



CONSUMER: BEAUTY

- The beauty sector experienced a noticeable uptick in M&A activity in recent quarters led by private-equity and venture capital firms resuming their search for exposure to early stage, up-and-coming brands with unique product offerings.
- The beauty market remains dominated by the large strategics but has seen a substantial influx of activity at the lower end of the market (numerous minority stakes made through seed funding) as the strategics have remained relatively quiet since the beginning of the pandemic.
- Notably, the FTC shocked the M&A community by blocking Edgewell's (owner of Schick razors) proposed acquisition of

Harry's, ruling "...it would remove a critical disruptive rival that has driven down prices". While this highlights one of the potential risks associated with M&A transactions, we do not foresee this causing a slowdown in activity, further illustrated by Harry's later completing a sale of a minority interest to Bain Capital and Macquarie Capital.

- We expect continued interest in lower middle market beauty brands as they provide a reasonable entry point to the sector. Renewed interest from the larger strategics, possibly tempered by the FTC, is also likely as the economy emerges from the pandemic and beauty products are once again back in high demand.

ACTIVE STRATEGIC ACQUIRERS

Company	Recent Investments	Category	Date
	<ul style="list-style-type: none"> • KKW Beauty • Kylie Cosmetics 	<ul style="list-style-type: none"> Cosmetics Cosmetics 	<ul style="list-style-type: none"> 01/05/2021 11/18/2019
	<ul style="list-style-type: none"> • Tatcha • Schmidt's Naturals • Sundial Brands • Hourglass Cosmetics • Living Proof 	<ul style="list-style-type: none"> Skincare Deodorants & Soaps Hair & Skincare Cosmetics Hair & Skincare 	<ul style="list-style-type: none"> 07/26/2019 02/01/2018 12/18/2017 09/30/2017 02/01/2017
	<ul style="list-style-type: none"> • Walker & Company Brands • First Aid Beauty • Native 	<ul style="list-style-type: none"> Hair (Ethnic) Skincare Deodorants 	<ul style="list-style-type: none"> 12/12/2018 07/17/2018 11/15/2017
	<ul style="list-style-type: none"> • Drunk Elephant • Olivo Laboratories • MatchCo 	<ul style="list-style-type: none"> Skincare Skincare Cosmetics 	<ul style="list-style-type: none"> 11/07/2019 01/11/2018 01/18/2017
	<ul style="list-style-type: none"> • DevaCurl • eSalon 	<ul style="list-style-type: none"> Hair Hair 	<ul style="list-style-type: none"> 11/11/2019 07/26/2019
	<ul style="list-style-type: none"> • COOLA • Oars + Alps 	<ul style="list-style-type: none"> Sun Care Skincare 	<ul style="list-style-type: none"> 10/31/2019 09/12/2019

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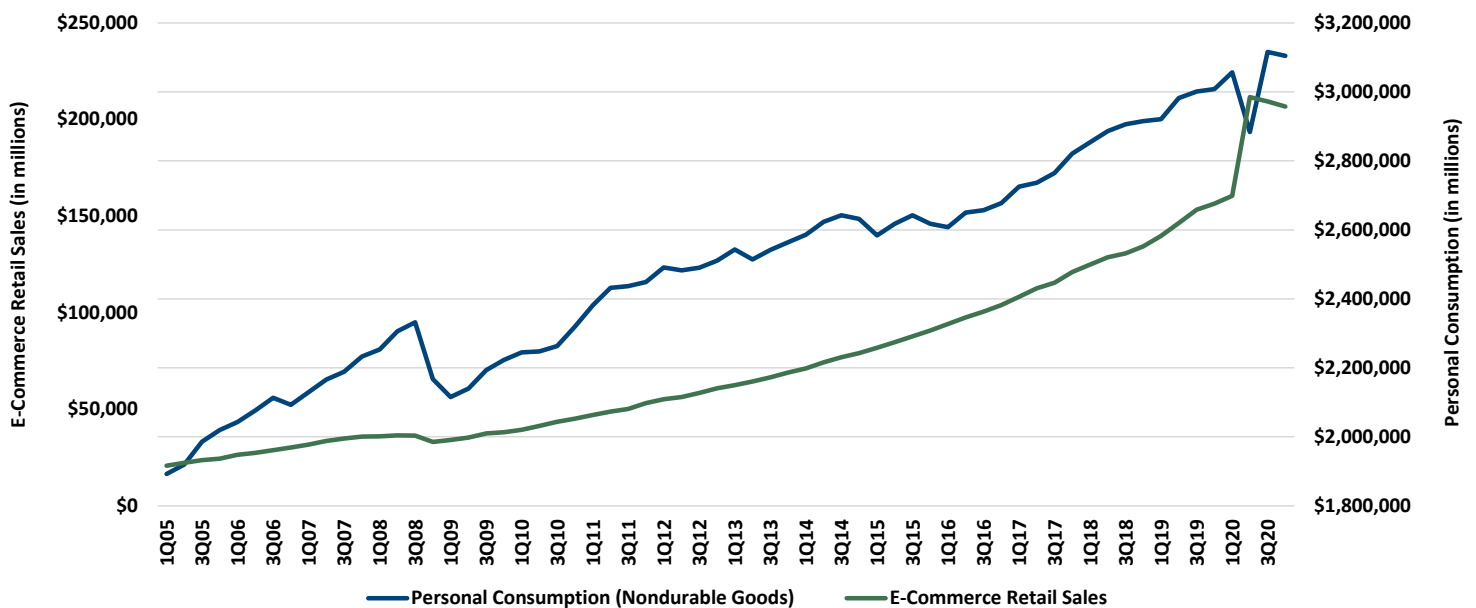
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SELECT RECENT TRANSACTIONS — *Beauty*

