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E-Commerce Industry Insight











February 2019

E-Commerce M&A Update

E-Commerce continues to see strong M&A activity

Through 2018, strategic buyers accounted for 88% of the E-Commerce M&A transactions with financial buyers making up the difference; during 2017, strategic buyers accounted for approximately 92% of the transactions

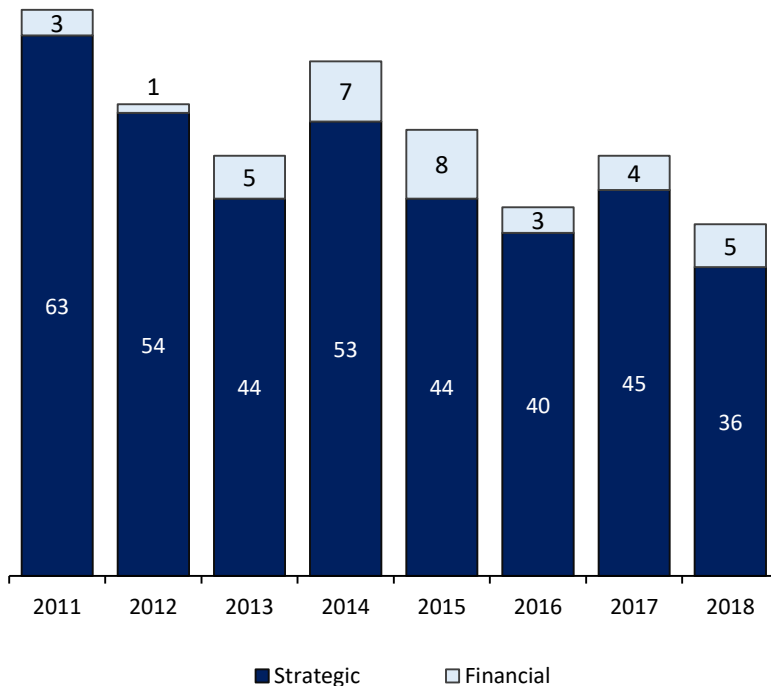
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Dec-2018	Announced		\$1,433 million	
Aug-2018	Announced		\$1,829 million	
Jul-2018	Announced		\$179 million	
Mar-2018	Announced		\$989 million	
Jan-2018	Announced		\$65 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



