



Valuation & Financial Advisory | Investment Banking

**INDUSTRY UPDATE
CONSUMER PRODUCTS
Q4 2025**

Key Trends

- **Cautious Consumer Spending:** Consumers remained price-sensitive amid economic uncertainty, with discretionary purchases under pressure and greater emphasis on essential and value-oriented categories.
- **Value Drove Purchasing Decisions:** Discounts, private-label offerings, and promotional activity continued to influence brand choice, with clear value propositions supporting traffic and retention.
- **Digital Engagement Accelerated:** Consumer brands expanded AI-driven personalization, data analytics, and omnichannel capabilities to enhance engagement, optimize pricing, and improve operating efficiency.

Market Overview

- During Q4 2025, consumer discretionary and consumer staples companies **underperformed** the broader market amid continued market volatility.
- Consumer M&A activity continued to worsen through the end of 2025, with deal volume **dropping by ~22%** from Q3 to Q4, as buyers remain cautious amid growing macroeconomic instability fueled by geopolitical tensions, rising tariffs, and weakening consumer confidence.

External Drivers

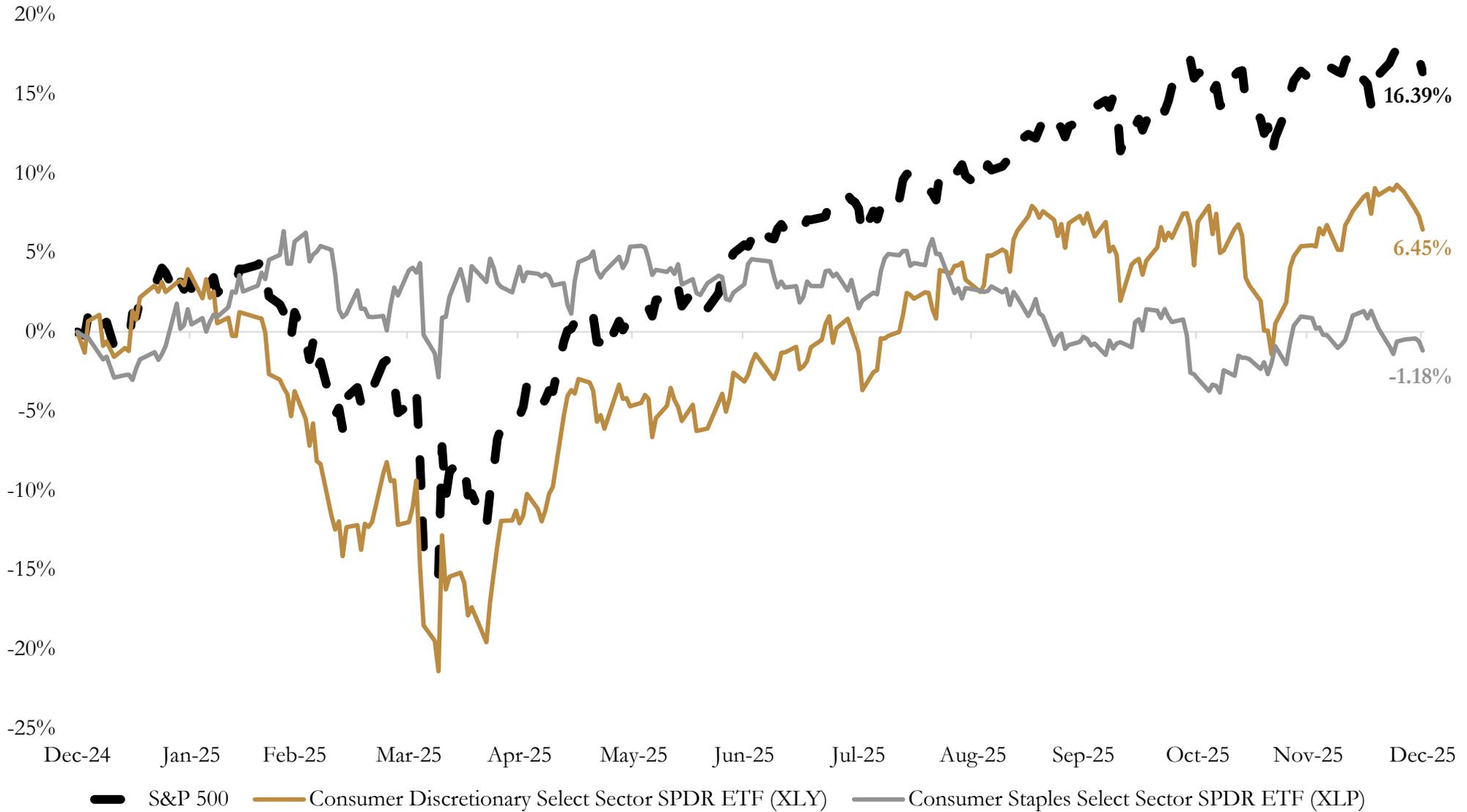
- Labor cost pressures showed signs of normalization in Q4 2025 as wage growth moderated, though elevated benefits costs and regulatory requirements continued to limit margin relief for consumer companies.
- Slowing freight demand contributed to increased volatility in transportation pricing and service reliability in Q4 2025, complicating inventory planning and elevating execution risk across consumer supply chains.

