

Beauty Inside and Out

Asia Food Science & Nutrition Technology
Shanghai, February 2012

Steve Biding

President, MK Life

Steve Bidinger

President, Japan at Perricone MD

www.perriconemd.com

2011-present

President, MK Life

www.mk-life.com

2005-present

President, NS brands

Marketing natural brands with style

2002-2005

President, Japan at Bourjois

(Chanel group)

1998-2002

VP, US and Japan at Revlon

1992-1997

Manager, M&A at MacAndrews & Forbes

(Owner of Revlon and Max Factor)

1989-1991



INGREDIENT PHILOSOPHY

Organic ingredients

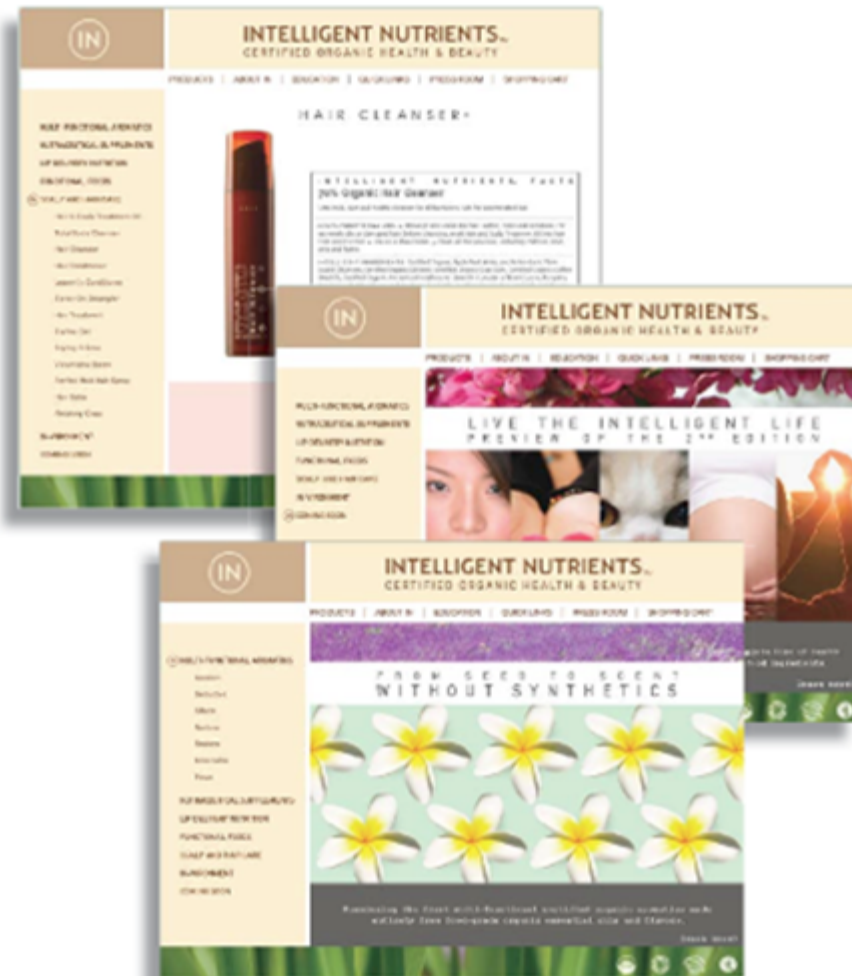
Intelligent Nutrients brand

Horst Rechelbacher

Founder of Aveda

His idea

Don't put on skin unless you can eat it



Intellimune Tablets

Certified organic supplement

- Organic fruit and vegetable seeds
- Cold-pressed without heat or chemicals to keep potent

Marketing claims

- Super antioxidant-omega supplement
- Fights free radicals and inflammation
- Protects healthy cellular activity and growth
- Helps prevent premature aging and disease
- Equal to 10 pounds of berries, plus omega fatty acids

Disclaimer: This statement has not been evaluated by the FDA. This product is not intended to diagnose, treat, prevent or cure any disease.



