

# PEAKSTONE

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



Home Décor  
Industry Insight

---






August 2017

# Home Décor M&A Update

## Home Décor continues to see strong M&A activity

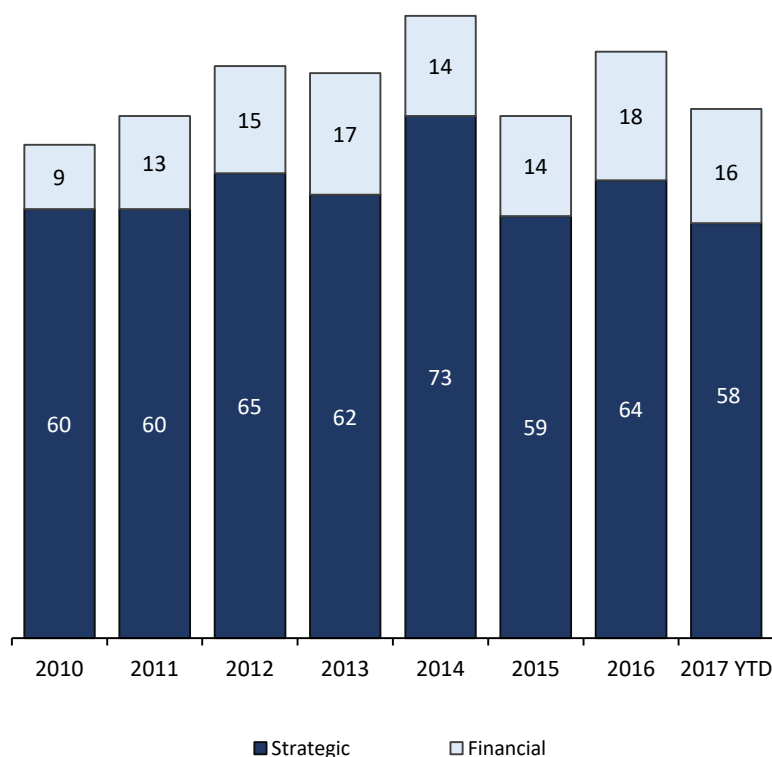
For the 2017 YTD period, strategic buyers accounted for 78% of the Home Décor M&A transactions with financial buyers making up the difference; during 2016, strategic buyers also accounted for approximately 78% of the transactions

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

Date	Status	Target	Transaction Size	Buyer
Jun-2017	Announced		\$1.2 billion	
Mar-2017	Announced		\$380 million	
Jan-2017	Closed		\$780 million	
Oct-2016	Closed	   	\$1.95 billion	
Aug-2016	Closed		\$2.98 billion	

