

PEAKSTONE

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Home Décor
Industry Insight












October 2017

Home Décor M&A Update

Home Décor continues to see strong M&A activity

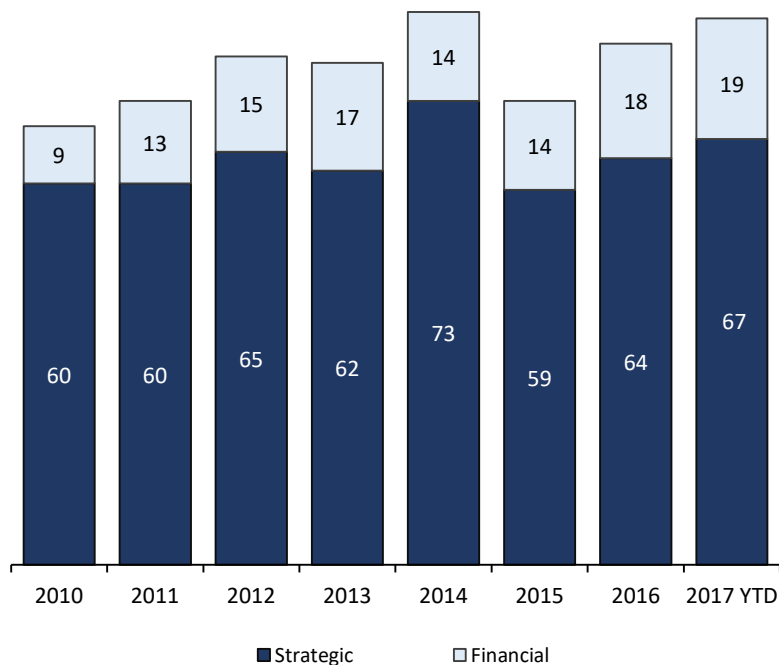
For the 2017 YTD period, strategic buyers accounted for 78% of the Home Décor M&A transactions with financial buyers making up the difference; during 2016, strategic buyers also accounted for approximately 78% of the transactions

Select Recent Notable Publicly Announced M&A Transactions

| Date | Status | Target | Transaction Size | Buyer |
|----------|-----------|---|------------------|---|
| Jun-2017 | Announced |  | \$1.2 billion |  |
| Mar-2017 | Announced |  | \$380 million |  |
| Jan-2017 | Closed |  | \$780 million |  |
| Oct-2016 | Closed |     | \$1.95 billion |  |
| Aug-2016 | Closed |  | \$2.98 billion |  |

