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BEAUTY & PERSONAL CARE INDUSTRY

REVIEW OF CORPORATE ACTIVITY

2023 Mergers & Acquisitions

In 2023, despite a series of interest rate increases by the RBA and a downturn in consumer discretionary spending, merger and acquisition activity remained robust in the beauty and personal care industry with 23 transactions announced during the year.

A standout transaction was the acquisition of Melbourne-based skincare group Aesop which was sold by its Brazilian parent, Natura & Co to L'Oreal for A\$3.7 billion including debt.

The skin tanning category attracted strong investor interest with several transactions including the acquisition of Bondi Sands by Kao Corporation for an estimated \$450 million and an investment in Loving Tan by Gauge Capital.

The acquisition of ASX-listed Silk Laser Australia by Australian Pharmaceutical Industries, a wholly-owned subsidiary of Wesfarmers Limited, was also a material transaction. The Silk Laser acquisition is complementary to Wesfarmers' Clear Skincare Clinics business.

The 12-month outlook for corporate activity in the beauty and personal care industry is neutral. Comet Line anticipates trade players and financial investors will be attracted to businesses which 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 in 2023 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

Acquisitions announced

Date	Target Name	Acquirer
9 Jan 2023	Snowberry	Apex Brands
31 Jan 2023	Straand (\$2 million capital raise)	Unilever Ventures
7 Feb 2023	The Original Makeup Eraser	Professional Beauty Solutions
3 April 2023	Showpony Hair Extensions	Kevin Murphy
4 April 2023	Aesop	L'Oreal
23 April 2023	Boost Lab & tbh Skincare (merger)	
3 May 2023	BWX Digital	The Future Collective
25 May 2023	Pain Away	Wellnex Life
26 June 2023	Silk Laser Australia	Australian Pharmaceutical Industries
3 July 2023	Single Use Ain't Sexy	Buzz Products
5 July 2023	Loving Tan	Gauge Capital
1 August 2023	Bondi Sands	Kao Corporation
4 August 2023	Lutronic Australia	Cryomed Aesthetics
8 August 2023	Tribe Skincare	Vitality Brands
22 August 2023	Face MediGroup	Anagenics
17 Sept 2023	Ultra Violette (minority stake)	Aria Growth Partners
18 Sept 2023	CS&Co	DKSH
21 Sept 2023	Lovekins	Access Corporate Group
9 October 2023	Inskin Cosmetics (minority stake)	The Australian Business Growth Fund
8 Dec 2023	Patricks (capital raise)	Shiseido
10 Dec 2023	Straand (\$4 million capital raise)	Gerry Harvey and Unilever Ventures
14 Dec 2023	Koala Eco (\$3 million capital raise)	Several investors
15 Dec 2023	Go-To Skincare	Zoe Foster Blake and Paul Bates

Australian haircare brand Straand received \$6 million of capital investment in 2023 from investors including Unilever Ventures and the family office of Gerry Harvey and Katie Page. Founded in 2022, Straand's products contain prebiotic ingredients to improve the scalp microbiome. The business attracted investor interest due to its microbiome-focused formulations and the opportunity to disrupt the scalp health category which has seen limited innovation for a number of years. Straand plans to use the capital to expand the distribution of product into the US, UK, Europe and South East Asia.

Melbourne-based skincare group Aesop was sold by its Brazilian parent, Natura & Co to L'Oreal for A\$3.7 billion including debt. Aesop was founded by Melbourne hairdresser Dennis Paphitis in 1987 who together with Harbert Private Equity sold 65% of the business to Natura & Co in 2012. Natura & Co acquired the remaining shares in 2016. All Aesop products are manufactured in Australia except the shaving accessories, fragrance and room spray ranges.

Australian skincare brands Boost Lab and tbh Skincare merged to form a new entity, York Street Brands. The merger was part of a \$5 million Series B funding round led by Alium Capital, Boost Lab's largest investor. Both brands were launched in 2020, with tbh Skincare specialising in acne-focused products and Boost Lab known for its serums that target a range of skin concerns including blemishes and dark eye circles.

