

PEAKSTONE

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E-Commerce Industry Insight











October 2017

E-Commerce M&A Update

E-Commerce continues to see strong M&A activity

For the 2017 YTD period, strategic buyers accounted for 92% of the E-Commerce M&A transactions with financial buyers making up the difference; during 2016, strategic buyers accounted for approximately 93% of the transactions

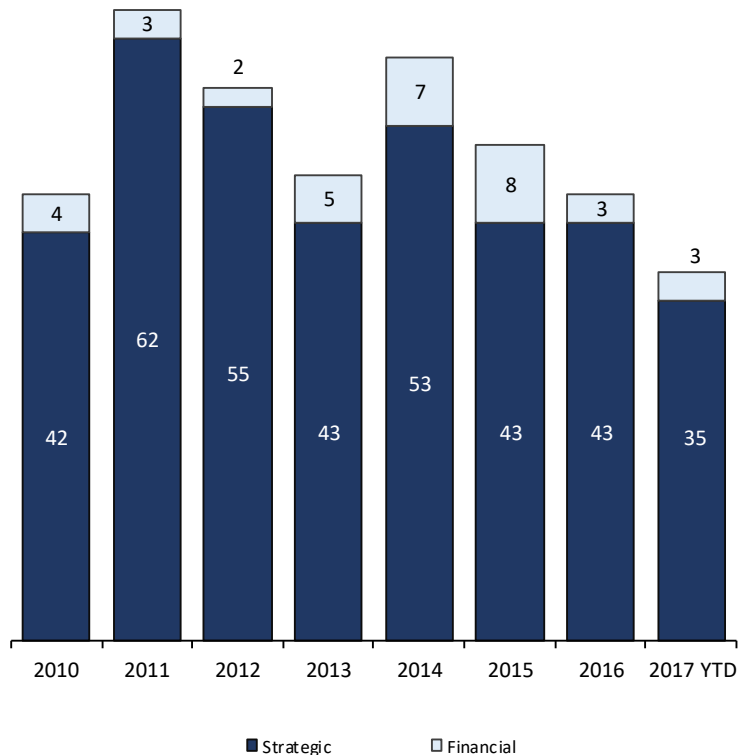
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Sep-2017	Announced		\$300 million	
Jul-2017	Announced		\$1.83 billion	
Jun-2017	Announced		\$180 million	
Apr-2017	Closed	 <i>Your Journey Starts Here</i>	\$110 million	
Nov-2016	Closed		\$190 million	

