



Beauty Care M&A Report - Q2'21

Beauty Care M&A Back at Pre-Pandemic Levels

Beauty Care M&A Back at Pre-Pandemic Levels

Beauty Care M&A volume has officially rebounded to pre-pandemic levels with 30 transactions in Q2'21. Such levels represent a 3.4% increase over Q1'21, a whopping 50% increase over pandemic ravaged Q2'20, and a 15% increase over pre-pandemic Q1'20. What a difference a year makes!

The quarter was dominated by private equity activity ranging from majority buyouts such as Carlyle's investment in Beautycounter to a long list of minority growth investments including deals by leading beauty care heavyweights Berkshire Partners, Eurazeo Brands, KKR, Norwest Venture Partners, Bain, TPG Growth, and General Atlantic.

The quarter was not however void of strategic buyer activity. Most notably, Unilever announced the \$2 billion acquisition of Paula's Choice and The Hut Group continued its vertical integration strategy with the acquisition of Bentley Labs, while Helen of Troy announced the divestiture of its mass personal care brands. In addition, the public markets remained open for beauty care companies with the IPO of Revolution Beauty and a host of anticipated beauty care IPOs in the second half of the year.

Intrepid anticipates continued strength in the Beauty Care M&A markets for the remainder of 2021. Such momentum will be driven by strong underlying beauty care and M&A fundamentals, continued rebound and remaining backlog from the COVID-impacted slowdown in 2020, and the acceleration of M&A resulting from the anticipated capital gains tax increases in 2022.

Q2'21 Beauty Care M&A highlights include:

- Deal volume was up 3.4% from Q1'21 and 50% over the peak pandemic period in Q2'20.
- The Beauty Care M&A market witnessed more billion dollar deals, with two deals over \$1 billion during the quarter (following three in Q1'21).
- Private equity groups dominated M&A headlines representing the overwhelming majority of high profile transactions in the quarter.
- Early stage venture capital financing and initial public offerings continued to impact the Beauty Care M&A markets.



Steve Davis
Managing Director
sdavis@intrepidib.com



Mike Garcia
Managing Director
mgarcia@intrepidib.com



Lauren Antion
Vice President
lantion@intrepidib.com

Recently Closed Transactions

Carlyle Group Acquires Majority Stake in Beautycounter

The Carlyle Group completed a majority investment in Counter Brands, parent company of Beautycounter, valuing the business at \$1 billion. Founded in 2013 in Santa Monica, Calif., Beautycounter is a leading provider of clean, safe, and effective skin care, cosmetics, and hair care products focused on ingredient transparency. The company sells its products through more than 65,000 independent consultants and its own Website as well as through select specialty retail partners and three company-owned brick-and-mortar retail locations. The partnership with Carlyle will support raising brand awareness, expansion into additional distribution channels, increasing investment in digital capabilities, and further investment in new product development including launching an in-house research and development lab. The transaction follows The Carlyle Group's recent investment in leading men's personal care brand Every Man Jack in 2020 (as reported in the [Q4'20 Intrepid Beauty Care M&A Report](#)).

BEAUTYCOUNTER

THE CARLYLE GROUP

Eurazeo Invests in Men's Grooming Brands Lumin and Meridian

Eurazeo Brands completed a minority investment in Pangaea Holdings which includes fast-growing men's personal care brands Lumin and Meridian. Founded in 2018 by Richard Hong and Darwish Gani, Pangaea established a proprietary eCommerce platform that enables the company to incubate, launch, acquire, and scale digitally native brands and expand such brands globally. Lumin, a direct-to-consumer men's skin care brand, and Meridian by Lumin, a sub-brand in the premium men's below-the-belt grooming category, have grown rapidly since their launch under the Pangaea platform. Eurazeo Brands invested \$53 million into the platform as part of a larger \$68 million financing round that also included Unilever Ventures, GPO Fund, Base10 Partners, and Gradient Ventures. The partnership and investment will help Pangaea accelerate growth of Lumin and Meridian, launch additional products and brands, expand internationally, and partner with existing direct-to-consumer brands to help them scale with its proprietary platform and capabilities.

