



Beauty Care M&A Report - Q1'19

Beauty Care M&A Maintains Momentum in Q1'19

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The Beauty Care M&A market started the year with 28 transactions in Q1'19. While flat with Q1'18 and down slightly from a strong Q4'18, the 28 transactions demonstrated the continued strength of the beauty care M&A market and evidenced a convincing start to our fourth consecutive year with over 100 beauty care deals.

Although the quarter started off slow, it quickly gained steam with deals announced by several of the usual strategic acquirers, including Unilever and Procter & Gamble as well as a number of less active beauty care strategic acquirers such as Church & Dwight, Puig and L'Occitane.

Furthermore, private equity interest in the sector remained unabated with standalone investments from Kainos Capital, Main Post Partners, San Francisco Equity Partners and Gryphon Investors. We also continued to see private equity platforms in play with acquisitions by New Mountain-backed Topix and the acquisition of JD Beauty and subsequent merger with ACON Investments' portfolio company Goody. **Intrepid advised JD Beauty**, a portfolio company of Topspin Partners, on its sale to ACON.

Finally, the market continued to see an uptick in corporate carve-outs with the sale of RoC Skincare by Johnson & Johnson and the announcement by Helen of Troy that it is exploring the divestiture of its Personal Care Business.

Q1'19 Beauty Care M&A highlights include:

- Deal volume remained flat with Q1'18 and was down 3% from a strong Q4'18.
- Strategic acquirers remained active including announced deals from Procter & Gamble, L'Occitane, Church & Dwight, Puig and Unilever.
- Private equity beauty care platforms continued to expand with the acquisition of ClarityRX by New Mountain-backed Topix and the acquisition of JD Beauty by ACON, which will merge JD Beauty with existing portfolio company, Goody Products.
- Private equity beauty care appetite persisted with investments from Main Post Partners, San Francisco Equity Partners, Gryphon Investors and Kainos Capital.
- Venture capital remained active as highlighted by several large later-stage investments including a \$100 million Series D investment in Glossier, a \$50 million round by Madison Reed, a \$100 million Series C round in Hims and a \$35 million investment in Memebox.



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Recently Closed Transactions

Leading Hair Care Platform JD Beauty Sold to ACON, Merges With Goody Products

JD Beauty, a portfolio company of Topspin Partners, has been acquired by ACON Investments (ACON), the owners of the iconic hair styling tools and accessories brand Goody Products. JD Beauty is a fast-growing, innovative beauty platform and the company behind the popular Wet Brush, Bio Ionic and Ouidad hair care brands. With the integration of these market-leading brands, JD Beauty has established a powerful multi-channel distribution network, a suite of innovative products and a portfolio of hair care brands with leading positions across the hair accessories, tools and liquids categories. JD Beauty will be merged with Goody Products, and the JD Beauty management team will run the combined entity. *Intrepid served as the exclusive advisor to JD Beauty on the transaction and previously advised JD Beauty on its sale to Topspin Partners.*



Kainos Enters Beauty Care Sector With Minority Investment in BeautyBio

Kainos Capital completed a minority investment in prestige skin care brand, Beauty Biosciences (BeautyBio). Launched in 2011 by Jamie O'Banion, BeautyBio provides comprehensive and clinically-proven skin care solutions, including a portfolio of high-tech devices and clean label topicals. Best known for its award-winning GloPRO at-home microneedling device and R45 topical serum, the Dallas-based brand has built a large customer base of GenX and Millennial consumers through its rapidly expanding social media presence. Today, BeautyBio sells through prestige retailers around the world, including Nordstrom, Neiman Marcus, Harrods, Selfridges and Sephora; on television through QVC, HSN and TSC; and online at the company's own Website and Amazon Luxury Beauty. The investment will support product development, global expansion and enhanced operational capabilities. Kainos Capital is a leading investor in the branded consumer industry, and BeautyBio represents the firm's entry into the beauty care sector. Intrepid served as the exclusive buy-side advisor to Kainos Capital on the transaction.



