

CONSUMER M&A REPORT

FOURTH QUARTER 2020

Beauty & Cosmetics

Fourth Quarter 2020

Beauty & Cosmetics M&A Activity Expected To Increase As Demand Surges Due To Renewed Self-Care Focus

COVID-19 has significantly impacted brands and retailers, but the health and beauty category is showing signs of strength and becoming more relevant for today's consumer

Economic Outlook

- The global beauty industry (including skin care, cosmetics, hair care, fragrance, etc.) is a \$500 billion market annually
- The COVID pandemic has changed consumer behavior - beauty brands and retailers are seeing increases in online and direct to consumer models
- Macro trends toward self-care and pampering, both of which were accelerated by COVID, have increased demand for skin-care, hair-care and bath-and-body products
- Effective brands are navigating changes in consumer demand and buyer behavior - large brands are seeking new areas for growth with new products and the exploration of new delivery models
- Amazon sales for makeup are showing slight declines, but sales for DIY products are up significantly:
 - Nail-care products (218% increase)
 - Hair coloring (172% increase)
 - Bath-and-body products (65% increase)

Beauty & Cosmetic Trends

M&A Deal Activity

67 transactions closed in 2020, which is down from 99 in 2019. We expect overall M&A activity in the Beauty & Cosmetics sector to increase steadily through 2021.



Industry Activity

The beauty and wellness industry is high margin, high recurrence and high multiple which leads to healthy exit opportunities and attracts many private equity investors.



M&A Trends

For efficiency and risk-management reasons, many cash-rich strategic acquirors shifted to a buy vs build approach. With limited attractive assets / opportunities in the market and a large pool of willing buyers (both strategic and private equity), valuations for beauty & cosmetics businesses in Q4 2020 were at a premium.



"The COVID pandemic has created significant change in consumer behavior as it pertains to health, beauty and wellness. Changes in consumer behavior often drive M&A and refinancing transactions as brands and retailers look to meet changing demand. COVID was no different, further establishing the at-home and direct to consumer business model. In 2021, we expect continued interest in the sector, particularly in the areas of beauty, wellness, and skin and healthcare brands. The ability to demonstrate and articulate COVID impact and in particular, provide insight into new strategies to capture and defend market share in the changing consumer marketplace will be critical for institutional capital."

— Bryan Wallace, Managing Director - Bridgepoint Investment Banking

Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	2/10/2021 Share Price	Equity Value	Enterprise Value	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
					LTM	LTM	LTM	LTM
Coty Inc.	United States	\$657	\$5,037.8	\$11,113	NM	2.77x	38.3x	NM
L'Occitane International SA.	Luxembourg	\$293	\$4,296.4	\$5,167.7	34.2x	2.87x	117x	23.9x
L'Oreal SA.	France	\$377.70	\$21,463.4	\$208,844.5	53.9x	6.12x	26.3x	34.3x
Nu Skin Enterprises, Inc.	United States	\$62.89	\$3,209.3	\$3,342.0	214x	138x	9.6x	14.9x
Revlon, Inc.	United States	\$116	\$595.2	\$3,978.9	NM	2.01x	30.0x	17.2x
Sally Beauty Holdings, Inc.	United States	\$5.09	\$1,698.2	\$3,503.9	14.6x	10.1x	5.5x	12.4x
The Estée Lauder Companies Inc.	United States	\$284.40	\$13,168.8	\$105,731.8	112.5x	7.45x	28.9x	49.3x
The Procter & Gamble Company	United States	\$128.22	\$35,738.7	\$336,141.7	24.2x	4.54x	16.2x	18.8x
Ulta Beauty, Inc.	United States	\$35.70	\$17,786.1	\$19,139.1	78.7x	3.06x	18.8x	49.8x

