

PEAKSTONE

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Consumer & Retail
Industry Insight

August 2018

Consumer & Retail M&A Update

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

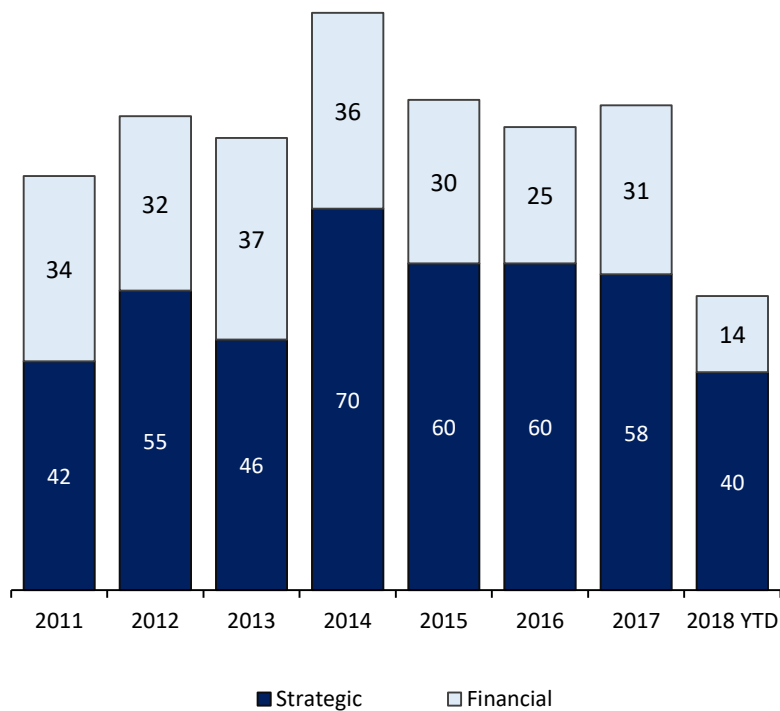
For 2018 YTD, strategic buyers accounted for 74% of Consumer and Retail M&A transactions. During 2017, strategic buyers accounted for 65% of the transactions.

Select Recent Notable Publicly Announced M&A Transactions				
Date	Status	Target	Transaction Size	Buyer
Jun-2018	Announced		\$1.31 billion	
Apr-2018	Announced		\$5.82 billion	
Apr-2018	Announced		\$5.40 billion	
Mar-2018	Announced		\$3.00 billion	
Jan-2018	Closed		Undisclosed	
Jan-2018	Announced		\$12.92 billion	

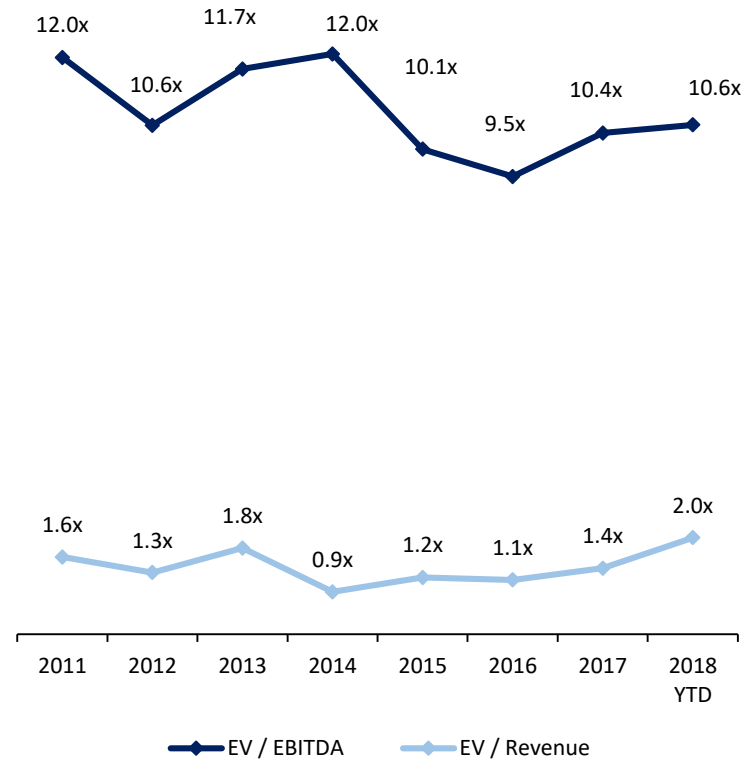
U.S. Consumer & Retail Industry – M&A Market Overview

