
INTRODUCTION

If you own a successful beauty or personal care business, today's market environment likely raises important questions. This guide is designed to help founders and owners navigate the current environment.

EXECUTIVE SUMMARY

The U.S. beauty and personal care industry remains resilient, with sustained consumer demand supporting continued strategic and financial investor interest despite a shift toward a more selective M&A environment. While deal activity has normalized from post-pandemic highs, buyers remain focused on differentiated, profitable brands with scalable omnichannel models and durable fundamentals. This report outlines the key market dynamics, transaction trends, and buyer priorities shaping M&A opportunities for founders and owners evaluating options, including a sale, capital raise, or partnership.

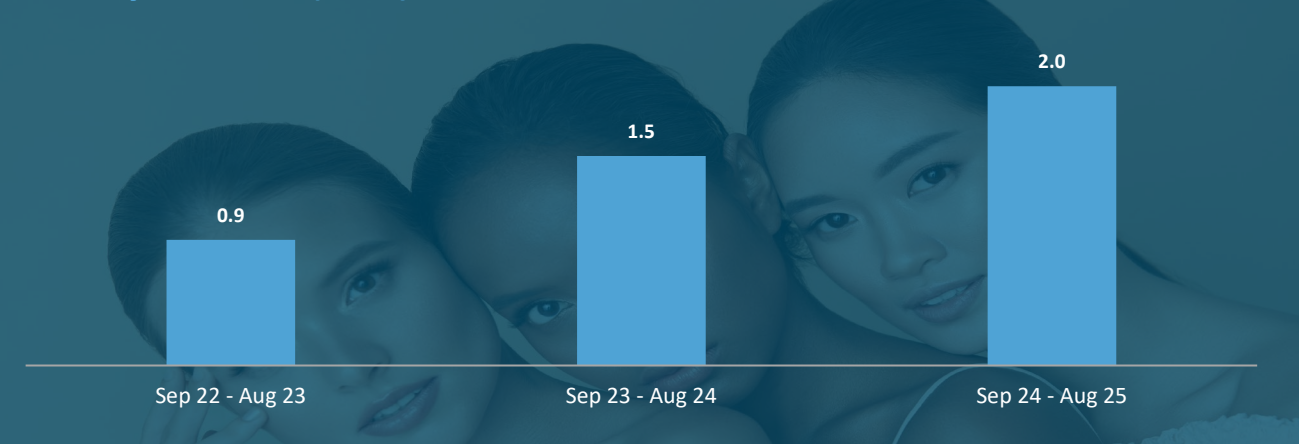
WHAT YOU'LL FIND

- Market Overview
- The trends driving consumer behavior in this category
- M&A Overview
- Consumer Sentiment and Spending Trend
- What buyers look for in a target beauty and personal care (BPC) business

Market Overview & Trends

K-Beauty becoming Mainstream in U.S.

K-Beauty U.S. Sales (in \$B)¹



Demand for K-Beauty in the U.S. is being driven by a combination of TikTok Shop led discovery, a skin first product philosophy that resonates with Millennials and Gen Z, and strong consumer appeal around innovative ingredients such as snail mucin and fermented extracts, all supported by a value proposition that blends perceived efficacy with accessible premium pricing

K-Beauty's Rise in the U.S. Is Redefining Market Leadership



K-Beauty has rapidly strengthened its position in the U.S. market, with Korean beauty exports to the U.S. reaching ~\$1.7B in 2024, up ~54.0% YoY, reflecting both accelerating consumer demand and the category's growing mainstream acceptance²



Growth has translated into a meaningful shift in market leadership, with South Korea's share of U.S. beauty imports rising to about 22.4% in 2024 and Korea overtaking France for the first time as the top foreign beauty supplier to the U.S.²



Partnerships Are Accelerating K-Beauty's U.S. Expansion



K-Beauty's U.S. expansion is being supported by retail and distribution partnerships, with Ulta and Sephora growing assortments through exclusive tie-ups and Costco.com now carrying 50+ K-Beauty brands



Olive Young, premier South Korean health and beauty drugstore chain, is strengthening K-Beauty's U.S. presence through physical and partnership led expansion, with its first California stores set to open in 2026

K-Beauty Dealmaking Is Accelerating Across the Beauty Ecosystem



K-Beauty is emerging as a scaled global M&A theme rather than a niche cosmetics trend, with post pandemic record activity in 2025 (till Nov.) totaling 26 deals worth ~\$1.8B and expanding beyond traditional cosmetic sector³



Buyer interest is being driven by both investment appetite and consolidation, as strategic buyers and private equity firms increase exposure, including Blackstone's investment in JUNO and KKR's acquisition of Samhwa in Sep 2025



Takeaway: Regardless of whether your brand is K-Beauty focused, the trends driving K-Beauty adoption, such as consumer appetite for innovation, ingredient credibility, and TikTok-driven discovery, are shaping buyer expectations across all beauty categories.

