M&A activity in the Juvenile Products industry was relatively on par with 2014 with healthy levels of activity. Of the 37 deals Capstone identified, 27 were executed by strategic buyers and 10 deals were completed by financial buyers. Sellers represented companies of varying sizes and included industries from durable goods, infant products and juvenile toys. Companies looking to expand existing product lines or enter into a new market will find a favorable environment in the Juvenile Products industry through 2016.

SEGMENT HIGHLIGHT: INFANT PRODUCTS

The infant product segment of the industry has benefited tremendously from the rise in baby fashion which has allowed many companies in the industry to succeed by creating differentiated and unique product lines to fit varying consumer preferences. The industry is increasingly specialized and companies now offer a wide array of product choices for infant sleeping, feeding and general care. Additionally, there is increased demand for co-branded products, namely products that feature characters from popular children’s TV shows and movies. Safety is also a key concern, and industry participants are expected to seize upon this opportunity to provide additional safety-focused product lines as well as eco-friendly and organic food products.

SEGMENT HIGHLIGHT: JUVENILE DURABLE GOODS

High-end products continue to be the driving force behind the juvenile durable goods segment (this includes strollers, car seats and other juvenile gear) of the market. With per capita disposable income increasing every quarter in 2015, according to the Bureau of Economic Analysis, parents can afford to seek the best possible products for their family. For this reason, growth in this segment is driven in large part by high margin sales with premium products.
SEGMENT HIGHLIGHT: TOYS
The Juvenile Toy industry is undergoing a period of significant change spurred by technological advancement and parents’ growing emphasis on safety and education. The time in which children spend “playing” in the traditional sense is steadily declining as there is increasing pressure to steer children towards measureable activities such as standardized tests and educational endeavors. Additionally, parental concerns about toy safety has forced manufacturers and industry players to cite safety as one of their top strategic imperatives moving forward. Nonetheless, 2015 was a banner year for the Juvenile Toy industry as companies introduced new and inventive toys and games such as smart toys that connect directly to apps, toys that teach kids how to code and program, and kid friendly drones and robots. The toys-to-life category, in which affordable toys are brought to life through technology to create immersive and interactive experiences, drove industry growth in 2015 and is expected continue to drive growth in 2016.

SELECTED DEAL BRIEFS
Patch Products acquires educational toy brand, Roominate (January 2016) – Educational toys and products were a fast-growing segment of the Juvenile Products industry throughout 2015 and into 2016. Roominate, an award winning line of building sets aimed at encouraging girls to pursue an education in Science, Technology Engineering or Math (STEM), was one such company and was recently acquired by Patch Products (Patch). The deal will further diversify Patch’s existing product lines that include the best-selling Mirari® infant toys and the educational Lauri® brand. Roominate currently consists of 12 different interactive sets, ranging from a buildable school bus, to an amusement park and more. In 2015, Roominate won various awards including Forbes “Top 10 Toys to Watch in 2015,” TIME “Toy of the Year,” and 2015 TOTY Finalist. Although no financial details were disclosed, the acquisition by Patch Products will help Roominate grow its customer base and product line. "We decided to do this because it is going to give our brand a chance to grow," said Alice Brooks, co-founder of Roominate. "Patch’s entrepreneurial spirit and innovative culture is exactly what we were looking for to help grow Roominate. We’re happy about this significant development and look forward to working with the Patch team to continue to inspire the next generation of innovators."

Berry Plastics acquires Avintiv (July 2015) – Berry Plastics, a leading manufacturer of plastic packaging and protection products for household, food, health and personal care applications, recently acquired Avintiv for $2.45 billion in cash considerations. Previously considering an IPO, the deal provides Avintiv with access to capital that will be used to grow its various product lines including applications in wipes, diapers and other hygiene products. The combined company will record annual sales of over $7 billion, of which $2.1 billion are added by Avintiv.

Joel Hackney, Avintiv’s Chief Executive Officer, said, "Avintiv has made tremendous progress advancing our mission to create a safer, cleaner and healthier world. Joining Berry creates an ideal platform to expand into new adjacencies, strengthen our current capabilities and bring new innovations to our customers. Our employees’ hard work and dedication has enabled us to deliver consistent growth and margin expansion and will continue to play a critical role in the success of Berry."
# Juvenile Products: Select M&A Transactions

