



2025  
BEAUTY &  
WELLNESS  
INDUSTRY  
OUTLOOK

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Overview of the U.S. Consumer  
Environment and Trends Impacting  
Beauty & Wellness Companies

# Current State of the Consumer Industry

## U.S. CONSUMER SPENDING



U.S. consumer spending remains a key area of focus, with 2025 expected to be a year in which consumers reallocate their discretionary spending budgets, particularly within the rate sensitive areas of the sector

- ❖ Consumer price index rose 2.9% in December y/y, a modest acceleration slightly above the Fed's benchmark 2% target
- ❖ Retail sales growth accelerated 3.9% y/y in December 2024 during the holiday season, a sign that the retail-related spending backdrop is improving
- ❖ Category spending remains mixed as U.S. consumers continue to make trade-offs with their discretionary dollars

## CONSUMER SENTIMENT



Consumer sentiment improves despite policy uncertainties in the ongoing U.S. administration transition

- ❖ Consumer Sentiment Index rebounds to 74.0 in December 2024, levels last seen in 2020
- ❖ Broadly speaking, consumers view the economy much more favorably as inflation moderates
- ❖ The U.S. labor market showed signs of cooling throughout 2024, largely driven by unexpected spikes in the unemployment rate and soft payrolls data

## INTEREST RATES



The Fed commenced its easing policy in 2024 implementing three-consecutive rate cuts, most recently at the December FOMC meeting

- ❖ The 25-bps rate cut in December was widely anticipated by the market, though hawkish rate guidance and commentary drove a notable risk-off reaction
- ❖ The market is currently pricing in only one 25-bps rate cut in 2025 as the Fed intends to hold rates higher to curb sticky inflation levels
- ❖ The Fed's challenge will be striking the right balance of continuing to support economic activity while ensuring inflation, currently hovering around 2.7%, doesn't reignite

# Our Take on Trends in Core Beauty Categories

+4%

2024 YoY Growth  
in the U.S.



## SKINCARE

- ❖ **Clinical-backing and Efficacy:** Consumers and investors prioritize science-backed formulations, with a 700% increase in searches for “efficacy” in skincare
- ❖ **Dermatologist Influence:** 39% of U.S. skincare consumers (Gen X and older) value doctor-recommended products, with dermatologists also becoming key distribution channels
- ❖ **Exosome Technology:** Derived from stem or plant cells, exosomes (deemed the “new PRP”) are gaining popularity – exosome injections search was up 260% in 2024 – but remain controversial in the dermatology community due to limited clinical studies and lack of FDA approval
- ❖ **Masstige Dominance:** Conversely, masstige is the fastest growing segment in skincare, up 17% in 2024 (compared to prestige +2% and mass +3%)

## MAKEUP

- ❖ **Hybrid Products:** Lines between skincare and makeup continue to blur, with consumers seeking multifunctional products. 50% of U.S. consumers now prefer products that combine skincare and makeup such as foundation-serum hybrids
- ❖ **Lip & Blush Dominance:** Lip products (especially balms and oils) and blushes are driving color cosmetics growth, with prestige lip products seeing a 10%+ increase in sales in 2024
- ❖ **Turning a Corner:** With strong influence from social media and expanded usage occasions from hybrid products, the expectation is that performance for color cosmetics, which has been mixed, improves in 2025

+2%

2024 YoY Growth  
in the U.S.



# Our Take on Trends in Core Beauty Categories (Cont.)

+13%

2024 YoY Growth  
in the U.S.

## FRAGRANCE

- ❖ **Consumption-fueled Growth:** New consumers entering the category and new usage occasions as they purchase different fragrances to fit various moods, driving meaningful household penetration growth – perfume and cologne household penetration grew 2.1pts, and body mist 3.1pts; fragrance was the only category gaining penetration in the mass beauty market
- ❖ **Generational Shifts Shaping the Landscape:** Younger consumers (Gen Z and Alpha) favor indie, sustainable fragrances and body mists – which currently make up 20% of the category – while Gen X and Boomers stick to their beloved prestige brands
- ❖ **Alcohol-Free Fragrances:** Popularity is rising for alcohol-free options, with brands leveraging pioneering technologies for longer-lasting scents

## HAIRCARE

- ❖ **Skinification of Haircare:** Consumers are adopting multi-step hair care routines including an array of specialized products. Products addressing hair wellness (hair growth, serums, scalp care) have grown 20%+ YoY
- ❖ **Prestige Growth:** Sales of prestige hair products grew 14% in 2024, with higher-priced items (\$30+) making up ~25% of unit sales, reflecting a shift toward premium products
- ❖ **Online Surge:** Consistent double-digit growth in online sales for prestige haircare now places ecommerce as the leading channel for the category

+5%

2024 YoY Growth  
in the U.S.





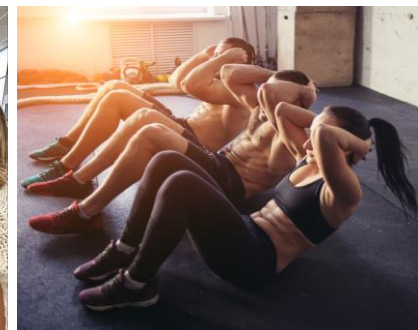
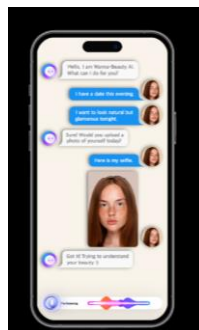
# Growing Adjacent Categories

## BEAUTY TECH

- ❖ Beauty tech is proving more intelligent and personalized than ever. As consumer interest in non-invasive treatments and personalized solutions continues to rise, alongside the demand for convenient, at-home solutions, beauty devices are making a comeback with several strategics playing in the category
- ❖ LED technology, a proven treatment in dermatology, is increasingly being integrated into at-home skincare devices – Shark launched a new LED CryoGlow™ mask and Medicube unveiled at the Consumer Electronics Show (CES) 2025 the second-generation of its skincare device, the Booster Pro that uses microcurrent and LED therapy – LED face mask searches were up 45%+ in 2024
- ❖ AI is increasingly predominant in beauty devices innovation, L'Oréal is investing in personalized skin assessment with its Cell BioPrint device that will launch in Asia later this year; the device analyzes the skin biological and chronological age, recommending personalized skincare treatments. Meanwhile Amorepacific is using voice-activated AI to provide tailored makeup recommendations via its WANNA-BEAUTY AI app

## WELLNESS

- ❖ The wellness market is rapidly expanding, with retailers like Target and Ulta at the forefront of distribution. Target's launch of 2,000 new wellness products highlights rising demand for health-focused items across fitness, mental health, and wellness technology. Ulta is also expanding its Wellness Shop to all 1,385 stores, offering products from oral care to hormonal health and aromatherapy
- ❖ The convergence of beauty and wellness is reshaping the industry, with more beauty brands entering wellness categories like supplements, functional beverages, and personal health. This trend has fueled significant market growth, with the beauty and wellness combined market valued at \$140.7 billion and expanding the beauty category by 45%. Wellness products for mental health, sexual wellness, and menopause are gaining shelf space, as 90% of consumers now engage in wellness practices, reflecting a cultural shift toward self-care as a necessity
- ❖ Brands and retailers are not only expanding their product assortments but also investing in educational content and personalized recommendations to create more immersive and informed shopping experiences



# Key Themes Impacting Beauty & Wellness

## TikTok Dominance

- ❖ **Gen Z and Gen A's Role:** TikTok is central to their purchasing decisions and TikTok shop is an important channel – ~54% of Gen Z planned to find all their holiday gifts on TikTok Shop
- ❖ **TikTok Shop:** Beauty & Personal Care is the #1 category in sales on TikTok Shop in the U.S. and TikTok Shop is the #5 e-commerce merchant in the U.S. – 46% of consumers (18 – 34 years old) have made a purchase on the platform with body care, makeup and hair care being the most popular segments
- ❖ **Significant Shifts with Potential Ban:** Would require reframing marketing strategies; YouTube is viewed by creators as the primary platform they could transfer TikTok-like content to, but the monetization and business model are completely different and would require brands and influencers to adapt



