

Shiseido acquires skincare brand Drunk Elephant to target a younger base



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Looking to appeal to younger consumers in the USA, Shiseido Co. recently acquired the skincare brand Drunk Elephant for a price tag of (US) \$845 million. Thanks to the deal, the Japanese beauty company will increase its presence among millennial and Generation Z consumers. Known for its non-toxic ingredients and Instagram-friendly packaging, Drunk Elephant was founded in 2012 by Tiffany Masterson. According to Shiseido, the company is on track to make over (US) \$100 million in sales this year.

Although the change of hands won't have a significant impact on full-year earnings, it will add to Shiseido's "prestige" skincare portfolio. With the industry experiencing a social evolution that prioritizes quality over quantity and the end of fast fashion, its portfolio has been a key source of growth for the company in recent years. Shoppers continue to show a willingness to spend on higher-priced beauty products.

As the world's largest cosmetics company, Shiseido is always generating social buzz, searching for the next big thing and acquiring upstart brands. Last year, the forward-thinking team redesigned its eponymous makeup line to widen its target market and appeal to younger generations. Branded as *Not Your Mother's Makeup*, the stylish revamp was a hit among teens, tweens and young adults.

Expected to close by the end of 2019, the buy will be financed with a combination of cash and credit. Jefferies LLC was financial advisor to Shiseido, Financo and Moelis & Co. were financial advisors to Drunk Elephant in the deal.