A SPECIAL EDITION OF WWD

BEAUTY INC

THE 2018 BEAUTY
TOP 100

BACK ON TRACK
HOW ALEX KEITH IS DRIVING GROWTH AT P&G BEAUTY 2.0

+

MASS MOVEMENT
The Dynamo Propelling CVS's Transformation

ALL THE FEELS
Skin Care's Softer Side

HIGHER POWER
The Perfumer Who Dresses the Pope


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*vs. Colour Riche Original lipstick
DUCKIE WEARS 426 I AM WORTH IT

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Alex Keith was photographed by Simone Lezzi exclusively for *WWD Beauty Inc*.

Beauty Products by George Chinsee; Keith by Simone Lezzi; Sorcinelli by Rita Francia

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CHART TOPPERS

BACK IN 2015, when Procter & Gamble announced it was selling 41 beauty brands to Coty Inc., the words "transformational deal" often accompanied the news. But the phrase was used most often to describe the impact on Coty rather than P&G. Fast-forward to 2019 and the exact opposite has proven to be true.

After shedding the underperforming aspects of its business, P&G Beauty is thriving under the leadership of Alex Keith. A company veteran who was part of Olay's leadership team during its glory days in the late Nineties/early Aughts, Keith returned to beauty in 2014 to head up skin and personal care. In just two years, she achieved what few thought possible: She turned around the once floundering Olay skin-care business.

In 2017, Keith added hair care to her portfolio and she now carries the title chief executive officer of P&G Beauty, making her the only female ceo of a top 10 beauty company. Under Keith, beauty is P&G's fastest-growing category, and the company has even jump-started its acquisition strategy.

I sat down with Keith for a wide-ranging conversation on how she's been able to effectively implement change, where she sees the most opportunity—and challenges—as she builds P&G Beauty 2.0 and what's next for the CPG behemoth. Turn to "Stand and Deliver" on page 22 for her insights on these topics and much more.

Restoring growth to Olay's business in China has been one key to the turnaround of P&G's beauty business. As the 2018 WWD Beauty Inc Top 100 shows, China has been an integral growth factor for most of the multinationals in the industry. In fact, Asia Pacific overtook North America as L'Oréal's number-two region in 2018, and is soon expected to take over the top spot.

Speaking of top spots, L'Oréal retained its ranking as the world's largest beauty company, by sales, with Unilever holding on to the second spot and the Estée Lauder Cos. number three. For the year, total sales for all companies reached $223.21 billion, 6.4 percent higher than 2017, with the top 10 firms generating 56.6 percent of total Top 100 revenues. The complete list starts on page 29. As you'll see, we've also introduced a new format, which we hope makes the wealth of information in the Top 100 easier to analyze and digest. I'd love your feedback on this and all of the stories in this issue of *WWD Beauty Inc*. Email me at jfine@wwd.com and let me know what you think.

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MASS EFFECT

Under Maly Bernstein, CVS has led the charge for change in the mass market beauty world.

By **JENNY B. FINE**


Maly Bernstein

MALY BERNSTEIN TALKS a mile a minute, and her rise at CVS Health has been equally as meteoric.

She joined the retail behemoth six years ago as head of beauty and, since then, has added personal care to her portfolio. Today, she's vice president of both categories, and a key architect of CVS' beauty modernization strategy.

In a channel that is often slow to embrace change, Bernstein's ability to synthesize market trends and render them relevant for CVS has been a true game changer. Take the impact of social media on beauty, for example. Bernstein created and executed a strategy called Beauty in Real Life, which connects the dots between brick-and-mortar retail, direct-to-consumer brands, hair and makeup services in conjunction with Glamsquad, and content creation. She's added K-beauty and clean beauty, mainstreamed multicultural brands and has been at the forefront of the move toward radical transparency with Beauty Mark, CVS' pledge to ban beauty images that have been materially altered.

The strategy is working: CVS Health reported that overall revenues increased 5.3 percent to $194.6 billion for 2018. Although the retailer doesn't break out beauty sales, industry analysts say it is outpacing market competitors in terms of sales gains.

Bernstein, who has an MBA from Harvard, clearly loves beauty, but started her retail career in books, at the Canadian retailer Indigo Books. There, she gained some valuable insight about how to create a compelling consumer experience in the age of Amazon. The experience has served her well. "Thankfully beauty hasn't been like the book industry just yet," Bernstein says. "But we always have this healthy paranoia to constantly reinvent ourselves to make sure we are the ones leading the revolution in beauty." Here, she talks about driving change in a crowded category.

I started my retail career in the book industry, as director of nonfiction at Indigo Books. I learned early on it wasn't about just the product—it was the story we were telling. It was about creating the experience with all of the things that would help you unwind and be thoughtful. I loved also that it was about trend—in nonfiction, people want the latest and greatest news and topics.

I've been at CVS for six years. What I realized was that everything around us had transformed in beauty and that what got us here wouldn't get us there. We realized we had to look at ourselves and ask, "What do we need to do to be relevant in this completely new world of beauty?"

CVS had grown a lot through acquisitions. We had nailed reach and we were at a point where we had to nail relevancy. Today, where two-thirds of purchases are influenced by social media, where innovation is coming from digitally native brands, where 80 percent of our consumers are telling us they follow fashion and beauty trends and 90-plus percent are digitally savvy and posting up to three times a week, we realized our customer had changed, that the brands that were leading innovation and growth had changed and the experience retailers were providing had changed. Our goal was to find our unique position that customers would see as completely ownable and was something they were dying for in the marketplace.

For me, it's about the democratization of beauty. Our big "aha" was we have always been there for her as a part of her life. Beauty is one of her first loves at CVS, and how she starts her relationship with us.

Beauty in Real Life means guilt-free, stress-free, "me" time. Accessibility and convenience are guilt-free. Stress-free is access to trend and trusted products. "Me" time is all about fun time.

When we think about being relevant to Millennials, we need to make sure we're delivering the experiences she wants in store, as well as on-the-go services and favorite online brands. As we think about the evolution of beauty in the drugstore format, we created the Beauty IRL new

Photograph by RICARDO BEAS


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OLAY
REGENERIST
whip SPF 25

Beauty IRL is centered around socially savvy brands.

store format, which is an expanded and redesigned beauty department to focus on those three things.

Where our drugstore pulls her in is the convenient aspect of trending and trusted product. We want to make sure we are a fun place to try the social brands she loves, but also to try the trends in real life with convenient access to trusted product. Our reason for being is convenient access to trends and trust. We are seeing double-digit growth in naturals, for example, and clinically backed brands.

We signed a deal with Glamsquad to do mini services in our format—so on a Friday date night or girls' Galentine event, customers can come in for hairstyling, makeup, ear piercing. We bring Glamsquad to life through services, but it also allows us to offer pro tips and tricks through customer communications. That way, we not only provide promotions, which we know our customers love, but make sure they are getting content through our relationship with Glamsquad.

Customers really want to see the connection from social back into store and we feel like we are evolving into the playground for the hottest social brands. We have over 30 brands in Beauty IRL and more coming, including Real Techniques beauty brushes and tools, The Crème Shop, Bliss, Sun Bum and more. We have a mixture of authority and adventure in our brand mix.

The incredible explosion of brands in color cosmetics is unlike anything I've seen. What I love that the bigger brands are doing is that they are taking cues from the nimble brands and from K-beauty and asking how can they reinvent themselves and become more socially relevant with their innovation. What I'd love to see more of from the big brands is wholesale category change in their innovation. The Fenty launch redefined all of foundation and the desire for beauty inclusion and diversity. When the big brands innovate, I'd love for them to think about pushing the boundaries to make that kind of wave in the industry. Category-wide changes as opposed to segments within color.

We have evolved into an agile beauty retailer. We created our Beauty IRL format as learning labs. At any point, we can go in and make modifications and take insights and send this to the rest of the team. For example, we realized bath bombs are a thing, but even more fun when you can put them on a carnival cart—which makes you feel like you're shopping for candy or donuts. We've expanded that to thousands of stores in our chain within three months. We're able to take something we've tested and very quickly see the customer feedback and make it more accessible.

People don't buy beauty to look good. They buy to feel good. That feeling is about overall well-being and health. We asked how can beauty contribute to helping people on their path to better health? There are ads, especially in beauty, that perpetuate an unrealistic standard of beauty and when we learned that 80 percent of women feel worse when they see those ads and 42 percent of girls in grades 1 through 3 identify as fat, we realized we had an opportunity to change the way people feel about themselves and others. That's when we launched Beauty Mark. We'd love to see Beauty Mark become a cause. We're looking at how do we connect our efforts with others to make this bigger than beauty? More to come on this.

I've got beauty and personal care and sometimes people ask what is the difference. It is easy to say one is about the bathroom and the other is about the purse. They are increasingly converging. It is about the vanity now. Not the bathroom or the purse, but the vanity.

I'd love to see a revolution happen in beauty such that there is much more blurring of lines. There is an opportunity to do omnichannel better, as well as to start erasing lines across brands and retailers. When I think about the Beauty Mark, why not have us as an industry adopt a standard set of principles we want to stand by for consumers.

When it comes to brands, customers want accessibility. How can we support customers in getting what they want, as opposed to only certain brands in certain channels. In terms of brands we would love to have, as we think about what we want to stand for, the brands that are connected back to fashion and clean beauty are the two areas that we're in hot pursuit of.

We see clean beauty accelerating in skin care most quickly, and in hair care, a lot of Indie brands in the natural and natural-inspired space are growing quickly.

In color cosmetics, brands are playing into the purpose-driven change by announcing a lot more cruelty-free in their processes and testing. As for natural color, we are seeing some, just not as big and fast as other categories. Brands are still trying to figure out the balance between color payoff and ingredients. That area is dear to my heart—I would love to see it grow quickly and hit a tipping point. I was hopeful Burt's Bees would play that role, and it is starting to make headway.

At CVS, we want to make sure we are taking brands that are demonstrating their ability to grow their fan base and resonate with customers. We want to take brands into the mainstream and make them bigger. Our place is as an accelerator versus the one to launch brands as a concept.

In terms of upcoming trends, definitely the rise of CBD. We will continue to see clean beauty sharpen its definition and expand. We'll see beauty inclusion happen not just in formulations but also in imagery, and transcend different categories. How do we make sure we are solving for textured hair, for example. I'm also excited for men's grooming. I like to say, hashtag man up. Men are doing facial masks, grooming their beards and thinking about skin care in ways we haven't seen in the past.

Data analytics is a huge space for us. At CVS, we have more than 70 million members in ExtraCare and 27 million in BeautyCare clubs. We have a lot of ways to reach the customer—whether through offers at the register or e-mail or direct mail or the ability to speak to her by connecting our data to other data to reach her on social. What's exciting is the ability to tailor our relevance and rewards to what she is looking for. We are increasingly looking to individualized personalization and customization. We collaborate with brands on customer opportunities and the ways in which to reach her. We have so much customer data on who she is, how she shops, how she likes to buy, how she's motivated, and this helps redefine how we speak to our customers. Big data and personalization was a big part of our growth in 2018 and a big part of how we were able to lead growth and buck the trend in mass beauty. ■

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SOLAR ECLIPSE

Chemical-free sunscreens are quickly gaining popularity as scrutiny on the category increases. By **ELLEN THOMAS**

With the potential dangers of chemical sunscreen ingredients up for debate in recent news, consumers are paying more attention than ever to SPF formulations. From Hawaii's ban on sunscreens containing chemicals harmful to coral reefs to this year's FDA proposal to update sunscreen regulations in the U.S., oxybenzone is out and mineral actives titanium dioxide and zinc are in. Mintel research shows that Millennial consumers are most interested in physical blocks—19 percent of 25- to 34-year-olds surveyed choose mineral formulations, and that number is growing. "It ties to consumer demand for natural ingredients," says beauty analyst Alison Gaither. "To them, mineral feels better and safer than traditional sunscreen." Here, a look at the newest mineral-based launches for spring.

1. **BABO BOTANICALS TINTED FACE MINERAL SUNSCREEN STICK SPF 50,** *$15.95*

2. **COOLA MINERAL SUNSCREEN SPRAY SPF 30,** *$42*

3. **ENVIRON RAD BROAD SPECTRUM SPF 30,** *$36*

4. **REN CLEAN SKINCARE CLEAN SCREEN MINERAL MATTIFYING FACE SUNSCREEN SPF 30,** *$36*

5. **AVA ISA PURE UNTINTED FACIAL SUNSCREEN SPF 45,** *$40*

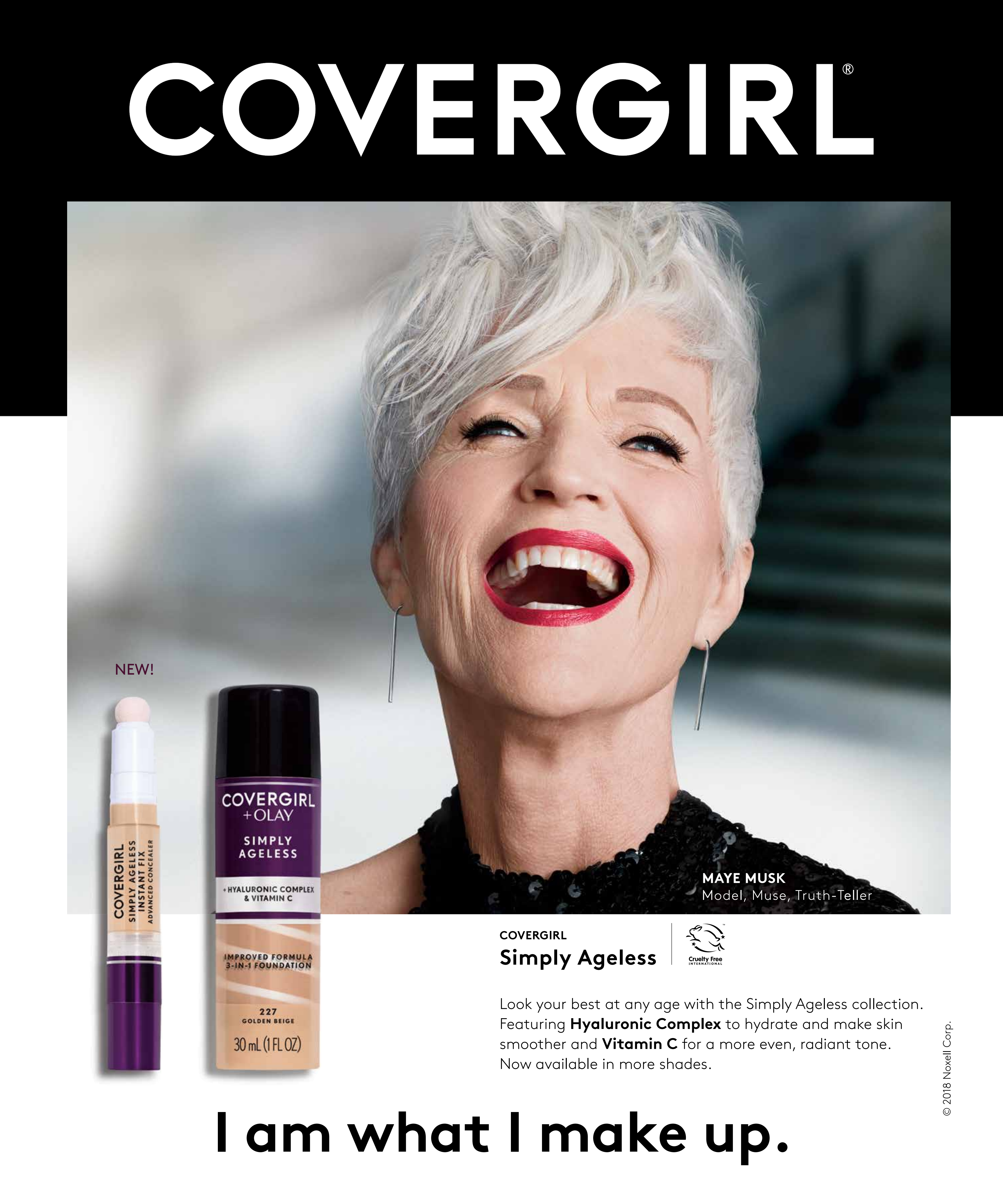
6. **AVÈNE TINTED MINERAL FLUID SPF 50+,** *$28*

7. **EMINENCE ORGANIC SKIN CARE LILIKOI LIGHT DEFENSE FACE PRIMER SPF,** *$62*

8. **BLUE LIZARD AUSTRALIAN SUNSCREEN SENSITIVE SPF 30,** *$18.99*

Styling by Melissa Stammer

Photograph by **JOSHUA SCOTT**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BILLION-DOLLAR BUZZ

The phrase "billion-dollar brand" is buzzier than ever, but are sky-high valuations scaring away potential investors? By ALLISON COLLINS

ARE BILLION-DOLLAR VALUATIONS GOING to bust the beauty M&A bubble?

There's a lot of talk about billion-dollar brands in the hot beauty M&A market, but the last billion-dollar brand acquisitions took place in 2016 with L'Oréal paying $1.2 billion for It Cosmetics and the Estée Lauder Cos. Inc. paying $1.45 billion for Too Faced. Since then, strategic buyers have been more focused on acquiring capabilities. And while relative newcomers to the field—Glossier, Drunk Elephant, Huda Beauty and Pat McGrath—are sporting valuations of more than $1 billion, their net sales are far below that. Those companies, for example, didn't crack this year's Top 100.

To build a brand with $1 billion in annual sales usually takes decades. For most brands, that level of expansion doesn't arrive until after they've sold the business to a strategic acquirer. According to John Demsey, executive group president at the Estée Lauder Cos., brands like La Mer and Jo Malone—one of which does more than $1 billion in retail sales, and the other of which is close—were significantly smaller pre-acquisition. Kiehl's was said to be doing about $40 million in sales when L'Oréal bought it in 2000, and didn't surpass the 1 billion euro mark until fall 2017. Olay, now one of two powerhouse skin-care brands in the P&G portfolio, was said to be in the tens of millions when the consumer packaged goods giant acquired it in 1985.

Strategic expertise is one way a brand can reach the billion-dollar mark, but implementing the same techniques a strategic would use to grow a brand is another. Experts say that brands need to truly develop an airtight proposition, a stronghold in at least one category and a scalable distribution model to reach stratospheric sales. "Not every brand is a global player, and not every brand is able to go from a fad or trend into a sustainable business," Demsey says. "First and foremost, you need to have a brand," he says, with products that drive repeat purchases. Brands also need a "reference point in at least one category," like skin care for La Mer, for example.

Scalable distribution is next on his checklist. "You need a path to matching brand quality, brand aspiration, with customers," Demsey says. "Whether that's multispecialty stores or freestanding stores or third-party platforms online or department stores, you need to have some sort of distribution model that's scalable."

A strong business in China is also essential.

"The Chinese market is expansive and dramatically growing, with tens of millions of women and men entering into the consumer class on a yearly basis, so that piece is super important," Demsey says.

Carol Hamilton, group president of acquisitions at L'Oréal, agrees that international distribution is a key step—but says that really honing the identity of a brand in its home market is foremost. "You need to have such a well-constructed brand in the market of origin that it's virtually perfect. The more you scale, the more the imperfections become visible," Hamilton says. "To scale globally, you have to have the right team, understand the global markets and do it at the right pacing or you're not going to be able to manage the scale of your business."

Because of valuation implications, strategic buyers aren't necessarily on the hunt for brands that already have $1 billion in sales. Brands don't even necessarily have to be able to scale to that point to attract interest.

"Not everything we do is based on absolute volume," says Demsey. "We want to cover every segment of the prestige and luxury market."

These days, strategic buyers are trickling way further down market than they used to. Kelly McPhilliamy, managing director at Harris Williams, estimates that many groups have come down from looking at companies that are between $50 million to $100 million in net sales to those between $20 million and $50 million, and sometimes, even smaller.

"The strength, positioning and the voice of the brand, along with that consumer connectivity, are really key," she says.

Hamilton agrees that for some brands, it simply doesn't make sense for $1 billion to be the goal. "It is, in a way, a counterpoint to the freedom and joyfulness of a young Indie brand where you can touch everything and you know your consumers and you don't have to have a big team," she says.

But in an expanding beauty environment, there is likely room for a few more billion-dollar businesses. "The luxury, prestige beauty business continues to grow, empowered by new channels of distribution, new models of selling and new emerging markets with more aspirational customers. The pond to fish in is getting bigger, and…within that pond, there's opportunity for other brands, including our own, to scale up," Demsey says.

McPhilliamy believes the goal is one that makes sense on the strategic side. "For consumer companies, achieving billion-dollar status has been a special club, one that's reserved for the world's most valuable brands," she says. "It's a significant achievement, and top consumer companies, not just in beauty…actively measure the number of billion-dollar brands in their company and compare them to peers."

So, does the billion-dollar Indie generation have the power to actually get to $1 billion in sales? Only time will tell. Says one financial source, "Some do, some don't." ■

Illustration by MATTHEW BILLINGTON

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Evealease Garcia

Easy-to-navigate beauty aisles appeal to younger shoppers.

IN THE CENTER OF IT ALL

Evealease Garcia is one of three executive beauty stylists at Bloomindgale's, trained across all of the floor's offerings to provide brand agnostic advice.

By **JENNY B. FINE**

WWD: How did you get into beauty?
Evealease Garcia: About 10 years ago, I started doing makeup for friends for weddings and events, and someone planted the seed that I should consider doing it professionally.

WWD: What's your service philosophy?
E.G.: When I first started in beauty, I wasn't fully comfortable with approaching people or confident in assisting them. But now, everyone has learned so much about beauty, it's almost like having a conversation with your girlfriend. By really listening to their needs, their day-to-day, how much time somebody has, their personal skill set, I'm able to give them exactly what they're looking for.

WWD: How has the increase in consumer knowledge impacted how you do your job?
E.G.: It pushes us to learn more. We as beauty advisers really need to know about science, ingredients, how products are made. It keeps us on our toes to continually learn and stay up to date.

WWD: Not so long ago, department store beauty floors got a bad rap. What's changed?
E.G.: Looking at it from a consumer perspective, it used to be really overwhelming to step into a department store, even being in the beauty industry. You didn't know where to begin or where to go and someone was constantly wanting to show you something. Looking at how we've revamped this floor, it's a lot easier for people to see what's going on and interact with us instead of having that wall where you put the blinders up.

WWD: What trends are super hot for spring?
E.G.: Definitely glossy skin, almost like a wet look. Glitter is really big, which I'm excited about, because it's fun and anyone can wear it. I'm also seeing a very clean, simple bold red lip, with no eye makeup, not even mascara. And also bright colors on the eyes—neons, vibrant blues, greens.

Garcia and her peers offer a number of new services.

WWD: What's your most memorable sale?
E.G.: What sticks out for me is making a connection with somebody. I don't look at it as a sale—I look at it as a relationship starter. When someone is so excited that they want to give me a big hug because they feel so grateful and happy that someone is actually listening to them and giving them the products they're looking for, those are the moments that stand out for me.

WWD: What are some of the most common questions you get?
E.G.: How can you help my skin? What foundation should I be wearing? Those are the standards and usually lead to me asking more in-depth questions. When it comes to skin care, I ask first about someone's current routine, to get an idea of how many steps they're doing, how much time they have, what textures they like. With foundation, I like to use the pantyhose reference. You think of sheer pantyhose as you pretty much still see all of the skin on your legs, and then a little bit more where everything is even, but you still see some skin peeking through, or you're full-coverage opaque, where you're not seeing your legs at all. Clients love that reference because it allows them to visualize.

WWD: If you could talk to the ceo of a beauty company, what would you tell him or her?
E.G.: Be more hands-on with the artists and people who are day-to-day—we hear what people are looking for and talking about, so if they did a survey to learn what we're hearing every day, it would be super beneficial.

WWD: What's the strangest request you've ever gotten?
E.G.: Filling in a beard! Men will sometimes ask how they can make their beard look fuller, so we'll take a brow product and fill it in for them and they think it's the greatest thing in the world!

Beauty counter by George Chinsee

Photographs by **LEXIE MORELAND**

GETTING EMOTIONAL

Wellness-conscious consumers are increasingly making the connection between skin and stress. By **ELLEN THOMAS**

THE CONCEPT OF psychodermatology, the treatment of skin disorders using psychological techniques, is quickly moving into the mainstream.

Just ask Dr. Amy Wechsler, a dermatologist who has been putting her dual degrees in psychiatry and dermatology to use in her Upper East Side practice for over a decade. She even wrote a book —"The Mind-Beauty Connection: 9 Days to Less Stress, Gorgeous Skin and a Whole New You."

For years, Wechsler's mind-beauty connection ethos served simply as a niche specialty that allowed her to stand out from uptown Manhattan's many dermatologists. Now, fueled by—what else?—wellness culture and social media, consumers are connecting the dots between skin care and emotions.

"[Wellness] has changed how consumers think and take care of themselves—they're really paying more attention to simple things like drinking more water and exercising more, getting a good night's sleep. Influencers are now talking about doing yoga and how that relieves stress so they sleep better and look better," says Sarah Jindal, senior global analyst at Mintel. "It's almost as if a lightbulb has gone off for people to say, 'If I take care of myself I not only feel better, but look better as well.'"

Wechsler realized this early on. "My patients call it one-stop shopping when they come to my office," she says. "With a new patient, I ask a lot of open-ended questions and take a very thorough history of their skin conditions, and I also ask about their lives—things people don't necessarily expect to be asked about at dermatologist visits, like relationships, work, sleep, diet and exercise."

According to Wechsler, the state of a patient's mental health can cause inflammation and a weakened barrier that manifests on the skin in a host of ways, from lack of hydration to more serious conditions such as rosacea, acne, eczema and psoriasis. Not to mention, the inflammation caused by stress can trigger early aging, she says.

"There's almost always something going on in someone's life that can be [impacting] the skin," says Wechsler, who, alongside injecting Botox and writing Retin-A prescriptions, dispenses advice like sleeping more, stressing out less and spending more time with friends.

Sarah Kugelman, president and founder of Skyn Iceland, was also an early adopter to the skin-stress connection. In 2003, health issues caused by chronic stress forced her to take a leave of absence from her career in the beauty industry for three months. During that time, she discovered holistic wellness and conceived of Skyn Iceland, a skin-care brand specifically formulated to address the effects of stress on skin, which she launched in 2005, way before wellness had gone mainstream.

"A huge portion [of my customers] back then didn't understand," says Kugelman. "They said, 'I get the sense that it is affecting my skin, but I don't understand what is happening—if stress is mental and emotional, how can it be impacting my body?' Now I don't even get those questions."

A lot has changed since 2003. Mintel research shows that 66 percent of U.K. women feel that lifestyle, including stress levels, is the most important factor when determining the appearance of skin. Brands are responding with product launches that promise to combat the effects of stress or even shift one's mood in the moment—there's Indie Lee's I-Recover Mind +

#MOOD

The latest wave of skin-care products promises to ease the effects of emotional stress on skin.

Odacité Blue Aura Cleansing Water, *$39,* **and Crystal Contour Gua Sha,** *$45 each*

Indie Lee I-Recover Body Soak, *$42*

Indie Lee Mind + Body Gel, *$48*

Argentum La Lune de Velours Cleanser, *$138*

Algenist Alive Prebiotic Balancing Mask, *$38*

Product shots by George Chinsee; Mirror photograph by Linus Morales; Model: Louise Wedel and model management: Styling and make up: K.Vertus

Body Gel, Patchology MoodPatch Aromatherapy Eye Gels, Skyn Iceland's Icelandic Youth Serum and St. Ives Face Mists, which come in three varieties touting mood-boosting benefits.

Even non-beauty brands like Bumble are getting on board—the dating app company announced in September that it is developing its own line of skin-care to combat the particular set of emotional stressors that come with modern dating.

Young consumers, in particular, are plugged into the skin and stress connection. "Our Gen Z customer is seeking more than product efficacy alone," says Sarah Irby, director, face care for North America at Unilever. St. Ives newest face mists were formulated with different scents meant to shift moods—for example, the Yaaas grapefruit-scented face mist contains orange and grapefruit, which are said to boost serotonin levels. "They are looking for products with more holistic benefits to help combat the growing stresses they face in their daily lives."

The merging of skin care and self-care is a big opportunity. "Restlessness and anxiety really do affect our emotional state and well-being, and people are getting slightly disconnected from what they are wanting to do for themselves," says Sam Cheow, a former L'Oréal executive who has founded Necessary Luxury, a "micro brand" that produces small batches of high-end aromatherapy products. "That's why there is this opportunity for skin care to come in and help bridge the gap."

Cheow wants to help consumers "own the mind-set they want to achieve." His Mind-Set Mists, composed of essential oils, are $88—So F--king Lit, for example, is to provide users with a feeling of cheer, warmth and focus, while So F--king High is meant to make users "feel good."

Cheow's products are grounded in scientific research—he was inspired to create his latest product, Feel Good + Rest Well Sleep Cream 250, after learning more about the importance of getting a full eight hours, citing a University of California, Berkeley study in which participants reported a 30 percent rise of anxiety levels after a night of total sleep deprivation.

He also believes consumers are looking for something deeper from their skin-care routines. "My products are helping with well-being from an emotions standpoint and addressing physical pain in the body," says Cheow. "The skin-care market is so saturated today—do you really want [just] another moisturizer?"

De-stressing is the idea behind the Odacité Gua Sha Bar, which opened this month at Le Bon Marché in Paris. The bar serves up 20-minute sculpting and relaxing facials using the brand's crystal gua sha stones and serum concentrates, which are formulated with essential oils.

Odacité founder Valerie Gundry claims the gua sha stones—made of crystals such as rose quartz, blue sodalite and green aventurine—can impart different feelings, such as tranquility and self-love. Gua sha facials have risen in popularity over the last several months thanks to Instagram; Miranda Kerr frequently posts snaps of her Kora Organics heart-shape, rose quartz crystal gua sha stone.

"I love gua sha because it completely relaxes the face," says Gundry. "We carry so much tension in our face because we stare at computers all day."

When used at home, says Gundry, a facial using gua sha stones can be a quick de-stressor. "It's a form of meditation because you're so focused on what you're doing," she says. "You have to pause and take 10 minutes for yourself."

Joy Isaacs, founder of skin-care brand Argentum wanted to ground her science-based, skin-care line with an element of spirituality to help connect her customers with their emotions.

"The skin is the largest organ of your body and it reflects how you feel on the inside," says Isaacs. "We have a powerful, scientific product, but we're not just delivering on science—it's the emotional aspect as well."

With each product, like the new Lune de Velours Oil-to-Milk Cleanser, $138 and launching on Net-a-porter in May, the brand includes one of 12 archetype cards. Customers can then research the spiritual advice associated with their archetype on Argentum's site.

"Some customers get very into it, some might not even notice it's there," says Isaacs. "We can't do the work for the customer, but there's a little hint, a clue about how to get more connected to themselves." ■

St. Ives Scent Face Mists, *$5.99 each*

Necessary Luxury Feel Good + Rest Well Sleep Cream 250, *$55*

Skyn Iceland Icelandic Youth Serum, *$45*

Patchology Tea-Infused Aromatherapy Eye Gels, *$15 each*

DIOR JOY

THE VERDICT:
Dior Joy, the house's first major fragrance pillar after the global sales star J'Adore, did not exactly spark joy for all of our judges. While points were given for elegance and technique, they were taken away for what some called an "old and powdery" scent that would surely turn off the scent's target audience, Millennials.

By **ELLEN THOMAS**

4.4
The Score
out of 10

"Qualitative, feminine, a classic modernized."
Score: **7**

"Smells European, familiar, commercial—but its pieces go in all different directions. Too old and powdery for Millennials."
Score: **4**

"Fruity hairspray top note, which remains tutti-frutti for many hours."
Score: **3**

"A [Chanel Allure-esque] top note on a potent white flower theme. Mmm..."
Score: **5**

"Invasive, vile, trite. Smells like hairspray turned up to 11. Had to open the windows to clear the air."
Score: **1**

"An elegant and creamy oriental, but very consensual. Smells like something that would sell well at Sephora in the Nineties."
Score: **6**

"The technique is there and even a certain polish, but the idea is not new."
Score: **5**

About the Test And Judges

• This is a blind test. Panelists are given vials of unidentified scent to judge impartially. Each of them gives a score ranging from 1 (forgettable) to 10 (unforgettable) and the numbers are computed into a final grade. The judges, led by chairman Michael Edwards, also make critiques, which are unattributed to encourage candor. *WWD Beauty Inc* buys the products at retail, like any other consumer.

THE ESTEEMED JUDGES

Jean-Claude Delville
Cofounder, master perfumer, Society of Scent.

Jeanne Doré
Cofounder of auparfum.com

Michael Edwards
Author of "Fragrances of the World" and "Perfume Legends."

Victoria Frolova
Fragrance industry analyst and Bois de Jasmin editor.

Christophe Laudamiel
Master perfumer at DreamAir.

Westly Morris
Chief Commercial Officer, Chemia Corp Fragrance & Flavor

Luca Turin
Biophysicist and former perfume critic for arabia.style.com

Styling by Mariana Vera for Halley Resources; Illustrations by Kate Copeland

Photograph by **JOSHUA SCOTT**

CURL POWER

Built for curls, DevaCurl has burgeoned into a beauty empire and has the spirit to scale its authentic mission-naturally.

By KALEY ROSHITSH

Specialized, approachable, and always authentic, DevaCurl is the cult favorite indie hair care brand which celebrates natural curls.

DevaCurl's approach to hair education is first rooted in its salon. With the aid of social media, and their professional stylists, the brand has carved out a community, while creating shelf space in the homes of the curly-haired customer.

Today, DevaCurl envisions global growth without sacrificing its indie appeal. In the following interview with WWD Studios, DevaCurl's chief executive officer Robert Schaeffler shares the vitality behind the 25-year strong brand which conditions curls and redefines authenticity in the beauty industry.

Robert Schaeffler, CEO

WWD Studios: Who is the "curly girl?" How does DevaCurl educate and engage with this customer?
Robert Schaeffler: Ask a curly girl about her hair and she will tell you about her entire life. We know this because we hear it every single day in our salons, and we see it online. For 25 years, these conversations have been at the heart of everything we do. Across all social media platforms, curly girls (and guys) are talking to each other and sharing stories about the trials and tribulations of having unmanageable hair. DevaCurl wants to see curls celebrated, and natural beauty and texture embraced.

