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Industry Report

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Industry Insights

Chess Not Checkers: Opening Move



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The Reprise

On April 29, 2026, we published our industry report titled Industry Insights: Time for Chess, Not Checkers. In the report, we argue that it is time to play chess, not checkers, in the consumer packaged goods (CPG) industry. Our point is a reckoning has happened, and CPG companies need to consider bolder moves to help companies better address sea-changing consumer preferences and a variety of pressures on profitability. They also will need to lean into the current more-lenient regulatory environment, lack of public market excitement and low earnings multiples, and the presence of businesses, brands, and combinations that could benefit from M&A activity.

We also acknowledged that after years of soft absolute price performance for the sector, it is tempting and intellectually easier to assume the bear market in CPG, and particularly food stocks could persist in perpetuity. However, we encouraged investors to remain engaged, as historical precedents, plausible catalysts, and valuation conditions lent credence to the idea that sector bear markets do come to an end; risk/reward profiles for the sector as a whole and individual names were improved.

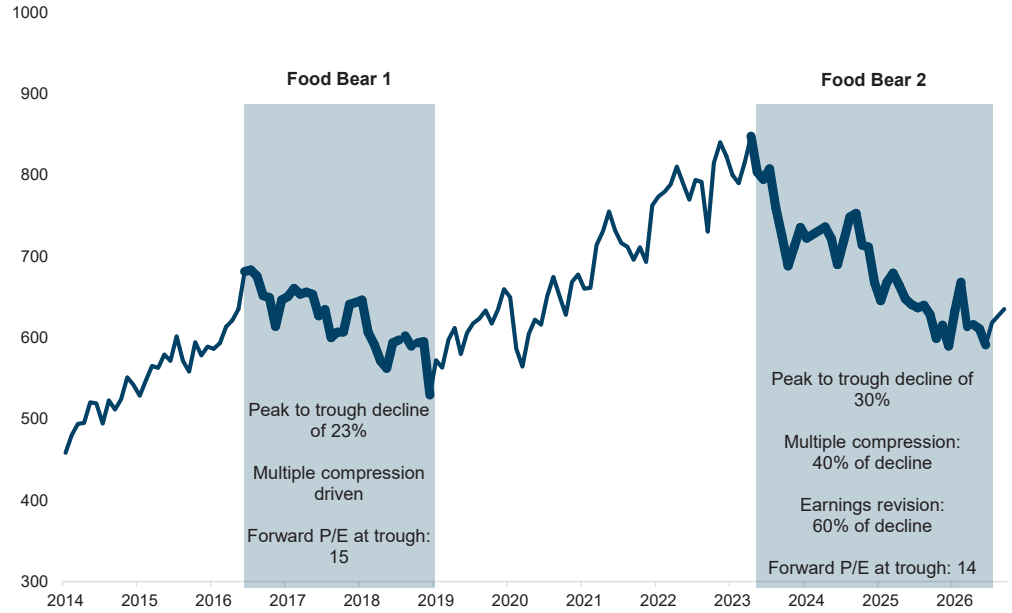
Since April 2026, the data has been mixed. For example, while the food and household and personal care subsector indexes are up, both still lag the broader market, and it remains too early to determine whether the recent increase will prove more durable, as there have been false starts and short-lived rotations during this latest CPG sector bear. Still, in our original April report, we saw potential in owning certain stocks and recommended two baskets of names: "fallen angels" and "self helpers," which have produced total returns of 18% and 9%, respectively, both above the S&P 1500 composite index return of 8% since that time.

In this first reprise of our initial report, we update sector performance and valuation, industry actions, exogenous events, consolidation (M&A activity), selected stock performance, and investment ideas since publishing our points of view.

Sector Performance

As we outlined in our original report using data over the past 20 years, all sectors experience bear markets, and one rarely knows the combination of events that serve to force a sector from bear to bull. CPG is no exception, as the food subsector experienced bear runs from 2017 to 2019 and 2023 to 2026, with the latter so far registering a peak-to-trough decline of 30%. Also in our original report, we noted the recent CPG sector and, more specific, food subsector bear was ushered in by a range of factors—some within and some outside the industry's control—including the COVID effect, macro factors, market dynamics, and industry inertia.

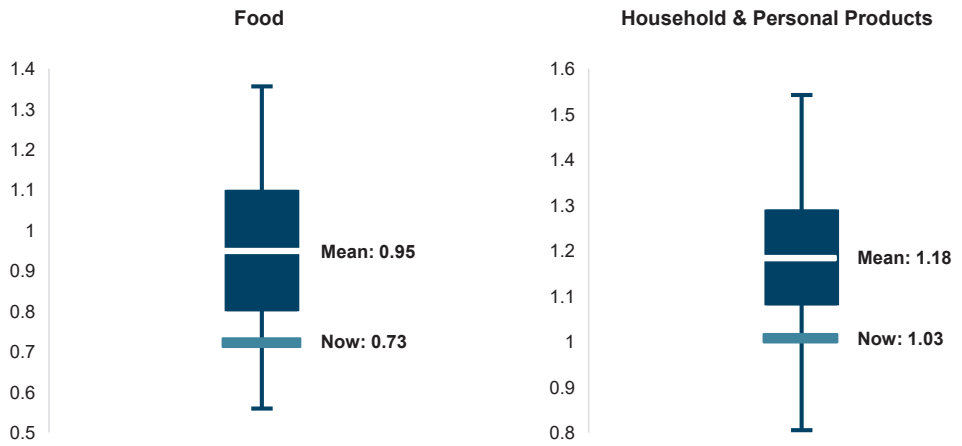
Exhibit 1
Industry Insights
Food Subsector Index Price



Sources: FactSet and William Blair Equity Research

As is typical, the latest CPG sector declines have been driven by both downward earnings revisions and valuation multiple compression. As of April 2026, the relative P/E multiples of the food and household/personal products subsectors fell in their lowest quartiles and near trough levels of the past 20 years. Despite some improvement in the overall price performance of the CPG sector and, more notably, the food subsector since our original report, the relative P/E multiple of the food subsector remains similarly depressed in its lowest quartile.

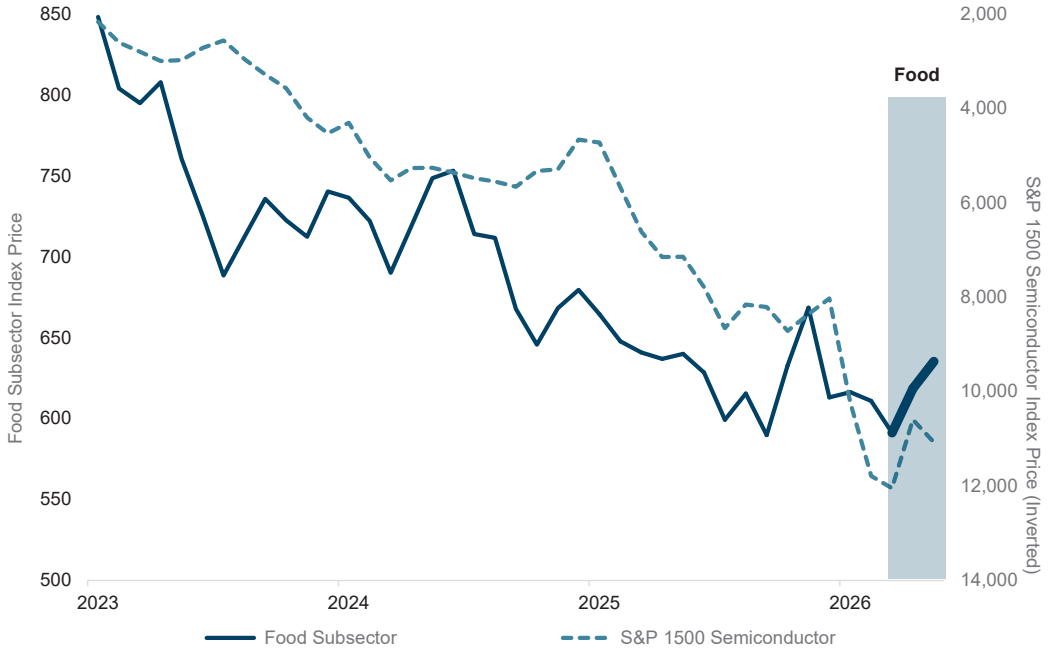
Exhibit 2
Industry Insights
CPG Subsector Valuations



Note: Values represent the premium or discount of the sector P/E multiple relative to the S&P 1500 P/E multiple.
Sources: FactSet and William Blair Equity Research

In our original report, we posited that all sector bears, regardless of industry, eventually come to an end, and when they do, subsequent returns have often proved quite positive. Since our initial report, the price of the food subsector has moved higher by about 4%; while this is lagging the return on the S&P 1500 over the same time frame, it is encouraging in that it has shifted positive and may reflect the beginnings of a broadening out of the market and perhaps mean reversion of valuation multiples. Still, it remains too early to determine whether this recent increase will prove more durable, as there have been false starts and short-lived rotations during this latest CPG sector bear. For example, as shown in exhibit 3, the performance of the food subsector has been inversely correlated to that of the semiconductor industry, suggesting the power of the (AI) market narrative retains primacy.

