HOULIHAN CAPITAL

Valuation & Financial Advisory | Investment Banking

INDUSTRY UPDATE
CONSUMER PRODUCTS
Q3 2026



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01 EXECUTIVE SUMMARY

Key Takeaways

KEY TRENDS

- **Spending Outran Income:** Real spending rose 0.6% in August while income was flat, pulling the savings rate down to 4.1%, its lowest since 2022.
- **Fuel Costs Squeezed Budgets:** Higher gas prices kept shoppers focused on essentials and pushed retailers toward promotions.
- **Retail Sales Kept Growing:** Sales rose 4.1% YoY in September, the 12th straight monthly gain, led by back-to-school.

MARKET OVERVIEW

- Consumer discretionary fell 7.0% and staples 2.3% in Q3, while the S&P 500 gained 2.0% on energy strength.
- Consumer sentiment fell to 48.1, down 15% since January, even as retail sales kept growing.

EXTERNAL DRIVERS

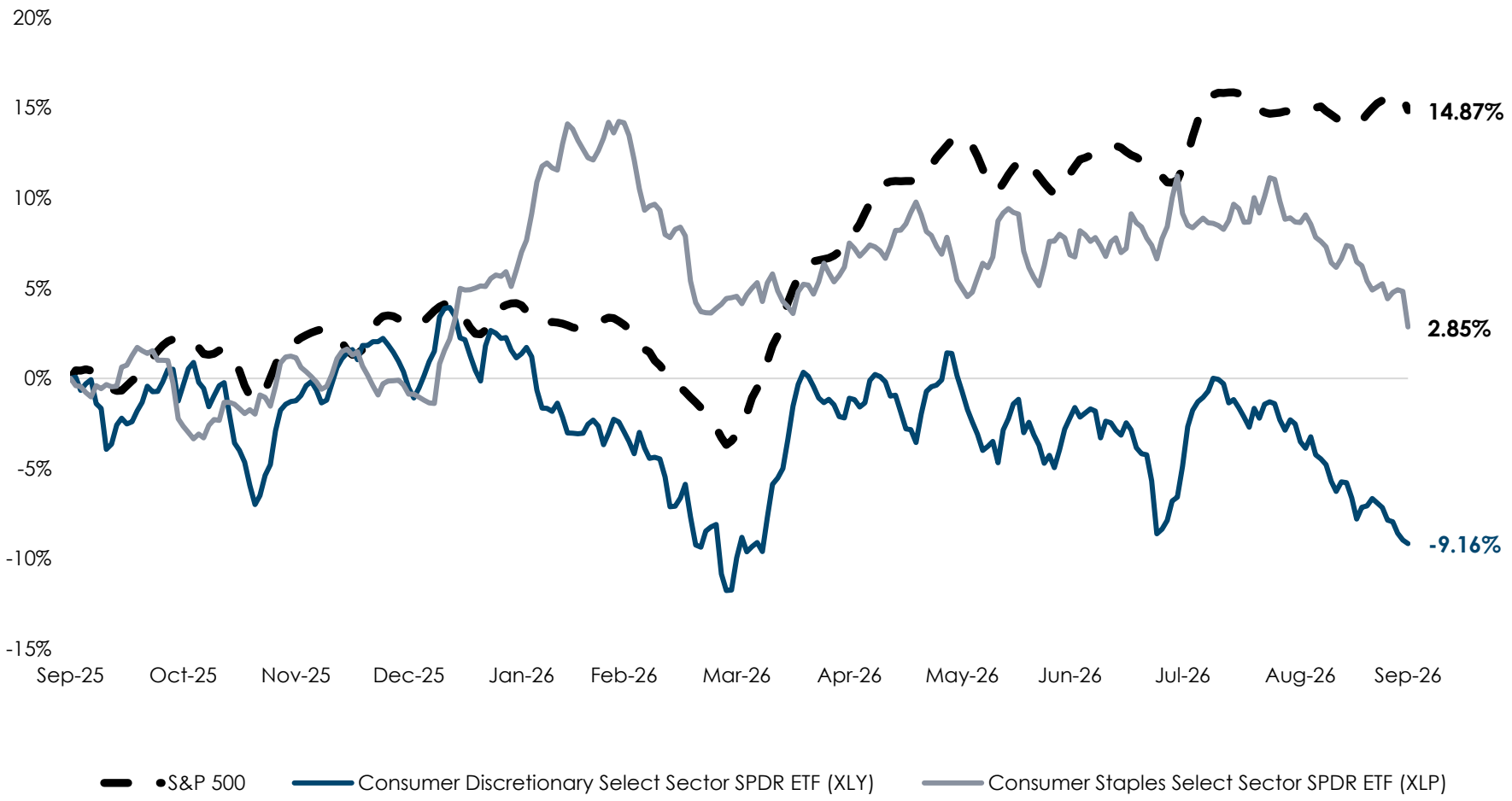
- Inflation rose to 3.7% in September as gas averaged $4.36 a gallon, a record for the time of year.
- Disrupted Strait of Hormuz traffic, $100+ Brent oil and new Canadian tariffs kept freight and input costs high.

