



Olaplex Holdings (NASDAQ:OLPX)

Buy Pitch (22.7% 3-Year IRR)

Consumer Retail Group

Analysts: Emma Hristov, Peter Matthews, Chloe Macklin,
Aidan Sommer, Ariana Ghayami, Geoffrey Xie

Researchers: Naveed Pirouzmand, Prabh Gill, Julia Lonescu, Aaru Chandra,
Hannalee Liu

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I.

Business Overview & Internal Analysis

Business Overview

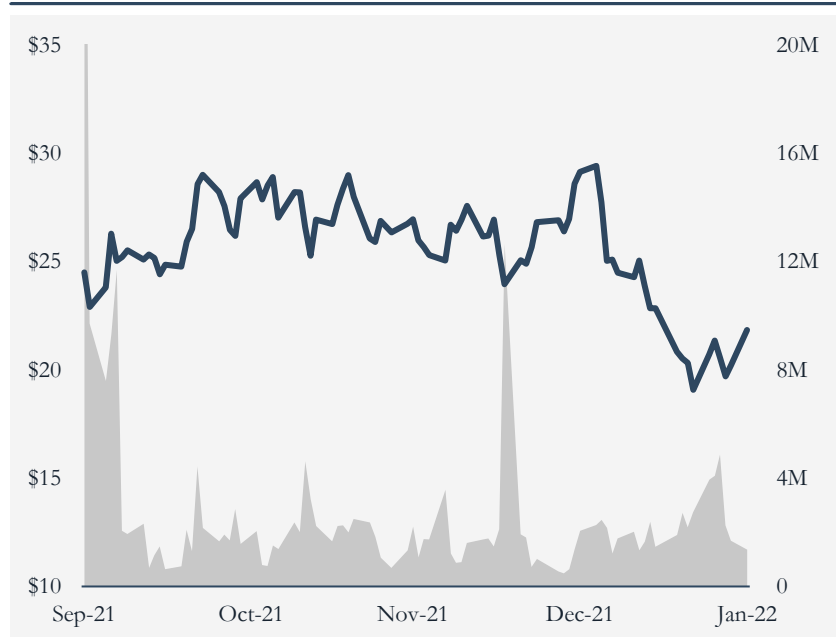
OLAPLEX.

Olaplex is a consumer hair care brand with large growth potential

Business Overview

- Olaplex is a **science & technology driven** beauty products company operating in the hair care space
- The company has a portfolio of **11 products** and is looking to expand to broader personal care categories

Stock Performance Since IPO



Product Portfolio – 11 SKUs

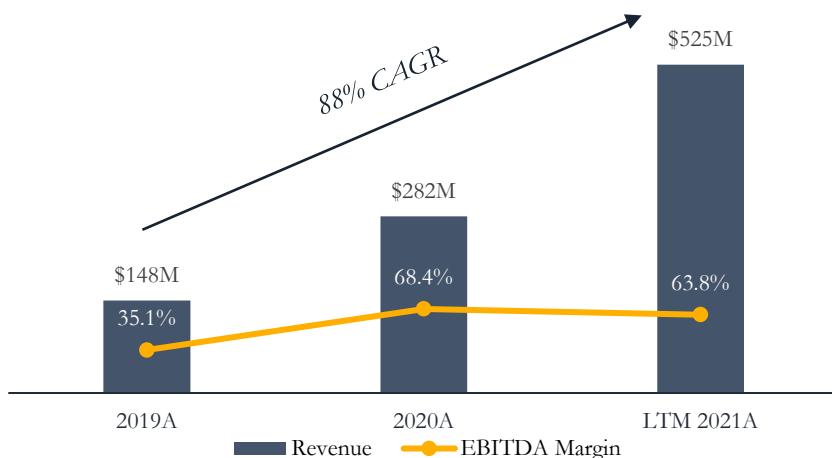
	Name	Function	Launch
Professional	<i>No. 1</i>	Bond Multiplier	2014
	<i>No. 2</i>	Bond Perfector	2014
	<i>No. 4-1</i>	Moisture Mask	2014
Treatment	<i>No. 0</i>	Bond Builder	2020
	<i>No. 3</i>	Hair Perfector	2021
	<i>No. 8</i>	Moisture Mask	2018
Maintenance	<i>No. 4</i>	Maintenance Shampoo	2018
	<i>No. 4P</i>	Enhancer Shampoo	2018
	<i>No. 5</i>	Maintenance Conditioner	2019
Protection	<i>No. 6</i>	Bond Smoothener	2019
	<i>No. 7</i>	Bonding Oil	2019

Business Overview

OLAPLEX.

Olaplex sports an incredibly strong financial profile

Financial Performance and Trading Overview



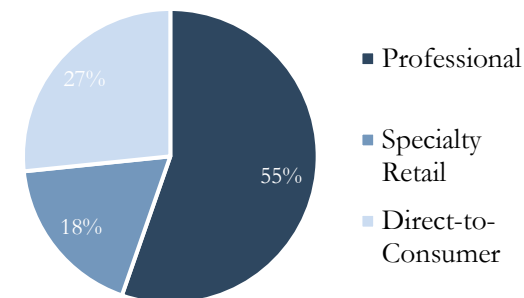
(\$MM except per share amounts)		NASDAQ:OLPX
Share Price		20.10
Equity Value		13,027
(+) Debt		762.48
(-) Cash		121.48
Enterprise Value		13,668

	CY2022E	
Revenue	767.44	17.8x
EBITDA	480.31	28.5x
Net Income	296.38	44.0x
	CY2023E	
Revenue	972.24	14.1x
EBITDA	589.33	23.2x
Net Income	391.60	33.3x

Company Summary

Headquarters	Santa Barbara, California
Employees	102
Geographic Presence	Olaplex sells in NA, Europe, and Asia
Sales Channels	<p>Olaplex Sells its products through three channels:</p> <ul style="list-style-type: none"> ▪ Professional <ul style="list-style-type: none"> ○ Ex. Salons ▪ Specialty Retail <ul style="list-style-type: none"> ○ Ex. Ulta and Sephora ▪ Direct-to-consumer <ul style="list-style-type: none"> ○ Through e-commerce (including amazon)

Revenue Breakdown



Additional company highlights reveal business quality

Sales Commentary

- Olaplex sells into 100+ countries through its three channels
 - 100+ professional distributors
 - 30+ retailers
- **53%** of 2020 sales came from the USA while **47%** were international

Consumer Commentary

- Omnichannel strategies are successful: 50% of DTC customers have also bought products through retail and 40% through salons
 - OLPX estimates state that consumers buy an average of 4.5 products a year
- Demand for alternative segments is also high:
 - An estimated 81% of current consumers would like to see a skin care line
 - 51% of consumers would immediately switch their current skin care to Olaplex

Reinforcing omnichannel strategy

DTC

- Consumer insights
- Strategic revenue
- Launched in 2018

RETAIL

- Brand awareness
- Brand building
- Launched in 2018

PRO

- Brand credibility
- Brand champions
- Launched in 2014

Professionals

- **76%** of stylists believe Olaplex has higher quality products than competitors

- **#1** bond-building brand in professional haircare

End-Consumer

- **71 NPS⁽¹⁾** – highest amongst brands in the same segment

- **#1** hair brand at Sephora (across +1,800 stores and e-commerce)

Online Presence

- **#1** follower count on Instagram vs. similar brands

- **Top 2** brand on Amazon across Olaplex's categories

→ **Best in class organic promotion, high NPS, and omni channel sales encourage growth, build trust & brand loyalty, and provide a unique brand-driven moat**

(1) Net Promoter Score measures the likelihood a consumer would recommend a product to a friend/colleague and is an accepted measure of overall brand perception



Strength of Professional Segment

OLAPLEX.

