



QUARTERLY REPORT

# MACROECONOMIC & MARKET UPDATE

July 12, 2018

**SEE SPECIAL REPORT: Potential Tariff Impacts (P. 17)**

*Recent escalation in trade dispute with China and EU may challenge retail sector performance*



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# LEADING GLOBAL RETAIL M&A ADVISORY PRACTICE

## Senior Team



**Peter J. Solomon**  
*Founder and Chairman*



**Marc Cooper**  
*Chief Executive Officer*



**David Shiffman**  
*Managing Director  
Co-Head of Retail*



**Cathy Leonhardt**  
*Managing Director  
Co-Head of Retail*



**Scott Moses**  
*Managing Director  
Head of Food Retail &  
Restaurants*



**Jeff Derman**  
*Managing Director*



**Gregory Grambling**  
*Director*



**Patrick Furlong**  
*Director*

## Additional Team Members

Flore Gimello, Vice President

Eric Bormel, Associate

Gaurav Ghosh, Associate

## Overview and Areas of Focus

- PJ Solomon is a globally recognized strategic advisor to leading retailing consumer, food retail, restaurants and e-commerce companies
- Unparalleled breadth and depth of industry knowledge, relationships and execution experience
- PJ Solomon's expertise also encompasses the convergence of retail, e-commerce digital media and marketing
- Collaborative effort with our technology, media and telecommunications bankers to provide clients a unique cross-sector perspective and approach
- Provide M&A, restructuring and financing advisory services to clients ranging from multi-national, large-capitalization corporations to smaller, high-growth, privately-held companies
- Extensive experience with family owned businesses and entrepreneurs

## Global Retail Group

We advise clients in all retail sectors, including:

- ▶ Branded Apparel
- ▶ Consumer Products
- ▶ Department Stores / Broadlines / Mass Merchants
- ▶ Discount / Dollar and Off-Price
- ▶ E-Commerce
- ▶ Fitness / Performance Apparel
- ▶ Food, Drug & Convenience Retail
- ▶ Footwear & Accessories
- ▶ Hardlines
- ▶ Home Improvement
- ▶ Jewelry / Luxury
- ▶ Restaurants
- ▶ Specialty Softlines
- ▶ Sporting Goods / Outdoor
- ▶ Wellness / Beauty

# SELECTED RETAIL GROUP TRANSACTIONS

<p>P E N D I N G</p> <p><b>VARSITY BRANDS</b></p> <p>Has agreed to be sold to</p> <p><b>BainCapital</b></p> <p>Serving as co-financial advisor to Charlesbank Capital Partners and Partners Group</p>	<p>P E N D I N G</p> <p><b>fred's Pharmacy</b></p> <p>Analyzing the value of its retail pharmacy script portfolio and engaging with potential strategic buyers</p> <p>Serving as financial advisor to Fred's Inc.</p>	<p>P E N D I N G</p> <p><b>\$437,000,000</b></p> <p><b>PERRY ELLIS</b></p> <p>Has agreed to be sold to newly formed entity controlled by George Feldenkreis</p> <p>Serving as financial advisor to the Special Committee of Perry Ellis</p>	<p>P E N D I N G</p> <p><b>GENESCO</b></p> <p>On its sale of</p> <p><b>Lids SPORTS GROUP</b></p> <p>Serving as financial advisor to Genesco</p>	<p>P E N D I N G</p> <p><b>Stein Mart</b></p> <p>Pursuing strategic alternatives</p> <p>Serving as financial advisor to the Special Committee of Stein Mart</p>	<p>JUNE 2018</p> <p><b>\$558,000,000</b></p> <p><b>FINISH LINE</b></p> <p>Has been sold to</p> <p><b>JD</b></p> <p>Served as financial advisor to the Special Committee of The Finish Line</p>
<p>MAY 2018</p> <p><b>DSW</b></p> <p>Has acquired the remaining outstanding equity interests of</p> <p><b>town shoes</b></p> <p>Served as financial advisor to DSW</p>	<p>MARCH 2018</p> <p><b>GR GROUPE ROCHER</b></p> <p>Has acquired</p> <p><b>ARBONNE</b></p> <p>Served as financial advisor to Groupe Rocher</p>	<p>MARCH 2018</p> <p><b>\$305,000,000</b></p> <p><b>APOLLO</b></p> <p>Has agreed to acquire</p> <p><b>QDOBA MEXICAN EATS</b> from <b>Jack in the box</b></p> <p>Served as financial advisor to Apollo</p>	<p>FEBRUARY 2018**</p> <p><b>\$788,000,000</b></p> <p><b>DUFY</b></p> <p>Spin off of</p> <p><b>HUDSON GROUP</b> Retail Specialists</p> <p>Co-Manager</p>	<p>FEBRUARY 2018</p> <p><b>FLIGHT CLUB</b></p> <p>Has merged with</p> <p><b>GOAT</b></p> <p>Served as financial advisor to Flight Club</p>	<p>NOVEMBER 2017</p> <p><b>SUPERMERCADO EL RANCHO</b></p> <p>Strategic investment by</p> <p><b>Albertsons</b></p> <p>Served as financial advisor to El Rancho</p>
<p>AUGUST 2017</p> <p><b>central grocers</b></p> <p><b>Scrack &amp; Van Til</b></p> <p>Has sold select assets to</p> <p><b>SUPERVALU</b></p> <p>Indiana Grocery Group</p> <p>Served as financial advisor to Central Grocers</p>	<p>AUGUST 2017**</p> <p><b>\$3,900,000,000</b></p> <p>\$1 billion Senior Notes \$2.9 billion First Lien Term Loan</p> <p><b>STAPLES</b></p> <p>Served as joint Lead Arranger and Bookrunner</p>	<p>JULY 2017</p> <p><b>marsh</b></p> <p>Has sold select assets to</p> <p><b>Kroger</b> <b>fresh Encounter</b></p> <p>Served as financial advisor to Marsh Supermarkets</p>	<p>JUNE 2017**</p> <p><b>\$325,000,000</b></p> <p>Senior Secured Credit Facilities</p> <p><b>Melissa &amp; Doug</b></p> <p>Served as joint Lead Arranger and Bookrunner</p>	<p>MAY 2017</p> <p><b>\$446,000,000</b></p> <p><b>Nutraceutical</b></p> <p>Has been sold to</p> <p><b>HGGC</b></p> <p>Served as financial advisor to Nutraceutical International Corporation</p>	<p>APRIL 2017**</p> <p><b>\$925,000,000</b></p> <p><b>TRUCK HERO</b></p> <p>\$675 million First Lien Term Loan \$250 million Second Lien Term Loan</p> <p>Served as joint Lead Arranger and Bookrunner</p>
<p>APRIL 2017**</p> <p><b>\$840,000,000</b></p> <p><b>SUPERVALU</b></p> <p>\$525 million Term Loan B \$315 million Delayed-Draw Fungible Term Loan B</p> <p>Served as Co-Manager</p>	<p>APRIL 2017</p> <p><b>HAGGAR CLOTHING</b></p> <p>Centre Lane Partners and Grand Wealth (subsidiary of Yue Yuen Industrial (Holdings) Limited) have recapitalized Hagggar, resulting in Grand Wealth acquiring 100% of shares outstanding</p> <p>Served as financial advisor to Hagggar</p>	<p>MARCH 2017</p> <p><b>MODCLOTH</b></p> <p>Has been sold to</p> <p><b>Jet   Walmart</b></p> <p>Served as financial advisor to ModCloth</p>	<p>MARCH 2017**</p> <p><b>\$248,000,000</b></p> <p><b>KENNETH COLE</b></p> <p>\$30 million Revolving Credit Facility \$165 million Term Loan \$53 million Commercial Mortgage</p> <p>Served as financial advisor to Kenneth Cole Productions and Natixis provided real estate financing</p>	<p>FEBRUARY 2017</p> <p><b>\$174,200,000</b></p> <p><b>MBS</b></p> <p>Has been sold to</p> <p><b>BARNES &amp; NOBLE</b> education</p> <p>Served as financial advisor to MBS Textbook Exchange and owner Leonard Riggio</p>	<p>FEBRUARY 2017</p> <p><b>NASTY GAL</b></p> <p>Has been sold to</p> <p><b>boohoo.com</b></p> <p>Served as restructuring advisor to Nasty Gal on its Section 363 sale</p>

\* Terminated transactions.

\*\* Natixis, a PJ SOLOMON affiliate, acted as the underwriting party on this transaction.

Reflects sell-side engagements.

# SELECTED RETAIL GROUP TRANSACTIONS (CONT'D)

<p>JANUARY 2017</p> <p><b>FINISH LINE</b></p> <p>Has divested</p> <p>JackRabbit. to CriticalPoint</p> <p>Served as financial advisor to Finish Line</p>	<p>DECEMBER 2016 *</p> <p>\$950,000,000</p> <p><b>Fred's Pharmacy</b></p> <p>Has agreed to acquire 865 stores and certain assets from</p> <p>Walgreens Boots Alliance   RITE AID</p> <p>Provided a fairness opinion to the Board of Directors of Fred's Inc.</p>	<p>DECEMBER 2016</p> <p><b>Southeastern Grocers</b></p> <p>Has sold select pharmacy assets to</p> <p><b>CVS Health</b></p> <p>Served as financial advisor to Southeastern Grocers</p>	<p>NOVEMBER 2016</p> <p><b>Mi Pueblo Food Center</b></p> <p>Has been sold to</p> <p><b>CARDENAS KKR</b></p> <p>Served as financial advisor to Mi Pueblo</p>	<p>SEPTEMBER 2016</p> <p>\$145,000,000</p> <p><b>TRACTOR SUPPLY CO</b></p> <p>Has acquired</p> <p><b>pet sense</b></p> <p>Served as financial advisor to Tractor Supply Company</p>	<p>SEPTEMBER 2016</p> <p><b>HSN</b></p> <p>Has divested</p> <p>chasing fireflies. TRAVELSMITH</p> <p><b>DISTINCTIVE APPAREL   INC</b></p> <p>Served as financial advisor to HSNi</p>
<p>AUGUST 2016</p> <p>\$196,600,000</p> <p><b>Skullcandy</b></p> <p>Has been sold to</p> <p><b>MILL ROAD CAPITAL</b></p> <p>Served as financial advisor to Skullcandy</p>	<p>JUNE 2016</p> <p><b>Brooks Brothers</b></p> <p>Served as financial advisor to Brooks Brothers regarding strategic alternatives</p>	<p>JUNE 2016</p> <p>\$106,000,000</p> <p><b>Haggen</b></p> <p>Has sold its core business to</p> <p><b>Albertsons</b></p> <p>Served as financial advisor to Haggen</p>	<p>MAY 2016</p> <p><b>PVH</b></p> <p>Formed a JV to distribute Calvin Klein, Tommy Hilfiger, Warner's, Olga and Speedo in Mexico</p> <p><b>Calvin Klein TOMMY HILFIGER</b></p> <p>Served as financial advisor to PVH</p>	<p>FEBRUARY 2016</p> <p><b>QUIKSILVER</b></p> <p>Served as restructuring advisor to Quiksilver</p>	<p>SEPTEMBER 2016</p> <p><b>DSW</b></p> <p>Has acquired</p> <p><b>SHOEMETRO</b> Celebrate Your Savvy</p> <p>Served as financial advisor to DSW</p>
<p>FEBRUARY 2016</p> <p><b>RevZilla</b> WWW.REVZILLA.COM</p> <p>Has been sold to</p> <p><b>J.W. CHILDS ASSOCIATES</b> <b>CYCLE GEAR</b></p> <p>Served as financial advisor to RevZilla</p>	<p>FEBRUARY 2016</p> <p>\$495,000,000</p> <p><b>PVH</b></p> <p>Has acquired the remaining 55% interest in the China joint venture for</p> <p><b>TOMMY HILFIGER</b></p> <p>Served as financial advisor to PVH</p>	<p>JANUARY 2016</p> <p><b>ALEX AND ANI</b></p> <p>Pursued a strategic acquisition</p> <p>Served as financial advisor to Alex and Ani</p>	<p>JANUARY 2016</p> <p><b>chico's FAS</b></p> <p>Has sold</p> <p><b>BOSTON PROPER</b></p> <p><b>BRENTWOOD ASSOCIATES</b> PRIVATE EQUITY INVESTMENT</p> <p>Served as financial advisor to Chico's FAS</p>	<p>NOVEMBER 2015</p> <p><b>Key Food</b></p> <p>Has agreed to acquire selected assets from</p> <p><b>A&amp;P</b></p> <p>Served as financial advisor to Key Foods</p>	<p>AUGUST 2015</p> <p><b>FULLBEAUTY BRANDS*</b></p> <p>Served as financial advisor on strategic alternatives to Fullbeauty Brands</p>
<p>JULY 2015</p> <p>\$59,000,000</p> <p><b>TJX</b> THE TJX COMPANIES, INC.</p> <p>Has acquired</p> <p><b>TRADE SECRET</b> The Secret, Secret, Secret</p> <p>Served as financial advisor to TJX</p>	<p>JUNE 2015</p> <p><b>CASTANEA PARTNERS</b></p> <p>Minority investment in</p> <p><b>PROENZA SCHOULER</b></p> <p>Served as financial advisor to Proenza Schouler</p>	<p>MAY 2015</p> <p>\$179,750,000</p> <p><b>SOULCYCLE</b></p> <p>Served as financial advisor to the founders of SoulCycle in connection with the sale of their minority interest to Equinox</p>	<p>FEBRUARY 2015 *</p> <p>\$6,300,000,000</p> <p><b>Office DEPOT OfficeMax</b></p> <p>Has agreed to be acquired by</p> <p><b>STAPLES</b></p> <p>Served as financial advisor to Office Depot</p>	<p>OCTOBER 2014</p> <p>\$585,000,000</p> <p><b>RadioShack</b></p> <p>Has restructured its senior secured \$585,000,000 asset based credit facility</p> <p>Served as financial advisor to RadioShack</p>	<p>JUNE 2014</p> <p><b>American Apparel</b></p> <p>Served as advisor to American Apparel regarding shareholder activism and strategic alternatives</p>

\* Terminated transactions.

Reflects sell-side / strategic advisory engagements. 4

# MACROECONOMIC UPDATE



# CURRENT MACROECONOMIC SUMMARY

## Positive Developments

- ✓ **U.S. Real GDP increased +2.0% in Q1 2018 after +2.9% in Q4 2017**
  - Primarily reflects positive contributions from business investing, consumer spending, exports and government spending, offset by an increase in imports
- ✓ **Tax overhaul supporting investment and earnings, particularly retailers**
  - Declining savings rate (3.2% in May 2018) has provided a near term boost in retail sales but unclear medium- to long-term impact
- ✓ **U.S. Dollar has demonstrated modest recovery after bottoming out in early 2018, strengthening amid talks that Trump tariffs may be softened**
- ✓ **Deflationary trends have abated; for the first time since 2012, inflation hit the long-term 2% Fed target in June**
- ✓ **Labor market remains strong with low unemployment and robust wage growth**
  - Jobs increased 223,000 in May 2018 and unemployment edged down to 3.8%, a 17-year low
  - Labor Force Participation Rate, which had not meaningfully improved as the job market lifted, remained unchanged at 62.7% in May
  - Wage growth grew at 3.2% YoY in May
- ✓ **Oil prices have shown material recovery from mid-2017 trough, currently trading at ~\$75 per barrel**
- ✓ **Recent Fed actions reflect strength of U.S. economy and emergence from lengthy recovery**
  - Decision to begin unwinding \$4.5 trillion balance sheet in October
  - 25bp June 2018 rate hike to a target range of 1.75 – 2.00% reflects continued interest rate normalization
- ✓ **PMI rose to 58.7 in May, recovering from 9-month low of 57.3 in April**
- ✓ **Loose monetary policy around the globe amid reduced growth and lower inflation expectations**
  - European, Swiss, Swedish, Japanese and Danish national banks have all enacted zero or negative policy rates
  - QE programs by ECB and BOJ remain in place; EU announced extension of its program in October but in June announced that the program would be halted by year-end 2018
  - However, the status of these programs need to be monitored as there is increasing pressure to normalize monetary policy amid global strength

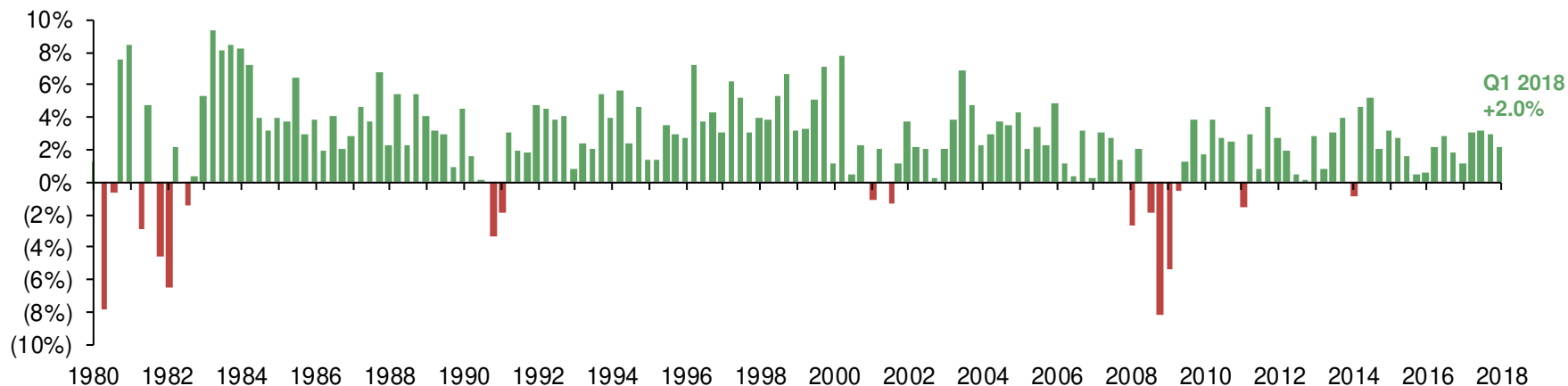
## Continued Concerns

- ✗ **Recent tariffs on major industries such as steel have stoked fears of a “trade war” among leading economies and have rattled equity markets**
  - Protectionist action threatens key U.S. relationships with major allies in Asia and Europe, but the economic severity of the tariffs may be exaggerated
  - Strength of execution by the Trump administration is still uncertain
- ✗ **Volatile global equity market, notwithstanding a nine-year bull market and valuations for many asset classes near all-time highs**
  - Technology sector stocks, which led the bull run, have maintained unprecedented momentum and currently trade at peak valuations
  - Given tech's disproportionate weighting in major indices, underperformance among the largest names (“FAANG”) has shown to impact broader markets
  - Concerns about market power and data privacy practice among the biggest names in tech are beginning to surface
- ✗ **Inflationary trends – particularly in wages – are driving Fed rate hikes; current inflationary environment at target but needs to be closely monitored**
- ✗ **Investment grade bond yields have increased in 2018, though remain below long-term average**
  - Flattening yield curve has historically been a precursor to weakening economic growth
- ✗ **Amazon and other large online marketplaces continue to meaningfully impact various brick-and-mortar segments**
  - Toys ‘R Us bankruptcy proceeding signifies shift away from “department store” paradigm for consumer products
  - Recently-publicized merger discussions indicate that cross-sector consolidation may provide the best defense
- ✗ **Massive federal spending approved in March may widen U.S. deficit**
- ✗ **After years of historically-low volatility, recent historic spikes in major indicators such as the VIX have provoked renewed volatility concerns**
  - On February 5, the VIX jumped 116%, an all-time high
  - The proliferation of automation and algorithmic trading as well as ETFs and index funds may exacerbate episodes of volatility
- ✗ **Geopolitics – new U.S. policy initiatives, North Korea, Syria, and Russia – continue to impact transaction and consumer activity**
- ✗ **Underfunded states, municipalities, pension liabilities and U.S. territories (e.g., Puerto Rico)**

# U.S. REAL GDP INCREASED +2.0% IN Q1 2018

## U.S. Real GDP Growth (Constant 2009 Dollars) <sup>(1)</sup>

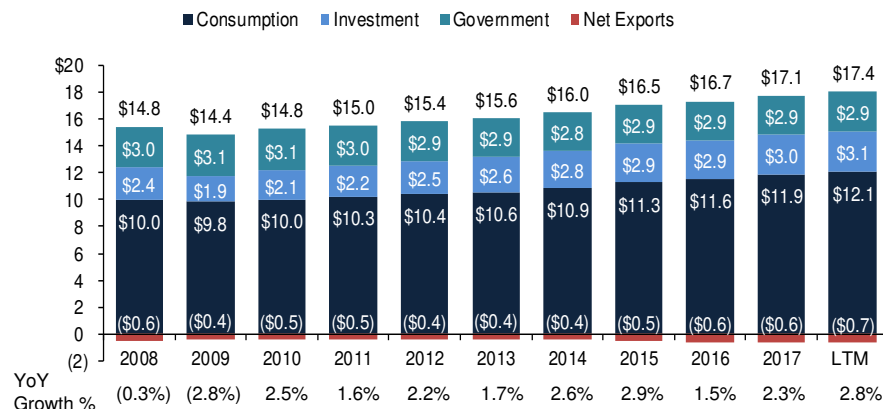
(Annualized Quarter over Quarter % Change)



Source: Bureau of Economic Analysis as of July 2018.

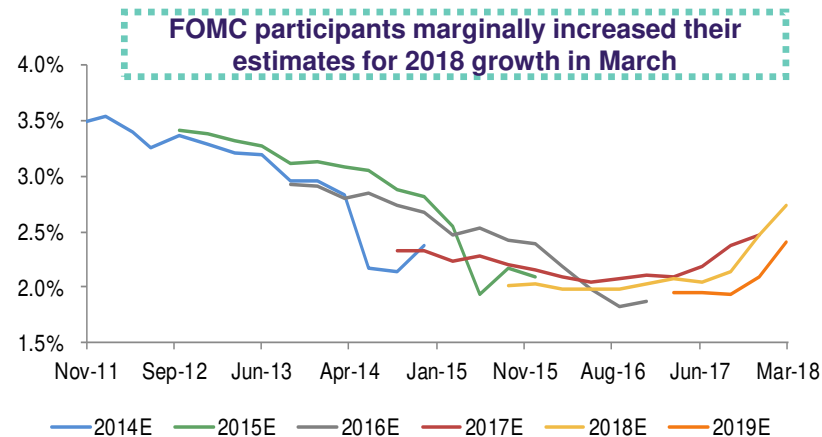
(1) Wall Street analysts estimate 2018 growth to be 2.8% per Bloomberg as of July 2018.

## U.S. Real GDP (Constant 2009 Dollars)



Source: Bureau of Economic Analysis as of July 2018.

## FOMC GDP Growth Projections Over Time

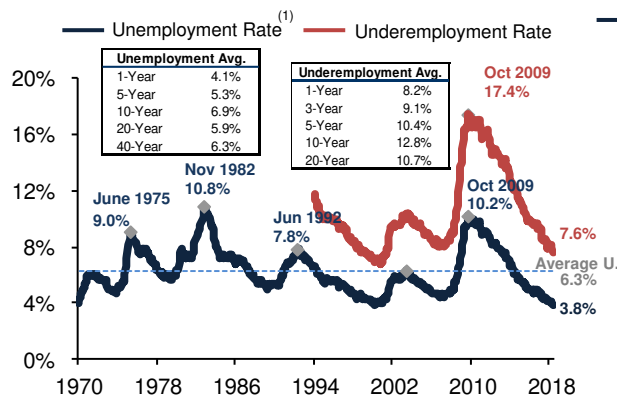


Source: FOMC as of July 2018.



# UNEMPLOYMENT NEAR 2000 AND 2007 LOWS; PAYROLLS REMAIN POSITIVE; JOB OPENINGS AND THE QUIT RATE REMAIN ELEVATED; LABOR PARTICIPATION REMAINS RELATIVELY LOW BUT HAS IMPROVED

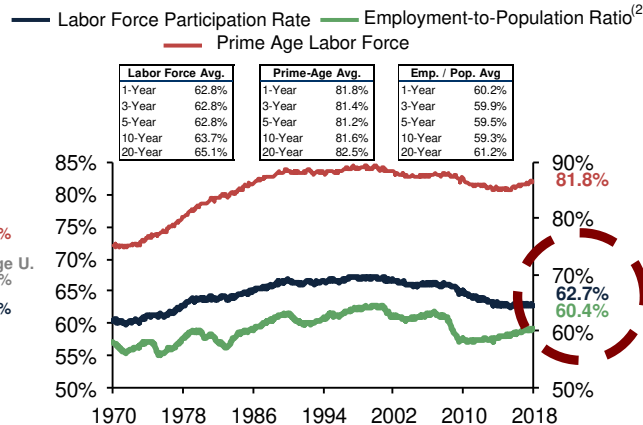
## U.S. Unemployment Rate <sup>(1)</sup>



Source: BLS as of July 2018 (May represents latest available data).

(1) Unemployment represents U-3 rate. Underemployment represents U-6 rate and is defined as total unemployed, plus all marginally attached workers plus total employed part time for economic reasons, as a percent of all civilian labor force plus all marginally attached workers.

## Labor Force Participation & Employment Rates <sup>(2)</sup>



Source: BLS as of July 2018 (May represents latest available data).

(2) Defined as the civilian labor force as a percentage of the total civilian population; the civilian labor force is defined as those either unemployed or employed and excludes those who want a job and have looked for work in the past 12 months, but who are not currently looking.

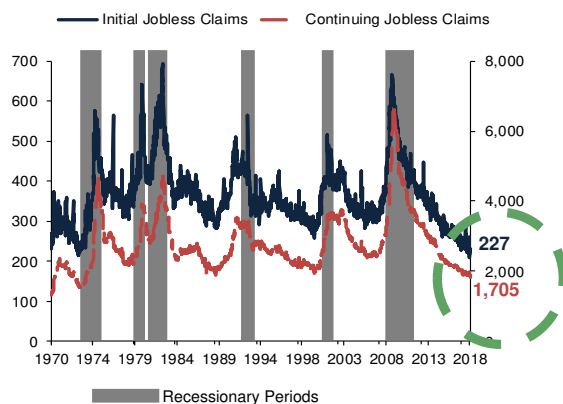
## Job Openings



Source: BLS as of July 2018 (April represents latest available data).

## Initial and Continuing Jobless Claims

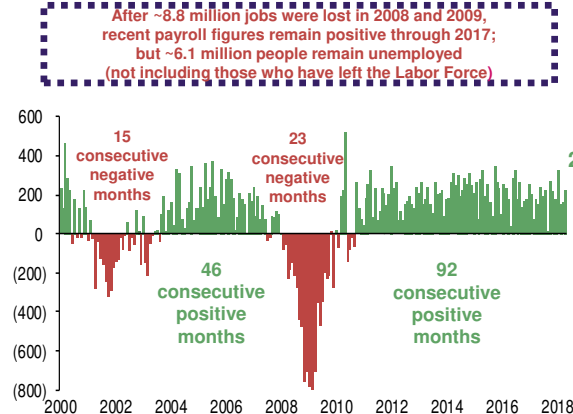
(Thousands)



Source: BLS as of July 2018.

## Change in Nonfarm Payrolls

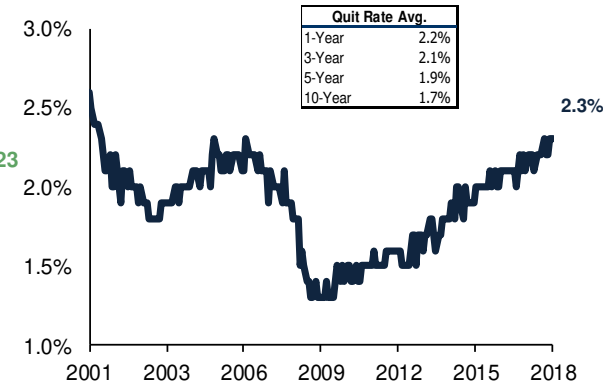
(Thousands)



Source: BLS as of July 2018 (May represents latest available data).

## Quit Rate

(Percent of Employment)



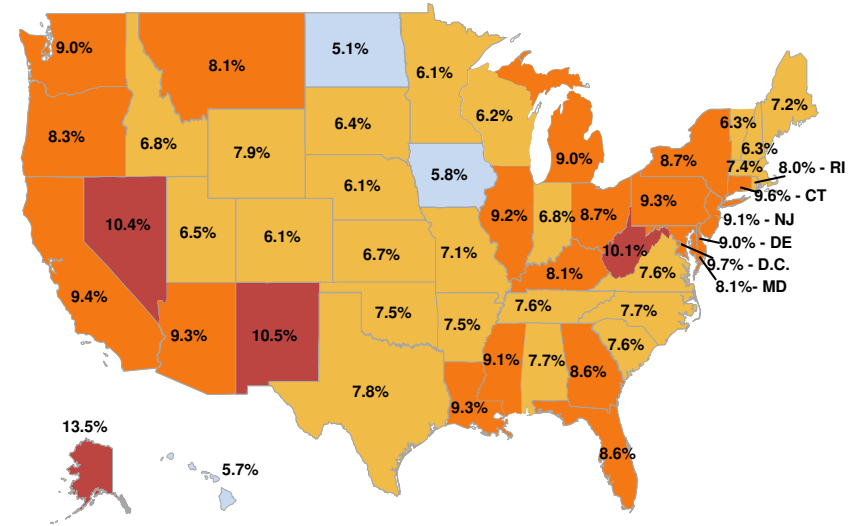
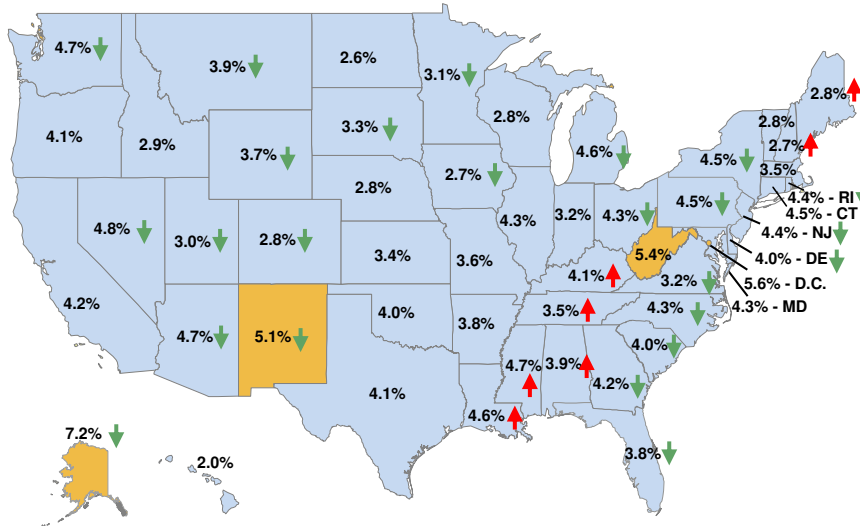
Source: BLS as of July 2018 (April represents latest available data).

