

The State of the Consumer

Sector Review – 1H 2025



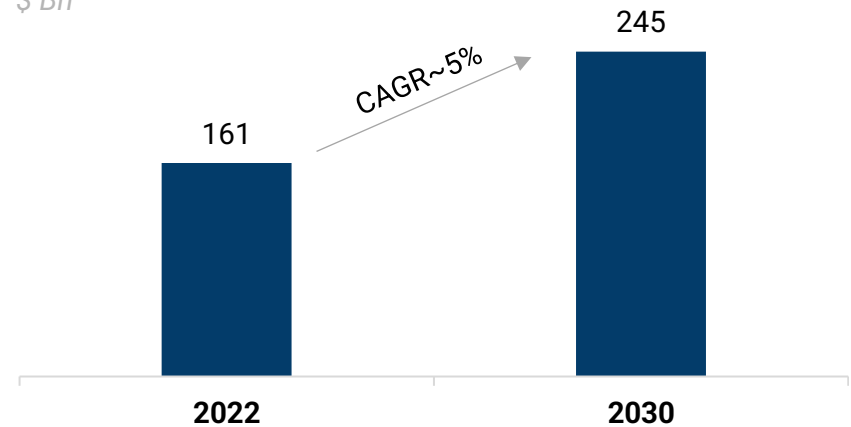
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Consumer Sector Overview

- Consumers have become **more strategic in their shopping**, weighing purchases against current needs and future demands, **with only 18% making impulse buys**
- The focus on **sustainable consumption continues to grow**, with **green attributes now seen as essential complements** rather than sole motivators, as **consumers seek products that are both health- and eco-conscious**
- As consumers are overwhelmed by choices and information, there is **a growing demand for clearer product labeling and more intuitive shopping experiences**, such as streamlined online navigation and tailored recommendations, with **35% highlighting easier site navigation as a key factor in improving their online shopping experience**

Global CPG Market

\$ Bn



Key Market Segments – By product Type



Consumer Sector: Key Market Trends



Technology and AI Integration

Artificial intelligence (AI) is becoming integral to CPG operations, enhancing supply chain efficiency, personalizing consumer experiences, and driving innovation



E-commerce Expansion

The shift towards online shopping continues to accelerate, with consumers increasingly purchasing CPG products through digital platforms. Companies are investing in robust e-commerce strategies and digital marketing



Customization and Personalization

Consumers continue seeking products tailored to their individual needs and preferences. CPG companies are offering customizable options and personalized experiences to cater to this demand, enhancing customer satisfaction and loyalty



Sustainability and Ethical Practices

There is a growing consumer demand for sustainable and ethically produced goods. Brands are responding by adopting eco-friendly practices, sourcing responsibly, and transparently communicating their sustainability efforts to attract environmentally conscious consumers

Consumer M&A Overview

- **Investment in equipment plunged** in Q4'24 after two straight strong quarters, but **consumer spending grew at a 4.2% pace**, the fastest since January-March 2023 and up from 3.7% in July-September last year
- The trend of **increased mid-market deals persists**, alongside a **steady yet low volume of larger transactions**
- Companies in the industry continue to use **divestitures to rebalance and optimize their portfolios**, while also **shedding underperforming past acquisitions**

Recent notable transactions in the market include:

- **Butterfly's Acquisition of The Duckhorn Portfolio**, for ~\$1.95 Bn
- **SVP's Acquisition of Vista Outdoor's Revelyst Segment for \$1.125 Bn**
- **Lakeland Industries Completes \$25 Million Acquisition of Veridian**

Key Trends Shaping Consumer Packaged Goods Market M&A

Consumer Packaged Goods (CPG) is leading the M&A dealmaking with strong transactions activity, particularly in food and beverage