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

U.S. Consumer & Retail Transactions by Buyer Type



U.S. Consumer & Retail Transaction Multiples



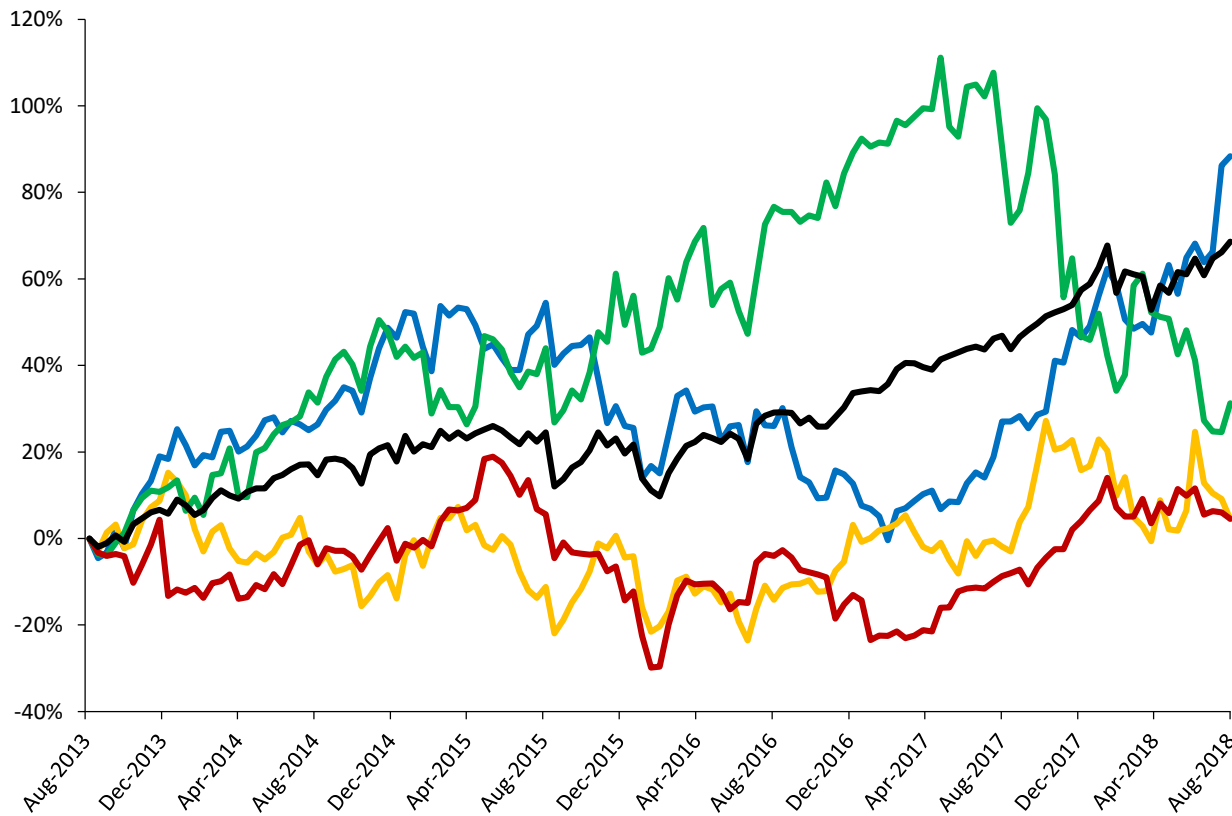
Source: Capital IQ.

