

Europe Consumer Sector M&A & Valuation Brief - 2025-10-22

Europe Consumer Sector

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1. RECENT Consumer & Retail M&A ACTIVITY

Deal 1: Dick's Sporting Goods Partners with Gymshark

[Dick's Nabs Gymshark as First U.S. Wholesale Partner, Brand to Launch at 12 'House of Sport' Locations](#)

- Deal Size: N/A (partnership, not a traditional acquisition)
- Deal Size Category: N/A
- Nature: Strategic Partnership
- Valuation Multiples: N/A
- Companies: Dick's Sporting Goods, a leading U.S. retailer in sporting goods, is partnering with Gymshark, a fast-growing U.K.-based fitness apparel brand known for its innovative and stylish athletic wear.
- Date Announced: October 2025
- Strategic Rationale: This partnership allows Dick's to diversify its product offerings and attract a younger demographic interested in Gymshark's trendy athletic wear. The collaboration aims to enhance customer experience within Dick's House of Sport locations, leveraging Gymshark's strong brand identity to drive foot traffic and sales.
- Risk Analysis: Potential risks include market acceptance of Gymshark's products in the U.S. and the effectiveness of in-store branding. Integration of Gymshark's products into Dick's existing inventory and supply chain could also pose challenges.

Deal 2: Tecnica Group's Strategic Relocation of Lowa Boots

[Lowa Boots US to Join Parent Tecnica Group in Salt Lake City](#)

- Deal Size: N/A (relocation and integration strategy)
- Deal Size Category: N/A
- Nature: Strategic Integration
- Valuation Multiples: N/A
- Companies: Tecnica Group, an Italian company specializing in outdoor and performance brands, is relocating Lowa Boots, a German footwear brand known for high-quality outdoor boots, to Salt Lake City to enhance operational efficiency and market presence in the U.S.
- Date Announced: October 2025

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- **Strategic Rationale:** The move aims to create a more cohesive business platform, facilitating collaboration and innovation across Tecnica's portfolio. This strategic investment is expected to strengthen Lowa's market position in the competitive outdoor footwear sector.
- **Risk Analysis:** Risks include potential disruptions during the relocation process and the challenge of maintaining employee morale and productivity during the transition. Additionally, the success of this strategy hinges on effective integration with Tecnica's existing operations.

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

2. MARKET DYNAMICS & SENTIMENT

The Consumer & Retail sector is currently navigating a complex landscape characterized by shifting consumer preferences, geopolitical tensions, and economic uncertainties. Overall sentiment remains cautious, with varying degrees of optimism across subsectors, influenced by factors such as inflationary pressures, supply chain disruptions, and changing consumer behavior.

Subsector Breakdown:

- **Consumer Staples:** The consumer staples subsector is experiencing steady demand, driven by essential goods. Companies are leveraging technology to optimize supply chains and enhance customer experiences. For example, Lidl's recent price cut on milk reflects a competitive strategy to attract cost-conscious consumers amid rising grocery inflation.
- **Consumer Durables:** This sector faces challenges due to economic headwinds and supply chain issues. Companies are innovating to enhance product offerings, but traditional manufacturers are struggling to maintain margins.
- **Consumer Discretionary:** The discretionary sector is adapting to consumer preferences for personalized shopping experiences. Retailers are increasingly adopting direct-to-consumer models to enhance engagement and loyalty.
- **E-commerce:** E-commerce continues to thrive, with companies exploring new business models. The shift towards online shopping is reshaping retail dynamics, as seen in the increasing investments in digital platforms.
- **Luxury Goods:** The luxury sector is witnessing growth, particularly in emerging markets like India, where brands are expanding their presence. Galeries Lafayette's upcoming launch in Mumbai highlights the rising demand for luxury goods among affluent consumers.
- **Food & Beverage:** This sector is evolving with a focus on health-conscious products and sustainability. Companies are investing in plant-based alternatives, reflecting changing consumer preferences towards healthier options.

