

PEAKSTONE

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Consumer & Retail
Industry Insight


October 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 68% of Consumer and Retail M&A transactions. During 2016, strategic buyers accounted for 85% of the transactions.

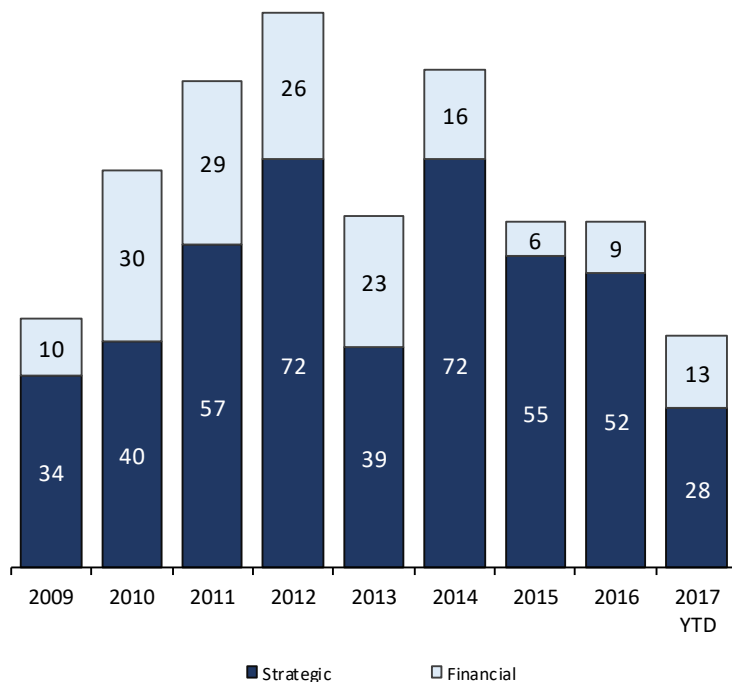
Select Recent Notable Publicly Announced M&A Transactions

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	SAMSUNG
Nov-2016	Closed		\$3.42 billion	
Oct-2016	Announced		\$8.67 billion	
Aug-2016	Announced		\$6.09 billion	

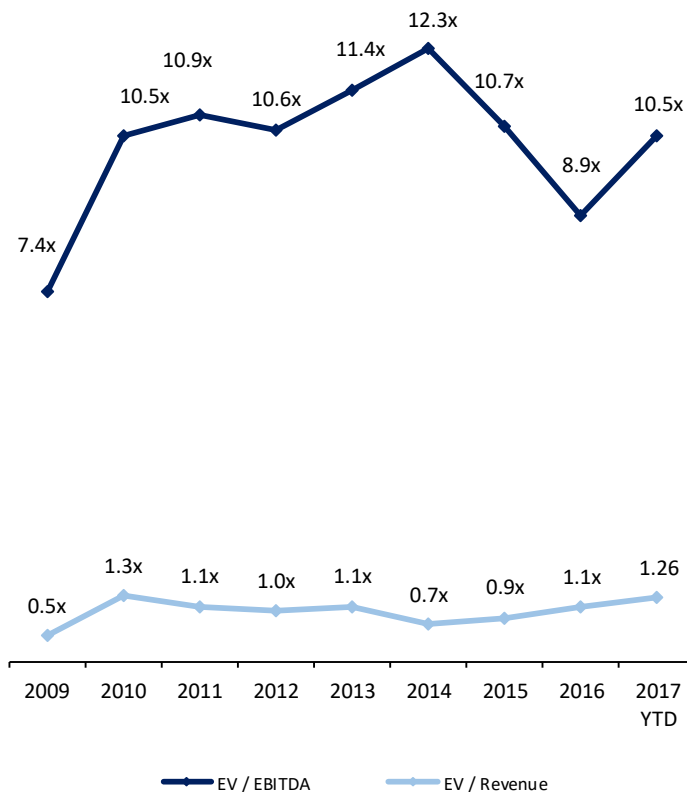
U.S. Consumer & Retail Industry – M&A Market Overview