# WHILE UNEMPLOYMENT AND UNDEREMPLOYMENT<sup>(1)</sup> ARE LOWER THAN LONG-TERM AVERAGES, CERTAIN STATES CONTINUE TO ENDURE ELEVATED UNDEREMPLOYMENT

May unemployment decreased to 3.8% and Underemployment decreased to 7.6%

**Current U.S. Unemployment Rate: 3.8% <sup>(2)</sup>**

**Current U.S. Underemployment Rate: 7.6% <sup>(3)</sup>**



Unemployment Rate	
<span style="display:inline-block; width:10px; height:10px; background-color:darkred; border:1px solid black;"></span>	> 10.0%
<span style="display:inline-block; width:10px; height:10px; background-color:orange; border:1px solid black;"></span>	7.6% - 10.0%
<span style="display:inline-block; width:10px; height:10px; background-color:yellow; border:1px solid black;"></span>	5.1% - 7.5%
<span style="display:inline-block; width:10px; height:10px; background-color:lightblue; border:1px solid black;"></span>	0.0% - 5.0%

Unemployment Avg.	
1-Year	4.1%
5-Year	5.3%
10-Year	6.9%
20-Year	5.9%
40-Year	6.3%

Underemployment Rate	
<span style="display:inline-block; width:10px; height:10px; background-color:darkred; border:1px solid black;"></span>	> 10.0%
<span style="display:inline-block; width:10px; height:10px; background-color:orange; border:1px solid black;"></span>	8.1% - 10.0%
<span style="display:inline-block; width:10px; height:10px; background-color:yellow; border:1px solid black;"></span>	6.1% - 8.0%
<span style="display:inline-block; width:10px; height:10px; background-color:lightblue; border:1px solid black;"></span>	0.0% - 6.0%

Underemployment Avg.	
1-Year	8.2%
3-Year	9.1%
5-Year	10.4%
10-Year	12.8%
20-Year	10.7%

Source: BLS as of July 2018.

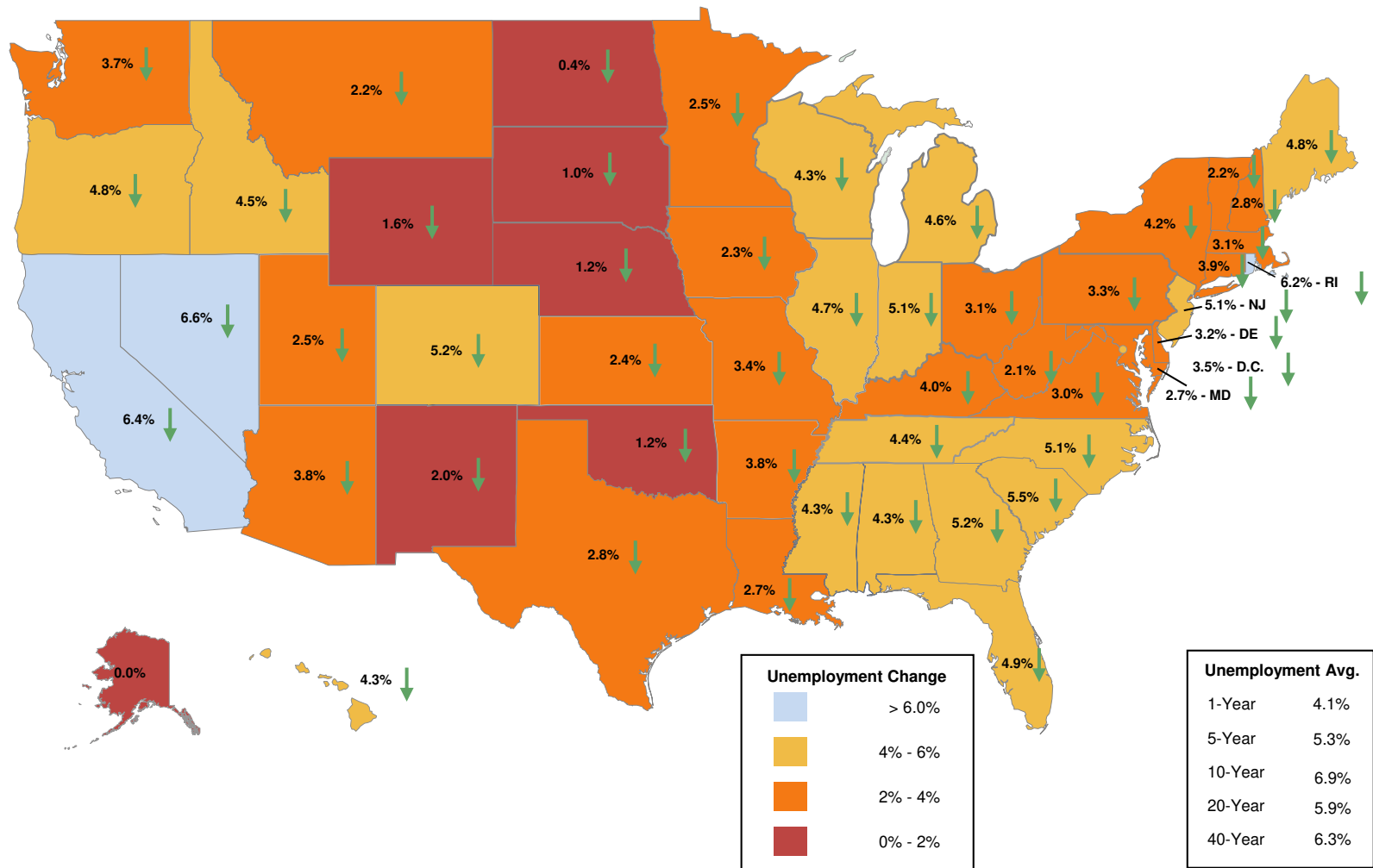
(1) Includes unemployed workers who are actively looking for work, involuntarily part-time workers and marginally attached workers (those who desire and are available for a job, but are not actively looking).

(2) National unemployment rate (U-3) reflects May 2018; state unemployment rates reflect May (the latest available data); arrows demonstrate decreases (green) and increases (black) in a state's unemployment rate over the prior month.

(3) National underemployment rate (U-6) reflects May 2018; state underemployment rates reflect 12 month average for period ending Q1 2018, the latest available data. State underemployment figures are updated quarterly.

# EVERY STATE'S UNEMPLOYMENT RATE IS LOWER THAN IN 2012

U.S. Unemployment Rate Change Since 2012: 3.8% <sup>(1)</sup>

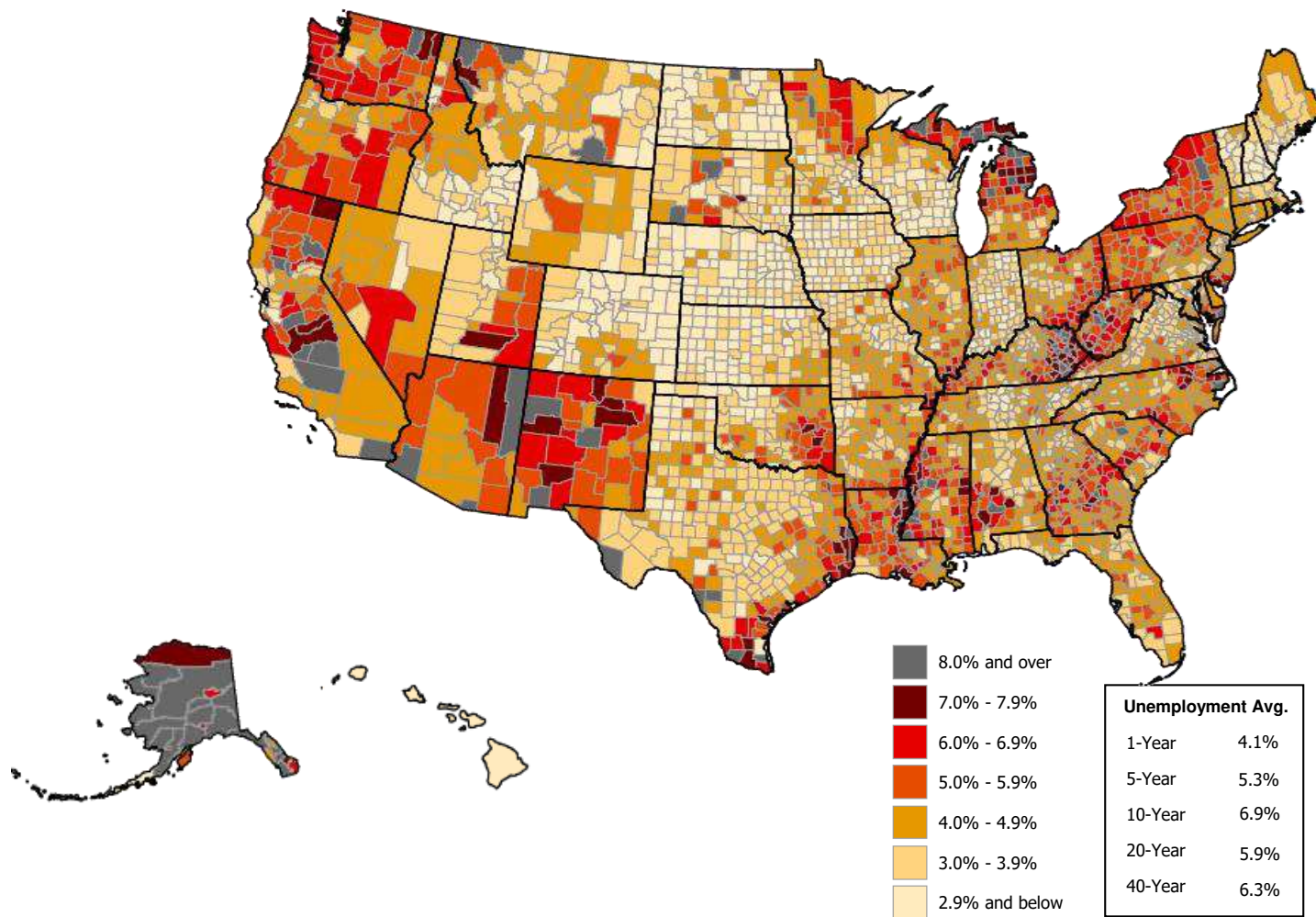


Source: BLS as of July 2018.

(1) National unemployment rate (U-3) reflects May 2018; state unemployment rates reflect May 2018 (the latest available data); arrows demonstrate decreases (green) and increases (black or white) in a state's unemployment rate over May 2012.

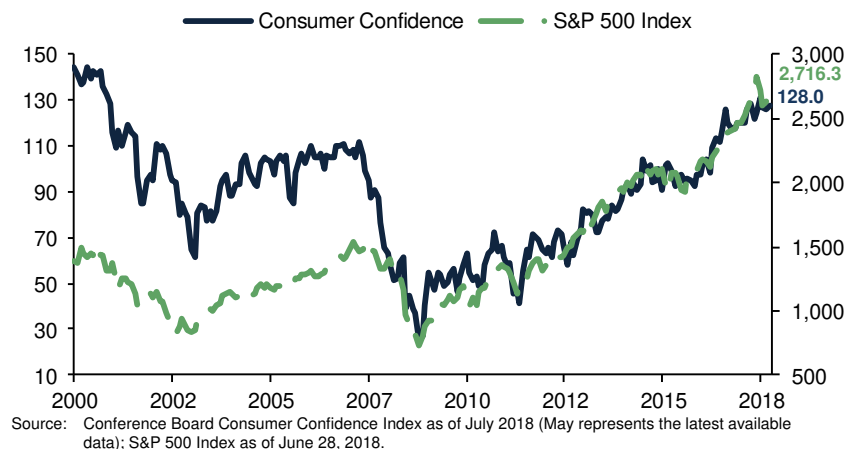
# UNEMPLOYMENT BY COUNTY – 12-MONTH AVERAGE

Current U.S. Unemployment Rate: 3.8% <sup>(1)</sup>

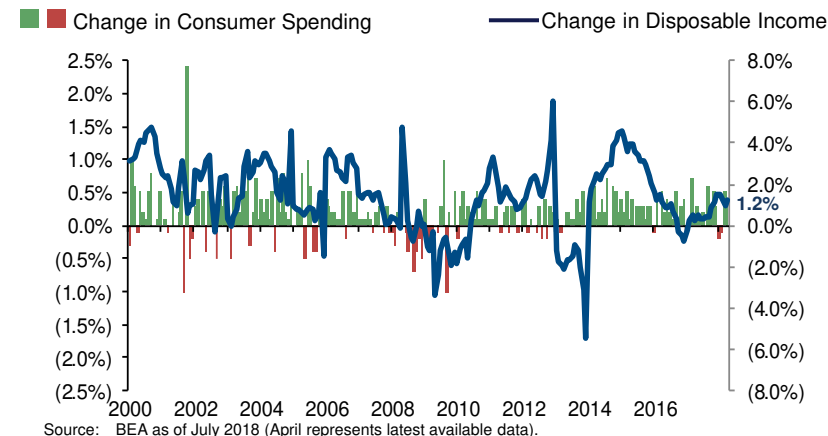


# AS CONSUMER CONFIDENCE CONTINUES TO CLIMB AND THE SAVINGS RATE DECLINES, U.S. RETAIL SALES HAVE STEADILY INCREASED, PARTICULARLY ONLINE

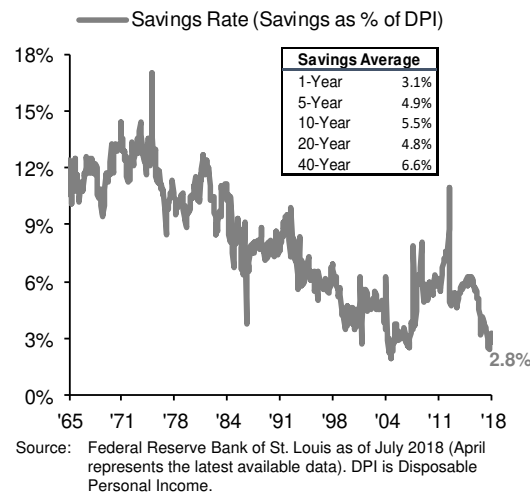
## Consumer Confidence and S&P 500



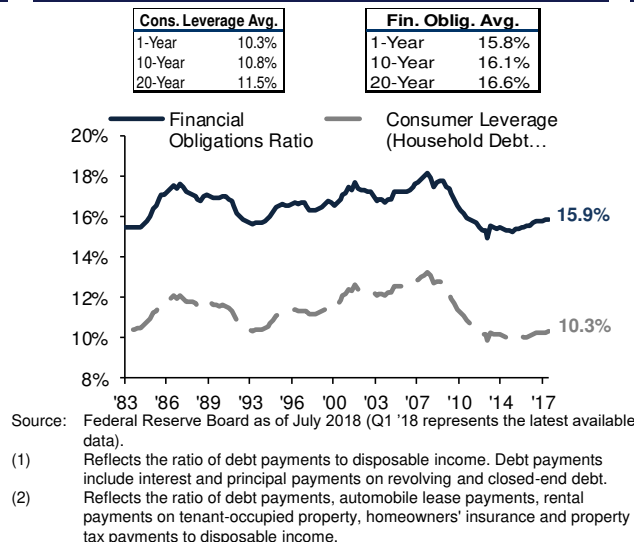
## U.S. Real Consumer Spending and Disposable Income



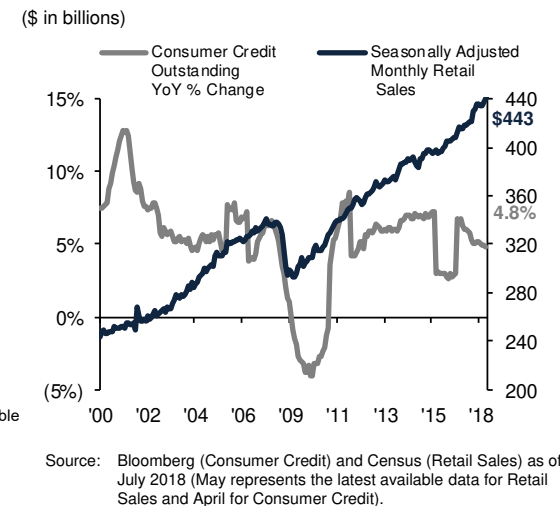
## Savings Rate



## Cons. Lev. (1) and Fin. Oblig. Ratio (2)



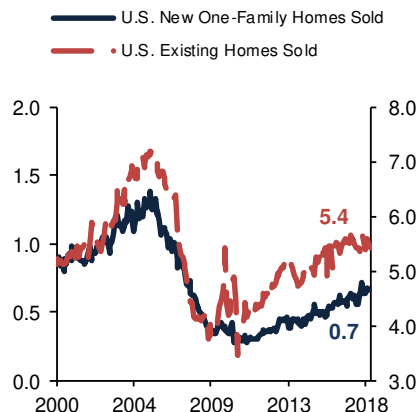
## Consumer Credit and Retail Sales



# DESPITE THE RECENT INCREASE IN MORTGAGE RATES, HOME SALES AND HOMEBUILDER CONFIDENCE REMAIN STRONG

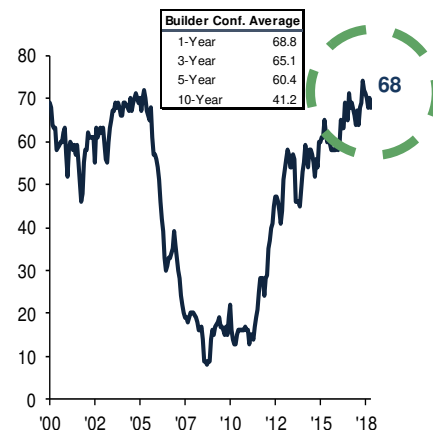
## Home Sales

(millions of units)



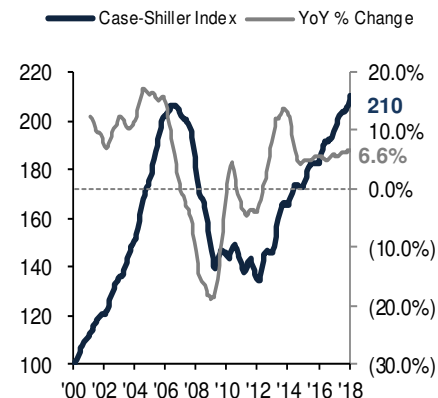
Source: U.S. Department of Commerce; Bureau of The Census Construction Reports as of July 2018 (May represents the latest available data for Existing Homes Sold and April for New One-Family Homes Sold).

## Homebuilder Confidence



Source: National Association of Home Builders as of July 2018 (June represents the latest available data).

## Home Prices



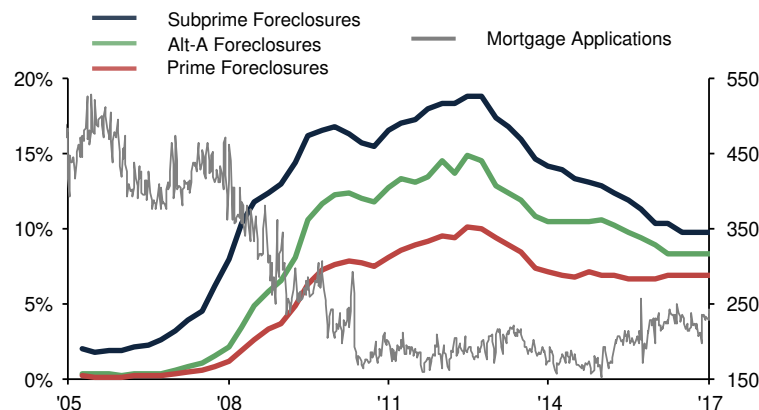
Source: S&P / Case-Shiller Composite-20 Home Price Index as of July 2018 (April represents the latest available data).

## 30-Yr Fixed Rate



Source: Freddie Mac as of July 2018 (May represents the latest available data).

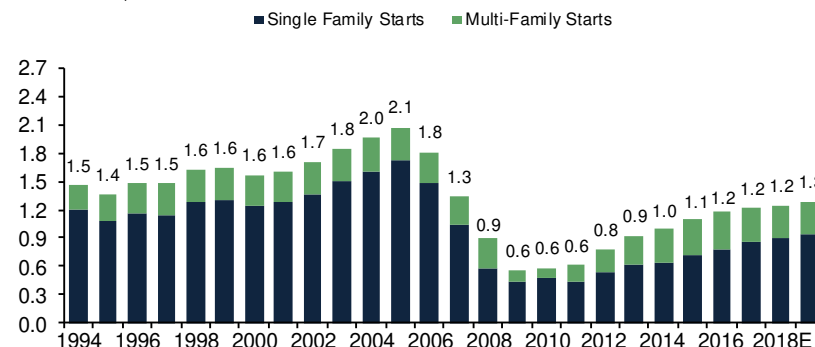
## Foreclosures



Source: Bloomberg (Foreclosures) and Mortgage Bankers Association (Mortgage Applications) as of December 2017.  
Note: Foreclosure statistics as a percentage of loans in delinquency includes only non-agency U.S. residential loans.

## Housing Starts

(millions of units)



Source: National Association of Home Builders (Housing Starts) and National Association of Realtors (Pending Home Sales) as of July 2018.



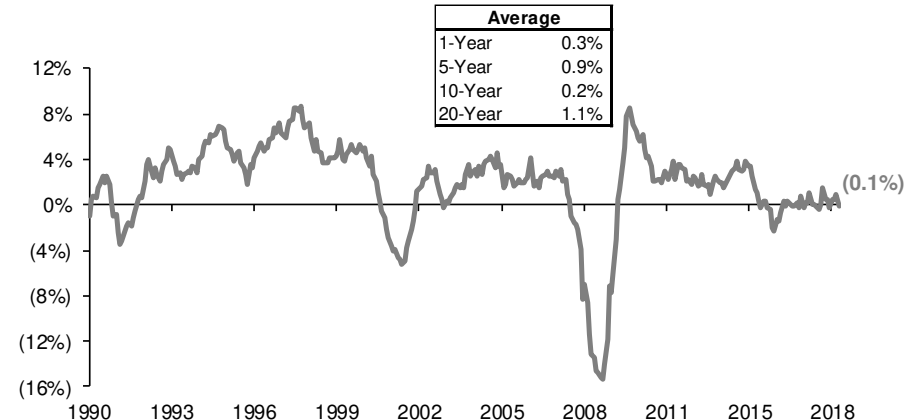
# U.S. MANUFACTURING CONTINUES TO EXPAND AT A FAST PACE; CEO CONFIDENCE REMAINS STRONG, ALTHOUGH INDUSTRIAL PRODUCTION WAS FLAT

## Purchasing Managers Index (PMI)



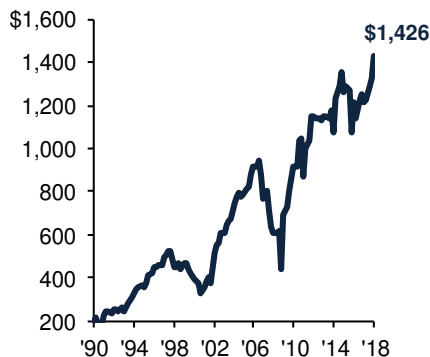
Source: ISM as of July 2018 (May represents the latest available data).

## U.S. Industrial Production Growth Rate



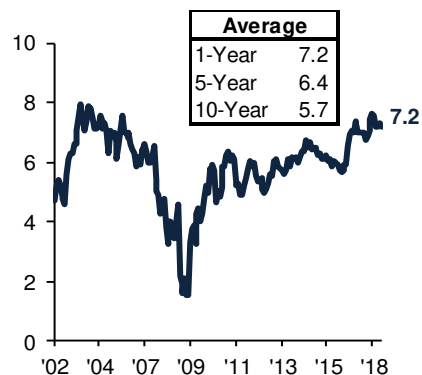
Source: ISM as of July 2018 (May represents the latest available data).

## After-Tax Corp. Profits



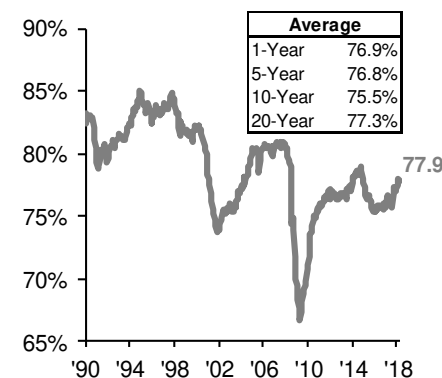
Source: BEA as of July 2018 (Q1 '18 represents the latest available data).

## CEO Confidence Index



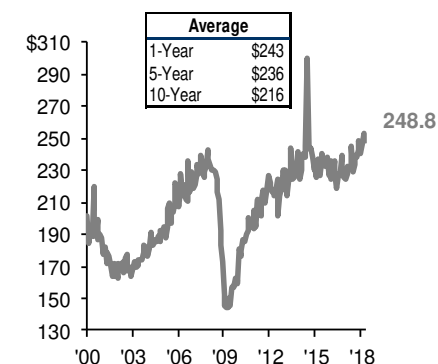
Source: CEO Magazine as of July 2018 (June represents the latest available data).

## U.S. Capacity Utilization



Source: Federal Reserve as of July 2018 (May represents the latest available data).  
Figures include the manufacturing, mining and electric and gas utilities industries.

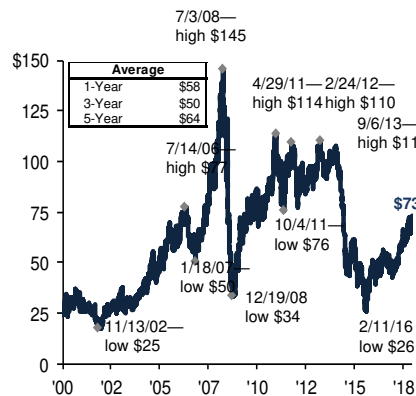
## Durable Goods Orders



Source: U.S. Census Bureau as of July 2018 (May represents the latest available data).

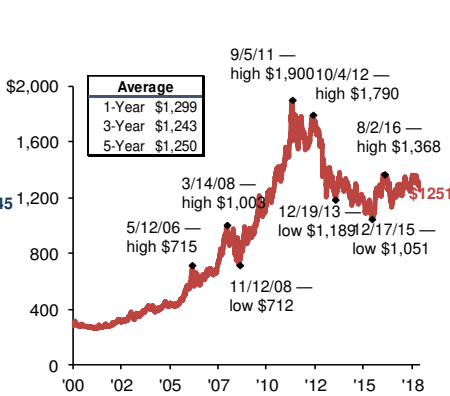
# OIL PRICES HAVE INCREASED FROM PRIOR TROUGHS AND RECENT DOLLAR STRENGTH HAS BEGUN TO REVERSE

## NYMEX Crude Oil Price (\$/Barrel)



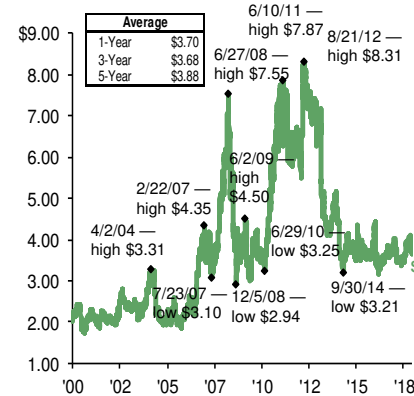
Source: NYMEX as of July 2018.

## Gold (\$/Troy Oz.)



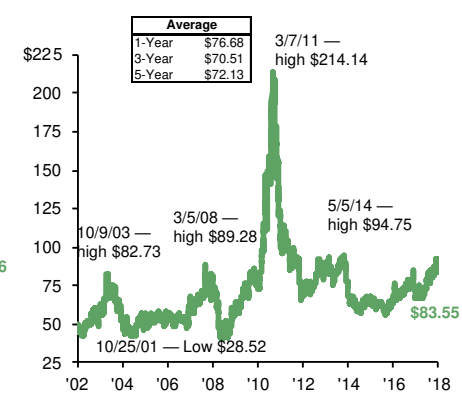
Source: Capital IQ as of July 2018.

## Corn (\$ / Bushel)



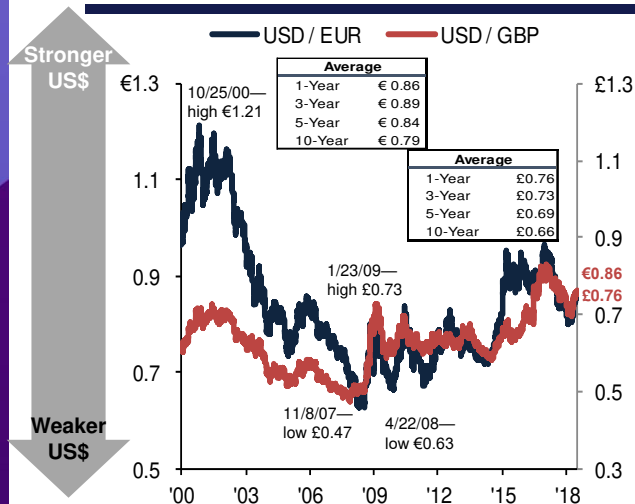
Source: CBOT as of July 2018.

## Cotton (\$/Bushel)



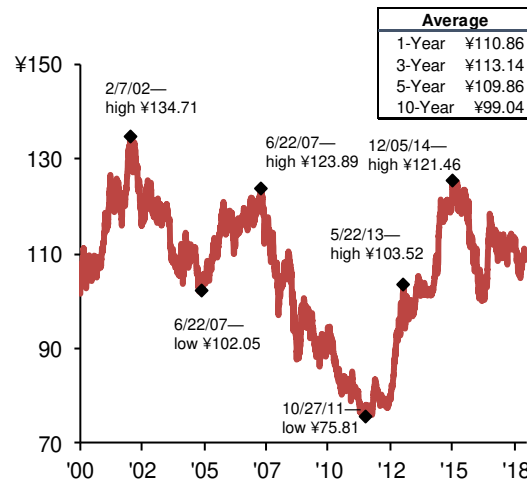
Source: Capital IQ as of July 2018.

## USD / EUR & USD / GBP



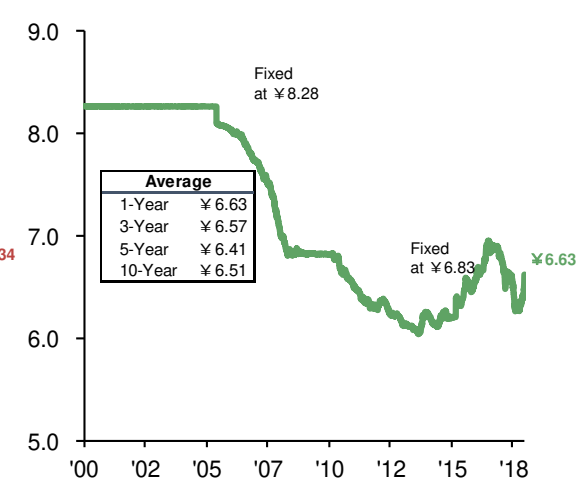
Source: Capital IQ as of July 2018.

## USD / JPY



Source: Capital IQ as of July 2018.

