

# DESTINATION WELLNESS

*Wellness Tourism Takes Off*

KPMG Corporate Finance LLC  
Q3 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<sup>(1)</sup> 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 72 deals in the first nine months of 2018<sup>(2)</sup>. 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

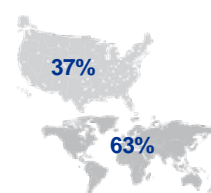
KPMG's<sup>(1)</sup> Leisure & Wellness investment banking team is a leader in providing customized advisory services to public and private companies throughout the global Leisure & Wellness industry. Now more than ever, consumers are embracing lifestyle choices and pursuing branded products that promote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

## LEISURE & WELLNESS M&A

After a record setting first half, global M&A activity thawed in the third quarter of 2018, as growing geopolitical tensions and potential trade wars forced companies to slow down M&A. According to data from Capital IQ, deal activity registered a 31% decline in Q3 2018 compared to the previous quarter, to reach \$756.8 billion. Deal volume, on the other hand, fell 2% during the quarter. Despite the quarterly slowdown, M&A activity is set for one of its strongest years on record, with announced deal value during the first nine months of the year reaching \$2.8 trillion, up 23% over the first nine months of 2017.

In line with the overall M&A trends, announced deal value for the global L&W industry during the first nine months of the year witnessed an uptick of 2.3% over the first nine months of 2017, reaching \$37.8 billion. U.S. continued to remain the largest market of the global L&W deal activity, with a contribution of ~37% to total volume.

The theme of our Q3 2018 L&W Quarterly Newsletter is Wellness Tourism, a sector within L&W that is experiencing significant growth. We also discuss the Global Spa and Fitness industries, which are key elements within both Wellness Tourism and L&W in general.



L&W deal activity in the U.S. increased by ~16%, with 73 deals in Q3'18, compared to 63 deals in Q3'17. The U.S. contributed 37% to the global deal volume in Q3'18, compared to 33% in Q3'17.

Sources: Capital IQ and other publicly available information.

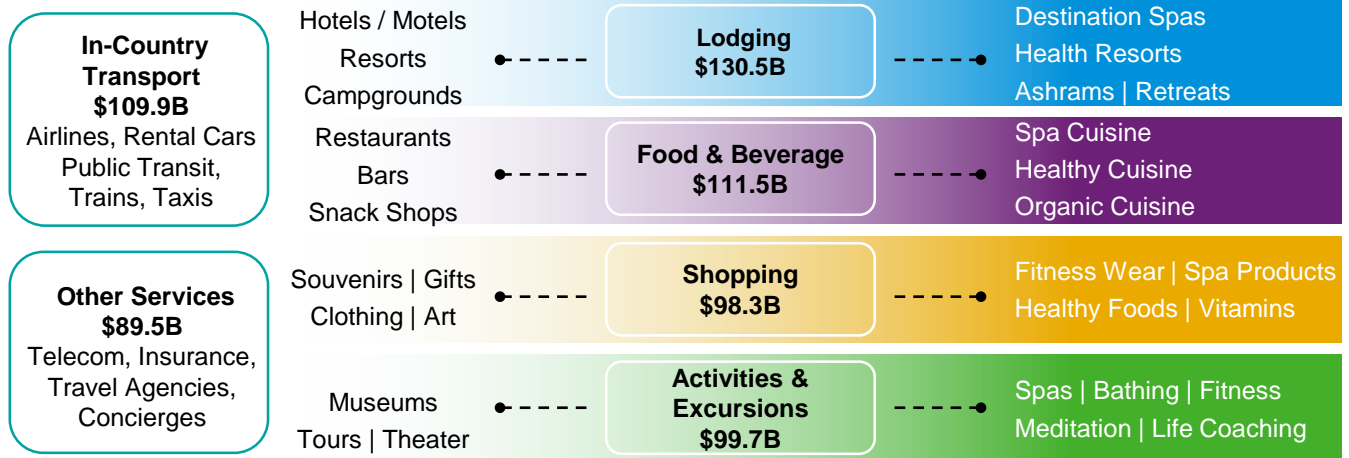
(1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.

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

# Global Wellness Tourism Industry

Wellness Tourism continues to register faster growth than the overall Tourism industry, primarily driven by the increasing number of wellness-minded consumers who aim to integrate healthy habits and activities into their lifestyle and aspire to incorporate the same in their travel as well