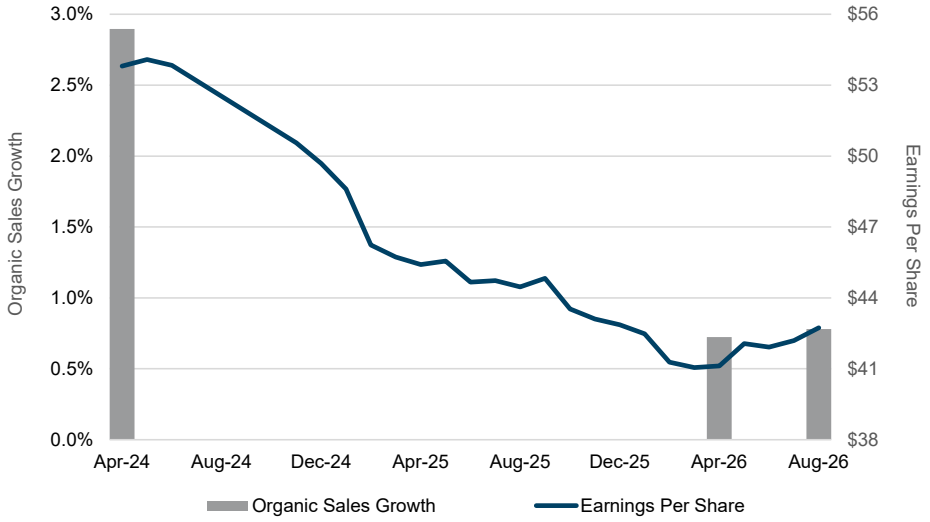
Exhibit 3
Industry Insights
Food Subsector Index Price



Source: FactSet and William Blair Equity Research

Also in our original report, we suggested that historically low valuations for CPG and, more specific, the food subsector, support the view of improved risk/return relationships, while acknowledging that the reliability of the earnings estimates underpinning the multiples was also central to the proposition. At that time, we expressed some optimism that the significant multiyear reset (or reduction) in consensus sales growth and EPS estimates for the food subsector meant that Street expectations would better reflect industry fundamentals. While early, since April 2026 we have seen some green shoots with stabilization (even modest improvement) in organic sales growth and EPS estimates for full year 2026.

Exhibit 4
Industry Insights
Food Subsector Consensus Estimate Revisions

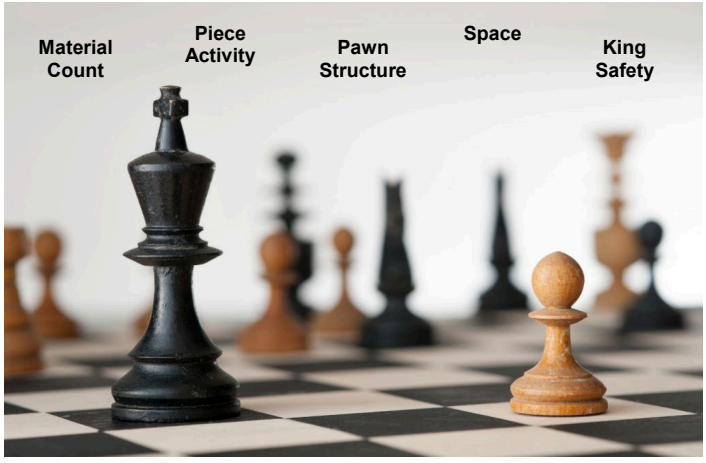


Note: EPS are for food subsector of S&P 1500. Organic sales growth is average of 12 large-cap food companies.
Sources: FactSet and William Blair Equity Research

Industry Actions

In our April 2026 report, we made it clear that low valuation likely would need to be coupled with bolder actions by industry participants, as well as more favorable macro and market dynamics, for the CPG sector to emerge from its multiyear bear slumber. Also in our original report, we discussed five distinct chess strategies to help frame potential moves by industry participants seeking to improve the fundamentals and their fortunes in the CPG industry. Below, we revisit five main chess strategies and discuss recent relevant actions taken by companies to help combat industry inertia.

Exhibit 5
Industry Insights
Strategy Updates for CPG



Source: Getty Images

I. Material Count (more resources)
A player that knows the total piece value for each player can trade pieces to enter a winning endgame. The CPG equivalent is to add businesses, brands, and capabilities that total greater than the sum of the individual parts.

- ***Procter & Gamble*** announced plans to acquire Thorne HealthTech for $3.8 billion, a move that expands its personal healthcare business, improves its ability to meet growing consumer interest in self-care and prevention, and strengthens its position in premium personalized wellness with a science-backed brand.

- ***Ferrero*** agreed to purchase Purely Elizabeth for $850 million, a deal that supports Ferrero's "better for you" pivot and builds on Ferrero's 2025 acquisition of WK Kellogg and its breakfast-oriented wellness brands.

II. Piece Activity (kinetic assets)
A player with more active pieces has a decision advantage that can lead to a better outcome. The CPG analog is to activate (don't idle) assets, adjusting all aspects of the value proposition to get all assets in the game.

- ***Kraft Heinz*** announced an incremental investment of $600 million for reaccelerating core volumes, and after positive early returns (market share gains) from marketing, innovation, and pricing, it raised the total to $700 million. The company also began innovating for previously idle brands such as Philadelphia, with its first major innovation in years, lactose-free cream cheese, launched July 2026.

- ***Simply Good*** committed to clarify the value proposition (including a meaningful role in a GLP-1 world with consumers seeking weight management benefits), optimize the assortment, and restore marketing support for the idle Atkins brand to rebuild from a stronger core and recruit new consumers.

III. Pawn Structure (aligned levers)
A player with an effective pawn structure has more options to create successful plans. The CPG comparable is to optimize the go-to-market strategy, making each touchpoint with the customer and consumer fit-for-purpose.

- ***General Mills*** oriented its food portfolio around core markets and global platforms and aligned its go-to-market strategies for remarkable experience on superior product, package design, brand communication, omnichannel execution, and value. In fiscal (May) 2026, the execution of this framework successfully stabilized base volumes, expanded household penetration, and allowed the company to hold or grow volume share in 65% of its top U.S. categories in its largest (North America retail) segment.

- ***Primo Brands*** is investing to upgrade all points in the customer journey—from awareness and discovery (omnichannel shelf) to consideration and purchase (unified water.com website), to onboarding and fulfillment (Primo Brands app), to support and maintenance (call center).

IV. Space (wider moat)
A player with more space—squares behind their pawns—has more degrees of freedom to attack or defend. The CPG parallel is to develop superpowers, building differentiated capabilities that are difficult to replicate.

- ***Primo Brands*** is optimizing the customer journey from awareness and consideration (unified online presence), purchase and subscription management (Primo Brands app), fulfillment and service delivery (warehouse management), and retention and support (call center).

- ***Freshpet*** is implementing novel breakthrough technology on its bag production lines, which when scaled should drive gross margin improvement of more than 100 basis points across the entire business. The new technology is also strategic in that it supports better product quality and new forms of innovation that serve a broader range of consumer needs and widen the competitive moat.

V. King Safety (protected core)
A player with a safe king remains in the game, while a player with an unsafe king might get checkmated. The CPG counterpart is to own and protect the core, defining the must-win battles and resourcing them accordingly.

- ***Scotts Miracle-Gro*** unveiled SMG 2.0, its new strategic plan designed to focus and elevate its core lawn and garden business, drive household penetration, and deliver consistent profitable growth through consumer-led innovation, value-added branded products, digital marketing and commerce, and operational efficiency.

- ***Vital Farms*** elected to wind down its butter business and concentrate resources behind its core pasture-raised eggs, narrowing its focus and reinforcing areas where it possesses the greatest competitive advantage.

Leadership Changes
In our original report, we also noted that the industry has been experiencing a leadership reset. Among the top 50 global consumer products companies, 15 new CEOs—including at Coca-Cola, Procter & Gamble, and Kraft Heinz—were announced or took office in 2025, the highest turnover in many years. The trend has continued in 2026, with CEO changes at companies as diverse as Hormel, BellRing, Scotts Miracle-Gro, Tyson, Clorox, Conagra, and Simply Good Foods.

Exhibit 6
Industry Insights
Select Leadership Changes in CPG

Name	Company	Ticker	Position	Join / Depart	Date Announced	Date Effective
Ash Bhumbla	Hormel Foods	HRL	CFO	Join	8/25/2026	9/6/2026
Eric Hanson	Celsius	CELH	COO	Depart	8/10/2026	8/10/2026
John Ghingo	Hormel Foods	HRL	CEO	Join	7/28/2026	10/26/2026
Jeff Ettinger	Hormel Foods	HRL	CEO (Interim)	Depart	7/28/2026	10/25/2026
Michael Axelrod	BellRing Brands	BRBR	CEO	Join	7/8/2026	7/29/2026
Nate Baxter	Scotts Miracle-Gro	SMG	CEO	Join	6/29/2026	6/29/2026
Scott Morris	Freshpet	FRPT	President	Depart	6/24/2026	10/20/2026
Rafael Oliveira	Keurig Dr Pepper	KDP	CEO, Coffee	Depart	6/23/2026	7/1/2026
Abigail Buckwalter	Ocean Spray Cranberries	N/A	CEO	Join	6/22/2026	NA
Amit Banati	Mondelez International	MDLZ	COO	Join	6/15/2026	7/1/2026
Luca Zaramella	Mondelez International	MDLZ	COO	Internal	6/15/2026	7/1/2026
Jeff Schomburger	Tyson Foods	TSN	CEO	Join	5/28/2026	10/4/2026
Donnie King	Tyson Foods	TSN	CEO	Depart	5/28/2026	10/4/2026
Linda Rendle	Clorox	CLX	CEO	Depart	5/28/2026	NA
Dana McNabb	General Mills	GIS	COO	Internal	5/6/2026	6/1/2026
John Brase	Conagra	CAG	CEO	Join	4/13/2026	6/1/2026

Note: Select leadership changes since publication of our original report on April 29, 2026.
Source: William Blair Equity Research

Exogenous Events

For the CPG sector to convincingly exit the bear and translate the recent (although modest) rise into a sustained increase, it is likely to require assistance from additional influences outside the direct control of industry participants. These include 1) macro factors affecting the consumer, costs, and capital allocation; 2) market narratives affecting sector appeal and weighting; and 3) perhaps a revival of interest in the group resulting from new public companies (IPOs) and/or activist investors.