L U M I N

MERIDIAN



Vegamour Receives Growth Investment from General Atlantic

Vegan hair care brand Vegamour received an \$80 million minority investment from growth equity fund General Atlantic. Launched in 2016, Vegamour is a premium, digitally-native hair and wellness brand offering clean, sustainable, plant-based products to support healthy hair growth and wellness across hair, lashes, and brows. The investment will help drive continued eCommerce growth, new product introductions, and expansion into new channels and geographies. In particular, Vegamour plans to launch direct-to-consumer distribution in select European countries including in Austria, Germany, Spain, and Switzerland and into key Asian markets. This transaction adds to General Atlantic's growing beauty and personal care portfolio including investments in FORMA Brands, Grove Collaborative, European Wax Center, and Buff City Soap.

VEGAMOUR



Unilever Adds to Prestige Portfolio With Acquisition of Paula's Choice

Unilever announced plans to acquire Paula's Choice from TA Associates for a reported price tag of \$2 billion. Founded in 1995, Paula's Choice is a branded skin care and cosmetics company with a content-driven eCommerce platform offering proprietary products, extensive skin care research, and exclusive product reviews. In addition to its direct-to-consumer platform, the brand has developed a global omnichannel distribution network including Nordstrom, Sephora, Amazon, and Dermstore. Unilever plans to operate Paula's Choice within its prestige division, which includes Tatcha, Garancia, Hourglass, Living Proof, Dermalogica, Kate Somerville, Murad, and REN. TA Associates acquired a majority stake in Paula's Choice in 2016 from Bertram Capital. According to WWD, Paula's Choice generated \$220 million in net sales in 2020 and expects to reach more than \$300 million in net sales and over \$110 million in EBITDA for 2021, which implies a 6.7x revenue multiple and over 18x multiple of EBITDA. The transaction is expected to close in Q3'21.

PAULA'S CHOICE
SKINCARE



KKR Invests \$625 Million in India's Vini Cosmetics

KKR acquired a controlling interest in Indian beauty and personal care company Vini Cosmetics for \$625 million. Founded in 2010, Vini Cosmetics is a pioneer and innovator in the Indian beauty market with a product portfolio spanning deodorants, cosmetics, and toiletries across its market leading FOGG brand and White Tone, GlamUp, and OSSUM brands. The company's products are sold across 700,000 points of distribution and 3,000 dealers in India, in addition to a growing international distribution network spanning 50 countries, with particular strength in South Asian and Middle Eastern markets. The company plans to leverage KKR's global platform and investment to expand Vini Cosmetics' eCommerce platform, product portfolio, and global distribution network. The investment continues KKR's longstanding commitment to invest in disruptive businesses native to India. Co-founders Darshan Patel and Dipam Patel will continue to lead the business and hold a significant equity stake post-transaction.

Vini

KKR

Recently Closed Transactions (cont.)

Mielle Organics Completes Deal with Berkshire Partners

Berkshire Partners completed a minority investment in Mielle Organics. Launched in 2014 by Monique and Melvin Rodriguez, Mielle Organics is a black-owned, woman-led, and community-focused natural hair care brand targeting the textured hair category. Its product portfolio includes shampoos, conditioners, hair vitamins, oils, moisturizers, and other complementary hair care products as well as select skin care products. The company has strong distribution across the food, drug, mass, and professional channels with key retail partners including Target, Walmart, Walgreens, Rite Aid, Kroger, HEB, and Sally Beauty. The investment will help drive continued growth and support Mielle's More Than a Strand program, a global beauty campaign aiming to empower mothers and young girls through education, entrepreneurship, and economic development across the United States, Caribbean, and Africa. According to industry sources, Mielle Organics generated more than \$40 million of net sales in 2020.



Helen of Troy Divests Mass Personal Care Business

Helen of Troy announced the divestiture of its mass personal care business to HRB Brands, a portfolio company of Tengram Capital, for \$44.7 million in cash. The transaction includes brands such as Brut, Pert Plus, Infusium, Sure, Seabreeze, and Vitalis, which are primarily sold through the mass brick-and-mortar channel. Formerly known as High Ridge Brands, HRB Brands currently holds similarly positioned brands including Zest, Alberto V05, LA Looks, Coast, Rave, Sea Breeze, and Salon Grafix. Helen of Troy will use the proceeds from the divestiture to pay down existing debt, seek additional acquisitions, and conduct opportunistic share repurchases. The divestment will also allow Helen of Troy to further focus on its eight core brands, including OXO, Hydro Flask, Honeywell, PUR, Vicks, Drybar, HOT Tools, and Braun, which together generated 80% of its global sales in fiscal 2021. The transaction does not include Helen of Troy's Latin American and Caribbean personal care assets, but HRB Brands has an option to purchase the remaining assets by the end of fiscal 2022.



