


INSIGHT



CONSUMER HEALTH SECTOR SNAPSHOT

Q1 2021

BOURNE PARTNERS

Consumer Health – Transaction Comps

Consumer Health - Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic			EV / LTM Revenue	EV / LTM EBITDA
				Location	Enterprise Value	LTM Revenue		
Mar-21	Cooper Consumer Health	Cooper Consumer Health manufactures and distributes over the counter selfcare solutions	CVC Capital Partners; Avista Capital Holdings	France	NA	NA	NA	NA
Feb-21	OTC Portfolio of Actavis Group	European OTC brand portfolio	Karo Pharma	Israel	\$101.0	\$42.1	NA	2.4x
Feb-21	DECIEM	Consumer health company that focuses on beauty products including skincare, makeup, body, and hair products	Estee Lauder	Canada	2,127.7	460.0	NA	4.6x
Dec-20	Nature's Bakery	Nature's Bakery, LLC manufactures and sells bakery products	KIND	USA	400.0	NA	\$17.5	NA
Dec-20	Matrixx Initiatives	Over the Counter health care company with Zicam brand name products	Church & Dwight	USA	532.7	NA	NA	NA
Nov-20	KIND	KIND LLC manufactures and distributes healthy snacks and fruit and nut bars	Mars	USA	5,000.0	1,500.0	NA	3.3x
Aug-20	Takeda Consumer Healthcare	Pharmaceutical company with OTC medicines and quasi-drug consumer products	Oscar A-Co KK	Japan	2,284.3	574.8	NA	4.0x
Jun-20	GNC Assets	Substantially All Assets of GNC Holdings, Inc. comprises health and wellness products retailing business	Harbin Pharma Group	USA	760.0	1,767.4	62.0	0.4x
Apr-20	OTC Portfolio of Takeda	Portfolio of OTC and Non-Core Assets in Europe and Two Manufacturing Sites in Denmark and Poland	Orifarm	Denmark	670.0	NA	NA	NA
Apr-20	Oral Care Assets of High Ridge Brands Co.	High Ridge Brands oral care assets include power toothbrushes, travel kits, and rinse and floss items	Ranir	USA	113.0	NA	NA	NA
Nov-19	Portfolio of 20 Select OTC/Rx Assets of Takeda	The portfolio includes OTC vitamins, food supplements, and select products within various therapeutic areas	STADA; OAO Nizhpharm	Russia	660.0	NA	NA	NA
Jul-19	Dr. Scholl's	Dr. Scholl's is the US based footcare business of Bayer Aktiengesellschaft	Yellow Wood Partners	USA	585.0	234.0	NA	2.5x
Jun-19	Trimb Healthcare	Karo Pharma will Trimb Healthcare from Avista Capital Holdings. Karo will take ownership of all Trimb brands	Karo Pharma	Sweden	360.6	98.6	15.9	3.7x
Jun-19	Nestlé Skin Health	Nestlé Skin Health S.A. offers a range of medical and consumer skin health products	EQT Partners	Switzerland	10,501.1	2,882.6	NA	3.6x
May-19	Ranir	Ranir develops, manufactures, and sells consumer oral and personal care products	Perrigo Company	USA	750.0	287.0	NA	2.6x
May-19	Coppertone	The Coppertone sunscreen business of Bayer was acquired by Beiersdorf Aktiengesellschaft	Beiersdorf Aktiengesellschaft	USA	550.0	213.0	NA	2.6x
Feb-19	OTC-Business of Moberg Pharma AB	Divestment of OTC portfolio including Kerasal, New Skin, Dermoplast, Domeboro, Emtrix, and Zanmira	RoundTable Healthcare & Signet Healthcare Partners	Sweden	155.0	48.8	NA	3.2x

Notes:

NA - Not Available

NM - Not Meaningful

Median	\$622.5	\$287.0	\$17.5	3.2x	18.4x
Mean	1,596.9	737.1	31.8	3.0x	18.0x
Min	101.0	42.1	15.9	0.4x	12.3x
Max	10,501.1	2,882.6	62.0	4.6x	22.9x

