



# Sectorwatch: Consumer - Product Goods

January 2019

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Sector Dashboard [4]

Public Basket Performance [5]

Operational Metrics [7]

Valuation Comparison [10]

Recent Deals [13]

Appendix [14]

# Overview

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7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

## Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



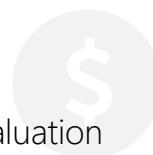
## Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



## Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



## Recent Deals

- The most recently announced deals in the sector



# Dashboard



## Revenue Growth Momentum

↑ 0.03

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

## Pricing / Gross Margin

↓ -1.1%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

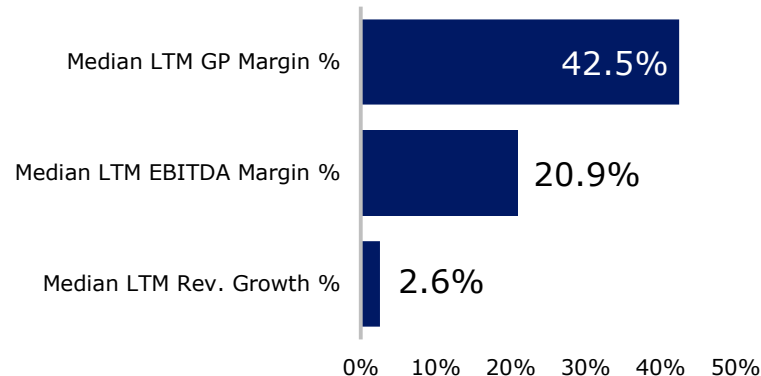
## Profitability

↓ -0.1%

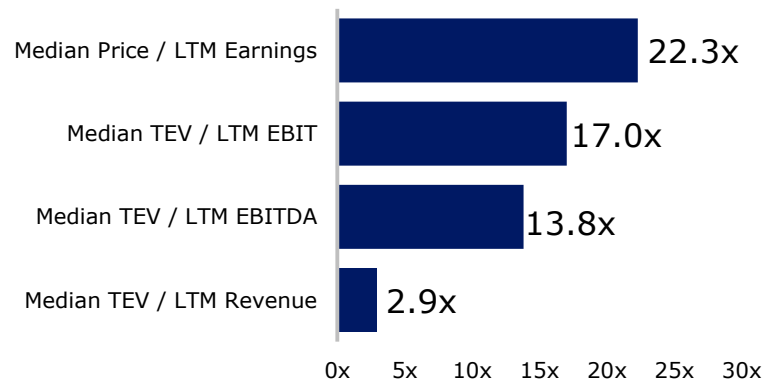
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

## Operating Metrics



## Valuation



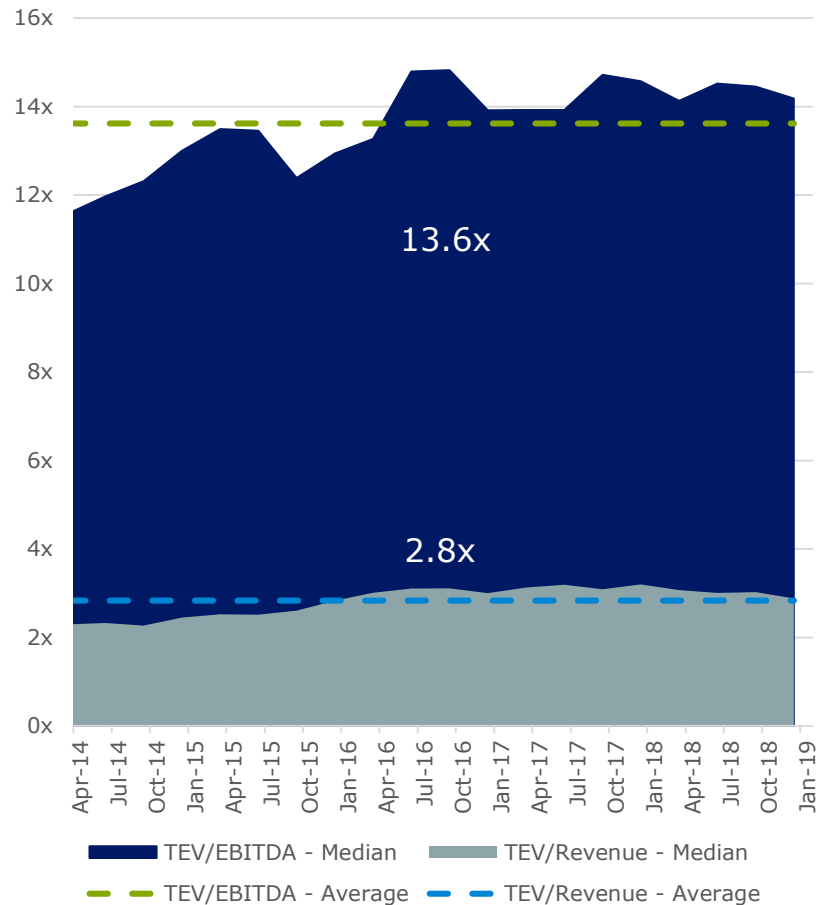
# Public Basket



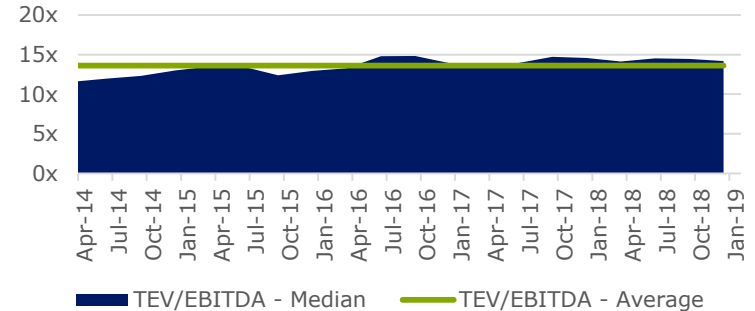
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Spectrum Brands Holdings, Inc.	6,903	3,146	4%	37%	16%	2.2	13.8	13,000	242
Church & Dwight Co., Inc.	18,508	4,105	13%	45%	23%	4.5	19.2	4,700	873
The Clorox Company	21,885	6,187	3%	43%	21%	3.5	16.9	8,700	711
Kao Corporation	32,827	13,279	2%	44%	18%	2.4	13.1	33,560	396
General Mills, Inc.	40,602	16,278	5%	34%	21%	2.5	11.5	40,000	407
Kimberly-Clark Corporation	47,750	18,431	1%	34%	21%	2.6	11.8	42,000	439
Mondelez International, Inc.	81,494	26,131	2%	40%	18%	3.1	15.5	83,000	315
Unilever PLC	163,410	61,069	-3%	42%	20%	2.7	13.8	160,566	380
The Procter & Gamble Company	250,487	66,869	3%	50%	26%	3.7	14.2	92,000	727
Johnson & Johnson	358,836	81,382	9%	67%	34%	4.4	12.8	134,000	607
<b>Average</b>	102,270	29,688	4%	44%	22%	3.2	14.3	61,153	510
<b>Median</b>	44,176	17,354	3%	42%	21%	2.9	13.8	41,000	423

share price as of 16Jan19

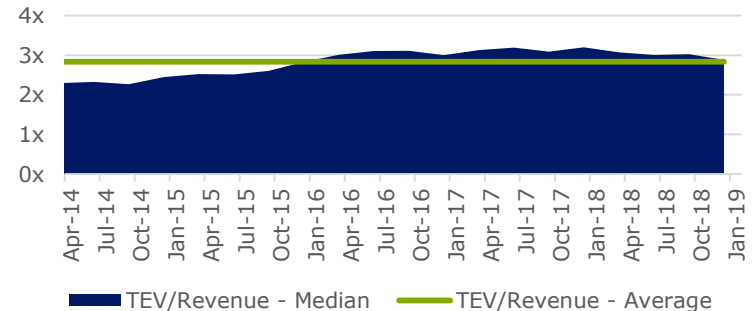
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



