

7 Mile Advisors



Sectorwatch: Branded Goods

February 2021



Branded Goods

- 4 [Sector Dashboard](#)
- 5 [Public Basket Overview](#)
- 6 [Public Basket Performance](#)
- 8 [Operational Metrics](#)
- 11 [Valuation Comparison](#)
- 14 [Recent Deals](#)
- 15 [Appendix](#)

Overview

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

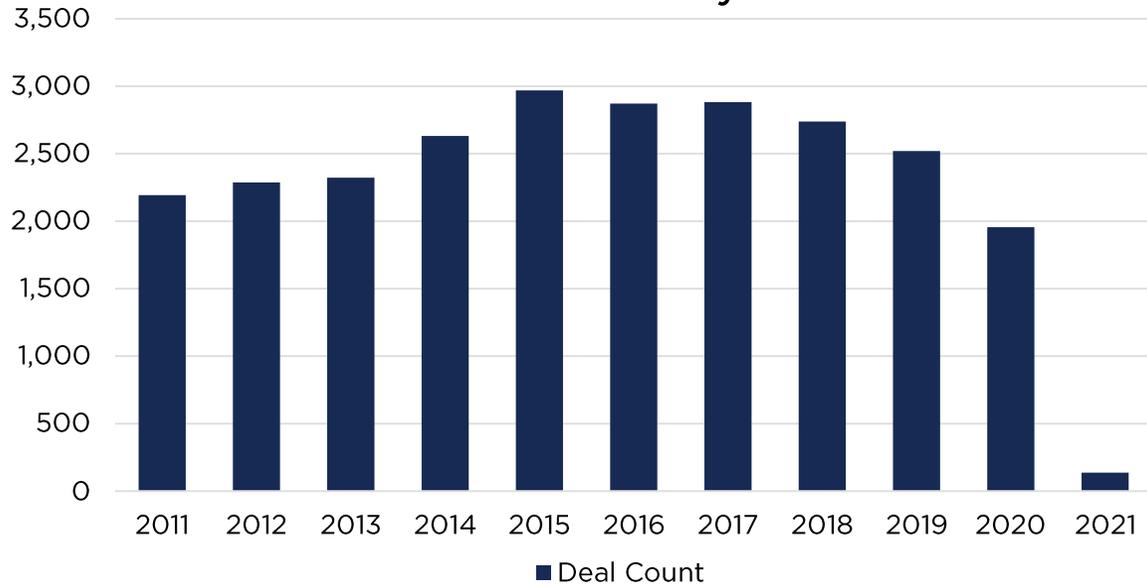
- The most recently announced deals in the sector

Dashboard

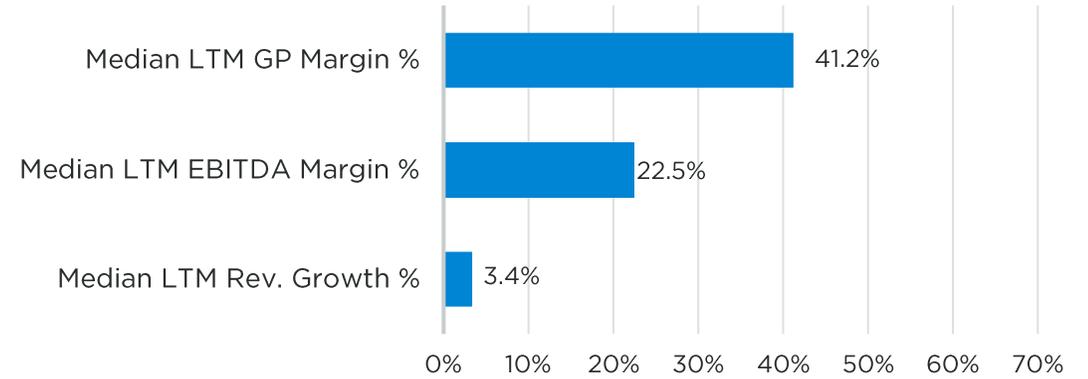
REVENUE GROWTH MOMENTUM ↑ 0.8%

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

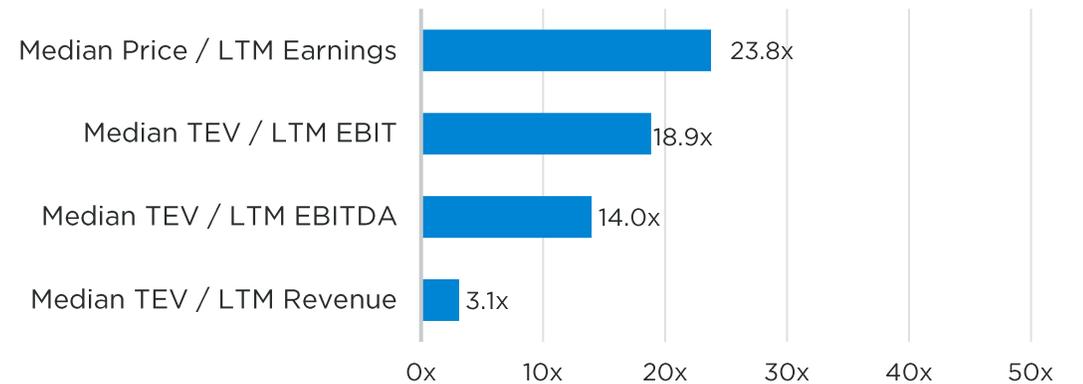
M&A Activity



Operating Metrics



Valuation



Public Basket Overview

Branded Goods

United States

Johnson & Johnson

Mondelēz International

Spectrum Brands



Kimberly-Clark

Europe



Unilever

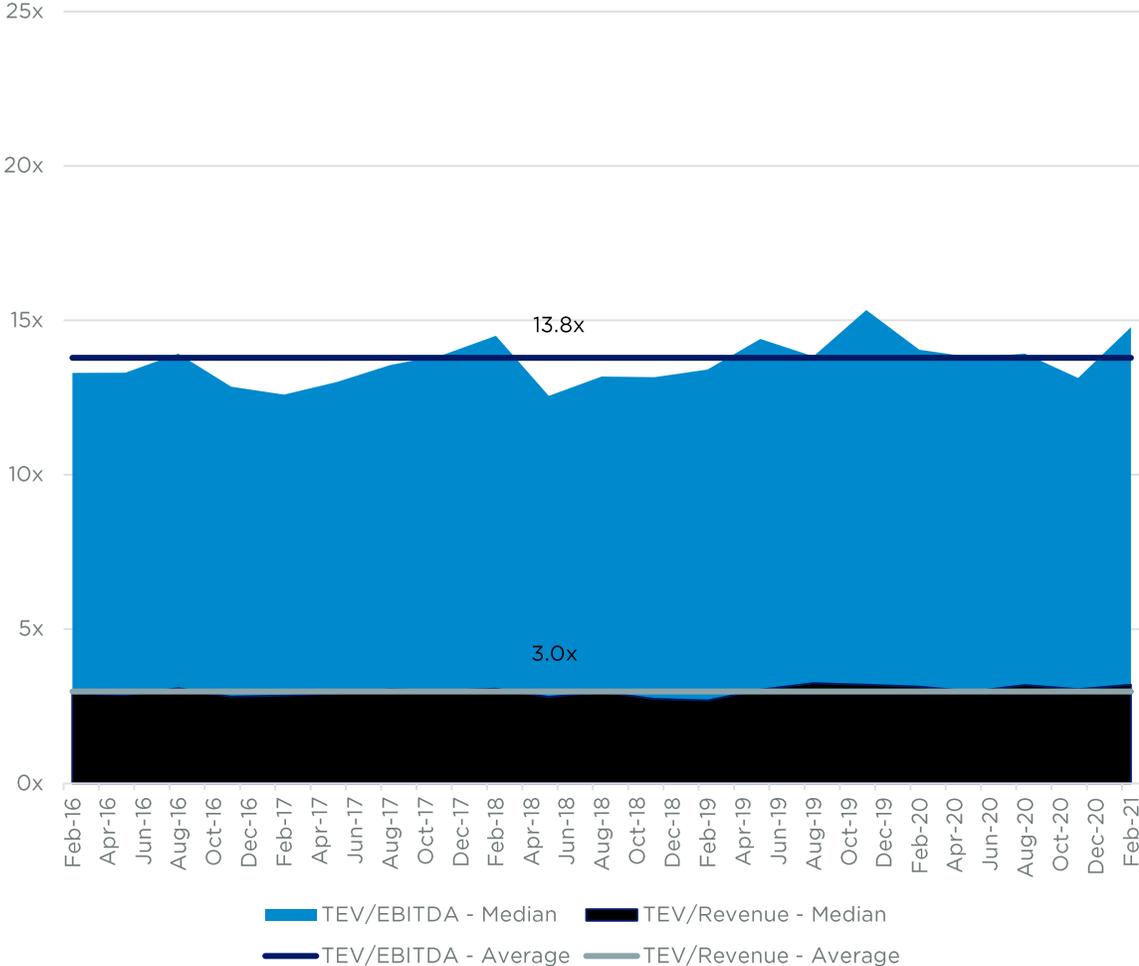
Asia

KaO

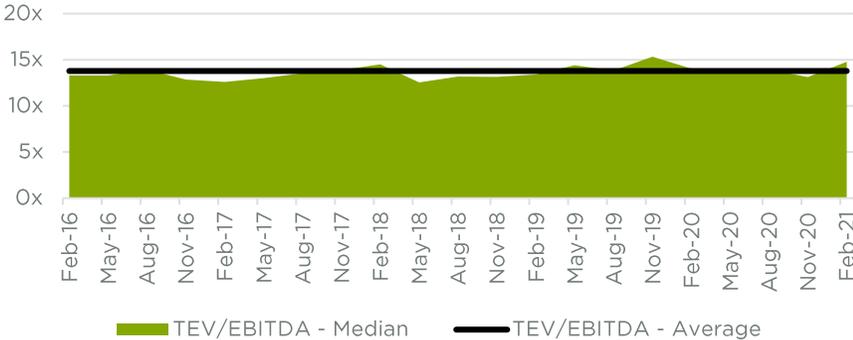
Public Basket

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Johnson & Johnson	436,424	28,014	80,856	-1.0%	65.7%	34.6%	5.4x	15.6x	132,200	612
Procter & Gamble	336,117	21,447	73,975	6.3%	51.3%	29.0%	4.5x	15.7x	99,000	747
Unilever	180,868	13,092	58,189	-	-	22.5%	3.1x	13.8x	150,000	388
Mondelez International	96,261	5,216	26,196	1.8%	39.4%	19.9%	3.7x	18.5x	80,000	327
Kimberly-Clark	53,074	4,370	18,887	2.4%	35.6%	23.1%	2.8x	12.1x	40,000	472
General Mills	47,796	3,962	18,287	9.0%	35.5%	21.7%	2.6x	12.1x	35,000	522
Kao	34,883	2,496	12,964	-8.0%	42.9%	19.3%	2.7x	14.0x	45,796	283
The Clorox	28,851	1,657	7,131	15.8%	46.6%	23.2%	4.0x	17.4x	8,800	810
Spectrum Brands	5,263	539	3,964	4.3%	34.6%	13.6%	1.3x	9.8x	12,100	328
Average	135,504	8,977	33,383	3.8%	43.9%	23.0%	3.4x	14.3x	66,988	499
Median	53,074	4,370	18,887	3.4%	41.2%	22.5%	3.1x	14.0x	45,796	472