Closed Date	Acquirer	Target Company	Description
04/13/2021	Mousse Partners (The Carlyle Group)	Beauty Counter	Manufacturer of personal care products aimed at offering clean beauty alternatives.
04/13/2021	General Atlantic	Vegamour (minority stake)	Premium, DTC, clean hair wellness brand.
03/31/2021	Bain Capital and Macquarie Capital	Harry's (minority stake)	Manufacturer and retailer of shaving equipment and men's personal care products via online and retail channels.
03/18/2021	NewSpring	Blo Blow Dry Bar (undisclosed stake)	World's largest blow dry bar franchise.
02/24/2021	The Center	Phlur	Provider of an inaugural line of unisex fragrances designed to smell as accurate as its ingredients.
02/11/2021	WellBiz Brands	Drybar (franchise rights)	Operator of beauty shops focused exclusively on "Blowouts".
02/03/2021	CVC Capital Partners	Shiseido (majority stake of personal care brands)	Portfolio includes lower-priced hair care and skincare products.
02/01/2021	L'Oréal (ENXTPA: OR)	Takami Co.	Premium Japanese skincare brand offered online or by subscription primarily in Asia.
01/15/2021	Monogram Capital Partners	InstaNatural	Personal care company offering naturally based effective skincare products made from a blend of botanical ingredients.
01/11/2021	Aria Growth Partners	Hero Cosmetics, Inc. (minority stake)	Functional skincare brand focused on acne breakouts.
01/06/2021	Alliance Consumer Growth	SuperOrdinary (minority stake)	Brand management and distribution company aimed to assist early stage beauty companies enter China.
01/06/2021	L'Occitane (Obratori)	Paper Cosmetics (minority stake)	DTC sustainable deodorant brand with paper packaging.
01/05/2021	Coty (NYSE: COTY)	KKW Beauty (20% stake)	Provider of cosmetics products endorsed by Kim Kardashian West.
11/30/2020	Kohlberg Kravis Roberts (NYSE: KKR)	Clairol	Manufacturer of hair color and hair care products.
10/05/2020	The Blackstone Group (NYSE: BX)	ZO Skin Health	Developer of medical-grade skincare products designed to optimize skin health based on the latest advances in skin therapy technologies.
08/21/2020	General Atlantic, Summit Partners	Playa	Operator of an online platform providing organic-based hair and beauty products made from high-potency botanicals.

