PEAKSTONE

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Consumer & Retail Industry Insight

February 2019

Consumer & Retail M&A Update

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

For 2018, strategic buyers accounted for 69% of Consumer and Retail M&A transactions. During 2017, strategic buyers accounted for 65% of the transactions.

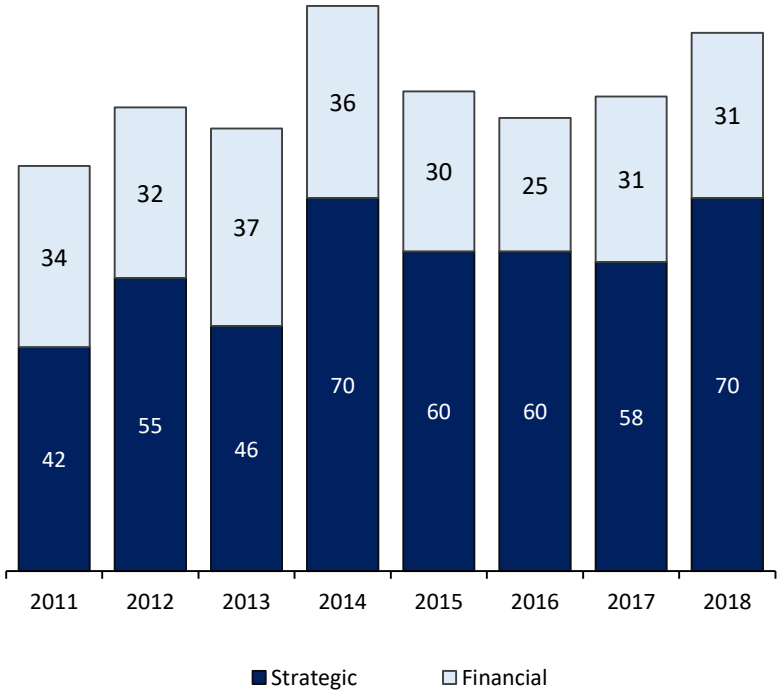
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Dec-2018	Announced	Nutrisystem	$1.4 billion	tivity HEALTH
Nov-2018	Closed	Pure Fishing	$1.3 billion	Sycamore Partners
Nov-2018	Closed	Jostens	$1.3 billion	Platinum Equity Investments, LLC
Nov-2018	Announced	One Spa World	$851 million	Haymaker Acquisition Corp.
Jan-2018	Closed	erehwon mountain outfitter	Undisclosed	Camping World

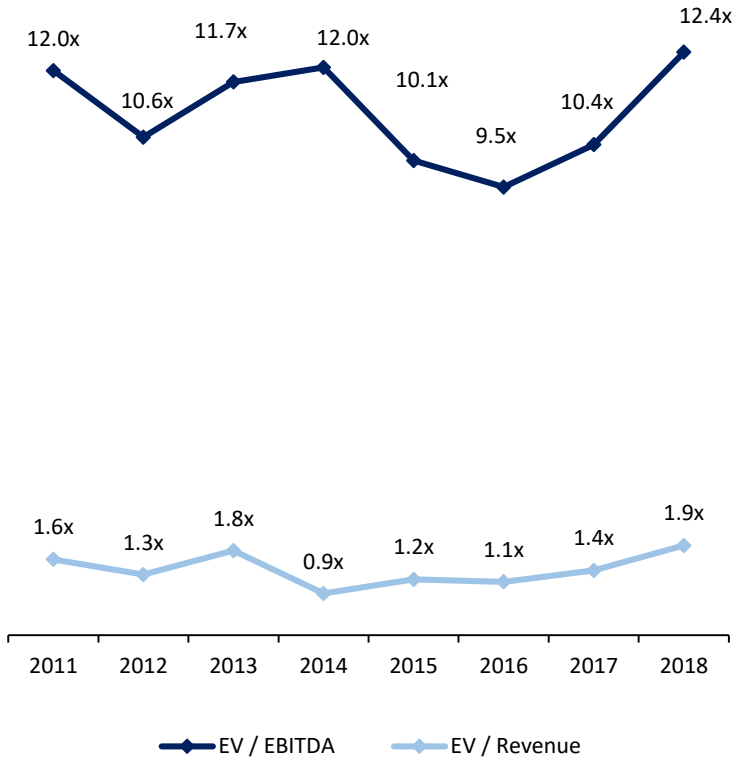
U.S. Consumer & Retail Industry – M&A Market Overview

