



QUARTERLY REPORT

# MACROECONOMIC & MARKET UPDATE

April 18, 2019

**Perry Ellis Take-Private Transaction Announced Winner of “The Deal”  
Middle Market Deal of the Year Award (See pg. 5 for details)**



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# GLOBAL RETAIL GROUP

## 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



**Michael  
Gottschalk**  
Managing Director,  
Head of Consumer



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



**Jeffrey Derman**  
Managing  
Director



**Gregory  
Grambling**  
Managing Director



**Patrick Furlong**  
Director



**Flore Gimello**  
Vice President

## Additional Team Members

**Eric Bormel, Associate**

**Gaurav Ghosh, Associate**

**Brandon Yoshimura, Associate**

**Joshua Heft, Associate**

## We advise clients in all retail and consumer sectors, including:

**Branded Apparel,  
Footwear & Accessories**

**Consumer Products**

**Department Stores /  
Broadlines / Mass  
Merchants**

**Discount & Dollar**

**Drug Chain**

**E-Commerce**

**Fitness / Performance  
Apparel**

**Grocery & Food Retail**

**Health, Wellness & Beauty**

**Home Improvement**

**Jewelry / Luxury**

**Off Price**

**Restaurants**









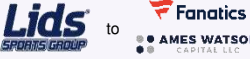


























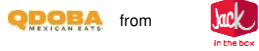


**Specialty Hardlines**

**Specialty Softlines**

**Sporting Goods/Outdoor**

- We are a globally recognized strategic advisor to leading retail, consumer, apparel, footwear and e-commerce companies
- Unparalleled breadth and depth of industry knowledge, relationships and execution experience
- Strategy is to be the dominant retail centric advisory group
- Our expertise encompasses the convergence of retail, consumer, e-commerce and digital media
- Collaborative effort with our tech, media and telecom bankers to provide clients a unique cross-sector perspective and approach that leverages their knowledge, insights and sector relationships
- Provide M&A, restructuring and financing advisory services to clients ranging from multi-national, large-capitalization corporations to smaller, high-growth, privately-held companies

# SELECTED RETAIL GROUP TRANSACTIONS

<p>PENDING</p>  <p>Strategic Review</p> <p>Serving as financial advisor to Fred's</p>	<p>PENDING</p>  <p>Serving as financial advisor to the Special Committee of Independent Directors</p>	<p>PENDING</p> <p>\$300,000,000</p>  <p>Has acquired</p>  <p>Serving as financial advisor to OpCapita</p>	<p>PENDING</p>  <p>Serving as restructuring advisor to Payless ShoeSource in its Chapter 11 bankruptcy proceedings</p>	<p>MARCH 2019</p> <p>\$35,000,000</p>  <p>Senior Secured Credit Facility provided by</p>  <p>Served as financial advisor to Charming Charlie</p>	<p>FEBRUARY 2019</p> <p>\$100,000,000</p>  <p>Has divested</p>  <p>Served as financial advisor to Genesco</p>
<p>DECEMBER 2018</p>  <p>Has been sold to</p>  <p>Served as financial advisor to Martin's Super Markets</p>	<p>DECEMBER 2018</p>  <p>Has been sold to</p>  <p>Served as financial advisor to Best Market</p>	<p>DECEMBER 2018</p>  <p>Has sold 179 stores' pharmacy prescription files to</p>  <p>Served as financial advisor to Fred's</p>	<p>NOVEMBER 2018</p> <p>€3,250,000,000</p>  <p>Has sold select real estate assets to and formed a joint venture with</p>  <p>to operate</p>  <p>Served as financial advisor to Hudson's Bay Company</p>	<p>OCTOBER 2018</p> <p>\$113,000,000</p>  <p>Has acquired</p>  <p>Served as financial advisor to Hibbett Sports</p>	<p>OCTOBER 2018</p>  <p>Has divested</p>  <p>Served as financial advisor to SUPERVALU</p>
<p>OCTOBER 2018</p> <p>\$160,000,000</p>  <p>Senior Secured Credit Facility</p> <p>Served as financial advisor to Key Food</p>	<p>OCTOBER 2018</p>  <p>Has divested</p>  <p>Served as financial advisor to V.F. Corporation</p>	<p>OCTOBER 2018</p> <p>\$437,000,000</p> <p>PERRY ELLIS</p> <p>Has been sold to a newly formed entity controlled by George Feldenkreis</p> <p>Served as financial advisor to the Special Committee of Perry Ellis</p>	<p>OCTOBER 2018</p> <p>BARE NECESSITIES</p> <p>Has been sold to</p>  <p>Served as financial advisor to Bare Necessities</p>	<p>SEPTEMBER 2018</p> <p>\$275,000,000</p>  <p>Senior Secured Credit Facility</p> <p>Served as financial advisor to Stein Mart</p>	<p>AUGUST 2018</p> <p>\$2,500,000,000</p> <p>VARSITY BRANDS</p> <p>Has agreed to be sold to</p>  <p>Served as co-financial advisor to Charlesbank Capital Partners and Partners Group</p>
<p>AUGUST 2018</p>  <p>Has acquired the assets of</p>  <p>Served as financial advisor to Charlesbank</p>	<p>JUNE 2018</p> <p>\$558,000,000</p>  <p>Has been sold to</p>  <p>Served as financial advisor to the Special Committee of The Finish Line</p>	<p>MAY 2018</p> <p>DSW</p> <p>Has acquired the remaining outstanding equity interests of</p>  <p>Served as financial advisor to DSW</p>	<p>MARCH 2018</p>  <p>Has acquired</p>  <p>Served as financial advisor to Groupe Rocher</p>	<p>MARCH 2018</p> <p>\$305,000,000</p>  <p>Has agreed to acquire</p>  <p>Served as financial advisor to Apollo</p>	<p>FEBRUARY 2018 **</p> <p>\$788,000,000</p>  <p>Spin off of</p>  <p>Co-Manager</p>

# SELECTED RETAIL GROUP TRANSACTIONS (CONT'D)

<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> <i>Scratch &amp; Van Til</i></p> <p>Has sold select assets to</p> <p><b>SUPERVALU</b> Indiana Grocery Group</p> <p>Served as financial advisor to Central Grocers</p>	<p>AUGUST 2017 **</p> <p>\$3,900,000,000</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> <i>Fresh Encounter</i></p> <p>Served as financial advisor to Marsh Supermarkets</p>	<p>JUNE 2017 **</p> <p>\$325,000,000</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>\$446,000,000</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>\$925,000,000</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>\$840,000,000</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>\$248,000,000</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>\$174,200,000</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>	<p>JANUARY 2017</p> <p><b>FINISH LINE</b></p> <p>Has divested</p> <p><b>JackRabbit</b> to <b>CriticalPoint</b></p> <p>Served as financial advisor to The 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><b>Walgreens Boots Alliance</b>   <b>RITE AID</b></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>TSC TRACTOR SUPPLY CO.</b></p> <p>Has acquired</p> <p><b>petsense</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><b>chasing fireflies</b> <b>TRAVELSMITH</b></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> FOOD &amp; PHARMACY SINCE 1923</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</b> <b>TOMMY HILFINGER</b></p> <p>Served as financial advisor to PVH</p>

PJ

\* Terminated transactions.

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

Reflects sell-side / strategic advisory engagements. 4



SOLOMON



# TAKE-PRIVATE OF LEADING DESIGNER & DISTRIBUTOR OF BRANDED APPAREL & ACCESSORIES

On October 22, 2018, Perry Ellis International announced the successful completion of its previously announced acquisition by an entity controlled by George Feldenkreis for \$437 million, or \$27.50 per share in cash

PERRY ELLIS  
INTERNATIONAL

Perry Ellis is a leading distributor and licensor of high quality men's and women's apparel, accessories and fragrances. Perry Ellis owns a portfolio of nationally recognized brands, including Perry Ellis and Original Penguin by Munsingwear and also licenses trademarks from third parties, including Nike, Jag, Callaway, PGA TOUR, Jack Nicklaus and Guy Harvey

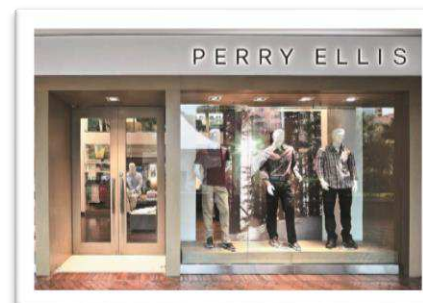


**Winner**

Middle Market Deal of the Year  
Middle Market Activism Campaign of the Year

## PJ SOLOMON SERVED AS FINANCIAL ADVISOR TO THE SPECIAL COMMITTEE OF PERRY ELLIS

- Provided flexibility for Perry Ellis to execute on its long-term strategy of owning and operating brands
- PJ SOLOMON assisted the Special Committee in negotiating the Feldenkreis Merger, as well as with soliciting other potential strategic and financial acquirers by utilizing its expertise in retail and branded apparel
- Following the Special Committee's approval of the Feldenkreis Merger, PJ SOLOMON carefully evaluated an unsolicited proposal from privately-held Randa Accessories to acquire Perry Ellis at \$28.90 per share in cash
- **The transaction highlights PJ SOLOMON's expertise in retail and the firm's commitment to realizing successful outcomes for its clients in public sellside M&A**



# EUROPEAN TURNAROUND SPECIALIST CARVES OUT US HOMETOWN FASHION CHAIN

On March 25, 2019, an affiliate of OpCapita LLC and ascena Retail Group announced an agreement whereby OpCapita will acquire a majority stake in maurices for \$300 million

## PJ SOLOMON SERVING AS FINANCIAL ADVISOR TO OPCAPITA

- Offered deep knowledge of the value fashion retail segment and access to capital sources
- Performed a full carve-out analysis, various distribution / supply-chain, banner and competitive analyses to drive value for buyers, as well as junior and senior debt raise
- **Example of PJ SOLOMON's M&A advisory expertise, experience with complex situations and commitment to achieving long-term shareholder value**

maurices

maurices is an American women's clothing retail chain based in Duluth, Minnesota. Founded in 1931, the chain targets women aged 25-45 with value apparel through a network of ~1,000 predominantly small-town stores across the U.S. and Canada

ascena  
RETAIL GROUP INC.

Ascena Retail Group (Nasdaq: ASNA) is an American retailer of women's clothing. Founded in 1962 in Stamford, Connecticut, the company owns the Justice, Lane Bryant, Catherines, Ann Taylor, and Loft store banners

OpCapita

OpCapita is a European private equity firm that invests in underperforming businesses across the retail, consumer and leisure industries. The firm was founded in 2006 and is headquartered in London, U.K.





# LEADING FOOTWEAR RETAILER DIVESTS LICENSED SPORTS DIVISION

On December 14, 2018, Genesco ("GCO") announced that it had entered into a definitive agreement to sell Lids Sports Group, the leading licensed sports retailer in North America, to FanzzLids Holdings, a holding company owned and operated by affiliates of Ames Watson and Fanatics



Genesco is a Nashville-based, footwear-focused specialty retailer selling in more than 2,650 retail stores as well as online across the U.S., Canada, the UK, the Republic of Ireland and Germany. Genesco's owned retail and wholesale concepts include Journeys, Schuh and Johnston and Murphy.



Lids Sports Group is the largest omni-channel licensed sports retailer in North America, selling fan and fashion-oriented licensed sports headwear, apparel and accessories across the U.S., Canada and Puerto Rico



Fanatics is a global leader for officially licensed sports merchandise offering items in more than 300 online and offline stores, including the e-commerce business for professional sports leagues ((MLB, MLS, NBA, NFL, NHL, NASCAR and PGA).



Ames Watson Capital is a privately held diversified operating company that purchases, transforms and partners with companies to create long term value. The Company is the owner of Fanzz, a specialty retailer of officially licensed sports apparel



## PJ SOLOMON SERVED AS FINANCIAL ADVISOR TO GENESCO

- Offered deep industry knowledge of the licensed sports landscape as well as broader specialty retail
- Performed complex financial analysis to inform client of implications of transaction and offer innovative structures and solutions
- **Example of PJ SOLOMON's M&A advisory expertise, experience with complex situations and commitment to achieving long-term shareholder value**





# MACROECONOMIC UPDATE

# CURRENT MACROECONOMIC SUMMARY

## Positive Developments

- ✓ **U.S. Real GDP increased +2.2% in Q4 2018 after +3.4% in Q3 2018**
  - GDP increase reflected positive contributions from personal consumption, nonresidential fixed investment, exports, private inventory investment and government spending
- ✓ **Following March 2019 meeting, the Federal Reserve indicated that they are unlikely to raise rates during 2019, leaving rates between 2.25% and 2.50%**
  - After the announcement, 10-year Treasuries yield was lowest level in a year
  - 11 of 17 Fed officials did not think that rates would need to be raised in 2019, up from only two in December 2018
- ✓ **Credit markets have improved over the past few weeks, following a series of new issues after the late 2018 slowdown**
- ✓ **Labor market continues with low unemployment and positive wage growth**
  - In March 2019, U.S. jobs grew by 196,000 as hiring rebounded from the February slowdown
  - Unemployment held steady at 3.8% in March, just above a 49-year low, and average hourly wages for private-sector workers grew 3.2% year-over-year
- ✓ **U.S. Dollar continues to strengthen in 2019, reaching its strongest level since June 2017**
  - Strength of the Dollar should be monitored, as it weighs on companies' profits and has elicited potential concerns of slowing U.S. growth
- ✓ **Continued suspension of increased tariffs by both the U.S. and China beyond April 1, 2019, showing signs of potential for positive negotiations**
- ✓ **Retail sales declined 0.2% in February 2019 after increasing 0.7% in January**
  - Results have been mixed over recent months; many analysts are discounting February results given timing of tax refunds and recent Government shutdown
- ✓ **PMI rose to 55.3 in March 2019 from 54.2 in February, showing signs of manufacturing sector stabilization after a series of declines in late 2018**
- ✓ **Revamped NAFTA deal, renamed USMCA, was signed on November 30**
  - The majority of the new USMCA provisions do not go into effect until 2020
  - Agreement facing approval hurdles in March 2019 as majority House Democrats show skepticism
- ✓ **Loose monetary policy continues around the globe; several national banks have maintained zero or negative policy rates through Q1 2019**
  - ECB announced at the end of January 2019 that they are open to restarting its quantitative easing program if needed

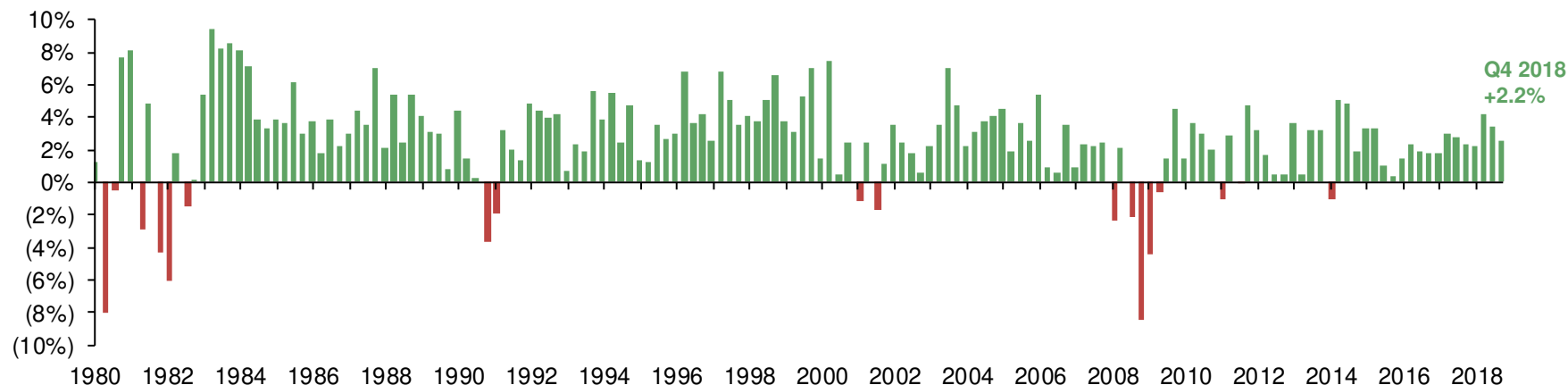
## Continued Concerns

- ✗ **China Trade War and Brexit concerns continue to impact Global sentiment**
  - U.S. and China have made progress on trade, suspending increased tariffs, but hurdles remain before reaching agreement
  - U.K. struggling to find resolution before default option of leaving the EU without a deal in mid-April 2019
- ✗ **President Trump remains insistent on funds for a wall at Mexico border, prompting a Government shutdown in early 2019**
  - More recently President Trump has threatened to close the U.S./Mexico border, although he has begun to back off this stance in recent days
- ✗ **Volatile global equity and credit markets, notwithstanding a ten-year bull market and valuations in many asset classes near all-time highs**
  - Treasury yield curve, a good historical predictor of past recessions, inverted in early December for the first time since the 2008 recession
  - While VIX has settled in early 2019, spikes throughout 2018 make the index worth monitoring
- ✗ **90-day auto delinquencies increased by 1.5 million in Q4 to 7 million, the highest total in two decades**
- ✗ **Inflation numbers remain lower than expectations, signaling potential signs of weaker economic demand**
  - Fed officials discussed disappointment in inflation numbers following last meeting, citing downward pressure on inflation as a major challenge
- ✗ **The IMF expects 3.5% growth in 2019 and 3.6% growth in 2020, down 0.2% and 0.1% from October estimates, respectively**
  - Latest report highlights combination of softening momentum and high degrees of uncertainty as major reasons for downwardly revised outlook
- ✗ **While oil prices remain below 2018 peaks, there has been a recovery in early 2019 amid easing oversupply concerns**
- ✗ **For the 12 months ended February 2019, the budget deficit totaled \$932 billion, a 32% increase from the prior year period**
  - As a share of GDP, the 12-month deficit was the highest since May 2013
- ✗ **Amazon and other large online marketplaces continue to meaningfully impact various brick-and-mortar segments**
- ✗ **Underfunded states, municipalities, pension liabilities and U.S. territories (e.g., Puerto Rico)**

# U.S. REAL GDP INCREASED +2.2% IN Q4 2018

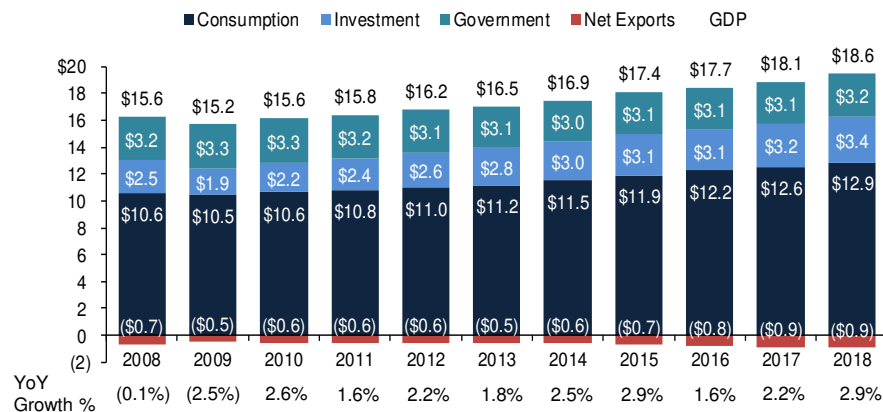
## U.S. Real GDP Growth (Constant 2009 Dollars)

(Annualized Quarter over Quarter % Change)



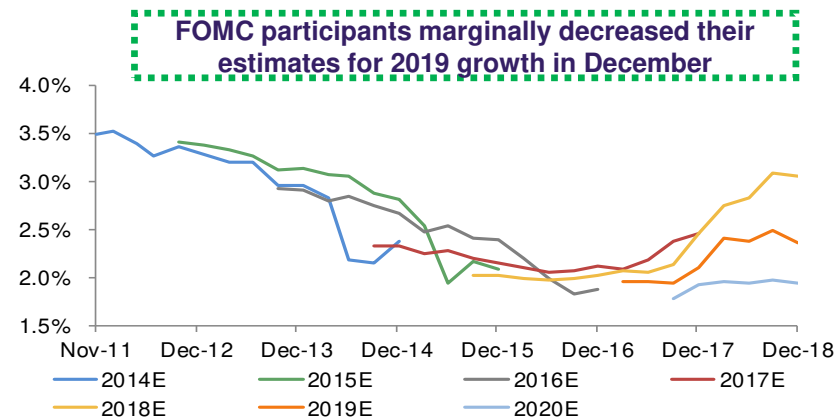
Source: Bureau of Economic Analysis as of April 2019.

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



Source: Bureau of Economic Analysis as of April 2019.

## FOMC GDP Growth Projections Over Time



Source: FOMC as of April 2019.

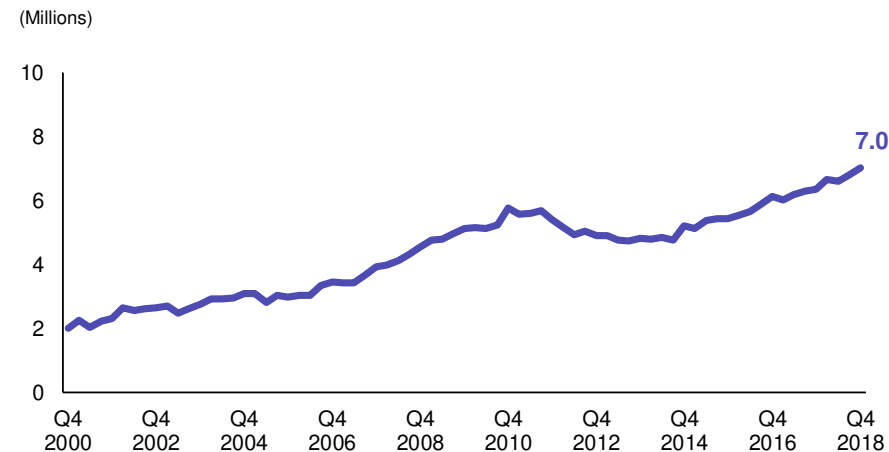


# AUTO DELINQUENCIES ARE INCREASING

## Summary

- According to the Federal Reserve Bank of New York, 90-day auto delinquencies increased by 1.5 million in Q4 to 7 million, the highest total in two decades
  - Among subprime borrowers (credit scores below 620), the overall delinquency rate stood at 16.3% in mid-2018
- According to the Federal Reserve Bank of Kansas City, overall auto debt accounts for approximately 9% of the total U.S. consumer debt – up from 6% in late 2011
- The Fed called the surge in auto defaults surprising, given the broader economic and labor market strength and lack of distress in other consumer credit products

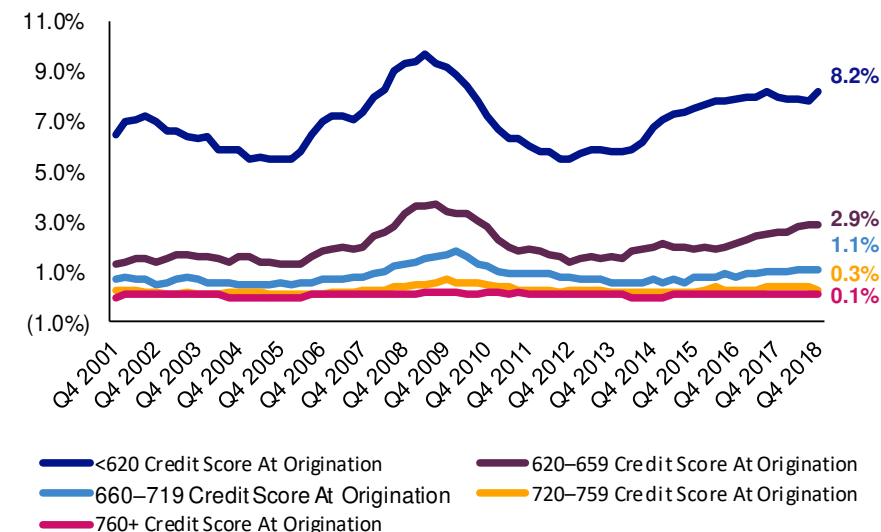
## Number of Auto Loans at Least 90-Days Delinquent



## U.S. Auto Loans Delinquent by 90 Days – Last 10 Years

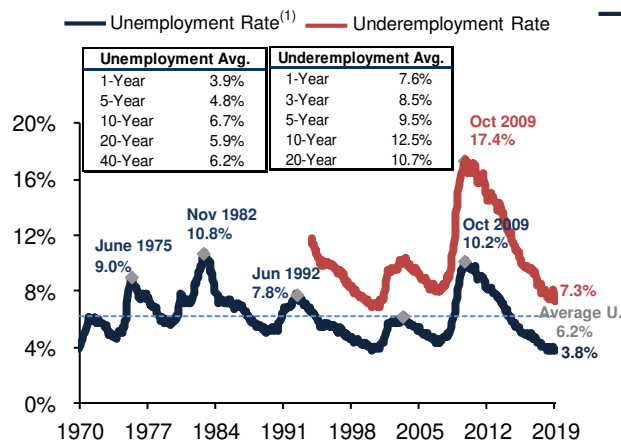


## More Subprime Borrowers are Seriously Behind on Auto Loans



# UNEMPLOYMENT NEAR 2000 AND 2007 LOWS; INITIAL CLAIMS NEAR 50-YEAR LOW; JOB OPENINGS AND THE QUIT RATE REMAIN ELEVATED; LABOR FORCE PARTICIPATION CONTINUES TO IMPROVE

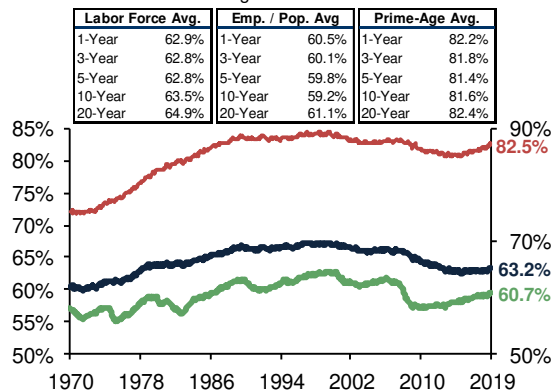
## U.S. Unemployment Rate <sup>(1)</sup>



(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

— Labor Force Participation Rate — Employment-to-Population Ratio <sup>(2)</sup> (Millions)  
— Prime Age Labor Force



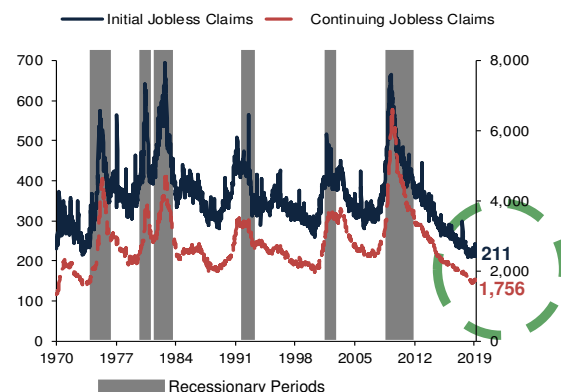
(2) Defined as the civilian labor force as a percentage of the total civilian population; the civilian labor force is defined as those either unemployed or employed and excludes those who want a job and have looked for work in the past 12 months, but who are not currently looking.