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: 88%
S&P 500: 69%
Consumer Electronics: 31%
Consumer Services: 5%
Automotive and Components: 4%

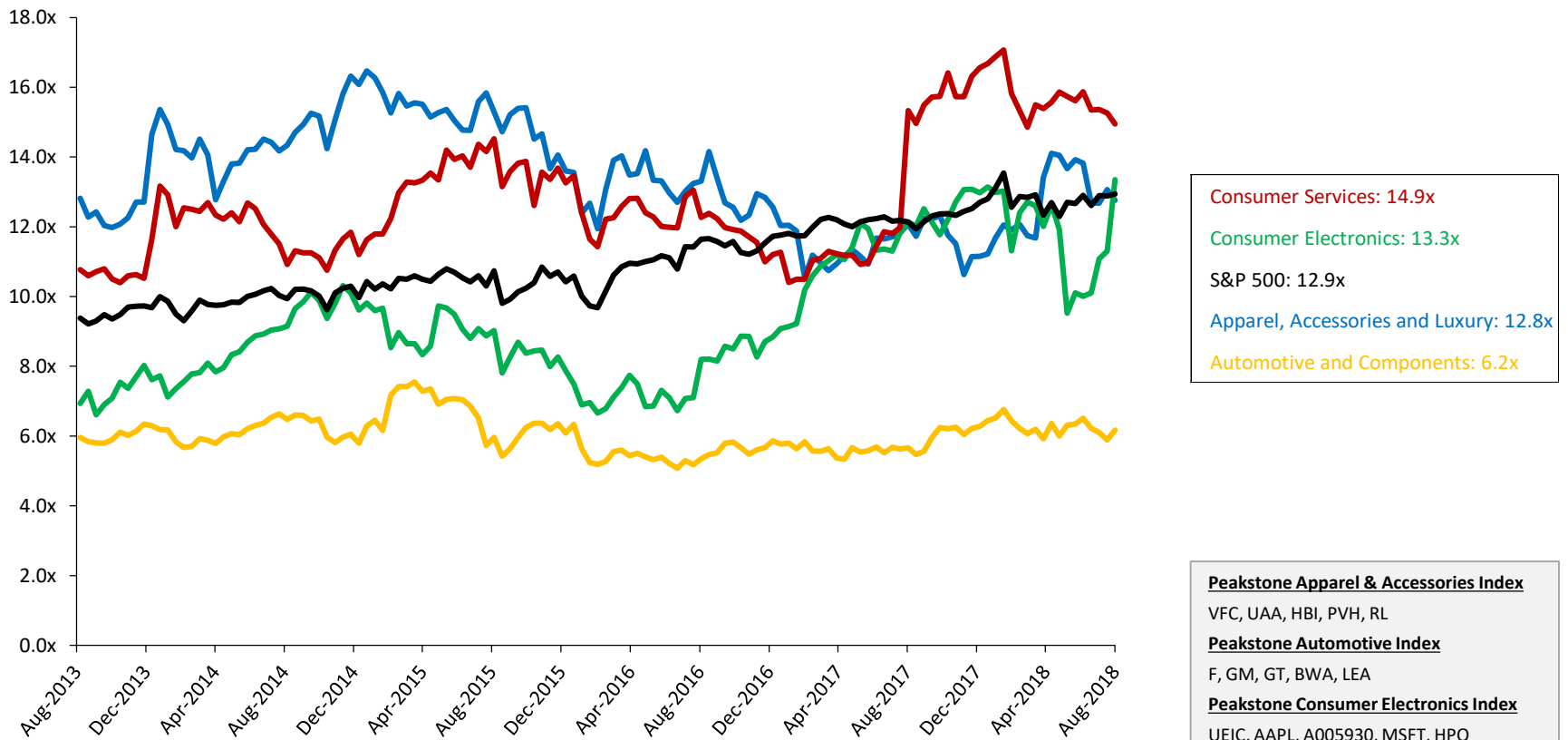
Peakstone Apparel & Accessories Index
VFC, UAA, HBI, PVH, RL
Peakstone Automotive Index
F, GM, GT, BWA, LEA
Peakstone Consumer Electronics Index
UEIC, AAPL, A005930, MSFT, HPQ
Peakstone Consumer Services Index
MCD, HLT, CCL, YUM, ARMK