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

U.S. Consumer & Retail Transactions by Buyer Type



U.S. Consumer & Retail Transaction Multiples

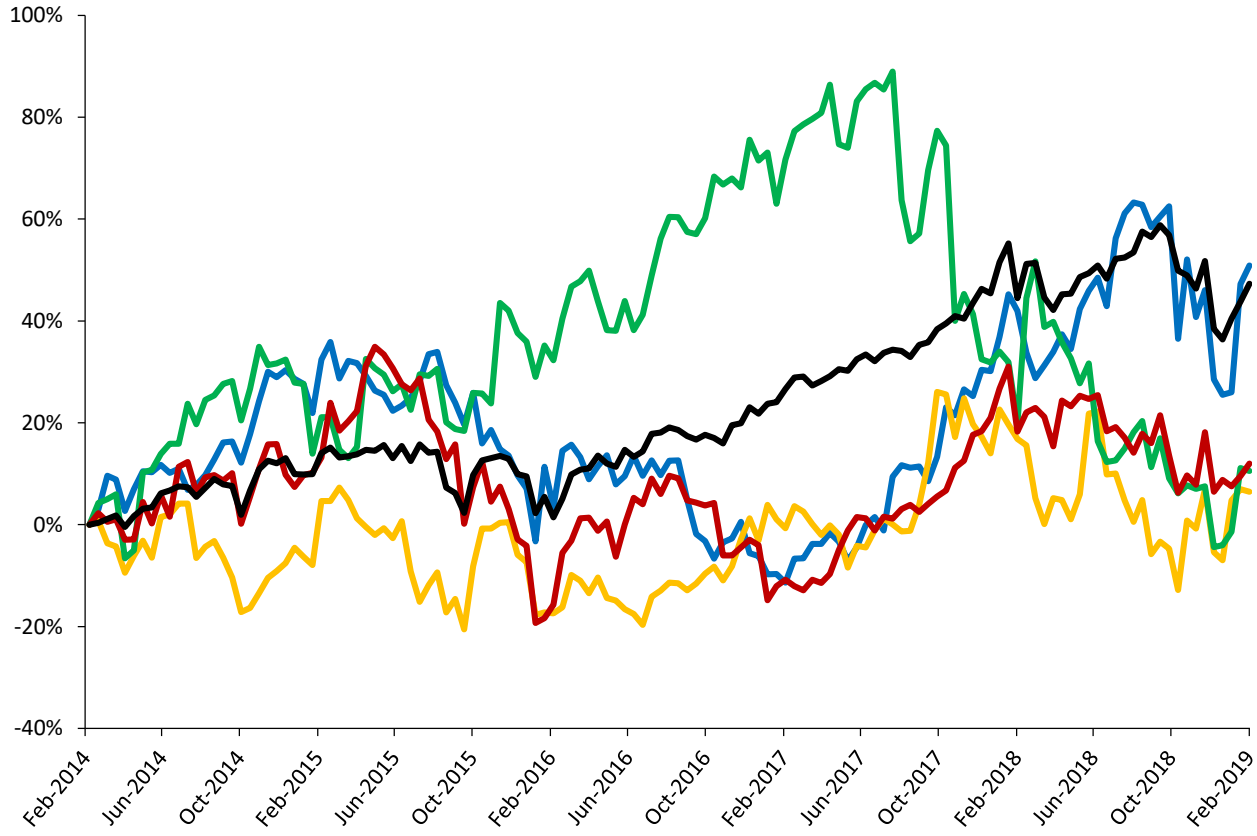


Source: Capital IQ.
Note: Represents transactions above $100 million total transaction value

