

PEAKSTONE

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Consumer & Retail
Industry Insight

January 2018

Consumer & Retail M&A Update

Consumer & Retail categories continue to perform in line with the S&P 500 index

For 2017, strategic buyers accounted for 63% of Consumer and Retail M&A transactions. During 2016, strategic buyers accounted for 85% of the transactions.

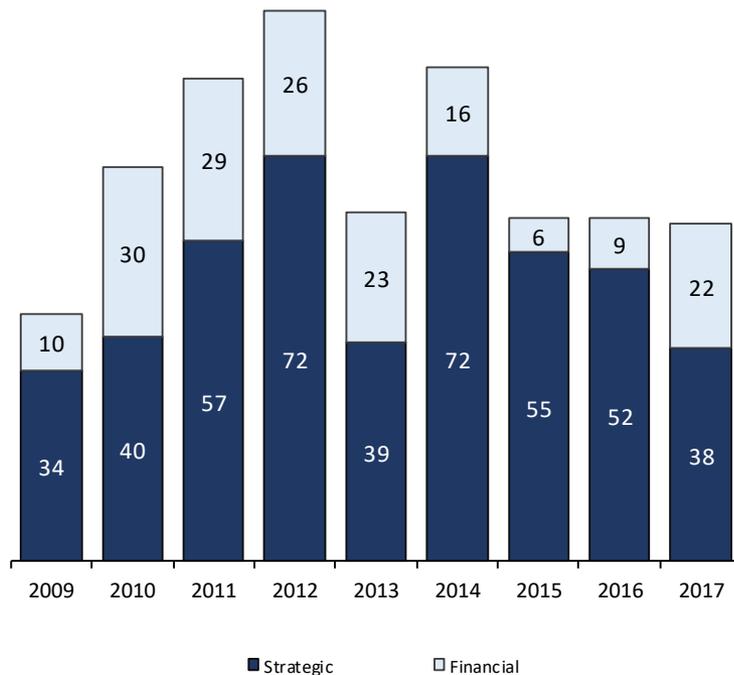
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Jan-2018	Closed	 erehwon mountain outfitter	Undisclosed	 CAMPING WORLD
Nov-2017	Announced	 BUFFALO WILD WINGS	\$2.89 billion	 Arby's
Jun-2017	Closed	 STAPLES	\$7.9 billion	 SYCAMORE PARTNERS
Apr-2017	Closed	 Panera BREAD	\$7.66 billion	JAB HOLDINGS Rye Parent Corp.
Nov-2016	Closed	 HARMAN	\$9.38 billion	 SAMSUNG
Nov-2016	Closed	 MPG PERFORMANCE DRIVEN	\$3.42 billion	 AAM

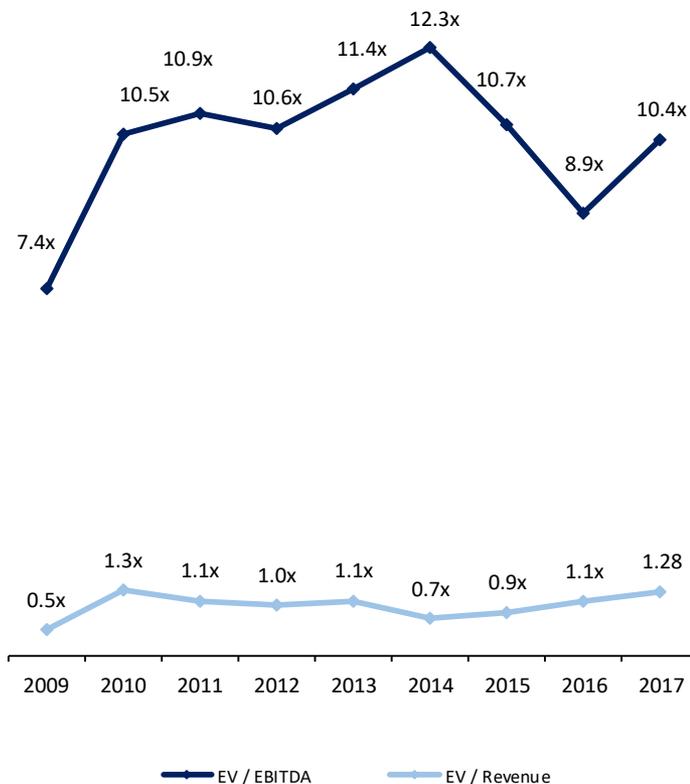
U.S. Consumer & Retail Industry – M&A Market Overview

