

# CHLITINA HOLDING LIMITED

## Q4 2020 REPORT

凝聚信心 主動出擊 合力成長  
CONFIDENCE · ACTION · GROWTH

相信 奮鬥 回報  
是力量

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# Company Profile

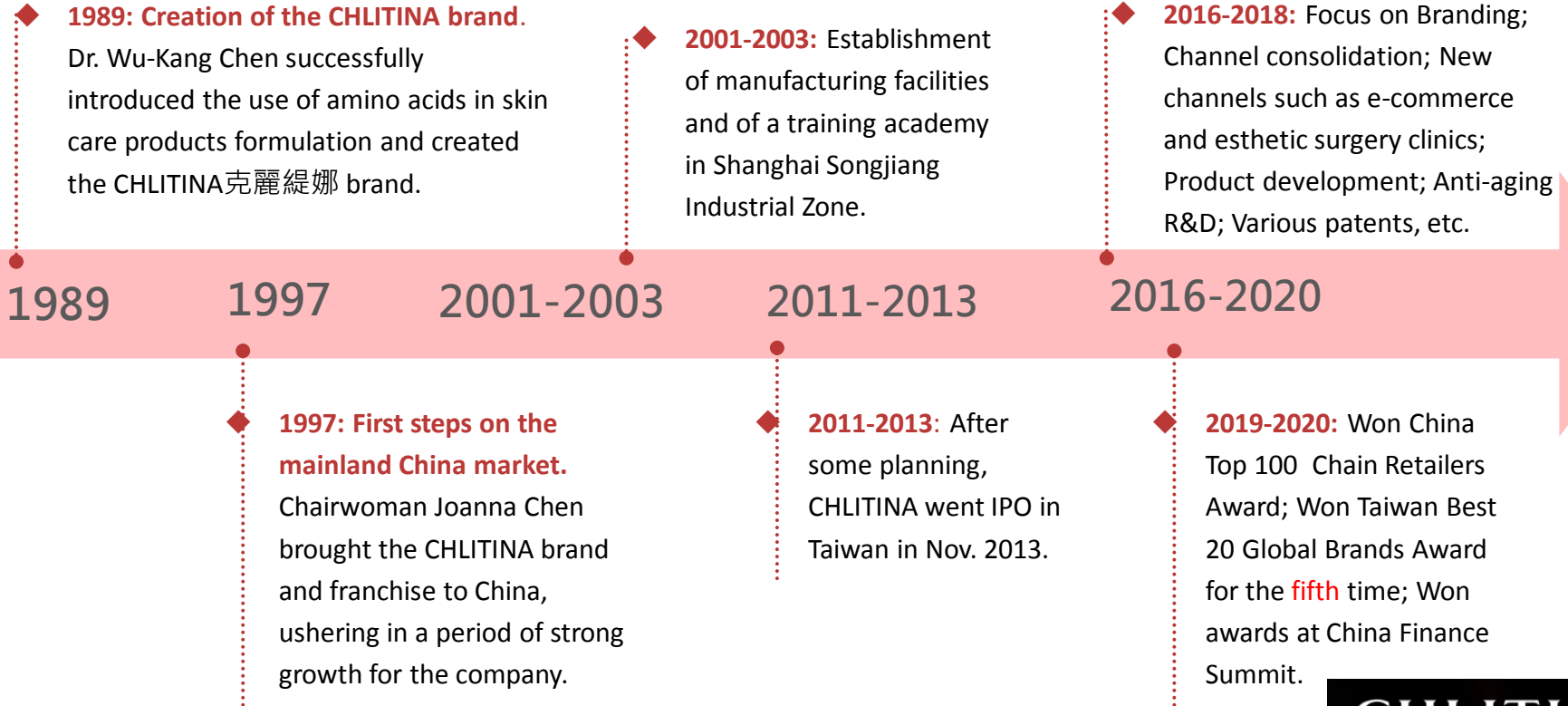
# Corporate Snapshot

<b>Stock Ticker</b>	4137 TT (麗豐-KY)
<b>Market Cap.</b>	around NT\$ 18.5bn
<b>Capital Stock</b>	NT\$ 795m
<b>2020 Sales</b>	RMB 947m / NT\$ 4.056bn
<b>2020 Net Profit</b>	RMB 224m / NT\$ 960m
<b>2020 ROE</b>	22%
<b>Main Shareholder</b>	Wealthy Garden (35.29%)

