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consulting

# BEAUTY & PERSONAL CARE INDUSTRY

REVIEW OF CORPORATE ACTIVITY

## 2022 Mergers & Acquisitions

In 2022, despite challenges including rising inflation and increased supply chain complexity, the beauty and personal care industry benefitted from the reopening of retail stores and salons and the lifting of mask mandates.

As a result, merger and acquisition activity remained robust in the beauty and personal care industry with 15 transactions announced during the year.

Comet Line noted the hair care category attracted strong investor interest with several large transactions including the acquisition of BondiBoost by Gauge Capital for \$147 million and NAK Hair by Adamantem Capital for \$90 million.

2023 is shaping up to be a positive year for the beauty and personal care industry with trade players and financial investors attracted to businesses which have performed strongly through the COVID-19 pandemic and are positioned for growth as consumer behaviour and purchasing habits continue to evolve.

Comet Line Consulting's review of transactions in the beauty and personal care industry is summarised below.

We hope that you get value from reflecting on these transactions and if you have any specific questions, please don't hesitate to contact us at [www.cometlineconsulting.com.au](http://www.cometlineconsulting.com.au).

## Acquisitions announced

Date	Target Name	Acquirer
31 Dec 2021	BondiBoost	Gauge Capital
9 Feb 2022	Bookwell	Fresha
22 March 2022	Lanolips (minority stake)	Point King Capital
24 March 2022	Grown Alchemist (majority stake)	The L'OCCITANE Group
12 April 2022	Rauxel	ShawKwei & Partners
1 May 2022	Nak Hair	Adamantem Capital
8 June 2022	Forme Spa	Endota Spa
12 July 2022	Nutrimetics	New Image Group
24 August 2022	Edible Beauty	Live Verdure
9 Sept 2022	Mr Bright	Wellnex Life
23 Sept 2022	Abel Odor	Maker Partners
29 Sept 2022	DMK Australia & New Zealand	Advanced Cosmeceuticals
9 Nov 2022	ZitSticka	Heyday
25 Nov 2022	Alya Skin	Frostbland
9 Dec 2022	USPA Skincare	Anagenics

## Acquisitions announced

Gauge Capital, a US-based private equity firm acquired BondiBoost, an Australian professional haircare brand for A\$147 million. Founded in 2018, BondiBoost sells a range of hair care products addressing core hair concerns such as texture, breakage, thickness and repair. The business distributes product to consumers through a company owned website and beauty retailers including Ulta Beauty. BondiBoost has expanded rapidly in the US and UK with estimated sales of US\$80 million in 2021. Social media has been key to the brand's rapid rise with more than 700,000 followers on Instagram and 20,000 customers giving BondiBoost a five-star product rating. Gauge Capital intends to globalise the BondiBoost brand through customer and channel expansion, building operational scale and continuing digital marketing excellence.

Bookwell, an Australian beauty and wellbeing marketplace was acquired by global competitor Fresha. Founded in 2017, Bookwell is an online marketplace allowing people to book treatments at beauty and wellness businesses. Fresha is a leading salon and spa marketplace and booking platform used by 60,000 venues in over 120 countries.

Point King Capital, a Sydney-based private equity firm announced the acquisition of a minority shareholding in Lanolips. Founded in 2009, Lanolips claims to be the world's #1 natural lanolin brand with distribution across 25 countries and in retailers including Sephora, Boots, Cult Beauty, Harrods and Selfridges. The investment by Point King Capital will assist Lanolips to develop new products and continue global retailer expansion. Point King Capital has made several other investments in the beauty industry including Makeup Cartel, BYBI, Hair by Sam McKnight and Me Today.

Grown Alchemist, a leading cosmeceutical and clean skincare brand announced the sale of a majority shareholding to The L'OCCITANE Group. Grown Alchemist has developed a global following with its focus on anti-ageing technology and unique botanical skincare formulas. Grown Alchemist appeals to health conscious, influential millennial and Gen Z customers which assists L'OCCITANE to broaden its international consumer profile and market reach.

ShawKwei & Partners, an Asian-based private equity firm acquired Australian beauty and healthcare company, Rauxel. Established in 1986, Rauxel is a private label manufacturer of premium haircare and skincare products with over 90% of products based on custom formulations developed by Rauxel's in-house laboratory experts. Rauxel will be merged into ShawKwei's existing portfolio company, Icons Beauty Group.

