

PEAKSTONE

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Consumer & Retail
Industry Insight

August 2017

Consumer & Retail M&A Update

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

For 2017 YTD, strategic buyers accounted for 59% of Consumer and Retail M&A transactions. During 2016, strategic buyers accounted for 85% of the transactions.

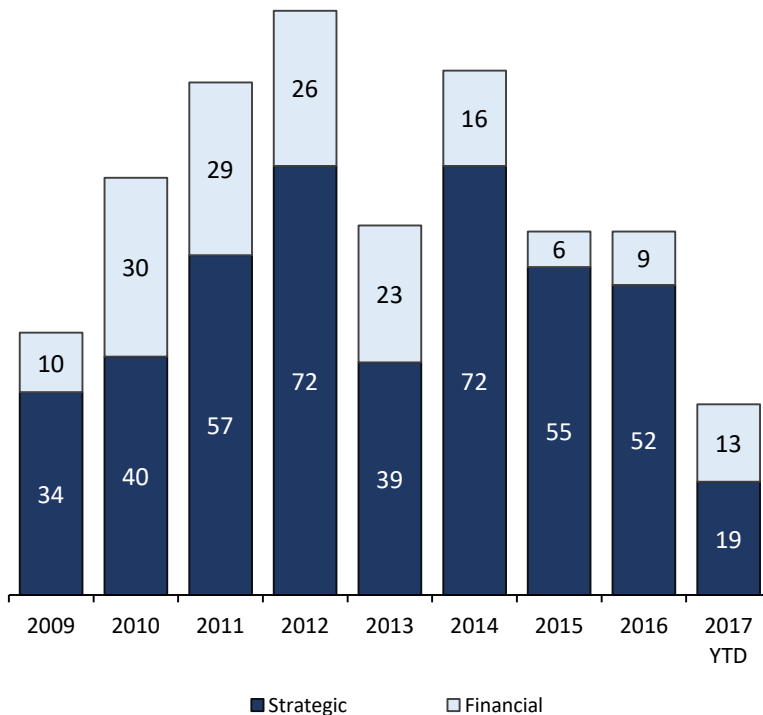
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Jun-2017	Announced		\$7.85 billion	 SYCAMORE PARTNERS
Apr-2017	Announced		\$7.66 billion	JAB HOLDINGS Rye Parent Corp.
Nov-2016	Closed		\$9.38 billion	
Nov-2016	Closed		\$3.42 billion	
Oct-2016	Announced		\$8.67 billion	
Aug-2016	Announced		\$6.09 billion	

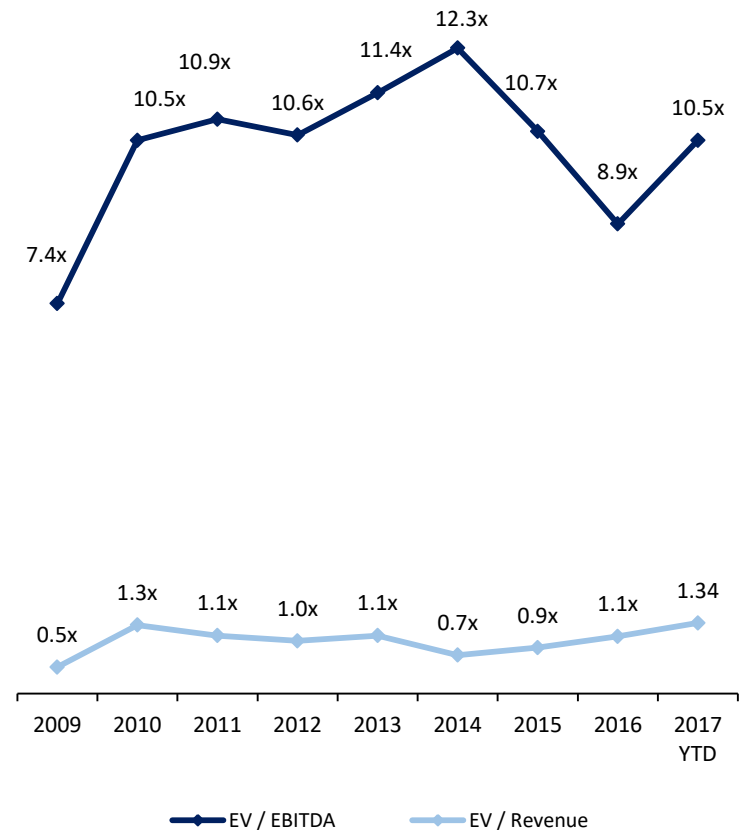
U.S. Consumer & Retail Industry – M&A Market Overview