Home Décor – M&A Market Overview

U.S. Number of Transactions by Buyer Type



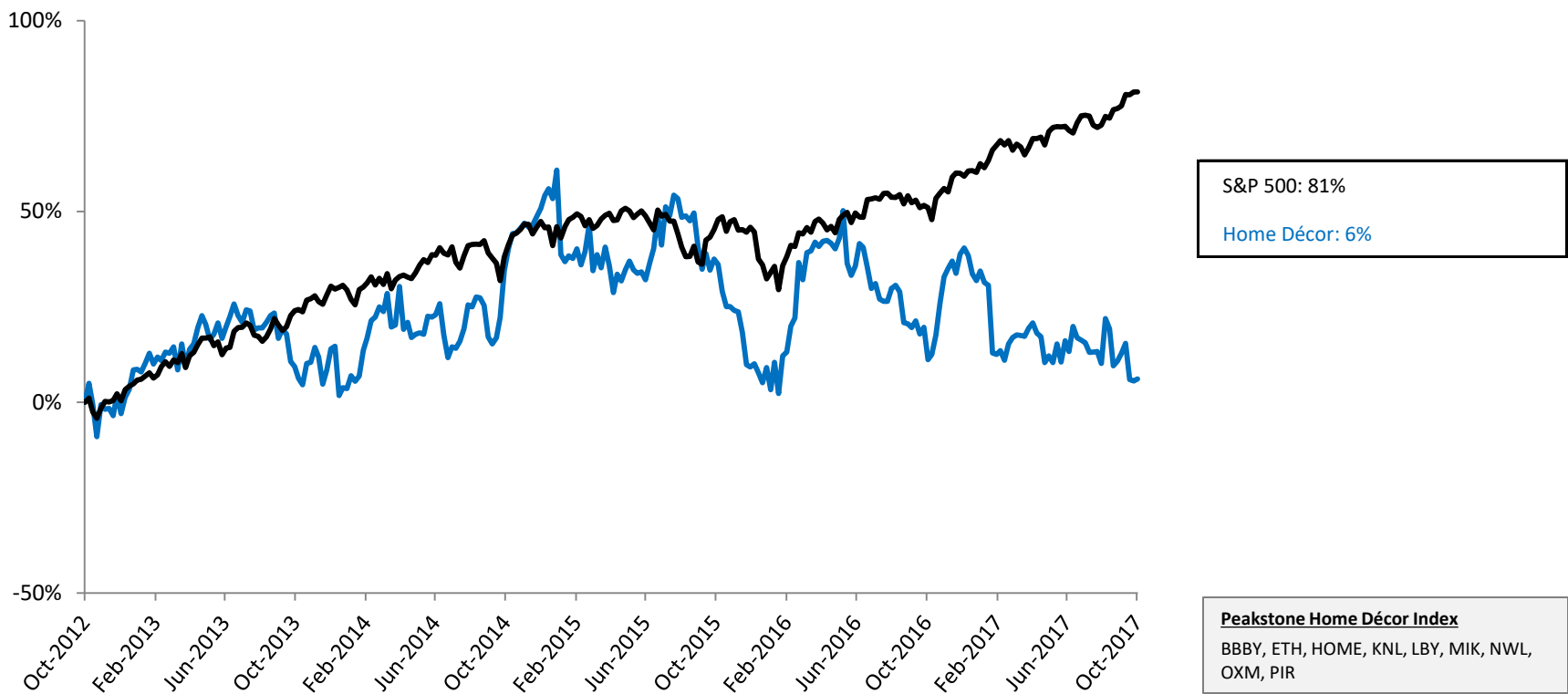
- Home Décor M&A continues to see strong activity
- 2017 YTD transaction volume of 86 already exceeds 2016 levels of 82 transactions
- Strategic buyers continue to be the most active group of buyers
- Many larger strategic players are seeking consolidation opportunities
- Strategic buyers are often buying at higher multiples than financial buyers

Source: Capital IQ.

Peakstone Home Décor Index – Trading Statistics

The Home Décor stock index has performed in line with the S&P 500 over the last 3 years, while valuation trends have seen a slight decrease

