



BEAUTY, PERSONAL CARE & WELLNESS

Beauty Care M&A Report - Q3'22

Beauty Care M&A Remains Depressed but Resilient

Mergers & Acquisitions | Capital Advisory

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Beauty Care M&A Remains Depressed but Resilient

M&A volume within the Beauty Care industry remained depressed in Q3'22, down 7% from Q3'21. As anticipated, continued softness was driven primarily by increasing recession fears by both buyers and sellers, disrupted processes, and delayed market entries. Furthermore, brands dealt with increasing operating challenges including increasing customer acquisition costs for direct-to-consumer brands and a reduction in purchase orders as retailers curtailed inventory levels related to recession fears. Despite all the headwinds, Beauty Care M&A remained resilient with Q3'22 M&A levels up 4% from Q2'22, deal count at 25, and the announcement of multiple high profile transactions.

Deal volume in Q3'22 was led by strategic buyers including Amorepacific, Church & Dwight, L'Oréal, Shiseido, Puig, and Syoung Group. Private equity activity was led by active beauty care investors including Norwest Venture Partners, L Catterton, CAVU Consumer Partners, and Topspin Consumer Partners. From a category perspective, premium skin care transactions dominated the headlines with deals including Tata Harper, Hero Cosmetics, Skinbetter Science, Gallinée, Face Reality, Rescue MD, Evidens de Beauté, Nécessaire, and Under Your Skin.

The quarter also welcomed new acquirers in both the public and private markets. Waldencast became a public company, after completing its merger with Milk Makeup and Obagi, and Kim Kardashian launched new private equity firm SKKY Partners.

Finally, the Intrepid Beauty, Personal Care & Wellness Group remained active in Q3'22 having advised on two yet to be announced transactions that closed in July and August.

Q3'22 Beauty Care M&A highlights include:

- Deal volume was up 4% from Q2'22 but down 7% from Q3'21.
- Strategic acquirers led the quarter with high-profile deals announced by Amorepacific, Church & Dwight, L'Oréal, Shiseido, Puig (which completed two acquisitions during the quarter), and Syoung Group.
- Private equity activity was light but highlighted by key Beauty Care investors including Norwest Venture Partners, L Catterton, CAVU Consumer Partners, and Topspin Consumer Partners.
- Milk Makeup and Obagi owner Waldencast became a public company.
- Premium skin care led the way with high profile brands such as Tata Harper, Hero Cosmetics, Skinbetter Science, Gallinée, Face Reality, Rescue MD, Evidens de Beauté, Nécessaire, and Under Your Skin.
- Intrepid closed two yet to be announced beauty care deals in the quarter.



Steve Davis
Managing Director
sdavis@intrepidib.com



Michael Garcia
Managing Director
mgarcia@intrepidib.com



Lauren Antion
Vice President
lantion@intrepidib.com

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Recently Closed Transactions

Amorepacific Acquires Tata Harper Skincare

Amorepacific announced its plans to acquire luxury skin care brand, Tata Harper. Founded by Tata and Henry Harper in Vermont in 2010, the skin care line is comprised entirely of naturally-derived ingredients, adhering to its core values of clean and green beauty. Tata Harper sells its products direct-to-consumer, through third-party online retailers such as Amazon, Cult Beauty, and Net-a-Porter, premium retailers including Sephora, and select department stores. Amorepacific established a \$125 million special purpose acquisition company (SPAC) to fund the transaction, which represents their first U.S.-based acquisition and strengthens its distribution in the North American market. In addition, the acquisition establishes a foothold for Amorepacific in the clean and green beauty category. Co-Founder of the namesake brand, Tata Harper, will continue to lead the business, leveraging Amorepacific's research and development capabilities and international presence to further scale the company. The acquisition comes seven years after Tata Harper received a minority investment from Alliance Consumer Growth in 2015.