Source: 1) [NielsenIQ](#) (L52 WE 08/09/2025) 2) [Douglas Research](#) 3) [ION Analytics](#)

Market Overview & Trends (continued)

Large CPG and Beauty Companies Are Stepping Up Divestitures

Large CPG, retail, and beauty companies are increasingly pursuing divestitures, carve-outs, and portfolio reviews to streamline operations, sharpen strategic focus, and reallocate capital toward core growth brands. Bain's 2025 survey underscores this trend, with 30.0% of consumer products M&A executives expecting higher corporate interest in carve-outs and nearly 40.0% anticipating increased private equity interest over the next 12 months.¹



Recent examples underscore the trend:



Unilever sold Kate Somerville, an underperforming skincare brand to Rare Beauty as part of ongoing portfolio rationalization

Natura & Co

Natura & Co divested The Body Shop to simplify operations and focus on core markets and brands

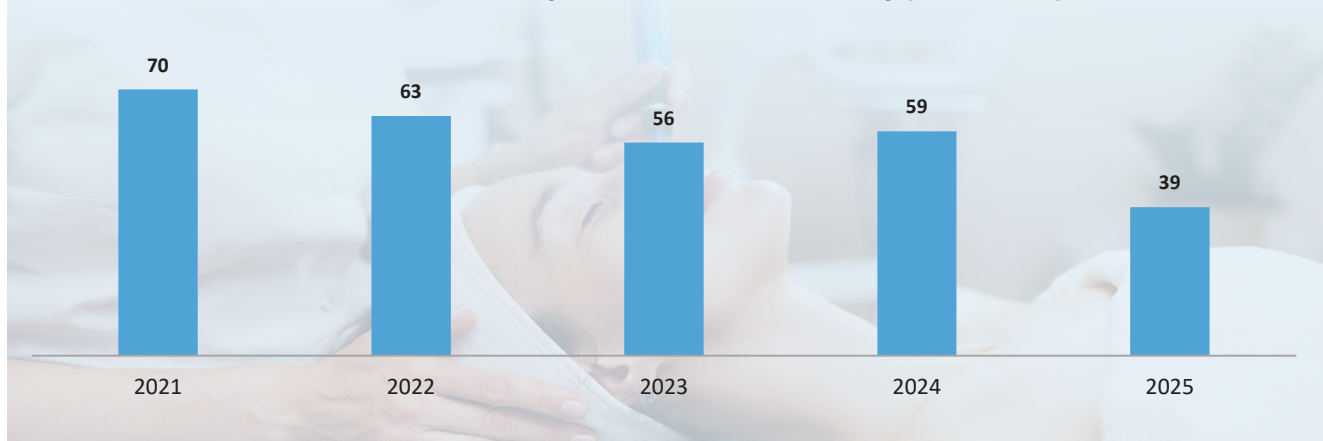
LVMH

LVMH has reported exploring a sale of its 50.0% stake in Rihanna's Fenty Beauty



In 2025, leading beauty brands, Estée Lauder and Coty have initiated portfolio reviews for evaluating weaker business segments to divestments to strengthen their core product portfolio

PE Exit Deal Volume Trend in the Beauty & Personal Care Industry (2021-2025)



Earnings Quality Is Driving Buyer Interest and Valuation

Buyers across beauty, CPG, and wellness are increasingly prioritizing earnings quality over topline momentum, with acquisition interest concentrating on assets that combine strong profitability, proven efficacy, and scalable operating models. In a more volatile trade and cost environment, businesses with durable margins, vertical integration, and clear expansion potential are attracting the strongest interest and commanding premium valuations, particularly when they can strengthen local capabilities and deepen market access.

