



Les Fleurs de Bach UK

Christian Fernandez

25/02/2010

First Year results and Forecast 2010.



Les Fleurs de Bach UK



Incorporated Feb 16th 2009 as "Bach Flower Gardens Ltd", the company benefits from exclusive distribution rights of "Les Fleurs de Bach" for the UK.

Shareholders:

- 75%: Financière MAW, holding company of FEH SARL.
- 25%: Christian Fernandez.

Mission:

- Establish "Les Fleurs de Bach" as a leading brand in the fast growing market of natural and organic beauty and well-being products.
- Maximize the long-term value of BFG Ltd and Financière MAW by setting-up an efficient and profitable structure supported by a limited number of key partnerships in order to distribute the whole FDB range through all adequate distribution channels.
- Achieve that objective with limited resources, limited risk and retain full control of the Brand in the UK, mother country of Dr Bach and potentially one of the biggest markets for "Les Fleurs de Bach".





Les Fleurs de Bach UK

Executive Summary for 2010

In its first 12 months of operation, the company has created a fast-growing buzz, secured strategic distribution partnerships and generated a small profit largely based on a fantastic product range supported by a low-cost structure.

Depending on the financial resources made available in the next few weeks, the company will either:

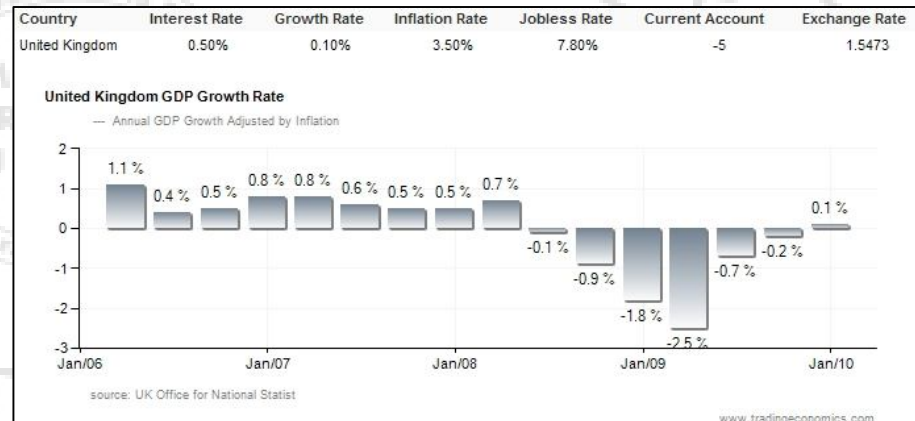
- Pursue a limited, cash-flow positive, expansion strategy (based on direct sales, on a limited number of "flagship stores" and on supporting its distributors).
- Leverage the unique opportunity to :
 - Launch the new skincare range in March, amplify the buzz and firmly establish the brand as the leader in Bach Flowers-based products.
 - Distribute "Les Fleurs de Bach" through Department Store and Specialist Store Chains. These segments represent the biggest sales potential but require adequate resources to generate significant sales.

That option can be achieved with a funding of about £80.000 which will be dedicated to the required marketing push and to build a small support and sales team.

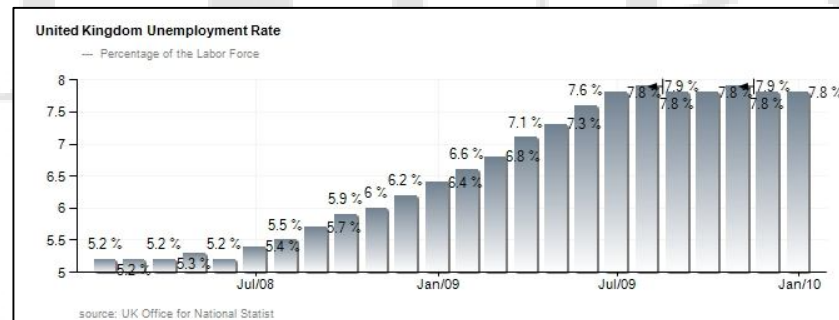


UK 2009 Background

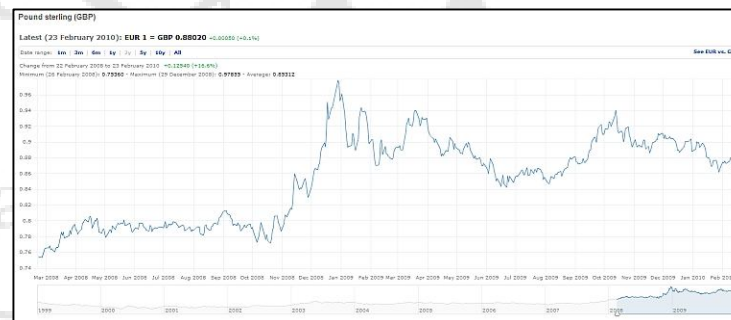
- The UK economy has contracted by 6% since 1Q08 in the most severe recession since the depression era.



- The unemployment rate has soared to 7.9% (from 5.2% 2 years ago).



- The Pound Sterling has dropped from €1.50 to €1.13 in 3 years (with a low of €1.03 in January 2009)





The Market / Competition

The biggest challenge in the UK:

The Bach Flowers market is almost a monopoly of Nelsons' "Rescue Remedy", available everywhere at prices well below their prices in other countries (eg £7.20 for a 20ml drop vs €15.00 in France).