Relative Stock Performance

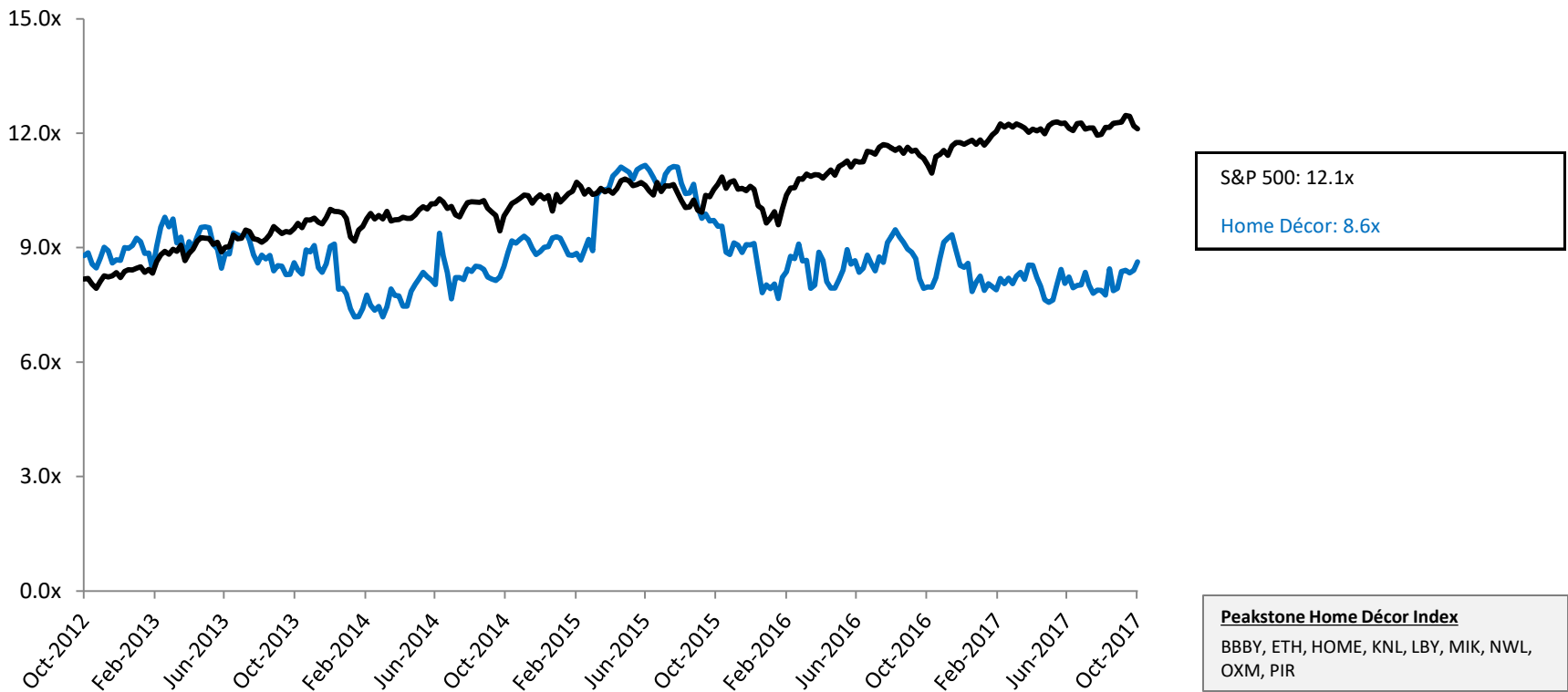


Source: Capital IQ, data as of 10/26/2017.

Peakstone Home Décor Index – Trading Statistics

The Home Décor stock index has performed in line with the S&P 500 over the last 3 years, while valuation trends have seen a slight decrease

Comparable Valuation Trends – Enterprise Value / EBITDA



Source: Capital IQ, data as of 10/26/2017.

Selected Public Trading Comparables

Peakstone Home Décor Index

(\$ in millions)

| Company Name | Market Cap | Enterprise Value | Enterprise Value / | | | Forward P/E Ratio | Gross Margin % | EBITDA Margin % |
|------------------------------|----------------|------------------|--------------------|-------------|--------------|-------------------|----------------|-----------------|
| | | | Revenue | EBITDA | EBIT | | | |
| Home Décor | | | | | | | | |
| Newell Brands Inc. | \$19,741 | \$30,389 | 2.0x | 11.5x | 14.9x | 12.7x | 36% | 17% |
| The Michaels Companies, Inc. | \$3,806 | \$6,497 | 1.2x | 8.1x | 9.1x | 9.5x | 39% | 15% |
| Bed Bath & Beyond Inc. | \$3,001 | \$4,029 | 0.3x | 3.2x | 4.1x | 7.1x | 37% | 10% |
| At Home Group Inc. | \$1,277 | \$1,757 | 2.1x | 13.9x | 20.4x | 25.7x | 32% | 15% |
| Knoll, Inc. | \$1,063 | \$1,276 | 1.2x | 9.2x | 11.3x | 14.0x | 37% | 12% |
| Oxford Industries, Inc. | \$1,102 | \$1,134 | 1.1x | 8.6x | 12.7x | 17.1x | 57% | 13% |
| Ethan Allen Interiors Inc. | \$852 | \$800 | 1.1x | 11.2x | 15.6x | 18.1x | 55% | 9% |
| Libbey Inc. | \$218 | \$587 | 0.8x | 7.8x | 19.7x | 10.1x | 19% | 10% |
| Pier 1 Imports, Inc. | \$366 | \$532 | 0.3x | 4.2x | 8.0x | 10.8x | 38% | 7% |
| Home Décor Median | \$1,102 | \$1,276 | 1.1x | 8.6x | 12.7x | 12.7x | 37% | 12% |

Source: Capital IQ, data as of 10/26/2017.