Recent transactions reinforce this shift:

Kimberly Clark's \$48.7B acquisition of Kenvue was priced at ~14.3x LTM adjusted EBITDA, highlighting buyer willingness to pay premium multiples for scaled assets with resilient earnings²

e.l.f. Beauty's \$896M acquisition of Rhode highlights strong buyer demand for high-margin assets, with Rhode's estimated c.33.5% operating margin materially exceeding e.l.f.'s core business margins³

Source: 1) Bain 2) Press Release 3) Investing

Market Overview & Trends (continued)

Growth Momentum across Beauty Supplements and GLP-1



Beauty supplement demand is booming, with collagen remaining the category's anchor ingredient as search interest rose 15.4% YoY across TikTok, Google, and Instagram, reinforcing the supplement role in skin, hair, and joint focused products¹

- Demand is broadening beyond collagen, with resveratrol emerging as high-growth beauty actives, as search interest rose 148.4% YoY, respectively, supported by strong social media traction¹



GLP-1 adoption is set to expand sharply, with ~30M Americans projected to be on treatment by 2030², and growth likely to be driven by oral pills, followed by patent expirations in major markets such as China, India etc. that could widen generic access

- GLP-1 users often seek complementary beauty and personal care products to address skin changes, hair thinning, and body image shifts associated with significant weight loss, thus creating a new, addressable consumer segment



TikTok Shop's Increasing Relevance in U.S. E-Commerce

TikTok Shop scaled rapidly in the U.S., becoming TikTok's largest global market in 2024, despite of its launch in September 2023 launch, highlighting unusually fast platform adoption

The platform is strong in beauty and wellness segment, where low-priced, trend-led products benefit from creator amplification, with K-Beauty especially well positioned given 70.0% of online sales³

TikTok is becoming a mainstream commerce channel, with U.S. buyers projected to grow 13.6% to 53.2M in 2025 and 8.6% to 57.7M in 2026, surpassing 50.0% of U.S. social buyers by 2026⁴

In-app video, algorithmic discovery, and viral trend mechanics reduce friction in the purchase journey and drive high-velocity conversion

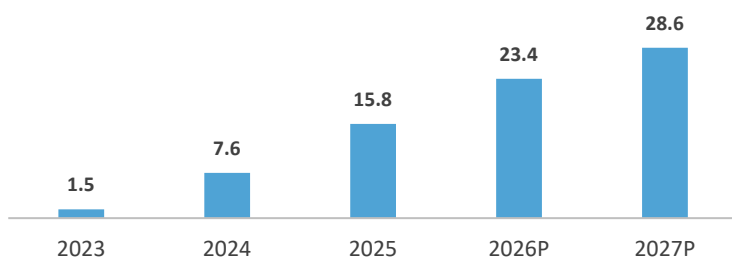
Rising volumes of shoppable content, including livestream and celebrity-led commerce, are boosting in-feed purchasing and reinforcing impulse-buying behavior

While ByteDance's divestiture of control to a U.S.-led, majority American-owned joint venture backed by Oracle, Silver Lake, and MGX has significantly reduced the regulatory risks that once threatened TikTok, the rise of TikTok Shop introduces a new set of risks for brands

TikTok Shop's fast growth has increased exposure to counterfeit and imitation products, which can confuse consumers, dilute brand equity, and weaken trust in authentic listings

TikTok Shop adds operational complexity, as strict fulfillment and service-level requirements can reduce visibility or trigger account restrictions if not consistently met

TikTok Shop Retail E-Commerce Sales in U.S. (in \$B)⁴



As TikTok Shop is projected to grow from \$1.5B in sales in 2023 to \$28.6B in 2027 and account for 24.1% of total social commerce sales in 2027⁴, consumer companies pursuing an exit will likely face greater scrutiny around their TikTok sales strategy and performance.

Source: 1) Food Navigator USA 2) J.P. Morgan 3) NielsenIQ 4) Emarketer

Recent Deal Flow & Multiples

M&A activity in the beauty and personal care sector remains strong, driven by sustained investor confidence and ongoing consolidation. Companies with clear positioning, defensible and often science backed differentiation, and credible global expansion potential are best placed to command higher valuations, with brand strength, control over distribution, and scalable business models serving as key drivers. Deal activity in 2025 has been further supported by acquirer interest in high growth segments such as clinical skincare, health aligned personal care including supplements, and men's grooming.

