



PJ  
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# BEAUTY AND PERSONAL CARE

## AN INDUSTRY REPORT

October 2020

Private and Confidential

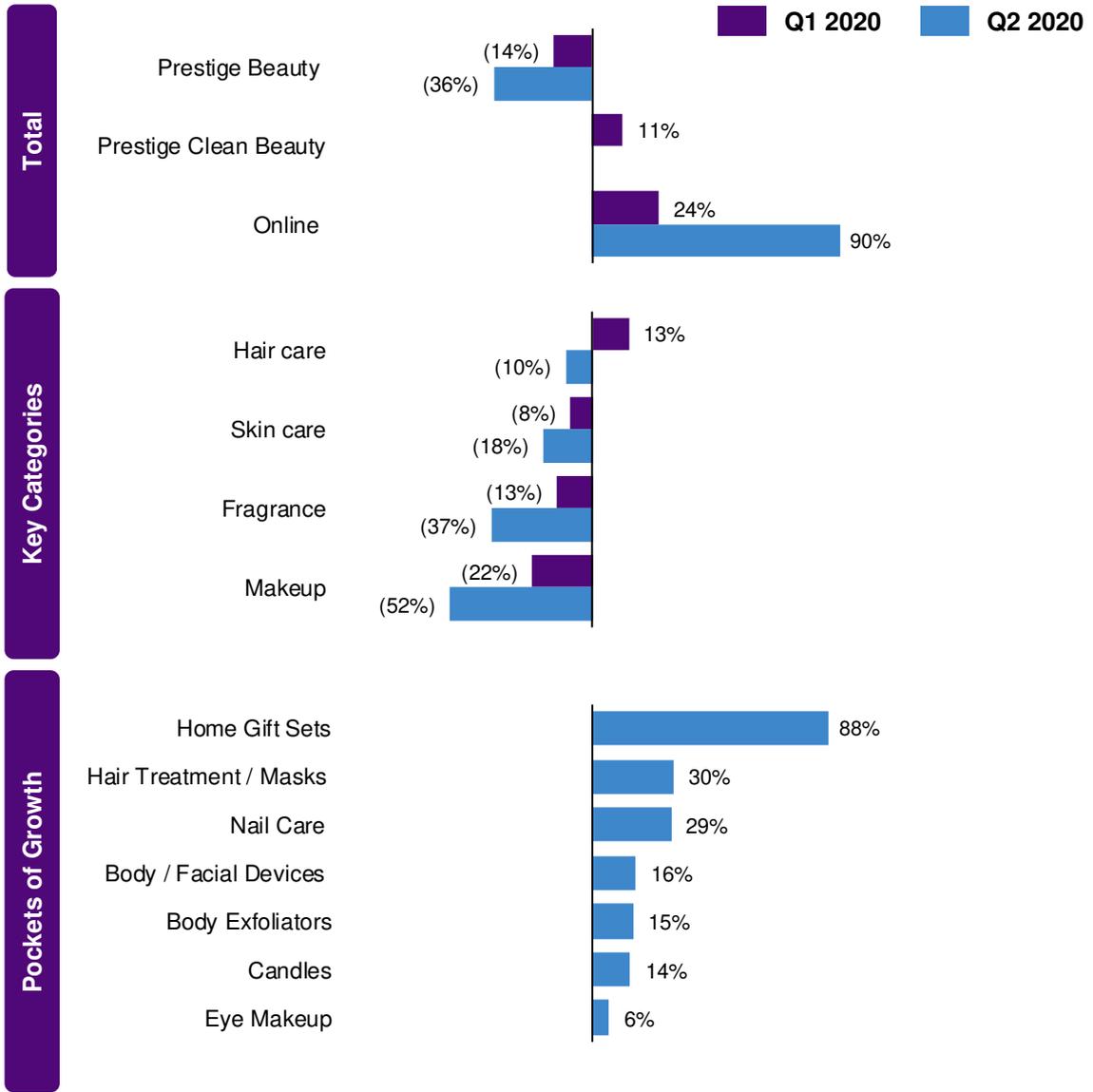
AN AFFILIATE OF  
**NATIXIS**  
Private Equity

# Industry Themes Amplified by COVID

- 1 Continuation of focus on wellness, self-care and DIY
- 2 Rise of holistic and “inside out” beauty
- 3 E-commerce and mass channels’ momentum continues
- 4 Sustainability and social issues are top priorities for consumers and brands alike
- 5 Chinese beauty market largely recovered and outperforming other regions
- 6 Company performance is mixed, reflecting COVID-driven consumer trends
- 7 Public market valuations have surpassed pre-COVID levels
- 8 Meaningful M&A reflecting consumer driven trends

# 1 Continuation of Focus on Wellness, Self-Care and DIY

## U.S. Prestige Beauty – Select Category Growth<sup>(a)</sup>



### Q2 2020

*As the country emerged from shutdown, the industry saw a shift from a skin care-centric mindset toward makeup and fragrance*

### Trends

- 1 Pivot to clinical skin care; natural skin care was the top brand type during the same time period last year
- 2 Products that support DIY professional services and at-home spa environment drove pockets of growth
- 3 Holidays throughout the Spring, including Mother's and Father's Day, led to surging fragrance sales for women and men (+95% and +117%, respectively)

### Category Insights<sup>(a)</sup>

*Half of beauty shoppers are expected to purchase beauty products in the next month, higher than apparel, footwear, sporting goods, accessories and watches*

- 27%** Using less makeup than a year ago
- 71%** Wearing less makeup due to COVID-19 lifestyle changes
- 60%** Using products with natural ingredients

(a) Source: NPD Group.

## Probiotic Skin Care Subsector is Flourishing

- Microbiome skin care is top of mind for emerging and established brands as consumers’ awareness of the skin microbiome grows

**69%** Global consumers aware of the skin microbiome<sup>(a)</sup>

- Rise in products that promote skin microbiome health

### Microbiome friendly

*Do not contain harsh soaps and sulfates that overly sanitize the skin*

### Microbiome balancing

*Balance microbiome through prebiotic, probiotic and postbiotic ingredients*

## Beauty Ingestibles a Rapidly Growing Category

- Beauty and nutrition brands continue to increase offerings of consumables that promote beauty from the inside out
- Top beauty benefit categories of ingestibles include:

Skin Health

Anti-aging

Hair Health

Weight Loss

Nail Strength

Mental Wellbeing

**Collagen Market**  
CAGR (2018-2025)<sup>(b)</sup>

**6.5%**

**Biotin Market**  
CAGR (2020-2026)<sup>(b)</sup>

**18.1%**

**Probiotic Cosmetics**  
CAGR (2020-2030)<sup>(d)</sup>

**12%**

## Key Category Drivers



### Growing Holistic Approach to Beauty and Changing Perception of Beauty Standards

- Prefer to transform their skin rather than cover up problems

**50%**

*Millennials consider looking healthy as beauty standard<sup>(b)</sup>*



### Ingredient and Sourcing Transparency and Efficacy

- Heightened focus on product transparency

**68%**

*Consumers claim to always check ingredients in their products<sup>(c)</sup>*



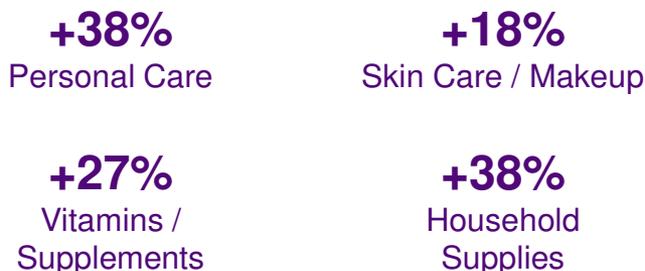
### Social Media and Celebrity Endorsement Drive Engagement

