



BEAUTY, PERSONAL CARE & WELLNESS

Beauty Care M&A Report – Q1'23

Beauty Care M&A Off to a Rocky Start in 2023

Mergers & Acquisitions | Capital Advisory

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Beauty Care M&A Off to a Rocky Start in 2023

The Beauty Care industry witnessed a significant reduction in M&A volume in Q1'23, down 45% from Q1'22 and 47% from Q4'22. With only 16 transactions, Q1'23 fell short of pandemic-impacted Q3'20 and ranked as the lowest volume quarter in almost 10 years.

Despite lackluster volume, several high-profile Beauty Care M&A transactions occurred in Q1'23, highlighted by Procter & Gamble's acquisition of Mielle Organics for \$640 million, alongside private equity activity from key Beauty Care investors. Notable private equity transactions included the acquisition of Suave North America by Yellow Wood Partners and investments in Makeup by Mario by Provenance and Silas Capital and True Botanicals by NextWorld Evergreen. The quarter also witnessed strategics on the sell-side with the sale of Suave North America and Intuiskin by Unilever and nine dermatology brands by Dr. Reddy's Laboratories.

Recession fears and uncertainty around consumer behavior created headwinds in the Beauty Care M&A markets in Q1'23. However, Intrepid believes much of the slowdown is related to supply rather than demand in the market. In other words, strong beauty brands are sitting on the sideline waiting for investor concerns to pass while demand remains resilient, particularly from beauty focused private equity groups that continue to be highly interested in investing in high-quality, fast-growing beauty brands and are still willing to pay premium multiples. Given these supply-demand dynamics, favorable underlying beauty care fundamentals, and the dearth of deals thus far in 2023, Intrepid believes there is a growing backlog of beauty care deals that will inevitably create a strong rebound in the Beauty Care M&A markets. The question remains whether we will see that rebound later in 2023 or we will have to wait until 2024.

Q1'23 Beauty Care M&A highlights include:

- Deal volume was down 45% from Q1'22 and down 47% from Q4'22.
- Strategic buyer activity was light but highlighted by Procter & Gamble's acquisition of Mielle Organics.
- Strategic buyers were sellers in the quarter with divestments from Unilever and Dr. Reddy's Laboratories.
- Private equity remained active with deals announced by Yellow Wood, Provenance, Silas Capital, NextWorld Evergreen, Carlyle, and Boathouse Capital.
- Continued consolidation and increasing M&A activity in the Beauty Care contract manufacturing and packaging sectors.
- Beauty care public market activity continued as Kenvue, Johnson & Johnson's consumer health unit, filed for an IPO.



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Recently Closed Transactions

Procter & Gamble Acquires Mielle Organics

Procter & Gamble acquired textured hair care brand, Mielle Organics, for \$640 million. Founded in 2014 by wife-and-husband duo, Monique and Melvin Rodriguez, Mielle Organics offers hair and skin care products formulated with natural ingredients designed for Black women. The purpose-driven brand is sold direct-to-consumer and on Amazon as well as through mass retailers including Walmart, Target, and CVS. The acquisition will support the Mielle Organics team and vision to further expand access and availability of healthy hair products and services for Black women around the world. In addition, the acquisition aligns with Procter & Gamble's investments in advancing gender and racial equity through award-winning platforms including the launch of the My Black is Beautiful campaign and acquisition of Walker & Company, a portfolio of multicultural health and beauty brands (as reported in the [Q4'18 Intrepid Beauty Care M&A Report](#)). The brand had previously received an investment from Berkshire Partners in March 2021. As part of the transaction, Berkshire Partners will exit the business. Following the acquisition, Mielle Organics will operate as an independent subsidiary of Procter & Gamble, led by Monique and Melvin Rodriguez in their roles as Chief Executive Officer and Chief Operating Officer, respectively.