Professional Segment introduces brand to new customers who then become repeat omnichannel customers

Robust Brand and I.P.

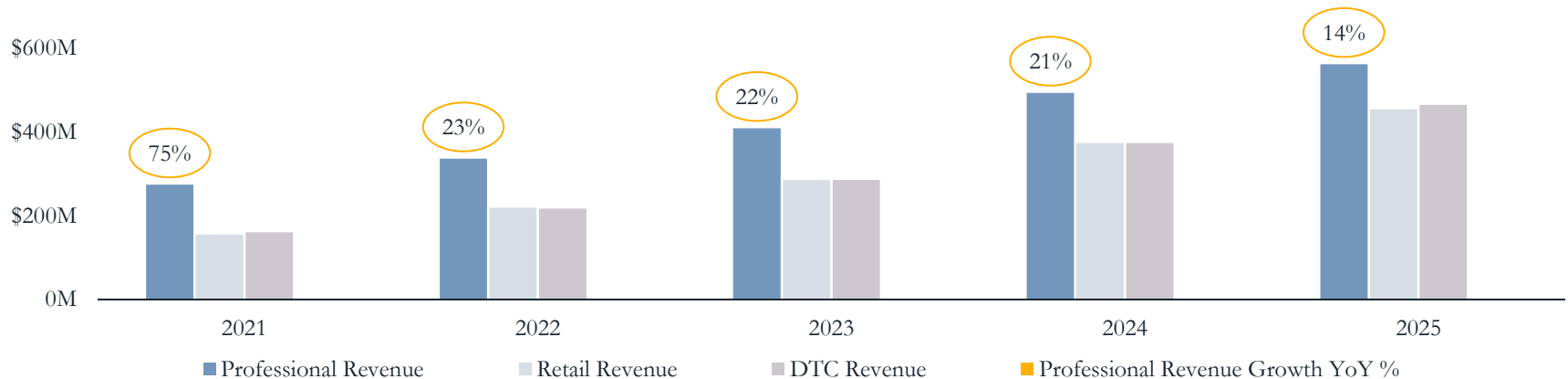
- Consumer brands have historically faced challenges selling across both profession and consumer segments
- Olaplex has a mutually-benefiting brand for both consumer and professional stylists
- Category leader L'Oréal previously introduced imitator product Redken to compete in the premium hair care segment
- Olaplex sued L'Oréal and had the bond-building products taken off shelves; they have yet to return to the segment

Aligned Incentives

Stylists have incentives to promote Olaplex products and further the omni-channel flywheel:

- Olaplex products provide a superior and longer experience in a salon meaning:
 - Consumers will buy products to maintain the high level of care received in the salon, often based on stylist recommendation
 - 35% of consumers were referred from stylists
- Stylists will continue to offer Olaplex as their **take home** through these products is greater than closest competitors

Consensus Revenue Projections by Segment







Advent International owns ~70% of Olaplex stock following recent IPO

Company Investor Backstory

- Founded in 2014 by Dean and Darcy Christal, Olaplex was acquired via leveraged buyout in 2019
- Advent brought Olaplex to the public markets via IPO in September of 2021, just two years after investing
- Pre-IPO, Advent was seeking a \$1.5B valuation for OLPX
- IPO valuation was \$13.6B, providing a return nearly 10x Advent's initial target
- Despite this, Advent has chosen to hold on to ~70% of OLPX shares

Past Advent Consumer Investments

 lululemon	8.0x MoM
 Party City	5.3x MoM
 five BELOW	2.2x MoM
 Dollar Express	6.1x MoM

Current Portfolio Companies

Consumer Retail

Orveon

NEW LOOK

merama

Aimbridge
Hospitality

vision express



DEVRO

Post-IPO Conditions

- Each executive officer and director, the selling stockholder, and substantially all holders of common stock have entered a 180-day lock-up agreement
- A remaining 581,124,635 outstanding shares will become available for resale on March 29th, 2022
- Post-IPO, Olaplex is a “controlled company” as Advent collectively controls a majority of the voting power of shares eligible to vote in an election



II.

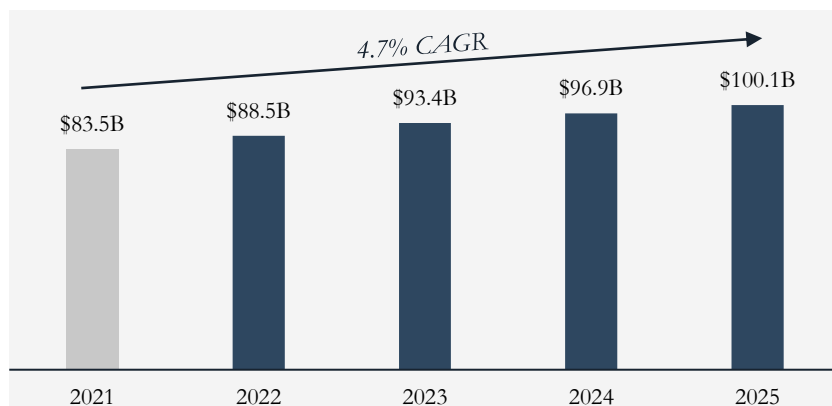
External Analysis

External Analysis

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Hair care and additional beauty segments offer favourable growth rates for the company

Global Hair Care Market

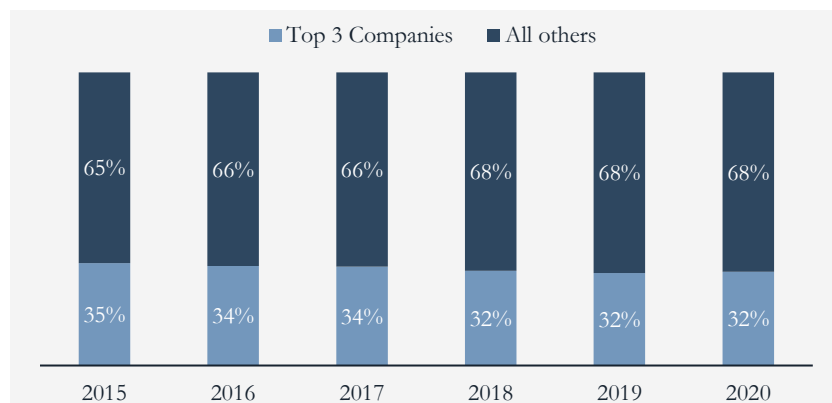


Additional Market Segment Growth Rates

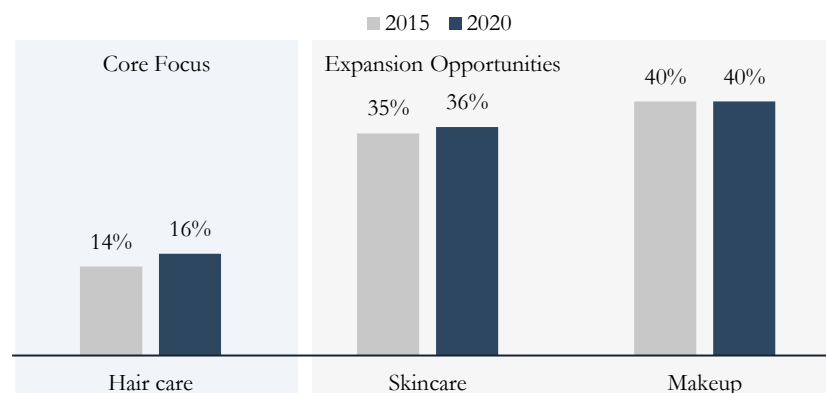
Overall Market (\$MM)	2021A	2026E	5-Year CAGR
Cosmetics	80,737	131,041	10.17%
Fragrances	50,584	65,885	5.43%
Personal Care	235,884	295,182	4.59%
Skin Care	136,383	187,678	6.59%
Beauty & Personal Care	503,588	679,786	6.18%