Source: Pitchbook

Relevant Consumer Economic Indicators



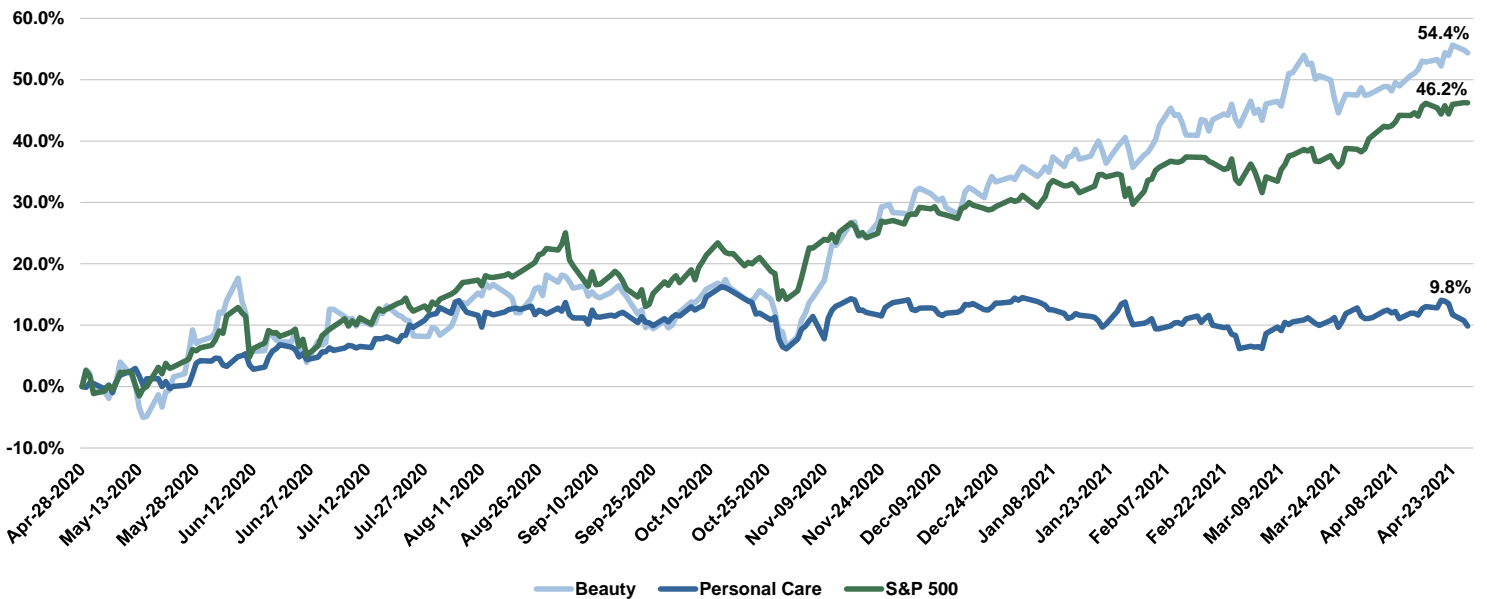
Source: Federal Reserve Bank of St. Louis

EdgePoint Beauty & Personal Care Index

(USD in millions, except per share data)