Sources: BEA, BLS, NRF, AAA, University of Michigan, PYMNTS, StockCharts, Seeking Alpha, 24/7 Wall St., Trading Economics.



02 PUBLIC MARKET PERFORMANCE

Sector ETF vs. S&P 500



Source: Capital IQ



02 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 09/30/26**	**% 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	$381,531	$145.28	86.9%	4.4x	15.4x	$87,032	$24,752	3.3%	28.4%
Philip Morris International Inc.	PM	$355,678	$190.82	91.8%	8.4x	19.7x	$42,545	$18,015	8.9%	42.3%
Altria Group, Inc.	MO	$141,747	$67.34	87.4%	6.9x	9.0x	$20,444	$15,765	0.9%	77.1%
Colgate-Palmolive Company	CL	$78,440	$85.32	85.9%	3.7x	15.7x	$21,047	$4,983	5.2%	23.7%
Archer-Daniels-Midland Company	ADM	$48,647	$79.38	89.4%	8.4x	19.7x	$82,099	$2,995	-0.8%	3.6%
Kenvue Inc.	KVUE	$41,616	$17.66	87.7%	2.7x	12.0x	$15,408	$3,481	1.8%	22.6%
Kimberly-Clark Corporation	KMB	$38,396	$97.43	77.7%	0.6x	16.2x	$16,582	$3,481	0.7%	21.0%
Church & Dwight Co., Inc.	CHD	$25,925	$94.22	88.9%	4.2x	19.1x	$6,229	$1,355	2.7%	21.7%
Food, Beverage & Restaurants										
The Coca-Cola Company	KO	$417,758	$86.08	93.1%	8.3x	24.6x	$50,129	$16,998	6.5%	33.9%
McDonald's Corporation	MCD	$220,651	$230.94	67.6%	8.0x	14.8x	$27,702	$14,930	6.3%	53.9%
PepsiCo, Inc.	PEP	$214,390	$126.72	73.9%	2.2x	11.2x	$98,241	$19,171	6.4%	19.5%
Starbucks Corporation	SBUX	$123,712	$93.96	85.0%	3.2x	21.9x	$38,338	$5,642	4.5%	14.7%
Mondelez International, Inc.	MDLZ	$98,889	$57.82	86.8%	5.1x	56.8x	$39,675	$6,080	6.9%	15.3%
Keurig Dr Pepper Inc.	KDP	$85,061	$30.34	N/A	2.2x	11.2x	$20,090	$4,807	27.5%	23.9%
DoorDash, Inc.	DASH	$81,634	$183.55	N/A	2.2x	11.2x	$15,891	$1,436	33.6%	9.0%
Monster Beverage Corporation	MNST	$81,520	$41.62	83.0%	3.5x	19.0x	$9,219	$2,933	20.4%	31.8%
The Kroger Co.	KR	$58,360	$58.62	76.5%	0.4x	7.3x	$149,326	$8,043	1.6%	5.4%
Sysco Corporation	SYY	$52,142	$77.96	84.9%	8.8x	27.8x	$84,553	$4,493	3.9%	5.3%
Chipotle Mexican Grill, Inc.	CMG	$43,147	$31.95	74.6%	4.2x	17.7x	$12,424	$2,275	7.3%	18.3%
Constellation Brands, Inc.	STZ	$32,008	$113.06	67.1%	3.5x	9.3x	$9,209	$3,426	-4.3%	37.2%

