

Industry Update
Consumer
Q1 2025

Key Trends

- **Tariffs:** New and threatened tariffs are contributing to price pressures, though the extent of their impact on household purchasing power remains uncertain.
- **Consumer Uncertainty:** Despite steady spending and a strong labor market, consumers face mounting pressures from tariffs, inflation, and tightening credit conditions, indicating potential fragility ahead.
- **Credit:** While interest rates remained steady in Q1 2025, lenders are tightening credit standards in anticipation of rising defaults, making borrowing more expensive and less accessible for consumers.

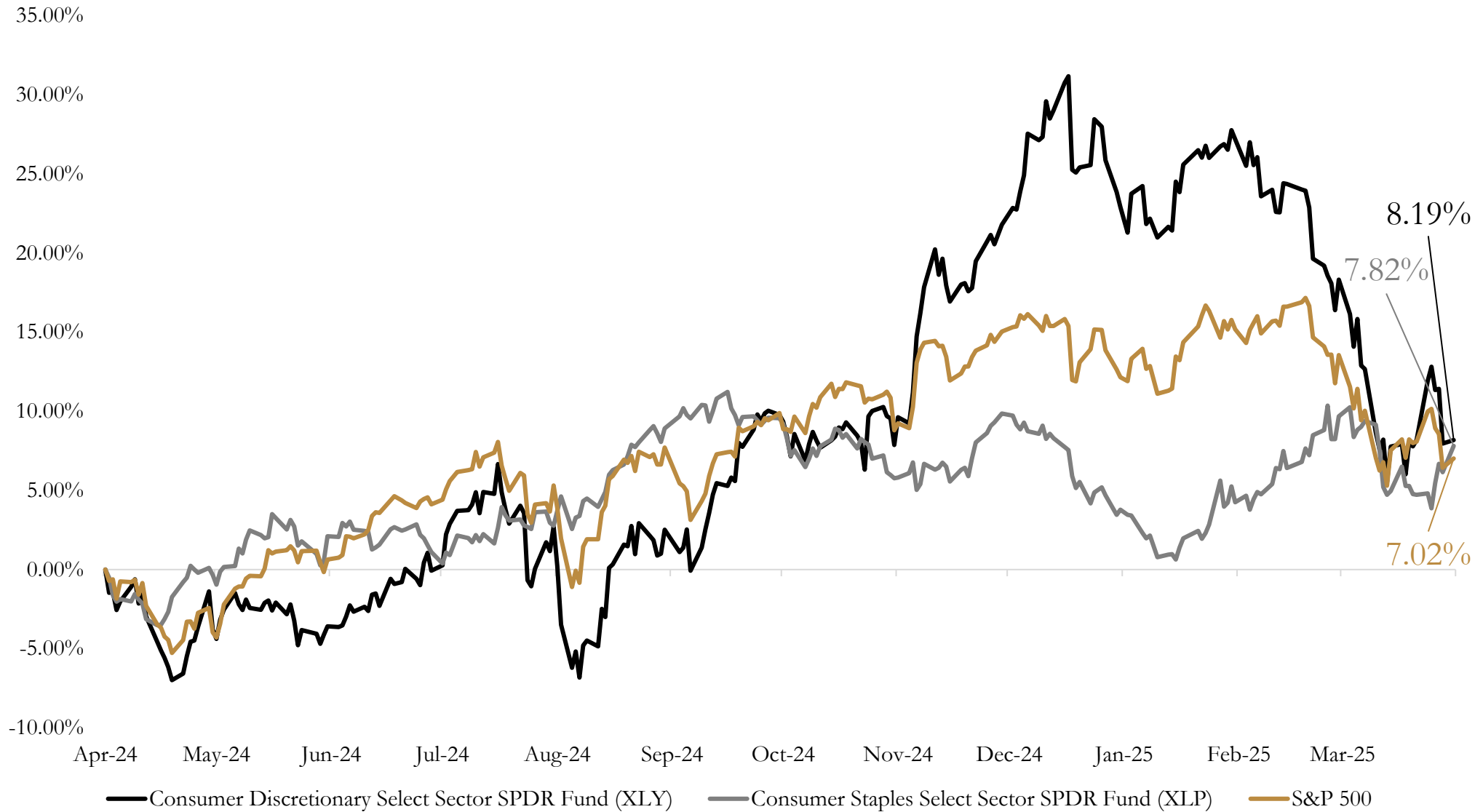
Market Overview

- Public markets were **volatile** in Q1 2025, with consumer sectors underperforming amid inflation and trade tensions.
- **Consumer M&A activity slowed**, as buyers remained cautious due to economic and policy uncertainty.
- Macroeconomic conditions remain unstable, **driven by inflation, rate pressures, and softening consumer confidence.**

External Drivers

- **Trade policy uncertainty continues to weigh on the market**, with new tariffs and retaliatory measures disrupting business and consumer confidence.
- Inflation and cost of living pressures persist, **reducing household purchasing power** as prices for essentials remain elevated.
- Labor market dynamics remain challenging, with **wage growth lagging inflation** and putting strain on household incomes.