Source: Capital IQ, data as of August, 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: 14.9x
 Consumer Electronics: 13.3x
 S&P 500: 12.9x
 Apparel, Accessories and Luxury: 12.8x
 Automotive and Components: 6.2x

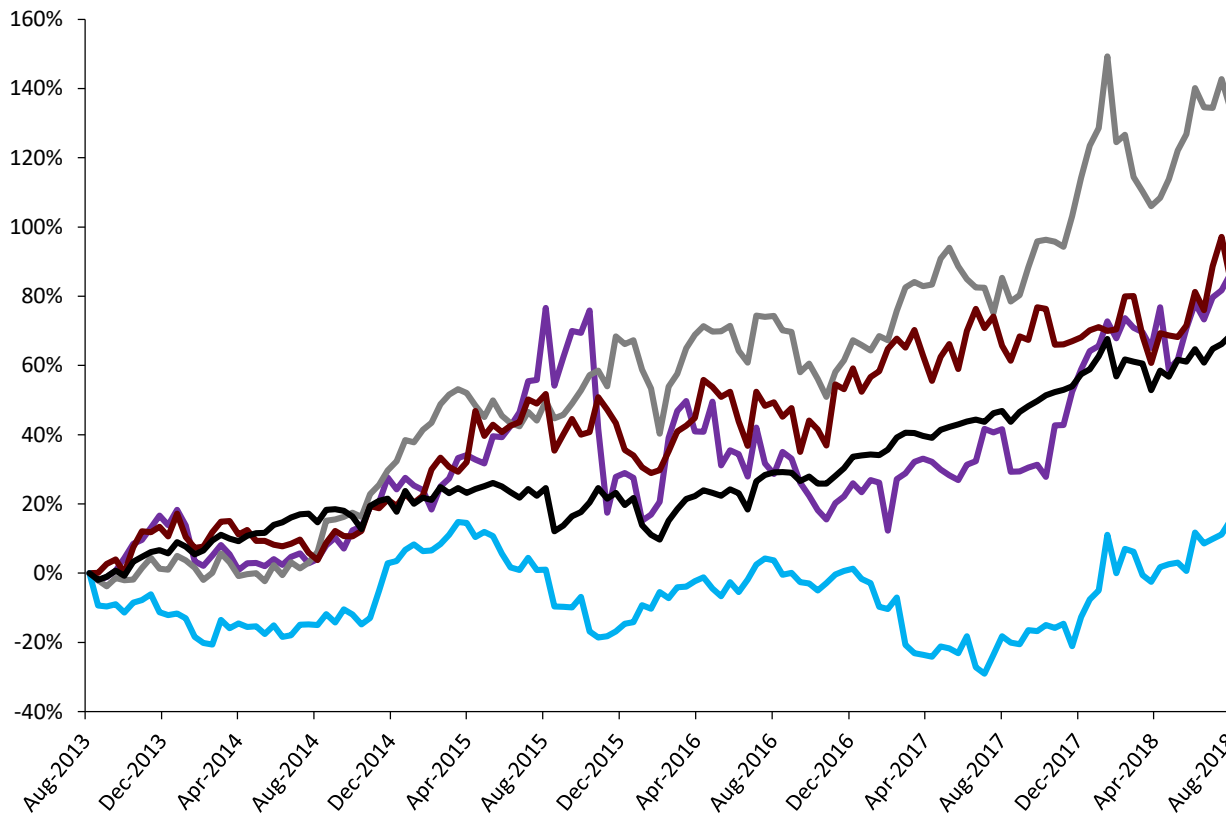
Peakstone Apparel & Accessories Index
 VFC, UAA, HBI, PVH, RL
Peakstone Automotive Index
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Peakstone Consumer Electronics Index
 UEIC, AAPL, A005930, MSFT, HPQ
Peakstone Consumer Services Index
 MCD, HLT, CCL, YUM, ARMK