Company	Share Price	% of 52 Week High	Market Cap.	Enterprise Value	Debt / EBITDA	LTM Revenue	LTM EBITDA	Enterprise Value / LTM Revenue	Enterprise Value / LTM EBITDA	Enterprise Value / NTM Revenue	Enterprise Value / NTM EBITDA
Beauty & Personal Care											
Personal Care											
The Procter & Gamble Company (NYSE:PG)	\$ 131.18	89.3%	\$ 321,159.2	\$ 342,174.2	1.4x	\$ 74,870.0	\$ 20,983.0	4.6x	16.3x	4.4x	16.1x
Unilever (LSE:ULVR)	\$ 56.75	82.5%	\$ 148,820.5	\$ 177,730.3	2.5x	\$ 62,047.7	\$ 13,015.3	2.9x	13.7x	2.9x	12.8x
Colgate-Palmolive Company (NYSE:CL)	\$ 78.56	90.9%	\$ 66,581.4	\$ 74,228.4	1.8x	\$ 16,471.0	\$ 4,328.0	4.5x	17.2x	4.3x	15.8x
Kimberly-Clark Corporation (NYSE:KMB)	\$ 129.45	80.8%	\$ 43,680.5	\$ 52,438.5	2.0x	\$ 18,874.0	\$ 4,089.0	2.8x	12.8x	2.6x	12.5x
Shiseido Company, Limited (TSE:4911)	\$ 69.44	90.7%	\$ 27,739.1	\$ 29,524.0	3.9x	\$ 8,922.7	\$ 798.5	3.3x	37.0x	3.1x	28.1x
The Clorox Company (NYSE:CLX)	\$ 186.31	77.7%	\$ 23,436.2	\$ 26,057.2	1.7x	\$ 7,524.0	\$ 1,726.0	3.5x	15.1x	3.6x	17.2x
Church & Dwight Co., Inc. (NYSE:CHD)	\$ 84.77	85.7%	\$ 20,776.1	\$ 23,007.2	2.1x	\$ 4,895.8	\$ 1,105.3	4.7x	20.8x	4.5x	18.6x
The Hain Celestial Group, Inc. (NasdaqGS:HAIN)	\$ 40.85	88.8%	\$ 4,081.2	\$ 4,423.5	1.6x	\$ 2,092.1	\$ 228.2	2.1x	19.4x	2.2x	17.2x
Ontex Group NV (ENXTBR:ONTEX)	\$ 12.75	62.8%	\$ 1,031.6	\$ 2,047.6	5.5x	\$ 2,552.7	\$ 253.0	0.8x	8.1x	0.8x	7.4x
Median		85.7%	\$ 27,739.1	\$ 29,524.0	2.0x	\$ 8,922.7	\$ 1,726.0	3.3x	16.3x	3.1x	16.1x
Beauty											
L'Oréal S.A. (ENXTPA:OR)	\$ 410.11	96.7%	\$ 229,937.0	\$ 225,266.9	0.4x	\$ 34,241.1	\$ 8,031.3	6.6x	28.0x	6.1x	24.3x
The Estée Lauder Companies Inc. (NYSE:EL)	\$ 315.50	99.4%	\$ 114,450.6	\$ 117,013.6	2.2x	\$ 14,190.0	\$ 2,786.0	8.2x	42.0x	6.9x	29.2x
International Flavors & Fragrances Inc. (NYSE:IFF)	\$ 142.59	98.0%	\$ 35,483.1	\$ 39,668.8	4.2x	\$ 5,084.2	\$ 1,064.1	7.8x	37.3x	3.6x	15.5x
Ulta Beauty, Inc. (NasdaqGS:ULTA)	\$ 329.15	93.8%	\$ 18,231.2	\$ 19,082.0	1.7x	\$ 6,152.0	\$ 700.4	3.1x	27.2x	2.6x	19.2x
Natura & Co Holding S.A. (BOVESPA:NTCO3)	\$ 8.71	86.3%	\$ 11,986.8	\$ 13,714.7	5.1x	\$ 7,109.7	\$ 466.1	1.9x	29.4x	1.8x	14.8x
Coty Inc. (NYSE:COTY)	\$ 10.22	98.4%	\$ 7,836.7	\$ 14,310.2	19.0x	\$ 4,162.6	\$ 156.5	3.4x	91.4x	3.0x	17.5x
Helen of Troy Limited (NasdaqGS:HELE)	\$ 223.67	84.1%	\$ 5,456.6	\$ 5,797.2	1.2x	\$ 2,098.8	\$ 327.6	2.8x	17.7x	2.9x	16.1x
Nu Skin Enterprises, Inc. (NYSE:NUS)	\$ 54.45	85.3%	\$ 2,729.8	\$ 2,775.0	1.3x	\$ 2,581.9	\$ 331.6	1.1x	8.4x	1.0x	7.4x
Inter Parfums, Inc. (NasdaqGS:IPAR)	\$ 74.98	96.3%	\$ 2,372.0	\$ 2,293.5	0.6x	\$ 539.0	\$ 79.2	4.3x	29.0x	3.3x	22.0x
Edgewell Personal Care Company (NYSE:EPC)	\$ 38.09	91.3%	\$ 2,067.4	\$ 3,093.6	3.7x	\$ 1,946.8	\$ 338.2	1.6x	9.1x	1.5x	8.7x
USANA Health Sciences, Inc. (NYSE:USNA)	\$ 95.25	92.5%	\$ 1,964.4	\$ 1,707.4	0.0x	\$ 1,176.0	\$ 195.4	1.5x	8.7x	1.4x	8.5x
e.l.f. Beauty, Inc. (NYSE:ELF)	\$ 30.21	96.5%	\$ 1,548.0	\$ 1,664.1	4.3x	\$ 300.2	\$ 31.1	5.5x	53.5x	5.1x	26.0x
Revlon, Inc. (NYSE:REV)	\$ 12.66	66.6%	\$ 673.1	\$ 4,004.5	28.5x	\$ 1,904.3	\$ 81.2	2.1x	49.3x	1.8x	14.0x
BWX Limited (ASX:BWXX)	\$ 3.68	91.5%	\$ 517.2	\$ 492.6	1.6x	\$ 145.2	\$ 20.1	3.4x	24.5x	2.8x	16.2x
Scott's Liquid Gold-Inc. (OTCPK:SLGD)	\$ 2.28	70.4%	\$ 28.8	\$ 37.6	NM	\$ 30.3	\$ (0.7)	1.2x	NM	NM	NM
Median		92.5%	\$ 2,729.8	\$ 4,004.5	2.0x	\$ 2,098.8	\$ 327.6	3.1x	28.5x	2.8x	16.2x
Beauty & Personal Care Median		90.0%	\$ 9,911.7	\$ 14,012.4	2.0x	\$ 4,529.2	\$ 402.1	3.2x	20.8x	2.9x	16.1x

EdgePoint Beauty & Personal Care Index TTM Stock Performance



Source: S&P Capital IQ, share price index values as of April 27, 2021