TATA HARPER®

AMORE PACIFIC

Church & Dwight Acquires Hero Cosmetics for \$630 million

Church & Dwight signed a definitive agreement to acquire acne-focused skin care brand Hero Cosmetics for \$630 million. Founded in 2017, Hero Cosmetics is a New York-based solutions-driven skin care brand and pioneer of hydrocolloid acne patches. Its hero product, The Mighty Patch, and complementary skin care portfolio is sold direct-to-consumer and on Amazon as well as through department stores and prestige, mass, food, drug, and specialty retailers. As the newest addition to Church & Dwight's portfolio of personal care brands, Hero Cosmetics will gain access to a powerful global retail distribution network to expand beyond the U.S. market while providing the multinational conglomerate access to a younger consumer demographic. The deal comes less than two years after Hero Cosmetics received a minority investment from Aria Growth Partners. According to industry sources, the transaction represents an EBITDA multiple of 14.0x and revenue multiple of 5.5x. Founder and CEO Ju Rhyu will continue to lead the brand along with Co-Founders Dwight Lee and Andy Lee in their respective roles as Chief Operating Officer and Chief Design Officer.

Hero.



L'Oréal to Acquire Physician-Dispensed Skin Care Brand Skinbetter Science

L'Oréal announced plans to expand its presence in the professional skin care channel with the acquisition of Skinbetter Science. Founded in 2016 by three pharmaceutical industry professionals, Skinbetter Science offers an innovative, clinically-backed portfolio of skin care including anti-aging solutions, moisturizers, and sun protection. The professional-grade products are sold through a network of leading dermatology, plastic surgery, and medical aesthetic practices across the U.S. The acquisition will strengthen L'Oréal's dermatological beauty business and better positions Skinbetter Science for international expansion. The company generated \$95 million in sales for the trailing twelve-month period ending August 2022. Skinbetter Science will continue to be led by its Arizona-based leadership team following integration into the Active Cosmetics Division of L'Oréal.

skinbetter
SCIENCE®

L'ORÉAL

Shiseido Announces Plans to Acquire Microbiome Skin Care Brand Gallinée

Shiseido announced plans to acquire London-based beauty brand Gallinée. Founded in 2014 by pharmacist and skin microbiome specialist Marie Drago, Gallinée offers a portfolio of science-backed solutions focused on strengthening and nourishing the microbiome. The products span the skin, body, hair, and supplement categories and are sold primarily in the U.K. and France through premium and specialty retailers and direct-to-consumer. The acquisition further exemplifies Shiseido's recent efforts to establish a larger presence in the European skin care market and aligns with their broader "Win 2023 and Beyond" strategy to become the world's largest skin care company by 2030. Gallinée will benefit from additional research and development capabilities, specifically from Shiseido's European Innovation Center. Following the acquisition, which comes four years after a minority investment from Unilever Ventures, Founder Marie Drago will join Shiseido's team and continue as the brand's Chief Creative Officer.

gallinée™
MICROBIOME SKINCARE

SHISEIDO

Recently Closed Transactions (cont.)

Norwest Venture Partners Makes Majority Investment in Face Reality Skincare

Face Reality, a high-growth, professional skin care brand, secured a majority investment from Norwest Venture Partners. Founded in 2005 by aesthetician Laura Cooksey and Patrick Romani, Face Reality offers award-winning skin care solutions focused on treating acne-prone skin without prescription drugs. The brand, sold through the professional channel and direct-to-consumer, is focused on a customized skin care approach based on skin type, acne type, and severity along with comprehensive training for aestheticians to deliver efficacious products for in-salon and at-home solutions. The investment will fund innovation in product development and help scale operations to meet increasing customer demand. According to industry sources, Face Reality tripled its revenue over the last two years. Following the transaction, Jeremy Soine will remain CEO.



