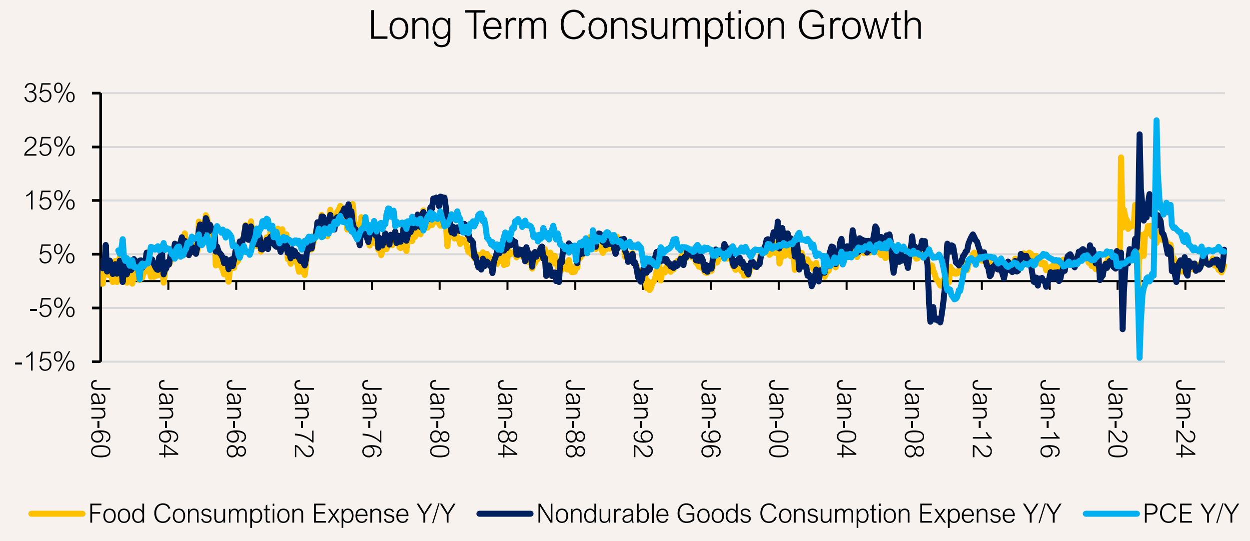
Optimal Advisory Analysis, YouGov

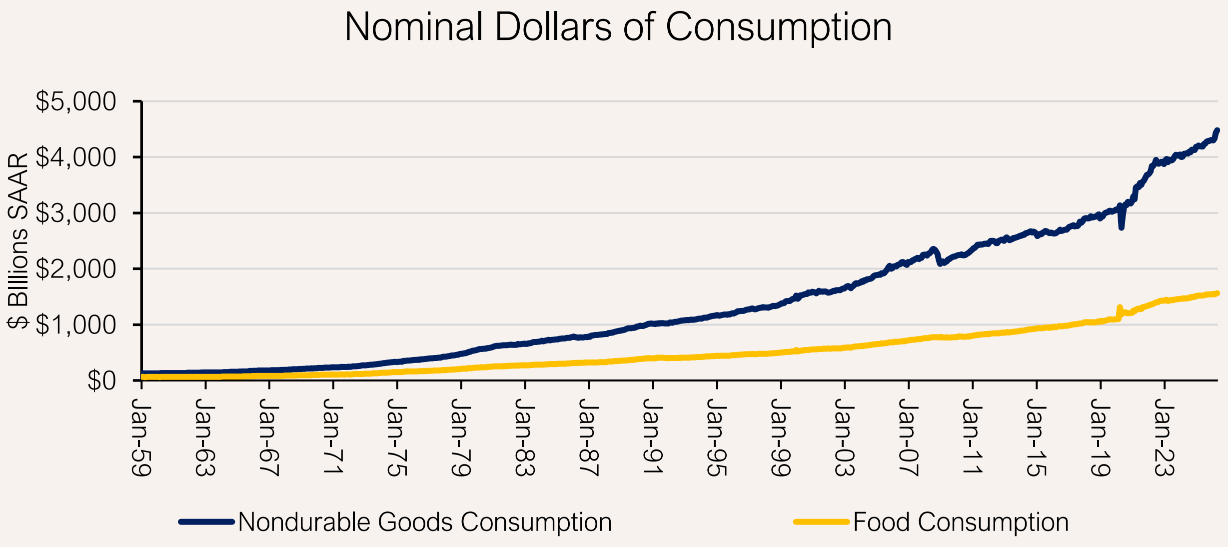
Section 06

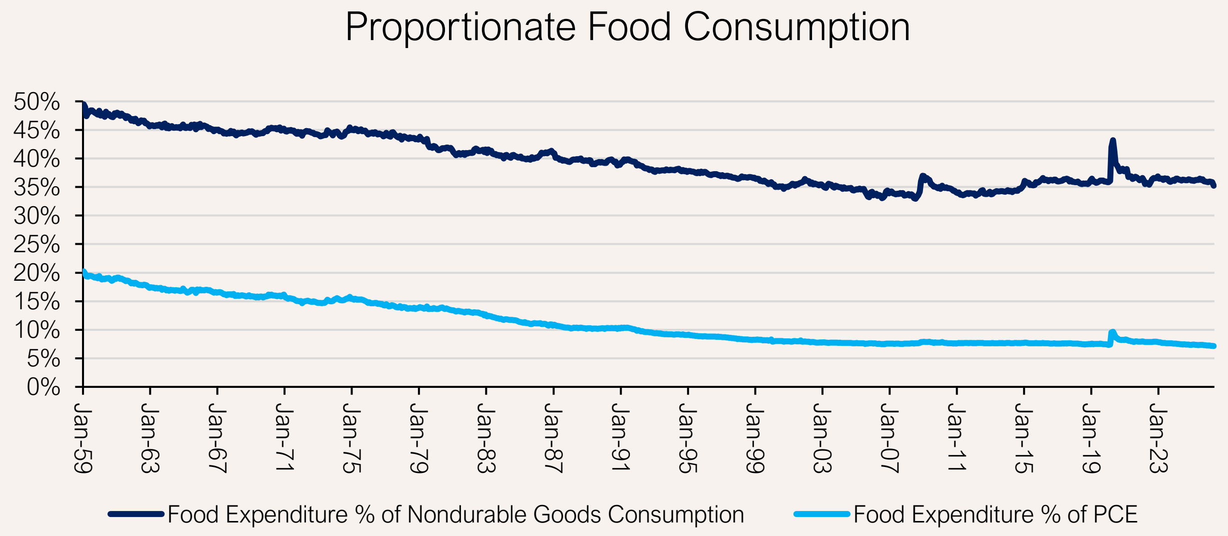
Consumer Staples Macro

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





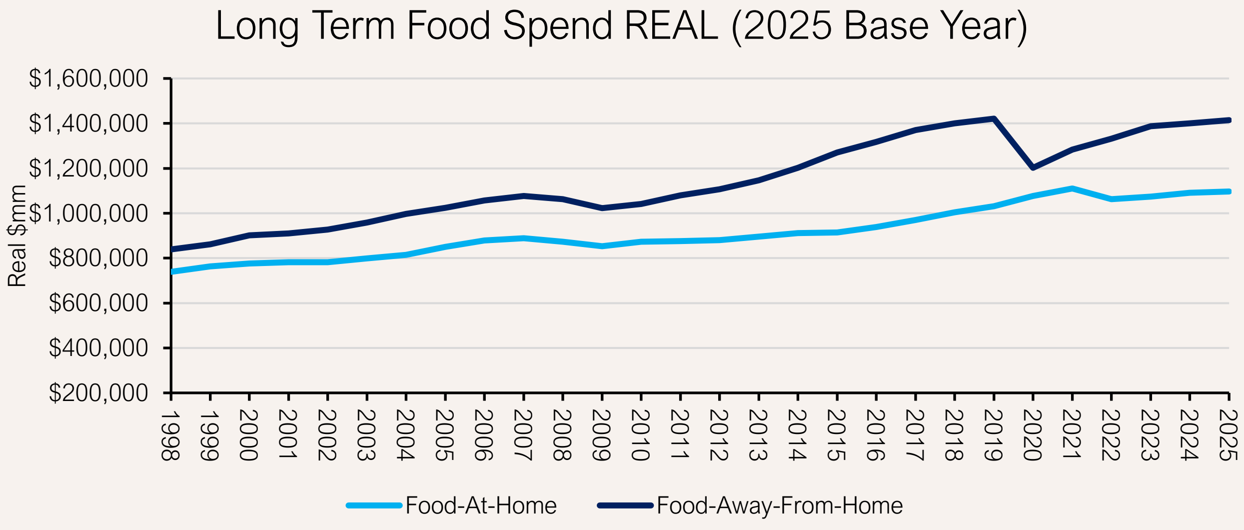


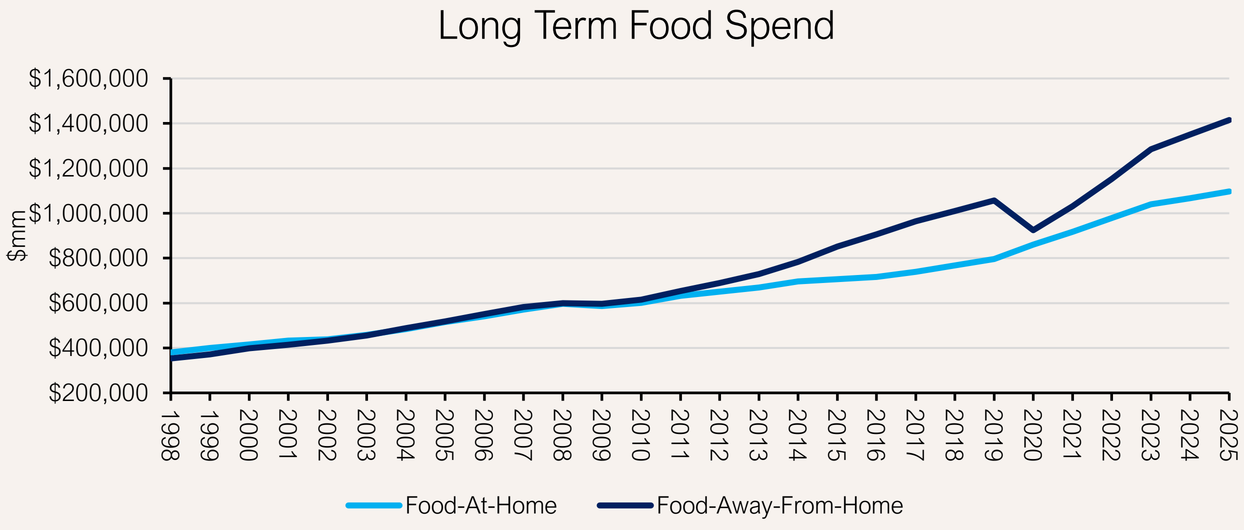


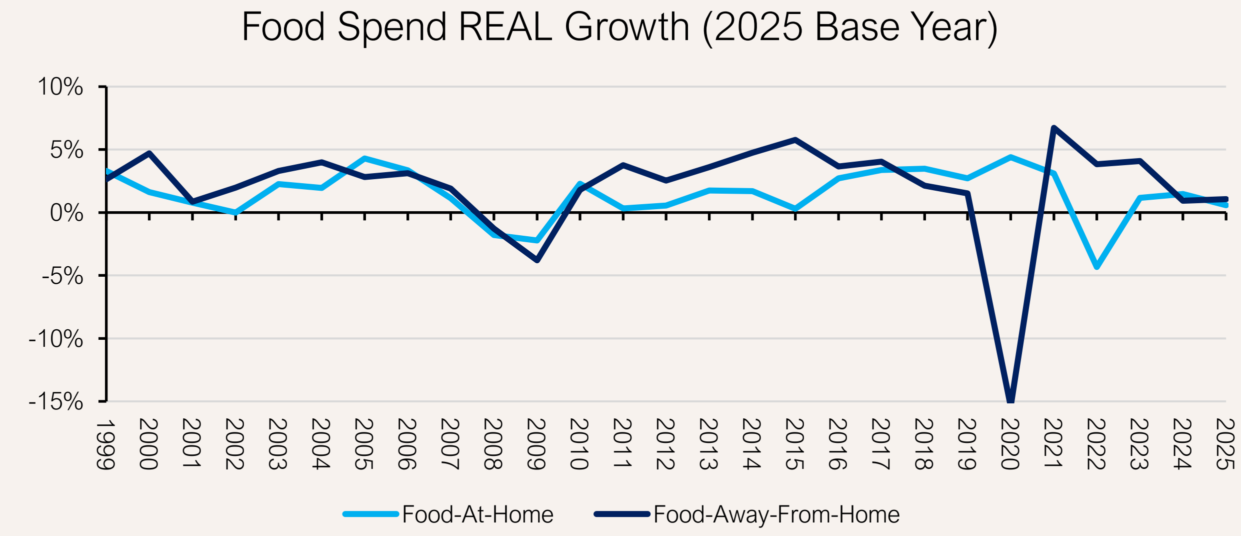
