



Prestige Beauty Executive Summary

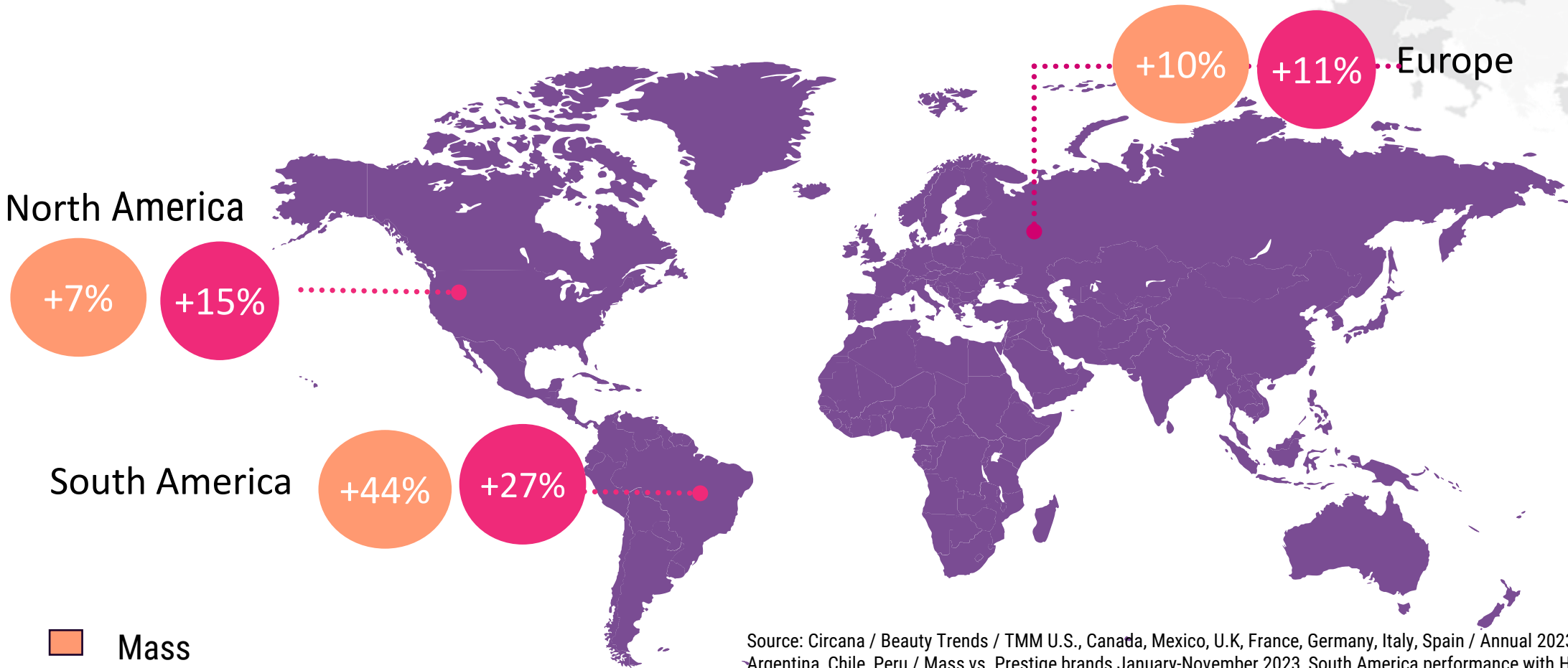
For Cosmetica Italia


May 2024



Strong Beauty performances especially in prestige

2023 vs 2022



 Mass
 Prestige



Source: Circana / Beauty Trends / TMM U.S., Canada, Mexico, U.K, France, Germany, Italy, Spain / Annual 2023 South America: Brazil, Argentina, Chile, Peru / Mass vs. Prestige brands January-November 2023, South America performance with Hair in Chile only China: Ecommerce only: Include B2C (Tmall & JD.com), TR (travel retail, including CDF Sunrise and Hainan) and DY (livestreaming, including Douyin)/January - November 2023 Australia: National Grocery (Supermarkets) Hair, Cosmetics, Skincare, Deodorants/Talc, MAT Jan 10, 2023 / New Zealand: National Grocery + Pharmacy, MAT Dec 31, 2023 Europe Mas / France, Italy, Germany / Annual 2023