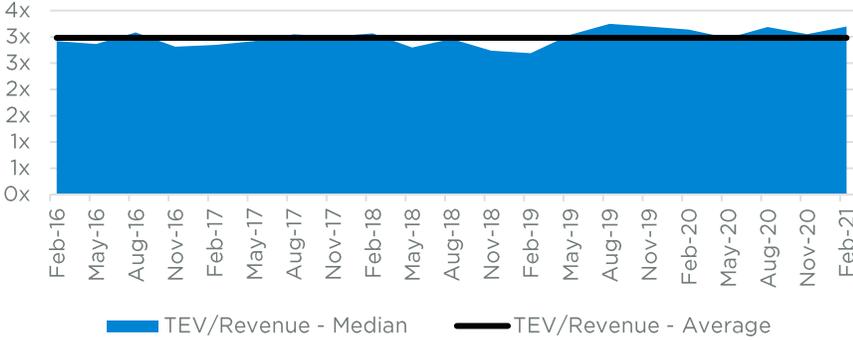
Public Basket



Public EBITDA Multiples over Time

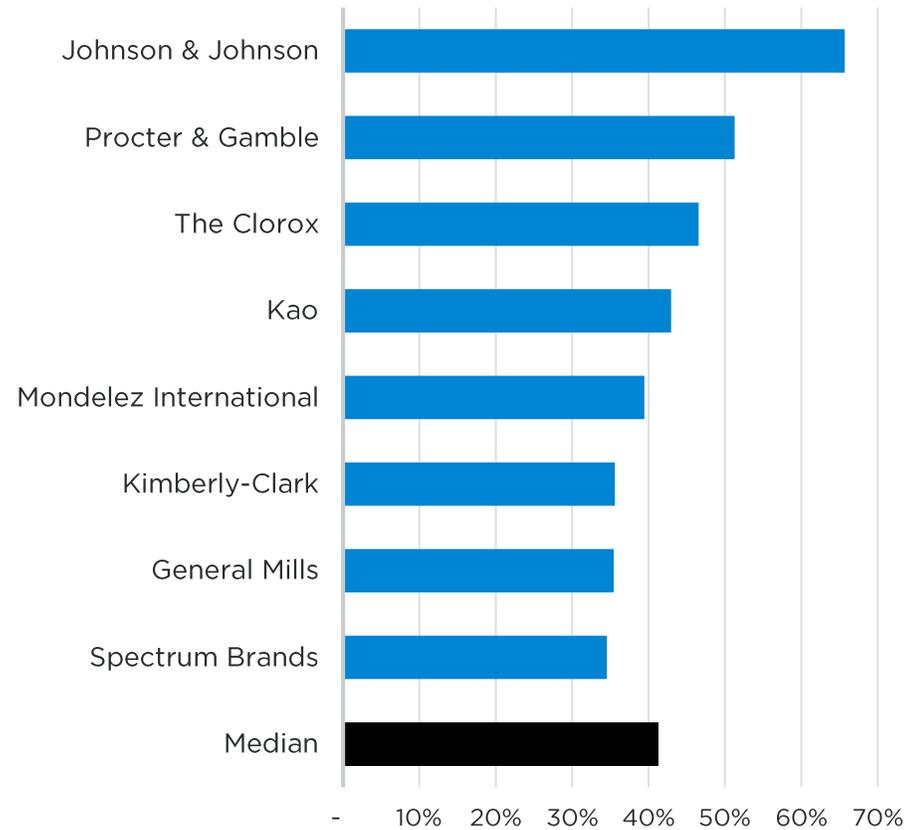


Public Revenue Multiples over Time

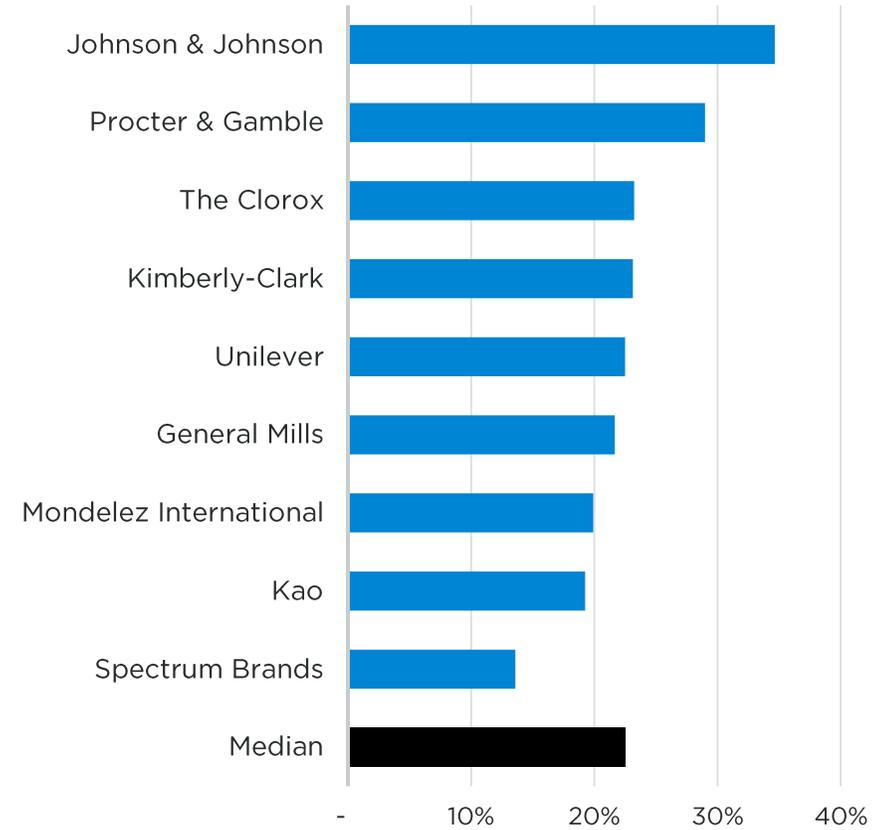


Operational Metrics

LTM Gross Profit Margin %

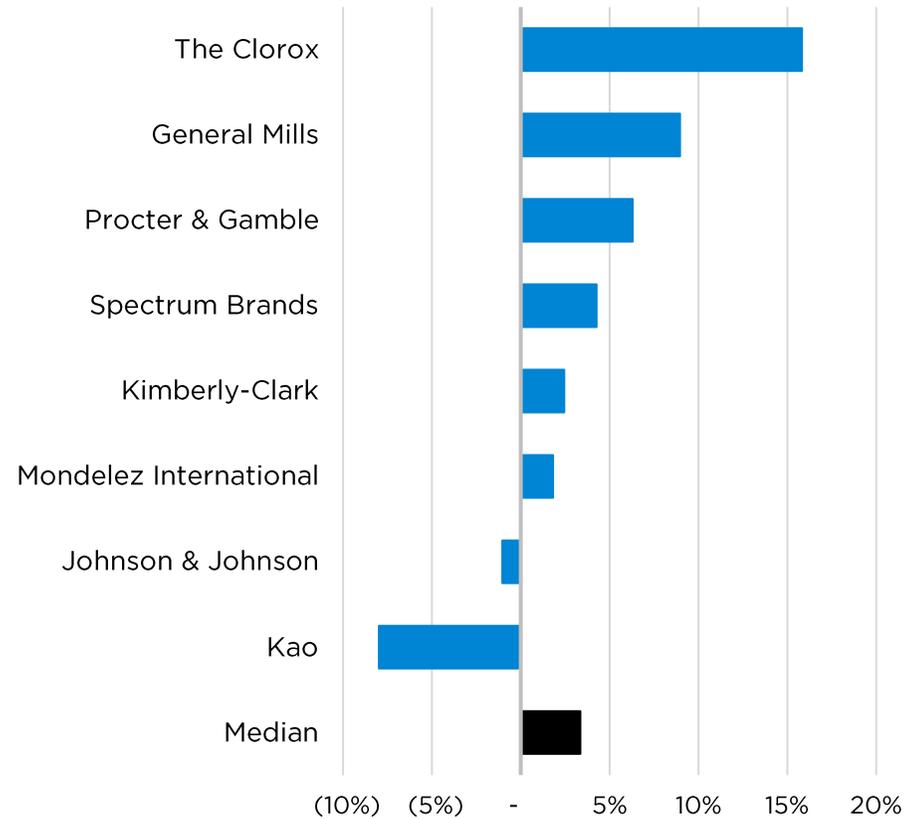


LTM EBITDA %

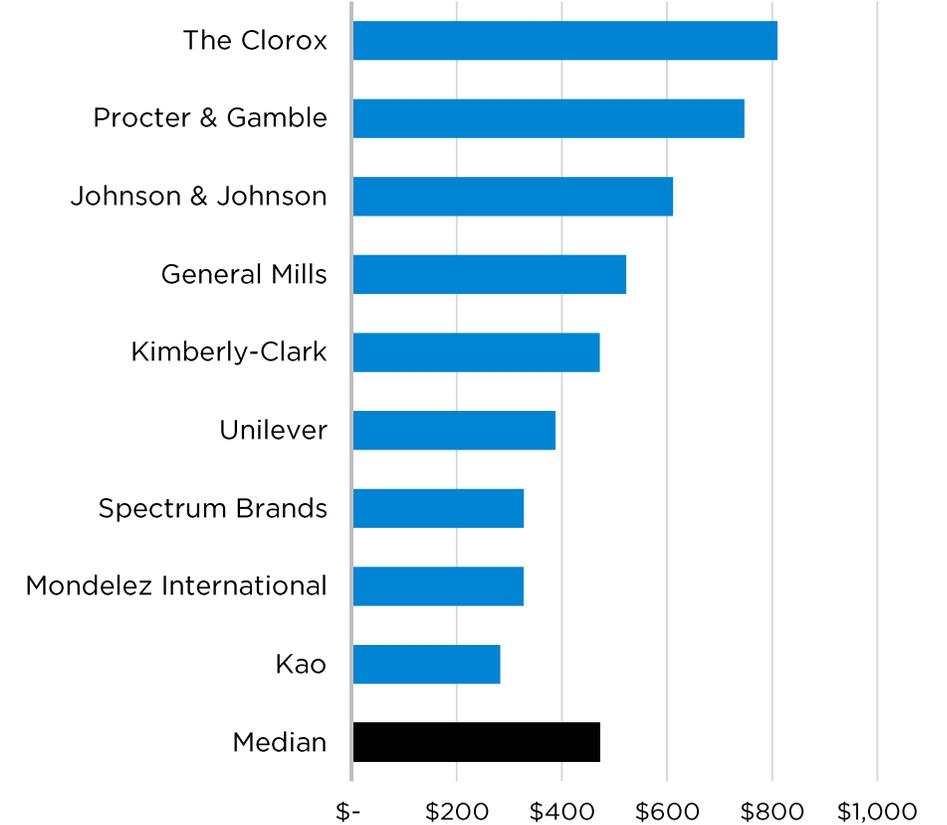


Operational Metrics

LTM Revenue Growth %

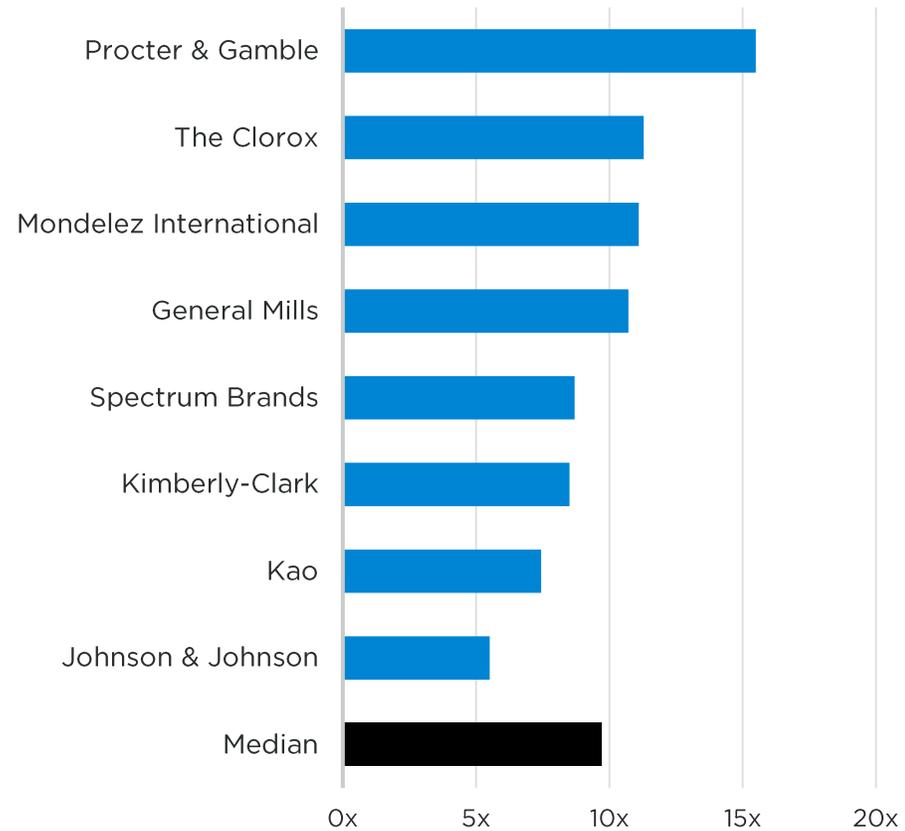


LTM Revenue per Full Time Employee x 000's

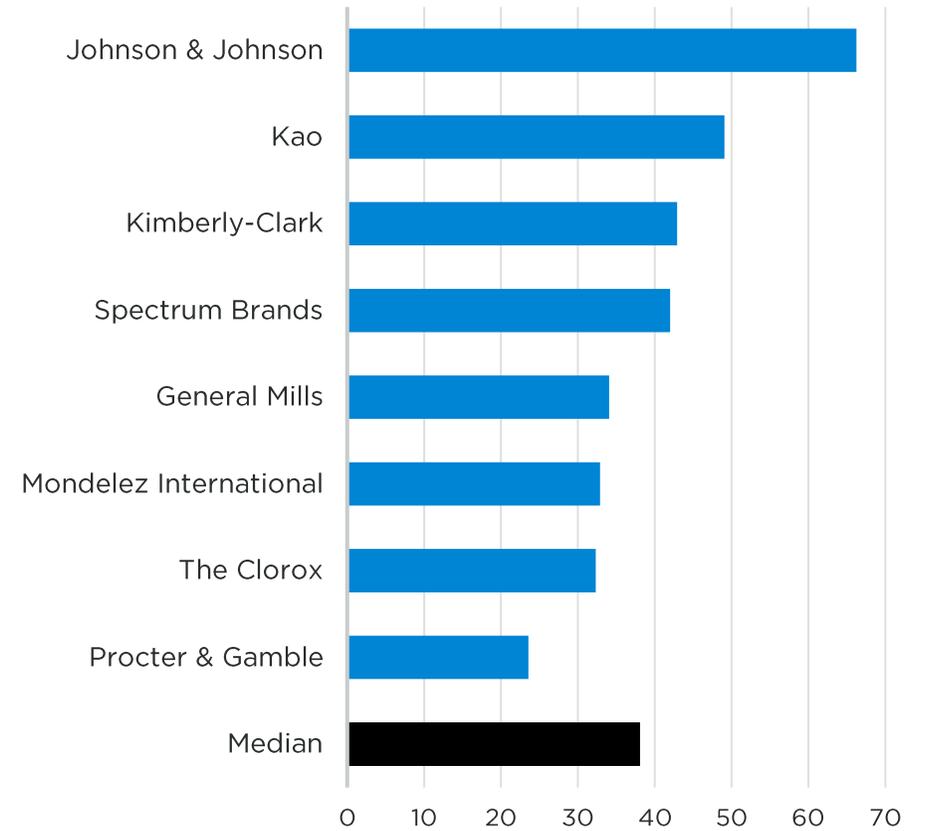


Operational Metrics

Accounts Receivable Turnover

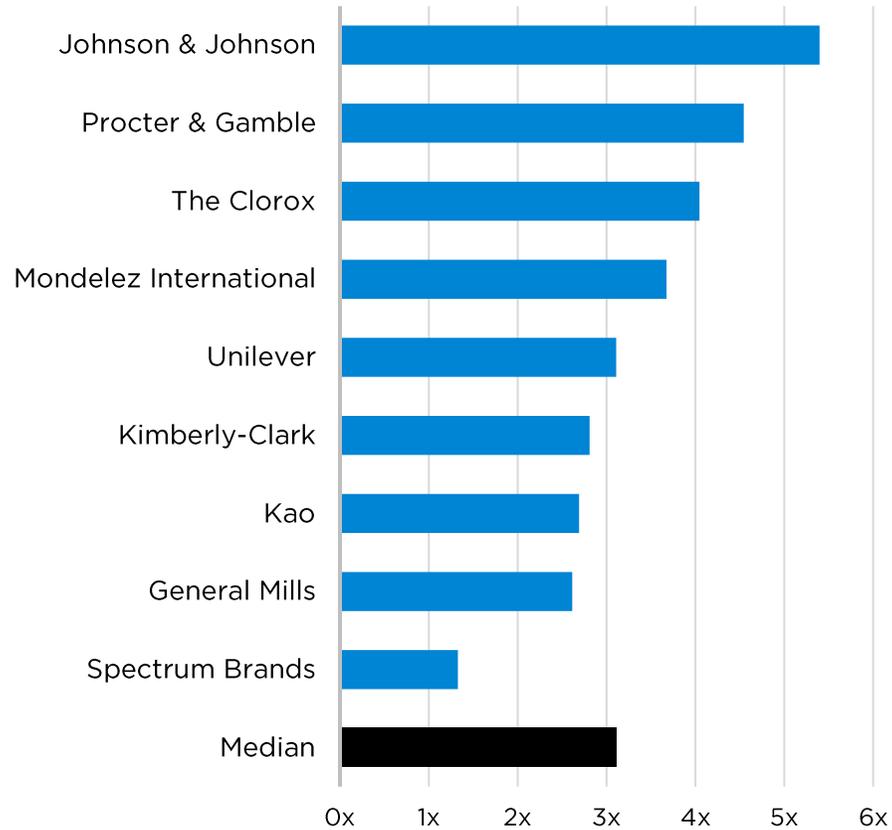


Average Days Sales Outstanding

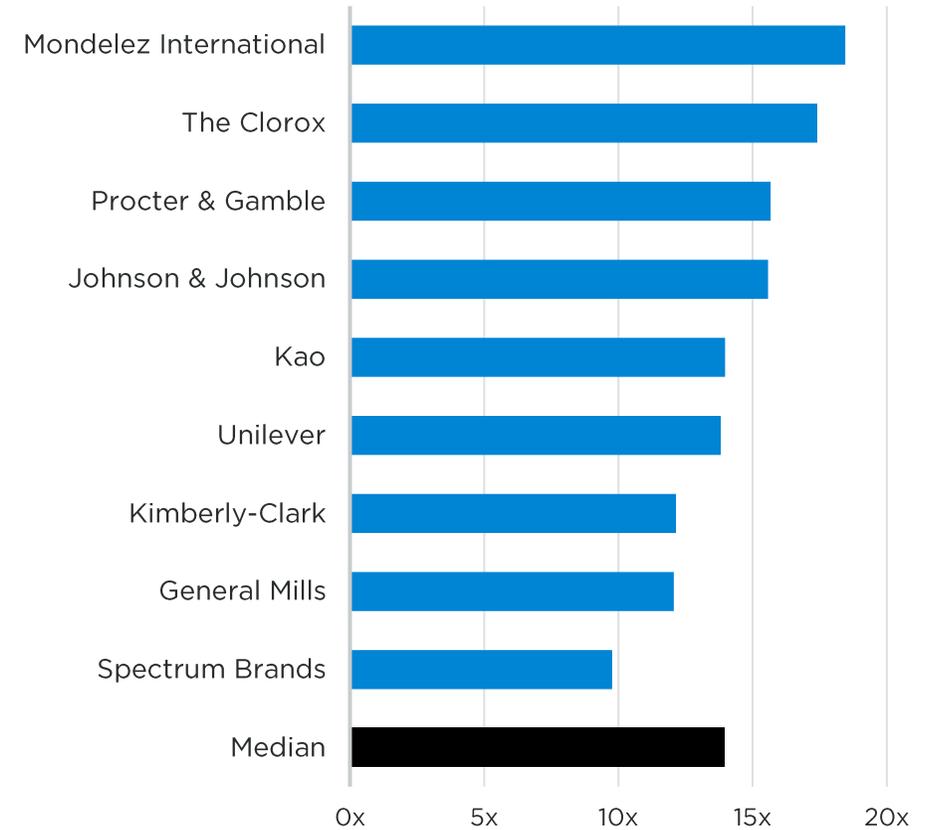


Valuation

TEV / LTM Revenue

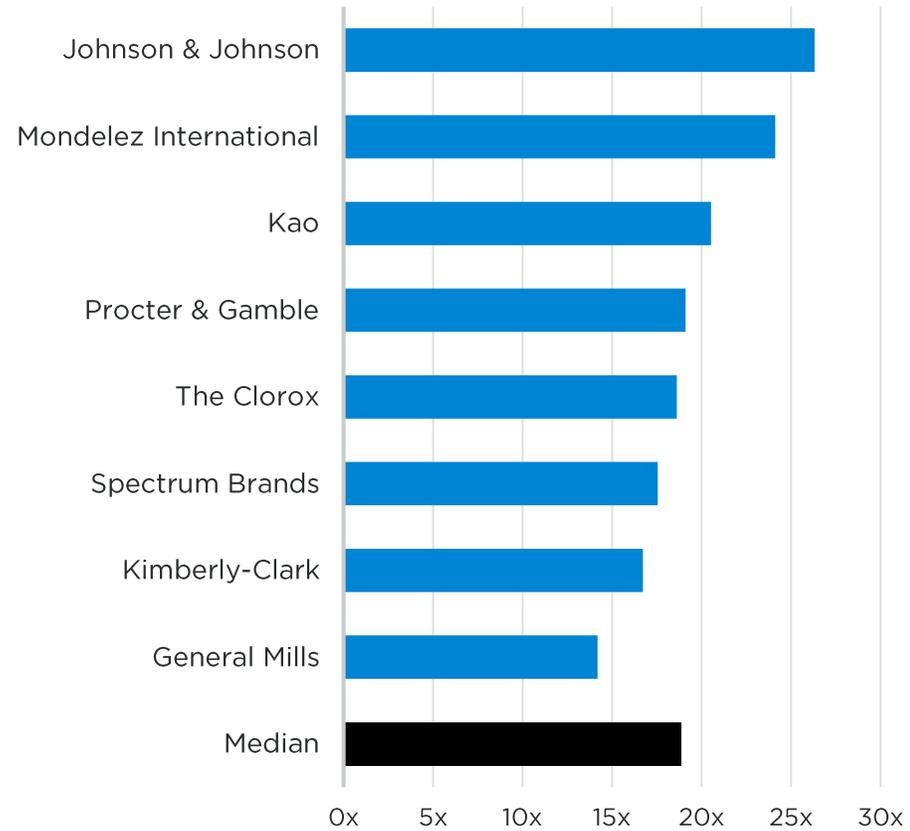


TEV / LTM EBITDA

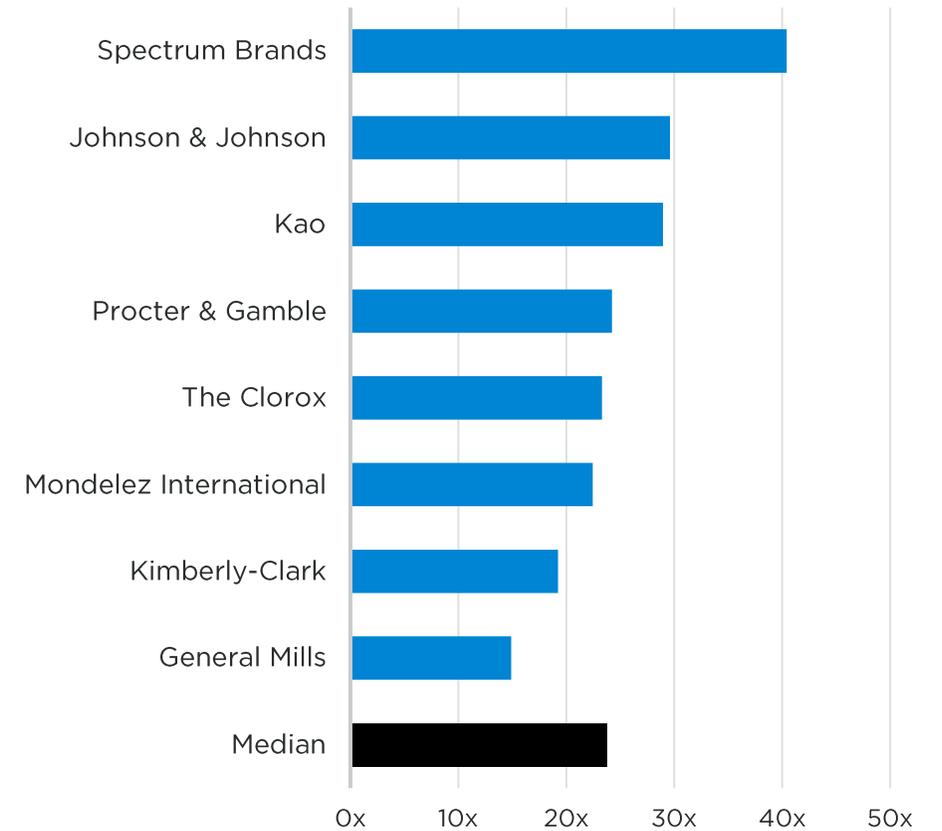


Valuation

TEV / LTM EBIT

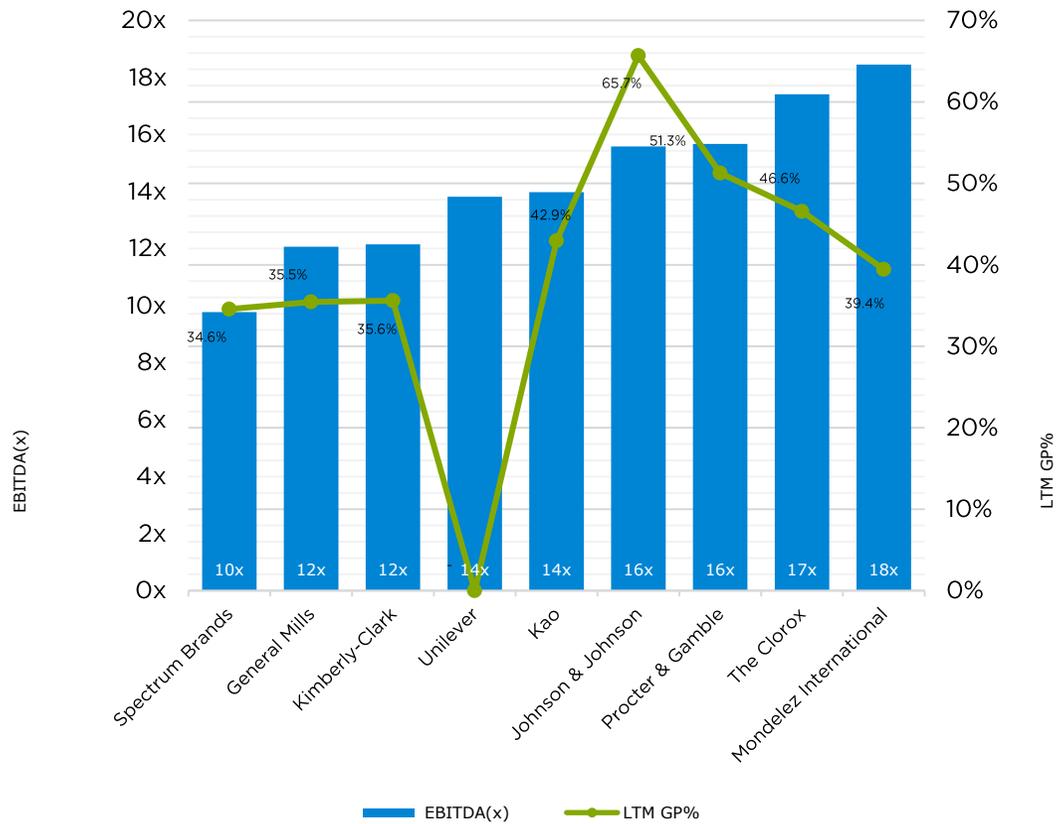


Price / LTM Earnings

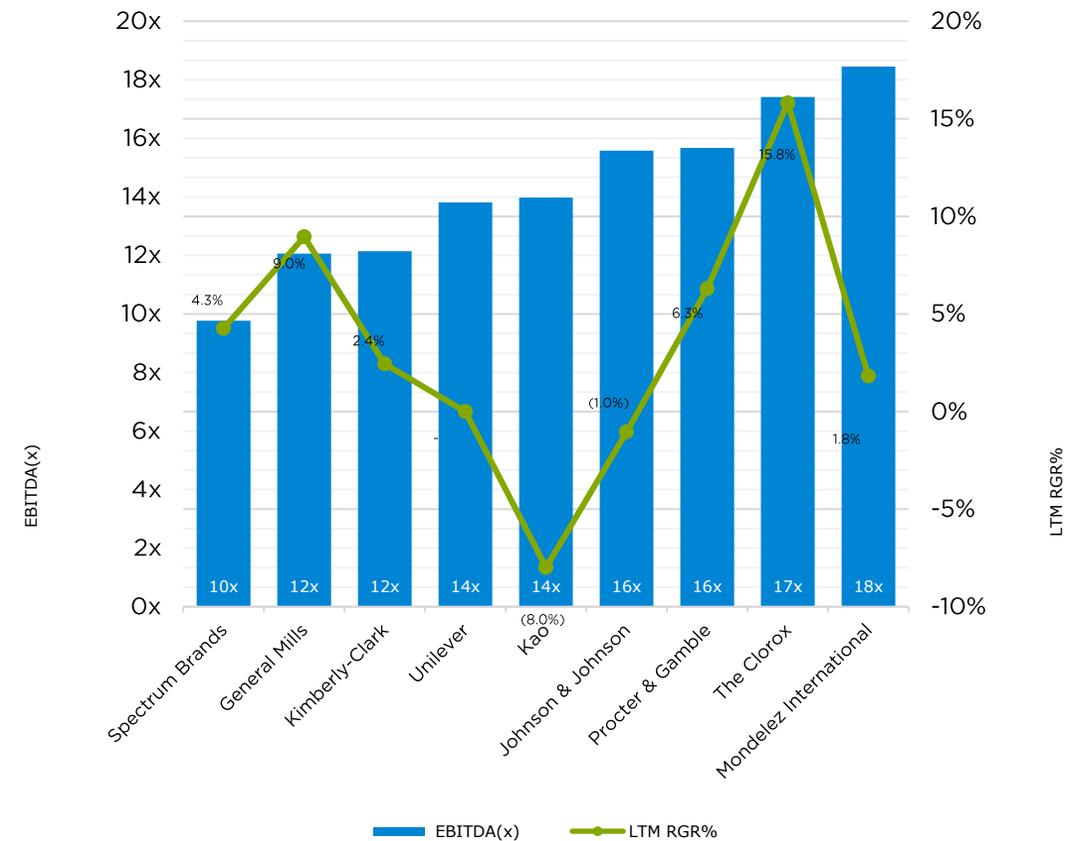


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

<u>Date</u>	<u>Target</u>	<u>Buyer</u>	<u>Total Transaction Amount</u>	<u>Target Revenue (TTM at time of deal)</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
