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COSMOPROF

NORTH AMERICA
LAS VEGAS

BAIRD'S TAKEAWAYS

Summer 2026

BAIRD'S TAKEAWAYS FROM THE 24TH EDITION OF COSMOPROF NORTH AMERICA

THE GLOBAL BEAUTY & PERSONAL CARE MARKET CONTINUES TO GROW

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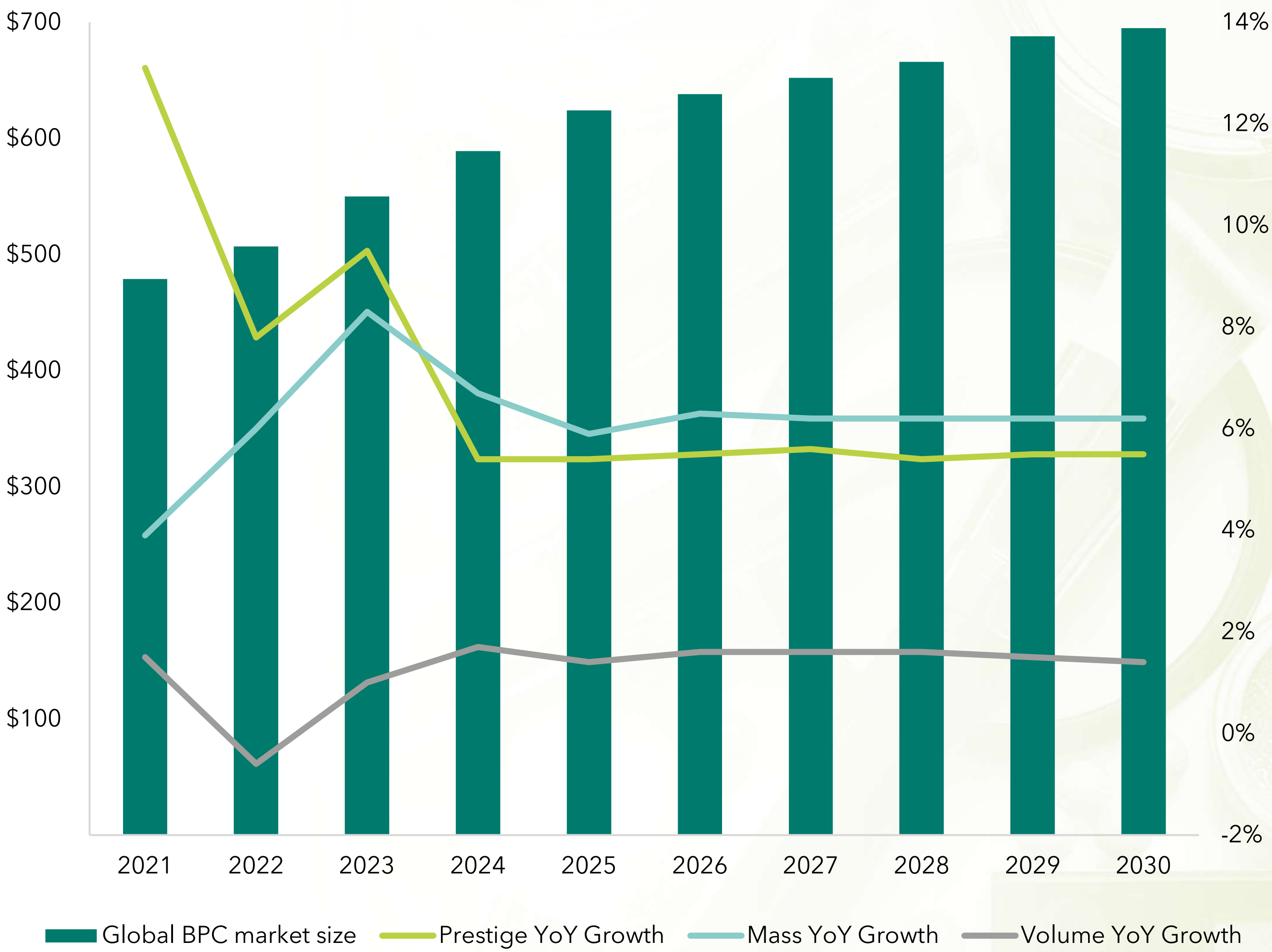
($ in billions)

The Beauty & Personal Care market is expected to grow at a solid 6% in 2026, a slightly slower pace than in recent years. However, we view this forecast as commendable, given several strong macro headwinds. More importantly, we expect this growth to be fairly well-balanced, as it will be driven by (i) the mass and prestige markets, (ii) volume and price and (iii) all regions globally, with China returning to growth.