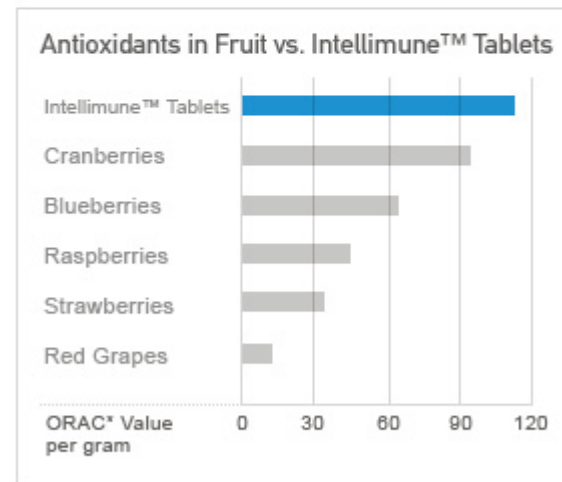
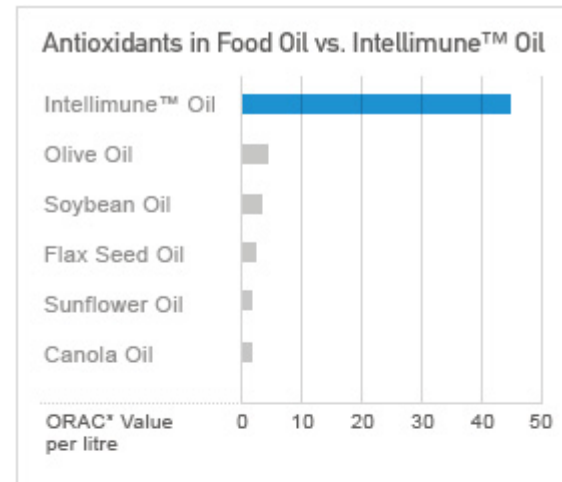
Antioxidants in food & seeds

ORAC

- Oxygen Radical Absorbance Capacity
- A method of measuring antioxidant capacities of different foods

Intellimune

- Two teaspoons of this super-antioxidant and omega blend are equivalent to the seeds of 10 pounds of grapes, raspberries or cranberries plus omega fatty acids.



*ORAC (Oxygen Radical Absorbance Capacity) Value. Source: Intelligent Nutrients External Studies. The Dr. Arnold S. Leonard M.D. Cancer Research Fund www.aslcancerfund.org

Natural ingredients

Alban Muller of France

The “Natural Product Designer”

Natural ingredient supplier

Sustainable sourcing

Eco-friendly manufacturing

Founder, The Herboretum

Biodiversity and consumer education

President, Cosmetic Valley

Collaboration government, universities

Suppliers, brands



Beauty drink

Affinex brand by Pierre Fabre

- A drink that helps fight cellulite
- A liquid concentrate to be diluted in water for slimming and anti-orange peel action

Extracts from Alban Muller

- Meadowsweet minimizes water retention
- Guarana activates lipolysis and refines your silhouette
- Mate tones your system



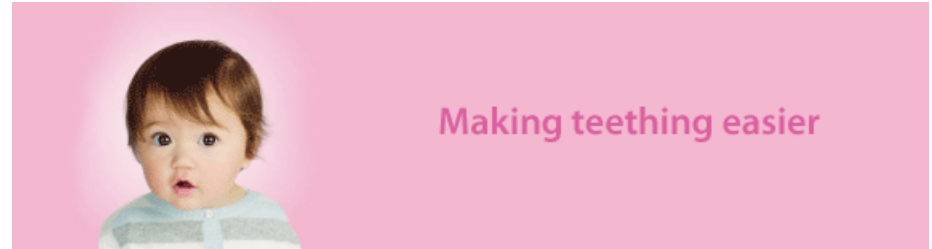
Oral care

Pansoral brand by Pierre Fabre

- Massage gel for babies
- Relieves pain caused by teething

Plant extracts by Alban Muller

- Chamomille
- Marshmallow



COSMECEUTICALS UNITED STATES

US Cosmeceutical Market

(source: Freedonia Group 2011)

