



Gores Holdings, Inc. announces acquisition of Hostess Brands from Apollo Global Management and Metropoulos & Co. for \$2,292mm



Deutsche Bank served as the lead Capital Markets for Gores Holdings, Inc. on its \$2,292mm acquisition of Hostess Brands ("Hostess")

In August 2015, Deutsche Bank acted as the sole bookrunner on GRSH's \$375mm IPO

PF Capitalization (\$ in mm)	
PF shares (mm)	130.0
Total equity value ^(a)	\$1,300.4
PF debt	\$991.8
PF enterprise value	\$2,292.2

Sources & Uses (\$ mm)	
Sources of cash	
Existing Cash in Trust	\$375
Additional PIPE Investors	300
CDM additional roll-over	50
Total Sources	\$725
Uses of cash	
Cash Consideration	\$522
Cash to De-lever	173
Gores Holdings transaction costs	30
Total Uses	\$725

Deutsche Bank
Corporate Banking & Securities

Transaction overview

- On July 5, 2016, Gores Holdings, Inc. ("GRSH") and Hostess Brands announced the signing of a definitive merger agreement, whereby GRSH will acquire Hostess Brands at an enterprise value of \$2,292mm, representing 10.4x 2016E EBITDA of \$220 million
- Hostess Brands is a leading national bakery company with nearly a hundred year history and is owned by Apollo Global Management and Metropoulos & Co., who will retain a combined 42% pro forma ownership stake
 - After the deal, Dean Metropoulos will remain executive Chairman of the public Hostess Brands and retain \$300mm in the Company
- Additional PIPE investors committed to participate via \$350mm private placement (Dean Metropoulos chose to roll-over an additional \$50mm alongside the transaction)
 - the biggest PIPE raised alongside a SPAC transaction
- Represents the largest post-financial crisis de-SPAC transaction as well as largest Food and Beverage M&A transaction announced year-to-date^(b) in North America
- \$173mm of the proceeds will be used to de-lever the company to 4.5x 2016E EBITDA to be in-line with comps

Long-term sponsorship from premier investors

The Gores Group/Gores Holdings, Inc.

Global PE firm with 28-year track record of operational investing; consumer expertise includes:



Apollo Global Management

Leading global alternative investment manager in PE, credit and real estate with over \$170bn AUM; consumer expertise includes:



Dean Metropoulos: Storied investor with History of Turnaround Success
Thought leader and brand revival specialist with deep investing, restructuring and operating experience; history of value creation, with over 25 years of partnerships with major PE firms to successfully rebuild some of the most iconic consumer brands,



Note: Pro-forma ownership of Hostess includes SPAC shareholders (29%), PIPE investors (21%), Gores (8%), Apollo (17%) and C. Dean Metropoulos (25%).

(a) Assuming shares trade at \$10.00 post transaction close.

(b) Excluding food distributors.

(c) DTW stands for "Direct-to-Warehouse", ESL stands for "Extended Shelf Life".

Source: Public filings

Company overview

- Hostess Brands is a leading national bakery company that produces and distributes products that address the entire sweet baked goods category
- After Chapter 7 bankruptcy in November 2012, Apollo and Metropoulos bought Hostess and restructured the brand, leading to re-launch in Q2 2014
- Projected FY2016E EBITDA of \$220mm and FY2017E EBITDA of \$235mm, with continued meaningful top-line growth
 - Industry-leading EBITDA margins of 30%
 - 85%+ EBITDA to FCF conversion by 2017
- Company well-positioned to take advantage of compelling growth tailwinds fueled by snacking trends through DTW and ESL platform innovations^(c), untapped opportunities and platform extensions, and actionable acquisition growth initiatives, on top of legacy market share recapture.
- Clean asset base free of legacy liabilities, with \$130mm of capital investments in key operational improvements
- Industry leader with an entrenched national footprint that can boast of 90% brand recognition and premium pricing power

Investment highlights

- ✓ Iconic premium brand with 100-Year history and national reach
- ✓ Attractive industry structure with favorable growth trends
- ✓ Diversified product offerings address entire SBG category
- ✓ Extensive distribution network and leading logistical capabilities
- ✓ Transaction structured at an attractive entry point relative to peers
- ✓ Highly actionable organic and acquisition growth initiatives
- ✓ Experienced management team led consumer investor