14-Jan-21	R.D. Henry and Company	KarpReilly	-	-	-	-
28-Jan-21	Duralex International	Kartesia	-	-	-	-
23-Dec-20	Inwerk	Triton	-	-	-	-
12-Nov-20	Keesing Media Group	BC Partners	388.47	-	-	-
09-Dec-20	Tesoro Enterprises	HUMBL	-	-	-	-
17-Dec-20	PowerA	ACCO Brands	395.00	-	1.98	7.90
29-Dec-20	Supreme New York	VF Corporation	2100.00	-	4.20	-
28-Dec-20	FFO Home	American Freight	7.00	-	-	-
06-Nov-20	Poppin	Kimball International	110.00	-	2.50	-
07-Dec-20	Displate	Mid Europa Partners	-	-	-	-
10-Nov-20	Woodstream	Bansk Group	-	-	-	-
20-Nov-20	American Bath Group	Centerbridge Partners	-	-	-	-
01-Jan-21	OM Digital Solutions	Japan Industrial Partners	-	-	-	-
30-Sep-20	Forms And Design In Shower Tray	Marmite	-	-	-	-
15-Sep-20	Traemand Group	Ingka Group	-	-	-	-
18-Sep-20	Sofa Workshop	Halo Furnishings	0.39	-	-	-
15-Nov-20	Urban Ladder	Reliance Retail	24.54	-	-	-
15-Dec-20	NEXE Innovations (Acquired)	NEXE Innovations	-	-	-	-
11-Sep-20	Sleepo	BHG Group (Malmo)	6.13	9.70	-	-
14-Jan-21	Sobro Design	Groupe SEB	-	-	-	-

Appendix

*Public Basket
Contact Information*



Johnson & Johnson

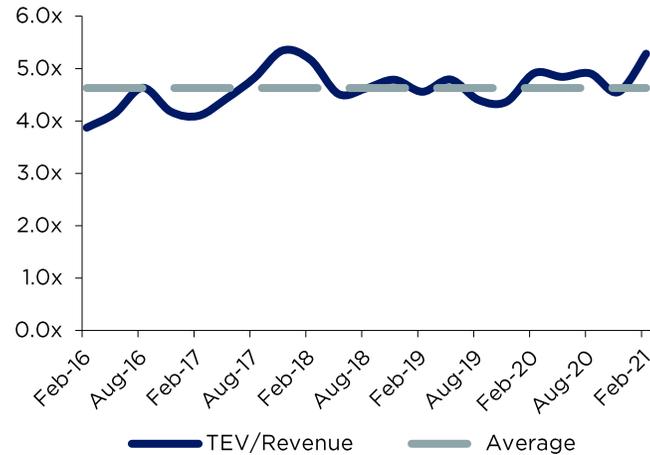
Johnson & Johnson is the world's largest and most diverse healthcare firm.

