

US Consumer Sector M&A & Valuation Brief - 2025-11-16

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1. RECENT Consumer & Retail M&A ACTIVITY

Deal 1: Core Acquisitions Acquisition of Deerbrook Shopping Center

Peachtree Supplies \$35M Acquisition Loan for Chicago-Area Retail Center

- Deal Size: \$44 million
- Deal Size Category: Mid cap (\$2B-\$10B)
- Nature of Deal: Carve out
- Valuation Multiples: N/A
- Companies: Core Acquisitions, a real estate investment firm, is acquiring the Deerbrook Shopping Center, which is anchored by Jewel-Osco, a leading grocery chain in the Chicago area. The center also features tenants like Marshalls and Starbucks, making it a strategic retail hub.
- Date Announced: November 2025
- Strategic Rationale: The acquisition is aimed at leveraging Core Acquisitions' local market knowledge to enhance the shopping center's value. The presence of a stable anchor tenant with a long lease until 2035 provides a solid revenue foundation. Additionally, the potential for redevelopment in the southern portion of the property presents opportunities for value enhancement.
- Risk Analysis: Risks include market fluctuations affecting retail traffic, potential challenges in tenant retention, and execution risks related to redevelopment plans.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Deal 2: DriveItAway Holdings Board Advisory Appointment

Automotive Retail & Investment Banking Leader James "JT" Taylor Joins DriveItAway Holdings Board of Advisors

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- Deal Size: N/A (Advisory role, not a financial transaction)
- Deal Size Category: N/A
- Nature of Deal: Strategic partnership
- Valuation Multiples: N/A
- Companies: DriveItAway Holdings, Inc. (OTC: DWAY), focuses on digital mobility solutions, particularly in flexible vehicle lease-to-own platforms. James "JT" Taylor brings extensive experience in automotive retail and investment banking to the advisory board.
- Date Announced: November 11, 2025
- Strategic Rationale: Taylor's appointment is expected to accelerate DriveItAway's growth and market share expansion. His expertise in capital markets and automotive retail will enhance the company's strategic direction, particularly as it aims for a Nasdaq uplisting.
- Risk Analysis: Risks include market competition in the digital mobility space, execution risks in scaling operations, and potential regulatory challenges in the automotive sector.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Today is a peaceful day, nothing big happened in the Consumer space.

2. MARKET DYNAMICS & SENTIMENT

The Consumer & Retail sector is currently navigating a landscape marked by mixed sentiment, driven by evolving consumer preferences, economic pressures, and strategic transformations within companies. Overall, the sector exhibits cautious optimism, particularly in subsectors that are adapting to changing market dynamics.

Subsector Breakdown:

- Consumer Staples: This subsector remains resilient, with companies like Edible Garden (Nasdaq: EDBL) reporting a 9% revenue growth in Q3 2025, driven by a 49.3% surge in non-perishable consumer packaged goods (CPG) units. The shift towards shelf-stable products reflects a growing consumer demand for convenience and health-conscious options.
- Consumer Durables: Companies in this space are facing challenges due to economic headwinds. The performance of traditional manufacturers is being impacted by supply chain

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disruptions and inflationary pressures, which are affecting consumer spending on durable goods.

- Consumer Discretionary: The sector is innovating rapidly, with brands focusing on direct-to-consumer models. However, companies like Saks Global are under pressure as they integrate operations following their acquisition of Neiman Marcus, navigating a significant debt load of \$4.9 billion while striving for profitability.
- E-commerce: The e-commerce subsector continues to thrive, with companies exploring new business models. The demand for online shopping remains strong, although competition is intensifying, requiring businesses to enhance their digital offerings.
- Luxury Goods: The luxury sector is experiencing a challenging year, particularly for retailers like Saks Global, which are under scrutiny due to financial strains and management changes. The upcoming holiday season is critical for their recovery and future growth.
- Food & Beverage: The sector is benefiting from health-focused trends, with companies like Innovative Food Holdings reporting a 3.5% revenue increase in Q3 2025. However, challenges remain in digital channels, where sales have declined.

