

# Retail Technology Insights

October 2020

Toronto | Los Angeles | New Delhi

*This presentation, and any oral or video presentation that supplements it, have been developed by and are proprietary to Columbia Pacific Capital Partners Inc., and were prepared exclusively for the benefit and use of the recipient. Neither the printed presentation nor any oral or video presentation that supplements it, nor any of their contents, may be reproduced, distributed or used for any other purpose without the prior written consent of Columbia Pacific Capital Partners Inc. The analyses contained herein rely upon information obtained from the recipient or from public sources, the accuracy of which has not been verified, and cannot be assured, by Columbia Pacific Capital Partners Inc. Moreover, many of the projections and financial analyses herein are based on estimated financial performance prepared by or in consultation with the recipient and are intended only to suggest reasonable ranges of results. Finally, the printed presentation is incomplete without any oral or video presentation that supplements it. This material is protected under applicable copyright laws and does not carry any rights of publication or disclosure.*

# Table of Contents

---

- i. Industry Highlights
- ii. Retail Technology Overview
- iii. Industry Trends
- iv. Selected Transactions
- v. Deal Focus
- vi. Deal Activity
- vii. Valuations

# Industry Highlights

## Retail technology gaining attention post Covid-19 crisis

- Retail market has performed well relative to the S&P 500 coming out of the COVID-19 selloff
- About 88% of retail decision makers have pledged to a digital transformation initiative.
- Technology investments have shifted away from online-centric to a balance of in-store and online, with 57% investing equally in both, thus using an omni channel approach.

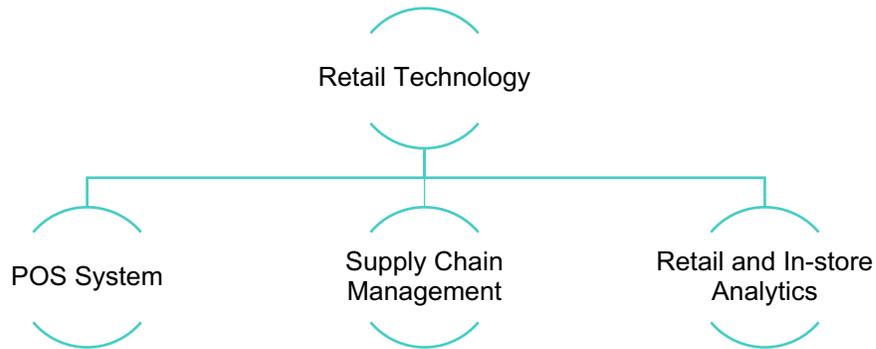
**NASDAQ Global Retail Index vs. S&P 500 Index**