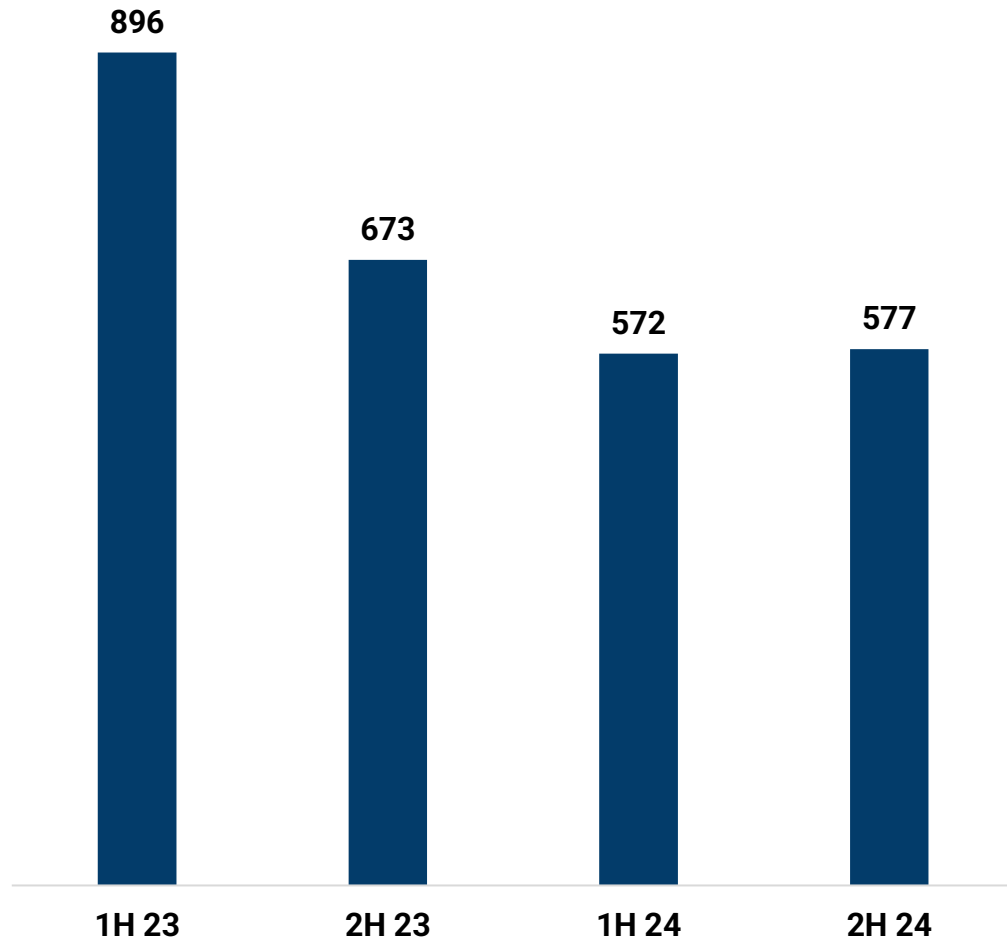
Companies are divesting underperforming assets to streamline operations and focus on core strengths

Higher interest rates and valuation gaps have delayed exits in private equity portfolios. Aged investments, especially in food and beverage and household products, are expected to see liquidity events soon

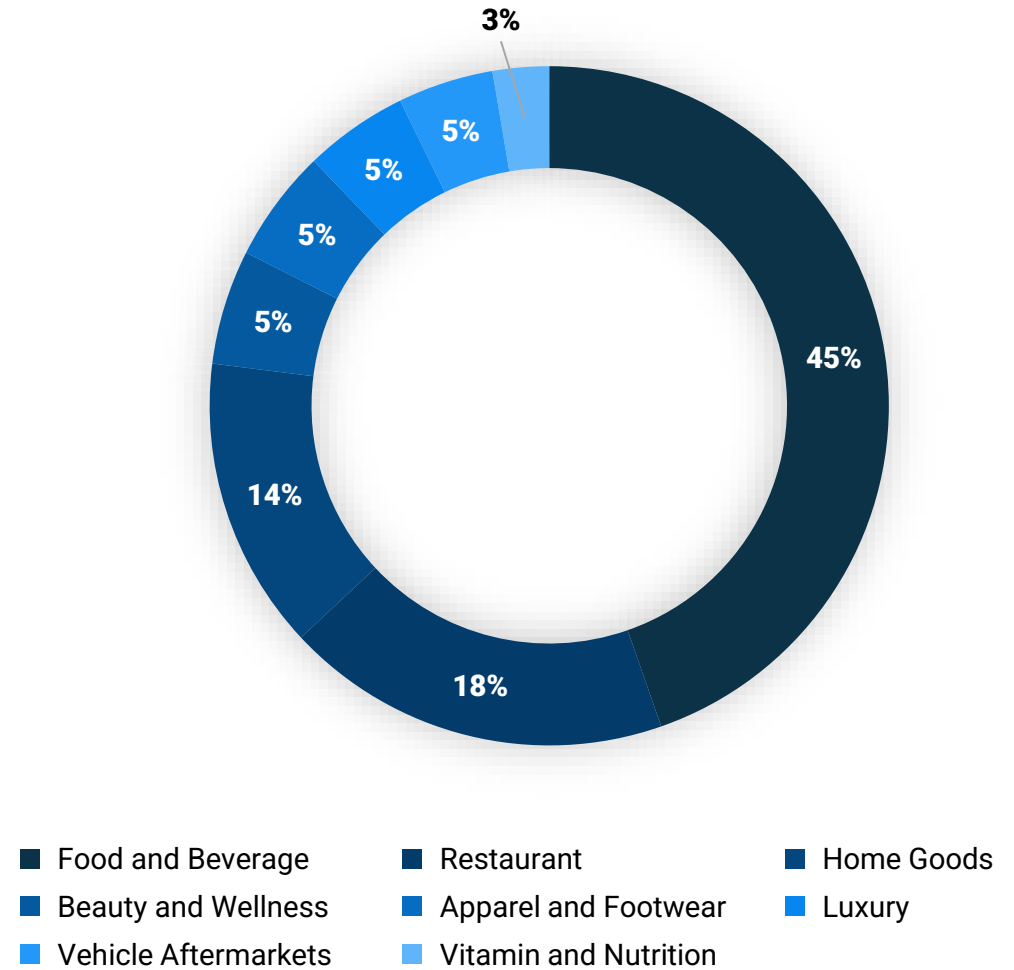
Rising demand for health-conscious products is driving CPG companies to acquire brands that offer healthier options, expanding their portfolios

