

Industry Update
Consumer
Q3 2025

Key Trends

- **Consumer Sentiment:** Consumers remain cautious amid economic unease, with many reporting worse personal finances than six months ago and shifting toward cost-saving strategies.
- **Value and Affordability Drove Purchasing Decisions:** Consumers prioritizing discounts, private-label products, and loyalty programs. Brands that clearly communicated value and transparency saw stronger retention.
- **Wellness & Longevity Drive Consumer Choices:** The global wellness market is thriving, with consumers across all age groups focused on healthy aging and prevention. Demand is rising for products and services that support long-term proactive health management.

Market Overview

- During Q3 2025, **consumer discretionary companies outpaced** the broader market amid volatile conditions, whereas consumer staples underperformed.
- Consumer M&A activity continues to lag in 2025, with deal volume **dropping by ~11%** from Q2 to Q3, as buyers remain cautious amid growing macroeconomic instability fueled by geopolitical tensions, rising tariffs, and weakening consumer confidence.

External Drivers

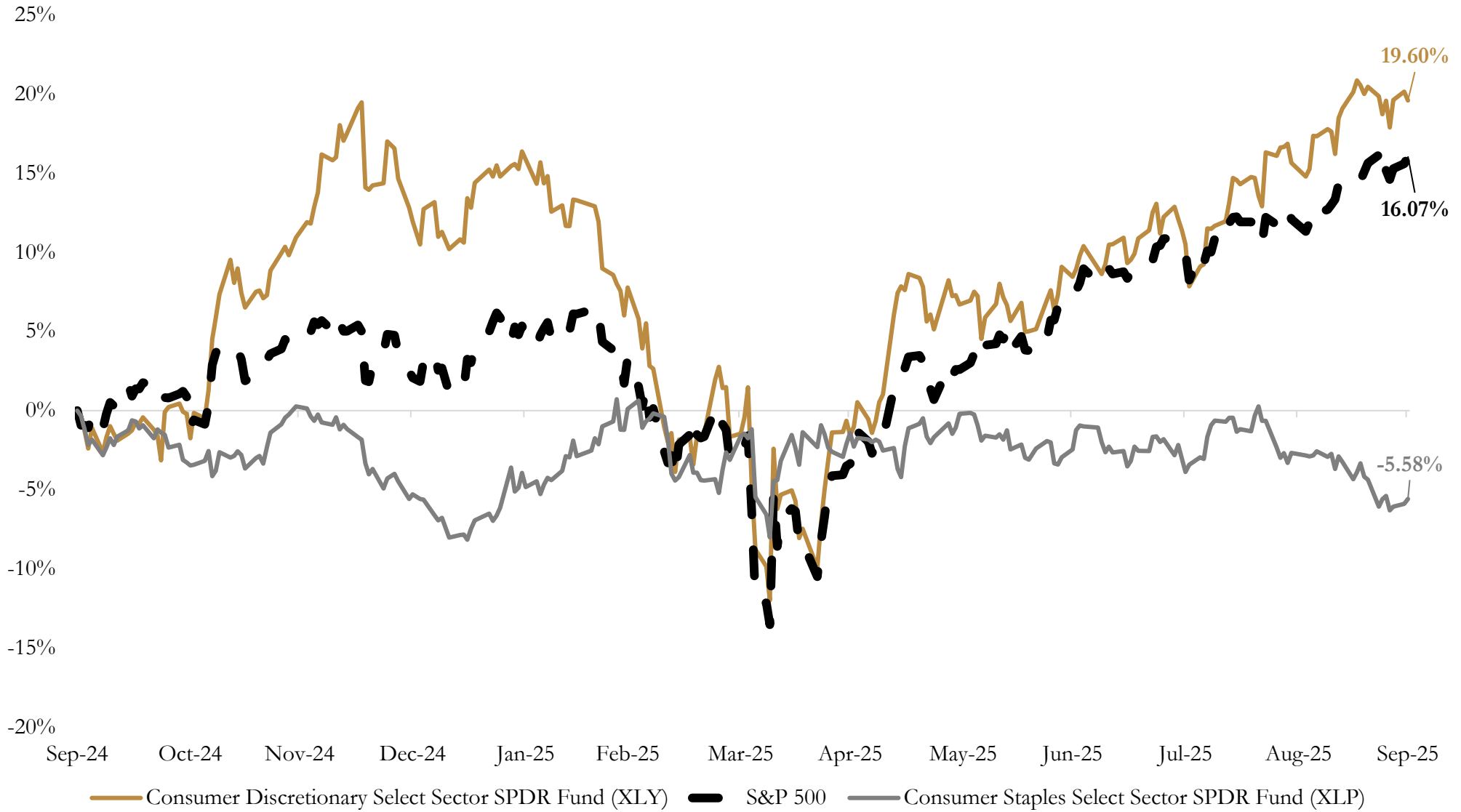
- Real wage growth remains weak despite nominal increases as labor market momentum **slows**, which is softening consumer demand and moderating wage pressures even though other cost drivers such as benefits and regulatory mandates persist.
- Global freight **demand is slowing**, leading to increased shipping cost volatility, longer lead times, and higher risks of delays.

