



The Changing Face of Beauty

Analyzing the Shifting Dynamics within Personal Care

KPMG Corporate Finance LLC
Q1 2019 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. In 2018, KPMG⁽¹⁾ was the leading Global M&A Advisor in the Middle Market with 485 closed deals.

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

While 2018 emerged as one of the stronger years on record for M&A globally, the first quarter of 2019 remained slightly muted. Impacted by trade tensions between the U.S. and China, continued uncertainty surrounding Brexit, and signs of decelerating global growth, deal making slowed down compared to the previous quarter. According to data from Capital IQ, deal volume witnessed a decline of ~7.7% on a quarter-on-quarter basis in Q1 2019; however, disclosed deal value saw an uptick of ~8.4% over the same period.

On the other hand, M&A activity in the U.S. continued to remain strong, both in terms of volume and value. Deal volume increased ~3.1% while disclosed deal value grew significantly (+28.5%) in Q1 2019 compared to Q4 2018.

After a robust 2018, deal making in the global L&W industry remained resilient in the first quarter. However, a decline in the disclosed deal value on a quarter-o-quarter basis was registered. Deal environment in the U.S. L&W industry continued to remain strong, outperforming the previous quarter both in terms of deal volume and value. While deal volume jumped by ~13.1%, deal volume rose significantly by close to ~48.6% in Q1 2019.

The theme of our Q1 2019 L&W Newsletter is the robust beauty and personal care industry. Companies are increasingly catering to consumers with rising disposable incomes that demand value-added, authentic, environmentally sustainable products and are receptive to digitalized marketing and retailing.

GLOBAL L&W DEAL COUNT



L&W deal activity in the U.S. increased by ~30%, with 95 deals in Q1'19, compared to 73 deals in Q1'18. The U.S. contributed 42% to the global deal volume in Q1'19, compared to 36% in Q1'18.

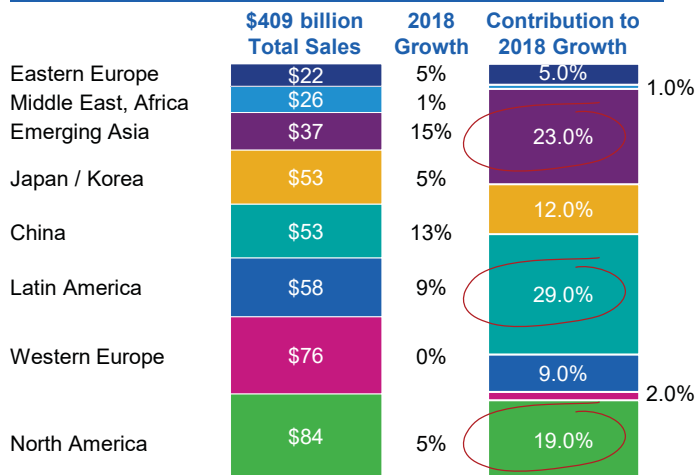
Note: (1) Represents the global Corporate Finance practices of KPMG International’s network of independent member firms. Source: Capital IQ and other publicly available information.

Global Beauty and Personal Care Market – An Overview

The beauty and personal care industry is undergoing rapid change globally, primarily driven by a strong rise in digital and social media influence and consumer preferences for authentic and eco-friendly brands. The strength of the industry is underpinned by the desire to look and feel good, which has not diminished over time

- Growing at over 5%, the global beauty and personal care market was valued at ~\$409 billion in 2018
- Positive demographic trends and continued premiumization are contributors to global industry growth
 - Emerging middle class is expected to add \$5 trillion of global spending power by 2028; China alone is projected to almost double its middle class population (+307 million people) in the next decade
 - Premium segment represents a bright spot driven by an evolving consumer lifestyle and preferences
 - Stronger purchasing power combined with the increased desire for products that provide specialized, enhanced, or exclusive benefits
- With purchasing decisions increasingly focused around healthy living and green consumption, the market is witnessing high demand for products with organic / all-natural ingredients, sustainable sourcing, and clean labels
- Multifunctional products are in demand because of the convenience they offer in terms of time and function
- Furthermore, the growing prominence of e-commerce and the rising influence of social media are transforming the beauty and personal care industry
 - The digital shopping ecosystem has changed how consumers discover, try, purchase, and provide feedback on their beauty and personal care products
 - Industry players with an aim to align themselves closely with the digital focus are seeking both organic and inorganic growth
 - Investment in a broad range of digital initiatives and beauty tech start-ups – spanning the areas of content marketing, personalization, e-commerce, and more
- Traditionally focused on women, the industry increasingly offers a greater variety of options for men's grooming products
 - Brands are not simply including men's products in a cursory way but making them a core target market
- The ensuing expansion / growth opportunities in the beauty and personal care market are boosting a number of incumbents and attracting small, niche independent players, resulting in an explosion of new product offerings

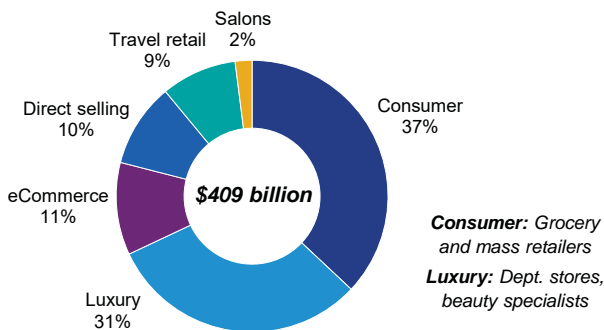
GLOBAL BEAUTY AND PERSONAL CARE MARKET* (IN \$ BILLION) – 2018



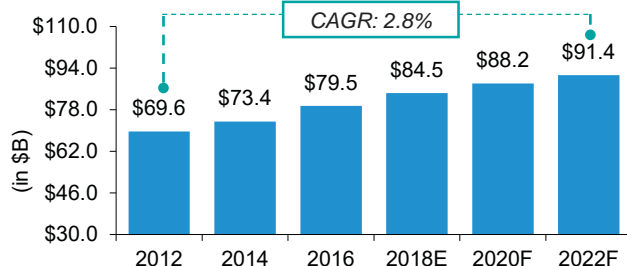
China and U.S. account for ~50% of 2018 global growth

Note: * Excluding depilatories and oral care

MARKET SEGMENTATION – BY DISTRIBUTION CHANNEL



U.S. BEAUTY AND PERSONAL CARE MARKET* (IN \$ BILLION)



Note: * Excluding depilatories and oral care

Source: Euromonitor; equity research reports; and other publicly available sources.