Top 4 Beauty Markets by Country (\$MM)	2021A	2026E	5-Year CAGR
USA	80,212	99,474	4.40%
China	51,732	84,418	10.29%
Japan	37,835	51,810	6.49%
India	22,338	31,252	6.95%
Brazil	18,110	28,787	9.71%

Global Hair Care Market Split by Competitors



Trend Towards Premiumization in Hair Care

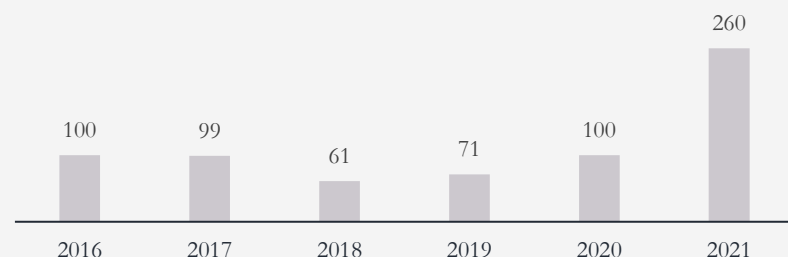


Specialty retail sector overview – Olaplex sells into nearly all locations across both Sephora and Ulta

Sephora

- Sephora operates ~2,000 stores world-wide
- Recent partnership with Kohls will bring Sephora into 850 new partner locations through 2023, with “in-store stores” that are 50% the size of the typical Sephora store

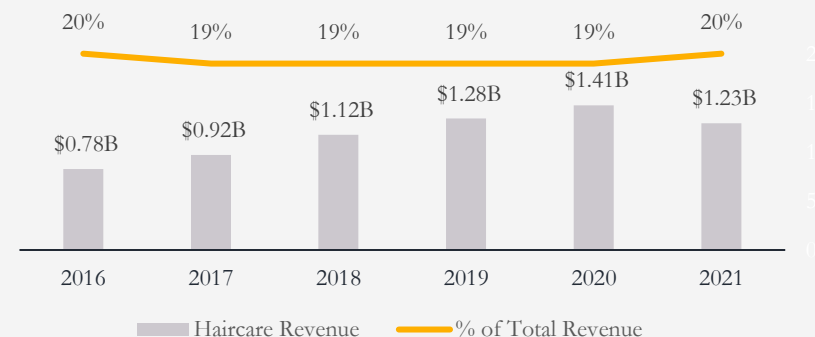
New Sephora Stores Opened per Year




Ulta

- Ulta operates ~1,250 stores solely in the US
- Haircare sales comprise 20% of revenue
- Each Ulta Beauty store includes a salon station with full-service hair appointments available

Ulta Beauty Haircare Segment



	US Store Count	Haircare as % of Women's Products Sold	Total US Revenue	% of Revenue Driven by Loyalty Members
SEPHORA	512	14%	\$5.1B	80%
	1,264	22%	\$6.2B	95%

III.

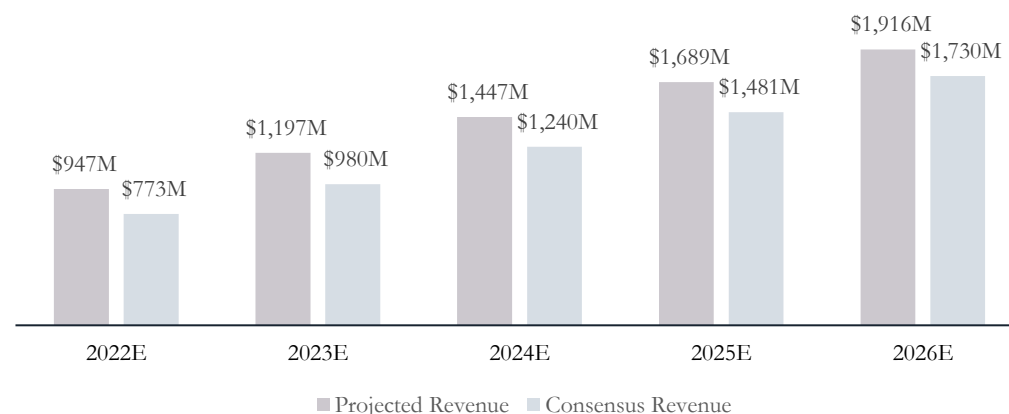
Investment Thesis

Differentiated revenue projections and high conviction in company quality yield significant upside

Bear View	Consensus Estimates	Our View
<ul style="list-style-type: none"> Olaplex is a fad business facing significant challenges in growing product sales and new segments Brand power, pricing, and repeat consumers will erode as the market entrants increase Olaplex's competition 	<ul style="list-style-type: none"> Growth will taper off with scale; Olaplex will develop a financial profile like industry incumbents Olaplex will grow revenue at a 5-year CAGR of 22.5% with 57% multiple and 14% margin compression⁽¹⁾ 	<ul style="list-style-type: none"> Consensus revenue projections are a shot in the dark, street is defaulting to conservative projections due to lack of management guidance data points Olaplex has stunning long term growth potential; the business can exercise numerous levers to maintain revenue growth

Key Thesis & Model Drivers
<ul style="list-style-type: none"> Increased brand awareness across channels
<ul style="list-style-type: none"> Retail store growth
<ul style="list-style-type: none"> Successful international expansion
<ul style="list-style-type: none"> Other segment revenue kept constant

Projections vs. Consensus Revenue



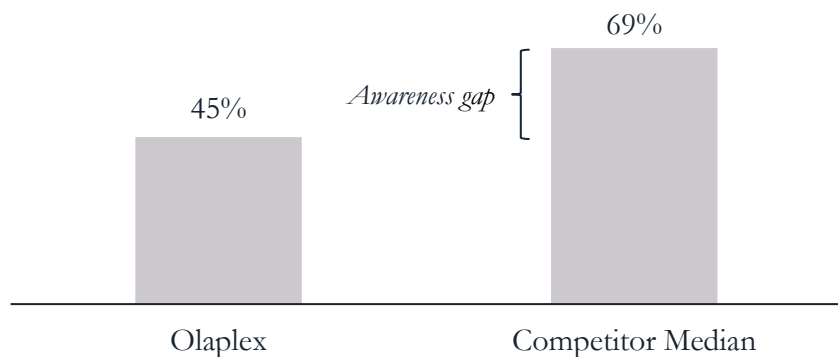
⁽¹⁾ Based on 2021E to 2026E numbers: Consensus implies an EBIT margin decrease from 59.2% to 44.5%, and P/E decreasing from 45.7x to 19.8x



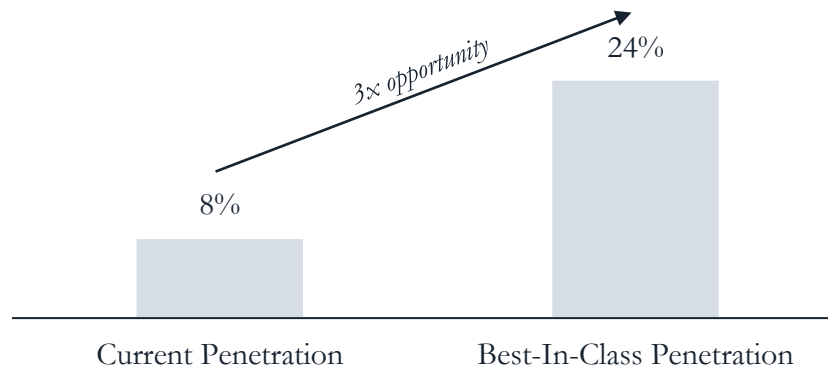
Underappreciated Brand Image Offers Growth Potential OLAPLEX.

