



PICK OF THE LITTER

*Welcome Home:
The Humanization of Pets*

KPMG Corporate Finance LLC
Q2 2018 Leisure & Wellness
M&A Newsletter

Leisure & Wellness (L&W) M&A Overview

KPMG Corporate Finance LLC

KPMG Corporate Finance LLC ("KPMG CF") is a leading investment bank to the middle market serving domestic and international clients. We offer a broad range of investment banking and advisory services. The Corporate Finance practices of KPMG International's network of independent member firms operate in 170 countries with more than 2,500 professionals meeting the needs of clients across the globe.

KPMG⁽¹⁾ is ranked No. 1 globally for Consumer & Retail M&A transactions among all investment banks based on deal volume with transaction value ≤ \$500 million, completing 50 deals in H1 2018⁽²⁾. We have over 75 dedicated senior M&A bankers focused on Consumer & Retail in 32 countries worldwide, each with significant transaction experience, deep sector knowledge, and local market relationships with key decision makers.

Leisure & Wellness Industry Practice

KPMG CF's Leisure & Wellness investment banking team is a leader in providing customized advisory services to public and private companies throughout the global Leisure & Wellness industry. Now more than ever, consumers are embracing lifestyle choices and pursuing branded products that promote physical and mental health and wellness. Our team is well-positioned to leverage our industry experience and the global platform of KPMG⁽¹⁾ to offer customized investment banking solutions tailored to meet the specific goals and needs of our clients.

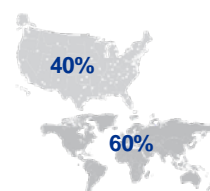
LEISURE & WELLNESS M&A

In spite of market uncertainties, including trade tensions, rising interest rates, and simmering political instability in the Eurozone, the M&A environment remained robust with deal makers favoring domestic transactions. In particular, U.S.-based strategic buyers, bolstered by healthy balance sheets and recent tax reforms, continue to seek domestic targets. Driven by a number of megadeals, global deal making activity increased by ~17% compared to the previous quarter, to reach \$1.09 trillion in Q2 2018. While deal value increased steadily, deal volume shrunk by ~7% quarter-over-quarter.

U.S. Deal activity remained relatively flat in Q2'18 relative to the same quarter last year. After a robust start to the year, deal environment in the global L&W industry continues to remain strong. Deal value witnessed a ~13% uptick year-over-year while deal volume fell ~4% over the same period.

Various sub-sectors within the L&W industry continue to grow faster than the overall consumer goods market, generating strong interest from both strategic and financial buyers. Pet Care / Pet Products has recently seen a flurry of large deals involving strategic buyers aiming to enter into or strengthen their position in the pet market. The Pet Industry is the theme of our Q2 2018 L&W Quarterly Newsletter.

GLOBAL L&W DEAL COUNT



L&W deal activity in the U.S. decreased by ~3%, with 76 deals in Q2'18, compared to 78 deals in Q2'17. The U.S. contributed 40% to the global deal volume in Q2'18, compared to 39% in Q2'17.

Sources: Capital IQ and other publicly available information.

(1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.

(2) Per Thomson Reuters SDC; middle-market is defined as transactions less than US\$500 million in enterprise value.



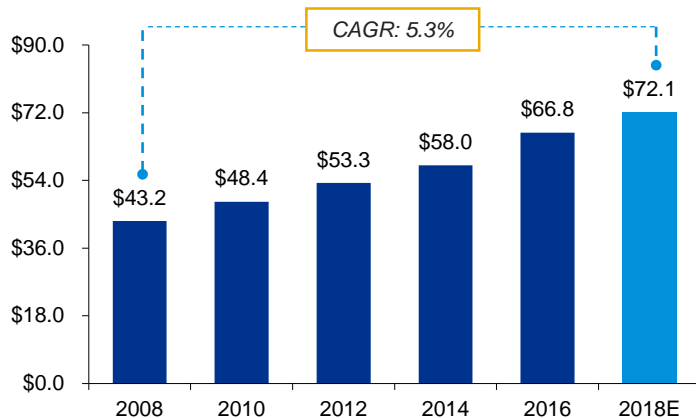
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U.S. Pet Industry (1/4)

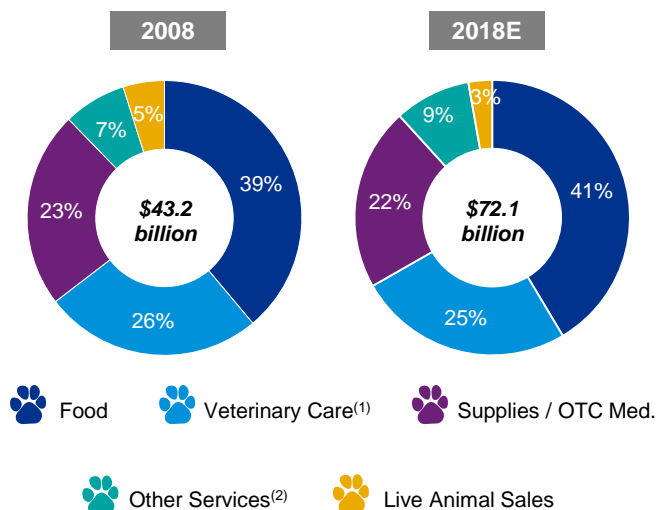
With a greater percentage of the population owning pets and treating them as part of the family, the global pet products industry is flourishing. Demographic trends as well as a generational shift in the way we view our pets has boosted spending across pet categories

- According to the American Pet Products Association (APPA), U.S. consumer pet spending reached \$69.5 billion in 2017
 - Driven by a variety of factors, including a growing pet population and the humanization of pets
 - Spending is forecasted to grow to \$72.1 billion in 2018E, a CAGR of 5.3% for the 2008A-2018E period
- Pet remains one of the fastest growing consumer categories
 - Pet spending growth outpaces pet population growth by ~3x
- The continued growth in spending has benefited all sub-categories of the industry
 - Food represents the largest segment of the market, followed by veterinary care. The pet food category has increased by ~75% over the past 10 years
- While grocery retailers and pet superstores remain dominant sales channels, online pet shopping is growing at a quick pace due to convenience, increasing comfort with online shopping, and shifting pet ownership population to millennials
 - Millennials became the primary pet-owning demographic in 2017 (35% of total), surpassing baby boomers (32%)
- In order to retain market share, specialty pet superstores (e.g., PetSmart, Petco) have added services including in-store, non-medical pet services such as grooming, boarding, and training
 - Additionally, large retailers have looked to consolidate the market to avoid losing ground – in 2017, PetSmart acquired Chewy.com to accelerate its efforts to sell pet products and services both in physical stores and online
- Pet Technology is another area that has gained prominence as it is allowing for the care of and interaction with pets easier for pet parents
 - Start-ups offer interactive toys, pet wearable devices, automated feeders, grooming devices, and veterinary & pet-health apps
- Overall, the industry remains highly fragmented from both the retailer and supplier perspectives, and provides significant opportunities for consolidation
 - The ensuing growth and continued innovation from new and incumbent industry players are attracting significant interest from both financial and strategic investors, including broad-based consumer companies

