UNIQLO BEAUTY

Nicole Goette, Grace Gordon, Morgan Hagney, Erica Roe, Adele Yeam
“Uniqlo is not a fashion company, it’s a technology company.”

- Tadashi Yanai (CEO)
5 YEAR GOALS

GLOBAL LIFESTYLE

U.S.A.

BASKET SIZE INCREASE
A UNIQLO OPPORTUNITY
introducing...
THE ELEMENTS OF STYLE
A TOOLBOX FOR LIVING
SIMPLICITY IN DESIGN, BEAUTY AND COMFORT FOR ALL
TECHNOLOGY THAT SUITS YOUR LIFESTYLE
HOW THE FUTURE LOOKS & FEELS
QUALITY FOR THE PEOPLE
BASICS ARE THE COMMON LANGUAGE
BEAUTY IN HYPERPRACTICALITY

MADE FOR ALL. MADE FOR YOU.
THE UNIQLO CONSUMER

* Young (15-40) * Global Demographic * Gender Neutral * Seeking Affordable Quality
BODYCARE PRODUCT OFFERING

1. TIME-SAVING

2. NEW FORMATS

3. SIMPLICITY

Sources: (1) “Asian Beautyscope” report, as of March 2016 (2) Mintel, YTD December (3) Trend Report, Oct 2016
REVOLUTIONIZING YOUR ROUTINE

ALL IN ONE SKINCARE REGIMEN

CLEANSE. TREAT. MOISTURIZE.

ADVANCED DELIVERY SYSTEM RELEASES ACTIVE INGREDIENTS WHERE NEEDED

7 PACK/MSRP: $7.00
GPS MOISTURIZE + WARMING HAND MIST

MSRP: $14.99

ADVANCED DELIVERY SYSTEM RELEASES MOISTURE & HEAT WHERE NEEDED

THE HEAT GENERATION

KEEPS YOU WARM.
KEEPS YOU FEELING GOOD.
GPS LIP TINT GLOSS

MISTAKE PROOF. APPLICATION MADE EASY.

- 12 HR NATURAL COLOR WITHOUT FADING OR SMEARING.
- APPLY COLOR. SET. PEEL. LIVE.
- ADVANCED DELIVERY SYSTEM RELEASES PIGMENT ON LIPS ONLY.
- MOISTURIZING FORMULA WITH PAPAYA EXTRACT TO IMPROVE SKIN’S TEXTURE.

8 SHADES/MSRP: $12.99
LIP. CHEEK. SHADOW. TRIO

VERSATILE COLOR FOR YOUR EVERYDAY

- BASIC COLOR SIMPLIFIED
- EASY BLENDING. ALL DAY WEAR. HYDRATING

12 SHADES/$12.99
2-IN-1 LASH & BROW

4 SHADES/MSRP: $12.99

BEFORE & AFTER
GO TO MARKET - KOJI

POS
- ONE STOP SHOPPING
- SEAMLESS CHECKOUT

EDUCATION
- PRODUCT TRIAL
- PRODUCT SCIENCE
- PRODUCT TUTORIALS

DIGITAL
- SOCIAL MEDIA
GO TO MARKET - KOJI

POS
- ONE STOP SHOPPING
- SEAMLESS CHECKOUT

EDUCATION
- PRODUCT TRIAL
- PRODUCT SCIENCE
- PRODUCT TUTORIALS

DIGITAL
- SOCIAL MEDIA
GO TO MARKET - SCALED MODEL

LEVERAGE EXISTING FIXTURES PARTNERSHIPS TO BRING VIRTUAL BA EDUCATION AND TRIAL TO ALL DOORS
INTRODUCING UNIQLO BEAUTY
INTEGRATE BEAUTY INTO FASHION ADVERTISING TO MAINTAIN FASHION BRAND VOICE AND STRATEGY
<table>
<thead>
<tr>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
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<tr>
<td><strong>SEED KEY MARKETS</strong></td>
<td><strong>BROADEN</strong></td>
<td><strong>LEVERAGE CREDIBILITY</strong></td>
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<td>Flagships &amp; US/Asia</td>
<td>US/Asia</td>
<td>Majority Distro: US/Asia/Europe</td>
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<tr>
<td>Total Doors: 512</td>
<td>Total Doors: 722</td>
<td>Total Doors: 1,979</td>
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* Sources: (1) fastretailing.com, (2) H&M 2015 Annual Report
SALES PROJECTIONS