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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 12/31/25	% 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	\$369,326	\$143.31	79.6%	4.3x	14.9x	\$84,933	\$24,722	1.2%	29.1%
Philip Morris International Inc.	PM	\$308,248	\$160.40	85.9%	7.7x	17.2x	\$39,992	\$17,960	7.5%	44.9%
Altria Group, Inc.	MO	\$124,930	\$57.66	84.1%	6.2x	9.9x	\$20,166	\$12,608	-1.0%	62.5%
Colgate-Palmolive Company	CL	\$76,199	\$79.02	78.9%	3.8x	15.8x	\$20,097	\$4,812	0.0%	23.9%
Kenvue Inc.	KVUE	\$41,669	\$17.25	68.5%	2.8x	11.8x	\$15,006	\$3,541	-2.9%	23.6%
Kimberly-Clark Corporation	KMB	\$40,541	\$100.89	67.1%	0.5x	15.8x	\$19,724	\$3,910	-4.4%	3.0%
Archer-Daniels-Midland Company	ADM	\$39,890	\$57.49	88.4%	2.1x	10.4x	\$83,211	\$2,519	11.6%	19.8%
Church & Dwight Co., Inc.	CHD	\$24,224	\$83.85	72.0%	3.9x	18.2x	\$6,141	\$1,330	1.5%	21.7%
Food, Beverage & Restaurants										
The Coca-Cola Company	KO	\$343,040	\$69.91	94.0%	7.2x	21.0x	\$47,663	\$16,307	2.8%	34.2%
McDonald's Corporation	MCD	\$269,094	\$305.63	93.7%	10.2x	18.8x	\$26,264	\$14,292	1.3%	54.4%
PepsiCo, Inc.	PEP	\$246,583	\$143.52	89.6%	2.7x	14.5x	\$92,366	\$17,016	0.5%	18.4%
Starbucks Corporation	SBUX	\$129,670	\$84.21	71.7%	3.5x	23.8x	\$37,184	\$5,455	2.8%	14.7%
Mondelez International, Inc.	MDLZ	\$95,446	\$53.83	75.7%	6.9x	85.0x	\$37,645	\$5,617	24.5%	8.1%
DoorDash, Inc.	DASH	\$86,821	\$226.48	79.3%	2.5x	17.0x	\$12,635	\$1,021	4.1%	14.9%
Monster Beverage Corporation	MNST	\$77,079	\$76.67	97.9%	9.7x	31.0x	\$7,975	\$2,488	7.6%	31.2%
The Kroger Co.	KR	\$61,204	\$62.48	83.4%	0.4x	7.5x	\$147,225	\$8,129	-1.8%	5.5%
Keurig Dr Pepper Inc.	KDP	\$56,086	\$28.01	77.5%	4.7x	23.6x	\$16,174	\$4,299	7.3%	19.9%
Chipotle Mexican Grill, Inc.	CMG	\$55,128	\$37.00	60.5%	3.5x	13.0x	\$11,787	\$2,340	6.8%	26.6%
Sysco Corporation	SYU	\$50,420	\$73.69	88.3%	0.6x	11.3x	\$82,034	\$4,462	2.9%	5.4%
The Kraft Heinz Company	KHC	\$46,313	\$24.25	72.7%	1.8x	7.7x	\$25,164	\$6,006	-3.7%	23.9%
Constellation Brands, Inc.	STZ	\$39,174	\$137.96	60.3%	4.2x	11.0x	\$9,383	\$3,546	-7.9%	37.8%

Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

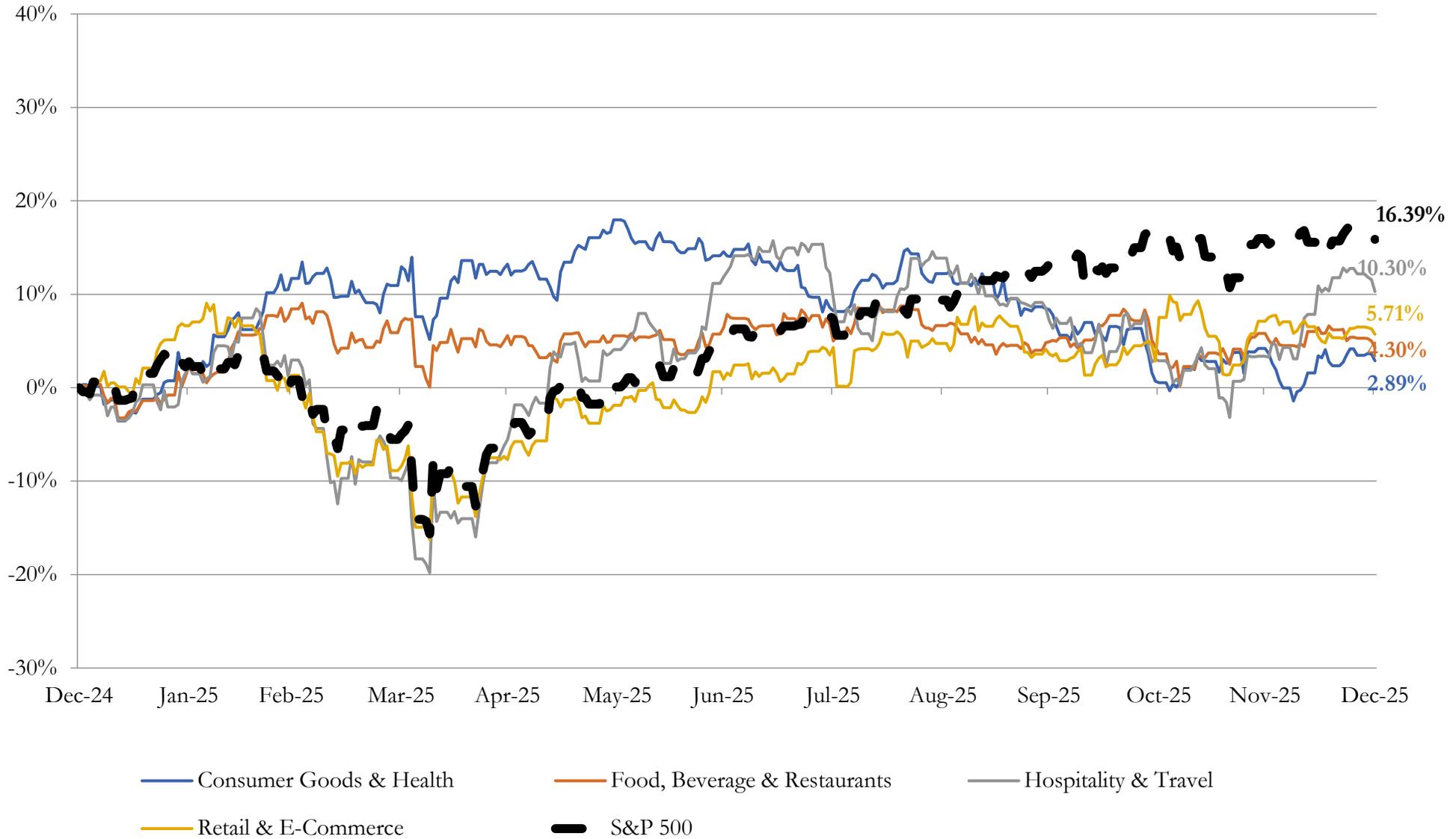
Company Name	Ticker	Valuation Metrics					Financial Metrics			
		TEV	Price at 12/31/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Hospitality & Travel										
Booking Holdings Inc.	BKNG	\$162,781	\$5,355.33	91.7%	6.3x	16.6x	\$26,039	\$9,819	13.0%	37.7%
Marriott International, Inc.	MAR	\$100,428	\$310.24	98.0%	5.4x	15.0x	\$6,874	\$4,600	8.6%	36.0%
Royal Caribbean Cruises Ltd.	RCL	\$94,374	\$278.92	76.1%	14.6x	21.8x	\$17,437	\$6,283	4.6%	66.9%
Hilton Worldwide Holdings Inc.	HLT	\$78,737	\$287.25	97.4%	16.2x	28.8x	\$4,870	\$2,738	3.7%	56.2%
Airbnb, Inc.	ABNB	\$69,862	\$135.72	82.8%	5.8x	25.3x	\$11,943	\$2,761	10.2%	23.1%
Retail & E-Commerce										
Amazon.com, Inc.	AMZN	\$2,535,681	\$230.82	89.3%	3.7x	18.2x	\$691,330	\$139,697	11.5%	20.2%
The Home Depot, Inc.	HD	\$437,724	\$344.10	80.6%	N/A	N/A	\$166,189	\$25,587	N/A	N/A
Costco Wholesale Corporation	COST	\$418,995	\$862.34	80.0%	1.5x	31.9x	\$280,391	\$13,125	8.3%	4.7%
Lowe's Companies, Inc.	LOW	\$194,659	\$241.16	87.7%	2.3x	15.7x	\$84,255	\$12,423	0.6%	14.7%
The TJX Companies, Inc.	TJX	\$181,876	\$153.61	97.3%	3.1x	23.0x	\$58,979	\$7,900	4.5%	13.4%
NIKE, Inc.	NKE	\$97,134	\$63.71	77.3%	2.1x	25.5x	\$46,513	\$3,808	-5.0%	8.2%
O'Reilly Automotive, Inc.	ORLY	\$88,523	\$91.21	83.9%	5.1x	22.9x	\$17,463	\$3,870	6.2%	22.2%
AutoZone, Inc.	AZO	\$71,218	\$3,391.50	77.3%	3.7x	17.0x	\$19,288	\$4,181	3.8%	21.7%
Target Corporation	TGT	\$66,159	\$97.75	67.4%	0.6x	8.2x	\$105,242	\$8,066	-2.2%	7.7%
lululemon athletica inc.	LULU	\$22,870	\$207.81	49.1%	2.1x	7.8x	\$11,073	\$2,936	8.8%	26.5%

Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500



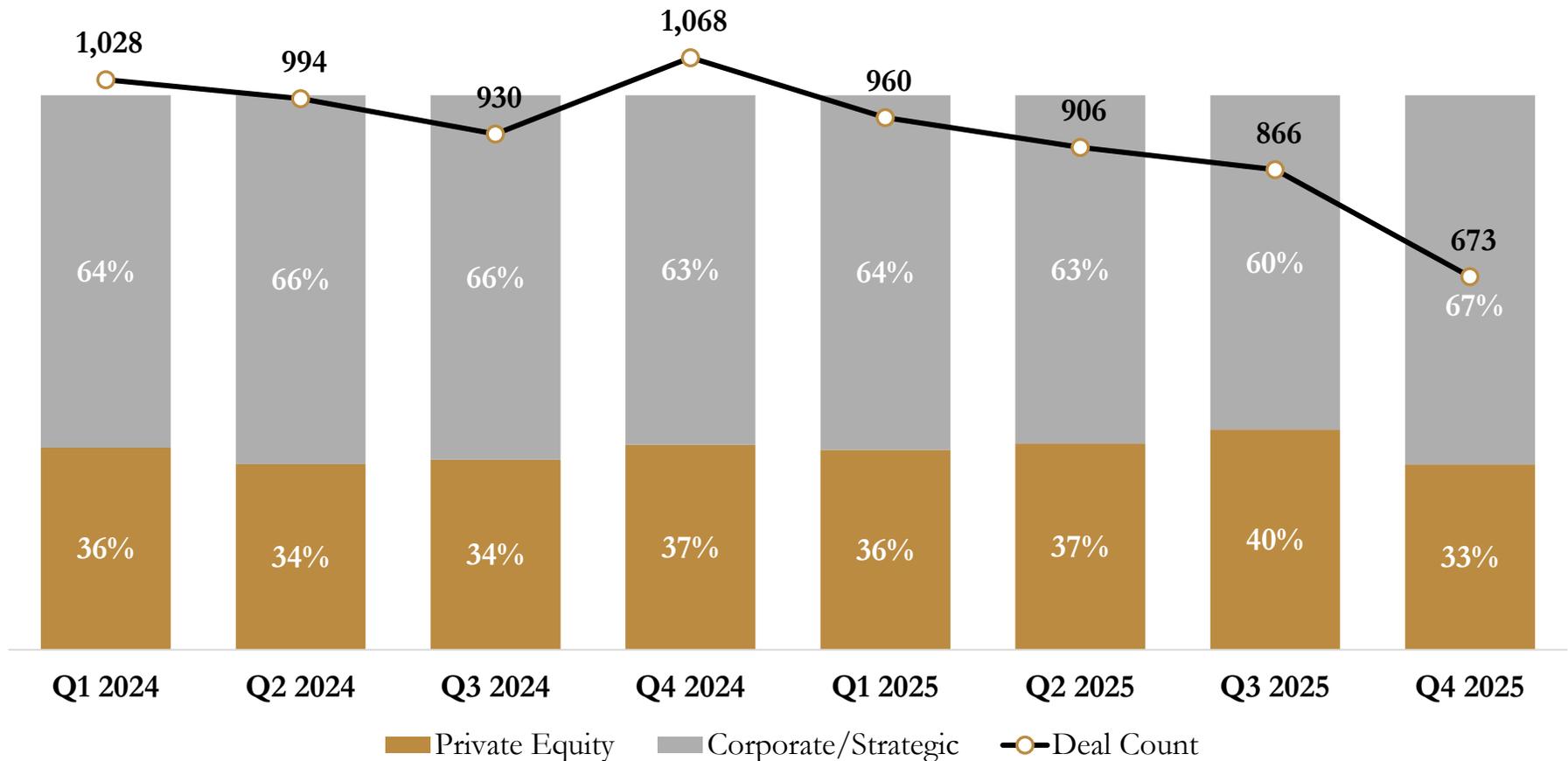
Source: Capital IQ

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M&A Trends

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

The Consumer M&A market continued to soften in Q4 2025, with total deal volume falling to 673 transactions – the lowest level in the past two (2) years. Strategic buyers continued to lead activity, accounting for 67% of deals, while financial sponsors represented 33%. 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

Note: Transaction data reflects completed U.S. transactions involving Strategic M&A, PE-backed Companies, and Buyout/LBO platform transactions

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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
Dec-25	HanesBrands Inc.	Gildan Activewear Inc.	\$4,525
Jan-25	QSC, LLC	Acuity Brands Technology Services, Inc.	\$1,215
Jan-25	Revelyst, Inc.	Strategic Value Partners, LLC	\$1,207
Jun-25	Landsea Homes Corporation	The New Home Company Inc.	\$1,156
Oct-25	O2 Partners, LLC	Coats North America Consolidated, Inc.	\$770
Nov-25	Williamson-Dickie Manufacturing Company, LLC	Bluestar Alliance, LLC	\$600
Feb-25	MGO Global, Inc.	Heidmar Maritime Holdings Corp.	\$330
Feb-25	Rausch Coleman Development Group, Inc.	Lennar Corporation	\$231
Sep-25	American Homestar Corporation	Cavco Industries, Inc.	\$190
Jan-25	Vince Holding Corp.	P180	\$180
Apr-25	VOXX International Corporation	Gentex Corporation	\$160
Aug-25	Stuart Weitzman, LLC	Caleres, Inc.	\$120
May-25	Outlook Table Mesa	FJ Management Inc.	\$97
Sep-25	DC Rental Portfolio LLC	Kenilworth Systems Corporation (nka:Global Asset Management Group, Inc.)	\$93
Feb-25	Global Glove and Safety Manufacturing, Inc.	Globus (Shetland) Limited	\$61
Oct-25	DJO, LLC	Promus Equity Partners, LLC	\$60
Dec-25	Gainline Recline Intermediate Corp.	Man Wah USA Manufacturing Limited	\$32
Mar-25	Creative Genius, LLC	CriticalPoint Capital, LLC	\$1
Aug-25	Freebird Stores, Inc.	N/A	\$1
Dec-25	McKenzie Creative Brands, LLC	Monomoy Capital Management, L.P.	NA
Dec-25	Hanky Panky, Ltd.	Crown Brands Group LLC; Rafar Group	NA
Dec-25	EWI Construction, LLC	Moss & Associates, LLC	NA
Dec-25	Uwharrie Chair Company LLC.	Armen-Art Inc.	NA
Dec-25	S.E.M. Security Systems, Inc.	Pye-Barker Fire & Safety, LLC	NA
Dec-25	NASCO Industries, Inc.	National Safety Apparel, LLC	NA
Dec-25	ALÉ VIOLA LLC	Madaluxe Group, LLC	NA
Dec-25	Aquabyte, Inc.	Vitruvian Partners LLP	NA
Dec-25	Carve Designs, Inc.	Komar, Inc.	NA

