Prestige Beauty Overview

YTD June 2022

July 2022

EUROPE BEAUTY 2022 PERFORMANCE CROSS COUNTRY

Total Prestige Beauty in Europe YTD June 22

Good signs of recovery in the first half of the year vs pre pandemic level

YTD June 22 prestige beauty value market size with value performance

	Germany	France	U.K.	Italy	Spain
Value Sales YTD June 22	**1,3B€**	**1,3B€**	**0,9€**	**0,9B€**	**0,8B€**
%Ch YTD June 21	33,2%	27,0%	22,9%	20,4%	25,3%
%Ch YTD June 19	**-4,6%**	**-3,8%**	**-8,4%**	**4,1%**	**10,7%**

Source: Prestige Markets (Brick & Mortar+e-commerce), U.K , France, Italy, Spain, Germany (Prestige + Mid range sold in selective beauty distribution) – NPD Beauty Trends

Ecommerce slowed down in all countries except Italy

B&M huge bounce back but still below 2019 level, except Spain

Value % Change YTD June vs 2019

	Germany	France	U.K.	Italy	Spain
Ecom vs 2021	-12,9%	-16,8%	-12,9%	19,9%	-0,3%
B&M vs 2021	78,5%	38,2%	63,6%	20,5%	29,3%
Ecom vs 2019	50,3%	59,5%	46,3%	204,9%	109,6%
B&M vs 2019	-18,9%	-9,3%	-25,3%	-4,4%	4,7%

ITALY OVERVIEW

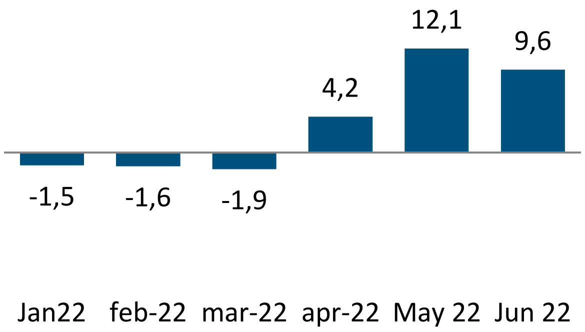
Market exceeded Pre Covid level starting from April, driven by units recovery and huge price increase (+7% vs 1S19)

