

CHLITINA

CHLITINA HOLDING  
LIMITED  
Q2 2020 REPORT



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

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# Company Profile

<b>Stock Ticker</b>	4137 TT (麗豐-KY)
<b>Market Cap.</b>	around NT\$ 17bn
<b>Capital Stock</b>	NT\$ 795m
<b>Q2 2020 Sales</b>	RMB 217m / NT\$ 917m
<b>Q2 2020 Net Profit</b>	RMB 58m / NT\$ 248m
<b>2019 ROE</b>	34%
<b>Main Shareholder</b>	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): 4847 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

CHLITINA







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

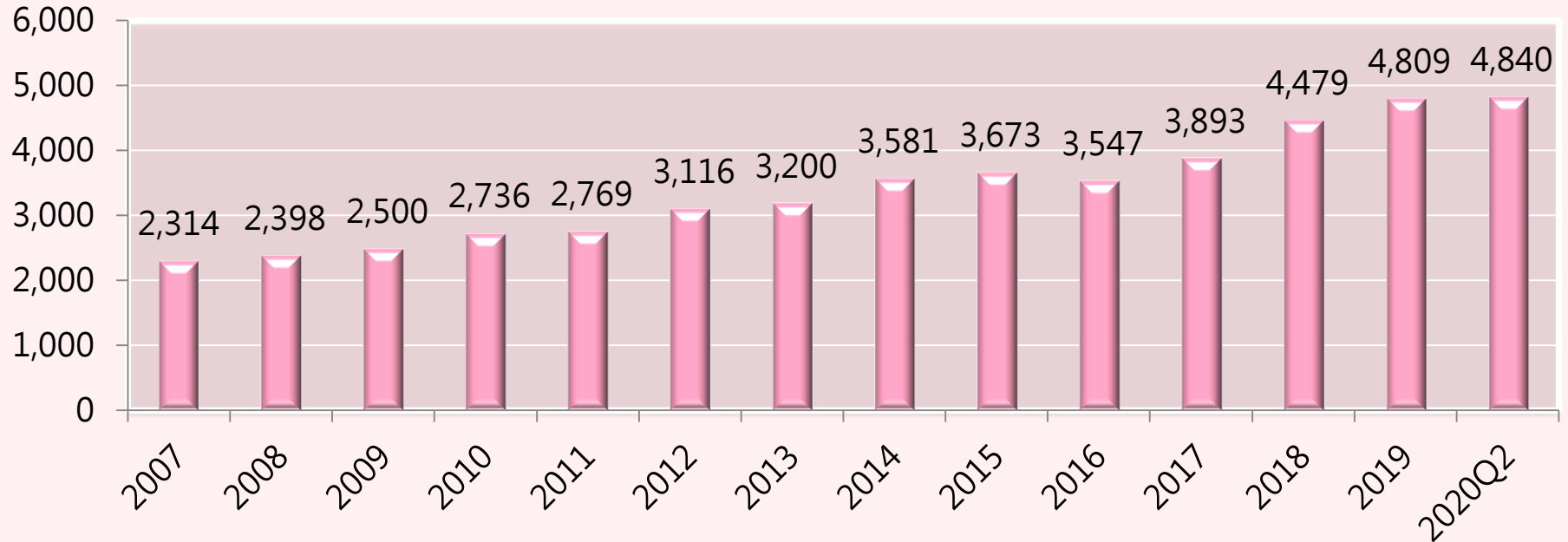
- **Sale of skin care products** (GP around 50%)
- **Sale of services** (GP around 90%)