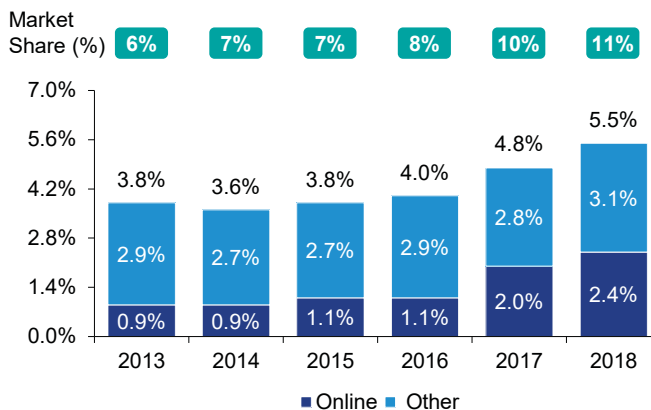
Beauty and Personal Care Market – Digital Revolution Paving the Way for Growth

Advances in digital technology provide the industry with opportunities to deepen the connection with customers through improvements in product development and shopper experiences

- While transactional e-commerce remains a key part of the digital revolution, digital is also a medium that intermediates how consumers interact with brands
 - It involves content through social media and precision advertising (algorithms or cookies) to micro-target consumers and drive conversion
- Online beauty sales are growing at 20-25%, driving ~40% of the global beauty and personal care market growth
 - According to a report published by Nielsen in 2018, nearly one in three dollars spent on beauty products in the U.S. today is spent online
- This increase can be attributed to three key factors:
 - Products are more accessible, both in lower tier locales of developing markets and for less involved consumers in the developed markets
 - Increasing desire to look good on social media platforms and highlight personal brands
 - Digital, with the help of tutorials and influencers, educate consumers on how to better use beauty products, also spurring demand
- Beauty and personal care brands are investing in technology to create / offer next-gen products and to deliver a more connected customer experience
 - Some companies use eye tracking and expression analysis to understand shoppers better, which in turn helps companies develop new products and improve conversion
- Time-pressed consumers demanding more intuitive shopping and the blurring of lines between social media and online retail are expected to further drive e-commerce growth

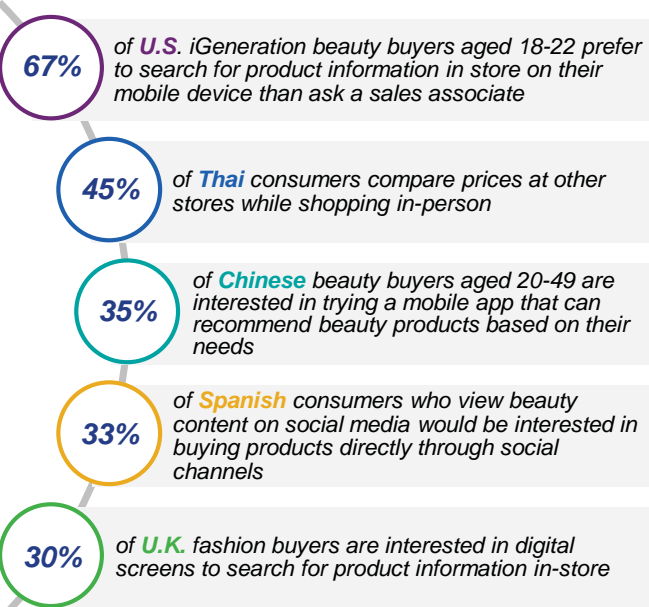
GLOBAL BEAUTY AND PERSONAL CARE MARKET* GROWTH

Accounting for 11% of the total market in 2018, e-commerce channel was valued at ~\$45 billion. It contributes more than 40% to the total market growth.



Note: * Excluding depilatories and oral care

DIGITAL TECHNOLOGY INFLUENCING BEAUTY PRODUCT PURCHASES GLOBALLY



Base: 1,743 U.S. internet users aged 18+ who have purchased beauty products; Chinese internet users aged 20-49 who have purchased beauty / personal care products; 1,307 U.K. internet users aged 16+ who have bought clothes, footwear and/or fashion accessories in-store; 455 Spanish internet users aged 16+ who have seen beauty-related content on social media; 1,142 metro Thai internet users aged 18+ who own a smartphone

Representative Digitalization Initiatives

- Neutrogena 360 is a 3D scanning device (with app) that analyzes the user's skin over time and offers product recommendations
- Instagram partnered with 20 retail brands (including beauty brands) to pilot its shoppable platform extension - when the user taps shoppable posts, the user is directed to the brand website within three clicks, where the option to purchase is available
- NYX Professional Makeup's app features shoppable video tutorials, allowing viewers to add products (or the full-look bundle) to a shopping basket as the artist uses them
- Sephora's in-store initiatives to offer a seamless physical-digital experience include color IQ facial scanning to help find perfect skin tone match, interactive screens for product suggestions, makeup tips, and fragrance check

Source: 2018 Global Beauty and Personal Care Trends, Mintel; equity research reports; and other publicly available sources.

Beauty and Personal Care Market – Skyrocketing Indie Brands are Disrupting the Market

Indie beauty brands, free from inflexible corporate infrastructures, have grown in prominence by offering myriad options and meeting the expanding and fragmented needs of consumers

