HOULIHAN CAPITAL

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Valuation & Financial Advisory | Investment Banking

INDUSTRY UPDATE
CONSUMER PRODUCTS
Q2 2026

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1 Executive Summary

Key Takeaways

Key Trends

- **Price Did the Buying, Not Demand:** April spending data showed nominal growth was almost entirely price-driven, not volume — real purchasing barely moved, and household savings rates hit their lowest point since mid-2022.
- **Consumers Triaged, Not Retreated:** Households kept spending on groceries, entertainment, and pet care through Q2 while cutting back on apparel, electronics, and dining out — spending is being prioritized, not abandoned.
- **Retail Sales Held, But Composition Shifted:** June retail sales rose modestly, but the gains came from essentials; several discretionary categories struggled to gain traction.

Market Overview

- Consumer discretionary was **downgraded to sector-underperform** heading into the second half of 2026 on persistent inflation, while staples quietly built a **solid Q2 rally**, outperforming the broader index.
- Consumer sentiment closed the quarter at **49.8, deep in recessionary territory**, even as retail sales hit a **12-month high**. That widening gap is shaping retailer guidance.

External Drivers

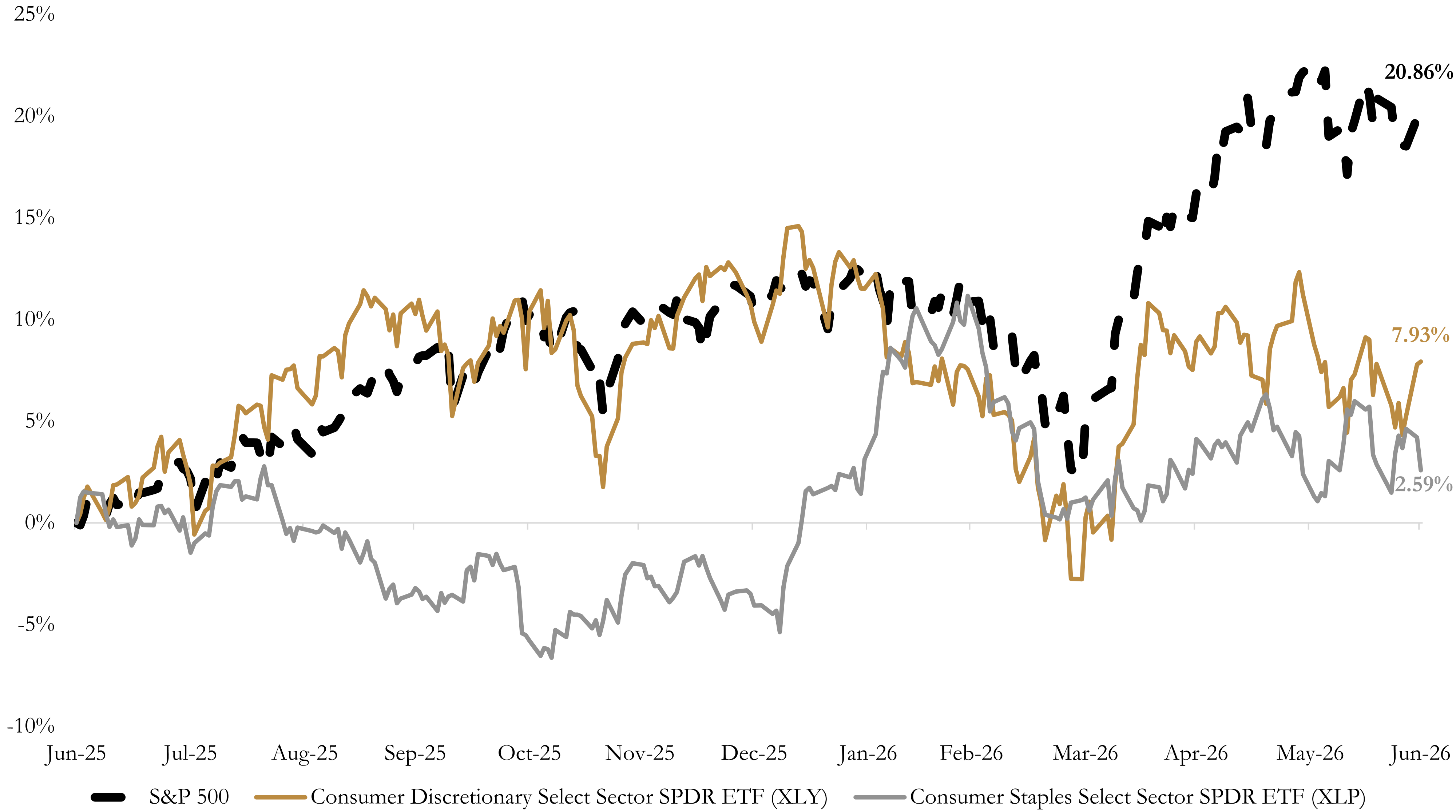
- Consumer sentiment stayed pinned near **recession-era lows** even as hard spending data held up throughout the quarter, a disconnect that's kept retailers cautious in their forward guidance.
- Freight and input costs continued absorbing pressure from the **Strait of Hormuz closure**, which began in Q1 and has continued disrupting import-heavy supply chains and inventory planning well through Q2.