E-Commerce – M&A Market Overview

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

U.S. Number of Transactions by Buyer Type



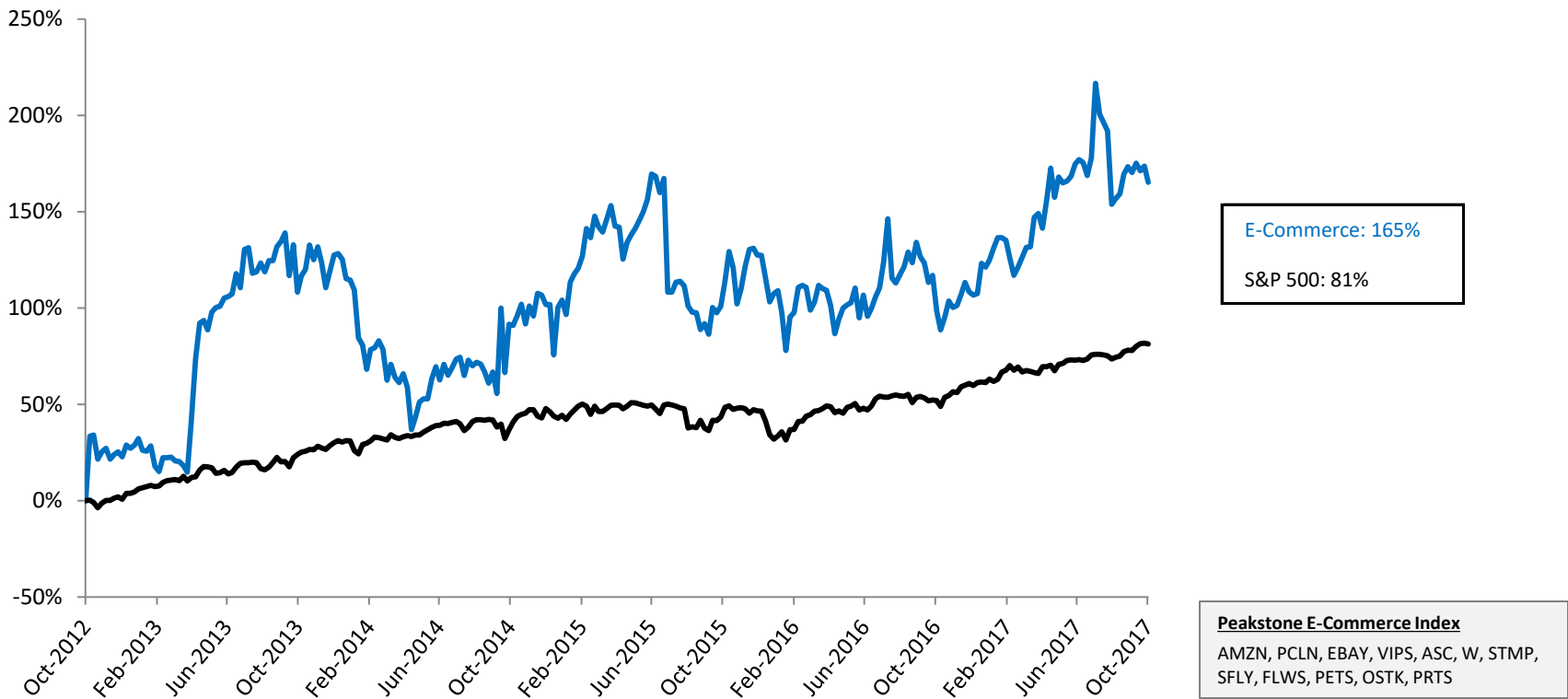
- E-Commerce continues to see strong activity
- 2017 YTD transaction volume of 38 is on pace to meet 2016 levels of 46 transactions
- Strategic buyers continue to be the most active group of buyers
- Many larger strategic players are seeking consolidation opportunities
- Strategic buyers are often buying at higher multiples than financial buyers

Source: Capital IQ, data as of 10/25/2017.

Peakstone E-Commerce Index – Trading Statistics

The E-Commerce stock index outperformed the S&P 500 over the last 5 years, while valuation trends remain above the broader market