Optimal Advisory Analysis, BEA, FRED

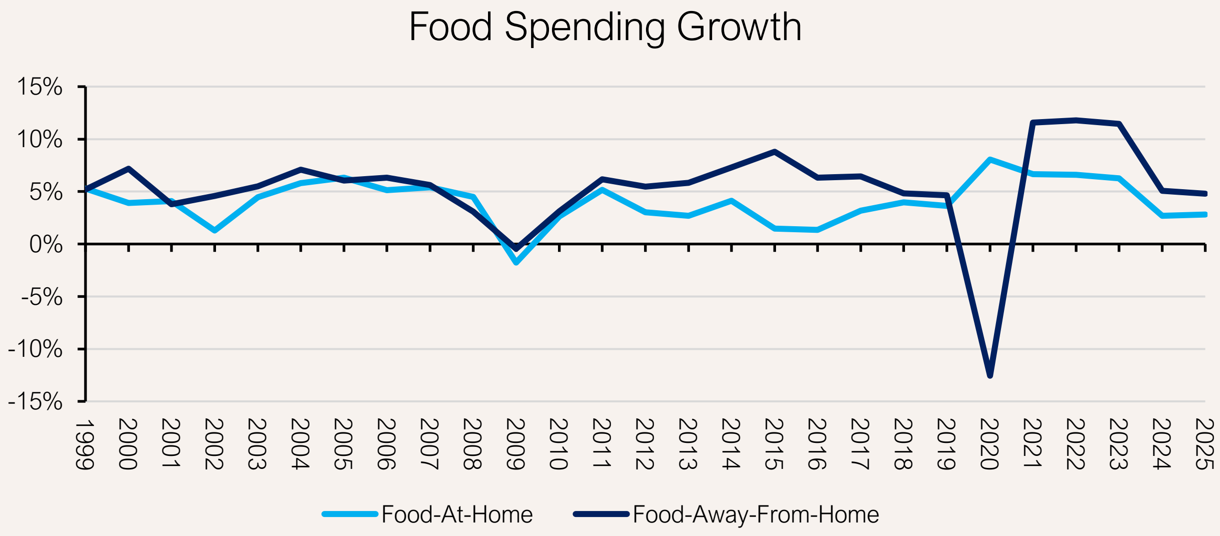
OPTIMAL

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







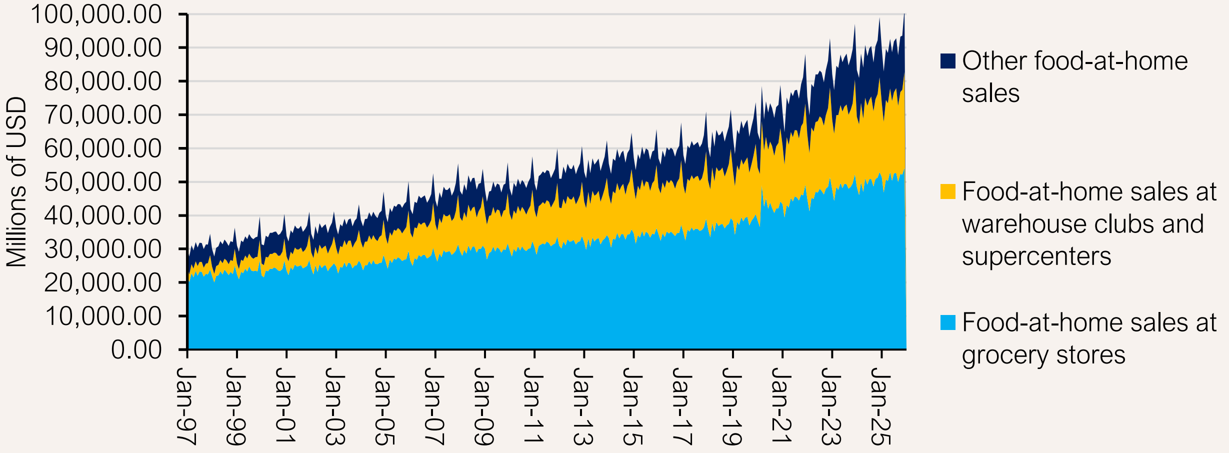


Optimal Advisory Analysis, USDA, Economic Research Services

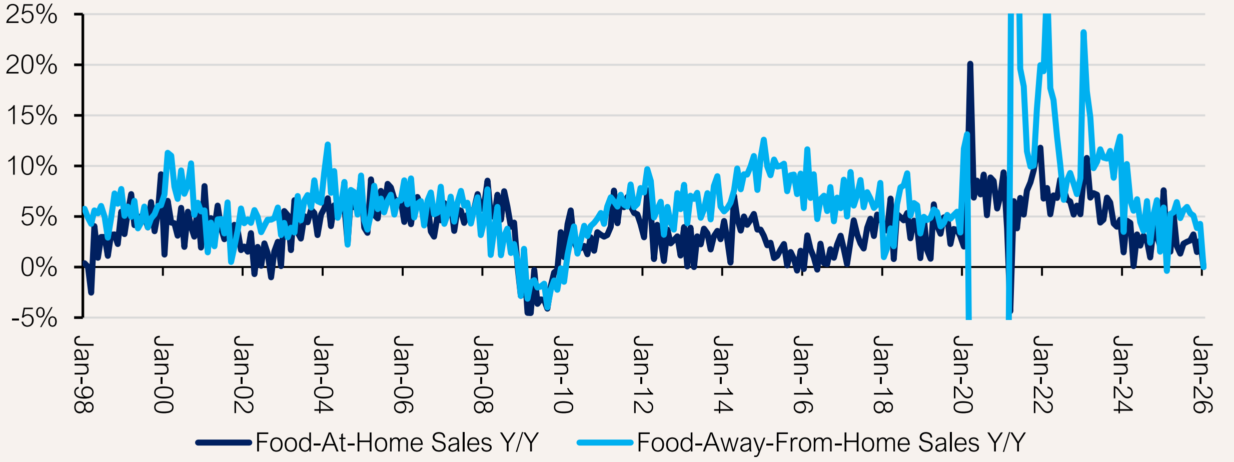
OPTIMAL

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

