



bridgepoint

INVESTMENT
BANKING

Consumer *M&A Quarterly Update*

Second Quarter 2021

Food and beverage M&A activity expected to increase as demand surges due to a continued shift toward healthy foods

COVID-19 has significantly impacted brands and retailers, but healthy and better-for-you brands are showing signs of strength and becoming more relevant for today's consumers

Economic Outlook

- The food and beverage market is valued at \$6,111B globally and **expected to grow at a 7% CAGR in the coming years**
- The COVID-19 pandemic has changed consumer behavior; **subscription food services and online pickups have seen a massive surge**
- Macro trends toward healthy, better-for-you brands, which were accelerated by COVID-19**, have increased demand for naturally healthy, functional, and organic food products
- Effective brands are navigating changes in consumer demand and buyer behavior; **vaccine roll-out will likely persuade many consumers to go back to physical stores**
- Whole Foods and Amazon predict the top product trends for 2021 will be:
 - Healthier breakfast** due to continued increase in work from home
 - Home cooking packages**, as many employees are spending more time in the kitchen
 - Coffee beyond the mug**: coffee-flavored bars, granolas, smoothies, yogurts, etc.

Food & Beverage Trends



M&A Deal Activity

95 transactions closed in Q4 2020, which is down from 88 in Q1 2021. We expect overall M&A activity in the Food & Beverage industry to increase steadily through 2021



Financial Buyers

Financial buyers continue to be weary about the sector as they only contributed to 7% of the total M&A activity for the quarter; expect this to pick up as vaccine rollouts continue



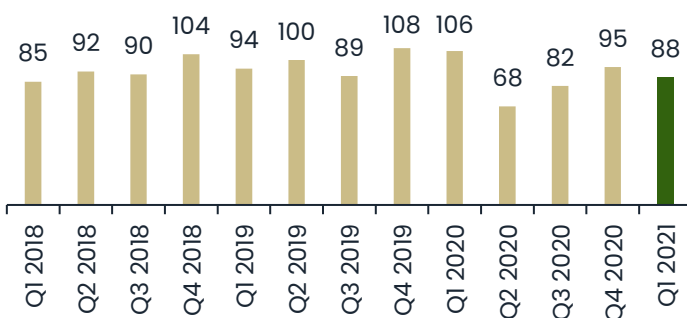
Strategic / Sponsor-backed Buyers

Strategics and sponsor-backed buyers are dominating the M&A activity for the quarter, contributing to 93% of M&A activity. We expect them to continue to be active as supply chain continues to normalize and states begin to loosen COVID-19 regulations

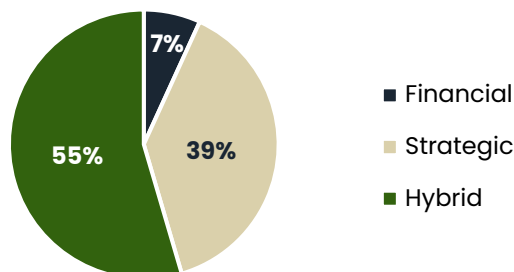
Strategic buyers are dominating volume in the food and beverage space, as they seek to add accretive brands that have tools, strategies and products already in place that cater to changing consumer demand. We expect private equity interest to rebound, particularly in niche areas like organic, better-for-you, and meal service options continue to proliferate and grow in service and capability.

– Bryan Wallace, Managing Director & Consumer Sector Lead
Bridgepoint Investment Banking

