

Executive Summary

Key Takeaways

Key Trends

- Private Label Growth Accelerates: Private label brands gained significant market share in Q2, especially in food and household staples. Inflation-conscious consumers are trading down, and retailers are investing in elevating their store brands to meet demand.
- Consumer Sentiment and Spending Resilience: While consumer spending remains steady and the labor market is strong, ongoing challenges from tariffs, inflation, and tighter credit conditions suggest that consumer confidence may be vulnerable, signaling potential economic fragility ahead.
- Tariff Impact and Inflation Pressures: New and anticipated tariffs continue to drive price increases, creating uncertainty about their full effect on household purchasing power.

Market Overview

- Public markets experienced volatility in Q2 2025, with consumer discretionary companies outperforming the broader market while consumer staples lagged behind.
- Consumer M&A activity remains slow in 2025
 as buyers remain cautious amid increasingly
 unstable macroeconomic conditions, driven by
 geopolitical tensions, tariffs, and declining
 consumer confidence.

External Drivers

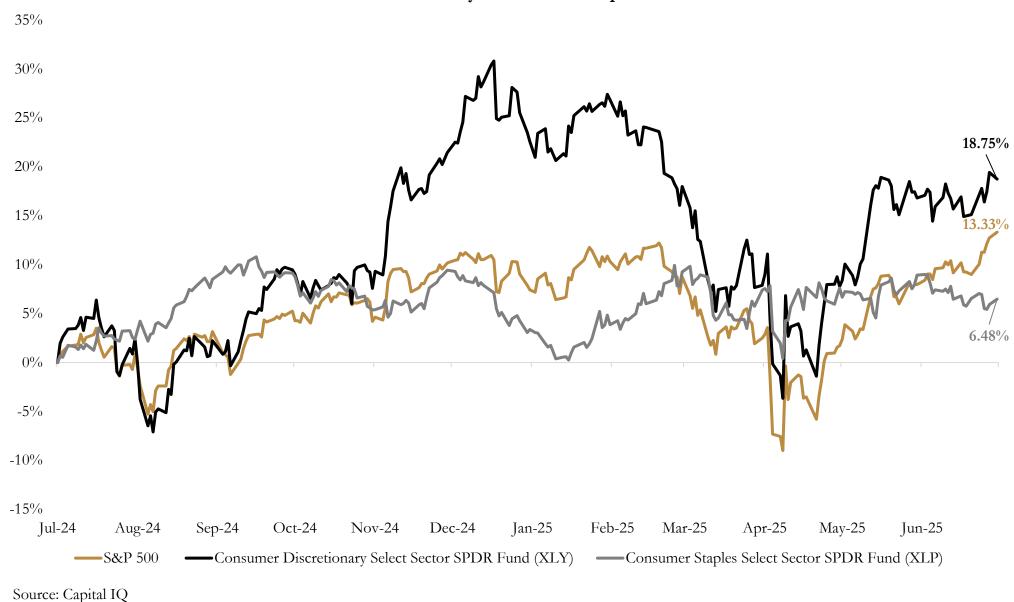
- While trade tensions have slightly eased, ongoing geopolitical instability in global shipping lanes and raw material markets continues to **inject volatility** into supply chains and pricing strategies.
- Labor market frictions persist amid slower hiring, with underemployment and job-skill mismatches growing concerns. Although wage growth has improved modestly, it still lags behind cost-ofliving increases, keeping pressure on real household income.