<table>
<thead>
<tr>
<th>Date</th>
<th>Target</th>
<th>Acquirer</th>
<th>Target Business Description</th>
<th>Enterprise Value (mm)</th>
<th>Revenue</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/12/16</td>
<td>StarWalk Kids Media</td>
<td>Isabella Products</td>
<td>Creates and delivers children’s eBooks in the United States and internationally.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>01/06/16</td>
<td>Roominate</td>
<td>Patch Products</td>
<td>Develops toys that encourage girls to take an interest in science, technology, engineering and math.</td>
<td>$17.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12/21/15</td>
<td>Convid</td>
<td>Etac</td>
<td>Manufactures a range of pediatric strollers and wheelchairs as well as other mobility products for adults and geriatrics.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12/07/15</td>
<td>Blue Matrix Labs’ Toy Business</td>
<td>KBIDC Investments</td>
<td>Produces water toys under the Hydro Toys brand, including the award-winning ZOR8Z water balloon line.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12/07/15</td>
<td>Fuhu</td>
<td>Mattel</td>
<td>Offers nabi, an Android based learning tablet that provides an ecosystem to immerse kids in engaging experiences.</td>
<td>$95.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12/03/15</td>
<td>Tonner Doll</td>
<td>The One World Doll Project</td>
<td>Designs and manufactures fashion dolls, pop culture dolls, child dolls, play dolls and accessories.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11/06/15</td>
<td>PS Brands</td>
<td>GBG USA</td>
<td>Manufactures and distributes socks, legwear and related accessories for toddlers, men and women.</td>
<td>$130.0</td>
<td>1.3x</td>
<td>-</td>
</tr>
<tr>
<td>09/15/15</td>
<td>Love Child</td>
<td>GreenSpace Brands</td>
<td>Produces organic baby and children’s food products.</td>
<td>$5.7</td>
<td>1.5x</td>
<td>-</td>
</tr>
<tr>
<td>08/10/15</td>
<td>Pleasant Kids</td>
<td>NEXT Group</td>
<td>Produces, markets and distributes alkalized water for children.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>08/03/15</td>
<td>Smarty Ants</td>
<td>Achieve3000</td>
<td>Operates an online learning system for children.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>07/31/15</td>
<td>Avintiv</td>
<td>Berry Plastics</td>
<td>Offers nonwoven products for hygiene applications, such as baby diapers and feminine hygiene products.</td>
<td>$2,450.0</td>
<td>1.3x</td>
<td>10.8x</td>
</tr>
<tr>
<td>07/15/15</td>
<td>KidKraft</td>
<td>MidOcean Partners</td>
<td>Creates, manufactures and distributes children’s furniture and toys.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>07/08/15</td>
<td>Puremco</td>
<td>University Games</td>
<td>Offers toys, domino-based games, puzzles and die-based games.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>07/02/15</td>
<td>Sprout Foods</td>
<td>North Castle Partners</td>
<td>Offers packaged organic baby food.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>06/10/15</td>
<td>Cardinal Industries</td>
<td>Spin Master</td>
<td>Provides various games and toys in the United States.</td>
<td>$69.5</td>
<td>1.4x</td>
<td>-</td>
</tr>
<tr>
<td>05/21/15</td>
<td>Family Education</td>
<td>Sandbox Partners</td>
<td>Develops online and mobile resources for kids.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>05/20/15</td>
<td>LightHeaded Beds</td>
<td>Lifetime Products</td>
<td>Manufactures and sells beds for kids in the United States.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>05/13/15</td>
<td>Buzz Bee Toys</td>
<td>Propel Equity</td>
<td>Manufactures toys under the Air Warriors, Water Warriors, Wingz and Ruff Stuff brand names.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>04/10/15</td>
<td>Sunstorm Games</td>
<td>TabTale</td>
<td>Develops mobile gaming applications for children.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>04/08/15</td>
<td>New Energy</td>
<td>Hillsdale Furniture</td>
<td>Designs, manufactures and markets children’s furniture.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>03/19/15</td>
<td>Bendon</td>
<td>Irving Place Capital</td>
<td>Publishes and designs children’s books and games.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>02/23/15</td>
<td>Kindermint</td>
<td>thredUP</td>
<td>Sells kids clothing online.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>02/17/15</td>
<td>Children’s Orchard</td>
<td>NTY Franchise Company</td>
<td>Owns and operates a chain of children’s retail boutiques specializing in the resale market.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>02/04/15</td>
<td>Launchpad Toys</td>
<td>Google</td>
<td>Develops and builds digital toys for children.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>01/06/15</td>
<td>Excellence Learning</td>
<td>Brentwood Associates</td>
<td>Manufactures, distributes and retails educational products to childhood learning classroom environments.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
PUBLIC COMPANY TRADING & OPERATING DATA

