

The Future of Beauty

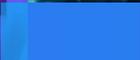
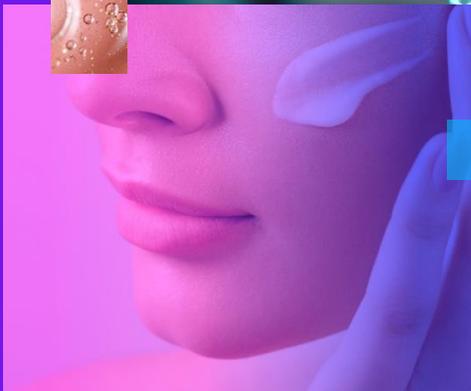
Roberto Giovannini, Partner KPMG
Head of Consumer and Industrial Markets

Milano, 27 settembre 2023

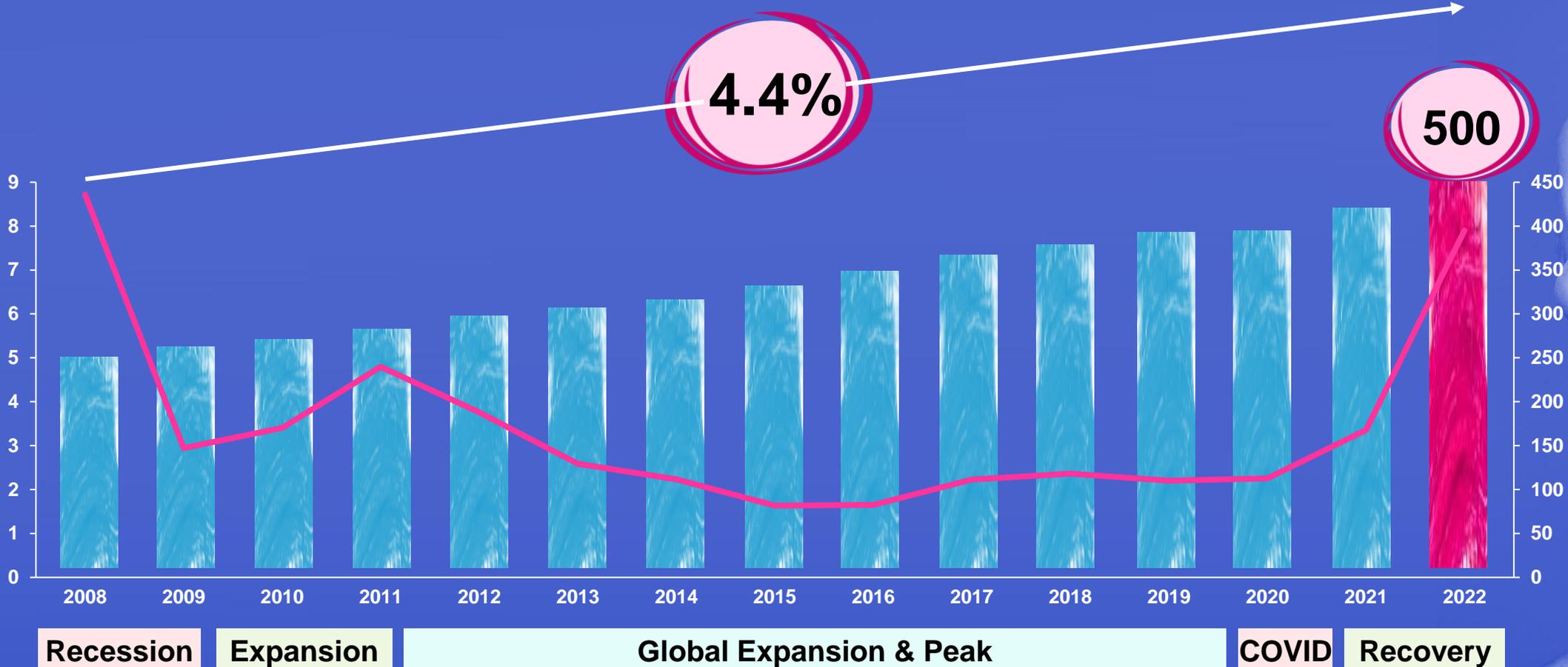


01

The Growth



The beauty market has been resilient, growing ahead of inflation



Global Beauty and Wellness Market Value and Inflation rate- 2008-22, Global Market Value (€bn), Global inflation rate (%)