Consumer Discretionary – Consumer Staples & S&P 500



Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

Company Name	Ticker	Financial Metrics					Valuation Metrics			
		Price at 03/31/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Consumer Goods & Health										
The Procter & Gamble Company	PG	\$170.42	94.5%	\$414,429	\$83,927	\$24,187	-0.2%	28.8%	4.9x	17.1x
Philip Morris International Inc.	PM	\$158.73	99.5%	\$318,186	\$38,386	\$16,241	-1.2%	22.9%	3.5x	15.4x
Altria Group, Inc.	MO	\$60.02	99.7%	\$122,282	\$20,246	\$12,383	-3.1%	19.5%	2.7x	13.9x
Colgate-Palmolive Company	CL	\$93.70	85.7%	\$81,879	\$19,947	\$4,861	6.8%	42.3%	8.3x	19.6x
Kenvue Inc.	KVUE	\$23.98	98.0%	\$54,121	\$15,302	\$3,509	-8.6%	3.1%	0.4x	13.8x
Kimberly-Clark Corporation	KMB	\$142.22	94.5%	\$53,839	\$19,749	\$3,860	-1.0%	61.2%	6.0x	9.9x
Archer-Daniels-Midland Company	ADM	\$48.01	72.7%	\$35,888	\$83,858	\$2,610	2.2%	22.5%	4.1x	18.4x
Church & Dwight Co., Inc.	CHD	\$110.09	94.5%	\$25,182	\$6,071	\$1,365	1.0%	24.4%	4.1x	16.8x
Food, Beverage & Restaurants										
The Coca-Cola Company	KO	\$71.62	97.4%	\$346,309	\$46,890	\$15,388	1.8%	32.8%	7.4x	22.5x
McDonald's Corporation	MCD	\$312.37	95.7%	\$280,224	\$25,707	\$13,896	-0.2%	54.1%	10.9x	20.2x
PepsiCo, Inc.	PEP	\$149.94	81.8%	\$220,784	\$91,523	\$17,303	-0.4%	18.9%	2.4x	12.8x
Starbucks Corporation	SBUX	\$98.09	83.5%	\$120,292	\$36,347	\$6,058	-0.5%	16.7%	3.3x	19.9x
Mondelez International, Inc.	MDLZ	\$67.85	89.2%	\$103,921	\$36,464	\$5,634	0.9%	15.5%	2.8x	18.4x
DoorDash, Inc.	DASH	\$182.77	84.9%	\$80,818	\$11,241	\$530	23.4%	4.7%	7.2x	152.5x
Chipotle Mexican Grill, Inc.	CMG	\$50.21	72.5%	\$72,567	\$11,487	\$2,343	12.6%	20.4%	6.3x	31.0x
The Kroger Co.	KR	\$67.69	98.8%	\$67,396	\$147,123	\$7,924	-1.9%	5.4%	0.5x	8.5x
Keurig Dr Pepper Inc.	KDP	\$34.22	89.4%	\$64,031	\$15,518	\$4,167	3.9%	26.9%	4.1x	15.4x
Monster Beverage Corporation	MNST	\$58.52	98.3%	\$59,788	\$7,448	\$2,172	1.5%	29.2%	8.0x	27.5x
The Kraft Heinz Company	KHC	\$30.43	78.1%	\$51,982	\$25,434	\$6,369	-4.2%	25.0%	2.0x	8.2x
Sysco Corporation	SYZ	\$75.04	91.3%	\$48,841	\$80,788	\$4,436	3.6%	5.5%	0.6x	11.0x
Constellation Brands, Inc.	STZ	\$183.52	66.8%	\$46,005	\$10,209	\$3,957	2.5%	38.8%	4.5x	11.6x

Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

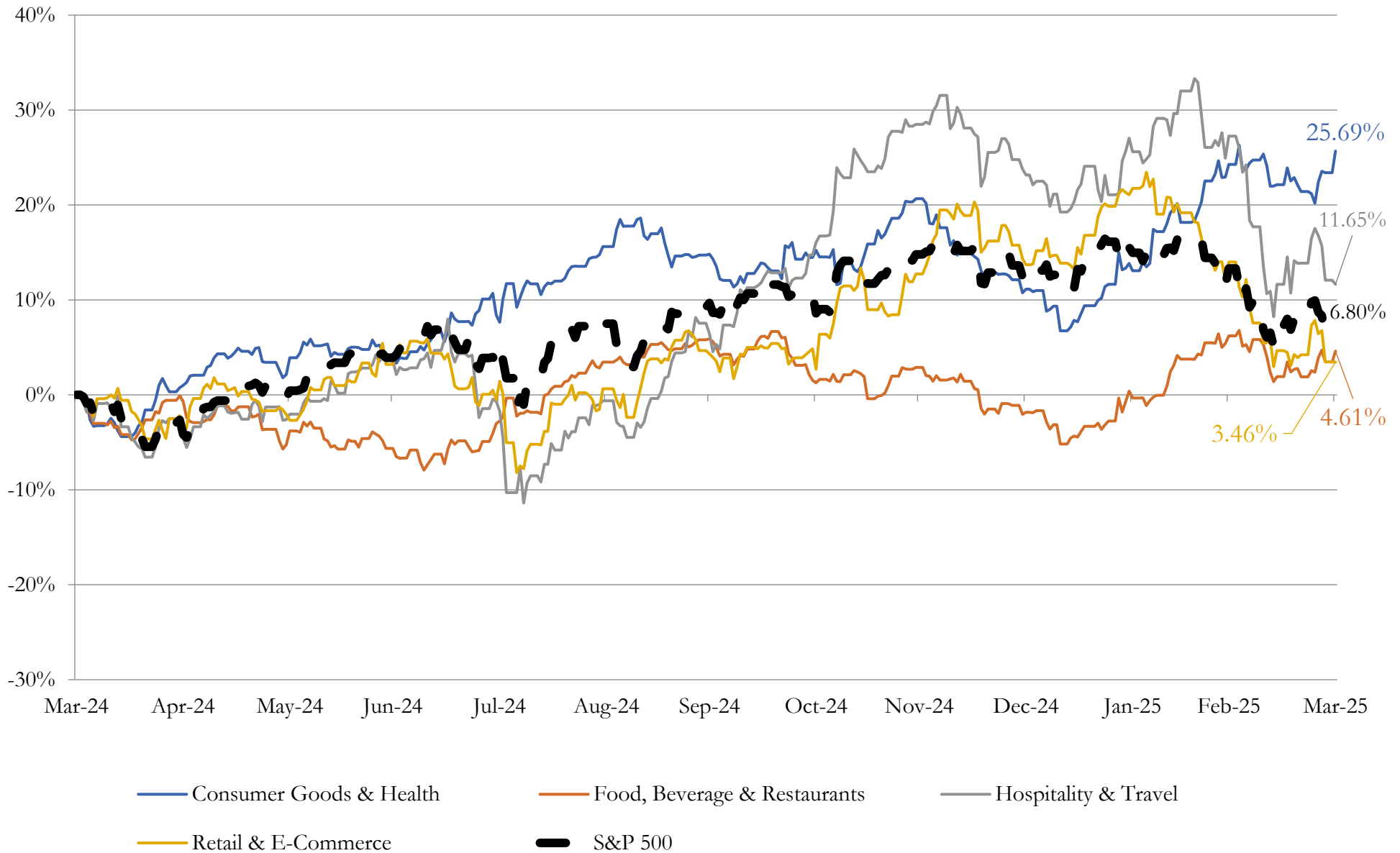
Company Name	Ticker	Financial Metrics					Valuation Metrics			
		Price at 03/31/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Hospitality & Travel										
Booking Holdings Inc.	BKNG	\$4,606.91	86.3%	\$173,600	\$24,086	\$8,500	9.5%	35.3%	7.2x	20.4x
Marriott International, Inc.	MAR	\$238.20	77.5%	\$88,551	\$6,682	\$4,338	4.8%	64.9%	13.3x	20.4x
Royal Caribbean Cruises Ltd.	RCL	\$205.44	74.1%	\$87,588	\$16,756	\$5,942	13.7%	35.5%	5.2x	14.7x
Airbnb, Inc.	ABNB	\$119.46	71.6%	\$72,340	\$11,232	\$2,532	9.7%	22.5%	6.4x	28.6x
Hilton Worldwide Holdings Inc.	HLT	\$227.55	82.7%	\$71,423	\$4,759	\$2,516	5.2%	52.9%	15.0x	28.4x
Retail & E-Commerce										
Amazon.com, Inc.	AMZN	\$190.26	78.5%	\$2,229,867	\$650,313	\$126,144	10.1%	19.4%	3.4x	17.7x
Walmart Inc.	WMT	\$87.79	83.4%	\$847,236	\$680,985	\$42,222	5.1%	6.2%	1.2x	20.1x
Costco Wholesale Corporation	COST	\$945.78	87.7%	\$454,901	\$264,086	\$12,073	6.1%	4.6%	1.7x	37.7x
The Home Depot, Inc.	HD	\$366.49	83.4%	\$434,683	\$159,514	\$25,287	4.5%	15.9%	2.7x	17.2x
Lowe's Companies, Inc.	LOW	\$233.23	81.3%	\$167,384	\$83,674	\$12,615	-3.1%	15.1%	2.0x	13.3x
The TJX Companies, Inc.	TJX	\$121.80	95.2%	\$158,091	\$56,360	\$7,406	4.0%	13.1%	2.8x	21.3x
NIKE, Inc.	NKE	\$63.48	64.7%	\$93,860	\$47,818	\$5,782	-7.3%	12.1%	2.0x	16.2x
O'Reilly Automotive, Inc.	ORLY	\$1,432.58	98.8%	\$86,852	\$16,869	\$3,715	4.9%	22.0%	5.1x	23.4x
AutoZone, Inc.	MRK	\$3,812.78	99.2%	\$77,238	\$18,673	\$4,320	4.7%	23.1%	4.1x	17.9x
Target Corporation	TGT	\$104.36	57.4%	\$59,695	\$106,566	\$8,720	-0.8%	8.2%	0.6x	6.8x
lululemon athletica inc.	LULU	\$283.06	66.9%	\$38,901	\$10,588	\$2,952	10.1%	27.9%	3.7x	13.2x

Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500



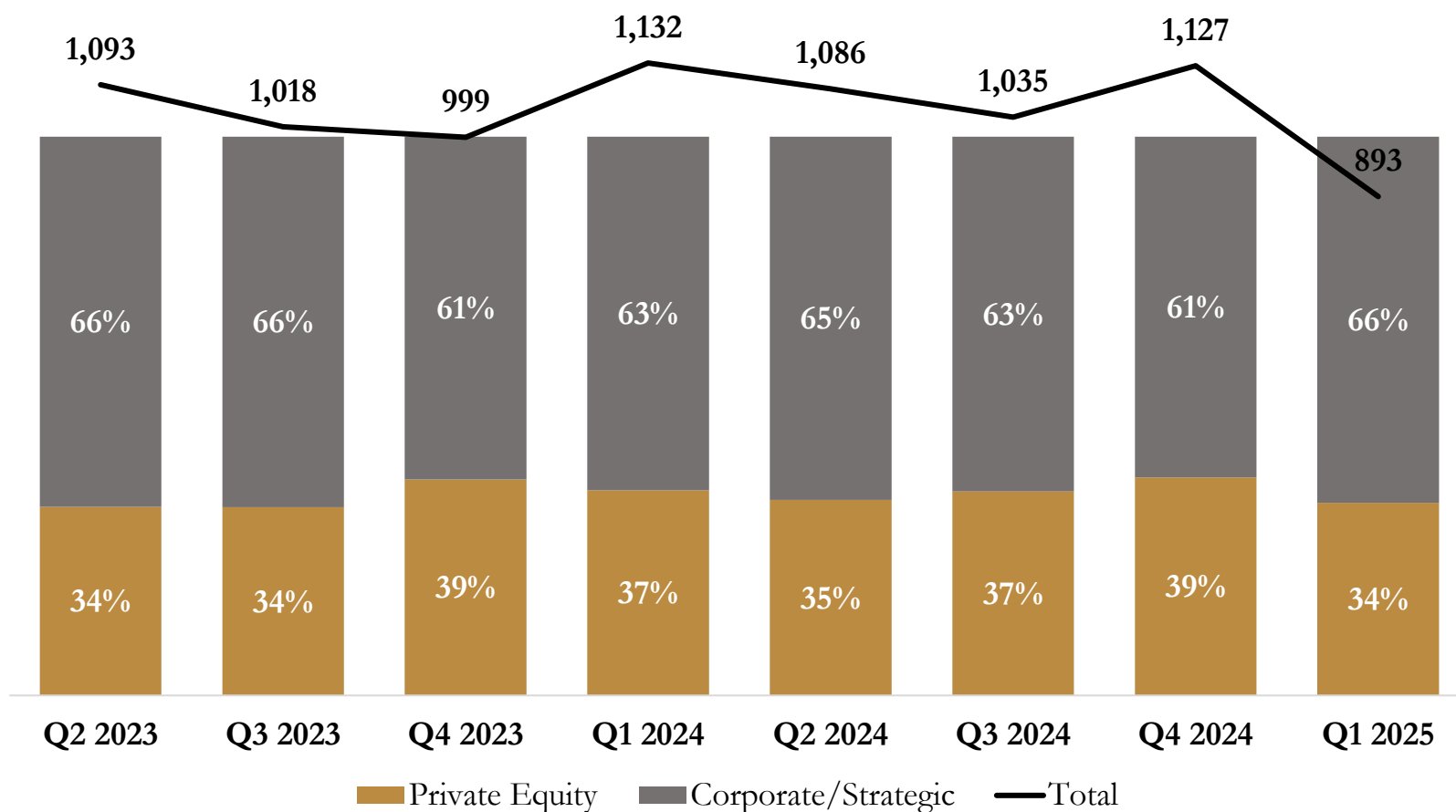
Source: Capital IQ

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M&A Trends

Quarterly M&A Volume (Strategic vs. Private Equity)

M&A activity showed a fluctuating trend over the past few quarters, peaking in Q1 2024 with 1,132 deals before declining sharply to 893 in Q1 2025. Private equity's share remained relatively stable, ranging from 34% to 39%, while corporate/strategic buyers consistently dominated with 61% to 66% share. Overall, corporate buyers continue to drive deal flow, while private equity remains sensitive to market shifts.



Source: PitchBook

(USD in millions)

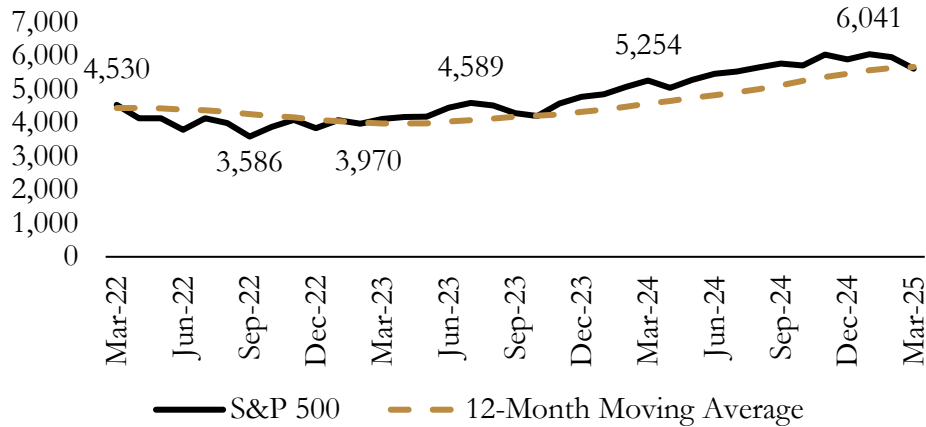
Close Date	Target	Acquirer	Implied TEV
Feb-25	Mattress Firm Group Inc.	Tempur Sealy International, Inc. (nka:Somnigroup International Inc.)	\$4,002
Aug-23	Franchise Group, Inc.	N/A	\$3,790
Dec-24	The Neiman Marcus Group LLC	Hudson's Bay Company	\$2,650
Jul-24	Hibbett, Inc.	JD Sports Fashion Plc	\$1,437
Oct-24	The Aaron's Company, Inc.	IQVentures Holdings, LLC	\$1,004
Jul-24	Shoptikal, LLC	Fielmann USA, Inc.	\$290
Jun-24	Retail Operating Assets of Express Inc.	Phoenix Retail LLC	\$172
Apr-24	Substantially All Operating Assets and Liabilities of Wish	Qoo10 Pte. Ltd.	\$161
Feb-25	Del Monte Shopping Center	Federal Realty Investment Trust	\$124
Nov-24	Spartan Mat, LLC	Exchange Income Corporation	\$120
Jan-25	Dealer Club, Inc.	Cars.com Inc.	\$112
Apr-24	NCS Global Services LLC	Celestica Inc.	\$56
Feb-25	Alternative Energy Systems Consulting, Inc.	N/A	\$53
Jun-23	3 Franchised Dealerships in Alabama and North Carolina	N/A	\$52
Apr-24	Jim Burke Automotive, Inc.	Hallmark Automotive Group	\$40
Jan-25	Monroeville Mall	Walmart Inc.	\$34
Oct-24	Church Products Business of Salem Web Network, LLC	Gloo, LLC	\$30
Jun-24	Dealership assets of Texas Auto Center	America's Car-Mart, Inc.	\$29
Jul-23	Great Lakes Hyundai of Dublin, Great Lakes Hyundai of Columbus and	Great Lakes Auto Network, Inc.	\$22
May-24	Substantially all of the furniture business assets of CWDS, LLC	Lippert Components Manufacturing, Inc.	\$21
Jul-24	Assets of Sam Ash Music Corp.	Gonher Music Center	\$15
Aug-23	Seven convenience stores located in Arkansas and Oklahoma	Arko Corp.	\$14
Aug-23	Buick GMC Automotive Dealership at Beckley, WV	Beckley AWV AM, LLC	\$11
Sep-24	Substantially All Assets of Eastern Mountain Sports, LLC	Mountain Warehouse Group Holdings Limited	\$10
May-24	Eddie Gilstrap Motors Inc	Withers Automotive Worldwide Inc.	\$10
Mar-25	Assets of Seven Dealerships of Lazydays Holdings, Inc. (nka:Assets of Five	Camping World Holdings, Inc.	\$7
May-24	Garden State Yacht Sales, LLC	OneWater Marine Inc.	\$6
Jan-25	Speedway - located at 711 S. Main St. in Englewood	MDC Endeavour 1 LLC	\$6
May-24	2 Peaches Group, LLC	Savers Value Village, Inc.	\$5
Aug-23	LaFontaine Chrysler Dodge Jeep RAM FIAT Lansing (nka:Genthe Chrysler-	Genthe Automotive - Eureka, LLC	\$5