## Tariff Implications

- ❖ **Rising Tariffs:** Increased tariffs under new U.S. trade policies could disrupt global supply chains, driving up costs for ingredients, packaging, and finished goods. Over 11,000 cosmetics products in the U.S. may face price increases as tariffs are enforced
- ❖ **Impact on Indie Brands:** Lacking the financial flexibility of larger players, indie brands will be challenged to absorb higher production costs, leading to price increases and / or and reduced competition in the market
- ❖ **Nearshoring and Hybrid Approaches:** Brands are exploring nearshoring to countries like Canada and Mexico (this would reduce shipping costs but they will still suffer the tariffs impact to some extent), or combining domestic and international production to mitigate tariff impacts



## Challenging Chinese Market

- ❖ **Economic Slowdown:** China's post-pandemic economic recovery has been slow with high youth unemployment and consumer confidence at historically low levels, resulting in pullback in discretionary spending
- ❖ **Rise of Local Brands:** In this challenging environment, consumers are gravitating towards more affordable options that are benefitting domestic brands over foreign. Many consumers don't see a noticeable difference between the prestige Western alternatives and the Chinese brands
- ❖ **Struggles in China Hurting Beauty Giants:** Beauty conglomerates with significant China exposure have all suffered greatly in 2024 – Estee Lauder, Shiseido, L'Oréal and others all saw their share prices plummet in 2024 as they consistently missed budget due to challenges in Asia; several companies are also restructuring their businesses in China, with Sephora cutting 120 roles, for example



## Rise of Dupe Culture

- ❖ **Popular Category:** Beauty is the #4 most popular category for dupes and Amazon is the main channel – 55% of consumers who bought a dupe did so via Amazon
- ❖ **Driven by Younger Generations:** Influenced by social media they are more likely to incorporate dupes into their routines – 50% of millennials and Gen Z consumers use makeup dupes (compared to ~30% of the general population)
- ❖ **Growth Engine:** Duped products can remain on a growth trajectory after being duped due to increased awareness

## Evolving Retail Landscape

- ❖ **Online Sales Surge:** 43% of beauty sales are now online, up from 33% in 2021
- ❖ **Amazon is the Top Beauty & Personal Care Retailer in the U.S.:** Amazon's beauty share grew by 7.3 points in 3 years and while prestige brands still only account for ~10% of sales, they are growing ~35% YoY
- ❖ **Drug Continues to Struggle:** CVS, Rite Aid and Walgreens closed hundreds of locations in 2024 alone and closures are expected to continue in 2025 – the drug channel saw the steepest decline in mass beauty in 2024; this poses an opportunity for specialty beauty retail to expand its assortment and category focus







# Overview of the M&A Market

# Global M&A Outlook and Considerations

1

## M&A Market Poised to Recover

- ❖ Global M&A market activity should accelerate in 2025 after mixed results in 2024
- ❖ Improving market sentiment is reflected in recent growth for deal launches and pitch activity within GIB
- ❖ Increased large deal activity and an uptick for PE exits are additional positive leading indicators
- ❖ U.S. financing markets are the strongest in two years as widely expected Fed rate cuts have begun
- ❖ Pro-business backdrop and less M&A regulation after U.S. elections

2

## Strong Buyer Demand

- ❖ Cash-rich strategics and sponsors backed by near-record dry powder should fuel an M&A upturn
- ❖ More confidence for strategics: Conference Board CEO Confidence measure now indicates optimism
- ❖ Sponsors have the means to capture larger platform targets due to healthier financing markets
- ❖ For PE, investment activity by sector broadened during 2024 in the U.S. and Europe

3

## Sponsors Motivated to Sell

- ❖ PE distributions fell to a 15-year low in 2024, pressuring sponsors to monetize portfolio companies
- ❖ The sponsor M&A exit count rose significantly (from low levels) during YTD 2024 (+20% vs. LY)
- ❖ Further firming in the lending markets could include higher leverage, providing valuation support that should lead to more market clearing offers for recently launched (or re-launched) processes
- ❖ The ever-rising count of PE-owned portfolio companies creates an expanding set of viable targets

4

## Financing Markets Open

- ❖ Conditions in the debt markets have improved since the start of 2024, led by tighter pricing across markets
- ❖ Intensified competition between private credit and the broadly syndicated market for new financings has benefited borrowers through lower pricing and concessions on non-economic terms across both markets
- ❖ High levels of dry powder in private credit bode well for sponsor M&A financings

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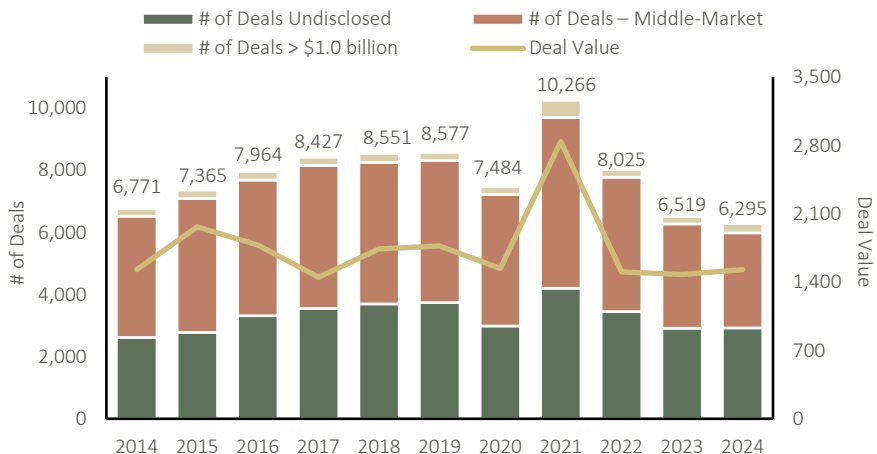
## Macro Backdrop Improved

- ❖ Shape of economic trajectory will continue to influence the M&A market recovery's pace and timing
- ❖ Extended strength in the equity markets suggests increased confidence in the economic outlook
- ❖ Macro research firm Strategas (part of Baird) expects a soft landing for the U.S. economy
- ❖ Market still bifurcated among "haves" and "have-nots" based on cyclical / macro exposure

# U.S. M&A Market

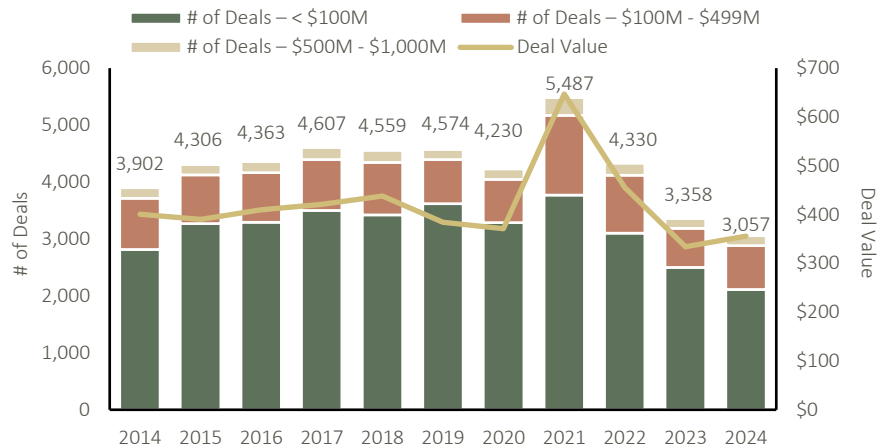
## TOTAL U.S. M&A

(\$ in billions)



## MIDDLE-MARKET U.S. M&A

(\$ in billions)



- ❖ M&A activity should accelerate in 2025 after mixed results in 2024
- ❖ Improving market sentiment is reflected in the upturn in pitch activity and deal launches within GIB; stronger equity markets, increased large deal activity, and solid growth for sponsor M&A exits are also positive leading indicators
- ❖ Cash-rich strategics and sponsors backed by near-record dry powder should drive a widespread M&A market recovery
- ❖ Even with the upturn in exits, sponsors are still considerably behind on distributions, causing pressure to monetize select portfolio companies
- ❖ Peak levels of capital availability in private credit and competition for high quality borrowers among banks and direct lenders are contributing to a healthy environment for financings, enhanced by the recent Fed rate cuts
- ❖ Potential policy changes related to recent U.S. elections are a near-term “wild card”