2

Public Market Performance

Sector ETF vs. S&P 500

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	Valuation Metrics					Financial Metrics			
		TEV	Price at 09/30/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Consumer Goods & Health										
The Procter & Gamble Company	PG	\$382,368	\$153.65	85.2%	4.5x	15.6x	\$84,284	\$24,455	0.3%	29.0%
Philip Morris International Inc.	PM	\$295,341	\$162.20	86.9%	7.6x	16.6x	\$39,058	\$17,838	7.2%	45.7%
Altria Group, Inc.	MO	\$132,760	\$66.06	96.3%	6.6x	10.6x	\$20,259	\$12,573	-0.2%	62.1%
Colgate-Palmolive Company	CL	\$71,642	\$79.94	77.0%	3.6x	14.9x	\$19,998	\$4,824	0.0%	24.1%
Kimberly-Clark Corporation	KMB	\$47,067	\$124.34	82.6%	2.4x	10.4x	\$19,718	\$3,827	-2.2%	23.4%
Archer-Daniels-Midland Company	ADM	\$40,236	\$59.74	92.8%	0.5x	15.6x	\$82,776	\$2,577	-6.8%	3.1%
Kenvue Inc.	KVUE	\$37,017	\$16.23	64.5%	2.4x	12.3x	\$15,141	\$3,548	5.7%	19.4%
Church & Dwight Co., Inc.	CHD	\$23,041	\$87.63	75.2%	3.8x	17.2x	\$6,066	\$1,338	1.1%	22.1%
Food, Beverage & Restaurants										
The Coca-Cola Company	KO	\$332,056	\$66.32	89.2%	7.1x	21.0x	\$47,062	\$15,791	1.3%	33.6%
McDonald's Corporation	MCD	\$273,867	\$303.89	93.1%	10.5x	19.3x	\$26,060	\$14,170	1.2%	54.4%
PepsiCo, Inc.	PEP	\$252,707	\$140.44	79.1%	2.8x	14.8x	\$91,748	\$17,028	-0.3%	18.6%
Starbucks Corporation	SBUX	\$120,437	\$84.60	72.0%	3.3x	21.6x	\$36,689	\$5,576	0.6%	15.2%
DoorDash, Inc.	DASH	\$109,910	\$271.99	97.8%	9.2x	131.8x	\$11,895	\$834	23.8%	7.0%
Mondelez International, Inc.	MDLZ	\$100,875	\$62.47	84.5%	2.7x	17.2x	\$37,105	\$5,861	3.1%	15.8%
Monster Beverage Corporation	MNST	\$66,558	\$67.31	99.8%	8.7x	29.2x	\$7,659	\$2,283	3.7%	29.8%
The Kroger Co.	KR	\$66,008	\$67.41	90.0%	0.4x	8.2x	\$147,000	\$8,026	-2.1%	5.5%
Chipotle Mexican Grill, Inc.	CMG	\$59,364	\$39.19	58.7%	5.1x	25.4x	\$11,578	\$2,335	8.6%	20.2%
Keurig Dr Pepper Inc.	KDP	\$56,243	\$25.51	67.6%	3.6x	13.5x	\$15,759	\$4,151	4.6%	26.3%
Sysco Corporation	SYU	\$51,689	\$82.34	98.9%	0.6x	11.7x	\$81,370	\$4,415	3.2%	5.4%
The Kraft Heinz Company	KHC	\$48,986	\$26.04	71.7%	1.9x	7.8x	\$25,310	\$6,273	-3.8%	24.8%
Constellation Brands, Inc.	STZ	\$35,332	\$134.67	52.1%	3.7x	9.8x	\$9,624	\$3,623	-5.6%	37.6%

Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

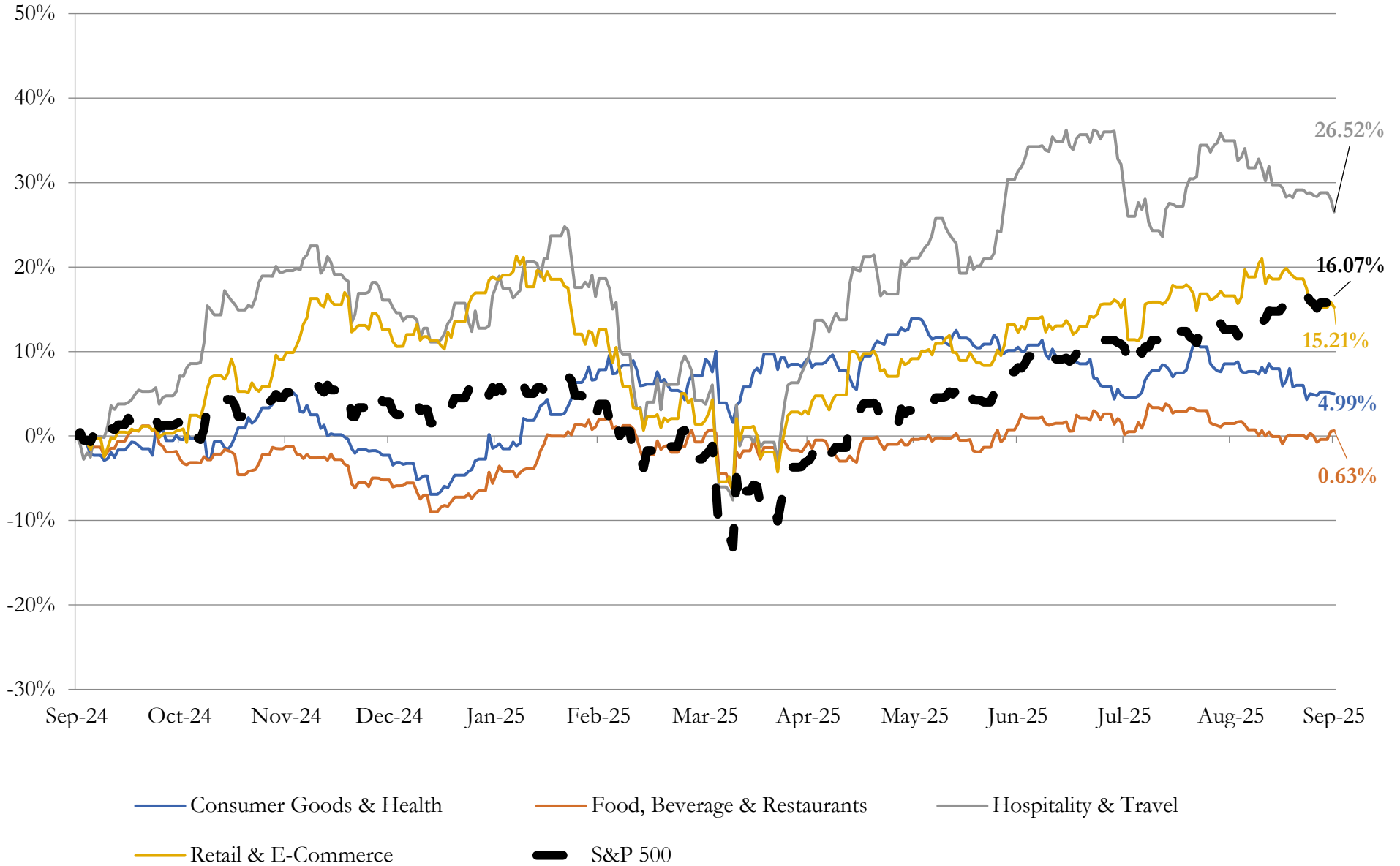
Company Name	Ticker	Valuation Metrics					Financial Metrics			
		TEV	Price at 09/30/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Hospitality & Travel										
Booking Holdings Inc.	BKNG	\$165,548	\$5,399.27	92.5%	6.6x	18.5x	\$25,025	\$8,948	11.7%	35.8%
Royal Caribbean Cruises Ltd.	RCL	\$100,766	\$323.58	88.3%	5.9x	16.3x	\$17,184	\$6,189	12.1%	36.0%
Marriott International, Inc.	MAR	\$86,675	\$260.44	84.7%	12.8x	19.7x	\$6,783	\$4,396	4.9%	64.8%
Hilton Worldwide Holdings Inc.	HLT	\$72,577	\$259.44	92.7%	15.0x	28.2x	\$4,827	\$2,577	4.4%	53.4%
Airbnb, Inc.	ABNB	\$68,013	\$121.42	74.1%	5.9x	25.6x	\$11,580	\$2,654	10.2%	22.9%
Retail & E-Commerce										
Amazon.com, Inc.	AMZN	\$2,338,443	\$219.57	90.5%	3.5x	17.5x	\$670,038	\$133,832	10.9%	20.0%
Walmart Inc.	WMT	\$922,790	\$103.06	97.1%	1.3x	21.5x	\$693,153	\$42,879	4.2%	6.2%
The Home Depot, Inc.	HD	\$449,208	\$405.19	92.2%	2.7x	17.5x	\$165,054	\$25,603	8.5%	15.5%
Costco Wholesale Corporation	COST	\$409,613	\$925.63	85.8%	1.5x	32.0x	\$275,235	\$12,809	8.2%	4.7%
Lowe's Companies, Inc.	LOW	\$171,068	\$251.31	87.6%	2.0x	13.7x	\$83,612	\$12,491	-0.5%	14.9%
The TJX Companies, Inc.	TJX	\$168,567	\$144.54	99.3%	2.9x	22.0x	\$57,925	\$7,655	4.1%	13.2%
NIKE, Inc.	NKE	\$102,072	\$69.73	77.8%	2.2x	24.3x	\$46,440	\$4,197	-7.1%	9.0%
O'Reilly Automotive, Inc.	ORLY	\$94,257	\$107.81	99.2%	5.5x	24.9x	\$17,122	\$3,778	5.1%	22.1%
AutoZone, Inc.	AZO	\$79,185	\$4,290.24	97.8%	4.2x	19.0x	\$18,939	\$4,165	2.4%	22.0%
Target Corporation	TGT	\$57,339	\$89.70	55.5%	0.5x	6.6x	\$105,640	\$8,668	-1.5%	8.2%
lululemon athletica inc.	LULU	\$20,459	\$177.93	42.0%	1.9x	6.9x	\$10,904	\$2,977	9.2%	27.3%

