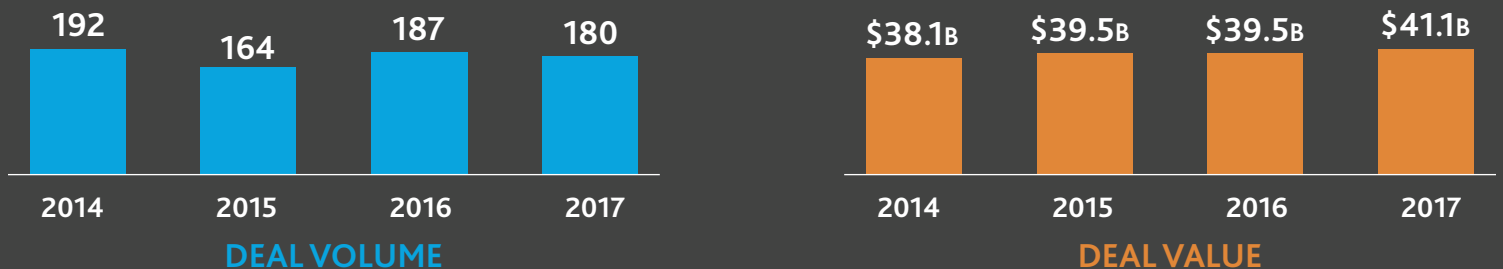


PERSPECTIVE IN RETAIL

PRIVATE EQUITY DEAL ACTIVITY HOLDS STEADY IN SHAKY RETAIL ENVIRONMENT



US PRIVATE EQUITY DEAL ACTIVITY IN THE RETAIL/CONSUMER SPACE REMAINS STABLE DESPITE TURBULENCE



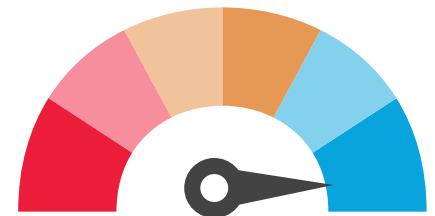
Source: Mergermarket and White & Case

BIGGEST PE RETAIL DEALS OF 2017

DEAL VALUE	TARGET	BUYERS
\$6.9B	Staples	Sycamore Partners
\$5.5B	Cabela's	Bass Pro Shops, backed by Goldman Sachs and Pamplona Capital Management
\$3.35B	Chewy	Petsmart, backed by BC Partners

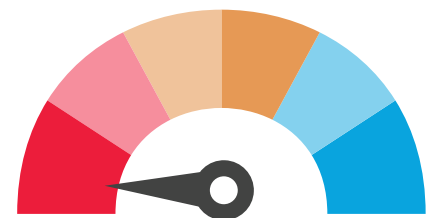
Source: PitchBook database

WHICH WILL BE THE WINNING AND LOSING RETAIL SUB-SECTORS IN 2018?



OUTPERFORMERS

Online, Home Improvement, Dollar Store Retailers



UNDERPERFORMERS

Warehouse Clubs, Department Stores, Office Supply, Auto Retailers, Apparel & Footwear, Drug Stores

Source: Moody's

OUTLOOK LOOKING BRIGHTER

The U.S. retail and apparel industry chalked up **11 defaults in 2017**, compared with **seven in 2009**, at the height of the recession, according to Moody's. Despite this, the credit rating agency expects **industry operating income to grow 1.0%-2.0% in 2017**, with **full-year sales expected to increase 3%-4%**.

Things are looking even better for 2018, with **retail sales expected to grow 3.5% to 4.5%**.