# U.S. M&A Market (Cont.)

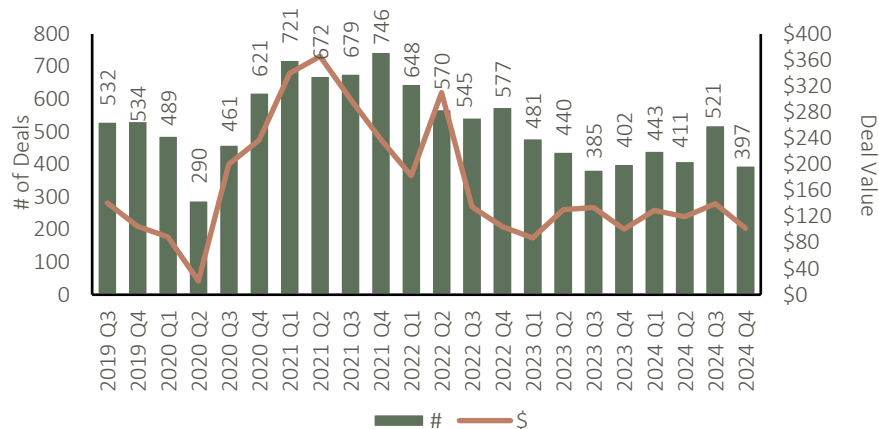
*Financial sponsor activity has improved in 2024 with green shoots around record levels of dry powder and increasingly favorable interest rates*

## COMMENTARY

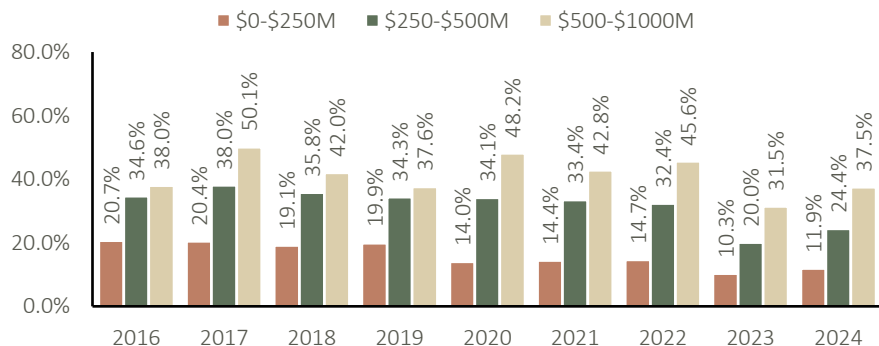
- ❖ Lower U.S. sponsor M&A metrics in 2022-2023 factored into overall M&A market weakness; M&A exit activity began to recover in YTD 2024
- ❖ Factors driving upcoming financial sponsor activity include aging portfolios and significant uninvested capital, and support from direct lending markets, with terms recently becoming more borrower-friendly
- ❖ High yield issuance in 2023 rebounded slightly from 2022's 14-year low; through November, 2024 is on pace for above-average volume
- ❖ Global leveraged loan volume dropped to a 13-year low in 2023; however, issuance rebounded strongly in YTD 2024 through November
- ❖ Leveraged loan and high yield bond funds experienced substantial inflows in YTD 2024 after hefty outflows in 2022-2023

## U.S. PRIVATE EQUITY DEAL FLOW

(\$ in billions)

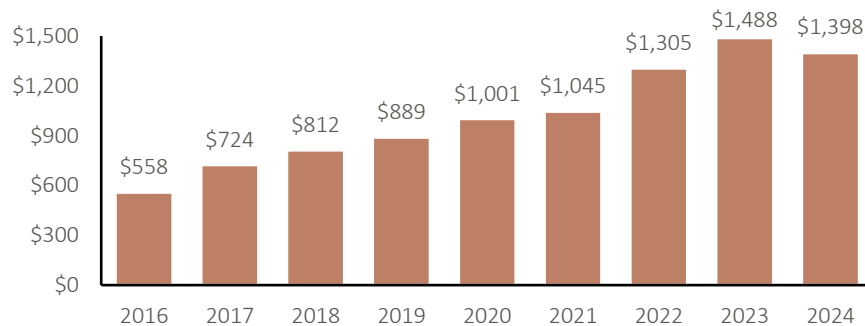


## SPONSOR RELATED U.S. DOLLAR VOLUME AS A % OF TOTAL U.S. DOLLAR VOLUME



## CUMULATIVE U.S. PRIVATE EQUITY DRY POWDER

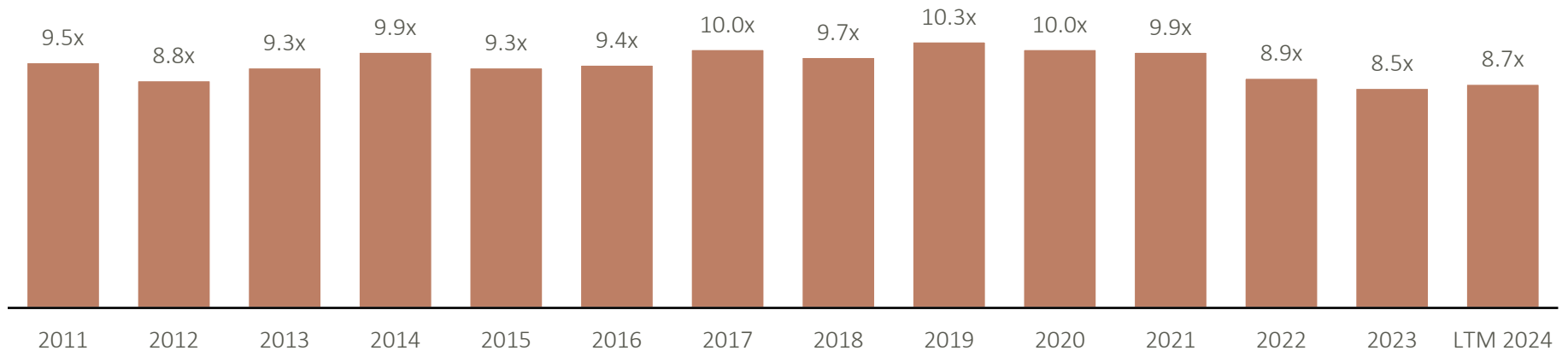
(\$ in billions)



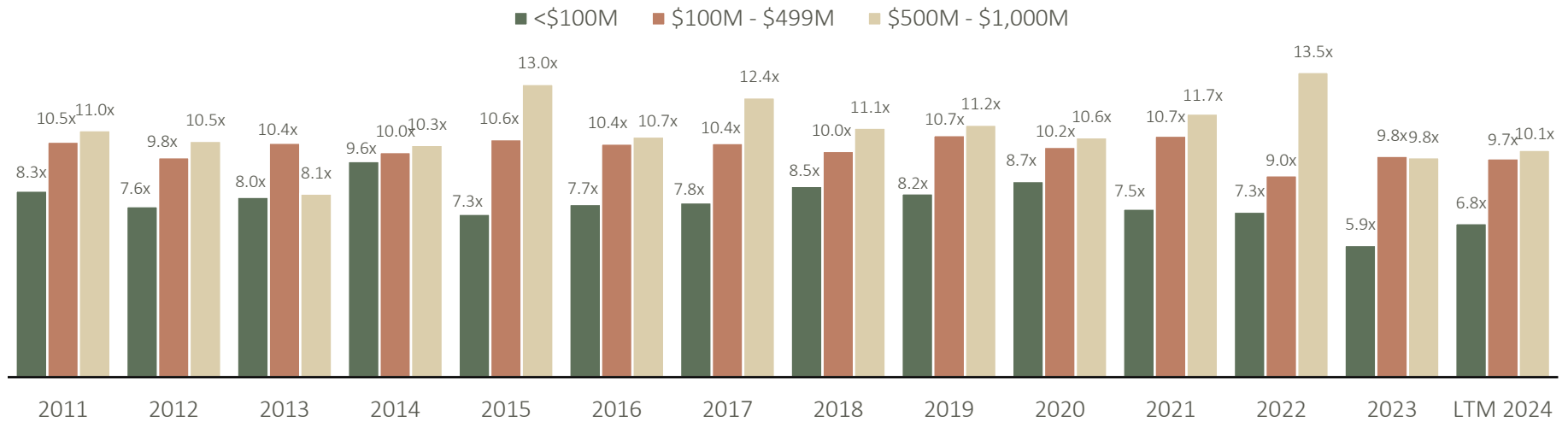
# U.S. EBITDA Multiples – Middle Market



## OVERALL MIDDLE MARKET



## BY SIZE



Source: Capital IQ and Robert W. Baird & Co. M&A Market Analysis. Excludes deals less than 3.0x or greater than 25.0x. LTM as of November 30.



