
INDUSTRY OVERVIEW

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We have obtained the market and competitive position data in this prospectus from government official publications/sources, industry publications, and from surveys or studies conducted by independent third-party sources such as Euromonitor International. None of the information in this Industry Overview section is based on or otherwise derived from reports or sources commissioned by us, our connected persons or the Sponsors.

Unless otherwise indicated, all historical and forecast statistical information in this Industry Overview section, including trends, sales, market shares and growth levels, are from Euromonitor International¹. In addition, unless otherwise indicated, all sales data set forth in this Industry Overview section refers to retail sales and growth rates calculated in constant 2008 terms.

OVERVIEW

We operate within the large and steadily growing worldwide cosmetics and personal care industry. According to Euromonitor, the cosmetics and personal care industry is generally classified to include the following product segments:

- skin care (including face and body care)
- sun care
- hair care
- bath and shower
- men's grooming
- deodorants
- fragrances
- colour cosmetics
- baby care
- oral hygiene
- depilatories

We focus on the development, production and sale of **premium natural- and organic-based products** in all segments of the cosmetics and personal care industry except colour cosmetics, oral hygiene products and depilatories.

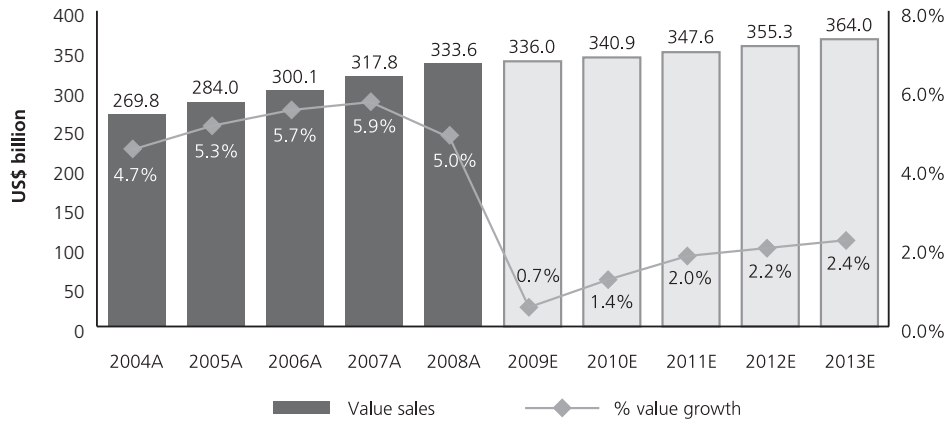
According to Euromonitor, total sales in the cosmetics and personal care industry worldwide were US\$333.6 billion in 2008. Total sales in this global industry grew 5.0% in 2008 from sales of US\$317.8 billion in 2007 and grew 5.9% in 2007 from sales of US\$300.1 billion in 2006. The sales compound annual growth rate between 2004 and 2008 was 5.5%.

¹ Based on data provided by Euromonitor International ("Euromonitor") in December 2009. As disclosed on its website, founded in 1972, Euromonitor is a privately owned company, with offices in London, Chicago, Singapore, Shanghai and Vilnius, and is a leading independent provider of business intelligence on industries, countries and consumers. Its products include online information databases, market reports and business reference books. For further information regarding Euromonitor International, please go to their website at www.euromonitor.com.

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Of the US\$333.6 billion of sales in 2008, US\$252.5 billion, or 75.7%, were attributable to product segments in which we are active and US\$81.1 billion, or 24.3%, to product segments in which we are not active. The following graph shows actual sales from 2004 to 2008 and estimated sales from 2009 to 2013 with their corresponding annual growth rates for the entire industry.

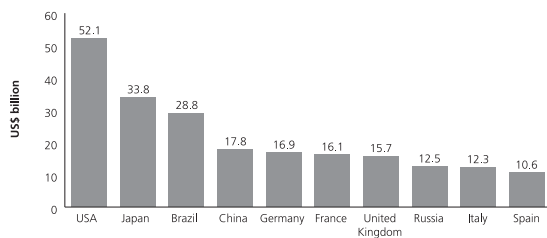
**Global cosmetics and personal care products: value and growth
2004–2008A and 2009–2013E**



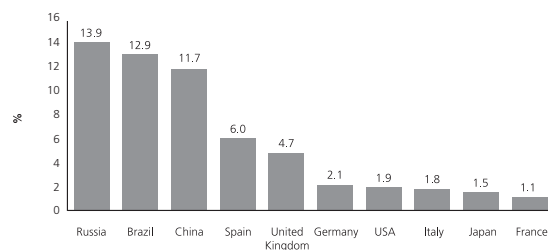
Source: Euromonitor International, December 2009

The following graphs show the ten largest national markets for cosmetics and personal care products in 2008 in terms of sales and the corresponding compound annual growth rate, or CAGR, of sales from 2004 to 2008 in these markets:

Ten largest national markets for cosmetics and personal care products in 2008



Sales CAGR (2004–2008) of ten largest national markets for cosmetics and personal care products



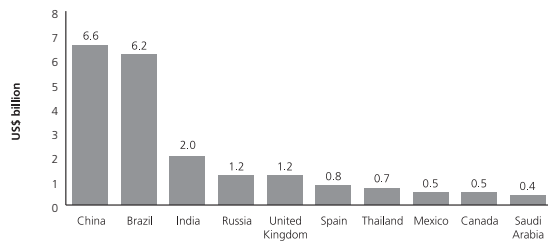
Source: Euromonitor International, December 2009