6%
Projected Nominal Growth for Global Beauty in 2026

2/3
Mass Beauty Contribution to Total Global Value

30%
APAC Region Share of Total Global Value

Source: BeautyMatter.
Note: Figures are presented in RSP US$ billions, current prices and fixed 2025 ex rate.

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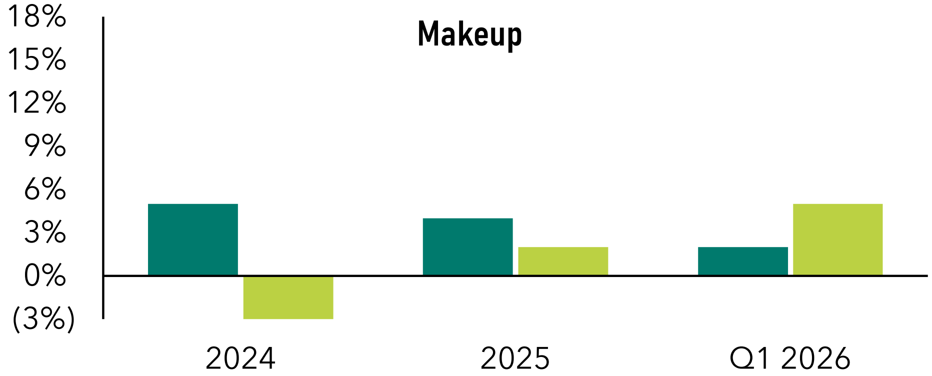
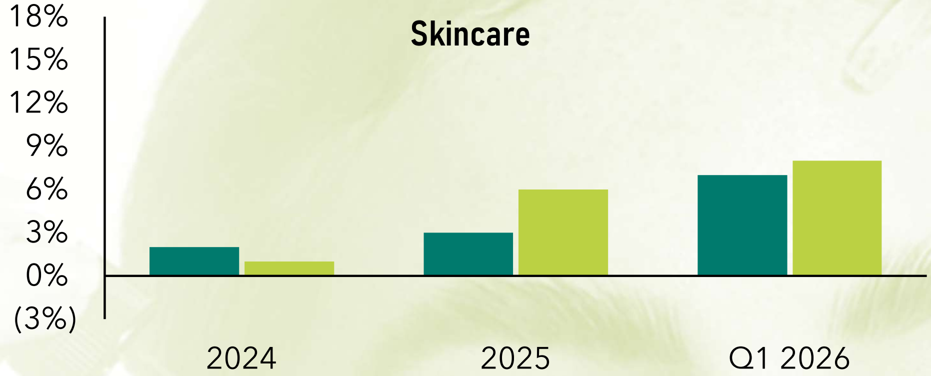
(Year-over-year % change based on U.S. dollar sales)

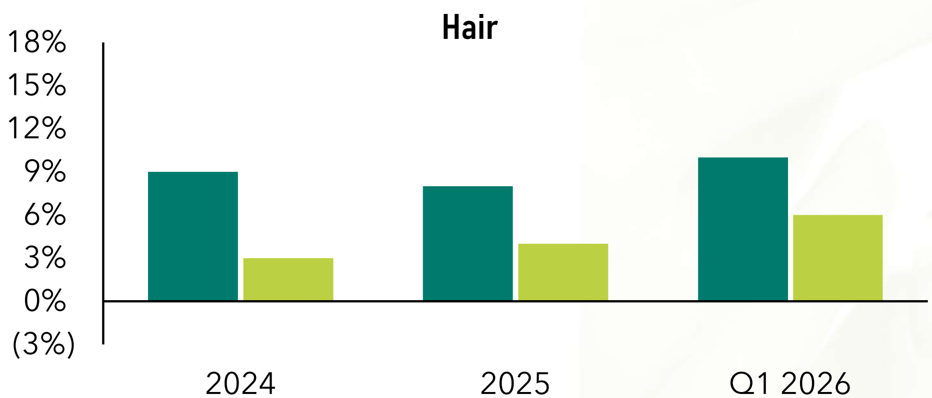
In 1H26, growth in the mass channel outpaced growth in the prestige channel in each of makeup, skincare and fragrance. However, growth in the hair category continues to be stronger at prestige price points. Overall, total category growth in 1Q26 showed an acceleration across the board from 2025 levels.