Main Post Partners Invests in Not Your Mother's

Main Post Partners invested in Tampa-based DeMert Brands, the parent company of Not Your Mother's. Founded in 2010 by Rocky and Bethany Pagliarulo, Not Your Mother's is a fast-growing, solution driven hair care brand. The company offers a portfolio of salon-quality styling products, shampoos and conditioners, free of sulfates, phthalates, and synthetic dyes, at affordable prices through the mass, drug, grocery, specialty retail and eCommerce channels. With the investment, the company seeks to grow brand awareness, accelerate product development and further support its retailers. Main Post Partners is an active private equity group in the beauty care sector with a current investment in Milk Makeup and prior investment in Too Faced Cosmetics.



L'Occitane Acquires ELEMIS From L Catterton for \$900 Million

L'Occitane International S.A. (SEHK: 973), a leading manufacturer and retailer of natural cosmetics, acquired ELEMIS, a leading prestige skin care brand and the No. 1 independent luxury skin care brand in the U.K. Elemis was owned by Steiner Leisure, a portfolio company of L Catterton which had acquired Steiner Leisure in 2015. Founded in 1990, ELEMIS focuses on organic, natural ingredients and is sold across an omni-channel distribution network including the eCommerce, professional spa and salon, prestige retail, specialty and home shopping channels. The acquisition will further strengthen L'Occitane's premium brand portfolio, particularly in skin care, and will enable ELEMIS to expand its presence into new geographic markets. According to industry sources, ELEMIS generated \$140 million of revenue with earnings before interest, taxes, depreciation and amortization (EBITDA) of \$40 million in 2018 and expects to reach \$185 million of revenue with \$55 million of EBITDA in 2019, implying a revenue multiple of 5x to 6x and an EBITDA multiple approximately 20x. The deal represents the largest acquisition by L'Occitane since the company was listed on the Hong Kong Stock Exchange in 2010.



Gryphon Acquires RoC Skincare from Johnson & Johnson

Gryphon Investors acquired leading, dermatologist-recommended anti-aging skin care brand, RoC Skincare, from Johnson & Johnson. Founded in 1957 by French pharmacist Dr. Jean-Charles Lissarrague, RoC Skincare was the first brand to stabilize Retinol. The company sells products in the U.S., Europe and Latin America through the mass, pharmacy and drug, club, specialty and eCommerce channels with key distribution partners including Walmart, Target, CVS, Walgreens, Costco, Ulta and Amazon. Following the carve out, interim leadership will include Gryphon Executive Advisor Steve LaMonte and prestige beauty veteran Michelle Taylor. As a standalone company under Gryphon's ownership, the team will focus on recruiting a new senior management team, expanding the product portfolio outside of Retinol and the anti-aging category, improving international product support and increasing marketing efforts to drive brand engagement. The acquisition marks Gryphon's second investment in the beauty care sector, following its acquisition of the Milani and Jordana masstige color cosmetics brands in Q2'18.



Unilever Acquires Garancia

Unilever acquired French derma-cosmetic business, Garancia. Founded in 2004 by pharmacist Savéria Coste, Garancia offers a portfolio of premium facial and body skin care products with a focus on clean and effective ingredients. The company sells primarily through the pharmacy channel in France and in selective retail distribution. Unilever plans to operate Garancia within its prestige division, which includes Hourglass, Living Proof, Dermalogica, Kate Somerville, Murad and REN.



Recently Closed Transactions (cont.)

Church & Dwight Expands Specialty Hair Care Portfolio With Acquisition of Flawless

Church & Dwight (NYSE:CHD) announced plans to acquire the Flawless and Finishing Touch brands from IdeaVillage for \$475 million in cash and an earn-out of up to \$425 million. Flawless is a market leader in electric hair removal products for women. Initially introduced through the infomercial channel in 2017, the Flawless brand has since expanded across the traditional retail marketplace including at Target, Walmart, CVS, Walgreens and online. The Flawless product portfolio has also expanded from its original facial hair removal device to include leg and brow hair removal devices. The Flawless brand adds to Church & Dwight's specialty hair care portfolio which includes Batiste dry shampoo, Viviscal hair thinning supplements and Toppik hair fibers. The company generated \$180 million of sales and \$55 million of EBITDA in 2018, implying multiples of 2.6x revenue and 8.6x EBITDA based on cash at close (and 5x revenue and over 15x EBITDA including the earn-out). IdeaVillage will support the business through a long-term services agreement with Church & Dwight. The transaction is expected to close in Q2'19.

