



[www.peakstone.com](http://www.peakstone.com)



## E-Commerce Industry Insight

---






August 2017

# E-Commerce M&A Update

## E-Commerce continues to see strong M&A activity

For the 2017 YTD period, strategic buyers accounted for 94% of the E-Commerce M&A transactions with financial buyers making up the difference; during 2016, strategic buyers accounted for approximately 93% of the transactions

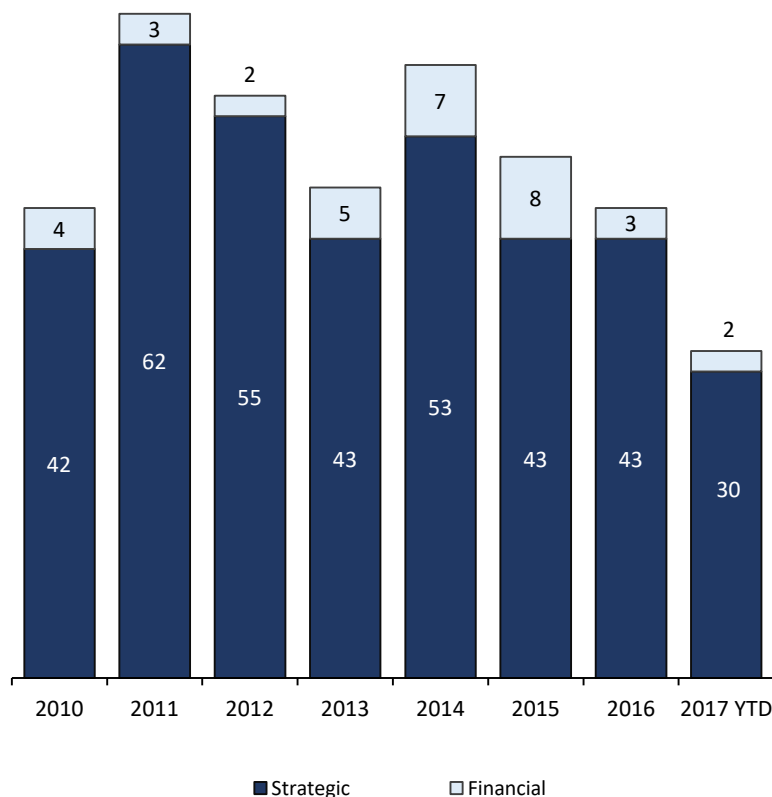
### Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Jul-2017	Announced		\$1.83 billion	
Jun-2017	Announced		\$180 million	
Apr-2017	Closed		\$110 million	
Nov-2016	Closed		\$190 million	
Nov-2016	Closed		\$500 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



