



Beauty Care M&A Report - Q3'21

Beauty Care M&A Continues Rebound and Prepares for Big 2021 Finish

Beauty Care M&A Continues Rebound and Prepares for Big 2021 Finish

Beauty Care M&A volume continued its strong pace with 27 transactions in Q3'21, up over 42% from pandemic-impacted Q3'20. Deal volume was down slightly from Q1'21 and Q2'21 as the markets digested the first-half rebound and prepared for what will inevitably be a big finish to the year.

Similar to last quarter, deal volume was led by private equity activity. However, whereas Q2'21 was dominated by minority investments, Q3'21 witnessed heavy investments in beauty care platforms – including WM Partners' investment in Raw Sugar, Advent's acquisition of multiple brands from Shiseido, L Catterton's investment in Beauty Industry Group, and Hildred-backed platform Crown Laboratories' acquisition of StriVectin. Strategic buyers remained active as well with the acquisitions of Arctic Fox by LG Household & Healthcare and BWX's acquisition of Go-To Skincare. Interestingly, in both cases, the strategic acquirer purchased less than 60% ownership.

In addition, the public markets continued to attract beauty care companies with the initial public offerings of premium hair care brand Olaplex in September and Italian beauty care contract manufacturer Intercos in October. Finally, venture capital dollars continued to pour into the Beauty Care sector with multiple funding rounds exceeding \$50 million for brands including Beauty Pie, Quip, MyGlam, Glossier, and Mamaearth.

Finally, the Intrepid Beauty and Personal Care Group remained active in Q3'21 having advised Raw Sugar on its investment by WM Partners and Apostrophe on its acquisition by Hims & Hers. Intrepid anticipates an incredibly strong (and potentially record-setting) fourth quarter given the continued post-pandemic rebound and momentum from the previously anticipated capital gains tax increases in 2022.

Q3'21 Beauty Care M&A highlights include:

- Deal volume was up over 42% from Q3'20 but down 10% from Q2'21.
- Private equity platforms led the way with related investments by WM Partners, Advent International, L Catterton, and Hildred Capital.
- Strategic buyers shifted to majority (versus full) buy-outs in both LG Household & Healthcare's acquisition of Arctic Fox and BWX's acquisition of Go-To Skincare.
- Early-stage venture capital and initial public offerings continued to add growth capital to the Beauty Care market.
- Intrepid closed two beauty care deals in the quarter having advised Raw Sugar on its investment by WM Partners and Apostrophe on its acquisition by Hims & Hers.



Steve Davis
Managing Director
sdavis@intrepidib.com



Mike Garcia
Managing Director
mgarcia@intrepidib.com



Lauren Antion
Vice President
lantion@intrepidib.com

Recently Closed Transactions

Raw Sugar Receives Investment from WM Partners

High-growth personal care brand, Raw Sugar, received an investment from health and wellness focused private equity firm, WM Partners. Founded in 2014 by Ronnie Shugar and Donda Mullis, Raw Sugar is a clean beauty and healthy living products brand providing premium quality, earth-friendly products at affordable prices. The company offers an increasing assortment of “better-for-you” personal care products, including soap, body wash, hair care, scrubs, lotions, lip care, a men’s and kids’ line, and most recently a deodorants line with biodegradable, recyclable packaging. Raw Sugar sells through close retailer partnerships across the mass, drug, grocery, and specialty beauty channels. Through the company’s give-back program, the Raw Sugar Initiative, the company has donated millions of bars of soap and clean essentials to those in need. Raw Sugar serves as the initial investment for WM Partners in the creation of a broader natural personal care platform. **Intrepid served as the exclusive advisor to Raw Sugar on the transaction.**



Hims & Hers Acquires Apostrophe

Hims & Hers expanded its multi-specialty telehealth capabilities with the acquisition of teledermatology platform Apostrophe. Founded in 2012, Apostrophe is a direct-to-patient platform that provides individuals access to tailored, clinical-quality treatment plans prescribed to them by board-certified dermatologists. Through its vertically integrated, in-house pharmacy, the company creates premium Apostrophe-branded prescription skin care products that are shipped directly to the patient. Apostrophe plans to leverage the resources of Hims & Hers to scale its offering and continue to reach the millions of customers seeking personalized prescription skin care products. For Hims & Hers, which went public in January 2021 in a \$1.6 billion SPAC transaction, the acquisition expands its service offering in the growing teledermatology space. Apostrophe Co-Founder and Chief Executive Officer Ben Holber will remain with the company following the transaction, becoming the Chief Executive Officer of Hims & Hers’ dermatology business.