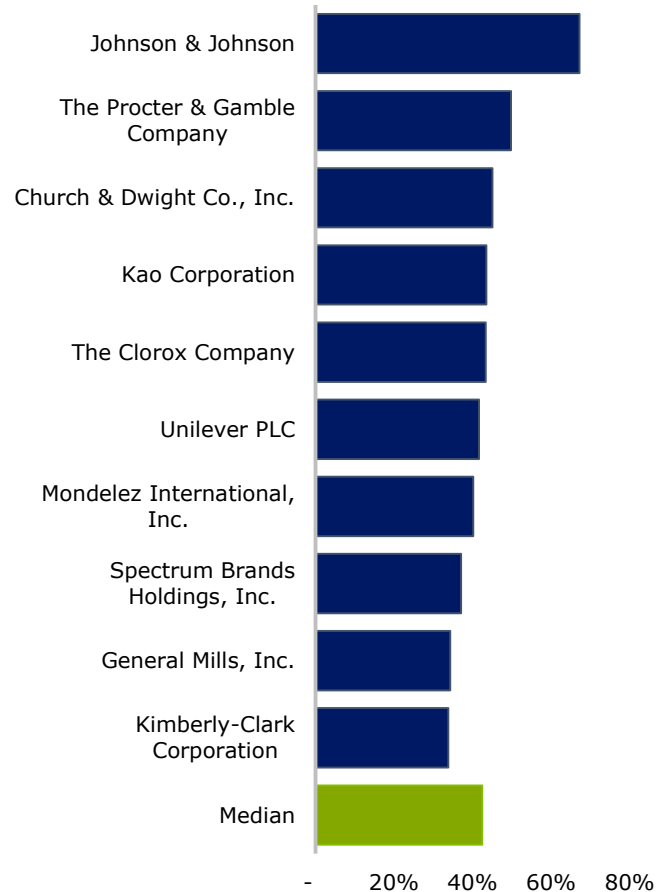
## Public Revenue Multiples over Time



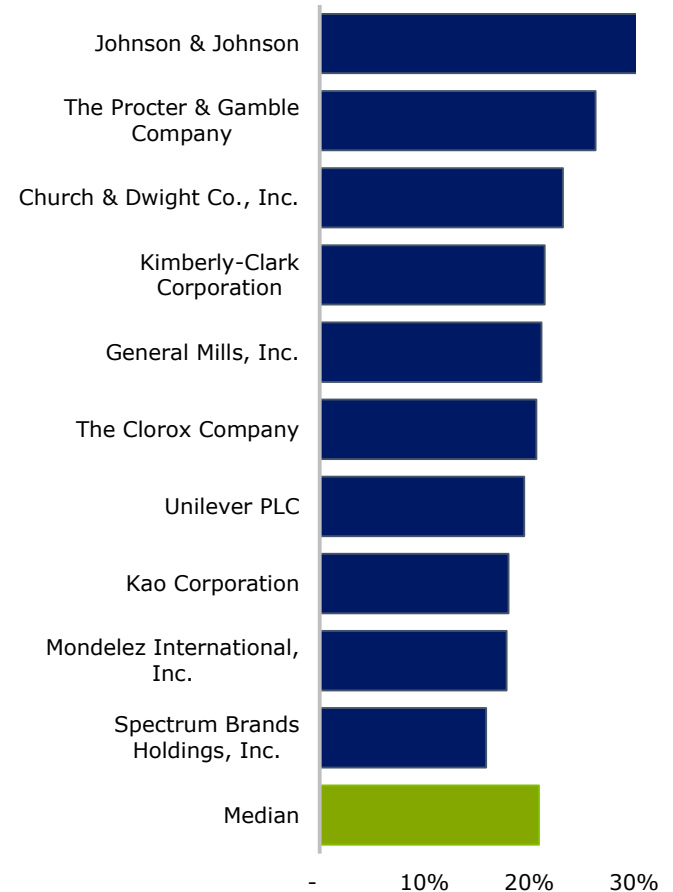
# Operational Metrics



## LTM Gross Profit Margin %



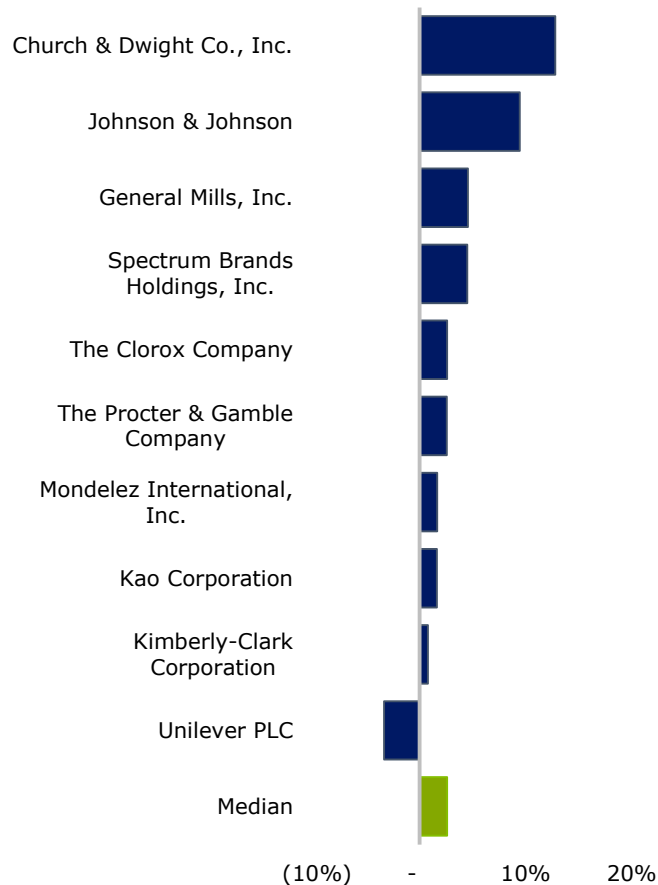
## LTM EBITDA %



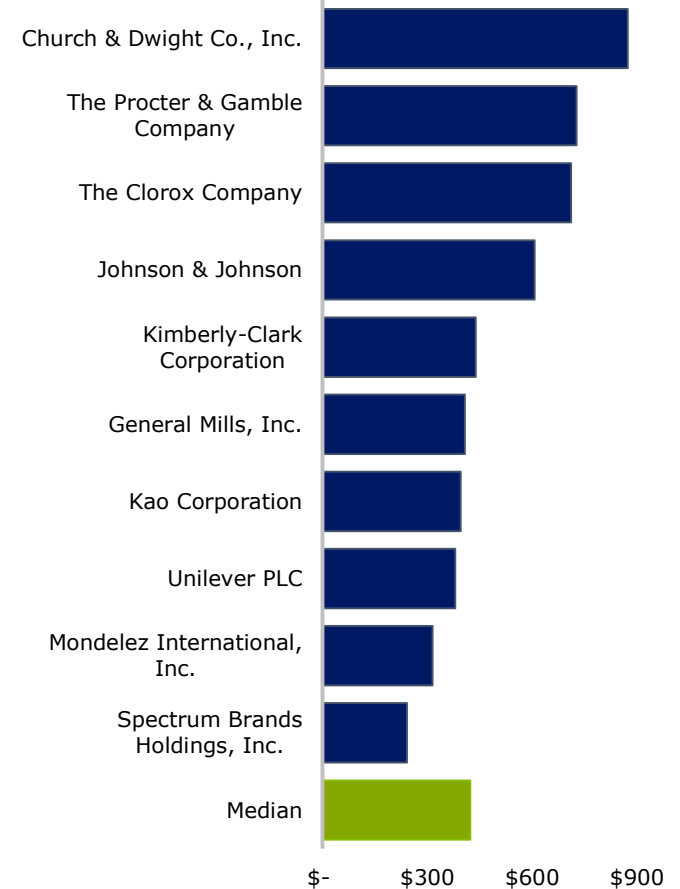
# Operational Metrics



## LTM Revenue Growth %



## LTM Revenue per Full Time Employee x 000's

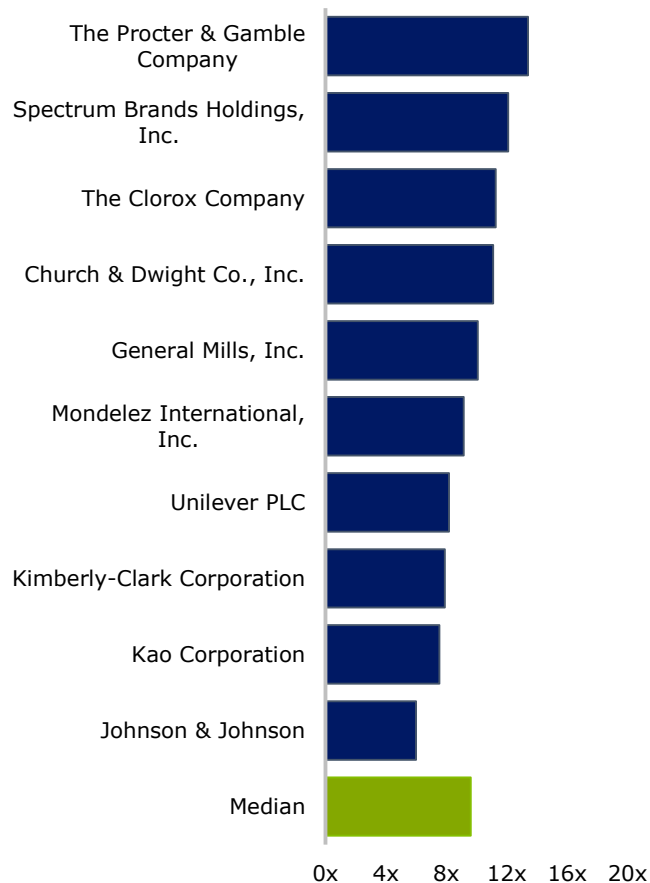




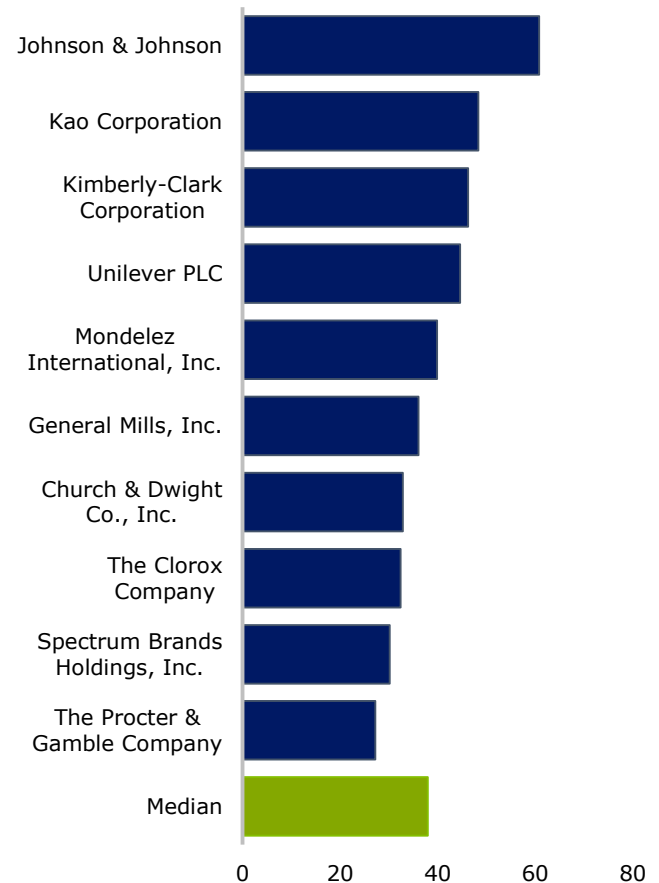
# Operational Metrics



## Accounts Receivable Turnover



## Average Days Sales Outstanding



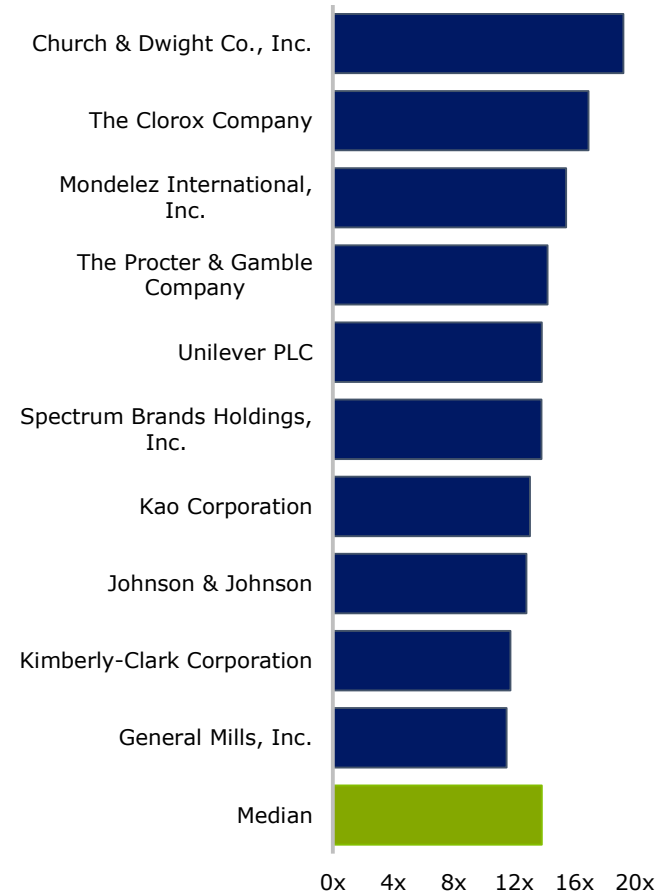
# Valuation



## TEV / LTM Revenue



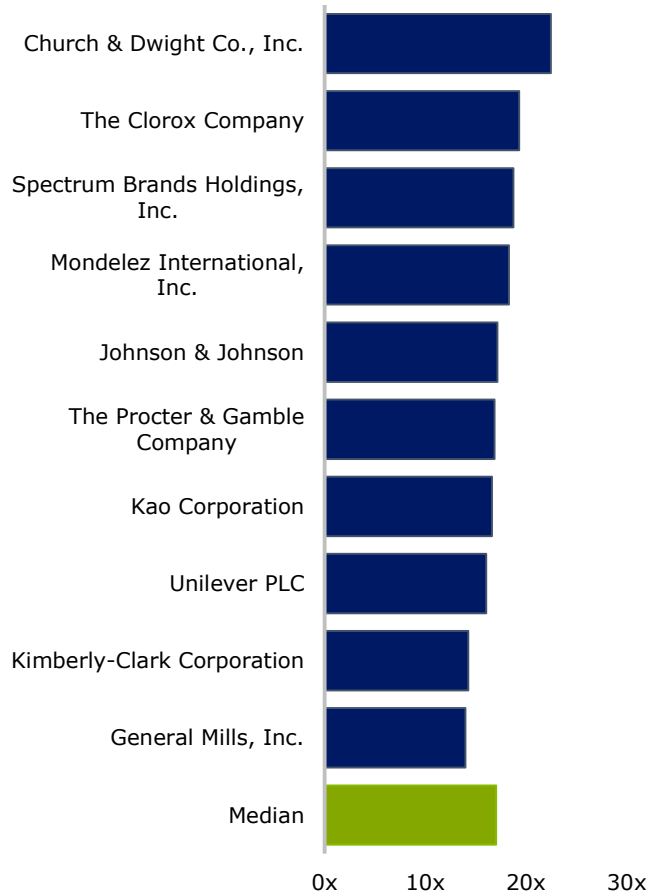
## TEV / LTM EBITDA



# Valuation



## TEV / LTM EBIT



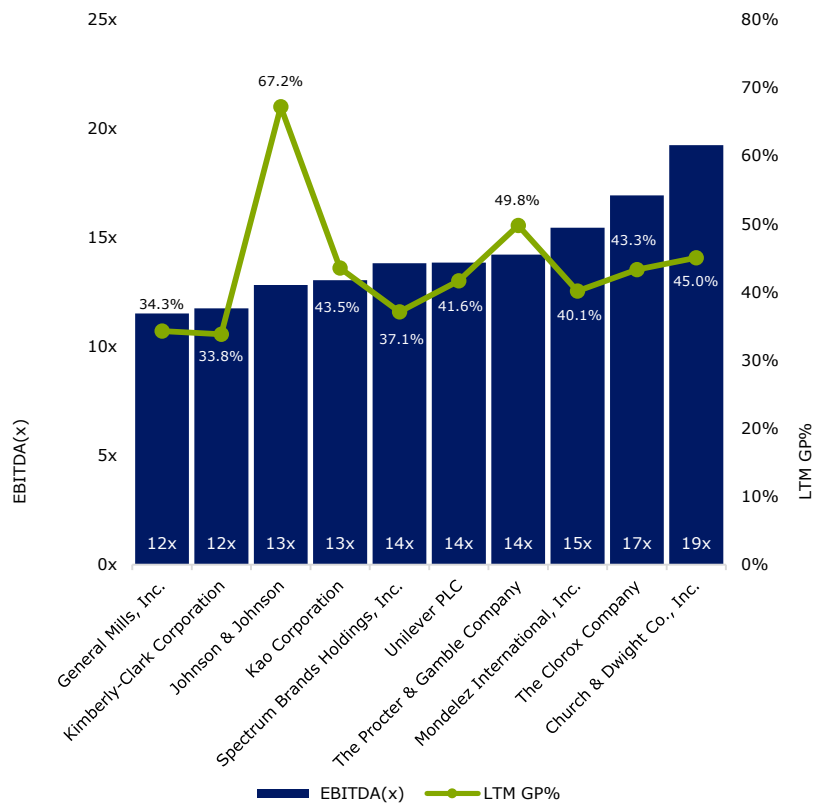
## Price / LTM Earnings



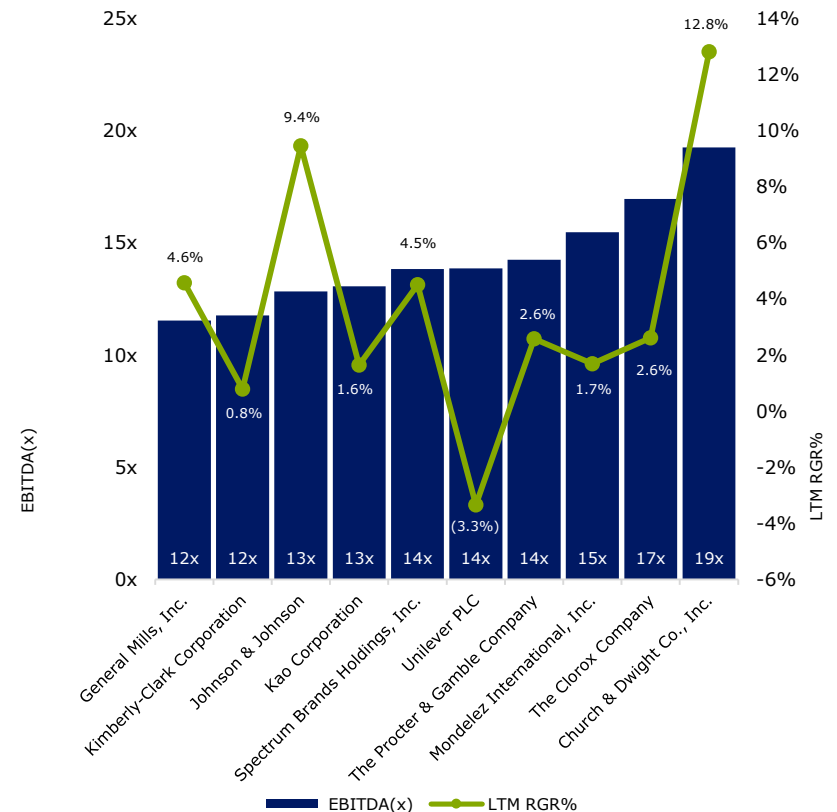
# Valuation



## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
20Dec18	Safilo Group S.p.A.	Brandes Investment Partners, L.P.	-	1,135.49	-	-
20Dec18	Christopher & Banks Corporation	CSC Generation, Inc.	30.76	356.87	0.0x	NM
18Dec18	OurPet's Company	Hyper-Pet LLC	24.45	28.46	0.8x	10.6x
19Dec18	All Assets of Glansao LLC	AS Beauty LLC	16.22	-	-	-
11Dec18	Mechanicsburg Porsche Dealership	Faulkner Automotive Group	-	-	-	-
11Dec18	Giraffe Foods Inc.	Graham Partners	-	-	-	-
