

PEAKSTONE

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E-Commerce Industry Insight











August 2019

E-Commerce M&A Update

E-Commerce continues to see strong M&A activity

Through 2019 YTD, strategic buyers accounted for 92% of the E-Commerce M&A transactions while financial buyers making up the difference. During 2018, strategic buyers accounted for approximately 88% of the transactions.

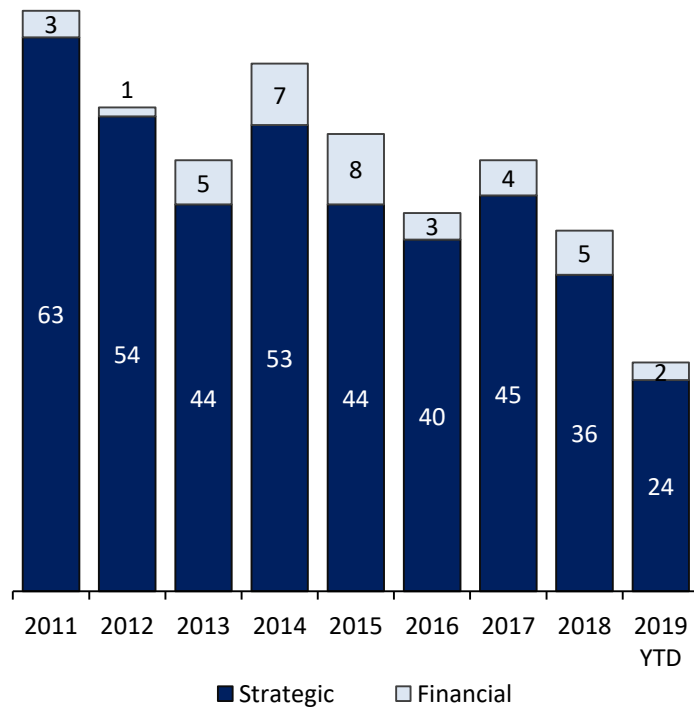
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Jul-2019	Announced		\$275 million	
Apr-2019	Announced		\$21 million	
Feb-2019	Announced		\$22. billion	
Dec-2018	Announced		\$1.4 billion	
Sep-2018	Closed		\$26. million	

