

PEAKSTONE

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E-Commerce M&A Update

June 2015

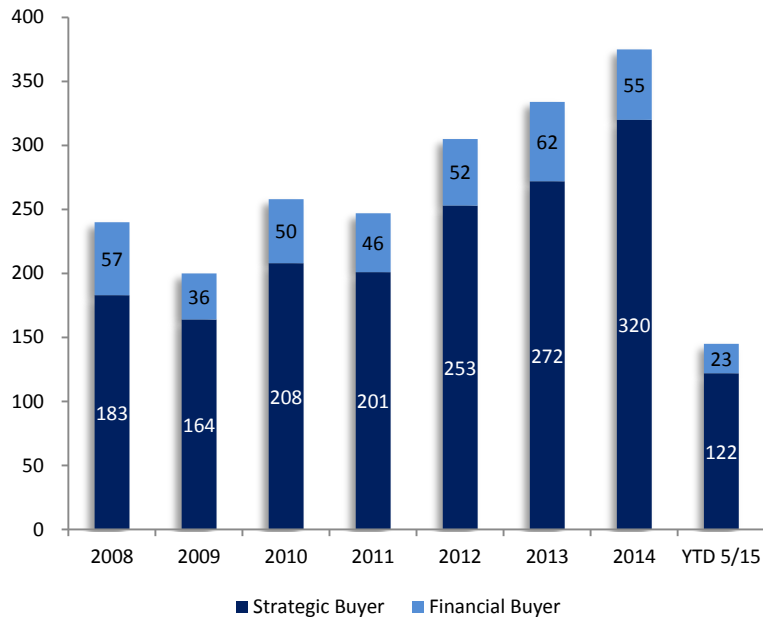
E-Commerce Industry Update

- The E-Commerce industry continues to see strong activity. Year-to-date 2015 transaction volume of 145 deals is on pace with record 2014 levels. During 2014, there were 375 transactions, an increase of over 12% from the prior year.
- Strategic buyers continue to lead the way. Year-to-date 2015, strategic buyers accounted for 85% of the buyers with financial buyers making up the difference. During 2014, strategic buyers accounted for just over 85% of the buyers.
- For announced transactions (albeit a limited sample size), e-commerce multiples saw a modest increase from 10.5x EBITDA and 0.7x revenue in 2014 to 11.2x EBITDA and 0.9x revenue year-to-date 2015.
- Peakstone equally weighted e-commerce index continues to outperform the S&P 500.
- Notable publicly announced 2015 transactions:
 - Gamestop entered into a definitive agreement to acquire Geeknet for approximately \$130 million.
 - Bluestem Brands signed a definitive agreement to acquire Orchard Brands for approximately \$410 million.
 - Expedia entered into a definitive agreement to acquire Orbitz for \$1.4 billion.