# Beauty Sector Deal Activity

M&A activity rebounded in 2024 in concert with the broader consumer market

### RECENT M&A ACTIVITY:

- ❖ Beauty deal activity was up 78% in Q3'24 compared to Q3'23 and YTD deal volume was up 18%
- ❖ Both M&A and growth deals rebounded in Q3 '24, with growth deals leading the charge



Source: BeautyMatter Q2 Investment + M&A Report.

# Strategic Sentiment

## HIGHER BAR TO CLEAR FOR ACQUISITIONS WITH A HYPERFOCUS ON FIT

- ❖ In search of brands that have the perfect fit and solve issues that can't be addressed in-house

## PROFIT IS PARAMOUNT (HAVING JUST A PATH TO IT IS NOT ENOUGH)

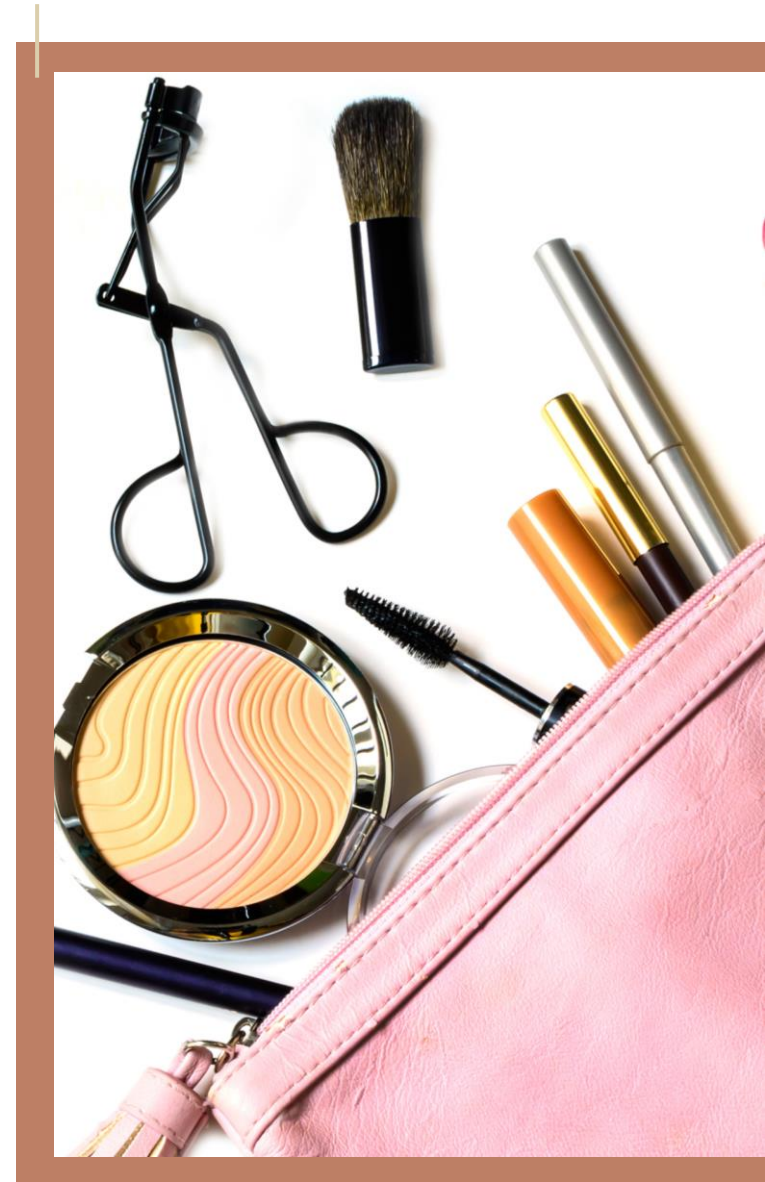
- ❖ Keenly focused on identifying brands that have proven scalability and a sustainable, profitable growth trajectory ahead

## BUSY Q4 '23 & Q1 '24 FOR STRATEGIC M&A WITH IDLE PERIOD FOLLOWING BLOCKBUSTER ACQUISITIONS

- ❖ Expectation for increased appetite for M&A in 2025 as key strategics have had some time to digest and start to integrate their winning recent acquisitions

## LEADERSHIP CHANGES TEMPERED INTEREST

- ❖ Key beauty players such as Estée Lauder, Shiseido, P&G and Unilever Prestige went through leadership transitions in 2024 which limited their focus on inorganic growth opportunities

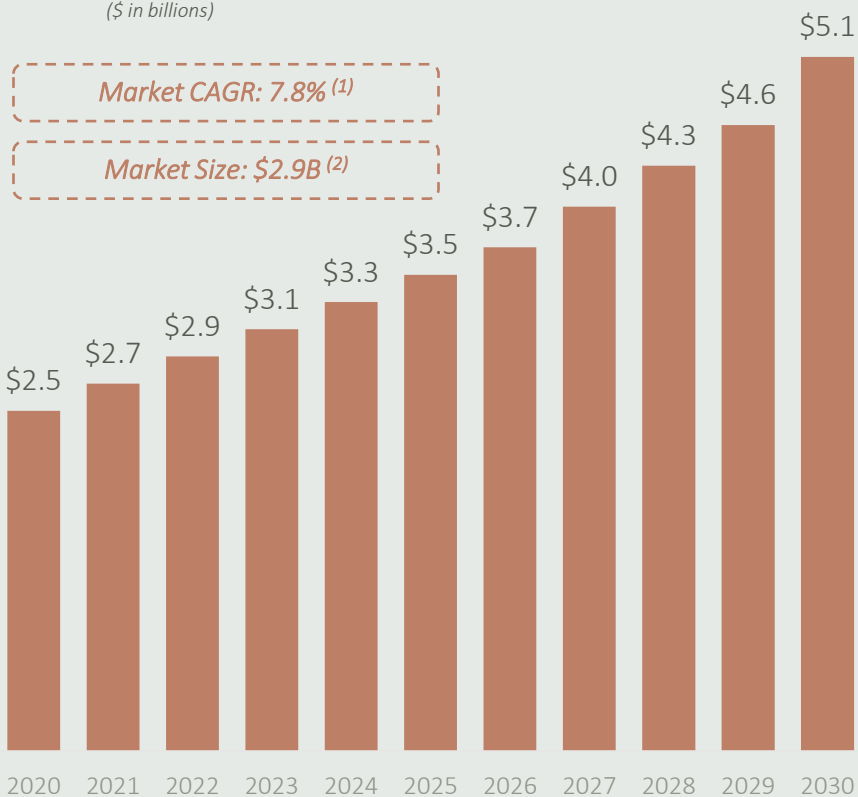


# Consolidation Continues in the CDMO Market, Driven by Favorable Industry Tailwinds

## Highly Attractive End Market Dynamics

### U.S Personal Care Contract Manufacturing Market

(\$ in billions)



The BPC contract manufacturing sector is large and growing...

## End Market Is Experiencing Seismic Change

### Increasing Consumer Demand

- Sophisticated consumers demanding clinically-proven efficacy
- Increasing focus on ingredient stories
- Clean formulations are table stakes

### Increasing Regulatory Demands

- Modernization of Cosmetics Regulation Act ("MoCRA") will make it harder for indie brands to scale
- Increased focus on regulatory claims
- European and Canadian regulatory environment changing daily

### Increasing Retailer Demands

- Looking for fewer, better multi-functional products
- Seeking exclusivity and uniqueness
- Higher expectation for private label and indie brands
- Increased standards on operations and on-time deliveries

...However, a rapidly evolving landscape has created headwinds for investors

Source: Grandview Research.

(1) Represents 2024 - 2030.

(2) Represents 2022. Consists of manufacturing, customer formulation, R&D and packaging.