Total

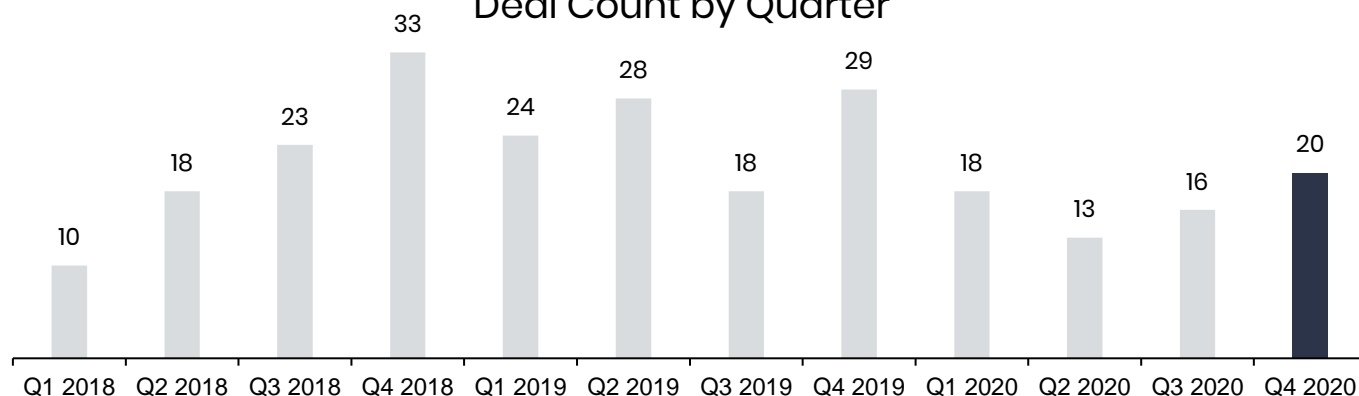
	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
High	112.5x	7.45x	38.3x	172.2x
Mean	48.5x	3.47x	20.6x	47.0x
Median	34.2x	2.87x	18.8x	29.1x
Low	14.6x	1.01x	5.5x	12.4x

Beauty & Cosmetics

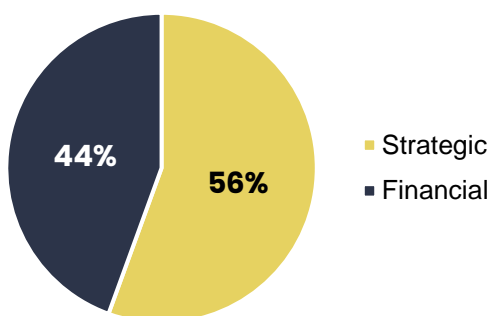
Fourth Quarter 2020

Selected M&A Transaction Statistics

Deal Count by Quarter



Buyer Types



Notable Beauty & Cosmetics Transactions Q4-20

Cosmetics

January 5, 2020
L'Oréal announced that it acquired Takami Co., a Japanese company that develops and markets skincare products.

"We are very pleased to welcome the Takami brand into our portfolio. Its reputation in Asia matches the remarkable quality of its products." – Cyril Chapuy, President - L'Oréal Luxe

Skin Care Products

October 13, 2020
Vitalyc Medspa announced that it acquired Unit Skin Studio, which offers the latest non-invasive aesthetic treatments for both women and men.

"We are proud to transition our Unit family to Vitalyc to continue on their aesthetic journey and defy aging." – Lindsey Pinyero, Founder – Unit Skin Studio

Recent Beauty & Cosmetics M&A Transactions

ANNOUNCED	TARGET	TARGET INDUSTRY	ACQUIROR	BUYER TYPE
12/26/2020	Forever Company Cosmetics Ltda	Hair Care Products	Concept Investimentos	Financial
12/23/2020	Takami Co., Ltd.	Cosmetics	L'Oréal SA. (ENXTPA:OR)	Strategic
12/02/2020	Vi-Jon, Inc.	Cosmetics	GreatBanc Trust Company	Financial
11/17/2020	Leaders Solution Co., Ltd.	Cosmetics	Leaders Cosmetics Co., Ltd. (KOSDAQ:A01610)	Strategic
11/04/2020	Skin Care Business in Poland.	Cosmetics	Bielenda Kosmetyki Sp. z o.o. sp. k.	Strategic
10/28/2020	Shine Is	Cosmetics	Tealtech Capital Venture Fund	Financial
10/24/2020	Shanghai Anyanli Industrial Co., Ltd.	Hair Care Products	Shanghai Anyan Enterprise Management Co., Ltd.	Financial
10/21/2020	Linda JC AS	Cosmetics	MVI Group; RP Ventures AB	Financial
10/20/2020	ECHO2 Plus and Oxyceuticals Product	Skin Care Products	Derm OQ, Inc.	Strategic
10/13/2020	Unit Skin Studio, LLC	Skin Care Products	Vitalyc Medspa	Strategic
10/12/2020	Panzeri Diffusion SRL	Hair Care Products	Pool Service Srl	Strategic
09/30/2020	NV Perricone LLC	Cosmetics	THG Plc (LSE:THG)	Strategic
09/22/2020	Pure Beauty Australia Pty Ltd	Skin Care Products	The Six Senses Group Pty Ltd	Strategic
09/17/2020	Knowlton Development Corporation	Shaving Products	Churchill Asset Management LLC; Cornell Capital	Financial
09/03/2020	Iberfrasa SI	Perfumes and	Abac Solutions Manager, Sà r.l.	Financial
09/02/2020	Mansfield-King, LLC	Skin Care Products	Piz Aeroscience Corp.	Strategic
09/01/2020	MANA Products, Inc.	Hair Care Products	Traub Capital	Financial
08/31/2020	Vedicare Ayurveda Pvt Ltd.	Cosmetics	Lotus Herbals Private Limited	Strategic