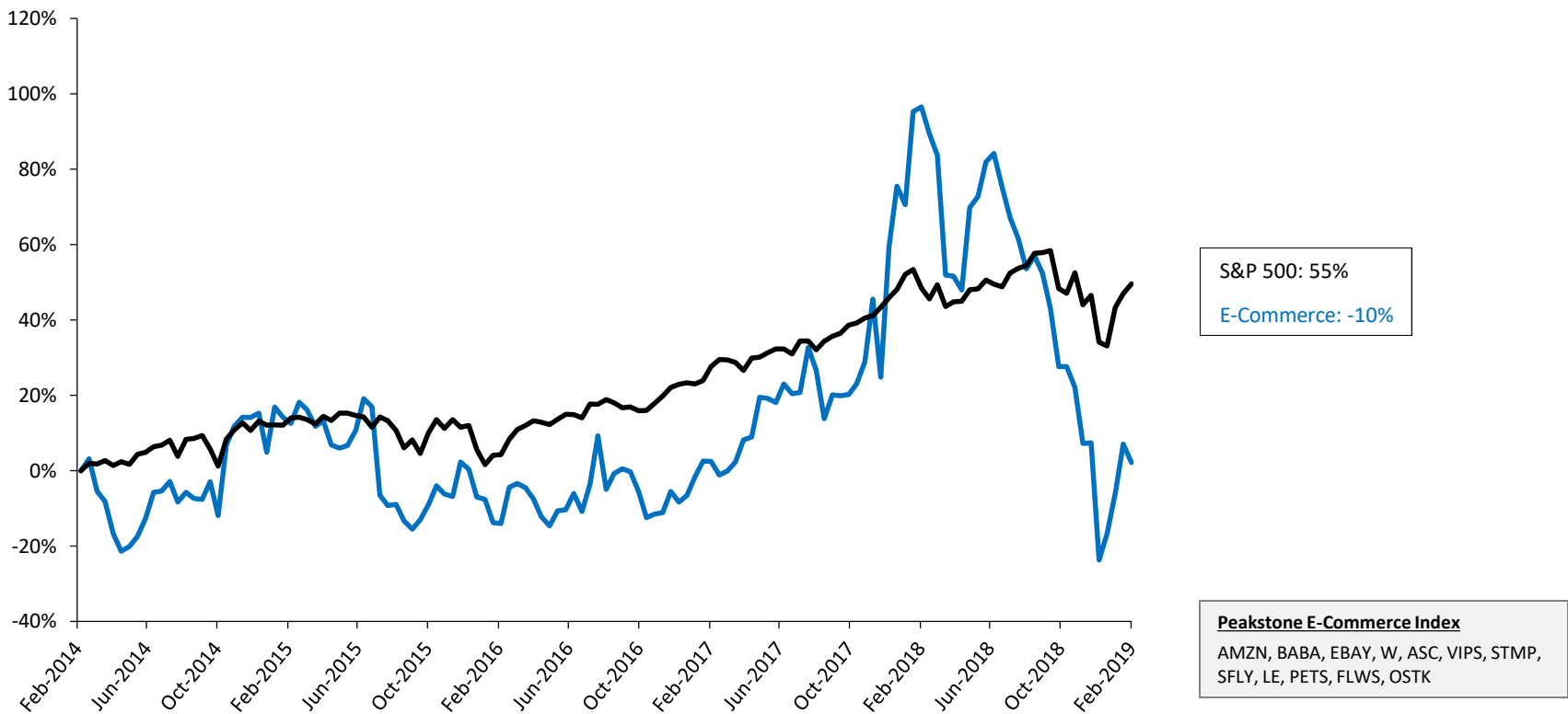
- E-Commerce continues to see strong activity though slightly below 2017 activity
- There were 41 transactions in total in 2018
- Strategic buyers continue to be the most active group of buyers
- Many larger strategic players are seeking consolidation opportunities
- Strategic buyers are often buying at higher multiples than financial buyers

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

Peakstone E-Commerce Index – Trading Statistics

The E-Commerce stock index underperformed the S&P 500 over the last 5 years and the index was hit harder in early 2018 and October 2018 than the broader market as a whole

