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<<Olivia Tong, Analyst, Raymond James>>

Great. Thank you. Good afternoon, everybody. Thank you for joining us. I'm Olivia Tong, the Beauty and HPC analyst for Raymond James. And we're delighted to have with us Olaplex.

Joining us from the company is Amanda Baldwin, CEO; and Eric Tiziani, CFO, really appreciate you both being here.

<<Amanda Baldwin, Chief Executive Officer>>

Thanks for having us.

<<Eric Tiziani, Chief Financial Officer>>

Thank you.

<<Olivia Tong, Analyst, Raymond James>>

Maybe Amanda, can I start with you? You joined Olaplex as CEO in December, so quite recently. So can you share what first of all, drew you to Olaplex and then share some of your early observations on the business so far?

<<Amanda Baldwin, Chief Executive Officer>>

Absolutely. Well first of all thank you for having us. It's great to be here. I think that my background and my history is a combination of having started on Wall Street as an Investment Banker and an Investor in the private side of consumer businesses and then growing up in and some of the larger names in the space, Estée Lauder, LVMH and then pivoting into really the next generation of digitally driven brands through both the investing side again in the last 7.5 years at Supergroup.

And so when you think about kind of like why did I find myself in the seat here today, it really comes from, first and foremost a love of brand building, a love of product, a love of getting to create something, and underpin with what I think are terms of some tremendous advantages that Olaplex has as it looks forward in its business, that really ties into early observations.

I think first and foremost is really the incredible power of the science and the technology behind this brand. I've been around a lot of product development, seen a lot of science and create a lot of products. This one really stands up for something that I think is really quite unique, whether it's patented technology, how it comes together in the formula, the power of what it's able to do both for the stylist. It's enabling them to do their jobs better as well as for the consumer who really

feels like, wow, my hair is different because of this product. That's something incredible in its foundation.

The second is it has enormous scale, so I've seen businesses of all sorts of different shapes and sizes from like I said, Clinique, Dior that the big global entities starting at Supergroup when it was a tiny business and a big idea. I think we sit somewhere really nicely in the middle. So how do we take advantage of that scale and also take advantage of our agility, like kind of sitting in both of those seats at once is something that's really exciting for me.

And last but not least, I think we have an exciting team, a lot of excitement for change. I'm a builder, I'm a change maker and the way that I've really been accepted into this organization by the team members by our retailer partners, by the stylists by every single person who plays a role in the future of Olaplex, that's a pretty great place to start from.

<<Olivia Tong, Analyst, Raymond James>>

What is – given that you've been with the company now for a few months, what's been surprising, both positive and negative?

<<Amanda Baldwin, Chief Executive Officer>>

Yeah. A lot of people have asked me what surprised you. I don't know if it's me or the company, but I'm not anything. I think that, again, I think there's a lot of opportunity to get at, but I haven't I think what I was hoping for from the outside is what it's proven to be on the inside. And so I remain really enthusiastic about what the future can be. And now we've got to do the work to make it happen.

<<Olivia Tong, Analyst, Raymond James>>

Can you talk about some of those opportunities as you see them so far, whether it's innovation or pushing, number three, ominously marketing?

<<Amanda Baldwin, Chief Executive Officer>>

Yeah. I mean I think when we had our first call last week and I highlighted three principal objectives for this year. Again, that's really what the focus is for 2024, and then we can see how that leads into the future. But where our heads are focused right now is really amplifying our marketing, our sales and our education objectives, and what do I mean by that? We go back to the science of this brand, the power of the product of this brand. That's always been there. That hasn't changed. That's still there.

How well we're articulating it to the stylist to the end consumer that is an opportunity that I think is I'm very focused on, and what does that mean? That means literally what we're seeing at what moment in time with what creative and what those kinds of details. I think the detail is really in the execution around these sorts of things. That's where I'm spending a lot of time right out of the gate. That also includes reconnecting with our stylist community. This brand would not be where

it is if it weren't for that original group of stylists and I have met some of them, right, who sort of found this product and said, Oh, my gosh, this is changing my ability to color someone's hair, to deliver healthy hair, I'm a better colors because of it, really never forgetting that.

I think revitalizing a brand really getting back to its potential is about really what made it great in the first place. I've spent a lot of time really thinking about that. So that's mission number one. Mission number two, is to make sure that we're doing as much work on the things that the consumer and the stylist may never see as the things that they do, right? That comes down to infrastructure, to culture building to how we're communicating as a team that stuff really matters.