L Catterton Makes Investment in RescueMD

Professional skin care brand RescueMD received a strategic investment from L Catterton. Founded only two years prior by plastic surgeon Dr. Michael Suzman, RescueMD offers a patented DNA Repair Complex to minimize redness and inflammation while softening the appearance of sun damage and scars. The brand is launching in Bloomingdale's next month and is currently sold through its company-owned Website, Amazon, and the professional channel including aestheticians, spas, and hotels. The investment will support continued growth as the brand taps into new distribution channels and continues to pursue scientific research in skin health advancements.



CAVU Consumer Partners Makes Investment in Body-First Brand Nécessaire

CAVU Consumer Partners made a minority investment in Los Angeles-based sustainable body and personal care brand, Nécessaire. Founded in 2018 by former Estée Lauder executive Randi Christiansen and Nick Axelrod, Nécessaire offers premium body and scalp care through its company-owned Website, Amazon, and premium and specialty retailers including Sephora, Nordstrom, Mecca, and Space NK. The investment will support product development across new and existing product categories as well as expansion across distribution channels. According to industry sources, Nécessaire expects to generate \$35 million of retail sales in 2022, split evenly between direct-to-consumer and retail. Participants in previous rounds of funding include Imaginary Ventures, Forerunner Ventures, Maveron, Able Partners, and VMG Partners.



Topspin-Backed Japonesque Acquires Foot Care Brand Barefoot Scientist

Japonesque, a beauty implements and accessories brand backed by Topspin Partners, acquired premium foot care brand Barefoot Scientist. Founded in 2019, Barefoot Scientist offers a unique science-backed portfolio of foot care treatments and tools. Barefoot Scientist products are sold direct-to-consumer and through select specialty, mass, and drug retail partners including Ulta, Target, and Rite Aid. The transaction marks Japonesque's second add-on acquisition, following its acquisition of MakeUp Eraser in 2020, and further expands its presence in the rapidly growing, premium at-home beauty and wellness sector. Japonesque plans to leverage its brand development expertise and vast distribution network to expand the reach of Barefoot Scientist across the U.S. and internationally. Founder, Dana Ward, will continue to lead the brand as President.



Puig Takes Majority Stake in Colombian Natural Cosmetics Brand Loto del Sur

Barcelona-based global beauty and fashion company, Puig, acquired a majority stake in Colombian natural cosmetics brand, Loto del Sur. Founded in 1999, Loto del Sur sells its premium botanical-based and locally sourced bath, body, face, fragrance, and home products through its company-owned Website and 21 company-owned stores. This investment and partnership will focus on bolstering the brand's position in Latin America and expanding its geographic reach into Europe and the U.S. The transaction supports Puig's commitment to environmental and social sustainability as part of its ESG strategy and 2030 agenda. Puig previously acquired a minority stake in Loto del Sur in 2019 (as reported in the [Q1'19 Intrepid Beauty Care M&A Report](#)). Founder, Johana Sanint, will continue to lead the brand.



Recently Closed Transactions (cont.)

Puig Acquires Controlling Stake in Kama Ayurveda

Puig strengthened its foothold in India with a majority investment in Kama Ayurveda, an Indian beauty and wellness brand. Founded in 2002, Kama Ayurveda is India's leading provider of Ayurvedic beauty and wellness products. The company's plant-based, organic products are sold direct-to-consumer through its company-owned Website and 54 company-owned stores as well as through specialty retail partners. Kama Ayurveda represents Puig's third beauty acquisition this year following the Byredo and Loto del Sur deals and furthers Puig's expansion outside its core fragrance portfolio into wellness. The transaction will enable Kama Ayurveda to leverage Puig's global distribution network to expand into new geographies, including its near-term plans to launch in the U.K. in early 2023. Puig previously acquired a minority stake in Kama Ayurveda for €12.5 million in 2019 (as reported in the Q1'19 [Intrepid Beauty Care M&A Report](#)).

