



HEALTH & WELLNESS REPORT

Q2 2016

Explore M&A Activity, Capital Market
Conditions and Current Trends for the
Health & Wellness Industry

SDR*Ventures*

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HEALTH & WELLNESS REPORT

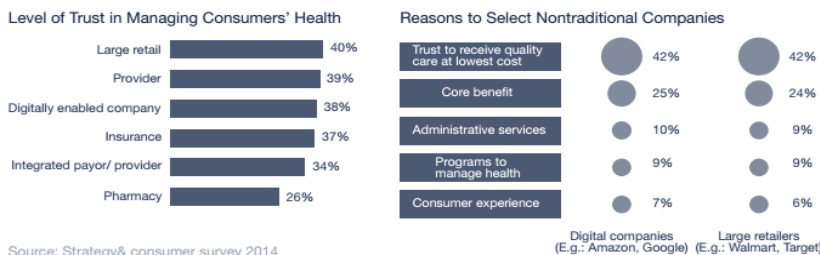
Q2 INDUSTRY UPDATE

The Health & Wellness sector of consumer products was once an afterthought, a niche within categories that were only addressed by specialty retailers and distributors, and small brands impassioned by the pursuit of visions despite the misalignment between lifestyle and profit.

Today, these visions have become viable businesses. In apparel, we are watching astronomical growth in the Activewear category, where female consumers have found empowerment by blending their active lifestyles with their everyday choices in what to wear. An entire generation of consumers has deconstructed and reconstructed its identity and value set to express its lifestyle.

Similar things are taking place in other areas of consumer products. What was once termed the “leisure category” now shares a common thread with healthy and active lifestyle brands. Brands ranging from Lululemon Athletica to Callaway allow consumers to express their values and passions outside the environs of their favorite activities.

Two factors are driving M&A and private placement activity in 2016: (1) consumers want to be healthy, but increasingly they are shifting trust to healthcare resources that they can access on their own, versus the healthcare system (see the chart below to the right); and (2) consumers want to express their lifestyles of health and wellness through the products they purchase.



Source: Strategy& consumer survey 2014
N=2399

The three most active segments in Health & Wellness (and among those in all of consumer products) are Beauty and Personal Care, Food & Beverage and Vitamins, Minerals and Supplements. Beauty care products that provide large strategic buyers with access to new channels (e.g., Revlon’s June acquisition of Elizabeth Arden for its presence in prestige and travel, two very fast growing channels within fragrance, hair and skin care), or depth within growing categories (e.g., Johnson & Johnson’s acquisition of Vogue last month for its entrenchment in haircare, a category growing at 4.3% compound per year from 2010–2015¹).

Vitamins, Minerals and Supplements is a segment where reliable production and raw materials sourcing remain key for businesses over the long run as industry self-regulation continues to form. Businesses with the ability to command and protect strong margins through innovative and defensible products and strong channel relationships are great candidates for growth and thus investment or M&A. Probi, a Swedish developer and marketer of probiotics, acquired Nutraceutix, a maker of OTC probiotic products, to enhance its product development capabilities and geographic presence.

¹Source: Euromonitor data. Represents retail value RSP (retail selling price).

The information contained herein is based on sources we believe reliable but is not guaranteed by us and is not to be considered all-inclusive. It is not to be construed as an offer or consultation of an offer to sell or buy any securities.

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ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

HEALTH & WELLNESS CONTACTS



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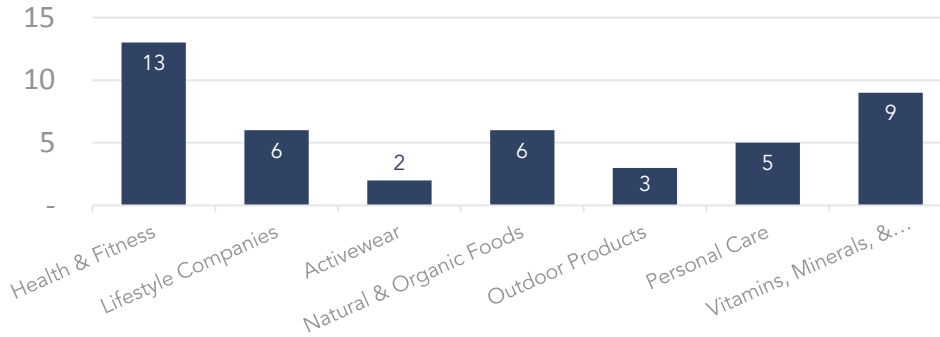