While absolute sales of cosmetics and personal care products continue to be stronger in more mature economies, sales in emerging economies have been growing at a more rapid rate and Euromonitor expects them to continue to grow in the near future. The following graphs show the

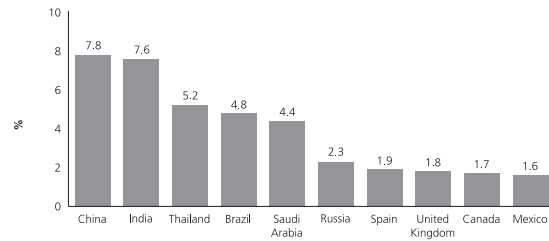
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ten national markets that Euromonitor expects to have the largest absolute increase in sales of cosmetics and personal care products along with their expected CAGR from 2009 to 2013:

Top ten countries expected to have the largest absolute increase in sales from 2009 to 2013E



Forecasted sales CAGR (2009 to 2013E) of the top ten countries with largest absolute increase in sales



Source: Euromonitor International, December 2009

Industry Trends

The market for premium cosmetics and personal care products, in particular for those that are natural- and organic-based, has grown considerably in recent years, both in economically mature countries and countries with emerging economies. Euromonitor expects this market to keep growing for the foreseeable future as a result of the following trends:

- *Greater demand for natural- and organic-based products.* Consumers are seeking healthier alternatives in order to live longer, healthier lives, including gentler, less-invasive cosmetics and personal care products. Safety concerns linked to the potential harmful effects of certain chemicals and preservatives used in cosmetics and personal care products are also reinforcing this trend. As a result, consumers are increasingly aligning themselves with the perceived simplicity, safety and “back-to-basics” characteristics of natural and organic products and increasingly seeking cosmetics and personal care products that they believe will help them to maintain a healthy lifestyle and natural well being.

In particular, organic-based cosmetics and personal care products hold great potential in the overall natural-based beauty market.¹ As consumers are increasingly looking for guarantees of authenticity in line with the wider health and wellness movement, they are increasingly scrutinizing product labels and are making purchases based on brands’ “natural credentials”. As a consequence, while organic cosmetics and personal care products are currently still only a small niche within the overall naturals market, Euromonitor expects such products to attract a growing share of sales, with certification giving consumers the assurance they need that products meet their expectations of naturalness¹.

- *Demand for high-tech cosmetics.* Consumers are increasingly demanding more visible results from their personal care regimes. As a result, an increasing number of cosmeceuticals, or products claiming to have pharmacological benefits and containing strong active, quasi-medical ingredients, have been introduced to the market in recent years. This trend is

¹ Based on a April 2008 Euromonitor report.

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impacting the more results-driven sectors, such as facial care (e.g., anti-agers and skin whitening), body care (e.g., anti-cellulite), oral hygiene (e.g., tooth whitening) and hair care (e.g., hair loss treatment).

- *Demand for environmentally friendly and ethical products.* Consumer demand for environmentally friendly and ethical products is growing in response to increasing awareness of pollution and climate change. This trend has been led by wealthier, economically mature countries, although companies worldwide are coming under pressure to improve their environmental records. As a result, corporate social responsibility has become an increasingly important requirement. Environmental and ethical awareness impacts the entire production and sales chain for cosmetics and personal care products, from sourcing of ingredients (sustainable, fair trade and “green” ingredients), product manufacturing (“less is best” production methods) to packaging (eco-friendly packaging that is biodegradable, recycled/recyclable and PVC-free), and also affects consumers’ expectations of corporate philanthropy.
- *Anti-ageing products.* Several demographic trends are driving growth for anti-ageing products, including an ageing population globally with longer life expectancy. According to the United Nations, the number of people aged 60 years or over is expected to almost triple, increasing from 739 million in 2009 to 2 billion by 2050. The proportion of people aged 60 years or over is expected to increase from 10.9% of the world’s population in 2009 to 22.4% by 2050. Over the same period, the number of older persons living in developing countries is expected to rise from 64% of the world population in 2009 to 79% of the world population in 2050². In addition to this trend, consumers are using anti-ageing products, such as creams to reduce facial wrinkles, at an earlier age.
- *A focus on appearance in emerging economies.* There is a growing perception among consumers, particularly in countries with emerging economies, that personal appearance is important to achieving social, professional and financial success. As a result, an increasing number of consumers are prepared to invest in premium cosmetics and personal care products.
- *New retail concepts making premium cosmetics and personal care products more accessible and widely available.* Premium cosmetics and personal care products have traditionally been distributed through department stores. Increasingly, these premium products are being sold through specialist retail shops, spas, salons and direct-response television, such as infomercials and home-shopping channels.
- *Increasing global wealth.* Increasing global wealth and the resulting growing middle-class consumer bases in emerging economies is increasing the disposable income of a larger number of consumers, allowing them to spend more on premium cosmetics and personal care products that are typically more expensive.

² According to “World Population Prospects, The 2008 Revision, Executive Summary” issued by the United Nations in 2009.