Sources: NielsenIQ, Federal Reserve, Bloomberg

Public Market Performance

Sector ETF vs. S&P 500





Public Market Performance Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

		Financial Metrics					Valuation Metrics			
Company Name	Ticker	Price at 06/30/25	% 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	\$159.32	88.3%	\$395,391	\$83,927	\$24,187	-0.2%	28.8%	4.7x	16.3x
Philip Morris International Inc.	PM	\$182.13	97.6%	\$324,194	\$38,386	\$16,241	6.8%	42.3%	8.4x	20.0x
Altria Group, Inc.	MO	\$58.63	95.7%	\$118,660	\$20,246	\$12,383	-1.0%	61.2%	5.9x	9.6x
Colgate-Palmolive Company	CL	\$90.90	83.2%	\$81,546	\$19,947	\$4,861	1.0%	24.4%	4.1x	16.8x
Kimberly-Clark Corporation	KMB	\$128.92	85.7%	\$50,474	\$19,749	\$3,860	-1.2%	22.9%	3.1x	13.6x
Kenvue Inc.	KVUE	\$20.93	83.2%	\$47,651	\$15,302	\$3,509	-3.1%	19.5%	2.6x	13.1x
Archer-Daniels-Midland Company	ADM	\$52.78	79.9%	\$37,733	\$83,858	\$2,610	-8.6%	3.1%	0.4x	14.5x
Church & Dwight Co., Inc.	CHD	\$96.11	82.5%	\$25,561	\$6,071	\$1,365	2.2%	22.5%	4.2x	18.7x
Food, Beverage & Restaurants										
The Coca-Cola Company	KO	\$70.75	95.1%	\$336,796	\$46,890	\$15 388	1.8%	32.8%	7.2x	21 9v

Food, Beverage & Restaurants										
The Coca-Cola Company	KO	\$70.75	95.1%	\$336,796	\$46,890	\$15,388	1.8%	32.8%	7.2x	21.9x
McDonald's Corporation	MCD	\$292.17	89.5%	\$261,076	\$25,707	\$13,896	-0.2%	54.1%	10.2x	18.8x
PepsiCo, Inc.	PEP	\$132.04	73.0%	\$224,459	\$91,523	\$17,303	-0.4%	18.9%	2.5x	13.0x
Starbucks Corporation	SBUX	\$91.63	78.0%	\$131,270	\$36,347	\$6,058	-0.5%	16.7%	3.6x	21.7x
Mondelez International, Inc.	MDLZ	\$67.44	88.7%	\$105,190	\$36,464	\$5,634	0.9%	15.5%	2.9x	18.7x
DoorDash, Inc.	DASH	\$246.51	99.8%	\$98,140	\$11,241	\$530	23.4%	4.7%	8.7x	185.2x
Chipotle Mexican Grill, Inc.	CMG	\$56.15	84.1%	\$78,590	\$11,487	\$2,343	12.6%	20.4%	6.8x	33.5x
The Kroger Co.	KR	\$71.73	96.8%	\$66,918	\$146,972	\$7,982	-2.1%	5.4%	0.5x	8.4x
Keurig Dr Pepper Inc.	KDP	\$33.06	86.4%	\$63,732	\$15,518	\$4,158	3.9%	26.8%	4.1x	15.3x
Monster Beverage Corporation	MNST	\$62.64	97.2%	\$56,453	\$7,448	\$2,172	1.5%	29.2%	7.6x	26.0x
The Kraft Heinz Company	KHC	\$25.82	70.7%	\$50,266	\$25,434	\$6,369	-4.2%	25.0%	2.0x	7.9x
Sysco Corporation	SYY	\$75.74	92.1%	\$50,106	\$80,788	\$4,436	3.6%	5.5%	0.6x	11.3x
Constellation Brands, Inc.	STZ	\$162.68	61.5%	\$41,556	\$10,062	\$3,798	-0.5%	37.7%	4.1x	10.9x

Source: Capital IQ

Public Market PerformanceKey Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