FINISHING TOUCH
FLAWLESS



San Francisco Equity Partners Acquires Majority Stake in jane iredale

San Francisco Equity Partners (SFEP) expanded its beauty care portfolio with the majority acquisition of jane iredale, a better-for-you, clean skin care-focused makeup line. Founded by Jane Iredale in 1994, the brand uses minerals, botanicals and other natural ingredients to provide high quality, long lasting product formulations with proven skin care benefits, that are free of synthetics or chemicals. jane iredale is the leading makeup brand in the professional channel, selling to licensed aestheticians, dermatologists, plastic surgeons, spas and salons. The company broadened its distribution to include eCommerce and prestige and specialty retail channels through key partners such as Amazon, Nordstrom and Neiman Marcus. According to industry sources, jane iredale generated approximately \$70 million in net sales in 2018. Through the acquisition, the company aims to expand its eCommerce platform, further strengthen its presence within the professional channel and drive increased distribution and brand awareness.

jane iredale



Topix Continues to Expand Skin Care Portfolio With Acquisition of ClarityRx

Topix Pharmaceuticals acquired skin care brand ClarityRx. Founded in 2003, ClarityRx offers a plant-based, results-driven skin care portfolio sold through the professional channel to spas and estheticians. Topix, which is backed by private equity firm New Mountain Capital, is a leading provider of premium, micro-branded and branded skin care products sold primarily through the physician channel. New Mountain Capital invested in Topix in 2016 to help grow the business organically and through acquisitions and completed the acquisition of natural skin care brand Derma E in May 2018.

CLARITY RX



Puig Increases International Foothold With Investments in Loto del Sur and Kama Ayurveda

Barcelona-based Puig, a global fashion and fragrance company, continues to expand its international reach with minority investments in both Loto del Sur, a Colombian beauty company, and Kama Ayurveda, an Indian beauty and personal care brand. Founded in 1999, Loto del Sur is a premium botanical-based and locally sourced bath, body, face and fragrance brand with eight stores based in Columbia. The acquisition will enable Loto del Sur to expand internationally and will further bolster Puig's already strong position in Latin America. Founded in 2002, Kama Ayurveda is a vegan skin care, hair care, personal care and wellness brand and a leading provider of Ayurvedic beauty and personal care products in India, with 52 stores and shop-in-shops alongside a growing online presence. As part of its investment, Puig infused \$14 million in Kama Ayurveda to increase distribution both domestically and globally. Kama Ayurveda received its first external funding five years ago from India 2020 Fund, an affiliate of Lighthouse Advisors. The investment will provide Puig a strong foothold in India. Puig maintains the option to increase its equity stake in both companies in the coming years.

LOTO DEL SUR

KAMA
AYURVEDA



Bain Capital Acquired Majority Stake in Maesa

Bain Capital Private Equity acquired a majority stake of beauty brand incubator and supplier, Maesa. Founded in 1997, Maesa designs and manufactures exclusive brands and private label products for mass, drug and specialty retailers and provides outsourcing solutions to beauty brands across the hair, color cosmetics, personal care and fragrance categories. The company is responsible for the creation of exclusive brands such as Kristin Ess Hair Care and Flower Beauty and works with leading retailers such as Walmart, Target, Sephora, AS Watson, Ulta, Dollar General and H&M. Maesa maintains 300 employees across seven offices and generates approximately \$230 million in revenue. The founders and management team of Maesa remain shareholders.

maesa



BainCapital

Youth to the People Receives Minority Investment Led by Sandbridge Capital

Youth to the People, prestige superfood skin care brand, received a minority investment from Sandbridge Capital and Carisa Janes, prestige beauty veteran and founder of Hourglass Cosmetics. Youth to the People products are formulated with better-for-you ingredients, balanced with clinical pro-grade actives, sustainably packaged and sold through select prestige and specialty retailers including Sephora, Free People and Anthropologie, as well as online through the company website and Dermstore.com. The investment will be used to bolster the company's marketing efforts, enhance its product innovation and strengthen existing distribution relationships. WWD reported last year that sources expected the brand to triple its sales to around \$20 million in 2018. The transaction follows an investment from Strand Equity last March.

YOUTH TO THE PEOPLE.



Recently Closed Transactions (cont.)