From

+4%

**Worldwide
Growth 2008-22**

To

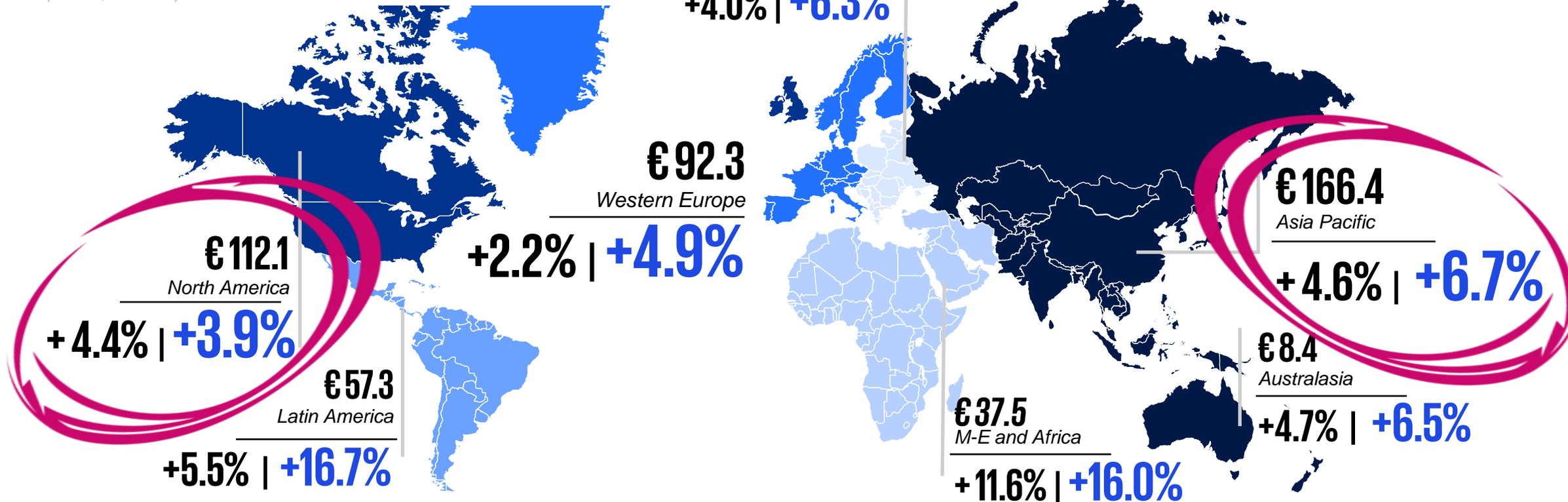
+8%

**Worldwide
Growth 2022-27**

A Truly Global Growth Opportunity

Beauty and Wellness Market size by region

2022 Revenue (€bn), Historical growth (CAGR, 2017-22), Forecasted growth (CAGR, 2022-27)

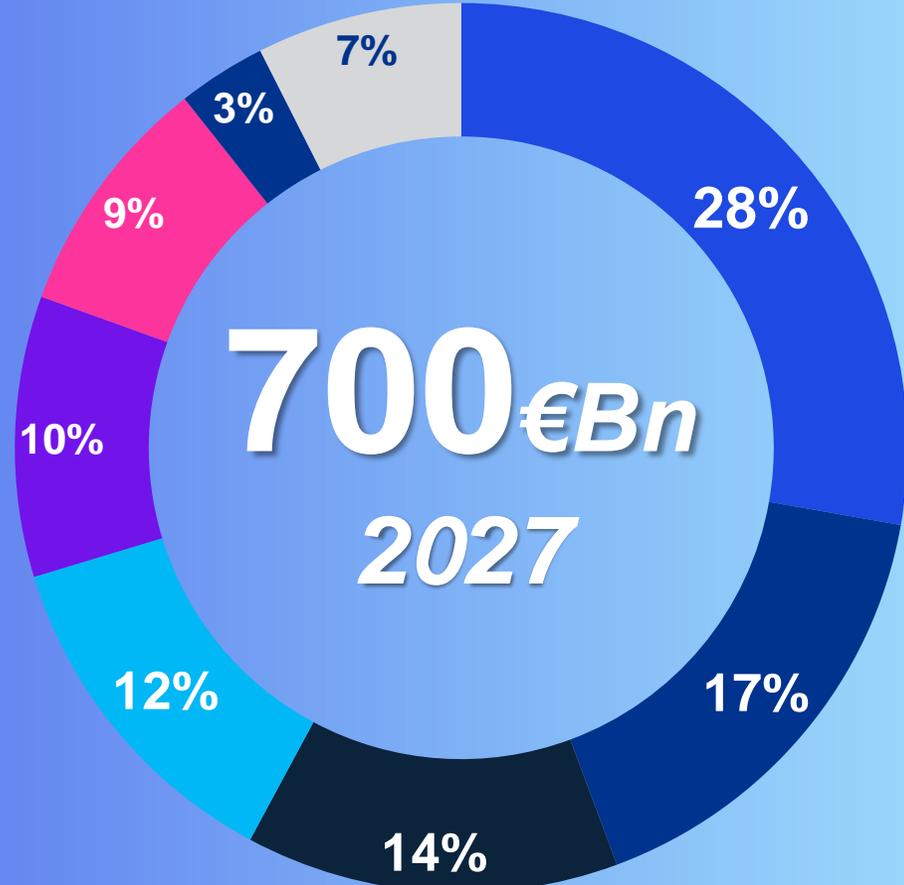


Historical Growth (CAGR, 2008-22)	Forecasted Growth (CAGR, 2022-27)
+4.4%	+8.0%

Source: Euromonitor, accessed April 2023

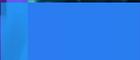
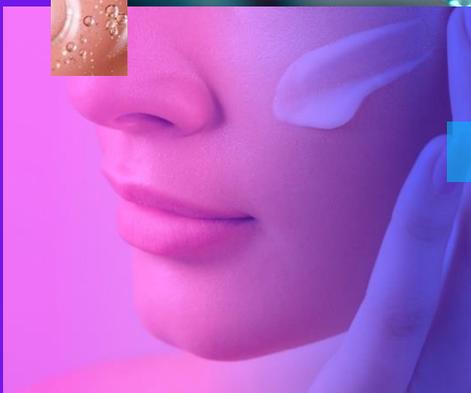
Notes: The Beauty & Personal Care market is defined here as the aggregation of baby and child-specific products, bath & shower, deodorants, hair care, colour cosmetics, men's shaving, oral hygiene, fragrances, skin care, depilatories and adult sun care. Black market sales and travel retail are excluded.