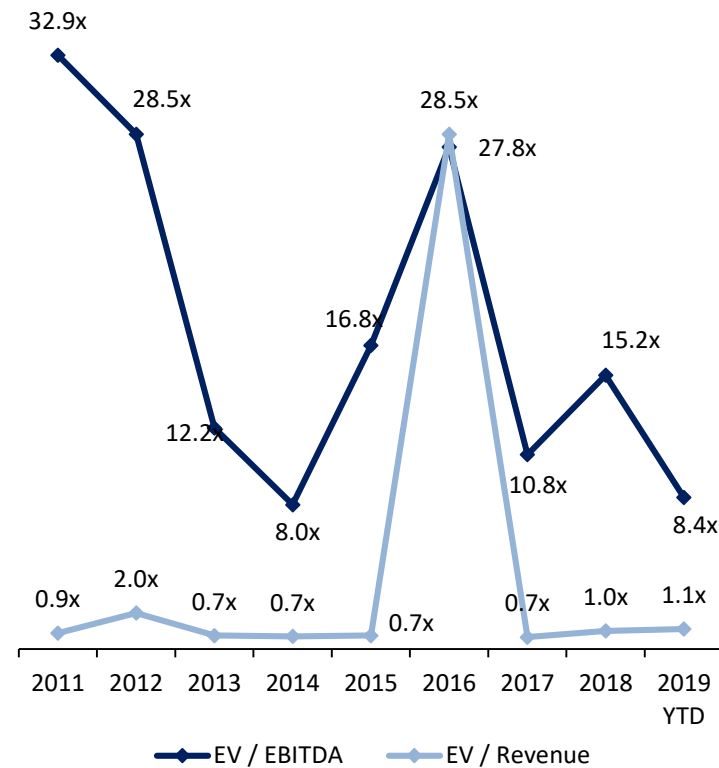
E-Commerce – M&A Market Overview

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

U.S. Number of Transactions by Buyer Type



U.S. E-Commerce Transaction Multiples

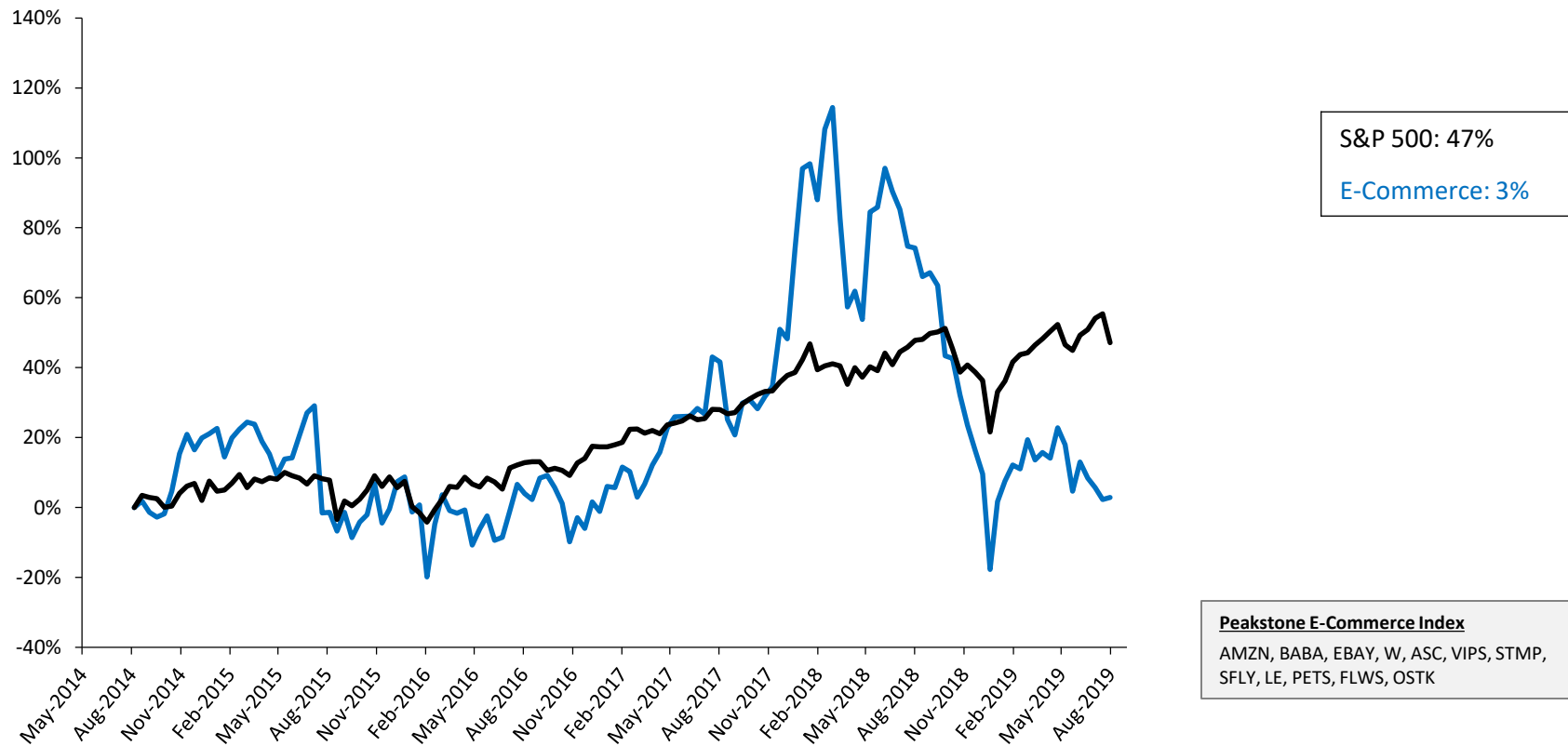


Source: Capital IQ, data as of August 2019

Peakstone E-Commerce Index – Trading Statistics

The E-Commerce stock index outperformed the S&P 500 over the last 5 years in general and the index was hit harder in late 2018 than the broader market as whole