Category Performance By Region

PRESTIGE BEAUTY

Cosmetics categories drove the growth overall

Value Weight by Category (%) Annual 2023

% Change Annual 2023 vs Prior Year

Fragrance Hair Makeup Skincare



Source: Circana Group/ Prestige Markets U.S., Canada, Mexico, U.K, France, Germany, Italy / Annual 2023
Peru, Chile, Argentina, Brazil. China: Ecomm only: Include B2C (Tmall & JD.com), TR (travel retail, including CDF Sunrise) and DY (livestreaming, including Douyin) Annual 2023

ITALY





Beauty had its moment in 2023,
while slight slow down in 1Q24

Total Beauty

2023

+16%

€ sales % change vs YA

+5%

€ Price % change vs YA

YTD March24

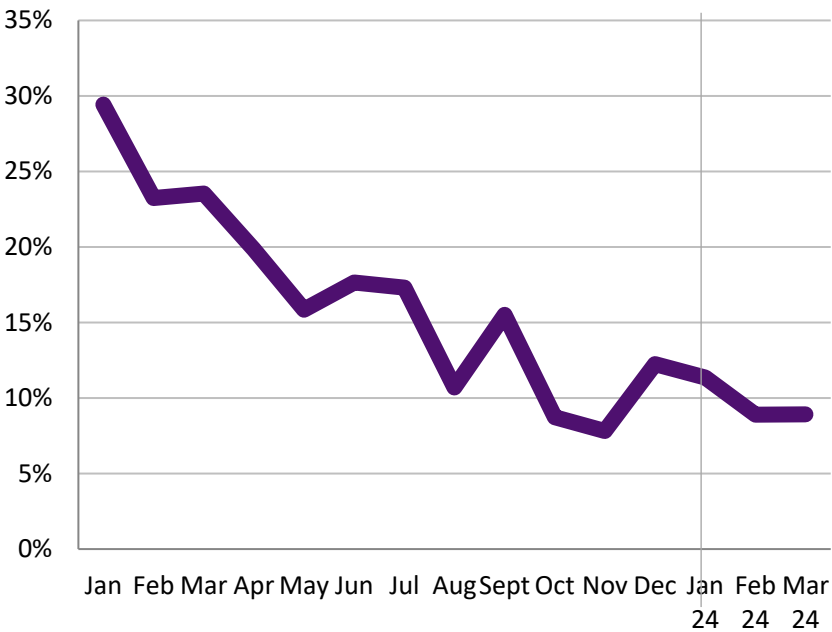
+10%

+3%

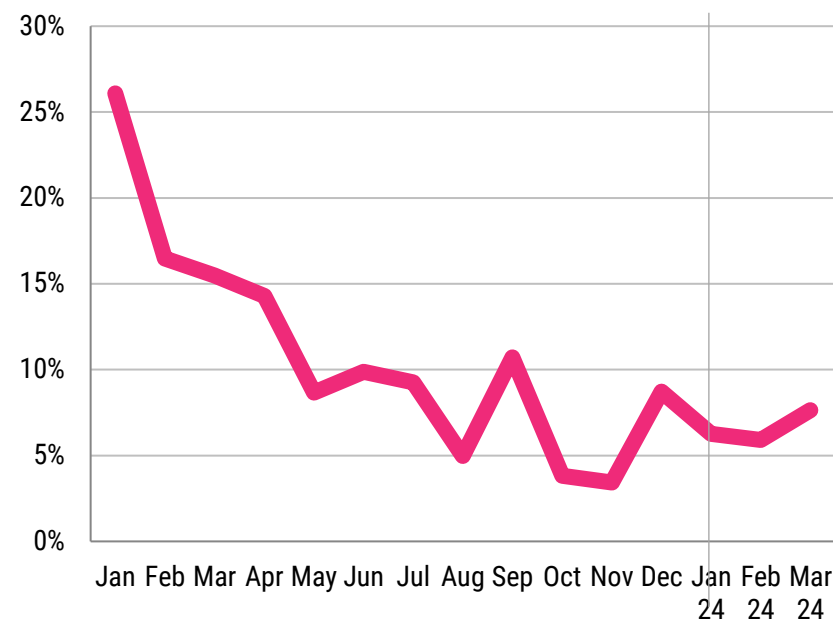
1Q24 showed a similar growth to Q423

Huge drop of Price increase in 1Q24 driven by lower inflation, more price promotions & trade down

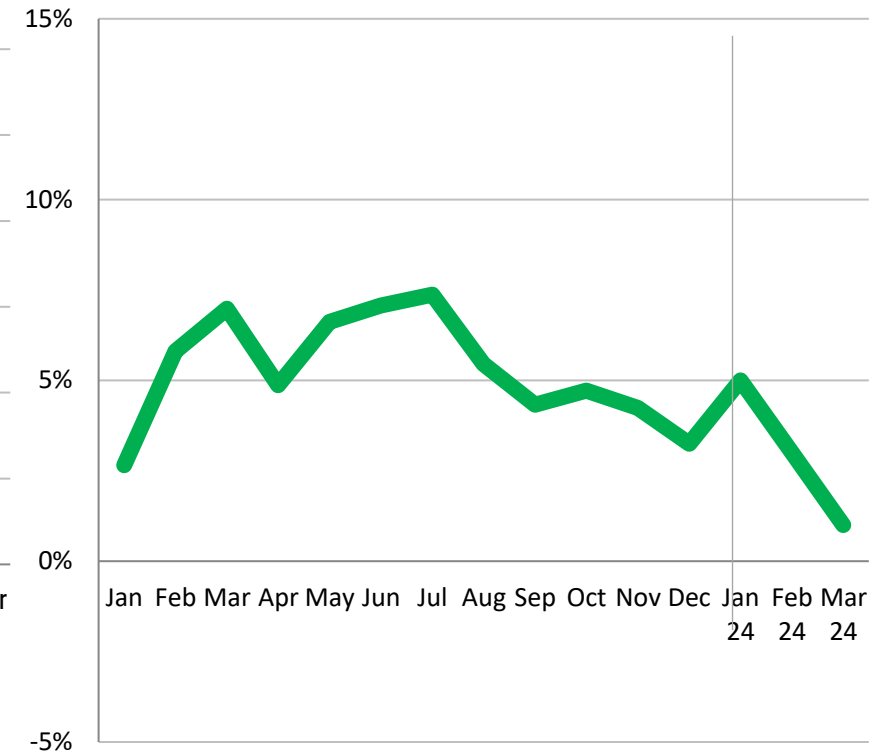
Euro % Change vs YA



Units % Change vs YA



Avg Price % Change vs YA



Beauty



1Q24 slow down in all categories both in demand and inflation

Still premiumization in Fragrances while mix change compensated price increase in skincare and Make up