## Job Openings



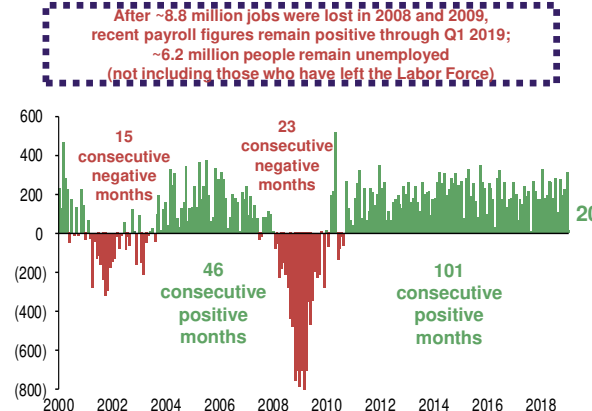
## Initial and Continuing Jobless Claims

(Thousands)



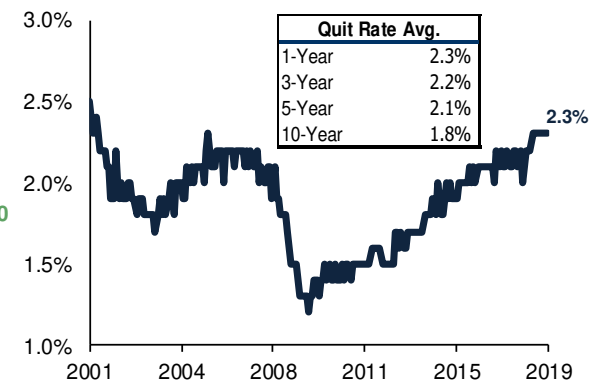
## Change in Nonfarm Payrolls

(Thousands)



## Quit Rate

(Percent of Employment)

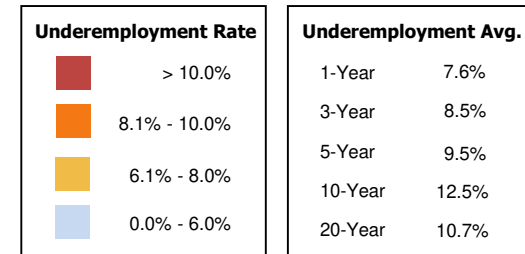
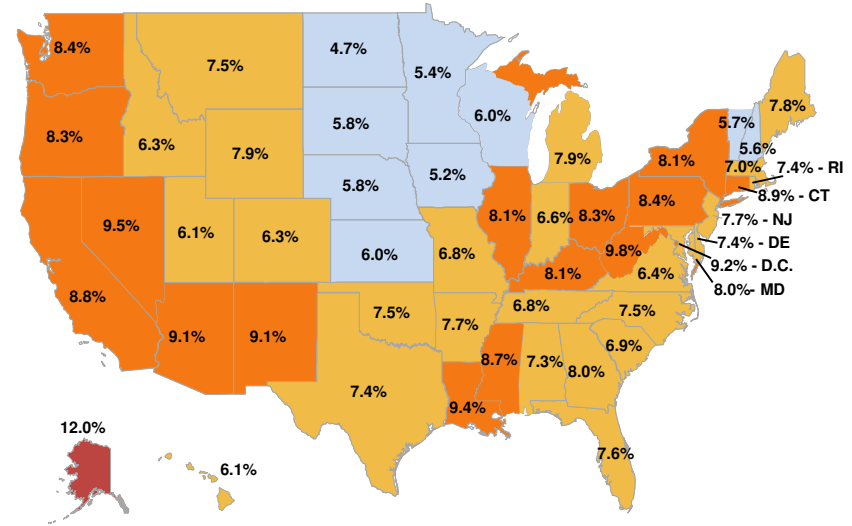
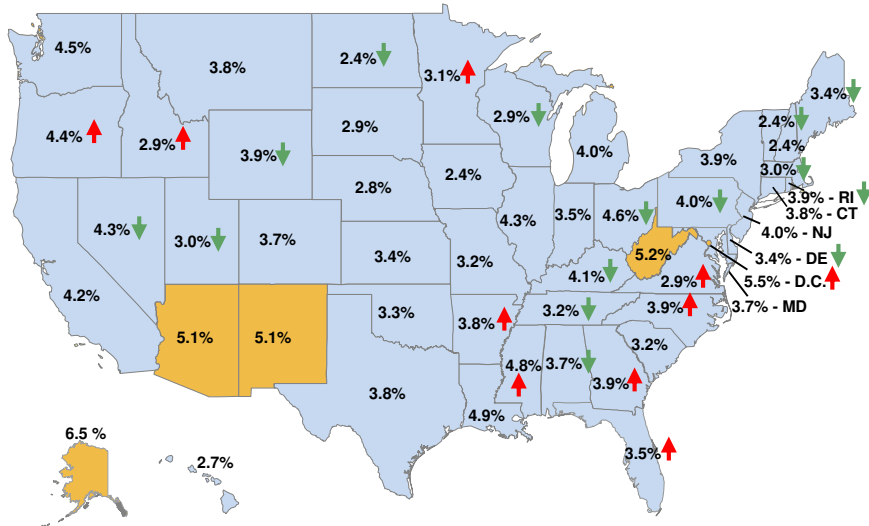


# WHILE UNEMPLOYMENT AND UNDEREMPLOYMENT<sup>(1)</sup> ARE LOWER THAN LONG-TERM AVERAGES, CERTAIN STATES CONTINUE TO ENDURE ELEVATED UNDEREMPLOYMENT

March unemployment held steady at 3.8% and underemployment remained at 7.3%

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

**Current U.S. Underemployment Rate: 7.3% <sup>(3)</sup>**



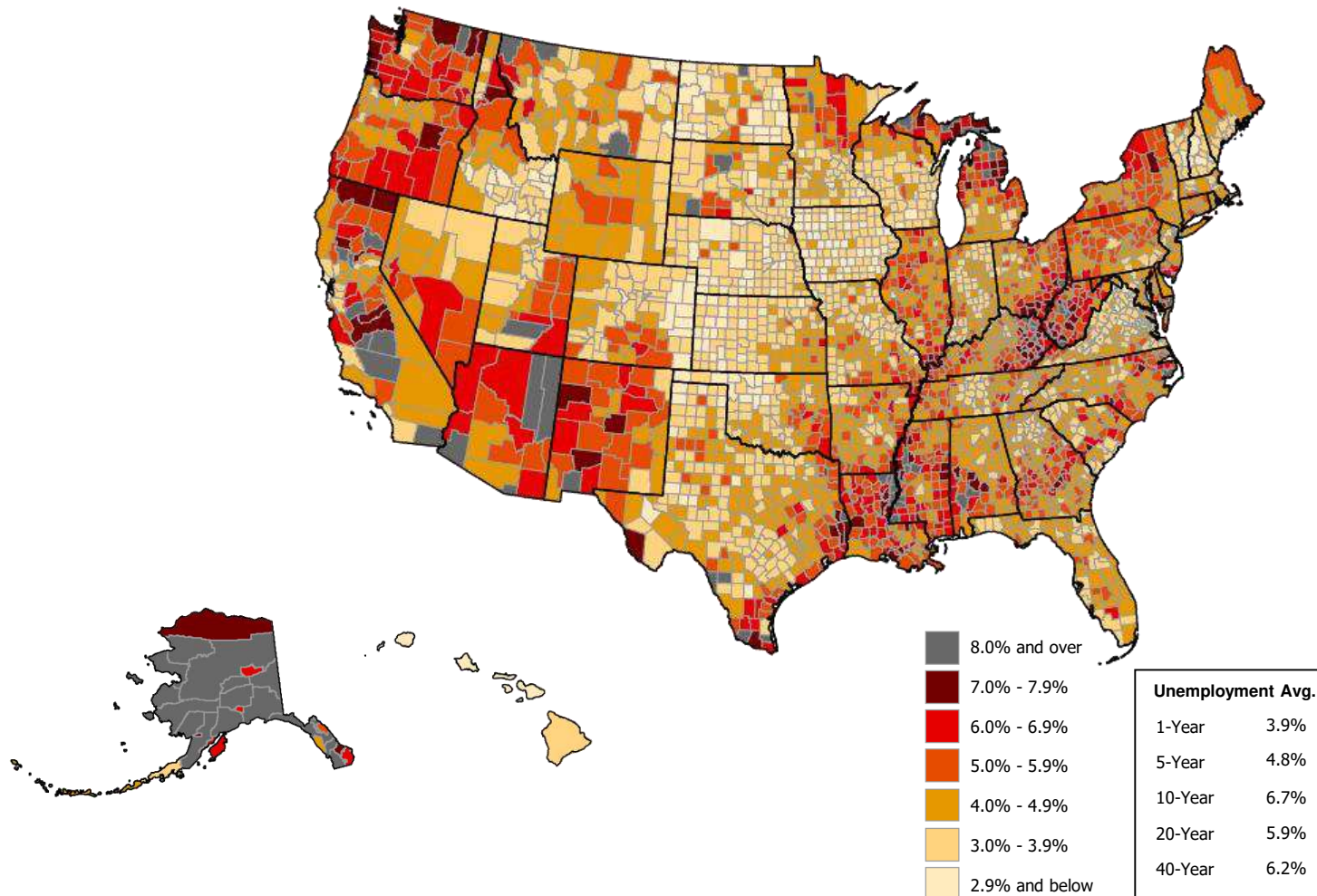
**Source:** BLS as of April 2019.

- (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 March 2019; state unemployment rates reflect February 2019 (the latest available data); arrows demonstrate decreases (green) and increases (red) in a state's unemployment rate over the prior month.
- (3) National underemployment rate (U-6) reflects March 2019; state underemployment rates reflect 12 month average for period ending Q1 2019, the latest available data. State underemployment figures are updated quarterly.



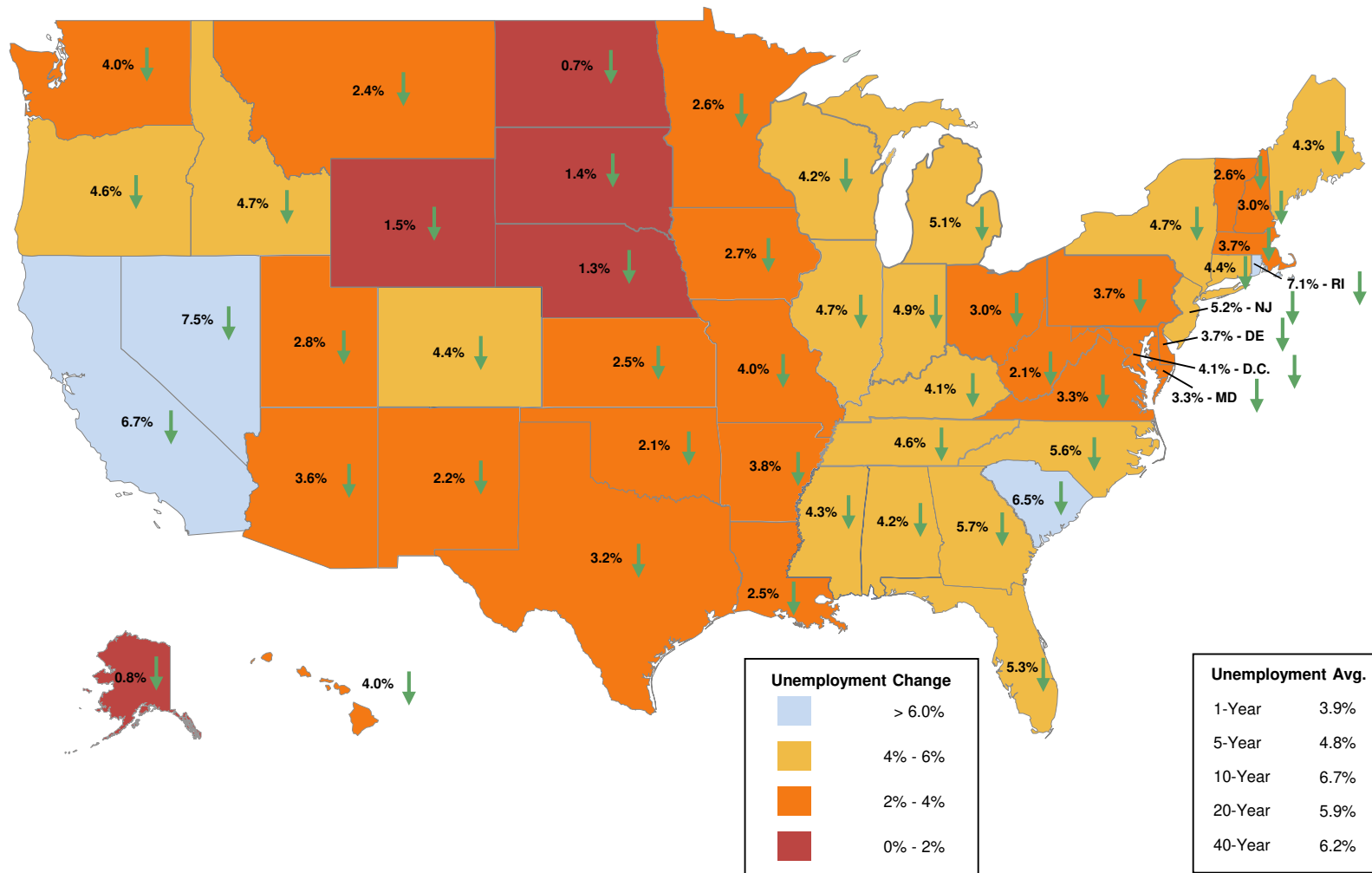
# UNEMPLOYMENT BY COUNTY – 12-MONTH AVERAGE

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



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

U.S. Unemployment Rate Change Since 2012: 4.4% <sup>(1)</sup>

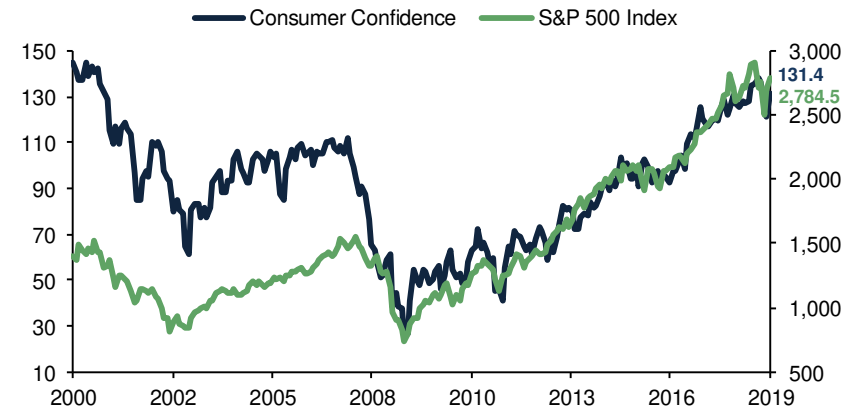


Source: BLS as of April 2019.

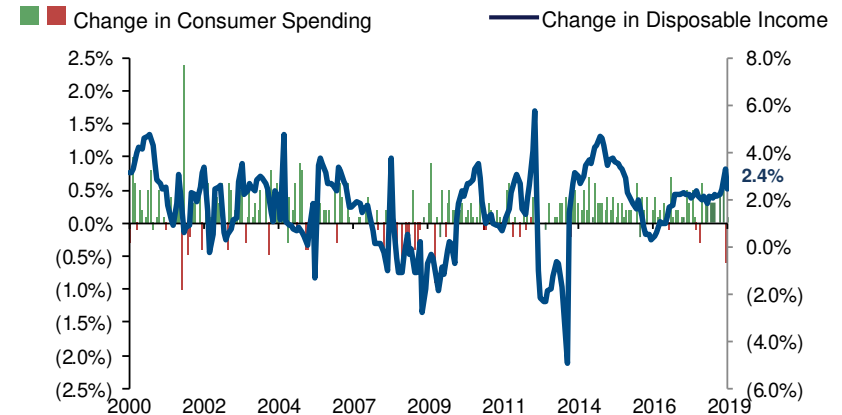
(1) National unemployment rate (U-3) reflects March 2019; state unemployment rates reflect February 2019 (the latest available data); arrows demonstrate decreases (green) and increases (black or white) in a state's unemployment rate over February 2012.

# AS CONSUMER CONFIDENCE REMAINS STRONG, U.S. RETAIL SALES HAVE STEADILY INCREASED, PARTICULARLY ONLINE, NOTWITHSTANDING A STRONG SAVINGS RATE

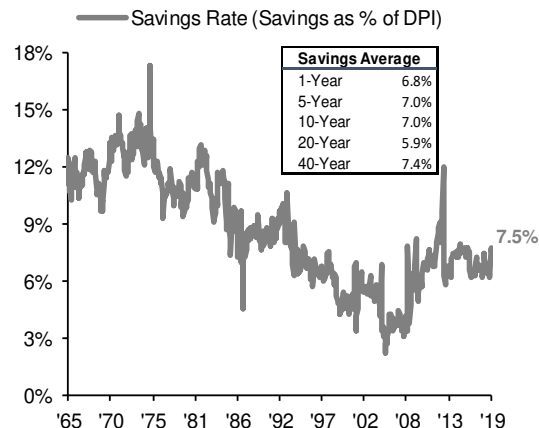
## Consumer Confidence and S&P 500



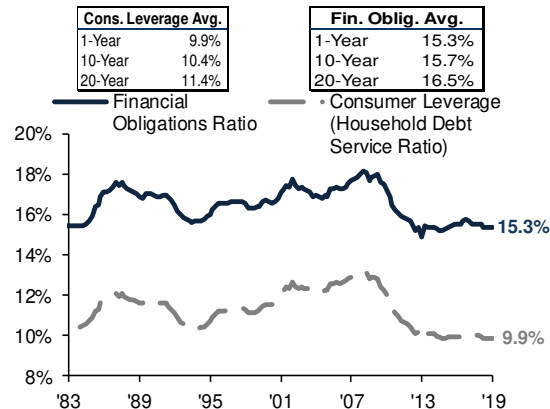
## U.S. Real Consumer Spending and Disposable Income



## Savings Rate

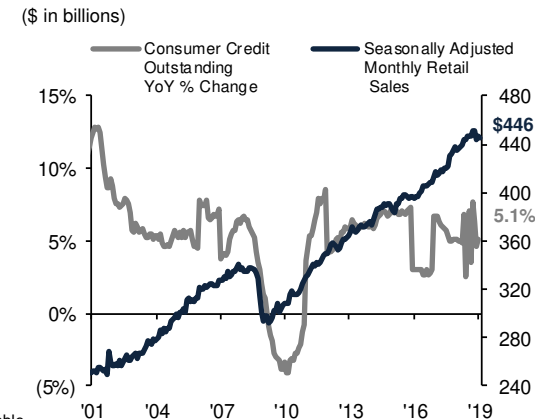


## Cons. Lev. <sup>(1)</sup> and Fin. Oblig. Ratio <sup>(2)</sup>



- (1) Reflects the ratio of debt payments to disposable income. Debt payments include interest and principal payments on revolving and closed-end debt.
- (2) Reflects the ratio of debt payments, automobile lease payments, rental payments on tenant-occupied property, homeowners' insurance and property tax payments to disposable income.

## Consumer Credit and Retail Sales

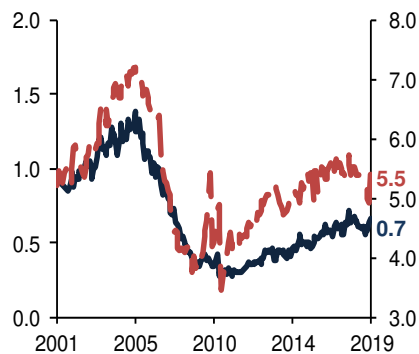




# MORTGAGE RATES HAVE BEGUN TO DECREASE WHILE THE NUMBER OF MORTGAGE APPLICATIONS CONTINUES TO INCREASE

## Home Sales

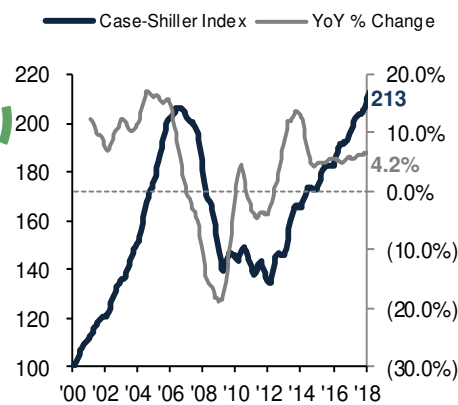
(millions of units)



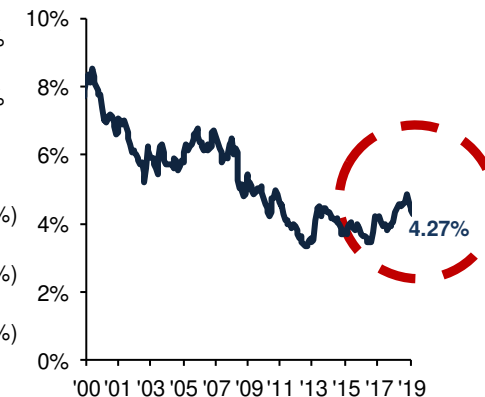
## Homebuilder Confidence



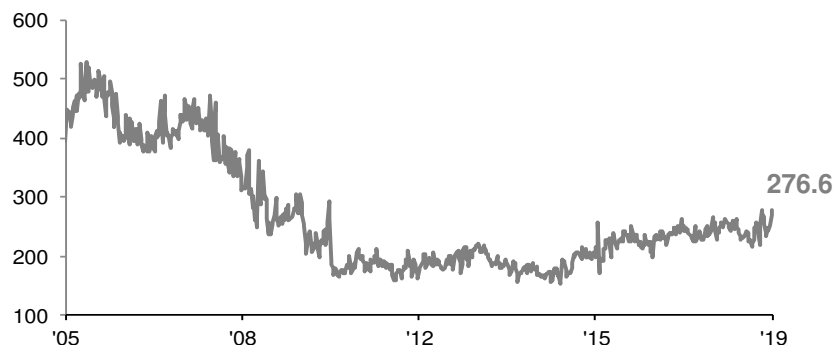
## Home Prices



## 30-Yr Fixed Rate

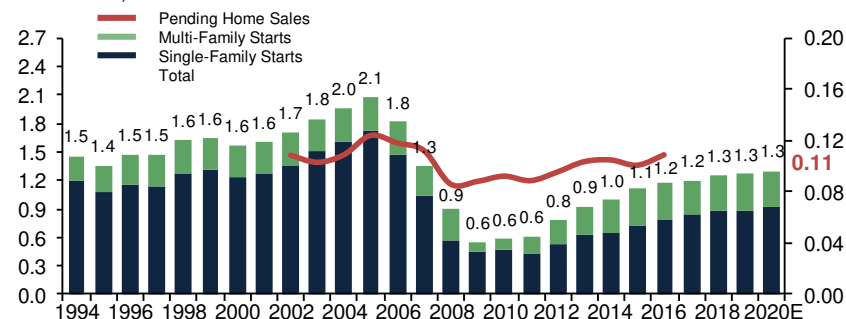


## Mortgage Applications



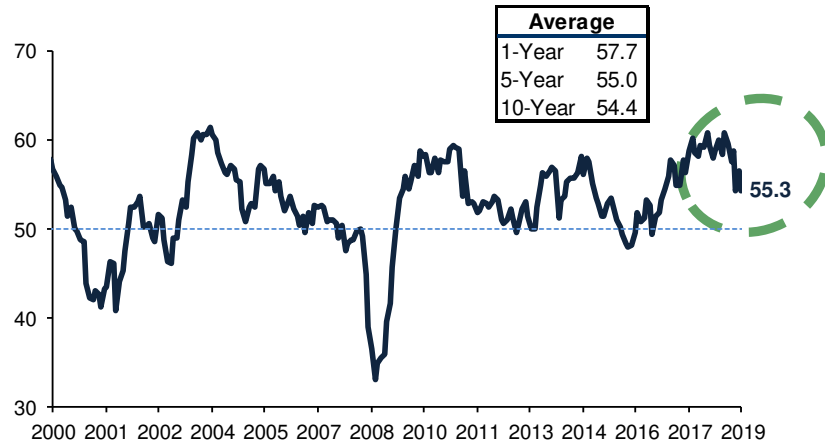
## Housing Starts

(millions of units)



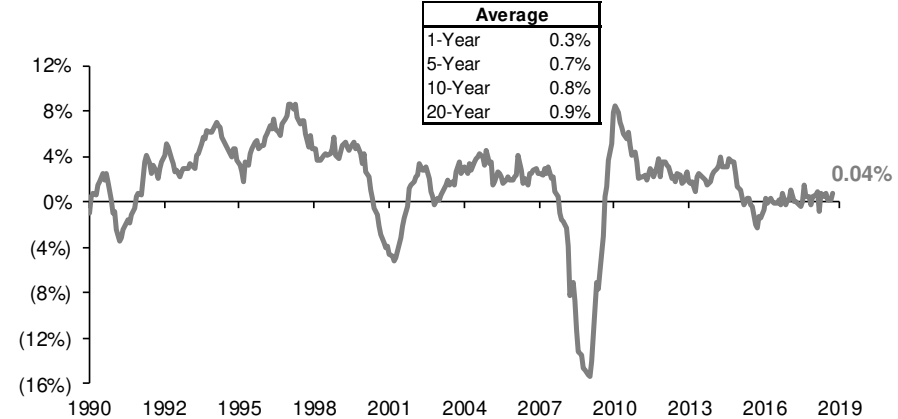
# U.S. MANUFACTURING CONTINUES TO EXPAND AT A FAST PACE; PMI AND CEO CONFIDENCE HAVE DECLINED

## Purchasing Managers Index (PMI)



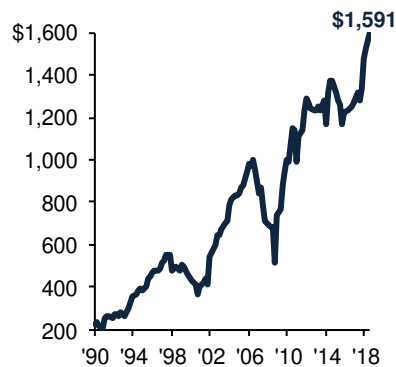
Source: ISM as of April 2019 (March represents the latest available data).

## U.S. Industrial Production Growth Rate



Source: ISM as of April 2019 (February represents the latest available data).

## After-Tax Corp. Profits



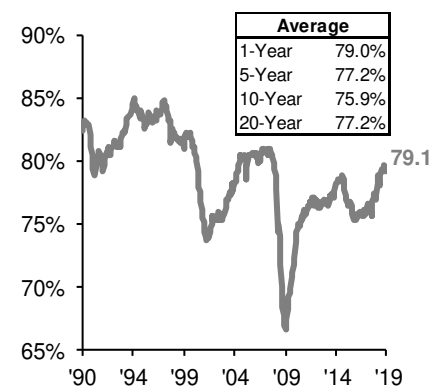
Source: BEA as of April 2019 (Q4 '18 represents the latest available data).

## CEO Confidence Index



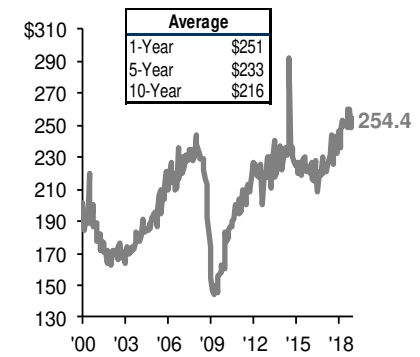
Source: CEO Magazine as of April 2019 (March represents the latest available data).

## U.S. Capacity Utilization



Source: Federal Reserve as of April 2019 (February represents the latest available data). Figures include the manufacturing, mining and electric and gas utilities industries.

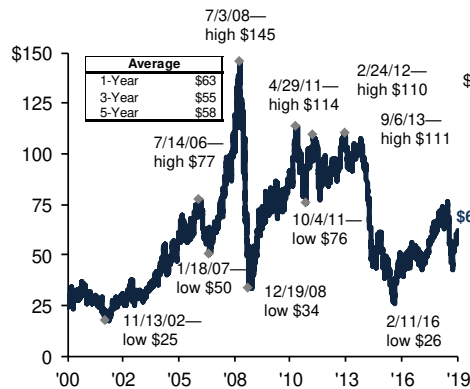
## Durable Goods Orders



Source: U.S. Census Bureau as of April 2019 (December 2018 represents the latest available data).

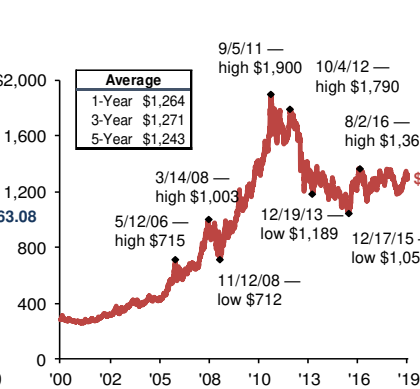
# OIL PRICES HAVE REBOUNDED SIGNIFICANTLY FROM JANUARY LOWS WHILE DOLLAR STRENGTH PERSISTS

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



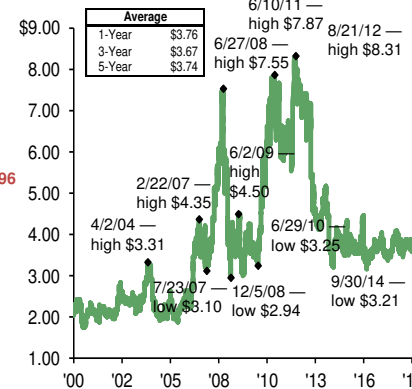
Source: NYMEX as of April 5, 2019.

## Gold (\$/Troy Oz.)



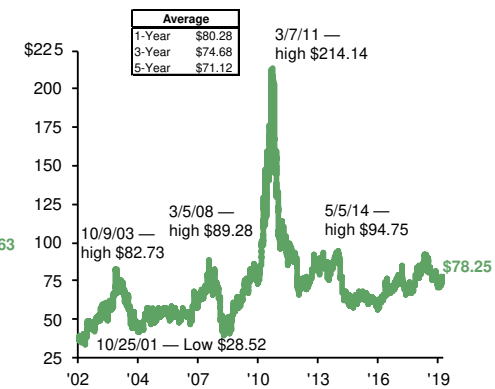
Source: Capital IQ as of April 5, 2019.

## Corn (\$/Bushel)



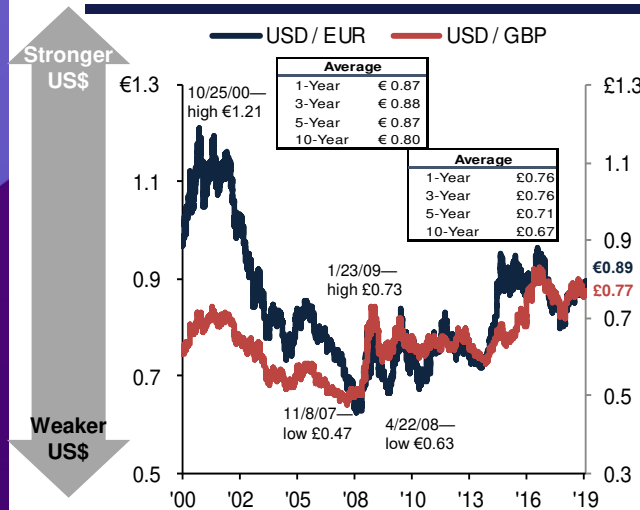
Source: Capital IQ as of April 5, 2019.

## Cotton (\$/Bushel)



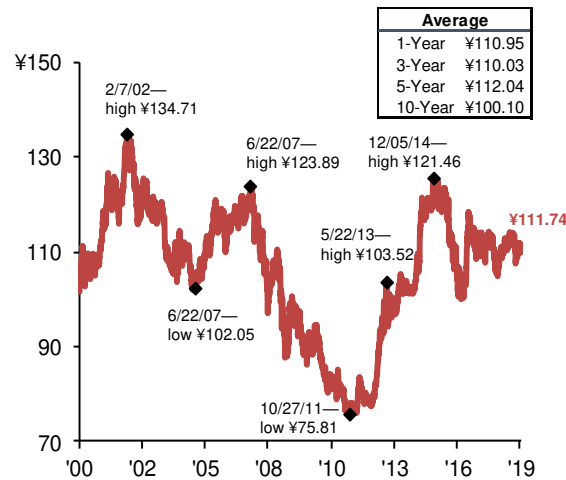
Source: Capital IQ as of April 5, 2019.