# 營業範圍

<b>Main businesses</b>	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.
<b>Market Positioning</b>	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.
<b>Market Focus</b>	Mainland China (about 95% of sales).
<b>Main Business Channels</b>	Franchise beauty salons and manicure&eyelash salons; Self-owned aesthetic surgery clinics; Self-owned e-commerce platform, strategic investments.
<b>Brands and Business Scale</b>	<ul style="list-style-type: none"><li>-CHLITINA 克麗緹娜 (beauty salon franchise): around 4800 stores.</li><li>-UPLIDER 雅樸麗德 (self-operated aesthetic surgery and anti-aging clinics): 6 medical clinics.</li><li>-Xinmeili 新美力 (self-operated e-commerce platform), complementary to physical stores.</li><li>-RnD瓊緹 (manicure&amp;eyelash salon franchise): over 500 stores.</li></ul>

# Selected Milestones



# Group Structure



Beauty salon  
franchise  
network

Self-operated  
e-commerce  
platform

Self-operated  
medical beauty  
clinics

Nail&Eyelash  
salon franchise  
network

Training  
academy

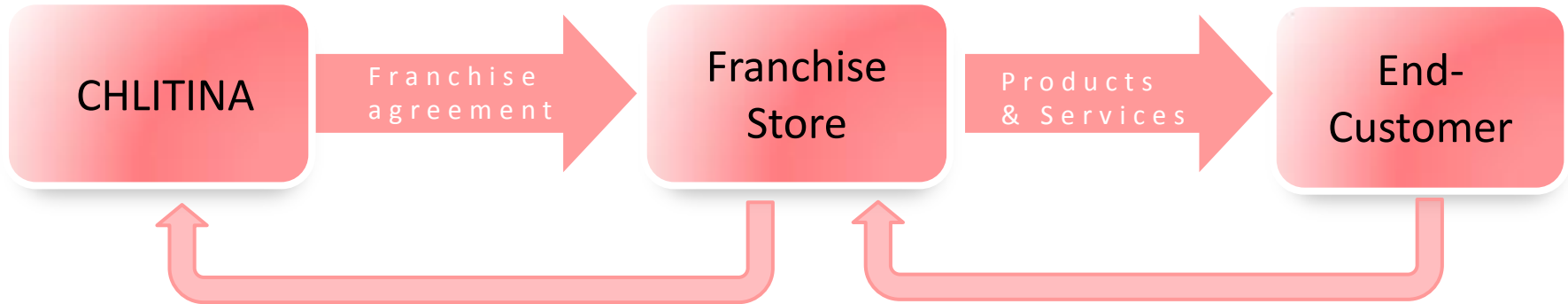
Production  
facilities



# Main Channel: CHLITINA Beauty Salon Franchise Model

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

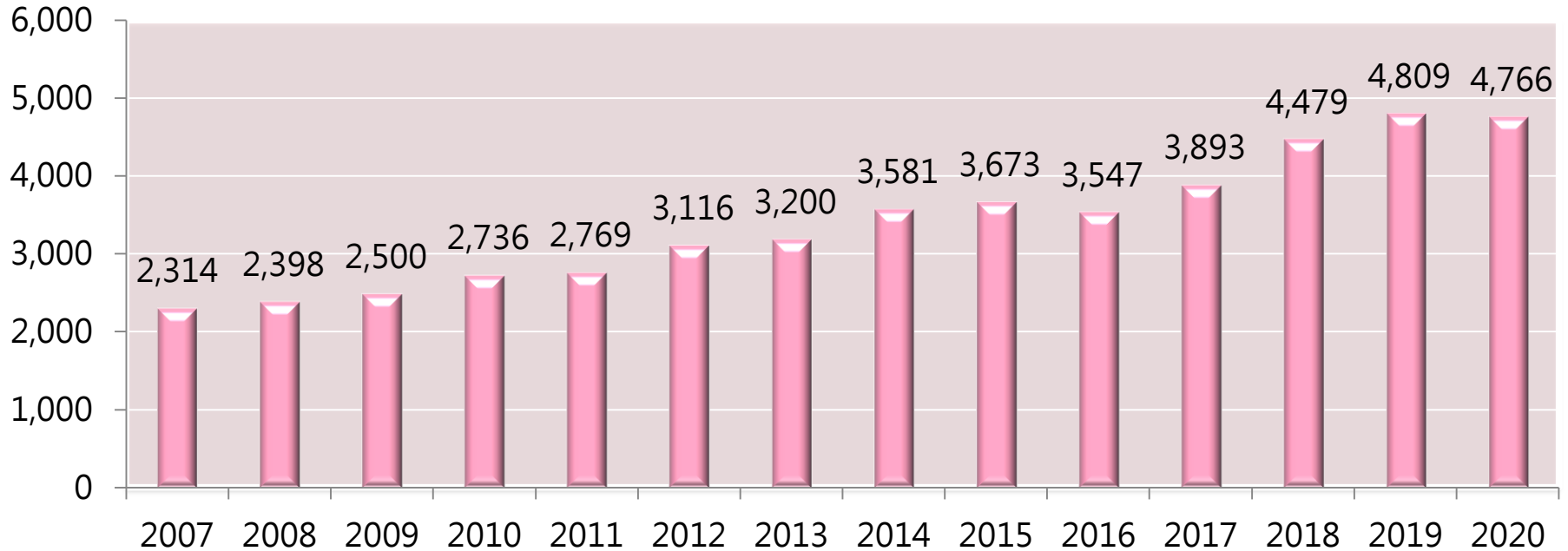
- **Sale of skin care products**  
(GP around 50%)
- **Sale of services** (GP around 90%)



