

CHLITINA

CHLITINA HOLDING LIMITED Q3 2020 REPORT



克麗緹娜
CHLITINA 30th Anniversary
美麗30 獨特新姿態 女人勇敢愛

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- **Company Profile**
- **Business Outlook**
- **Financial Overview**
- **Q&A**

Company Profile

Stock Ticker	4137 TT (麗豐-KY)
Market Cap.	around NT\$ 17bn
Capital Stock	NT\$ 795m
Q1-Q3 2020 Sales	RMB 612m / NT\$ 2.605bn
Q1-Q3 2020 Net Profit	RMB 150m / NT\$ 637m
2019 ROE	34%
Main Shareholder	Wealthy Garden (35.29%)

Main businesses

R&D, manufacturing and sale of skincare and beauty products ; In addition to our beauty salon franchise network, we have entered e-commerce and the medical beauty sector; We are also actively developing various anti-aging and regeneration research projects.

Market Positioning

Mid-to-high end skincare products; Beauty salon franchise industry leader; In recent years, we have also been involved in aesthetic surgery and in anti-aging research.

Market Focus

Mainland China (about 95% of sales).

Main Business Channels

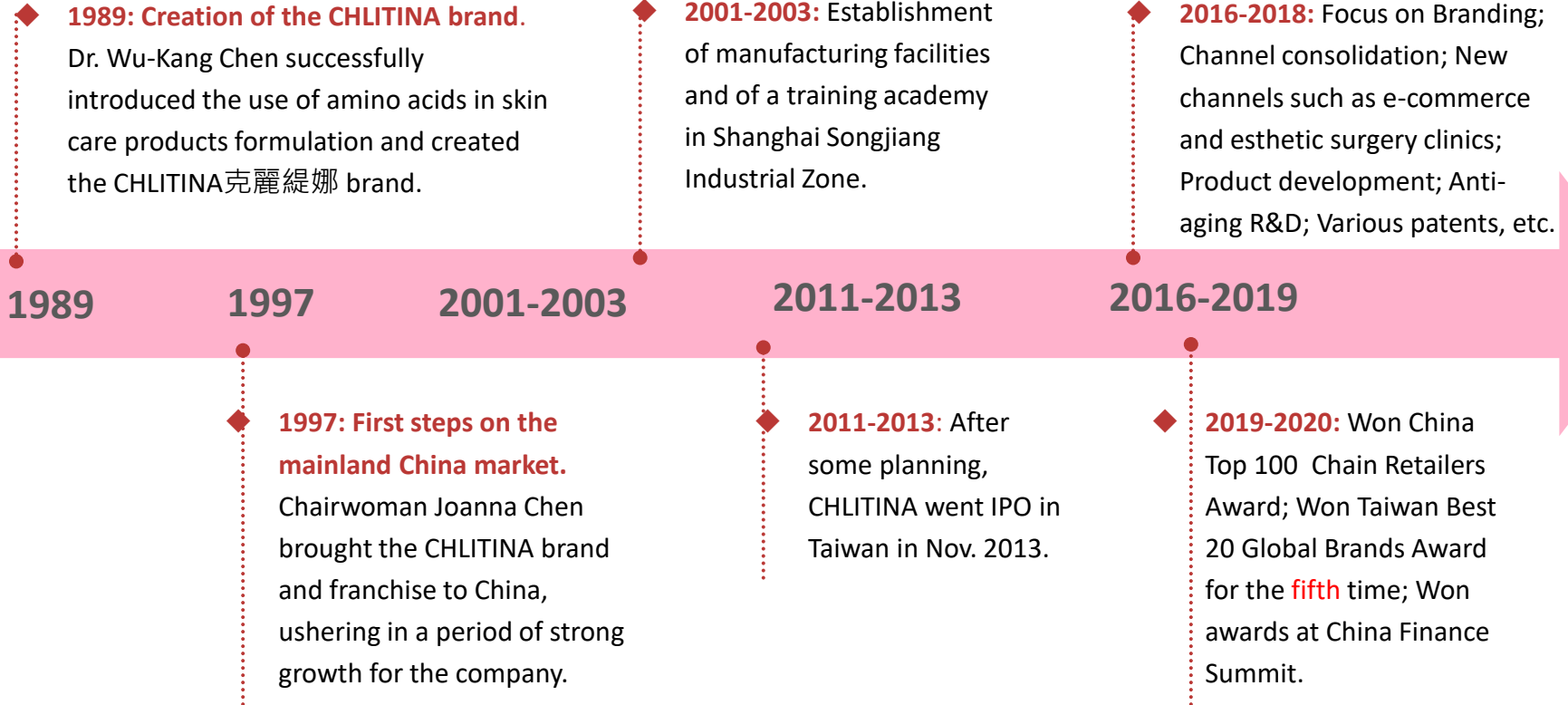
Franchise beauty salons and manicure&eyelash salons; Self-owned aesthetic surgery clinics; Self-owned e-commerce platform, strategic investments.