Company is in early innings, and well positioned to grow consumer recognition & sales penetration

Consumer Awareness Levels



Premium Brand Market Penetration Gap



Despite having **11%** brand recognition from surveyed Sephora customers, Olaplex is still selling #1 products at retailers

Olaplex steadily growing into its success, with the opportunity to **triple** specialty retail penetration as a Best-In-Class product

Lever for Increased Awareness

Product Expansion

Segment Expansion

Grow Retail Presence

Increase Professional Segment Penetration

Grow DTC Presence Across Platforms

Continued Online Community Building

Management has already demonstrated intention to expand Olaplex across above channels

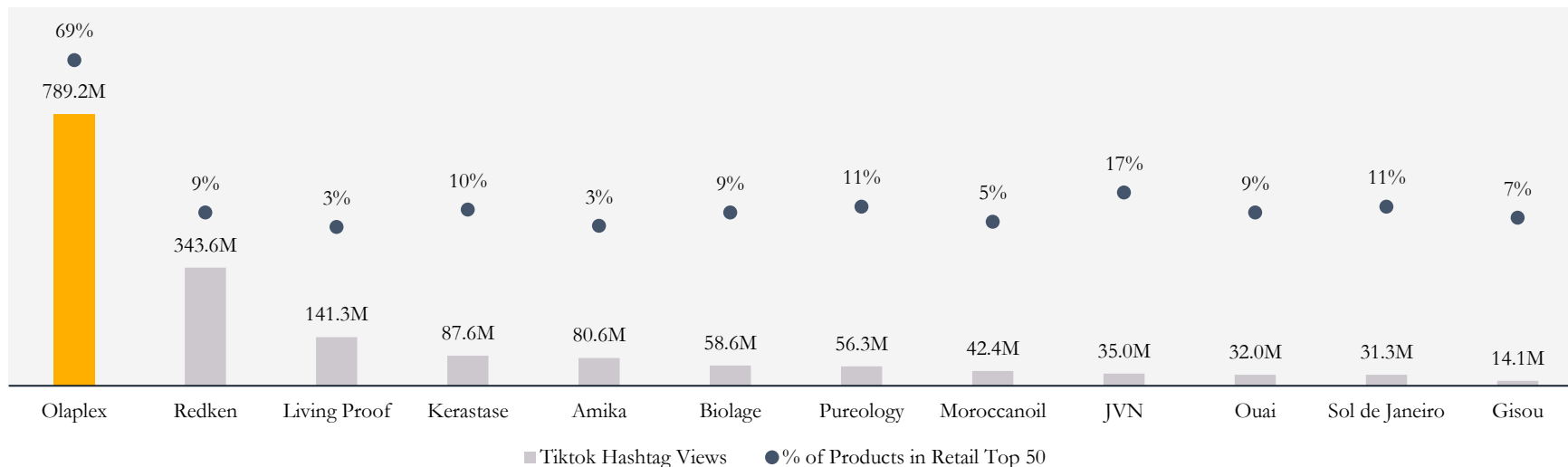


Earned Media Value Driving Brand Success

OLAPLEX.

Olaplex's record success to date has largely been driven by organic marketing strategy

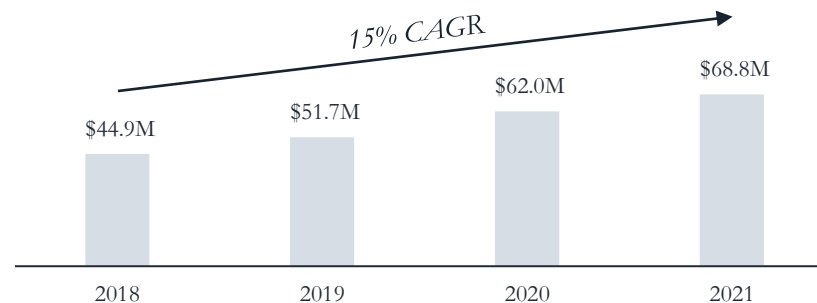
Olaplex Relative Brand Success



Organic Marketing Drives Customer Captivity

- Olaplex ranks #1 in all haircare companies for **Earned Media Value (EMV)**, a metric representing the dollar value of all organic marketing done via social media that the company has **not** paid for
- Olaplex has increased social media presence substantially both internally and externally, with Instagram followers growing 60%+ YoY; TikTok followership has grown 300% in 6 months
- OLPX has a net promoter score of 71 relative to L'Oréal's 16

Olaplex EMV Growth



Underestimation of Ulta Beauty Expansion

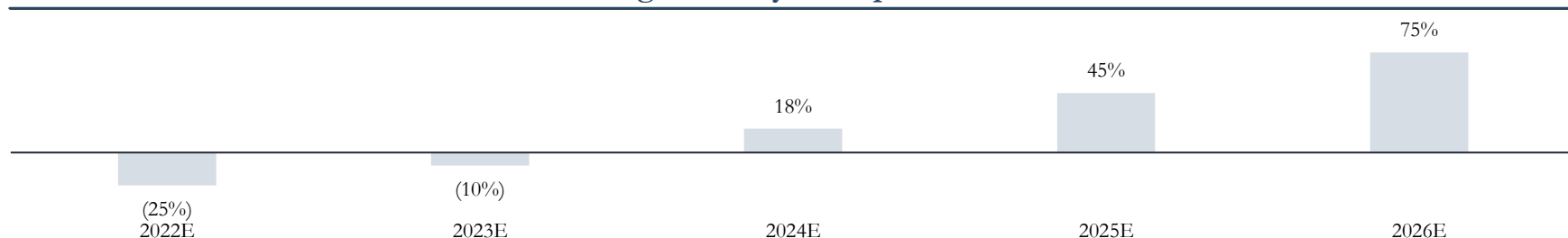
OLAPLEX.

Street projects substantial decline in daily product sales per store despite increased brand exposure

Daily Retail Product Sales per Store

	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Total Retail Revenue	\$50.92M	\$155.15M	\$219.38M	\$285.73M	\$373.51M	\$454.24M	\$550.51M
Daily Sales (\$)	\$0.14M	\$0.43M	\$0.61M	\$0.79M	\$1.04M	\$1.26M	\$1.53M
Daily Sales (Units)	0.01M	0.02M	0.03M	0.04M	0.05M	0.06M	0.08M
Total # Stores	1,800	2,065	3,850	4,175	4,175	4,175	4,175
Implied Daily Products Sales / Store	3.93	10.44	7.91	9.51	12.43	15.11	18.31
Implied Daily Customers / Store	1.51	4.01	3.04	3.66	4.78	5.81	7.04

Percent Change in Daily Sales per Store from 2021



Daily Product Sales per Store – Revenue Backwards Calculation

	2020A	2021E	2022 Implied	2022 Street
Total Retail Revenue	\$50.92M	\$155.15M	\$289.27M	\$219.38M
<i>Annual Growth %</i>	-	204.72%	86.44%	41.39%
Daily Sales (\$)	\$0.14M	\$0.43M	\$0.80M	\$0.61M
Daily Retail Sales (Units)	0.01M	0.02M	0.04M	0.03M
Total # Stores	1,800	2,065	3,850	3,850
Implied Daily Products Sales / Store	3.93	10.44	10.44	7.91
Implied Daily Customers / Store	1.51	4.01	4.01	3.04

Street's decline in daily sales per store underestimates Olaplex success in Ulta stores