Beauty Market will reach 700 Bn€, +200 Bn in 5 years



02

The Acceleration



Clear Market Growth Drivers

Digital-first

+15% CAGR*

WW E-comm
2017-22



New
Consumers

+38,9%

China Beauty
Spend
Per-capita



Premiumisation

+3pts
share of market

Premium
Beauty



Market
disruptors

+59%

AAGR
Start-ups



Value Generation

14x > 16x**

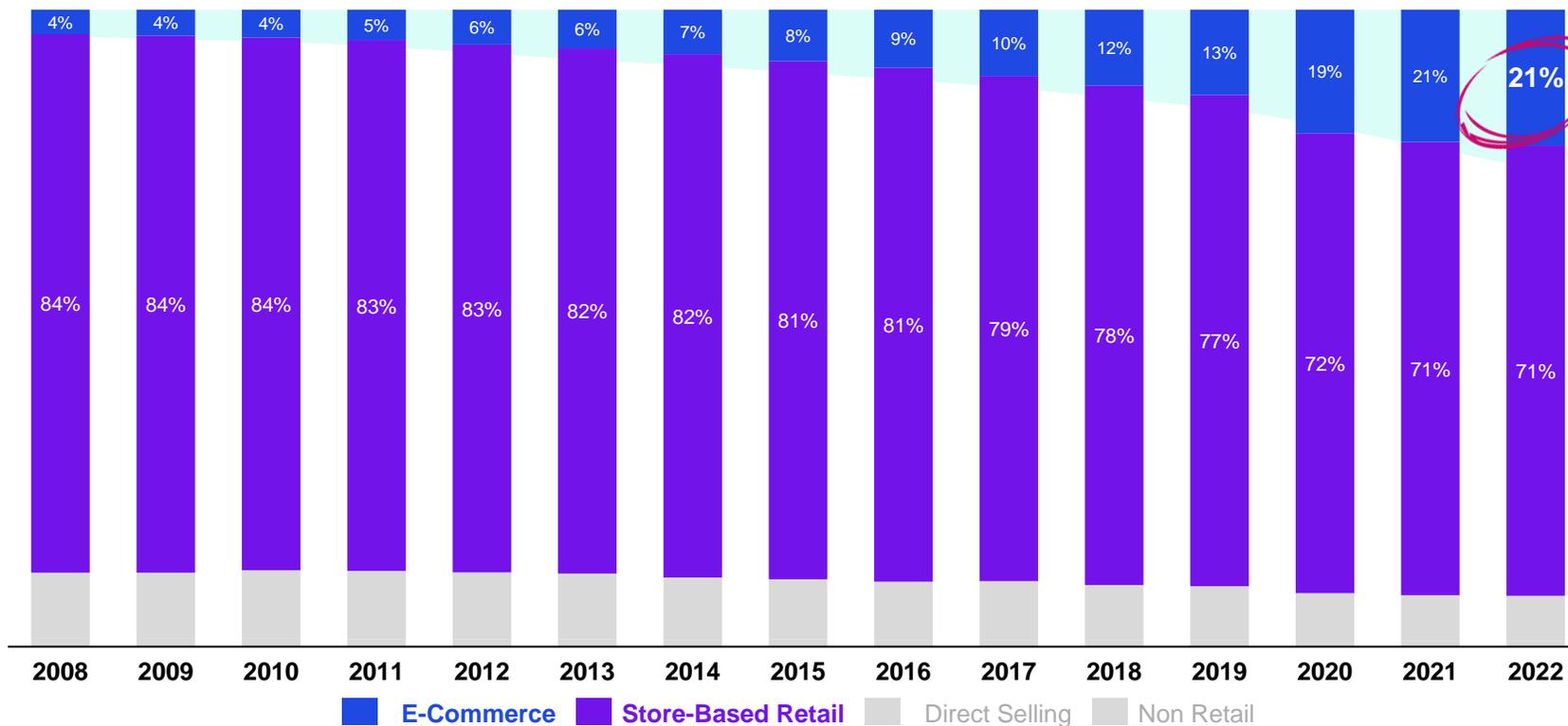
Deals
Multiple



Digital First | E-commerce is the fastest growing channel

Global Beauty and Wellness Market split by Channel

2008-22, % of Market Value



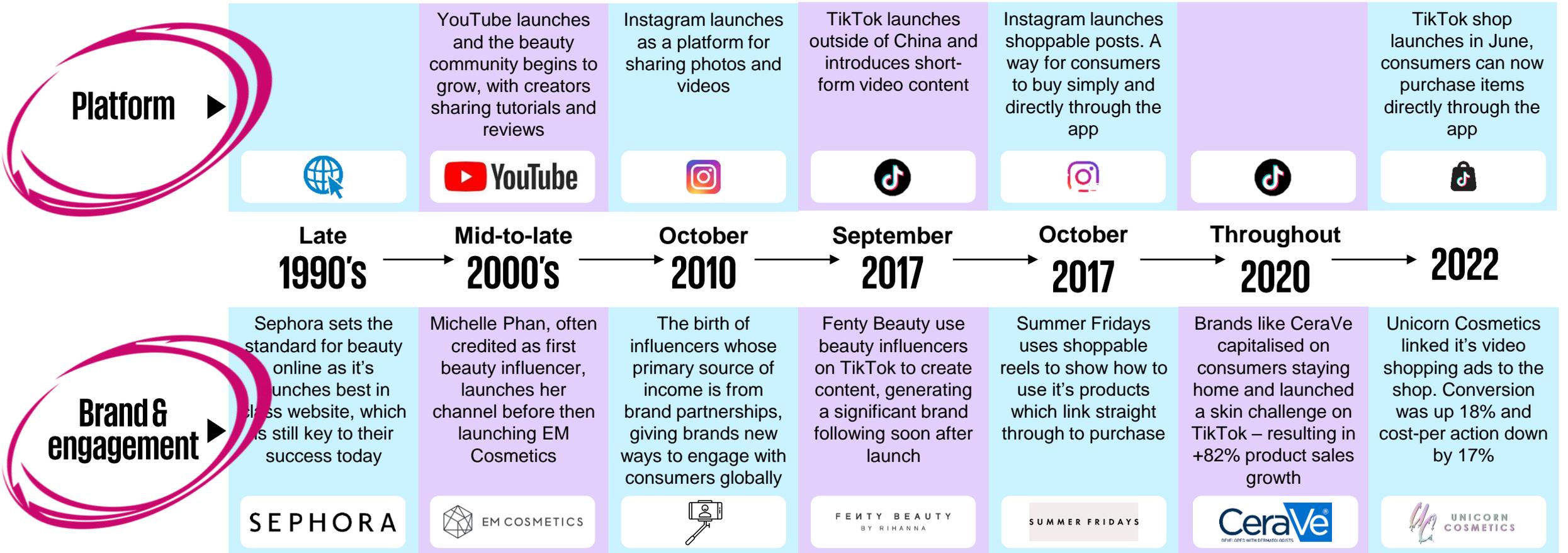
Gen Z online spending increased by 9% from 2017 to 2022, whilst **in-person** spending declined by 10%. Gen Z have a **strong purchasing power**, and are predicted to represent a **quarter of global income by 2030**.

