



*Beauty Care M&A Report - Q2'22*

# Beauty Care M&A Declines Amidst Rising Economic Uncertainty

**Mergers & Acquisitions | Capital Advisory**

Los Angeles | Menlo Park | Charlotte | Chicago | New York | [intrepidib.com](http://intrepidib.com) | 310.478.9000

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## Beauty Care M&A Declines Amidst Rising Economic Uncertainty

As a result of increasing recession fears and continued stock market volatility, the Beauty Care industry experienced a significant drop in M&A volume in Q2'22, down 20% from Q2'21 and 17% from Q1'22. With only 24 transactions, Q2'22 ranked the lowest volume quarter since pandemic-impacted Q3'20.

Similar to last quarter, deal volume in Q2'22 was dominated by strategic buyers including Unilever, Wella, Helen of Troy, LG Household & Health Care, and Puig. Private equity remained active in the Beauty Care sector with deals announced by Gauge Capital, Eurazeo, Knox Lane, Sandbridge Capital, and Bansk Group – as well as activity from L Catterton and HGGC-backed Beauty Industry Group. From a category perspective, hair care transactions led the way with deals including BondiBoost, amika and Eva NYC, Gisou, Nutrafol, Briogeo, Curlsmith, and Bellami. In addition, Beauty Care contract manufacturing M&A activity continued with Knox Lane's strategic investment in Elevation Labs. Lastly, concerns of a pending recessionary environment were amplified by the Revlon bankruptcy filing.

Intrepid anticipates continued softness in the Beauty Care M&A markets for the next couple of quarters. The bar for consumer discretionary investments is rising due to macroeconomic concerns and increasing uncertainty, resulting in broken processes and delayed market timing from some sellers. Despite lower volumes, Intrepid believes that the Beauty Care M&A market will prove resilient for high-quality, rapidly growing brands given strong underlying fundamentals and supply-demand dynamics, as evidenced by our Intrepid deal pipeline and active M&A processes.

### **Q2'22 Beauty Care M&A highlights include:**

- Deal volume was down 20% from Q2'21 and down over 17% from Q1'22.
- Strategic acquirers dominated the quarter with acquisitions from Unilever (Nutrafol), Wella (Briogeo), Helen of Troy (Curlsmith), LG Household & Health Care (The Crème Shop), and Puig (Byredo).
- Private equity interest remained high in the Beauty Care sector with majority investments in BondiBoost by Gauge Capital, amika and Eva NYC by Bansk Group, and Elevation Labs by Knox Lane as well as minority investments in Gisou by Eurazeo and U Beauty by Sandbridge Capital.
- Hair care transactions led the way with deals including BondiBoost, amika and Eva NYC, Gisou, Nutrafol, Briogeo, Curlsmith, and Bellami.
- Private equity-backed Beauty Industry Group announced the acquisition of Bellami Hair (less than a year after L Catterton invested in the platform alongside HGGC).
- Continued M&A activity in the Beauty Care contract manufacturing sector.



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## Recently Closed Transactions

### Wella Acquires Natural Hair Care Brand Briogeo

Wella Company has made its first portfolio expansion investment under ownership of KKR, acquiring prestige, eco-ethical hair care brand Briogeo. Founded in 2013 by Nancy Twine, Briogeo offers a comprehensive line of shampoos, conditioners, serums, supplements, and brushes for all hair types, textures, ethnicities, and backgrounds. The company has become one of the largest, independent Black-owned brands and is sold through its company-owned Website, Amazon, and select prestige retail partners including Sephora, Ulta, Bloomingdales, and Revolve. According to industry sources, Briogeo generated over \$100 million of revenue in 2021. Briogeo will join the Wella Company portfolio of brands including Wella Professionals, ghd, O-P-I, Nioxin, Sebastian Professional, and Clairol and will leverage the new product development, digital marketing, and global operations expertise at Wella Company to expand into salon channels and grow its international footprint. Founder Nancy Twine will join Wella Company's executive leadership team. VMG Partners previously made a minority investment in Briogeo in 2019.

**Briogeo**



### LG Household & Health Care Takes a Controlling Stake in The Crème Shop

LG Household & Health Care acquired a 65% stake in Los Angeles-based K-Beauty brand The Crème Shop, for \$120 million. Founded in 1988 by South Korean immigrants Theresa and Lawrence Kim, The Crème Shop offers color cosmetics, skin care, and beauty accessories targeted towards Gen Z and Millennial consumers. The company sells affordable, high-quality products direct-to-consumer and across the food, drug, mass, and specialty retail channels with key retailers including Target, CVS, and Ulta. The investment will bolster the brand's presence in North America and further expand its geographic reach. According to industry sources, The Crème Shop experienced U.S. sales growth of over 30% during the last three years. Following the all-cash deal, LG Household & Healthcare has a call option to purchase the remaining 35% stake by 2027.