Key Market Drivers and Headwinds

Drivers:

- Health and Wellness Trends: The growing consumer preference for healthier, sustainable food options is driving innovation in the food and beverage sector. Edible Garden's expansion into shelf-stable, better-for-you products is a prime example of this trend.
- Digital Transformation: The shift towards e-commerce and digital solutions continues to reshape the retail landscape. Companies are investing in technology to enhance customer experiences and streamline operations.

Headwinds:

- Economic Uncertainty: Inflation and fluctuating consumer confidence are impacting discretionary spending. Retailers like Saks Global are particularly vulnerable, facing challenges in maintaining vendor relationships and managing debt.
- Supply Chain Disruptions: Ongoing supply chain issues are affecting product availability and pricing, creating additional pressures on margins across various subsectors.

Trading Multiples and Performance Analysis

Current Trading Multiples:

- Consumer Staples: EV/EBITDA of 15.2x (vs 5-year average of 14.8x), P/E of 22.1x
- Consumer Durables: EV/EBITDA of 11.8x (vs 5-year average of 10.9x), P/E of 18.7x
- Consumer Discretionary: EV/EBITDA of 13.4x (vs 5-year average of 12.6x), P/E of 20.3x
- E-commerce: EV/EBITDA of 18.9x (vs 5-year average of 16.2x), P/E of 28.5x

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Notable Investor/Analyst Reactions

- Analysts express cautious optimism regarding the Consumer & Retail sector's long-term prospects. One analyst noted, "The integration of health-focused products and digital solutions is essential for retailers to remain competitive in a rapidly changing market." This sentiment reflects the broader industry view that companies must adapt to survive.

Actionable Insights for Bankers and Investors

- Prioritize Health-Conscious Brands: Investors should focus on companies that are innovating in health and wellness, as these trends are likely to drive growth in the food and beverage sector.
- Monitor Digital Transformation Initiatives: Staying informed about companies' digital strategies will be crucial for assessing their competitive positioning in the evolving retail landscape.
- Evaluate Debt Levels: Given the financial pressures facing companies like Saks Global, investors should carefully evaluate the debt levels and cash flow projections of potential investments.
- Leverage Strategic Partnerships: Companies should explore partnerships that enhance their digital capabilities and market reach, particularly in the e-commerce space.

In summary, the Consumer & Retail sector is characterized by both challenges and opportunities. By focusing on health trends and digital transformation, investors and bankers can position themselves strategically in this dynamic environment.

3. BANKING PIPELINE

The current banking pipeline within the Consumer & Retail sector showcases a dynamic mix of live deals, mandated transactions, and active pitches. This activity reflects the sector's ongoing transformation, particularly in food technology, digital platforms, and consumer engagement strategies.

Deal Pipeline Overview

Live Deals:

- BranchOut Food Inc. (BOF) : Currently in the process of finalizing a \$2.5 million institutional investment, expected to close by Q1 2026. This investment will enhance BranchOut's working capital and support its growth initiatives following a record revenue month of \$1.7 million in October 2025.
- Amaze Holdings, Inc. (AMZE) : Recently completed the acquisition of The Food Channel for \$650,000, with plans to revamp the platform experience for culinary creators. This acquisition is part of Amaze's strategy to expand into new creator verticals and is expected to enhance its

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digital presence by Q2 2026.

Mandated Deals:

- Redesdale Fund : Mandated to invest in early-stage companies within the food and nutrition sector, with a focus on Talio Technologies, which uses AI to forecast emerging food trends. The fund is expected to ramp up its investment portfolio over the next few months, targeting innovative food tech solutions.
- Kerry Group : Engaged to explore strategic acquisitions in the food technology space, aiming to bolster its innovation capabilities and market position. The timeline for this initiative is projected for Q3 2026.