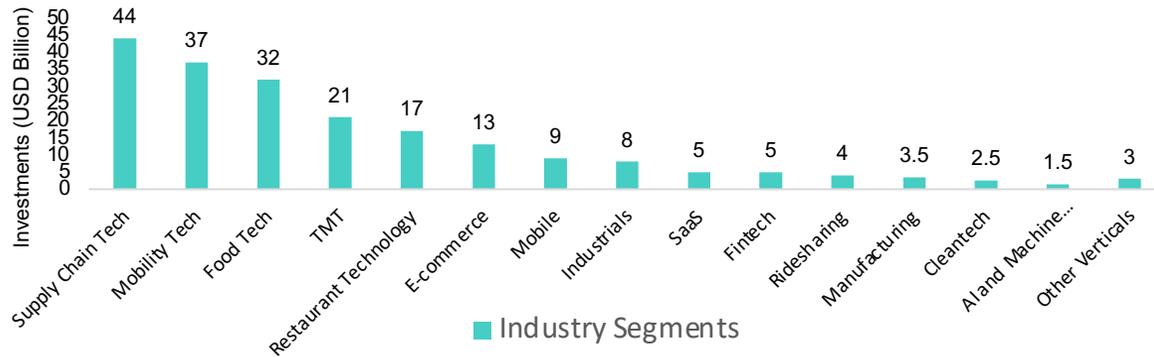
# Industry Overview

## Promising growth prospects

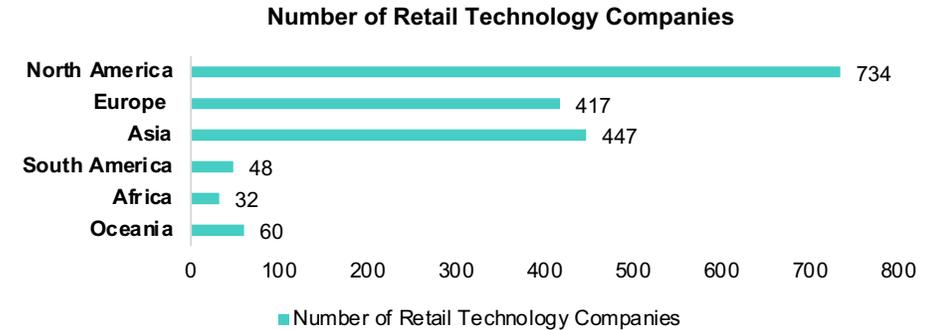
- Segmentation:** Retail technology industry is broadly divided into three segments:



- Deal Activity:** Retail technology space has been active in the first half of 2020 from sources including venture capital funding, private equity and corporate mergers and acquisitions

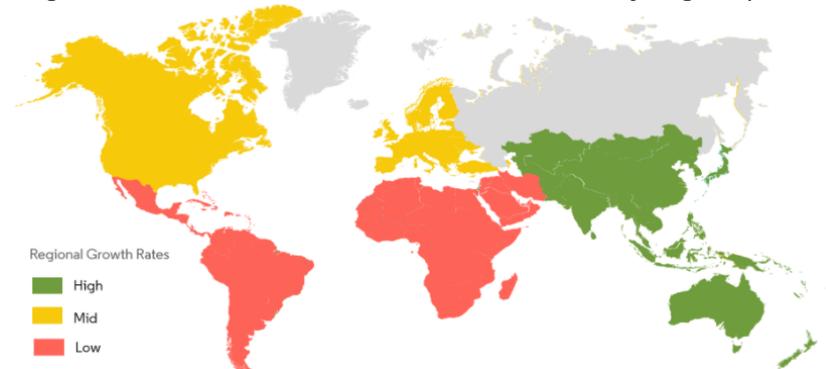


- Geography:** North America is currently dominating the market for retail technology with about 40% of total companies. Coming in second are Europe and Asia with about 24% of total companies.



- Market Growth:** The Global Digital Transformation Market in Retail is expected to grow at a CAGR of over 22% during the forecast period of 2020-2025

Digital Transformation in Retail Market-Growth Rate by Region (2020-2025)



# Industry Trends

Consolidation , specialization and contactless solutions leading the way for growth prospects

## POS System

- **Growing popularity of contactless payments:** Increase in penetration of contactless payments is expected to drive the growth of the POS system industry at a CAGR of 6% over 2020-2024
  - > The coronavirus outbreak has had a negative impact with an expected decline in revenue; maximum payment volume decline in airlines, hospitality and tourism
  - > Triple digit growth expected in e-commerce, remote ordering and low value contactless payments
  - > Supply side uncertainty, factory closures and trade barriers have affected B2B cross-border flows



## Supply Chain Management

- **Operational efficiency and effectiveness:** Companies are realigning their operations to streamline workflow, gaining greater flexibility and competitive edge in the marketplace.
  - > The coronavirus outbreak has accelerated supply chain disruption. Companies are investing in emerging supply chain technologies to mitigate this risk
  - > ERP, Asset Tracking & Inventory Management software helps retailers realign their operations to streamline workflow
  - > Procurement Technologies provide greater flexibility in value chain



## Retail and In-store Analytics

- **Better decision-making:** Retailers are seeking and implementing analytics to enable efficient and effective decision making and improve customer experience.
  - > Analytics platforms are expected to attract more investment from retailers who are trying to understand customers to engage with them via various channels
  - > Physical stores remain the most important customer contact point. Retailers interact and engage with customers and improve customer experience by using in-store analytics



