



DUFF & PHELPS

Protect, Restore and Maximize Value

INDUSTRY INSIGHTS

Apparel Quarterly Update – Winter 2019

About Our Practice

Duff & Phelps' Consumer group is among the most active middle-market advisors, providing sell-side, buy-side and capital-raising services for clients worldwide. With expertise in the consumer, food, restaurant, apparel and retail sectors, our professionals have executed more than 100 transactions over the past 10 years.

The Duff & Phelps platform provides in-depth coverage of the apparel, footwear and accessories industry through dedicated, bicoastal consumer teams and 40 international offices. Duff & Phelps is a trade name for Duff & Phelps, LLC, and its affiliates. Read more at www.duffandphelps.com.

**#1 U.S. and global
fairness opinion
provider 2018¹**

**#4 middle-market
M&A advisor over
the past five years²**

Proven Execution	100+ Consumer M&A (Mergers and Acquisitions) and Capital Raise transactions over the past 10 years
Deep Sector Expertise	Category focus drives thought leadership and builds invaluable relationships with buyers and investors alike
Customized Approach	Successful track record of premium value transactions driven by hands-on execution and creativity
Experienced Team	Over 30 bankers dedicated exclusively to the consumer sector within the United States alone
Global Platform	Over 3,500 employees across 70+ offices in 28 countries, with an extensive presence in the United States, Europe and Asia

Our Apparel Team

Corporate Finance



Joshua Benn
Global Head of Consumer Corporate Finance
+1 212 450 2840
joshua.benn@duffandphelps.com



Brian Little
Managing Director
+1 310 598 4358
brian.little@duffandphelps.com



Henry Wells
Head of UK M&A Advisory
+44 (0)20 7089 4876
henry.wells@duffandphelps.com



David Lu
Head of China M&A Advisory
+86 21 6032 0608
david.lu@duffandphelps.com



Farzad Mukhi
Director
+1 424 249 1661
farzad.mukhi@duffandphelps.com



Vijay Sampath
Director
+1 212 871 0316
vijay.sampath@duffandphelps.com

Valuation Services



Myron Marcinkowski
Managing Director
+1 678 916 2525
myron.marcinkowski@duffandphelps.com



Jacques Giard
Head of France Transaction Advisory
+33 1 40 06 40 70
jacques.giard@duffandphelps.com

Fourth Quarter in Review

Winds of Change

Looking back on 2018, Apparel M&A had a record year and finished on a high note, with transaction value totaling \$3.4 billion in the fourth quarter.⁷ Valuations have remained strong for Apparel and Retail, with average EV/EBITDA multiples of 10.1x and 7.5x, respectively, even amidst a public market pull back. The market has shown promise entering 2019, but caution is the watchword as significant economic and political headwinds may suggest that more change is on the horizon.





We witnessed a fair amount of movement in key indicators by the end of the year. Throughout 2018, retail withstood heavy store closures, but in December, mall vacancies finally receded from a seven-year high.³ Volatility in interest rates, as well as economic and trade issues caused public markets to peel back towards year end. Nevertheless, holiday sales enjoyed a robust season that surpassed last year's sales by more than five%.⁴ This was further underscored by impressive growth on Black Friday and Cyber Monday, which grew by 9%⁵ and 20%⁶, respectively, versus last year.

Several trends seen prominently throughout 2018 will, likely continue to shape outcomes in 2019. Consumers are voicing their desire for sustainable fashion products of ethical origin, motivating brands' experimentation with alternative inputs, design and sourcing. On the sales front, revitalized loyalty programs have been successful in getting shoppers to buy more and buy often. Sellers are rewriting online commerce norms with new technology to remove purchasing barriers and solve customer pain points, with streamlined checkout processes, mobile point-of-sale (POS) technology and product discovery engines. Greater diversity in size, ethnicity and gender has taken the spotlight, marked by record runway representation, increasingly authentic advertising and inclusive products to match.

As we look ahead in 2019, brands are presented with a unique opportunity to capture mindshare among consumers. Shoppers continue to explore and discover their preferences for shopping in person versus digitally, allowing brands to forge a truly omnichannel relationship with customers.

Our quarterly apparel report aims to identify trends and provide insights across the apparel sector, focusing on key themes, issues and opportunities. We hope you continue to find this report and its future editions to be a useful source of information.

Table of Contents

-  **Fourth Quarter in Review**
-  **Trend and Insights**
-  **Recent Apparel Transaction Activity**
-  **Public Company Data**

Q 4 2 0 1 8 | B y t h e N u m b e r s

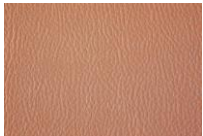
-  **Growth in the Retail Composite stocks outpaced the S&P 500 by 9% for the 12 months ending December 31, 2018**
-  **Holiday sales of apparel increased by 8% in 2018, representing its strongest growth rate since 2010⁴**
-  **Transaction value for apparel M&A totaled \$3.4 billion in the fourth quarter of 2018 or Q4 2018⁷**
-  **Valuations remain strong for the Apparel and Retail composites, with average EV/EBITDA multiples of 10.1x and 7.5x, respectively**

Trends and Insights

1

Enduring Appeal: Sustainability in Fashion

Amidst backlash against excessive materialism, consumers are voicing their desire for sustainability and ethical trade practices when it comes to clothing. Contemporary fashion has responded with natural materials like vegetable-tanned and pineapple leathers, alpaca wool, non-violent silk and organic cotton. Fabrics are being dyed with algae, and designs have begun featuring earthy color palettes inspired by dried fruits and spices.



Vegetable-Tanned Leather



Organic, Non-violent Silk



Algae-Dyed Fabrics

Across the board, the fashion industry is making progress in sustainability. In 2017, sustainability scores increased at 75% of all fashion companies.⁸ Recognizing a strong value proposition, fast-fashion players, including H&M and Zara, have focused on sustainable fashion for children, whose delicate skin absorbs the ethers within fibers more easily than adults.

