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E-Commerce Industry M&A Update

October 2016

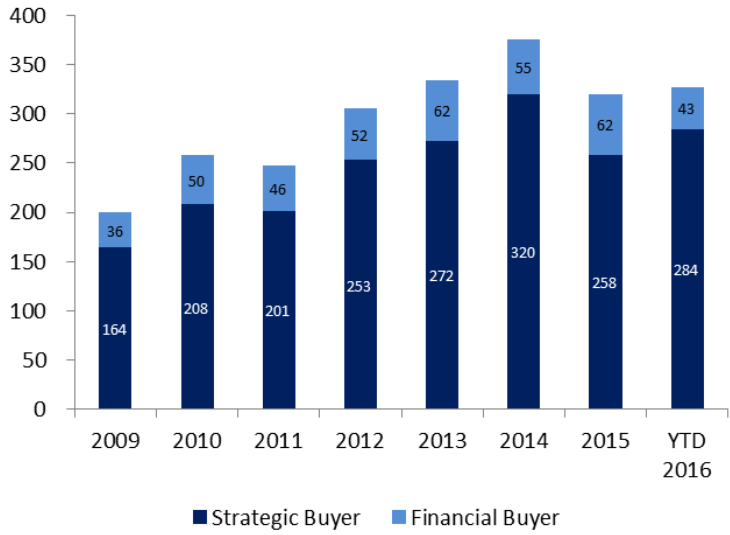
E-Commerce M&A Update

- E-Commerce M&A continues to see strong activity. YTD 2016 transaction volume of 327 exceeded 2015 levels. During 2015, there were 320 transactions.
- For Year-to-Date 2016, strategic buyers accounted for 87% of the e-commerce M&A transactions with financial buyers making up the difference. During 2015, strategic buyers accounted for approximately 80% of the transactions.
- For announced transactions, e-commerce multiples saw 9.3x EBITDA and 1.3x revenue in YTD 2016.
- Peakstone equally weighted e-commerce index continues to outperform the S&P 500.
- Notable publicly announced transactions:
 - Tractor Supply Company acquired Petsense, Inc. for approximately \$120 million.
 - UniFirst Corp. acquired Arrow Uniform-Taylor LLC for approximately \$120 million.
 - LeftLane Sports, Inc. acquired Retail Innovation Group, Inc. for approximately \$19 million.
 - Hudson's Bay Company entered into a definitive agreement to acquire Gilt Groupe Inc. for approximately \$250 million.