Notable Transactions

OLAPLEX



Transaction Type: M&A

Transaction Announce Date: 03/26/2026

Transaction Value: \$1.4B

- **Target Overview:** Olaplex is a science-led prestige haircare brand focused on bond-building treatments and maintenance products designed to repair, protect, and strengthen hair at a molecular level
- **Rationale for Deal:** Henkel acquired Olaplex to bolster its premium hair care portfolio with differentiated bond-repair technology and strengthen its position in science-led haircare

NutriBiotic



PLAMECA



Transaction Type: M&A

Transaction Closed Date: 10/14/2025

Transaction Value: \$19.0M

- **Target Overview:** Manufacturer of nutritional supplements and personal care products intended to help consumers take charge of their well-being
- **Rationale for Deal:** Plameca Laboratory acquired Nutribiotic to add a trusted immune-health supplement brand and expand its footprint in the natural wellness market



Transaction Type: M&A

Transaction Closed Date: 09/02/2025

Transaction Value: \$1.4B

- **Target Overview:** Dr. Squatch is a premium men's personal care brand offering products across soap, body wash, hair care, skin care etc. through a diversified DTC, digital commerce, and retail distribution model
- **Rationale for Deal:** Strengthens Unilever's portfolio and enable them to expand into premium, high-growth men's personal care segment



KINGSWOOD CAPITAL MANAGEMENT

Transaction Type: LBO

Transaction Closed Date: 04/21/2025

Transaction Value: \$193.5M

- **Target Overview:** The Vitamin Shoppe is a U.S.-based specialty retailer and omnichannel platform focused on vitamins, minerals, supplements (VMS), sports nutrition, and wellness products
- **Rationale for Deal:** Kingswood Capital Management acquired The Vitamin Shoppe to capitalize on growth in supplements, leverage its omnichannel platform and private-label strength, and drive margin expansion

Beauty & Personal Care M&A Transaction Volume

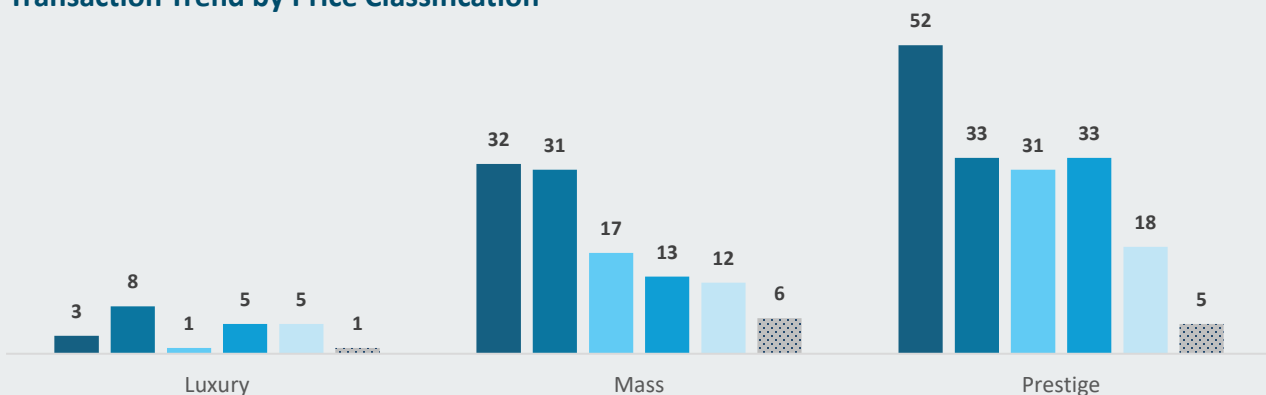
U.S. beauty M&A deal volume declined from 87 transactions in 2021 to 35 in 2025 (~60.0% contraction), marking a shift from post-pandemic exuberance to disciplined capital deployment. After the 2021 peak, activity slowed due to macro headwinds such as rising interest rates, valuation gaps, and recession concerns, reducing investor appetite and liquidity. By 2024-2025, the market shifted to fewer, more strategic deals, with a clear focus on profitability, resilience, and differentiated brands.

Price-wise, the prestige segment continued to dominate deal volumes through 2021–2024, the sharp decline in 2025 indicates that investor appetite for premium beauty brands has softened, largely due to valuation compression and slower growth expectations following the post-pandemic boom. Luxury, although small in absolute deal count, has shown intermittent spikes, suggesting that investors remain willing to pursue high-quality, brand-led assets on an opportunistic basis.

