

# DealReader Consumer Products

Q1 2016



## **Lincoln's 2016 Consumer Conference**

Lincoln International held its third annual Consumer Conference on Thursday, May 12, 2016 at the Hotel Nikko in San Francisco.

The Conference had 41 presenting companies and was attended by over 350 investors, executives and industry experts.

## **Inside this Issue**

**Consumer Products Market Trends**

**Public Comparables**

**Transaction Activity & Market Intelligence**

Select 2015 Closed Consumer Products Transactions

ThreeSixty Group  
a portfolio investment of

**BRENTWOOD ASSOCIATES**  
PRIVATE EQUITY INVESTMENTS

has received a significant investment from

**AEA**

**enesco**

has been sold to

**Balmoral Funds**

**MAESA GROUP**

has acquired

**pa cosmetics**

from

**PALMERS**

# Consumer Products Market Trends

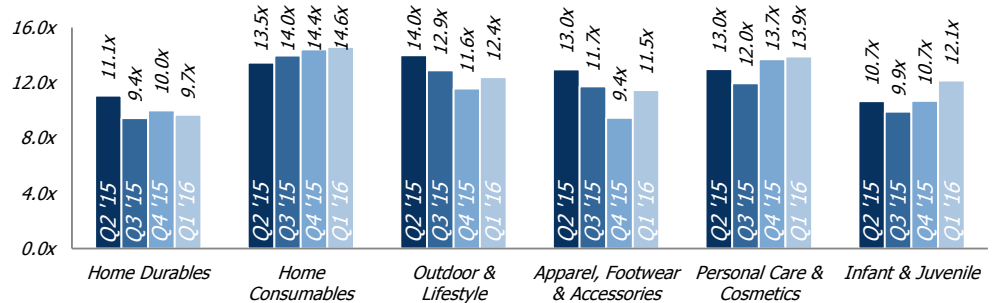
Underscored by the economy's resilience, strength of labor markets and lower gas prices, consumer confidence has remained high during the first quarter of 2016. However, in an increasingly volatile and uncertain market place, consumer products companies have had to contend with uncertainty around consumer spending and the challenge of keeping up with changing consumer behavior, as well as disruptive trends in technology and innovation.

Despite this, industry sentiment remains positive across subsectors embracing personal health, environmental consciousness and social responsibility.

Within Apparel, Footwear & Accessories, the trend towards athleisure continues to grow as more brands expand their product offering. The health-minded consumer is increasingly seeking new and innovative products in the Outdoor & Lifestyle sector, fueling strong growth in the robust and innovative \$650 billion industry. Lastly, in the Personal Care & Cosmetics sector, beauty and cosmetics have emerged as clear drivers of industry outperformance. Skincare and cosmetics providers are benefiting from attractive underlying demographics of an aging population, which has led to increased demand for anti-aging and corrective skincare, among other key growth drivers.