Intrepid served as the exclusive advisor to Apostrophe on the transaction.

Apostrophe
hims & hers

Advent to Acquire bareMinerals, BUXOM, and Laura Mercier from Shiseido for \$700 Million

Advent International agreed to acquire prestige beauty brands bareMinerals, BUXOM, and Laura Mercier from Shiseido Americas for \$700 million. The three brands will be incorporated under a newly formed Advent affiliate, AI Beauty Holdings. Founded in 1995 with a mineral-based foundation, bareMinerals is a prestige clean color cosmetics and skin care brand. BUXOM, founded in 2007, provides bold, high-fashion prestige color cosmetics. Founded in 1996, Laura Mercier is a prestige artist-driven makeup brand. All three brands maintain strong distribution through the prestige and specialty retail and eCommerce channels. According to industry sources, the bareMinerals, BUXOM, and Laura Mercier brands reported combined sales of \$434 million in 2020, implying a 1.6x revenue multiple. The transaction further increases Advent’s foothold in the premium beauty sector following its acquisition of prestige hair care brand Olaplex in January 2020 and provides the divested brands the necessary resources to accelerate growth. The deal, which is expected to close by the end of the year, is in line with Shiseido’s stated desire to exit non-core businesses and focus primarily on skin care, and falls on the heels of the recent divestiture of its personal care business in the first quarter. Upon completion of the transaction, beauty veteran Pascal Houdayer will assume the role of CEO and Janet Gurwitch, Advent Operating Partner and former Founder and CEO of Laura Mercier, will serve as an advisor to AI Beauty Holdings.



Beauty Industry Group Announces Majority Investment from L Catterton

L Catterton has completed a majority investment in leading hair extension provider Beauty Industry Group. Founded in 2004, Beauty Industry Group offers professionally-installed and DIY hair extension products through the direct-to-consumer, direct-to-stylist, and professional channels under thirteen brands including, HALOCOUTURE, Donna Bella Hair, Beauty Works, Hairtalk, and Luxy, among others. Backed by Gauge Capital since 2016 and HGGC since 2019, the Beauty Industry Group platform has experienced tremendous expansion over the last few years through both organic growth and multiple add-on acquisitions, today reaching more than 100,000 hair salons and stylist customers across 165 countries. The company will leverage L Catterton’s beauty expertise and global network to enhance its supply chain and continue to reach customers worldwide. Current shareholders including HGGC and Chief Executive Officer Derrick Porter will maintain a significant minority stake and partner with L Catterton going forward. Derrick Porter and the existing management team will continue to lead the company.



Recently Closed Transactions (cont.)

LG Household & Health Care Acquires Majority Stake in Arctic Fox

LG Household & Healthcare acquired a 56% stake in Boinca Inc., a U.S. manufacturer and owner of the hair color brand Arctic Fox, for \$100 million. Launched in 2014, Arctic Fox is a vegan and cruelty-free line of vibrant semi-permanent hair dyes targeting Millennial and Gen Z consumers. The brand successfully leveraged social media channels to drive brand awareness and as a result expanded distribution across the eCommerce, mass, specialty, and salon professional distribution channels, including with noted retailers such as Amazon, Ulta, Walmart, and Sally Beauty, among others. The acquisition further increases LG Household & Healthcare's presence in North America and provides a foothold in the growing premium hair care market. According to industry sources, Arctic Fox generated approximately \$37 million in revenue in 2020. Assuming an implied enterprise value of \$179 million and robust brand growth in 2021, LG Household & Healthcare acquired Arctic Fox for a revenue multiple of over 3x.



Hildred-Backed Crown Laboratories Acquires StriVectin from L Catterton

Crown Laboratories, a fully integrated global skin care company and portfolio company of Hildred Capital Management, acquired StriVectin from L Catterton. Launched in 2002, StriVectin is a leading independent U.S. prestige skin care brand, offering a range of clinically-backed anti-aging skin care solutions for all skin types, tones, and ages. The company sells its products through department stores and specialty retailers across North America, Europe, and Asia. StriVectin will complement Crown Laboratories' existing skin care portfolio and will join its new Premium Skincare division alongside premium sunless tanning brand, Vita Liberata. Crown Laboratories plans to leverage its resources and brand platform to further build StriVectin's infrastructure and support its growth. StriVectin's President, Cori Aleardi, will assume the role of President and Chief Commercial Officer of Crown Laboratories and will join the Crown Laboratories Executive Leadership Team. StriVectin previously received an investment from L Catterton in 2009.