Source: Capital IQ



02 PUBLIC MARKET PERFORMANCE

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

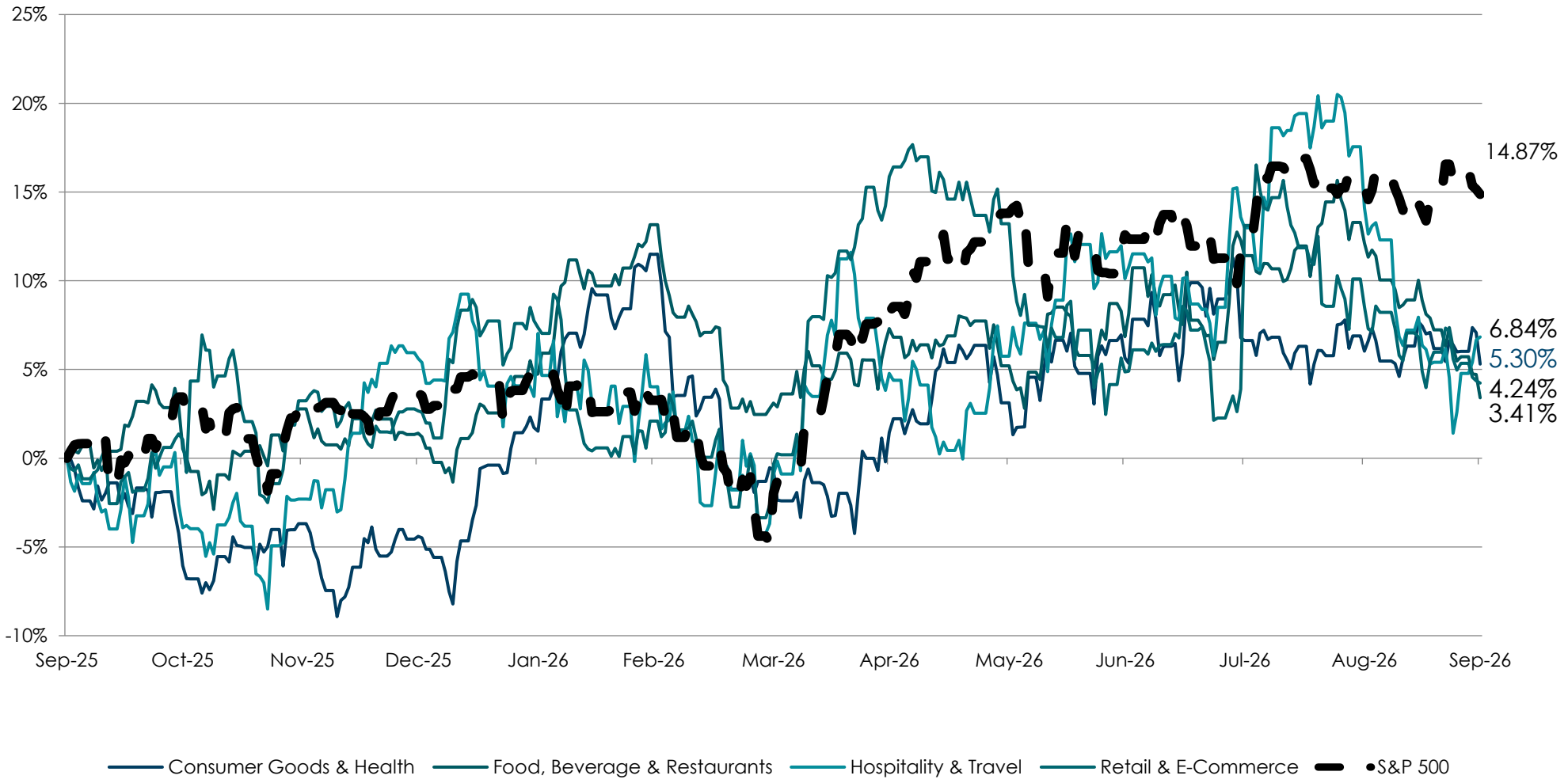
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Hospitality & Travel										
Booking Holdings Inc.	BKNG	$121,764	$162.91	72.4%	4.3x	11.7x	$28,241	$10,413	12.9%	36.9%
Marriott International, Inc.	MAR	$114,187	$355.67	86.5%	5.3x	14.2x	$7,385	$4,814	8.9%	65.2%
Royal Caribbean Cruises Ltd.	RCL	$98,157	$265.86	74.6%	15.5x	23.7x	$18,682	$6,926	8.7%	37.1%
Airbnb, Inc.	ABNB	$88,051	$160.65	83.0%	6.7x	31.9x	$13,159	$2,761	13.6%	21.0%
Hilton Worldwide Holdings Inc.	HLT	$87,226	$318.12	88.9%	17.1x	28.2x	$5,104	$3,088	5.7%	60.5%
Retail & E-Commerce										
Amazon.com, Inc.	AMZN	$2,917,772	$249.15	86.8%	3.8x	17.3x	$775,680	$168,912	15.8%	21.8%
Costco Wholesale Corporation	COST	$411,905	$910.34	83.0%	N/A	N/A	$303,154	$14,185	10.1%	4.7%
The Home Depot, Inc.	HD	$354,344	$284.49	70.2%	N/A	N/A	$169,176	$24,648	2.5%	14.6%
The TJX Companies, Inc.	TJX	$163,948	$132.31	77.8%	1.4x	29.0x	$62,363	$8,903	7.7%	14.3%
Lowe's Companies, Inc.	LOW	$144,752	$184.29	62.9%	1.6x	11.4x	$90,432	$12,729	8.2%	14.1%
Target Corporation	TGT	$82,834	$156.69	91.8%	2.6x	18.4x	$107,705	$8,593	2.0%	8.0%
O'Reilly Automotive, Inc.	ORLY	$78,849	$85.41	79.1%	2.6x	18.4x	$18,573	$4,170	8.5%	22.5%
AutoZone, Inc.	AZO	$59,332	$2,830.02	65.9%	1.2x	11.3x	$20,339	$4,342	7.4%	21.3%
NIKE, Inc.	NKE	$55,233	$35.40	46.0%	1.6x	11.4x	$45,891	$4,893	-1.2%	10.7%
lululemon athletica inc.	LULU	$11,196	$96.19	42.6%	1.0x	4.7x	$11,094	$2,384	1.7%	21.5%