Traditionally, the curly community has been left underserved. One of the ways we are supporting the curly community is by bringing hair education back to the forefront. We have to remember that our brand was born in the salon. The emotional reaction that takes place during the transformational process in our salons is proof of how powerful the stylist is as an endorser and educator for the curly girl. The cultural shifts that our stylists help bring to life are truly magical.

We will continue to invest in the touchpoints where the curly community exists and make it easy for them to connect with us on social media, at the salon and in the stores of our strong strategic retail partners like Sephora and Ulta. From there, our continued investment in education and the digital platforms where we know the professionals are, enables a seamless connection with their customers.

WWD Studios: How is DevaCurl pioneering a path as a true indie brand with global vision?
RS: Indie brands resonate with the consumer today because consumers want to be spoken to directly and authentically by brands that truly understand them. That's why we have such passionate advocates – we are dedicated to only curls and nothing else. Indie brands also have the opportunity to take risks and to try things that feel right. It's a combination of being smart, strategic, doing our homework and listening to our gut.

For us, that means building on our success in the U.S. and expanding to new international markets with strategic retail partners. We know the organic demand is there, and now's the time to execute. Especially with the current state of beauty, we have the opportunity to enter a new market and be relevant through prestige online platforms and social media, coupled with a focus on our original influencers – the professional stylist.

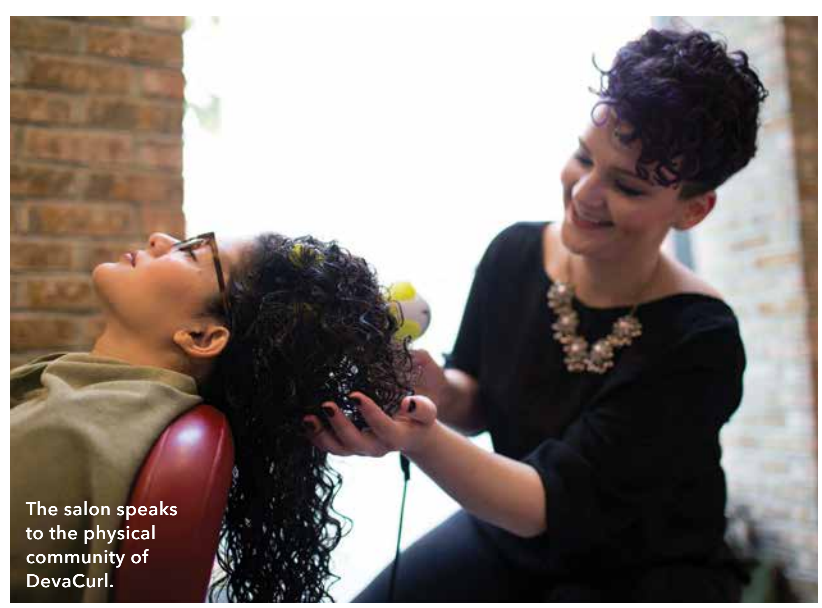
WWD Studios: Why now more than ever is DevaCurl able to capture a global audience?
RS: Now is exactly the right time to enter new territories because the cultural phenomenon of embracing one's natural self is not just happening in the U.S., but worldwide. Embracing what you have and being proud of your roots, your heritage and the things that make you authentically you should be celebrated. This is what DevaCurl embodies as a brand.

WWD Studios: How do you balance being an industry veteran with an entrepreneurial approach?
RS: My goal is to marry true entrepreneurial spirit with the unique curl culture and salon heritage. For this to happen, we will safeguard the uniqueness of this brand, the team and the spirit at all costs. We will introduce more structure, but only what's necessary to scale. I plan to further empower the DevaCurl team to learn, take risks and share ideas. This is when people get excited, great things happen, and the needle moves.

WWD Studios: How is DevaCurl guiding its curly-haired community online and offline?
RS: DevaCurl has done a phenomenal job attracting authentic product users and salon loyalists. Whatever social channel we are communicating in and whoever is recommending the brand, we always want it to be genuine. We will continue to align ourselves with that audience and those who have been by our side throughout their journey. We are also developing an extensive strategy for our stylists, who are equally as important, if not more so, for getting the message out.

Meanwhile, we will be relaunching our DevaCurl.com with a heavy focus on being a true partner to the curl community. This will include ongoing dialogue, education, styling techniques, tutorials and product recommendations.

WWD Studios: What managerial style brings success in your workplace?
RS: I have an open door philosophy with a flat hierarchy – something I learned from past leadership roles and something I believe will help DevaCurl continue to flourish in today's market. I believe wholeheartedly in our entrepreneurial spirit and I look to create an environment in which people communicate with transparency, openness and honesty. I want the people on my team to take ownership of their ideas. This promotes confidence and is key to showing the team they are valued and have the bandwidth to grow. At the end of day, it's great people who build a brand and not an individual.



The salon speaks to the physical community of DevaCurl.

STAND AND DELIVER

Under the leadership of Alex Keith, Procter & Gamble has cracked the code of restoring growth to the company's considerable beauty business.

BY **JENNY B. FINE** PHOTOGRAPH BY **SIMONE LEZZI**

WHEN IT COMES to Alex Keith, talk of women's intuition transcends the cliché.

A chemical engineer by training, Keith has harnessed her instinct for human chemistry to crack a code no one else has been able to solve for the last decade: how to create a winning formula for Procter & Gamble's beauty business.

After a dismal period, which saw the company sell 41 brands to Coty for $11.6 billion, a deal which many said would be transformational for Coty rather than P&G, the consumer packaged goods giant is once again talking about beauty driving significant growth—both for the group itself and the market overall.

Beauty has regained its mojo.

The numbers tell the story: For fiscal 2018, P&G's beauty business—which consists of personal care, hair care and skin care—posted sales of $12.4 billion, the third-largest category for the $67 billion group. Moreover, it led the company in terms of growth, with a 9 percent increase versus a 3 percent companywide gain.

Much of the growth in beauty can be attributed to the return to health of P&G's skin-care category, driven at first by the success of the prestige brand SK-II in Asia, but more recently by the mass market Olay, as well, whose turnaround in fortunes can be traced to Keith's return to the beauty category as president of global skin and personal care in 2014 after a four-year stint running P&G's North American fabric care business.

"Alex elevated the brand," says Stephanie Wissink, an analyst at Jefferies, of Olay. "She had capital in the coffers to focus on things, and the first thing she did was listen to the consumer. They doubled down on the things scientifically they knew they could win. For a brand to keep pace with and bring accessible value to the marketplace consistent with prestige is pretty remarkable."

Keith's quick results on Olay were noticed internally, too: In 2017, she was given complete oversight of P&G's beauty business, adding hair care to her remit. Last November, in P&G's latest reorganization, she was named chief executive officer of P&G Beauty, a newly created position that also makes Keith the only female ceo of a top 10 beauty manufacturer.

She has moved quickly to reestablish P&G's relevance, reinstating consumer learning as a key tenet of the business, recognizing the changes that have happened industrywide over the past decade and reacting accordingly, through acquiring or incubating new brands and increasing P&G's exposure to diverse channels and categories.

"We are reasserting what beauty means to P&G and how we intersect the core competencies of P&G with the beauty industry," Keith says. "What beauty has always been for P&G is a higher growth, higher margin expandable category business. It will remain that growth engine. But what we are doing differently, what is new, is fusing this with the intuition and the artistry unique to the category."

As successful as she's been, Keith still has her work cut out for her: While the company's personal-care category has continued its slow but steady ascent and skin care has returned to a growth trajectory, P&G's hair-care business—particularly in the key markets of the U.S., China and Japan—is more challenged.

Keith is confident that the key tenet that unlocked Olay's recent successes will hold true as she tackles the global hair-care business: a deep and intuitive understanding of consumer desires today. In the late Nineties and early Aughts, that was a core competence that helped drive P&G's beauty businesses to consistent gains. But once the brands started to struggle, that focus on using consumer insights to drive the business increasingly disappeared.

"When business starts to falter, which is what happened in 2010-2011, the immediate gut reaction of analytical people is to analyze why the business is faltering in a way that is measurable, objective and quantifiable," Keith says. "But as that was going on, the qualitative assessment of where we might be missing the mark, where our brands weren't connecting, where the innovation might not be as relevant, wasn't something that people were comfortable with.

"When I first came back, I was really shocked to find that for a company that

Under Keith, P&G's master brands are now more reflective of real-time relevance.

Product photograph by Joshua Scott; Styling by Melissa Stammer puts improving the lives of the world's consumers at its core, our beauty business had lost the basic understanding of consumers' views and needs."

That frank assessment has been key to the Keith turnaround.

"Alex shares in our passion to truly understand the guest," says Monica Arnaudo, senior vice president of merchandising for mass, hair and accessories at Ulta Beauty. "She is very open to sharing insights and brainstorming new solutions, all in the quest to serve guests and ultimately drive sales. She is a woman of action, and certainly a change agent for P&G, pushing her teams to focus on innovation and evolving the P&G brands and products to meet the needs of the ever-changing consumer."

On this day, Keith is speaking in a nondescript, unfurnished meeting room at The Breakers in Palm Beach, Fla., where she has just participated in a panel about sustainability during the Personal Care Products Council annual meeting. After opening the windows and clearing away some stray detritus, she cracks open a bottle of Perrier, ready to get down to business. Despite the lackluster surroundings, the executive is personable and animated as she talks about the challenges of enacting a cultural—and business—transformation.

"One of the biggest things we've had to overcome internally is helping people understand that the rational story of our products and the amazing science in the bottle is no longer the most interesting, talkable thing for consumers," Keith says. "We tell everyone—if the consumer cares about it, we need to be aware of it. We can choose whether to act on that knowledge or not. But we need to know."

Keith admits that initially she got some pushback from the teams, who told her they didn't have time to go see consumers. Her response: "If *I* have time than *you* have time," she recalls.

But she also gave her troops a new framework in which to think about garnering consumer insights, even something as simple as talking to friends about their beauty habits over a glass of wine ("If you have friends and they don't work in consumer products, they're actually consumers," she says) or reading a magazine or blog.

She herself has consistently come up with move-the-needle ideas doing just that. Last August, for example, Keith was reading a story in *People* magazine about Baby Chanco, a Japanese toddler born with a full head of hair. "Someone should get this baby a Pantene ad!" wrote the reporter.

"I thought, 'Well, I can do that!'" laughs Keith. She snapped a picture of the story, sent it to the team in Japan and the one-year-old is now a Pantene ambassador, starring in an ad series that encourages women to embrace their individuality. The campaign, along with a product strategy that has premiumized the brand's offering, has helped reverse five years of sales declines for Pantene in Japan.

Closer to home, the team has been on the money when it comes to identifying hot ingredients. For example, the Pantene Rose Water Collection, a sulfate-, paraben- and dye-free shampoo and conditioner duo launched in North America earlier this year, stars an ingredient that brand executives realized was surging after they tapped into wellness trends in real time. "Four years ago, we would have been sitting around, saying, 'Rose water is a trend. We should really do something,' and by the time we actually did something, it wouldn't be a trend anymore," Keith says.

But times have changed. Using either consumer insights gleaned from the team or P&G's partnership with Google, which enables marketers to analyze big data for emerging trends, the company is becoming more agile at innovating. "Now," Keith continues, "with the capabilities we are building, we are able to identify a trend, understand how it fits into the brand promise and launch it exactly at the time it is having a major upswing. That, ultimately, is the goal."

KEITH'S KEEN SENSE of listening has fueled her rise through P&G's ranks. She joined the company directly after graduating from the University of Arizona in the early Nineties and realized after a few years that she wanted to transition from manufacturing into marketing. ("It was the early Nineties when people still dressed for work, and I just thought to myself I'd like a job where I don't have to wear steel-toed boots and a hairnet every day.")

She decided to pursue an MBA, and mentioned her plan to Marc Pritchard, then the vice president of skin care at P&G and today the company's chief brand officer. He convinced her to stay in the company and made her an assistant brand manager on Olay, where she oversaw the development and launch of Olay Complete All Day UV Moisturizer, the first mass market hydrator with sunscreen.

A clever campaign starring Baby Chanco helped revive Pantene in Japan.

Intuition rather than experience drove that project—"I looked at what the prestige market was doing, what was happening in fashion in terms of minimalism and simplicity and listened to women talk about what they wanted from skin care, and then threaded the needle through all of those dots," Keith says—a skill that still serves her well today.

While working in the fabric care business, for example, she created Downy Unstopables In-Wash Scent Booster Beads, after her best friend lamented that her new washer and dryer didn't have a big enough receptacle for her favorite fabric softener, whose scent she adored. Keith did some digging, discovered this was a pain point for other consumers and created Unstopables, marketing them as fragrance for clothing and charging a premium for the product. The launch created a category that today is valued at more than $700 million in sales, of which P&G has more than an 80 percent share.

More recently, there was the resurrection of Olay Daily Facials Cleansing Cloths. Keith was snooping around in the medicine cabinet of a friend's teenage daughter (having first obtained permission) and noticed she had a sizable collection of facial wipes—but nothing from Olay. Back in 2000, Keith had launched a breakthrough lathering wipe, which at its height had over $100 million in annual sales.

"When I came back, it was double-digit, low-double digit sales. Almost gone," she says. A trip to the R&D department revealed the technology was still relevant today, so Keith took it to the team, who had been telling her the brand was lacking a strong wipe.

"I told them we have this amazing wipe—we just need to make sure people understand it," Keith says. She brushed away protestations of no money for TV advertising, directed them to run a digital campaign and the franchise is back to double-digit growth. "The retailers are excited about it again and all of a sudden it's back to eye level at the shelf instead of stuffed in the bottom back corner," she says.

An avid runner who's working on achieving an eight-and-a-half-minute mile, Keith says she does her best thinking when she's in motion or in the shower. She has consistently—and consciously—honed her sense of intuition over the last two decades, and encourages her team to do the same.

"As an organization we need to be more intuitive and not always rational and data-driven, which can be a challenge when you have a lot of very smart people, lots of whom have analytical backgrounds," she says. "Maybe not everyone can have the same level of intuition, but you can steep yourself in the consumer market, the broader world and develop enough of a knowledge base so that you are comfortable and conversant. It's about honing it and pointing it in the right direction."

Still, it will take more than a cute baby to turn around the fortunes of P&G's hair-care business. Geographically, Keith says the business is growing in Latin America, Southeast Asia and Europe, but has struggled in the U.S., China and Japan. To restore growth in North America, Keith tapped Ilaria Resta, now the vice president of P&G's North American hair-care business and one of the key drivers behind the turnaround of P&G's European hair-care division.

As with Olay, one of Pantene's problems is an over-proliferation of sku's at retail. Under Resta's leadership, the number of Pantene collections has been cut in half. Keith has also reframed the thinking on the portfolio, from "we run global brands in hair care" to "we run regional portfolios of brands, which will likely expand."

> **"IF YOU GET CHALLENGED TO ACHIEVE THE IMPOSSIBLE, THEN YOU START THINKING IN A COMPLETELY DIFFERENT, BREAKTHROUGH WAY."**
>
> ILARIA RESTA, PROCTER & GAMBLE

To that end, P&G hair care—Pantene, Head & Shoulders, Aussie, Herbal Essences, Old Spice and the in-house incubated Hair Food—is now more clearly segmented by consumer, target and/or distribution channel. Aussie, for example, was recently revamped by and for Generation Z, while Herbal Essences is more of an ingredient play.

"It's a challenge to make sure you don't have a zero sum game when it comes to consumer targeting, media buying and brand positioning and sales fundamentals," Keith says.

Resta and her team are also much more attuned to the changing demographics of the category. "Hair care has accelerated over the last two years and is decommoditizing and changing dramatically to mirror society," says Resta, who notes that the polyculturalism of the U.S., and multiethnic background of Gens Z and Alpha have resulted in an ever-increasing array of hair textures and types that are much more diverse than those in the past.

P&G partnered with Yale University on a cross-cultural study and found that the highest rate of dissatisfaction when it comes to beauty is hair—eight out of 10 women report having bad hair days. "There's a gap between the hair they have and the hair they want," says Resta, who mandated that her senior management team come to work one day with their hair in a natural state—no product, no styling aid, no nothing—to better understand the emotional implications of the need gap. ("I learned I look awful with the hair I have. I shouldn't be the hair care leader of North America with the hair I have," she jokes of the experiment.)

This work led to Pantene's new platform—The Power to Transform—which Resta says is already resonating with consumers. "In the past, hair care responded to the functional needs of consumers, like moisturizing," she says. "Now, we're seeing that the magic happens when the purpose of the brand is matched with the purpose and desire of the consumer."

Although P&G doesn't break out numbers by category, Resta says that Pantene is once again growing both in terms of revenues and penetration. While she wouldn't quantify what success looks like in terms of a sales figure, Resta notes that when Keith first told her what her expectations were for the business, "I said to her, 'You must be kidding!'"

That boldness is characteristic of Keith's leadership approach. "If your expectation is to grow 1 or 2 percent, you can achieve it with what you have tried in the past," Resta says. "If you get challenged to achieve the impossible, than you start thinking in a completely different, breakthrough way. This is scary but liberating because you're not attached any longer to what worked in the past."

Resta, who likens Keith to a "marshmallow wrapped in titanium," says the ceo consistently pushes teams to move beyond their comfort zone. "She pushes you to take risks, and sometimes I feel like I'm jumping off the cliff of a mountain," says Resta, "but you turn around and she has a net in case you fall. This is incredibly empowering. If you have someone

KEITH UP CLOSE

Breakfast of champions: Definitely coffee—black. And, on workout days, some peanut butter or oatmeal.

Exercise routine: An early-morning run or workout, as many days as I can manage.

Estimated daily mileage for run: Currently, about five miles.

Fave running route/city: Along the lake in Geneva. Gorgeous scenery and no roads to cross!

Favorite business book: "Creativity Inc." by Ed Catmull

Favorite non-business book: "Endurance" by Alfred Lansing, the story of Shackleton's voyage to Antarctica. A great story of leadership: He brought every crew member home alive against incredible odds.

afraid to take risks or who will punish you for mistakes, your arena is reduced."

FAR FROM reducing P&G's beauty arena, Keith has been actively expanding it through brand acquisition and incubation.

Acquisition-wise, P&G bought the natural, direct-to-consumer deodorant brand Native in November 2017, followed by the New Zealand-based Snowberry skin-care business in February 2018, then the prestige skin-care brand First Aid Beauty in July 2018, and most recently Walker & Co., which manufactures razors under its Bevel brand and hair care under Form, both designed for people of color.

While analysts applauded the diversification efforts—the acquired brands give P&G exposure to fast-growing retail channels and categories it had failed to penetrate before—some also questioned the company's ability to nurture smaller brands.

"P&G typically looks for brands with global potential, and the brands it's buying now seem too small to do that," says one analyst, who did not have permission from his company to speak publicly. "My question is what has changed within P&G that is going to be able to create value and not destroy these small brands? What is their role in a company as big as Procter?"

Keith is well aware of the criticism and insists that the company has learned from past mistakes. "These brands are their own ecosystems. The brand founders are all with us. We have not swallowed them up into our core operating system," she says. "We want to protect the founders from becoming in-house consultants because they want and need to grow their brands and we want and need them to do that."

"We've maintained independence and that has allowed us to grow and do what we're good at," says Moiz Ali, Native's founder and ceo. "At the same time, I'm learning—I had no idea how to do brick-and-mortar before. And I do feel we're having an impact. People in P&G have told me their timelines are shorter now that they understand how quickly we do things."

Rather than meeting with large teams of people, founders like Ali, First Aid Beauty's Lilli Gordon and Walker's Tristan Walker meet regularly with cross-category incubation groups that Keith has set up, small teams that are working on projects across the division. Some of their work, like Gemz Hair Care, single-dose shampoos and conditioners, and Hair Food, a direct-to-consumer, natural-based hair-care brand, have already been commercialized. Others are under wraps.

But the goal is to keep the flow of information fluid, making sure that scientific innovation and digital know-how can quickly be cascaded throughout the organization.

"We're working across the categories of P&G Beauty and are approaching these in a different way than how we would historically approach learning—we're doing it on a very tight budget, using a [venture capital] approach," Keith says. "What do you want to learn? How much money is needed? That way we can have many irons in the fire versus having to make our choices too early.

"While it's still early, we already have a lot of great learnings, particularly in the performance marketing, DTC and search spaces," she continues. "We've discovered that this work requires a different talent profile. We look for individuals who are multiskilled and can operate across functions and have found many of these individuals outside of the traditional marketing function, like in communications, design, market research and R&D."

While the old P&G model was to buy relatively small brands and blow them up sales-wise—one analyst noted the company used not to be interested in a brand that didn't have billion-dollar potential—that's no longer the case. "We recognize the portfolio will probably be a combination of these big powerhouse brands and other, more specialized brands," Keith says. "As we think about portfolio expansion, we want to be present in the retail channels where the beauty shopper may be and we acknowledge that our core mass market brands are probably not the right mixture on their own to meet the needs of that shopper."

Such forthrightness is typical of Keith, whose first tenure in P&G Beauty was under strong female leadership as well, including Susan Arnold, who was vice chairman of Beauty and Health, and Gina Drosos, the former group president of female beauty. While Keith says that her goal for the last 15 years of her career has been to lead the P&G beauty business, she doesn't shy away from talk of perhaps one day becoming the ceo of P&G overall.

"This was my dream job for a long time, and now that I'm in it, it's a pretty great place to be. This role is going to help me grow my experience base and capabilities. I do feel like this is a great growth opportunity that could prepare me to do something like that," she says when asked about the top spot.

As to why Keith has been able to effect transformational change when so many others have failed? "I'm pretty good at having a vision for the future, but being grounded in reality," she says. "Having a vision without understanding the reality makes it very hard to get there, because you don't know where you're changing from. If you're only grounded in the reality, it makes it very hard to change because you don't know where you're going.

"Consistency and focus are key," she continues. "Change for change's sake or changing your mind all of the time doesn't help in a leadership position, particularly when you're trying to help a business transform itself." ■

Favorite podcast: NPR's Marketplace. It's how I stay in touch with what's happening back home.

Number of countries lived in: Three: the U.S., Singapore and, now, Switzerland, but four if you count some of my childhood years in Germany.

Number of days she travels annually: I'm afraid to count, but let's say between 150 and 200.

Favorite seat on a plane: One where no one needs me to move for them to get up.

Best business advice: Challenge accepted boundaries. It works for both business and life.

Favorite inspirational quote: "Do something every day that scares you." —Eleanor Roosevelt

Last show binge-watched: "The Marvelous Mrs. Maisel." Love it!!!

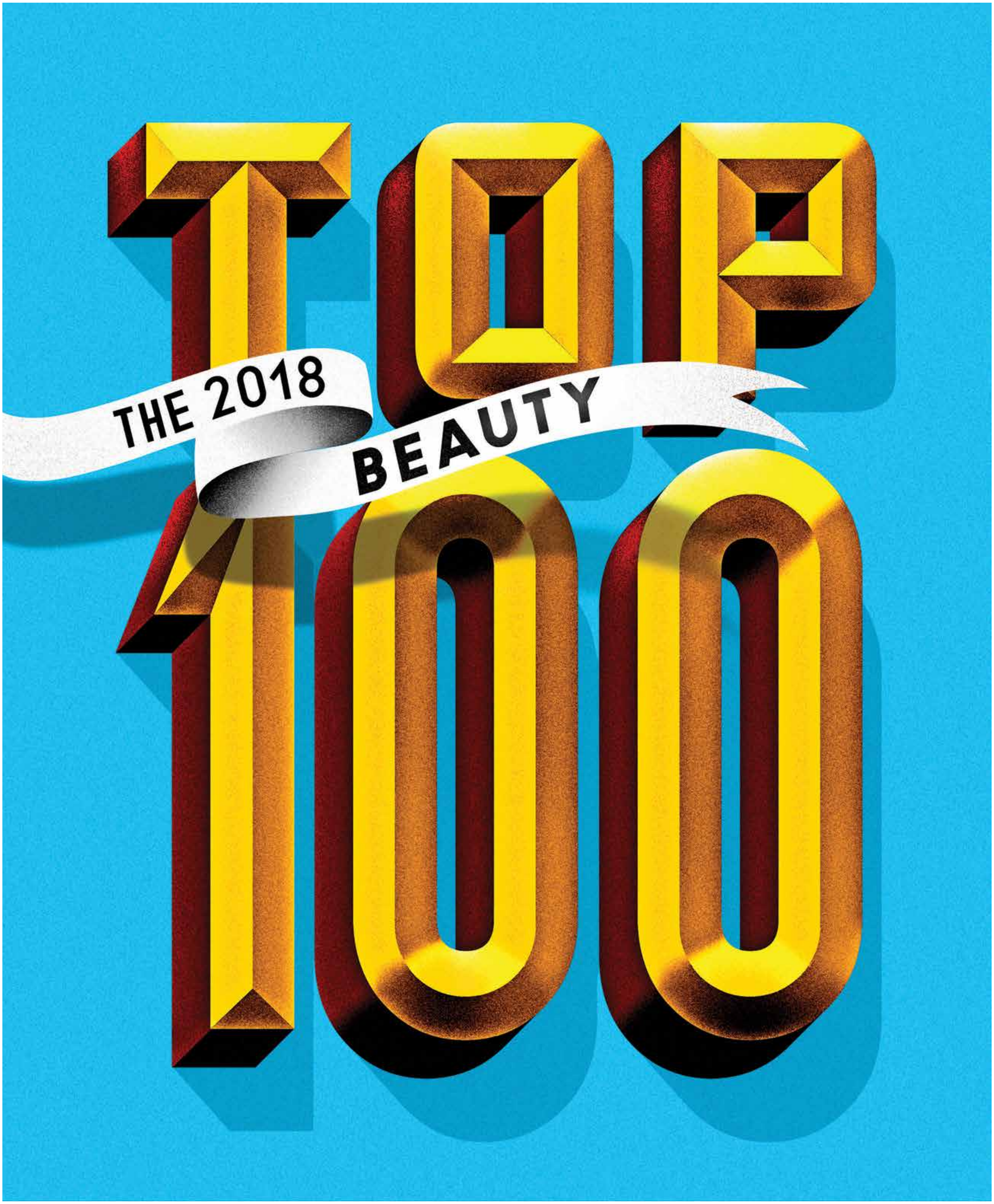


Illustration by **JEFF ROGERS**

THE BEAUTY LANDSCAPE

continued to shift east in 2018. Asia and skin care were the major drivers for the world's biggest beauty companies, and the shift toward more premium products favored players with a stronger footprint in the prestige space. While market leader L'Oréal's overall sales grew only 3.5%, for example, its Luxe division's revenues increased 10.6%. Although number-two Unilever does not break out its prestige business, it did note double-digit growth for several of its high-end brands, and third ranked The Estée Lauder Cos., which does the majority of its sales in prestige, saw sales grow 11%.

Sales skyrocketed in Asia for several firms, driven especially by China and travel retail, and the move toward J-Beauty positively impacted Japanese players, with most moving up slightly in the rankings, despite a continuing soft market at home. Japan's leader Shiseido climbed one place in the 2018 Top 100, thanks to its focus on its prestige portfolio and growth in China. Among K-Beauty firms, LG Household & Health Care, driven by premium brand Whoo and success in China, outpaced growth for its larger competitor, Amorepacific, which struggled somewhat domestically and abroad and is restructuring its business model.

Companies with a stronger footprint in skin care in general saw better growth as the market continued to shift away from makeup. Groupe Clarins was one of the companies benefiting from the category's growth, and smaller players like Naos and Have & Be Co. also outperformed, while France's Kresk Group, owner of the Laboratoires Filorga brand, was among new entrants to the Top 100 thanks to its 39% sales gain. Other new entrants for 2018 included China's Proya Cosmetics Co., U.S.-based Beautycounter and Italy's Sodalis Group, thanks to its acquisition of compatriot makeup player Deborah.

The year 2018 was also marked by top executive changes at some of the biggest beauty groups, expected to herald a new era for certain players. Alan Jope took over as chief executive officer of Unilever and Stefan De Loecker was named chairman of Beiersdorf, both changes effective January 1, 2019. Coty, which continues to struggle with its turnaround after the integration of P&G's specialty beauty portfolio, saw the departure of ceo Camillo Pane and chairman Bart Becht, who orchestrated the P&G deal, with Pierre Laubies taking over as ceo in November 2018.

In terms of M&A activity, while there were few mega-deals in 2018, acquisitions still had an impact on the ranking. Natura's 2017 purchase of The Body Shop led to a 36% sales increase, although weakness of the Brazilian real against the dollar meant that Brazil's beauty leader only actually climbed one place in the ranking. Groupe Rocher climbed three spots thanks to its acquisition of Natural Products Group.

This latest edition of the Top 100 offers a new format, which we hope makes information about the world's beauty leaders both more insightful and easier to digest—our aim was to make the Top 20 entries more analytical and pull out key highlights of the year for the remainder of the players in the ranking, making them more topical and easier to read.

Total sales for all 100 companies reached $223.21 billion, an increase of 6.4% year-over-year. L'Oréal accounted for 14.3% of total sales, while the top 10 companies overall generated sales of $126.3 billion, or 56.6% of total Top 100 revenues, with both ratios marking slight increases year-over-year.

1

L'ORÉAL

CLICHY, FRANCE

2018 BEAUTY SALES:
$31.81 BILLION
€26.94 BILLION
+3.5% VS. 2017

MAIN BRANDS:

CONSUMER PRODUCTS:
L'Oréal Paris, Garnier, Maybelline New York, NYX Professional Makeup, Essie, Niely, Dark and Lovely, Magic, Stylenanda.

PROFESSIONAL PRODUCTS:
L'Oréal Professionnel, Redken, Kérastase, Matrix, Pureology, Decléor.

L'ORÉAL LUXE:
Lancôme, Yves Saint Laurent, Giorgio Armani, Kiehl's, Biotherm, Urban Decay, IT Cosmetics, Shu Uemura, Ralph Lauren, Helena Rubinstein, Viktor&Rolf, Cacharel, Clarisonic, Diesel, Yue Sai, Valentino.

ACTIVE COSMETICS:
La Roche-Posay, Vichy, SkinCeuticals, CeraVe, Roger&Gallet.

KEY FINANCIALS:

LIKE-FOR-LIKE SALES GROWTH:
+7.1%

CONSTANT-CURRENCY SALES GROWTH:
+8%

OPERATING PROFIT:
€4.92 BILLION, +5.3%

NET PROFIT:
€3.9 BILLION, +8.8%

SALES BY DIVISION:

PROFESSIONAL PRODUCTS:
€3.26 BILLION, -2.6% (+2% like-for-like)

CONSUMER PRODUCTS:
€12.03 BILLION, -0.7% (+2.5% like-for-like)

L'ORÉAL LUXE:
€9.37 BILLION, +10.6% (+14.4% like-for-like)

ACTIVE COSMETICS:
€2.28 BILLION, +9.2% (+11.9% like-for-like)

SALES BY GEOGRAPHIC ZONE:

WESTERN EUROPE:
€8.07 BILLION, -0.7% (-0.3% like for-like)

NORTH AMERICA:
€7.23 BILLION, -1.6%% (+2.7% like-for-like)

ASIA-PACIFIC: **€7.41 BILLION, +20.4% (+24.1% like-for-like)**

LATIN AMERICA: **€1.78 BILLION, -8.6%% (-0.4% like-for-like)**

EASTERN EUROPE:
€1.75 BILLION, +0.2% (+9.1% like-for-like)

AFRICA AND MIDDLE EAST:
€693.5 MILLION, +0.2% (+4.9% like-for-like)

BIGGEST MARKETS:
The U.S., China and France.

• **THE WORLD'S BIGGEST** beauty company described 2018 as the year of its "best [organic] sales growth in more than 10 years." Gains were driven by the boom in Asia, especially China, as well as L'Oréal's luxury-products business as consumers shifted toward premium categories. Digitalization, travel retail and dermo-cosmetics were further sales drivers.

Asia-Pacific overtook North America to become L'Oréal's number-two region for the first time, and is expected to soon take over top place from Western Europe. E-commerce sales grew 40.6% to account for 11% of group revenues, meaning if that business were a country, it would now be the firm's second worldwide.

Travel retail grew 27.1%, with that business crossing the €2 billion threshold for the first time.

On the M&A front, L'Oréal remained active, tapping into acquisitions to help it continue to ramp up its presence in digital, in new geographies and in categories like naturals to fill white space in its portfolio and global penetration. In March, it acquired the Canadian firm Modiface, which specializes in augmented reality and artificial intelligence. In June, it finalized the purchase of South Korean lifestyle and makeup firm Nanda, owner of the Stylenanda brand. Digital native professional hair-care brand Pulp Riot was added to the portfolio in May, bought from Luxury Brand Partners, while in August, L'Oréal bought German natural and organic beauty specialist Logocos.

L'Oréal's beauty license with Giorgio Armani was renewed until 2050, while a new license with Valentino—formerly under Puig—was inked. The company has also fielded rumors that it may acquire the Prada fragrance license looking ahead.

Rumors regarding Nestlé's possible sale of its 23.3% stake in L'Oréal reignited as the Swiss firm sought to hone its focus on nutrition, health and wellness and said it was considering strategic options for its Nestlé Skin Health activity.

For the L'Oréal Luxe division, where business accelerated in the second half and outperformed the overall prestige beauty market, according to the company, its four "billion euro" brands—Lancôme, Yves Saint Laurent, Giorgio Armani and Kiehl's—all saw double-digit growth. Lancôme was boosted by skin care and the ongoing success of La Vie est Belle fragrance. Both YSL and Armani had a strong year in fragrance, as well as foundation, while Kiehl's benefited from the boom in skin care. Growth also continued for IT Cosmetics and Atelier Cologne. The division performed particularly well in Asia-Pacific, gaining market share there, especially in China, where it saw double-digit growth.

Within Consumer Products, skin care was also a driver, with double-digit growth seen for face-care products including L'Oréal Paris' Revitalift Filler, Garnier's tissue masks and Men Expert products.