9Dec18	Nutrisystem, Inc.	Tivity Health, Inc.	1,434.78	692.73	1.9x	14.0x
5Dec18	Olean Wholesale Grocery Cooperative, Inc.	C&S Wholesale Grocers, Inc.	-	-	-	-
29Nov18	Pollock Investments Inc.	Landsberg Orora	82.50	260.00	0.3x	8.9x
22Nov18	Alliance Cosmetics Sdn Bhd	Mandom Corporation	-	-	-	-
19Nov18	Amoy Food Limited	CITIC Capital Partners; CITIC Capital Japan Partners III, L.P.; Citic Capital China Partners III, L.P.	-	-	-	-
14Nov18	Mr Price Group Limited	-	-	1,529.30	-	-
30Sep18	Mondelez International, Inc.	-	-	26,131.00	-	-
14Nov18	Cosmetic Essence, LLC	Vee Pak Inc.	-	-	-	-
7Nov18	Innovative Food Sales LLC	KeyImpact Sales & Systems, Inc.	-	-	-	-
30Oct18	InMotion Entertainment Group, LLC	WH Smith PLC	198.00	-	-	-
25Oct18	Unipack, Inc.	Geritrex LLC	-	-	-	-
23Oct18	Ci:z Holdings Co., Ltd.	Johnson & Johnson	755.44	453.99	5.2x	30.8x
18Oct18	Vionic Group, LLC	Caleres, Inc.	360.00	180.00	2.0x	-
4Oct18	Birchbox, Inc.	Walgreen Co.	-	-	-	-
1Oct18	Luxottica Group S.p.A.	Essilor International Société Anonyme (nka:EssilorLuxottica Société anonyme)	11,995.08	10,159.96	3.3x	13.5x
3Sep18	Acheson & Acheson Ltd	The Hut Group Limited	77.31	-	-	-

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## APPENDIX: Public Basket Constituents

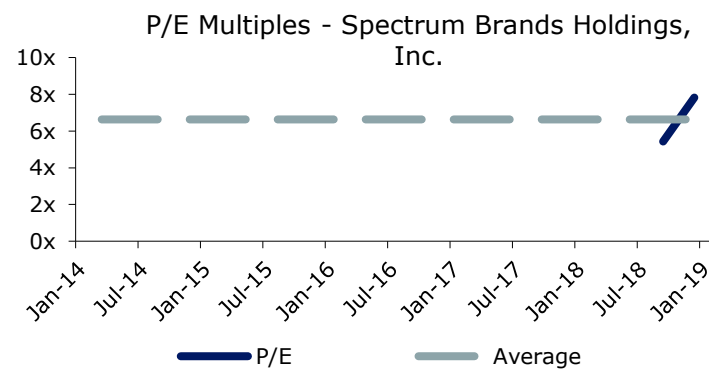