- The Global Beauty and Personal Care market is witnessing robust growth of indie brands - small, niche brands which are independently funded and may be unconventionally marketed
- Some of the key factors driving indie brand growth include:
 - **Channel democratization accelerating market fragmentation:** The rapid surge in e-commerce levels the playing field for indie brands, as they can sell directly to consumers without having to build expensive offline store networks
 - Furthermore, today’s young consumers are willing to try new products they haven’t experienced offline before, simply based on reviews from blogs or e-commerce websites
 - **Low-cost marketing through social media:** Indie brands can carry out effective marketing campaigns with limited budgets utilizing various social medial channels instead of devoting large resources to TV commercials or magazines ads
 - Hired “influencers” generate content based on their personal experience as a user, potentially making it more authentic and relatable to consumers
 - Many indie brands such as ColourPop and Lime Crime develop large followings on social media. The number of Instagram followers for these indie brands is sometimes higher than those for many mainstream mega-brands
 - **Appeal to the millennials and iGeneration:** Young consumers are further more likely to experiment with new products or brands that can bring out their individualism and uniqueness, and indie brands’ uniquely position to appeal to them
 - Inspiring brand origin stories involving relatable founders can be perceived as more personal and authentic
 - Smart marketing strategies can engender buy-in. For example, Makeup Geek crowd-sources product ideas from YouTube, Pinterest, Facebook, and Instagram, which drives a sense of community and validates ideas before product production
- Several retailers including Sephora, Ulta, Bluemercury, Target, Walmart, and Urban Outfitters have noticed the heightened consumer interest in indie brands and are devoting more space to them on to their shelves and websites
 - In 2018, Amazon launched an indie Beauty Shop that allows indie brands (not available at major retailers) to sell directly to customers, with the focus on skincare brands, as well as men’s and color cosmetics
 - It uses Amazon Today’s Deals home page to promote these small brands to a large audience and doesn’t expect them to compete on price

Indie Brands – Acquisition Targets



Both strategic and financial buyers are acquiring / investing in indie brands in order to benefit from potential growth opportunities

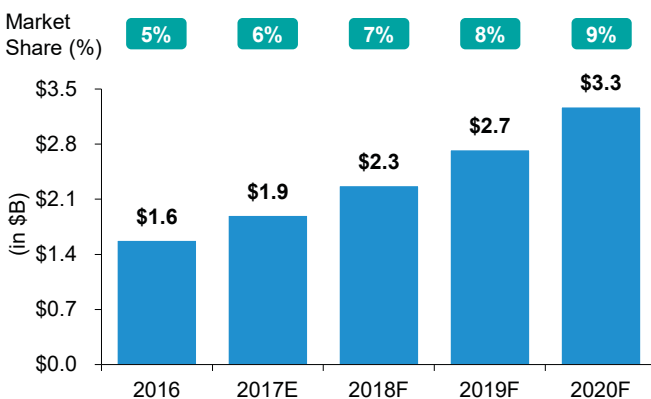
Representative deals:

- Recently, **Edgewell** announced its plans to buy **Harry’s**, an indie razor company, for ~\$1.4 billion
- In 2018, **P&G** acquired an indie beauty brand, **First Aid Beauty** for a reported \$250 million
- In 2018, **Gryphon Investors**, a private equity firm, made its entry into the beauty sector by acquiring a majority stake in **Milani Cosmetics**, an indie brand
- In 2017, **Unilever** acquired indie deodorant brand, **Schmidt’s Naturals**; in 2016, it acquired **Dollar Shave Club**, an online men’s razor merchant, for \$1.0 billion
- In 2017, **Estée Lauder** acquired a fragrance brand **By Kilian**; in 2016, it purchased **Becca Cosmetics** for \$200 million and **Too Faced** for ~\$1.5 billion
- In 2017, PE firm **Main Post Partners** made a minority investment in **Milk Makeup**, an indie makeup brand
- In 2016, **L’Oréal** invested in **IT Cosmetics** for \$1.2 billion; had acquired **NYX Cosmetics** in 2014

INDIE BRAND MARKET OVERVIEW (IN \$ BILLION)

Accounting for 11% of the total market in 2018, e-commerce While indie brands are gaining popularity worldwide, the U.S. is leading the trend.

According to Indie Beauty Expo, Indie brand share was ~5% of the total U.S. beauty market in 2016 and is expected to grow at a CAGR of 20% to reach \$3.3 billion by 2020.

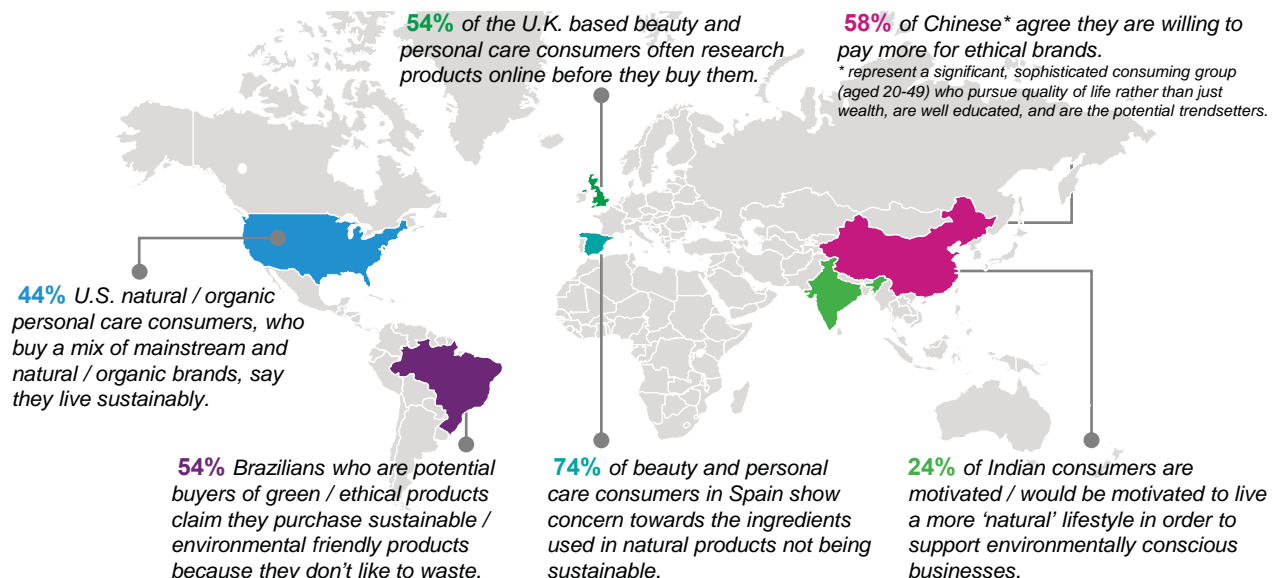


Source: Equity research reports; and other publicly available sources.