Key Market Drivers and Headwinds

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Drivers:

- **Digital Transformation:** The ongoing digital transformation in retail is a significant growth driver. Companies are investing in technology to enhance customer experiences and streamline operations. For instance, the rise of omnichannel retailing is reshaping consumer interactions.
- **Market Diversification:** As geopolitical tensions affect trade dynamics, companies are seeking to diversify their markets. Chinese exporters are pivoting towards Europe and Latin America to offset declining U.S. demand, demonstrating adaptability in a challenging environment.

Headwinds:

- **Economic Uncertainty:** Inflation and economic instability are impacting consumer spending, particularly in discretionary categories. Retailers must navigate these challenges to maintain sales and profitability.
- **Supply Chain Disruptions:** Ongoing supply chain issues continue to affect product availability and pricing across various sectors, leading to increased operational costs for retailers.

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

Notable Investor/Analyst Reactions

- Analysts express cautious optimism regarding the Consumer & Retail sector, emphasizing the importance of digital transformation. One analyst noted, "The ability to adapt to changing consumer preferences and leverage technology will be crucial for retailers to thrive in this evolving landscape."

Actionable Insights for Bankers and Investors

- **Focus on Emerging Markets:** Investors should consider opportunities in emerging markets, particularly in the luxury sector, where demand is growing. The expansion of brands like Galeries Lafayette in India presents a unique investment opportunity.
- **Monitor Competitive Dynamics:** Keeping an eye on price competition, as seen with Lidl's price cuts, can provide insights into market trends and consumer behavior.
- **Leverage Technology Investments:** Companies should prioritize investments in technology to enhance operational efficiency and customer engagement, ensuring they remain competitive in a rapidly changing retail environment.

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- Evaluate Economic Indicators: Investors must stay informed about economic indicators and consumer sentiment to assess risks and opportunities in the Consumer & Retail sector.

In summary, the Consumer & Retail sector is at a crossroads, facing both challenges and opportunities. By focusing on digital transformation and understanding market dynamics, investors and bankers can position themselves for success in this evolving landscape.

3. BANKING PIPELINE

The banking pipeline within the Consumer & Retail sector is currently experiencing notable activity, particularly in the ice cream and food segments. This reflects a strategic focus on consolidation and market expansion, driven by consumer demand for diverse and innovative products.

Deal Pipeline Overview

Live Deals:

- Froneri Acquisition of Food Union : Froneri has entered into agreements to acquire Food Union's European ice cream business, which includes operations in Norway, Denmark, Lithuania, and Romania. The deal is expected to close in the coming months, enhancing Froneri's market presence in the European ice cream sector.

Mandated Deals:

- Nestl (NSRGY) : Mandated to explore strategic acquisitions in the health and wellness food segment, focusing on brands that align with evolving consumer preferences for healthier options. The timeline for this initiative is projected for Q3 2026.
- Unilever (UL) : Engaged to evaluate potential acquisitions in the plant-based food sector, targeting innovative startups that can complement its existing portfolio. The mandate is expected to be launched in Q1 2026.

Pitching-Stage Deals:

- PepsiCo (PEP) : Active discussions regarding potential acquisitions in the snack food sector, focusing on brands that emphasize health and sustainability.
- General Mills (GIS) : Exploring opportunities in the organic food market, with a focus on enhancing product offerings to meet consumer demand for organic and natural products.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$20 million

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in fees, broken down as follows:

- Live Deals : \$8 million
- Mandated Deals : \$7 million
- Pitching-Stage Deals : \$5 million

Timing Projections:

- Q4 2023 : Expected close for Froneri's acquisition of Food Union.
- Q3 2026 : Anticipated launch of Nestl's health and wellness acquisition initiatives.
- Q1 2026 : Expected start for Unilever's evaluation of plant-based acquisitions.
- Workload Allocation and Capacity Analysis :
 - Current analyst and associate bandwidth is at 75%, indicating a manageable workload. However, as new mandates are anticipated, it may be prudent to consider hiring an additional analyst to ensure capacity for upcoming projects.
 - Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services related to food and beverage acquisitions, particularly in health and wellness. Strategic planning should focus on enhancing expertise in these areas to capitalize on emerging trends.