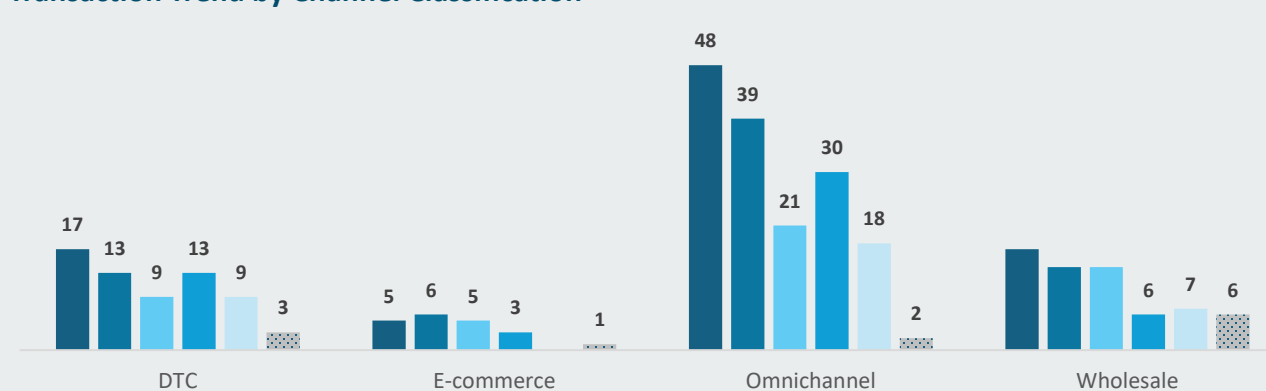
Channel-wise, DTC deal activity has remained volatile and subdued, with only intermittent recoveries (e.g., 2024), reflecting weakening investor conviction in the model. Industry sources such as Vogue Business and Beauty Independent note that investors are increasingly cautious toward DTC-first brands without omnichannel scale, as pure-play DTC models have proven difficult to grow profitably in the current environment.

Product-wise, Skincare remains the leading category but has declined sharply, reflecting post-pandemic normalization. Makeup continues to lose favor due to its competitive and trend-driven nature, while fragrance remains a small, opportunistic segment. Haircare showed relative resilience through 2024, driven by stable, repeat demand.

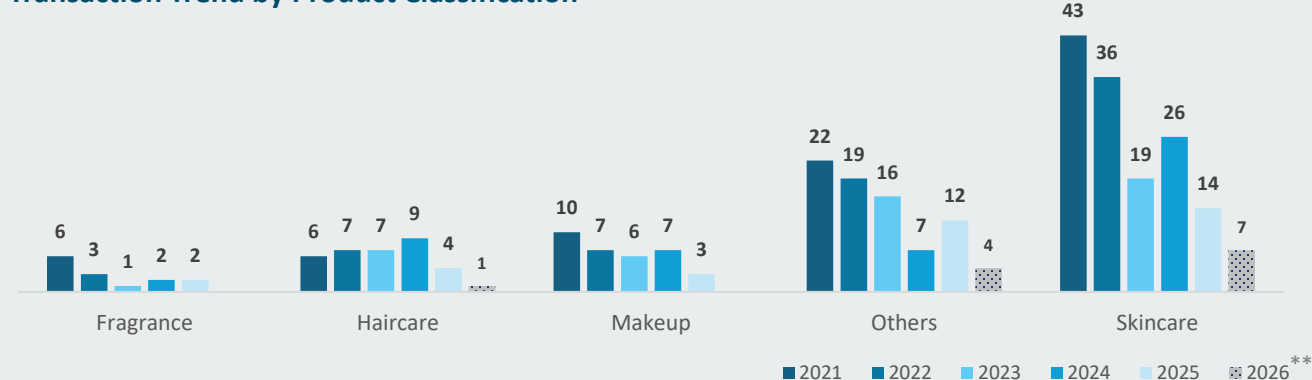
Transaction Trend by Price Classification



Transaction Trend by Channel Classification*



Transaction Trend by Product Classification



Source: PitchBook

Note: *1 Pureplay Offline Deal in 2025 **Till 03/23/2026

Public Market Valuation Multiples - Beauty & Personal Care

The beauty industry is experiencing a valuation recalibration heading into 2026, driven by shifting consumer spending patterns, rising acquisition costs for digital-native brands, and a bifurcation between resilient omnichannel operators and single-channel players. EV/EBITDA multiples across product, price, and channel classifications reveal that investors are increasingly rewarding diversification, accessible innovation, and distribution breadth over pure premiumization or niche positioning.