- Increase in celebrity and influencer endorsements and certain sell-out success



## Growth in Online and Evolving In-Store Environment

- Consumers increasingly more comfortable collecting information and making purchases online
- Growth in customers purchasing online<sup>(a)</sup>:

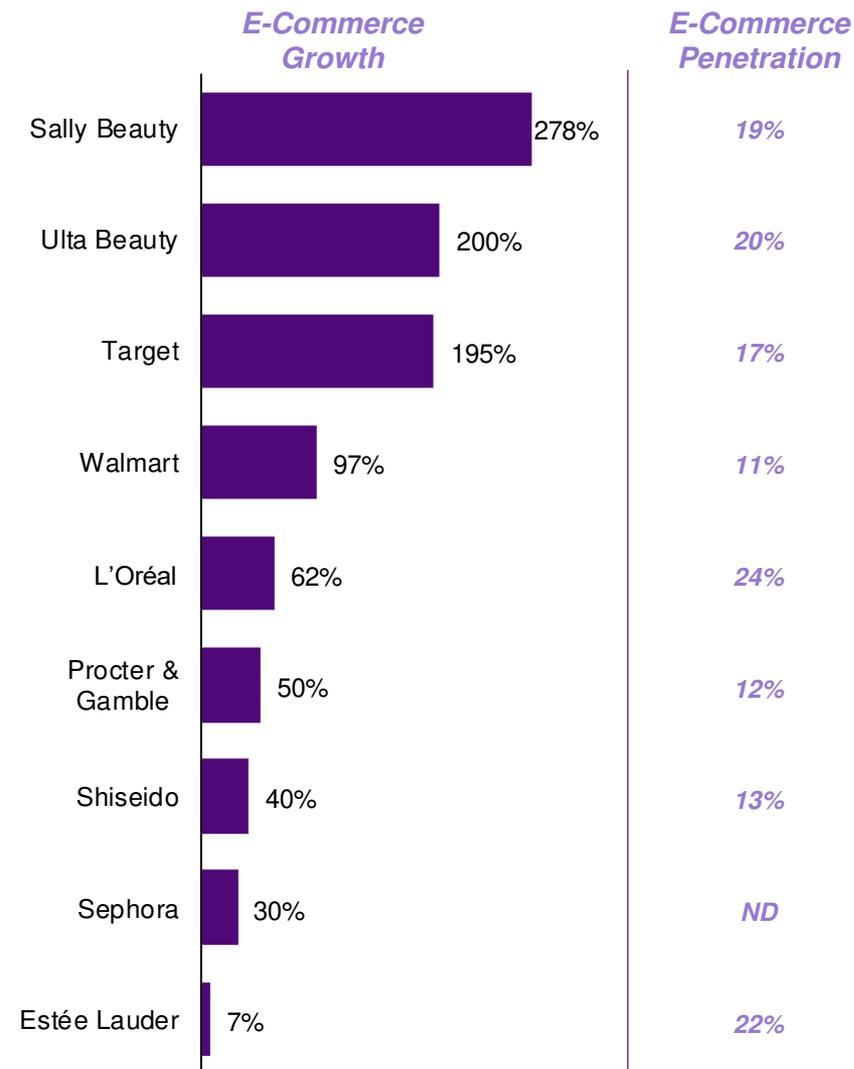


- In-store environment disrupted and reimagined  
*Consumers intending to continue using<sup>(a)</sup>:*



- Health and safety in-store remains key concern for consumers

## E-Commerce Growth and Penetration of Key Players



Note: E-commerce growth and penetration represents most recent reporting.

Source: BeautyMatter, Coresight Research, eMarketer and publicly available information.

a) McKinsey's "The great consumer shift: Ten charts that show how US shopping behavior is changing," August, 4, 2020.

# 4 Sustainability and Social Issues are Top Priorities for Consumers and Brands Alike

- Sustainability and inclusivity grow beyond buzzwords as social and environmental causes have become larger factors influencing purchase decisions, particularly among Millennials and Gen Z consumers

## Conscious Consumers Continue to Drive Growth of Sustainable Beauty

Clean Beauty is a Rapidly Expanding Market

Consumers Prefer Clean & Natural

Key Sustainability Initiatives by Industry Leaders

**\$48B**  
Global Clean Beauty Market Size in 2025<sup>(a)</sup>

**+39%**  
YoY increase in clean beauty sales in 2019<sup>(b)</sup>

**82%**  
Gen Z and Millennial consumers inclined to switch to natural products<sup>(c)</sup>

**60%**  
Women who use products with natural ingredients<sup>(b)</sup>

  
Comprehensive initiative, **Conscious Beauty**, promoting sustainability

  
Committed to becoming **fully sustainable by 2030**

## Industry Promotes Greater Inclusivity and Diversity

Rise of Inclusive Product Lines and Specialty Brands

Cause Based Marketing

Mass and Prestige Industry Leaders Supporting Entrepreneurs of Color

**Expanded shades**

**Rare Beauty**

**Skin tone specific**

**FENTY BEAUTY**

**Age inclusive**

**mented**

**Genderless beauty**

**Better Not Younger™**

*In response to Black Lives Matter movement, industry executives are adjusting messaging*

**60%**  
Changing social media messaging<sup>(d)</sup>

**57%**  
Planning on altering marketing materials<sup>(d)</sup>

**SEPHORA**  
**15% pledge** to dedicate 15% shelf space for Black-owned companies

**BIRCHBOX♦**  
**Brown Girl Swap** partnership to promote Black-owned businesses

a) Grand View Research, Inc.  
b) NPD Group.  
c) Compose[d].  
d) WWF.

# Chinese Beauty Market Largely Recovered and Outperforming Other Regions

## China Back on Track

- Retail sales returned to pre-pandemic levels in August<sup>(a)</sup>

**+0.5%**

YoY retail growth

**+19.0%**

YoY cosmetics growth

**+15.3%**

YoY jewelry growth

- Travel spending recovered 70% during China's annual Golden Week at the beginning of October 2020<sup>(b)</sup>

- Caution among general population – 75% of consumers are planning to cut back their expenses over next 3 – 6 months<sup>(c)</sup>

## Key Participant Recent Geographic Performance<sup>(d)</sup>



## Online, Livestreaming and Social Commerce Driving Beauty Outperformance in China

China's prestige beauty e-commerce sales grew **+87%** in June 2020<sup>(e)</sup>

<b>+98%</b>	<b>+58%</b>	<b>+61%</b>	<b>+126%</b>
Cosmetics	Makeup	Fragrance	Hair Care

Online penetration expected to reach **33.2% in 2022** vs. 28.1% prior estimate<sup>(b)</sup>

- Digital selling, livestreaming and social commerce critical components to China's beauty industry pre- and post-COVID

**2018 Livestreaming Market<sup>(f)</sup>**

**\$4.4bn**

**456mm**  
Viewers

**CAGR through 2022<sup>(b)</sup>**

**+71%**  
Livestreaming

**+42%**  
Social e-commerce

**June '20 YoY Prestige Growth<sup>(b)</sup>**

**+90%**  
TMALL

**+74%**  
JD.COM

a) Bloomberg.

b) WWD.

c) Nielsen.

d) Company filings and publicly available information. L'Oréal's China performance represents Q1 – Q3.

e) NPD.

f) Deloitte.