Sources: PYMNTS, StockCharts, Seeking Alpha, 24/7 Wall St., Trading Economics

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)

		Valuation Metrics					Financial Metrics			
Company Name	**Ticker**	**TEV**	**Price at 06/30/26**	**% 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	$371,805	$146.64	87.7%	4.3x	14.8x	$86,717	$25,042	3.3%	28.9%
Philip Morris International Inc.	PM	$350,020	$180.91	93.7%	8.2x	19.4x	$42,545	$18,015	8.9%	42.3%
Altria Group, Inc.	MO	$142,839	$71.95	96.5%	7.0x	9.0x	$20,378	$15,788	0.7%	77.5%
Colgate-Palmolive Company	CL	$80,496	$91.68	92.3%	3.9x	16.4x	$20,795	$4,921	4.3%	23.7%
Archer-Daniels-Midland Company	ADM	$50,426	$76.40	89.5%	8.2x	19.4x	$80,584	$2,539	-3.9%	3.2%
Kenvue Inc.	KVUE	$45,129	$19.11	83.6%	3.0x	13.0x	$15,292	$3,470	-0.1%	22.7%
Kimberly-Clark Corporation	KMB	$43,673	$109.77	79.9%	0.6x	19.9x	$16,556	$3,351	0.1%	20.2%
Church & Dwight Co., Inc.	CHD	$25,260	$96.88	91.4%	4.1x	18.2x	$6,205	$1,388	2.2%	22.4%
Food, Beverage & Restaurants										
The Coca-Cola Company	KO	$394,638	$81.27	96.7%	8.0x	23.6x	$49,284	$16,715	5.1%	33.9%
McDonald's Corporation	MCD	$246,038	$270.31	79.1%	9.0x	16.5x	$27,446	$14,869	6.8%	54.2%
PepsiCo, Inc.	PEP	$233,468	$135.40	79.0%	2.4x	12.4x	$96,904	$18,882	5.6%	19.5%
Starbucks Corporation	SBUX	$140,846	$102.19	93.9%	3.7x	26.1x	$38,472	$5,395	5.8%	14.0%
Mondelez International, Inc.	MDLZ	$98,031	$57.84	81.3%	5.3x	57.9x	$39,304	$5,216	7.8%	13.3%
Monster Beverage Corporation	MNST	$90,343	$96.12	98.2%	3.9x	20.4x	$8,793	$2,822	18.1%	32.1%
DoorDash, Inc.	DASH	$78,099	$184.53	64.6%	2.4x	12.4x	$14,721	$1,350	31.0%	9.2%
Keurig Dr Pepper Inc.	KDP	$77,312	$32.73	91.1%	2.4x	12.4x	$16,944	$4,442	9.2%	26.2%
The Kroger Co.	KR	$56,846	$55.53	72.5%	0.4x	7.0x	$148,645	$8,080	1.1%	5.4%
Sysco Corporation	SYY	$53,708	$83.58	91.0%	10.3x	32.0x	$83,567	$4,565	3.4%	5.5%
The Kraft Heinz Company	KHC	$48,259	$23.62	80.9%	4.6x	17.4x	$24,990	$5,762	-1.7%	23.1%
Chipotle Mexican Grill, Inc.	CMG	$46,961	$34.00	58.2%	4.6x	17.4x	$12,139	$2,304	5.7%	19.0%
Constellation Brands, Inc.	STZ	$32,880	$139.09	78.1%	3.6x	9.5x	$9,057	$3,456	-10.0%	38.2%

Source: Capital IQ

2 Public Market Performance

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(USD in millions, except per share data)