## OVERVIEW OF THE \$639 BILLION GLOBAL WELLNESS TOURISM INDUSTRY

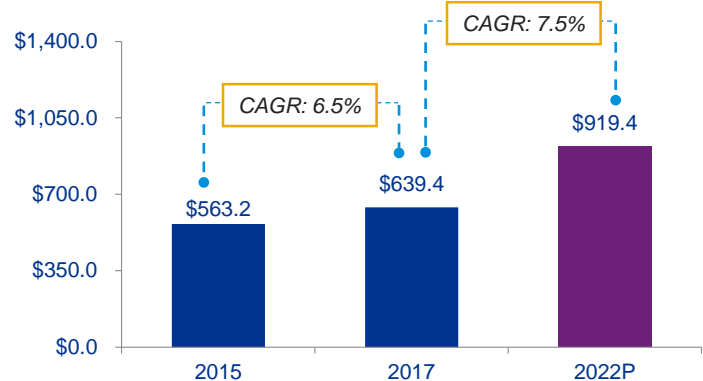


### Generic

### Wellness Specific

- According to research firm SRI International, Wellness Tourism is defined as travel associated with the pursuit of maintaining or enhancing one's personal well-being
- The category, which is at the intersection of two of the world's largest markets – Wellness Economy and the Tourism industry, is witnessing robust growth
- A significant portion of the market is made up by *secondary wellness tourists* - those who seek wellness experiences while on any type of trip
  - In 2017, 89% of total wellness tourism trips and 86% of total wellness tourism expenditures were accounted for by secondary wellness tourists
  - Additionally, secondary wellness trips and expenditures have been growing at a quicker pace than the ones done by *primary wellness tourists* - those who take a trip entirely for wellness purposes
- Countries with large domestic tourism markets, including the U.S., Germany, China, Japan, India, and France, dominate the wellness tourism market; the U.S. alone accounted for over one-third of global expenditures in 2017
- Wellness Tourists typically spend more than the average tourists as they tend to be older and more educated, have higher disposable incomes, and go for longer duration trips
  - 53% more than the average international tourist and 178% more than the average domestic tourist
- Given the trends, travel and hospitality brands are launching new initiatives / undertaking M&A to incorporate wellness into the guest experience
  - In 2017, Hyatt Hotels acquired a resort and spa operator, Miraval Group for \$215 million and a boutique fitness and spa brand, Exhale Spa
  - In Jan 2017, Marriott's Westin brand announced a new \$30-million wellness-focused campaign "Let's Rise", aimed to cater to the increasing requests of guests to experience a destination through wellness

### WELLNESS TOURISM EXPENDITURES (IN \$ BILLION)



### WELLNESS TOURISM AND WOMEN

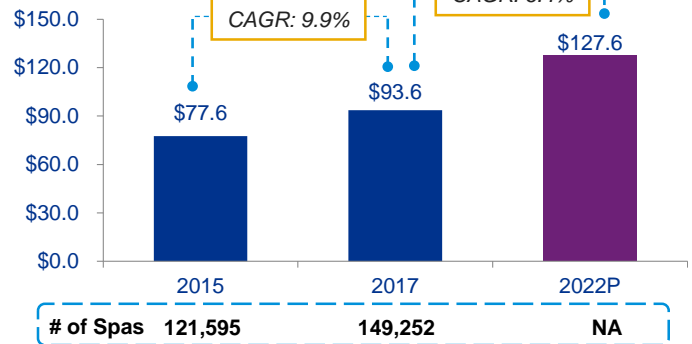
- Most wellness travel is aimed at women
- Traditional wellness travel generally involves relaxation and pampering such as destination spas and eco-tours
- However, recent offerings have expanded to include alternatives to the conventional options:
  - Fitness retreats: getaways that features a well-known fitness instructor
  - Empowerment retreats: emotional healing with lectures and workshops from inspiring female speakers
  - Adventure travel: group excursions to surf or climb mountains that feature healthy eating and wellness activities
  - Wellness sanctuaries for divorce or break-ups – retreats designed to help women through rough chapters, with a variety of emotional healing events
- Trends partially driven by increasing buying power of women globally, which is expected to increase from \$13 billion to \$18 billion between 2013 and 2023

# Global Spa Industry

Fostered by factors such as rising wellness tourism, aging baby boomers, increased stress levels, and a time-poor population in greater need for enhanced health, the demand for restorative and healing spa experiences is accelerating

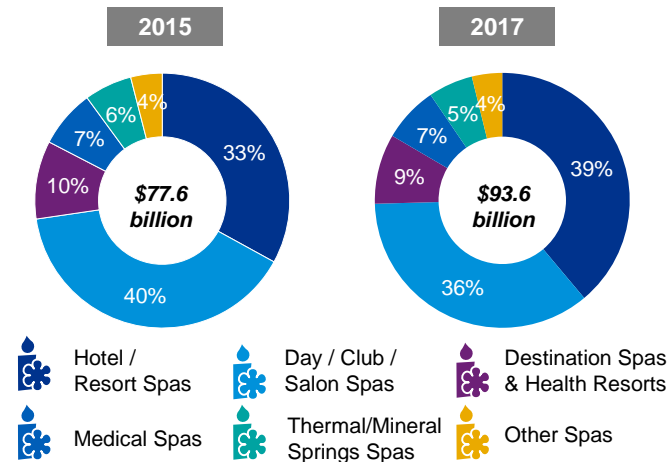
- The global spa economy grew by a CAGR of 9.9% from 2015 through 2017
  - Factors driving growth include an increased global awareness of health & wellness, rising standard of living globally, increasing working women population, and growing popularity of spa excursions among males
- In order to address this surge in demand, the industry has added ~27,657 spas between 2015 to 2017
- The bulk of spas and their customers are concentrated in the key markets of Asia-Pacific, Europe, and North America
  - In 2017, U.S., China, Germany, Japan, and France were the top five markets, accounting for ~48% of global revenues
- Given strong industry tailwinds, spas across the globe are making investments to enhance visitor experience
  - A vast majority of spa operators are adding / creating new treatment offerings, introducing new product lines, and refreshing the spa menu
  - Furthermore, technology is playing a part in enhancing the overall spa experience, with spas offering convenient on-demand services and relying on social media for promotions
- Spa operators have also started investing in the concept of Architectural Wellness, i.e. curated spaces that use aesthetics to nurture us physically and mentally
  - Also one of the leading trends among wellness travel
- Thermal / Mineral springs spas are also seeing a surge in growth and investment, driven by the growing desire of clientele to reconnect with their heritage and experience the therapeutic and wellness-enhancing properties of water and nature

