



Retail Sector M&A-Highlights and Market Insights

Data source: S&P Capital IQ. Analysis by Proventis Partners.

- ▶ **Peer group valuations** – The valuations decreased in Q1 2018 leading to a TEV/EBITDA multiple of 11.9x from 13.4x in the previous quarter.
- ▶ **Slight increase in M&A activities in the retail industry** – The increase in the number of transactions in Q4 2017 was only temporary and in Q1 2018 it decreased to the lowest level within the last four years. The deal volume increased towards € 5.2 bn, driven by the € 3.0 bn acquisition of Net-A-Porter in Italy by the Richemont Group.
- ▶ **Transaction multiples** – The TEV/EBITDA multiple further increased to 15.4x in Q1 2018.
- ▶ **Increased valuations by financial sponsors** – In Q1 2018, financial sponsors paid increased LTM TEV/EBITDA multiples for the acquired companies. However, strategic sponsors remain to pay a premium with an average LTM TEV/EBITDA multiple of 9.4x compared to 8.8x for financial sponsors.
- ▶ **Small caps remain to be the most expensive companies in Q1 2018** – Investors remain to pay a slight premium on small caps. The LTM TEV/EBITDA multiples ranging from 9.9x for small caps, 9.5x for mid-caps to 9.3x for large caps.

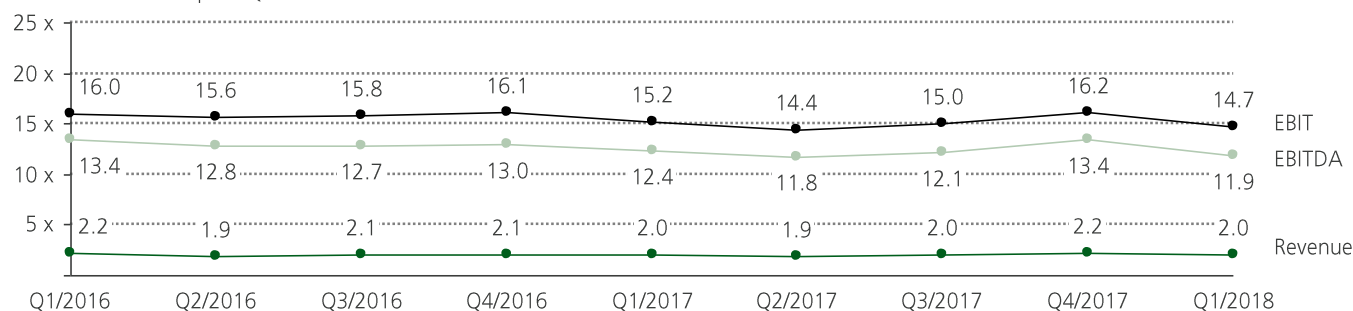
Global Retail Sector Peer Group

Note: TEV = Total Enterprise Value. LTM = Last Twelve Months. Data source: S&P Capital IQ. In €m.

Company Name	Country	Market Cap	TEV	Total Revenue LTM	EBITDA LTM	TEV/EBITDA LTM	TEV/EBITDA LTM prev. quarter
Amazon.com, Inc.	United States	568,732	579,415	148,127	12,524	47.5x	45.1x
The Home Depot, Inc.	United States	167,431	186,451	81,208	13,475	13.7x	14.8x
Industria de Diseño Textil, S.A.	Spain	79,181	72,819	25,336	5,473	13.1x	16.2x
H & M Hennes & Mauritz AB (publ)	Sweden	20,157	20,324	19,720	2,700	7.7x	8.8x
Ross Stores, Inc.	United States	24,188	23,463	11,361	1,898	12.2x	13.4x
L Brands, Inc.	United States	8,649	12,110	10,154	1,848	6.5x	9.6x
Ulta Beauty, Inc.	United States	10,113	9,790	4,730	834	11.6x	13.5x
Best Buy Co., Inc.	United States	16,607	15,164	33,881	2,128	7.4x	7.1x
Zalando SE	Germany	10,953	9,853	4,489	226	43.5x	45.8x
Kingfisher plc	United Kingdom	7,170	7,108	13,308	1,074	6.6x	7.1x
Median						11.9x	13.4x