Adjusting to flat daily sales/store results in ~\$70M additional revenue



WESTERN INVESTMENT CLUB

Underestimation of Ulta Beauty Expansion

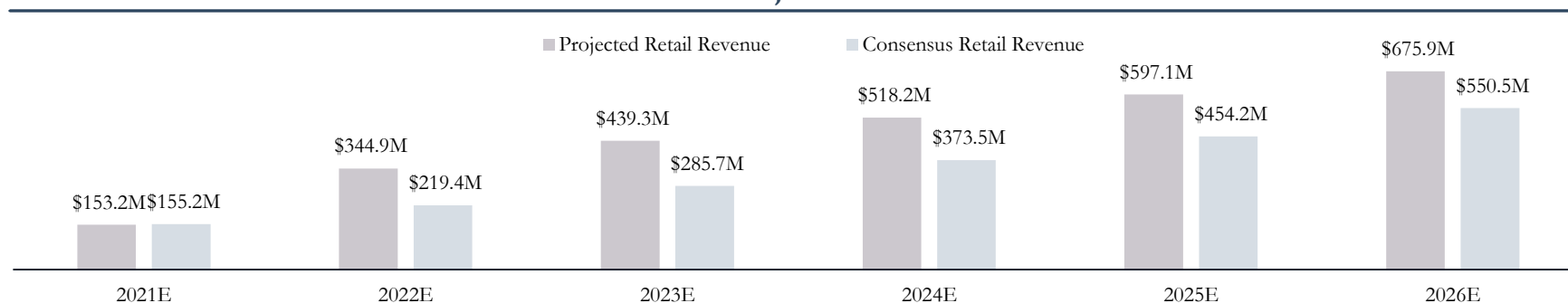
OLAPLEX.

Street projects substantial decline in daily product sales per store despite increased brand exposure

Projected Stability & Penetration Growth In Retail Stores

<i>Sephora & Ulta</i>	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Stores	1,800	2,015	3,325	3,325	3,325	3,325	3,325
Daily Product Sales / Store	2.81	7.45	9.54	11.62	13.71	15.79	17.88
Penetration	8.5%	10.0%	12.8%	15.6%	18.4%	21.2%	24.0%
Daily OLPX Revenue/Store	78.57	208.61	267.02	325.44	383.85	442.26	500.67
Total Daily OLPX Sephora + Ulta Revenue	\$141,434	\$420,355	\$887,857	\$1,082,075	\$1,276,294	\$1,470,512	\$1,664,731
<i>Kohls</i>	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Stores	-	50	525	850	850	850	850
Daily Product Sales / Store	-	3.73	4.77	5.81	6.85	7.90	8.94
Daily OLPX Kohls Revenue/Store	-	104.31	133.51	162.72	191.92	221.13	250.34
Total Daily OLPX Kohls Revenue	-	\$5,215	\$70,094	\$138,310	\$163,135	\$187,960	\$212,785
<i>Consolidated</i>	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Total Daily Retail Revenue	\$141,434	\$425,570	\$957,950	\$1,220,386	\$1,439,429	\$1,658,473	\$1,877,516
Total Retail Revenue	\$50,916,310	\$153,205,323	\$344,862,178	\$439,338,794	\$518,194,475	\$597,050,156	\$675,905,837

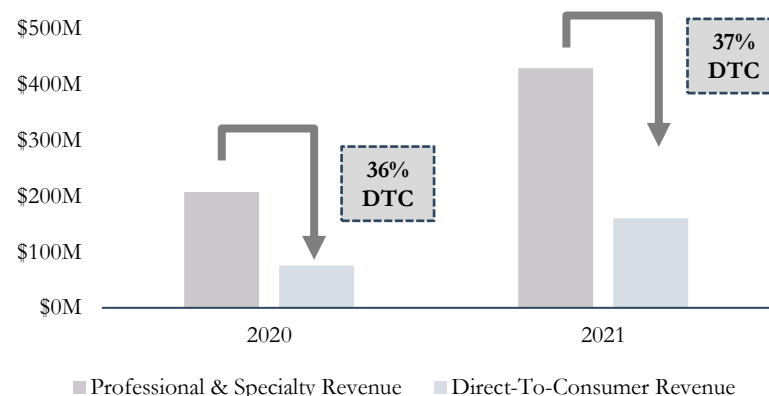
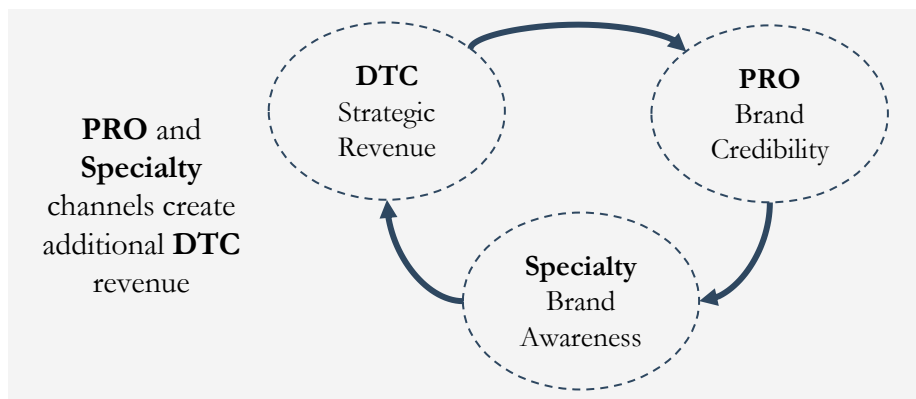
Retail Revenue Projections vs. Consensus



Consistent DTC Segment

Higher volumes of specialty retail will continue to drive the omnichannel DTC segment

Other Channels Feed DTC Growth



DTC Projections vs. Consensus

	2021	2022	2023	2024	2025	2026
Consensus DTC Revenue	160,337	217,030	285,333	372,989	464,877	562,442
<i>% of Total</i>	27.2%	28.3%	29.4%	30.3%	31.4%	32.6%
Projected Professional and Specialty Revenue	427,360	681,295	848,463	1,013,321	1,158,717	1,293,369
<i>Consensus DTC %</i>	27.2%	28.3%	29.4%	30.3%	31.4%	32.6%
Projected DTC Revenue	159,736	268,657	352,537	440,943	531,062	624,157
<i>Δ From Consensus</i>	<i>(0.4%)</i>	<i>23.8%</i>	<i>23.6%</i>	<i>18.2%</i>	<i>14.2%</i>	<i>11.0%</i>

As other channels (professional and specialty retail) grow, the DTC sales channel should grow **proportionally** to reflect Olaplex's omnichannel distribution strategy.

IV.

Call Option Thesis

Unaccounted for Expansion Opportunity in China

OLAPLEX.

Expansive TAM in China is largely underestimated, provides substantial long-term growth opportunity

A New Frontier for Olaplex

- China is projected to drive **31.8%** of growth in the global premium haircare market from **2020-2025**
- OLPX entered China in Q220 via TMall, an international products subdivision of Alibaba
 - Presenting strategic alignment with OLPX's model
- Street has neglected the impact of a Chinese expansion despite large market opportunity & favourable future trends

Greater Opportunity in Male Segment

- In 2019 the male beauty market in China grew **twice** as fast as the global average of **5.8%**
- OLPX is catering to this new demographic with male ambassadors, and spokesmen during Singles day
- The company is positioned to capture the male audience by leveraging the popularity of social commerce in China
- TAM is likely much larger than many assume due to less gendered product targeting relative to North America

Opportunity Sizing

Revenue Opportunity (000s)	2021A	2022E	2023E	2024E	2025E	2031E
TMall Annual Sales \$	512,320	537,936	564,833	593,074	622,728	834,515
% of TMall Sales in Haircare	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%
TMall Haircare Segment	25,616	56,429	59,251	62,214	65,324	85,037
Haircare Market Growth Rate		4.9%	4.9%	4.9%	4.9%	1.9%
Approximate Market Penetration in TMall		0.2%	0.5%	0.7%	1.0%	2.4%
Implied TMall Sales (Units)		135	284	448	627	2,041

Target Penetration Calculation

Olaplex LTM U.S. Sales	304,500
U.S. Haircare Market Size	12,603,000
Implied U.S. Market Penetration	2.4%

Using Current US penetration as target 2031 penetration in China, OLPX could reach ~2M units sold on Tmall in 2031

Male Segment Growth



V.

