



BEAUTY, PERSONAL CARE & WELLNESS

*Beauty Care M&A Report – Q4'22*

# Beauty Care M&A Ends Down Year on a Positive Note

**Mergers & Acquisitions | Capital Advisory**

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## Beauty Care M&A Ends Down Year on a Positive Note

M&A activity in the Beauty Care sector remained depressed in Q4'22, down 33% from Q4'21. Despite the drop from last year, the beauty care M&A markets ended the year on a high note with 30 deals in the fourth quarter, a 20% increase in deal volume over Q3'22. Despite the summer slowdown over the last two quarters as well as continued macroeconomic challenges, the year finished with more than 100 Beauty Care M&A deals, representing less than an 18% decrease versus the record high in 2021.

Strategic acquirers led the quarter with deals announced by Heyday, Beiersdorf, Havea, Silverwood Brands, and Starco Brands. Private equity activity slowed but there were notable investments from KKR, TSG Consumer, Stride Consumer, Manzanita Capital, and 5th Century Partners. The quarter also highlighted increasing private equity interest in the beauty services sector as highlighted by KKR's investment in SkinSpirit and TSG Consumer's acquisition of Sola Salons and Woodhouse Spas.

Despite continued volatility in the public markets, the quarter witnessed a flurry of Beauty Care IPOs including Perfect Corp., Shanghai Chicmax Cosmetic Co., and Giant Biogene. In addition, there was an increase in venture capital activity in the sector for high-performing brands. Lastly, the quarter brought further beauty shutdowns including color brands Vapour Beauty and Lilah B.

With inflationary pressures and macroeconomic uncertainty, Intrepid expects continued softness in the Beauty Care M&A markets moving into 2023. Despite challenges, Intrepid remains optimistic on the sector – in particular for high-quality brands, which we believe will continue to benefit from strong category interest and favorable supply-demand dynamics resulting in attractive valuations for such sellers.

### *Q4'22 Beauty Care M&A highlights include:*

- Deal volume was up 20% from Q3'22 but down 33% from Q4'21.
- Strategic buyers led the quarter with deals announced by Heyday, Beiersdorf, Havea, Silverwood Brands (which announced three deals this quarter), and Starco Brands.
- Continued investment activity from private equity including deals announced by KKR, TSG Consumer, Stride Consumer, Manzanita Capital, and 5th Century Partners.
- Increasing private equity interest in the beauty services sector as highlighted by KKR's investment in SkinSpirit and TSG Consumer's acquisition of Sola Salons and Woodhouse Spas.
- Flurry of Beauty Care IPOs including Perfect Corp., Shanghai Chicmax Cosmetic Co., and Giant Biogene.



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## Recently Closed Transactions

### KKR Makes Minority Investment in SkinSpirit

SkinSpirit, a provider of medical beauty services, secured a minority investment from KKR. Founded in 2003 in Palo Alto, California, SkinSpirit is a leading provider of Botox and dermal fillers in the U.S. with over 31 skin care clinics nationwide. The company's service offerings also include microneedling, laser, and body sculpting treatments. Having more than doubled its number of clinics since 2020, the investment will allow SkinSpirit to continue its current pace of expansion while scaling its product and service offerings. GreyLion previously invested in the brand in 2018 and will remain a minority owner. Co-Founder and CEO, Lynn Heublein, will continue to lead the company following the transaction.



### TSG Consumer Acquires Sola Salons and Woodhouse Spas

TSG Consumer Partners acquired a majority stake in Radiance Holdings, a beauty, health, and wellness platform. Formed in Denver, Colorado in 2020, the Radiance Holdings portfolio is 85% franchised and includes Sola Salons, the world's largest salon studios franchise; Woodhouse Spas, the largest premium day spa brand in the U.S.; and BeautyHive, an online distributor of professional beauty products. The partnership will enable Radiance Holdings to leverage TSG's resources and expertise in scaling beauty and franchise brands. In addition, the investment will help bolster initiatives in digital marketing, franchise development, service line extensions, and strategic acquisitions. MPK Equity Partners previously invested in Sola Salons in 2018 (as reported in the [Q4'18 Intrepid Beauty Care M&A Report](#)) and will exit its investment as a result of the transaction. The Radiance Holdings management team, led by CEO Christina Russell, will continue to lead the company.