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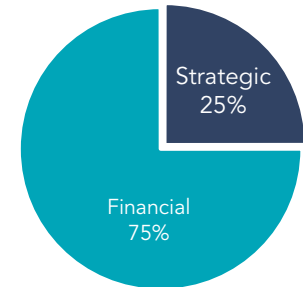


HEALTH & WELLNESS REPORT

TRANSACTIONS BY SEGMENT

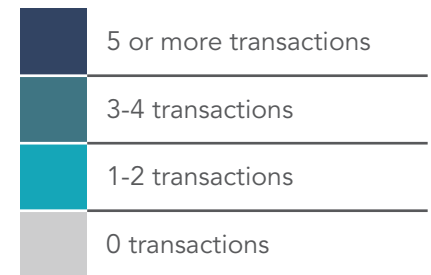
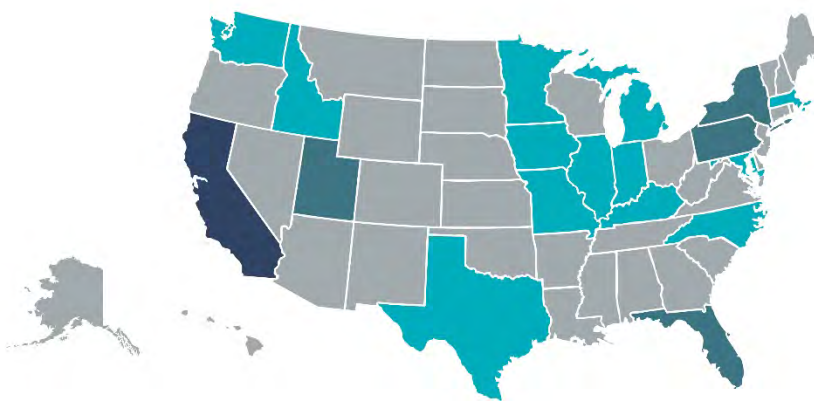


TRANSACTIONS BY TYPE



Source: S&P Capital IQ

TRANSACTIONS BY LOCATION



Source: S&P Capital IQ

TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/Rev	TEV/EBITDA
6/30/2016	Julep Beauty, Inc.	-	Personal Care	8	-	-
6/30/2016	Jolly Products LLC	-	Vitamins, Minerals, & Supplements	11	-	-
6/28/2016	Project Healthy Living, Inc.	-	Vitamins, Minerals, & Supplements	50	-	-
5/2/2016	Casey's General Stores, Inc.	-	Natural & Organic Foods	100	-	-
4/27/2016	BioZone Laboratories, Inc.	Flavor Producers, Inc.	Personal Care	10	1.10x	-
2/23/2016	American Fruits And Flavors	Monster Beverage Corporation	Natural & Organic Foods	690	-	-
1/13/2016	Nutrition Physiology Holdings LLC	Chr. Hansen Holding A/S	Natural & Organic Foods	185	-	-
1/5/2016	Sakara Life, Inc.	SV Angel	Natural & Organic Foods	5	-	-
1/5/2016	Agri-Fine, Inc.	A-F Acquisition, LLC	Natural & Organic Foods	6	-	-
1/4/2016	Hum Nutrition Inc	-	Vitamins, Minerals, & Supplements	3	-	-

ACCESS FULL LIST

Source: S&P Capital IQ

Note: These data represent recorded transactions only, and are not all-inclusive. Nevertheless, they are typically representative of the industry.