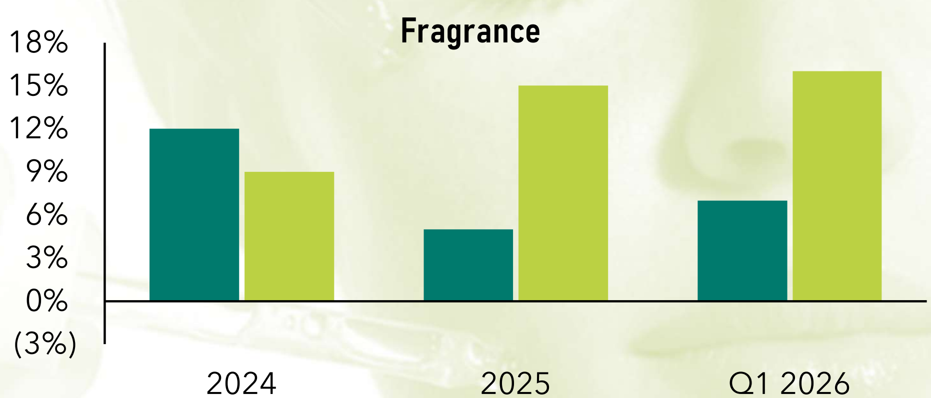
Prestige is winning – 40% of makeup users buy upscale brands to treat themselves. The lip liner category has seen significant growth, gaining 30+% in both prestige and mass product sales.



Skincare focuses on products that help create an everyday routine. Mass growth is led by cleansers, moisturizers and body wash. Prestige growth is being driven by clinical repair products, such as those leveraging salicylic acid and peptides.



Hair has been one of the strongest performers year-to-date, up ~7% in mass and up even stronger at prestige price points. Prestige growth is being driven by treatments focused on repair and scalp health.



Fragrance is still a thriving category; however, consumers are seeing an opportunity to be more selective with their spending. Mass brands that draw inspiration from luxury scents (both branded and dupes) are performing especially well.

Prestige Mass

Source: Circana.

THE PRIME DAY EFFECT

- Cosmoprof took place shortly following Amazon's Prime Day, and once again, as Cosmoprof attendees chatted about "what matters in beauty these days," all were reminded of the growing influence that Amazon has on the beauty ecosystem
- This year, **Prime Day ran June 23–26, 2026**, which was the earliest start ever and the first June event since 2021. Across the four days, U.S. e-commerce generated $26.4B in revenue, topping the combined Black Friday + Cyber Monday 2025 total of $26.05B. That said, the **overall growth in retail sales for Prime Day grew only 9% YoY**, a **sharp deceleration** from last year's +30%
- Once again, the majority of shoppers during Prime Day 2026 were women, and of note, older women had a strong showing, with high-income women age 45+ representing 51% of buyers, and women age 65+ representing 31%. Notably, the **average spend per item in 2026 was $23.23** (down from $24.59 last year), while **69% of items sold were priced under $20**. Reflecting the sharpened consumer focus on value this year, **~53% of consumers price-checked** Walmart / Target before buying on Amazon, as every major retailer (Walmart, Target, TikTok Shop, Ulta) ran a parallel event
- **Beauty was the #1 department (Health & Beauty)**, with beauty sales up 7.6% YoY [(1)]. Beauty held ~26% of cart share, up from 25% last year. A few beauty call-outs:
  - **Prestige products unseated Mass across the board:** Tarte overtook Maybelline at #1 in makeup share for the first time, and Armani Beauty took #1 in fragrance
  - **K-beauty went from niche to heavyweight:** Medicube was the #1 overall beauty brand for a second straight Prime Day, growing share from 9.3% to 13.2%. Korean brands took 10.5% of all beauty search (up from 6.5%) and drove ~19% of the entire search lift.
  - **Makeup outpaced skincare** – makeup +12% vs. skincare +4%, with eyes leading (6 of the top 10 makeup products were eye products).
  - **Hair tools were the single biggest category lift**, up 145%, led by Shark FlexStyle and Dyson Airwrap. In haircare products, value brand Native overtook Olaplex as top-selling shampoo.
  - **Men's grooming/fragrance emerged** as a real story: minoxidil for men was the #1 branded hair-care search

Source: BeautyMatter and NielsenIQ.
(1) Prime Day 2026 compared to Prime Day 2025.

IF THE BEAUTY INDUSTRY IS GROWING, WHAT AILS THE CONTRACT MANUFACTURING WORLD?