Allergan Acquires Envy Medical

Global pharmaceutical company, Allergan plc (NYSE: AGN), acquired Envy Medical, a leader in the professional skin care sector. Founded in 2002, Envy Medical sells non-invasive skin resurfacing therapies for patients suffering from dermatologic or aesthetic conditions. The company's primary product, Dermalinfusion, is a skin resurfacing device that simultaneously exfoliates, extracts, and infuses condition-specific serums. The in-office treatment is enhanced by a portfolio of take-home, premium skin care products targeting a full spectrum of skin conditions. The company has established a growing device install base across the medical, med spa, spa and resort destination channels. The acquisition will bolster Allergan's Medical Aesthetics portfolio, further reinforcing its commitment to skin health and providing a more complete product offering to its customers.



Industry News

Helen of Troy Explores Divestment of Personal Care Business

Helen of Troy announced its plans to divest its personal care business, including liquid, powder and aerosol products under the Pert, Brut, Sure and Infusium brands. The divestment would better allow Helen of Troy to focus on its leadership brands across the housewares, health, home and beauty categories, including market leading positions in the hair tools and appliances segment under the Hot Tools and Revlon brands. Helen of Troy joins a recent list of large strategic acquirers divesting non-core assets, including Shiseido's sale of Zotos, Newell Brands' sale of Goody Products, and Johnson & Johnson's recent sale of RoC Skincare, among others.



Beauty Brands Filed Chapter 11 Bankruptcy

Beauty Brands, a multi-unit retailer of beauty care products and salon and spa services, filed for Chapter 11 bankruptcy in January 2019. With over 50 locations across 12 states and an eCommerce platform, the company was acquired by TSG Consumer Partners alongside former Ulta executive, Lyn Kirby, in 2014. Despite several attempts to reposition the business, Beauty Brands continued to experience declining sales and rising costs within its brick-and-mortar operations. The founder of Beauty Brands, Bob Bernstein, and his son David won court approval in February to reacquire the retailer. The Bernsteins will take over the leases and operate 23 of the Beauty Brands stores, and Hilco Merchant Resources, the stalking horse bidder, will liquidate the remaining stores.



Amazon Launches Inaugural Private Label Beauty Brand

Amazon launched its inaugural private label beauty brand, Belel, a better-for-you, earth-friendly skin care line. Following its success with over 135 private label brands across other categories, the eCommerce giant took a data-driven approach leveraging consumer search terms to launch a brand that incorporates key market trends and shopper preferences. Belel, a combination of 'believe' and 'beauty,' includes a range of 12 products across the facial cleansing wipe, serum and moisturizer categories, priced between \$9 and \$40. All Belel products are free from parabens, phthalates and sulfates and are designed to treat a variety of skin care concerns such as acne, fine lines, dark spots, dehydration and dullness.



JAB Holding Company to Become Majority Owner of Coty

JAB Holding Company (JAB) made an offer to acquire an additional 20% of outstanding common stock from Coty at \$11.65 a share, which would increase its total ownership to 60%. JAB, a Luxembourg-based investment company, currently controls 40% of Coty, one of the world's largest beauty companies and the largest fragrance company. Coty's special committee approved of and supported the outstanding offer from JAB. The agreement stipulates that JAB will be limited to acquiring only 9% more of Coty's shares for a three-year period following the tender offer. In addition, JAB pledged to maintain at least four independent directors on the board. The offer follows the recent decline in Coty's stock price driven in part by its struggle to integrate the 41 beauty brands acquired from Procter & Gamble for \$12.5 billion in 2015.



Venture Capital Ramps Up Funding Levels in the Beauty Care Sector

The beauty and personal care sector continues to attract strong venture capital interest including a high number of large capital raises over the last quarter. Glossier, a direct-to-consumer makeup, skin care and fragrance company, raised \$100 million in a Series D round led by Sequoia Capital, valuing the company at \$1.2 billion. Madison Reed, an online hair color delivery service, raised an additional \$51 million in a series D round led by Norwest Venture Partners and True Ventures. Memebox, a creator of private, in-house labels inspired by K-beauty, received \$35 million in a series D round led by Johnson & Johnson Innovation. Billie, a direct-to-consumer shaving and body care brand, raised \$25 million in a series A round led by Goldman Sachs' Private Capital Investing Group. At-home hair color brand, Josh Wood Colour raised \$6.5 million in a series A round led by Index Ventures. Skylar, a direct-to-consumer clean fragrance brand, raised \$8 million in a series A round led by FirstMark Capital. Pureplay Skin Sciences, a vegan and cruelty-free beauty brand, secured a series A round led by Unilever Ventures. Finally, men's wellness brand Hims, raised \$100 million in a series C round, valuing the company at a \$1 billion pre-money valuation.