HEALTH & WELLNESS REPORT

ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

Strategic Buyer	Inv. Date	Select Corporate Acquisitions
Arcus Hunting, LLC	6/8/2016	• Trophy Taker, Inc.
	3/24/2016	• Ramcat Broadheads
	4/2/2015	• Obsession Bows
	1/7/2015	• Tink's Hunting Products, LLC
	11/17/2014	• Dead Down Wind LLC
Hi-Tech Pharmaceuticals	4/28/2016	• Gaspari Nutrition Inc.
	10/5/2016	• TribraVus Enterprises
	8/18/2015	• LG Sciences LLC
	7/9/2015	• Sports One Inc.
	7/7/2015	• Innovative Laboratories, Inc.
Treehouse Foods, Inc.	2/1/2016	• Ralcorp Holdings Inc.
	5/30/2014	• PFF Capital Group Inc.
	10/8/2013	• Associated Brands Income Fund
	5/1/2013	• Cains Foods
	4/13/2012	• Naturally Fresh
Brunswick Corporation	7/5/2016	• Thunder Jet Boats Inc.
	1/20/2016	• Cybex International Inc.
	12/6/2015	• Garelick Mfg. Co.
	7/8/2015	• SCIFIT Systems, Inc.
	4/27/2015	• Bob Littler Agencies Pty Ltd
Indian Industries, Inc.	1/21/2016	• Triumph Sports USA, Inc.
	9/30/2015	• Goalsetter Systems, Inc.
	7/29/2015	• Onix Sports, Inc.
	6/30/2014	• Pickleball Now LLC
	10/28/2014	• Cue & Case Sales Inc.

Source: S&P Capital IQ

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

Strategic Buyer	Inv. Date	Select Holdings
The Riverside Company	5/9/2016	• Jade Swimwear L.P
	4/1/2016	• Momentum Textiles, LLC
	3/31/2016	• Guestline Ltd
	3/29/2016	• Bentley Laboratories LLC
	12/31/2015	• The Dermatology Group, P.C.
Huron Capital Partners	6/9/2016	• Good Sportsman Marketing, L.L.C.
	5/17/2016	• InterVision Systems, LLC
	5/10/2016	• Systems, Inc.
	1/11/2016	• Drake Automotive Group, Inc.
	12/31/2015	• Earnest Bros. Logistics
Swander Pace Capital	1/22/2016	• Swanson Health Products, Inc.
	12/14/2015	• Captek Softgel International, Inc.
	10/14/2015	• Voortman Cookies Limited
	1/31/2014	• Recochem, Inc.
	4/2/2013	• Caleel + Hayden, LLC
North Castle Partners, LLC	1/6/2016	• Turning Point
	10/2/2015	• Brooklyn Boulders LLC
	7/28/2015	• Barry's Bootcamp LLC
	7/14/2015	• SmartyPants, Inc.
	7/2/2015	• Sprout Foods, Inc.
Roark Capital Group	6/27/2016	• Drybar Holdings LLC
	2/17/2016	• Ultimate Fitness Group, LLC
	6/9/2015	• Naf Naf Grill, LLC
	5/13/2015	• Pet Supermarket, Inc.
	4/17/2015	• Driven Brands