KAMA
AYURVEDA

 **PUIG**

Syong Group Announces Acquisition of French Prestige Skin Care Brand Evidens de Beauté

Syong Group acquired over 90% of French prestige skin care brand, Evidens de Beauté, for €49.5 million. Founded in 2007 by Charles-Edouard Barthes, Evidens de Beauté offers a broad portfolio of anti-aging skin care products formulated for sensitive skin. The company sells its premium skin care products through its company-owned store, company-owned Website, and select prestige and specialty retail partners, including Sephora and Galeries Lafayette in China. Syong is the exclusive Chinese distributor for Evidens de Beauté and helped expand the brand in China, which now represents a significant portion of the company's sales. The acquisition will enable Evidens de Beauté to further leverage the acquirer's brand development expertise and build-out its omnichannel growth strategy across geographies. According to industry sources, Evidens de Beauté reached €19.7 million of revenue and €5.2 million of net profit in 2021, implying a revenue multiple of approximately 2.8x. Charles-Edouard Barthes will continue to hold equity in the company and lead the brand.


EVIDENS
DE BEAUTÉ


S'YOUNG

Industry News

Mass Retailers Continue to Shift into Prestige Beauty

Mass retailers are forming strategic partnerships and carrying an increasing selection of prestige brands to meet consumer demand for premium beauty in more convenient and accessible locations. As reported in the Q4'20 Intrepid Beauty Care M&A Report, Kohl's and Target were some of the first mass retailers to form prestige partnerships with Sephora and Ulta, respectively, to introduce store-within-store concepts for more convenient shopping experiences that reach a larger audience. Kohl's will have opened 600 in-store Sephora units by the end of 2022 and has reported that the partnership has already driven one million new customers. The company expects to add \$2 billion in annual sales by 2025 by rolling out to all Kohl's locations nationwide. Walmart became the latest mass retailer to announce a prestige beauty partnership, joining forces with premium British retailer, Space NK. The new space, branded BeautySpace NK, offers a curated collection of beauty and personal care products spanning 15 brands from Lancer Skincare to Walmart exclusive brands. CVS is shifting into prestige beauty with the launch of the Skin Care Center, a store-within-store concept focused on efficacious products for all skin types and tones. CVS has teamed up with L'Oréal for the training and services components of the experiential concept, which includes licensed aestheticians and beauty consultants using diagnostic tools to provide in-store recommendations.

KOHL'S

SEPHORA

Walmart+

SPACE NK



L'ORÉAL

Kim Kardashian Launches Private Equity Firm SKKY Partners

Kim Kardashian has teamed up with The Carlyle Group's former Head of Global Consumer, Media, and Retail, Jay Sammons, to launch private equity firm SKKY Partners. The firm will target minority and control investments in the consumer products, digital, consumer media and entertainment, and hospitality sectors. Kris Jenner joins Kardashian and Sammons as a Partner at the firm, as the three have combined expertise working with global consumer brands including Skims, KKW Beauty, Supreme, and Vogue. With the launch of SKKY Partners, Kim Kardashian becomes the latest celebrity to launch her own investment firm, joining other A-listers such as Jay-Z, Serena Williams, and Aston Kutcher.



Industry News (cont.)

Milk Makeup and Obagi Owner Waldencast Goes Public

Waldencast, a beauty and wellness platform, became a public company listed on the NASDAQ exchange after completing its merger with Milk Makeup and Obagi Skincare. In November 2021, the blank check company signed a definitive agreement to acquire Milk Makeup and Obagi that valued the companies at approximately \$1.2 billion (as reported in the [Q4'21 Intrepid Beauty Care M&A Report](#)). Launched in 2016, Milk Makeup is a clean and cruelty-free beauty brand that sells its extensive product portfolio direct-to-consumer and through prestige retailers including Sephora. Founded in 1988, Obagi is a professional, physician-dispensed skin care brand offering results-driven formulations. According to company filings, Milk Makeup and Obagi expect to generate revenue of approximately \$66 million and \$190 million in 2022, respectively. Joining the Waldencast platform and the public markets will provide Milk Makeup and Obagi with the additional capital and resources needed to rapidly grow both brands and expand into international markets.