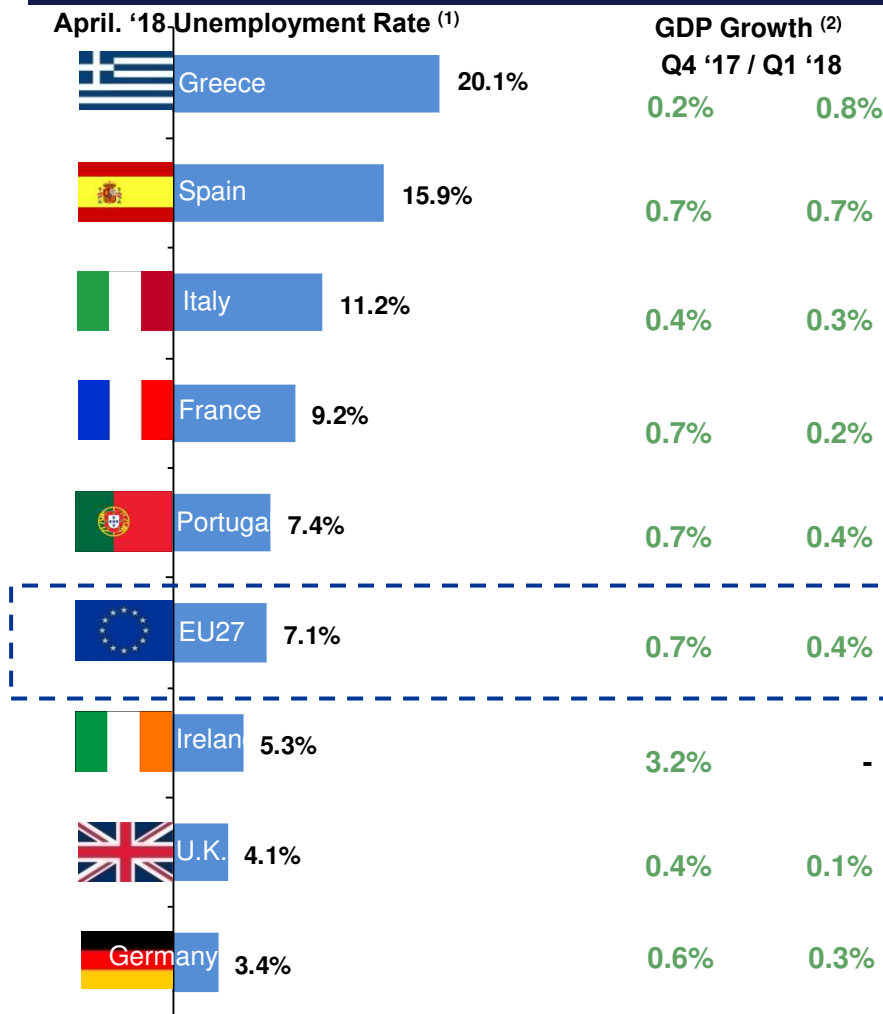
## USD / CNY



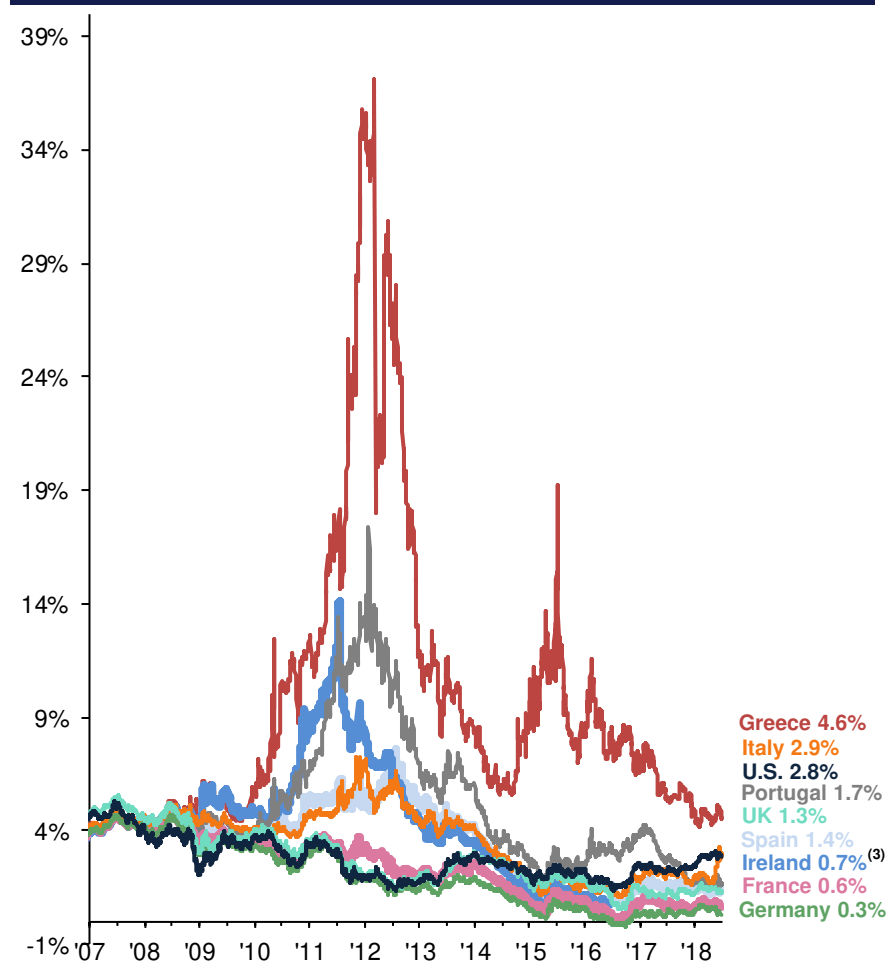
Source: Capital IQ as of July 2018.

# AMID MODERATE GDP GROWTH, EUROZONE BOND YIELDS REMAIN NEAR POST-CRISIS LOWS

## Euro-Zone Unemployment and GDP Growth



## Sovereign Credit Yields (10-Yr Benchmark)



Source: Eurostat, Hellenic Statistic Authority and Bloomberg as of July 2018.

(1) Ireland data represents May 2018. Greece and U.K data represent March 2018 respectively (the latest available); Eurostat defines unemployed persons as persons aged 15 to 74 who are without work, are available to start work within the next two weeks and have actively sought employment at some time during the previous four weeks.

(2) Represents percentage change compared with the previous quarter

(3) Ireland data till June 9, 2016

# SPECIAL REPORT: POTENTIAL TARIFF IMPACTS

# TARIFF SITUATION OVERVIEW

- Recent tariff actions on major industries have stoked fears of a “trade war” among leading economies and have rattled equity markets
- U.S. and China trade dispute escalated in June, when the U.S. announced new tariffs of 25% on \$34 billion worth of Chinese imports
  - The latest tariffs, which took effect on July 6th, impact over 800 product categories including industrial machinery, electronic components, railroad equipment, aircraft and automobiles
  - The majority of consumer products, including footwear, apparel and most consumer electronics were not impacted
- However, on July 10, the Trump administration announced an incremental 10% tariff on \$200 billion in previously untouched goods from China
  - The initial list indicates that consumer categories such as sporting goods, handbags and furniture will be impacted, prompting fears that the crucial holiday shopping season may be impacted
  - Given the complexity and lead time required to adjust supply chains, any tariff increase is likely to lead to higher prices, reduced consumer spending and a reduction in consumer confidence
- Following the U.S.’s initial tariff announcement in June, China’s Ministry of Finance responded that it would impose tariffs of 25% on over 500 categories of U.S. products worth \$34 billion including agricultural and specialty products
- Moreover, the U.S.’s recent implementation of steel and aluminum tariffs and threatened exploration of the automotive industry is likely to drive further retaliatory responses from key trading partners including the EU, which represented \$294 billion, or 19% of total US exports last year



# POTENTIAL TARIFF IMPACTS AND COMMENTARY

## Significant backlash from prominent retail bodies against tariff regime

### Macroeconomic Impacts

Tariff Category	Long-Term GDP Impact <sup>(1)</sup>	FTE Jobs (Thousands) <sup>(1)</sup>	<u>Commentary:</u>
Tariffs Enacted by US	(0.06%)	(48.6)	<ul style="list-style-type: none"> <li>Automobile manufacturers and segments with significant steel and aluminum exposure will likely be most impacted by the tariffs</li> <li>Recently announced tariffs on \$200 billion in additional goods target handbags, sporting goods, mattresses, furniture and a few select apparel items               <ul style="list-style-type: none"> <li>If tariffs are implemented and list is broadened to include additional footwear and apparel items, the impact on consumer spending and retail performance could be significant</li> <li>37% of US imports of apparel / textiles and 56% of US imports of Footwear were sourced from China in 2017</li> </ul> </li> </ul>
Tariffs Threatened by US	(0.33%)	(277.8)	
Retaliatory Tariffs	(0.05%)	(38.2)	

### Commentary from Retail Bodies

“Retailers fully support holding our trading partners accountable when there is a proven case of intellectual property theft. But the punishment should fit the crime, and more importantly, it should punish the bad actor - China. Taxing American families with widespread tariffs on everyday consumer products clearly misses the mark.”

**-Retail Industry Leaders Association**

“We strongly urge the administration to abandon its plans for tariffs on another \$200 billion in Chinese imports, which would destroy thousands of American jobs and raise prices on virtually everything sold in our stores.”

**-Matthew Shay, President & CEO, National Retail Federation**














“While our members don’t import a lot of steel or aluminum, these tariffs could result in disastrous consequences for them. Already, the European Union is calling out a variety of industries – including iconic American denim and t-shirts – as potential targets for tariff increases of their own.”

**-United States Fashion Industry Association**



# SELECT OVERVIEW OF RECENT TARIFF ACTIONS

Trade dispute is escalating to include a broader set of goods

Imposer	Target(s)	Subject	Rate	Imposed or Threatened?
	European Union, Canada, Mexico and most other countries	Steel	25%	Imposed
	European Union, Canada, Mexico and most other countries	Aluminum	10%	Imposed
	US	Bourbon, orange juice, jeans and other products	25%	Imposed
	US	\$3B of US goods including steel and pork	20 – 25%	Imposed
	US	\$12.8B of US goods, including maple syrup and whiskey	10 – 25%	Imposed
	US	\$241M of apples, stainless steel and other products	7.5 – 60%	To take effect August 4
	China	\$50B of diverse goods	25%	Imposed on \$34B worth; second set of \$16B pending further review
	US	\$34B of diverse goods	25%	Imposed
	China	Additional \$200B of diversified goods	10%	Threatened
	European Union	Automobiles	20%	Announced; undergoing a two month review process
	China, South Korea and Mexico	Washing machines	20-50%	Imposed
	Most countries, notably China	Solar panels	30%	Imposed
	Canada	Newsprint	22%	Imposed

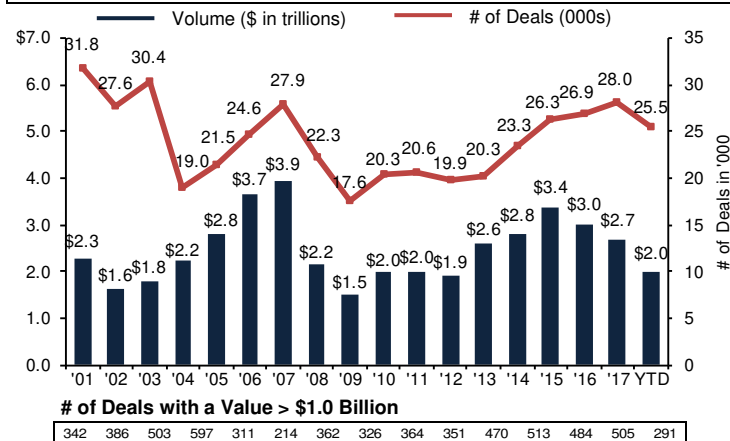
# FINANCIAL AND M&A MARKETS UPDATE

# U.S. M&A ACTIVITY REMAINED STRONG, WITH OVER \$1 TRILLION IN VOLUME IN 1H 2018, DRIVEN PRIMARILY BY INCREASED STRATEGIC ACQUISITIONS

## Global Announced M&A Volume (Inflation Adjusted)

Global M&A as a % of GDP <sup>(1)</sup>

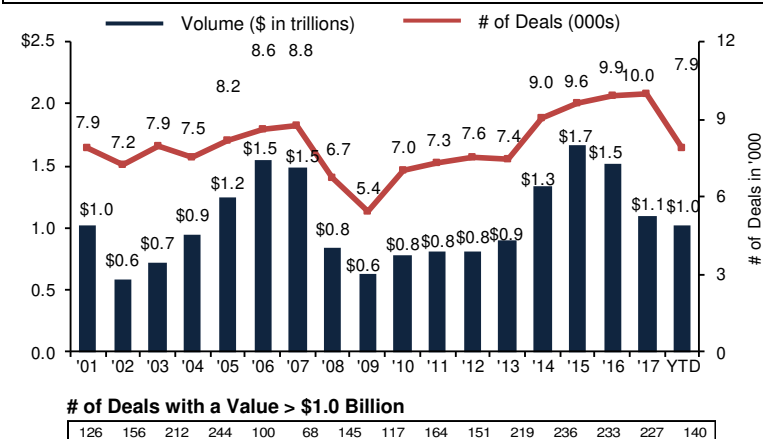
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD <sup>(2)</sup>
4.0%	4.8%	6.0%	5.9%	3.1%	2.3%	2.8%	2.6%	2.5%	2.6%	3.5%	4.5%	4.0%	3.4%	2.6%



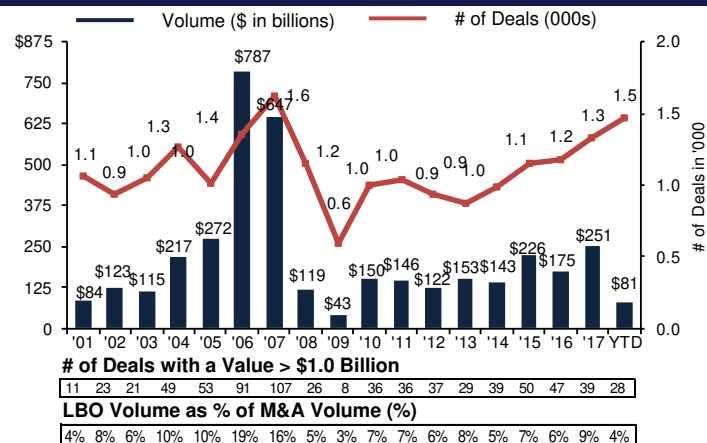
## U.S. Announced M&A Volume (Inflation Adjusted)

U.S. M&A as a % of GDP <sup>(1)</sup>

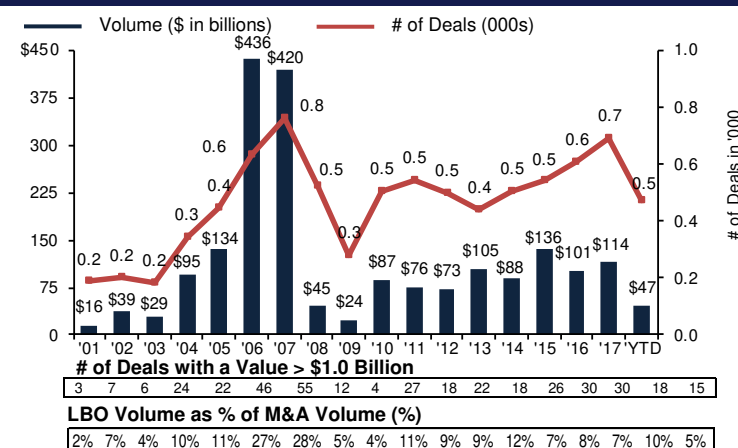
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD <sup>(2)</sup>
6.1%	7.7%	9.4%	8.8%	5.1%	3.9%	4.7%	4.9%	4.8%	5.2%	7.6%	9.1%	8.2%	5.8%	5.4%



## Global Announced LBO Volume (Inflation Adjusted)



## U.S. Announced LBO Volume (Inflation Adjusted)



Source: Bloomberg and Capital IQ as of July 2018.

Note: Inflation adjusted volume numbers are adjusted to the CPI-U Index.

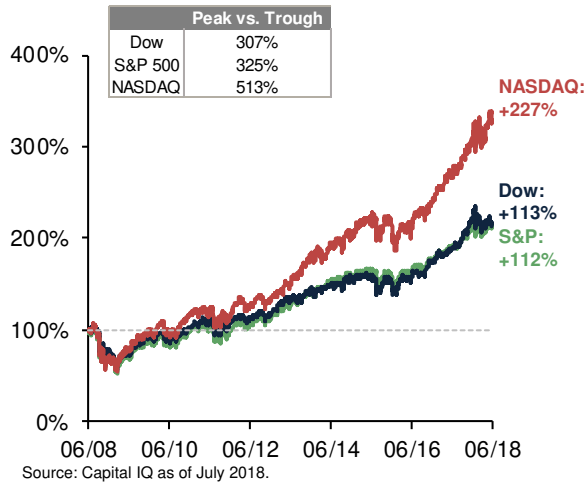
(1) Global and U.S. GDP figures at current prices per the International Monetary Fund.

(2) Calculated as a percentage of 2017 GDP.

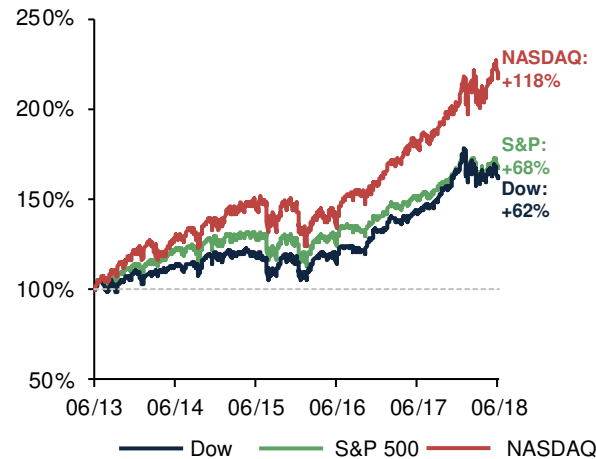
# U.S. EQUITY MARKET GROWS IN Q2 2018 WITH THE DOW, S&P AND NASDAQ UP AFTER DISAPPOINTING Q1; IPO VOLUME CONTINUES TO GROW SINCE 2015 LOWS

## Equity Market Performance

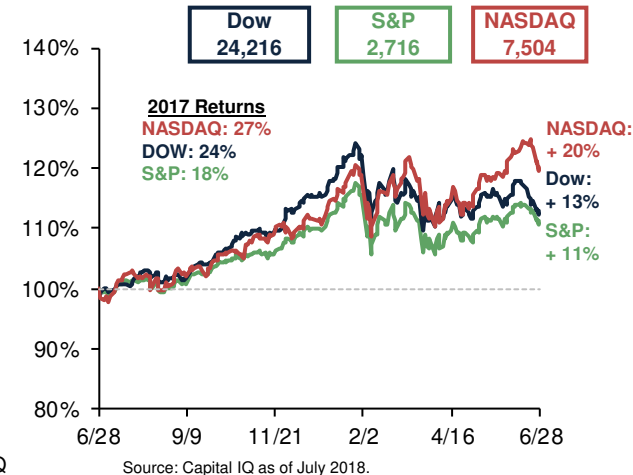
### 10 Year



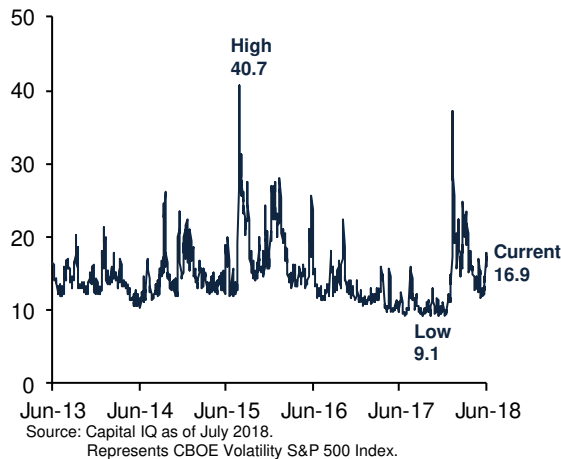
### 5 Year



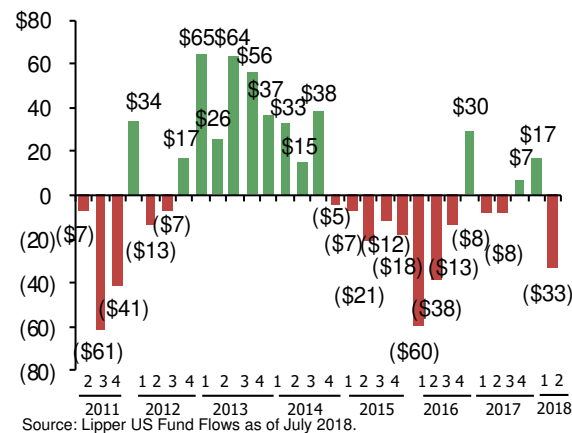
### LTM



### VIX S&P Volatility Index



### Equity Mutual Fund Flows



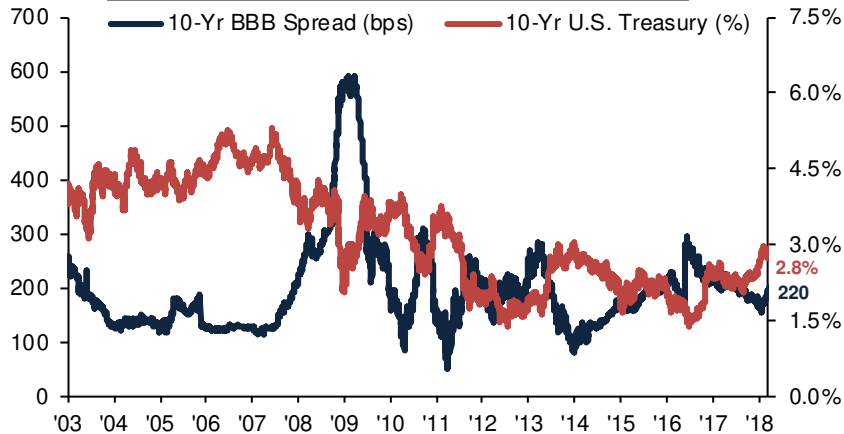
### IPO Volume and # of Deals



# ALL-IN BBB YIELDS ARE BACK IN LINE WITH THEIR LONG-TERM AVERAGES

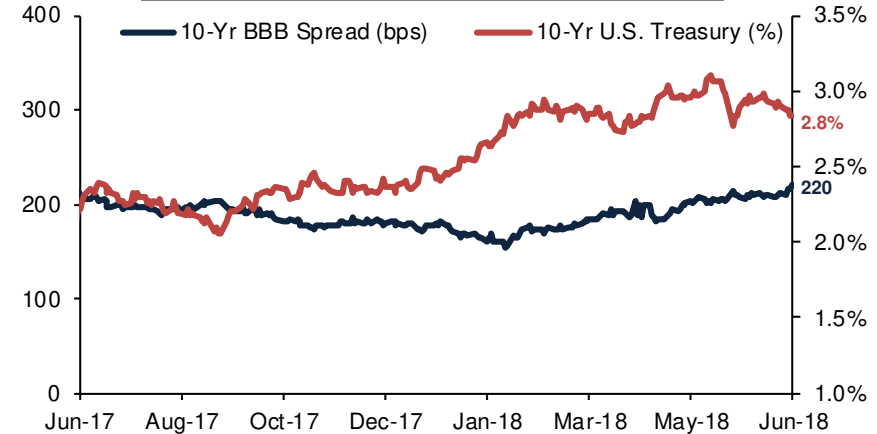
## 10-Year BBB Spread Over Treasuries (15 Years)

Average	15-Yr	10-Yr	5-Yr	1-Yr
BBB Spread	195 bps	217 bps	180 bps	188 bps
Treasury	3.2%	2.5%	2.3%	2.6%



## 10-Year BBB Spread Over Treasuries (LTM)

Average	LTM	9M	6M	3M
BBB Spread	188 bps	185 bps	187 bps	201 bps
Treasury	2.6%	2.7%	2.8%	2.9%



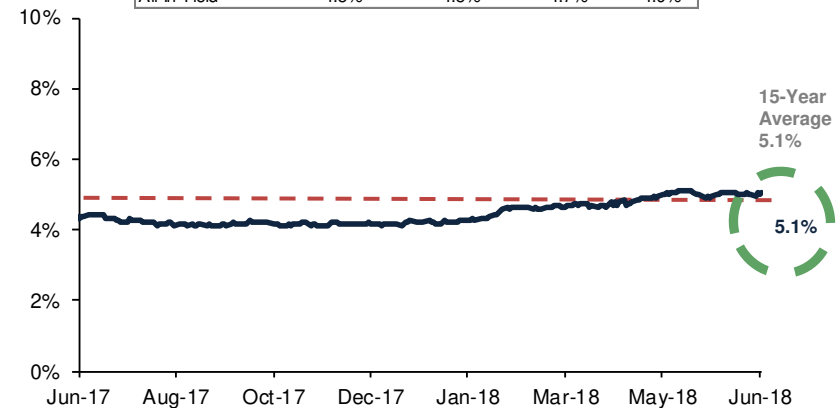
## 10-Year BBB All-In Yield (15 Years)

Average	15-Yr	10-Yr	5-Yr	1-Yr
All-In Yield	5.1%	4.7%	4.1%	4.5%



## 10-Year BBB All-In Yield (LTM)

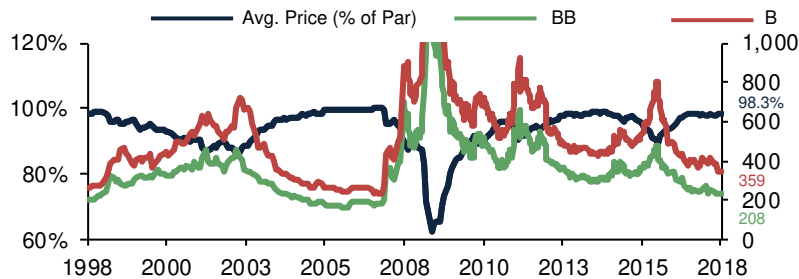
Average	LTM	9M	6M	3M
All-In Yield	4.5%	4.5%	4.7%	4.9%



# Q2 2018 MARKET CONDITIONS HAVE BEEN IMPACTED BY THE RECENT UPTICK IN HIGH YIELD BOND YIELDS; THE LEVERAGED LOAN MARKET CONTINUES TO BE ROBUST

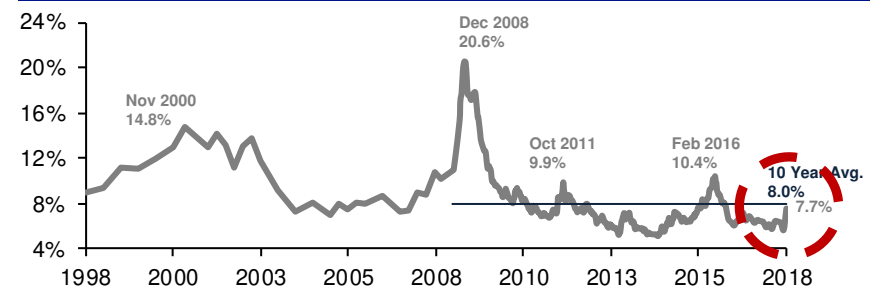
## Leveraged Loan Update

Leveraged Loan Average Price and BB and B Spreads <sup>(1)</sup>

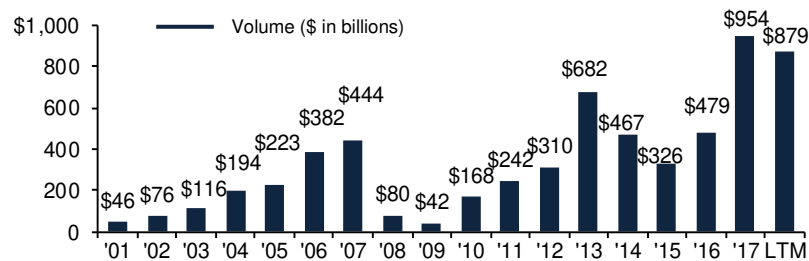


## High-Yield Bond Update

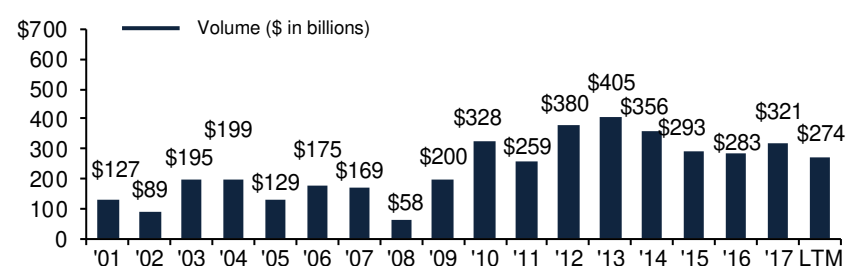
Average High-Yield Bond Yields



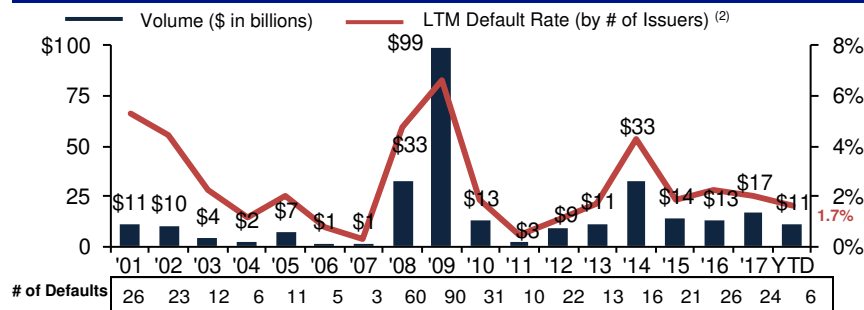
Institutional Leveraged Loan New-Issue Activity (Inflation Adjusted)



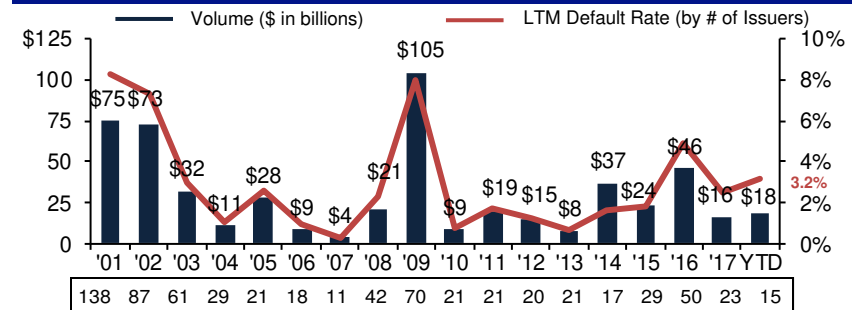
High-Yield Bond New-Issue Activity (Inflation Adjusted)



Leveraged Loan Defaults (Inflation Adjusted)



High-Yield Bond Defaults (Inflation Adjusted)



Source: Wall Street research and market indices as of July 2018 (Leveraged Loan Average Price as of May 2018, the latest available data).

Note: Inflation adjusted volume numbers are adjusted to the CPI-U Index.

(1) BB and B data represent spreads to worst over comparable treasuries.

(2) Represents par-weighted default rates.