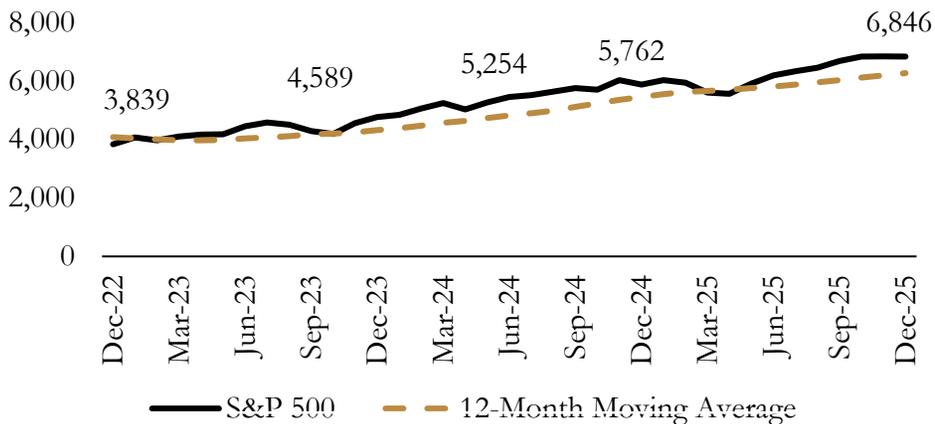
Source: Capital IQ

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Macroeconomic Environment

Macroeconomic Indicators

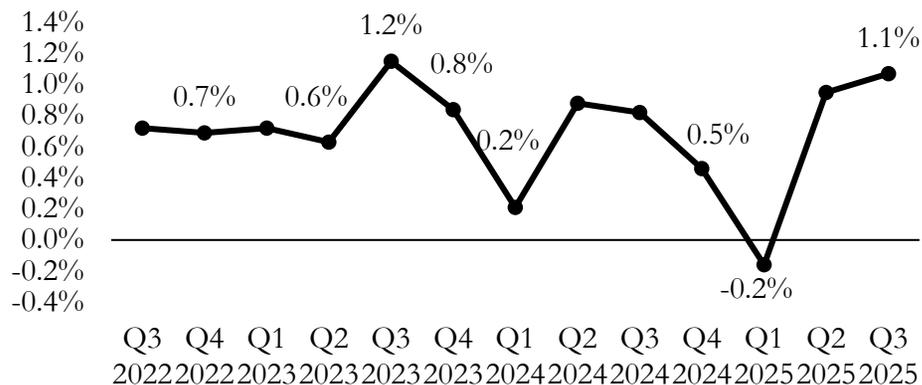
S&P 500



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

Real GDP Growth

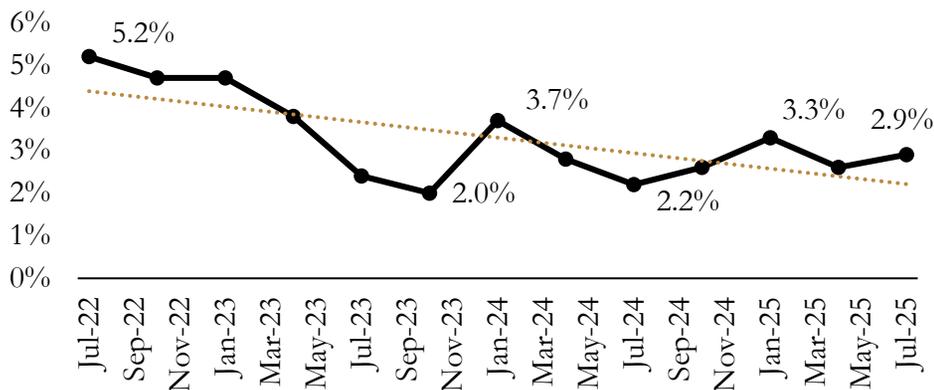
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

