

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on 2Q19 and YTD 2Q19

Financial Performance Summary – 2Q19 and YTD 2Q19

Beauty Community Public Co., Ltd. is pleased to announce its 2Q19 and YTD 2Q18 the management discussion and analysis.

Million Baht	Q2		YoY		QoQ		Year to Date (YTD)		YoY	
	2019	%	+ / -	%	+ / -	%	2019	%	+ / -	%
Total Revenue	531.61	100.00%	(325.92)	(38.01%)	(17.13)	(3.12%)	1,080.34	100.00%	(682.12)	(38.70%)
Gross profit (GP)	317.83	60.16%	(231.51)	(42.14%)	(12.51)	(3.79%)	648.16	60.45%	(508.98)	(43.99%)
Selling and administrative expenses	262.37	49.36%	13.56	5.45%	14.16	5.70%	510.59	47.26%	(7.91)	(1.53%)
Profit for the period	46.77	8.80%	(209.59)	(81.76%)	(22.79)	(32.76%)	116.32	10.77%	(422.45)	(78.41%)
EBITDA	71.87	13.52%	(263.99)	(78.60%)	(29.21)	(28.90%)	172.95	16.01%	(522.66)	(75.14%)

Note : 1. % GP margin calculated to sales

Total Revenue

Total Revenue 2Q19 were THB 531.61 million decreased 38.01% YoY and decreased 3.12% QoQ, and YTD 2Q18 of THB 1,080.34 million decreased 38.70% YTD and Same Store Sales Growth was -45.95%YTD

Total Revenue were increased by many channels, such as The effect from a decreased number in Chinese tourists, The effect from new implemented laws in China on the main market in early 2019 and Yuan currency falling relative to Thai Baht with the current economic slowdown Domestic consumption has not recovered. Consumers have lower purchasing power and heavily competitive in cosmetic business market. In the matter of organizing promotions to boost sales, to compete for market share from the s existing competition and new competitor that are increasing. And the second quarter is still in the low season of the company as well.

But in the year 2019, the company adjusted the strategy by adding new channels in the Chinese market, such as Cross Border E-Commerce (CBEC) & General Trade (Online & Offline). And expanding to International market more than 10 other countries to reduce the risk of relying on one market. Such as Malaysia, Singapore, Philippines, Indonesia, Myanmar, Vietnam, Laos, Taiwan, Hong Kong, Brunei, Japan and India. Which has been changed and signed since the end of last year. But all of this will takes sometimes and expected to have a clearer effect in the second half of this year.

Gross Profit

Gross Profit 2Q19 were THB 317.83 million decreased 42.14 % YoY, decreased 3.79% QoQ. And YTD 2Q19 of THB 648.16 million decreased 43.99% YoY

Gross profit 2Q19 were 60.16% decreased from 2Q18 65.61% and slightly decreased from 1Q19 60.74% and gross profit margin YTD 2Q19 were 60.45% increased from YTD 2Q18 66.685% The decline in GP mainly came from promotions to boost the sales In order to increase the potential of the competition, including clearance sales in the middle of the year, in order to stimulate sales during the low season, including more discounts to open up new sales channels in the international market routes.

Selling and Administrative expenses

Selling and Administrative expenses for 2Q19 were THB 262.37 million increased 5.45% YoY, increased 5.70% QoQ. YTD 2Q19 of THB 510.59 million decreased 1.53% YoY. Selling and Administrative expenses YTD 2Q19 decreased YoY mainly came from staff cost, such as commission as it fluctuate upon the sales. Well-controlled A&P demonstrates the competency in costs management under highly competitive environment. According to the cost saving program.

However, 2Q19 total SG&A: percent to total revenue were 49.36% increased from 29.02% YoY and slightly increased from 45.23% QoQ. And YTD2Q19 was 47.26% to total revenue. Increased 29.42% from YTD 2Q18 to total revenue. Overall expenses volume decreased because there is a fixed cost component, which when revenue decreases, will increase the proportion of expenses to sales

Net Profit

Net profit for 2Q19 were THB 46.77 million decreased 81.76% YoY, and decreased 32.76% QoQ. and net profit for period YTD 2Q19 of THB 116.32 million decreased 78.41% YoY. Net profit decreased mainly came from sales and gross profit increased and The Company has the ability to control costs quite well.

Dividend payment

On 13 August 2019, the Board of Directors Meeting approved the 2019 interim dividend payment at the rate of THB 0.035 share, totally THB 104.80 million or 90.01% to net profit , which be paid on 9 September 2019

Your faithfully,

Beauty Community Public Company Limited

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(Mr.Surapon Phetklung)

Chief Financial Officer