## SPA FACILITIES AND REVENUES (IN \$ BILLION)



## MARKET SEGMENTATION – BY SPA TYPE

Hotel / Resort spas is both the largest and fastest growing category in the segment



## SPA TOURISM



## THE NEXT NEW BIG TRENDS EXPECTED TO SHAPE THE SPA INDUSTRY<sup>(1)</sup>

Move towards Wellness, Health, and Fitness	32.0%
The Use of Organic and Natural Products	12.0%
Increasing use of Alternative Therapies – Ayurvedic, Reiki etc.	11.0%
Stress Mgmt. – Practices such as Mindfulness and Meditation	8.0%
Trends around Technology – On-demand spa services and increasing the use of social media and online promotion	8.0%
Customization and Personalization of services	7.0%
Technological Advances in Skincare	7.0%
Medical and Healthcare Trends linked to increased demand for medical spa treatment / services	6.0%

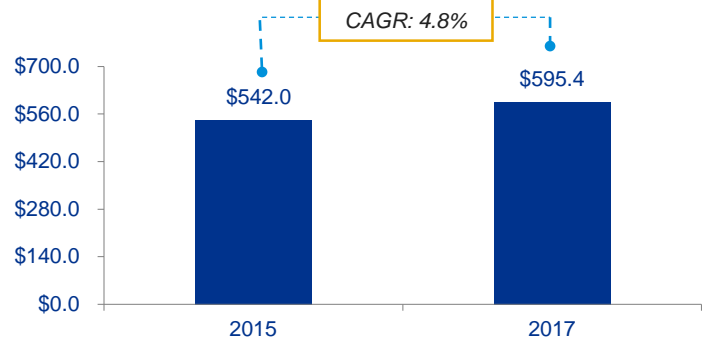


# Global Fitness Industry

The increasing number of health-conscious individuals making efforts to incorporate fitness into their daily regimens and the rise in popularity of preventative methods in the health and medical fields are the primary factors driving the staggering popularity and growth of the fitness industry

- As per the Global Wellness Institute, the worldwide fitness & mind-body market includes gyms and health clubs, personal training, yoga, Pilates, Tai Chi, martial arts, among others
  - It also includes fitness and exercise clothing, and fitness and exercise equipment / devices
- As a growing number of consumers now associate exercise with health over performance and focus more toward healthy activities to achieve optimal wellness, the industry is expected to witness strong growth in the future
- The industry is expected to benefit from the growing influence of technology on fitness such as wearable technology, smartphone exercise apps, and virtual classes
- Additionally, in order to counter the rising cost of unwell workers and raise productivity, employers are investing in workplace wellness programs and services aimed to deliver fitness experiences, among various others

## GLOBAL FITNESS & MIND-BODY MARKET SIZE (IN \$ BILLION)



## TOP WORLDWIDE FITNESS TRENDS FOR 2018<sup>(1)</sup>

Fitness activities that involve group or interpersonal connectivity continue to advance amongst top fitness trends

2018 Rank	Trend	Vs. 2017 Rank
1	High-intensity interval training (HIIT)	↑
2	Group training	↑
3	Wearable technology	↓
4	Body weight training	↓
5	Strength training	=
6	Educated, certified, and experienced fitness professionals	↓
7	Yoga	↑
8	Personal training	↑
9	Fitness programs for older adults	↑
10	Functional fitness	↑

## FITNESS TRAVEL

- A \$595 billion industry, the Fitness industry grew at a CAGR of 4.8% between 2015 and 2017
- Fitness as a part of a dedicated wellness trip or regular travel is an integral part of maintaining a healthy lifestyle for many travelers
- Recent trends suggest travel and hotel facilities seek to provide clientele with facilities and options that minimize the disruption of a travelers' fitness routines
  - Increasingly, airports are offering fitness areas, hotels are offering in-room fitness equipment and programming, and non-wellness oriented cruises are offering not only gyms, but also fitness classes
- Several hotel chains in addition to Equinox, the luxury gym operator, are creating hotels focused on fitness and well-being

## WELLNESS EXPERIENCE – KEY TRENDS

### ACTUAL FITNESS ATTITUDES

- Cardio exercises on top
- Free weights & Functional popular
- Strength area is under used

### GROWING TRENDS

- (Virtual) classes
- Outdoor
- HIIT
- Gym within a gym
- Luxury out of home experiences

### WELLNESS EXPERIENCE

- Customization
- Mobile
- Emotional connection
- Workout guidance (virtual coaching)
- In-room training