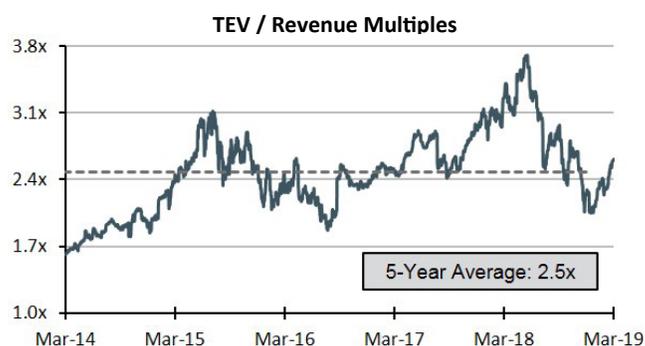
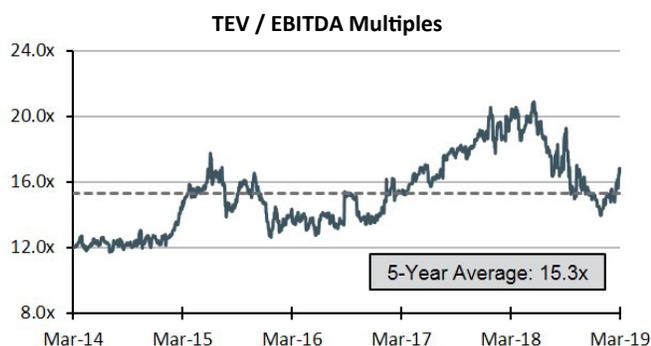
Glossier. MADISONREED*



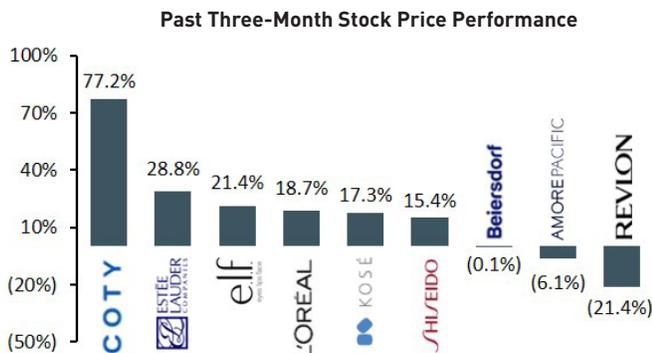
Publicly Traded Companies (USD Millions)

Company	Enterprise Value	Market Cap	Last Twelve Months			Revenue Growth		Enterprise Value / LTM	
			Revenue	Gross Margin	EBITDA Margin	1-year	3-year	Revenue	EBITDA
AMOREPACIFIC	\$6,446	\$4,886	\$5,362	73.4%	14.2%	4.1%	0.6%	1.2x	8.5x
 Beiersdorf	\$21,482	\$23,593	\$8,112	57.5%	17.1%	1.8%	2.8%	2.6x	15.5x
 COTY	\$16,536	\$8,641	\$9,065	62.2%	14.4%	(2.9%)	28.3%	1.8x	12.6x
 elf	\$617	\$517	\$267	60.9%	16.5%	(2.8%)	9.2%	2.3x	14.0x
 ESTÉE LAUDER COMPANIES	\$60,807	\$59,790	\$14,194	78.3%	20.8%	6.9%	8.4%	4.3x	20.6x
 KOSÉ	\$9,735	\$10,424	\$2,946	74.1%	19.7%	8.0%	10.4%	3.3x	16.8x
L'ORÉAL	\$147,486	\$150,591	\$30,212	72.8%	21.8%	3.6%	2.4%	4.9x	22.4x
REVLON	\$4,022	\$1,025	\$2,565	56.5%	3.5%	(3.6%)	10.2%	1.6x	nm
 SHISEIDO	\$28,393	\$28,673	\$9,841	78.8%	13.9%	5.6%	3.6%	2.9x	20.8x
Mean				67.6%	16.0%	2.1%	9.4%	3.0x	17.5x
Median				67.5%	16.8%	2.7%	8.8%	2.8x	16.8x

