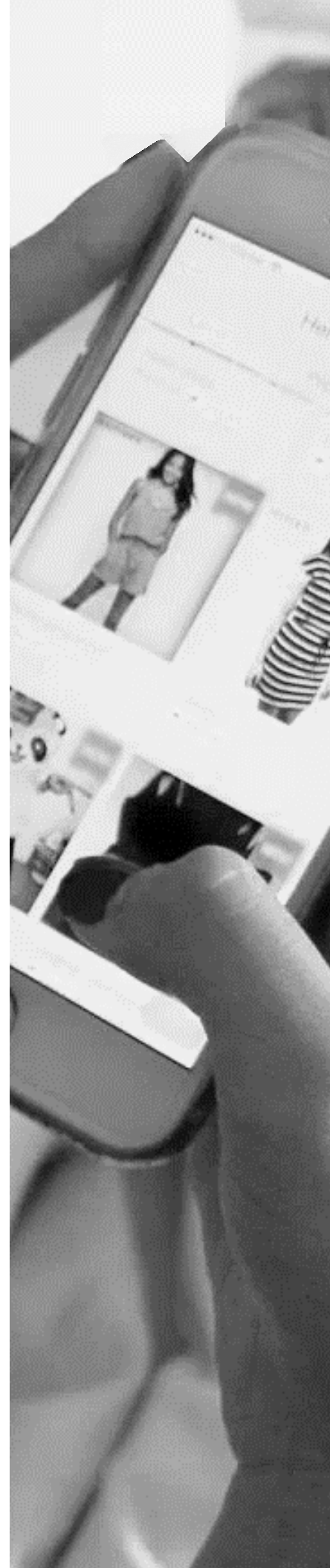


April 2018

# U.S. E-Commerce Industry Update

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## U.S. E-Commerce Industry Update

### Executive Summary

#### Industry Highlights

E-commerce continues to disrupt the traditional retail industry and post strong sales gains. Total US E-commerce sales increased 15.8% from 2016 to 2017. A strong fourth quarter contributed to the strong year-over-year growth. Online sales are projected to account for 17% of all US retail sales by 2022, up from 13% in 2017.

Amazon accounts for nearly 44% of US retail E-commerce sales and continues to drive the E-commerce sector. Many E-commerce companies struggle to compete with the online titan; those that perform well find ways to grow their sales by offering niche and unique products, convenient delivery options, competitive prices or massive selection.

Traditional retailers and discount stores are in a dangerous cycle of falling foot traffic, declining comparable-store sales, and increasing store closures. In response, these retailers have started leveraging the convenience of their store locations and in-store inventory, offering more products online with pick-up options.

#### M&A and Investment Trends

Vertical integration has finally reached the E-commerce space. While many traditional retailers are trying to find success by building out their own E-commerce platforms, others are turning to acquisitions of online businesses to drive growth to compete with large E-commerce giants. Conversely, large E-commerce companies are expanding or opening physical locations to win more customers and improve delivery and pick-up services.

Another trend driving the E-commerce sector involves online retailers investing in Artificial Intelligence ("AI") technology. In order to further increase their sales and understand customer habits, E-commerce companies are turning to AI. Tully & Holland expects more activity in this space going forward as AI becomes an investment with substantive ROI.

#### Valuation Overview

As E-commerce deals continue to evolve, both financial and strategic buyers are driving valuations up. The current valuation trends represent an attractive opportunity for potential sellers. Despite the effect of lowered corporate Federal income taxes, Tully & Holland anticipates valuations to moderate in the short-term due to increasing interest rates.

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### About Tully & Holland

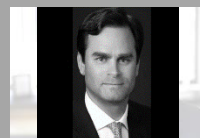
Tully & Holland is a leading Boston-based investment banking advisory firm offering highly customized M&A and corporate advisory to consumer product companies in the US and abroad. Founded in 1992, our seasoned team brings decades of extensive industry and investment banking expertise and the proven ability to successfully complete deals on behalf of our clients.

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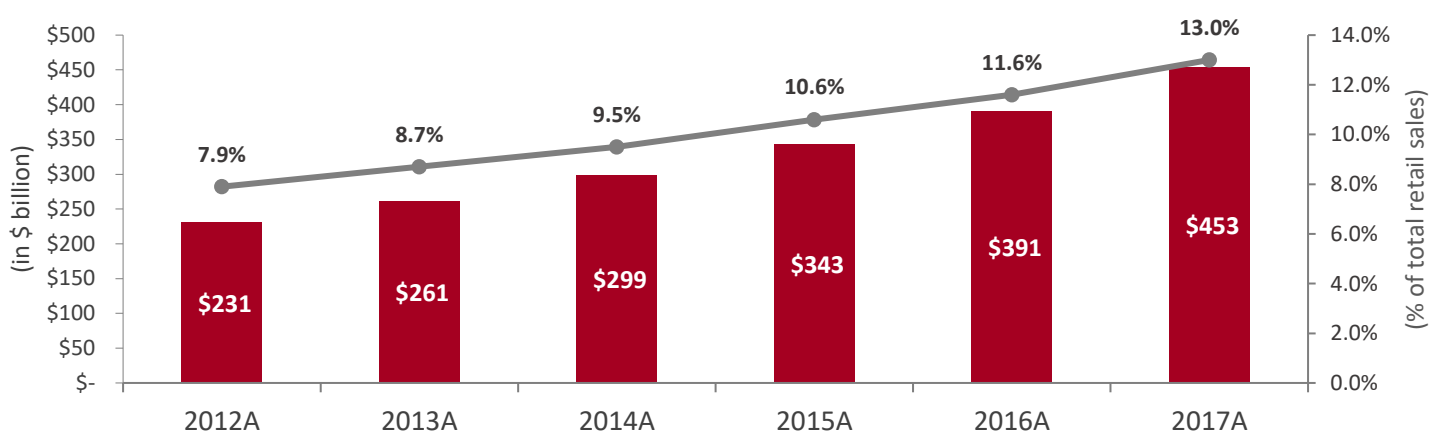
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## Trends and Developments

### Industry Overview

E-commerce sales saw strong 2017 year-over-year growth, posting a 15.8% increase. A strong fourth quarter contributed to the overall growth with total sales accelerating to \$453 billion from \$391 billion. As E-commerce spending continues to rise so does its share of total retail sales, growing from less than 8% to 13% in 5 years. Spending is expected to continue rising with higher consumer confidence due to growing wages, lower unemployment, and strong housing and stock markets. The U.S E-commerce sector is projected to see consistent double-digit growth through 2020, fueled by increasing number of digital buyers and expansion into new categories such as grocery, luxury products, home goods and furniture, music industry, and industrial equipment distribution.

