



Key Metrics	
BLBK - OTC BB	@\$0.30
Pricing Date	January 16, 2013
18-24 month Price Target	\$1.50
52-week Range	\$.19-\$0.35
Shares Outstanding	87.54MM (fully diluted financing/options)
3-Mo Average Daily Volume	32,000
50-day Moving Average	N/A

One Month Price History for BLBK



Company Description: BoldFace Group, Inc. is a celebrity beauty licensing company, offers licensing and branding services by representing a series of celebrities and designers in the categories of beauty, fragrance, cosmetics, and home fragrance in various channels of distribution. The company offers tools and formulas for emulating eyes, lips, and complexion looks. It offers its licensing services to scented ancillary products such as deodorants, aftershaves, shave creams, bath gels, body wash and sprays, and body lotions and creams primarily for retailers. BOLDFACE Group, Inc. was formerly known as Boldface Licensing + Branding and changed its name in May 2012. The company is based in Santa Monica, California.

BOLDFACE Group, Inc.

Rating: Speculative Buy

Revolutionizing the Celebrity Beauty Brand Industry: Initiating Coverage with Speculative Buy Rating and 5X Upside

Investment Conclusion: We are initiating coverage of BOLDFACE Group, Inc. with a Speculative Buy Rating and \$1.50 target price on 87.4MM million shares fully diluted and 5 X DPV of 2015 NBT revenue forecast of @\$40 million.

Investment Thesis: BOLDFACE Group Inc. is poised to capture \$40 million+ annual revenues by 2015 capitalizing on the two new major trends in the \$246 billion global beauty products industry—celebrity owned beauty brands & celebrity direct-to-target audience social media marketing. Short term, the media frenzy about to consume their anchor brand ambassador Kim Kardashian and her baby with Kanye West should be a major catalyst for massive global pop culture media coverage and new social media followers.

Investment Highlights:

Whether you love or hate the “Kardashians”, their brand has created >\$1 billion of wealth and \$hundreds of millions in fashion & beauty product sales. Powered by the E! Channel “Keeping up with the Kardashians” program and its many spin-off programs, the Kardashian brand has morphed into a \$billion empire of beauty/fashion/lifestyle brand extensions. Their 16-29 year female core audience is the highest spender on “color cosmetics” according to industry research from Mintel Research. The original Kardashian program and spin-offs have been recently been renewed for three additional years and extended to one hour from ½ hour duration. The K’s continue to be the #1 rating & revenue generators at the E!Networks worldwide.

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- **The economics of the BLBK social media promotion model for beauty products are highly attractive at 80+ million followers vs. the traditional network brand advertising model.** Lead by Kim K's 50 million + target audience social media following (Facebook/Twitter/Instagram/Pinterest/You Tube) with Khloe and Kourtney at 30 million+ social media followers and web site traffic...the in-store on online demand or "pull marketing" potential for the Khroma beauty line is enormous and HIGHLY cost effective. Because of the high "click through" rate for Kim K's tweets and posts, she alone can command >\$100,000 in sponsorship fees PER TWEET. For the Khroma line, ALL Kardashian sister posts/tweets/shares on social media are included in the license fee, royalty deal and 10MM share ownership position. Alternatively, the "hire the face—buy the network advertising" model requires \$hundreds of millions of dollar per brand to get the same type of name recognition. Halle Berry might sell cosmetics "because she is worth it" ...but removing significant advertising expense makes for the BOLDFACE model MUCH more capital efficient at selling merchandise in-store and online.



