Lead Left Interview – George Majoros, Jr.

THE LEAD | July 12, 2017

This week we chat with George Majoros, Jr., Co-Managing Partner, EagleTree Capital (formerly Wasserstein Partners). Mr. Majoros joined the original predecessor firm Wasserstein Perella in 1993. He currently serves as Chairman of the Boards of Directors for Paris Presents and Jamberry Nails and is a member of EagleTree's Investment Committee.

Since 2001, the team has focused on mid-market buyouts. Currently, the EagleTree Capital team is investing its fourth private equity fund, EagleTree Partners IV, with $790 million of committed capital.

The Lead Left: George, your firm has recently undergone a restructure. Tell us about that.

George Majoros: We completed a friendly, legal separation of our firm from the Wasserstein family. We wanted to carve out our own independent identity, though we remain very close to the Wasserstein family. After Bruce's death in 2009, and for a period thereafter, we knew it didn't make sense to have that connection. It's been about a year and a half since the separation. They remain one of our larger LP's, but not a GP. That's a good outcome for both sides, and we remain quite close.

TLL: What about the name change?

GM: We wanted to preserve our heritage, yet craft our own identity. The partners have been together for over twenty years. I've been at the firm for twenty-four years. The longevity of our senior team is pretty rare in the middle market. There's lots of history with Wasserstein Perella, beginning in the early 1990's. Our new logo looks shockingly similar to the Wasserstein tree! EagleTree was also an appropriate name, with the eagle representing acuity, vision, and tenacity. We think it reflects our brand nicely.

TLL: And how do you think about your brand?

GM: We've been doing the same thing for many years. Our investor base has become increasingly institutionalized and globalized. When we launched our early WP funds they had a very concentrated investor base. We primarily had one large pension fund, the family, and a few banks. Today we have global investors including state retirement plans, pensions, family offices and funds of funds – all blue chip investors.

TLL: How would you describe your business strategy?

GM: For over twenty years we've invested in consumer products and media companies, broadly speaking. For about eight years, in a more directed fashion, we've invested in industrials and water-related businesses. We don't do everything, but these are the areas where we have deep expertise.

TLL: What kind of consumer products interest you?

GM: I would say three categories. First, we like personal care and beauty products such as our historical investments in Maybelline Cosmetics and Yardley of London; now including Paris Presents. Second, we like the food and beverage sectors. We invested in So Delicious [non-dairy products], which we successfully sold to White Wave, now part of Danone. Finally, we are interested in enthusiasts' products. For example, MasterCraft boats. But we've looked at a lot of things in fitness, outdoors activities, and gaming.

TLL: Do you worry about how cyclical some of those verticals may turn out to be?

GM: We're absolutely mindful of that. For example, a lot of MasterCraft's competitors had problems through the recession. We're very enthusiastic about Paris Presents, our makeup and cosmetics brush business. It's really the Queen of YouTube with its makeup tutorials. And it's cheaper than boats! As you get towards the end of this cycle, we believe Paris Presents' price points and value proposition will be sustainable. If the Dow drops 500 points, it won't materially affect women using makeup.

TLL: In the food and bev space, how do you guard against fads? Lots of popcorn companies out there!

GM: It's all about separating enduring trends from trends *du jour*. For example, quinoa became a staple food item in the US over a decade. Six years ago we concluded it was here to stay, and explored investments in that area. We are very careful with other "faddish" businesses in the market today, and concerned about valuations.

TLL: How do you play for growth?

GM: Not necessarily head-on. Beauty brands are attracting pretty high multiples, like 15x. We bought PP for just under 10x. People didn't realize it was a beauty brand rather than merely an accessories company. We are on the periphery of beauty. It's hard to pay 15-20x and make it work. You need extraordinary growth and hopefully a strategic take-out.

TLL: What kind of consumer buying trends are you seeing?

GM: Marketing and imagery is critical. Look at yoghurt. That segment has undergone dramatic changes over the past fifteen years with different yoghurt companies. First it was healthy and Greek. Then it was Icelandic and high-fat. Understanding trends remains critically important for private equity.

To be continued the week of July 17

Contact: George Majoros
gm@eagletree.com