# Overview of the Equity Capital Markets

# Equity Capital Markets Update

## 2024 RECAP

- ❖ Major indices closed out 2024 with the best consecutive years since 1997 and 1998, with market returns primarily driven by a continued rotation into growth sectors notably within Tech / big Tech and the recent AI tailwinds
- ❖ Investors are warming up to a risk-on sentiment with strong 2H '24 performance from small caps and growth stocks
- ❖ The Fed beginning its easing cycle was a notable turning point in performance, implementing three consecutive rate cuts to end 2024
- ❖ ECM activity broadly continued to improve last year, and while IPO activity improved (+48% YoY), the ~80 IPOs that priced in 2024 represented roughly half that of a more normalized market
- ❖ Bigger deals continued to represent a large percentage of IPO volume and in general performed relatively better – with over 1/3 of IPOs (29 in total) issuing more than \$300 million in equity, with these names having traded up 31% at the median compared to flat performance from the broader 2024 IPO class
- ❖ 20 private equity-backed IPOs priced in 2024 with 70% finishing above offer price with an average return of ~40%

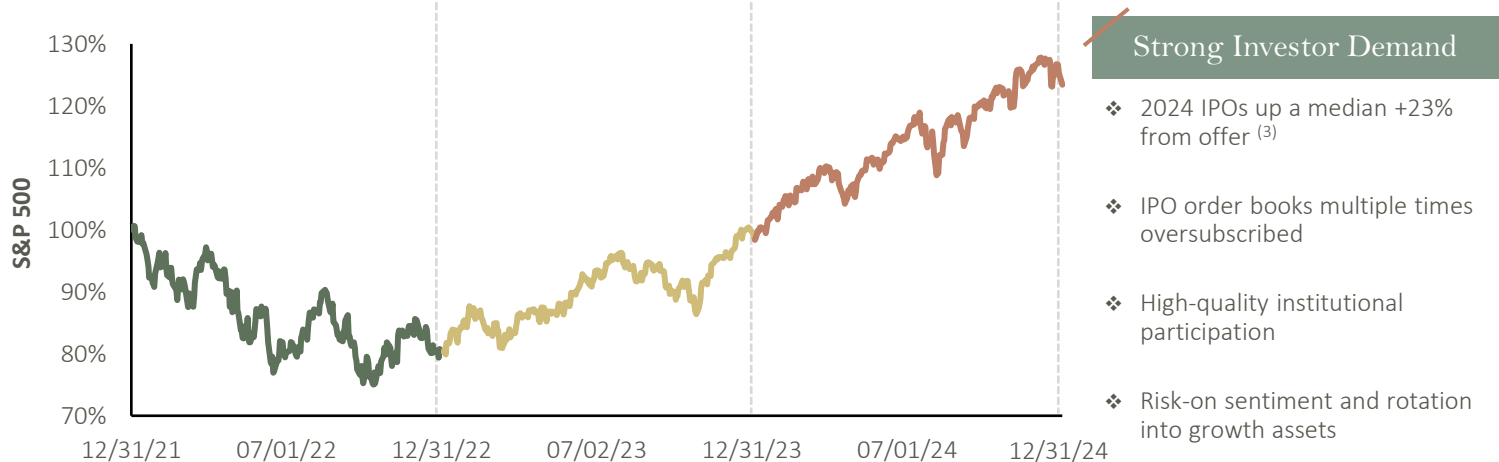
## 2025 OUTLOOK

- ❖ We expect IPO issuance to continue to gain momentum and return to more normalized levels in 2025 (a normal year would see ~150 IPOs, with about 10% of these in the Consumer sector)
- ❖ The macroeconomic backdrop is improving, with the U.S. economy projected to maintain steady growth in 2025 driven by robust consumer spending and corporate earnings growth
- ❖ Equities historically have outperformed in the year following an election by a median of 24% over the last five election cycles
- ❖ IPO and follow-on activity has also improved after an election year, increasing 4 of the last 5 years following an election by a median of 30%
- ❖ With three consecutive years of lower offering activity, there's both a large backlog of companies seeking an IPO and pent-up demand from investors for new issues
- ❖ Sponsors running dual track processes are strongly considering the IPO as a viable exit with a healthy market backdrop and improved public valuations, and indeed, we saw a steady uptick in dual track conversations and pitches off Baird's desk in Q4, continuing into the New Year



# Equity Capital Markets Overview

	2022	2023	2024	Positive Market Trends
U.S. IPO Activity <sup>(1)</sup>	19	25	62	IPO activity is accelerating
S&P 500	(19.4%)	+24.2%	+23.3%	Equities rallied for two consecutive years
Russell 2000	(21.6%)	+15.1%	+10.0%	Small-caps have rebounded
VIX (average)	25.6	16.9	15.6	Volatility remains low
10-yr Yield (low – high)	1.63 – 4.24%	3.29 – 4.98%	3.62 – 4.70%	Yields have normalized
Sectors with Positive Returns	1 / 11	8 / 11	10 / 11	Broad-based performance across sectors
CPI <sup>(2)</sup>	8.0%	4.1%	2.9%	Inflation has receded
U.S. GDP Growth <sup>(2)</sup>	2.5%	2.9%	2.7%	Soft-landing achieved



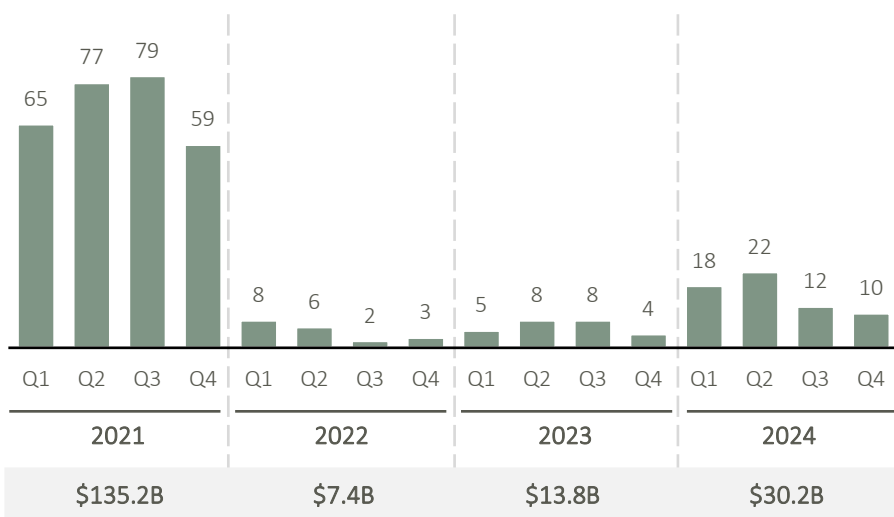
Source: Bloomberg, CMG and FactSet as of December 31, 2024.  
 (1) Includes U.S. IPOs greater than \$50 million priced since 2022. Excludes ADRs, SPACs and closed-end funds.  
 (2) 2024 based on Bloomberg full year estimates.  
 (3) Excludes Healthcare issuers.

# 2024 IPO Activity Summary

## OBSERVATIONS

- ❖ The gradual resurgence of IPO activity is proving the market is ready for a broad-based return in IPOs; the IPO window opened in 2024 though activity came in below normalized levels
- ❖ IPO execution has been noteworthy, with several deals seeing optimal pricing outcomes, strong investor receptivity, order books 20-30x oversubscribed and robust aftermarket performances; notable green indicators that should entice issuers to come to market
- ❖ As the market approaches nearly three consecutive years of decreased activity, the current environment reflects a lack of supply versus a demand issue
- ❖ Additionally, sustained equity market momentum, attractive valuations and investors moving further out on the risk curve should further drive increased activity into 2025

## U.S. IPO VOLUME AND CAPITAL RAISED



Total capital raised

Source: FactSet and Dealogic as of December 31, 2024.

Note: Includes U.S. IPOs greater than \$50 million. Excludes ADRs, SPACs and closed-end funds.

## 2024 IPOs

(Sorted by deal size)

Issuers	Sector	Pricing Date	Deal Size (\$M)	Market Cap (\$M)	Pricing vs. Range	Offer to 1-Day	Offer to Current
<b>IPOs &gt;\$500M in Size: 18 Deals</b>							
Lineage	Real Estate	07/24/24	\$5,102	\$19,000	In Range	3.6%	(24.9%)
Viking Holdings	Consumer	04/30/24	1,768	10,355	In Range	8.8%	83.6%
StandardAero	Industrial	10/01/24	1,656	8,027	Above	36.5%	3.2%
Amer Sports	Consumer	01/31/24	1,570	6,363	Below	3.1%	115.1%
Waystar Holding Corp.	Healthcare	06/06/24	1,076	3,583	In Range	(3.7%)	70.7%
UL Solutions	Business Services	04/11/24	1,088	5,600	In Range	24.8%	78.1%
Rubrik	Technology	04/24/24	863	5,630	Above	15.6%	104.3%
Reddit	Technology	03/20/24	860	5,406	In Range	48.4%	380.7%
Astera Labs	Technology	03/19/24	820	5,490	Above	72.3%	267.9%
BrightSpring Health Services	Healthcare	01/25/24	693	2,225	Below	(15.4%)	31.0%
American Healthcare REIT	Real Estate	02/06/24	773	1,478	In Range	10.2%	136.8%
ServiceTitan	Technology	12/11/24	719	6,265	Above	42.3%	44.9%
BBB Foods	Consumer	02/08/24	677	1,964	Above	8.9%	61.6%
Ibotta	Technology	04/17/24	664	2,661	Above	17.3%	(26.0%)
KinderCare	Consumer	10/08/24	662	2,745	In Range	8.9%	(25.8%)
Concentra Group	Healthcare	07/24/24	546	2,975	In Range	(4.3%)	(15.8%)
OneStream	Technology	07/23/24	564	4,614	Above	34.3%	42.6%
PACS Group	Healthcare	04/10/24	517	3,153	In Range	9.5%	(37.6%)

