

May 13, 2015

The President

The Stock Exchange of Thailand

Re : Management Discussion and Analysis on 1Q15

Financial Performance Summary – 1Q15

Beauty Community Public Co., Ltd. is pleased to announce its 1Q15 the management discussion and analysis.

- Total Revenue 1Q15 of THB 364.47 million growth 30.47%
- Gross Profit 1Q15 of THB 243.18 million growth 31.37%
- Selling expenses 1Q15 of THB 120.50 million increased 21.94%
- Administrative expenses 1Q15 of THB 34.37 million increased 25.36%
- Net Profit 1Q15 of THB 76.00 million decreased 45.41%

Million Baht	Q1				YoY		Q4		QoQ	
	2015	%	2014	%	+ / -	%	2014	%	+ / -	%
Revenue from sales	357.93	98.21%	272.76	97.64%	85.16	31.22%	420.12	98.46%	62.20	-14.80%
Cost of sales	114.75	31.48%	87.66	31.38%	27.09	30.90%	140.41	32.91%	25.66	-18.27%
Gross profit (GP)	243.18	67.94%	185.10	67.86%	58.07	31.37%	279.72	66.58%	36.54	-13.06%
Other Income	6.54	1.79%	6.60	2.36%	0.05	-0.80%	6.56	1.54%	0.02	-0.27%
Total Revenue	364.47	100.00%	279.36	100.00%	85.11	30.47%	426.68	100.00%	62.22	-14.58%
Selling expenses	120.50	33.06%	98.82	35.37%	21.68	21.94%	120.82	28.32%	0.33	-0.27%
Administrative expenses	34.37	9.43%	27.42	9.82%	6.95	25.36%	34.35	8.05%	0.03	0.08%
Profit before interest & tax (EBIT)	94.85	26.02%	65.46	23.43%	29.39	44.90%	131.11	30.73%	36.26	-27.66%
Finance costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Income tax	18.85	5.17%	13.19	4.72%	5.65	42.84%	26.37	6.18%	7.52	-28.53%
Profit for the period	76.00	20.85%	52.27	18.71%	23.74	45.41%	104.74	24.55%	28.74	-27.44%
Other comprehensive income	-	0.00%	2.43	0.87%	2.43	100.00%	-	0.00%	-	100.00%
Total comprehensive income for the period (net)	76.00	20.85%	49.83	17.84%	26.17	52.51%	104.74	24.55%	28.74	-27.44%
EBITDA	106.57	29.24%	74.97	26.84%	31.60	42.15%	142.14	33.31%	35.57	-25.03%

Note : 1. % GP margin calculated to sales 2. Financial statement for year 2014 were adjusted.

Total Revenue

Total Revenue 1Q15 were THB 364.47 million growth 30.47% YoY and decreased 14.58% QoQ. Total Revenue were mainly increased from the shop expansion that increased 53 shops from 251 shops on 31 March 2014 (Domestic : BEAUTY BUFFET 184 shops, BEAUTY COTTAGE 54 shops, BEAUTY MARKET 5 shops and Oversea : BEAUTY BUFFET 5 shops, BEAUTY COTTAGE 3 shops) to be 304 shops on 31 March 2015 (Domestic : BEAUTY BUFFET 205 shops, BEAUTY COTTAGE 67 shops, BEAUTY MARKET 10 shops and Oversea : BEAUTY BUFFET 19 shops, BEAUTY COTTAGE 3 shops) and increased from the Same Store Sales Growth : 1Q15 average were 17.70%. 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 75.44%, Beauty Cottage 12.50%, Beauty Market 4.71%, Franchises 1.38%, Modern Trade 2.98%, Wholesales, oversea and other 2.99%. However, total revenue were decreased from 4Q14 because of the high season effected.

Gross Profit

Gross Profit 1Q15 were THB 243.18 million growth 31.37% YoY but decreased 13.06% QoQ.

Gross profit increased mainly came from total sales increased. Gross profit margin 1Q15 were 67.94% slightly increased from 1Q14 (67.86%) and better than 4Q14 (66.58%) due to operation improvement.

Selling expenses

Selling expenses for 1Q15 were THB 120.50 million increased 21.94% YoY, decreased 0.27% QoQ. 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 and to support the new shop concept and also salary base increased in January.

Administrative expenses

Administrative expenses 1Q15 were THB 34.37 million increased 25.36% YoY, increased 0.08% QoQ. Administrative expenses increased mainly came from staff cost that have to increase headcount to support the expansion and also salary base increased in January.

Net Profit

Net profit for 1Q15 were THB 76.00 million increased 45.41% YoY, decreased 27.44% QoQ. Net profit increased mainly came from sales volume increased by many factors such as increased from both retail shop and modern trade channels , moreover BEAUTY BUFFET and BEATY COTTAGE were famous in tourists from China and Middle East.

Statement of Financial Position

Total assets as at March 31, 2015 were THB 1,387.79 million increased THB 100.83 million or 7.84% from 31 December 2014 mainly came from used in investing activities such as temporary investment , inventory and land, building and equipment. Total liabilities were THB 224.27 million increased THB 24.83 million or 12.45% from 31 December 2014, liabilities mainly came from trade account payable THB 83.76 million, accrued expenses THB 36.19 million, and assets payables THB 9.53 million. Total shareholders' equity were THB 1,163.51 million increased THB 76.00 million or 6.99% from December 31, 2014 mainly increased came from net profit for the period.