Source: Capital IQ, data as of August, 2018.
 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: 134%
Footwear: 86%
Leisure Products: 85%
S&P 500: 69%
Retailing: 15%

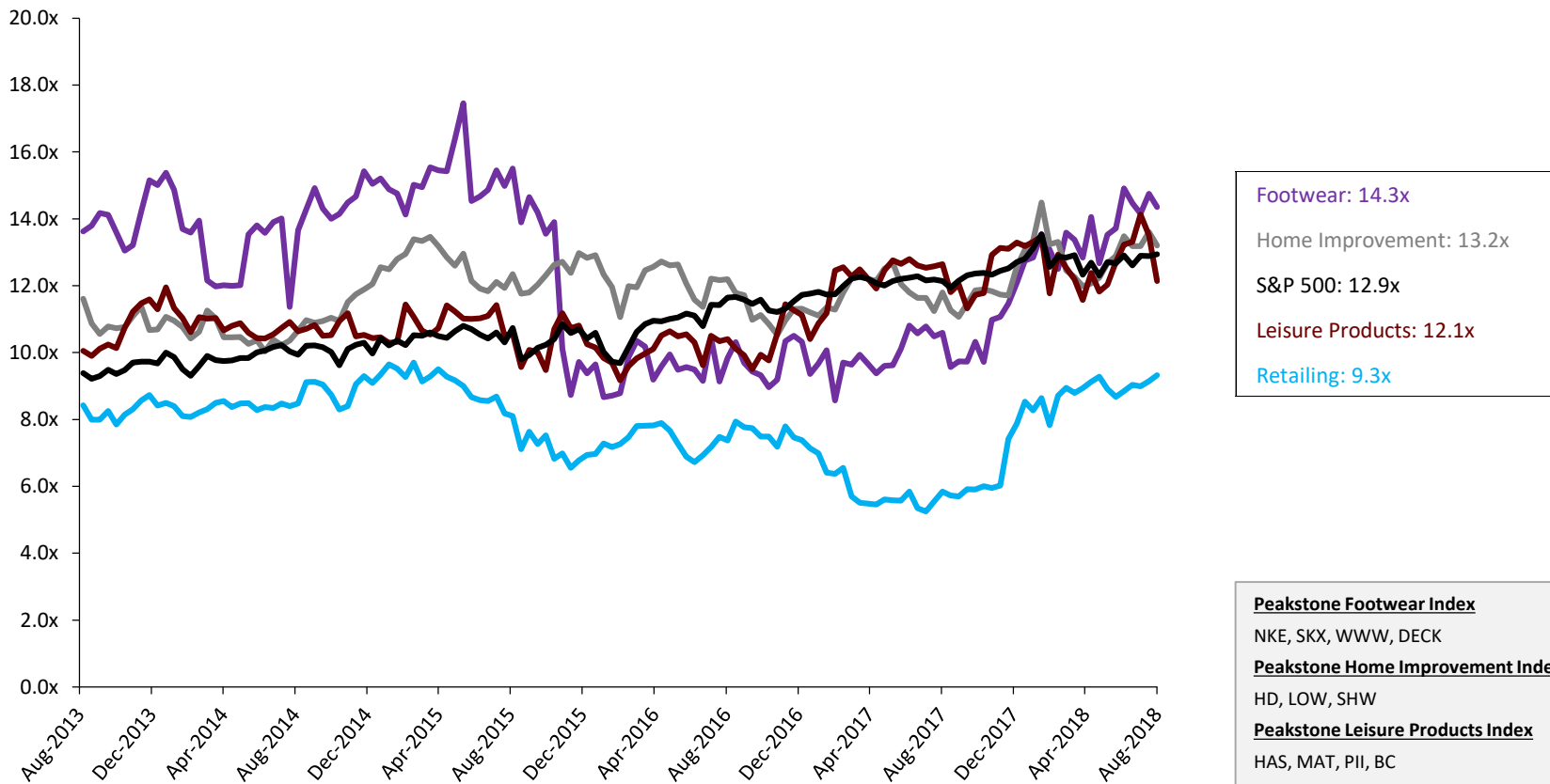
Peakstone Footwear Index
NKE, SKX, WWW, DECK
Peakstone Home Improvement Index
HD, LOW, SHW
Peakstone Leisure Products Index
HAS, MAT, PII, BC
Peakstone Retailing Index
AMZN, TGT, LOW, M, WMT, URBN