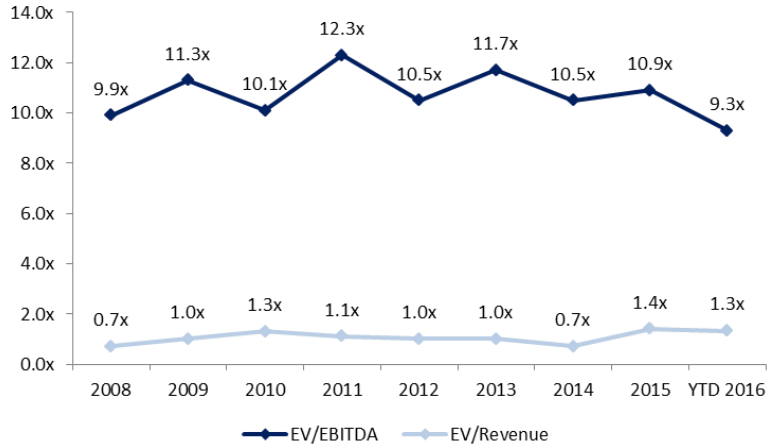
E-Commerce - M&A Market Overview

E-Commerce transaction activity has been strong with favorable valuation trends

U.S. Internet Retail Transactions by Buyer Type



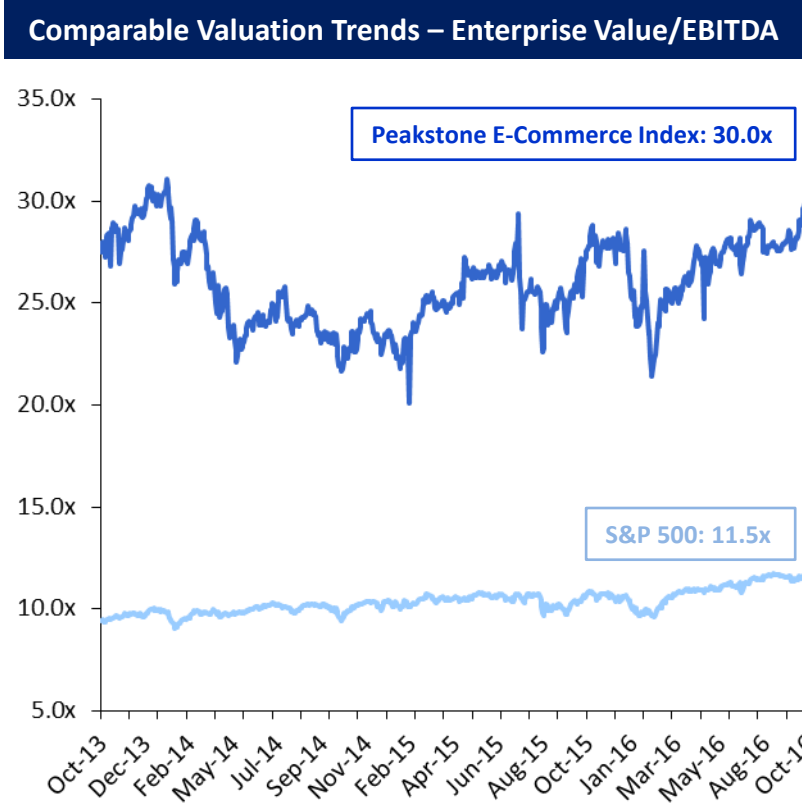
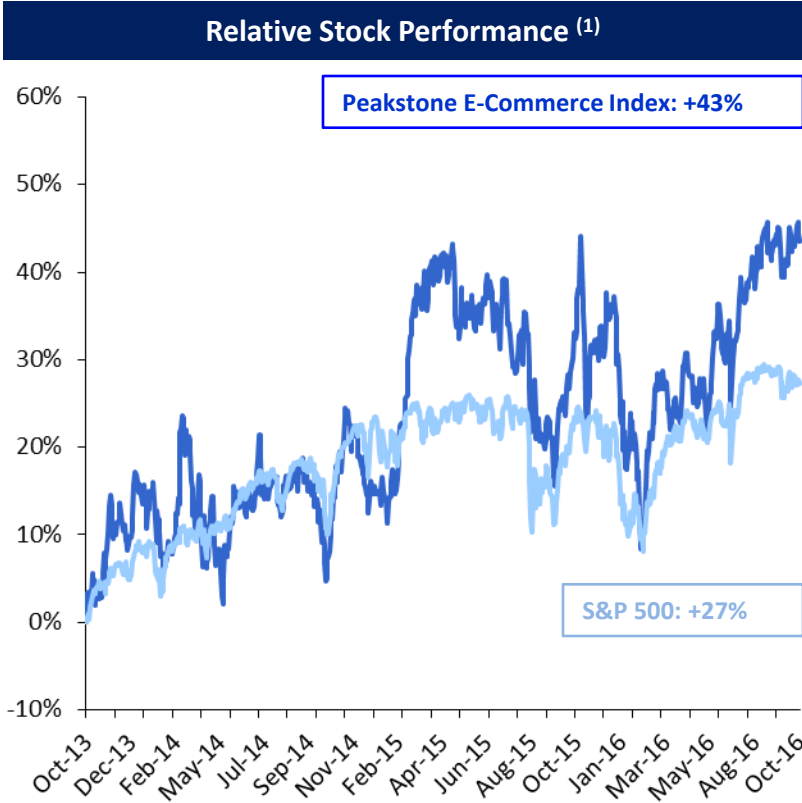
U.S. Internet Retail Transaction Multiples