The Active Cosmetics division was also driven by increased demand for skin care, with double-digit growth for La Roche-Posay, which performed well across regions. Vichy was bolstered by Minéral 89 serum. SkinCeuticals grew worldwide and strengthened its leading position in the professional category in the U.S. CeraVe saw double-digit gains in North America and rolled out to new markets, ending the year in more than 30 countries.

Geographically, Western Europe was impacted by sluggish conditions in key markets including France and the U.K. and by the slowdown in makeup. In North America, despite a decline in sales, the firm said the Consumer Products division remained on track and gained market share in makeup and hair color, while the luxury business was particularly dynamic in skin care and grew faster than the market in fragrance.

OUR METHODOLOGY

THE WWD BEAUTY INC Top 100 ranks the world's largest beauty manufacturers. Firms are arranged by their beauty sales for the 2018 calendar year.

For those companies whose fiscal year did not run from Jan. 1, 2018, to Dec. 31, 2018, estimates were calculated. All sales figures were either obtained from the companies or generated with the help of industry sources, indicated by (EST.) in the ranking. For this list, "beauty" includes fragrance, makeup, skin care, body care, sun care, hair care, deodorant, plus cellulite and shaving products. It does not take into account bar soaps, razors, toothpastes, food and diet foods, medicines, vitamins or detergents. The revenues only include sales of beauty products each firm manufactures and do not include business from private-label lines or products distributed for other companies. Information in the main brands section reflects each company's holdings in 2018.

Year-on-year percentage changes are in reported terms, not on a like-for-like or constant-currency basis. Non-U.S.-based firms' sales are converted into dollars according to the 2018 average yearly exchange rate.*

*CURRENCY CONVERSIONS

Sales figures in non-U.S. currencies were converted to the dollar using the following 2018 average exchange rates from Oanda.com:

€1=$1.180857; ¥1=$0.009059; £1=$1.334767; 1 KRW=$0.000909; 1 Ruble=$0.015987; R$1=$0.275426; CNY 1=$0.151334; 1 Rupee=$0.014644; 1 SFr=$1.022221; 1 HK$=$0.127585; 1 SEK=$0.115095.

COMPILED AND RESEARCHED BY
Alex Wynne with **Allison Collins**

EDITED BY **Alex Wynne** and **Jenny B. Fine**

WITH CONTRIBUTIONS FROM:
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Charts compiled by **Kelsey Butler**

Professional Products sales in the region were driven by Redken and Matrix and the acquisition of Pulp Riot. In Asia-Pacific, growth was seen across all divisions thanks to the dynamic Chinese market and brisk business in Southeast Asia and travel retail. The June acquisition of Stylenanda strengthened L'Oréal's position in the zone. Despite ongoing difficult conditions in Latin America and hyperinflation in Brazil that led to a significant drop in reported sales, L'Oréal Luxe and Active Cosmetics gained market share in the region, and the Professional Products division grew strongly in Brazil. Growth in Eastern Europe was especially driven by Active Cosmetics, and Turkey, Ukraine, Romania and the Czech Republic saw dynamic conditions, as did e-commerce, which increased more than 50% in the zone. In Africa and the Middle East, despite an unfavorable geopolitical climate and sluggish markets, especially in the Gulf, sales were stable on a reported basis, with Egypt and Morocco seeing good growth and positive developments in South Africa and Kenya.

2

UNILEVER

LONDON/ROTTERDAM, THE NETHERLANDS

2018 BEAUTY SALES:
$22.39 BILLION (EST.)
€18.96 BILLION (EST.)
-0.3% VS. 2017 (EST.)

MAIN BRANDS:
BEAUTY & PERSONAL CARE:
Axe/ Lynx, Rexona/Sure/ Degree, Clear Scalp & Hair Beauty Therapy, TRESemmé, Sunsilk/Seda/Sedal, Timotei, Motions, Nexxus, Mods, Alberto V05 (except in the U.S. and Puerto Rico), TIGI, Brylcreem, Dove, Lux, Pond's, Suave, Vaseline, Monsavon, Radox, Duschdas, Black Pearl, Pure Line, 100 Recipes of Beauty, Silky Hands, St. Ives, Lifebuoy, Noxzema (except in Western Europe), Just for Me, Simple, Impulse, Camay, Zest (except North America and the Caribbean), Kate Somerville, Dermalogica, Murad, Dollar Shave Club, Pears, Hourglass, Living Proof, Love, Beauty & Planet, AHC, Skinsei, Quala, Equilibra, K-Bright, Korea Glow, Pure Derm, KJU, Hijab Fresh, ApotheCare Essentials.

KEY FINANCIALS:
BEAUTY & PERSONAL CARE DIVISION REVENUES:
€20.62 BILLION, -0.3% (underlying sales growth +3.1%, underlying volume growth +2.5%)

DIVISION OPERATING PROFIT:
€4.1 BILLION, +0.7%

TOTAL COMPANY REVENUES:
€50.98 BILLION, -5.1%

OPERATING PROFIT:
€12.54 BILLION, +41.5%

NET PROFIT:
€9.81 BILLION, +51.2%

• **A YEAR OF** major upheaval for Unilever, 2018 was marked by the firm's reversal on its decision to simplify its structure and switch to a single corporate entity headquartered in Rotterdam after backlash from institutional investors, as well as the appointment of Alan Jope as its new chief executive officer, effective Jan. 1, 2019. Unilever also put the focus firmly on food and beauty, sold its struggling spreads business, resulting in its significant profit gains, and fused its food and refreshments divisions.

Jope, a Unilever veteran of three decades, had long been mentioned as a frontrunner for the job. In his previous role as president of beauty and personal care, which he had held since 2014, he spearheaded the firm's shift into the prestige beauty arena. During his tenure in that role, he oversaw a rapid-fire series of acquisitions, including Dermalogica, Dollar Shave Club and Sundial Brands. As ceo, he replaced Paul Polman, who had already announced plans to retire.

The plan to move Unilever to the Netherlands had stemmed from the Brexit vote in 2016 and a $143 billion takeover bid by Kraft Heinz Co. in 2017. Kraft Heinz withdrew the offer after Unilever spurned its advances and Unilever later undertook a major audit, simplifying its internal structure and selling its spreads business to KKR.

Polman retired as ceo and as a board member on Dec. 31, 2018, although he plans to support the transition process in the first half of 2019. He will leave the company in early July. Analysts suggest Jope's nomination could herald further brand incubation and newness at Unilever, inroads it had already been making.

Jope joined the company as a graduate marketing trainee in 1985, and has experience both in developed and emerging markets, having run the company's North Asia business for four years and served as president, Russia, Africa and Middle East. He spent more than a decade in senior foods, home-care and personal-care roles for Unilever in the U.S.

In March, Sunny Jain, formerly the head of Amazon's Core Consumables business unit, was named head of the Beauty & Personal Care division.

On the beauty front, Unilever was less acquisitive in 2018, although it did buy the Quala beauty and personal care- and home-care business in Latin America in February, while in October, it bought 75% of Equilibra, an Italian personal-care and wellbeing business, with the intention of further bolstering its portfolio in natural personal care.

In terms of brand incubation, though, it was an active year. The company introduced home-grown brands K-Bright, Korea Glow, Pure Derm and Skinsei, while Love, Beauty & Planet, launched in 2017, expanded into six markets across North America and Europe and is now active in categories including skin cleansing, deodorants, skin care and hair care. Schmidt's Naturals, also acquired in 2017, extended beyond deodorants into new categories. Korea Glow, a new cleansing brand, launched in the fourth quarter. As ceo, Jope is expected to continue to promote brand incubation, and several new initiatives have already been announced for 2019.

Unilever's brands, whether acquired, incubated or through brand extensions, have a growing focus on sustainability and social consciousness. Unilever has pledged to become carbon positive in its operations by 2030, and to ensure that 100% of its plastic packaging is fully reusable, recyclable or compostable by 2025. For 2018, the company said its sustainable living brands grew 46% faster than the rest of its business and delivered 70% of its growth. As part of this approach, Unilever revealed that it is supporting a global ban on animal testing for cosmetics as part of a deal with Humane Society International and that PETA has officially recognized Dove, Unilever's largest beauty and personal-care brand, as a brand that does not test on animals anywhere in the world. Also last year, the company introduced bottles made from 100% recycled plastic, including 20% ocean plastic, under Ren, and biodegradable face wipes made from renewable plant fibers and wood pulp under Simple.

Elsewhere, Murad ramped up its digital focus under new chief executive officer Michelle Shigemasa, who joined the firm in late 2017 from the Estée Lauder Cos. Kate Somerville launched in the U.K. and China, and tweaked its distribution in the U.S., launching on Ulta.com and in several hundred of the retailer's doors and exiting Neiman Marcus, one of its

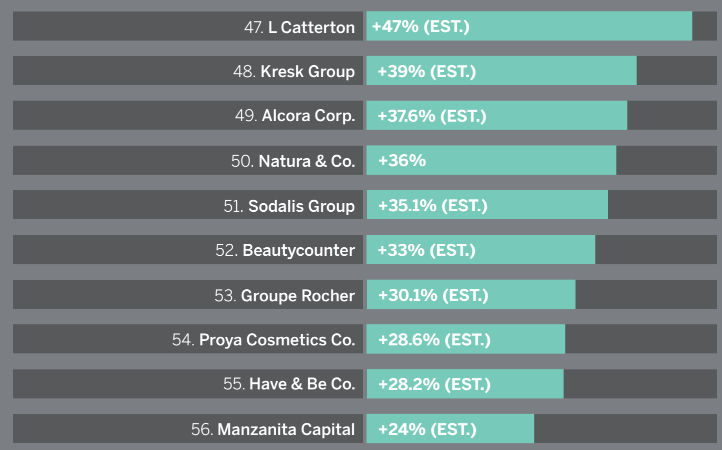
BY THE NUMBERS

THE 2018 TOP 100 AT A GLANCE

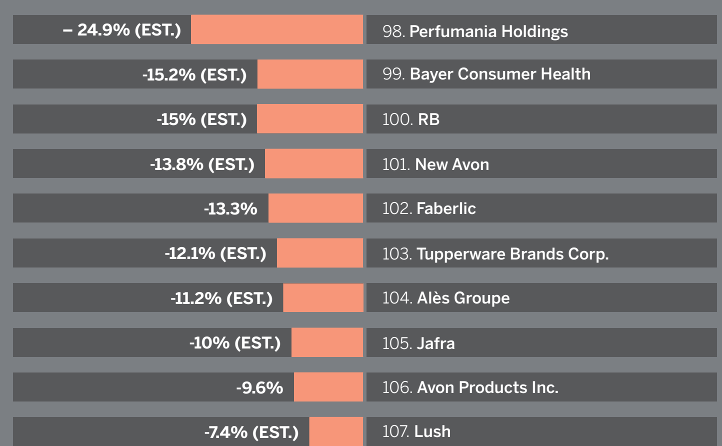
A STRONG PERFORMANCE IN skin care drove some of the biggest gains of 2018 for surging companies, while those on the wrong side of the ledger struggled with the rapidly changing beauty landscape.

CHARTS COMPILED BY **ALEX WYNNE**

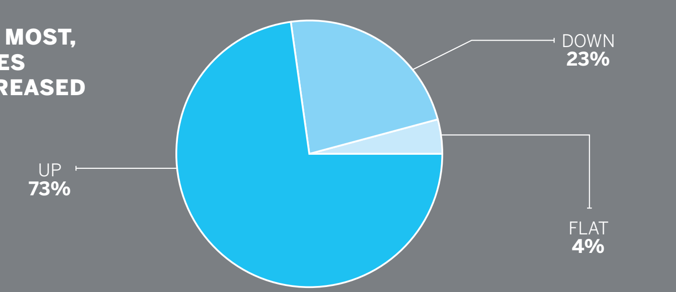
TOP 10 SALES GAINS



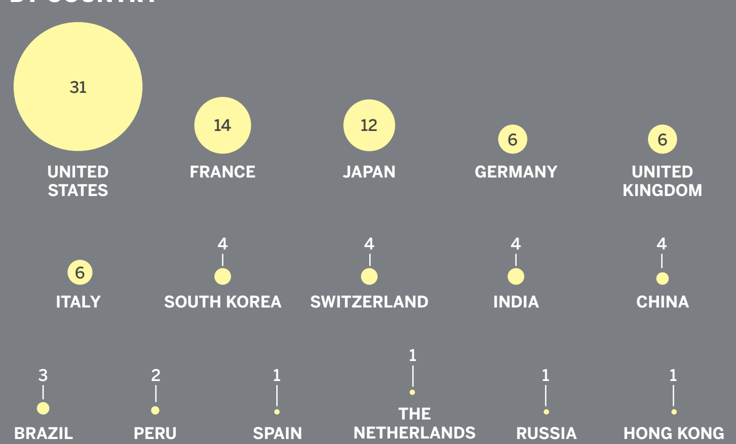
TOP 10 SALES LOSSES



FOR MOST, SALES INCREASED



BY COUNTRY




WALKER
AND
COMPANY
YOUR SKIN TELLS A STORY
BEVEL
SKIN
BEVEL
now at

early retail partners, although it remains available on the department store's web site.

Overall, Unilever's beauty sales dropped slightly in 2018, heavily impacted by currency headwinds, which had a negative impact of 7% on division sales, and weak conditions in certain emerging markets, to which Unilever is more weighted than the majority of its competitors.

The firm's skin-care business grew strongly, it said, thanks to innovations like a new Vaseline range with clinical strength moisturization, as well as Love, Beauty & Planet. In personal care, products including Dove's exfoliating body polishes drove sales. Natural deodorant brand Schmidt's grew strongly.

In prestige, where Unilever is aiming to grow its business to reach €1 billion in sales, the company saw double-digit increases from Hourglass, Ren, Living Proof and Kate Somerville and improved momentum from Dermalogica and Murad. Dollar Shave Club also saw double-digit gains, notably building its scale in the U.S.

Acquisitions boosted division revenues by 3.9%.

By geography, sales in India, Pakistan and Bangladesh grew. Southeast Asia grew modestly, with Indonesia improving throughout the year. China reportedly benefited from premium innovations and strong e-commerce growth. In North America, deodorants and skin cleansing were among growth drivers, while Latin American sales were hampered by declines in Argentina, although Brazilian business grew and Mexico was strong, according to the company, with Quala performing well.

In Europe, while volume sales grew slightly across categories, Central and Eastern Europe performed well and the U.K. reportedly sustained its return to growth. Market conditions in France were extremely challenging, the group said.

3

THE ESTÉE LAUDER COS.

NEW YORK

2018 BEAUTY SALES:
$14.2 BILLION (EST.)
+11% VS. 2017 (EST.)

MAIN BRANDS:
Estée Lauder, Aramis, Clinique, Prescriptives, Lab Series, Origins, MAC, Bobbi Brown, Tommy Hilfiger, Kiton, La Mer, Donna Karan New York, DKNY, Aveda, Jo Malone London, Bumble and bumble, Darphin, Michael Kors, Tom Ford, Smashbox, Ermenegildo Zegna, Aerin, Tory Burch, Rodin Olio Lusso, Le Labo, Editions de Parfums Frédéric Malle, Glamglow, By Kilian, Becca, Too Faced.

KEY FINANCIALS:

SKIN-CARE SALES:
$6 BILLION, +22%

MAKEUP SALES:
$5.7 BILLION, +4%

FRAGRANCE SALES:
$1.8 BILLION, +3%

HAIR-CARE SALES:
$587 MILLION, +8%

SALES IN THE AMERICAS:
$4.8 BILLION, -3%

EUROPE, THE MIDDLE EAST AND AFRICA:
$6 BILLION, +17%

ASIA-PACIFIC:
$3.4 BILLION, +26%

• **THE ESTÉE LAUDER COS.'** gains in 2018 were driven by the company's "multiple engines of growth" strategy. The most significant gains for Lauder during the year came from the skin-care category, travel retail, e-commerce and China.

Skin care skyrocketed—both for the Estée Lauder Cos. and for the broader prestige beauty world—in 2018. The company's growth was driven primarily by the Estée Lauder brand, which has turned around in the wake of the brand's commercialization of the Advanced Night Repair franchise, and La Mer, which reached more than $1 billion in sales. La Mer's Moisture Cool Gel Cream, Genaissance Eye and Expression Cream and Genaissance Infused Lotion boosted sales, as did the brand's distribution through Tmall in China. Geographically, skin care's growth at Lauder was driven by the U.S., China, South Korea and Japan. The category is now also starting to reach Millennial consumers, who are seeing their first signs of aging.

Makeup's growth moderated in 2018, in line with the broader prestige market. The Estée Lauder brand, MAC globally and Tom Ford helped the category gain sales, but makeup sales from Clinique and Smashbox were lower.

Expansion in fragrance sales has come in large part due to the company's artisanal brands, including Jo Malone London, Le Labo, Tom Ford and By Kilian. Hair-care sales were driven primarily by Aveda.

Travel retail continued to be a big driver in 2018. Growth came from Asia as well as double-digit gains in the U.S. and Canada. Big brands grew in the category, and Lauder benefited from launching niche fragrance brands Le Labo, Editions de Parfums Frédéric Malle and By Kilian in the channel. Too Faced and Becca also made their way into more airports.

Lauder's specialty retail expansion continued in 2018 with further penetration from brands at Ulta Beauty. While the U.S. department store climate continued to struggle in the year, Lauder was able to find sales gains via retailer web sites.

Broadly, e-commerce sales were up across the board—not just at department store dot-coms. In China, online sales doubled, driven mostly by Tmall, which now sells Darphin and Jo Malone London, in addition to MAC, La Mer and Tom Ford notably.

The Asia-Pacific region is Lauder's fastest-growing, driven by China, which is now responsible for more than $1 billion in sales. Much of that success is due to Tmall, but sales were also driven by brand e-commerce sites and other third-party retailers. That distribution strategy has allowed Lauder to reach Chinese consumers in more than 500 cities who don't have access to branded brick-and-mortar stores, but do have increasing spending power.

While China now accounts for 11% of total company sales, the U.S. remains Lauder's largest market, accounting for 26% of total sales. Emerging markets account for 25.5% of revenue.

4

PROCTER & GAMBLE

CINCINNATI, OHIO

2018 BEAUTY SALES:
$13.2 BILLION (EST.)
+6.4% VS. 2017 (EST.)

MAIN BRANDS:
Aussie, Hair Food, Head & Shoulders, Herbal Essences, Pantene, Rejoice, VS, Walker & Co. (hair care). First Aid Beauty, SK-II, Snowberry (skin care). Olay (skin and body care). Old Spice (hair and body care, deodorant). Gillette (body care, deodorant). The Art of Shaving, Ivory, Safeguard (body care). Native, Secret (deodorant)

KEY FINANCIALS:

SK-II: HAS REACHED MORE THAN **$2 BILLION** IN SALES

ORGANIC BEAUTY SALES GROWTH:
+8%

• **FOR PROCTER & GAMBLE,** 2018 was a year of broad beauty growth. In prior years, SK-II had shouldered most of the division's expansion, but recently, other brands started to make meaningful contributions to the division's overall gains—notably Olay, which after a 2016 stockkeeping unit reduction and broad turnaround effort, posted high single-digit increases for the year. Olay, which has a masstige presentation in China, has done particularly well there, but is also said to have returned to growth in the U.S., where it had struggled.

China has been a driver of P&G's skin-care business broadly, the company has said on earnings calls. Strength in the region also helped propel SK-II to its highest-ever sales number—$2 billion. SK-II's gains were also driven by travel retail.

Native, a 2017 P&G acquisition, was able to help strengthen deodorant sales and broadened its product portfolio into new categories. Safeguard, Old Spice, Olay (outside of facial skin care) and Secret also posted gains during the year, the company has said. That broader base of growth, outside of just SK-II, is what allowed P&G's massive beauty operation to post a 6.4% gain.

P&G's hair portfolio grew in the low single digits, reflecting stronger sales in Latin America and Europe. Pantene's 3 Minute Miracle did well, as did its Micellar product. That segment, particularly Pantene, is in the midst of its own Olay-inspired sku rationalization.

P&G focused on ingredients throughout the year, and cemented its commitment to naturals through a partnership with the Royal Botanic Gardens Kew mid-year. That partnership is meant to help P&G push deeper into natural ingredients, pairing them with the company's own science. P&G also went through the process to get Environmental Working Group certification for the Herbal Essences hair-care brand in December. Those moves build on certain acquisitions, like Native, that have a natural ingredient bent.

The deals continued for Procter & Gamble in 2018 with the acquisitions of Snowberry, First Aid Beauty and Walker & Co., the parent company of hair-care business Form and men's grooming operation Bevel. That deal closed in December. Snowberry, a natural, prestige skin-care brand, gives P&G increasing depth in natural products. First Aid Beauty provides P&G access to a new price tier—entry-point prestige—but also provides it with a brand that focuses on specific skin concerns, like sensitive skin. The Walker & Co. acquisition underscores

BY THE NUMBERS

The M&A That Mattered in 2018

While 2017 was the year of big brand acquisitions, the M&A landscape shifted into new territory in 2018. Here, a breakdown of the year's most important—and directional—deals.
—Allison Collins

THE BIGGEST DEAL
Johnson & Johnson spent $2.1 billion to acquire the rest of Ci:z, a Japanese beauty manufacturer with several popular skin-care lines. The deal ranked as the largest global acquisition for all of 2018. It cemented J&J's position in Japan, and also underscored continued interest from strategic buyers in professional skin care.

THE POWERHOUSE NEWCOMER
TPG flexed its private equity muscle in 2018, making two large-scale beauty investments with multibillion dollar valuations: Rodan & Fields and Anastasia Beverly Hills. These are the first big beauty deals for the private equity firm, which has previously invested in smaller beauty companies like E.l.f. and Beautycounter, through its TPG Growth business.

WELCOME BACK
Procter & Gamble's 2017 return to M&A was no fluke—the consumer packaged goods giant returned to buying beauty brands in full force in 2018, picking up prestige skin-care offering First Aid Beauty for around $250 million, delving deeper into the multicultural market with Walker & Co., and adding naturals with New Zealand-based Snowberry.

THE REPEAT BUILDER
Yellow Wood Partners, which built up PDC via acquisition in the mass market before selling it for more than $1 billion, is at it again with Freeman Beauty, the platform it bought in 2017. Last year, the firm made its first add-on acquisition, Paris Presents—the owner of Real Techniques, EcoTools and Body Benefits by Body Image—for $575 million, according to Mergermarket.

THE TECH PLAY
L'Oréal's increased focus on digital under chairman and chief executive officer Jean-Paul Agon permeated the company's M&A strategy in 2018, leading to the acquisition of artificial intelligence and augmented reality business Modiface. While deal terms weren't disclosed, the transaction had widespread implications—that L'Oréal would be ramping up AI and AR across brands, and that outside brands that worked with Modiface would start to consider other options.

THE BEHIND-THE-SCENES MOVE
Cornell Capital led a private equity consortium in the takeover of Knowlton Development Corp., a beauty manufacturing business that handles product innovation, custom formulation, batch processing, packaging and other services for big beauty companies. KDC built scale and expertise through a series of acquisitions under prior owner Novacap, which is said to have sold the business for an 11.5 times earnings before interest, taxes, depreciation and amortization multiple—on par with some brand deals.

THE NEW ENTRANT
Beauty continued to draw in first-time investors during 2018, including Gryphon Partners, which invested in masstige makeup brand Milani. With the help of beautyveteran Michelle Taylor, the private equity firm evaluated many beauty businesses before finally landing Milani, in a deals said to hover between $450 million and $500 million. Gryphon followed it with another beauty transaction in early 2019, carving out Roc from J&J, and solidifying itself as a beauty investor.

THE FAILURE
Glansaol, which acquired Julep, Clark's Botanicals and Laura Geller in 2016, filed for Chapter 11 bankruptcy protection after failing to find a buyer through an M&A process. Glansaol, which was formed by former Revlon chief executive officer Alan Ennis and first-time beauty investor Warburg Pincus, faced leadership turnover and slowing sales. It sold to AS Beauty for $18 million in January.

THE BILLION-DOLLAR BABY
Pat McGrath's makeup brand, Pat McGrath Labs, managed to score a $1 billion valuation on about $60 million in retail sales, stunning much of the investment world. Private equity firm Eurazeo Brands invested $60 million in the business for a small minority stake—said to be between 5 and 8 percent—fueling speculation that the brand is a takeover target for large strategic players.


PROUD
TO BE A
PARTNER
FOR THE
TOP
100

P&G's commitment to the multicultural consumer, as both Form and Bevel make products centered around that demographic.

In addition to acquisitions, P&G has started to incubate potential beauty brands and new products, including Olay Labs, which gives customers a personalized Olay regimen.

P&G Beauty's growth comes under the leadership of Alex Keith, who took the helm of the division as president of global hair care and beauty in 2017. In November, Keith was named chief executive officer of P&G Beauty.

5

SHISEIDO
TOKYO

2018 BEAUTY SALES:
$9.66 BILLION (EST.)
¥1.07 TRILLION (EST.)
+7.6% VS. 2017 (EST.)

MAIN BRANDS:
Shiseido, Clé de Peau Beauté, BareMinerals, Nars, Laura Mercier, Ipsa, Shiseido Professional, Elixir, Maquillage, Anessa, Za, Aupres, Urara, Pure & Mild, Tsubaki, Sea Breeze, Senka, D'ici La, Ettusais. Fragrance: Dolce & Gabbana, Issey Miyake, Narciso Rodriguez, Elie Saab, Zadig & Voltaire, Serge Lutens.

KEY FINANCIALS:
TOTAL SALES:
¥1.09 Trillion, +8.9% (+8.8% at constant currency

JAPAN:
¥454.56 BILLION, +9%

CHINA:
¥190.8 BILLION, +32.3%

REST OF ASIA-PACIFIC:
¥68.12 BILLION, +13.9%

THE AMERICAS:
¥131.73 BILLION, -1.8%

EMEA:
¥113.16 BILLION, +4.3%

TRAVEL RETAIL:
¥87.62 BILLION, +34.7%

PROFESSIONAL SALES:
¥20.32 BILLION, -57.6%

OPERATING INCOME:
¥108.35 BILLION, +34.7%

NET INCOME:
¥61.4 BILLION, +169.9%

• **INCREASED INVESTMENT** in and results from the prestige brands in its portfolio drove sales gains for Japan's largest beauty group in 2018. Excluding the impact of the sale of Zotos International to Henkel in 2017, constant-currency sales grew 14%, the firm said.

The company's operating profit gain was attributed to sales growth and improvement in cost structure due to the strong performance of prestige brands, while its major leap in net profit was due to a prior-year impairment loss on intangible and other assets related to Bare Escentuals in the U.S., it said.

Moderate recovery in Japan's economy and increased numbers of inbound tourists boosted Shiseido's domestic sales for the year, helping it to outperform the market, which overall grew at a rate of 1%, according to the company. Products in the mid- to high-price range, in which the firm upped its investment, performed well. Shiseido continued to focus on core skin-related categories— skin care, base makeup and sun care. Ultimune and revamped makeup products under Shiseido, as well as the brand's increased focus on marketing to younger consumers, boosted the brand's domestic revenues.

In international markets, Europe remained weak and growth slowed in the Americas, while China and the rest of Asia continued to perform well.

In China, prestige brands Shiseido, Clé de Peau Beauté, Ipsa and Nars continued to do well, and Elixir and Anessa saw strong growth. Chinese e-commerce sales increased significantly thanks to digital marketing and closer collaboration with major online sales platforms. The firm also took initiatives to improve the profitability of its local brands Aupres, Za and Pure&Mild in China.

In the rest of Asia-Pacific, Shiseido, Clé de Peau Beauté and Nars saw strong growth, especially in South Korea and Thailand; Nars gained across Southeast Asia with an expanded stand-alone store presence.

Dolce & Gabanna did well in the Americas and Europe, the Middle East and Africa, with its sales increasing 16% to reach more than ¥50 billion globally thanks to increased investment aimed at tapping the brand's growth potential. Elsewhere in fragrance, sales struggled, except for the Narciso Rodriguez brand.

In the Americas, Shiseido, Nars and Laura Mercier were high points. A new marketing concept for BareMinerals, "The Power of Good," was introduced to rejuvenate the brand, although its sales declined, in line with expectations, due to the scheduled closure of unprofitable boutiques. Some 61 of these had shuttered as of January 2019.

Shiseido acquired Second Skin technology from Olivo Laboratories in January 2018 with the aim of creating new value thanks to artificial skin generation.

In Europe, the Middle East and Africa, Shiseido-branded skin care and Nars performed well. The company worked on optimizing its regional operations to improve their profitability.

Travel retail was a high point, mainly thanks to brisk increases in traveler numbers, especially in Asia. Shiseido, Clé de Peau Beauté, Nars and Anessa all grew, notably in South Korea, China and Thailand. The channel is a growing area of focus for Shiseido, and it introduced new brands, improve its retail presence and strengthen its relationship with major operators during the year.

Sales of professional products decreased significantly due to the sale of Zotos International to Henkel in late 2017, although the category grew 1% on an organic basis.

Personal care was a mixed bag, meanwhile. Senka increased its growth momentum thanks to stronger marketing in Japan, China and South Korea and in Japan, men's brand UNO was on the recovery track. However, Tsubaki struggled.

The company's areas of focus for the year under phase two of its Vision 2020 strategic plan included digitalization, new business development and generating new value through innovation, including an upped marketing investment in prestige brands. Cross-border marketing was a particular area of focus, mainly addressing Chinese consumers and treating Japan, China and travel retail as a single market.

6

COTY INC.
NEW YORK

2018 BEAUTY SALES:
$9.06 BILLION (EST.)
-1% VS. 2017 (EST.)

MAIN BRANDS:
LUXURY:
Calvin Klein, Hugo Boss, Marc Jacobs, Chloé, Balenciaga, Bottega Veneta, Alexander McQueen, Davidoff, Miu Miu, Lacoste, Stella McCartney, Tiffany & Co., Joop!, Jil Sander, Roberto Cavalli, Escada (prestige fragrance). Philosophy (skin care, prestige fragrance). Lancaster (skin care). Gucci, Burberry (prestige fragrance, color cosmetics).

CONSUMER BEAUTY:
Younique, Cover Girl, Rimmel London, Max Factor, Bourjois, Manhattan (color cosmetics). Sally Hansen, Risque (nail products). Clairol, Wella Koleston, Biocolor (retail hair color). Adidas, Cenoura & Bronze, Paixão, Bozzano, Monage (body care). Bruno Banani, Katy Perry, David Beckham, Nautica (mass fragrance).

PROFESSIONAL BEAUTY:
Wella Professionals, System Professional, Sebastian Professional, Nioxin, Londa Professional, Kadus Professional, Clairol Professional, Sassoon Professional, Wella Color Charm (professional hair care). OPI (nail products). Ghd (stylers).

KEY FINANCIALS:
LUXURY BEAUTY NET SALES:
$3.3 BILLION, +10%

CONSUMER BEAUTY NET SALES:
$3.9 BILLION, -10%

PROFESSIONAL BEAUTY NET SALES:
$1.8 BILLION, +1%

• **2018 WAS ANOTHER** year of transition for Coty Inc.

The beauty company continued to struggle to integrate some of the 41 brands it bought from Procter & Gamble in 2016, mainly in its Consumer Division, which includes Cover Girl, Rimmel and Clairol, among other brands. The Luxury and Professional segments fared better, but all three units were plagued by supply chain problems that negatively affected sales.

After a particularly rough first fiscal quarter, Coty went through sweeping executive changes. Chief executive officer Camillo Pane left and was replaced by Pierre Laubies, who successfully integrated the Mondelez coffee business into the Dutch beverage giant Jacobs Douwe Egberts. At that time, Bart Becht, who orchestrated the P&G deal, stepped down as chairman, and in the following weeks, left Coty parent company JAB entirely. Shortly after that, in early 2019, Laubies also assumed direct oversight of the troubled Consumer Beauty division; Laurent Kleitman, who previously headed the sector, exited the company, as did Ukonwa Ojo, who was overseeing the relaunch of Cover Girl, in early 2019.

The brands Coty bought from P&G were in worse shape than anticipated. The relaunches of those brands, particularly Cover Girl and Clairol, were not immediately successful, and came at a time when the mass market broadly was struggling. Cover Girl, for example, has lost significant shelf space, and a survey conducted by BMO Capital showed that while the brand has been able to gain some traction with the 24-and-under population, it has alienated its core 35-year-old Walmart shopper. In 2018, Cover Girl became officially cruelty-free with Leaping Bunny certification.

Coty will continue to deal with problems in its Consumer segment through 2019, Laubies has acknowledged, but the company's other two segments—Luxury and Professional—are more promising, with fewer problems.

For 2018, the Luxury segment posted robust growth, even in times of back end component shortages, with revenues bolstered by blockbuster sales from Gucci Bloom and Tiffany, which are both top performers in the U.S. and China. Marc Jacobs Daisy Love, fronted by Kaia Gerber, also did well.

The Professional division performed strongly due to contributions from GHD and Wella, but nail brand OPI was negatively affected by supply chain issues in its North America warehouse.

Coty's digital arm, a result of the 2015 acquisition of Beamly, has continued to innovate, despite internal fluctuations. In 2018, the department went all-in on voice technology through partnerships with Amazon and Google. Coty developed a technology for Amazon Echo Show that allows consumers to shop across Coty Consumer brands and learn different beauty looks. The company also developed a Google Assistant tool for Clairol that walks users through the home hair-coloring process.

Going forward, Laubies has said supply-chain issues are expected to phase out, but acknowledged the continued work needed to turn around the Consumer Segment. "In Consumer Beauty, we need to earn our right to grow," he told Wall Street analysts in February. "From a financial standpoint, gross margin improvement will become our key area of focus. This means managing revenue and costs, improving product mix and range, simplifying our portfolio and formulations, and systemically deploying lean-inspired methodologies in our manufacturing and logistics operations."

7

LVMH MOËT HENNESSY LOUIS VUITTON
PARIS

BY THE NUMBERS

THE PLAYERS

NEARLY HALF (48) of the companies in the *WWD Beauty Inc* Top 100 are public companies, with representation divided fairly evenly between North America, Europe and Asia. For the charts in this section, we analyzed publicly available financial data to see which companies performed best in a variety of areas.