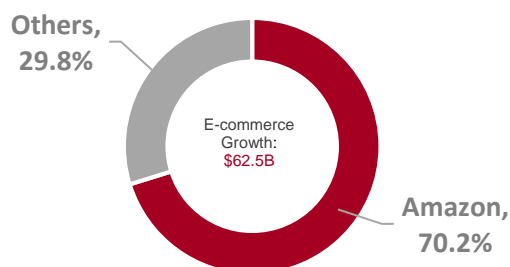
U.S. E-Commerce Sales and Share of Total Retail 2012-2017



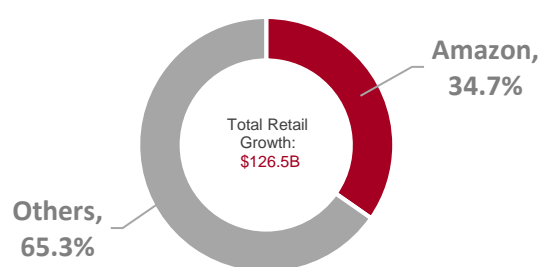
Source(s): digitalcommerce.com

Amazon is expected to continue being a major driver of E-commerce sales growth. E-commerce sales are a small but rapidly growing share of U.S. retail, and Amazon is by far the leader. Amazon accounted for about 44% of all U.S. E-commerce sales last year, or about 4% of the country's \$4.99 trillion total retail sales. It is not surprising that Amazon has a substantial effect on the growth of total E-commerce and retail sales. Nevertheless, the large E-companies have been subjected to regulation talks that resulted in recent share price decline. Accordingly, some politicians believe that E-commerce companies do not pay their share of state and local taxes. There is also recent concern regarding the usage of users' private data. These topics have led to ongoing discussions on the federal level about how to impose tighter regulations and taxes for E-commerce retailers.

Amazon's Portion of U.S. E-Commerce Sales Growth



Amazon's portion of U.S. Total Retail Sales Growth



Source(s): digitalcommerce.com

Source(s): digitalcommerce.com

Source(s): CAP IQ, Forbes, Statista, digitalcommerce.com, buisnessinsider.com, U.S. Department of Commerce Economics and Statistics, Mintel Research and Tully & Holland Research.

## Key Industry Drivers and Trends

Numerous trends and drivers are significantly helping to grow the E-commerce Industry. Innovative technologies, access to new goods and services, and convenience are driving more consumers to the fast-growing E-commerce platform:



**New Technologies** - Social Media and Email continue to have an outsized impact on E-commerce sales. Email outreach already drives more revenue than all social networks combined, according to Forbes. By allowing customers to make secure purchases directly within their inboxes, companies are poised to make email an even more powerful channel. Additionally, artificial technologies such as machine learning and or voice assistants are becoming necessary investments for E-commerce companies, enabling them to compete with large industry players, acquire more customers and understand customer spending habits.



**Mobile Experience** - As people increasingly shop via their phones, mobile will continue to gain an even stronger foothold in 2018. Most consumers are adapting to the idea of buying from their portable devices as there are many convenient options such as Apple Pay and other third party mobile apps. Additionally, mobile devices influence consumer purchasing decisions: 63% of people research items on their phone before buying and 46% of people read reviews before buying the products.



**Multiple Competitors** - With E-commerce sales rapidly increasing, competition for customers in online retail will increase significantly too. Companies with the best user and brand experiences will be strongly positioned to beat out their competitors. Additionally, the number of E-commerce companies is increasing due to low capital costs necessary to launch a business, and as traditional retailers shift their stores to online platforms.



**Changing Consumer Preferences** - Consumer tastes certainly influence overall E-commerce trends. To acquire and retain more customers, companies constantly adapt their online platforms to offer unique products and convenient delivery options. As an example of changing consumer preferences, online grocery shopping has become a popular method for consumers. In addition to online groceries, personal-care, beauty categories, meal-kit and restaurant services are growing in popularity. Digital retailing gives consumers additional ways to shop and more access to products and services.



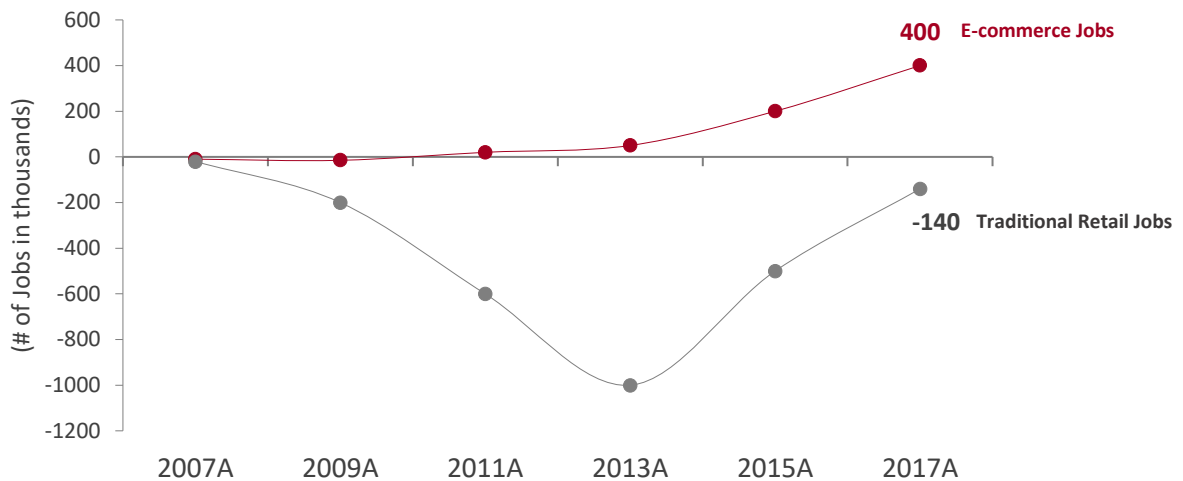
**Faster Shipping and Better Delivery Options** - Today, consumers want free shipping and fast delivery. Many e-commerce business offer delivery subscriptions that guarantee 1 or 2-day delivery and free shipping. These offer customers unlimited free delivery in return for an annual flat-fee similar to Amazon Prime. In addition, E-commerce companies adapt digitalization and automation of their warehouses and more sophisticated logistics and communication systems to offer clients more flexible and convenient delivery options.