# Home Décor – M&A Market Overview

## U.S. Number of Transactions by Buyer Type

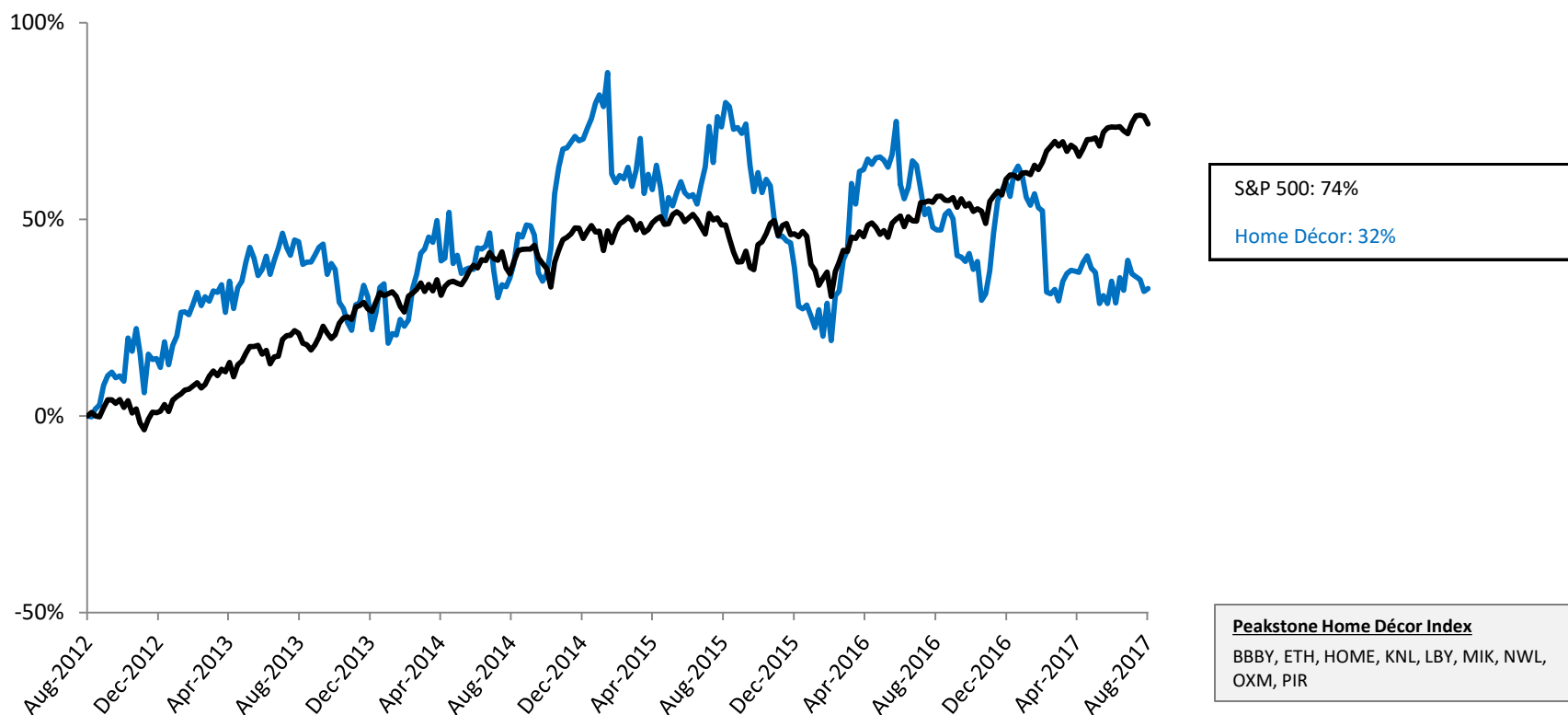


- Home Décor M&A continues to see strong activity
- 2017 YTD transaction volume of 74 is on pace to exceed 2016 levels of 82 transactions
- Strategic buyers continue to be the most active group of buyers
- Many larger strategic players are seeking consolidation opportunities
- Strategic buyers are often buying at higher multiples than financial buyers

# Peakstone Home Décor Index – Trading Statistics

The Home Décor stock index has performed in line with the S&P 500 over the last 3 years, while valuation trends have seen a slight decrease