Deal Count by Quarter



Buyer Types



Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	4/9/2021	Equity	Enterprise	P/E	TEV/Revenue	TEV/EBITDA	TEV/EBIT
		Share Price	Value	Value	LTM	LTM	LTM	LTM
Conagra Brands, Inc.	United States	\$35.98	\$18,224.0	\$27,773.3	16.4x	2.41x	10.9x	13.0x
General Mills, Inc.	United States	\$59.82	\$37,177.7	\$49,168.1	14.8x	2.64x	11.5x	13.3x
Hormel Foods Corporation	United States	\$46.12	\$25,505.8	\$25,043.7	29.1x	2.59x	18.1x	21.2x
Mondelez International, Inc.	United States	\$58.47	\$82,872.5	\$100,363.5	23.9x	3.78x	15.4x	21.3x
Nestlé S.A.	Switzerland	\$117.50	\$330,925.5	\$365,646.5	25.4x	4.00x	17.3x	20.7x
PepsiCo, Inc.	United States	\$141.88	\$196,712.0	\$233,102.0	27.8x	3.31x	17.5x	21.6x
The Coca-Cola Company	United States	\$52.92	\$228,910.6	\$264,401.6	29.7x	8.01x	20.6x	24.1x
The Hain Celestial Group, Inc.	United States	\$42.52	\$4,373.9	\$4,716.2	223.3x	2.25x	19.2x	26.8x
The J. M. Smucker Company	United States	\$126.95	\$13,877.8	\$18,377.1	15.2x	2.25x	9.1x	12.5x
TreeHouse Foods, Inc.	United States	\$50.83	\$2,958.7	\$5,084.5	60.8x	1.17x	9.1x	17.3x

Total

	P/E	TEV/Revenue	TEV/EBITDA	TEV/EBIT
High	223.3x	8.01x	20.6x	26.8x
Mean	46.7x	3.24x	14.9x	19.2x
Median	26.6x	2.61x	17.3x	20.9x
Low	14.8x	1.17x	9.1x	12.5x

Notable Consumer Transactions in Q1 2021

Cosmetics

On January 6, 2021 Three Invisible Fence locations were acquired by parent company, Radio Systems Corporation.

"These three local authorized Invisible Fence dealerships have dedicated over 61 combined years of service in their communities, changing the lives of pets and their parents since 1994 ." – Ed Hoyt, Senior Director, Invisible Fence

Cosmetics

On January 6, 2021 BrightPet Nutrition Group, LLC announced that it acquired MiracleCorp Products Corp.

"The complementary nature of both companies' offerings will create significant synergies, especially in the freeze-dried segment of pet food, toppers, and treats." – William Sherk, Jr., CEO, MiracleCorp

Recent Food & Beverage M&A Transactions

Date	Target	Target Industry	Acquiror	Buyer Type
03/31/2021	Vermont Coffee Company	Food Products	Stonewall Kitchen	Strategic Buyer
03/31/2021	RushNet	Beverages	Chattahoochee Physicians Laboratory Services	Strategic Buyer
03/30/2021	U.S. Waffle Company	Food Products	Cérélia SA	Strategic Buyer
03/30/2021	Simple Botanics	Food Products	Brand Holdings	Strategic Buyer
03/29/2021	New Mexico Chili Products	Food Products	Sensient Natural Ingredients	Strategic Buyer
03/25/2021	Revolution Tea	Food Products	LIFEBRANDS Natural Food GmbH	Strategic Buyer
03/24/2021	Triple C Chandley Farms	Food Products	Smoky Mountain Family Farms	Strategic Buyer
03/19/2021	Be Good Plant Based Foods	Food Products	NHS Industries	Strategic Buyer
03/17/2021	Peloton Foods	Food Products	Time Warner Cable Internet	Strategic Buyer
03/17/2021	J&J Family of Farms	Food Products	Benson Hill Biosystems	Strategic Buyer
03/16/2021	Vermont Hard Cider Company	Beverages	Northeast Drinks Group	Strategic Buyer
03/16/2021	Baden Feed & Supply	Food Products	Turtle Mountain Seed Co	Strategic Buyer
03/15/2021	Bean processing facility and Globeways Canada	Food Products	ETG Commodities	Strategic Buyer
03/15/2021	NorthStar Genetics	Food Products	Rob-See-Co	Strategic Buyer
03/11/2021	BOU Brands	Food Products	Bulligo	Strategic Buyer
03/10/2021	HGH Seed	Food Products	Santa Fe Farms	Strategic Buyer
03/10/2021	Coastal Estates and Meridian	Beverages	The Wine Group	Strategic Buyer
03/09/2021	Bubba's Foods	Food Products	Ka-Pop! Snacks	Strategic Buyer
03/09/2021	Consumer & Food Division of YourEncore	Food Products	BelFlex Staffing Network	Strategic Buyer
03/09/2021	Green City Growers	Food Products	Tanimura & Antle Fresh Foods	Strategic Buyer
03/05/2021	Essentia Water	Beverages	Nestlé USA	Strategic Buyer

(a) Sponsor-backed strategics.