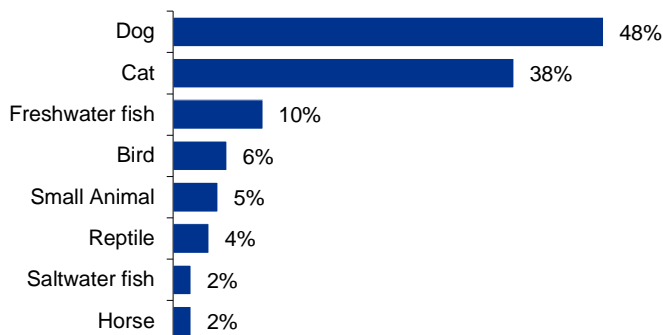
U.S. Pet Industry Expenditures (In \$ Billion)



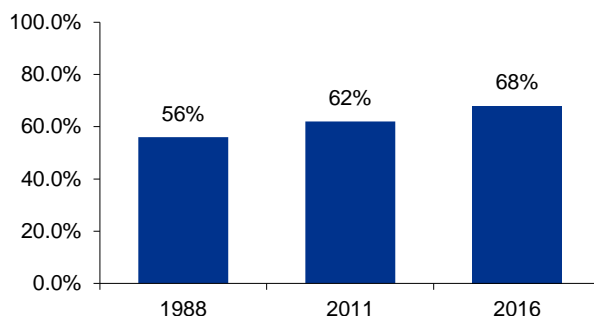
Market Segmentation – By Category



Pet Ownership - By Species (as a % of U.S. Population)



Increasing % of U.S. Households that Own a Pet



U.S. Pet Industry (2/4)

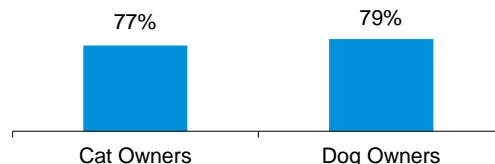
Growth trajectory of the pet industry has been driven by the humanization of pets. Consumers care for and spend on their pets as if they were a member of the family. Providers in the pet care services, pet food, and pet supplies categories have reaped the benefits of this trend

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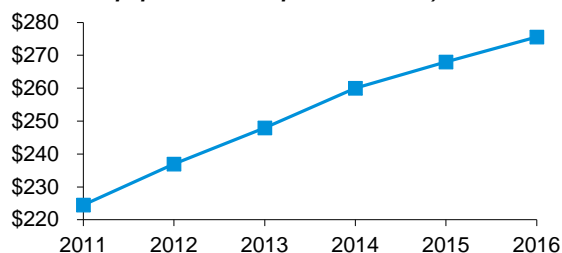
Humanization of Pets

- The humanization of pets refers to pet owners viewing and treating their pets as though they were people
 - Has resulted in consumers increasingly spending a greater share of their disposable income on their pets
- The trend is being fueled by Millennials who are delaying parenthood but still desire companionship
 - While less likely to be homeowners, car owners or parents than baby boomers, millennials are more likely to own pets
- Additionally, pet owners are interested in products similar to the ones people use for themselves or their children
- Pet owners don't want to just meet their pets' basic needs, but want their pets to have the best and safest through organic food, natural care products, quality medical care, etc.
- As such, the "pets as family" trend is leading to premiumization of the category in a variety of pet products & services including premium pet foods, pet cosmetics, pet fitness trackers, concierge services, and more
- Additionally, employers are responding to the trend by offering "pawternity leave" for workers adopting a rescue dog and extending family benefits to pets

Percentage of pet owners that view their pets as family members



Annual Spending Per Pet (in \$) (Calculated using the total spending on pets divided by the population of all pets in the U.S.)



- 80%** of pet owners report they treat their pets like their kids
- 60%** celebrate their pets' birthdays
- 46%** have purchased pet clothing or fashion accessories
- 43%** reported buying non-essential items like toys and apparel on impulse for their pet

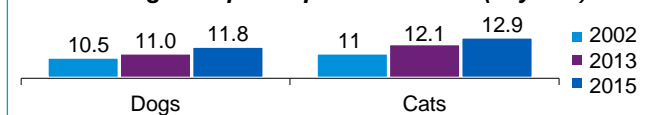
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Pet Care Services Gaining Momentum

Veterinary Care

- With the humanization trend, owners are focusing on healthy living for pets so their pets can live healthier and longer lives

Average lifespan of pets on the rise (in years)

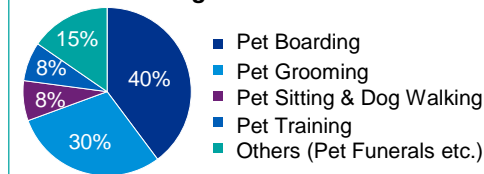


- Consumers are increasingly seeking veterinary care that closely mirrors human healthcare. This trend is reflected in the proliferation of pet MRIs to stem cell therapies, transplants, and alternative treatments such as massage, acupuncture, and herbal treatments
- With the average lifespan of pets on the rise, demand for routine care and chronic disease management of older companion pets has increased, thereby bolstering veterinary care industry revenue
 - Services catering to the aging and ailing pet population including in-home hospice services and out-of-home senior care have witnessed a surge in demand; also, demand for targeted senior related pet services that address specific conditions is growing
- Both strategics and financial sponsors are investing in the animal health space including through advanced therapies, genetic testing, diagnostics, and other equipment

Non – Medical Pet Care

- Non-medical services such as boarding, grooming, training, and walking are seeing strong growth, owing to a rise in consumer spending toward high-value pet services and advances in technology

Market Segmentation – 2017E



- Industry operators are expanding their service offerings to capture additional revenue
 - Pet boarders have introduced deluxe hotel suites equipped with TVs, webcams for owners, and training services, among other amenities
 - Pet groomers are now providing luxuries such as pet cologne, massages, flea and tick removal, and undercoat removal to decrease shedding

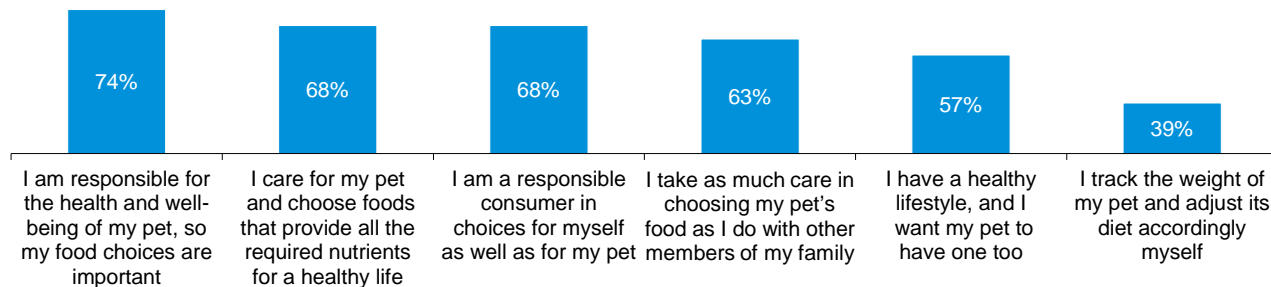
U.S. Pet Industry (3/4)

