



## Investment Banking | **Industry Spotlight**



**Consumer & Retail** | Q3 2018

## FULL SERVICE INVESTMENT BANKING PLATFORM

Fifth Third Investment Banking provides Merger & Acquisition (M&A), capital raising and other strategic and financial advisory services to Fifth Third's corporate and financial sponsor clients

## SERVICES PROVIDED

- Sell-Side M&A Advisory
- Buy-Side M&A Advisory
- Acquisition Strategy
- Capital Raising
- Corporate Finance Advisory
- Strategic Alternatives Review

## TYPICAL M&A CLIENT

- EBITDA of \$3 - \$50+ million
- Private or Financial Sponsor-Owned
- Within Fifth Third Bank Footprint
- Within Core Industry Verticals



CONSUMER & RETAIL



DIVERSIFIED INDUSTRIALS



HEALTHCARE  
COKER CAPITAL



TECH-ENABLED  
BUSINESS SERVICES

## SENIOR BANKERS

**CHARLIE HURT**  
Consumer & Retail

**JOHN SHOFFNER**  
Consumer & Retail

**JOE CARSON**  
Diversified Industrials

**JEREMY EBERLEIN**  
Diversified Industrials

**ROB BOHN**  
Diversified Industrials

**DAN DAVIDSON**  
Healthcare

**JAMIE HEIDBREDER**  
Healthcare

**BO HINTON**  
Healthcare

**JOHN REIBOLDT**  
Healthcare

**MCNEILL WESTER**  
Healthcare

**ALAN MCCLURE**  
Business Services

**JIM PARRINO**  
Buy-Side Advisory

**MICHAEL HO**  
Buy-Side Advisory

**ROB TYNDALL**  
Corporate Finance

**MELINA AUDINELLE**  
M&A Execution

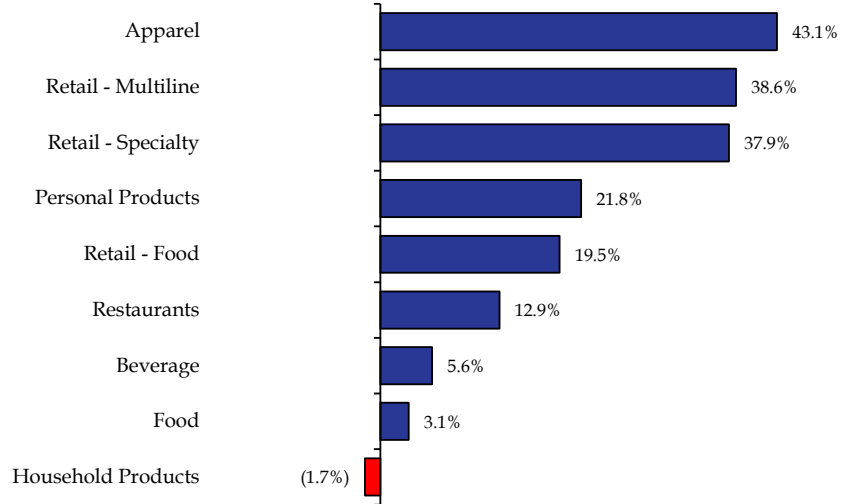
## RECENT M&A ADVISORY TRANSACTIONS

<p><b>Business Services</b></p>  <p>has been recapitalized by</p>  <p><b>Staffing</b></p>	<p><b>Healthcare</b></p>  <p>has been recapitalized by</p>  <p><b>Senior Living</b></p>	<p><b>Healthcare</b></p> <p>SUN CITY IMAGING</p> <p>has been acquired by</p>  <p>a portfolio company of</p>  <p><b>Radiology</b></p>	<p><b>Industrials</b></p>  <p>a division of</p>  <p>has been acquired by</p>  <p>a portfolio company of</p>  <p><b>Distribution</b></p>	<p><b>Consumer &amp; Retail</b></p>  <p>has been recapitalized by</p>  <p><b>Consumer Products</b></p>	<p><b>Industrials</b></p>  <p>has been acquired by</p>  <p>a portfolio company of</p>  <p><b>Automation</b></p>	<p><b>Healthcare</b></p>  <p>has been acquired by</p>  <p><b>Behavioral Health</b></p>	<p><b>Healthcare</b></p>  <p>has been acquired by</p>  <p><b>Behavioral Health</b></p>
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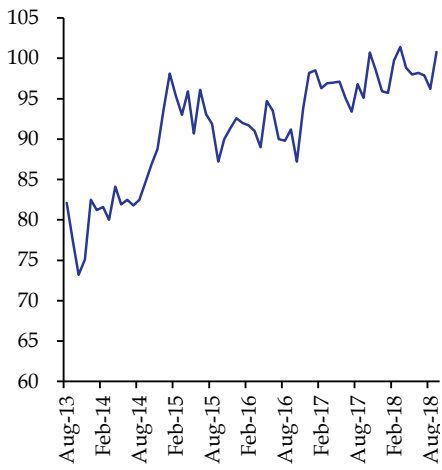
## Relative Performance (LTM)



## Returns by Sector (LTM)



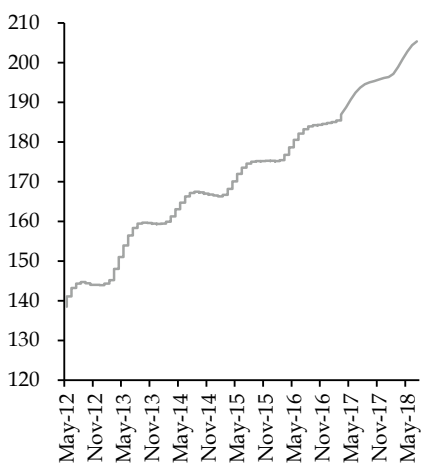
## Consumer Sentiment



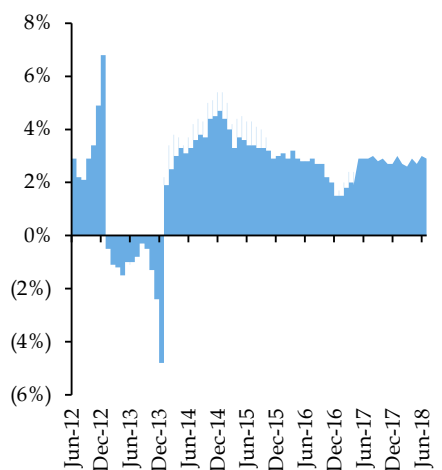
## Retail Gas Prices (\$/gallon)



## Case Schiller Index



## % Δ Disposable Income (YoY)



## The American Consumer Looks Healthy Heading into the Holidays

- August retail sales grew 5.7% Y-o-Y
- Average hourly earnings have risen 2.9% over the past 12 months
- Department store sales were down 0.2% Y-o-Y while online retail sales rose 10.1% Y-o-Y as “traditional” retailers continue to right size, eliminating weaker performers from an overcrowded space

## The Fashion & Apparel Industry Makes Q3 Headlines

- VF Corporation (NYSE: VFC), a holding company, announced its intention to separate into two publicly traded companies, one focused on denim and one focused on other softlines
  - The split allows more flexibility for both entities to execute on their M&A strategy, with a focus on investing in direct-to-consumer, design, supply chain and analytics capabilities
- Michael Kors announced it will acquire Versace for \$2.2 billion, with plans to open 100 additional stores, expand to Asian markets and increase its online and omni-channel presence

