

DealReader Consumer Products

Q3 2016



Lincoln's 2017 Consumer Conference

Lincoln International will hold its annual Consumer Conference on **Thursday, May 11, 2017** at the Hotel Nikko in San Francisco.

Stay tuned for additional information and a link to register for the 2017 Consumer Conference.

Inside this Issue

Leading Consumer Products M&A Advisor

Consumer Products Market Trends

Public Comparables

Transaction Activity

M&A Market Intelligence

Lincoln's Strong Consumer Products Momentum

- M&A activity has remained robust in the middle market, with Lincoln among the leading Consumer Products advisors
- Lincoln's Global Consumer Group has already closed 24 transactions in 2016
- Five direct-to-consumer transactions have been completed year-to-date
- Over 25 active global Consumer Products M&A assignments

Leading Consumer Products M&A Advisor

Selected Consumer Products Transactions Closed in 2016

 has sold  to 	 has been sold to 	 a portfolio company of  has acquired 	 has sold  to 	 has sold  to 
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Consumer Products Market Trends

During Q3 2016, consumers have continued to benefit from record low energy prices and interest rates, as well as a strong job market, incentivizing increased spending across the consumer industry. Despite macroeconomic uncertainty about the policy implications of the U.S. presidential election and ongoing global financial market volatility, consumers have remained confident, with the consumer confidence index near its highest level since the last recession.

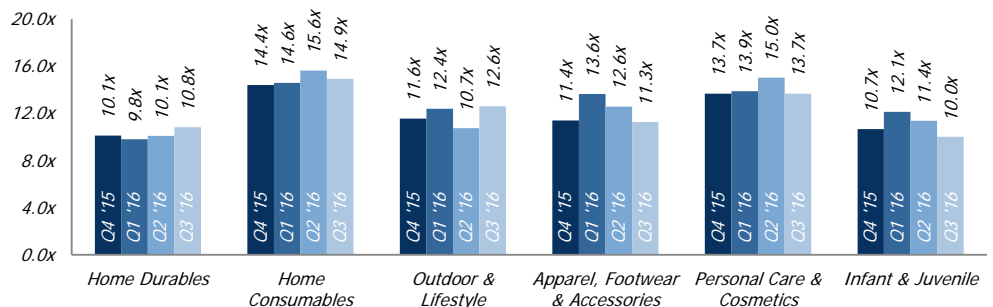
Across all sub-sectors, public companies traded in excess of 10.0x EBITDA during the quarter, indicating the ability of consumer industry leaders to align with changing consumer purchasing behavior, such as the shift towards mobile, direct-to-consumer and e-commerce models.

The Outdoor & Lifestyle sub-sector demonstrated strong performance during the quarter, with median public company trading multiples of 12.6x EBITDA. Companies in the space have benefited from consumers' increased interest in products that support an active and healthy lifestyle.

As of August 2016, U.S. disposable personal income was at an all-time historical high, thus enabling consumers to purchase more premium products, particularly in the Personal Care & Cosmetics sub-sector. Industry leaders, such as Estée Lauder, have placed a particular emphasis on premium natural and organic products, translating to considerable stock price appreciation and trading multiples near 14.0x EBITDA.