Yellow Wood Acquires Suave North America from Unilever

Yellow Wood Partners acquired the North America hair and body care business of Suave from Unilever. Founded in 1930, Suave offers a broad portfolio of hair care, personal care, and skin care products, including shampoo, conditioner, body wash, deodorant, and skin care. Suave products are sold across the food, drug, mass, and eCommerce channels. Yellow Wood plans to grow the brand through an increased digital presence and build-out of key product categories. In addition, Yellow Wood will use Suave as a platform for further add-on acquisitions focused on personal care in the mass and masstige channels. The acquisition expands Yellow Wood's portfolio of beauty and personal care platforms, which currently includes Beacon Wellness Brands, PPI Beauty, and Future Beauty Labs. Daniel Alter will assume the role of Chief Executive officer of the newly formed Suave Brands Company. Unilever will maintain ownership of the Suave brand outside of the U.S. and Canada.



Makeup by Mario Lands \$40 Million Investment from Provenance and Silas Capital

Makeup by Mario, an artist-driven color cosmetics brand, secured a \$40 million minority investment from Provenance and Silas Capital, valuing the brand at over \$200 million. Founded in 2020 by influencer and makeup artist Mario Dedivanovic, the namesake brand offers a prestige line of color cosmetics direct-to-consumer and exclusively through Sephora in North America. The investment will further build the Makeup by Mario management team, bolster its direct-to-consumer business, and accelerate product line expansion as the brand launches with Sephora across Europe and Asia. According to industry sources, Makeup by Mario has doubled sales annually since inception and expects to reach \$100 million of revenue in 2023.



True Botanicals Lands Investment from NextWorld Evergreen

Prestige clean skin care brand True Botanicals secured a Series B investment from NextWorld Evergreen. Founded in 2014 by Hillary Peterson, True Botanicals offers sustainable skin care products that are certified Made Safe, the industry's most comprehensive ingredient safety certification. The products are sold direct-to-consumer and at select premium and specialty retailers, including Nordstrom, Credo Beauty, and The Detox Market. The investment will enable True Botanicals to leverage NextWorld Evergreen's expertise in beauty, ESG, and omnichannel retail, and will support growing brand awareness and retail expansion. According to industry sources, True Botanicals expected to generate approximately \$50 million in sales in 2022. Sonoma Brands, Unilever Ventures, and Cue Ball Capital participated in previous funding rounds. Following the investment, the brand will be led by an all-female board including Founder Hillary Peterson. The investment bolsters NextWorld Evergreen's beauty experience, which includes its current investment in Credo Beauty and prior investment in W3ll People.



Eris Lifesciences Acquires Nine Dermatology Brands from Dr. Reddy's Laboratories

India-based pharmaceutical company, Eris Lifesciences, acquired nine dermatology brands from Dr. Reddy's Laboratories for \$33 million. The acquired brands include Hydroheal, Revilus, Avarita, and Aquaderm. The transaction further expands Eris' portfolio of dermatology brands following its acquisition of nine anti-fungal and anti-psoriasis brands from Glenmark Pharma in January 2023. Furthermore, the acquisition increases Eris' foothold in the Indian dermatology market, establishing Eris as the third largest player with 7% market share, according to industry sources. The transaction is also in line with Dr Reddy's stated desire to divest non-core brands, focus on organic growth of core brands, and pursue strategic acquisitions that support its purpose-driven positioning that "good health can't wait."



Recently Closed Transactions (cont.)

Glamsquad Secures Minority Investment from Boathouse Capital

Glamsquad, a digital beauty platform, secured a minority investment from Boathouse Capital. Founded in 2014, Glamsquad is a beauty app that connects users with vetted beauty professionals to provide quality on-demand makeup, nail, and hairstyling services in six cities across the U.S. The investment will support expansion into 15 to 20 cities over the next two years as well as expand its service offering, build out its experiential marketing strategy, and bolster the Glamsquad team. According to industry sources, Glamsquad has been profitable for the last 18 months and expects to generate sales of \$20 million in 2023. Participants in previous rounds of funding include SoftBank Capital, Lerer Hippeau Ventures, Montage Ventures, and AOL's BBG Ventures.