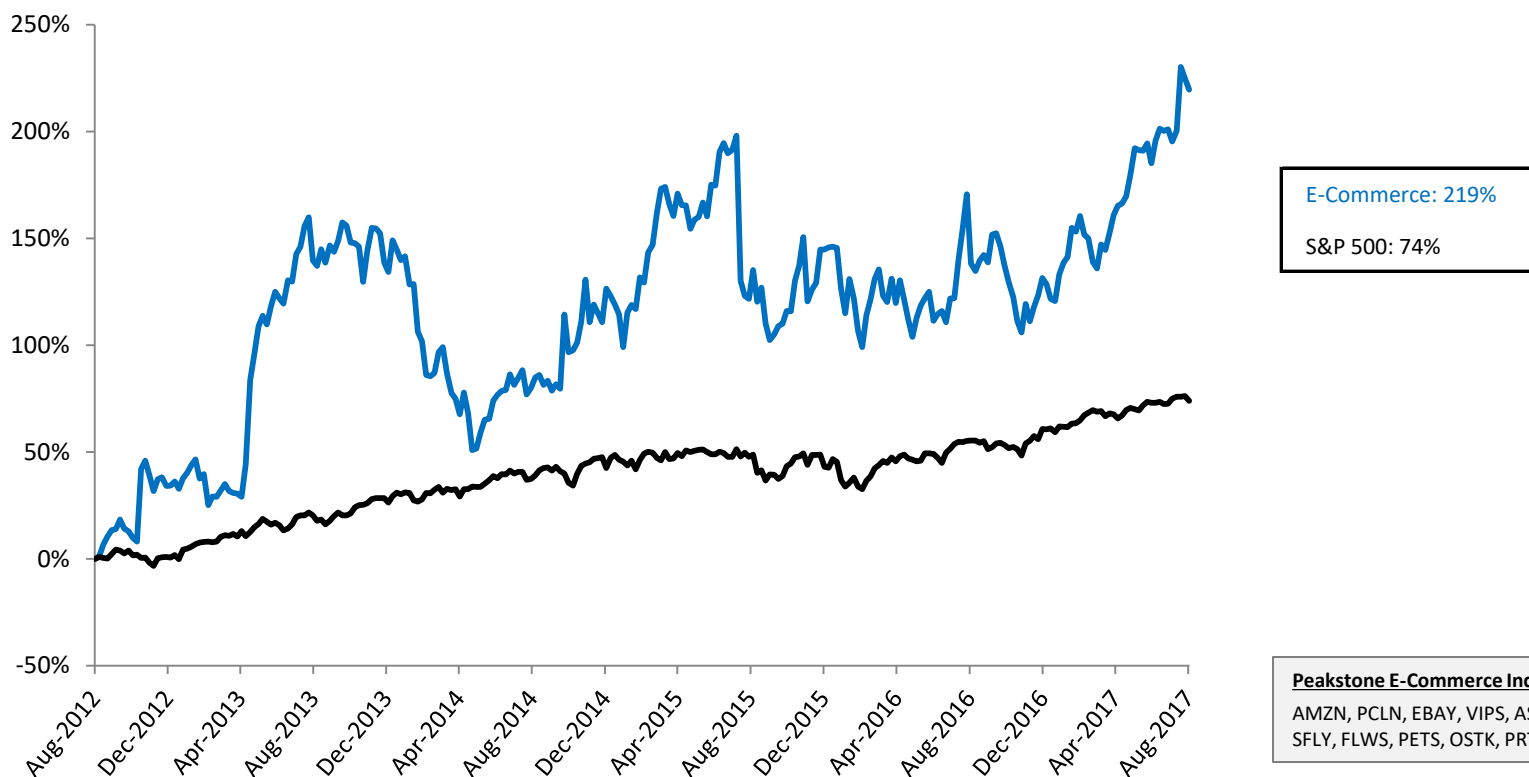
- E-Commerce continues to see strong activity
- 2017 YTD transaction volume of 32 is on pace to exceed 2016 levels of 46 transactions
- Strategic buyers continue to be the most active group of buyers
- Many larger strategic players are seeking consolidation opportunities
- Strategic buyers are often buying at higher multiples than financial buyers

Source: Capital IQ, data as of 8/11/2017.