U.S. Consumer & Retail transaction activity has been strong

U.S. Consumer & Retail Transactions by Buyer Type



U.S. Consumer & Retail Transaction Multiples



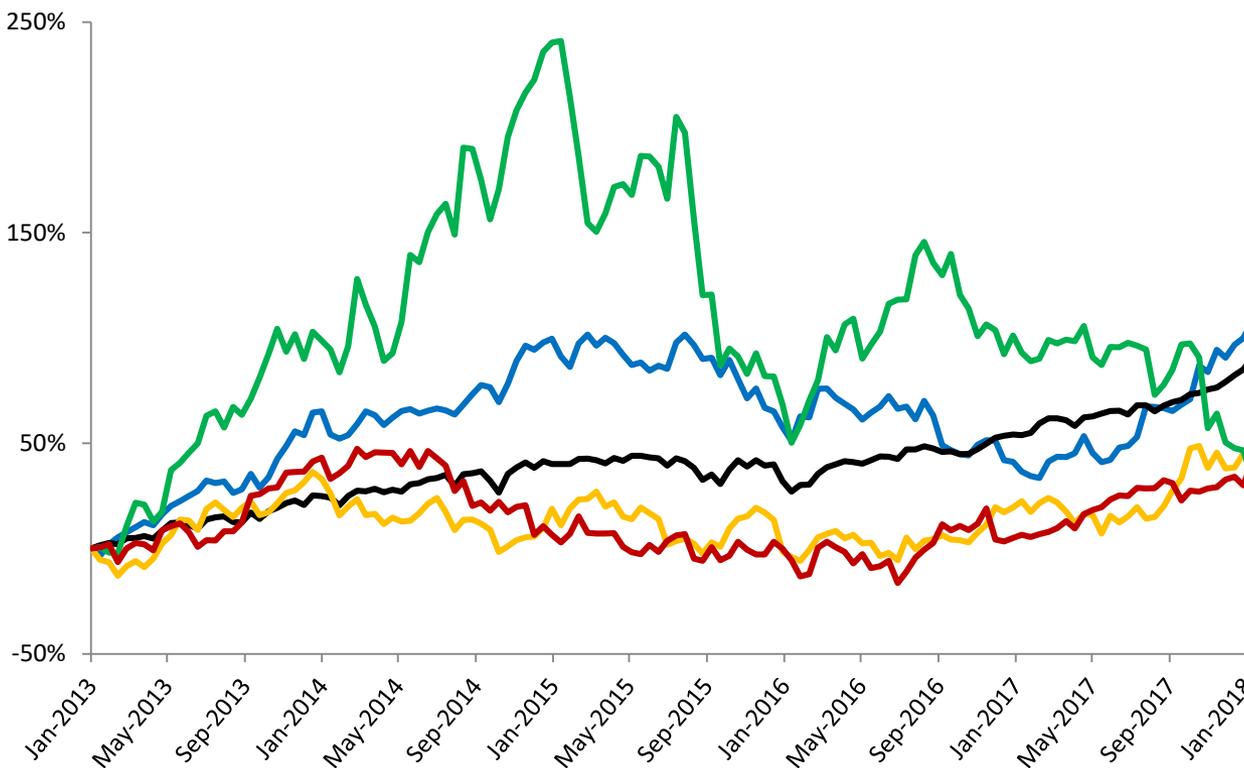
Source: Capital IQ.

Note: Represents transactions above \$150 million total transaction value.