Source: Capital IQ

2

Public Market Performance

Sub-Industry Performance vs. S&P 500



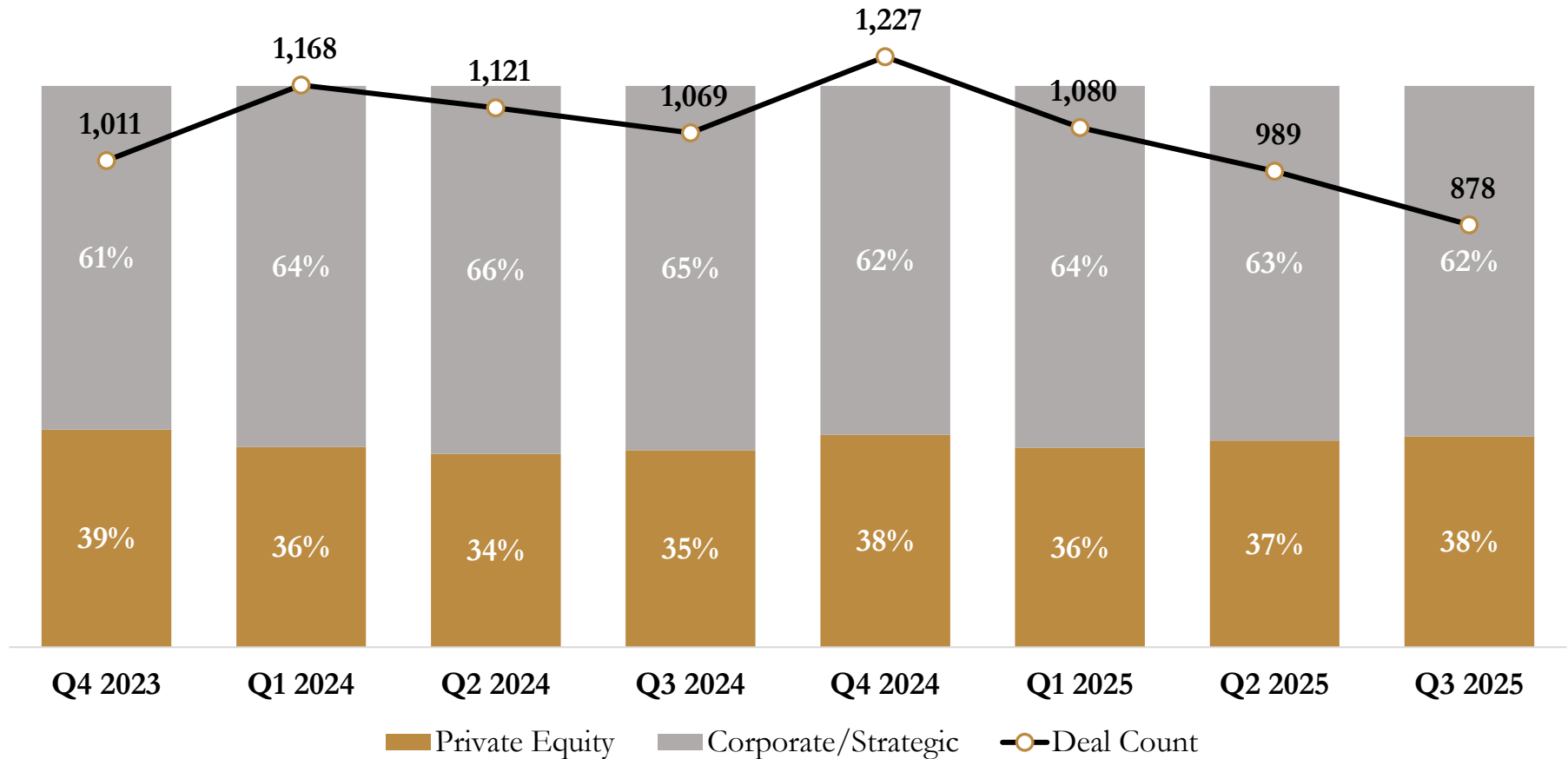
Source: Capital IQ

3

M&A Trends

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

The consumer M&A market softened in Q3 2025, with total deal volume falling to 878 transactions – the lowest level in the past two (2) years. Strategic buyers continued to lead activity, accounting for 62% of deals, while financial sponsors represented 38%. The slowdown reflects sustained macroeconomic pressures, shifting consumer spending patterns, and tighter regulatory oversight. Buyers have remained active but increasingly selective, targeting high-growth categories such as wellness, sustainability, and digital-native brands that offer stronger resilience and long-term demand visibility.



Source: PitchBook

3

M&A Trends

Recent M&A Transactions

(USD in millions)

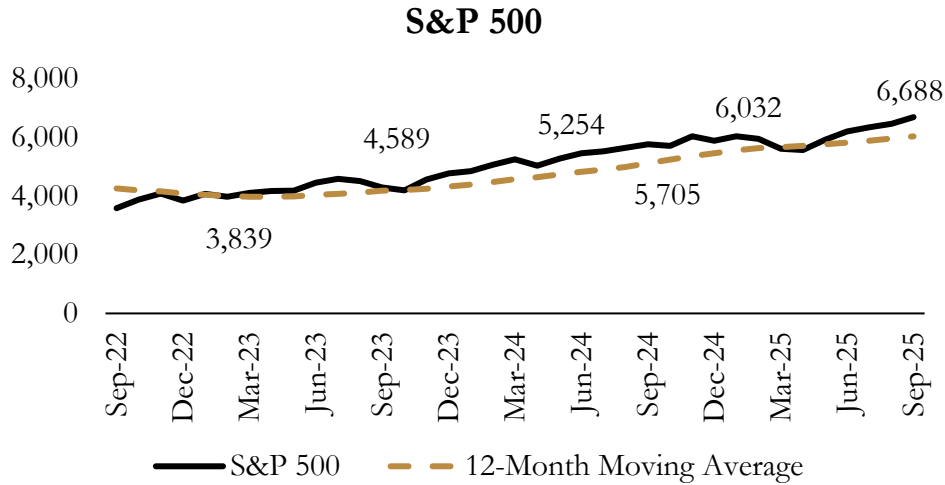
Close Date	Target	Acquirer	Implied TEV
Sep-25	Skechers U.S.A., Inc.	3G Capital, Inc.; 3G Fund Vi, L.P.	\$11,352
Jul-25	io Products, Inc.	OpenAI, L.L.C.	\$6,494
Sep-25	WK Kellogg Co	Ferrero International S.A.	\$2,841
Nov-24	Sporting Products Segment Business (The Kinetic Group) of Vista Outdoor	CZECHOSLOVAK GROUP a.s.	\$2,225
Dec-24	VIZIO Holding Corp.	Walmart Inc.	\$2,163
Dec-24	The Duckhorn Portfolio, Inc.	Butterfly Equity LP; Butterfly II-A, LP; Butterfly Fund II, LP; Butterfly II-B,	\$1,974
May-25	VNGR Beverage LLC	PepsiCo, Inc.	\$1,950
