



1H 2015 Investors Presentation

打造
与时俱进的
自然美

To Be The Trend Setter

Aug 2015

Agenda

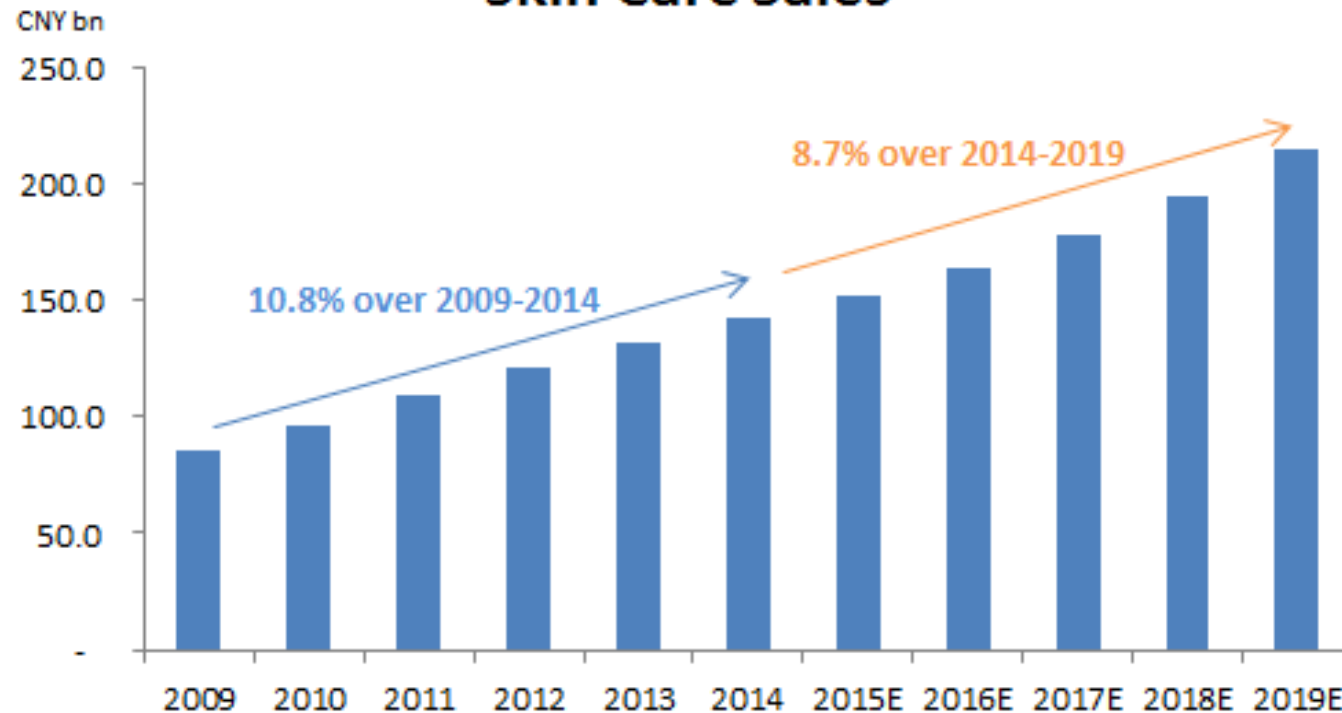
- ◆ **Business Plan**
- ◆ **Financial Review**

Business Plan

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China Skin Care Industry 自然美 natural beauty

Skin Care Sales



Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

- China skin care value CAGR over 2009 to 2014 is recorded at 10.8%;
- China skin care value CAGR over 2014 to 2019 is predicted at 8.7% by Euromonitor.