### Other IPOs (Deal Size \$50M-\$500M): 44 Deals

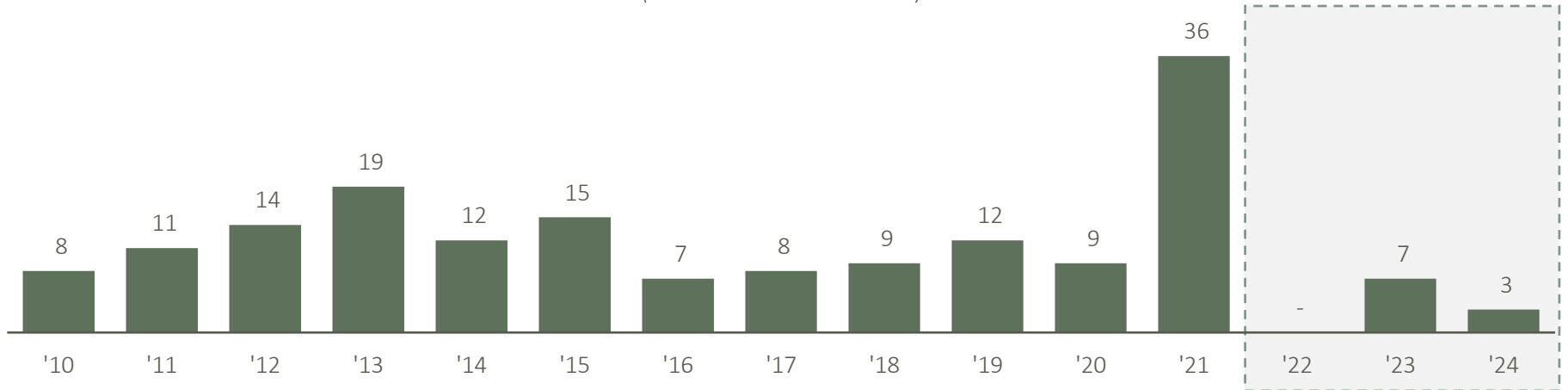
Mean	\$1,146	\$5,419	17.8%	71.7%
Median	796	5,010	9.8%	53.3%

# U.S. IPO Market Outlook

*IPO market is showing signs of thawing after a nearly 3-year pause in activity, creating pent-up demand from investors*

## ANNUAL CONSUMER IPO VOLUME

*(Consumer IPOs since 2010)*



### IPO Momentum Drivers in 2025

50-100% increase in IPO volume following election years since 2008

Pent-up investor demand for equity offerings

At the end of the 24-month historical IPO drought period, typically followed by normalized activity

S&P 500 trading +23% in 2024, while volatility remains consistent with historical levels

240 companies in shadow IPO backlog expected to go public in the next 24 months

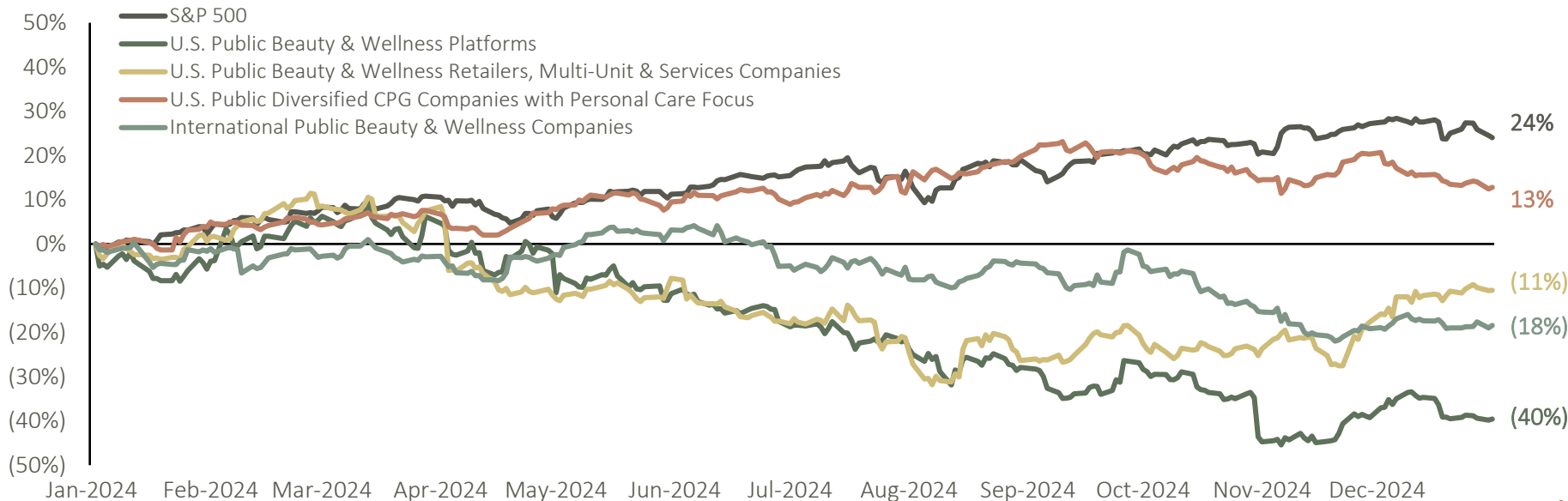
Eliminated election uncertainty overhang and Fed's pivot to easing monetary policy

Source: Dealogic and FactSet as of December 31, 2024. Excludes ADRs, SPACs, closed-end funds and deals under \$15 million.

# 2024 Beauty & Wellness Market Recap

*Generally, it was a tough year for publicly-traded beauty companies, but the more diversified players generally fared better*

## 2024 Price Performance: Beauty & Wellness vs. S&P 500



### MIXED B&W ENVIRONMENT

- ❖ While the public CPG companies with a focus on beauty and personal care continue to perform extremely well as they expand both unit and dollar sales, the public beauty and wellness platforms are struggling
- ❖ Companies with a significant exposure to Asia, China in particular, continue to struggle due to slowing growth and declining consumer confidence
- ❖ Consumers are adopting a more deliberate purchasing approach due to the inflationary environment, looking to make the most of their reduced disposable income
  - This has not equated to reduced consumption in beauty and wellness, rather customers are trading down in some categories to afford premium options in others; consumers continue to look for value – which will have a different meaning depending on their routine and preferences

Source: Capital IQ; Baird Global Investment Banking as of January 2025.

Note: U.S. Public Beauty & Wellness Platforms Index includes COTY, ELF, EPC, IPAR, ODD, OLPX, EL and WALD. U.S. Public Beauty & Wellness Retailers, Multi-Unit & Services Companies Index includes BBWI, EWCZ, OSW, SBH and ULTA. U.S. Public Diversified CPG Companies with Personal Care Focus Index includes CL, CLX, KVUE, PG and ULVR. International Public Beauty & Wellness Companies Index includes KOSE:A090430, SWX:GALD, XTRA:HEN3, BIT:ICOS, TSE:4452, TSE:4922, ENXTPA:OR, BOVESPA:NTCO3, BME:PUIG and TSE:4911.