StriVectin



BWX Expands in Australian Beauty Market with Majority Acquisition of Go-To

BWX Limited acquired a 50.1% stake in Australian skin care brand Go-To for \$65 million. Founded in 2014 by journalist and author Zoë Foster Blake, Go-To is a clean, masstige skin care brand focused on uncomplicated, easy-to-use, and effective products. Go-To's products are sold primarily direct-to-consumer as well as through select specialty retailers including Mecca. Go-To generated \$26.2 million of revenue and \$8.5 million of EBITDA in FY 2021, implying multiples of 5.0x revenue and over 15x EBITDA based on an assumed enterprise value of \$130 million. The deal provides BWX increased presence in the direct-to-consumer channel, access to a new customer demographic, and a complementary skin care brand, with expected synergies of more than \$2 million. Go-To will operate independently with Go-To's management team, including Zoë Foster Blake, continuing to lead the brand post transaction.

Go-To

BWX

West Lane Acquires Simply Organic Beauty

West Lane Capital Partners, in partnership with J.P. Morgan Asset Management's Private Equity Group, made a majority investment in Simply Organic Beauty, a leading distributor, developer, and provider of clean beauty products to the professional market. Simply Organic develops and offers luxury, professional-only hair and skin care products to a dedicated community of professional beauty customers. With the investment, the company plans to continue to build its platform, expand its brand ecosystem, and leverage technology investments to continue to support independent beauty professionals. The investment expands West Lane's beauty portfolio, which includes Blossom Beauty, a provider of specialty cosmetic products, and BodySpa Group, a facility and services provider for professionals in the beauty and wellness industries. Simply Organic Founder Scott Mitchell remains a significant shareholder and will continue with the company as Chief Executive Officer and Board Member.



Increasing M&A Activity in the Beauty Retailer Sector

The third quarter witnessed increasing M&A activity in the beauty retail sector with two notable transactions. Sephora, owned by LVMH Moët Hennessy Louis Vuitton, acquired London-based, prestige beauty eCommerce retailer, Feelunique, from Palamon Capital Partners at a valuation reported to be \$180 million. Feelunique maintains 1.3 million active customers, offers over 35,000 beauty products across 800 brands, and ships to more than 120 countries with a strong presence in the UK. Building on its recently announced partnership with German eCommerce fashion and lifestyle player Zalando, the acquisition further supports Sephora's planned expansion in Europe and desired growth across digital channels. The Hut Group (THG) agreed to acquire UK-based eCommerce beauty retailer, Cult Beauty, for \$380 million, representing a 2.0x multiple of next year's revenue. Cult Beauty maintains 1.7 million active customers and sells more than 300 beauty brands, the majority of which are not currently offered on existing THG platforms. The transaction continues The Hut Group's acquisition spree across the beauty care landscape, including contract manufacturers, retailers, and brands.

FEELUNIQUE
SEPHORA
cult
BEAUTY
THG

Industry News

MyGlamm Earmarks \$100 Million for Acquisitions

India-based direct-to-consumer beauty brand MyGlamm set up a new parent entity, The Good Glamm Group, with plans to acquire four to six beauty care businesses by March 2022. Founded in 2017, MyGlamm offers cruelty-free and vegan beauty products across the cosmetics, skin care, and personal care categories. MyGlamm acquired female digital community POPxo in 2020 and family care platform BabyCharkra in 2021. The MyGlamm platform is targeting Indian digital-first, consumer-loved brands with \$10 to \$25 million in revenue across the hair care, skin care, hygiene, bath and body, and family care categories. The company has \$100 million of capital to deploy for strategic investments in new brands with a goal to deploy such capital over the next six months. The company intends to operate the brands as individual entities with access to The Good Glamm Group's infrastructure and customer base. With the contemplated acquisitions, the company plans to reach an annual revenue run rate of \$250 million by March 2022 followed by an IPO in the next two years. Current investors include Amazon, Ascent Capital, Bessemer Venture Partners, L'Occitane, and Stride Ventures, among others.