Macro Factors

Consumer confidence is a concern. When we published our original report, The University of Michigan survey of U.S. consumer sentiment in April 2026 registered at 49.8, near the all-time low in its 70-year-plus history, with pessimism across demographics, income levels, and political affiliations on concerns over the Iran conflict, surging energy prices, personal finances, and fear of sustained inflation. While this measure is slightly improved as of August 2026 at 51.0, it remains depressed and well below the 10-year average of 77.1.

Oil prices are also a major consideration given the potential impact on consumer spending and corporate costs. Oil prices (per barrel) in April 2026 stood at about $110, reflecting early concerns about the intensity and duration of the Iran war and the related impact on global supply due to constraints trafficking the Strait of Hormuz. While oil prices have subsequently eased as of this writing to about $90, prices remain volatile (with the conflict in the Middle East ongoing) and above the 10-year average of $70.

While it appears the Fed rate tightening cycle of the 2020s—and the sector rotations out of bond proxies that usually accompany them—is complete, persistent inflation above long-term target has, at a minimum, shifted market observers and likely some at the Fed toward a slightly more hawkish stance. In addition, the recent erosion in Treasury bond prices demonstrates the limitations the Fed has in controlling long-term interest rates. The 10-year Treasury rate in April 2026 was 4.4% but is now closer to 4.7% and near the 10-year high of 4.9%.

Exhibit 7
Industry Insights
Macro Factors

	Current	Original Report (April 29, 2026)	Average	Min	Max
Consumer Confidence	51.0	49.8	77.1	44.8	101.4
Oil Prices (Brent per bbl)	$90	$110	$70	$26	$116
Interest Rates (10 year)	4.7%	4.4%	2.9%	0.5%	4.9%

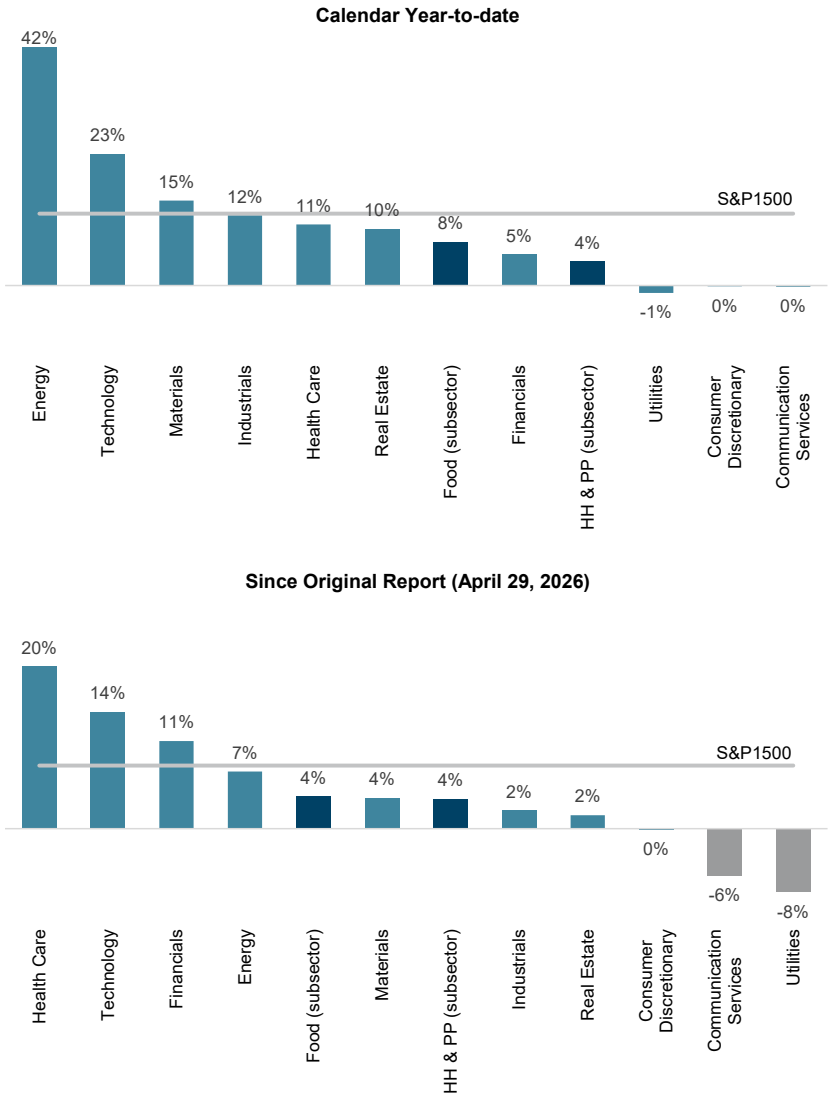
Sources: FactSet, University of Michigan Consumer Sentiment Index, William Blair Equity Research

Market Narratives

For some time now, CPG has not been on the right side of the sector rotation game, although we believe this eventually will change. While hard to know impact and duration, market narratives tend to have defined lifecycles. Current powerful plotlines such as AI and the electrification economy have driven overweight and year-to-date outperformance in sectors such as energy and technology.

Still, since our original report in April 2026, there has been greater focus on the capital required to fund the AI buildouts and the eventual returns on those investments, as well as some additional valuation scrutiny, causing some broadening out of returns across sectors—evidenced by leading returns in other sectors such as healthcare and financials. Lastly, while the U.S. has not experienced a formal recession since the Great Recession of 2008 and 2009, we posit economic cycles still exist and defensive sectors (like CPG) will continue to benefit from sector rotation during late-cycle or recessionary times.

Exhibit 8
Industry Insights
Total Returns by Group



Note: Sectors are based on Global Industry Classification Standard (GICS) applied to the S&P 1500.
Sources: FactSet and William Blair Equity Research

Sector Interest
With many legacy players in transition, new public equities or companies with incremental capital to put to work could help spur renewed interest in the CPG sector. In February 2026, Once Upon a Farm completed its IPO (see our initiation report: Poised to Garner More Parent Purchases; Initiating at Outperform), marking the first time a growth (consumer) staple company has gone public in about five years. In June 2026, Mama's Creations raised nearly $100 million via an underwritten public offering in part to fund potential acquisitions of complementary business to help achieve its vision of becoming the national one-stop shop for deli-prepared solutions. A set of growing CPG businesses and brands entering public equity markets for the first time or to raise incremental growth capital may help revive interest and ownership of the sector.

CPG has been a target of activist investors who see alpha-generation potential from accelerating changes at companies with low valuations. We previously highlighted that Elliott Investment Management built a $4 billion position in PepsiCo in September 2025, citing a "historic opportunity" to boost its stock price, and that Starboard's investment in Kenvue led it to add three new directors, update its executive team, and eventually the (pending) sale of the company to Kimberly-Clark. More recently:

- ***Toms Capital.*** In May 2026, Toms built an undisclosed but "significant" stake in McCormick during the second quarter after the Unilever food deal was announced, and with the firm favoring private engagement, no demands, board seats, or settlement were disclosed.

- ***Yellow Wood Partners.*** In June 2026, Yellow Wood made an unsolicited $30 per share take-private proposal for Edgewell Personal Care, which the latter's board rejected as too low, setting a floor with no process announced since.

- ***Russ Savage.*** In August 2026, Rockstar Energy founder Russ Savage disclosed a roughly 4.7% stake (about $300 million) in Celsius and publicly called for CEO John Fieldly's removal, volunteering himself as replacement. Since then, Celsius announced the departure of COO Eric Hanson.

- ***Kanen Wealth Management.*** In August 2026, Kanen (holder of a 4% stake in Zevia) publicly demanded that Zevia launch a formal strategic review, form a special committee, and retain a banker to pursue a sale of the business.

Such activism could benefit the sector in at least two ways: by accelerating changes that improve the financial results of the companies involved and by generating interest in the sector from investors who follow such activity.

Consolidation (M&A Activity)

In our original report, we noted that M&A activity will likely be a driver of industry reformation, helping accelerate change by getting assets into the hands of operators best able to effectively steward them. Below, we highlight three strategic rationales for well-conceived and executed deals with clear strategic, financial, and operational merits.

- **Portfolio.** The addition (or subtraction) of the right business and brands can help upskill a portfolio and platform by allowing for better alignment to rapidly evolving consumer preferences and retailer goals.

- **Scale.** The ability to generate scale and cost synergies (or foster greater focus and specialization) can help combat profit pressures caused by commodity inflation, tariffs, and the bargaining power of retailers.

- **Capability.** The acquisition of new or enhanced capabilities—people, process, technology—can position a business to grow more rapidly, enhance profit and capital returns, and/or deepen and widen a moat.

Consolidation can be particularly important during periods of disruption, like the present, when sea changes in consumer preferences, cost and competitive pressures, and low valuations present a window for companies and investors to create value. We perceive an uptick in such activity as highlighted by recent deals.