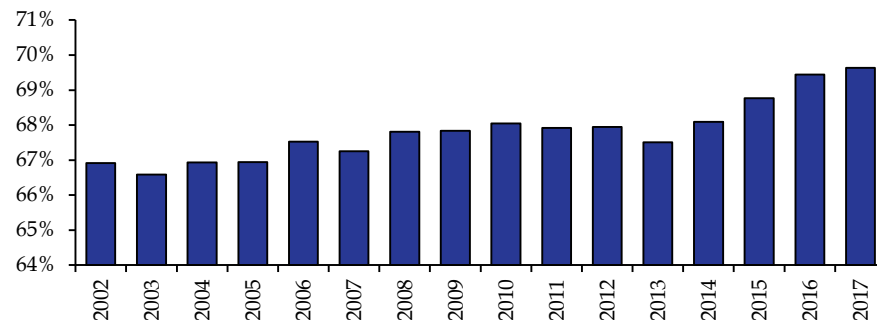
## Tariffs Throw a Wrinkle in Pricing Strategies

- Rising workforce costs and increased pressure on transportation costs have increased retailers’ cost of goods, while tariffs have become a more challenging part of the equation
- Companies that understand targeted customer value preferences and price elasticity will be better equipped for long-term growth

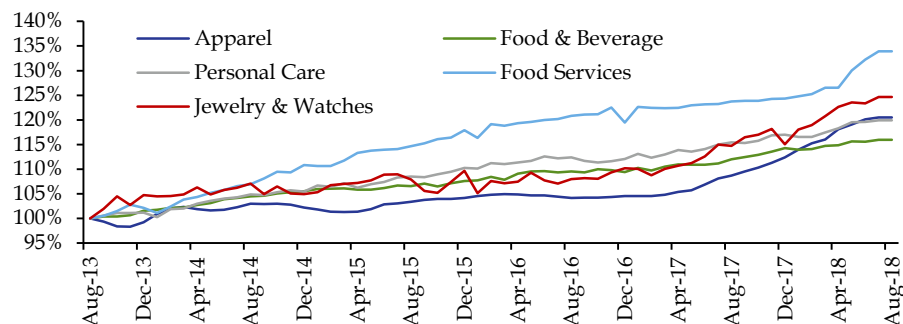
## Retailers Utilize Subscription Services to Reach Millennials

- Many retailers – including J.C. Penney, Under Armour, Target and Gap – have experimented with subscription-based services
- Target’s CEO Brian Cornell commented “the winning retailers of the future are going to combine great physical assets with the ease that comes along with that digital interaction”
- “Try-before-you-buy” strategies are increasingly used to gain loyalty

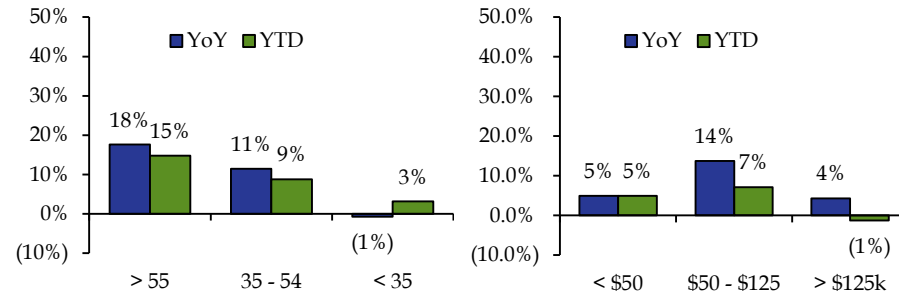
## Consumer Spending as % of Real GDP



## Personal Expenditure - Primary Consumer Segments

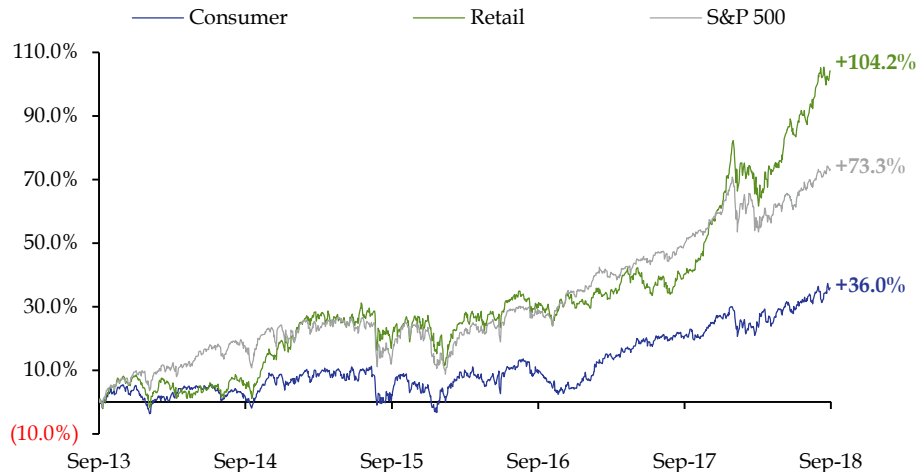


## Δ Consumer Confidence by Age & Income (\$ in 000's)

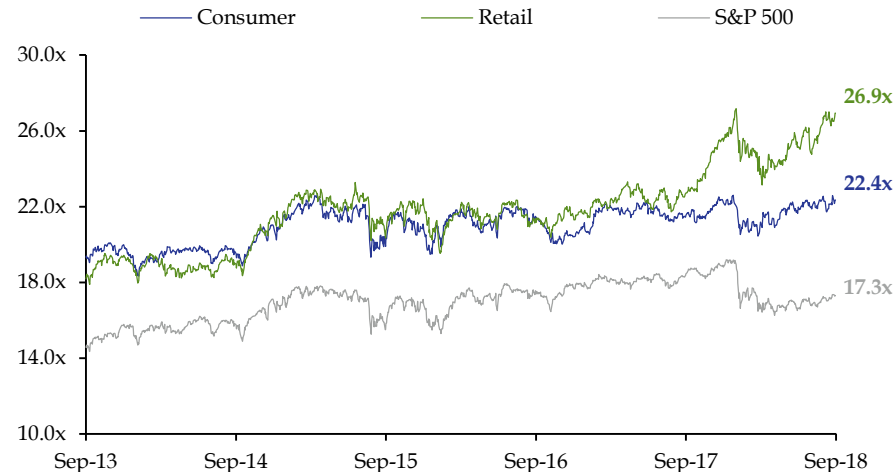


# Public Equity Market Valuation Trends

## 5-Year Share Price Performance



## 5-Year Forward P/E Performance [1]



## Sub-Sector Indices' Share Price Performance [1]

Sector/Sub-Sector	Number of Companies	Median Enterprise Value \$ in Millions	Median TEV / Revenue Multiples		Median TEV / EBITDA Multiples		Median P/E Multiples	
			LTM	Forward	LTM	Forward	LTM	Forward
<b>Consumer</b>	<b>84</b>	<b>\$4,400</b>	<b>1.9x</b>	<b>2.2x</b>	<b>12.0x</b>	<b>11.9x</b>	<b>24.8x</b>	<b>21.9x</b>
Personal Products	13	21,473	3.1x	3.2x	14.7x	14.0x	26.3x	21.9x
Apparel, Accessories & Footwear	34	8,320	2.4x	2.2x	17.5x	11.9x	22.0x	24.1x
Household Products	16	4,072	1.9x	2.3x	11.7x	11.7x	24.8x	17.0x
Consumer Services	8	1,021	1.4x	1.4x	9.5x	9.8x	21.7x	22.7x
Recreational Products	13	4,400	1.6x	1.6x	12.0x	12.6x	28.6x	19.7x
<b>Retail</b>	<b>131</b>	<b>\$6,198</b>	<b>1.0x</b>	<b>0.9x</b>	<b>9.7x</b>	<b>8.8x</b>	<b>19.2x</b>	<b>17.5x</b>
Grocery & Pharmacy	15	30,962	0.5x	0.4x	10.0x	7.4x	14.7x	13.4x
Mass Merchandise Retail	13	20,677	0.6x	0.6x	8.0x	7.4x	19.4x	16.8x
Specialty Retail	54	4,779	0.9x	0.8x	9.4x	9.4x	18.4x	15.3x
Discount & Off-Price Retail	14	7,617	1.1x	0.9x	12.6x	11.5x	20.4x	18.3x
Apparel, Accessories & Footwear	25	3,730	1.2x	1.0x	8.1x	8.2x	23.6x	18.2x
Internet & e-Commerce	10	3,646	3.1x	2.4x	17.7x	15.6x	19.0x	21.3x
<b>S&amp;P 500</b>	<b>500</b>	<b>NM</b>	<b>2.6x</b>	<b>2.4x</b>	<b>13.1x</b>	<b>11.7x</b>	<b>27.3x</b>	<b>17.3x</b>