3 Attractive Growth in Pet Food

- U.S. represents the largest market for pet food making up ~\$30 billion of the ~\$84 billion global pet food retail industry
 - Global pet food spending 10-year CAGR of ~5%
- As the humanization of pets trend continues, pet owners are increasingly feeding their companions diets similar to that of people
- Premium-priced pet food represents the largest sub-category due to significant consumer interest in products with formulations that provide proven health benefits and are tailored for specific breeds
- In addition to pet food with added vitamins / minerals, all-natural pet food options that are both preservative and filler-free are gaining traction
- Trends such as raw feeding, 80:20 (80% meat, 20% vegetables/fruits), freeze-dried, etc., are opening new areas of growth and driving premiumization
- Given that human / animal crossover products, such as natural products and their off-shoots, have been well-received by consumers, the average price per pound of dog and cat food in the U.S. pet specialty market has risen steadily with an uptick of 24% over the past five years
- The space has seen blockbuster M&A deals due to the participation of large broad-based consumer companies who see the pet category as a sector that can drive the growth in their overall businesses
 - In May 2018, J. M. Smucker acquired Ainsworth Pet Nutrition, a manufacturer of premium pet food and pet snacks for \$1.9 billion
 - In April 2018, General Mills acquired Blue Buffalo Pet Products, a natural pet food company for ~\$8.3 billion
- Growing premium pet food brands are also attracting significant interest from financial investors
 - In June 2018, Main Post Partners invested in Nulo Pet Food, a growing premium pet food brand
 - In April 2017, L Catterton invested in "I and love and you", a growing super-premium pet food and treat brand

Pet owners prefer specialized food products, which outpace standard offerings significantly

Types of pet food usually bought	%.
Food with added vitamins / minerals	42%
Food with glucosamine / chondroitin	22%
Premium food (more nutrients, less preservatives, metabolized more efficiently vs lower grade food)	20%
Gourmet food (considered upscale or fancy)	19%
Food with added herbs / botanicals	19%
Food with added pre / probiotics	19%
Standard, regular pet food	18%
Organic food (made in accordance with a certification process)	18%
Natural food (no synthetic material, but no certification process)	17%
Limited ingredient food (for pets with food sensitivities)	16%
Grain-free / gluten-free food	15%
Raw food	10%
Specialty food (e.g. kosher, vegetarian, frozen, fresh, etc.)	6%
Other	15%

With pets viewed as family members, pet owners in the U.S. pay close attention to their pets' health and diets.


U.S. Pet Industry (4/4)

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Pet Supplies Sales on the Rise

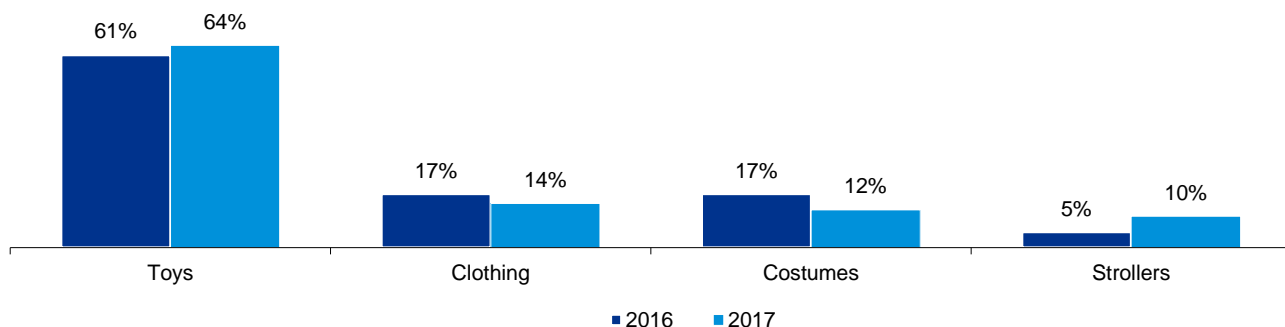
- Consumers in the U.S. are also increasing spending on pet supplies
- Rejuvenation in the toy category for cats and dogs is driven by innovation and technological advancements
 - Designed to improve interactivity and provide pets with more movement and higher levels of engagement, especially when pet parents are away
- With Millennials willing to spend more on a product that meets both a functional as well as aesthetic need for their pets, emphasis on containment-as-furniture is growing
 - Shift in demand from dog houses to dog crates that are comfortable on the inside and both look like and can be used as nightstands or end tables
 - Similarly, in response to consumers' need for better containment products, companies are focusing on improving rabbit hutches and chicken coops that provide more humane capacity standards and can also act as part of the backyard landscape
- Consumers concerned about their pets' looks are paying for premium, non-essential supplies (clothes, costumes, fashion accessories, etc.), mirroring how they buy products for themselves
- Health and beauty products with natural ingredients for pets are also growing in popularity
 - Examples include shampoos and conditioners, lotions, sunscreens, among others
 - In addition to natural ingredients, pet owners are increasingly seeking products which offer benefits such as sustainability, environment friendly sourcing, organic, and SLS & paraben free

Annual Expenses for Dog and Cat Owners – Pet Supplies Select Categories (2016)

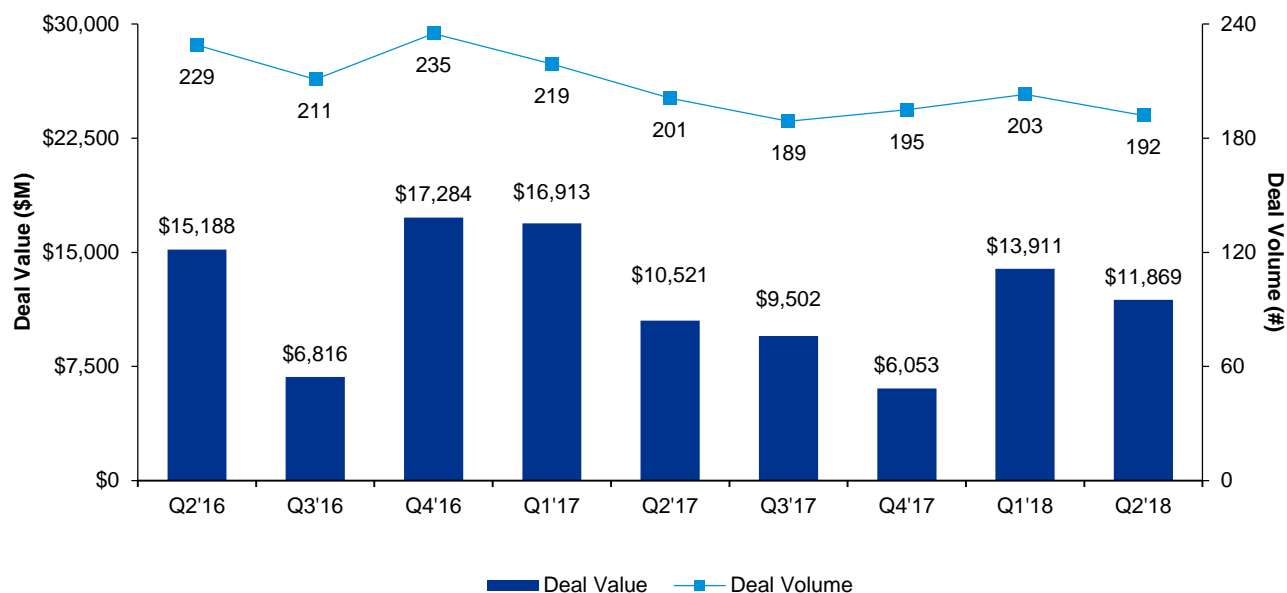
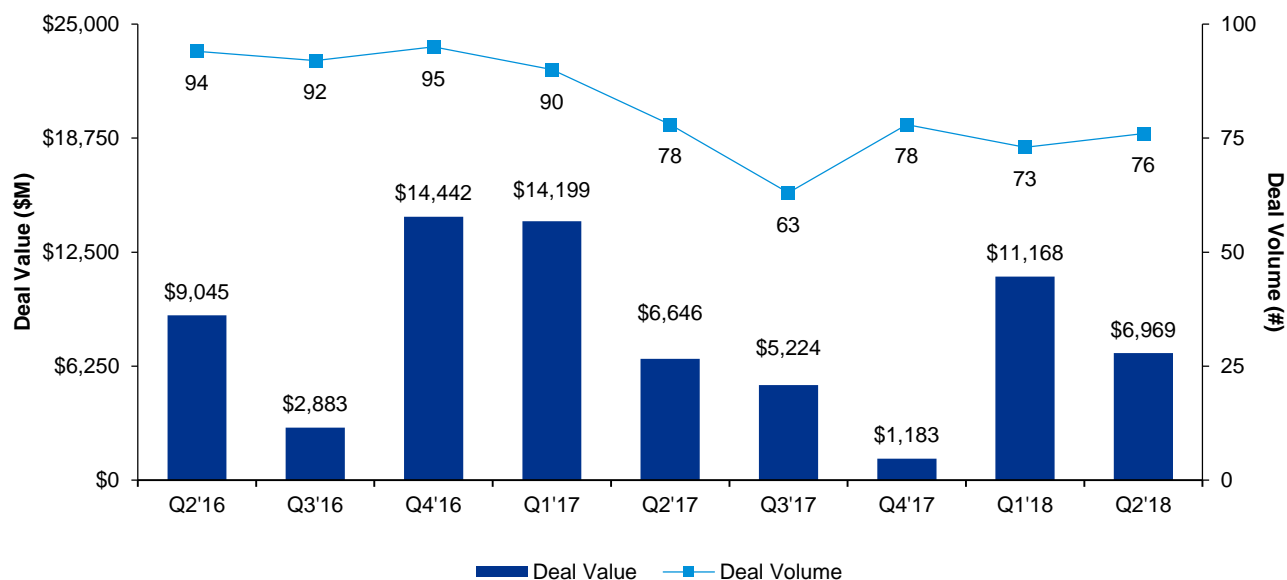
In the majority of expense categories, dog owners tend to spend more than cat owners