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

U.S. Consumer & Retail Transactions by Buyer Type



U.S. Consumer & Retail Transaction Multiples



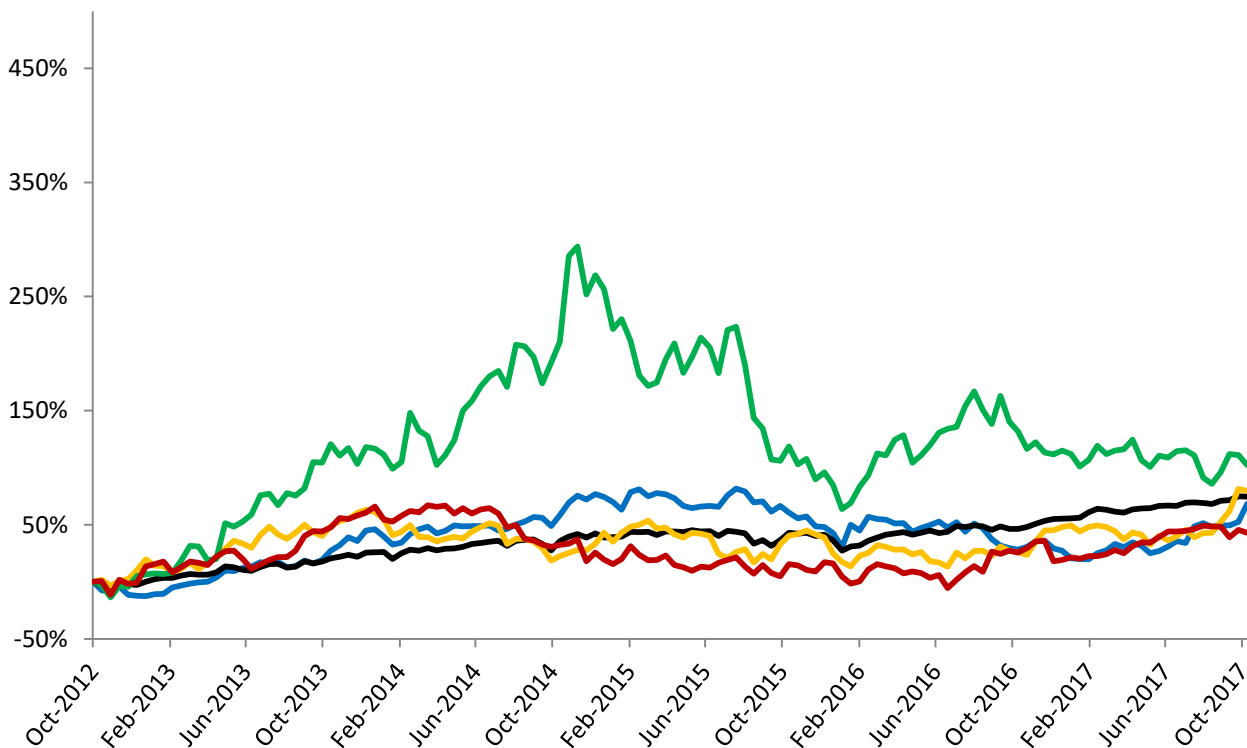
Source: Capital IQ.

Note: Represents transactions above \$200 million total transaction value.