Peakstone Consumer & Retail Index – Trading Statistics

Consumer & Retail categories performed well compared to the S&P 500

Relative Stock Performance – Group 1



Apparel, Accessories and Luxury: 108%
S&P 500: 90%
Automotive and Components: 44%
Consumer Services: 41%
Consumer Electronics: 34%

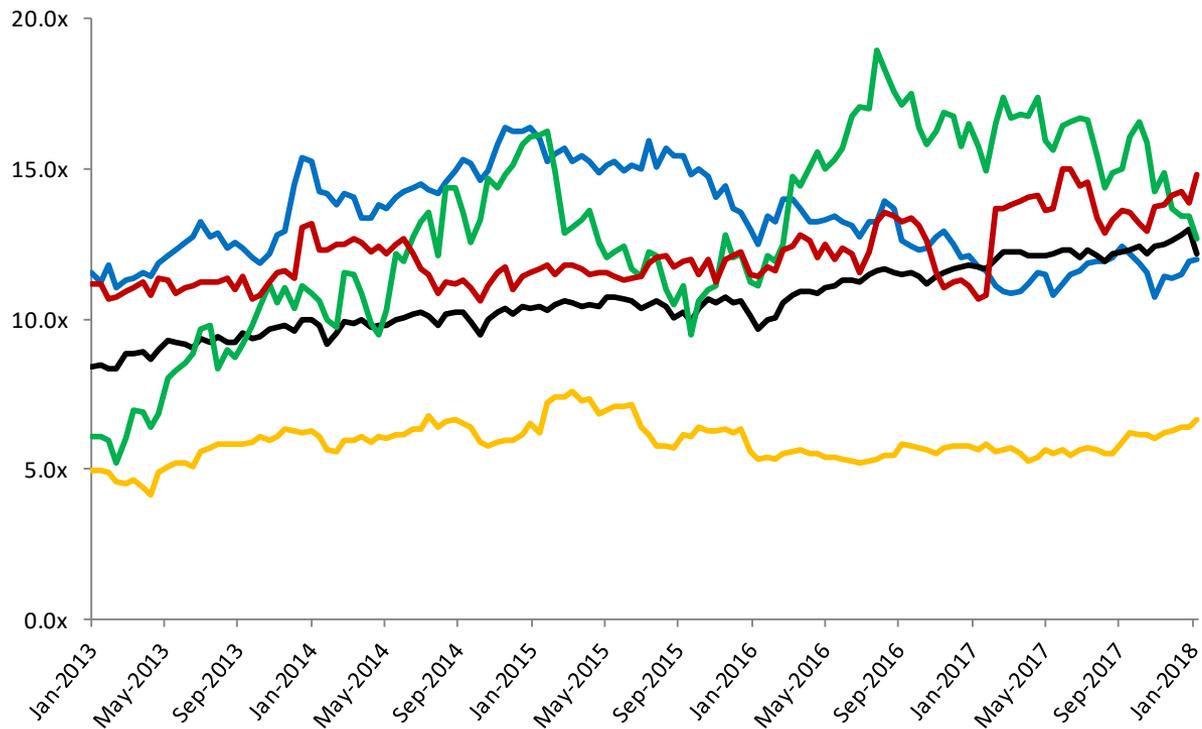
Peakstone Apparel & Accessories Index
VFC, UA, HBI, PVH, RL
Peakstone Automotive Index
F, GM, GT, BWA, LEA
Peakstone Consumer Electronics Index
GPRO, UEIC
Peakstone Consumer Services Index
MCD, LVS, CCL, YUM, ARMK

Source: Capital IQ, data as of 1/19/2018.
Note: Peakstone Indexes are equally weighted.

Peakstone Consumer & Retail Index – Trading Statistics

Consumer & Retail categories performed well compared to the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA – Group 1



Consumer Services: 14.8x
 Consumer Electronics: 12.7x
 S&P 500: 12.2x
 Apparel, Accessories and Luxury: 12.0x
 Automotive and Components: 6.6x

