HOW RODAN + FIELDS IS POISED FOR GROWTH AT HOME AND ABROAD

David Margulies
WHO IS EUROMONITOR INTERNATIONAL

Our Services
Syndicated Market Research
Custom Research and Consulting

Expansive Network
On the Ground Researchers in 80 Countries
Complete View of the Global Marketplace
Cross-comparable Data Across Every Market

Our Expertise
Consumer Trends & Lifestyles
Companies & Brands
Product Categories & Distribution Channels
Production & Supply Chains
Economics & Forecasting
Comparable Data Across Markets
Looking back at the last five years of the beauty and personal care market

Identifying and exploring areas of future growth

Taking a closer look at the demographic trends driving that growth
LOOKING BACK AT FIVE YEARS OF STRONG GLOBAL PERFORMANCE
Beauty & personal care is a $400bn industry globally.

Global skin care alone is a $111bn market, making up 28% of BPC sales.

North America makes up 14% of sales: $15.3 billion.

Source: Euromonitor Passport, 2014
THE NORTH AMERICAN MARKET HAS REACHED NEW HEIGHTS

North America Skin Care Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$12.9bn</td>
</tr>
<tr>
<td>2014</td>
<td>$15.3bn</td>
</tr>
</tbody>
</table>

Total Growth: $2.4bn

Total Premium Growth: $1.4bn

Share of Growth by Price Tier (2009 – 2014)

- Premium: 58%
- Mass: 42%

Source: Euromonitor Passport
## PUTTING THAT GROWTH INTO CONTEXT

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Yearly Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hair Care</td>
<td>1.6%</td>
</tr>
<tr>
<td>Full Service Restaurants</td>
<td>2.0%</td>
</tr>
<tr>
<td>Color Cosmetics</td>
<td>4.1%</td>
</tr>
<tr>
<td>Wine</td>
<td>4.8%</td>
</tr>
<tr>
<td>Premium Skin Care</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

*North America, Historic Value Compound Annual Growth Rate (2009 – 2014)*
Rodan + Fields Contributed Growth

- 12.3% of Total Premium Skin Care growth
- Led all premium brands in share of total category growth
- Within the top 10 Premium Skin Care brands, R+F was the fastest growing brand every year from 2009 to 2014
RODAN + FIELDS PRODUCTS SPEAK TO CONSUMER DEMAND

- Science behind the skin care
- Skin care as a social experience
- Harness innovation and launch quickly
- Active in the fastest growing categories
PERFORMANCE GREATLY OUTPACES RIVAL BRANDS

Shiseido 4.2%
Estée Lauder 4.6%
Clinique 5.4%
Lancôme 6.5%
Rodan + Fields 106.5%

Source: Euromonitor Passport
Data refers to brand average yearly growth (2009 – 2014) in the US
HOW MUCH ROOM IS THERE FOR FUTURE GROWTH?
GLOBAL SKIN CARE WILL BE A $131BN MARKET IN 2019

Source: Euromonitor Passport
Growth is in constant terms, excluding inflation

$111.2bn
$131.3bn

Global Skin Care - 2014 & 2019

Premium market will be $42bn globally in ‘19
$20bn in total Skin Care growth
Premium global Skin Care will grow by $6bn
NORTH AMERICAN SKIN CARE MARKET SET TO GROW BY $1.3BN

North America Skin Care Sales

Value Sales (US$ mn)


$15.3bn

$16.7bn

Total Growth (2014 – 2019)

$1.3bn

Source: Euromonitor Passport
Growth is in constant terms, excluding inflation
PREMIUM SKIN CARE WILL GROW BY $718MN

- Not just percentage growth: $718mn in real growth
- Premium Skin Care will make up 53% of total Skin Care gains
- Total growth in Premium Skin Care will be more than DOUBLE growth in Mass
- Premium Skin Care sales in North America will reach $5.5bn by 2019

Source: Euromonitor Passport
Growth is in constant terms, excluding inflation
PREMIUM ANTI-AGERS ARE A WINNING CATEGORY

- The best way for beauty products to justify a price premium is through proven effectiveness.
- This is especially true for anti-aging products, where results are a must – if the results are there, consumers will pay a premium.

Source: Euromonitor Passport
Growth is in constant terms, excluding inflation
WHO WILL BE DRIVING THAT GROWTH?
HIGHEST TOTAL SPEND COMES FROM MIXED HOUSEHOLDS

Millennial + Gen-X Household

Ages: 15-29
Ages: 30-59

$798mn

Source: Nielsen
MILLENNIALS ARE THE “SPARK”

- Early adopters
- Interested in new trends and products
- Excited to share new discoveries with others, strive to be the first to discover and the first to share
GEN-XERS ARE THE “FIRE”

- Entrepreneurial Spirit
- Well-Educated
- Skeptical
ANTI-AGERS ARE NOT JUST FOR BABY BOOMERS

**Millennials**

- Consumers aged 15-29 used anti-aging products daily: 57%
- Consumers aged 15-29 used anti-aging products at least weekly: 28%

**Generation X**

- Consumers aged 30-59 are using anti-aging products daily: 68%
- Consumers aged 30-59 are using anti-aging products at least weekly: 20%

Source: Euromonitor Survey
WHERE IS THAT SPENDING TAKING PLACE IN THE US?

Top 10 in Total Skin Care Spend
1. California
2. Texas
3. New York
4. Florida
5. Illinois
6. Pennsylvania
7. Ohio
8. New Jersey
9. North Carolina
10. Georgia

Top 10 Fastest Growing
1. Arizona
2. Texas
3. Georgia
4. Washington
5. Florida
6. Colorado
7. North Carolina
8. California
9. Virginia
10. Minnesota

Source: Euromonitor Passport
WHAT ABOUT DERMATOLOGISTS?

- Spend on dermatologists in the US in 2013: $10.1bn
  - 18% of clients are aged 20 – 39
  - 26% are aged 40 – 59
  - 20% is “Cosmetic Dermatology”

- Opportunity to bridge the gap and provide some of the same services at home at a fraction of the cost

Source: IBIS World
FINAL THOUGHTS
Skincare is a large, expanding market

Anti-Aging at premium prices is driving that growth

Efficacy and results is what sets brands apart

The Rodan + Fields opportunity is tremendous – GO GET IT!
THANK YOU

Questions?