Norwest Venture Partners Invests in Body Sculpting Brand MAËLYS

MAËLYS received a reported \$30 million minority investment from Norwest Venture Partners, who will join existing majority investor Barinboim Group and company founders. MAËLYS is a fast-growing, data-driven, direct-to-consumer body care brand with an innovative portfolio of body contouring products. The brand emphasizes body positivity and is known for products that shape, lift, and firm a woman's body. Founded in 2017, the company has grown rapidly, recently reaching \$100 million in run-rate revenue and achieving 400% year-over-year growth. The investment will support MAËLYS' international expansion, help scale operations, and accelerate the launch of new products. Norwest Venture Partners has deep beauty care experience with a current investment in Madison Reed and prior investment in PCA Skin.



Buff City Soap Receives Growth Funding from General Atlantic

Buff City Soap, a plant-based home and personal care franchise company, completed a funding round led by General Atlantic. Founded in 2013 and franchising since 2018, Buff City Soap sells soap, laundry, bath, and body products through a differentiated production and distribution model, in which products are handcrafted daily and sold at its "Soap Makery" locations. Buff City Soap was acquired by Guideboat Capital Partners and Crux Capital in 2019. Today Buff City Soap has more than 100 locations in the U.S. across 20 states. The investment by General Atlantic will help fuel continued growth of the brand's retail footprint, expansion of its eCommerce offerings, and entry into additional products and categories.



Hand in Hand Secures Growth Investment from Bain Capital Double Impact

Bain Capital Double Impact, the impact investing strategy arm of Bain Capital, completed a growth investment in purpose-driven personal care brand Hand in Hand. Founded in 2011, Hand in Hand offers a portfolio of sustainable, palm-oil free soap, body wash, and personal care products alongside a commitment to donate a bar of soap and clean water to a child in need for every product purchased. The company maintains strong distribution through its company website as well as through leading retailers across the natural, food, drug, and mass channels including Whole Foods, Wegmans, Walmart, Target, Fresh Thyme, and CVS. The growth investment will support increasing brand awareness, continued expansion into new distribution channels, and the launch of new product categories.



Recently Closed Transactions (cont.)

TPG Growth Joins L Catterton in Ideal Image

TPG Growth acquired a significant minority stake in Ideal Image, a leading aesthetic services provider. Ideal Image provides hair removal, body sculpting, Botox, anti-aging services, and medical-grade skin care products through its over 800 specialists and more than 150 locations, which it supplements with tele-consultation service offerings. The company will use the funds to continue its geographic expansion and expand its service offerings while leveraging TPG Growth's deep expertise in the beauty and healthcare sectors. Ideal Image, a division of Steiner Leisure Limited, was acquired by L Catterton in 2015 and reportedly generates approximately \$300 million in revenue. L Catterton remains the majority owner of Ideal Image.



The Hut Group Furthers Vertical Integration Strategy with Acquisition of Bentley Labs

The Hut Group (LSE:THG) agreed to acquire premium beauty care contract manufacturer Bentley Laboratories for \$255 million. Bentley Laboratories, which received a minority investment from The Riverside Company in 2016, provides outsourced contract manufacturing and formulation services for more than 70 prestige skin and hair care brands. The acquisition allows The Hut Group to further vertically integrate in the skin and hair care categories and enhances its product development capabilities for the benefit of both its owned and partner brands. According to industry sources, the deal value represents approximately 3.3x and 17x 2022 revenue and EBITDA, respectively. The acquisition highlights The Hut Group's focus on vertical integration following the acquisitions of Claremont Ingredients and David Berryman earlier in 2021 and British beauty contract manufacturer Acheson & Acheson back in 2018.



OSEA Receives Minority Investment from CAVU Ventures

CAVU Ventures completed a minority investment in safe and naturally-derived skin care brand OSEA, a 25-year-old pioneer in the clean beauty category. Founded in 1996, OSEA was inspired to unite the elements of ocean, sun, earth, and atmosphere to deliver clean, vegan, cruelty-free, and effective skin care and wellness solutions. Launched with six vegan products, OSEA has expanded to more than thirty performance-driven products across the facial care, body care, and beauty tools categories. Such products are sold through its heritage professional channel as well as direct-to-consumer and through prestige and specialty retailers including Goop, Revolve, Ulta, Nordstrom, Bluemercury, Neiman Marcus, Credo, and The Detox Market. The investment will support continued product innovation, international expansion, and increasing brand marketing including the launch of its inaugural brand campaign.