## USD / EUR & USD / GBP



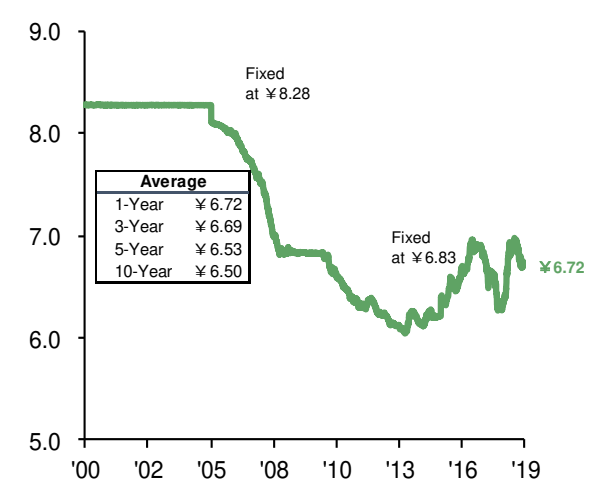
Source: Capital IQ as of April 5, 2019.

## USD / JPY



Source: Capital IQ as of April 5, 2019.

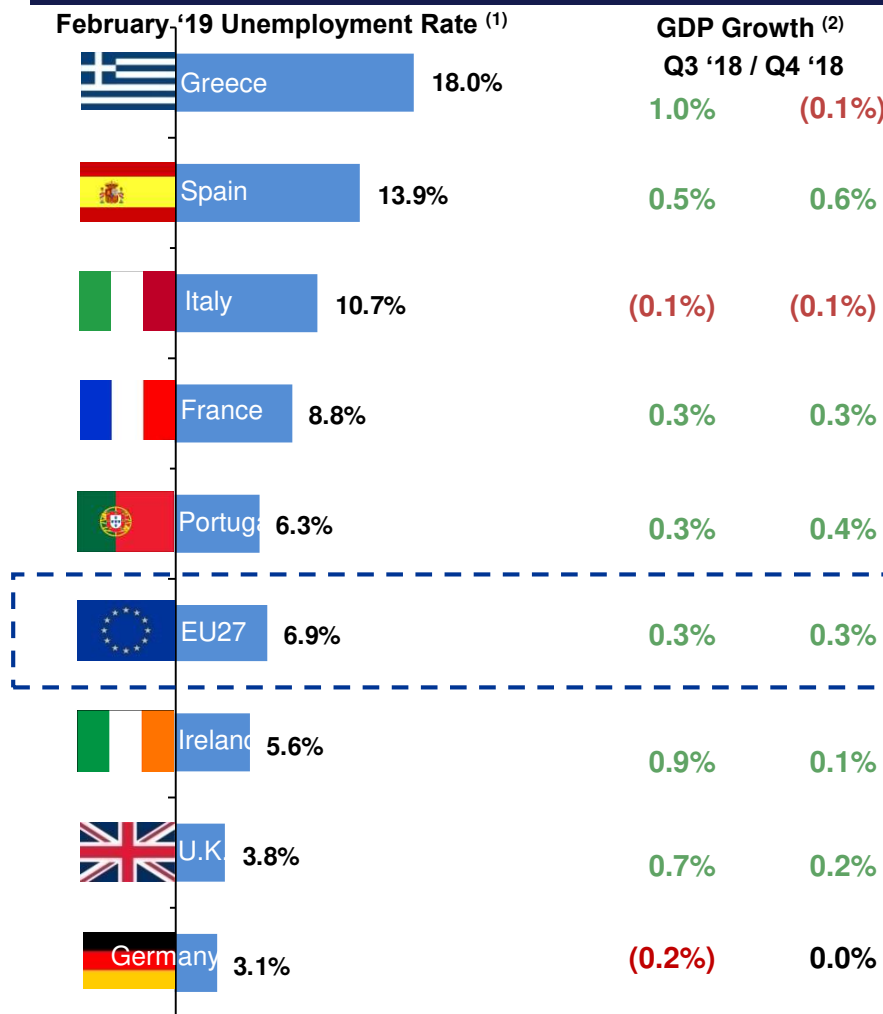
## USD / CNY



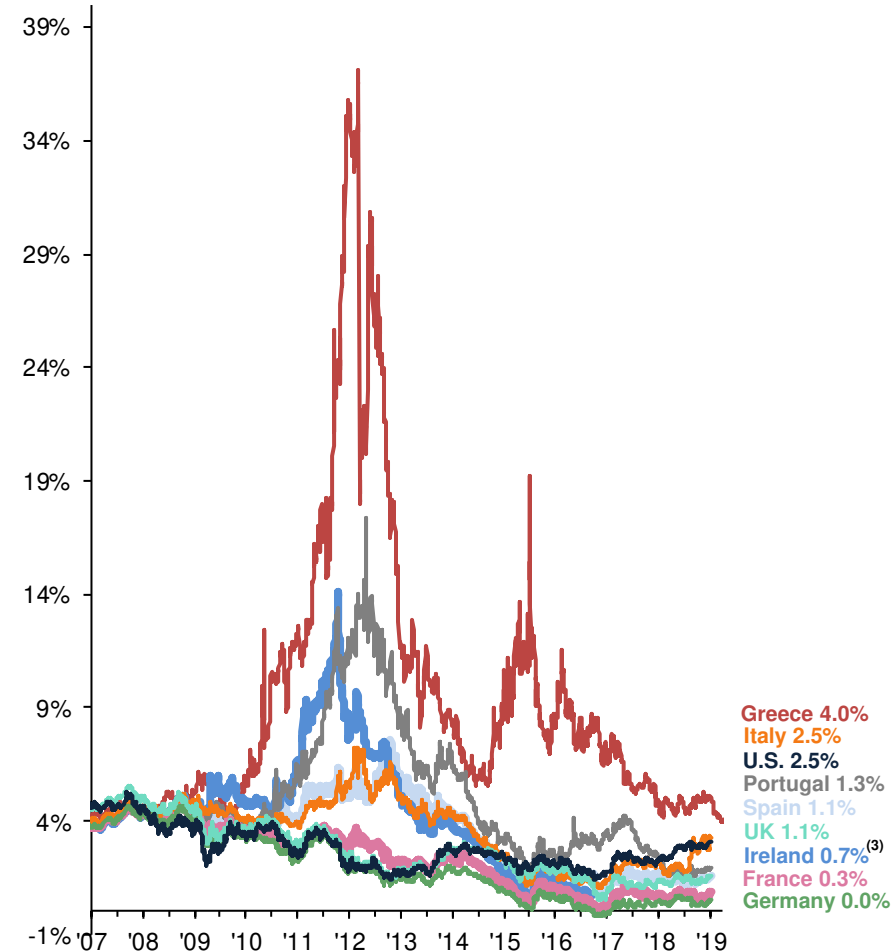
Source: Capital IQ as of April 5, 2019.

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

## Euro-Zone Unemployment and GDP Growth



## Sovereign Credit Yields (10-Yr Benchmark)



Source: Eurostat, Hellenic Statistic Authority and Bloomberg as of April 2019.

(1) Greece and U.K. data represent December 2018 (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 until June 9, 2016.

# FINANCIAL AND M&A MARKETS UPDATE

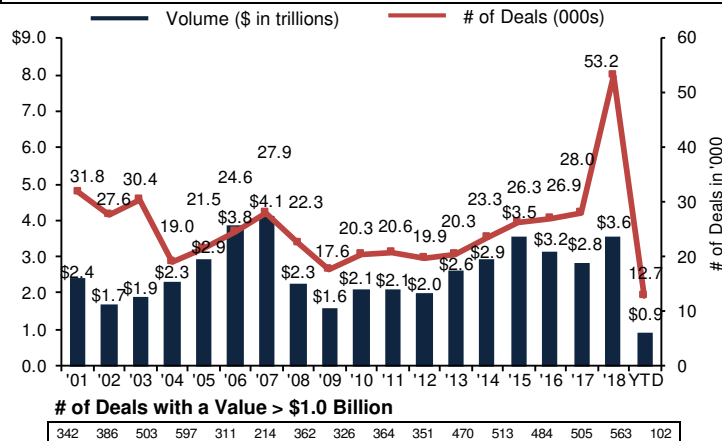


# U.S. M&A ACTIVITY HAS REMAINED STRONG THROUGH Q1 2019, WITH \$600 BILLION IN VOLUME YEAR-TO-DATE

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

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

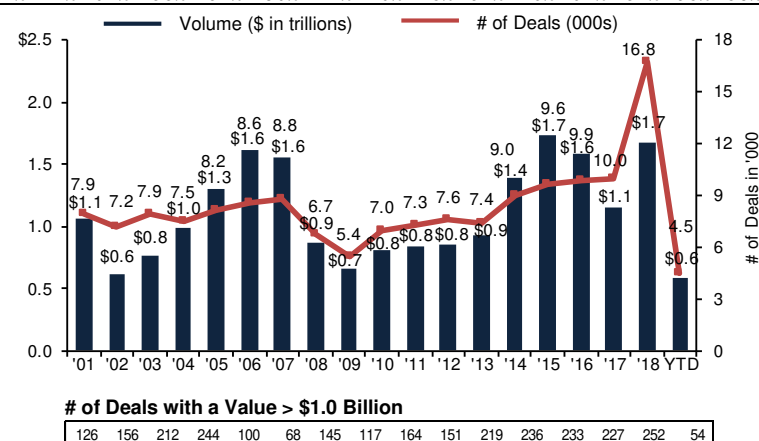
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
4.0%	4.8%	6.0%	5.9%	3.1%	2.3%	2.8%	2.6%	2.5%	2.6%	3.5%	4.5%	4.0%	3.4%	4.3%



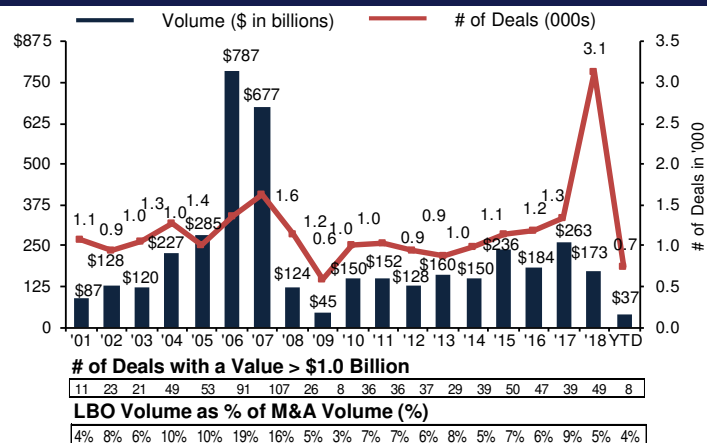
## U.S. Announced M&A Volume (Inflation Adjusted)

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

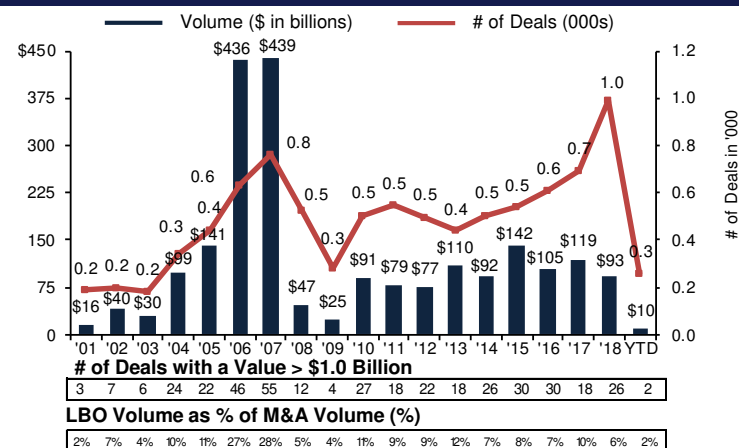
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
6.1%	7.7%	9.4%	8.8%	5.1%	3.9%	4.7%	4.9%	4.8%	5.2%	7.6%	9.1%	8.2%	5.8%	8.3%



## Global Announced LBO Volume (Inflation Adjusted)



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



Source: Bloomberg and Capital IQ as of April 2019.

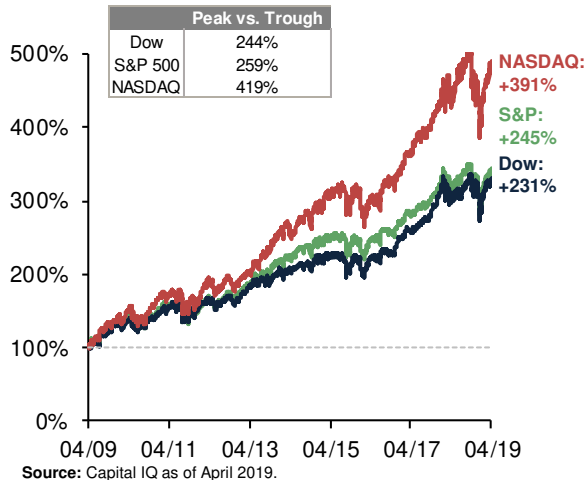
Note: Inflation adjusted volume numbers are adjusted to the CPI-U Index.

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

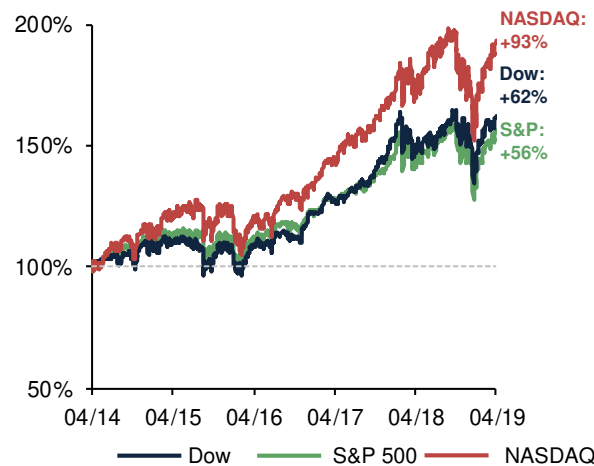
# AFTER A Q4 2018 DECLINE, U.S. EQUITY MARKETS HAVE REBOUNDED IN 2019 WITH THE DOW, S&P AND NASDAQ ALL POSTING STRONG GAINS

## Equity Market Performance

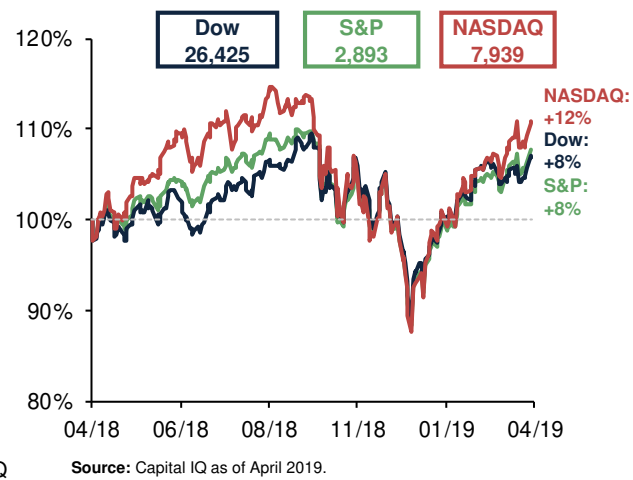
### 10 Year



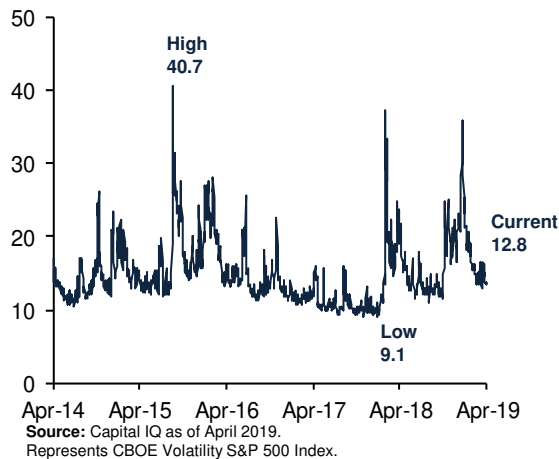
### 5 Year



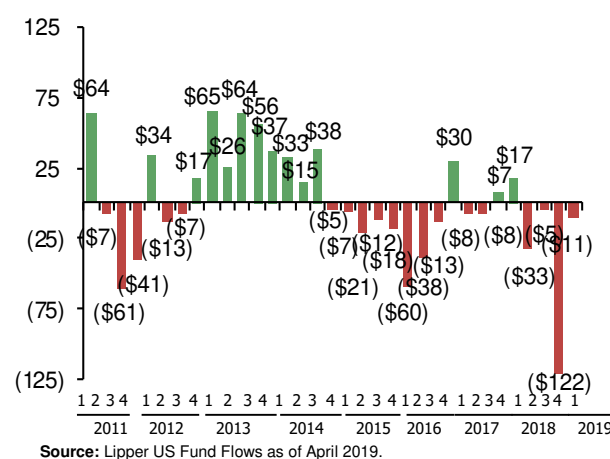
### LTM



## VIX S&P Volatility Index



## Equity Mutual Fund Flows



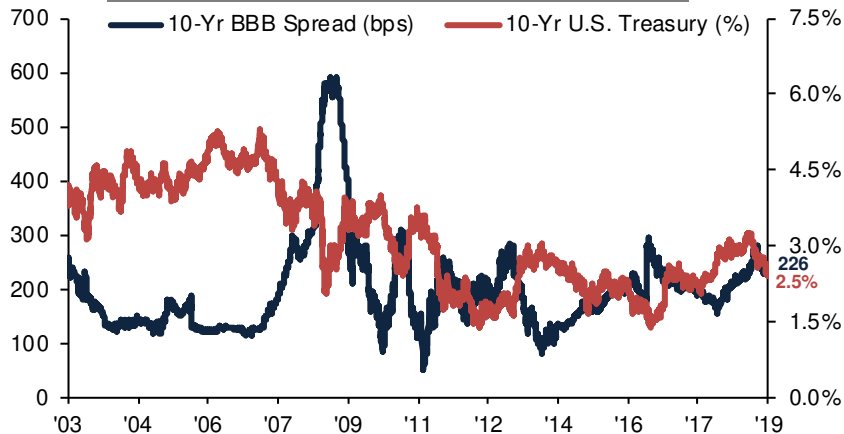
## IPO Volume and # of Deals



# ALL-IN BBB YIELDS REMAIN IN LINE WITH LONG-TERM AVERAGES, BUT HAVE COME OFF RECENT HIGHS

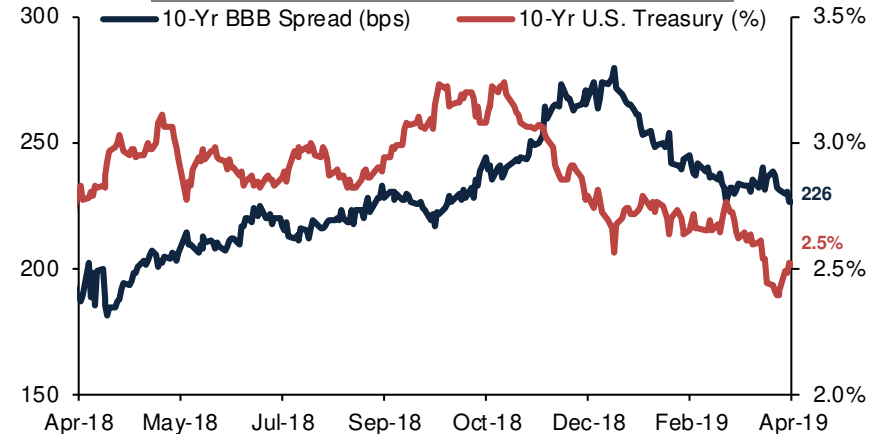
## 10-Year BBB Spread Over Treasuries (15 Years)

Average	15-Yr	10-Yr	5-Yr	1-Yr
BBB Spread	200 bps	200 bps	196 bps	228 bps
Treasury	3.1%	2.5%	2.3%	2.9%



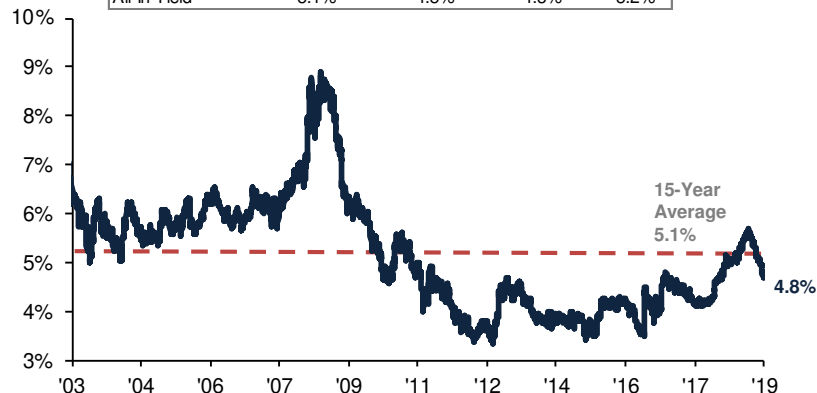
## 10-Year BBB Spread Over Treasuries (LTM)

Average	LTM	9M	6M	3M
BBB Spread	228 bps	237 bps	245 bps	243 bps
Treasury	2.9%	2.9%	2.8%	2.6%



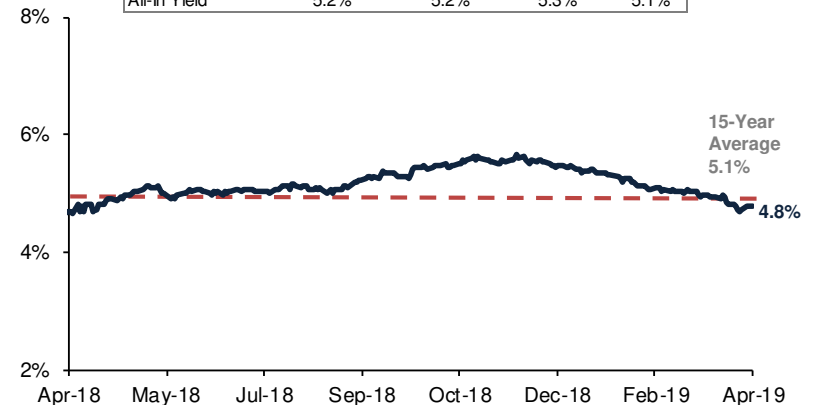
## 10-Year BBB All-In Yield (15 Years)

Average	15-Yr	10-Yr	5-Yr	1-Yr
All-In Yield	5.1%	4.5%	4.3%	5.2%



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

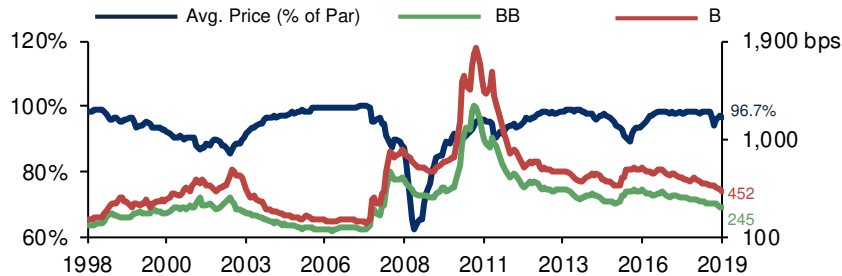
Average	LTM	9M	6M	3M
All-In Yield	5.2%	5.2%	5.3%	5.1%



# AS THE HIGH-YIELD BOND MARKETS HAVE REOPENED, HIGH-YIELD BOND YIELDS HAVE BEGUN TO DIP BELOW LONG-TERM AVERAGES

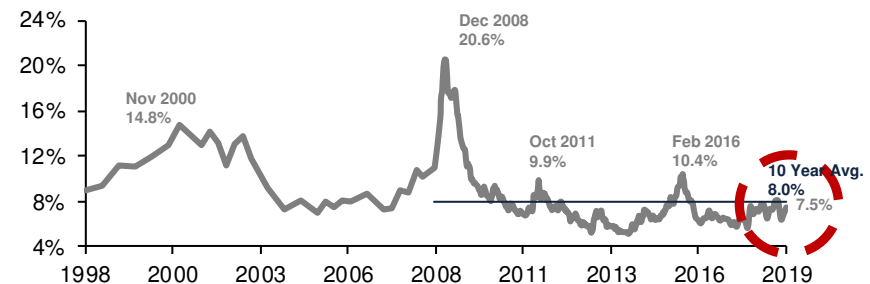
## Leveraged Loan Update

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

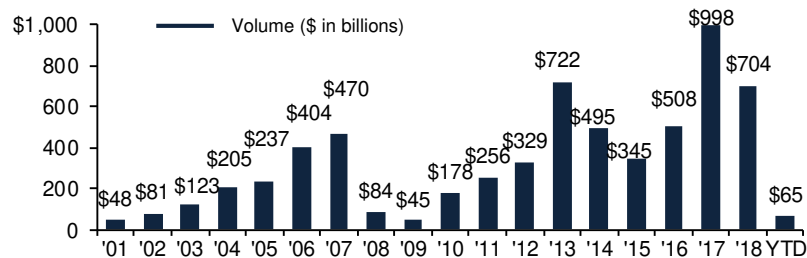


## High-Yield Bond Update

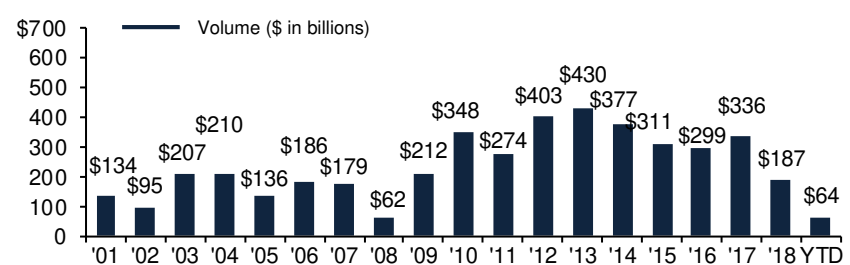
Average High-Yield Bond Yields



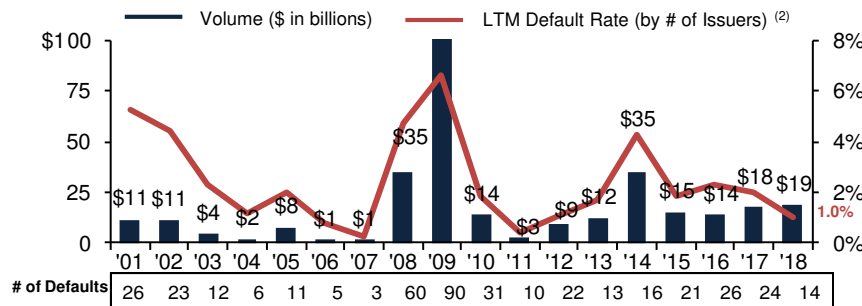
Institutional Leveraged Loan New-Issue Activity (Inflation Adjusted)



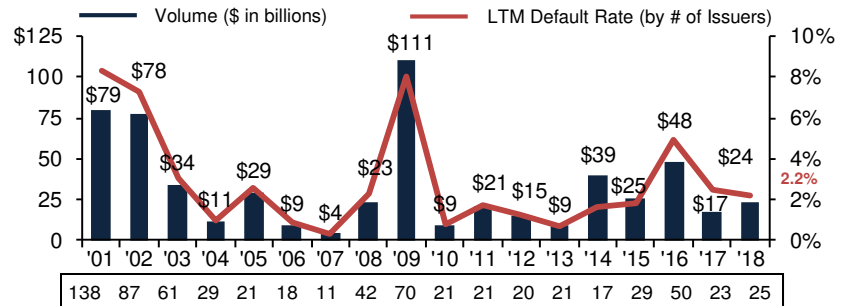
High-Yield Bond New-Issue Activity (Inflation Adjusted)



Leveraged Loan Defaults (Inflation Adjusted)



High-Yield Bond Defaults (Inflation Adjusted)



Source: Wall Street research and market indices as of April 2019 (Leveraged Loan Average Price as of March 2019, 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

- 4/16/2019: **Marquee Brands**, a leading global brand owner and marketer, has agreed to acquire the Martha Stewart and Emeril Lagasse brands from **Sequential Brands Group (SQBG)**
- 04/16/2019: **Apollo Global Management** has agreed to acquire **Smart & Final Stores (SFS)**, the California grocer backed by **Ares Management**, for \$1.1B, representing a 25% premium to trailing 24-day average stock price
- 04/12/2019: **J. Crew Group**, a New York-based multi-brand apparel and accessories retailer, has announced that it is exploring strategic alternatives, including a potential IPO of its Madewell business
- 04/11/2019: **Fred's Inc. (FRED)**, a discount value retailer and pharmacy with locations across the Southeast, has announced the retention of **PJ SOLOMON** in connection with a strategic review of the Company
- 04/08/2019: **CEC Entertainment**, parent company of Chuck E. Cheese and Peter Piper Pizza, announced plans to go public through a merger with **Leo Holdings**, a special purpose acquisition company (SPAC)
- 04/09/2019: **Xtep International Holdings**, a Hong Kong-based sportswear, apparel and accessory retailer, has agreed to acquire **K-Swiss**, a California-based footwear maker
- 04/09/2019: **Sears Hometown and Outlet Stores (SHOS)** announced that it has received a proposal from shareholder Eddie Lampert's hedge fund, **ESL Investments**, to acquire the remaining shares for \$2.25 per share, representing an approximately 23.6% premium. *PJ SOLOMON is advising Sears Hometown and Outlet*
- 04/04/2019: **At Home Group, Inc (HOME)**, a Texas-based home décor retailer, has retained an advisor to help evaluate strategic alternatives
- 04/04/2019: **Jenny Craig**, a California-based weight loss and weight management company backed by **North Castle Partners**, has been acquired by **H.I.G. Capital**
- 04/02/2019: **Authentic Brands Group**, a NYC-based brand development and licensing company backed by **General Atlantic**, **Leonard Green** and **Lion Capital**, has agreed to acquire **Volcom**, the boardsports-oriented apparel business, from **Kering**
- 03/31/2019: **Roberto Cavalli**, an Italian fashion housed owned by private equity firm **Clessidra**, has applied for bankruptcy protection
- 03/28/2019: **Ascena Retail Group (ASNA)**, the New Jersey-based retail holding company, announced a strategic review for **Dressbarn**, its 674 women's clothing chain
- 03/28/2019: **Church & Dwight (CHD)**, a New Jersey-based consumer goods company, has agreed to acquire the FLAWLESS and FINISHING TOUCH hair removal brands from **Ideavillage** for up to \$900MM
- 03/27/2019: **Casper Sleep**, a New York City-based online mattress retailer, closed a \$100MM funding round, valuing the Company at \$1.1B