Brands and Business Scale

- CHLITINA 克麗緹娜 (beauty salon franchise): around 4800 stores.
- UPLIDER 雅樸麗德 (self-operated aesthetic surgery and anti-aging clinics): 6 medical clinics.
- Xinmeili 新美力 (self-operated e-commerce platform), complementary to physical stores.
- RnD 瓊緹 (manicure&eyelash salon franchise): over 500 stores.

Selected Milestones

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Main Channel: CHLITINA Beauty Salon Franchise Model

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- **Training sessions:** specialized or not
- **Beauty products:** for customers to bring back home or for beauticians to use inside salon

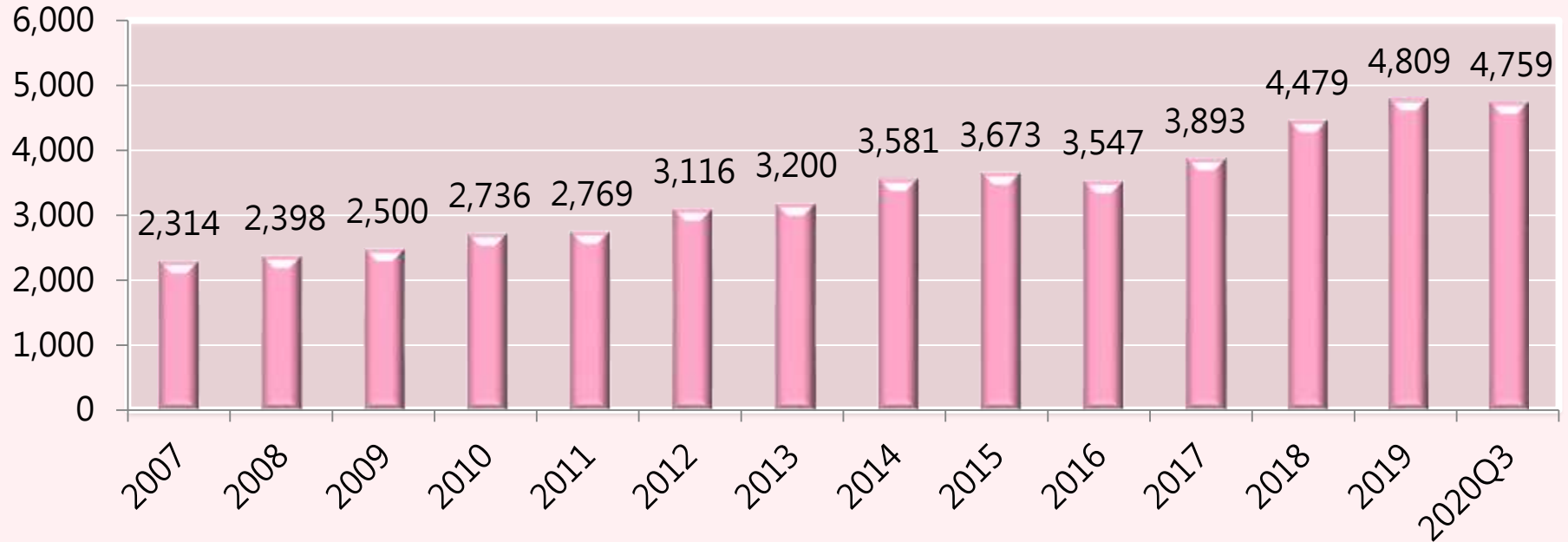
- **Sale of skin care products** (GP around 50%)
- **Sale of services** (GP around 90%)