Adamantem Capital acquired a controlling stake in Nak Hair, Australia's third largest professional haircare company. Nak Hair supplies a range of vegan-based shampoo, conditioner and treatment products to 3,000 salons and online haircare and beauty retailers. It is expected that Adamantem will seek to expand Nak Hair's international presence including the United States. The value of the acquisition was not disclosed, however media reports estimate the transaction valued the business at \$90 million.

Australia's largest spa and wellness business, Endota acquired Forme Spa, New Zealand's largest spa group. The acquisition extends Endota's footprint to 120 spas in Australia and New Zealand. Endota exports branded skincare products to 11 countries including Thailand, Malaysia and Canada and may seek further international expansion opportunities in these markets.

New Zealand's New Image Group acquired Nutrimetics from NYSE-listed, Tupperware Brands. Nutrimetics is a direct selling organisation with a consultant sales force of over 50,000 and is one of Australia and New Zealand's leading skin care and beauty companies. The Nutrimetics product range includes skin care, colour, hair care and body care products and is manufactured in Auckland, New Zealand. New Image Group is ranked number 30 in the top 100 global direct selling companies and plans to extend Nutrimetics into new markets.

ASX-listed Live Verdure acquired Edible Beauty, an online retailer of naturopathically formulated skincare, supplement and wellness products. Edible Beauty was acquired for \$1 million, settled through a cash consideration of \$750,000 and \$250,000 in shares. The consideration represents a multiple of 0.45x actual FY22 revenue.

ASX-listed Wellnex Life, a brand owner and distribution company of customer-focused health and wellness products acquired Mr Bright, a premium teeth whitening brand. Mr Bright was acquired for \$1.5 million settled in shares with potential earnouts in FY23 and FY24 based on EBITDA hurdles. Mr Bright had revenue of \$4 million and normalised EBITDA of \$800,000 in FY22.

Abel Odor, a New Zealand natural perfume company completed a capital raise with a NZ\$2.2 million investment from investment firm, Maker Partners. It is expected the capital will be used to accelerate export opportunities.

Advanced Cosmeceuticals, the largest distributor of cosmeceutical skincare products and aesthetic medical devices in Australia and New Zealand acquired DMK Australia & New Zealand. DMK distributes the Danne Montague-King product range and provides training to over 320 clinics across Australia and New Zealand. The transaction follows a control investment by Gresham Capital Partners in Advanced Cosmeceuticals in July 2021.

Heyday, a San Francisco-based digital marketplace acquired ZitSticka, an evidence-based skincare brand focused on acne treatment and prevention. The ZitSticka product range includes supplements, body washes and topicals and has developed a strong social media presence on TikTok and Instagram. Heyday acquired the business to become a market leader in acne patches, one of the fastest growing sectors in the global anti-acne market.

Skin care brand, Alya Skin was acquired by beauty distributor Frostbland. Founded in 2018, Alya Skin's product range includes cleansers, exfoliators, moisturisers and treatment products. The business has amassed popularity via Instagram with reported revenue of \$40 million and 3,000 stockists worldwide. Frostbland is a leading marketer and distributor of health and beauty products and is the exclusive distributor of Alya Skin products.

ASX-listed health and beauty-technology business, Anagenics acquired the USPA skincare business from BWX Limited for an immaterial cash amount. The USPA product range includes skin care, body and hair care products formulated with naturally active botanical ingredients. Anagenics is the distributor of USPA products into the professional channel through its BLC Cosmetics business and plans to pursue opportunities to invest and develop the business further.

Comet Line Consulting is a strategic advisory business that specialises in acquisitions and divestments within the Australian and New Zealand consumer goods industry. Deep industry knowledge and strong relationships with business owners, trade investors and financial investors are defining features of the Comet Line Consulting business.



**David Baveystock** has worked in the Australian FMCG industry for over 25 years including senior roles with Nestle Australia and Manassen Foods. David is recognized as a leading executive in the food and beverage industry and consults to senior management and business executives.



**Ben van der Westhuizen** has more than 25 years corporate advisory experience and has advised on a variety of transactions with a collective value in excess of \$2 billion. Ben has advised on acquisitions, disposals and capital raisings in both Australia and South Africa. Ben has held senior corporate advisory roles with KPMG Corporate Finance, Challenger and PSG Group where he advised on several high-profile transactions.

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