- 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



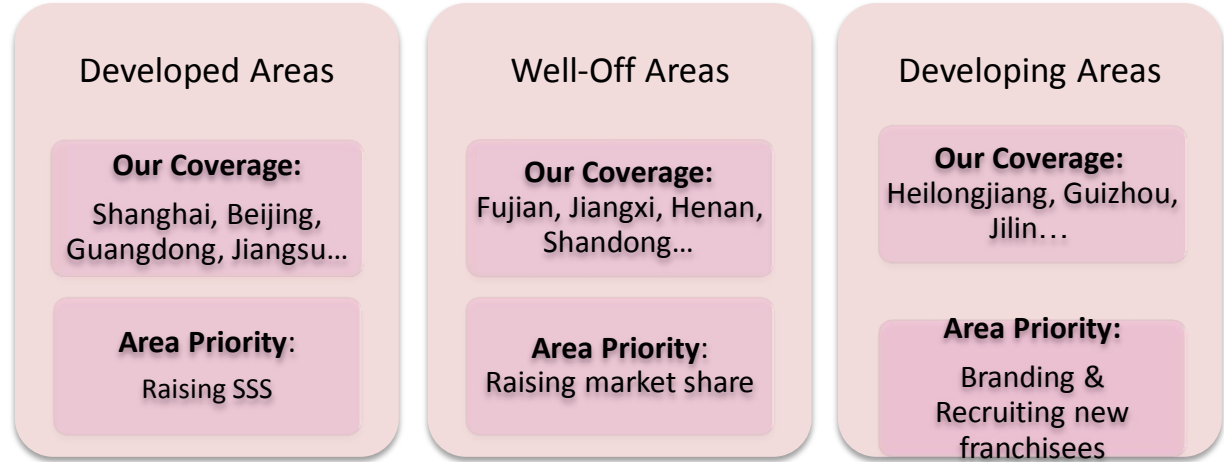
## CHLITINA beauty salons – age vs. sales

CHLITINA franchise stores (mainland China)	<1 year	1-3 years	3-5 years	5-10 years	>10 years	Total
Percentage of stores (Q2 2020)	10%	37%	15%	23%	15%	100%
Percentage of Q1-Q2 2020 sales	14%	31%	14%	24%	17%	100%
Q1-Q2 2020 Average sales per store (RMB1,000)	98	61	70	76	84	73

- ◆ **Longevity of franchise stores:** Longevity is a good indicator of the overall good health of the CHLITINA franchise network. Unprofitable stores largely exit within 1-2 years, while stores still operating after 3 years are considered stabilized.
- ◆ **Benefits of channel expansion in 2018:** The proportion of stores under 3 years has increased, same store sales being the highest in the 3-to-10 years category. Stores above 10 years of age have a stable customer base mostly composed of regular customers.

# Main Channel: CHLITINA Franchise Store Location Analysis

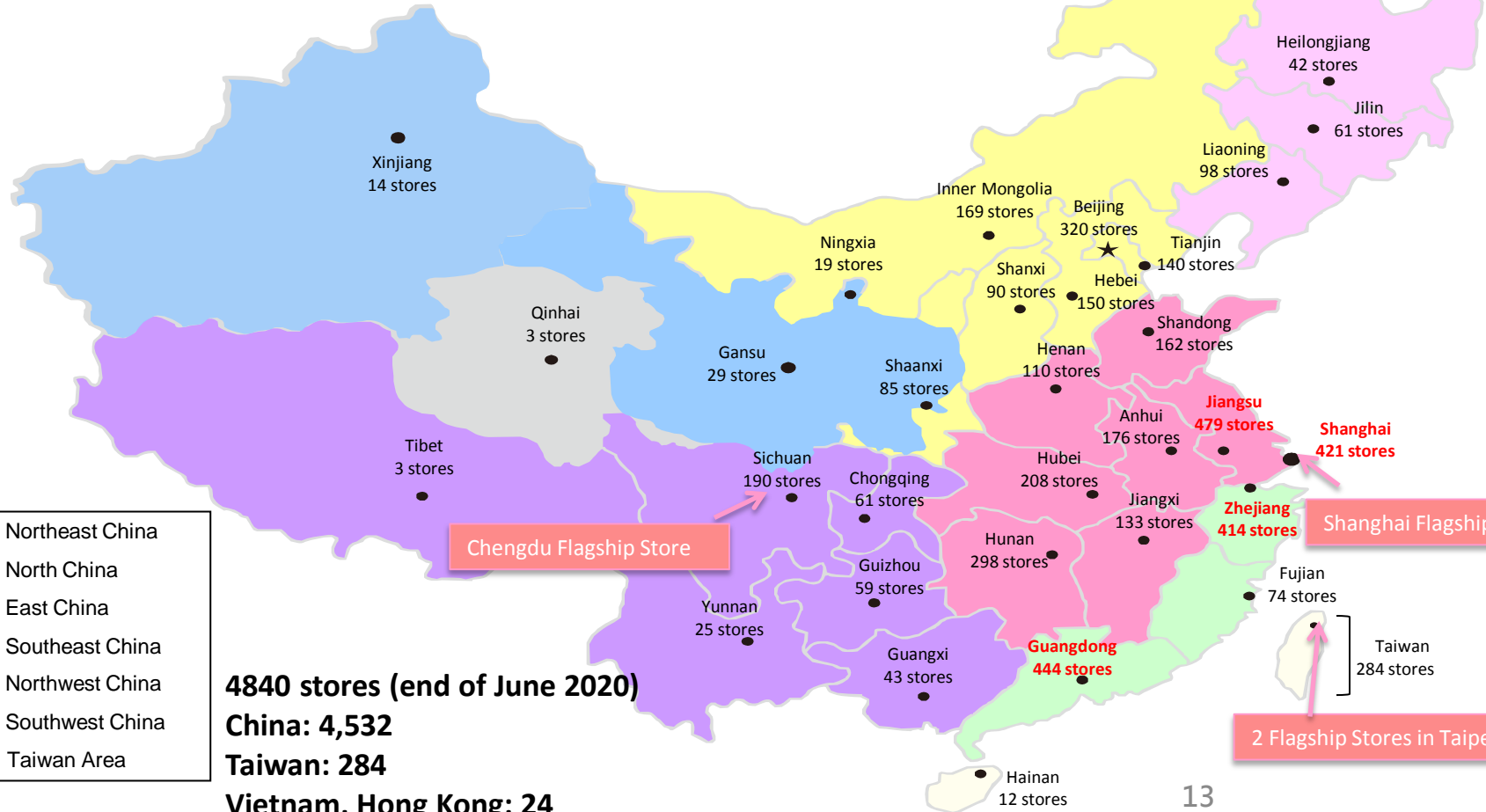
- ◆ Store openings are focused on developed and well-off areas