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: 51%

S&P 500: 47%

Consumer Services: 12%

Consumer Electronics: 11%

Automotive and Components: 6%

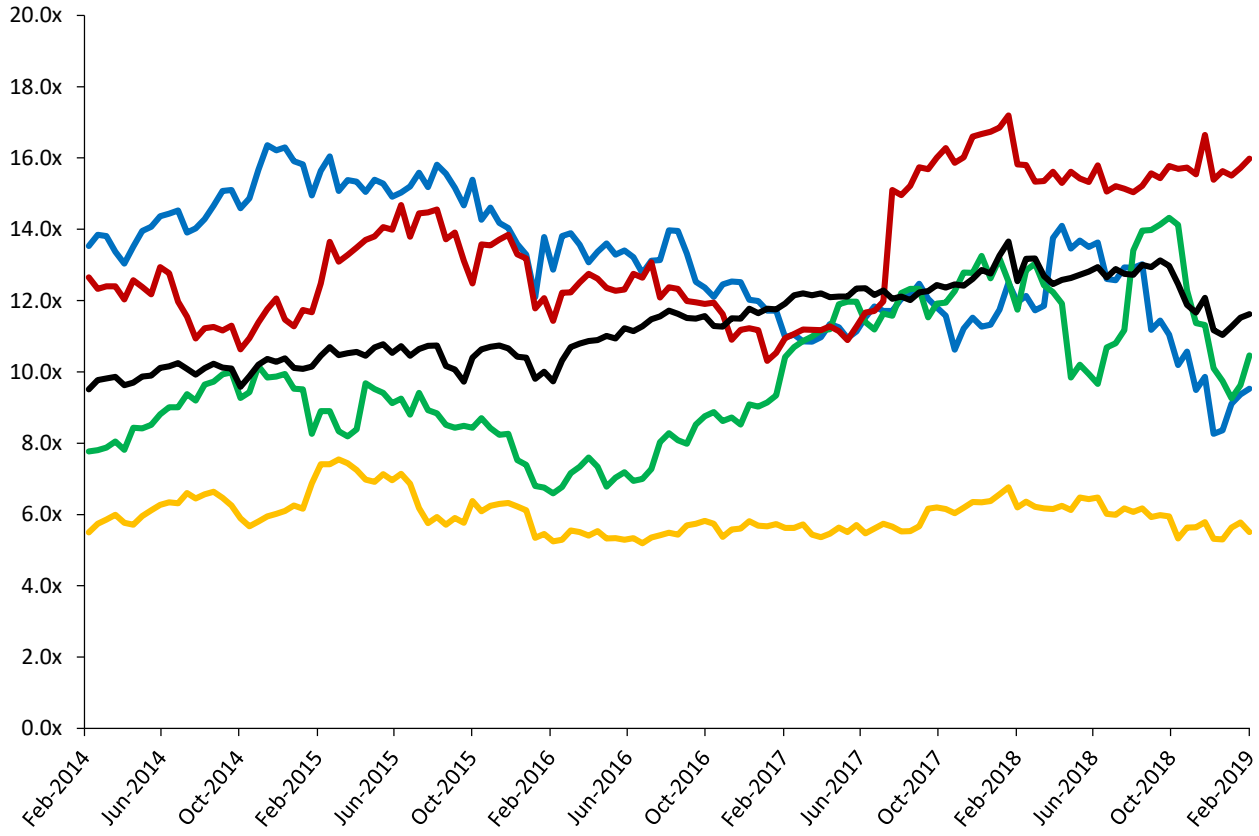
Peakstone Apparel & Accessories Index
VFC, UAA, HBI, PVH, RL
Peakstone Automotive Index
F, GM, GT, BWA, LEA
Peakstone Consumer Electronics Index
UEIC, AAPL, A005930, MSFT, HPQ
Peakstone Consumer Services Index
MCD, HLT, CCL, YUM, ARMK