Selected Precedent M&A Transactions

Selected Home Décor Transactions

| Date | Target / Issuer | Transaction Size (\$mm) | Buyers / Investors | EV / EBITDA | Transaction Comments |
|------------|------------------------------------|-------------------------|--|-------------|---|
| 09/20/2017 | Beaulieu Group LLC | \$90 | Engineered Floors LLC | - | Engineered Floors LLC reached a letter of intent agreement to acquire substantially all of the operating assets of Beaulieu Group LLC for \$90 million on September 20, 2017. |
| 09/07/2017 | Chesapeake Bay Candle Company, LLC | \$75 | Newell Brands Inc. (NYSE:NWL) | - | Newell Brands Inc. (NYSE:NWL) entered into a definitive agreement to acquire Chesapeake Bay Candle from Pacific Trade International, Inc. for \$75 million on September 7, 2017. |
| 07/28/2017 | SEI/Aaron's, Inc. | \$140 | Aaron's, Inc. (NYSE:AAN) | - | Aaron's, Inc. (NYSE:AAN) acquired substantially all of the assets of SEI/Aaron's, Inc. for approximately \$140 million on July 28, 2017. The consideration will be paid in cash. The transaction will be financed with cash-on-hand. |
| 06/28/2017 | Milestone AV Technologies, LLC | \$1,200 | Legrand North America, Inc. | 9.0x | Legrand North America, Inc. signed a definitive agreement to acquire Milestone AV Technologies, LLC for an enterprise value of \$1.2 billion on June 28, 2017. |
| 05/04/2017 | Deny Designs Inc. | \$12 | Leaf Group Ltd. (NYSE:LFGR) | - | Leaf Group Ltd. (NYSE:LFGR) acquired the assets of Deny Designs from Dustin Nyhus for \$12.2 million on May 1, 2017. |
| 05/03/2017 | Arrow Fastener Company, LLC | \$125 | Hangzhou Great Star Industrial Co., Ltd. (SZSE:002444) | - | Hangzhou Great Star Industrial Co., Ltd. (SZSE:002444) signed an agreement to acquire Arrow Fastener Company, LLC from Masco Corporation (NYSE:MAS) for approximately \$130 million on May 3, 2017. |
| 03/22/2017 | American Furniture Alliance, Inc | \$0 | World Furniture Group | - | World Furniture Group agreed to acquire remaining 20% stake in American Furniture Alliance Inc. for \$0.1 million on March 22, 2017. Post transaction, World Furniture Group will hold 100% stake in American Furniture Alliance Inc. |

Source: Capital IQ.

Selected Precedent M&A Transactions (cont.)

Selected Home Décor Transactions

| Date | Target / Issuer | Transaction Size (\$mm) | Buyers / Investors | EV / EBITDA | Transaction Comments |
|------------|--|-------------------------|--|-------------|---|
| 03/13/2017 | Lifetime Brands, Inc. (NasdaqGS:LCUT) | \$377 | Mill Road Capital LP | 8.9x | Mill Road Capital made an offer to acquire remaining 89.9% stake in Lifetime Brands, Inc. (NasdaqGS:LCUT) for approximately \$270 million in cash on March 13, 2017. |
| 02/28/2017 | Seven Stores | \$12 | - | - | An Arizona based real estate investment trust agreed to acquire seven stores from Aaron's, Inc. (NYSE:AAN) for \$11.5 million on February 28, 2017. The seven stores were located in Colorado, Nevada, Oregon, Utah and Wyoming. |
| 02/16/2017 | Kohler Interiors Group, Ltd. | \$30 | Samson Holding Ltd. (SEHK:531) | - | Samson Holding Ltd. (SEHK:531) entered into the stock purchase agreement to acquire Kohler Interiors Group, Ltd. from Kohler Co., Inc. for \$29.5 million on February 15, 2017. |
| 02/06/2017 | Anova Applied Electronics, Inc. | \$250 | AB Electrolux (publ) (OM:ELUX B) | - | AB Electrolux (publ) (OM:ELUX B) entered into an agreement to acquire Anova Applied Electronics, Inc. from Anova Industries, Inc. and others for \$250 million on February 6, 2017. |
| 02/01/2017 | Chef Central Of Hartsdale, Inc. | \$2 | Bed Bath & Beyond Inc. (NasdaqGS:BBBY) | - | Bed Bath & Beyond Inc. (NasdaqGS:BBBY) acquired substantially all assets of Chef Central Of Hartsdale, Inc. from Ron Eisenberg for \$2.3 million on January 27, 2017. |
| 01/05/2017 | Sears Holdings Corporation, Craftsman | \$775 | Stanley Black & Decker, Inc. (NYSE:SWK) | - | Stanley Black & Decker, Inc. (NYSE:SWK) signed a definitive agreement to acquire Craftsman Brand from Sears Holdings Corporation (NasdaqGS:SHLD) for approximately \$780 million on January 5, 2017. |
| 12/12/2016 | Smith Mountain Industries, Inc. | \$100 | Newell Brands Inc. (NYSE:NWL) | - | Newell Brands Inc. (NYSE:NWL) entered into a definitive agreement to acquire Smith Mountain Industries, Inc. from Strength Capital for \$100 million on December 12, 2016. The acquisition will be funded from cash on hand at the time of closing. |