## Relative Stock Performance

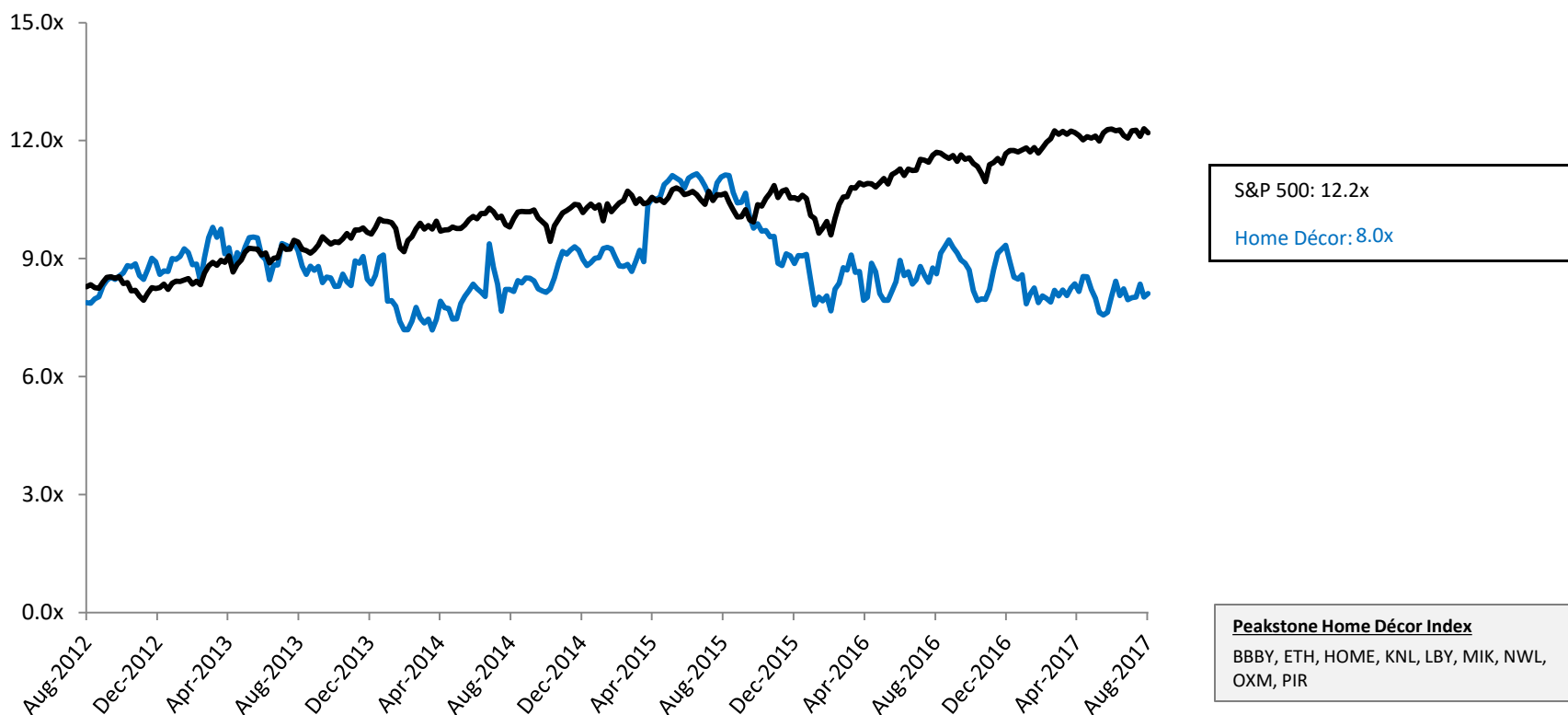


Source: Capital IQ, data as of 8/10/2017.

# Peakstone Home Décor Index – Trading Statistics

The Home Décor stock index has performed in line with the S&P 500 over the last 3 years, while valuation trends have seen a slight decrease

## Comparable Valuation Trends – Enterprise Value / EBITDA



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

# Selected Public Trading Comparables

## Peakstone Home Décor Index

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Home Décor								
Newell Brands Inc.	\$24,512	\$35,160	2.3x	13.1x	16.8x	15.1x	36%	17%
The Michaels Companies, Inc.	\$3,802	\$6,346	1.2x	7.9x	8.9x	9.6x	39%	15%
Bed Bath & Beyond Inc.	\$4,310	\$5,332	0.4x	3.9x	5.0x	7.4x	37%	11%
At Home Group Inc.	\$1,410	\$1,850	2.3x	15.5x	22.5x	29.6x	32%	15%
Knoll, Inc.	\$907	\$1,135	1.0x	8.0x	9.6x	12.8x	38%	13%
Oxford Industries, Inc.	\$1,034	\$1,121	1.1x	8.3x	12.1x	16.7x	57%	13%
Ethan Allen Interiors Inc.	\$881	\$838	1.1x	10.7x	14.5x	18.3x	55%	10%
Libbey Inc.	\$181	\$551	0.7x	7.3x	18.5x	8.4x	19%	10%
Pier 1 Imports, Inc.	\$375	\$415	0.2x	3.1x	5.7x	9.0x	38%	7%
Home Décor Median	\$1,034	\$1,135	1.1x	8.0x	12.1x	12.8x	38%	13%

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

# Selected Precedent M&A Transactions

## Selected Home Décor Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
07/28/2017	SEI/Aaron's, Inc.	\$140	Aaron's, Inc. (NYSE:AAN)	-	Aaron's, Inc. (NYSE:AAN) acquired substantially all of the assets of SEI/Aaron's, Inc. for approximately \$140 million on July 28, 2017. The consideration will be paid in cash. The transaction will be financed with cash-on-hand.
06/28/2017	Milestone AV Technologies, LLC	\$1,200	Legrand North America, Inc.	9.0x	Legrand North America, Inc. signed a definitive agreement to acquire Milestone AV Technologies, LLC for an enterprise value of \$1.2 billion on June 28, 2017.
05/04/2017	Deny Designs Inc.	\$12	Leaf Group Ltd. (NYSE:LFGR)	-	Leaf Group Ltd. (NYSE:LFGR) acquired the assets of Deny Designs from Dustin Nyhus for \$12.2 million on May 1, 2017.
05/03/2017	Arrow Fastener Company, LLC	\$125	Hangzhou Great Star Industrial Co., Ltd. (SZSE:002444)	-	Hangzhou Great Star Industrial Co., Ltd. (SZSE:002444) signed an agreement to acquire Arrow Fastener Company, LLC from Masco Corporation (NYSE:MAS) for approximately \$130 million on May 3, 2017.
03/22/2017	American Furniture Alliance, Inc	\$0	World Furniture Group	-	World Furniture Group agreed to acquire remaining 20% stake in American Furniture Alliance Inc. for \$0.1 million on March 22, 2017. Post transaction, World Furniture Group will hold 100% stake in American Furniture Alliance Inc.
03/13/2017	Lifetime Brands, Inc. (NasdaqGS:LCUT)	\$377	Mill Road Capital LP	8.9x	Mill Road Capital made an offer to acquire remaining 89.9% stake in Lifetime Brands, Inc. (NasdaqGS:LCUT) for approximately \$270 million in cash on March 13, 2017.
02/28/2017	Seven Stores	\$12	-	-	An Arizona based real estate investment trust agreed to acquire seven stores from Aaron's, Inc. (NYSE:AAN) for \$11.5 million on February 28, 2017. The seven stores were located in Colorado, Nevada, Oregon, Utah and Wyoming.