FRAGRANCE



Year
2023

Value **+14%** | Volume **+4.4%**

Avg Price

+9.1%

MAKEUP



Value **+20.3%** | Volume **+13.5%**

Avg Price

+6.0%

SKINCARE



Value **+13.3%** | Volume **+10.4%**

Avg Price

+2.6%

YTD
March24

Value **+10%** | Units **+3%**
APS **+7%**

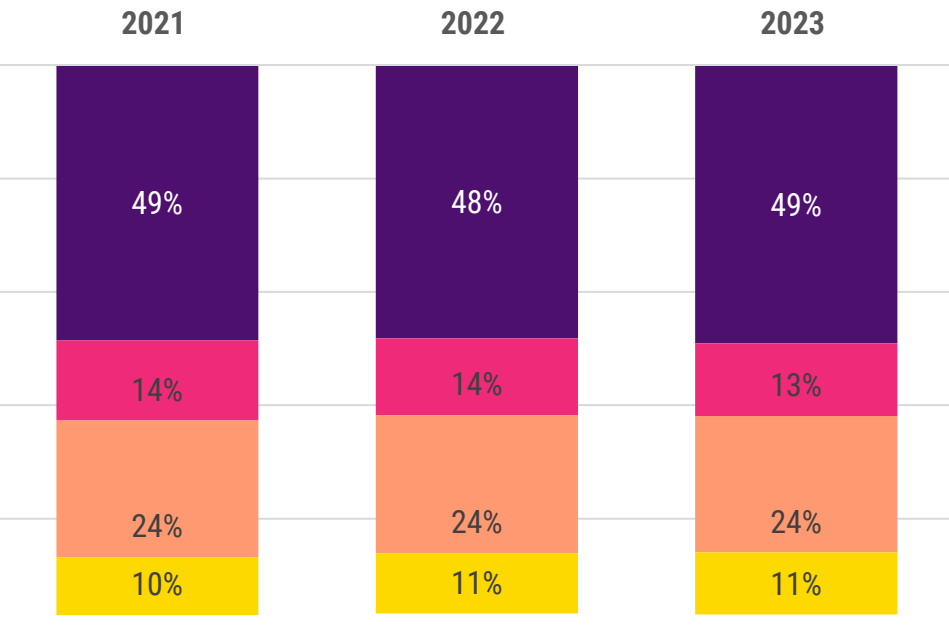
Value **+9%** | Units **+6%**
APS **+3%**

Value **+8%** | Units **+8%**
APS **+0%**

Continued the momentum for National chains. Ecommerce was the most dynamic and promoted channel in Q124



€ Sales by Channel – 2023



2024 € %ch

- IT National Chains + Dept Stores **+10,9%**
- IT Local Chains **+ 3,1%**
- IT Independents & Consortium **+7,0%**
- IT Ecommerce **+15%**



Impact of inflationary context

Purchasing power #1 concern of Italian people

39%

Looked for promotion on the items they wanted / needed

23%

Looked for cheaper alternatives for items they wanted / needed

20%

Delayed some purchases to buy only first necessity

17%

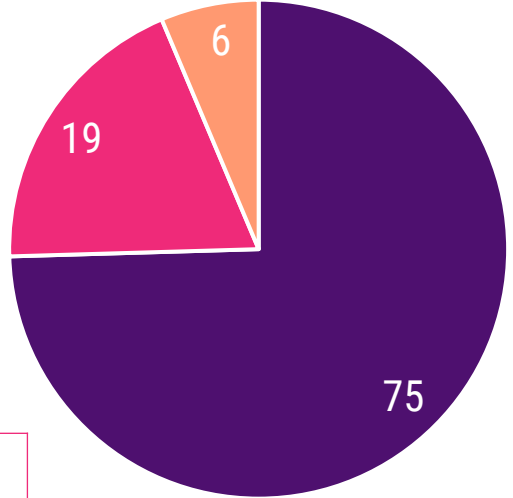
Only of Italian people **did not modify** their habits during the past 6 months.



Mid Range brands with lower price positioning continued to drive the growth for Skincare

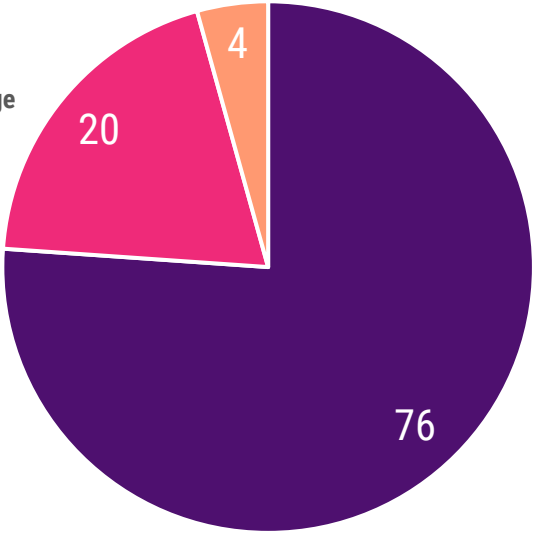
MAKEUP
Unit chg +14%

- Prestige
- Mid Range
- Mass



SKINCARE
Unit chg +11%

- Prestige
- Mid Range
- Mass



	Avg Price	Unit chg
Brand Prestige	47€	+5%
-Exclusivity Prestige	24€	+3%
Mid Range (incl PL)	10 €	+16% (*)
Mass Brand	7€	+11%