Beauty and Personal Care Market – Increasing Focus on Zero Waste and Sustainability

Given an increasingly environmentally conscious consumer base, zero-waste and sustainability has become a key trend impacting the beauty and personal care market

GROWING NUMBER OF GLOBAL CONSUMERS SCRUTINIZING THEIR BEAUTY REGIMENS TO FOCUS ON WASTE REDUCTION AND SUSTAINABILITY



- In addition to the growing demand for natural products that are perceived to be purer and safer, consumers are increasingly looking for brands that focus on sustainability throughout the beauty and personal care supply chain
- Brands that demonstrate such values are reaping benefits while late adopters are expected to experience a backlash as more and more beauty and personal care consumers have pivoted toward brands that show a commitment to environmental responsibility
- Companies have started investing in: creating products that can be reinvented, not replaced; opportunities for new formats; packaging that support longer lasting or transformative products
- Smaller, native brands have an edge over larger players as they have built their businesses on clear environmental policies; large companies need to revamp their businesses and policies to be a part of this movement
- In response to this, some beauty giants are developing their own eco-friendly brands, while a few others are acquiring / investing in “green expertise” including start-ups offering sustainable products
- They are also participating in initiatives like The *Responsible Beauty Initiative* – A collaborative program formed by Clarins, Coty, Groupe Rocher, and L’Oréal with EcoVadis, the supply chain sustainability ratings agency; the aim is to strengthen sustainability practices throughout the beauty supply chain

BOTH LARGE AND SMALL PLAYERS JOINING THE MOVEMENT

- In Dec’18, **Channel** invested in **Sulapac**, a biodegradable material firm that aims to replace plastic
 - Channel is Sulapac’s first investor from the cosmetic industry as they want to invest on latest sustainable material and technology innovations
- **LOLI Beauty**, which stands for Living Organic Loving Ingredients, is a zero waste, organic beauty brand
 - In Jun’18, Dubai-based Emami International took a minority stake in the start-up
- In Apr’18, **L’Oréal** launched an independent venture, **Seed Phytonutrients** that offers products designed to be sustainable inside and out
 - It sells natural skin and hair care products and is committed to sustainable packaging with a recycled, recyclable, compostable, paper-based pump bottle
- At the end of 2017, **Unilever** launched an eco-friendly, beauty brand, named **Love Beauty and Planet**
 - The brand features ethically and sustainably sourced ingredients, vegan-friendly formulations, and bottles that are 100% recycled and recyclable
- **Moon Mousse** offers an all natural solution for cracked makeup palettes, repairing products to reduce waste

Source: Sub-Zero Waste-2019 Global Beauty and Personal Care Trend, Mintel; and other publicly available sources.

Select Beauty and Personal Care Transactions

Selected Transaction Summaries	
Edgewell Personal Care Company (NYSE: EPC) <i>Acquired</i> Harry's, Inc	May 09, 2019: Edgewell Personal Care entered into a definitive agreement to acquire shaving startup Harry's in a \$1.37 billion cash-and-stock deal. The acquisition is aimed at bringing together complementary capabilities to create a next-generation consumer products platform. The combined company will have a portfolio of global brands in men's and women's shaving, personal, and sun and skin care. "Building on Edgewell's and Harry's complementary strengths, our combined company will have leading brands and omni-channel capabilities that are essential to meet the needs of the modern consumer and win in today's market environment." said Rod Little, Edgewell's President and CEO.
Topix Pharmaceuticals <i>Acquired</i> ClarityRx Clinical Skin Care, Inc.	Feb 06, 2019: New Mountain Capital-backed Topix Pharmaceuticals, a skincare company with a portfolio of clinically-proven products and brands sold across the medical and natural channels, acquired ClarityRx, an emerging player in the professional spa-dispensed skincare market. The acquisition aims at boosting Topix's product offering and market share by adding ClarityRx's highly differentiated, modern brand to its portfolio. On the other hand, as part of the Topix family of brands, ClarityRx will benefit from the scale of Topix as well as its three decades of experience in the physician-dispensed and clean beauty markets.
Gryphon Investors <i>Acquired</i> RoC Skincare	January 22, 2019: Gryphon Investors, a San Francisco-based middle-market private equity firm, marked its second global platform investment in the beauty sector by acquiring RoC, an anti-aging skincare brand, from Johnson & Johnson Consumer Inc. "RoC has a rich history of skincare solutions innovation stemming from its French pharmacy roots. As the first brand to stabilize Retinol, which is one of the top U.S. dermatologist-recommended cosmetic ingredients for improving the appearance of aging skin, RoC continues to be one of the largest brands solely focused on anti-aging skincare products.", said Matt Farron, Principal at Gryphon. Terms of the deal were not disclosed. In May 2018, Gryphon had made its first beauty sector investment by acquiring Milani Cosmetics, a "masstige" beauty company.
San Francisco Equity Partners <i>Acquired</i> Iredale Mineral Cosmetics Ltd.	January 21, 2019: San Francisco Equity Partners, a private equity firm exclusively focused on expansion-stage companies in the consumer sector, acquired a majority stake in a global skin care and cosmetics company Iredale Mineral Cosmetics Ltd., which does business as Jane Iredale. Headquartered in Great Barrington, MA, Jane Iredale is committed to using only clean ingredients, including high-quality minerals, organic botanicals and other natural inputs that benefit the skin. The company's products are free of synthetic preservatives and other chemicals. It serves the U.S. professional channel, including licensed aestheticians, dermatologists, plastic surgeons, professional spas and salons. Financial terms of the transaction were undisclosed.
Clarus Corporation (NasdaqGS:CLAR) <i>Acquired</i> SKINourishment, Inc.	November 09, 2018: Clarus, a developer, manufacturer, and distributor of outdoor equipment and lifestyle products, acquired SKINourishment, a producer of branded organic, food-grade, and plant-based skin products. "Clarus has identified skincare, along with sport supplements, as a new category of focus with high growth potential, and we believe that our acquisition of SKINourishment provides an important strategic entrance", said John Walbrecht, President of Clarus. Terms of the transaction were undisclosed.
The Procter & Gamble Company (NYSE:PG) <i>Acquired</i> First Aid Beauty (FAB)	July 17, 2018: The Procter & Gamble Company acquired First Aid Beauty, a skincare products company, for ~\$250 million. With this acquisition, FAB would bring to P&G a line of products designed for sensitive skin and conditions such as eczema, redness and dryness. The acquisition will help FAB potentially gain a wider consumer base by expanding its [products globally].
L'Oréal S.A. (ENXTPA:OR) <i>Acquired</i> ModiFace Inc.	March 16, 2018: L'Oréal acquired Toronto-based ModiFace, an augmented reality company and collaborator in the beauty industry. ModiFace has developed advanced technologies of 3D virtual make-up, color and skin diagnosis services using proprietary know-how which track facial features and color, and are used by nearly all the major beauty brands. The acquisition is a part of L'Oréal's digital acceleration strategy to provide the group's international brands with innovative technologies in terms of services and beauty experience. "...ModiFace will support the reinvention of the beauty experience around innovative services to help our customers discover, try and chose products and brands...", said Lubomira Rochet, Chief Digital Officer of L'Oréal. Terms of the deal were not disclosed.