Valuation

Discounted Cash Flow Analysis

OLAPLEX

Projections yield a 84.8% upside with a 3-Year IRR of 22.7%

EV/EBITDA

	Bear Case	Base Case	Bull Case
EBITDA	\$885,203	\$1,206,824	\$1,367,635
Multiple	21.0x	23.6x	25.0x
Enterprise Value	\$18,589,267	\$28,481,057	\$34,190,876
Net Debt	\$2,829,720	\$2,829,720	\$2,829,720
Equity Value	\$15,759,547	\$25,651,337	\$31,361,157
Shares	690,700	690,700	690,700
Value / Share	\$22.82	\$37.14	\$45.40
Implied Upside	4.5%	84.8%	107.9%
3-Year IRR	1.5%	22.7%	27.6%

WACC

Risk-free rate	1.8%
MRP	5.5%
Beta	1.7
Cost of Equity	11.2%
Cost of Debt	7.5%
Tax rate	17.0%
After-tax Cost of Debt	6.2%
Hurdle Rate	11.0%

UFCF Build

	0.25	1.25	2.25	3.25	4.25	5.25
<i>Discount period</i>	0.25	1.25	2.25	3.25	4.25	5.25
<i>Mid-year Convention</i>	0.125	1.125	2.125	3.125	4.125	5.125
EBIT	86,306	551,842	696,137	851,719	1,009,794	1,187,272
NOPAT	71,634	458,029	577,793	706,927	838,129	985,436
Add: D&A	12,514	50,765	51,408	51,944	51,120	19,552
Less: Capital Expenditures	—	—	—	—	—	—
Less: Change in NWC	(4,711)	87,081	43,462	45,252	19,935	45,773
Unlevered Free Cash Flow	79,437	595,876	672,664	804,122	909,184	1,050,761
PV Unlevered Free Cash Flow	78,410	530,030	539,185	580,841	591,810	616,353

Key Drivers

- Reaching **24% penetration** in both Sephora and Ulta stores by 2026 (consistently growing 228 bps per year)
- EBITDA multiple contraction in the bear case and expansion in the bull case. Base case multiple is derived from consensus numbers



Comparable Companies Analysis

OLAPLEX.

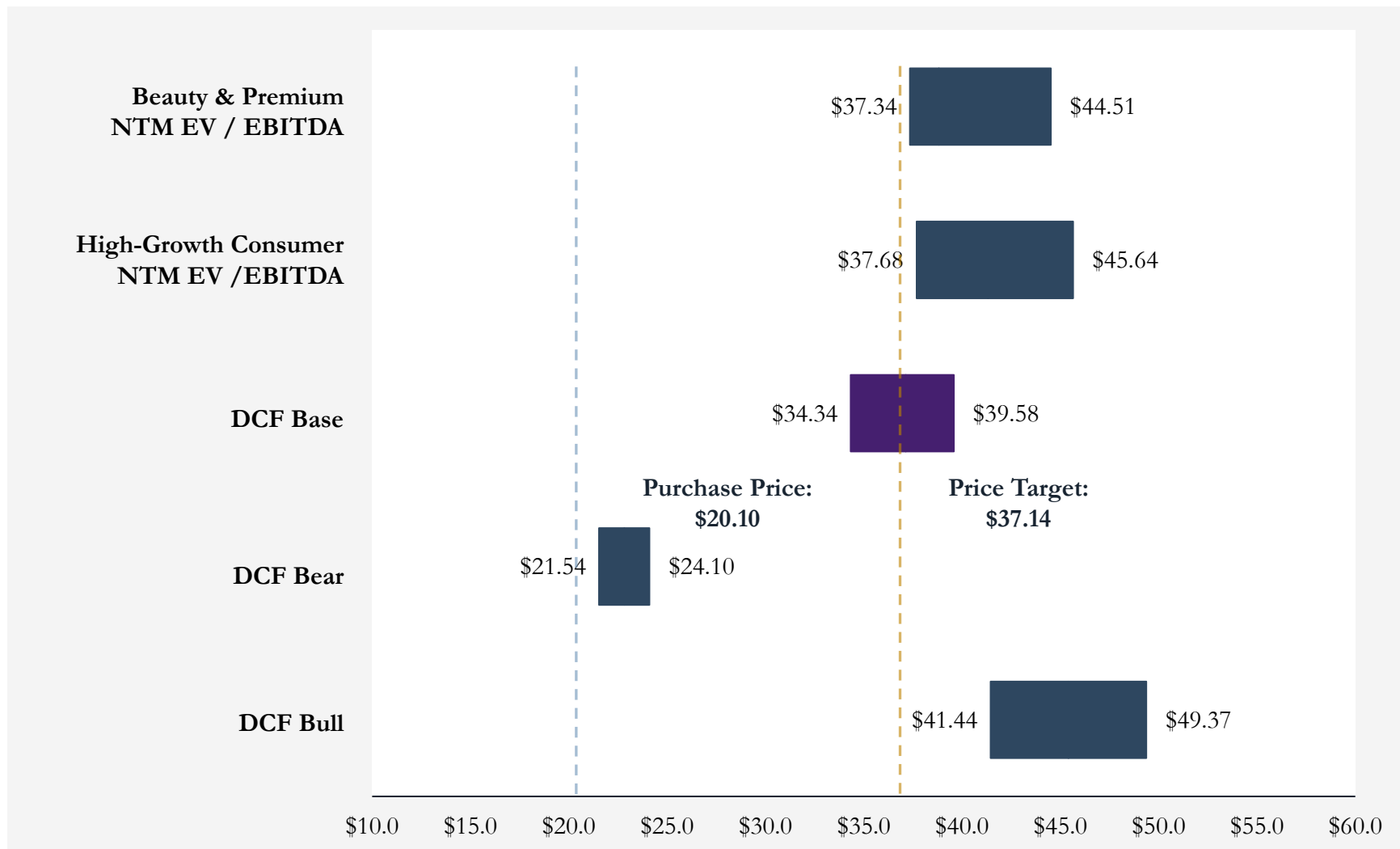
OLPX trades in line with best-in-class growth consumer companies despite superior margins and leverage