# RETAIL MARKET UPDATE

# RETAIL SECTOR NEWS UPDATE

## Recent Events

- 7/9/2018: Vista Outdoor announced the sale of its eyewear brands, **Bollé**, **Cébé** and **Serengeti** to an unnamed European private equity fund
- 7/7/2018: **FAT Brands** agreed to raise \$16 million in a non-convertible debt private-investment-in-public-equity offering
- 7/7/2018: **Under Armour** reached an agreement to sell its Brazilian unit to Vulcabras
- 7/6/2018: **Sonos**, the KKR-backed maker of wireless music systems, filed for an IPO on the Nasdaq
- 7/6/2018: **Hudson's Bay Company** announced that it is in talks with Signa Holding GmbH to explore a joint venture of European operations
- 7/5/2018: **Rockport** called off its sales auction after receiving no offers challenging a \$150 million stalking horse bid from Charlesbank. Adidas has filed a court objection to the sale. **PJ SOLOMON** is advising Charlesbank on the transaction
- 7/5/2018: **Perry Ellis** rejected a \$28 per share bid from Randa Accessories, in favor of its deal struck with founder, George Feldenkreis. **PJ SOLOMON** is advising Perry Ellis on the transaction
- 7/3/2018: **Boot Barn** acquired boots and western wear retailer, **Drysdale**
- 6/30/2018: **Ctrip and Ocean Link Partners** submitted an offer to acquire **eHi Car Services**, a leading Chinese car service and part provider
- 6/28/2018: **Amazon** acquired **Pill Pack** for \$1 billion
- 6/28/2018: **Sweetfin**, a Hawaiian poke restaurant chain, announced that is looking to raise a series A financing round
- 6/28/2018: **BrightFarms**, an urban greenhouse business and organic food supplier to restaurants, announced a \$55 million series D financing round
- 6/27/2018: **Revolution Dancewear**, a designer of recital costumes and dancewear, was sold by Incline Equity Partners to Audax
- 6/27/2018: **Global Brands Group** agreed to sell part of its North American licensing business to **Differential Brands** Group for \$1.4 billion
- 6/26/2018: **Staples** acquired **HiTouch Business Services**
- 6/21/2018: Rumors emerge that **Cornershop**, a grocery delivery app, is close to being acquired by **Walmart**
- 6/21/2018: **Toys "R"** Us began liquidating its Australian stores
- 6/19/2018: **GameStop** confirmed that it is in talks with buyers regarding a potential take-private transaction
- 6/19/2018: **Varsity Brands** announced an agreement to be acquired by Bain Capital from Charlesbank Capital Partners and Partners Group for \$2.5 billion. **PJ SOLOMON** served as co-financial advisor to Charlesbank and Partners Group

## Food Retail & Restaurants

## Retail

## Recent Events (Cont.)

- 6/18/2018: **Rent-a-Center** agreed to a \$15 per share (or \$1.4 billion) takeover offer from **Vintage Capital**
- 6/18/2018: **JD Sports** completed its acquisition of **Finish Line** for \$558 million. **PJ SOLOMON** advised Finish Line
- 6/17/2018: **AutoCanada** announced that it is exploring strategic alternatives
- 6/16/2018: **Perry Ellis** announced an agreement to be acquired by George Feldenkreis-led investor group for \$437 million. **PJ SOLOMON** is advising Perry Ellis on the transaction
- 6/15/2018: **TouchBistro**, a POS software provider for restaurants, announced a \$70 million financing round led by **OMERS** and **JP Morgan**
- 6/15/2018: **Vince Camuto** announced an agreement to sell operating assets to Shangying Global
- 6/14/2018: **Fred's** announced its intention to sell its retail pharmacy script portfolio. **PJ SOLOMON** is advising Fred's on the potential transaction
- 6/14/2018: **Sarafan Technology** announced its intention to raise a series A financing round for its AI-powered fashion promotion software
- 6/14/2018 **Deli Group**, a privately-held Chinese stationary retailer, acquired **Staples China**
- 6/13/2018: **eLuxury**, a direct-to-consumer home goods retailer announced an agreement to be acquired by **Culp**
- 6/12/2018: **Mrs. Fields** and **TCBY Yogurt** are rumored to be exploring a potential sale through parent company, Famous Brands International;
- 6/12/2018: **Macy's** purchased a minority stake in b8ta
- 6/12/2018: **Rise Baking** is exploring a sale, with final bids rumored to have been collected at the end of June
- 6/12/2018: **Revolve**, the online apparel retailer, fielded pitches from financial advisors for a potential IPO
- 6/11/2018: **Authentic Brands** won the auction for **Nine West** in bankruptcy for \$350 million
- 6/8/2018: **Kroger** continued to increase its stake in UK grocery delivery service, **Ocado**; it is rumored Kroger could submit a take-private offer
- 6/7/2018: **GrubMarket** has agreed to acquire **So Cal Farm Network**, a leading provider of farmer identified seasonal produce
- 6/6/2018: **Siam Piwat**, a Thailand-based operator of shopping malls, announced that it will set up a joint venture with US-based **Simon** for luxury mall outlets in Thailand

# RETAIL SECTOR NEWS UPDATE (CONT.)

Food Retail &amp; Restaurants

Retail

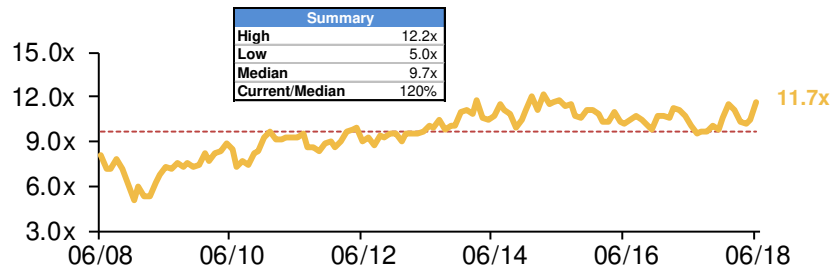
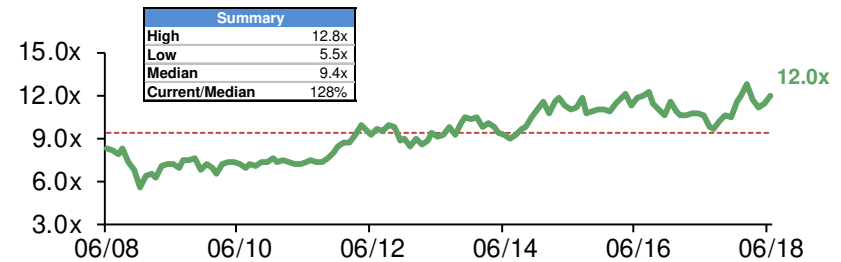
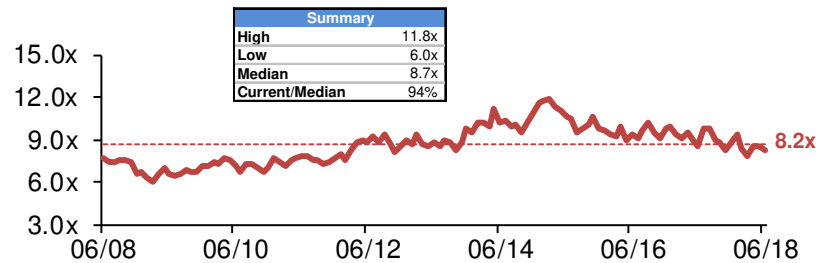
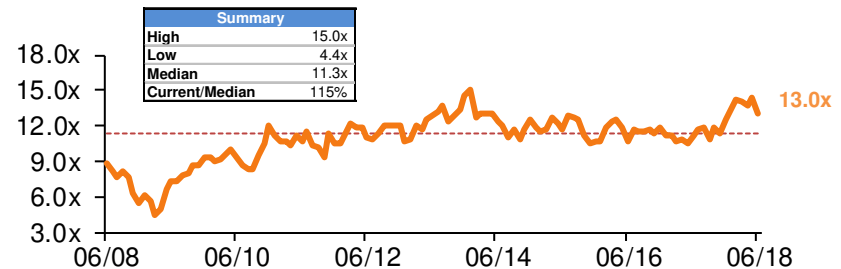
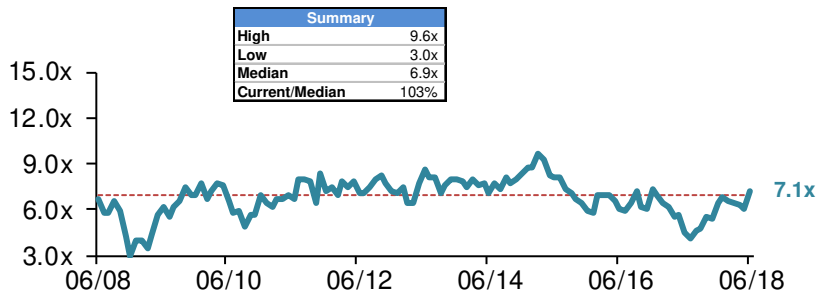
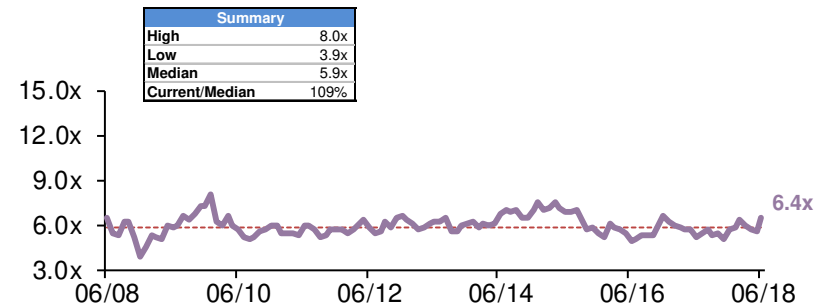
## Recent Events

- 6/5/2018: **Newell Brands** entered into an agreement to sell **Rawlings Sporting Goods** to **Seidler Equity**
- 6/5/2018: **Bearpaw Holdings** acquired sandal retail brand, **Flip Flop Shops** from Cherokee
- 6/4/2018: **Rue La La** agreed to acquire **Gilt** from **Hudson's Bay Company**
- 6/4/2018: **Advent International** agreed to acquire an 80% stake in **Walmart's Brazilian unit**
- 6/3/2018: **Natural Partners**, a vitamin and supplements business, agreed to merge with **Fullscript**, an online dispensary platform
- 5/31/2018: **Sunshine Fitness**, a TSG Consumer Partners fitness platform, acquired 31 planet fitness clubs
- 5/30/2018: **Chef'd**, the meal kit delivery company, announced that it is working with financial advisors to raise a series D financing round
- 5/24/2018: **Pacific Sunwear** and **Eddie Bauer** are rumored to be exploring a potential merger
- 5/24/2018: **Pret a Manger** is rumored to be in talks with **Fosun Group** about a potential buyout transaction
- 5/24/2018: Activist investor, **Pershing Square Management**, took a \$1 billion position in **Lowe's**
- 5/23/2018: **Kroger** announced an agreement to acquire **Home Chef**, the meal kit company, for approximately \$700 million
- 5/18/2018: **High Brew Coffee** raised a \$20 million financing round led by **Charles Street Partners**
- 5/17/2018: **JackRabbit**, a CriticalPoint Capital portfolio company announced the acquisition of **Clever Training**.
- 5/17/2018: **BJ's wholesale** filed for an initial public offering
- 5/17/2018: **Global Partners** acquired the retail fuel and convenience store assets of **Champlain Oil**
- 5/16/2018: **Essendant** confirmed receipt of a \$11.50 per share acquisition offer from **Staples**
- 5/16/2016: **Lulus**, a women's apparel brand, raised \$120 million in financing from IVP and CPPIB

## Recent Events (Cont.)

- 5/14/2018: **Sears** is exploring a sale of its **Kemore brand**, the **Sears Home Improvement Products business** and the **Parts Direct Business**
- 5/10/2018: OTTP announced the sale of **Helly Hansen** to **Canadian Tire** for ~\$985 million
- 5/7/2018: **Nestle** announced that it spent \$7.2 billion for the rights to market **Starbucks** products outside of Starbucks coffee shops
- 5/4/2018: **Walmart** agreed to acquire 75% of **Flipkart** for ~\$15 billion
- 5/1/2018: **Vista Outdoor** announced that it was exploring strategic options for its **Sports Protection**, **Jimmy Stys**, **Savage** and **Stevens** firearms assets
- 4/30/2018: **Asda Group**, a wholly-owned subsidiary of Walmart, agreed to a merger with **J Sainsbury**
- 4/27/2018: **Toys "R" Us Canada** received court approval for sale to **Fairfax Financial Holdings**
- 4/26/2018: **Alibaba** participated as a lead investor in **Paytm** Mall's latest financing round of \$445 million
- 4/25/2018: **Boot Barn Holdings** acquired **Lone Star Western & Casual**
- 4/22/2018: **Toys "R" Us** announced that its German, Austrian and Swiss operations would be acquired by Irish toy retailer, **Smyths Toys**
- 4/19/2018: **Square** acquired select assets of **Zesty**, a leading restaurant catering software company
- 4/17/2018: **Bon-Ton** began a liquidation process after a failed bankruptcy auction process
- 4/17/2018: **Carvana** acquired **Car360**, a vehicle digital touring technology
- 4/14/2018: **Meilishuo.com**, an online Chinese fashion retailer backed by **Tencent** is rumored to be in talks for a \$4 billion IPO in the US
- 4/10/2018: **Boxed** announced an investment from Japanese retailer, **Aeon**
- 4/10/2018: **Columbia Sportswear** announced its intention to acquired the remaining 40% of its China JV from **Swire**
- 4/9/2018: **Kering** put **Volcom**, its CA-based sportswear apparel business, up for sale
- 4/5/2018: **La Colombe** engaged financial advisors to explore a potential sale at a rumored \$1 billion valuation

# MOST RETAIL SECTORS ARE TRADING ABOVE HISTORICAL AVERAGES, PARTICULARLY DISCOUNT AND BRANDED APPAREL & FOOTWEAR

Hardlines <sup>(1)</sup>Discount/Off-Price<sup>(2)</sup>Food & Drug <sup>(3)</sup>Branded Apparel & Footwear <sup>(4)</sup>Softlines <sup>(5)</sup>Broadlines <sup>(6)</sup>

Source: Company filings and Capital IQ as of June 28, 2018.

(1) Includes AZO, BBY, CENT, DKS, GME, HD, LOW, ODP, ORLY, TIF, TSCO, ULTA, and SHW.

(2) Includes BIG, BURL, DG, DLTR, DOL (through Q4 2005), FIVE (through Q4 2012), OLLI, ROST, PSMT, TGT, TJX and WMT.

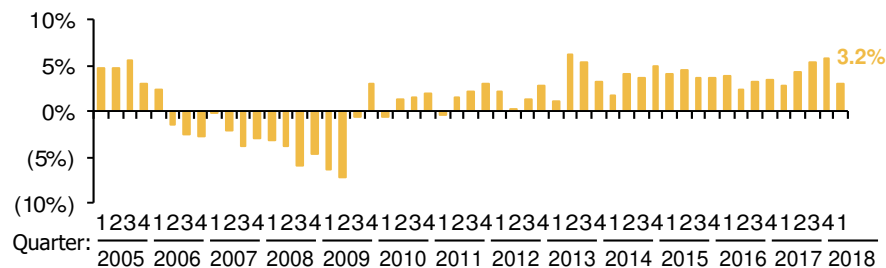
(3) Includes ATD.B, CASH, COST, CVS, DELB, EMP.A, IMKT.A, AD, KR, L (through Q1 2009), MRU, NGVC (through Q4 2011), Publix (through Q4 2010), RAD, SFM (through Q2 2013), SVU, UNFI, VLGE.A, WMK, WFM and PJC.A.

(4) Includes COLM, HBI, KORS, NKE, PVH, RL, SHOO, TPR, UAA, VFC, and WWV.

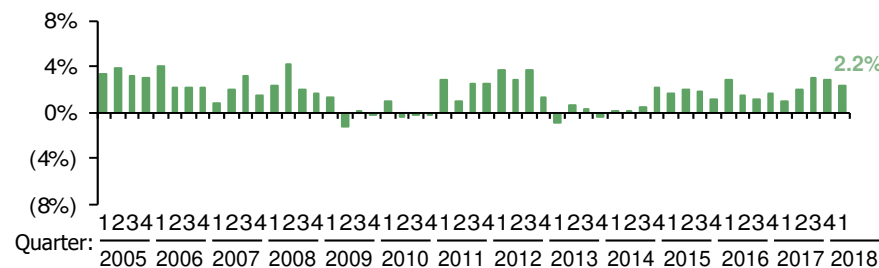
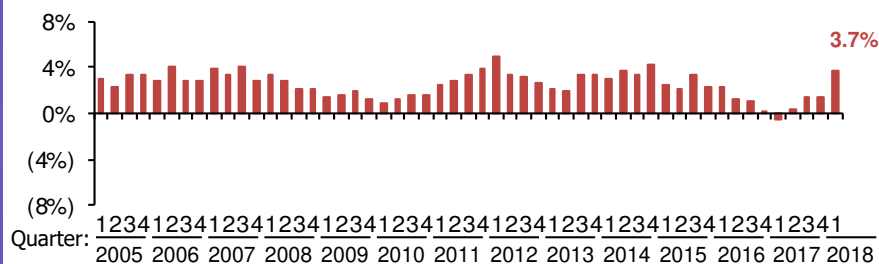
(5) Includes ANF, AEO, CRI, CHS, DSW, GPS, GCO, LB, SKX, SHOO, PLCE, URBN, and ZUMZ.

(6) Includes DDS, JCP, KSS, M, JWN, SHLD and SSI.

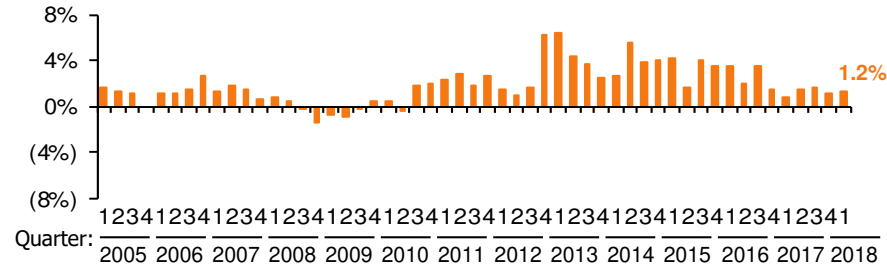
## Hardlines (1)



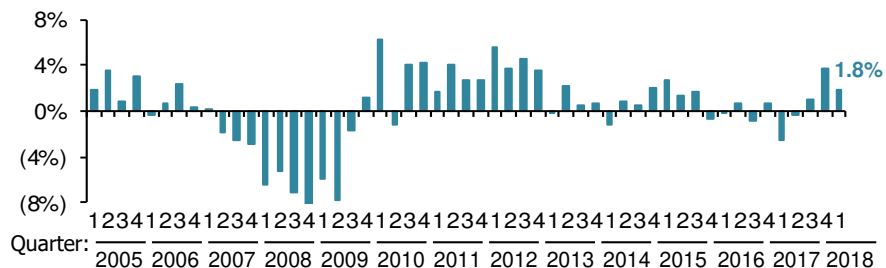
### Discount/Off-Price<sup>(2)</sup>

**Food & Drug <sup>(3)</sup>**

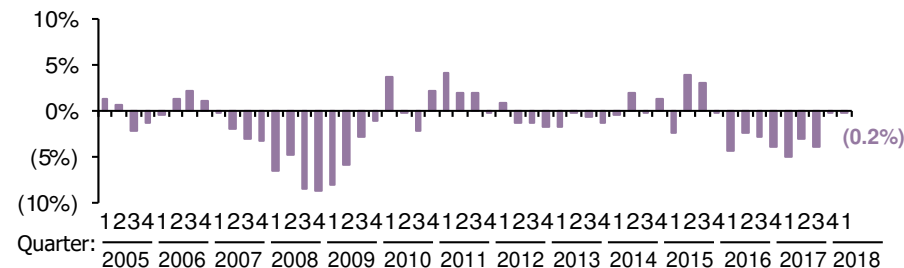
### Branded Apparel & Footwear <sup>(4)</sup>



## Softlines (5)



## Broadlines <sup>(6)</sup>



Source: Company filings and Capital IQ as of June 28, 2018.

(1) Includes AZO, BBY, CENT, DKS, GME, HD, LOW, ODP, ORLY, TIF, TSCO, ULTA, and SHW.

(2) Includes BIG, BURL, DG, DLTR, DOL (through Q4 2005), FIVE (through Q4 2012), OLLI, ROST, PSMT, TGT, TJX and WMT.

(3) Includes ATD.B, CASY, COST, CVS, DELB, EMP.A, IMKT.A, AD, KR, L (through Q1 2009), MRU, NGVC (through Q4 2011), Publix (through Q4 2010), RAD, SFM (through Q2 2013), SVU, UNFI, VLGE.A, WMK, WFM and P.J.G.A.

(4) Includes COLM, HBI, KORS, NKE, PVH, RL, SHOO, TPR, UAA, VFC, and WWW.

(5) Includes ANF, AEO, CRI, CHS, DSW, GPS, GCO, LB, SKX, SHOO, PLCE, URBN, and ZUMZ.

(6) Includes DDS, JCP, KSS, M, JWN, SHLD and SSI.

# RETAIL EQUITIES HAVE UNDERPERFORMED THE BROADER MARKET OVER THE PAST THREE YEARS, WITH HARDLINES OUTPERFORMING

## S&P Retail Index vs. S&P 500



## Performance by Retail Subsector



Source: Company filings and Capital IQ as of June 28, 2018.

(1) Includes AZO, BBY, CENT, DKS, GME, HD, LOW, ODP, ORLY, TIF, TSCO, ULTA, and SHW.

(2) Includes BIG, BURL, DG, DLTR, DOL (through Q4 2005), FIVE (through Q4 2012), OLLI, ROST, PSMT, TGT, TJX and WMT.

(3) Includes ATD.B, CASH, COST, CVS, DELB, EMP.A, IMKT.A, AD, KR, L (through Q1 2009), MRU, NGVC (through Q4 2011), Publix (through Q4 2010), RAD, SFM (through Q2 2013), SVU, UNFI, VLGE.A, WMK, WFM and PJC.A.

(4) Includes COLM, HBI, KORS, NKE, PVH, RL, SHOO, TPR, UAA, VFC, and WWW.

(5) Includes ANF, AEO, CRI, CHS, DSW, GPS, GCO, LB, SKX, SHOO, PLCE, URBN, and ZUMZ.

(6) Includes DDS, JCP, KSS, M, JWN, SHLD and SSI.



# RETAIL TRADING AND OPERATING COMPARABLES ANALYSIS

# BROADLINES – TRADING ANALYSIS

## Broadlines (Discount Off-Price Department Stores)

	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA				P / E		LTG	P/E/G	Dividend	(b)	(c)
Company Name	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE	
Wal-Mart Stores <sup>(1)</sup>	\$84.51	76.8 %	(14.4) %	\$249,376	\$290,872		\$505,491	0.6 x	8.9 x	8.9 x	8.6 x	17.4 x	16.5 x	7.3 %	2.4 x	2.5 %	12.5 %		
Costco Wholesale	209.62	98.7	12.6	91,927	91,679		139,465	0.7	15.5	15.3	14.1	29.8	26.6	11.8	2.5	1.1	27.0		
Target <sup>(2)</sup>	76.79	96.5	17.7	40,939	53,436		72,437	0.7	7.9	8.2	8.1	14.6	14.1	6.7	2.2	3.2	26.8		
Dollar General	98.63	93.2	6.0	26,389	28,970		23,976	1.2	11.8	11.0	10.3	16.3	14.8	14.1	1.2	1.2	27.6		
Dollar Tree	84.63	72.6	(21.1)	20,123	24,688		22,512	1.1	9.3	9.7	9.0	15.3	13.5	13.5	1.1	--	25.8		
Five Below	98.90	95.1	49.1	5,502	5,228		1,342	3.9	25.6	23.9	19.3	40.0	33.0	25.7	1.6	--	28.2		
Ollie's Bargain Outlet	74.25	95.8	39.4	4,629	4,626		1,125	4.1	29.4	27.1	23.0	43.4	37.1	23.0	1.9	--	18.5		
BJ's Wholesale Club	23.65	91.8	NM	3,120	5,777		12,869	0.4	11.8	NM	NM	18.9	16.3	NA	NM	--	--		
Big Lots	40.67	63.1	(27.6)	1,641	1,750		5,244	0.3	4.7	4.6	4.5	8.9	8.3	12.5	0.7	3.0	25.3		
Smart & Final	5.70	54.3	(33.3)	424	1,056		4,620	0.2	6.7	5.6	5.4	12.7	11.9	12.6	1.0	--	(29.9)		
Discount Stores							Mean	1.3 x	13.2 x	12.7 x	11.4 x	21.7 x	19.2 x	14.1 %	1.6 x	2.2 %	16.2 %		
							Median	0.7	10.5	9.7	9.0	16.8	15.5	12.6	1.6	2.5	25.5		
The TJX Companies	\$95.55	98.7 %	25.0 %	\$59,738	\$58,852		\$36,769	1.6 x	12.1 x	12.1 x	11.4 x	19.7 x	17.9 x	10.5 %	1.9 x	1.6 %	NM %		
Ross Stores	86.32	99.0	7.6	32,503	31,597		14,417	2.2	13.1	13.3	12.4	21.3	19.2	13.0	1.6	1.0	49.4		
Burlington Stores	151.13	95.5	22.8	10,218	11,271		6,273	1.8	16.2	14.4	12.9	25.1	21.6	26.5	0.9	--	NM		
PriceSmart <sup>(3)</sup>	83.40	88.3	(3.1)	2,536	2,502		3,122	0.8	13.6	13.5	NM	26.8	NM	7.0	3.8	0.8	10.4		
Citi Trends	28.55	87.9	7.9	393	305		766	0.4	7.1	NM	NM	17.8	15.4	NA	NM	1.1	7.6		
Tuesday Morning	2.78	67.7	0.9	127	160		1,000	0.2	NM	10.9	NM	NM	NM	NA	NM	--	(14.3)		
Stein Mart	2.10	52.0	81.0	101	293		1,309	0.2	NM	NM	NM	NM	NM	NA	NM	--	(32.2)		
Off-Price							Mean	1.0 x	12.4 x	12.8 x	12.2 x	22.2 x	18.5 x	14.2 %	2.1 x	1.2 %	4.2 %		
							Median	0.8	13.1	13.3	12.4	21.3	18.5	11.8	1.8	1.1	7.6		
Kohl's	\$71.38	89.3 %	31.6 %	\$11,927	\$15,092		\$19,238	0.8 x	6.2 x	6.3 x	6.3 x	13.3 x	12.6 x	7.5 %	1.8 x	3.4 %	16.8 %		
Macy's	36.89	89.3	46.4	11,302	15,633		25,024	0.6	6.0	5.7	6.1	9.5	10.6	5.3	1.8	4.1	31.5		
Nordstrom <sup>(4)</sup>	53.95	99.7	13.9	9,031	10,801		15,685	0.7	6.7	6.8	6.6	15.6	15.0	6.5	2.4	2.7	NM		
Dillard's	90.90	92.1	51.4	2,509	3,075		6,461	0.5	6.2	6.2	6.6	14.9	15.2	10.2	1.5	0.4	14.0		
J. C. Penney Company	2.44	43.4	(22.8)	767	4,987		12,393	0.4	5.7	5.6	5.6	48.8	16.8	NA	NM	--	(0.6)		
Sears Corporation <sup>(5)</sup>	2.27	21.1	(36.6)	246	5,586		15,394	0.4	NM	NM	NM	NM	NM	NA	NM	--	NM		
Stage Stores <sup>(6)</sup>	2.32	71.4	38.1	66	302		1,630	0.2	15.8	NM	NM	NM	NM	NM	NM	8.6	(14.9)		
Department Stores							Mean	0.5 x	7.8 x	6.1 x	6.2 x	20.4 x	14.0 x	7.4 %	1.9 x	3.9 %	9.4 %		
							Median	0.5	6.2	6.2	6.3	14.9	15.0	7.0	1.8	3.4	14.0		

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In May 2018, Flipkart's board approved the sale of a 75% stake in the business to Walmart for \$15 billion. In February 2018, Walmart acquired Spatialand, a virtual reality startup. In June 2017, Wal-Mart announced the acquisition of Bonobos for ~\$310 million. In August 2016, Wal-Mart announced the acquisition of Jet.com for ~\$3.3 billion. Wal-Mart has also recently acquired Shoebuy.com, Modcloth and MooseJaw.

(2) In March 2018, Target reportedly entered into partnership talks with Kroger. In December 2017, Target announced the acquisition of Shipt for ~\$550 million.

(3) In March 2018, PriceSmart acquired package delivery service and online retailer, Aeropost.

(4) In October 2017, the Nordstrom family announced a suspension of its attempt to take Nordstrom private. In March 2018, Nordstrom acquired BevyUp and MessageYes.

(5) In May 2018, Sears began exploring the sale of its Kenmore brand, Sears Home Improvement Products Business and Parts Direct Business. In January 2017, Black & Decker signed a definitive agreement to acquire the Craftsman brand from Sears for ~\$780 million.

(6) In March 2017, Stage Stores acquired select assets from Gordmans.

# BROADLINES – OPERATING ANALYSIS

## Broadlines (Discount Off-Price Department Stores)

Operating Efficiency																	Credit Statistics				
Company Name	Store Count	Comp Store Sales			LTM EBITDA	Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales	(a) EBITDA - CapEx / Sales	(a) Credit Rating	(b) Total Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	(c) EBITDA-Capex / Int.					
		LFY	Q(-1)	Q(-2)																	
Wal-Mart Stores <sup>(1)</sup>	11,723	2.1 %	2.1 %	2.6 %	\$32,822	25.3 %	7.1 %	6.5 %	4.4 %	2.0 %	4.5 %	AA	1.4 x	1.2 x	1.8 x	10.1 x					
Costco Wholesale <sup>(2)</sup>	746	4.4	8.4	6.5	5,931	13.1	4.5	4.3	3.2	1.9	2.3	A+	1.1	NM	1.3	19.8					
Target	1,822	1.3	3.6	0.9	6,784	28.8	9.6	9.4	5.9	4.0	5.4	A	2.0	1.8	2.1	7.5					
Dollar General	14,534	2.7	3.3	4.3	2,447	30.8	14.8	10.2	8.5	2.8	7.4	BBB-	1.2	1.1	2.7	18.4					
Dollar Tree	14,835	1.9	2.4	3.2	2,662	37.5	17.9	11.8	9.1	3.1	8.7	BBB-	1.9	1.7	3.3	4.4					
Five Below	650	6.5	5.9	8.5	205	36.3	22.9	15.2	12.6	5.8	9.5	--	--	NM	2.0	NM					
Ollie's Bargain Outlet	268	3.3	4.4	2.1	157	40.1	18.2	14.0	12.8	1.9	12.1	--	0.2	NM	1.5	37.0					
BJ's Wholesale Club	215	(0.9)	0.4	1.2	489	17.8	6.2	3.8	2.5	1.2	2.6	B	5.5	5.4	5.7	1.9					
Big Lots <sup>(3)</sup>	1,415	0.4	(3.0)	(0.1)	374	40.6	13.4	7.1	5.1	3.8	3.3	BBB	0.5	0.3	3.1	23.6					
Smart & Final	260	1.0	3.2	1.5	157	17.7	6.2	3.4	1.2	3.3	0.1	B	4.4	4.0	5.1	0.2					
Discount Stores					Mean	28.8 %	12.1 %	8.6 %	6.5 %	3.0 %	5.6 %		1.8 x	2.2 x	2.9 x	13.6 x					
					Median	29.8	11.5	8.2	5.5	3.0	5.0		1.3	1.7	2.4	10.1					
The TJX Companies	4,070	2.0 %	4.0 %	-- %	\$4,851	28.9 %	17.6 %	13.2 %	11.2 %	2.9 %	10.3 %	A+	0.5 x	NM x	1.9 x	59.2 x					
Ross Stores	1,651	4.0	3.0	5.0	2,406	32.7	20.5	16.7	14.5	2.6	14.1	A-	0.2	NM	1.2	NM					
Burlington Stores	629	3.4	5.9	3.1	698	41.7	16.4	11.1	8.2	4.4	6.7	BB	1.6	1.5	3.0	7.1					
PriceSmart	41	1.5	5.6	5.7	184	16.0	6.4	5.9	4.3	3.5	2.4	--	0.6	NM	1.0	14.0					
Citi Trends	553	4.5	5.6	7.4	43	38.3	12.6	5.6	3.0	2.4	3.2	--	--	NM	3.3	NM					
Tuesday Morning	724	2.2	9.1	1.6	(4)	33.4	10.8	(0.4)	(2.9)	4.0	(4.4)	--	NM	NM	6.6	NM					
Stein Mart	293	(6.2)	(5.4)	(6.9)	5	25.4	7.7	0.4	(2.1)	1.2	(0.8)	--	44.7	NM	7.8	NM					
Off-Price					Mean	30.9 %	13.1 %	7.5 %	5.2 %	3.0 %	4.5 %		7.9 x	1.5 x	3.6 x	26.7 x					
					Median	32.7	12.6	5.9	4.3	2.9	3.2		0.5	1.5	3.0	14.0					
Kohl's	1,158	1.5 %	6.3 %	0.1 %	\$2,437	36.4 %	14.2 %	12.7 %	7.6 %	3.1 %	9.6 %	BBB-	1.6 x	1.3 x	2.1 x	6.3 x					
Macy's <sup>(4)</sup>	850	(2.2)	4.2	1.3	2,604	39.1	11.8	10.4	6.5	2.0	8.4	BBB-	2.3	1.7	2.7	6.9					
Nordstrom <sup>(5)</sup>	373	0.8	0.6	2.6	1,602	35.1	11.9	10.2	5.9	4.5	5.7	BBB+	1.7	1.1	2.3	7.4					
Dillard's	267	--	2.0	3.0	499	34.5	8.2	7.7	4.2	2.1	5.6	BB+	1.5	1.1	1.7	6.1					
J. C. Penney Company	875	0.1	0.2	2.6	870	34.1	8.6	7.0	2.5	3.4	3.6	B	5.1	4.9	5.2	1.4					
Sears Corporation <sup>(6)</sup>	1,002	(13.5)	(15.6)	(15.3)	(1,150)	22.7	(4.2)	(7.5)	(9.3)	0.5	(7.9)	CCC-	NM	NM	NM	NM					
Stage Stores <sup>(7)</sup>	835	(3.6)	1.1	(3.9)	19	22.6	7.8	1.2	(2.8)	2.3	(1.2)	--	13.9	12.4	7.2	NM					
Department Stores					Mean	32.1 %	8.3 %	6.0 %	2.1 %	2.6 %	3.4 %		4.3 x	3.7 x	3.5 x	5.6 x					
					Median	34.5	8.6	7.7	4.2	2.3	5.6		2.0	1.5	2.5	6.3					

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) Wal-Mart SSS% for Wal-Mart U.S. excluding fuel.