- 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 Beauty Salons – Store Count



# Main Channel: CHLITINA Franchise Store Age Analysis

## CHLITINA beauty salons (China) – 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 as of 2020.12.31	10%	33%	19%	22%	16%	100%
Percentage of 2020 sales	9%	30%	19%	24%	18%	100%
2020 Average sales per store (unit: RMB1,000)	177	173	191	203	209	189
As compared to 2020 (%)	93.8%	77.0%	71.1%	73.7%	78.0%	78.5%

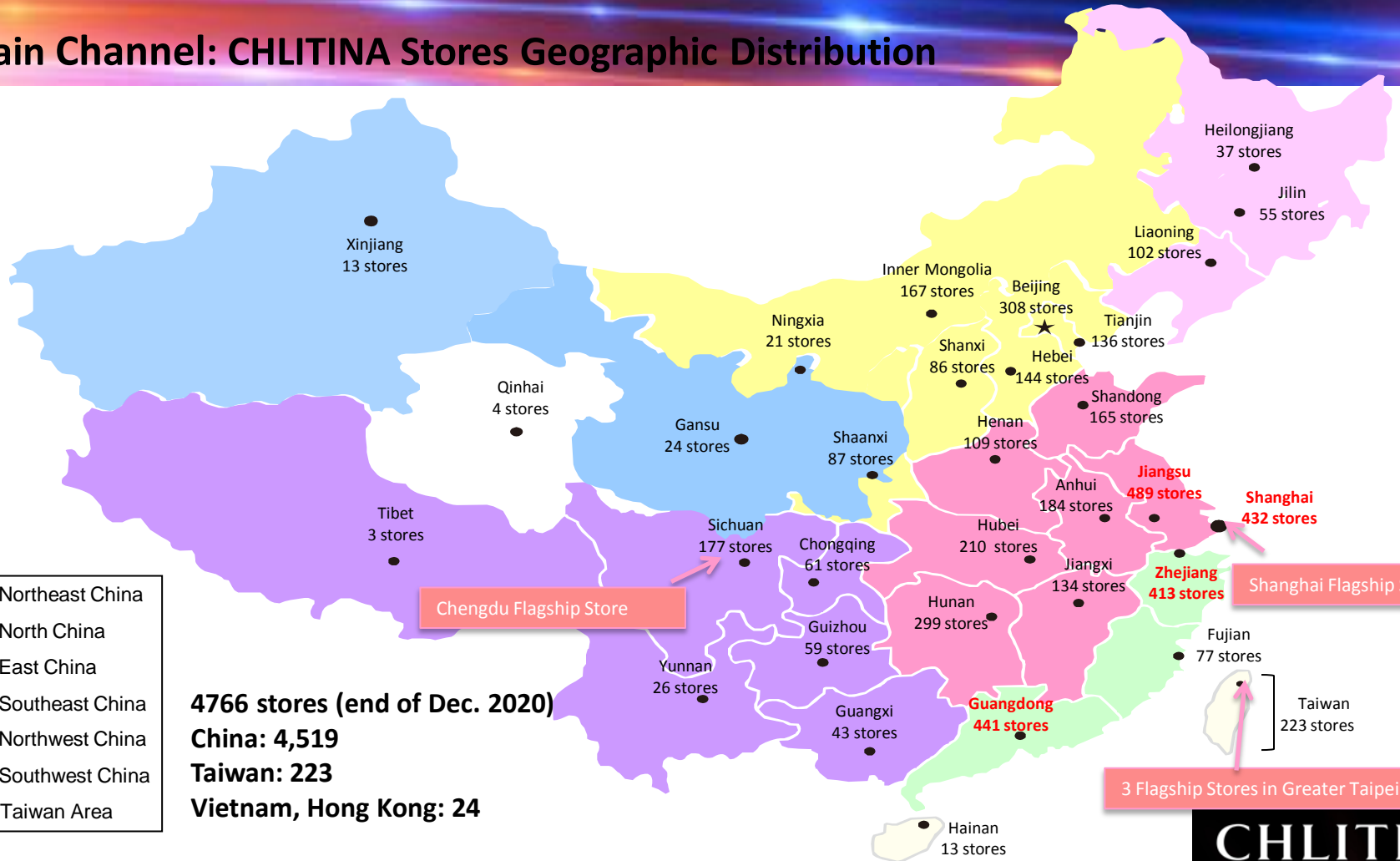
# Main Channel: CHLITINA Franchise Store Location Analysis