# Company Performance is Mixed, Reflecting COVID-Driven Consumer Trends



- (31%) constant currency sales
- Skin care, makeup, fragrance and hair care sales growth of +3%, (61%), (56%) and (35%), respectively

*“...COVID has accelerated some changes that were already visible before...COVID has accelerated the online penetration in every single market.... Second thing that's accelerated is skin care...we'll continue to accelerate because it's driven by the Asia consumer habits”*

– Fabrizio Freda, CEO, 8/27/20



- +1.6% LFL sales
- Professional products, consumer products, L'Oréal Luxe and active cosmetics sales growth of +11.0%, +0.8%, (6.2%) and +29.9%, respectively

*“After a first half marked by a crisis of supply, linked to the closure of points of sale around the world, L'Oréal put everything in place, as early as June, to stimulate demand...return to growth is evidence of consumers' robust appetite for beauty products and our innovations...initiatives enabled us to significantly outperform a beauty market which is still on the road to recovery.*

– Jean-Paul Agon, CEO, 10/22/20



- (32.6%) LFL sales
- Travel retail sales declined (30.4%)
- LFL sales declines across full set of brands

*“Due to COVID-19, consumers' values and behaviors around the world are changing dramatically...there are increased awareness of health and skincare while, at the same time, frequencies to use makeup like lipstick are decreasing...And more and more people are collecting information online and using e-commerce for their purchases...”*

– Masahiko Uotani, CEO, 8/6/20



- (60%) continuing operations LFL
- Luxury and consumer beauty continuing operations sales declined (73%) and (48%), respectively

*“We've taken concrete steps to rebalance and to strengthen our portfolio to be competitive in light of this changing consumer demands. We built platforms that address Coty's structural weakness in skin care, Northern Asia, e-commerce and D2C...”*

– Peter Harf, CEO, 8/27/20



- (26.7%) comparable store sales decline
- (10%) comparable store sales decline in July
- Transactions declined (36.2%) and average ticket grew +14.9%

*“We're working on strategies to make sure that we win as an omnichannel retailer...accelerating our efforts in the fastest-growing categories like skincare, hair care and wellness...And as more stores reopen, we're seeing people feel more comfortable returning to retail environments...But despite that, I'd say we think it's going to take time to fully return to pre-COVID levels...”*

– Mary Dillon, CEO, 9/10/20



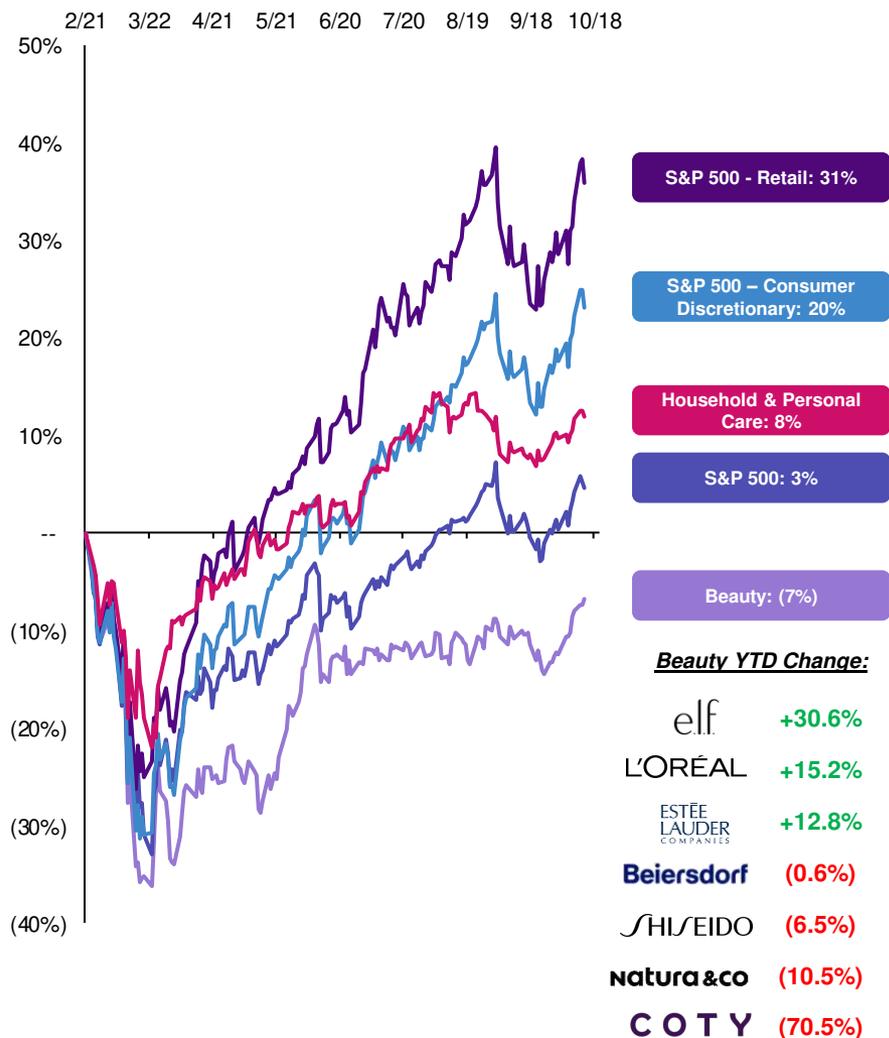
- (26.6%) comparable store sales decline
  - Sally Beauty Supply and Beauty Systems Group comparable store sales decline of (25.9%) and (27.9%), respectively
- +10.8% comparable store sales in June

*“Consumers have responded to the fear of COVID by...taking on tasks that they previously would have paid others to do for them, such as coloring their hair...Second, there is a consumer trend around creative experimentation, which is driven by customers with time on their hands*