# Peakstone E-Commerce Index – Trading Statistics

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

## Relative Stock Performance



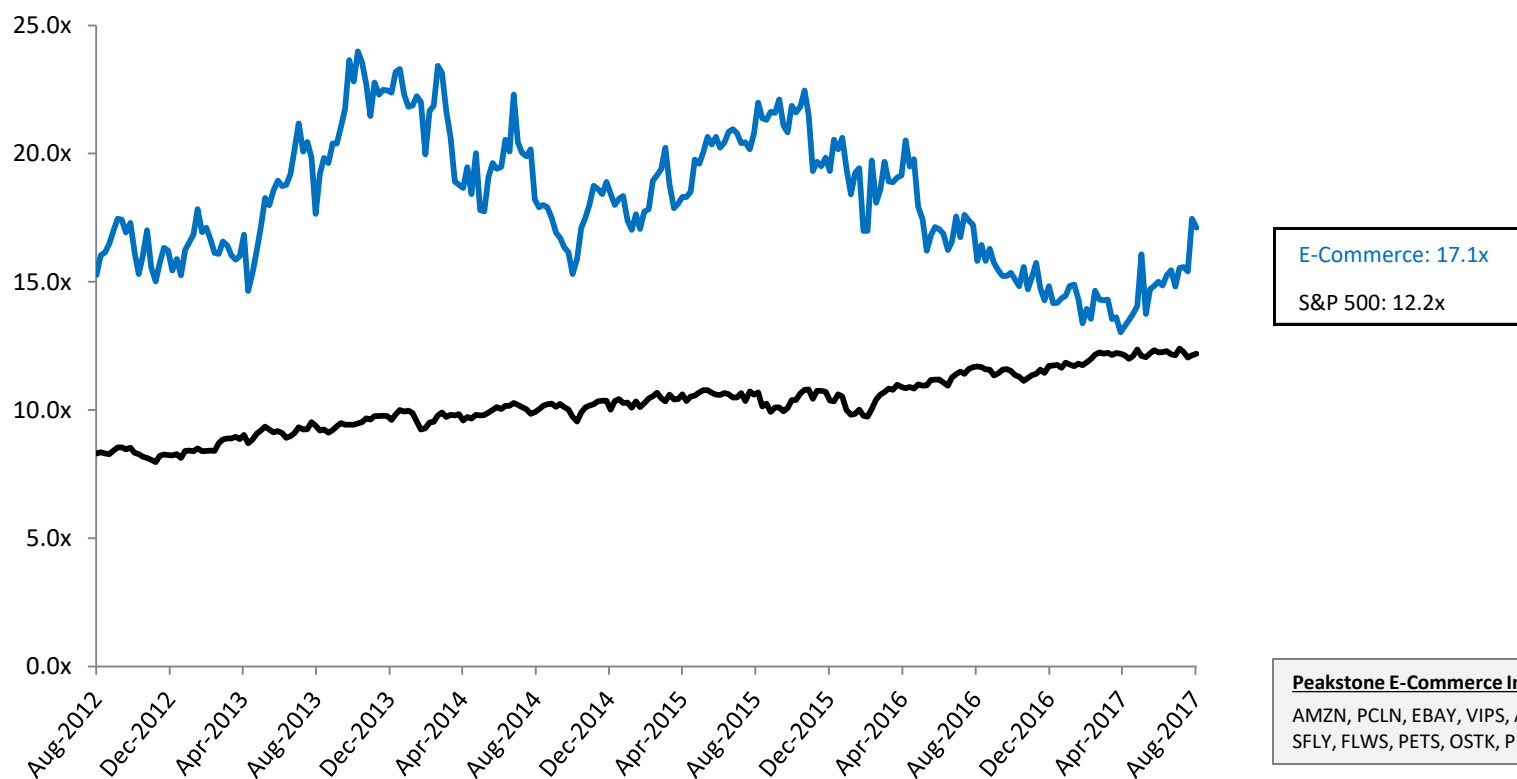
**Peakstone E-Commerce Index**  
AMZN, PCLN, EBAY, VIPS, ASC, W, STMP,  
SFLY, FLWS, PETS, OSTK, PRTS

Source: Capital IQ, data as of 8/11/2017.  
Note: Peakstone indexes are equally weighted.