## Food Retail & Restaurants

## Retail

## Recent Events (Cont.)

- 03/27/2019: **Global Icons**, an Los Angeles-based brand-licensing agency, agreed to acquire **Fred Segal**, the experiential retailer offering lifestyle and fashion brands for an undisclosed sum
- 03/27/2019: **Evine Live**, the Minnesota-based pay-TV shopping network operator, has engaged advisors to assist in a review strategic alternatives
- 03/26/2019: **Bed Bath & Beyond (BBBY)** is reportedly being targeted for a proxy battle by three activist investors, which control ~5% of the New Jersey-based retailer
- 03/26/2019: **YFM Equity Partners**, a UK-based private equity fund, agreed to make a significant investment in **Frescobol Carioca**, a luxury men's resort wear and lifestyle brand
- 03/24/2019: **OpCapita** has agree to acquire **Maurices**, a Minnesota-based retailer focused on women's value apparel from **Ascena Retail Group (ASNA)** for \$300MM. *PJ SOLOMON is advising OpCapita on the transaction*
- 03/23/2019: **MTY Food Group**, a quick-service restaurant operator and franchisor, has agreed to acquire **Papa Murphy's Holdings**, a Vancouver-based "Take N' Bake" pizza chain for \$190M
- 03/21/2019: **Rent the Runway**, a New York City-based apparel rental company, announced a \$125MM funding round, valuing the company at \$1B
- 03/21/2019: **Levi Strauss & Co (LEVI)**, completed its initial public offering,; on the first day of trading, share price surged 32%
- 03/11/2019: **Z Gallerie**, a home décor retailer with 72 stores, has filed for Chapter 11 Bankruptcy protection and has plans to close stores
- 03/08/2019: **Chanel's** owners, Alain and Gerard Wertheimer, are rumored to be putting the French fashion and beauty company up for sale for approximately €50B
- 03/05/2019: **L Brands**, an Ohio-based clothing retailer, is being pressured by activist investor, **Barington Capital**, to retain an advisor to explore strategic alternatives including a spinoff of **Victoria's Secret** or IPO of **Bath & Body Works**
- 04/04/2019: **Christy Sports**, a winter sporting goods retailer backed by Norwest, is rumored to have engaged advisors to evaluate a potential sale
- 03/04/2019: **Gap** has agreed to acquire **Janie and Jack**, a San-Francisco-based children's fashion retailer, from **Gymboree Group**, for \$35MM
- 03/04/2019: **The Children's Place**, a New Jersey-based children's apparel and accessories retailer, has agreed to acquire intellectual property and related assets from **Gymboree** and **Crazy 8** for \$76MM
- 02/20/2019: **PVH Corporation (PVH)**, a New York-based clothing company, has agreed to acquire the remaining shares of **Gazal Corporation (GZL)**, a leading apparel supplier and retailer in Australia and Asia, for AUD6.00 / share
- 02/19/2019: **Charlotte Russe**, a clothing retail targeting young women, has announced it is in discussions with prospective buyers for a going-concern sale of the company, following the Company's Chapter 11 bankruptcy filing

# RETAIL SECTOR NEWS UPDATE

## Recent Events (Cont.)

- 02/18/2019: **Uniform Advantage**, a healthcare apparel retailer agreed to acquire **Lydia's Uniforms**, a provider of medical scrubs, shoes and supplies
- 02/18/2019: **Payless Holdings**, the specialty family footwear retailer, filed for Chapter 11 Bankruptcy protection. *PJ SOLOMON is advising Payless*
- 02/16/2019: **TrueCar Inc. (TRUE)**, the automotive pricing and information platform, has acquired a 20% stake in **Accu-Trade**, an automotive valuation / appraisal mobile application
- 02/14/2019: **Genuine Parts Company (GPC)**, a Georgia-based distributor of automotive replacement parts, has agreed to acquire automation and robotics companies **Axis New England** and **Axis New York**
- 02/13/2019: **Xcel Brands**, a New York City-based media and consumer products company, has acquired California-based **Halston** and **Halston Heritage** trademarks
- 02/13/2019: **Levi Strauss & Co**, the San-Francisco-based denim and clothing company, filed for a proposed initial public offering to raise ~\$587M
- 02/12/2019: **Skechers (SKX)**, a CA-based footwear company, agreed to acquire remaining 49% in its Indian business from JV partner **Future Group**
- 02/07/2019: **Foot Locker (FL)**, a New York City-based retailer of athletic shoes and apparel, announced that it will make a \$100M strategic minority investment in **GOAT Group**, a California-based online retailer of sneakers
- 02/06/2019: **L Catterton**, the private equity fund, agreed to make a strategic investment in **Grupo MYT**, a developer and operator of experiential and scalable restaurant brands in Mexico
- 02/06/2019: **H.I.G. Capital**, a private equity firm, has invested \$30M in **Cuyana**, a San Francisco-based women's accessories retailer
- 02/04/2019: **Francesca's Holding Corporation (FRAN)**, the Texas-based apparel, jewelry and accessories retailer, has engaged advisors to help explore strategic alternatives
- 02/04/2019: **Starboard Value LP**, an activist investment fund, agreed to make a \$200M investment in a newly designated Series B convertible preferred stock of **Papa John's International (PZZA)**, with an option to purchase up to \$50M of additional convertible stock on March 29, 2019
- 02/28/2019: **Gap Inc.** announced plans to spin off **Old Navy** apparel business
- 02/26/2019: **ThirdLove**, a San-Francisco-based DTC women's intimates company, has raised \$55M led by **L. Catterton** and **Allen & Company**
- 02/26/2019: **Wal-Mart** has agreed to acquire **Aspectiva**, an Israel-based start-up developing a retail-oriented artificial intelligence technology
- 02/22/2019: **ANTA Sports**, a Chinese sportswear company, has agreed to acquire **Amer Sports**, an international sporting goods company for EUR 4.6B
- 02/22/2019: **TRT Holdings**, a Texas-based diversified holding company has called off its sale process of **Gold's Gym**, the Dallas-based gym operator

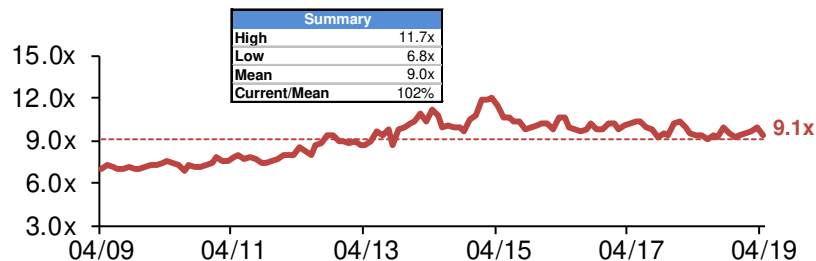
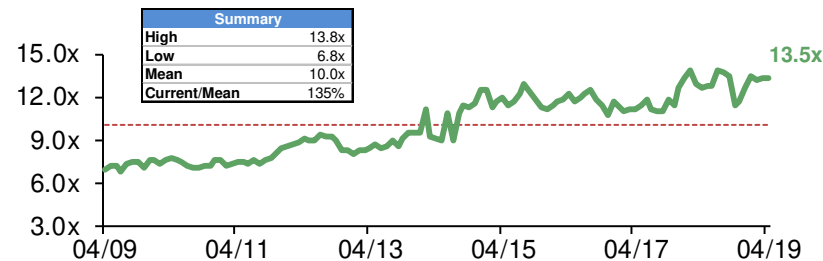
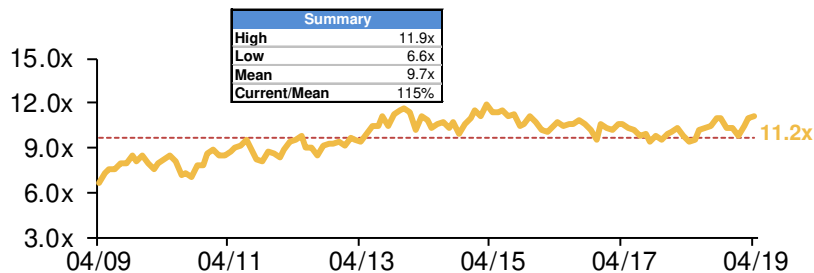
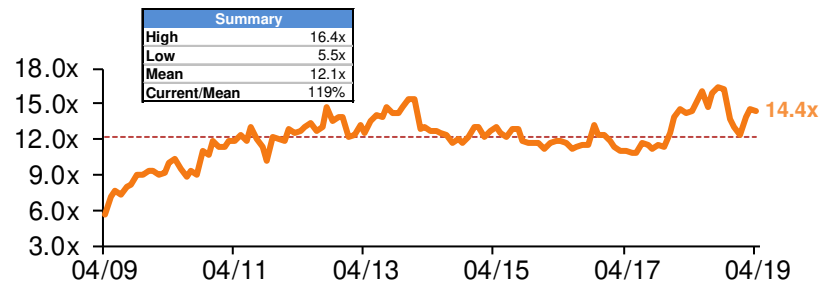
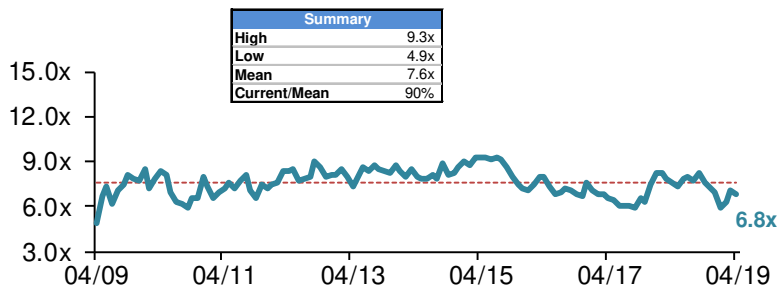
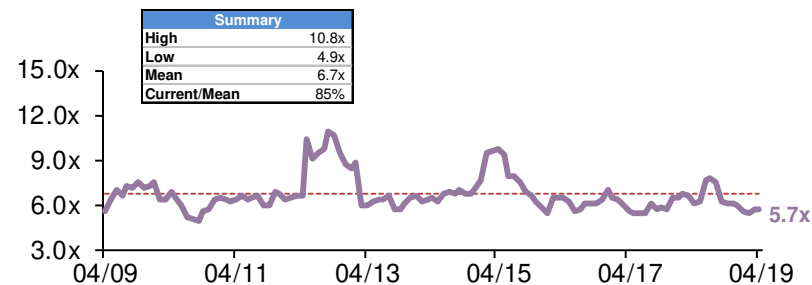
## Food Retail & Restaurants

## Retail

## Recent Events (Cont.)

- 02/03/2019: **Fullbeauty Brands**, a plus-sized apparel retailer, filed for Chapter 11 Bankruptcy protection
- 01/28/2019: **Sysco Corporation**, a North American foodservice distributor, agreed to acquire **Waugh Foods**, a regional foodservice distributor
- 01/17/2019: **Gymboree**, a California retailer of children's clothes, has filed for Chapter 11 Bankruptcy protection
- 01/14/2019: **Investindustrial** has agreed to acquire **Jacuzzi Brands**, a global producers of high-end jacuzzis, from **Apollo**, **Ares** and **Clearlake Capital**
- 01/11/2019: A group of investors including **Triartisan Capital Advisors** and **Paulson & Co** has agreed to acquire **P.F. Chang's China Bistro (PFCB)**, an owner and operator of Asian restaurant concepts
- 01/04/2019: **Stop & Shop**, a subsidiary of **Ahold Delhaize**, has agreed to acquire Long-Island based **King Kullen Grocery**
- 12/20/2018: **Pier 1 Imports** announced that it has launched a strategic review
- 12/17/2018: **Jack in the Box (JACK)** declared that it is exploring strategic and financing alternatives that may include a sale of the company
- 12/17/2018: **Norwest Venture Partners** announced that it has invested an undisclosed amount in **Jolyn Clothing Co.**, a designer and e-retailer of women's performance swimwear, accessories and athleisure apparel
- 12/14/2018: **Genesco Inc. (GCO)** agreed to sell **Lids Sports Group**, a seller of hats and caps, to **Ames Watson Capital for \$100M**. *PJ SOLOMON is advising Genesco on the transaction*
- 12/13/2018: **Regent LP** agreed to acquire **La Senza Corp**, a fashion retailer that sells lingerie and intimate apparel, from **L Brands (LB)**
- 12/13/2018: **Sentinel Capital Partners** agreed to acquire **Pet Supplies Plus**, a pet specialty retailer
- 12/12/2018: Following its recent IPO, **Farfetch** has acquired **Stadium Goods**, a sneaker and streetwear boutique and marketplace, for \$250M
- 12/12/2018: **Waitr Holdings**, a fast growing restaurant platform for online ordering and on-demand food delivery, announced an agreement to acquire **Bite Squad**, an online restaurant food delivery service, for \$321M
- 12/10/2018: **Hammond, Kennedy, Whitney & Co.** has agreed to acquire **Fresh Direct Produce**, a distributor of fresh, ethnic, tropical, organic and specialty products, for an undisclosed sum
- 12/08/2018: **Papa John's (PZZA)** founder reportedly engaged an advisor to assess strategic alternatives to increase shareholder value
- 12/07/2018: **E-Mart**, a discount store chain based in South Korea, agreed to acquire **Good Food Holdings** for \$275M
- 12/06/2018: **Walmart (WMT)** has agreed to acquire **Art.com**, an online retailer of art and wall décor, for an undisclosed sum
- 12/05/2018: **C&S Wholesale Grocers**, a wholesale grocery supply company, agreed to acquire **Olean Wholesale Grocery Cooperative**
- 12/05/2018: **Marquee Brands** has agreed to acquire **DaKine Inc.**, a manufacturer of sports clothes and accessories, for an undisclosed sum

# MOST RETAIL SECTORS ARE TRADING ABOVE HISTORICAL AVERAGES, WITH THE EXCEPTION OF SOFTLINES AND BROADLINES

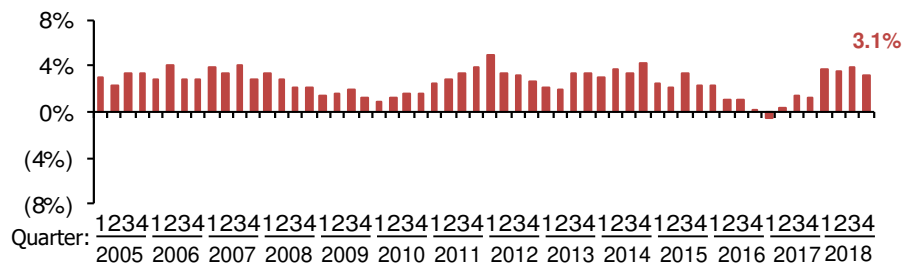
Food & Drug <sup>(1)</sup>Discount/Off-Price <sup>(2)</sup>Hardlines <sup>(3)</sup>Branded Apparel & Footwear <sup>(4)</sup>Softlines <sup>(5)</sup>Broadlines <sup>(6)</sup>

Source: Company filings and Capital IQ as of April 5, 2019.

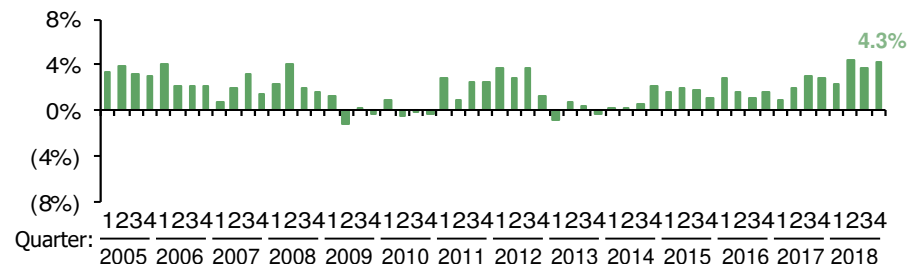
- (1) Includes ATD.B, CASY, COST, CVS, DELB, EMP.A, IMKT.A, AD, KR, L (through Q1 2009), MRU, NGVC (through Q4 2011), Publix (through Q4 2010), RAD, SFM (through Q2 2013), SVU, UNFI, VLGE.A, WMK, WFM and PJC.A.  
 (2) Includes BIG, BURL, DG, DLTR, DOL (through Q4 2005), FIVE (through Q4 2012), OLLI, ROST, PSMT, TGT, TJX and WMT.  
 (3) Includes AZO, BBY, CENT, DKS, GME, HD, LOW, ODP, ORLY, TIF, TSCO, ULTA, and SHW.  
 (4) Includes COH, COLM, HBI, CPRI, NKE, PVH, RL, SHOO, UAA, VFC, and WWW.  
 (5) Includes ANF, AEO, CRI, CHS, DBI, GPS, GCO, LB, SKX, SHOO, PLCE, URBN, and ZUMZ.  
 (6) Includes BONT (through Q3 2017), DDS, JCP, KSS, M, JWN, SHLD (through Q3 2018) and SSI.

# ALL RETAIL SUBSECTOR COMPS WERE POSITIVE THROUGH Q4 2018 EXCEPT FOR BROADLINES

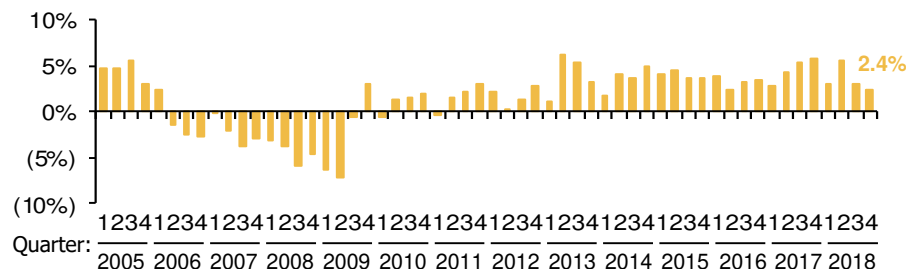
## Food & Drug <sup>(1)</sup>



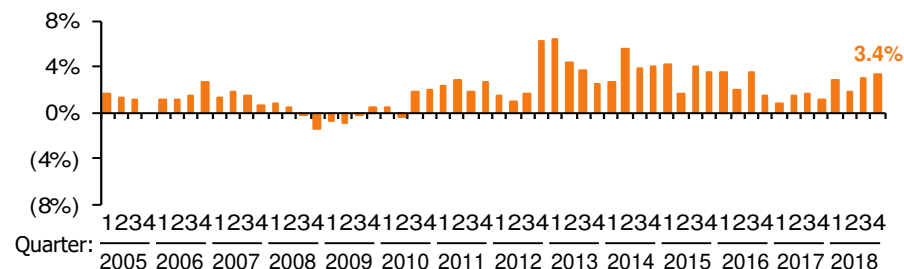
## Discount/Off-Price <sup>(2)</sup>



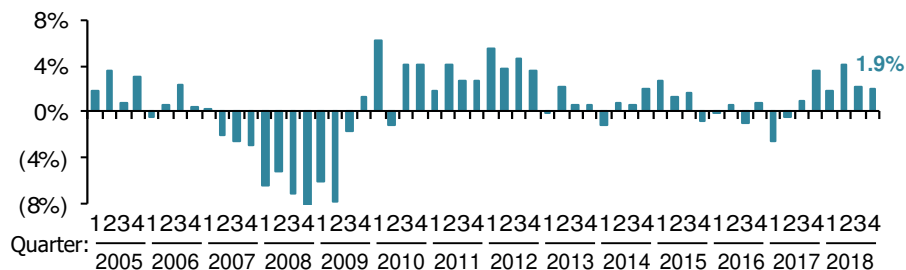
## Hardlines <sup>(3)</sup>



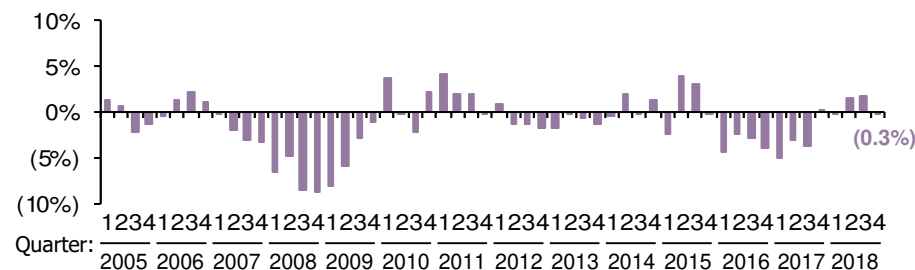
## Branded Apparel & Footwear <sup>(4)</sup>



## Softlines <sup>(5)</sup>



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



Source: Company filings and Capital IQ as of April 5, 2019.

(1) Includes ATD.B, CASHY, 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.

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

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

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

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

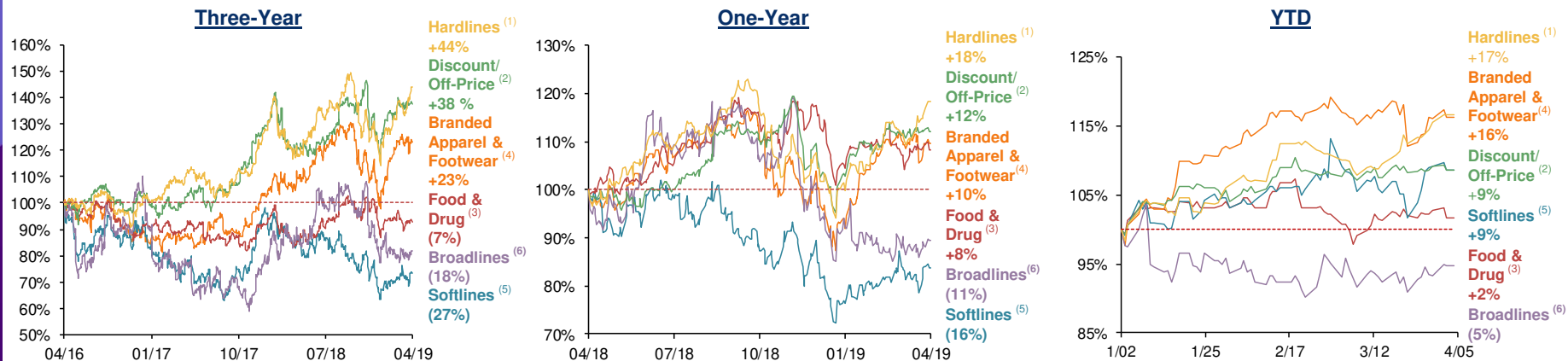
(6) Includes BONT (through Q3 2017), DDS, JCP, KSS, M, JWN, SHLD (through Q3 2018) and SSI.

# RETAIL EQUITIES HAVE TRAILED THE BROADER MARKET IN 2019

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



## Performance by Retail Subsector



Source: Company filings and Capital IQ as of April 5, 2019.

(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, CASEY, 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.C.A.

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

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

(6) Includes BONT (through Q3 2017), DDS, JCP, KSS, M, JWN, SHLD (through Q3 2018) and SSI.



# RETAIL TRADING AND OPERATING COMPARABLES ANALYSIS

# BROADLINES – TRADING ANALYSIS

Broadlines (Discount Off-Price Department Stores)

Company Name	Share Price 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value (a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	EV / EBITDA			P / E		LTG Rate	P/E/G 2019E	Dividend Yield (b)	ROE (c)
											LTM	2019E	2020E	2019E	2020E				
Wal-Mart Stores <sup>(1)</sup>	\$101.56	95.6 %	9.0 %	\$514,405	\$291,445	\$349,322	\$514,405	\$58,461	0.7 x	\$32,795	10.7 x	10.8 x	10.5 x	21.4 x	20.3 x	3.9 %	5.4 x	2.1 %	8.9 %
Costco Wholesale	241.95	97.9	18.8	147,237	106,429	106,124	147,237	6,492	0.7	6,106	17.4	16.5	14.9	31.0	28.0	10.1	3.1	0.9	26.6
Target <sup>(2)</sup>	80.73	89.3	22.2	75,356	41,684	53,576	75,356	13,448	0.7	6,701	8.0	8.1	8.0	13.8	12.8	5.8	2.4	3.2	25.5
Dollar General	122.38	99.1	13.2	25,625	31,718	34,347	25,625	2,865	1.3	2,575	13.3	12.7	11.9	19.1	17.4	12.0	1.6	1.0	25.3
Dollar Tree	104.45	97.7	15.6	22,823	24,880	28,724	22,823	4,265	1.3	2,422	11.9	11.9	10.8	19.8	17.1	7.5	2.6	--	(24.8)
Five Below	134.97	99.1	31.9	1,560	7,531	7,194	1,560	--	4.6	229	31.5	26.0	21.1	NM	35.8	27.8	NM	--	27.9
Ollie's Bargain Outlet	90.64	92.9	36.3	1,241	5,728	5,676	1,241	1	4.6	176	32.2	26.3	22.7	NM	36.0	24.9	NM	--	15.5
BJ's Wholesale Club	28.75	87.3	29.7	13,007	3,963	5,785	13,007	1,849	0.4	523	11.1	10.1	9.6	19.4	17.4	11.7	1.7	--	NM
Big Lots	38.24	75.9	32.2	5,238	1,535	2,008	5,238	519	0.4	336	6.0	5.5	5.3	10.5	9.8	3.1	3.4	3.1	23.0
Smart & Final	5.51	74.5	16.2	4,742	422	1,020	4,742	665	0.2	154	6.6	5.5	5.3	12.5	11.6	4.5	2.8	--	(31.5)
<b>Discount Stores</b>							<b>Mean</b>		1.5 x	\$5,202	14.9 x	13.3 x	12.0 x	18.4 x	20.6 x	11.1 %	2.9 x	2.1 %	10.7 %
							<b>Median</b>		0.7	1,472	11.5	11.3	10.6	19.2	17.4	8.8	2.7	2.1	23.0
The TJX Companies	\$53.97	95.3 %	20.6 %	\$38,973	\$65,551	\$64,998	\$38,973	\$2,477	1.7 x	\$5,038	12.9 x	12.6 x	11.8 x	20.8 x	18.9 x	10.6 %	2.0 x	1.7 %	NM %
Ross Stores	97.37	93.3	17.0	14,984	35,778	34,677	14,984	312	2.3	2,371	14.6	13.9	13.0	21.6	19.6	9.7	2.2	1.0	50.0
Burlington Stores	158.43	87.9	(2.6)	6,659	10,524	11,396	6,659	987	1.7	762	15.0	13.2	11.9	22.6	19.7	15.9	1.4	--	NM
PriceSmart <sup>(3)</sup>	61.89	65.5	4.7	3,194	1,867	1,850	3,194	97	0.6	180	10.3	9.8	NM	22.6	NM	5.0	4.5	1.1	10.1
Citi Trends	19.30	55.3	(5.3)	770	250	182	770	--	0.2	45	4.0	NM	NM	NM	NM	NA	NM	1.7	10.8
Tuesday Morning	1.92	47.4	12.9	1,019	86	85	1,019	5	0.1	18	4.8	5.4	NM	NM	NM	NA	NM	--	(5.4)
Stein Mart	0.97	24.0	(9.3)	1,273	46	191	1,273	153	0.1	41	4.6	NM	NM	NM	NM	NA	NM	--	(12.6)
<b>Off-Price</b>							<b>Mean</b>		1.0 x	\$1,208	9.5 x	11.0 x	12.2 x	21.9 x	19.4 x	10.3 %	2.5 x	1.4 %	10.6 %
							<b>Median</b>		0.6	180	10.3	12.6	11.9	22.1	19.6	10.1	2.1	1.4	10.1
Kohl's	\$69.73	83.7 %	5.1 %	\$20,229	\$11,378	\$13,943	\$20,229	\$3,499	0.7 x	\$2,397	5.8 x	5.8 x	5.8 x	11.4 x	11.0 x	12.0 %	1.0 x	3.8 %	14.6 %
Macy's	24.28	57.8	(18.5)	25,739	7,485	11,254	25,739	4,931	0.4	2,198	5.1	4.7	4.9	7.7	8.1	5.5	1.4	6.2	18.0
Nordstrom	43.83	64.7	(6.0)	15,860	6,792	8,520	15,860	2,685	0.5	1,578	5.4	5.3	5.1	11.7	11.0	6.5	1.8	3.4	NM
Dillard's	73.68	74.6	22.2	6,503	1,941	2,386	6,503	568	0.4	485	4.9	5.2	5.7	12.9	12.7	(6.3)	NM	0.5	10.1
J. C. Penney Company	1.25	38.3	20.2	12,019	395	4,097	12,019	4,035	0.3	624	6.6	6.7	6.1	NM	NM	NA	NM	--	(20.0)
Stage Stores	1.09	33.5	47.3	1,641	31	270	1,641	255	0.2	(8)	NM	NM	NM	NM	NM	NM	NM	18.3	(29.3)
<b>Department Stores</b>							<b>Mean</b>		0.4 x	\$975	5.6 x	5.5 x	5.5 x	10.9 x	10.7 x	4.4 %	1.4 x	6.5 %	(1.3) %
							<b>Median</b>		0.4	624	5.4	5.3	5.7	11.6	11.0	6.0	1.4	3.8	10.1

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) 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. Wal-Mart has also recently acquired Shoebuy.com, ModCloth, MooseJaw and Bare Necessities.

(2) In March 2018, Target reportedly entered into partnership talks with Kroger.