Monthly Food-At-Home Sales by Outlet

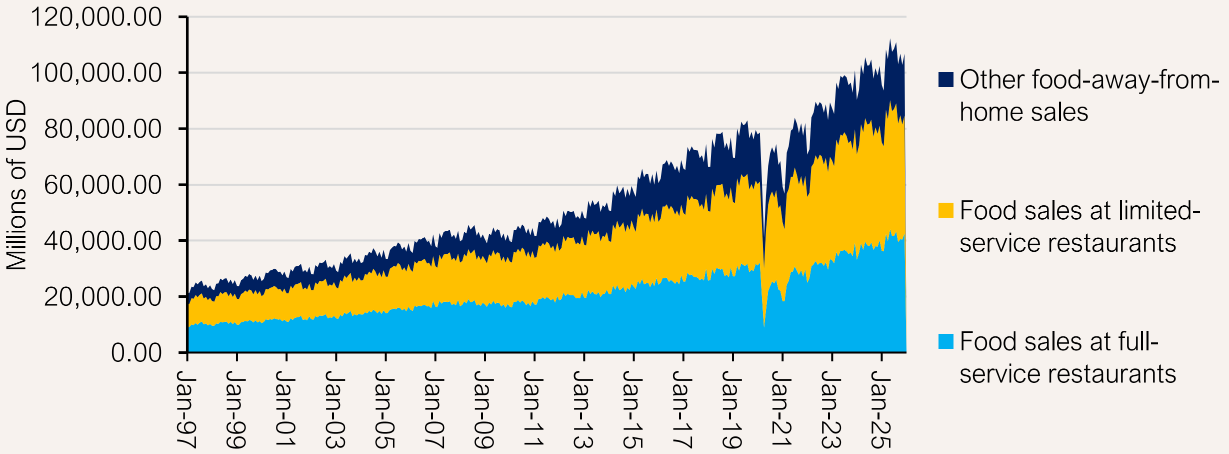


Food-At-Home vs. Away-From-Home Growth

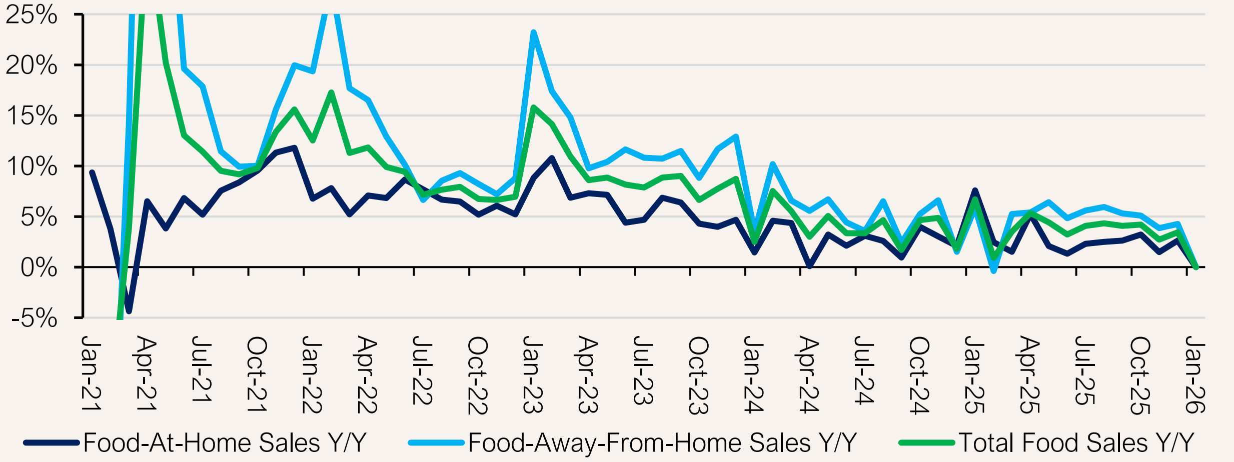


*y-axis constrained to avoid pandemic skew

Monthly Food-Away-From-Home Sales by Outlet

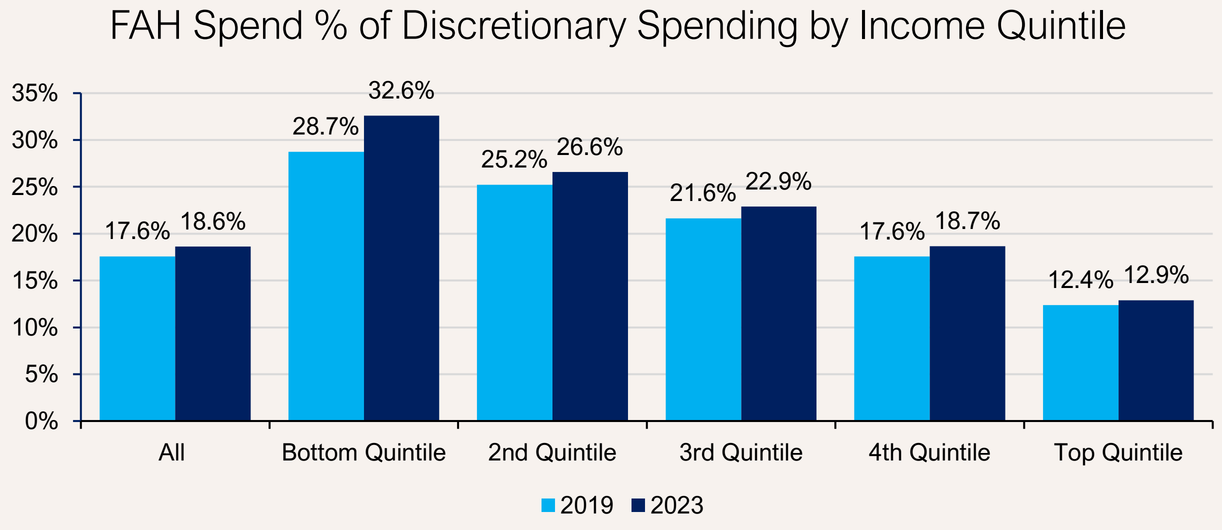


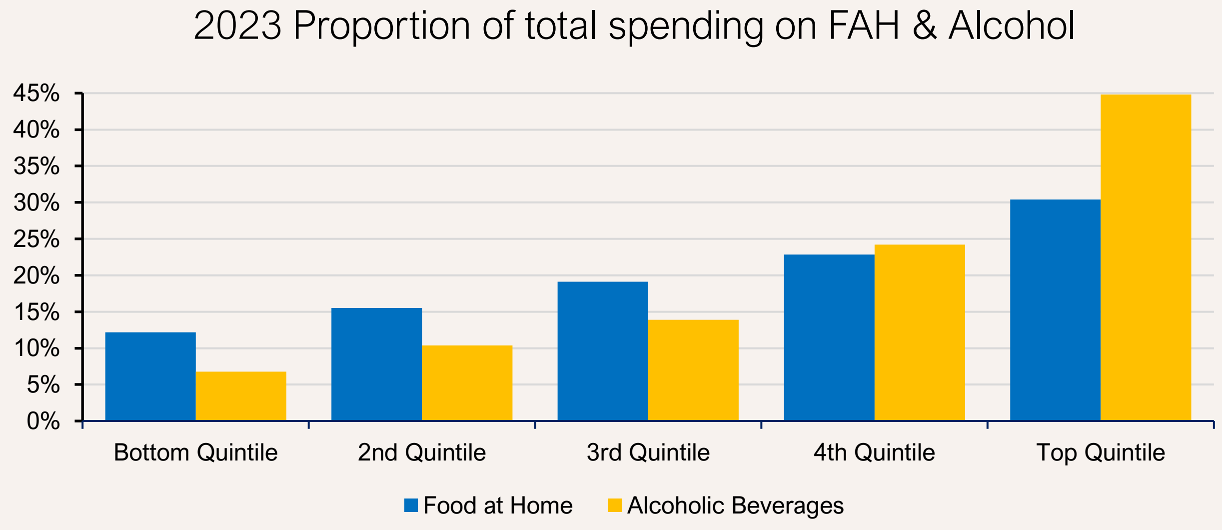
Short Term Food Sales Growth