Channel	Growth (CAGR 2017-22)
E-Commerce	+15.4%
Store-Based Retail	(2.3%)
Direct Selling	(5.1%)
Non Retail	(3.9%)

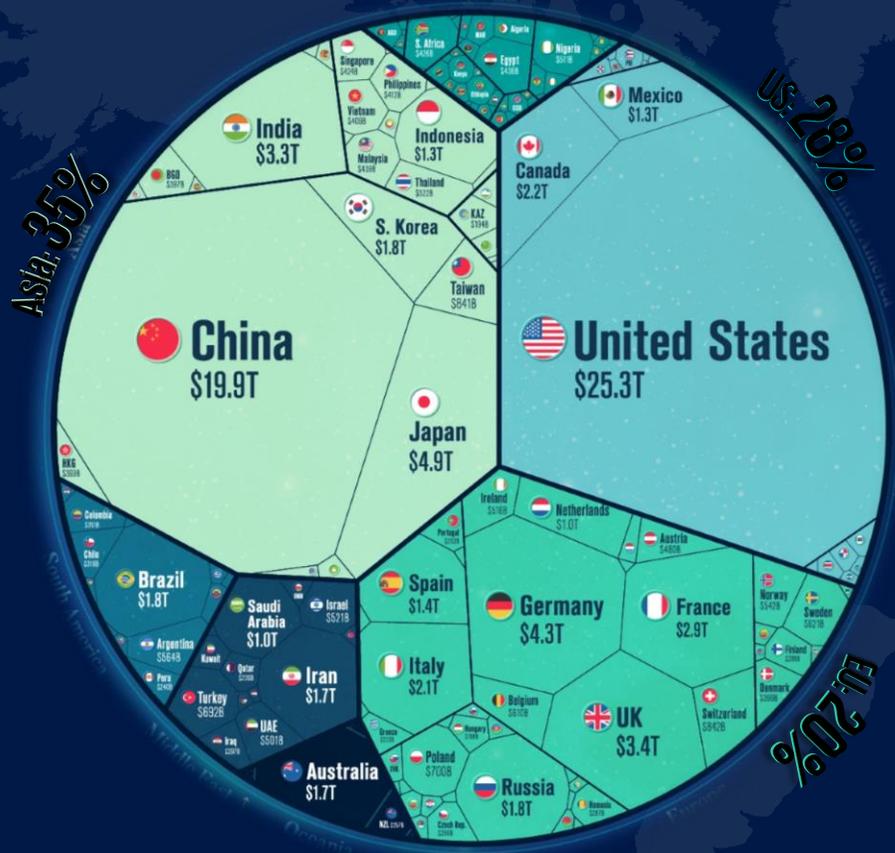
Source: Euromonitor, accessed May 2023, CNBC "Gen Z incomes predicted to beat millennials' in 10 years and be 'most disruptive generation ever'" 2020

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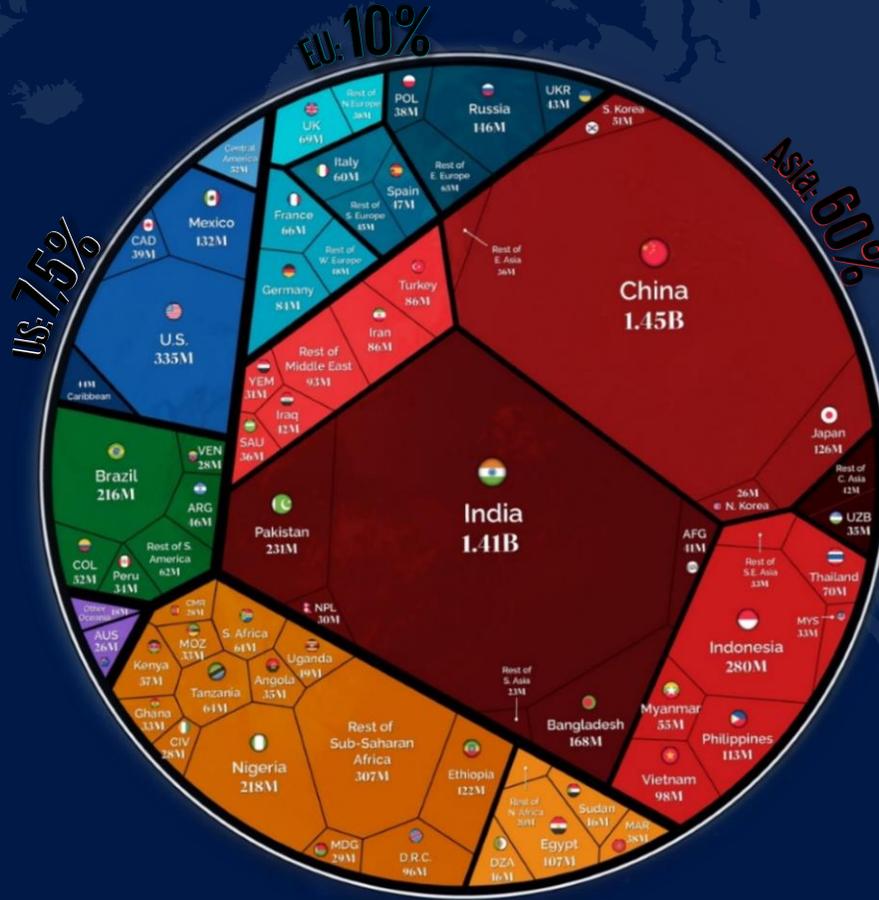
Digital First | Brands have leveraged on digital & social media to succeed