Category	Dog	Cat
Beds	\$43	\$29
Cages / Crates	\$62	NA
Carriers	\$86	\$38
Groomer / Grooming aids	\$84	\$30
Heartworm medication	\$102	\$65
Leashes	\$23	\$28
Medicated flea & tick control products	\$85	\$77
Non-medicated collars / decorative collars	\$21	\$18
Non-medicated Shampoo / Conditioner	\$25	\$24
Toys	\$47	\$30
Vitamins / Supplements	\$58	\$46
Other medications	\$132	\$82
Other supplies	\$71	\$71

According to a pet owners survey, Toys remain the top purchased type of pet supplies among pet owners in the U.S. 64% pet owners reported they have purchased pet toys in 2017.



Global and U.S. M&A deal volume

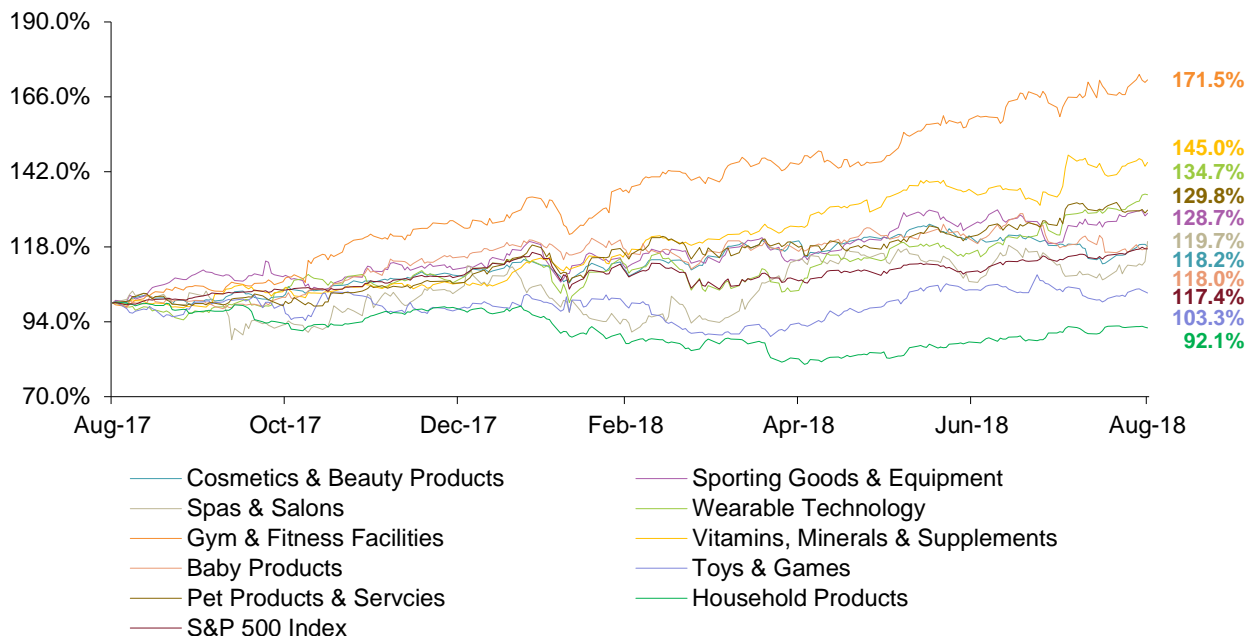
Global Leisure & Wellness Sector M&A Trend Q2'16 – Q2'18 ⁽¹⁾⁽²⁾U.S. Leisure & Wellness Sector M&A Trend Q2'16 – Q2'18 ⁽¹⁾⁽²⁾

Source: Capital IQ as of June 30, 2018.

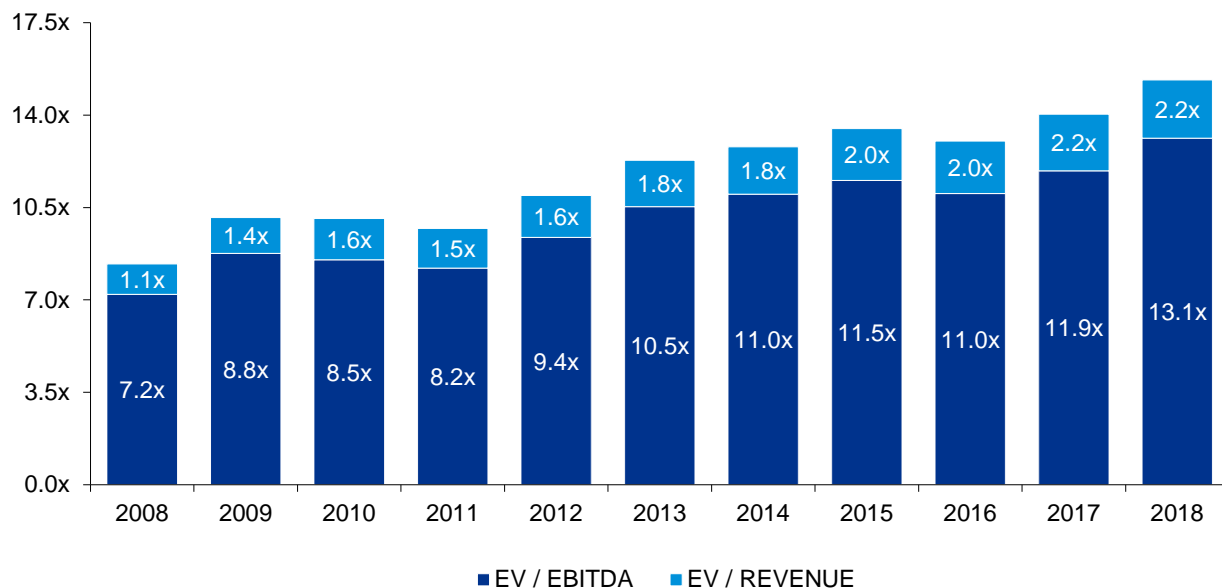
- (1) M&A analysis based on deals announced during the respective periods. Deal value represents aggregate deal value for disclosed transactions for the time periods noted on the above graphs.
 (2) Deal volume and value data based on internally defined sub-sectors.