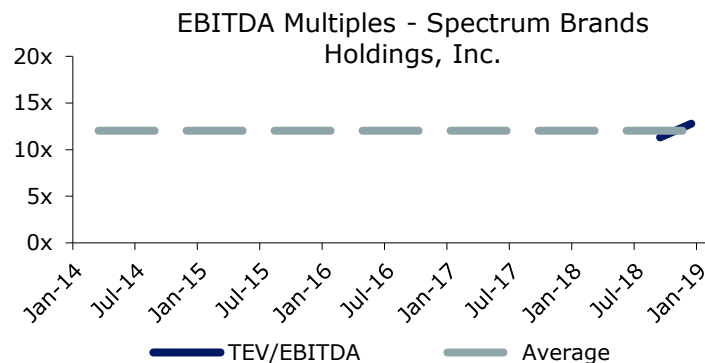
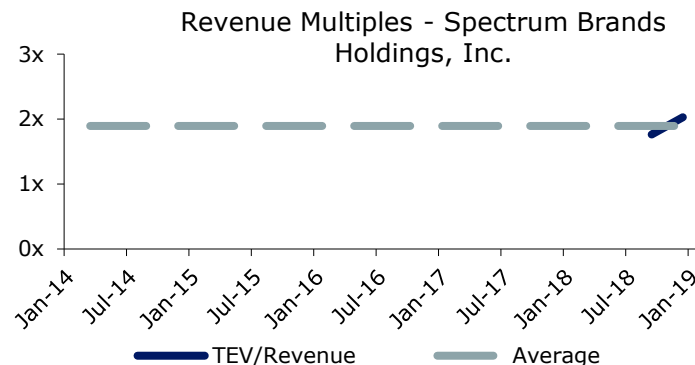
# Public Basket



## Spectrum Brands Holdings, Inc.

Spectrum Brands Holdings, Inc. operates as a branded consumer products company worldwide. The company's Hardware & Home Improvement segment offers hardware products under the National Hardware, Stanley, and FANAL brands; locksets and door hardware under the Kwikset, Weiser, Baldwin, EZSET, and Tell brands; and plumbing products under the Pfister brand. Its Global Pet Supplies segment provides dog, cat, and small animal food and treats; clean-up and training aid products and accessories; and pet health and grooming products under the 8IN1 (8-in-1), Dingo, Nature's Miracle, Wild Harvest, Littermaid, Jungle, Excel, FURminator, IAMS, Eukanuba, Healthy-Hide, DreamBone, SmartBones, GloFish, ProSense, Perfect Coat, eCOTRITION, Birdola, and Digest-eeze brands. It also offers aquariums and aquatic health supplies under the Tetra, Marineland, Whisper, and Instant Ocean brand names. The company is headquartered in Middleton, Wisconsin.

Date	Key Development Headline
11/14/18	Energizer Holdings, Inc. (NYSE:ENR) entered into a definitive acquisition agreement to acquire global auto care business from Spectrum Brands Holdings, Inc. (NYSE:SPB) for approximately \$1.3 billion.