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

U.S. Consumer & Retail Transactions by Buyer Type



U.S. Consumer & Retail Transaction Multiples

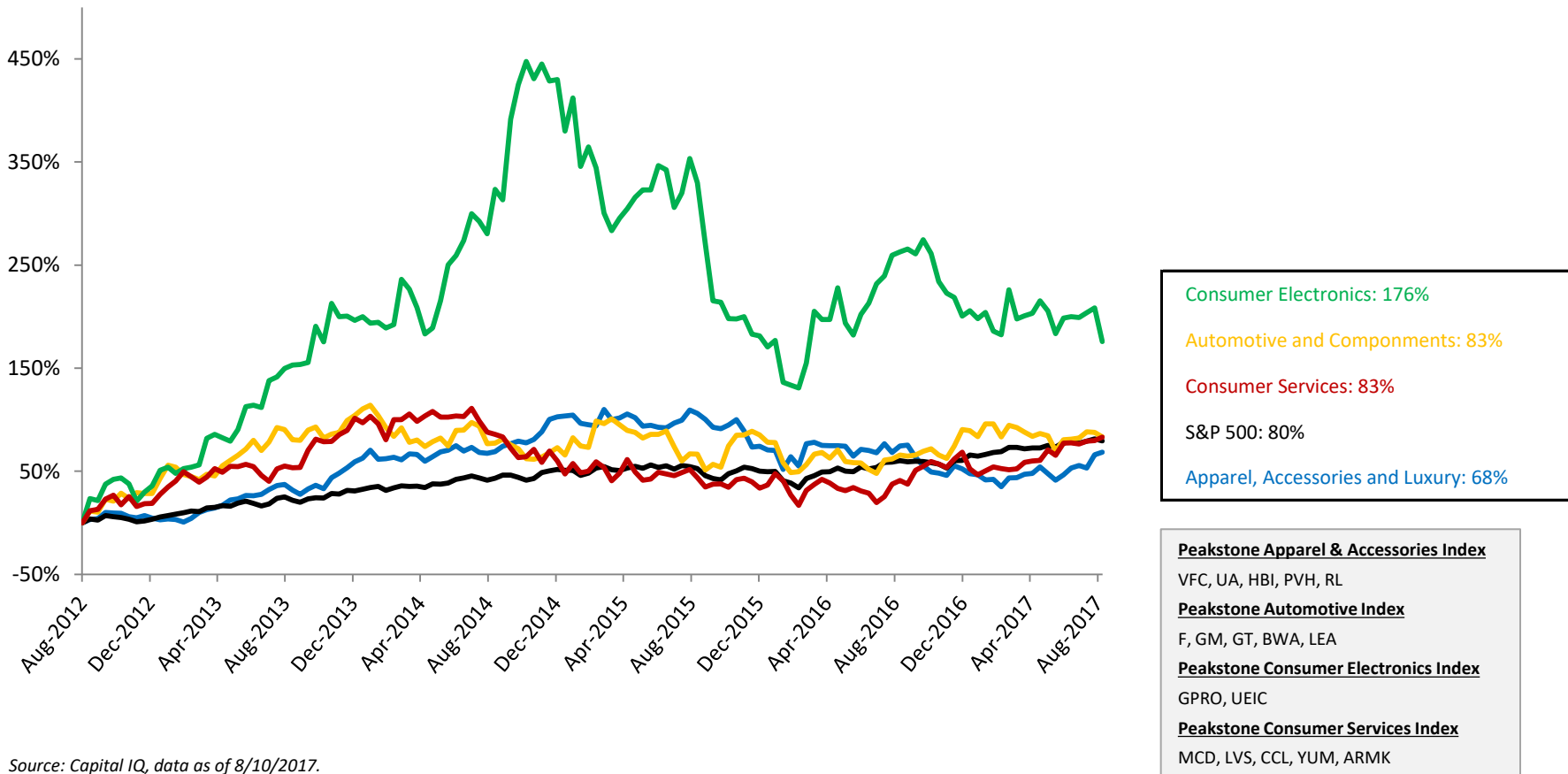


Source: Capital IQ.