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

# BROADLINES – OPERATING ANALYSIS

Broadlines (Discount Off-Price Department Stores)

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) Total Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	(c) EBITDA-Capex / Int.				
Wal-Mart Stores <sup>(1)</sup>	11,348	3.6 %	4.2 %	3.4 %	\$32,795	25.1 %	7.0 %	6.4 %	4.3 %	2.0 %	4.4 %	AA	1.8 x	1.5 x	2.1 x	9.6 x				
Costco Wholesale <sup>(2)</sup>	769	7.4	7.2	8.3	6,106	13.0	4.3	4.1	3.2	2.0	2.1	A+	1.1	NM	1.3	20.3				
Target	1,844	5.0	5.3	5.1	6,701	29.3	9.2	8.9	5.6	4.7	4.2	A	2.0	1.8	2.1	6.9				
Dollar General	15,370	3.2	4.0	2.8	2,575	30.5	14.6	10.0	8.3	2.9	7.2	BBB	1.1	1.0	2.6	18.4				
Dollar Tree	15,237	3.3	3.2	2.3	2,422	36.6	16.8	10.6	7.9	3.6	7.0	BBB-	1.8	1.6	3.3	7.5				
Five Below	745	6.5	4.8	2.7	229	36.2	22.3	14.7	12.0	7.3	7.4	--	--	NM	2.1	NM				
Ollie's Bargain Outlet	303	4.2	5.4	4.6	176	40.1	18.3	14.2	13.1	6.0	8.2	--	0.0	NM	1.4	81.1				
BJ's Wholesale Club	216	2.2	2.9	1.9	523	18.2	6.4	4.0	2.8	1.1	2.9	B+	3.5	3.5	4.4	2.7				
Big Lots <sup>(3)</sup>	1,401	1.2	3.1	3.4	336	40.5	13.0	6.4	4.2	6.9	(0.5)	BBB-	1.5	1.4	3.8	NM				
Smart & Final	326	1.2	1.9	0.6	154	17.9	6.1	3.2	1.1	2.4	0.8	B	4.3	3.9	5.1	0.9				
Discount Stores					Mean	28.7 %	11.8 %	8.3 %	6.2 %	3.9 %	4.4 %		1.7 x	2.1 x	2.8 x	18.4 x				
					Median	29.9	11.1	7.7	5.0	3.2	4.3		1.7	1.6	2.4	8.5				
The TJX Companies	4,306	6.0 %	6.0 %	7.0 %	\$5,038	28.6 %	17.3 %	12.9 %	10.8 %	2.9 %	10.0 %	A+	0.5 x	NM x	1.9 x	60.3 x				
Ross Stores	1,717	4.0	4.0	3.0	2,371	32.2	19.6	15.8	13.6	2.8	13.1	A-	0.1	NM	1.3	NM				
Burlington Stores	675	3.2	1.3	4.4	762	41.9	16.6	11.4	8.5	4.4	7.0	BB+	1.3	1.1	2.8	8.3				
PriceSmart	41	2.3	2.1	0.2	180	16.3	6.2	5.6	3.9	3.6	2.0	--	0.5	NM	1.0	13.4				
Citi Trends	562	1.6	0.2	0.6	45	38.1	12.8	5.9	3.4	2.7	3.2	--	--	NM	3.2	NM				
Tuesday Morning	720	3.9	1.9	3.8	18	35.0	13.5	1.7	(0.8)	1.9	(0.2)	--	0.3	NM	5.3	NM				
Stein Mart	287	(1.0)	(3.5)	1.4	41	27.7	10.8	3.2	0.7	0.7	2.5	--	3.7	3.5	5.3	3.0				
Off-Price					Mean	31.4 %	13.8 %	8.1 %	5.7 %	2.7 %	5.4 %		0.9 x	2.3 x	3.0 x	21.3 x				
					Median	32.2	13.5	5.9	3.9	2.8	3.2		0.5	2.3	2.8	10.9				
Kohl's	1,100	1.7 %	1.0 %	2.5 %	\$2,397	39.7 %	13.4 %	11.8 %	7.1 %	2.9 %	9.0 %	BBB-	1.5 x	1.1 x	2.0 x	7.1 x				
Macy's <sup>(4)</sup>	870	2.0	0.7	3.3	2,198	40.9	9.9	8.5	6.0	2.6	6.0	BBB-	2.2	1.7	2.8	5.9				
Nordstrom <sup>(5)</sup>	379	3.5	4.0	2.3	1,578	36.0	11.6	9.9	5.7	4.1	5.8	BBB+	1.7	1.1	2.3	7.8				
Dillard's	265	2.0	2.0	3.0	485	34.0	7.9	7.5	4.0	2.1	5.4	BB+	1.2	0.9	1.4	7.1				
J. C. Penney Company	860	3.1	4.0	5.4	624	34.5	6.6	5.2	0.6	3.3	1.9	CCC+	6.5	5.9	6.4	0.7				
Stage Stores <sup>(6)</sup>	796	(1.9)	(2.4)	(2.8)	(8)	23.8	6.2	(0.5)	(4.1)	1.9	(2.4)	--	NM	NM	9.0	NM				
Department Stores					Mean	34.8 %	9.3 %	7.1 %	3.2 %	2.8 %	4.3 %		2.6 x	2.1 x	4.0 x	5.7 x				
					Median	35.2	8.9	8.0	4.9	2.7	5.6		1.7	1.1	2.5	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) 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) Stage Stores SSS% excludes e-commerce segment.

# SOFTLINES (SPECIALTY) – TRADING ANALYSIS

## Softlines (Specialty)

Company Name	Share Price 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value (a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	EV / EBITDA			P / E		LTM Rate	P/E/G 2019E	Dividend Yield (b)	ROE (c)
											LTM	2019E	2020E	2019E	2020E				
Lululemon Athletica	\$169.88	98.3 %	39.7 %	\$3,288	\$21,906	\$21,025	\$3,288	--	6.4 x	827	25.4 x	21.7 x	18.7 x	37.3 x	31.6 x	18.5 %	2.0 x	-- %	31.8 %
Gap <sup>(1)</sup>	25.78	75.4	0.1	16,580	9,771	9,651	16,580	1,249	0.6	1,952	4.9	5.3	5.1	10.4	10.1	10.0	1.0	3.8	30.0
L Brands <sup>(2)</sup>	25.83	67.7	0.6	13,237	7,108	11,499	13,237	5,811	0.9	2,030	5.7	6.2	6.0	10.8	10.0	10.8	1.0	4.6	NM
Urban Outfitters	31.55	60.1	(5.0)	3,951	3,267	2,630	3,951	--	0.7	501	5.2	5.3	5.0	12.1	11.0	15.0	0.8	--	21.4
Lands End	17.22	55.3	21.2	1,452	555	850	1,452	488	0.6	70	12.1	11.2	10.1	NM	34.1	20.0	NM	--	3.7
Duluth Trading	16.76	47.0	(33.6)	568	546	609	568	64	1.1	50	12.2	10.1	8.4	21.8	17.3	NA	NM	--	15.6
Chico's FAS	3.71	34.0	(34.0)	2,131	432	304	2,131	58	0.1	148	2.0	2.7	2.5	33.7	24.0	12.5	2.7	9.4	5.8
Vera Bradley	11.99	69.0	39.9	416	410	277	416	--	0.7	44	6.3	5.9	5.6	17.3	16.1	15.3	1.1	--	7.2
Tailored Brands	7.44	20.7	(45.5)	3,240	373	1,481	3,240	1,165	0.5	352	4.2	4.9	4.8	3.9	3.5	NA	NM	9.7	NM
Express	3.87	33.1	(24.3)	2,116	257	151	2,116	65	0.1	114	1.3	2.7	2.1	NM	NM	NA	NM	--	1.6
Ascena Retail Group <sup>(3)</sup>	1.19	22.5	(52.6)	6,554	231	1,350	6,554	1,334	0.2	484	2.8	3.8	NM	NM	NM	23.0	NM	--	(9.4)
J. Jill	5.10	53.0	(4.3)	706	224	398	706	240	0.6	98	4.1	3.9	3.8	7.3	7.0	5.0	1.5	--	15.5
RTW Retailwinds <sup>(4)</sup>	2.31	41.6	(18.4)	893	150	54	893	--	0.1	30	1.8	1.7	NM	15.4	NM	NA	NM	--	4.9
Destination XL Group	2.23	63.4	2.8	474	110	162	474	57	0.3	27	5.9	4.8	NM	NM	NM	15.0	NM	--	(21.0)
Destination Maternity	2.52	36.8	(11.3)	398	36	84	398	49	0.2	10	8.1	NM	NM	NM	NM	NA	NM	--	(43.1)
Francesca's	0.67	7.9	(30.7)	447	24	14	447	--	0.0	23	0.6	0.6	NM	NM	NM	NA	NM	--	(15.4)
Christopher & Banks	0.39	33.6	(16.2)	349	15	5	349	--	0.0	(18)	NM	NM	NM	NM	NM	15.0	NM	--	NM
<b>Specialty Apparel / Accessories</b>							<b>Mean</b>		0.8 x	\$264	6.4 x	6.1 x	6.6 x	17.0 x	16.5 x	14.6 %	1.5 x	6.9 %	3.4 %
							<b>Median</b>		0.5	70	5.1	4.9	5.1	13.8	13.5	15.0	1.1	7.0	5.3
Carter's	\$104.98	88.8 %	28.6 %	\$3,462	\$4,768	\$5,192	\$3,462	\$593	1.5 x	\$481	10.8 x	10.3 x	10.1 x	15.8 x	14.5 x	8.0 %	2.0 x	1.7 %	32.7 %
American Eagle Outfitters	21.26	71.2	10.0	4,036	3,669	3,244	4,036	--	0.8	509	6.4	5.9	5.5	13.0	11.8	10.4	1.3	2.6	20.7
Abercrombie & Fitch Co.	26.46	89.1	32.0	3,590	1,346	1,346	3,590	297	0.4	314	4.3	4.0	3.9	17.4	16.6	14.6	1.2	3.0	6.4
The Children's Place	105.58	65.9	17.2	1,938	1,666	1,646	1,938	49	0.8	186	8.8	8.7	7.4	18.9	13.0	10.2	1.8	2.1	25.6
Buckle	18.42	62.1	(4.8)	885	898	678	885	--	0.8	148	4.6	4.7	5.3	9.9	10.9	(18.4)	NM	10.9	24.4
Zumiez	26.87	82.2	40.2	979	686	520	979	--	0.5	90	5.8	5.9	5.7	14.4	13.3	13.5	1.1	--	12.0
The Cato Corporation	13.78	51.3	(3.4)	830	328	121	830	--	0.1	46	2.6	NM	NM	NM	NM	NA	NM	9.6	9.5
Tilly's	11.02	43.3	1.5	598	325	181	598	--	0.3	53	3.4	3.4	2.9	13.0	11.4	11.0	1.2	--	15.4
<b>Specialty Apparel / Accessories -Teen/Jrs/Children</b>							<b>Mean</b>		0.7 x	\$229	5.8 x	6.1 x	5.8 x	14.6 x	13.1 x	7.0 %	1.4 x	5.0 %	18.3 %
							<b>Median</b>		0.6	167	5.2	5.9	5.5	14.4	13.0	10.4	1.2	2.8	18.0

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 February 2019, Gap Inc. announced that it would split into two separate publicly traded companies, one consisting of Old Navy and the other which will include its other brands like Banana Republic and Athleta.

(2) In December 2018, L Brands announced it would sell La Senza to an affiliate of Regent LP.

(3) In March 2019, Ascena announced it will sell a majority interest in its Maurices, Inc. chain to OpCapita in a deal valued at \$300 million.

(4) In November 2018, New York & Co. changed its name to RTW Retailwinds.

# 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>	426	7.0 %	6.0 %	10.0 %	\$827	55.2 %	30.5 %	25.1 %	21.4 %	6.9 %	18.3 %	--	-- x	NM x	1.0 x	NM x		
Gap <sup>(2)</sup>	3,194	0.0	(1.0)	0.0	1,952	38.1	19.6	11.8	8.3	4.3	7.5	BB+	0.6	NM	2.8	17.1		
L Brands <sup>(3)</sup>	2,943	3.0	3.0	4.0	2,030	43.3	21.6	15.3	10.9	4.8	10.6	BB	2.9	2.2	3.8	3.6		
Urban Outfitters <sup>(4)</sup>	607	8.0	3.0	8.0	501	34.2	19.7	12.7	9.7	2.9	9.8	--	--	NM	2.1	NM		
Lands End	143	3.9	15.1	15.1	70	42.4	6.2	4.8	2.9	3.1	1.7	B-	7.0	4.2	6.7	0.9		
Duluth Trading	43				50	54.6	9.8	8.8	6.6	9.3	(0.5)	--	1.3	1.3	1.7	NM		
Chico's FAS	1,418	(4.9)	(3.8)	(6.8)	148	36.5	17.0	7.0	2.7	2.5	4.4	--	0.4	NM	3.7	NM		
Vera Bradley	159	(10.3)	(11.2)	(16.5)	44	57.3	18.8	10.5	6.5	2.0	8.6	--	--	NM	2.6	NM		
Tailored Brands <sup>(5)</sup>	1,464	0.8	(3.2)	1.7	352	42.6	18.6	10.9	7.7	2.5	8.3	B+	3.3	3.1	4.4	3.4		
Express	631	(1.0)	(6.0)	0.0	114	39.2	15.5	5.4	1.3	2.4	3.0	--	0.6	NM	4.1	NM		
Ascena Retail Group <sup>(6)</sup>	4,486	(2.0)	2.0	3.0	484	56.9	20.2	7.4	2.1	2.5	4.9	B-	2.8	2.3	4.8	2.9		
J. Jill	282	0.9	(1.7)	1.0	98	65.2	22.5	13.9	8.7	3.5	10.4	--	2.5	1.8	3.8	3.8		
RTW Retailwinds	411	0.4	(1.5)	0.2	30	31.3	13.7	3.4	1.0	1.0	2.4	--	--	NM	4.5	NM		
Destination XL Group <sup>(7)</sup>	332	3.0	3.1	3.4	27	44.6	19.5	5.8	(0.3)	2.5	3.3	--	2.1	1.9	4.8	4.5		
Destination Maternity	1,108	(1.5)	(2.6)	1.2	10	51.5	16.0	2.6	(1.4)	1.2	1.4	--	4.7	4.6	5.8	1.3		
Francesca's	738	(11.0)	(14.0)	(13.0)	23	39.6	14.0	5.0	(0.4)	6.6	(1.6)	--	--	NM	3.8	NM		
Christopher & Banks	457	(2.6)	0.0	(7.5)	(18)	29.4	10.9	(5.1)	(8.0)	0.9	(4.6)	--	--	NM	8.0	NM		
Specialty Apparel / Accessories					Mean	44.8 %	17.3 %	8.5 %	4.7 %	3.5 %	5.2 %		1.6 x	2.7 x	4.0 x	4.7 x		
					Median	42.6	18.6	7.4	2.9	2.5	4.4		0.6	2.2	3.8	3.5		
Carter's <sup>(8)</sup>	1,032	2.8 %	5.7 %	0.5 %	\$481	43.3 %	18.7 %	13.9 %	11.3 %	1.8 %	12.1 %	BB+	1.2 x	0.9 x	2.5 x	12.1 x		
American Eagle Outfitters	1,055	8.0	6.0	8.0	509	44.7	20.9	12.6	8.4	4.7	7.9	--	--	NM	2.4	NM		
Abercrombie & Fitch Co. <sup>(9)</sup>	861	3.0	3.0	3.0	314	60.2	19.0	8.8	3.8	4.2	4.5	BB-	0.9	NM	3.7	7.1		
The Children's Place <sup>(10)</sup>	972	4.6	0.6	9.5	186	35.3	17.5	9.6	6.1	3.7	5.9	--	0.3	NM	2.9	32.6		
Buckle	450	(0.9)	(0.6)	(1.4)	148	49.3	24.7	16.7	13.7	1.1	15.6	--	--	NM	1.9	NM		
Zumiez	705	5.6	3.9	4.8	90	34.3	17.8	9.2	6.4	2.1	7.1	--	--	NM	2.9	NM		
The Cato Corporation	1,311	0.0	(2.0)	1.0	46	37.0	14.1	5.6	3.6	0.5	5.0	--	--	NM	3.6	NM		
Tilly's	228	4.0	6.4	4.3	53	30.2	16.3	8.9	5.1	2.5	6.4	--	--	NM	2.7	NM		
Specialty Apparel / Accessories -Teen/Jrs/Children					Mean	41.8 %	18.6 %	10.7 %	7.3 %	2.6 %	8.1 %		0.3 x	0.9 x	2.8 x	17.3 x		
					Median	40.1	18.2	9.4	6.2	2.3	6.7		--	0.9	2.8	12.1		

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) 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) Abercrombie & Fitch SSS% for stores only.

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



# APPAREL AND FOOTWEAR – TRADING ANALYSIS

## Apparel and Footwear

Company Name	Share Price 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value (a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	EV / EBITDA			P / E		LTG Rate	P/E/G 2019E	Dividend Yield (b)	ROE (c)
											LTM	2019E	2020E	2019E	2020E				
Foot Locker <sup>(1)</sup>	\$61.90	91.0 %	16.4 %	\$7,939	\$6,952	\$6,185	\$7,939	\$124	0.8 x	906	6.8 x	6.5 x	6.2 x	11.9 x	10.8 x	9.1 %	1.3 x	2.5 %	21.5 %
Designer Brands <sup>(2)</sup>	23.07	66.6	(6.6)	3,184	1,744	1,735	3,184	160	0.5	252	6.9	5.8	5.3	12.5	10.8	10.4	1.2	4.3	(2.3)
Boot Barn <sup>(3)</sup>	30.39	94.3	78.4	755	861	992	755	181	1.3	79	12.5	10.7	9.2	21.5	17.4	20.7	1.0	--	16.2
Genesco <sup>(4)</sup>	43.51	83.9	(1.8)	2,189	798	698	2,189	66	0.3	138	5.1	4.9	4.7	12.3	11.3	10.0	1.2	--	6.5
Shoe Carnival	34.88	77.5	4.1	1,030	536	469	1,030	--	0.5	74	6.3	6.2	5.8	13.0	12.0	10.0	1.3	0.9	12.5
<b>Footwear Retail</b>							<b>Mean</b>		0.7 x	<b>\$290</b>	7.5 x	6.8 x	6.2 x	14.2 x	12.4 x	12.0 %	1.2 x	2.6 %	10.9 %
							<b>Median</b>		1.38		6.8	6.2	5.8	12.5	11.3	10.0	1.2	2.5	12.5
Nike	\$86.24	97.3 %	16.3 %	\$38,722	\$135,548	\$134,989	\$38,722	\$3,487	3.5 x	5,539	24.4 x	22.2 x	19.6 x	31.7 x	26.7 x	13.1 %	2.4 x	1.0 %	44.6 %
Skechers USA	34.41	79.9	50.3	4,663	5,414	4,693	4,663	97	1.0	547	8.6	8.0	7.3	16.4	14.6	9.5	1.7	--	17.9
Deckers Brands	151.62	98.9	18.5	2,027	4,417	3,933	2,027	32	1.9	362	10.9	11.2	10.5	18.5	16.4	13.9	1.3	--	25.4
Wolverine World Wide	35.97	90.4	12.8	2,239	3,238	3,671	2,239	571	1.6	278	13.2	11.5	10.7	15.6	14.3	12.5	1.3	1.1	20.6
Steve Madden	33.29	84.7	10.0	1,654	2,856	2,598	1,654	--	1.6	211	12.3	12.0	11.1	18.2	16.6	6.0	3.0	1.7	16.1
Crocs	26.54	83.2	2.2	1,088	1,946	1,943	1,088	120	1.8	125	15.6	13.4	11.7	24.3	19.7	NA	NM	--	19.5
Caleres <sup>(5)</sup>	25.86	62.9	(7.1)	2,835	1,083	1,587	2,835	533	0.6	195	8.1	7.3	6.9	10.4	9.4	NA	NM	1.1	(0.8)
Weyco	33.13	83.0	13.6	298	329	310	298	6	1.0	30	10.5	NM	NM	NM	NM	NA	NM	2.8	9.7
Rocky Brands	25.24	75.5	(2.9)	253	186	176	253	--	0.7	23	7.5	6.9	6.7	12.7	12.0	NA	NM	1.9	9.9
<b>Footwear Wholesale</b>							<b>Mean</b>		1.5 x	<b>\$812</b>	12.3 x	11.5 x	10.6 x	18.5 x	16.2 x	11.0 %	2.0 x	1.6 %	18.1 %
							<b>Median</b>		1.6		10.9	11.3	10.6	17.3	15.5	12.5	1.7	1.4	17.9
V.F. Corporation <sup>(6)</sup>	\$90.71	93.5 %	27.2 %	\$13,507	\$35,885	\$38,169	\$13,507	\$2,819	2.8 x	1,965	19.4 x	16.0 x	14.6 x	22.0 x	19.3 x	12.8 %	1.7 x	2.2 %	-- %
Ralph Lauren	128.15	86.7	23.9	6,337	10,075	8,947	6,337	935	1.4	984	9.1	8.6	7.8	17.2	15.1	12.7	1.4	2.0	13.0
PVH <sup>(7)</sup>	129.15	76.3	38.9	9,657	9,705	12,087	9,657	2,835	1.3	1,256	9.6	8.6	8.2	12.4	11.2	10.1	1.2	0.1	13.1
Tapestry	32.57	58.7	(3.5)	5,988	9,445	9,551	5,988	1,602	1.6	1,162	8.2	7.3	6.6	11.8	10.9	11.5	1.0	4.1	22.7
Under Armour (Class A) <sup>(8)</sup>	21.86	87.6	23.7	5,193	9,321	9,492	5,193	729	1.8	361	26.3	22.9	18.7	NM	NM	28.8	NM	--	(2.3)
Levi Strauss & Co.	22.45	92.8	NM	5,666	8,812	9,138	5,666	1,041	1.6	676	13.5	NM	NM	NM	NM	NA	NM	--	NM
Capri Holdings	48.46	63.8	27.8	5,074	7,303	9,576	5,074	2,534	1.9	1,132	8.5	8.1	7.5	10.1	8.8	7.5	1.3	--	26.1
Columbia Sportsware Company	103.97	94.7	23.6	2,802	7,091	6,408	2,802	--	2.3	407	15.7	14.3	13.1	23.5	21.5	9.9	2.4	0.9	16.5
Hanesbrands <sup>(9)</sup>	18.52	82.1	47.8	6,804	6,694	10,242	6,804	3,981	1.5	1,079	9.5	9.3	9.1	10.5	10.2	(1.5)	NM	3.2	NM
G-III Apparel Group	41.39	80.8	48.4	3,076	2,016	2,333	3,076	387	0.8	272	8.6	7.5	6.8	12.5	11.2	23.4	0.5	--	12.0
Guess?	18.17	67.4	(12.5)	2,610	1,485	1,335	2,610	39	0.5	180	7.4	6.7	5.9	15.7	13.6	17.5	0.9	5.0	1.9
Oxford Industries	78.06	80.3	9.9	1,107	1,324	1,328	1,107	13	1.2	138	9.6	9.0	8.6	17.2	15.9	12.0	1.4	1.9	14.6
Movado Group	33.42	62.2	5.7	680	768	632	680	50	0.9	88	7.2	NM	NM	11.9	10.9	10.0	1.2	2.4	12.7
Fossil	13.25	41.2	(15.8)	2,541	657	652	2,541	396	0.3	185	3.5	3.2	3.3	28.8	34.9	(10.0)	NM	--	(0.2)
Clarus Corporation	13.27	98.6	31.1	212	395	414	212	22	2.0	18	22.8	16.5	14.0	16.8	14.1	NA	NM	0.8	4.4
Centric Brands <sup>(10)</sup>	4.41	64.0	28.6	160	257	339	160	85	2.1	6	NM	NM	NM	NM	NM	NA	NM	--	(40.1)
Delta Apparel <sup>(11)</sup>	23.40	93.6	35.8	407	163	296	407	134	0.7	24	12.4	8.2	NM	13.9	NM	15.0	0.9	--	6.9
Vince	12.27	50.7	31.5	279	143	188	279	45	0.7	14	13.4	NM	NM	NM	NM	NA	NM	--	(2.7)
<b>Apparel/Active/Accessories</b>							<b>Mean</b>		1.4 x	<b>\$553</b>	12.1 x	10.4 x	9.6 x	16.0 x	15.2 x	11.4 %	1.3 x	2.3 %	6.2 %
							<b>Median</b>		1.5		9.6	8.6	8.2	14.8	13.6	11.8	1.2	2.1	9.4

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 February 2019, Foot Locker announced that it had made a \$100 million investment into specialty sneaker retailer, Goat.
- (2) In March 2019, DSW changed its name to Designer Brands International. In October 2018, DSW announced its acquisition alongside Authentic Brands of the Camuto Group for \$375 million. In May 2018, DSW acquired the remaining outstanding equity interests in Town Shoes.
- (3) In July 2018, Boot Barn acquired Drysdale. In April 2018, Boot Barn acquired Lone Star

Western & Casual.

- (4) In February 2019, Genesco divested Lids to Fanatics and Ames Watson.
- (5) In October 2018, Caleres announced its acquisition of Vionic. In July 2018, Caleres announced the acquisition of a controlling interest in Blowfish Malibu.
- (6) In April 2018, V.F. Corporation completed the acquisition of Icebreaker. In March 2018, VF sold its Nautica brand to Authentic Brands Group and acquired Altra Running from ICON Health & Fitness. In October, VF announced its sale of Reef to the Rockport Group.
- (7) In February 2019, PVH announced its acquisition of the remaining interest in Gazal for A\$6.00 a share.
- (8) In July 2018, Under Armour entered into an agreement to sell its Brazilian division.
- (9) In February 2018, HanesBrands acquired Bras N Things for \$400 million.
- (10) In October 2018, Differential Brands changed its name to Centric Brands. In June 2018, Centric acquired part of Global Brands Group's North American licensing business for ~\$1.4 billion.
- (11) In March 2018, Delta Apparel acquired TeeShirt Ink.

# APPAREL AND FOOTWEAR – OPERATING ANALYSIS

## Apparel and Footwear

		Operating Efficiency										Credit Statistics								
	Store	Comp Store Sales			LTM	Gross	EBITDAR	EBITDA	EBIT	CapEx /	(a)	EBITDA -	(a)	Credit	(b)	Debt /	Net Debt /	Adj. Debt /	(c)	EBITDA -
Company Name	Count	LFY	Q(-1)	Q(-2)	EBITDA	Margin	Margin	Margin	Margin	Sales	CapEx / Sales	CapEx / Sales	Rating		EBITDA	EBITDA	EBITDA	EBITDA	Capex / Int.	
Foot Locker	3,221	2.7 %	9.7 %	2.9 %	\$906	43.1 %	22.7 %	11.4 %	9.2 %	2.4 %		9.1 %	BB+		0.1 x	NM x	3.1 x		65.4 x	
Designer Brands	516	6.1	5.4	7.3	252	37.3	15.4	7.9	5.4	2.1		5.9	--		0.6	NM	3.2		76.7	
Boot Barn	232	5.2	11.3	11.6	79	31.9	16.9	10.5	8.1	3.7		6.9	--		2.3	1.6	3.7		3.2	
Genesco	1,512	5.0	4.0	4.0	138	47.8	21.6	6.3	3.9	2.7		3.6	--		0.5	NM	4.4		19.3	
Shoe Carnival	397	4.3	4.7	4.5	74	30.0	13.2	7.2	5.1	0.7		6.5	--		--	NM	2.7		NM	
Footwear Retail					Mean	38.0 %	17.9 %	8.7 %	6.3 %	2.3 %		6.4 %			0.7 x	1.6 x	3.4 x		41.1 x	
					Median	37.3	16.9	7.9	5.4	2.4		6.5			0.5	1.6	3.2		42.3	
Nike	1,181	4.0 %	7.0 %	3.0 %	\$5,539	44.5 %	16.6 %	14.3 %	12.4 %	3.0 %		11.3 %	AA-		0.6 x	NM x	1.4 x		30.7 x	
Skechers USA <sup>(1)</sup>	692	9.2	1.1	1.9	547	48.1	17.3	11.7	9.4	3.1		8.7	--		0.2	NM	2.0		69.2	
Deckers Brands <sup>(2)</sup>	157	7.0	1.4	4.8	362	50.8	21.8	17.9	15.6	1.7		16.1	--		0.1	NM	1.2		74.6	
Wolverine World Wide	80				278	41.1	13.7	12.4	11.0	1.0		11.4	BB+		2.1	1.5	2.4		10.5	
Steve Madden	229	2.8	-	5.5	211	37.3	16.3	12.7	11.4	0.8		12.0	--		--	NM	1.3		NM	
Crocs <sup>(3)</sup>	383	10.8	13.4	15.0	125	51.5	18.0	11.5	8.8	1.1		10.4	--		1.0	NM	2.8		NM	
Caleres <sup>(4)</sup>	1,221	1.5	1.1	2.8	195	41.2	13.0	6.9	5.0	2.2		4.7	BB		2.7	2.6	4.3		7.3	
Weyco	9	13.0	21.0	20.0	30	40.2	13.3	9.9	8.6	0.5		9.5	--		0.2	NM	1.7		NM	
Rocky Brands					23	34.4	9.6	9.3	7.1	1.7		7.6	--		--	NM	0.2		NM	
Footwear Wholesale					Mean	43.2 %	15.5 %	11.8 %	9.9 %	1.7 %		10.2 %			0.8 x	2.1 x	1.9 x		38.4 x	
					Median	41.2	16.3	11.7	9.4	1.7		10.4			0.2	2.1	1.7		30.7	
V.F. Corporation	1,552				1,965	51.0 %	17.7 %	14.5 %	12.5 %	2.1 %		12.4 %	A		1.4 x	1.2 x	2.2 x		16.3 x	
Ralph Lauren Corporation	1,086	0.0	4.0	1.0	984	61.6	22.7	15.5	11.2	3.0		12.6	A-		0.9	NM	2.5		41.1	
PVH <sup>(5)</sup>	1,700				1,256	55.0	19.1	13.0	9.5	3.9		9.1	BBB-		2.3	1.9	3.5		7.3	
Tapestry <sup>(6)</sup>	1,496	0.8	(2.1)	1.7 %	1,162	66.6	28.3	19.4	15.1	4.3		15.1	BBB-		1.4	0.1	2.8		12.9	
Under Armour (Class A)	163				361	45.5	9.9	6.9	3.4	3.3		3.7	BB		2.0	0.5	3.2		5.7	
Levi Strauss & Co.					676	53.7	16.6	11.9	9.9	2.9		9.0	BB+		1.5	0.5	2.8		8.9	
Capri Holdings <sup>(7)</sup>					1,132	61.0	29.8	22.3	18.0	3.4		18.9	BBB-		2.2	2.0	3.2		28.9	
Columbia Sportswear Company	136				407	49.5	19.7	14.5	12.4	2.3		12.2	--		--	NM	1.6		NM	
Hanesbrands	243				1,079	39.6	18.6	15.9	13.9	1.3		14.6	BB		3.7	3.3	4.0		5.1	
G-III Apparel Group	343				272	36.0	12.4	8.9	7.6	0.9		7.9	BB		1.4	1.2	2.7		5.5	
Guess?	1,719	4.0	7.0	4.0	180	36.0	18.1	6.9	4.3	4.1		2.7	--		0.2	NM	3.8		21.0	
Oxford Industries <sup>(8)</sup>	228	3.0	6.0	3.0	138	57.0	18.7	12.5	8.6	3.3		9.1	--		0.1	0.0	2.1		44.3	
Movado Group	44				88	54.4	16.0	13.0	11.4	1.6		11.4	--		0.6	NM	1.6		NM	
Fossil	484	(2.0)	(7.0)	(3.0)	185	52.7	13.8	7.3	4.6	0.7		6.6	--		2.1	NM	4.0		3.9	
Clarus Corporation					18	35.4	9.0	8.6	4.6	1.6		7.0	--		1.2	1.1	1.4		11.0	
Centric Brands	33				6	42.6	9.8	4.1	0.4	0.8		3.2	--		13.1	12.6	8.9		0.5	
Delta Apparel					24	20.7	8.4	5.9	3.3	1.1		4.7	--		5.6	5.6	5.7		3.1	
Vince	59	4.5	14.1	14.4	14	46.9	13.4	5.0	2.1	1.1		3.9	--		3.2	3.2	5.0		1.9	
Apparel/Active/Accessories					Mean	48.1 %	16.8 %	11.4 %	8.5 %	2.3 %		9.1 %			2.4 x	2.5 x	3.4 x		13.6 x	
					Median	50.3	17.1	12.2	9.1	2.2		9.0			1.5	1.2	3.0		8.1	

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) Skechers SSS% for domestic segment.