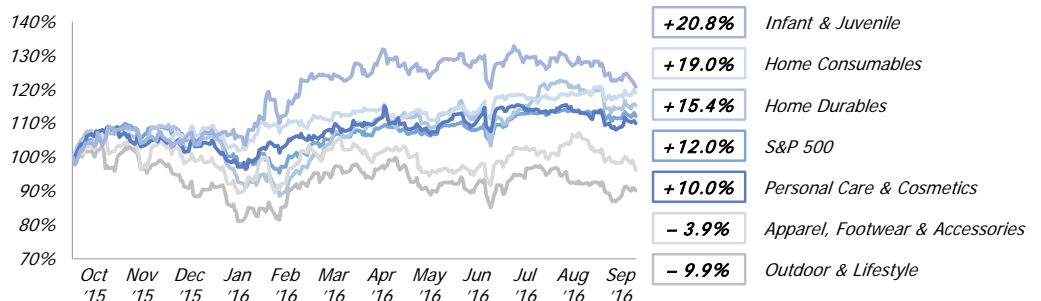
Public Comparables

Historical EV / EBITDA Valuation Performance



Source: Capital IQ as of 9/30/2016

LTM Relative Stock Price Performance



Source: Capital IQ as of 9/30/2016

Median Public Comparable Statistics

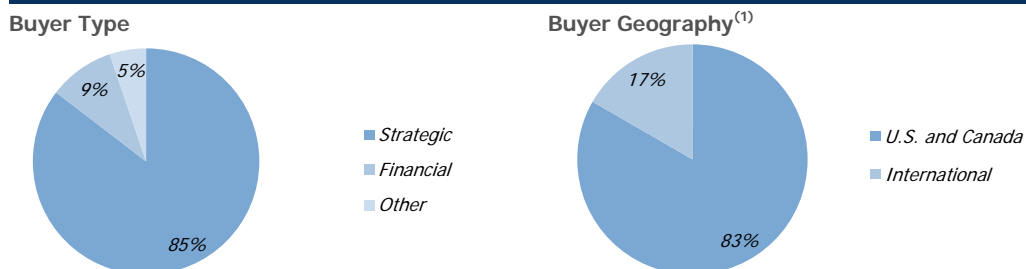
Public Comparable Company	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	LTM Growth		LTM Margin	
			Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
AB Electrolux	(6.9%)	79.4%	0.5x	6.9x	24.2x	NM	(1.6%)	8.8%	20.9%	8.0%
De' Longhi S.p.A.	2.0%	76.9%	1.6x	10.5x	19.9x	NM	2.8%	8.8%	30.5%	15.5%
Fiskars Oyj Abp	8.9%	92.3%	1.0x	13.4x	NM	NM	39.4%	19.9%	40.0%	8.9%
Haier Electronics Group Co., Ltd.	8.3%	79.1%	0.4x	7.6x	11.3x	NM	(14.2%)	(13.5%)	16.4%	4.7%
Helen of Troy, Ltd.	(16.2%)	80.9%	1.9x	14.4x	24.6x	2.5x	4.7%	(3.4%)	42.7%	13.7%
Libbey, Inc.	12.3%	49.9%	0.9x	6.5x	6.7x	3.4x	(4.4%)	6.9%	22.1%	13.5%
Lifetime Brands, Inc.	(7.7%)	75.6%	0.5x	8.3x	18.2x	3.1x	(2.2%)	(7.0%)	36.2%	6.4%
Newell Brands, Inc.	8.4%	95.0%	4.6x	26.6x	71.6x	6.6x	41.6%	47.6%	36.9%	17.1%
SEB SA	16.7%	98.7%	1.4x	13.2x	29.2x	1.2x	5.9%	2.7%	11.9%	10.8%
Spectrum Brands Holdings, Inc.	15.4%	99.1%	2.4x	13.7x	28.0x	4.3x	11.8%	23.3%	37.3%	17.2%
Tupperware Brands Corporation	16.2%	97.7%	1.8x	11.1x	17.4x	1.9x	(12.7%)	(12.2%)	67.8%	16.9%
Whirlpool Corp.	(2.7%)	83.5%	0.8x	8.1x	14.4x	2.0x	(1.1%)	7.0%	17.8%	10.6%
Home Durables	8.4%	82.2%	1.2x	10.8x	19.9x	2.7x	0.9%	6.9%	33.4%	12.0%
Church & Dwight Co., Inc.	(6.9%)	89.3%	3.8x	15.8x	27.9x	0.8x	2.8%	6.6%	45.5%	24.0%
The Clorox Company	(9.5%)	89.1%	3.1x	14.9x	25.4x	1.7x	1.9%	4.1%	44.9%	20.6%
Colgate-Palmolive Co.	1.3%	98.4%	4.6x	16.5x	26.9x	1.2x	(7.4%)	(3.6%)	59.9%	28.3%
Henkel AG & Co. KGaA	10.5%	97.6%	2.6x	14.2x	25.8x	NM	3.0%	6.5%	48.5%	18.6%