Source: S&P Capital IQ as of 3/31/2021

Consumer Health – Trading Comps

Consumer Health - Trading Comps

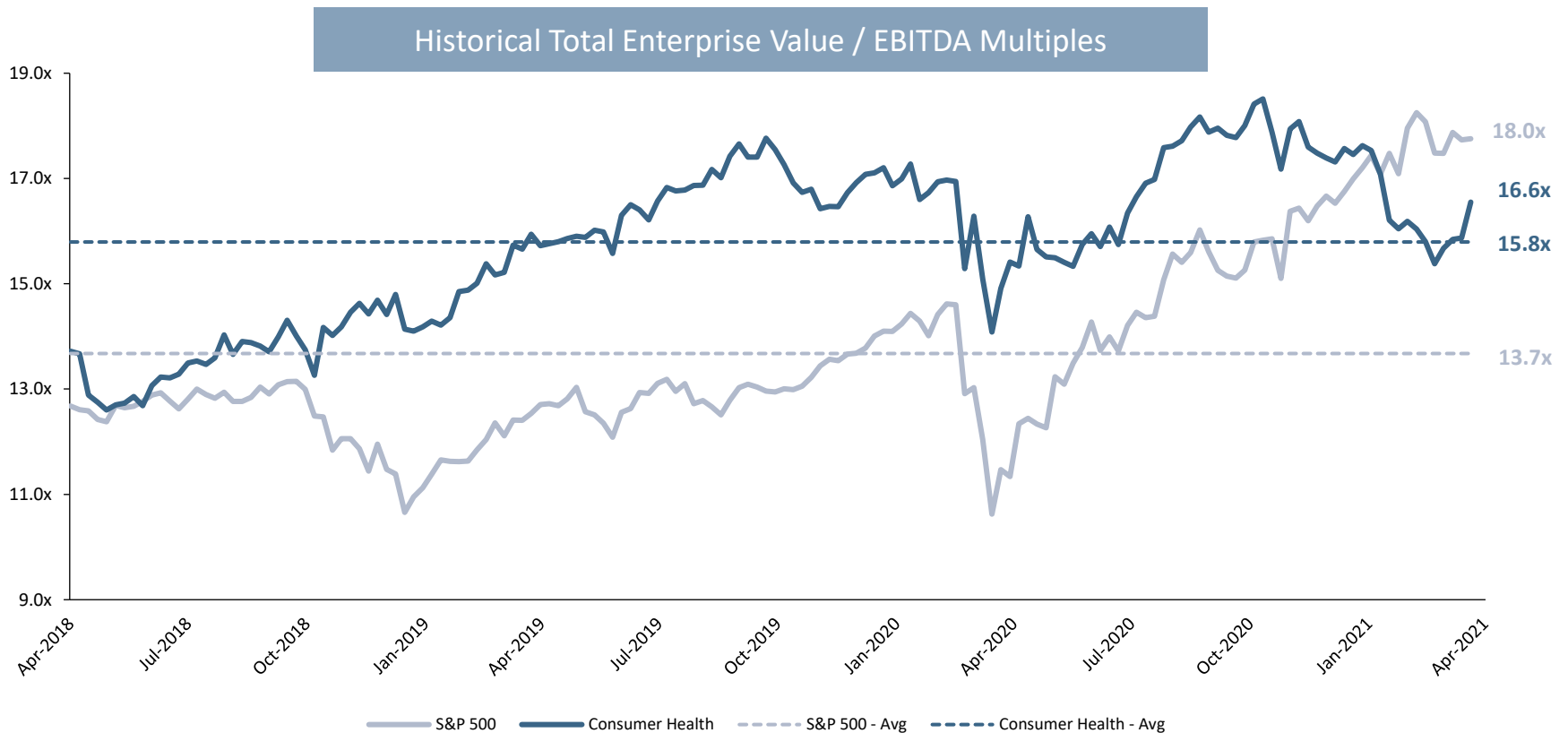
USD in millions

Company	Ticker	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			Debt/		
			Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA
Beiersdorf Aktiengesellschaft	XTRA:BEI	\$22,035.3	\$8,593.3	\$1,335.8	\$1,110.7	57.5%	15.5%	12.9%	2.6x	16.5x	19.8x	0.7%	0.6%	0.1x
Church & Dwight Co., Inc.	NYSE:CHD	23,567.5	4,969.5	1,110.0	931.7	44.9%	22.3%	18.7%	4.7x	21.2x	25.3x	9.7%	10.4%	2.1x
Colgate-Palmolive Company	NYSE:CL	73,586.3	16,718.0	4,383.0	3,840.0	60.9%	26.2%	23.0%	4.4x	16.8x	19.2x	10.6%	11.1%	1.8x
Nu Skin Enterprises, Inc.	NYSE:NUS	2,871.0	2,740.9	357.2	283.9	74.4%	13.0%	10.4%	1.0x	8.0x	10.1x	19.0%	18.4%	0.0x