Year 1
- Skincare: $45m, 512 Doors
- Bodycare: $36m, 512 Doors
- Cosmetics: $90m

Year 2
- Skincare: $45m, 512 Doors
- Bodycare: $56m, 722 Doors
- Cosmetics: $135m

Year 3
- Skincare: $45m, 512 Doors
- Bodycare: $56m, 722 Doors
- Cosmetics: $167m, 1,979 Doors

+53%

$180m
$135m
$90m
$45m
PENETRATION BY CATEGORY

GPS Lip Color

Hand Mist

Cosmetics 31%

Skincare 32%

Bodycare 37%

3 In 1 Facial Mask
PENETRATION BY REGION

North America: 35%
Europe: 8%
Asia: 57%
### P&L

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<td><strong>Revenue</strong></td>
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<td>$0.9</td>
<td>$0.1</td>
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<td><strong>R&amp;D</strong></td>
<td>$7.3</td>
<td>$11.3</td>
<td>$33.6</td>
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Over 130 million of Heat Tech products sold in 2015

HEAT TECH OPPORTUNITY

3% → $58m
Heat Moist Gloves Sleeve
VISION 2020

“To achieve a revenue of $8.6 billion by 2020.”

- Tadashi Yanai (CEO)
ありがとう
(thank you)
APPENDIX SUPPORT
SOURCES

Mintel YTD November

Uniqlo Annual Report 2015

NPD YTD October

Store Manager Interview: 0035MM Asian Beauty

Beaute YTD November

http://www.youbreauty.com/beauty/gps-for-your-skin/

http://www.permanentmkup.com/blog/2013/07/22/x50-targeted-skin-care-is-hot-but-pricey-new-trend/


https://about.hm.com/content/dam/hmgroup/groupsite/documents/masterlanguage/Annual%20Report/Annual%20Report%202015.pdf

http://www.businessinsider.com/uniqlos-disappointing-united-states-sales-2016-1

https://www.fastretailing.com
MARKET RESEARCH
## Beauty Category Performance

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<th>Mask</th>
<th>Moisturizer</th>
<th>Body</th>
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<th>Blush/Eyecare</th>
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<td><strong>NPD</strong></td>
<td>2.70%</td>
<td>21.70%</td>
<td>3.00%</td>
<td>1.40%</td>
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<td><strong>BEAUTE</strong></td>
<td>-2.10%</td>
<td>15.10%</td>
<td>-1.50%</td>
<td>7.50%</td>
<td>31.80%</td>
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<th>Whitening</th>
<th>Mascara</th>
<th>Foundation</th>
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<td><strong>NPD</strong></td>
<td>2.90%</td>
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<td>8.70%</td>
<td>8.20%</td>
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<tr>
<td><strong>BEAUTE</strong></td>
<td>4.00%</td>
<td>-1.60%</td>
<td>-11.50%</td>
<td>7.00%</td>
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Sources: NPD and Beaute YTD October and November respectively
1. Tablet Cleanser; like-as Morocco Gassoul
2. Wearable Technology: Anti-Pollution; UV for NA
3. Moisturizer: All in one like-as Too Cool for School
4. Customized Label (like-as customizable shirt ’14)
Sheets/masks become 2nd most used product (China).

Facial cleanser remains the most used facial skincare product in China – used by 67% of consumers in 2016.

49% use facial masks: of particular interest is increasing penetration of facial masks (including sheet, rinse-off and sleeping formats), used by 49% of consumers (vs. 46% in 2015, and rising to 66% of women); and just surpassing moisturisers which is used by a close 48% (rising to 61% of women).

Source: Mintel Reports, Facial Skincare - China - August 2016
Market Overview

- South Korea is a key opportunity market, forecast to see both above-average growth and spend per capita.
- Spain (-1.2%) and the Netherlands (-2.8%) are forecast to see CAGR contract. Growth is also slow in many other mature markets such as Japan, Italy, and Germany.

Key Issues

- Facial skincare launches touting anti-pollution claims can expand.
- Formats and textures can evolve in order to stand out in a crowded marketplace.