Sky Organics Receives Growth Equity Investment from Nexus Capital

Nexus Capital Management completed a growth investment in natural and certified organic beauty and personal care brand, Sky Organics. Founded in 2015, Sky Organics sells responsibly sourced, single ingredient, and naturally-derived personal care products and certified organic hair, skin, and body products. The brand launched on Amazon with five SKUs in November 2015 and rapidly expanded both its product assortment and distribution to include approximately 100 SKUs sold across the natural, food, drug, mass, and specialty channels with key retailers including Walmart, Whole Foods, Rite Aid, Walgreens, CVS, Hy-Vee, Meijer, and Bed Bath & Beyond. The investment will support new product development and increasing marketing investment to drive brand awareness and continued growth.



Industry News

Harry's Raises \$155 Million at a \$1.7 Billion Valuation

Harry's, a disruptive grooming and personal care brand, raised a \$155 million series E financing led by Bain Capital and Macquarie Capital. The new round of capital values Harry's at \$1.7 billion and comes about a year after the company's attempted sale to Edgewell Personal Care Company was blocked by the FTC due to anti-trust concerns. The \$1.7 billion valuation is approximately 25% higher than the \$1.37 billion deal with Edgewell and follows Harry's strong performance in 2020 in which the company saw revenue grow 25% reaching \$370 million. Founded as a direct-to-consumer shaving brand, Harry's now sells body washes, shampoos, and deodorants across an omni-channel footprint. The company has also launched three new brands including Flamingo, a women's grooming and personal care brand; Headquarters, a hair and scalp care treatment brand; and Cat Person, a pet care brand focused on cats. The company will use the capital to develop new products and make acquisitions of brands that can leverage Harry's design, marketing, and direct-to-consumer expertise.

HARRY'S

Revolution Beauty Goes Public

Revolution Beauty completed an Initial Public Offering on the AIM in London at a valuation of £495 million. Founded in 2014, Revolution Beauty is a multi-brand, mass beauty and personal care company with a global, omni-channel distribution footprint spanning eCommerce and a brick-and-mortar presence in more than 11,000 doors, including Ulta. The company has delivered exceptional growth since inception, recording revenue of £157.6 million and adjusted EBITDA of £13.1 million for the 14 months ended February 2021. The listing raised £300 million, inclusive of liquidity for existing shareholders as well as capital to fuel the company's growth strategy through new product launches and bolstered distribution online and in-store. The company's founders, Adam Minto and Tom Allsworth, will retain a 30% stake in the business, while minority shareholder TSG was expected to exit the majority of its holding.

REVOLUTION
BEAUTY LONDON

Beauty Retail Heavyweights Lean on Additional Financing for Growth

The Hut Group announced a \$1 billion capital raise led by SB Management, a subsidiary of the tech investment firm SoftBank. As one of the most active acquirers in the beauty and personal care sector, the financing will help replenish The Hut Group's acquisition war chest. As part of the financing, SB Management will have the option to acquire a 19.9% stake of THG Ingenuity, The Hut Group's proprietary B2B technology services division, for \$1.6 billion. THG Ingenuity is expected to be spun off into a separate entity within 15 months. This follows The Hut Group's \$7 billion initial public offering last year (as reported in the [Q3'20 Intrepid Beauty Care M&A Report](#)). Meanwhile, Germany-based beauty retailer Douglas secured a \$3 billion debt refinancing deal to support its transition to eCommerce. This follows the retailer's struggles during COVID-19 lockdowns and will help stabilize the company's capital structure going forward. Existing shareholders have also added \$259 million of equity funding. Douglas expects the refinancing to be completed by April 2022.