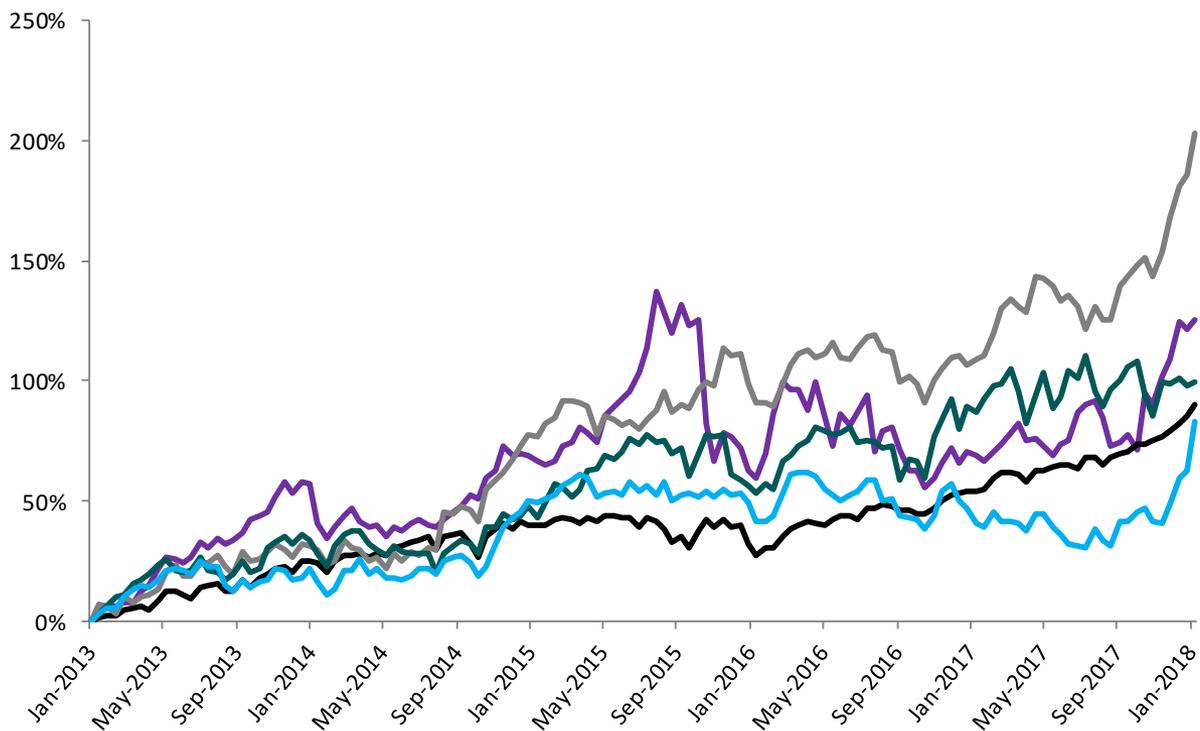
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Peakstone Consumer Services Index
 MCD, LVS, CCL, YUM, ARMK

Source: Capital IQ, data as of 10/25/2017.
 Note: Peakstone Indexes are equally weighted.