### Heyday Acquires ZitSticka

Heyday, the San Francisco-based, digitally-native brand acquisition and incubation platform, acquired anti-acne skin care brand, ZitSticka. Founded in 2018 in New York, ZitSticka is a solutions-driven skin care brand focused on treatments for every stage of the acne life cycle. The brand sells its hero acne patch, the Killa patch, as well as complementary supplements and topical solutions across the prestige, mass, and specialty retail channels as well as direct-to-consumer and on Amazon. The acquisition will allow ZitSticka to expand its omnichannel distribution platform and further strengthen its product development and digital advertising initiatives. Co-Founders Robbie Miller and Daniel Kaplan will transition to advisory roles under Heyday's ownership. The acquisition represents the third transaction this year in the acne patch segment, following Church & Dwight's acquisition of Hero Cosmetics in September (as reported in the [Q3'22 Intrepid Beauty Care M&A Report](#)) and 5th Century Partners' investment in Peace Out Skincare in October.



### Patrick TA Lands Minority Investment from Stride Consumer Partners

Stride Consumer Partners has taken a minority stake in namesake beauty brand, Patrick Ta Beauty. Founded in 2019 by celebrity makeup artist Patrick Ta alongside Rima and Avo Minasyan, the brand offers a comprehensive line of luxury color cosmetics developed to amplify natural beauty. Patrick Ta Beauty is sold direct-to-consumer and exclusively at Sephora in the U.S., Flannels in the U.K., and Cult Beauty internationally. The investment will fund distribution expansion with a focus on Sephora as well as product innovation. According to industry sources, the brand is expected to reach \$30 million in revenue in 2022, with 70% to 80% of revenue attributed to Sephora. This transaction marks Stride's second beauty investment, following its acquisition of Skinfix in 2021 (as reported in the [Q4'21 Intrepid Beauty Care M&A Report](#)).



### Hair by Sam McKnight Secures Investment from Manzanita Capital

Manzanita Capital completed a minority investment in luxury hair care brand, Hair by Sam McKnight. Founded in 2017 by world renowned hair stylist Sam McKnight, the U.K.-based brand sells its prestige hair styling and hair care products direct-to-consumer through its company-owned Website as well as at select premium retailers including Violet Grey and Space NK. The investment will accelerate growth by bringing innovative products and content to its consumers. According to industry sources, makeup artist Charlotte Tilbury, French fashion designer Olivier Rousteing, Founder of sustainable beauty brand Lady Bamford, and the Versace family also participated in the round.



## Recently Closed Transactions (cont.)

### Peace Out Skincare Lands Investment from 5th Century Partners

Peace Out Skincare, a multi-generational acne and lifestyle brand, received its first outside funding with a \$20 million investment from 5th Century Partners. Founded in 2017 by Enrico Frezza, Peace Out Skincare offers clean, fun, and easy-to-use skin care focused on effective solutions for all skin types. The brand's marquee over-the-counter approved acne dot along with its serums, cleansers, and best-selling retinol eye and face sticks are sold direct-to-consumer, on Amazon, and through premium retailers including Ulta and Sephora. According to industry sources, Peace Out Skincare quickly became the top-selling acne brand in Sephora and is estimated to reach between \$50 and \$60 million in global retail sales in 2022. The investment will help build out the Peace Out Skincare team as well as accelerate product development and retail expansion initiatives.



### Silverwood Brands Leads Beauty M&A Activity for the Quarter

U.K.-based investment company, Silverwood Brands, led M&A activity with three investments in the beauty and personal care sector in the fourth quarter. The company acquired premium nail products brand, Nailberry, for a total cash consideration of £10 million. Founded in 2013 by Sonia Hully, Nailberry offers luxury, vegan, and cruelty-free nail products across the professional, specialty, prestige, and direct-to-consumer distribution channels. Following the acquisition, Silverwood Brands announced it had conditionally secured a 20% stake in Lush Cosmetics for £217 million in consideration. Founded in 1995, Lush manufactures and sells handmade skin care products and cosmetics at its company-owned stores in 48 countries. Silverwood Brands further diversified its portfolio internationally by conditionally acquiring 90% of Japanese skin care manufacturer Sonotas for £18 million. Sonotas manufactures, imports, and exports skin care products and operates the brands Steamcream and Cigarro. Silverwood Brands entered into a put and call option agreement with Executive Director Andrew Tone to acquire the remaining 10% stake during the six month period following four years from the completion of the transaction.