Three divisions make up the firm: pharmaceutical, medical devices and diagnostics, and consumer. The drug and device groups represent close to 80% of sales and drive the majority of cash flows for the firm. The drug division focuses on the following therapeutic areas: immunology, oncology, neurology, pulmonary, cardiology, and metabolic diseases. The device segment focuses on orthopedics, surgery tools, vision care, and a few smaller areas. The last segment of consumer focuses on baby care, beauty, oral care, over-the-counter drugs, and women's health. Geographically, just over half of total revenue is generated in the United States.

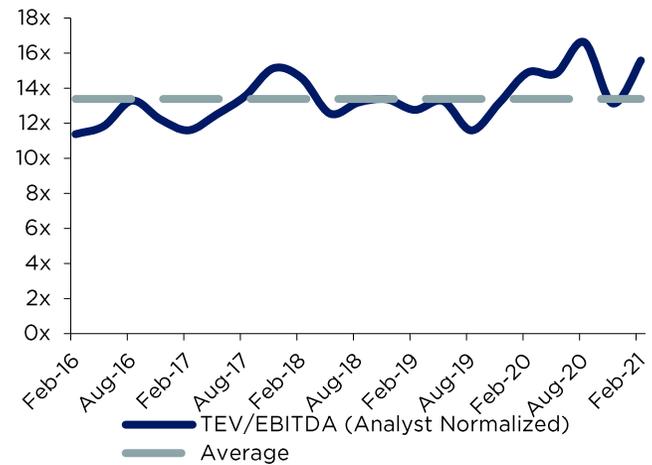
Public Basket

Johnson & Johnson

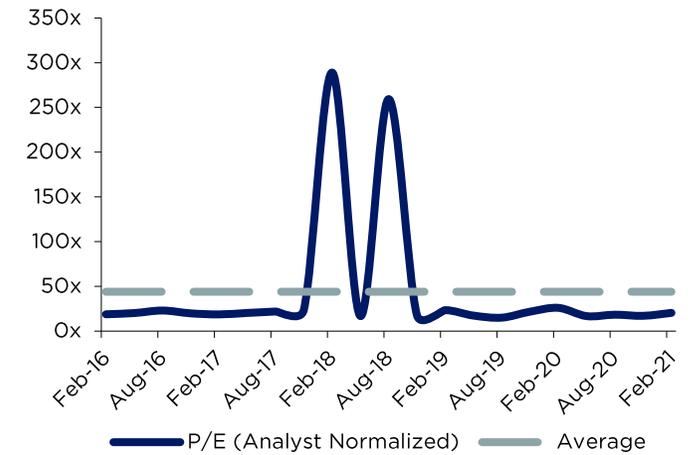
Revenue Multiples - Johnson & Johnson



EBITDA Multiples - Johnson & Johnson



P/E Multiples - Johnson & Johnson



Company Name

Date

Deal Synopsis

Momenta Pharmaceuticals

05-Oct-20

The company was acquired by Johnson & Johnson (NYS: JNJ) for approximately \$6.5 billion on October 5, 2020. The acquisition allows J&J's Janssen division to reach more patients by enhancing its ability to treat autoimmune diseases and improve health outcomes.

Taris Biomedical (US)

20-Dec-19