Stock Valuations

Leisure & Wellness Sector Relative Stock Price Performance Trend ⁽¹⁾



Leisure & Wellness Sector Trading Multiple Valuation Trend ⁽¹⁾



Source: Capital IQ as of August 31, 2018.

(1) The Leisure & Wellness stock price performance and valuation trend are based on internally originated lists of representative public companies within the sub-sectors. The list of public companies selected in each sub-sector can be found on pages 12-15.

Recent Transactions

Selected Q2'18 Transaction Summaries

Charlee Bear Products <i>Acquired</i>	June 26, 2018: Charlee Bear Products, owner of dog treat brand Charlee Bear Dog Treats, acquired Hound & Gatos, a nationally distributed line of canned pet food, for ~\$1.7 million. With the acquisition, Charlee Bear expands beyond premium treats to 'Paleolithic' pet food, for which Hound & Gatos is known for. Hound & Gatos' only ingredients in their canned pet food include real meat, vitamins, and minerals, which are the same nutrients the pets' Paleolithic ancestors thrived on. Charlee Bear Products has started the process of hiring additional management and sales support for the Hound & Gatos brand and is also planning to focus on its rebranding in the coming months.
Hound & Gatos Pet Foods	
Seidler Equity Partners and Major League Baseball <i>Acquired</i>	June 5, 2018: Seidler Equity Partners acquired Rawlings Sporting Goods, a premier global sports equipment manufacturer, for ~\$395 million. Major League Baseball, which relies on Rawlings for its official game ball and other products, co-invested alongside Seidler. Rawlings has been in operation for 100+ years and manufactures gloves, balls, bats, and protective equipment. Seidler Equity and MLB acquired Rawlings from Newell Brands as part of Newell's plan to raise ~\$10 billion through divestitures. Headquartered in St. Louis, MO, Rawlings has over 1,200 employees globally and generated 2017 net sales of ~\$330 million.
Rawlings Sporting Goods	
Polaris Industries <i>Acquired</i>	May 30, 2018: Polaris, a global powersports leader acquired Boat Holdings, a privately owned boat manufacturer, for aggregate consideration of \$825 million. Boat Holdings is the largest manufacturer of pontoon boats in the U.S., one of the largest and fastest growing segments in the marine industry. "Boat Holdings is renowned for innovation and quality and we are excited to have them become part of our portfolio of industry-leading powersports vehicles. This transaction epitomizes our disciplined growth strategy of entering attractive markets where we can establish and extend our leadership position.", said Scott Wine, Polaris Industries chairman and CEO. Following the closing of the transaction, Boat Holdings will operate as a distinct business unit.
Boat Holdings	
L'Oréal S.A. (ENXTPA:OR) <i>Acquired</i>	May 25, 2018: L'Oréal, one of the world's largest cosmetic companies, acquired Pulp Riot, a professional hair color brand based in Los Angeles, CA. "We are thrilled to welcome the Pulp Riot teams and to amplify the international development of this iconic brand. Its unique creative artistry and stylist powered education will inspire the entire division.", said Nathalie Roos, President of L'Oréal's Professional Products Division. The brand which was launched in 2016, had net sales of ~\$11 million in 2017. The brand is also focusing on international expansion.
Pulp Riot	
Wagz, Inc. <i>Acquired</i>	May 4, 2018: Wagz, a maker of connected home devices for pets, acquired Petzila, the manufacturer of the Petzi treat cam, an automated treat dispenser equipped with a web cam for owners and their pets to see and hear one another. Petzila has distribution in 54 countries and is sold through retailers including Chewy.com and PetSmart. The acquisition is expected to further strengthen Wagz's position in the market by providing deep consumer insights and fostering large retailer relationships through an emerging pet-tech brand.
Petzila, Inc.	
The Scotts Miracle-Gro Company (NYSE:SMG) <i>Acquired</i>	April 17, 2018: Scotts Miracle-Gro, a marketer of branded consumer lawn and garden as well as hydroponic growing products, acquired Sunlight Supply, a hydroponics supplier, for \$450 million in cash and stock. The deal aims to greatly enhance the ability of SMG's wholly-owned subsidiary, The Hawthorne Gardening Company, to meet the needs of the rapidly evolving hydroponic products marketplace. The combined company will have annualized sales of approx. \$600 million and would directly service more than 1,800 hydroponic retail stores in North America.
Sunlight Supply	
The J. M. Smucker Company (NYSE:SJM) <i>Acquired</i>	April 04, 2018: The J. M. Smucker Company, a manufacturer of consumer food & beverage products and pet food & pet snacks in North America, acquired Ainsworth Pet Nutrition, a producer, and distributor of premium pet food and pet snacks, for ~\$1,700 billion, after an estimated tax benefit of \$200 million. "We are excited to have completed this transaction, which increases the scale and further accelerates the growth profile of our pet food and pet snacks business" said Mark Smucker, J.M. Smucker CEO. Approx. two-thirds of Ainsworth's sales are generated by its Rachael Ray Nutrish brand. It is one of the fastest-growing brands in the premium dry dog food segment within the grocery and mass channels, a key growth driver for the overall category.
Ainsworth Pet Nutrition	

Sources: Capital IQ and other publicly available information.

Recent M&A Transactions (1/2)

Selected Recent Leisure & Wellness M&A Transactions (US\$ in millions)						
Announcement Date	Target	Buyer	Sub-sector	Implied Enterprise Value (TEV)	TEV/ Revenue	TEV/ EBITDA
7/24/2018	Wholesome Pride Pet Treats LLC	Outward Hound	Pet Products & Services	-	-	-
7/19/2018	Standifer's Animal Clinic, L.L.C.	Southern Veterinary Partners, LLC	Pet Products & Services	-	-	-
7/12/2018	Ultra Paws, LLC	R2P Group Inc.	Pet Products & Services	-	-	-
6/27/2018	Fort Collins Club, Inc.	Genesis Health Club, Inc.	Fitness & Spa Facilities	-	-	-
6/26/2018	Hound & Gatos Pet Foods Corp.	Charlee Bear Products Inc.	Pet Products & Services	\$1.7	-	-
6/18/2018	Lime Crime, Inc.	Tengram Capital Partners, LLC	Personal Care	-	-	-
6/13/2018	Sam Tucker, LLC	Culp, Inc.	Household Products	-	-	-
6/13/2018;	LORAC Cosmetics, Inc.	Markwins International Corporation	Personal Care	-	-	-
6/12/2018; 5/31/2018; 5/29/2018	Pioneer Naturals Dog Food; Great Life Petfood, LLC; Wild Calling Pet Foods, LLC	Barkstrong, LLC	Pet Products & Services	-	-	-
6/7/2018	Ocean Blue Brand Assets of Sancilio Pharmaceuticals Company, Inc.	KD-Pharma Bexbach GmbH	Vitamins, Minerals & Supplements	\$2.5	-	-
6/5/2018	Rawlings Sporting Goods Company, Inc.	Seidler Equity Partners; Major League Baseball Enterprises, Inc.	Recreational Products	\$395.0	1.2x	-
6/4/2018	Chris-Craft Corporation	Winnebago Industries, Inc.	Recreational Products	-	-	-
5/31/2018	31 Planet Fitness Clubs Across South Florida, Charlotte, North And South Carolina	Sunshine Fitness Management LLC	Fitness & Spa Facilities	-	-	-
5/30/2018	Boat Holdings, LLC	Polaris Sales Inc.	Recreational Products	\$825.0	1.5x	11.0x
5/29/2018	Vetscience LLC	Manna Pro Products, LLC	Pet Products & Services	-	-	-
5/25/2018	Pulp Riot	L'Oréal S.A.	Personal Care	-	-	-
5/25/2018	The Haywire Group Inc.	University Games Corporation	Toys & Games	-	-	-

Source: Capital IQ.