Beauty Care IPO Craze Continues

Beauty care companies are increasingly looking to raise capital through public markets. Olaplex, a leading prestige and professional hair care brand and category creator of bond-building hair products sold through the professional, specialty retail, and direct-to-consumer channels, raised \$1.5 billion in an IPO at a valuation over \$15 billion. Following the IPO, Advent International, which acquired Olaplex in 2019, still owned over 75% of the company's shares. Italian beauty contract manufacturer, Intercos, began trading on the Milan Stock Exchange, valuing the company at \$1.4 billion. European Wax Center, a leading franchisor of hair removal and waxing service centers backed by General Atlantic, completed an IPO at a \$1.2 billion valuation. Finally, Coty announced plans to IPO its Brazil unit, aiming to raise \$190 million to further deleverage its balance sheet and to invest in eCommerce and new product growth initiatives. The move would follow Coty's sale of its professional and retail hair care portfolio to KKR in 2020.



No Shortage of Funding for Beauty and Personal Care Brands

Beauty and personal care continues to attract strong venture capital interest and large dollar commitments. Minimalist makeup brand MERIT raised \$20 million in a Series A round led by L Catterton's Growth Fund to support omni-channel and cross-category expansion. Disruptive membership-based cosmetics brand BEAUTY PIE completed a \$100 million Series B round co-led by Index Ventures and Insight Partners to fund additional warehouses, pop-up shops, and the creation of a premium membership tier. Glossier announced an \$80 million Series E round led by Lone Pine Capital to scale online and offline channels globally. MyGlamm, an Indian direct-to-consumer beauty brand, closed a \$71 million Series C funding round led by Accel to support its aggressive M&A strategy (see story above). Indian direct-to-consumer personal care brand Mamaearth raised \$50 million from Sequoia Capital India and Sofina Ventures SA to expand offline distribution and support acquisitions. UK-based men's health brand Numan secured \$40 million in a Series B round led by White Star Capital to grow its global presence and expand into additional categories. Sustainable oral care line Quip secured \$100 million in growth funding to fuel channel growth, geographical expansion, product innovation, and continued investment in the team.










Allure Names 2021 Best of Beauty Award Winners

Allure announced its 25th annual Best of Beauty award winners, awarding the signature red seal to more than 300 Best of Beauty winners across fourteen categories, as well as naming six Hall of Fame winners and seven Best of Beauty Breakthrough winners. While large global players including Neutrogena, Pantene, Maybelline, Dove and Urban Decay received recognition, numerous high-growth indie beauty brands garnered awards including Westman Atelier, Saie, Kosas, Summer Fridays, Megababe, Elaluz, Glow Recipe, Ceremonia, Briogeo, Indie Lee, Tower 28, and Jones Road, among others.



Publicly Traded Companies (USD Millions)

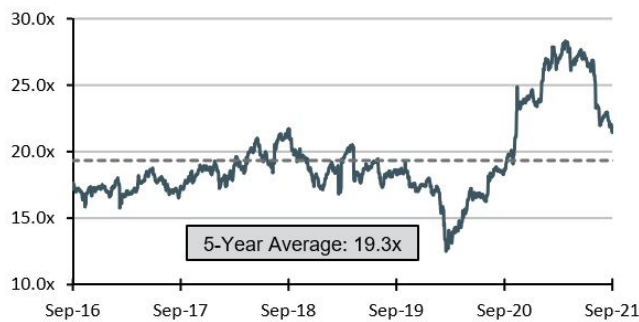
Company	Enterprise Value	Market Cap	Last Twelve Months			Revenue Growth		Enterprise Value / LTM	
			Revenue	Gross Margin	EBITDA Margin	1-year	3-year CAGR	Revenue	EBITDA
AMOREPACIFIC	\$4,643	\$3,353	\$4,331	72.6%	16.3%	(0.1%)	(5.0%)	1.1x	6.6x
 BDF Beiersdorf	\$22,049	\$24,021	\$8,442	57.8%	16.8%	4.3%	1.2%	2.6x	15.6x
 COTY	\$13,289	\$6,414	\$4,878	61.2%	15.5%	10.1%	(19.0%)	2.7x	17.6x
 elf	\$1,593	\$1,506	\$370	63.7%	12.6%	26.6%	11.0%	4.3x	34.3x
 ESTÉE LAUDER COMPANIES	\$112,338	\$108,321	\$17,045	76.2%	23.2%	22.1%	7.0%	6.6x	28.4x
 KOSÉ	\$5,967	\$6,662	\$2,374	72.3%	10.7%	(5.3%)	(5.2%)	2.5x	23.5x
L'ORÉAL	\$222,820	\$225,502	\$34,121	73.8%	23.7%	7.3%	4.4%	6.5x	27.6x
 M A V BEAUTY BRANDS	\$189	\$64	\$106	42.5%	14.9%	(14.0%)	11.3%	1.8x	11.9x
OLAPLEX	\$16,569	\$15,879	\$525	80.8%	63.8%	254.3%	nm	31.6x	49.5x
REVLON	\$3,878	\$542	\$2,090	58.4%	9.4%	5.7%	(7.1%)	1.9x	19.8x
 SHISEIDO	\$28,063	\$26,277	\$8,837	74.4%	10.5%	7.9%	(2.1%)	3.2x	30.2x