# Deal Highlights - 1

Shifted consumer behavior driving active M&A market

Date	Acquirer	Target	Deal Size (\$m)	EV/Rev	Target Description
10-Jun-2020	 <b>JUST EAT Takeaway.com</b>	 <b>GRUBHUB™</b>	\$7,300	5.6x	Grubhub operates as an online and mobile food-ordering company, connecting diners with local takeout restaurants. Just Eat Takeaway acquired Grubhub in an all-stock deal.
31-Aug-2020	 <b>CLAYTON DUBILIER &amp; RICE</b>	 <b>EPICOR.</b>	\$4,700	NA	Clayton, Dubilier & Rice acquired Epicor from KKR. Epicor is an enterprise software vendor delivering cloud-enabled services.
11-June-2020	 <b>FP FRANCISCO PARTNERS</b>	 <b>CONSIGNOR</b>	\$171	NA	Francisco Partners is a technology private equity firm. Consignor is a Norwegian multi-carrier parcel management platform focused on delivery management solutions for the e-commerce industry.
07-Jan-2020	 <b>lightspeed</b>	 <b>G GASTROFIX</b>	\$131	8.1x	Gastrofix is German POS systems developer with over 8,000 customers. The \$131 million deal is comprised of cash and shares.
02-Jul-2020	 <b>kinaxis®</b>	 <b>rubikloud®</b>	\$60	NA	Rubikloud offers advanced AI-based demand forecasting, promotion, pricing and assortment optimization. This deal expands Kinaxis capabilities for consumer-packaged goods and creates entry point into enterprise retail industry.

# Deal Highlights - 2

Shifted consumer behavior driving active M&A market

Date	Acquirer	Target	Deal Size (\$m)	EV/Rev	Target Description
03-Feb-2020			\$9000	2.9x	Worldline is a French payment and transactional services company. Ingenico Group provides solutions for electronic payment transactions across all channels.
25-Feb-2020			\$1,330	10.0x	Salesforce acquired Vlocity in an all-cash deal. Vlocity delivers digital and omnichannel customer experiences.
27-Aug-2020		 InstaShop	360	NA	Delivery Hero is a Berlin-based restaurant delivery company that operates mainly in emerging markets. Instashop is a Dubai-based on-demand grocery delivery marketplace.
18-Feb-2020	 Realtime Electronic Payments		\$50	4.2x	Repay Repay Holdings Corporation is a provider of vertically-integrated payment solutions. Ventanex is an integrated payments solutions provider to consumer finance and B2B healthcare verticals.
01-Mar-2020			\$41	5.7x	Boku is an independent direct carrier billing company that enables consumers to pay for goods and services. Fortumo is an Estonian direct carrier billing platform connected to more than 280 mobile operator networks in 80+ countries.

Source: Crunchbase, Corporate Press Release

# Deal Highlights - 3

## Venture capital funding

Date	Lead Investor	Target	Deal Size (\$m)	Valuation (\$m)	Target Description
15-Jul-2020	 Advent International GLOBAL PRIVATE EQUITY	 THRASIO	\$260	\$1,000	Thrasio acquires and then operates third-party private label Amazon businesses. Advent International is a private equity firm focused on majority control investments.
24-Jan-2020	 mastercard.	 Pine Labs	\$207	\$1,500	India-based Pine Labs makes cloud-based point-of-sale Solutions. Mastercard is a financial services corporation whose principal business is to process payments.
22-Jun-2020	COATUE	 checkout.com	\$150	\$5,500	London-based Checkout.com facilitates cross-border payments. Coatue is a global technology-focused investment manager.
26-May-2020	 G2VP	SCANDIT	\$80	NA	Zurich based Scandit makes barcode scanning software used to speed up store processes. G2VP invests in emerging technology companies that digitize traditional industries.
22-Jun-2020	 SEQUOIA	 Canva	\$60	\$6,000	Canva is a graphic design platform for documents and posters. Sequoia Capital has invested in over 1000 companies that now control \$1.4 trillion of combined stock market value.