(2) Costco SSS% for domestic segment, excluding gas.

(3) Big Lots SSS% excludes gas.

(4) Macy's SSS% for owned plus licensed locations.

(5) Nordstrom SSS% for full line and direct business.

(6) Sears Holding Corp. SSS% for domestic segment.

(7) Stage Stores SSS% excludes e-commerce segment.

# SOFTLINES (SPECIALTY) – TRADING ANALYSIS

## Softlines (Specialty)

	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)	
Company Name	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE	
Lululemon Athletica	\$128.54	99.0	%	63.6	%	\$17,026	\$16,059	\$2,779	5.8 x	24.7 x	21.7 x	18.9 x	39.9 x	34.6 x	18.0	%	2.2 x	-- %	20.3 %
Gap	31.26	87.6		(8.2)		12,112	11,987	16,198	0.7	6.1	6.2	5.9	12.1	11.5	8.7	1.4	3.1	28.7	
L Brands	36.70	58.2		(39.1)		10,173	14,951	12,821	1.2	6.6	7.6	7.4	13.0	12.5	11.5	1.1	6.5	NM	
Urban Outfitters	46.26	95.9		31.9		5,034	4,554	3,711	1.2	10.6	9.3	8.7	18.4	16.7	15.3	1.2	--	10.3	
Tailored Brands	25.29	70.4		15.8		1,259	2,454	3,339	0.7	6.8	7.0	6.6	10.2	8.8	NA	NM	2.8	NM	
Chico's FAS	8.44	77.4		(4.3)		1,090	900	2,260	0.4	3.9	4.3	4.3	12.8	11.6	14.0	0.9	4.0	15.1	
Lands End	27.70	88.9		41.7		892	1,241	1,438	0.9	19.0	16.3	14.4	NM	38.7	20.0	NM	--	11.7	
Duluth Trading	24.76	97.5		38.7		807	866	488	1.8	19.6	16.3	13.3	30.2	24.5	24.6	1.2	--	17.8	
Ascena Retail Group	3.79	80.0		61.3		727	2,211	6,470	0.3	4.5	4.6	4.4	NM	NM	22.0	NM	--	(11.1)	
Express	9.67	85.3		(4.7)		721	602	2,143	0.3	4.1	4.4	4.2	22.0	18.2	NA	NM	--	3.6	
Vera Bradley	13.95	90.2		14.5		494	373	445	0.8	6.8	9.3	8.4	28.8	25.1	14.3	2.0	--	3.4	
J. Jill	9.18	71.9		17.7		402	614	714	0.9	5.8	5.9	5.7	11.7	11.1	10.3	1.1	--	36.4	
New York & Company	4.81	90.0		68.2		309	231	936	0.2	6.2	6.0	5.8	24.1	16.0	NA	NM	--	16.3	
Francesca's	8.25	75.3		12.9		298	276	464	0.6	6.8	5.5	4.9	15.0	13.1	12.5	1.2	--	6.6	
Destination XL Group	2.20	81.5		--		108	171	474	0.4	8.7	7.4	NM	NM	NM	NA	NM	--	(21.2)	
Destination Maternity <sup>(1)</sup>	6.00	87.7		102.0		90	131	403	0.3	13.2	NM	NM	NM	NM	NA	NM	--	(39.9)	
Christopher & Banks	0.99	63.8		(22.1)		38	20	363	0.1	NM	22.5	2.5	NM	NM	NA	NM	--	(41.0)	
Specialty Apparel / Accessories							Mean	1.0 x	9.6 x	9.6 x	7.7 x	19.8 x	18.6 x	15.6 %	1.4 x	4.1 %	3.8 %		
							Median	0.7	6.8	7.2	5.9	16.7	16.0	14.3	1.2	3.6	10.3		
Carter's <sup>(2)</sup>	\$109.76	85.1	%	(6.6)	%	\$5,152	\$5,590	\$3,423	1.6 x	11.3 x	11.1 x	10.5 x	17.0 x	15.5 x	8.9 %	1.9 x	1.6 %	36.7 %	
American Eagle Outfitters	24.26	94.1		29.0		4,285	3,975	3,857	1.0	7.9	7.6	7.1	16.0	14.8	7.0	2.3	2.3	18.8	
The Children's Place	120.40	74.5		(17.2)		2,003	1,960	1,870	1.0	9.0	8.2	7.1	14.8	12.2	11.0	1.3	1.7	19.1	
Abercrombie & Fitch Co.	26.00	89.1		49.2		1,763	1,480	3,562	0.4	4.7	4.9	5.0	28.0	23.9	17.1	1.6	3.1	2.5	
Buckle	26.55	92.2		11.8		1,284	1,061	906	1.2	6.5	7.0	7.4	14.0	14.5	NA	NM	10.4	22.0	
The Cato Corporation	25.01	95.3		57.1		606	387	849	0.5	10.1	9.6	9.6	25.0	22.7	NA	NM	5.3	2.7	
Zumiez	23.65	75.0		13.6		602	489	953	0.5	5.9	6.0	5.7	14.7	13.4	16.5	0.9	--	8.7	
Tilly's	15.28	92.2		3.5		447	342	580	0.6	6.8	6.1	5.7	19.1	17.0	NA	NM	--	9.7	
Specialty Apparel / Accessories -Teen/Jrs/Children							Mean	0.9 x	7.8 x	7.6 x	7.3 x	18.6 x	16.7 x	12.1 %	1.6 x	4.0 %	15.0 %		
							Median	0.8	7.3	7.3	7.1	16.5	15.1	11.0	1.6	2.7	14.2		

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In December 2016, Orchestra-Premaman announced the acquisition of Destination Maternity for ~\$7.05 per share, or \$136 million in cash (5.6x EV / EBITDA). The acquisition was subsequently terminated as of July 27, 2017.

(2) In February 2017, Carter's announced the acquisition of Skip Hop for \$150 million.

# SOFTLINES (SPECIALTY) – OPERATING ANALYSIS

## Softlines (Specialty)

Company Name	Store Count	Comp Store Sales				LTM EBITDA	Operating Efficiency						Credit Statistics					
		LFY	Q(-1)	Q(-2)	Gross Margin		EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales (a)	EBITDA - CapEx / Sales (a)	Credit Rating (b)	Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR (c)	EBITDA-Capex / Int.		
Lululemon Athletica <sup>(1)</sup>	404	1.0 %	2.0 %	8.0 %	\$651	53.6 %	29.8 %	23.4 %	19.6 %	6.2 %	17.2 %	--	-- x	NM x	1.3 x	NM x		
Gap <sup>(2)</sup>	3,617	3.0	1.0	5.0	1,954	38.2	20.3	12.1	8.6	4.7	7.4	BB+	0.6	NM	2.8	16.8		
L Brands <sup>(3)</sup>	3,087	(3.0)	3.0	2.0	2,251	44.5	23.9	17.6	13.1	5.5	12.1	BB+	2.6	2.1	3.5	3.8		
Urban Outfitters <sup>(4)</sup>	609	--	10.0	4.0	428	33.1	19.0	11.5	8.2	2.3	9.3	--	--	NM	2.4	NM		
Tailored Brands <sup>(5)</sup>	1,476	0.1	2.1	2.5	361	42.6	18.5	10.8	7.6	2.6	8.2	B+	3.6	3.3	4.6	2.8		
Chico's FAS	1,451	(7.7)	(5.9)	(5.2)	230	38.1	19.6	10.2	6.0	2.2	8.0	--	0.3	NM	3.0	NM		
Lands End	219	2.7	(18.9)	5.0	65	42.2	6.5	4.5	2.8	2.6	1.9	B-	7.5	5.3	7.1	1.0		
Duluth Trading	31				44	55.0	10.2	9.0	7.4	10.7	(1.6)	--	1.3	1.3	1.8	NM		
Ascena Retail Group <sup>(6)</sup>	4,700	(5.0)	(2.0)	(5.0)	489	57.6	20.5	7.6	1.8	2.8	4.7	B	3.8	3.0	5.2	2.8		
Express	631	(3.0)	1.0	(1.0)	146	39.5	17.1	6.8	2.7	2.4	4.5	--	0.5	NM	3.8	58.9		
Vera Bradley	160	(6.7)	(8.5)	(4.6)	55	56.4	20.1	12.3	8.0	2.7	9.5	--	--	NM	2.3	NM		
J. Jill	276	6.4	8.9	(0.6)	106	60.2	23.6	14.9	9.9	5.1	9.8	--	2.3	2.0	3.7	3.7		
New York & Company	459	1.0	3.0	2.2	37	40.7	14.0	4.0	1.7	1.2	2.8	--	--	NM	4.3	23.4		
Francesca's	669	(11.0)	(15.0)	(18.0)	40	42.3	17.6	8.7	3.9	6.6	2.0	--	--	NM	3.0	20.7		
Destination XL Group <sup>(7)</sup>	342	0.9	4.3	(0.1)	20	44.8	18.3	4.2	(2.3)	4.0	0.2	--	3.6	3.2	5.4	0.2		
Destination Maternity	1,157	(1.5)	(0.1)	2.5	10	51.9	15.9	2.5	(1.8)	1.4	1.0	--	4.3	4.1	5.7	1.0		
Christopher & Banks	462	(2.5)	(2.6)	5.7	(12)	30.4	12.7	(3.3)	(6.6)	0.8	(3.3)	--	--	NM	7.2	NM		
Specialty Apparel / Accessories						Mean	45.4 %	18.1 %	9.2 %	5.3 %	3.8 %	5.5 %		1.8 x	3.1 x	3.9 x	12.3 x	
						Median	42.6	18.5	9.0	6.0	2.7	4.7		0.6	3.1	3.7	3.7	
Carter's <sup>(8)</sup>	812	2.7 %	3.0 %	4.5 %	\$496	43.8 %	19.2 %	14.5 %	11.9 %	1.9 %	12.5 %	BB+	1.2 x	0.9 x	2.4 x	13.9 x		
American Eagle Outfitters	1,044	4.0	9.0	8.0	506	44.3	21.9	13.1	8.8	4.6	8.5	--	--	NM	2.4	NM		
The Children's Place <sup>(9)</sup>	1,002	5.8	(1.8)	8.2	218	37.5	19.9	11.6	7.9	3.0	8.6	--	0.2	NM	2.6	67.8		
Abercrombie & Fitch Co. <sup>(10)</sup>	850	3.0	5.0	9.0	318	59.7	19.6	8.9	3.5	2.8	6.2	BB-	0.9	NM	3.7	9.4		
Buckle	456	(7.2)	(3.2)	(5.9)	162	49.6	25.7	17.9	14.6	1.4	16.5	--	--	NM	1.8	NM		
The Cato Corporation	1,351	(12.0)	(8.0)	(9.3)	38	35.2	12.9	4.5	2.3	1.0	3.5	--	--	NM	3.9	NM		
Zumiez	700	7.9	7.5	7.9	82	33.6	17.4	8.7	5.8	2.2	6.5	--	0.1	NM	3.0	NM		
Tilly's	222	1.0	0.1	--	50	30.6	16.6	8.6	4.6	2.4	6.3	--	--	NM	2.9	NM		
Specialty Apparel / Accessories -Teen/Jrs/Children						Mean	41.8 %	19.2 %	11.0 %	7.4 %	2.4 %	8.6 %		0.3 x	0.9 x	2.8 x	30.4 x	
						Median	40.7	19.4	10.3	6.8	2.3	7.5		0.0	0.9	2.7	13.9	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) Lululemon SSS% excludes e-commerce.

(2) Gap SSS% for total company.

(3) L Brands SSS% for consolidated L Brands.

(4) Urban Outfitters SSS% for Urban Outfitters segment.

(5) Tailored Brands SSS% for Men's Wearhouse segment.

(6) Ascena Retail Group SSS% excludes e-commerce segment.

(7) Destination XL Group SSS% for total company.

(8) Carter's SSS% includes e-commerce and retail stores.

(9) The Children's Place SSS% includes e-commerce sales.

(10) Abercrombie & Fitch SSS% for stores only.

# APPAREL AND FOOTWEAR – TRADING ANALYSIS

## Apparel and Footwear

	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)
Company Name	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield	ROE	
Foot Locker <sup>(1)</sup>	\$52.30	88.0 %	11.6 %	\$6,114	\$5,210		\$7,806	0.7 x	5.6 x	5.8 x	5.6 x	11.6 x	10.6 x	6.6 %	1.8 x	2.6 %	10.0 %	
DSW <sup>(2)</sup>	27.61	99.1	29.0	2,214	1,946		2,820	0.7	7.6	7.5	7.1	17.0	16.0	7.3	2.4	3.6	7.2	
Genesco <sup>(3)</sup>	41.05	89.4	26.3	818	895		2,909	0.3	5.3	5.3	5.1	12.8	11.7	15.0	0.9	--	(13.2)	
Boot Barn <sup>(4)</sup>	23.32	88.8	40.4	641	848		678	1.3	13.0	11.8	10.0	24.0	19.2	21.5	1.1	--	14.6	
Shoe Carnival	33.23	95.0	24.2	534	499		1,023	0.5	7.5	7.6	7.3	16.4	14.5	11.0	1.5	1.0	7.8	
Footwear Retail							Mean	0.7 x	7.8 x	7.6 x	7.0 x	16.4 x	14.4 x	12.3 %	1.5 x	2.4 %	5.3 %	
							Median	0.7	7.5	7.5	7.1	16.4	14.5	11.0	1.5	2.6	7.8	
Nike <sup>(5)</sup>	\$76.48	94.4 %	22.3 %	\$123,267	\$121,832		\$36,397	3.3 x	23.4 x	22.9 x	19.2 x	33.4 x	26.6 x	14.6 %	2.3 x	1.0 %	17.4 %	
Skechers USA	31.00	72.0	(18.1)	4,959	4,481		4,359	1.0	8.8	8.1	6.8	14.7	12.3	16.0	0.9	--	13.7	
Deckers Brands	113.83	92.6	41.8	3,466	3,068		1,903	1.6	11.1	10.6	10.0	19.3	16.8	11.5	1.7	--	12.1	
Wolverine World Wide	34.10	92.4	7.0	3,231	3,652		2,293	1.6	17.2	11.8	11.1	16.4	14.8	10.0	1.6	0.9	3.0	
Steve Madden	53.75	96.8	15.1	3,142	2,969		1,569	1.9	16.5	13.8	13.2	19.9	18.0	8.5	2.3	1.5	16.5	
Caleres <sup>(6)</sup>	35.17	94.9	5.0	1,519	1,621		2,786	0.6	8.1	7.5	7.2	14.3	13.2	11.0	1.3	0.8	13.4	
Crocs	16.74	85.7	32.4	1,143	1,225		1,039	1.2	14.7	14.6	9.3	NM	22.5	10.0	NM	--	4.0	
Weyco	37.23	97.3	25.3	380	351		284	1.2	12.6	NM	NM	NM	NM	NA	NM	2.5	8.4	
Rocky Brands	28.30	89.1	49.7	210	199		252	0.8	10.1	9.7	9.2	18.9	17.2	20.0	0.9	1.7	8.1	
Footwear Wholesale							Mean	1.5 x	13.6 x	12.4 x	10.8 x	19.5 x	17.7 x	12.7 %	1.6 x	1.4 %	10.7 %	
							Median	1.2	12.6	11.2	9.6	18.9	17.0	11.2	1.6	1.3	12.1	
V.F. Corporation <sup>(7)</sup>	\$81.51	95.7 %	10.1 %	\$32,152	\$35,215		\$12,356	2.9 x	18.7 x	17.1 x	15.4 x	23.7 x	21.1 x	11.2 %	2.1 x	2.3 %	19.1 %	
Tapestry <sup>(8) (9)</sup>	46.80	84.3	5.8	13,470	14,032		5,530	2.5	11.9	10.4	9.4	17.1	15.8	11.5	1.5	2.9	11.2	
PVH	146.42	86.5	6.7	11,287	14,120		9,240	1.5	12.6	10.9	10.0	16.0	14.1	9.7	1.6	0.1	12.3	
Ralph Lauren	126.42	86.6	21.9	10,326	9,186		6,182	1.5	9.7	9.7	8.9	19.9	18.3	5.8	3.4	2.0	4.8	
Michael Kors <sup>(10)</sup>	66.97	95.7	6.4	10,048	10,763		4,719	2.3	9.9	9.8	9.1	14.5	13.5	4.7	3.1	--	32.7	
Under Armour (Class A) <sup>(11)</sup>	22.26	90.1	54.3	9,586	10,223		5,042	2.0	29.7	30.0	23.9	NM	NM	24.3	NM	--	(3.8)	
Hanesbrands <sup>(12)</sup>	22.32	86.7	6.7	8,043	12,196		6,563	1.9	11.6	11.2	10.6	12.7	11.7	6.4	2.0	2.7	8.5	
Columbia Sportswear Company	91.22	96.7	26.9	6,386	5,613		2,530	2.2	16.7	15.2	13.8	27.3	24.3	10.6	2.6	1.0	7.4	
G-III Apparel Group <sup>(13)</sup>	43.20	84.4	17.1	2,124	2,501		2,890	0.9	10.9	10.2	9.2	18.3	15.9	18.7	1.0	--	7.9	
Guess?	21.95	83.9	30.0	1,777	1,606		2,431	0.7	9.9	9.1	7.7	22.2	17.0	21.8	1.0	4.1	(0.4)	
Oxford Industries	85.11	91.1	13.2	1,441	1,509		1,086	1.4	11.6	10.2	9.6	18.6	16.8	11.0	1.7	1.6	16.4	
Fossil	28.60	88.9	268.1	1,408	1,646		2,776	0.6	13.6	9.2	9.2	NM	40.9	14.8	NM	--	NM	
Movado Group	49.25	91.7	53.0	1,138	960		596	1.6	12.8	11.6	10.6	20.4	18.0	10.0	2.0	1.6	(0.6)	
Perry Ellis International <sup>(14)</sup>	28.37	95.9	13.3	435	524		888	0.6	9.7	9.0	8.2	14.9	12.8	12.0	1.2	--	15.1	
Clarus Corporation <sup>(15)</sup>	8.35	98.8	6.4	251	264		182	1.4	37.5	16.4	12.1	16.7	12.1	10.0	1.7	--	0.7	
Vince	16.98	98.2	174.3	197	242		269	0.9	NM	NM	NM	NM	NM	NA	NM	--	NM	
Delta Apparel <sup>(16)</sup>	18.89	84.0	(6.5)	135	257		386	0.7	10.7	8.7	NM	13.8	NM	15.0	0.9	--	0.2	
Differential Brands Group <sup>(17)</sup>	5.30	76.9	457.9	74	154		163	0.9	18.1	11.4	10.1	NM	NM	NA	NM	--	(8.5)	
Apparel/Active/Accessories							Mean	1.5 x	15.0 x	12.4 x	11.1 x	18.3 x	18.0 x	12.3 %	1.9 x	2.0 %	7.7 %	
							Median	1.5	11.9	10.4	9.8	17.7	16.4	11.1	1.7	2.0	7.6	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and (8) minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price. (9)

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by (10) Average Total Equity.

(1) In January 2018, Foot Locker made a \$15 million strategic investment in women's luxury apparel company Carbon38.

(2) In May 2018, DSW acquired the remaining outstanding equity interests in Town Shoes. PJ SOLOMON advised DSW on the transaction.

(3) In February 2018, Genesco announced it was exploring a possible sale of Lids.

(4) In July 2018, Boot Barn acquired Drysdale. In April 2018, Boot Barn acquired Lone Star Western & Casual.

(5) In March 2018, Nike acquired consumer data analytics firm, Zodiac.

(6) In December 2016, Caleres announced the acquisition of Allen Edmonds for \$255 million.

(7) In April 2018, V.F. Corporation completed the acquisition of Icebreaker. In May 2017, V.F. Corporation completed the divestiture of its Licensed Sports Group business to Fanatics

for \$225 million. In August 2017, V.F. Corporation announced the acquisition of Williamson-Dickie for ~\$820 million in cash (11.0x EV / LTM EBITDA). In March 2018, VF sold its Nautica brand to Authentic Brands Group and acquired Alta Running from ICON Health & Fitness.

In July 2017, Coach completed the acquisition of Kate Spade for \$18.50 per share, or \$2.4 billion (10.2x EV / EBITDA).

In October 2017, Coach changed its name to Tapestry.

In October 2017, Michael Kors completed the acquisition of Jimmy Choo for £2.30 per share, or ~\$1.2 billion (17.5x EV / LTM EBITDA).

(11) In July 2018, Under Armour entered into an agreement to sell its Brazilian division.

(12) In February 2018, HanesBrands acquired Bras N Things for \$400 million.

(13) In July 2016, G-III announced the acquisition of Donna Karan for \$650 million.

(14) In June 2018, Perry Ellis agreed to be taken private by George Feldenkreis-led investor group for \$437 million.

(15) In August 2017, Clarus Corporation acquired Sierra Bullets for \$79 million, or 6.3x LTM EBITDA. In August 2017, Black Diamond changed its name to Clarus Corporation.

In March 2018, Delta Apparel acquired TeeShirt Ink.

In June 2018, Differential Brands Group acquired part of Global Brands Group's North American licensing business for ~\$1.4 billion.

# APPAREL AND FOOTWEAR – OPERATING ANALYSIS

## Apparel and Footwear

Company Name	Store Count	Comp Store Sales			LTM EBITDA	Operating Efficiency						Credit Statistics					
		LFY	Q(-1)	Q(-2)		Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales (a)	EBITDA - CapEx / Sales (a)	Credit Rating (b)	Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR (c)	EBITDA-Capex / Int.	
Foot Locker	3,284	(3.1) %	(2.8) %	(3.7) %	\$926	42.6 %	23.2 %	11.9 %	9.6 %	3.4 %	8.5 %	BB+	0.1 x	NM x	3.0 x	55.3 x	
DSW	513	(0.4)	1.3	(0.4)	256	35.9	16.8	9.1	6.3	2.0	7.1	--	--	NM	2.8	NM	
Genesco	2,680	--	(7.0)	1.0	170	48.8	21.9	5.8	3.1	4.0	1.8	--	0.6	0.4	4.6	9.9	
Boot Barn	226	5.2	12.1	5.2	65	30.7	16.0	9.6	7.1	3.6	6.0	--	3.3	3.2	4.4	2.7	
Shoe Carnival	408	0.3	(0.5)	4.4	66	29.1	13.0	6.5	4.2	1.3	5.2	--	--	NM	3.0	NM	
Footwear Retail					Mean	37.4 %	18.2 %	8.6 %	6.1 %	2.9 %	5.7 %		0.8 x	1.8 x	3.5 x	22.6 x	
					Median	35.9	16.8	9.1	6.3	3.4	6.0		0.1	1.8	3.0	9.9	
Nike	1,120	4.0 %	2.3 %	4.0	\$5,210	43.8 %	16.3 %	14.3 %	12.2 %	3.0 %	11.3 %	AA-	0.7 x	NM x	1.4 x	76.0 x	
Skechers USA <sup>(1)</sup>	623	7.2	9.5	12.0	509	47.3	17.0	11.7	9.3	3.2	8.4	--	0.2	NM	2.0	58.6	
Deckers Brands <sup>(2)</sup>	160	7.0	15.0	1.7	275	48.9	18.4	14.5	11.9	1.8	12.6	--	0.1	NM	1.4	52.4	
Wolverine World Wide	190				213	39.8	10.9	9.3	7.7	1.1	8.2	BB+	3.2	2.0	3.6	6.2	
Steve Madden	207	4.0	(1.2)	(5.1)	180	37.3	15.1	11.5	10.1	0.9	10.5	--	--	NM	1.4	NM	
Caleres <sup>(3)</sup>	1,248	1.4	--	2.8	200	42.2	13.4	7.2	5.4	1.5	5.7	BB	1.0	0.5	3.3	9.3	
Crocs <sup>(4)</sup>	425	(1.7)	7.6	3.8	83	50.4	16.1	8.0	4.9	0.9	7.1	--	0.0	NM	3.0	92.6	
Weyco	9	(5.0)	6.0	(3.0)	28	39.4	13.4	9.8	8.3	0.5	9.3	--	--	NM	1.6	NM	
Rocky Brands					20	32.6	8.4	7.8	5.4	1.9	5.9	--	--	NM	0.4	42.9	
Footwear Wholesale					Mean	42.4 %	14.3 %	10.4 %	8.4 %	1.7 %	8.8 %		0.6 x	1.2 x	2.0 x	48.3 x	
					Median	42.2	15.1	9.8	8.3	1.5	8.4		0.1	1.2	1.6	52.4	
V.F. Corporation	1,483				1,886	50.7 %	18.5 %	15.3 %	12.8 %	1.5 %	13.8 %	A	2.0 x	1.6 x	2.7 x	16.6 x	
Tapestry <sup>(5) (6)</sup>	1,415	3.1 %	3.0 %	3.0 %	1,174	67.2	30.7	21.2	16.7	5.0	16.2	BBB-	1.4	0.5	2.8	12.1	
PVH <sup>(7)</sup>	1,600	(4.0)	4.0	(1.0)	1,120	55.2	19.1	12.1	8.5	4.0	8.2	BBB-	2.9	2.5	4.0	5.9	
Ralph Lauren Corporation	615	(7.0)	--	(10.0)	945	60.8	22.5	15.3	10.7	2.6	12.7	A-	0.9	NM	2.5	43.0	
Michael Kors <sup>(8)</sup>	829	2.3	2.3	(3.2)	1,093	60.6	30.6	23.2	18.7	2.6	20.6	BBB-	0.8	0.7	2.1	43.6	
Under Armour (Class A)	268				345	45.0	9.7	6.8	3.3	4.9	2.0	BB	2.7	1.8	3.6	2.8	
Hanesbrands	252				1,050	39.5	18.9	16.0	14.1	1.4	14.6	BB	4.3	4.0	4.6	5.4	
Columbia Sportswear Company	129				335	47.5	16.7	13.3	10.9	2.1	11.1	--	--	NM	1.3	NM	
G-III Apparel Group	350				229	37.6	11.8	7.9	6.6	1.2	6.7	BB-	2.0	1.7	3.3	4.5	
Guess?	1,653	(4.5)	(10.0)	(10.0)	162	35.3	18.2	6.7	4.0	3.5	3.2	--	0.3	NM	3.9	28.0	
Oxford Industries <sup>(9)</sup>	223	3.0	(1.0)	6.0	130	56.4	18.3	12.0	8.1	4.0	8.0	--	0.6	0.5	2.4	29.3	
Fossil	556	(6.0)	5.0	2.0	121	48.9	10.5	4.4	1.6	0.9	3.5	--	3.8	1.9	5.1	2.1	
Movado Group	40				75	53.2	15.7	12.5	10.8	1.2	11.4	--	--	NM	1.2	49.1	
Perry Ellis International	77				54	37.5	9.1	6.1	4.5	0.9	5.2	B+	2.7	1.6	3.8	6.5	
Clarus Corporation <sup>(10)</sup>	2				7	33.7	4.4	3.9	0.3	1.8	2.1	--	2.1	1.8	2.6	6.7	
Vince	57	4.5	12.3	16.1	1	45.2	8.8	0.5	(3.1)	0.7	(0.2)	--	35.2	31.4	7.7	NM	
Delta Apparel	11				24	19.5	8.5	6.2	3.8	1.8	4.4	--	5.1	5.1	5.4	3.4	
Differential Brands Group					8	43.5	10.9	5.2	1.5	0.8	4.5	--	9.9	9.4	7.9	0.8	
Apparel/Active/Accessories					Mean	46.5 %	15.7 %	10.5 %	7.4 %	2.3 %	8.2 %		4.2 x	4.6 x	3.7 x	16.2 x	
					Median	46.4	16.2	9.9	7.3	1.8	7.4		2.0	1.8	3.5	6.6	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) Skechers SSS% for domestic segment.

(2) Deckers SSS% for retail segment.

(3) Caleres SSS% for Famous Footwear division.

(4) Crocs SSS% for Americas segment.

(5) Coach SSS% for North American segment.

(6) In October 2017, Coach changed its name to Tapestry.

(7) PVH SSS% for Calvin Klein North America.

(8) Michael Kors SSS% for North American segment.

(9) Oxford Industries SSS% for Tommy Bahama division.

(10) In August 2017, Black Diamond changed its name to Clarus Corporation.