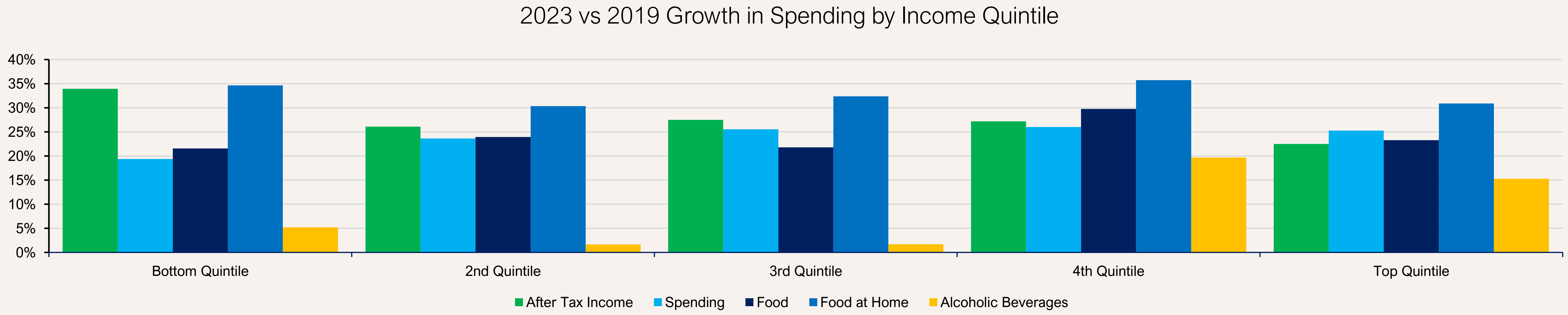


Optimal Advisory Analysis, USDA, Economic Research Services

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

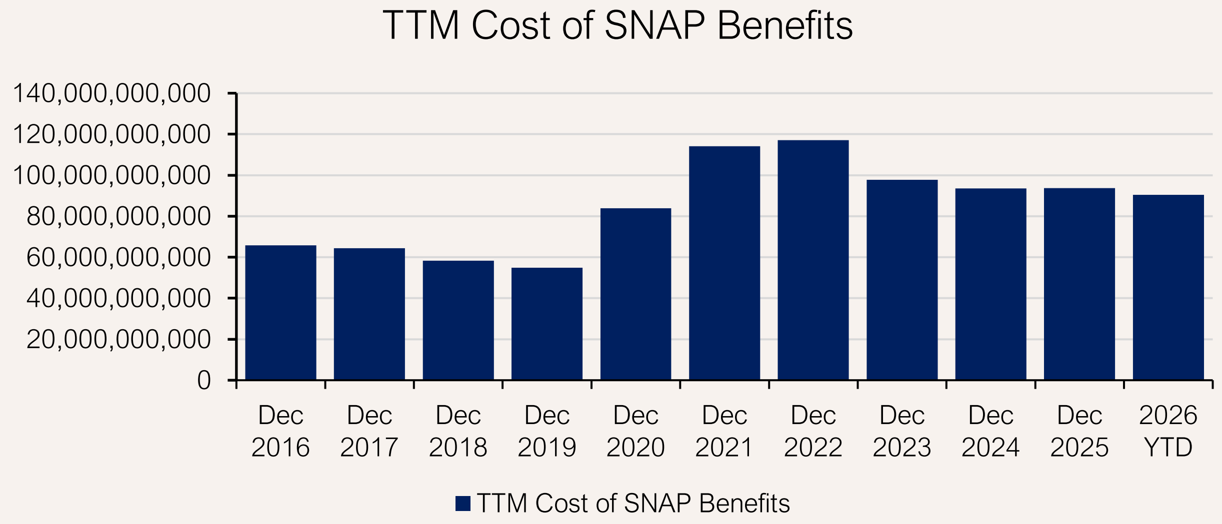


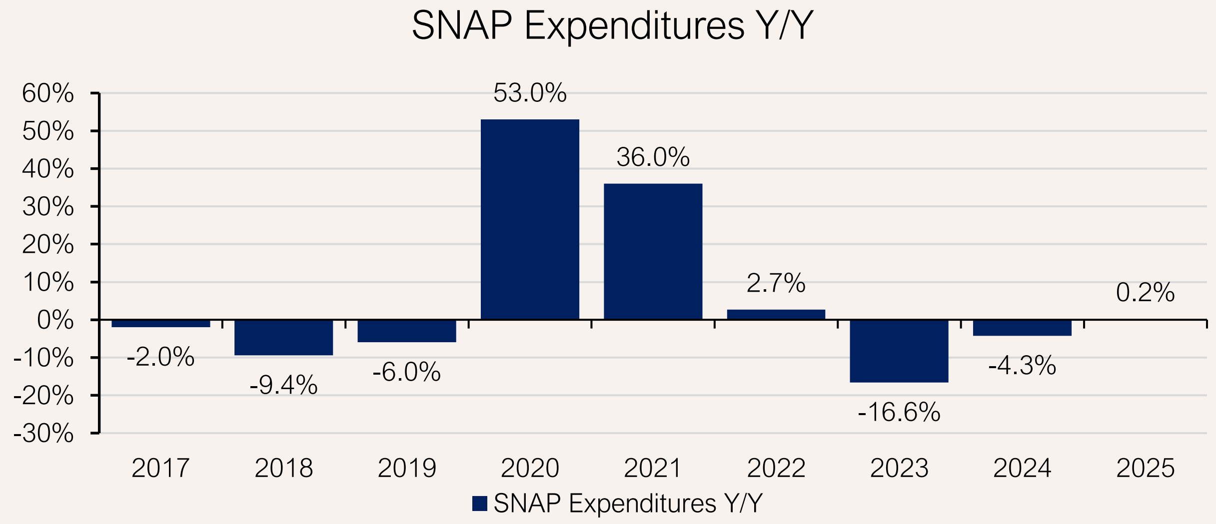


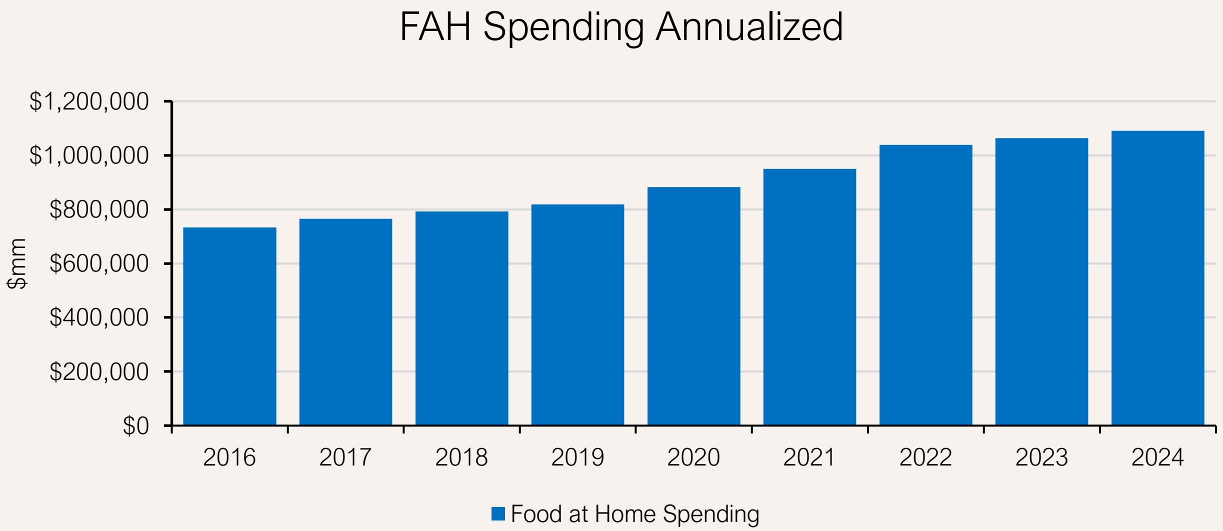


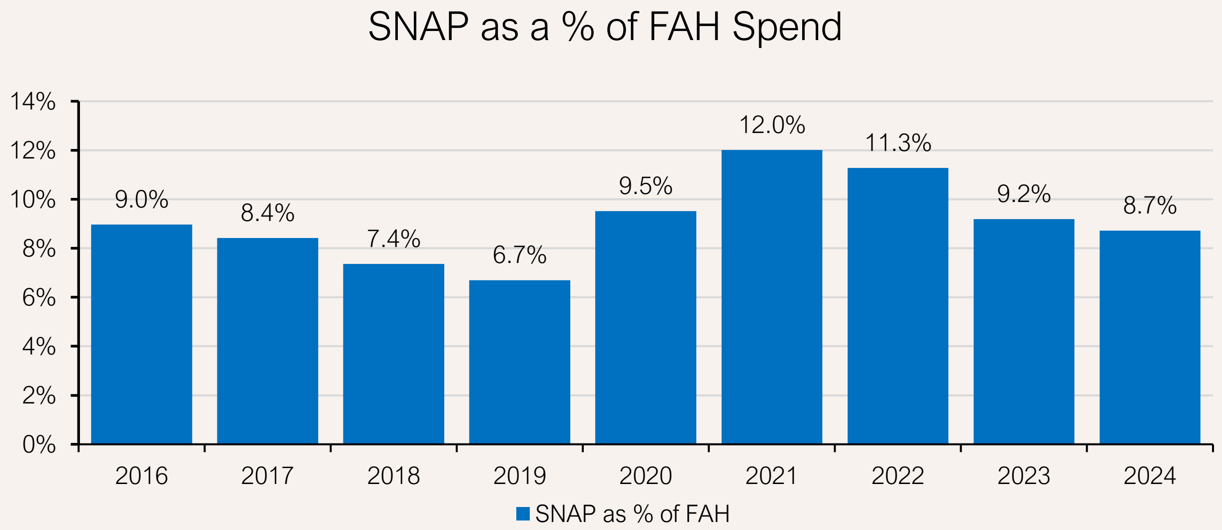
Optimal Advisory Analysis, USDA, Economic Research Services