The variety and availability of sustainably produced fashion will likely continue growing as the market adapts to accelerating demand for environmentally friendly, sustainable and recycled materials; animal welfare; humanitarianism; and fair labor practices.



In the past two years, the number of sustainable apparel products skyrocketed "139%. Vegan products are also up 116%"



The apparel industry is one of the world's biggest polluters, with 73% of all disposed clothing resulting in 53 million tons of landfill waste annually⁸



Baby skin is particularly vulnerable to harmful ethers and dyes, being 30% thinner than adult skin and having a higher ratio of surface area to body volume⁸

See page 19 for data sources

2

Sticky Situation: The Importance of Customer Loyalty

Today's consumers are bombarded with more fashion options than ever, it of utmost importance for brands to differentiate themselves from the pack with unique customer loyalty programs that exceed expectations.

Customer loyalty has proven to pay dividends for a brand – existing customers spend 67% more than new customers, and new customers referred by loyal customers have a 25% higher lifetime value than any other shoppers.⁹

Both brands and retailers have recently placed a renewed emphasis on customer loyalty programs. In 2018, several marquee retailers, including Nordstrom and Kohls, updated their loyalty programs, with a focus on personalizing and enhancing the experience for their customers.

Customer loyalty programs will likely continue to be a key point of strategy for brands and retailers in 2019, with an estimated 25% of retail loyalty programs expected to be revamped during the year.¹¹



Revamped system rewards shoppers with discounts based on how many points they earn



\$128 fee pays for a pair of pants, the ability to attend workout classes and free expedited shipping¹⁰



Expanded rewards and points earned at a faster rate along with exclusive access to new product launches



60% of customers will advocate to friends and family about a brand to which they are loyal⁹



52% of consumers are willing to join a loyalty or VIP program⁹



39% of loyal customers will spend more on their preferred product, even if there are cheaper options elsewhere⁹

Trends and Insights

3

Quick and Painless: Technology Enabling Convenience

From product discovery to purchase, technology continues to evolve and raise consumer expectations. Brands and retailers are implementing technology to streamline customers' ability to find and buy their products efficiently.

Leading technology startups and large fashion player such as ASOS and Forever 21 have invested in visual search technology, enabling customers to discover products faster and with astounding relevancy.¹²

Retailers are embracing smart, mobile and automated checkout systems to meet consumer preferences for an expedited checkout process. Others have introduced installment payment plans to boost attainability for millennials, who rely less on traditional credit options.

Top retailers and brands have invested in dressing room technology to improve the customer experience of discovering and trying on clothes.



- Roughly 73% of shoppers prefer retail self-service technologies such as self-checkout over engaging with store associates, representing an 11% increase from last year¹³
- 42% of consumers favor mobile POS registers, up from just over 25% last year¹³
- Companies offering installment payment plans online have increased conversion by 20% and average order values by 60%¹⁴

See page 19 for data sources

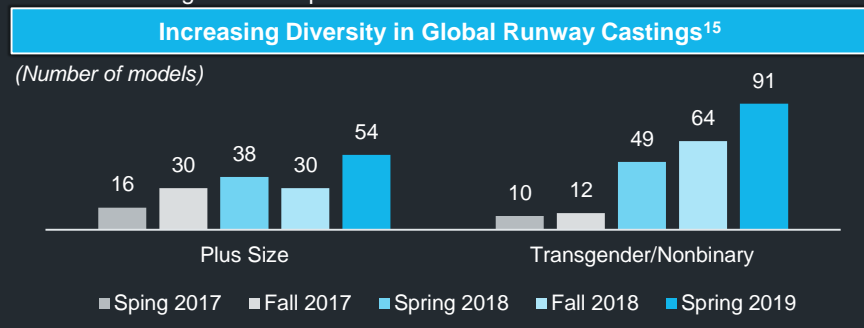
4

Acceptance Revolution: Inclusivity and Body Positivity

Driven by the growing popularity of body positivity on social media and increasing societal acceptance of diversity, the apparel and fashion industry has begun to embrace and promote inclusivity and body positivity among its consumers.

The fashion industry is expanding its product offerings to include a more extensive range of sizes, skin tones, and gender spectrum while also commending body features seen previously as flaws, including cellulite and acne. Brands have embraced this movement through inclusive products and also by producing campaigns featuring more authentic images of women.

The inclusivity trend has also manifested on fashion runways: 2018 was the most inclusive year yet, featuring a record-high percentage of women of color during the most recent runway season. Runways have also seen an increasing number of transgender and plus-size women.



- Strong market demand: The plus-size demographic is 6% likelier than straight-size women to spend at least \$150 monthly on clothing, shoes, and accessories¹⁶
- New York Fashion Week featured a record 45% women of color¹⁷
- For the spring 2019 season, 49 plus-size models walked in 12 shows in New York, a vast improvement over last season's 27 in eight shows¹⁷