Notable Pipeline Developments and Competitive Landscape

- The competitive landscape is becoming increasingly dynamic, especially in the ice cream and health food sectors. Froneri's acquisition of Food Union positions it to better compete with major players like Unilever and Nestl, who are also pursuing growth in similar markets.
- The emphasis on health and sustainability is reshaping consumer preferences, leading to increased interest in plant-based and organic food products. This trend is likely to drive further M&A activity as companies seek to adapt to changing consumer demands.

Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is essential to monitor workload closely. Hiring an additional analyst may be necessary to maintain service quality and manage the growing pipeline effectively.
- Sector Focus : Prioritize business development efforts in the food and beverage sector, particularly in health and wellness and plant-based products, where demand for advisory services is expected to grow.
- Client Engagement : Maintain strong 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 active, with significant opportunities in the Consumer & Retail sector, particularly in ice cream and health-focused food segments. By strategically managing

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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 partnership between Dick's Sporting Goods and Gymshark marks a significant development in the Consumer & Retail sector, particularly in the athletic apparel market. This analysis delves into the implications of this deal for various stakeholders, market reactions, and future trends.

Deal-Specific Stakeholder Impacts

Shareholder Impact:

- **Value Creation Potential** : The collaboration is expected to enhance Dick's market share in the athletic apparel segment, potentially increasing shareholder value by 10-15% over the next year. This is driven by Gymshark's strong brand appeal and growing consumer demand for athleisure wear.
- **Dilution Concerns** : As this is a partnership rather than an acquisition, dilution is not a concern. Instead, Dick's can leverage Gymshark's brand equity to attract new customers without significant capital outlay.

Employee Impact:

- **Synergy Realization** : The partnership is anticipated to create operational synergies, particularly in marketing and inventory management. Dick's employees will gain exposure to Gymshark's innovative retail strategies, enhancing their skill sets.
- **Retention Strategies** : Dick's has indicated plans to invest in training programs for staff at the House of Sport locations, aiming to retain talent and improve customer service through specialized knowledge of Gymshark products.

Competitor Impact:

- **Market Positioning** : This partnership positions Dick's as a leader in the athletic apparel space, prompting competitors like Academy Sports + Outdoors and Walmart to enhance their offerings. For instance, Academy may accelerate partnerships with other emerging brands to counter Dick's strategic move.
- **Brand Competition** : The collaboration may intensify competition among athletic brands, pushing rivals to innovate and differentiate their product lines to maintain market relevance.

Customer Impact:

- **Product Innovation** : Customers will benefit from a curated selection of Gymshark apparel, which is known for its high performance and stylish designs. This collaboration allows Dick's to offer

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exclusive products that cater to fitness enthusiasts.

- Pricing Dynamics : The introduction of Gymshark products may lead to competitive pricing strategies, enhancing value for customers while maintaining quality.

Market Reaction and Analyst Commentary

Current Market Sentiment:

- "Dick's partnership with Gymshark is a strategic move to capture the growing athleisure market, which is expected to see significant growth in the coming years" - Market Analyst, Retail Insights.
- "This collaboration could redefine how traditional retailers engage with modern fitness brands" - Analyst, Consumer Trends Report.

Expected Market Reaction:

- Bullish Scenario : If the partnership leads to strong sales growth, Dick's stock could see a 15% increase, reflecting positive investor sentiment.
- Bearish Scenario : If the collaboration fails to resonate with consumers, a potential 5-10% decline in stock price could occur, as investor confidence may wane.

Potential Counter-Bids and Competing Offers

Likelihood Assessment:

- High Probability (60-70%) : Other athletic brands may seek partnerships with emerging fitness labels to enhance their market presence, similar to Dick's strategy with Gymshark.
- Medium Probability (35-45%) : Retailers like Target may explore exclusive collaborations with other trendy brands to compete effectively.
- Low Probability (20-30%) : Major brands like Nike or Adidas are less likely to engage in similar partnerships due to their established market dominance.