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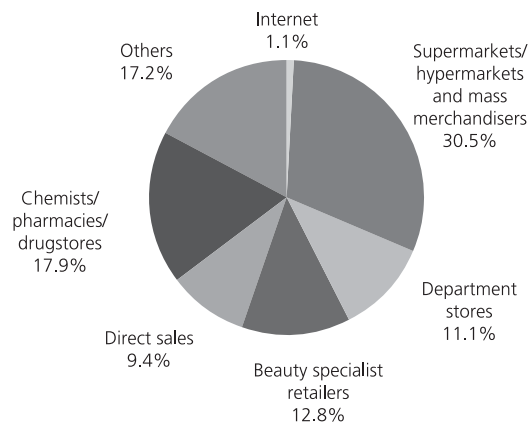
- *Increased segmentation.* Cosmetics and personal care companies are creating products targeted at defined consumer groups and preferences to add value and gain a competitive edge. Companies are achieving this through specially formulated products, packaging, positioning and price. This trend is being driven by the following factors, among others:
 - Market maturation in economically mature markets and increased global wealth mean that companies are looking to encourage consumers to trade up to more expensive, higher-end premium cosmetics and personal care products.
 - Anti-ageing products continue to become increasingly specialised and segmented by age group, gender, combination products, as well as targeting different parts of the body — eye, neck, face, chest and the rest of the body. Nourishers/anti-agers are expected to be the main drivers of the growth of skin care products as consumers increasingly prioritise age prevention.
- *Globalisation.* Globalisation, including the globalisation of the media, is further facilitating the development of the above trends, with lifestyle changes and personal aesthetics spreading increasingly from economically mature markets to emerging markets. Globalisation has also created a category of brands within the cosmetics and personal care products industry that consumers in many parts of the world have grown familiar with.
- *Regulation.* Governments worldwide have been imposing tighter restrictions on chemicals used in consumables and on the use of animals for product testing. For example, legislation in the European Union that came into effect in July 2007 outlaws potentially harmful chemicals used in cosmetics and personal care products and requires safety testing for others. The European Union has also adopted a full ban on animal testing of cosmetics and personal care products, which came into force in March 2009. China doubled the number of banned substances for use by the cosmetics and personal care industry in July 2007 according to the People's Daily Online. In addition, due to the growing global demand for environmentally friendly and ethical products, there is an increasing drive by consumers and governments to regulate the labelling of products, in particular for determining which products may carry "natural, "organic" or "fair trade" labels. For example, the United States is planning to introduce new standards for organic personal care products, which would require labels for organic products to indicate exactly what percentage of the product's ingredients are organic in nature.

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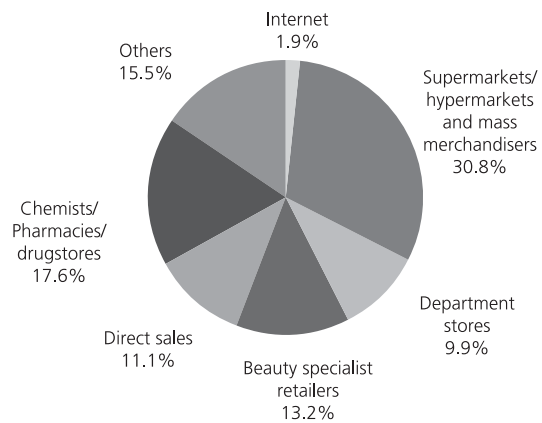
Distribution Channels

Cosmetics and personal care products are distributed to end users through various types of distribution channels. Premium cosmetic and personal care products have traditionally been sold through department stores in most major national markets, although in recent years, other distribution channels such as specialty retail stores, television and the internet have developed, offering consumers other opportunities to purchase premium products. The following charts show the percentage of total global sales of all cosmetics and personal care products by distribution channel in 2003 and 2008:

Distribution channels for cosmetics and personal care products in 2003



Distribution channels for cosmetics and personal care products in 2008



Note: Others include discounters, small and other grocery retailers, variety stores, other health and beauty retailers, outdoor markets, other non-grocery retailers, vending and homeshopping. Distribution data excludes travel retail.

Source: Euromonitor International, December 2009

According to Euromonitor, the market share of department stores is decreasing due to the success of other distribution channels. Beauty specialist retailers have gained market share in recent years, both in countries with emerging economies as well as in countries with mature economies. Beauty specialist retailers are filling the gap left by the declining market share of department stores and fueling the penetration of niche brands in emerging markets. Beauty specialist retailers have also made great inroads in Western Europe, the Middle East and Africa. However, focusing on small speciality retailers as opposed to department stores has also become a focus in Japan. Beauty specialist retailers are especially popular among younger and independent-minded consumers, who are more likely to avoid the traditional offerings at department stores.

Television home-shopping networks (classified under the "Others" category in the graph above) are developing in certain countries, proving popular among high premium brands as both a retail channel and a way to generate publicity. Direct sellers have seen their market share increase as a result of the recession. Total direct sales amounted to US\$36.9 billion in 2008, around half of which came from Eastern Europe and Latin America. Door-to-door selling is diminishing in

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importance in developed markets (albeit still posting reasonable growth), as the role of the internet, interactive technologies, and blogs are becoming more important and personal advice can be replaced by information found on the internet and TV more easily.

Internet shopping has grown in popularity in recent years. Internet sales have more than doubled since 2003, growing from US\$2.4 billion to US\$6.4 billion in 2008. The Internet represented 1.1% of all sales in 2003, which has increased to 1.9% in 2008.