(b) Private Equity Firm.

Sources: S&P Capital IQ

Beauty & Cosmetics M&A continues to increase as financial and sponsor-backed buyers look to deploy dry powder

Private equity interest should increase due to ongoing industry performance, expected growth, and favorable consumer trends bolstered by the receding pandemic

Economic Outlook

- The Beauty industry is expected to reach a **market value of \$805.6bn by 2023**
- Do-it-yourself pampering products saw a huge increase in 2020; **annual order volume of shaving and hair removal products increased 97% and nail supplies increased 175%**
- **Beauty industry continues to grow**, with predicted growth rates of 32.0% for cosmetics, 24.3% for skin care, 18.7% for personal care and 13.7% for fragrances from 2019 to 2025
- **58% of people shopping for cosmetics still go to drug stores or pharmacies**, proving more popular than online and mass merchandisers
- **Top 3 largest market share by revenue in 2018:**
 - Hair care 24%
 - Skin care 23.7%
 - Cosmetics 14.6%

Beauty & Cosmetic Trends



M&A Deal Activity

18 transactions closed in Q1 2021, which is up from 12 in Q1 2020. We expect overall M&A activity in the Beauty & Cosmetics sector to increase steadily through 2021



Financial Buyers

Financial buyers continue to be actively searching for companies in the industry and contributed to 25% of the activity to Q1 2021



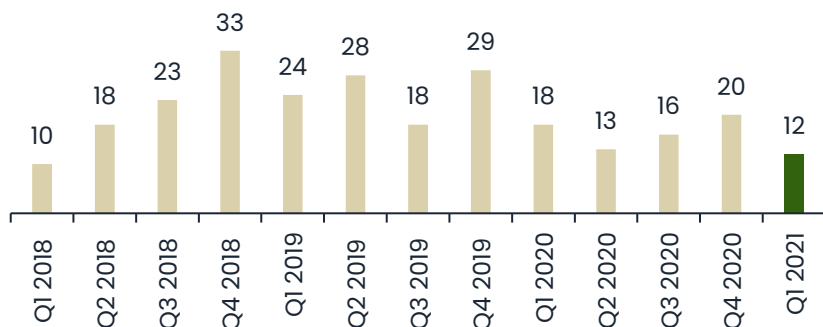
Strategic / Sponsor-backed Buyers

Sponsor-backed buyers continue to lead the industry's M&A deal activity; 33% of the deals came from strategic non-sponsor backed and 42% came from sponsor-backed strategies

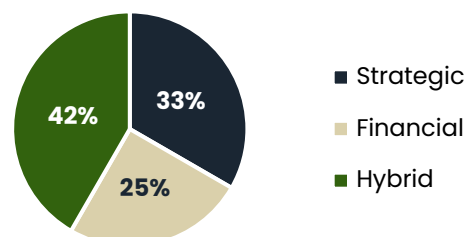
There is a lot of momentum in retail right now, as the stores that survived the initial shutdown have seen strong increases in traffic as states reopen and vaccines roll out. Retailer performance has also been buoyed by government stimulus payments to consumers, who seem happy to spend their extra cash on discretionary purchases. This should translate into momentum for beauty and health brands on both the M&A and capital raising fronts.

– Brad Wallace, CFO
Tru Fragrance & Beauty

Deal Count by Quarter



Buyer Types



Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	4/9/2021	Equity	Enterprise	P/E	TEV/Revenue	TEV/EBITDA	TEV/EBIT
		Share Price	Value	Value	LTM	LTM	LTM	LTM
Coty Inc.	United States	\$8.61	\$6,732.5	\$13,206.0	NM	3.17x	43.9x	NM
L'Occitane International S.A.	Luxembourg	\$3.02	\$4,428.8	\$5,297.1	35.4x	2.95x	12.0x	24.6x
L'Oréal S.A.	France	\$402.20	\$226,314.3	\$221,719.8	53.6x	6.66x	26.5x	35.8x
Nu Skin Enterprises, Inc.	United States	\$51.36	\$2,640.9	\$2,686.1	14.3x	1.04x	7.0x	10.4x
Revlon, Inc.	United States	\$11.16	\$616.8	\$3,948.2	NM	2.07x	32.9x	NM
Sally Beauty Holdings, Inc.	United States	\$20.11	\$2,263.1	\$4,068.8	19.4x	1.17x	6.4x	14.4x
The Estée Lauder Companies Inc.	United States	\$299.34	\$108,312.7	\$110,875.7	118.2x	7.81x	30.3x	51.7x
The Procter & Gamble Company	United States	\$136.57	\$337,999.5	\$358,402.5	25.9x	4.84x	17.2x	20.1x
Ulta Beauty, Inc.	United States	\$320.47	\$17,987.5	\$18,838.2	102.9x	3.06x	17.4x	46.7x