- **Able C&C**
- **Alès Groupe**
- **Amorepacific Group/Corp.**
- **Avon Products Inc.**
- **Bayer AG**
- **Beiersdorf**
- **Clorox Co.**
- **Colgate-Palmolive Co.**
- **Compagnie Financière Richemont**
- **Coty Inc.**
- **Dabur India**
- **E.l.f. Beauty**
- **Edgewell Personal Care**
- **Emami Ltd.**
- **The Estée Lauder Cos.**
- **Fancl Corp.**
- **Godrej Consumer Products Ltd.**
- **Henkel**
- **Hermès International**
- **Interparfums Inc.**
- **Johnson & Johnson**
- **Kao Corp.**
- **Kosé Corp.**
- **L Brands**
- **LG Household & Health Care**
- **Lion Corp.**
- **LVMH Moët Hennessy Louis Vuitton**
- **L'Occitane Group**
- **L'Oréal**
- **Mandom Corp.**
- **Marico Ltd.**
- **Milbon Co. Ltd.**
- **Natura Cosméticos**
- **Nestlé**
- **Noevir Holdings**
- **Nu Skin Enterprises Inc.**
- **Oriflame Holding AG**
- **Pola Orbis**
- **Procter & Gamble Co.**
- **Proya Cosmetics Co.**
- **PZ Cussons**
- **RB (Reckitt Benckiser)**
- **Revlon**
- **Shanghai Jahwa United Co. Ltd.**
- **Shiseido Co.**
- **Tupperware Brands Corp.**
- **Unilever**
- **Walgreens Boots Alliance**

2018 BEAUTY SALES:
$7.19 BILLION (EST.)
€6.09 BILLION (EST.)
+9.6% VS. 2017 (EST.)

MAIN BRANDS:
Parfums Christian Dior, Guerlain, Parfums Givenchy, Parfums Kenzo, Fendi, Pucci, Acqua di Parma, Parfums Loewe, Benefit Cosmetics, Make Up For Ever, Fresh. Maison Francis Kurkdjian (majority stake). Kendo Brands: Bite Beauty, Kat Von D, Marc Jacobs Beauty, Ole Henriksen, Fenty Beauty by Rihanna. Bulgari. Louis Vuitton. Sephora.

KEY FINANCIALS:
LVMH PERFUMES AND COSMETICS DIVISION REVENUE BREAKDOWN BY PRODUCT CATEGORY:

FRAGRANCE: **35%**

MAKEUP: **47%**

SKIN CARE: **18%.**

LVMH PERFUMES AND COSMETICS DIVISION REVENUE BREAKDOWN BY PRODUCT REGION:

FRANCE: **11%**

REST OF EUROPE: **22%**

U.S. **16%**

JAPAN: **5%**

REST OF ASIA: **35%**

OTHER MARKETS: **11%**

PERFUMES AND COSMETICS DIVISION PROFIT FROM RECURRING OPERATIONS:
€676 MILLION, +12.7%

NUMBER OF BRANDED BEAUTY STAND-ALONE STORES:
354, +17.2%

• **THE STRENGTH** of the skin-care category and growth in Asia were a significant boon for LVMH's beauty business last year, although the company said that all categories contributed sales increases and that growth was driven in large part by its flagship beauty brands.

Parfums Christian Dior gained market share, with J'Adore boosted by a new marketing campaign, Miss Dior gaining ground in Asia and Sauvage all contributing to the brand's success. The portfolio was also extended with the launch of Joy by Dior, fronted by Jennifer Lawrence. In makeup, the brand was boosted by digital marketing and strong performance in the lip category thanks to the introduction of Ultra Rouge lipstick. Dior's skin-care business grew in Asia, while Capture Youth, introduced in January 2018, drew a younger customer base to its skin-care offer.

Guerlain also performed well, with fragrance boosted by the expansion of Mon Guerlain and the rollout of Guerlain Parfumeur boutiques. In makeup, Rouge G tapped into demand for customization with its 450 possible case and color combinations. In skin care, Orchidée Impériale and Abeille Royale both drove sales growth.

Givenchy performed well in fragrance in Europe, while its makeup built traction in Asia. Benefit continued to gain ground, reportedly becoming the global market leader in mascara with the launch of BADgal BANG. It is already the world leader in the brow category, a position it consolidated with its four-in-one brow pencil Brow Contour. Make Up For Ever was boosted by online growth, while Fresh was driven notably by its business in Asia. Fenty Beauty by Rihanna continued to drive buzz and introduced Mattemoiselle lipstick.

8

BEIERSDORF
HAMBURG, GERMANY

2018 BEAUTY SALES:
$6.65 BILLION (EST.)
€5.63 BILLION (EST.)
+1.6% VS. 2017 (EST.)

MAIN BRANDS:
Nivea, Eucerin, La Prairie, Labello, 8×4, Hidrofugal, Florena, Atrix, Aquaphor, Slek, Maestro.

KEY FINANCIALS:
CONSUMER DIVISION SALES:
€5.89 BILLION, +1.6% (organic sales growth: +5%)

CONSUMER DIVISION SALES BY REGION:
WESTERN EUROPE:
€2.35 MILLION, +3.2% (+3.9% organic)

EASTERN EUROPE:
€587 MILLION, +1.1% (+5.3% organic)

NORTH AMERICA:
€441 MILLION, +3.4% (+7.3% organic)

LATIN AMERICA:
€610 MILLION, -11.7% (-2.8% organic)

AFRICA/ASIA/AUSTRALIA:
€1.9 BILLION, +4.2% (+8.8% organic)

CONSUMER DIVISION EBIT EXCLUDING SPECICAL FACTORS:
€903 MILLION,+2.5%

• **THE GERMAN BEAUTY** giant named a new chairman in 2018, with Stefan De Loecker taking over from Stefan F. Heidenreich on Jan. 1, 2019. De Loecker joined Beiersdorf in 2012 and has held several senior management roles, heading the group's business in the Americas since 2016 before being named deputy chairman in July last year. He previously held positions at Tesco and Nestlé.

The management change is expected to herald changes for Beiersdorf, which is rumored to be a potential acquirer for the Nestlé Skin Health activity. In March 2019 the firm announced that it would be injecting between €70 million and €80 million this year into the Consumer business unit to invest in new markets, innovation, digitalization and up-skilling, part of a multiyear investment program.

Beiersdorf's Consumer business unit delivered growth across all regions in 2018, with the Nivea, Eucerin, Aquaphor and La Prairie brands all contributing gains, according to the company.

In 2018, Nivea's organic sales grew 2.8% boosted by the body, shower and sun-care categories. Sales in the Derma business unit, which includes Eucerin and Aquaphor, grew 5.9%, with strong performance in the U.S., Germany and Thailand. La Prairie's sales jumped 38.5% on an organic basis, boosted by travel retail, the Skin Caviar collection and strong business in China, Hong Kong, Australia and North America.

Beiersdorf entered a strategic partnership with NetEase Kaola for cross-border trade in China to increase Nivea's penetration through the fast-growing channel. The move follows tie-ups with JD.com and Alibaba. If viewed as a country, e-commerce is now one of Beiersdorf's top five markets, according to the company.

In December, the firm announced plans to partner with WeWork to build an innovation hub and start-up accelerator in Seoul, backed by Nivea, to support innovation in beauty, with the first round of entrepreneurs to be selected in the first quarter of 2019. Rather than centering on its home market, as many of the beauty giants have done, Beiersdorf's decision to base the project in South Korea was driven by the robust innovation scene there, notably when it comes to skin care. Beiersdorf also took an equity investment in Belgian life science firm S-Biomedic, with plans to work together on research into the skin microbiome.

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CHANEL LIMITED
LONDON

2018 BEAUTY SALES:
$6.51 BILLION (EST.)
€5.51 BILLION (EST.)
+7% VS. 2017 (EST.)

MAIN BRANDS:
Chanel No.5, Gabrielle Chanel, Allure, Allure Sensuelle, Coco, Coco Mademoiselle, Coco Noir, Chance, Chance Eau Fraîche, Chance Eau Tendre, Chance Eau Vive, No.19, Cristalle, Allure Homme, Allure Homme Sport, Allure Homme Edition Blanche, Bleu de Chanel, Pour Monsieur, Antaeus, Egoiste, Platinum Egoiste, Les Exclusifs, Les Eaux de Chanel (fragrance). Sublimage, Blue Serum, Le Lift, Hydra Beauty, CC Cream (skin care). Le Blanc (skin care, makeup). Rouge Allure, Rouge Coco, Le Vernis, Inimitable, Le Volume, Dimensions, Les 4 Ombres, Ombre Première, Les Beiges, Vitalumière, Le Blanc, Le Teint Ultra, Sublimage, Joues Contraste (makeup).

KEY FINANCIALS:
MAIN MARKETS:
THE U.S., CHINA AND JAPAN REPRESENTED AN ESTIMATED
32% OF 2018 SALES.

• **GROWTH IN** Asia and the skin-care category were the primary drivers for privately held Chanel in 2018, which moved its global corporate headquarters to London. The firm also saw strong sales growth for its fragrance and makeup, according to estimates.

The ongoing development of stand-alone retail and e-commerce were key priorities for the year, with new online sales platforms launching in Canada and South Korea.

In fragrance, which saw the strongest gains in Asia and the U.S., the Coco Mademoiselle franchise was boosted by the launch of an Eau de Parfum Intense version fronted by Keira Knightley, as well as Bleu de Chanel Le Parfum. Unisex scent collection Les Eaux de Chanel launched worldwide in limited distribution and N°5 Red Edition boosted sales over the holiday season.

Europe and Asia were the main contributors to growth in the makeup category, which was boosted by face products including Les Beiges and Le Teint Ultra. In mascara, Chanel's Le Volume Revolution was introduced using 3-D printing technology for its innovative brush, Chanel being the first beauty brand to introduce such technology on an industrialized scale. Boy de Chanel, the brand's first makeup range for men, was introduced in South Korea in September and

Beckham photograph by Paul Stuart; Jones by MediaPunch/REX/Shutterstock; Graham by Gregory Pace/REX/Shutterstock

YEAR IN BEAUTY
LAYLA ILCHI LOOKS BACK AT THE MAJOR EVENTS THAT SHAPED 2018.

JANUARY

1 Unilever unveils its sustainable beauty brand, Love Beauty and Planet.

8 After the departure of longtime editor in chief **CINDI LEIVE**, *Glamour* taps former CNN executive producer **SAMANTHA BARRY**, who oversaw social and emerging media, for the role. In November, Condé Nast announces the cessation of the 80-year-old publication in print.

9 **DAVID BECKHAM** launches men's grooming brand House 99, which he created with L'Oréal.

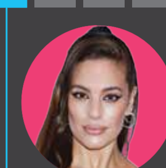
12 Malin + Goetz hires **BRAD HOROWITZ** as chief executive officer.

16 TPR and Badgley Mischka sign beauty license deal for fragrances and a color cosmetics line.

17 Clé de Peau taps actress **FELICITY JONES** as its new global face.

18 Michelle Shigemasa joins Murad as chief executive officer.

24 Revlon taps **ASHLEY GRAHAM** to front its "Live Boldly" campaign—she is the first plus-size model of her generation to sign a beauty contract.



represented by local celebrity Lee Dong Wook, and also contributed to growth in the category. It began rolling out internationally in November.

In skin care, growth contributors included La Crème Mains Riche, a new version of CC Cream and the renovated First Beauty Steps cleansing line.

In December, Chanel invested in Sulapac, a Finnish start-up combatting plastic waste accumulation thanks to biodegradable packaging innovation.

10

KAO CORP.
TOKYO

2018 BEAUTY SALES:
$5.63 BILLION
¥621 BILLION
+3.7% VS. 2017

MAIN BRANDS:
Kao: Bioré, Jergens, Curél (skin care). Sofina (skin care, makeup). Asience, Essential, Merit, Feather, Liese, Blauné, Segreta, Cape, Prettia, John Frieda, Guhl, Goldwell, KMS California, Oribe (hair care). Aube (makeup). Ban (deodorant, except in Japan). Molton Brown (fragrance, skin care). Kanebo Cosmetics: Sensai, Kanebo, Kate, Freeplus, Suqqu, RMK, Suisai, Evita, Lunasol, Media, Allie, Chicca, Milano Collection, Aqua Sprina, Coffret D'Or, Dew, Twany, Impress, Lissage, L'Equil, Sala.

KEY FINANCIALS:
TOTAL COMPANY REVENUES:
¥1.51 TRILLION, +1.2%

COSMETICS: **¥279.6** BILLION,
+5% (+5% like-for-like)

BY MARKET:
JAPAN:
¥217.7 BILLION, +1.3%

REST OF ASIA:
¥34.7 BILLION, +36.7%

AMERICAS:
¥6.4 BILLION, +1.9%

EUROPE
¥20.8 BILLION, +6.6%

COSMETICS OPERATING INCOME:
¥27.7 BILLION, +113.3%

SKIN- AND HAIR-CARE:
¥341.4 BILLION, +2.6%

BY MARKET:
JAPAN:
¥195.8 BILLION, +2.1%

REST OF ASIA:
¥28.5 BILLION, +2%

AMERICAS:
¥72.8 BILLION, +5.7%

EUROPE:
¥44.3 BILLION, +0.2%

SKIN- AND HAIR-CARE OPERATING INCOME:
¥48.8 BILLION, -1%

• **AFTER RESTRUCTURING** its operating units and splitting out its "cosmetics" and "skin- and hair-care" activities starting in January 2018, Kao implemented a new growth strategy for its cosmetics business beginning in May 2018, with the aim of optimizing its brand portfolio and enhancing its marketing, notably in digital. Among the initiatives, the group has decided to refine its brand offering, focusing on growing the presence of 11 global brands: Sensai, RMK, Suqqu, Est, Kanebo, Sofina IP, Molton Brown, Kate, Freeplus and Curél, as well as a new brand scheduled for introduction in 2020. In Japan, Kao is working to go beyond traditional definitions of prestige, masstige and mass, reworking its offer according to whether a brand is offered through counseling or via self-service distribution with the intention of giving its brands a clearer positioning. Overall, the firm hopes the moves will make its beauty business more consumer-centric, rather than distribution-channel driven, in line with changing consumer expectations.

High points within the cosmetics business for 2018 were Suqqu, RMK, Freeplus and Curél, which all sold well. Revenue gains for the cosmetics business were led by Asia outside Japan, especially China. Sofina launched in Singapore, its fifth market and its first in ASEAN. The company said the significant improvement in operating income for its cosmetics business during the year was in part down to the effects of sales improvements for its strongly performing brands and its business in Asia outside Japan.

For the skin- and hair-care business, Bioré grew steadily in Japan and the rest of Asia, but was negatively impacted by competition in the Americas, where Jergens products performed well,. The company launched Rerise, targeting the market for gray hair, which performed well although overall, the hair-care business in Japan was impacted by the shrinking mass market there. John Frieda was hampered by competition in Europe. Premium hair-care brand Oribe, integrated into Kao's portfolio from January 2018, saw strong sales.

11

L BRANDS
COLUMBUS, OHIO

2018 BEAUTY SALES:
$5.6 BILLION (EST.)
+3.7% VS. 2017 (EST.)

MAIN BRANDS:
BATH & BODY WORKS:
Signature Collection, Men's Collection (fragrance, body care). Aromatherapy, Water, CocoShea, Bath Fizzies, Face Masks (skin and body care). Hand Cream (hand care).

VICTORIA'S SECRET:
Victoria's Secret Bombshell, Victoria's Secret Bombshell Seduction, Victoria's Secret LOVE, Victoria's Secret Heavenly, Victoria's Secret Very Sexy, Victoria's Secret Tease, Victoria's Secret Eau So Sexy, Victoria's Secret Crush, Victoria's Secret Very Sexy for Him, Victoria's Secret Very Sexy for Him Platinum, Victoria's Secret The Mist Collection (fragrance, mists and lotion), Victoria's Secret Velvet Matte Lip Collection, Victoria's Secret Total Shine Addict Gloss Collection, Victoria's Secret Get Gloss Collection, Victoria's Secret Angel Edit (makeup).

KEY FINANCIALS:
TOTAL COMPANY SALES (YEAR ENDED FEB. 2, 2019):
$13.24 BILLION, +4.8%

BATH & BODY WORKS SALES:
$4.63 BILLION, +12%

VICTORIA'S SECRET SALES:
$7.38 BILLION, -0.2%

• **L BRANDS' GROWTH** in 2018 was carried by Bath & Body Works. While Victoria's Secret remains the larger of the two businesses, its sales were roughly flat in a year when the larger brand faced increasing competition from newer lingerie brands that are centered around body positivity. The company has also been criticized by Wall Street for its promotional activity, which has included discounts in the beauty assortment. Beauty makes up about 15% of total sales for Victoria's Secret, and saw growth in the low single digits for the year.

For its part, Bath & Body Works was able to grow sales online and in stores. The brand's Aromatherapy collection won Bath & Body Collection of the Year at the Fragrance Foundation Awards, and two of its fragrances—At the Beach and Cucumber Melon—won Consumer Choice awards at the event.

For the year, Victoria's Secret saw a comparable sales decrease of 6% in stores, while Bath & Body Works posted a gain of 8% in comparable -store sales.

L Brands drastically reduced its store count, ending the year with 753 stores outside the U.S. and Canada, versus 877 at the end of 2017. Victoria's Secret opened 29 locations outside of North America, bringing the overseas total to 97 stores. But Victoria's Secret Beauty & Accessories closed some doors, ending the year with 421 stores, a slight dip from the 429 it ended with in 2017. Bath and Body Works opened 50 new stores, bringing its total to 225. Internationally for 2019, the business is planning to open 20 to 30 Victoria's Secret stores, 30 to 40 Beauty & Accessories stores, and 50 to 55 Bath & Body Works locations, targeting airports, China, the U.K., Europe and South Asia. But inside North America, Victoria's Secret continues to plan store closures. In 2018, 30 doors closed, and for 2019, plans call for shuttering 53 locations.

12

AMOREPACIFIC GROUP
SEOUL

2018 BEAUTY SALES:
$5.31 BILLION (EST.)
KRW 5.84 TRILLION (EST.)
+0.4% VS. 2017 (EST.)

MAIN BRANDS:
Amorepacific, Sulwhasoo, Hera, Primera, Lirikos, Iope, Laneige, Mamonde, Hanyul, Etude, Innisfree (skin care and makeup). Espoir (makeup). Mise-en-Scene, Ryo, Fresh Pop (hair care). Amos Professional, Ayunche (professional hair care). Happy Bath, Illiyoon, Goutal Paris, Aestura.

KEY FINANCIALS:
AMOREPACIFIC GROUP
TOTAL SALES:
KRW 6.08 TRILLION, +0.8%

SALES IN KOREA:
KRW 3.91 TRILLION, -3.2%

REST OF ASIA:
KRW 1.88 TRILLION, +8.1%

NORTH AMERICA:
KRW 67.5 BILLION, +27.8%

BEAUTY SUBSIDIARIES SALES:
KRW 6.32 TRILLION, +0.9%

BEAUTY SUBSIDIARIES' OPERATING PROFIT:
KRW 552.5 BILLION, -24.1%

INNISFREE SALES:
KRW 598.9 BILLION, -7%

Barrymore photograph by Sara Jaye Weiss/REX/Shutterstock

FEBRUARY

1 Drew Barrymore's Flower Beauty rolls out to 500 Ulta Beauty stores, its second U.S. retail distribution partnership.

7 Amorepacific Group launches K-beauty brand Mamonde in the U.S. exclusively with Ulta Beauty.

9 Bliss relaunches as a mass market skin-care line targeting Millennials.

NewBeauty names former Elle beauty director Emily Dougherty as its new editor in chief.

15 Coty Professional Beauty names Rossano Ferretti as global brand ambassador.

Lush unveils its #TransRightsAreHumanRights campaign to bring awareness to the discrimination and dangers facing transgender people.

23 Revlon and AllSaints team up for fragrance license deal.

EXTRACTING
UNIQUE PRESENCE
WE
CAPTURE
WHAT
MOVES
MANE
Publicis LMA
Photographer Didier D. Daarwin
Getty Images/Tetra Images
Getty Images/John W Banagan

ETUDE HOUSE SALES:
KRW 218.3 BILLION, -16%

AMOREPACIFIC CORP. SALES:
5.28 TRILLION, +3%

AMOREPACIFIC CORP. DOMESTIC SALES:
KRW 3.35 TRILLION, FLAT

AMOREPACIFIC CORP. OVERSEAS SALES:
KRW 1.97 TRILLION, +8.2%

INCLUDING SALES IN ASIA:
KRW 1.87 TRILLION, +8.2%

SALES IN NORTH AMERICA:
KRW 67.5 BILLION, +27.8%

SALES IN EUROPE:
KRW 29 BILLION, -19%

• **SOUTH KOREA'S** beauty leader was hampered by the weak performance of certain of its brands in the domestic market in 2018, notably in the home shopping and stand-alone store or so-called "road shop" channels. As a result, it initiated moves to offer a more omnichannel experience in line with the expectations of Millennial and Gen Z consumers. A new multibrand store concept, Aritaum Live, debuted in South Korea, with plans to open around 300 locations nationwide and streamline the presence of the company's brands in other channels. Innisfree, Etude House and Espoir all declined domestically due in part to reduced revenues from stand-alone stores.

Domestic sales of the firm's luxury brands grew, however, primarily due to the strength of travel retail.

In international markets, the company accelerated its expansion, with Laneige entering Australia through Sephora, Mamonde hitting Ulta in the U.S., Etude House launching in the Middle East, Laneige and Etude House in India and Laneige and Innisfree in the Philippines, with further rollouts in the pipeline. European revenues declined due to the 2017 termination of the Lolita Lempicka fragrance license; Annick Goutal, now called Goutal Paris, was revamped with new packaging and storytelling to tap into demand from the niche segment.

Digital and multibrand store channels were also a focus overseas, including partnerships with Tmall in China and Watson in Asia, with hair-care brand Mise en Scene, for example, launching in China last year.

The company is in the process of restructuring its business model to increase its focus on brand building, multichannel models, digital and travel retail looking forward, chairman Suh Kyung-bae said during his New Year address at Amorepacific's headquarters in January.

13

HENKEL
DÜSSELDORF

2018 BEAUTY SALES:
$4.43 BILLION (EST.)
€3.75 BILLION (EST.)
+2.1% VS. 2017 (EST.)

MAIN BRANDS:
RETAIL:
Schwarzkopf, Syoss, Taft, Gliss Kur, Schauma, Palette, Brilliance, Got2b, Pert (hair care). Fa, Dial, Tone, (bath and body care). Diadermine (skin care), N.A.E. (skin and body care), Nature Box (hair and body care).

PROFESSIONAL:
Igora, BC Bonacure, Osis, Silhouette, Indola, BlondMe, Essensity, SexyHair, Alterna, Kenra Professional, Joico, Zotos Professional, Oil Ultime, Mad About (hair care and color).

KEY FINANCIALS:
BEAUTY CARE DIVISION SALES:
€3.95 BILLION, +2.1% (-0.7% LIKE-FOR-LIKE)

BEAUTY CARE DIVISION OPERATING PROFIT:
€589 MILLION, +10%

GROUP SALES:
€19.9 BILLION, -0.6%

• **HENKEL'S SALON BUSINESS** was a high point for 2018, outperforming in the competitive category thanks mainly to product innovation. The German firm bolstered its position as global number three in the segment, registering what it described as strong organic sales growth.

Sales for the division were boosted by Schwarzkopf Professional with innovations under the Igora and BlondMe lines, as well as North American brands Kenra and Alterna. It was also the first year of integrated sales for Zotos International, acquired from Shiseido in late 2017.

Overall, Henkel said its beauty business was strong in emerging markets including the Africa and the Middle East region, Latin America and Eastern Europe. In the mature markets of Asia Pacific, North America and Western Europe, however, sales declined.

Some 90% of sales for the division came from its top 10 brands, and 45% stemmed from products introduced over the past three years.

Sales of branded consumer goods fell, although hair colorants generated strong growth, and the activity was boosted by innovation from Schwartzkopf and Fa, Henkel said.

Acquisitions and divestments accounted for 7.6% growth, while foreign exchange had a negative impact of 4.8%.

In July, Henkel opened its first Beauty Care laboratory in the Middle East. Based in Dubai, the facility is intended to help innovate and test products specifically for the local market.

In December, it unveiled Nature Box, a line of vegan hair and body products made with cold-pressed oils, in line with consumer demands for more natural products.

14

JOHNSON & JOHNSON
NEW BRUNSWICK, N.J.

2018 BEAUTY SALES:
$4.38 BILLION
+4.3% VS. 2017

MAIN BRANDS:
Neutrogena, Clean & Clear, Exuviance, NeoStrata, Dabao, Bebe, Dr. Ci:Labo, Labo Labo (skin care). Coverblend (makeup). Aveeno, Lubriderm, Le Petit Marseillais, Biafine (body care). Rogaine, OGX, Maui Moisture (hair care). Sundown, Piz Buin (sun care).

KEY FINANCIALS:
CONSUMER DIVISION SALES:
$13.85 BILLION, +1.8%

U.S. BEAUTY SALES:
$2.4 BILLION, +2.9%

INTERNATIONAL BEAUTY SALES:
$2 BILLION, +6.1%

• **JOHNSON & JOHNSON'S** growth was driven by skin care and growth in the Asia-Pacific region, as well as geographic expansion from OGX and Maui Moisture.

In skin care, Aveeno, Neutrogena, Dr. Ci:Labo and Dabao drove growth. Aveeno did well in China, driven by e-commerce and expansion of its body collection to retailers including Watsons. Neutrogena's double-digit growth was driven by continued expansion of its Hydro Boost Water Gel moisturizer into other categories, like masks, body and cleansing. The brand also unveiled a skin-analysis tool, the SkinScanner, that can assess a user's skin condition when linked to an app. Clean & Clear targeted Gen Z shoppers with C&C by Clean & Clear, which was developed in conjunction with 18-year old influencer twins Brooklyn and Bailey McKnight.

Johnson & Johnson acquired the rest of Dr. Ci:Labo during the year, solidifying its base in Japan and underscoring continued interest from corporate buyers for professional brands. Dr. Ci:Labo's business nearly doubled in the Asia region (outside Japan), driven by China, Hong Kong, Taiwan and Singapore. With the acquisition of Dr. Ci: Labo parent Ci:z Holdings, Johnson & Johnson also acquired Gen Z skin-care brand Labo Labo, which grew more than 50% in Hong Kong, Taiwan and Singapore. During the year, the company sold antidandruff shampoo brand Nizoral to Strada, which negatively affected overall beauty sales numbers. In late December, J&J sold Roc to Gryphon Partners.

The Vogue International portfolio, including OGX and Maui Moisture, grew sales through geographic expansion in Europe, the Middle East and Africa, as well as Latin America.

15

LG HOUSEHOLD & HEALTH CARE
SEOUL

2018 BEAUTY SALES:
$3.85 BILLION (EST.)
KRW 4.23 TRILLION (EST.)
+16.5% VS. 2017 (EST.)

MAIN BRANDS:
Whoo, Su:m37°, O Hui, Belif, VDL, The Saga of Xiu, CNP Rx, Jane Packer (luxury skin care, makeup, fragrance), Isa Knox, Sooryehan, CNP, Lac Vert, Vonin, VDIVOV, CODE (premium skin care, makeup). On: The Body (body care). Fruits & Passion (body care, fragrance). Elastine, ReEn, Organist, Dr. Groot (hair care). The Face Shop, Beyond (skin, body and hair care, makeup, fragrance).

KEY FINANCIALS:
TOTAL SALES:
KRW 6.75 TRILLION, +10.5%

OPERATING PROFIT:
KRW 1.04 TRILLION, +11.7%

BEAUTIFUL DIVISION SALES:
KRW 3.91 TRILLION, +19.1%

BEAUTIFUL DIVISION OPERATING PROFIT:
KRW 783 BILLION, +23.1%

• **LG HOUSEHOLD & HEALTH** Care, South Korea's second-largest beauty firm, continued to see brisk demand both at home and abroad for the luxury brands in its portfolio, including Whoo, Su:um37°,

MARCH

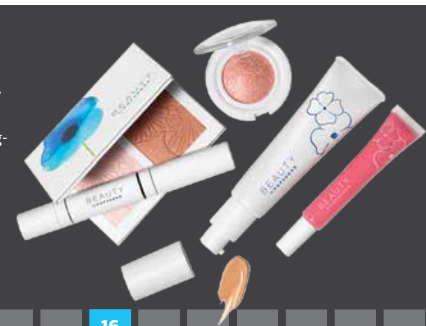
1 — Christian Louboutin signs beauty license deal with Puig.

Barneys New York unveils its "Conscious Beauty" category, which includes 17 brands across skin care and ingestibles.

5 — Algenist names Rose Fernandez as chief executive officer.

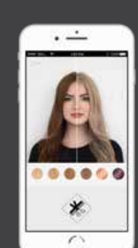
6 — W3ll People receives minority investment from NextWorld Evergreen. The investment will be used to launch new products and broaden retail partnerships.

11 — Millennial media site PopSugar launches Beauty by PopSugar, an 85-stockkeeping-unit line at Ulta Beauty.



13 — 2x Partners takes majority stake in Surratt Beauty.

16 — L'Oréal acquires ModiFace, the company's first major technology acquisition.



23 — German e-tailer Zalando enters beauty with Zalando Beauty, which carries more than 120 brands and 4,000 products.

O Hui and Belif, in 2018. After several years of ramping up its brands' presence overseas, notably in China and travel retail, international revenues broke the KRW 1 trillion barrier for the first time, according to the company, growing 51% year-on-year. Star brand Whoo grew particularly strongly, with its sales up 42% versus 2017 and surpassing KRW 2 trillion. Su:um 37°, the group's second-largest luxury beauty brand, gained 15% to KRW 430 billion. High-end lines under Su:um 37° and O Hui outperformed both brands overall as the company sought to boost competitiveness by focusing on premium differentiation.

Nevertheless, the domestic market remained complex for LG, hampered by a sluggish economy and a slow recovery in inbound tourism.

LG Household & Health Care's Japanese affiliate Ginza Stefany acquired 100% of Avon Japan in April for ¥10.5 billion, the equivalent of $96 million, with the aim of strengthening its business in that market.

Within the Healthy division, which includes the firm's personal-care brands, On: The Body grew its sales by 8%. The firm sought to strengthen its personal-care portfolio in China, launching several new brands there during the year, as well as bolster its online presence. Overseas sales for the business unit, which also offers oral care, laundry and cleaning products, grew 9% to KRW 265 billion during the year, while its total sales dropped 3.7% to KRW 1.46 trillion.

16

AVON PRODUCTS INC.
LONDON

2018 BEAUTY SALES:
$3.75 BILLION
-9.6% VS. 2017

MAIN BRANDS:
Avon True, Anew, Avon Care, Skin-So-Soft (skin care). Footworks (foot care). Advance Techniques (hair care). Mark (makeup). Far Away, Full Speed, Today Tomorrow Always (fragrance).

KEY FINANCIALS:
SKIN CARE SALES:
$1.47 BILLION -9.2%

FRAGRANCE SALES:
$1.43 BILLION -7.7%

MAKEUP SALES:
$845.3 MILLION -13.5%

EUROPE, THE MIDDLE EAST AND AFRICA:
$2.09 BILLION -1.8%

SOUTH LATIN AMERICA:
$2.15 BILLION -3.2%

NORTH LATIN AMERICA:
$809.3 MILLION -0.3%

ASIA-PACIFIC:
$470.8 MILLION -9.2%

• **AVON SWAPPED OUT** most of its top staff in 2018 under new chief executive officer Jan Zijderveld, who joined the business from Unilever in February. Of Avon's top 35 leaders, 73% were new at the end of 2018. Zijderveld outlined his turnaround plan for the business, which includes "opening up Avon" and building a simpler business. He's also initiated fast beauty and more trend-driven projects on the product side. Avon ramped up digital and representative-training efforts, and launched its first e-brochure that is now available to representatives in more than 50 countries. Zijderveld's plan for Avon includes a hyper focus on the company's representatives, but rep declines continued throughout the year, alongside sales drops. Sales were hurt by declines in Brazil, Avon's largest market, due in part to a truckers' strike in the region. Zijderveld initiated scaled recruitment meetings in regions like Asia in order to boost representative sign-ups. It has worked in countries like India, where the business has successfully added to its representative count. Scale recruitment meetings—which have since been rolled out more broadly—are an example of the repeatable business models Zijderveld is focusing Avon on as part of the turnaround.

The business' stock price remained low, closing the year at $1.52.

In early 2019, the group said it would cut 10% of its staff, on top of an 8% reduction for 2018. The business is also planning to cut 25% of stockkeeping units.

17

NATURA & CO.
SÃO PAULO

2018 BEAUTY SALES:
$3.69 BILLION
R$13.4 BILLION
+36% VS. 2017

MAIN BRANDS:
Águas (fragrance). Chronos, Tez (skin care). Tododia (skin care, deodorant). Sou (skin, bath and hair care). Ekos (fragrance; hair, skin and body care). Una, Faces (makeup, fragrance). Amó, Essencial, Esta Flor, Biografia, Humor, Ilía (fragrance and body care). Kaiak, Kriska, Luna, #urbano (fragrance). Aquarela (makeup). Plant (hair care). Sève, Erva Doce (body care). Natura Homem (men's fragrance, skin and hair care). Mamãe e Bebê (mother and baby body and hair care, fragrance). Naturé (children's skin, body and hair care). Fotoequilibrio (sun care). Aesop (skin, body and hair care, fragrance). The Body Shop.

KEY FINANCIALS:
ADJUSTED NET REVENUE GROWTH: **+13.5%**

CONSTANT-CURRENCY SALES GROWTH: **+8.6%**

NATURA NET SALES:
R$8.45 BILLION, +9.9%

NATURA DOMESTIC NET SALES:
R$6 BILLION, +8%

NATURA LATIN AMERICA NET SALES:
R$2.4 BILLION, +14.6%

THE BODY SHOP NET SALES:
R$3.89 BILLION, +166.8%
(BASED ON ONLY FOUR MONTHS OF INTEGRATED BUSINESS IN 2017)

AESOP NET SALES:
R$1.06 BILLION, +50.6%

NATURA GROSS PROFIT:
R$5.72 BILLION, +9.5%

THE BODY SHOP GROSS PROFIT:
R$2.94 BILLION, +171%

AESOP GROSS PROFIT:
R$948 MILLION, +51.3%

GROUP CONSOLIDATED NET INCOME:
R$548.4 MILLION, -18.2%

• **IN ITS FIRST** full year of integrating The Body Shop business and under its new corporate identity Natura & Co., Brazil's biggest beauty player worked on modernizing its direct-selling operations through digitalization, diversifying its distribution channels and continuing to build its international footprint.