Prestige Consumer Healthcare Inc.	NYSE:PBH	3,682.7	943.4	327.6	297.4	58.7%	34.7%	31.5%	3.9x	11.2x	12.4x	41.2%	64.9%	4.6x
Reckitt Benckiser Group plc	LSE:RKT	75,995.9	19,104.6	4,751.2	4,293.9	60.3%	24.9%	22.5%	4.0x	16.0x	17.7x	19.0%	22.5%	3.0x
The Procter & Gamble Company	NYSE:PG	353,312.1	74,870.0	20,983.0	18,144.0	52.4%	28.0%	24.2%	4.7x	16.8x	19.5x	8.4%	8.8%	1.4x

Median	58.7%	24.9%	22.5%	4.0x	16.5x	19.2x	10.6%	11.1%	1.9x
Mean	58.4%	23.5%	20.5%	3.6x	15.2x	17.7x	15.5%	19.5%	2.2x
Min	44.9%	13.0%	10.4%	1.0x	8.0x	10.1x	0.7%	0.6%	0.0x
Max	74.4%	34.7%	31.5%	4.7x	21.2x	25.3x	41.2%	64.9%	4.6x

- As of 3/31, this set of trading comps had a median EV / Sales and EV / EBITDA multiple of 4.0x and 16.5x, respectively