Opportunity in the RED ZONE



104 Trillion GDP



8 Billion PEOPLE

60%
of Global Population

GDP 2022-24F:
cumulated growth



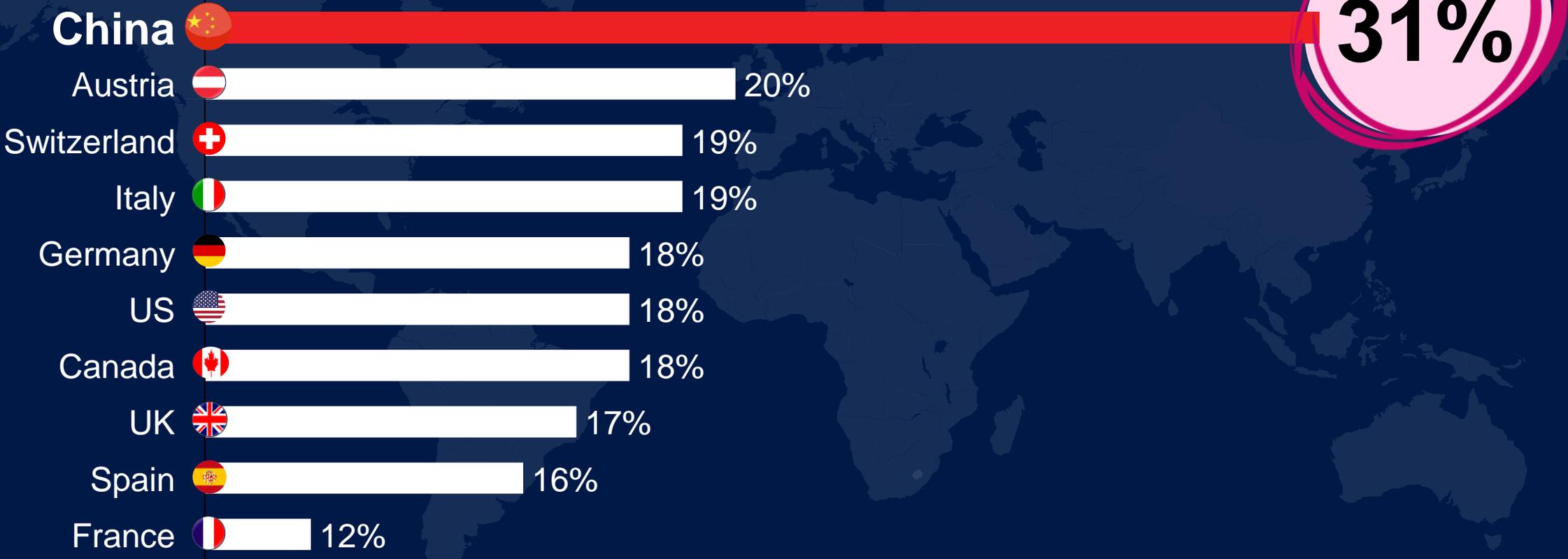
+10% +13% +7%

Spending per capita
in China forecasted

to grow +38%
by 2027

China has the highest share of people who buy luxury products

Share of respondents who buy premium or luxury cosmetics & body care



"In which of these product categories do you also buy premium or luxury items?"
Sources: Statista Global Consumer Survey 2021; Data from: December 2021

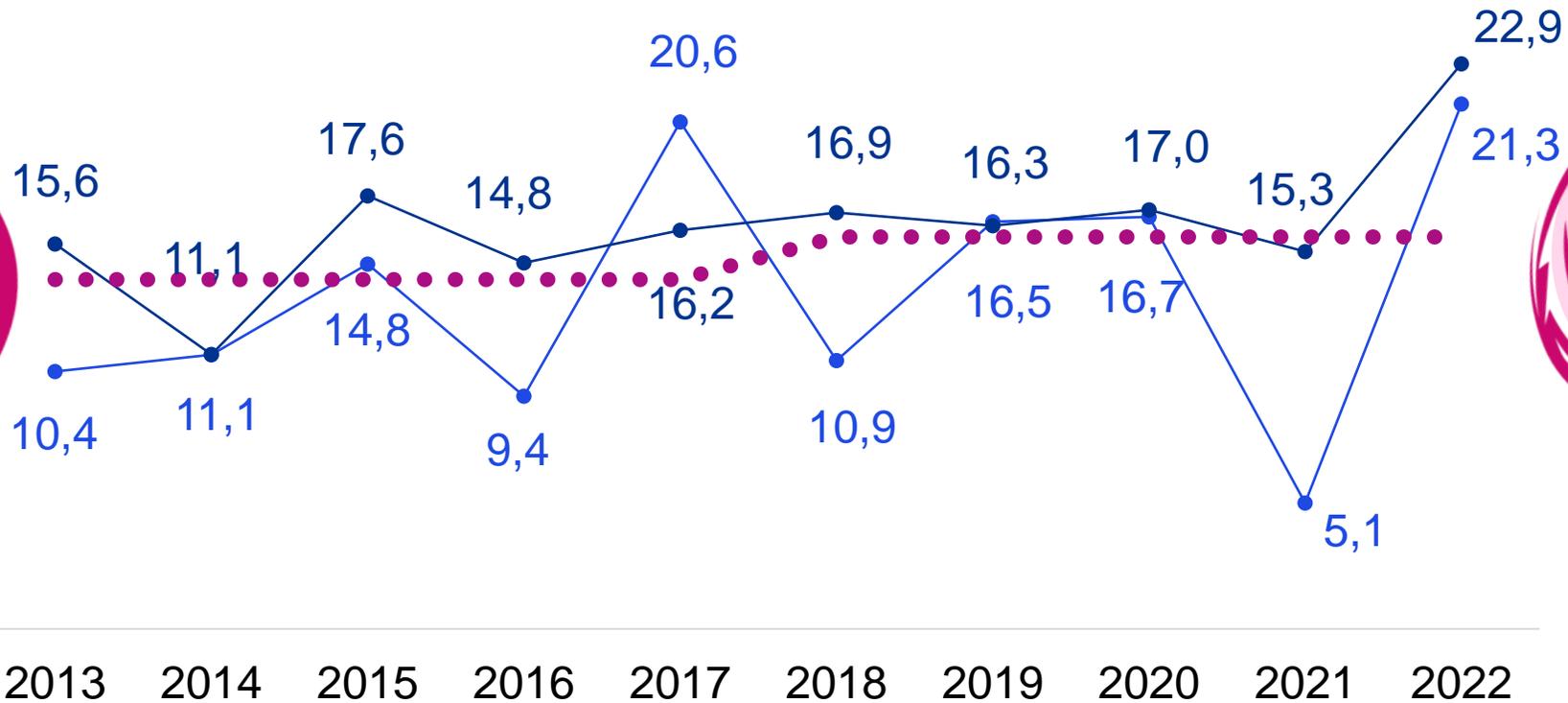
From 14.2x to **16x** global avg. deal multiple in ten years