2015 Business Plan



Marketing Strategy

- ⊙ Rationalize SKUs to enhance “value to money” products
- ⊙ Targeted & leveled trade marketing support
- ⊙ Further leverage celebrity influences

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Training Strategy

- ⊙ Establish NB Business School
- ⊙ Accomplish training on new consumer recruitment (membership management) and sales professional skills
- ⊙ Set up beautician’s training platform

Channel Strategy

- ⊙ Extend Project R from 116 doors to 190 doors (Project RII: 74 doors)
- ⊙ Continue to police 4 Standard execution to elevate service quality
- ⊙ Effectively allocate management and marketing resources by classes
- ⊙ Rationalize channels to close 277 doors

Marketing Strategy



Brand

- Continue to drive celebrity influence to consumer level
- Hold “Natural Beauty Star Beauty Pageant” event for the 2nd year

Product

- Strengthen product portfolio through NB-1 as the pillar line (42.6% of the revenue) and relaunch Food supplements
- Continue to rationalize SKUs to launch function kits to satisfy consumers needs

Trade Marketing Support

- Targeted & leveled trade marketing support to enhance sell thru
- Pilot Dianping for A level doors to recruit new consumers with 45% conversion rates as of June 30, 2015

Training Strategy

- NB Systematic Training - 5 functions:



- What we have done in 1H2015:

- Established NB Business School;
- Worked with Consultants on NB's proprietary management training for sales team;
- Accomplished training on new consumer recruitment (membership management) and sales professional skills. 22 TTTs (trainer to trainer) were qualified from sales team;
- Quarterly trained on sales professionalism and product knowledge;
- Set up beautician's training platform (BT0+BT1).