Source(s): CAP IQ, Forbes, NY Times, digitalcommerce.com, buisnessinsider.com, U.S. Department of Commerce Economics and Statistics, Mintel Research and Tully & Holland Research.

### E-Commerce Jobs

Another interesting trend reflects the increase in E-commerce jobs. Employment attributed to electronic shopping companies has doubled in the last five years, outpacing all other types of retail. Since 2007, the e-commerce sector, including fulfillment centers, has created 400,000 new jobs. That growth far exceeds the 140,000 cumulative jobs lost since 2007 in the "general retail" sector, which includes the brick and mortar retailers such as department stores; electronics stores; clothing, shoes and jewelry stores; sporting goods, hobby, musical instrument and book stores; and general merchandise stores such as Costco, Sears and Walmart. Since the trough in 2013, job growth has returned in both sectors as the economy has picked up.

**Change in E-Commerce and Traditional Retail jobs since 2007**



Source(s): buisnessinsider.com

Wage and salary payments to E-commerce workers have increased by almost \$18 billion since 2007, in 2016 dollars. By comparison, real wage and salary payments to workers in general retail have risen by less than \$1 billion over the same period.

**Average Hourly Earnings E-Commerce vs Retail 2017**















Source(s): U.S. Department Bureau of Labor, PPI 2017 Report and Tully & Holland Research.

## M&A Activity

### Recent Notable E-Commerce M&A Transactions

Many traditional retailers build out their own E-commerce platforms to acquire customers. However, large retail companies increasingly are turning to acquisitions of online businesses to drive growth and compete with Amazon. Below are the recent notable acquisitions in the E-commerce space.

#### Recent Notable M&A Transactions

Date	Target	Buyer	Transaction Size (\$mm)	Target Description
12/29/2017			\$2,630	HSN operates as an interactive multi-channel and E-commerce online retailer in the United States. The Company provides its products through television home shopping programming, its online store and Cornerstone division.
11/23/2017			\$190	PersonalizationMall.com offers personalized gifts online. The Company sells clothing and accessories online, including shirts, baby bodysuits, bibs, intimate apparel, neckties, hats, and footwear.
7/16/2017			\$13,448	Whole Foods Market, Inc. operates natural and organic foods supermarkets. It also sells its products through online.
6/30/2017			\$310	Bonobos, Inc. sells its products online. The Company offers pants and shorts, shirts, suiting, sweaters and outwears, shoes, and accessories for men.
5/31/2017			\$3,350	Chewy, Inc. sells dog and cat food, treats, and supplies online through its E-commerce platform. It also offers water care, filters and media products.
2/17/2017			\$497	Blue Nile, Inc. operates as an online retailer of diamonds and fine jewelry worldwide. The Company sells its products through its Website, bluenile.com.

Source(s): CAP IQ and Tully & Holland Research

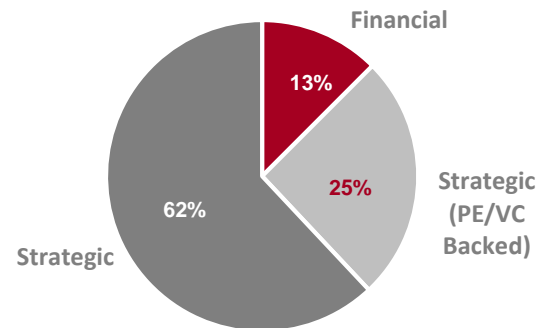
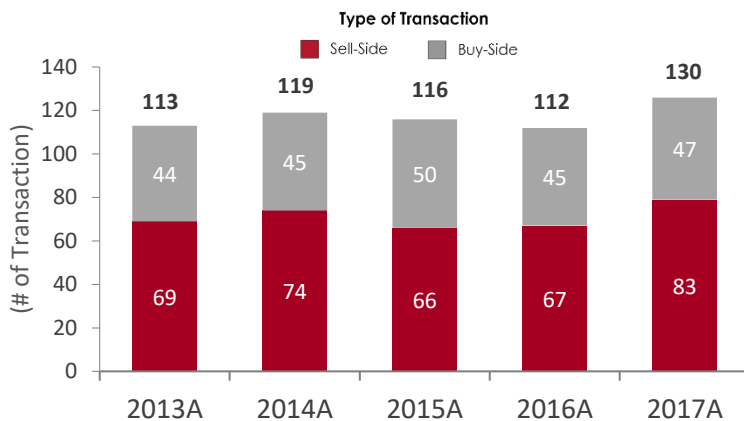
Note: The full list of M&A Transactions can be found on page 10

## M&A Transactions

The number of US E-commerce M&A transactions grew 15% from 2013 to 2017, as the industry is beginning to consolidate. Many traditional retailers such as Walmart, Bed, Bath & Beyond and TJ Maxx turned to acquisitions of online platforms to drive growth and compete with large E-commerce companies. Strategic buyers represent the biggest portion of M&A acquirers in 2017 with 62% of all M&A transactions, whereas private equity funds and venture capital continue doing add-on acquisitions to their portfolios to allow for organic or acquisitions growth.