Source: S&P Capital IQ

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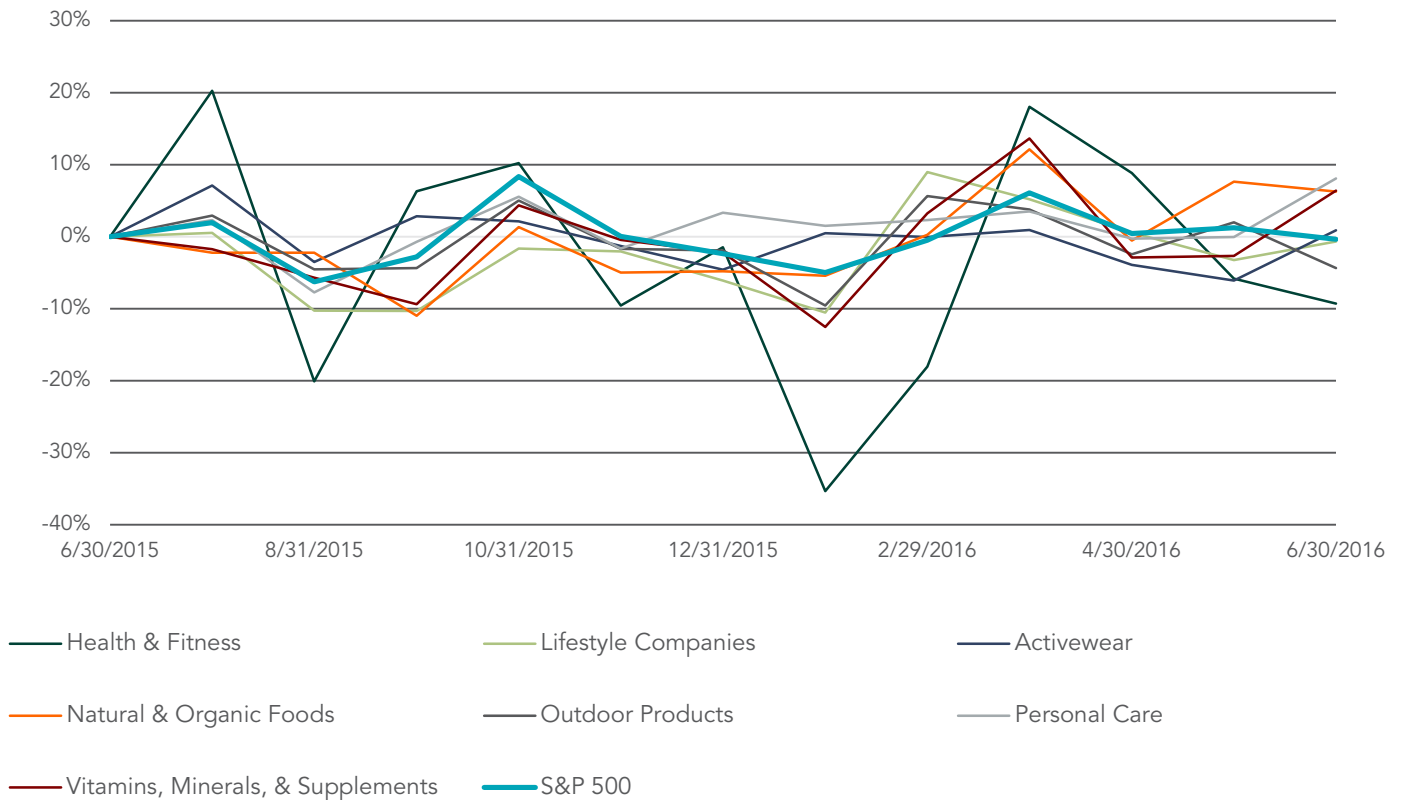


HEALTH & WELLNESS REPORT

PUBLIC BASKET

HEALTH & WELLNESS SEGMENTS VS. S&P 500

Running 12 Months



Source: S&P Capital IQ

HEALTH & FITNESS

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/LMT EPS	Price/Book	TEV/ Rev	TEV/ EBITDA
Fitbit Inc.	NYSE:FIT	CA	\$2,658	\$12	-13.8%	-59%	18.4x	2.6x	0.9x	6.5x
Planet Fitness, Inc.	NYSE:PLNT	NH	\$821	\$19	5.7%	21%	154.7x	NM	3.8x	11.1x
Weight Watchers International, Inc.	NYSE:WTW	NY	\$742	\$12	-23.3%	-49%	19.5x	NM	2.4x	11.8x
Nutrisystem, Inc.	NasdaqGS:NTRI	PA	\$739	\$25	-6.6%	17%	28.5x	11.0x	1.5x	13.8x
Nautilus Inc.	NYSE:NLS	WA	\$554	\$18	-13.5%	7%	19.1x	3.9x	1.5x	10.7x
Medifast Inc.	NYSE:MED	MD	\$394	\$33	4.3%	10%	20.8x	4.4x	1.2x	8.8x
Segment Average			\$985		-7.9%	-8.9%	43.5x	5.5x	1.9x	10.5x

Source: S&P Capital IQ

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LIFESTYLE COMPANIES

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
Garmin Ltd.	NasdaqGS:GRMN	-	\$8,020	\$42	-0.2%	14%	22.0x	2.3x	2.4x	11.2x
Polaris Industries Inc.	NYSE:PII	MN	\$5,284	\$82	-3.8%	-5%	14.1x	5.7x	1.2x	7.2x
Vail Resorts Inc.	NYSE:MTN	CO	\$4,999	\$138	5.3%	8%	32.2x	5.2x	3.5x	12.2x
Brunswick Corporation	NYSE:BC	IL	\$4,107	\$45	-5.3%	-10%	16.2x	3.1x	1.0x	8.0x
Vista Outdoor Inc.	NYSE:VSTO	UT	\$2,899	\$48	-4.9%	7%	20.0x	1.7x	1.5x	10.2x
GoPro, Inc.	Nasdaq:GPRO	CA	\$1,495	\$11	5.3%	-40%	NM	2.2x	0.8x	NM
Intrawest Resorts Holdings, Inc.	NYSE:SNOW	CO	\$516	\$13	19.4%	66%	232.1x	1.6x	1.6x	9.3x
Arctic Cat Inc.	NasdaqGS:ACAT	MN	\$222	\$17	7.7%	4%	NM	1.3x	0.3x	57.5x
Black Diamond, Inc.	NasdaqGS:BDE	UT	\$128	\$4	-0.7%	-6%	NM	0.7x	0.3x	NM
Peak Resorts, Inc.	NasdaqGM:SKIS	MO	\$64	\$5	5.3%	-24%	NM	1.0x	2.0x	9.8x
Segment Average			\$2,773		2.8%	1.4%	56.1x	2.5x	1.5x	15.7x