Source: Capital IQ



02 PUBLIC MARKET PERFORMANCE

Sub-Industry Performance vs. S&P 500



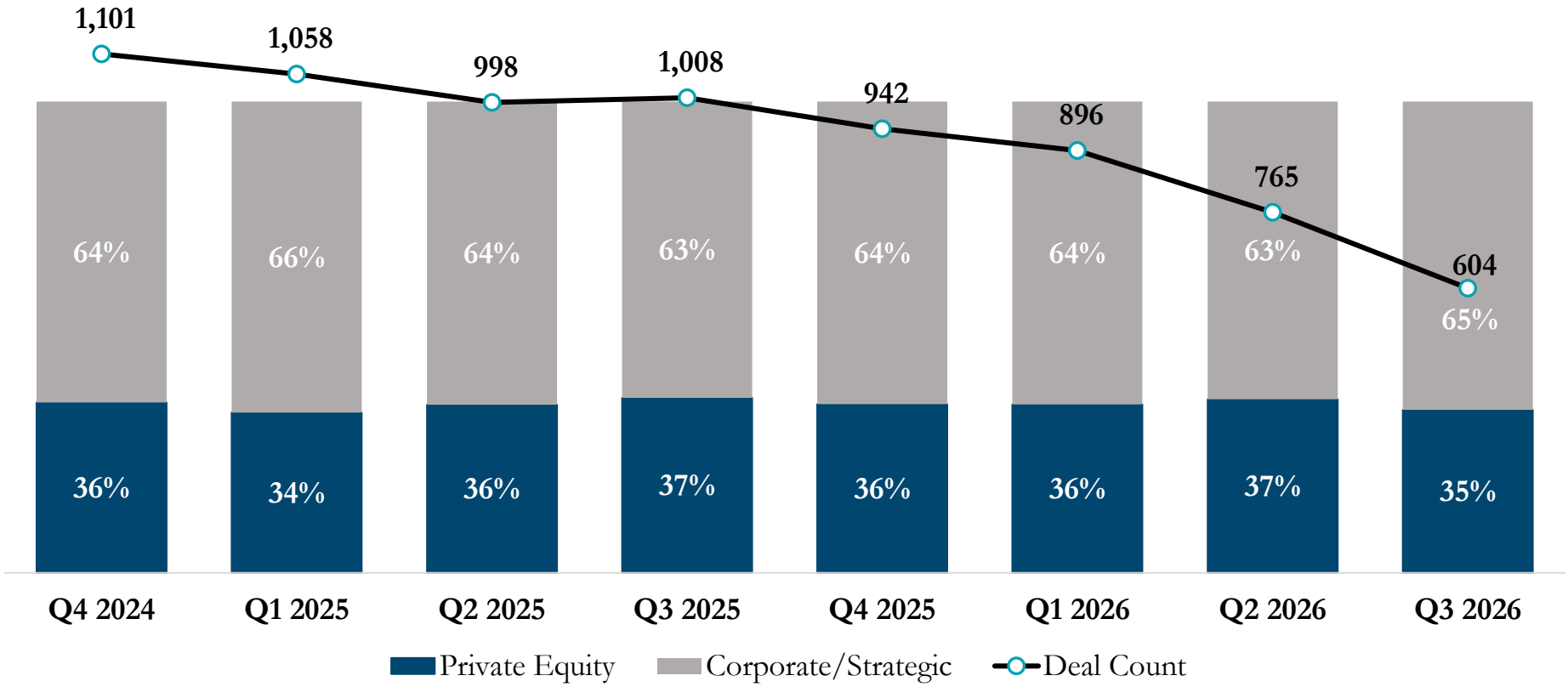
Source: Capital IQ



03 M&A TRENDS

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

Consumer M&A activity declined further in Q3 2026, with total transactions falling to 604, down 21.0% from 765 in Q3 2026 and 40.1% below the 1,008 deals recorded in Q3 2025. Transaction volume reached its lowest level in the past eight quarters, reflecting continued softness in deal activity. Corporate and strategic buyers continued to dominate, accounting for 65% of transactions, up from 63% in the prior quarter, while private equity participation declined to 35% from 37%.