### E-Commerce/Online Retailing M&A Transactions

### Buyer Type Breakdown - 2017



Source(s): CAP IQ

Note: Sell-Side – Targets are E-commerce companies

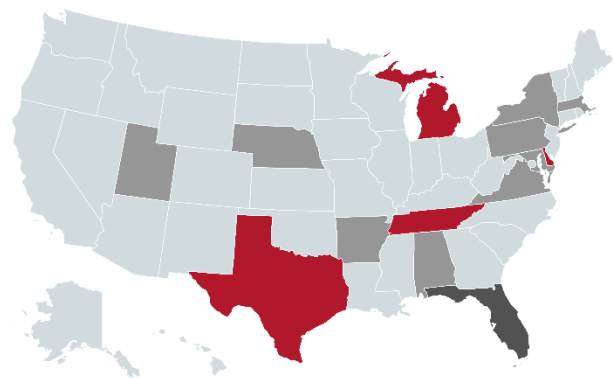
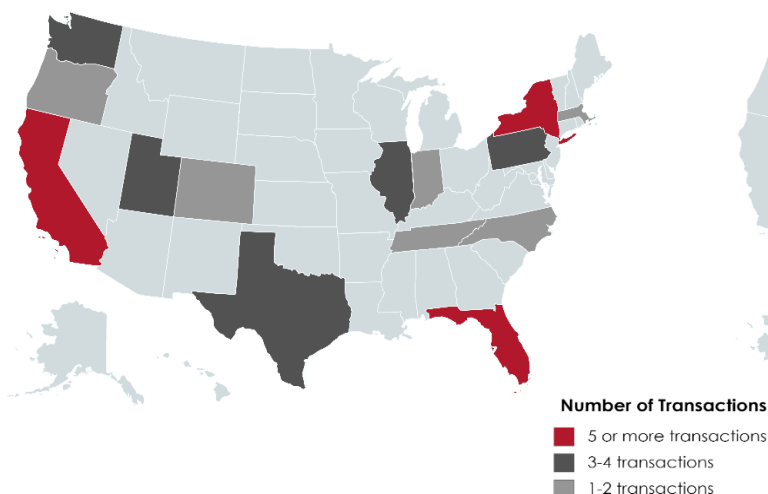
Buy-Side – Buyers are E-commerce companies

Source(s): CAP IQ

Most of the E-commerce M&A activity in 2017 occurred in the high population states of New York, California, and Florida. Each of these areas have large population centers with one of the biggest driving forces behind E-commerce: millennials. Many E-commerce companies are based in these areas as distribution is becoming more reliant on urban warehousing to get products to consumers quickly, mitigating rapidly expanding supply chain costs. Fulfillment centers and millennials overlap in markets like New York, Los Angeles, Houston and Miami.

### M&A Sell-Side Transactions by Location 2017

### M&A Buy-Side Transactions by Location 2017

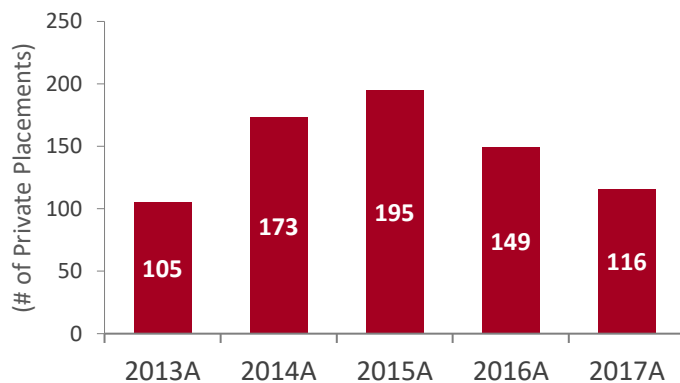


Source(s): CAP IQ and Tully & Holland Research

### Private Placements

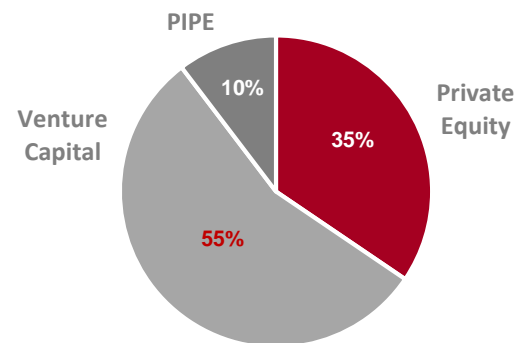
The number of private placements in the E-commerce sector has decreased from its 2015 peak due to the difficult overall US retail environment and the uncertainty that this has caused for retailers of all types. Private Placements and other types of financings allow E-commerce companies to invest in the development and application of leading edge technologies, such as AI or machine learning, and build transformational businesses across multiple stages, sectors and geographies. In addition, many traditional retailers are looking to finance their core businesses in order to launch E-commerce platforms and acquire more customers.

### US E-Commerce/Online Retailing Private Placements



Source(s): CAP IQ

### Investor Type Breakdown - 2017

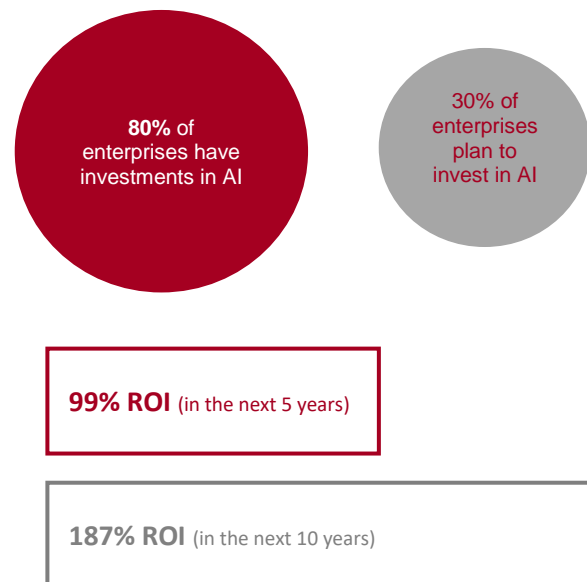


Source(s): CAP IQ

### Artificial Intelligence in E-commerce

According to industry reports, 80% of E-commerce enterprises already have some form of AI (machine learning, deep learning) in production and 30% of enterprises are planning to invest/expand their AI investments in the next 36 months. E-commerce companies believe that AI promises to produce significant return for business via revenue increase and cost savings (99% ROI in the next 5 years and 187% in the next 10 years). This attracts VC and PE funds that are looking to make significant investments to generate high returns and capitalize on this trend. With AI technology, E-commerce companies can more accurately predict what products will most likely interest customers and provide customized recommendations. About 35% of Amazon's total sales are driven by this type of AI technology. Tully & Holland anticipates the E-commerce field will continue to be impacted by AI for years to come.

### Artificial Intelligence Investments



Source(s): Teradata AI Report, 2017

Source(s): CAP IQ, Forbes, techemergence.com, Teradata AI Report as of 2017 and Tully & Holland Research.