Comparable Companies Analysis	General		Trading Multiples			Profitability & Growth			
<i>(\$ in millions USD, except share price)</i>	Market	Enterprise	EV/EBITDA		P/E	LTM 1 Year Growth		EBITDA	Net Debt /
Company	Cap	Value	LTM	NTM	NTM	Revenue	EBITDA	Margin	EBITDA
Beauty & Premium									
Coty Inc	\$7,102	\$13,459	15.5x	14.4x	30.8x	10.1%	235.9%	15.5%	6.0x
e.l.f. Beauty Inc	\$1,488	\$1,574	28.7x	21.1x	37.7x	26.5%	60.5%	13.1%	1.6x
L'Oreal	\$234,677	\$231,969	26.8x	23.7x	38.5x	7.0%	11.0%	23.7%	NM
The Beauty Health Company	\$2,019	\$2,031	NM	59.8x	174.5x	67.8%	NA	(9.1%)	NM
The Estee Lauder Companies Inc.	\$112,388	\$116,616	23.2x	24.6x	38.9x	25.0%	53.2%	24.0%	0.7x
Beauty & Premium Averages									
Mean			23.5x	28.7x	64.1x	27.3%	90.1%	13.4%	2.7x
Median			25.0x	23.7x	38.5x	25.0%	56.8%	15.5%	1.6x
75th Percentile			27.2x	24.6x	38.9x	26.5%	104.4%	23.7%	3.8x
High-Growth Consumer									
Caesars Entertainment Inc	\$16,852	\$42,824	16.3x	13.4x	NM	219.5%	380.7%	30.0%	9.8x
Etsy Inc.	\$16,947	\$18,452	33.4x	24.6x	33.7x	61.7%	66.2%	24.5%	2.7x
Evolution AB	\$24,980	\$24,623	36.2x	22.8x	27.9x	93.3%	118.8%	64.3%	NM
Flutter Entertainment PLC	\$18,509	\$21,394	18.7x	19.3x	32.8x	123.3%	108.5%	18.6%	2.5x
MercadoLibre Inc	\$52,242	\$54,078	84.8x	65.3x	121.0x	88.7%	221.3%	9.1%	2.9x
Suzhou TA&A Ultra Clean Technology	\$6,029	\$6,172	41.8x	28.1x	47.5x	100.6%	167.3%	36.5%	0.4x
High-Growth Consumer Averages									
Mean			38.5x	28.9x	52.6x	114.5%	177.2%	30.5%	3.7x
Median			34.8x	23.7x	33.7x	97.0%	143.1%	27.2%	2.7x
75th Percentile			40.4x	27.2x	47.5x	117.6%	207.8%	34.9%	2.9x
Olaplex	\$13,027	\$13,668	40.8x	30.9x	46.2x	108.0%	73.3%	68.4%	1.9x



Valuation Football Field

OLAPLEX.



VI.

Risks & Catalysts

Numerous near to mid-term events expected to drive substantial value appreciation

2022 First-Quarter Revenue Beat

- Consensus revenue projection of YoY 31% revenue growth; QoQ 2% revenue decline likely to be substantially outperformed; consensus undervaluation of Ulta Beauty expansion into 1,250 stores
- Guidance has not yet been released for 1Q22, expected to be substantially higher than street view

Conformity of consensus & guidance

- Management track record with earnings forecasting is yet to be determined. This has led to challenges and low certainty street view on future performance
- In the coming quarters, street will have the ability to better gauge management guidance, and more effectively level expectations for future growth & earnings

Expansion into new product lines (skin & nail care)

- Olaplex has patented technology in both skincare and nailcare segments
- Company's focus on product performance over "hype capitalization" provides conviction in ability to execute in future, large and growing markets
- 51% of current OLPX customers state they would switch skincare providers if OLPX introduced a skincare product/line



Patent-protected, innovative technology yields both risks and opportunities

Patent Expiry

Bis-Amino proprietary technology preventing high competition is patent-protected, leading to concerns over competitive positioning when patents expire

Olaplex's core patents do not expire until 2034, giving the company 12 remaining years to build consumer relationships and market share. Customer stickiness and loyalty, largely driven by OLPX's organic marketing strategy, mitigate large switching projections post-2034.

Trend Fades

Olaplex has experienced explosive growth in recent years, largely driven by social media. Sustainability of this publicity, customer base, and resulting revenue growth is questioned.

Company is focused on delivering performance and results. By only releasing science-backed, proven products, testimonials and customer retention remain high with 70% of users planning to repurchase items. Social Media is the medium for word-of-mouth customer growth, not the key driver.

Margin Suppression

Olaplex operates like a start-up with 102 employees, no office space, and limited ad spend, averaging \$5.8M in sales/head. As OLPX scales, sustainability of this model is uncertain.

Margin compression is projected in line with street in our model, and still results in 4.5% upside. This has also been sensitized to ensure any unforeseen margin suppression does not impact execution on remaining thesis.



VII.

Investment Summary

Uncertainties in long-term trajectory result in 5 key monitoring items to determine target hold period

Olaplex has the potential to be a long-term hold past the proposed investment horizon of 3-years, though due to the growth-stage of the business, strategic direction cannot yet be determined. The following items could pivot OLPX from a 3-year hold to 5 - 10-year hold, dependent on execution.

Commentary

Product Line Expansion

- Plans to launch ~3 products/year in near future; critical to analyze relative success of new products and gain insight strategic direction from product expansion decisions

Competitive Landscape

- Analysis of new entrants into patent-protected hair-care space and R&D spend of large-scale competitors (i.e.. L'Oréal) to gauge post-patent landscape (expiry in 2034)

Continued DTC Partnerships

- Continued growth onto new DTC platforms; leveraging appropriate platforms for global expansion would be positive long-term indicator outside of current thesis

Level of Success in Younger Markets

- Non-Western markets provide unique opportunities for OLPX given different cultural norms surrounding gender & haircare; Olaplex's ability do capitalize in these settings could impact long-term growth trajectory

Advent Ownership

- Monitor the sponsor's stake in the business, evaluating expected exit period to ensure sponsor sell-off doesn't put unfounded downward pressure on price



Significant opportunity in existing growth trajectory

Core Bet on Olaplex

Best-in-Class Brand Value & Appreciation Will Drive Continued Growth & Success

- Olaplex's positioning as the number one premium hair care brand has allowed it to develop intangible brand value, resulting in a highly captive customer base
- The company's organic support on social media & online communities has driven steady growth in long-term customer growth

Sales Penetration & Omnichannel Strategy Success

- Olaplex's hard-earned organic support will grow non-linearly overtime as social media network recognition grows, ultimately allowing Olaplex to grow penetration in retail channels
- Success in retail channels creates new introduction point for Olaplex customer into the omnichannel network, resulting in greater sales in the DTC channel when retail channel sales grow, resulting in a second level of revenue growth

Recommendation

Buy Olaplex
(NYSE:OLPX) at
\$20.10 with a 3-year
price target of
\$37.14, implying a
84.8% upside or
22.7% IRR

Business Summary

- Patent-protected premium hair care technology with strong & consistent growth

Investment Summary

- Betting on continued sales per store upon Ulta expansion, and consistent hair care penetration growth in the retail space
- Successfully built omnichannel strategy results in compounding benefits from success in independent channels



VII.

Appendix

Case Study: Olaplex's Expansion into South Korea

OLAPLEX.

Why the expansion through Sephora was a strategic move

Olaplex on a Global Level

- Olaplex's international reach spans 60 countries and account for 42% of their revenue
 - Proving the success of their global expansion efforts
- Saw an opportunity to capitalize on fast growth through expansions in Europe and Asia, specifically South Korea

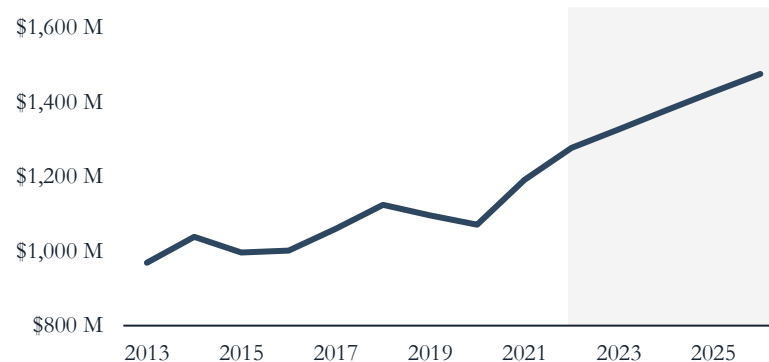
Korean Market Trends

- Revenue in the Hair Care Market is expected to grow annually by 3.67% (CAGR 2022-2026)
- In 2021, 53.8% of hair care sales were made offline and 46.2% were made online
 - Further complementing the B&M expansion into South Korea
- Olaplex's science-driven products also appeal to younger shoppers who forgo brand loyalty and do research

Why & How Olaplex's Expansion was Successful

- Olaplex expanded into South Korea using Sephora
- Expanding with Sephora let Olaplex enter the industry and create brand awareness using Sephora's B&M presence
 - This expansion method best captured Korean consumers due to the popularity of B&M shopping
- Olaplex aided its success in South Korea by matching trends favoring vegan and science backed products
- A further contributor to success were Olaplex stylists who willingly product social content to their online community

South Korean Hair Care Revenue Growth (USD)



Professional Segment Testaments

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Direct testimonials from salon industry insiders highlight the strength of the Olaplex brand

“Customers had to be sitting in chairs longer...but it was also about the customer take home the kit. So, the color lasted longer, and they would charge for the additional service. They were probably making the same amount or more money. And on top of that, they were selling the take-home part.”