Oct-24	Supreme Holdings, Inc.	EssilorLuxottica Société anonyme	\$1,500
Sep-24	Global Champion Business of Hanesbrands Inc.	Authentic Brands Group, LLC	\$1,500
Jan-25	QSC, LLC	Acuity Brands Technology Services, Inc.	\$1,215
Jan-25	Revelyst, Inc.	Strategic Value Partners, LLC	\$1,207
Jan-25	Garza Food Ventures, LLC	PepsiCo, Inc.	\$1,200
Jun-25	Landsea Homes Corporation	The New Home Company Inc.	\$1,156
May-25	Hillandale Farms of Pa., Inc.	Global Eggs S.à r.l.	\$1,100
Feb-25	Simple Mills, Inc.	Flowers Foods, Inc.	\$760
Jun-25	Chef Boyardee brand shelf-stable products line of Conagra Brands, Inc.	Hometown Food Company	\$600
Sep-25	CWT US, LLC	Global Business Travel Group, Inc.	\$540
Aug-25	Health-Ade LLC	Generous Brands LLC; First Beverage Ventures; Manna Tree Partners, LLC	\$500
Dec-24	Sabra Dipping Co., LLC	PepsiCo, Inc.	\$482
Jun-25	TH Foods, Inc.	Kameda Seika Co.,Ltd.	\$442
Feb-25	MGO Global, Inc.	Heidmar Maritime Holdings Corp.	\$330
Jun-25	Echo Lake Foods, Inc.	Cal-Maine Foods, Inc.	\$258
Feb-25	Rausch Coleman Development Group, Inc.	Lennar Corporation	\$231
Jan-25	Tea business of Harris Freeman & Co., Inc.	TreeHouse Foods, Inc.	\$207
Aug-25	PPE Casino Resorts NH Holdings, LLC	Churchill Downs Incorporated	\$200
Sep-25	American Homestar Corporation	Cavco Industries, Inc.	\$190
Feb-25	Noosa Yoghurt, LLC	Lakeview Farms, LLC	\$188
Jan-25	Vince Holding Corp.	P180	\$180
Apr-25	VOXX International Corporation	Gentex Corporation	\$160
Oct-24	The Watkins Company	Cannae Holdings, Inc.; KDSA Investment Partners	\$152