Source: Capital IQ, data as of February, 2019.
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: 16.0x

S&P 500: 11.6x

Consumer Electronics: 10.5x

Apparel, Accessories and Luxury: 9.5x

Automotive and Components: 5.5x

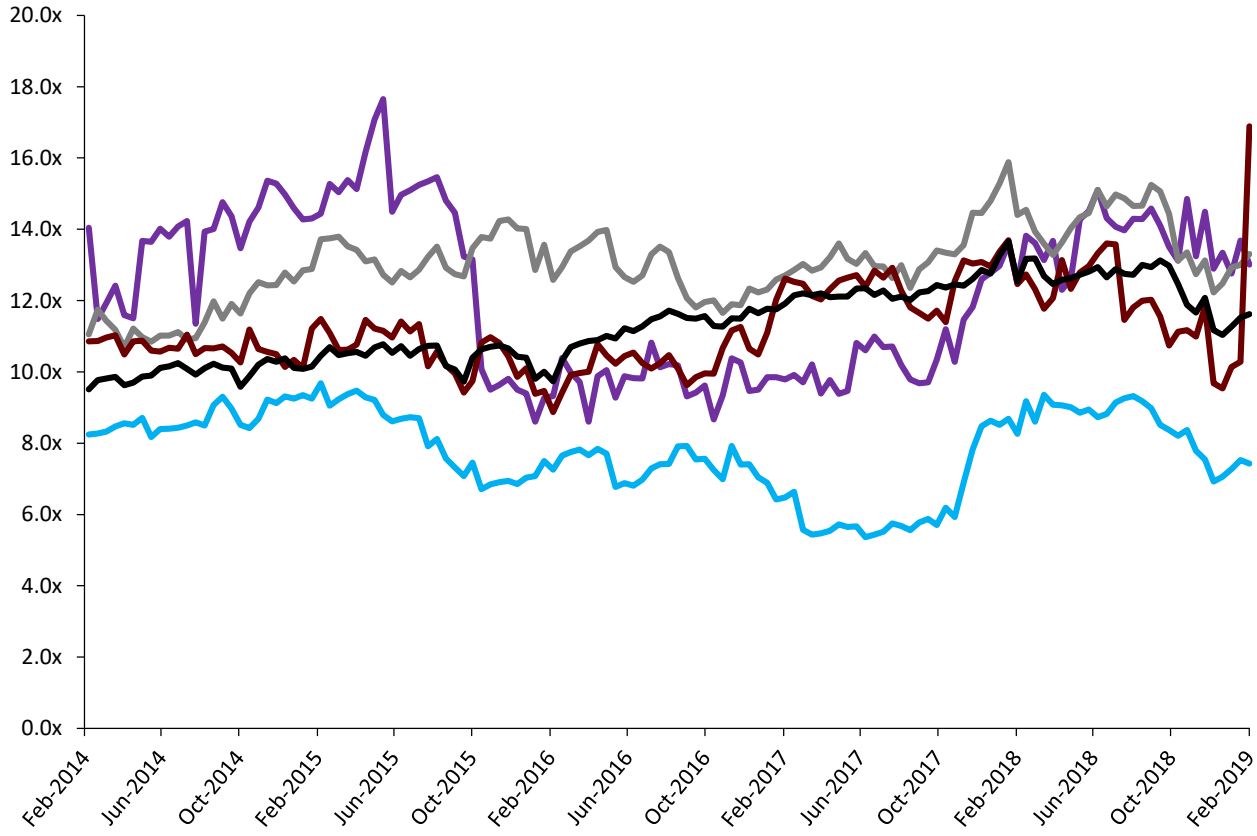
Peakstone Apparel & Accessories Index
VFC, UAA, HBI, PVH, RL
Peakstone Automotive Index
F, GM, GT, BWA, LEA
Peakstone Consumer Electronics Index
UEIC, AAPL, A005930, MSFT, HPQ
Peakstone Consumer Services Index
MCD, HLT, CCL, YUM, ARMK