- **The “Celebrity Owned Beauty & Fashion Brand “trend is accelerating in beauty.** Started by Selma Hayek’s privately owned Nuance Selma Hayek brand in 2010 which has grown to \$100MM in sales exclusively online and at CVS with 100 SKUs in face/ body/hair products, the Khroma beauty products line is the second beauty brand owned by the celebrities, not just an ad campaign. This celebrity owner model has much more authenticity and is longer lived. The upside for the Kardashian’s and shareholders are aligned and each group prospers from the Kardashian license and participation.
- **Market Acceptance has already been verified with limited sales in select store locations for the Holidays.** With limited release during holiday period, leading beauty store ULTA Beauty along with limited CVS and Sears locations carried Khroma. The “Nude” lipstick was reportedly a “big hit” with maximum sell-through (meaning inventory units were 75%+ sold out) along with “Kardazzles” compacts, false eyelashes and a mini-mascara package. ULTA is highest sales per square foot in beauty, and the line reportedly did “extremely well.” The Spring Line is being sold to ULTA Beauty, CVS, Sears, Meijer, HEB, Fred Meyer, Duane Reade and Beauty.com. We expect double to triple holiday season sales for Spring and Fall with dedicated displays in Sears, CVS and ULTA stores and over 10,000 retail sales locations.
- **NBT projects \$30 million North America/\$10-\$15 million international sales for the entire beauty line for full year 2015.** Using normal mass market prices points/ 60% wholesale pricing discounts/10-15% COGS and 100 million social media followers, NBT projects @ \$1 average retail sales ARPF by 2015 (average revenue per follower) based on SKU sales numbers of Nuance Selma Hayek, average sales per SKU at retail beauty stores/departments, and sell-through of other Kardashian branded products (e.g.,

Lighthouse fragrance sold to Perfumania, ShoeDazzle.com founded by Kim K, The Kardashian Kollection at Sears, Kardashian nail polish with OPI at Wal-Mart). As more beauty products are added, ARPF and average wholesale revenue per store should increase as well. We expect international distribution begin in 2013 and exceed \$10-\$15 million in wholesale sales for the entire beauty line for full year 2015.

- **The Kardashian IP contract is 4 Years w/one year extension for \$1 million down and 10 million shares and calls for weekly and monthly minimums of social media content generation.** In essence the IP contract buys \$tens of millions in social media placement with the K's endorsements/images/promotion for a relative small amount of money and equity.

BOLDF★CE GROUP INC.



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- **The global addressed market for beauty care products** is forecast to reach an estimated \$265 billion in 2017 with a CAGR of 3.4% over the next five years (2012-2017), highly influenced by increasing demand in Asia Pacific (APAC) and Europe due to increase in GDP and improving living standard. Lucintel, a leading global management consulting and market research firm, has analyzed the global beauty care industry and presents its findings in "Global Beauty Care Products Industry

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2012-2017: Trend, Profit, and Forecast Analysis." The beauty care products industry comprises establishments primarily engaged in manufacturing beauty products externally applied to enhance the beauty of skin, hair, nails, lips, and eyes.

- **The business and financial media promotion opportunity with “Kardashian Inc.” is substantial.** Given our familiarity with financial and business media interest in pop culture icons who go into the business world, we are highly confident the NBT Media Relations team in NYC will generate \$millions of “earned” (i.e. non-paid) business and financial media coverage for the Kardashian, Inc. story and BOLDFACE Group as a major part of the “productification” of the Kardashian brand. [This CNBC interview is but a sample of many more we expect in 2013.](#)
- **M&A activity in the global beauty world is active.** L’Oreal bought specialty cosmetic brand Essie in April 2011. Avon acquired UK’s Liz Earle Beauty in last 2010. Shiseido acquired Bare Escentuals recently. The global big players always on the hunt for scalable brands they can sell worldwide—we believe Khroma could be that type of brand.
- **The Management team is first rate with deep domain experience in retail beauty product development and launches.** See CV’s below.
- **Equity financing >\$5 million closed with \$2-3M additional and then an institutional registered direct of @\$5 million will complete funding requirements.** Private placements of >\$5M (with 50% warrant coverage at 50 cents and \$1) have been raised by placement agents. An inventory financing credit line has been arranged (“factoring”) and sufficient to finance Spring inventory production and can be expanded. Unsold inventory returned is credited against future purchase orders and at 10-15% cost of retail pricing and strong sell throughs is a minor cost of doing business.
- **A fragrance for TV host/personality Mario Lopez is planned for March 2012.** NBT has not modeled a revenue model for this fragrance but much of the social media marketing model exists with Mr. Lopez. Mr. Lopez joins the cast of “X Factor” this spring.
- **Multiple Catalysts with Significant Near-Term Upside 2013:** We believe BLBK has significant upside potential in the near-term from multiple catalysts inherent in their strategy:
 - ✓ Spring lines begin shipping in February/March and will be heavily supported by the Kardashian social media machine

- ✓ NBT Media Relations (or similar agency) will begin to book significant financial TV/Magazine/Digital Media placements and “hits” as the Spring line rolls out.
- ✓ Media attention for the birth of the Kim/Kanye child will begin to build this summer...usually a slow time for publicity for public companies
- ✓ International distribution deals should be significant in regions with high E! network penetration and high Kardashian program ratings: UK, Australia, Middle East, Europe, South East Asia, Latin America.