	Avg Price	Unit chg
Brand Prestige	32€	+7%
-Exclusivity Prestige	27€	+23%
Mid Range (incl.PL)	14€	9%
Mass Brand	7€	27%



Exclusive brands drove the growth in make up also in 2024

Euro Weights «All Other» - 2023

FRAGRANCE

4%

+0.1pts vs YA

MAKEUP

39%

+2.3pts vs YA

SKINCARE

21%

+1.3pts vs YA



YTD
March24

41%

+3 pts vs ya

22%

+1 pt vs YA



Overall Makeup Specialist brands (mainly exclusives), accounting for 1/3 of sales, grew +30% in 2023

Makeup Cluster (incl Suppressed) Euro Weight



ALL OTHER
 € weight 76%(+2 pt vs YA)
 € chg YoY +32,4%

Euro Chg%

+12.6%
 Designer

+29.6%
 Mass



+30.1%
 Makeup Specialist

+16.3%
 Skin heritage

+15.1% PL+Low Price



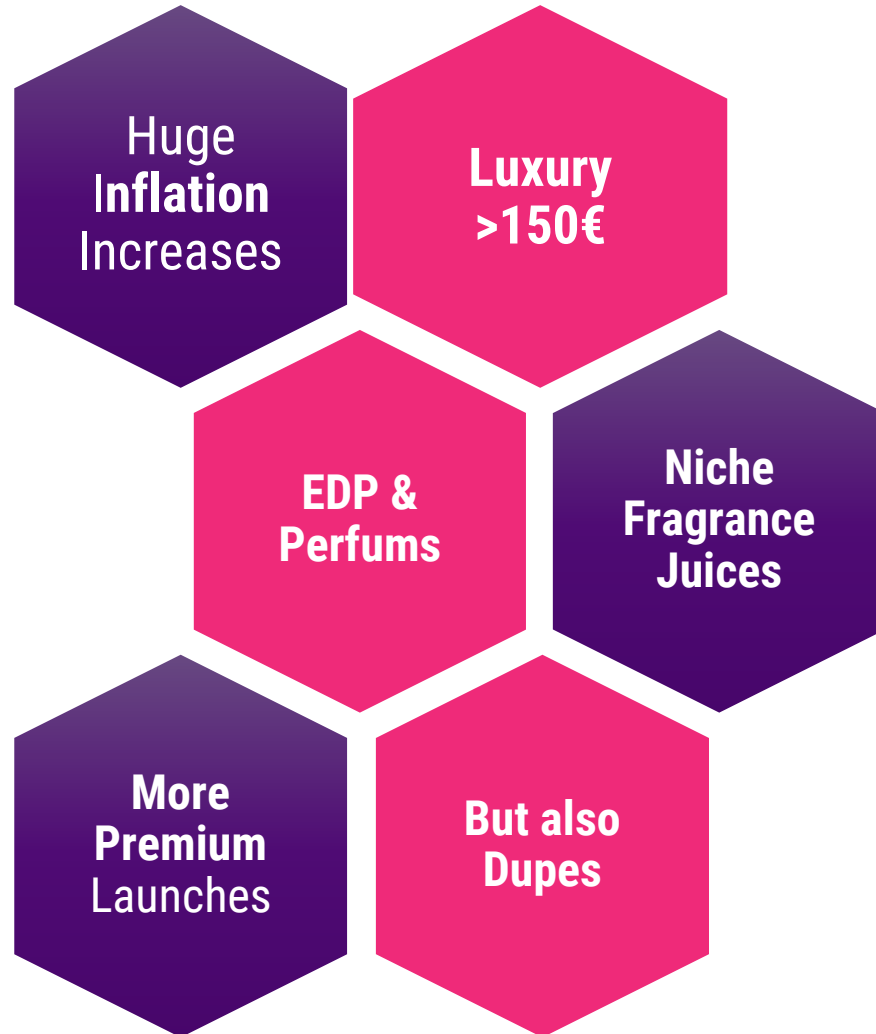
The growth for Makeup due to...