- Income from franchise fee and product sales
- Minimum purchase requirement
- Standard storefront requirement

- Investment RMB700,000 to RMB1m
- Rent, salaries, and other expenses borne by franchisee
- It takes franchisees about 2-3 years to break even

CHLITINA Franchise Beauty Salons – Store Count



CHLITINA beauty salons – age vs. sales

CHLITINA franchise stores (mainland China only)	<1 year	1-3 years	3-5 years	5-10 years	>10 years	Total
Percentage of stores (Q3 2020)	9%	36%	17%	22%	16%	100%
Percentage of Q1-Q3 2020 sales	10%	32%	16%	24%	18%	100%
Q1-Q3 2020 Average sales per store (RMB1,000)	124	108	117	129	137	120

As compared to Q1-Q2 2020	126.8%	176.4%	166.8%	169.4%	163.4%	164.5%
As compared to Q1-Q3 2019	80.1%	67.7%	64.2%	66.0%	72.6%	69.4%

Main Channel: CHLITINA Franchise Store Location Analysis

Focus is on increasing network density in developed and well-off areas -- where priority is put on raising same store sales -- before expanding coverage in developing areas.

Source: Chlitina



Geographic Distribution	Developed Areas	Well-off Areas	Developing Areas	Taiwan, Hong Kong, Vietnam	Total
% of stores in Q3 2020	47%	43%	5%	5%	100%
% of sales in Q1-Q3 2020	49%	43%	4%	4%	100%
Average SSS for Q1-Q3 2020 (unit: RMB1,000)	127	119	103	98	121