(2) Deckers SSS% for retail segment.

(3) Crocs SSS% for Americas segment.

(4) Caleres SSS% for Famous Footwear division.

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

(6) Tapestry SSS% for North American segment.

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

(8) Oxford Industries SSS% for Tommy Bahama division

# APPAREL AND FOOTWEAR – TRADING ANALYSIS (CONT.)

Apparel and Footwear (cont.)

	Share Price	% of 52		YTD %	LTM	Equity	Enterprise	(a)	LTM	Total	EV / LTM	LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)										
Company Name	4/12/2019	wk high		Change	Revenues	Value	Value		Revenue	Debt	Revenue	EBITDA	LTM	2019E	2020E	2019E	2020E	Rate	2019E	Yield		(c)									
Cintas	\$207.40	95.4	%	23.5	%	\$6,768	\$21,688	\$24,370	\$6,768	\$2,763	3.6	x	\$1,441	16.9	x	15.6	x	14.8	x	26.7	x	24.1	x	12.8	%	2.1	x	1.0	%	27.9	%
UniFirst Corporation	154.81	80.2		8.2		1,737	2,951	2,616	1,737	--	1.5		286	9.1		8.8		NM	21.5		NM		NA		NM		0.3		10.1		
Superior Group of Companies <sup>(1)</sup>	17.67	64.3		0.1		346	271	383	346	118	1.1		33	11.4		9.9		8.5	13.6		10.8		13.5		1.0		2.3		12.3		
Lakeland Industries	12.15	72.1		16.4		99	99	89	99	2	0.9		8	11.3		7.7		7.8	13.1		12.9		10.0		1.3		--		(1.8)		
Uniform / Protectivewear									Mean		1.8	x	\$442	12.2	x	10.5	x	10.4	x	18.7	x	15.9	x	12.1	%	1.5	x	1.2	%	12.1	%
									Median		1.3		160	11.4		9.3		8.5		17.6		12.9		12.8		1.3		1.0		11.2	
Sequential Brands Group	\$1.11	48.7	%	38.7	%	\$170	\$71	\$739	\$170	\$611	4.3	x	90	8.2	x	7.8	x	7.5	x	2.7	x	2.3	x	15.0	%	0.2	x	--		(1.4)	%
Xcel Brands	1.44	45.7		27.4		35	27	38	35	20	1.1		7	5.8		3.8		2.9	4.6		4.0		NA		NM		--		1.1		
Iconix Brand Group	1.50	14.0		79.6		188	13	683	188	675	3.6		77	8.9		9.0		8.4	1.6		0.9		NA		NM		--		NM		
Cherokee <sup>(2)</sup>	0.71	43.3		41.4		25	10	58	25	50	2.3		5	12.7		5.1		NM	35.7		NM		15.0		2.4		--		NM		
Licensing / Brand Management									Mean		2.8	x	\$77	8.9	x	6.5	x	6.3	x	11.1	x	2.4	x	15.0	%	1.3	x	--	%	(0.2)	%
									Median		3.0		77	8.6		6.5		7.5		3.7		2.3		15.0		1.3		--		(0.2)	

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 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 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.)

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.
Cintas					\$1,441	45.2 %	22.6 %	21.3 %	17.0 %	4.2 %	17.1 %	A-		1.9 x	1.9 x	2.2 x	11.5 x		
UniFirst Corporation					286	36.9	17.4	16.5	10.6	6.2	10.3	--	--	NM		0.3	NM		
Superior Group of Companies <sup>(1)</sup>					33	35.1	10.3	9.7	7.4	1.4	8.3	--		3.5	3.3	3.7	8.9		
Lakeland Industries					8	37.2	8.6	7.9	7.0	2.5	5.4	--		0.2	NM	0.7	48.7		
Uniform / Protectivewear					Mean	38.6 %	14.7 %	13.8 %	10.5 %	3.6 %	10.2 %			1.4 x	2.6 x	1.7 x	23.0 x		
					Median	37.0	13.8	13.1	9.0	3.4	9.3			1.1	2.6	1.4	11.5		
Sequential Brands Group					\$90	59.1	56.3 %	52.9 %	50.9 %	2.5 %	50.4 %	--		6.8 x	6.6 x	6.7 x	1.4 x		
Xcel Brands					7	92.4	20.4	18.4	13.3	4.2	14.2	--		3.0	1.6	3.3	5.1		
Iconix Brand Group					77	100.0	42.9	40.8	39.6	0.4	40.3	CCC		8.8	7.9	8.7	1.3		
Cherokee					5	100.0	21.2	18.1	12.2	1.1	17.0	--		10.9	10.5	10.2	0.6		
Licensing / Brand Management					Mean	87.9 %	35.2 %	32.5 %	29.0 %	2.0 %	30.5 %			7.4 x	6.7 x	7.2 x	2.1 x		
					Median	96.2	32.0	29.6	26.4	1.8	28.7			7.8	7.3	7.7	1.3		

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

# HARDLINES (SPECIALTY) – TRADING ANALYSIS

## Hardlines (Specialty)

Company Name	Share Price 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value (a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	EV / EBITDA			P / E		LTG Rate	P/E/G 2019E	Dividend Yield (b)	(c)	
											LTM	2019E	2020E	2019E	2020E				ROE	
Williams-Sonoma <sup>(1)</sup>	\$57.72	78.0 %	14.4 %	\$5,672	\$4,535	\$4,495	\$5,672	\$300	0.8 x	\$630	7.1 x	6.7 x	6.6 x	12.5 x	12.0 x	7.7 %	1.6 x	3.3 %	28.3 %	
Aaron's	53.13	94.8	26.3	3,829	3,601	4,011	3,829	425	1.0	562	7.1	9.4	8.5	14.2	12.4	NA	NM	0.3	11.2	
Restoration Hardware	115.71	70.3	(3.4)	2,506	2,455	3,628	2,506	1,179	1.4	375	9.7	9.0	8.0	13.7	12.1	12.5	1.1	--	NM	
Bed Bath & Beyond	17.99	83.9	58.9	12,029	2,379	2,872	12,029	1,488	0.2	762	3.8	4.0	3.9	10.2	8.6	2.1	5.0	3.8	(5.0)	
Michaels	12.71	57.4	(6.1)	5,272	2,005	4,472	5,272	2,712	0.8	764	5.9	5.5	5.5	5.3	4.9	7.4	0.7	--	NM	
Sleep Number	48.78	98.4	53.7	1,532	1,470	1,668	1,532	200	1.1	154	10.8	9.5	9.0	19.7	17.1	20.3	1.0	--	NM	
At Home	22.15	54.1	18.7	1,166	1,410	1,995	1,166	597	1.7	176	11.3	10.3	8.9	21.3	16.8	18.4	1.2	--	7.5	
Rent-A-Center <sup>(2)</sup>	20.49	90.0	26.6	2,660	1,106	1,491	2,660	540	0.6	184	8.1	6.4	5.9	10.8	9.5	2.5	4.3	--	3.0	
Ethan Allen Interiors	19.94	78.0	13.4	772	530	493	772	1	0.6	67	7.3	6.6	6.1	12.9	12.0	17.5	0.7	8.8	9.1	
Haverty Furniture	24.39	98.0	29.9	818	501	481	818	51	0.6	72	6.7	7.0	6.7	16.7	15.7	10.0	1.7	3.0	10.7	
The Container Store	8.52	68.6	78.6	875	417	701	875	305	0.8	92	7.6	7.5	7.2	17.4	18.5	NA	NM	--	2.1	
The Lovesac Company	30.15	88.1	31.4	141	408	363	141	--	2.6	(7)	NM	NM	NM	NM	NA	NM	--	--	--	
Bassett Furniture Industries	17.94	59.7	(10.5)	467	189	156	467	0	0.3	27	5.7	6.0	NM	17.8	12.6	16.0	1.1	2.8	5.2	
Kirkland's	6.44	47.8	(32.4)	647	93	35	647	--	0.1	34	1.0	1.1	1.0	35.8	23.0	16.0	2.2	--	2.8	
Pier 1 Imports	0.66	17.8	115.6	1,653	54	182	1,653	199	0.1	(29)	NM	NM	7.4	NM	NM	NA	NM	--	NM	
Home Furnishings and Décor							Mean		0.9 x	\$191	7.1 x	6.8 x	6.5 x	16.0 x	13.5 x	11.8 %	1.9 x	3.7 %	6.8 %	
							Median		0.8	82	7.1	6.7	6.7	14.2	12.4	12.5	1.2	3.1	5.2	
The Home Depot <sup>(3)</sup>	\$203.85	94.6 %	18.6 %	\$108,203	\$224,794	\$252,218	\$108,203	\$29,202	2.3 x	\$17,929	14.1 x	13.8 x	13.0 x	20.2 x	18.5 x	10.0	2.0 x	2.7 %	NM %	
Lowe's Companies	116.26	98.8	25.9	71,309	92,534	108,028	71,309	16,223	1.5	7,536	14.3	12.9	12.1	19.2	16.6	14.8	1.3	1.7	48.6	
Sherwin-Williams	441.53	92.1	12.2	17,534	40,705	49,893	17,534	9,344	2.8	2,497	20.0	15.6	14.2	20.9	18.3	13.7	1.5	1.0	30.1	
Tractor Supply Company	104.25	99.5	24.9	7,911	12,626	12,977	7,911	440	1.6	879	14.8	13.7	12.7	22.2	19.9	11.2	2.0	1.2	35.7	
Floor and Décor	46.51	80.4	79.6	1,710	4,557	4,947	1,710	145	2.9	183	27.0	21.0	17.6	NM	33.2	25.0	NM	--	22.6	
Tile Shop	5.78	60.8	5.5	357	306	354	357	53	1.0	47	7.5	6.7	6.0	23.1	19.3	20.0	1.2	3.5	7.2	
Lumber Liquidators	10.96	40.7	15.1	1,085	314	368	1,085	65	0.3	41	9.0	8.9	8.3	19.6	17.1	30.0	0.7	--	(31.5)	
Sears Hometown and Outlet	2.31	58.5	8.5	1,450	52	169	1,450	132	0.1	(14)	NM	NM	NM	NM	NM	NA	NM	--	(36.2)	
Home Improvement							Mean		1.6 x	\$1,329	15.2 x	13.2 x	12.0 x	20.9 x	20.4 x	17.8 %	1.4 x	2.0 %	10.9 %	
							Median		1.6	176	14.3	13.7	12.7	20.5	18.5	14.8	1.4	1.7	22.6	
Planet Fitness	\$71.50	99.3 %	33.3 %	\$531	\$5,996	\$6,870	\$531	\$1,172	12.9 x	\$221	31.1 x	25.6 x	22.0 x	NM x	38.0 x	19.0 %	NM x	-- %	NM %	
Party City	8.01	47.3	(19.7)	2,428	751	2,634	2,428	1,941	1.1	369	7.1	6.4	6.2	4.9	4.5	12.9	0.4	--	12.2	
Barnes & Noble	5.10	65.3	(28.1)	3,583	372	486	3,583	129	0.1	126	3.9	3.4	3.3	15.9	16.9	NA	NM	11.8	0.3	
Town Sports Fitness <sup>(4)</sup>	4.04	27.2	(36.9)	443	113	270	443	205	0.6	55	4.9	4.7	4.5	17.6	14.4	NA	NM	--	NM	
Build-A-Bear Workshop	5.55	56.1	40.5	337	81	63	337	--	0.2	3	20.8	3.9	3.3	NM	NM	9.0	NM	--	(17.4)	
YogaWorks	1.00	40.7	96.1	60	16	5	60	--	0.1	(8)	NM	NM	NM	NM	NM	NA	NM	--	NM	
Trans World Entertainment	0.33	22.8	(47.5)	418	12	35	418	27	0.1	(24)	NM	NM	NM	NM	NM	NA	NM	--	NM	
Entertainment (Book/Video/Music/Toy/Hobby)							Mean		2.2 x	\$138	13.6 x	8.8 x	7.9 x	12.8 x	18.4 x	13.7 %	0.4 x	11.8 %	(1.6) %	
							Median		0.2	90	7.1	4.7	4.5	15.9	15.6	12.9	0.4	11.8	0.3	

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 November 2017, Williams-Sonoma acquired 3D-Imaging and augmented reality firm Outward for ~\$112 million.

(2) In June 2018, Rent-a-Center agreed to a \$15.00 per share takeover offer from Vintage capital, or ~\$1.4 billion.

(3) 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.

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

# HARDLINES (SPECIALTY) – OPERATING ANALYSIS

## Hardlines (Specialty)

		Operating Efficiency																Credit Statistics				
	Store	Comp Store Sales			LTM	Gross	EBITDAR	EBITDA	EBIT	CapEx /	(a)	EBITDA -	(a)	Credit	(b)	Debt /	Net Debt /	Adj. Debt /	(c)	EBITDA -		
Company Name	Count	LFY	Q(-1)	Q(-2)	EBITDA	Margin	Margin	Margin	Margin	Sales		CapEx / Sales		Rating		EBITDA	EBITDA	EBITDA		Capex / Int.		
Williams-Sonoma	631	3.2 %	3.1 %	4.6 %	\$630	37.0 %	15.9 %	11.1 %	7.8 %	3.4 %		7.8 %		--		0.5 x	NM x	2.1 x		65.7 x		
Aaron's	1,267	(7.0)	0.0	(1.8)	562	49.8	17.7	14.7	12.6	2.1		12.6		--		0.8	0.7	1.7		29.4		
Restoration Hardware	86	6.0	4.0	5.0	375	40.0	18.6	15.0	12.0	5.5		9.5		--		3.1	3.1	3.7		3.1		
Bed Bath & Beyond	1,560	(1.3)	(0.6)	(0.6)	762	34.1	11.4	6.3	3.5	2.7		3.6		BB+		2.0	0.6	3.8		6.3		
Michaels	1,292	0.9	3.8	(0.4)	764	38.4	22.5	14.5	12.7	2.8		11.7		BB-		3.5	3.2	4.4		4.2		
Sleep Number	569	4.0	0.0	9.0	154	60.6	15.3	10.1	6.0	3.0		7.1		--		1.3	1.3	2.9		18.4		
At Home	178	6.5	5.2	2.8	176	33.1	24.4	15.1	10.7	30.7		(15.6)		B+		3.4	3.3	4.4		NM		
Rent-A-Center	3,798		5.7	3.7	184	63.5	14.7	6.9	4.3	1.1		5.9		B-		2.9	2.1	4.6		3.6		
Ethan Allen Interiors <sup>(1)</sup>	300	(3.8)	(2.1)	(11.4)	67	54.2	12.9	8.7	6.2	2.4		6.3		--		0.0	NM	2.0		NM		
Haverty Furniture	120	(1.3)	2.6	1.3	72	54.6	12.4	8.7	5.1	2.6		6.1		--		0.7	NM	2.3		20.4		
The Container Store	92	0.9	1.3	4.7	92	58.5	20.6	10.6	6.9	3.3		7.3		B		3.3	3.1	4.6		2.2		
The Lovesac Company	74		40.5	41.0	(7)	55.6	6.6	(5.3)	(7.6)	6.9		(12.2)		--		--	6.0	10.8		NM		
Bassett Furniture Industries	97	1.9	(1.7)	(1.8)	27	60.4	14.4	5.8	3.0	4.3		1.6		--		0.0	NM	3.6		NM		
Kirkland's	432	0.3	1.4	(3.9)	34	31.4	14.1	5.3	0.8	4.4		0.9		--		--	NM	3.7		20.8		
Pier 1 Imports	989	(2.0)	(11.4)	(8.2)	(29)	32.3	12.8	(1.7)	(5.3)	2.6		(4.4)		CCC+		NM	NM	7.7		NM		
Home Furnishings and Décor					Mean	46.9 %	15.6 %	8.4 %	5.2 %	5.2 %		3.2 %				1.5 x	2.6 x	4.1 x		17.4 x		
					Median	49.8	14.7	8.7	6.0	3.0		6.1				1.0	3.1	3.7		12.3		
The Home Depot <sup>(2)</sup>	2,286	6.8 %	4.8 %	4.2 %	\$17,929	34.3 %	17.6 %	16.6 %	14.6 %	2.3 %		14.3 %		A		1.6 x	1.5 x	1.9 x		14.7 x		
Lowe's Companies	2,133	4.0	1.5	5.2	7,536	32.1	11.4	10.6	8.5	1.6		8.9		BBB+		2.2	2.1	2.4		9.8		
Sherwin-Williams	4,663	6.3	5.2	6.8	2,497	42.3	17.4	14.2	10.8	1.4		12.8		BBB		3.7	3.7	4.2		6.1		
Tractor Supply Company	1,748	2.7	5.1	5.6	879	34.2	15.4	11.1	8.9	3.5		7.6		--		0.5	0.4	2.0		32.7		
Floor and Décor	95	16.6	11.1	11.4	183	41.1	16.2	10.7	7.7	8.9		1.9		BB-		0.8	0.8	2.6		3.6		
Tile Shop	140	0.5	2.1	(1.8)	47	70.4	23.7	13.1	5.3	7.7		5.4		--		1.1	1.0	3.3		7.2		
Lumber Liquidators	409	5.4	2.1	4.7	41	36.2	6.9	3.8	2.5	1.3		2.5		--		1.6	1.3	3.6		22.2		
Sears Hometown and Outlet	632	(8.4)	(0.2)	0.9	(14)	23.2	2.6	(1.0)	(1.7)	0.6		(1.6)		--		NM	NM	11.7		NM		
Home Improvement					Mean	39.2 %	13.9 %	9.9 %	7.1 %	3.4 %		6.5 %				1.6 x	1.5 x	4.0 x		13.8 x		
					Median	35.3	15.8	10.9	8.1	2.0		6.5				1.6	1.3	2.9		9.8		
Planet Fitness	1,646	10.2 %	9.7 %	10.2 %	\$221	55.2 %	46.4 %	41.7 %	34.9 %	7.7 %		34.0 %		--		5.3 x	4.0 x	5.4 x		3.6 x		
Party City	900	(0.7)	(1.0)	0.1	369	25.6	26.4	15.2	12.0	3.5		11.7		--		5.3	5.1	5.6		2.7		
Barnes & Noble	630	(5.4)	(1.4)	(6.1)	126	30.1	11.8	3.5	1.4	2.7		0.8		--		1.0	0.9	4.5		2.2		
Town Sports Fitness	181	1.6	1.5	1.8	55	56.1	43.2	12.4	4.0	3.6		8.9		B-		3.7	2.8	5.3		2.9		
Build-A-Bear Workshop <sup>(3)</sup>	371				3	42.8	NM	0.9	(3.9)	--		0.9		--		--	NM	--		35.5		
YogaWorks	70				(8)	60.1	6.0	(13.5)	(27.1)	4.5		(18.0)		--		--	1.4	19.4		NM		
Trans World Entertainment	241	(8.7)	(6.7)	(8.5)	(24)	30.7	0.5	(5.7)	(7.9)	2.0		(7.7)		--		NM	NM	84.6		NM		
Entertainment (Book/Video/Music/Toy/Hobby)					Mean	43.0 %	22.4 %	7.8 %	1.9 %	3.4 %		4.4 %				2.5 x	2.8 x	17.8 x		9.4 x		
					Median	42.8	19.1	3.5	1.4	3.5		0.9				2.4	2.8	5.4		2.9		

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) Ethan Allen SSS% for design center orders.

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

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



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

Hardlines (Specialty) (cont.)

	Share Price	% of 52	YTD %	LTM	Equity	Enterprise	(a)	LTM	Total	EV / LTM	LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)		(c)
Company Name	4/12/2019	wk high	Change	Revenues	Value	Value		Revenue	Debt	Revenue	EBITDA	LTM	2019E	2020E	2019E	2020E	Rate	2019E	Yield		ROE	
Dick's Sporting Goods	\$40.48	98.2 %	29.7 %	\$8,437	\$3,898	\$3,845		\$8,437	\$60	0.5 x	\$689	5.6 x	5.7 x	5.7 x	12.4 x	11.9 x	6.1 %	2.0 x	2.7		16.6 %	
Hibbett Sports <sup>(1)</sup>	21.89	74.0	53.1	1,009	400	377		1,009	38	0.4	69	5.4	5.0	5.1	11.7	11.1	4.3	2.7	--		8.7	
Sportsman's Warehouse	4.91	73.4	12.1	849	211	400		849	190	0.5	62	6.4	6.0	5.7	8.3	7.2	NA	NM	--		37.0	
Big 5 Sporting Goods	2.90	29.7	12.0	988	61	126		988	72	0.1	17	7.4	4.9	4.7	NM	39.5	NA	NM	6.9		(2.0)	
Sporting Goods								Mean		0.4 x	\$209	6.2 x	5.4 x	5.3 x	10.8 x	17.4 x	5.2 %	2.4 x	4.8 %		15.1 %	
								Median		0.4	66	6.0	5.3	5.4	11.7	11.5	5.2	2.4	4.8		12.7	
Central Garden & Pet Company <sup>(2)</sup>	\$25.95	57.6 %	(24.7) %	\$2,235	\$1,408	\$1,621		\$2,235	\$692	0.7 x	\$203	8.0 x	7.1 x	6.7 x	14.1 x	12.4 x	7.8 %	1.8 x	--		12.3 %	
Office Depot	2.53	66.2	(1.9)	11,015	1,374	2,255		11,015	1,539	0.2	511	4.4	4.3	4.3	7.8	7.3	8.7	0.9	4.0		4.6	
Office / Pet																						
O'Reilly Automotive	\$406.32	99.3 %	18.0 %	\$9,536	\$31,851	\$35,237		\$9,536	\$3,417	3.7 x	2,086	16.9 x	15.9 x	15.0 x	22.9 x	20.6 x	15.3 %	1.5 x	--		NM %	
AutoZone <sup>(3)</sup>	1,060.30	98.9	26.5	11,311	26,388	31,252		11,311	5,111	2.8	\$2,557	12.2	12.3	11.9	17.5	16.2	12.0	1.5	--		NM	
Advance Auto Parts	180.11	96.8	14.4	9,581	12,835	12,984		9,581	1,046	1.4	950	13.7	12.2	11.1	22.2	19.0	16.8	1.3	0.1		12.2	
Monro Inc.	84.17	93.8	22.4	1,199	2,786	3,153		1,199	370	2.6	189	16.7	15.7	NM	33.0	27.4	7.0	4.7	1.0		12.4	
Automotive Parts/Service								Mean		2.6 x	\$1,446	14.9 x	14.0 x	12.7 x	23.9 x	20.8 x	12.8 %	2.2 x	0.5 %		12.3 %	
								Median		2.7	1,518	15.2	14.0	11.9	22.5	19.8	13.6	1.5	0.5		12.3	
CarMax	\$74.58	91.3 %	18.9 %	\$19,146	\$12,491	\$26,648		\$19,146	\$14,205	1.4 x	\$1,371	19.4 x	19.0 x	17.4 x	15.1 x	13.9 x	12.2 %	1.2 x	--		25.2 %	
Penske Automotive Group	45.99	85.4	14.1	22,785	3,870	5,976		22,785	6,008	0.3	769	7.8	7.1	6.9	8.3	8.0	4.4	1.9	3.3		18.6	
AutoNation	37.34	71.8	4.6	21,413	3,363	5,949		21,413	6,598	0.3	896	6.6	6.4	6.4	8.7	8.6	2.6	3.4	--		15.6	
Carvana <sup>(4)</sup>	66.00	90.9	101.8	1,955	2,719	3,428		1,955	633	1.8	(197)	NM	NM	NM	NM	NM	NA	NM	--		NM	
Lithia Motors	96.54	91.4	26.5	11,821	2,235	3,347		11,821	3,442	0.3	528	6.3	7.0	6.8	9.4	9.0	13.9	0.7	1.2		23.3	
Asbury Automotive Group	75.35	96.9	13.0	6,874	1,471	2,337		6,874	1,959	0.3	349	6.7	7.5	7.4	8.8	8.5	14.5	0.6	--		38.7	
Group 1 Automotive	70.49	86.9	33.7	11,601	1,302	2,695		11,601	3,053	0.2	463	5.8	7.2	7.2	7.5	7.7	4.1	1.9	1.5		14.2	
Sonic Automotive	16.44	69.7	19.5	9,952	707	1,670		9,952	2,479	0.2	307	5.4	6.5	6.4	9.4	9.6	6.0	1.6	2.4		6.5	
America's Car-Mart	95.34	98.5	31.6	662	639	810		662	172	1.2	66	12.2	10.4	9.0	13.5	11.8	21.9	0.6	--		18.0	
Automotive <sup>(6)</sup>								Mean		0.7 x	\$506	8.8 x	8.9 x	8.4 x	10.1 x	9.6 x	9.9 %	1.5 x	2.1 %		20.0 %	
								Median		0.3	463	6.7	7.2	7.0	9.1	8.8	9.1	1.4	2.0		18.3	
Ulta	\$344.83	96.9 %	40.8 %	\$6,717	\$20,277	\$19,868		\$6,717	--	3.0 x	\$1,133	17.5 x	15.4 x	13.8 x	26.9 x	23.1 x	19.3 %	1.4 x	--		36.6 %	
Sally Beauty	18.25	77.3	7.0	3,927	2,191	3,862		3,927	1,774	1.0	565	6.8	6.8	7.0	8.2	8.2	3.9	2.1	--		NM	
Regis	19.99	89.2	17.9	1,147	804	815		1,147	108	0.7	99	8.2	10.5	10.0	33.3	25.2	NA	NA	--		2.4	
Beauty								Mean		1.6 x	\$599	10.9 x	10.9 x	10.2 x	22.8 x	18.9 x	11.6 %	1.8 x	--		19.5 %	
								Median		1.0	565	8.2	10.5	10.0	26.9	23.1	11.6	1.8	--		19.5	

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) 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 2018, Hibbett announced its acquisition of City G.e.a.r. for up to \$113 million.