Source: Capital IQ, data as of August, 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



Footwear: 14.3x
Home Improvement: 13.2x
S&P 500: 12.9x
Leisure Products: 12.1x
Retailing: 9.3x

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 August, 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	\$36,464	\$39,476	3.1x	23.3x	28.2x	24.9x	51%	13%
PVH Corp.	\$11,628	\$14,461	1.6x	12.8x	18.0x	16.0x	55%	12%
Hanesbrands Inc.	\$6,478	\$10,579	1.6x	10.2x	11.6x	9.9x	39%	16%
Ralph Lauren Corporation	\$10,576	\$9,143	1.5x	9.6x	13.5x	19.5x	61%	15%
Under Armour, Inc.	\$8,465	\$9,047	1.8x	27.5x	61.5x	79.7x	45%	6%
Apparel, Accessories and Luxury Median	\$10,576	\$10,579	1.6x	12.8x	18.0x	19.5x	51%	13%
Automotive and Components								
Ford Motor Company	\$40,017	\$167,876	1.1x	11.4x	26.4x	7.2x	10%	9%
General Motors Company	\$53,233	\$136,959	0.9x	6.2x	13.5x	6.4x	12%	14%
Lear Corporation	\$11,710	\$12,633	0.6x	5.5x	6.8x	9.0x	12%	11%
The Goodyear Tire & Rubber Company	\$5,838	\$11,417	0.7x	5.7x	9.4x	7.6x	23%	13%
BorgWarner Inc.	\$9,464	\$11,369	1.1x	6.3x	8.3x	9.7x	22%	17%
Automotive and Components Median	\$11,710	\$12,633	0.9x	6.2x	9.4x	7.6x	12%	13%
Consumer Electronics								
Apple Inc.	\$1,004,576	\$1,048,206	4.1x	13.3x	15.4x	15.8x	38%	31%
Microsoft Corporation	\$828,474	\$782,313	7.1x	17.4x	22.3x	25.3x	65%	41%
Samsung Electronics Co., Ltd.	\$270,430	\$208,664	1.0x	2.8x	3.9x	6.2x	47%	34%
HP Inc.	\$37,589	\$38,393	0.7x	8.3x	9.1x	11.3x	18%	8%
Universal Electronics Inc.	\$626	\$678	1.0x	15.5x	58.3x	13.4x	23%	6%
Consumer Electronics Median	\$270,430	\$208,664	1.0x	13.3x	15.4x	13.4x	38%	31%
Consumer Services								
McDonald's Corporation	\$121,188	\$150,567	7.0x	14.9x	17.4x	20.0x	50%	46%
Carnival Corporation	\$41,723	\$50,549	2.8x	9.4x	14.7x	13.5x	42%	29%
YUM! Brands, Inc.	\$26,113	\$35,466	6.2x	17.9x	19.8x	23.4x	47%	34%
Hilton Worldwide Holdings Inc.	\$23,312	\$30,469	8.4x	17.3x	20.4x	26.7x	62%	49%
Aramark	\$9,437	\$17,084	1.1x	13.0x	21.6x	16.2x	11%	9%
Consumer Services Median	\$26,113	\$35,466	6.2x	14.9x	19.8x	20.0x	47%	34%