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Over the last 18+ months, the majority of contract manufacturers that we have spoken to cited pressure on their business – both in terms of slower top line growth and higher costs straining profit margins. We think there are several factors that have contributed to these headwinds. The good news is that at Cosmoprof and in our other recent conversations with management teams, it appears some of these pressures have proved temporary and are starting to abate.

Areas of Recent Pressure on Beauty & Personal Care Contract Manufacturers

Some beauty retailers have streamlined SKU assortment and inventory owing to corporate dynamics, resulting in temporarily lower demand for product coming from co-mans.

Supply chain disruptions from international tariffs and other geopolitical factors (e.g., conflict in the Middle East) have led to unstable availability and higher cost of raw and packing materials.

Some brand owners – especially larger multinationals – have moved to insource production, in some cases given weaker global demand for some of their brands.

Slower volumes have led some co-mans to be more aggressive with pricing of new contracts, such that there has been more "switching" between co-mans and brands relative to historical patterns.

Stricter regulatory oversight has led some co-mans to increase the level of investment in their businesses (either in response to Warning Letters or proactively).

Likely Transitory Issues → ***Potentially More Permanent Factors***

EXPERT INSIGHTS: HOW TO CREATE ENTERPRISE VALUE IN BEAUTY

- Winning brands are combining breakthrough ingredients, superior product and package performance, engaging sensory experiences and category convergence to command premium positioning. The strongest innovation themes included **longevity-driven skincare, scalp health, multifunctional sun care, premium fragrance expansion** across formats and premium sustainable packaging with few tradeoffs
- Contract manufacturers continue evolving beyond production into integrated innovation partners. Brands increasingly expect formulation expertise, packaging innovation, regulatory support and faster commercialization. **Lower MOQs and enhanced speed to market and replenishment windows are now key differentiators**
- Operational excellence is becoming a driver of enterprise value. Industry discussions centered on MoCRA implementation, FDA audit readiness, stronger claims substantiation and **thoughtful regulatory approaches** that enhance speed to market
- **AI is rapidly moving from experimentation to practical deployment** across formulation, regulatory documentation, forecasting, production planning and commercial execution. Concurrently, cybersecurity maturity remains inconsistent across many manufacturers and brands, creating an increasingly important operational risk
- The companies creating the greatest enterprise value will not simply develop better products. They will consistently integrate innovation, regulatory excellence, commercial execution, operational discipline, digital capabilities and speed to market into a repeatable operating system that scales

Matt Unger
matt.unger@mangroveperformancegroup.com
(561) 800.8795

Matt Unger, Founder of Mangrove Performance Group, is a proven operating executive with more than 30 years of experience creating enterprise value across brands and contract manufacturers. Today, Mangrove Performance Group helps companies bridge the gap between strategy and execution through experienced operating leadership.

Source: Mangrove Performance Group.

BAIRD'S RECENT ADVISORY WORK IN CONTRACT MANUFACTURING

FARMOL

A Portfolio Company of

Portobello

Sale to

dalli group

- **Baird served as financial advisor to Farmol on its sale to dalli group**
- Founded in 1946, Farmol is a leading European contract manufacturer specializing in the development, formulation and manufacturing of aerosol and liquid products for the personal care and home care markets. Farmol operates six manufacturing facilities across Italy, Hungary, Slovakia and Tunisia and employs approximately 1,000 people, providing end-to-end contract manufacturing solutions to a diversified, blue-chip customer base
  - With annual production capacity of ~500M units, **Farmol is one of the largest independent contract manufacturers in its segment in Europe**
- The dalli group is a seventh-generation family business based in Stolberg, Germany. For over 180 years, the company has been developing and producing washing, cleaning, and personal care products for retailers and brand manufacturers in Europe. Dalli group employs approximately 1,300 people. With the acquisition, the dalli group strengthens the group as a whole and further expands its contract manufacturing business

Source: Baird website.

BAIRD'S BEAUTY & WELLNESS TEAM

Comprehensive sector coverage across products, services and contract manufacturing

Wendy Nicholson
wcnicholson@rwbaird.com
(917) 853.9901

Jon Tenan
jtenan@rwbaird.com
(310) 922.7560

Oliver Vauvelle
ovauvelle@rwbaird.com
+44 (207) 667.8404

Sam Scanlan
sscanlan@rwbaird.com
(646) 557.2792

Color Cosmetics

Skincare

Haircare

Fragrance

Bath & Body

Personal Care

Men's Grooming

Contract Manufacturing

Multi-Unit Services

Women's Health & Wellness

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