Source: Chlitina

Geographic Distribution	Developed Areas	Well-off Areas	Developing Areas	Taiwan, Hong Kong, Vietnam	Total
% of stores in Q2 2020	46%	43%	5%	6%	100%
% of sales in Q1-Q2 2020	51%	42%	3%	4%	100%
Average SSS for Q1-Q2 2020 (unit: RMB1,000)	84	74	56	51	76

# Main Channel: CHLITINA Stores Geographic Distribution



**4840 stores (end of June 2020)**

**China: 4,532**

**Taiwan: 284**

**Vietnam, Hong Kong: 24**

# “Concentric diversification” development strategy

CHLITINA



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

# Latest Developments: Inauguration of UPLIDER Lunxin Clinic in Shanghai

Business Model: patients are mostly customers of **CHLITINA** beauty salons; UPLIDER clinics provide comprehensive medical beauty and anti-aging premium services.



勇敢蝶变 逆龄而生  
医疗美容 · 全科抗衰



Beijing: UPLIDER Medical Beauty Clinic

Shanghai: UPLIDER Medical Beauty Clinic

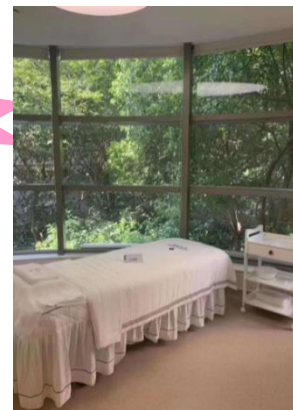
Nanjing: UPLIDER Medical Beauty Clinic

Shanghai: Lunxin Medical Beauty Clinic

Shanghai: Hedeng Clinic (General Practice)

Nanjing: Jinghe Clinic (General Practice)

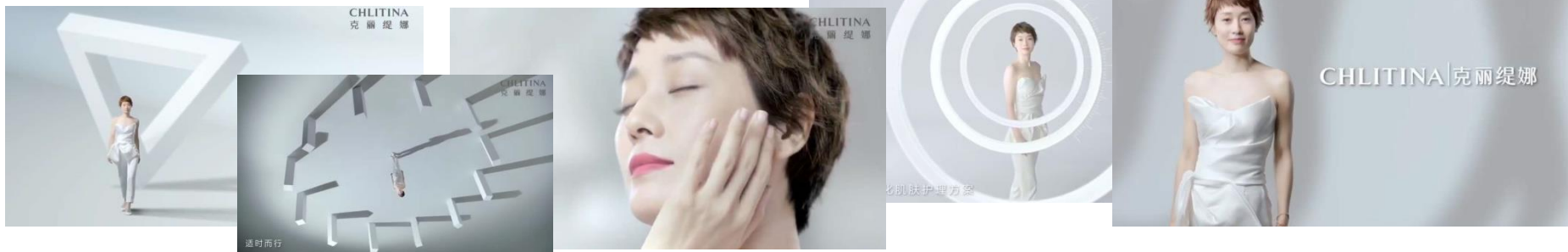
Inaugurated  
in August



# Latest Developments: Branding Events and Promotional Materials

CHLITINA

Brand ambassador Ma Yili starred in recent TV advert.