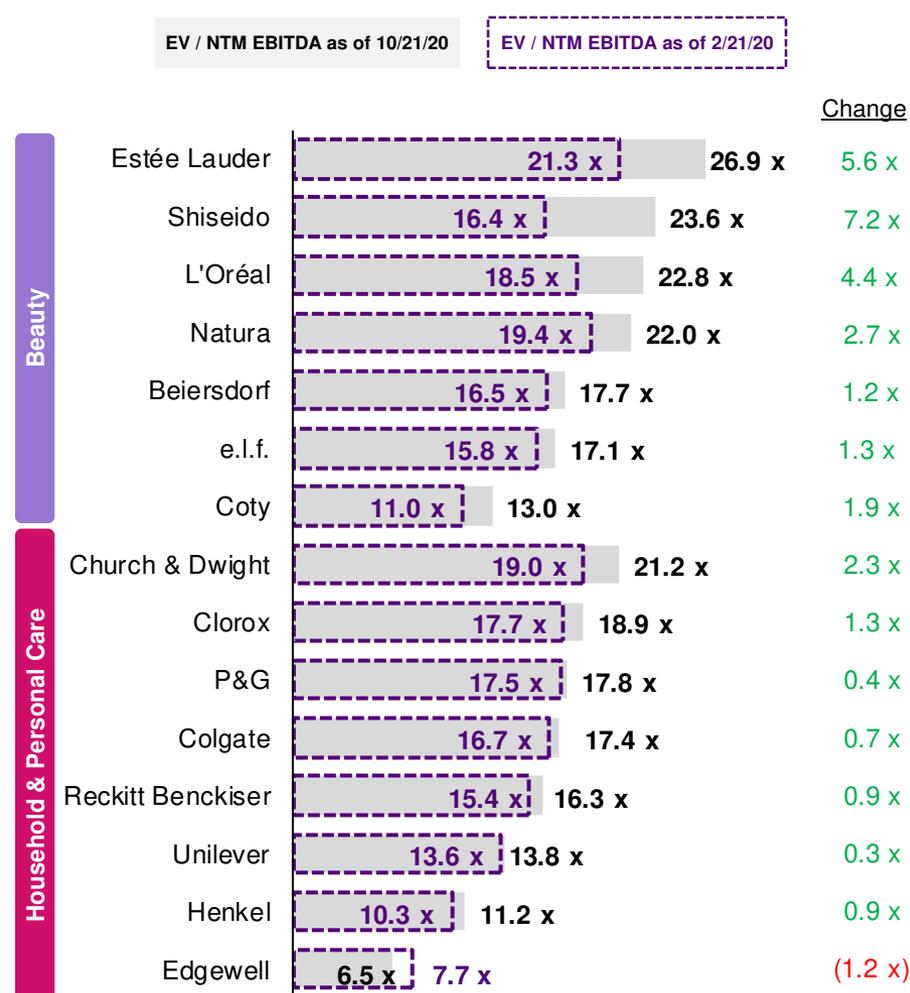
– Christian Brickman, CEO, 7/30/20

# 7 Public Market Valuations Have Surpassed Pre-COVID Levels

## Consumer and Retail Stocks Have Rebounded Significantly Since the Initial COVID Decline



## Beauty and HPC EV / NTM EBITDA Multiples – Pre-COVID-19 and Present



Source: Capital IQ as of October 21, 2020.  
 Beauty Index includes Beiersdorf, Coty, e.l.f., Estée Lauder, L'Oréal, Shiseido and Natura.  
 Household & Personal Care Index includes Church & Dwight, Clorox, Colgate, Edgewell, Henkel, Procter & Gamble, Reckitt Benckiser and Unilever.

# Meaningful M&A Reflecting Consumer Driven Trends

## Key transactions in Q3 2020 focused on skin care, DTC and Asia

### Acquiror / Target

### Description

**Blackstone** / ZO<sup>®</sup> SKIN HEALTH

- On October 5, 2020, Blackstone Tactical Opportunities announced a majority investment in Zo Skin Health, a premium California-based skin care brand sold globally through physicians and skin care professionals
  - Zo Skin Health is estimated to generate ~\$140mm in sales
- Investment will support Zo Skin Health's in becoming leading physician-dispensed brand globally

**THG** / Perricone MD

- On September 30, 2020, The Hut Group (THG Holdings) announced the acquisition of Perricone MD, a science-led topical U.S. prestige skin care brand, for \$60mm
  - Perricone MD generates ~\$60mm in sales and has ~100 product patents and is committed to no-animal testing, clean ingredients and gluten free formulations
- Acquisition adds to THG's portfolio of beauty brands and strengthens position as the leading pure-play specialty beauty brand owner and retailer

**WARBURG PINCUS**  
**THE CARLYLE GROUP** / PERFECT DIARY  
 Loyal Valley Capital

- On September 21, 2020, it was reported that Perfect Diary, a Chinese e-commerce cosmetics company, received a new round of pre-IPO financing led by Warburg Pincus, Carlyle and Loyal Valley Capital
  - Values Perfect Diary at \$4bn, with the intention to go public in the U.S. in 2020 / 2021
- Investment follows an April 2020 \$100mm investment that valued the Company at \$2bn
- Perfect Diary plans to open 600 offline stores in 100 cities by 2022, after its first offline store in January 2019

 **Edgewell**<sup>™</sup> / **CREMO**<sup>®</sup>  
 PERSONAL CARE / Astonishingly Superior<sup>®</sup>

- On August, 4, 2020, Edgewell announced that it is acquiring men's grooming company Cremo for \$235mm in an all-cash transaction
  - Cremo generates estimated sales of ~\$58mm
- Acquisition will help Edgewell further expand its men's grooming offering, which already includes Jack Black and Bulldog
  - Had also attempted to acquire men's grooming company Harry's earlier in 2020 before backing out

 **Henkel** / **INVINCIBLE BRANDS**  
 HelloBody  
 MERMAID + ME **BANANA**

- On July 31, 2020, Henkel announced agreement to acquire a 75% stake in Invincible Brand Holdings, a German business comprised of three premium DTC brands: HelloBody, Banana Beauty and Mermaid+Me
  - The brands generated ~€100mm in LTM 6/30/20 sales, capturing 1.5mm+ active users with a strong track record of launching new DTC brands
- Acquisition strengthens Henkel's beauty care digital footprint and Henkel's DTC / social media skills and R&D capabilities will continue to drive growth as the founders and management team remain onboard

 **MAIN POST PARTNERS** /  **Dr Dennis Gross**  
 SKINCARE

- On June 29, 2020, Main Post Partners announced a strategic investment in Dr. Dennis Gross Skincare, a leading brand of prestige, science-backed skin care
  - The Company has developed a growing portfolio of cruelty-free skin care products built on medical-grade active ingredients to improve consumers' skin
- Investment will be used to support new product development, international expansion and strategic marketing opportunities to drive brand awareness

# Summary of Select Recent Earnings

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# Recent Earnings Announcements