Supermarkets, hypermarkets and mass merchandisers tend to sell a wide variety of cosmetics and facial care products with a focus towards mass consumer appeal rather than premium products. Supermarkets, hypermarkets and mass merchandisers continued to lead in cosmetics and personal care product retailing with over 30% of global value sales going through this channel in 2008.

Competition

The global cosmetics and personal care industry comprises a number of large, multinational corporations such as Procter & Gamble, L'Oréal, Estée Lauder, Shiseido, Kao Corp and some specialist independent companies such as Clarins and L'Occitane. In addition, there are regional players such as Limited Brands (US), Yves Rocher (Europe) and Natura (Latin America).

The market for cosmetics and personal care products is characterised by keen and vigorous competition among local and multinational companies. In each geographical market, multinational players, local players and niche brands actively compete mainly based on brand name, product range, quality, price and distribution coverage. The top ten multinational players accounted for about 51.9% of industry sales in 2008, according to Euromonitor. In addition to multinational players competing amongst themselves, regional and local brands further increase competition on a market by market basis, leveraging historical presence, deep local market knowledge and cultural understanding and insights. Finally, niche brands, catering to emerging trends or targeted consumer expectations, have been developing fast adding to the competition. The intense competition within the industry is driving a trend towards consolidation as economies of scale and innovation through research and development remain imperative and retailers continue to increase pressure on manufacturing margins.

Competition in natural-and organic-based cosmetics and personal care products has become particularly intense in recent years, reflecting consumers' growing interest in such products. Competition is coming both from large multinationals as well as from smaller independent companies with new product launches. Some of the players which are involved in the natural and organic-based cosmetics and personal care products include: L'Oréal (The Body Shop, Sanoflore), Estée Lauder (Aveda, Origins), Limited Brands (Bath & Body Works), Yves Rocher, Natura, Clarins, Sisley, Weleda, Dr Hauschka, Jurlique, Aesop and Korres.

Besides increased competition from new players and brands in the natural and organic-based market, we believe that competition in this market is also measured by innovation, speed to market, customer service and brand values. Spurred by consumer demand for natural and organic-based products that combine high efficacy with sensorial qualities, we believe that innovation and speed to market will continue to be major keys to success. As a consequence, ability to quickly introduce new, innovative concepts and products to consumers through effective research and development and marketing will be significant drivers of sales growth. Moreover, with the intense competition, not only are the products themselves becoming more important, the overall customer

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experience and thus quality customer service is becoming increasingly important. Finally, we believe that the current growing environmental and ethical consciousness among consumers around the world will influence their choice and force brands to compete on those values. As a consequence, by leveraging our competitive strengths, we believe we are well positioned to continue to deal with the intense competition. Please see “Business — Competitive Strengths”.

In the organic segment, our purchase of M&A SAS and the Melvita brand in June 2008 is in line with our strategy to focus on organic cosmetics, which we believe have significant potential in the overall natural-based beauty market. We expect M&A SAS, which was one of the first laboratories to be granted with ECOCERT certification, and the Melvita brand to help us cope with increasingly keen competition. Today, Melvita is a leading ecological and organic cosmetics brand in France, distributed at over 2,000 stores specialised in natural and organic products and in over 600 pharmacies. Melvita products are also sold in France at four stores operated and managed by M&A SAS, as well as on the internet through the website www.melvita.com.

ASIA-PACIFIC

Asia-Pacific is the third largest regional market for cosmetics and personal care product after Europe and the Americas. With sales of US\$80.1 billion in 2008, the region accounted for 24.0% of the world’s market.

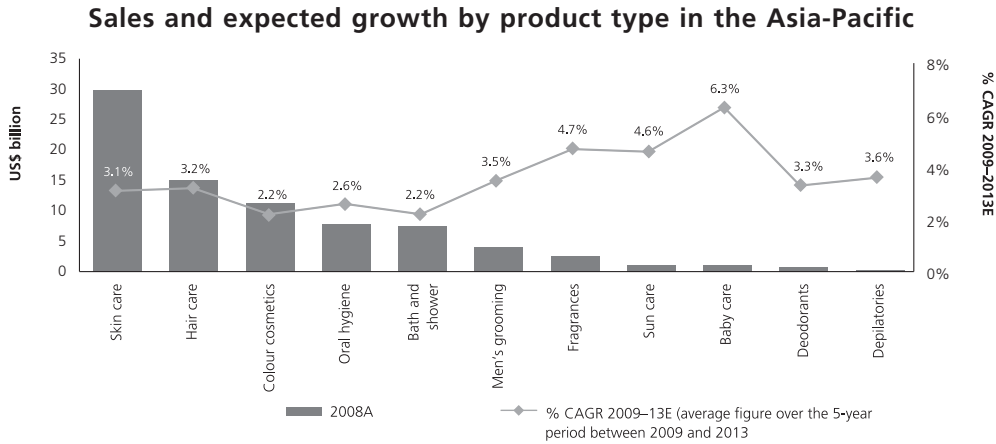
Product Preferences

According to Euromonitor, cultural preferences and traditions have a strong impact on patterns of spending on cosmetics and personal care products in Asia-Pacific:

- There is a perception among consumers in Asia-Pacific that equates lighter skin with beauty, driving relatively strong demand for skin-whitening creams and, to a lesser extent, sun care products.
- Asia-Pacific consumers have more intensive skin care regimes and skin care products are by far the largest product segment in Asia-Pacific.
- Asia-Pacific consumers have a preference for unscented or lighter, cleaner smelling cosmetics and personal care products compared to consumers in Europe and North America. As a result, sales of fragrances have been lower compared to Europe and North America.
- As a result of changing consumption trends in certain developing parts of Asia-Pacific, consumers are generally expected to increase their spending on premium cosmetics and personal care products. This has resulted in premium brands and luxury or functional products gaining market share.