Consumer M&A Summary

M&A Deals



M&A Deals by Sector – Since 2023



Trading Multiples of Listed Companies

Trading Statistics of Key Consumer Subsectors

US\$ Mn, Unless Otherwise Stated; Calendarized to December Fiscal Year End

Company	Market Cap Jan-25	Enterprise Value	Operating Statistics					Valuation Statistics	
			Revenue		Revenue Growth	Gross Profit Margin	EBITDA Margin	EV/Revenue	EV/EBITDA
			FY 2024A	FY 2025E	2024A-25E	FY 2025E	FY 2025E	FY 2025E	FY 2025E
A) Apparel and Footwear									
adidas AG (XTRA:ADS)	\$45,176	\$49,528	\$24,002	\$26,446	10.2%	51.0%	13%	1.9x	14.6x
Deckers Outdoor Corporation (NYSE:DECK)	\$31,890	\$30,923	\$4,216	\$4,918	16.7%	55.8%	23%	6.3x	27.7x
Lululemon Athletica Inc. (NasdaqGS:LULU)	\$45,511	\$45,836	\$9,611	\$10,561	9.9%	59.0%	27%	4.3x	15.9x
NIKE, Inc. (NYSE:NKE)	\$104,781	\$107,085	\$51,652	\$46,032	-10.9%	43.1%	10%	2.3x	24.5x
On Holding AG (NYSE:ONON)	\$18,561	\$18,008	\$2,538	\$3,243	27.8%	60.9%	17%	5.6x	32.1x
Mean					10.7%	54.0%	17.9%	4.1x	22.9x
Median					10.2%	55.8%	17.3%	4.3x	24.5x
B) Beauty and Wellness									
Kenvue Inc. (NYSE:KVUE)	\$40,454	\$48,224	\$15,571	\$15,951	2.4%	59.8%	24%	3.0x	12.5x
L'Oréal S.A. (ENXTPA:OR)	\$189,595	\$196,317	\$45,061	\$47,485	5.4%	74.4%	24%	4.1x	17.4x
The Estée Lauder Companies Inc. (NYSE:EL)	\$27,950	\$35,610	\$15,559	\$14,775	-5.0%	72.8%	13%	2.4x	18.5x
Ulta Beauty, Inc. (NasdaqGS:ULTA)	\$18,781	\$20,745	\$11,174	\$11,264	0.8%	38.5%	16%	1.8x	11.8x
Unilever PLC (LSE:ULVR)	\$140,101	\$169,257	\$63,009	\$65,289	3.6%	45.4%	21%	2.6x	12.2x
Mean					1.4%	58.2%	19.6%	2.8x	14.5x
Median					2.4%	59.8%	21.3%	2.6x	12.5x
C) E-Commerce									
Amazon.com, Inc. (NasdaqGS:AMZN)	\$2,375,762	\$2,446,246	\$637,817	\$706,725	10.8%	49.5%	23%	3.5x	14.7x
eBay Inc. (NasdaqGS:EBAY)	\$31,705	\$34,673	\$10,283	\$10,602	3.1%	71.8%	32%	3.3x	10.4x
Etsy, Inc. (NasdaqGS:ETSY)	\$5,976	\$7,319	\$2,819	\$2,892	2.6%	71.9%	28%	2.5x	9.1x
Shopify Inc. (NYSE:SHOP)	\$133,539	\$129,785	\$8,798	\$10,798	22.7%	50.4%	19%	12.0x	62.4x
Uber Technologies, Inc. (NYSE:UBER)	\$141,799	\$143,305	\$43,736	\$50,540	15.6%	40.5%	17%	2.8x	16.8x
Mean					11.0%	56.8%	23.8%	4.8x	22.7x
Median					10.8%	50.4%	23.5%	3.3x	14.7x