Mass Market Resilience Outshines Prestige Deceleration

Mass beauty commands the highest and stable multiples (~7.3x-7.4x) driven by relatively stronger growth and sustained consumer trade-down to value-oriented products, while prestige multiples are compressing (7.1x to 6.8x) amid slowing demand and a shift toward “value over premium.” Luxury also sees mild compression (6.9x to 6.8x) reflecting broader sector slowdown and a shrinking high-spend consumer base.

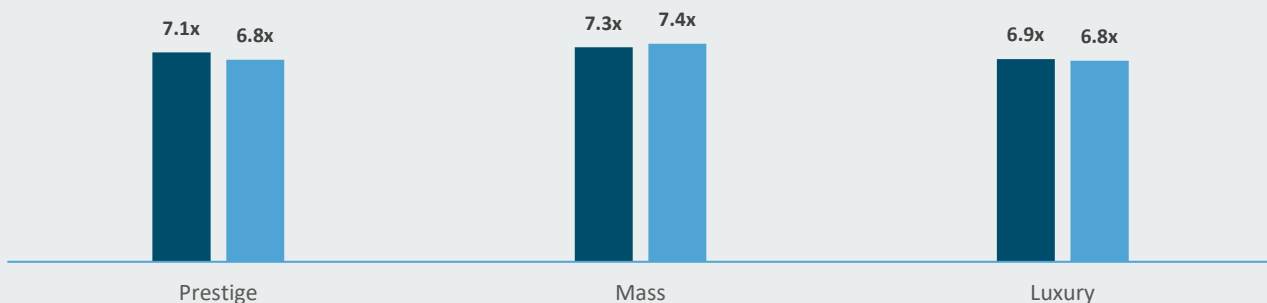
Omnichannel Commands Premium as DTC Model Faces Headwinds

Omnichannel models still command the highest valuations (declining modestly from ~7.9x to ~7.2x), supported by stronger lifetime value (+30%)¹ and reduced dependence on paid acquisition. Wholesale valuations remain stable, underpinned by consistent, retail-driven revenue streams. In contrast, DTC valuations have softened (from 6.1x to 5.7%), as significant CAC inflation (iOS up 40-80% Post-iOS14)² continues to pressure margins.

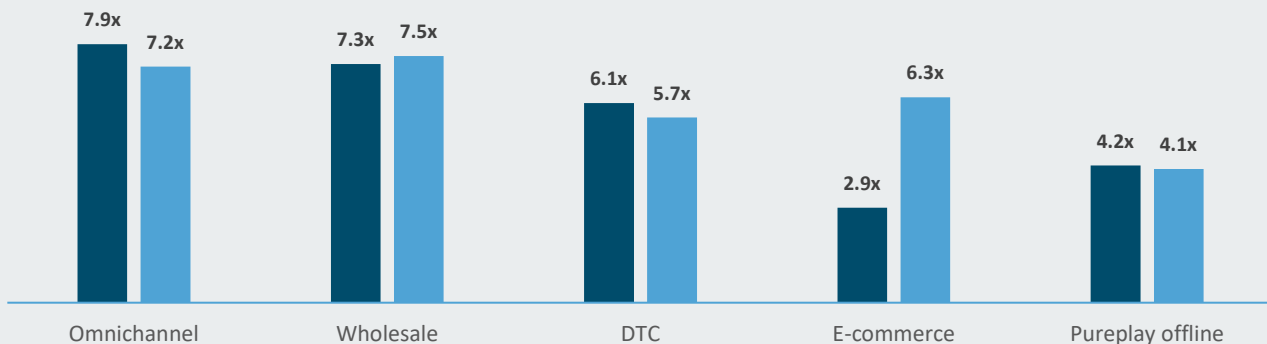
Haircare Emerges as the Breakout Category

Makeup peaks in 2025 (~7.7x) on strong demand but resets to ~6.3x in 2026 as valuations shift toward resilience. Skincare remains stable (~7.0x-7.4x) given scale, though growth is moderating. Haircare re-rates sharply (5.9x → 7.1x) on rising M&A interest and innovation momentum, while fragrance stays lower (~6.2x-6.3x) despite growth due to margin and fragmentation constraints.