Source: Capital IQ, data as of August, 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.	\$126,028	\$124,593	3.4x	23.9x	28.0x	29.6x	44%	14%
Wolverine World Wide, Inc.	\$3,403	\$3,824	1.7x	18.0x	21.6x	17.0x	40%	9%
Skechers U.S.A., Inc.	\$4,478	\$3,816	0.9x	7.5x	9.5x	15.3x	48%	11%
Deckers Outdoor Corporation	\$3,498	\$3,112	1.6x	10.7x	12.9x	18.0x	49%	15%
Footwear Median	\$3,988	\$3,820	1.6x	14.3x	17.2x	17.5x	46%	13%
Home Improvement								
The Home Depot, Inc.	\$225,679	\$247,873	2.4x	14.8x	16.8x	20.4x	34%	16%
Lowe's Companies, Inc.	\$79,681	\$93,755	1.4x	11.6x	14.4x	17.5x	34%	12%
The Sherwin-Williams Company	\$41,139	\$51,359	3.0x	18.5x	24.3x	21.3x	43%	16%
Home Improvement Median	\$79,681	\$93,755	2.4x	14.8x	16.8x	20.4x	34%	16%
Leisure Products								
Hasbro, Inc.	\$12,634	\$13,165	2.6x	15.6x	19.4x	20.2x	52%	16%
Mattel, Inc.	\$5,486	\$8,185	1.7x	NM	NM	NM	35%	-4%
Polaris Industries Inc.	\$6,895	\$7,826	1.4x	12.1x	17.5x	16.0x	27%	12%
Brunswick Corporation	\$5,517	\$5,517	1.2x	9.6x	11.8x	13.0x	27%	12%
Leisure Products Median	\$26,887	\$32,262	2.1x	14.8x	16.8x	20.2x	34%	14%
Retailing								
Amazon.com, Inc.	\$889,294	\$908,033	4.4x	44.0x	122.9x	89.2x	39%	10%
Walmart Inc.	\$264,396	\$305,892	0.6x	9.3x	13.8x	18.4x	25%	6%
Target Corporation	\$43,424	\$55,921	0.8x	8.2x	13.0x	15.2x	29%	9%
Macy's, Inc.	\$11,933	\$16,264	0.6x	6.2x	10.0x	10.1x	39%	10%
Urban Outfitters, Inc.	\$4,866	\$4,385	1.2x	10.2x	14.4x	17.3x	33%	12%
Retailing Median	\$34,013	\$41,811	1.5x	12.1x	16.8x	18.4x	34%	12%
Total Consumer and Retail Median	\$17,973	\$23,777	1.5x	11.6x	15.4x	16.2x	39%	13%

Source: Capital IQ, data as of August, 2018.