And again, I sort of lived that firsthand in building Super Group and seeing some of these bigger businesses. How are we figuring out what makes the most sense for us. I think it's about pulling from the best of all the worlds. A lot of these initiatives were great gifts that were given to me that were started before I got there. We're now actually seeing them really take flight. So something like an integrated business planning, the things that really are required as a business has grown again, not atypical for something that's grown as quickly as it had and also setting up the team has been a very important part of our mission.

And the third is what is that long-term road map, right? I think it's very important to have long-term goals. A lot of work that goes into that, the reason that we're not putting those forward at this point is because it takes time to get that right. And I want to make sure that we're using the right level of insights and data to drive those decisions. They're giving us some time to think and time to really understand what the opportunity as it goes.

<<Olivia Tong, Analyst, Raymond James>>

Got it. Eric, maybe if I could turn it over to you. You guys provided a fiscal year 2024 outlook on your earnings call last week. So can you just walk us through some of the puts and takes, particularly on the top line and the cadence of that given particularly the comps?

<<Eric Tiziani, Chief Financial Officer>>

Absolutely, Olivia. So I'll just start by saying the 2024 guidance is really about after a challenging year in 2023, where we saw sales decline seeing those sales stabilize and build momentum in 2024 and setting us up with the priorities that Amanda talked about for the future. And so net sales in 2024 builds as the year progresses. One, our new product launches – our key new product launches in 2024 are more back-weighted in 2024, and where they were more first half weighted in 2023.

Second, we see the benefits of our marketing initiatives of the key customer programs that we're participating in built in the balance of the year, Q2 through Q4. And also there's just a normal level of seasonality in our business. Specifically, we sell in holiday kits in the third quarter in our professional and specialty retail channels. And we see generally just a seasonal uptick in net sales in the fourth quarter around that buying period as well. So that's what we expect there.

In terms of what we're lapping, just one thing to keep in mind is that we will only start lapping the period where we said in 2023 that we saw our sell-through – absolute dollar sell-through stabilize in the back half. We saw that stabilize in the back half of 2023. So that's when we'll start to lack that comp in 2024 as well, all that helps to understand. One, how net sales will build in 2024 and then one of the reasons why the comps will be what they are.

<<Olivia Tong, Analyst, Raymond James>>

Got it. Should we expect on a quarterly basis – on a year-over-year basis by quarter for it to get a little bit better each quarter. Is that a fair assumption?

<<Eric Tiziani, Chief Financial Officer>>

Yes. I mean we've given specific net sales guidance range for Q1, so that's out there. And then Q2 through Q4, we're not giving specific guidance on. But on the basis of all the things I just mentioned, you start to see the momentum build as we get through the year.

<<Olivia Tong, Analyst, Raymond James>>

Got it. And then have you talked to your retailers yet about some of the innovation coming or is it still too early for that?

<<Eric Tiziani, Chief Financial Officer>>

We have. Absolutely, and Amanda, I don't know if you want to talk about all the conversations.

<<Amanda Baldwin, Chief Executive Officer>>

All the conversations, yeah. So anything that's coming this year, obviously has been presented to the retailers, and we're in the planning process of bringing it to life, whether those are, again, with stylists with our own direct-to-consumer business, with our partners in Sephora and Ulta and obviously, around the world. So those conversations are, like, I guess, we're saying, in flight, they're happening, and we're landing exactly what those initiatives will look like when they hit the actual consumer level. And then we're also planning for the future, so that starts ready.

<<Olivia Tong, Analyst, Raymond James>>

Great. And then, Eric back to you. Can you talk a little bit about the cost and profit expectations for this year?

<<Eric Tiziani, Chief Financial Officer>>

Absolutely. So in our full year 2024 guide, we've guided to a range of EBITDA of margins around 33% to 34%, so still top tier in our industry. And within that we see gross margins improving in 2024 versus 2023, in part because we're getting past some of those challenges that

we experienced in 2023. Very specifically, we had some inventory obsolescence charges in 2023 that normalize as we get into 2024, and we see an uplift from that.

The second primary driver is the cost savings initiatives that we put in the business, which are more than offsetting the kind of more moderated inflation pressures that we see in the market as well, so gross margins come up. The second piece that we guided to with some specifics last week was around SG&A. So SG&A spend up in 2024 versus 2023. Half of that uptick is in our sales and marketing investment. What we think is the appropriate level in 2024 to support this plan and future growth.

And the second part is in really organization costs. And the bulk of that is, frankly, annualizing the cost of the investments we made, particularly in the back half of 2023, with some of these capability builds to support the business moving forward. You take all that together, you get to the EBITDA guidance and the margin range that I talked about.