Source: S&P Capital IQ as of September 28, 2018

\* Each index is comprised of the companies noted on pages 13

[1] Forward P/E multiples in charts do not match, as 5-year performance chart is market capitalization weighted

# Public Equity Market Valuation Trends (Cont'd)

	EV / Forward EBITDA	P / 2018 EPS	LTM EBITDA Margin	5-Year Est. EPS Growth
	Median: 11.5x	Median: 16.4x	Median: 12.4%	Median: 12.0%
Internet & e-Commerce	15.6x	20.0x	20.4%	7.6%
Personal Products	14.0x	21.6x	12.4%	20.0%
Apparel, Accessories & Footwear (Cons.)	11.9x	23.8x	14.2%	10.7%
Household Products	11.7x	14.8x	15.8%	12.0%
Recreational Products	12.6x	14.7x	12.4%	11.3%
Discount & Off-Price Retail	11.5x	16.8x	9.7%	15.1%
Specialty Retail	9.8x	12.2x	9.6%	14.2%
Grocery & Pharmacy	9.4x	11.6x	4.8%	10.0%
Consumer Services	8.2x	23.1x	18.6%	17.9%
Apparel, Accessories & Footwear (Retail)	7.4x	16.4x	14.1%	12.4%
Mass Merchandise Retail	7.4x	15.3x	7.5%	3.8%

Source: S&P Capital IQ as of September 28, 2018  
\* Each index is comprised of the companies noted on pages 13

## M&A Market Commentary

**We are in the 9th year of the post-Great Recession recovery**

- Typical expansion lasts 7 years
- M&A deal flow and transaction volume have declined for 3 straight years, though still above pre-recession levels

**We expect 1 - 2 more years of strong M&A market conditions**

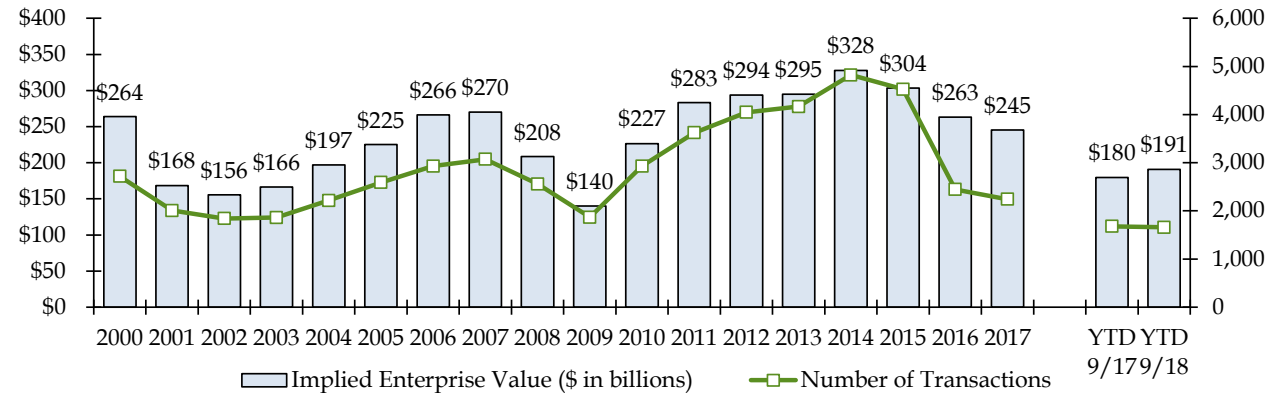
- Tax reform and the de-regulatory environment provide a boost after several years of ~2% growth
- The labor market is tight, but job-seekers may be tempted to return after low participation
- Interest rates are stabilizing, but are expected to continue rising
- Financial leverage is at cyclical highs, representing a risk

**It is still a seller's market given:**

- Record levels of un-invested private equity capital
- Healthy corporate profits and strategic buyer balance sheets

## U.S. Middle Market M&A Activity

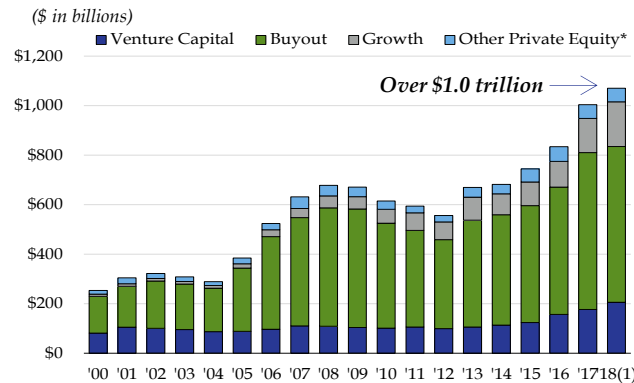
- Historically, M&A cycles have not extended past seven years; 2017 was the 8<sup>th</sup> year of the current cycle
- 2017 demonstrated signs that the buyout cycle is slowing, however, numerous positive drivers remain
  - 2018 tax policy changes and cash repatriation expected to support continued M&A activity



## Market Conditions Today Make the Environment a "Sellers' Market"

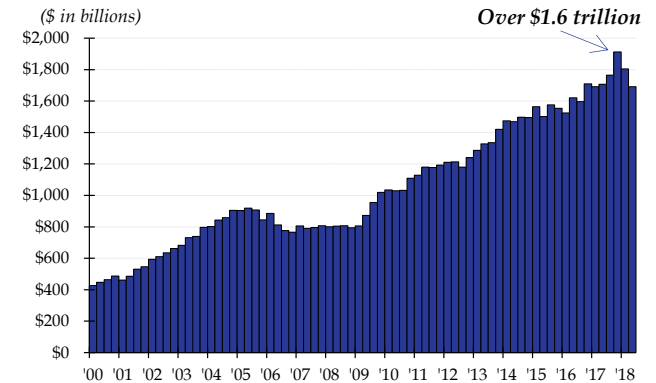
### Private Equity Dry Powder by Fund Type

*Private equity firms continue to sit on a built up level of dry powder, driving a need to deploy it for acquisitions*



### Strategic Buyer (Corporate) Cash

*U.S. corporate cash balances remain at record levels and are driving activity in strategic buyer M&A*



(1) As of June 30, 2018

\* = "Other Private Equity" includes balanced, co-Investment, co-Investment multi-manager, direct secondaries, and turnaround funds

Source: Pitchbook, Prequin, and S&P Capital IQ



## Q3 M&A Dynamics Drag

- Overall 3Q18 Consumer & Retail deal value and volume decreased compared to 3Q17
- Companies are still feeling the effects of the tax overhaul with increased cash on hand
  - Active consolidators are increasingly seeking transformational acquisitions to deploy dry powder

## Consumer Deal Flow Remains Active

- 6 transactions with data points
- Median deal size of \$317 million
- Several large transactions including Taymax Fitness (Planet Fitness)

## Depressed Retail Activity Continues

- Two announced deals with data points – Michael Kors/Versace deal leading headlines
- Financial buyers picking their spots, with Fitness and Beauty sectors attracting the most interest