Exhibit 9
Industry Insights
Select M&A Transactions in CPG

Acquirer	Acquiree	Category	Announce (Date)	Close (Date)	EV ($ millions)	EV / Sales	EV / EBITDA
Ferrero	Purely Elizabeth	Food	Aug-2026	TBD	$850	4.3	NA
Procter & Gamble	Thorne	VMS / Wellness	Aug-2026	2Q'27E	$3,800	7.6	NA
Intersnack Group	Utz Group	Food	Jul-2026	4Q'26E	$2,900	NA	15.1
Danone	Made Group	Food & Beverage	Jun-2026	2H'26E	$1,400	4.7	NA
Ingredion	Tate & Lyle	Ingredients	Jun-2026	2H'27E	$5,000	1.9	NA
Church & Dwight	Miss Mouth's	CHC	May-2026	May-2026	$325	4.1	11.6
McCormick	Unilever Foods	Food	Mar-2026	2H'27E	$44,800	NA	13.8
Henkel	Olaplex	Beauty	Mar-2026	Jul-2026	$1,400	3.5	NA
Refresco	SunOpta	Beverage	Feb-2026	May-2026	$1,100	1	13.1
Clorox	Purell	CHC	Jan-2026	Apr-2026	$2,250	2.8	11.9
Investindustrial	Treehouse Foods	Food & Beverage	Nov-2025	Feb-2026	$2,900	0.9	8.5
Kimberly-Clark	Kenvue	CHC	Nov-2025	2H'26E	$48,700	3.2	14.3
Keurig Dr Pepper	JDE Peet's	Beverage	Aug-2025	Apr-2026	$18,400	NA	16.6
Average					**$10,294**	**3.4**	**13.1**

Note: Valuation multiples are based on TTM sales and EBITDA.
Sources: Company reports, CapIQ, Bloomberg, FactSet, William Blair Equity Research

Selected Stocks

In our initial report published April 29, 2026, we recommended investors shun the intellectual "path of least resistance" that the CPG bear market will persist in perpetuity and instead consider historical precedents and plausible catalysts that suggest this sector bear will end and that investors could benefit by taking a contrarian, rather than consensus, view by reconsidering the group and individual names.

Basket Performance

At that time, we recommended investors consider two baskets: 1) fallen-angel names, those that despite recent share price declines still possess powerful investment merits, given their attractive target categories, leading brand positions, and solid go-to-market capabilities, including e.l.f. Beauty, Freshpet, BellRing, Simply Good, Once Upon a Farm, and Vital Farms; and 2) self-helper names, those with meaningful self-care opportunities, including Primo Brands, Scotts Miracle-Gro, and J&J Snack Foods.

Exhibit 10 compares the performance of these two baskets to that of the S&P 1500 composite index, all of which are market weighted. The fallen angels have produced a total return of 18% and the self-helpers have registered a total return of 9%, both above the S&P 1500 return of 8%.

Exhibit 10
Industry Insights
Performance Update for Recommended Stock Baskets

Indexes

Index	Prices Aug 31, 2026	Prices Apr 29, 2026	Change
S&P 500	$7,686	$7,136	8%
NASDAQ	$26,371	$24,673	7%
S&P 1500	**$1,723**	**$1,602**	**8%**
Food (subsector)	$635	$611	4%
HH & PP (subsector)	$790	$763	4%

Recommended Stock Baskets

Fallen Angels

Company	Aug 31, 2026		Apr 29, 2026		Change
e.l.f. Beauty	$109.05	$6,417	$61.08	$3,607	79%
Freshpet	$69.86	$3,364	$66.14	$3,245	6%
BellRing Brands	$10.77	$1,249	$17.54	$2,040	-39%
Simply Good Foods	$11.45	$1,008	$13.59	$1,230	-16%
Once Upon a Farm	$17.32	$729	$14.52	$608	19%
Vital Farms	$10.68	$460	$12.10	$518	-12%
Total Return (market weight)		$13,228		$11,247	**18%**

Self Helpers

Company	Aug 31, 2026		Apr 29, 2026		Change
Primo Brands	$23	$8,285	$19	$7,009	18%
Scotts Miracle-Gro	$60	$3,498	$62	$3,623	-4%
J&J Snack Foods	$88	$1,648	$87	$1,655	1%
Total Return (market weight)		$13,432		$12,287	**9%**

Sources: FactSet and William Blair Equity Research

Updated Recommendations
Looking forward, we continue to see this "buy the basket" approach as valid, given the uncertain macro, evolving narratives, potential (but hard to predict) takeouts, and an industry landscape currently characterized by rapid yet idiosyncratic changes in category dynamics. We make the following changes to our original recommended baskets:

- ***Celsius.*** We add Celsius to the fallen-angel basket, as we see the potential for the Celsius brand to return to growth post SKU rationalization, Alani Nu to maintain momentum as part of the Pepsi distribution systems, and margins to benefit from optimization work with the Rockstar brand largely integrated.

- ***Vital Farms.*** We remove from the fallen-angel basket after reducing our rating to Market Perform in May 2026.

- ***Prestige.*** We add to the self-helper basket, as we feel organic sales and EPS growth could accelerate as the company restores capacity and begins to rebuild distribution from Clear Eyes and benefits from the acquisition of Breathe Right, which should be accretive to organic growth, margins, and EPS.

For investors who want to focus on individual names, our two top ideas for 2026, which were selected entering the year, are: 1) e.l.f. Beauty (top idea) and 2) Freshpet (honorable mention), both of which just had beat-and-raise second quarters, are gaining share in (large) target categories, possess distinctive capabilities that provide competitive advantage, and continue to offer earnings upside, in our opinion.

Stock Considerations

BellRing Brands
Despite more fluid category conditions, we believe in our thesis that BellRing's convenient nutrition market, top-tier Premier Protein brand, and scalable manufacturing platform should allow it to grow at a pace well above food industry norms. With enterprise value at 7.3 times our fiscal 2027 estimate, we remain at Outperform. Risks include category concentration, competition, and input costs.

Celsius
We continue to believe in our thesis that Celsius's energy drink category, trend-right brand portfolio, and operational synergies should allow it to grow at a pace well above beverage industry norms. With enterprise value at 10.4 times our 2027 EBITDA estimate, we remain at Outperform. Risks include consumer demand, competition, and acquisition integration.

E.l.f. Beauty
We believe in our thesis that e.l.f. Beauty's distinctive value proposition and go-to-market capabilities will enable it to further its pursuit of becoming a global leader in beauty. With enterprise value at 16.5 times our calendar 2027 EBITDA estimate, we reiterate our Outperform rating. Risks include consumer demand, competition, tariffs, and acquisition integration.

Freshpet
While consumer and competitive dynamics impact near-term visibility, we believe in our thesis that Freshpet will maintain a strong leadership position in a fast-growing (fresh) segment of the dog food category. With its enterprise value at 15.5 times our 2027 EBITDA estimate, we reiterate our Outperform rating. Risks include consumer demand, competitive entry, and operational execution.

J&J Snack Foods
We believe in our thesis that J&J Snack Foods' broad portfolio of leading snack food brands, channels, and customers, coupled with Project Apollo, supports an attractive long-term shareholder return opportunity. With enterprise value at about 8.7 times our fiscal 2027 EBITDA estimate, we remain at Outperform. Risks include consumer demand, competition, and execution.

Once Upon a Farm
We view Once Upon a Farm as a trusted parent-ally brand, one with differentiated products, impactful marketing, and merchandising that will allow it to garner substantial incremental market share in childhood nutrition. With the stock trading at an enterprise value of about 1.5 times our 2027 sales estimate, we reaffirm our Outperform rating. Risks include consumer demand, competition, and operational execution.

Prestige Consumer Healthcare
We continue to believe in our thesis that Prestige's diversified portfolio of consumer healthcare brands, augmented by improvement in Clear Eyes supply and the recent BreatheRight acquisition, support solid long-term shareholder returns. With shares at about 10 times calendar 2026 EPS, we maintain our Outperform rating. Risks include competition, supply chain execution, and acquisition integration.

Primo Brands
We believe in our thesis that Primo Brands' position as a top provider of healthy hydration solutions, portfolio of leadership brands, holistic go-to-market model, and scale and national footprint support attractive long-term shareholder returns. With shares trading at 8.3 times our 2027 EBITDA estimate, we remain at Outperform. Risks include substitutes, competition, and merger integration.

Scotts Miracle-Gro
We believe in our thesis that Scotts operates with a wide a moat in the attractive North American lawn and garden market, given its superior brands and distinctive capabilities. With shares at 12.6 times fiscal 2027 EPS, we reiterate our Outperform rating. Risks include consumer demand, weather dependence, and input costs.

Simply Good Foods
We believe in our thesis that Simply Good's target purposeful nutrition (snacking) market; on-trend brands; refreshed commercial plans; and cash-generative model can support solid sales growth, margins, and free cash flow over time. With enterprise value at 6.1 times our fiscal 2027 EBITDA estimate, we remain at Outperform. Risks include competition, dietary preference changes, and commodity cost dynamics.