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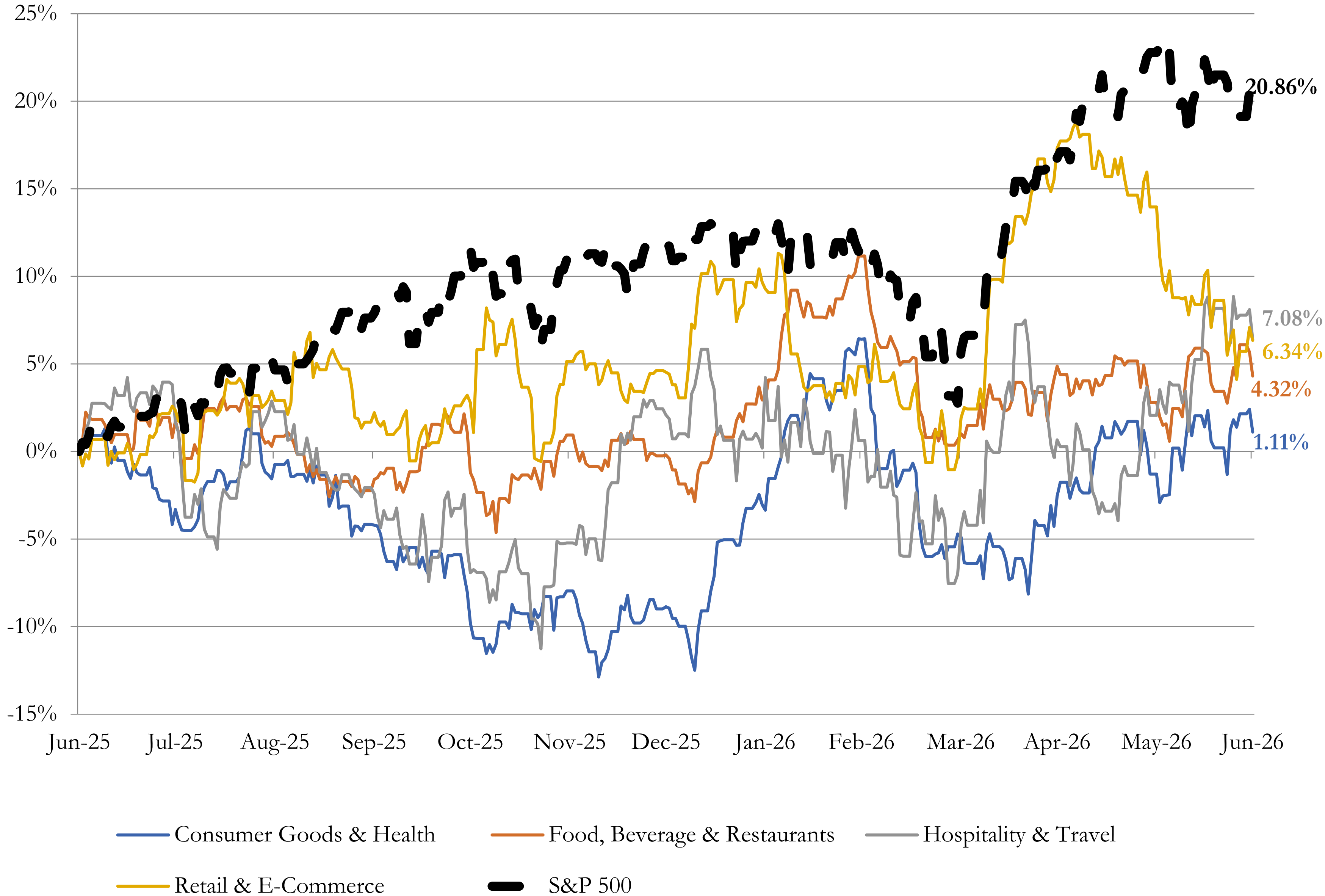
Hospitality & Travel										
Booking Holdings Inc.	BKNG	$147,571	$178.24	76.3%	5.3x	14.2x	$27,687	$10,378	15.0%	37.5%
Marriott International, Inc.	MAR	$117,961	$370.59	90.2%	5.6x	15.0x	$7,184	$4,735	7.5%	65.9%
Royal Caribbean Cruises Ltd.	RCL	$103,308	$317.53	86.6%	16.4x	24.9x	$18,388	$6,902	9.7%	37.5%
Hilton Worldwide Holdings Inc.	HLT	$87,849	$330.46	92.3%	17.3x	29.3x	$5,071	$3,003	6.6%	59.2%
Airbnb, Inc.	ABNB	$77,691	$143.10	95.3%	6.1x	29.7x	$12,647	$2,619	12.6%	20.7%
Retail & E-Commerce										
Amazon.com, Inc.	AMZN	$2,581,539	$238.34	85.6%	3.5x	16.6x	$742,776	$155,861	14.2%	21.0%
Costco Wholesale Corporation	COST	$410,242	$935.47	85.3%	N/A	N/A	$293,587	$13,790	9.2%	4.7%
The Home Depot, Inc.	HD	$397,251	$352.68	82.6%	N/A	N/A	$166,592	$24,946	2.2%	15.0%
The TJX Companies, Inc.	TJX	$181,354	$151.50	89.1%	1.4x	29.7x	$61,584	$8,835	8.1%	14.3%
Lowe's Companies, Inc.	LOW	$160,388	$220.49	75.2%	1.8x	12.7x	$88,434	$12,597	6.2%	14.2%
O'Reilly Automotive, Inc.	ORLY	$83,487	$92.09	84.7%	2.9x	20.5x	$18,206	$4,085	7.9%	22.4%
Target Corporation	TGT	$79,479	$130.61	91.5%	2.9x	20.5x	$106,377	$8,344	0.5%	7.8%
NIKE, Inc.	NKE	$64,531	$41.05	51.2%	1.8x	12.7x	$46,398	$4,929	0.2%	10.6%
AutoZone, Inc.	AZO	$62,897	$3,195.94	72.8%	1.4x	13.1x	$19,986	$4,264	5.7%	21.3%
lululemon athletica inc.	LULU	$14,001	$114.18	45.3%	1.2x	5.5x	$11,204	$2,566	4.2%	22.9%