# APPAREL AND FOOTWEAR – TRADING ANALYSIS (CONT.)

## Apparel and Footwear (cont.)

Company Name	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)
	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE
Cintas	\$191.27	98.5 %	22.7 %	\$20,413	\$22,949		\$6,337	3.6 x	18.2 x	17.0 x	15.8 x	30.0 x	26.6 x	14.3 %	2.1 x	0.8 %		26.7 %
UniFirst Corporation	185.50	96.1	12.5	3,550	3,312		1,666	2.0	11.8	12.4	11.1	29.3	NM	10.0	2.9	0.2		8.6
Superior Group of Companies <sup>(1)</sup>	20.69	71.7	(22.5)	314	349		279	1.3	11.7	10.0	8.0	17.7	13.6	13.5	1.3	1.8		10.8
Lakeland Industries	13.75	80.0	(5.5)	112	97		97	1.0	9.7	8.2	7.4	13.8	12.5	10.0	1.4	--		0.8
<b>Uniform / Protectivewear</b>							<b>Mean</b>	2.0 x	12.9 x	11.9 x	10.6 x	22.7 x	17.6 x	12.0 %	1.9 x	1.0 %		11.7 %
							<b>Median</b>	1.6	11.7	11.2	9.5	23.5	13.6	11.8	1.7	0.8		9.7
Sequential Brands Group <sup>(2)</sup>	\$2.01	55.5 %	12.9 %	\$128	\$801		\$166	4.8 x	8.3 x	7.9 x	7.4 x	3.7 x	3.0 x	15.0 %	0.2 x	--		(40.9) %
Xcel Brands	2.60	52.0	(21.2)	47	62		32	1.9	11.2	7.3	5.9	9.3	7.2	10.0	0.9	--		(9.0)
Iconix Brand Group <sup>(3)</sup>	0.68	9.8	(47.2)	45	807		216	3.7	7.5	8.2	8.1	1.7	1.7	NA	NM	--		NM
Cherokee <sup>(4)</sup>	0.54	8.7	(71.4)	8	51		28	1.8	NM	5.9	5.0	NM	7.8	15.0	NM	--		NM
<b>Licensing / Brand Management</b>							<b>Mean</b>	3.1 x	9.0 x	7.3 x	6.6 x	4.9 x	4.9 x	13.3 %	0.6 x	-- %		(25.0) %
							<b>Median</b>	2.8	8.3	7.6	6.7	3.7	5.1	15.0	0.6	--		(25.0)

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In May 2018, Superior Uniform Group changed its name to Superior Group of Companies. In May 2018, Superior Uniform Group announced the acquisition of CID Resources for ~\$88.4 million.

(2) In May 2016, Sequential Brands announced the acquisition of Gaiam's Branded Consumer Business for ~\$150 million.

(3) In May 2017, Iconix announced the divestiture of Peanuts and Strawberry Shortcake brands to DHX Media for \$438 million. In December 2016, Iconix announced the divestiture of the Sharper Image brand to ThreeSixty Group for ~\$100 million.

(4) In June 2018, Cherokee announced the sale of Flip Flop Shops to Bearpaw Holdings. In November 2016, Cherokee announced the acquisition of Hi-Tec Sports for ~\$96 million.

# APPAREL AND FOOTWEAR – OPERATING ANALYSIS (CONT.)

Apparel and Footwear (cont.)

		Operating Efficiency										Credit Statistics					
Company Name	Store Count	Comp Store Sales			LTM EBITDA	Gross	EBITDAR	EBITDA	EBIT	CapEx /	(a) EBITDA -	(a) CapEx / Sales	(b) Credit Rating	(b) Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	(c) EBITDA-Capex / Int.
		LFY	Q(-1)	Q(-2)		Margin	Margin	Margin	Margin	Sales							
Cintas					\$1,262	44.7 %	21.1 %	19.9 %	15.7 %	4.0 %	16.0 %	BBB+	2.2 x	2.0 x	2.4 x	7.7 x	
UniFirst Corporation					281	37.8	17.8	16.9	11.2	7.0	9.9	--	--	NM	0.3	NM	
Superior Group of Companies <sup>(1)</sup>					30	35.5	11.1	10.7	8.6	1.6	9.1	--	1.5	1.2	1.7	28.4	
Lakeland Industries					10	38.2	10.9	10.2	9.4	1.1	9.2	--	0.2	NM	0.5	75.5	
Uniform / Protectivewear					Mean	39.1 %	15.2 %	14.4 %	11.2 %	3.4 %	11.0 %		1.0 x	1.6 x	1.2 x	37.2 x	
					Median	38.0	14.4	13.8	10.3	2.8	9.5		0.9	1.6	1.1	28.4	
Sequential Brands Group					\$96	59.6	61.7 %	58.1 %	55.4 %	2.8 %	55.2 %	--	6.5 x	6.2 x	6.4 x	1.5 x	
Xcel Brands					6	99.4	19.5	17.2	12.3	3.5	13.7	--	4.2	2.6	4.4	3.7	
Iconix Brand Group					107	100.0	51.3	49.8	48.7	0.5	49.4	CCC	7.1	6.6	7.0	1.6	
Cherokee					1	100.0	5.0	1.9	(3.7)	0.8	1.1	--	84.5	79.9	36.5	0.0	
Licensing / Brand Management					Mean	89.8 %	34.4 %	31.7 %	28.2 %	1.9 %	29.8 %		25.6 x	23.8 x	13.6 x	1.7 x	
					Median	99.7	35.4	33.5	30.5	1.8	31.5		6.8	6.4	6.7	1.5	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) In May 2018, Superior Uniform Group changed its name to Superior Group of Companies.

# HARDLINES (SPECIALTY) – TRADING ANALYSIS

## Hardlines (Specialty)

Company Name	Share Price 7/6/2018	% of 52 wk high	YTD % Change	Equity Value	Enterprise Value (a)	LTM Revenue	EV / LTM Revenue	EV / EBITDA			P / E		LTG Rate	P/E/G 2018E	Dividend Yield	(b) ROE	(c)
								LTM	2018E	2019E	2018E	2019E					
Williams-Sonoma <sup>(1)</sup>	\$60.99	92.4 %	18.0 %	\$5,069	\$5,078	\$5,384	0.9 x	7.8 x	7.6 x	7.6 x	14.4 x	13.8 x	12.0 %	1.2 x	2.8 %	22.0 %	
Michaels	20.49	73.5	(15.3)	3,731	6,034	5,359	1.1	7.4	7.5	7.3	8.9	8.3	7.5	1.2	--	NM	
Aaron's	44.13	88.7	10.7	3,104	3,273	3,494	0.9	6.8	8.3	7.4	13.2	11.7	18.1	0.7	0.3	17.9	
Bed Bath & Beyond <sup>(2)</sup>	21.07	67.6	(4.2)	2,953	3,618	12,361	0.3	3.5	4.1	4.7	8.9	10.1	(14.1)	NM	3.0	14.1	
Restoration Hardware	135.76	82.5	57.5	2,937	4,089	2,436	1.7	14.2	11.7	10.2	20.4	17.6	22.7	0.9	--	10.6	
At Home	40.45	99.3	33.1	2,542	3,033	995	3.0	20.6	16.1	13.3	31.1	27.0	23.8	1.3	--	6.9	
Sleep Number <sup>(3)</sup>	31.03	76.2	(17.5)	1,146	1,220	1,439	0.8	8.5	7.7	7.1	17.3	14.0	18.8	0.9	--	NM	
Rent-A-Center <sup>(4)</sup>	14.82	99.2	33.5	792	1,307	2,659	0.5	21.2	8.1	7.3	22.3	14.8	2.5	8.9	--	(2.5)	
Ethan Allen Interiors	25.35	76.5	(11.4)	689	646	756	0.9	9.0	8.9	7.9	18.6	14.7	12.1	1.5	3.0	9.1	
Haverty Furniture	21.70	79.7	(4.2)	458	439	819	0.5	6.2	6.4	6.2	16.4	15.1	9.0	1.8	3.3	7.4	
The Container Store	8.48	95.0	78.9	410	691	857	0.8	8.6	6.9	7.1	20.7	20.0	18.0	1.1	--	8.3	
The Lovesac Company	21.08	84.3	NM	257	256	111	2.3	NM	NM	NM	NM	NM	NA	NM	--	NM	
Bassett Furniture Industries	27.65	66.9	(26.5)	297	252	460	0.5	6.9	7.1	NM	18.8	14.2	15.0	1.3	2.9	6.8	
Pier 1 Imports	2.58	43.6	(37.7)	206	249	1,761	0.1	3.8	25.3	3.2	NM	NM	5.0	NM	--	(5.2)	
Kirkland's	11.98	88.9	0.1	188	130	644	0.2	3.4	3.5	3.2	22.2	20.0	16.0	1.4	--	4.3	
<b>Home Furnishings and Décor</b>						<b>Mean</b>	1.0 x	9.1 x	9.2 x	7.1 x	17.9 x	15.5 x	11.9 %	1.9 x	2.6 %	8.3 %	
						<b>Median</b>	0.8	7.6	7.7	7.3	18.6	14.7	13.6	1.2	2.9	7.8	
The Home Depot <sup>(5)</sup>	\$194.48	93.7 %	2.6 %	\$224,341	\$246,535	\$101,964	2.4 x	14.7 x	13.9 x	13.2 x	20.6 x	19.1 x	14.0	1.5 x	2.1 %	NM %	
Lowe's Companies	96.14	88.2	3.4	78,465	92,539	69,119	1.3	11.5	11.4	10.7	17.6	15.8	17.4	1.0	2.0	NM	
Sherwin-Williams	413.58	95.0	0.9	38,488	49,142	16,187	3.0	17.5	16.4	14.5	22.0	18.8	12.5	1.8	0.8	NM	
Tractor Supply Company <sup>(6)</sup>	76.72	92.8	2.6	9,364	9,969	7,375	1.4	11.7	11.6	10.8	18.7	17.0	13.2	1.4	1.6	32.2	
Floor and Décor	51.04	87.6	4.8	4,933	5,323	1,480	3.6	30.9	26.9	20.9	NM	39.9	31.4	NM	--	39.0	
Lumber Liquidators	25.73	62.3	(18.0)	734	748	1,042	0.7	24.0	16.5	12.3	36.2	21.5	30.0	1.2	--	(6.7)	
Tile Shop	8.65	42.1	(9.9)	454	473	344	1.4	9.9	10.4	9.6	43.3	34.6	20.0	2.2	2.3	4.7	
Sears Hometown and Outlet	2.10	53.2	(19.2)	48	187	1,653	0.1	NM	NM	NM	NM	NM	NA	NM	--	(40.2)	
<b>Home Improvement</b>						<b>Mean</b>	1.7 x	17.2 x	15.3 x	13.1 x	26.4 x	23.8 x	19.8 %	1.5 x	1.8 %	5.8 %	
						<b>Median</b>	1.4	14.7	13.9	12.3	21.3	19.1	17.4	1.4	2.0	4.7	
Qurate Retail Group <sup>(7)</sup>	\$21.89	75.2 %	(10.4) %	\$10,423	\$16,905	\$10,381	1.6 x	9.6 x	7.8 x	7.4 x	10.4 x	9.9 x	14.0 %	0.7 x	-- %	21.1 %	
Planet Fitness	45.90	98.1	32.5	4,023	4,584	450	10.2	24.6	21.5	18.6	38.4	31.4	18.4	2.1	--	NM	
Party City	15.75	94.0	12.9	1,519	3,361	2,402	1.4	9.0	7.9	7.6	8.5	7.6	21.8	0.4	--	22.0	
Barnes & Noble	5.25	62.4	(21.6)	381	529	3,662	0.1	4.9	3.3	3.0	12.1	8.5	10.0	1.2	11.4	(25.4)	
Town Sports Fitness <sup>(8)</sup>	13.80	93.0	148.6	375	518	411	1.3	8.9	8.8	8.1	NM	NM	NA	NM	--	NM	
Build-A-Bear Workshop	7.65	69.5	(16.8)	112	93	358	0.3	3.1	3.8	3.4	17.8	13.7	9.0	2.0	--	7.7	
Trans World Entertainment <sup>(9)</sup>	0.95	30.6	(47.9)	34	20	437	0.0	NM	NM	NM	NM	NM	NA	NM	--	(30.8)	
YogaWorks	1.85	31.6	(34.6)	30	12	56	0.2	NM	NM	NM	NM	NM	NA	NM	--	NM	
<b>Entertainment (Book/Video/Music/Toy/Hobby)</b>						<b>Mean</b>	1.9 x	10.0 x	8.9 x	8.0 x	17.4 x	14.2 x	14.6 %	1.3 x	11.4 %	(1.1) %	
						<b>Median</b>	0.8	9.0	7.9	7.5	12.1	9.9	14.0	1.2	11.4	7.7	
Office Depot <sup>(10)(11)</sup>	\$2.70	43.2 %	(23.7) %	\$1,506	\$2,568	\$10,394	0.2 x	5.0 x	4.8 x	4.7 x	8.9 x	8.2 x	(3.4) %	NM x	3.7 %	5.1 %	
Essendant <sup>(12)</sup>	13.92	94.0	50.2	524	1,030	5,008	0.2	11.0	NM	NM	NM	13.4	14.0	NM	4.0	(25.2)	
<b>Office Products</b>																	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus <sup>(5)</sup> estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma <sup>(6)</sup> adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash. <sup>(7)</sup>

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity. <sup>(8)</sup>

(1) In November 2017, Williams-Sonoma acquired 3D-Imaging and augmented reality firm Outward for ~\$112 million. <sup>(9)</sup>

(2) In November 2016, Bed Bath & Beyond acquired PersonilaztionMall.com for \$190 million. In June 2016, Bed Bath & Beyond acquired One Kings Lane for \$11.8 million. <sup>(10)</sup>

(3) In October 2017, Select Comfort changed its name to Sleep Number. <sup>(11)</sup>

(4) In June 2018, Rent-a-Center agreed to a \$15 per share takeover offer from Vintage capital, ~\$1.4 billion. <sup>(12)</sup>

In December 2017, The Home Depot announced the acquisition of The Company Store.

In February 2018, The Home Depot announced a partnership agreement with Tesla.

In September 2016, Tractor Supply announced the acquisition of PetSense for \$145 million.

In March 2018, Liberty Interactive changed its name to Qurate Retail Group. In December 2017, Liberty Interactive completed the acquisition of the remaining 62% stake in HSN for \$40.36 per share, or ~\$2.6 billion (9.7x EV / EBITDA).

In February 2018, Town Sports Fitness agreed to acquire Total Woman Gym and Spa.

In October 2016, Trans World Entertainment announced the acquisition of etailz for \$75 million.

In April 2017, Platinum Equity acquired Office Depot's Australian and New Zealand business.

In October 2017, Office Depot announced the acquisition of CompuCom Systems for \$1 billion, or 10.2x LTM EBITDA.

In May 2018, Essendant announced the receipt of a bid from Sycamore Partners for \$11.50 per share.

# HARDLINES (SPECIALTY) – OPERATING ANALYSIS

## Hardlines (Specialty)

Company Name	Store Count	Comp Store Sales			LTM EBITDA	Operating Efficiency						Credit Statistics				
		LFY	Q(-1)	Q(-2)		Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales (a)	EBITDA - CapEx / Sales (a)	Credit Rating (b)	Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR (c)	EBITDA-Capex / Int.
Williams-Sonoma	631	3.2 %	5.4 %	3.3 %	\$654	36.6 %	17.1 %	12.2 %	8.7 %	3.6 %	8.6 %	--	0.5 x	0.0 x	2.1 x	NM x
Michaels	1,282	0.9	0.4	2.5	815	39.5	23.1	15.2	13.5	2.6	12.6	BB-	3.3	2.8	4.3	5.1
Aaron's	1,182	(7.0)	(4.4)	(5.4)	481	49.3	19.7	13.8	11.7	1.8	12.0	--	0.7	0.4	2.3	22.0
Bed Bath & Beyond	1,552	(1.3)	(0.6)	(0.3)	1,030	35.7	13.3	8.3	5.8	3.2	5.2	BBB-	1.4	0.6	3.1	8.1
Restoration Hardware	84	6.0	1.0	2.0	287	36.9	15.8	11.8	8.9	5.5	6.3	--	4.1	4.0	4.6	2.3
At Home	151	6.5	5.7	7.1	148	32.2	23.6	14.8	10.3	27.2	(12.4)	B+	3.4	3.3	4.4	NM
Sleep Number <sup>(1)</sup>	558	4.0	(4.0)	12.0	143	61.7	15.1	10.0	5.8	3.9	6.1	--	0.5	0.5	2.4	66.5
Rent-A-Center	3,900	(6.2)	0.8	(2.0)	62	63.7	10.1	2.3	(0.5)	2.0	0.4	CCC+	9.7	8.4	6.8	0.2
Ethan Allen Interiors <sup>(2)</sup>	307	8.5	1.6	(2.1)	72	54.6	13.6	9.5	6.8	1.5	7.9	--	0.0	NM	1.8	NM
Haverty Furniture	123	(1.3)	(1.1)	(3.5)	71	54.2	12.4	8.7	5.0	3.2	5.5	--	0.8	NM	2.3	18.7
The Container Store	90	(2.4)	0.9	(0.2)	81	58.0	19.4	9.4	5.5	3.2	6.2	B	3.6	3.5	4.8	2.1
The Lovesac Company	66	19.5			(5)	56.6	7.4	(4.5)	(6.8)	7.7	(12.2)	--	NM	0.1	9.8	NM
Bassett Furniture Industries	95	1.9	(1.8)	3.3	37	60.9	15.5	7.9	5.1	3.0	4.9	--	0.0	NM	2.9	96.3
Pier 1 Imports	1,018	(2.0)	(7.5)	(0.7)	66	35.6	18.3	3.7	0.3	2.9	0.8	B-	3.0	0.7	5.4	1.1
Kirkland's	425	0.3	1.4	2.0	38	32.6	15.2	5.9	1.6	5.3	0.6	--	--	NM	3.7	14.6
Home Furnishings and Décor					Mean	47.2 %	16.0 %	8.6 %	5.4 %	5.1 %	3.5 %		2.2 x	2.2 x	4.1 x	21.5 x
					Median	49.3	15.5	9.4	5.8	3.2	5.5		1.1	0.7	3.7	8.1
The Home Depot <sup>(3)</sup>	2,285	6.8 %	4.2 %	7.5 %	\$16,802	34.1 %	17.5 %	16.5 %	14.4 %	2.0 %	14.5 %	A	1.5 x	1.3 x	1.8 x	13.9 x
Lowe's Companies	2,390	4.0	3.5	4.1	8,049	34.2	12.6	11.6	9.4	1.7	10.0	A-	2.0	1.7	2.3	10.6
Sherwin-Williams	4,900	5.3	5.2	8.2	2,807	44.4	20.4	17.3	13.7	1.4	16.0	BBB	3.9	3.8	4.2	7.8
Tractor Supply Company	1,700	2.7	3.7	2.7	854	34.4	16.0	11.6	9.3	3.5	8.0	--	0.9	0.7	2.3	38.1
Floor and Décor	83	16.6	15.6	22.4	172	41.4	16.8	11.6	8.9	7.5	4.2	B+	1.0	1.0	2.5	6.1
Lumber Liquidators	400	5.4	2.9	4.5	31	35.9	6.1	3.0	1.6	0.8	2.2	--	0.8	0.4	3.5	NM
Tile Shop	140	0.5	(6.8)	(4.9)	48	68.5	24.9	14.0	6.2	8.0	5.9	--	0.5	0.4	2.9	10.6
Sears Hometown and Outlet	1,002	(8.4)	(12.4)	(15.6)	(34)	21.6	1.0	(2.1)	(2.8)	0.6	(2.6)	--	NM	NM	28.4	NM
Home Improvement					Mean	39.3 %	14.4 %	10.4 %	7.6 %	3.2 %	7.3 %		1.5 x	1.3 x	6.0 x	14.5 x
					Median	35.2	16.4	11.6	9.1	1.8	7.0		1.0	1.0	2.7	10.6
Qurate Retail Group <sup>(4)</sup>					\$1,763	34.6 %	NM %	17.0 %	10.9 %	1.9 %	15.0 %	--	3.8 x	3.6 x	3.8 x	5.3 x
Planet Fitness	1,565	10.2 %	1.1 %	11.6 %	186	55.9	46.2	41.4	34.2	7.7	33.8	--	3.8	3.1	4.0	4.4
Party City	900	(0.7)	2.4	(1.4)	375	25.9	26.7	15.6	12.1	3.1	12.5	--	5.1	4.9	5.5	3.3
Barnes & Noble	630	(5.4)	(4.1)	(5.8)	108	30.3	11.2	3.0	0.6	2.4	0.6	--	1.5	1.4	4.8	2.1
Town Sports Fitness	165	1.6	1.7	1.2	58	56.0	45.4	14.1	4.4	6.2	7.9	B-	3.4	2.5	5.2	2.6
Build-A-Bear Workshop <sup>(5)</sup>	337	(6.5)	(8.0)	(7.4)	30	47.2	21.3	8.4	3.9	5.0	3.4	--	--	NM	3.6	NM
Trans World Entertainment	253	(8.7)	(8.5)	(10.0)	(15)	32.3	2.5	(3.4)	(6.4)	1.6	(5.0)	--	--	1.0	14.4	NM
YogaWorks	66				(6)	61.9	7.9	(11.3)	(27.5)	3.7	(15.0)	--	--	2.9	14.6	NM
Entertainment (Book/Video/Music/Toy/Hobby)					Mean	43.0 %	23.0 %	10.6 %	4.0 %	3.9 %	6.7 %		2.2 x	2.8 x	7.0 x	3.6 x
					Median	40.9	21.3	11.3	4.2	3.4	5.7		2.4	2.9	5.0	3.3
Office Depot	1,376	(5.0) %	(4.0) %	(4.0) %	\$509	23.6 %	9.2 %	4.9 %	3.7 %	1.8 %	3.1 %	B	3.5 x	2.1 x	4.7 x	4.1 x
Essendant					93	13.7	2.9	1.9	1.0	0.8	1.1	--	5.7	5.4	5.8	2.1
Office Products																

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) In October 2017, Select Comfort changed its name to Sleep Number.

(2) Ethan Allen SSS% for design center orders.

(3) The Home Depot SSS% for domestic segment.

(4) In March 2018, Liberty Interactive changed its name to Qurate Retail Group.

(5) Build-A-Bear Workshop SSS% for domestic segment.

# HARDLINES (SPECIALTY) – TRADING ANALYSIS (CONT.)

## Hardlines (Specialty) (cont.)

	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)
Company Name	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE
Dick's Sporting Goods <sup>(1)</sup>	\$34.05	85.1 %	18.5 %	\$3,491	\$3,730		\$8,675	0.4 x	5.1 x	5.5 x	5.3 x	11.1 x	10.7 x	9.2 %	1.2 x	2.6	16.9 %	
Hibbett Sports	23.10	78.3	13.2	438	325		967	0.3	4.2	4.7	4.7	12.5	11.6	6.5	1.9	--	10.5	
Sportsman's Warehouse	5.16	73.8	(21.9)	221	437		833	0.5	6.7	6.4	5.8	8.6	7.4	10.0	0.9	--	45.0	
Big 5 Sporting Goods	7.35	57.4	(3.3)	157	226		991	0.2	8.0	5.5	5.1	10.9	10.0	NA	NM	8.2	(2.8)	
Sporting Goods							Mean	0.4 x	6.0 x	5.5 x	5.2 x	10.8 x	9.9 x	8.6 %	1.3 x	5.4 %	17.4 %	
							Median	0.4	5.9	5.5	5.2	11.0	10.3	9.2	1.2	5.4	13.7	
Central Garden & Pet Company <sup>(2)</sup>	\$44.94	99.8 %	(13.4) %	\$2,215	\$2,775		\$2,120	1.3 x	13.4 x	12.7 x	NM x	23.8 x	19.7 x	10.0 %	2.4 x	-- %	16.8 %	
Pet																		
O'Reilly Automotive	\$282.95	97.5 %	17.6 %	\$23,177	\$26,331		\$9,104	2.9 x	13.2 x	12.8 x	12.2 x	18.3 x	16.4 x	16.2 %	1.1 x	-- %	NM %	
AutoZone <sup>(3)</sup>	681.86	85.5	(4.1)	18,026	22,735		11,175	2.0	9.2	9.3	9.0	13.2	11.7	12.5	1.1	--	NM	
Advance Auto Parts	137.17	95.6	37.6	10,155	10,560		9,357	1.1	11.4	10.9	10.2	20.2	17.8	14.4	1.4	0.2	15.4	
Monro Inc. <sup>(4)</sup>	62.30	97.1	9.4	2,047	2,440		1,128	2.2	13.4	13.0	12.5	26.0	24.3	7.0	3.7	1.3	10.6	
Automotive Parts/Service							Mean	2.1 x	11.8 x	11.5 x	11.0 x	19.4 x	17.6 x	12.5 %	1.8 x	0.7 %	13.0 %	
							Median	2.1	12.3	11.9	11.2	19.3	17.1	13.5	1.3	0.7	13.0	
CarMax	\$76.41	93.6 %	19.1 %	\$13,491	\$26,669		\$18,253	1.5 x	20.5 x	20.2 x	18.6 x	17.7 x	15.6 x	13.2 %	1.3 x	-- %	21.1 %	
AutoNation	49.73	80.2	(3.1)	4,518	7,104		21,655	0.3	7.6	7.2	7.2	10.4	9.8	6.7	1.5	--	17.5	
Penske Automotive Group	49.60	90.5	3.7	4,215	6,383		22,053	0.3	8.7	8.3	7.7	9.6	9.2	6.4	1.5	2.8	29.0	
Lithia Motors	97.33	76.0	(14.3)	2,428	3,540		10,510	0.3	7.3	7.4	7.0	9.2	8.6	21.5	0.4	1.2	23.7	
Carvana <sup>(5)(6)</sup>	47.17	99.6	146.7	1,502	2,007		1,060	1.9	NM	NM	NM	NM	NM	100.0	NM	--	NM	
Asbury Automotive Group	70.45	92.1	10.1	1,453	2,321		6,514	0.4	7.0	7.7	7.5	9.2	9.0	15.0	0.6	--	40.2	
Group 1 Automotive	70.14	83.0	(1.2)	1,418	2,821		11,465	0.2	6.6	7.5	7.5	8.3	8.1	NA	NM	1.5	20.1	
Sonic Automotive	21.20	89.8	14.9	905	1,954		9,980	0.2	6.2	6.9	6.9	9.4	9.2	0.1	71.1	1.1	12.4	
America's Car-Mart	64.20	94.1	43.8	447	599		612	1.0	12.3	12.4	11.4	15.9	13.6	NA	NM	--	15.7	
Automotive <sup>(d)</sup>							Mean	0.7 x	9.5 x	9.7 x	9.2 x	11.2 x	10.4 x	23.3 %	12.8 x	1.7 %	22.5 %	
							Median	0.3	7.4	7.6	7.5	9.5	9.2	13.2	1.4	1.3	20.6	
Ulta	\$242.61	87.0 %	8.5 %	\$14,600	\$14,131		\$6,113	2.3 x	13.3 x	12.3 x	10.9 x	22.2 x	18.9 x	18.8 %	1.2 x	-- %	34.5 %	
Sally Beauty	15.88	74.3	(15.4)	1,933	3,721		3,943	0.9	6.2	6.3	6.6	6.9	6.5	8.7	0.8	--	NM	
Regis <sup>(7)</sup>	16.85	90.4	9.7	777	762		1,664	0.5	8.3	10.0	7.4	NA	28.1	NA	NA	--	8.6	
Beauty							Mean	1.2 x	9.2 x	9.5 x	8.3 x	14.6 x	17.8 x	13.8 %	1.0 x	-- %	21.6 %	
							Median	0.9	8.3	10.0	7.4	14.6	18.9	13.8	1.0	--	21.6	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(d) Enterprise value adjusted to exclude floor plan financing.

(1) In October 2016, Dick's acquired Golfsmith's IP assets, inventory and 30 stores for \$70 million at bankruptcy auction.

(2) In March 2018, Central Pet & Garden acquired General Pet Supply.

(3) In February 2018, Autozone sold its AutoAnything division to Kingswood Capital Management.

(4) In August 2017, Monro Muffler Brake Inc. announced a name change to Monro Inc.

(5) In April 2018, Carvana acquired Car360, a vehicle digital touring technology business.

(6) Carvana excluded from mean / median calculations.

(7) In October 2017, Regis Corps announced the sale of the majority of its North American hair salons to Beautiful Group, an affiliate of Regent.

# HARDLINES (SPECIALTY) – OPERATING ANALYSIS (CONT.)

## Hardlines (Specialty) (cont.)

		Comp Store Sales			LTM	Operating Efficiency							Credit Statistics							
Company Name	Store Count	LFY	Q(-1)	Q(-2)	EBITDA	Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales	(a)	EBITDA - CapEx / Sales	(a)	Credit Rating	(b)	Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	(c)	EBITDA-Capex / Int.
Dick's Sporting Goods	853	(0.3) %	0.9 %	(2.0) %	\$733	28.9 %	14.7 %	8.5 %	5.7 %	4.7 %		3.7 %		--		0.5 x	0.3 x	2.8 x		34.2 x
Hibbett Sports	1,068	(3.8)	0.3	1.6	77	32.3	14.1	7.9	5.4	2.0		5.9		--		0.0	NM	2.6		NM
Sportsman's Warehouse	87	(6.5)	(4.5)	(7.0)	66	33.7	15.0	7.9	5.7	3.9		4.0		--		3.3	3.3	4.6		2.3
Big 5 Sporting Goods	435	(1.2)	(7.5)	(9.4)	28	31.5	10.4	2.9	1.2	1.5		1.4		--		2.6	2.4	5.1		6.8
Sporting Goods					Mean	31.6 %	13.5 %	6.8 %	4.5 %	3.0 %		3.8 %				1.6 x	2.0 x	3.8 x		14.5 x
					Median	31.9	14.4	7.9	5.5	2.9		3.9				1.5	2.4	3.7		6.8
Central Garden & Pet Company					\$208	30.9 %	11.3 %	9.8 %	7.7 %	1.7 %		8.1 %		BB-		3.3 x	2.7 x	3.7 x		5.3 x
Pet																				
O'Reilly Automotive	5,097	1.4 %	3.4 %	1.3 %	\$1,992	52.6 %	25.2 %	21.9 %	19.2 %	5.2 %		16.7 %		BBB		1.6 x	1.6 x	2.2 x		15.2 x
AutoZone <sup>(1)</sup>	5,540	0.5	0.6	2.2	2,461	53.0	24.8	22.0	19.0	4.7		17.3		BBB		2.0	1.9	2.5		11.1
Advance Auto Parts	5,044	(2.0)	(0.8)	(2.6)	923	43.7	15.6	9.9	7.3	1.7		8.2		BBB-		1.1	0.4	2.9		13.2
Monro Inc. <sup>(2)</sup>	1,252	(4.3)	10.3	(3.1)	182	38.6	19.2	16.2	11.8	3.5		12.7		--		2.2	2.2	2.8		5.9
Automotive Parts/Service					Mean	47.0 %	21.2 %	17.5 %	14.3 %	3.8 %		13.7 %				1.7 x	1.5 x	2.6 x		11.3 x
					Median	48.1	22.0	19.0	15.4	4.1		14.7				1.8	1.7	2.6		12.1
CarMax <sup>(3)</sup>	189	2.0 %	(2.3) %	(8.0) %	\$1,298	15.2 %	9.1 %	7.1 %	6.1 %	1.6 %		5.5 %		--		10.2 x	10.2 x	9.3 x		13.9 x
AutoNation <sup>(4)</sup>	360	(1.8)	3.0	4.0	940	15.6	4.6	4.3	3.6	1.5		2.9		BBB-		6.8	6.7	6.7		2.7
Penske Automotive Group	326	(4.8)	0.4	2.7	735	15.0	4.9	3.3	2.9	1.2		2.1		BB		8.1	8.1	7.5		2.5
Lithia Motors <sup>(5)</sup>	186	2.0	(0.2)	3.0	485	15.1	5.5	4.6	4.0	1.2		3.4		BB+		6.9	6.7	6.7		4.2
Carvana <sup>(6)</sup>					(154)	8.7	(12.3)	(14.5)	(15.9)	8.3		(22.8)		--		NM	NM	NM		NM
Asbury Automotive Group <sup>(7)</sup>	95	(2.0)	1.0	2.0	331	16.3	5.5	5.1	4.6	0.6		4.5		BB+		5.3	5.3	5.3		3.7
Group 1 Automotive <sup>(8)</sup>	277	(1.1)	2.4	10.5	431	14.7	4.8	3.8	3.2	0.9		2.8		BB+		6.9	6.8	6.7		2.6
Sonic Automotive <sup>(9)</sup>	110	(0.1)	2.1	(2.3)	317	14.6	4.2	3.2	2.2	1.1		2.1		BB-		8.0	8.0	7.5		2.3
America's Car-Mart	140	10.5	5.2	7.1	49	48.5	9.1	8.0	7.3	0.4		7.6		--		3.1	3.1	3.5		8.3
Automotive					Mean	18.2 %	3.9 %	2.8 %	2.0 %	1.9 %		0.9 %				6.9 x	6.9 x	6.7 x		5.0 x
					Median	15.1	4.9	4.3	3.6	1.2		2.9				6.9	6.8	6.7		3.2
Ulta	1,107	11.0 %	8.1 %	8.0 %	\$1,066	35.7 %	21.5 %	17.4 %	13.2 %	7.2 %		10.3 %		--		-- x	NM x	1.1 x		NM x
Sally Beauty	5,175	(0.7)	(1.4)	(2.2)	600	49.7	21.4	15.2	12.4	2.0		13.2		BB-		3.1	3.0	3.9		4.1
Regis	8,228	(1.8)	1.6	(0.7)	92	32.1	20.2	5.5	2.3	2.0		3.5		--		1.0	NM	4.6		5.0
Beauty					Mean	39.1 %	21.0 %	12.7 %	9.3 %	3.7 %		9.0 %				1.4 x	3.0 x	3.2 x		4.5 x
					Median	35.7	21.4	15.2	12.4	2.0		10.3				1.0	3.0	3.9		4.5

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) AutoZone SSS% for domestic segment.