## Recent Transactions

## Selected Q3'18 Transaction Summaries

<b>MCBC Holdings (NASDAQ: MCFT)</b>	<b>September 10, 2018:</b> MasterCraft agreed to acquire Crest Marine, a vertically integrated manufacturer of pontoon boats in the U.S., for ~\$80 million. With this acquisition, Master Craft aims to gain leadership position and additional growth avenue in the large, fast-growing pontoon segment. Additionally, Crest establishes MasterCraft as a key player in the outboard propulsion category, one of the largest categories in the powerboat industry. Crest currently sells its boats in the U.S. and Canada through a network of ~120 dealer locations. In 2017, the company generated ~\$66 million in net sales and is expected to reach ~\$90.0 million in calendar 2018.
<i>Acquired</i>	
<b>Crest Marine</b>	
<b>Velocity Outdoor</b>	<b>September 04, 2018:</b> Velocity Outdoor, the parent company for well-known outdoor brands such as Crosman and Benjamin Airguns, acquired Ravin Crossbows, a manufacturer and innovator of crossbows and accessories. The consideration includes \$94 million in cash plus working capital, an earn-out payment of up to \$25 million based on future financial performance and certain other adjustments upon closing. The acquisition expands Velocity's presence in the crossbow market and further strengthens its portfolio. In August 2018, Crosman Corp. announced the name change of its parent entity to Velocity Outdoor to reflect the diverse product portfolio within the corporate umbrella and to highlight its strengths in the broader hunting, shooting, and outdoor markets.
<i>Acquired</i>	
<b>Ravin Crossbows</b>	
<b>Malibu Boats (Nasdaq: MBUU)</b>	<b>August 22, 2018:</b> Malibu Boats, a global manufacturer of recreational fiberglass boats, announced its acquisition of Pursuit Boats from S2 Yacht. Total consideration for the transaction is \$100 million. Pursuit is a premium brand positioned in the saltwater outboard fishing market - one of the largest and fastest growing segments in the marine industry. For the trailing twelve months ended June 30, 2018, Pursuit generated ~ \$124 million in net sales. With this acquisition, Malibu Boat aims to broaden its breadth of boat offerings, diversifies end markets, and boosts growth profile.
<i>Acquired</i>	
<b>Pursuit Boats</b>	
<b>BRP (TSX:DOO)</b>	<b>August 02, 2018:</b> BRP, a Canada-based vehicle manufacturer, acquired Triton Industries, a manufacturer of pontoon boats, for an undisclosed amount. Based in Lansing, MI, Triton is primarily known for its brand of pontoon boats called Manitou. Manitou employs ~160 people and has a network of around 150 dealers across Canada and the U.S. According to BRP, Triton's revenues were just below \$75 million in 2017. The brand will be added to BRP's newly formed Marine Group. This is the second acquisition for BRP after it announced plans to enter the aquatic sector with the formation of its marine group. In June 2018, it acquired Alumacraft Boat, an aluminum fishing boat manufacturer.
<i>Acquired</i>	
<b>Triton Industries</b>	
<b>Outward Hound</b>	<b>July 24, 2018:</b> Outward Hound, a manufacturer of toys, games, gear, and feeders for dogs and cats, acquired Wholesome Pride, a provider of all-natural, healthy treats for pets, for an undisclosed amount. This is the first acquisition for Outward since being acquired by J.W. Childs Associates in December 2017. "...This strategically complementary combination creates exciting opportunities and a new platform for growth.", said David Fiorentino, Partner of J.W. Childs.
<i>Acquired</i>	
<b>Wholesome Pride Pet Treats</b>	
<b>The Procter &amp; Gamble Company (NYSE:PG)</b>	<b>July 17, 2018:</b> The Procter & Gamble Company acquired First Aid Beauty, an innovative and differentiated skincare products company that addresses skin challenges with everyday, feel-good solutions, for ~\$250 million. With this acquisition, both companies are mutually benefitting. P&G is looking to gain back that market confidence it had before it sold its longstanding portfolio to Coty in 2016. On the other hand, FAB is seeking to gain a wider consumer base by expanding its efforts globally with the help of P&G.
<i>Acquired</i>	
<b>First Aid Beauty (FAB)</b>	
<b>Antelope Brands Bidco</b>	<b>July 09, 2018:</b> Vista Outdoor, the sporting goods conglomerate, has sold off its Bollé, Cebé and Serengeti brands for ~\$158 million to Antelope Brands Bidco, an entity controlled by a private equity fund based in Europe. The sale is part of Vista Outdoor's previously announced strategic business transformation plan, designed to allow the company to focus resources on pursuing growth in its core product categories of ammunition, hunting and shooting accessories, hydration bottles and packs, and outdoor cooking products.
<i>Acquired</i>	
<b>Bollé, Cebé and Serengeti brands</b>	
<b>New England Wellness Solutions</b>	<b>July 01, 2018:</b> New England Wellness Solutions, a family practice in Hanover providing acupuncture, massage therapy, reiki and other therapies, has bought The W Spa, for an undisclosed amount. The W Spa offers botox, acupuncture, massage therapy, and eastern Asian medicine. The W Spa was launched in 2014 by the owners of the Weymouth Club. New England Wellness owner Jimmy Chung Duong said that his company will expand the Weymouth operation.
<i>Acquired</i>	
<b>The W Spa</b>	

Sources: Capital IQ and other publicly available information.



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## Recent M&amp;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
9/27/2018	Assets of Velocity Powerboats	A Private Investor	Recreational Products	-	-	-
9/26/2018	Link AKC	Wagz, Inc.	Pet Products & Services	-	-	-
9/19/2018	Buffalo Games, Inc.	Mason Wells Inc	Toys & Games	-	-	-
9/10/2018	Crest Marine, LLC	MasterCraft Boat Company, LLC	Recreational Products	\$80.0	1.0x	-
9/10/2018	Rome Snowboards Corporation	Nidecker SA	Recreational Products	-	-	-
9/5/2018	19 Club Franchisees in Phoenix Market of Planet Fitness, Inc.	United PF Partners LLC	Fitness & Spa Facilities	-	-	-
9/4/2018	Ravin Crossbows, LLC	Velocity Outdoor, Inc.	Recreational Products	\$119.0	2.6x	-
9/4/2018	Allegro Beauty Products, Inc. (nka:NetPay International, Inc.)	A Private Investor	Personal Care	\$0.7	-	NM
8/28/2018	Paris Presents Incorporated	Freeman Beauty, LLC	Personal Care	-	-	-
8/22/2018	Pursuit Boats	Malibu Boats, LLC	Recreational Products	\$100.0	0.8x	6.5x
8/15/2018	Stratford Pharmaceuticals, LLC	Eli Global, LLC	Pet Products & Services	-	-	-
8/13/2018	Ouidad, Inc.	J&D Brush Company Inc.	Fitness & Spa Facilities	-	-	-
8/10/2018	Goody Products Inc.	ACON Investments, L.L.C	Personal Care	-	-	-
8/7/2018	Kiinde, LLC	Tower Arch Capital; Pear Orchard Partners	Baby Products	-	-	-
8/6/2018	Yoga Six, LLC	Xponential Fitness, LLC	Fitness & Spa Facilities	-	-	-

Source: Capital IQ.