<<Olivia Tong, Analyst, Raymond James>>

Amanda, you talked earlier about the three priorities that you have for this year. They sort of build on each other: First is does that seem to suggest that we should get an idea on the long-term road map by year-end? And then what is it that you need to see in order to get to feeling good about long-term objectives?

<<Amanda Baldwin, Chief Executive Officer>>

So I won't commit to a specific time line at this point. What I will say is that I have a huge sense of urgency about answering a lot of these questions, right? I think in order to lead a team and lead a business you need clarity about where you're going. So the work is already being done about what that looks like. But when we come back and we share it with everyone I want it to be really buttoned up and something that we really feel that we can commit to over the long run. So that's why these things – there's lots of work happening, but when we're ready to bring it, we certainly we'll do that.

<<Olivia Tong, Analyst, Raymond James>>

Got it. And I imagine that an EBITDA margin target will be part...

<<Amanda Baldwin, Chief Executive Officer>>

Yes, absolutely. We know that that's a question that everybody is very, fairly asking.

<<Olivia Tong, Analyst, Raymond James>>

Fair enough. Perhaps let's talk about competition a bit in prestige hair care. We've – there's been a lot of increased competition, whether it's branded. We know that have come to market with bonding technology or new brands that have come in. There have been some others. So how has – how are you changing your strategy to address the competition from both sides?

<<Amanda Baldwin, Chief Executive Officer>>

Yeah. Look, what I would start by saying is that beauty is a very competitive market. There is no doubt about that. I think that, that is a fact of life of operating in this industry. And so I think that's the first thing to just sort of say that's not unique to Olaplex that, that is the category in which we operate. As part of its attractiveness is that it certainly has a lot of businesses that will come into it. I think the question is really to your point, what do you do about it? And I think that that is really where, first and foremost, you go back to the quality of our product. So we have something that's truly differentiated and what it delivers.

And Olaplex and its science and its patented technology, its molecule actually is different. So without going down of scientific rabbit hole that not – have to have a Chief Scientist here to explain all of the details, but I've spent a lot of time really understanding what is different about our technology and its ability to actually relink disulfide bonds – what unearths does that mean?

I had to ask myself that question and really understand it is it's really the essence of repairing the hair from the inside out. That's the best way to explain it. We're the only brand in the market that really is able to relink those disulfide bonds. That's unique to us as a company and as a brand. We've got to make sure that that's much more clear. When you see – and I think that before there were others talking about bond building, that maybe wasn't as necessary. So really making sure that's where the marketing and the sales the education really matters.

The second thing is that it's not unfamiliar territory for me to be in, and when I started at Supergroup 7.5 years ago, nobody talked about skin care and sun care in the same sense. It was – sun care was a mass category. Nobody paid attention to it. It certainly was not something that has the daily conversation that it has today. So I got very comfortable with this idea of create a category and other people are going to enter it. What do you do about it?

That's where the next generation of innovation really matters. That's where the brand would the capital will be and how well you really create brand love and brand loyalty. Those are things that there's a lot of nuance to that and how you do that, but that was a very important part of like always staying one step ahead. People can't copy what you haven't done here.

<<Olivia Tong, Analyst, Raymond James>>

Any specific channels or geographies where you think the company set up particularly well versus peers or ones where – it will take a little bit of extra time.

<<Amanda Baldwin, Chief Executive Officer>>

Yeah. I mean, I think one of the things that I always admired about this business and coming into it has certainly proven to be the case is that it has this diversified distribution strategy. And this brand has translated in a lot of different places, in a lot of different countries, right? That's an incredible foundation to get to build off of, right, so to have this three-pronged strategy of the stylist.

Again, that's where we began. We can never lose sight of that. To complement that with specialty retail as well as DTC and to have that kind of mix, and again, it flows out differently around the world. But that interlocking nature of our distribution strategy, I think is something that's very powerful. How we get after it, is really a part of that longer-range plan, is how to really understand what makes purchasing a product or having a service in a stylist or in a salon in the chair versus on the shelf versus on a website, those are different experiences.

Now the consumer is moving fluidly between all of them. So you have one brand and one experience for the brand, but what makes me convert at these different places? And how do I really leverage the strength of each one of these channels is an important part of the work to be done.

<<Olivia Tong, Analyst, Raymond James>>

What about geographies.

<<Amanda Baldwin, Chief Executive Officer>>

That's in the same thing right? One thing I would say is that the technology and the actual ability to do this out hair has bonds. No matter where in the globe it is. No matter what kind of hair type it is. So you're starting from a place of the brand is relevant. What we do is relevant. That's a great gift that cannot be said for everything that's out there.