GLAMSQUAD



Carlyle Acquires Majority Stake in Beauty Service Platform VLCC for \$300 Million

The Carlyle Group acquired a majority stake in India-based VLCC Healthcare Ltd., for approximately \$300 million at a \$429 million valuation. Founded in 1989, VLCC provides aesthetic dermal treatments and weight management services as well as branded skin care products through 210 company-owned retail clinics across South Asia, the Middle East, and Africa in addition to operating 100 skill development institutes. The investment will help build the VLCC brand, product variety, marketing efforts, and its eCommerce network, and expand its local footprint of retail clinics. The acquisition follows a flurry of transactions in the aesthetic services sector in Q4 2022 and highlights Carlyle's recent focus in India, falling on the heels of over \$5.5 billion of equity investments in over 40 transactions in India as of September 2022. According to industry sources, VLCC is expected to generate \$130 million of revenue and \$29.3 million of EBITDA in the fiscal year ending March 2023, representing a 3.3x revenue multiple and 14.6x EBITDA multiple.



Beauty Health Company Acquires SkinStylus

The Beauty Health Company announced plans to acquire SkinStylus, a provider of FDA-cleared microneedling devices. Founded by a team of skin care and aesthetics professionals, SkinStylus devices are clinically proven to improve the appearance of surgical or traumatic hypertrophic scars on the abdomen in adults and are sold exclusively through the professional channel. The transaction supports The Beauty Health Company's initiative to create an interconnected platform of beauty, health, and wellness brands and services by expanding upon their current portfolio, including flagship brand Hydrafacial. Following the acquisition, The Beauty Health Company plans to seek additional FDA clearances and regulatory approvals to expand SkinStylus internationally.



Ieva Group Acquired Intuiskin from Unilever

Ieva Group acquired Intuiskin from Unilever in parallel with the completion of a €9 million round of funding led by Crédit Mutuel Innovation. Founded by Jean Michel Karam in 2010, Intuiskin offers personalized skin and hair care under the IOMA, IOMA Hair, and Made with Care brands. Formulated from a growing database of over 1 million diagnostics, the Intuiskin brands are sold direct-to-consumer, on Amazon, and through specialty retailers. The acquisition will strengthen Ieva Group's beauty portfolio, which includes cosmetic brands Atelier du Sourcil and Boudoir du Regard, as well as organic hair care brand Elenature. Unilever will retain a minority stake in the business following the transaction.



Beauty Contract Manufacturing & Packaging Consolidation Continues

Activity in the beauty care contract manufacturing and packaging sectors remained high in the first quarter of 2023. Italian color cosmetics manufacturer Gotha Cosmetics acquired Beauty Rain, a color cosmetics assembly and packaging company. The transaction follows Gotha Cosmetics' acquisitions of iColor Group (as reported in the [Q1'22 Intrepid Beauty Care M&A Report](#)) and Mia Cosmetics in 2022. Consumer, aerospace, and industrial manufacturer TriMas acquired Netherlands-based luxury packaging company Aarts Packaging. The transaction expands TriMas' footprint in beauty applications by broadening the company's offerings in cosmetic dispenser closures and beauty packaging design solutions in addition to expanding TriMas' presence in food packaging and medical applications.



Industry News

Forma Brands Acquired by Lenders in Bankruptcy Sale

Forma Brands, parent company of beauty brands including Morphe and Lipstick Queen, was acquired by lenders in exchange for \$690 million in debt relief. In January 2023, Forma Brands announced the shutdown of all its U.S. stores and filed for voluntary Chapter 11 bankruptcy after experiencing supply chain issues and pulling back from large revenue-driving influencer partnerships. The lenders, including Jeffries Finance, Cerberus Capital Management, FB Intermediate Holdings, and @vest, will establish a new capital structure to increase profitability and provide support for the execution of long-term growth opportunities, largely focused on global wholesale and eCommerce operations. Cliff Moskowitz, an operating partner at @vest, will assume the role of Forma Brands' Chief Executive Officer. During the restructuring, Ariana Grande reached an agreement to repurchase all assets of R.E.M. Beauty, the beauty brand she previously licensed to Forma Brands, for \$15 million.