With all three of its brands contributing to sales growth, the firm said each is asserting its individuality while benefiting from the scale, resources, best practices and strategic direction of the group. In Brazil, the Natura brand gained market share during the year, notably in categories like fragrance and body. The fourth quarter in Brazil was its ninth consecutive quarter of double-digit gains in consultant productivity thanks to enhanced digitalization capabilities and increased adoption by consultants, and growth on the domestic market was at its highest since 2010 for the period. Natura also increased its store footprint, diversifying its distribution strategy and ending the year with 36 domestic boutiques. In the rest of Latin America, Natura saw strong growth in all countries, especially in Mexico, Colombia and Argentina, despite hyperinflation and exchange rate effects there.

For The Body Shop, sales on an adjusted basis grew 17.7%, and were up 1.7% in constant-currency terms. Some 62 underperforming owned stores and 52 franchised outlets were closed during the year, and the company is undertaking a brand transformation, in which it invested R$98.5 million last year, that is said to be showing encouraging results. The revamp includes redesign and store footprint optimization.

Aesop had a particularly strong year, with constant-currency sales up 31% thanks to solid performance in all channels and geographies. In 2018, the brand entered Russia and Belgium. Sales in Australia, its domestic market, were up 18%. The brand opened 18 new stores over the year.

Natura continued to push ahead with its sustainability initiatives, signing the Global Commitment Pact for the eradication of plastic waste and developing new initiatives under its three brands. In 2018, Natura received "The Leaping Bunny" label from the Cruelty Free International organization and PETA certification. Its Ekos line earned the new Sourcing With Respect label from the Union for Ethical Biotrade, one of only two beauty companies worldwide to do so.

In March 2019, Natura confirmed it was in talks to potentially buy Avon Products Inc. and North American arm New Avon.

18

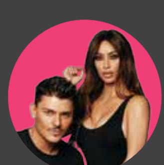
MARY KAY
DALLAS

2018 BEAUTY SALES:
$3.5 BILLION (EST.)
FLAT VS. 2017 (EST.)

MAIN BRANDS:
Mary Kay (makeup, skin, sun, bath and body care, fragrance), TimeWise 3D, Botanical Effects, Satin Hands, Clear Proof (skin care), MKMen (men's skin care, fragrance).

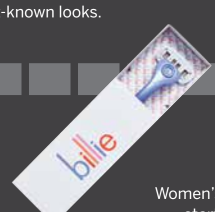
KEY FINANCIALS:
N/A

• **FOLLOWING LAST YEAR'S** appointment of Dr. Lucy Gildea as chief scientific



APRIL 3: Bobbi Brown is back with her next venture: Evolution_18, a wellness brand that offers ingestible supplements.

APRIL 5: Kim Kardashian West partners with her longtime makeup artist, Mario Dedivanovic, for a KKW Beauty collaboration. The duo release a 10-pan eye shadow palette inspired by Kardashian West's best-known looks.



APRIL 12: Women's shaving start-up Billie receives $6 million in seed funding.

APRIL 19: CVS unveils its "Beauty in Real Life" Campaign, featuring marketing images that haven't been retouched.

Estée Lauder names model Karlie Kloss as its latest global spokesmodel.

APRIL 20: L'Oréal launches its incubated sustainable beauty brand Seed Phytonutrients.

APRIL 24: Kourtney Kardashian joins in on the movement to improve FDA regulations in the beauty industry. The reality TV star goes to Washington, D.C., to show her support for the Personal Care Products Safety Act, which was introduced by Senators Dianne Feinstein and Susan Collins.

APRIL 26: Jennifer Lopez and Inglot Cosmetics debut a 70-item makeup collection.

Kloss photograph by Broadimage/REX/Shutterstock officer—a move designed to emphasize focus on product development and increase the company's number of patents—Mary Kay opened a new global manufacturing and research and development facility in Lewisville, Tex. Opened in November, the Richard R. Rogers Manufacturing/R&D Center also represents a push to increase U.S.-based manufacturing capabilities. Highlighting its deepening focus on scientific advancements, the company sponsored the International Investigative Dermatology symposium on "Pollution and Skin Health: New Perspectives and Intervention Strategies." The symposium was the latest in a series of partnerships with the scientific and academic communities committing to funding skin-health research and pushing the company's image as an industry innovator.

The May introduction of Mary Kay TimeWise 3D was the company's largest launch to date, it said. The new skin-care regimen is marketed toward Millennials and contains a patent-pending technology that is said to provide antioxidant protection against lifestyle and environmental aggressors. The launch indicates a shift in marketing to a younger customer than the company's core.

Internal promotions continued to emphasize the company's heightened focus on its manufacturing and R&D capabilities. In September, Deborah Gibbons was promoted from chief financial officer to chief operating officer, assuming responsibility for the global supply chain and research and development organization. Chuan Harper was named senior vice president and chief manufacturing officer.

19

COLGATE-PALMOLIVE CO.

NEW YORK

2018 BEAUTY SALES:
$3.1 BILLION (EST.)
+5.8% VS. 2017 (EST.)

MAIN BRANDS:
Palmolive, Speed Stick, Sanex, Protex, Caprice, Lady Speed Stick, Softsoap, Irish Spring, Tom's of Maine (deodorant, skin care, lip care). PCA Skin, EltaMD (professional skin care).

KEY FINANCIALS:
TOTAL COMPANY SALES:
$15.54 BILLION, + 0.6%

ORAL, PERSONAL AND HOME CARE SALES:
$13.16 BILLION, FLAT

SALES BY REGION:
NORTH AMERICA:
$3.35 BILLION, +7.5%

EUROPE:
$2.5 BILLION, +4.5%

LATIN AMERICA:
$3.6 BILLION, -7.5%

ASIA:
$2.7 BILLION, -1.5%

AFRICA AND EURASIA:
$967 MILLION, -1.5%

• **REVENUE GAINS** in North America were the main driver of beauty growth for Colgate-Palmolive in 2018, notably thanks to the acquisitions of professional skin-care brands PCA Skin and EltaMD, completed in January 2018, which increased volume sales in the region by 5%, according to the company.

The acquisitions brought Colgate into the world of professional beauty, in particular skin-care, which is one of the fastest-growing categories in the U.S. market. PCA, well-known for its professional peels and retinol products, delved deeper into essential and post-procedure skin care with several key launches in 2018, including a hydrating toner and mask, tinted eye cream and skin hydrator with SPF.

Organic sales growth in the liquid hand soap category also drove personal-care sales in its largest market.

In Europe, revenue gains were driven by oral care, rather than beauty; the company also saw declines in personal care in Latin America, Asia, Africa and Eurasia, with varying performance by category and market. Shampoo sales declined in Asia, as did deodorants in Africa and Eurasia. The bar soap business also contributed to drops in personal-care sales in several markets.

20

KOSÉ CORP.

TOKYO

2018 BEAUTY SALES:
$2.97 BILLION (EST.)
¥327.72 BILLION (EST.)
+10% VS. 2017 (EST.)

MAIN BRANDS:
Infinity, Sekkisei, One by Kosé, Astablanc, Crie, Esprique, Lechéri, Visée, Fasio, Elsia, Nature & Co, Nail Holic, Softymo, Clear Turn, Suncut, Decorté, Jill Stuart, Addiction, Prédia, Paul Stuart, Awake, Albion, Tarte, Dr. Phil Cosmetics, Maihada, Stephen Knoll New York, Cell Radiance, Spawake.

KEY FINANCIALS:
(NINE MONTHS TO DECEMBER 2018):

COMPANY NET SALES:
¥247.88 BILLION, +10.9%

OPERATING PROFIT:
¥46.28 BILLION, +18.7%

JAPAN SALES:
¥181.36 BILLION,+6.3%

REST OF ASIA SALES:
¥36.74 BILLION, +53.8%

NORTH AMERICA SALES:
¥27.2 BILLION, +0.7%

OTHER SALES:
¥2.58 BILLION, +21.9%

• **IN THE FIRST YEAR** of its plan to reinforce its global brands and consumer engagement, sales in the upper prestige category, notably from Decorté, drove revenue gains, as did Albion Co. Ltd and Tarte. In Japan, One by Kosé reported increases, partly thanks to The Wrinkless, a cream offered in the "quasi-drug" category for reducing wrinkles, a new category in Japan after a change in the law allowing for beauty products to offer antiwrinkle claims. Lechéri, a new midpriced skin-care brand, also drove domestic sales.

Internationally, South Korea and China performed well. Duty-free sales in Japan and abroad were strong. In China, Decorté began offering sales via online counseling. Tarte's gains were driven by expansion in specialty stores and online in the U.S., as well growth in e-commerce in Europe and Australia. The licensing agreement with Coty Inc. that allowed Kosé to sell Rimmel brand products in Japan was terminated on Oct. 31, 2018.

21

REVLON INC.

NEW YORK

2018 BEAUTY SALES:
$2.57 BILLION
-4.4% VS. 2017

MAIN BRANDS:
REVLON:
Revlon, Revlon Professional, Revlon ColorSilk

ELIZABETH ARDEN:
Elizabeth Arden, Ceramide, Prevage, Eight Hour

PORTFOLIO:
Almay, American Crew, CND, Mitchum, Cutex, Creme of Nature, Natural Honey, SinfulColors, D:Fi, Gatineau

FRAGRANCES:
Juicy Couture, John Varvatos, AllSaints, La Perla, Britney Spears, Curve, Giorgio Beverly Hills, Ed Hardy, Christina Aguilera, Jennifer Aniston, Lucky Brand, Halston, Geoffrey Beene, Alfred Sung, Mariah Carey, Elizabeth Taylor. Paul Sebastian.

KEY FINANCIALS:
REVLON NET SALES:
$998.3 MILLION, -8.4%

ELIZABETH ARDEN NET SALES:
$490.2 MILLION, +13%

PORTFOLIO NET SALES: **$564.6 MILLION, -4.7%**

FRAGRANCES:
$511.4 MILLION , -11.5%

NET LOSS:
$294.2 MILLION, -60.6%

• **DEBRA PERELMAN WAS** named the first female chief executive officer of Revlon in May, following the exit of Fabian Garcia, who had reorganized the company. Perelman is the daughter of Ronald Perelman, chairman of the Revlon board and majority owner of the company.

• **REVLON ESTABLISHED** an in-house marketing agency and content studio, Red House, as part of the overall expansion of its digital strategy. It also launched e-commerce sites for Elizabeth Arden in the U.K. and Juicy Couture Beauty and American Crew in the U.S.

• **REVLON LAUNCHED** its first incubated brand, Flesh, a makeup line developed by Linda Wells and launched exclusively at Ulta Beauty.

• **THE BUSINESS STRUGGLED** and sales slumped in 2018, in part due to a continued softening of the U.S. mass market. Elizabeth Arden skin care sales were said to be strong in China.

22

GROUPE ROCHER

ISSY-LES-MOULINEAUX, FRANCE

2018 BEAUTY SALES:
$2.52 BILLION (EST.)
€2.14 BILLION (EST.)
+30.1% VS. 2017 (EST.)

MAIN BRANDS:
Yves Rocher, Daniel Jouvance (skin and body care, makeup, fragrance). Dr. Pierre Ricaud (skin and body care, makeup). ID Parfums (fragrance).

Levine photograph by Chelsea Lauren/REX/Shutterstock

MAY

1 — Viking Global Investors purchases a majority stake in Birchbox.

1 — Rodan & Fields, which hit 2017 sales of $1.5 billion, gets investment from TPG.

2 — L'Oréal acquires South Korean beauty brand Stylenanda.

3 — Rodan & Fields, which hit 2017 sales of $1.5 billion, gets investment from TPG.

4 — YSL taps Adam Levine as the new face of its men's fragrance, Y.

7 — Pat McGrath Labs teams up with The Met to launch the museum's first cosmetics range.

International Flavors & Fragrances Inc. acquires Frutarom with a $7.1 billion deal. This lets the fragrance supplier take a deeper dive into natural ingredients.

17 — Scentbird, a subscription-based fragrance company, raises $18.6 million in series A funding.

21 — Andy Warhol's *Interview Magazine* shuts down after filing for Chapter 7 bankruptcy. In August, owner Peter Brant then decides to "relaunch" the magazine, despite having $3 million in unpaid debts.

22 — Saks Fifth Avenue unveils a revamped beauty floor, a 32,000-square-foot space that includes niche brands and an open floor plan.

23 — Revlon names Debra Perelman as president and chief executive officer. Perelman is the company's first female ceo.

28 — Valentino and L'Oréal sign a fragrance and beauty license agreement, which will go into effect at the beginning of 2019.

Shiseido appoints Isabelle Gex to the newly created role of president of global fragrances.

29 — L'Oréal purchases Pulp Riot, the hair color brand created by Luxury Brand Partners, for an undisclosed amount.

Topix Pharmaceuticals acquires Derma E.

STANHOME CHANGING LIVES:
Stanhome, Kiotis (skin and body care, fragrance). Flormar (51%). Sabon.

ARBONNE:
Arbonne, Nature's Gate.

KEY FINANCIALS (EST.):
GROUP SALES:
€2.5 BILLION, +13.6% (EST.)

SALES BY DISTRIBUTION CHANNEL:
RETAIL: **40%**
DIGITAL: **5%**
MAIL-ORDER: **15%**
DIRECT SALES: **32%**
OTHER: **8%**

• **IN JANUARY 2018,** Groupe Rocher announced it would acquire U.S.-based Arbonne International, tapping into synergies and aiming to enhance its direct-selling model to move toward a "social selling" concept rather than traditional direct selling. The deal was finalized in March, adding a company with 2017 beauty sales of an estimated $556 million to Groupe Rocher's portfolio, and making Arbonne its second label in terms of sales.

• **IN JUNE,** Arbonne named a new chief executive officer, Jean-David Schwartz, previously ceo of Yves Rocher North America; Kay Zanotti, who had headed Arbonne for nine years, retired. Two other Groupe Rocher executives moved to Arbonne, Astrid Van Ruymbeke as chief financial officer and Vincent Taglioni as VP, operations.

• **IN TURKEY,** the group had troubles with Flormar after unionized employees were laid off from its factory, leading to a boycott which also inspired demonstrations outside some of Yves Rocher's stores in France.

• **IN JULY,** Groupe Rocher purchased the remaining 33% stake in Israeli brand Sabon it did not already own.

• **ACCORDING TO ESTIMATES,** the Yves Rocher brand registered sales gains in both France and Italy in 2018.

23

POLA ORBIS HOLDINGS
TOKYO

2018 BEAUTY SALES:
$2.1 BILLION
¥231.21 BILLION
+1.8% VS. 2017

MAIN BRANDS:
Pola (skin care, makeup), Orbis (skin care, makeup). Jurlique, H2O Plus, Three, Decencia, Amplitude, Itrim, Fiveism x Three.

KEY FINANCIALS:
TOTAL SALES:
¥248.57 BILLION, +1.7%

BEAUTY CARE OPERATING INCOME:
¥38.29 BILLION, +0.5%

• **IT WAS A** mixed year for Pola Orbis. While Pola saw its brand sales and operating income grow after initiating efforts to strengthen its business foundation and improve brand value through highly functional products and an expanded store network, the company's other core business, Orbis, struggled.

• **POLA'S WRINKLE** Shot Serum, the first medicated cosmetic product in Japan approved under quasidrug rules for improving wrinkles, attracted new customers and drove cross-selling of other products from the brand. The product rolled out to Hong Kong, Taiwan and Thailand during the year. Pola also began to offer full-scale aesthetic services in China.

• **ORBIS SOUGHT TO** initiate turnaround efforts through enhancing brand differentiation, stepping up promotional efforts for core products and with a new brand message, "Simply you, Simply beautiful." Anti-aging, skin-care line Orbis U got a revamp. Nevertheless, the brand's sales fell, although it did gain new customers and witnessed growth in China, and its operating income grew due to improved cost efficiencies.

• **OVERSEAS BRANDS** Jurlique and H2O Plus also initiated strategic initiatives to drive sales, but the former was impacted by a sluggish market in China and Australia, while the latter was hit by its withdrawal from major retailers.

• **WITHIN POLA ORBIS'** brands under development division, Three and Decencia grew their sales and the company added three new brands during the year, Amplitude, Itrim and Fiveism x Three.

24

PUIG
BARCELONA

2018 BEAUTY SALES:
$2.08 BILLION (EST.)
€1.76 BILLION (EST.)
-1% VS. 2017 (EST.)

MAIN BRANDS:
Paco Rabanne, Carolina Herrera, Jean Paul Gaultier, Nina Ricci, Penhaligon's, L'Artisan Parfumeur, Prada Parfums, Valentino Parfums, Christian Louboutin Beauté, Comme des Garçons Parfums, Eric Buterbaugh Los Angeles, Antonio Banderas, Shakira, United Colors of Benetton, Adolfo Domínguez.

KEY FINANCIALS:
LIKE FOR LIKE SALES GROWTH:
+5.6% (EST.)

TOP MARKETS:
Spain (12% of beauty revenues), the U.K. and the U.S.

• **CURRENCY FLUCTUATIONS** meant Puig's sales dipped slightly in 2018, given the company's exposure to emerging markets, with the main impact coming from the Argentine peso, U.S. dollar and Brazilian real. The implementation of the IFRS 15 accounting principles also had a negative effect on the privately owned company's top line.

• **AMONG BUSINESS** drivers, Carolina Herrera's Good Girl was boosted by geographic expansion in Europe and the launch of EDP Légère. Paco Rabanne was bolstered by XS for Her and the positive performance of the Million Lucky duo. Jean Paul Gaultier continued to grow, once again boosted by Scandal.

• **PUIG CONTINUED** to hone its focus on niche brands, increasing its stake in Eric Buterbaugh's EB Florals fragrance business to a majority share and signing a long-term licensing agreement for Christian Louboutin's beauty business, considered to have high growth potential. Penhaligon's saw double-digit growth, with strong development of both its direct-to-consumer and wholesale businesses.

• **PUIG ADDED THE** Dries Van Noten brand to its fashion portfolio in June; while the label does not currently offer fragrance, it is seen by observers as having potential in the category. The firm's license with Valentino ended as the fashion house signed with L'Oréal, effective Jan. 1, 2019, and rumors are also circulating on the market surrounding the Prada license.

• **AMONG EXECUTIVE** moves, José Manuel Albesa was promoted to the newly created role of president brands, markets and operations. He was previously chief brand officer. Nina Ricci named Charlotte Tasset as general manager for fashion and fragrances.

25

GROUPE CLARINS
NEUILLY-SUR-SEINE, FRANCE

2018 BEAUTY SALES:
$2.04 BILLION (EST.)
€1.73 BILLION (EST.)
+10% VS. 2017 (EST.)

MAIN BRANDS:
CLARINS:
Clarins (skin care, makeup), Clarins Men (men's skin care).

CLARINS FRAGRANCE GROUP:
Mugler, Azzaro.

MY BLEND BY DR. OLIVIER COURTIN.

KEY FINANCIALS (EST.):
CONSTANT-CURRENCY SALES GROWTH: **+10%**

PRODUCT CATEGORY BREAKDOWN:
SKIN CARE: **64%**
FRAGRANCE: **26%**
MAKEUP: **10%**

GROWTH BY CATEGORY:
SKIN CARE **+18%**
MAKEUP **+4%**
FRAGRANCE **-4%**

GROWTH BY REGION:
EUROPE, THE MIDDLE EAST AND AFRICA **+2%**
AMERICAS **+2%**
ASIA-PACIFIC **+38%**

• **SKIN CARE WAS** the core driver of Groupe Clarins' growth last year, notably thanks to the continued global success of the relaunched eighth-generation Double Serum, introduced in 2017.

• **CHINA BECAME** the firm's biggest market in 2018—up from fourth position in 2017—with sales there growing 30% year-on-year, while revenues in Hong Kong jumped 45%.

• **TRAVEL RETAIL WAS** another driver, with sales increasing 30%.

• **IN FRAGRANCE,** despite an overall decline in revenues, Azzaro's Wanted and Wanted by Night continued their success.

• **CLARINS' BRAND** general manager Natalie Bader left the company in summer 2018 and was replaced by Katalin Berenyi, most recently artistic director of L'Occitane Group, in February 2019.

26

AMWAY
ADA, MICH.

2018 BEAUTY SALES:
$1.8 BILLION (EST).
+5.3% VS. 2017 (EST.)

MAIN BRANDS: Amway:

JUNE

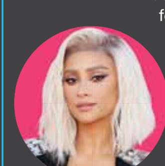
6 — Jessica Alba's The Honest Co. gets $200 million investment from L Catterton. The investment will be used to accelerate international growth and help revamp the brand's cosmetics line.

8 — Shiseido names Jill Scalamandre president of Bare Escentuals. She also serves as the president of Shiseido's Global Makeup Center for Excellence.

12 — Markwins enters prestige beauty with the acquisition of Lorac.

Direct-to-consumer feminine care brand Lola receives a $24 million Series B round of investment led by ACG, and with investors such as Karlie Kloss and Lena Dunham.

13 — Buxom taps Shay Mitchell as global creative brand ambassador. The actress will be collaborating with the brand on campaign development, social media strategies and new products.



18 — Makeup brand Lime Crime receives investment from Tengram Capital Partners and names Stacy Panagakis as its new chief executive officer. Industry sources estimate the brand earned $30 million in net sales in 2017.

19 — Vox Media shutters Racked, its fashion-focused web site.

21 — TPG Capital makes a minority investment in Anastasia Beverly Hills.

24 — Revlon releases Flesh, a prestige cosmetics line with 40 shades of foundation created by former *Allure* editor in chief Linda Wells.

29 — Rimmel exits Ulta Beauty as part of its plan to relaunch the brand and focus its U.S. distribution on mass, drug and e-commerce channels.

Artistry, Artistry Studio, Beautycycle, Artistry Men (skin care, makeup). Body Series/G&H (body care), Satinique, Ertia (hair care).

KEY FINANCIALS:
TOTAL SALES:
$8.8 BILLION, +2%

BEAUTY AND PERSONAL CARE (INCLUDING ORAL CARE):
26% OF REVENUES

TOP MARKETS:
CHINA, JAPAN, THE U.S.

• **AMWAY RAMPED UP ITS** digital initiatives in 2018, expanding its e-commerce and social selling capabilities and building new tools for salespeople, including the Artistry Virtual Beauty app, which allows people to "try on" makeup and get skin-care recommendations and was downloaded 260,000 times.

• **KEY PRODUCT LAUNCHES** included Artistry Signature Select Personalized Serums and Masks, tapping into demand for personalization, and Artistry Studio, a trend-driven collection of makeup and bath and body products aimed at younger consumers, which allowed the brand to triple the size of its under-35 consumer base.

27

WALGREENS BOOTS ALLIANCE
DEERFIELD, IL.

2018 BEAUTY SALES:
$1.7 BILLION (EST.)
+17% VS. 2017 (EST.)

MAIN BRANDS:
No7, Botanics, Boots Soltan, Soap & Glory, Boots Laboratories, Alvita, Liz Earle, Sleek MakeUP, CYO, YourGoodSkin.

KEY FINANCIALS
(FY ENDED AUG. 31, 2018):
RETAIL PHARMACY USA SALES:
$98.39 BILLION, +12.7%

RETAIL PHARMACY INTERNATIONAL SALES:
$12.28 BILLION, +4%

• **WALGREENS BOOTS** Alliance continued to ramp up its beauty business in the U.S. and China in 2018. Initiatives include the launch of a Boots flagship on Alibaba's Tmall Global offering beauty brands including No7, Soap & Glory and Boots Cucumber.

• **THE COMPANY'S** "beauty differentiation" stores in the U.S., which now number around 3,000, continued to outperform regular stores. Boots brand No7 is now available in almost 10,000 doors in the U.S. as well as on Walgreens.com.

• **IN OCTOBER,** WBA announced a partnership with Birchbox to launch Birchbox corners offering more than 40 prestige brands in select Walgreens stores— beginning with a pilot of 11 stores—and a curated Birchbox shop on Walgreens.com. The move involves WBA taking a minority stake in the beauty box firm.

• **YOURGOODSKIN,** introduced in 2017, rolled out in markets including Ireland, France, Italy, Spain, Thailand, Norway and the Middle East.

• **NO7 INTRODUCED** No7 Laboratories Line Correcting Booster Serum, selling one every seven seconds in the U.K. and Ireland in the month following the April launch.

• **THE COMPANY WAS** negatively impacted by a weak trading environment in certain key markets, notably the U.K., where it is revamping flagships to put a greater focus on beauty.

• **SEBASTIAN JAMES WAS** named senior vice president and president and managing director of Boots, effective Sept. 3, 2018.

28

L'OCCITANE GROUP
PLAN-LES-OUATES, SWITZERLAND

2018 BEAUTY SALES:
$1.67 BILLION (EST.)
€1.41 BILLION (EST.)
+6.7% VS. 2017 (EST.)

MAIN BRANDS:
L'Occitane en Provence (skin, hair, body and men's care; fragrance; makeup). Melvita. L'Occitane au Brésil. Erborian (63%). LimeLife by Alcone (60%).

KEY FINANCIALS:
(9 MONTHS TO DEC. 18):
NET SALES:
€1.09 BILLION, +8.5%

LIKE-FOR-LIKE SALES GROWTH:
+10.6%

LARGEST MARKETS: U.S.:
€181.7 MILLION, +50.3% AT CONSTANT CURRENCY

JAPAN:
€160.3 MILLION, -0.3% AT CONSTANT CURRENCY

CHINA:
€127.2 MILLION, +12.7% AT CONSTANT CURRENCY

• **SALES GROWTH** accelerated for L'Occitane in 2018, despite rising competition in the natural category, foreign currency headwinds and macroeconomic uncertainties that the group said hampered its sales.

• **L'OCCITANE** continued to enact a "hero product strategy," choosing to undertake fewer but larger-scale launches to enhance its image in face care, including Immortelle Reset serum, introduced in September. Performance was also driven by marketing initiatives to enhance engagement, for example working with celebrities in China.

• **THE GROUP'S** emerging brands—Melvita, Erborian, L'Occitane au Brésil and LimeLife by Alcone continued to boost sales, the latter growing significantly in the U.S. and entering markets including Canada, the U.K. and France.

• **SYLVAIN DESJONQUÈRES** was named group managing director in April 2018.

• **L'OCCITANE ACQUIRED** the UK-based skin-care brand Elemis from L Catterton for $900 million, its largest M&A operation since going public. The deal was expected to be finalized in the first quarter of 2019, with L'Occitane planning to expand the brand's presence notably in Asia-Pacific.

• **THE COMPANY CREATED** Obratori, a start-up incubator based in Marseille, France, focused on cosmetics and well-being.

29

RODAN + FIELDS
SAN FRANCISCO

2018 BEAUTY SALES:
$1.65 BILLION (EST.)
+10% VS. 2017 (EST.)

MAIN BRANDS: Redefine, Reverse, Unblemish, Soothe, Enhancements, Essentials (skin care).

KEY FINANCIALS: N/A

• **TPG CAPITAL MADE** a strategic minority investment in Rodan + Fields in May 2018.

• **THE COMPANY ENTERED** the dermo-cosmetics category with the launch of Radiant Defense Perfecting Liquid, a skin-care-makeup hybrid product.

• **DEANNA JURGENS JOINED** the company as chief global sales officer in April 2018, charged with growing global revenue across the countries Rodan + Fields sells in—including the U.S., Canada and Australia. She is also charged with overseeing the company's global sales team as well as learning and development, field marketing and communications, and programs and recognition for the company's consultants.

• **THE COMPANY INCREASED** its focus on CRM in 2018. Chief executive officer Diane Dietz has credited growth to repeat purchases and continuing relationships with consumers.

30

GROUPE PIERRE FABRE
PARIS

2018 BEAUTY SALES:
$1.54 BILLION
€1.30 BILLION
+1% VS. 2017

MAIN BRANDS:
PIERRE FABRE DERMO-COSMÉTIQUE: **Eau Thermale Avène, A-Derma, Galénic, Darrow, Glytone (skin and body care). Ducray, Klorane (skin, hair and body care). René Furterer (hair care). Elancyl (body care).**

KEY FINANCIALS:
ORGANIC SALES GROWTH:
+3.5%

INTERNATIONAL SALES:
69% OF BEAUTY REVENUES (UP FROM 68%)

GROUP SALES:
€2.32 BILLION, +0.5%

• **SALES GAINS FOR** Groupe Pierre Fabre's beauty activity were driven by double-digit growth in Asia and the Americas.

• **LOW SINGLE-DIGIT** growth in Europe was impacted mainly by the sluggish French market.

• **STRATEGIC HIGHLIGHTS** for the year included the opening of a new innovation center in Brazil, a concept store and e-commerce web site in Poland, and an investment in French indie beauty brand Même, which specializes in skin care for women affected by cancer. The company hopes to expand the brand through developing its business with treatment facilities and pharmacies.

• **PIERRE FABRE** Dermo-Cosmétique named Núria Perez-Cullell as its ceo, effective September 1, following the appointment of Eric Ducournau as group ceo starting in July.

31

GRUPO BOTICÁRIO
CURITIBA, BRAZIL

JULY

9 — Clean & Clear targets Generation Z with a new line, C&C, which offers 11 acne-fighting, skin-care products created with twinfluencers Brooklyn and Bailey McKnight.

12 — Astral Brands acquires nail and makeup brand Butter London. Industry sources estimate the brand has an annual turnover of $15 million.

16 — Superstar makeup artist Pat McGrath receives a $60 million investment from Eurazeo for her namesake color cosmetics brand.

17 — Procter & Gamble acquires skin-care brand First Aid Beauty for an estimated $250 million.

20 — Tatcha hires Jean-Marc Plisson as its new chief executive officer. Plisson was the president of Shiseido's Beauty Prestige Group.

23 — Grace Rey joins Milani as its new chief executive officer. She previously served in the same role at hair-care brand Living Proof.

24 — Reports circulate that Prada is ending its beauty license with Puig.

30 — Carol Hamilton is named group president of acquisitions at L'Oréal USA, a newly created role. She previously served as group president of the Luxe division in the U.S.

31 — Credo Beauty hires former Gap executive, Dawn Dobras, as chief executive officer.

2018 BEAUTY SALES:
$1.48 BILLION (EST.)
R$5.38 BILLION (EST.)
+7% VS. 2017 (EST.)

MAIN BRANDS:
O BOTICÁRIO: Nativa Spa (body and hair care). Make B., Intense (makeup). Floretta, Egeo Dolce, Malbec (fragrance). The Beauty Box (hair, bath and body care). Eudora, Quem Disse, Berenice and Vult.

KEY FINANCIALS:
2018 ESTIMATED GROUP RETAIL SALES:
R$13.1 BILLION, +7%

• **CORE BRAND O BOTICÁRIO** entered the Middle East thanks to a deal with investment firm Millennial Capital Ltd, thereby ending the year in 15 markets.

• **MARCH 2018 SAW** the company purchase Vult, a mass-market color cosmetics brand, in order to grow its presence in that category in Brazil.

• **GRUPO BOTICÁRIO RAMPED** up its investment in digital and technology, testing click-and-collect in its The Beauty Box multibrand stores, ramping up digital within the supply chain and developing its first fragrances with the help of AI in partnership with IBM and Symrise, set to launch this year.

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ORIFLAME HOLDING AG
SCHAFFHAUSEN, SWITZERLAND

2018 BEAUTY SALES:
$1.28 BILLION (EST.)
€1.08 BILLION (EST.)
-5.3% VS. 2017 (EST.)

MAIN BRANDS:
Oriflame (makeup, skin, body, hair and personal care, fragrance).

KEY FINANCIALS:
TOTAL COMPANY SALES (INCLUDING WELLNESS AND ACCESSORIES):
€1.32 BILLION, -3%

CONSTANT-CURRENCY SALES GROWTH: **+3%**

BIGGEST MARKETS:
CHINA
(€206.2 MILLION, +8.3%)

RUSSIA
(€198.6 MILLION, -17.8%)

MEXICO
(€83.6 MILLION, -5.5%)

POLAND
(€57.1 MILLION, +10.9%

EBIT:
€149.3 MILLION, -6.1%

NET PROFIT:
€96.1 MILLION, +3.8%

• **ORIFLAME'S SALES** took a hit in 2018 due to challenging conditions in certain key markets and difficult comparisons with 50th anniversary activities the previous year.

• **THE COMPANY SAID** its skin-care and wellness categories, both strategic priorities, increased their share of sales, and that online activities remained at high levels.

• **DESPITE THE DECLINE** in sales in reported terms, Oriflame said it increased productivity by 3% and its number of active representatives grew 1%.

33

NU SKIN ENTERPRISES
PROVO, UTAH

2018 BEAUTY SALES:
$1.27 BILLION (EST.)
+13.4% VS. 2017 (EST.)

MAIN BRANDS:
ageLOC, Nu Skin, Tru Face, Epoch, Nu Colour, Dr. Dana.

KEY FINANCIALS:
BEAUTY SALES INCLUDING DEVICES:
$1.66 BILLION, +14.2% (EST.)

• **NU SKIN'S YEAR WAS** dominated by the global launch of ageLOC LumiSpa, a cleansing system and device, globally.

• **MAINLAND CHINA** remained the company's largest market, accounting for about a quarter of sales, followed by the Americas and Pacific region, and South Korea, which returned to growth in the year.

• **NU SKIN USED** social media—like KakaoTalk in Korea and WeChat in China, to launch new products. The company's LumiSpa product did well in China, executives said on an earnings call with Wall Street, as did the Nu Skin 180 system.

• **NU SKIN ACQUIRED** two manufacturers and a packaging business during the year, aiming to secure its supply chain, increase innovation and be able to bring products to market faster.

34

LUSH
POOLE, U.K.