Food & Beverage

Fourth Quarter 2020

Food & Beverage M&A Activity Expected To Remain Strong Due to Emergence of Smaller Niche and Specialized Brands

COVID-19 has been an agent of change as consumer buyer behavior has shifted. Increasing demand for organic, healthy and better-for-you products represent opportunities for growth and product diversification

Economic Outlook

- Changes to the supply chain as a result of COVID-19 have been material for large and small brands
- Consumption has shifted from out-of-home to at-home due to the mandated closure of bars and restaurants; the rollout of the COVID-19 vaccine should jumpstart out-of-home consumption growth
- Consumers have become more sensitive to cleanliness and sanitization as it relates to food and food service; we expect continued growth in packaged food and other unique delivery models
- As COVID-19 continues to evolve, the food and beverage market is evolving alongside:
 - Cashless & contactless payment & services
 - New & improved safety measures
 - Increase in demand for local food / neighborhood / farm to table options
 - Online delivery
- Consumers increasingly expect more from their food: healthier ingredients, fresher food, more food and packaging options, as well as reduced environmental impacts. Consumers are leaning towards healthier snacks, plant-based meat alternatives and milk alternatives

Food & Beverage Trends

M&A Deal Activity



171 transactions closed in 2020, which is down from 211 in 2019. We expect overall M&A activity in the Food & Beverage sector to increase steadily through 2021.

Industry Activity



Consumers have adopted a material shift in behavior and are seeking out opportunities to improve the quality and nutrition of their food. This shift in demand has presented smaller brands with unique opportunities, as the larger more traditional producers work to keep up with changing trends.

M&A Trends



Some major food companies are systemizing the process of becoming a strategic buyer by establishing their own venture capital funds, providing seed or early-stage money to promising new food and beverage companies, and acquiring the ones that fulfill that promise.

"COVID has obviously forced changes upon millions of consumers. I believe these changing behaviors present opportunity to disproportionately benefit smaller brands in two key areas: 1) consumers are continuing to show a willingness to shift their purchases to e-commerce and online platforms and 2) consumers are seeking more ways to easily integrate better nutrition into their daily lives. The brands that invest the time and effort to develop winning products based on the right ingredients will also disproportionately win." – Paul Vraciu, Managing Director – Ascent Protein (a Leprino Foods Company)

Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	2/10/2021 Share Price	Equity Value	Enterprise Value	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
					LTM	LTM	LTM	LTM
Conagra Brands, Inc.	United States	\$35.32	\$17,256.6	\$26,805.9	6.6x	2.33x	10.5x	12.6x
General Mills, Inc.	United States	\$58.09	\$35,518.4	\$47,790.3	14.9x	2.61x	11.7x	13.6x
Hormel Foods Corporation	United States	\$49.83	\$26,904.1	\$26,536.0	30.0x	2.76x	14.6x	22.5x
Mondelez International, Inc.	United States	\$55.25	\$78,019.3	\$95,510.3	22.4x	3.59x	14.6x	20.2x
Nestlé SA.	Switzerland	\$12.58	\$33,545.7	\$35,172.0	21.4x	3.54x	15.9x	19.2x
PepsiCo, Inc.	United States	\$137.70	\$10,295.4	\$225,273.4	27.3x	3.29x	17.9x	21.2x
The Coca-Cola Company	United States	\$49.60	\$23,152.8	\$247,016.8	27.7x	7.48x	21.5x	24.8x
The Hain Celestial Group, Inc.	United States	\$43.37	\$4,364.6	\$4,706.9	2213x	2.25x	19.1x	26.8x
The J.M. Smucker Company	United States	\$15.80	\$2,922.4	\$7,814.8	15.0x	2.21x	8.9x	12.4x
TreeHouse Foods, Inc.	United States	\$50.69	\$2,864.5	\$4,966.9	NM	1.5x	9.0x	17.2x