The good news:

Most UK consumers know and trust "Rescue Remedy" and the awareness of Bach Flowers remedies is very high.

The even better news:

"Les Fleurs de Bach" product range benefits from 3 Unique Selling Points:

- Full respect of Dr Bach's original methods
- Certified organic Bach Flower essences in all products
- Innovative extensive range from well-being to beauty...

The strategy adopted has therefore been to price our well-being range 10% above Nelsons', making it an "affordable high-quality substitute".

Likewise, the beauty range has been priced as a "sensible treat": the uniqueness of our "Fragrances for the soul" being able to command a price-point close to that of well-established brands with 7-figure marketing budgets...





The First 12 Months

The low-cost subsidiary...

With fantastic products but only limited available resources and the need to minimize the cash-flow impact on FEH, added to the risk averse lending / credit environment, the only option was to set-up a "lean and mean" operation:

- A registered address at Floral St, Covent Garden but effective office & warehouse hosted at zero cost.
- 1 Director / employee costing £0 to the company until Octobre 09 and a total of £12.600 over 12 months.
- PR was the only marketing expenditure, only started 15/09.
- Website and e-commerce platform designed and operated in-house.
- Most importantly, the full and enthusiastic support of the whole French team from Day 1.

12-Month result:

Les Fleurs de Bach UK has achieved a turnover of about £50.100 and a **symbolic profit of £1.866**. Much more importantly, it has created the conditions for an **explosive growth over the next 10 months**: a fast-growing brand awareness and a comprehensive range of key distribution partnerships detailed thereafter.



Communication Strategy

Differentiation:

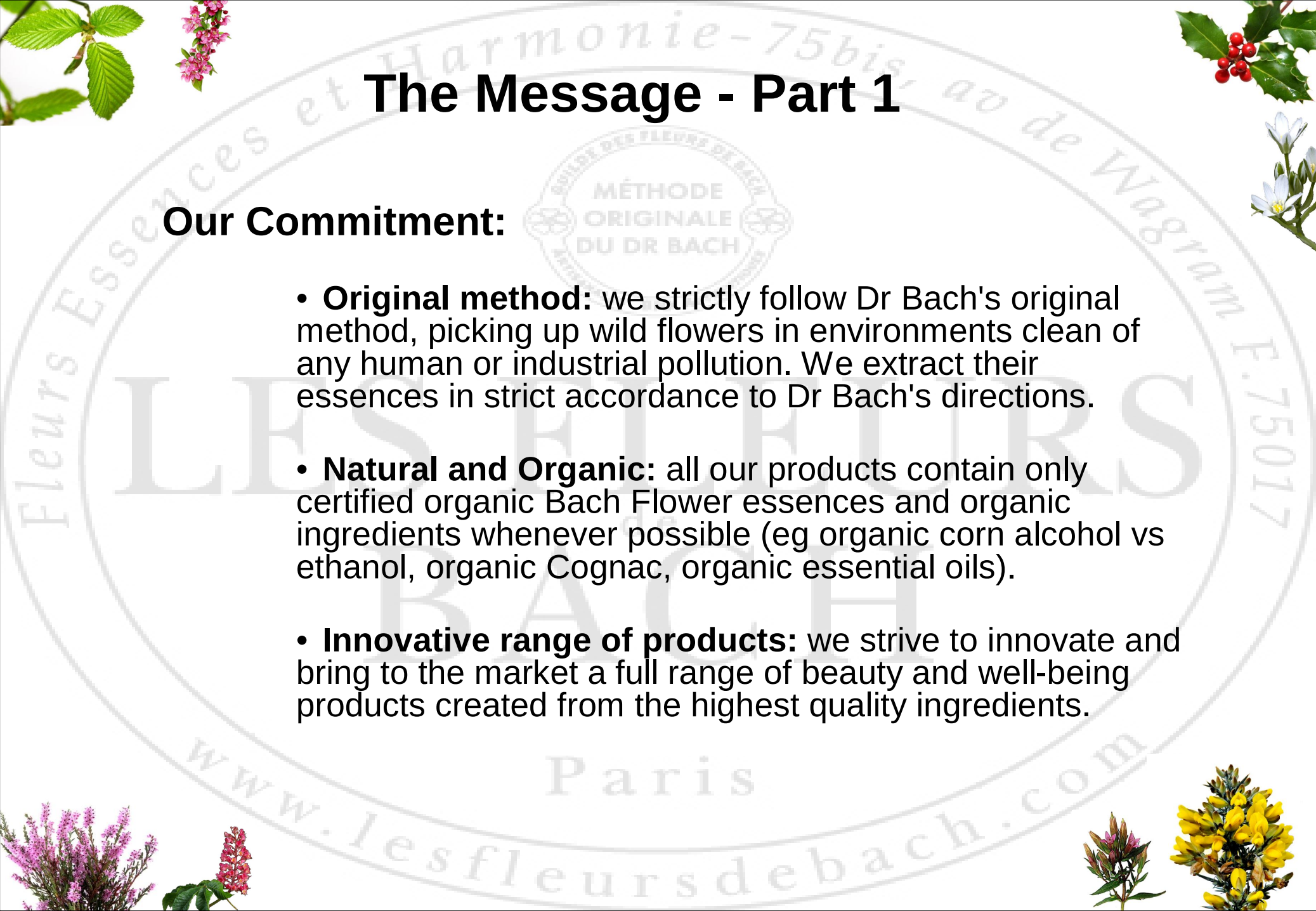
Right from our first Trade-Show at Professional Beauty (3/4 March 09) we have used and abused of our "natural" positioning: in a world of white, clinical stands, we have opted for a "green", flowery environment filled with moss...