Recent Apparel M&A Transaction Activity



Sources: S&P Global Market Intelligence, Mergermarket, Press Releases

Sectors

Operational Benchmarking

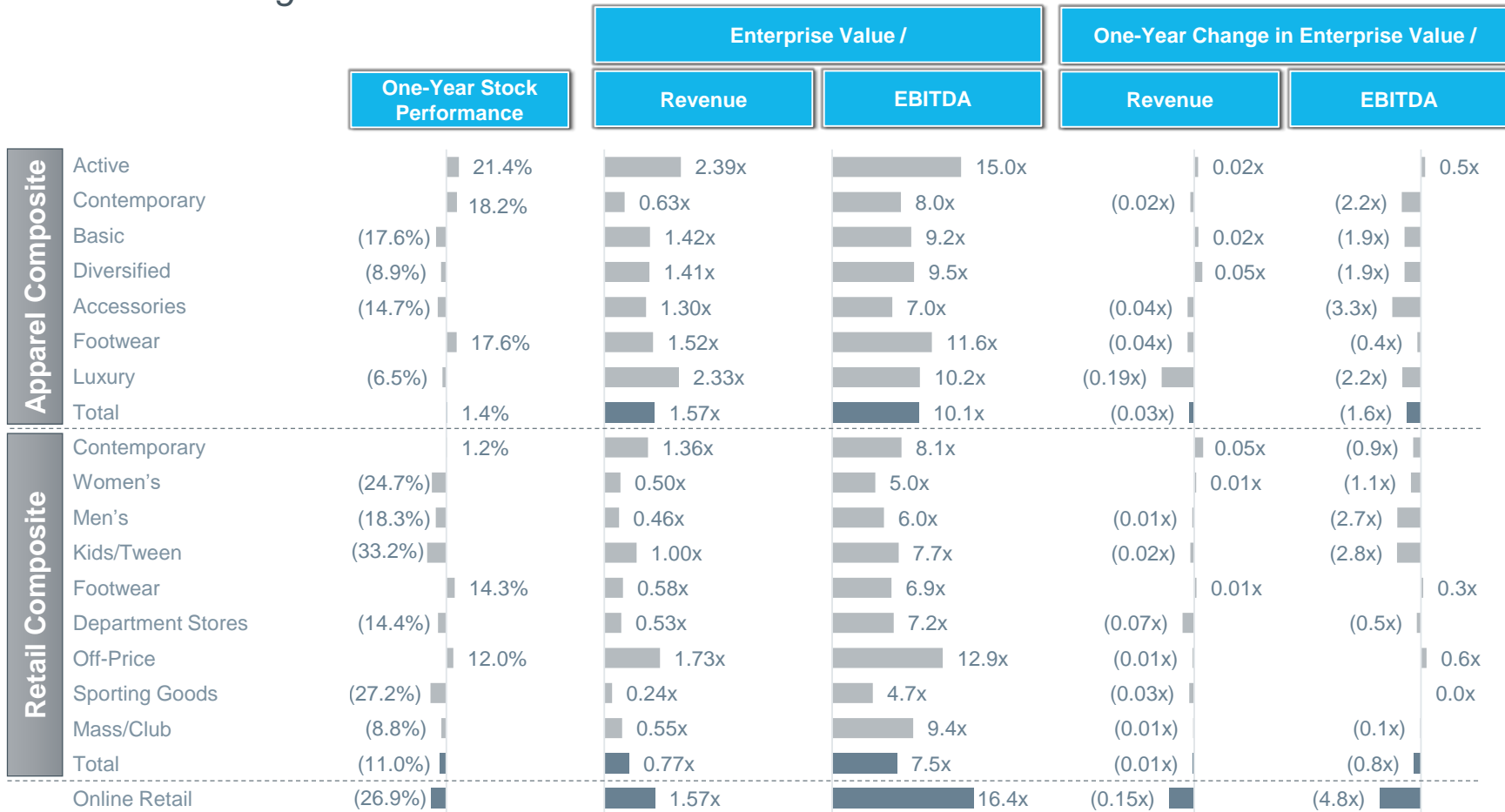
Growth is expected to remain steady in 2019, with margins improving for both brands and retailers

		Year-over-Year Revenue Growth		EBITDA Margin		
		2018	2019E	2018	2018 Change Y-o-Y	2019E Change
Apparel Composite	Active	13.6%	11.4%	18.1%		0.7%
	Contemporary	9.9%	4.7%	8.0%		0.7%
	Basic	4.6%	2.7%	14.6%	(0.0%)	0.4%
	Diversified	6.0%	3.3%	14.5%	0.2%	0.4%
	Accessories	3.0%	4.9%	18.5%	(0.3%)	(0.1%)
	Footwear	4.6%	6.2%	11.8%	0.7%	0.9%
	Luxury	(0.1%)	6.6%	24.3%	0.7%	0.3%
	Total	5.9%	5.7%	15.7%	0.5%	0.5%
Retail Composite	Contemporary	9.5%	4.8%	12.5%		0.3%
	Women's	(1.5%)	1.1%	8.0%	(2.7%)	0.7%
	Men's	(0.4%)	2.0%	7.9%	0.7%	0.5%
	Kids/Tween	3.2%	3.2%	12.8%	(1.6%)	0.5%
	Footwear	5.2%	6.0%	8.3%	(0.4%)	0.4%
	Department Stores	(5.5%)	(0.0%)	8.4%	(0.5%)	(0.2%)
	Off-Price	8.0%	7.0%	13.5%	(0.2%)	(0.0%)
	Sporting Goods	(0.8%)	6.1%	5.6%	(1.3%)	0.3%
	Mass/Club	4.0%	3.7%	6.3%	(0.7%)	(0.1%)
	Total	2.4%	3.8%	9.3%	(0.7%)	0.3%
Online Retail		24.9%	21.9%	12.1%	(2.7%)	(0.0%)

Sector index weight based upon company market capitalization at valuation date.
Source: S&P Global Market Intelligence; index constituents on pages 7-18.