Source: Capital IQ, data as of February, 2019.
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



Leisure Products: 16.9x

Home Improvement: 13.3x

Footwear: 13.0x

S&P 500: 11.6x

Retailing: 7.4x

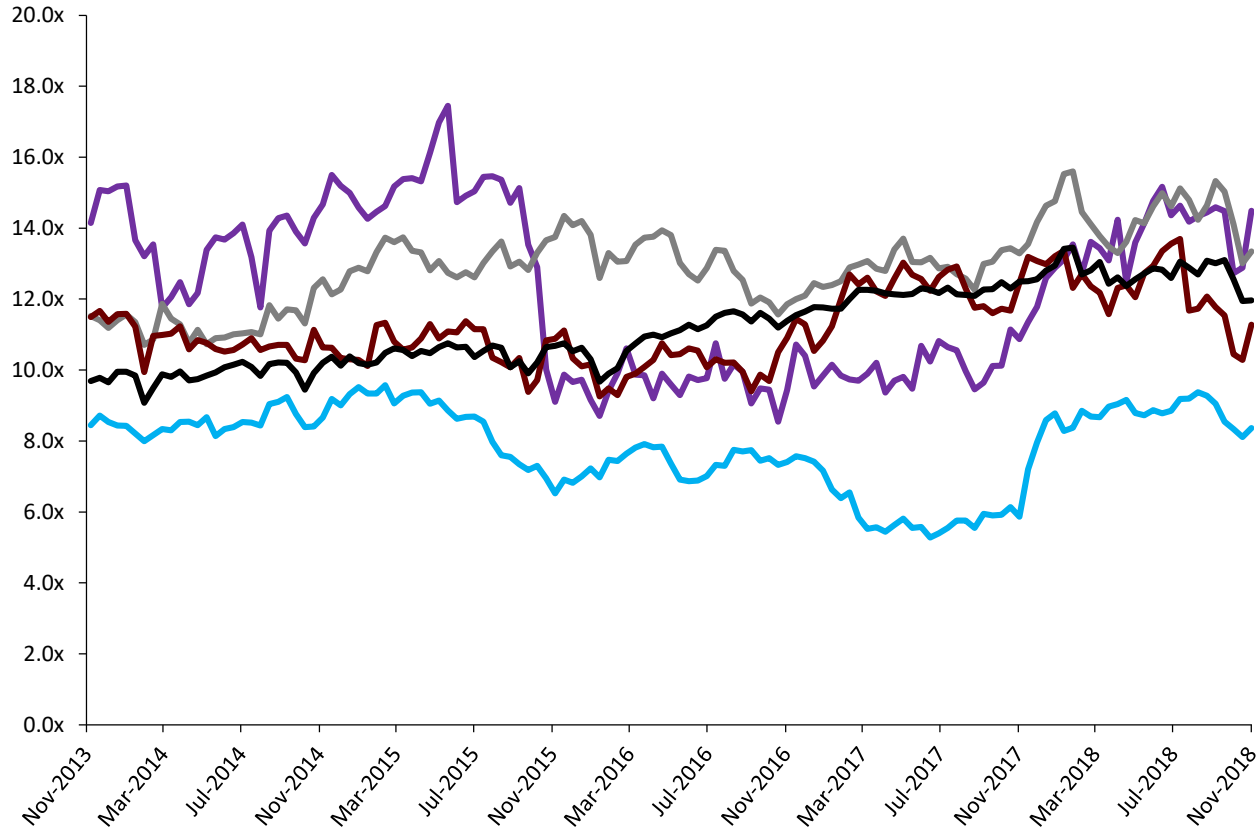
Peakstone Footwear Index
NKE, SKX, WWW, DECK
Peakstone Home Improvement Index
HD, LOW, SHW
Peakstone Leisure Products Index
HAS, MAT, PII, BC
Peakstone Retailing Index
AMZN, TGT, LOW, M, WMT, URBN