Retail Sector Peer Group Trading Multiples

Data source: S&P Capital IQ



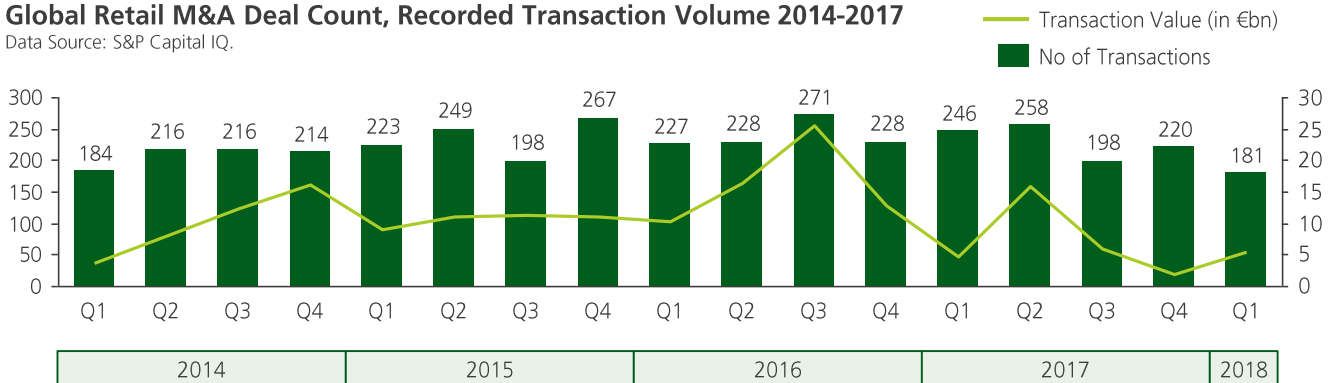
Recent Retail M&A Transactions

Note: TEV = Total Enterprise Value. TTV = Total Transaction Value in €m. Data source: S&P Capital IQ. Selection of transactions by Proventis Partners.