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>L'Oréal</b> 10/22/20 (Q3 FY20 Revenue)	<ul style="list-style-type: none"> <li>Total: <b>(2.0%)</b></li> <li>Like-for-like: <b>+1.6%</b></li> </ul>	N/A	N/A	N/A	+1.3%	<ul style="list-style-type: none"> <li>Professional Products total and LFL growth of +5.0% and +11.0%, respectively</li> <li>Consumer Products total and LFL growth of (4.7%) and +0.8%, respectively</li> <li>L'Oréal Luxe total and LFL decline of (6.4%) and (6.2%), respectively</li> <li>Active Cosmetics total and LFL growth of +21.7% and +29.9%, respectively</li> <li>LFL growth in Western Europe, North America and New Markets of (2.5%), +1.3% and +4.2%, respectively               <ul style="list-style-type: none"> <li>China LFL growth of +20.8% in the first three quarters of 2020</li> </ul> </li> <li><b>COVID-19 Impact:</b> Increased appetite for L'Oréal products as market recovers</li> </ul>
<b>Unilever</b> 10/22/20 (Q3 FY21 Revenues)	<ul style="list-style-type: none"> <li>Total: <b>(2.4%)</b></li> <li>Underlying Sales Growth ("USG"): <b>+4.4%</b></li> </ul>	N/A	N/A	N/A	+0.1%	<ul style="list-style-type: none"> <li>Beauty &amp; Personal Care total and USG growth of (4.1%) and +3.8%, respectively</li> <li>Home Care total and USG growth of (4.2%) and +6.7%, respectively</li> <li>Foods &amp; Refreshments total and USG growth of +0.3% and +3.7%, respectively</li> <li>Asia/AMET/RUB, Americas and Europe USG growth of +4.5%, +8.0% and (0.8%), respectively               <ul style="list-style-type: none"> <li>China grew double digits led by beauty and personal care categories</li> </ul> </li> <li>Emerging markets and developed markets USG growth of +5.3% and +3.1%, respectively</li> <li><b>COVID-19 Impact:</b> Continued influence of consumer behaviors and channel dynamics in operating markets</li> </ul>
<b>P&amp;G</b> 10/20/20 (Q1 FY21 Earnings)	<ul style="list-style-type: none"> <li>Total: <b>+9%</b></li> <li>Organic: <b>+9%</b></li> </ul>	<ul style="list-style-type: none"> <li>GM: <b>+140bps</b></li> <li>Operating Profit: <b>+300bps</b></li> </ul>	<ul style="list-style-type: none"> <li><b>+22%</b> (Currency-Neutral Earnings)</li> </ul>	Total Sales: <b>+3%-+4%</b> Organic: <b>+4%-+5%</b> Core EPS: <b>+5%-+8%</b>	+0.4%	<ul style="list-style-type: none"> <li>Organic sales growth in Beauty, Grooming, Health Care, Fabric &amp; Home Care, Baby, Feminine &amp; Family Care of +7%, +6%, +12%, +14% and +4%, respectively               <ul style="list-style-type: none"> <li>Skin and Personal Care organic sales increased high single digits</li> </ul> </li> <li>EBIT growth in Beauty, Grooming, Health Care, Fabric &amp; Home Care, Baby, Feminine &amp; Family Care of +12%, 0%, +26%, +30% and +16%, respectively</li> <li><b>COVID-19 Impact:</b> Continued growth from favorable consumer spending trends and Company innovation</li> </ul>

# Recent Earnings Announcements (Cont.)

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>Reckitt Benckiser</b> 10/20/20 (Q3 FY20 Revenues)	<ul style="list-style-type: none"> <li>Total: +6.9%</li> <li>Like-for-like: +13.3%</li> </ul>	N/A	N/A	Total: Low double digits Underlying: +3%~+4%	(0.2%)	<ul style="list-style-type: none"> <li>Hygiene revenue and LFL growth of +12.4% and +19.5%, respectively</li> <li>Health revenue and LFL growth of +6.9% and +12.6%, respectively</li> <li>Nutrition revenue and LFL growth of (1.8%) and +4.1%, respectively</li> <li>North America, Europe / ANZ and Developing Market LFL growth of +19.2%, +5.7% and (0.5%), respectively</li> <li>E-commerce sales growth of +45%+ in Q3</li> <li><b>COVID-19 Impact:</b> Pandemic has heightened importance of hygiene and accentuating a number of health and self-care trends</li> </ul>
<b>Ulta Beauty</b> 8/27/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (26.3%)</li> <li>Comparable Sales: (26.7%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: (960bps)</li> <li>Operating Income: (1,140bps)</li> </ul>	(73.2%)	N/A	+5.8%	<ul style="list-style-type: none"> <li>E-commerce sales increased by more than +200%</li> <li>Transactions declined (36.2%) and the average ticket increased +14.9%</li> <li>Comparable sales improved during the quarter – from decreasing (37%) in early May to decreasing (10%) in July when most stores re-opened</li> <li>New store activity was temporarily paused during Q2</li> <li>As of 8/1/20, salon and brow services available at ~88% and ~85% of stores, respectively</li> <li><b>COVID-19 Impact:</b> Continued financial impact, with some improvement in trends as stores re-open</li> </ul>
<b>Coty</b> 8/27/20 (Q4 FY20 Earnings)	<ul style="list-style-type: none"> <li>Cont. Ops Total: (63%)</li> <li>Cont. Ops Like-for-like: (60%)</li> <li>Total: (56%)</li> <li>Total Like-for-like: (53%)</li> </ul>	<ul style="list-style-type: none"> <li>Cont. Ops GM: (2,020bps)</li> </ul>	Cont. Ops: (319%)	N/A	(8.1%)	<ul style="list-style-type: none"> <li>Americas continuing operations total and LFL revenue declined (52.2%) and (51.5%), respectively</li> <li>EMEA continuing operations total and LFL revenue declined (68.2%) and (67.2%), respectively</li> <li>Asia Pacific continuing operations total and LFL revenue declined (59.0%) and (57.5%), respectively</li> <li>Luxury and Consumer Beauty continuing operations revenue declined (71%) and (55%), respectively, and LFL declined (73%) and (48%), respectively</li> <li>Wella divestiture on track to close by end of CY20</li> <li><b>COVID-19 Impact:</b> Severe sales contractions due to pandemic, with recent positive momentum expected to continue in Q1 FY21</li> </ul>

# Recent Earnings Announcements (Cont.)

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>Estée Lauder</b> 8/20/20 (Q4 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (32%)</li> <li>Constant Currency: (31%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: (830bps)</li> <li>Operating Income: (1,780bps)</li> </ul>	(100%)+	N/A	(6.7%)	<ul style="list-style-type: none"> <li>Skin Care, Makeup, Fragrance, Hair Care and Other segments constant currency revenue growth of +3%, (61%), (56%), (35%), and (76%), respectively</li> <li>The Americas, Europe, the Middle East &amp; Africa and Asia / Pacific constant currency revenue growth of (54%), (39%) and +16%, respectively</li> <li>Q1 FY21 sales forecast to decline (12%)-(13%) with adj. EPS decline of (45%)-(48%)</li> <li>Announced two-year initiative to invest in accelerating growth opportunities post-COVID-19</li> <li><b>COVID-19 Impact:</b> Significant disruption in operating environment (i.e., store closures); recovery beginning across all regions, led by China</li> </ul>
<b>Henkel</b> 8/6/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (11.0%)</li> <li>Organic: (9.4%)</li> </ul>	<ul style="list-style-type: none"> <li>1H '20 EBIT: (370bps)</li> </ul>	1H '20 (28.2%)	N/A	(0.6%)	<ul style="list-style-type: none"> <li>Beauty Care total and organic sales declined (11.9%) and (12.8%), respectively</li> <li>Adhesive Technologies total and organic sales declined (19.7%) and (17.4%), respectively</li> <li>Laundry &amp; Home Care total and organic sales growth of +2.3% and +4.4%, respectively</li> <li><b>COVID-19 Impact:</b> Substantially impacted with sharp decline in demand, with breadth of portfolio weathering the overall impact</li> </ul>
<b>Revlon</b> 8/6/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (39.0%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: 20bps</li> <li>Adj. EBITDA: +482bps</li> </ul>	(57.6%)	N/A	(4.8%)	<ul style="list-style-type: none"> <li>Revlon segment and profit declined (46.3%) and (52.0%), respectively</li> <li>Elizabeth Arden revenue declined (31.1%) and profit grew to \$10.8m from \$2.7mm</li> <li>Portfolio segment revenue and profit growth of (25.4%) and +137.7%, respectively</li> <li>Fragrances revenue and profit declined (47.7%) and (38.1%), respectively</li> <li>E-commerce sales increased +58% and represented ~18% of Q2 revenues (vs. 7% in prior year period)</li> <li><b>COVID-19 Impact:</b> Significant adverse impact to top-line, but continued focus on operational restructuring</li> </ul>