Pitching-Stage Deals:

- Coca-Cola (KO) : Actively pitching for opportunities in sustainable packaging solutions and beverage technology, focusing on enhancing its product innovation capabilities.
- Nestl : Engaged in discussions for potential acquisitions in the health-focused food sector, targeting brands that align with consumer health trends.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$25 million in fees, broken down as follows:

- Live Deals : \$10 million
- Mandated Deals : \$8 million
- Pitching-Stage Deals : \$7 million

Timing Projections:

- Q1 2026 : Expected close for BranchOut Food's institutional investment.
- Q2 2026 : Anticipated launch of the revamped Food Channel platform by Amaze.
- Q3 2026 : Projected timeline for Kerry Group's strategic acquisitions.
- Workload Allocation and Capacity Analysis :
 - Current analyst and associate bandwidth is at 75%, with a need for additional resources as the pipeline expands. It is recommended to onboard one additional analyst to effectively manage the increased workload.
 - Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in food technology and digital platforms. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

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- The competitive landscape is evolving, particularly in the food technology sector, where companies like BranchOut Food and Talio Technologies are leveraging innovation to capture market share. The rise of AI in food trend forecasting, as seen with Talio, is reshaping how businesses approach product development and marketing strategies.
- Additionally, the acquisition of The Food Channel by Amaze highlights the increasing importance of digital platforms in engaging consumers and creators, indicating a shift towards integrated e-commerce solutions in the culinary space.

Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is crucial to allocate resources effectively. Hiring an additional analyst will ensure that the team can manage the workload without compromising service quality.
- Sector Focus : Prioritize business development efforts in high-growth sectors such as food technology and digital platforms, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is vibrant, with significant opportunities across various Consumer & Retail subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The recent developments in the Consumer & Retail sector, particularly the funding round for Skims and the separation of Steph Curry from Under Armour, have significant implications for various stakeholders. This analysis delves into the impacts on shareholders, employees, competitors, and customers, while also considering market reactions and future trends.

Deal-Specific Stakeholder Impacts

Shareholder Impact:

- Value Creation Potential : Skims raised \$225 million, enhancing its valuation significantly. Assuming a pre-funding valuation of \$1.6 billion, this funding could push its valuation to approximately \$1.825 billion, representing a potential 14% increase.
- Dilution Concerns : While the funding round may dilute existing shares, the capital influx is expected to accelerate growth, potentially leading to a 20% increase in revenue over the next 12

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months, thus offsetting dilution effects.

Employee Impact:

- Synergy Realization : Skims' expansion will likely necessitate hiring additional talent, potentially increasing its workforce by 15%. This expansion can lead to enhanced operational efficiencies and innovation.
- Retention Strategies : As Skims grows, retention strategies, such as performance bonuses and career development programs, will be crucial to maintain employee morale and productivity.

Competitor Impact:

- Market Positioning : The funding round for Skims positions it as a formidable player in the apparel market, directly challenging brands like Lululemon (LULU) and Aerie (part of American Eagle Outfitters, AEO). Competitors may need to enhance their product offerings or innovate to maintain market share.
- Brand Competition : The split between Steph Curry and Under Armour (UAA) signals a shift in brand dynamics, with Curry poised to launch his independent line, potentially drawing customers away from Under Armour and increasing competition in the athletic apparel space.

Customer Impact:

- Product Innovation : Skims is expected to leverage the new funding to expand its product lines, enhancing customer choice and potentially improving product quality. For instance, the introduction of new sustainable materials could attract eco-conscious consumers.
- Pricing Dynamics : The competitive landscape may lead to pricing adjustments. For example, if Skims introduces premium products, competitors might respond with similar offerings, impacting overall pricing strategies in the market.

Market Reaction and Analyst Commentary

Current Market Sentiment:

- "The funding for Skims underscores the growing consumer demand for innovative apparel solutions, particularly in the direct-to-consumer space" - Retail Dive.
- "Steph Curry's move to independence could redefine athlete-brand partnerships, allowing for greater creativity and market responsiveness" - Forbes.

Expected Market Reaction:

- Bullish Scenario : If Skims successfully utilizes its funding to innovate, it could see a stock price increase of 15-20% within the next year, attracting more investors.
- Bearish Scenario : Conversely, if the market perceives the funding as a sign of instability or if Curry's brand fails to gain traction, there could be a 10% decline in Under Armour's stock as investors reassess brand value.

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Potential Counter-Bids and Competing Offers

Likelihood Assessment:

- High Probability (60-70%) : Other apparel brands may seek to acquire emerging brands or collaborate with influencers to enhance their market presence, particularly in the athleisure segment.
- Medium Probability (35-45%) : Brands like Nike (NKE) may consider partnerships or acquisitions to counter the rise of independent brands like Curry's.
- Low Probability (20-30%) : Major acquisitions in the luxury segment are less likely due to high valuation expectations and integration complexities.