Announced Date	Target	Target Country	Acquirer	Acquirer Country	Acquired Stake (in %)	Total Transaction Value	Implied EV/EBITDA
27.03.2018	Nick Scali Limited (ASX:NCK)	AU	Kuka Investment and Management Co., Limited	n/a	14	48	9.5x
26.03.2018	The Finish Line, Inc. (NasdaqGS:FINL)	US	JD Sports Fashion plc (LSE:JD.)	UK	100	449	4.7x
26.03.2018	Shaddy Co., Ltd.	n/a	L Capital Tokyo Co., Ltd.	n/a	100	15	n/a
23.03.2018	Global Fashion business segment of Lotte Shopping Co., Ltd.	n/a	NCF Co., Ltd.	n/a	100	20	n/a
22.03.2018	Eldorado Ltd.	RU	Public Joint Stock Company M.video (MISX:MVID)	RU	100	647	n/a
21.03.2018	Cuckoo Homesys Co., Ltd (KQSE:A284740)	KR	Cuckoo Holdings Co., Ltd (KQSE:A192400)	n/a	32	196	6.8x
20.03.2018	Yogibo Korea, Inc.	KR	Eomji House Co., Ltd. (XKON:A224810)	n/a	9	0	n/a
19.03.2018	Business and Certain Assets of Collins & Company, Inc.	n/a	Patrick Industries, Inc. (NasdaqGS:PATK)	US	100	30	n/a
14.03.2018	Angellebe Co., Ltd.	n/a	Manuko Co., Ltd. (TSE:9980)	n/a	100	3	n/a
14.03.2018	Swedol AB (OM:SWOLB)	SE	Nordstjernan AB	n/a	19	50	8.8x
09.03.2018	11 franchise stores in the Maryland market	n/a	Party City Holdco Inc. (NYSE:PRTY)	US	100	11	n/a
28.02.2018	KCF A Store Limited	HK	Karin Technology (BVI) Limited	VG	80	0	n/a
28.02.2018	Polaris Telecom Pte. Ltd.	SG	R7 Rigel Pte. Ltd.	SG	100	4	n/a
26.02.2018	Liandong (Shanghai) Automobile E-Commerce Co., Ltd.	CN	Shandong Keda Group Co., Ltd.; Shanghai Niutu Investment Management Centre	n/a	56	7	n/a
23.02.2018	More Than Free Co Ltd	n/a	Bangkok Airways Public Company Limited (SET:BA)	TH	100	1	n/a
23.02.2018	Beijing Jurunyan E-commerce Co., Ltd.	n/a	Tonghua Grape Wine Co., Ltd. (SHSE:600365)	CN	49	47	n/a
19.02.2018	Leyland SDM Limited	n/a	Grafton Group plc (LSE:GFTU)	IE	100	93	11.3x
19.02.2018	WonderCorporation (JASDAQ:3344)	n/a	RIZAP GROUP, Inc. (SPSE:2928)	n/a	66	151	9.4x
19.02.2018	All Assets of Fast Gourment Comercio de Alimentos Ltda	n/a	Gran Coffee Comercio, Locacao E Servicos S.A.	BR	100	1	n/a
12.02.2018	Ponomalu.ru	n/a	Public Joint-Stock Company Mobile TeleSystems (NYSE:MBT)	RU	78	7	n/a
07.02.2018	Young Poong Book Store Co., Ltd.	n/a	CK Ltd.	n/a	15	10	17.0x
31.01.2018	Thompson and Company of Tampa, Inc.	US	Scandinavian Tobacco Group A/S (CPSE:STG)	DK	100	50	n/a
26.01.2018	Chongqing Maoye Department Store Co., Ltd.	CN	Maoye Commercial Co., Ltd. (SHSE:600828)	n/a	100	51	n/a
11.01.2018	SRP Groupe S.A. (ENXTPA:SRP)	FR	Carrefour SA (ENXTPA:CA)	FR	17	79	121.2x
22.01.2018	YOOX Net-A-Porter Group S.p.A. (BIT:YNAP)	IT	Richemont Italia Holding Spa	IT	51	3,005	48.4x
15.01.2018	Mobile World Investment Corporation (HOSE:MWGI)	VN	VietNam Holding Limited (AIM:VNHI); Vietnam Holding Asset Management Ltd.	VN	0	2	12.7x

Global Retail M&A Deal Count, Recorded Transaction Volume 2014-2017

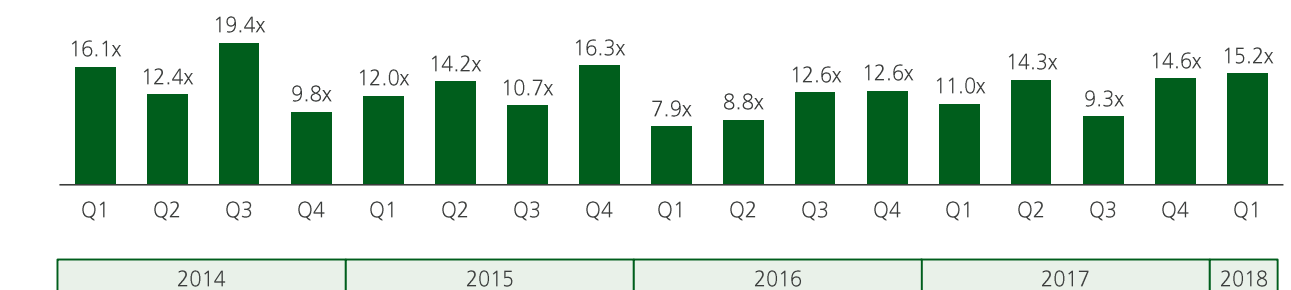
Data Source: S&P Capital IQ.