Source: Capital IQ

Macroeconomic Environment

Macroeconomic Indicators

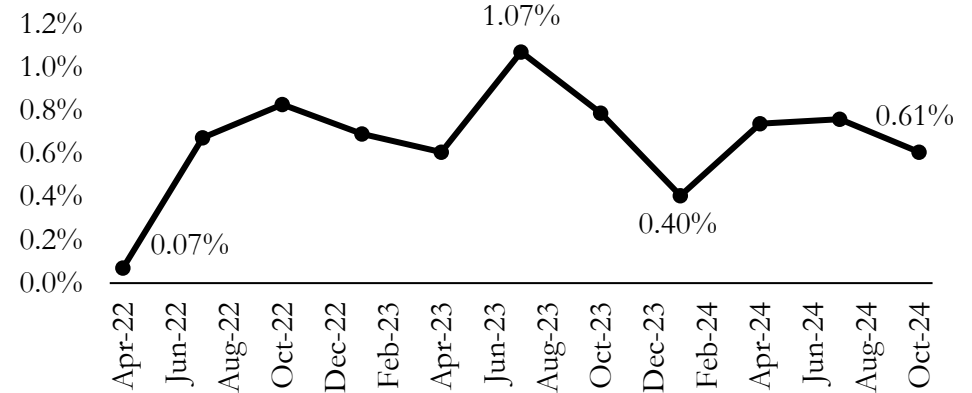
S&P 500



A leading equity index tracking the performance of 500 large U.S. companies.

Real GDP Growth

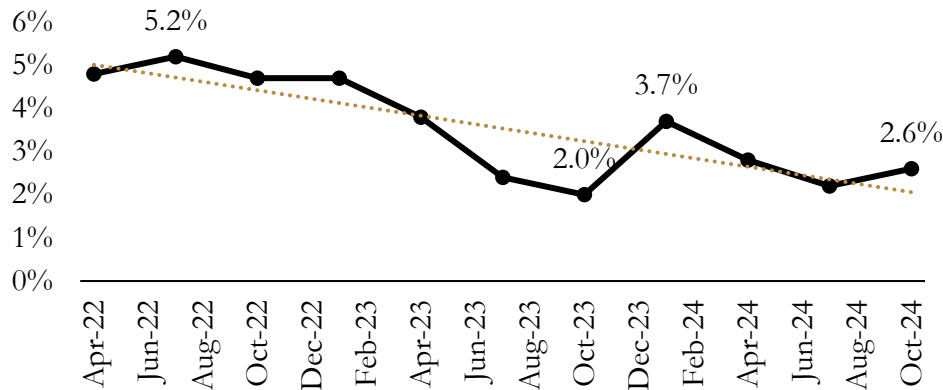
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