As compared to Q1-Q2 2020

151.6%

160.3%

183.7%

191.7%

159.1%

As compared to Q1-Q3 2019

70.8%

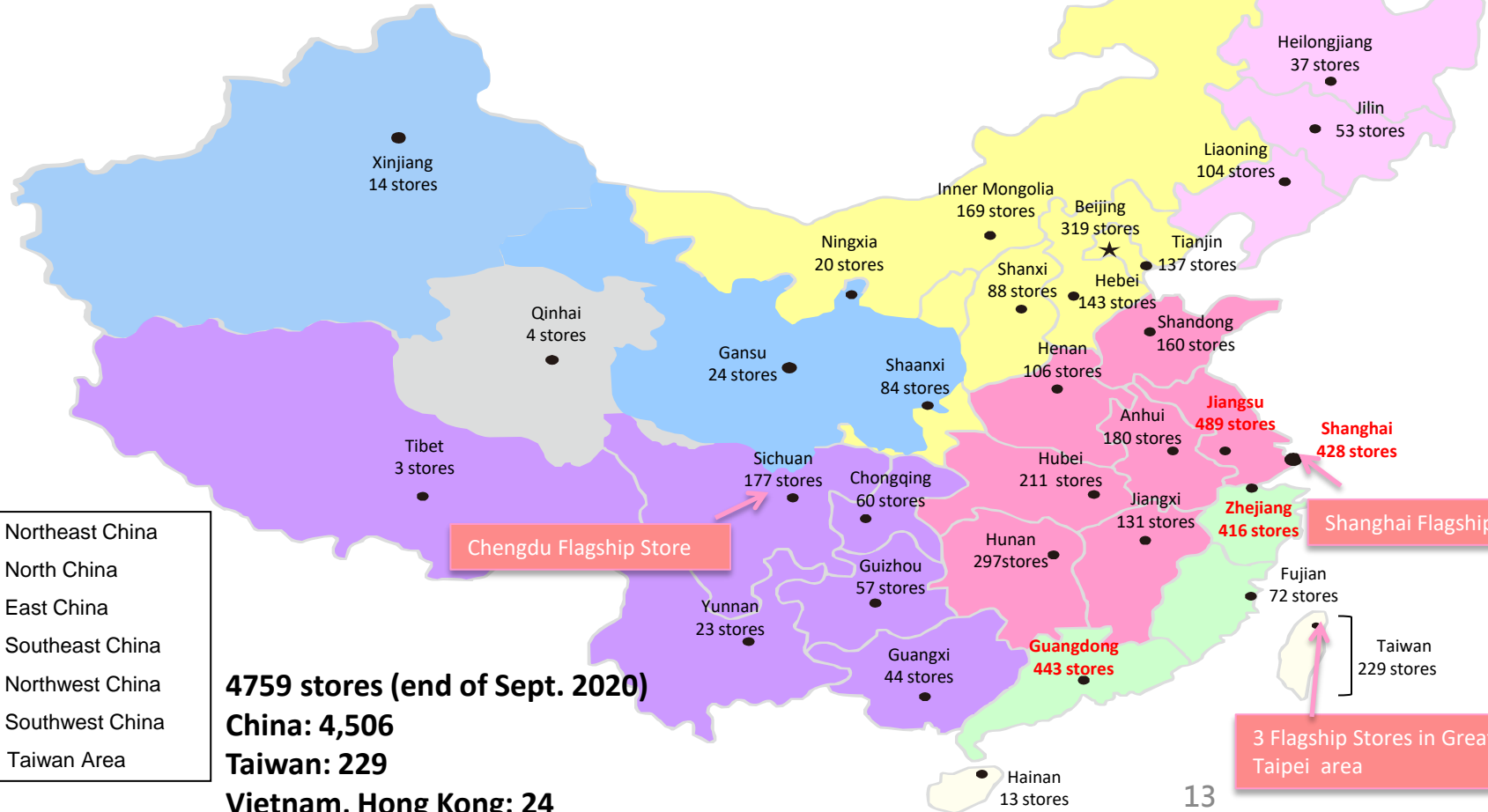
69.8%

73.5%

139.6%

72.8%

Main Channel: CHLITINA Stores Geographic Distribution



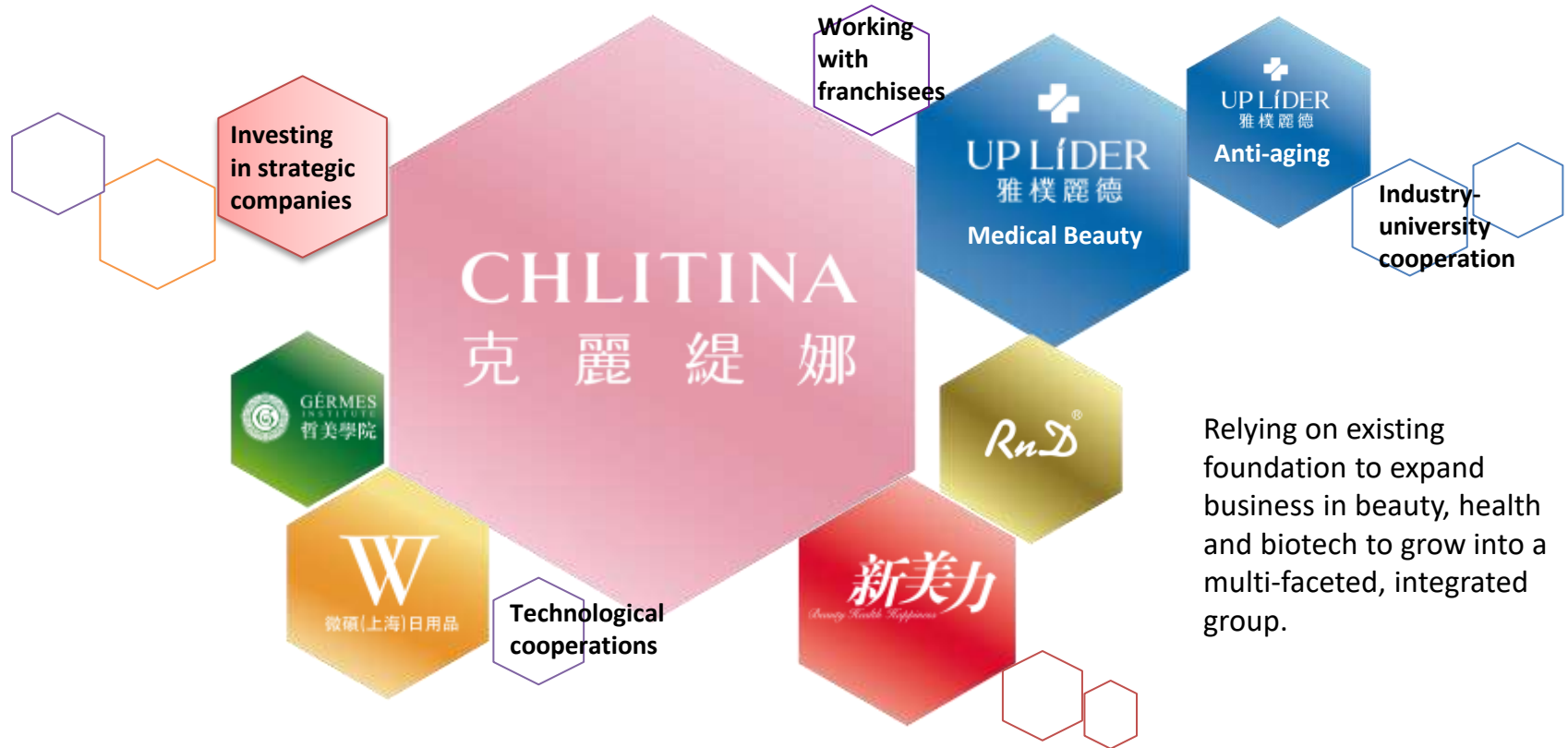
4759 stores (end of Sept. 2020)

China: 4,506

Taiwan: 229

Vietnam, Hong Kong: 24

“Concentric diversification” development strategy



Relying on existing foundation to expand business in beauty, health and biotech to grow into a multi-faceted, integrated group.

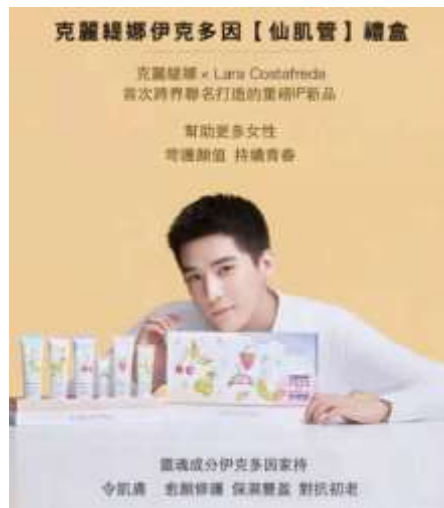
Latest Developments: New Product Series Online

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Famous Chinese actor Wang Anyu was invited to endorse our new line of products.

In order to attract a younger customer base, we launched a new packaging design in collaboration with a designer favored by boutique brands. Products are rich in ingredients such as ectoine and oat leaf extract that help fight against the first signs of aging.

Products are sold simultaneously on our Xinmeili e-shop and on our Tmall flagship store.