<table>
<thead>
<tr>
<th>Company</th>
<th>Price 01/29/16</th>
<th>% 52 Wk</th>
<th>Market Cap</th>
<th>Enterprise Value</th>
<th>LTM Revenue</th>
<th>LTM EBITDA</th>
<th>LTM Margin</th>
<th>EV / LTM Revenue</th>
<th>EV / LTM EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crown Crafts, Inc.</td>
<td>$8.46</td>
<td>94.3%</td>
<td>$84.6</td>
<td>$78.4</td>
<td>$88.4</td>
<td>$11.6</td>
<td>13.1%</td>
<td>0.9x</td>
<td>6.8x</td>
</tr>
<tr>
<td>Dorel Industries Inc.</td>
<td>$19.98</td>
<td>68.0%</td>
<td>$647.3</td>
<td>$1,184.7</td>
<td>$2,715.4</td>
<td>$134.1</td>
<td>4.9%</td>
<td>0.4x</td>
<td>8.8x</td>
</tr>
<tr>
<td>Hasbro Inc.</td>
<td>$72.35</td>
<td>85.7%</td>
<td>$9,016.5</td>
<td>$10,157.4</td>
<td>$4,280.7</td>
<td>$821.9</td>
<td>19.2%</td>
<td>2.4x</td>
<td>12.4x</td>
</tr>
<tr>
<td>Mattel, Inc.</td>
<td>$27.18</td>
<td>89.3%</td>
<td>$9,223.6</td>
<td>$11,195.0</td>
<td>$5,696.8</td>
<td>$834.1</td>
<td>14.6%</td>
<td>2.0x</td>
<td>13.4x</td>
</tr>
<tr>
<td>JAKKS Pacific, Inc.</td>
<td>$7.35</td>
<td>71.5%</td>
<td>$135.9</td>
<td>$295.1</td>
<td>$836.4</td>
<td>$65.1</td>
<td>7.8%</td>
<td>0.4x</td>
<td>4.5x</td>
</tr>
<tr>
<td>Newell Rubbermaid Inc.</td>
<td>$37.51</td>
<td>73.7%</td>
<td>$10,022.8</td>
<td>$12,500.8</td>
<td>$5,915.7</td>
<td>$902.3</td>
<td>15.3%</td>
<td>2.1x</td>
<td>13.9x</td>
</tr>
<tr>
<td>Summer Infant, Inc.</td>
<td>$2.01</td>
<td>62.0%</td>
<td>$36.9</td>
<td>$92.0</td>
<td>$206.0</td>
<td>NM</td>
<td>NA</td>
<td>0.4x</td>
<td>NM</td>
</tr>
</tbody>
</table>

Mean: 12.5%  1.2x  10.0x
Median: 13.9%  0.9x  10.6x
Harmonic Mean: 10.1%  0.7x  8.5x

EV = enterprise value; LTM = last twelve months
$ in millions, except per share data
NM = Not Meaningful; NA = Not Available

Last Twelve Month Margin Performance

Last Twelve Month 1-Year Revenue Growth

Source: Capital IQ as of January 29, 2016
Capstone Partners has completed several transactions within the consumer products & services space. These transactions span the major categories of manufacturing, retail, wholesale and services and include a variety of companies offering a diversity of products such as those related to juvenile, food, pet, drug and nutraceutical, and recreation products and services. Capstone’s experience in the sector provides us with insight into the valuable attributes and likely valuation of a target company, the active buyers in the industry and the nuances of transactions in this space.
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Sophea specializes in mergers & acquisitions, private placements and financial advisory services. Her responsibilities include providing financial and valuation analysis, performing due diligence, asset positioning and strategy articulation. Prior to joining Capstone, Sophea was an analyst at FTN Midwest Securities, a full-service investment banking firm based in Cleveland. While working in their New York office, she focused on M&A advisory for middle-market companies in a variety of industries, including healthcare, pharmaceutical services and marketing & advertising. Sophea is Vice President of the Columbia Alumni Association of Boston and holds a Bachelor of Arts in Economics from Columbia University.

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Jacob is a founding member of Capstone Partners. He focuses on asset positioning, strategy articulation, due diligence and negotiations coordination. Formerly, Jacob was with Andersen Corporate Finance LLC, where he focused his efforts on the software and direct marketing industries. He started his career in New York City with Rabobank International, a multi-national Dutch investment bank headquartered in Utrecht, the Netherlands. While at Rabobank International, Jacob worked in the mergers and acquisitions group focusing on cross-border transactions in the consumer products, food and beverage industries.

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Dan oversees Capstone’s national business development and industry coverage activities, working closely with current and prospective clients of the firm on matters related to corporate sales, recapitalizations, mergers & acquisitions and growth financings. In his role, Dan is able to deliver specific market intelligence to clients regarding M&A, financing, strategic, industry and competitive trends. Prior to spearheading the firm’s business development and market initiatives, he was a Vice President in Capstone’s M&A group, managing numerous successful transactions across a variety of industries. Dan also gained hands-on transaction experience as an investment banker at Headwaters MB. He started his career with Ernst & Young’s National Professional AABS practice and later worked in Assurance and Advisory Business Services in the Denver office. Dan received a BE in Biomedical Engineering with a Business Minor from Vanderbilt University. He earned an MBA and a Master of Accountancy from the Daniels College of Business at the University of Denver.
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ABOUT CAPSTONE PARTNERS

Capstone Partners LLC is a premier investment banking firm dedicated to serving the corporate finance needs of middle market business owners, investors and creditors. The firm provides M&A, corporate restructuring, private placement and financial advisory services. Headquartered in Boston, Capstone has offices in Chicago, London, Los Angeles, New York, Orange County, Philadelphia, San Diego, Silicon Valley and Tampa with an international presence that spans 450+ professionals in 70 offices across 31 countries.

For more information about our expertise, please visit www.capstonellc.com

Capstone Partners

World Class Wall Street Expertise. Built for the Middle Market

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