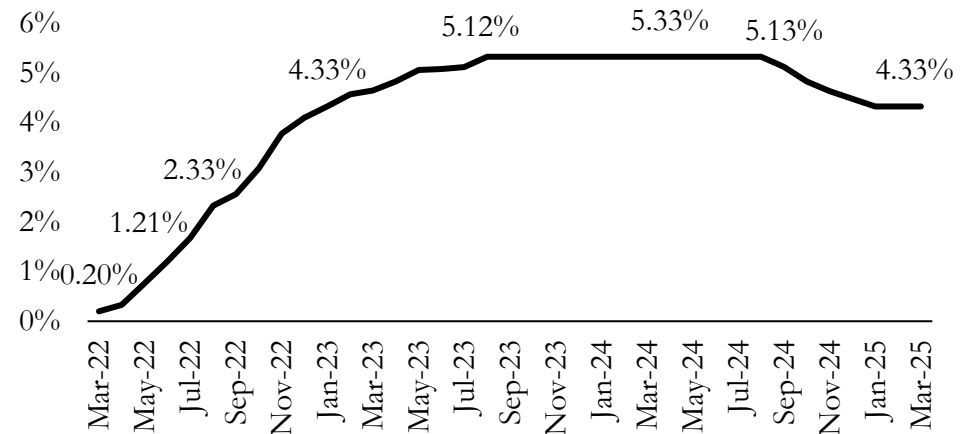
Core PCE

Personal Consumption Expenditures



A key inflation gauge that tracks consumer spending, excluding volatile food and energy prices.

Federal Funds Rate



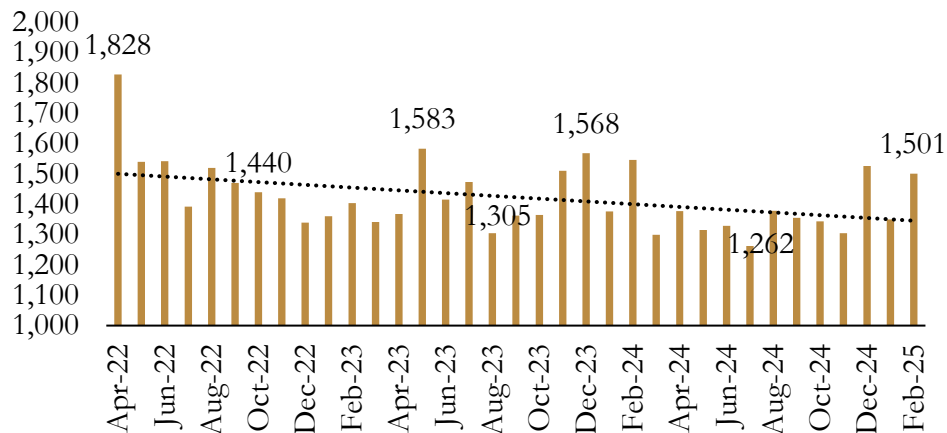
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed – FRED Economic Data, Institute for Supply Management

Macroeconomic Environment

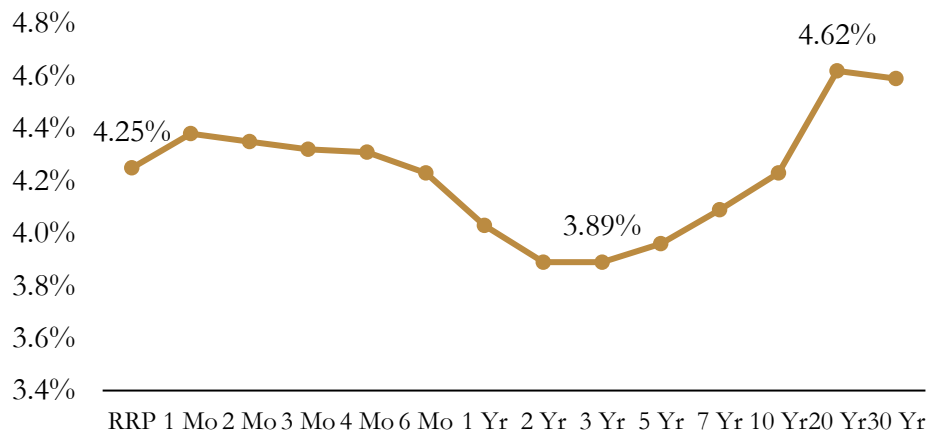
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



Measures the number of new residential construction projects begun each month.

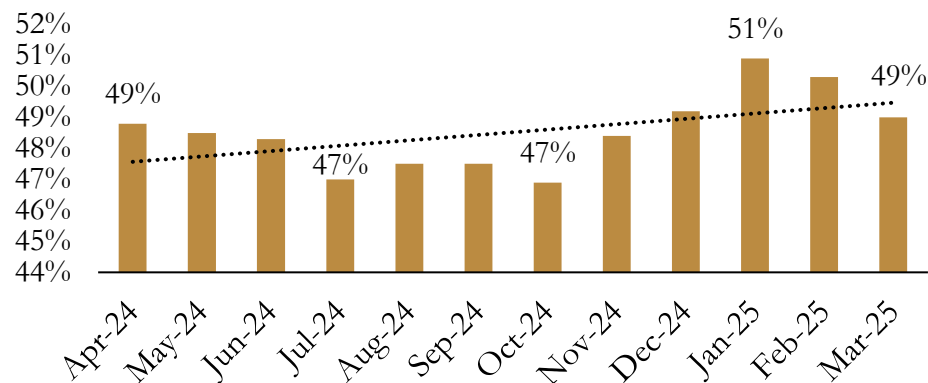
Treasury Par Yield Curve Rates



Displays yields across Treasury maturities, reflecting market expectations for future interest rates.