## Recent M&amp;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
8/2/2018	Triton Industries, Inc.	BRP Inc.	Recreational Products	-	-	-
8/1/2018	Tierra Science Global, LLC	Freedom Leaf, Inc.	Vitamins, Minerals & Supplements	\$0.2	-	-
8/1/2018	Taymax Fitness LLC	Trilantic Capital Management LLC	Fitness & Spa Facilities	-	-	-
7/30/2018	Zarbee's, Inc.	Johnson & Johnson Consumer Inc.	Vitamins, Minerals & Supplements	-	-	-
7/27/2018	BFIT Brands, LLC	Rocky Mountain High Brands, Inc.	Vitamins, Minerals & Supplements	\$0.2	-	-
7/26/2018	Core Assets of Zepp International Limited and Physical Enterprises Inc.	Huami Corporation	Wearable Technology	-	-	-
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	-	-	-
7/17/2018	First Aid Beauty Ltd	The Procter & Gamble Company	Personal Care	\$250.0	5.0x	-
7/12/2018	Ultra Paws, LLC	R2P Group Inc.	Pet Products & Services	-	-	-
7/12/2018	butter LONDON, LLC	Astral Brands, Inc.	Personal Care	-	-	-
7/10/2018	The Gym of Social Mechanics	Common Desk, LLC	Fitness & Spa Facilities	-	-	-
7/9/2018	Bolle Inc. And Serengeti Eyewear, Inc. And Bushnell Outdoor Products Japan Limited	Antelope Brands Bidco Inc.	Recreational Products	\$158.0	1.2x	9.7x
7/1/2018	The W Spa	New England Wellness Solutions	Fitness & Spa Facilities	-	-	-

Source: Capital IQ.



## Q3'18 Public Comps (1/4)

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

## Selected Public Leisure &amp; Wellness Companies

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

					Last Twelve Months (LTM)				Enterprise value	
Company name	Market cap	Enterprise value <sup>(1)</sup>	Share price <sup>(2)</sup>	% Of 52-Wk high	Revenue	Revenue growth	EBITDA <sup>(3)</sup>	EBITDA margin	NTM revenue	NTM EBITDA
Baby Products										
Pigeon Corporation	\$6,754	\$6,505	\$56.40	98.6%	\$950	9.2%	\$208	21.9%	NM	26.1x
Carter's, Inc.	4,582	5,082	98.60	76.4%	3,404	2.9%	465	13.7%	1.4x	9.9x
Goodbaby International Holdings Limited	667	896	0.40	56.1%	1,054	30.9%	79	7.5%	0.7x	7.1x
Dorel Industries Inc.	576	1,049	17.71	67.8%	2,613	2.5%	130	5.0%	NM	6.5x
Crown Crafts, Inc.	57	61	5.70	75.6%	76	17.7%	10	13.0%	NA	NA
Summer Infant, Inc.	30	71	1.58	79.8%	180	(4.3%)	5	2.9%	NM	5.8x
Baby Products Mean				75.7%		9.8%		10.7%	1.1x	11.1x
Baby Products Median				76.0%		6.1%		10.3%	1.1x	7.1x
Cosmetics & Beauty Products										
L'Oréal S.A.	\$135,014	\$134,592	\$241.32	96.6%	\$30,338	0.7%	\$6,724	22.2%	4.2x	18.7x
The Estée Lauder Companies Inc.	53,251	54,078	145.32	91.5%	13,933	13.9%	2,842	20.4%	3.8x	18.1x
Shiseido Company, Limited	30,961	30,186	77.53	95.1%	9,513	12.6%	1,366	14.4%	3.0x	19.1x
Ulta Beauty, Inc.	16,862	16,476	282.12	97.2%	6,312	18.7%	1,086	17.2%	2.3x	13.5x
Coty Inc.	9,430	16,662	12.56	57.9%	9,191	4.3%	1,292	14.1%	1.9x	11.5x
Edgewell Personal Care Company	2,498	3,582	46.23	63.3%	2,262	(3.5%)	412	18.2%	1.6x	8.7x
Sally Beauty Holdings, Inc.	2,205	3,966	18.39	90.5%	3,933	(0.1%)	569	14.5%	1.0x	7.3x
Inter Parfums, Inc.	2,019	1,849	64.45	95.5%	648	12.4%	86	13.2%	2.8x	17.9x
Revlon, Inc.	1,192	4,177	22.30	83.2%	2,610	(3.6%)	103	3.9%	1.6x	14.8x
Avon Products, Inc.	973	2,652	2.20	73.6%	5,738	0.41%	577	10.1%	NM	6.4x
e.l.f. Beauty, Inc.	606	741	12.73	53.4%	270	2.2%	45	16.6%	2.7x	12.7x
BWX Limited	324	346	2.61	44.0%	110	104.6%	29	26.0%	2.6x	10.0x
Cosmetic and Beauty Products Mean				78.5%		13.5%		15.9%	2.5x	13.2x
Cosmetic and Beauty Products Median				86.9%		3.3%		15.5%	2.6x	13.1x
Gym & Fitness Facilities										
Planet Fitness, Inc.	\$4,764	\$5,315	\$54.03	97.6%	\$500	21.2%	\$193	38.7%	NM	22.9x
Basic-Fit N.V.	1,861	2,212	34.04	88.4%	419	23.6%	127	30.2%	4.3x	13.2x
Tosho Co., Ltd.	1,556	1,652	40.62	97.0%	227	14.2%	75	33.0%	NM	17.6x
The Gym Group plc	565	592	4.10	91.1%	141	33.1%	39	27.4%	3.3x	10.1x
Central Sports Co., Ltd.	421	441	37.41	94.8%	476	1.7%	53	11.2%	NA	NA
Town Sports International Holdings, Inc.	235	377	8.65	58.3%	435	10.4%	60	13.9%	0.8x	6.2x
Actic Group AB (publ)	75	123	4.72	92.9%	105	7.8%	16	14.9%	1.1x	6.4x
Grupo Sports World, S.A.B. de C.V.	83	112	1.04	99.9%	102	21.4%	17	17.0%	1.0x	5.6x
Talwalkars Better Value Fitness Limited	13	30	0.41	8.4%	9	(79.3%)	6	66.6%	NA	NA
Gym & Fitness Facilities Mean				80.9%		6.0%		28.1%	2.1x	11.7x
Gym & Fitness Facilities Median				92.9%		14.2%		27.4%	1.1x	10.1x