Peakstone Consumer & Retail Index – Trading Statistics

Consumer & Retail categories performed well compared to the S&P 500

Relative Stock Performance – Group 1

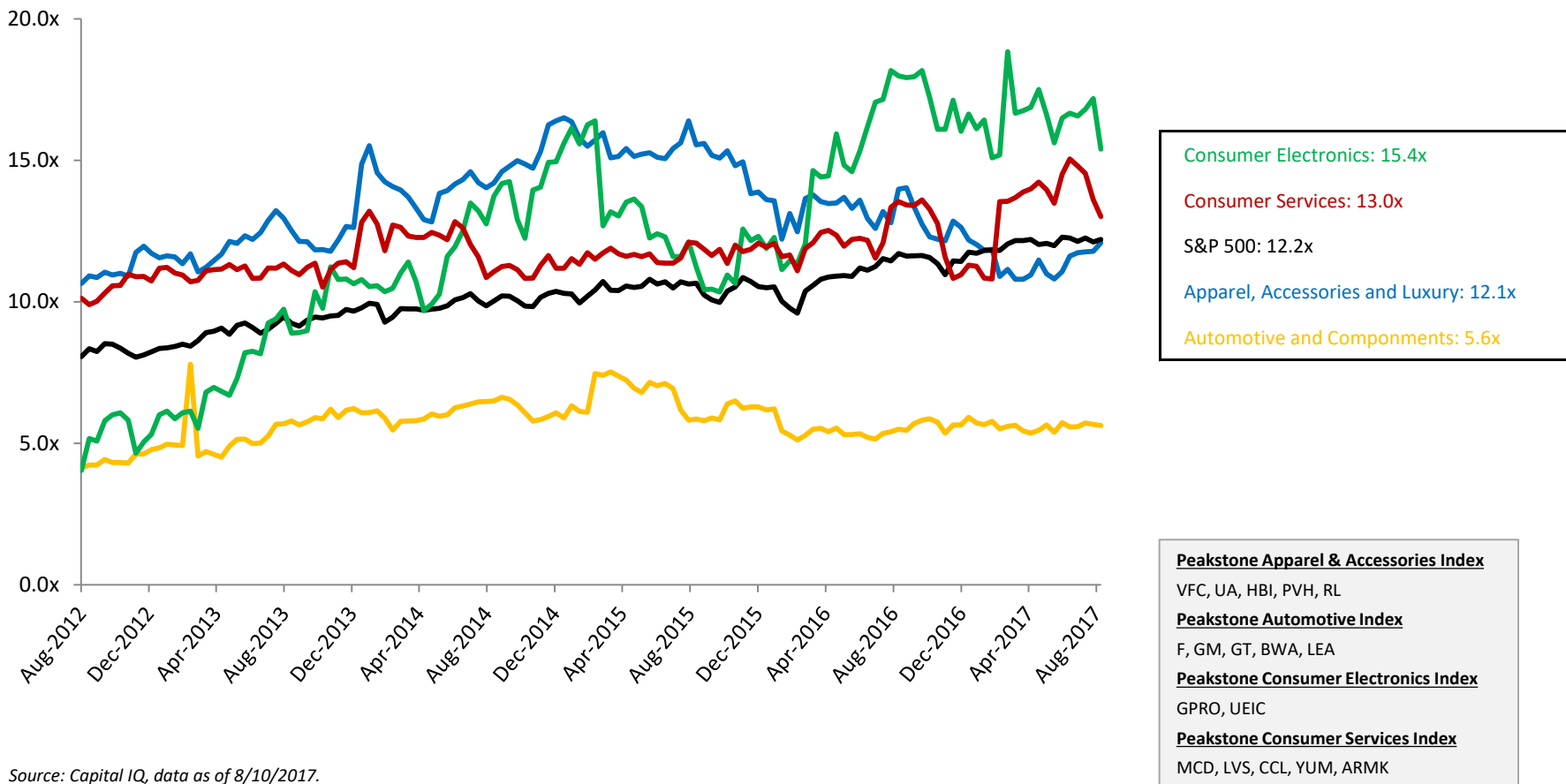


Source: Capital IQ, data as of 8/10/2017.
Note: Peakstone Indexes are equally weighted.

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



Source: Capital IQ, data as of 8/10/2017.
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