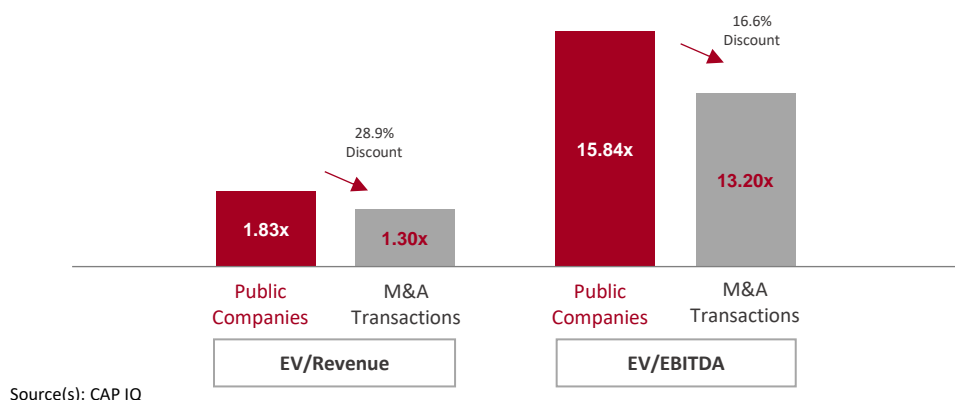
## Valuation Overview

### Valuation Summary

As the number of E-commerce M&A deals increased in recent years, interest from financial and strategic buyers have driven valuations up, combined with the effect of the current bull market, including low interest rates, strong sales growth and disruptive business models.

E-Commerce has been one of the top-performing industries throughout 2017. Public Company valuation multiples have risen from 1.71x EV/Revenue and 14.42x EV/EBITDA in 2017 to 1.83x EV/Revenue and 15.94x EV/EBITDA in 2018 YTD as the stock market has been strong and E-commerce shows solid earnings growth over this one-year period. As one would expect, M&A Transactions valuation multiples are at a 15-30% discount below the Public company multiples. Most of the M&A targets in the E-commerce sector are private companies and as expected are valued at lower multiples than the public companies due to lack of liquidity and size.

### Valuation Summary LTM



E-Commerce benefits from robust online sales growth with increasing mobile usage for browsing and shopping, as well as the proliferation of devices like Echo, which will help in sustaining momentum. The median Public E-commerce company generated 11% year-over-year revenue growth and anticipates continuing to grow in 2018. Online retailers' focus on expanding omni-channel presence is a key catalyst. Better service offerings that include quicker delivery, time scheduling per customer convenience, and easy return policies are expected to compel consumers to choose online shopping. Furthermore, E-Commerce M&A continues to see strong activity with record transaction volume of 79 deals in 2017 with an increasing average transaction value.

### Public Companies Growth Rates and EBITDA Margins

### Median Total Transaction Value 2016 and 2017

11% Median Revenue Growth (YoY)

9% Median EBITDA Margin (LTM)

Source(s): CAP IQ

2017  
\$133M

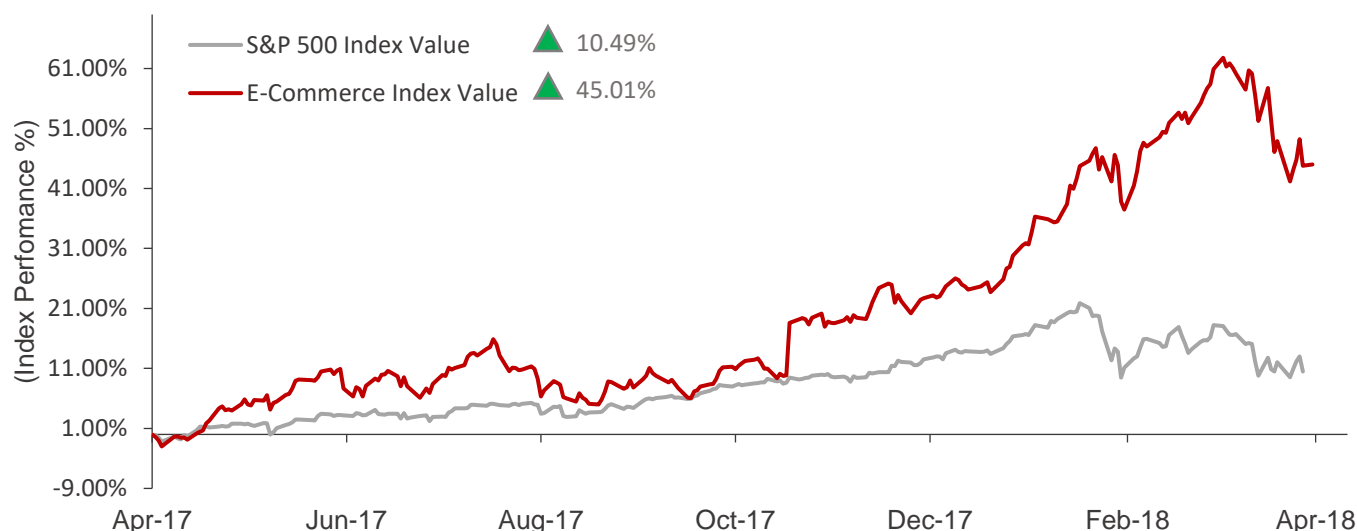
2016  
\$84M

Source(s): CAP IQ

### Public Company Valuation and Trading Performance

The E-Commerce stock index, as defined by the chart below, outperformed the S&P 500 over the last twelve-month period, while valuation trends remain above the broader market, with S&P 500 trading at 12.30x Median EV/EBITDA and E-commerce Index trading at 15.94x Median EV/EBITDA.

#### LTM Share Pricing Trends – Tully & Holland E-Commerce Index vs S&P 500



Source(s): CAP IQ and Tully & Holland Research

#### Tully & Holland E-Commerce Index Composition



Source(s): CAP IQ and Tully & Holland Research  
Note: E-commerce Index is equally weighted

## Public E-Commerce Companies

(\$ in Millions, except stock price data)