## Q3'18 Public Comps (2/4)

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Household Products										
The Procter & Gamble Company	\$207,173	\$227,898	\$83.23	89.0%	\$66,869	2.6%	\$17,502	26.2%	3.4x	13.0x
Reckitt Benckiser Group plc	64,701	78,750	91.53	94.7%	16,713	25.7%	4,729	28.3%	4.7x	16.1x
Henkel AG & Co. KGaA	48,088	51,339	117.87	82.1%	23,154	0.4%	4,488	19.4%	NA	NA
Kao Corporation	39,839	38,800	80.84	98.8%	13,279	1.6%	2,377	17.9%	2.8x	15.4x
Kimberly-Clark Corporation	39,509	46,563	113.64	91.8%	18,431	0.8%	3,924	21.3%	2.6x	11.4x
The Clorox Company	19,266	21,618	150.41	98.1%	6,187	2.6%	1,280	20.7%	3.4x	16.2x
Church & Dwight Co., Inc.	14,570	16,693	59.37	98.3%	4,105	12.8%	952	23.2%	4.0x	17.2x
Newell Brands Inc.	9,592	17,815	20.30	46.1%	13,970	24.7%	2,030	14.5%	2.0x	14.2x
Spectrum Brands Holdings, Inc.	3,991	8,434	74.72	80.6%	5,144	48.1%	658	12.8%	2.8x	14.4x
Helen of Troy Limited	3,448	3,731	130.90	98.8%	1,568	15.2%	245	15.6%	2.5x	15.4x
Tempur Sealy International, Inc.	2,880	4,632	52.90	77.7%	2,712	(4.5%)	358	13.2%	1.7x	10.0x
WD-40 Company	2,387	2,432	172.10	93.4%	409	7.4%	85	20.8%	5.7x	28.1x
Central Garden & Pet Company	1,936	2,423	36.04	80.1%	2,204	11.4%	212	9.6%	1.0x	10.8x
Tupperware Brands Corporation	1,673	2,437	33.45	50.5%	2,152	(5.1%)	390	18.1%	1.2x	6.0x
Sleep Number Corporation	1,283	1,463	36.78	90.3%	1,483	6.3%	135	9.1%	0.9x	9.2x
Household Products Mean				84.7%		10.0%		18.0%	2.8x	14.1x
Household Products Median				90.3%		6.3%		18.1%	2.7x	14.3x
Pet Products & Services										
Zoetis Inc.	\$44,116	\$47,525	\$91.56	97.7%	\$5,721	11.7%	\$2,236	39.1%	NM	20.0x
IDEXX Laboratories, Inc.	21,618	22,484	249.66	97.4%	2,170	13.9%	558	25.7%	NM	NM
Henry Schein, Inc.	13,019	14,661	85.03	97.3%	13,145	7.2%	1,069	8.1%	1.1x	13.5x
The J. M. Smucker Company	11,671	18,194	102.61	76.9%	7,511	2.5%	1,664	22.2%	2.3x	10.7x
Central Garden & Pet Company	1,936	2,423	36.04	80.1%	2,204	11.4%	212	9.6%	1.0x	10.8x
Freshpet, Inc.	1,296	1,299	36.70	95.8%	185	26.5%	9	4.9%	NM	NM
PetIQ, Inc.	802	901	39.31	89.5%	399	65.6%	18	4.6%	1.8x	19.8x
PetMed Express, Inc.	677	582	33.01	57.1%	286	9.1%	57	19.8%	1.9x	9.9x
Pet Products & Services Mean				86.5%		18.5%		16.7%	1.6x	14.1x
Pet Products & Services Median				92.7%		11.5%		14.7%	1.8x	12.1x