Source: Capital IQ

2 Public Market Performance

Sub-Industry Performance vs. S&P 500

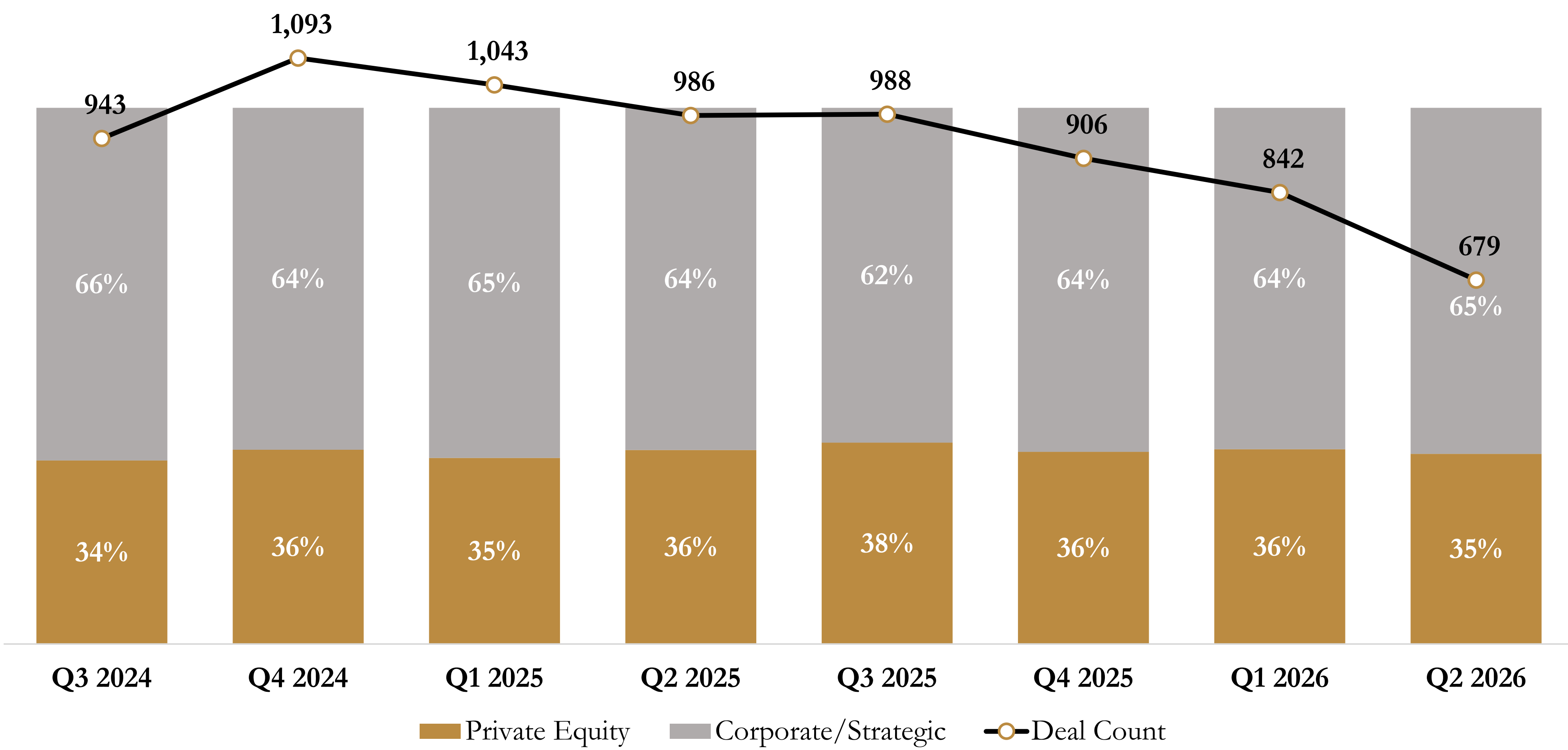


Source: Capital IQ

3 M&A Trends

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

The Consumer M&A market continued to soften in Q2 2026, with total deal volume falling to 679 transactions – the lowest level in the past two years and a 19% decline from Q1 2026. Strategic buyers continued to lead activity, accounting for ~65% of deals, while financial sponsors represented ~35%.



Source: PitchBook

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

3 M&A Trends

Recent M&A Transactions

(USD in millions)

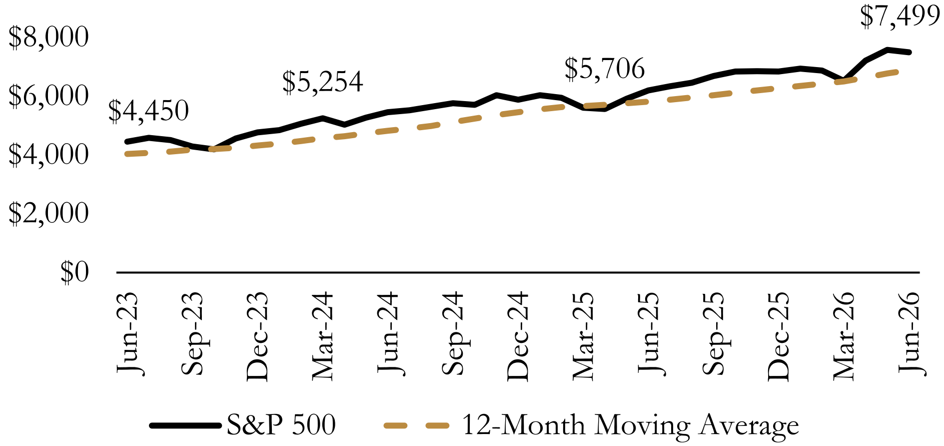
Close Date	Target	Acquirer	Implied TEV
Jul-25	io Products, Inc.	OpenAI, L.L.C.	$6,494
Dec-25	HanesBrands Inc.	Gildan Activewear Inc.	$4,525
May-26	Tri Pointe Homes, Inc.	Sumitomo Forestry America Inc.	$4,417
Feb-26	Residential Kitchen Business of Middleby Worldwide, Inc.	26North Partners LP	$885
Oct-25	O2 Partners, LLC	Coats North America Consolidated, Inc.	$770
Nov-25	Williamson-Dickie Manufacturing Company, LLC	Bluestar Alliance, LLC	$600
May-26	Marine Products Corporation	MasterCraft Boat Holdings, Inc.	$231
May-26	United Homes Group, Inc.	Stanley Martin Homes, LLC	$193
Sep-25	American Homestar Corporation	Cavco Industries, Inc.	$190
Jan-26	TYR Tactical, LLC	Safariland, LLC	$170
Jan-26	Resibuilt Homes, LLC	Invitation Homes Inc.	$97
Sep-25	DC Rental Portfolio LLC	Kenilworth Systems Corporation (nka:Global Asset Management Group, Inc.)	$93
Jun-26	Casas By The Sea	Pacific Urban Residential LLC	$90
Oct-25	DJO, LLC	Promus Equity Partners, LLC	$60
Apr-26	Glamorise Foundations, Inc.	Wacoal Direct Corp.	$44
Dec-25	Gainline Recline Intermediate Corp.	Man Wah USA Manufacturing Limited	$32
Jan-26	New Classic Home Furnishing, Inc.	GigaCloud Technology Inc.	$18
Jul-25	Wm. C. Anderson, Inc.	Sturm, Ruger & Company, Inc.	$16
Mar-26	Ergatta, Inc.	Interactive Strength Inc.	$13
Mar-26	Rad Power Bikes Inc.	Life Electric Vehicles, Inc.	$13
Aug-25	Freebird Stores, Inc.	N/A	$1
Jun-26	BELLA+CANVAS, LLC	SanMar Corp.	NA
Jun-26	PIKKL	Paddletek, LLC	NA
Jun-26	Chandler Sports, LLC	BCLL Group, LLC	NA
Jun-26	Advantage Air LLC	Phoenix Facility Group LLC	NA
Jun-26	Sprinkguard LLC	Space Age Electronics, Inc.	NA
Jun-26	Lunya Company, LLC	Dana-co, LLC	NA
Jun-26	Gyrotonic Sales Corp.	Merrithew International Inc.	NA
Jun-26	Hugimals LLC	What Do You Meme, LLC	NA
Jun-26	Skop Group, Inc.	Peloton Interactive, Inc.	NA