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

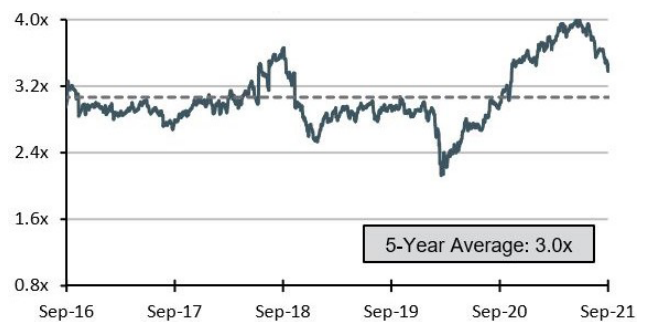
Mean	66.7%	19.8%	29.0%	(0.4%)	3.3x	21.5x
Median	72.3%	15.5%	7.3%	(0.5%)	2.7x	23.5x

Historical Public Company Trading Multiples

TEV / EBITDA Multiples

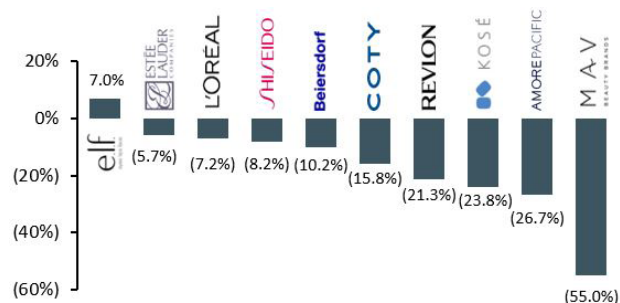


TEV / Revenue Multiples



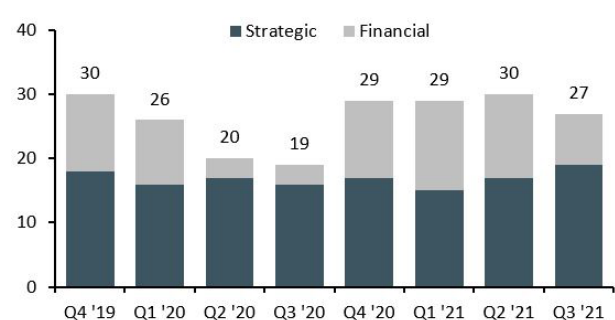
Global Beauty Care Stock Price Performance

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 an investment from</p>  <p>(HPH II Investments Master Fund, LP and affiliates)</p> <p>Advisor to Raw Sugar</p>	 <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>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>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 LANZA®</p> <p>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>enaltus</p> <p>a portfolio company of</p>  <p>has sold the brand</p> <p>ScarAway</p> <p>to</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>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>Advisor to Berlin Industries</p>	 <p>has been acquired by</p> <p>Markham Prestige Group</p> <p>owners of</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>Advisor to JOICO*</p>	<p>product club</p> <p>has been acquired by</p>  <p>Advisor to Product Club</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

Associate



Cooper Engelman

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.

intrepidib.com | Mergers & Acquisitions | Capital Markets | Strategic Advisory | A subsidiary of MUFG Union Bank

11755 Wilshire Blvd., 22nd Floor, Los Angeles, CA 90025 | T 310.478.9000 | Member FINRA/SIPC