



Magic Brow[®]

FRANCHISE OPPORTUNITY



THE MAGIC BROW® ADVANTAGE

Unlike other franchise investment opportunities, Magic Brow® comes with guidance and assistance to optimize your business. Essentially a "salon-in-a-box", we provide you with a prepackaged recipe for success. From start to finish, we are here to advise, and help in the selection of locations and provide first-hand training in daily operations. Both of the Franchisee unit options receive the same level of support and service to assist the franchisee in making their business successful.

Our easy-to-implement business model provides a great concept, clear mission statement, and unique services. Because of this, your franchise will already have an excellent start as a well-known and publicly trusted place to go for all eyebrow threading and skincare needs. Your customers will already know what to expect when they hear the name Magic Brow—a comfortable and enjoyable salon experience with proven quality and results.

- Site Selection and Lease Negotiation
- Design & Construction Support
- Purchasing Power
- Training Programs
- Advertising & Marketing
- Operational guidance including training on hiring of employees, administration, bookkeeping, accounting and inventory control procedure

AN INTRODUCTION TO MAGIC BROW®

OUR BRAND

The Magic Brow® concept originated in 2010, offering basic eyebrow threading services. Today, it boasts a wide variety of services including full body waxing, over twenty different facials customized to the customer's skincare needs and threading. Magic Brow also carries Dermalogica skin care products, professional eyebrow powder and gel, and lash extending cosmetics.

COMMITMENT TO GROW

We have built our reputation on the exceptional quality of our services. The pride our staff takes in their work has made this possible. We are committed to providing the highest level of customer service and aim to align with qualified franchisees who share our passion and enthusiasm for the brand. Whether you would like to offer a full range of Magic Brow® services, or simply concentrate on our core service of threading, we offer opportunities to fit both needs. We hope you read further to understand more about our franchise system and candidate criteria. We look forward to hearing from you and would love to discuss our franchise opportunities further and how you may join our growing Magic Brow family.

Sincerely,

Ravinderpreet Kaur
Vice President



WHY MAGIC BROW®

Magic Brow® is not a standard hair and beauty salon or spa. Honing in on specialized services has allowed Magic Brow® to become an industry leader. Threading, facials, waxing and microdermabrasion have become staple services that keep loyal customers coming back. Magic Brow® locations have seen a significant growth since its opening, and is already a popular and well regarded name in the industry. Opening a Magic Brow® Franchise will give you the best of both worlds—the opportunity to start your own business with the credibility and recognizability of an existing brand. With two Unit options to choose from, franchisees have the flexibility to decide what core services they would like to have their specific franchise focus on: Full-Service Salon Model allows for the full offerings of Magic Brow® Services from Skin Care to Threading, while the Basic Service Salon Model allows the franchisee to focus on the core service of threading.

Starting a new business is not easy but it is much more promising with the knowledge and resources of a larger and already successful organization standing beside you. Opening a Magic Brow® franchise is the perfect venture for those who seek opportunity with a proven brand. A Magic Brow® franchisee receives extensive operational and technical training by a team of professional experts including:

Threading and Skin Care Experts – All services provided by Magic Brow® are included in our extensive training program. The business of threading, facials, waxing, and micro dermabrasion services is not only taught, but you are also educated on how to hire appropriate staff to provide services and have customers enjoy a memorable experience.

Marketing Professionals – Our Marketing program is designed to make the best impact in the franchisees local area. Magic Brow® will provide solid marketing strategies and support to the franchisee, including key brand essentials from website and advertising templates, to store signage and customer brochures.

Premises Design – From site selection, construction, to build-out, our team outlines and assists during all phases of the build-out process to keep everything running smoothly and offers advice on any construction-specific issues that may arise.

Business Operation Coaches – Understanding the value of maintaining a financially healthy business, we provide comprehensive support to all franchisees; from budgeting and goal setting to business operational reviews.





MAGIC BROW® UNIQUE SERVICES AT A GLANCE

Threading – Threading is a method of hair removal originating in the Eastern World. In more recent times it has gained popularity in Western Countries, the method provides more precise control in shaping eyebrows and is gentler on the skin because several hairs are removed at once. This eventually causes hair re-growth to weaken in time without damaging the follicles. Threading can tackle hair on other areas of the face as well. The procedure can only be done on flat surfaces of skin, which is why threading has not replaced waxing as the choice method of hair removal.

Facials – A customer's face is their most important feature as it reveals so much about them. A Magic Brow® franchisee works so the customer feels as if their skin will thank them for the experience. These wonderful skin care treatments, beneficial for every type of skin, deeply purify the skin and pores. Whether acne blemishes or sun exposure, Magic Brow® will assist the franchisee to help custom design the facial best for the customer. At Magic Brow® we have additional specialized treatments for various skin types. Below are some of the facials that a franchisee will offer. Magic Brow®'s facials will make skin smooth, soft and provide dramatic results.