Recent M&A Transactions (2/2)

Selected Recent Leisure & Wellness M&A Transactions (US\$ in millions)						
Announcement Date	Target	Buyer	Sub-sector	Implied Enterprise Value (TEV)	TEV/ Revenue	TEV/ EBITDA
5/22/2018	Renpure, LLC / Onesta Hair Care, LLC	Marc Anthony Cosmetics, Inc.	Personal Care	\$0.1	-	-
5/22/2018	Nootromins Inc	Griffin Atlas Limited	Vitamins, Minerals & Supplements	-	-	-
5/21/2018	All Assets of Capitol Cups, Inc.	New ThermoServ, Ltd.	Household Products	-	-	-
5/18/2018	New Milani Group, Inc.	Gryphon Investors Inc	Personal Care	-	-	-
5/9/2018	Ellsworth Handcrafted Bicycles, Inc.	The ASG Group	Recreational Products	-	-	-
5/7/2018	Austin Heart Vet, PLLC	CVCA - Cardiac Care for Pets	Pet Products & Services	-	-	-
5/4/2018	Petzila, Inc.	Wagz, Inc.	Pet Products & Services	-	-	-
5/1/2018	PetEdge, Inc.	Boss Pet Products, Inc.	Pet Products & Services	-	-	-
4/24/2018	Massage Retreat & Spa, Inc.	Life Time, Inc.	Fitness & Spa Facilities	-	-	-
4/23/2018	Animal Health Business of Henry Schein, Inc.	Direct Vet Marketing, Inc., doing business as Vets First Choice	Pet Products & Services	-	-	-
4/19/2018	Pupco Brands, Inc.	BestnPet, Inc.	Pet Products & Services	-	-	-
4/17/2018	Sunlight Supply Inc.	The Scotts Miracle-Gro Company	Household Products	\$450.0	1.0x	8.2x
4/16/2018	James Austin Company	KIK Custom Products Inc.	Household Products	-	-	-
4/11/2018	Advanced Sports, Inc.	Ideal Bike Corporation	Recreational Products	\$40.0	-	-
4/10/2018	OptiGen, LLC	Mars Petcare US, Inc.	Pet Products & Services	-	-	-
4/4/2018	Ainsworth Pet Nutrition Parent, LLC	The J. M. Smucker Company	Pet Products & Services	\$1,900.0	-	13.9x
4/2/2018	Steve Spangler, Inc.	Really Good Stuff, Inc.	Toys & Games	-	-	-

Source: Capital IQ.



Q2'18 Public Comps

Leisure & Wellness Performance Summary by Sub-sector (\$M, except per share data)

Selected Public Leisure & Wellness Companies

(US\$ in millions, except per share amounts)

					Last Twelve Months (LTM)				Enterprise value	
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Baby Products										
Pigeon Corporation	\$5,802	\$5,559	\$48.45	87.7%	\$950	9.2%	\$208	21.9%	5.6x	21.5x
Carter's, Inc.	4,923	5,422	105.93	82.1%	3,428	5.1%	478	13.9%	1.5x	10.6x
Goodbaby International Holdings Limited	684	913	0.41	57.7%	1,054	30.9%	74	7.0%	0.7x	6.8x
Dorel Industries Inc.	629	1,096	19.36	75.0%	2,585	0.3%	134	5.2%	NM	6.8x
Crown Crafts, Inc.	59	63	5.85	77.6%	72	12.6%	9	11.8%	NA	NA
Summer Infant, Inc.	36	77	1.92	89.3%	180	(7.4%)	3	1.9%	NM	6.3x
Baby Products Mean				78.3%		8.5%		10.3%	2.6x	10.4x
Baby Products Median				79.9%		7.2%		9.4%	1.5x	6.8x
Cosmetics & Beauty Products										
L'Oréal S.A.	\$134,222	\$133,800	\$239.93	96.2%	\$30,338	0.7%	\$6,724	22.2%	4.2x	18.6x
The Estée Lauder Companies Inc.	51,451	52,280	140.12	88.2%	13,683	15.7%	2,780	20.3%	3.7x	17.6x
Shiseido Company, Limited	28,186	27,404	70.59	84.6%	9,613	17.1%	1,410	14.7%	2.7x	17.1x
Ulta Beauty, Inc.	15,540	15,154	260.00	96.7%	6,312	18.7%	1,086	17.2%	2.1x	12.5x
Coty Inc.	9,280	16,472	12.36	57.0%	9,398	22.8%	1,343	14.3%	1.9x	11.4x
Edgewell Personal Care Company	3,052	4,135	56.47	73.6%	2,262	(3.5%)	412	18.2%	1.8x	10.0x
Inter Parfums, Inc.	2,045	1,880	65.30	96.7%	640	13.4%	84	13.1%	2.9x	18.1x
Sally Beauty Holdings, Inc.	1,846	3,608	15.40	74.7%	3,941	0.0%	576	14.6%	0.9x	6.6x
Revlon, Inc.	1,162	4,148	21.75	78.0%	2,621	(1.0%)	105	4.0%	1.6x	14.7x
Avon Products, Inc.	885	2,563	2.00	66.9%	5,732	0.46%	457	8.0%	NM	5.9x
e.l.f. Beauty, Inc.	661	796	13.89	58.2%	278	11.7%	48	17.2%	2.9x	13.7x
BWX Limited	383	406	3.10	52.5%	110	104.6%	29	26.0%	3.1x	11.5x
Cosmetic and Beauty Products Mean				76.9%		16.7%		15.8%	2.5x	13.1x
Cosmetic and Beauty Products Median				76.3%		12.6%		15.9%	2.7x	13.1x
Gym & Fitness Facilities										
Planet Fitness, Inc.	\$4,529	\$5,083	\$51.37	96.2%	\$472	17.4%	\$182	38.5%	NM	21.9x
Basic-Fit N.V.	1,939	2,289	35.46	94.3%	419	23.6%	127	30.2%	4.9x	15.7x
Tosho Co., Ltd.	1,491	1,591	38.93	93.9%	226	14.1%	76	33.8%	NM	16.6x
The Gym Group plc	597	624	4.33	99.1%	141	33.1%	39	27.4%	3.5x	10.8x
Central Sports Co., Ltd.	414	434	36.76	91.2%	487	2.1%	56	11.5%	NA	NA
Town Sports International Holdings, Inc.	249	391	9.15	61.6%	423	7.5%	59	13.9%	0.9x	6.4x
Grupo Sports World, S.A.B. de C.V.	77	106	0.97	97.4%	94	25.2%	16	16.7%	1.0x	5.4x
Actic Group AB (publ)	75	121	4.71	95.5%	105	7.8%	16	14.9%	1.1x	6.5x
Talwalkars Better Value Fitness Limited	14	34	0.45	9.0%	9	(79.2%)	9	101.1%	NA	NA
Gym & Fitness Facilities Mean				82.0%		5.8%		32.0%	2.3x	11.9x
Gym & Fitness Facilities Median				94.3%		14.1%		27.4%	1.1x	10.8x