## Significant transaction – Just Eat Takeaway to Acquire Grubhub



### To Acquire

**\$7.3 Billion**  
**5.6x EV/Revenue**

**GRUBHUB™**

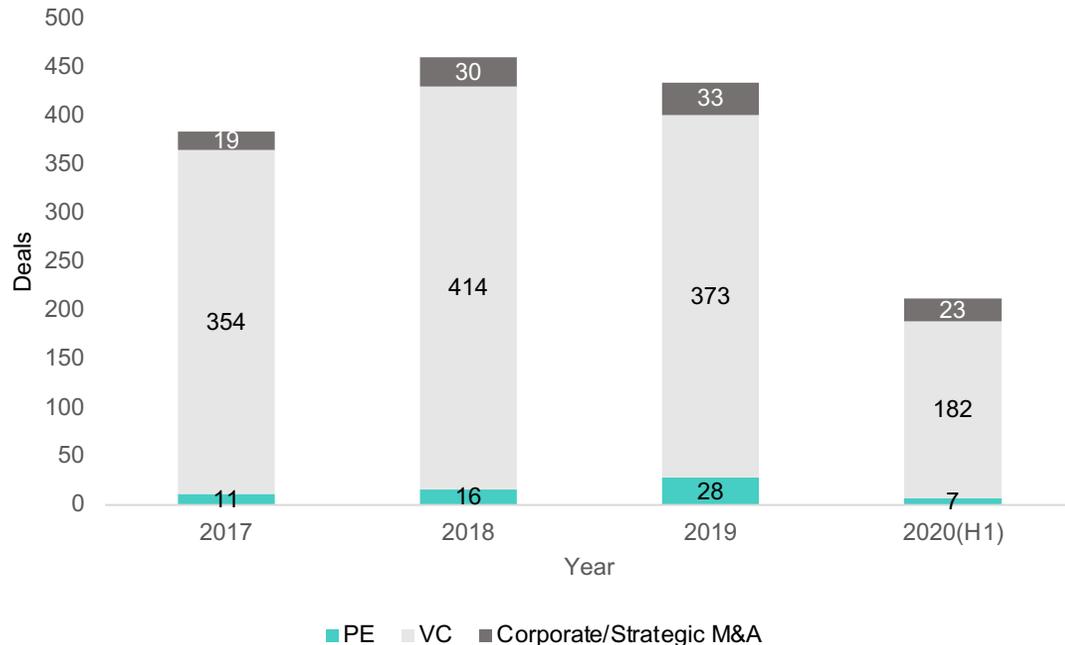
- Deals and funding to retail technology companies surpassed \$14.6 billion in the first half of 2020 as COVID-19 accelerated e-commerce sales growth; the sector is benefiting from changes though investors tightened their criteria
- Just Eat Takeaway.com announced the acquisition of Grubhub for \$7.3 billion in June of 2020
- Grubhub, a Chicago based food delivery platform holds around 23 % of the U.S. food delivery market; 100 % of Grubhub's shares was acquired at an implied value of \$75.15 per share
- Grubhub will offer Just Eat Takeaway a solid foothold in the U.S market, extending its global footprint to Australia, Brazil, Canada and Europe
- The two companies processed 593 million orders in 2019 and the combined entity will be the largest food delivery company outside china with 70 million users worldwide