This has been used to great effect with all meetings with the most prestigious buyers.

"Back to Bach":

Since we want to "own" the segment, all our communication is based around the "History of the Brand which restores the Bach heritage" and around our Commitment to values that fully legitimize the Brand (see next slide). This message has resulted in an extensive media coverage which has, in turn, helped us convince buyers and raise the brand awareness...





The Message - Part 1

Our Commitment:

- **Original method:** we strictly follow Dr Bach's original method, picking up wild flowers in environments clean of any human or industrial pollution. We extract their essences in strict accordance to Dr Bach's directions.
- **Natural and Organic:** all our products contain only certified organic Bach Flower essences and organic ingredients whenever possible (eg organic corn alcohol vs ethanol, organic Cognac, organic essential oils).
- **Innovative range of products:** we strive to innovate and bring to the market a full range of beauty and well-being products created from the highest quality ingredients.

The Message - Part 2

"Les Fleurs de Bach": Up and Coming!

Winner of the **Beauty Challenger Awards** at **Beyond Beauty / Cosmeeting** Paris, September 09.

The brand is "**the next big thing**", completely in line with key trends in the beauty and well-being market:

- The strong demand for **natural / organic** products,
- The emergence of "**enhanced**" products that go beyond their initial function and carry extra benefits,
- The need for natural ways to fight **stress, anxiety, insomnia**, depression, conflicts, etc. in a difficult economic environment.

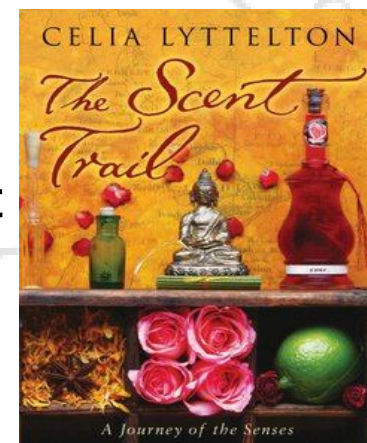
'09

**BEAUTY
CHALLENGER
AWARDS
WINNER**



Strong endorsements and PR support:

- **Celia Lyttelton**, scent critic, best-selling author of "The Scent Trail, a Journey of the Senses" calls our fragrances **"Gifts from the Gods"**, probably **the best** she's tried in the last 4 years. This testimonial alone has enabled us to land 3 prestigious partners.
- Our fragrances were selected to grace 150+ celebrities and fashionistas (including Ms Joanna Lumley!) at **Simon Copeland's Spring/Summer 2010 Show** (October 22nd 2009).
- Before starting any PR, "Les Fleurs de Bach" was already featured in Tatler (August 09):
- Formal PR was launched end September 09 and the interest and expected coverage are huge, with over 50 pieces generated or planned.





Press coverage since PR started and expected 1Q10:

National / Weekend

The Telegraph

Observer

The Times

The Sun

Daily Mail

Daily Mirror

FT

You Magazine

Celebs on Sunday

The Independent

Observer Magazine

Guardian

Consumer / Glossies

Prima

FHM

Cosmopolitan

Harpers Bazaar

Heat

OK!

Top Sante

Men's Health

Zest

Attitude

Look

Choice

Esquire

Tatler

The Lady

Woman's Weekly

Health & Fitness

Psychologies

InStyle

Wallpaper

+ 12 Regional

+ Online Communities

+ TV Shows

Etc.



Early coverage:



Circulation: 90.000
Readership: 194.000



Circulation: 321.000
Readership: 963.000



Circulation: 649.000
Readership: 2.427.000

Samples of our media coverage





Distribution Partnerships

Distribution Strategy:

- **Thalgo UK:** our key distributor for the challenging market of "spas & beauty salons". With a very supportive management, a new commercial team and the joint launch of our skincare range at Professional Beauty 7/8 March, we expect a good performance as of March.
 - **Bodytox:** our distributor for the market of "organic stores & pharmacies". In less than 2 months, Bodytox has opened a number of key accounts. Its small but enthusiastic and efficient team is largely dedicated to our brand and will grow with us in 2010.
 - **Boots:** was our first big win last year when they accepted to run a test of our fragrances in 5 stores nationwide. Thanks to this test, we are now fully aware of the resources and planning necessary to the success in the retail market. All test stores have shown a phenomenal response and support to the brand.
 - **Since Octobre 09,** we have used the services of an "introduction agent" to gain access to key buyers. This strategy has enabled us to meet and convince Fortnum & Mason, Liberty, Harrod's, Harvey Nichols, QVC, asos.com, etc.
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The Next 10 months...