Source: Capital IQ

4 Macroeconomic Environment

Macroeconomic Indicators

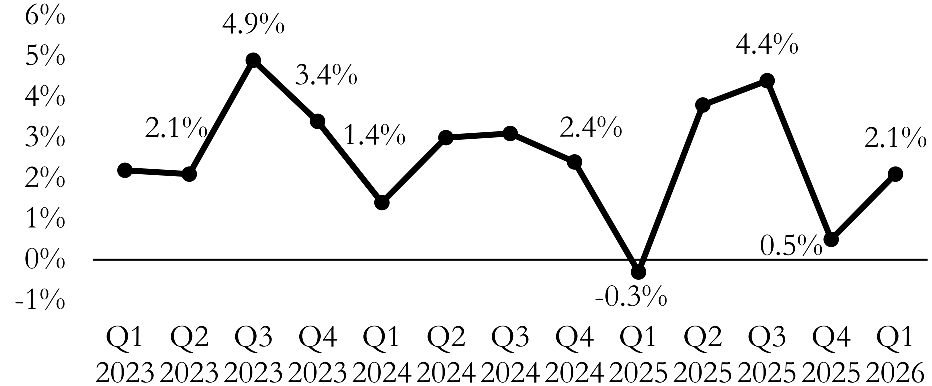
S&P 500



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

Real GDP Growth

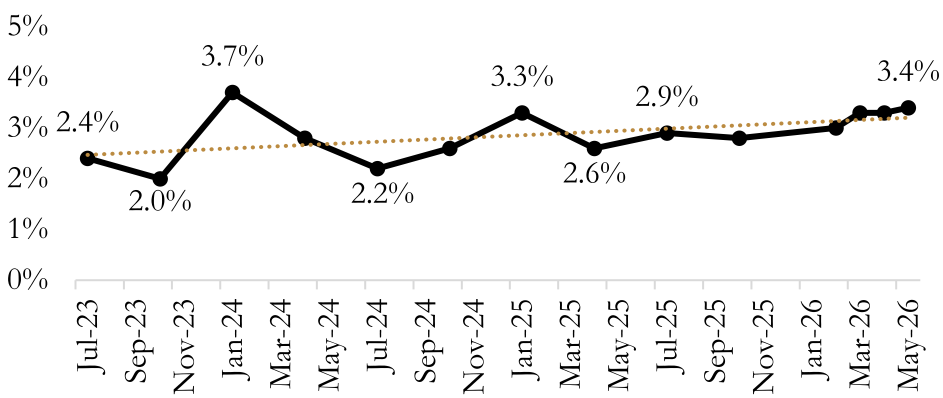
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