## US-Based E-commerce Companies

Company Name	Ticker	Market Data as of 3/15/2018			LTM				Valuation Metrics	
		Last Share Price	Market Cap	Enterprise Value	Revenue	Rev Growth %	EBITDA	Margin %	EV/Revenue	EV/EBITDA
1-800-FLOWERS.COM, Inc.	FLWS	\$12.30	\$794	\$667	\$1,157	-3%	\$71	6%	0.58x	9.43x
Amazon.com, Inc.	AMZN	\$1,406.08	\$680,693	\$693,854	\$177,866	31%	\$15,039	8%	3.90x	46.14x
Blucora, Inc.	BCOR	\$24.15	\$1,128	\$1,424	\$510	12%	\$88	17%	2.79x	16.15x
Blue Apron Holdings, Inc.	APRN	\$1.85	\$354	\$319	\$881	11%	(\$149)	-17%	0.36x	NM
Booking Holdings Inc.	BKNG	\$2,048.74	\$98,931	\$101,055	\$12,681	18%	\$4,921	39%	7.97x	20.54x
CarGurus, Inc.	CARG	\$37.90	\$4,022	\$3,885	\$317	60%	\$19	6%	12.26x	NM
Carvana Co.	CVNA	\$23.74	\$463	\$844	\$859	135%	(\$144)	-17%	0.98x	NM
CDW Corporation	CDW	\$68.45	\$10,426	\$14,016	\$15,192	9%	\$1,127	7%	0.92x	12.44x
Chegg, Inc.	CHGG	\$21.04	\$2,314	\$2,105	\$255	0%	(\$2)	-1%	8.25x	NM
Copart, Inc.	CPRT	\$49.89	\$11,574	\$11,892	\$1,631	19%	\$656	40%	7.29x	18.12x
eBay Inc.	EBAY	\$38.88	\$38,639	\$42,791	\$9,567	7%	\$2,941	31%	4.47x	14.55x
Etsy, Inc.	ETSY	\$27.60	\$3,354	\$3,023	\$441	21%	\$48	11%	6.85x	63.11x
EVINE Live Inc.	EVLV	\$0.89	\$58	\$108	\$648	-3%	\$15	2%	0.17x	7.15x
Expedia, Inc.	EXPE	\$107.25	\$16,313	\$18,876	\$10,060	15%	\$1,159	12%	1.88x	16.29x
FTD Companies, Inc.	FTD	\$4.90	\$136	\$296	\$1,084	-3%	\$68	6%	0.27x	4.35x
Groupon, Inc.	GRPN	\$4.20	\$2,358	\$1,713	\$2,844	-6%	\$112	4%	0.60x	15.33x
GrubHub, Inc.	GRUB	\$97.08	\$8,465	\$8,381	\$683	38%	\$139	20%	12.27x	60.21x
Helen of Troy Limited	HELE	\$85.20	\$2,298	\$2,703	\$1,568	1%	\$228	15%	1.72x	11.86x
IAC/InterActiveCorp	IAC	\$151.89	\$12,555	\$13,472	\$3,307	5%	\$339	10%	4.07x	39.75x
ICTV Brands Inc.	ICTV	\$0.25	\$13	\$14	\$28	63%	(\$3)	-11%	0.51x	NM
Match Group, Inc.	MTCH	\$43.42	\$11,940	\$12,926	\$1,331	19%	\$387	29%	9.71x	33.41x
Overstock.com, Inc.	OSTK	\$35.85	\$1,057	\$890	\$1,745	-3%	(\$30)	-2%	0.51x	NM
PetMed Express, Inc.	PETS	\$40.74	\$830	\$749	\$270	12%	\$52	19%	2.78x	14.43x
QVC Group	QVCA	\$25.19	\$12,023	\$18,505	\$10,381	2%	\$1,763	17%	1.78x	10.50x
Shutterfly, Inc.	SFLY	\$79.97	\$2,600	\$2,641	\$1,190	5%	\$166	14%	2.22x	15.94x
Stamps.com Inc.	STMP	\$209.85	\$3,686	\$3,618	\$469	29%	\$185	39%	7.72x	19.57x
Stitch Fix, Inc.	SFIX	\$21.56	\$2,095	\$1,829	\$1,095	26%	\$39	4%	1.67x	47.51x
U.S. Auto Parts Network, Inc.	PRTS	\$1.82	\$63	\$70	\$303	0%	\$11	4%	0.23x	6.17x
Wayfair Inc.	W	\$67.15	\$5,965	\$5,761	\$4,721	40%	(\$174)	-4%	1.22x	NM
Williams-Sonoma, Inc.	WSM	\$49.45	\$4,120	\$4,029	\$5,292	4%	\$649	12%	0.76x	6.21x
Mean			\$31,309	\$32,415	\$8,946	19%	\$991	11%	3.56x	22.14x
Median			\$2,977	\$2,863	\$1,173	11%	\$100	9%	1.83x	15.94x