Thalgo UK:

- **Thalgo UK** has been distributing the whole FDB range to 7.000 spas and beauty salons in the UK since 08/09.
- **Thalgo UK** benefits from a good image, from a full team of trainers and practitioners and the management is fully supportive of our brand, considering it as its biggest development opportunity for 2010.
- **However**, the first few months have been disappointing, due to an inadequate sales strategy and managerial structure. Thalgo has contributed to £16.323 in sales for Les Fleurs de Bach UK.
- **Starting March 2010**, sales strategy has been completely revamped and we're taking the opportunity of Professional Beauty 7/8 March to re-launch the brand, with a closer partnership (sharing a stand) and with our new skincare range.
- **Summary:** As of March, the number of reps selling our brand is going to grow from 1 to 6 over the next 6 months and Thalgo is fully committed to promote "Les Fleurs de Bach".



The Next 10 months...

Bodytox Ltd:

- **Bodytox** is our distributor for pharmacies and organic / natural stores since 12/09.
- **In less than 2 months**, Bodytox has agreed to align its development strategy to ours in order to become, before the end of 2010, our main distributor:
 - Bodytox is expanding its sales team from 5 to 8 to cover the whole of the UK.
 - Bodytox benefits from an in-house Marketing & Design Team which has already produced a successful "Mother's Day" campaign mailed to 2.500 contacts.

Perfume Range
The first perfumes in the world based on Bach Flowers.

The perfume that helps you feel calm and confident around you, for health, for joy and for achieving your goals.

A new range of perfumes

Limited Offer! Mothers Day Promotion (March 14th)

Get ready for Mothers Day!

Say it with flowers
Offer your customers something unique this Mothers Day with...

A unique concept of Natural and Organic, well-being and beauty products

- **Furthermore**, Bodytox has agreed to take over the fulfillment of our Internet orders, using their distribution facilities and at a minimal cost.

The Next 10 months...

Bodytox Ltd:

Bodytox has already placed 4 orders in 2 months, for a total of £15.000 and has opened significant new accounts:

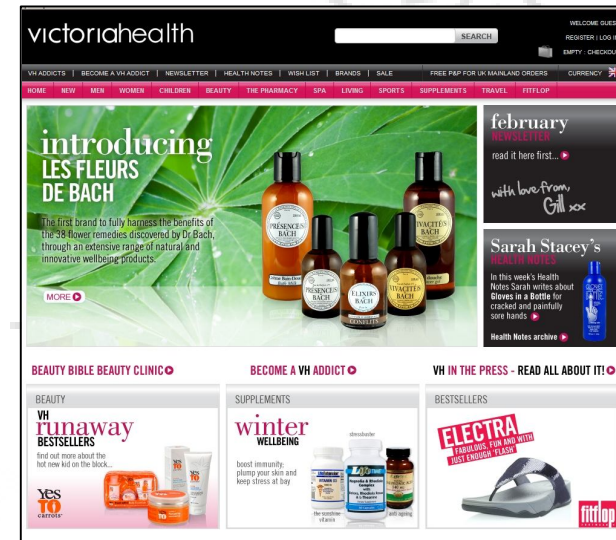
Planet Organic: 4 stores in and around London.

Victoria Health: leading e-tailer for all things organic.

NutriCentre: the reference "clinic" and "well-being" destination, specialized in alternative medicines. NutriCentre benefits from an active website and from a partnership with Tesco: 13 "Stores in Stores" expanding to 130 by end 2010.

John Bell & Croyden: the pharmacy of the Royal Family and flagship of Lloyds Pharmacy (1.700 stores in the UK)...

Wholefoods: 5 stores in London, a reference in organic products.



Boots: a key partnership

With over 2.700 stores nationwide, Boots commands over 35% of the beauty / fragrance market and an ever bigger share of the market for well-being products and alternative medicines.

Les Fleurs de Bach UK has managed to be one of the few new brands added by Boots in last year's economic climate. Both our fragrances are being tested, since Octobre in 5 Test Stores, among their top fragrance sellers nationwide.

In all these stores, the feedback and support of Boots staff and management has been phenomenal: Store and Sales Managers have freed-up some precious peak-season time and real-estate in order to promote our brand.

Unexpectedly, all stores have also agreed to:

- have their consultants fully trained and incentivized,
- display our marketing material at no cost,
- enable us to appoint a "Sales Consultant" to promote the brand during high traffic days.





Boots: a key partnership

Unfortunately, despite huge efforts and due to our limited resources (human, financial, time), we have not been in a position to fully exploit this opportunity.

However, given the fast-growing visibility of our brand, the prestigious partnerships we're going to announce, the excellent feedback from the Boots teams and provided we're in a position to plan and to allocate adequate resources, we believe that we can convince Boots to maintain and expand our distribution, both in the number of stores and in the range of products sold.

In order to succeed, we need to:

- **Design and produce** a modular Free Standing Unit ("Flower Tower"?) to present "Les Fleurs de Bach" products in various retail environments (well-being & beauty).
- **Negotiate some real-estate** within the stores of Boots and other retailer chains,
- **Plan staff training and promotions** (for End 2010) in the next few weeks in order to optimize costs and efficiency.

This initial investment is a key factor to firmly establish "Les Fleurs de Bach" as a credible partner and a leading brand in this huge but demanding market.