Source: Capital IQ

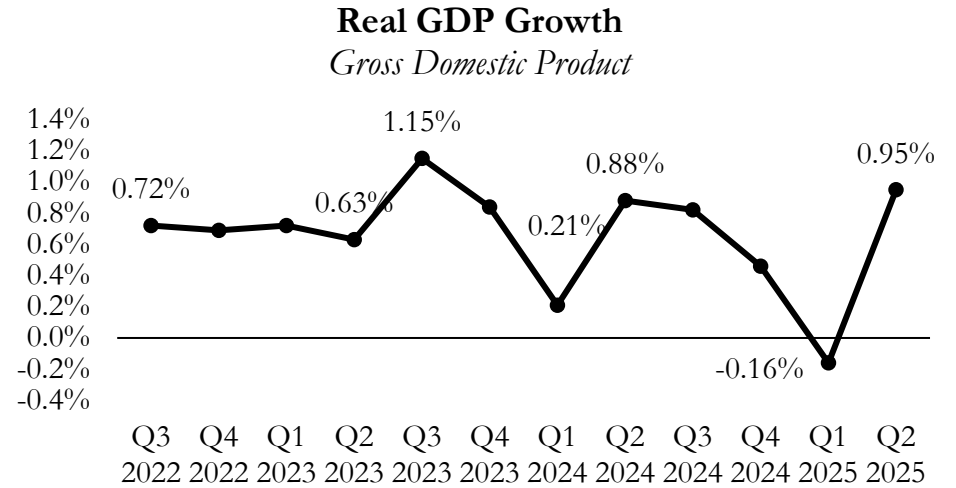
4

Macroeconomic Environment

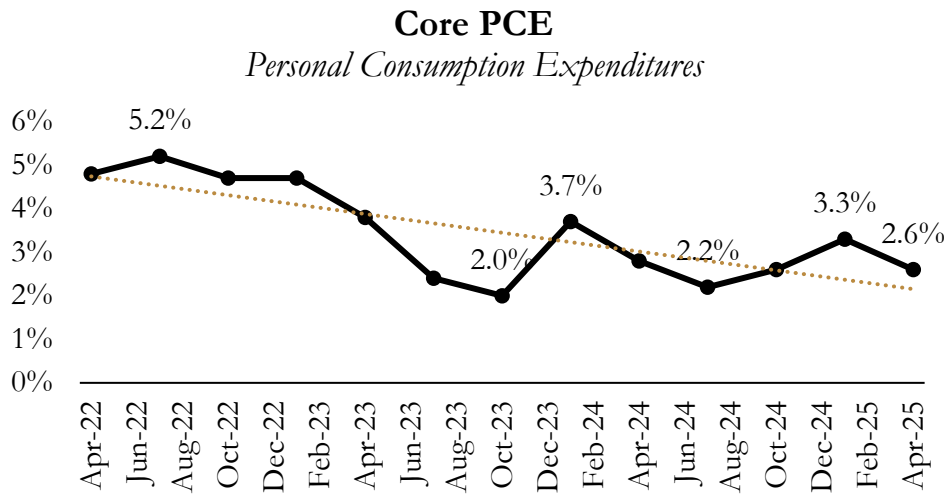
Macroeconomic Indicators



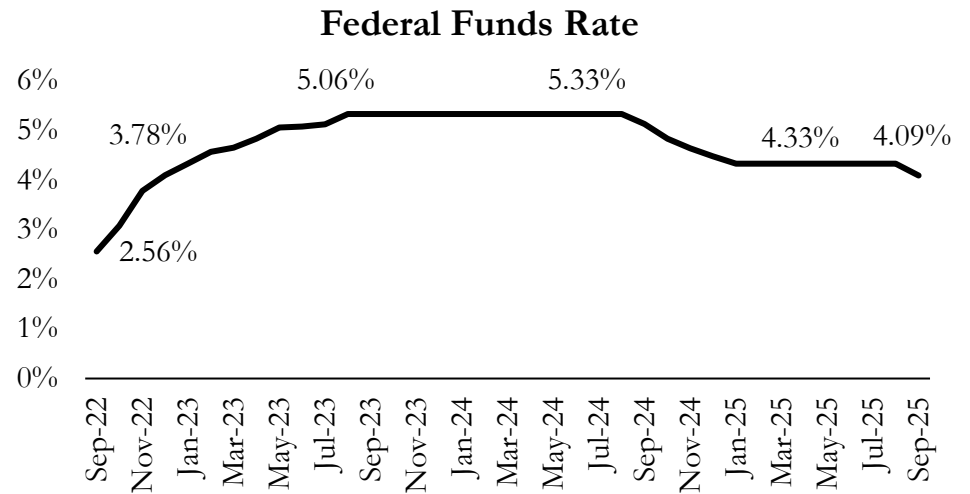
A leading equity index tracking the performance of 500 large U.S. companies.



Tracks inflation-adjusted economic output, typically reported quarterly.



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



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

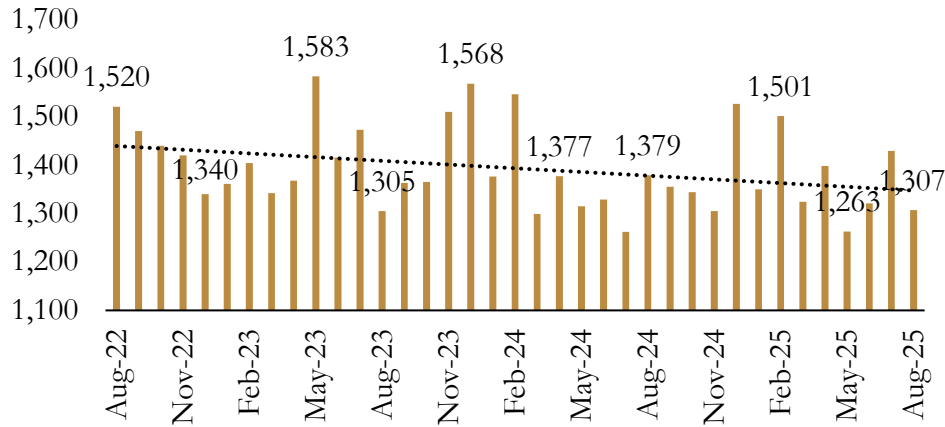
Source: Capital IQ, St. Louis Fed – FRED Economic Data

4

Macroeconomic Environment

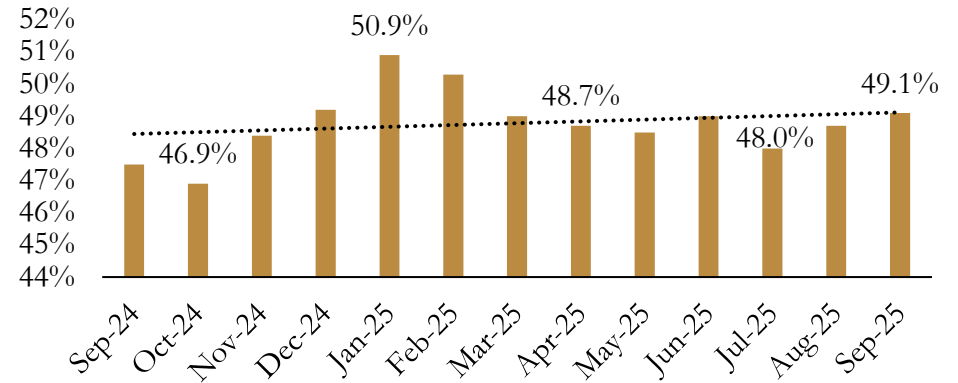
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



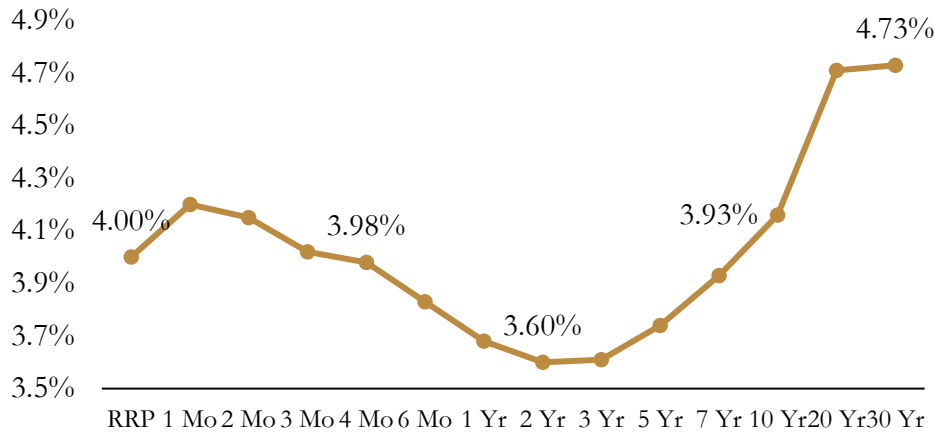
Measures the number of new residential construction projects begun each month.