Valuation Trends – Last 3 Years

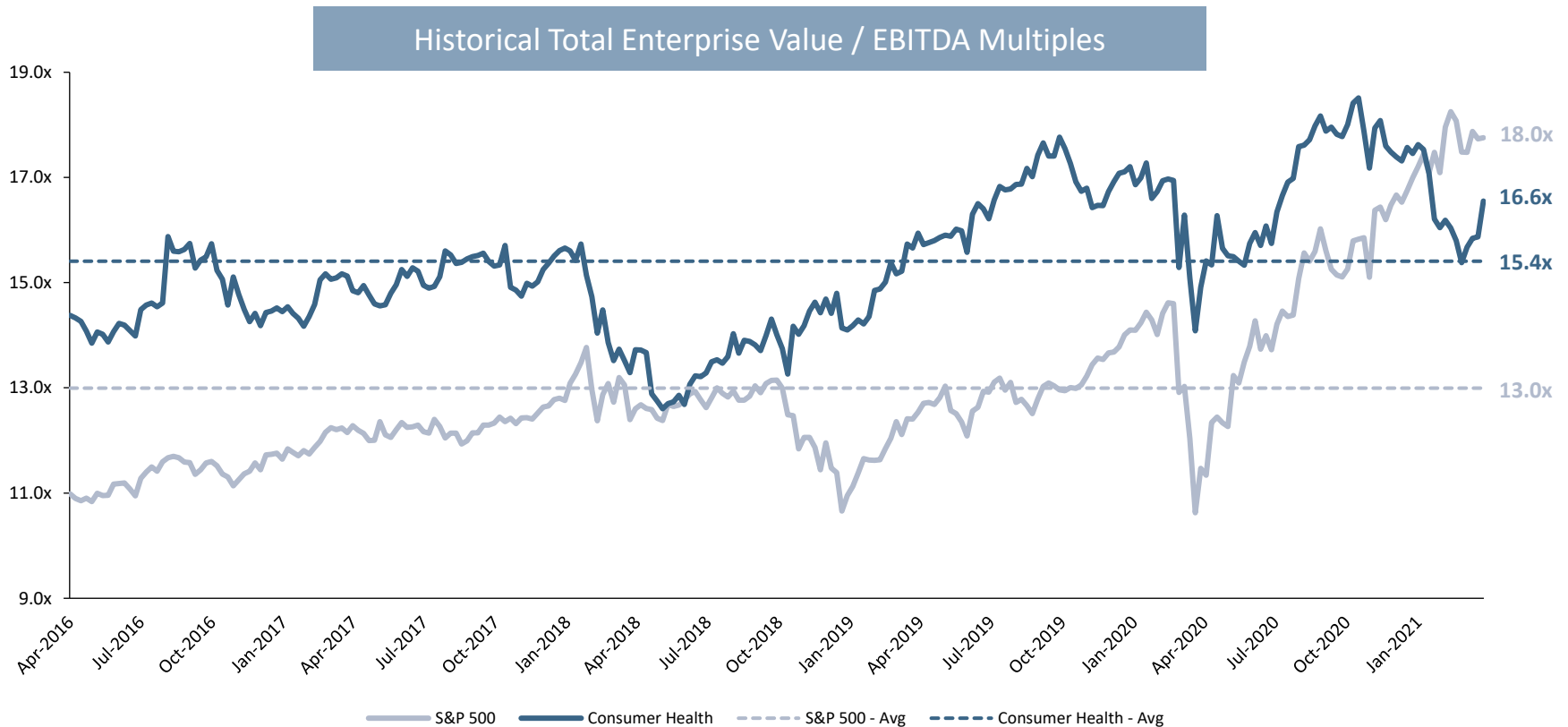


- As of 3/31, the Consumer Health EV / EBITDA multiple sat at 16.6x, having experienced a 20.8% increase over the 3-year period
- The sector index's EV / EBITDA multiple recently fell below the S&P 500 EV / EBITDA multiple after outpacing the index for the majority of the 3-year period

Consumer Health basket consists of: Beiersdorf AG (XTRA:BEI), Church & Dwight Co., Inc. (NYSE:CHD), Colgate-Palmolive Company (NYSE:CL), Nu Skin Enterprises, Inc. (NYSE:NUS), Prestige Consumer Healthcare Inc. (NYSE:PBH), Reckitt Benckiser Group plc (LSE:RKT), Procter & Gamble (NYSE:PG)

Source: S&P Capital IQ as of 3/31/2021

Valuation Trends – Last 5 Years



- The 5-year valuation snapshot of the Consumer Health sector shows very similar to the consistent outpacing of Consumer Health against the S&P 500 until late 2020
- As of 3/31, the Consumer Health EV / EBITDA multiple sat over 7% above the 5-year average

Consumer Health basket consists of: Beiersdorf AG (XTRA:BEI), Church & Dwight Co., Inc. (NYSE:CHD), Colgate-Palmolive Company (NYSE:CL), Nu Skin Enterprises, Inc. (NYSE:NUS), Prestige Consumer Healthcare Inc. (NYSE:PBH), Reckitt Benckiser Group plc (LSE:RKT), Procter & Gamble (NYSE:PG)

Valuation Trends (Current, 3–5 Year, & LTM Comparisons)