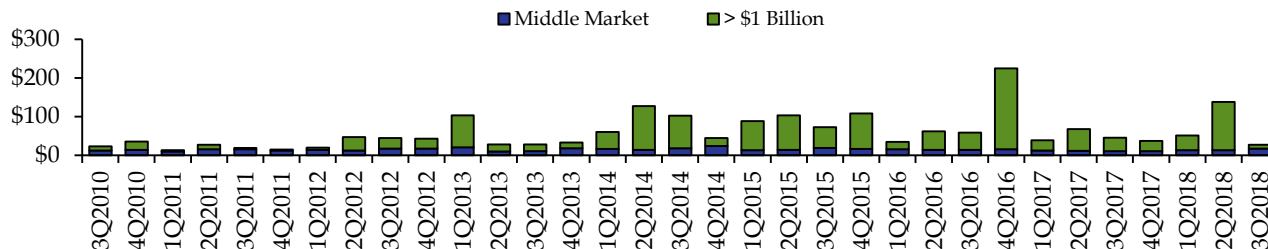
## Food-Related M&A Dominates

- Pinnacle Foods was acquired by Conagra brands in a \$11 billion deal, creating a leader in frozen foods
- UNFI acquired Supervalu for \$2.9 billion, reducing its dependence on Whole Foods

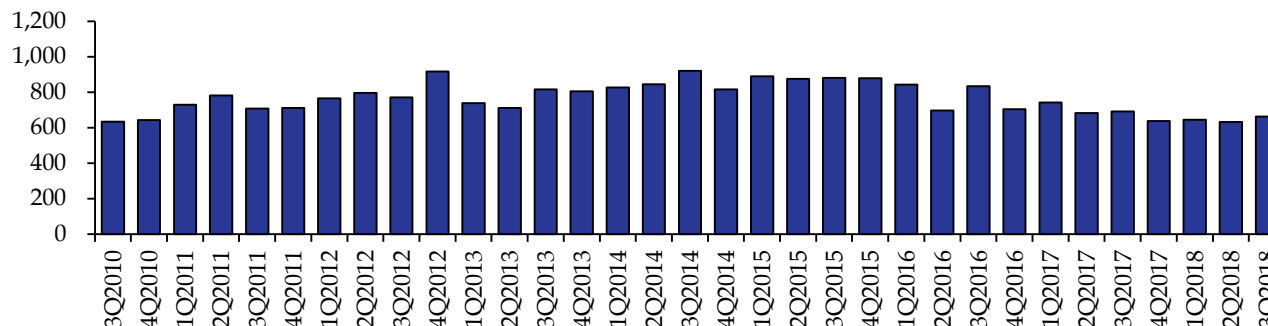
## U.S. Consumer & Retail M&A Announced Deal Value (\$ in billions) <sup>[1,2]</sup>

Median Middle Market: \$14.2

Median > \$1 Billion: \$27.1



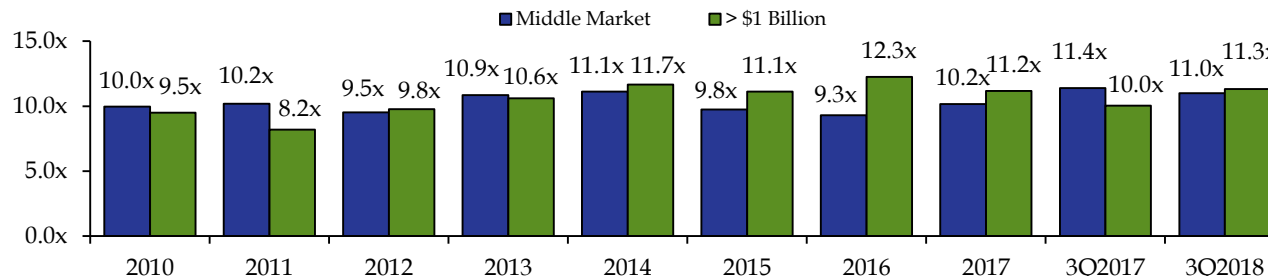
## U.S. Consumer & Retail M&A Announced Deal Volume



## U.S. Consumer & Retail M&A Closed Deal Average EV/EBITDA Multiple <sup>[1,2,3]</sup>

Median Middle Market: 10.2x

Median > \$1 Billion: 11.1x



Source: Fifth Third Securities, S&P Capital IQ

[1] Middle Market transactions defined by transactions with an enterprise value below \$1 billion

[2] U.S. Consumer & Retail transactions include Consumer Discretionary and Consumer Staples transactions, and exclude outlier multiples



# Precedent M&A Transactions: Retail

Consumer & Retail | **Industry Spotlight**  
Q3 2018

\$ in millions

Announced Date	Acquirer	Target	Enterprise Value (EV)	LTM		EV / LTM	
				Revenue	EBITDA	Revenue	EBITDA
09/25/18	Michael Kors Holdings Limited (NYSE:KORS)	Gianni Versace S.p.A	\$1,830	\$732	\$83	2.5x	22.0x
09/04/18	EG Retail (America), LLC	C-Store Business of TA Operating LLC	331	-	25	-	13.5x
06/12/18	Vintage Capital Management	Rent-A-Center, Inc. (NasdaqGS:RCII)	1,372	2,658	61	0.5x	22.5x
04/09/18	DW Partners, LP	The Bon-Ton Stores, Inc.	128	-	-	-	-
03/26/18	JD Sports Fashion plc (LSD:JD)	The Finish Line, Inc. (NasdaqGS:FINL)	481	1,835	97	0.3x	5.0x
12/20/17	Direct Digital LLC	Healthy Directions LLC	71	-	-	-	-
11/16/17	Sandell Asset Management Corp.	Barnes & Noble, Inc. (NYSE:BKS)	662	-	-	-	-
10/27/17	Andina Acquisition Corp. II (NasdaqCM:ANDA)	Lazydays RV SuperCenter, Inc.	114	565	25	0.2x	4.5x
10/18/17	SUPERVALU Inc. (NYSE:SVU)	Associated Grocers of Florida, Inc.	193	-	-	-	-
08/11/17	Aurum Holdings Ltd.	Mayor's Jewelers, Inc.	105	-	-	-	-
07/28/17	Aaron's Inc.	SEI / Aaron's	140	-	-	-	-
07/28/17	Sycamore Partners	Staples, Inc. (NasdaqGS:SPLS)	6,552	18,033	1,255	0.4x	5.3x
07/06/17	QVC Group (NasdaqGS:QVCA)	HSN, Inc. (NasdaqGS:HSNI)	2,604	3,503	244	0.7x	10.7x
06/20/17	Hangzhou Lianluo Interactive Information Technology	Newegg Inc.	474	-	-	-	-
06/17/17	Monomoy Capital	West Marine	291	702	38	0.4x	7.7x
06/16/17	Amazon.com, Inc. (NasdaqGS:AMZN)	Whole Foods Market, Inc. (NasdaqGS:WFM)	13,723	15,856	1,333	0.9x	10.3x
05/01/17	Camping World Holdings, Inc. (NYSE:CWH)	Gander Mountain Company Inc.	34	-	-	-	-
04/07/17	Samsonite LLC	eBags, Inc.	105	159	-	0.7x	-
04/18/17	PetSmart, Inc.	Chewy, Inc.	3,350	-	-	-	-
02/28/17	Barnes & Noble Education Inc. (NYSE:BNED)	MBS Textbook Exchange, Inc.	174	500	55	0.3x	3.2x
02/15/17	Wal-Mart Stores, Inc. (NYSE:WMT)	New Moosejaw, LLC	51	-	-	-	-
02/10/17	SportsDirect.com Retail Ltd.	Eastern Outfitters, LLC	30	-	-	-	-
01/05/17	Jet.com, Inc.	Shoebuy.com, Inc.	70	-	-	-	-
12/20/16	Orchestra Premaman Société Anonyme (ENXTPA:KAZI)	Destination Maternity Corporation (NasdaqGS:DEST)	136	452	23	0.3x	5.8x
12/07/16	Cerberus Capital Management	Staples, Inc., European Operations	59	-	-	-	-
11/22/16	Bed Bath & Beyond Inc. (NasdaqGS:BBBY)	PersonalizationMall.com, Inc.	190	-	-	-	-
11/07/16	Bain Capital	Blue Nile, Inc. (NasdaqGS:NILE)	456	472	16	1.0x	27.8x *
11/07/16	Dick's Sporting Goods, Inc. (NYSE:DKS)	Golfsmith International Holdings, Inc.	43	-	-	-	-
10/03/16	Bass Pro Outdoor World, LLC	Cabela's Incorporated (NYSE:CAB)	8,580	4,100	469	2.1x	18.3x
09/29/16	Tractor Supply Company (NasdaqGS:TSCO)	Petsense, Inc.	116	-	-	-	-
08/08/16	Wal-Mart Stores Inc. (NYSE:WMT)	Jet.com, Inc.	3,300	-	-	-	-
08/07/16	Steinhoff International Holdings N.V. (JSE:SNH)	Mattress Firm Holding Corp. (NasdaqGS:MFRM)	3,743	3,142	234	1.2x	16.0x
04/18/16	Vestis BSI Funding II, LLC	Eastern Mountain Sports and Bob Store's	38	-	-	-	-
03/14/16	Apollo Global Management (NYSE:APO)	The Fresh Market (NasdaqGS:TFM)	1,312	1,857	191	0.7x	6.9x
02/17/16	DSW Shoe Warehouse, Inc.	Ebuys, Inc.	118	-	-	-	-
01/07/16	Hudson's Bay Company (TSX:HBC)	Gilt Groupe, Inc.	250	-	-	-	-
01/05/16	KKR & Co. L.P.	Mills e-commerce Enterprises, Inc. (Mills Fleet Farm)	1,200	-	-	-	-