Peakstone Consumer & Retail Index – Trading Statistics

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

Relative Stock Performance – Group 1



Consumer Electronics: 102%

Automotive and Components: 80%

S&P 500: 75%

Apparel, Accessories and Luxury: 68%

Consumer Services: 43%

Peakstone Apparel & Accessories Index

VFC, UA, HBI, PVH, RL

Peakstone Automotive Index

F, GM, GT, BWA, LEA

Peakstone Consumer Electronics Index

GPRO, UEIC

Peakstone Consumer Services Index

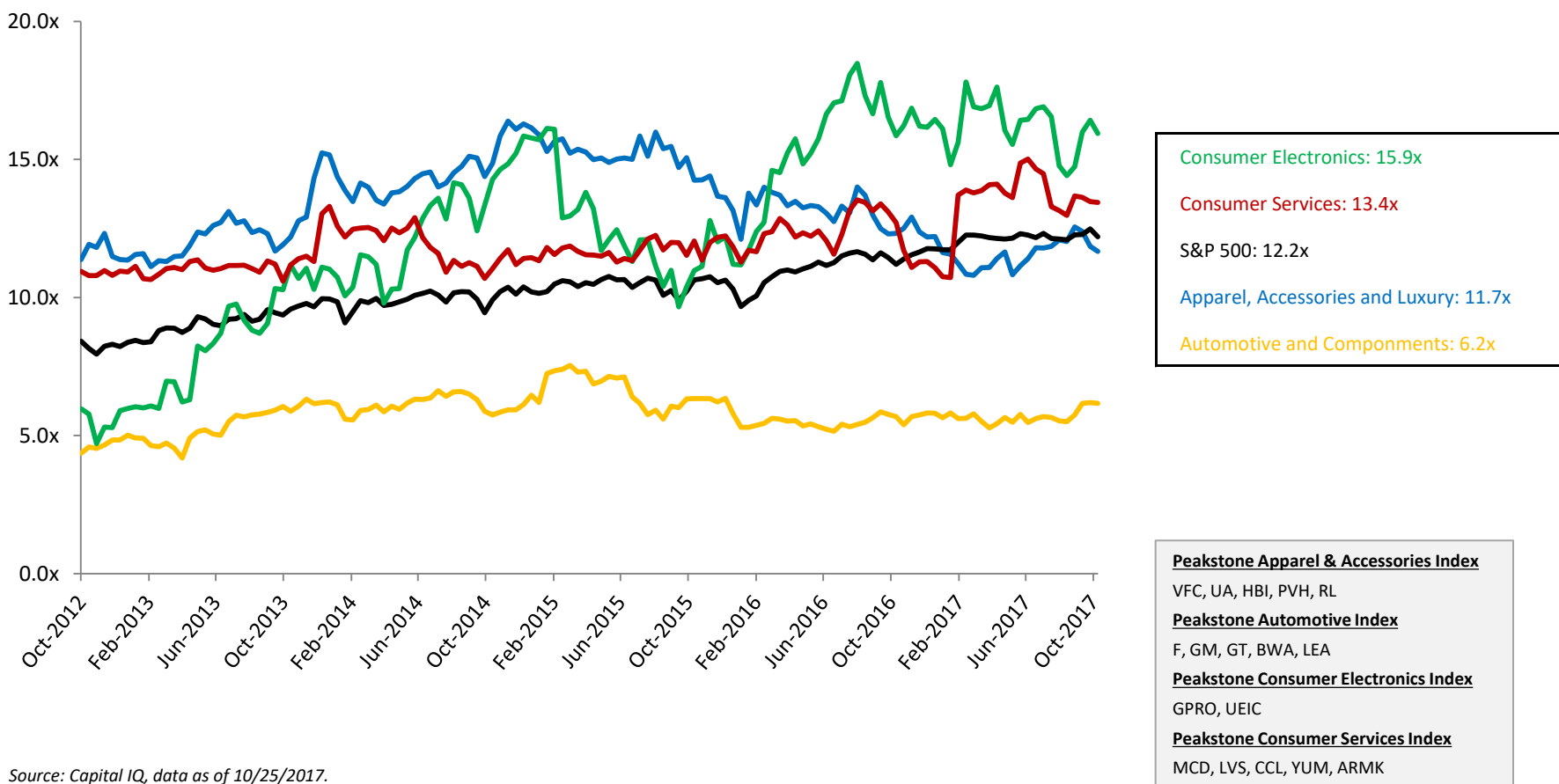
MCD, LVS, CCL, YUM, ARMK

Source: Capital IQ, data as of 10/25/2017.
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