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



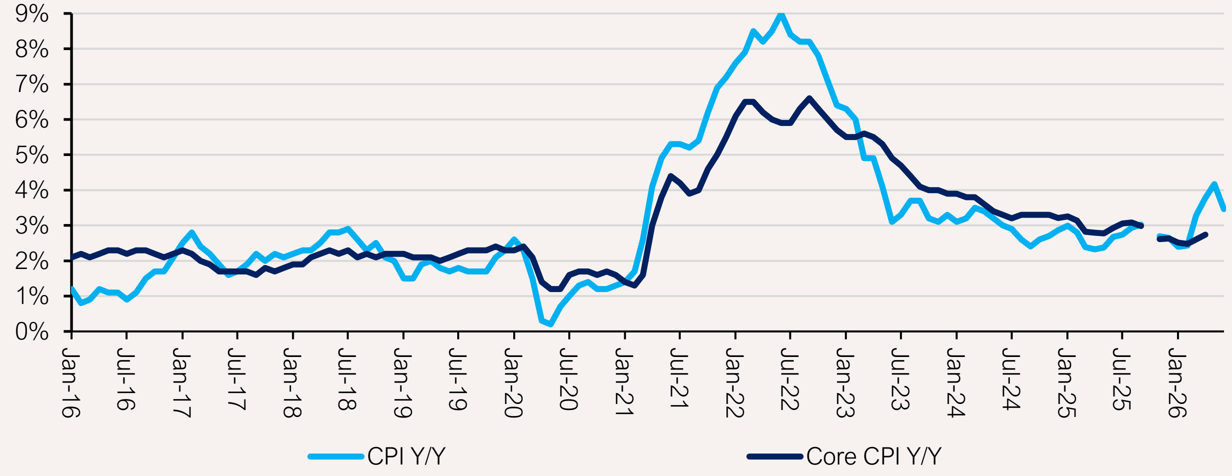




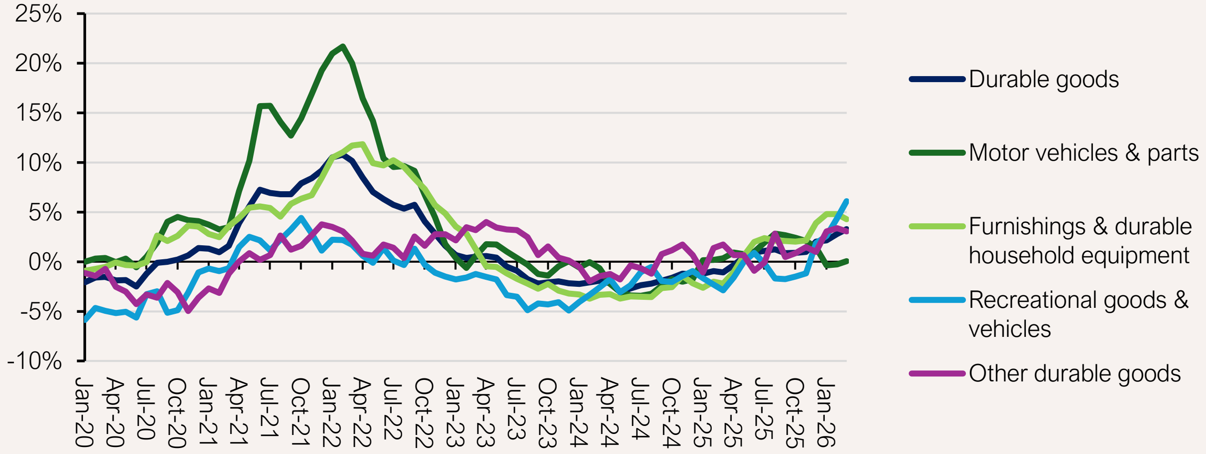


Headline CPI lower m/m but still elevated at +3.5%. PCE price index for gasoline beginning to capture higher energy prices, gasoline up +41% y/y in May.

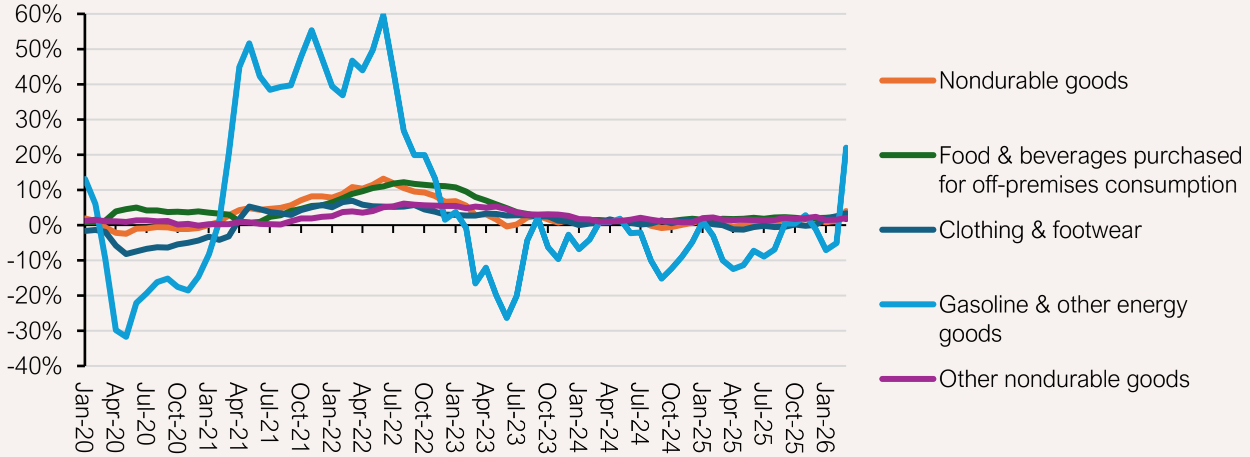
Consumer Price Index



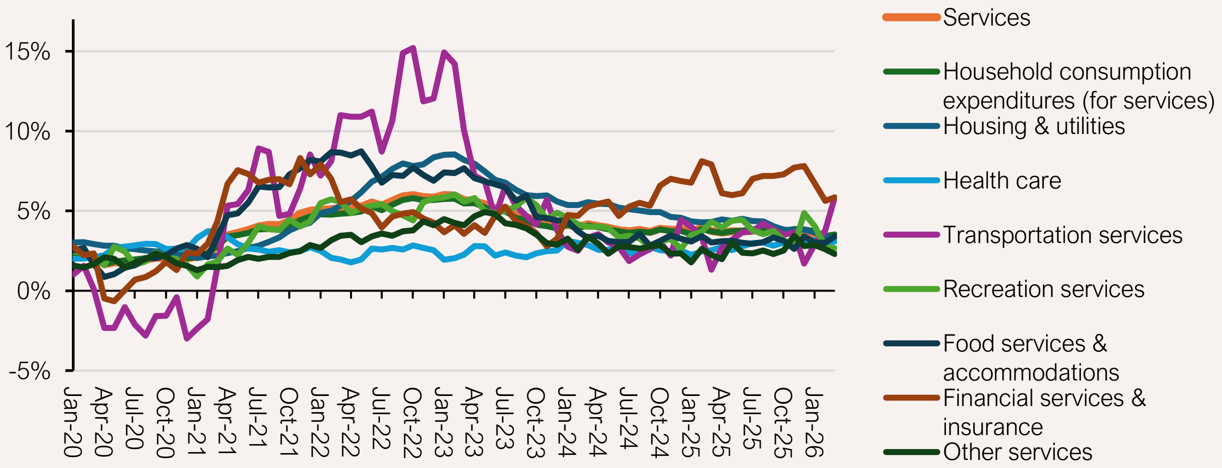
PCE Price Index: Durables



PCE Price Index: Nondurables



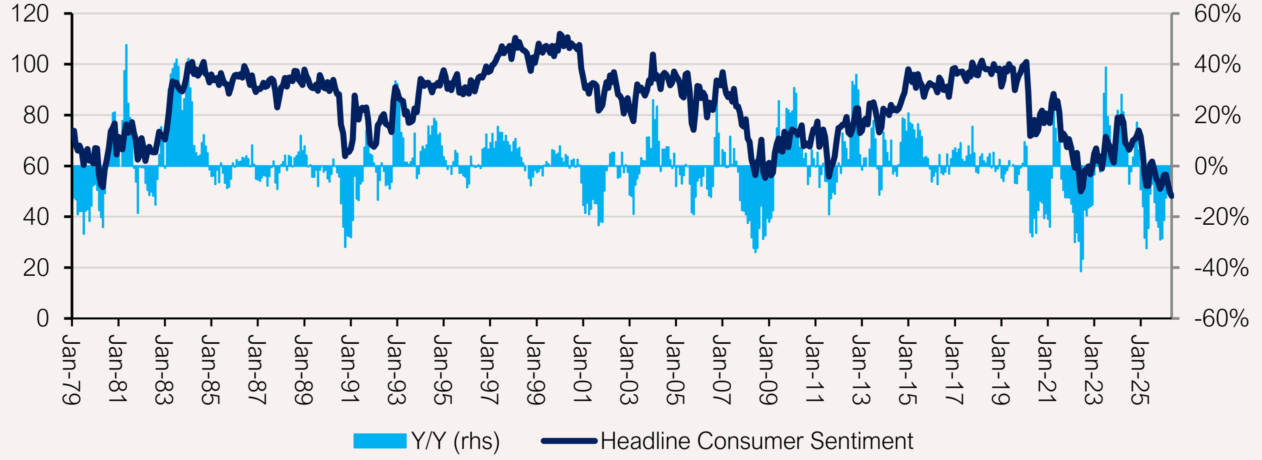
PCE Price Index: Services



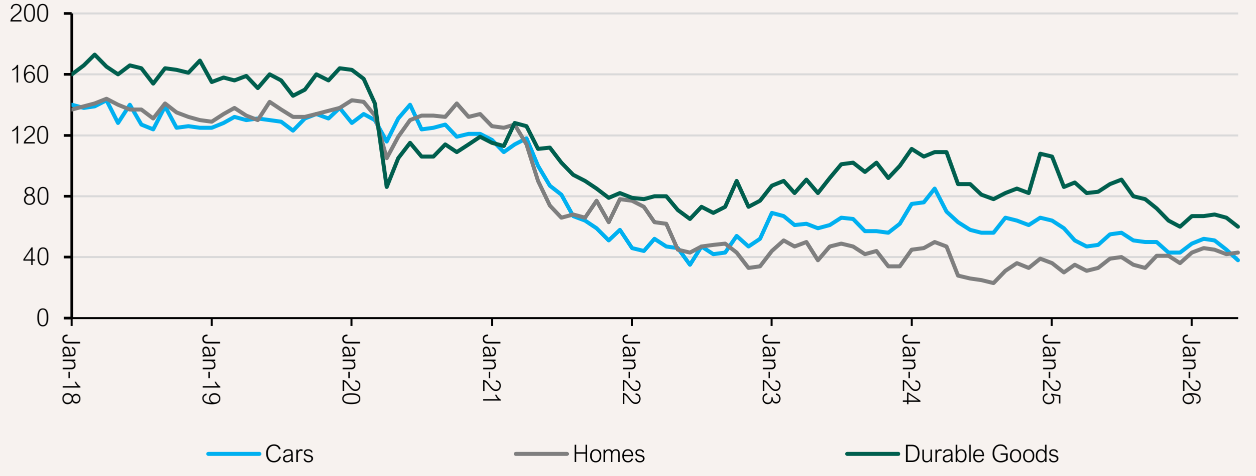
Optimal Advisory Analysis, BEA, BLS

Preliminary headline Sentiment for July at 54.4, up from ALL-TIME LOWS just 2 months ago and down -11.8% y/y. Recoveries are particularly strong among age 55+ (-4.3% y/y) and higher-income (-10.7% y/y) respondents.