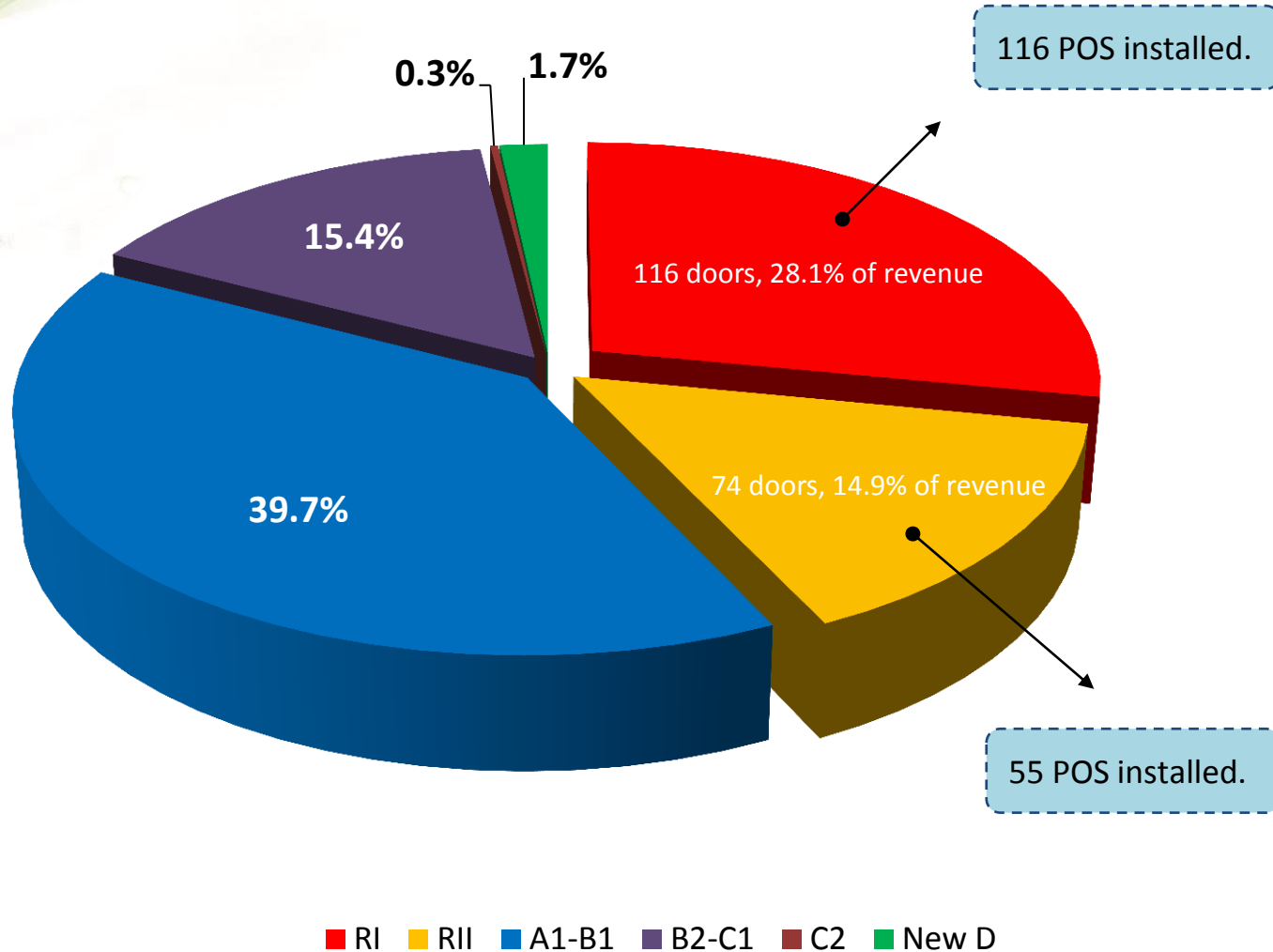
Door Number Overview

Store Number by Ownership	Franhisee	Self-owned SPA	Counter	Total
PRC	1058	1	14	1073
Taiwan	266	3	0	269
Others	30	0	0	30
Total as at 30/6/2014	1354	4	14	1372

Store Number by Ownership	Franhisee	Self-owned SPA	Counter	Total
PRC	807	1	14	822
Taiwan	257	3	0	260
Others	30	0	0	30
Total as at 30/6/2015	1094	4	14	1112

By Door Management

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natural beauty



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1H 2015 Financial Review

Financial Highlight



HK\$M	1H 2014	1H 2015	Chg 1H 2015/1H 2014
Revenue	248.5	265.1	6.7%
- PRC	201.8	216.8	7.4%
- TW	44.4	46.2	4.2%
Gross profit	190.7	206.4	8.2%
Gross profit margin	76.7%	77.9%	1.1%
Profit before Tax	54.8	94.5	72.4%
Profit for the period	29.7	78.4	163.9%
Basic EPS (HK cents)	1.48	3.92	163.9%

Remark: YOY growth of normalized profit for the period would be 43.0% if one-off adjustment is excluded.

Consolidated Statement of Profit or Loss

HK\$'000	1H 2014	As % of T/O	1H 2015 Audited	As % of T/O	Variance	Variance %
Revenue 收入	248,523	100.0%	265,056	100.0%	16,533	6.7%
Cost of sales 銷售成本						
- Cost of sales 銷售成本	(51,478)	-20.7%	(53,490)	-20.2%	(2,012)	3.9%
- Depn 折舊	(6,339)	-2.6%	(5,174)	-2.0%	1,165	-18.4%
Gross profit 毛利	190,706	76.7%	206,391	77.9%	15,685	8.2%
Other income 其他收入	9,561	3.8%	14,030	5.3%	4,469	46.7%
Distribution and selling expenses 銷售費用						
- Distribution and selling expenses 銷售費用	(78,348)	-31.5%	(76,553)	-28.9%	1,795	-2.3%
- Depn 折舊	(7,114)	-2.9%	(7,321)	-2.8%	(207)	2.9%
Administrative expenses 管理費用						
- Administrative expenses 管理費用	(37,424)	-15.1%	(35,040)	-13.2%	2,384	-6.4%
- Depn 折舊	(6,210)	-2.5%	(5,686)	-2.1%	524	-8.4%
- mgt option 選擇權費用	(534)	-0.2%	(469)	-0.2%	65	-12.2%
Other expenses 其他費用	(15,823)	-6.4%	(828)	-0.3%	14,995	-94.8%
Profit before taxation 稅前淨利	54,814	22.1%	94,524	35.7%	39,710	72.4%
Taxation 所得稅費用	(25,101)	-10.1%	(16,125)	-6.1%	8,976	-35.8%
Profit for the period 稅後淨利	29,713	12.0%	78,399	29.6%	48,686	163.9%