Manufacturing PMI

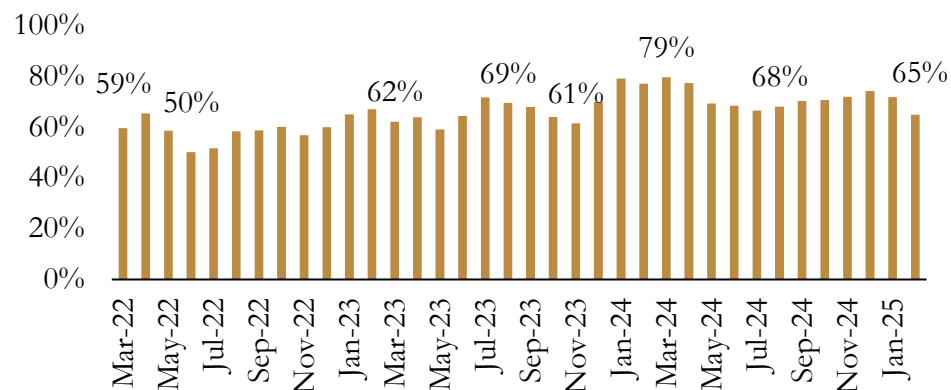
Purchasing Manager's Index



A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Consumer Sentiment

From the University of Michigan

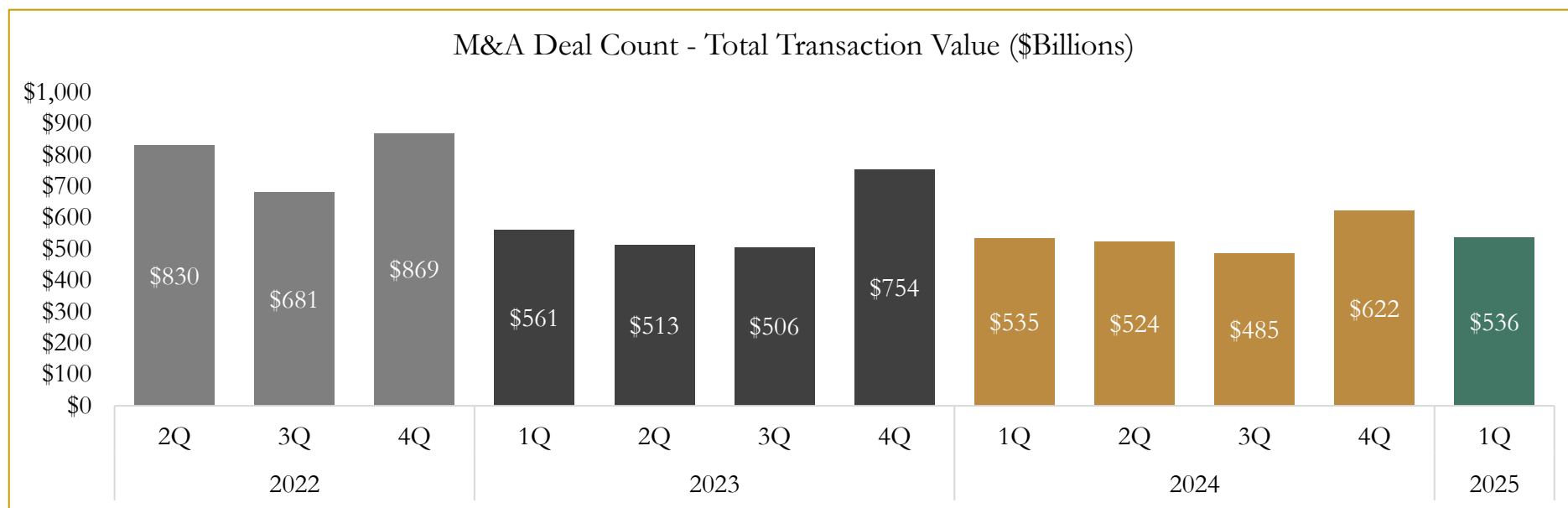
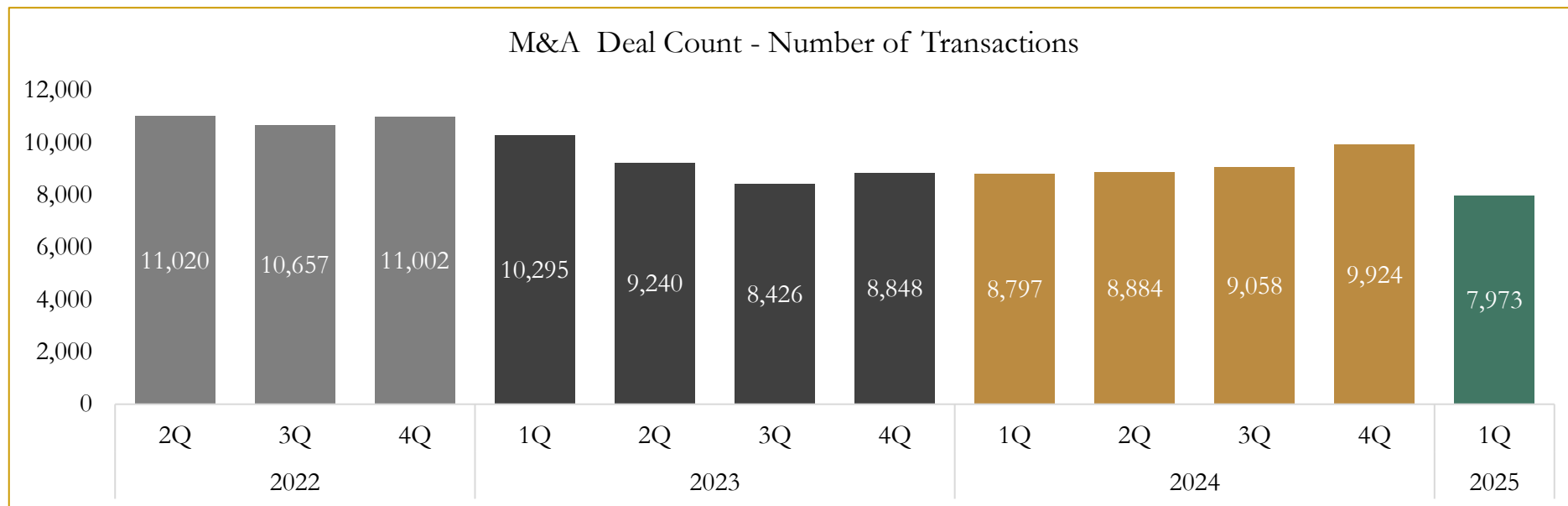


Measures consumer confidence in the economy based on monthly survey data.