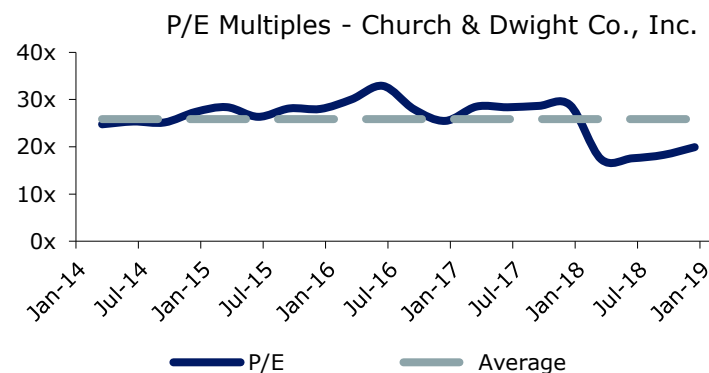
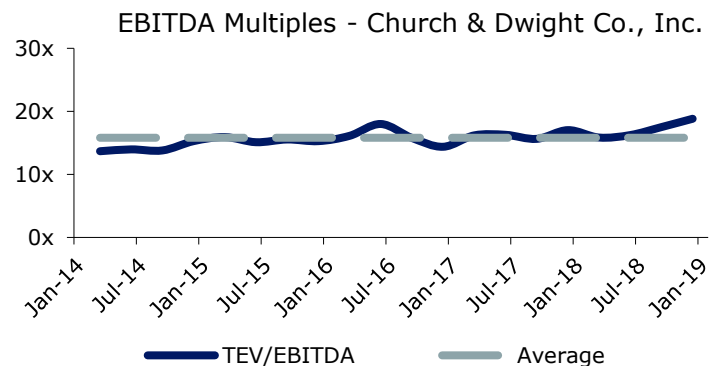
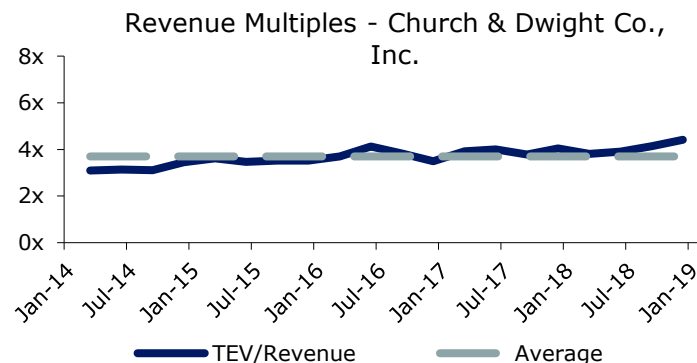


# Public Basket



## Church & Dwight Co., Inc.

Church & Dwight Co., Inc. develops, manufactures, and markets household, personal care, and specialty products. The company operates through three segments: Consumer Domestic, Consumer International, and the Specialty Products Division. It offers baking soda, cat litter, carpet deodorization, and laundry detergent products under the ARM & HAMMER brand; condoms, lubricants, and vibrators TROJAN brand; stain removers, cleaning solutions, laundry detergents, dishwashing detergents, and bleach alternatives under the OXICLEAN brand; battery-operated and manual toothbrushes under the SPINBRUSH brand; home pregnancy and ovulation test kits under the FIRST RESPONSE brand; depilatories under the NAIR brand; oral analgesic products under the ORAJEL brand; laundry detergents under the XTRA brand; gummy dietary supplements under the L' IL CRITTERS and VITAFUSION brands; dry shampoos under the BATISTE brand; and water flossers and replacement showerheads under the WATERPIK brand. The company also provides specialty products, including animal productivity products, such as MEGALAC rumen bypass fat, a supplement, which enables cows to maintain energy levels during the period of high milk production; BIO-CHLOR and FERMENTEN, which are designed to help reduce health issues associated with calving, as well as provides needed protein; and CELMANAX refined functional carbohydrate, a yeast based prebiotic. The company was founded in 1846 and is headquartered in Ewing, New Jersey.





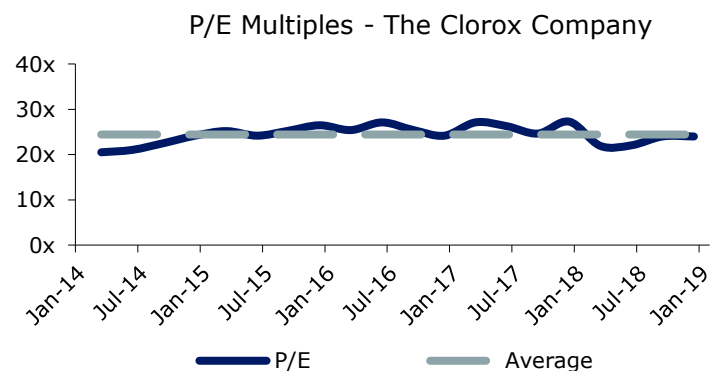
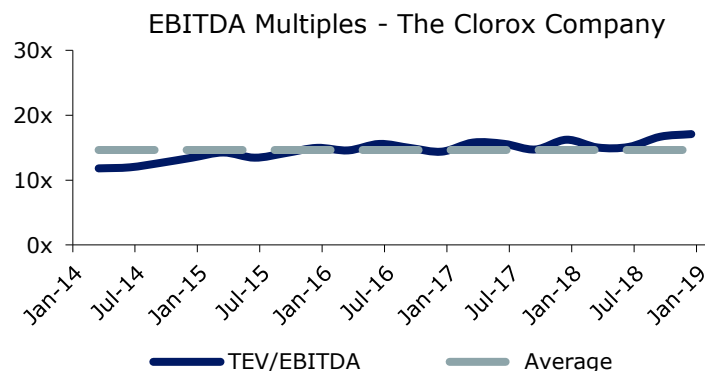
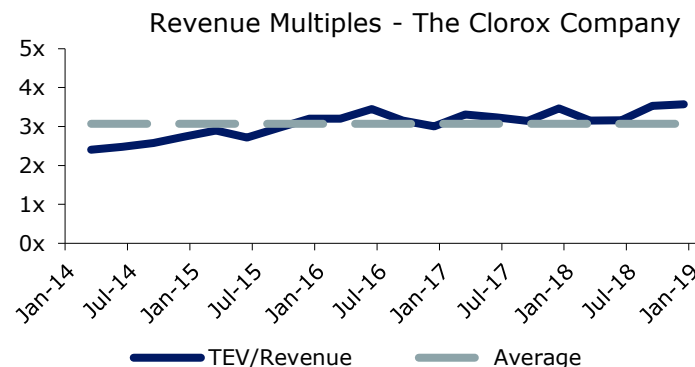
# Public Basket



## The Clorox Company

The Clorox Company manufactures and markets consumer and professional products worldwide. It operates through four segments: Cleaning, Household, Lifestyle, and International. The company offers laundry additives, including bleach products under the Clorox brand, as well as Clorox 2 stain fighter and color booster; home care products primarily under the Clorox, Formula 409, Liquid-Plumr, Pine-Sol, S.O.S, and Tilex brands; naturally derived products under the Green Works brand; and professional cleaning, disinfecting, and food service products under the Clorox, Dispatch, HealthLink, Clorox Healthcare, Hidden Valley, KC Masterpiece, and Soy Vay brands. It also provides charcoal products under the Kingsford and Match Light brands; bags, wraps, and containers under the Glad brand; cat litter products under the Fresh Step, Scoop Away, and Ever Clean brands; and digestive health products under the RenewLife brand. The Clorox Company was founded in 1913 and is headquartered in Oakland, California.

Date	Key Development Headline
4/1/18	The Clorox Company (NYSE:CLX) completed the acquisition of Nutranext LLC from WM Partners, LP.
3/11/18	The Clorox Company (NYSE:CLX) entered into a unit purchase agreement to acquire Nutranext LLC from WM Partners, LP for \$700 million.