Source: S&P Capital IQ

ACTIVEWEAR

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
NIKE, Inc.	NYSE:NKE	OR	\$92,997	\$55	0.0%	-12%	33.3x	7.6x	2.8x	17.3x
V.F. Corporation	NYSE:VFC	NC	\$25,642	\$61	-1.3%	-1%	25.5x	5.2x	2.2x	13.7x
Under Armour, Inc.	NYSE:UA	MD	\$16,703	\$40	6.4%	0%	70.6x	15.1x	4.2x	32.8x
Lululemon Athletica Inc.	Nasdaq:LULU	BC	\$10,117	\$74	13.6%	41%	46.1x	8.9x	4.5x	22.1x
Gildan Activewear Inc.	TSX:GIL	QC	\$8,856	\$38	-3.1%	-4%	30.1x	3.3x	2.9x	14.3x
Foot Locker, Inc.	NYSE:FL	NY	\$7,423	\$55	-1.9%	-16%	12.9x	2.8x	0.9x	5.9x
Wolverine World Wide Inc.	NYSE:WWW	MI	\$2,023	\$20	11.6%	22%	17.0x	2.1x	1.0x	10.1x
Deckers Outdoor Corp.	NYSE:DECK	CA	\$1,842	\$58	9.4%	22%	16.2x	1.9x	0.9x	6.9x
Sequential Brands Group, Inc.	NasdaqCM:SQBG	NY	\$496	\$8	-1.0%	1%	52.5x	1.1x	9.8x	17.0x
Iconix Brand Group, Inc.	NASDAQGS:ICON	NY	\$352	\$7	-12.3%	-1%	6.2x	0.5x	4.7x	10.2x
Cherokee Inc.	NasdaqGS:CHKE	CA	\$97	\$11	-21.3%	-36%	13.2x	2.1x	3.2x	8.2x
Segment Average			\$15,141		0.0%	1.4%	29.4x	4.6x	3.4x	14.4x

Source: S&P Capital IQ

NATURAL & ORGANIC FOODS

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
The WhiteWave Foods Company	NYSE:WWAV	CO	\$8,305	\$47	5.1%	21%	49.1x	6.3x	2.6x	22.2x
Pinnacle Foods Inc.	NYSE:PF	NJ	\$5,408	\$46	9.9%	9%	24.1x	3.0x	3.1x	15.7x
The Hain Celestial Group, Inc.	NasdaqGS:HAIN	NY	\$5,147	\$50	0.6%	23%	29.7x	2.8x	2.1x	16.0x
Darling Ingredients Inc.	NYSE:DAR	TX	\$2,452	\$15	-2.9%	42%	41.6x	1.3x	1.3x	8.8x
United Natural Foods, Inc.	Nasdaq:UNFI	RI	\$2,358	\$47	25.6%	19%	17.4x	1.6x	0.3x	9.2x
Amplify Snack Brands, Inc.	NYSE:BETR	TX	\$1,103	\$15	13.0%	28%	39.5x	44.8x	6.7x	20.8x
Inventure Foods, Inc.	NasdaqGS:SNAK	AZ	\$153	\$8	4.3%	10%	NM	3.0x	1.0x	34.4x
Segment Average			\$3,561		7.9%	21.6%	33.5x	9.0x	2.4x	18.2x