Source: Capital IQ, data as of February, 2019.
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



Footwear: 14.5x

Home Improvement: 13.3x

S&P 500: 12.0x

Leisure Products: 11.3x

Retailing: 8.4x

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

Source: Capital IQ, data as of February, 2019.
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 / Revenue	Enterprise Value / EBITDA	Enterprise Value / EBIT	Forward P/E Ratio	Gross Margin %	EBITDA Margin %
Apparel, Accessories and Luxury								
V.F. Corporation	$33,935	$36,218	2.7x	18.4x	21.5x	20.8x	51%	15%
PVH Corp.	$8,398	$11,153	1.2x	9.5x	13.3x	11.0x	55%	12%
Hanesbrands Inc.	$6,435	$9,983	1.5x	9.2x	10.5x	10.2x	40%	16%
Under Armour, Inc.	$8,917	$9,551	1.9x	29.5x	66.4x	68.6x	45%	6%
Ralph Lauren Corporation	$9,830	$8,702	1.4x	8.9x	12.3x	16.7x	62%	16%
Apparel, Accessories and Luxury Median	**$8,917**	**$9,983**	**1.5x**	**9.5x**	**13.3x**	**16.7x**	**51%**	**15%**
Automotive and Components								
Ford Motor Company	$33,375	$164,686	1.0x	14.1x	48.9x	6.9x	9%	7%
General Motors Company	$54,547	$141,505	1.0x	10.2x	16.2x	6.0x	10%	8%
Lear Corporation	$9,252	$10,036	0.5x	4.5x	5.8x	8.1x	11%	10%
BorgWarner Inc.	$7,973	$9,851	0.9x	5.5x	7.3x	8.6x	21%	16%
The Goodyear Tire & Rubber Company	$4,340	$9,508	0.6x	5.2x	8.9x	6.7x	22%	12%
Automotive and Components Median	**$9,252**	**$10,036**	**0.9x**	**5.5x**	**8.9x**	**6.9x**	**11%**	**10%**
Consumer Electronics								
Apple Inc.	$803,531	$831,834	3.2x	10.5x	12.2x	14.4x	38%	30%
Microsoft Corporation	$810,723	$768,533	6.5x	15.5x	19.8x	23.0x	65%	42%
Samsung Electronics Co., Ltd.	$265,440	$185,748	0.9x	2.5x	3.5x	9.7x	46%	34%
HP Inc.	$35,606	$35,739	0.6x	7.4x	8.3x	10.4x	18%	8%
Universal Electronics Inc.	$376	$438	0.6x	11.8x	112.8x	10.2x	21%	5%
Consumer Electronics Median	**$265,440**	**$185,748**	**0.9x**	**10.5x**	**12.2x**	**10.4x**	**38%**	**30%**
Consumer Services								
McDonald's Corporation	$134,717	$164,926	7.8x	16.2x	18.9x	21.4x	51%	48%
Carnival Corporation	$39,183	$48,543	2.6x	9.0x	14.3x	11.8x	41%	29%
YUM! Brands, Inc.	$28,914	$38,694	6.8x	20.5x	22.1x	24.8x	47%	33%
Hilton Worldwide Holdings Inc.	$21,919	$28,878	7.9x	16.0x	18.8x	24.5x	63%	49%
Aramark	$7,877	$15,014	0.9x	10.5x	17.7x	13.4x	11%	9%
Consumer Services Median	**$28,914**	**$38,694**	**6.8x**	**16.0x**	**18.8x**	**21.4x**	**47%**	**33%**

Source: Capital IQ, data as of February, 2019.

