

## Case study

## Washing away the competition



Funded by

DUKE STREET

### Simple

Building the second largest skincare brand in the UK

#### Background

Simple Health & Beauty Group Limited is a skincare and toiletries business based in the West Midlands, UK. It owns Simple, one of the UK's leading brands of skincare and toiletries products developed especially for sensitive skin. The group also owns the Cidal and Wright's soap brands.

Formerly owned by healthcare group Smith & Nephew, in 2000 ABN Amro acquired Simple alongside female hygiene brand Lil-lets to form a new company called Accantia.

Three years later, Duke Street identified Accantia as an attractive potential secondary buyout and approached ABN Amro directly. Using the knowledge and expertise of operating partner John Robinson, a former CEO of Smith & Nephew who knew Accantia well, Duke Street completed the £229m deal in 2004.

Under Duke Street, Simple grew to become the second largest brand in the female facial skincare market, overtaking L'Oreal. When it came to exit the business received significant interest from trade buyers looking for a footprint in the UK skincare category. Simple was sold to US beauty business, Alberto Culver, in December 2009 in a deal worth £240m, completing the deal in under one week from final offers. The deal represented a 2.7x return on the original investment and was sold for 11x 2009 EBITDA.

#### Strategy

After acquiring Accantia, Duke Street decided to focus on the fast growing Simple brand. As a result, Lil-lets was sold to Electra Partners in an £80m deal in December 2006.

During Duke Street's tenure the business was transformed into a sales and marketing led organisation and with fully outsourced manufacturing. As a final step, Accantia was renamed Simple Health and Beauty in 2009.

The strong product development and marketing skills of the Simple management team ensured the brand's continued growth. With a strong heritage in soap and cleansing, the Simple brand gradually expanded into moisturisers and higher-value beauty products.

#### Performance

Under Duke Street's ownership Simple's net sales grew at 15% per year to £61m in 2008. The introduction of a broad range of new products, helped increase the number of consumers by 50% in 2 years, to 5.5 million, giving the business a 15% market share. On exit, Simple was the number one female facial skincare brand in the UK by units sold.

Investor:	Duke Street
Location:	West Midlands
Sector:	Consumer
Stage:	LBO
Exit:	2009
Company Website:	<a href="http://www.simple.co.uk">www.simple.co.uk</a>
Investor Website:	<a href="http://www.dukestreet.com">www.dukestreet.com</a>

“The private equity backing of our business allowed the management team to concentrate on delivering growth without distraction, with value creation providing the mutual objective for all shareholders. Having agreed the strategy with the Duke Street team we, with their support and appropriate level of challenge, were allowed to truly focus - a different and hugely welcome opportunity rarely afforded to management teams.”

**Geoff Percy, CEO Simple**