



“Two roads diverged in a yellow wood ... and I took the one less traveled by, and that has made all the difference.” -Robert Frost

## Taking the Road Less Traveled in Private Equity

### Consumer Industry Focus

- Exclusive focus on consumer industry
- Specialize in growing entrepreneurial brands and companies
- Understand food, drug, mass, wholesale club and other “big box” retailers
- Strong emphasis on consumer businesses
- Yellow Wood motto of doing one thing and doing it superbly

### Operational Expertise

- Dedicated group of senior operating partners available to assist management
- Team of functional area specialists: sales, marketing, finance, operations
- All Yellow Wood professionals have held operating roles in consumer businesses
- Real value more often created through improving operations than complex financial engineering or elaborate management consulting strategies

### Unique Structure

- Yellow Wood designed to reestablish alignment of interests among all stakeholders: investors, operating management teams, Yellow Wood professionals
- Portfolio companies are not charged transaction fees or ongoing management fees
- Limited number of investments allows for maximum concentration on adding value to portfolio companies

## Investment Strategy

- \$225 million of equity commitments from small group of leading institutional investors
- Concentrated portfolio strategy
- Target equity investment of \$30 – 80 million, ability to invest \$100+ million with LP co-invest
- Industry specialized rather than transaction size focused
- Buyouts and growth capital investments
- Majority and minority transactions
- Flexible investment structures
- Prefer to partner with strong management teams
- Proven ability to complete corporate divestitures

# Target Investment Profile

- Exclusively invest in opportunities where Yellow Wood's expertise can add value to the management team
- Stable revenue and cash flow businesses with high margin structure
- Potential to increase equity value through top line growth and margin improvement initiatives
- North American headquartered businesses

## Consumer Areas of Focus:

- Beauty & Personal Care
- Food & Beverage
- Household & Pet Products
- Juvenile Products
- Over-the-Counter Pharmaceutical
- Outdoor & Recreation Products
- Vitamins, Minerals, & Nutritional Supplements

## PDC Brands Portfolio Company Case Study

**pdc brands™**  
beauty & wellness

*Initial  
Investment:  
September 2012*



*Calgon  
Add-on:  
December 2012*



*Dr. Teal's  
Add-on:  
February 2014*



*Cantu, Bodycology  
Add-on:  
June 2015*



*Eylure, Elegant Touch,  
Salon System Add-on:  
March 2016*



Founded in 1981, PDC Brands (f.k.a. Parfums de Coeur) is a global beauty, personal care, and wellness company with a diverse portfolio of market leading brands. PDC markets high quality products at accessible price points across multiple consumer product categories, including: Bath and Body Care, Multi-Cultural Hair Care, Fine Fragrance, Cosmetic Eyelash and Nail, and First Aid, to retailers in over 50 international markets.

In September 2012, Yellow Wood partnered with management to acquire PDC Brands as a platform investment to build a leading company in the beauty and personal care sector. With Yellow Wood's operating resources and financial backing, PDC's management team has more than quadrupled the company's earnings performance since acquisition through a combination of accelerated revenue growth, expedited cost reduction initiatives, and four accretive add-on acquisitions. PDC's annual global retail sales are estimated at over \$450 million.

PDC's portfolio includes:

- America's #1 Women's and #1 Men's Fine Fragrance brands in the mass-market, Body Fantasies and BOD Man
- In December 2012, PDC acquired Calgon, the #2 Specialty Bath brand
- In February 2014, PDC acquired the Dr. Teal's brand, the #1 Adult Bath Care brand
- In June 2015, PDC acquired Cantu, the fastest-growing Multi-Cultural Hair brand in the U.S., and Bodycology, the #1 Specialty Bath brand
- In March 2016, PDC acquired Eylure, the #1 Cosmetic Eyelash brand in the U.K., Elegant Touch, the #1 Artificial Nail brand in the U.K., and Salon System, a leading Salon Professional brand in the U.K.

YW and PDC are actively looking for add-on acquisitions in the beauty and personal care sector to add to the PDC platform. With excess balance sheet capacity, PDC is targeting strong brands with \$10-100+ million in sales.

## Yellow Wood Investment Team

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