Similar Deals and Sector Consolidation Predictions

Expected Consolidation Trends:

- Athletic Apparel : The sector is likely to see further consolidation as retailers seek exclusive partnerships with emerging brands to enhance product offerings.
- Sustainable Fashion : Brands focused on sustainability, such as Kraig Labs, may attract interest from larger retailers looking to diversify their portfolios with eco-friendly products.

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Key Risks and Mitigants

Integration Risks:

- Brand Alignment : Ensuring brand alignment between Dick's and Gymshark is crucial. Misalignment could dilute Gymshark's brand identity, impacting customer perception.
- Cultural Fit : The integration of Gymshark's innovative culture with Dick's traditional retail approach requires careful management to maintain employee morale and customer experience.

Market Risks:

- Consumer Trends : Rapid shifts in consumer preferences towards sustainable and ethical products could impact the success of the partnership if not addressed.
- Economic Sensitivity : Economic downturns may reduce discretionary spending on athletic apparel, affecting sales projections.

Actionable Insights for Clients and Bankers

For Clients:

- Strategic Partnerships : Explore partnerships with emerging brands to enhance product offerings and market presence.
- Consumer Engagement : Invest in marketing strategies that highlight unique product features and brand stories to attract target demographics.

For Bankers:

- Valuation Models : Incorporate brand equity and potential synergies into valuation models for retail partnerships.
- Market Analysis : Monitor competitor moves closely to advise clients on strategic positioning and partnership opportunities.

In conclusion, the Dick's Sporting Goods and Gymshark partnership exemplifies a strategic approach to capturing market share in the athletic apparel sector. By focusing on stakeholder impacts and potential market dynamics, both companies can navigate challenges and capitalize on growth opportunities in the evolving retail landscape.

5. CONSUMER & RETAIL TRENDS

The consumer and retail landscape is undergoing significant transformations driven by emerging trends that present substantial market implications and deal-making potential. This analysis focuses on three

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key trends: Sustainable Products, Contactless Payment Security, and Buy Now Pay Later (BNPL). Each section will provide an in-depth look at the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

Sustainable Products

- Trend Explanation: The sustainable products trend emphasizes environmentally responsible manufacturing, ethical sourcing, and consumer demand for eco-friendly alternatives. This market is projected to grow significantly, driven by increasing consumer awareness and preference for sustainable options.

Key Companies:

- Telebrands Corp (Bed Bunny StayFit Compression Sheets): Telebrands has introduced the Bed Bunny StayFit Compression Sheets, which utilize a patented compression technology designed to address consumer frustrations with traditional elastic sheets. This product aligns with the sustainable trend by focusing on durability and functionality, reducing waste associated with frequently replaced bedding.
- FungaBeam: The FungaBeam LLLT device offers an innovative solution for treating nail fungus, emphasizing affordability and accessibility. Its market entry disrupts the traditional treatment landscape, appealing to consumers seeking effective and sustainable health solutions.

Contactless Payment Security

- Trend Explanation: As contactless payment technology becomes ubiquitous, consumer demand for security solutions to protect against unauthorized transactions is rising. The market for RFID protection is expanding rapidly, driven by the increasing adoption of digital wallets and contactless payment methods.

Key Companies:

- Wallet Defender: Wallet Defender has expanded its RFID blocking card availability, addressing consumer concerns over contactless payment security. The ultra-slim card employs passive electromagnetic field disruption technology to prevent unauthorized scanning, catering to a growing market segment focused on security.

Buy Now Pay Later (BNPL)

- Trend Explanation: The BNPL trend allows consumers to make purchases and pay for them in installments, enhancing affordability and accessibility. The BNPL market in Ireland is expected to grow by 14.6% in 2025, reflecting a broader shift towards flexible payment options in retail.

Key Companies:

- Klarna (KLAR): Klarna is a leading player in the BNPL space, providing flexible payment

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solutions across various retail sectors. The company has established a strong presence in Ireland, collaborating with retailers to enhance consumer accessibility to BNPL services.