Relative Stock Performance

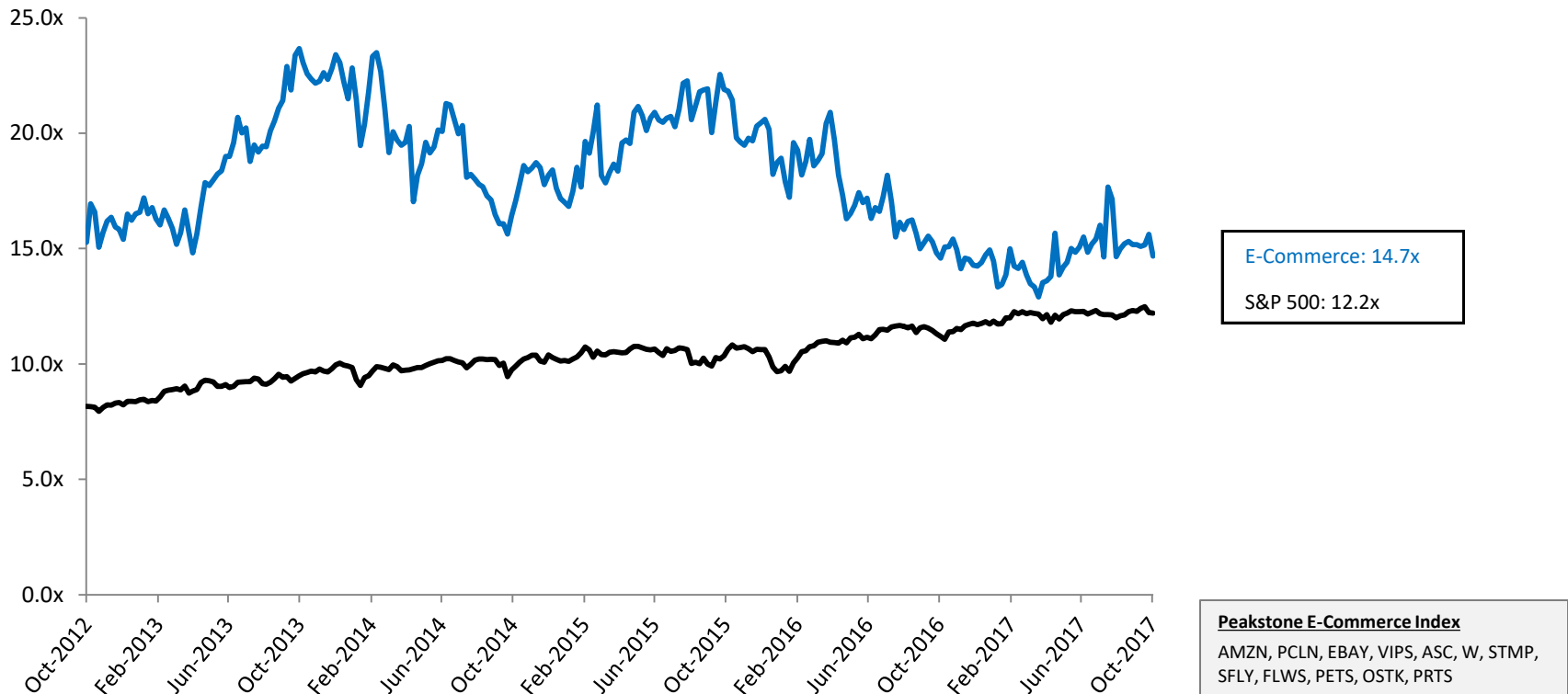


Source: Capital IQ, data as of 10/25/2017.
Note: Peakstone indexes are equally weighted.

Peakstone E-Commerce Index – Trading Statistics

The E-Commerce stock index outperformed the S&P 500 over the last 5 years, while valuation trends remain above the broader market

Comparable Valuation Trends – Enterprise Value / EBITDA



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

Selected Public Trading Comparables

Peakstone E-Commerce Index

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Amazon.com, Inc.	\$468,802	\$470,970	3.1x	38.3x	136.7x	183.5x	36%	8%
The Priceline Group Inc.	\$94,796	\$96,925	8.4x	22.3x	24.1x	24.6x	97%	38%
eBay Inc.	\$38,378	\$42,346	4.5x	14.5x	18.9x	17.0x	77%	31%
Wayfair Inc.	\$5,793	\$5,620	1.4x	NM	NM	NM	24%	-4%
Vipshop Holdings Limited	\$4,724	\$4,732	0.5x	8.2x	11.7x	10.1x	23%	6%
ASOS Plc	\$6,024	\$4,430	2.3x	47.5x	55.7x	57.7x	50%	5%
Stamps.com Inc.	\$3,884	\$3,923	9.3x	22.9x	26.1x	27.4x	83%	41%
Shutterfly, Inc.	\$1,602	\$1,791	1.5x	12.3x	29.1x	44.8x	49%	13%
Overstock.com Inc.	\$965	\$915	0.5x	NM	NM	NM	19%	0%
PetMed Express, Inc.	\$782	\$713	2.7x	14.8x	15.5x	23.0x	34%	18%
1-800-Flowers.com Inc.	\$607	\$565	0.5x	7.1x	12.2x	20.1x	44%	7%
U.S. Auto Parts Network, Inc.	\$87	\$87	0.3x	10.5x	115.4x	6.0x	30%	3%
E-Commerce Total Median	\$4,304	\$4,177	1.9x	14.7x	25.1x	23.8x	40%	7%

Source: Capital IQ; data as of 10/25/2017.