E!'s CASH COW

A Revenue Leader For E! Q1-2011 - Q4-2011 / Top 20 / E! Ranker

PROGRAMS	TOTAL AD SPEND
E! NEWS	\$95,213,641
KEEPING UP KARDASHIANS	\$63,549,461
MOVIES WE LOVE	\$61,571,992
SEX AND THE CITY	\$58,658,812
CHELSEA LATELY	\$38,179,359
KOURT & KIM TAKE NEW YORK	\$32,018,150
TRUE HOLLYWOOD STORY	\$20,348,271
KHLOE & LAMAR	\$19,462,729
ON E!	\$1,667,674
THE SOUP	\$16,331,462
KENDRA	\$11,620,264
FASHION POLICE WEEKLY	\$10,156,871
HOLLYS WORLD	\$8,640,064
ICE LOVES COCO	\$8,476,596
VOICE	\$7,617,308
E! INVESTIGATES	\$6,251,210
DIRTY SOAP	\$4,064,001
AFTER LATELY	\$3,774,941
BRIDAL PLASTY	\$3,736,979
TOO YOUNG: 15 CRIMES	\$2,992,322

SOURCE: NIELSEN, AD*VIEWS, BASED ON PAST 12 MONTHS (FULL QUARTERS)

WAVE | RES

The initial launch of product this February includes:

- A full line of high quality “Lash Dash Faux Lashes” in fashion forward profiles;



- **Four different Mascaras each with specifically targeted benefit, such as length, thickness, health, and water resistance.**

- **A trio of “Kardazzle All Over Face Palette Kits” in golden, smoky, and rose tones;**



- **“A line of contemporary nail colors the Kardashians use themselves.**



- **Au Naturel Nude Lip Set” for Kim’s signature lip look and;**



“She-Bang Instant Transformation Set” with a Nude Eye Shadow Palette, Faux Lashes and Kohl Eye Liner.



The BOLDFACE Team

Nicole Ostoya – CEO BOLDFACE

Nicole is the CEO of BOLDFACE Group which focuses on top tier entertainment and designer opportunities that explore white space in the market. Nicole and her partner Robin Co Hutshing have created an exceptional opportunity to participate in the founding level of an expected multi-celebrity enterprise.

Previous accomplishments include an 18-year career at Nordstrom where, among other things, at 25 she was one of the youngest full line store managers in Nordstrom history with 65 million in volume and over 400 employees under her supervision. Other Nordstrom highlights include running the beauty buying offices for Southern California and managing the West Coast buying offices for fragrance as the Merchandiser.

Nicole was recruited by LVMH to help open new channels of distribution for one of their premier brands Benefit Cosmetics. There she oversaw the company's significant Sephora business, launched on QVC as well as put together an operational structure to take their boutique concepts on the road. She also co-founded a design and development firm Gold Grenade with Robin Coe Hutshing in 2010 which focuses on product development and design which has launched two brands that are still currently in market THE NEW BLACK and kissing elixirs.

Robin Coe Hutshing – Creative Director BOLDFACE

As an industry veteran with cutting edge creative sensibilities, Robin and partner Nicole Ostoya formed BOLDFACE as a full service licensing, branding and product development think tank with core competence in fragrance, beauty, cosmetics and skincare for multiple channel distribution, from luxury, niche to direct to consumer.

Robin has an innate skill for innovation, trend and product success-having consulted with and advised hundreds of nascent brands, including Victoria's Secret, Stila, Origins, Bath and Body Works, Estee Lauder and others. Her keen eye is fixed on every detail. With regard to formulation, she is a notorious stickler for excellence.

After selling a rich catalogue of IP to a major cosmetic company in 2010, product and brand development has taken center stage for Coe-Hutshing, who now focuses on ideation, implementation and development of new brand concepts, strategies. Robin's reputation for designing brands and products, which reflect a unique DNA, have been rewarded by multiple nominations and awards.