THG

DOUGLAS

Early-Stage Venture Capital Activity Continues in the Beauty Care Sector

Venture capital continues to bet on beauty and personal care with an increasing attention on brands focused on ingredient transparency and better-for-you formulations. Science-backed, botanical-based skin care and wellness brand Prima secured \$9.2 million in seed funding to support product development, sustainability, and operational infrastructure initiatives. Sustainable and organic skin care brand LOLI Beauty raised an undisclosed investment from Natura & Co.'s venture fund Fable Investments to fund inventory, support expansion in retail, and bolster marketing capabilities. Clean hair care line Ceremonia raised \$2 million in seed funding co-led by Silas Capital and Beliade to support omnichannel expansion. Vegan, cruelty-free hair care line Dae Haircare raised \$2.6 million from Willow Growth Partners to fund inventory, marketing, and sampling programs, and select new hires. Men's grooming and personal care brand Faculty raised \$3 million in a seed round led by Estee Lauder to support product development efforts, fund inventory, and expand its marketing capabilities. Vegan supplement brand Rae Wellness raised \$9.5 million of growth capital in a Series A round led by Powerplant Partners. Hair removal and wellness brand Athena Club closed a \$15 million Series A round led by Cue Ball Capital to fuel new product launches, support key new hires, and drive increasing digitization.

prima LOLI







Ceremonia

rae dae

FACULTY

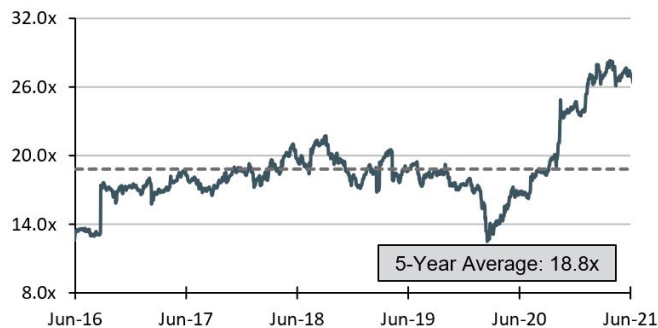
Athena Club

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	\$6,090	\$4,555	\$4,398	72.3%	15.9%	(8.9%)	(5.5%)	1.4x	8.7x
 Beiersdorf	\$25,268	\$27,113	\$8,752	57.8%	16.8%	2.5%	1.4%	2.9x	17.2x
COTY	\$13,909	\$7,155	\$4,128	57.1%	6.7%	(12.5%)	(15.5%)	3.4x	nm
	\$1,495	\$1,402	\$351	64.1%	11.4%	21.9%	8.0%	4.3x	37.4x
	\$117,460	\$115,308	\$14,709	75.6%	21.5%	2.9%	2.4%	8.0x	37.1x
	\$8,330	\$9,047	\$2,523	71.9%	9.7%	(9.1%)	(3.9%)	3.3x	34.0x
L'ORÉAL	\$242,998	\$247,533	\$35,376	73.8%	23.7%	7.0%	5.0%	6.9x	29.0x
	\$268	\$139	\$114	47.5%	22.1%	(5.3%)	22.8%	2.4x	10.6x
REVLON	\$3,993	\$687	\$2,046	56.9%	7.0%	(2.4%)	(7.9%)	2.0x	27.9x
	\$31,655	\$29,613	\$9,170	74.0%	10.9%	2.6%	(1.7%)	3.5x	31.8x
Mean			65.1%	14.6%	(0.1%)	0.5%	3.8x	26.0x	
Median			68.0%	13.7%	0.1%	(0.2%)	3.3x	29.0x	

Historical Public Company Trading Multiples

TEV / EBITDA Multiples

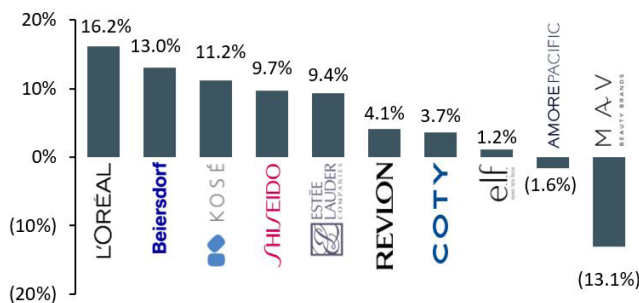


TEV / Revenue Multiples



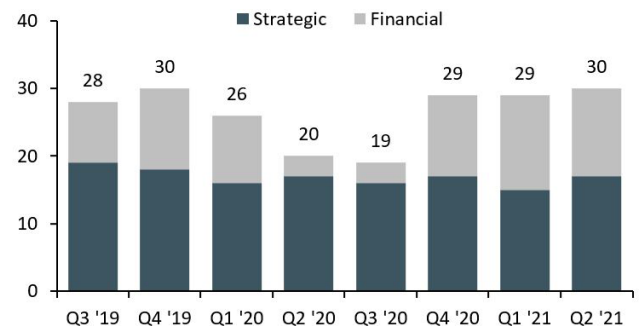
Global Beauty Care Stock Price Performance

Past Three-Month Stock Price Performance







Global Beauty Care M&A Transactions

of Announced Beauty Care Transactions by Quarter



Note: All data sourced from S&P Capital IQ. TEV / EBITDA multiples exclude Coty (NYSE:COTY).