Relative Stock Performance



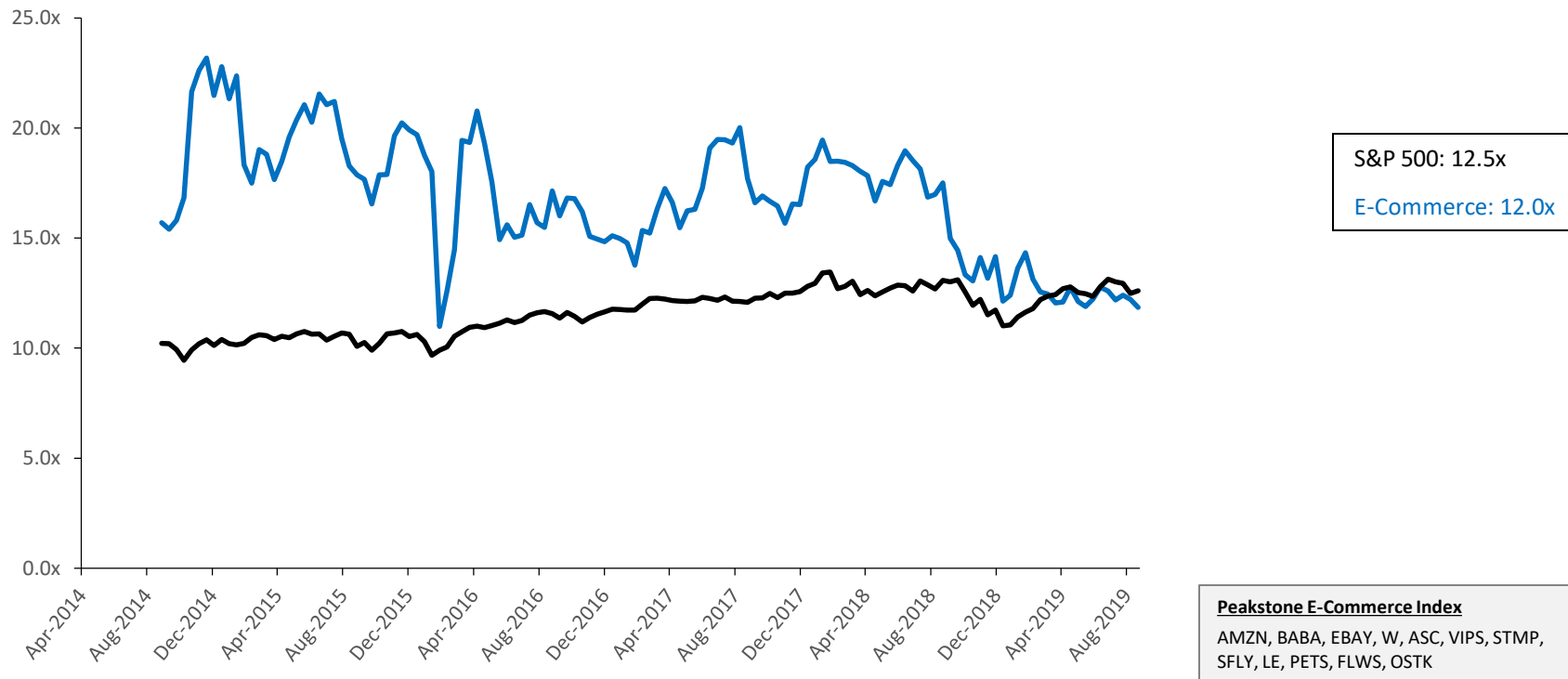
Source: Capital IQ, data as of August 2019
Note: Peakstone indexes are equally weighted

Peakstone E-Commerce Index
AMZN, BABA, EBAY, W, ASC, VIPS, STMP,
SFLY, LE, PETS, FLWS, OSTK

Peakstone E-Commerce Index – Trading Statistics

The E-Commerce stock index outperformed the S&P 500 over the last 5 years and valuation trends remain above the broader market until early this year

Comparable Valuation Trends – Enterprise Value / EBITDA



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

Selected Public Trading Comparables

Peakstone E-Commerce Index

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
E-Commerce								
Amazon.com, Inc.	\$873,132	\$903,283	3.6x	27.3x	60.2x	65.9x	41%	13%
Alibaba Group Holding Limited	400,091	407,162	7.3x	27.6x	44.0x	23.4x	46%	26%
eBay Inc.	32,552	38,073	3.5x	12.1x	15.5x	13.3x	77%	29%
Wayfair Inc.	11,374	12,176	1.5x	NM	NM	NM	24%	-7%
Vipshop Holdings Limited	4,392	3,746	0.3x	7.7x	10.0x	9.2x	20%	4%
Shutterfly, Inc.	1,747	2,614	1.3x	12.1x	32.3x	70.5x	50%	10%
ASOS Plc	2,545	2,591	0.8x	21.1x	27.8x	51.3x	51%	4%
1-800-FLOWERS.COM, Inc.	1,230	1,119	0.9x	14.4x	23.8x	34.0x	42%	6%
Overstock.com, Inc.	762	762	0.4x	NM	NM	NM	19%	-10%
Stamps.com Inc.	769	753	1.3x	3.8x	4.4x	12.8x	76%	33%
Lands' End, Inc.	313	693	0.5x	10.8x	19.6x	23.6x	43%	5%
PetMed Express, Inc.	319	235	0.9x	6.1x	6.4x	14.0x	32%	14%
E-Commerce Median	\$2,146	\$2,602	1.1x	12.1x	21.7x	23.5x	42%	8%
Total E-Commerce Median	\$2,146	\$2,602	1.1x	12.1x	21.7x	23.5x	42%	8%

Source: Capital IQ, data as of August 2019

Selected Precedent M&A Transactions (cont.)