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

# 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.	
Dick's Sporting Goods	861	(0.3) %	(3.9) %	(4.0) %	\$689	28.9 %	14.5 %	8.2 %	5.3 %	2.3 %	5.8 %	--	0.1 x	NM x	2.7 x	47.8 x	
Hibbett Sports	1,042	(3.8)	0.1	4.1	69	32.8	12.7	6.9	4.4	2.3	4.6	--	0.5	NM	3.1	NM	
Sportsman's Warehouse	92	(6.5)	(0.5)	0.2	62	33.6	13.7	7.3	5.2	2.1	5.2	--	3.1	3.0	4.4	3.4	
Big 5 Sporting Goods	436	(1.2)	(2.0)	(2.1)	17	30.5	9.6	1.7	(0.0)	1.6	0.2	--	4.2	3.8	5.7	0.5	
Sporting Goods					Mean	31.4 %	12.6 %	6.0 %	3.7 %	2.1 %	3.9 %		2.0 x	3.4 x	4.0 x	17.2 x	
					Median	31.6	13.2	7.1	4.8	2.2	4.9		1.8	3.4	3.7	3.4	
Central Garden & Pet Company	1,400	(5.0) %	(5.0) %	(2.0) %	\$203	30.1 %	10.7 %	9.1 %	6.9 %	1.7 %	7.4 %	BB	3.4 x	1.1 x	3.8 x	3.9 x	
Office Depot	1,350				511	23.2	8.7	4.6	3.3	1.7	2.9	B	3.0	1.7	4.4	2.7	
Office / Pet																	
O'Reilly Automotive	5,190	1.4 %	3.9 %	4.6 %	\$2,086	52.8 %	25.2 %	21.9 %	19.2 %	5.3 %	16.6 %	BBB	1.6 x	1.6 x	2.2 x	12.9 x	
AutoZone <sup>(1)</sup>	5,631	1.8	2.7	2.2	2,557	54.1	25.4	22.6	19.5	4.4	18.2	BBB	2.0	1.9	2.4	11.3	
Advance Auto Parts	5,120	(2.0)	4.6	2.8	950	44.1	15.7	9.9	7.4	2.0	7.9	BBB-	1.1	0.2	2.9	13.4	
Monro Inc.	1,275	1.8	3.2	1.9	189	38.6	18.8	15.8	11.3	3.4	12.4	--	2.0	1.9	2.6	5.6	
Automotive Parts/Service					Mean	47.4 %	21.3 %	17.5 %	14.3 %	3.8 %	13.8 %		1.7 x	1.4 x	2.5 x	10.8 x	
					Median	48.5	22.0	18.8	15.2	3.9	14.5		1.8	1.8	2.5	12.1	
CarMax <sup>(2)</sup>	194	2.9 %	3.8 %	0.6 %	\$1,371	15.2 %	9.1 %	7.2 %	6.2 %	1.6 %	5.6 %	--	10.4 x	10.3 x	9.4 x	14.1 x	
Penske Automotive Group	342	(1.6)	0.5	5.8	769	15.0	4.9	3.4	2.9	1.3	2.0	BB	7.8	7.8	7.3	2.4	
AutoNation <sup>(3)</sup>	329	(0.3)	(0.6)	3.7	896	15.9	4.5	4.2	3.4	1.9	2.3	BBB-	7.4	7.3	7.3	2.0	
Carvana <sup>(4)</sup>					(197)	10.3	(9.1)	(10.1)	(11.3)	7.3	(17.4)	CCC+	NM	NM	NM	NM	
Lithia Motors <sup>(5)</sup>	182	1.3	1.0	3.0	528	15.0	5.5	4.5	3.8	1.3	3.1	BB+	6.5	6.5	6.4	3.1	
Asbury Automotive Group <sup>(6)</sup>	97	0.5	6.0	4.0	349	16.0	5.5	5.1	4.6	0.6	4.5	BB+	5.6	5.6	5.6	3.6	
Group 1 Automotive <sup>(7)</sup>	237	(0.2)	(5.2)	0.3	463	14.9	5.0	4.0	3.4	0.9	3.0	BB+	6.6	6.6	6.5	2.6	
Sonic Automotive <sup>(8)</sup>	129	0.7	(4.2)	1.6	307	14.5	4.0	3.1	2.1	1.2	1.9	BB-	8.1	8.1	7.6	1.8	
America's Car-Mart	143	5.2	11.0	12.1	66	48.5	11.2	10.0	9.4	0.6	9.5	--	2.6	2.6	2.9	8.3	
Automotive					Mean	18.4 %	4.5 %	3.5 %	2.7 %	1.9 %	1.6 %		6.9 x	6.8 x	6.6 x	4.7 x	
					Median	15.0	5.0	4.2	3.4	1.3	3.0		7.0	6.9	6.9	2.9	
Ulta	1,163	11.0 %	7.8 %	6.5 %	\$1,133	35.9 %	20.8 %	16.9 %	12.7 %	4.8 %	12.1 %	--	-- x	NM x	1.1 x	NM x	
Sally Beauty	5,156	(1.5)	(0.2)	(2.0)	565	49.4	20.7	14.4	11.6	2.2	12.2	BB-	3.1	3.0	4.0	4.8	
Regis	8,115	0.5	0.5	0.7	99	34.5	21.8	8.7	5.6	2.8	5.8	--	1.1	0.1	4.0	8.1	
Beauty					Mean	39.9 %	21.1 %	13.3 %	10.0 %	3.3 %	10.0 %		1.4 x	1.5 x	3.1 x	6.5 x	
					Median	35.9	20.8	14.4	11.6	2.8	12.1		1.1	1.5	4.0	6.5	

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) CarMax SSS% for used vehicle units.

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

(4) Carvana excluded from mean / median calculations.

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

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

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

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

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

Hardlines (Specialty) (cont.)

Table 1: Financial Performance Metrics (as of 4/12/2019)																			
Company Name	Share Price 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value (a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	LTM	EV / EBITDA 2019E	2020E	P / E 2019E	2020E	LTG Rate	P/E/G 2019E	Dividend Yield (b)	(c) ROE
Best Buy	\$73.57	87.2 %	38.9 %	\$42,879	\$19,702	\$18,928	\$42,879	\$1,389	0.4 x	\$2,737	6.9 x	6.7 x	6.6 x	13.1 x	12.3 x	8.4 %	1.6 x	2.7 %	42.3 %
GameStop	9.32	54.0	(26.1)	8,285	953	150	8,285	821	0.0	421	0.4	0.4	0.4	5.2	5.3	(40.7)	NM	16.3	(44.8)
Conn's	24.60	57.7	30.4	1,550	784	1,734	1,550	955	1.1	136	12.7	7.7	6.9	8.8	7.6	23.0	0.4	--	12.8
Electronics							Mean		0.5 x	\$1,098	6.7 x	4.9 x	4.6 x	9.0 x	8.4 x	(3.1) %	1.0 x	9.5 %	3.4 %
							Median		0.4	421	6.9	6.7	6.6	8.8	7.6	8.4	1.0	9.5	12.8
Harley-Davidson	\$40.22	86.0 %	17.9 %	\$5,717	\$6,320	\$13,364	\$5,717	\$7,599	2.3 x	\$1,053	12.7 x	14.2 x	12.7 x	11.1 x	10.5 x	9.7 %	1.2 x	3.7 %	29.4 %
Polaris <sup>(1)</sup>	96.45	73.5	25.8	6,166	5,886	7,691	6,166	1,965	1.2	702	11.0	9.6	8.7	15.7	14.2	13.7	1.2	2.5	37.3
Fox Factory	77.53	99.3	31.7	619	2,949	2,995	619	59	4.8	108	27.6	21.0	19.0	30.8	27.7	14.6	2.1	--	29.3
Powersports							Mean		2.8 x	\$621	17.1 x	15.0 x	13.4 x	19.2 x	17.5 x	12.6 %	1.5 x	3.1 %	32.0 %
							Median		2.3	702	12.7	14.2	12.7	15.7	14.2	13.7	1.2	3.1	29.4
Acushnet	\$23.59	84.6 %	12.0 %	\$1,634	\$1,784	\$2,172	\$1,634	\$385	1.3 x	\$202	10.7 x	9.0 x	8.7 x	15.4 x	14.4 x	5.0 %	3.1 x	2.4 %	11.6 %
Callaway Golf	16.54	67.0	8.1	1,243	1,568	1,564	1,243	50	1.3	152	10.3	7.7	7.1	16.4	14.0	25.0	0.7	0.2	15.1
Johnson Outdoors	72.73	67.7	23.8	532	725	621	532	--	1.2	71	8.7	8.5	NM	16.4	NM	15.0	1.1	0.8	16.9
Vista Outdoor <sup>(2)</sup>	7.96	41.0	(29.9)	2,114	458	1,168	2,114	749	0.6	82	14.3	7.5	7.0	15.9	13.6	NA	NM	--	NM
Escalade Inc.	11.61	76.1	1.4	176	168	165	176	--	0.9	18	9.4	8.2	NM	14.2	NM	NA	NM	4.3	17.0
Nautilus	5.61	32.6	(48.5)	397	166	134	397	32	0.3	30	4.5	5.9	5.3	18.1	11.9	12.3	1.5	--	8.4
Sports Equipment							Mean		0.9 x	\$92	9.6 x	7.8 x	7.0 x	16.1 x	13.5 x	14.3 %	1.6 x	1.9 %	13.8 %
							Median		1.1	77	9.8	8.0	7.0	16.1	13.8	13.7	1.3	1.6	15.1
National Vision	\$29.12	62.4 %	3.4 %	\$1,537	\$2,277	\$2,845	\$1,537	\$585	1.9 x	\$136	21.0 x	15.1 x	13.4 x	NM x	36.4 x	18.7 %	NM x	-- %	3.4 %
Winmark Corporation	186.00	95.5	17.0	73	727	759	73	35	10.5	42	18.0	NM	NM	NM	NM	NA	NM	0.3	NM
Camping World <sup>(3)</sup>	14.76	49.1	28.7	4,792	549	2,489	4,792	2,091	0.5	294	8.5	7.6	6.8	8.6	7.4	12.8	0.7	4.2	NM
MarineMax	19.55	74.9	6.8	1,182	446	679	1,182	271	0.6	74	9.2	7.9	7.1	9.9	9.1	30.0	0.3	--	11.9
Other Hardlines							Mean		3.4 x	\$94	14.2 x	10.2 x	9.1 x	9.2 x	17.6 x	20.5 %	0.5 x	2.2 %	7.7 %
							Median		1.2	77	13.6	7.9	7.1	9.2	9.1	18.7	0.5	2.2	7.7

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

(3) In March 2018, Camping World agreed to acquire B & B RV and River City Recreation World.

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

## Hardlines (Specialty) (cont.)

		Operating Efficiency										Credit Statistics					
	Store	Comp Store Sales			LTM	Gross	EBITDAR	EBITDA	EBIT	CapEx /	EBITDA -	Credit	Debt /	Net Debt /	Adj. Debt /	EBITDA-	
Company Name	Count	LFY	Q(-1)	Q(-2)	EBITDA	Margin	Margin	Margin	Margin	Sales	CapEx / Sales	(a) Rating	(b) EBITDA	EBITDA	(c) EBITDAR	Capex / Int.	
Best Buy Co. <sup>(1)</sup>	1,024	5.6 %	4.3 %	6.2 %	\$2,737	23.2 %	8.2 %	6.4 %	4.6 %	1.9 %	4.5 %	BBB	0.5 x	NM x	1.7 x	26.3 x	
GameStop	7,100	4.3	3.4	2.4	421	27.9	9.4	5.1	3.8	1.1	3.9	BB-	2.0	NM	3.8	5.8	
Conn's <sup>(2)</sup>	122	(11.4)	(4.4)	0.3	136	28.0	13.2	8.8	6.7	2.1	6.7	B	7.0	NM	6.7	NM	
Electronics					Mean	26.4 %	10.3 %	6.7 %	5.0 %	1.7 %	5.0 %		3.2 x	NM x	4.1 x	16.0 x	
					Median	27.9	9.4	6.4	4.6	1.9	4.5		2.0	NM	3.8	16.0	
Harley-Davidson					\$1,053	33.5 %	18.9 %	18.4 %	14.4 %	3.7 %	14.7 %	BBB+	7.2 x	6.7 x	7.2 x	27.2 x	
Polaris					702	25.8	12.0	11.4	8.0	3.7	7.7	--	2.8	2.6	3.0	8.4	
Fox Factory					108	33.2	18.5	17.5	15.3	4.9	12.6	--	0.5	0.3	0.9	25.6	
PowerSports					Mean	30.8 %	16.5 %	15.8 %	12.5 %	4.1 %	11.7 %		3.5 x	3.2 x	3.7 x	20.4 x	
					Median	33.2	18.5	17.5	14.4	3.7	12.6		2.8	2.6	3.0	25.6	
Acushnet					\$202	51.6 %	13.3 %	12.4 %	10.3 %	2.0 %	10.4 %	--	1.9 x	1.8 x	2.2 x	8.6 x	
Callaway Golf					152	46.5	13.8	12.2	10.6	3.0	9.3	BB-	0.3	NM	1.0	20.8	
Johnson Outdoors					71	44.6	15.0	13.4	11.6	3.2	10.3	--	--	NM	0.6	NM	
Vista Outdoor					82	20.1	5.0	3.9	0.0	2.6	1.3	B+	9.2	8.7	8.4	0.5	
Escalade Inc.					18	25.6	10.6	10.0	7.9	1.6	8.4	--	--	NM	0.3	34.8	
Nautilus					30	45.8	8.8	7.5	5.3	2.6	4.9	--	1.1	NM	1.8	18.6	
Sports Equipment					Mean	39.0 %	11.1 %	9.9 %	7.6 %	2.5 %	7.4 %		2.1 x	5.2 x	2.4 x	16.6 x	
					Median	45.2	11.9	11.1	9.1	2.6	8.9		0.7	5.2	1.4	18.6	
National Vision	1,067	8.4 %	7.0	10.4	\$136	53.6 %	14.7 %	8.8 %	4.0 %	6.8 %	2.0 %	--	4.3 x	4.2 x	5.0 x	0.8 x	
Winmark Corporation	1,236				42	93.5	59.8	58.0	57.6	32.8	25.2	--	0.8	0.8	1.0	7.5	
Camping World	225	11.9	(10.1) %	5.1 %	294	28.4	8.6	6.1	5.1	2.8	3.3	--	7.1	6.6	6.8	1.6	
MarineMax	63	10.0	22.0	8.0	74	25.6	7.0	6.3	5.3	1.2	5.1	--	3.7	3.1	3.9	6.1	
Other Hardlines					Mean	50.3 %	22.5 %	19.8 %	18.0 %	10.9 %	8.9 %		4.0 x	3.7 x	4.2 x	4.0 x	
					Median	41.0	11.6	7.5	5.2	4.8	4.2		4.0	3.7	4.4	3.8	

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.

(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 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value (a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	EV / EBITDA			P / E		LTG Rate	P/E/G 2019E	Dividend Yield (b)	ROE (c)
											LTM	2019E	2020E	2019E	2020E				
Tiffany & Co.	\$106.18	75.0 %	31.9 %	\$4,442	\$12,896	\$13,051	\$4,442	\$997	2.9 x	\$1,005	13.0 x	12.2 x	11.4 x	21.5 x	19.7 x	11.8 %	1.8 x	2.1 %	18.4 %
Signet Jewelers	23.19	32.6	(27.0)	6,270	1,203	2,352	6,270	728	0.4	453	5.2	5.3	5.3	7.6	7.5	6.5	1.2	6.4	(26.7)
<b>Jewelry</b>																			
CVS Caremark <sup>(1)</sup>	\$52.81	64.3 %	(19.4) %	193,919	\$68,516	\$135,682	\$193,919	73,429	0.7 x	\$12,431	10.9 x	8.0 x	7.6 x	7.8 x	7.3 x	8.2 %	0.9 x	3.8 %	(1.2) %
Walgreens Boots Alliance <sup>(2)</sup>	53.45	61.9	(21.8)	136,097	48,869	66,751	136,097	18,057	0.5	7,675	8.7	7.6	7.5	8.9	8.8	10.0	0.9	3.3	19.0
Rite Aid	0.50	23.6	(29.4)	21,640	534	3,885	21,640	3,495	0.2	460	8.4	7.3	7.2	NM	NM	NA	NM	--	(47.8)
Fred's <sup>(3)</sup>	1.83	51.1	(3.2)	1,745	67	242	1,745	181	0.1	(35)	NM	NM	NM	NM	NM	NA	NM	--	NM
<b>Drug Stores</b>																			
							Mean		0.4 x	\$6,855	9.4 x	7.6 x	7.4 x	8.3 x	8.1 x	9.1 %	0.9 x	3.5 %	(10.0) %
							Median		0.3	7,675	8.7	7.6	7.5	8.3	8.1	9.1	0.9	3.5	(1.2)
Casey's General Stores	\$132.48	95.7 %	3.4 %	\$8,302	\$4,853	\$6,174	\$8,302	\$1,356	0.7 x	\$547	11.3 x	10.4 x	9.4 x	24.2 x	20.6 x	11.9 %	2.0 x	3.7 %	14.6 %
Murphy USA	83.65	94.7	9.1	12,524	2,692	3,371	12,524	863	0.3	412	8.2	8.8	8.6	18.9	17.7	3.4	5.6	--	27.6
TravelCenters of America <sup>(4)</sup>	4.32	70.8	14.9	6,231	175	206	6,231	344	0.0	100	2.1	1.7	1.5	NM	30.9	5.0	NM	--	(0.5)
<b>Convenience Stores</b>																			
							Mean		0.3 x	\$353	7.2 x	7.0 x	6.5 x	21.5 x	23.0 x	6.8 %	3.8 x	3.7 %	13.9 %
							Median		0.3	412	8.2	8.8	8.6	21.5	20.6	5.0	3.8	3.7	14.6
GNC	\$2.55	54.8 %	7.6 %	2,354	\$214	\$1,401	\$2,354	1,156	0.6 x	\$199	7.0 x	6.8 x	7.3 x	5.7 x	5.4 x	29.0 %	0.2 x	-- %	NM %
Vitamin Shoppe	6.45	46.2	36.1	1,114	155	208	1,114	\$56	0.2	62	3.4	3.3	3.1	13.7	14.2	29.0	0.5	--	7.1
<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 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).

(2) In September 2018, Fred's announced it would sell to Walgreens \$165 million of prescription files and pharmacy inventories for 185 of its stores across 10 states.

(3) 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.

(4) TravelCenters of America announced in September 2018 that it would sell 225 standalone convenience stores to EG Group Limited for \$330.8 million.

# 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	(a) Credit Rating	(b) Debt / EBITDA	Net Debt / EBITDA	(c) Adj. Debt / EBITDAR	EBITDA-Capex / Int.	
Tiffany & Co.	316	0.0 %	2.0 %	8.0 %	\$1,005	63.3 %	32.1 %	22.6 %	17.5 %	6.4 %	16.3 %	BBB+		1.0 x	0.1 x	2.5 x	18.2 x
Signet Jewelers	3,478	(5.2)	1.6	1.7	453	35.8	15.5	7.2	4.4	2.1	5.1	BB		1.6	1.2	4.0	8.1
Jewelry																	
CVS Caremark <sup>(1)</sup>	14,327	1.5 %	0.3 %	(1.2) %	\$12,431	15.9 %	7.7 %	6.4 %	5.0 %	1.1 %	5.4 %	BBB		5.9 x	5.4 x	5.9 x	4.0 x
Walgreens Boots Alliance <sup>(2)</sup>	9,905	(2.6)	0.8	(1.0)	7,675	22.6	8.3	5.6	4.4	1.1	4.5	BBB		2.4	2.2	3.5	10.0
Rite Aid	2,526	(2.9)	1.0	0.7	460	21.6	5.0	2.1	0.5	0.9	1.2	B		7.6	7.3	6.7	1.2
Fred's	593	(2.5)	(3.5)	(3.9)	(35)	25.2	1.0	(2.0)	(4.3)	0.6	(2.6)	--		NM	NM	27.3	NM
Drug Stores					Mean	21.3 %	5.5 %	3.0 %	1.4 %	0.9 %	2.1 %			5.3 x	5.0 x	10.9 x	5.0 x
					Median	22.1	6.4	3.9	2.4	1.0	2.9			5.9	5.4	6.3	4.0
Casey's General Stores <sup>(3)</sup>	2,097	2.0 %	(1.1) %	0.5 %	547	23.0 %	6.6 %	6.6 %	3.7 %	5.6 %	1.0 %	--		2.5 x	2.4 x	2.5 x	1.5 x
Murphy USA <sup>(4)</sup>	1,461	(1.6)	1.2	(1.0)	412	4.4	3.4	3.3	2.2	1.6	1.7	BB+		2.1	1.6	2.2	3.9
TravelCenters of America <sup>(5)</sup>	302	(3.4)	(0.2)	(1.0)	100	8.5	6.3	1.6	0.3	2.3	(0.7)	--		3.4	0.3	5.3	NM
Convenience Stores					Mean	12.0 %	5.4 %	3.8 %	2.1 %	3.2 %	0.7 %			2.7 x	1.5 x	3.4 x	2.7 x
					Median	8.5	6.3	3.3	2.2	2.3	1.0			2.5	1.6	2.5	2.7
GNC	8,541	0.2 %	(1.3) %	1.3 %	\$199	32.8 %	16.0 %	8.5 %	6.4 %	0.8 %	7.6 %	CCC+		5.8 x	5.5 x	5.9 x	1.4 x
Vitamin Shoppe	780	(4.6)	(1.9)	(1.1)	62	43.4	5.9	5.6	1.8	2.5	3.0	--		0.9	0.9	1.2	5.1
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) CVS SSS% for front store segment.

(2) Walgreens SSS% for retail pharmacy sales.

(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

	Share Price	% of 52	YTD %	LTM	Equity	Enterprise	(a)	LTM	Total	EV / LTM	LTM	EV / EBITDA			P / E		LTG	P/E/G	Dividend	(b)	(c)
Company Name	4/12/2019	wk high	Change	Revenues	Value	Value		Revenue	Debt	Revenue	EBITDA	LTM	2019E	2020E	2019E	2020E	Rate	2019E	Yield		ROE
PayPal	\$108.48	99.9 %	29.0 %	\$15,451	\$127,159	\$120,048		\$15,451	\$1,998	7.8 x	\$2,733	43.9 x	25.7 x	21.7 x	37.7 x	31.4 x	18.7 %	2.0 x	-- %	--	13.1 %
Shopify	214.83	100.0	55.2	1,073	23,881	21,901		1,073	--	20.4	(69)	NM	NM	NM	NM	NM	31.5	NM	--	--	(4.2)
Autohome Inc.	107.54	90.0	37.5	1,052	12,731	11,265		1,052	--	10.7	432	26.1	19.7	16.4	23.9	20.0	25.8	0.9	--	--	30.1
58com Inc.	69.08	76.8	27.4	1,910	10,239	9,669		1,910	118	5.1	410	23.6	22.0	16.5	23.4	18.5	21.8	1.1	--	--	9.3
Stamps.com	78.17	27.4	(49.8)	587	1,370	1,341		587	84	2.3	221	6.1	8.6	7.8	14.1	12.7	15.0	0.9	--	--	30.3
Quotient Technology	9.25	57.9	(13.4)	387	870	703		387	156	1.8	21	34.3	10.3	8.4	61.7	40.2	15.3	4.0	--	--	(7.3)
Park City Group	7.94	76.8	33.0	23	158	146		23	5	6.3	5	29.5	18.0	13.7	26.0	17.2	21.0	1.2	--	--	10.9
Autobytel	3.37	67.4	10.5	126	44	31		126	1	0.2	(13)	NM	NM	NM	NM	NM	NA	NM	--	--	NM
Digital Retail Technology								Mean		6.8 x	(\$4)	27.2 x	17.4 x	14.1 x	31.1 x	23.3 x	21.3 %	1.7 x	-- %	--	11.7 %
								Median		5.7	(4)	27.8	18.8	15.0	25.0	19.2	21.0	1.2	--	--	10.9
Amazon.com <sup>(1)</sup>	\$1,843.06	89.9 %	22.7 %	\$232,887	\$906,884	\$914,923		\$232,887	\$49,289	3.9 x	\$27,762	33.0 x	21.6 x	16.5 x	67.7 x	46.9 x	36.2 %	1.9 x	-- %	--	28.3 %
Netflix	351.14	83.0	31.2	15,794	\$153,307	159,873		15,794	10,360	10.1	1,688	NM	51.3	34.5	87.7	55.3	34.1	2.6	--	--	27.5
eBay <sup>(2)</sup>	36.17	84.1	28.9	10,746	31,642	35,968		10,746	9,241	3.3	3,004	12.0	9.6	9.0	13.5	11.9	8.5	1.6	1.5	35.3	
Wayfair	147.23	84.8	63.4	6,779	13,456	13,414		6,779	922	2.0	(404)	NM	NM	NM	NM	NM	14.5	NM	--	--	NM
Etsy	65.38	89.1	37.4	604	7,817	7,475		604	282	12.4	98	NM	38.5	29.0	64.2	46.2	24.5	2.6	--	--	19.4
Qurate Retail Group <sup>(3)</sup>	16.97	67.8	(13.1)	14,070	7,383	14,223		14,070	7,373	1.0	1,979	7.2	6.6	5.7	8.1	7.0	20.0	0.4	--	--	10.4
CarGurus	40.99	71.6	21.5	454	4,549	4,391		454	--	9.7	28	NM	74.0	51.4	NM	73.9	32.0	NM	--	--	40.6
Yelp	35.58	67.8	1.7	943	2,918	2,163		943	--	2.3	50	43.5	9.6	7.8	19.9	16.5	18.6	1.1	--	--	5.1
Stitch Fix	27.17	51.8	59.0	1,372	2,716	2,439		1,372	--	1.8	56	43.3	52.7	29.3	NM	42.1	48.9	NM	--	--	16.2
Groupm	3.50	63.4	9.4	2,637	1,996	1,388		2,637	231	0.5	151	9.2	5.1	4.6	17.5	14.3	6.4	2.7	--	--	0.6
1-800-Flowers.com	18.70	98.2	52.9	1,209	1,200	1,041		1,209	98	0.9	81	12.9	11.7	10.9	35.0	27.3	17.3	2.0	--	--	10.1
Systemax	23.19	48.6	(2.9)	897	868	573		897	--	0.6	64	9.0	8.0	6.8	16.8	14.3	18.0	0.9	2.1	28.3	
Overstock.com	16.25	33.9	19.7	1,822	524	465		1,822	3	0.3	(190)	NM	NM	NM	NM	NM	NA	NM	--	--	NM
PetMed Express	22.63	48.3	(2.7)	286	464	370		286	--	1.3	55	6.8	7.0	6.4	11.7	11.0	11.0	1.1	4.8	34.0	
Blue Apron	1.10	26.5	7.8	668	214	273		668	155	0.4	(78)	NM	50.6	11.3	NM	NM	NA	NM	--	--	NM
BlueStem Brands	0.60	80.0	33.3	1,798	82	413		1,798	446	0.2	88	4.7	NM	NM	NM	NM	NA	NM	--	--	NM
U.S. Auto Parts Network	1.03	47.1	13.2	289	36	44		289	9	0.2	1	44.5	7.9	5.3	NM	NM	NA	NM	--	--	(12.3)
FTD Companies	0.52	7.8	(64.7)	1,014	15	207		1,014	208	0.2	22	9.4	5.0	5.0	NM	17.4	20.0	NM	--	--	NM
Domestic eCommerce								Mean		2.8 x	\$1,914	19.6 x	24.0 x	15.6 x	34.2 x	29.5 x	22.1 %	1.7 x	2.8 %	18.7 %	
								Median		1.2	60	10.7	9.6	9.0	18.7	17.4	19.3	1.7	--	2.1	19.4
Priceline	\$1,833.07	83.3 %	6.4 %	\$14,527	\$82,511	\$84,901		\$14,527	\$8,674	5.8 x	\$5,780	14.7 x	14.2 x	13.0 x	18.1 x	16.3 x	16.9 %	1.1 x	-- %	--	39.9 %
Expedia	125.79	90.0	11.7	11,223	18,515	21,338		11,223	3,717	1.9	\$1,263	16.9	9.6	8.5	18.2	15.5	19.2	0.9	1.0	6.7	
TripAdvisor	52.59	76.2	(2.5)	1,615	7,265	6,678		1,615	83	4.1	\$237	28.2	14.1	12.6	27.2	23.7	12.7	2.1	--	--	8.0
Travelzoo	14.23	67.3	44.8	111	169	151		111	--	1.4	\$10	15.3	12.5	10.2	34.7	30.3	NA	NM	--	--	34.4
Domestic Travel Marketplaces								Mean		3.3 x	\$9	18.8 x	12.6 x	11.1 x	24.6 x	21.4 x	16.3 %	1.4 x	1.0 %	22.2 %	
								Median		3.0	9	16.1	13.3	11.4	22.7	20.0	16.9	1.1	1.0	21.2	

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 July 2018, Amazon acquired Pill Pack for ~\$1 billion. 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.
- (2) In March 2018, Ebay acquired online marketplace Giosis for ~\$700 million.
- (3) 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).