Peakstone Consumer & Retail Index – Trading Statistics

Consumer & Retail categories performed well compared to the S&P 500

Relative Stock Performance – Group 2



Home Improvement: 203%

Footwear: 125%

Leisure Products: 99%

S&P 500: 90%

Retailing: 83%

Peakstone Footwear Index

NKE, SKX, WWW, DECK

Peakstone Home Improvement Index

HD, LOW

Peakstone Leisure Products Index

HAMAT, HAS, PII, BC

Peakstone Retailing Index

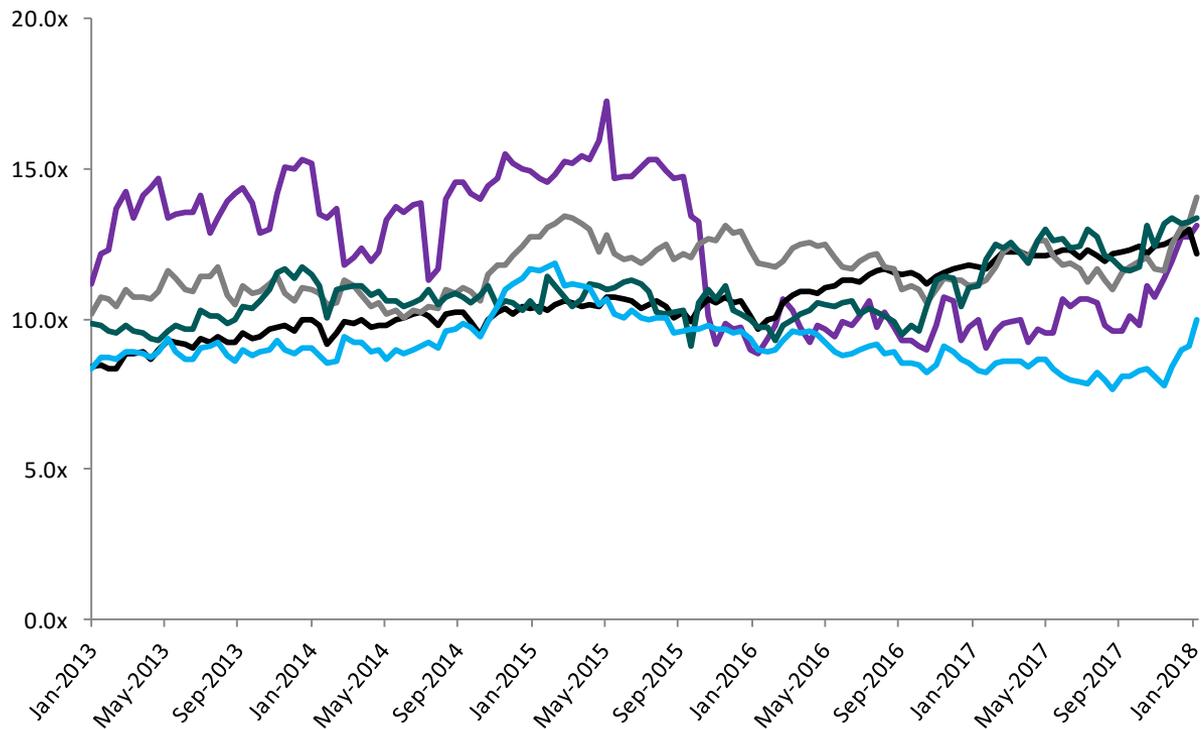
AMZN, TGT, LOW, M

Source: Capital IQ, data as of 1/19/2018.
Note: Peakstone Indexes are equally weighted.

Peakstone Consumer & Retail Index – Trading Statistics

Consumer & Retail categories performed well compared to the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA – Group 2



Home Improvement: 14.0x
Leisure Products: 13.4x
Footwear: 13.1x
S&P 500: 12.2x
Retailing: 10.0x

Peakstone Footwear Index NKE, SKX, WWW, DECK
Peakstone Home Improvement Index HD, LOW
Peakstone Leisure Products Index HAMAT, HAS, PII, BC
Peakstone Retailing Index AMZN, TGT, LOW, M

Source: Capital IQ, data as of 1/19/2018.
Note: Peakstone Indexes are equally weighted.