Sources: PitchBook

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



04 M&A TRENDS

Recent M&A Transactions

(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Jul-26	TopBuild Corp.	QXO, Inc.	$17,155
Jul-26	Taylor Morrison Home Corporation	Berkshire Hathaway Inc.	$8,585
Dec-25	HanesBrands Inc.	Gildan Activewear Inc.	$4,525
May-26	Tri Pointe Homes, Inc.	Sumitomo Forestry America Inc.	$4,417
Aug-26	Leggett & Platt, Incorporated	Somnigroup International Inc.	$2,744
Feb-26	Residential Kitchen Business of Middleby Worldwide, Inc.	26North Partners LP	$885
Sep-26	Marc Jacobs brand's intellectual property	G-III Apparel Group, Ltd.; WHP Global, LLC	$850
Oct-25	O2 Partners, LLC	Coats North America Consolidated, Inc.	$770
Nov-25	Williamson-Dickie Manufacturing Company, LLC	Bluestar Alliance, LLC	$600
Aug-26	Full Swing Golf Holdings, Inc.	Versant Media Group, Inc.	$530
May-26	Marine Products Corporation	MasterCraft Boat Holdings, Inc.	$231
May-26	United Homes Group, Inc.	Stanley Martin Homes, LLC	$193
Jan-26	TYR Tactical, LLC	Safariland, LLC	$170
Jan-26	Resibuilt Homes, LLC	Invitation Homes Inc.	$97
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
Sep-26	Nasty Gal Inc.	WSG Brands LLC	$16
Mar-26	Ergatta, Inc.	Interactive Strength Inc.	$13
Mar-26	Rad Power Bikes Inc.	Life Electric Vehicles, Inc.	$13
Dec-25	Grand Forest Cabinetry, Inc.	Reli Home Decor, Inc.	$1
Sep-26	Carolina Scales, Inc.	Carlton Industrial Solutions	NA
Sep-26	BSL Direct Sales, Inc.	West Shore Home, LLC	NA
Sep-26	Cimini & Associates, Inc.	Alloy Holdings, LLC	NA
Sep-26	International E-Z Up, Inc.	Norwest Equity Partners	NA
Sep-26	Rite Lite Signs, Inc.	Creative Sign Designs Inc.	NA
Sep-26	Great Southern Homes	Stanley Martin Communities, LLC	NA
Aug-26	GTR Technologies Inc.	Homewerks Worldwide, LLC	NA

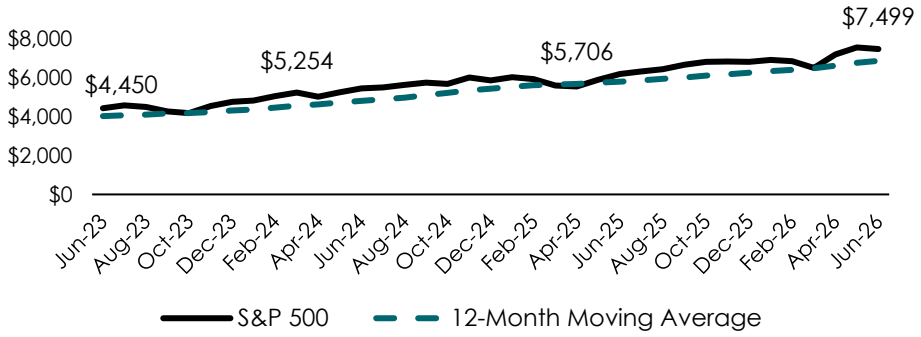
Source: Capital IQ



04 MACROECONOMIC ENVIRONMENT

Macroeconomic Indicators

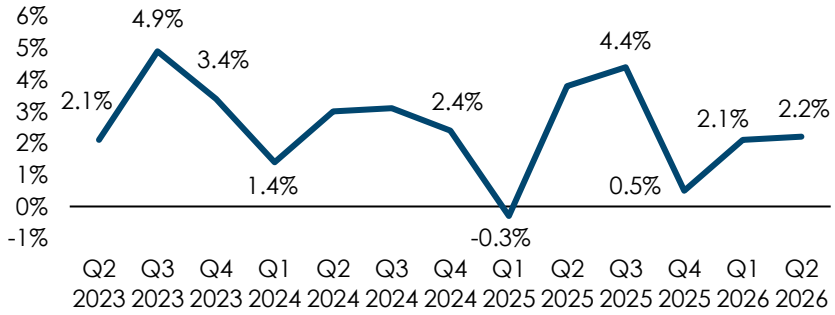
S&P 500



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

Real GDP Growth

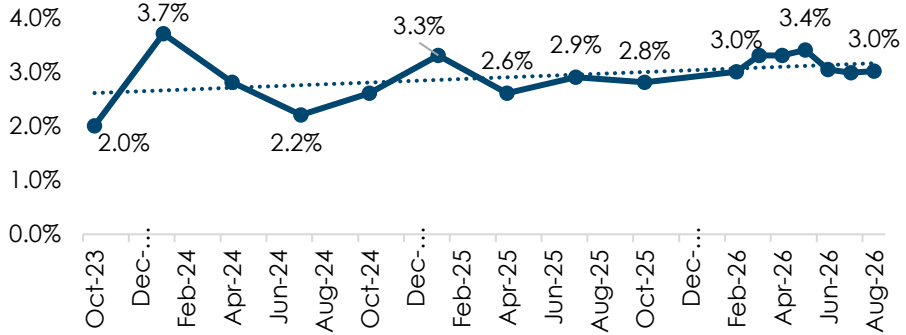
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