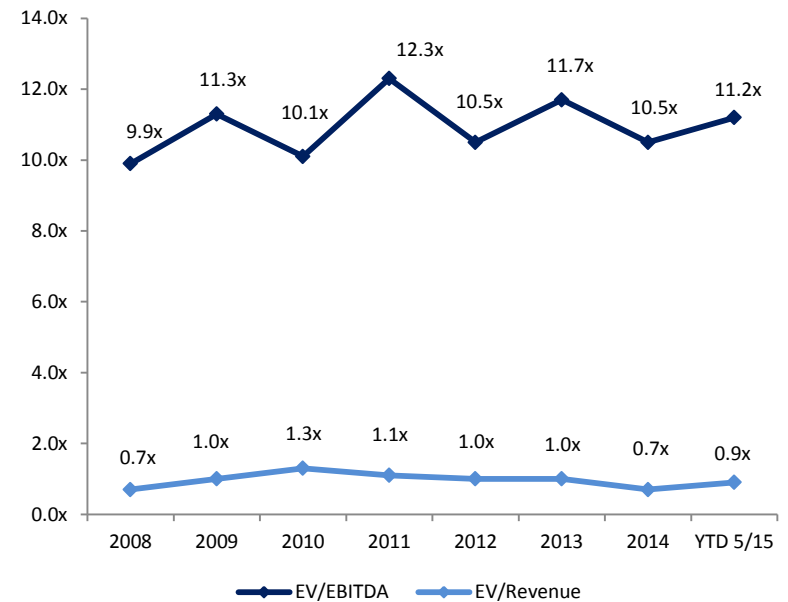
E-Commerce - M&A Market Overview

E-Commerce transaction activity has been strong with favorable valuation trends

U.S. Internet Retail Transactions by Buyer Type



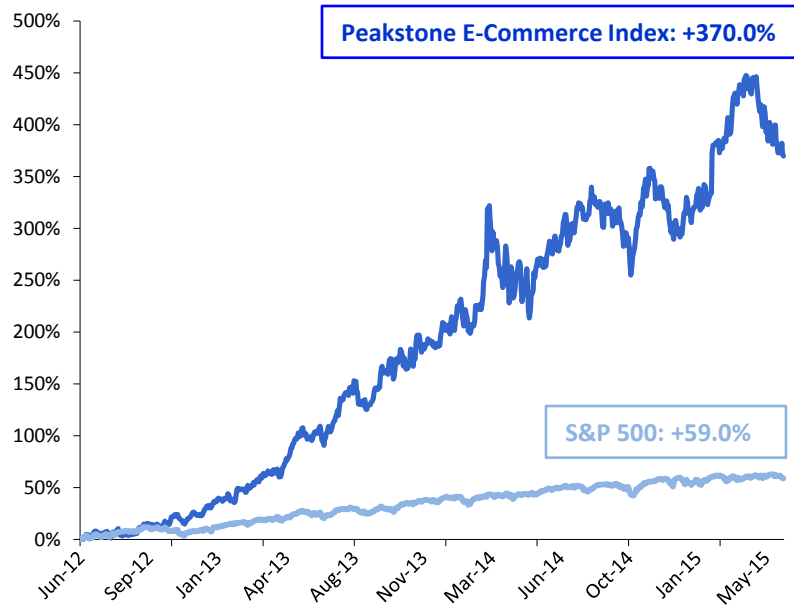
U.S. Internet Retail Transaction Multiples



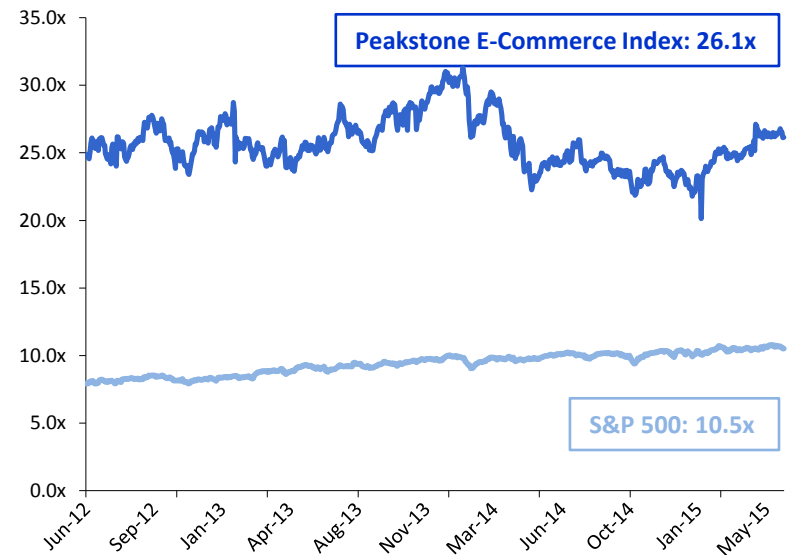
Peakstone E-Commerce Index - Trading Statistics

E-Commerce has outperformed the S&P 500 over the last 3 years

Relative Stock Performance ⁽¹⁾



Comparable Valuation Trends – Enterprise Value/EBITDA



Peakstone E-Commerce Index: AMZN, FLWS, EBAY, PCLN, STMP, SFLY, NILE, OSTK, PETS, PRTS, ASC, W, OWW, ZU, VIPS