# Recent Earnings Announcements (Cont.)

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>Shiseido</b> 8/6/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (34.4%)</li> <li>Like-for-like: (32.6%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: (640ps)</li> <li>Operating Profit: (1,510bps)</li> <li>EBITDA: (1,940bps)</li> </ul>	(220.4%)	Sales: (15.8%) Like-for-like: (16%) EBITDA: (65.7%)	(8.6%)	<ul style="list-style-type: none"> <li>Japan Business total and FX-neutral revenue declined (47.4%) and (42.2%), respectively</li> <li>China Business total and FX-neutral revenue grew +3.2% and +5.8%, respectively</li> <li>Asia Pacific Business total and FX-neutral revenue declined (6.0%) and (34.8%), respectively</li> <li>Americas Business total and FX-neutral revenue declined (19.6%) and (65.6%), respectively</li> <li>EMEA Business total and FX-neutral revenue declined (8.0%) and (34.7%), respectively</li> <li>Travel Retail FX-neutral revenue declined (30.4%)</li> <li><b>COVID-19 Impact:</b> Significant consumer demand declines, with some recovery in select markets and segments</li> </ul>
<b>Beiersdorf</b> 8/6/20 (1H FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (10.1%)</li> <li>Organic: (10.7%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: (84bps)</li> <li>EBIT: (177bps)</li> </ul>	(30.2%)	Negative sales growth and reduced EBIT margins in 2020	(5.6%)	<ul style="list-style-type: none"> <li>Consumer total and organic revenue declined (9.9%) and (10.9%), respectively, with EBIT margin decline of (200bps)               <ul style="list-style-type: none"> <li>Europe total and organic revenue declined (13.0%) and (12.8%), respectively</li> <li>America total and organic revenue growth of +11.8% and +1.5%, respectively</li> <li>Africa/Asia/Australia total and organic revenue declined (16.3%) and (14.4%), respectively</li> </ul> </li> <li><b>COVID-19 Impact:</b> Impact on skin care market led to significant impact on sales and margins</li> </ul>
<b>e.l.f. Beauty</b> 8/5/20 (Q1 FY21 Earnings)	<ul style="list-style-type: none"> <li>Total: +8.0%</li> </ul>	<ul style="list-style-type: none"> <li>GM: +491bps</li> <li>Adj. EBITDA: (38bps)</li> </ul>	+21.4%	N/A	+8.3%	<ul style="list-style-type: none"> <li>Sixth consecutive quarter of sales growth and of the top five color cosmetics brands in the U.S., e.l.f. was the only one to grow market share in the quarter, with a 100bps improvement</li> <li>Announced new lifestyle beauty brand with Alicia Keys, part of the focus on strategic extensions being key to long-term growth in evolution to a multi-brand beauty company</li> <li><b>COVID-19 Impact:</b> Continued impact on sales until consumers return to normal shopping patterns</li> </ul>

# Recent Earnings Announcements (Cont.)

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>Edgewell Personal Care</b> 8/4/20 (Q3 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (20.6%)</li> <li>Organic: (14.7%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: (130bps)</li> <li>Adj. EBITDA: (216bps)</li> </ul>	(40.5%)	N/A	(2.6%)	<ul style="list-style-type: none"> <li>Wet Shave total and organic revenue declined (15.2%) and (14.1%), respectively</li> <li>Sun and Skin Care total and organic revenue declined (19.1%) and (18.5%), respectively</li> <li>Feminine Care total and organic revenue declined (0.5%) and (0.4%), respectively</li> <li>Announced agreement to acquire CREMO, a premier men's grooming company, for ~\$235mm</li> <li><b>COVID-19 Impact:</b> Considerable impact on core category sales, but able to stabilize market share in Wet Shave and gained share in U.S. Sun Care</li> </ul>
<b>Clorox</b> 8/3/20 (Q4 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: +22%</li> <li>Organic: +24%</li> </ul>	<ul style="list-style-type: none"> <li>GM: +170bps</li> </ul>	+28%	Total: Flat to low single digits Organic: Flat to low single digits EPS: Mid single digit decrease to mid single digit increase	(1.9%)	<ul style="list-style-type: none"> <li>Health &amp; Wellness total and organic growth of +33%; pre-tax income growth of +84%</li> <li>Household total and organic growth of +17%; pre-tax income growth of +24%</li> <li>Lifestyle total and organic growth of 16%; pre-tax income growth of 15%</li> <li>International total and organic growth of +12% and +24%, respectively; pre-tax income decline of (47%)</li> <li>Acquired majority stake in long-standing JV in Saudi Arabia for \$100mm in July 2020</li> <li><b>COVID-19 Impact:</b> Growth driven by broad based increase in demand for health products such as disinfecting and cleaning products</li> </ul>
<b>Church &amp; Dwight</b> 7/31/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: +10.6%</li> <li>Organic: +8.4%</li> </ul>	<ul style="list-style-type: none"> <li>GM: +220bps</li> <li>Operating Income: +360bps</li> </ul>	+35.1%	Sales: +9%-+10% Organic: +7%-+8% Adj. EPS: +13%	+7.0%	<ul style="list-style-type: none"> <li>Worldwide Consumer organic growth of +8.8%</li> <li>Household Products revenue growth of +17.3%</li> <li>Personal Care Products revenue growth of +8.8%</li> <li>Consumer Domestic and International revenue and organic growth of +13.6% and +0.5%, respectively, and +10.7% and +0.6%, respectively</li> <li>Specialty Products Division revenue and organic growth of +3.0%</li> <li><b>COVID-19 Impact:</b> Continued to experience significant increase in consumer demand for products</li> </ul>

# Recent Earnings Announcements (Cont.)

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>Colgate</b> 7/31/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: +1.0%</li> <li>Organic: +5.5%</li> </ul>	<ul style="list-style-type: none"> <li>Base GM: +120bps</li> <li>Operating Profit: +30bps</li> </ul>	+2.8%	N/A	+0.4%	<ul style="list-style-type: none"> <li>North America, Latin America and Europe total growth of +12.0%, (13.5%) and +5.0%, respectively, and organic growth of +11.0%, +4.5% and (1.5%), respectively</li> <li>Asia Pacific and Africa/Eurasia total declines of (3.0%) and (6.0%), respectively, and organic growth of +0.5% and +2.5%, respectively</li> <li>Hill's Pet Nutrition total and organic growth of +9.5% and +11.5%, respectively</li> <li><b>COVID-19 Impact:</b> Continue to see elevated demand across geographies in certain categories</li> </ul>
<b>Amorepacific</b> 7/31/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (24.2%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: (160bps)</li> <li>Operating Profit: (300bps)</li> </ul>	N/A	N/A	(3.3%)	<ul style="list-style-type: none"> <li>Domestic revenue and operating profit declined (26.4%) and (31.3%), respectively               <ul style="list-style-type: none"> <li>Cosmetics revenue and operating profit declined (31.1%) and (40.5%), respectively</li> <li>Daily Beauty &amp; Osulloc revenue and LFL growth of +4.2% and +17.4%, respectively; operating profit turned to a profit</li> </ul> </li> <li>Overseas revenue declined (20.9%) and operating profit was negative in Q2</li> <li>Domestic online channel increased by more than +60%</li> <li><b>COVID-19 Impact:</b> Travel retail impacted by decrease in tourism and overseas impacted by store closures</li> </ul>
<b>L'Oréal</b> 7/30/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (19.4%)</li> <li>Like-for-like: (18.8%)</li> </ul>	<ul style="list-style-type: none"> <li>1H '20 GM: 0bps</li> <li>1H '20 Operating Profit: (150bps)</li> </ul>	1H '20 (12.7%)	N/A	(1.6%)	<ul style="list-style-type: none"> <li>Professional products total and LFL decline of (32.8%) and (31.7%), respectively</li> <li>Consumer Products total and LFL decline of (17.4%) and (15.2%), respectively</li> <li>L'Oréal Luxe total and LFL decline of (22.4%) and (24.7%), respectively</li> <li>Active Cosmetics total and LFL growth of (0.6%) and +4.3%, respectively</li> <li>LFL declines in Western Europe, North America and New Markets of (24.8%), (25.4%) and (11.0%), respectively; growth in China of +30%</li> <li>E-commerce growth of +64.6% in 1H '20</li> <li><b>COVID-19 Impact:</b> Sales impact dependent on segment, with Active Cosmetics maintaining growth</li> </ul>