Total

	P/E	TEV/Revenue	TEV/EBITDA	TEV/EBIT
High	118.2x	7.81x	43.9x	51.7x
Mean	52.8x	3.64x	21.5x	29.1x
Median	35.4x	3.06x	17.4x	24.6x
Low	14.3x	1.04x	6.4x	10.4x

Notable Consumer Transactions in Q1 2021

Cosmetics


COTY
BEAUTY. LIBERATED.

On January 5, 2021 Coty Inc. announced that it acquired a 20% ownership interest in KKW Beauty, a beauty brand owned by Kim Kardashian West.

"Kim shares our true passion for beauty products, and this acquisition allows us to leverage our respective strengths for mutual benefit and value creation." – Sue Y. Nabi, CEO, Coty

Perfumes and Colognes

ANGELO CAROLI



On January 7, 2021 Gaensel Energy, Inc. announced that it acquired a majority stake of Angelo Caroli, an Italian-based lifestyle and wellness brand.

"This acquisition completes the 2020 Investment program of the Company." – Helmut Genzel, CEO, Gaensel Energy

Recent Beauty & Cosmetics M&A Transactions

Date	Target	Target Industry	Acquiror	Buyer Type
03/09/2021	Phoenix Fragrances Limited	Perfumes and Colognes	Sozio SAS	Strategic Buyer
02/28/2021	Pangaea Laboratories	Hair Care Products; Skin Care Products	Inflexion Private Equity Partners ^(b)	Financial Buyer
02/12/2021	Little Innoscents Pty	Skin Care Products	Wattle Health Australia Limited ^(a)	Strategic Buyer
02/12/2021	Tricot	Skin Care Products	POLA Orbis Holdings ^(a)	Strategic Buyer
02/04/2021	Cellular Goods	Skin Care Products	DB Ventures Limited	Strategic Buyer
01/25/2021	Smith & Vandiver Corporation	Skin Care Products	San Francisco Equity Partners ^(b)	Financial Buyer
01/22/2021	Shanghai Xiangmiao Trade Co.	Perfumes and Colognes	CITIC Capital Holdings Limited ^(a)	Strategic Buyer
01/11/2021	Cut by Fred	Hair Care Products	Fibonacci SARL	Strategic Buyer
01/11/2021	Laboratoires Provendi	Skin Care Products	Rhône-Alpes PME Gestion ^(b)	Financial Buyer
01/07/2021	International Holding	Perfumes and Colognes	Gaensel Energy Group	Strategic Buyer
01/06/2021	Bocchi Laboratories	Hair Care Products; Skin Care Products	Bright International ^(a)	Strategic Buyer

^(a) Sponsor-backed strategics.

^(b) Private Equity Firm.

Sources: S&P Capital IQ

Bridgepoint Executive Summary

- 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 M&A transaction advisory service experience
- 96 completed M&A assignments spanning more than \$36 billion in transactions
- 120 completed corporate finance transactions, raising more than \$85 billion in capital

Selected Recent Consumer Transactions

 BRIGHT FARMS Growth Financing Sole Financing Arranger	 HAS BEEN ACQUIRED BY  McCarthy Capital 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  adapthealth 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  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



Technology



Healthcare



Business &
IT Services



Industrials &
Transportation

<p>MORE THAN</p> <h1>274</h1> <p>YEARS OF EXPERIENCE</p>	<h1>\$121B</h1> <p>IN TRANSACTIONS</p>	<h1>216</h1> <p>TOTAL TRANSACTIONS</p>
--	--	--

Senior Leadership

 Matt Plooster Founder & 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