⁽¹⁾ Equally weighted

Selected Public Trading Comparables

Peakstone E-Commerce Index

| (\$ in millions) Company Name | Market | Enterprise | Enterprise Value/ | | | Forward | Gross | EBITDA | Est. 2 Year | LT EPS |
|----------------------------------|-----------|------------|-------------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|
| | Cap | Value | Revenue | EBITDA | EBIT | P/E Ratio | Margin % | Margin % | Rev. CAGR | Growth Rate |
| Amazon.com Inc. | \$198,138 | \$201,388 | 2.2x | 41.6x | NM | NM | 18.1% | 5.3% | 17.1% | 55.7% |
| eBay Inc. | \$73,387 | \$71,371 | 0.7x | 7.7x | 10.7x | 22.8x | 43.8% | 8.8% | 7.5% | 11.7% |
| The Priceline Group Inc. | \$60,300 | \$60,969 | 3.9x | 14.0x | 19.8x | 19.2x | 67.8% | 28.2% | 13.1% | 17.7% |
| Vipshop Holdings Limited | \$13,662 | \$13,082 | 7.1x | 18.5x | 19.9x | 20.4x | 90.7% | 38.1% | 60.2% | 59.8% |
| ASOS plc | \$4,955 | \$4,853 | 6.8x | 26.5x | 30.9x | 23.5x | 77.8% | 25.6% | 19.9% | 21.9% |
| Wayfair Inc. | \$2,803 | \$2,522 | 1.9x | 20.7x | NM | NM | 50.1% | 9.2% | 35.0% | 30.0% |
| Shutterfly, Inc. | \$1,758 | \$1,809 | 0.6x | 18.9x | 21.0x | 31.8x | 18.4% | 3.4% | 13.9% | 69.5% |
| Orbitz Worldwide, Inc. | \$1,268 | \$1,383 | 0.3x | 17.4x | 26.3x | - | 18.7% | 1.5% | 4.9% | 15.0% |
| zulily, Inc. | \$1,655 | \$1,340 | 1.2x | 9.5x | 9.7x | 17.3x | 33.2% | 13.1% | 15.8% | 35.1% |
| Stamps.com Inc. | \$1,142 | \$1,073 | 0.3x | 20.0x | NM | NM | 27.6% | 1.5% | 22.4% | 20.5% |
| 1-800-Flowers.com Inc. | \$644 | \$729 | 3.0x | 74.8x | 88.5x | 80.4x | 48.6% | 4.0% | 26.6% | 18.0% |
| Overstock.com Inc. | \$535 | \$412 | 1.7x | NM | NM | NM | 23.8% | (9.0%) | - | - |
| Blue Nile Inc. | \$344 | \$305 | 1.5x | 11.8x | 23.5x | 31.7x | 77.8% | 12.4% | 5.3% | 18.3% |
| PetMed Express, Inc. | \$335 | \$284 | 1.1x | 45.8x | 86.8x | 47.4x | 27.8% | 2.3% | 2.3% | 7.0% |
| U.S. Auto Parts Network, Inc. | \$76 | \$90 | 2.9x | 58.6x | 85.7x | 37.7x | 24.9% | 5.3% | 7.4% | 15.0% |
| Median | | | 1.7x | 19.5x | 23.5x | 27.6x | 33.2% | 5.3% | 14.9% | 19.4% |

As of June 10, 2015

Source: Capital IQ

Selected Precedent M&A Transactions

| Date | Target | Size (\$mm) | Buyers/Investors | EV/EBITDA | Transaction Comments |
|--------|-----------------------------------|-------------|---------------------------------------|-----------|--|
| May-15 | Geeknet, Inc. (NasdaqGM:GKNT) | \$134 | GameStop Corp. (NYSE:GME) | - | A strategic buyer made an offer to acquire Geeknet, Inc. (NasdaqGM:GKNT) for approximately \$130 million in cash on May 27, 2015. GameStop Corp. (NYSE:GME) entered into a definitive agreement to acquire Geeknet, Inc. (NasdaqGM:GKNT) for approximately \$130 million in cash on June 1, 2015. Under the terms of the agreement, the buyer will pay \$20 per share as consideration. |
| May-15 | Orchard Brands Corporation | \$410 | Bluestem Brands, Inc. | 5.8x | Bluestem Brands, Inc. signed a definitive agreement to acquire Orchard Brands Corporation for approximately \$410 million in cash on May 27, 2015. The acquisition will be funded with a combination of cash on-hand, new term debt syndication, and a new asset-based lending facility. Orchard Brands Corporation reported net sales of \$1.02 billion, adjusted EBITDA of \$70.7 million and Free Cash Flow of \$61.9 million for the period ended December 27, 2014. |
| Feb-15 | Orbitz Worldwide, Inc. (NYSE:OWW) | \$1,880 | Expedia Inc. (NasdaqGS:EXPE) | 12.1x | Expedia Inc. (NasdaqGS:EXPE) entered into a definitive agreement to acquire Orbitz Worldwide, Inc. (NYSE:OWW) for \$1.4 billion on February 12, 2015. Expedia will acquire 110.8 million shares, 7.76 million RSUs. Expedia will pay \$12 per share in cash as consideration for shares and options. On completion, Orbitz Worldwide will operate as wholly owned subsidiary of Expedia. |
| Dec-14 | Baby Jogger, LLC | \$210 | Newell Rubbermaid Inc. (NYSE:NWL) | - | Newell Rubbermaid (NYSE:NWL) signed a definitive agreement to acquire Baby Jogger, LLC, from 2008 Riverside Capital Appreciation Fund L.P. of The Riverside Company and others for \$210 million, subject to customary working capital and transaction adjustments, on December 1, 2014. The acquisition is expected to be financed through a combination of organic cash flow and available borrowings. |
| Aug-14 | Pet360 Inc. | \$160 | PetSmart, Inc. (NasdaqGS:PETM) | - | PetSmart, Inc. (NasdaqGS:PETM) signed a definitive agreement to acquire Pet360, Inc. from Udata Partners, LLR Partners Inc. and others for approximately \$160 million on August 19, 2014. PetSmart will pay \$130 million upfront and additional \$30 million based on performance by the end of 2016. |
| Jul-14 | Provide Commerce, Inc. | \$422 | FTD Companies, Inc. (NasdaqGS:FTD) | 7.5x | FTD Companies, Inc. (NasdaqGS:FTD) entered into a definitive agreement to acquire Provide Commerce, Inc. from Liberty Interactive Corporation (NasdaqGS:LINT.A) for approximately \$420 million in cash and stock on July 30, 2014. |
| Jul-14 | Vitacost.com, Inc. | \$281 | The Kroger Co. (NYSE:KR) | - | The Kroger Co. (NYSE:KR) entered into a definitive merger agreement to acquire Vitacost.com, Inc. (NasdaqGS:VITC) for approximately \$270 million in cash on July 1, 2014. Kroger will purchase all outstanding shares of Vitacost.com for \$8.00 per share in cash. |
| Jun-14 | Healthy Directions, LLC | \$195 | Helen of Troy Limited (NasdaqGS:HELE) | 8.0x | Helen of Troy Limited (NasdaqGS:HELE) entered into a definitive purchase agreement to acquire Healthy Directions, LLC from certain funds controlled by American Securities and ACI Capital Co., LLC for approximately \$200 million in cash on June 11, 2014. |
| Jan-14 | ideeli Inc. | \$43 | Groupon, Inc. (NasdaqGS:GRPN) | - | Groupon, Inc. (NasdaqGS:GRPN) acquired ideeli Inc. from Betaworks Studio, LLC, Investment Arm, Next World Capital, The Cue Ball Group, LLC, Next World Capital, Kodiak Venture Partners, StarVest Partners II, L.P. of StarVest Partners, L.P., David Shen Ventures, LLC, Trieca Venture Partners, Credit Suisse Private Equity, LLC, Highbridge Principal Strategies Growth Equity and other investors for \$43 million in cash on January 13, 2014. |

Selected Precedent M&A Transactions (continued)

| Date | Target | Size (\$mm) | Buyers/Investors | EV/EBITDA | Transaction Comments |
|--------|----------------------------------|-------------|--|-----------|---|
| Aug-13 | Monoprice, Inc. | \$180 | Blucora, Inc. (NasdaqGS:BCOR) | 11.3x | Blucora, Inc. (NasdaqGS:BCOR) entered into a stock purchase agreement to acquire Monoprice, Inc. for \$180 million in cash on July 31, 2013. The consideration is payable to the sellers and option holders of Monoprice. Monoprice generated revenues of \$131.1 million and adjusted earnings before interest, taxes, depreciation, and amortization of \$16 million for the twelve months ending June 30, 2013. Blucora expects to fund the transaction with cash on hand. |
| Dec-12 | TripAdvisor Inc. (NasdaqGS:TRIP) | \$300 | Liberty USA Holdings LLC | 28.5x | Liberty USA Holdings LLC acquired 3.37% stake in TripAdvisor Inc. (NasdaqGS:TRIP) from Barry Diller, The Diller-von Furstenberg Family Foundation and Revocable Trust Under The Trust Agreement of The Arrow 1999 Trust for approximately \$300 million on December 11, 2012. |
| Dec-12 | Redcats USA, Inc. | \$525 | Charlesbank Capital Partners, LLC; Webster Capital | - | Webster Capital, Charlesbank Capital Partners, LLC and OneStopPlus Group management entered into a definitive agreement to acquire Redcats USA, Inc. from Redcats SA for an enterprise value of approximately \$530 million on December 5, 2012. The investment will be funded with both equity and debt. |
| Dec-12 | Blue Ribbon Motoring, LLC | \$150 | AutoZone, Inc. (NYSE:AZO) | - | AutoZone, Inc. (NYSE:AZO) entered into a definitive agreement to acquire assets and select liabilities of Blue Ribbon Motoring, LLC for approximately \$150 million on December 4, 2012. |
| Nov-12 | Gojane LLC | \$33 | Aéropostale, Inc. (NYSE:ARO) | - | Aéropostale, Inc. (NYSE:ARO) acquired Gojane.com for \$33.2 million on November 13, 2012. The purchase price consists of \$25.2 million in cash at closing paid from cash on hand, subject to certain adjustments. |
| Nov-12 | The Sportman's Guide, Inc. | \$215 | Northern Tool + Equipment Company, Inc. | - | Northern Tool + Equipment Company, Inc. entered into an agreement to acquire The Sportman's Guide, Inc. from Redcats USA, Inc. for an enterprise value of approximately \$220 million on November 8, 2012. Northern took on \$200 million in debt to finance the deal. J.P. Morgan Securities LLC is arranging the financing for the transaction. |
| Nov-12 | Kayak Software Corporation | \$1,828 | priceline.com Incorporated (NasdaqGS:PCLN) | 30.6x | priceline.com Incorporated (NasdaqGS: PCLN) signed a definitive agreement to acquire Kayak Software Corporation (NasdaqGM:KYAK) from Kayak's Directors and officers and other investors for approximately \$1.8 billion on November 8, 2012. |
| Aug-12 | Ediets.com Inc. | \$16 | As Seen On TV, Inc. (OTCBB:ASTV) | - | As Seen On TV, Inc. (OTCPK:ASTV) entered into a letter of intent to acquire EDiets.com, Inc. (OTCBB:DIET) for \$12.1 million in stock on August 9, 2012. Under the terms of the agreement, As Seen on Tv will issue 16.2 million shares of common stock to the stockholders of eDiets.com, Inc. in exchange for 100% of the outstanding shares of EDiets. |
| Jun-12 | 1-800 CONTACTS, Inc. | \$900 | WellPoint Inc. (NYSE:WLP) | - | WellPoint Inc. (NYSE:WLP) agreed to acquire 1-800 Contacts, Inc. from Fenway Partners Capital Fund III, L.P. of Fenway Partners LLC and others for \$900 million in cash on June 4, 2012. The deal will be financed by WellPoint with cash on hand. 1-800 Contacts has annual revenue of approximately \$400 million. |
| May-12 | DirectStar TV, LLC | \$106 | Red Ventures, LLC | - | Red Ventures, LLC signed a membership interest purchase agreement to acquire DirectStar TV, LLC from MasTec North America, Inc. for approximately \$110 million on May 24, 2012. |
| Oct-11 | L&S Retail Ventures, Inc. | \$15 | CafePress Inc. (NasdaqGS:PRSS) | - | CafePress Inc. (NasdaqGS:PRSS) acquired L&S Retail Ventures, Inc. for \$15.3million on October 1, 2011. Pursuant to the terms of transaction, purchase price consisted of an initial cash purchase price of \$4.5 million and \$2.8 million in contingent consideration related to expected performance-based contingent consideration payments. |

Source: Capital IQ

Selected Precedent M&A Transactions (continued)

| Date | Target | Size (\$mm) | Buyers/Investors | EV/EBITDA | Transaction Comments |
|--------|---------------------|-------------|--|-----------|--|
| Oct-11 | Cardpool, Inc. | \$42 | Blackhawk Network, Inc. | - | Blackhawk Network, Inc. acquired Cardpool, Inc. from Freestyle Capital, Great Oaks Venture Capital LLC, Kapur Capital, Lowercase Capital, Y Combinator and other group of investors for \$42.3 million in cash on September 15, 2011. Blackhawk Network will pay \$9.9 million at closing and \$9.2 million payment due one year after close and contingent payments for up to \$23.2 million. |
| Mar-11 | drugstore.com, inc. | \$436 | Walgreen Co. (NYSE:WAG) | 51.4x | Walgreen Co. (NYSE: WAG) signed a definitive merger agreement to acquire Drugstore.com Inc. (NasdaqGS: DSCM) from Ziff Asset Management, L.P., Discovery Group Holding Company, LLC, T. Rowe Price Associates, Inc., Amazon.com Inc., Kleiner, Perkins, Caufield & Byers and other investors for approximately \$420 million in cash on March 23, 2011. Under the terms of agreement, Drugstore.com stockholders will receive \$3.8 in cash for each share of stock and outstanding options. Walgreens will fund the acquisition with existing cash. |
| Mar-11 | Tiny Prints, Inc. | \$357 | Shutterfly, Inc. (NasdaqGS:SFLY) | - | Shutterfly, Inc. (NasdaqGS:SFLY) signed a definitive agreement to acquire Tiny Prints, Inc. for approximately \$360 million on March 21, 2011. Under the terms of the definitive agreement, Shutterfly will acquire all of the outstanding capital stock of Tiny Prints, Inc. including vested and unvested equity awards in exchange for \$146.5 million in cash and 4 million shares of Shutterfly common stock. |
| Feb-11 | HauteLook, Inc. | \$210 | Nordstrom Inc. (NYSE:JWN) | - | Nordstrom Inc. (NYSE: JWN) entered into an agreement to acquire HauteLook, Inc. from Insight Venture Partners and other shareholders for approximately \$270 million in stock on February 16, 2011. Nordstrom will acquire HauteLook for \$180 million in Nordstrom stock with a portion subject to ongoing vesting requirements. |
| Feb-11 | Fanatics, Inc. | \$277 | GSI Commerce, Inc. | 14.5x | GSI Commerce Inc. (NasdaqGS: GSIC) signed a letter of intent to acquire Football Fanatics, Inc. from Insight Venture Partners VI, L.P., Insight Venture Partners V, L.P., Insight Venture Partners V (Employee Co-Investors), L.P., Insight Venture Partners Cayman V, LP of Insight Venture Partners and Trager family on January 5, 2011. GSI Commerce Inc. (NasdaqGS: GSIC) signed a definitive agreement to acquire Football Fanatics, Inc. for approximately \$280 million in cash and stock on February 9, 2011. |
| Nov-10 | Quidsi, Inc. | \$545 | Amazon.com Inc. (NasdaqGS:AMZN) | - | Amazon.com Inc. (NasdaqGS: AMZN) reached an agreement to acquire Quidsi, Inc. from MentorTech Ventures, Bessemer Venture Partners, Accel Management Co. Inc., New Enterprise Associates, Pinnacle Ventures, BEV Capital and other shareholders for approximately \$550 million in cash on November 8, 2010. Under the terms of the transaction, Amazon.com will assume approximately \$45 million in debt. |
| Aug-10 | E-conolight LLC | \$21 | Merit Capital Partners; Fulton Capital LLC | - | Fulton Capital LLC and Merit Capital Partners and its fund Merit Mezzanine Fund IV, L.P. acquired E-conolight LLC for \$21 million on March 29, 2010. Merit Capital Partners acquired 90% stake in the deal. |
| May-10 | Buy.Com, Inc. | \$250 | Rakuten USA, Inc. | - | Rakuten USA, Inc. agreed to acquire Buy.com, Inc. from Clearlake Capital Group, LLC and other investors for \$250 million in cash on May 20, 2010. Buy.com reported revenue of \$62.5 million, total assets of \$75.48 million, operating income of \$4.4 million, net income of \$11.78 million, and net assets of \$30.41 million in 2009. |

Peakstone Selected E-Commerce Transactions



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