Global Retail M&A Transaction Multiples 2014-2017

Implied Transaction Enterprise Value / EBITDA of announced transactions with disclosed multiple.

Data Source: S&P Capital IQ.



Global Retail Sector Operating Financial Metrics

In €m. Data source: S&P Capital IQ

Company Size

Small Cap



- ▶ Revenue 1 to 50
- ▶ Average Revenue 15
- ▶ Number of companies 207

Mid Cap



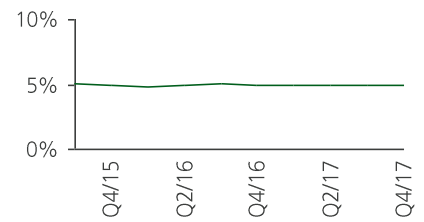
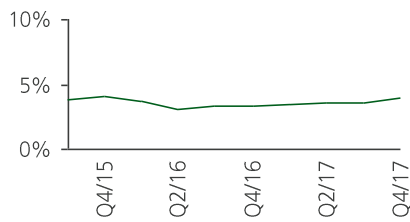
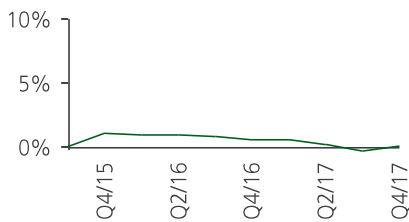
- ▶ Revenue 51 to 250
- ▶ Average Revenue 129
- ▶ Number of companies 255

Large Cap

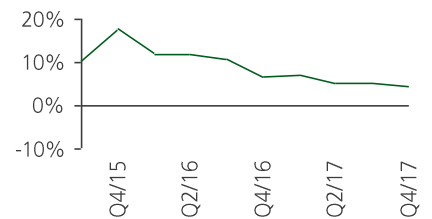
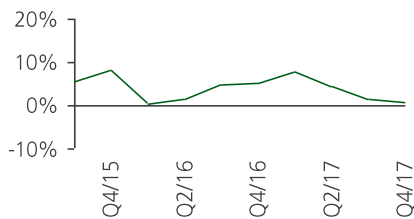
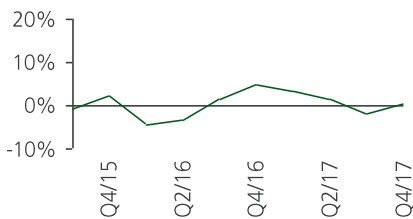


- ▶ Revenue >250
- ▶ Average Revenue 991
- ▶ Number of companies 499

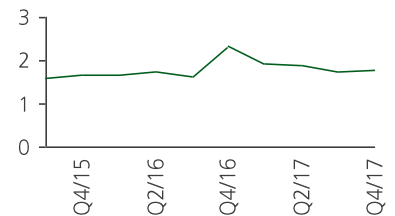
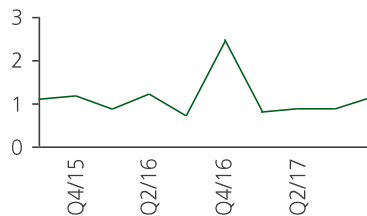
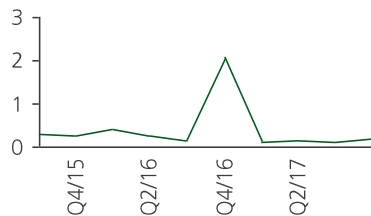
Quarterly EBIT Margin



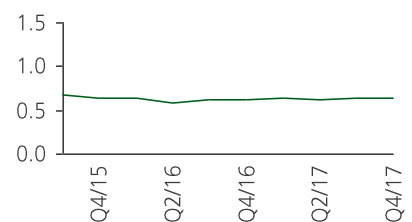
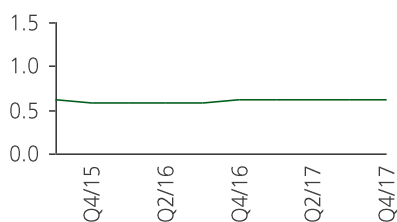
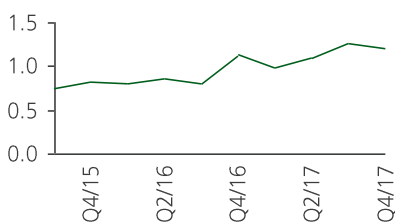
YOY – Quarterly Revenue Growth