Latest Developments: Media Event for the Launch of our Newest Star Product

CHLITINA

Addressing the 3 priorities of firmness, elasticity and reduced fine lines, the Youthkeeper Serum won a 2020 Beauty Star Award from ELLE magazine!



On November 20, we held a product launch press conference with the slogan “Your Blue Friend is Supporting You”. Followed on line by tens of thousands of people, the event generated a buzz.



Latest Developments: The Web Series “She and Their Stories” Is a Big Hit

The 12-season web TV series shows the plight of 3 women of different ages and careers through the eyes of Xiaomi, a beautician at Le spa Jolie Rose (a CHLITINA beauty salon). Many scenes were shot inside CHLITINA and RnD salons, as well as at the Germes Academy, CHLITINA’s vocational training center. The series revolves around a tight-knit plot and touching characters.



The series was filmed jointly with a TV production house. This particular kind of product placement campaign is not only beneficial to the brand, but also allows us to deploy more refined and effective marketing methods.

Latest Developments: A Fifth “Taiwan 25 Global Brands Award” for CHLITINA

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CHLITINA was ranked 19th in Taiwan in terms of brand value, and was again in 2020 the only company from the beauty industry to make the list, according to Interbrand, the world’s leading brand consultancy. Interband was commissioned to prepare the ranking by the Taiwan Industrial Development Bureau. The CHLITINA brand is valued at US\$114million, a 14% increase from last year.



Business Outlook

Expansion Goals for Each of Our Four Main Channels

CHLITINA
克麗緹娜

*Strengthening branding and new product development; Raising market share and improving competitiveness; Continuing with network expansion
*Implementing digital management; Increasing efficiency; Reinforcing ESG

RnD[®]

Our two self-operated RnD salons in Shanghai help us raise service standards at our manicure and eyelash franchise salons. The aim is to rapidly broaden this new network in order to achieve economies of scale.

UPLIDER
雅模麗德

We are doing our utmost to soon have all 6 UPLIDER medical clinics in operation. UPLIDER clinics will in the future give new momentum to the group.

新美力
Beauty Health Happiness

Cooperating with Tmall through online flagship; Adapting to changes in consumer behavior due to the epidemic; Increasing investments; Connecting with brick-and-mortar stores.

“Le spa Jolie Rose ” by CHLITINA Ho Chi Minh City




Taipei, Shanghai,

CHLITINA


In order to raise the notoriety and prestige of the CHLITINA brand, we have opened a new concept store:
Le spa Jolie Rose (Yonghe District, New Taipei City)




The beauty center has been designed around an art gallery theme, letting customers enjoy great works of art while taking care of their skin!



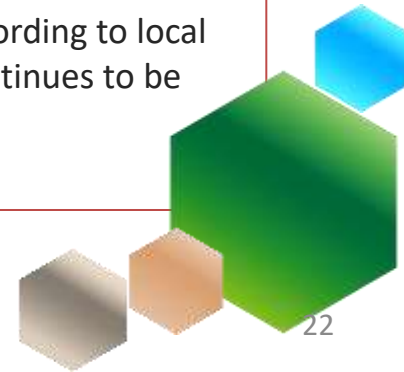
In addition to skin care products and services, our portfolio is expanding to include the fruit of our latest R&D projects in the fields of hair care, mineral water, probiotics, as well as stem cell research and consulting services.



Various strategic collaboration and investments projects help boost the group's overall efficiency and bring higher returns for shareholders, employees and society.



The fundraising case has been verified and filed with the competent authority. According to local regulations, we have entered the silent period. Important financial information continues to be reported according to the law. Please refer to announcement materials.