Balance sheet



HK\$'000		Dec 2014	Jun 2015	Chg%	Remark
Inventories	存貨	45,036	51,034	13.3%	Raw materials 28.3m ; Finished goods 22.7m
Trade and other receivables	貿易及其他應收帳款	67,769	84,284	24.4%	Trade receivables 65.9m; Prepaid and others 18.4m
Bank balances and cash	銀行結存及現金	583,283	648,132	11.1%	
Non-Current assets	非流動資產	281,643	271,193	(3.7%)	Buildings and other fixed assets 214.9m
Total Assets	總資產	977,731	1,054,643	7.9%	
Trade and other payables	貿易及其他應付帳款	153,313	205,127	33.8%	Trade payable 21.2m; deposits and other payables 69.1m; accrual 50.9m; Div payable 63.8m
Deferred income	遞延收益	7,577	7,626	0.6%	
Taxation payable	應付稅項	30,312	28,323	(6.6%)	
Non-Current Liabilities	非流動負債	12,622	17,705	40.3%	Deferred tax liability 4.8m; Retirement benefit obligations: 12.9m
Total liabilities	總負債	203,824	258,781	27.0%	
Share capital	股本	200,210	200,210	(0.0%)	
Reserves	儲備	573,697	595,652	3.8%	Retained Earnings 212.4m
Total Equity	總權益	773,907	795,862	2.8%	

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Cash Flow

HK\$'000		1H 2014	1H 2015	Chg%
OPENING CASH BALANCE	期初現金	507,409	583,283	15.0%
Profit before tax	稅前淨利	54,814	94,524	72.4%
Income taxes paid	所得稅支出	(18,977)	(12,059)	(36.5%)
Change in working capital	營運資金變動	60,512	(22,629)	(137.4%)
CASH FLOW FROM INVESTING ACTIVITIES	投資活動			
Purchase of property, plant and equipment	購入固定資產價款	(10,376)	(6,280)	(39.5%)
Interest Received	利息收入	6,464	6,818	5.5%
CASH FLOW FROM FINANCING ACTIVITIES	融資活動			
Foreign Exchange Effect	匯率變動影響	(290)	4,475	>100%
CLOSING CASH BALANCE	期末現金	599,556	648,132	8.1%

Key Ratio

		Jun 2014	Dec 2014	Jun 2015	Chg	Chg
HK\$M	(港币 百万)	1H	FY	1H	Dec/ Jun'14	Jun'15/Dec'14
Basic EPS (HK cents)	每股盈餘(港仙)	1.5	3.6	3.9	140.6%	9.7%
Dividend approved	股利 (已批准)	42.0	105.9	TBD	151.8%	NA
Bank balances and cash	银行结存及现金	599.6	583.3	648.1	(2.7%)	11.1%
A/R turnover days	應收週轉天數	54 days	49 days	40 days	-6 days	-9 days
A/P turnover days	應付週轉天數	65 days	62 days	61 days	-3 days	-1 days
Inventory turnover days	存貨週轉天數	143 days	144 days	147 days	1 days	4 days

* APPROPRIATE FOR COMPARISON PURPOSES

Note:

1H Turnover Days=180 *average (beginning+balance)/1H rev (or COGS)

上半年周转天数=180*(期初+期末余额)/2/上半年收入(或销售成本)

FY Turnover Days=365 *average (beginning+balance)/FY rev (or COGS)

全年年周转天数=365*(期初+期末余额)/2/全年收入(或销售成本)

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