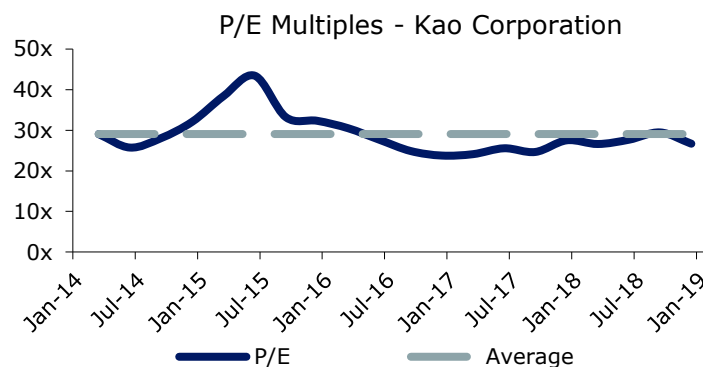
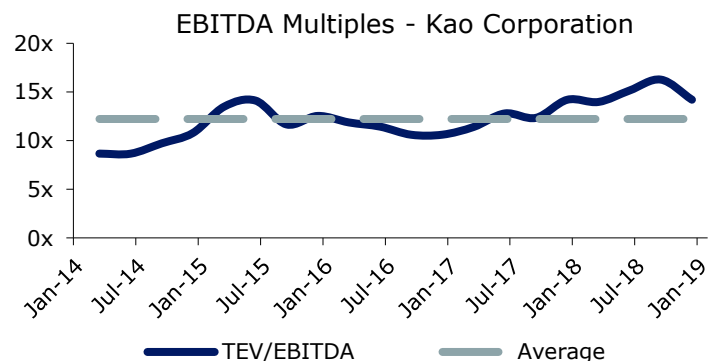
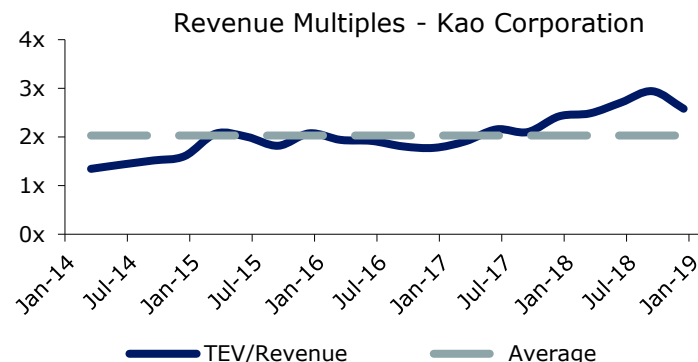
# Public Basket



## Kao Corporation

Kao Corporation develops and sells consumer and chemical products in Japan and internationally. The company operates through Cosmetics Business, Skin and Hair Care Business, Human Health Care Business, Fabric and Home Care Business, and Chemical Business segments. It offers face care products, such as face washes, makeup removers, face sheets, lotions, emulsions, creams, essences, sunscreen, packs, and lip care products; makeup products, including face powders and eye makeup products; body care products comprising body soaps, hand care products, body sheets, and antiperspirant deodorants; and oral care products, such as toothpastes and toothbrushes. The company also provides hair care products, including shampoos and rinses, scalp care products, and hair growth tonics; hair styling products; hairsprays; hair color products; shaving products; men's grooming products; in-bath health care products comprising bath additives and shower care products; and warming products consisting of steam thermo patches, good-night steam sheets, and steam eye masks. Kao Corporation was founded in 1887 and is headquartered in Tokyo, Japan.

Date	Key Development Headline
8/30/18	Mino Ceramic Co., Ltd. (NSE:5356) cancelled the acquisition of high level ceramics business from Kao Corporation (TSE:4452).



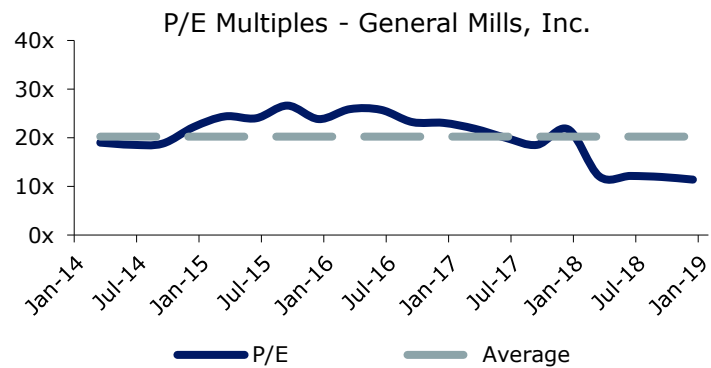
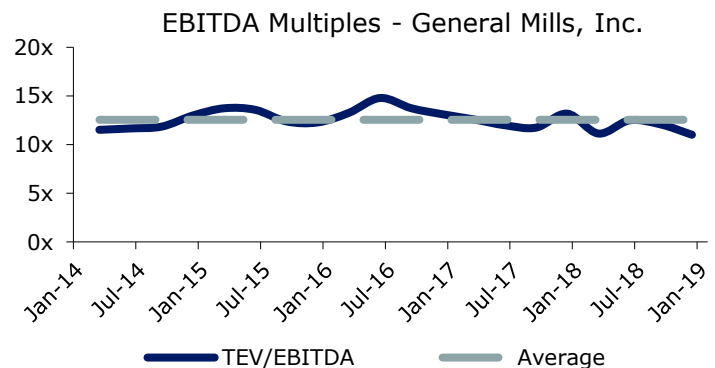
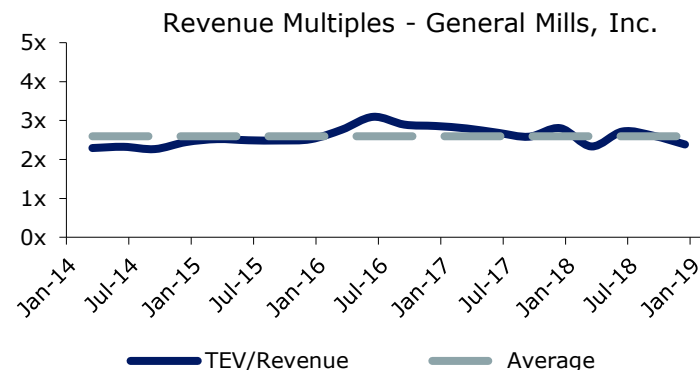
# Public Basket



## General Mills, Inc.

General Mills, Inc. manufactures and markets branded consumer foods worldwide. The company operates in five segments: North America Retail; Convenience Stores & Foodservice; Europe & Australia; Asia & Latin America; and Pet. It offers ready-to-eat cereals, refrigerated yogurt, soup, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza and pizza snacks, grain, fruit, and savory snacks, as well as organic products, including refrigerated yogurt, nutrition bars, meal kits, salty snacks, ready-to-eat cereal, and grain snacks. It also supplies branded and unbranded food products to the North American foodservice and commercial baking industries; and manufactures and markets pet food products, including dog and cat food. The company was founded in 1866 and is based in Minneapolis, Minnesota.

Date	Key Development Headline
1/15/19	Molinos Rio de la Plata S.A. (BASE:MOLI) acquired La Salterna S.A. from General Mills, Inc. (NYSE:GIS).
7/11/18	General Mills Looks To Reshape Portfolio Through Divestitures
7/11/18	General Mills Seeks Acquisitions
4/23/18	General Mills, Inc. (NYSE:GIS) completed the acquisition of Blue Buffalo Pet Products, Inc. (NasdaqGS:BUFF) from The Invus Group, LLC, The Orca Trust and founding Bishop family shareholders (through The Bishop Family Limited Partnership).
3/21/18	General Mills Seeking To Sell Assets



# Public Basket

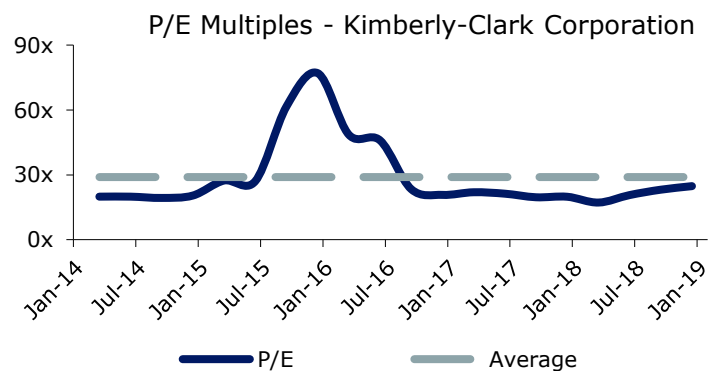
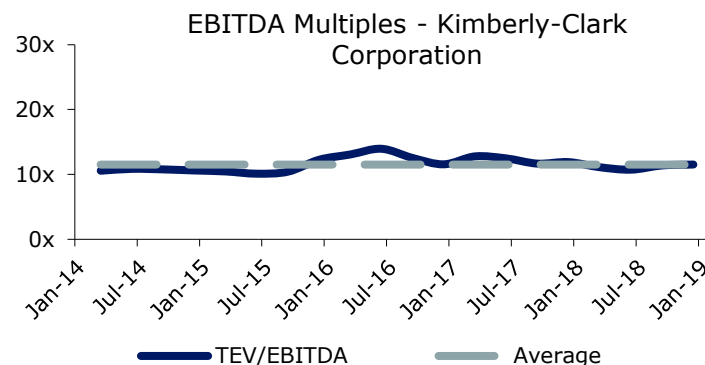
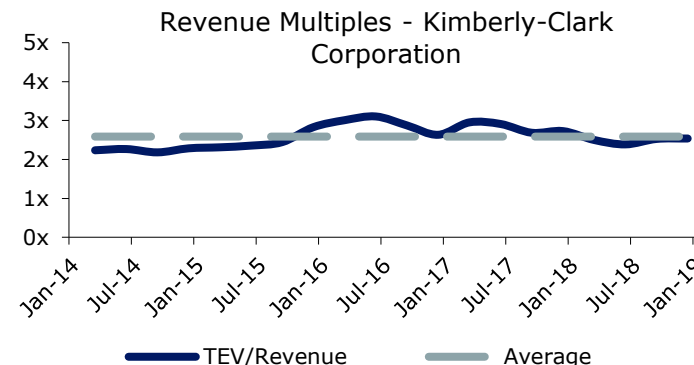