Exhibit 11
Industry Insights
BellRing Brands - Earnings Model

	2024	2025	1Q26 Dec-25	2Q26 Mar-26	3Q26 Jun-26	4Q26E Sep-26	2026E	2027E
Income Statement								
Total sales	**$1,996.2**	**$2,316.6**	**$537.3**	**$598.7**	**$570.4**	**$638.6**	**$2,345.0**	**$2,365.0**
Cost of goods sold	1,294.2	1,531.0	376.5	462.7	412.5	493.0	1,744.7	1,726.5
Gross profit	702.0	785.6	160.8	136.0	157.9	145.6	600.3	638.6
Selling, general, and administrative expenses	284.8	328.4	76.7	89.0	87.2	91.0	343.9	346.1
Amortization of intangible assets	35.0	17.0	4.3	4.2	4.2	4.3	17.0	17.1
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income	**$382.2**	**$440.2**	**$79.8**	**$42.8**	**$66.5**	**$50.3**	**$239.4**	**$275.3**
Interest expense	58.3	68.4	20.6	20.1	19.9	20.0	80.6	74.4
Other expense (income)	(17.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax income	341.3	371.8	59.2	22.7	46.6	30.3	158.8	200.9
Income taxes	85.8	92.7	15.1	6.4	11.6	7.7	40.8	51.2
Net income including noncontrolling interest	255.5	279.1	44.1	16.3	35.0	22.6	118.0	149.7
Noncontrolling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (Non-GAAP)	255.5	279.1	44.1	16.3	35.0	22.6	118.0	149.7
Diluted shares outstanding	132.3	128.5	119.9	117.5	116.6	116.6	117.7	116.6
EPS	**$1.93**	**$2.17**	**$0.37**	**$0.14**	**$0.30**	**$0.19**	**$1.00**	**$1.28**
EBITDA	**$440.2**	**$482.1**	**$90.3**	**$53.8**	**$78.3**	**$61.6**	**$284.0**	**$320.0**
Margin analysis								
Gross margin	35.2%	33.9%	29.9%	22.7%	27.7%	22.8%	25.6%	27.0%
Selling, general, and administrative expenses	14.3%	14.2%	14.3%	14.9%	15.3%	14.3%	14.7%	14.6%
Other expense (income)	1.8%	0.7%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
Operating income	19.1%	19.0%	14.9%	7.1%	11.7%	7.9%	10.2%	11.6%
Tax rate	25.1%	24.9%	25.5%	28.2%	24.9%	25.5%	25.7%	25.5%
EBITDA	**22.1%**	**20.8%**	**16.8%**	**9.0%**	**13.7%**	**9.7%**	**12.1%**	**13.5%**
Year-over-year comparison								
Total sales	**19.8%**	**16.1%**	**0.8%**	**1.8%**	**4.2%**	**-1.5%**	**1.2%**	**0.9%**
Gross profit	32.4%	11.9%	-18.8%	-32.9%	-17.9%	-24.3%	-23.6%	6.4%
Selling, general, and administrative expenses	36.9%	15.3%	-3.5%	-1.3%	12.1%	12.5%	4.7%	0.6%
Amortization of intangible assets	79.5%	-51.4%	2.4%	0.0%	-2.3%	0.0%	0.0%	0.9%
Operating income	26.3%	15.2%	-30.2%	-60.5%	-39.7%	-53.1%	-45.6%	15.0%
EPS	**40.4%**	**12.5%**	**-36.7%**	**-73.8%**	**-45.7%**	**-61.7%**	**-53.8%**	**28.0%**
EBITDA	**30.1%**	**9.5%**	**-27.9%**	**-54.6%**	**-34.9%**	**-47.7%**	**-41.1%**	**12.7%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 12
Industry Insights
Celsius - Earnings Model

	2024	2025	1Q26 Mar-26	2Q26 Jun-26	3Q26E Sep-26	4Q26E Dec-26	2026E	2027E
Income Statement								
Total sales	**$1,355.6**	**$2,515.3**	**$782.6**	**$817.9**	**$795.0**	**$784.4**	**$3,180.0**	**$3,400.0**
Cost of goods sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	675.4	1,225.5	404.5	424.2	412.6	407.4	1,648.8	1,745.9
Selling, general, and administrative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income	**$0.0**	**$0.0**	**NA**	**NA**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Interest expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other expense (income)	0.0	(0.2)	0.1	0.1	0.3	0.0	1.7	0.1
Foreign exchange loss (gain)	(1.8)	(11.9)	(7.0)	(2.2)	0.0	0.0	(9.1)	0.0
Pretax income	1.7	0.0	0.0	(1.4)	0.0	0.0	(1.4)	0.0
Income taxes	255.0	535.0	169.9	155.6	150.9	151.7	628.0	722.3
Net income	37.6	44.2	25.0	18.9	7.5	7.5	58.9	22.0
Diluted shares outstanding	(0.1)	0.9	1.3	(0.2)	(0.0)	0.6	0.2	0.3
EPS	**$0.24**	**$1.09**	**($0.01)**	**$0.22**	**$0.40**	**$0.40**	**$1.58**	**$2.00**
EBITDA	**$237.4**	**$254.9**	**$259.8**	**$256.9**	**$255.9**	**$254.9**	**$256.9**	**$252.4**
Margin analysis								
Gross margin	49.8%	48.7%	51.7%	51.9%	51.9%	51.9%	51.9%	51.4%
Selling, general, & administrative	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating income	0.0%	0.0%	#VALUE!	#VALUE!	0.0%	0.0%	0.0%	0.0%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	**17.5%**	**10.1%**	**33.2%**	**31.4%**	**32.2%**	**32.5%**	**8.1%**	**7.4%**
Year-over-year comparison								
Total sales	**2.9%**	**85.5%**	**137.7%**	**10.6%**	**9.6%**	**8.7%**	**26.4%**	**6.9%**
Gross profit	-1.4%	81.4%	157.8%	26.0%	17.2%	7.3%	34.5%	5.9%
Other expense (income)	NM	NM	NM	NM	NM	NM	NM	NM
Operating income	NM	NM	NM	NM	#VALUE!	#VALUE!	NM	NM
EPS	**NM**	**346.9%**	**-128.7%**	**57.3%**	**-39.0%**	**68.7%**	**45.4%**	**26.7%**
EBITDA	**0.2%**	**7.4%**	**9.5%**	**-1.3%**	**-0.7%**	**-3.6%**	**0.8%**	**-1.7%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 13
Industry Insights
E.l.f. Beauty - Earnings Model

	2025	2026	1Q27 Jun-26	2Q27E Sep-26	3Q27E Dec-26	4Q27E Mar-27	2027E
Income Statement							
Total sales	**$1,313.5**	**$1,636.5**	**$479.4**	**$464.0**	**$515.0**	**$487.7**	**$1,946.0**
Cost of goods sold	377.8	479.1	80.5	140.6	158.6	151.1	530.9
Gross profit	935.7	1,157.3	398.8	323.4	356.4	336.5	1,415.1
Selling, general and administrative	690.9	919.7	260.8	277.5	302.3	295.8	1,136.4
Operating income	$244.8	$237.6	$138.0	$45.9	$54.1	$40.7	$278.8
Interest expense	13.8	35.3	7.8	10.2	10.0	9.4	37.4
Other expense (income)	(1.3)	(2.8)	0.3	0.0	0.0	0.0	0.3
Pretax income	232.3	205.1	129.9	35.7	44.1	31.3	241.0
Income taxes	52.1	56.8	36.5	10.0	12.3	8.8	67.6
Net income	180.2	148.3	93.4	25.7	31.7	22.6	173.4
Diluted shares outstanding	58.3	59.4	59.7	60.7	60.7	60.7	60.5
EPS	**$3.39**	**$3.13**	**$1.75**	**$0.59**	**$0.69**	**$0.54**	**$3.55**
EBITDA	**$296.8**	**$335.2**	**$168.2**	**$76.9**	**$85.1**	**$71.7**	**$402.0**
Margin analysis							
Gross margin	71.2%	70.7%	83.2%	69.7%	69.2%	69.0%	72.7%
Selling, general and administrative	52.6%	56.2%	54.4%	59.8%	58.7%	60.7%	58.4%
Operating income	**18.6%**	**14.5%**	**28.8%**	**9.9%**	**10.5%**	**8.4%**	**14.3%**
Tax rate	22.4%	27.7%	28.1%	28.0%	28.0%	28.0%	28.0%
EBITDA	**22.6%**	**20.5%**	**35.1%**	**16.6%**	**16.5%**	**14.7%**	**20.7%**
Year-over-year comparison							
Total sales	**28.3%**	**24.6%**	**35.5%**	**34.9%**	**5.2%**	**8.5%**	**18.9%**
Gross profit	29.2%	23.7%	63.1%	35.4%	2.5%	3.1%	22.3%
Selling, general and administrative	31.2%	33.1%	47.1%	43.6%	21.3%	-1.4%	23.6%
Operating income	23.8%	-2.9%	105.3%	0.7%	-45.0%	53.8%	17.3%
EPS	**6.5%**	**-7.5%**	**96.7%**	**-13.9%**	**-44.4%**	**66.6%**	**13.3%**
EBITDA	**26.5%**	**12.9%**	**93.2%**	**16.2%**	**-30.9%**	**21.9%**	**19.9%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 14
Industry Insights
Freshpet - Earnings Model