# Recent Earnings Announcements (Cont.)

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>P&amp;G</b> 7/30/20 (Q4 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: +4%</li> <li>Organic: +6%</li> </ul>	<ul style="list-style-type: none"> <li>Core GM: +1210bps</li> <li>Core Operating Profit: +140bps</li> </ul>	+11% (Currency-Neutral Core Earnings)	Total Sales: +1%+3% Organic: +2%+4% Core EPS: +3%+7%	+2.4%	<ul style="list-style-type: none"> <li>Organic sales growth in Beauty, Grooming, Health Care, Fabric &amp; Home Care, Baby, Feminine &amp; Family Care of +3%, (1%), +2%, +14% and +5%, respectively</li> <li>EBIT growth in Beauty, Grooming, Health Care, Fabric &amp; Home Care, Baby, Feminine &amp; Family Care of +3%, (33%), (13%), +27% and +33%, respectively</li> <li>Organic sales growth driven by a +3% increase in organic volume</li> <li><b>COVID-19 Impact:</b> Continued strong performance due to product category exposure</li> </ul>
<b>Sally Beauty</b> 7/30/20 (Q3 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (27.2%)</li> <li>Comp Store Sales: (26.6%)</li> </ul>	<ul style="list-style-type: none"> <li>GM: (390bps)</li> <li>Operating Margin: (1,550bps)</li> <li>Adj. EBITDA: (510bps)</li> </ul>	(118.3%)	N/A	(12.2%)	<ul style="list-style-type: none"> <li>Consolidated same store sales improved each month following mid-April restart, increasing +10.8% in June</li> <li>Sally Beauty Supply sales and same store sales decline of (27.7%) and (25.9%), respectively               <ul style="list-style-type: none"> <li>– Same store sales growth of +4.7% in June</li> </ul> </li> <li>Beauty Systems Group sales and same store sales decline of (27.6%) and (27.9%), respectively               <ul style="list-style-type: none"> <li>– Same store sales growth of +10.2% in June</li> </ul> </li> <li>E-commerce growth of +278% in Q3</li> <li><b>COVID-19 Impact:</b> Continued managing of cash and costs and accelerated pivot to support digital growth</li> </ul>
<b>Kao Corporation</b> 7/29/20 (1H FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (7.5%)</li> <li>Like-for-like: (4.3%)</li> </ul>	<ul style="list-style-type: none"> <li>Operating Income: (81bps)</li> </ul>	(10.8%)	Total: (4.8%) Operating Income: (10.3%) EPS: (9.2%)	(1.7%)	<ul style="list-style-type: none"> <li>Consumer Products Segment: LFL growth in Cosmetics, Skin Care &amp; Hair Care, Human Health Care and Fabric &amp; Home Care of (20.7%), (0.3%), (3.7%) and +6.2%, respectively</li> <li>Chemicals segment LFL decline of (5.2%)</li> <li>LFL declines in Japan, Asia, Americas and Europe of (5.3%), (0.7%), (2.8%) and (6.4%), respectively</li> <li><b>COVID-19 Impact:</b> Continued decline in demand and normal shopping behavior, with a significant decline in Japan's cosmetics market</li> </ul>

# Recent Earnings Announcements (Cont.)

Company	Revenue Growth	Margin Growth	EPS Growth	Guidance	Market Reaction	Other Metrics
<b>Reckitt Benckiser</b> 7/28/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: +9.2%</li> <li>Like-for-like: +10.5%</li> </ul>	<ul style="list-style-type: none"> <li>1H '20 GM: +74bps</li> <li>1H '20 Adj. Operating Profit: +90bps</li> </ul>	1H '20 +14.5%	Total: High single digits Underlying: +3%+4%	+1.0%	<ul style="list-style-type: none"> <li>Hygiene total and LFL revenue growth of +17.1% and +19.4%, respectively</li> <li>Health total and LFL revenue growth of +4.3% and +5.0%, respectively               <ul style="list-style-type: none"> <li>OTC total and LFL revenue decline of (13.1%) and (12.7%), respectively</li> <li>Other Health total and LFL revenue growth of +27.0% and +28.2%, respectively</li> <li>Infant and Child Nutrition total and LFL revenue decline of (8.6%) and (8.1%), respectively</li> </ul> </li> <li>E-commerce growth +60%+ in 1H20</li> <li><b>COVID-19 Impact:</b> Continued increase in consumer demand and e-commerce growth</li> </ul>
<b>Unilever</b> 7/23/20 (Q2 FY20 Earnings)	<ul style="list-style-type: none"> <li>Total: (3.1%)</li> <li>USG: (0.3%)</li> </ul>	<ul style="list-style-type: none"> <li>1H '20 Operating Margin: (60bps)</li> <li>1H '20 Underlying Operating Margin: +50bps</li> </ul>	+10.1% (1H '20 Constant underlying EPS)	N/A	+7.8%	<ul style="list-style-type: none"> <li>Beauty &amp; Personal Care total and USG decline of (3.6%) and (0.9%), respectively</li> <li>Home Care total and USG growth of (3.7%) and +4.0%, respectively</li> <li>Food &amp; Refreshments total and USG decline of (2.2%) and (1.8%), respectively</li> <li>Revenue growth is Asia/AMET/RUB, Americas and Europe of (3.2%), (1.4%) and (4.9%), respectively, with USG of (1.8%), +5.2% and (4.5%), respectively</li> <li><b>COVID-19 Impact:</b> Adapted key product portfolio parts and adjusted supply chain to cope with disruptions</li> </ul>

# Public Company Valuations

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# Comparable Companies – Beauty & Personal Care

(Amounts in Millions, USD)