Source: Capital IQ

Peakstone E-Commerce Index - Trading Statistics

E-Commerce has outperformed the S&P 500 over the last 3 years



Peakstone E-Commerce Index: AMZN, ASC, EBAY, FLWS, NILE, OSTK, PCLN, PETS, PRYS, SFLY, STMP, VIPS, W

⁽¹⁾ Equally weighted

Selected Public Trading Comparables

Peakstone E-Commerce Index

(\$ in millions) Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Amazon.com, Inc.	\$397,952	\$399,272	3.3x	39.1x	105.7x	106.6x	34%	9%
The Priceline Group Inc.	\$73,143	\$76,030	7.8x	20.5x	22.2x	20.4x	94%	38%
eBay Inc.	\$35,700	\$36,668	4.2x	11.9x	15.4x	16.0x	78%	35%
Vipshop Holdings Limited	\$8,831	\$8,725	1.2x	18.8x	24.2x	19.3x	24%	7%
ASOS Plc	\$5,195	\$5,026	3.2x	64.1x	80.5x	85.9x	50%	5%
Wayfair Inc.	\$3,229	\$2,956	1.0x	-	-	-	24%	-4%
Stamps.com Inc.	\$1,629	\$1,670	5.8x	16.7x	19.2x	12.8x	82%	35%
Shutterfly, Inc.	\$1,555	\$1,799	1.6x	14.0x	56.4x	203.4x	50%	12%
1-800-Flowers.com Inc.	\$599	\$689	0.6x	8.9x	15.4x	19.5x	44%	7%
PetMed Express, Inc.	\$417	\$373	1.6x	10.8x	11.1x	18.4x	32%	15%
Blue Nile Inc.	\$411	\$375	0.8x	21.8x	24.2x	34.0x	20%	4%
Overstock.com Inc.	\$381	\$299	0.2x	173.5x	-	-	18%	0%
U.S. Auto Parts Network, Inc.	\$113	\$120	0.4x	13.2x	107.0x	46.0x	30%	3%
Median	\$1,629	\$1,799	1.6x	17.8x	24.2x	20.4x	34%	7%