 LG Household & Health Care

### Bansk Group Acquires Majority Stake in amika and Eva NYC

Bansk Group announced the acquisition of sustainability and inclusivity-focused hair care brands, amika and Eva NYC. Founded in Brooklyn, New York in 2009, amika is a professional-quality, solution-oriented prestige hair care brand for all hair types and textures. The brand is sold through its company-owned Website, professional and specialty retailers, prestige retailers including Sephora, and third-party online retailers including Amazon. Founded in 2012, Eva NYC is a masstige hair care brand delivering a comprehensive line of professional-quality hair care products and tools at affordable price points. The brand sells recyclable, vegan, and cruelty-free products direct-to-consumer and across mass, drug, specialty, and online retail partners, most notably including Amazon and Ulta. Eva NYC ranks the #1 fastest growing mass hair brand at Ulta. According to industry sources, the brands expect to generate a combined \$150 million in sales in 2022. amika and Eva NYC will continue to operate as individual brands under their respective Presidents, Chelsea Riggs and Jane Moran.

**amika:**  
**eva·nyc**  
**Bansk**

### Australian Hair Care Brand BondiBoost Acquired by Gauge Capital

Gauge Capital acquired premium hair care brand BondiBoost. Founded in 2018, the Australia-based brand develops products based on consumer research to address hair thickness and volume as well as scalp health and flakiness. The company has built a strong online community with 687,000 Instagram followers and a Facebook group with over 80,000 members. BondiBoost sells its hair care products, tools, and accessories direct-to-consumer and through retail partners Ulta and Ulta at Target. The acquisition will support expansion into new markets and geographies. According to industry sources, BondiBoost generated \$80 million in sales in 2021.

**BONDI  
BOOST**

**GAUGE  
CAPITAL**



## Recently Closed Transactions (cont.)

### Helen of Troy Announces Acquisition of Curlsmith Premium Hair Care Products

Helen of Troy announced its plans to acquire premium hair care brand, Curlsmith, for \$150 million. Founded in 2017 by L'Oréal and Unilever veteran Michal Berski as a response to the demands of online curly hair enthusiasts, Curlsmith offers vegan, cruelty-free hair care products designed to manage textured hair and empower consumers to embrace naturally curly hair. The products are sold direct-to-consumer as well as through Amazon and key retail partners, including Target, QVC, and Ulta. Curlsmith plans to leverage the Helen of Troy operating platform to advance its new product development and expand its distribution network across channels and geographies. Curlsmith doubled sales from 2020 to 2021, expects continued double-digit revenue growth, and will immediately become the most profitable brand in the Helen of Troy portfolio. The brand expects to generate sales of \$40 million to \$42 million in 2022, implying a revenue multiple of approximately 3.6x to 3.8x and an EBITDA multiple of 10x. The acquisition follows Helen of Troy's purchase of the Drybar products business in 2020 and further expands Helen of Troy's position in the hair care sector. Upon completion of the transaction, Berski will exit the business while the rest of the management team will continue under Helen of Troy's ownership.



### Unilever Acquires Majority Stake in Nutrafol

Unilever announced its plans to acquire a majority stake in Nutrafol, an innovative dermatologist-endorsed hair wellness brand. Founded in 2016, Nutrafol provides clinically effective, physician-formulated hair growth supplements and serums. The formulas are backed by its Synergen Complex, a proprietary blend of medical-grade nutraceutical ingredients. Nutrafol sells its products through its network of over 3,000 physicians as well as through its company-owned Website. The partnership with Unilever will support further investments in clinically proven formulations and product expansion. Additionally, the acquisition is highly complementary to Unilever's portfolio of wellness and supplement brands, which includes Olly, Liquid I.V., and Onnit. According to industry sources, Nutrafol generated \$175 million in sales in 2021, with the majority of revenue derived from existing customers. Unilever Ventures previously invested in Nutrafol alongside L Catterton in a \$35 million Series B financing in 2019 and currently holds a 13.2% stake in the company. Co-Founder and Chief Executive Officer Giorgos Tsetis will continue to lead the brand.



### Eurazeo Completes Minority Investment in Premium Hair Care Brand Gisou

Gisou, a high-growth, premium hair care brand, secured a minority investment from Eurazeo alongside Co-Founders and majority owners Maurtis Stibbe and Negin Mirsalehi, as well as existing minority investor Vaultier7. Netherlands-based Gisou was founded in 2015 with a differentiated and authentic bee-based approach to hair care. The brand has successfully expanded to offer a line of effective honey-based hair and complexion products. Gisou has strong distribution across the prestige retail channel with Sephora, Mecca, Selfridges, Galeries Lafayette, and Douglas as well as through its company-owned Website. The investment will fund expansion across categories, channels, and markets, as well as strengthen its eCommerce capabilities, further expand sustainability initiatives, and support community building. According to industry sources, Gisou expects to generate sales of €100 million in 2023.