Waxing – Waxing is a safe and gentle hair removal system. Waxing regularly promotes slower regrowth of unwanted hair and when the hair grows back it will be softer and less dense. All waxing is performed by licensed, trained Estheticians.

Microdermabrasion – Microdermabrasion is a cosmetic technique whose aim is to remove the topmost layer of the skin to create a rejuvenating effect and treat common skin problems such as acne scarring, mild discoloration, sun damage, wrinkles and even more severe problems such as melasma and hyper pigmentation.

STORE LAYOUTS

Magic Brow® has recently invested in an entirely new floor layout and design to provide a sleek and modern look. Each element of a store has been carefully selected to be aesthetically pleasing, practical and affordable. Magic Brow® has experience and resources with real estate, construction and marketing experts ready to assist in identifying and developing the franchise's physical space. The business model is simple, which allows for quick and efficient duplication of the business system. Every detail has been thought through, from furniture to lighting and will be made available to

franchise owners to make the build-out phase a quick and seamless process. To offer flexibility to our franchisees, there are two models to choose from—a full service salon (Basic Service Model) and an eyebrow-only concentrated location (Full Service Salon Model). See below for expanded details on each:



FULL SERVICE MODEL SALON -

A Full Service Salon model will allow its franchisee to provide all of Magic Brow® services – from specialized skin care treatments and full body waxing with an emphasis on eyebrow threading. Full Service Salon Model floor plans are designed to provide all of the necessary work spaces, reception area and waiting area, to provide customers an amazing experience from start to finish. The model typically requires between 900 to 1,200 square feet.



BASIC SERVICE MODEL SALON -

Where a Basic Service Salon model provides the wide variety of Magic Brow® services, a Basic Service Salon Model takes a more specific approach, concentrating on eyebrow threading, the cornerstone of the Magic Brow® business. Conserving space without sacrificing efficiency and delivering a truly memorable customer experience is at the forefront of the Basic Service Salon Model when designed by Magic Brow®. The model typically requires between 500 to 700 square feet.

**Both Basic & Full-Service Salon locations will be placed in shopping areas with sufficient traffic near other retail operations with high traffic draws.*



ADVANTAGES

- Low Investment
- Great Unit Economics
- Simple Operation
- Excellent Support

FRANCHISEE ADVANTAGE

A recent report from the International Franchise Association, the authority on the franchise industry, and IHS Global Insight, an industry forecasting and analysis company, stated that growth in the franchising industry will out pace growth in other business sectors over the next 10 years. A Franchisee can confidently open and run their very own business, without any of the hesitations most entrepreneurs face. All of the unfamiliar or worrisome details have been worked out for the franchisee, and from day one, the franchisee has in their possession a well-known and credible brand that speaks for itself! This is the franchisees opportunity to start and own a business, receive consistent and sound guidance on how to run it, and instantly become part of a larger network.

MARKET OPPORTUNITY

As people continue to invest in taking better care of their appearance each and every day, the beauty industry is expected to continue to thrive. Threading has become an increasingly popular method for hair removal and is now seen more often in shopping malls and various salons. A Magic Brow® Franchisee will enjoy the strength of a larger network and brand name, leading customers to choose a Magic Brow® store over the competition as the more credible option.

Magic Brow® will continue to research methods and techniques for franchise operations (including purchasing, marketing and promotional programs) that enhance unit-level profitability. Understanding that every area is different is why our support team of market experts will offer assistance to personalize our proven marketing campaigns to your region. This is our commitment to our franchisees.

INDUSTRY REPORT

This is a summary of the findings from the ISPA 2016 U.S. Spa Industry Study. The study was commissioned by the International SPA Association Foundation and undertaken by Price Water House Coopers Research to Insight (r2i). The study presents a picture of the spa industry in 2015.

The industry in 2015: Forging Ahead

In 2015, the U.S. economy continued to expand. As measured by the Gross Domestic Product (GDP), the growth in the level of economic activity nationwide averaged 2.4% in 2015, unchanged from the 2014 growth rate (+2.4%). Personal consumption expenditure rose by 4.7% in cash terms and 2.8% after adjusting for inflation. Similar to the national trend, the spa industry also experienced continued growth in 2015. Total revenue is estimated to have increased by 5%, up from \$15.5 billion in 2014 to \$16.3 billion in 2015. The increase in spa revenues was driven by a rising number of spa visits (+2.1%) combined with increased revenue per visit (+2.9%) and expansion in the number of spa locations (+1.8%).