Bright Lights Acquisition and Manscaped Terminate SPAC Merger

Special purpose acquisition company (SPAC) Bright Lights Acquisition Corp. and Manscaped terminated their planned merger citing unfavorable market conditions. Founded in 2016, Manscaped is a global male grooming brand. The company's portfolio of premium grooming and hygiene products and tools are sold direct-to-consumer in over 30 countries and on Amazon as well as at key retail partners in the U.S. including Target, Best Buy, and Walgreens. The merger, which was announced in November 2021 (as reported in the [Q4'21 Intrepid Beauty Care M&A Report](#)), valued Manscaped at approximately \$1 billion. As a result of the termination, Manscaped will pay Bright Lights a termination fee of \$1 million, with \$350 thousand due immediately and an additional \$217 thousand due on the first, second, and third anniversaries of the termination.

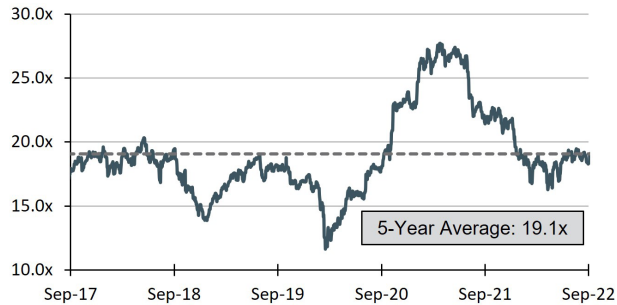


Publicly Traded Companies (USD Millions)

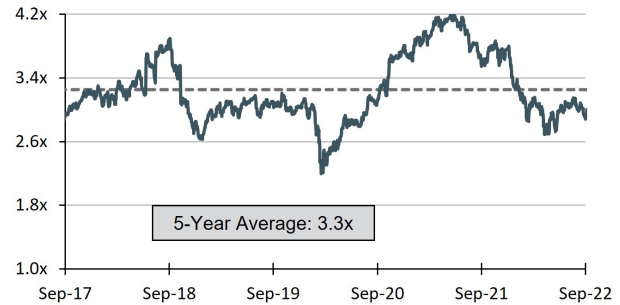
Company	Enterprise Value	Market Cap	Last Twelve Months			Revenue Growth		Enterprise Value / LTM	
			Revenue	Gross Margin	EBITDA Margin	1-year	3-year CAGR	Revenue	EBITDA
AMOREPACIFIC	\$3,201	\$1,730	\$3,702	70.0%	11.3%	(8.4%)	(8.5%)	0.9x	7.6x
 Beiersdorf	\$23,248	\$24,940	\$9,273	56.4%	16.1%	12.9%	4.1%	2.5x	15.6x
 COTY	\$10,325	\$5,366	\$5,323	63.9%	16.6%	9.1%	(2.1%)	1.9x	11.7x
 elf	\$2,015	\$1,972	\$448	65.7%	14.9%	21.1%	18.1%	4.5x	30.1x
 ESTÉE LAUDER COMPANIES	\$81,716	\$77,095	\$17,275	75.3%	23.1%	1.3%	4.3%	4.7x	20.5x
 KOSÉ	\$5,840	\$6,501	\$2,296	70.5%	11.0%	10.4%	(4.3%)	2.5x	23.2x
 L'ORÉAL	\$198,525	\$193,067	\$40,147	72.8%	21.4%	18.1%	8.2%	4.9x	23.1x
 M A V BEAUTY BRANDS	\$126	\$13	\$95	42.2%	12.4%	(7.2%)	(3.7%)	1.3x	10.7x
 OLAPLEX	\$6,664	\$6,199	\$740	76.5%	62.6%	40.9%	nm	9.0x	14.4x
 SHISEIDO	\$17,198	\$15,448	\$8,049	70.0%	12.1%	3.9%	(2.5%)	2.1x	17.7x
Note: Enterprise Value / LTM Revenue and Enterprise Value / LTM EBITDA means exclude Olaplex (NasdaqGS:OLPX).			Mean	66.3%	20.1%	10.2%	1.5%	2.8x	17.8x
			Median	70.0%	15.5%	9.7%	(2.1%)	2.5x	16.6x