Public Trading Comparables by Sector

Select Public Trading Comparables – Group 1

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Apparel, Accessories and Luxury								
V.F. Corporation	\$30,877	\$33,714	2.8x	18.0x	21.3x	23.5x	49%	15%
PVH Corp.	\$10,962	\$13,742	1.6x	12.0x	16.7x	16.6x	55%	13%
Hanesbrands Inc.	\$7,999	\$11,595	1.8x	10.9x	12.3x	11.1x	39%	17%
Under Armour, Inc.	\$5,789	\$6,599	1.3x	13.5x	20.6x	0.0x	45%	10%
Ralph Lauren Corporation	\$8,619	\$7,888	1.3x	8.1x	11.6x	18.8x	59%	16%
Apparel, Accessories and Luxury Median	\$8,619	\$11,595	1.6x	12.0x	16.7x	16.6x	49%	15%
Automotive and Components								
Ford Motor Company	\$48,383	\$171,472	1.1x	10.1x	33.9x	7.4x	10%	10%
General Motors Company	\$62,541	\$139,202	0.8x	6.1x	12.2x	7.3x	12%	13%
BorgWarner Inc.	\$12,210	\$14,281	1.5x	8.8x	11.6x	14.1x	22%	17%
The Goodyear Tire & Rubber Company	\$8,466	\$14,274	0.9x	6.6x	10.0x	9.7x	25%	14%
Lear Corporation	\$12,980	\$13,954	0.7x	6.6x	8.2x	10.4x	12%	10%
Automotive and Components Median	\$12,980	\$14,281	0.9x	6.6x	11.6x	9.7x	12%	13%
Consumer Electronics								
GoPro, Inc.	\$867	\$798	0.6x	NM	NM	NM	37%	-3%
Universal Electronics Inc.	\$649	\$714	1.1x	12.7x	28.3x	14.4x	25%	8%
Consumer Electronics Median	\$758	\$756	0.8x	12.7x	28.3x	14.4x	31%	3%
Consumer Services								
McDonald's Corporation	\$139,492	\$165,439	7.0x	17.0x	19.8x	25.3x	45%	41%
Las Vegas Sands Corp.	\$58,108	\$66,719	5.3x	14.8x	20.4x	24.0x	75%	36%
Carnival Corporation	\$49,773	\$58,573	3.3x	11.6x	18.1x	16.3x	42%	29%
Yum! Brands, Inc.	\$28,001	\$36,868	5.9x	17.9x	20.8x	27.5x	44%	33%
Aramark	\$10,958	\$16,008	1.1x	12.4x	19.8x	20.6x	11%	9%
Consumer Services Median	\$49,773	\$58,573	5.3x	14.8x	19.8x	24.0x	44%	33%

Source: Capital IQ, data as of 1/19/2018.

Public Trading Comparables by Sector (continued)

Select Public Trading Comparables – Group 2

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Footwear								
NIKE, Inc.	\$103,815	\$102,137	2.9x	19.8x	23.1x	26.2x	44%	15%
Skechers U.S.A., Inc.	\$6,195	\$5,592	1.4x	12.5x	15.7x	18.4x	47%	11%
Wolverine World Wide, Inc.	\$3,115	\$3,578	1.4x	13.7x	16.4x	18.2x	39%	10%
Deckers Outdoor Corporation	\$2,667	\$2,602	1.4x	10.9x	13.9x	18.7x	47%	13%
Footwear Median	\$4,655	\$4,585	1.4x	13.1x	16.0x	18.6x	45%	12%
Home Improvement								
The Home Depot, Inc.	\$233,340	\$255,380	2.6x	15.5x	17.7x	23.4x	34%	17%
Lowe's Companies, Inc.	\$84,370	\$99,580	1.4x	12.6x	15.6x	18.9x	34%	12%
Home Improvement Median	\$158,855	\$177,480	2.0x	14.0x	16.7x	21.2x	34%	14%
Leisure Products								
Hasbro, Inc.	\$11,412	\$12,025	2.3x	11.8x	14.1x	17.7x	52%	19%
Polaris Industries Inc.	\$8,191	\$8,979	1.7x	14.9x	21.5x	23.8x	27%	11%
Mattel, Inc.	\$5,211	\$7,899	1.5x	16.6x	36.6x	82.4x	43%	9%
Brunswick Corporation	\$5,101	\$5,150	1.1x	8.5x	10.4x	13.9x	27%	13%
Leisure Products Median	\$6,701	\$8,439	1.6x	13.4x	17.8x	20.8x	35%	12%
Retailing								
Amazon.com, Inc.	\$624,024	\$642,900	4.0x	49.7x	199.3x	207.6x	36%	8%
Lowe's Companies, Inc.	\$84,370	\$99,580	1.4x	12.6x	15.6x	18.9x	34%	12%
Target Corporation	\$41,757	\$51,663	0.7x	7.4x	11.2x	15.2x	29%	10%
Macy's, Inc.	\$7,992	\$13,770	0.6x	5.2x	8.5x	7.5x	39%	11%
Retailing Median	\$63,064	\$75,622	1.1x	10.0x	13.4x	17.1x	35%	10%
Consumer and Retail Total Median	\$10,800	\$12,938	1.5x	12.9x	16.7x	17.8x	35%	12%

Source: Capital IQ, data as of 1/19/2018.