FORMA
r.e.m.beauty

Public Market Activity Continues as Kenvue Files for IPO

Following a flurry of IPOs in Q4 2022 (as reported in the [Q4'22 Intrepid Beauty Care M&A Report](#)), beauty and personal care public market activity continued into the new year. Kenvue Inc., Johnson & Johnson's consumer health unit, filed to be listed on the New York Stock Exchange as an independent company. According to industry sources, the division generated \$15 billion in revenue in 2022 and is responsible for brands such as Neutrogena, Aveeno, Dr.Ci:Labo, and Tylenol. Upon completion of the offering, Johnson & Johnson will maintain over 80% of the voting power of Kenvue's shares. The spin-off will allow the company to advance more targeted business strategies focused on personal care and consumer health and streamline operations.






K kenvue

High-Performing Beauty Brands Continue to Secure Funding

Beauty brands continue to attract venture capital interest despite an overall decline in market activity. Live Tinted, Los Angeles-based skin care and color cosmetics brand, closed a \$10 million Series A funding round led by Monogram Capital to fuel growth at Ulta Beauty as well as support product innovation, new marketing and executive hires, and category expansion. California-based sustainable beauty brand Caliray closed a \$5 million Series A funding round led by True Beauty Ventures to accelerate product innovation and support the brand's exclusive retail partnership with Sephora. Inclusive beauty retailer Thirteen Lune closed an \$8 million seed round to drive omnichannel expansion including support for the company's private-label brand Relevant: Your Skin Seen, its company-owned flagship store, and in-store partnership with JCPenney. Glowbar, provider of fast-service facials, landed a \$10 million Series A funding round led by Peterson Partners. The funding will enable Glowbar to double its studio locations on the East Coast and support professional development for aestheticians. Finally, Australian prebiotic scalp care brand Straand secured a \$2 million pre-seed investment from Unilever Ventures to accelerate geographic expansion into the U.S., U.K., Europe, and China.

LIVE TINTED
caliray
thirteen lune
GLOWBAR
STRAAND™

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	\$3,787	\$2,364	\$3,220	69.8%	11.5%	(18.5%)	(10.5%)	1.2x	10.2x
 Beiersdorf	\$27,806	\$29,702	\$9,606	56.3%	16.2%	11.0%	5.7%	2.9x	17.8x
COTY	\$14,813	\$10,282	\$5,371	63.8%	15.8%	3.3%	11.1%	2.8x	17.5x
 elf	\$4,387	\$4,389	\$579	67.4%	14.7%	47.6%	27.0%	7.6x	51.5x
 ESTÉE LAUDER COMPANIES	\$92,756	\$88,040	\$15,862	72.1%	16.9%	(12.4%)	0.9%	5.8x	34.6x
 KOSÉ	\$5,564	\$6,187	\$2,063	71.7%	12.7%	(0.7%)	(3.1%)	2.7x	21.2x
L'ORÉAL	\$243,574	\$240,279	\$41,769	72.4%	21.7%	13.0%	9.7%	5.8x	26.9x
OLAPLEX	\$3,124	\$2,784	\$632	73.8%	54.4%	(5.2%)	62.2%	4.9x	9.1x
 SHISEIDO	\$18,335	\$17,082	\$7,424	69.6%	9.8%	4.7%	(0.4%)	2.5x	25.1x
Mean				68.5%	19.3%	4.8%	11.4%	4.0x	23.8x
Median				69.8%	15.8%	3.3%	5.7%	2.9x	21.2x