(2) In August 2017, Monro Muffler Brake Inc. announced a name change to Monro Inc.

(3) CarMax SSS% for used vehicle units.

(4) AutoNation SSS% for retail used vehicle sales.

(5) Lithia Motors SSS% for new vehicle sales.

(6) Carvana excluded from mean / median calculations.

(7) Asbury Automotive Group SSS% for new vehicle sales.

(8) Group 1 Automotive SSS% for U.S. new vehicle sales.

(9) Sonic Automotive SSS% for new vehicle sales.

# HARDLINES (SPECIALTY) – TRADING ANALYSIS (CONT.)

Hardlines (Specialty) (cont.)

Company Name	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)
	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE
Best Buy	\$74.28	93.0 %	8.5 %	\$20,753	\$19,313		\$42,732	0.5 x	7.3 x	7.4 x	7.2 x	14.9 x	13.9 x	12.2 %	1.2 x	2.4 %		25.7 %
GameStop	15.15	67.7	(15.6)	1,543	2,115		9,113	0.2	3.4	3.4	3.6	4.9	5.3	(6.1)	NM	10.0		0.2
Conns	35.05	92.4	(1.4)	1,107	2,054		1,519	1.4	21.4	9.8	8.0	15.2	12.2	23.0	0.7	--		4.1
<b>Electronics</b>							<b>Mean</b>	0.7 x	10.7 x	6.9 x	6.3 x	11.7 x	10.4 x	9.7 %	0.9 x	6.2 %		10.0 %
							<b>Median</b>	0.5	7.3	7.4	7.2	14.9	12.2	12.2	0.9	6.2		4.1
Polaris <sup>(1)</sup>	\$125.63	91.3 %	1.3 %	\$7,933	\$8,796		\$5,649	1.6 x	13.3 x	11.3 x	9.8 x	20.1 x	17.0 x	15.0 %	1.3 x	1.9 %		25.5 %
Harley-Davidson	42.39	75.0	(16.7)	6,988	13,603		5,687	2.4	12.3	12.9	12.6	11.4	11.3	10.0	1.1	3.5		25.6
Fox Factory <sup>(2)</sup>	52.90	99.7	36.2	1,993	2,064		499	4.1	24.9	18.7	17.2	29.0	25.9	12.5	2.3	--		23.0
<b>Powersports</b>							<b>Mean</b>	2.7 x	16.8 x	14.3 x	13.2 x	20.2 x	18.1 x	12.5 %	1.6 x	2.7 %		24.7 %
							<b>Median</b>	2.4	13.3	12.9	12.6	20.1	17.0	12.5	1.3	2.7		25.5
Callaway Golf <sup>(3)</sup>	\$19.31	92.7 %	38.6 %	\$1,823	\$1,985		\$1,143	1.7 x	13.8 x	15.0 x	13.6 x	24.0 x	21.3 x	25.0 %	1.0 x	0.2 %		11.9 %
Vista Outdoor <sup>(4)</sup>	16.58	66.1	13.8	953	1,845		2,308	0.8	11.7	13.6	10.6	NM	39.0	NA	NM	--		(4.9)
Johnson Outdoors	87.53	97.1	41.0	862	811		529	1.5	12.0	11.1	NM	23.6	NM	14.0	1.7	0.5		16.2
Nautilus	15.45	80.9	15.7	470	421		408	1.0	8.1	8.2	7.4	15.0	13.1	14.3	1.0	--		15.8
Escalade Inc.	14.05	92.1	14.2	203	222		178	1.3	12.2	11.0	10.0	16.3	14.8	15.0	1.1	3.6		13.0
<b>Sports Equipment</b>							<b>Mean</b>	1.3 x	11.6 x	11.8 x	10.4 x	19.7 x	22.1 x	17.1 %	1.2 x	1.4 %		10.4 %
							<b>Median</b>	1.3	12.0	11.1	10.3	20.0	18.1	14.7	1.1	0.5		13.0
National Vision	\$38.84	88.7 %	39.6 %	\$2,922	\$3,443		\$1,413	2.4 x	24.0 x	20.0 x	18.1 x	NM x	45.7 x	16.6 %	NM x	-- %		9.7 %
Camping World <sup>(5)</sup>	26.32	55.3	(41.2)	972	2,814		4,465	0.6	7.5	6.5	5.9	9.2	8.0	12.9	0.7	2.3		NM
Winmark Corporation	147.00	95.6	13.6	566	624		70	8.9	15.7	NM	NM	NM	NM	NA	NM	0.4		NM
MarineMax	20.30	81.0	7.4	451	693		1,088	0.6	10.6	10.4	NM	14.4	11.4	30.0	0.5	--		8.9
<b>Other Hardlines</b>							<b>Mean</b>	3.2 x	14.4 x	12.3 x	12.0 x	11.8 x	21.7 x	19.8 %	0.6 x	1.4 %		9.3 %
							<b>Median</b>	1.5	13.1	10.4	12.0	11.8	11.4	16.6	0.6	1.4		9.3

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In May 2018, Polaris purchased Boat Holdings for \$850 million in cash. In October 2017, Polaris announced its agreement to acquire Transamerican Auto Parts for \$665 million, or ~9.0x LTM EBITDA.

(2) In December 2017, Fox Factory announced the acquisition of select assets of Flagship, DBA Tuscany Motor Co.

(3) In January 2017, Callaway Golf announced the acquisition of Ogio for \$75.5 million. In August 2017, Callaway announced the acquisition of TravisMathew for \$125 million.

(4) In July 2018, Vista Outdoor announced the sale of its eyewear brands, Bollé, Cébé and Serengeti.

(5) In May 2017, Camping World acquired Gander Mountain and Overton's for ~\$38 million at bankruptcy auction. CampingWorld also acquired TheHouse.com in July 2017, Uncle Dan's in October 2017 and Erewhon Mountain Outfitter in January 2018. In March 2018, Camping World agreed to acquire B & B RV and River City Recreation World.



# HARDLINES (SPECIALTY) – OPERATING ANALYSIS (CONT.)

## Hardlines (Specialty) (cont.)

Company Name	Store Count	Comp Store Sales			LTM EBITDA	Operating Efficiency						Credit Statistics					
		LFY	Q(-1)	Q(-2)		Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales	(a) EBITDA - CapEx / Sales	(a) Credit Rating	(b) Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	(c) EBITDA-Capex / Int.	
Best Buy Co. <sup>(1)</sup>	1,575	5.6 %	7.1 %	9.0 %	\$2,655	23.4 %	8.1 %	6.2 %	4.6 %	1.7 %	4.5 %	BBB	0.5 x	NM x	1.8 x	25.9 x	
GameStop	7,200	5.8	(5.3)	12.2	630	32.9	11.7	6.9	5.3	1.2	5.7	BB	1.3	0.9	3.2	9.1	
Conns <sup>(2)</sup>	118	(6.3)	(8.0)	(7.0)	96	25.3	10.6	6.3	4.3	1.2	5.1	B	9.9	NM	8.3	NM	
Electronics					Mean	27.2 %	10.1 %	6.5 %	4.7 %	1.4 %	5.1 %		3.9 x	NM x	4.4 x	17.5 x	
					Median	25.3	10.6	6.3	4.6	1.2	5.1		1.3	NM	3.2	17.5	
Polaris					\$659	26.9 %	12.3 %	11.7 %	8.1 %	3.6 %	8.1 %	--	1.6 x	1.3 x	1.8 x	14.2 x	
Harley-Davidson					1,110	33.9	19.8	19.5	15.6	3.7	15.8	A-	6.3	6.0	6.3	29.0	
Fox Factory					83	32.6	17.9	16.6	14.4	3.6	13.0	--	1.0	0.7	1.3	24.8	
PowerSports					Mean	31.1 %	16.7 %	15.9 %	12.7 %	3.6 %	12.3 %		2.9 x	2.7 x	3.1 x	22.7 x	
					Median	32.6	17.9	16.6	14.4	3.6	13.0		1.6	1.3	1.8	24.8	
Callaway Golf					\$143	46.6 %	14.1 %	12.5 %	11.0 %	2.4 %	10.1 %	--	1.3 x	1.1 x	1.8 x	22.2 x	
Vista Outdoor					158	22.6	8.0	6.8	2.9	2.9	3.9	B+	5.8	5.7	5.8	1.8	
Johnson Outdoors					67	43.9	14.4	12.7	10.9	3.3	9.5	--	--	NM	0.7	NM	
Nautilus					52	49.3	14.2	12.7	10.6	1.2	11.5	--	0.8	NM	1.4	33.5	
Escalade Inc.					18	25.6	10.8	10.3	8.1	1.6	8.7	--	1.2	1.1	1.5	18.7	
Sports Equipment					Mean	37.6 %	12.3 %	11.0 %	8.7 %	2.3 %	8.7 %		1.8 x	2.6 x	2.2 x	19.1 x	
					Median	43.9	14.1	12.5	10.6	2.4	9.5		1.2	1.1	1.5	20.5	
National Vision	996	6.5 %			\$144	53.9 %	15.8 %	10.2 %	5.6 %	6.7 %	3.4 %	--	4.0 x	3.6 x	4.7 x	0.9 x	
Camping World	141	11.9	3.9 %	9.4 %	376	29.1	10.6	8.4	7.7	2.4	6.0	--	5.7	4.8	5.8	3.4	
Winmark Corporation	1,186				40	92.7	58.5	56.9	56.4	34.7	22.2	--	1.5	1.5	1.6	6.0	
MarineMax	63	5.0	8.0	--	66	25.7	6.8	6.0	5.1	1.2	4.9	--	4.6	3.7	4.7	5.7	
Other Hardlines					Mean	50.3 %	22.9 %	20.4 %	18.7 %	11.3 %	9.1 %		3.9 x	3.4 x	4.2 x	4.0 x	
					Median	41.5	13.2	9.3	6.6	4.6	5.4		4.3	3.7	4.7	4.5	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) Best Buy SSS% for domestic segment.

(2) Conns SSS% for product sales.

# OTHER – TRADING ANALYSIS

## Other

Company Name	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	ROE	(c)
	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield			
Tiffany & Co.	\$133.67	96.9 %	28.6 %	\$16,607	\$16,390		\$4,303	3.8 x	15.5 x	15.2 x	14.2 x	28.4 x	25.2 x	13.8 %	2.1 x	1.6 %		13.2 %	
Signet Jewelers <sup>(1)</sup>	59.00	75.7	4.3	3,493	4,705		6,588	0.7	6.3	9.0	8.7	14.6	14.5	6.5	2.3	0.6		(2.0)	
<b>Jewelry</b>																			
CVS Caremark <sup>(2)</sup>	\$66.48	79.1 %	(8.3) %	\$67,587	\$90,543		\$185,944	0.5 x	7.2 x	7.2 x	6.9 x	9.5 x	9.0 x	11.1 %	0.9 x	3.0 %		18.4 %	
Walgreens Boots Alliance <sup>(3)</sup>	63.30	75.5	(12.8)	62,820	76,781		128,244	0.6	9.2	8.4	8.2	10.6	9.5	10.7	1.0	2.8		14.4	
Rite Aid <sup>(2)</sup>	1.74	62.1	(11.7)	1,836	4,871		21,481	0.2	9.3	8.1	7.2	NM	24.9	NA	NM	--		(29.9)	
Fred's <sup>(4)</sup>	2.27	29.8	(44.0)	85	254		1,778	0.1	NM	NM	NM	NM	NM	NA	NM	--		NM	
<b>Drug Stores</b>							Mean	0.4 x	8.6 x	7.9 x	7.5 x	10.1 x	14.5 x	10.9 %	0.9 x	2.9 %		1.0 %	
							Median	0.4	9.2	8.1	7.2	10.1	9.5	10.9	0.9	2.9		14.4	
Casey's General Stores	\$106.89	83.2 %	(4.5) %	\$3,911	\$5,205		\$7,472	0.7 x	10.7 x	9.9 x	9.0 x	23.4 x	21.1 x	10.6 %	2.2 x	3.7 %		25.8 %	
Murphy USA	76.88	85.7	(4.3)	2,555	3,287		11,144	0.3	7.8	8.8	8.1	17.2	15.1	3.9	4.5	--		41.7	
TravelCenters of America	3.60	61.5	(12.2)	144	437		6,245	0.1	3.7	4.1	3.1	NM	NM	NA	NM	--		5.3	
<b>Convenience Stores</b>							Mean	0.4 x	7.4 x	7.6 x	6.7 x	20.3 x	18.1 x	7.2 %	3.3 x	3.7 %		24.3 %	
							Median	0.3	7.8	8.8	8.1	20.3	18.1	7.2	3.3	3.7		25.8	
GNC	\$3.35	30.6 %	(9.2) %	\$280	\$1,502		\$2,406	0.6 x	6.2 x	7.5 x	7.9 x	8.2 x	8.6 x	(42.1) %	NM x	-- %		NM %	
Vitamin Shoppe	7.15	61.4	62.5	173	294		1,169	0.3	5.1	7.6	8.6	NM	NM	(98.7)	NM	--		NM	
<b>Health &amp; Wellness</b>																			

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

Note: Figures listed in USD. Based on average conversion rates for income statement items and spot rates for balance sheet and share price, where applicable.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In August 2017, Signet Jewelers announced that it would acquire R2Net, owner of JamesAllen.com for \$328 million.

(2) In June 2017, Walgreens terminated its acquisition of Rite Aid for \$9.00 per share, or ~\$17.0 billion in cash (12.8x EV / EBITDA) due to FTC concerns. Walgreens will instead acquire 2,186 Rite Aid stores and three distribution centers for \$5.18 billion. In February 2018, Rite Aid agreed to combined with Albertsons.

(3) In December 2017, CVS agreed to acquire Aetna for ~\$69 billion in cash and stock, comprised of \$145.00 per share and 0.8378 shares of CVS stock for each Aetna share (11.5x EV / EBITDA).

(4) In May 2018, Fred's announced the sale of select assets of its specialty pharmacy business, EntrustRx, to CVS. In June 2017, Fred's plans to acquire 865 divested Rite Aid stores for \$950 million were terminated.

# OTHER – OPERATING ANALYSIS

## Other

Company Name	Store Count	Comp Store Sales				LTM EBITDA	Operating Efficiency						Credit Statistics					
		LFY	Q(-1)	Q(-2)	Gross Margin		EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales	(a) EBITDA - CapEx / Sales	Credit Rating	(b) Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	(c) EBITDA-Capex / Int.		
Tiffany & Co.	314	-- %	10.0 %	3.0 %	\$1,059	62.7 %	34.0 %	24.6 %	19.7 %	5.6 %	19.0 %	BBB+	0.9 x	NM x	2.3 x	19.8 x		
Signet Jewelers	3,639	(5.3)	(5.2)	(5.0)	744	37.1	19.9	11.3	8.4	3.1	8.2	BB+	1.0	0.8	3.2	5.3		
Jewelry																		
CVS Caremark <sup>(1)</sup>	9,847	(2.6) %	1.6 %	0.1 %	\$12,619	15.5 %	8.1 %	6.8 %	5.4 %	1.0 %	5.7 %	BBB	5.2 x	1.8 x	5.3 x	8.4 x		
Walgreens Boots Alliance <sup>(2)</sup>	13,200	3.2	2.4	7.4	8,324	23.8	9.3	6.5	5.3	1.1	5.4	BBB	1.8	1.6	3.1	11.5		
Rite Aid	2,831	(2.9)	(1.7)	(2.5)	524	22.3	5.4	2.4	0.7	0.9	1.5	B	6.1	5.8	6.0	1.5		
Fred's	600	(2.5)	(0.9)	(0.8)	(52)	25.8	0.1	(2.9)	(5.3)	0.9	(3.8)	--	NM	NM	NM	NM		
Drug Stores					Mean	21.9 %	5.7 %	3.2 %	1.5 %	1.0 %	2.2 %		4.3 x	3.1 x	4.8 x	7.1 x		
					Median	23.1	6.7	4.5	3.0	1.0	3.5		5.2	1.8	5.3	8.4		
Casey's General Stores <sup>(3)</sup>	1,980	2.0 %	2.3 %	3.8 %	487	23.7 %	6.5 %	6.5 %	3.6 %	7.7 %	(1.2) %	--	2.8 x	2.7 x	2.8 x	NM x		
Murphy USA <sup>(4)</sup>	1,448	(2.4)	(2.3)	(4.7)	421	5.0	3.9	3.8	2.7	2.2	1.6	BB+	2.1	1.7	2.2	3.6		
TravelCenters of America <sup>(5)</sup>	539	(3.4)	18.3	(1.8)	119	8.7	6.7	1.9	0.1	2.2	(0.3)	--	2.9	2.5	5.1	NM		
Convenience Stores					Mean	12.5 %	5.7 %	4.1 %	2.1 %	4.0 %	0.0 %		2.6 x	2.3 x	3.4 x	3.6 x		
					Median	8.7	6.5	3.8	2.7	2.2	(0.3)		2.8	2.5	2.8	3.6		
GNC	8,905	0.2 %	0.5 %	5.7 %	\$244	32.7 %	17.7 %	10.1 %	8.0 %	0.9 %	9.2 %	CCC+	5.2 x	5.0 x	5.6 x	3.2 x		
Vitamin Shoppe	775	(4.6)	(3.6)	(4.6)	58	41.7	15.4	4.9	1.3	4.4	0.5	--	2.1	2.1	4.8	0.6		
Health & Wellness																		

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) Walgreens SSS% for retail pharmacy sales.

(2) CVS SSS% for front store segment.

(3) Casey's General Stores SSS% for fuel gallons.

(4) Murphy USA SSS% for fuel gallons.

(5) TravelCenters of America SSS% for consolidated same site fuel gallons. Figures consolidated for LFY and convenience store segment for last 2 quarters.

# E-COMMERCE AND DIGITAL – TRADING ANALYSIS

## E-Commerce and Digital

Company Name	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTM	P/E/G	Dividend	(b)	(c)
	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE
PayPal <sup>(1)(2)</sup>	\$85.94	98.2 %	16.7 %	\$102,044	\$92,533		\$13,804	6.7 x	35.0 x	23.0 x	19.4 x	36.9 x	30.6 x	20.3 %	1.8 x	-- %		13.1 %
Shopify	156.81	89.5	55.3	16,645	15,065		760	19.8	NM	NM	NM	NM	NM	39.6	NM	--	(4.1)	
Autohome Inc.	104.81	87.7	62.1	12,306	11,034		928	11.9	31.8	23.9	18.3	28.8	23.6	29.4	1.0	--	28.4	
58com Inc.	66.79	74.3	(6.7)	9,843	9,379		1,592	5.9	25.6	21.6	15.1	26.4	18.9	35.4	0.7	--	8.1	
Stamps.com <sup>(3)</sup>	269.40	94.3	43.3	4,829	4,716		497	9.5	23.6	18.3	15.4	26.7	23.6	21.7	1.2	--	34.9	
Groupon <sup>(4)</sup>	4.36	72.8	(14.5)	2,462	1,968		2,797	0.7	16.4	6.9	6.5	19.0	16.5	32.9	0.6	--	16.6	
Quotient Technology <sup>(5)</sup>	14.10	79.0	20.0	1,330	1,097		336	3.3	NM	15.9	11.6	44.1	24.7	24.9	1.8	--	(6.7)	
Park City Group	7.95	53.0	(16.8)	157	147		21	7.1	39.7	23.7	16.5	30.6	20.9	21.0	1.5	--	8.2	
Autobyl	4.06	32.0	(54.9)	52	38		137	0.3	18.6	NM	NM	36.9	13.5	NA	NM	--	NM	
<b>Digital Retail Technology</b>							<b>Mean</b>	7.2 x	27.2 x	19.0 x	14.7 x	31.2 x	21.5 x	28.1 %	1.2 x	-- %		12.3 %
							<b>Median</b>	6.7	25.6	21.6	15.4	29.7	22.3	27.1	1.2	--		10.7
Amazon.com <sup>(6)</sup>	\$1,710.63	97.0 %	46.3 %	\$830,044	\$849,568		\$193,194	4.4 x	49.3 x	28.6 x	22.2 x	NM x	NM x	50.0 %	NM x	-- %		14.8 %
Netflix <sup>(7)</sup>	408.25	96.5	112.7	177,463	181,412		12,757	14.2	NM	NM	NM	NM	NM	43.9	NM	--	19.2	
eBay <sup>(8)</sup>	37.39	79.6	(0.9)	37,165	41,615		9,844	4.2	13.9	11.3	10.7	16.4	14.3	13.0	1.3	--	(17.1)	
Wayfair	121.74	99.7	51.7	10,843	10,681		5,164	2.1	NM	NM	NM	NM	NM	NA	NM	--	NM	
Etsy	44.71	97.4	118.6	5,342	5,014		465	10.8	NM	38.0	28.7	NM	42.8	12.5	NM	--	28.0	
CarGurus	36.00	88.7	20.1	3,886	3,744		349	10.7	NM	NM	NM	NM	NM	5.0	NM	--	12.4	
Yelp	39.96	82.6	(4.8)	3,343	2,529		872	2.9	NM	13.7	10.6	32.5	26.3	23.0	1.4	--	16.1	
Stitch Fix	32.41	100.0	25.5	3,172	2,885		1,166	2.5	NM	NM	NM	NM	NM	NA	NM	--	11.3	
Systemax	35.46	88.6	6.6	1,318	1,177		1,318	0.9	14.0	NM	NM	20.3	17.3	18.0	1.1	1.2	36.9	
Overstock.com <sup>(9)</sup>	36.80	41.0	(42.4)	1,063	920		1,758	0.5	NM	NM	NM	NM	NM	6.0	NM	--	NM	
PetMed Express	42.62	73.7	(6.3)	870	792		274	2.9	14.6	13.9	NM	20.2	16.9	13.5	1.5	2.3	35.7	
1-800-Flowers.com <sup>(10)</sup>	12.85	96.4	20.1	830	761		1,162	0.7	10.3	8.4	8.2	23.6	19.5	15.3	1.5	--	19.1	
Blue Apron	3.35	40.3	(16.9)	642	633		833	0.8	NM	NM	NM	NM	NM	NA	NM	--	NM	
FTD Companies	4.91	24.0	(31.7)	136	305		1,086	0.3	7.2	6.0	6.0	14.9	NM	13.3	1.1	--	NM	
BlueStem Brands	0.58	60.5	(8.0)	78	425		1,844	0.2	7.2	4.6	4.0	NM	28.8	NA	NM	--	NM	
U.S. Auto Parts Network	1.54	48.7	(38.9)	54	54		301	0.2	4.7	4.2	3.3	NM	22.0	NA	NM	--	NM	
CafePress	1.26	49.4	(31.7)	21	(1)		82	(0.0)	0.2	NM	NM	NM	NM	NA	NM	--	(28.3)	
<b>Domestic eCommerce</b>							<b>Mean</b>	3.4 x	13.5 x	14.3 x	11.7 x	21.3 x	23.5 x	19.4 %	1.3 x	1.8 %		13.5 %
							<b>Median</b>	2.1	10.3	11.3	9.4	20.2	20.7	13.5	1.3	1.8		16.1
Priceline <sup>(11)</sup>	\$2,086.93	93.6 %	20.1 %	\$100,538	\$102,660		\$13,190	7.8 x	20.1 x	18.0 x	15.8 x	23.5 x	20.6 x	16.9 %	1.4 x	-- %		23.2 %
Expedia <sup>(12)</sup>	126.00	78.3	5.2	18,919	20,371		10,379	2.0	18.9	11.0	9.6	24.8	20.5	15.7	1.6	1.0	5.3	
TripAdvisor	57.56	95.7	67.0	7,909	7,266		1,562	4.7	43.5	20.8	18.6	43.3	39.4	11.2	3.9	--	(1.9)	
Travelzoo	19.45	93.5	201.6	242	219		109	2.0	28.5	22.9	17.2	46.3	35.7	NA	NM	--	18.0	
<b>Domestic Travel Marketplaces</b>							<b>Mean</b>	4.1 x	27.7 x	18.2 x	15.3 x	34.5 x	29.1 x	14.6 %	2.3 x	1.0 %		11.2 %
							<b>Median</b>	3.3	24.3	19.4	16.5	34.0	28.2	15.7	1.6	1.0		11.7

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In September 2017, PayPal completed its acquisition of Swift Financial Corporation for an undisclosed sum.

(2) In July 2017, PayPal completed its acquisition of TIO Networks for \$2.64 per share, or ~\$244 million in cash (24.8x EV / LTM EBITDA).

(3) In July 2016, Stamps.com completed its acquisition of ShippingEasy, Inc. for \$55 million in cash.

(4) In October 2016, Groupon completed its acquisition of LivingSocial for an undisclosed amount.

(5) In May 2017, Quotient Technology completed its acquisition of Crisp Media for

~\$57 million

(6) In July 2018, Amazon acquired Pill Pack for ~\$1 billion. In June 2017, Amazon announced the acquisition of Whole Foods for \$41.00 per share, or ~\$13.7 billion in cash (10.3x EV / EBITDA). In January 2018, Amazon opened its first cashierless Amazon Go store in Seattle. In February 2018, Amazon acquired Ring, a smart doorbell maker, for a reported \$1.0 billion.

In August 2017, Netflix completed its acquisition of Millarworld for an undisclosed amount.

In March 2018, Ebay acquired online marketplace Giosis for ~\$700 million.

(9) In September 2017, Overstock.com announced that its subsidiary, tZero is entering into a joint venture to trade digital coins.

(10) In May 2017, 1-800-Flowers.com completed its sale of its Fannie May Confections brand to Ferrero International for \$115 million.

(11) In June 2017, Expedia completed its acquisition of a majority stake in SilverRail Technologies for \$148 million. In July 2017, Expedia completed a \$350 million investment round in PT Traveloka Indonesia.

(12) In July 2017, Priceline completed its acquisition of the Momondo Group for \$550 million in cash. In October 2017, Priceline co-led a \$4 billion equity investment in Meituan-Dianping.

# E-COMMERCE AND DIGITAL – OPERATING ANALYSIS

## E-Commerce and Digital

Company Name	Store Count	Sales Growth			LTM EBITDA	Operating Efficiency				CapEx / Sales	(a) EBITDA - CapEx / Sales	(a) Credit Rating	(b) Debt / EBITDA	Credit Statistics			EBITDA-Capex / Int.
		LFY	Q(-1)	Q(-2)		Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin					Net Debt / EBITDA	Adj. Debt / EBITDAR	(c)	
		%	%	%		%	%	%	%					x	x	x	
PayPal		20.8	23.9	25.6	\$2,645	46.4	19.7	19.2	15.4	5.0	14.1	BBB+	1.1	x	NM	1.3	NM
Shopify		72.9	68.3	70.9	(35)	56.8	(2.9)	(4.7)	(7.2)	3.0	(7.7)	--	--	44.6	NM		NM
Autohome Inc.		4.2	(4.5)	(13.1)	347	90.6	39.0	37.4	35.9	--	37.4	--	--	NM	0.2		NM
58com Inc.		32.6	24.3	32.0	366	90.7	24.8	23.0	18.8	--	23.0	--	0.3	NM	0.7		53.2
Stamps.com		28.7	27.2	25.1	200	82.5	41.0	40.1	35.8	0.8	39.3	--	0.4	NM	0.5		57.8
Groupon		(5.6)	(7.0)	(3.5)	120	48.2	5.5	4.3	1.6	2.3	2.0	--	1.9	NM	2.8		2.6
Quotient Technology		17.1	19.5	23.4	15	54.8	5.9	4.6	(0.7)	1.9	2.6	--	9.6	NM	8.8		1.8
Park City Group		35.2	11.2	19.6	4	70.2	NM	17.8	14.9	8.7	9.0	--	1.4	NM	1.4		92.1
Autobyl		(9.3)	(13.4)	(17.5)	2	27.4	2.9	1.5	(4.3)	1.4	0.1	--	0.5	NM	3.2		0.2
<b>Digital Retail Technology</b>					<b>Mean</b>	63.1	17.0	15.9	12.2	2.6	13.3		1.7	x	44.6	x	34.6
					<b>Median</b>	56.8	12.8	17.8	14.9	1.9	9.0		0.5		44.6	1.3	27.9
Amazon.com <sup>(1)</sup>	466	30.8	42.9	38.2	\$17,233	37.8	10.2	8.9	2.6	6.7	2.2	AA-	2.6	x	1.1	x	4.2
Netflix		32.4	40.4	32.6	1,104	35.7	9.3	8.7	8.1	1.2	7.4	B+	5.9		3.6		5.9
eBay		6.5	12.0	9.1	2,989	77.0	31.5	30.4	23.3	7.0	23.4	BBB+	3.1		1.5		3.2
Wayfair		39.7	46.2	46.2	(215)	23.3	(3.2)	(4.2)	(5.3)	2.1	(6.3)	--	NM	0.8	NM		NM
Etsy		20.9	24.8	23.6	63	66.3	14.5	13.6	9.6	0.3	13.2	--	4.3	NM	4.4		5.0
CarGurus		59.9	47.2	49.1	17	94.3	6.8	4.9	3.7	1.6	3.4	--	--	NM	1.7		NM
Yelp		18.8	12.6	12.0	39	92.2	9.5	4.5	1.7	2.8	1.7	--	--	NM	3.2		NM
Stitch Fix		33.8	29.2	24.4	45	43.4	5.5	3.8	3.0	1.3	2.5	--	--	NM	1.8		NM
Systemax		8.1	17.4	11.8	84	27.8	7.4	6.4	6.0	0.2	6.2	--	--	NM	0.8		NM
Overstock.com		(3.1)	3.0	(13.3)	(82)	19.8	(4.1)	(4.7)	(5.6)	0.9	(5.6)	--	NM	2.7	NM		NM
PetMed Express		9.9	6.8	13.7	54	35.7	20.0	19.8	19.0	0.3	19.6	--	--	NM	0.1		NM
1-800-Flowers.com	53	1.8	2.1	(5.1)	74	42.6	9.1	6.4	3.6	2.6	3.7	--	1.4	NM	2.8		11.0
Blue Apron		10.8	(19.7)	(13.1)	(123)	29.3	(13.2)	(14.8)	(18.5)	8.2	(23.0)	--	NM	0.1	NM		NM
FTD Companies		(3.4)	0.5	(0.9)	42	36.5	4.8	3.9	1.3	1.7	2.1	--	4.6	4.0	4.9		2.2
BlueStem Brands		(10.0)	(11.2)	(17.9)	59	39.0	5.0	3.2	(0.0)	1.2	2.0	--	8.0	5.8	7.3		0.7
U.S. Auto Parts Network		0.0	(3.0)	(3.7)	12	29.7	4.4	3.8	1.7	1.7	2.1	--	0.8	0.0	1.5		3.8
CafePress		(16.2)	(20.4)	(21.8)	(5)	38.5	(5.6)	(6.7)	(12.5)	2.1	(8.8)	--	--	4.1	NM		NM
<b>Domestic eCommerce</b>					<b>Mean</b>	45.2	6.6	5.2	2.5	2.5	2.7		2.2	x	2.4	x	4.7
					<b>Median</b>	37.8	6.8	4.5	2.6	1.7	2.2		1.1		2.1	3.0	4.0
Priceline		18.0	21.0	19.4	\$5,114	98.6	39.7	38.8	35.9	2.6	36.1	A-	1.8	x	0.4	x	17.7
Expedia		14.7	14.6	10.8	1,078	82.4	12.1	10.4	5.4	7.1	3.3	BBB	4.0		NM	4.2	1.8
TripAdvisor		5.1	1.6	1.6	167	95.2	11.8	10.7	7.7	3.9	6.8	--	0.0	NM	0.6		7.1
Travelzoo		(6.8)	8.6	0.7	8	88.0	12.5	7.1	5.6	0.6	6.4	--	--	NM	2.6		NM
<b>Domestic Travel Marketplaces</b>					<b>Mean</b>	91.1	19.0	16.7	13.6	3.6	13.2		1.4	x	0.4	x	8.9
					<b>Median</b>	91.6	12.3	10.5	6.7	3.3	6.6		0.9		0.4	2.2	7.1

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.