Valuation Benchmarking

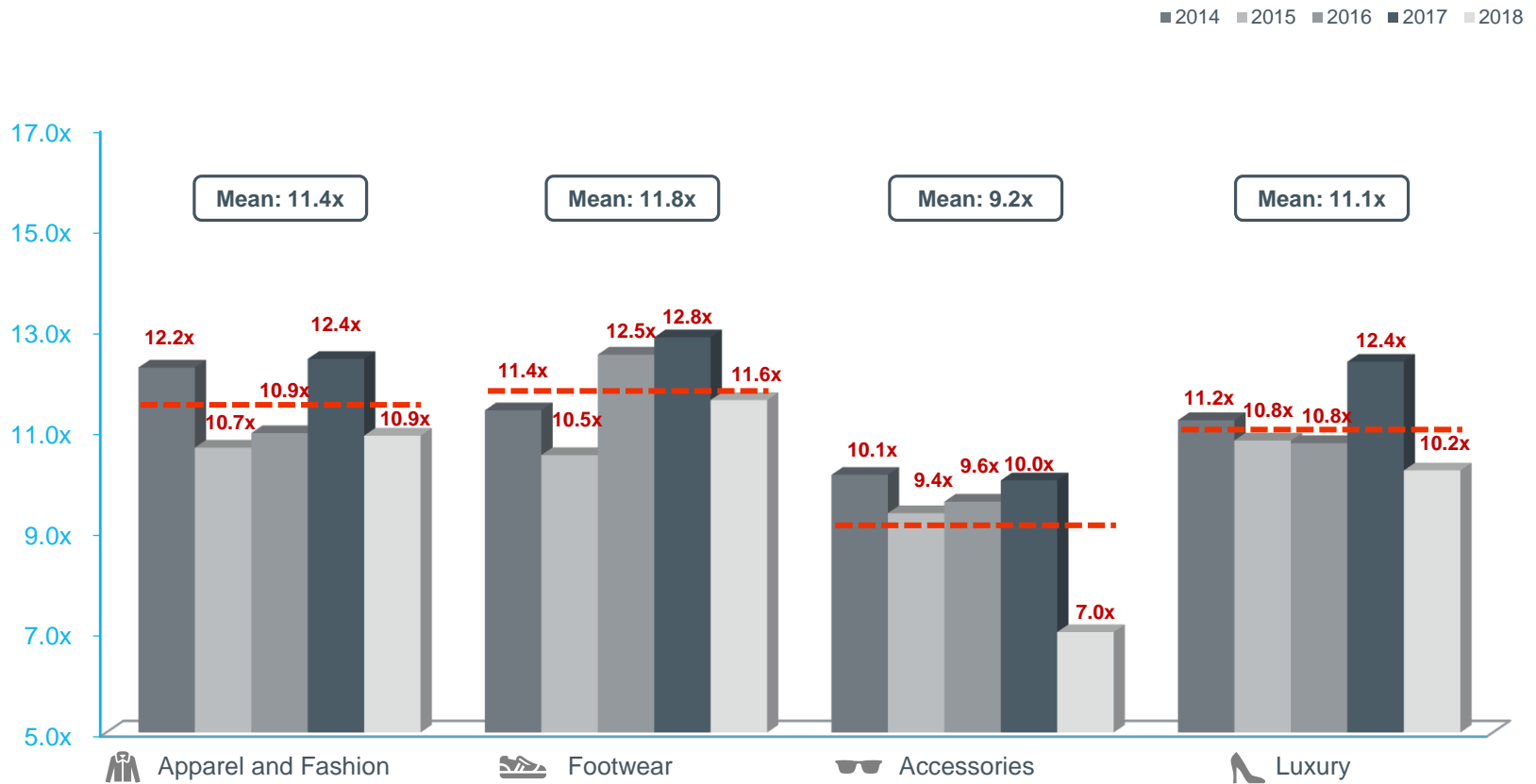
Valuations were depressed by recent market volatility but still remain strong relative to historical averages



Sector index weight based upon company market capitalization at valuation date.
Source: S&P Global Market Intelligence; index constituents on pages 7-18.

Public Company Trends – Apparel Brands

Enterprise Value as a Multiple of EBITDA^a



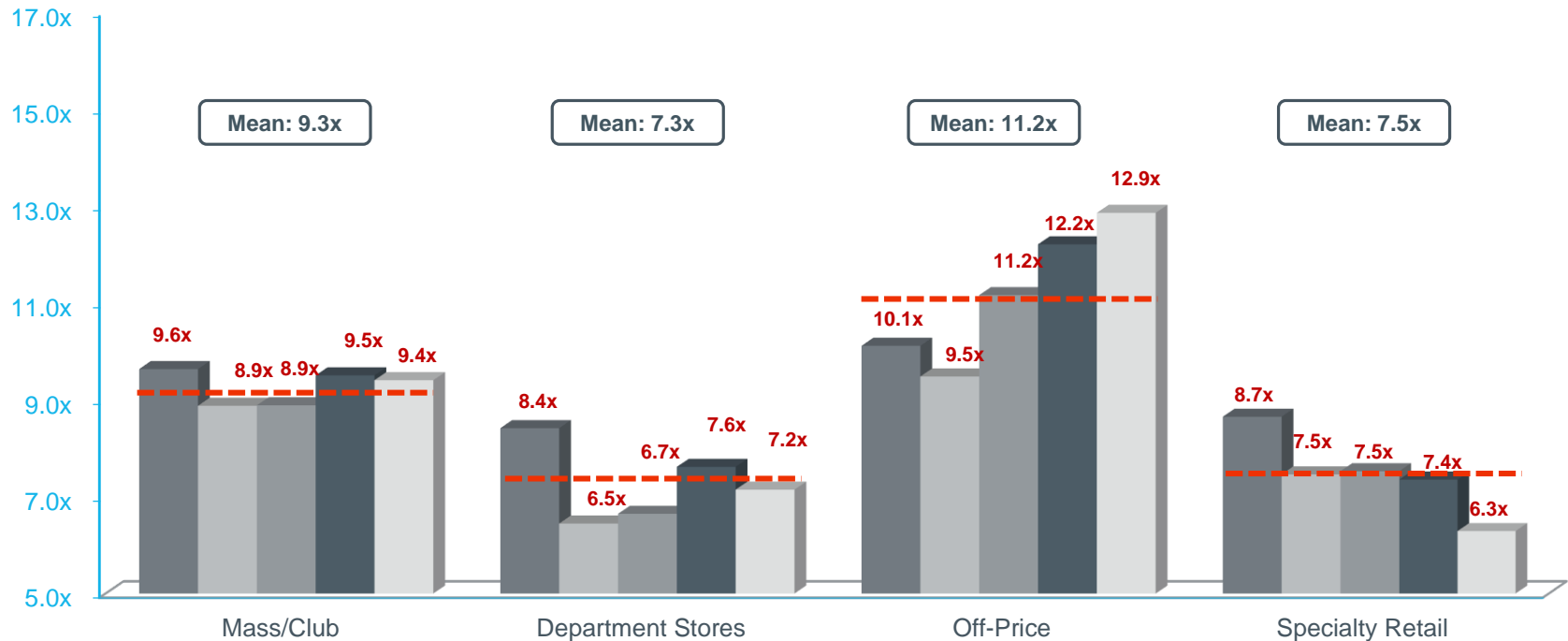
^a Index calculation excludes any companies with nonmeaningful trading multiples.