Company Name	Share Price 10/21/2020	LTM % Change	Equity Value	Enterprise Value	CY 2019 - CY 2021 Growth Metrics			CY 2020 EBITDA %	LTG Rate	EV / CY 2021 Revenue	EV / EBITDA		P/E		Dividend Yield	Net Debt / EBITDA
					Revenue	EBITDA	EPS				CY 2021	CY 2022	CY 2021	CY 2022		
L'Oréal	\$340.38	28.5 %	\$190,406	\$187,844	6.8 %	9.6 %	8.7 %	23.7 %	5.5 %	5.2 x	21.7 x	20.3 x	35.9 x	33.0 x	1.6 %	NM
Estée Lauder	232.65	25.3	84,035	85,161	1.9	11.6	15.2	16.9	14.3	5.3	22.5	21.4	37.9	37.5	0.9	0.5 x
Shiseido	66.52	(15.7)	26,572	28,886	(4.6)	(21.9)	NA	7.3	16.2	2.9	23.6	18.2	NA	NA	0.7	3.2
Beiersdorf	117.49	1.0	26,650	25,335	3.6	5.2	2.0	15.9	4.1	2.8	16.6	15.3	30.1	27.5	0.7	NM
Coty	3.26	(71.6)	2,494	8,786	(40.4)	(38.3)	(79.2)	3.0	(11.0)	1.8	10.6	10.3	27.0	12.4	4.4	47.3
<b>Global Beauty</b>				<b>Mean</b>	(6.5) %	(6.8) %	(13.3) %	13.4 %	5.8 %	3.6 x	19.0 x	17.1 x	32.7 x	27.6 x	1.7 %	17.0 x
				<b>Median</b>	1.9	5.2	5.4	15.9	5.5	2.9	21.7	18.2	33.0	30.3	0.9	3.2
LGH&H	\$1,369.32	28.0 %	\$22,944	\$23,301	11.5 %	19.5 %	19.4 %	19.1 %	11.9 %	3.1 x	16.4 x	15.1 x	27.2 x	24.9 x	--	0.2 x
Natura	8.79	13.0	12,081	15,191	85.1	38.2	(29.1)	9.5	28.6	2.3	18.8	15.9	85.9	47.7	--	5.6
Amorepacific	147.44	13.0	9,068	8,879	(2.6)	15.8	(0.3)	13.6	19.6	1.9	12.3	11.0	31.9	25.7	0.8 %	NM
KOSÉ	142.91	(16.4)	8,152	7,599	(5.8)	(23.3)	NA	12.0	8.8	2.6	19.4	15.7	NA	NA	1.0	NM
Nu Skin	53.24	22.8	2,736	2,764	9.2	0.5	12.6	12.8	4.5	1.0	7.7	7.6	15.2	15.2	3.4	0.1
<b>Emerging Markets Beauty</b>				<b>Mean</b>	19.5 %	10.1 %	0.7 %	13.4 %	14.7 %	2.2 x	14.9 x	13.0 x	40.1 x	28.4 x	1.7 %	2.0 x
				<b>Median</b>	9.2	15.8	6.2	12.8	11.9	2.3	16.4	15.1	29.6	25.3	1.0	0.2
P&G	\$143.25	20.3 %	\$355,204	\$374,749	7.6 %	17.0 %	22.2 %	28.5 %	8.1 %	5.0 x	17.6 x	16.5 x	24.9 x	23.3 x	2.5 %	0.9 x
Unilever	61.07	2.4	160,442	190,628	4.9	7.9	7.4	22.7	6.9	3.1	13.6	13.1	20.1	19.2	3.1	1.9
Colgate	80.20	17.4	68,763	75,605	4.7	7.3	11.0	26.9	6.3	4.6	16.8	16.1	25.5	23.8	2.5	1.5
Ulta	232.85	(1.0)	13,115	12,758	(0.4)	(5.0)	(10.6)	9.7	1.1	1.7	11.2	10.5	21.7	18.6	--	NM
e.l.f.	20.51	18.1	1,040	1,122	12.8	12.5	16.9	23.0	7.2	3.7	15.9	14.5	29.7	28.9	--	1.3
<b>Other Beauty and Personal Care</b>				<b>Mean</b>	5.9 %	7.9 %	9.4 %	22.2 %	5.9 %	3.6 x	15.0 x	14.1 x	24.4 x	22.8 x	2.7 %	1.4 x
				<b>Median</b>	4.9	7.9	11.0	23.0	6.9	3.7	15.9	14.5	24.9	23.3	2.5	1.4

# Comparable Companies – Household & Personal Care

(Amounts in Millions, USD)

Company Name	Share Price 10/21/2020	LTM % Change	Equity Value	Enterprise Value	CY 2019 - CY 2021 Growth Metrics			CY 2020 EBITDA %	LTG Rate	EV / CY 2021 Revenue	EV / EBITDA		P/E		Dividend Yield	Net Debt / EBITDA
					Revenue	EBITDA	EPS				CY 2021	CY 2022	CY 2021	CY 2022		
P&G	\$143.25	20.3 %	\$355,204	\$374,749	7.6 %	17.0 %	22.2 %	28.5 %	8.1 %	5.0 x	17.6 x	16.5 x	24.9 x	23.3 x	2.5 %	0.9 x
Unilever	61.07	2.4	160,442	190,628	4.9	7.9	7.4	22.7	6.9	3.1	13.6	13.1	20.1	19.2	3.1	1.9
L'Oréal	340.38	28.5	190,406	187,844	6.8	9.6	8.7	23.7	5.5	5.2	21.7	20.3	35.9	33.0	1.6	NM
Estée Lauder	232.65	25.3	84,035	85,161	1.9	11.6	15.2	16.9	14.3	5.3	22.5	21.4	37.9	37.5	0.9	0.5
Reckitt Benckiser	92.49	21.4	65,804	79,328	8.2	(2.8)	(8.4)	26.9	1.5	4.3	16.2	15.1	21.9	19.9	2.9	2.6
Colgate	80.20	17.4	68,763	75,605	4.7	7.3	11.0	26.9	6.3	4.6	16.8	16.1	25.5	23.8	2.5	1.5
Kimberly-Clark	148.38	6.6	50,605	57,486	3.9	10.5	15.0	24.0	6.7	3.0	12.4	11.9	18.8	17.9	3.0	1.5
Henkel	107.22	2.6	43,914	46,024	4.6	(2.8)	(7.1)	17.3	0.5	1.9	10.8	10.3	18.8	17.6	2.0	0.5
Kao Corporation	74.18	(2.9)	35,675	35,660	2.8	6.3	NA	18.8	5.9	2.5	12.7	12.0	NA	NA	1.6	NM
Clorox	211.35	41.8	26,637	28,560	12.2	19.0	19.6	22.5	4.8	4.1	18.8	17.0	28.7	26.4	2.8	1.2
Beiersdorf	117.49	1.0	26,650	25,335	3.6	5.2	2.0	15.9	4.1	2.8	16.6	15.3	30.1	27.5	0.7	NM
Church & Dwight	92.19	25.1	22,800	24,225	12.9	15.2	22.2	23.9	9.0	4.9	20.4	19.4	30.4	28.4	1.2	1.2
Edgewell	28.53	(13.3)	1,551	2,295	(6.8)	(6.0)	(6.7)	16.9	(4.4)	1.2	6.2	NA	9.9	NA	--	2.3
<b>Household &amp; Personal Care</b>				<b>Mean</b>	5.2 %	7.5 %	8.4 %	21.9 %	5.3 %	3.7 x	15.9 x	15.7 x	25.3 x	25.0 x	2.1 %	1.4 x
				<b>Median</b>	4.7	7.9	9.9	22.7	5.9	4.1	16.6	15.7	25.2	23.8	2.2	1.4

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