Source(s): CAP IQ

Note: NM - Not meaningful: EBITDA is negative or higher than 70x

## Selected E-Commerce M&amp;A Transactions - LTM

Date Closed	Target/Issuer	Buyers/Investors	Target Description	Transaction Value (\$mm)	Valuation Metrics	
					EV/Revenue	EV/EBITDA
03/29/2018	SchoolKidz.com, Inc.	Skyview Capital LLC	an online retailer of supply kits for kids	-	-	-
03/13/2018	SelfStorageAuction.Com	iBid4storage.com, Inc.	an online action market place	-	-	-
3/12/2018	All Assets of StonerDays.com	Geopulse Exploration, Inc.	an online retailer of cannabis products	-	-	-
3/1/2018	SitStay, Inc.	Buddy Brands, Inc.	an online retailer of pet products	-	-	-
2/27/2018	AutoAnything, Inc.	Kingswood Capital Management, LLC	an online retailer of automotive products	-	-	-
2/27/2018	Midwest Sportswear & Athletic Supply Inc.	BSN Sports, Inc.	an online retailer of team athletic equipment	-	-	-
2/13/2018	Viyet Inc	Sotheby's	an online marketplace for furniture sale	-	-	-
2/8/2018	1661, Inc.	Flight Club, LLC	a mobile based marketplace for shoes	-	-	-
2/7/2018	Varese Sarabande Records, Inc.	Concord Music Group, Inc.	an online retailer of CDs and records	-	-	-
2/6/2018	Strength in Members	Concord Direct	a digital marketing agency	-	-	-
2/1/2018	TapOnIt, LLC	New Media Investment Group Inc.	an online platform for discounts	-	-	-
1/16/2018	Zilla Holdings, LLC	AIA Corporation	an online store of office supplies	-	-	-
1/15/2018	Assets and Business of All Pro Championships, Inc.	Dyehard Fan Supply, LLC	an online event merchandiser	-	-	-
1/12/2018	Complete Entertainment Resources Group, Inc.	Live Nation Entertainment, Inc.	an online ticket retailer	-	-	-
1/10/2018	Caskers LLC	Flaviar Limited	an online spirits store	-	-	-
12/31/2017	Bike24 GmbH	WiggleCRC	an online bicycles and frames retailer	\$133	1.50x	-
12/29/2017	HSN, Inc.	QVC Group	an interactive multi-channel retailer	\$2,630	0.75x	10.77x
12/28/2017	CleanerFilters.com, LLC	FilterEasy Inc.	online air filter subscription services	-	-	-
12/20/2017	Healthy Directions, LLC	Direct Digital LLC	an online retailer of supplements	\$71	-	-
12/20/2017	LTD Commodities LLC	AmeriMark Holdings, LLC	a catalog and online merchandising company	-	-	-
12/19/2017	Best Retail	KWI	a retail e-commerce platform	-	-	-
12/19/2017	KNS International, LLC	Tower Arch Capital	an online apparel and jewelry retailer	-	-	-
12/14/2017	Liingo Eyewear, Inc.	1-800 CONTACTS, Inc.	a contact lenses online retailer	-	-	-
12/12/2017	PrimeSport, Inc.	On Location Events, LLC	an online ticket retailer	-	-	-
12/7/2017	Ice.com, Inc.	Glimmer, Inc.	an online jewelry shopping website	-	-	-
12/6/2017	Vacation Travel Match, LLC	TravelPass Group LLC	a travel planning and discovery website	-	-	-
12/5/2017	Interactive Ticketing Solutions, Inc.	Etix, Inc.	an online ticket retailer	-	-	-
12/5/2017	Paul Friedman Photography, Inc.	Lens Rentals Inc.	photography online rental services	-	-	-
11/23/2017	PersonalizationMall.com, Inc.	Bed Bath & Beyond Inc.	a personalized gifts online retailer	\$190	-	-
11/15/2017	Orion Telescope & Binoculars	Management	an online retailer of telescopes	-	-	-
11/15/2017	PupBox, Inc.	Petco Holdings, Inc.	an online toys retailer	-	-	-
11/15/2017	CBD.co	Grey Cloak Tech, Inc.	an online retailer of cannabis products	-	-	-
11/9/2017	Tulumba LLC	Ablak Holdings, LLC	a Turkish food and gifts online retailer	-	-	-
11/9/2017	Bio Health Products Inc.	JobLocationMap Inc.	an essential oil online retailer	\$1	0.49x	-
10/26/2017	Gents, Inc.	American Premium Water Corporation	an online retail of men apparel	-	-	-

Source(s): CAP IQ and Tully &amp; Holland Research

(continued)

Date Closed	Target/Issuer	Buyers/Investors	Target Description	Transaction Value (\$mm)	Valuation Metrics	
					EV/Revenue	EV/EBITDA
10/20/2017	Plasticwatertanks.com Inc. and P-M.com Inc.	Grupo Rotoplas S.A.B. de C.V.	an online boat seats and pumps retailer	\$31	-	-
10/19/2017	Vigilant PPS, Inc.	Mace Security International, Inc.	an online retailer of personal security and home medical products	-	-	-
10/13/2017	MovieTickets.com, Inc.	Fandango Media, LLC	a movie ticketing online platform	-	-	-
10/5/2017	LuckyVitamin Corporation	TSG Consumer Partners	an online e-commerce company for vitamins	-	-	-
9/20/2017	DineInFresh, Inc.	AB Acquisition LLC	an online ingredients retailer	\$300	-	-
9/18/2017	Ticketleap, Inc.	PatronManager, LLC	an online ticket retailer	-	-	-
9/18/2017	Sightbox, Inc.	Johnson & Johnson Vision Care, Inc.	a contact lenses online retailer	-	-	-
9/14/2017	Satellite Vending Company Inc.	Continental Services	an online vending machine retailer	-	-	-
9/13/2017	Artifact Uprising LLC	Management	an online retailer of photo books	-	-	-
9/1/2017	JacTravel Group	Webjet Limited	an online travel products retailer	\$264	4.80x	10.20x
8/29/2017	DAI Investment Inc.	Blackstreet Capital	an online retailer of women's apparel	-	-	-
8/16/2017	TicketsWest.com, Inc.	Spectra Ticketing & Fan Engagement	an online ticket retailer	\$6	-	-
8/7/2017	Carousel Designs	Crown Crafts	an online retail of infant bedding and nursery décor	\$10	1.30x	-
8/3/2017	Magic Mobile Homes Inc.	Style Crest, Inc.	an air conditioning products retailer online	-	-	-
7/19/2017	ExtremeTix, Inc.	Etix, Inc.	an online ticket retailer	-	-	-
7/13/2017	Select Sports Outfitters	1818 Apparel Company	an online sport apparel retailer	-	-	-
7/5/2017	BUYSEASONS, Inc.	Rubie's Costume Company, Inc.	an online consumer store	-	-	-
6/30/2017	Bonobos, Inc.	WalMart Stores, Inc.	an online fashion products retailer	\$310	2.50x	-
6/30/2017	Webjet Marketing North America, LLC	Management	an online travel services platform	-	-	-
6/30/2017	Renee Claire Inc.	Komar, Inc.	an online sleepwear retailer	-	-	-
6/30/2017	Capstone Supply LLC	ABC Supply Co., Inc.	an online platform for buildings materials	-	-	-
6/26/2017	Choxi.com, Inc.	J Club, Inc.	an online retailer of apparel	-	-	-
6/20/2017	VoIP Supply, LLC	Sangoma Technologies	an online retailer of VoIP	\$4	-	-
6/13/2017	SmartLabs, Inc.	Richmond Capital Partners	an online automation products retailer	-	-	-
6/12/2017	BioGanix	Relevium Technology	an online supplement products retailer	\$5	1.10x	-
6/7/2017	Acumen Brands, Inc., Country Outfitter	Sheplers, Inc.	an online publishing services company	\$2	-	-
5/31/2017	Chewy.com	PetSmart, Inc.	an online pet products retailer	\$3,350	3.70x	-
5/31/2017	IronPlanet, Inc.	Ritchie Bros. Auctioneers, Inc.	an online retailer of heavy equipment	\$759	-	13.00x
5/23/2017	Into The VR World	AppSwarm, Inc.	a cell phone and video game online retailer	-	-	-
5/16/2017	Cyberspace Vita, Inc.	Green Spirit Industries Inc.		-	-	-
5/8/2017	Fanatics, Inc.	NFL, MLB	an online retailer of sports merchandise	-	-	-
5/5/2017	eBags, Inc.	Samsonite LLC	an online bag retailer	\$105.0	0.66x	-
5/4/2017	Grays eCommerce	Leasing Finance	an online retail and auction company	\$134	1.30x	13.40x
4/25/2017	Just4MyPet, Inc.	MailPix, Inc.	an online portal of pet photo products	-	-	-
4/25/2017	Lifted Research Group, Inc.	Mad Engine Inc.	an online retailer of apparel	-	-	-
4/13/2017	Pro DJ Sound, LLC	Stroodl, Inc.	A DJ and audio online retailer	-	-	-
4/12/2017	Klink Technologies, Inc.	Delivery.com, LLC	an online spirits store	-	-	-