Selected Precedent M&A Transactions

Selected E-Commerce Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
09/20/2017	DineInFresh, Inc.	\$300	AB Acquisition LLC	-	AB Acquisition LLC agreed to acquire DineInFresh, Inc. (dba Plated) for \$300 million on September 20, 2017.
08/16/2017	TicketsWest.com, Inc.	\$6	Spectra Ticketing & Fan Engagement	-	Spectra Ticketing & Fan Engagement entered into an asset purchase agreement to acquire substantially all of the assets of TicketsWest.com, Inc. from Red Lion Hotels Corporation (NYSE:RLH) for \$6.0 million on August 11, 2017.
07/06/2017	HSN, Inc. (NasdaqGS:HSNI)	\$1,829	QVC Group (NasdaqGS:QVCA)	10.7x	QVC Group (NasdaqGS:QVCA) entered into a definitive agreement to acquire the remaining 61.5% stake in HSN, Inc. (NasdaqGS:HSNI) for \$1.3 billion on July 5, 2017.
06/20/2017	Newegg Inc.	\$179	Hangzhou Lianluo Interactive Information Technology Co.,Ltd (SZSE:002280)	-	Hangzhou Lianluo Interactive Information Technology Co.,Ltd (SZSE:002280) signed a letter of intent to acquire 37.8% stake in Newegg Inc. for approximately \$180 million on June 20, 2017.
06/20/2017	VoIP Supply, LLC	\$4	Sangoma Technologies Corporation (TSXV:STC)	-	Sangoma Technologies Corporation (TSXV:STC) agreed to acquire VoIP Supply LLC for CAD 5.2 million on June 20, 2017.
04/07/2017	eBags, Inc.	\$105	Samsonite LLC	-	Samsonite LLC entered into merger agreement to acquire eBags, Inc. for approximately \$110 million on April 6, 2017.
01/05/2017	Shoebuy.com, Inc.	\$70	Jet.com, Inc.	-	Jet.com, Inc. acquired Shoebuy.com, Inc. from IAC/InterActiveCorp (NasdaqGS:IAC) from \$70 million on December 30, 2016.

Source: Capital IQ.

Selected Precedent M&A Transactions (cont.)

Selected E-Commerce Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
11/22/2016	PersonalizationMall.com, Inc.	\$190	Bed Bath & Beyond Inc. (NasdaqGS:BBBY)	-	Bed Bath & Beyond Inc. (NasdaqGS:BBBY) agreed to acquire PersonalizationMall.com, Inc. for \$190 million in cash on November 21, 2016.
11/14/2016	Monoprice, Inc.	\$40	Yfc-Boneagle Electronic Tech Co., Ltd.	-	Yfc-Boneagle Electronic Technology Co., Ltd. entered into a definitive agreement to acquire Monoprice, Inc. from Blucora, Inc. (NasdaqGS:BCOR) for \$40 million in cash on November 14, 2016.
11/07/2016	Blue Nile, Inc.	\$497	Bain Capital Private Equity, LP; Bow Street, LLC	27.8x	An investor group comprising of Bain Capital Fund XI, LP managed by Bain Capital Private Equity, LP and Bow Street, LLC entered into a definitive agreement to acquire Blue Nile Inc. (NasdaqGS:NILE) for approximately \$490 million on November 6, 2016.

Source: Capital IQ.

Peakstone Selected E-Commerce Transactions



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 <p>Pepperjax Grill PANCAKE FRILLIES & MORE</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>HA LOGISTICS, INC.</p>  <p>AFN The Best Way Every Day</p> <p>M&A Advisor PEAKSTONE</p>	 <p>CYLX BISON GROUP</p> <p>M&A Advisor PEAKSTONE</p>	 <p>CLEARBROOK FARMS</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>Petstages</p>  <p>outward hound CORPORATION</p> <p>Riverside M&A Advisor PEAKSTONE</p>	 <p>ABC RENTS.COM</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>simply color lab</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>Ashford</p>  <p>Financial Advisor PEAKSTONE</p>
 <p>ACQUIRE AUTOMATION</p>  <p>RED OAK GROWTH PARTNERS</p> <p>M&A Advisor PEAKSTONE</p>	 <p>ANDERSON MACHINING SERVICE Established in Precision CNC Machining</p>  <p>BASIN HOLDINGS</p> <p>M&A Advisor PEAKSTONE</p>	 <p>TECHNOMIC</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>GLEN OAK LUMBER & MILLING</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>HAZEN transport group</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>REALTRUCK PICKUP VAN SUV ACCESSORIES</p>  <p>THI America's Best Selling Truck Accessories</p>  <p>M&A Advisor PEAKSTONE</p>	 <p>COMFORT.COM UNMATCHED EXPERTISE</p>  <p>FERGUSON POWER EQUIPMENT DIRECT</p> <p>M&A Advisor PEAKSTONE</p>	 <p>DURO TRAIL AIDING</p>  <p>H2 HILEX</p>  <p>M&A Advisor PEAKSTONE</p>

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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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