

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on 3Q17 and YTD 3Q17

Financial Performance Summary – 3Q17 and YTD 3Q17

Beauty Community Public Co., Ltd. is pleased to announce its 3Q17 and YTD 3Q17 the management discussion and analysis.

- Total Revenue 3Q17 of THB 1,064.55 million growth 44.07% and YTD 3Q17 of THB 2,639.49 million growth 42.13% YoY
- Gross Profit 3Q17 of THB 712.58 million growth 43.93% and YTD 3Q17 of THB 1,779.99 million growth 43.91% YoY
- Selling expenses 3Q17 of THB 201.16 million increased 17.82% and YTD 3Q17 of THB 553.63 million growth 13.93% YoY
- Administrative expenses 3Q17 of THB 85.82 million increased 31.32% and YTD 3Q17 of THB 220.13 million growth 32.03% YoY
- Net Profit 3Q17 of THB 348.20 million increased 65.61% and YTD 3Q17 of THB 821.03 million growth 71.69% YoY

Million Baht	Q3				YoY		Q2		QoQ		Year to Date (YTD)				YoY	
	2017	%	2016	%	+ / -	%	2016	%	+ / -	%	2017	%	2016	%	+ / -	%
Revenue from sales	1,058.94	99.47%	734.29	99.38%	324.65	44.21%	881.36	99.32%	177.58	20.15%	2,622.86	99.37%	1,842.58	99.22%	780.28	42.35%
Cost of sales	346.36	32.54%	239.22	32.37%	107.14	44.79%	268.97	30.31%	77.39	28.77%	842.87	31.93%	605.71	32.62%	237.16	39.15%
Gross profit (GP)	712.58	67.29%	495.07	67.42%	217.51	43.93%	612.39	69.48%	100.19	16.36%	1,779.99	67.86%	1,236.87	67.13%	543.12	43.91%
Other Income	5.61	0.53%	4.61	0.62%	1.00	21.76%	6.02	0.68%	(0.41)	(6.80%)	16.60	0.63%	14.45	0.78%	2.15	14.87%
Total Revenue	1,064.55	100.00%	738.90	100.00%	325.65	44.07%	887.38	100.00%	177.17	19.97%	2,639.46	100.00%	1,857.03	100.00%	782.43	42.13%
Selling expenses	201.16	18.90%	170.74	23.11%	30.42	17.82%	192.24	21.66%	8.93	4.64%	553.63	20.98%	485.80	26.16%	67.83	13.96%
Administrative expenses	85.82	8.06%	65.35	8.84%	20.47	31.32%	84.47	9.52%	1.34	1.59%	220.13	8.34%	166.73	8.98%	53.40	32.03%
Profit before interest & tax (EBIT)	431.21	40.51%	263.59	35.67%	167.62	63.59%	341.70	38.51%	89.51	26.20%	1,022.83	38.75%	598.79	32.24%	424.04	70.82%
Finance costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Income tax	83.02	7.80%	53.34	7.22%	29.68	55.64%	68.51	7.72%	14.50	21.17%	201.80	7.65%	120.59	6.49%	81.21	67.34%
Profit for the period	348.20	32.71%	210.25	28.45%	137.95	65.61%	273.18	30.79%	75.01	27.46%	821.03	31.11%	478.20	25.75%	342.84	71.69%
Other comprehensive income	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total comprehensive income for the period (net)	348.20	32.71%	210.25	28.45%	137.95	65.61%	273.18	30.79%	75.01	27.46%	821.03	31.11%	478.20	25.75%	342.84	71.69%
EBITDA	446.17	41.91%	278.89	37.74%	167.29	59.98%	356.39	40.16%	89.78	25.19%	1,067.25	40.43%	641.49	34.54%	425.76	66.37%

Note : 1. % GP margin calculated to sales

Total Revenue

Total Revenue 3Q17 were THB 1,064.55 million growth 44.07% YoY and increased 19.97% QoQ, and YTD 3Q16 of THB 2,639.46 million growth 42.13% YoY

Total Revenue were increased by many channels, mainly came from the shop expansion that increased 13 shops from 323 shops on 30 September 2016 (Domestic : BEAUTY BUFFET 241 shops, BEAUTY COTTAGE 69 shops, BEAUTY MARKET 13 shops to be 336 shops on 30 September 2017 (Domestic : BEAUTY BUFFET 255 shops, BEAUTY COTTAGE 72 shops, BEAUTY MARKET 9 shops and Oversea from 39 shops on 30 September 2016 : BEAUTY BUFFET 36 shops, BEAUTY COTTAGE 3 shops) to be 19 shops on on 30 September 2017 due to in process of improvement and relocate and increased from the Same Store Sales Growth : 3Q17 average were 18.57% (YTD3Q17 were 18.57 %). The other income were mainly came from interest income.

Revenue structure were mainly came from selling through the retail cosmetic shop : Beauty Buffet shops were 55.62%, Beauty Cottage 11.23%, Beauty Market 1.91%, Consumer product 11.87%, E-commerce 4.30%, Franchise 070%, , Oversea 13.42%, and other sales 0.96%.

Gross Profit

Gross Profit 3Q17 were THB 712.58 million growth 43.93 % YoY, increased 16.36% QoQ. and YTD 3Q16 of THB 1,779.99 million growth 43.91% YoY

Gross profit increased mainly came from total sales increased. However, gross profit margin 3Q17 were 67.29% decreased from 3Q16 (67.42%) and slightly decreased from 2Q16 (69.48%) and gross profit margin YTD 3Q17 were 67.86% increased from YTD 2Q16 (67.13%).