What does it mean?

- For a sense of superior efficacy, pollution-protection innovations can claim to specifically block PM2.5 pollutant particles, or can tap into the wearable technologies trend.
- Facial mists, cleansing powders, cleansing sticks, and ultra-concentrated boosters to mix with regular products can expand.
1.6 million people a year in China reportedly die due to air pollution, and 92% of China’s population experienced at least 120 hours of unhealthy air in April-August 2014.*

Bangladesh, Vietnam, Myanmar and China are among the most polluted countries in the world, and concern over pollution is rising globally.

Chinese consumers are highly aware of pollution issues. They are most concerned about water pollution (70% are very concerned) and air pollution/PM 2.5 (61% very concerned).

Source: Mintel Trends, Air that Kills
3% of facial skincare launches featured the word “pollution” in marketing

In the 12 months to August 2016, 3% of facial skincare launches on the GNPD featured the word “pollution” within the description field – rising to 5% each in North America and Europe vs. a lower 2% in APAC and 1% in Latin America, with plenty of room for expansion.

Garnier/L’Oréal (Indonesia, Thailand etc.), Myanmar: Matcha De-Tox Pollution & Oil Deep Clean Foam

Janssen Cosmetics (Germany/UK/France): Anti-Pollution Cream with red camellia extract

Loto del Sur (Colombia): Anti-Smog Moringa and Tea Tree Creamy Cleansing Foam

Garnier Skin Naturals Pure Active Matcha De-Tox Pollution & Oil Deep Clean Foam; with antioxidant Matcha extract “one of the world’s most powerful antioxidant tea”; intensely cleanses skin from dirt and pollution particles

Trend Edition Skin Defense line includes Anti-Pollution Cream, said to shield against negative external influences, strengthens the skin’s resistance to environmental pollutants etc.: with red camellia extract – antioxidant for pollution shielding effect

Anti-Smog Moringa & Tea Tree Creamy Cleansing Foam for men; protects skin against pollution/other environmental contaminants; with oat cleansers, botanical actives, honey and natural purifying moringa
WEARABLE TECHNOLOGIES - POLLUTION

Wearable technologies can expand from UV monitoring to pollution monitoring

- Wearable technologies that aim to assist consumers in protecting themselves from the sun continue to emerge, and can expand to include pollution protection.

- My UV Patch from La Roche-Posay, is described as the first-ever wearable patch that allows you to measure and monitor your UV exposure.

- The patch contains a photosensitive blue dye that changes colour when exposed to UV light, with the user taking a photo of the patch at the end of the day and uploading it to the app to get information about their sun exposure.
Tool Cool for School “tablet” cleanser with Moroccan Ghassoul minerals

• Too Cool for School branded Morocco Ghassoul Pore Solution Tablet Pack has launched in South Korea.

• It is formulated with EcoCert-certified Morocco Ghassoul, a mineral/clay only found in the beds beneath the Moroccan Atlas Mountains, and claimed to absorb sebum, blackheads, whiteheads and skin impurities from pores, leaving skin moisturised.

• It is available in a standout “crushed” tablet format, with a few pieces of the tablets to be mixed with hot water to form a paste, and then applied to skin.

Source: http://www.toocoolforschool.com/shop/goods/goods_view.php?&goodsno=14110059
Rapid sales growth in China

- Retail sales of facial masks in China stood at RMB 9,880 million in 2015 with the market seeing rapid growth – sales increased 25% in 2013 (vs. 2012) and by a strong but slower 15% in 2015 (vs. 2014).
- As the market becomes more established, future growth will be fuelled by product extensions and premiumisation.

Source: Mintel Reports, Facial Masks - China - April 2016
Spotlight on facial masks: sheet formats most popular in China

- In China, sheet masks drive usage (77% of women in the six months to January 2016) with their low unit price and immediate hydration effects key purchase motivators.
- Sleeping masks also saw high penetration (61%) and are more popular with higher earners (66% of women earning RMB 12,000 or above) suggesting potential for more high-end sleeping masks.
- Rinse-off masks (not featured in infographic) are used less (52%) – but the popularity of masks overall is further highlighted by findings that only 7% of women have not used any facial mask.
## Spotlight on Facial Masks