Selected Precedent M&A Transactions

Selected E-Commerce Transactions

Date	Target/Issuer	Size (\$ mm)	Buyers/Investors	EV / EBITDA (x)	Transaction Comments
10/13/2016	VXi Corporation	\$35	GN Netcom A/S	8.8x	GN Netcom A/S acquired VXi Corporation from Vicente Capital Partners and others for \$35 million on October 13, 2016. In 2015, VXi generated revenue of \$32 million and an EBITDA of \$4 million.
10/03/2016	Cabela's Incorporated (NYSE:CAB)	\$5,500	BPS Direct, L.L.C.	19.0x	Bass Pro Group, LLC entered into a definitive agreement to acquire Cabela's Incorporated (NYSE:CAB) for \$4.6 billion on October 3, 2016. Bass Pro will pay \$65.5 per share in cash. BPG will also acquire 0.96 million RSU and 1.99 options of Cabela's.
10/03/2016	Grand Design RV	\$503	Octavius Corporation	8.4x	Octavius Corporation entered into a definitive agreement to acquire Grand Design RV from Summit Partners LLP and others for approximately \$500 million on October 2, 2016.
10/03/2016	Tri-Union Frozen Products, Inc.	\$46	Tri-Invest LLC	-	Tri-Invest LLC acquired 18% stake in Tri-Union Frozen Products, Inc. from Diversified Food Products LLC for THB 1.6 billion on September 30, 2016.
09/29/2016	Petsense, Inc.	\$116	Tractor Supply Company (NasdaqGS:TSCO)	-	Tractor Supply Company (NasdaqGS:TSCO) acquired Petsense, Inc. for approximately \$120 million in cash on September 29, 2016.
09/19/2016	Arrow Uniform-Taylor LLC	\$122	UniFirst Corp. (NYSE:UNF)	-	UniFirst Corp. (NYSE:UNF) acquired substantially all of the assets of Arrow Uniform-Taylor LLC for approximately \$120 million on September 19, 2016.
09/12/2016	China Mist Tea Company	\$11	Farmer Brothers Co. (NasdaqGS:FARM)	-	Farmer Brothers Co. (NasdaqGS:FARM) entered into an agreement to acquire substantially all the assets of China Mist Tea Company from Daniel W. Schweiker and John S. Martinson for \$11.3 million on September 9, 2016.
08/31/2016	SPeWare Corporation	\$60	Tecan Group Ltd. (SWX:TECN)	-	Tecan Group Ltd. (SWX:TECN) agreed to acquire SPeWare Corporation for \$60 million on August 31, 2016.
08/18/2016	HDIS Inc.	\$55	Domtar Corporation (NYSE:UFS)	-	Domtar Corporation (NYSE:UFS) agreed to acquire HDIS Inc. from Dawn Grench for \$55 million on August 18, 2016. As reported, the consideration includes cash payment of \$45 million with a possible earn-out payment of up to \$10 million.
08/08/2016	Aquasana, Inc.	\$87	AO Smith Corp. (NYSE:AOS)	-	AO Smith Corp. (NYSE:AOS) acquired Aquasana, Inc. from L Catterton for \$87 million in cash on August 8, 2016.
08/08/2016	XpresSpa	\$29	FORM Holdings Corp. (NasdaqCM:FH)	-	FORM Holdings Corp. (NasdaqCM:FH) signed a definitive agreement to acquire XpresSpa from Mistral Equity Partners, L.P., managed by Mistral Equity Partners LLC and other shareholders for \$28.7 million on August 8, 2016.
08/07/2016	Mattress Firm Holding Corp.	\$2,982	Steinhardt International Holdings N.V. (JSE:SNH)	16.0x	Steinhardt International Holdings N.V. (JSE:SNH) entered into a definitive merger agreement to acquire Mattress Firm Holding Corp. (NasdaqGS : MFRM) for approximately \$2.4 billion from a group of sellers on August 6, 2016.
08/02/2016	Swimways Corporation	\$94	Spin Master Corp. (TSX:TOY)	-	Spin Master Corp. (TSX:TOY) acquired Swimways Corporation from David Arias, Jeff Arias, Chris Arias, Jennifer Adamson, Elizabeth Skrobiszewski Humes and Tina Rivera for \$93.5 million in cash on August 1, 2016.
08/01/2016	5.11, Inc.	\$400	Compass Diversified Holdings LLC (NYSE:CODI)	10.5x	Compass Diversified Holdings LLC (NYSE:CODI) and the management entered into a definitive agreement to acquire 5.11, Inc. from TA Associates Management, L.P and others for \$400 million on July 29, 2016.

Selected Precedent M&A Transactions (continued)