2018 BEAUTY SALES:
$1.25 BILLION (EST.)
£932.5 MILLION (EST.)
-7.6% VS. 2017 (EST.)

MAIN BRANDS:
Lush Fresh Handmade Cosmetics (bath, body, hair and skin care, makeup). Gorilla Perfume (fragrance).

KEY FINANCIALS:
LIKE-FOR-LIKE SALES DECLINE:
-4.8% (EST.)

CONSTANT CURRENCY SALES DECLINE:
-2.4% (EST.)

MAIN MARKETS:
(BRICK-AND-MORTAR RETAIL SALES):
U.S.
£257.5 MILLION, -18.8%;

U.K.
£130.7 MILLION, -1.2%;

JAPAN
£72.7 MILLION, -1.7%

• **UNCERTAINTY OVER** Brexit and significant declines in the U.S., Lush's largest market, contributed to Lush's drop in sales in 2018.

• **THE BRAND CONTINUED** to open larger units in prime locations during the year, and also introduced new store concepts including the Lush Naked Shop, which sells only plastic packaging-free products, and opened its first branches in Milan and Berlin. A store offering only the brand's Bath Bombs opened in Tokyo's Harajuku, with 50 new references introduced for the occasion.

• **IN ITS DRIVE TO** reduce packaging, the company launched the Lush Labs app, which allows customers to access product information and demonstration videos without the need for labels.

• **MAKEUP WAS A** key area of innovation, with four different Naked products launching, aimed at reducing plastic waste. The vegan lipsticks in the line, available in 40 shades, are designed to be slotted into an old lipstick pack to contribute to upcycling.

35

BELCORP
LIMA, PERU

2018 BEAUTY SALES:
$1.16 BILLION
+2.2% VS. 2017

MAIN BRANDS:
L'Bel, Ésika, Cyzone (fragrance, makeup, skin, body and hair care).

KEY FINANCIALS:
MAIN MARKETS:
Colombia, Peru, Mexico and Ecuador (61% of business).

BREAKDOWN BY BRAND:
ESIKA: **48% OF SALES**

CYZONE: **31%**

L'BEL: **21%.**

• **THE PERUVIAN DIRECT** seller managed to turn around sales last year thanks to financial discipline, growth in its number of representatives and the digitalization of its salesforce.

• **GROWTH WAS** nevertheless hampered by aggressive discounting by competitors, high advertising spend from other beauty players and the entry of new retail brands into Latin America.

• **BELCORP NAMED** Erika Herrero as its new chief executive officer in January 2018. She was previously the firm's commercial corporate vice president and replaced company founder Eduardo Belmont, who remains chairman of the board.

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EUROITALIA
CAVENAGO DI BRIANZA, ITALY

2018 BEAUTY SALES:
$1.1 BILLION
€930.1 MILLION
+11.8% VS. 2017

MAIN BRANDS:
Versace, Moschino, Missoni, Dsquared2, Reporter (fragrance). Naj-Oleari (makeup).

KEY FINANCIALS:
EXPORTS: **94% of sales**

• **THE NEW LICENSING** agreement signed with Dsquared2 for the production and distribution of the label's fragrances contributed to Euroitalia's double-digit growth. In the second half of the year, the first two scents for men and woman, named Wood by Dsquared2, debuted.

• **FURTHER BOOSTING SALES,** the company launched Moschino's Toy 2 scent, while Versace's Dylan Blue Pour Femme, launched in 2017, continued to sell well.

• **THE U.S.,** China, Germany, the U.K. and Italy were Euroitalia's best-performing markets.

Jonas photograph by Matt Baron/REX/Shutterstock

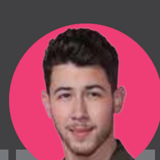
AUGUST

1 L'Oréal purchases Logocos Naturkosmetik and Société des Thermes de La Roche-Posay for an undisclosed amount.

2 Cosmoprof acquires German-based Media Group Health and Beauty to grow its beauty trade show business in central Europe.

3 Shiseido revamps its entire color cosmetics collection with new categories focusing on texture. Industry sources expect the relaunch will generate $500 million over the next three years.

7 Natural makeup brand Kosås receives investment from Something Navy's Arielle Charnas, Man Repeller's Leandra Medine and Scooter Braun.



John Varvatos and Nick Jonas expand their collaboration into the brand's fragrance business with a new men's fragrance called JV x NJ.

16 JD Beauty acquires hair-care brand Ouidad. According to industry sources the brand earns $15 million to $20 million in retail sales.

24 CVS unveils BeautyIRL, a shop-in-shop format that includes styling services from Glamsquad, direct-to-consumer brands and larger beauty floors.

28 Yellow Wood Partners acquires Paris Presents, which owns the brands Real Techniques, EcoTools and Body Benefits by Body Image. Industry sources estimate Paris Presents does over $200 million in sales.

37

NESTLÉ SKIN HEALTH

LAUSANNE, SWITZERLAND

2017 BEAUTY SALES:
$1.07 BILLION (EST.)
SFR 1.05 BILLION (EST.)
+7.5% VS. 2017 (EST.)

MAIN BRANDS:
Cetaphil (skin care), Daylong (sun care). Proactiv (majority stake).

KEY FINANCIALS:
SALES FOR NESTLÉ'S "OTHER" BUSINESS UNIT, WHICH INCLUDES NESTLÉ SKIN HEALTH:
SFR 12.3 BILLION, +11%

• **NESTLÉ REVEALED** in September last year that it was exploring "strategic options" for its Nestlé Skin Health division, saying future growth opportunities for the activity were increasingly outside its scope as it seeks to home in on its food, drinks and nutritional health businesses. The strategic review is expected to be completed by mid-2019.

• **DESPITE THE** review, the company said it has made "significant progress" in turning the business around over the past two years, and that it has seen strong interest for the asset.

• **NESTLÉ SAID** the Skin Health business, which includes Cetaphil and Proactiv skin care, Restylane wrinkle fillers and prescription dermatology treatments, saw mid-single digit organic growth in 2018.

38

SISLEY

PARIS

2018 BEAUTY SALES:
$923.4 MILLION
€782 MILLION
+8% VS. 2017

MAIN BRANDS:
Sisley (fragrance, skin care, makeup). Hair Rituel by Sisley (hair care).

KEY FINANCIALS: N/A

• **CURRENCY HEADWINDS** had a negative impact on family-owned Sisley's 2018 sales, but the firm nevertheless accelerated its growth compared with 2017.

• **DOUBLE-DIGIT** revenue gains were registered in North America, Asia, the makeup category, which saw the introduction of Le Phyto Rouge lipstick, and digital.

• **JANUARY 2018** marked Sisley's successful entry into hair care with high-end brand Hair Rituel by Sisley.

• **IN SKIN CARE,** growth contributors included the launches of Sisleÿa Serum, Hydra-Global Serum and Velvet Nourishing Cream.

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JOHN PAUL MITCHELL SYSTEMS

LOS ANGELES

2018 BEAUTY SALES:
$826.4 MILLION (EST.)
+3.3% VS. 2017 (EST.)

MAIN BRANDS:
Paul Mitchell, Awapuhi Wild Ginger, MarulaOil, Neuro (hair care). Tea Tree (hair and body care). Paul Mitchell The Color (professional hair color). Mitch, MVRCK by Mitch (men's grooming)

KEY FINANCIALS: N/A

• **THE COMPANY** continued to see growth with the Neuro brand, which partnered with industrial designer Karim Rashid to create the Neuro Halo collection, a modernized hair tool line that elevated the brand's overall image.

• **THE TEA TREE FRANCHISE** remained a top driver for the company. A new offshoot for the professional category, Tea Tree Special Color Collection, launched in 2018 to capture the consumer who is regularly going to the salon for color treatments.

• **IN LINE WITH THE** current momentum in men's grooming, the company launched MVRCK by Mitch, a line designed for the professional barber space that addresses trends such as beard grooming, and includes both skin and hair products.

40

SHANGHAI JAHWA UNITED CO., LTD

SHANGHAI, CHINA

2018 BEAUTY SALES:
$809.6 MILLION (EST.)
CNY 5.35 BILLION (EST.)
+10% VS. 2017 (EST.)

MAIN BRANDS:
Shanghai Vive (skin care, fragrance), Maxam (skin, body and hair care), Liushen (skin, body and hair care, fragrance), GF (men's skin and hair care, fragrance), Herborist (skin care, makeup, men's skin care), Dr. Yu (skin care), Fresh Herb (skin care, makeup), Giving (baby care).

KEY FINANCIALS:
TOTAL COMPANY REVENUES:
CNY 7.14 BILLION, +10%

NET PROFIT:
CNY 540 MILLION, +38.6%

• **CHINA'S LARGEST** home-grown beauty maker achieved healthy growth in 2018, its 120th anniversary year, based on a focus on Chinese culture and tapping into high-end, younger and more segmented groups and enhancing its CRM activity, digital marketing and sales on e-commerce platforms.

• **HERBORIST LAUNCHED** a high-end makeup line, Yue Series, while Maxam created buzz with its collaboration with heritage brand White Rabbit Creamy Candy on a lip balm that sold out in two seconds online. The men's brand GF reviewed its development strategy and distribution.

• **BUSINESS DRIVERS INCLUDED** skin-care sales in department stores, which were boosted by premium lines, cosmetics franchise stores and e-commerce, which accounted for an estimated 23% of group revenues at yearend and grew 13%.

41

GODREJ CONSUMER PRODUCTS LTD.

MUMBAI

2018 BEAUTY SALES:
$760.3 MILLION (EST.)
51.92 BILLION RUPEES (EST.)
+5.4% VS. 2017 (EST.)

MAIN BRANDS:
Godrej Expert, Godrej Nupur, NYU, BBLUNT, Motions, Profectiv Mega Growth, African Pride, Just for Me, TCB, Darling, Illicit, Issue, 919, Renew, Inecto, Touch of Silver, Roby (hair care). Cinthol, GodrejNo1, Soft & Gentle, Villeneuve, Tura (skin care). Pamela Grant (makeup).

KEY FINANCIALS:
BIGGEST MARKETS:
India (53% of sales), Africa and the U.S. (22% of sales combined), Indonesia (14% of sales).

• **GODREJ'S GROWTH** was hampered by macroeconomic challenges in certain emerging markets in 2018.

• **IN INDIA,** growth picked up through the year on the back of re-monetization, the annualization of the introduction of the country's goods and service tax in 2017 and the government's efforts to stimulate the rural economy.

• **UPPING ITS FOCUS** on innovation was a key priority for Godrej, which expanded its Cinthol brand into the men's grooming category.

• **THE COMPANY DIVESTED** its U.K. business, Godrej Consumer Products U.K., to investment firm JZ International in August in order to focus on its international business in Asia, Africa and Latin America.

42

MARICO LTD.

MUMBAI

2018 BEAUTY SALES:
$759.3 MILLION (EST.)
51.85 BILLION RUPEES (EST)
+16.7% VS. 2017 (EST.)

MAIN BRANDS:
Parachute, LivOn, Nihar Naturals, Hair & Care, Caivil, Black Chic (hair care and color). Parachute Advansed (hair and body care). Set Wet (deodorants and hair styling). Fiancée, HairCode, IsoPlus (hair care and styling). Code 10, X-Men (men's grooming). Kamillen and Jamilla (hairstyling), Karazel, Rivage, Grace (skin care).

KEY FINANCIALS:
TOTAL COMPANY SALES (NINE MONTHS TO DECEMBER 2018):
57.25 BILLION RUPEES, +18%

• **IN 2018,** Marico saw growth on both the domestic and international markets thanks to increased investment in its core portfolio, aggressive product launches, distribution expansion, pricing initiatives and tighter cost management. Within India, rural growth outpaced urban growth. Internationally, Bangladesh, the Middle East, North and South Africa and Myanmar grew steadily.

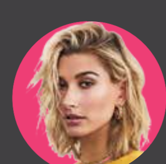
• **THERE WAS AN** increased focus on the premium hair nourishment and male grooming categories.

SEPTEMBER

1 — Chanel enters the men's makeup category with Boy de Chanel, a three-product range launching in South Korea.

4 — Isabel Marant reveals her makeup collaboration with L'Oréal Paris, which includes eye, lip and face products.

7 — Urban Outfitters launches its private label beauty brand, Ohii, which includes skin-care and makeup products.



12 — BareMinerals reveals its "Power of Good" campaign, fronted by Hailey Baldwin, Letitia Wright and Rosie Huntington-Whiteley.

15 — West Coast-based retailer The Detox Market opens a New York flagship in SoHo.

The Estée Lauder Cos. promotes Chris Good to group president of North America.

26 — Nathalie Kristo, previously global brand president of NYX, joins Huda Beauty as its first U.S. president.

Belk, a Southern department store chain, introduces its private label beauty brand, Belk Beauty, with a collection spanning the eye, face and lip categories.

27 — Dove strikes an unlikely partnership. To promote its dry shampoo, the Unilever-owned brand partners with Dunkin' for a styling café where consumers can receive free hair styling and complimentary Dunkin' coffee.

28 — Bloomingdale's opens WellChemist, its second beauty shop-in-shop concept, this time focusing on clean beauty with brands such as Supergoop, Briogeo and Saturday Skin.

Origins re-enters the makeup category with two natural products: Blooming Bold Lipstick and Blooming Sheer Lip Balm.

• **THE COMPANY MADE** strong inroads in both modern trade and e-commerce, undertaking premium launches exclusively online.

• **MARICO LAUNCHED** its first digital exclusive brands. In the men's grooming segment, Studio X, under the brand Set Wet, hit Amazon in May 2018; in September a new hair-care brand, True Roots, launched exclusively with Flipkart.

43

MANDOM CORP.

OSAKA, JAPAN

2018 BEAUTY SALES:
$717.3 MILLION (EST.)
¥79.18 BILLION (EST.)
-2.5% VS. 2017 (EST.)

MAIN BRANDS:
MEN'S GROOMING:
Gatsby (skin, body and hair care; hair color, fragrance, deodorant), Lúcido (skin, body, hair and scalp care; deodorant), Mandom (skin, body and hair care; fragrance), Tancho (hair care and color), Spalding (deodorant, fragrance, body care).

WOMEN'S COSMETICS:
Pixy (skin care, makeup), Bifesta, Barrier Repair (skin care). Lúcido L (hair care and hair color), Baby Veil (hair care), Lovillea (fragrance), Miratone (hair color), Mandom (hair and skin care), Johnny Andrean, Style Up (hair care), Simplity (deodorant), Pucelle (fragrance, body care).

KEY FINANCIALS
(NINE MONTHS TO DECEMBER 2018):

NET SALES:
¥61.09 BILLION, -3.5% (-0.5% LIKE-FOR-LIKE)

OPERATING INCOME:
¥7.9 BILLION, -8%

SALES IN JAPAN:
¥37.8 BILLION, +0.6%

SALES IN INDONESIA:
¥13.19 BILLION, -12.2% (-9.5% LIKE-FOR-LIKE)

SALES IN OTHER MARKETS:
¥10.13 BILLION, -5.7% (+9.1% LIKE-FOR-LIKE)

BIGGEST MARKETS:
Japan, Indonesia and China.

• **MANDOM ATTRIBUTED** sales declines to an intensified competitive environment in Indonesia and other areas and decreased sales from its domestic women's business.

• **STRONG SALES OF** Bifesta in Japan and overseas, international revenues for Gatsby styling products, except in Indonesia, and summer limited-editions from Gatsby in Japan were the main growth drivers.

• **IN NOVEMBER 2018,** Mandom announced it would acquire Malaysian firm ACG International, manufacturer of the Silkygirl makeup brand, enhancing its presence in Southeast Asia. The brand is popular with young consumers in Malaysia and the rest of the region.

44

KIKO SPA

BERGAMO, ITALY

2018 BEAUTY SALES:
$703.8 MILLION (EST.)
€596 MILLION (EST.)
-2.5% VS. 2017 (EST.)

MAIN BRANDS:
Kiko Milano

KEY FINANCIALS:
BIGGEST MARKETS:
Italy, France and Spain (70% of total sales)

DOMESTIC SALES:
35% of total sales

• **PRIVATE EQUITY FUND** Peninsula bought a 33% stake in Kiko for €80 million, an investment intended to support a new three-year strategic plan under chief executive officer Cristina Scocchia, who joined the brand in 2017.

• **THE TURNAROUND PLAN** involves focusing on high-potential markets like Asia and the Middle East as well as e-commerce to improve profitability. The brand entered Chinese e-commerce via Tmall Global and signed agreements with online players Nykaa and Myntra for India and Amazon for the U.S. and U.K.

• **SALES SUFFERED FROM** the general slowdown in retail in mature markets, and Kiko closed 137 stores during the year, around 13% of its network.

45

GUTHY-RENKER VENTURES

EL SEGUNDO, CALIF.

2018 BEAUTY SALES:
$700 MILLION (EST.)
FLAT VS. 2017 (EST.)

MAIN BRANDS:
Crepe Erase, Meaningful Beauty, Specific Beauty, Perricone MD, Volaire, Dr. Denese, Dermaflash, IT Cosmetics (repeat sales to existing customers).

KEY FINANCIALS:
Sales come primarily from North America.

• **IN MARCH,** Guthy-Renker took a minority investment in Mally Beauty, with the intention of developing a marketing campaign for the brand to expand its television and e-commerce sales.

• **NON-DIRECT-TO-CONSUMER** sales are growing for the firm. Its sales on Amazon and in retail and home shopping channels doubled in 2018. In spring, Crepe Erase launched in all Ulta doors and on ulta.com.

• **THE COMPANY IS** increasingly directing marketing investment to social channels. In the fourth quarter of 2018, paid social represented 35% of total advertising spend, with Meaningful Beauty and Crepe Erase in particular showing success in the channel.

46

DABUR INDIA LTD.

GHAZIABAD, INDIA

2018 BEAUTY SALES:
$691.2 MILLION (EST.)
47.2 BILLION RUPEES (EST.)
+15.1% VS. 2017 (EST.)

MAIN BRANDS:
Dabur Amla, ORS, Long & Lasting (hair care). Fem, Gulabari, OxyLife, New Era (skin care). Vatika, DermoViva (hair and skin care). Hobby (skin, hair and bath care; shave preparations).

KEY FINANCIALS:
GROWTH BY PRODUCT CATEGORY:
SHAMPOO **+30%**
SKIN CARE **+20%**
HAIR OIL **+10%**

INTERNATIONAL SALES:
25% of total group revenues

BIGGEST INTERNATIONAL MARKETS:
GCC, Egypt and Nepal

• **STRONG DOMESTIC** demand and the growth in its distribution network in India into modern trade and e-commerce were major sales drivers for Dabur in 2018.

• **DESPITE CURRENCY** headwinds and geopolitical uncertainty in certain key markets, Dabur's international business grew strongly in local currencies, according to the company.

• **DABUR ACQUIRED** two South African companies, D&A Cosmetics Proprietary Ltd. and Atlanta Body & Health Products Proprietary Ltd., bringing hair-care brand Long & Lasting into its portfolio.

• **DABUR NAMED** Mohit Malhotra as ceo of its India business, effective April 2019.

47

L CATTERTON

GREENWICH, CONN.

2018 BEAUTY SALES:
$686 MILLION (EST.)
+47% VS. 2017 (EST.)

MAIN BRANDS:
StriVectin, Nia24, Nia, Elemis, La Therapie, Bliss, Laboratoire Remede, Jou (skin care). Cover FX (makeup).

KEY FINANCIALS: N/A

• **L CATTERTON'S** strong growth in 2018 was reportedly bolstered by the strength of the skin-care category thanks to brands including Elemis, which did about $140 million in net sales for 2018. StriVectin also significantly improved its numbers, according to estimates, after pulling out of department stores and refocusing on specialty retail and Costco.

• **BLISS WAS** repositioned as a mass-market brand and launched at Target and Ulta Beauty.

• **2018 WAS A BUSY** deal exploration year for L Catterton—the company explored the sale of Cover FX, which ultimately did not happen, and inked a deal in January 2019 to sell Elemis to L'Occitane for $900 million. StriVectin is also said to be up for grabs.

48

INTER PARFUMS INC.

NEW YORK

2018 BEAUTY SALES:
$675.6 MILLION
+14.3% VS. 2017

MAIN BRANDS:
Abercrombie & Fitch, Agent Provocateur, Anna Sui, Bebe, Boucheron, Coach, Dunhill, Graff, Guess, Hollister, Jimmy Choo, Karl Lagerfeld, Lanvin, Montblanc, Oscar de la Renta, Paul Smith, Repetto, Rochas, S.T. Dupont, Van Cleef & Arpels.

KEY FINANCIALS:
CONSTANT-CURRENCY SALES GROWTH: **+12.8%**

Lauder photograph by Kristin Callahan/Ace/REX/Shutterstock

OCTOBER

4 — Lila Moss, the daughter of Kate Moss, makes her modeling debut as the face of Marc Jacobs Beauty.

Walgreens Boots Alliance takes a minority stake in beauty subscription service Birchbox. The two team up to launch 11 Birchbox shop-in-shops at the drug store chain, starting in December.

8 — Coty Inc. ramps up its men's grooming offerings with two new brand launches: Seb Man and System Man.

15 — Five years after introducing its direct-to-consumer men's shaving brand, Harry's launches Flamingo, which offers the same concept for women.

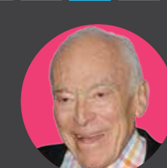
18 — Luxury Brand Partners and Los Angeles-based Nine Zero One Salon team up to launch hair-care brand In Common.

20 — Sephora celebrates its 20th anniversary with its first beauty festival, Sephoria, in Los Angeles.

23 — Johnson & Johnson buys Japanese company Ci:z for $2.1 billion.

29 — Laboratoires Expanscience, a French pharmaceutical business, acquires New York-based Babo Botanicals.

31 — Leonard Lauder receives WWD's John B. Fairchild Award.



NET INCOME:
$53.8 MILLION, +29.3%

SALES BY BRAND:
MONTBLANC:
$128.4 MILLION, +1.4%

JIMMY CHOO:
$117.6 MILLION, +8.4%

COACH:
$99.7 MILLION, +73%

LANVIN:
$69.6 MILLION, +7%

SALES GROWTH BY KEY REGION:
NORTH AMERICA: **+19%**

WESTERN EUROPE: **+9%**

ASIA: **+24%**

• **INTERPARFUMS SALES** for the year were driven by expansion of its major brands, including Coach, which did almost $100 million in sales for 2018 with just five fragrances.

• **THE COMPANY** acquired the Guess fragrance license from Coty Inc. and is estimating that in the next several years that franchise could grow to $100 million in sales. It already contributed to sales gains in 2018. The firm also bought the Graff license.

• **SALES FROM** Jimmy Choo were driven by flanker Jimmy Choo Fever.

49

NAOS
AIX-EN-PROVENCE, FRANCE

2018 BEAUTY SALES:
$671.7 MILLION (EST.)
€568.8 MILLION (EST.)
+14% VS. 2017 (EST.)

MAIN BRANDS:
Laboratoire Bioderma: ABC Derm, Atoderm, Cicabio, Crealine/Sensibio, Hydrabio, Matricium, Sebium, Secure, White Objective (skin care), Node (hair care), Photoderm (sun care). Institut Esthederm: Age Prevention, Age Correction, Body Care, Cabine Exclusive, Cellular Water Range, Cleansing Osmoclean, Intensive Molecular Care, Sun Care, White (skin care). Etat Pur: Actifs Pur, Cosmétiques Biomimétiques (skin, sun and body care).

KEY FINANCIALS:
LABORATOIRE BIODERMA:
€522.6 MILLION, +14.5% (EST.)

INSTITUT ESTHEDERM:
€45.5 MILLION, +9.3% (EST.)

KEY MARKETS:
France, China and South Korea accounted for an estimated 44% of global sales in 2018. 72.3% **of sales from international markets.**

• **STRONG SALES OF** star product Créaline/Sensibio H2O as well as the Atoderm and Sebium lines from Bioderma and Esthederm's sun-care products were the major revenue drivers for Naos in 2018.

• **THE COMPANY OPENED** subsidiaries in Serbia, Greece, Russia and South Africa, all markets it considers to offer high potential for its products.

50

FANCL CORP.
YOKOHAMA, JAPAN

2018 BEAUTY SALES:
$641.1 MILLION (EST.)
¥70.77 BILLION (EST.)
+10.4% VS. 2017 (EST.)

MAIN BRANDS:
Fancl Cosmetics, Attenir Cosmetics (skin care, makeup). Boscia (skin care).

KEY FINANCIALS
(9 MONTHS TO DEC. 31):

COSMETICS SALES:
¥54.11 BILLION, +9.6%

FANCL COSMETICS SALES:
¥42.71 BILLION, +12.6%

ATTENIR COSMETICS SALES:
¥8.81 BILLION, +3.8%

BOSCIA SALES:
¥2.05 BILLION, -11.5%

DOMESTIC ONLINE AND CATALOGUE SALES:
¥20.85 BILLION, +0.1%

DOMESTIC RETAIL STORE SALES:
¥21.57 BILLION, +22.7%

DOMESTIC WHOLESALE AND OTHERS:
¥5.85 BILLION, 13.2%

OVERSEAS SALES:
¥5.84 BILLION, +0.5%

COSMETICS DIVISION OPERATING PROFIT:
¥8.89 BILLION, +19.3%

• **FANCL'S STRONG** performance was driven by its core brand's basic skin-care lines, which relaunched in September, historic bestseller Mild Cleansing Oil and Beauty Bouquet, aimed at older consumers. Upgraded Fancl retail stores in Japan were another sales driver.

• **CHINA CONTINUES TO** be a hotspot, part of a long-term plan to have overseas markets account for 25% of sales by 2031. On Oct. 30, Fancl launched its cross border Tmall store, with future plans to roll out to other Chinese platforms including JD Worldwide, Kaola.com, Red and WeChat Mall.

• **BOSCIA'S SALES DECLINE** was the result of lower sales to Sephora in North America, according to the company, which is working to turn the brand around and has launched in 1,000 new outlets including Ulta and Nordstrom doors, as well as opening a store on Amazon's premium beauty platform. The brand has also launched at Sephora in Europe and the Middle East and at Boots in the U.K.

51

JALA GROUP CO.
SHANGHAI

2018 BEAUTY SALES:
$635.6 BILLION (EST.)
CNY 4.2 BILLION (EST.)
+21% VS. 2017 (EST.)

MAIN BRANDS:
Chando, Maysu (skin care, makeup). Botanical Wisdom, Insea, Spring Summer (skin care).

KEY FINANCIALS: N/A

• **DESPITE AN OVERALL** slowdown in the Chinese economy, privately owned Jala Group continued to register strong sales gains in 2018 thanks to marketing initiatives targeting younger consumers through social media and entertainment platforms and strong e-commerce growth.

• **THE COMPANY CLAIMS** to be the best-selling Chinese beauty firm in e-commerce, with Chando ranking leader across platforms on Single's Day in November with sales of CNY 533 million.

• **IN MAY,** Chando launched two new lines, Chando for Men and Chando Colour. The company also introduced a new brand, Spring Summer, in September.

52

YANBAL INTERNATIONAL
LIMA, PERU

2018 BEAUTY SALES:
$634 MILLION (EST.)
+2.6% VS. 2017 (EST.)

MAIN BRANDS:
Yanbal, Unique (makeup, skin, body, sun and hair care, fragrance).

KEY FINANCIALS:
TOTAL RETAIL SALES, INCLUDING JEWELRY:
$994 MILLION, +2.4% (EST.)

BEAUTY RETAIL SALES:
$845 MILLION, +2.6% (EST.)

• **DIRECT SELLER YANBAL** leveraged growth principally in the fragrance and body-care categories in 2018, partly thanks to launches including Ccori Rosé, Compact Total Block SPF100 sun care and the Bio Milk and Body Spa body-care lines.

• **YANBAL MADE SEVERAL** executive leadership changes in 2018, including the nomination of Guadalupe Duran as general manager for Ecuador, Gustavo Marcellini as general manager for Spain and Ricardo Vasi as general manager for the U.S.

53

NEORA (FKA NERIUM)
ADDISON, TEX.

2018 BEAUTY SALES:
$625 MILLION (EST.)
FLAT VS. 2017 (EST.)

MAIN BRANDS:
Age IQ, Double-Cleansing Botanical Face Wash, Age-Defying Eye Serum, Eye-V Moisture Boost Hydrogel Patches, Illumaboost Brightening & Shield, Firming Body Contour Cream, Prolistic Skin-Balancing Lotion with Probiotic Technology (skin and body care).

KEY FINANCIALS: N/A

• **DIRECT SELLER NERIUM** ended its run of double-digit growth in 2018.

• **NERIUM, WHICH CHANGED** its name to Neora in early 2019, worked to develop the 13 markets the company is currently in for 2018 by hiring key executives. These include Bo Short as president, Brad Wayment as president of global markets, and Mark Nicholls as chief financial officer.

• **THE COMPANY'S EXPANSION** into wellness with Holistic Collagen Support System, which included face masks and a wellness beverage, did well, selling about $1.5 million in product in 72 hours.

53

NEW AVON LLC
NEW YORK

2018 BEAUTY SALES:
$625 MILLION (EST.)
-13.8% VS. 2017 (EST.)

MAIN BRANDS:
Avon, Anew (skin care), True Color (cosmetics), Avon Clearskin (acne care), Skin So Soft (body care), Espira

Jenner photograph by Evan Agostini/Invision/AP/REX/Shutterstock

NOVEMBER

5 Marc Rey is appointed to a newly established role at Shiseido: chief growth officer. Rey previously served as president and ceo of Shiseido Americas.

8 Frédéric Fekkai buys back his namesake hair-care brand.

Ulta Beauty makes its first acquisitions in the digital space, investing in Iterate and Spruce and acquiring QM Scientific and GlamST.

12 Camillo Pane resigns as ceo of Coty Inc. He is replaced by Pierre Laubies.

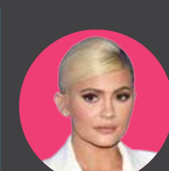
13 New York-based facial chain Heyday closes its Series A round with $8 million.

Seventeen Magazine cuts print frequency to only include "special issues."

15 L'Oréal sues Drunk Elephant for patent infringement, stating the indie line's C-Firma Day Serum violates one of its patents.

16 Cathexis purchases $20 million minority stake in hair extension brand Bellami.

17 Kylie Jenner launches her lip products at Ulta Beauty and on the retailer's web site; eight days later, sister Kim Kardashian West follows suit with her fragrance line.



19 NPD Group names Lori Monaco as president of U.S. beauty.

26 Prose, a customizable hair-care brand, raises $18 million in Series B funding.

27 Condé Nast consolidates U.S. and international operations as ceo Bob Sauerberg is pushed out from his position.

Amid a sale effort, Millennial news site Mic shuts down and lays off most of its staff.

29 Unilever names Alan Jope ceo, effective Jan. 1, 2019, replacing Paul Polman.

(health and wellness), Avon Senses (body care), Moisture Therapy (body care), Avon NutraEffects (skin care), Foot Works (foot care), Advance Techniques (hair care), Mark. by Avon (makeup, hair care, fragrance), Avon Kids (body care).

KEY FINANCIALS: N/A

• **NEW AVON, WHICH** contains the U.S., Canada and Puerto Rico Avon businesses, saw continued declines in 2018 under the ownership of Cerberus Capital Management.

• **THE COMPANY APPOINTED** two new executives: Laurie Ann Goldman, the former chief executive of Spanx, joined as ceo, and Lori Bush, former president and ceo of Rodan + Fields, joined as chairwoman, succeeding Jack Stahl.

• **KEY LAUNCHES** included Avon True Color Lip Glow Gloss, Love at 1st Lash Mascara and Anew Clinical Unlimited Lashes Lash & Brow Activating Serum. In skin, the business introduced Hydra Fusion line, and new Anew masks.

55

MARKWINS BEAUTY BRANDS

CITY OF INDUSTRY, CALIF.

2018 BEAUTY SALES:
$618 MILLION (EST.)
+6% VS. 2017 (EST.)

MAIN BRANDS:
Bonne Bell, Lip Smacker, Wet 'n' Wild, Physicians Formula, Lorac, Black Radiance, The Color Institute, The Color Workshop, Pop.

KEY FINANCIALS:
Combined sales of Physicians Formula and Wet 'n' Wild in China were +163% vs. 2017.

• **SEVERAL OF THE** company's key brands experienced distribution growth both domestically and internationally. In the U.S., Wet 'n' Wild increased distribution 10.5% in Target and Ulta Beauty doors. Lip Smackers grew its presence with existing retailers by 22% and Black Radiance by 9.8%. The company's points of distribution in Latin America were up 104%.

• **E-COMMERCE AND** direct-to-consumer were also growth areas: Physicians Formula sales were up 29% on Amazon and leapt 548% on the brand's direct-to-consumer web site.

• **IN JUNE 2018,** Markwins acquired Lorac, signifying its entry into the prestige beauty market. Terms of the deal were not disclosed. At the time, industry sources viewed the acquisition of the "distressed brand" as a "turnaround project."

• **IN JANUARY,** Stefano Curti was named global brand president of Markwins.

56

EDGEWELL PERSONAL CARE

CHESTERFIELD, MO.

2018 BEAUTY SALES:
$594 MILLION (EST.)
+0.1% VS. 2017 (EST.)

MAIN BRANDS:
Banana Boat, Hawaiian Tropic, Bulldog, Jack Black (sun and skin care), Skintimate, Edge, Schick (shave preparations).

KEY FINANCIALS:
(FY ENDED SEPT. 30):
TOTAL COMPANY SALES:
$2.23 BILLION, -2.8%

SUN CARE:
$342 MILLION, -3.1%

SHAVE PREP:
$144.7 MILLION, -5.6%

SKIN CARE:
$107.7 MILLION, +23.4%

• **SKIN CARE WAS THE** bright spot in Edgewell's portfolio in 2018. Bulldog, the men's brand acquired in 2016, has doubled its sales since the acquisition and is now present in 25 markets.

• **ITS SKIN-CARE BUSINESS** was also boosted by the acquisition of premium men's brand Jack Black in March. Edgewell plans to drive growth by expanding its presence both in the U.S. and abroad.

• **IN SUN CARE,** Banana Boat performed well, partially driven by the new Banana Boat Simply Protect line; Hawaiian Tropic posted a sales decline.