In Skincare Consumer continue to prefer sustainable and personalized approach, looking for..

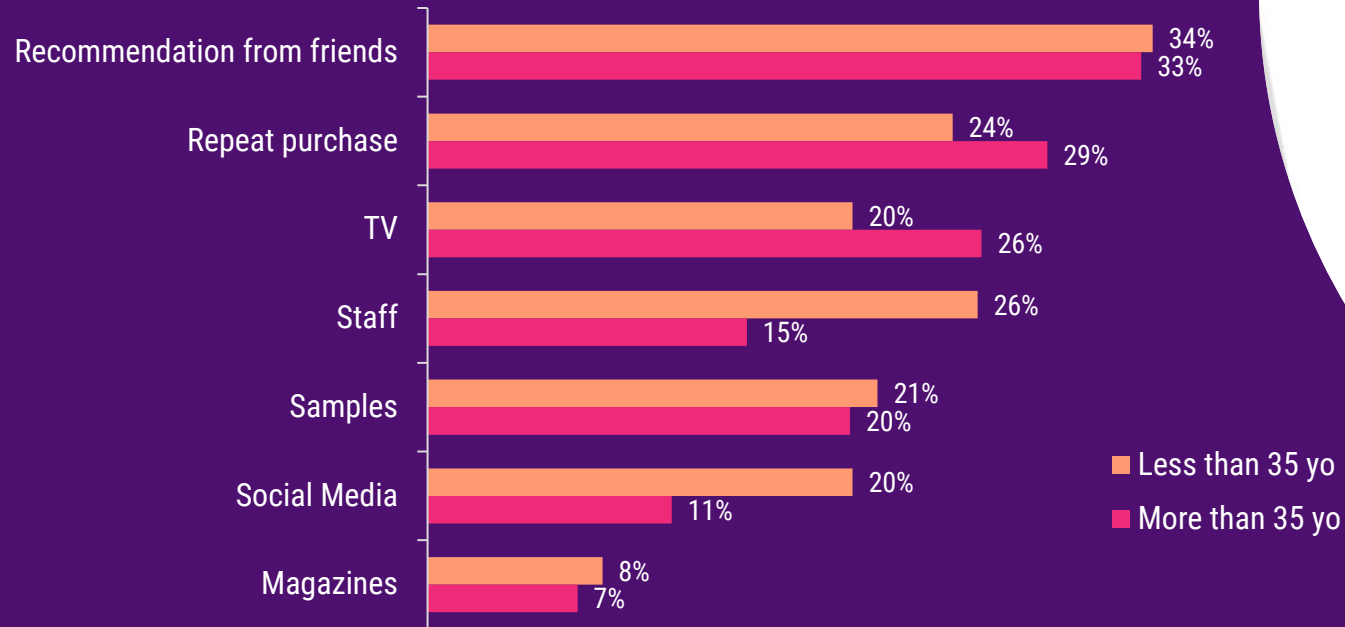


The continued acceleration of Fragrance Premiumization due to...

