

Navis paints a pretty face

Invests in Alliance Cosmetics

NAVIS CAPITAL WILL PUT ITS MARK ON YET

another Southeast Asian consumer company as it takes a 70% stake in Alliance Cosmetics Group, the largest retail mass-market color cosmetics brand in Malaysia, and the second largest company in the mass fragrance market. Alliance owns the popular Silky Girl brand, and distributes Revlon color cosmetics and hair color products in Malaysia, Singapore and Brunei.

Rodney Muse, co-founder and director at Navis Capital, explained that the company came up as a potential target through an internal search Navis conducted of local brands. The fund approached the company and, as it happened, the timing was particularly fortuitous because the founder was looking to sell the stake of the late passive investor.

Explaining why the company was such a

compelling target, Muse commented that its strength was evident from its market position, and that the model was applicable elsewhere in the region. A statement released by Navis expanded on the sector's appeal, saying, "The beauty industry in Southeast Asia is attractive, with low spend per capita, which will grow over time at about 2 to 3 [times] GDP growth."

As Alliance has an emerging presence in Vietnam and Cambodia as well as Singapore, the immediate plan is to expand aggressively in Southeast Asia, explained Muse. That does not preclude looking into other markets, but because the makeup is designed for people with a certain skin tone, "it's most relevant in contiguous geographies." Other plans include the launch of a skincare range, and selective M&A transactions that allow Alliance to expand into new markets or product categories.

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— Rodney Muse

The working relationship was described as "a great alliance between [Navis] and the founder." Added Muse, "He is a great manager and a well-respected entrepreneur in Malaysia, so this has all the makings of a good partnership. We have a mutually agreed, aggressive agenda, and I think we're all excited about watching that unfold."

Navis continues to focus on consumer plays in Southeast Asia, where it has established a successful track record managing brands in the region. Muse explained that the lessons learned through the group's Drypers Asia deal have provided the team with experience that is directly applicable to Alliance Cosmetics.

"The story is very similar," he said. "Drypers was a Malaysia-centric company that we expanded throughout the ASEAN region. With Alliance we are looking for better distribution in each of its core markets, building the brand and gaining consumer awareness. These are the same issues we faced with Drypers as well." ▀



Silky Girl products