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.

Developed Areas	Well-Off Areas	Developing Areas
<b>Our Coverage:</b> Shanghai, Beijing, Guangdong, Jiangsu...	<b>Our Coverage:</b> Fujian, Jiangxi, Henan, Shandong...	<b>Our Coverage:</b> Heilongjiang, Guizhou, Jilin...
<b>Area Priority:</b> Raising SSS	<b>Area Priority:</b> Raising market share	<b>Area Priority:</b> Branding & Recruiting new franchisees

Geographic Distribution	Developed Areas	Well-off Areas	Developing Areas	Taiwan, Hong Kong, Vietnam	Total
% of stores as of 2020.12.31	46%	44%	5%	5%	100%
% of sales in 2020	47%	44%	5%	4%	100%
Average SSS in 2020 (unit: RMB1,000)	202	204	194	135	199
As compared to 2020	81%	86%	90%	138%	86%

# Main Channel: CHLITINA Stores Geographic Distribution



**4766 stores (end of Dec. 2020)**

**China: 4,519**

**Taiwan: 223**

**Vietnam, Hong Kong: 24**

Chengdu Flagship Store

Shanghai Flagship Store

3 Flagship Stores in Greater Taipei area

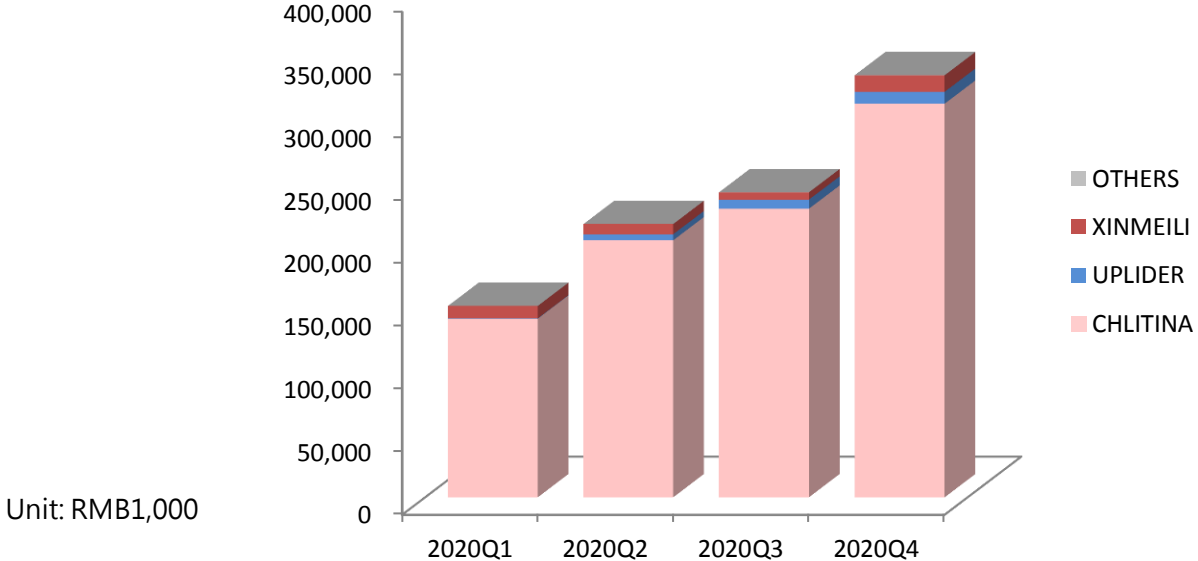
# “Concentric diversification” development strategy