	2024	2025	1Q26 Mar-26	2Q26 Jun-26	3Q26E Sep-26	4Q26E Dec-26	2026E	2027E
Income Statement								
Total sales	**$975.2**	**$1,102.0**	**$297.6**	**$305.6**	**$308.0**	**$311.8**	**$1,223.0**	**$1,318.2**
Cost of goods sold	521.7	586.9	158.1	157.2	158.5	160.4	634.1	672.3
Gross profit	453.5	515.2	139.6	148.4	149.4	151.4	588.9	645.9
Selling, general and administrative	291.6	319.4	101.7	96.1	92.5	85.5	375.7	390.9
Operating income	$161.9	$195.7	$37.9	$52.4	$56.9	$66.0	$213.2	$255.0
Interest expense, net	0.4	4.9	0.7	0.7	0.7	0.8	2.8	2.7
Other expense (income)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax income	161.4	190.8	37.2	51.7	56.2	65.2	210.4	252.3
Income taxes	0.6	(0.0)	17.1	6.1	14.6	17.0	54.8	65.6
Net income	160.8	190.8	20.0	45.6	41.6	48.3	155.5	186.7
Diluted shares outstanding	50.3	56.0	56.1	55.8	55.8	55.8	55.9	55.8
EPS	**$3.20**	**$3.41**	**$0.36**	**$0.82**	**$0.75**	**$0.86**	**$2.78**	**$3.35**
EBITDA	**$161.8**	**$195.7**	**$37.9**	**$52.2**	**$56.9**	**$66.0**	**$213.0**	**$255.0**
Margin analysis								
Gross margin	46.5%	46.7%	46.9%	48.6%	48.5%	48.6%	48.2%	49.0%
Selling, general and administrative	29.9%	29.0%	34.2%	31.4%	30.0%	27.4%	30.7%	29.7%
Operating income	16.6%	17.8%	12.7%	17.1%	18.5%	21.2%	17.4%	19.3%
Tax rate	0.4%	(0.0)%	46.1%	11.8%	26.0%	26.0%	26.1%	26.0%
EBITDA	**16.6%**	**17.8%**	**12.7%**	**17.1%**	**18.5%**	**21.2%**	**17.4%**	**19.3%**
Year-over-year change								
Total sales	**27.2%**	**13.0%**	**13.1%**	**15.5%**	**6.6%**	**9.3%**	**11.0%**	**7.8%**
Gross profit	47.9%	13.6%	16.1%	19.7%	12.5%	9.7%	14.3%	9.7%
Selling, general and administrative	21.5%	9.6%	20.1%	20.7%	18.2%	11.1%	17.6%	4.0%
Operating income	143.3%	20.9%	6.6%	17.9%	4.3%	7.9%	8.9%	19.6%
EPS	**136.2%**	**6.4%**	**-49.3%**	**-4.5%**	**-22.0%**	**-19.6%**	**-18.3%**	**20.2%**
EBITDA	**143.2%**	**20.9%**	**6.6%**	**17.6%**	**4.3%**	**7.9%**	**8.8%**	**19.7%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 15
Industry Insights
J&J Snack Foods - Earnings Model

	2024	2025	1Q26 Dec-25	2Q26 Mar-26	3Q26 Jun-26	4Q26E Sep-26	2026E	2027E
Income Statement								
Food Service	985.2	1,001.4	219.2	214.7	254.3	247.5	935.6	954.3
Retail Supermarket	221.3	213.8	45.9	51.6	64.9	52.9	215.3	218.8
Frozen Beverages	368.3	368.1	78.7	78.5	106.7	100.1	364.1	376.9
Total sales	**$1,574.8**	**$1,583.2**	**$343.8**	**$344.8**	**$426.0**	**$400.5**	**$1,515.0**	**$1,550.0**
Cost of goods sold	1,088.4	1,113.4	247.8	245.5	274.9	269.9	1,038.1	1,057.4
Gross profit	486.3	469.9	96.0	99.3	151.0	130.6	476.9	492.6
Marketing	116.3	121.0	31.0	29.6	34.1	32.5	127.3	130.2
Distribution	170.3	168.3	38.1	41.7	49.6	46.3	175.7	178.2
Administrative	69.8	73.0	18.9	18.6	18.6	18.8	74.8	75.9
Other expense (income)	(0.6)	(0.7)	0.1	(0.3)	0.6	0.0	0.5	0.0
Operating income	**$130.4**	**$108.2**	**$8.0**	**$9.6**	**$48.1**	**$32.9**	**$98.6**	**$108.3**
Interest expense	1.8	1.5	0.1	0.3	1.0	1.0	2.4	4.0
Other expense (income)	(3.2)	(3.6)	(0.7)	(0.8)	(0.7)	(0.7)	(2.9)	(3.0)
Pretax income	131.8	110.3	8.5	10.2	47.8	32.6	99.1	107.2
Income taxes	35.9	27.1	2.1	2.4	11.1	8.0	23.5	26.8
Net income	96.0	83.2	6.5	7.8	36.8	24.6	75.6	80.4
Diluted shares outstanding	19.4	19.5	19.3	19.3	18.7	18.7	19.0	18.7
EPS	**$4.93**	**$4.27**	**$0.33**	**$0.40**	**$1.96**	**$1.32**	**$3.98**	**$4.30**
EBITDA	**$200.1**	**$180.9**	**$27.0**	**$28.7**	**$67.4**	**$51.9**	**$175.0**	**$185.0**
Margin analysis								
Gross margin	30.9%	29.7%	27.9%	28.8%	35.5%	32.6%	31.5%	31.8%
Marketing	7.4%	7.6%	9.0%	8.6%	8.0%	8.1%	8.4%	8.4%
Distribution	10.8%	10.6%	11.1%	12.1%	11.6%	11.6%	11.6%	11.5%
Administrative	4.4%	4.6%	5.5%	5.4%	4.4%	4.7%	4.9%	4.9%
Other expense (income)	(0.0)%	(0.0)%	0.0%	(0.1)%	0.1%	0.0%	0.0%	0.0%
Operating income	8.3%	6.8%	2.3%	2.8%	11.3%	8.2%	6.5%	7.0%
Tax rate	27.2%	24.6%	24.4%	23.4%	23.1%	24.5%	23.7%	25.0%
EBITDA	**12.7%**	**11.4%**	**7.9%**	**8.3%**	**15.8%**	**13.0%**	**11.6%**	**11.9%**
Year-over-year comparison								
Food Service	0.3%	1.6%	-8.3%	-5.0%	-8.3%	-4.5%	-6.6%	2.0%
Retail Supermarket	2.7%	-3.4%	2.6%	-4.1%	1.7%	3.0%	0.7%	1.6%
Frozen Beverages	1.9%	-0.1%	-0.3%	3.1%	-5.8%	0.5%	-1.1%	3.5%
Total sales	**1.0%**	**0.5%**	**-5.2%**	**-3.2%**	**-6.2%**	**-2.4%**	**-4.3%**	**2.3%**
Gross profit	3.5%	-3.4%	2.2%	3.8%	0.6%	0.3%	1.5%	3.3%
Marketing	7.8%	4.1%	10.7%	6.5%	2.9%	1.4%	5.1%	2.3%
Distribution	-0.4%	-1.2%	-3.9%	-0.2%	11.0%	9.8%	4.4%	1.4%
Administrative	1.5%	4.6%	6.9%	0.6%	-1.1%	3.7%	2.5%	1.4%
Other expense (income)	-132.1%	NM	-72.9%	NM	5710.0%	-80.4%	NM	-100.0%
Operating income	8.5%	-17.1%	-2.4%	8.7%	-9.9%	-12.8%	-8.8%	9.8%
EPS	**9.5%**	**-13.4%**	**-0.2%**	**15.2%**	**-1.7%**	**-16.5%**	**-6.9%**	**8.1%**
EBITDA	**10.2%**	**-9.6%**	**7.0%**	**9.5%**	**-6.4%**	**-9.5%**	**-3.2%**	**5.7%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 16
Industry Insights
Once Upon a Farm - Earnings Model

	2024	2025	1Q26 Mar-26	2Q26 Jun-26	3Q26E Sep-26	4Q26E Dec-26	2026E	2027E
Income Statement								
Kid	104.9	139.3	34.1	43.9	42.0	43.1	163.2	204.6
Baby	51.9	101.4	38.6	41.5	43.5	40.3	163.8	220.5
Total Sales	**$ 156.8**	**$ 240.7**	**$ 72.7**	**$ 85.4**	**$ 85.5**	**$ 83.4**	**$ 327.0**	**$ 425.0**
Cost of goods sold	88.5	138.8	43.0	54.7	54.8	44.2	196.7	238.4
Gross profit	68.3	101.9	29.7	30.6	30.7	39.2	130.3	186.6
Logistics	10.6	13.4	3.6	3.7	4.1	5.1	16.6	21.7
SG&A	64.0	92.9	41.8	32.2	31.6	10.7	116.3	140.7
Other operating expenses	0.0	0.0	0.0	0.6	0.6	1.4	2.7	2.6
Operating income	NA	NA	(0.5)	(0.8)	(1.0)	NA	6.6	(1.0)
Interest expense	NA	NA	NA	(281.0)	NA	0.9	NA	NA
Other expense (income)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax income	0.7	2.4	(0.1)	(0.8)	(1.0)	(1.1)	(2.9)	(4.4)
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (non-GAAP)	(23.8)	(17.2)	(16.1)	(5.0)	(2.5)	9.8	(13.8)	23.9
Diluted shares outstanding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
EBITDA	**($0.5)**	**($0.4)**	**($0.3)**	**($0.1)**	**($0.1)**	**$0.2**	**($0.3)**	**$0.6**
Margin analysis								
Gross margin	43.6%	42.3%	40.8%	35.9%	36.0%	47.0%	39.8%	43.9%
Logistics								
SG&A	40.8%	38.6%	57.5%	37.7%	36.9%	12.9%	35.6%	33.1%
Other operating expenses	0.0%	0.0%	0.0%	0.7%	0.8%	1.7%	0.8%	0.6%
Operating income	#VALUE!	#VALUE!	(0.7)%	(1.0)%	(1.2)%	#VALUE!	2.0%	(0.2)%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	**(0.3)%**	**(0.2)%**	**(0.5)%**	**(0.1)%**	**(0.1)%**	**0.3%**	**(0.1)%**	**0.1%**
Year-over-year comparison								
Total Sales	66.3%	53.5%	43.7%	42.3%	29.5%	30.2%	35.9%	30.0%
Kid	50.3%	32.9%	5.4%	21.7%	16.4%	24.0%	17.1%	25.3%
Baby	111.7%	95.1%	111.9%	73.2%	45.3%	37.5%	61.6%	34.6%
Gross profit	76.2%	49.1%	55.4%	25.3%	10.6%	28.3%	27.9%	43.2%
Logistics	18.6%	25.6%	13.8%	13.1%	21.5%	45.4%	23.9%	31.0%
SG&A	41.8%	45.2%	71.0%	57.2%	27.3%	-53.7%	25.2%	21.0%
Other operating expenses	NM	NM	NM	NM	NM	NM	NM	-4.0%
EPS	**NM**	**NM**	**NM**	**NM**	**NM**	**NM**	**NM**	**NM**
EBITDA	**NM**	**NM**	**NM**	**NM**	**NM**	**-50.8%**	**NM**	**NM**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 17
Industry Insights
Prestige Consumer Healthcare - Earnings Model