Average Deal Multiple

By type of bidder

—●— Private Equity —●— Strategic Buyers ●●● Overall Average

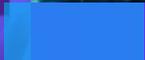
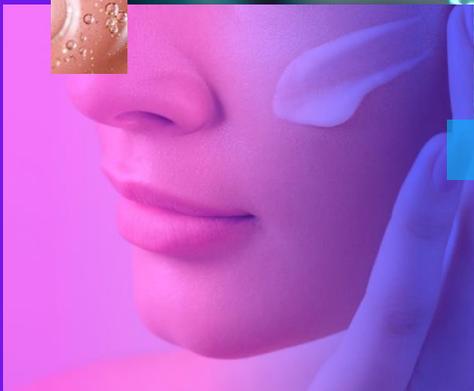
14,2x
avg



16x
avg

03

The Trends



Consumer Trends



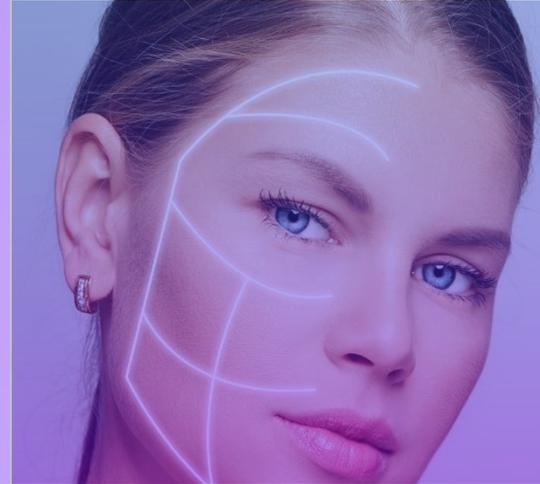
Conscious Beauty

Consumers are seeking **sustainable products** and **inclusivity** (by gender, age, ethnicity, religion)



Smart Beauty

With consumers demanding **efficacious products**, brands are **incorporating science and technology** into development



Customized Beauty

Consumers are seeking **customized beauty experience**, **digitalization** as a way to get **authentic recommendations**