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The following graph shows sales by product type in the Asia-Pacific region in 2008, along with the expected CAGR from 2009 to 2013:

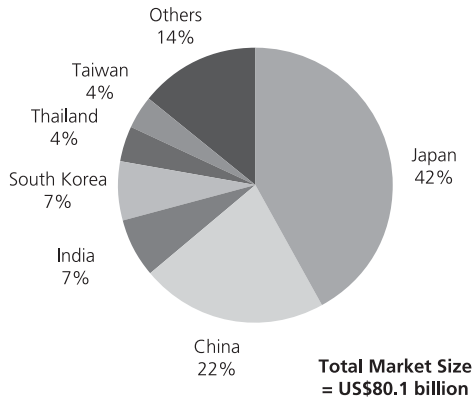


Source: Euromonitor International, December 2009

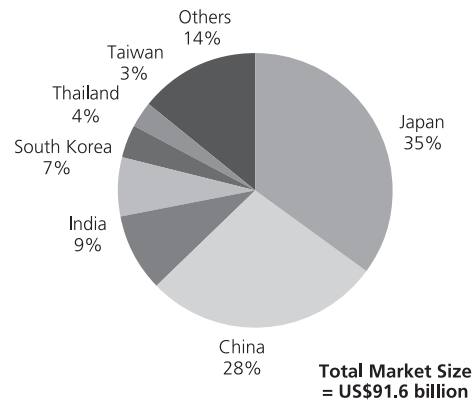
Historical Growth and Market Size

Sales of cosmetics and personal care products in Asia-Pacific experienced a CAGR of 5.3% from 2004 to 2008 and reached US\$80.1 billion in 2008. Japan is the largest national market with a 42.1% share of the Asia-Pacific market in 2008, followed by China. The following charts show the percentage value of sales in Asia-Pacific by country in 2008 and estimated sales in 2013 according to Euromonitor:

Value of sales in Asia-Pacific by country for 2008



Forecasted value of sales in Asia-Pacific by country for 2013E



Source: Euromonitor International, December 2009

Sales of cosmetics and personal care products in Asia-Pacific are expected by Euromonitor to increase to US\$91.6 billion by 2013, representing a CAGR of 3.0% from 2009 to 2013.

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Japan

Japan is currently the largest market for cosmetics and personal care products in Asia-Pacific with US\$33.8 billion in sales in 2008, constituting 42.1% and 10.1% of total sales in Asia-Pacific and worldwide sales, respectively. Sales of cosmetics and personal care products in Japan increased at a CAGR of 1.5% from 2004 to 2008.

Japan has the fourth highest per capita spending for cosmetics and personal care products in the world after Norway, Denmark and Switzerland. It is also the second largest market for cosmetics and personal care products in the world after the United States. Per capita spending on these products was significantly higher in Japan than in the United States at US\$264.4 and US\$171.2 per annum, respectively, in 2008. Per capita spending on cosmetics and personal care products in Japan is expected by Euromonitor to contract at a CAGR of 0.7% from 2009 to 2013, and in the United States it is expected to contract at a CAGR of 1.0% for the same period. Overall sales of cosmetics and personal care products in Japan are expected to contract at a CAGR of 0.9% from 2009 to 2013.

While the overall population in Japan contracted by 0.1% from 2004 to 2008, the number of Japanese aged above 65 years expanded by 13.3% and accounted for approximately 22.1% of the country's population in 2008 according to Euromonitor. This trend has provided Japan with a large and affluent older consumer base with more disposable income and potential for increased sales of anti-ageing and other cosmetics and personal care products targeting older consumers.

China

China is currently the second largest market for cosmetics and personal care products in Asia-Pacific and the fourth largest market in the world. Sales of cosmetics and personal care products in China amounted to US\$17.8 billion in 2008, representing 22.2% and 5.3% of total Asia-Pacific sales and worldwide sales, respectively. Driven by rapid GDP growth, China's cosmetics and personal care products market grew at a CAGR of 11.7% from 2004 to 2008.

Sales of cosmetics and personal care products in China are expected by Euromonitor to increase at a CAGR of 7.8% from 2009 to 2013, the highest growth rate in the world among major markets, reaching US\$25.4 billion and representing approximately 7.0% of total worldwide sales by 2013. This growth is expected to be driven largely by the expected continued strong growth of the Chinese economy, with nominal GDP per capita expected to grow at a CAGR of 11.9% from 2009 to 2013, according to the Economist Intelligence Unit.¹

Korea

Korea is currently the third largest market for cosmetics and personal care products in Asia-Pacific, with sales of US\$5.9 billion in 2008, representing 7.4% and 1.8% of total sales in Asia-Pacific and worldwide sales, respectively. Retail sales of cosmetics and personal care products in Korea increased at a CAGR of 3.6% from 2004 to 2008.