Selling expenses

Selling expenses for 3Q17 were THB 201.16 million increased 17.82% YoY, increased 4.64% QoQ. YTD 3Q17 of THB 553.63 million growth 13.96% YoY. Selling expenses increased mainly came from shop rental and staff cost due to more shop expansion and number of staff increased to serve shop expansion.

Administrative expenses

Administrative expenses 3Q17 were THB 85.82 million increased 31.32% YoY, increased 1.59% QoQ. and YTD 2Q17 of THB 220.13 million increased 32.03% YoY. Administrative expenses increased mainly came from staff cost that have to increase headcount and fixed asset increased to support the expansion.

However, 3Q17 total SG&A: percent to total revenue were 26.96% decreased from 31.95% YoY and slightly decreased from 31.18% QoQ. This meant we can control the expenses quite well and some expense are fixed cost, so if the revenue increase, the percent to sales of SG&A decrease.

Net Profit

Net profit for 3Q17 were THB 348.20 million increased 65.61% YoY, and increased 27.46% QoQ. and net profit for period YTD 3Q17 of THB 821.03 million growth 71.69% YoY. Net profit increased mainly came from sales and gross profit increased and cost control.

Statement of Financial Position

Total assets as at September 30, 2017 were THB 1,980.13 million increased THB 229.58 million or 13.11% from 31 December 2016 mainly came from net cash provided by operating activities. Cash and cash equivalents were THB 263.27 million, temporary investments were THB 701.37 million (Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and without withdrawal restrictions), account receivable were THB 122.00 million without doubtful debt, inventory were THB 415.05 million, property, plant and equipment were THB 283.97 million.

Total liabilities were THB 684.79 million increased THB 254.53 million or 59.16% from 31 December 2016, liabilities mainly came from trade account payable THB 237.64 million, accrued expenses THB 228.06 million, and assets payables THB 48.35 million. Total shareholders' equity were THB 1,295.34 million decreased THB 24.95 million or 1.89% from December 31, 2016

Statement of Cash Flows

For the 3Q17, the company had net cash inflows by operating activities of THB 982.04 million, net cash inflows investing activities THB 85.01 million, used in for purchased of fixed assets of THB 20.60 million, temporary investments increased THB 21.37 million. Long term investments increased 50 million, Dividend was paid in May 2016 THB 414.13 million, and interim dividend payment 2017 was paid in September 2017 THB 450.41 million, then cash and cash equivalents as at the end of period of THB 263.27 million.

Financial Ratio

Financial Ratio	30/9/2017	31/12/2016	31/12/2015	31/12/2014
Current ratio	2.25	3.17	3.20	4.60
Finished goods days	95	110	137	141
Total inventory days	126	143	178	188
Return on equity	83.71%	53.15%	36.01%	28.87%
Return on assets	58.69%	40.45%	28.96%	24.83%
Debt to equity	0.53	0.33	0.30	0.18

For this period, current ratio was 2.25 time show that company still has more capability to repay short term liabilities

Inventory days (Finished goods) was 95 days improved from last year.

Return on equity was 83.71% better than last year. It means that better profitability.

Return on assets was 58.69% better than last year. It means that operation efficiency had improved.

Debt to equity ratio was 0.53 time close to last year.

Dividend payment

On 25 February 2016, the Board of Directors Meeting approved the 2015 dividend payment be paid to the shareholders of 3,000 million shares at the rate of THB 0.133 per share, amount of Baht 399 million, for which the interim dividend was paid on 11 September 2015 at Baht 0.05 per share, amount of Baht 150 million, the remaining dividend to be paid at Baht 0.083 per share, amount of Baht 249 million which was paid on 19 May 2016 and this payment were already approved by the general shareholders' meeting on 25 April 2016.

On 10 August 2016, the Board of Directors Meeting approved the 2016 interim dividend payment at the rate of THB 0.08 per share, totally THB 240.00 million or 89.57% to net profit, which paid on 9 September 2016.

On 24 February 2017, the Board of Directors Meeting approved the 2016 dividend payment be paid to the shareholders of 3,000.97 million shares at the rate of THB 0.218 per share, amount of Baht 654.13 million or 99.71% of NPAT, for which the interim dividend was paid on 9 September 2016 at Baht 0.080 per share, amount of Baht 240.00 million, the remaining dividend to be paid at Baht 0.138 per share, amount of Baht 414.13 million which was paid on 19 May 2017 and this payment were already approved by the general shareholders' meeting on 25 April 2017.

On April 25, 2016 the General Meeting shareholders of the Company, passed a resolution to approve the issuance and offering 22,610,000 units of warrants to purchase ordinary shares to the directors and management/employees of the Company (ESOP Warrant-1). On January 16, 2017, the ESOP Warrant-1 were exercised to be ordinary shares 0.97 million shares and the Company has registered these shares with the Ministry of Commerce on January 25, 2017. The total of the ordinary shares is 3,000.97 million shares.

On 10 August 2017, the Board of Directors Meeting approved the 2017 interim dividend payment at the rate of THB 0.15 share, totally THB 450.41 million or 95.26% to net profit, which was paid on 8 September 2017.

Therefore, on July 17, 2017 the General Meeting shareholders of the Company, the ESOP Warrant-1 (2/2017) were exercised to be ordinary shares 1.77 million shares and the Company has registered these shares with the Ministry of Commerce on July 26, 2017. The total of the ordinary shares is 3,002.73 million shares.

Management outlook

Beauty Community Public Company Limited engages in the retail distribution of cosmetics and skincare products under Beauty Buffet, Beauty Cottage and Beauty Market shop brand concepts. The company also offers its "Made In Nature" products through other distribution channels including modern trade, convenience stores and Traditional Trade.

Your faithfully,

Beauty Community Public Company Limited

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(Mr.Surapon Phetklueng)

Finance Director