So we start there. Hair types are different around the world. So I think understanding that, but again the best brands are built with the unification across the globe with localization of strategies that are appropriate for the uniqueness of the consumer, for the uniqueness of the distribution channels, and there's a slightly different mix everywhere. So really thinking through what that is going to take. Again, the proof points are there. How do we go deeper in each of those geographies as part of the work?

<<Olivia Tong, Analyst, Raymond James>>

Helpful. Eric, could you compare and contrast the international business versus the U.S. and where you see the international opportunities for the business?

<<Eric Tiziani, Chief Financial Officer>>

Absolutely. I mean, I think it – it starts with Amanda, what you were just saying earlier, already 55% of our sales, this is in 2023 it came from international. I say that, but we still have a tremendous amount of white space. And that starting point, though, starts from a place where we know the brand has resonated really well with consumers around the world, and that's a great place for us to start. We see significant opportunities in parts of the world where we're underpenetrated versus global peers.

APAC broadly is one of those regions. Latin America is another. We've seeded the brand in many of the countries in those regions, and we're seeing nice, good early success. So it's really just about continuing the work that Amanda has talked about. How do we tailor our strategy and approach in those markets precisely for that consumer base? But the early signs are strong and the early signs are good. So APAC and Latin America is to stand out opportunities, but we're not done yet in Europe. We're not done yet in a lot of the other parts of the world where we already have a more established base.

<<Olivia Tong, Analyst, Raymond James>>

Got it. Eric, on the earnings call.

[Question Inaudible]

<<Amanda Baldwin, Chief Executive Officer>>

Yeah. I mean I would say that that's where the business is even today, right? If you think about it, what causes hair damage overall. Yes, there's the chemically treated or colored hair. But all of our hair as we blow dry it or wash it or go outside and go through all the normal day-to-day of our lives, hair is damaged, right? So the idea of repairing hair and your bonds being broken is a universal. How extreme that is, as you said, is different. So if you look at, for example, our shampoo and conditioner, those are great shampoos and conditioners that have a lot of people that really love them, myself included, who I don't color my hair, right? So you still – it doesn't – one of those things is not necessary in order to use the product.

<<Olivia Tong, Analyst, Raymond James>>

[Question Inaudible]

<<Amanda Baldwin, Chief Executive Officer>>

You mean in terms of the market size overall.

<<Eric Tiziani, Chief Financial Officer>>

Yeah. I mean, so we play in the global prestige hair care market, which depending on your data sources is in that \$6 billion to \$7 billion range, and it's growing high-single digits, mid- to high single digits and is expected to continue to grow at that kind of clip for the foreseeable future. And I think the question is one of our best opportunities. Yes, we have some products in our portfolio that are specifically designed with that technology to treat damaged hair.

We have lots of other products in our still tight assortment of products that are a great shampoo, great conditioner, a great dry shampoo, for example, that has other benefits. Just to bring it to life, our dry shampoo leaves no white residue, right? So it's differentiated against other products in the market for reasons in addition to these foundational benefits around hair health.

<<Olivia Tong, Analyst, Raymond James>>

Let me ask one more question, and then we'll turn it over to Q&A for a bit.

But on the earnings call, you talked a bit about some actions you're taking that are difficult in the short-term to clean up the channel – but necessary to build a healthier business. So can you explain those actions and what you hope to achieve by taking those actions

<<Eric Tiziani, Chief Financial Officer>>

Yeah. I mean we talked about some of these choices that we're making to get the fundamentals and health of the business, right, in 2024 and really poise ourselves for the future. One of the examples is around focusing on our existing core customers, key customers and key markets, and making sure that the flywheel is coming exactly as we want it to, giving those customers the attention that we want to.

The opportunities to expand distribution from there or still there, right? There are still plenty of white space opportunities that we're going to be able to tap into in the future, but we want to focus on those key customers this year. The second one is around actually some distributor rationalization that relates to diverted product into unauthorized resellers of Olaplex. It's not an issue that's unique to Olaplex as a professional hair care brand with an omnichannel presence.

It's not unique at all nor is it particularly large in relation to our total business, but it's a thorn in our side that we think is important to address. And it's because of progress we were making on this front in 2023 and I'll just give you an example through a technology we use called Track and Trace, and we can look at the QR code on our product, taking out of an unauthorized reseller and trace that product back to what distributor we sold it to.

And that allows us to then have a conversation with that distributor, okay, let's get to the bottom of this. Was it a sub-distributor that was lower in the chain? Do we take action there? And there are nuances there, but we're using that technology already to take actions and make good progress there. And for that reason, we built that into our 2024 plan and guide, and we think it's some short-term pain, but it's the right long-term thing to do for the business.