Source: 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
3/29/2019	New England Fitness (nka:One World Fitness PFF, LLC)	Centre Partners Management LLC	Fitness & Spa Facilities	-	-	-
3/28/2019	FLAWLESS and FINISHING TOUCH Brands of IdeaVillage Products Corp.	Church & Dwight Co., Inc.	Personal Care	\$900.0	5.0x	16.4x
3/13/2019	Architectural Beauty	Fusion Packaging I, L.P.	Personal Care	-	-	-
3/12/2019	CorePower Yoga, LLC	TSG Consumer Partners; TSG8 L.P.	Fitness & Spa Facilities	-	-	-
3/12/2019	Suburban Animal Hospital/North Texas Emergency Pet Clinic/Flower Mound Emergency Pet Clinic	Southern Veterinary Partners, LLC	Pet Products & Services	-	-	-
3/12/2019	Emulso Corp.	E-ZOIL Products, Inc.	Household Products	-	-	-
3/11/2019	Greenwood Mop and Broom, Inc.	Nexstep Commercial Products, LLC	Household Products	-	-	-
3/11/2019	J&D Brush Company Inc.	Goody Products Inc.	Personal Care	-	-	-
3/5/2019	Link AKC	Smart Tracking Technologies, LLC	Pet Products & Services	-	-	-
3/5/2019	Hero Clean LLC	Beaumont Products, Inc.	Household Products	-	-	-
3/5/2019	STACYC, Inc.	Harley-Davidson, Inc.	Recreational Products	\$14.9	-	-
2/21/2019	Hampshire Pet Products, LLC	Red Collar Pet Foods, Inc.	Pet Products & Services	-	-	-
2/15/2019	Forrest-Pruzan Creative LLC	Funko, Inc.	Toys & Games	\$12.2	-	-

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
2/7/2019	Bona Vida, Inc.	Sport Endurance, Inc. (nka:Better Choice Company Inc.)	Pet Products & Services	-	-	-
2/6/2019	ClarityRx Clinical Skin Care, Inc.	Topix Pharmaceuticals, Inc.	Personal Care	-	-	-
2/1/2019	All Ball Pro	Gladiator Lacrosse LLC	Recreational Products	-	-	-
1/31/2019	International Dehydrated Foods, Inc./American Dehydrated Foods, Inc.	Symrise AG	Pet Products & Services	\$900.0	4.1x	17.6x
1/30/2019	Biovation Labs, LLC	Adaptive Health LLC	Vitamins, Minerals & Supplements	-	-	-
1/30/2019	LOGIK Fitness	Five Seasons Sports Club	Fitness & Spa Facilities	-	-	-
1/29/2019	Jada Toys, Inc.	SIMBA TOYS GmbH & Co. KG	Toys & Games	-	-	-
1/25/2019	Poochie-Pets LLC	Only An Ocean LLC	Pet Products & Services	-	-	-
1/22/2019	RoC® Skincare Brand of Johnson & Johnson Consumer Inc.	Gryphon Investors Inc	Personal Care	-	-	-
1/21/2019	Iredale Mineral Cosmetics, Ltd.	San Francisco Equity Partners	Personal Care	-	-	-
1/15/2019	STRIDE	Xponential Fitness, LLC	Fitness & Spa Facilities	-	-	-
1/8/2019	R2P Group Inc.	Hyper-Pet LLC	Pet Products & Services	-	-	-

Source: Capital IQ.



Q1'19 Public Comps (1/4)

LEISURE & WELLNESS PERFORMANCE SUMMARY BY SUB-SECTOR (\$M, EXCEPT PER SHARE DATA)

Selected Public Leisure & Wellness Companies										
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Last Twelve Months (LTM)				Enterprise value	
					Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Baby Products										
Pigeon Corporation	\$4,891	\$4,611	\$40.84	68.0%	\$962	2.1%	\$203	21.1%	4.7x	20.4x
Carter's, Inc.	4,569	4,992	100.79	85.3%	3,448	0.7%	485	14.1%	1.4x	9.9x
Goodbaby International Holdings Limited	484	720	0.29	40.9%	1,102	20.8%	65	5.9%	0.6x	8.1x
Dorel Industries Inc.	288	751	8.83	39.6%	2,603	1.1%	125	4.8%	NM	5.2x
Crown Crafts, Inc.	52	54	5.16	82.6%	77	19.2%	10	12.4%	0.7x	5.9x
Summer Infant, Inc.	13	61	0.72	36.4%	174	(5.7%)	6	3.6%	NM	7.2x
<i>Baby Products Mean</i>				58.8%		6.4%		10.3%	1.9x	9.4x
<i>Baby Products Median</i>				54.5%		1.6%		9.1%	1.1x	7.6x
Cosmetics & Beauty Products										
L'Oréal S.A.	\$150,693	\$147,579	\$269.14	99.8%	\$30,842	3.5%	\$6,729	21.8%	4.6x	20.0x
The Estée Lauder Companies Inc.	59,790	60,778	165.55	99.9%	14,568	9.7%	3,104	21.3%	4.0x	18.8x
Shiseido Company, Limited	28,787	28,317	72.08	86.3%	9,969	6.6%	1,275	12.8%	2.7x	17.5x
Ulta Beauty, Inc.	20,684	20,275	348.73	99.2%	6,717	14.1%	1,133	16.9%	2.7x	15.8x
Coty Inc.	8,641	16,079	11.50	61.3%	8,833	(5.4%)	1,279	14.5%	1.9x	11.9x
Inter Parfums, Inc.	2,386	2,167	75.87	93.7%	682	10.0%	92	13.5%	3.2x	19.4x
Edgewell Personal Care Company	2,375	3,466	43.89	74.2%	2,162	(5.1%)	402	18.6%	1.6x	8.6x
Sally Beauty Holdings, Inc.	2,210	3,881	18.41	78.0%	3,898	(1.1%)	556	14.3%	1.0x	6.8x
Avon Products, Inc.	1,301	2,854	2.94	86.2%	5,365	(7.12%)	495	9.2%	0.6x	8.2x
Revlon, Inc.	1,020	4,018	19.38	65.4%	2,557	(3.9%)	133	5.2%	1.6x	15.4x
e.l.f. Beauty, Inc.	517	617	10.60	51.1%	268	(2.8%)	61	22.7%	2.5x	11.7x
BWX Limited	200	237	1.61	36.0%	105	46.1%	20	19.2%	2.1x	10.8x
<i>Cosmetic and Beauty Products Mean</i>				77.6%		5.4%		15.8%	2.4x	13.7x
<i>Cosmetic and Beauty Products Median</i>				82.1%		1.2%		15.7%	2.3x	13.6x
Gym & Fitness Facilities										
Planet Fitness, Inc.	\$5,763	\$6,645	\$68.72	99.8%	\$557	23.8%	\$220	39.6%	NM	24.7x
Basic-Fit N.V.	1,841	2,216	33.67	90.5%	460	23.3%	137	29.8%	4.0x	12.4x
Tosho Co., Ltd.	1,061	1,181	27.71	63.0%	246	12.8%	80	32.4%	4.3x	12.4x
The Gym Group plc	390	449	2.83	63.1%	158	35.6%	44	28.1%	2.3x	7.2x
Central Sports Co., Ltd.	321	368	28.47	70.4%	490	1.3%	55	11.2%	NA	NA
Town Sports International Holdings, Inc.	129	286	4.76	32.1%	453	10.1%	53	11.6%	0.6x	4.9x
Grupo Sports World, S.A.B. de C.V.	82	110	1.02	94.2%	102	12.3%	20	19.5%	1.0x	5.3x
Actic Group AB (publ)	58	101	3.67	75.3%	105	5.7%	13	12.3%	0.9x	4.1x
<i>Gym & Fitness Facilities Mean</i>				73.6%		15.6%		23.1%	2.2x	10.1x
<i>Gym & Fitness Facilities Median</i>				72.9%		12.6%		23.8%	1.7x	7.2x