Q2'18 Public Comps

Leisure & Wellness Performance Summary by Sub-sector (\$M, except per share data)

Selected Public Leisure & Wellness Companies

(US\$ in millions, except per share amounts)

					Last Twelve Months (LTM)				Enterprise value	
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Household Products										
The Procter & Gamble Company	\$206,476	\$226,879	\$82.95	87.6%	\$66,832	2.7%	\$17,504	26.2%	3.4x	13.0x
Reckitt Benckiser Group plc	60,177	74,153	85.13	88.4%	16,713	25.7%	4,729	28.3%	4.4x	15.2x
Henkel AG & Co. KGaA	51,264	54,511	127.74	89.1%	23,154	0.4%	4,488	19.4%	NA	NA
Kimberly-Clark Corporation	40,169	47,233	115.54	93.1%	18,514	1.6%	3,974	21.5%	2.6x	11.6x
Kao Corporation	37,865	36,806	77.81	99.0%	13,543	1.7%	2,414	17.8%	2.6x	14.3x
The Clorox Company	18,570	20,922	144.98	96.4%	6,124	2.5%	1,284	21.0%	3.3x	15.6x
Church & Dwight Co., Inc.	13,885	16,009	56.58	97.5%	4,035	13.9%	944	23.4%	3.8x	16.5x
Newell Brands Inc.	10,263	18,486	21.72	44.1%	14,140	11.3%	1,975	14.0%	2.1x	14.6x
Spectrum Brands Holdings, Inc.	4,639	9,082	86.85	93.7%	5,144	48.1%	658	12.8%	3.0x	15.3x
Helen of Troy Limited	3,133	3,416	118.95	99.7%	1,519	9.7%	236	15.5%	2.2x	14.1x
Tempur Sealy International, Inc.	3,015	4,767	55.39	81.4%	2,691	(9.9%)	357	13.3%	1.7x	10.3x
WD-40 Company	2,462	2,506	177.45	99.6%	402	5.6%	86	21.5%	5.9x	29.0x
Central Garden & Pet Company	2,124	2,612	39.70	88.2%	2,204	11.4%	212	9.6%	1.1x	11.6x
Tupperware Brands Corporation	1,627	2,391	32.52	49.1%	2,206	(2.0%)	399	18.1%	1.1x	5.9x
Sleep Number Corporation	1,176	1,356	33.70	82.8%	1,471	8.2%	149	10.2%	0.9x	8.5x
Household Products Mean				86.0%		8.7%		18.2%	2.7x	14.0x
Household Products Median				89.1%		5.6%		18.1%	2.6x	14.2x
Pet Products & Services										
Zoetis Inc.	\$43,653	\$47,050	\$90.60	96.7%	\$5,588	11.4%	\$2,177	39.0%	NM	19.8x
IDEXX Laboratories, Inc.	21,998	22,863	254.04	99.1%	2,117	13.7%	541	25.5%	NM	NM
Henry Schein, Inc.	11,894	13,960	77.68	86.9%	13,026	8.8%	1,057	8.1%	1.0x	12.5x
The J. M. Smucker Company	11,758	18,281	103.38	77.5%	7,511	2.5%	1,664	22.2%	2.3x	10.7x
Central Garden & Pet Company	2,124	2,612	39.70	88.2%	2,204	11.4%	212	9.6%	1.1x	11.6x
Freshpet, Inc.	1,312	1,315	37.15	98.7%	175	23.9%	9	5.0%	NM	NM
PetMed Express, Inc.	752	657	36.69	63.5%	282	9.8%	56	19.8%	2.2x	11.2x
PetIQ, Inc.	660	760	39.16	97.8%	399	65.6%	18	4.6%	1.5x	16.5x
Pet Products & Services Mean				88.6%		18.4%		16.7%	1.6x	13.7x
Pet Products & Services Median				92.5%		11.4%		14.7%	1.5x	12.0x

Q2'18 Public Comps

Leisure & Wellness Performance Summary by Sub-sector (\$M, except per share data)

Selected Public Leisure & Wellness Companies

(US\$ in millions, except per share amounts)

Last Twelve Months (LTM)					Enterprise value					
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Spas & Salons										
Ulta Beauty, Inc.	\$15,540	\$15,154	\$260.00	96.7%	\$6,312	18.7%	\$1,086	17.2%	2.1x	12.5x
Regis Corporation	947	927	21.39	95.5%	1,214	(4.3%)	93	7.6%	0.8x	9.1x
Perfect Shape Beauty Technology Limited	276	222	0.25	77.5%	115	19.7%	40	34.9%	NA	NA
Siam Wellness Group Public Co. Limited	263	266	0.46	67.4%	32	25.1%	10	30.5%	NM	20.7x
Water Oasis Group Limited	91	36	0.13	75.0%	87	7.3%	43	49.0%	NA	NA
ARTE Salon Holdings, Inc.	54	66	5.41	88.5%	71	5.4%	10	13.8%	NA	NA
RVH Inc.	51	31	2.63	44.0%	496	25.1%	34	6.8%	NA	NA
M H Group Ltd.	26	24	2.29	75.4%	19	11.2%	1	4.6%	NA	NA
Modern Beauty Salon Holdings Limited	24	(0.2)	0.03	56.2%	76	(13.6%)	2	2.3%	NA	NA
Spas & Salons Mean				75.1%		10.5%		18.5%	1.5x	14.1x
Spas & Salons Median				75.4%		11.2%		13.8%	1.5x	12.5x
Sporting Goods & Equipment										
Polaris Industries Inc.	\$6,750	\$7,681	\$108.45	78.8%	\$5,789	15.8%	\$674	11.6%	1.2x	9.0x
Brunswick Corporation	5,760	5,760	66.42	95.4%	4,610	5.9%	567	12.3%	1.1x	7.9x
Amer Sports Corporation	3,872	4,824	33.60	96.3%	3,071	(1.4%)	330	10.7%	1.4x	12.7x
Fox Factory Holding Corp.	2,498	2,541	66.05	96.7%	535	19.5%	90	16.8%	4.0x	19.9x
Callaway Golf Company	2,154	2,204	22.81	96.7%	1,235	28.0%	167	13.5%	1.8x	14.0x
Acushnet Holdings Corp.	2,022	2,421	27.05	97.1%	1,619	5.7%	201	12.4%	1.5x	10.2x
Technogym S.p.A.	2,002	2,050	9.96	78.1%	718	7.7%	130	18.1%	2.7x	13.2x
Vista Outdoor Inc.	1,063	1,877	18.47	77.9%	2,269	(8.7%)	122	5.4%	0.9x	11.3x
Johnson Outdoors Inc.	1,001	872	101.28	94.3%	545	15.0%	74	13.7%	1.6x	11.3x
Malibu Boats, Inc.	990	1,045	48.21	99.7%	497	76.3%	87	17.6%	2.0x	11.2x
Marine Products Corporation	679	663	19.64	84.7%	289	13.4%	36	12.4%	2.1x	16.2x
MCBC Holdings, Inc.	515	592	27.57	88.2%	333	45.5%	63	19.0%	1.6x	9.1x
Nautilus, Inc.	443	397	14.65	84.3%	406	2.4%	49	12.1%	0.9x	7.4x
Impulse (Qingdao) Health Tech Co.,Ltd.	383	303	3.19	44.0%	131	6.9%	12	9.1%	NA	NA
Johnson Health Tech. Co., Ltd.	362	512	1.19	89.4%	657	0.3%	14	2.2%	0.7x	NA
Clarus Corporation	307	320	10.35	94.1%	198	29.09%	13	6.71%	1.5x	17.4x
Escalade, Incorporated	192	176	13.30	87.2%	172	(1.2%)	17	9.7%	1.0x	9.3x
Sporting Goods & Equipment Mean				87.2%		15.3%		12.0%	1.6x	12.0x
Sporting Goods & Equipment Median				89.4%		7.7%		12.3%	1.5x	11.3x
Toys & Games										
Hasbro, Inc.	\$12,606	\$13,137	\$99.31	92.3%	\$5,008	(2.4%)	\$820	16.4%	2.6x	12.8x
BANDAI NAMCO Holdings Inc.	8,545	7,074	38.88	89.8%	6,181	10.6%	909	14.7%	1.1x	7.7x
Mattel, Inc.	5,310	8,010	15.43	80.3%	4,721	(11.6%)	(165)	NM	1.7x	16.8x
Spin Master Corp.	4,048	4,046	39.76	84.2%	1,644	24.8%	254	15.5%	2.3x	12.6x
TOMY Company, Ltd.	939	944	9.87	56.8%	1,599	2.8%	199	12.5%	0.6x	NA
China Healthwise Holdings Limited	88	85	0.01	37.1%	87	113.8%	(7)	NM	NA	NA
JAKKS Pacific, Inc.	59	200	2.55	71.8%	598	(12.6%)	(50)	NM	NM	13.2x
Toys & Games Mean				73.2%		17.9%		14.8%	1.7x	12.6x
Toys & Games Median				80.3%		2.8%		15.1%	1.7x	12.8x