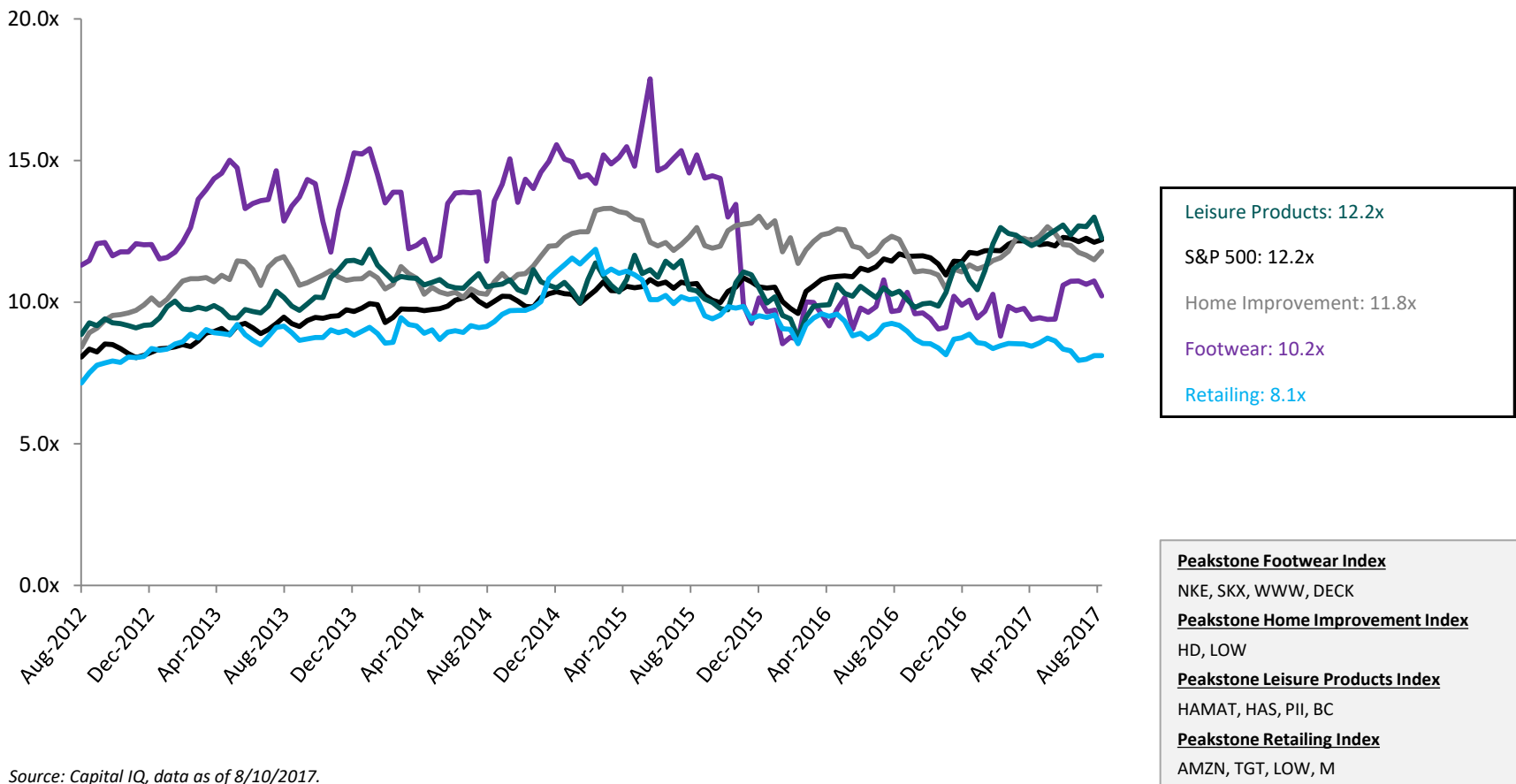


Source: Capital IQ, data as of 8/10/2017.
Note: Peakstone Indexes are equally weighted.

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



Source: Capital IQ, data as of 8/10/2017.
Note: Peakstone Indexes are equally weighted.

Public Trading Comparables by Sector

Select Public Trading Comparables – Group 1

(\$ in millions)

(\$ 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	\$24,519	\$27,133	2.3x	14.5x	17.0x	20.1x	49%	16%
Hanesbrands Inc.	\$8,860	\$12,637	2.0x	12.1x	13.6x	11.9x	39%	16%
PVH Corp.	\$9,661	\$12,374	1.5x	11.0x	15.6x	16.0x	54%	14%
Under Armour, Inc.	\$7,995	\$8,784	1.8x	16.7x	24.0x	0.0x	46%	11%
Ralph Lauren Corporation	\$7,074	\$6,093	0.9x	6.2x	8.9x	16.3x	58%	15%
Apparel, Accessories and Luxury Median	\$8,860	\$12,374	1.8x	12.1x	15.6x	16.0x	49%	15%
Automotive and Componments								
Ford Motor Company	\$43,372	\$161,064	1.0x	10.4x	35.5x	6.4x	10%	9%
General Motors Company	\$51,785	\$120,547	0.7x	5.1x	9.6x	6.1x	13%	13%