Ma Yili is also the brand's face in promotional pictures and marketing materials for every kind of event.





# Latest Developments: helping franchisees use new marketing tools and expand their reach

CHLITINA



In 2020 CHLITINA was again selected as the official skin care sponsor for the 26th Shanghai TV Festival.



In order to expand their customer base, franchisees are encouraged to use Alibaba Apps, to post CHLITINA adverts, to do live broadcasts, to share posts, and so on.

**阿里本地生活**

公域流量引入门店私域流量

**引流**

各门店(LBS定位)

天猫618 | 礼赠不停

豪礼 拦不住

20:30-21:30  
6月19日, 天猫618  
集美家好礼派对

天猫美妆护肤 CHLITINA 克丽缇娜

天猫618 | 礼赠不停

20:05-20:15—HEDONE  
克丽缇娜集团执行长  
直播

天猫618 | 礼赠不停

狂赠万元红包  
抢赠大家

天猫618 | 礼赠不停

狂赠万元红包  
抢赠大家

天猫618 | 礼赠不停

狂赠万元红包  
抢赠大家

天猫618 | 礼赠不停

狂赠万元红包  
抢赠大家

CHLITINA 克丽缇娜

夏日焕肤 透亮美肌

61.8

61.8

61.8

夏日焕肤 透亮美肌

SPA 6折

168

168

168

# Latest Developments: Offering a Modest Contribution, Fulfilling Our Corporate Social Responsibilities

CHLITINA donated a transportation vehicle for children and assistive devices with special needs to the Social Affairs Bureau of Kaohsiung City Government, so as to facilitate social work in remote rural communities.



Through its Light a Lamp Foundation, CHLITINA continues to fund education for children in rural areas, and to donate emergency essential supplies and equipment to areas afflicted by natural disasters.



每瓶一高E-PO活容量50g  
即为中国青少年发展基金会  
“燃灯基金阅读力量”捐赠1元  
(限捐赠, 每瓶限捐赠1元)

一本书影响乡村孩子的一生  
CHLITINA 公益品牌

“燃灯基金·阅读力量”是中国青少年发展基金会首个  
聚焦乡村儿童阅读的教育公益基金, 助力乡村阅读体系  
建设, 让乡村儿童在阅读中成长, 在成长中, 让  
乡村儿童阅读触手可及, 提升自主学习力, 最  
终使乡村儿童成长为具有正确价值观、开阔世界



# Business Outlook

CHLITINA  
克麗緹娜

Combining various marketing strategies, franchisee recruitment events, advertisement campaigns, and new product launches, we are confident in our ability to return soon to our previous pace of operations.





## Other channels: UPLIDER, XINMEILI, RnD

CHLITINA

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


  
UPLIDER  
雅樸麗德

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


  
RnD<sup>®</sup>

XINMEILI cooperates with brick-and-mortar stores, playing a key role in connecting all our businesses together.


  
新美力  
Beauty Health Happiness



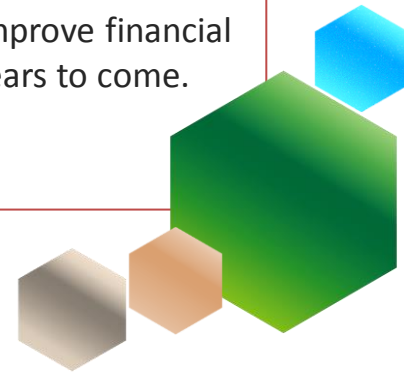
In addition to skin care products and services, our portfolio is expanding to include the fruit of our latest R&D projects in the fields of hair care, mineral water, probiotics, as well as stem cell research and consulting services.



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



We continue to optimize internal efficiency, implement digital management, and improve financial structure and talent management, so that the group will keep growing for many years to come.