Relative Stock Performance

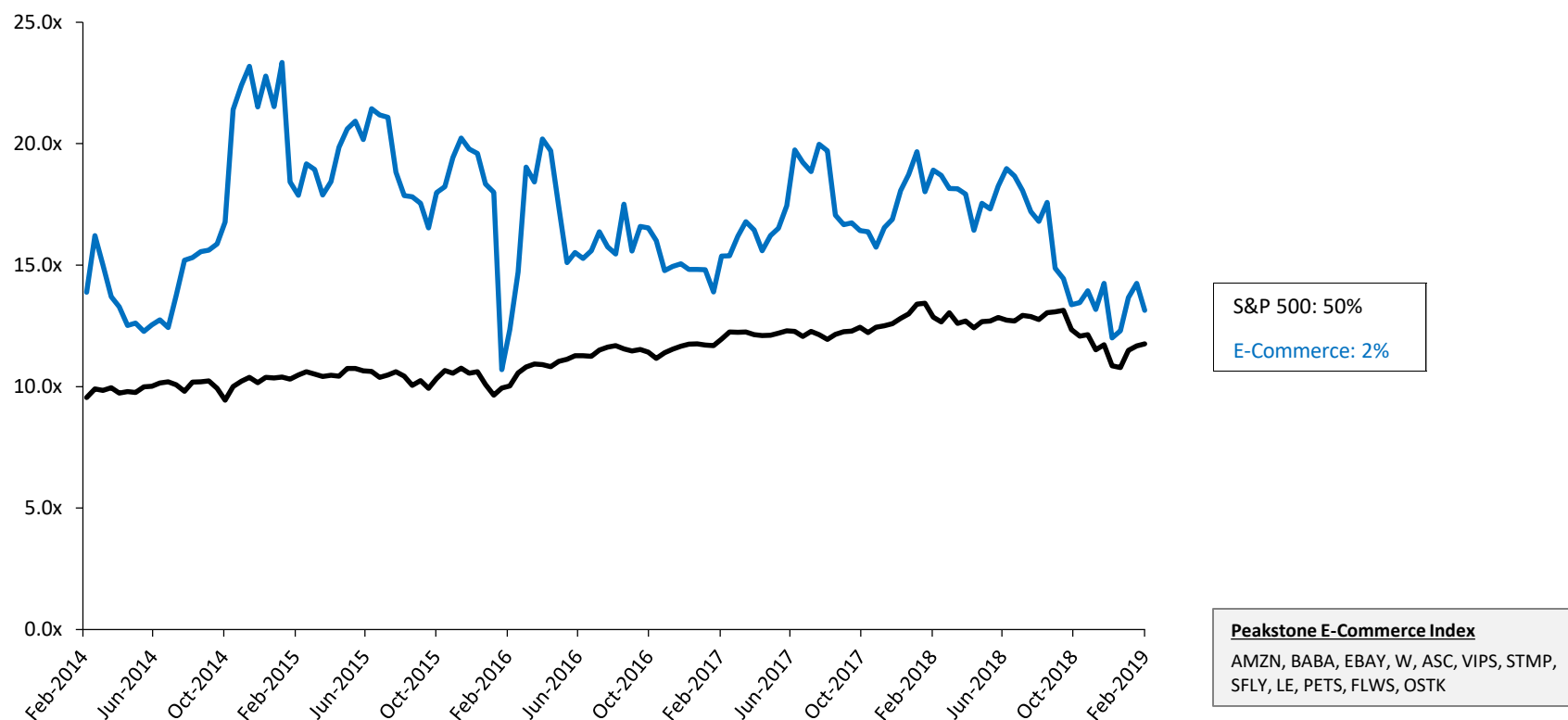


Source: Capital IQ, data as of February, 2019.
Note: Peakstone indexes are equally weighted.

Peakstone E-Commerce Index – Trading Statistics

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

Comparable Valuation Trends – Enterprise Value / EBITDA



Source: Capital IQ, data as of February, 2019.
Note: Peakstone indexes are equally weighted.

Selected Public Trading Comparables

Peakstone E-Commerce Index

(\$ in millions)

Company Name	Cap	Value	Revenue	EBITDA	EBIT	P/E Ratio	Margin %	Margin %
E-Commerce								
Amazon.com, Inc.	\$805,573	\$813,612	3.5x	29.3x	65.5x	60.3x	40%	12%
Alibaba Group Holding Limited	\$439,115	\$444,276	8.8x	34.4x	50.2x	27.8x	48%	26%
eBay Inc.	\$33,174	\$37,500	3.5x	12.5x	16.2x	13.6x	78%	28%
Wayfair Inc.	\$10,820	\$10,832	1.7x	NM	NM	NM	23%	-5%
Vipshop Holdings Limited	\$4,747	\$4,653	0.4x	9.4x	14.0x	10.8x	20%	4%
Stamps.com Inc.	\$3,575	\$3,578	6.5x	16.4x	18.2x	19.0x	80%	40%
ASOS Plc	\$3,098	\$3,044	1.0x	20.0x	23.4x	50.7x	51%	5%
Shutterfly, Inc.	\$1,561	\$2,110	1.1x	7.1x	14.4x	62.5x	52%	15%
Lands' End, Inc.	\$572	\$955	0.7x	13.8x	22.2x	208.9x	42%	5%
1-800-FLOWERS.COM, Inc.	\$1,085	\$926	0.8x	11.5x	18.8x	31.7x	42%	7%
Overstock.com, Inc.	\$601	\$510	0.3x	NM	NM	NM	20%	-9%
PetMed Express, Inc.	\$480	\$386	1.4x	7.1x	7.4x	12.0x	35%	19%
E-Commerce Median	\$3,337	\$3,311	1.2x	13.1x	18.5x	29.8x	42%	9%
Total E-Commerce Median	\$3,337	\$3,311	1.2x	13.1x	18.5x	29.8x	42%	9%