The company was acquired by Johnson & Johnson (NYS: JNJ) for an undisclosed amount on December 20, 2019.

Procter & Gamble

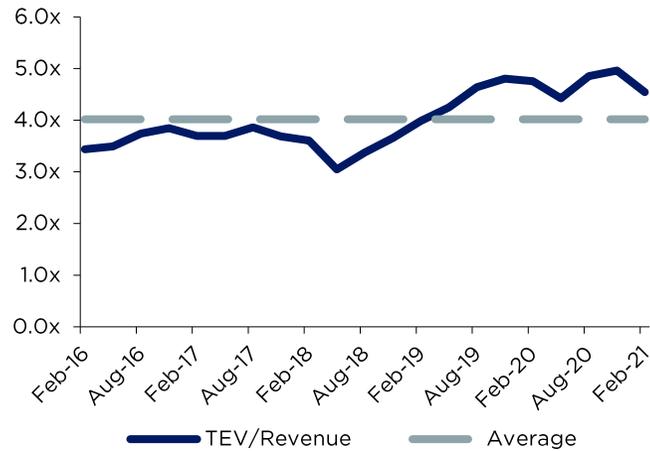
Since its founding in 1837, Procter & Gamble has become one of the world's largest consumer product manufacturers, generating more than \$70 billion in annual sales.

It operates with a lineup of leading brands, including 21 that generate more than \$1 billion in annual global sales such as Tide laundry detergent, Charmin toilet paper, Pantene shampoo, and Pampers diapers. P&G sold its last remaining food brand, Pringles, to Kellogg in calendar 2012. Sales outside its home turf represent around 55% of the firm's consolidated total, with around one third coming from emerging markets.

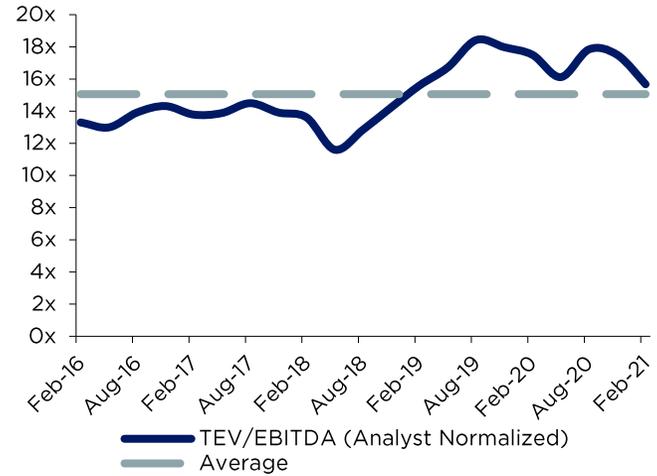
Public Basket

Procter & Gamble

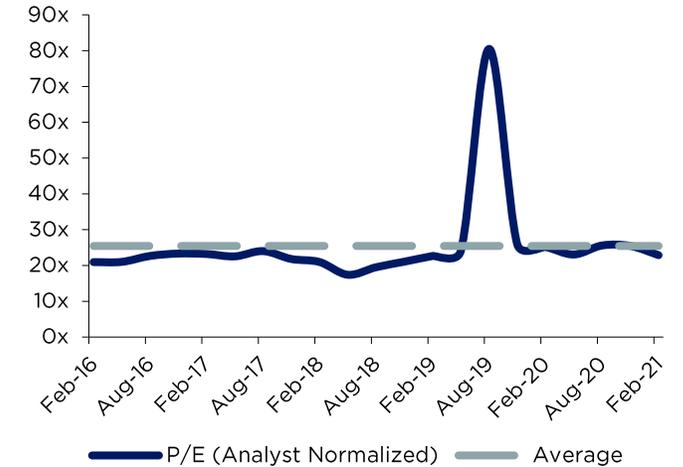
Revenue Multiples - Procter & Gamble



EBITDA Multiples - Procter & Gamble



P/E Multiples - Procter & Gamble



Company Name

Date

Deal Synopsis

TerraCycle

08-Dec-20

The company received \$25 million of development capital from Procter & Gamble, Nestlé, AptarGroup, Suez Environnement, ImpactAssets, Sky Ocean Ventures and Quadia on December 8, 2020.

This is L.