Prior to that, as the Owner/ Founder of STUDIO BEAUTY MIX at Fred Segal, Robin revolutionized the Beauty Retail landscape with the first open sell apothecary format, preceding Sephora, The Body Shop, and all others in niche beauty with a global market approach to beauty Shopping.

BOLDFACE brands will now carry Robin's creative imprimatur as they come to life under her stewardship, yet most importantly the brands will bear the mark of the personalities they represent.



Ashumi Kothary, Chief Financial Officer

Ashumi Kothary has been the Chief Financial Officer of BLB since June 18, 2012 and was appointed as BGI's Chief Financial Officer effective as of July 12, 2012. She has an extensive background in transactional, operational and private equity matters. Previously, Ms. Kothary was with Growthink, a consulting and investment banking firm, from March 2010 to June 2012. At Growthink, she was an Engagement Partner with the firm from December 2010 to June 2012, where she led investment banking and consulting engagements for the firm and sat on the company's advisory board. From December 2007 to January 2010, Ms. Kothary was an associate at the consumer products focused private equity fund VMG Partners, in due diligence, acquisition advisory and portfolio management capacities. From November 2006 to November 2007, Ms. Kothary worked for fashion house BCBG MaxAzria, where she managed the retail financial performance of the company's domestic business, the post-merger integration/restructuring of the "tween" Rave/G&G line, as well as the launch of the company's e-commerce site. From July 2003 to July 2006, she served at Los Angeles-based investment bank Houlihan Lokey Howard & Zukin advising on sell-side and buy-side engagements, as well as valuations, fairness opinions and solvency assignments. Ms. Kothary graduated from Claremont McKenna College with Honors in 2003, majoring in History and Economics.

Ronal Altbach, Chairman

Ronald Altbach has been the Chairman of the Board of Directors of BLB since May 2012 and was appointed as the Chairman of BGI's Board of Directors effective as of July 12, 2012. From November 2008 through the present, he has served as president of Regeneration Capital Group, a merchant bank with a focus on middle market Chinese companies seeking financing and public listings in the U.S. Regeneration Capital's sector concentration includes healthcare, education, small business lending, and agriculture. From 2004 through 2008, Mr. Altbach served as the Chief Executive Officer of TableMAX, a gaming equipment manufacturer. From 1998 through 2003, he was Chairman and Chief Executive Officer of Cross Media Marketing, an American Stock Exchange listed company, which he founded. From 1994 through 1998, Mr. Altbach served as Vice Chairman of Rosecliff, Inc., a private equity group, and served as Chairman of Paul Sebastian, Inc., one of Rosecliff's portfolio companies during the same period. Before joining Rosecliff, Mr. Altbach designed and executed alternative distribution strategies for several major U.S. fragrance brands as these brands, primarily public companies, sought new markets and new sources of revenue. His first experience with public companies came in 1984 when a company he founded, Mediacom Industries, merged with a publicly listed shell.

Mr. Altbach served as president of Mediacom Filmworks, a subsidiary that produced films, music videos and television specials. Mr. Altbach began his career as a songwriter/producer/performer, most notably with the Beach Boys.

Summary

In our view, BLBK has a significant opportunity to build a \$80-\$100 million brand with Khroma, the Kardashians and 100 million social media followers. The Kardasian partial ownership of the company combined with their every growth social and pop culture media reach is almost without parallel (Lady Gaga aside).

Our DCF valuation on our financial model at 87,000,000 shares outstanding is @\$1.50 a share assuming no major acquisitions or additional "Kardashian" level celebrities are added to the portfolio. We do assume additional shares will be added (PIPE shares, warrant conversions) but no additional significant dilution in the cap table.

For additional NBT Equities Research reports and updates on BOLDFACE Group Inc. come to www.nbtequitiesresearch.com and register for our research publications.

Forward Looking Statements

This news release contains "forward-looking statements" as that term is defined in Section 27A of the United States Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Statements in this press release which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, regulatory incentives, the development of new business opportunities, and projected costs, revenue, profits and results operations. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, the inherent uncertainties associated with new projects and development stage companies. These forward-looking statements are made as of the date of this news release, and we assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements. Although we believe that any beliefs, plans, expectations and intentions contained in this press release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in our annual report on Form 10-K for the most recent fiscal year, our quarterly reports on Form 10-Q and other periodic reports filed from time-to-time with the Securities and Exchange Commission.

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