Source: S&P Global Market Intelligence. Represents most actively traded public Apparel, Footwear, Accessories and Luxury companies

Public Company Trends – Retailers

Enterprise Value as a Multiple of EBITDA^a

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



^a Index calculation excludes any companies with nonmeaningful trading multiples.

Source: S&P Global Market Intelligence. Represents most actively traded public Apparel, Footwear, Accessories and Luxury retail companies

Public Company Valuations – Apparel Brands

(\$ in millions, except per-share data)

	Stock Price Dec. 31, 2018	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
						Revenue		EBITDA		
						2018	2019E	2018	2019E	
Active Apparel										
NIKE, Inc.	\$74.14	19.9%	86.2%	\$117,742	\$117,182	3.08x	2.47x	NM	15.4x	14.3%
Lululemon Athletica Inc.	121.61	54.7%	73.8%	16,102	15,398	4.72x	2.69x	18.7x	10.4x	25.3%
Under Armour, Inc.	17.67	22.5%	70.8%	7,583	8,218	1.59x	1.29x	NM	16.8x	6.6%
Moncler S.p.A.	33.12	11.7%	68.0%	8,338	8,059	NM	4.27x	14.7x	12.5x	34.1%
Columbia Sportswear Company	84.09	18.2%	87.8%	5,803	5,376	1.98x	1.58x	14.0x	10.9x	14.2%
Canada Goose Holdings Inc.	43.74	50.3%	62.4%	4,803	4,972	NM	4.90x	NM	17.3x	27.6%
Lands' End, Inc.	14.21	(27.3%)	45.6%	458	840	0.59x	0.71x	12.7x	13.5x	4.7%
Median		19.9%	70.8%	\$7,583	\$8,059	1.98x	2.47x	14.3x	13.5x	14.3%
Mean		21.4%	70.7%	\$22,975	\$22,864	2.39x	2.56x	15.0x	13.8x	18.1%
Contemporary Apparel										
G-III Apparel Group, Ltd.	\$27.89	(24.4%)	54.5%	\$1,377	\$2,005	0.65x	0.76x	7.5x	8.3x	8.7%
Guess?, Inc.	20.77	28.2%	77.1%	1,683	1,603	0.61x	0.45x	8.5x	5.5x	7.2%
Vince Holding Corp.	9.33	50.7%	38.6%	108	169	NM	NM	NM	NM	NM
Median		28.2%	54.5%	\$1,377	\$1,603	0.63x	0.60x	8.0x	6.9x	8.0%
Mean		18.2%	56.7%	\$1,056	\$1,259	0.63x	0.60x	8.0x	6.9x	8.0%
Basic Apparel										
Hanesbrands Inc.	\$12.53	(38.0%)	53.7%	\$4,520	\$8,505	1.26x	1.65x	7.9x	10.1x	15.9%
Gildan Activewear Inc.	30.37	3.6%	91.2%	6,278	7,017	2.44x	2.56x	11.7x	12.1x	20.9%
Delta Galil Industries Ltd.	24.72	(21.1%)	75.6%	630	983	NM	NM	NM	NM	NM
Delta Apparel, Inc.	17.23	(14.7%)	78.0%	120	232	0.57x	NM	8.0x	NM	7.1%
Median		(17.9%)	76.8%	\$2,575	\$4,000	1.26x	2.11x	8.0x	11.1x	15.9%
Mean		(17.6%)	74.6%	\$2,887	\$4,184	1.42x	2.11x	9.2x	11.1x	14.6%
Diversified Apparel										
V.F. Corporation	\$71.34	(1.3%)	73.5%	\$28,308	\$31,682	2.32x	2.23x	14.3x	13.6x	16.2%
PVH Corp.	92.95	(32.2%)	54.9%	7,040	9,795	1.02x	1.35x	7.6x	9.8x	13.4%
Ralph Lauren Corporation	103.46	1.8%	70.0%	8,322	7,388	1.18x	1.22x	7.5x	7.4x	15.8%
Oxford Industries, Inc.	71.04	(4.0%)	73.1%	1,204	1,229	1.10x	1.15x	8.7x	8.7x	12.7%
Median		(2.7%)	71.5%	\$7,681	\$8,591	1.14x	1.29x	8.2x	9.3x	14.6%
Mean		(8.9%)	67.9%	\$11,219	\$12,524	1.41x	1.49x	9.5x	9.9x	14.5%

Public Company Valuations – Footwear Brands

(\$ in millions, except per-share data)

	Stock Price	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
	Dec. 31, 2018					Revenue		EBITDA		
						2018	2019E	2018	2019E	
Footwear										
NIKE, Inc.	\$74.14	19.9%	86.2%	\$117,742	\$117,182	3.08x	2.47x	NM	15.4x	14.3%
adidas AG	209.75	11.0%	84.2%	42,039	40,806	1.63x	1.52x	12.5x	11.2x	13.0%
PUMA SE	480.88	18.5%	78.7%	7,187	6,901	1.31x	1.09x	14.4x	10.7x	9.1%
Deckers Outdoor Corporation	127.95	59.4%	93.1%	3,726	3,647	1.85x	1.24x	11.3x	7.6x	16.3%
Wolverine World Wide, Inc.	31.89	1.0%	80.2%	3,024	3,465	1.55x	1.51x	11.5x	10.8x	13.5%
Skechers U.S.A., Inc.	22.89	(39.5%)	53.1%	3,618	2,957	0.63x	1.06x	5.7x	9.6x	11.1%
Steven Madden, Ltd.	30.26	(1.2%)	77.0%	2,646	2,423	1.47x	1.50x	11.3x	11.5x	13.0%
Crocs, Inc.	25.98	105.5%	87.2%	1,735	1,718	1.58x	0.78x	17.7x	6.2x	8.9%
Caleres, Inc.	27.83	(16.1%)	67.7%	1,193	1,652	0.58x	0.54x	8.4x	7.4x	6.9%
Median		11.0%	80.2%	\$3,618	\$3,465	1.55x	1.24x	11.4x	10.7x	13.0%
Mean		17.6%	78.6%	\$20,324	\$20,083	1.52x	1.30x	11.6x	10.0x	11.8%