UK Flagship Stores

A few prestigious stores in London represent an invaluable marketing weapon and can give a brand a significant international visibility.

Sales generated by these stores only represent a small fraction of the overall market ; however, these stores are a key factor to convince other retailers to stock the brand and to attract media attention.

In just 12 months, Les Fleurs de Bach UK has secured the possibility to claim a presence in these stores whilst keeping costs at a minimum.

This will represent an excellent angle to position our brand favourably during discussions with the Department and Specialist Store Chains.



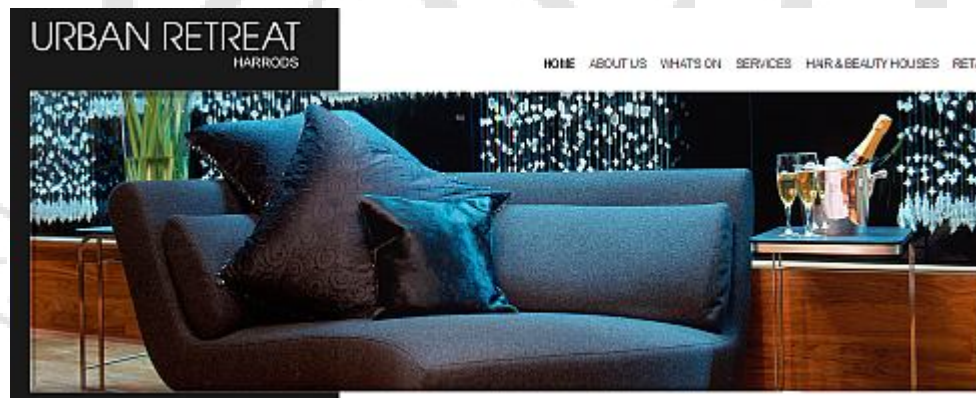
Great status, amazing shopping environment and incredibly professional. Very high cost of real estate, high end set-up and a full-time consultant are mandatory.

The solution:

"Urban Retreat" who runs the biggest and most luxurious spa / salon in Europe (32 cabins) on the 5th Floor at Harrod's has just agreed to stock Les Fleurs de Bach.

Urban Retreat is willing to dedicate 1 cabin exclusively to our brand for a minimum of 6 months in exchange for a worldwide premiere of our new skincare range.

They are keen to wrap up the whole agreement in time for an announcement at Professional Beauty (7/8 March). This will represent a huge PR opportunity for our launch: inviting journalists and celebrities before the general availability mid-April.





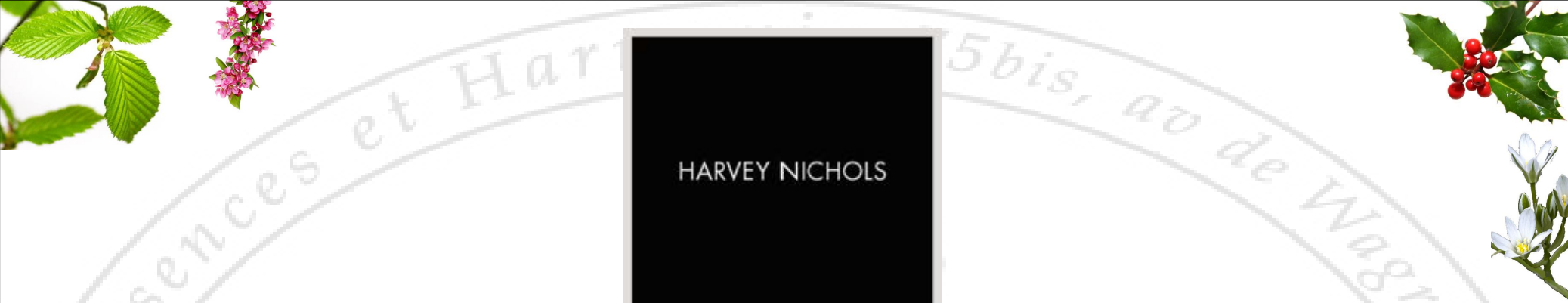
A symbol of britishness since 1707, Fortnum & Mason is one of the most exclusive department stores in the World. It benefits from the Royal Appointment and boasts 2 Treatment Rooms for high-end pampering.

"Fortnum & Mason" is launching "Les Fleurs de Bach" on March 2nd.

Our range will be displayed in an exquisite environment, on par with the most prestigious brands.

Fortnum & Mason has placed an order of £1.286 and will probably not represent the bulk of our sales. However, no operating costs are necessary and the PR effect will be worth a large multiple of that amount.

They will be an important part of our distribution announcement at Professional Beauty. .



HARVEY NICHOLS

With 7 stores in the UK and 5 more abroad, Harvey Nichols is a well-recognized symbol of beauty, luxury and fashion.

Harvey Nichols will be launching "Les Fleurs de Bach" in June in London.

Our range has been accepted and will be displayed as soon as the current refurbishment is achieved in their London store.

In the meantime, "Urban Retreat" will feature our products in their luxurious spa hosted at Harvey Nichols in Manchester.





LIBERTY

Since 1875, Liberty has been synonymous with luxury and great design. An emporium based in an iconic Tudor building on Great Marlborough Street, Liberty's focus is on introducing new brands in an exquisite and fast-growing beauty and fragrance environment.