¹ Based on data published by the Economist Intelligence Unit ("EIU") on 30 September 2009, Nominal GDP per capita is calculated based on nominal GDP and total population. As disclosed on its website, the EIU, founded in 1946, is a global provider of country, industry and management analysis and is a leading research and advisory firm with more than 40 offices worldwide, and is a specialist publisher serving companies establishing and managing operations across national borders and provides forecast on more than 200 countries and certain industries. For further information regarding the EIU, please go to their website at www.eiu.com.

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Total sales of skincare products in Korea in 2008 were US\$2.5 billion. Sales of skincare remains the largest product segment of the Korea cosmetics and personal care product industry, accounting for approximately 41.5% of sales in 2008. Korea's cosmetics and personal care products are expected by Euromonitor to grow at a CAGR of 1.3% from 2009 to 2013.

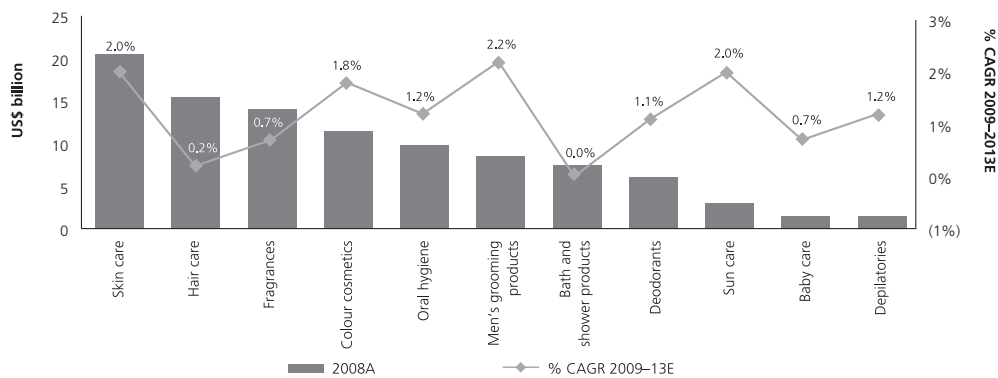
EUROPE

Europe is the world's largest regional market for cosmetics and personal care product with total sales of US\$123.4 billion in 2008, with Western Europe accounting for 78.4% of these sales and Eastern Europe for 21.6%. In 2008, France, the United Kingdom and Germany combined constituted over half of all cosmetics and personal care products sales in Western Europe.

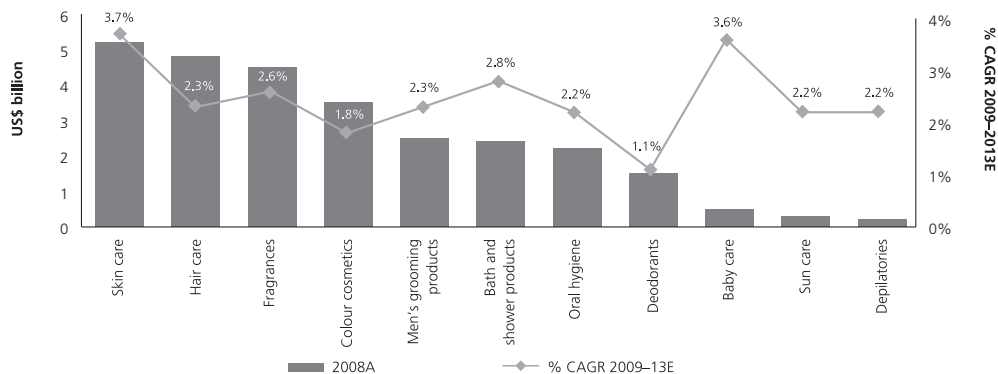
Product Preferences

Skin care remains the largest product segment in terms of sales and has the highest expected growth from 2009 to 2013 for all of Europe according to Euromonitor. The following graphs show forecast sales by product type in Western Europe and Eastern Europe along with the expected CAGR for both regions from 2009 to 2013.

Sales and expected growth by product type in Western Europe



Sales and expected growth by product type in Eastern Europe



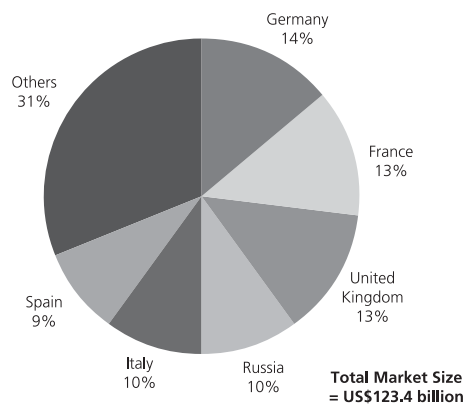
Source: Euromonitor International, December 2009

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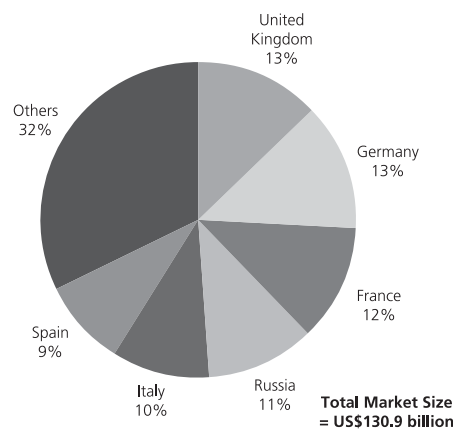
Historical Growth and Market Size