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

Selected Precedent M&A Transactions

Selected E-Commerce 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.
09/28/2018	CafePress Inc.	\$27	Snapfish, LLC	-	Snapfish, LLC entered into an agreement and plan of merger to acquire CafePress Inc. (NasdaqGS:PRSS) from certain directors and management of CafePress Inc. and other shareholders for \$26.7 million on September 28, 2018.
12/20/2017	Healthy Directions, LLC	\$71	Direct Digital LLC	-	Direct Digital LLC acquired Healthy Directions, LLC from Helen of Troy Limited (NasdaqGS:HELE) for \$71 million on December 20, 2017.
10/05/2017	LuckyVitamin Corporation	\$7	TSG Consumer Partners	-	TSG Consumer Partners and Sam Wolf, founder and Chief Executive Officer of LuckyVitamin Corporation ("LuckyVitamin"), acquired LuckyVitamin from GNC Holdings, Inc. (NYSE:GNC) for \$7.1 million on September 30, 2017.
09/20/2017	DineInFresh, Inc.	\$300	AB Acquisition LLC	-	AB Acquisition LLC agreed to acquire DineInFresh, Inc. for \$300 million on September 20, 2017. DineInFresh will operate as a wholly-owned subsidiary of AB Acquisition.
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.	\$1,829	Qurate Retail Group, Inc. (NasdaqGS:QRTE.A)	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.

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

Selected Precedent M&A Transactions (cont.)

Selected E-Commerce Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
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. Hangzhou Lianluo Interactive Information Technology Co.
04/18/2017	Chewy, Inc.	\$3,400	PetSmart, Inc.	-	PetSmart, Inc. signed a definitive agreement to acquire Chewy, Inc. from Greenspring Associates, Inc., Volition Capital LLC, CDIB Capital Investment I Limited and others on April 18, 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. The consideration is subject to subsequent customary adjustments for working capital, transaction expenses and net debt.
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.
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. The purchase price is subject to certain closing adjustments. The transaction is funded using cash on hand.
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. Yfc-Boneagle will acquire 100 shares of Monoprice.
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, L.P. managed by Bain Capital Private Equity, LP and Bow Street, LLC entered into a definitive agreement to acquire Blue Nile Inc.

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

Peakstone Selected E-Commerce Transactions

 <p>REALTRUCK.com PICKUP CAR SUV ACCESSORIES</p> <p>THI America's Best Selling Truck Accessories</p> <p>TA Associates</p> <p>E-Commerce M&A Advisor</p> <p>PEAKSTONE</p>	 <p>COMFORT.com UNMATCHED EXPERTISE</p> <p>PED POWER EQUIPMENT DIRECT</p> <p>FERGUSON</p> <p>E-Commerce M&A Advisor</p> <p>PEAKSTONE</p>	 <p>Ashford</p> <p>Alliance Time A DIVISION OF MONY OF AMERICA</p> <p>Bank of America</p> <p>Monroe Capital Innovative Capital Creating Value</p> <p>WELLS FARGO</p> <p>E-Commerce Financial Advisor</p> <p>PEAKSTONE</p>	 <p>Ashford</p> <p>PRUDENTIAL CAPITAL GROUP</p> <p>RELATIONSHIPS CAPITAL CONSISTENCY</p> <p>E-Commerce Financial Advisor</p> <p>PEAKSTONE</p>
 <p>bjj WAREHOUSE</p> <p>E-Commerce Strategic Advisor</p> <p>PEAKSTONE</p>	 <p>MMA WAREHOUSE</p> <p>MMA OUTLET.COM</p> <p>E-Commerce M&A Advisor</p> <p>PEAKSTONE</p>	 <p>artizone</p> <p>Peapod</p> <p>E-Commerce M&A Advisor</p> <p>PEAKSTONE</p>	 <p>MMA WAREHOUSE</p> <p>PAG Capital</p> <p>E-Commerce M&A Advisor & Principal</p> <p>PEAKSTONE</p>

Peakstone Momentum

  M&A Advisor PEAKSTONE	 <small>Every Mattress Needs Protection™</small>   M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 Strategic Investor 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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