# Deal Activity

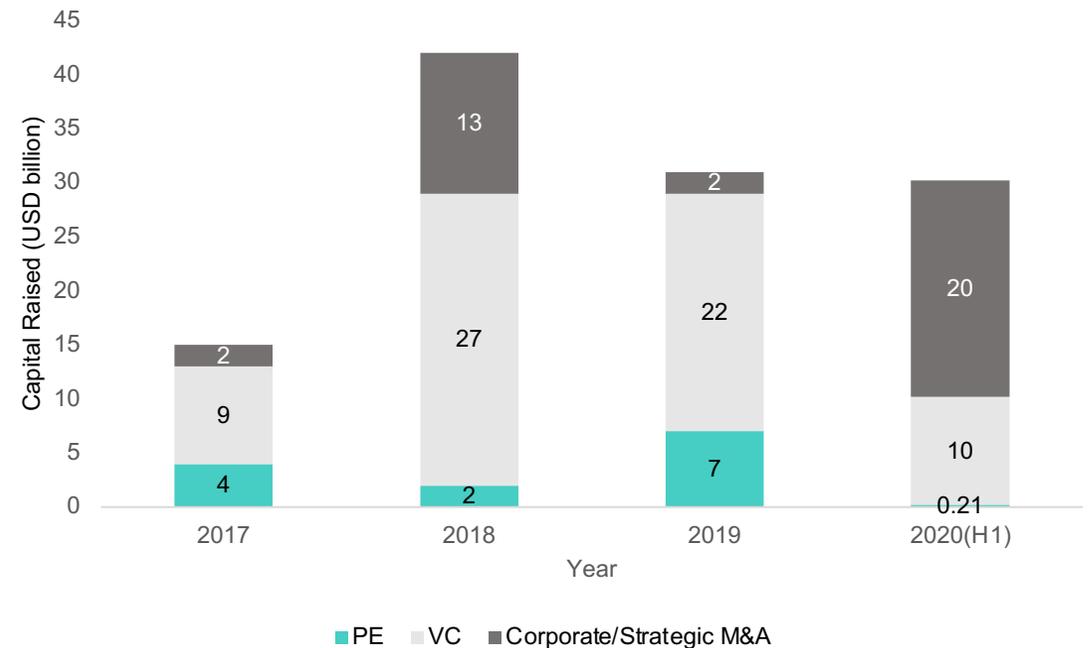
## Maintaining pace in the M&A market

- Total deal volume is 212 for H1 2020; down by 32% YoY from H1 2019
- Private equity deals account for 3% of deal volume in the first 6-months of 2020
- Historical market activity has continued to remain stable over the past 3-years and is on pace to match the 2019 deal volumes
- Early stage VC will be looking at exit opportunities from their initial investments over the next five years either through private sale or IPO
- Total deal value for the first 6-months of 2020 was \$30.21 USD billion
- The need to pandemic proof supply chains is leading to more infusions of VC into previously underinvested subsectors such as procurement, risk management, and warehousing technology
- Pandemic has emphasized the need for data analytics and real-time monitoring services leading to gain in traction in future
- Digital solutions players like payment solutions are more likely to be involved in M&A activity in H2 2020 since the pandemic has fostered the use of digital capabilities