• **WITH INCREASING** competition in the shave-prep category from direct-to-consumer brands such as Harry's and Dollar Shave Club, Edgewell's shave prep business continued to decline.

57

RB

BERKSHIRE, U.K.

2018 BEAUTY SALES:
$553.9 MILLION (EST.)
£415 MILLION (EST.)
-15% VS. 2017 (EST.)

MAIN BRANDS:
E45, Clearasil (skin care). Veet (depilatories).

KEY FINANCIALS:
TOTAL REVENUES:
£12.6 BILLION, +10%
(+3% like-for-like)

HEALTH DIVISION REVENUES:
£7.76 BILLION, +3% pro-forma

"OTHER" REVENUES WITHIN HEALTH DIVISION, WHICH INCLUDE THE COMPANY'S BEAUTY BRANDS:
£2.91 BILLION, +1% pro-forma

• **ACCORDING TO INDUSTRY** estimates, RB's beauty brands saw significant sales declines in 2018, although the company claims Veet remains number one in depilatories worldwide, while Clearasil is number three in acne care.

• **THE COMPANY** restructured into two divisions—RB Health, in which its beauty brands are housed, and RB Hygiene Home—effective at the beginning of 2018.

• **IN JANUARY 2019,** ceo Rakesh Kapoor announced plans to step down, with his successor expected to be named later this year.

58

COSNOVA

SULZBACH, GERMANY

2018 BEAUTY SALES:
$513.7 MILLION (EST.)
€435 MILLION (EST.)
+2.4% VS. 2017 (EST.)

MAIN BRANDS:
Essence (makeup; skin, nail and foot care; fragrance). Catrice, L.O.V, The Sign Tribe (makeup).

KEY FINANCIALS:
DOMESTIC SALES:
40% OF BUSINESS

• **THE BUDGET-FRIENDLY** beauty firm maintained its market leadership in Germany for the third year running, growing its volume market share to 36%.

• **INTERNATIONAL EXPANSION** continued, with the opening of a subsidiary in Brazil and the signing of a relationship with Tmall for cross-border e-commerce to introduce core brand Essence in China.

• **MASSTIGE BRAND L.O.V,** introduced in 2016, failed to gain traction in a complex retail market, although it exceeded expectations in e-commerce. Going forward, it will focus on an online-only strategy.

• **COSNOVA EXPANDED ITS** executive board, naming Dirk Lauber chief digital officer, a newly created position, in September 2018.

• **THE COMPANY** created a new brand, The Sign Tribe, which is sold at Ulta and on Ulta.com in the U.S. and online at Zalando.

59

PDC BRANDS

STAMFORD, CONN.

2018 BEAUTY SALES:
$502.4 MILLION (EST.)
+11.6% VS. 2017 (EST.)

MAIN BRANDS:
Dr. Teal's, Bodycology, Me Bath! (bath and body), Cantu, Eylure (makeup), Body Fantasies, BOD Man (fragrance).

KEY FINANCIALS:
INTERNATIONAL SALES:
23% OF REVENUES.

• **PDC BRANDS** registered solid sales gains for its beauty activity in 2018, with its brands holding leading positions in several categories.

• **ACCORDING TO NIELSEN** data for the year, Dr Teal's was the number-one adult bath-care brand in the U.S., while Cantu was number two for textured hair. Body Fantasies was number one in mass-market women's fragrance and BOD Man was the leader in the men's mass category.

• **BACKED BY CVC** Capital Partners since 2017, rumors circulated during the year that PDC is preparing an IPO for 2019.

60

DHC CORP

TOKYO

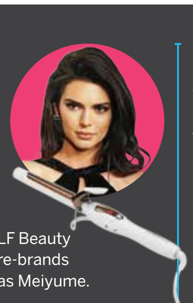
2018 BEAUTY SALES:
$480.5 MILLION (EST.)
¥53.04 BILLION (EST.)
+2% VS. 2017 (EST.)

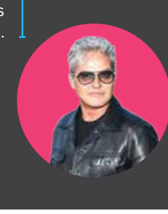
MAIN BRANDS:
DHC (skin care, makeup, hair care, men's, body and baby care, fragrance). Olive Sube Sube, Medicated Q, Germanium, Super Collagen, PQQ Up, Olive All-Purpose, Sunshine Vitamin, Platinum Silver, VC, By the Sea, Camu-Camu White (skin care). Q10 Revitalizing Hair Care (hair care), Q10 Luminist Base Makeup (makeup), F1 Series.

KEY FINANCIALS
(FY ENDED JULY 31, 2018):
BEAUTY SALES:
¥51.81 BILLION, +1.8%

DOMESTIC SALES:
¥46.15 BILLION,
89.1% of revenues

Jenner photograph by Matt Baron/REX/Shutterstock; Canales by Neil Rasmus/BFA/REX/Shutterstock





DECEMBER

3 — LF Beauty re-brands as Meiyume.

3 — L'Oréal launches a venture capital fund, called BOLD, which will take minority stakes in start-ups with high growth potential.

5 — Henry Davis leaves his position as chief financial officer at Glossier.

7 — Kendall Jenner inks a beauty campaign with Runway Series, a hair tool line.

7 — Joe Mimran, founder of Club Monaco, Joe Fresh and Alfred Sung, invests in Lunata Hair.

10 — Premiere Group acquires the Derek Lam beauty license with plans to expand the brand's 10 Crosby fragrance business internationally. Industry sources estimate the brand does $2 million in sales.

12 — Procter & Gamble acquire Walker & Co., which owns Bevel, a men's shaving brand, and Form, a women's hair-care brand for coily hair.

12 — Glamsquad launches its first line of hair-care products, including eight sku's created from data collected from service users and the brand's beauty professionals.

13 — Deciem re-enters Sephora after ousting ceo and founder, Brandon Truaxe, earlier in the year.

13 — Bloomingdale's reveals revamped cosmetics floor at its New York flagship, which includes 75 new brands and spans roughly 36,000 square feet.

16 — Celebrity hair stylist Oribe Canales dies at age 62.

17 — Clean beauty brand Ilia Beauty receives investment from Silas Capital. Industry sources state the brand is expected to reach $20 million in sales in 2019.

19 — Irina Shayk is named as Marc Jacobs Beauty's latest face.

19 — Glansaol, the owner of Laura Geller, Julep and Clark's Botanicals, files for bankruptcy.

31 — After launching six shop-in-shops with Walgreens, Birchbox closes its SoHo flagship.

BY THE NUMBERS

THE MOST AND LEAST SHAREHOLDER EQUITY IN 2018

HERE, THE 10 COMPANIES with the most and least shareholder equity (a company's assets, minus its liabilities) at the close of the year.

COMPANY AND 2018 REVENUE — 10 COMPANIES WITH THE MOST SHAREHOLDER EQUITY AT YEAR-END 2018 — 10 COMPANIES WITH THE LEAST SHAREHOLDER EQUITY AT YEAR-END 2018

JOHNSON & JOHNSON
$59.75 BILLION $81.58 BILLION

BAYER
$54.30 BILLION $46.75 BILLION
€45.98 BILLION €39.59 BILLION

PROCTER & GAMBLE
$52.88 BILLION*** $66.8 BILLION

LVMH MOËT HENNESSY LOUIS VUITTON
$40.10 BILLION $55.30 BILLION
€33.96 BILLION €46.83 BILLION

L'OREAL
$31.81 BILLION $31.81 BILLION
€26.93 BILLION €31.80 BILLION

WALGREENS BOOTS ALLIANCE
$26.69 BILLION* $131.54 BILLION*

RB
$19.74 BILLION $16.81 BILLION
£14.79 BILLION £12.60 BILLION

COMPAGNIE FINANCIÈRE RICHEMONT
$17.29 BILLION $12.96 BILLION
€14.64 BILLION** €10.98 BILLION**

UNILEVER
$14.52 BILLION $60.20 BILLION
€12.29 BILLION €50.98 BILLION

COTY INC.
$8.85 BILLION*** $9.40 BILLION***

* FY Ended Aug. 31, 2018 **FY ended Mar. 31, 2018 ***FY ended June 30, 2018

L BRANDS
($1.31 BILLION)* $13.24 BILLION~

AVON PRODUCTS INC.
($904.5 MILLION) $5.57 BILLION

TUPPERWARE BRANDS CORP.
($235.2 MILLION) $2.07 BILLION

HENKEL
$68.5 MILLION $23.50 BILLION
€58 MILLION €19.90 BILLION

ORIFLAME
$159.3 MILLION $1.56 BILLION
€134.9 MILLION €1.32 BILLION

COLGATE-PALMOLIVE
$197 MILLION $15.54 BILLION

E.L.F. BEAUTY
$229.3 MILLION $267.4 MILLION

EMAMI
$288.6 MILLION $413.4 MILLION
19.71 BILLION RUPEES 28.23 BILLION RUPEES**

MARICO
$374.9 MILLION $939.9 MILLION
25.6 BILLION RUPEES 64.18 BILLION RUPEES**

NOEVIR HOLDINGS
$469.6 MILLION $523.9 MILLION
¥51.84 BILLION*** ¥57.83 BILLION***

~FY Ended Feb. 2, 2019 *As of Nov. 3, 2018 **FY Ended March 31, 2018 *** FY Ended Sept. 30, 2018

INTERNATIONAL SALES:
¥5.66 BILLION, 10.9% of revenues

MAIN MARKETS:
Japan, the rest of Asia and the U.S.

• **DHC CONTINUED** to expand its international footprint in 2018 as demand for Japanese products grew, expanding beyond its core catalog business to brick-and-mortar retail and e-commerce.

• **ACCORDING TO** industry sources, DHC saw triple-digit sales gains in the U.K. in 2018 and double-digit increases in France. The brand reportedly performs well on Amazon in the U.S. and last year launched in Forever 21's Riley Rose doors. It entered Ulta Beauty in March 2019.

• **MAJOR PRODUCT LAUNCHES** included DHC Olive Virgin Oil Crystal Skin Essence, DHC Queen of Serum, DHC The Line Shot and Mild Foaming Face Wash.

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RITUALS COSMETICS ENTERPRISE B.V.

AMSTERDAM

2018 BEAUTY SALES:
$506.6 MILLION (EST.)
€429 MILLION (EST.)
+10% VS. 2017 (EST.)

MAIN BRANDS:
Rituals (fragrance, home fragrance, skin, body and hair care, makeup).

KEY FINANCIALS:
N/A

• **RITUALS CONTINUED TO** grow its sales in 2018, albeit at a slower pace, according to estimates.

• **THE FIRM ONCE** again expanded its store footprint in markets including France, Ireland and the U.S., where its first stores on the West Coast opened during the year. Travel retail was another area of focus, with several new stores opening. In total, an estimated 100 new Rituals boutiques opened worldwide in 2018.

• **KEY LAUNCHES** included a full new facial skin-care offer, The Ritual of Namasté. The line is suitable for vegans and developed with responsibly sourced natural and naturally derived ingredients, with certain products offering refillable packaging.

62

HAVE & BE CO.

SEOUL

2018 BEAUTY SALES:
$445.4 MILLION (EST.)
KRW 490 BILLION (EST.)
+28.2% VS. 2017 (EST.)

MAIN BRANDS:
Dr. Jart+ (skin care). DTRT (men's grooming).

KEY FINANCIALS:
INTERNATIONAL SALES GROWTH: **62.6%**

• **HAVE & BE CO.** continued to expand the international presence of core brand Dr. Jart+ in 2018, notably in Europe and global travel retail, a growing channel.

• **THE COMPANY WORKED** on enhancing its digital marketing initiatives targeting Chinese consumers.

• **THE V7 PRODUCT** line got a revamp, while Cicapair and Ceramidin products continued to perform well in international markets.

63

NIPPON MENARD COSMETIC CO. LTD.

NAGOYA, JAPAN

2018 BEAUTY SALES:
$444.8 MILLION (EST.)
¥49.1 BILLION (EST.)
-1% VS. 2017 (EST.)

MAIN BRANDS:
Authent (skin care, fragrance, body care). Embellir, Tsukika, Fairlucent (skin care, makeup). Illuneige, Lisciare, Colax, Herb Mask (skin care). Beauness (skin and body care). Jupier, TK (makeup). Crowa (hair care). Divum (skin care, makeup, in China). Reliever (skin care, in China).

KEY FINANCIALS:
TOTAL SALES (FISCAL YEAR ENDED MARCH 31, 2018):
¥51.38 BILLION

• **NIPPON MENARD** introduced a new makeup brand, TK, for Touch of Kindness, starting with a range of one-handed lipsticks and expanding into foundation and makeup base products in early 2019.

• **BEAUNESS WAS** revamped, adding sheet masks and Spa Shower lotion, a spray format for on-the-go use, to its lineup.

64

HOYU CO. LTD.

NAGOYA, JAPAN

2018 BEAUTY SALES:
$441.8 MILLION (EST.)
¥48.77 BILLION (EST.)
-0.6% VS. 2017 (EST.)

MAIN BRANDS:
Bigen, Cielo, Beautylabo, Beauteen, Naturain, Promaster, Men's Bigen, Rexy, Samy (hair color and care).

KEY FINANCIALS (FISCAL YEAR ENDED OCT. 31, 2018):
NET SALES:
¥49.4 BILLION, -0.6%

RECURRING PROFIT:
¥3.7 BILLION, -33.9%

• **HOYU, JAPAN'S HAIR** color market leader, was negatively impacted by a weak domestic market in 2018, and saw its overall sales decline slightly, according to estimates.

• **IN JAPAN,** the company launched the Hoyu Professional app for hairdressers to offer them instant access to trend and product information.

• **KEY LAUNCHES** for the year included Beauteen Color Keeper, intended to preserve bright hair color for longer.

65

ALCORA CORP.

MIAMI

2018 BEAUTY SALES:
$434.6 MILLION (EST.)
+ 37.6% VS. 2017 (EST.)

MAIN BRANDS:
Monat, Hairgurt (hair care), L'Eudine (hair and body care, fragrance), Pardon My Pretty (body care).

KEY FINANCIALS: N/A

• **ALCORA'S GROWTH** was driven in part by its expansion into Europe, which took place in spring 2018.

• **MONAT REMAINS** the company's largest brand. The hair business posted continued growth in 2018, with sales driven primarily by its direct-sales network of consultants.

• **THE BRAND BUILT** its hydration product line with the launch of Advanced Hydrating Serum, a leave-in treatment for hair.

66

PZ CUSSONS
MANCHESTER, U.K.

2018 BEAUTY SALES:
$420.2 MILLION (EST.)
£314.8 MILLION (EST.)
+2.7% VS. 2017 (EST.)

MAIN BRANDS:
St. Tropez (skin and body care), Charles Worthington, Fudge, Fudge Professional, Fudge Urban, Stella (hair care). Original Source, Imperial Leather (bath and body care). The Sanctuary Spa, Luksja (bath, body and skin care), Venus (hair and skin care, toiletries). Joy (skin care).

KEY FINANCIALS:
TOTAL COMPANY REVENUES (SIX MONTHS ENDED NOV. 30):
335.1 MILLION POUNDS, -10.4% (2017 results were restated due to a change in accounting policy).

INTERNATIONAL SALES:
57% of business.

LARGEST MARKETS:
The U.K., Nigeria, Poland.

• **PZ CUSSONS FOCUSED** on fewer, bigger, higher margin product launches in 2018 and said it succeeded in maintaining or growing market share for its brands in most major markets despite tough macro-economic conditions.

• **FUDGE'S SALES** increased 14%, especially driven by key markets like the U.K., EMEA and Australia, with the Clean Blonde Violet range growing particularly well.

• **ST. TROPEZ PERFORMED** well in the U.S., growing 13%.

67

NOEVIR HOLDINGS
TOKYO

2018 BEAUTY SALES:
$387.9 MILLION (EST.)
¥42.82 BILLION (EST.)
+7% VS. 2017 (EST.)

MAIN BRANDS:
Noevir Co.: Speciale, 505, 99Plus (skin care, makeup), Actrice (makeup). Tokiwa Pharmaceutical Co.: Nameraka Honpo (skin care), excel (makeup), Nov (skin care, makeup).

KEY FINANCIALS: (FISCAL YEAR ENDED SEPT. 30):
COSMETICS SALES:
¥42.62 BILLION, +8.7%

COSMETICS OPERATING INCOME:
¥12.16 BILLION, +10.5%

DOMESTIC BUSINESS:
MORE THAN 90% OF SALES

BIGGEST INTERNATIONAL MARKETS:
Taiwan and China.

• **A CONTINUED** moderate recovery in Japan's economy was the main sales driver for Noevir in 2018. Within the face-to-face selling channel, sales were solid thanks to new serums Noevir Enrich 55 and Noevir Aquature and prestige skin-care products.

• **WITHIN THE SELF-SERVICE** channel, new and existing skin care and makeup grew well, notably due to initiatives to expand domestic distribution for core brand Nameraka Honpo.

• **NAMERAKA HONPO ALSO** expanded its international distribution, focusing on China, Hong Kong, Taiwan and the rest of Asia.

• **NOEVIR SPECIALE** introduced its first makeup items, a range of lip, eye and cheek colors.

68

JAFRA COSMETICS INT'L
WESTLAKE VILLAGE, CALIF.

2018 BEAUTY SALES:
$386.4 MILLION (EST.)
€327.2 MILLION (EST.)
-10% VS. 2017 (EST.)

MAIN BRANDS:
Jafra (skin, body and hair care, makeup, fragrance).

KEY FINANCIALS: N/A

• **IN EARLY 2018,** the company said it anticipated a sizable decrease in revenues for 2018, mainly due to currency fluctuations. Mexico, the U.S. and Indonesia remain Jafra's largest markets.

• **JAFRA WORKED** on rolling out a uniform IT landscape to its international markets to enable new digital interfaces between the company, its consultants and consumers, dubbed the "ACE" project.

• **JAMES CHRISTL,** Jafra's chief financial officer, took on the role of acting ceo in December 2018.

69

ANASTASIA BEVERLY HILLS
BEVERLY HILLS

2018 BEAUTY SALES:
$375 MILLION (EST.)
+10% VS. 2017 (EST.)

MAIN BRANDS:
Anastasia Beverly Hills (makeup).

KEY FINANCIALS: N/A

• **IN JUNE,** Anastasia Beverly Hills took on a minority investment from TPG Capital. Terms of the deal were not disclosed, but industry sources said the cosmetics brand, which reportedly had 2017 sales of $340 million and EBITDA of $200 million, was being valued at as much as $3 billion.

• **THE BRAND EXPANDED** internationally via Sephora in Spain and Italy, with plans to also expand to Sephora in Russia.

• **ANASTASIA BEVERLY HILLS** continued its leadership position on social media, generating buzz with the July launch of its Norvina palette. In November, Anastasia topped Tribe Dynamics earned media value color cosmetics report for October 2018. The brand reportedly had $88.6 million in earned media value, a 15% year-over-year decrease.

• **THE BRAND'S SOFT GLAM** EyeShadow Palette was the top-selling prestige makeup launch in the U.S., according to NPD.

70

COMBE
WHITE PLAINS, N.Y.

2018 BEAUTY SALES:
$371 MILLION (EST.)
+6% VS. 2017 (EST.)

MAIN BRANDS:
Just for Men, Control GX (hair care and color). Aqua Velva, Williams Lectric Shave, Brylcreem (men's grooming, in North America). Vagisil (intimate skin care).

KEY FINANCIALS: N/A

• **COMBE'S VAGISIL** intimate health brand launched a new franchise, Scentsitive Scents for women with sensitive skin. Line extensions include the first-to-market intimate dry wash spray and bath bombs designed with pH balance in mind.

• **COMBE'S JUST FOR MEN** brand launched a new master brand campaign called "Be the Better Man," oriented around the trend in Millennial men caring more about personal grooming. Just for Men Control GX introduced new line extensions and won the Best Beard category at the 2018 GQ Grooming Awards.

BY THE NUMBERS

A Glimpse Into the Operating Income of Beauty Firms in 2018

TO MEASURE WHICH companies dominated the beauty business in 2018, we dug up the operating income they brought in from the sector. Here, how the brands stacked up.

COMPANY	BEAUTY SALES	BEAUTY OPERATING PROFIT (LOSS)	PROFIT AS % OF SALES
NOEVIR HOLDINGS	$ 386.1 MILLION ¥42.62 BILLION[1]	$110.2 MILLION ¥12.16 BILLION[1]	28.53%
UNILEVER	$24.35 BILLION €20.62 BILLION	$4.88 BILLION €4.13 BILLION	20.03%
LG HOUSEHOLD & HEALTH CARE	$3.55 BILLION KRW 3.91 TRILLION	$710.8 MILLION KRW 782 BILLION	20.02%
PROCTER & GAMBLE	$12.41 BILLION[2]	$2.32 BILLION[2]	18.69%
L'ORÉAL	$31.81 BILLION €26.94 BILLION	$5.81 BILLION €4.92 BILLION	18.3%
POLA ORBIS HOLDINGS	$2.09 BILLION ¥231.21 BILLION	$346.9 MILLION ¥38.29 BILLION	16.56%
KOSÉ CORP.	$2.75 BILLION ¥303.40 BILLION[3]	$438.5 MILLION ¥48.41 BILLION[3]	15.96%
BEIERSDORF	$6.96 BILLION €5.89 BILLION	$1.07 BILLION €903 MILLION	15.33%
THE ESTÉE LAUDER COS.	$13.68 BILLION[2]	$2.05 BILLION[2]	14.99%
HENKEL	$4.66 BILLION €3.95 BILLION	$695.5 MILLION €589 MILLION	14.91%
INTERPARFUMS INC.	$675.57 MILLION	$94.73 MILLION	14.02%
NATURA COSMÉTICOS	$3.69 BILLION R$13.40 BILLION	$508.6 MILLION R$1.85 BILLION	13.81%
FANCL	$598.3 MILLION ¥66.05 BILLION[3]	$76.6 MILLION ¥8.45 BILLION[3]	12.79%
KAO CORP	$5.63 BILLION ¥621 BILLION	$76.6 MILLION ¥8.45 BILLION	12.32%
ORIFLAME	$1.56 BILLION €1.32 BILLION	$176.3 MILLION €149.3 MILLION	11.3%
LVMH	$7.19 BILLION €6.09 BILLION	$798.3 MILLION €676 MILLION	11.10%
MANDOM CORP.	$737.3 MILLION ¥81.39 BILLION[3]	$76.6 MILLION ¥8.46 BILLION[3]	10.39%
SHISEIDO	$9.92 BILLION ¥1.09 TRILLION	$981.5 MILLION ¥108.35 BILLION	9.90%
E.L.F. BEAUTY	$267.4 MILLION	$26.2 MILLION	9.80%
AMOREPACIFIC GROUP	$5.7 BILLION KRW 6.27 TRILLION	$502.2 MILLION KRW 552.5 BILLION	8.7%
COTY INC.	$9.40 BILLION[2]	$161.2 MILLION[2]	1.71%
REVLON	$2.57 BILLION	$85.2 MILLION	N/A

SOURCE AND METHODOLOGY:
Figures presented were gathered using publicly available corporate financial statements and based on reported numbers. [1]FY Ended September 30, 2018. [2]FY Ended June 30, 2018. [3]FY ended March 31, 2018 [4] Personal care division, including oral care. [5] Consumer division, including bandages. [6] Beauty care division, including oral care.

• **THE COMPANY** entered the emergency contraception category under Vagisil with Preventeza, a challenger product to Plan B, with a marketing campaign designed to eliminate feelings of shame around emergency contraception.

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HERMÈS INTERNATIONAL

PARIS

2018 BEAUTY SALES:
$368.1 MILLION
€311.7 MILLION
+8.4% VS. 2017

MAIN BRANDS:
HERMÈS PARFUMS:
Terre d'Hermès, Eau des Merveilles, Collection Les Jardins, Twilly d'Hermès, Les Colognes Hermès, Eau d'orange verte, Jour d'Hermès, Collection Hermessence, Voyage d'Hermès, 24 Faubourg, Galop d'Hermès, Kelly Calèche, Calèche, Rouge Hermès, Hiris, Amazone, Bel Ami, Equipage, Rocabar, Eau d'Hermès (fragrance). Le Bain (toiletries), Le Parfum de la Maison (home fragrances).

KEY FINANCIALS:
CONSTANT-CURRENCY SALES GROWTH FOR FRAGRANCE:
+8.9%

TOTAL COMPANY SALES:
€5.97 BILLION, +7.5%

• **IT WAS ANOTHER** strong year for Hermès fragrances, boosted by the success of Twilly d'Hermès, geared to younger consumers, as well as the ongoing strength of Terre d'Hermès for men.

• **THE TERRE D'HERMÈS** franchise was boosted by the introduction of a new version, Terre d'Hermès Eau Intense Vetiver.

• **HERMÈS OPENED** several new stores and revamped select boutiques during the year, including in Mexico, China, the U.S., Australia, Monaco and Paris' Avenue Georges V. It also entered China's all-important e-commerce market.

• **IN JUNE,** the company's stock entered France's CAC-40 index of the 40 largest French companies with the most actively traded shares.

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WELEDA

ARLESHEIM, SWITZERLAND

2018 BEAUTY SALES:
$363.7 MILLION
€308 MILLION
+5.5% VS. 2017

MAIN BRANDS:
Weleda (skin and body care, men's care, hair care, mother and baby care, lip balms, personal care, sun care).

KEY FINANCIALS:
BIGGEST MARKETS:
Germany, France and Switzerland.

FASTEST-GROWING MARKETS:
Central and Eastern Europe, Western Europe and North America.

• **WELEDA CONDUCTED** its first global social media campaign in May and June 2018, featuring Australian blogger Lauren Doolan.

• **THE FIRM WAS** one of two beauty companies worldwide, alongside Brazil's Natura, to receive the new UEBT Sourcing With Respect certification from the Union for Ethical Biotrade.

• **WELEDA CITED** new launches, including the Edelweiss Sun Care range and its new Beauty Balms, as its biggest sales drivers for the year.

• **ALOIS MAYER JOINED** Weleda as chief operations officer.

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KYLIE COSMETICS

OXNARD, CALIF.

2018 BEAUTY SALES:
$360 MILLION (EST.)
+9% VS. 2017 (EST.)

MAIN BRANDS:
Kylie Cosmetics (makeup).

KEY FINANCIALS: N/A

• **KYLIE COSMETICS' GROWTH** continued in 2018 thanks, in part, to an exclusive partnership with Ulta Beauty. Kylie Jenner's brand entered all of Ulta's 1,000 doors in November.

• **THE ULTA LAUNCH** coincided with the introduction of Kylie Cosmetics' app. The app resembles the matching e-commerce site and allows customers to shop all of Kylie Cosmetics' makeup offerings.

• **KYLIE COSMETICS** continued to roll out pop-ups, including one in San Francisco, as well as collaborations, such as a buzzy palette co-created with momager Kris Jenner.

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BURT'S BEES

DURHAM, N.C.

2018 BEAUTY SALES:
$350 MILLION (EST.)
+5% VS. 2017 (EST.)

MAIN BRANDS:
Burt's Bees (skin, lip, hair, makeup, men's and baby care).

KEY FINANCIALS:
DOMESTIC RETAIL SALES:
$355M, + 6% (EST.)

• **KEY MOVES FOR** Clorox Co.-owned Burt's Bees in 2018 included the expanded distribution of its lip-care products and continued innovation in skin care and makeup.

• **THE COMPANY** invested heavily in its True Force of Nature campaign for its signature Beeswax lip balm, which became the number-one product in the overall lip category in the U.S. for the first time for the 13 weeks ended June 17, according to Clorox Co.'s annual report, which cited IRI data.

• **THE BRAND** ramped up its sustainability initiatives, working with supplier communities on fair trade initiatives and partnering with TerraCycle on a post-consumer recycling drive, for example.

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NUXE GROUPE

PARIS

2018 BEAUTY SALES:
$324.7 MILLION (EST.)
€275 MILLION (EST.)
+3.8% VS. 2017 (EST.)

MAIN BRANDS:
Nuxe, Bio-Beauté by Nuxe, Resultime (skin and body care, fragrance).

KEY FINANCIALS:
FRANCE:
Approx. 50% of sales (EST.)

NUXE:
+4% (EST.)

RESULTIME:
+24% (EST.)

EUROPEAN SUBSIDIARIES' SALES GROWTH:
+16% (EST.)

TRAVEL-RETAIL SALES GROWTH:
+22% (EST.)

• **NUXE ENTERED THE** Chinese domestic market in 2018 with the opening of a subsidiary. It is sold exclusively in Sephora there, and at yearend, ranked among the retailer's top exclusive brands in China.

• **TRAVEL RETAIL WAS** another growth driver, with 19 duty-free shops opening last year in partnership with Dufry.

• **CORE BRAND NUXE** continued to be boosted by star product Huile Prodigieuse, which was the number-one dry oil in pharmacies in France, Belgium, the Czech Republic, Greece, Italy, Poland, Slovakia and Spain. New facial care launches, Aquabella and Crème Prodigieuse Boost, helped recruit Millennial consumers.

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NEW

BEAUTYCOUNTER

SANTA MONICA, CALIF.

2018 BEAUTY SALES:
$320 MILLION (EST.)
+33% VS. 2017 (EST.)

MAIN BRANDS:
Beautycounter

KEY FINANCIALS: N/A

• **BEAUTYCOUNTER** dramatically increased its marketing presence in 2018, driving more buzz for its line of ingredient-conscious products. It was the most-searched beauty brand on Google.

• **THE BRAND OPENED** its first stand-alone retail location on New York's Prince Street in SoHo, which has become a burgeoning location for beauty brands because of foot traffic.

• **BEAUTYCOUNTER** expanded its product lineup to include an acne-specific line and the Overnight Resurfacing Peel, which has become a bestseller.

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MILBON CO. LTD.

TOKYO

2018 BEAUTY SALES:
$318.9 MILLION (EST.)
¥35.2 BILLION (EST.)
+11% VS. 2017 (EST.)

MAIN BRANDS:
Milbon, Aujua, Villa Lodola, Elujuda, Plarmia, Jemile Fran, Ordeve, Neo Liscio (hair care, color, styling and treatment).

KEY FINANCIALS:
DOMESTIC SALES:
¥29.87 BILLION, +9.9%

INTERNATIONAL SALES:
¥5.31 BILLION, +17.1%

TOP INTERNATIONAL MARKETS:
SOUTH KOREA
(SALES KRW 20.63 BILLION, +1.3% IN LOCAL CURRENCY)

CHINA
(SALES CNY 82 MILLION, +30.3% IN LOCAL CURRENCY)

• **DOMESTIC SALES** were boosted by the relaunched Aujua hair-care brand, whose revenues increased 29.5% to ¥6.73 billion.

• **SIGNATURE HAIR-CARE** brand Milbon continued to grow strongly, with sales up 44.2% year-on-year to ¥2.14 billion. The brand is now present in 12 countries, and launched in Turkey and Germany last year.

• **HAIR COLOR BRAND** Ordeve Addicthy, launched in 2017, was another sales driver, with revenues up 50.7 percent to ¥3.03 billion.

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CAUDALIE

PARIS

2018 BEAUTY SALES:
$314.1 MILLION (EST.)
€266 MILLION (EST.)
+10% VS. 2017 (EST.)

MAIN BRANDS:
Resveratrol[Lift], Vinoperfect, Premier Cru, Vinosource, Eau de Beauté, Premières Vendanges, Teint Divin, Polyphenol C15, Vinopure, Vin[Activ] (skin care). Divine Body (body care). Eaux Fraîches, Parfum Divin (fragrance).

KEY FINANCIALS:
INTERNATIONAL SALES:
+15%

FRENCH SALES:
Flat

BIGGEST MARKETS:
France, the U.S., Italy, China and Germany.

• **DESPITE FLAT SALES** in a sluggish market, Caudalie remained France's leading antiaging and anti-dark spot skin-care brand in pharmacies last year, according to IMS data.

• **GROWTH WAS DRIVEN** by international markets, with all regions contributing to gains.

• **CAUDALIE INAUGURATED** a new eco-designed research laboratory for natural cosmetics formulations near Orléans.

• **THE INTRODUCTION OF** the Vinopure line for adult acne was a major success for the brand, it claimed.

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ABLE C&C

SEOUL

2018 BEAUTY SALES:
$314.1 MILLION (EST.)
KRW 345.52 BILLION (EST.)
-7.4% VS. 2017 (EST.)

MAIN BRANDS:
Missha, A'Pieu, Swiss Pure, Mefactory (skin, bath and body care; makeup).

KEY FINANCIALS:
OPERATING LOSS:
KRW 18.96 BILLION, versus operating profit of 11.23 billion in 2017

NET LOSS:
KRW 11.7 BILLION (versus net income of 8.79 billion)

• **GROWING COMPETITION** from multibrand stores on the domestic market resulted in another year of sales declines for Able C&C, which continues to focus on international markets in order to grow its business looking ahead.

• **A'PIEU LAUNCHED** its first stores in Thailand and opened a new in flagship in Seoul's Gangnam neighborhood in 2018.

• **IN DECEMBER,** Able C&C acquired Mefactory, whose portfolio includes the popular 3 Steps Collagen Pig Nose Pack.

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MANZANITA CAPITAL

LONDON

2018 BEAUTY SALES:
$311 MILLION (EST.)
+24% VS. 2017 (EST.)

MAIN BRANDS:
Byredo, Diptyque (fragrance). Kevyn Aucoin, Lipstick Queen (makeup). Eve Lom (skin care). Malin + Goetz (skin, body and hair care, fragrance).

KEY FINANCIALS: N/A

• **THE CONTINUING** strength in demand for niche beauty products was the biggest sales driver for Manzanita Capital's portfolio in 2018.

• **THE FIRM OPENED** new boutiques for several of its brands: Diptyque opened stores across Asia, Malin + Goetz in San Francisco, Los Angeles and Hong Kong, while Byredo opened new flagships in London and Paris.

• **BYREDO AND OFF-WHITE'S** Virgil Abloh collaborated on a new product concept, Elevator Music, which increased the brand's exposure.

• **BRAD HOROWITZ WAS** named chief executive officer at Malin + Goetz, and will oversee business expansion and focus on digital operations.