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

# Quarterly Performance by Channel in 2020

In a year marked by the Covid-19 pandemic, the company took contingency measures in the early months of 2020 in order to maintain operations as normal as possible at every entity. At the same time, business and marketing strategies were reorganized so as to generate QoQ growth. As a result, sales for the fourth quarter showed an increase YoY.



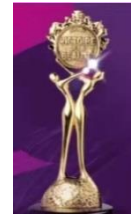


# **Business Outlook**



# New Star Product “Youthkeeper Serum” Achieves Good Results

The launch of this new anti-aging serum delivering a firmer and more supple skin with less fine lines successfully created conversation topics and business opportunities. After winning an ELLE magazine beauty award, it garnered a **2020-2021 Victoire de la Beauté TOP INNOVATION Award** in France.



The serum with deep-moisturizing properties was formulated using a nanostructured lipid carrier technology developed in our own lab and patented in Taiwan.

# Embedded Marketing in TV Drama: Rooting the Brand in People's Hearts

Encouraging women to be independent and brave, two core values of the CHLITINA brand, product placement campaigns have been put in place through collaboration with TV soaps such as “Fighting Youth” and “My best Friend’s Story”, chosen for showing positive energy in the workplace or life in the city. CHLITINA has become the exclusive beauty partner for the two dramas.

**正青春 × CHLITINA**  
Chlritina 克丽缇娜  
美容机构独家合作伙伴

**信条**

想做到的  
就一定要做到

吴谨言 饰 章小鱼

YOUKU

克丽缇娜 铂金典藏礼盒  
CHLITINA GOLDEN COLLECTION GIFT BOX  
纯粹而经典 x 简单即奢华

**正青春 × CHLITINA**  
Chlritina 克丽缇娜  
美容机构独家合作伙伴

**正青春**  
Chlritina 克丽缇娜  
铂金典藏礼盒

焕活睛采 每一天

纯粹而经典  
简单即奢华

CHLITINA GOLDEN COLLECTION GIFT BOX  
克丽缇娜 铂金典藏礼盒

**流金岁月**

时光不老 我们不散

CHLITINA 克丽缇娜 美容机构独家合作伙伴

**流金岁月**

时光不老 我们不散  
My Best Friend's Story

12月28

CHLITINA 克丽缇娜 美容机构独家合作伙伴

**流金岁月**

时光不老 我们不散  
My Best Friend's Story

CHLITINA 克丽缇娜  
美容机构独家合作伙伴

# Cooperation With the Movie Industry: Strengthening the Brand's Image

CHLITINA collaborated with this Spring Festival's blockbuster "Hi, Mom", through interactions on the movie's Weibo account, cooperation on trailers, posters, stills and licensed products. Thanks to the movie's great success at the box office, the brand's visibility and recognition have improved.





Brand-new self-operated flagship stores have been opened in Taipei, Shanghai and Ho Chi Minh City (below), as part of our rebranding and expansion efforts.



# 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; Raising quality and quantity; Implementing digital management; Increasing efficiency.

RnD<sup>®</sup>

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.

UP LIDER  
雅模麗德

Striving towards normal operations at the 6 UPLIDER medical clinics and improving operating efficiency in order to 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.