## Kimberly-Clark Corporation

Kimberly-Clark Corporation, together with its subsidiaries, manufactures and markets personal care, consumer tissue, and professional products worldwide. It operates through three segments: Personal Care, Consumer Tissue, and K-C Professional. The Personal Care segment offers disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, and other related products under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Kotex, U by Kotex, Intimus, Depend, Plenitud, Poise, and other brand names. The Consumer Tissue segment provides facial and bathroom tissues, paper towels, napkins, and related products under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Neve, and other brand names. The company sells household use products directly to supermarkets, mass merchandisers, drugstores, warehouse clubs, variety and department stores, and other retail outlets, as well as through other distributors and e-commerce; and away-from-home use products directly to manufacturing, lodging, office building, food service, and public facilities, as well as through distributors. Kimberly-Clark Corporation was founded in 1872 and is headquartered in Dallas, Texas.

### Date Key Development Headline

1/23/18 Kimberly-Clark Plans to Sell



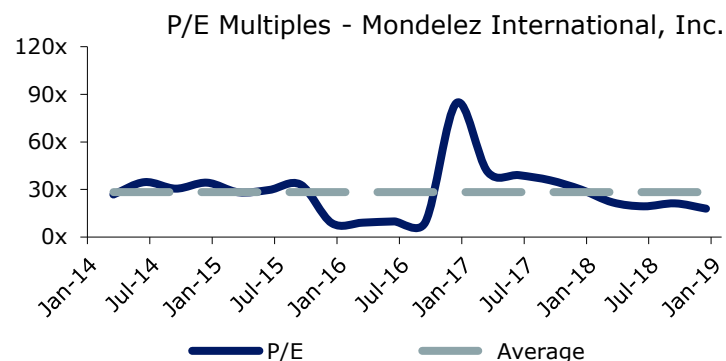
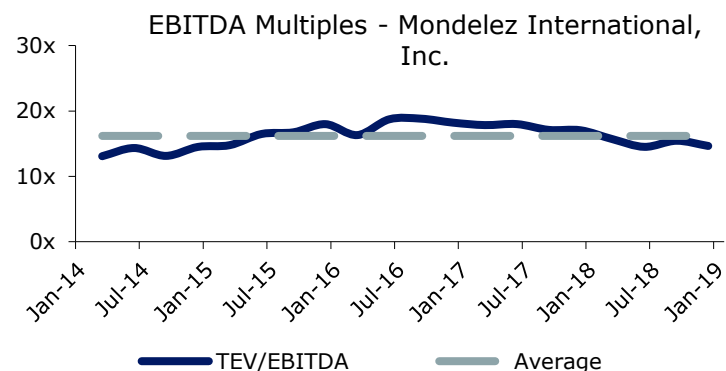
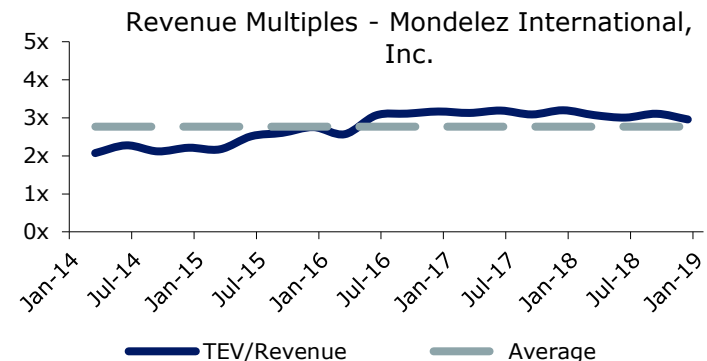
# Public Basket



## Mondelez International, Inc.

Mondelez International, Inc., through its subsidiaries, manufactures and markets snack food and beverage products worldwide. It offers biscuits, including cookies, crackers, and salted snacks; chocolates; gums and candies; coffee and powdered beverages; and cheese and grocery products. The company's primary snack brand portfolio includes Nabisco, Oreo, LU, and belVita biscuits; Cadbury, Milka, Cadbury Dairy Milk, and Toblerone chocolates; Trident gums; Halls candies; and Tang powdered beverages. Mondelez International, Inc. was founded in 2000 and is based in Deerfield, Illinois.

Date	Key Development Headline
12/12/18	Arla Foods amba signed an agreement to acquire Kraft-Branded cheese business in Middle East and Africa from Mondelez International, Inc. (NasdaqGS:MDLZ).
11/28/18	Mondelez To Seek Acquisitions
11/13/18	An unknown buyer acquired unknown stake in Mondelez International, Inc. (NasdaqGS:MDLZ) from Pershing Square Capital Management, L.P.
6/13/18	Mondelez International Seeks Acquisitions
6/6/18	Mondelez International, Inc. (NasdaqGS:MDLZ) completed the acquisition of Tate's Bake Shop, Inc. from The Riverside Company, Kathleen King and other shareholders.



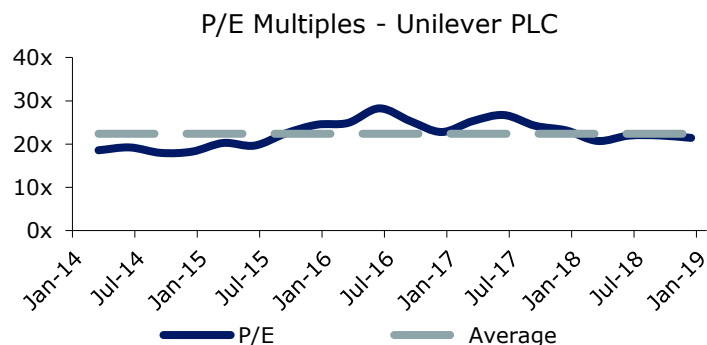
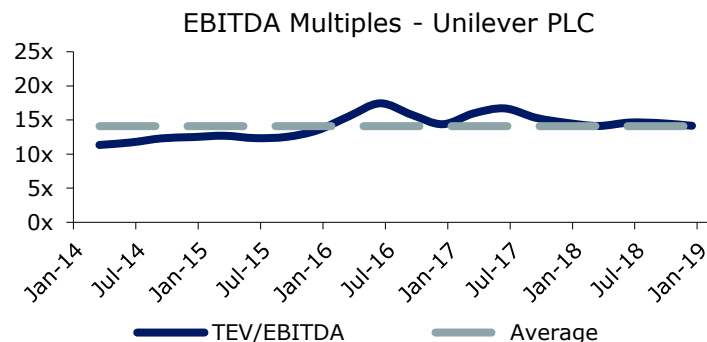
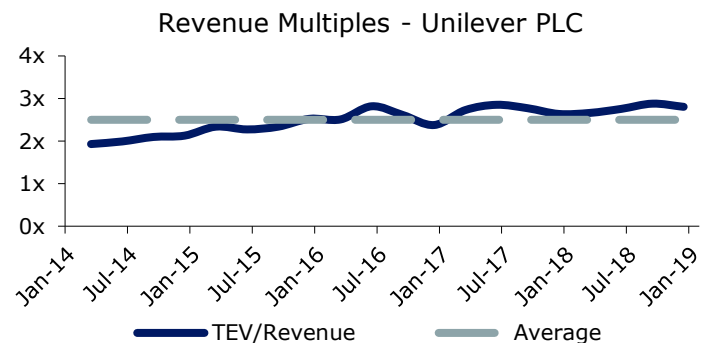
# Public Basket



## Unilever PLC

Unilever PLC operates in the fast-moving consumer goods industry worldwide. It operates through Personal Care, Home Care, Foods, and Refreshment segments. The Personal Care segment offers skin care and hair care products, deodorants, and oral care products. The Home Care segment provides home care products, including powders, liquids and capsules, soap bars, and various cleaning products. The Foods segment offers soups, bouillons, sauces, snacks, mayonnaise, salad dressings, and margarines and spreads. The Refreshment segment provides ice creams and tea-based beverages. The company was founded in 1885 and is headquartered in London, the United Kingdom.