Source(s): CAP IQ and Tully &amp; Holland Research

(continued)

Date Closed	Target/Issuer	Buyers/Investors	Target Description	Transaction Value (\$mm)	Valuation Metrics	
					EV/Revenue	EV/EBITDA
4/12/2017	Phoenix Office Products, Inc.	Office Products Alliance	an online store of office products	-	-	-
4/10/2017	RetailMeNot	Harland Clarke	an online products retailer	\$455	1.60x	15.10x
3/31/2017	Decorist, Inc.	Bed Bath & Beyond Inc.	an online platform for interior design	-	-	-
3/27/2017	comparehotels.online	eMedia Group Inc.	a search engine to compare and book hotels	-	-	-
3/27/2017	The Ashford Tea Co.	-	an online distribution of tea	-	-	-
3/20/2017	Petflow, Inc.	Phillips Feed Service, Inc.	a pet products online retailer	-	-	-
3/16/2017	True&Co.	PVH Corp.	an employee buying programs online retailer	-	-	-
3/16/2017	Vending of Texas, LLC	Accent Food Services, LLC	an online vending machine retailer	-	-	-
3/15/2017	Public Auction Finder LLC	Repokar Inc.	an online auction house site	-	-	-
3/3/2017	VaycayHero, Inc.	RedAwning.com, Inc.	an online vacation rental platform	-	-	-
2/28/2017	Hotelsatanywhere.com and InternetHotels.com	HotelPlanner.com	an online travel services platform	-	-	-
2/27/2017	Crafts Americana Group	Premier Needle Arts Inc.	an online painting products retailer	-	-	-
2/27/2017	Sheet Music Plus, LLC	Hal Leonard Corporation	an online sheet music store	-	-	-
2/23/2017	ShopStyle, Inc.	Ebates, Inc.	a social shopping website for apparel	-	-	-
2/17/2017	Blue Nile, Inc.	Bain Capital and Bow Street, LLC	an online retailer of diamonds and fine jewelry	\$497	0.97x	27.82x
2/7/2017	Tourico Holidays, Inc.	Hotelbeds Spain, S.L.U.	an online travel services platform	-	-	-
2/6/2017	JunkieDog.com, Inc.	Grand Havana, Inc.	an online retailer of electronics	-	-	-
2/3/2017	Rose Laboratories, Inc.	Kirkman Group, Inc.	an online retailer of supplements	-	-	-
2/3/2017	CommonKindness, Inc.	makeena, inc.	a free coupons website	-	-	-
2/2/2017	Dot & Bo, Inc.	OSP Holdings, LLC	an online furniture retailer	-	-	-
2/1/2017	Word Music, LLC	Lorenz Corporation	an online country music platform	-	-	-
2/1/2017	Arrow Vending, Inc.	Accent Food Services, LLC	an online vending machine retailer	-	-	-
1/30/2017	The Audio Partners, Inc.	Blackstone Audio, Inc.	an online retailer of audio books	-	-	-
1/19/2017	Hearing Help Express	IntriCon Corporation	a hearing aids online retailer	\$2	-	-
1/13/2017	SPECD-OUT	Brothers In Arms Firearms LLC	an outdoor gear online retailer	-	-	-
1/10/2017	ArtList Inc.	Artnet AG	an online sales platform of fine art	-	-	-
Mean				\$575	1.72x	15.05x
Median				\$133	1.30x	13.20x

Source(s): CAP IQ and Tully &amp; Holland Research

## About Tully & Holland

### Comprehensive Retail, Catalog and E-Commerce Expertise

E-commerce has become a very active industry sector in which Tully & Holland has been involved since its inception. As a leading Boston-based investment banking advisory firm, we offer highly customized M&A and corporate advisory to consumer product companies in the US and abroad. Founded in 1992, our seasoned team brings decades of extensive industry and investment banking expertise and the proven ability to successfully complete deals on behalf of our clients.

Our Retail, Catalog and E-commerce expertise includes the following segments:

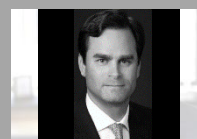


- Multi-Channel Merchants
- Catalogers
- Specialty Retailers
- Direct Marketers
- E-commerce

### Contact Us

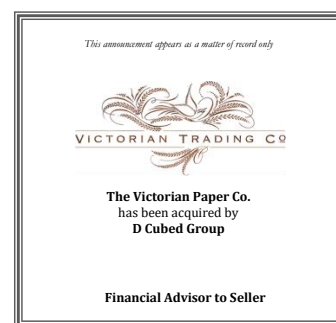
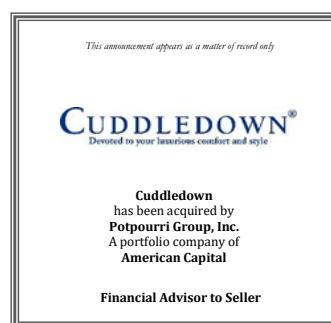
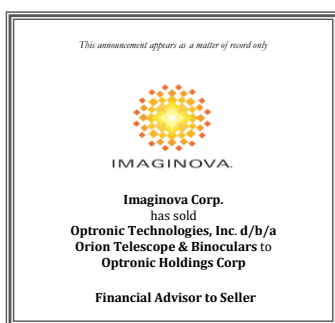


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### Selected Recent E-Commerce Transactions



### Service Capabilities

**Sales & Divestitures**

- Sales
- Mergers
- Recapitalizations
- Divestures

**Acquisition Advisory**

- Strategic Planning
- Prospect Search & Qualification
- Contact, Profiling, Valuation, Negotiation, and Closing

**Financings**

- Private Equity & Family Offices Capital Raises

**Debt Advisory**

- Senior Debt Financings
- Bridge Financings
- Mezzanine Financings



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