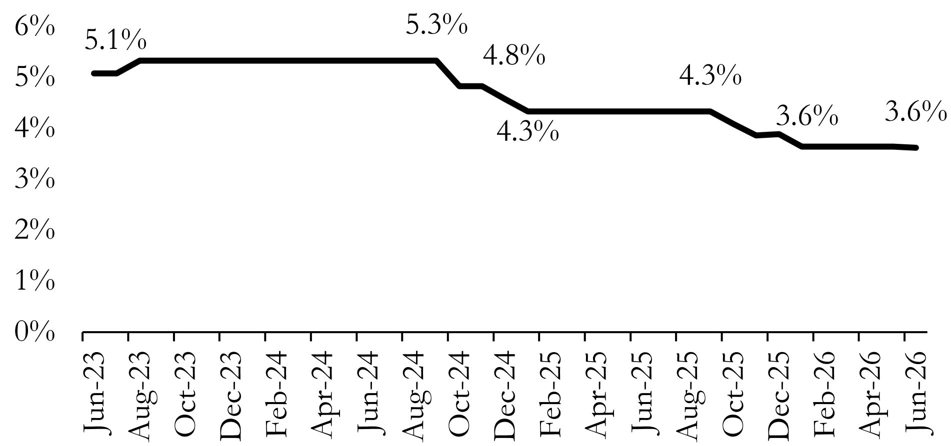
Core PCE

Personal Consumption Expenditures



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

Federal Funds Rate



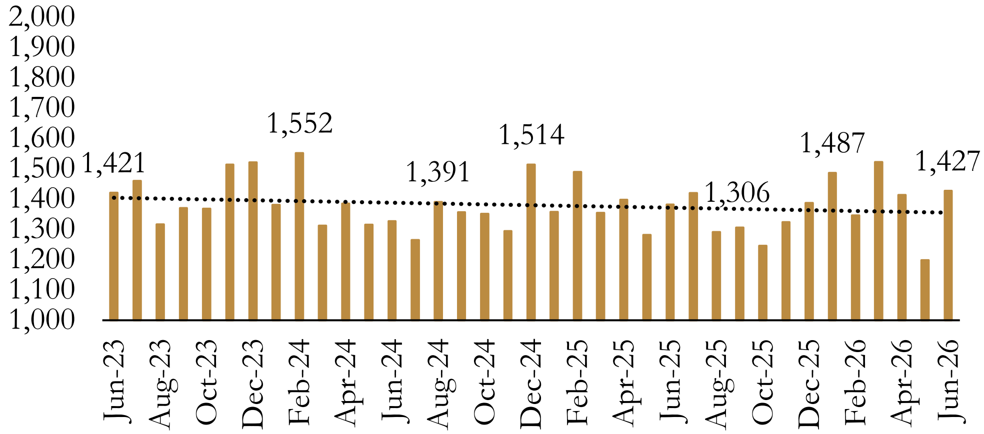
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

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

4 Macroeconomic Environment

Macroeconomic Indicators (Cont.)

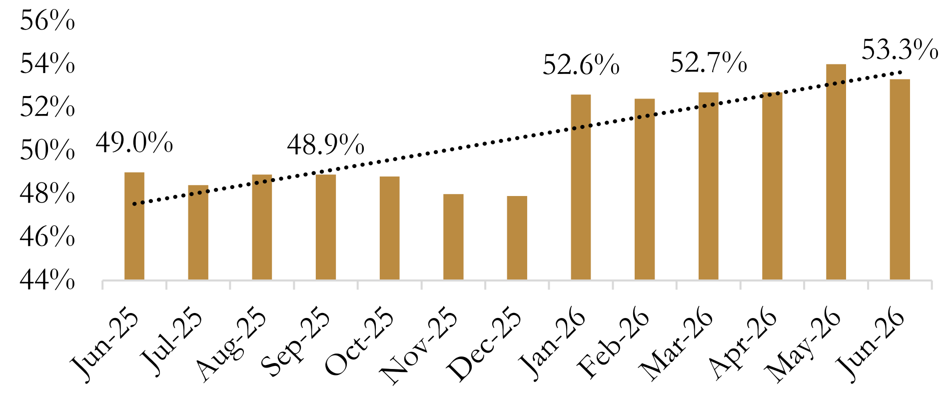
New Privately-Owned Housing Units Started[1]



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

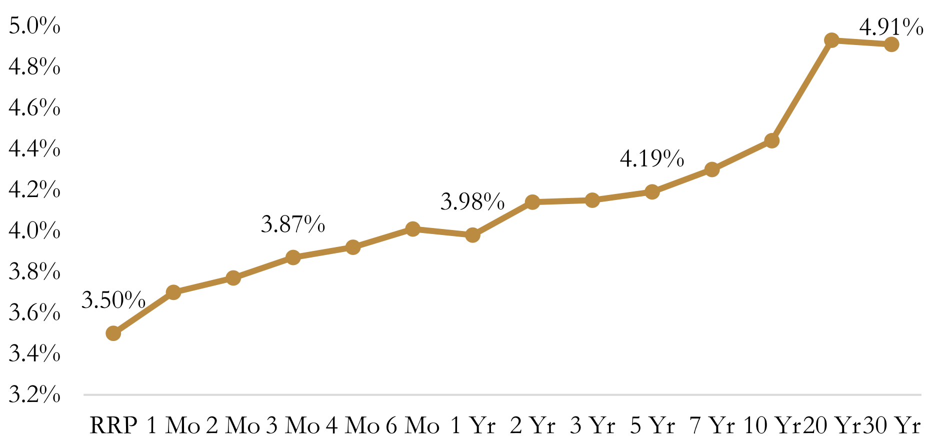
Manufacturing PMI

Purchasing Manager's Index



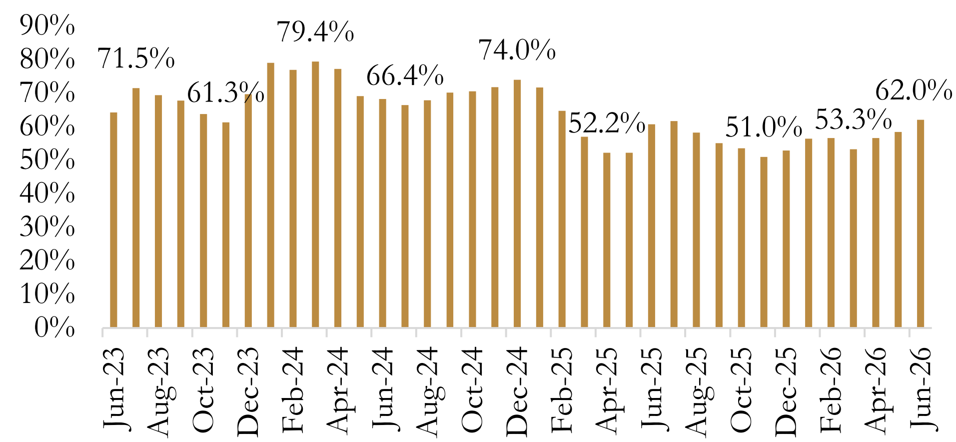
A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Treasury Par Yield Curve Rates