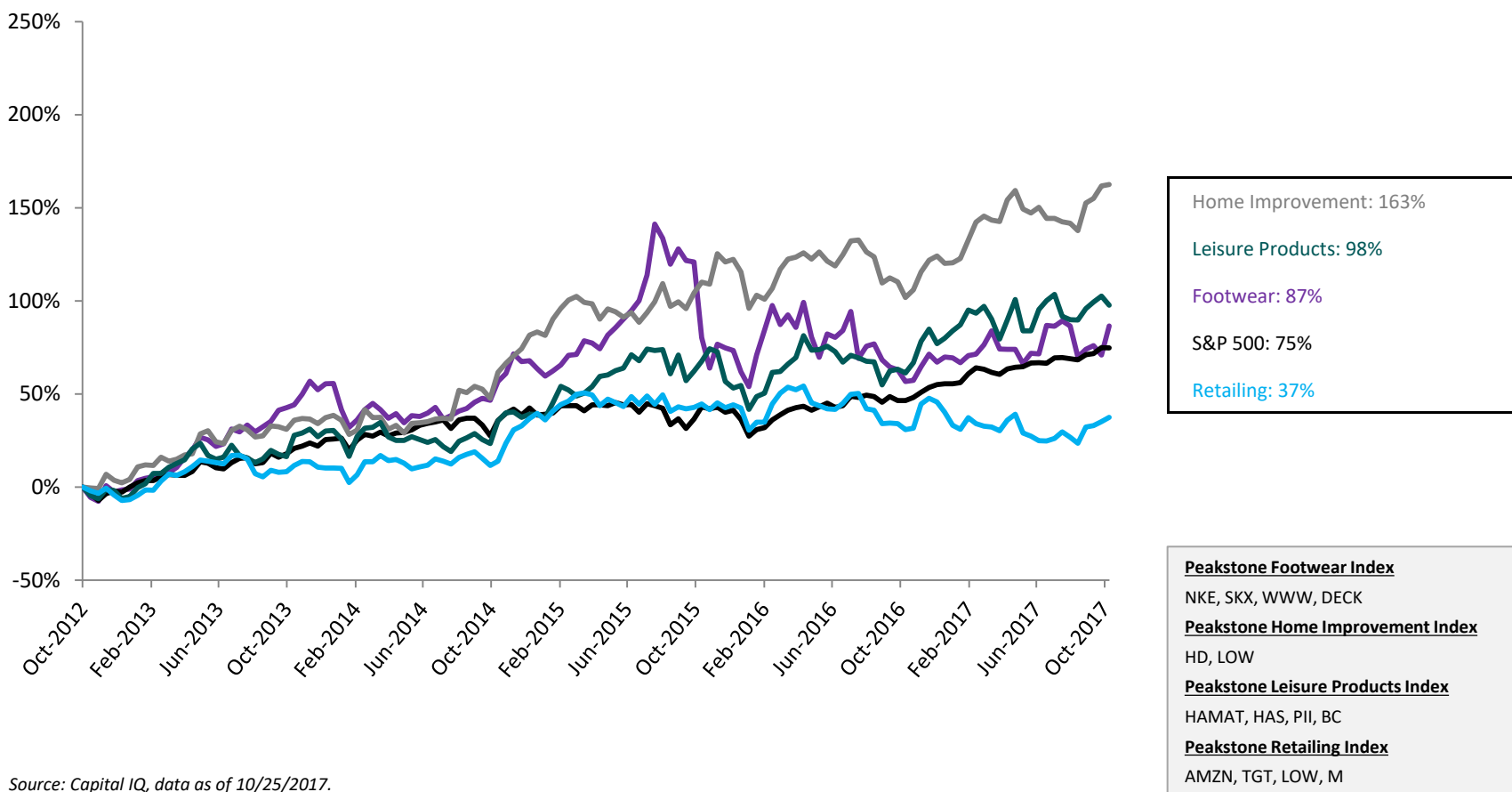


Source: Capital IQ, data as of 10/25/2017.
Note: Peakstone Indexes are equally weighted.