Source: St. Louis Fed – FRED Economic Data ¹Figures in Thousands

Macroeconomic Environment

Total M&A Volume (Past Three (3) Years)



Source: Capital IQ; Data derived from M&A activity over the past three years.

Company Overview

- Founded in 1996, Houlihan Capital is an employee-owned valuation and investment banking firm.
- As a member of FINRA and SIPC, our team of 40+ professionals are committed to the highest levels of quality and professionalism.

Divisions & Core Offerings

- Valuation & Financial Advisory – Portfolio Valuations for Funds, with an industry specialization in cryptocurrency.
- Investment Banking – M&A Advisory for Founders and Family-Owned businesses in the lower middle market.

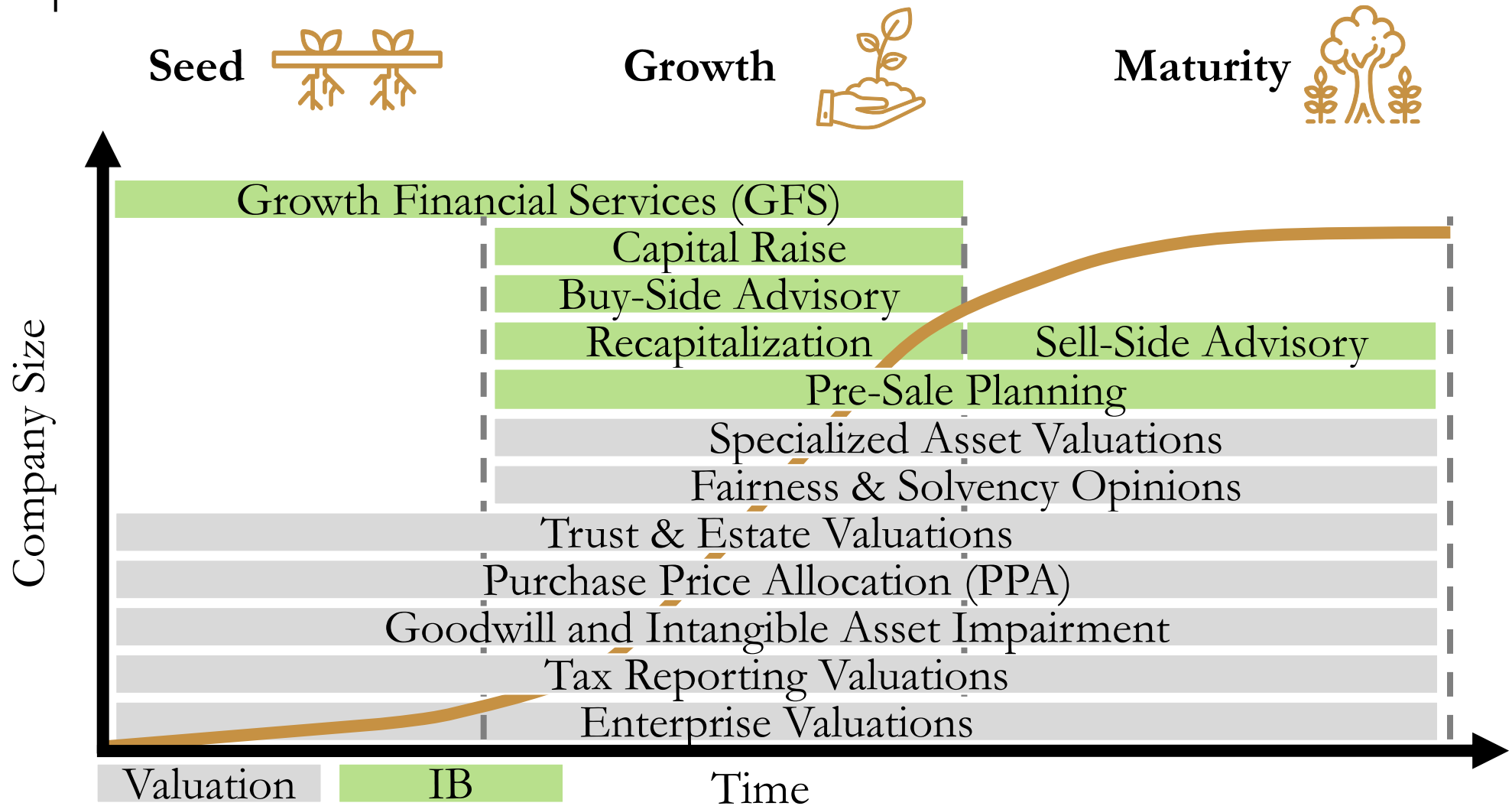
Houlihan Capital Locations



Chicago, IL



Cleveland, OH



For questions or inquiries regarding our services, please contact:

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