Total

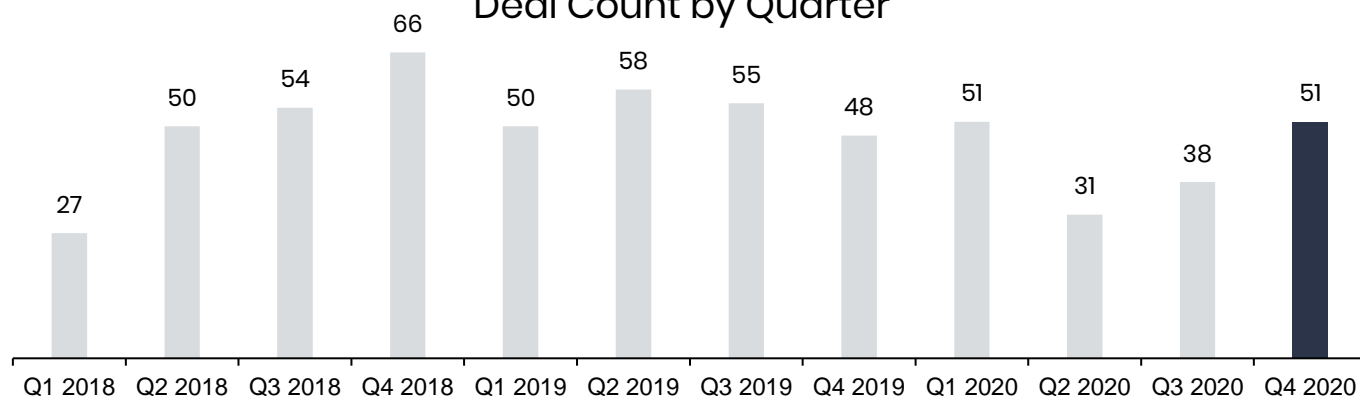
	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
High	2213x	7.48x	21.5x	26.8x
Mean	43.9x	3.12x	14.4x	19.0x
Median	22.4x	2.69x	14.6x	19.7x
Low	14.9x	1.5x	8.9x	12.4x

Food & Beverage

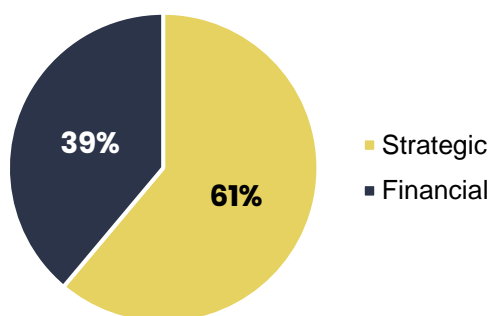
Fourth Quarter 2020

Selected M&A Transaction Statistics

Deal Count by Quarter



Buyer Types



Notable Food & Beverage Transactions Q4-20

Candy



October 27, 2020
TPG Growth announced that it acquired SmartSweets, a better-for-you candy brand on a mission to kick sugar.

"At a time when consumers are increasingly making buying decisions based on sugar content we were immediately drawn to the taste, quality, and range of SmartSweets." – Heather Smith Thorne, Partner – TPG Growth



Health and Breakfast Bars



November 17, 2020
Mars, Incorporated announced that it acquired KIND North America, a healthy snacking leader.

"We're delighted to continue to build on this success and welcome KIND North America into the Mars Family of Companies." – Grant F. Reid, CEO – Mars