- Cosmeceuticals will grow from \$6.4 billion in 2010 to \$8.5 billion in 2015, an annual growth rate of 6%
- Due to an aging population, skin care will continue to be the largest segment with a 64% share
- Injectables are growing the fastest, with annual growth of 7.4%
- Antioxidants such as Vitamins A and E have a 38% share of ingredients
- Nanotechnology for quick absorption and deep penetration is growing
- Johnson & Johnson, Procter & Gamble, and L'Oreal are the top 3 companies, with a combined share of 32%
- Murad and Perricone MD are the largest professional brands

US Cosmeceutical Segments

(source: Freedonia Group, GCI magazine 04 Aug 2011)

USD in millions	2005 Actual	2010 Actual	2015 Estimate	Annual % 2005-2010	Annual % 2010-2015
Skin care	3,100	4,060	5,480	5.5	6.2
Injectables	490	686	980	7.0	7.4
Hair care	475	549	650	2.9	3.4
Lip care	310	380	430	4.2	2.5
Tooth white	225	310	385	6.6	4.4
Other	300	460	600	8.9	5.5
TOTAL	4,900	6,445	8,525	5.6	5.8

US Cosmeceutical Highlights

(source: Freedonia Group 2011)

- Provide appearance-enhancing benefits (e.g., anti-aging) to consumers
- Combination of consumer-targeted marketing and science
- OTC products are promoted heavily in mass media, online, and in-store
- Claims for active ingredients need more conclusive evidence
- FDA does not recognize the term “cosmeceutical”
- Classification as drug, cosmetic, or both depends on its intended use and the claims made for it, rather than the product’s ingredients
- FDA has increasing concern that many products sold as age-defying and appearance-enhancing have misleading advertising claims
- The Safe Cosmetics Act of 2011 is proposed legislation which, if enacted, would be the first for cosmetics since the Food, Drug and Cosmetic Act in 1938

Leading brand in US

Nicholas Perricone, MD

- Inflammation theory of aging
- Science-based with 40+ patents
- Beauty inside & out
- 3 tier philosophy: food, supplements, topical skin care
- Three NYT # 1 best sellers

Key ingredients & technologies

- Alpha Lipoic Acid, Vitamin C Ester, DMAE, Neuropeptides, Tocotrienols, Cold Plasma system, Acyl-Glutathione

Perricone MD brand

- Multi-channel strategy
- TV, internet, prestige retail
- #1 selling doctor brand on QVC US
- QVC in US, UK, Germany, Italy, Japan

New brand named “Super”

- Super foods as key ingredients
- For younger consumers
- Company branded stores

FOREVER YOUNG



3 tier philosophy

Food

- Consists of anti-inflammatory diet
- High quality protein found in fish, shellfish, poultry, and tofu
- Low glycemic carbohydrates including colorful fresh fruits & vegetables, whole grains such as oatmeal, and legumes such as beans and lentil
- Healthy fats found in cold water fish such as salmon, nuts, seeds, olive oil
- Water and green tea



Supplements

- Vitamins and minerals
- Other including ALA, Vitamin C Ester, Coenzyme Q-10, Omega-3 essential fatty acids, and astaxanthin



Topical skin care

Tier 1 – Food

Perricone's top 10 superfoods

Acai
Allium
Barley
Beans and lentils
Buckwheat
Green foods
Hot peppers
Nuts and seeds
Sprouts
Yogurt and kefir

Beauty-brain connection

- Essential fatty acids
- Antioxidants
- Fiber



Tier 2 – Supplements

Perricone's top 10 supplements

- Omega 3 and DMAE from salmon
- Alpha lipoic acid (ALA)
- Astaxanthin
- Carnitine
- Acetyl L-Carnitine
- Conjugated linoleic acid (CLA)
- Coenzyme Q10 (CoQ10)
- Chromium
- Gamma linolenic acid (GLA)
- Dimethylaminoethanol (DMAE)