# Financial Overview

# Financial Overview (1/4)

## Profit Breakdown by Channel

Unit: RMB1,000

Item	2018			2019			2020		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	<b>965,270</b>	163,696	83%	<b>1,112,615</b>	159,477	86%	<b>888,436</b>	121,658	86%
E-commerce	35,064	10,395	70%	30,305	8,304	73%	36,944	9,383	75%
Clinics	3,623	698	81%	6,785	13,492	-99%	21,796	7,311	66%
Other	808	720	11%	292	1,874	-542%	199	2,860	-1337%
<b>Total</b>	<b>1,004,765</b>	<b>175,509</b>	<b>83.0%</b>	<b>1,149,997</b>	<b>183,147</b>	<b>84.0%</b>	<b>947,375</b>	<b>141,212</b>	<b>85.0%</b>

# Financial Overview (2/4)

## Condensed Income Statement

Unit: \$1,000

Item	2018		2019		2020	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	1,004,765	4,578,513	1,149,997	5,138,879	947,375	4,055,996
Operating costs	-175,509	-799,759	-183,147	-818,411	-141,212	-604,571
Gross profit	829,256	3,778,754	966,850	4,320,468	806,163	3,451,425
Gross profit rate	82.5%		84%		85%	
Selling exp.	-344,315	-1,568,975	-400,409	-1,789,267	-366,185	-1,567,748
Admin exp.	-142,010	-647,111	-166,076	-742,127	-178,313	-763,411
Operating profit	342,931	1,562,668	400,365	1,789,074	261,665	1,120,266
Total non-operating	23,235	105,877	43,230	193,178	63,928	273,695
Profit before tax	366,166	1,668,545	443,595	1,982,252	325,593	1,393,961
Income tax exp.	-98,680	-449,665	-123,101	-550,089	-101,447	-434,325
Profit for the period	267,486	1,218,880	320,494	1,432,163	224,146	959,636
EPS (NT\$)	3.38	15.4	4.03	18.02	2.82	12.09
Cash dividend (yearly)	NT\$12 per share		NT\$13 per share		NA	



# Financial Overview (3/4)

## Condensed Balance Sheets

Unit: \$1,000

Item	2018		2019		2020	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	3,946,003	62%	5,456,484	67%	5,347,749	60%
Net accounts receivable	4,818	0%	954	0%	5,662	0%
Inventories	481,102	8%	382,585	5%	467,385	5%
Investment (Equity method)	22,892	0%	19,558	0%	218,080	2%
Property, plant and equipment, net	1,363,566	21%	1,367,720	17%	1,376,374	15%
Right-of-use assets	0	0%	493,732	6%	575,659	6%
Others assets	569,960	9%	432,930	5%	972,877	11%
<b>Total Assets</b>	<b>6,388,341</b>	<b>100%</b>	<b>8,153,963</b>	<b>100%</b>	<b>8,963,786</b>	<b>100%</b>
Bank loans	1,034,758	16%	1,940,857	24%	2,192,959	24%
Accounts payable	73,258	1%	91,141	1%	71,654	1%
Other payables	568,252	9%	551,031	7%	793,091	9%
Lease liabilities	0	0%	480,998	6%	571,246	6%
Other liabilities	598,522	9%	708,135	9%	926,521	10%
<b>Total liabilities</b>	<b>2,274,790</b>	<b>36%</b>	<b>3,772,162</b>	<b>46%</b>	<b>4,555,471</b>	<b>51%</b>
Common capital	794,924	12%	794,924	10%	794,924	9%
Capital surplus & legal reserve	2,036,484	32%	2,240,348	27%	2,616,716	29%
Unappropriated retained earnings	1,622,182	25%	1,896,488	23%	1,469,479	16%
Other equities	(340,039)	-5%	(549,959)	-7%	(472,804)	-5%
<b>Total equity</b>	<b>4,113,551</b>	<b>64%</b>	<b>4,381,801</b>	<b>54%</b>	<b>4,408,315</b>	<b>49%</b>

# Financial Overview (4/4)

## Cashflow Analysis

Unit: \$1,000

Item	2018		2019		2020	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	288,865	1,316,502	410,316	1,833,543	355,404	1,521,646
Net cash provided (used in) investments	-116,746	-531,989	3,993	17,843	-180,711	-766,398
-Acquisition or disposal of real estate or equipment	-122,420	-557,844	-42,781	-191,172	-22,961	-98,303
-Other	5,674	25,855	46,774	209,015	-157,750	-668,095
Net cash used in financing activities	-44,095	-218,846	-17,196	-89,978	-194,513	-813,766
-Dividend distribution	-136,496	-635,938	-210,529	-953,908	-245,814	-1,033,401
-Other	92,401	417,092	193,333	863,930	51,301	219,635

# THANK YOU! Q&A

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相信 2021 奮鬥 獲回報  
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