Beauty | Euro Chg% 2022 vs 2019

+3.6%

+20.4% vs 2021

Monthly Euro Chg vs 1H19

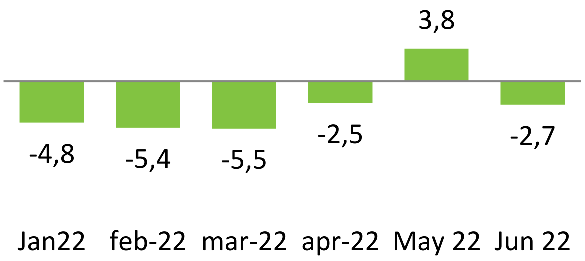


Beauty | Unit Chg% 2022 vs 2019

-2.9%

+19,5% vs 2021

Monthly Units Chg vs 1H19

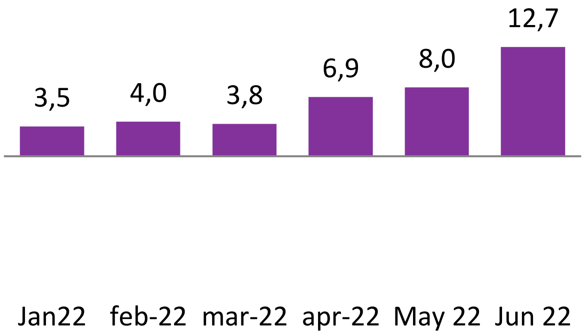


Beauty ASP Chg% 2022 vs 2019

+6.7%

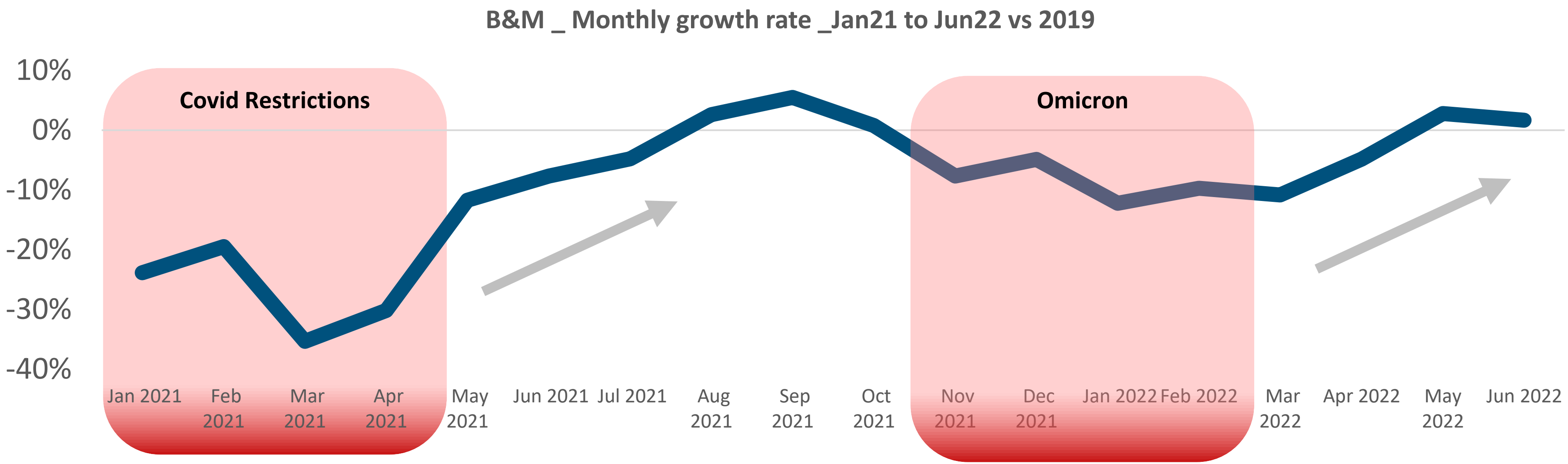
+0,7% vs 2021

Monthly Price Chg vs 1H19



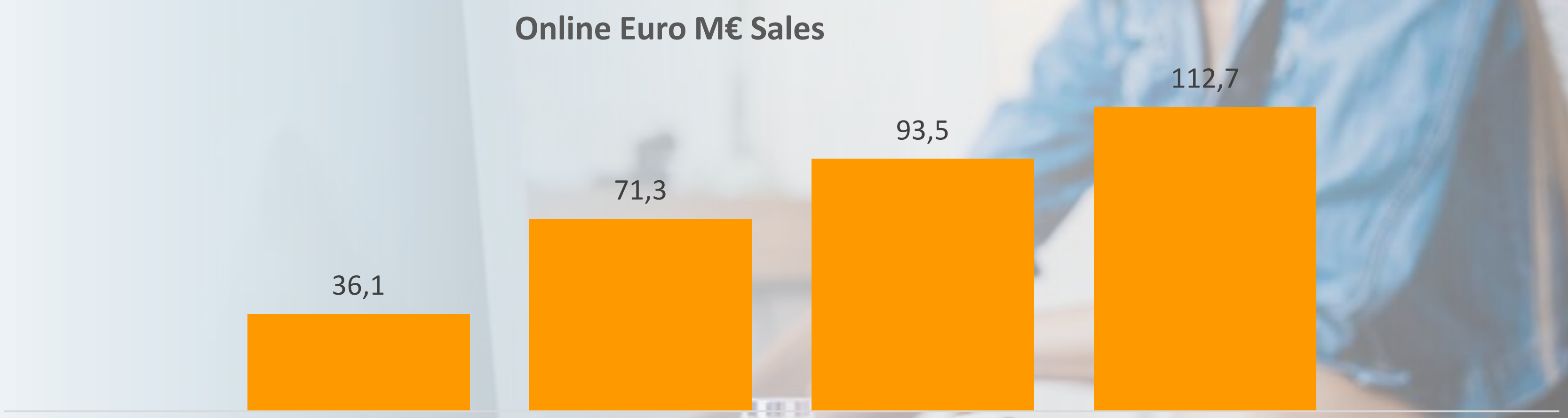
B&M bounces back to 2019 levels

As soon as restrictions were lifted consumers went back to physical stores pushing purchases to pre-covid levels



E-commerce keeps Momentum

On-line continues growing in Italy compared a decline/flat trend in other European countries, at the same rate of B&M



€ Weight	**4,1%**	**12,4%**	**12,3%**	**12,4%**
€ Chg vs YA		**+98%**	**+31%**	**+21%**

Key Drivers by Category

Fragrance

- Still less travels translates purchasing from Airports to local stores
- B&M and Ecommerce grew in parallel
- ICONIC Lines and Challengers drove the growth
- PREMIUMISATION of Fragrance in term of High End
- PRICE LISTING Increase

Makeup

- Innovation sustained sales with:
  - Hybrid products
  - Refillable
  - Glow effect
  - Long-lasting benefit
- B&M with dedicated activities to foster Makeup revival (test & discovery)
- Makeup rebound in Face/Lip when no mask required
- Makeup renaissance as self expression, beyond classic beauty and genderless
- Cosmetics brands challenged by Specialists and Exclusivities

Skincare

- Ingredients are the new drivers of purchase: Clinical +9% vs 2019
- Booming in Brightening, anti-Acne & sensitive products/ City defense after pandemic period
- Trial of New brands (Natural, Clinical, Made in Italy)
- Rise of mid-range brands impact on average price decline despite inflation

Where we will go in the coming months?

Many challenges could impact on Consumer behavior in the next months

Inflation increase