Public Company Valuations – Accessory Brands

(\$ in millions, except per-share data)

	Stock Price	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
	Dec. 31, 2018					Revenue		EBITDA		
						2018	2019E	2018	2019E	
Accessories										
Luxottica Group S.p.A.	\$59.19	3.1%	86.8%	\$28,361	\$29,351	2.79x	2.70x	13.2x	13.3x	21.1%
The Swatch Group AG	291.37	(26.7%)	57.4%	15,293	14,099	1.60x	2.22x	7.8x	10.6x	20.5%
Tapestry, Inc.	33.75	(21.4%)	60.8%	9,781	10,319	1.71x	2.15x	8.0x	9.7x	21.3%
Capri Holdings Limited	37.92	(39.8%)	49.9%	5,785	6,393	1.25x	1.58x	5.6x	7.6x	22.2%
Pandora A/S	40.69	(59.2%)	37.6%	4,165	5,250	1.51x	3.73x	4.8x	12.2x	31.4%
Fossil Group, Inc.	15.73	102.4%	48.9%	778	942	0.37x	0.29x	4.1x	3.0x	8.9%
Movado Group, Inc.	31.62	0.1%	58.9%	730	637	0.94x	0.83x	NM	NM	NM
Safilo Group S.p.A.	0.80	(76.3%)	12.6%	50	246	0.22x	0.44x	5.4x	9.7x	4.1%
Median		(24.1%)	53.7%	\$4,975	\$5,821	1.38x	1.86x	5.6x	9.7x	21.1%
Mean		(14.7%)	51.6%	\$8,118	\$8,404	1.30x	1.74x	7.0x	9.5x	18.5%

Public Company Valuations – Luxury Brands

(\$ in millions, except per-share data)

	Stock Price Dec. 31, 2018	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
						Revenue		EBITDA		
						2018	2019E	2018	2019E	
Luxury										
LVMH Moët Hennessy Louis Vuitton S.E.	\$295.63	7.3%	82.3%	\$148,474	\$158,660	2.96x	2.69x	11.5x	10.4x	25.7%
Christian Dior SE	382.30	11.4%	87.0%	68,848	95,103	1.78x	1.66x	6.8x	6.3x	26.2%
Kering SA	471.26	14.2%	78.8%	59,327	62,676	4.05x	3.85x	12.5x	11.7x	32.5%
Hermès International S.A.	555.07	10.4%	78.9%	57,876	54,813	NM	NM	NM	19.0x	38.0%
Compagnie Financière Richemont SA	64.03	(26.9%)	63.6%	36,150	34,423	2.29x	2.74x	11.1x	13.1x	20.7%
Tiffany & Co.	80.51	(21.0%)	56.8%	9,814	10,122	2.27x	2.83x	9.9x	12.0x	22.9%
Burberry Group plc	22.12	(1.1%)	74.2%	9,035	8,217	2.36x	2.54x	11.0x	11.7x	21.5%
Hugo Boss AG	61.58	(22.4%)	66.1%	4,250	4,439	1.39x	1.84x	8.0x	10.1x	17.4%
TOD'S S.p.A.	47.26	(30.5%)	63.8%	1,564	1,625	1.50x	2.22x	10.9x	15.8x	13.7%
Median		(1.1%)	74.2%	\$36,150	\$34,423	2.28x	2.62x	11.0x	11.7x	22.9%
Mean		(6.5%)	72.4%	\$43,926	\$47,786	2.33x	2.55x	10.2x	12.2x	24.3%

Public Company Valuations – Retailers

(\$ in millions, except per-share data)

	Stock Price	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
	Dec. 31, 2018					Revenue 2018	Revenue 2019E	EBITDA 2018	EBITDA 2019E	
Contemporary Retail										
Lululemon Athletica Inc.	\$121.61	54.7%	73.8%	\$16,102	\$15,398	4.72x	2.69x	18.7x	10.4x	25.3%
The Gap, Inc.	25.76	(21.9%)	72.2%	9,826	9,821	0.59x	0.78x	5.2x	6.8x	11.4%
Urban Outfitters, Inc.	33.20	(5.3%)	63.2%	3,574	3,007	0.76x	0.84x	5.9x	6.4x	12.9%
Guess?, Inc.	20.77	28.2%	77.1%	1,683	1,603	0.61x	0.45x	8.5x	5.5x	7.2%
Express, Inc.	5.11	(49.7%)	43.7%	350	254	0.12x	0.32x	2.2x	6.0x	5.6%
Median		(5.3%)	72.2%	\$3,574	\$3,007	0.61x	0.78x	5.9x	6.4x	11.4%
Mean		1.2%	66.0%	\$6,307	\$6,017	1.36x	1.01x	8.1x	7.0x	12.5%
Women's Retail										
L Brands, Inc.	\$25.67	(54.3%)	41.8%	\$7,062	\$12,586	0.95x	1.64x	6.4x	11.3x	14.7%
Ascena Retail Group, Inc.	2.51	6.8%	47.5%	485	1,617	0.25x	0.26x	3.9x	3.8x	6.4%
Aritzia Inc.	12.02	29.2%	82.9%	1,369	1,383	2.20x	1.64x	11.8x	9.2x	18.8%
Chico's FAS, Inc.	5.62	(33.4%)	51.6%	707	539	0.25x	0.50x	3.8x	7.9x	6.8%
J.Jill, Inc.	5.33	(31.7%)	55.4%	233	414	0.59x	0.77x	4.2x	5.5x	14.1%
Vera Bradley, Inc.	8.57	(29.6%)	49.3%	297	189	0.46x	0.84x	4.4x	7.7x	10.4%
The Cato Corporation	14.27	(3.0%)	53.1%	340	130	0.16x	0.21x	NM	NM	NM
RTW Retailwinds, Inc.	2.83	(1.0%)	51.0%	183	100	0.11x	0.14x	2.7x	3.1x	4.0%
Destination Maternity Corporation	2.84	(4.4%)	41.5%	41	89	NM	NM	NM	NM	NM
Francesca's Holdings Corporation	0.97	(86.7%)	11.4%	35	24	0.06x	0.59x	3.1x	11.6x	1.8%
Christopher & Banks Corporation	0.47	(63.4%)	34.0%	18	2	0.01x	0.08x	NM	NM	(4.9%)
Median		(29.6%)	49.3%	\$297	\$189	0.25x	0.55x	4.0x	7.8x	6.8%
Mean		(24.7%)	47.2%	\$979	\$1,552	0.50x	0.67x	5.0x	7.5x	8.0%