**LUSH**



sonotas

**SILVERWOOD\***  
BRANDS PLC

### Starco Brands Acquires Skylar Body

Starco Brands acquired disruptive fragrance and beauty brand Skylar Body, for \$16 million. Founded in 2017 by Cat Chen, Skylar Body offers hypoallergenic, clean, and cruelty-free fragrances through its company-owned Website, Amazon, and premium retailers including Sephora. The transaction follows Starco Brands' recent acquisition of athlete-focused personal care brand, Art of Sport, in September 2022. Following the transaction, Founder and CEO Cat Chen will continue to lead the company.



**STARCO**  
brands



## Industry News

### Flurry of Beauty Care IPOs in Fourth Quarter

Public market activity ramped up in the beauty care sector this quarter. The Perfect Corp., a Taiwan-based provider of artificial intelligence and augmented reality solutions to the beauty industry, listed on the New York Stock Exchange after going public through a \$1.0 billion SPAC deal with Provident Acquisition Corp. Its technology delivers virtual try-on offerings, facial diagnostics, and digital consultations to over 400 beauty brands in over 80 countries. Perfect Corp. recorded \$41 million in revenue last year and is expected to reach over \$100 million in revenue by 2024. As a result of the merger, Perfect Corp. received proceeds of \$335 million, including \$50 million raised through a private investment in public equity (PIPE) from investors including Chanel, Shiseido, and Snap Inc. The deal will allow Perfect Corp. to expand into new geographies and categories. Shanghai Chicmax Cosmetic Co. became the first mainland China cosmetics company to be listed publicly in Hong Kong following the completion of a HK\$1.1 billion (USD \$142 million) initial public offering. Founded in 2002, Shanghai Chicmax Cosmetic Co. is a leading manufacturer and provider of skin care and family care products through a platform of brands including Kans, One Leaf, and Baby Elephant. The transaction proceeds will bolster research and development initiatives. Giant Biogene, China's largest supplier of collagen-based skin care products, was the second beauty care company of the quarter to complete a Hong Kong initial public offering. The Xian-based company manufactures more than 100 products for eight brands spanning beauty, personal care, and medical gels and supplements. According to industry sources, Giant Biogene originally aimed to raise up to \$500 million but ultimately scaled back to \$70 million due to market volatility. The proceeds will be used to further research and development capabilities, expand manufacturing capacity, and enhance the company's sales and distribution network.

PERFECT

CHICMAX 上美

 巨子生物  
GIANT BIOGENE

### Venture Capital Continued to Fund High-Performing Brands

Beauty and personal care continued to attract strong interest, large commitments, and high valuations from venture capital. Luxury skin care brand, Augustinus Bader, secured \$25 million in new funding led by previous investor Impala and new investor General Atlantic. The investment, which values the business at \$1 billion, will be used to support global growth initiatives. Gen Z skin care brand Topicals closed a \$10 million Series A funding round led by Cavu Consumer Partners to support omnichannel growth, new hires, and brand awareness. iNBEAUTY Project, a clean and sustainable skin care brand, closed a \$12 million Series B round led by Alliance Consumer Growth to support Sephora distribution, with plans to expand to Sephora Canada in the first half of 2023. Vegan hair care brand, Dae Hair, closed an \$8 million Series A round led by Verity Venture Partners to expand the executive team and support the brand's Sephora partnership and advertising initiatives. Direct-to-consumer hair care brand, Arey, closed an oversubscribed \$4.15 million seed round, doubling its original \$2 million target. Focused on preventing and slowing the growth of gray hair, the start-up will use the funding for research and development and distribution expansion. Indian beauty brand Renee Cosmetics raised \$25 million in a Series B funding round, valuing the business at \$100 million, to support product development and marketing initiatives. Heyday, personalized skin care services company, landed a \$12 million Series B extension to invest in franchise expansion and expand service offerings, with plans to launch a line of innovative skin care products in 2023.