Q1'19 Public Comps (2/4)

LEISURE & WELLNESS PERFORMANCE SUMMARY BY SUB-SECTOR (\$M, EXCEPT PER SHARE DATA)

Selected Public Leisure & Wellness Companies										
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Last Twelve Months (LTM)				Enterprise value	
					Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Household Products										
The Procter & Gamble Company	\$260,289	\$282,718	\$104.05	99.9%	\$67,093	1.0%	\$17,640	26.3%	4.1x	16.0x
Reckitt Benckiser Group plc	58,813	72,385	83.11	89.0%	16,055	10.0%	4,642	28.9%	4.2x	14.5x
Kimberly-Clark Corporation	42,635	49,633	123.90	99.5%	18,388	(1.0%)	3,832	20.8%	2.7x	12.1x
Henkel AG & Co. KGaA	42,532	45,714	102.11	80.1%	22,484	1.2%	4,332	19.3%	NA	NA
Kao Corporation	38,288	37,002	78.68	92.9%	13,575	0.6%	2,454	18.1%	2.6x	14.3x
The Clorox Company	20,565	22,923	160.46	95.7%	6,278	3.3%	1,291	20.6%	3.6x	16.8x
Church & Dwight Co., Inc.	17,518	19,315	71.23	98.7%	4,185	7.2%	956	22.9%	4.5x	19.6x
Newell Brands Inc.	6,490	13,009	15.34	54.1%	8,532	(8.0%)	961	11.3%	1.6x	12.8x
Tempur Sealy International, Inc.	3,155	4,758	57.67	96.6%	2,756	5.4%	347	12.6%	1.7x	10.4x
Helen of Troy Limited	2,968	3,288	115.96	79.7%	1,564	5.8%	232	14.8%	2.1x	13.4x
Spectrum Brands Holdings, Inc.	2,695	7,165	54.78	59.1%	3,128	(6.3%)	470	15.0%	1.9x	13.0x
WD-40 Company	2,342	2,390	169.44	90.4%	412	4.7%	84	20.5%	5.6x	24.6x
Sleep Number Corporation	1,435	1,633	47.00	95.5%	1,569	9.0%	160	10.2%	1.0x	9.4x
Central Garden & Pet Company	1,378	1,592	25.56	56.8%	2,296	8.3%	203	8.8%	0.7x	7.0x
Tupperware Brands Corporation	1,245	1,985	25.58	52.4%	2,014	(10.2%)	356	17.7%	1.0x	5.4x
<i>Household Products Mean</i>				82.7%		2.1%		17.8%	2.7x	13.5x
<i>Household Products Median</i>				90.4%		3.3%		18.1%	2.4x	13.2x
Pet Products & Services										
Zoetis Inc.	\$48,198	\$52,946	\$100.67	99.7%	\$5,914	8.7%	\$2,183	36.9%	NM	20.7x
IDEXX Laboratories, Inc.	19,240	20,116	223.60	87.3%	2,252	10.1%	598	26.5%	NM	NM
The J. M. Smucker Company	13,251	19,172	116.50	91.8%	7,717	4.9%	1,650	21.4%	2.5x	11.5x
Henry Schein, Inc.	9,101	10,973	60.11	65.8%	13,289	12.5%	1,089	8.2%	1.2x	13.5x
Freshpet, Inc.	1,507	1,500	42.29	96.0%	205	26.6%	10	4.8%	NM	NM
Central Garden & Pet Company	1,378	1,592	25.56	56.8%	2,296	8.3%	203	8.8%	0.7x	7.0x
PetQ, Inc.	690	740	31.41	71.5%	562	78.6%	27	4.8%	1.3x	15.5x
PetMed Express, Inc.	467	373	22.78	48.6%	283	3.5%	48	17.1%	1.3x	7.0x
<i>Pet Products & Services Mean</i>				77.2%		19.1%		16.1%	1.4x	12.5x
<i>Pet Products & Services Median</i>				79.4%		9.4%		13.0%	1.3x	12.5x
Spas & Salons										
Ulta Beauty, Inc.	\$20,684	\$20,275	\$348.73	99.2%	\$6,717	14.1%	\$1,133	16.9%	2.7x	15.8x
Regis Corporation	791	802	19.67	87.8%	1,100	(12.4%)	92	8.4%	0.8x	9.9x
Perfect Shape Medical Limited	376	323	0.34	94.0%	139	36.8%	53	38.1%	NA	NA
Siam Wellness Group Public Co. Limited	233	236	0.41	67.7%	38	19.8%	11	29.4%	5.2x	16.6x
Water Oasis Group Limited	81	36	0.12	67.1%	91	9.9%	45	49.9%	NA	NA
ARTE Salon Holdings, Inc.	44	55	4.43	77.3%	74	6.5%	9	12.7%	NA	NA
RVH Inc.	31	19	1.62	35.4%	530	10.8%	18	3.4%	NA	NA
M H Group Ltd.	24	22	2.16	77.1%	18	(4.5%)	1	5.9%	NA	NA
Modern Beauty Salon Holdings Limited	23	0.8	0.03	60.0%	73	(11.7%)	0.1	0.1%	NA	NA
<i>Spas & Salons Mean</i>				74.0%		7.7%		18.3%	2.9x	14.1x
<i>Spas & Salons Median</i>				77.1%		9.9%		12.7%	2.7x	15.8x