- Costs of energy, pushes inflation
- In June**, inflation accelerates again +8%,** rising to a level that had not been registered since January 1986
- Estimation Istat Y 2022 **+5,8%**

Consumer confidence fall

- In June 2022, consumer confidence climate index decreased from 102.7 to 98.3, **reaching its minimum since November 2020**
- Ukraine war impact, increase in the number of Covid case, drought emergency take a toll on **consumers' negative mood**

Purchasing Power collapse

- The **purchasing power of salaries will drop by 5%** due to dear bills, dear mortgages, dear life. In Italy there have not been such alarming figures since 1991

Supply chain disruption

- **Increase in raw material prices and out of stock issues** for many cosmetics companies impact negatively in retailer product availability in store.

Source: Istat/Demoskopica

Return to Local consumption

Waiting for the bounce back of tourism, touristic and business travel cities are recovering slowlier than rest of Italy

- The Italian Tourism is recovering especially in May registered +33,4% in terms of presence vs 2019 thanks also to the return of foreign tourist in Italy. **However, considering Ytd May22 we have not yet returned to pre-pandemic levels**: there is a decline of -3.1% for Italians and -6.8% for foreigners compared to 2019 .
- Especially the Cultural tourism in art cities this summer will grow by + 24.6% compared to 2021, **but still below 2019**, when the visitors of the cities of art were 44Mln.

24%

Milano/Roma/Firenze/Venezia
Euro weight 1H2019

20%

Milano/Roma/Firenze/Venezia
Euro weight 1H22

THAN K YOU

Apparel | Appliances | Automotive | B2B Technology | Beauty | Books | Consumer Technology

E-commerce | Fashion Accessories | Food Consumption | Foodservice | Footwear | Home | Juvenile Products

Media Entertainment | Mobile | Office Supplies | Retail | Sports | Toys | Video Games | Watches

npd