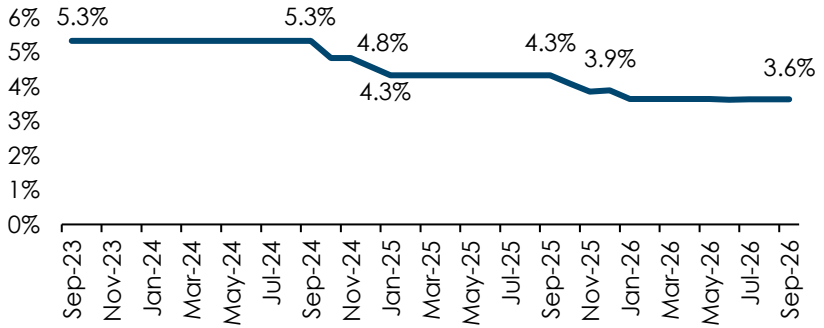
Core PCE

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.

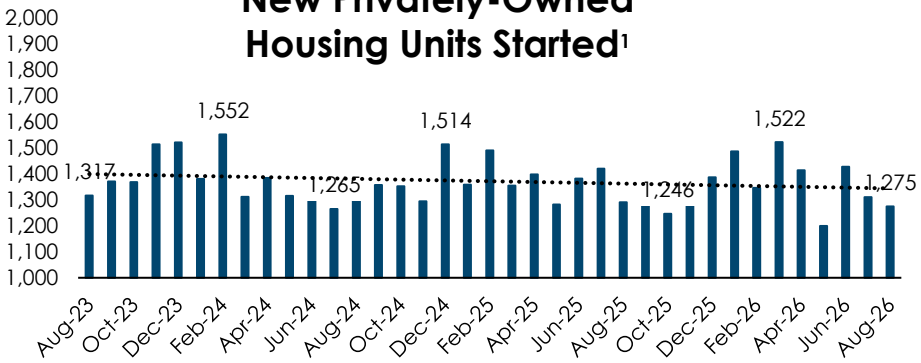
Sources: Capital IQ, St. Louis Fed – FRED Economic Data



04 MACROECONOMIC ENVIRONMENT (cont.)

Macroeconomic Indicators

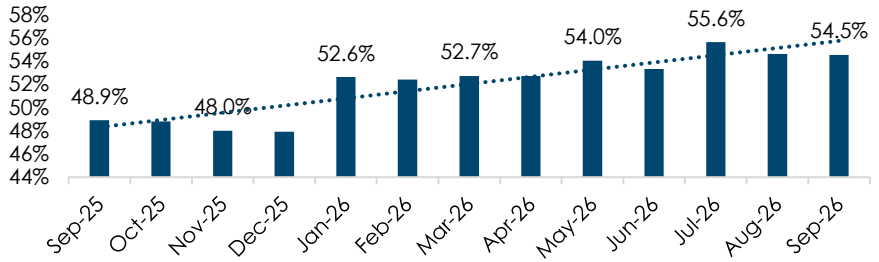
New Privately-Owned Housing Units Started[1]



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

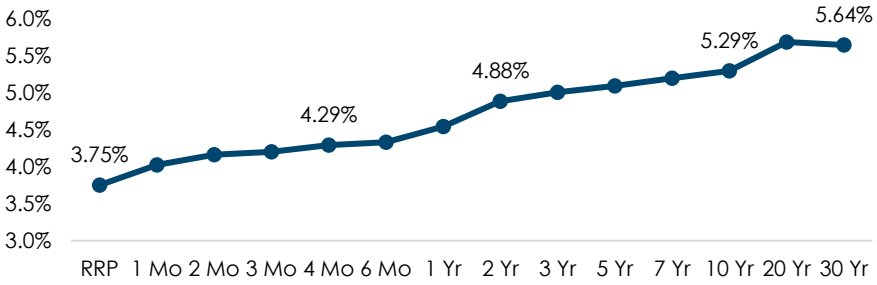
Manufacturing PMI

Purchasing Manager's Index



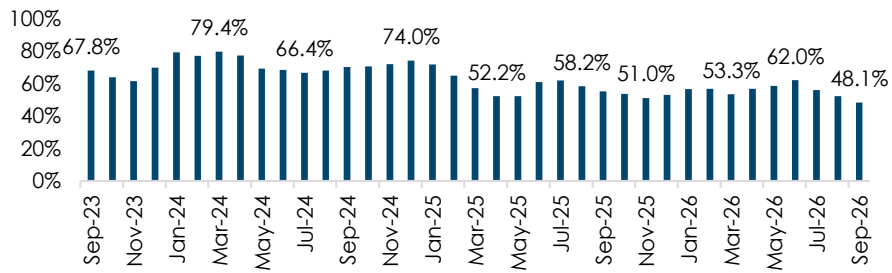
A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Treasury Par Yield Curve Rates