Selected Consumer & Retail Industry Transactions

Selected Consumer and Retail Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
01/18/2018	La Quinta Holdings Inc. (NYSE:LQ)	\$2,685	Wyndham Worldwide Corporation (NYSE:WYN)	8.8x	Wyndham Worldwide Corporation (NYSE:WYN) have entered into a definitive agreement to acquire La Quinta Holdings Inc. (NYSE:LQ) from affiliates of The Blackstone Group L.P. (NYSE:BX) and others for approximately \$990 million on January 17, 2018.
01/03/2018	Erehwon Mountain Outfitter, LLC (Earth Sports)	-	Camping World Holdings, Inc. (NYSE:CWH)	-	Camping World Holdings, Inc. (NYSE:CWH) agreed to acquire Earth Sports, LLC on January 3, 2018. Peakstone advised Erehwon on the transaction.
12/18/2017	Gaming and Related Operations of Four Pinnacle Properties	\$575	Boyd Gaming Corporation (NYSE:BYD)	-	Boyd Gaming Corporation (NYSE:BYD) ('Boyd') entered into a definitive agreement to acquire gaming and related operations of Pinnacle Entertainment, Inc. (NasdaqGS:PNK) for approximately \$580 million on December 17, 2017.
11/28/2017	Buffalo Wild Wings, Inc. (NasdaqGS:BWLD)	\$2,892	Arby's Restaurant Group, Inc.	11.2x	Arby's Restaurant Group Inc. ('Arby's') entered into a definitive agreement to acquire Buffalo Wild Wings Inc.
11/16/2017	Centaur Holdings, LLC	\$1,700	Caesars Entertainment Corporation (NasdaqGS:CZR)	-	Caesars Entertainment Corporation (NasdaqGS:CZR) ('Caesars') entered into an agreement to acquire Centaur Holdings LLC from Clairvest Group Inc. (through its fund Clairvest Equity Partners IV), funds advised by West Face Capital Inc.
11/16/2017	Barnes & Noble, Inc. (NYSE:BKS)	\$662	Sandell Asset Management Corp.	-	Sandell Asset Management Corp. proposed to acquire remaining 98.62% stake in Barnes & Noble, Inc. (NYSE:BKS) from Leonard Riggio and others for approximately \$650 million on November 16, 2017.
11/15/2017	Centerplate, Inc.	\$675	Sodexo S.A. (ENXTPA:SW)	-	Sodexo S.A. (ENXTPA:SW) signed an agreement to acquire Centerplate, Inc. from Olympus Partners, Olympus Growth Fund V, L.P. and other shareholders for approximately \$680 million on November 15, 2017.

Source: Capital IQ

Selected Consumer & Retail Industry Transactions (continued)

Selected Consumer and Retail Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
10/30/2017	Capella Education Company (NasdaqGS:CPLA)	\$964	Strayer Education, Inc. (NasdaqGS:STRA)	11.5x	Strayer Education, Inc. (NasdaqGS:STRA) entered into an Agreement and Plan of Merger to acquire Capella Education Company (NasdaqGS:CPLA) for approximately \$950 million in a merger of equals transaction on October 29, 2017.
09/20/2017	NYX Gaming Group Limited	\$607	Bally Gaming and Systems UK Limited	21.9x	Bally Gaming And Systems UK Limited entered into a definitive agreement to acquire NYX Gaming Group Limited (TSXV:NYX) from Matt Davey and others for CAD 260 million on September 20, 2017.
08/14/2017	Williamson-Dickie Manufacturing Company	\$820	V.F. Corporation (NYSE:VFC)	11.0x	V.F. Corporation (NYSE:VFC) signed a definitive agreement to acquire Williamson-Dickie Manufacturing Company for approximately \$820 million on August 11, 2017. The transaction will be financed with cash.
07/09/2017	ClubCorp Holdings, Inc.	\$2,232	Apollo Global Management, LLC (NYSE:APO)	10.4x	Apollo Overseas Partners VIII, L.P., Apollo Investment Fund VIII, L.P., Apollo Overseas Partners (Delaware 892) VIII, LP and Apollo Overseas Partners (Delaware) VIII, L.P.
07/06/2017	HSN, Inc.	\$1,829	QVC Group (NasdaqGS:QVCA)	10.8x	QVC Group (NasdaqGS:QVCA) entered into a definitive agreement to acquire the remaining 61.8% stake in HSN, Inc. (NasdaqGS:HSNI) for \$1.3 billion on July 5, 2017. Pursuant to the, all-stock, transaction, HSN, Inc.
06/28/2017	Staples, Inc.	\$7,904	Sycamore Partners	5.3x	Sycamore Partners II fund managed by Sycamore Partners entered into a merger agreement to acquire Staples, Inc. (NasdaqGS:SPLS) for \$6.8 billion on June 28, 2017. Sycamore Partners and Staples entered into a confidentiality agreement.
06/12/2017	American Casino & Entertainment Properties LLC	\$1,100	Golden Entertainment, Inc. (NasdaqGM:GDEN)	12.0x	Golden Entertainment, Inc. (NasdaqGM:GDEN) entered into a membership interest purchase agreement to acquire American Casino & Entertainment Properties LLC from W2007/ACEP Managers Voteco, LLC for approximately \$850 million on June 10, 2017.