<b>Median - Strategic</b>	<b>0.7x</b>	<b>10.5x</b>
<b>Median - Financial</b>	<b>0.5x</b>	<b>7.3x</b>
<b>Median - All</b>	<b>0.7x</b>	<b>9.0x</b>

Source: Company Filings, S&P Capital IQ  
\* Excluded from mean and median

# Precedent M&A Transactions: Consumer Products

Consumer & Retail | **Industry Spotlight**  
Q3 2018

\$ in millions

Announced Date	Acquirer	Target	Enterprise Value (EV)	LTM		EV / LTM	
				Revenue	EBITDA	Revenue	EBITDA
09/24/18	Peak Resorts, Inc. (NasdaqGM:SKIS)	Snow Time, Inc.	\$76	\$50	\$11	1.5x	6.8x
08/20/18	Methode Electronics, Inc. (NYSE:MEI)	Grakon Parent, Inc.	420	159	41	2.6x	10.2x
08/15/18	Movado Group, Inc. (NYSE:MOV)	MVMT Watches Inc.	200	71	-	2.8x	-
08/07/18	Westbrook Partners	Hotels Union Square LLC	171	39	6	4.4x	26.7x
08/02/18	Trilantic North America	Taymax Group Holdings (Planet Fitness Franchisee)	-	-	-	-	-
08/02/18	FOCUS Brands Inc.	Jamba, Inc.	214	82	4	2.6x	56.8x *
07/26/18	United Natural Foods, Inc. (NasdaqGS:UNFI)	SUPERVALU INC. (NYSE:SVU)	2,947	15,593	432	0.2x	6.8x
07/19/18	Asahi Kasei Corporation (TSE:3407)	Sage Automotive Interiors, Inc.	1,060	475	-	2.2x	-
06/27/18	Conagra Brands, Inc. (NYSE:CAG)	Pinnacle Foods Inc. (NYSE:PF)	10,987	3,185	665	3.5x	16.5x
06/05/18	Seidler Equity Partners	Rawlings Sportings Goods Company, Inc.	395	330	-	1.2x	-
06/01/18	Golf Digest Online Inc. (TSE:3319)	GolfTEC Enterprises, LLC	38	43	-	0.9x	-
05/30/18	Polaris Sales Inc.	Boat Holdings, LLC	825	560	-	1.5x	-
05/30/18	Superior Group of Companies, Inc.	CID Resources, Inc.	88	65	-	1.4x	-
05/18/18	Hasbro, Inc. (NasdaqGS:HAS)	Toy Assets from Saban Properties	522	-	-	-	-
03/26/18	Foxxconn Interconnect Technology Ltd. (SEHK:6088)	Belkin International	866	-	-	-	-
03/20/18	Kathmandu Holdings Limited (NZSE:KMD)	Oboz Footwear, LLC	75	30	5	2.5x	16.3x
03/16/18	Platinum Equity, LLC	LifeScan, Inc.	2,100	1,500	-	1.4x	-
03/05/18	Spin Master Corp. (TSX:TOY)	GUND, Inc.	79	-	-	-	-
02/26/18	HRG Group, Inc. (NYSE:HRG)	Spectrum Brands Holdings, Inc. (NYSE:SPB)	4,792	5,052	855	0.9x	5.6x
01/24/18	Sterno Products, LLC	Rimports, Inc.	170	155	34	1.1x	5.0x
01/16/18	Energizer Holdings, Inc. (NYSE:ENR)	Spectrum Brands Battery and Lighting Business	2,000	866	169	2.3x	11.8x
01/04/18	Boardriders, Inc.	Billabong International Limited (ASX:BBG)	265	752	38	0.4x	6.9x
12/22/17	Lifetime Brands International, Inc. (NasdaqGS:LCUT)	Filament Brands	313	178	50	1.8x	6.3x
12/11/17	Coats Group plc (LSE:COA)	Patrick Yarn Mill, Inc.	25	36	-	0.7x	-
12/06/17	Kordsa Global	Fabric Development, Inc. and Textile Products, Inc.	100	-	-	-	-
12/05/17	Cineworld Group plc (LSE:CINE)	Regal Entertainment Group (NYSE:RGC)	6,114	3,218	620	1.9x	9.9x
12/01/17	American Woodmark Corporation (NasdaqGS:AMWD)	RSI Home Products, Inc.	1,080	-	-	-	-
11/15/17	Proctor & Gamble Co.	Zenlen, Inc.	100	-	-	-	-
11/13/17	Cosmax, Inc. (KOSE:A192820)	Nu-World Corporation	50	105	-	0.5x	-
11/03/17	Virginia Eagle Distributing Company, LLC	Simplicity Creative Group, Inc., et al.	67	92	10	0.7x	6.6x
10/26/17	Henkel Corporation	Zotos International, Inc.	485	233	-	2.1x	-
10/13/17	Hanesbrands Inc. (NYSE:HBI)	Alternative Apparel, Inc.	60	-	-	-	-
10/02/17	MCBC Holdings, Inc. (NasdaqGM:MCFT)	Nautic Star, LLC	80	64	-	1.3x	-
08/11/17	V.F. Corporation (NYSE:VFC)	Williamson-Dickie Manufacturing Company	820	875	75	0.9x	11.0x
08/03/17	Callaway Golf Company (NYSE:ELY)	TravisMatthew LLC	125	-	11	-	11.8x
07/17/17	Church & Dwight Co., Inc. (NYSE:CHD)	Water Pik, Inc.	1,033	265	80	3.9x	12.9x
06/16/17	Wal-Mart Stores, Inc. (NYSE:WMT)	Bonobos, Inc.	310	-	-	-	-
06/06/17	Shanghai Chuangkai Enterprise Development Co., Ltd.	Kellwood Company Apparel Group	1,298	-	-	-	-
05/26/17	Kohlberg & Company, L.L.C.	Newell Brands (Winter Sports Business)	240	330	25	0.7x	9.6x