### Beauty Industry Group Announces Acquisition of Bellami Hair

Beauty Industry Group, financially backed by private equity firms L Catterton and HGGC, acquired luxury hair extension brand, Bellami Hair. Founded in 2012 by Nikki Eslami and Julius Salerno, Bellami Hair provides premium, ethically sourced hair extensions, wigs, and accessories. In addition, Bellami Hair offers training and education programs for stylists on professional application techniques and styling practices, fostering authentic industry relationships and driving brand loyalty. The company launched direct-to-consumer and successfully expanded to five U.S.-based company-owned stores as well as to professional distribution, selling direct-to-stylists internationally. The transaction provides Bellami Hair with access to product innovation, data analytics, marketing, and supply chain operations expertise while advancing the implementation of its stylist education program. Bellami Hair represents the 14th hair extension brand in Beauty Industry Group's portfolio and furthers its foothold in the professional channel given the Bellami Hair direct-to-salon global network. The transaction came only a few months after L Catterton invested in Beauty Industry Group (as reported in the [Q3'21 Intrepid Beauty Care M&A Report](#)). Co-Founder Nikki Eslami will continue with Beauty Industry Group in an advisory role.



## Recently Closed Transactions (cont.)

### Knox Lane Announces Strategic Investment in Elevation Labs

Knox Lane has entered into a definitive agreement to make a strategic investment in leading developer, formulator, and contract manufacturer of premium beauty products, Elevation Labs. Founded in 1995 in Idaho Falls, Elevation Labs is differentiated in its sustainable and clean beauty capabilities and provides end-to-end capabilities including sourcing, packing, logistics, and regulatory support to over 100 industry-leading brands spanning over 80 product categories. The investment will support production capacity expansion and the current Elevation Labs team, while supplementing internal growth through strategic add-on acquisitions to complement existing capabilities and geographic reach. The transaction falls on the heels of record-breaking M&A activity within the contract manufacturing sector in Q1 2022 (as reported in the [Q1'22 Intrepid Beauty Care M&A Report](#)). Clearview Capital, who previously acquired Elevation Labs in 2014, will exit the business as a result of the transaction.



KNOX-LANE

### Sandbridge Capital Makes Strategic Investment in U Beauty

U Beauty, a luxury science-backed skin care brand, secured its first investment from Sandbridge Capital. Founded in 2020 by Tina Craig and Katie Borghese, U Beauty provides sustainable, clinically tested skin care products formulated with Siren Capsules, a proprietary technology that treats damaged skin with low-level active ingredients. The company sells through its company-owned Website as well as prestige brick-and-mortar and online retailers, including Violet Grey, Net-a-Porter, Nordstrom, Bergdorf Goodman, and Saks Fifth Avenue. According to industry sources, U Beauty expects to surpass \$15 million in sales in 2022. The investment will fund product development, expansion across new retailers and geographies, and select management-level hires. Founders Tina Craig and Katie Borghese will continue to lead the brand.

U BEAUTY










## Industry News

### Revlon Files for Chapter 11 Bankruptcy

Revlon, the 90-year-old New York-based global beauty giant, filed for Chapter 11 bankruptcy with the intention of restructuring obligations to creditors and improving its long-term growth outlook given the ability to reorganize its brand portfolio. The company's capital structure inhibited its ability to navigate supply chain issues during COVID-19 and the current macro-economic environment, reporting \$3.7 billion of debt as of April 2022. Although still below pre-pandemic levels, sales have rebounded after falling 21% to \$1.9 billion in 2020, but a shortage of raw materials still leaves a third of consumer demand unmet and market share lost largely to celebrity-backed beauty startups. Liquidity to support current operations will come from \$575 million of debtor-in-possession financing from Revlon's current lender base. With the exception of Canada and the U.K., the bankruptcy proceedings do not include international operating subsidiaries.