Selected Consumer & Retail Industry Transactions

Selected Consumer and Retail Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
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.
07/02/2018	Perry Ellis International, Inc. (NasdaqGS:PERY)	\$605	Randa Corporation	10.1x	Randa Corporation made a non-binding, unsolicited proposal to acquire Perry Ellis International, Inc. (NasdaqGS:PERY) for approximately \$450 million on July 1, 2018.
06/27/2018	North American Licensing Business of Global Brands Group Holding Limited	\$1,380	Differential Brands Group Inc. (NasdaqCM:DFBG)	-	Differential Brands Group Inc. (NasdaqCM:DFBG) entered into a definitive purchase agreement to acquire majority of North American licensing business of Global Brands Group Holding Limited (SEHK:787) for \$1.4 billion on June 27, 2018.
06/12/2018	Rent-A-Center, Inc. (NasdaqGS:RCII)	\$1,383	Vintage Capital Management, LLC	21.9x	Vintage Capital Management, LLC ('Vintage') made an offer to acquire remaining 94.04% stake in Rent-A-Center, Inc. (NasdaqGS:RCII) from Engaged Capital, LLC, Marcato Capital Management, LLC and other shareholders.
06/05/2018	Rawlings Sporting Goods Company, Inc.	\$395	Seidler Equity Partners; Major League Baseball Enterprises, Inc.	-	A fund managed by Seidler Equity Partners and Major League Baseball Enterprises, Inc. signed a definitive agreement to acquire Rawlings Sporting Goods Company, Inc. from Newell Brands Inc. (NYSE:NWL) for approximately \$400 million on June 5, 2018.
05/30/2018	Boat Holdings, LLC	\$825	Polaris Sales Inc.	11.0x	Polaris Sales Inc. signed a definitive agreement to acquire Boat Holdings, LLC from Vogel family, management and Balmoral Funds LLC for approximately \$830 million on May 29, 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
05/29/2018	Real Property and Operations of Empire City Casino at Yonkers Raceway	\$900	MGM Resorts International (NYSE:MGM)	12.9x	MGM Resorts International (NYSE:MGM) entered into an agreement to acquire real property and operations of Empire City Casino at Yonkers Raceway for approximately \$900 million on May 28, 2018.
05/23/2018	Relish Labs LLC	\$700	The Kroger Co. (NYSE:KR)	-	The Kroger Co. (NYSE:KR) entered into a merger agreement to acquire Relish Labs LLC from L Catterton and other shareholders for \$700 million on May 23, 2018.
05/01/2018	Saban Brands Voyagers And SCG Characters And SCG Luna And Scg Power Rangers And Treehouse Detectives	\$522	Hasbro, Inc. (NasdaqGS:HAS)	-	Hasbro, Inc. NasdaqGS:HAS) entered into an agreement to acquire Saban Brands Voyagers LLC, SCG Characters LLC, SCG Luna Petunia LLC, Scg Power Rangers Llc and Treehouse Detectives LLC from Saban Properties LLC for approximately \$520 million on April 27, 2018.
04/30/2018	ILG, Inc. (NasdaqGS:ILG)	\$5,824	Marriott Vacations Worldwide Corporation (NYSE:VAC)	19.2x	Marriott Vacations Worldwide Corporation (NYSE:VAC) ("MVW") entered into a definitive agreement to acquire ILG Inc. (NasdaqGS:ILG) from Liberty USA Holdings LLC and other shareholders for \$4.7 billion on April 30, 2018.
04/25/2018	University of St. Augustine for Health Sciences, LLC	\$400	Altas Partners LP	-	Altas Partners LP entered into a membership interest purchase agreement to acquire University of St. Augustine for Health Sciences, LLC ("USAHS") from Exeter Street Holdings, LLC for \$400 million on April 24, 2018.
04/23/2018	MSR Resort Lodging Tenant, LLC	\$403	Blackstone Real Estate Advisors	-	Blackstone Real Estate Advisors acquired MSR Resort Lodging Tenant, LLC from GIC Pte. Ltd. for approximately \$400 million on April 20, 2018. MSR Resort Lodging Tenant is part of Hilton's Waldorf Astoria collection and will remain a Hilton hotel.
04/16/2018	General Assembly Space, Inc.	\$413	Adecco Group AG (SWX:ADEN)	-	Adecco Group AG (SWX:ADEN) signed a definitive agreement to acquire General Assembly Space, Inc. for an enterprise value of approximately \$410 million on April 16, 2018.

Source: Capital IQ

Peakstone Momentum

  M&A Advisor PEAKSTONE	 Strategic Investor Financial Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE
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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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