Recent Food & Beverage M&A Transactions

ANNOUNCED	TARGET	TARGET INDUSTRY	ACQUIROR	BUYER TYPE
12/22/2020	Wahl's Candies Inc.	Candy	Fowler's Chocolates Inc.	Strategic
12/21/2020	Truitt Bros. Inc.	Cooking Sauces	Baxters Food Group Limited	Strategic
12/21/2020	Beerworks LLC	Beer, Ale and Malt Beverages	March First Manufacturing, LLC	Strategic
12/18/2020	The Blissful Chef/Southern from Scratch	Cookies	The Kitchen Community	Strategic
12/16/2020	Essences Bonnie & Don Flavours ULC	Flavoring Extracts	National Flavors, Inc.	Strategic
12/11/2020	Brinkhoff & Monoson, Inc.	Herbs, Spices, and Extracts	Norwest Equity Partners	Financial
12/10/2020	Piedmont Coca-Cola Bottling Partnership	Non-Alcoholic Beverage Distribution	Ventures Acquisition LLC	Financial
12/07/2020	Conscious Cultures, LLC	Tea	Trolley Venture Partners	Financial
11/24/2020	Doctor Deli Distributions Inc.	Groceries and Related Product	DMB Distribution alim entaire Inc.	Strategic
11/19/2020	Old World Spices & Seasonings, Inc.	Herbs, Spices, and Extracts	Shore Capital Partners, LLC	Financial
11/17/2020	KIND LLC	Health and Breakfast Bars	Mars, Incorporated	Strategic
11/12/2020	Bad Monkey Popcorn Inc	Popcorn	Champlain Financial Corporation	Financial
11/05/2020	Beverages & More, Inc.	Alcoholic Beverage Stores	GoBrands, Inc.	Strategic
11/04/2020	SweetWater Brewing Company, Inc.	Beer, Ale and Malt Beverages	Aphria Inc. (TSX:APHA)	Strategic
10/27/2020	SmartSweets Inc.	Candy	TPG Growth	Financial
10/22/2020	Best Fresh Produce Inc.	Groceries and Related Product	GrubMarket, Inc.	Strategic
09/29/2020	Brands Within Reach, LLC	Non-Alcoholic Beverage Distribution	Zachert Private Equity GmbH	Financial
09/18/2020	Colorado Boxed Beef Company	Groceries and Related Product	Quirch Foods, LLC	Strategic

Pet Products & Retail

Fourth Quarter 2020

Performing Well Through COVID-19, the Pet Sector's Recession-Resistance Model Proves Attractive to Strategic & Financial Investors

2021 demand in the pet sector expected to remain strong due to unprecedented levels of adoption

Economic Outlook

- Despite pandemic challenges, pet product sales are expected to increase in 2021
- Several pet ownership, retail product and pet care service segments present new opportunities for near term sales growth
 - Many of these new opportunities follow the COVID-19 pandemic-triggered surge in pet adoption and acquisition
 - In contrast to pet adoption patterns during the Great Recession, the current adoption response has extended across pet types, disproportionately including pets other than dogs and cats
 - 5% of US adults adopted a dog in the three-month period corresponding to COVID-19, a windfall in a market where dogs account for two-thirds of product and service sales
- As the humanization of pets continues, pet owners have shown increased willingness to spend more on healthy and natural pet products. Pet owners are seeking out clean, less processed food with a health focus and trends including:
 - Raw
 - Ancient grains
 - Made in the U.S.A.
 - Limited-ingredient diets

Pet Products & Retail Trends

M&A Deal Activity

26 transactions closed in 2020, which is up from 24 in 2019. We expect overall M&A activity in the Pet Products & Retail sector to increase steadily through 2021.



Industry Activity

The market for pet care is large and growing with attractive long-term opportunities and demonstrated recession-resilience. Private equity investors are capitalizing on a growing industry that is expected to withstand economic downturns.



M&A Trends

Shifting consumer behavior should continue the push toward e-commerce and online delivery models. Like the food sector, the market is experiencing an influx of healthy and organic pet food and snack options, a growing category. Large strategic players should continue to seek opportunities to satisfy today's consumer, driving transaction volume.



"This category was very strong going into the crisis. It stayed strong through the crisis. And I think with the increase in pet adoptions through the crisis, that actually bodes well for the future as we move ahead on pet care." – Steve Presley, Market Head & CEO – Nestlé USA

Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	2/10/2021	Equity	Enterprise	P/E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
		Share Price	Value	Value	LTM	LTM	LTM	LTM
Central Garden & Pet Company	United States	\$47.09	\$2,406.2	\$2,707.9	19.8x	0.97x	8.2x	12.2x
Chewy, Inc.	United States	\$107.09	\$44,190.3	\$44,025.4	NM	6.82x	NM	NM
Freshpet, Inc.	United States	\$66.17	\$6,753.2	\$6,667.7	NM	22.22x	226.9x	NM
Banco Animal Health Incorporated	United States	\$29.07	\$13,713.6	\$9,373.6	NM	6.63x	370x	142.9x
IDEXX Laboratories, Inc.	United States	\$516.54	\$44,060.8	\$44,586.1	77.0x	16.47x	56.5x	64.2x
PetIQ, Inc.	United States	\$35.80	\$905.2	\$1,270.6	NM	165x	36.8x	56.8x
Zoetis Inc.	United States	\$60.62	\$76,337.5	\$80,582.5	46.3x	12.32x	28.2x	34.0x