Sales of cosmetics and personal care products in Western Europe experienced a CAGR of 3.3% from 2004 to 2008 while Eastern Europe's CAGR reached 10.8% during the same period. In 2008, Germany was the largest national market in Europe with sales of US\$16.9 billion, closely followed by France with US\$16.1 billion and the United Kingdom with US\$15.7 billion. The following charts show the percentage value of sales in Europe by country in 2008 and the forecasted value according to Euromonitor in 2013:

Value of sales in Europe by country in 2008



Forecasted value of sales in Europe by country for 2013E



Source: Euromonitor International, December 2009

While Eastern Europe's cosmetics and personal care products sales growth is expected to remain strong, Western Europe's sales growth is expected to slow due to lower levels of economic growth. Sales of cosmetics and personal care products in Eastern Europe and Western Europe are expected by Euromonitor to increase at a CAGR of 2.5% and 1.1%, respectively, from 2009 to 2013.

Germany

Germany is currently the largest market for cosmetics and personal care products in Europe. In 2008, Germany had US\$16.9 billion in sales of cosmetics and personal care products, constituting 13.7% and 5.1% of total sales in Europe and worldwide sales, respectively. Sales of cosmetics and personal care products in Germany increased at a CAGR of 2.1% from 2004 to 2008. In addition, sales of cosmetics and personal care products in Germany are expected to increase at a CAGR of 0.2% from 2009 to 2013.

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France

France is currently the second largest market for cosmetics and personal care products in Europe with US\$16.1 billion in sales in 2008, constituting 13.1% and 4.8% of total sales in Europe and worldwide sales, respectively. Sales of cosmetics and personal care products in France increased at a CAGR of 1.1% from 2004 to 2008. In 2008, France also had the fifth highest per capita spending for cosmetics and personal care products in the world at US\$261.4 per annum and also represents the sixth largest market for such products in terms of sales globally. However, sales of cosmetics and personal care products in France are expected to remain flat from 2009 to 2013.

United Kingdom

The United Kingdom is currently the third largest market for cosmetics and personal care products in Europe. In 2008, the United Kingdom had US\$15.7 billion in sales of cosmetics and personal care products, constituting 12.7% and 4.7% of total sales in Europe and worldwide sales, respectively. The United Kingdom's sales of cosmetics and personal care products increased at a CAGR of 4.7% from 2004 to 2008. Its per capita spending was the sixth highest in the world at US\$257.6 per annum in 2008. Sales of cosmetics and personal care products in the United Kingdom are expected to increase at a CAGR of 1.8% from 2009 to 2013.

Russia

Not only is Russia the fourth largest market for cosmetics and personal care products in Europe with US\$12.5 billion in sales of cosmetics and personal care products in 2008, but it was also the third fastest growing major market in the world from 2004 to 2008 with a CAGR of 13.9%. In addition, with a forecast CAGR of 2.3% from 2009 to 2013, Russia is expected by Euromonitor to be the fourth fastest growing country, in absolute terms, in the world for cosmetics and personal care products, after China, Brazil and India.

THE AMERICAS

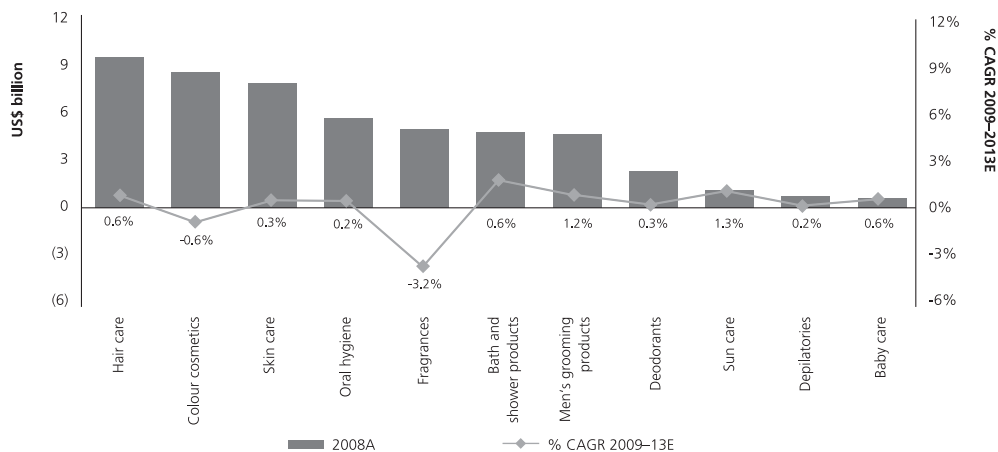
The Americas constitute the second largest regional market in the world for cosmetics and personal care products with total sales of US\$111.1 billion in 2008, with North America accounting for 53.3% of these sales and Latin America for 46.7%. In 2008, combined sales of cosmetics and personal care products in the United States and Brazil constituted 72.8% of all such sales in the Americas.