<<Olivia Tong, Analyst, Raymond James>>

Can you just discuss some technology that you're using to help you with that? Do you think you have the necessary systems in place to get the data and reporting you need to make burger decisions, particularly with thinking about the growth opportunity in front of you?

<<Eric Tiziani, Chief Financial Officer>>

We do. And look, like any business we do and it's constant and continued initiative to improve it. So I would say we have the consumer insights data. We have the data we get from our own dot-com platform, which is very rich around our consumer insights. We have the data that are customers give us around sell-through and inventory; we have our own data, et cetera, et cetera. I

think one of the opportunities we've had and a path of capability that we've been on is around how we democratize that data within the organization, right data, right people, right time to make the best decisions.

And on that front, we've been implementing new tools. We implemented one last year with our field sales organization so that all those insights they're getting from in the store, they're plugging in and it's going to be available to everyone. One that we're implementing right now is a single-source of truth, like all in one place and document tool for the organization. We're going to call it Ola docs. We have a lot of Olas stuff right? So Ola docs is that tool, so yes, but more to come.

<<Olivia Tong, Analyst, Raymond James>>

Got it. Last question for me is just what about people investments as you think about Olaplex predating you was more of a decentralized organization. Do you think that there needs to be people investments made in order to get you into the next chapter?

<<Amanda Baldwin, Chief Executive Officer>>

Look, I believe the team is everything, right? Strategy is important, but people who bring it to life is really what makes something happen. I think that certainly I've been excited by the team that's welcome me in as we talked about at the beginning. That doesn't mean that we don't need to make some changes, of which I've made a few already in terms of making sure we have the right innovation capabilities. We have the right sales capabilities of the two places that I started. And look it's part of my role is to make sure we have the right people to service the long-term vision. But I've been really excited by what I sort of have to start with.

<<Olivia Tong, Analyst, Raymond James>>

I saw some hands. Can we get a mic to...

Q&A

<Q>: I don't need a mic...

<A – Amanda Baldwin>: We hear you.

<Q>: [Question Inaudible]

<A – Amanda Baldwin>: Yes, go ahead. Okay. Yeah, so that everybody can hear the first question was what's the penetration of Pro and that's about 40% of our business is in some portion of the stylist, whether that's front of salon retail or services, right? That's all in one group, and that's a global figure.

In terms of the other retail distribution that we break down into specialty retail and then direct-to-consumer, direct-to-consumer includes our own website plus other pure players. That's split

about 50-50 between those. We have a lot of great relationships. We are in all doors within those relationships, but I think, again, there's a lot of opportunity going forward.

<Q>: [Question Inaudible]

<A – Eric Tiziani>: I'll take that one. So just to make sure everyone can hear it. We have high margins. We have high cash generation. What's the capital allocation strategy, ultimately and Amanda talked about the third priority we had for this year, which is the work we're doing on long-term strategy, financial framework that will include capital allocation. I'll just start by saying that this is – we start from a great place, right? We are a highly cash-generating business.

It's an important profile characteristic of our business that we want everyone to understand. And so all of those options are on the table, whether it be debt pay down, whether it be share buybacks, whether it's what has been for us from an M&A perspective, technology focused about how we accelerate plans we have for new product development. All of that's going to be a part of the long-term strategy work. And we look forward to sharing more when we can.

<Q – Olivia Tong>: Maybe if I can ask one last one in the last minute. But could you just talk a little – you alluded to this earlier, but just a little bit more about some of the early signs of progress that investors and analysts should expect as the year progresses. What do you think you'll be able to share as proof points that the strategy is working?

<A – Amanda Baldwin>: Go ahead.

<A – Eric Tiziani>: I'll start. Look, we put a plan and guidance out there. And of course, one of the proof points is going out and doing our best to deliver against that. Those are the numbers, right? Of course, I'm going to say that. Of course, you're going to expect that. I just want to come back again, Amanda year three priorities that we have embedded in the organization. Those aren't just things that we're telling the outside world. That's what we're telling everyone in the organization. And those three priorities be down into everyone's work plan and so that's how we know we'll be making progress is our progress against those priorities.

<<Olivia Tong, Analyst, Raymond James>>

I know I saw a few extra hands. Unfortunately, we're out of time. Please feel free to join us in the breakout, which is just on stairs. Thank you, Amanda. Thank you, Eric.

<<Amanda Baldwin, Chief Executive Officer>>

Thank you.

<<Olivia Tong, Analyst, Raymond James>>

And thank you Olaplex for – and thank you all for being here.