# Current Valuations for Relevant Public Companies

(\$ in millions) Company	Market Cap.	2024 Stock Perf.	Enterprise Value	Revenue	EBITDA	Enterprise Value Multiples				PE Ratio		Net Debt / LTM EBITDA
				2024 Growth	2024 Growth	Revenue		EBITDA		2024E	2025E	
						2024	2025E	2024	2025E			
<b>U.S. Public Beauty &amp; Wellness Platforms</b>												
Coty Inc.	6,376	(45.3%)	10,745	2.3%	3.6%	1.7	1.7	9.7	8.9	18.0	11.9	3.9
e.l.f. Beauty, Inc.	5,628	(11.2%)	5,833	43.4%	54.6%	4.6	3.9	22.4	16.3	0.0	25.6	1.4
Edgewell Personal Care Company	1,623	(11.0%)	2,799	(1.2%)	N/A	1.2	1.2	8.2	7.7	10.9	9.9	3.5
Interparfums, Inc.	4,517	(8.5%)	4,782	10.2%	6.0%	3.3	3.2	16.8	16.4	27.0	25.9	0.2
Oddity Tech Ltd.	2,726	(9.2%)	2,501	26.4%	48.2%	3.9	3.2	16.8	16.0	24.9	27.1	NM
Olaplex Holdings, Inc.	1,034	(31.0%)	1,147	(10.6%)	(25.5%)	2.8	2.8	9.3	9.0	14.0	12.9	0.8
The Estée Lauder Companies Inc.	29,950	(48.6%)	37,610	(0.0%)	19.2%	2.5	2.5	17.4	17.6	0.0	35.6	2.9
Waldencast plc	388	(59.3%)	698	24.8%	259.1%	2.6	2.1	17.2	13.0	NM	NM	NM
<b>U.S. Public Beauty &amp; Wellness Retailers, Multi-Unit &amp; Services Companies</b>												
Bath & Body Works, Inc.	8,146	(13.9%)	13,310	(1.8%)	(1.2%)	1.8	1.8	8.7	8.3	11.5	10.3	3.3
European Wax Center, Inc.	302	(56.2%)	664	5.2%	12.7%	3.0	3.0	9.1	8.6	19.1	17.6	4.8
OneSpaWorld Holdings Limited	2,221	48.1%	2,285	12.3%	41.8%	2.6	2.4	20.4	18.5	25.4	21.8	0.6
Sally Beauty Holdings, Inc.	1,114	(24.5%)	2,605	0.7%	6.3%	0.7	0.7	5.9	5.7	6.0	5.6	3.8
Ulta Beauty, Inc.	19,112	(15.2%)	21,076	0.5%	(8.8%)	1.9	1.8	12.0	12.5	16.7	17.0	1.1
<b>U.S. Public Diversified CPG Companies with Personal Care Focus</b>												
Colgate-Palmolive Company	70,835	13.2%	77,860	3.5%	10.6%	3.9	3.8	15.6	15.1	0.0	23.0	1.4
The Clorox Company	19,642	13.6%	22,412	(2.8%)	26.5%	3.2	3.1	16.4	15.4	0.0	20.8	2.3
Kenvue Inc.	40,818	(0.7%)	48,588	0.8%	4.0%	3.1	3.0	13.1	12.7	0.0	17.0	2.4
The Procter & Gamble Company	389,222	14.3%	414,742	0.1%	(3.3%)	4.9	4.8	18.1	16.7	0.0	23.7	1.0
Unilever PLC	148,887	18.6%	178,284	1.6%	14.5%	2.8	2.7	13.6	12.9	19.2	18.0	2.1
<b>International Public Beauty &amp; Wellness Companies</b>												
Amorepacific Corporation	5,495	(27.1%)	5,386	5.0%	30.3%	2.0	1.8	16.7	11.4	0.0	21.9	NM
Galderma Group AG	28,923	57.3%	31,455	8.5%	22.9%	7.1	6.4	31.2	27.8	69.6	45.7	3.0
Henkel AG & Co. KGaA	33,943	14.4%	35,932	0.4%	21.4%	1.6	1.6	9.0	8.5	15.9	14.8	0.5
Intercos S.p.A.	1,417	(2.7%)	1,539	7.1%	18.9%	1.4	1.3	10.4	9.1	21.6	18.0	1.1
Kao Corporation	18,990	10.0%	18,841	5.5%	24.3%	1.8	1.7	12.1	11.3	0.0	25.0	NM
KOSÉ Corporation	2,599	(32.1%)	2,006	7.6%	16.6%	0.9	0.9	9.8	8.4	35.4	23.8	NM
L'Oréal S.A.	198,329	(24.1%)	205,012	5.3%	13.7%	4.6	4.3	19.4	18.2	0.0	25.7	0.4
Natura & Co Holding S.A.	3,026	(24.2%)	3,794	(0.5%)	95.3%	0.8	0.8	7.0	5.9	22.6	12.5	2.1
Puig Brands, S.A.	11,313	(31.4%)	13,000	10.5%	23.2%	2.6	2.4	13.2	12.1	17.9	16.3	2.4
Shiseido Company, Limited	6,914	(34.5%)	8,656	1.1%	9.2%	1.3	1.3	12.8	10.7	143.2	33.0	3.4
Mean	\$37,982	(11.5%)	\$41,913	5.9%	27.6%	2.7 x	2.5 x	14.0 x	12.7 x	19.2 x	20.7 x	2.1 x
Median	6,645	(12.6%)	9,701	2.9%	16.6%	2.6	2.4	13.1	12.3	15.9	20.8	2.1





# Who We Are

# Baird's Beauty & Wellness Team

Comprehensive sector coverage across products, contract manufacturing and services



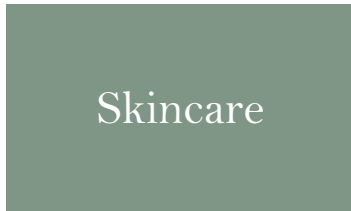
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Managing Director  
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# Baird's Global Reach

## Comprehensive M&A and Capital Raising Capabilities Make Baird a Leading Investment Bank

Employee-Owned with 5,100+ Employees and 200 Office Locations

Global Reach with 400+ Investment Banking Professionals in the U.S., Europe and Asia

FORTUNE 100 Best Companies to Work For® 2004 – 2024 (ranked #34 in 2024)

2023 Revenue of \$3 Billion

Middle Market Focus with 1,400+ M&A Transactions Completed Since 2010

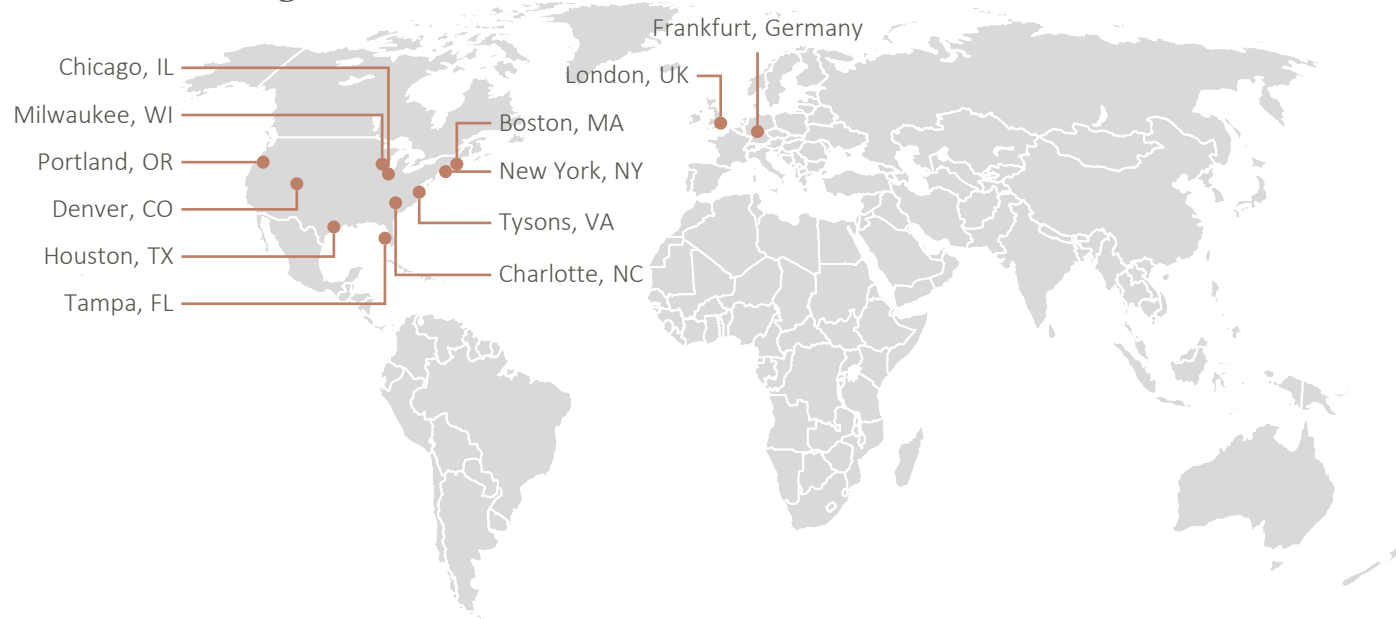
Full-Service Investment Bank with M&A Equity Financing, Debt Advisory and Restructuring Capabilities

*"Culture of integrity, quality and teamwork"*

*"How we succeed is as important as if we succeed"*

*"We deliver great outcomes by putting clients first"*

### Global Investment Banking Office Locations



\* Baird and its operating affiliates have offices in the United States and Europe. Robert W. Baird & Co. Incorporated. Member SIPC. Robert W. Baird Ltd. And Baird Capital Partners Europe are authorized and regulated in the UK by the Financial Conduct Authority.

