



PCE Industry Report

Consumer Discretionary



Middle Market M&A Summary

Consumer Discretionary

4th Quarter 2017

Key Highlights

- The average value of the top ten transactions was \$776 million.
 - The largest transaction was the acquisition of Caesars Acquisition Company by Caesars Entertainment Corporation for \$2.1 billion.
 - The smallest transaction was the acquisition of The Fairmont Copley Plaza in Boston by an undisclosed buyer for \$170.1 million.
- The public company industry median TEV/Revenue multiple is 0.9x.
- The public company industry median TEV/EBITDA multiple is 10.2x.

Key Trends

- After hitting a 17-year high in November, the consumer confidence index pulled back slightly in December. While there was a pause in the enthusiasm, consumer's expectations remain at historically high levels which is expected to continue throughout 2018.¹
- As more consumers begin to place their take-out orders via a digital platform, some industry experts are warning restaurants not to become too reliant on tech based delivery services such as UberEats based on the premise that food delivery was not supposed to become a standalone business as profit margins are too thin.²
- While in-store foot traffic on Black Friday was down 2% when compared to last year, total consumer spending hit \$5 billion, which represented a 17% increase from 2016.³
- Consumers are expected to spend \$1 trillion on cross-border e-commerce by 2020 providing apparel companies the opportunity to grow their shopper base. The purchasing power of fashion is changing from North America to Asian companies as the Western quick fashion trends continue to expand. This is leading to a global expansion of the denim market as the casual apparel of jeans becomes more globally acceptable.^{4, 5}
- Nearly a decade after shuttering its doors, Circuit City announced its relaunch at the Consumer Electronics Show on January 11, 2018. The Company which filed bankruptcy and closed, will start with an experiential website before expanding into kiosks, vending machines, and stores within a store. The experiential website will be powered by IBM's Watson's AI commerce platform, which is programmed to learn customers' interests.⁶

Source: IBIS World, S&P Capital IQ, and PCE Proprietary Data

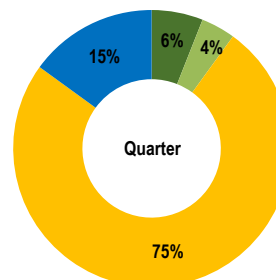
¹ Consumer Confidence Index ² "Restaurants Shouldn't Rely Too Much on VC-Fueled Delivery Companies", Recode.net, Chris Webb, December 12, 2017. ³ "Online Sales Boomed On Black Friday", CNN Money, Jackie Wattles, November 25, 2017. ⁴ "Denim Market to Reach \$87.6 billion by 2012", Globe Newswire, P&S Market Research, November 1, 2017. ⁵ "State of Fashion 2018", McKinsey & Company and Business of Fashion, January 2, 2018. ⁶ "Circuit City to Relaunch Online Next Month, With Stores on the Horizon", CNBC, Lauren Thomas, January 9, 2018.

Industry Trends During Quarter

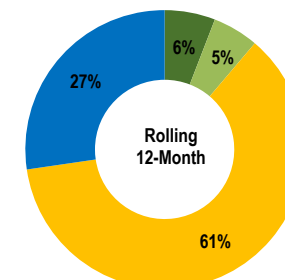
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Automobiles and Components	↓	↓	↓
Consumer Electronics and Home Furnishings	↑	↓	↑
Hotels, Restaurants & Leisure and Consumer Services	↑	↑	↓
Retailing	↓	↑	↑

* Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data

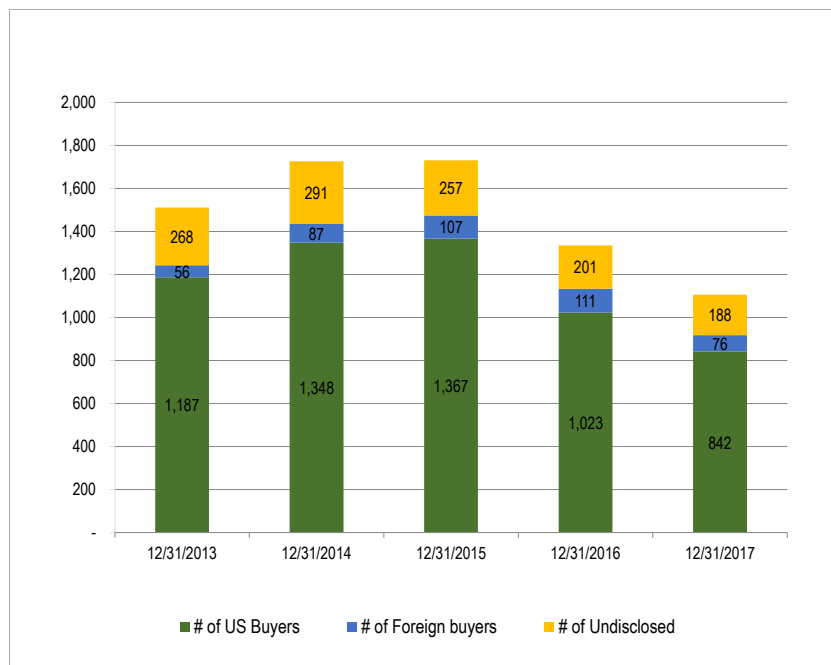
Transaction Volume as % of Industry



■ Automobiles and Components
 ■ Consumer Electronics and Home Furnishings
 ■ Hotels, Restaurants & Leisure and Consumer Services
 ■ Retailing



Rolling 12-Month Transaction Volume Trends by Buyer Origin



Source: S&P Capital IQ as of 1/19/2018 and PCE Proprietary Data

Largest Transactions Closed During Quarter by Transaction Value (\$ in millions)

Sector	Target	Buyer	Transaction Value
Hotels, Restaurants & Leisure and Consumer Services	Caesars Acquisition Company	Caesars Entertainment Corporation	\$2,080.5
Retailing	HSN, Inc.	QVC Group	\$1,828.7
Hotels, Restaurants & Leisure and Consumer Services	American Casino & Entertainment Properties LLC	Golden Entertainment, Inc.	\$1,100.0
Consumer Electronics and Home Furnishings	RSI Home Products, Inc.	American Woodmark Corporation	\$1,080.2
Hotels, Restaurants & Leisure and Consumer Services	Ruby Tuesday, Inc.	NRD Capital Management, LLC	\$362.6
Hotels, Restaurants & Leisure and Consumer Services	Turtle Bay Resort Hotel, LLC	Vitro, S.A.B. de C.V.	\$330.0
Hotels, Restaurants & Leisure and Consumer Services	Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch & Royal Palms Resort & Spa	MGM Resorts International	\$305.0
Automobiles and Components	Wam Industries, Inc., Aftermarket Business	Keystone Automotive Operations, Inc.	\$250.0
Automobiles and Components	Remaining 50% Stake in 3 Companies	WABCO Automotive Control Systems, Inc.; WABCO Vehicle Control Systems LLC	\$250.0
Hotels, Restaurants & Leisure and Consumer Services	The Fairmont Copley Plaza in Boston	Undisclosed	\$170.1



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- IT & Telecom
- Power & Energy
- Transportation & Logistics

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PCE Locations

Orlando

Atlanta

Chicago

New York

Data Assumptions

This report represents transaction activity as mergers & acquisitions, consolidations, restructurings and spin-offs. Targets are defined as U.S. Based companies with either foreign or U.S. based buyers. Transaction information provided is based on closed dates only.

Glossary

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization

LTM - Last Twelve Months

TEV - Total Enterprise Value