Source : Capital IQ and Press Releases

Trading Multiples of Listed Companies (cont'd)

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			Revenue		Revenue Growth	Gross Profit Margin	EBITDA Margin	EV/Revenue	EV/EBITDA
			FY 2024A	FY 2025E	2024A-25E	FY 2025E	FY 2025E	FY 2025E	FY 2025E
D) Food and Beverage									
Anheuser-Busch InBev SA/NV (ENXTBR:ABI)	\$96,610	\$172,449	\$59,588	\$60,326	1.2%	56.1%	35%	2.9x	8.1x
Nestlé S.A. (SWX:NESN)	\$210,898	\$277,165	\$100,350	\$102,390	2.0%	46.4%	20%	2.7x	13.5x
PepsiCo, Inc. (NasdaqGS:PEP)	\$205,761	\$242,876	\$92,199	\$94,642	2.7%	55.3%	20%	2.6x	13.1x
The Coca-Cola Company (NYSE:KO)	\$270,142	\$300,732	\$46,214	\$47,751	3.3%	61.1%	34%	6.3x	18.8x
The Kraft Heinz Company (NasdaqGS:KHC)	\$35,393	\$54,341	\$25,982	\$26,014	0.1%	34.6%	25%	2.1x	8.5x
Mean					1.9%	50.7%	26.6%	3.3x	12.4x
Median					2.0%	55.3%	24.5%	2.7x	13.1x
E) Home Goods									
Newell Brands Inc. (NasdaqGS:NWL)	\$4,210	\$9,329	\$7,604	\$7,591	-0.2%	34.5%	13%	1.2x	9.3x
RH (NYSE:RH)	\$8,320	\$12,093	\$3,068	\$3,199	4.3%	44.4%	17%	3.8x	22.0x
The TJX Companies, Inc. (NYSE:TJX)	\$136,979	\$144,975	\$53,999	\$56,234	4.1%	30.3%	13%	2.6x	19.9x
Wayfair Inc. (NYSE:W)	\$5,638	\$8,410	\$11,779	\$12,033	2.2%	30.4%	4%	0.7x	15.9x
Williams-Sonoma, Inc. (NYSE:WSM)	\$24,968	\$25,457	\$7,698	\$7,584	-1.5%	46.7%	21%	3.4x	15.7x
Mean					1.8%	37.3%	13.8%	2.3x	16.6x
Median					2.2%	34.5%	13.2%	2.6x	15.9x
F) Household Products									
Colgate-Palmolive Company (NYSE:CL)	\$72,461	\$79,804	\$20,151	\$20,482	1.6%	60.9%	25%	3.9x	15.4x
Kimberly-Clark Corporation (NYSE:KMB)	\$42,426	\$48,951	\$19,995	\$19,877	-0.6%	37.4%	21%	2.5x	11.9x
Reckitt Benckiser Group plc (LSE:RKT)	\$42,485	\$52,499	\$17,485	\$18,076	3.4%	60.8%	27%	2.9x	10.9x
The Clorox Company (NYSE:CLX)	\$19,840	\$22,610	\$7,156	\$7,052	-1.5%	44.5%	20%	3.2x	15.9x
The Procter & Gamble Company (NYSE:PG)	\$379,468	\$404,556	\$84,305	\$85,285	1.2%	51.8%	28%	4.7x	16.8x
Mean					0.8%	51.1%	24.2%	3.4x	14.2x
Median					1.2%	51.8%	25.3%	3.2x	15.4x