Public Trading Comparables by Sector (continued)

Select Public Trading Comparables – Group 2

($ in millions) Company Name	Market Cap	Enterprise Value	Enterprise Value / Revenue	Enterprise Value / EBITDA	Enterprise Value / EBIT	Forward P/E Ratio	Gross Margin %	EBITDA Margin %
Footwear								
NIKE, Inc.	$129,618	$129,058	3.4x	23.5x	27.3x	28.6x	44%	14%
Skechers U.S.A., Inc.	$5,043	$4,322	0.9x	7.9x	9.9x	15.3x	48%	12%
Wolverine World Wide, Inc.	$3,303	$3,744	1.7x	16.0x	18.5x	15.2x	41%	10%
Deckers Outdoor Corporation	$4,109	$3,625	1.8x	10.0x	11.4x	17.3x	51%	18%
Footwear Median	**$4,576**	**$4,033**	**1.7x**	**13.0x**	**15.0x**	**16.3x**	**46%**	**13%**
Home Improvement								
The Home Depot, Inc.	$208,443	$232,463	2.2x	13.3x	15.2x	18.2x	34%	17%
Lowe's Companies, Inc.	$78,023	$91,915	1.3x	12.1x	15.0x	16.9x	34%	11%
The Sherwin-Williams Company	$39,213	$48,401	2.8x	19.4x	25.6x	19.8x	42%	14%
Home Improvement Median	**$78,023**	**$91,915**	**2.2x**	**13.3x**	**15.2x**	**18.2x**	**34%**	**14%**
Leisure Products								
Hasbro, Inc.	$11,309	$11,831	2.6x	23.7x	35.7x	18.8x	51%	11%
Mattel, Inc.	$5,257	$7,518	1.7x	47.5x	NM	90.0x	40%	4%
Polaris Industries Inc.	$5,124	$6,925	1.1x	10.1x	14.5x	13.7x	26%	12%
Brunswick Corporation	$4,259	$5,185	1.0x	8.0x	10.4x	9.9x	26%	12%
Leisure Products Median	**$25,261**	**$30,116**	**1.9x**	**13.3x**	**15.2x**	**18.2x**	**34%**	**12%**
Retailing								
Amazon.com, Inc.	$780,138	$788,177	3.4x	28.4x	63.4x	58.3x	40%	12%
Walmart Inc.	$277,685	$337,445	0.7x	10.3x	15.2x	20.5x	25%	6%
Target Corporation	$36,988	$50,023	0.7x	7.4x	11.7x	12.7x	29%	9%
Macy's, Inc.	$7,730	$12,506	0.5x	4.7x	7.5x	6.8x	39%	10%
Urban Outfitters, Inc.	$3,326	$2,760	0.7x	5.7x	7.5x	11.1x	34%	12%
Retailing Median	**$31,124**	**$39,259**	**1.5x**	**12.7x**	**15.2x**	**18.2x**	**34%**	**12%**
Total Consumer and Retail Median	**$16,614**	**$21,946**	**1.3x**	**10.4x**	**15.0x**	**14.8x**	**40%**	**12%**

Source: Capital IQ, data as of February, 2019.