	2025	2026	1Q27E Jun-26	2Q27E Sep-26	3Q27E Dec-26	4Q27E Mar-27	2027E
Income Statement							
North America	960.0	913.6	226.2	259.2	271.9	272.0	1,029.2
International	177.8	175.1	39.5	69.8	78.3	78.2	265.8
Total sales	**$1,137.8**	**$1,088.7**	**$265.7**	**$329.0**	**$350.2**	**$350.1**	**$1,295.0**
Cost of goods sold	503.3	484.0	119.5	141.5	148.8	147.0	556.9
Gross profit	634.5	604.7	146.2	187.5	201.4	203.1	738.2
Advertising and promotion	155.7	148.8	21.8	52.6	58.1	55.2	187.8
General and administrative	108.2	113.2	43.3	29.4	29.7	29.6	132.1
Depreciation and amortization	21.3	20.9	5.7	9.1	9.1	9.1	33.0
Operating income	$349.2	$321.7	$75.3	$96.3	$104.4	$109.2	$385.3
Interest expense	47.6	42.3	13.9	29.7	28.8	27.8	100.2
Other expense (income)	5.0	(0.8)	0.0	0.0	0.0	0.0	0.0
Pretax income	296.7	280.2	61.4	66.6	75.6	81.4	285.0
Income taxes	70.3	67.0	14.9	16.0	18.1	19.5	68.6
Net income	226.3	213.1	46.4	50.6	57.5	61.9	216.4
Diluted shares outstanding	50.1	48.7	47.6	47.6	47.6	47.6	47.6
EPS	**$4.52**	**$4.37**	**$0.98**	**$1.06**	**$1.21**	**$1.30**	**$4.55**
EBITDA	**$374.5**	**$353.8**	**$84.1**	**$108.3**	**$116.5**	**$121.2**	**$430.1**
Margin analysis							
Gross margin	55.8%	55.5%	55.0%	57.0%	57.5%	58.0%	57.0%
Advertising and marketing	13.7%	13.7%	8.2%	16.0%	16.6%	15.8%	14.5%
General and administrative	9.5%	10.4%	16.3%	9.0%	8.5%	8.5%	10.2%
Depreciation and amortization	1.9%	1.9%	2.1%	2.8%	2.6%	2.6%	2.6%
Operating income	30.7%	29.6%	28.4%	29.3%	29.8%	31.2%	29.8%
Tax rate	23.7%	23.9%	24.3%	24.0%	24.0%	24.0%	24.1%
EBITDA	**32.9%**	**32.5%**	**31.6%**	**32.9%**	**33.3%**	**34.6%**	**33.2%**
Year-over-year comparison							
OTC	0.2%	-4.8%	6.4%	12.3%	15.4%	16.0%	12.7%
Household	6.4%	-1.5%	6.9%	61.0%	64.0%	66.0%	51.8%
Total sales	**1.1%**	**-4.3%**	**6.5%**	**20.0%**	**23.5%**	**24.3%**	**18.9%**
Gross profit	1.6%	-4.7%	4.2%	23.7%	28.0%	30.7%	22.1%
Advertising and promotion	1.6%	-4.5%	-37.5%	36.0%	45.1%	57.2%	26.2%
General and administrative	1.9%	4.6%	52.2%	5.0%	1.7%	7.7%	16.7%
Depreciation and amortization	-5.6%	-1.6%	9.9%	76.2%	76.8%	67.5%	57.7%
Operating income	2.0%	-7.9%	5.0%	20.9%	25.9%	25.0%	19.7%
EPS	**7.3%**	**-3.2%**	**2.4%**	**-0.1%**	**5.8%**	**6.2%**	**3.9%**
EBITDA	**0.2%**	**-5.5%**	**5.5%**	**24.8%**	**28.2%**	**25.7%**	**21.6%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 18
Industry Insights
Primo Brands - Earnings Model

	2024	2025	1Q26 Mar-26	2Q26 Jun-26	3Q26E Sep-26	4Q26E Dec-26	2026E	2027E
Income Statement								
Total sales	**$6,725.7**	**$6,664.0**	**$1,626.1**	**$1,796.2**	**$1,815.4**	**$1,567.3**	**$6,805.0**	**$7,000.0**
Cost of goods sold	3,530.9	4,518.0	1,138.9	1,231.2	1,230.8	1,026.5	4,627.4	4,749.5
Gross profit	2,811.3	2,146.0	487.2	565.0	584.6	540.9	2,177.6	2,250.5
Selling, general, and administrative expenses	1,954.9	1,323.7	291.1	330.5	308.6	325.4	1,255.6	1,288.0
Other operating expenses	10.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income	**$846.1**	**$822.3**	**$196.1**	**$234.5**	**$275.9**	**$215.5**	**$922.0**	**$962.5**
Interest expense (income)	367.6	326.5	78.3	81.3	80.0	76.0	315.6	273.0
Other expense (income)	0.0	(175.6)	1.0	(28.5)	0.0	0.0	(27.5)	0.0
Pretax income	478.5	671.4	116.8	181.7	195.9	139.5	633.9	689.5
Income taxes	74.1	173.3	30.9	47.5	50.9	36.3	165.6	179.3
Net income (Non-GAAP)	404.4	498.1	85.9	134.2	145.0	103.2	468.3	510.2
Diluted shares outstanding	380.6	374.9	365.8	365.7	365.7	365.7	365.7	365.7
EPS	**$1.06**	**$1.33**	**$0.23**	**$0.37**	**$0.40**	**$0.28**	**$1.28**	**$1.40**
EBITDA	**$1,346.5**	**$1,446.8**	**$306.0**	**$385.0**	**$429.4**	**$369.7**	**$1,490.0**	**$1,590.0**
Margin analysis								
Gross margin	41.8%	32.2%	30.0%	31.5%	32.2%	34.5%	32.0%	32.2%
Selling, general, and administrative expenses	29.1%	19.9%	17.9%	18.4%	17.0%	20.8%	18.5%	18.4%
Other operating expenses	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating income	12.6%	12.3%	12.1%	13.1%	15.2%	13.7%	13.5%	13.8%
Tax rate	15.5%	25.8%	26.5%	26.1%	26.0%	26.0%	26.1%	26.0%
EBITDA	**20.0%**	**21.7%**	**18.8%**	**21.4%**	**23.7%**	**23.6%**	**21.9%**	**22.7%**
Year-over-year comparison								
Total sales		**-0.9%**	**0.8%**	**3.8%**	**2.8%**	**0.9%**	**2.1%**	**2.9%**
Gross profit		-23.7%	-6.8%	-2.4%	2.3%	14.2%	1.5%	3.3%
Selling, general, and administrative expenses		-32.3%	1.3%	-7.6%	-6.5%	-6.7%	-5.1%	2.6%
Other operating expenses		-100.0%	-100.0%	NM	NM	-100.0%	NM	NM
Operating income		-2.8%	-16.6%	6.0%	14.2%	73.5%	12.1%	4.4%
EPS		**25.0%**	**-19.9%**	**0.9%**	**-4.3%**	**10.6%**	**-3.6%**	**9.0%**
EBITDA		**7.4%**	**-10.4%**	**5.0%**	**6.1%**	**10.1%**	**3.0%**	**6.7%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 19
Industry Insights
Scotts Miracle Gro - Earnings Model