# E-COMMERCE AND DIGITAL – OPERATING ANALYSIS

## E-Commerce and Digital

Operating Efficiency																	Credit Statistics				
Company Name	Store Count	Sales Growth			LTM EBITDA	Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin	CapEx / Sales	(a)	EBITDA - CapEx / Sales	(a)	Credit Rating	(b)	Debt / EBITDA	Net Debt / EBITDAR			(c)	EBITDA-Capex / Int.
		LFY	Q(-1)	Q(-2)													Net Debt / EBITDA	Adj. Debt / EBITDAR			
PayPal		20.8 %	13.7 %	23.0 %	\$2,733	46.0 %	18.3 %	17.7 %	14.4 %	5.3 %		12.4 %	BBB+		0.7 x	NM x	0.9 x		24.8 x		
Shopify		72.9	57.5	61.5	(69)	55.6	(4.3)	(6.4)	(8.6)	2.6		(9.0)	--		--	28.8	NM		NM		
Autohome Inc.		11.2	18.1	22.5	432	91.9	42.5	41.1	39.7	1.6		39.5	--		--	NM	0.2		NM		
58com Inc.		41.5	29.0	35.5	410	89.1	22.9	21.5	18.2	--		21.5	--		0.3	NM	0.6		NM		
Stamps.com		28.7	24.7	20.2	221	78.4	38.4	37.7	33.5	0.5		37.2	--		0.4	NM	0.5		84.0		
Quotient Technology		17.1	26.4	20.2	21	46.7	6.3	5.3	(0.8)	1.6		3.7	--		7.6	NM	7.3		1.1		
Park City Group		16.4	26.1	21.8	5	70.8	NM	21.4	19.2	0.1		21.3	--		1.0	NM	1.0		NM		
Autobytel		(9.3)	(14.0)	(15.3)	(13)	19.3	(9.0)	(10.4)	(17.2)	0.7		(11.1)	--		NM	1.0	NM		NM		
Digital Retail Technology					Mean	62.2 %	16.4 %	16.0 %	12.3 %	1.6 %		14.4 %			1.4 x	14.9 x	1.8 x		36.6 x		
					Median	63.2	18.3	19.6	16.3	1.1		16.8			0.4	14.9	0.8		24.8		
Amazon.com <sup>(1)</sup>		30.8 %	29.3 %	39.3 %	\$27,762	40.2 %	13.4 %	11.9 %	5.3 %	5.8 %		6.2 %	AA-		1.8 x	0.3 x	2.2 x		10.1 x		
Netflix		32.4	34.0	40.3	1,688	36.9	11.4	10.7	10.2	1.1		9.6	BB-		6.1	3.9	6.1		3.6		
eBay		6.5	6.0	9.1	3,004	77.8	29.1	28.0	21.5	6.1		21.9	BBB+		3.1	1.4	3.2		7.2		
Wayfair		39.7	42.4	47.4	(404)	23.4	(5.0)	(6.0)	(7.0)	2.3		(8.3)	--		NM	0.1	NM		NM		
Etsy		20.9	41.3	30.2	98	68.4	16.8	16.2	13.8	0.2		16.0	--		2.9	NM	3.0		4.4		
Qurate Retail Group <sup>(2)</sup>					1,979	34.5	14.6	14.1	10.2	2.0		12.1	BB		3.7	3.4	3.8		4.5		
CarGurus		59.9	43.4	44.7	28	94.5	7.9	6.2	5.1	1.3		4.9	--		--	NM	1.3		NM		
Yelp		18.8	8.0	11.9	50	93.9	10.7	5.3	2.7	2.6		2.6	--		--	NM	3.0		NM		
Stitch Fix		25.5	23.9	23.2	56	44.3	5.6	4.1	3.2	1.5		2.6	--		--	NM	1.6		NM		
Groupon		(5.6)	(6.6)	(6.8)	151	50.1	7.0	5.7	3.4	2.6		3.1	--		1.5	NM	2.3		3.7		
1-800-Flowers.com		(3.5)	7.7	(4.0)	81	42.2	8.9	6.7	4.1	3.0		3.7	--		1.2	NM	2.4		11.7		
Systemax		8.1	15.4	(2.4)	64	34.3	8.4	7.1	6.6	0.5		6.6	--		--	NM	0.9		NM		
Overstock.com		(3.1)	3.9	11.8	(190)	19.4	(10.0)	(10.5)	(11.4)	1.6		(12.0)	--		NM	0.7	NM		NM		
PetMed Express		9.9	7.0	9.7	55	34.8	19.3	19.1	18.3	0.2		18.8	--		--	NM	0.1		NM		
Blue Apron		10.8	(28.5)	(24.6)	(78)	35.1	(10.1)	(11.6)	(16.8)	2.3		(13.9)	--		NM	NM	NM		NM		
BlueStem Brands		(10.0)	1.8	(3.7)	88	39.5	6.8	4.9	1.9	1.2		3.7	--		5.1	3.7	5.3		1.3		
U.S. Auto Parts Network		0.0	(5.9)	(4.0)	1	27.2	0.9	0.3	(1.7)	2.0		(1.6)	--		9.3	7.3	7.2		NM		
FTD Companies		(3.4)	(7.9)	(8.6)	22	34.9	3.2	2.2	0.7	3.3		(1.2)	--		9.4	8.7	8.3		NM		
Domestic eCommerce					Mean	46.2 %	7.7 %	6.4 %	3.9 %	2.2 %		4.2 %			2.9 x	3.3 x	3.4 x		5.8 x		
					Median	38.2	8.2	6.0	3.7	2.0		3.7			1.8	3.4	3.0		4.4		
Priceline		18.0 %	9.4 %	16.9 %	\$5,780	100.0 %	40.8 %	39.8 %	36.9 %	3.0 %		36.7 %	A-		1.5 x	0.4 x	1.6 x		19.8 x		
Expedia		14.7	10.5	11.4	1,263	82.5	12.9	11.3	7.0	7.8		3.4	BBB		2.9	1.0	3.3		2.0		
TripAdvisor		5.1	4.3	2.1	237	94.7	15.7	14.7	11.6	3.8		10.9	--		0.4	NM	0.7		14.7		
Travelzoo		(6.8)	2.5	6.3	10	89.0	13.9	8.8	7.4	0.7		8.1	--		--	NM	2.2		NM		
Domestic Travel Marketplaces					Mean	91.5 %	20.8 %	18.6 %	15.7 %	3.8 %		14.8 %			1.2 x	0.7 x	2.0 x		12.2 x		
					Median	91.8	14.8	13.0	9.5	3.4		9.5			0.9	0.7	1.9		14.7		

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) 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.

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

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

## E-Commerce and Digital (cont.)

Company Name	Share Price 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value (a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	EV / EBITDA			P / E		LTM Rate	P/E/G 2019E	Dividend Yield (b)	ROE (c)
											LTM	2019E	2020E	2019E	2020E				
Alibaba Group <sup>(1)</sup>	\$188.91	89.2 %	37.8 %	\$50,203	\$489,689	\$494,849	\$50,203	19,782	9.9 x	\$12,965	38.2 x	22.8 x	17.4 x	30.8 x	25.0 x	23.6 %	1.3 x	-- %	12.9 %
JD.com	30.57	67.6	46.1	67,176	44,239	43,538	67,176	2,097	0.6	(115)	NM	30.4	19.9	NM	32.3	29.2	NM	--	(4.3)
Mercado Libre	504.52	95.7	72.3	1,440	22,806	22,923	1,440	735	15.9	(24)	NM	NM	NM	NM	NM	NA	NM	--	(11.0)
Rakuten	9.72	92.7	44.9	10,039	13,152	11,910	10,039	11,249	1.2	1,366	8.7	7.6	7.3	23.4	23.9	(30.3)	NM	0.4	19.4
Ocado Group	18.30	97.0	82.6	2,041	12,689	12,623	2,041	460	6.2	44	NM	NM	NM	NM	NM	NA	NM	--	(11.2)
Zalando SE	42.68	74.9	64.8	6,169	10,568	9,376	6,169	10	1.5	198	NM	27.4	22.0	NM	NM	29.0	NM	--	3.3
Farfetch	25.76	79.5	45.5	602	7,724	6,680	602	--	11.1	(164)	NM	NM	NM	NM	NM	NA	NM	--	(20.4)
Delivery Hero	40.12	67.1	8.9	744	7,447	6,696	744	4	9.0	(209)	NM	NM	NM	NM	NM	NA	NM	--	(14.4)
Vipshop	8.38	49.9	53.5	12,290	5,569	4,802	12,290	965	0.4	506	9.5	7.6	6.4	12.8	11.2	10.5	1.2	--	13.6
Start Today	16.78	38.5	(8.5)	1,069	5,123	5,246	1,069	201	4.9	281	18.7	15.1	13.9	22.3	20.9	29.4	0.8	1.3	NM
ASOS	48.37	53.5	67.5	3,421	4,055	4,105	3,421	80	1.2	135	30.5	21.4	15.9	NM	37.9	29.7	NM	--	14.4
Boohoo.com	2.61	80.2	27.2	924	3,023	2,836	924	11	3.1	82	34.6	22.0	17.6	NM	33.2	24.5	NM	--	20.2
Uxin Limited	3.26	31.1	(32.9)	482	953	1,083	482	334	2.2	(362)	NM	NM	5.4	NM	5.2	NA	NM	--	NM
Zooplus AG	104.22	48.3	(24.3)	1,539	744	734	1,539	57	0.5	6	NM	NM	25.4	NM	NM	153.4	NM	--	(1.9)
AO World	1.29	54.4	(21.0)	1,087	607	574	1,087	22	0.5	(4)	NM	NM	27.1	NM	NM	NA	NM	--	(19.2)
Secoo	10.18	65.8	12.2	783	511	538	783	187	0.7	34	15.9	NM	NM	NM	NM	NA	NM	--	11.1
N Brown Group	1.44	50.2	20.4	1,203	409	961	1,203	581	0.8	126	7.6	6.0	5.9	5.2	5.2	(3.0)	NM	13.0	1.9
Jumei International Holdings	2.45	83.3	33.9	770	368	(42)	770	0	(0.1)	(11)	3.9	NM	NM	NM	NM	NA	NM	--	12.4
home24	5.79	16.1	(55.0)	349	150	35	349	39	0.1	(69)	NM	NM	3.2	NM	NM	NA	NM	--	--
LightinTheBox Holding Company	1.62	68.4	32.8	228	108	121	228	52	0.5	(37)	NM	NM	NM	NM	NM	NA	NM	--	NM
Delticom AG	6.99	58.9	(15.6)	771	87	152	771	71	0.2	8	19.2	9.5	8.0	14.0	11.0	68.9	0.2	1.6	4.4
Netshoes	2.31	41.2	55.0	467	72	136	467	77	0.3	(46)	NM	12.4	6.1	NM	NM	NA	NM	--	NM
<b>International E-Commerce</b>							<b>Mean</b>		3.0 x	\$11	16.5 x	14.3 x	12.6 x	15.6 x	18.6 x	34.7 %	0.7 x	4.1 %	1.4 %
							<b>Median</b>		1.0	6	15.9	12.4	8.0	14.0	16.1	29.0	0.8	1.4	2.6
Ctrip.com <sup>(2)</sup>	\$44.98	86.6 %	66.2 %	\$4,502	\$24,896	\$25,462	\$4,502	8,747	5.7 x	\$521	NM x	25.5 x	19.5 x	35.0 x	25.3 x	25.1 %	1.4 x	-- %	1.3 %
MakeMy Trip	26.13	62.7	7.4	524	2,665	2,365	524	1	4.5	(143)	NM	NM	NM	NM	NM	NA	NM	--	(11.4)
trivago	4.24	56.2	(24.7)	1,047	1,489	1,450	1,047	146	1.4	(9)	NM	18.3	15.6	34.1	28.8	124.8	0.3	--	(2.5)
Tuniu Corporation	4.72	54.6	(2.9)	326	582	413	326	28	1.3	(20)	NM	NM	NM	NM	39.6	NA	NM	--	(5.6)
<b>International Travel Marketplaces</b>							<b>Mean</b>		3.2 x	\$1,583	NM x	21.9 x	17.6 x	34.5 x	31.2 x	74.9 %	0.8 x	-- %	(4.6) %
							<b>Median</b>		3.0	412	NM	21.9	17.6	34.5	28.8	74.9	0.8	--	(4.1)

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) 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 January 2018, Alibaba reportedly held talks with Kroger to form a potential partnership.

(2) In June 2018, Ctrip and Ocean Link Partners submitted an offer to acquire eHi Car Services.

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

E-Commerce and Digital (cont.)

E-Commerce and Digital (Cont.)																				
					Operating Efficiency										Credit Statistics					
Company Name	HQ	Sales Growth			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)																
Alibaba Group	China	58.1			\$12,965	47.8 %	26.7 %	25.8 %	17.7 %	8.6 %		17.2 %		A+		1.5 x	NM x	1.7 x		11.7 x
JD.com	China	27.5			(115)	14.1	0.7	(0.2)	(0.6)	4.6		(4.8)		BBB-		NM	27.7	11.6		NM
Mercado Libre	Argentina	18.3			(24)	58.1	(0.9)	(1.6)	(4.8)	6.8		(8.4)		--		NM	NM			NM
Rakuten	Japan	16.6			1,366	6.7	NM	13.6	7.0	2.1		11.5		--		8.2	NM	8.2		32.7
Ocado Group	UK	9.9			44	34.2	3.5	2.2	(2.0)	7.1		(4.9)		--		10.4	NM	8.7		NM
Zalando SE	Germany	20.0			198	42.3	4.2	3.2	2.2	4.2		(1.0)		--		0.0	NM	1.5		NM
Farfetch	UK	56.1			(164)	49.5	(24.1)	(27.3)	(28.8)	3.5		(30.8)		--		--	6.4	NM		NM
Delivery Hero	Germany	87.5			(209)	59.8	(25.8)	(28.1)	(35.5)	3.4		(31.5)		--		NM	3.7	NM		NM
Vipshop	China	15.9			506	20.2	4.8	4.1	2.9	--		4.1		BBB		1.9	NM	2.5		21.8
Start Today	Japan	28.8			281	90.3	NM	26.2	25.4	--		26.2		--		0.7	0.4	0.7		NM
ASOS	UK	25.7			135	50.8	4.6	3.9	3.0	4.4		(0.5)		--		0.6	0.4	1.3		NM
Boohoo.com	UK	96.8			82	54.0	9.1	8.9	7.5	7.7		1.2		--		0.1	NM	0.3		56.6
Uxin Limited	China	72.8			(362)	65.6	(70.4)	(75.2)	(77.3)	--		(75.2)		--		NM	NM	NM		NM
Zooplus AG	Germany	16.0			6	25.3	1.3	0.4	(0.1)	0.2		0.1		--		9.4	NM	7.0		2.6
AO World	UK	13.6			(4)	17.4	1.4	(0.3)	(1.2)	0.5		(0.8)		--		NM	8.5	8.9		NM
Secoo	China	44.0			34	17.8	5.0	4.3	4.1	--		4.3		--		5.5	0.7	5.6		5.5
N Brown Group	UK	2.4			126	54.6	11.2	10.5	9.9	0.3		10.2		--		4.6	4.3	4.7		8.1
Jumei International Holdings	China	(7.3)			(11)	23.1	(0.1)	(1.4)	(2.8)	--		(1.4)		--		--	39.3	NM		NM
home24	Germany	13.1			(69)	44.4	(15.2)	(19.7)	(20.5)	0.7		(20.4)		--		NM	1.5	NM		NM
LightInTheBox Holding Company	China	(28.9)			(37)	26.9	(14.3)	(16.2)	(16.5)	--		(16.2)		--		NM	NM	NM		NM
Delticom AG	Germany	10.1			8	20.9	1.8	1.0	0.3	0.7		0.3		--		9.0	8.4	7.7		3.4
Netshoes	Brazil	8.6			(46)	24.9	(7.5)	(9.9)	(11.6)	1.4		(11.3)		--		NM	NM	NM		NM
International E-Commerce					Mean	39.3 %	(6.2) %	(5.1) %	(6.9) %	2.2 %		(7.2) %				3.9 x	7.4 x	4.8 x		18.7 x
					Median	38.3	1.4	0.7	(0.7)	0.7		(0.9)				1.9	4.0	5.1		8.1
Ctrip.com	China	15.6			\$521	79.6 %	13.3 %	11.6 %	8.4 %	2.2 %		9.4 %		--		16.8 x	0.5 x	15.4 x		1.9 x
MakeMy Trip	India	50.9			(143)	44.5	(26.1)	(27.4)	(30.6)	0.8		(28.2)		--		NM	2.1	NM		NM
trivago	Germany	(11.6)			(9)	99.4	(0.3)	(0.8)	(1.9)	2.7		(3.5)		--		NM	4.5	NM		NM
Tuniu Corporation	China	4.6			(20)	52.5	(2.2)	(6.2)	(15.8)	5.3		(11.5)		--		NM	8.9	NM		NM
International Travel Marketplaces					Mean	69.0 %	(3.8) %	(5.7) %	(10.0) %	2.8 %		(8.5) %				16.8 x	4.0 x	15.4 x		1.9 x
					Median	66.0	(1.3)	(3.5)	(8.9)	2.4		(7.5)				16.8	3.3	15.4		1.9

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.

# INTERNATIONAL – TRADING ANALYSIS

International

Company Name	Share Price 4/12/2019	% of 52 wk high	YTD % Change	LTM Revenues	Equity Value	Enterprise Value	(a)	LTM Revenue	Total Debt	EV / LTM Revenue	LTM EBITDA	EV / EBITDA			P / E		LTG Rate	P/E/G 2019E	Dividend Yield	(b)	ROE	(c)
												LTM	2019E	2020E	2019E	2020E						
Inditex	\$29.76	86.8 %	15.3 %	29,948	\$92,668	\$85,113		\$29,948	\$102	2.8 x	6,325	13.5 x	12.5 x	11.7 x	21.4 x	19.9 x	8.3 %	2.6 x	3.3 %	24.4 %		
Fast Retailing	534.74	96.7	4.0	19,851	54,571	49,011		19,851	4,483	2.5	2,545	19.3	17.4	15.3	35.9	31.8	10.4	3.4	0.8	19.6		
H&M	17.52	93.7	23.2	23,329	28,999	29,940		23,329	2,229	1.3	2,694	11.1	10.3	9.8	21.3	20.0	(5.1)	NM	6.0	19.8		
Next PLC	73.64	90.2	45.4	5,490	9,710	11,198		5,490	1,702	2.0	1,161	9.6	9.7	9.7	12.5	12.1	4.8	2.6	2.9	NM		
Aritzia	13.86	93.3	15.2	\$632	1,769	1,733		632	\$56	2.7	\$101	17.1	13.4	11.3	20.3	16.9	18.6	1.1	--	24.7		
Ted Baker	19.55	53.5	(0.6)	813	871	1,034		813	182	1.3	115	9.0	7.9	7.5	11.7	11.1	10.0	1.2	3.9	17.4		
Superdry	5.98	28.4	0.8	1,135	490	465		1,135	--	0.4	158	2.9	3.3	3.1	8.0	7.1	NA	NM	6.8	16.2		
Esprit	0.22	57.7	8.2	1,811	406	(62)		1,811	--	(0.0)	(84)	0.7	3.2	NM	NM	NM	NA	NM	--	(37.9)		
Roots Corporation	3.42	33.7	48.1	251	144	216		251	75	0.9	29	7.4	6.0	5.6	8.8	8.3	15.0	0.6	--	5.5		
Mothercare UK	0.26	46.4	27.3	798	88	116		798	40	0.1	(34)	NM	3.7	NM	NM	NM	NA	NM	--	NM		
International Specialty Retail											Mean											
											Median											
LVMH	\$388.03	98.3 %	30.2 %	\$53,613	\$195,137	\$203,541		\$53,613	\$12,653	3.8 x	\$13,398	15.2 x	13.3 x	12.4 x	23.6 x	21.8 x	9.7 %	2.4 x	1.7 %	21.7 %		
Kering <sup>(1)</sup>	600.20	98.6	26.3	15,646	75,431	77,535		15,646	4,498	5.0	5,091	15.2	13.3	12.0	20.1	18.0	11.0	1.8	2.0	23.4		
Hermes	678.28	97.5	21.2	6,638	70,723	67,696		6,638	46	10.2	2,616	25.9	24.2	22.1	NM	38.2	8.9	NM	0.7	28.4		
Richemont	72.73	73.5	13.4	14,136	41,063	39,367		14,136	10,554	2.8	2,792	14.1	11.5	10.4	20.2	18.4	14.2	1.4	2.6	16.2		
Burberry	25.53	83.3	16.0	3,508	10,430	9,588		3,508	23	2.7	734	13.1	12.5	11.4	24.4	21.2	4.7	5.1	2.1	24.2		
Moncler	41.30	85.8	23.7	1,626	10,381	9,872		1,626	--	6.1	539	18.3	15.5	13.5	25.5	23.7	11.3	2.3	1.1	33.4		
Prada	2.81	46.1	(14.6)	3,598	7,194	7,560		3,598	1,046	2.1	610	12.4	11.1	10.0	20.9	22.6	15.1	1.4	2.4	7.2		
Canada Goose	47.94	66.3	9.7	586	5,279	5,313		586	108	9.1	157	33.8	25.0	20.0	39.0	32.4	33.1	1.2	--	45.7		
Hugo Boss	67.15	72.9	8.2	3,201	4,634	4,631		3,201	202	1.4	519	8.9	7.9	7.4	15.4	13.9	9.9	1.6	4.6	24.9		
Ferragamo	22.41	77.6	9.9	1,542	3,781	3,620		1,542	46	2.3	245	14.8	14.5	12.9	31.5	27.1	9.2	3.4	1.7	11.8		
Brunello Cucinelli	36.08	76.5	4.0	633	2,453	2,483		633	92	3.9	109	22.8	21.1	19.2	NM	38.5	7.8	NM	0.9	18.5		
Tod's	46.89	64.0	(1.6)	1,088	1,552	1,648		1,088	317	1.5	129	12.8	12.1	10.9	29.8	24.0	3.9	7.7	2.4	4.3		
Mulberry	3.78	34.3	0.6	213	225	208		213	1	1.0	7	29.7	NM	NM	NM	NM	NA	NM	--	(0.1)		
Luxury / Apparel / Accessories											Mean											
											Median											
Adidas	\$255.12	98.9 %	20.6 %	\$25,092	\$50,675	\$49,405		\$25,092	\$2,022	2.0 x	\$3,162	15.6 x	13.6 x	12.3 x	23.5 x	20.8 x	15.2 %	1.5 x	1.5 %	27.6 %		
Alimentation Couche-Tard	61.37	99.9	23.2	\$59,619	34,661	41,701		59,619	7,584	0.7	3,618	11.5	12.1	11.1	19.1	16.7	14.1	1.4	0.6	22.9		
Loblaw Companies	49.82	94.9	11.2	\$34,261	18,399	24,489		34,261	6,602	0.7	2,438	10.0	8.8	8.6	15.2	13.7	1.7	8.9	1.8	5.9		
Puma	614.46	99.6	26.7	5,322	9,187	8,866		5,322	228	1.7	479	18.5	15.3	12.8	33.5	27.2	26.6	1.3	0.6	13.6		
Dollarama	28.81	71.1	21.0	2,711	9,066	10,455		2,711	1,453	3.9	665	15.7	15.0	14.1	20.9	18.6	10.0	2.1	0.5	NM		
Gildan Activewear	37.05	99.6	21.9	2,909	7,655	8,271		2,909	702	2.8	591	14.0	13.5	12.4	18.9	16.2	11.6	1.6	1.4	17.6		
Canadian Tire <sup>(2)</sup>	109.21	79.1	4.3	9,562	6,977	12,828		9,562	5,432	1.3	1,156	11.1	9.4	9.0	11.3	10.3	11.5	1.0	2.9	14.3		
JD Sports <sup>(3)</sup>	6.83	96.6	54.3	4,740	6,646	6,833		4,740	428	1.4	529	12.9	10.0	8.9	16.6	14.9	12.3	1.4	0.3	31.9		
Pandora	43.36	40.5	6.4	3,498	4,292	5,093		3,498	1,023	1.5	1,138	4.5	5.0	5.0	7.0	6.8	0.6	12.7	6.3	NM		
ASICS	12.65	66.7	(1.3)	3,524	2,386	2,303		3,524	523	0.7	198	11.6	12.5	9.1	36.6	23.8	NA	NM	1.7	(10.9)		
Alpargatas	3.93	90.8	11.7	1,009	2,220	2,264		1,009	161	2.2	118	19.2	13.3	11.8	18.6	16.2	NA	NA	1.3	13.7		
Hudson's Bay Company <sup>(4)</sup>	5.78	63.9	8.1	7,163	1,357	3,838		7,163	2,556	0.5	43	NM	13.5	12.8	NM	NM	NA	NM	0.6	(28.7)		
SMCP	16.54	57.3	6.4	1,165	1,238	1,551		1,165	371	1.3	181	8.6	7.2	6.4	15.1	12.1	17.0	0.9	--	4.5		
Delta Galil	31.97	95.0	25.6	1,498	815	1,162		1,498	401	0.8	116	10.0	NM	NM	NM	NM	NA	NM	1.7	10.5		
Mizuno	22.99	60.9	8.1	1,629	583	646		1,629	189	0.4	96	6.7	6.7	6.3	11.8	10.6	NA	NM	1.9	4.9		
Geox	1.86	54.8	37.5	947	483	480		947	--	0.5	55	8.7	8.0	6.0	NM	20.2	NA	NM	1.5	(1.5)		
Various											Mean											
											Median											

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 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.

(2) In May 2018, Canadian Tire acquired Helly Hansen, a leading Norwegian manufacturer and retailer of outdoor wear.

(3) In June 2018, JD Sports acquired Finish Line for \$13.50 per share, or \$558 million.

(4) In September 2018, Hudson's Bay Company announced it sold select Real Estate Assets to and formed a JV with Signa to operate Kaufhof and Karstadt. In June 2018, Hudson's Bay Company announced the sale of Gilt Groupe to Rue La La.

# INTERNATIONAL – OPERATING ANALYSIS

International																			
Company Name	Store Count	Comp Store Sales			LTM EBITDA	Operating Efficiency				CapEx / Sales	(a)	EBITDA - CapEx / Sales	(a)	Credit Statistics					EBITDA-Capex / Int.
		LFY	Q(-1)	Q(-2)		Gross Margin	EBITDAR Margin	EBITDA Margin	EBIT Margin					Credit Rating	(b)	Debt / EBITDA	Net Debt / EBITDA	Adj. Debt / EBITDAR	
Inditex	7,442	5.0 %	3.0 %	4.0	\$6,325	54.9 %	30.2 %	21.1 %	16.7 %	5.3 %		15.8 %		--		0.0 x	NM x	1.8 x	NM x
Fast Retailing <sup>(1)</sup>	3,445	6.2	3.3	5.4	2,545	48.4	21.8	12.8	11.0	1.8		11.1		A		1.8	NM	3.5	58.4
H&M	4,841				2,694	52.7	23.3	11.5	7.1	4.5		7.0		--		0.8	0.4	3.4	NM
Next PLC	528				1,161	36.6	27.1	21.1	18.2	3.1		18.0		BBB		1.5	1.3	2.5	19.2
Arizia	90	6.6	11.5	10.9 %	101	39.8	31.0	16.0	13.3	7.1		8.9		--		0.6	NM	3.2	15.1
Ted Baker	544				115	58.3	23.2	14.1	10.8	7.7		6.4		--		1.6	1.4	3.3	10.5
Superdry	695				158	57.7	22.5	13.9	10.1	3.5		10.4		--		--	NM	2.3	NM
Esprit	586	(9.6)			(84)	50.3	11.7	(4.6)	(8.2)	1.6		(6.2)		--		--	5.6	8.4	NM
Roots Corporation	29				29	57.3	11.8	11.6	7.8	10.0		1.6		--		2.6	2.5	2.7	1.0
Mothercare UK <sup>(2)</sup>	1,268	(1.3)	(11.1)		(34)	11.1	1.9	(4.3)	(6.6)	1.1		(5.4)		--		NM	NM	22.5	NM
International Specialty Retail					Mean	46.7 %	20.5 %	11.3 %	8.0 %	4.6 %		6.8 %				1.0 x	2.2 x	5.3 x	20.9 x
					Median	51.5	22.9	13.4	10.4	4.0		8.0				0.8	1.4	3.3	15.1
LVMH					\$13,398	66.6 %	32.8 %	25.0 %	21.3 %	6.4 %		18.6 %		A+		0.9 x	0.5 x	2.2 x	55.1 x
Kering					5,091	74.6	43.9	32.5	28.9	6.1		26.5		BBB+		0.9	0.4	2.2	43.0
Hermes	304				2,616	70.0	NA	39.4	35.8	4.0		35.4		--		0.0	NM	NA	NM
Richemont					2,792	63.5	28.7	19.8	15.3	4.2		15.5		A+		3.8	NM	4.5	16.1
Burberry	494	3.0 %	3.0 %	2.0 %	734	68.7	33.7	20.9	17.4	1.9		19.1		--		0.0	NM	2.3	NM
Moncler	201				539	77.4	46.7	33.1	29.2	5.4		27.7		--		--	NM	1.7	NM
Prada	625				610	72.0	36.4	17.0	10.3	9.0		8.0		--		1.7	0.6	4.0	18.5
Canada Goose					157	61.7	30.4	26.9	25.3	3.5		23.4		--		0.7	0.2	1.3	13.6
Hugo Boss	439				519	65.2	30.6	16.2	12.9	4.4		11.8		--		0.4	NM	3.0	63.3
Ferragamo	679				245	64.0	32.5	15.9	11.1	4.7		11.2		--		0.2	NM	3.2	2.8
Brunello Cucinelli	126	10.9			109	48.8	30.1	17.2	12.6	4.9		12.3		--		0.8	0.2	3.0	62.8
Tod's	407				129	49.2	24.3	11.9	7.9	4.4		7.5		--		2.5	0.8	4.3	55.4
Mulberry	114	(1.0)	(7.0)		7	63.5	14.6	3.3	0.2	4.0		(0.7)		--		0.2	NM	4.7	NM
Luxury / Apparel / Accessories					Mean	65.0 %	32.1 %	21.5 %	17.5 %	4.8 %		16.6 %				0.9 x	0.4 x	3.0 x	36.7 x
					Median	65.2	31.6	19.8	15.3	4.4		15.5				0.7	0.4	3.0	43.0
Adidas					\$3,162	51.9 %	16.3 %	12.6 %	10.7 %	2.8 %		9.8 %		--		0.6 x	NM x	1.9 x	51.2 x
Alimentation Couche-Tard <sup>(3)</sup>	12,661	0.8 %	4.4 %	4.2 %	3,618	15.5	6.9	6.1	4.4	1.9		4.2		BBB		2.1	1.9	2.6	7.8
Loblaw Companies <sup>(4)</sup>	2,417	0.6	0.9	0.8	2,438	30.3	9.6	7.1	4.3	2.2		5.0		BBB		2.7	2.4	3.6	5.8
Puma					479	48.4	12.7	9.0	7.2	2.8		6.2		--		0.5	NM	2.1	15.2
Dollarama	1,192	5.2	3.1	2.6	665	48.2	33.5	24.5	22.7	4.5		20.0		--		2.2	2.1	3.2	14.6
Gildan Activewear					591	27.7	21.6	20.3	15.0	3.7		16.6		--		1.2	1.0	1.5	19.3
Canadian Tire	180				1,156	33.7	17.6	12.1	9.9	3.2		8.8		BBB+		4.7	4.3	5.1	7.6
JD Sports					529	48.7	NA	11.2	9.1	4.4		6.8		--		0.8	0.2	NA	68.7
Pandora					1,138	74.3	38.8	32.5	28.2	3.2		29.4		--		0.9	0.7	1.7	NM
ASICS					198	46.7	NA	5.6	2.7	1.1		4.5		--		2.6	NM	NA	23.2
Alpargatas	748				118	44.0	17.8	11.7	9.4	1.7		10.0		--		1.4	0.2	2.9	29.3
Hudson's Bay Company <sup>(5)</sup>	350	(2.5)	2.9	(0.4)	43	39.5	4.9	0.6	(3.9)	5.0		(4.4)		B		59.7	59.1	12.5	NM
SMCP					181	73.6	25.9	15.5	12.0	5.5		10.0		--		2.0	1.8	3.6	5.2
Delta Galil	180				116	37.3	11.4	7.7	5.8	2.8		4.9		--		3.5	2.8	4.3	3.9
Mizuno					96	41.2	NA	5.9	4.1	0.9		5.0		--		2.0	0.6	NA	32.5
Geox <sup>(6)</sup>	1,157	(1.0)			55	50.0	17.5	5.8	1.8	4.5		1.3		--		--	--	4.0	2.3
Various					Mean	44.4 %	18.0 %	11.8 %	9.0 %	3.1 %		8.6 %				5.4 x	5.9 x	3.8 x	20.5 x
					Median	45.3	17.5	10.1	8.2	3.0		6.5				2.0	1.8	3.2	14.9

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.

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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