Selected Consumer & Retail Industry Transactions

Selected Consumer and Retail Transactions

Date	Target / Issuer	Transaction Size ($mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
12/10/2018	Nutrisystem, Inc. (NasdaqGS:NTRI)	$1,433	Tivity Health, Inc. (NasdaqGS:TVTY)	15.2x	Tivity Health, Inc. (NasdaqGS:TVTY) entered into a definitive agreement to acquire Nutrisystem, Inc. (NasdaqGS:NTRI) from a group of shareholders for $1.4 billion on December 9, 2018.
11/21/2018	Spring Communications Holding, Inc	$737	Prime Communications, L.P.	-	Prime Communications, L.P. entered into an equity purchase agreement to acquire Spring Communications Holding, Inc. from GameStop Corp. (NYSE:GME) for $700 million on November 21, 2018.
11/07/2018	Pure Fishing, Inc.	$1,300	Sycamore Partners	-	Sycamore Partners signed a definitive agreement to acquire Pure Fishing, Inc. from Newell Brands Inc. (NYSE:NWL) for $1.3 billion on November 7, 2018.
11/07/2018	Jostens, Inc.	$1,300	Platinum Equity, LLC	-	Platinum Equity, LLC entered into a definitive agreement to acquire Jostens, Inc. from Newell Brands Inc. (NYSE:NWL) for approximately $1.3 billion on November 7, 2018.
11/06/2018	Bojangles', Inc.	$772	The Jordan Company, L.P.; Durational Capital Management LP	11.1x	Durational Capital Management LP and The Jordan Company LP entered into a definitive agreement to acquire Bojangles' Inc. for $772 million on November 6, 2018.
11/01/2018	OneSpaWorld LLC/ Affiliated Companies	$851	Haymaker Acquisition Corp. (NasdaqCM:HYAC); OneSpaWorld Holdings Limited	-	Haymaker Acquisition Corp. (NasdaqCM:HYAC) ('Haymaker') executed a non-binding letter of intent to acquire OneSpaWorld LLC ('OneSpaWorld') and its affiliated entities from Steiner Leisure Limited ('Steiner') and its affiliates for an enterprise value of approximately $950 million on August 31, 2018.
10/15/2018	Cambium Learning Group, Inc.	$751	Veritas Capital Fund Management, LLC	24.4x	Veritas Capital Fund Management, LLC entered into a definitive merger agreement to acquire Cambium Learning Group, Inc. (NasdaqCM:ABCD) from Veronis Suhler Stevenson and other shareholders for approximately $690 million on October 12, 2018.

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
10/08/2018	Two Roads Hospitality LLC	$501	Hyatt Hotels Corporation (NYSE:H)	-	Hyatt Hotels Corporation (NYSE:H) entered into an agreement to acquire membership interest in Two Roads Hospitality LLC from Lowe Hospitality Group and CL Vie Hospitality, LLC for approximately $600 million on October 6, 2018.
09/25/2018	Sonic Corp.	$2,315	Inspire Brands, Inc.	16.0x	ARG Holding Corporation entered into a definitive agreement to acquire Sonic Corp. (NasdaqGS:SONC) Southeastern Asset Management, Inc. for $2.3 billion on September 9, 2018.
09/17/2018	Roof Systems Business of Inteva Products Inc.	$760	CIE Automotive, S.A. (BME:CIE)	-	CIE Automotive, S.A. (BME:CIE) entered into a definitive agreement to acquire roof systems business from Inteva Products, LLC for €650 million on September 17, 2018.
09/13/2018	Park Central Hotel New York and WestHouse Hotel New York and Park Central San Francisco	$715	Saddletree Capital Partners LLC	-	Saddletree Capital Partners LLC agreed to acquire Park Central Hotel New York, WestHouse Hotel New York and Park Central San Francisco from LaSalle Hotel Properties (NYSE:LHO) for approximately $720 million on August 20, 2018.
08/20/2018	Grakon Parent, Inc.	$502	Methode Electronics, Inc. (NYSE:MEI)	13.1x	Methode Electronics, Inc. (NYSE:MEI) entered into an agreement to acquire Grakon Parent, Inc. from Industrial Growth Partners and others for $420 million on August 20, 2018.
07/19/2018	Sage Automotive Interiors, Inc.	$1,060	Asahi Kasei Corporation (TSE:3407)	-	Asahi Kasei Corporation (TSE:3407) entered into a definitive agreement to acquire Sage Automotive Interiors, Inc. from Clearlake Capital Group, L.P. for $1.1 billion on July 19, 2018.
07/03/2018	Plaza LLC (USA)	$600	Katara Hospitality Ltd.	-	Katara Hospitality Ltd. acquired Plaza LLC (USA) from Sahara India Pariwar Ltd., Ashkenazy Acquisition Corporation, Kingdom Holding Company (SASE:4280) and Sant Singh Chatwal for $600 million on July 2, 2018.

Source: Capital IQ

Peakstone Momentum

Contact Us

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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