Prestige Brands Holdings, Inc.	(12.9%)	83.1%	5.0x	13.9x	37.4x	4.9x	8.2%	14.0%	57.9%	35.9%
The Procter & Gamble Company	6.0%	99.5%	4.0x	14.8x	25.7x	1.0x	(7.7%)	1.6%	50.9%	26.8%
Unilever PLC	0.0%	89.3%	2.6x	15.8x	25.3x	1.5x	2.1%	(10.0%)	41.4%	16.3%
Home Consumables	0.0%	97.6%	3.8x	14.9x	25.8x	1.3x	2.1%	4.1%	48.5%	23.6%
Amer Sports Corp.	12.2%	94.7%	1.5x	13.7x	24.5x	2.3x	9.0%	18.0%	46.0%	10.8%
Brunswick Corporation	7.6%	87.7%	1.0x	8.0x	19.4x	NM	9.2%	20.1%	27.2%	12.7%
Callaway Golf Co.	13.7%	97.6%	1.2x	19.0x	29.4x	NM	3.8%	64.1%	43.3%	5.6%
Columbia Sportswear Company	(1.4%)	86.0%	1.5x	11.4x	22.6x	NM	7.7%	12.9%	46.2%	12.9%
Fenix Outdoor International AG	38.4%	94.0%	1.9x	13.6x	24.5x	0.3x	38.2%	149.9%	52.7%	13.3%
Nautilus, Inc.	27.4%	90.9%	1.9x	12.6x	24.4x	0.2x	22.4%	29.1%	52.3%	14.9%
Performance Sports Group, Ltd.	35.8%	30.1%	1.1x	19.2x	NM	13.8x	(3.0%)	(57.5%)	30.1%	5.6%
Polaris Industries, Inc.	(5.3%)	62.3%	1.1x	7.1x	13.4x	0.5x	(1.1%)	(15.3%)	26.3%	12.8%
Vista Outdoor, Inc.	(16.5%)	73.9%	1.4x	9.9x	17.3x	2.9x	14.5%	13.1%	27.3%	14.4%
Outdoor & Lifestyle	12.2%	87.7%	1.4x	12.6x	23.5x	2.2x	9.0%	18.0%	43.8%	13.0%
Adidas AG	21.5%	98.4%	1.8x	18.5x	33.3x	0.3x	15.5%	29.9%	48.2%	9.5%
Coach, Inc.	(10.3%)	83.6%	2.2x	11.3x	22.2x	NM	7.2%	(10.2%)	68.0%	19.3%
Deckers Outdoor Corp.	3.5%	85.1%	1.0x	7.9x	17.6x	0.8x	0.9%	(7.7%)	45.8%	12.9%
Fossil Group, Inc.	(2.7%)	47.7%	0.6x	6.0x	9.6x	1.6x	(10.1%)	(51.0%)	53.0%	10.0%
G-III Apparel Group, Ltd.	(36.2%)	42.1%	0.6x	7.0x	14.2x	NM	4.6%	(10.4%)	35.8%	7.9%
Gildan Activewear, Inc.	(4.2%)	86.3%	2.9x	14.1x	19.8x	1.3x	4.8%	38.6%	28.1%	20.5%
Hanesbrands, Inc.	0.5%	76.0%	2.2x	13.2x	20.3x	3.3x	4.0%	9.6%	37.9%	16.9%
Michael Kors Holdings, Ltd.	(5.4%)	78.7%	1.7x	5.9x	10.6x	NM	6.2%	(3.8%)	59.1%	28.2%
NIKE, Inc.	(4.6%)	77.2%	2.6x	17.2x	23.8x	NM	6.4%	(0.8%)	45.7%	15.1%