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

Consumer Sentiment

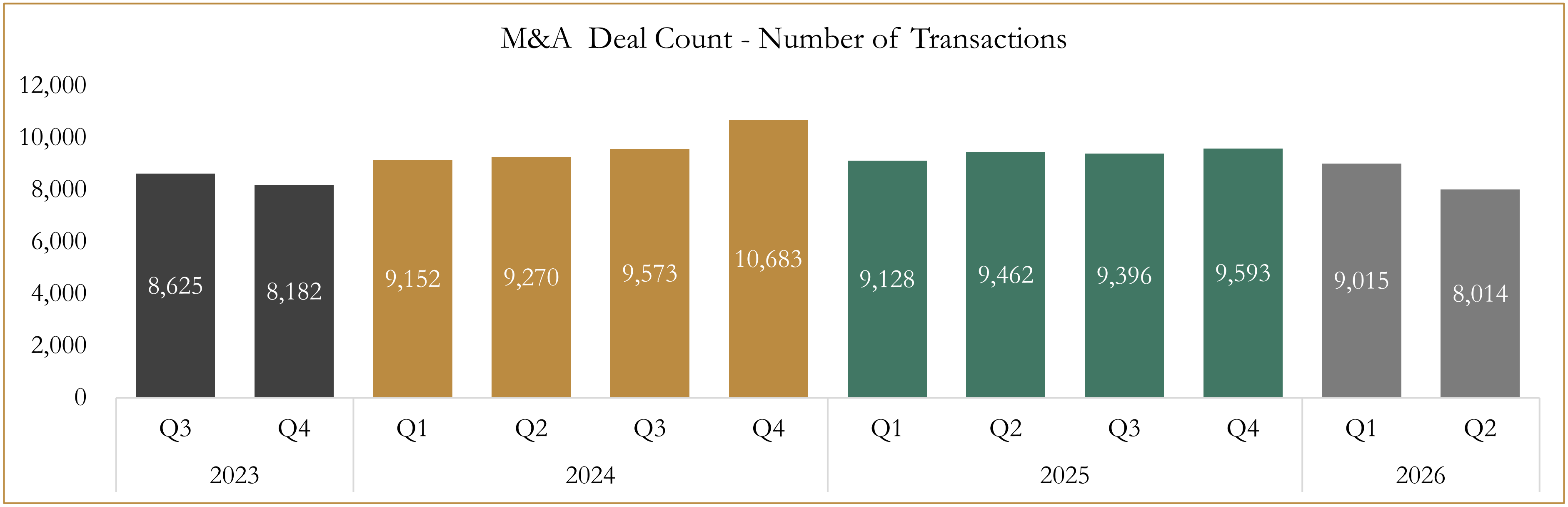


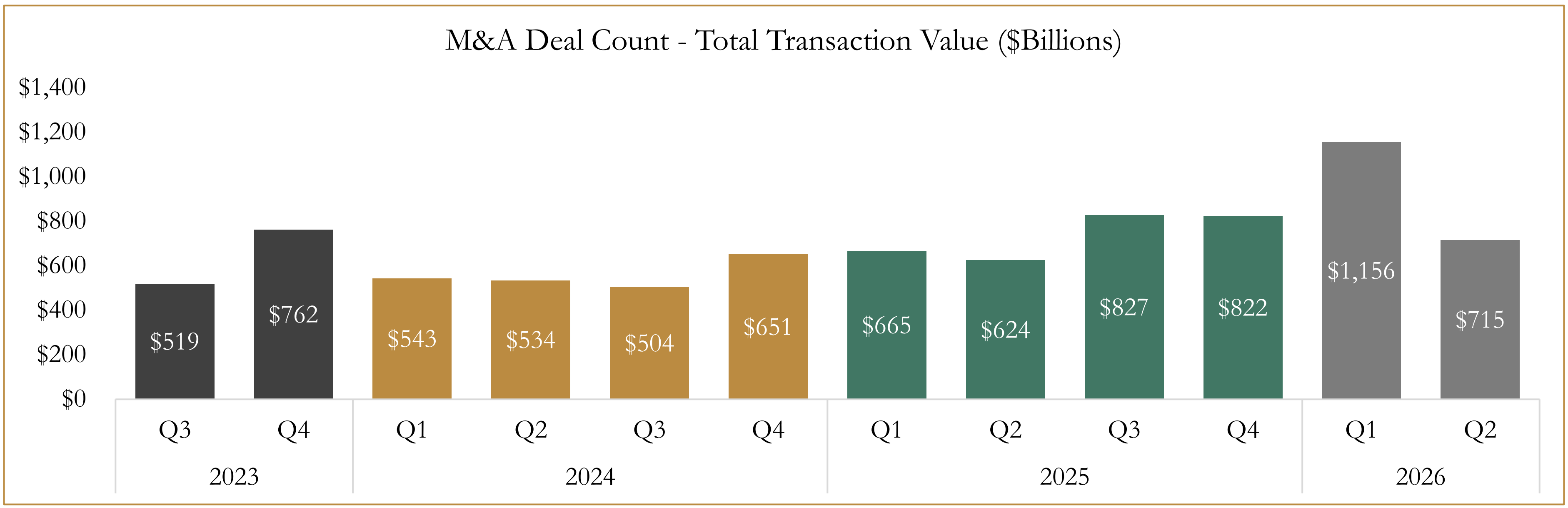
Measures consumer confidence in the economy based on monthly survey data from the University of Michigan.