	2024	2025	1Q26 Dec-25	2Q26 Mar-26	3Q26 Jun-26	4Q26E Sep-26	2026E	2027E
Income Statement								
U.S. Consumer	3,013.7	2,993.7	328.5	1,377.0	1,032.9	278.4	3,016.8	3,083.1
Other	254.7	262.1	25.9	82.5	139.2	29.1	276.7	276.7
Total sales	**$3,268.4**	**$3,255.8**	**$354.4**	**$1,459.5**	**$1,172.1**	**$307.5**	**$3,293.5**	**$3,359.8**
Cost of goods sold	2,367.9	2,226.1	264.4	849.0	805.0	321.2	2,239.6	2,267.9
Gross profit	900.5	1,029.7	90.0	610.5	367.1	(13.7)	1,053.9	1,091.9
Selling, general, & administrative	507.6	563.8	106.0	199.2	145.6	131.2	582.0	592.0
Other expense (income)	20.8	18.6	2.7	7.3	3.7	1.1	14.8	5.0
Operating income	$372.1	$447.3	($18.7)	$404.0	$217.8	($146.0)	$457.1	$494.9
Unconsolidated affiliates	(6.2)	1.0	(13.1)	(4.5)	29.2	(8.0)	3.6	6.5
Other non-operating income	(5.6)	(5.3)	0.0	0.0	0.1	0.0	0.1	0.0
Interest expense	157.6	129.0	27.2	31.3	27.9	27.0	113.4	115.5
Other expense (income)	0.0	0.0	1.2	1.2	0.1	0.0	2.5	0.0
Pretax income	202.7	314.0	(60.2)	367.0	219.1	(181.0)	344.9	385.9
Income taxes	57.8	91.1	(15.6)	99.2	52.2	(42.5)	93.3	108.1
Net income	144.9	222.9	(44.6)	267.8	166.9	(138.4)	251.7	277.9
Diluted shares outstanding	57.7	58.7	57.9	59.1	59.2	57.9	58.5	58.5
EPS	**$2.51**	**$3.80**	**($0.77)**	**$4.53**	**$2.82**	**($2.39)**	**$4.30**	**$4.75**
EBITDA	**$505.2**	**$569.7**	**$3.0**	**$437.4**	**$246.3**	**($117.4)**	**$569.3**	**$601.4**
Margin analysis								
Gross margin	27.6%	31.6%	25.4%	41.8%	31.3%	(4.5)%	32.0%	32.5%
Selling, general, & administrative	15.5%	17.3%	29.9%	13.6%	12.4%	42.7%	17.7%	17.6%
Other expense (income)	0.6%	0.6%	0.8%	0.5%	0.3%	0.4%	0.5%	0.2%
Operating income	**11.4%**	**13.7%**	**(5.3)%**	**27.7%**	**18.6%**	**(47.5)%**	**13.9%**	**14.7%**
Tax rate	28.5%	29.0%	NM	27.0%	23.8%	NM	27.0%	28.0%
EBITDA	**15.5%**	**17.5%**	**0.8%**	**30.0%**	**21.0%**	**(38.2)%**	**17.3%**	**17.9%**
Year-over-year comparison								
U.S. Consumer	6.0%	-0.7%	-3.6%	5.0%	0.3%	-10.5%	0.8%	2.2%
Other	6.0%	2.9%	0.8%	5.5%	7.8%	0.1%	5.6%	0.0%
Total sales	**-8.0%**	**-0.4%**	**-3.3%**	**5.0%**	**1.1%**	**-9.6%**	**1.2%**	**2.0%**
Gross profit	6.8%	14.3%	0.1%	11.5%	-2.0%	-177.3%	2.4%	3.6%
Selling, general, & administrative	-7.9%	11.1%	-6.6%	12.0%	0.5%	2.8%	3.2%	1.7%
Other expense (income)	20700.0%	-10.6%	-37.2%	73.8%	-47.9%	-62.6%	-20.3%	-66.0%
Operating income	27.6%	20.2%	NM	10.6%	-2.2%	NM	2.2%	8.3%
EPS	**108.0%**	**51.2%**	**NM**	**13.2%**	**7.7%**	**NM**	**13.2%**	**10.4%**
EBITDA	**13.0%**	**12.8%**	**233.3%**	**8.9%**	**-2.8%**	**NM**	**-0.1%**	**5.6%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

Exhibit 20
Industry Insights
Simply Good Foods - Earnings Model

	2022	2024	2025	1Q26 Nov-25	2Q26 Feb-26	3Q26 May-26	4Q26E Aug-26	2026E	2027E
Income Statement									
Total sales	**$1,168.7**	**$1,331.3**	**$1,450.9**	**$340.2**	**$326.0**	**$357.0**	**$321.8**	**$1,345.0**	**$1,225.0**
Cost of goods sold	723.1	816.5	923.8	227.7	219.1	234.7	213.2	894.7	790.4
Gross profit	445.6	514.8	527.2	112.5	106.9	122.3	108.6	450.3	434.6
Distribution, Selling and Marketing Expens	121.7	143.9	134.3	29.7	28.2	39.2	30.4	127.4	122.5
General & Administrative	91.6	106.8	119.1	28.3	25.0	27.5	28.1	108.9	106.0
Depreciation and Amortization	17.3	16.9	16.9	4.6	4.3	4.3	4.3	17.6	17.2
Other expense (income)	0.0	0.0	0.0	0.5	0.1	0.0	0.0	0.6	0.0
Operating income	**$215.0**	**$247.1**	**$256.9**	**$49.4**	**$49.4**	**$51.2**	**$45.7**	**$195.7**	**$189.0**
Interest expense	21.9	21.7	20.6	3.8	5.0	5.1	5.1	18.9	18.2
Other expense (income)	0.3	(1.0)	0.2	(0.0)	(0.3)	0.0	0.0	(0.2)	0.0
Pretax income	192.9	226.4	236.1	45.6	44.7	46.1	40.6	177.0	170.8
Income taxes	33.4	41.3	32.3	6.6	3.1	8.0	8.5	26.3	30.7
Net income	159.5	185.1	203.9	39.0	41.6	38.1	32.1	150.8	140.1
Diluted shares outstanding	100.6	101.3	101.5	99.1	92.3	89.9	89.9	92.8	88.7
EPS	**$1.59**	**$1.83**	**$2.01**	**$0.39**	**$0.45**	**$0.42**	**$0.36**	**$1.62**	**$1.58**
EBITDA	**$234.0**	**$269.1**	**$278.2**	**$55.6**	**$55.5**	**$57.2**	**$51.6**	**$220.0**	**$215.0**
Margin analysis									
Gross margin	38.1%	38.7%	36.3%	33.1%	32.8%	34.3%	33.7%	33.5%	35.5%
Selling, general, & administrative	10.4%	10.8%	9.3%	8.7%	8.6%	11.0%	9.5%	9.5%	10.0%
Other expense (income)	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating income	18.4%	18.6%	17.7%	14.5%	15.2%	14.4%	14.2%	14.6%	15.4%
Tax rate	17.3%	18.3%	13.7%	14.4%	7.0%	17.4%	21.0%	14.8%	18.0%
EBITDA	**20.0%**	**20.2%**	**19.2%**	**16.4%**	**17.0%**	**16.0%**	**16.0%**	**16.4%**	**17.6%**
Year-over-year comparison									
Total sales	**16.2%**	**7.1%**	**9.0%**	**-0.3%**	**-9.4%**	**-6.3%**	**-12.8%**	**-7.3%**	**-8.9%**
Gross profit	8.7%	13.5%	2.4%	-14.4%	-18.1%	-11.7%	-14.2%	-14.6%	-3.5%
Distribution, Selling and Marketing Expens	7.8%	20.5%	-6.7%	-10.1%	-19.7%	15.9%	-6.1%	-5.1%	-3.9%
General & Administrative	1.0%	17.0%	11.5%	-3.5%	-11.9%	-13.9%	-4.5%	-8.5%	-2.7%
Depreciation and Amortization	1.8%	-2.9%	-0.1%	11.4%	3.9%	4.0%	-1.8%	4.3%	-2.3%
Other expense (income)	NM	NM	NM	NM	NM	NM	NM	NM	-100.0%
Operating income	13.7%	9.7%	4.0%	-24.0%	-21.5%	-25.3%	-24.3%	-23.8%	-3.5%
EPS	**25.4%**	**12.4%**	**9.9%**	**-18.8%**	**-1.1%**	**-16.2%**	**-36.3%**	**-19.1%**	**-2.8%**
EBITDA	**12.9%**	**9.6%**	**3.4%**	**-20.6%**	**-18.4%**	**-22.5%**	**-22.0%**	**-20.9%**	**-2.3%**

Note: figures are adjusted to represent operating earnings.
Sources: Company reports and William Blair Equity Research

The prices of the common stock of other public companies mentioned in this report follow:

BellRing Brands (Outperform)	$10.77
Celsius (Outperform)	$31.45
Clorox	$97.68
Coca-Cola	$88.67
Conagra	$16.02
Edgewell Personal Care	$28.72
E.l.f. Beauty (Outperform)	$109.05
Freshpet (Outperform)	$69.86
General Mills	$41.20
Hormel	$21.85
J&J Snack Foods (Outperform)	$88.18
Kimberly-Clark	$107.95
Kraft-Heinz	$25.67
McCormick	$54.22
Once Upon a Farm (Outperform)	$17.32
PepsiCo	$140.34
Primo Brands (Outperform)	$22.82
Procter & Gamble (Market Perform)	$145.12
Scotts Miracle Gro (Outperform)	$59.80
Simply Good Foods (Outperform)	$11.45
Tyson Foods	$55.14
Unilever	$64.85
Vital Farms (Outperform)	$10.68
Zevia	$1.41

IMPORTANT DISCLOSURES

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DOW JONES: 53185.90
S&P 500: 7686.14
NASDAQ: 26370.90

Additional information is available upon request.

Current Rating Distribution (as of September 1, 2026):

Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	72	Outperform (Buy)	14
Market Perform (Hold)	28	Market Perform (Hold)	4
Underperform (Sell)	1	Underperform (Sell)	0

*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

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