Number of Deals by Acquirer Type



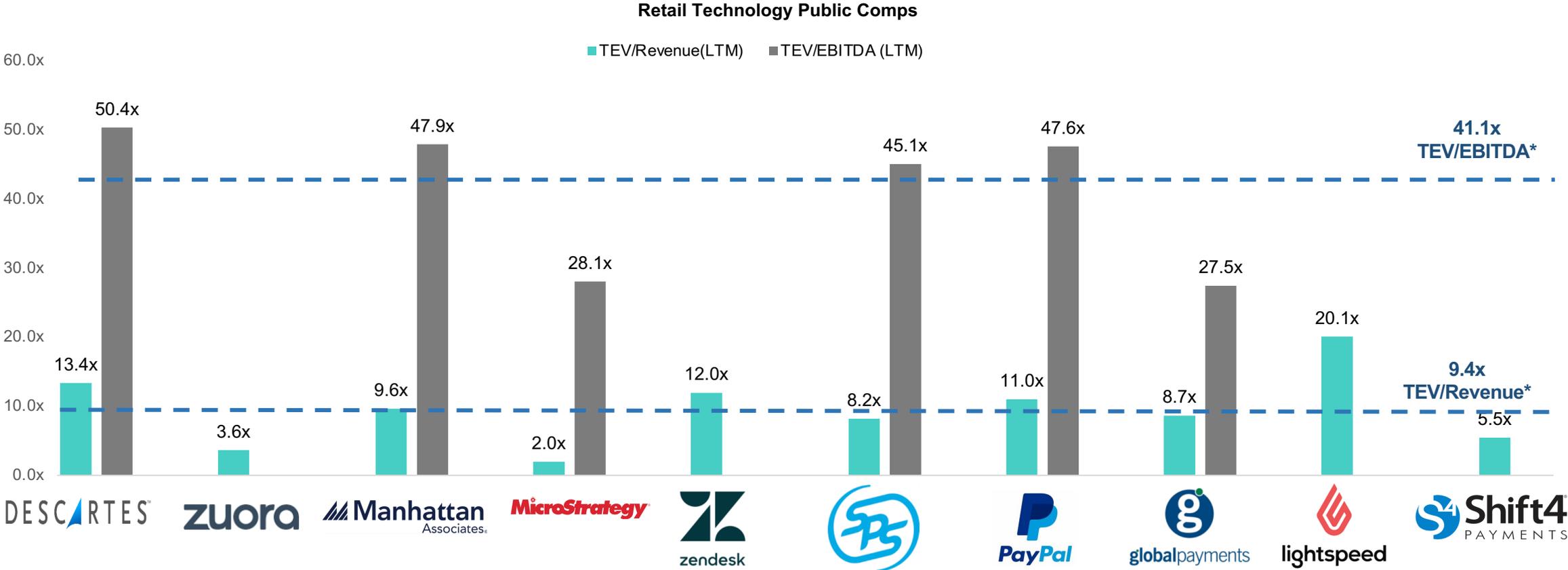
Deal Value by Acquirer Type



# Public Company Comparables

*Industry leaders continue to indicate strength in valuation*

- Publicly listed key players in the retail technology sector across US and Canada have an average TEV/EBITDA multiple of 41.1x and TEV/Revenue of 9.4x; growth valuations demonstrates long-term value prospects
- About 40% of the listed firms have yet to generate EBITDA, the market is still transitioning to profitability which indicates a unique opportunity in the Retail technology space



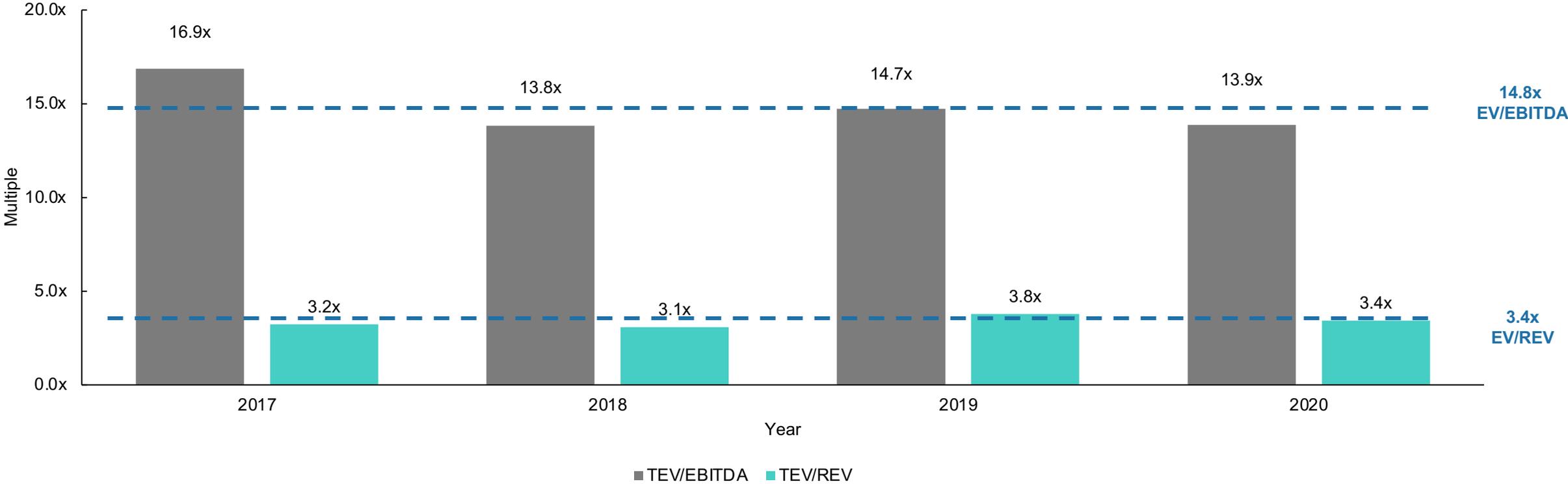
Source: PitchBook \* Average Numbers

# Market Valuations

*Industry multiples reflect long-term profitability*

- 4-year historical EV/EBITDA multiple of 14.8x and EV/REV of 3.4x; both multiples appear to be stabilizing as the industry matures
- Data is likely skewed for the revenue multiple given early-stage firms are not generating positive cash flow and therefore are being excluded in the EV/EBITDA multiple
- Retail Technology shows signs of resilience in the current market environment given shifted consumer demand, efficient customer engagement and increasing personalization need
- Multiples indicate growth industry with increasing focus on profitability