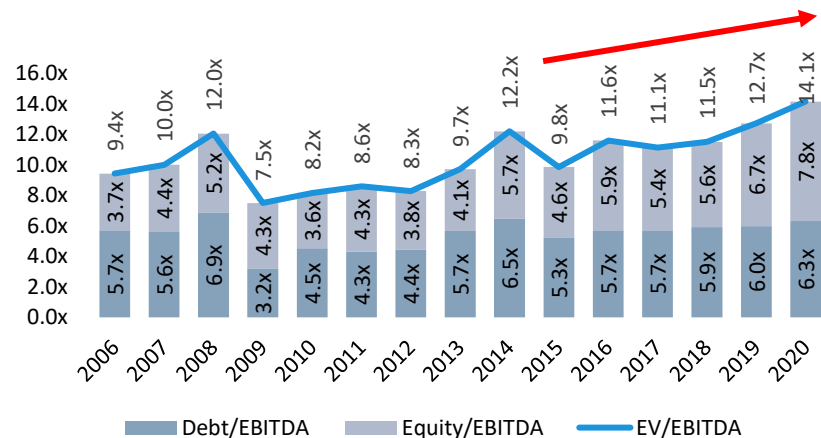
- Below are the current EV / EBITDA multiples for each sector:
 - Consumer Health: 16.6x (7.7% below current S&P 500 multiples)
 - S&P 500: 18.0x
- Below are the average EV / EBITDA multiples for each sector over the last 3-5 years:
 - Consumer Health: the current multiple is 5.0% above its 3-year average, 7.6% above its 5-year average
 - S&P 500: 13.0x (5-year average), 13.7x (3-year average)
- Below are the % change in EV / EBITDA multiples for each sector over the last 3-5 years (and LTM):
 - Consumer Health: 15.3% in the last 5 years, 20.8% in the last 3 years (7.6% LTM)
 - S&P 500: 63.5% in the last 5 years, 41.7% in the last 3 years (58.4% LTM)

Market Commentary – Debt Capital Markets

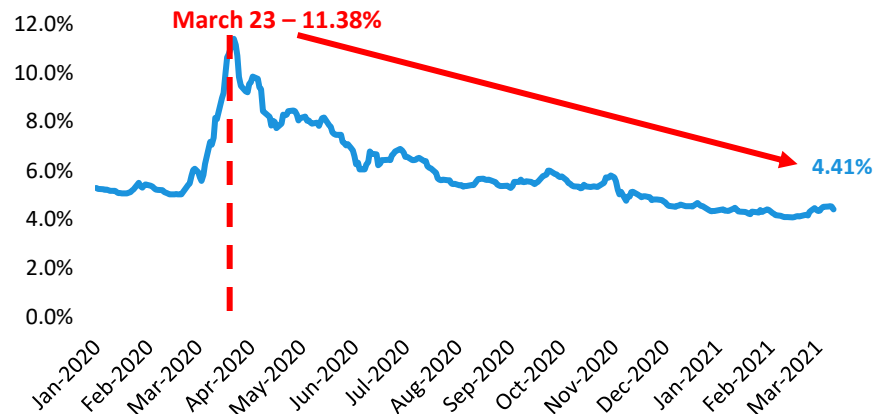
Debt Markets

- 2020 saw increased amounts of debt used in buyouts across the board, resulting in the highest debt / EBITDA levels since 2014
 - The increased use of debt was driven by 2H20 back-end loaded lending activity (primarily 4Q20) as certainty around the U.S. election and vaccination expectations increased
- As the effects of COVID now begin to lighten in the US, debt markets have seemingly recovered, signaling that lenders have become increasingly comfortable with macroeconomic and company-specific fundamentals
 - With increased confidence, lenders are currently looking to provide strong leverage for high-quality assets, particularly ones that have proven their stability through the recent market downturn
- The spread on U.S. high-yield debt has returned to pre-COVID levels
 - 4.41% current effective yield compared with a 11.38% effective yield on March 23, 2020 (peak of the pandemic)
- We expect increased activity by lenders in 2021 due to:
 - Pent-up demand in M&A activity driven by the impact of COVID
 - LP agreements and investor mandates continuing to drive deal activity
 - Historically high levels of Private Equity dry powder