Source: S&P Capital IQ

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HEALTH & WELLNESS REPORT

OUTDOOR PRODUCTS

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/LMT EPS	Price/Book	TEV/Rev	TEV/EBITDA
Brunswick Corporation	NYSE:BC	IL	\$4,107	\$45	-5.3%	-10%	16.2x	3.1x	1.0x	8.0x
Vista Outdoor Inc.	NYSE:VSTO	UT	\$2,899	\$48	-4.9%	7%	20.0x	1.7x	1.5x	10.2x
Sturm, Ruger & Co. Inc.	NYSE:RGR	CT	\$1,214	\$64	-3.4%	7%	18.3x	5.1x	1.9x	8.1x
Callaway Golf Co.	NYSE:ELY	CA	\$959	\$10	1.5%	8%	63.6x	2.1x	1.2x	19.2x
Johnson Outdoors Inc.	NasdaqGS:JOUT	WI	\$257	\$26	-2.5%	17%	13.4x	1.2x	0.5x	5.9x
Performance Sports Group Ltd.	TSX:PSG	NH	\$177	\$4	-8.3%	-71%	NM	1.2x	1.0x	17.7x
Escalade Inc.	NasdaqGM:ESCA	IN	\$146	\$10	-9.9%	-23%	17.7x	1.5x	1.1x	9.3x
Segment Average			\$1,394		-4.7%	-9.1%	24.9x	2.3x	1.2x	11.2x

Source: S&P Capital IQ

PERSONAL CARE

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/LMT EPS	Price/Book	TEV/Rev	TEV/EBITDA
Unilever PLC	LSE:ULVR	-	\$101,606	\$36	13.8%	22%	33.3x	8.9x	2.8x	17.5x
The Estée Lauder Companies Inc.	NYSE:EL	NY	\$33,608	\$91	-0.8%	3%	32.7x	8.8x	3.1x	16.3x
ULTA Salon, Cosmetics & Fragrance, Inc.	NasdaqGS:ULTA	IL	\$15,216	\$244	4.6%	32%	45.6x	11.6x	3.6x	20.6x
Coty Inc.	NYSE:COTY	NY	\$8,813	\$26	-1.3%	1%	38.2x	19.9x	3.0x	17.2x
Sally Beauty Holdings Inc.	NYSE:SBH	TX	\$4,286	\$29	2.4%	5%	19.6x	NM	1.5x	9.7x
Nu Skin Enterprises Inc.	NYSE:NUS	UT	\$2,584	\$46	17.1%	22%	26.7x	3.2x	1.2x	10.1x
Revlon, Inc.	NYSE:REV	NY	\$1,692	\$32	3.2%	16%	16.5x	NM	1.7x	10.6x
Avon Products Inc.	NYSE:AVP	NY	\$1,649	\$4	-3.1%	-7%	17.7x	NM	0.6x	8.4x
USANA Health Sciences Inc.	NYSE:USNA	UT	\$1,334	\$111	-7.6%	-13%	16.0x	5.4x	1.3x	8.0x
Inter Parfums Inc.	NasdaqGS:IPAR	NY	\$887	\$29	-2.3%	20%	31.0x	2.3x	1.8x	12.8x
Elizabeth Arden, Inc.	NasdaqGS:RDEN	FL	\$412	\$14	49.9%	39%	NM	5.0x	0.9x	NM
Natural Health Trends Corp.	NasdaqCM:NHTC	CA	\$321	\$28	-5.6%	-16%	10.0x	6.5x	0.7x	4.0x
Lifevantage Corporation	NasdaqCM:LFVN	UT	\$191	\$14	9.0%	43%	46.1x	21.6x	1.0x	14.9x
United-Guardian Inc.	NASDAQ:UG	NY	\$74	\$16	-6.6%	-16%	22.4x	4.9x	5.1x	11.9x
Perfumania Holdings, Inc.	NasdaqCM:PERF	NY	\$37	\$2	-2.4%	-1%	NM	0.5x	0.4x	156.3x
CCA Industries Inc.	AMEX:CAW	NJ	\$23	\$3	-1.8%	4%	NM	3.4x	1.2x	NM
DS Healthcare Group, Inc.	NasdaqCM:DSKX	FL	\$15	\$1	0.0%	-74%	NM	1.8x	1.0x	268.7x
Segment Average			\$49,691		4.0%	5.4%	26.6x	7.4x	1.8x	37.4x