The Goodyear Tire & Rubber Company	\$7,855	\$13,264	0.9x	5.6x	8.1x	8.6x	27%	16%
BorgWarner Inc.	\$9,821	\$11,733	1.3x	7.4x	9.8x	12.0x	22%	17%
Lear Corporation	\$9,899	\$10,746	0.6x	5.3x	6.5x	8.6x	12%	10%
Automotive and Componments Median	\$9,899	\$13,264	0.9x	5.6x	9.6x	8.6x	13%	13%
Consumer Electronics								
GoPro, Inc.	\$1,463	\$1,439	1.1x	NM	NM	72.4x	37%	-12%
Universal Electronics Inc.	\$876	\$918	1.4x	15.4x	31.9x	17.0x	25%	9%
Consumer Electronics Median	\$1,169	\$1,178	1.2x	15.4x	31.9x	44.7x	31%	-2%
Consumer Services								
McDonald's Corporation	\$125,485	\$151,453	6.3x	15.6x	18.2x	23.2x	43%	40%
Carnival Corporation	\$49,373	\$58,224	3.5x	12.2x	19.3x	17.1x	42%	29%
Las Vegas Sands Corp.	\$48,081	\$56,796	4.6x	13.0x	18.2x	22.4x	76%	36%
Yum! Brands, Inc.	\$25,882	\$34,761	5.5x	17.2x	20.2x	25.6x	44%	32%
Aramark	\$9,819	\$15,202	1.0x	11.8x	19.5x	18.7x	11%	9%
Consumer Services Median	\$48,081	\$56,796	4.6x	13.0x	19.3x	22.4x	43%	32%

Source: Capital IQ, data as of 8/10/2017.