Source: S&P Global Market Intelligence as of Dec. 31, 2018.
Represents most actively traded public Apparel, Footwear and Accessories retailers

Public Company Valuations – Retailers (cont'd)

(\$ in millions, except per-share data)

	Stock Price Dec. 31, 2018	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
						Revenue		EBITDA		
						2018	2019E	2018	2019E	
Men's Retail										
Tailored Brands, Inc.	\$13.64	(35.3%)	38.0%	\$683	\$1,789	0.55x	0.75x	5.4x	7.2x	10.3%
Destination XL Group, Inc.	2.17	(1.4%)	61.7%	107	173	0.37x	0.37x	6.7x	5.8x	5.5%
Median		(18.3%)	49.8%	\$395	\$981	0.46x	0.56x	6.0x	6.5x	7.9%
Mean		(18.3%)	49.8%	\$395	\$981	0.46x	0.56x	6.0x	6.5x	7.9%
Kids/Tween Retail										
Carter's, Inc.	\$81.62	(29.3%)	63.3%	\$3,742	\$4,416	1.28x	1.72x	9.1x	12.2x	14.1%
The Children's Place, Inc.	90.09	(37.0%)	55.7%	1,459	1,431	0.73x	1.14x	6.4x	9.2x	11.4%
Median		(33.2%)	59.5%	\$2,601	\$2,924	1.00x	1.43x	7.7x	10.7x	12.8%
Mean		(33.2%)	59.5%	\$2,601	\$2,924	1.00x	1.43x	7.7x	10.7x	12.8%
Footwear Retailers										
Foot Locker, Inc.	\$53.20	16.7%	89.6%	\$6,006	\$5,382	0.69x	0.62x	6.1x	5.3x	11.3%
DSW Inc.	24.70	20.0%	71.3%	1,985	1,690	0.53x	0.38x	6.0x	4.5x	8.9%
Caleres, Inc.	27.83	(16.1%)	67.7%	1,193	1,652	0.58x	0.54x	8.4x	7.4x	6.9%
Genesco Inc.	44.30	36.3%	85.4%	895	926	0.32x	0.28x	5.5x	4.6x	5.7%
Boot Barn Holdings, Inc.	17.03	2.5%	53.9%	482	680	0.90x	0.81x	8.7x	7.2x	10.4%
Shoe Carnival, Inc.	33.51	26.6%	74.5%	517	478	0.46x	0.41x	6.7x	5.3x	6.9%
Median		18.4%	72.9%	\$1,044	\$1,289	0.56x	0.48x	6.4x	5.3x	7.9%
Mean		14.3%	73.7%	\$1,846	\$1,801	0.58x	0.51x	6.9x	5.7x	8.3%
Sporting Goods Retailers										
Dick's Sporting Goods, Inc.	\$31.20	11.4%	78.5%	\$3,067	\$3,419	0.41x	0.41x	5.0x	5.1x	8.1%
Hibbett Sports, Inc.	14.30	(29.9%)	48.3%	261	168	0.17x	0.29x	2.6x	4.8x	6.5%
Big 5 Sporting Goods Corporation	2.59	(63.0%)	26.6%	55	141	0.14x	0.21x	6.6x	5.8x	2.2%
Median		(29.9%)	48.3%	\$261	\$168	0.17x	0.29x	5.0x	5.1x	6.5%
Mean		(27.2%)	51.1%	\$1,128	\$1,243	0.24x	0.30x	4.7x	5.3x	5.6%

Public Company Valuations – Retailers (cont'd)

(\$ in millions, except per-share data)