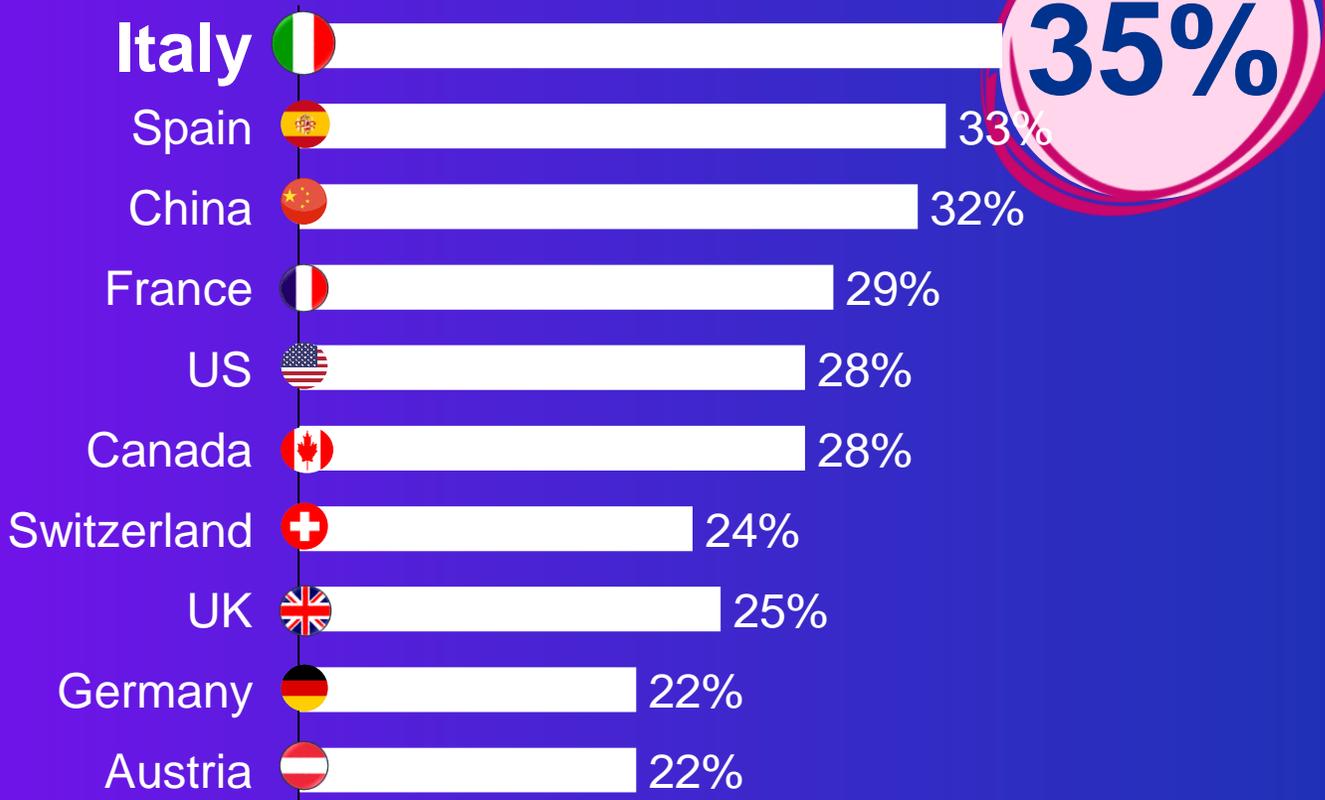


Holistic Beauty

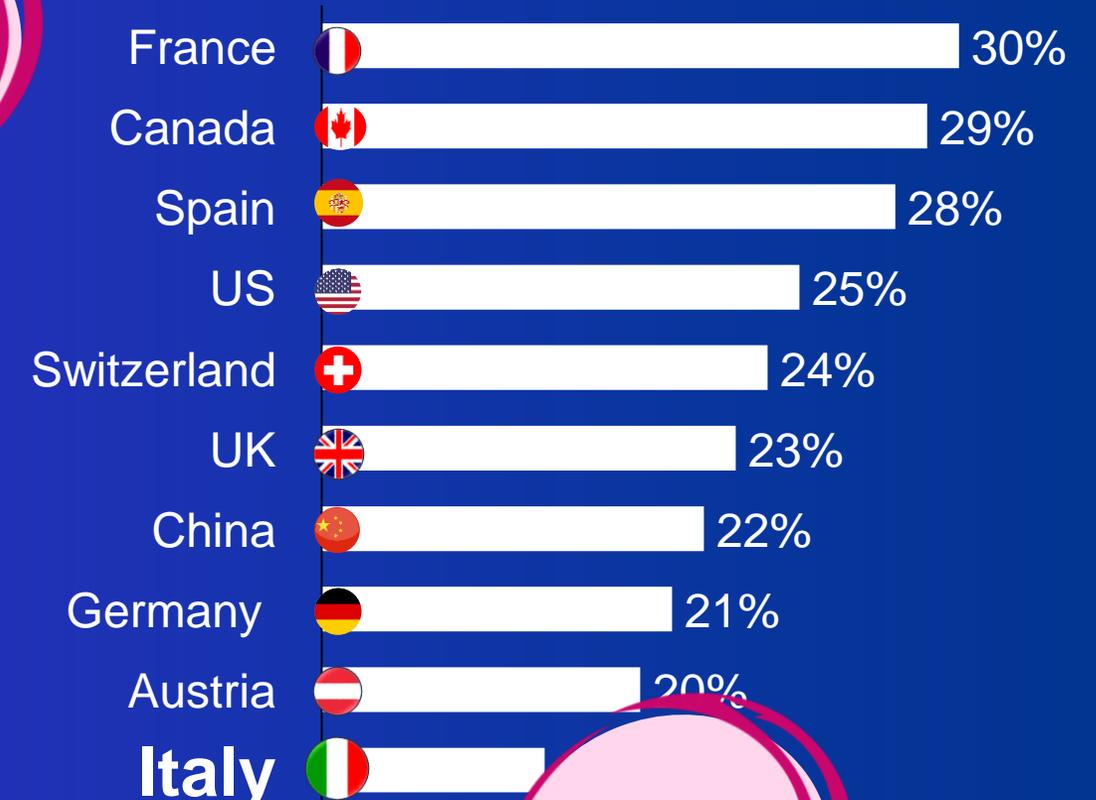
There is an increasing demand for products and rituals that improve the **well-being of the whole person, body and mind**

Italians believe in Brands...

Brand awareness of cosmetic & beauty



Relevance of low price for purchase decisions



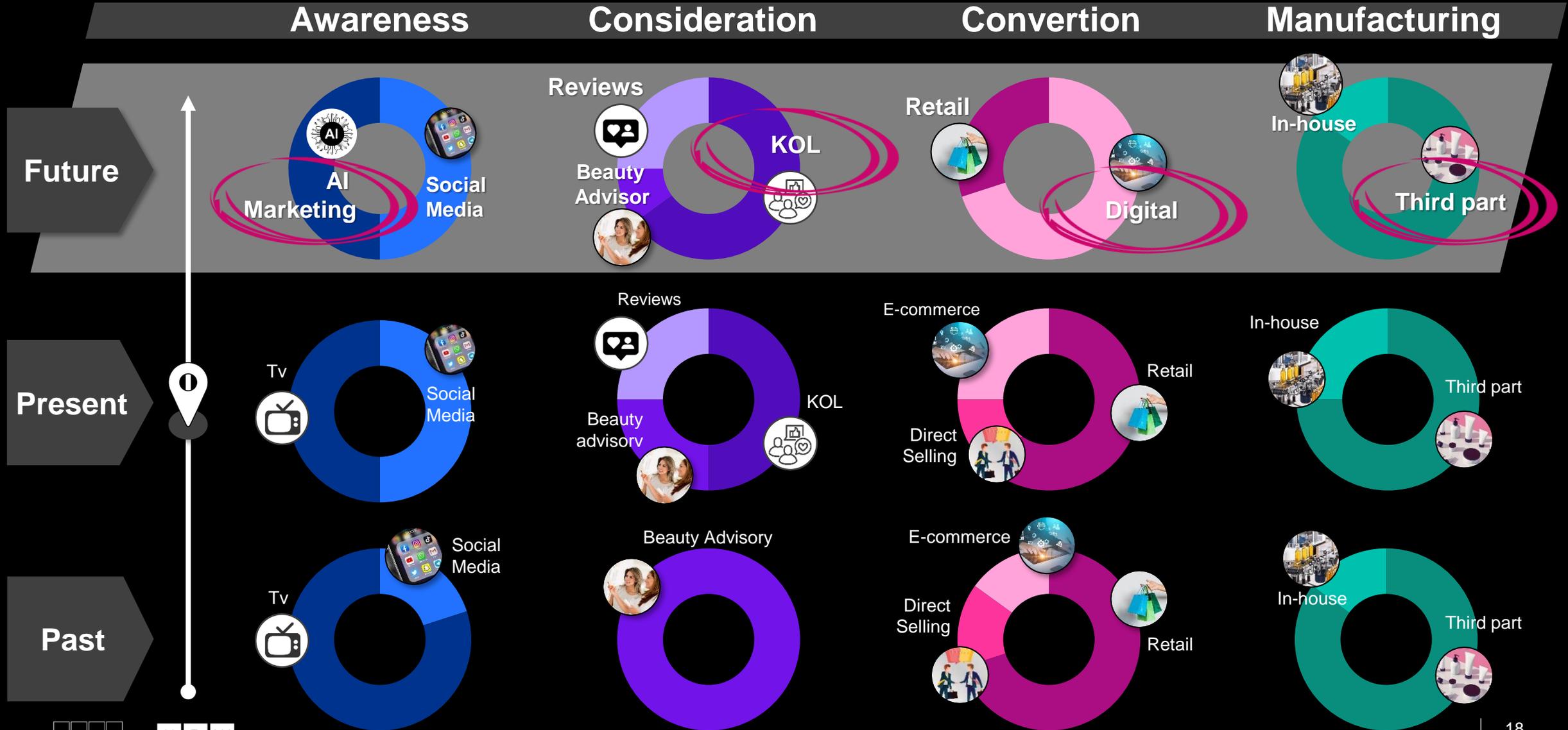
...as well as are the least price sensitive