# Peakstone E-Commerce Index – Trading Statistics

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

## Comparable Valuation Trends – Enterprise Value / EBITDA



Source: Capital IQ, data as of 8/11/2017.  
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			
Amazon.com, Inc.	\$459,685	\$461,853	3.1x	37.6x	134.0x	166.9x	36%	8%
The Priceline Group Inc.	\$90,741	\$92,870	8.1x	21.4x	23.1x	23.5x	97%	38%
eBay Inc.	\$37,450	\$39,899	4.4x	13.8x	18.1x	16.7x	77%	31%
Vipshop Holdings Limited	\$6,636	\$6,561	0.7x	11.8x	16.4x	13.1x	24%	6%
Wayfair Inc.	\$6,016	\$5,843	1.5x	NM	NM	NM	24%	-4%
ASOS Plc	\$6,236	\$4,650	2.7x	55.8x	70.0x	68.4x	50%	5%
Stamps.com Inc.	\$3,472	\$3,512	8.4x	20.5x	23.3x	24.5x	83%	41%
Shutterfly, Inc.	\$1,529	\$1,755	1.5x	12.6x	33.6x	51.7x	49%	12%
PetMed Express, Inc.	\$949	\$880	3.4x	20.4x	21.2x	31.4x	33%	17%
1-800-Flowers.com Inc.	\$603	\$656	0.6x	8.6x	15.6x	18.3x	44%	6%
Overstock.com Inc.	\$483	\$433	0.2x	NM	NM	0.0x	19%	0%
U.S. Auto Parts Network, Inc.	\$95	\$95	0.3x	11.5x	126.0x	0.0x	30%	3%
<b>E-Commerce Total Median</b>	<b>\$4,744</b>	<b>\$4,081</b>	<b>2.1x</b>	<b>17.1x</b>	<b>23.2x</b>	<b>23.5x</b>	<b>40%</b>	<b>7%</b>

Source: Capital IQ; data as of 8/11/2017.

# Selected Precedent M&A Transactions

## Selected E-Commerce Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
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.
06/20/2017	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.
06/20/2017	VoIP Supply, LLC	\$4	Sangoma Technologies Corporation (TSXV:STC)	-	Sangoma Technologies Corporation (TSXV:STC) agreed to acquire VoIP Supply LLC for CAD 5.2 million on June 20, 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.

Source: Capital IQ.

## Selected Precedent M&A Transactions (cont.)

### Selected E-Commerce Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
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.
10/17/2016	etailz, Inc.	\$75	Trans World Entertainment Corporation (NasdaqGM:TWMC)	-	Trans World Entertainment Corporation (NasdaqGM:TWMC) acquired etailz, Inc. from Josh Neblett and a group of other shareholders for \$75 million on October 17, 2016.
08/16/2016	Fresh Direct, LLC	\$58	-	-	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.

Source: Capital IQ.



## Peakstone Selected E-Commerce Transactions



**REALTRUCK.COM**  
PICKUP | CAR | SUV ACCESSORIES

**THI** America's Best Selling Truck Accessories

**TA Associates**

E-Commerce  
M&A Advisor

PEAKSTONE



**COMFORT.COM**  
UNMATCHED EXPERTISE

**PED**  
POWER EQUIPMENT DIRECT

**FERGUSON**

E-Commerce  
M&A Advisor

PEAKSTONE



**Ashford**

**Alliance Time**  
A DIVISION OF MONY OF AMERICA

**Bank of America**

**Monroe Capital**  
Innovative Capital Creating Value

**WELLS FARGO**

E-Commerce  
Financial Advisor

PEAKSTONE



**Ashford**

**PRUDENTIAL CAPITAL GROUP**  
RELATIONSHIPS CAPITAL CONSISTENCY

E-Commerce  
Financial Advisor

PEAKSTONE



**bjj**  
WAREHOUSE

E-Commerce  
Strategic Advisor

PEAKSTONE



**MMA WAREHOUSE**

**MMA OUTLET.COM**

E-Commerce  
M&A Advisor

PEAKSTONE



**artizone**

**Peapod**

E-Commerce  
M&A Advisor

PEAKSTONE



**MMA WAREHOUSE**

**PAG Capital**

E-Commerce  
M&A Advisor &  
Principal

PEAKSTONE

# Peakstone Momentum

 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>
 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>Financing Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>
 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>Financial Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>
 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>Financial Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>	 <b>M&amp;A Advisor</b> <b>PEAKSTONE</b>

# Contact Us

---

## 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](http://www.peakstone.com).

### Contact

**Alex Fridman**

Managing Director

[alex@peakstone.com](mailto:alex@peakstone.com)

312-204-7300

**Calvin Ye**

Analyst

[cye@peakstone.com](mailto:cye@peakstone.com)

312-262-7734