Selected E-Commerce Transactions

Date	Target/Issuer	Size (\$ mm)	Buyers/Investors	EV / EBITDA (x)	Transaction Comments
07/25/2016	Outerwall Inc.	\$1,376	Apollo Global Management, LLC (NYSE:APO)	3.5x	Apollo Global Management, LLC (NYSE:APO) entered into a definitive agreement to acquire Outerwall Inc. (NasdaqGS:OUTR) for approximately \$900 million in cash on July 24, 2016.
07/25/2016	Crimson Trace Corporation	\$95	Smith & Wesson Holding Corporation (NasdaqGS:SWHC)	5.9x	Smith & Wesson Holding Corporation (NasdaqGS:SWHC) signed a definitive agreement to acquire Crimson Trace Corporation from Peninsula Capital Partners, LLC, VergePointe Capital, Lewis Danielson, certain members of management and other shareholders for \$95 million in cash on July 25, 2016.
07/22/2016	It Cosmetics, LLC	\$1,200	L'Oreal SA (ENXTPA:OR)	-	L'Oreal SA (ENXTPA:OR) entered into a definitive agreement to acquire IT Cosmetics, LLC from Kern Lima, Paulo and TSG Consumer Partners for \$1.2 billion in cash on July 22, 2016. IT Cosmetics will become part of the Luxe Division of L'Oréal. IT Cosmetics, LLC had revenues of \$182 million for the year ended June 30, 2016. The brand will continue to operate out of its Jersey City, New Jersey headquarters under the current leadership team.
07/18/2016	Taylor Brands, LLC	\$85	Battenfeld Technologies, Inc.	-	Battenfeld Technologies, Inc. signed definitive agreement to acquire substantially all assets of Taylor Brands, LLC from Stewart Taylor and Sheila Taylor for \$85 million on July 15, 2016.
07/07/2016	Total Hockey Inc.	\$23	TSG Enterprises, LLC	-	TSG Enterprises, LLC entered into an asset purchase agreement to acquire Total Hockey Inc. for \$22.5 million in cash on July 6, 2016. As per the agreement TSG Enterprises, LLC shall transfer of \$.25 million to a third party escrow agent to be agreed by the parties by July 8, 2016.
07/01/2016	Jayco, Inc.	\$582	Thor Industries Inc. (NYSE:THO)	-	Thor Industries Inc. (NYSE:THO) acquired substantially all of the assets of Jayco, Inc. from Bontrager family for approximately \$580 million in cash on June 30, 2016.
06/29/2016	Sector 9 Inc.	\$12	Bravo Sports Corporation	-	Bravo Sports Corporation acquired Sector 9 Inc. from Billabong International Limited (ASX:BBG) for \$12 million on June 29, 2016. Billabong expects the sale of Sector 9 to have minimal impact on overall group EBITDA in fiscal year 2017.
06/24/2016	Skullcandy, Inc.	\$176	Mill Road Capital	11.7x	Mill Road Capital II, L.P. managed by Mill Road Capital made an offer to acquire remaining 90.2% stake in Skullcandy, Inc. (NasdaqGS:SKUL) for approximately \$160 million on June 24, 2016.
06/20/2016	Dell Software, Inc. and Dell SonicWALL, Inc.	\$2,400	Francisco Partners Management LLC; Elliott Management Corporation	-	Francisco Partners Management LLC and Elliott Management Corporation signed a definitive agreement to acquire Dell Software, Inc. and Dell SonicWALL, Inc. from Denali Holding Inc. for \$2.4 billion on June 20, 2016.
06/16/2016	Dejana Truck & Utility Equipment Co., Inc.	\$206	Douglas Dynamics, Inc. (NYSE:PLOW)	-	Douglas Dynamics, Inc. (NYSE:PLOW) entered into a definitive agreement to acquire substantially all of the assets of Dejana Truck & Utility Equipment Co., Inc. from Dejana family for approximately \$210 million on June 15, 2016.
06/16/2016	Elizabeth Arden, Inc.	\$905	Revlon Consumer Products Corp.	-	Revlon Consumer Products Corp. signed a definitive agreement to acquire Elizabeth Arden, Inc. (NasdaqGS:RDEN) for approximately \$430 million in cash from Rhone Capital, L.L.C. and others on June 16, 2016.
05/18/2016	Justin's, LLC	\$286	Hormel Foods Corporation (NYSE:HRL)	-	Hormel Foods Corporation (NYSE:HRL) entered into a definitive agreement to acquire Justin's, LLC for approximately \$290 million on May 2, 2016.

Selected Precedent M&A Transactions (continued)