Public Trading Comparables by Sector (continued)

Select Public Trading Comparables – Group 2

(\$ in millions)								
Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Footwear								
NIKE, Inc.	\$96,793	\$94,416	2.7x	17.3x	19.9x	24.3x	45%	16%
Skechers U.S.A., Inc.	\$4,647	\$4,073	1.1x	9.5x	11.9x	15.6x	46%	11%
Wolverine World Wide, Inc.	\$2,574	\$2,976	1.2x	11.0x	13.0x	15.5x	39%	11%
Deckers Outdoor Corporation	\$2,067	\$1,820	1.0x	8.0x	10.5x	15.5x	47%	12%
Footwear Median	\$3,611	\$3,525	1.1x	10.2x	12.4x	15.6x	45%	12%
Home Improvement								
The Home Depot, Inc.	\$185,168	\$204,540	2.1x	13.0x	14.9x	20.8x	34%	16%
Lowe's Companies, Inc.	\$65,225	\$79,243	1.2x	10.6x	13.4x	16.2x	34%	11%
Home Improvement Median	\$125,196	\$141,891	1.7x	11.8x	14.2x	18.5x	34%	14%
Leisure Products								
Hasbro, Inc.	\$12,202	\$12,480	2.4x	12.3x	14.6x	19.2x	53%	19%
Mattel, Inc.	\$6,001	\$8,368	1.6x	12.2x	19.6x	20.8x	45%	13%
Polaris Industries Inc.	\$5,590	\$6,530	1.3x	12.6x	19.3x	18.5x	26%	11%
Brunswick Corporation	\$4,860	\$4,866	1.0x	8.0x	9.7x	12.5x	27%	13%
Leisure Products Median	\$5,795	\$7,449	1.4x	12.2x	17.0x	18.9x	36%	13%
Retailing								
Amazon.com, Inc.	\$465,003	\$467,171	3.1x	38.0x	135.6x	166.9x	36%	8%
Lowe's Companies, Inc.	\$65,225	\$79,243	1.2x	10.6x	13.4x	16.2x	34%	11%
Target Corporation	\$30,703	\$40,826	0.6x	5.7x	8.4x	12.5x	30%	10%
Macy's, Inc.	\$6,279	\$11,808	0.5x	4.3x	6.9x	6.4x	39%	11%
Retailing Median	\$47,964	\$60,034	0.9x	8.1x	10.9x	14.4x	35%	11%
Consumer and Retail Total Median	\$9,219	\$12,693	1.3x	11.9x	14.9x	17.1x	36%	13%

Source: Capital IQ, data as of 8/10/2017.

Selected Consumer & Retail Industry Transactions

Selected Consumer and Retail Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
07/11/2017	Rent-A-Center, Inc. (NasdaqGS:RCII)	\$1,454	Vintage Capital Management, LLC	13.2x	Vintage Capital Management, LLC made an unsolicited proposal to acquire Rent-A-Center, Inc. (NasdaqGS:RCII) for approximately \$820 million on June 20, 2017.
07/09/2017	ClubCorp Holdings, Inc. (NYSE:MYCC)	\$2,242	Apollo Global Management, LLC (NYSE:APO)	10.4x	Certain investment funds of Apollo Global Management, LLC entered into a definitive agreement to acquire ClubCorp Holdings, Inc. from FrontFour Capital Group LLC and other shareholders for \$1.1 billion on July 9, 2017.
07/06/2017	HSN, Inc. (NasdaqGS:HSNI)	\$1,828	QVC Group (NasdaqGS:QVCA)	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.
06/28/2017	Staples, Inc. (NasdaqGS:SPLS)	\$7,845	Sycamore Partners	5.2x	Sycamore Partners entered into a merger agreement to acquire Staples, Inc. (NasdaqGS:SPLS) for \$6.8 billion on June 28, 2017.
06/12/2017	American Casino & Entertainment Properties LLC	\$1,100	Golden Entertainment, Inc. (NasdaqGM:GDEN)	12.8x	Golden Entertainment, Inc. (NasdaqGM:GDEN) entered into a membership interest purchase agreement to acquire American Casino & Entertainment Properties LLC from W2007/ACEP Managers Voteco, LLC for approximately \$850 million on June 10, 2017.
05/08/2017	Kate Spade & Company (NYSE:KATE)	\$2,776	Coach, Inc. (NYSE:COH)	10.3x	Coach, Inc. (NYSE:COH) signed an agreement and plan of merger to acquire Kate Spade & Company (NYSE:KATE) for \$2.4 billion on May 7, 2017.
04/17/2017	Double Down Interactive, LLC	\$825	DOUBLEUGAMES Co., Ltd. (KOSDAQ:A192080)	10.5x	DOUBLEUGAMES Co., Ltd. (KOSDAQ:A192080) signed a definitive purchase agreement to acquire Double Down Interactive, LLC from International Game Technology for approximately \$830 million on April 17, 2017.