Quarterly Debt/EBITDA



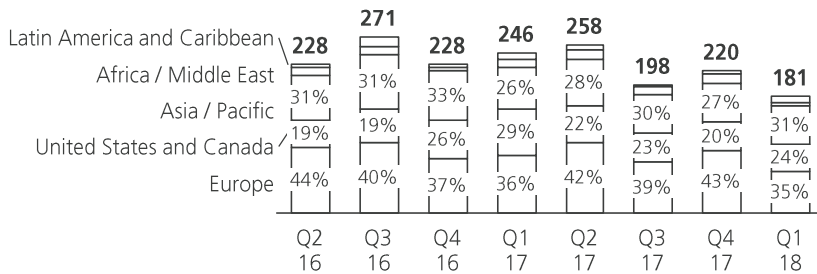
Quarterly Market Capitalization/Revenue



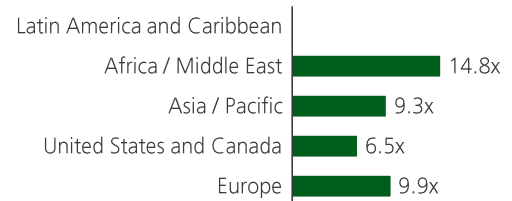
Global Retail M&A Deal Analysis

Implied M&A Enterprise Value / LTM EBITDA of transactions with disclosed multiple.
Data Source: S&P Capital IQ

Dealcount by Target Region

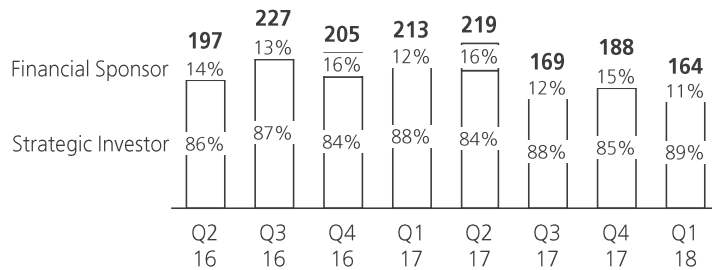


Median LTM EBITDA Multiple by Target Region



Dealcount by Investor Type

Transactions with identified investors.

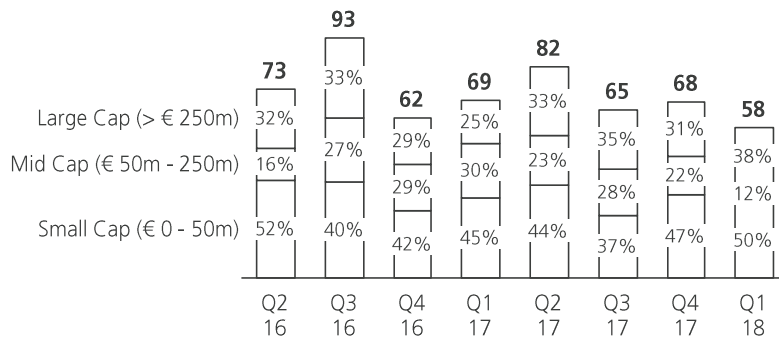


Median LTM EBITDA Multiple by Investor Type



Dealcount by Company Size

Transactions with disclosed annual pre-transaction revenues



Median LTM EBITDA Multiple by Company Size



Notes

The analysis considers announced or closed transactions only. Recent transactions and quarterly LTM multiples only include transactions with available Enterprise Values (EV). As Capital IQ constantly updates its database, the values might differ from previous M&A Facts.

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