## Q3'18 Public Comps (3/4)

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

## Selected Public Leisure &amp; Wellness Companies

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

					Last Twelve Months (LTM)				Enterprise value	
Company name	Market cap	Enterprise value <sup>(1)</sup>	Share price <sup>(2)</sup>	% Of 52-Wk high	Revenue	Revenue growth	EBITDA <sup>(3)</sup>	EBITDA margin	NTM revenue	NTM EBITDA
Spas & Salons										
Ulta Beauty, Inc.	\$16,862	\$16,476	\$282.12	97.2%	\$6,312	18.7%	\$1,086	17.2%	2.3x	13.5x
Regis Corporation	904	884	20.43	91.2%	1,186	(6.2%)	79	6.6%	0.7x	8.7x
Siam Wellness Group Public Co. Limited	277	281	0.49	70.1%	32	25.1%	10	30.5%	NM	21.3x
Perfect Shape Medical Limited	274	220	0.25	76.7%	115	19.7%	40	34.9%	NA	NA
Water Oasis Group Limited	89	34	0.13	73.6%	87	7.3%	43	49.0%	NA	NA
ARTE Salon Holdings, Inc.	54	66	5.48	91.7%	70	5.1%	8	11.9%	NA	NA
RVH Inc.	49	30	2.56	43.8%	496	25.1%	34	6.8%	NA	NA
M H Group Ltd.	26	24	2.32	78.0%	19	11.2%	1	4.6%	NA	NA
Modern Beauty Salon Holdings Limited	23	(0.8)	0.03	54.8%	76	(13.6%)	2	2.3%	NA	NA
Spas & Salons Mean				75.2%		10.3%		18.2%	1.5x	14.5x
Spas & Salons Median				76.7%		11.2%		11.9%	1.5x	13.5x
Sporting Goods & Equipment										
Polaris Industries Inc.	\$6,284	\$7,214	\$100.95	73.3%	\$5,965	12.7%	\$700	11.7%	1.1x	8.4x
Brunswick Corporation	5,812	5,812	67.02	96.0%	4,767	8.3%	602	12.6%	1.1x	8.0x
Amer Sports Corporation	4,712	5,665	40.90	93.9%	3,138	5.5%	352	11.2%	1.7x	15.0x
Fox Factory Holding Corp.	2,649	2,692	70.05	95.8%	584	25.2%	104	17.9%	4.2x	21.1x
Technogym S.p.A.	2,468	2,540	12.28	95.0%	708	6.8%	128	18.1%	3.3x	15.6x
Callaway Golf Company	2,294	2,344	24.29	98.5%	1,254	22.8%	169	13.5%	1.9x	14.9x
Acushnet Holdings Corp.	2,051	2,449	27.43	98.4%	1,642	6.7%	208	12.7%	1.5x	10.3x
Malibu Boats, Inc.	1,129	1,176	54.72	91.9%	517	59.8%	92	17.9%	1.9x	10.5x
Vista Outdoor Inc.	1,029	1,844	17.89	75.5%	2,228	(6.7%)	98	4.4%	0.9x	11.1x
Johnson Outdoors Inc.	919	790	92.99	86.6%	545	15.0%	74	13.7%	1.4x	10.2x
Marine Products Corporation	791	775	22.89	92.2%	302	16.7%	39	12.8%	2.5x	19.0x
MCBC Holdings, Inc.	672	739	35.88	90.8%	361	55.1%	65	18.0%	1.7x	9.4x
Nautilus, Inc.	422	376	13.95	80.3%	409	1.2%	42	10.3%	0.8x	7.0x
Johnson Health Tech. Co., Ltd.	373	525	1.23	88.8%	657	0.3%	14	2.2%	0.7x	NA
Impulse (Qingdao) Health Tech Co.,Ltd.	337	257	2.81	38.9%	129	9.1%	12	9.5%	NA	NA
Clarus Corporation	327	341	11.05	97.8%	208	30.18%	17	8.28%	1.6x	18.5x
Escalade, Incorporated	186	170	12.85	84.3%	172	(1.2%)	17	9.7%	1.0x	9.0x
Sporting Goods & Equipment Mean				86.9%		15.7%		12.0%	1.7x	12.5x
Sporting Goods & Equipment Median				91.9%		9.1%		12.6%	1.6x	10.5x
Toys & Games										
Hasbro, Inc.	\$13,344	\$13,875	\$105.12	95.9%	\$4,787	(8.7%)	\$775	16.2%	2.8x	13.5x
BANDAI NAMCO Holdings Inc.	8,549	7,114	38.90	92.0%	6,205	11.0%	963	15.5%	1.2x	7.9x
Mattel, Inc.	5,403	8,103	15.70	81.7%	4,597	(10.0%)	(106)	NM	1.7x	17.0x
Spin Master Corp.	4,033	4,031	39.62	82.9%	1,658	14.4%	254	15.3%	2.3x	12.5x
TOMY Company, Ltd.	980	985	10.30	60.7%	1,599	2.8%	199	12.5%	0.6x	NA
China Healthwise Holdings Limited	71	68	0.01	29.8%	87	113.8%	(7)	NM	NA	NA
JAKKS Pacific, Inc.	59	200	2.55	71.8%	572	(11.1%)	(38)	NM	NM	13.2x
Toys & Games Mean				73.6%		16.0%		14.9%	1.7x	12.8x
Toys & Games Median				81.7%		2.8%		15.4%	1.7x	13.2x