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
04/10/2017	Intrawest Resorts Holdings, Inc. (NYSE:SNOW)	\$1,562	Aspen Skiing Company, LLC; KSL Advisors, LLC	10.2x	Aspen Skiing Company, LLC and KSL Advisors, LLC entered into an agreement and plan of merger to acquire Intrawest Resorts Holdings, Inc. for approximately \$950 million on April 7, 2017.
04/05/2017	Panera Bread Company (NasdaqGS:PNRA)	\$7,655	Rye Parent Corp.	17.7x	Rye Parent Corp. entered into a definitive merger agreement to acquire Panera Bread Company (NasdaqGS:PNRA) from Capital Research Global Investors, Ron Shaich and other shareholders for \$7.2 billion in cash on April 4, 2017.
03/27/2017	Cheddar's, Inc	\$780	Darden Restaurants, Inc. (NYSE:DRI)	10.4x	Darden Restaurants, Inc. (NYSE:DRI) entered into an agreement and plan of merger to acquire Cheddar's Casual Cafe, Inc. from Oak Investment Partners and L Catterton for \$780 million on a cash-free and debt-free basis on March 27, 2017.
03/23/2017	Checkers Drive-In Restaurants, Inc.	\$525	Oak Hill Capital Partners	-	Oak Hill Capital Partners along with the management of Checkers Drive-In Restaurants, Inc. entered into a definitive agreement to acquire Checkers Drive-In Restaurants, Inc. for approximately \$530 million on March 23, 2017.
02/21/2017	Popeyes Louisiana Kitchen, Inc.	\$1,827	Restaurant Brands International Inc. (NYSE:QSR)	20.5x	Restaurant Brands International Inc. (NYSE:QSR) signed a definitive agreement to acquire Popeyes Louisiana Kitchen, Inc. (NasdaqGS:PLKI) for \$1.7 billion on February 21, 2017.
01/24/2017	Bob Evans Farms, LLC	\$565	Golden Gate Capital	-	Golden Gate Capital Opportunity Fund L.P. managed by Golden Gate Capital signed a definitive agreement to acquire Bob Evans Restaurants from Bob Evans Farms, Inc. (NasdaqGS:BOBE) for approximately \$570 million on January 24, 2017.
11/20/2016	LifeLock, Inc.	\$2,528	Symantec Corporation (NasdaqGS:SYMC)	50.0x	Symantec Corporation (NasdaqGS:SYMC) signed a definitive agreement to acquire LifeLock, Inc. (NYSE:LOCK) for \$2.3 billion on November 20, 2016. Symantec Corporation entered into amendment agreement to acquire LifeLock, Inc. on January 16, 2017.