1000 1111111111111111111111111111111111			Valuation Metrics							
Company Name	Ticker	Price at 06/30/25	% 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	\$5,789.24	99.8%	\$185,229	\$24,086	\$8,500	9.5%	35.3%	7.7x	21.8x
Royal Caribbean Cruises Ltd.	RCL	\$313.14	99.7%	\$110,499	\$16,756	\$5,942	13.7%	35.5%	6.6x	18.6x
Marriott International, Inc.	MAR	\$273.21	88.8%	\$91,797	\$6,682	\$4,338	4.8%	64.9%	13.7x	21.2x
Hilton Worldwide Holdings Inc.	HLT	\$266.34	96.8%	\$75,968	\$4,759	\$2,516	5.2%	52.9%	16.0x	30.2x
Airbnb, Inc.	ABNB	\$132.34	80.7%	\$75,254	\$11,232	\$2,532	9.7%	22.5%	6.7x	29.7x
Retail & E-Commerce										
Amazon.com, Inc.	AMZN	\$219.39	90.5%	\$2,425,951	\$650,313	\$126,144	10.1%	19.4%	3.7x	19.2x
Walmart Inc.	WMT	\$97.78	92.9%	\$838,821	\$685,086	\$42,757	4.2%	6.2%	1.2x	19.6x
The Home Depot, Inc.	HD	\$366.64	83.4%	\$429,741	\$162,952	\$25,498	7.3%	15.6%	2.6x	16.9x
Costco Wholesale Corporation	COST	\$989.94	91.8%	\$429,042	\$268,776	\$12,442	5.9%	4.6%	1.6x	34.5x
Lowe's Companies, Inc.	LOW	\$221.87	77.3%	\$162,358	\$83,240	\$12,477	-2.5%	15.0%	2.0x	13.0x
The TJX Companies, Inc.	TJX	\$123.49	90.9%	\$148,761	\$56,992	\$7,414	3.8%	13.0%	2.6x	20.1x
NIKE, Inc.	NKE	\$71.04	78.4%	\$110,441	\$46,309	\$4,517	-9.8%	9.8%	2.4x	24.5x
O'Reilly Automotive, Inc.	ORLY	\$90.13	92.7%	\$86,993	\$16,869	\$3,715	4.9%	22.0%	5.2x	23.4x
AutoZone, Inc.	AZO	\$3,712.23	94.8%	\$74,808	\$18,901	\$4,302	5.2%	22.8%	4.0x	17.4x
Target Corporation	TGT	\$98.65	58.9%	\$63,117	\$105,881	\$8,961	-0.7%	8.5%	0.6x	7.0x

\$28,614

\$10,750

\$2,977

9.4%

27.7%

2.7x

Source: Capital IQ

lululemon athletica inc.

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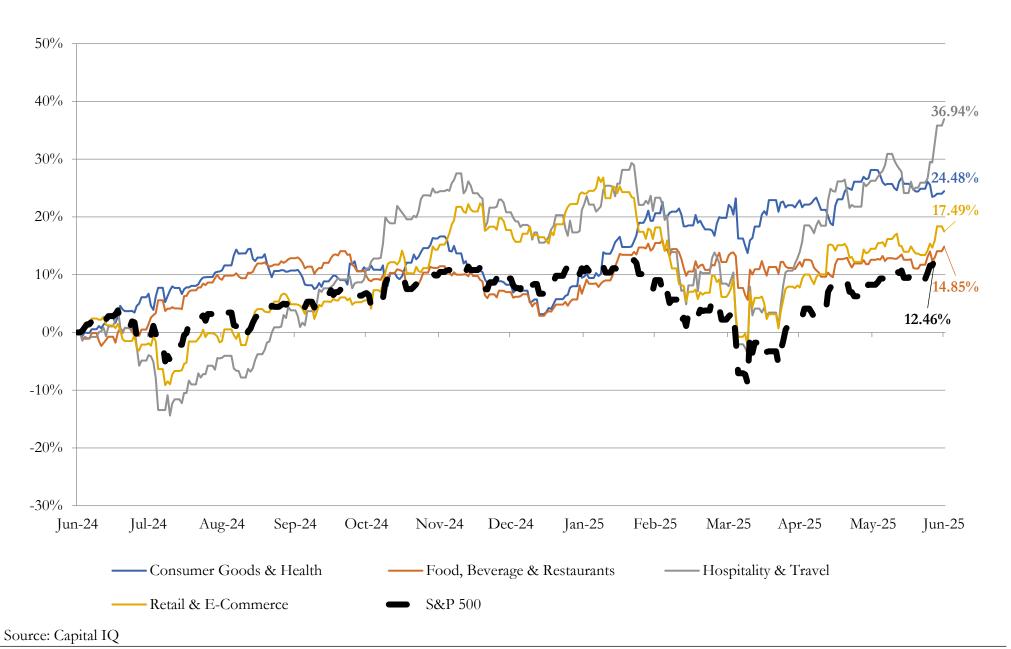
\$237.58