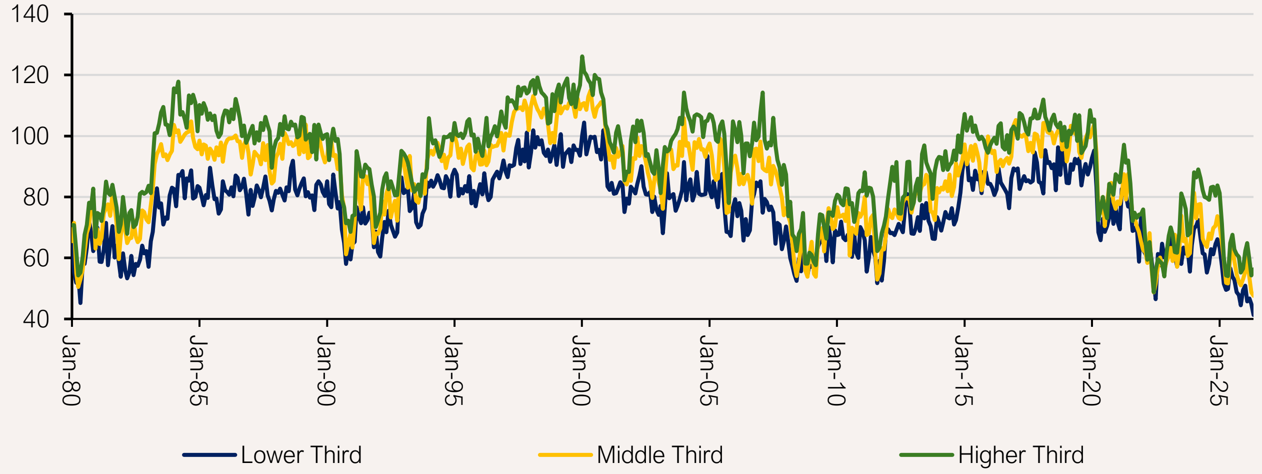
Headline Consumer Sentiment



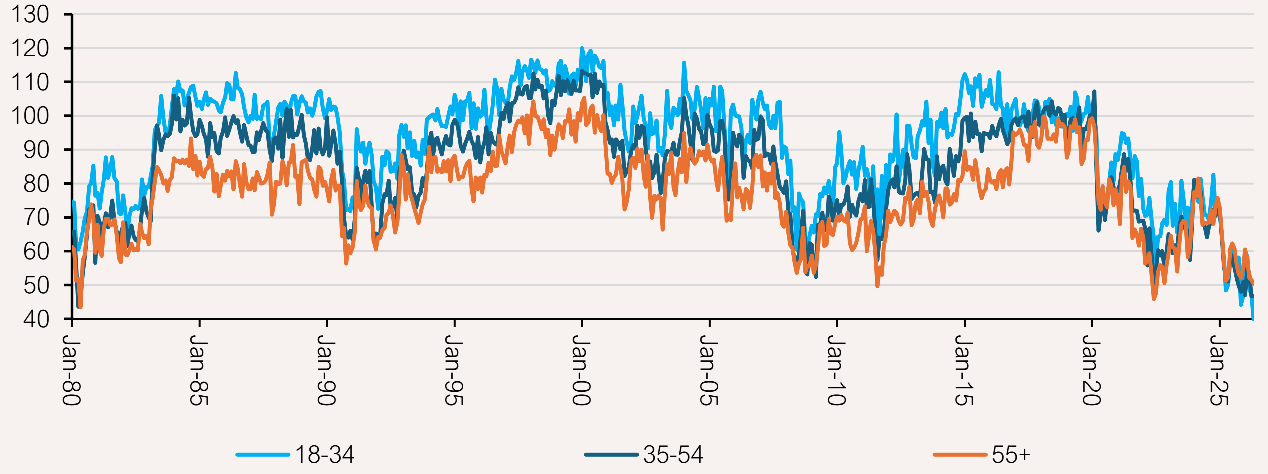
Purchasing Conditions



Consumer Sentiment by Income Terciles



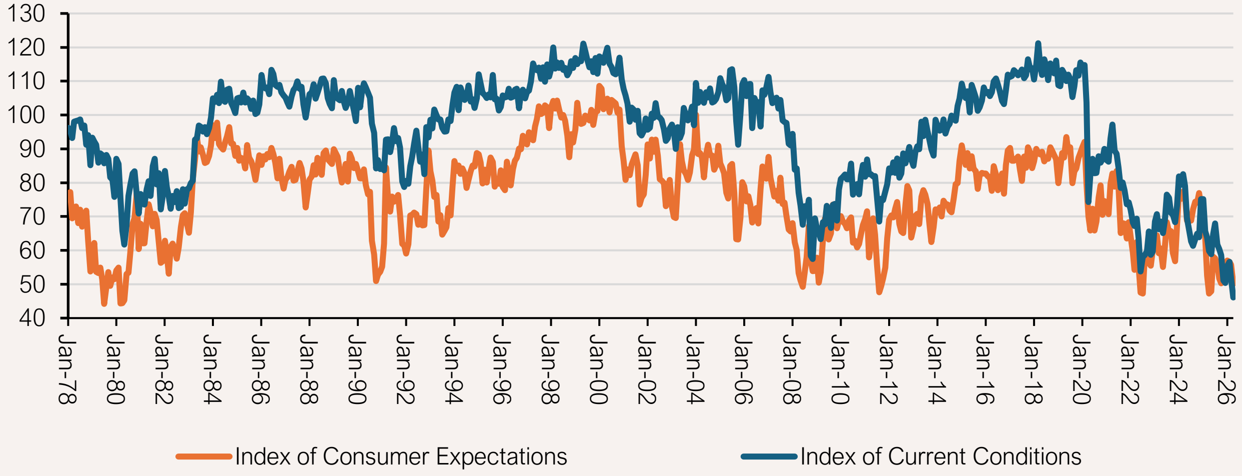
Consumer Sentiment by Age



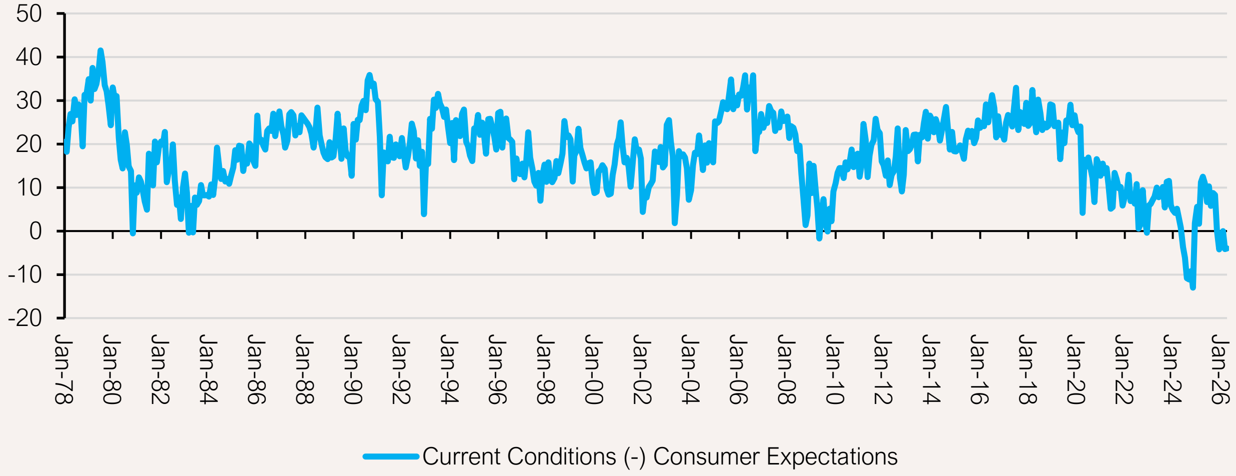
Optimal Advisory Analysis, University of Michigan Consumer Sentiment Survey

Consumer expectations & reported current conditions have improved the past 2 months into July. Durable goods buying conditions continue to be the largest source of pessimism, running down -23% y/y.