<b>Median - Strategic</b>	<b>1.5x</b>	<b>10.1x</b>
<b>Median - Financial</b>	<b>1.2x</b>	<b>9.6x</b>
<b>Median - All</b>	<b>1.4x</b>	<b>9.9x</b>

Source: Company Filings, S&P Capital IQ  
\* Excluded from mean and median

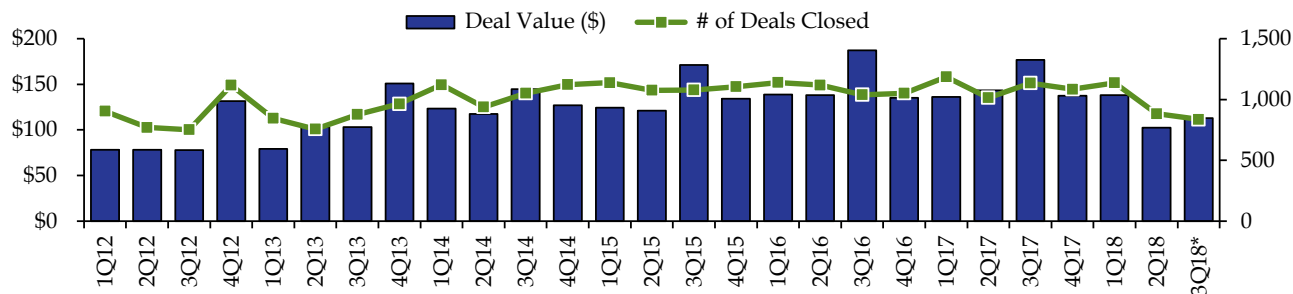
## U.S. Private Equity deal flow was up on a value basis and down on a volume basis during the third quarter of 2018

- A handful of large buyouts drove total deal value, including Keurig Green Mountain's completed buyout of Dr. Pepper Snapple Group
- Median deal sizes are expected to continue to increase, with larger fund sizes pushing fund managers to pursue larger deals, along with lofty purchase multiples
- Deal flow is expected to be continually strong throughout 2018 driven by current dry powder levels and easy access to debt financing

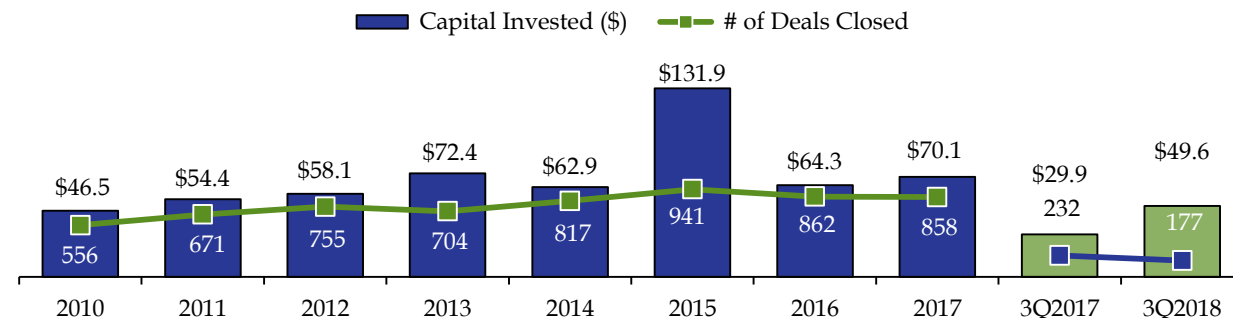
## Private Equity Buyers Cautiously Entertain Opportunities in Consumer & Retail in 3Q2018

- Capital deployment and overall # of deals closed in the space remain at lowest level in 2 years
- Focus Brands, an affiliate of Roark Capital, has agreed to purchase Jamba Juice for \$214 million
- Private equity continues to seek opportunities in the fitness & beauty industries
  - High margins, strong brand loyalty and repeat purchases make this space attractive

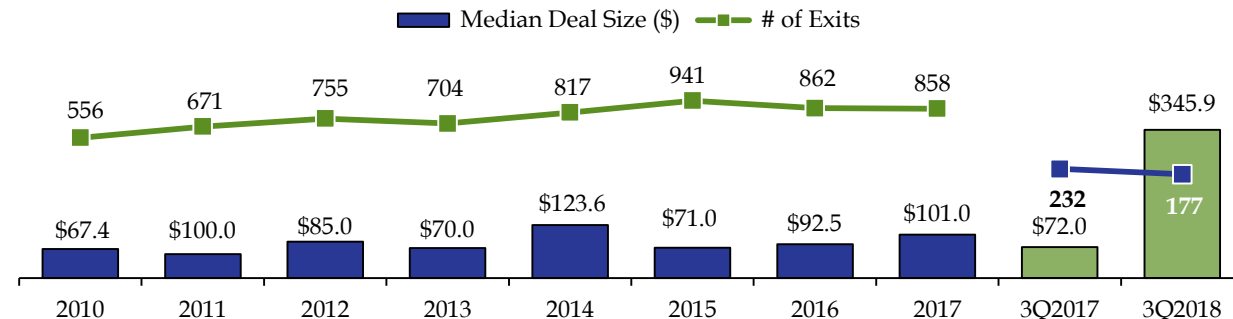
## U.S. Private Equity Deal Flow (\$ in billions)



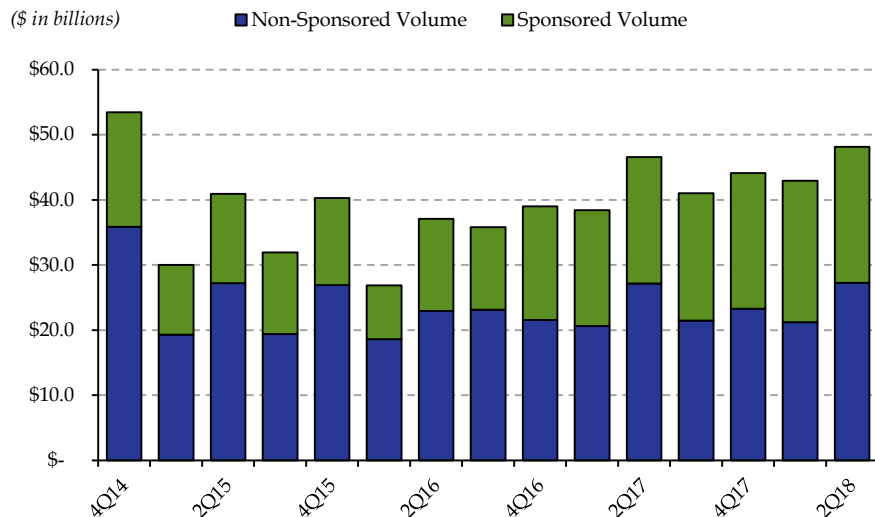
## U.S. Consumer & Retail Private Equity Deal Flow (\$ in billions)