Peakstone Consumer & Retail Index – Trading Statistics

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

Relative Stock Performance – Group 2

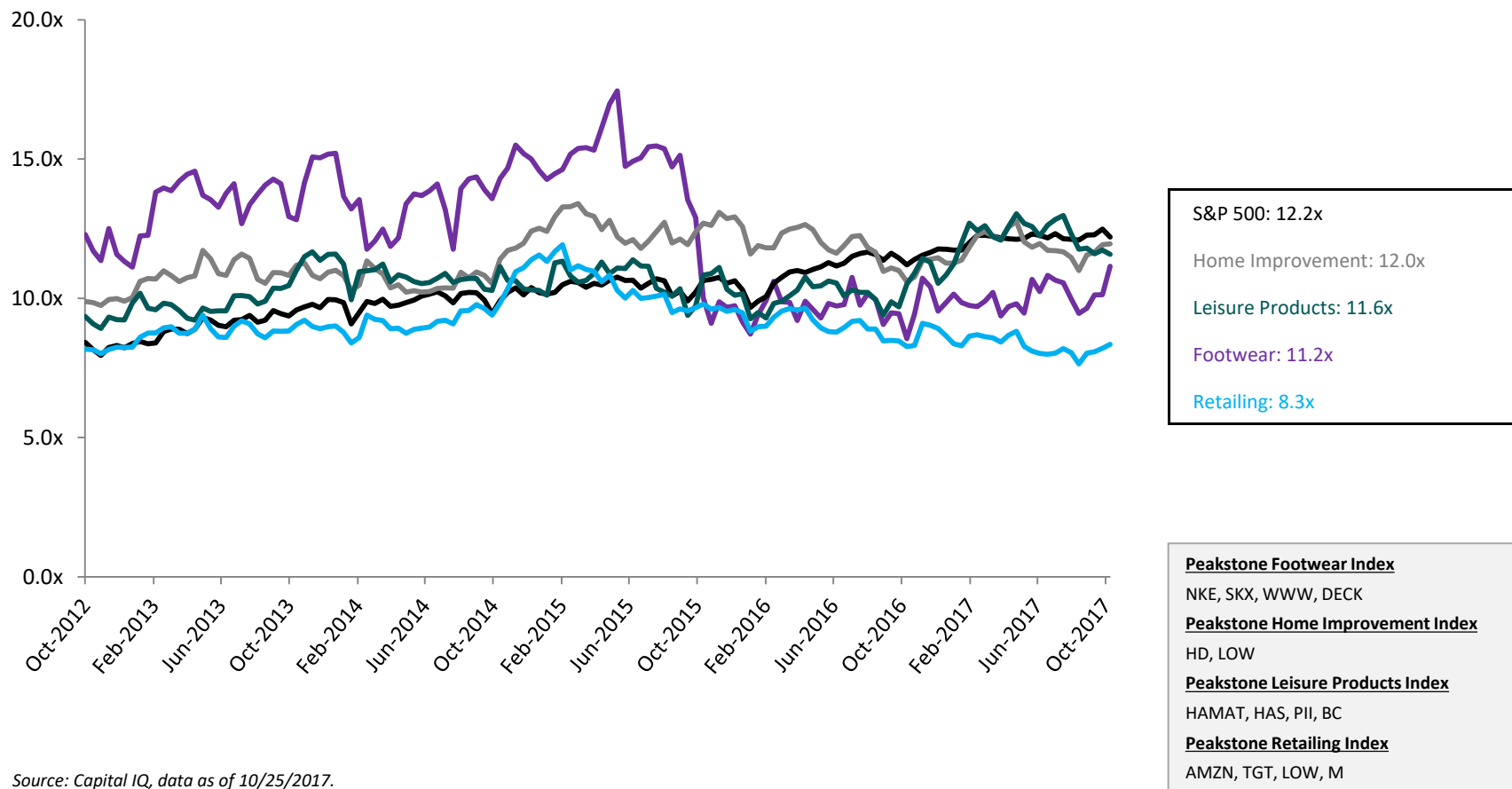


Source: Capital IQ, data as of 10/25/2017.
Note: Peakstone Indexes are equally weighted.