PVH Corp.	17.3%	98.7%	1.4x	10.9x	13.4x	2.5x	(0.4%)	4.9%	51.9%	12.9%
Under Armour, Inc.	(3.6%)	73.9%	3.8x	31.5x	99.8x	1.6x	29.3%	21.9%	47.3%	12.2%
V.F. Corporation	(8.8%)	75.9%	2.0x	12.6x	20.3x	1.1x	1.3%	(3.8%)	48.2%	16.3%
Wolverine World Wide, Inc.	13.3%	90.2%	1.1x	10.9x	23.3x	2.1x	(6.3%)	(17.6%)	38.6%	10.0%
Apparel, Footwear & Accessories	(3.6%)	78.7%	1.8x	11.3x	20.3x	1.7x	4.6%	(3.8%)	47.6%	12.9%
Avon Products, Inc.	49.7%	94.9%	0.8x	10.8x	NM	3.1x	(9.5%)	(42.7%)	60.1%	8.1%
Coty, Inc.	(9.6%)	74.4%	2.7x	15.3x	53.4x	4.9x	(1.0%)	1.6%	60.3%	17.8%
Edgewell Personal Care Co.	(5.8%)	90.4%	2.5x	14.8x	NM	3.0x	98.1%	127.6%	48.4%	17.1%
The Estée Lauder Companies	(2.7%)	90.8%	3.0x	15.4x	29.9x	0.6x	4.5%	7.5%	80.5%	19.0%
Kimberly-Clark Corporation	(8.2%)	90.8%	2.9x	12.5x	23.4x	1.7x	(4.7%)	(6.0%)	36.4%	22.0%
L'Oreal SA	(1.1%)	94.5%	3.7x	17.9x	32.8x	0.1x	4.5%	5.7%	71.5%	20.8%
Nu Skin Enterprises, Inc.	40.2%	99.4%	1.6x	11.9x	37.2x	NM	(5.8%)	(26.3%)	77.2%	13.5%
Shiseido Company, Ltd.	2.5%	88.0%	1.1x	10.8x	36.6x	NM	25.5%	29.3%	74.2%	9.7%
Personal Care & Cosmetics	(1.9%)	90.8%	2.6x	13.7x	34.7x	2.4x	1.7%	3.7%	65.9%	17.4%
Carter's, Inc.	(18.6%)	77.0%	1.5x	10.0x	18.6x	0.8x	5.2%	8.4%	42.3%	15.4%
Dorel Industries, Inc.	1.6%	91.3%	0.5x	8.9x	NM	2.9x	(2.9%)	4.2%	23.4%	6.3%
Goodbaby International	12.4%	81.8%	0.8x	10.9x	20.6x	1.3x	(9.5%)	119.4%	31.9%	7.2%
Hasbro, Inc.	(5.5%)	89.6%	2.3x	11.7x	20.8x	0.9x	7.8%	9.4%	53.1%	19.4%
JAKKS Pacific, Inc.	9.2%	88.6%	0.4x	5.5x	16.5x	5.2x	(13.1%)	(30.4%)	31.6%	4.4%
Mattel, Inc.	(3.2%)	87.1%	2.2x	14.0x	30.0x	2.4x	(5.2%)	(7.5%)	48.0%	15.5%
TOMY Company, Ltd.	25.1%	97.1%	0.8x	10.0x	NM	2.8x	29.0%	42.8%	35.9%	7.8%
Infant & Juvenile	1.6%	88.6%	0.8x	10.0x	20.6x	2.1x	(2.9%)	8.4%	35.9%	7.8%
Overall Median			1.6x	11.9x	22.0x	2.1x	1.9%	5.5%	45.7%	13.0%