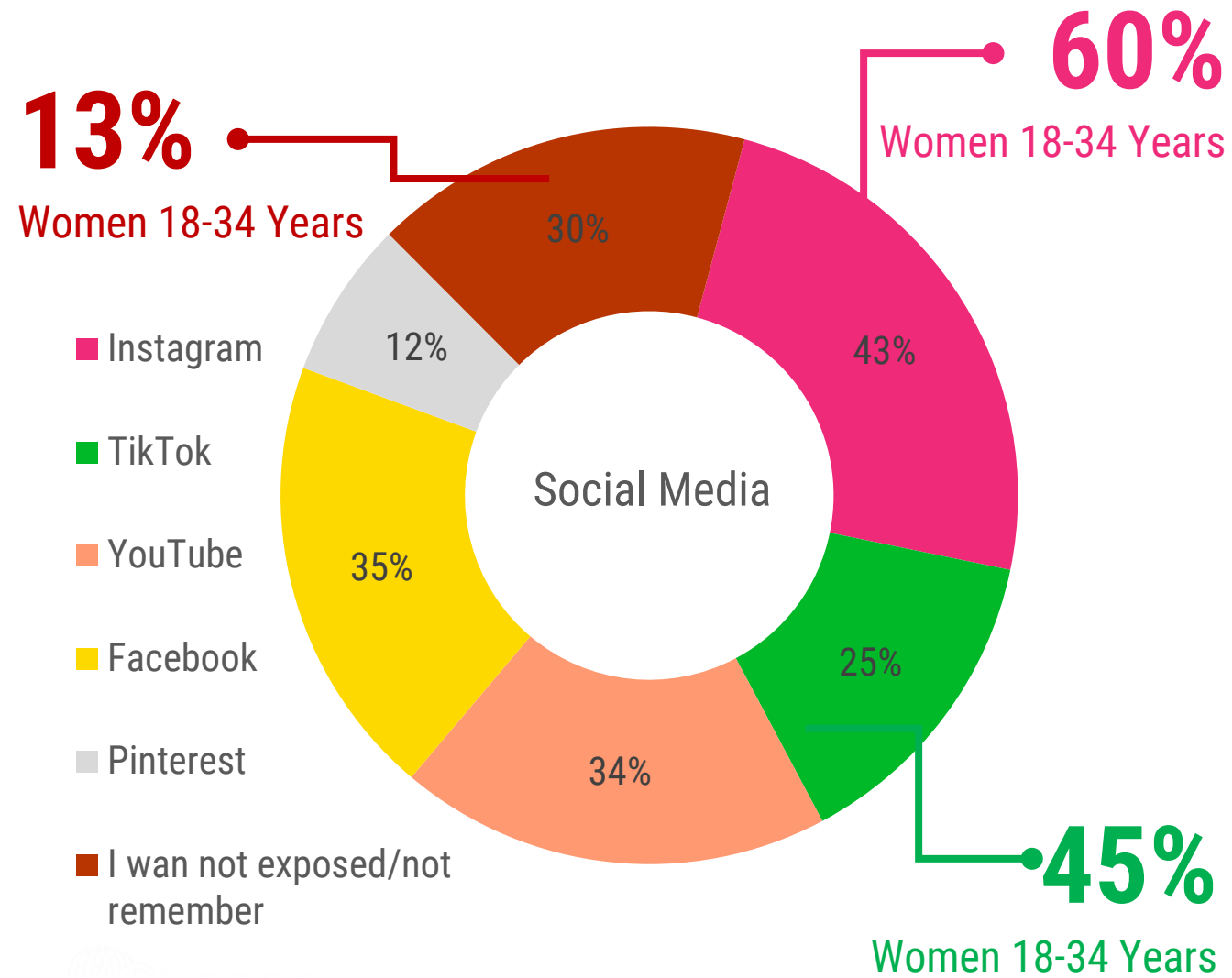


Social Media and **staff** are more relevant for less than 35 Years.
Repeat purchase and TV for more than 35.

Where did you get your inspiration for your purchase? (%)



TikTok and Instagram are the social media more used by young target for Beauty products



Circana Post Christmas Consumer Survey - Italy - January 2024

Q17: Have you watched any beauty related content or tutorials on social media in the last year and if yes, which platforms did you use enti? Base: Italy population Women Only n= 315

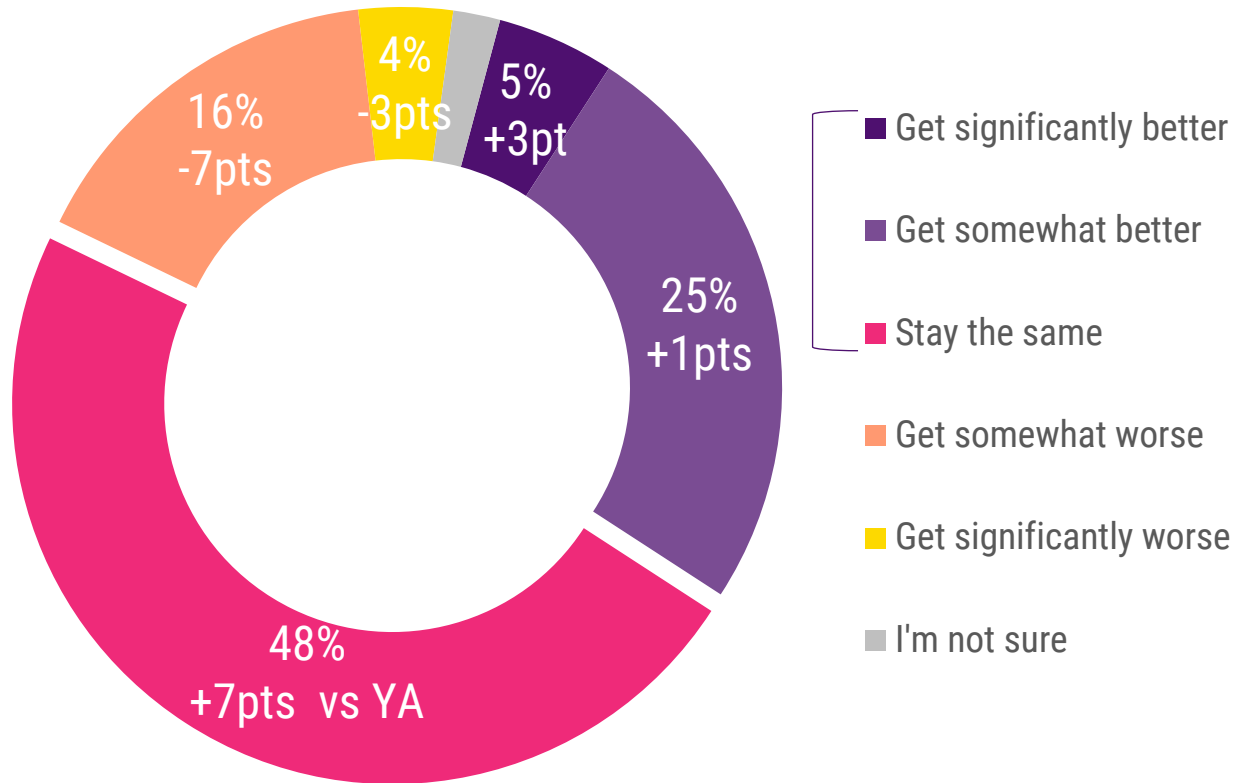
Outlook 2024



Italian people are more confident in the future

48% expect their financial situation to stay stable

Expectations about financial situation over the next 6 months



Prestige beauty future outlook 2024

Performance Expectation

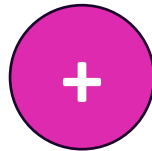
North America



SINGLE DIGIT GROWTH

Prestige beauty has shown an unprecedented resiliency over the past three years. Expectations are positive for 2024 as high-income consumers continue to drive growth.

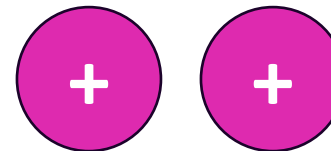
Europe



SINGLE DIGIT GROWTH

After three years of double-digit growth, a slowdown is expected. But prestige beauty outlook remains strong as consumers seek pockets of indulgence and affordable luxury products.

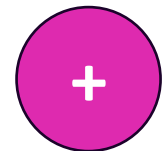
Latin America



DOUBLE DIGIT GROWTH

Prestige beauty growth in Latin America will slightly decelerate but will most likely grow double digits, driven by consumer confidence and price increases.

China



SINGLE DIGIT GROWTH

The Chinese government is likely to launch policy to boost economy. In prestige beauty, emerging channels, including travel retail and livestreaming, will continue to grow faster than traditional e-commerce.