Median US Buyout Multiples¹



Historical US High Yield Debt Effective Yield²



1) PitchBook, March 2021

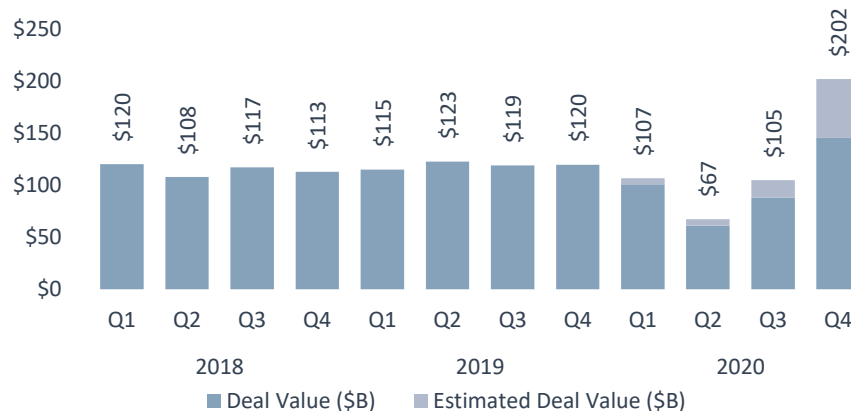
2) Ice Data Indices, LLC, ICE BofA US High Yield Index Effective Yield [BAMLH0A0HYM2EY] Federal Reserve Bank of St. Louis

Market Commentary – Private Equity

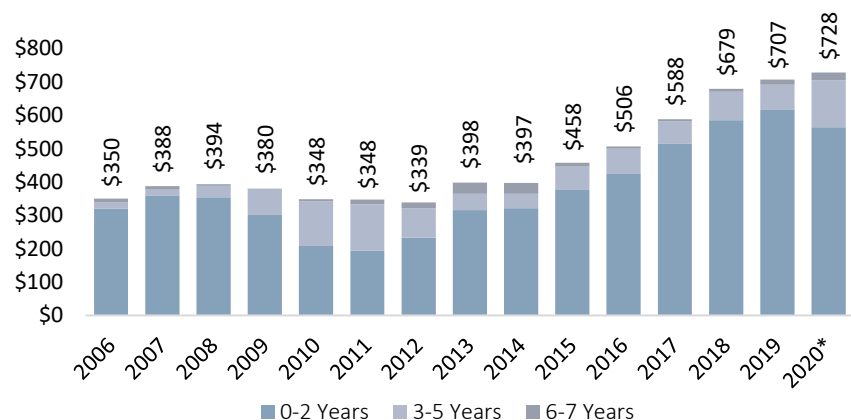
Private Equity

- Portfolios have stabilized with sufficient liquidity, and in most cases, performance has been steadily improving since the onset of COVID
- Majority of firms have indicated that they are actively looking for deals and are willing to perform significant diligence remotely to minimize travel/meetings with management
 - Some groups have mentioned the ability to close and fund deals performing 100% virtual diligence, if LP agreements permit
 - Third-party diligence providers are willing to perform the majority of diligence remotely
- Private equity firms remain willing to pay pre-COVID multiples for outstanding assets – record levels of dry powder and significant pent-up demand in the market for high-quality assets
 - As of March 31st, 2020, US private equity had a record level of capital overhang, exceeding \$725B
 - Dry powder falling in the age range of 3-5 years was nearly double that of 2019 (\$75B) in 2020 (\$141B)
 - Due to turbulent market conditions and the fallout related to COVID-19, we expect the levels of capital overhang to diminish substantially in 2021 as Private Equity groups continue to deploy significant capital