Former category manager at Salon centric

“You are going to be charging them for that time the customer is going to be sitting there, and on top of that we’re going to be selling them a product that they have to take home to be able to maintain that hair colour service that you just rendered on them.”

Former category manager at Salon centric

		<p>Stylist products</p>
		<p>Consumer Products</p>

Distinct product lines retains exclusivity sought out by professional stylists

“Stylists and customers love it. They love how their hair feels after. They can definitely feel a difference”

Senior Stylist at EDITSALON

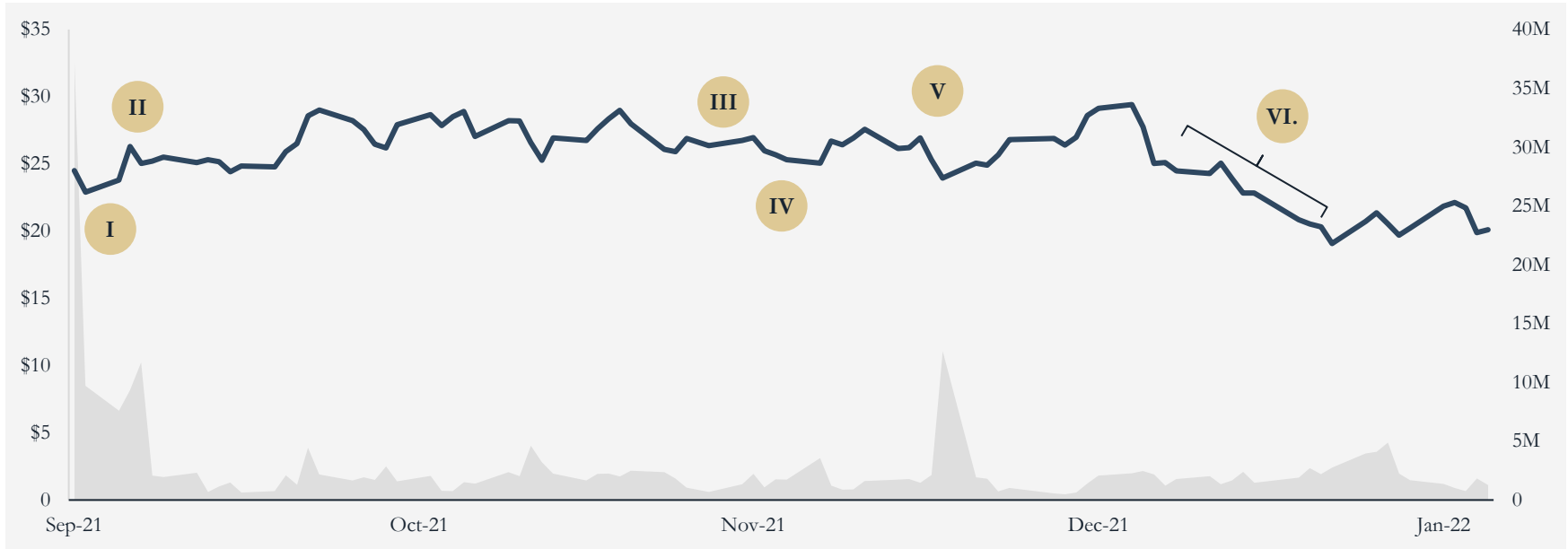


WESTERN INVESTMENT CLUB

Annotated Stock Chart

OLAPLEX.

An overview of key events for Olaplex since its IPO



I.	▪ Advent sells 68.7 million shares	IV.	▪ Board director buys 33.0 thousand shares
II.	▪ Advent sells 10.3 million shares	V.	▪ Olaplex added to S&P TMI index
III.	▪ Earnings and corporate guidance released	VI.	▪ Broader market sell-off

Ownership & Management Overview

OLAPLEX.

Olaplex is a hedge fund darling with an experienced management team

Ownership Breakdown

Individuals/Insiders 0.28%
Public & Other 1.92%



Notable Shareholders	Ownership %
Mousse Partners	6.00%
Anthos Capital	3.64%
Melvin Capital Management	0.66%
Citadel Advisors	0.65%
Viking Global	0.47%
Millennium Management	0.21%
Point72	0.15%

Co-Founders & Management Team



CEO – JuE Wong

- In position since 2020
- Previously CEO at MoroccanOil, President of Elizabeth Arden, CEO of StriVectin
- Australian National University B.A.



CFO – Eric Tiziani

- In position since 2021
- Previously CFO at Unilever North America, 22-year Unilever career across corporate M&A and finance
- Columbia MBA, Colgate B.A.



COO – Tiffany Walden

- In position since 2019
- Previously Olaplex Chief Legal and Administrative Officer, General Counsel, Counsel at Tory Burch
- New York University B.A., William & Mary J.D.



CTO – Juliane Park

- In position since 2021
- Previously CSO at Hudson's Bay, Head of Merchandising at Blue Mercury and CVS Health
- Dartmouth MBA, University of Toronto J.D. & BCom

Competitor Profiles

OLAPLEX.

L'Oréal - Redken

- L'Oréal is a French personal care company with a diverse portfolio
- L'Oréal owns haircare brand Redken a direct competitor of Olaplex
- Products include hair color, haircare, and styling products
- Redken engaged in patent infringement with Olaplex resulting in 9 Redken products being taken off US shelves

Henkel - Schwarzkopf

- Schwarzkopf has a 120-year-old history in the haircare industry as a luxury haircare brand
- Schwarzkopf's Fibre Plex expert kit serves similar bond-building benefits to Olaplex except it does this with different technology
- The Fibre Plex kit, among other Schwarzkopf products, is priced similarly to Olaplex and have packaging with a similar level of premium quality

Estee Lauder - Aveda

- Founded in 1978, Aveda is a personal care company with numerous patents
- Aveda provides vegan & sustainably packaged hair care, skin care, makeup & men's products
- Aveda is a well-known brand in hair salons, and has large professional partnerships such as Venere Salons and Sally Beauty.

Company	NPS	LTM EBIT Margin
Olaplex	71	54.5%
The Beauty Health Company (HydraFacial Product)	40	(15.5%)
L'Oréal	16	19.3%
Estee Lauder	15	20.0%
Coty	(7)	3.7%
e.l.f Beauty	(8)	7.5%





Olaplex Holdings (NASDAQ:OLPX)

Buy Pitch (22.7% 3-Year IRR)

Consumer Retail Group

Analysts: Emma Hristov, Peter Mathews, Chloe Macklin,
Aidan Sommer, Ariana Ghavami, Geoffrey Xie
February 7th, 2022