"Liberty" is keen to launch "Les Fleurs de Bach" before Summer 2010 and we are in the final discussions stage.

We believe that Liberty will carry the whole "Les Fleurs de Bach" range as of May 2010, with no extravagant staff or other cost involved.



SELFRIDGES & CO

Selfridges is a chain of 4 high end department stores ; its London flagship store on Oxford Street is the second largest in the UK and is famous for its innovative window design based on bold art initiatives.

A new "Natural & Organic Beauty" section is being developed in London and will open End 2010.

Until then: "Les Fleurs de Bach" will be available in Selfridges' flagship store from the "Lloyds Pharmacy" situated next to the main Beauty Hall. Our whole range will benefit from a premium location without the need for a full-time consultant.





John Bell & Croyden

John Bell & Croyden is the flagship store of the Lloyds Pharmacy group (1.700 pharmacies across the UK) as it holds the Royal Warrant as Pharmacists to Her Majesty Queen Elizabeth II.

John Bell & Croyden will sell and promote "Les Fleurs de Bach" products to its royal clients (and the others) as of March 2nd.

A huge strategic win for the brand:

- from an image perspective vs Nelson's non-organic products (Prince Charles' favourite cause is the development of organic alternatives).
- from a business perspective, this opens an enormous potential to promote our Elixir range to the whole Lloyds Pharmacy group and will facilitate further discussions with Boots, Holland & Barrett.



BY APPOINTMENT TO HER MAJESTY THE QUEEN
PHARMACISTS JOHN BELL & CROYDEN LIMITED





Department Store Chains

About 40% of the market of Beauty and Fragrances in the UK is realized by 4 chains which require very specific sales, marketing and support.

Debenhams: 135 stores + Web

Have agreed to roll-out our brand in 20 Test stores as of May / June.

House of Fraser: 62 stores

Meeting in March, very interested by the new skincare range.

John Lewis: 26 stores + Web

Meeting March 10th.

Fenwick: 11 stores

Have agreed to roll-out our brand, starting in April at the prestigious Bond St branch.



Department Store Chains

Just like Boots, these chains require customized training, promotional material and dedicated resources in order to promote the brand, in exchange for significant real-estate and visibility in their stores.

Provided we can commit to adequate resources during our negotiations in March, we are confident to secure a minimum of 50 points of sales by end 2010.

That would represent 20% of the total Department Stores Points of Sales nationwide and would ensure a strong presence of "Les Fleurs de Bach" in the biggest and most visible segment of the market.

Including all costs (consultants, marketing material, lower margins, etc.), this segment is not the most profitable and is cash-flow intensive. However, we believe that it is essential to start a partnership with 1 or 2 of these Chains, in order to establish "Les Fleurs de Bach" as a significant brand in this segment and to ensure national coverage.





Pharmacy / Well-being Chains



Despite Rescue Remedy's dominance, we have made good progress to establish "Les Fleurs de Bach" Elixirs as a credible alternative:

Lloyds Pharmacy: 1.700 stores

After securing the flagship stores (John Bell & Croyden and Selfridges), the head buyers want to discuss a roll-out in their Top UK Stores...

Boots: 2.700 stores

Meeting in March. A huge potential of 2.000 stores nationwide...

Holland & Barrett: 800 stores

Meeting March 12th.