Q1'19 Public Comps (3/4)

LEISURE & WELLNESS PERFORMANCE SUMMARY BY SUB-SECTOR (\$M, EXCEPT PER SHARE DATA)

Selected Public Leisure & Wellness Companies										
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Last Twelve Months (LTM)				Enterprise value	
					Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Sporting Goods & Equipment										
Polaris Industries Inc.	\$5,153	\$6,957	\$84.43	64.3%	\$6,362	12.6%	\$702	11.0%	1.0x	8.7x
Brunswick Corporation	4,381	5,308	50.33	72.1%	5,224	6.9%	665	12.7%	1.0x	6.8x
Fox Factory Holding Corp.	2,658	2,689	69.89	91.0%	651	30.5%	113	17.4%	3.8x	19.0x
YETI Holdings, Inc.	2,547	2,795	30.25	87.9%	799	23.4%	141	17.7%	3.2x	16.5x
Technogym S.p.A.	2,475	2,514	12.31	93.4%	725	5.9%	150	20.7%	3.3x	15.0x
Acushnet Holdings Corp.	1,736	2,091	23.14	83.0%	1,626	3.6%	189	11.6%	1.3x	8.8x
Callaway Golf Company	1,510	1,497	15.93	64.6%	1,356	18.6%	149	11.0%	0.9x	7.5x
Malibu Boats, Inc.	825	944	39.58	66.4%	628	44.9%	110	17.5%	1.3x	7.2x
Johnson Outdoors Inc.	712	607	71.36	66.5%	544	2.8%	74	13.5%	1.1x	8.3x
Vista Outdoor Inc.	461	1,171	8.01	41.3%	2,059	(10.8%)	104	5.1%	0.6x	7.5x
Marine Products Corporation	461	449	13.47	54.3%	304	11.1%	37	12.2%	1.5x	12.3x
MasterCraft Boat Holdings, Inc.	423	550	22.57	57.1%	439	48.5%	75	17.1%	1.1x	6.6x
Johnson Health Tech. Co., Ltd.	403	541	1.33	94.3%	732	15.7%	23	3.2%	0.7x	17.7x
Clarus Corporation	381	401	12.81	95.2%	220	20.67%	22	9.94%	1.7x	16.0x
Impulse (Qingdao) Health Tech Co.,Ltd.	282	259	2.35	31.8%	136	4.3%	10	7.6%	NA	NA
Nautilus, Inc.	165	133	5.56	32.3%	366	(10.2%)	9	2.5%	NM	5.5x
Escalade, Incorporated	162	159	11.17	73.2%	176	(1.1%)	16	9.3%	0.8x	7.9x
Sporting Goods & Equipment Mean				68.8%		13.4%		11.8%	1.6x	10.7x
Sporting Goods & Equipment Median				66.5%		11.1%		11.6%	1.1x	8.5x
Toys & Games										
Hasbro, Inc.	\$10,699	\$11,198	\$85.02	77.6%	\$4,596	(9.5%)	\$865	18.8%	2.3x	12.0x
BANDAI NAMCO Holdings Inc.	10,294	8,742	46.84	98.3%	6,609	8.0%	960	14.5%	1.3x	8.7x
Mattel, Inc.	4,490	6,752	13.00	72.3%	4,492	(7.5%)	259	5.8%	1.5x	17.3x
Spin Master Corp.	2,848	2,702	27.98	63.0%	1,585	(1.5%)	196	12.4%	1.6x	8.6x
TOMY Company, Ltd.	981	963	10.31	79.1%	1,596	(0.3%)	206	12.9%	0.6x	NA
China Healthwise Holdings Ltd.	47	36	0.01	29.7%	85	44.9%	(2)	NM	NA	NA
JAKKS Pacific, Inc.	24	137	1.01	30.4%	546	(10.8%)	3	0.5%	NM	5.5x
<i>Toys & Games Mean</i>				64.3%		3.3%		10.8%	1.5x	10.4x
<i>Toys & Games Median</i>				72.3%		(1.5%)		12.6%	1.5x	8.7x

Q1'19 Public Comps (4/4)

LEISURE & WELLNESS PERFORMANCE SUMMARY BY SUB-SECTOR (\$M, EXCEPT PER SHARE DATA)