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
11/14/2016	Harman International Industries, Incorporated	\$9,382	Samsung Electronics America, Inc.	10.4x	Samsung Electronics America, Inc. entered into a definitive agreement to acquire Harman International Industries, Incorporated (NYSE:HAR) for \$8 billion on November 14, 2016.
11/03/2016	Metaldyne Performance Group Inc.	\$3,418	American Axle & Manufacturing Holdings, Inc. (NYSE:AXL)	6.9x	American Axle & Manufacturing Holdings Inc. (NYSE:AXL) entered into a definitive agreement to acquire Metaldyne Performance Group Inc. for \$1.5 billion on November 3, 2016.
10/31/2016	Performance Sports Group Ltd., Remaining Assets	\$575	Fairfax Financial Holdings Limited (TSX:FFH); Sagard Holdings Inc.	-	Fairfax Financial Holdings Ltd. (TSX:FFH) and Sagard Holdings Inc. entered into an agreement to acquire remaining 83% stake in assets of Performance Sports Group Ltd. (TSX:PSG) for approximately \$580 million on October 31, 2016.
10/12/2016	TAP Automotive Holdings, LLC	\$665	Polaris Industries Inc. (Delaware)	9.0x	Polaris Industries Inc. (Delaware) entered into an agreement to acquire Transamerican Auto Parts Company, LLC from group of shareholders for approximately \$670 million on October 11, 2016. Consideration is subject to customary closing adjustments.
10/03/2016	Cabela's Incorporated (NYSE:CAB)	\$8,667	BPS Direct, L.L.C.	18.3x	Bass Pro Group, LLC entered into a definitive agreement to acquire Cabela's Incorporated (NYSE:CAB) for \$4.6 billion on October 3, 2016.
10/03/2016	Grand Design RV	\$503	Octavius Corporation	8.4x	Octavius Corporation entered into a definitive agreement to acquire Grand Design RV from Summit Partners LLP and others for approximately \$500 million on October 2, 2016.
09/19/2016	Isle of Capri Casinos, Inc.	\$1,914	Eldorado Resorts, Inc. (NasdaqGS:ERI)	9.0x	Eldorado Resorts, Inc. (NasdaqGS:ERI) entered into a definitive merger agreement to acquire Isle of Capri Casinos, Inc. (NasdaqGS:ISLE) from Quatmann Edmund and other shareholders for approximately \$990 million on September 19, 2016.

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
09/08/2016	Hyatt Regency Waikiki Beach Resort and Spa	\$780	Mirae Asset Global Investments Co., Ltd	-	Mirae Asset Global Investments Co., Ltd entered into a stock purchase agreement to acquire the leasehold interests of Hyatt Regency Waikiki Beach Resort and Spa from Blackstone Real Estate Advisors for \$780 million in June, 2016.
08/22/2016	CST Brands, Inc. (NYSE:CST)	\$6,086	Circle K Stores Inc.	11.3x	Circle K Stores Inc. entered into a definitive merger agreement to acquire CST Brands, Inc. (NYSE:CST) for approximately \$3.7 billion in cash on August 21, 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.
08/01/2016	Affinity Gaming	\$591	Z Capital Management LLC	9.5x	Z Capital Management LLC made an offer to acquire the remaining 58.9% stake in Affinity Gaming from Silver Point Capital L.P. and others for approximately \$210 million on July 29, 2016.
07/25/2016	Donna Karan International Inc.	\$711	G-III Apparel Group, Ltd. (NasdaqGS:GIII)	-	G-III Apparel Group, Ltd. (NasdaqGS:GIII) entered into a definitive agreement to acquire Donna Karan International Inc. from LVMH Moët Hennessy Louis Vuitton S.E. (ENXTPA:MC) for \$650 million on July 22, 2016.
07/25/2016	Coinstar, LLC	\$1,376	Apollo Global Management, LLC (NYSE:APO)	3.5x	Apollo Global Management, LLC (NYSE:APO) entered into a definitive agreement to acquire Outerwall Inc. (NasdaqGS:OUTR) for approximately \$900 million in cash on July 24, 2016.
07/01/2016	Jayco, Inc.	\$582	Thor Industries, Inc. (NYSE:THO)	-	Thor Industries Inc. (NYSE:THO) acquired substantially all of the assets of Jayco, Inc. from Bontrager family for approximately \$580 million in cash on June 30, 2016.

Source: Capital IQ

Peakstone Momentum

 M&A 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.

Contact

Alex Fridman

Managing Director

alex@peakstone.com

312-204-7300

Calvin Ye

Analyst

cye@peakstone.com

312-262-7734