Augustinus Bader

TOPICALS

iNBEAUTY  
PROJECT

dae

arey

RENÉE

HEYDAY

### Color Cosmetics Brands Shutdown

Color cosmetics brands Lilah B. and Vapour Beauty announced plans to shut down after seven and thirteen years of business, respectively. Founded in 2015 by Cheryl Yannotti Foland, Lilah B. is a luxury cosmetics and skin care brand. The brand was an early mover in the clean beauty movement and is sold direct-to-consumer and through retail partners including Sephora, Net-a-porter, and Bluemercury. Founded in 2009 by Krysia Boinis and Kristine Keheley, Vapour Beauty is a luxury cosmetics brand focused on inclusive, organic beauty across all spectrums of age, race, and gender. The company is financially-backed by Winona Capital's Ancora Investment Holdings and sells its products direct-to-consumer as well as through select retail partners including Nordstrom and Niche Beauty. Lilah B. and Vapour will both wind down business by the end of 2022, joining a list of indie beauty brands, including La Bella Figura and Bite Beauty, to announce shutdowns this year.

lilah b.






VAPOUR

### Procter & Gamble Claims It Will Not Rely on Acquisitions to Drive Growth

Procter & Gamble revealed expectations for the majority of its growth to be organic, with the exception of substantive acquisitions in the beauty and personal care category. Higher financing costs and seller valuation expectations are among the drivers of Procter & Gamble's strategy to refrain from an acquisition-based growth strategy. In recent years, the company has reduced its portfolio from 170 brands to 65 brands, largely focused on efficacious, daily use products. Following the formation of their new Specialty Beauty Division last spring, Procter & Gamble remains focused on substantive acquisitions of prestige brands across categories where the acquirer does not currently dominate the landscape, as highlighted by the acquisitions of Pharmacy Beauty and OUAI (as reported in the [Q4'21 Intrepid Beauty Care M&A Report](#)) as well as Tula Skincare (as reported in the [Q1'22 Intrepid Beauty Care M&A Report](#)).