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

4 Macroeconomic Environment

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

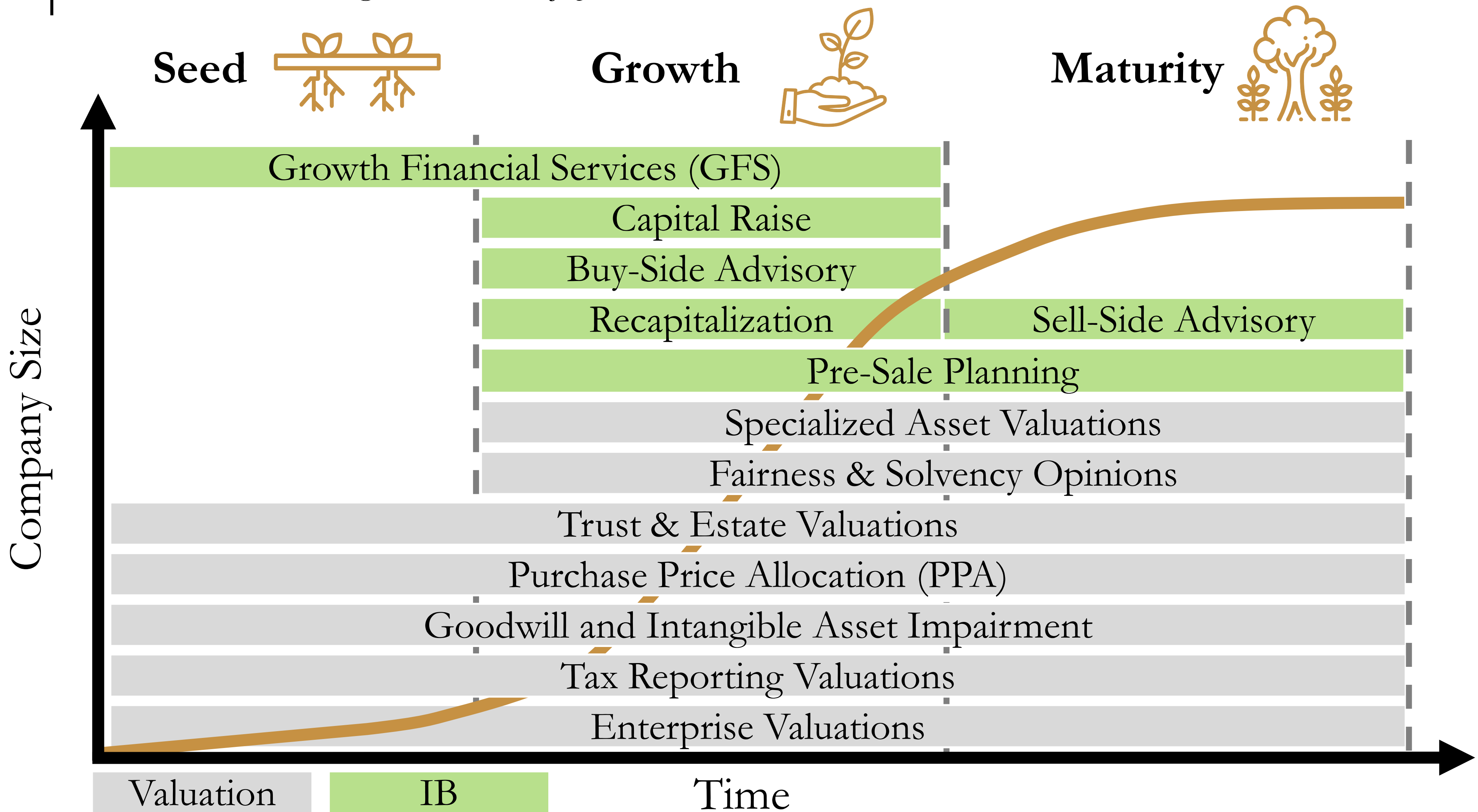




Source: Capital IQ; Data derived from M&A activity over the past three years.

5 Houlihan Capital

Houlihan's Services Along the Business Lifecycle



For questions or inquiries regarding our services, please contact:

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Houlihan Capital

About Us (Cont.)

Houlihan Capital is a leading, solutions-driven valuation, financial advisory and investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is SOC-compliant, a FINRA and SIPC member and committed to the highest levels of professional ethics and standards.

Valuation & Financial Advisory

- **Portfolio Valuation (ASC 820)**
- **Complex & Illiquid Securities (Level 3)**
- **Cryptoasset /Blockchain Valuations**
  - Locked Token Valuations
- **Enterprise Valuations**
- **Fairness & Solvency Opinions**
  - SPAC Fairness
- **Estate & Gift Valuations**
- **Purchase Price Allocation (ASC 805)**
- **Goodwill Impairment Testing (ASC 350)**
- **Stock-based Compensation (ASC 718, IRC 409A)**

Investment Banking

- **Mergers & Acquisitions**
  - Sell-Side Advisory
  - Sale of Minority Ownership Positions
  - Leveraged Buyouts
  - Majority Recapitalizations
  - Corporate Divestitures
- **Corporate Financial Services**
  - Financial Modeling
  - Investor Presentation
  - Valuation Analysis
  - Strategic Advisory

For questions or inquiries regarding our services, please contact:

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