# Q2 2020 Financial Overview

## Profit Breakdown by Channel

Unit: RMB1,000

Item	2018			2019			Q1-Q2 2020		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	965,270	163,696	83%	1,112,615	159,477	86%	346,109	48,084	86%
E-commerce	35,064	10,395	70%	30,305	8,304	73%	18,004	4,230	77%
Clinics	3,623	698	81%	6,785	13,492	-99%	5,089	8,245	-62%
Others	808	720	11%	292	1,874	-542%	51	901	-1667%
<b>Total</b>	<b>1,004,765</b>	<b>175,509</b>	<b>82.5%</b>	<b>1,149,997</b>	<b>183,147</b>	<b>84.1%</b>	<b>369,253</b>	<b>61,460</b>	<b>83.0%</b>



## Condensed Income Statement

Unit: \$1,000

Item	2018		2019		Q1-Q2 2020	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	1,004,765	4,578,513	1,149,997	5,138,879	369,253	1,572,574
Operating costs	-175,509	-799,759	-183,147	-818,411	-61,460	-261,745
Gross profit	829,256	3,778,754	966,850	4,320,468	307,793	1,310,829
Gross profit rate	82.5%		84%		83%	
Selling exp.	-344,315	-1,568,975	-400,409	-1,789,267	-137,839	-587,029
Admin exp.	-142,010	-647,111	-166,076	-742,127	-68,051	-289,815
Operating profit	342,931	1,562,668	400,365	1,789,074	101,903	433,985
Total non-operating	23,235	105,877	43,230	193,178	30,158	128,436
Profit before tax	366,166	1,668,545	443,595	1,982,252	132,061	562,421
Income tax exp.	-98,680	-449,665	-123,101	-550,089	-51,244	-218,238
Profit for the period	267,486	1,218,880	320,494	1,432,163	80,817	344,183
EPS (NT\$)	3.38	15.4	4.03	18.02	1.02	4.34
Cash dividend (yearly)	NT\$12 per share		NT\$13 per share		NA	

## Condensed Balance Sheets

Unit: \$1,000

Item	2018		2019		Q1-Q2 2020	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	3,946,003	62%	5,456,484	67%	5,149,188	64%
Inventories	481,102	8%	382,585	5%	521,817	7%
Investment (Equity method)	22,892	0%	19,558	0%	117,566	1%
Property, plant and equipment, net	1,363,566	21%	1,367,720	17%	1,339,967	17%
Right-of-use assets	0	0%	493,732	6%	400,936	5%
Others assets	569,960	9%	432,930	5%	478,857	6%
<b>Total Assets</b>	<b>6,388,341</b>	<b>100%</b>	<b>8,153,009</b>	<b>100%</b>	<b>8,008,331</b>	<b>100%</b>
Bank loans	1,034,758	16%	1,940,857	24%	1,930,597	24%
Accounts payable	73,258	1%	91,141	1%	91,614	1%
Other payables	568,252	9%	551,031	7%	1,498,043	19%
Lease liabilities	0	0%	480,998	6%	392,998	5%
Other liabilities	598,522	9%	708,135	9%	588,761	7%
<b>Total liabilities</b>	<b>2,274,790</b>	<b>36%</b>	<b>3,772,162</b>	<b>46%</b>	<b>4,502,013</b>	<b>56%</b>
Common capital	794,924	12%	794,924	10%	794,924	10%
Capital surplus & legal reserve	2,036,484	32%	2,240,348	27%	2,593,486	32%
Unappropriated retained earnings	1,622,182	25%	1,896,488	23%	854,134	11%
Other equities	(340,039)	-5%	(549,959)	-7%	(736,226)	-9%
<b>Total equity</b>	<b>4,113,551</b>	<b>64%</b>	<b>4,381,801</b>	<b>54%</b>	<b>3,506,318</b>	<b>44%</b>

## Condensed Statement of Cash Flows

Unit: \$1,000

Item	2018		2019		Q1-Q2 2020	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	288,865	1,316,502	410,316	1,833,543	10,754	45,799
Net cash provided (used in) investments	-116,746	-531,989	3,993	17,843	-27,018	-114,669
-Acquisition or disposal of real estate or equipment	-122,420	-557,844	-42,781	-191,172	-9,965	-42,440
-Others	5,674	25,855	51,811	231,523	-17,053	-72,229
Net cash used in financing activities	-44,095	-218,846	-17,196	-89,978	-22,435	-95,508
-Dividend distribution	-136,496	-635,938	-210,529	-953,908	0	0
-Others	92,401	417,092	193,333	863,930	-22,435	-95,508

Thank You!

Q&A



2020 China Finance Summit (9<sup>th</sup> edition)



CEO Ryan Chao received the Industry Influencer Award.



CHLITINA was awarded the Industry Influential Brand Award.