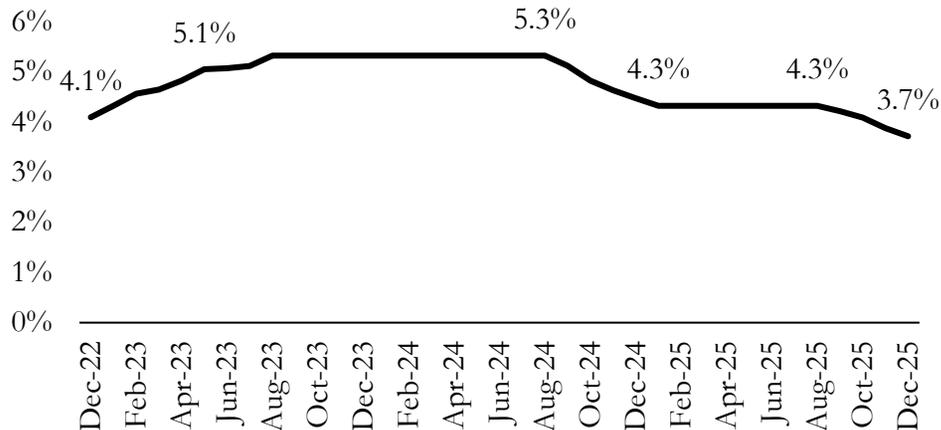
Core PCE

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.

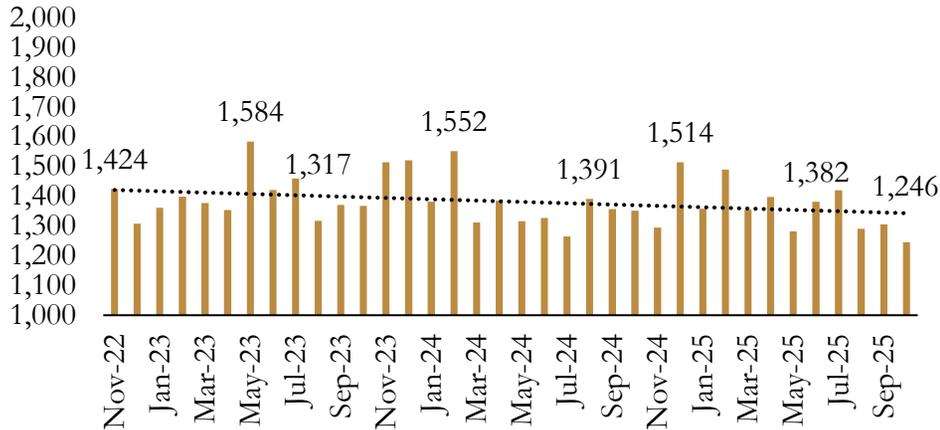
Source: Capital IQ, St. Louis Fed – FRED Economic Data

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Macroeconomic Environment

Macroeconomic Indicators (Cont.)

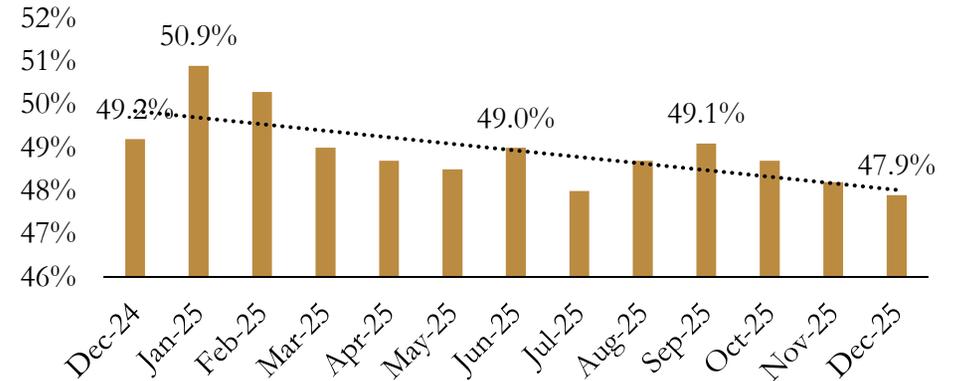
New Privately-Owned Housing Units Started¹



