

P&G Beauty loses \$440m D&G to Shiseido Group

Procter & Gamble's beauty business [currently going through a merger process with Coty] will lose its Dolce&Gabbana beauty licence - with a beauty turnover of around €400m/\$440m in 2015 - from 1 October, when it hands over to Japan's beauty giant Shiseido Group.

DOLCE & GABBANA
SHISEIDO GROUP

Fashion house, Dolce&Gabbana, and Shiseido announced their worldwide license agreement today - although it had been known since at least January that the Italian brand was seeking a new beauty partner.

At the time, Coty stated: The licensors of the Dolce&Gabbana and Christina Aguilera Perfumes licenses did not provide their consent within the specified timetable, and in accordance with the transaction agreement and in the interest of staying on track with the transaction, it was agreed that these brands will not transfer upon completion of the merger." That means that 10 instead of 12 licences will transfer across to Coty.

The new agreement includes development, manufacturing, distribution of Dolce&Gabbana's fragrance, make-up and skincare lines and products by Shiseido. The Japanese group expects the deal "will expand its position in the luxury beauty industry and will significantly increase international turnover". The official start of the collaboration in October is subject to antitrust clearance.

SKINCARE AND MAKE-UP FOCUS

P&G Beauty has built up a very successful fragrance business for Dolce&Gabbana, but with the Shiseido deal the fashion house sees new opportunities in skincare and make-up.



Domenico Dolce and Stefano Gabbana: We anticipate that together we will be able to fully develop the potential we believe we have for growth in make-up and skincare.

Domenico Dolce and Stefano Gabbana comment: "We are sure that the level achieved by the Dolce&Gabbana fragrances thus far - already well-established and significant - will be further enhanced thanks to this partnership with Shiseido, and we anticipate that together we will be able to fully develop the potential we believe we have for growth in make-up and skincare."

Dolce&Gabbana can now make full use of Shiseido's R&D ability. The Japanese group talks about enhancing the Italian fashion brand's beauty product lines "not only in fragrance but also in make-up and even skincare (around €400m/\$440m turnover in 2015, only in the beauty activities)".

The negotiations for the deal were carried out by Shiseido Group EMEA, led by its President and CEO, Louis Desazars, who also leads the fragrance arm, Beauté Prestige International. The Dolce&Gabbana beauty license will be managed from the EMEA head office in Paris. JP Morgan served as financial advisor to Dolce&Gabbana and Shiseido Group used Rothschild Global Advisory.



Desazars led the

TRAVEL RETAIL PERSPECTIVE

negotiations.



Lesné: This is a game-changer.

Commenting on the development from a duty free and travel retail viewpoint, Philippe Lesné, President of Shiseido Travel Retail [**recently unified as a global business unit**], says: “This is a game-changer for Shiseido Group and a very exciting development for Shiseido Travel Retail. By making full use of Shiseido Group’s tri-axis abilities, we anticipate to rapidly scale up Dolce&Gabbana’s beauty business across fragrances, make-up and skincare. Global travel retail will be a strategic channel for the brand.”

STR will be working in close partnership with Shiseido Group’s EMEA region, the Dolce&Gabbana team and DF&TR players to maximise the potential.