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PHOENIX FIRM BUYS P&G BRAND

NAJAFI COS. ACQUIRES RIGHTS TO PERT PLUS IN U.S., CANADA

Phoenix-based private equity firm Najafi Cos. said Thursday that it purchased a portion of the Pert Plus shampoo brand from Cincinnati-based conglomerate Procter & Gamble Co.

Financial terms of the deal were not disclosed.

Najafi, which counts \$1.1 billion in assets, will own the Pert Plus brand in the United States, Canada, Puerto Rico and several Caribbean countries.

It will eventually contract with a manufacturer to produce the product, but it is unlikely the operation will be based in Phoenix.

Procter & Gamble, whose brands range from Dawn dish soap to Secret deodorant, will retain ownership of the Pert Plus brand in all other regions and countries where the shampoo is available.

It is popular in such countries as Mexico and Taiwan, according to a P&G spokesman.

Jahm Najafi, chief executive of the private equity firm, also announced Thursday that Pert Plus would be the first brand in the portfolio of a new Phoenix company he's launched called Innovative Brands.

The company's officials are in talks to buy additional brands that corporations are looking to unload.

Pert Plus, introduced in 1987 as the first "2-in-1 shampoo," was a logical, solid first purchase, said Jerry Pence, a partner at Najafi Cos.

"It's surprising how much strength and loyalty the brand has for the past three or four years without any advertising and push from P&G," he said.

For its part, P&G wants to focus on its other hair-care brands, which include Pantene Pro V, Head & Shoulders, Herbal Essences, Aussie and Infusium 23, spokesman Anthony Rose said.

"We have found that Pert Plus is a profitable brand, but it is not a strategic fit or a high-priority brand for us in North America," he said.

U.S. and European consumers are expected to spend \$102 billion on hair-care products by 2009, compared with the \$86 billion they spent in 2004, according to Datamonitor, a New York firm that tracks various consumer sectors.

Pence said Pert Plus' main competition is lower-priced brands like Alberto V05 and TRESemme as well as shampoo marketed for use by entire families.

Thursday's announcements marked another breakout move for Jahm Najafi, who helped his older brother, Francis, run real estate and investment firm Pivotal Group Inc. for more than 15 years.

In April, he formed the Najafi Cos., a division of Pivotal, as an independent company.

In 2003, with the Internet sector still anemic, Pivotal Private Equity paid \$100 million in cash and notes to acquire 85 percent of Network Solutions Inc., the world's largest registrar of Internet domain names.

The company now also specializes in Web hosting, Web site design, online marketing, e-commerce and e-mail.

In late 2004, it bought a company now known as Wellements, which produces protein powder, fiber products, extracts and organic herbal teas that are sold at Costco and other retailers.