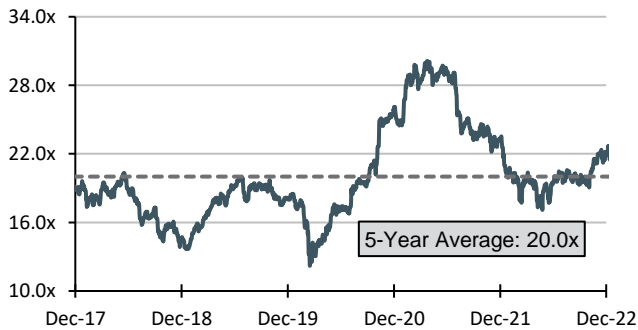


## Publicly Traded Companies (USD Millions)

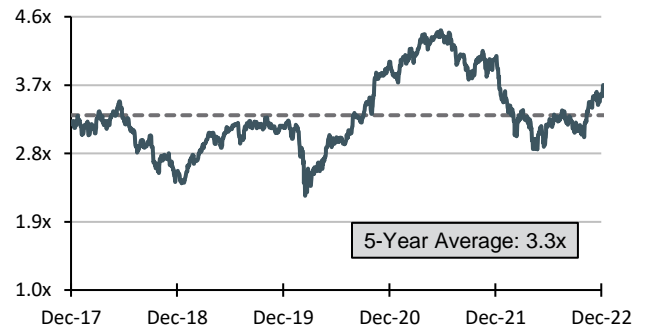
Company	Enterprise Value	Market Cap	Last Twelve Months			Revenue Growth		Enterprise Value / LTM	
			Revenue	Gross Margin	EBITDA Margin	1-year	3-year CAGR	Revenue	EBITDA
AMOREPACIFIC	\$3,645	\$2,195	\$3,465	70.0%	13.2%	(15.6%)	(10.6%)	1.1x	8.0x
 <b>Beiersdorf</b>	\$24,942	\$26,644	\$9,642	56.3%	16.2%	15.4%	4.8%	2.6x	15.9x
<b>COTY</b>	\$12,134	\$7,277	\$5,268	64.2%	16.7%	4.5%	2.9%	2.3x	13.8x
 <b>elf</b>	\$2,954	\$2,927	\$497	66.2%	16.0%	30.8%	21.9%	5.9x	37.1x
 <b>ESTÉE LAUDER COMPANIES</b>	\$94,047	\$88,529	\$16,356	73.9%	20.4%	(7.8%)	1.0%	5.7x	28.2x
 <b>KOSÉ</b>	\$5,102	\$5,711	\$2,007	71.1%	11.3%	(3.7%)	(4.7%)	2.5x	22.5x
<b>L'ORÉAL</b>	\$201,128	\$195,637	\$41,925	72.4%	21.7%	18.5%	8.6%	4.8x	22.1x
<b>OLAPLEX</b>	\$3,795	\$3,382	\$704	74.8%	59.2%	17.7%	68.1%	5.4x	9.1x
 <b>SHISEIDO</b>	\$19,532	\$17,947	\$7,409	69.7%	9.4%	3.1%	(1.9%)	2.6x	28.1x
Mean				68.7%	20.5%	7.0%	10.0%	3.7x	20.5x
Median				70.0%	16.2%	4.5%	2.9%	2.6x	22.1x

## Historical Public Company Trading Multiples

TEV / EBITDA Multiples

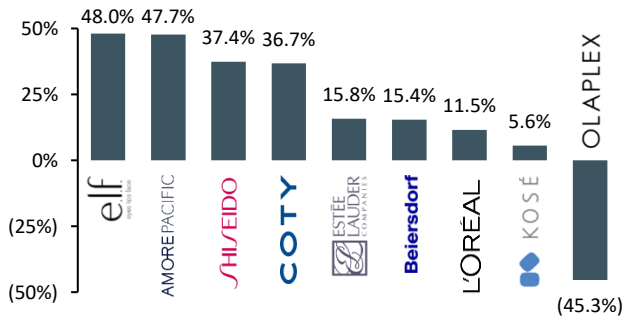


TEV / Revenue Multiples



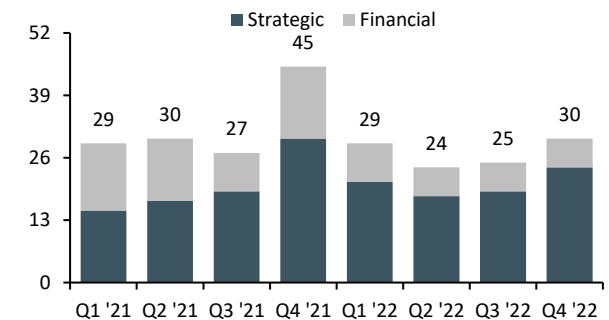
## Global Beauty Care Stock Price Performance

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><b>D I M E</b></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><b>RAW SUGAR</b></p> <p>has received an equity investment from</p>  <p>Advisor to Raw Sugar</p>	<p><b>EVERY MAN JACK</b></p> <p>has received a majority equity investment from</p>  <p>Advisor to Every Man Jack</p>	<p><b>NATIVE</b></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><b>WESTON PRESIDIO</b></p> <p>has received an investment from</p>  <p>Advisor to Too Faced Cosmetics</p>	<p><b>MARC ANTHONY®</b> 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><b>L'ORÉAL</b></p> <p>Advisor to Pureology*</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><b>enaltus</b></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><b>KOBAYASHI</b></p> <p>Advisor to Berlin Industries</p>	<p> <b>KAINOS</b> CHANGE CAPITAL AT WORK</p> <p>has made a minority investment in</p> <p><b>BEAUTYBIO</b></p> <p>Advisor to Kainos Capital</p>
<p><b>CHATTERS</b> 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><b>LANZA</b></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><b>LORAC</b></p> <p>has received an investment from</p>  <p>in partnership with management</p> <p>Advisor to LORAC Cosmetics</p>	<p><b>JOICO</b></p> <p>and its subsidiaries has been acquired by</p>  <p>A subsidiary of</p> <p><b>SHISEIDO</b></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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