Q2'18 Public Comps

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					Last Twelve Months (LTM)				Enterprise value	
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Vitamins, Minerals & Supplements										
Herbalife Nutrition Ltd.	\$8,324	\$9,686	\$56.59	93.7%	\$4,641	5.1%	\$718	15.5%	1.9x	12.3x
Glanbia plc	4,974	5,441	16.87	85.4%	2,699	(1.1%)	351	13.0%	1.9x	14.0x
Nu Skin Enterprises, Inc.	4,420	4,478	79.60	89.8%	2,550	16.7%	382	15.0%	1.7x	10.6x
By-health Co., Ltd.	4,211	3,750	2.87	91.9%	573	48.1%	174	30.4%	NM	18.3x
Fanc! Corporation	3,279	2,956	51.51	89.6%	1,028	15.4%	130	12.7%	2.6x	19.4x
USANA Health Sciences, Inc.	3,200	2,902	131.95	95.7%	1,128	10.7%	181	16.1%	2.4x	13.8x
Medifast, Inc.	2,734	2,630	228.75	98.7%	371	33.8%	56	15.2%	4.8x	29.0x
Blackmores Limited	2,042	2,078	118.43	92.3%	445	8.9%	87	19.6%	3.9x	22.0x
Jamieson Wellness Inc.	754	881	19.81	92.9%	237	21.2%	43	18.0%	3.3x	15.8x
Midsona AB (publ)	349	479	7.58	88.0%	278	22.0%	25	9.1%	1.5x	14.0x
Vitamin Shoppe, Inc.	307	370	12.80	91.8%	1,166	(4.6%)	56	4.8%	NM	5.9x
Natural Health Trends Corp.	299	171	26.47	97.2%	190	(22.4%)	38	20.0%	NA	NA
GNC Holdings, Inc.	260	1,470	3.10	29.7%	2,373	(5.2%)	229	9.7%	0.6x	7.0x
LifeVantage Corporation	177	166	12.56	98.1%	203	1.9%	12	5.7%	NA	NA
Nature's Sunshine Products, Inc.	172	134	9.00	65.2%	356	6.7%	15	4.1%	NA	NA
Youngevity International, Inc.	77	92	3.57	52.9%	173	6.4%	0.3	0.2%	NM	5.9x
Eagle Health Holdings Limited	69	46	0.22	72.3%	70	9.3%	15	21.3%	NA	NA
Nanjing Sinolife United Company Limited	66	45	0.07	35.7%	68	(14.5%)	(3)	NM	NA	NA
Mannatech, Incorporated	46	19	19.10	85.3%	175	(2.4%)	4	2.1%	NA	NA
Vitamins, Minerals & Supplements Mean				81.4%		8.2%		12.9%	2.5x	14.5x
Vitamins, Minerals & Supplements Median				89.8%		6.7%		14.0%	2.1x	14.0x
Wearable Technology										
Apple Inc.	\$1,099,437	\$1,143,067	\$227.63	99.5%	\$255,274	14.2%	\$78,533	30.8%	4.2x	13.9x
Alphabet Inc.	852,174	753,901	1,231.80	95.4%	123,898	24.8%	38,205	30.8%	5.0x	13.5x
Sony Corporation	72,631	63,942	57.27	98.8%	77,862	10.0%	9,256	11.9%	0.9x	6.8x
Garmin Ltd.	12,865	11,745	68.14	99.2%	3,219	5.3%	794	24.6%	3.5x	14.1x
Under Armour, Inc.	8,767	9,349	20.45	82.8%	5,126	2.8%	329	6.4%	1.8x	24.7x
Fitbit, Inc.	1,477	897	6.02	77.3%	1,510	(12.7%)	(141)	NM	0.6x	NM
GoPro, Inc.	894	889	6.41	53.9%	1,150	(11.3%)	(91)	NM	0.8x	11.7x
Wearable Technology Mean				86.7%		4.7%		20.9%	2.4x	14.1x
Wearable Technology Median				95.4%		5.3%		24.6%	1.8x	13.7x

Source: Capital IQ.

All figures in US\$; where applicable, converted at rates as of August 31, 2018.

(1) As shown, Enterprise Value defined as Market Capitalization plus Preferred Stock and Net Debt.

(2) Closing share prices as of August 31, 2018.

(3) EBITDA reduced to account for minority interest expense.

Leading Middle Market M&A Advisor⁽¹⁾

 <p>Premium Pet Food Supplier Project Acorn</p> <p>Advisor to Seller In Market</p>	 <p>Inflexion Private Equity</p> <p>has acquired</p>  <p>Advisor to Buyer</p>	 <p>ECI Partners</p> <p>has acquired</p>  <p>Advisor to Buyer</p>	 <p>PETCO Animal Supplies</p> <p>has acquired</p>  <p>Advisor to Buyer</p>	 <p>Mars</p> <p>has acquired the pet food business of</p>  <p>Advisor to Buyer</p>	 <p>Agrolimen</p> <p>has acquired a 50% equity stake in</p>  <p>Advisor to Buyer</p>
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2013-2017			2018 YTD August		
		No. of deals			No. of deals
1	KPMG ⁽¹⁾	2,158	1	KPMG ⁽¹⁾	209
2	PwC	2,109	2	Rothschild & Co	197
3	Ernst & Young	1,433	3	PwC	146
4	Rothschild & Co	1,301	4	Houlihan Lokey	140
5	Deloitte	1,218	5	Lazard	124

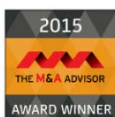
Source: Thomson Reuters SDC; Middle market is defined as transactions less than US\$500 million.

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