Source: Capital IQ

Selected Consumer & Retail Industry Transactions (continued)

Selected Consumer and Retail Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
05/08/2017	Kate Spade & Company	\$2,776	Tapestry, Inc. (NYSE:TPR)	10.3x	Coach, Inc. (NYSE:COH) signed an agreement and plan of merger to acquire Kate Spade & Company (NYSE:KATE) for \$2.4 billion on May 7, 2017.
04/17/2017	Double Down Interactive, LLC	\$825	DOUBLEUGAMES Co., Ltd. (KOSDAQ:A192080)	10.5x	DOUBLEUGAMES Co., Ltd. (KOSDAQ:A192080) signed a definitive purchase agreement to acquire Double Down Interactive, LLC from International Game Technology for approximately \$830 million on April 17, 2017.
04/10/2017	Intrawest Resorts Holdings, Inc.	\$1,562	Aspen Skiing Company, LLC; KSL Advisors, LLC	10.2x	Aspen Skiing Company, LLC and KSL Capital Partners IV, L.P., a fund managed by KSL Advisors, LLC entered into an agreement and plan of merger to acquire Intrawest Resorts Holdings, Inc. (NYSE:SNOW) from Intrawest Europe Holdings S.à.r.l, Intrawest S.
04/06/2017	1,112 Gas Stations And Convenience Stores In Texas And The Eastern United States	\$3,306	7-Eleven, Inc.; SEI Fuel Services, Inc.	-	7-Eleven Inc. ('7-Eleven') and SEI Fuel Services, Inc. agreed to acquire approximately 1,112 gas stations and convenience stores in Texas and the eastern United States from Susser Petroleum Property Company LLC, Sunoco Retail, LLC, Uppy's Convenience Stores, Inc.
04/05/2017	Panera Bread Company	\$7,750	Rye Parent Corp.	17.9x	Rye Parent Corp. entered into a definitive merger agreement to acquire Panera Bread Company (NasdaqGS:PNRA) from Capital Research Global Investors, Ron Shaich and other shareholders for \$7.2 billion in cash on April 4, 2017.
03/27/2017	Cheddar's, Inc	\$780	Darden Restaurants, Inc. (NYSE:DRI)	10.4x	Darden Restaurants, Inc. (NYSE:DRI) entered into an agreement and plan of merger to acquire Cheddar's Casual Cafe, Inc. from Oak Investment Partners and L Catterton for \$780 million on a cash-free and debt-free basis on March 27, 2017.
03/23/2017	Checkers Drive-In Restaurants, Inc.	\$525	Oak Hill Capital Partners	-	Oak Hill Capital Partners along with the management of Checkers Drive-In Restaurants, Inc. entered into a definitive agreement to acquire Checkers Drive-In Restaurants, Inc.

Source: Capital IQ

Peakstone Momentum

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About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

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