Selected E-Commerce Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
07/22/2019	Reverb Holdings, Inc.	\$275	Etsy, Inc. (NasdaqGS:ETSY)	-	Etsy, Inc. (NasdaqGS:ETSY) entered into an agreement and plan of merger to acquire Reverb Holdings, Inc. for approximately \$280 million on July 21, 2019.
07/09/2019	Safco Dental Supply LLC	\$175	PNC RiverArch Capital	-	PNC RiverArch Capital acquired Safco Dental Supply Co. from Ken Saffir for an enterprise value of approximately \$180 million on July 9, 2019.
06/10/2019	Shutterfly, Inc. (NasdaqGS:SFLY)	\$2,931	Apollo Global Management, LLC (NYSE:APO)	12.7x	Certain funds managed by Apollo Global Management, LLC entered into a definitive agreement to acquire Shutterfly, Inc. (NasdaqGS:SFLY) for \$1.9 billion on June 10, 2019.
06/03/2019	Provide Creations, Inc.	\$18	PlanetArt	-	PlanetArt entered into a non-binding letter of intent to acquire Provide Creations, Inc from FTD Companies, Inc. (OTCPK:FTDC.Q) on June 3, 2019. PlanetArt entered into a definitive asset purchase agreement to acquire Provide Creations, Inc.
04/25/2019	Three Limes, Inc.	\$30	Oisix ra daichi Inc. (TSE:3182)	-	Oisix ra daichi Inc. (TSE:3182) agreed to acquire Three Limes, Inc. from Andy Levitt, Brian Greenfield and other shareholders for \$21 million on April 24, 2019. The consideration includes the earn-out consideration at \$17 million.
03/25/2019	Original, Inc.	\$20	World Co., Ltd. (TSE:3612)	-	World Co., Ltd. (TSE:3612) agreed to acquire an additional 53.2% stake in Original, Inc. from Jin Koh for approximately ¥2.2 billion on March 25, 2019. Under the terms, World Co. will acquire 0.91 million shares.
03/15/2019	E-conolight LLC/Cree Canada Corp./Cree Europe S.r.l a S.U.	\$310	IDEAL Industries, Inc.	-	IDEAL Industries, Inc. entered into a definitive agreement to acquire E-conolight LLC/Cree Canada Corp./Cree Europe S.r.l (Lighting Products business) from Cree, Inc. (Nasdaq: CREE) for approximately \$310 million on March 14, 2019.

Source: Capital IQ, data as of August 2019

Selected Precedent M&A Transactions (cont.)

Selected E-Commerce Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
02/15/2019	Jagged Peak, Inc.	\$12	Singapore Post Limited (SGX:S08)	-	Singapore Post Limited (SGX:S08) acquired the remaining 28.9% stake in Jagged Peak, Inc. from Paul Demirdjian and Primrose Demirdjian for \$12.3 million on February 15, 2019.
02/04/2019	Liberty Expedia Holdings, Inc.	\$22,436	Expedia Group, Inc. (NasdaqGS:EXPE)	10.6x	Expedia Group Inc. (NasdaqGS:EXPE) ('Expedia') made a proposal to acquire Liberty Expedia Holdings Inc. (NasdaqGS:LEXE.A) ('Liberty') from John C. Malone, T. Rowe Price Associates, Inc., Dimensional Fund Advisors L.P., The Vanguard Group, Inc.
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.
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.

Source: Capital IQ, data as of August 2019

Selected Precedent M&A Transactions

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. 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.
08/16/2016	Fresh Direct, LLC	\$59	-	-	An unknown buyer acquired 10% stake in Fresh Direct, LLC from Wm. Morrison Supermarkets plc (LSE:MRW) for £45 million on August 16, 2016. Consideration is paid in cash.
06/14/2016	One Kings Lane Inc.	\$12	Bed Bath & Beyond Inc. (NasdaqGS:BBBY)	-	Bed Bath & Beyond Inc. (NasdaqGS:BBBY) acquired One Kings Lane Inc. for \$11.8 million on June 14, 2016. Bed Bath & Beyond expects transaction to be slightly dilutive to net earnings per diluted share for fiscal, 2016.
02/17/2016	Ebuys, Inc.	\$118	DSW Shoe Warehouse, Inc.	-	DSW Shoe Warehouse, Inc. signed a stock purchase agreement to acquire Ebuys, Inc. from David Tam Duong, Willard Ba Huynh for approximately \$120 million on February 15, 2016. Under the terms of the agreement, \$62.
01/08/2016	Retail Innovation Group, Inc.	\$19	LeftLane Sports, Inc.	-	LeftLane Sports, Inc. acquired Retail Innovation Group, Inc. from Oregon Angel Fund, Epic ventures and other shareholders for \$18.6 million in September, 2015. Retail Innovation was sold to LeftLane for \$0.1 million in cash, plus \$18.

Source: Capital IQ, data as of August 2019

Peakstone Selected E-Commerce Transactions



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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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