Total

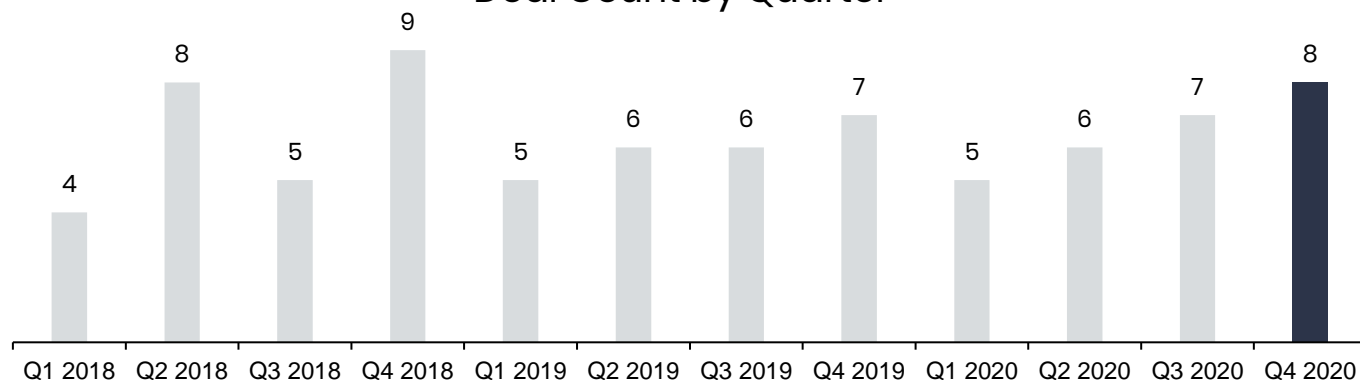
	P/E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
High	77.0x	22.22x	226.9x	56.8x
Mean	47.7x	9.58x	65.6x	82.0x
Median	46.3x	6.82x	36.9x	64.2x
Low	19.8x	0.97x	8.2x	12.2x

Pet Products & Retail

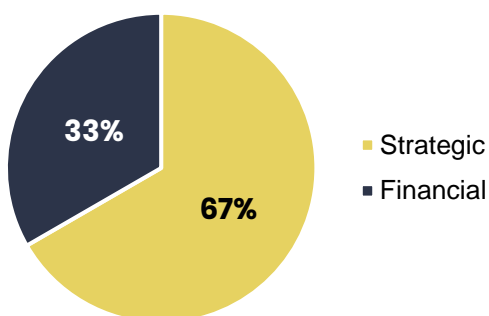
Fourth Quarter 2020

Selected M&A Transaction Statistics

Deal Count by Quarter



Buyer Types



Notable Food & Beverage Transactions Q4-20

Pet Nutrition

December 3, 2020
Nexus Capital Management LP announced that it acquired Natural Balance Pet Foods, a leading premium pet food brand specializing in high quality pet food products.

"We are extremely excited by the opportunity to acquire the Natural Balance business." – *Damian Giangiacomo, Partner - Nexus*

Pet Care Product Stores

November 5, 2020
Three Invisible Fence locations were acquired by parent company, Radio Systems Corporation.

"We're excited for the opportunity to directly serve pet owners in Southern Minnesota and continue to provide same high-level of attention customers have come to expect" – *Ed Hoyt, Director - Invisible Fence*