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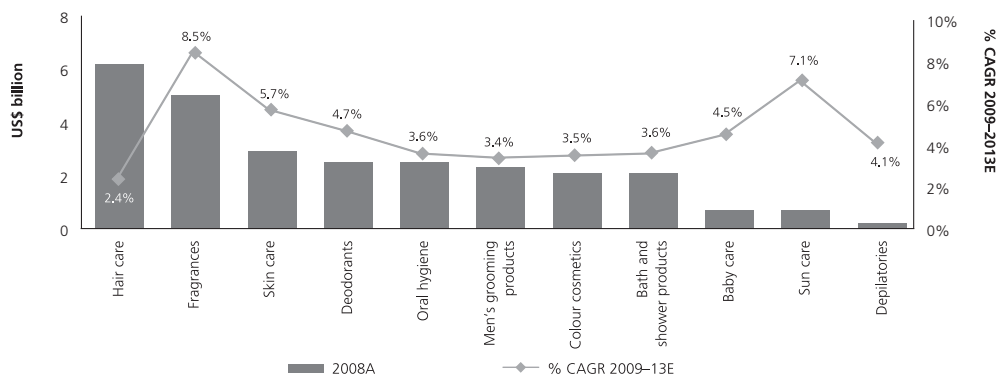
Product Preferences

Hair care remains the largest product segment in terms of sales in both the United States and Brazil representing 19.6% and 23.8%, respectively, of all cosmetic and personal care products sales of each country. Brazilian consumers are expected to significantly increase their purchases of sun care products with a forecast CAGR of 7.1% from 2009 to 2013 in the country, according to Euromonitor. The following charts show forecast sales by product type in the United States and Brazil along with the expected CAGR for both countries from 2009 to 2013 according to Euromonitor.

Sales and expected growth by product type in United States



Sales and expected growth by product type in Brazil



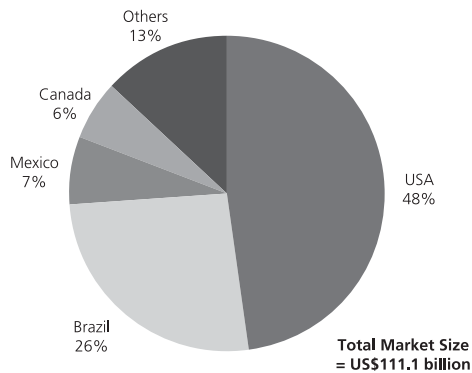
Source: Euromonitor International, December 2009

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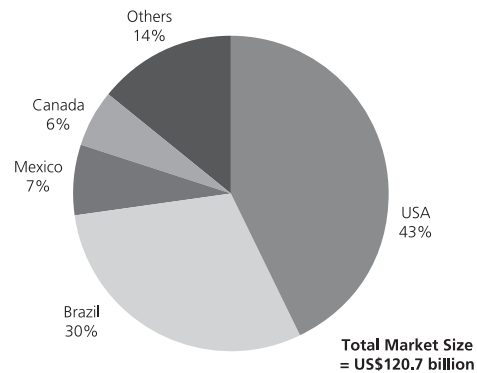
Historical Growth and Market Size

Sales of cosmetics and personal care products in North America experienced a CAGR of 2.3% from 2004 to 2008 while Latin America's CAGR reached 11.8% during the same period. The following graphs show the percentage value of sales in the Americas by country in 2008 and the forecasted value (according to Euromonitor) in 2013:

Value of sales in Americas by country in 2008



Forecasted value of sales in Americas by country in 2013E



Source: Euromonitor International, December 2009

North America's growth is expected to remain weak with a forecast CAGR of 0.1% from 2009 to 2013, while Latin America's growth is expected to be strong with a forecast CAGR of 3.8% over the same period according to Euromonitor.

United States

The United States is currently the largest national market for cosmetics and personal care products in the world with US\$52.1 billion in sales in 2008, constituting 17.7% of total world sales. Sales of cosmetics and personal care products in the United States increased at a CAGR of 1.9% from 2004 to 2008 but is forecast to contract slightly at a CAGR of 0.1% from 2009 to 2013.

Trends in the United States affecting the cosmetic and personal care products industry include:

- Weakening US economy had a negative impact on cosmetics and personal care products sales in 2008. After years of growth, the market declined slightly in current value terms in 2008. Accordingly, US consumers spent less on premium products.
- Consumers have become more concerned about the safety and purity of products they consume, as well as their effect on the environment. These relatively-well informed consumers want to know more about how products they use impact their own health and well-being. They are increasingly turning to products that are "natural", "organic" and/or eco-friendly, and such products are growing in popularity across various areas of the US consumer market. To appeal to this growing consumer base, both speciality and mainstream manufacturers have been launching numerous beauty care items with "natural" and "organic" claims.

INDUSTRY OVERVIEW

Brazil

Brazil is the second largest national market in Americas and the third largest in the world, behind Japan and the United States, in terms of sales of cosmetics and personal care products, with US\$28.8 billion in sales and constituting 8.6% of total worldwide sales in 2008. Sales of cosmetics and personal care products in Brazil increased at a CAGR of 12.9% from 2004 to 2008. Per capita spending for cosmetics and personal care products in 2008 is still only about 86.5% of the United States according to Euromonitor. Sales of cosmetics and personal care products in Brazil are expected to increase at a CAGR of 4.8% from 2009 to 2013.

According to Euromonitor, Brazil's annual spending on cosmetics and personal care products in 2013 is expected to average US\$178 per capita (approximately three times the global average).