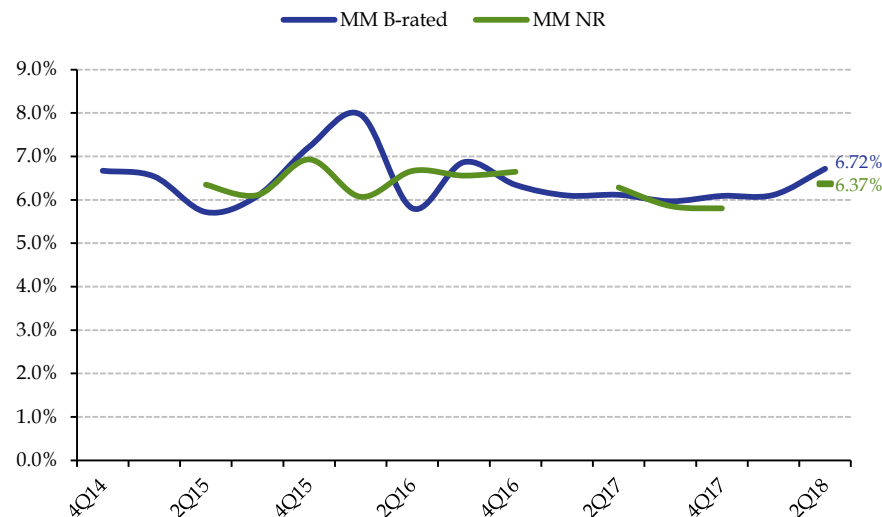
## U.S. Consumer & Retail Private Equity Exits (\$ in millions)



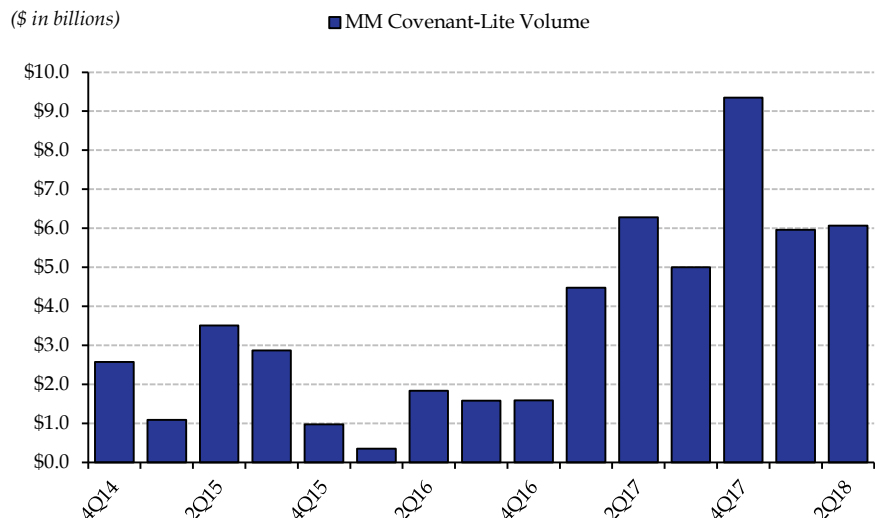
## Loan Volume: Level of Supply Regains Momentum in 2Q 2018



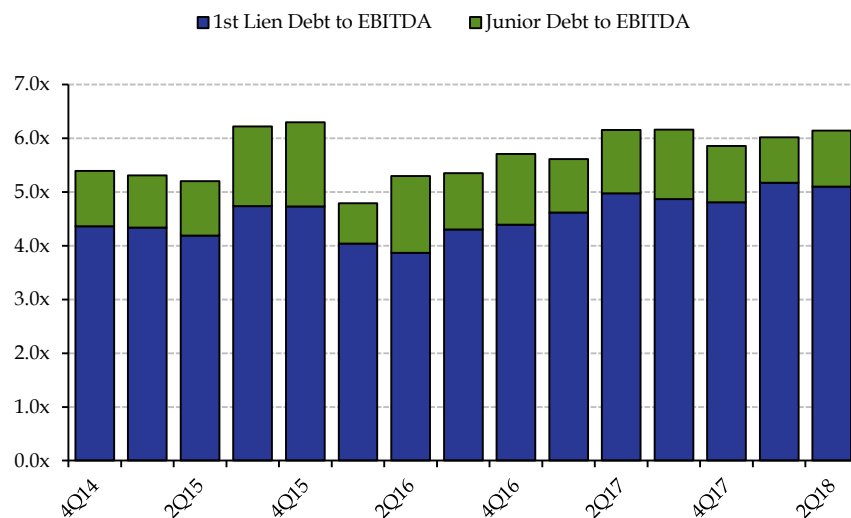
## After Relative Stability in 1Q, B-rated Yields Widen in 2Q 2018 [1]



## Middle Market Covenant-Lite Volume Remains Flat in 2Q 2018



## Middle Market LBO Leverage Levels Stay Consistent Around 6.0x



Note: This data represents the entire U.S. middle market (all industries)

Note: The middle market is defined as deal size ≤ \$100 million and borrower sales ≤ \$500 million

[1] Includes both non-sponsored and sponsored transactions; sufficient data not available for MM NR loans in 1Q15, 1Q17, and 1Q18

Source: Bloomberg, S&P Capital IQ LCD, and Thomson Reuters LPC

## Consumer & Retail

### Personal Products

- AYP – Avon Products Inc.
- CHD – Church & Dwight Co. Inc.
- CL – Colgate-Palmolive Co.
- CLX – The Clorox Company
- COTY – Coty Inc.
- EL – The Estee Lauder Companies Inc.
- ENXTPA:OR – L’Oreal SA
- ENXTPA:IPAR – Inter Parfums Inc.
- KMB – Kimberly-Clark Corporation
- LSE:ULVR – Unilever PLC
- NUS – Nu Skin Enterprises Inc.
- PG – The Procter & Gamble Company
- REV – Revlon, Inc.

### Apparel, Accessories & Footwear

- VFC – V.F. Corporation
- PVH – PVH Corp.
- RL – Ralph Lauren Corporation
- GIII – G-III Apparel Group, Ltd.
- SHOO – Steven Madden, Ltd.
- ICON – Iconix Brand Group, Inc.
- DECK – Deckers Outdoor Corp.
- GCO – Genesco Inc.
- OXM – Oxford Industries Inc.
- CROX – Crocs, Inc.
- PERY – Perry Ellis International Inc.
- VNCE – Vine Holding Corp
- CHKE – Cherokee Inc.
- RCKY – Rocky Brands, Inc.
- HBI – Hanesbrands Inc.
- ENXTPA:MC – Louis Vuitton
- ENXTPA:RMS – Hermès International
- BIT:LUX – Luxottica Group S.p.A.
- SEHK:1913 – Prada S.p.A.
- LSE:BRBY – Burberry Group plc
- KORS – Michael Kors Holdings Limited
- SEHK:1910 – Samsonite International
- BIT:SFER – Salvatore Ferragamo S.p.A.
- FOSL – Fossil Group, Inc.
- BIT:TOD – Tod’s S.p.A.
- KATE – Kate Spade & Company
- VRA – Vera Bradley, Inc.
- TSX:GIL – Gildan Activewear, Inc.
- NKE – Nike, Inc.
- UA – Under Armour, Inc.
- LULU – Lululemon Athletica Inc.
- COLM – Columbia Sportswear
- WWW – Wolverine Worldwide Inc.

### Household Products

- CENT – Central Garden & Pet
- TSX:DILB – Dorel Industries Inc.
- ENR – Energizer Holdings Inc.

- HELE – Helen of Troy Limited
- HRG – HRG Group, Inc.
- LCUT – Lifetime Brands, Inc.
- MIDD – Middleby Corp.
- NWL – Newell Rubbermaid Inc.
- PBH – Prestige Brands Holdings, Inc.
- SMG – The Scotts Miracle-Gro Company
- SODA – SodaStream International Ltd.
- SPB – Spectrum Brands Holdings, Inc.
- SWK – Stanley Black & Decker, Inc.
- TUP – Tupperware Brands Corporation
- WDFC – WD-40 Company
- WHR – Whirlpool Corp.