Cold Plasma serum

Helps correct 10 visible signs of aging

- Wrinkles
- Enlarged pores
- Dryness
- Redness
- Discoloration
- Uneven skin tone
- Impurities
- Loss of firmness
- Loss of smoothness
- Loss of radiance

Patented ionic delivery system

- Biochemical individuality
- Allows your skin to extract from the formula what you need



Acyl-Glutathione serum

Wrinkle cure

- Severe dryness
- Extreme loss of elasticity
- Deep lines and wrinkles
- Fragile, thin skin

Patent-pending ingredient

- Acyl-Glutathione



Sensitive skin

New line

- First anti-aging line for sensitive skin
- Uses the therapeutic, regenerative, and protective benefits of olive polyphenols

Key ingredient

- Hypoallergenic peptide complex
- Patented ingredients include hydroxytyrosol from olive fruit and oleuropein from olive leaf



Super foods

Super foods concept

- Introduced in *The Perricone Promise* book in 2004 and on the *Oprah* television show in 2005
- Explained many super foods, including Acai, a little known berry from the Amazon
- Active phyto-nutrients and antioxidants in topical skin care
- Targets younger consumers

Science of nutrigenomics

- Effective and safe strategies to protect cells
- Many foods and nutrients form the basis of “Super,” including Acai, Coconut, Turmeric, and Red Algae



Brightly Colored

Fruits & Vegetables



Going mainstream

Borba brand

- Cosmeceuticals and nutraceuticals
- TV, internet, and retail
- Evolving from prestige to mass retail

Distribution

- Department stores and beauty stores (2004)
- TV shopping (2006)
- Drug stores, grocery stores, and convenience stores (2011)

Product line for 2500 Walgreens stores

- 9 skin care + 1 kit
- 9 supplements
- 4 vitamin-enhanced waters
- 4 drink mixes



COSMECEUTICALS JAPAN

Leading brand in Japan

Dr. Ci:Labo brand

- Founded by Yoshinori Shirono, MD
- #1 doctor brand in Japan
- Natural ingredients
- Multi-channel strategy
- TV, internet, catalog, retail

Aqua Gel Collagen cream

- 10 million units sold in 1st ten years
- Many products in Japanese regimen,
- 5 products in 1
- Mild, moisturizing gel for sensitive skin

Key ingredients

- 4 ceramides, ATP complex
(Japanese & Chinese plants), Vitamin H,
Vitamin P



FUNCTIONAL FOODS JAPAN

Functional foods

Medicine

Foods for specified health use

- Abbreviated as FOSHU
- Claims that maintain or promote human health, or that improve risk factors for lifestyle-related diseases
- Product-specific approval system

Foods with nutrient function claim

- Abbreviated as FNFC
- Nutrient claims from vitamins and minerals
- Standardized formula/labeling system

So-called health foods

Regular food



Foods for Specified Health Use (FOSHU)

Some of the categories

- Gastrointestinal conditions
- Blood pressure
- Serum cholesterol
- Blood glucose
- Absorption of minerals
- Blood lipids
- Dental health
- Bone health

Tsubaki by AFC Japan

- Beauty drink for cell renewal and collagen production
- Contains collagen, elastin, and hyaluronic acid



Foods with Nutrient Function Claims (FNFC)

Vitamins (12)

Vitamin A

Vitamin C

Vitamin D

Vitamin E

Vitamin B1

Vitamin B2

Vitamin B6

Vitamin B12

Niacin

Folic acid

Biotin

Pantothenic acid



Minerals (5)

Zinc

Calcium

Iron

Copper

Magnesium

RECAP

Key points

- Growth of anti-aging market: cosmeceuticals and nutraceuticals
- Example of Perricone MD brand in US
- Example of functional foods in Japan
- Example of natural ingredients from France
- Super foods – a great brand idea, but an execution that can be improved upon

Other opportunities in China

- Baby care, men's, color cosmetics, sensitive skin, organics, and lifestyle brands ...



Thank You