04

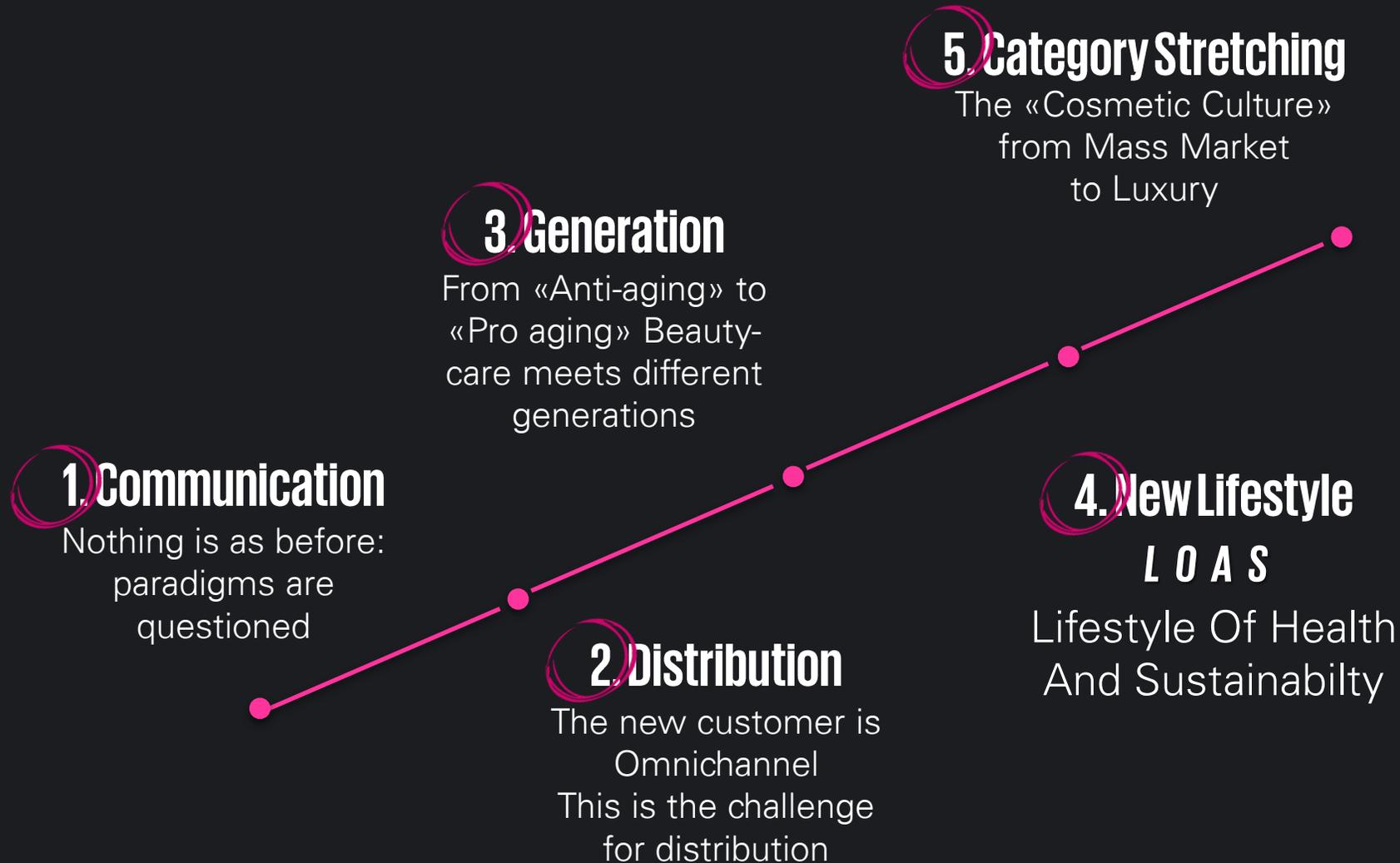
The Future



Looking ahead: The Future of Beauty



Looking ahead: Game Changers



Looking ahead: 3 things to do

1

Continuously evolve **core business** to capture **structural beauty industry shifts** to capture sustainable top line growth

2

Use **M&A and JVs** to capture **structural beauty industry trends** and **critical capabilities** above and beyond what is possible in core business

3

Ensure that **decisions made today** build your business for the **long-term future state**

Thank you

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