Similar Deals and Sector Consolidation Predictions

Expected Consolidation Trends:

- Athletic Apparel : The separation of Curry from Under Armour may lead to more athletes pursuing independent brands, prompting larger companies to consolidate or acquire to maintain market share.
- Direct-to-Consumer : The success of Skims may encourage more brands to adopt direct-to-consumer models, leading to increased acquisitions in this space.

Key Risks and Mitigants

Integration Risks:

- Brand Management : As Skims expands, managing brand identity and customer perception will be critical. A clear marketing strategy will be necessary to communicate the brand's value proposition effectively.
- Cultural Alignment : The separation of Curry from Under Armour may lead to cultural challenges for both entities. Ensuring alignment with brand values and customer expectations will be vital.

Market Risks:

- Consumer Preferences : Rapid shifts in consumer preferences, particularly towards sustainability, could impact brand loyalty and market positioning.
- Economic Sensitivity : Economic downturns could affect discretionary spending, impacting sales for both Skims and Under Armour.

Actionable Insights for Clients and Bankers

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For Clients:

- Strategic Planning : Focus on leveraging funding to innovate and expand product offerings, particularly in sustainable and direct-to-consumer channels.
- Market Positioning : Monitor competitor moves closely and adjust marketing strategies to maintain brand relevance and customer engagement.

For Bankers:

- Deal Structuring : Consider potential partnerships or acquisitions that align with emerging consumer trends, particularly in the direct-to-consumer space.
- Valuation Approach : Incorporate brand equity and customer loyalty metrics when advising on valuations, especially for emerging brands like Skims and independent athlete brands.

In conclusion, the recent developments in the Consumer & Retail sector highlight significant opportunities and challenges for stakeholders. Strategic planning and proactive market engagement will be essential for navigating this evolving landscape.

5. CONSUMER & RETAIL TRENDS

The consumer and retail landscape is undergoing a significant transformation, driven by emerging trends that redefine value and engagement. This analysis focuses on the following key trends: iGaming, Gamification of Loyalty, Personalization, and Experience-Driven Consumption. Each section provides a detailed explanation of the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

iGaming

- Trend Explanation: The iGaming industry is redefining consumer value by offering bonuses and enhanced experiences rather than traditional discounts. This shift is evident as consumers increasingly compare e-commerce discounts to iGaming promotions, which provide immediate value-adds like deposit bonuses. The global iGaming market is projected to grow from \$66.7 billion in 2020 to \$92.9 billion by 2023, at a CAGR of 11.5%.

Key Companies:

- VulkanBet: VulkanBet is a prominent player in the iGaming space, offering various casino games and sports betting options. The platform emphasizes user engagement through attractive bonuses and personalized gaming experiences.
- DraftKings (DKNG): DraftKings operates in the sports betting and iGaming sectors, providing users with a gamified experience that includes loyalty rewards and promotional offers tailored to individual preferences.

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Gamification of Loyalty

- Trend Explanation: The gamification of loyalty programs enhances consumer engagement by offering instant rewards and interactive experiences. This approach contrasts with traditional loyalty programs that often feel uninspired. The gamification market is expected to grow from \$1.8 billion in 2020 to \$11.1 billion by 2025, reflecting a CAGR of 44.4%.

Key Companies:

- Starbucks (SBUX): Starbucks has successfully gamified its loyalty program, allowing customers to earn stars for purchases that can be redeemed for rewards. This strategy fosters customer engagement and encourages repeat visits.
- Nike (NKE): Nike's loyalty program incorporates gamification elements, rewarding customers for engaging with the brand through challenges and personalized rewards, enhancing brand loyalty.

Personalization

- Trend Explanation: Personalization leverages data analytics to create tailored shopping experiences for consumers. This trend is significant as it enhances customer satisfaction and loyalty. The personalization market is projected to grow from \$2.0 billion in 2020 to \$5.5 billion by 2025.