(1) Amazon store count includes 466 Whole Foods locations.

# E-COMMERCE AND DIGITAL – TRADING ANALYSIS (CONT.)

## E-Commerce and Digital (cont.)

Company Name	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)
	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE
Alibaba Group <sup>(1)</sup>	\$192.27	90.8 %	11.5 %	\$494,033	\$491,795		\$37,748	13.0 x	38.0 x	24.6 x	17.7 x	33.0 x	23.3 x	33.2 %	1.0 x	--	%	16.2 %
JD.com <sup>(2)</sup>	39.46	77.9	(4.7)	56,318	54,459		58,408	0.9	NM	42.6	24.4	NM	35.7	35.0	NM	--		2.1
Zalando SE <sup>(3)</sup>	56.10	95.9	8.4	13,833	12,666		5,518	2.3	NM	33.1	26.5	NM	NM	29.1	NM	--		5.6
Mercado Libre	312.91	74.9	(0.6)	13,817	13,757		1,449	9.5	NM	NM	NM	NM	NM	(8.9)	NM	--		(13.0)
Start Today	39.51	97.9	28.3	12,314	12,093		885	13.7	39.6	34.8	26.7	NM	43.2	20.7	NM	0.8		NM
Delivery Hero	57.89	100.0	49.8	10,663	9,931		638	15.6	NM	NM	NM	NM	NM	NA	NM	--		(25.9)
Ocado Group	13.46	88.7	155.4	9,047	9,350		2,058	4.5	NM	NM	NM	NM	NM	10.0	NM	--		(3.6)
Rakuten	6.62	52.7	(28.7)	8,916	12,860		8,759	1.5	9.4	8.2	7.7	13.9	12.8	7.5	1.9	0.6		16.0
Vipshop	10.90	56.9	(7.0)	7,183	6,595		11,588	0.6	11.9	10.8	8.5	16.1	11.7	16.2	1.0	--		17.3
Boohoo.com	2.56	72.0	2.4	2,945	2,780		770	3.6	40.9	29.4	21.9	NM	40.6	31.6	NM	--		23.0
Uxin Limited	7.34	70.0	NM	2,146	3,800		334	11.4	NM	NM	NM	NM	NM	NA	NM	--		--
Zooplus AG	188.13	84.1	5.5	1,343	1,307		1,429	0.9	NM	NM	NM	NM	NM	125.7	NM	--		(3.5)
AO World	1.94	81.1	32.9	890	838		1,058	0.8	NM	NM	41.4	NM	NM	NA	NM	--		(22.1)
home24	34.67	95.7	NM	867	886		343	2.6	NM	NM	NM	NM	NM	NA	NM	--		--
N Brown Group	2.19	45.6	(39.2)	621	1,082		1,224	0.9	8.5	6.5	6.1	7.3	6.9	7.5	1.0	8.6		2.7
Secoo <sup>(4)</sup>	8.97	60.8	(7.1)	454	440		600	0.7	27.1	NM	NM	9.5	6.8	44.0	0.2	--		16.7
Jumei International Holdings <sup>(5)</sup>	2.31	55.0	(20.9)	347	(8)		877	(0.0)	NM	NM	NM	NM	NM	NA	NM	--		(0.9)
LightInTheBox Holding Company	1.85	52.6	(19.6)	125	72		317	0.2	NM	NM	NM	NM	NM	NA	NM	--		(27.5)
Delticom AG	9.68	49.6	(28.3)	121	135		783	0.2	14.9	7.6	6.2	28.4	13.7	85.6	0.3	1.2		2.0
Netshoes	2.22	10.7	(71.9)	69	147		494	0.3	NM	NM	17.7	NM	NM	NA	NM	--		NM
JMU Limited	0.35	13.7	(65.7)	29	43		99	0.4	NM	NM	NM	NM	NM	NA	NM	--		NM
<b>International E-Commerce</b>							<b>Mean</b>	4.0 x	23.8 x	22.0 x	18.6 x	18.0 x	21.6 x	33.6 %	0.9 x	2.8 %		0.3 %
							<b>Median</b>	0.9	21.0	24.6	17.7	15.0	13.7	29.1	1.0	1.0		1.0
Ctrip.com <sup>(6)</sup>	\$45.65	75.3 %	3.5 %	\$24,889	\$24,913		\$4,143	6.0 x	40.6 x	26.5 x	18.7 x	36.4 x	26.8 x	45.6 %	0.8 x	--	%	3.8 %
MakeMyTrip <sup>(7)</sup>	35.60	85.4	19.3	3,631	3,242		675	4.8	NM	NM	NM	NM	NM	NA	NM	--		(14.9)
trivago	4.48	18.5	(34.5)	1,571	1,378		1,205	1.1	NM	NM	NM	NM	NM	3.0	NM	--		(5.0)
Despegar.com	20.49	56.0	(25.4)	1,416	1,049		548	1.9	13.9	10.5	8.6	25.3	19.5	NA	NM	--		--
Tuniu Corporation	7.58	76.7	(1.2)	957	497		327	1.5	NM	NM	NM	NM	NM	NA	NM	--		(14.2)
<b>International Travel Marketplaces</b>							<b>Mean</b>	3.1 x	27.3 x	18.5 x	13.7 x	30.8 x	23.1 x	24.3 %	0.8 x	--	%	(6.0) %
							<b>Median</b>	1.9	27.3	18.5	13.7	30.8	23.1	24.3	0.8	--		(5.0)

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash.

(b) Dividend yield represents annualized dividend per share divided by current share price.

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In October 2017, Alibaba participated in a \$502 million series D funding round for Magic Leap, Inc. In October 2017, Alibaba completed its acquisition of a 32% remaining stake in Lazada Group for \$1 billion.

(2) In June 2017, JD.com completed a \$397 million equity investment in Farfetch UK. In June 2016, JD.com announced a strategic partnership with Walmart, which gave JD.com ownership of Walmart's Chinese platform assets. In January 2018, Alibaba reportedly held talks with Kroger to form a potential partnership.

(3) In March 2017, Zalando completed its acquisition of KICKZ for an undisclosed amount.

(4) In September 2017, Secoo established an exclusive, strategic partnership with the European Confederation of the Footwear Industry.

(5) In August 2017, Jumei completed its acquisition of equity interest in Shenzhen Jiedan Technology Co. for an undisclosed sum.

(6) In June 2018, Ctrip and Ocean Link Partners submitted an offer to acquire eHi Car Services. In December 2016, Ctrip.com completed its acquisition of Skyscanner for \$1.74 billion.

(7) In January 2017, MakeMyTrip completed its acquisition of ibibo Group for \$795 million.

# E-COMMERCE AND DIGITAL – OPERATING ANALYSIS (CONT.)

## E-Commerce and Digital (cont.)

		Comp Store Sales			LTM	Operating Efficiency							Credit Statistics							
Company Name	HQ	LFY	Q(-1)	Q(-2)	EBITDA	Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales	(a)	EBITDA - CapEx / Sales	(a)	Credit Rating	(b)	Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	(c)	EBITDA-Capex / Int.
Alibaba Group	China				\$12,929	57.2 %	34.5 %	34.3 %	27.9 %	26.4 %		7.8 %		A+		1.5 x	NM x	1.5 x		5.5 x
JD.com	China				408	7.4	1.8	0.7	(0.4)	2.5		(1.8)		BBB-		7.7	NM	6.6		NM
Zalando SE	Germany				236	43.1	5.3	4.3	3.3	3.3		1.0		--		0.1	NM	1.2		3.1
Mercado Libre	Argentina				95	56.6	7.1	6.6	3.6	5.9		0.7		--		4.7	NM	4.8		0.3
Start Today	Japan				305	91.9	NM	34.5	33.2	4.6		29.9		--		--	NM	--		NM
Delivery Hero	Germany				(252)	63.6	(37.2)	(39.5)	(47.8)	3.1		(42.5)		--		NM	2.9	NM		NM
Ocado Group	UK				86	34.2	5.7	4.2	(0.0)	6.7		(2.5)		--		5.8	NM	5.8		NM
Rakuten	Japan				1,373	10.7	NM	15.7	9.7	1.2		14.4		--		7.7	1.2	7.7		44.7
Vipshop	China				553	21.6	5.5	4.8	3.4	--		4.8		BBB		1.4	NM	2.1		42.5
Boohoo.com	UK				68	52.8	9.1	8.8	7.4	7.6		1.2		--		0.2	NM	0.4		49.2
Uxin Limited	China				(265)	62.9	(71.3)	(79.4)	(82.8)	4.5		(83.9)		--		NM	0.1	NM		NM
Zooplus AG	Germany				0	24.2	1.2	0.0	(0.3)	0.3		(0.3)		--		NM	NM	7.8		NM
AO World	UK				(6)	17.8	1.2	(0.5)	(1.4)	0.6		(1.1)		--		NM	8.9	10.5		NM
home24	Germany				(50)	44.8	(10.2)	(14.7)	(16.4)	0.3		(15.0)		--		NM	NM	NM		NM
N Brown Group	UK				128	54.8	11.1	10.5	9.8	0.3		10.2		--		4.2	3.6	4.3		10.3
Secoo	China				16	16.3	3.6	2.7	2.4	--		2.7		--		2.7	NM	3.6		15.9
Jumei International Holdings	China				3	22.2	1.7	0.3	(0.7)	1.5		(1.2)		--		--	NM	4.8		NM
LightInTheBox Holding Company	China				(15)	32.1	(3.4)	(4.7)	(4.9)	0.2		(5.0)		--		--	3.6	NM		NM
Delticom AG	Germany				9	20.6	1.9	1.2	0.4	0.6		0.5		--		2.0	1.5	3.6		6.3
Netshoes	Brazil				(23)	31.1	(2.3)	(4.7)	(5.6)	0.9		(5.6)		--		NM	NM	NM		NM
JMU Limited	China				(10)	0.7	(8.6)	(10.0)	(18.7)	--		(10.0)		--		NM	NM	NM		NM
International E-Commerce					Mean	36.5 %	(2.3) %	(1.2) %	(3.7) %	3.4 %		(4.6) %				2.7 x	3.1 x	4.3 x		19.8 x
					Median	32.1	1.8	1.2	(0.0)	1.2		(0.3)				1.7	2.9	4.3		10.3
Ctrip.com	China				\$613	82.8 %	16.6 %	14.8 %	11.4 %	-- %		14.8 %		--		12.2 x	NM x	11.6 x		3.0 x
MakeMy Trip	India				(197)	56.3	(27.9)	(29.2)	(32.0)	0.6		(29.8)		--		NM	2.0	NM		NM
trivago	Germany				(63)	99.4	(4.8)	(5.3)	(6.0)	2.0		(7.3)		--		--	2.9	NM		NM
Despegar.com	Argentina				76	71.7	14.7	13.8	12.9	1.8		12.0		--		0.2	NM	0.5		9.0
Tuniu Corporation	China				(81)	52.1	(20.0)	(24.8)	(34.5)	--		(24.8)		--		--	5.6	NM		NM
International Travel Marketplaces					Mean	72.4 %	(4.3) %	(6.1) %	(9.6) %	0.9 %		(7.0) %				3.1 x	3.5 x	6.0 x		6.0 x
					Median	71.7	(4.8)	(5.3)	(6.0)	0.6		(7.3)				0.1	2.9	6.0		6.0

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.

(a) Excludes business acquisitions where applicable and available.

(b) S&P Credit Rating.

(c) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.



# INTERNATIONAL – TRADING ANALYSIS

## International

	Share Price	% of 52	YTD %	Equity	Enterprise	(a)	LTM	EV / LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)
Company Name	7/6/2018	wk high	Change	Value	Value		Revenue	Revenue	LTM	2018E	2019E	2018E	2019E	Rate	2018E	Yield		ROE
Inditex	\$34.76	85.3 %	2.0 %	\$108,246	\$101,124		\$29,816	3.4 x	15.5 x	15.2 x	13.8 x	26.0 x	23.3 x	8.4 %	3.1 x	2.5 %	26.8 %	
Fast Retailing	429.38	89.4	6.3	43,800	38,766		18,261	2.1	15.7	15.1	13.7	35.1	29.4	15.1	2.3	0.8	17.4	
H&M	15.95	61.3	(17.6)	26,401	27,022		22,837	1.2	9.2	8.8	8.5	16.4	16.2	(3.4)	NM	7.0	26.5	
Next PLC	77.00	93.4	28.2	10,419	11,809		5,384	2.2	10.1	10.1	10.0	13.6	13.0	5.3	2.6	2.7	NM	
Superdry	16.66	59.7	(36.5)	1,360	1,260		1,158	1.1	7.0	6.2	5.5	12.3	10.7	12.3	1.0	2.5	13.0	
Aritzia	12.19	97.3	26.0	1,370	1,375		567	2.4	15.7	12.6	10.6	22.7	18.2	18.4	1.2	--	23.4	
Ted Baker	28.36	65.8	(21.2)	1,263	1,411		785	1.8	11.7	9.9	9.0	15.3	13.8	12.1	1.3	2.8	24.3	
Esprit	0.28	44.6	(47.4)	527	(56)		1,995	(0.0)	NM	NM	NM	NM	18.6	NA	NM	--	(8.6)	
Roots Corporation	8.23	79.6	(4.3)	345	419		251	1.7	11.7	9.7	8.0	14.4	11.6	20.0	0.7	--	8.6	
Mothercare UK	0.38	26.2	(56.0)	64	123		869	0.1	NM	2.9	2.6	17.2	7.1	NA	NM	--	NM	
International Specialty Retail							Mean	1.6 x	12.1 x	10.0 x	9.1 x	19.2 x	16.2 x	11.0 %	1.7 x	3.1 %	16.4 %	
							Median	1.7	11.7	9.9	9.0	16.4	15.0	12.2	1.3	2.6	20.4	
LVMH <sup>(1) (2)</sup>	\$337.32	91.7 %	17.2 %	\$169,169	\$179,415		\$50,007	3.6 x	15.4 x	13.2 x	12.3 x	24.8 x	22.6 x	11.1 %	2.2 x	1.7 %	19.3 %	
Kering <sup>(3)</sup>	558.88	91.2	21.2	70,575	74,938		18,154	4.1	18.4	15.5	13.6	23.4	20.0	17.8	1.3	1.3	15.2	
Hermes	616.00	85.5	17.7	64,365	60,997		6,509	9.4	24.0	23.6	21.7	42.3	38.8	8.8	4.8	0.8	26.0	
Richemont	83.14	83.4	(6.5)	46,942	40,867		12,877	3.2	14.6	12.0	10.8	22.0	19.6	17.9	1.2	2.3	8.1	
Prada	4.45	73.0	23.3	11,379	11,518		3,507	3.3	17.7	15.2	13.2	32.4	27.1	22.4	1.4	2.0	--	
Burberry	27.48	94.7	15.5	11,384	10,204		3,628	2.8	13.3	13.3	12.9	27.0	25.0	5.4	5.0	2.0	18.8	
Hugo Boss	88.08	92.3	4.7	6,079	6,126		3,204	1.9	11.2	10.4	9.5	20.7	18.8	9.9	2.1	3.5	24.6	
Ferragamo	23.07	77.1	(11.2)	3,894	3,760		1,628	2.3	13.2	14.2	12.3	28.4	23.4	9.3	3.0	1.9	15.1	
Brunello Cucinelli	38.53	83.8	21.6	2,620	2,643		591	4.5	25.7	23.2	21.0	44.5	40.1	9.7	4.6	0.8	21.5	
Mulberry	8.91	60.2	(36.4)	529	497		225	2.2	26.2	NM	NM	NM	NM	NA	NM	0.7	5.6	
Luxury / Apparel / Accessories							Mean	3.7 x	18.0 x	15.6 x	14.1 x	29.5 x	26.2 x	12.5 %	2.9 x	1.7 %	15.4 %	
							Median	3.2	16.6	14.2	12.9	27.0	23.4	9.9	2.2	1.8	17.0	
Adidas <sup>(4)</sup>	\$213.17	84.4 %	8.6 %	\$43,233	\$42,344		\$25,005	1.7 x	14.1 x	12.8 x	11.1 x	22.3 x	19.0 x	19.4 %	1.1 x	1.4 %	21.2 %	
Alimentation Couche-Tard <sup>(5)</sup>	42.71	82.4	(14.6)	24,131	32,923		51,394	0.6	11.0	10.0	9.1	14.7	12.3	18.3	0.8	0.6	24.2	
Loblaw Companies	51.04	93.3	(1.9)	19,158	28,111		35,577	0.8	9.2	8.9	8.8	14.3	13.1	8.9	1.6	1.6	13.0	
Dollararama	37.51	86.8	(6.0)	12,293	13,587		2,529	5.4	21.5	19.5	18.1	28.2	25.0	14.9	1.9	0.3	NM	
Moncler	43.40	87.0	41.9	11,092	10,739		1,400	7.7	23.8	19.6	17.1	31.5	27.8	13.7	2.3	0.8	30.7	
Puma <sup>(3)</sup>	570.61	91.1	33.3	8,529	8,242		4,999	1.6	19.6	17.0	14.1	37.2	28.5	32.6	1.1	0.2	11.1	
Pandora	65.78	55.3	(38.1)	7,067	7,910		3,578	2.2	6.1	6.1	5.8	7.8	7.2	14.0	0.6	2.2	NM	
Canada Goose	59.61	86.7	88.9	6,481	6,513		451	14.5	NM	NM	37.6	NM	NM	33.0	NM	--	49.3	
Gildan Activewear <sup>(6)</sup>	27.57	85.7	(11.0)	5,835	6,516		2,733	2.4	11.5	10.7	10.1	14.8	13.4	10.4	1.4	1.6	16.9	
ASICS	16.30	85.4	0.9	3,087	3,104		3,522	0.9	13.3	11.3	10.4	27.5	24.4	NA	NM	1.3	4.8	
SMCP	26.11	87.3	15.7	1,924	2,268		933	2.4	12.7	11.0	9.7	23.9	19.5	43.1	0.6	--	0.9	
Hudson's Bay Company <sup>(7)</sup>	9.00	87.9	4.7	1,648	4,844		10,963	0.4	30.7	16.8	14.0	NM	NM	NA	NM	0.4	(31.2)	
Alpargatas <sup>(8)</sup>	3.26	67.4	(28.5)	1,479	1,474		997	1.5	10.6	9.5	8.7	13.6	12.1	NA	NM	4.8	12.8	
Mizuno	34.21	90.0	14.8	865	922		1,667	0.6	9.0	9.6	8.1	21.1	16.2	NA	NM	1.3	5.5	
Delta Galil	29.18	85.6	(11.7)	743	926		1,387	0.7	8.1	NM	NM	NM	NM	NA	NM	1.9	11.8	
Geox	2.74	59.6	(19.2)	710	693		1,037	0.7	8.0	7.3	6.3	23.4	16.3	NA	NM	2.6	4.3	
Orchestra-Prémaman	1.43	15.3	(64.5)	26	263		721	0.4	8.2	NM	NM	NM	2.1	NA	NM	--	(23.8)	
Various							Mean	2.6 x	13.6 x	12.2 x	12.6 x	21.6 x	16.9 x	20.8 %	1.3 x	1.5 %	10.1 %	
							Median	1.5	11.2	10.9	10.1	22.3	16.2	16.6	1.1	1.4	11.8	

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.

Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures. (4)

Note: Figures listed in USD. Based on average conversion rates for income statement items and spot rates for balance sheet and share price, where applicable. (5)

(a) Enterprise value represents equity value plus book value of total debt, preferred stock and minority interest less cash. (6)

(b) Dividend yield represents annualized dividend per share divided by current share price. (7)

(c) Return on Equity is defined as LFY Earnings from Continuing Operations divided by Average Total Equity.

(1) In April 2017, LVMH announced the buyout of minority investors in Christian Dior for \$13.2 billion. (8)

(2) In October 2016, LVMH purchased an 80% stake in RIMOWA for ~\$716 million.

(3) In March 2018, Kering announced the sale of its 50% stake in Stella McCartney. In

January 2018, Kering announced the spin off of Puma. In April 2018, Kering announced its intention to sell Volcom.

In May 2017, Adidas announced the sale of TaylorMade, Adams and Ashworth Golf for \$425 million to KPS Capital Partners.

In June 2017, Alimentation Couche-Tard subsidiary Circle K Stores completed the acquisition of CST Brands for \$48.53 per share, or ~\$4.4 billion.

In January 2017, Gildan Activewear acquired American Apparel for \$88 million.

In July 2018, Hudson's Bay Company announced that it is in talks with Signa Holding to explore a joint venture. In June 2018, Hudson's Bay Company announced the sale of Gilt Groupe to Rue La La. In October 2017, Hudson's Bay Company announced the sale of its Lord & Taylor's flagship store for \$850 million. In December 2017, Hudson's Bay Company announced a \$500 million PIPE by Rhone Capital.

In July 2017, J&F sold its stake in Alpargatas to a Brazilian investment consortium for R\$14.25 per common share and R\$11.40 per preferred share, or R\$3.5 billion (~\$1.1 billion).

# INTERNATIONAL – OPERATING ANALYSIS

## International

Operating Efficiency																	Credit Statistics				
Company Name	Store Count	Comp Store Sales			LTM EBITDA	Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales (a)	EBITDA - CapEx / Sales (a)	Credit Rating (b)	Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR (c)	EBITDA-Capex / Int.					
		LFY	Q(-1)	Q(-2)																	
Inditex	7,475	5.0 %	6.0 %		\$6,525	54.7 %	31.2 %	21.9 %	17.5 %	6.3 %	15.6 %	--	0.0 x	NM x	1.8 x	NM x					
Fast Retailing <sup>(1)</sup>	3,160	6.2	2.5		2,469	49.3	22.8	13.5	11.7	1.5	12.0	A	1.0	NM	3.1	92.8					
H&M	4,380				2,932	53.3	24.5	12.8	8.5	5.1	7.7	--	0.6	0.2	3.2	NM					
Next PLC	540				1,167	33.4	27.7	21.7	18.7	2.8	18.9	BBB	1.3	1.2	2.3	21.9					
Superdry	555	17.4	12.7		180	58.1	23.1	15.5	11.6	5.1	10.4	--	--	NM	2.0	NM					
Arizia	80	14.0	9.3	11.5	87	39.8	30.5	15.4	12.7	8.2	7.2	--	1.0	0.1	3.5	10.3					
Ted Baker	490				120	61.0	26.0	15.3	12.0	7.9	7.4	--	1.4	1.2	3.3	13.2					
Esprit	619	(3.5)	(8.9)	(10.0) %	33	51.8	17.3	1.6	(2.1)	2.1	(0.4)	--	--	NM	5.4	NM					
Roots Corporation					36	56.6	14.6	14.3	11.1	5.2	9.1	--	2.1	2.0	2.2	5.4					
Mothercare UK <sup>(2)</sup>	1,505	1.1	(7.2)	3.2	(29)	11.6	2.8	(3.3)	(5.7)	2.4	(5.7)	--	NM	NM	15.6	NM					
International Specialty Retail					Mean	46.9 %	22.0 %	12.9 %	9.6 %	4.7 %	8.2 %		0.8 x	0.9 x	4.2 x	28.7 x					
					Median	52.5	23.8	14.8	11.6	5.1	8.4		1.0	1.2	3.1	13.2					
LVMH					\$11,628	65.3 %	32.1 %	23.3 %	19.4 %	5.4 %	17.9 %	A+	1.2 x	0.7 x	2.5 x	69.2 x					
Kering					4,079	65.5	32.1	22.5	19.0	4.9	17.6	BBB+	1.5	0.9	2.8	20.1					
Hermes	307				2,541	70.1	NA	39.0	35.4	3.9	35.1	--	0.0	NM	NA	NM					
Richemont					2,797	65.1	30.7	21.7	17.2	4.0	17.7	A+	3.5	NM	4.2	29.9					
Prada	620				650	74.1	40.2	18.5	11.5	7.8	10.8	--	1.8	0.2	4.1	21.4					
Burberry	461	1.0 %	3.0 %	2.0 %	768	69.4	33.9	21.2	17.3	2.1	19.1	--	0.0	NM	2.3	NM					
Hugo Boss	439				547	66.1	32.0	17.1	13.3	3.1	14.0	--	0.3	0.1	3.0	60.4					
Ferragamo	680				285	64.2	32.8	17.5	13.5	4.5	13.0	--	0.3	NM	2.9	61.2					
Brunello Cucinelli	122	4.4			103	47.9	29.1	17.4	12.9	4.7	12.7	--	0.9	0.2	3.0	46.6					
Mulberry	122	5.0	1.0		19	63.5	18.5	8.4	4.0	2.8	5.6	--	--	NM	3.3	NM					
Luxury / Apparel / Accessories					Mean	65.1 %	31.3 %	20.7 %	16.4 %	4.3 %	16.3 %		1.0 x	0.4 x	3.1 x	44.1 x					
					Median	65.4	32.1	19.8	15.4	4.3	15.8		0.6	0.2	3.0	46.6					
Adidas					\$3,003	50.8 %	15.7 %	12.0 %	10.3 %	3.1 %	8.9 %	--	0.5 x	NM x	1.8 x	32.8 x					
Alimentation Couche-Tard <sup>(3)</sup>	10,020	2.0 %	0.1 %	0.7 %	2,999	15.8	6.6	5.8	4.1	2.3	3.6	BBB	3.0	2.8	3.4	6.5					
Loblaw Companies <sup>(4)</sup>	2,434	0.6	1.9		3,065	29.7	10.0	8.6	5.8	2.2	6.4	BBB	3.3	2.9	3.7	5.3					
Dollarama	1,190	7.3	5.5	4.6	631	48.9	34.1	24.9	23.1	4.0	21.0	--	2.2	2.1	3.2	16.6					
Moncler	201	14.0			451	76.9	47.6	32.2	28.6	6.2	26.0	--	0.2	NM	2.1	NM					
Puma					421	47.6	12.4	8.4	6.7	2.9	5.5	--	0.1	NM	2.0	8.3					
Pandora					1,305	75.0	41.7	36.5	33.0	4.0	32.4	--	0.7	0.6	1.4	98.3					
Canada Goose					112	58.8	28.5	25.0	23.4	4.4	20.5	--	0.9	0.3	1.6	9.6					
Gildan Activewear					566	28.8	22.0	20.7	14.9	3.3	17.5	--	1.4	1.2	1.6	26.1					
ASICS					233	46.4	NA	6.6	3.8	2.8	3.8	--	2.3	0.0	NA	27.6					
SMCP					178	73.6	31.7	19.1	14.7	5.9	13.2	--	2.2	1.9	3.7	1.5					
Hudson's Bay Company <sup>(5)</sup>	483	(0.7)	(2.4)	(3.2)	158	40.8	6.4	1.4	(2.5)	6.0	(4.6)	B	20.7	20.2	9.3	NM					
Alpargatas	698				140	44.7	20.3	14.0	11.8	2.0	12.1	--	1.1	NM	2.7	7.2					
Mizuno					102	40.6	NA	6.1	4.3	0.9	5.3	--	1.9	0.5	NA	33.6					
Delta Galil	170				114	37.9	12.2	8.2	6.2	2.4	5.8	--	2.4	1.7	3.6	4.9					
Geox <sup>(6)</sup>	1,095	(1.0)			87	48.3	18.8	8.4	4.5	2.1	6.3	--	0.8	NM	3.7	7.3					
Orchestra-Prémaman					32	49.7	12.3	4.4	(0.8)	6.2	(1.7)	--	7.9	7.3	6.7	NM					
Various					Mean	47.9 %	21.4 %	14.3 %	11.3 %	3.6 %	10.7 %		3.0 x	3.5 x	3.4 x	20.4 x					
					Median	47.6	18.8	8.6	6.7	3.1	6.4		1.9	1.8	3.2	9.0					

Source: CapitalIQ and public filings. Forward estimates represent mean aggregate consensus estimates from ThomsonOne.  
 Note: LTM balance sheet, cash flow and income statement items do not reflect pro forma adjustments for post close acquisitions and divestitures.  
 Note: Figures listed in USD. Based on average conversion rates for income statement items and spot rates for balance sheet and share price, where applicable.  
 Excludes business acquisitions where applicable and available.  
 (a) S&P Credit Rating.

(b) Debt adjusted for the capitalization of operating leases at 6.0x rent expense.  
 (1) Fast Retailing SSS% for Japan segment.  
 (2) Mothercare UK SSS% for UK only.  
 (3) Alimentation Couche-Tard SSS% for domestic merchandise sales.  
 (4) Loblaw Companies SSS% for food retail segment.  
 (5) Hudson's Bay Company SSS% for consolidated sales.  
 (6) Geox SSS% for company-operated stores.

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