Selected Public Leisure & Wellness Companies										
Company name	Market cap	Enterprise value ⁽¹⁾	Share price ⁽²⁾	% Of 52-Wk high	Last Twelve Months (LTM)				Enterprise value	
					Revenue	Revenue growth	EBITDA ⁽³⁾	EBITDA margin	NTM revenue	NTM EBITDA
Vitamins, Minerals & Supplements										
Herbalife Nutrition Ltd.	\$7,571	\$8,826	\$52.99	85.8%	\$4,887	8.5%	\$784	16.0%	1.7x	10.8x
Glanbia plc	5,778	6,425	19.57	90.0%	2,732	(0.03%)	356	13.0%	1.6x	15.4x
By-health Co., Ltd.	5,001	4,739	3.40	96.2%	723	41.0%	223	30.8%	5.6x	20.4x
Fancl Corporation	3,292	2,967	25.81	89.8%	1,105	12.4%	139	12.6%	2.5x	17.7x
Nu Skin Enterprises, Inc.	2,650	2,680	47.86	54.0%	2,686	12.1%	412	15.3%	1.0x	6.2x
USANA Health Sciences, Inc.	1,956	1,678	83.87	60.8%	1,170	8.0%	196	16.7%	1.3x	7.4x
Medifast, Inc.	1,514	1,413	127.55	48.9%	568	72.4%	83	14.6%	2.0x	13.0x
Blackmores Limited	1,148	1,198	66.12	55.8%	446	7.6%	77	17.3%	2.3x	14.8x
Jamieson Wellness Inc.	540	655	14.09	67.5%	244	7.6%	45	18.3%	2.6x	11.7x
Midsona AB (publ)	247	368	5.37	63.1%	326	35.5%	28	8.6%	1.1x	11.0x
GNC Holdings, Inc.	229	1,416	2.73	58.7%	2,311	(5.0%)	206	8.9%	0.6x	6.8x
LifeVantage Corporation	204	190	14.29	83.7%	224	12.0%	10	4.6%	NA	NA
Nature's Sunshine Products, Inc.	179	130	9.29	84.5%	369	6.5%	21	5.8%	NA	NA
Vitamin Shoppe, Inc.	169	222	7.04	50.5%	1,102	(3.1%)	63	5.7%	NM	NM
Youngevity International, Inc.	157	174	5.70	35.1%	162	(2.0%)	(1.4)	NM	0.8x	8.3x
Natural Health Trends Corp.	147	14	12.96	47.6%	159	(16.4%)	21	13.4%	NA	NA
Eagle Health Holdings Limited	64	48	0.20	68.7%	78	24.4%	19	23.9%	NA	NA
Mannatech, Incorporated	43	22	17.75	79.2%	170	(4.1%)	5	3.2%	NA	NA
Nanjing Sinolife United Company Limited	36	11	0.04	24.4%	66	(4.1%)	(7)	NM	NA	NA
<i>Vitamins, Minerals & Supplements Mean</i>				65.5%		11.2%		13.5%	1.9x	12.0x
<i>Vitamins, Minerals & Supplements Median</i>				63.1%		7.6%		13.4%	1.7x	11.4x
Wearable Technology										
Apple Inc.	\$895,667	\$923,970	\$189.95	81.4%	\$258,490	4.5%	\$77,345	29.9%	3.6x	12.3x
Alphabet Inc.	816,907	711,779	1,176.89	91.1%	142,012	21.1%	42,142	29.7%	4.4x	12.1x
Sony Corporation	52,425	44,816	41.92	66.6%	78,203	1.5%	9,957	12.7%	0.7x	4.5x
Garmin Ltd.	16,360	14,975	86.35	99.6%	3,403	6.6%	885	26.0%	4.2x	16.5x
Under Armour, Inc.	8,975	9,146	21.14	84.7%	5,213	3.1%	380	7.3%	1.7x	22.0x
Fitbit, Inc.	1,496	773	5.92	76.0%	1,536	(1.8%)	(128)	NM	NM	NM
GoPro, Inc.	917	858	6.50	85.5%	1,189	2.2%	(4)	NM	0.7x	9.3x
<i>Wearable Technology Mean</i>				83.6%		5.3%		21.1%	2.5x	12.8x
<i>Wearable Technology Median</i>				84.7%		3.1%		26.0%	2.7x	12.2x

Note: All figures in US\$; where applicable, converted at rates as of March 31, 2019.

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






(2) Closing share prices as of March 31, 2019.

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

Source: Capital IQ.



Leading Middle Market M&A Advisor ⁽¹⁾

 <p>Personal Care Brand Project Boost</p> <p><i>Advisor</i> Active Engagement</p>	 <p>Beauty Brand in South Korea Acquired</p> <p><i>Advisor to Seller</i></p>	 <p>has acquired effortless skin</p> <p><i>Advisor to Buyer</i></p>	 <p>Australian Pharmaceutical Industries</p> <p>has acquired Clearskincare Clinics</p> <p><i>Advisor to Buyer</i></p>	 <p>has acquired Isadora AB</p> <p><i>Advisor to Buyer</i></p>
---	--	---	---	--

KPMG CORPORATE FINANCE IS A LEADING GLOBAL M&A ADVISOR IN THE MIDDLE MARKET

2018		No. of deals	2009-18		No. of deals
1	KPMG ⁽¹⁾	485	1	KPMG ⁽¹⁾	4,037
2	PwC	413	2	PwC	3,833
3	Deloitte	350	3	Ernst & Young	2,554
4	Rothschild & Co	329	4	Deloitte	2,487
5	Houlihan Lokey	269	5	Rothschild & Co	2,441

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

RECENT AWARDS

 <p>WINNER: 2018 Global M&A Transaction Advisor of the Year</p> <p>WINNER: 2017 Recreation & Wellness M&A Deal of the Year</p>	 <p>WINNER: Investment Banking Firm of the Year 2015</p>		
---	--	--	---

LEISURE & WELLNESS INVESTMENT BANKING CONTACTS



Rick Chance
Managing Director
949-885-5680
rchance@kpmg.com



Will Nham
Vice President
949-885-5744
wnham@kpmg.com

GLOBAL COVERAGE. INDUSTRY KNOWLEDGE. MIDDLE-MARKET FOCUS

The global Corporate Finance practices of KPMG International's network of independent member firms was ranked #1 as the top M&A middle-market adviser globally by Thomson Reuters SDC based on number of completed transactions, and has been named the #1 Global Mid-Market firm and Global Private Equity Mid-Market firm, by Bloomberg M&A Advisory League Tables, for 2017.

KPMG CORPORATE FINANCE LLC

KPMG Corporate Finance LLC was recently named Transaction Advisory Firm of the Year by The Global M&A Network, and previously named Investment Bank of the Year by The M&A Advisor. KPMG Corporate Finance LLC provides a broad range of investment banking and advisory services to its domestic and international clients. Our professionals have the experience and depth of knowledge to advise clients on global mergers and acquisitions, sales and divestitures, buyouts, financings, debt restructurings, equity recapitalizations, infrastructure project finance, capital advisory, portfolio solutions, fairness opinions, and other advisory needs.

For more information on KPMG CF, please visit www.kpmgcorporatefinance.com.

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





Important Notice

The information contained in this newsletter is of a general nature and is not intended to address the circumstances of any particular individual or entity including their investment objectives or financial needs. In preparing this newsletter, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act or rely on the information in this newsletter without appropriate professional advice after a thorough examination of the particular situation. The information contained in this newsletter does not constitute recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