	Stock Price Dec. 31, 2018	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
						Revenue		EBITDA		
						2018	2019E	2018	2019E	
Department Stores										
Macy's, Inc.	\$29.78	23.6%	70.9%	\$9,156	\$13,932	0.56x	0.54x	4.9x	5.4x	11.3%
Kohl's Corporation	66.34	26.7%	79.7%	10,955	13,829	0.72x	0.66x	5.7x	5.3x	12.5%
Nordstrom, Inc.	46.61	1.1%	68.8%	7,799	9,358	0.58x	0.61x	5.8x	5.9x	10.1%
J. C. Penney Company, Inc.	1.04	(67.1%)	21.9%	328	4,626	0.38x	0.45x	8.2x	8.9x	4.7%
Hudson's Bay Company	5.34	(35.0%)	60.2%	1,251	4,345	0.58x	0.76x	13.5x	16.4x	4.3%
Dillard's, Inc.	60.31	1.0%	61.1%	1,601	2,283	0.35x	0.37x	4.7x	5.3x	7.4%
Stage Stores, Inc.	0.74	(51.2%)	22.8%	21	345	NM	NM	NM	NM	NM
Median		1.0%	61.1%	\$1,601	\$4,626	0.57x	0.57x	5.8x	5.7x	8.7%
Mean		(14.4%)	55.1%	\$4,444	\$6,960	0.53x	0.56x	7.2x	7.9x	8.4%
Off-Price Retail										
The TJX Companies, Inc.	\$44.74	18.9%	79.0%	\$55,171	\$54,692	1.41x	1.16x	11.0x	9.4x	12.8%
Ross Stores, Inc.	83.20	4.8%	79.7%	30,833	29,881	2.00x	1.88x	12.6x	11.8x	15.9%
Burlington Stores, Inc.	162.67	32.2%	90.2%	10,965	11,967	1.79x	1.33x	15.0x	10.9x	11.9%
Stein Mart, Inc.	1.07	(7.8%)	26.5%	51	228	NM	NM	NM	NM	NM
Median		11.9%	79.4%	\$20,899	\$20,924	1.79x	1.33x	12.6x	10.9x	12.8%
Mean		12.0%	68.9%	\$24,255	\$24,192	1.73x	1.46x	12.9x	10.7x	13.5%
Mass/Club										
Walmart Inc.	\$93.15	(3.4%)	84.7%	\$270,625	\$330,385	0.64x	0.64x	10.1x	10.4x	6.3%
Costco Wholesale Corporation	203.71	10.6%	83.1%	89,732	88,571	0.61x	0.53x	14.9x	12.7x	4.1%
Target Corporation	66.09	4.7%	73.1%	34,488	47,523	0.63x	0.58x	7.4x	6.9x	8.5%
Big Lots, Inc.	28.92	(46.9%)	44.9%	1,158	1,716	0.33x	0.50x	5.2x	8.1x	6.3%
Median		0.6%	78.1%	\$62,110	\$68,047	0.62x	0.55x	8.8x	9.3x	6.3%
Mean		(8.8%)	71.4%	\$99,001	\$117,049	0.55x	0.56x	9.4x	9.5x	6.3%

Public Company Valuations – Retailers (cont'd)

(\$ in millions, except per-share data)

	Stock Price	One-Year Stock	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2018 EBITDA Margin
	Dec. 31, 2018	Performance	52-Week High			Revenue		EBITDA		
						2018	2019E	2018	2019E	
Online Retail										
Amazon.com, Inc.	\$1,501.97	28.4%	73.2%	\$734,416	\$751,870	3.24x	2.08x	22.7x	13.9x	14.2%
Alibaba Group Holding Limited	137.07	(20.5%)	64.7%	352,534	356,970	NM	NM	21.3x	20.3x	33.1%
eBay Inc.	28.07	(25.6%)	59.7%	27,027	31,437	2.93x	3.88x	8.8x	11.5x	33.4%
Rakuten, Inc.	6.71	(28.3%)	70.4%	9,063	11,871	1.20x	1.37x	5.9x	9.3x	20.1%
Wayfair Inc.	90.08	12.2%	59.6%	8,138	8,150	1.21x	0.78x	NM	NM	(3.5%)
Zalando SE	25.69	(49.1%)	44.6%	6,412	5,344	0.87x	1.57x	21.1x	NM	4.1%
ASOS Plc	29.02	(66.1%)	29.3%	2,433	2,378	0.74x	1.90x	12.2x	NM	6.1%
boohoo group plc	2.06	(14.3%)	65.2%	2,387	2,205	2.23x	2.03x	23.1x	21.3x	9.6%
Overstock.com, Inc.	13.58	(78.7%)	15.1%	437	346	0.19x	0.79x	NM	NM	(8.0%)
Median		(25.6%)	59.7%	\$8,138	\$8,150	1.20x	1.74x	21.1x	13.9x	9.6%
Mean		(26.9%)	53.5%	\$126,983	\$130,063	1.57x	1.80x	16.4x	15.2x	12.1%

Sources

1. "Mergers & Acquisitions Review - Full Year 2018." Thomson Reuters.
2. Thomson Financial Securities Data (U.S. deals \$50M < \$150M, including deals without a disclosed value). Full years 2014 through 2018.
3. "US mall vacancy rate backs off 7-year high, but more closures from Sears, others on the way." CNN. January 3, 2019.
4. "Mastercard SpendingPulse: U.S. Retail Sales Grew 5.1 Percent This Holiday Season." Mastercard. December 26, 2018.
5. "Black Friday sales could hit a record \$23 billion." CNN. November 24, 2018.
6. "Adobe Analytics Data Shows Cyber Monday Broke Online Sales Record with \$7.9 Billion." Adobe. November 26, 2018.
7. S&P Global Market Intelligence.
8. "When will the fashion industry take sustainability seriously?" Edited. May 30, 2018.
9. "Customer Loyalty Trends for 2019." Yotpo. October 10, 2018.
10. "Lululemon expands test loyalty program with \$128 annual fee." CNBC. December 6, 2018.
11. "The 5 Foremost 2019 Loyalty Predictions Retailers Can't Ignore." Clarus Commerce. December 18, 2018.
12. "The State of Fashion 2019." McKinsey & Company. Retrieved February 5, 2019.
13. "Study: 73% of consumers want self-service technology." Retail Dive. January 15, 2019.
14. "Pricing – Quadpay." Quadpay. Retrieved February 5, 2019.
15. "Report: The Spring 2019 Runways Were the Most Racially Diverse Ever, but Europe Still Has a Major Age and Body Diversity Problem." The Fashion Spot. October 11, 2018.
16. "Is Inclusive Sizing Just Another Trend?" Racked. June 5, 2018.
17. "Resolutions: The CFDA Wants Designers to Focus on Sustainability, Body Positivity, Diversity and Equality in 2019." The Fashion Spot. January 7, 2019.

About Duff & Phelps

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and other governance-related issues. We work with clients across diverse sectors, mitigating risk to assets, operations and people. With Kroll, a division of Duff & Phelps since 2018, our firm has nearly 3,500 professionals in 28 countries around the world.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. M&A advisory and capital raising services in Germany are provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

For more information, please visit:

www.duffandphelps.com