Statement of Cash Flows

For this period 1Q15, the company had net cash inflows by operating activities of THB 50.63 million and cash and cash equivalents as at the end of period of THB 126.62 million, temporary investments increased THB 70.00 million (Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and without withdrawal restrictions). Used in for purchased of fixed assets of THB 28.53 million.

Financial Ratio

Financial Ratio	31/3/2015	31/12/2014	31/12/2013	31/12/2012
Current ratio	4.40	4.60	6.84	10.75
Finished goods days	196	141	132	113
Total inventory days	249	188	187	176
Return on equity	27.01%	28.87%	21.25%	28.63%
Return on assets	22.73%	24.83%	19.07%	24.27%
Debt to equity	0.19	0.18	0.13	0.09

For this period, current ratio was 4.40 time show that company still has more capability to repay short term liabilities but decreased slightly from last year due to current assets slightly increased and current liabilities increased from trade account payable and accrued expenses.

Inventory days (Finished goods) was 196 days that better to our operation but increased from last year due to we have to stock inventory for shop expansion and new shop concept Beauty Market and for 2Q15.

Return on equity was 27.01% decreased from last year due to average total shareholders' equity was very high this year.

Return on assets was 22.73% decreased from last year due to average total assets was very high this year.

Debt to equity ratio was 0.19 time slightly increased from last year due to total liabilities increased but total shareholders' equity slightly increased.

Dividend payment

The Ordinary General Meeting of Shareholders on 25 April 2013 resolved to approve the dividend payment based on the company's operation for 2012, additional payment at the rate of THB 0.35 per share of total amount of THB 105.0 million, which was paid on 22 May 2013.

On 13 August 2013, the Board of Directors Meeting approved the 2013 interim dividend payment at the rate of THB 0.30 per share, which be paid on 12 September 2013.

On 25 February 2014, the Board of Directors Meeting approved the 2013 dividend payment be paid to the shareholders of 300 million shares at the rate of THB 0.65 per share, amount of Baht 195 million, for which the interim dividend was paid on 12 September 2013 at Baht 0.30 per share, amount of Baht 90 million, the remaining dividend to be paid at Baht 0.35 per share, amount of Baht 105 million which be paid on 22 May 2014 and the general shareholders' meeting on 25 April 2014 approved this payment already.

On 13 August 2014, the Board of Directors Meeting approved the 2014 interim dividend payment at the rate of THB 0.35 per share, which be paid on 12 September 2014.

Therefore, on 25 February 2015, the Board of Directors Meeting approved the 2014 dividend payment be paid to the shareholders of 300 million shares at the rate of THB 0.99 per share, amount of Baht 297 million, for which the interim dividend was paid on 12 September 2014 at Baht 0.35 per share, amount of Baht 105 million, the remaining dividend to be paid at Baht 0.64 per share, amount of Baht 192 million which be paid on 22 May 2015 and were approved by the general shareholders' meeting on 24 April 2015 already.

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" and "Girly Girl" products through other distribution channels including modern trade, convenience stores and Traditional Trade. The distribution through retail shops and other distribution channels can be summarized as follow:

1. A total of 205 Beauty Buffet retail shops as of March 31, 2015
2. A total of 67 Beauty Cottage shops as of March 31, 2015
3. A total of 10 Beauty Market shops as of March 31, 2015
6. Total 22 Oversea Retail Stores as of March 31, 2015:
 - Cambodia, a total of 6 retail stores (5 for Beauty Buffet and 1 for Beauty Cottage)
 - Vietnam, a total of 12 retail stores (12 for Beauty Buffet)
 - Myanmar, a total of 2 retail stores (1 for Beauty Buffet and 1 for Beauty Cottage)
 - Laos, a total of 2 retail stores (1 for Beauty Buffet and 1 for Beauty Cottage)

Operation Plan for 2015

To meet the business goals the company will focus on development of new concepts as well as product lines, including adding distribution channels continuously. The company's plans for 2558 are as follows:

(1) Development of new product concept. The company has a policy on development new product concepts related to beauty, health and lifestyle, which is the company's line of business expertise, to meet the diverse needs of consumers and to capture a broader market segments.

(2) Addition of the distribution channel. The company has a policy on expanding distribution channels other than the Company's current distribution channels continuously. The company has promoted its product through Facebook and plans to develop its E-Commerce site (beautyplazaonline.com) to facilitate customers in an area not covered by retail branches and to make products more accessible.

(3) The company mainly distributes its products and largely generates its revenue through retail stores. The retail stores are the main growth arm for the company and the company has a policy to continuously expand its retail stores.

(4) Investing to improve operation efficiency such as ERP System, and establishment of training center and warehouse for supporting business expansion in the future. In terms of information system improvement, the company has bought Microsoft Dynamics AX2012 to support company's management and retail system. The project is in process to develop program.

Despite unstable economic situation in Thailand, in the first quarter Beauty Community still keeps an increase of total revenue of 30.47%, in addition, an increase of Same Store Sales Growth of the first quarter in 2015 on average of 17.70%. Accordingly, Beauty Community has strongly believed that we would grow further and sustainably that we would reach the goal of the 20% increase of total revenue.

Your faithfully,

Beauty Community Public Company Limited

(Mr.Surapon Phetklueng)

Director of Financial and Accounting