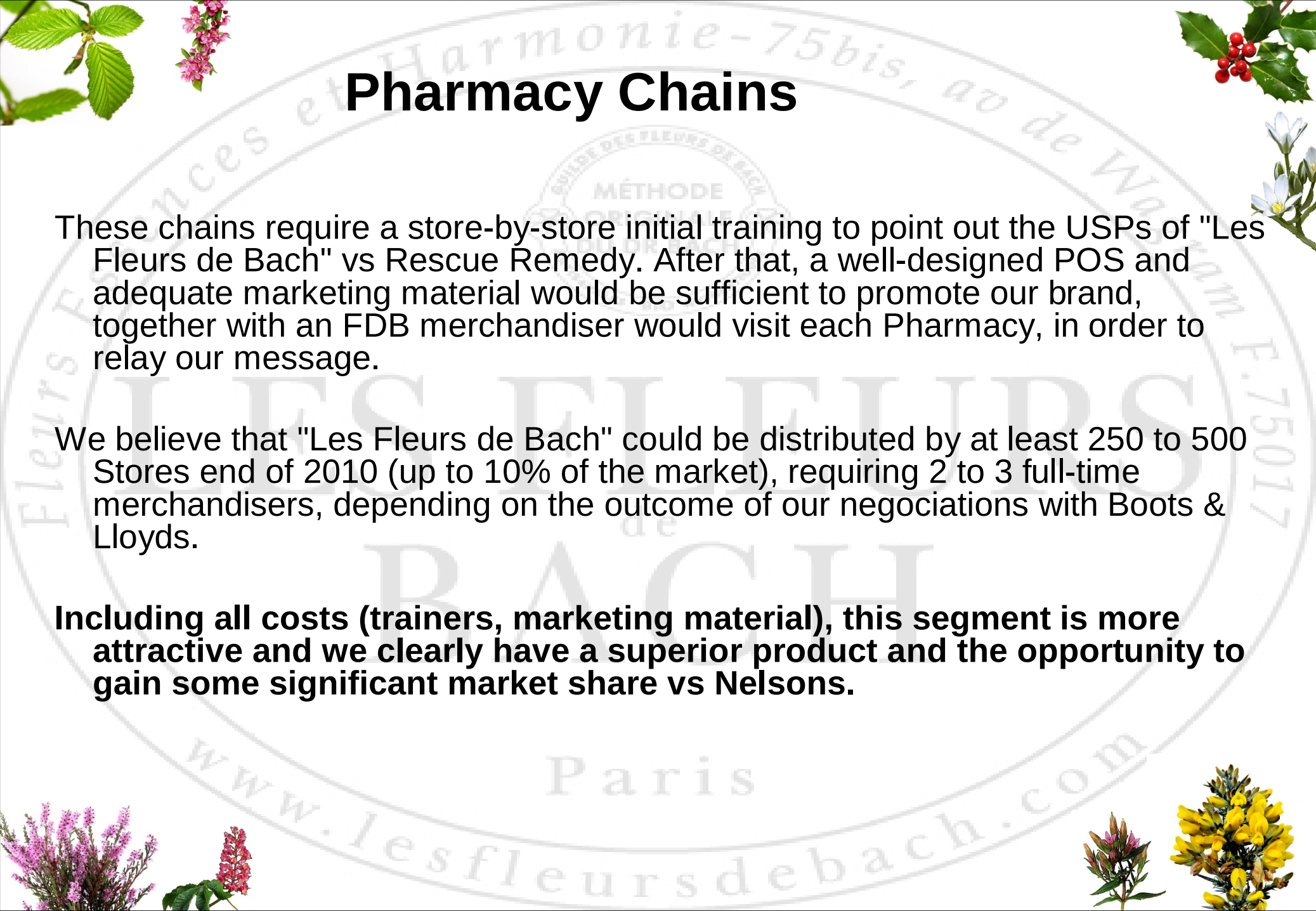
NutriCentre: 13 stores + Web

Have agreed to roll-out our brand.

Wholefoods: 5 stores

Have agreed to roll-out our brand.





Pharmacy Chains

These chains require a store-by-store initial training to point out the USPs of "Les Fleurs de Bach" vs Rescue Remedy. After that, a well-designed POS and adequate marketing material would be sufficient to promote our brand, together with an FDB merchandiser would visit each Pharmacy, in order to relay our message.

We believe that "Les Fleurs de Bach" could be distributed by at least 250 to 500 Stores end of 2010 (up to 10% of the market), requiring 2 to 3 full-time merchandisers, depending on the outcome of our negotiations with Boots & Lloyds.

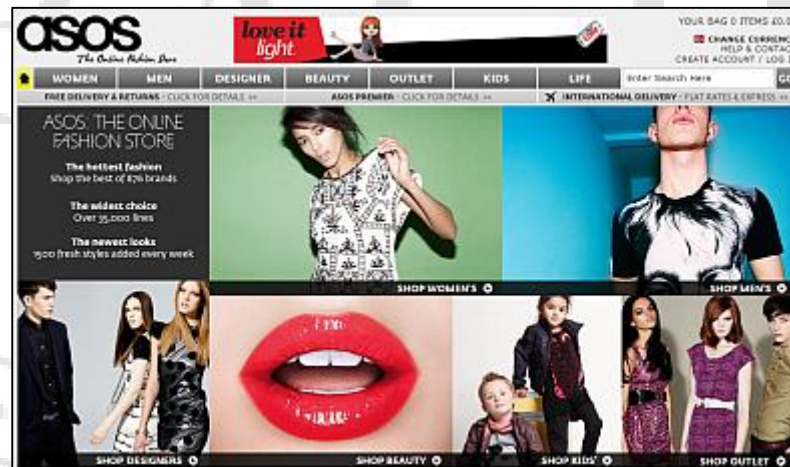
Including all costs (trainers, marketing material), this segment is more attractive and we clearly have a superior product and the opportunity to gain some significant market share vs Nelsons.

Major Accounts Direct

Some specific channels require a dedicated and different approach and marketing. They will be treated, marketed and managed directly.

ASOS.COM: UK's leading and fast-growing Beauty and Fashion e-tailer. Extremely professional, they have an active database of 1.2M clients and attract 6.9M visitors a month. "The Green Room" will feature "Les Fleurs de Bach" in May, to be part of this organic & natural beauty area.

Although **asos.com** demand a 50% margin, they don't involve hidden costs such as samplers, testers, trainers, etc.



Major Accounts Direct: QVC

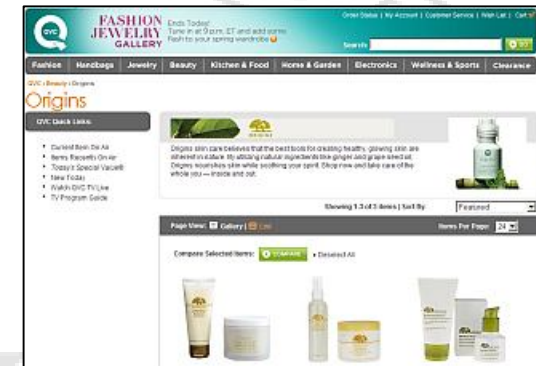
UK's No1 TV Shopping Channel and e-tailer.