US Private Equity Middle Market Deal Value¹



US Private Equity Dry Powder by Maturity (\$B)¹



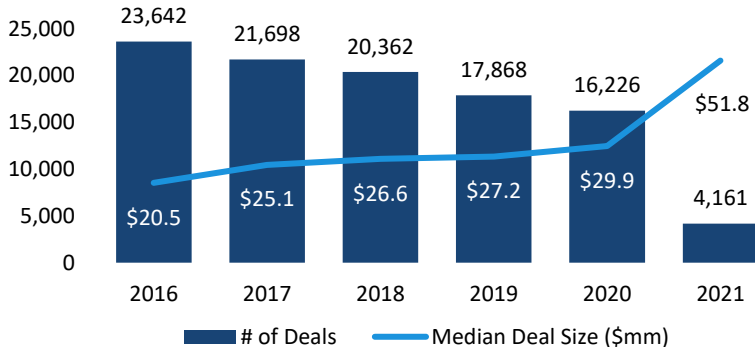
*Returns data through 3/31/2020

Market Commentary – M&A

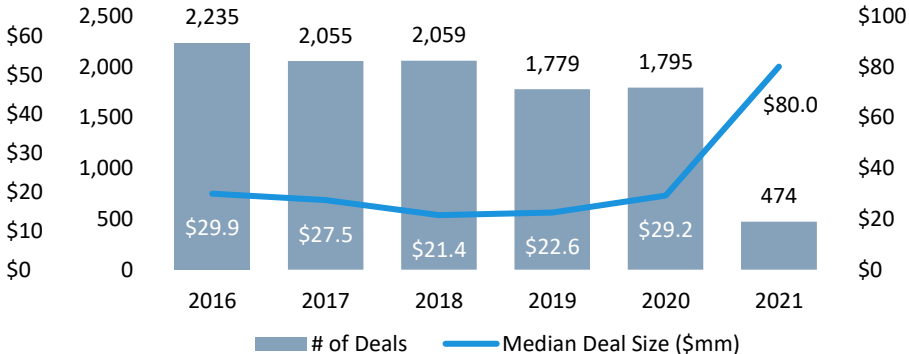
M&A

- As deal volume has steadily decreased for the past five years in both the overall market and the healthcare sector, we have continued to see median deal size grow and expand into what could be a strong 2021
 - With public equity markets continually reaching all time highs, private markets are following suit as investors/companies are looking to deploy capital and are willing to pay a premium for strong companies
- Many transactions were either pushed out or halted during the COVID-19 pandemic, leaving buyers with a solid appetite to transact in order to meet company objectives
- As the world begins to re-open and resume normal life (albeit at a slow pace), resurgences in key areas such as elective surgeries and medical testing will help drive strong(er) company fundamentals and expected healthcare deal activity in 2021

Last 5 Years – All M&A Transactions¹



Last 5 Years – Healthcare M&A Transactions¹



1) PitchBook, March 2021

COVID-19 – M&A Process Considerations

- The impact of COVID-19 has had lasting effects on the way Bourne runs and executes its M&A processes
 - We are mindful of buyer health concerns and can proactively prepare to address them to ensure that we enable strong participation in our processes to maximize competition
- We have experience closing transaction processes during COVID, which has allowed us to refine and develop our approach to how we currently manage processes
- We leverage technology as much as possible to support a nearly “virtual” process
 - Bourne’s diligence and preparation can be completed remotely
 - Buyer outreach through indications of interest can take the traditional form of pre-COVID processes
 - Roadshows and management presentations can be hosted virtually (with some adjustments to content)
 - Require refresh bids after management presentations to down-select and limit in-person meetings to a reduced group of highly motivated parties
 - Prepare to support all business and third-party diligence remotely with a fully “buttoned up” virtual data room, and utilize technology to perform as much diligence as possible
 - Consider proactively commissioning diligence materials to take the place of traditional standard in person third party diligence such as facility tours and operational reviews
 - Bourne tightly manages processes and sets firm milestones for diligence phases to ensure buyers do their work on a strict timeline and do not use inability to travel/meet in-person as an excuse to elongate processes

Representative Bourne Transactions During COVID

2021
up to **\$210,000,000**



Bourne Partners served as the exclusive M&A advisor to ANI Pharmaceuticals in its acquisition of Novitium Pharma

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2021
Undisclosed



Bourne Partners served as the exclusive advisor to ConTIPI in its commercialization partnership with Indegene

BOURNE PARTNERS

2020
Undisclosed



Bourne Partners served as the exclusive financial advisor to Apollo Pharmaceuticals USA in its sale to Provepharm Life Solutions

BOURNE PARTNERS

2020
\$10,000,000



Bourne Partners served as the exclusive financial advisor to American Injectables in securing its Series A Financing from New Rhein Healthcare Investors

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2021
up to **\$36,000,000**



Bourne Partners served as the exclusive financial advisor to Nuvera in its sale to UDG Ashfield

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Robert Stanley
Vice President

- Over 70 years of combined pharmaceutical, biotechnology, medical device, healthcare and pharma services, and consumer health/OTC experience
- Over 100 years of combined investment banking and private equity transaction experience
- Transactions completed in more than 35 countries
 - Mergers & Acquisitions*
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 - Product Divestitures*
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