Source: S&P Capital IQ

VITAMINS, MINERALS & SUPPLEMENTS

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/LMT EPS	Price/Book	TEV/Rev	TEV/EBITDA
Mead Johnson Nutrition Co.	NYSE:MJN	IL	\$16,940	\$91	10.3%	15%	35.6x	NM	4.6x	17.8x
Herbalife Ltd.	NYSE:HLF	-	\$5,432	\$59	1.1%	9%	15.5x	83.7x	1.4x	8.5x
GNC Holdings Inc.	NYSE:GNC	PA	\$1,661	\$24	-6.8%	-22%	8.8x	5.8x	1.2x	6.7x
Vitamin Shoppe, Inc.	NYSE:VSI	NJ	\$742	\$31	1.1%	-7%	15.5x	1.6x	0.7x	6.6x
Medifast Inc.	NYSE:MED	MD	\$394	\$33	4.3%	10%	20.8x	4.4x	1.2x	8.8x
Nutraceutical International Co.	NasdaqGS:NUTR	UT	\$216	\$23	-2.3%	-10%	13.0x	1.3x	1.2x	6.3x
Lifevantage Corporation	NasdaqCM:LFVN	UT	\$191	\$14	9.0%	43%	46.1x	21.6x	1.0x	14.9x
Nature's Sunshine Products Inc.	NasdaqCM:NATR	UT	\$178	\$10	-3.2%	-6%	16.0x	1.3x	0.4x	6.6x
Mannatech, Incorporated	NasdaqGS:MTEX	TX	\$55	\$20	-2.9%	7%	11.9x	1.4x	0.1x	2.0x
Segment Average			\$2,868		1.2%	4.4%	20.3x	15.1x	1.3x	8.7x

Source: S&P Capital IQ

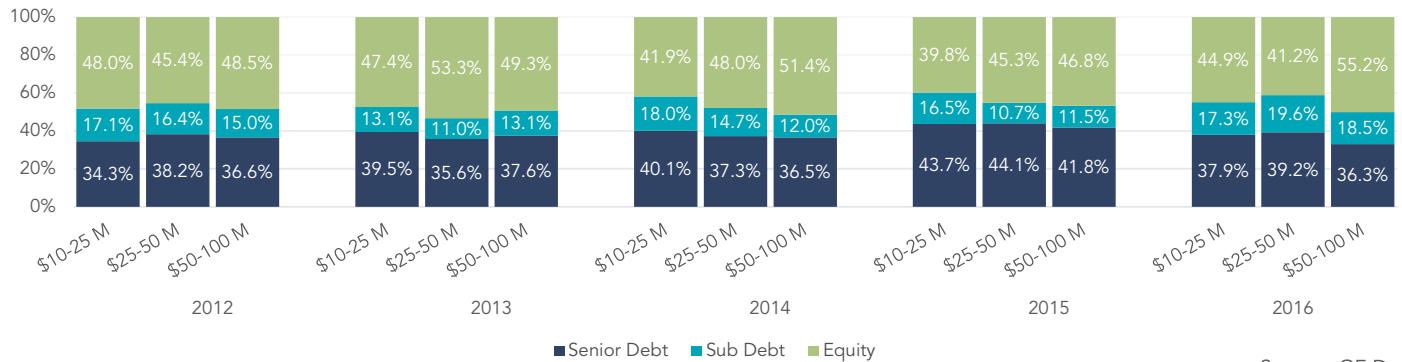
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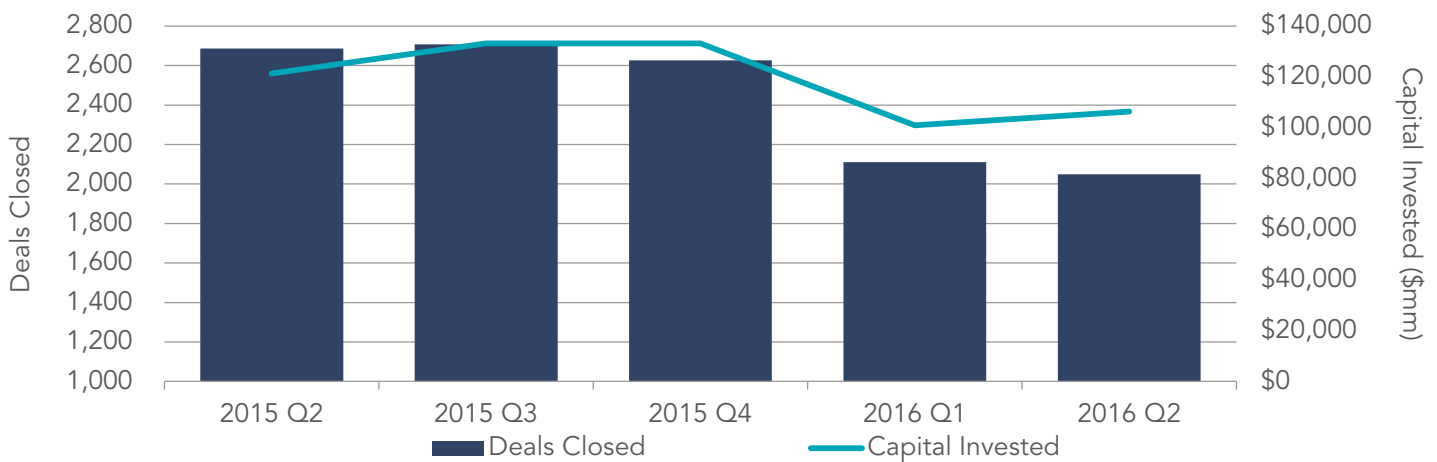
OVERALL U.S. LOWER MIDDLE MARKET M&A ACTIVITY