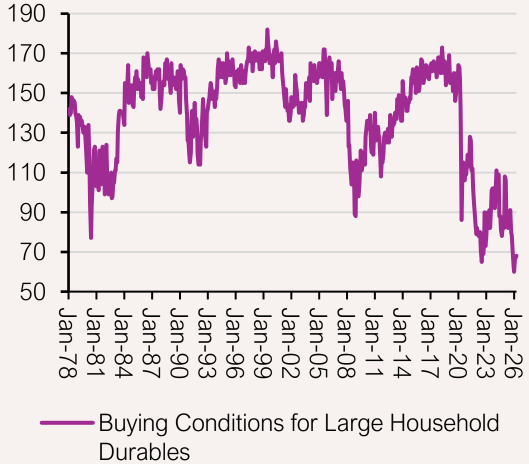
Expectations vs. Current Conditions

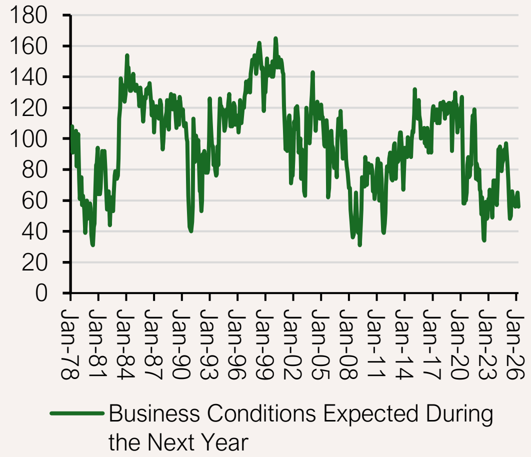


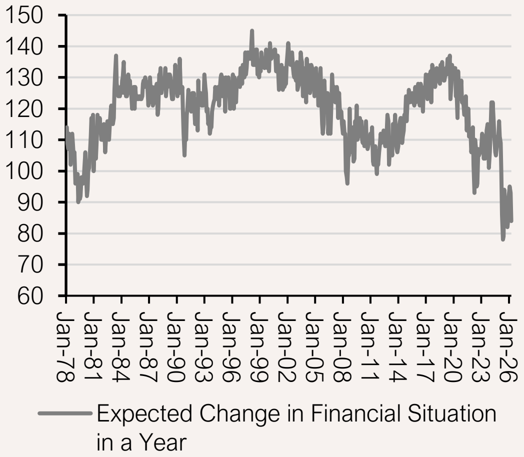
Current Conditions - Expectations

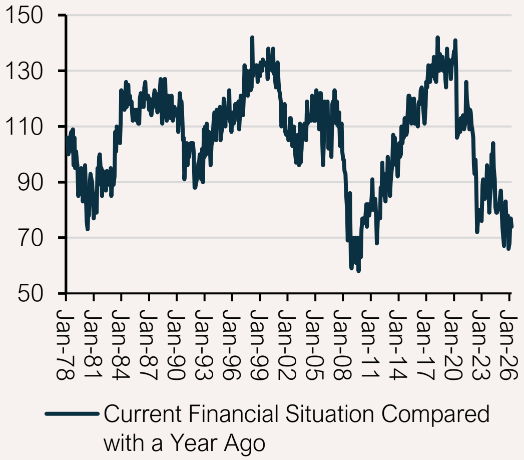


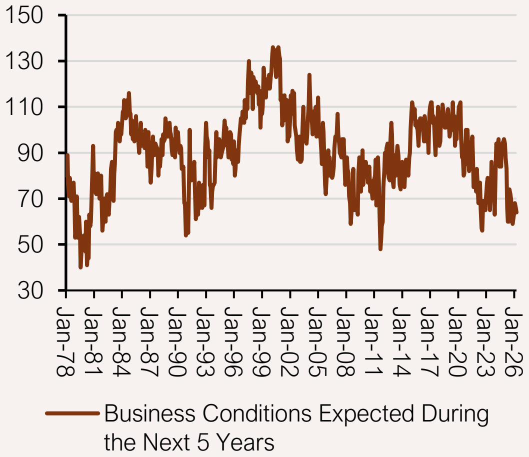
Components of Consumer Sentiment









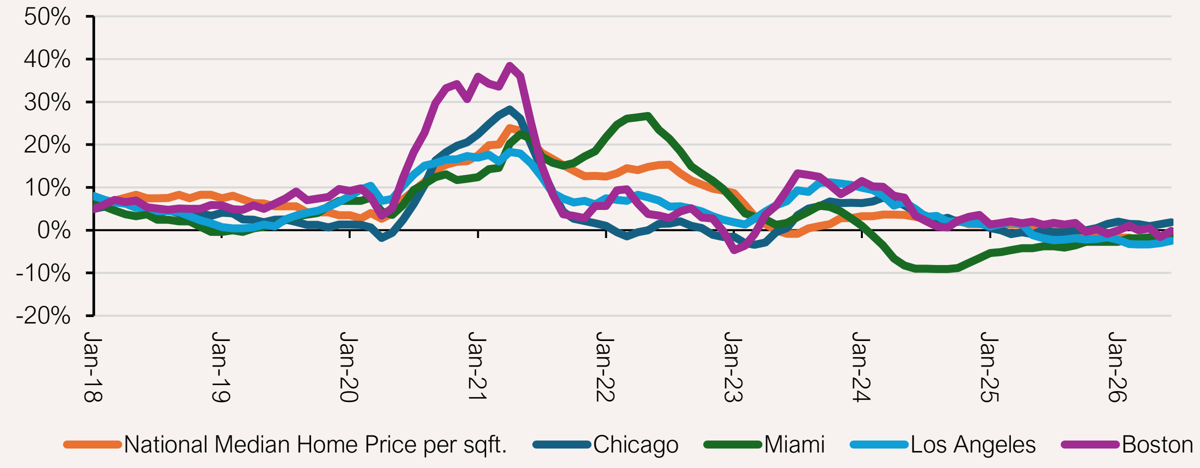


Optimal Advisory Analysis, University of Michigan Consumer Sentiment Survey

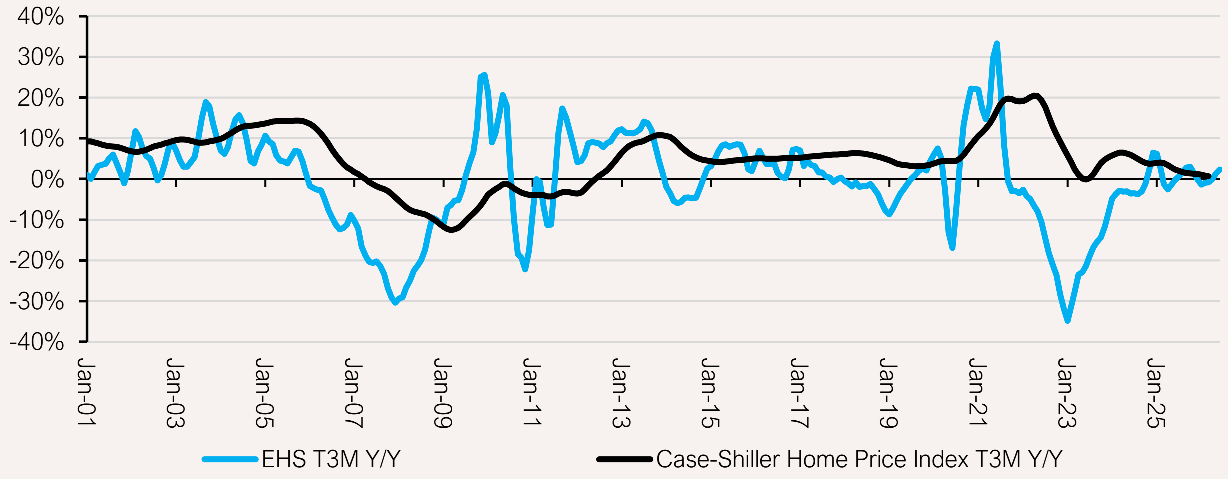
OPTIMAL

Mortgage rates have turned sharply higher as energy drives interest rate increases, stifling housing velocity. Roughly 18% of US GDP is related to the selling, building, fixing, lending, and furnishing of homes.

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.
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%	-1.0%	5.2%	0.4%	-0.6%	0.1%
Feb-26	1.0%	4.9%	-2.4%	-1.3%	-0.9%	-0.3%	4.9%	0.5%	-0.7%	-0.2%
Mar-26	2.4%	5.9%	-2.0%	-1.5%	-1.7%	0.9%	4.4%	0.9%	0.3%	-0.2%
Apr-26	2.5%	6.3%	-1.8%	-1.8%	-0.6%	1.0%	3.9%	1.0%	1.3%	0.1%
May-26	2.7%	6.9%	-1.6%	-1.9%	0.6%	1.8%	4.0%	1.1%	2.3%	0.8%

Optimal Advisory Analysis, Realtor.com, National Association of Realtors, S&P Global Indices