**Retail Technology Industry Multiples**



Source: Hamleton M&A Market Report

# CPCP's Industry Contacts

---



**Sharvari Desai**  
Associate  
sharvari@cpcp.ca



**Mitchel Liu**  
Analyst  
mitchel@cpcp.ca



**Nisha Sachdeva**  
Managing Partner  
nisha@cpcp.ca



**Debyeet Gupta**  
Managing Partner  
debyeet@cpcp.ca

No information set out or referred to in this report shall form the basis of any contract. The issue of this report shall not be deemed to be any form of binding offer or commitment on the part of Columbia Pacific Capital Partners Inc.. This report is provided for use by the intended recipient for information purposes only. It is prepared on the basis that the recipients are sophisticated investors with a high degree of financial sophistication and knowledge. This research report and any of its information is not intended for use by private or retail investors in the US, Canada or any other jurisdiction.

This report does not provide personalized advice or recommendations of any kind. You, as the recipient of this research report, acknowledge and agree that no person has nor is held out as having any authority to give any statement, warranty, representation, or undertaking on behalf of Columbia Pacific Capital Partners Inc. in connection with the contents of this report. Although the information contained in this report has been prepared in good faith, no representation or warranty, express or implied, is or will be made and no responsibility or liability is or will be accepted by Columbia Pacific Capital Partners Inc.. In particular, but without prejudice to the generality of the foregoing, no representation or warranty is given as to the accuracy, completeness or reasonableness of any projections, targets, estimates or forecasts contained in this report or in such other written or oral information that may be provided by Columbia Pacific Capital Partners Inc. The information in this report may be subject to change at any time without notice.

Columbia Pacific Capital Partners Inc. is under no obligation to provide you with any such updated information. All liability is expressly excluded to the fullest extent permitted by law. Without prejudice to the generality of the foregoing, no party shall have any claim for innocent or negligent misrepresentation based upon any statement in this report or any representation made in relation thereto. Liability (if it would otherwise but for this paragraph have arisen) for death or personal injury caused by the negligence (as defined in Section 65 of the Consumer Rights Act 2015) of Columbia Pacific Capital Partners Inc., or any of its respective affiliates, agents or employees, is not hereby excluded nor is damage caused by their fraud or fraudulent misrepresentation.

This report includes logos or other words or devices that may be registered trademarks of their respective owners. Such use is solely for purposes of convenience in referring to the trademark owners and their products/services. This presentation and its contents are not endorsed, sponsored or affiliated with any trademark owner. Columbia Pacific Capital Partners Inc. and its affiliates are not affiliated with any trademark owner but may provide certain financial services to one or more trademark owners or their affiliates. Additional information is available upon request.

This report should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall they, or the fact of the distribution, form the basis of, or be relied upon in connection with, any contract relating to such action. The information contained in this report has no regard for the specific investment objectives, financial situation or needs of any specific entity and is not a personal recommendation to anyone. Persons reading this report should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor.

Past performance of securities is not necessarily a guide to future performance and the value of securities may fall as well as rise. In particular, investments in the technology sector may be subject to frequent fluctuations. The information contained in this report is based on materials and sources that are believed to be reliable; however, they have not been independently verified and are not guaranteed as being accurate. The information contained in this research report is not intended to be a complete statement or summary of any securities, markets, reports or developments referred to herein.

This report may contain forward-looking statements, which involve risks and uncertainties. Forward-looking information is provided for illustrative purposes only and is not intended to serve as, and must not be relied upon as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and may differ from assumptions. Any and all opinions expressed are current opinions as of the date appearing on the documents included in this report.