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

Consumer Sentiment



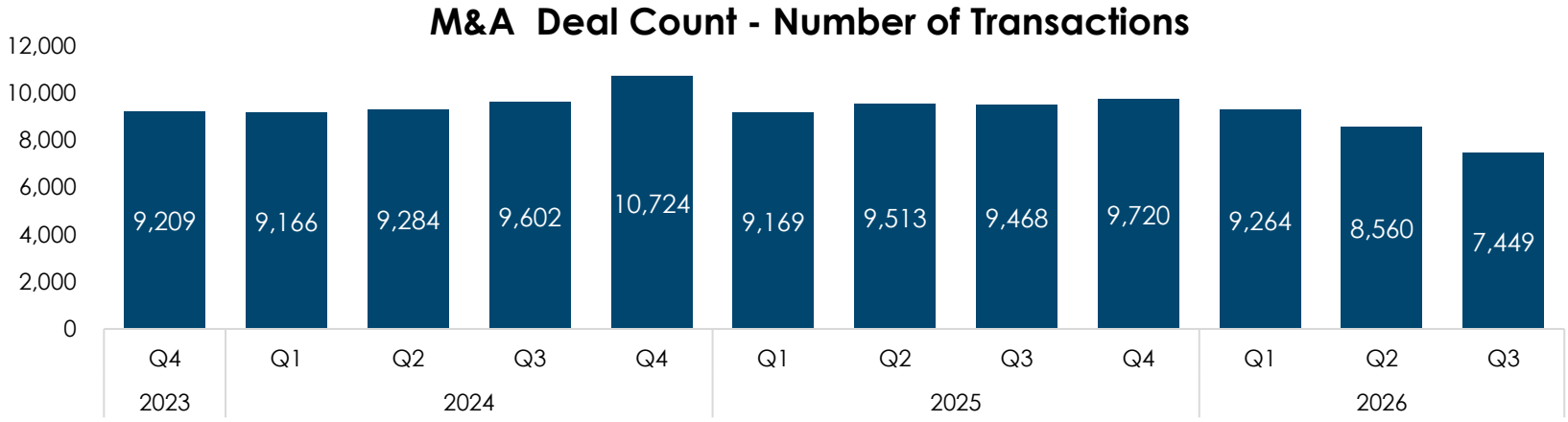
Measures consumer confidence in the economy based on monthly survey data from the University of Michigan.

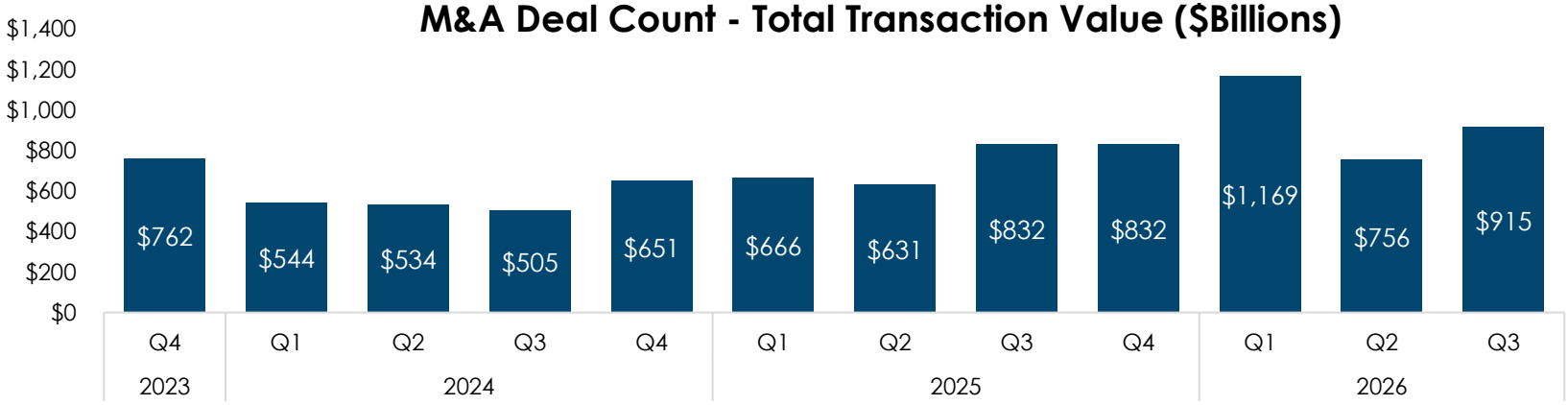
Source: St. Louis Fed – FRED Economic Data, Institute for Supply Management, [1]Figures in Thousands