Financial Overview

Profit Breakdown by Channel

Unit: RMB1,000

Item	2018			2019			Q1-Q3 2020		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	965,270	163,696	83%	1,112,615	159,477	86%	575,448	79,504	86%
E-commerce	35,064	10,395	70%	30,305	8,304	73%	23,785	5,908	75%
Clinics	3,623	698	81%	6,785	13,492	-99%	12,341	13,312	-8%
Other	808	720	11%	292	1,874	-542%	109	1,810	-1561%
Total	1,004,765	175,509	83.0%	1,149,997	183,147	84.0%	611,683	100,534	84.0%

Condensed Income Statement

Unit: \$1,000

Item	2018		2019		Q1-Q3 2020	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	1,004,765	4,578,513	1,149,997	5,138,879	611,683	2,604,668
Operating costs	-175,509	-799,759	-183,147	-818,411	-100,534	-428,093
Gross profit	829,256	3,778,754	966,850	4,320,468	511,149	2,176,575
Gross profit rate	82.5%		84%		84%	
Selling exp.	-344,315	-1,568,975	-400,409	-1,789,267	-218,843	-931,877
Admin exp.	-142,010	-647,111	-166,076	-742,127	-114,437	-487,296
Operating profit	342,931	1,562,668	400,365	1,789,074	177,869	757,402
Total non-operating	23,235	105,877	43,230	193,178	46,690	198,815
Profit before tax	366,166	1,668,545	443,595	1,982,252	224,559	956,217
Income tax exp.	-98,680	-449,665	-123,101	-550,089	-75,023	-319,463
Profit for the period	267,486	1,218,880	320,494	1,432,163	149,536	636,754
EPS (NT\$)	3.38	15.4	4.03	18.02	1.89	8.03
Cash dividend (yearly)	NT\$12 per share		NT\$13 per share		NA	

Financial Overview (3/4)

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Unit: \$1,000

Item	2018		2019		Q1-Q3 2020	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	3,946,003	62%	5,456,484	67%	5,301,129	61%
Net accounts receivable	4,818	0%	954	0%	8,160	0%
Inventories	481,102	8%	382,585	5%	531,546	6%
Investment (Equity method)	22,892	0%	19,558	0%	212,344	2%
Property, plant and equipment, net	1,363,566	21%	1,367,720	17%	1,348,411	15%
Right-of-use assets	0	0%	493,732	6%	549,561	6%
Others assets	569,960	9%	432,930	5%	795,846	9%
Total Assets	6,388,341	100%	8,153,963	100%	8,746,997	100%
Bank loans	1,034,758	16%	1,940,857	24%	1,878,782	21%
Accounts payable	73,258	1%	91,141	1%	65,210	1%
Other payables	568,252	9%	551,031	7%	1,514,444	17%
Lease liabilities	0	0%	480,998	6%	543,683	6%
Other liabilities	598,522	9%	708,135	9%	789,287	9%
Total liabilities	2,274,790	36%	3,772,162	46%	4,791,406	55%
Common capital	794,924	12%	794,924	10%	794,924	9%
Capital surplus & legal reserve	2,036,484	32%	2,240,348	27%	2,614,086	30%
Unappropriated retained earnings	1,622,182	25%	1,896,488	23%	1,146,705	13%
Other equities	(340,039)	-5%	(549,959)	-7%	(600,124)	-7%
Total equity	4,113,551	64%	4,381,801	54%	3,955,591	45%

Financial Overview (4/4)

CHLITINA

Unit: \$1,000

Item	2018		2019		Q1-Q3 2020	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	288,865	1,316,502	410,316	1,833,543	132,425	564,003
Net cash provided (used in) investments	-116,746	-531,989	3,993	17,843	-124,298	-523,003
-Acquisition or disposal of real estate or equipment	-122,420	-557,844	-42,781	-191,172	-15,248	-64,930
-Other	5,674	25,855	51,811	231,523	-109,050	-458,073
Net cash used in financing activities	-44,095	-218,846	-17,196	-89,978	-30,521	-129,965
-Dividend distribution	-136,496	-635,938	-210,529	-953,908	0	0
-Other	92,401	417,092	193,333	863,930	-30,521	-129,965

Thank You!

Q&A