Recent Pet Products M&A Transactions

ANNOUNCED	TARGET	TARGET INDUSTRY	ACQUIROR	BUYER TYPE
12/16/2020	Holden2 LLC	Online Pet Care Product Retail	Swedencare AB (publ) (OM:SECARE)	Strategic
12/16/2020	Mid America Pet Food LLC	Cat Food, Dog Food	TA Associates Management, LP; RX3	Financial
12/03/2020	Natural Balance Pet Foods, Inc.	Cat Food, Dog Food	Nexus Capital Management LP	Financial
11/06/2020	Manna Pro Products, LLC	Cat Food, Dog Food	The Carlyle Group Inc. (Nasdaq:GSCG);	Financial
11/05/2020	Invisible Fence	Pet Care Product Stores	Radio Systems Corporation	Strategic
10/20/2020	MedOfficeDirect, LLC	Online Pet Care Product Retail	HealthLynked Corp. (OTCPK:HLYK)	Strategic
09/08/2020	Westminster Pet Products, Inc.	Pet Grooming Products, Pet Toys	AUA Private Equity Partners, LLC	Strategic
09/02/2020	Columbia Veterinary Clinic	Veterinary Services	People, Pets and Vets, LLC	Strategic
09/01/2020	Chico Hospital for Cats, Inc.	Veterinary Services	People, Pets and Vets, LLC	Strategic
08/17/2020	Pet Qwerks, Inc.	Pet Toys	Doskocil Manufacturing Company, Inc.	Strategic
08/07/2020	Long Island Veterinary Specialists,	Veterinary Services	Compassion-First Pet Hospitals	Strategic
06/29/2020	Prairie Dog Pet Products, LLC	Dog Food	Kinderhook Industries, LLC	Financial
05/27/2020	Leonard Animal Clinic	Veterinary Services	People, Pets and Vets, LLC	Strategic
05/19/2020	Friendship Hospital for Animals, LLC	Veterinary Services	Encore Vet Group LLC	Strategic
05/11/2020	Radio Systems Corporation	Pet Grooming Products, Pet Toys	Clayton, Dubilier & Rice, LLC	Financial
04/07/2020	Invisible Fence Dealer in Gulf Coast	Pet Care Product Stores	Invisible Fence of Florida	Strategic
04/03/2020	Pathway Vet Alliance LLC	Veterinary Services	TSG Consumer Partners, LP; Morgan	Financial
03/07/2020	Animal-Plus Group Inc.	Veterinary Services	Groupe Veterinaire Daubigny Inc.	Strategic

Consumer Report

Fourth Quarter 2020

Sector-focused consumer boutique investment bank focused on the middle market

- 274+ years cumulative investment banking experience spanning 216 transactions
- \$121+ billion of M&A, capital raising, corporate finance and transaction advisory service experience
- 96 completed M&A assignments spanning more than \$36 billion
- 120 completed corporate finance transactions, raising more than \$85 billion in capital

SELECTED RECENT CONSUMER TRANSACTIONS

BRIGHT FARMS

Growth Financing
Sole Financing Arranger

McCarthy Capital

HAS BEEN ACQUIRED BY
Sell-side advisory
Financial Advisor

PrairieLife FITNESS

HAS BEEN ACQUIRED BY
THE ATHLETIC CLUB
Sell-side advisory
Financial Advisor

diabetes supply

HAS BEEN ACQUIRED BY
adapthhealth
Sell-side advisory
Financial Advisor

NVS
Nebraska Vet Services

HAS BEEN RECAPITALIZED BY
MAINST
CAPITAL CORPORATION
Growth equity and debt capital raise
Financial Advisor

WORLDARCHIVES
THE WORLD'S HISTORY ONLINE

HAS BEEN ACQUIRED BY
CHARLES THAYNE CAPITAL
Sell-side advisory
Financial Advisor

Graphik Dimensions Ltd.

HAS BEEN ACQUIRED BY
CG CIRCLEGRAPHICS
Sell-side advisory
Financial Advisor

The list contained herein represents selected transactions completed by Bridgepoint principals while associated with Bridgepoint Investment Banking, as well as securities transactions on which they advised in their capacity as investment bankers registered with various broker-dealers.

SECTORS OF FOCUS



Consumer & Retail



Healthcare



Industrials & Transportation



Technology



Business & IT Services

MORE THAN

274 YEARS OF EXPERIENCE

\$121B IN TRANSACTIONS

216 TOTAL TRANSACTIONS

SENIOR LEADERSHIP



Matt Plooster
President & CEO



Bryan Wallace
Managing Director



Gary Grote
Managing Director



Mike Anderson
Managing Director



Nick Orr
Managing Director



Wm. Lee Merritt
MD & General Counsel



Chad Gardiner
Director



Joe Liss
Managing Director



Natasha Plooster
COO



Subhash Marineni
Vice President

bridgepointib.com

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