Manufacturing PMI *Purchasing Manager's Index*



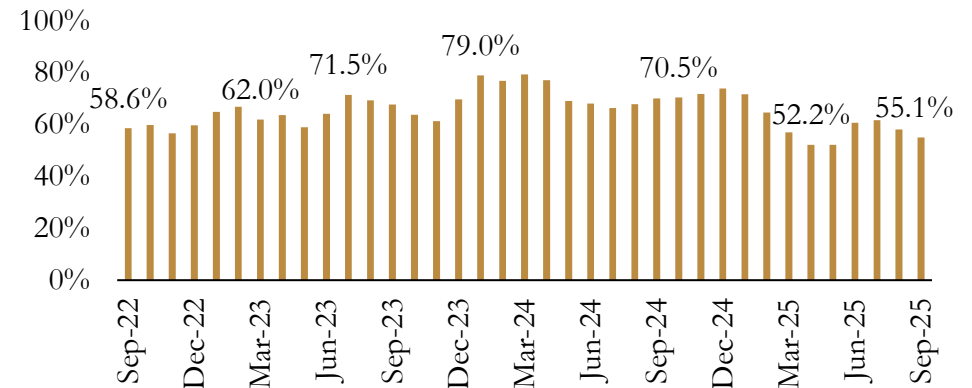
A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Treasury Par Yield Curve Rates



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

Consumer Sentiment *From the University of Michigan*



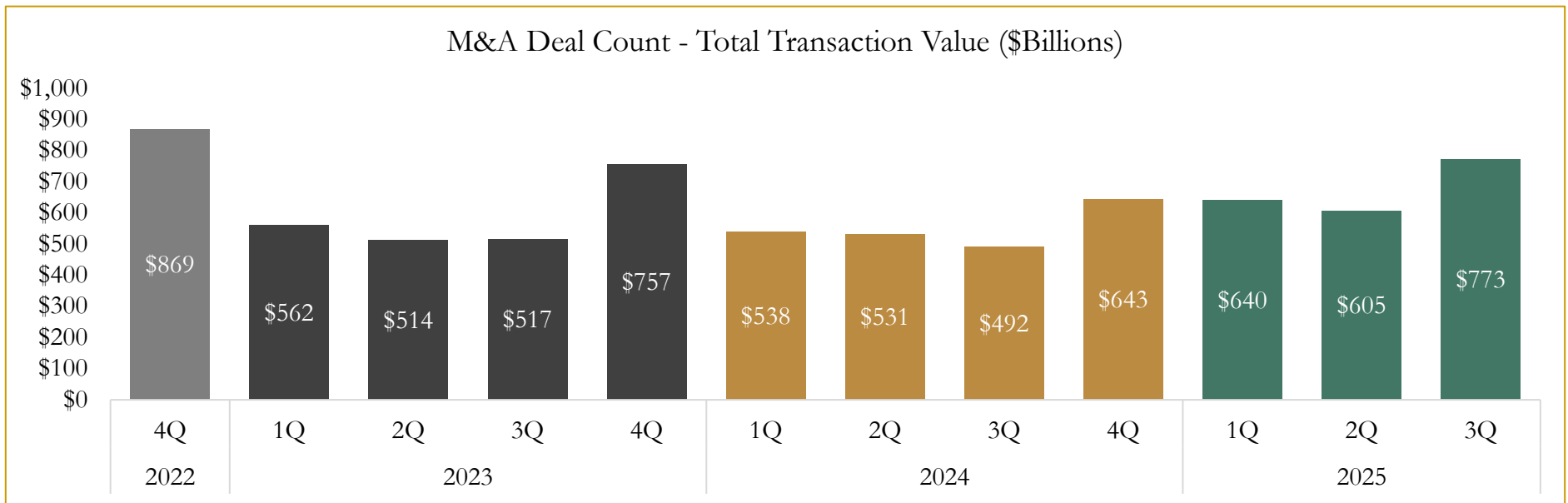
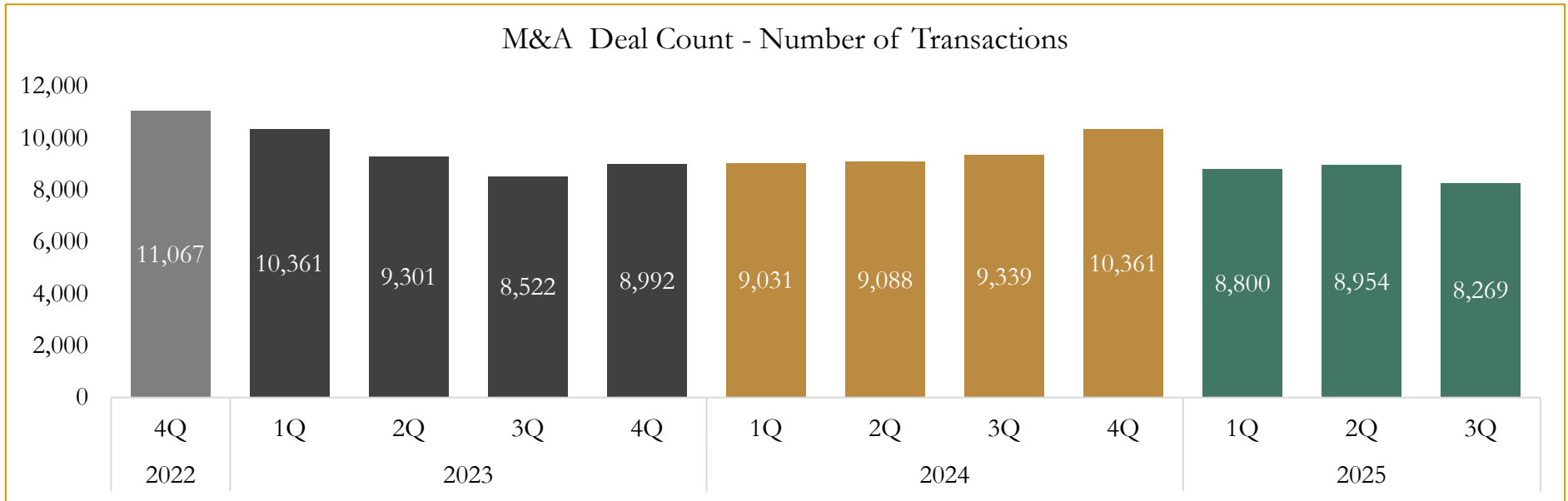
Measures consumer confidence in the economy based on monthly survey data.