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



Public Trading Comparables by Sector

Select Public Trading Comparables – Group 1

(\$ 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	\$28,038	\$30,875	2.5x	16.6x	19.6x	21.5x	49%	15%
PVH Corp.	\$10,036	\$12,683	1.5x	11.1x	15.4x	15.5x	54%	14%
Hanesbrands Inc.	\$8,423	\$12,199	1.9x	11.7x	13.1x	11.4x	39%	16%
Under Armour, Inc.	\$6,862	\$7,651	1.5x	14.5x	20.9x	0.0x	46%	11%
Ralph Lauren Corporation	\$7,368	\$6,696	1.0x	6.8x	9.8x	16.8x	58%	15%
Apparel, Accessories and Luxury Median	\$8,423	\$12,199	1.5x	11.7x	15.4x	15.5x	49%	15%
Automotive and Components								
Ford Motor Company	\$48,416	\$166,108	1.1x	10.8x	36.6x	7.2x	10%	9%
General Motors Company	\$66,021	\$138,682	0.8x	6.1x	12.4x	7.9x	12%	13%
The Goodyear Tire & Rubber Company	\$8,575	\$13,984	0.9x	5.9x	8.5x	9.4x	27%	16%
BorgWarner Inc.	\$11,134	\$13,046	1.4x	8.2x	10.9x	13.4x	22%	17%
Lear Corporation	\$11,887	\$12,734	0.6x	6.2x	7.7x	10.1x	12%	10%
Automotive and Components Median	\$11,887	\$13,984	0.9x	6.2x	10.9x	9.4x	12%	13%
Consumer Electronics								
GoPro, Inc.	\$1,353	\$1,329	1.0x	NM	NM	28.5x	37%	-12%
Universal Electronics Inc.	\$908	\$950	1.4x	15.9x	33.0x	17.7x	25%	9%
Consumer Electronics Median	\$1,131	\$1,140	1.2x	15.9x	33.0x	23.1x	31%	-2%
Consumer Services								
McDonald's Corporation	\$132,742	\$158,711	6.6x	16.3x	19.1x	24.0x	45%	41%
Las Vegas Sands Corp.	\$49,972	\$58,687	4.8x	13.4x	18.8x	22.9x	76%	36%
Carnival Corporation	\$47,895	\$56,608	3.3x	11.1x	17.2x	16.5x	42%	30%
Yum! Brands, Inc.	\$25,975	\$34,851	5.6x	17.1x	20.1x	25.9x	44%	32%
Aramark	\$10,481	\$15,864	1.1x	12.3x	20.3x	19.9x	11%	9%
Consumer Services Median	\$47,895	\$56,608	4.8x	13.4x	19.1x	22.9x	44%	32%

Source: Capital IQ, data as of 10/25/2017.

Public Trading Comparables by Sector (continued)

Select Public Trading Comparables – Group 2

(\$ in millions)	Market	Enterprise	Enterprise Value /			Forward	Gross	EBITDA
Company Name	Cap	Value	Revenue	EBITDA	EBIT	P/E Ratio	Margin %	Margin %
Footwear								
NIKE, Inc.	\$87,156	\$85,451	2.5x	16.0x	18.5x	22.6x	44%	16%
Skechers U.S.A., Inc.	\$5,303	\$4,700	1.2x	10.5x	13.2x	16.2x	47%	11%
Wolverine World Wide, Inc.	\$2,793	\$3,194	1.3x	11.8x	13.9x	17.0x	39%	11%
Deckers Outdoor Corporation	\$2,152	\$1,905	1.0x	8.4x	10.9x	16.3x	47%	12%
Footwear Median	\$4,048	\$3,947	1.2x	11.2x	13.6x	16.6x	45%	12%
Home Improvement								
The Home Depot, Inc.	\$195,719	\$215,856	2.2x	13.4x	15.4x	21.4x	34%	17%
Lowe's Companies, Inc.	\$67,591	\$81,860	1.2x	10.5x	13.1x	16.8x	34%	12%
Home Improvement Median	\$131,655	\$148,858	1.7x	12.0x	14.2x	19.1x	34%	14%
Leisure Products								
Hasbro, Inc.	\$11,628	\$12,265	2.3x	12.0x	14.4x	18.0x	52%	19%
Polaris Industries Inc.	\$7,706	\$8,494	1.7x	16.3x	25.1x	23.2x	27%	11%
Mattel, Inc.	\$5,278	\$7,645	1.4x	11.1x	17.9x	21.2x	45%	13%
Brunswick Corporation	\$5,149	\$5,155	1.1x	8.5x	10.3x	13.4x	27%	13%
Leisure Products Median	\$6,492	\$8,069	1.6x	11.6x	16.1x	19.6x	36%	13%
Retailing								
Amazon.com, Inc.	\$468,802	\$470,970	3.1x	38.3x	136.7x	183.5x	36%	8%
Lowe's Companies, Inc.	\$67,591	\$81,860	1.2x	10.5x	13.1x	16.8x	34%	12%
Target Corporation	\$34,374	\$44,329	0.6x	6.2x	9.2x	14.2x	29%	10%
Macy's, Inc.	\$6,518	\$12,047	0.5x	4.5x	7.4x	6.3x	39%	11%
Retailing Median	\$50,983	\$63,095	0.9x	8.3x	11.2x	15.5x	35%	10%
Consumer and Retail Total Median	\$10,155	\$13,092	1.4x	11.6x	14.8x	17.9x	36%	13%