## Q3'18 Public Comps (4/4)

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

## Selected Public Leisure &amp; Wellness Companies

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

					Last Twelve Months (LTM)				Enterprise value	
Company name	Market cap	Enterprise value <sup>(1)</sup>	Share price <sup>(2)</sup>	% Of 52-Wk high	Revenue	Revenue growth	EBITDA <sup>(3)</sup>	EBITDA margin	NTM revenue	NTM EBITDA
Vitamins, Minerals & Supplements										
Herbalife Nutrition Ltd.	\$8,574	\$9,935	\$54.55	90.3%	\$4,799	9.6%	\$786	16.4%	2.0x	12.6x
Glanbia plc	5,085	5,552	17.24	87.2%	2,699	(1.1%)	351	13.0%	2.0x	14.2x
Nu Skin Enterprises, Inc.	4,577	4,635	82.42	92.9%	2,662	24.1%	403	15.2%	1.7x	11.0x
By-health Co., Ltd.	4,384	3,729	2.98	96.2%	609	52.3%	200	32.9%	NM	19.3x
Fanc! Corporation	3,130	2,814	49.17	87.6%	1,035	15.1%	129	12.5%	2.5x	18.4x
USANA Health Sciences, Inc.	2,924	2,625	120.55	87.4%	1,163	13.3%	195	16.8%	2.1x	12.5x
Medifast, Inc.	2,648	2,544	221.55	84.9%	433	51.4%	63	14.6%	4.6x	28.0x
Blackmores Limited	1,653	1,689	95.85	74.4%	450	11.0%	87	19.3%	3.1x	17.8x
Jamieson Wellness Inc.	785	913	20.62	95.6%	243	11.6%	45	18.6%	3.4x	16.2x
Midsona AB (publ)	355	489	7.71	86.8%	303	28.6%	27	9.1%	1.4x	13.9x
GNC Holdings, Inc.	347	1,557	4.14	45.3%	2,341	(5.9%)	220	9.4%	0.7x	7.4x
Natural Health Trends Corp.	263	135	23.28	85.5%	196	(8.1%)	37	18.9%	NA	NA
Vitamin Shoppe, Inc.	240	303	10.00	71.7%	1,160	(2.5%)	56	4.8%	NM	4.7x
Nature's Sunshine Products, Inc.	167	129	8.75	63.4%	356	5.3%	17	4.9%	NA	NA
LifeVantage Corporation	155	144	10.99	82.7%	210	8.2%	12	5.6%	NA	NA
Youngevity International, Inc.	145	160	6.73	86.8%	173	6.4%	0.3	0.2%	0.7x	10.3x
Eagle Health Holdings Limited	65	42	0.20	67.5%	70	9.3%	15	21.3%	NA	NA
Nanjing Sinolife United Company Limited	58	35	0.06	31.2%	68	(14.5%)	(3)	NM	NA	NA
Mannatech, Incorporated	48	21	19.96	89.1%	176	1.7%	5	2.7%	NA	NA
Vitamins, Minerals & Supplements Mean				79.3%		11.4%		13.1%	2.2x	14.3x
Vitamins, Minerals & Supplements Median				86.8%		9.3%		13.8%	2.0x	13.9x
Wearable Technology										
Apple Inc.	\$1,090,308	\$1,133,938	\$225.74	98.3%	\$265,595	15.9%	\$81,801	30.8%	4.1x	13.7x
Alphabet Inc.	834,977	736,704	1,207.08	93.5%	129,866	24.2%	39,334	30.3%	4.9x	13.2x
Sony Corporation	77,881	69,319	61.38	99.9%	77,106	6.4%	9,319	12.1%	1.0x	7.7x
Garmin Ltd.	13,225	12,105	70.05	99.0%	3,278	6.3%	818	25.0%	3.6x	14.5x
Under Armour, Inc.	9,047	9,629	21.22	85.9%	5,160	4.8%	324	6.3%	1.8x	25.2x
Fitbit, Inc.	1,313	732	5.35	68.7%	1,512	(6.6%)	(128)	NM	NM	NM
GoPro, Inc.	1,004	999	7.20	63.1%	1,106	(20.2%)	(115)	NM	0.9x	13.2x
Wearable Technology Mean				86.9%		4.4%		20.9%	2.7x	14.6x
Wearable Technology Median				93.5%		6.3%		25.0%	2.7x	13.5x

Source: Capital IQ.










All figures in US\$; where applicable, converted at rates as of September 30, 2018.

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

(2) Closing share prices as of September 30, 2018.

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

# Leading Middle Market M&A Advisor<sup>(1)</sup>

 <p><b>Outdoor Sporting Goods Project Powder</b></p> <p><i>Advisor to Seller In Market</i></p>	 <p><b>Premium Pet Food Supplier Project Acorn</b></p> <p><i>Advisor to Seller</i></p>	 <p><b>eCommerce VMS Retailer Project Daily</b></p> <p><i>Advisor to Seller</i></p>	 <p><b>Qbic</b> a green hotel chain and portfolio company of</p>  <p><b>Bridges</b> Fund Management has been acquired by</p>  <p><b>CERBERUS</b> CAPITAL MANAGEMENT, L.P. <i>Advisor to Seller</i></p>	 <p><b>SANDERS</b> <i>fine chocolates</i></p> <p><b>Sanders</b> has been acquired by</p>  <p><i>Advisor to Seller</i></p>	 <p><b>Ink</b> has been acquired by</p> <p><b>STAGWELL GROUP</b></p> <p><i>Advisor to Seller</i></p>
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2013-2017			2018 YTD September		
		No. of deals			No. of deals
1	KPMG <sup>(1)</sup>	2,158	1	KPMG <sup>(1)</sup>	261
2	PwC	2,109	2	Rothschild & Co	220
3	Ernst & Young	1,433	3	PwC	193
4	Rothschild & Co	1,301	4	Houlihan Lokey	166
5	Deloitte	1,218	5	Ernst & Young	162

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

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