Select Transactions

 <p>has received a majority equity investment from</p>  <p>Advisor to Every Man Jack</p>	 <p>has received an equity investment from</p>  <p>Advisor to Lilly Lashes</p>	<p>JD Beauty Group</p>    <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>and merged with portfolio company</p>  <p>Advisor to JD Beauty Group</p>	<p>NATIVE</p> <p>has been acquired by</p>  <p>Advisor to Native</p>	<p><i>Too Faced</i></p> <p>a portfolio company of</p> <p>WESTON PRESIDIO</p> <p>has sold a majority stake to</p>  <p>GENERAL ATLANTIC</p> <p>in conjunction with Too Faced founders and senior management</p> <p>Advisor to Too Faced Cosmetics</p>
<p>MARC ANTHONY® TRUE PROFESSIONAL</p> <p>has received an investment from</p>  <p>TA ASSOCIATES</p> <p>Advisor to Marc Anthony</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p> <p>L'ORÉAL</p> <p>Advisor to PUREOLOGY*</p>	 <p>has made a minority investment in</p> <p>BEAUTYBIO</p> <p>Advisor to Kainos Capital, LP</p>	<p>OBAGI</p> <p>has completed a recapitalization and growth financing with</p>  <p>\$150,000,000 Senior Secured Credit Facilities</p> <p>Advisor to Obagi</p>	<p>Apostrophe</p> <p>has been acquired by</p> <p>hims & hers (NYSE:HIMS)</p> <p>Advisor to Apostrophe</p>
<p>DAVEXLABS LLC dba L'ANZA® a portfolio company of</p>  <p>has received a growth equity investment from</p>  <p>in partnership with Chief Executive Officer David Berglass</p> <p>Advisor to DAVEXLABS</p>	<p>CHATTERS HAIR BEAUTY SALON</p> <p>has been acquired by</p> <p>ONCAP</p> <p>in partnership with the existing management team</p> <p>Advisor to Chatters Canada</p>	 <p>a portfolio company of</p>  <p>has sold the brand</p> <p>ScarAway The Skin Care Doctor</p> <p>to</p> <p>Perrigo</p> <p>Advisor to Enaltus</p>	<p>Continental Fragrances, Ltd.dba</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> <p>BRYNWOOD PARTNERS</p> <p>Advisor to Continental Fragrances</p>	<p>LORAC</p> <p>has received an investment from</p>  <p>in partnership with management</p> <p>Advisor to LORAC Cosmetics</p>
<p>Berlin Industries, Inc. dba</p>  <p>has been acquired by</p>  <p>KOBAYASHI</p> <p>Advisor to Berlin Industries</p>	 <p>has been acquired by</p> <p>Markham Prestige Group</p> <p>owners of</p>  <p>PUREOLOGY serious colour care</p> <p>Advisor to Alterna*</p>	<p>JOICO</p> <p>and its subsidiaries</p> <p>has been acquired by</p>  <p>a subsidiary of</p> <p>SHISEIDO</p> <p>Advisor to JOICO*</p>	<p>product club</p> <p>has been acquired by</p>  <p>BURMAX</p> <p>Advisor to Product Club</p>	<p>AWARE™ PRODUCTS LA</p> <p>has been acquired by</p> <p>VPI Holding Company, LLC the parent company of</p> <p>VEE+PAK</p> <p>and a portfolio company of</p>  <p>WIND POINT PARTNERS</p> <p>Advisor to Aware Products</p>

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



Beauty & Personal Care Team

Cosmetics | Hair Care | Skin Care | Professional Products | Natural Products | Fragrances | Body Care | Wellness | Accessories



Steve Davis
Managing Director
sdavis@intrepidib.com



Mike Garcia
Managing Director
mgarcia@intrepidib.com



Lauren Antion
Vice President
lantion@intrepidib.com



Jessica Chia
Director of Beauty Brands Strategy
jchia@intrepidib.com



Bryce Cutrino
Associate
bcutrino@intrepidib.com



Matt Dickman
Analyst

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.