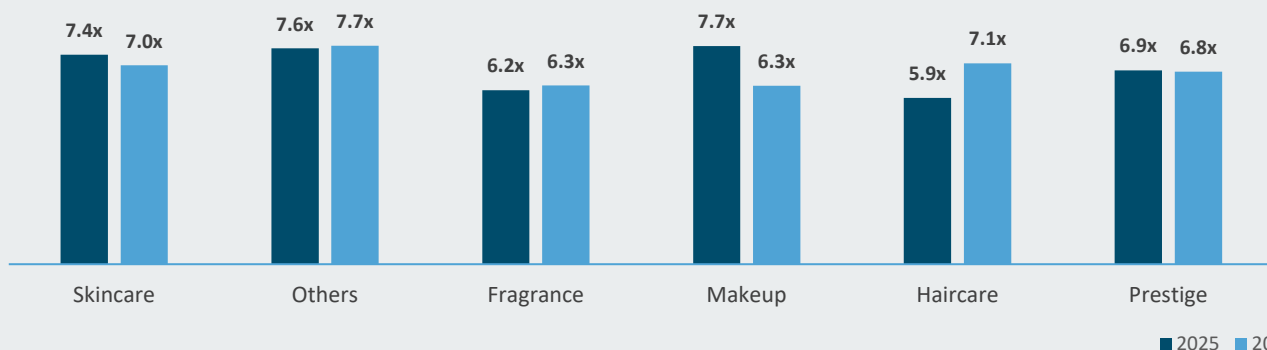
Avg EV/EBITDA by Price Classification



Avg EV/EBITDA by Channel Classification



Avg EV/EBITDA by Product Classification



■ 2025 ■ 2026

Source: 1) Shno.co 2) ICanPitch

Consumer Sentiment & Spending Trends

Consumer Spending Remains Resilient but Selective¹

- **Resilient but selective spending:** Consumer spending remains resilient, supported by wages and jobs, with greater focus on value and essentials
- **“Lipstick effect” in beauty:** Beauty & personal care benefits from the “lipstick effect,” as consumers continue to buy skincare, cosmetics, and wellness products
- **Outperformance of premium, science-backed products:** Science-backed and premium products outperform as consumers justify higher spend through proven results and long-term value



Consumer Net Worth and Savings Buffer Are Moderating²

- **Net worth still elevated, but off peaks:** U.S. household net worth remains above pre-pandemic levels, supported by housing and equity gains, though down from 2021-22 highs
- **Excess savings largely depleted:** COVID-era savings have mostly been spent, especially among lower- and middle-income households, hence consumers are more budget-conscious, with greater focus on pricing and promotions

Trading Behavior: Premiumization vs. Value Seeking¹

- **Trading down and up simultaneously:** Consumers are saving in commoditized categories while spending more on high-performance, clean, and clinically proven beauty products
- **Mass vs. prestige split:** Private label and mass brands gain share in everyday personal care, while prestige beauty grows through innovation and strong brand equity as shoppers are prioritizing fewer, higher-quality purchases, particularly in skincare and wellness



Beauty Demand Driven by Youth Despite Macro Uncertainty¹

- **Confidence vs. spending disconnect:** Consumer confidence remains volatile amid macro uncertainty, but actual spending continues to outperform sentiment
- **Younger consumers fuel beauty growth:** Gen Z and Millennials are driving beauty demand, particularly through social commerce and trend-led purchasing

Source: 1) McKinsey, 2) FED

What Buyers Look for in an Acquisition Target



Our experience shows that beauty M&A buyers are becoming more selective, focusing on brands that combine scientific credibility, digital-first capabilities, and proven profitability. These buyers favor businesses with engaged consumer communities, strong repeat demand, and ownership of key customer touchpoints, which support durable growth and defensible margins