Date	Key Development Headline
12/2/18	Hindustan Unilever Limited (BSE:500696) and Unilever PLC (LSE:ULVR) entered into definitive agreement to acquire 82% stake in GSK Bangladesh Ltd., GSK CH Ltd. and other commercial operations and assets outside India from a group of sellers for approximately INR 370 billion.
11/17/18	Palmer And Wrenbridge To Sell Unilever' s Colworth Base For £66 Million
10/31/18	Unilever PLC (LSE:ULVR) completed the acquisition of SC Betty Ice SRL.
10/23/18	Unilever and Veolia Signs Collaboration Agreement on Sustainable Packaging
7/1/18	KKR & Co. L.P. (NYSE:KKR) completed the acquisition of Spreads Business from Unilever PLC (LSE:ULVR).



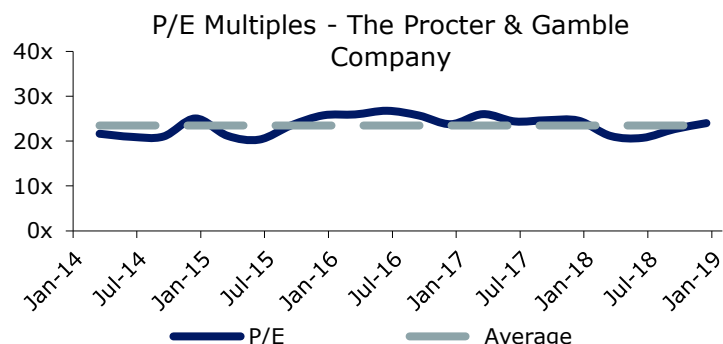
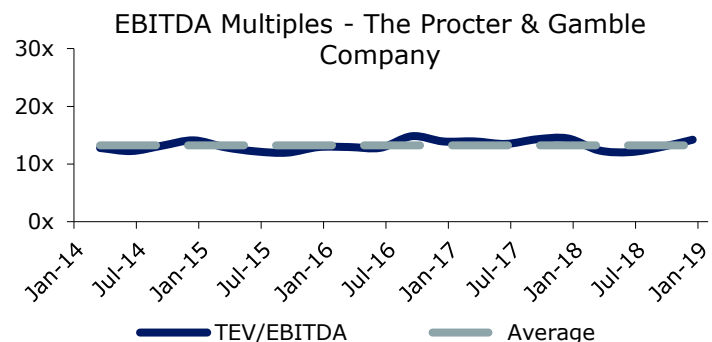
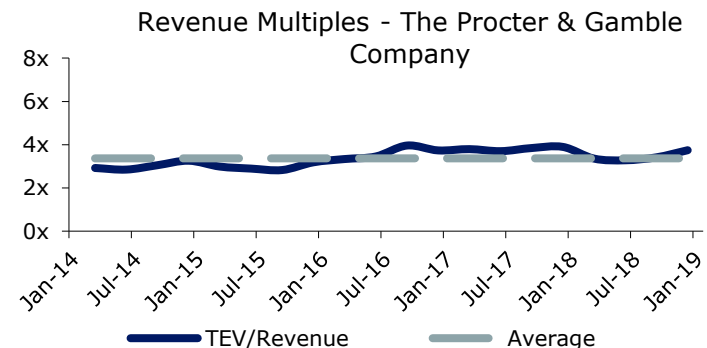
# Public Basket



## The Procter & Gamble Company

The Procter & Gamble Company provides branded consumer packaged goods to consumers in North America, Europe, the Asia Pacific, Greater China, Latin America, India, the Middle East, and Africa. The company operates in five segments: Beauty; Grooming; health Care; fabric & Home Care; and Baby, Feminine & Family Care. The Beauty segment offers conditioners, shampoos, styling aids, and treatments; and skin and personal care products, such as antiperspirants and deodorants, and personal cleansing and skin care products under the Head & Shoulders, Pantene, Rejoice, Olay, Old Spice, Safeguard, and SK-II brands. The Procter & Gamble Company was founded in 1837 and is headquartered in Cincinnati, Ohio.

Date	Key Development Headline
12/11/18	The Procter & Gamble Company (NYSE:PG) acquired Walker & Company from Tristan Walker.
11/5/18	Envance Technologies, LLC Signs Global Joint Development and License Agreement with the Procter & Gamble Company
10/26/18	Procter & Gamble to Invest an Additional USD 30 Million through Partnership with Singapore's Economic Development Board to Drive Singapore's Digital Transformation
9/18/18	Limppano S/A entered into an agreement to acquire ODD Detergent Brand of The Procter & Gamble Company (NYSE:PG).
9/6/18	The Procter & Gamble Seeks Acquisitions
7/16/18	The Procter & Gamble Company (NYSE:PG) acquired First Aid Beauty Ltd from Castanea Partners, Inc.



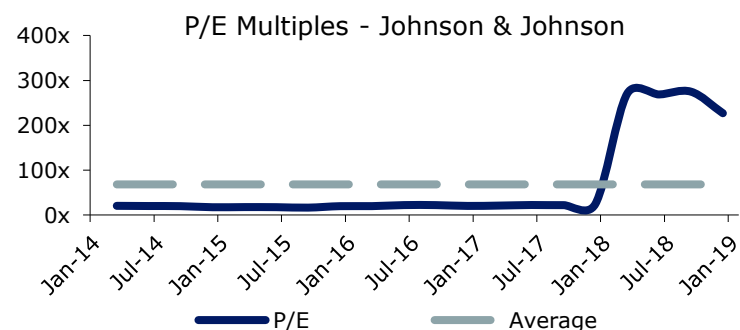
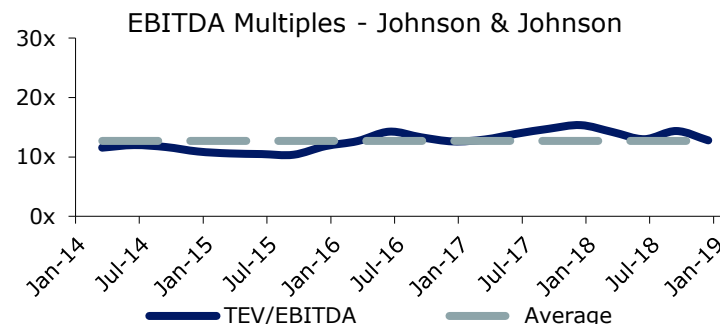
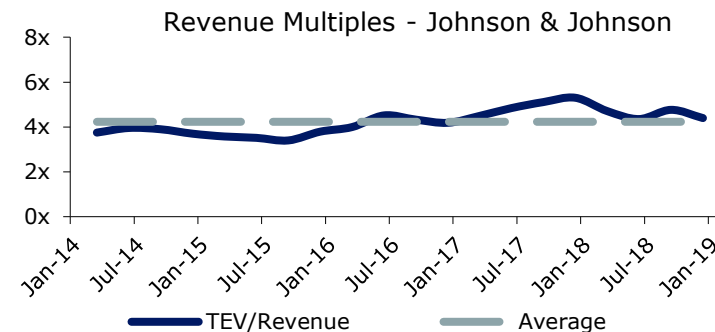
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## Johnson & Johnson

Johnson & Johnson, together with its subsidiaries, researches and develops, manufactures, and sells various products in the health care field worldwide. Its Consumer segment offers baby care products under the JOHNSON'S brand; oral care products under the LISTERINE brand; beauty products under the AVEENO, CLEAN & CLEAR, DABAO, JOHNSON'S Adult, LE PETITE MARSEILLAIS, NEUTROGENA, RoC, and OGX brands; over-the-counter medicines, including acetaminophen products under the TYLENOL brand; cold, flu, and allergy products under the SUDAFED brand; allergy products under the BENADRYL and ZYRTEC brands; ibuprofen products under the MOTRIN IB brand; and acid reflux products under the PEPCID brand. Johnson & Johnson was founded in 1885 and is based in New Brunswick, New Jersey.

Date	Key Development Headline
1/9/19	Johnson & Johnson (NYSE:JNJ) completed the acquisition of 41.1% stake in Ci:z Holdings Co.,Ltd. (TSE:4924) for approximately ¥120 billion.
10/22/18	Johnson & Johnson (NYSE:JNJ) entered into share purchase agreement to acquire an additional 27.9% stake in Ci:z Holdings Co.,Ltd. (TSE:4924) from CIC Corporation for ¥80.2 billion.
10/22/18	Johnson & Johnson (NYSE:JNJ) made a tender offer to acquire additional 52.1% in Ci:z Holdings Co.,Ltd. (TSE:4924) for approximately ¥150 billion.
10/17/18	Johnson To Seek Acquisitions
9/30/18	Platinum Equity, LLC completed the acquisition of LifeScan, Inc. from Johnson & Johnson (NYSE:JNJ).





# CONTACT INFO

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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