



Media Release: For immediate release

Heat Group adds Satin Cosmetics to hot personal care portfolio

The Heat Group, the largest Australian-owned cosmetic company, has today announced their most recent acquisition: Satin Cosmetics, from The Neon Group. Taking less than two months from first discussion to completion, the deal between The Heat Group and The Neon Group will be effective as of 31st August 2013. The make-up brand will form part of Heat Group's fast-growing personal care portfolio.

Satin Cosmetics is currently in 575 stores throughout Australia and generates over \$1.5million in retail sales annually. Under this new arrangement, Satin Cosmetics will still be formulated and manufactured by The Neon Group.

This acquisition shows the importance that The Heat Group places on the pharmacy channel, which makes up approximately 20% of Heat's domestic business. In order to contribute to their ongoing focus and commitment to both the pharmacy and major channels, The Heat Group recently restructured its field team and separated the pharmacy team from the majors to increase the level of service to all customers. Today The Heat Group has over 47 people in the field servicing its existing customers which includes 1200 pharmacies. The Satin business will increase distribution to a further 450 stores.

Gillian Franklin, Founder and Managing Director of The Heat Group commented: "We have been searching for the ideal opportunity to take our pharmacy business to the next level and Satin absolutely fits the bill. The brand is over 20 years old and Neon has built excellent relationships with its pharmacy customers throughout the country. We are delighted to be able to now add the Satin Cosmetics brand to our portfolio and are very excited about the prospects to drive growth with our strong field team. We look forward to building on the relationships established by the Neon Cosmetics team, as well as creating market share opportunities with our new pharmacy contacts across the wider portfolio."

Bryan Holmes, Group General Manager for The Neon Group, says of the acquisition: "The Neon Group has recently undertaken a strategic review of its total business and as a result of this review has decided to divest from brand ownership of Satin Cosmetics and focus on our core business of formulating and manufacturing colour cosmetics. The Heat Group without a doubt is an amazing and successful 'house of brands'...and we are confident that Satin Cosmetics and its customers are in very good hands."

Prior to the acquisition, The Heat Group was already the largest Australian-owned cosmetics company. Heat purchased cosmetics brand ultra3 in December 2005, skincare brand Billie Goat Soap in February 2012 and introduced its own cosmetics brand MUD Make-up Design, which is exclusive to Woolworths, to the Australian market in November 2012. These Heat-owned brands complement the distributor brand portfolio, which includes global cosmetic brands Max Factor, CoverGirl, Bourjois and essence as well as the fragrance brand Jeanne Arthes.

Satin cosmetics includes a complete range of colour cosmetics ranging in price from \$3.95 to \$9.95, satisfying beauty lovers of all ages and budgets.

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Despite being relatively unknown to the everyday shopper, Heat is a brand that touches millions of lives each year. Industry data shows that someone, somewhere will purchase a product that was distributed by Heat every 2.7 seconds. The Heat Group is the exclusive Australian distributor of Max Factor, COVERGIRL, Bourjois, essence and Jeanne Arthes fragrances, the official licensee of Warner Bros. personal care, and the owner and distributor of ultra3, Billie Goat Soap and MUD. Heat is recognised as one of Australia's most successful entrepreneurial companies and works to make a difference to the lives of Australian women every day.