	2014 (Year End)	2015 (Year End)	% Change
Revenue	\$15.5 billion	\$16.3 billion	5.0%
Spa Visits	176 million	179 million	2.1%
Locations	20,660	21,020	1.8%
Revenue per visit	\$88	\$91	2.9%
	2015 (May)	2016 (May)	% Change
Total Employees	360,000	359,300	-0.2%
Full-Time	153,800	162,000	5.3%
Part-Time	164,500	157,800	-4.1%
Contract	41,700	39,500	-5.3%

REFERENCE: ISPA 2016 U.S. Spa Industry Report

INDUSTRY REPORT

The beauty industry is known to be resistant to economic downturns - even faring well during the Great Recession of 2008. Though consumers tend to be more price conscious during those times, they do not stop spending. So in today's environment of rising per capita incomes the beauty business is booming.

In 2015 the industry generated \$56.2 billion in the United States. Hair care is the largest segment with 86,000 locations. Skin care is a close second and growing fast, expected to have revenue of almost \$11 billion by 2018. This growth is being driven in part by a generally increasing awareness of the importance of skin care, but also specifically due to an increase in the market for men.

According to the Bureau of Labor Statistics, there are nearly one million people employed in the primary service segments of the market, and there are strong growth expectations. Clearly this is an industry on the rise:

Skincare specialists: 55,000 in 2014 with a 12% expected growth by 2024. Specific growth expected for businesses serving men.

United States Beauty Industry Segments	MARKET SHARE BY REVENUE
SKIN CARE	23.7%
COSMETICS	14.6%

Franchise Help.com

FINANCIAL PERFORMANCE

2016 FINANCIAL PERFORMANCE

For all Affiliate-Owned Outlets

LOCATION	FRENCH VALLEY	HEMET	MENIFEE	MURRIETA	TEMECULA
TIME-IN OPERATION	04/11	01/2011	09/2011	05/2013	06/2012
GROSS REVENUE	\$232,800	\$343,070	\$315,345	\$224,540	\$288,560
RENT EXPENSE	\$36,390	\$46,000	\$37,141	\$34,700	\$33,390
EMPLOYEE EXPENSE ¹	\$75,300	\$110,200	\$89,000	\$108,000	\$88,780
OTHER EXPENSES ²	\$29,000	\$27,660	\$30,710	\$38,400	\$32,640

¹ INCLUDING INDEPENDENT CONTRACTORS.

² DOES NOT INCLUDE ROYALTY FEE.

- BASIC SALON MODEL
- FULL SERVICE SALON MODEL

INITIAL INVESTMENT

Owning your own business is certainly an investment. However, putting those dollars in the right place, with the right resources, can mean incredible success for your establishment. Each of our franchise packages provides you with affordable options to serve your needs and budget, but without sacrificing any of the elements you'll need for your business to thrive.

FULL SERVICE SALON MODEL

TYPE OF EXPENDITURE	LOW	HIGH
Franchise Fee	\$ 30,000	\$30,000
Real Estate/Rent	\$1,667	\$4,000
Utility Deposits	\$1,000	\$1,000
Leasehold Improvements*	\$30,000	\$70,000
Insurance	\$5,000	\$8,000
Office Equipment and Supplies	\$3,000	\$8,000
Training	\$500	\$2,000
Signage	\$2,500	\$10,000
Furniture, Fixtures & Equipment	\$10,000	\$15,000
Initial Inventory	\$2,000	\$8,000
Computer Equipment & Software	\$2,500	\$2,500
Grand Opening	\$4,000	\$12,000
Licenses & Permits**	\$0	\$1,000
Legal & Accounting	\$5,000	\$10,000
Additional Funds (3 months)	\$15,000	\$30,000
TOTAL	\$116,167 - \$216,500	

BASIC SALON MODEL

TYPE OF EXPENDITURE	LOW	HIGH
Initial Franchise Fee	\$ 30,000	\$30,000
Real Estate/Rent	\$1,667	\$2,333
Utility Deposits	\$0	\$1,000
Leasehold Improvements*	\$20,000	\$50,000
Insurance	\$3,000	\$5,000
Office Equipment and Supplies	\$3,000	\$8,000
Training	\$500	\$2,000
Signage	\$2,500	\$10,000
Furniture, Fixtures & Equipment	\$5,000	\$7,500
Initial Inventory	\$2,000	\$4,000
Computer Equipment & Software	\$2,500	\$2,500
Grand Opening	\$4,000	\$12,000
Licenses & Permits**	\$0	\$1,000
Legal & Accounting	\$3,000	\$7,500
Additional Funds (3 months)	\$10,000	\$25,000
TOTAL	\$87,167 - \$167,833	

* Subject to leasehold allowance given by landlord.

** Determined by business location.

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Magic Brow[®] franchise
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