05-Feb-19

The company was acquired by Procter & Gamble (NYS: PG) for \$100 million on February 5, 2019. The acquisition complements Procter and Gamble's Always and Tampax portfolio, with its commitment to a shared mission to advocate for girls' confidence and serve more women.

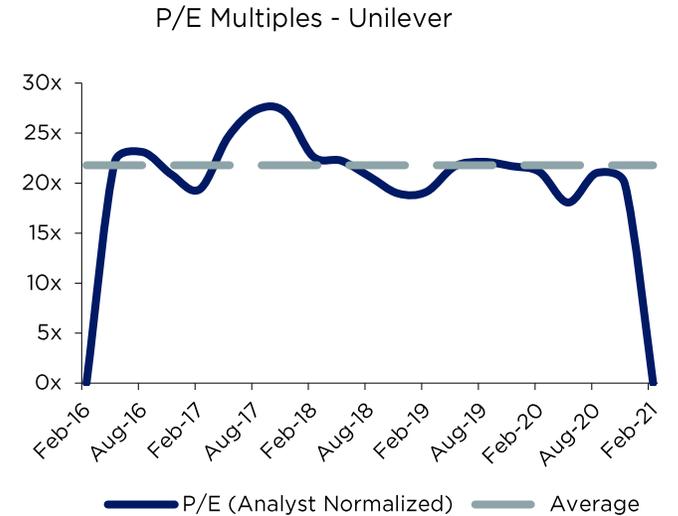
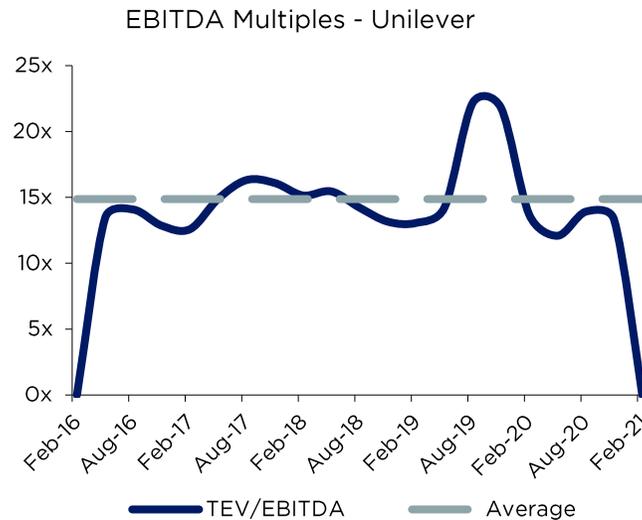
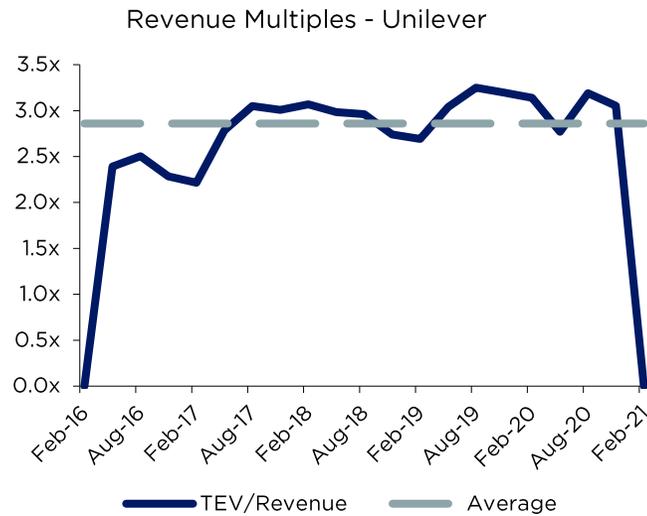
Unilever

Netherlands-based Unilever NV and U.K.-based Unilever PLC operate Unilever Group, a diversified household and personal product (60% of 2018 sales by value) and packaged-food and refreshments (40%) company.

The firm's brands include Knorr soups and sauces, Hellmann's mayonnaise, Lipton teas, Axe and Dove skin products, and the TRESemme hair-care brand. The firm has been acquisitive in recent years, and high-profile purchases include the mail-order men's grooming business Dollar Shave Club.

Public Basket

Unilever



Company Name	Date	Deal Synopsis
Go-Uni	3/23/20	The company was formed as a joint venture between Unilever (LON: ULVR) and GoLong on January 28, 2021. The joint venture is formed to develop new high-end beauty brands for the lucrative local market.
SmartyPants	1/6/20	The company was acquired by Unilever (LON: ULVR) for an undisclosed amount on December 23, 2020. The company complements Unilever's portfolio of brands such as Horlicks, OLLY, Equilibra and Liquid I.V in the functional nutrition and supplement segment.

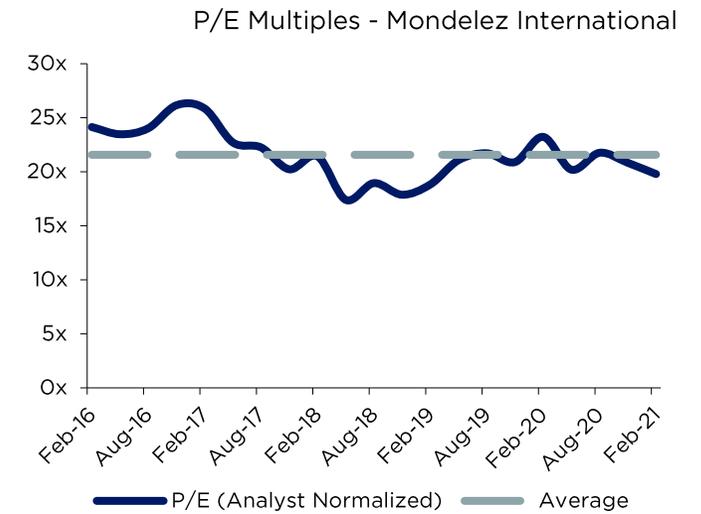
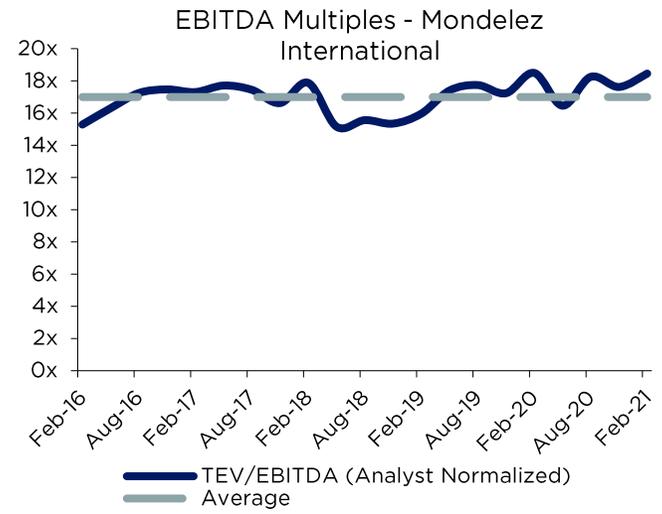
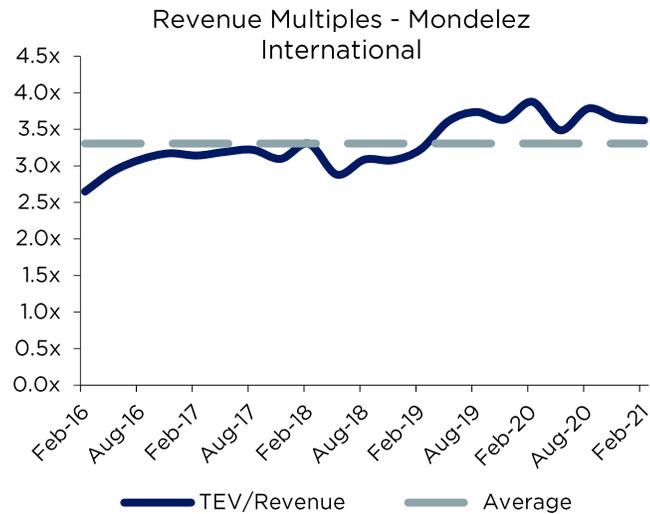
Mondelez International

Mondelez has operated as an independent organization following its split from the former Kraft Foods North American grocery business in October 2012.

The firm is a leading player in the global snack arena with a presence in the biscuit (44% of sales), chocolate (32%), gum/candy (13%), beverage (4%), and cheese and grocery (7%) aisles. Mondelez's portfolio includes well-known brands like Oreo, Chips Ahoy, Halls, Trident, and Cadbury, among others. The firm derives just over one third of revenue from developing markets, a similar level from Europe, and the remainder from North America.

Public Basket

Mondelez International



Company Name	Date	Deal Synopsis
Hu	04-Jan-21	The company was acquired by Mondelez International (NAS: MDLZ) for an estimated \$340 million on January 4, 2021.
Torr FoodTech	01-Aug-20	The company raised an undisclosed amount of seed funding from Mondelez International and The Kitchen FoodTech Hub in August 2020. The funds will be used to accelerate its technology platform and expand its application.

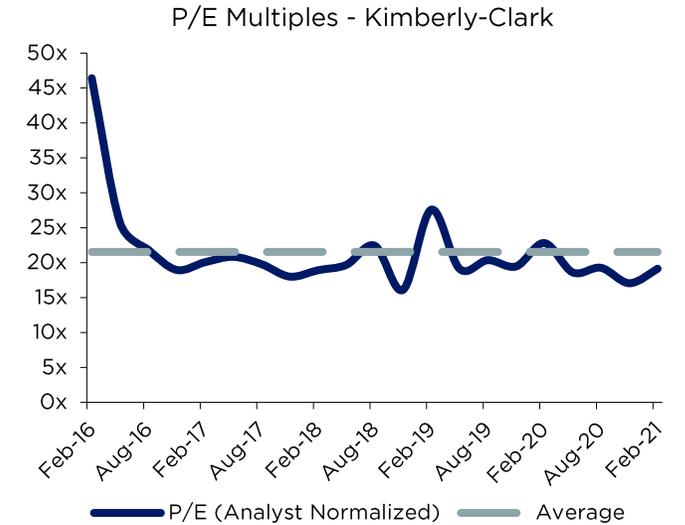
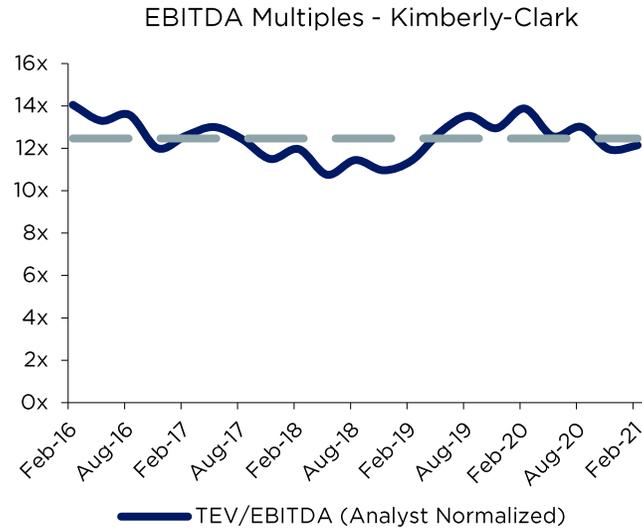
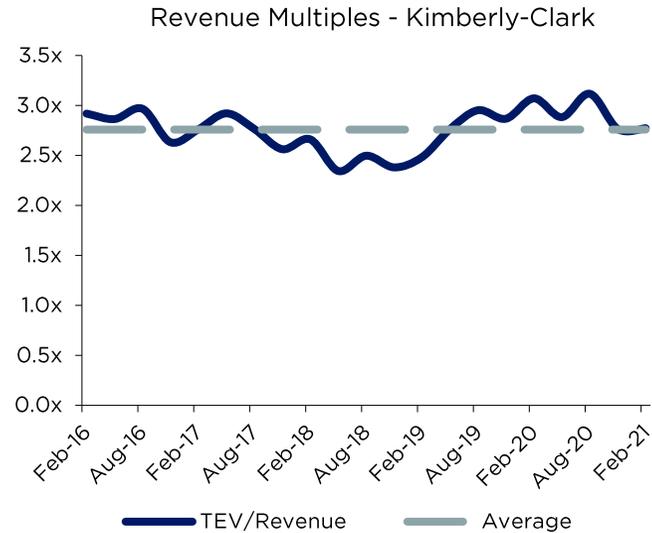
Kimberly-Clark