Source: Capital IQ, data as of 10/25/2017.

Selected Consumer & Retail Industry Transactions

Selected Consumer and Retail Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
09/20/2017	NYX Gaming Group Limited (TSXV:NYX)	\$607	Bally Gaming and Systems UK Limited	21.9x	Bally Gaming And Systems UK Limited entered into a definitive agreement to acquire NYX Gaming Group Limited (TSXV:NYX) from Matt Davey, Chief Executive Officer of NYX and others for CAD 260 million on September 20, 2017.
08/14/2017	Williamson-Dickie Manufacturing Company	\$820	V.F. Corporation (NYSE:VFC)	11.0x	V.F. Corporation (NYSE:VFC) signed a definitive agreement to acquire Williamson-Dickie Manufacturing Company for approximately \$820 million on August 11, 2017. The transaction will be financed with cash.
07/09/2017	ClubCorp Holdings, Inc.	\$2,232	Apollo Global Management, LLC (NYSE:APO)	10.4x	Apollo Global Management, LLC (NYSE:APO) ('Apollo') entered into a definitive agreement to acquire ClubCorp Holdings, Inc. (NYSE:MYCC) ('ClubCorp') from FrontFour Capital Group LLC and other shareholders for \$1.1 billion on July 9, 2017.
07/06/2017	HSN, Inc. (NasdaqGS:HSNI)	\$1,829	QVC Group (NasdaqGS:QVCA)	10.7x	QVC Group (NasdaqGS:QVCA) entered into a definitive agreement to acquire the remaining 61.5% stake in HSN, Inc. (NasdaqGS:HSNI) for \$1.3 billion on July 5, 2017.
06/28/2017	Staples, Inc.	\$7,904	Sycamore Partners	5.3x	Sycamore Partners II fund managed by 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	\$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.

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
04/17/2017	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.
04/10/2017	Intrawest Resorts Holdings, Inc.	\$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. (NYSE:SNOW) from Intrawest S.à r.l. and others for approximately \$950 million on April 7, 2017.
04/06/2017	1,112 Gas Stations And Convenience Stores In Texas And The Eastern United States	\$3,306	7-Eleven, Inc.; SEI Fuel Services, Inc.	-	7-Eleven, Inc and SEI Fuel Services, Inc. agreed to acquire approximately 1,112 gas stations and convenience stores in Texas and the eastern United States from Sunoco Retail, LLC, Town & Country Food Stores, Inc, and others for \$3.3 billion in cash on April 6, 2017.
04/05/2017	Panera Bread Company	\$7,750	Rye Parent Corp.	17.9x	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 entered into a definitive agreement to acquire Checkers Drive-In Restaurants, Inc from Sentinel Capital Partners 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.

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
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.
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 (NYSE:MPG) from American Securities, Levin Capital Strategies, L.P. and others 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.

Source: Capital IQ

Peakstone Momentum

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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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