Source: Capital IQ.

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

### Selected Home Décor Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
02/16/2017	Kohler Interiors Group, Ltd.	\$30	Samson Holding Ltd. (SEHK:531)	-	Samson Holding Ltd. (SEHK:531) entered into the stock purchase agreement to acquire Kohler Interiors Group, Ltd. from Kohler Co., Inc. for \$29.5 million on February 15, 2017.
02/06/2017	Anova Applied Electronics, Inc.	\$250	AB Electrolux (publ) (OM:ELUX B)	-	AB Electrolux (publ) (OM:ELUX B) entered into an agreement to acquire Anova Applied Electronics, Inc. from Anova Industries, Inc. and others for \$250 million on February 6, 2017.
02/01/2017	Chef Central Of Hartsdale, Inc.	\$2	Bed Bath & Beyond Inc. (NasdaqGS:BBBY)	-	Bed Bath & Beyond Inc. (NasdaqGS:BBBY) acquired substantially all assets of Chef Central Of Hartsdale, Inc. from Ron Eisenberg for \$2.3 million on January 27, 2017.
01/05/2017	Sears Holdings Corporation, Craftsman	\$775	Stanley Black & Decker, Inc. (NYSE:SWK)	-	Stanley Black & Decker, Inc. (NYSE:SWK) signed a definitive agreement to acquire Craftsman Brand from Sears Holdings Corporation (NasdaqGS:SHLD) for approximately \$780 million on January 5, 2017.
12/12/2016	Smith Mountain Industries, Inc.	\$100	Newell Brands Inc. (NYSE:NWL)	-	Newell Brands Inc. (NYSE:NWL) entered into a definitive agreement to acquire Smith Mountain Industries, Inc. from Strength Capital for \$100 million on December 12, 2016. The acquisition will be funded from cash on hand at the time of closing.
10/12/2016	Newell Brands Inc., Tool Business including Irwin, Hilmor and Lenox Brands	\$1,950	Stanley Black & Decker, Inc. (NYSE:SWK)	13.0x	Stanley Black & Decker, Inc. (NYSE:SWK) entered into definitive agreement to acquire tools business, including the Irwin, Lenox and Hilmor brands from Newell Brands Inc. (NYSE:NWL) for \$2 billion in cash on October 12, 2016.
09/29/2016	Petsense, Inc.	\$116	Tractor Supply Company (NasdaqGS:TSCO)	-	Tractor Supply Company (NasdaqGS:TSCO) acquired Petsense, Inc. for approximately \$120 million in cash on September 29, 2016. The transaction price is net of acquired estimated future tax benefits of \$29 million.

Source: Capital IQ.



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

### Selected Home Décor Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
09/01/2016	Camp Chef, Inc.	\$74	Vista Outdoor Inc. (NYSE:VSTO)	-	Vista Outdoor Inc. (NYSE:VSTO) acquired Camp Chef, Inc. for \$74 million on September 1, 2016.
08/08/2016	Aquasana, Inc.	\$87	A. O. Smith Corporation (NYSE:AOS)	-	AO Smith Corp. (NYSE:AOS) acquired Aquasana, Inc. from L Catterton for \$87 million in cash on August 8, 2016. AO Smith acquired Aquasana on a debt and cash-free basis.
08/08/2016	AquiSense Technologies LLC	\$9	Nikkiso America, Inc.	-	Nikkiso America, Inc. agreed to acquire AquiSense Technologies LLC from Oliver Lawal and 18 other shareholders for \$9.3 million on August 8, 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.
07/21/2016	PPG Industries, Inc., Flat Glass facilities in US and Canada and PPG Canada Inc. (Calgary)	\$750	Vitro, S.A.B. de C.V. (BMV:VITRO A)	-	Vitro, S.A.B. de C.V. (BMV:VITRO A) entered into a definitive agreement to acquire Flat Glass facilities in US and Canada and PPG Canada Inc. (Calgary) from PPG Industries, Inc. (NYSE:PPG) for \$750 million in cash on July 20, 2016.
07/18/2016	Taylor Brands, LLC	\$85	Battenfeld Technologies, Inc.	-	Battenfeld Technologies, Inc. signed definitive agreement to acquire substantially all assets of Taylor Brands, LLC from Stewart Taylor and Sheila Taylor for \$85 million on July 15, 2016.
07/11/2016	The LANG Companies, Inc.	\$4	IG Design Group Americas Inc.	-	IG Design Group Americas Inc. acquired The LANG Companies, Inc. for \$3.6 million on July 11, 2016.

Source: Capital IQ.

# 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