04 MACROECONOMIC ENVIRONMENT (cont.)

Total M&A Volume (Past 3 years)





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



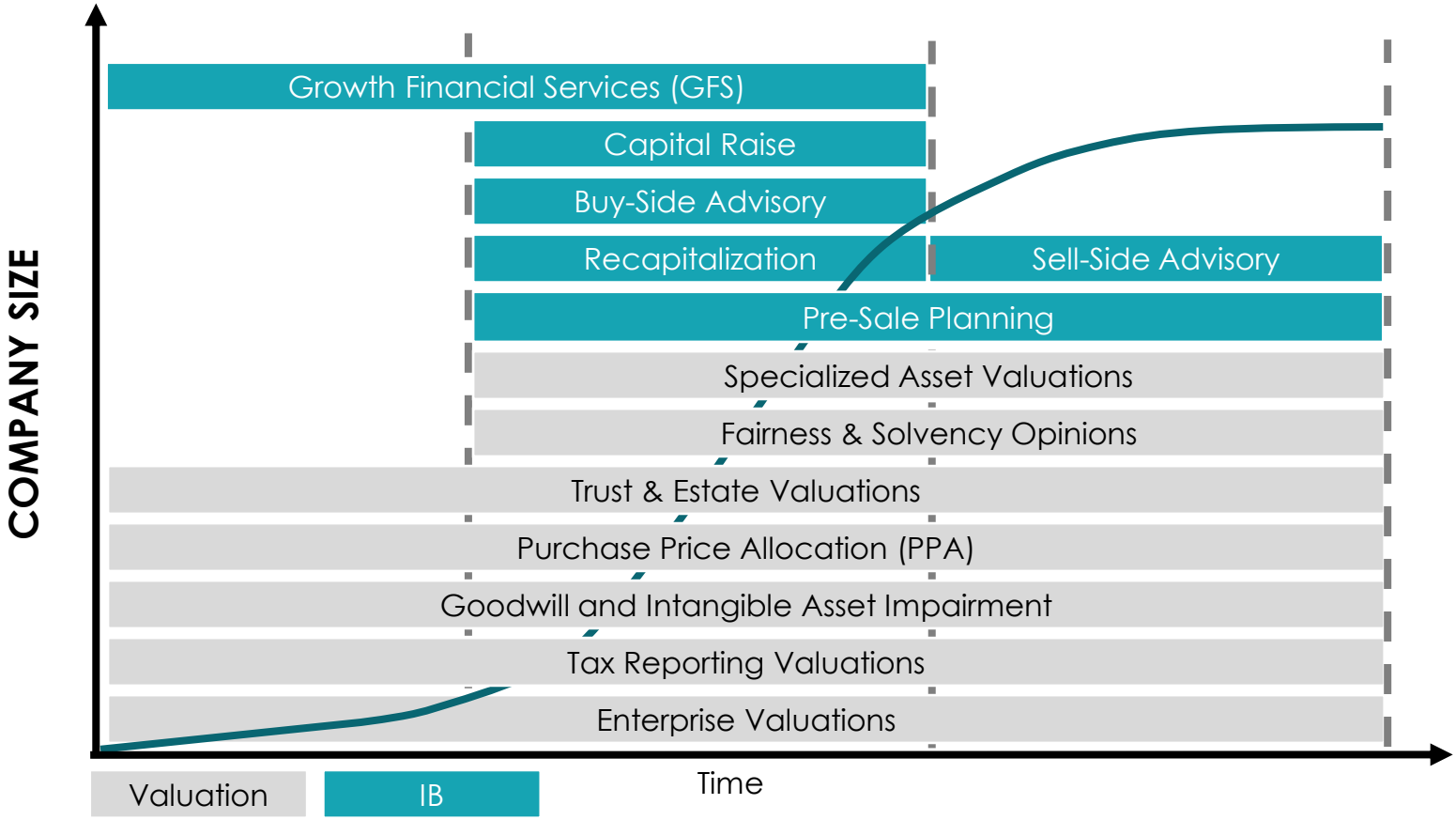
05 HOULIHAN CAPITAL

Houlihan's services along the business lifecycle

SEED

GROWTH

MATURITY



For questions or inquiries regarding our services, please contact: info@houlihancapital.com

HOULIHAN CAPITAL
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06 HOULIHAN CAPITAL
About Us

Houlihan Capital is an employee-owned valuation and investment banking firm. We pride ourselves on delivering exceptional client value and trusted advisory in a dynamic marketplace.

As a FINRA registered broker-dealer, SIPC member, and SOC-compliant firm, we are committed to the highest standards of integrity and professionalism.

VALUATION & FINANCIAL ADVISARY

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

INVESTMENT BANKING

- 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: info@houlihancapital.com