Kimberly-Clark is a leading manufacturer of personal care (around half of sales) and tissue products (roughly one third of sales).

Its brand mix includes Huggies, Pull-Ups, Kotex, Depend, Kleenex, and Cottonelle. The firm also operates K-C Professional, which partners with businesses to provide safety and sanitary products for the workplace. Kimberly-Clark generates just over half its sales in North America and more than 10% in Europe, with the rest primarily concentrated in Asia and Latin America.

Public Basket

Kimberly-Clark



Company Name	Date	Deal Synopsis
Softex Indonesia	01-Oct-20	The company was acquired by Kimberly-Clark (NYS: KMB) for \$1.2 billion on October 1, 2020. To support the transaction debt was provided by undisclosed lenders.
Joylux	01-Oct-19	The company raised \$6.27 million of Series A venture funding from Kimberly-Clark, Capita3, and GingerBread Capital on October 1, 2019, putting the company's pre-money valuation at \$18.66 million. SteelSky Ventures, Golden Seeds, Portfolia, Keiretsu Capital, Next Wave Impact, Keiretsu Forum, Belle Capital, Sofia Fund, Next Act Fund, Alliance of Angels, Houston Angel Network, Seavest Investment Group, and ImpactAssets also participated in the round. The funds will be used by the company to scale its existing revenue-generating commercial products.

General Mills

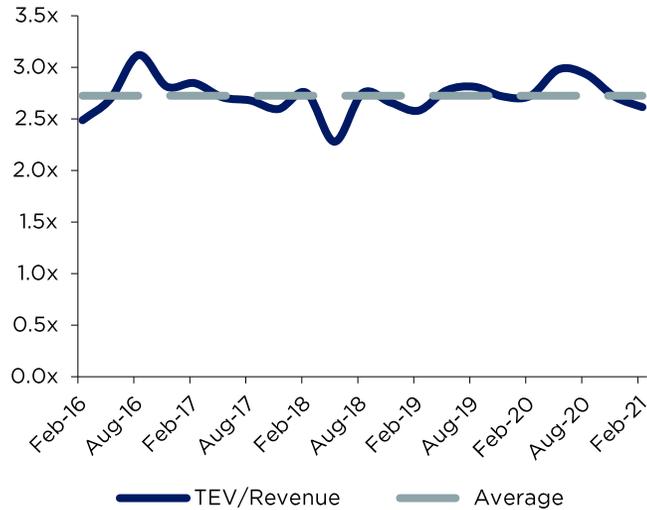
General Mills is a leading global packaged food company that produces snacks, cereal, convenient meals, yogurt, dough, baking mixes and ingredients, pet food, and superpremium ice cream.

Its largest brands are Nature Valley, Cheerios, Old El Paso, Yoplait, Pillsbury, Betty Crocker, BLUE, and Haagen-Dazs. In fiscal 2020, 76% of its revenue was derived from the United States, although the company also operates in Canada, Europe, Australia, Asia, and Latin America. While most of General Mills' products are sold through retail stores to consumers, the company also sells products into the food-service channel and the commercial baking industry.

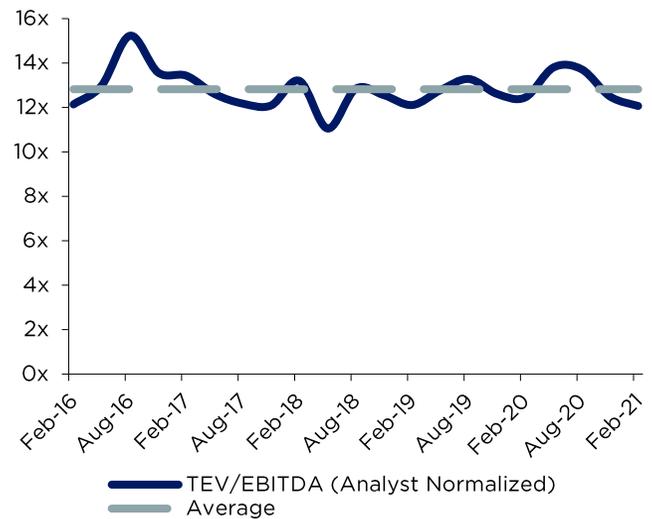
Public Basket

General Mills

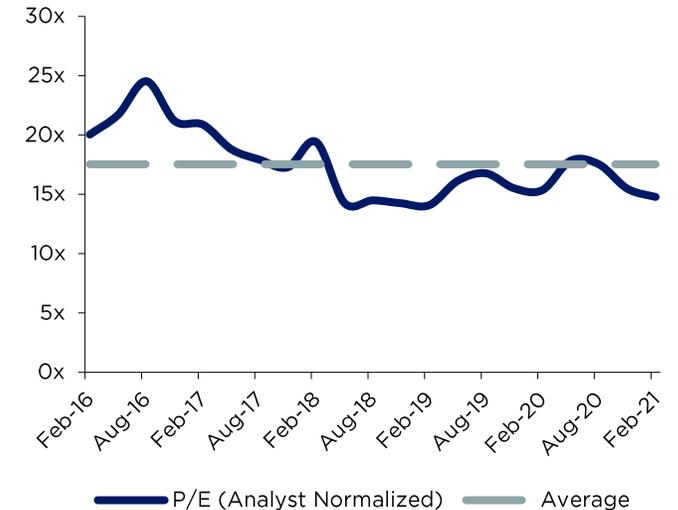
Revenue Multiples - General Mills



EBITDA Multiples - General Mills



P/E Multiples - General Mills



Company Name

Date

Deal Synopsis

Good Catch

05-Feb-20

The company raised \$36.8 million through a combination of Series B and Series B1 venture funding in a deal led by Stray Dog Capital and Rocana Ventures on February 5, 2020, putting the company's pre-money valuation at \$75 million. Veg Capital, 301, Greenleaf Foods, General Mills, Siddhi Capital, Unovis Partners, Clear Current Capital, CPT Capital and Almanac Insights also participated in the round. Of the total amount, \$10 million was originally raised in the form of convertible debt and subsequently converted to equity. The funding will be used for significant expansion in distribution across North America, Europe, and into Asia, the opening of its state-of-the-art manufacturing facility, and

Blue Buffalo

24-Apr-18

The company (NASDAQ: BUFF) was acquired by General Mills (NYSE: GIS) for \$8 billion on April 24, 2018. The acquisition establishes the acquirer as a leader in the wholesome natural pet food category, the fastest growing portion of the \$30 billion U.S. pet food market and accelerates the company's portfolio reshaping strategy.

Public Basket

Kao

Kao

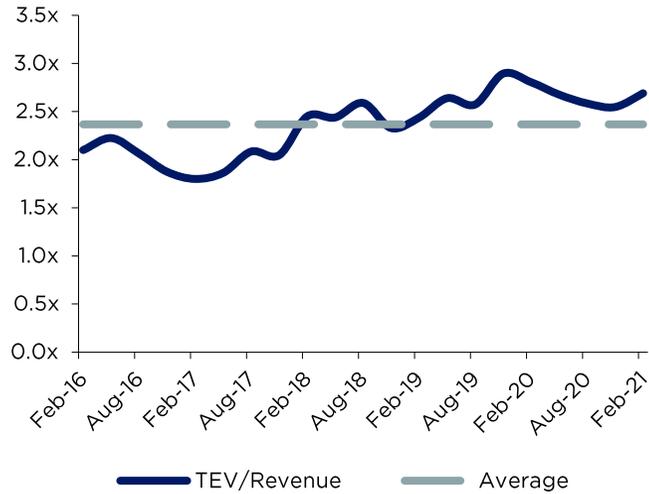
Kao is the largest household and personal care product manufacturer in Japan with a footprint across Asia, Europe, and the Americas.

Japan remains its largest market, contributing about 68% of sales and three-fourths of profits with several leading brands including Attack and Biore. Initially a soap producer established in the 1890s, Kao has expanded into cosmetics, human healthcare (mainly disposable hygiene products), and chemicals, in addition to its home care and toiletry products. Asia, the largest overseas segment--contributing 16% of group sales--is a key growth driver, led by expansion in China and Indonesia. It has also acquired several Western skin and haircare brands including Jergens, John Frieda, Curel, Molton Brown, and the latest, Oribe.