Source : Capital IQ and Press Releases

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			FY 2024A	FY 2025E	2024A-25E	FY 2025E	FY 2025E	FY 2025E	FY 2025E
G) Luxury Goods									
Compagnie Financière Richemont SA (SWX:CFR)	\$106,680	\$104,900	\$21,515	\$22,020	2.3%	67.2%	28%	4.8x	17.2x
Hermès International Société en commandite par actions (ENXTPA:RMS)	\$272,064	\$264,503	\$15,626	\$17,333	10.9%	71.0%	46%	15.3x	33.5x
Kering SA (ENXTPA:KER)	\$31,558	\$48,486	\$17,855	\$18,177	1.8%	74.5%	26%	2.7x	10.1x
LVMH Moët Hennessy - Louis Vuitton, Société Européenne (ENXTPA:MC)	\$355,008	\$387,692	\$87,544	\$92,367	5.5%	68.3%	31%	4.2x	13.5x
Moncler S.p.A. (BIT:MONC)	\$16,209	\$16,187	\$3,158	\$3,365	6.5%	78.1%	40%	4.8x	12.1x
Mean					5.4%	71.8%	34.1%	6.3x	17.3x
Median					5.5%	71.0%	31.1%	4.8x	13.5x
H) Outdoor Recreation & Enthusiasts									
Acushnet Holdings Corp. (NYSE:GOLF)	\$4,483	\$5,234	\$2,468	\$2,556	3.6%	53.5%	16%	2.0x	12.5x
Amer Sports, Inc. (NYSE:AS)	\$16,260	\$18,743	\$5,127	\$5,890	14.9%	56.2%	16%	3.2x	19.4x
DICK'S Sporting Goods, Inc. (NYSE:DKS)	\$18,579	\$21,609	\$12,899	\$13,307	3.2%	35.8%	14%	1.6x	11.5x
Johnson Outdoors Inc. (NasdaqGS:JOUT)	\$331	\$219	\$593	\$592	-0.1%	37.6%	-	0.4x	-
YETI Holdings, Inc. (NYSE:YETI)	\$3,164	\$3,062	\$1,836	\$1,970	7.3%	58.5%	19%	1.6x	8.1x
Mean					9.1%	52.0%	17.7%	2.9x	15.8x
Median					7.3%	55.8%	16.4%	2.0x	12.5x
I) Pet and Animal Care									
Chewy, Inc. (NYSE:CHWY)	\$15,129	\$15,165	\$11,092	\$11,809	6.5%	29.4%	5%	1.3x	27.0x
Freshpet, Inc. (NasdaqGM:FRPT)	\$7,618	\$7,768	\$977	\$1,217	24.6%	46.5%	17%	6.4x	37.9x
Petco Health and Wellness Company, Inc. (NasdaqGS:WOOF)	\$1,006	\$3,877	\$6,215	\$6,122	-1.5%	38.0%	5%	0.6x	11.6x
The J. M. Smucker Company (NYSE:SJM)	\$10,869	\$19,256	\$8,219	\$8,847	7.6%	37.8%	24%	2.2x	9.3x
Tractor Supply Company (NasdaqGS:TSCO)	\$30,385	\$35,532	\$14,899	\$15,626	4.9%	36.5%	13%	2.3x	17.4x
Mean					8.4%	37.6%	12.7%	2.6x	20.6x
Median					6.5%	37.8%	13.1%	2.2x	17.4x