Proven Efficacy & Science-Backed Differentiation (Not Just Brand Hype) ¹

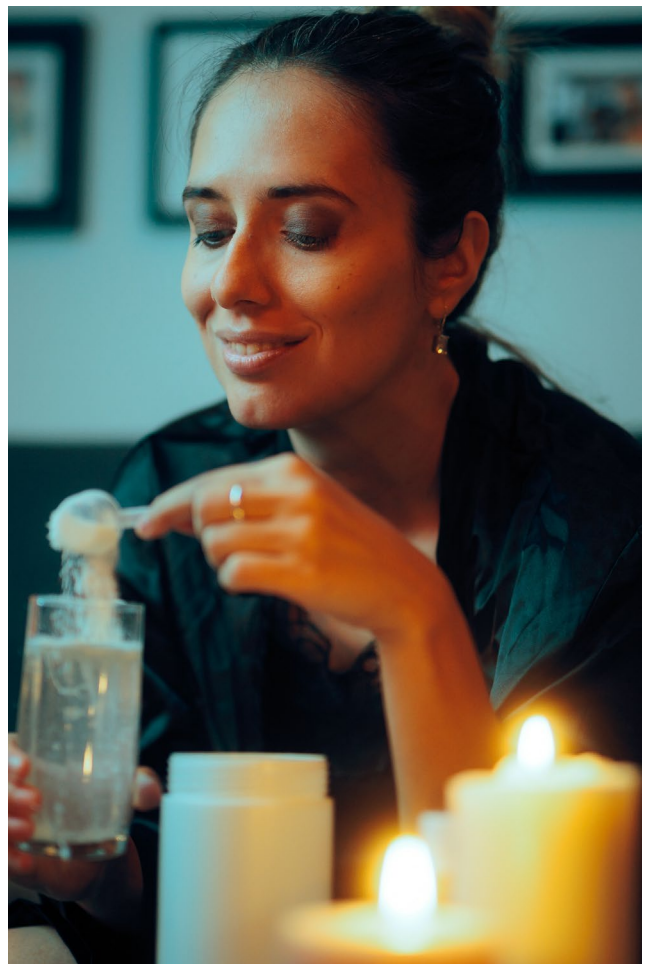
- **Shift to results-first brands:** Buyers favor clinically validated, performance-driven products over marketing-led propositions
- **Science-backed premiumization:** Brands with dermatologist endorsement, patented formulations, or proven actives (e.g., retinol, peptides, GLP-1 adjacency) command premium valuations
- **Focus on quality over scale:** Reflects a broader move toward earnings quality and product credibility, rather than growth-at-all-costs models

Strong Unit Economics & Profitability Visibility ²

- **Profitability over growth:** Buyers are prioritizing brands with strong unit economics, high gross margins, efficient CAC, and clear LTV/CAC visibility, signaling a move away from growth-at-all-costs
- **Selective deal environment:** Assets with consistent cash flows and durable margins are attracting premium valuations as investment activity becomes more disciplined
- **Earnings quality matters more:** In a higher interest rate environment, profitable and capital-efficient businesses are viewed as more resilient, scalable, and attractive post-acquisition

Scalable Omnichannel / DTC Engine (with Digital Native Strength) ³

- **Preference for DTC-enabled brands:** Buyers favor brands with strong direct-to-consumer infrastructure and the ability to scale across retail, e-commerce, and social commerce (e.g., TikTok Shop)
- **Digital-native advantages:** DTC-led brands benefit from higher margins, richer consumer data, and faster innovation cycles
- **Strategic value of distribution control:** Owning the customer relationship enhances lifetime value and brand equity while reducing dependence on third-party retailers



Source: 1) [Global Cosmetic Industry](#), 2) [Kearney](#) 3)[Del Morgan & Co.](#)



OUR TAKE

M&A

M&A activity will likely increase as high-quality deals come to market and the fed lowers rates

Valuations may remain strong, especially in high-end and higher-end sectors due to stable demand and pricing power

Financial sponsor activity should pick back up as capacity increases and rates become more favorable but Strategic buyers will continue to lead deal activity

HOW WE CAN HELP

Navigating M&A in the beauty and personal care sector requires deep industry knowledge and strategic insight. Our team at Forbes Partners has extensive experience in this space, helping clients achieve their financial and strategic goals through well-executed transactions.

Whether you're looking to sell, acquire, or raise capital, we can guide you through the process and help you achieve optimal results.

Regardless of the approach you take, it's important to plan well in advance of when you plan to exit so your business is likely the healthiest and best positioned to obtain the best terms.

F O R B E S
P A R T N E R S

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