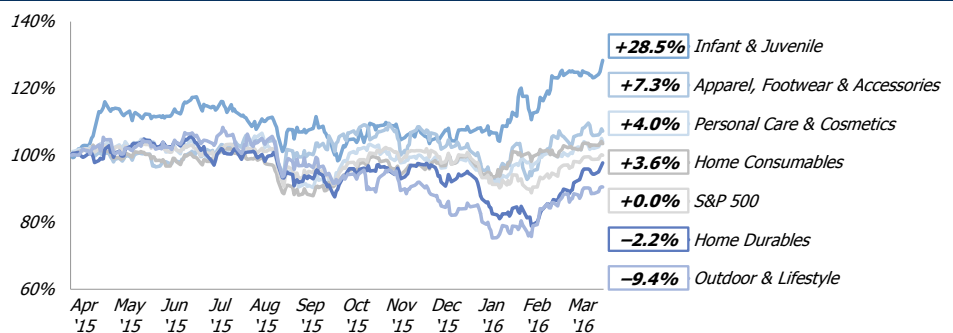
## Public Comparables

### Historical EV / EBITDA Valuation Performance



Source: Capital IQ as of 3/31/2016

### LTM Relative Stock Price Performance



Source: Capital IQ as of 3/31/2016

## Median Statistics

Subsector (# of Companies)	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	LTM Growth		LTM Margin	
			Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
Home Durables (12)	2.0%	84.6%	1.0x	9.7x	17.9x	2.1x	1.4%	3.4%	29.7%	12.2%
Home Consumables (7)	4.1%	98.0%	3.3x	14.6x	25.8x	1.3x	(1.2%)	5.9%	48.4%	23.1%
Outdoor & Lifestyle (9)	(0.7%)	83.4%	1.3x	12.4x	24.7x	1.1x	7.0%	3.1%	42.4%	12.6%
Apparel, Footwear & Accessories (13)	11.8%	81.9%	2.1x	11.5x	20.2x	1.1x	4.4%	1.6%	48.1%	13.1%
Personal Care & Cosmetics (8)	6.3%	80.3%	2.7x	13.9x	31.4x	2.9x	(2.1%)	1.2%	66.0%	17.4%
Infant & Juvenile (7)	17.1%	93.6%	0.8x	12.1x	23.4x	1.8x	4.4%	4.4%	36.2%	8.5%
<b>Overall Median</b>			<b>1.7x</b>	<b>12.3x</b>	<b>24.0x</b>	<b>1.6x</b>	<b>2.9%</b>	<b>3.3%</b>	<b>45.2%</b>	<b>12.8%</b>

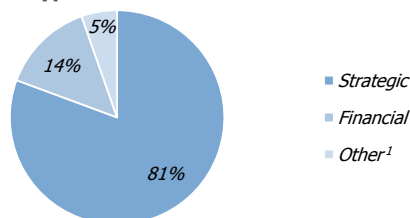
Source: Capital IQ as of 3/31/2016

Strong deal activity in 2015 is not expected to let up in 2016 with several marquee, transformative deals announced in the first two months of the year.

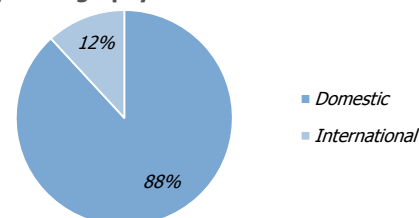
## Transaction Activity

### Q1 2016 Consumer Products Transaction Statistics

Buyer Type



Buyer Geography<sup>2</sup>



Source: CapitalIQ, Mergermarket; (1) Other: private investors, individuals and unknown; (2) North American targets