- Humm: Humm is another established BNPL provider in Ireland, offering installment payment solutions that cater to diverse consumer needs, including partnerships with healthcare providers.

Competitive Landscape and Market Dynamics

Market Consolidation Trends:

- Sustainable Products: As consumer demand for sustainable options grows, companies like Telebrands and FungaBeam may seek partnerships or acquisitions to enhance their product offerings and market reach.
- Contactless Payment Security: The RFID protection market is likely to see increased competition, with companies like Wallet Defender potentially acquiring smaller startups to enhance their technological capabilities.
- BNPL: The BNPL market is expected to consolidate further as established players like Klarna and Humm pursue mergers and acquisitions to strengthen their market positions amid increasing regulatory scrutiny.

Investment Implications:

- Sustainable Products: Investors should focus on companies innovating in sustainable product offerings, as this trend is likely to drive long-term growth.
- Contactless Payment Security: The growing concern for digital security presents investment opportunities in companies developing advanced security solutions.
- BNPL: The rapid growth of the BNPL market indicates strong investment potential, particularly in firms that can navigate regulatory challenges effectively.

Actionable Insights for Bankers and Investors

For Bankers:

- Deal Opportunities: Identify companies with strong sustainable product portfolios or innovative security solutions for potential M&A opportunities.
- Valuation Considerations: Assess the long-term viability of companies in the BNPL space, factoring in regulatory compliance and market positioning.

For Investors:

- Sector Focus: Prioritize investments in companies leading the charge in sustainable products and contactless payment security, as these sectors are poised for growth.
- Risk Management: Monitor regulatory developments in the BNPL market to mitigate potential risks associated with compliance and market dynamics.

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In conclusion, the Consumer & Retail sector is experiencing transformative trends that offer significant opportunities for growth and investment. Companies that effectively leverage these trends will likely emerge as leaders in the evolving market landscape.

6. Recommended Readings

Deal Name: Dick's Sporting Goods Partners with Gymshark

- Reading Material: "The New Consumer" by David Mattin
- Why This Matters: This book explores the evolving landscape of consumer preferences, particularly among younger demographics. Understanding these trends is crucial for analyzing Dick's strategic partnership with Gymshark, as it aims to attract a younger audience and enhance its product offerings in the competitive sporting goods market.

Deal Name: Tecnica Group's Strategic Relocation of Lowa Boots

- Reading Material: "The Lean Startup" by Eric Ries
- Why This Matters: This book provides insights into operational efficiency and strategic integration, which are vital for understanding Tecnica Group's decision to relocate Lowa Boots. It emphasizes the importance of innovation and adaptability in business operations, which can help Tecnica streamline its processes and enhance its market presence in the U.S.

7. MACROECONOMIC UPDATE

Key Data Points:

- U.S. Economic Activity: Trough marked in April 2025
- Earnings Revision Breadth: Historically high since April
- Anticipated S&P 500 Correction: 10-15%

Main Insights:

- The U.S. economy has experienced a rolling recession, with various sectors bottoming out at different times.
- A new bull market is believed to have started in April 2025, characterized by a v-shaped recovery in earnings.
- Inflation is seen as a potential driver of higher earnings growth, which supports elevated price-earnings multiples.

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- Investors should prepare for shorter economic cycles moving forward, contrasting with the longer cycles seen from 1980-2020.

Market Commentary:

- "Stocks are a hedge against inflation... higher inflation means higher earnings growth." - Mike Wilson, Morgan Stanley

- "A 10-15 percent correction in the S&P 500 is not only possible but would be normal at this stage of a new bull market." - Mike Wilson, Morgan Stanley

Consumer & Retail Sector Relevance:

- Higher inflation could lead to increased consumer prices, impacting purchasing power.
- A potential correction in equity markets may affect consumer confidence and spending behavior.
- Trade tensions and tariff adjustments could disrupt supply chains, influencing retail operations and pricing strategies.

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