Ke Ying Cosmetics (China): Bingjuwu Forehead Mask smooths out wrinkles/lines

Jun Zi Rosa Products (China): Little Dream Garden Rose Collagen Lip Mask

Huan Ming Bio-Tech (China): Luqi Lip Sleeping Mask with strawberry and plant extracts

Somang Cosmetics (South Korea): Danahan RGII Premium EX Firming Neck Mask; anti-wrinkle, whitening

Youxi Cosmetics (China): Rolanjôna Seaweed Pores Deep Cleaning Nose Paste Mask

### Considering high usage of facial masks in China and other parts of Asia (e.g. South Korea), more specialised variants for the face (e.g. nose, lips, cheeks) or even other body areas (e.g. neck, hands) can expand and help boost growth further.
Spotlight on facial masks: 2-step approach for superior care

**2-Step Synergy Effect Mask**
- Claimed to be the first moisturising and firming treatment in one.
- Comprises Step 1 black mask for hydrating the upper face, and Step 2 white mask, for the lower face - from the chin to the ears – said to reduce the look of a double chin.

**Boosting Juice Collagen 2-Step Mask**
- Step 1 Collagen Boosting Ampoule to apply over face.
- Step 2 Boosting Juice Mask Sheet with fruit and vegetable extracts from apple, carrot, tomato, pumpkin, broccoli, cabbage leaf, asparagus stem, celery, lemon, kiwi, orange, raspberry, spinach, alfalfa, strawberry and cotton.

**My Scheming Black and White Series Hyaluronan Moisturizing & Firming Masks**
- Step 1 Deep Hydration Mask with hyaluronate acid, said to keep skin moisturised and soft.
- Step 2 Face Firming Mask for the chin, formulated with precious seaweed and peptides to tighten the chin line.

**Sexy Look (Malaysia/Hong Kong):**
- Sheets for upper face, and for chin to ear area.

**Skin Food (South Korea):**
- Collagen ampoule, and sheet mask.

**JSUT International (Taiwan):**
- Sheets for upper face and chin area.
Spotlight on facial masks: focus on benefits and naturalness

52% of Chinese women who use facial masks would be motivated to use new masks if they provide a particular function that they seek (e.g. hydration, whitening, anti-acne);

34% if products are made from natural ingredients;

31% if products are free from additives;

and 27% if products contain effective ingredients (e.g. collagen, hyaluronic acid).

Source: Mintel Reports, Facial Masks - China - April 2016
South Korean influence: a plethora of foodie/natural ingredients, from eggs…

- Too Cool for School Egg Mellow is an all-in-one firming cream, designed to make the skin as smooth and elastic as an egg.
- The whitening and wrinkle improvement formula features a 5-in-1 action - acts like a toner, serum, cream, eye cream and mask.
- It is enriched with egg yolk extracts (3%), albumin extract and Inca omega oil, and also contains collagen fiber (98%) to help increase skin elasticity.

Source: http://www.toocoolforschool.com/shop/goods/goods_view.php?&goodsno=14110242
THE UNIQLO ROUTINE: THE ESSENTIALS

CLEANSE
Used by 67% of consumers in 2016

MASK
Used by 49% of consumers (trending up)
*66% women

MOISTURIZE
Used by 48% of consumers
*61% women

Source: Mintel 2016, Asia
ASIA BEAUTY TRENDS: MACRO & MICRO

**TIME-SAVING**
1. Moisturizing Micro Mists
2. Nespresso-Like Pods
3. Advanced Sheet Masks

**SIMPLICITY**
1. Skin Tone Enhancers: Lip & Skin
2. Brow Enhancements

*Taken from into-inspiration report, “Asian Beautyscope” as of March 2016*
DISTRIBUTION

JAPAN: 841
CHINA: 497
HONG KONG: 25
TAIWAN: 63
SOUTH KOREA: 178
SINGAPORE: 25
MALAYSIA: 35
THAILAND: 35
PHILIPPINES: 34
INDONESIA: 10
AUSTRALIA: 12
USA: 49
CAD: 2
UK: 10
FRANCE: 15
GERMANY: 4
BELGIUM: 2
RUSSIA: 14
PRICING STRATEGY
## PRICING STRATEGY

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CLOTHING PRICE COMPARISON

BEAUTY PRICE COMPARISON