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

4

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

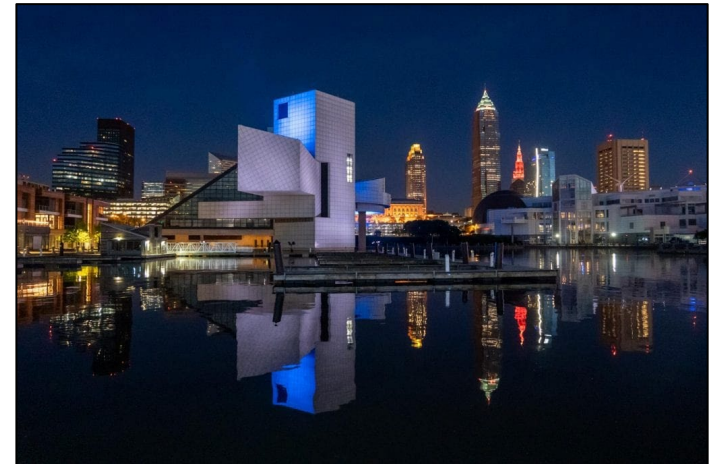
Divisions & Core Offerings

- Valuation & Financial Advisory – Portfolio Valuations and Transaction Advisory (i.e., Fairness Opinions) 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

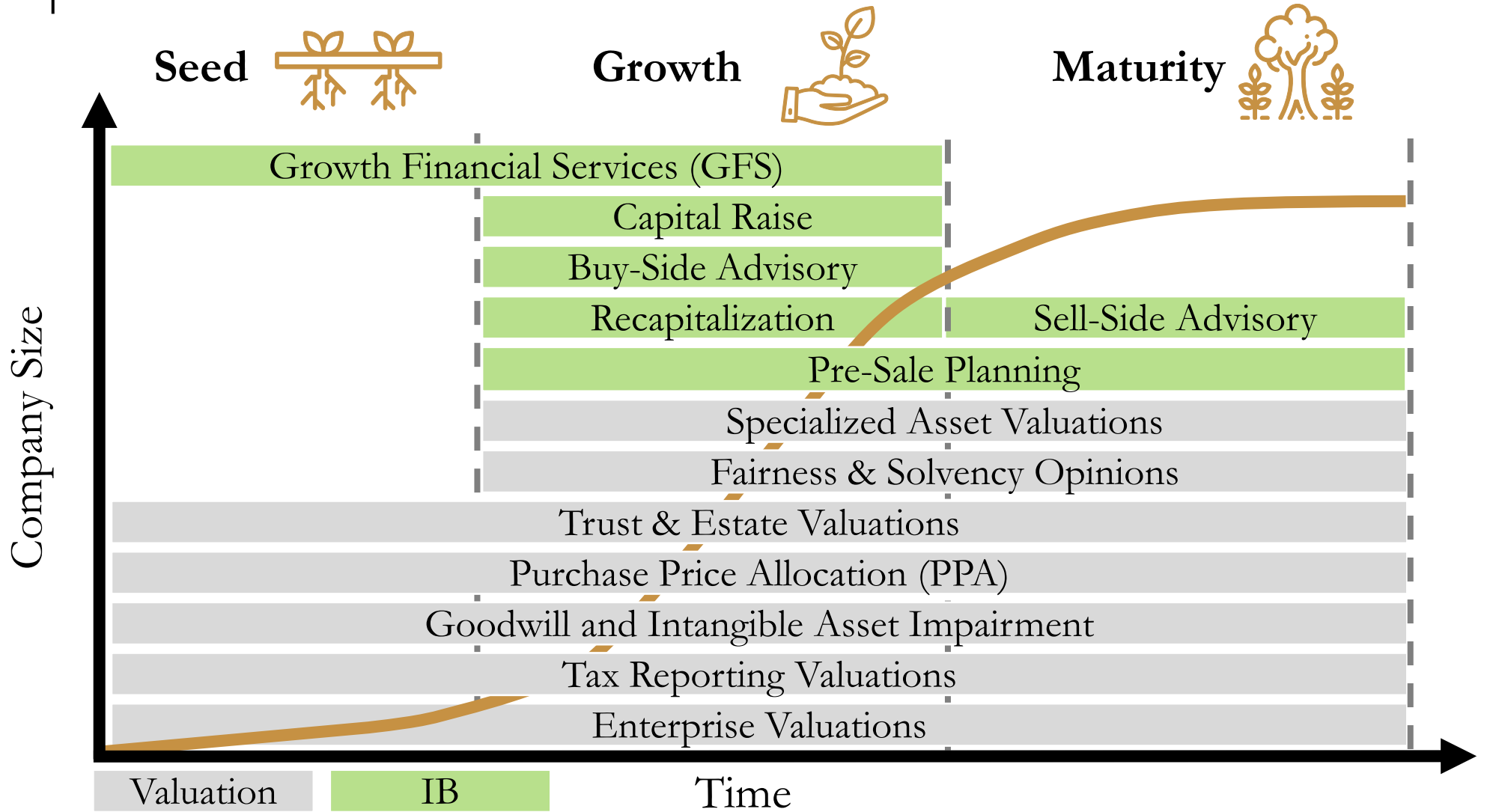


Cleveland, OH

5

Houlihan Capital

About Us (Cont.)



For questions or inquiries regarding our services, please contact:

info@houlihancapital.com