Selected E-Commerce Transactions

Date	Target/Issuer	Size (\$ mm)	Buyers/Investors	EV / EBITDA (x)	Transaction Comments
05/09/2016	Baby Tula LLC	\$82	The ERGO Baby Carrier, Inc.	6.3x	The ERGO Baby Carrier, Inc. entered into a definitive agreement to acquire New Baby Tula LLC for \$82 million on May 9, 2016.
05/09/2016	The Mountain Corporation	\$26	Gladstone Investment Corporation (NasdaqGS:GAIN); Gladstone Management	-	Gladstone Investment Corporation (NASDAQ:GAIN) managed by Gladstone Management Corporation together with executive management team of the Mountain Corporation acquired The Mountain Corporation for \$25.5 million on May 9, 2016.
05/03/2016	ReNew Life Formulas, Inc.	\$290	The Clorox Company (NYSE:CLX)	-	The Clorox Company (NYSE:CLX) acquired ReNew Life Formulas, Inc. from Swander Pace Capital and other shareholders for \$290 million in cash on May 2, 2016. The consideration is subject to post-closing adjustments. In calendar year 2015, Renew Life generated sales of about \$115 million.
05/03/2016	IZI Medical Products, Inc.	\$12	Shore Capital Partners, LLC	-	Shore Capital Partners, LLC acquired IZI Medical Products, Inc. from Landauer Inc. (NYSE:LDR) for \$12 million on May 3, 2016.
04/25/2016	Team Express Distributing, LLC	\$12	Concourse Team Express LLC	-	Concourse Team Express LLC entered into an agreement to acquire substantially all assets of Team Express Distributing, LLC for \$12 million in cash on April 23, 2016.
04/20/2016	Southern Tide, LLC	\$85	Oxford of South Carolina, Inc.	-	Oxford Of South Carolina, Inc. acquired Southern Tide, LLC from a group of investors for \$85 million in cash on April 19, 2016.
04/19/2016	WKI Holding Company, Inc.	\$741	GP Investments Acquisition Corp. (NasdaqCM:GPIA)	10.2x	GP Investments Acquisition Corp. (NasdaqCM:GPIA) entered into a definitive agreement to acquire WKI Holding Company, Inc. from Oaktree Capital Management, L.P. and others for \$500 million in cash and stock on April 18, 2016.
04/19/2016	Sheehan Pipe Line Construction Company	\$30	Ritchie Bros. Auctioneers (America), Inc.	-	Ritchie Bros. Auctioneers (America), Inc. agreed to acquire substantially all assets of Sheehan Pipe Line Construction Company for \$29.5 million on April 13, 2016.
04/18/2016	The Meadows of Wickenburg, Inc.	\$180	Alita Care, LLC	-	Alita Care, LLC agreed to acquire The Meadows of Wickenburg, Inc. from American Capital, Ltd. (NasdaqGS:ACAS) and others for approximately \$180 million on April 18, 2016.
04/13/2016	Waterworks Operating Company LLC	\$117	Restoration Hardware Holdings, Inc. (NYSE:RH)	-	Restoration Hardware Holdings, Inc. (NYSE:RH) agreed to acquire Waterworks Operating Company LLC from Peter Sallick, Ralph Bennett and others for approximately \$120 million on April 12, 2016.
04/12/2016	JAYBIRD, LLC	\$95	Logitech Europe S.A.	-	Logitech Europe S.A. agreed to acquire Jaybird LLC for \$95 million in cash on April 12, 2016. As per the terms of the deal, Logitech will pay \$50 million in cash with an additional earn-out of up to \$45 million based on achievement of growth targets over the next two years.
04/07/2016	Frontline Test Equipment, Inc.	\$14	Teledyne LeCroy, Inc.	-	Teledyne LeCroy, Inc. acquired Frontline Test Equipment Inc. on April 6, 2016.
02/25/2016	Biologics, Inc.	\$700	McKesson Specialty Health	-	McKesson Specialty Health signed definitive agreement to acquire Biologics, Inc. from Investors Management Corporation and others for \$700 million in cash on February 25, 2016.
02/23/2016	Newport Corp.	\$1,045	MKS Instruments, Inc. (NasdaqGS:MKSI)	13.0x	MKS Instruments, Inc. (NasdaqGS:MKSI) signed a merger agreement to acquire Newport Corp. for approximately \$970 million in cash on February 22, 2016.
02/18/2016	FreeSlate, Inc.	\$25	Unchained Labs Inc.	-	Unchained Labs Inc. acquired FreeSlate, Inc. for \$25 million on February 18, 2016.
02/17/2016	Ebuys, Inc.	\$118	DSW Shoe Warehouse, Inc.	-	DSW Shoe Warehouse, Inc. signed a stock purchase agreement to acquire Ebuys, Inc. from David Tam Duong, Willard Ba Huynh for approximately \$120 million on February 15, 2016.

Peakstone Selected E-Commerce Transactions



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