# A Trusted Consumer Advisor

## Proven Success & Thought Leadership in the Consumer Sector

**\$32+ Billion**  
M&A Volume in the  
Consumer Sector since 2021

**120+**  
Advisory & Capital Raising  
Transactions since 2021

**\$500+ Million**  
Average M&A Transaction  
Size since 2021

**50+**  
Dedicated Global  
Consumer Bankers

One of the Most Active Advisors Across the Consumer Sector



TRUSTED  
ADVISORS TO  
MANY OF THE  
WORLD'S MOST  
ICONIC AND  
ADMIRED  
CONSUMER  
COMPANIES



# Leading Equity Advisor in the Growth Sectors

## EXPERTISE EXECUTING GROWTH STORIES



#1

OVERALL RESEARCH AND ANALYST SERVICE QUALITY <sup>(1)</sup>



#1

GREATEST KNOWLEDGE OF THE RETAILING SECTOR <sup>(1)</sup>



#1

BEST SMID CAP EQUITY SALES COVERAGE FOR THE CONSUMER SECTOR AMONG MIDDLE MARKET FIRMS <sup>(1)</sup>



#1

CONSUMER EQUITY TRANSACTIONS, RAISING \$42+ BILLION SINCE 2010



95+

CONSUMER COMPANIES UNDER COVERAGE



65+

BOOKRUN CONSUMER TRANSACTIONS RAISING \$15+ BILLION SINCE 2010



\$6B

MEDIAN MARKET CAP UNDER COVERAGE

## RECENT CONSUMER EQUITY OFFERINGS

 \$348,317,280 Common Stock Initial Public Offering	 \$1,569,750,000 Ordinary Shares Initial Public Offering	 \$167,741,938 Common Stock Bookrunner Initial Public Offering	 \$1,483,870,944 Ordinary Shares Initial Public Offering
 \$365,444,420 Common Stock Initial Public Offering	 \$328,694,040 Common Stock Initial Public Offering	 \$380,000,000 Common Stock Bookrunner Follow-on Offering	 \$556,842,098 Common Stock Bookrunner Initial Public Offering
 \$207,230,000 Common Stock Bookrunner Initial Public Offering	 \$111,262,500 Common Stock Bookrunner Follow-on Offering	 \$350,000,028 Common Stock Bookrunner Follow-on Offering	 \$149,500,000 Common Stock Active Bookrunner Follow-on Offering
 \$92,000,000 Common Stock Bookrunner Initial Public Offering	 \$858,360,000 Common Stock Initial Public Offering	 \$405,405,400 Common Stock Bookrunner Initial Public Offering	 \$191,578,378 Common Stock Bookrunner Follow-on Offering
 \$487,058,796 Common Stock Active Bookrunner Initial Public Offering	 \$265,650,000 Common Stock Bookrunner Initial Public Offering	 Direct Listing	 \$103,500,000 Common Stock Bookrunner Follow-on Offering

(1) Coalition Greenwich 2022 surveys of North American Equity Investors. Surveys conducted with 94 small-cap and mid-cap fund managers, 241 generalist portfolio managers and 241 traders. Rankings for qualitative metrics based on leading research firms in surveys.



# Select Beauty & Wellness Transactions



**BEAUTYBIO**

A Portfolio Company of  
**KAINOS**  
CHANGE CONTROL AT WORK  
 Has Been Acquired by  
**NU SKIN**



... comes to Excellence  
**BOOMERANG**  
LABORATORIES, INC.

Undisclosed Value

A Subsidiary of a Portfolio Company of  
**ELEVATION**  
 Sale to  
 A Portfolio Company of  
**KNOX-LANE**



**capri BLUE**

**CURIO**  
 A Portfolio Company of  
**GASTANA** and **Stanfield Capital**  
 Sale to



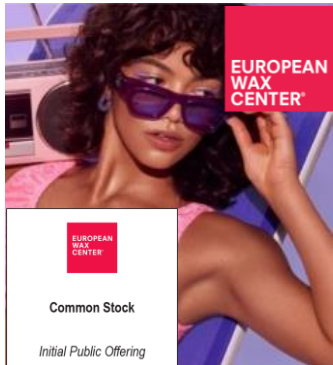
**Curology**

Undisclosed  
 Equity Private Placement  
 Exclusive Financial Advisor  
 and Placement Agent



**DS LABS**

Sale to  
**Megalabs**



**EUROPEAN WAX CENTER**

Common Stock  
 Initial Public Offering



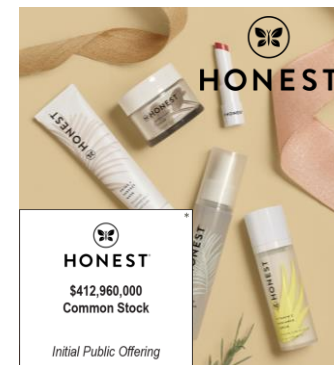
**Goody**

newell  
 Sale of  
**Goody**  
 to  
**ACON**



**GLOW RECIPE**

Undisclosed  
 Equity Private Placement  
 Exclusive Financial Advisor  
 and Placement Agent



**HONEST**

**HONEST**  
 \$412,960,000  
 Common Stock  
 Initial Public Offering



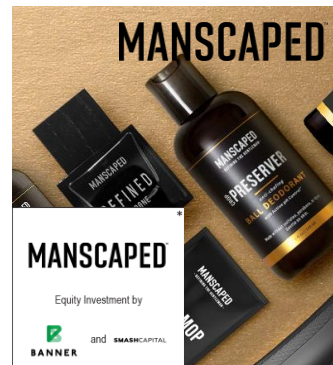
**Hero.**

A Portfolio Company of  
**Aria**  
 Sale to



**knix**

Equity Investment by  
**TZP GROUP**



**MANSCAPED**

Equity Investment by  
**BANNER** and **SMACAPITAL**



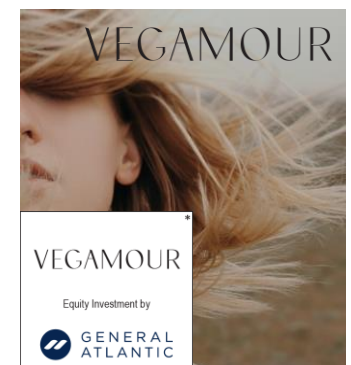
**Milk MAKEUP**

**Milk MAKEUP**  
 Merger with  
**waldencast**



**TULA SKINCARE**

A Portfolio Company of  
**CATTERTON**  
 Sale to  
**P&G**



**VEGAMOUR**

Equity Investment by  
**GENERAL ATLANTIC**

\* Denotes transactions completed by Baird team members prior to employment at Baird.

# Select Wellness & Healthy Living Transactions



**BEACHBODY**

Equity Investment by

**RAINE**

**corepower**  
YOGA

CATTERTON | partners

Equity Investment in

**corepower**  
YOGA

**CrossFit**

Reebok

Commercial Alliance with

**CrossFit**  
Strategic Advisor

adidas

Alliance with

**CrossFit**

**NEWVITALITY**  
BE HEALTHY. LIVE BETTER.

**NEWVITALITY**  
BE HEALTHY. LIVE BETTER.

wellful

**KAINOS**  
CHANGE CAPITAL AT WORK

**PELOTON**

**PELOTON**

Convertible Notes Offering

**prAna**

**prAna**

A Portfolio Company of

Steelpoint Capital Partners LP

Sale to

**Columbia**

**SWEAT**

**SWEAT**

Sale to

**iFIT**

**vital**  
NUTRIENTS

**VITAL**  
NUTRIENTS

Sale to

**North Castle**  
Partners

\* Denotes transactions completed by Baird team members prior to employment at Baird.

The logo for Baird, featuring the word "BAIRD" in a serif font. The letters are white and are set against a white, trapezoidal background that is tilted slightly to the right. The background is centered on a dark red background with a fine grid pattern.

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