56.1%

9.6x

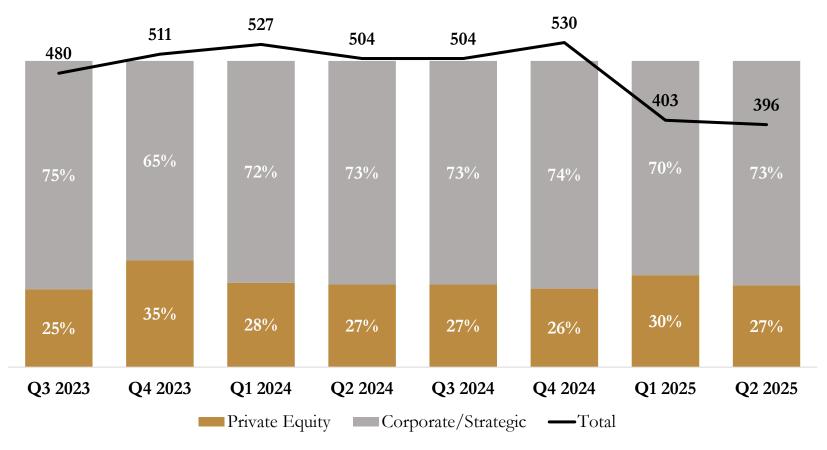
Public Market Performance

Sub-Industry Performance vs. S&P 500



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

Deal volume in the Consumer industry remained stable from 2023–2024 before declining sharply in 2025, with Q2 marking the lowest transaction count in the dataset. The drop is attributed to regulatory uncertainty, changing consumer trends, and macroeconomic pressures. Despite this, corporate and strategic buyers remain active, focusing on high-growth areas like wellness, sustainability, and digital brands, though with increased selectivity.



Source: PitchBook

M&A TrendsRecent M&A Transactions

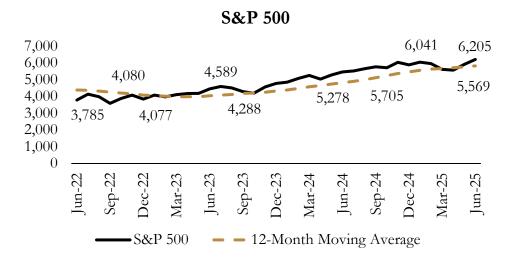
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Dec-24	Catalent, Inc.	Novo Holdings A/S	\$16,47.
Nov-24	R1 RCM Inc.	Clayton, Dubilier & Rice, LLC; TowerBrook Capital Partners L.P.	\$8,64
Nov-24	Axonics, Inc.	Boston Scientific Corporation	\$3,35
Dec-24	Longboard Pharmaceuticals, Inc.	Langkawi Corporation	\$2,36
Nov-24	Sporting Products Segment Business (The Kinetic Group) of Vista Outdoor	CZECHOSLOVAK GROUP a.s.	\$2,22
Dec-24	VIZIO Holding Corp.	Walmart Inc.	\$2,16
Oct-24	Supreme Holdings, Inc.	EssilorLuxottica Société anonyme	\$1,50
Sep-24	Global Champion Business of Hanesbrands Inc.	Authentic Brands Group, LLC	\$1,50
Dec-24	Aliada Therapeutics, Inc.	AbbVie Inc.	\$1,40
Oct-24	PetIQ, Inc.	Bansk Group LLC	\$1,36
Oct-24	Modifi Biosciences, Inc.	Merck & Co., Inc.	\$1,330
Oct-24	Reneo Pharmaceuticals, Inc.	OnKure Therapeutics, Inc.	\$1,30
Jan-25	QSC, LLC	Acuity Brands Technology Services, Inc.	\$1,21.
Jan-25	Revelyst, Inc.	Strategic Value Partners, LLC	\$1,20
Oct-24	Kate Therapeutics Inc.	Novartis AG	\$1,16
Jun-25	Landsea Homes Corporation	The New Home Company Inc.	\$1,15
Dec-24	AdvancedMD, Inc.	Francisco Partners Management, L.P.	\$1,12
Dec-24	Integrated Oncology Network, LLC	Cardinal Health, Inc.	\$1,11.
Oct-24	Clinical Services Business of Avantor, Inc. (nka:Resonant Clinical Solutions)	Audax Management Company, LLC	\$650
Jul-24	Dura Supreme, Inc.	MasterBrand Cabinets, LLC	\$520
Oct-24	Sharecare, Inc.	Altaris, LLC	\$51
Dec-24	1,228-unit Senior Living Communities in West Coast	Brookdale Senior Living Inc.	\$49.
Dec-24	Integracare of Abilene/NP Plus/Girling Health Care Services Of	Addus HealthCare, Inc.	\$350
Feb-25	MGO Global, Inc.	Heidmar Maritime Holdings Corp.	\$330
Oct-24	Mountain High Products, LLC	Canopy USA, LLC	\$29
Oct-24	Medicated Feed Additive Product Portfolio, Certain Water- Soluble Products	Phibro Animal Health Corporation	\$29
Nov-24	Hamilton Thorne Ltd.	Astorg Asset Management S A.R.L.; FAX Capital Corp.	\$278
Dec-24	Acreage Holdings, Inc.	Canopy USA, LLC	\$25
Oct-24	Stewardship Health business of Steward Health Care system	Revere Medical	\$24.
Feb-25	Rausch Coleman Development Group, Inc.	Lennar Corporation	\$23