Historical Public Company Trading Multiples

TEV / EBITDA Multiples

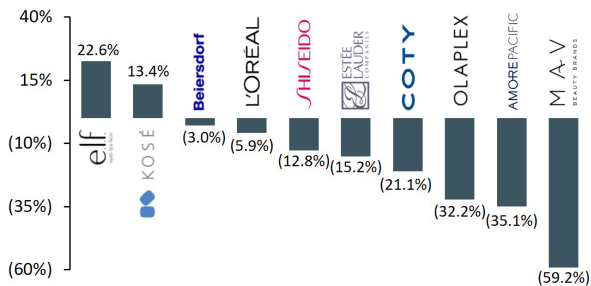


TEV / Revenue Multiples



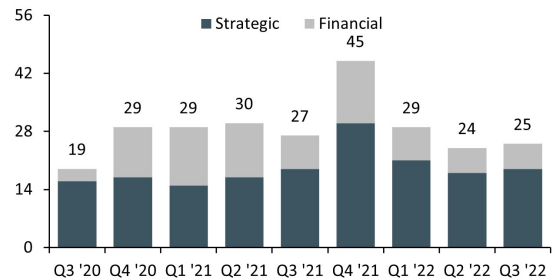
Global Beauty Care Stock Price Performance

Past Three-Month Stock Price Performance

















































Global Beauty Care M&A Transactions

of Announced Beauty Care Transactions by Quarter



Select Transactions

 has received an investment from  (HPH II Investments Master Fund, LP and affiliates) Advisor to Raw Sugar	 has received a majority equity investment from  Advisor to Every Man Jack	 has received an equity investment from  Advisor to Lilly Lashes	JD Beauty Group    a portfolio company of  has been acquired by  and merged with portfolio company  Advisor to JD Beauty Group	 has been acquired by  Advisor to Native
 a portfolio company of WESTON PRESIDIO has sold a majority stake to  in conjunction with Too Faced founders and senior management Advisor to Too Faced Cosmetics	 has received an investment from  Advisor to Marc Anthony	 a portfolio company of  has been acquired by  Advisor to PUREOLOGY*	 has made a minority investment in  Advisor to Kainos Capital, LP	 has completed a recapitalization and growth financing with  \$150,000,000 Senior Secured Credit Facilities Advisor to Obagi
 has been acquired by  (NYSE:HIMS) Advisor to Apostrophe	 a portfolio company of  has received a growth equity investment from  in partnership with Chief Executive Officer David Berglass Advisor to DAVEXLABS	 has been acquired by  in partnership with the existing management team Advisor to Chatters Canada	 a portfolio company of  has sold the brand  to  Advisor to Enaltus	Continental Fragrances, Ltd. dba  has been acquired by  a portfolio company of  Advisor to Continental Fragrances
 has received an investment from  in partnership with management Advisor to LORAC Cosmetics	Berlin Industries, Inc. dba  has been acquired by  Advisor to Berlin Industries	 has been acquired by Markham Prestige Group owners of  Advisor to Alterna*	 and its subsidiaries has been acquired by  a subsidiary of  Advisor to JOICO*	 has been acquired by  Advisor to Product Club

*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 | Accessories



Steve Davis
Managing Director
sdavis@intrepidib.com



Mike Garcia
Managing Director
mgarcia@intrepidib.com



Lauren Antion
Vice President
lantion@intrepidib.com



Bryce Cutrino
Associate
bcutrino@intrepidib.com



Ashley Waco
Analyst
awaco@intrepidib.com



Ellie Taraska
Analyst
etaraska@intrepidib.com

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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