The information contained in this report should not be relied upon as being an independent or impartial view of the subject matter and this report is a marketing communication and a financial promotion. Accordingly, its contents have not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. The individuals who prepared the information contained in this report may be involved in providing other financial services to the company or companies referenced in this research report or to other companies who might be said to be competitors of the company or companies referenced in this research report. As a result, both Columbia Pacific Capital Partners Inc. and the individual members, directors, officers and/or employees who prepared the information contained in this report may have responsibilities that conflict with the interests of the persons who access this research report.

Columbia Pacific Capital Partners Inc. and/or connected persons may, from time to time, have positions in, make a market in and/or effect transactions in any investment or related investment mentioned in this report and may provide financial services to the issuers of such investments. The information contained in this report or any copy of part thereof should not be accessed by a person in any jurisdictions where its access may be restricted by law and persons into whose possession the information in this research report comes should inform themselves about, and observe, any such restrictions. Access of the information contained in this report in any such jurisdictions may constitute a violation of UK or US securities law, or the law of any such other jurisdictions. Neither the whole nor any part of the information contained in this research report may be duplicated in any form or by any means. Neither should the information contained in this research report, or any part thereof, be redistributed or disclosed to anyone without the prior consent of Columbia Pacific Capital Partners Inc. Columbia Pacific Capital Partners Inc. and/or its associated undertakings may from time-to-time provide investment advice or other services to, or solicit such business from, any of the companies referred to in the information contained in this research report.

Accordingly, information may be available to Columbia Pacific Capital Partners Inc. that is not reflected in this material and Columbia Pacific Capital Partners Inc. may have acted upon or used the information prior to or immediately following its publication. In addition, Columbia Pacific Capital Partners Inc., the members, directors, officers and/or employees thereof and/or any connected persons may have an interest in the securities, warrants, futures, options, derivatives or other financial instrument of any of the companies referred to in this report and may from time-to-time add or dispose of such interests. Any reference to a partner in relation to Columbia Pacific Capital Partners Inc. is to a member of Columbia Pacific Capital Partners Inc. or an employee with equivalent standing and qualifications.

LTM = Last Twelve Months

EV = Enterprise Value

TEV = Total Enterprise Value

REV = Revenue

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NA: Not Applicable

NM: Not Meaningful

# COLUMBIA PACIFIC CAPITAL PARTNERS

## ABOUT US

Columbia Pacific Capital Partners Inc. (CPCP) is a financial services firm focused on the middle market specializing in M&A, investments, and cross-border advisory services. Founded by executives with extensive investment banking and wealth management experience, CPCP has a global footprint of professionals who work locally, and as a team globally to provide the best combination of services to clients. To date, CPCP executives have worked on \$500M+ worth of transactions.

### Private Equity:

We invest in companies that we believe have leading competitive positions in defensible markets where we can add value via our operating skills and relationships. We seek to distinguish ourselves by demonstrating our ability to source and acquire scalable businesses through partnerships with founder-owners, management teams and sponsors.

### Mergers & Acquisitions:

CPCP's Mergers and Acquisitions (M&A) arm offers innovative, customized solutions to our clients' most significant issues. The M&A team excels in domestic and international transactions including acquisitions, divestitures, mergers, joint ventures, recapitalizations, spin-offs, exchange offers, and leveraged buyouts.

### Cross-Border Advisory:

We strive to bridge the gap between North America and Southeast Asia including India through our world class, cross-border services by providing our clients with valuable investment planning strategies to help Southeast Asian businesses raise capital and providing international channels for investment diversification in the emerging countries such as India.

## Columbia Pacific Capital Partners Inc.

### Canada:

Mailing Address: 40 King St W Toronto ON M5H 3Y2

Phone: +1 (343) 500 - 6464

### USA:

Mailing Address: 811 W 7<sup>th</sup> St Los Angeles CA 90017

Phone: +1 (484) 489 - 0890

Fax: +1 (844) 811 - 2641

 <https://cpcp.ca/>

 [info@cpcp.ca](mailto:info@cpcp.ca)

 [/CPCPInc](#)

 [/CPCPInc](#)