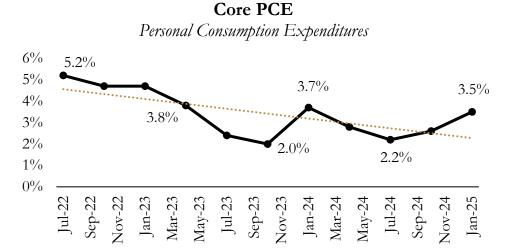
Source: Capital IQ

Macroeconomic Environment

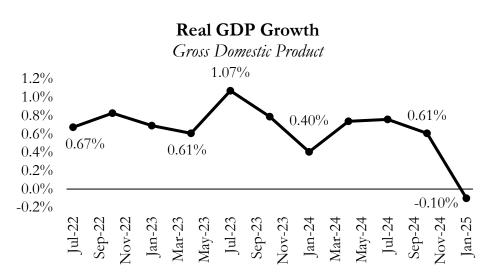
Macroeconomic Indicators



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



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



Tracks inflation-adjusted economic output, typically reported quarterly.

6%

5%

4%

3%

2%





Federal Funds Rate

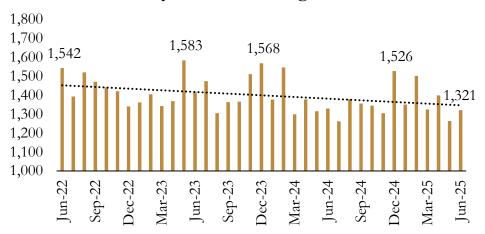
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed – FRED Economic Data