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			FY 2024A	FY 2025E	2024A-25E	FY 2025E	FY 2025E	FY 2025E	FY 2025E
J) Restaurants									
Chipotle Mexican Grill, Inc. (NYSE:CMG)	\$78,437	\$81,553	\$11,322	\$12,839	13.4%	27.1%	21%	6.4x	30.3x
Darden Restaurants, Inc. (NYSE:DRI)	\$21,291	\$29,168	\$11,407	\$12,102	6.1%	21.7%	16%	2.4x	14.8x
McDonald's Corporation (NYSE:MCD)	\$201,334	\$253,559	\$26,047	\$26,970	3.5%	15.4%	55%	9.4x	17.2x
Starbucks Corporation (NasdaqGS:SBUX)	\$107,858	\$130,145	\$36,301	\$37,225	2.5%	69.4%	18%	3.5x	19.2x
Yum! Brands, Inc. (NYSE:YUM)	\$34,973	\$46,486	\$7,530	\$8,016	6.5%	16.9%	35%	5.8x	16.5x
Mean					6.4%	30.1%	29.0%	5.5x	19.6x
Median					6.1%	21.7%	21.0%	5.8x	17.2x
K) Retail									
Costco Wholesale Corporation (NasdaqGS:COST)	\$418,681	\$414,984	\$254,874	\$272,619	7.0%	11.1%	5%	1.5x	32.4x
Dillard's, Inc. (NYSE:DDS)	\$7,427	\$6,875	\$6,824	\$6,467	-5.2%	40.5%	14%	1.1x	7.8x
Dollar Tree, Inc. (NasdaqGS:DLTR)	\$15,498	\$25,350	\$30,613	\$30,824	0.7%	31.4%	9%	0.8x	9.6x
Target Corporation (NYSE:TGT)	\$61,222	\$77,640	\$107,182	\$106,081	-1.0%	27.5%	8%	0.7x	9.3x
Walmart Inc. (NYSE:WMT)	\$738,590	\$798,476	\$642,456	\$676,620	5.3%	24.2%	6%	1.2x	18.9x
Mean					1.3%	26.9%	8.2%	1.1x	15.6x
Median					0.7%	27.5%	7.9%	1.1x	9.6x
L) Travel, Leisure & Hospitality									
Airbnb, Inc. (NasdaqGS:ABNB)	\$84,419	\$75,425	\$11,044	\$12,184	10.3%	83.4%	35%	6.2x	17.9x
Booking Holdings Inc. (NasdaqGS:BKNG)	\$163,061	\$163,957	\$23,433	\$25,349	8.2%	99.6%	36%	6.5x	18.1x
Hilton Worldwide Holdings Inc. (NYSE:HLT)	\$60,119	\$70,541	\$11,164	\$12,027	7.7%	77.9%	31%	5.9x	19.2x
Marriott International, Inc. (NasdaqGS:MAR)	\$77,027	\$91,095	\$25,073	\$26,634	6.2%	27.0%	20%	3.4x	17.0x
Royal Caribbean Cruises Ltd. (NYSE:RCL)	\$65,017	\$86,334	\$16,478	\$18,026	9.4%	78.1%	37%	4.8x	13.0x
Mean					8.4%	73.2%	31.6%	5.3x	17.0x
Median					8.2%	78.1%	34.6%	5.9x	17.9x

Source: Capital IQ and Press Releases

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			FY 2024A	FY 2025E	2024A-25E	FY 2025E	FY 2025E	FY 2025E	FY 2025E
M) Vehicle Aftermarket									
Advance Auto Parts, Inc. (NYSE:AAP)	\$2,724	\$6,525	\$9,029	\$8,513	-5.7%	43.5%	5%	0.8x	14.8x
AutoZone, Inc. (NYSE:AZO)	\$54,180	\$66,409	\$18,514	\$18,807	1.6%	53.2%	23%	3.5x	15.1x
Genuine Parts Company (NYSE:GPC)	\$16,479	\$21,404	\$23,436	\$24,209	3.3%	36.5%	9%	0.9x	9.9x
LKQ Corporation (NasdaqGS:LKQ)	\$9,998	\$15,435	\$14,440	\$14,637	1.4%	39.5%	12%	1.1x	8.6x
O'Reilly Automotive, Inc. (NasdaqGS:ORLY)	\$70,246	\$77,771	\$16,660	\$17,584	5.5%	51.5%	22%	4.4x	19.8x
Mean					1.2%	44.8%	14.4%	2.1x	13.6x
Median					1.6%	43.5%	12.2%	1.1x	14.8x
N) Vitamins, Supplements & Nutrition									
BellRing Brands, Inc. (NYSE:BRBR)	\$9,329	\$10,098	\$1,985	\$2,296	15.6%	34.6%	21%	4.4x	21.0x
General Mills, Inc. (NYSE:GIS)	\$32,928	\$45,405	\$19,997	\$19,932	-0.3%	34.8%	20%	2.3x	11.1x
Glanbia plc (ISE:GL9)	\$3,808	\$4,537	\$3,835	\$4,000	4.3%	31.5%	13%	1.1x	8.6x
Jamieson Wellness Inc. (TSX:JWEL)	\$1,029	\$1,345	\$519	\$579	11.7%	37.8%	19%	2.3x	11.9x
Kerry Group plc (ISE:KRZ)	\$16,246	\$18,176	\$8,288	\$8,014	-3.3%	43.0%	17%	2.3x	13.1x
Mean					5.6%	36.3%	18.3%	2.5x	13.2x
Median					4.3%	34.8%	19.5%	2.3x	11.9x

Source: Capital IQ and Press Releases

Please reach out to discuss the Consumer Sector in more detail



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