Unlike its French equivalents, QVC benefits from a good reputation, covers 22.5M UK Homes and distributes solid brands such as Decleor, Origins, Elemis, Gatineau, etc.

Each Brand is presented in a professionally produced "show" which gives the opportunity to detail the product benefits and to tell the story behind the brand.

These shows generate typical sales of £1.000 /minute, in addition to webcast sales. Depending on the success of the show (10 min for the first one), QVC may increase the duration of the show and make it a regular feature.

QVC has agreed to present "Les Fleurs de Bach" as of May and there is no doubt that our presence on a TV channel such as QVC represents a major sales & marketing opportunity for the brand.



worlddutyfree

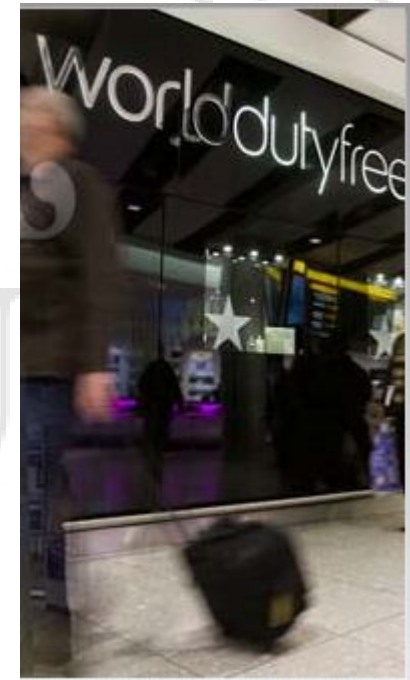
World Duty Free:

A key sales channel for fragrances with 15 UK airport stores offering the most prestigious brands.

World Duty Free is keen to feature "Les Fleurs de Bach" and would like to work on new concepts that leverage the scope of our product range.

A meeting is scheduled mid-March with the Head Buyer.

In addition to the sales forecast that has been voluntarily downplayed in the business plan, this represents an exciting opportunity for the brand to increase its international visibility.



Internet Sales

Before starting any prospection, in March 2009, it was necessary to build a minimalistic website so potential corporate buyers could take the brand seriously.

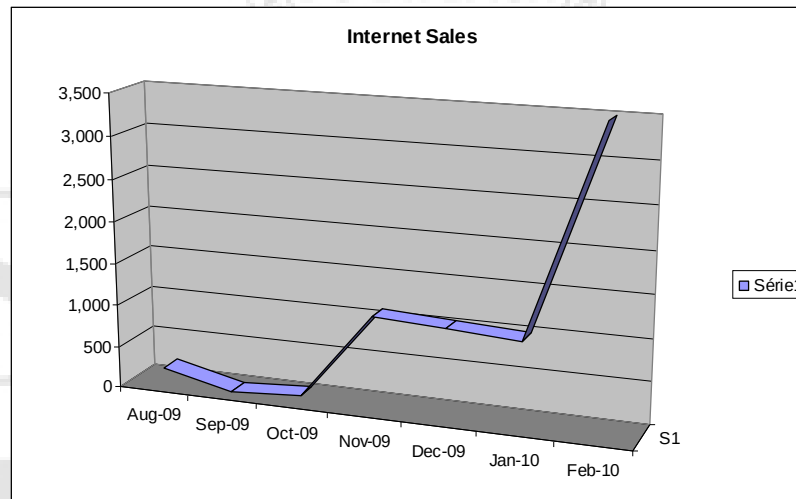
The first version of our site **www.LesFleursDeBach.co.uk** was launched end of March, built in-house, and was merely an e-commerce placeholder targetting potential distribution partners and the media.

In Octobre, we launched v2.0, with enhanced features and more content, and we started marketing the site in order to generate some cash-flows. Thanks to a partnership with LatestInBeauty.com (a beauty sampling site) and with the creation "Le Club de Bach", we started to generate a small amount of sales.



Internet Sales

Thanks to the fast-growing media buzz generated by our PR efforts and through some e-mail marketing, traffic and sales have recently increased dramatically:



We have secured the Facebook page name **Facebook.com/LesFleursDeBach** as well as the equivalent **Twitter** account. We are now in a good position to use the 500+ members of "**Le Club de Bach**" to generate some more significant sales thanks to some proper social marketing and e-mail campaigns and to the launch of the third version of our site. The resources involved in the creation of v3 are minimal and will result in a healthy cash-flow and increased brand awareness as of April 2010, although we want to privilege content and information vs revenue.



Les Fleurs de Bach UK

Conclusion

In its first 12 months of operation and despite a challenging environment and very limited resources, the company has created the conditions of a significant growth in 2010, thanks to our amazing product range and to our unique positioning.

Provided we obtain the necessary funding whilst keeping our "lean and mean" philosophy, we believe that the figures featured in the Business Plan are realistic and present some significant upside potential.

I'm happy to answer any question you may have regarding the business and its perspectives and I would gladly transfer our banking activities to a dynamic and responsive partner such as HSBC.

Finally, on a more personal note, I wanted to thank Gérard and Bertrand for giving me the opportunity to start and to grow a business based on such an amazing range of products and for their well-appreciated trust and support.