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MEIYUME

HONG KONG

2018 BEAUTY SALES:
$308.2 MILLION (EST.)
+2.4% VS. 2017 (EST.)

MAIN BRANDS:
Collection Cosmetics (makeup). Finesse, Aqua Net, Harmony, Vosene, Bristows (hair care). Yardley of London (in Germany, Austria and the Americas), CD (bath and body). Lypsyl (lip care). Witch, Handsan (skin care). Triple Dry (deodorant). Wrights, Cidal, Simple (soap, in the U.K., Ireland and Channel Islands). Brisk (beard oil). The Beauty Mask Co. (facial sheet masks).

KEY FINANCIALS: N/A

• **IN APRIL 2018,** Li & Fung divested its beauty vertical to a consortium including private equity firm Hony Capital and Fung Group, Li & Fung's holding company, with the aim of accelerating the growth of the business, especially in China.

• **FOLLOWING THE** divestment, the beauty vertical—formerly known as LF Beauty, and including packaging, turnkey and retail solutions activities as well as its beauty brands—was re-branded as Meiyume; a combination of "Mei," Chinese for beauty, and "Yume," Japanese for dream.

82 NEW

PROYA COSMETICS CO. LTD

HANGZHOU, CHINA

2018 BEAUTY SALES:
$302.7 MILLION (EST.)
CNY 2 BILLION (EST.)
+28.6% VS. 2017 (EST.)

MAIN BRANDS:
Proya (skin care, makeup, men's skin care), Uzero, Anya (skin care, makeup), Yoya, Cats & Roses (makeup).

KEY FINANCIALS:
NET PROFIT:
CNY 251.7 MILLION, +49.9% (EST.)

• **IN ITS FIRST YEAR** as a publicly traded company—Proya listed on the Shanghai stock exchange in November 2017—the growth of online revenues was the main business driver for the 15-year-old Chinese cosmetics firm.

• **CORE BRAND PROYA** accounts for around 90% of revenues, and is available in around 13,000 points of sale.

• **IN SEPTEMBER,** the firm named Juncheng Hou as its new chairman.

• **PROYA INVESTED** heavily in TV marketing, launching the Deep Ocean Energy line with Shenzen TV in early 2018 and placing the products in numerous hit TV dramas starring brand ambassador Tang Yan. Actor Yifeng Li was appointed as a brand ambassador to target the Chinese Gen Z audience.

83 NEW

KRESK GROUP

PARIS

2018 BEAUTY SALES:
$291.7 MILLION (EST.)
€247 MILLION (EST.)
+39% VS. 2017 (EST.)

MAIN BRANDS:
Laboratoires Filorga Cosmétiques, Laboratoire SVR (skin care), Le Couvent des Minimes (skin and body care, fragrance), JF Lazartigue (hair care).

KEY FINANCIALS:
FRANCE:
+25% IN 2018, 37% OF BEAUTY REVENUES

INTERNATIONAL:
+48% IN 2017, 63% OF BEAUTY REVENUES

TOTAL SALES (INCLUDING FILLMED COSMETIC FILLERS):
€294 MILLION, +38%

• **CORE BRAND** Laboratoires Filorga Cosmétiques grew strongly both in France and abroad. In France, growth in pharmacies and parapharmacies as well as the brand's introduction at Sephora contributed to gains, while internationally, China, Europe and travel retail were its major drivers.

• **LE COUVENT** des Minimes, acquired from L'Occitane in 2017, was relaunched in July 2018 with a new visual identity and deployed at Marionnaud and Douglas stores in Europe.

• **IN JANUARY 2018,** the group acquired hair-care brand JF Lazartigue. It has begun the implementation of a repositioning and new visual identity.

• **SVR WAS THE** fastest-growing dermocosmetics brand in France in 2018, according to the company.

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TUPPERWARE BRANDS CORP.

ORLANDO, FLA.

2018 BEAUTY SALES:
$291.7 MILLION (EST.)
-12.1% VS. 2017 (EST.)

MAIN BRANDS:
Avroy Shlain, Fuller Cosmetics, NaturCare, Nutrimetics, Nuvo Cosmetics (makeup, skin care, fragrance).

KEY FINANCIALS:
TOTAL SALES:
$2.07 BILLION, -8.2%

• **2018 WAS** Tupperware's third consecutive year of double-digit sales losses on its beauty and personal-care business. Its Beauticontrol activity in North America was sold to Youngevity International in December 2017, contributing to declines.

• **DESPITE ULTIMATELY** losing sales, the company launched several key initiatives in beauty in 2018, including celebrity fragrance launches under Fuller Cosmetics in Brazil and a relaunched line of antiaging skin care in Australia, with new packaging.

• **PATRICIA A. STITZEL** was named president and ceo in May 2018, replacing Rick Goings, who became executive chairman. Stitzel, previously president and chief operating officer, is Tupperware's first female ceo. Nick Poucher was named senior vice president of business transformation in November as the company continues to implement turnaround efforts.

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EMAMI LTD.

KOLKATA, INDIA

2018 BEAUTY SALES:
$281.5 MILLION (EST.)
19.22 BILLION RUPEES (EST.)
+6.8% VS. 2017 (EST.)

MAIN BRANDS:
Boroplus, Navratna, Vasocare, Emami Golden Beauty Talc, Malai Kesar Cold Cream (skin care). Fair and Handsome (men's skin

BY THE NUMBERS

WINNERS AND LOSERS

A NEWCOMER TO THE LIST, Proya Cosmetics, made a big splash in its debut with the largest jump in its share price year-over-year. As for the rest of the list, several household names made repeat appearances in the losers ranking for the second year in a row.

10 TOP PERFORMING BEAUTY STOCKS IN 2018

COMPANY / STOCK SYMBOL	YR-END 2017* / YR-END 2018*	% CHANGE
PROYA COSMETICS CO. LTD.SHA: 603605	28.72 YUAN / 44.07 YUAN	+53.45%
INTER PARFUMS INC. NASDAQ:IPAR	$43.45 / $65.57	+50.91%
NATURA COSMÉTICOS BVMF:NATU3	33.06 REAL / 45 REAL	+36.12%
SHISEIDO CO. LTD. TYO: 4911	¥5,446 / ¥6,892	+26.55%
DABUR INDIA NSE:DABUR	349.70 RUPEES / 430.65 RUPEES	+23.15%
GODREJ CONSUMER PRODUCTS NSE:GODREJCP	666.30 RUPEES / 810.65 RUPEES	+21.66%
MILBON CO. LTD. TYO: 4919	¥3,790 / ¥4,470	+17.94%
MARICO LTD. NSE:MARICO	322.50 RUPEES / 373.40 RUPEES	+15.78%
REVLON INC. NYSE:REV	$21.80 / $25.19	+15.55%
HERMÈS INTERNATIONAL EPA:RMS	442.49 EUROS / 484.80 EUROS	+9.56%

10 WORST PERFORMING BEAUTY STOCKS IN 2018

% CHANGE	YR-END 2017* / YR-END 2018*	COMPANY / STOCK SYMBOL
-69.56%	€11.30 / €3.44	ALÈS GROUPE EPA:ALPHY
-67.02%	$19.89 / $6.56	COTY INC NYSE:COTY
-61.18%	$22.31 / $8.66	E.L.F. BEAUTY NYSE:ELF
-57.37%	$60.22 / $25.67	L BRANDS NYSE:LB
-49.65%	$62.70 / $31.57	TUPPERWARE BRANDS NYSE:TUP
-42.88%	¥8,360 / ¥4,775	NOEVIR HOLDINGS JP:4928
-41.76%	€104 / €60.56	BAYER AG ETR:BAYN
-41.44%	338.30 SWEDISH KRONA / 198.10 KRONA	ORIFLAME HOLDING AG SS:ORI
-37.11%	$59.39 / $37.35	EDGEWELL PERSONAL CARE CO. NYSE: EPC
-36.84%	665.10 RUPEES / 420.10 RUPEES	EMAMI LTD. NSE:EMAMILTD

*Data used was closing price on the last day of the year the stock was traded.

BY THE NUMBERS

SIZE EFFECT

PERSONAL CARE giants Johnson & Johnson, Procter & Gamble and Unilever held onto their positions at the top of the "large cap" rankings. Several companies that had a market cap exceeding $10 billion a year ago have since dropped down to the "mid-cap" range. Here, the player's market cap—stock price multiplied by outstanding shares.

Beauty stocks with market caps exceeding $10 billion at yearend 2018

Beauty stocks with market caps of $2 billion to $10 billion at yearend 2018

Beauty company stocks with market caps under $2 billion at yearend 2018

COMPANY	MARKET CAP	2018 STOCK CLOSING PRICE
JOHNSON & JOHNSON	$351.53 BILLION	$129.05
PROCTER & GAMBLE	$228.7 BILLION	$91.92
UNILEVER	$166.12 BILLION	$63.53
LVMH MOËT HENNESSY	$154.22 BILLION	$304.90
LOUIS VUITTON	€130.6 BILLION	€258.20 EUROS
L'ORÉAL	$133.78 BILLION	$237.59
WALGREENS BOOTS ALLIANCE	$64.86 BILLION	$68.33
HERMÈS INTERNATIONAL	$60.44 BILLION	$572.48
RB (RECKITT BENCKISER)	$56.66 BILLION	$80.26
COLGATE-PALMOLIVE	$51.58 BILLION	$59.52
ESTÉE LAUDER COS. INC.	$47.77 BILLION	$130.10
HENKEL	$46.41 BILLION	$101.26
COMPAGNIE FINANCIÈRE	$36.98 BILLION	$64.40
RICHEMONT	36.17 BILLION FRANC	63 FRANC
KAO CORP.	$36.1 BILLION	$73.87
BEIERSDORF	$27.12 BILLION	$107.65
SHISEIDO	$25.00 BILLION	$62.43
CLOROX CO.	$19.73 BILLION	$154.14
LG HOUSEHOLD & HEALTH CARE	$15.63 BILLION	$1,000.81
DABUR INDIA	$11.16 BILLION	$6.31

KOSÉ CORP.	$9.47 BILLION	$156.36
GODREJ CONSUMER PRODUCTS	$8.08 BILLION	$11.87
L BRANDS	$7.16 BILLION	$25.67
MARICO	$7.06 BILLION	$5.47
POLA ORBIS HOLDINGS	$6.16 BILLION	$26.90
LION CORP.	$6.15 BILLION	$20.56
AMOREPACIFIC GROUP	$5.45 BILLION	$66.08
NATURA COSMÉTICOS	$5.35 BILLION	$12.39
COTY INC.	$4.93 BILLION	$6.56
NU SKIN ENTERPRISES	$3.38 BILLION	$61.33
FANCL CORP.	$3.31 BILLION	$25.43
EMAMI LTD.	$2.79 BILLION	$6.15
SHANGHAI JAHWA	$2.77 BILLION	$4.13
L'OCCITANE INTERNATIONAL SA	$2.67 BILLION	$1.82
INTER PARFUMS INC.	$2.05 BILLION	$65.57
EDGEWELL PERSONAL CARE	$2.02 BILLION	$37.35

TUPPERWARE BRANDS	$1.54 BILLION	$31.57
NOEVIR HOLDINGS	$1.48 BILLION	$43.26
MILBON CO. LTD.	$1.34 BILLION	$40.49
REVLON	$1.33 BILLION	$25.19
MANDOM CORP.	$1.32 BILLION	$27.27
ORIFLAME HOLDING AG	$1.29 BILLION	$22.80
PZ CUSSONS	$1.22 BILLION	$2.84
AVON PRODUCTS INC.	$672.5 MILLION	$1.52
E.L.F. BEAUTY	$422.8 MILLION	$8.66
PROYA COSMETICS	$414.7 MILLION	$6.67
ABLE C&C	$267.8 MILLION	$9.91
ALÈS GROUPE	$58.9 MILLON	$4.06

care), Emami 7 Oils in One, Kesh King (hair care). HE (deodorant).

KEY FINANCIALS:
85% of sales from the domestic market

KEY INTERNATIONAL MARKETS:
South Asian Association for Regional Cooperation (40% of international sales) Middle East and North Africa (29%).

• **EMAMI'S GROWTH IN** 2018 was driven by a sharpened focus on modern trade channels and new product and packaging innovations, although this was hampered somewhat by seasonality and the ongoing impact of the goods and service tax introduced in June 2017.

• **IN JUNE 2018,** Emami bought a 7.5% stake in U.S.-based Loli Beauty Inc. for $565,000.

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EMBELLEZE GROUP
RIO DE JANEIRO

2018 BEAUTY SALES:
$278.2 MILLION (EST.)
R$ 1.01 BILLION (EST.)
+11.5% VS. 2017 (EST.)

MAIN BRANDS:
Novex, Vitay, Revitay, Magic Liss, Amacihair, Hairlife, Lisahair, Sou Dessas (hair care and treatment).Natucor, Maxton (hair color), Nutrisalon (professional hair care).

KEY FINANCIALS:
INTERNATIONAL SALES:
14% OF REVENUES, +12%

• **THE BRAZILIAN** hair-care manufacturer sought to better manage costs and invest in innovation in 2018 in a climate of political and economic uncertainty that hampered sales growth in its home country.

• **EMBELLEZE ENTERED** three new international markets in 2018: Egypt, South Korea and Japan.

• **THE GROUP INITIATED** a new multilevel marketing business model.

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SODALIS GROUP
LODI VECCHIO, ITALY

2018 BEAUTY SALES:
$277.6 MILLION (EST.)
€235.1 MILLION (EST.)
+35.1% VS. 2017 (EST.)

MAIN BRANDS:
BioNike (skin, body, hair and sun care, makeup). Lycia (skin care, deodorants). Leocrema, Dermolab (skin and sun care). Vitesse (skin care). Tesori d'Oriente, Denim (body care, fragrance). Noxzema, Depilzero, Strep (shaving/depilatories). Biopoint (hair, skin and sun care). Brelil, Wash & Go (hair care). Deborah, Debby, Rouge Baiser (makeup).

KEY FINANCIALS: N/A

• **THE COMPANY** acquired Italian historic color cosmetics player Deborah Group at the end of 2018 to strengthen its makeup portfolio, mass-market presence and international appeal. Deborah registered sales of €75 million in 2017, meaning that the combined company's scope marks its entry into the 2018 Top 100.

• **IN ADDITION TO THE** acquisition, Sodalis' growth was fueled by the relaunch of the Lycia brand, which was acquired from Artsana in 2016, and from the international expansion of the group, specifically in China.

• **DUE TO THESE** activities, Sodalis strengthened its top management, naming Massimiliano Oldani and Biagio Viganò as group chief financial officer and group human resources director, respectively.

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E.L.F. BEAUTY
OAKLAND, CALIF.

2018 BEAUTY SALES:
$267.4 MILLION (EST.)
-0.9 % VS. 2017 (EST.)

MAIN BRANDS:
E.l.f. (makeup skin care, brushes, tools and devices.)

KEY FINANCIALS:
OPERATING INCOME:
$26.2 MILLION, -21%

NET INCOME:
$15.5 MILLION, -53.6%

U.S.:
90% OF SALES.

• **DESPITE A FOCUS ON** international expansion, E.l.f.'s sales declined, leading the brand to announce that it will close its 22 self-owned doors—all of which were in the U.S.—in 2019 at a cost of between $23 million and $25 million. The stores registered sales of $13.5 million in 2018.

• **IN 2018, E.L.F.** expanded into all Ulta Beauty stores and grew internationally via partnerships with U.K. health and beauty retailer Superdrug and European beauty e-tailer Feelunique. E.l.f. also began initial distribution in Germany via a partnership with Douglas.

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FABERLIC
MOSCOW

2018 BEAUTY SALES:
$263.8 MILLION
16.5 BILLION RUBLES
-13.3% VS. 2017

MAIN BRANDS:
Platinum, Oxiology, Prolixir, Garderica, Renovage, Beauty Lab, Verbena, Faberlic Expert (skin and body care, hair care). Beauty Café (body care, fragrance). Faberlic by Valentin Yudashkin, Renata (fragrance). Secret Story, Sky Line, Beauty Box (makeup). Salon Care (hair care).

KEY FINANCIALS:
DOMESTIC SALES:
50% OF BUSINESS.

KEY INTERNATIONAL MARKETS:
KAZAKHSTAN AND UZBEKISTAN.

• **AFTER FOUR YEARS** of double-digit growth, Russia's largest homegrown direct seller saw a double-digit decline in sales caused by a challenging economic situation in Russia, where consumers are becoming more cautious and price sensitive. Advertising activities were also reduced considerably.

• **FRAGRANCE REMAINED** the strongest performing category, boosted by the launch of new celebrity scent Renata and Valentin Yudashkin.

• **THE NUMBER OF** active consultants declined from 1.6 million to 1.45 million.

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DR. WOLFF GROUP
BIELEFELD, GERMANY

2018 BEAUTY SALES:
$254.2 MILLION (EST.)
€215.3 MILLION (EST.)
+4% VS. 2017 (EST.)

MAIN BRANDS:
DR. KURT WOLFF: Alpecin, Plantur 39, Plantur 21 (hair care). Alcina (hair and skin care; makeup), Plantur 49

(skin care). DR. AUGUST WOLFF: Linola (skin care).

KEY FINANCIALS:
PRELIMINARY GROUP SALES:
€309 MILLION +3.9% (EST.)

• **ALPECIN INTRODUCED** two key products in 2018: Tuning, a line for men with gray hair that has pigment particles that adhere to the hair, hit the market in September, as did Caffeine Hybrid Shampoo, for hair loss and itchy scalps.

• **THE COMPANY** continued to bolster its presence in China on online platforms, and sold a record 30,000 Alpecin products on Singles Day.

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LION CORP.
TOKYO

2018 BEAUTY SALES:
$250.6 MILLION (EST.)
¥27.66 BILLION (EST.)
+3.5% VS. 2017 (EST.)

MAIN BRANDS:
Kirei Kirei (hand soap), Ban (deodorant), Pro Tec (men's hair and body care), Hadakara, Shokubutsu Monogatari (personal care), Soft in 1 (hair care).

KEY FINANCIALS:
BEAUTY SALES IN JAPAN:
¥21.02 BILLION, +3.5%*

TOTAL COMPANY NET SALES:
¥349.40 BILLION, +2%*

*2017 sales were recast after the adoption of IFRS standards

• **IN JAPAN, ITS CORE** market representing the majority of its beauty sales, according to estimates, Lion Corp. grew its revenues in the hand soap and body wash categories.

• **DOMESTIC SALES** in the deodorant and antiperspirant category were down, as Lion exited the spray category Sales of Ban Refresh Shower Sheets were steady.

• **IN INTERNATIONAL MARKETS,** Shokubutsu Monogatari Body Soap performed strongly in Thailand; Kirei Kirei hand soap did well in South Korea.

92
BAYER CONSUMER HEALTH
LEVERKUSEN, GERMANY

2018 BEAUTY SALES:
$248.9 MILLION (EST.)
€210.8 MILLION (EST.)
-15.2% VS. 2017 (EST.)

MAIN BRANDS:
Coppertone, Bain de Soleil (sun care), Complex 15 (hand and body care).

KEY FINANCIALS:
CONSUMER HEALTH SALES:
€5.45 BILLION, -7%

• **IN NOVEMBER, BAYER** announced its intent to divest parts of its business following the company's merger with Monsanto and as part of its larger Bayer 2022 strategic plan. Businesses that are planned for divestiture include Coppertone, which comprises the bulk of the company's beauty sales, and has been in a consistent sales decline as the category grows increasingly competitive.

• **COPPERTONE SALES** were down sharply at the end of the third quarter, mostly in Brazil due to a change in distribution channels.

93
CARTIER
PARIS

2018 BEAUTY SALES:
$248 MILLION (EST.)
€210 MILLION (EST.)
+1.9% VS. 2017 (EST.)

MAIN BRANDS:
Cartier Carat, L'Envol de Cartier, La Panthère de Cartier, Pasha de Cartier, Baiser Volé, Déclaration, Eau de Cartier, Must de Cartier, Santos de Cartier, Les Heures de Parfum, Les Heures Voyageuses (fragrance).

KEY FINANCIALS: N/A

• **SALES DRIVERS** for Cartier Parfums, owned by Compagnie Financière Richemont, included its own boutiques, e-commerce and travel retail.

• **TO SUPPORT THE** launch of Cartier Carat, geared toward a younger consumer, Cartier Parfums opened its first pop-up store in New York City, designed to showcase all of the brand's fragrances in a sensory experience.

94
GUANGDONG MARUBI BIOTECH CO.
GUANGDONG, CHINA

2018 BEAUTY SALES:
$239.1 MILLION (EST.)
CNY 1.58 BILLION (EST.)
+16.5% VS. 2017 (EST.)

MAIN BRANDS:
Marubi, Haruki (skin care). Passional Lover (makeup).

KEY FINANCIALS:
MARUBI:
89.3% OF TOTAL SALES

FACIAL CARE:
49.3% OF TOTAL SALES

EYE CARE:
32.4% OF TOTAL SALES

E-COMMERCE SALES:
CNY 657.6 MILLION, +31.1%

• **SALES GROWTH** accelerated for Marubi in 2018 as Chinese consumers upgraded to higher-end products.

• **THE COMPANY'S** sales growth was tempered by growing competition in China—where it does all of its business—as increasing numbers of brands, especially from abroad, entered the market.

95
COLLISTAR
MILAN

2018 BEAUTY SALES
$236.2 MILLION
€200 MILLION
FLAT VS. 2017

MAIN BRANDS:
Collistar (makeup; skin, hair, body and sun care; men's skin care and fragrance; aromatherapy).

KEY FINANCIALS: N/A

• **FOR THE SECOND YEAR,** Collistar's beauty sales were flat, mainly hampered by delays in product registration in China, Iran, Saudi Arabia and Latin America.

• **ITS LARGEST** export zones were Russia and Benelux.

• **IN 2018, COLLISTAR** launched in France via a partnership with Marionnaud.

96
MÄURER & WIRTZ
STOLBERG, GERMANY

2018 BEAUTY SALES:
$231.5 MILLION (EST.)
€196 MILLION (EST.)
+1.6% VS. 2017 (EST.)

MAIN BRANDS:
Baldessarini, 4711 Original Eau de Cologne, 4711 Acqua Colonia, 4711 Remix Cologne, Tabac, S. Oliver, Betty Barclay, Otto Kern, Tosca, Sir Irisch Moos, Nonchalance, Sophia Thiel.

KEY FINANCIALS:
INTERNATIONAL SALES:
35% OF REVENUES (STABLE YEAR-ON-YEAR).

• **DESPITE A DOWNTURN** on the German fragrance market overall, the heritage firm bucked the trend, registering growth for almost all of its brands in the domestic market.

• **MÄURER & WIRTZ SIGNED** an agreement with distributor Nobilis Group to strengthen 4711 Acqua Colonia and Baldessarini in Germany and Austria, effective July 1, 2018.

• **THE COMPANY** developed a fragrance brand for German fitness influencer Sophia Thiel.

• **S. OLIVER AND BETTY** Barclay entered Poland.

97
ALFAPARF GROUP
OSIO SOTTO (BERGAMO), ITALY

2018 BEAUTY SALES:
$226.1 MILLION
€191.5 MILLION
-2.4% VS. 2017

MAIN BRANDS:
Alfaparf Milano, Yellow, Alta Moda é..., Il Salone Milano (hair care). Ten Science, Dibi Milano, Becos, Olos (skin and body care). Solarium (sun care). Decoderm (skin care, makeup).

KEY FINANCIALS:
MAIN MARKETS:
ITALY:
€64.3 MILLION, +5%

BRAZIL:
€31.7 MILLION, -7%

MEXICO:
€15.3 MILLION, +8%

• **CURRENCY FLUCTUATIONS** in Latin-American markets were the key element hampering Alfaparf's sales in 2018.

• **THE COMPANY** expanded in other regions, including Eastern Europe, the Middle East, Asia and Australia.

• **IT WORKED ON** rationalizing its offer, focusing on and improving its best-selling products.

98
PERFUMANIA HOLDINGS
NEW YORK

2018 BEAUTY SALES:
$217.7 MILLION (EST.)
-24.9% VS. 2017 (EST.)

MAIN BRANDS:
Parlux Ltd: Jason Wu, Kenneth Cole, Norell New York, Paris Hilton, Pierre Cardin, Rihanna, Sofia Vergara, Tommy Bahama, Vince Camuto.

KEY FINANCIALS: N/A

• **THE COMPANY'S SALES** dropped in 2018 in part because of department store closures, a reduction in Perfumania's own store count and a corporate initiative to refocus U.S. sales on the company's top 14 markets, which represent 70% of sales.

• **THE TOMMY BAHAMA** and Paris Hilton franchises did well. Tommy Bahama's Maritime grew 19% and Paris Hilton's line saw double-digit gains.

• **THE COMPANY'S** focus on Amazon Luxury drove a 150% increase in sales in that channel, while at Perfumania, the focus was on Parlux house brand launches.

99
ALÈS GROUPE
PARIS

2018 BEAUTY SALES:
$215.7 MILLION (EST.)
€182.7 MILLION (EST.)
-11.2% VS. 2017 (EST.)

MAIN BRANDS:
Phyto, Secret Professionnel, Kydra, Ducastel (hair care). Lierac, Jowaé (skin care).

KEY FINANCIALS:
TOTAL SALES (INCLUDING BEAUTY SUPPLY ACTIVITY):
€208.3 MILLION, -10.1% (-8.9% at constant currency)

FRANCE:
€78.3 MILLION, -15.7%

EXPORT:
€130 MILLION, -6.4% (-4.4% at constant currency)

SKIN CARE:
€96.9 MILLION, -8.7%

HAIR CARE:
€106.2 MILLION, -10.1%

FRAGRANCE:
€5.2 MILLION, -30.1% (activity sold in October 2018)

• **ALÈS GROUPE** engaged in restructuring, with initiatives to include greater focus on core brands Phyto and Lierac. The reorganization includes the rationalization of its sales force and manufacturing teams in France.

• **THE COMPANY SOLD** Parfums Caron to Cattleya Finance, the private holding firm of the Rothschild family, for €29.9 million in a deal finalized in October. The brand saw significant declines ahead of the sale as international distributors froze orders.

• **SALES DECLINES RESULTED** from competitive pressure in dermocosmetics in the French market, difficult conditions in Iran and Russia due to international sanctions and the decision to focus on online distribution only for Lierac in the U.S.

• **SKIN-CARE BRAND JOWAÉ,** launched in late 2017, registered sales of €8 million.

100
MICYS COMPANY
CASATENOVO, ITALY

2018 BEAUTY SALES:
$209.6 MILLION
€177.5 MILLION
-1.9% VS. 2017

MAIN BRANDS:
Pupa (makeup, skin care, toiletries, beauty kits).

KEY FINANCIALS: N/A

• **CUSTOMERS' GROWING** inclination toward online and promotions eroded sales from Micys' brick-and-mortar business, which is key for Pupa.

• **THE COMPANY CONTINUED** to roll out its e-commerce platform to France, the Czech Republic, Slovakia, Hungary and Romania, and launched a new CRM platform to enhance engagement on social media.

• **MICYS CONSOLIDATED** its presence in the domestic market, which accounts for over half of its sales and counts over 4,000 doors.

• **THE COMPANY** expanded its international footprint, opening in South Korea and Cuba and relaunching in Mexico and Taiwan. Russia continued to be the largest export market, although sales there decreased slightly. France, where sales were stable, was second.

RENAISSANCE MAN

Filippo Sorcinelli is a true multihyphenate, whether he is playing the organ, creating vestments for the Pope or launching the latest addition to his fragrance brand, Unum. By JENNY WEIL

WITH A BUSHY BEARD and geometric tattoos webbing his body, Filippo Sorcinelli would appear at home in any hipster haunt. But look just a bit deeper, and it's clear the 43-year-old is truly a Renaissance Man. Photograph-taker, perfume-maker, organ-player, jewelry-creator and vestment-designer (for the Pope and his entourage), the Italian's résumé is one for the ages.

Sorcinelli's love of music sets the tone for everything in his career, which seamlessly melds together various senses and times. He studied at the Conservatorio Rossini in Pesaro, Italy, and Pontifical Institute of Sacred Music in Rome, which led to his serving as the titular organist at cathedrals in Fano, Rimini and San Benedetto del Tronto, Italy. Sorcinelli still performs regularly, including organ improv, and has cut his first album, "Francophilie."

The multihyphenate also earned a degree in the arts, and has exhibited his paintings, sculptures and installations domestically and abroad.

In 2001, he launched Atelier LAVS, which creates sacred vestments and accessories for the Catholic liturgy, and works closely with the Office for the Liturgical Celebrations of the Supreme Pontiff. Pope Benedict XVI and Pope Francis have donned Sorcinelli's garments.

"Each and every piece from Atelier LAVS is unique, and this uniqueness makes its message powerful," he says. "Every vestment is made after careful research and is destined to celebrate something that is well above us all—the mystery. It's not by chance that they are called 'sacred robes.' That's why for me every day is full of surprises."

Sorcinelli founded his fragrance brand, Unum, in 2013 to help olfactively channel his own journey, inspired by his design work.

"The atelier's cultural and sensorial experience opened the door to my own olfactory project with which I describe my life today together with art, photography, fashion and bijoux," he says. "Everything describes my material and emotional research, even through unusual supports. But every realization has as its fundamental purpose the communication, the wonder of beauty."

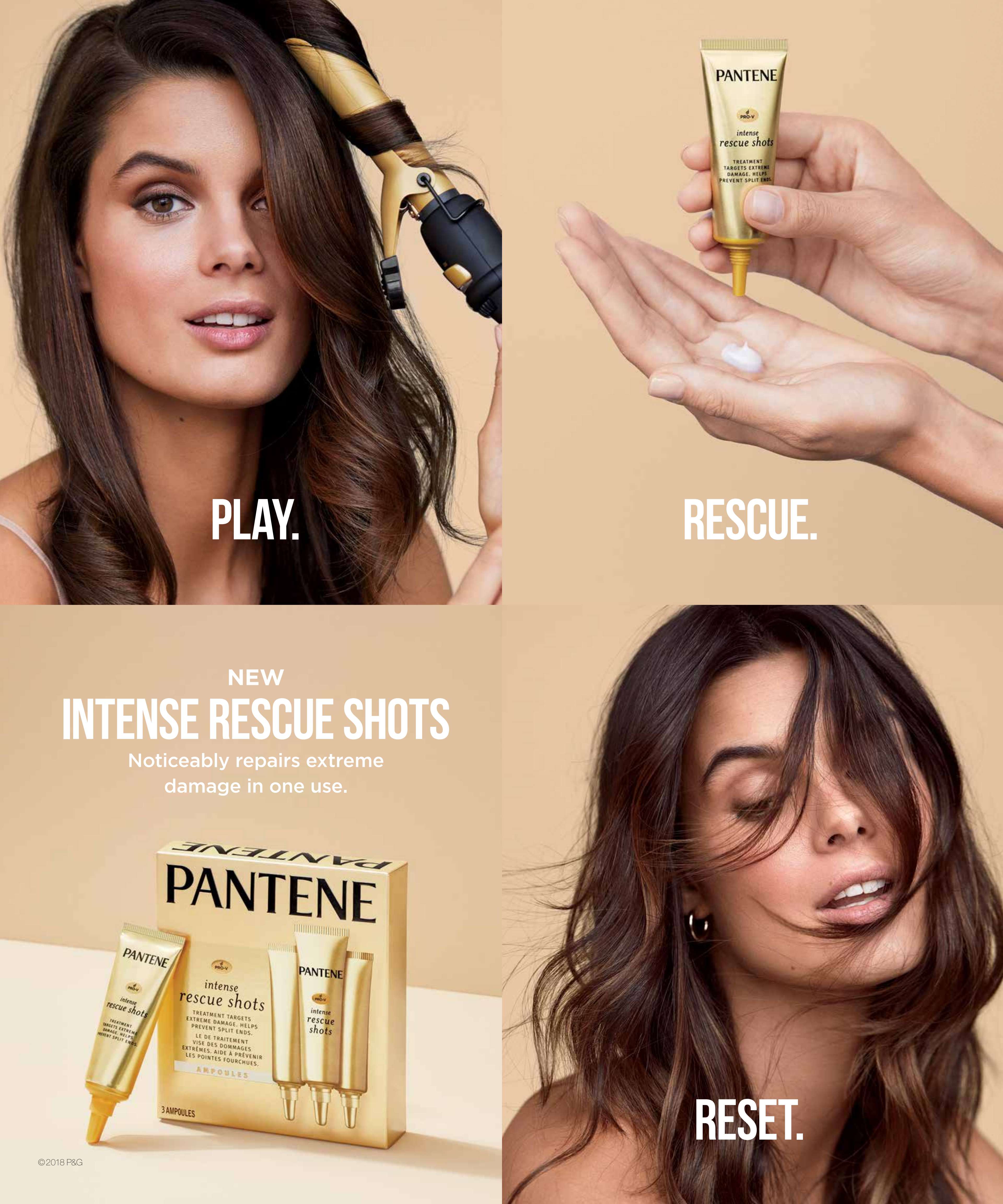
The line comprises 15 scents, including Laud, which fragrances what's wrapped around the sacred vestments during delivery; Opus_1144, inspired by the first stone laid at the Royal Basilica of Saint-Denis and packaged in a flacon made of bio-cement, and Io Non Ho Mani che Mi Accarezzino Il Volto, nodding to the 20th-century photographer Mario Giacomelli. Unum is sold in 45 boutiques in Europe; prices start at 155 euros.

"I feel a strong sense of freedom, because thanks to the olfactory project, I abandoned all the superstructures that weighed down my life," Sorcinelli says. "I started opening up to the world, talking about myself and describing who I really am."

He explains that the scents are divided into three lines, which "clearly describe my personality made of passion and drama, art and impulse, emotion and coherence."

Alongside music, "symbolic geometry" links all of his crafts. "My artistic studies have delved deep in medieval arts, where nothing happened by chance and each aspect was the result of a project aiming to deliver a message with its own singularity and to communicate macroscopically an elevated, intangible thought, just like perfume or music," Sorcinelli says. "Making art with the sense of smell, improvising at the keyboard or while creating handmade fabrics is like giving life to great architecture that can be visited only if you are capable of being yourself." ■

PHOTOGRAPH BY RITA FRANCIA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3 AMPOULES
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