Source: Capital IQ as of 9/30/2016

Consumer Products M&A has continued its positive trajectory during Q3 2016, with **nearly 100 transactions** of U.S.-based targets announced or closed during the quarter.

Transaction Activity

Q3 2016 Consumer Products Transaction Statistics



Source: CapitalIQ, Mergermarket; (1) North American targets

Selected Recent Transactions

Announced	Target Company	Target Type	Acquiring Company	EV (\$mm)	EV / Sales	EV / EBITDA
Sep-16	Seventh Generation, Inc.	Home Consumables	Unilever PLC	-	-	-
Sep-16	Lafayette Puzzle Factory, LLC	Infant & Juvenile	Cra-z-Art Corp.	-	-	-
Sep-16	Mirabella Cosmetics LLP and Lipland LLP	Personal Care & Cosmetics	Bellami LLC	-	-	-
Sep-16	Wooden Camera, Inc.	Home Durables	The Vitec Group plc	\$35	-	14.0x
Sep-16	Process Technologies LLC	Personal Care & Cosmetics	Wormser Corporation; Kolmar Co.	-	-	-
Sep-16	Spring USA Corporation	Home Durables	ShoreView Industries	-	-	-
Sep-16	Mad Catz, Simulation Business Assets	Infant & Juvenile	Logitech, Inc.	\$13	-	-
Sep-16	Camp Chef, Inc.	Outdoor & Lifestyle	Vista Outdoor, Inc.	\$74	-	-
Sep-16	GTM Sportswear, Inc.	Apparel, Footwear & Accessories	Hanesbrands, Inc.	-	-	-
Aug-16	Coast Apparel LLC	Apparel, Footwear & Accessories	Delta Apparel, Inc.	-	-	-
Aug-16	Playworld Systems, Inc.	Outdoor & Lifestyle	PlayPower, Inc.	-	-	~8.0x
Aug-16	Badger Sportswear, Inc.	Apparel, Footwear & Accessories	CCMP Capital Advisors, LP	-	-	-
Aug-16	Dacor, Inc.	Home Durables	Samsung Electronics America, Inc.	-	-	-
Aug-16	Aquasana, Inc.	Home Consumables	AO Smith Corp.	\$87	-	-
Aug-16	Griffin Technology, Inc.	Home Durables	Incipio Group	-	-	-
Aug-16	TerraVia Holdings, Inc., Algenist	Personal Care & Cosmetics	Tengram Capital Partners, LLC	\$25	1.1x	-
Aug-16	Stein World, Inc.	Home Durables	ELK Group International, Inc.	-	-	-
Aug-16	Swimways Corporation	Infant & Juvenile	Spin Master Corp.	\$94	1.0x	-
Aug-16	Hanna Andersson, LLC	Apparel, Footwear & Accessories	L Catterton	-	-	-
Aug-16	5.11, Inc.	Apparel, Footwear & Accessories	Compass Diversified Holdings LLC	\$400	1.4x	10.5x
Jul-16	Peds Legwear, Inc.	Apparel, Footwear & Accessories	Gildan Activewear, Inc.	\$55	0.7x	-
Jul-16	VIZIO, Inc.	Home Durables	Leshi Corp., Beijing	\$1,804	0.6x	24.0x
Jul-16	Donna Karan International, Inc.	Apparel, Footwear & Accessories	G-III Apparel Group, Ltd.	\$650	-	-
Jul-16	IT Cosmetics, LLC	Personal Care & Cosmetics	L'Oreal SA	\$1,200	6.6x	-
Jul-16	PPG Industries, Inc., Select Facilities	Home Consumables	Vitro, S.A.B. de C.V.	\$750	-	-
Jul-16	Dollar Shave Club, Inc.	Personal Care & Cosmetics	Unilever PLC	\$1,000	6.6x	-
Jul-16	Classic Accessories, Inc.	Home Durables	CID Capital, Inc.	-	-	-
Jul-16	Taylor Brands, LLC	Home Durables	Battenfeld Technologies, Inc.	\$85	2.2x	-
Jul-16	Phoenix Brands LLC, Certain Assets	Home Consumables	U.S. Nonwovens Corp.	\$11	-	-
Jul-16	The LANG Companies, Inc.	Home Durables	IG Design Group Americas, Inc.	\$4	-	-
Jul-16	Ultimark Products, LLC, Select Brands	Personal Care & Cosmetics	Neoteric Cosmetics, Inc.	\$9	-	-
Jul-16	Precision Pet Products, Inc.	Outdoor & Lifestyle	Doskocil Manufacturing Company, Inc.	-	-	-
Jul-16	KAS Direct, LLC	Infant & Juvenile	S. C. Johnson & Son, Inc.	-	-	-

The Q3 2016 Consumer Products sector deal sizes were lower than previous periods, with the largest enterprise value being \$1.8B for Leshi Corp.'s acquisition of VIZIO, compared to \$3.6B in Q2 and \$5.4B in Q1. Despite lower deal sizes, the sector's M&A deal volume has continued to trend upward.

M&A Market Intelligence

M&A activity continues to be bolstered by low rates and available institutional capital in the consumer products sector. While deal size fell in Q3 compared to historical quarters, deal volume remained robust and numerous sub-sectors benefited from transformative acquisitions, as demonstrated by the following transactions:

- In its largest acquisition in eight years, L'Oreal acquired IT Cosmetics, a manufacturer of beauty products, for \$1.2 billion to complement its existing Luxe brand portfolio and satisfy increased demand for beauty products that offer a hybrid of make-up and skincare
- Dominant consumer products industry leader, Unilever, acquired disruptive and high-growth direct-to-consumer men's grooming company, Dollar Shave Club, for \$1.0 billion
- Toy manufacturer, Spin Master, acquired pool and backyard toy manufacturer, Swimways, for \$94 million, expanding its exposure to positive active and outdoor lifestyle trends

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

Amsterdam
Beijing
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Frankfurt
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Madrid
Milan
Moscow
Mumbai
New York
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São Paulo
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About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint ventures and partnering services on a wide range of transaction sizes. With seventeen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information can be obtained at www.lincolninternational.com.

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