Source: Capital IQ.

Selected Precedent M&A Transactions (cont.)

Selected Home Décor Transactions

| Date | Target / Issuer | Transaction Size (\$mm) | Buyers / Investors | EV / EBITDA | Transaction Comments |
|------------|--|-------------------------|--|-------------|--|
| 10/12/2016 | Newell Brands Inc., Tool Business including Irwin, Hilmor and Lenox Brands | \$1,950 | Stanley Black & Decker, Inc. (NYSE:SWK) | 13.0x | Stanley Black & Decker, Inc. (NYSE:SWK) entered into definitive agreement to acquire tools business, including the Irwin, Lenox and Hilmor brands from Newell Brands Inc. (NYSE:NWL) for \$2 billion in cash on October 12, 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. The transaction price is net of acquired estimated future tax benefits of \$29 million. |
| 09/01/2016 | Camp Chef, Inc. | \$74 | Vista Outdoor Inc. (NYSE:VSTO) | - | Vista Outdoor Inc. (NYSE:VSTO) acquired Camp Chef, Inc. for \$74 million on September 1, 2016. |
| 08/08/2016 | Aquasana, Inc. | \$87 | A. O. Smith Corporation (NYSE:AOS) | - | AO Smith Corp. (NYSE:AOS) acquired Aquasana, Inc. from L Catterton for \$87 million in cash on August 8, 2016. AO Smith acquired Aquasana on a debt and cash-free basis. |
| 08/08/2016 | AquiSense Technologies LLC | \$9 | Nikkiso America, Inc. | - | Nikkiso America, Inc. agreed to acquire AquiSense Technologies LLC from Oliver Lawal and 18 other shareholders for \$9.3 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. |
| 07/21/2016 | PPG Industries, Inc., Flat Glass facilities in US and Canada and PPG Canada Inc. (Calgary) | \$750 | Vitro, S.A.B. de C.V. (BMV:VITRO A) | - | Vitro, S.A.B. de C.V. (BMV:VITRO A) entered into a definitive agreement to acquire Flat Glass facilities in US and Canada and PPG Canada Inc. (Calgary) from PPG Industries, Inc. (NYSE:PPG) for \$750 million in cash on July 20, 2016. |

Source: Capital IQ.

Peakstone Momentum

| | | | | | | | |
|---|---|--|--|--|--|--|--|
|  <p>MARKET FRESH PRODUCE</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>LABRIOLA EST. 1988 ARTISAN SEASON</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>SOUTHERN IMPERIAL</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>Fairrington For Full Impact Logistics</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>LG Medical Technologies, Inc.</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>AutoAccessories // GARAGE</p> <p>M&A Advisor PEAKSTONE</p> |  <p>Automotive Assurance Group</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>TSI ServiceLogic Building Efficiency and Sustainability</p> <p>M&A Advisor PEAKSTONE</p> |
|  <p>Alden & Ott PRINTING PLUS</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>The Service Center</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>NitroFill</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>Persio</p>  <p>M&A Advisor PEAKSTONE</p> |  <p>ITEMMASTER Every brand. Everywhere.</p> <p>Financial Advisor PEAKSTONE</p> |  <p>Brett EQUIPMENT</p> <p>SOGID Capital M&A Advisor PEAKSTONE</p> |  <p>IUPF Services Integrated Lending, Servicing & Default Solutions</p>  <p>Financing Advisor PEAKSTONE</p> |  <p>Rosenberg & Associates</p>  <p>Financial Advisor PEAKSTONE</p> |
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|  <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 TRAILER BOX SUV ACCESSORIES</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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