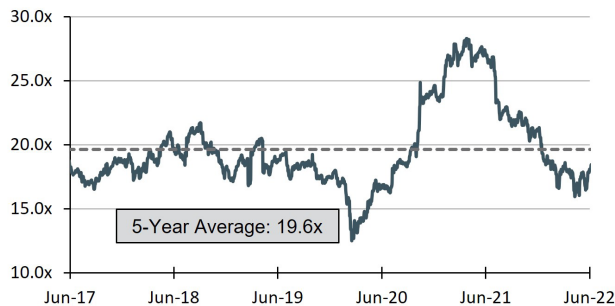
REVLON

## Publicly Traded Companies (USD Millions)

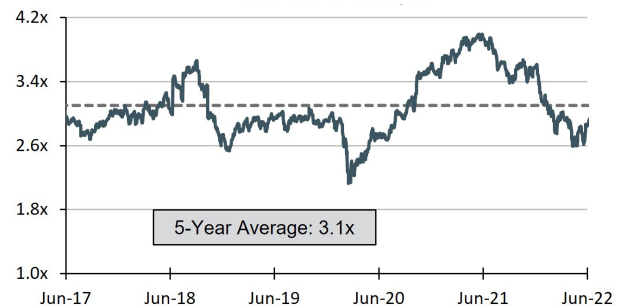
Company	Enterprise Value	Market Cap	Last Twelve Months			Revenue Growth		Enterprise Value / LTM	
			Revenue	Gross Margin	EBITDA Margin	1-year	3-year CAGR	Revenue	EBITDA
AMOREPACIFIC	\$3,380	\$2,143	\$3,473	70.8%	11.7%	(4.6%)	(6.7%)	1.0x	8.3x
 <b>Beiersdorf</b>	\$20,459	\$22,035	\$8,201	56.4%	16.2%	10.5%	3.3%	2.5x	15.4x
 <b>COTY</b>	\$11,672	\$6,722	\$5,304	63.7%	16.1%	14.6%	(5.5%)	2.2x	13.6x
 <b>elf</b>	\$1,677	\$1,604	\$418	65.3%	14.6%	19.1%	15.9%	4.0x	27.6x
 <b>ESTÉE LAUDER</b>	\$95,925	\$91,006	\$17,737	75.7%	24.1%	9.4%	6.1%	5.4x	22.4x
 <b>KOSÉ</b>	\$4,293	\$4,875	\$2,079	70.5%	11.0%	8.0%	(3.5%)	2.1x	18.8x
<b>L'ORÉAL</b>	\$179,575	\$175,999	\$35,337	73.2%	20.9%	17.8%	7.7%	5.1x	24.3x
 <b>M A V</b>	\$142	\$31	\$97	41.3%	12.0%	(11.7%)	(2.4%)	1.5x	12.2x
<b>OLAPLEX</b>	\$9,665	\$9,143	\$725	77.8%	63.8%	60.1%	nm	13.3x	20.9x
<b>REVLON</b>	\$3,650	\$282	\$2,059	58.7%	10.4%	0.6%	(6.5%)	1.8x	17.1x
 <b>SHISEIDO</b>	\$16,541	\$15,069	\$7,070	72.1%	10.7%	1.0%	(3.2%)	2.3x	22.0x
Note: Enterprise Value / LTM Revenue and Enterprise Value / LTM EBITDA means exclude Olaplex (NasdaqGS:OLPX).			Mean	66.0%	19.2%	11.3%	0.5%	2.8x	18.2x
			Median	70.5%	14.6%	9.4%	(2.8%)	2.3x	18.8x

## Historical Public Company Trading Multiples

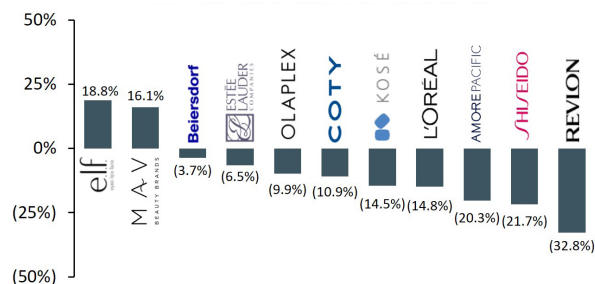
TEV / EBITDA Multiples



TEV / Revenue Multiples

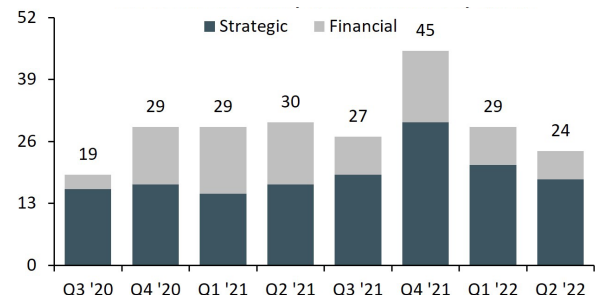


Global Beauty Care Stock Price Performance  
Past Three-Month Stock Price Performance


































Global Beauty Care M&A Transactions

# of Announced Beauty Care Transactions by Quarter





## 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><b>NATIVE</b></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><b>OBAGI</b></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><b>Apostrophe</b></p> <p>has been acquired by</p> <p><b>hims &amp; hers</b> (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><b>ONCAP</b></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</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><b>LORAC</b></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><b>JOICO</b></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 <b>club.</b></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 & Wellness Team

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### About Intrepid's Beauty, Personal Care & Wellness Practice

Intrepid provides dedicated merger and acquisition advisory and capital raising services to the **Beauty, Personal Care & Wellness** 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 & Wellness 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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