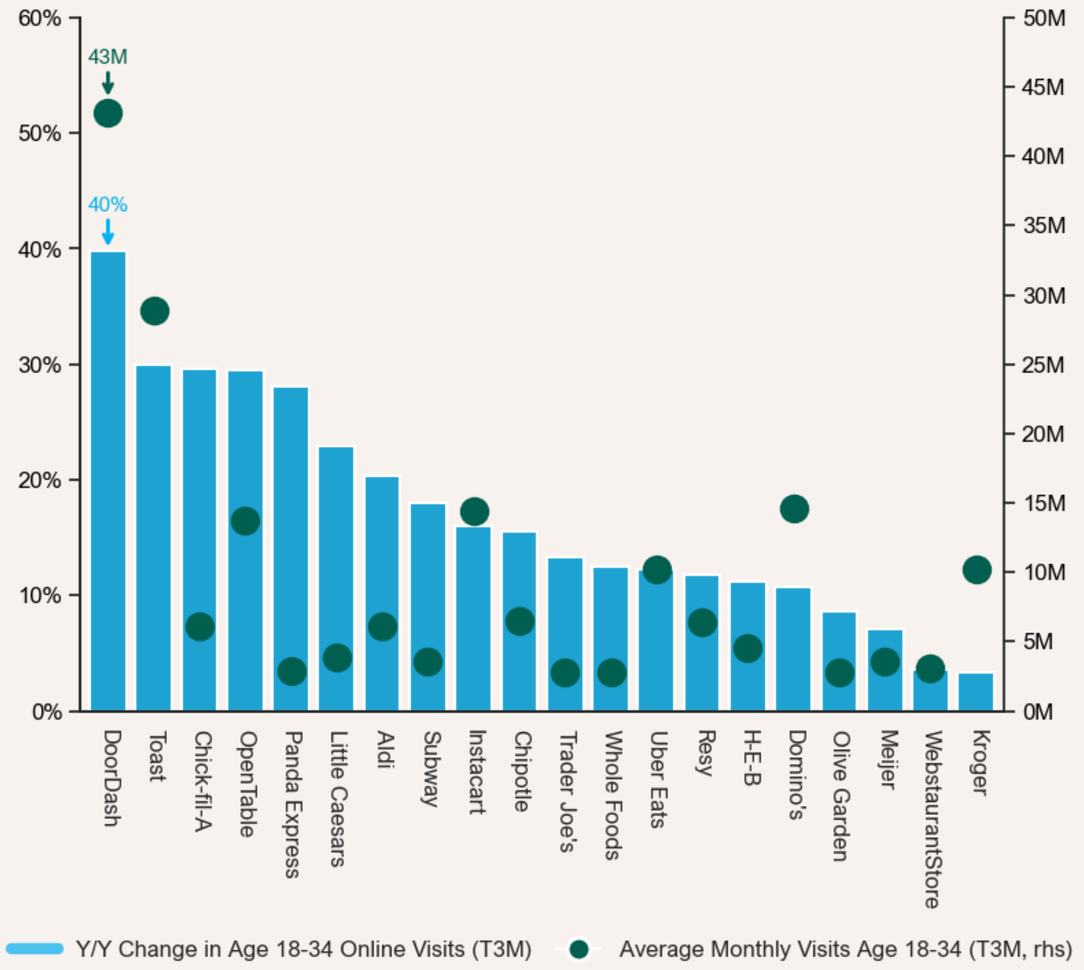
Section 07

Digital Inflections

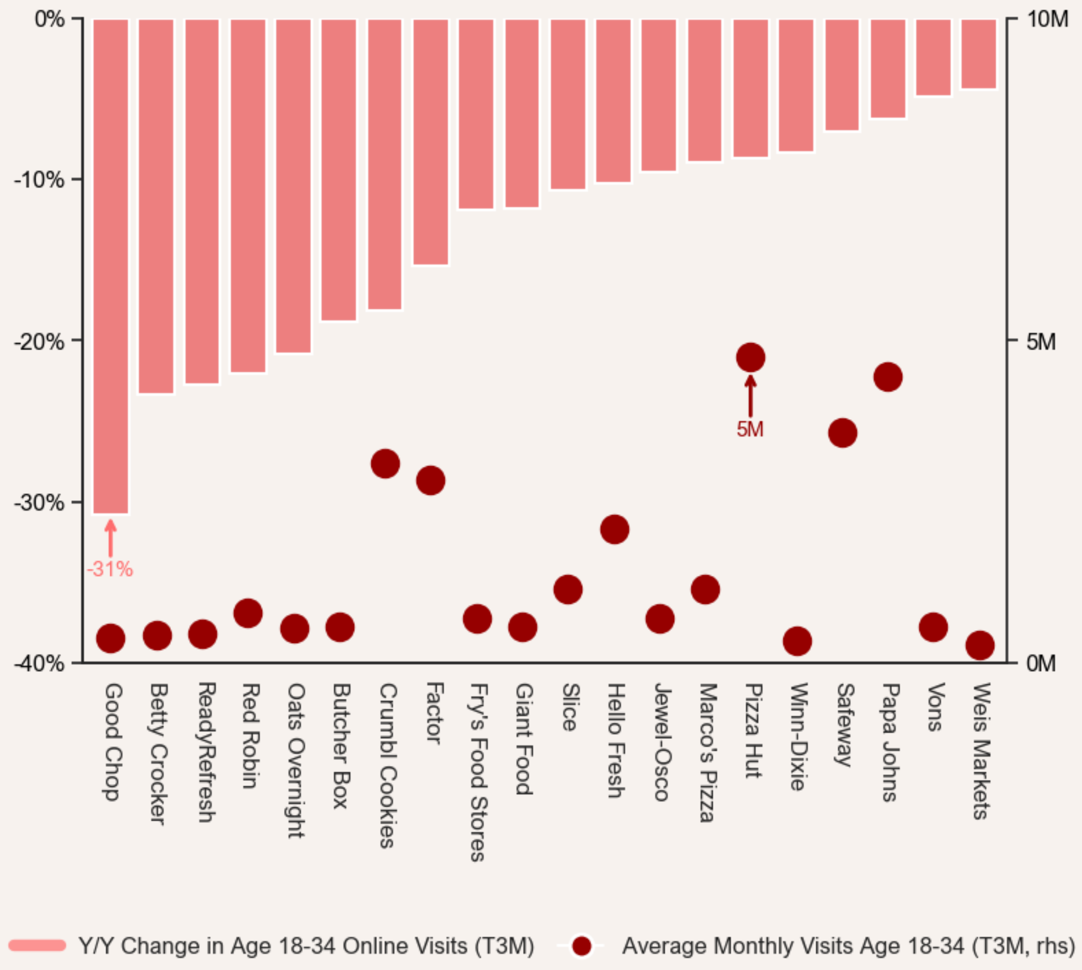
OPTIMAL

Digital Traffic Breakouts & Breakdowns: Age 18-34 digital traffic to DoorDash, Toast, Chick-fil-A, OpenTable, & Panda Express is breaking out, and is breaking down for Crumbl Cookies, Factor, Hello Fresh, Pizza Hut, Safeway, & Papa Johns.

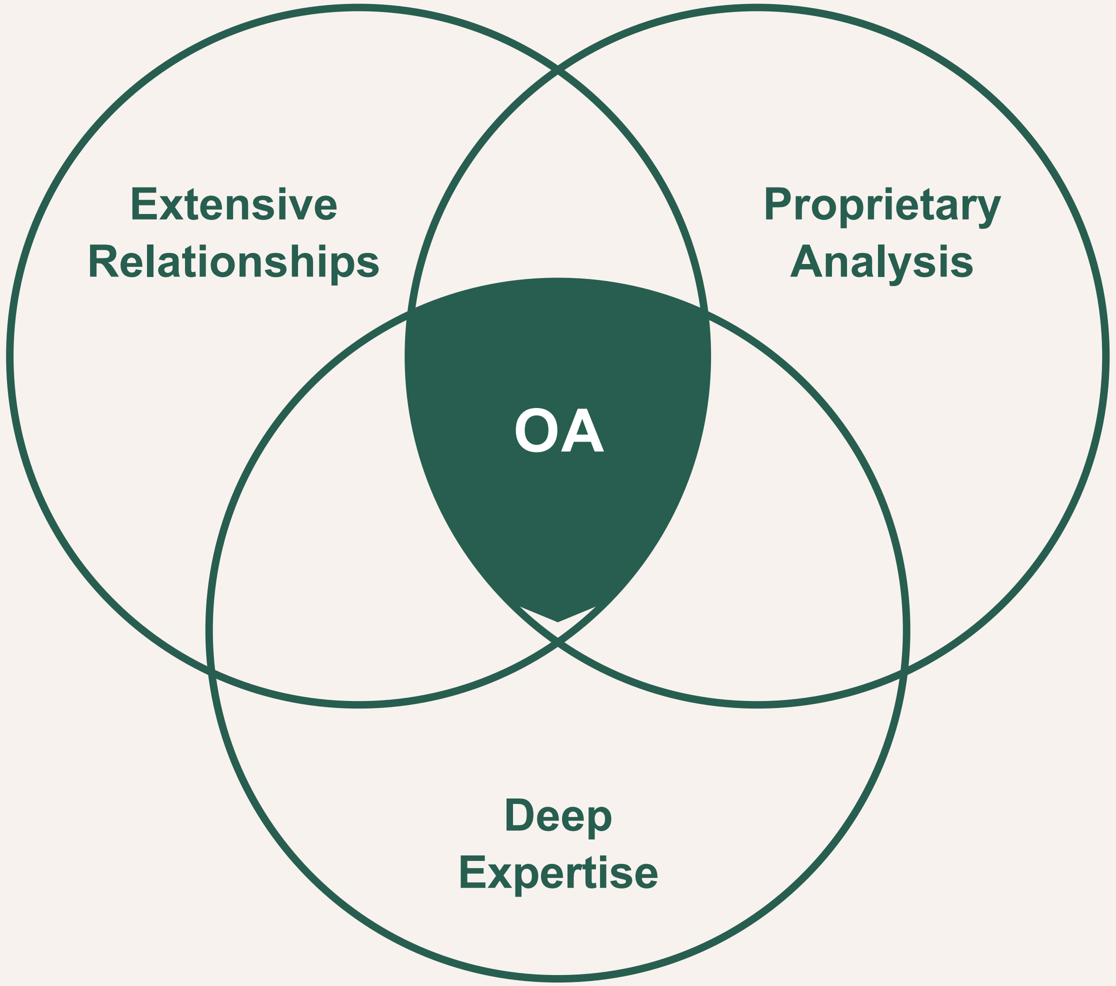
Age 18-34 Digital Brand Breakouts



Age 18-34 Digital Brand Breakdowns



Optimal 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 sectors