ASX-listed Wellnex Life, a brand owner and distribution company of health and wellness products acquired Pain Away, one of Australia's leading topical pain relief brands. Pain Away manufacturers topical pain relief products focused on joint and muscle pain using all natural products. These products are distributed nationally through over 6,000 pharmacy outlets and grocery retailers across Australia including Chemist Warehouse, Terry White, Woolworths and Coles.

Australian Pharmaceutical Industries (API), a wholly-owned subsidiary of Wesfarmers Limited entered into a Scheme Implementation Deed to acquire 100% of the shares in ASX-listed Silk Laser Australia. The transaction implied an equity value of approximately \$180 million for Silk Laser Australia. Established in 2009, Silk Laser Clinics is a specialist skincare clinic chain which offers a range of non-surgical aesthetic products and services including cosmetic injectables, laser hair removal, skin treatments and body contouring.

Gauge Capital, a US-based private equity firm, invested in Loving Tan, a luxury skin tanning brand. Loving Tan provides consumers with high-quality, self-tan solutions with professional grade efficacy. The product range is sold in a variety of prestige beauty retailers and online globally. Gauge Capital has experience in the Australian beauty industry having acquired BondiBoost, an Australian professional haircare brand in December 2021.

Japanese chemical and beauty group, Kao Corporation acquired Bondi Sands for an estimated \$450 million. Bondi Sands is a sun product company that specialises in self-tanning, sun care, skincare and body products. Bondi Sands sun care products are available in over 32 countries and claims to be the world's largest player in the DIY tan market.

Vitality Brands, an Australian company dedicated to developing "wellness" products continued its expansion within the skincare and personal care industry with the acquisition of Tribe Skincare. Founded in 2018, Tribe Skincare has a range of skincare and mineral makeup products for sensitive skin. Tribe Skincare has a strong presence on social media platforms with 236k followers on TikTok and 66k followers on Instagram.

Aria Growth Partners, a New York-based private equity firm acquired a minority stake in Ultra Violette, a high-performance sunscreen. Ultra Violette contains active ingredients and is positioned as a skincare product that provides SPF 50-plus protection and other antioxidant protection. Ultra Violette is sold in 20 countries including New Zealand, the UK, 12 countries across Europe and 5 countries in southeast Asia.

DKSH acquired CS&Co, New Zealand's leading independent beauty product distributor. CS&Co is a multi-brand distributor of skincare, haircare, health and home care products with net sales of over NZ\$65 million. The acquisition is in line with DKSH's focus to expand and strengthen its beauty care business.

The Australian Business Growth Fund (ABGF) invested in Inskin Cosmetics, an integrated skincare manufacturer, distributor and retailer based in Sydney. ABGF's minority investment will be used to further grow the business and to explore international expansion opportunities.

Patricks, a Bondi-beach founded men's grooming brand received an investment from Japan's Shiseido. Patrick's key categories include anti-hair loss and anti-ageing skincare with products ranged at Harrods, Selfridges and Bergdorf Goodman. The capital raised will assist Patricks expand into overseas markets and diversify into new products.

Koala Eco, a natural cleaning product brand raised \$3 million from US and Australian investors to underpin its expansion into the US market.

Go-To Skincare founders Zoe Foster Blake and Paul Bates regained ownership of Go-To Skincare after acquiring back the 50.1% shareholding for \$21.8 million from ASX-listed beauty group, BWX Ltd. The 50.1% stake in the business was sold to BWX Ltd for \$89 million in August 2021.

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 28 years and is recognised as a leading executive in the sector. Prior to establishing Comet Line Consulting, he held an executive role at Manassen Foods and senior leadership roles during a 16-year career at Nestlé Australia



Ben van der Westhuizen has 30 years corporate advisory experience. Ben advised on acquisitions, disposals and capital raisings with collective value in excess of \$2 billion. Ben has held senior corporate advisory roles with KPMG Corporate Finance, Challenger and PWC.

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