Macroeconomic Environment

Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



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

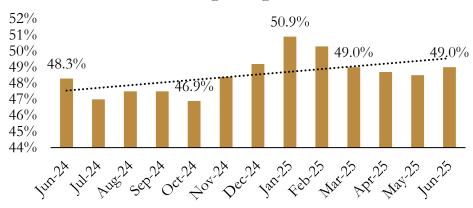
Treasury Par Yield Curve Rates



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

Manufacturing PMI

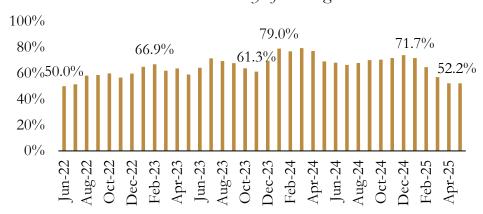
Purchasing Manager's Index



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

Consumer Sentiment

From the University of Michigan



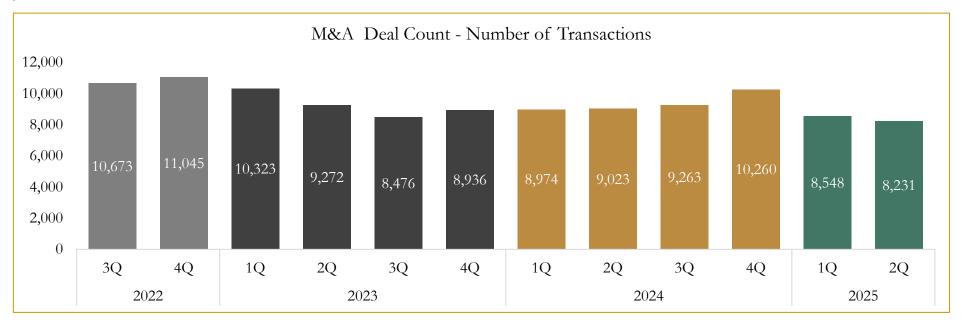
Measures consumer confidence in the economy based on monthly survey data.

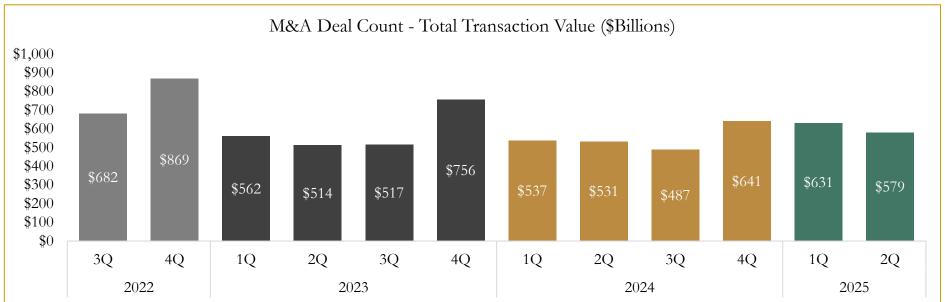
Source: St. Louis Fed – FRED Economic Data, Institute for Supply Management, ¹Figures in Thousands

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Macroeconomic Environment

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





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

Houlihan Capital

About Us

Company Overview

- Founded in 1996, Houlihan Capital is an employeeowned 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

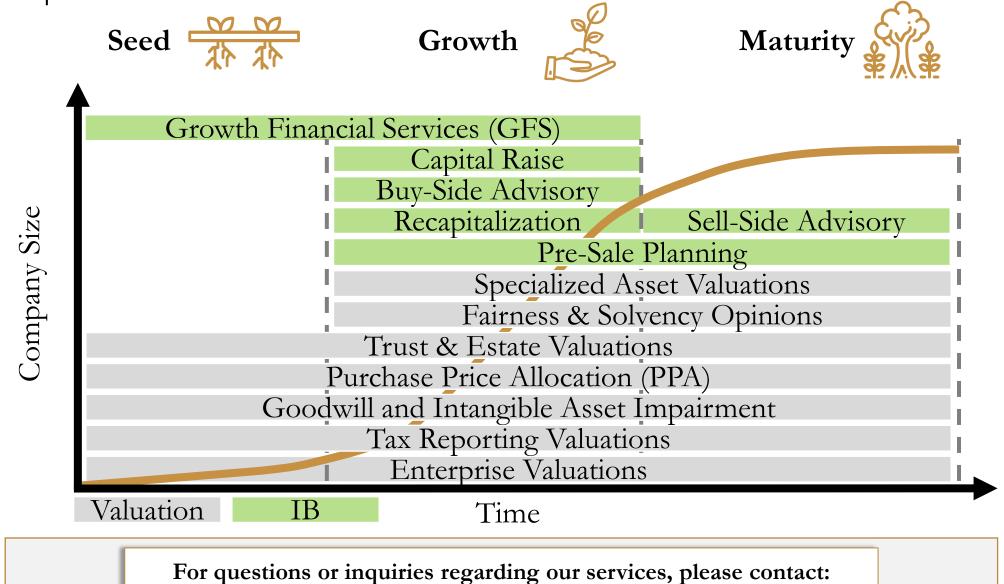
Houlihan Capital Locations



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