### Consumer Services

- CLUB – Town Sports International
- CNK – Cinemark Holdings, Inc.
- MYCC – ClubCorp Holdings, Inc.
- NTRI – Nutrisystem, Inc.
- PLNT – Planet Fitness, Inc.
- RGC – Regal Entertainment Group
- RGS – Regis Corp.
- WTW – Weight Watchers International

### Recreational Products

- BC – Brunswick Corporation
- BDE – Black Diamond, Inc.
- ELY – Callaway Golf Co.
- HAS – Hasbro Inc.
- HOG – Harley-Davidson, Inc.
- JAKK – JAKKS Pacific, Inc.
- JOUT – Johnson Outdoors Inc.
- MAT – Mattel, Inc.
- MPX – Marine Products Corp.
- PII – Polaris Industries Inc.
- SKUL – Skullcandy, Inc.
- PSG – Performance Sports Group Ltd.

### Grocery & Pharmacy Retail

- IMKT.A – Ingles Markets, Incorporated
- KR – The Kroger Co.
- NGVC – Natural Grocers
- SFM – Sprouts Farmers Market, Inc.
- SVU – SUPERVALU Inc.
- VLGE.A – Village Super Market Inc.
- WMK – Weis Markets, Inc.
- ENXTAM:AH-Koninklijke Ahold N.V.
- ENXTPA:CA – Carrefour SA
- LSE:TSCO – Tesco PLC
- CVS – CVS Health Corporation
- DPLO – Diplomat Pharmacy, Inc.
- WBA – Walgreens Boots Alliance, Inc.

### Mass Merchandise Retail

- COST – Costco Wholesale Corporation
- KSS – Kohl’s Corp.

- PSMT – PriceSmart Inc.
- TCS – The Container Store Group, Inc.
- TGT – Target Corp.
- WMT – Wal-Mart Stores Inc.
- BONT – Bon-Ton Stores Inc.
- DDS – Dillard’s Inc.
- JCP – J.C. Penney Company, Inc.
- JWN – Nordstrom Inc.
- M – Macy’s, Inc.
- SHLD – Sears Holding Corporation
- SSI – Stage Stores Inc.

### Specialty Retail

- AZO – AutoZone, Inc.
- AAP – Advance Auto Parts Inc.
- CPRT – Copart, Inc.
- GPC – Genuine Parts Company
- LKQ – LKQ Corp.
- KAR – KAR Auction Services, Inc.
- ORLY – O’Reilly Automotive Inc.
- AN – AutoNation, Inc.
- GPI – Group 1 Automotive Inc.
- KMX – CarMax Inc.
- PAG – Penske Automotive Group, Inc.
- SAH – Sonic Automotive Inc.
- AAN – Aaron’s, Inc.
- BBBY – Bed, Bath & Beyond Inc.
- CONN – Conns Inc.
- ETH – Ethan Allen Interiors Inc.
- HVT – Haverty Furniture Companies
- KIRK – Kirkland’s Inc.
- LZB – La-Z-Boy Incorporated
- PIR – Pier One Imports, Inc.
- RCII – Rent-A-Center, Inc.
- RH – Restoration Hardware Holdings
- SCS – Select Comfort Corporation
- TPX – Tempur Sealy International Inc.
- LNF – Leon’s Furniture Ltd.
- WSM – Williams-Sonoma Inc.
- BGFV – Big 5 Sporting Goods Corp.
- DKS – Dick’s Sporting Goods Inc.
- FINL – Finish Line Inc.
- FL – Foot Locker, Inc.
- HIBB – Hibbett Sports, Inc.
- SPWH – Sportsman’s Warehouse
- BBW – Build-A-Bear Workshop Inc.
- BBY – Best Buy Co., Inc.
- BKS – Barnes & Noble, Inc.
- EYE – National Vision Holdings, Inc.
- FND – Floor & Décor Holdings, Inc.

- GME – GameStop Corp.
- GNC – GNC Holdings Inc.
- HOME – At Home Group Inc.
- MIK – The Michaels Companies, Inc.
- ODP – Office Depot, Inc.
- PRY – Party City Holdco Inc.
- SBH – Sally Beauty Holdings Inc.
- SIG – Signet Jewelers Limited
- SPLS – Staples Inc.
- ULTA – Ulta Salon
- VSI – Vitamin Shoppe, Inc.
- HD – The Home Depot, Inc.
- LOW – Lowe’s Companies, Inc.
- TSCO – Tractor Supply Company
- TTS – Tile Shop Holdings, Inc.
- TILE – Interface Inc.
- LL – Lumber Liquidators Holdings

### Discount & Off-Price Retail

- BIG – Big Lots Inc.
- DG – Dollar General Corporation
- DLTR – Dollar Tree, Inc.
- FRED – Fred’s, Inc.
- TSX:DOL – Dollarama Inc.
- BURL – Burlington Stores, Inc.
- CATO – The Cato Corporation
- CTRN – Citi Trends, Inc.
- FIVE – Five Below, Inc.
- ROST – Ross Stores Inc.
- SMRT – Stein Mart Inc.
- TUES – Tuesday Morning Corporation
- TJX – The TJX Companies, Inc.

### Apparel, Accessories & Footwear

- AEO – American Eagle Outfitters, Inc.
- ANF – Abercrombie & Fitch Co.
- AROP.Q – Aerostale, Inc.
- ASNA – Ascena Retail Group Inc.
- BOOT – Boot Barn Holdings, Inc.
- CHS – Chico’s FAS Inc.
- CRI – Carter’s, Inc.
- DEST – Destination Maternity
- DSW – DSW Inc.
- EXPR – Express Inc.
- FRAN – Francesca’s Holdings
- GES – Guess? Inc.
- GPS – The Gap, Inc.
- LB – L Brands, Inc.
- PLCE – The Children’s Place, Inc.
- SCVL – Shoe Carnival Inc.
- TYLS – Tilly’s, Inc.
- URBN – Urban Outfitters Inc.
- ZMZ – Zumiez, Inc.
- CPSE:PNORA – Pandora A/S

- MOV – Movado Group, Inc.
- SIG – Signet Jewelers Limited
- TIF – Tiffany & Co.
- **Internet & e-Commerce**
- AMZN – Amazon.com Inc.
- CHGG – Chegg, Inc.
- EBAY – eBay Inc.
- FLWS – 1-800-Flowers.com Inc.
- NFLX – Netflix, Inc.
- OSTK – Overstock.com Inc.
- PETS – PetMed Express, Inc.
- SFLY – Shuttefly, Inc.
- STMP – Stamps.com Inc.
- W – Wayfair Inc.

S&P 500 Index- A broad index that includes American Companies.

EBITDA- A company's earnings before interest, taxes, depreciation, and amortization, is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted, as a proxy for a company's current operating profitability.

Dry Powder- Refers to cash reserves kept on hand to cover future obligations or to purchase assets.

GDP- Gross domestic product is the market value of the goods and services produced by labor and property located in the United States

Consumer Sentiment Index- The University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan. The index is normalized to have a value of 100 in December 1964

National Unemployment Rate- the percentage of the total labor force that is unemployed but actively seeking employment and willing to work.

Non-Farm Payroll- Nonfarm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. It does not include farm workers, private household employees, non-profit organization employees, or government employees . It is an economic indicator released monthly by the United States Department of Labor as part of a comprehensive report on the state of the labor market.

Housing Starts- are the number of new residential construction projects that have begun during any particular month.

The Economist- offers authoritative insight and opinion on international news, politics, business, finance, science, technology and the connections between them

LBO -- leveraged buyout (LBO) is the acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.

Industrial Production Index (IPI)- is an economic indicator published by the Federal Reserve Board of the United States that measures the real production output of manufacturing, mining, and utilities Capital Goods Orders.

Covenant-lite loans- means that debt is being issued, both personally and commercially, to borrowers with less restrictions on collateral, payment terms, and level of income.

IRR-Internal Rate of Return.

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