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

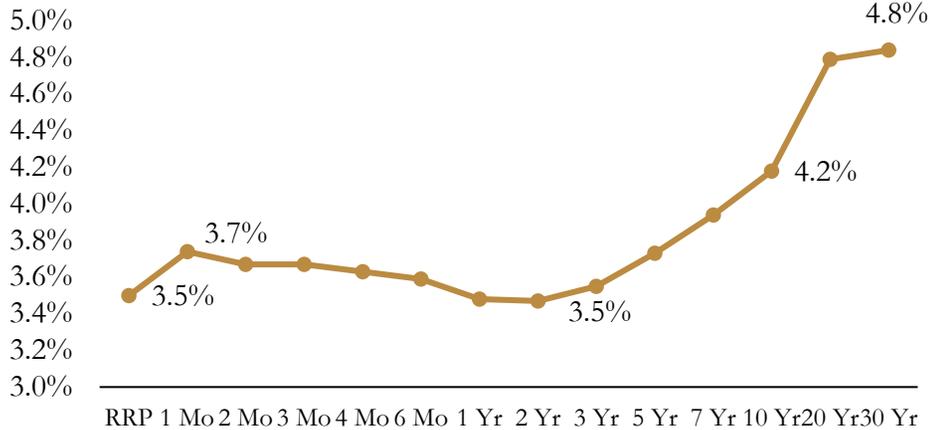
Manufacturing PMI

Purchasing Manager's Index



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

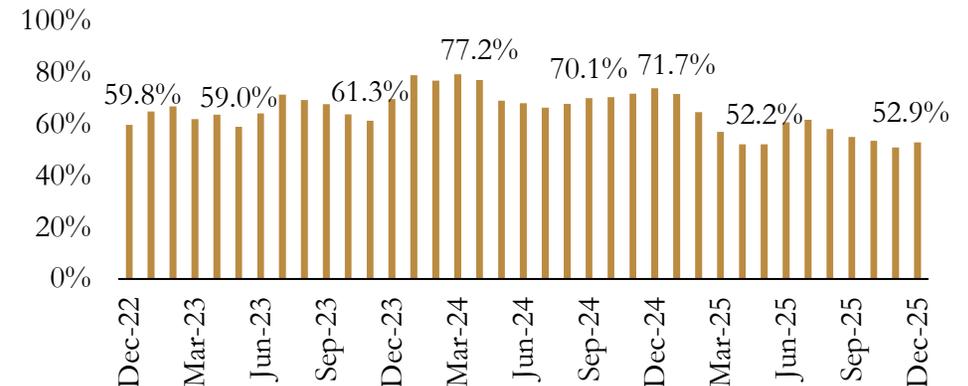
Treasury Par Yield Curve Rates



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

Consumer Sentiment

From the University of Michigan



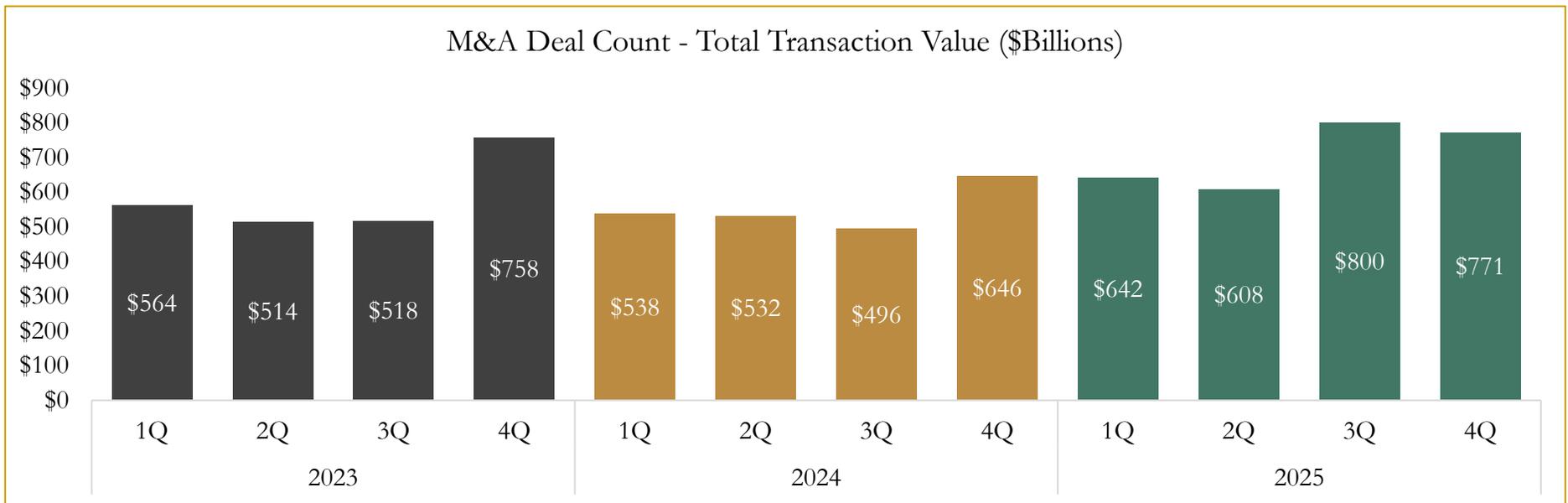
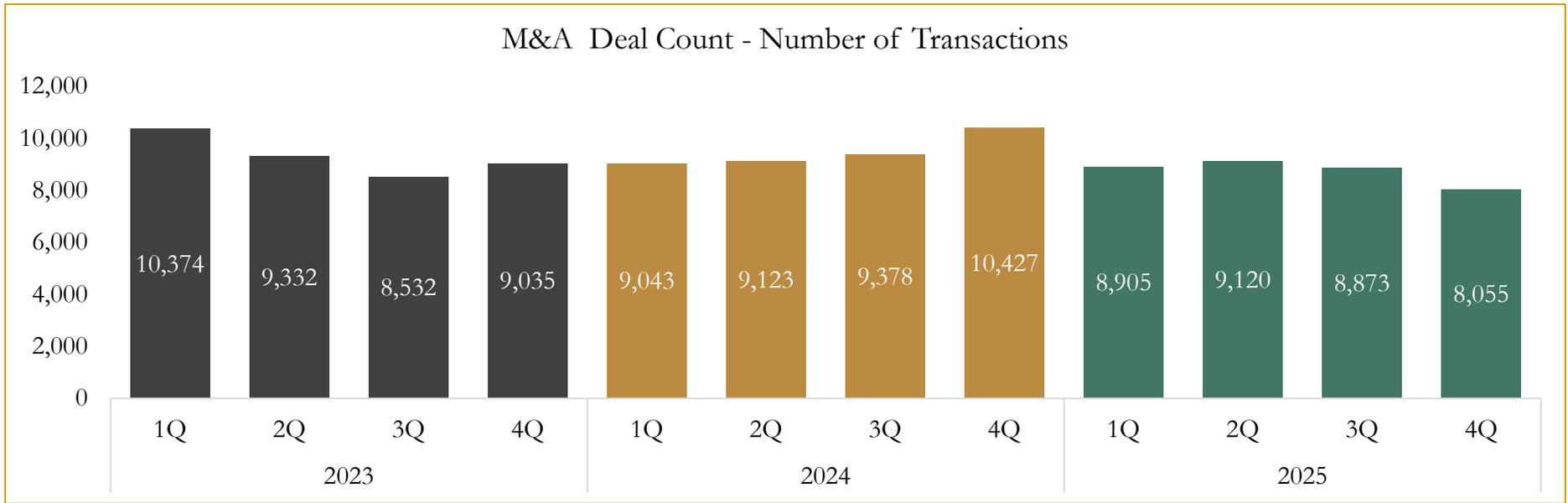
Measures consumer confidence in the economy based on monthly survey data.