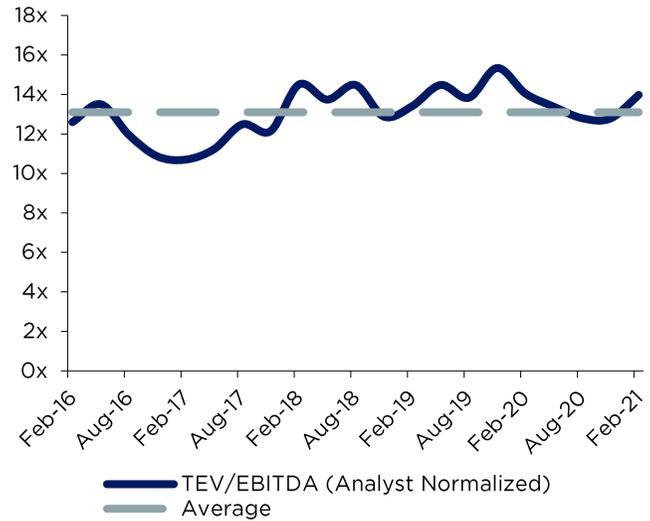
Public Basket

Kao

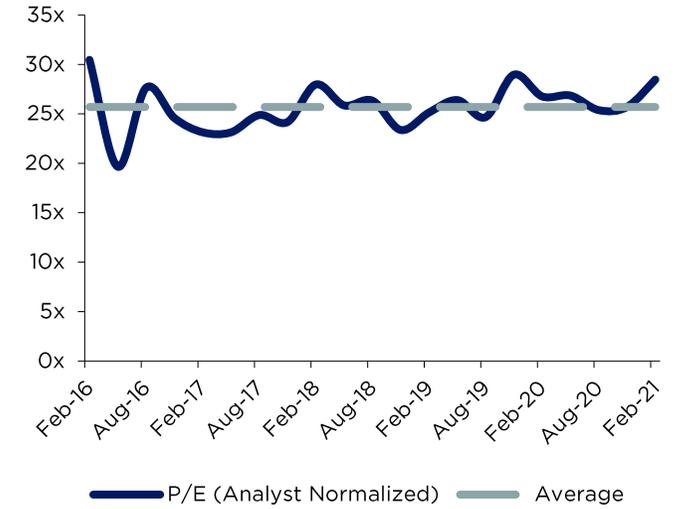
Revenue Multiples - Kao



EBITDA Multiples - Kao



P/E Multiples - Kao



Company Name

Date

Deal Synopsis

Washing Systems

09-Aug-18

The company was acquired by Kao (TKS: 4452) for an undisclosed amount on August 9, 2018. The acquisition would allow Kao to promote global development of its commercial products business.

Oribe Hair Care

20-Dec-17

The company, a subsidiary of Luxury Brand Partners, was acquired by Kao USA for \$430 million on December 20, 2017. The acquisition will strengthen the acquirer's position in United States.

The Clorox

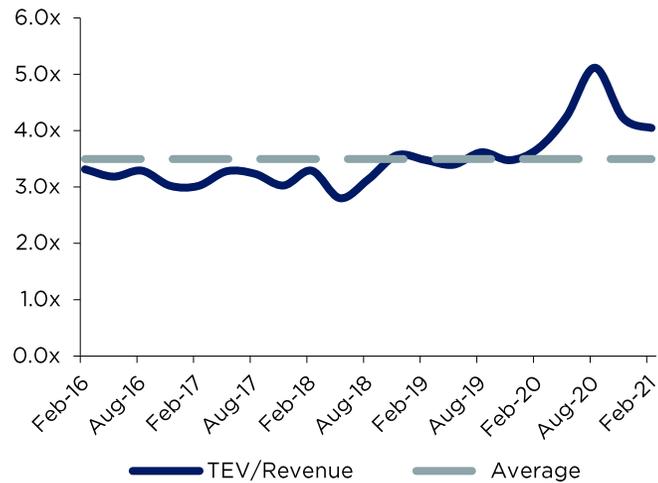
With a history dating back more than 100 years, Clorox now sells a variety of consumer staples products, including cleaning supplies, laundry care, trash bags, cat litter, charcoal, food dressings, water-filtration products, and natural personal-care products.

Beyond its namesake brand, the firm's portfolio includes Liquid-Plumr, Pine-Sol, SOS, Tilex, Kingsford, Fresh Step, Glad, Hidden Valley, KC Masterpiece, Brita, and Burt's Bees. Just shy of 85% of Clorox's sales stem from its home turf.

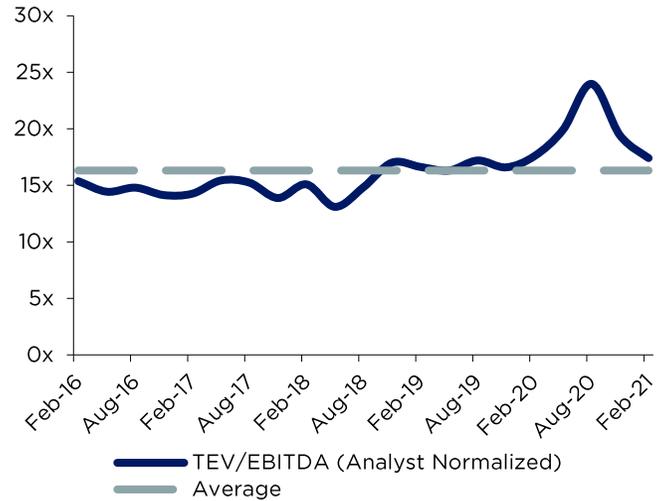
Public Basket

The Clorox

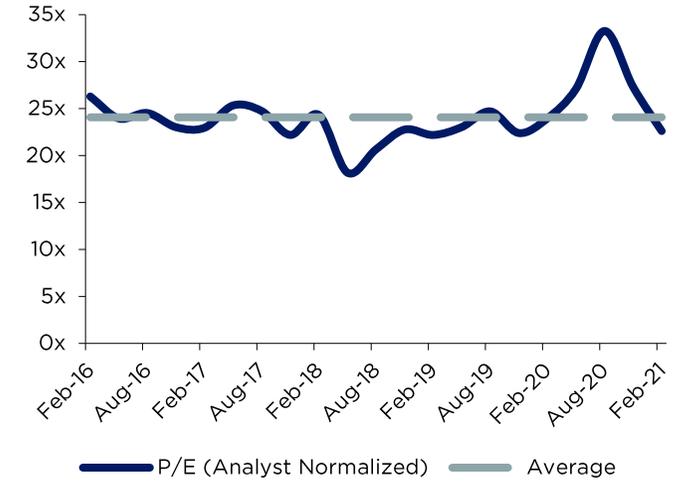
Revenue Multiples - The Clorox



EBITDA Multiples - The Clorox



P/E Multiples - The Clorox



Company Name

Date

Deal Synopsis

Nutranext

02-Apr-18

The company was acquired by the Clorox (NYSE: CLX) for \$681 million on April 2, 2018. The acquisition would bring significant scale and breadth to Clorox's dietary supplements business. Clorox financed the acquisition in cash, while maintaining a debt-to-EBITDA ratio within its target range of 2.0x to 2.5x.

ReNew Life Formulas

02-May-16

The company was acquired by The Clorox Company (NYSE: CLX) for \$290 million on May 2, 2016.

Spectrum Brands

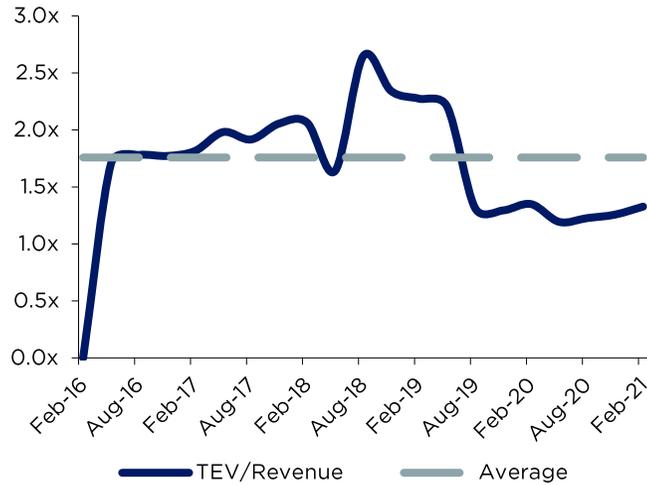
Spectrum Brands Holdings Inc is a consumer product company.

The company is a supplier of consumer batteries, residential locksets, residential builders' hardware, plumbing, shaving and grooming products, and personal care products. The company manages the businesses in product-focused segments; Hardware & Home Improvement, Home and Personal Care, Global Pet Supplies, and Home and Garden. It offers brands including Varta, Kwikset, Weiser, Baldwin, National Hardware, Pfister, Remington, George Foreman, and Russell Hobbs.

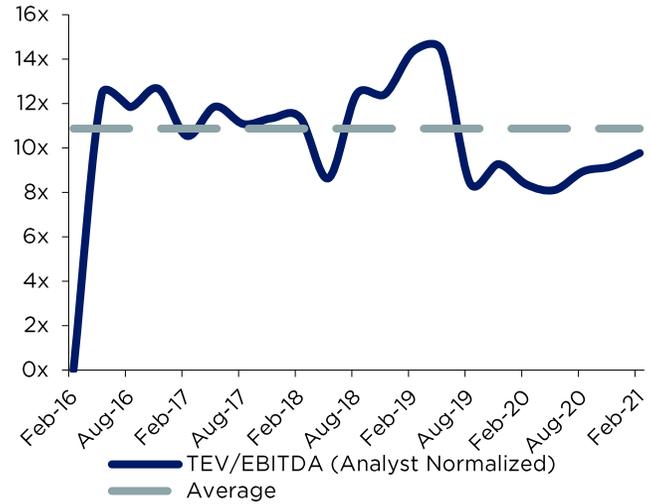
Public Basket

Spectrum Brands

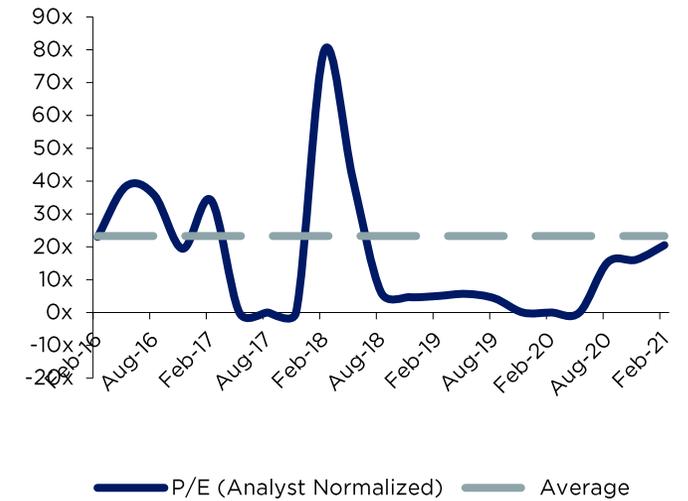
Revenue Multiples - Spectrum Brands



EBITDA Multiples - Spectrum Brands



P/E Multiples - Spectrum Brands



Company Name

Date

Deal Synopsis

Armitage Pet Care

26-Oct-20

The company was acquired by Spectrum Brands (NYS: SPB), a subsidiary of HRG Group, for approximately GBP 180 million on October 26, 2020.

Omega Sea

10-Mar-20

The company was acquired by Spectrum Brands (NYS: SPB), a subsidiary of HRG Group, for approximately \$17 million on March 10, 2020.

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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