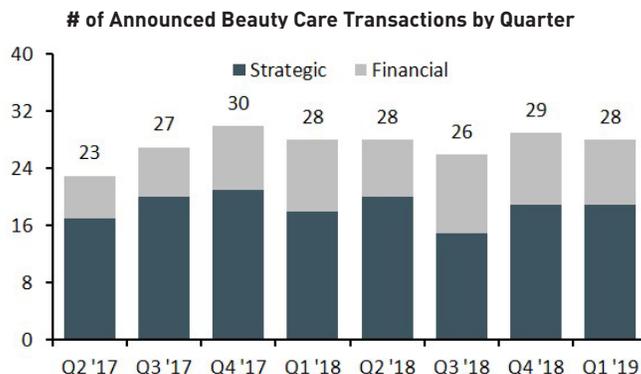
Historical Public Company Trading Multiples



Global Beauty Care Stock Price Performance



Global Beauty Care M&A Transactions



Select Transactions

JD Beauty Group



BIO:IONIC **Wet** Ouidad
a portfolio company of
tOpspin
has been acquired by
ACON
and merged with
portfolio company
Goody

Advisor to JD Beauty Group

NATIVE

has been acquired by



Advisor to Native

Too Faced

a portfolio company of
WESTON PRESIDIO

has sold a majority stake to



GENERAL ATLANTIC

in conjunction with Too Faced
founders and senior management

Advisor to Too Faced Cosmetics

MARC ANTHONY®
TRUE PROFESSIONAL

has received an
investment from



ASSOCIATES

Advisor to Marc Anthony



PUREOLOGY
serious colour care

a portfolio company of



TSG CONSUMER PARTNERS

has been acquired by

L'ORÉAL

Advisor to PUREOLOGY*

Continental Fragrances, Ltd.
dba



SALON GRAFIX

has been acquired by



High Ridge Brands

a portfolio company of



BRYNWOOD PARTNERS

Advisor to Continental Fragrances

DAVEXLABS LLC
dba

L'ANZA®

a portfolio company of



Caltius
Equity Partners

has received a growth
equity investment from



WESTVIEW CAPITAL PARTNERS®

in partnership with Chief
Executive Officer David Berglass

Advisor to DAVEXLABS

CHATTERS
HAIR | BEAUTY | SALON

has been acquired by

ONCAP

in partnership with the
existing management team

Advisor to Chatters Canada

enaltus™

a portfolio company of



HealthEdge
INVESTMENT PARTNERS

has sold the brand
ScarAway
The Solution for Scars™
to



Perrigo

Advisor to Enaltus

JD Beauty Group



owner of



Wet
brush

has obtained a majority
investment from

tOpspin

Advisor to JD Beauty Group

LORAC

has received an
investment from



encore
consumer capital

in partnership with
management

Advisor to LORAC Cosmetics

ENVY
MEDICAL™

has received a growth
equity investment from



HCP & COMPANY

Advisor to Envy Medical

Berlin Industries, Inc. dba



ZIM'S

has been acquired by



KOBAYASHI

Advisor to Berlin Industries

ALTERNA
PROFESSIONAL HAIRCARE

has been acquired by

Markham Prestige Group

owners of



PUREOLOGY
serious colour care

Advisor to Alterna*

JOICO

and its subsidiaries
has been acquired by



ZOTOS

a subsidiary of

SHISEIDO

Advisor to JOICO*

product **club**

has been acquired by



BURMAX

Advisor to Product Club

*Represents transactions executed by principals of Intrepid while at previous securities firms.



Beauty & Personal Care Team

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About Intrepid's Beauty & Personal Care Practice

Intrepid provides dedicated merger and acquisition advisory and capital raising services to the **Beauty & Personal Care** industry. By focusing exclusively on beauty care companies, our industry bankers have a deep understanding of trends and value-drivers across the sector and maintain ongoing dialogue with the acquirer and investor universe. Our Beauty & Personal Care practice has a proven track record of helping clients sell to global strategic acquirers and value-added private equity groups across the beauty and personal care landscape.

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