CAPITAL STACK



Source: GF Data*

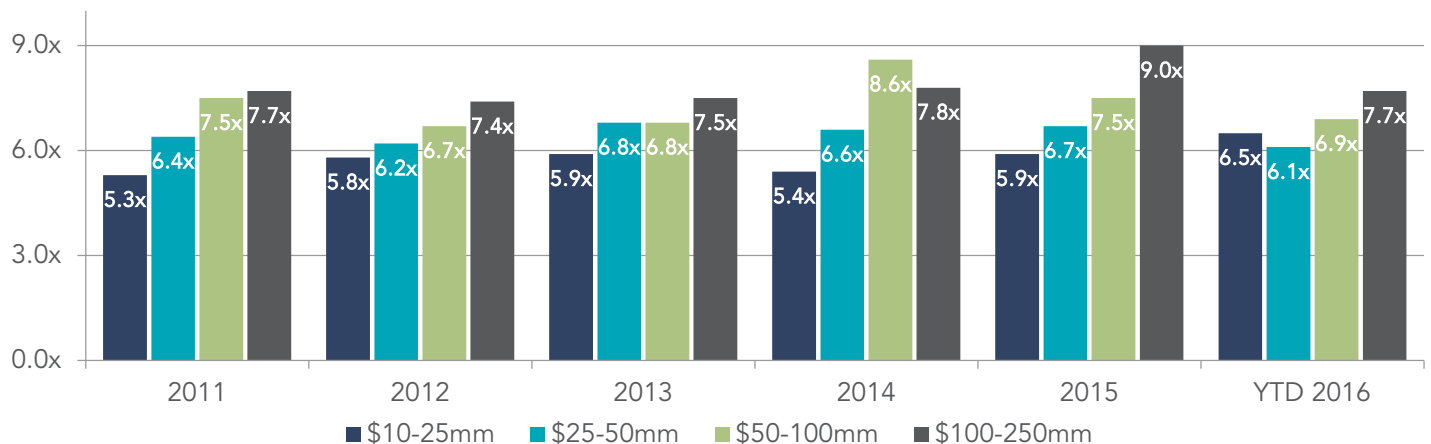
M&A ACTIVITY



Source: S&P Capital IQ

TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



Source: GF Data*

*The most current source of GF Data is as of March 31, 2016, and lags one quarter behind the current quarter.



HEALTH & WELLNESS REPORT

COMPREHENSIVE HEALTH & WELLNESS EXPERTISE

The health & wellness industry may have stolen the national spotlight in recent years, but we have been involved in the health & wellness industry for well over a decade. Our experience and drive puts us at the leading edge of information in the market, giving you the advantage when the time comes to buy, sell or seek investments to grow your business.

Our Health & Wellness industry investment banking expertise includes the following segments:

- Health & Fitness
- Lifestyle Companies
- Activewear
- Natural & Organic Foods
- Outdoor Products
- Personal Care
- Vitamins, Minerals, & Supplements

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SELECT CONSUMER EXPERIENCE

SDR has completed numerous transactions types throughout various industries, including:

SDR SERVICE OFFERINGS



SELL-SIDE ADVISORY



PRIVATE CAPITAL FORMATION



BUY-SIDE ADVISORY



STRATEGIC CONSULTING