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

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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.

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

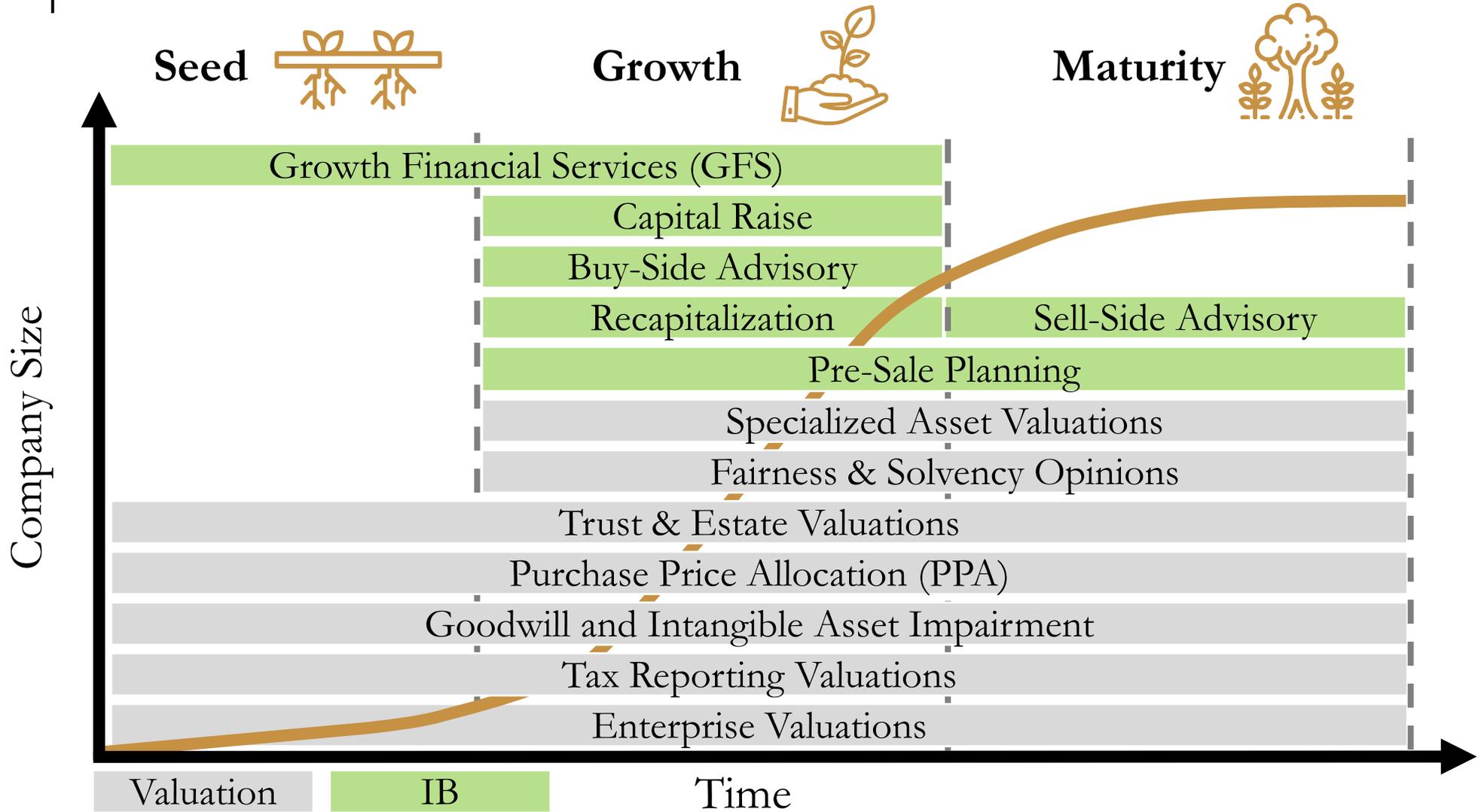


Cleveland, OH

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Houlihan Capital

About Us (Cont.)



For questions or inquiries regarding our services, please contact:

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