### Selected Recent Transactions

Announced	Target Company	Target Type	Acquiring Company	EV (\$mm)	EV / Sales	EV / EBITDA
Mar-16	J.America, Inc.	Apparel, Footwear & Accessories	Blue Point Capital Partners	-	-	-
Mar-16	Newell Rubbermaid Inc., WCB <sup>1</sup>	Home Durables	Hunter Douglas N.V.	\$270	0.9x	-
Mar-16	Formation Brands, LLC	Home Durables	Endeavour Capital, Inc. and others	-	-	-
Mar-16	Tumi Holdings, Inc.	Apparel, Footwear & Accessories	Samsonite International S.A.	\$1,729	3.2x	14.2x
Mar-16	P&G, Portfolio of Hair Care Brands	Personal Care & Cosmetics	Henkel AG & Co. KGaA	-	-	-
Mar-16	The Guildery Inc.	Home Durables	MINTED LLC	-	-	-
Mar-16	Kuissential	Home Durables	SCS Direct Inc.	-	-	-
Feb-16	DECIEM, Grow Gorgeous	Personal Care & Cosmetics	The Hut.com Ltd	-	-	-
Feb-16	Bell Sports Corp.	Outdoor & Lifestyle	Vista Outdoor Inc.	\$400	1.1x	10.0x
Feb-16	Skee Ball, Inc.	Outdoor & Lifestyle	Bay Tek Games, Inc.	-	-	-
Feb-16	ENVE Composites, LLC	Outdoor & Lifestyle	Amer Sports Corp.	\$50	1.7x	-
Feb-16	Zenith Products Corporation	Home Durables	The Laces Company	-	-	-
Feb-16	Sprig Toys, Inc.	Infant & Juvenile	BeginAgain, Inc.	-	-	-
Feb-16	Etch A Sketch and Doodle Sketch	Infant & Juvenile	Spin Master Corp.	\$11	-	-
Feb-16	Stop Aging Now, LLC	Personal Care & Cosmetics	Wellnext, LLC	-	-	-
Feb-16	iDevices, iGrill® and Kitchen Thermometer	Home Durables	Weber-Stephen Products LLC	-	-	-
Feb-16	Laser Pegs Ventures, LLC	Infant & Juvenile	Great White Shark Enterprises, Inc.	-	-	-
Feb-16	LeapFrog Enterprises Inc.	Infant & Juvenile	Vtech Holdings Ltd.	\$34	0.2x	NM
Feb-16	Zepher Media LLC, Majority Assets	Home Durables	Plan E Inc.	-	-	-
Feb-16	Lamrite West, Inc.	Home Consumables	The Michaels Companies, Inc.	\$150	0.8x	-
Feb-16	mophie, inc.	Home Durables	ZAGG Inc	\$105	-	-
Jan-16	American Designer Pottery (Fiskars)	Home Durables	Bloem Living LLC	-	-	-
Jan-16	Rose America Corporation (dba Hyper Pet)	Outdoor & Lifestyle	Guardian Capital Partners	-	-	-
Jan-16	Cybox International Inc.	Outdoor & Lifestyle	Brunswick Corporation	\$195	1.2x	10.8x
Jan-16	BBC Ice Cream, LLC	Apparel, Footwear & Accessories	Management	-	-	-
Jan-16	GE Appliances Inc.	Home Durables	Qingdao Haier Co., Ltd.	\$5,400	-	10.0x
Jan-16	Vasper Systems LLC	Outdoor & Lifestyle	Clark Hatch Fitness Center	-	-	-
Jan-16	Easton Hockey, Inc.	Outdoor & Lifestyle	Performance Sports Group Ltd.	-	-	-
Jan-16	Home Meridian International, Inc.	Home Durables	Hooker Furniture Corp.	\$100	-	-
Jan-16	Maykah, Inc.	Infant & Juvenile	Patch Products, Inc.	-	-	-
Jan-16	Sentinel Alarm Systems Inc.	Home Durables	FE Moran Security Solutions	-	-	-
Jan-16	Octane Fitness, LLC	Outdoor & Lifestyle	Nautilus Inc.	\$115	1.8x	-

(1) Window Coverings Business

At the end of Q4 2015, **Newell Rubbermaid** entered into an agreement to acquire **Jarden Corp.** from the Vanguard Group and others for \$17.9 billion, or 18.7x EBITDA. This transaction represents a **transformative consolidation of the consumer products industry**, particularly in the home durables subsector. The deal closed in **April 2016**.

## Market Intelligence

Investors are seeking to capitalize on the growth in the consumer products industry and are highly acquisitive. Deal activity remained strong during Q1 2016, with 93 deals announced or closed during the period, including several transformative transactions.

During Q1 2016, 81% of transactions went to strategic acquirers, further supporting the trend of industry consolidation among key consumer players. Most recently, Samsonite announced its acquisition of rival high-end

luggage vendor, Tumi Holdings, for \$1.7 billion, or 14.2x EBITDA.

There is a continued trend of geographic expansion, as can be seen with Haier's acquisition of GE Appliances in January 2016 for \$5.4 billion, representing the largest transaction of the quarter. The deal will help Haier gain a stronger foothold in the U.S., where GE Appliances owns a significant share of the appliance industry.

## Global Industry Groups

Aerospace & Defense  
Automotive & Truck  
Building & Infrastructure  
Business Services  
Chemicals  
Consumer  
Distribution  
Electronics  
Energy & Power  
Financial Institutions  
Food & Beverage  
Healthcare  
Industrials  
Packaging  
Technology & Media

## Global Locations

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Mumbai  
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Tokyo  
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