Historical Public Company Trading Multiples

TEV / EBITDA Multiples

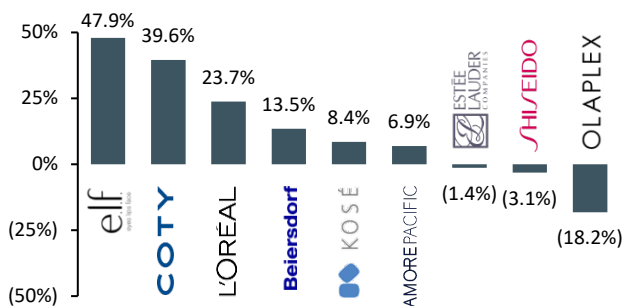


TEV / Revenue Multiples



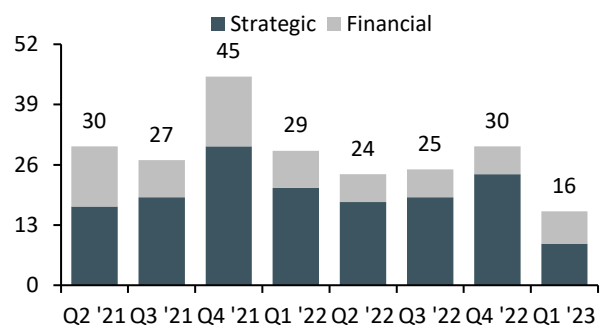
Global Beauty Care Stock Price Performance

Past Three-Month Stock Price Performance



Global Beauty Care M&A Transactions

of Announced Beauty Care Transactions by Quarter



Note: Historical Enterprise Value / LTM Revenue and Enterprise Value / LTM EBITDA means exclude Olaplex (NasdaqGS:OLPX).

Select Transactions

<p>D I M E</p> <p>has received an equity investment from</p>  <p>Advisor to DIME Beauty</p>	<p><i>tubby todd</i> BATH CO</p> <p>has received an equity investment from</p>  <p>Advisor to Tubby Todd Bath Co.</p>	<p>RAW SUGAR</p> <p>has received an equity investment from</p>  <p>Advisor to Raw Sugar</p>	<p>EVERY MAN JACK</p> <p>has received a majority equity investment from</p>  <p>Advisor to Every Man Jack</p>	<p>NATIVE</p> <p>has been acquired by</p>  <p>Advisor to Native</p>
<p><i>Lilly LASHES</i></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><i>Too Faced</i></p> <p>a portfolio company of</p> <p>WESTON PRESIDIO</p> <p>has received an investment from</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> PUREOLOGY serious colour care</p> <p>a portfolio company of</p>  <p>has been acquired by</p> <p>LOREAL</p> <p>Advisor to Pureology*</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>enaltus</p> <p>a portfolio company of</p>  <p>has sold the brand</p>  <p>to</p>  <p>Advisor to Enaltus</p>	<p>Berlin Industries, Inc. dba</p>  <p>has been acquired by</p>  <p>KOBAYASHI</p> <p>Advisor to Berlin Industries</p>	<p> KAINOS CHANGE CAPITAL AT WORK</p> <p>has made a minority investment in</p> <p>BEAUTYBIO</p> <p>Advisor to Kainos Capital</p>
<p>CHATTERS HAIR BEAUTY SALON</p> <p>has been acquired by</p>  <p>in partnership with the existing management team</p> <p>Advisor to Chatters Canada</p>	<p>DAVEXLABS LLC dba</p> <p>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>Continental Fragrances, Ltd. dba</p>  <p>has been acquired by</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>JOICO</p> <p>and its subsidiaries has been acquired by</p>  <p>A subsidiary of</p> <p>SHISEIDO</p> <p>Advisor to JOICO*</p>

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



Beauty, Personal Care & Wellness Team

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



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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, personal care & wellness 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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