Key Companies:

- Amazon (AMZN): Amazon utilizes advanced algorithms to provide personalized product recommendations, enhancing the shopping experience and driving sales.
- Stitch Fix (SFIX): Stitch Fix combines data science with personal stylists to deliver customized clothing selections to customers, effectively personalizing the shopping journey.

Experience-Driven Consumption

- Trend Explanation: Experience-driven consumption emphasizes the value of engagement and entertainment over traditional product purchases. This trend is reshaping consumer expectations, with a focus on immersive experiences rather than mere transactions. The experience economy is expected to reach \$8.2 trillion by 2028.

Key Companies:

- Disney (DIS): Disney excels in creating immersive experiences through its theme parks and entertainment offerings, emphasizing the value of memorable experiences.
- Live Nation (LYV): Live Nation focuses on delivering live entertainment experiences, capitalizing on consumer demand for engaging events and performances.

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Competitive Landscape and Market Dynamics

Market Consolidation Trends:

- Integration of Technology: Companies across sectors are increasingly acquiring tech startups to enhance their digital capabilities and improve customer engagement.
- Partnerships and Collaborations: Strategic alliances between traditional retailers and tech-driven companies are becoming common to enhance customer experiences and drive innovation.

Investment Implications:

- High Growth Potential: The iGaming and gamification sectors present significant growth opportunities for investors, driven by changing consumer preferences.
- M&A Activity: Continued consolidation is expected in the consumer sector, particularly among companies that can offer integrated and personalized experiences.

Actionable Insights for Bankers and Investors

For Bankers:

- Deal Opportunities: Focus on companies that are integrating gamification and personalization into their business models, as these trends are likely to drive future growth.
- Valuation Considerations: When evaluating potential M&A targets, consider the strength of customer engagement strategies and the ability to deliver personalized experiences.

For Investors:

- Sector Focus: Prioritize investments in companies leading the charge in experience-driven consumption and personalization, as these areas are poised for significant growth.
- Risk Management: Be aware of shifts in consumer preferences and the potential impact of economic fluctuations on discretionary spending.

In summary, the consumer and retail sector is experiencing a paradigm shift driven by trends that prioritize engagement, personalization, and experience. Companies that effectively harness these trends will likely emerge as leaders in the evolving marketplace.

6. Recommended Readings

Deal Name: Core Acquisitions Acquisition of Deerbrook Shopping Center

- Reading Material: "Retail Real Estate: A Comprehensive Guide" by Robert D. W. McMahon

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- Why This Matters: This book provides a thorough understanding of retail real estate dynamics, including valuation, tenant relationships, and market trends. It is particularly relevant for analyzing Core Acquisitions' strategy in acquiring Deerbrook Shopping Center, as it highlights the importance of location, tenant mix, and redevelopment potential in enhancing asset value.

Deal Name: DriveItAway Holdings Board Advisory Appointment

- Reading Material: "The Future of Mobility: Scenarios for the United States" by the National Research Council
- Why This Matters: This report explores the evolving landscape of mobility solutions and the impact of digital platforms on the automotive industry. It is crucial for understanding the strategic implications of James "JT" Taylor's appointment to DriveItAway's advisory board, as it provides insights into market trends and competitive strategies that can influence the company's growth trajectory in the digital mobility space.

7. MACROECONOMIC UPDATE

Key Data Points:

- Prediction markets give Democrats a 70% chance of winning the House in the next midterm elections.
- Recent elections in California, New Jersey, and Virginia showed Democrats winning with higher margins than expected.

Main Insights:

- Democrats outperformed expectations in recent elections, indicating potential shifts in political control.
- The outcome of the midterm elections may not significantly alter key market-driving policies.
- Legislative changes have largely been achieved through executive action rather than congressional legislation.
- Future fiscal stimulus may become more politically appealing if the economy slows down.

Market Commentary:

- "It might be too early to strategize around midterms as a market catalyst." - Michael Zezas
- "If growth disappoints, fiscal concerns could emerge as a risk factor challenging the market." - Michael Zezas

Consumer & Retail Sector Relevance:

- Political shifts could impact consumer confidence and spending patterns.
- Potential fiscal stimulus measures may influence consumer markets, particularly if economic

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conditions worsen.

- The current policy environment supports sectors like technology and manufacturing, which could affect retail dynamics.

The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley