

## TM Capital Observations from ICR Conference and Atlanta Gift & Home Show

We enjoyed meeting with a wide array of TM Capital's friends earlier this year at the ICR Conference in Orlando and at the Gift & Home Show in Atlanta. If you were at either event, and we were unable to catch up live, please reach out – we'd love to hear from you.

We wanted to share with you some of the key themes that reverberated at these events, among our discussions with clients, financial sponsors and a variety of consumer and retail-oriented companies.

- **2019 Consumer Outlook** – Over our many years attending the gift and home show, we've long noticed that independent retailers in the GHA community have served as a bit of a "bellwether" for the broader U.S. consumer. This January, independent retailers showed up flush from a strong holiday season and ready to spend. This sentiment was shared by both public and private companies presenting at ICR. We view this as a positive sign for the U.S. consumer (and as a result, consumer/retail oriented businesses) in 2019.
- **Frothy M&A Market** – Corporations have increased cash, due in part to tax reform, and M&A remains a leading use for those funds. Meanwhile, the fundraising environment in the private equity community over the last year has been robust – and as a result, a large number of sponsors are sitting on heaps of new dry powder. With a continued scarcity of high quality assets on the market, we believe valuations will remain strong.
- **China Plus** – We've long advocated the "China plus" sourcing strategy to our consumer products clients that have benefitted from inexpensive Asian manufacturing over the last decade. With a tariff situation that continues to remain fluid, it's clear to us that those under the least stress are the companies that began to diversify their sourcing operations years ago. An array of companies in attendance at ICR, ranging from Yeti to Party City to Floor & Décor discussed the aggressive strategies they are implementing to reduce (or in some cases eliminate) their dependence on Chinese manufacturing.
- **Reaching Millennials and Gen Z** – A strong strategy for connecting with Millennials and Generation Z will be a key driver of business success over the next decade – as millennials move quickly into peak spending years and Gen Z moves increasingly into the workforce. An array of disruptors are growing rapidly by leveraging an innate ability to connect with these generations via DTC marketing, influencers and other non-traditional avenues.
- **Omni-Channel** – Not a meeting or presentation went by without what we'd characterize as almost gratuitous use of the term "omni-channel." For good reason, an omni channel approach has quickly become the price of admission for consumer and retail businesses. However, throwing around buzz words won't be enough – the winners over the next few years will be those that most expertly implement an omni-channel

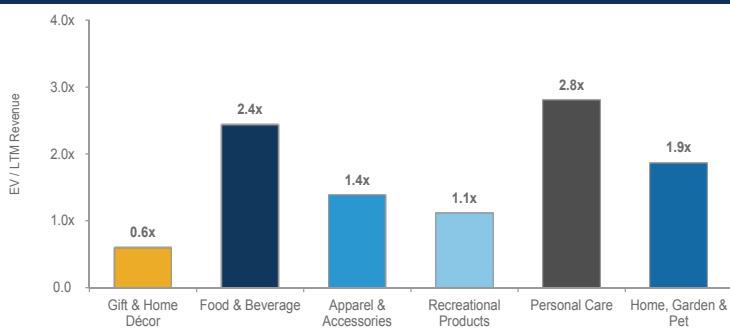
TM Capital has also recently published new industry reports on the Gift and Home Space and on E-Commerce/ Disruptive Platforms. Visit our [Research Page](#) to access these Industry Spotlight reports.

Please feel free to reach out to the TM Capital team with any questions, comments or conversation. We look forward to working with you in 2019.

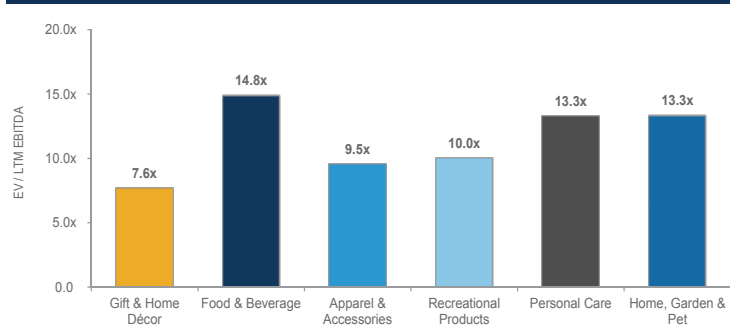
## Consumer Headline Transactions

	Target	Acquiror	Acquisition Synopsis
Gift & Home Décor	 D·M·C FONDÉE EN 1748 WOOL AND THE GANG SIRDAR TILSATEC	 LION CAPITAL	<ul style="list-style-type: none"> <li>Los Angeles-based consumer-focused private equity firm Lion Capital has acquired the Craft Group, a portfolio of European needlecrafts brands, from BlueGem Capital Partners</li> <li>Brands include DMC, Wool and the Gang, Sirdar and Tilsatec; DMC Group generated <b>2018 sales of ~\$100 million</b> across more than 100 countries</li> </ul>
Food & Beverage	 ALLIED PINNACLE	 NISSHIN SEIFUN	<ul style="list-style-type: none"> <li>Nisshin Flour Milling and Nisshin Seifun Group, Japan's largest milling company and its conglomerate parent, have agreed to acquire Allied Pinnacle from Pacific Equity Partners for an <b>Enterprise Value of \$410 million</b></li> <li>Allied Pinnacle is Australia's largest end-to-end bakery ingredient supplier with a strong presence in flour, pre-mixes and prepared bakery products</li> </ul>
Apparel & Accessories	 GAZAL	 PVH ck CALVIN KLEIN	<ul style="list-style-type: none"> <li>PVH Corp (NYSE:PVH) has agreed to acquire the remnant it does not already own (78.4%) of Gazal Corporation (ASX:GZL), an Australian designer, manufacturer and importer of branded apparel, for an <b>implied Enterprise Value of \$213 million</b>, representing an <b>LTM EBITDA Multiple of 15.1x</b></li> <li>Gazal Corporation had formerly licensed PVH brands Calvin Klein, Tommy Hilfiger and Van Heusen through a 2014 joint venture with PVH</li> </ul>
Recreational Products	 FORREST-PRUZAN CREATIVE	 Funko	<ul style="list-style-type: none"> <li>Funko, Inc (NasdaqGS:FNKO), a designer and distributor of licensed pop culture products, has acquired Forrest-Pruzan Creative LLC, a board game development startup</li> <li>Forrest-Pruzan Creative specializes in game invention, design and playtesting; the company creates board games incorporating top-tier licenses including Disney and Harry Potter</li> </ul>
Personal Care	 UpSpring	 Reckitt Benckiser	<ul style="list-style-type: none"> <li>Reckitt Benckiser has announced the acquisition of UpSpring, Ltd; a provider of pre- and post-natal products based in Texas</li> <li>UpSpring offers Milkscreen (a home test to detect alcohol in breast milk) and other health and safety products for mothers, babies and young children; UpSpring will operate as a stand-alone entity and will continue to be led by the existing management team</li> </ul>
Home, Garden & Pet	 LifeShield HOME SECURITY	 ADT	<ul style="list-style-type: none"> <li>ADT Inc. (NYSE:ADT) has acquired LifeShield, Inc, a DIY home security company, from Hawk Capital Partners for an <b>Enterprise Value of \$25 million</b></li> <li>The addition of LifeShield's technology to ADT's security and automation solutions expertise increases ADT's ability to address the approximately 80% of U.S. households without professionally installed and monitored home security</li> </ul>

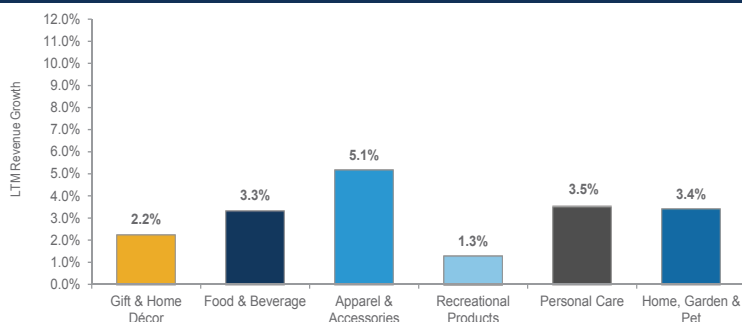
### Enterprise Value / LTM Revenue



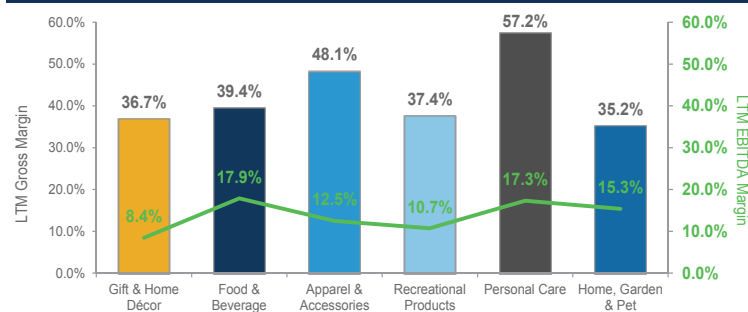
### Enterprise Value / LTM EBITDA



### LTM Revenue Growth

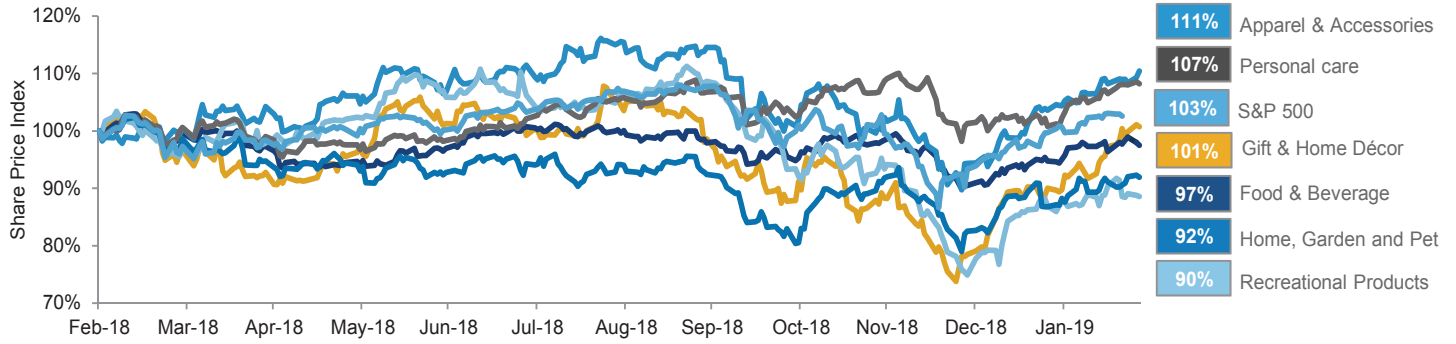


### Enterprise Value / LTM EBITDA



Note: EBITDA Margins in green

## LTM Stock Price Index



## Selected Consumer Transactions

### Gift & Home Decor

Target	Acquiror	Transaction Description
Parklane Mattresses	BedMart Mattress Superstores	BedMart, Oregon's largest family-owned mattress retailer, announced the acquisition of Parklane Mattresses, an Oregon-based manufacturer and retailer of natural sleep products and RV / truck specialty mattresses founded in 1921
Fresh Finds, LLC & Harriet Carter Gifts, Inc	Amerimark Interactive	Amerimark Interactive, a multi-platform e-commerce provider of home products backed by Prudential Securities, has acquired two complementary home products e-commerce platforms: Fresh Finds LLC and Harriet Carter Gifts

### Apparel & Accessories

Target	Acquiror	Transaction Description
Belabumbum, LLC	Adore Me, Inc.	Direct-to-consumer lingerie brand Adore Me has acquired Belabumbum, a 20-year-old designer and manufacturer of intimate apparel, sleep, lounge and activewear for new and expecting mothers
Rune NYC, LLC	12 Retch Corporation (OTCPK:RETC)	12 Retch Corp, a developer of advanced retail marketing software, has acquired women's activewear brand Rune NYC as part of a microbrand acquisition strategy attempting to challenge incumbent e-commerce platforms

### Personal Care

Target	Acquiror	Transaction Description
This is L. Inc.	The Procter & Gamble Company (NYSE:PG)	Procter & Gamble has grown its portfolio of feminine care products with the acquisition of This is L. Inc., a fast-growing manufacturer and marketer of organic tampons and other personal care items for an <b>Enterprise Value of ~\$100 million</b>
ClarityRx Clinical Skin Care, Inc.	Topix Pharmaceuticals, Inc.	ClarityRx, a developer of plant-based skincare products for the spa-dispensed skincare market, has been acquired by Topix Pharmaceuticals, a provider of medical-grade skincare products

## Selected TM Capital Consumer Experience

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### Food & Beverage

Target	Acquiror	Transaction Description
Garden Fresh Salsa Company	Aliments Fontaine Sante Inc.	Campbell Soup Co. has divested the Garden Fresh Salsa Company to Montreal-based dip producer Aliments Fontaine Sante; the divestiture is part of Campbell's strategy to narrow its product focus and reduce debt
Cutwater Spirits, LLC	Anheuser-Busch InBev	Cutwater Spirits, a San Diego-based craft distilling venture that produces whiskey, canned cocktails and other spirits, has been acquired by Anheuser-Busch Inbev; Cutwater operates a 50,000sf distillery, tasting room and kitchen in San Diego

### Recreational Products

Target	Acquiror	Transaction Description
Tacx Onroerend en Roerend Goed B.V.	Garmin Ltd. (NasdaqGS:GRMN)	Garmin Ltd. will acquire Tacx, a Dutch designer and manufacturer of indoor bike trainers, tools and software; this acquisition increases Garmin's fitness portfolio and expands its reach into the indoor training market
All Ball Pro	Gladiator Lacrosse LLC	Florida-based Gladiator Lacrosse, led by 18-year old CEO Rachel Zietz, has acquired All Ball Pro, a St. Louis-based manufacturer and distributor of professional-grade balls and rebounders for lacrosse and other sports

### Home, Garden & Pet

Target	Acquiror	Transaction Description
Hartzell PFO, Inc (d/b/a Chuck & Don's Pet Food Outlet)	Independent Pet Partners	Independent Pet Partners, an investment platform pursuing a pet retail roll-up, has agreed to acquire Chuck & Don's Pet Food Outlet, a Minnesota-based pet supply retailer; the acquisition will expand IPP's retail footprint to 165 stores across 12 states
Arden Companies, Inc.	Central Garden & Pet Company (NasdaqCS:CENT)	Central Garden & Pet Company has acquired a 55% stake in Arden Companies, a designer and manufacturer of outdoor cushions, furniture and décor, at an <b>Implied Enterprise Value of \$24.4 million</b>

## TM Capital's Consumer Industry Contacts

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