

November 12, 2015

The President

The Stock Exchange of Thailand

Re : Management Discussion and Analysis on 3Q15 and YTD3Q15

Financial Performance Summary – 3Q15 and YTD3Q15

Beauty Community Public Co., Ltd. is pleased to announce its 3Q15 the management discussion and analysis.

- Total Revenue 3Q15 of THB 447.63 million growth 23.99% and YTD3Q15 of THB 1,218.02 million growth 27.67% YoY
- Gross Profit 3Q15 of THB 294.89 million growth 22.39% and YTD3Q15 of THB 809.89 million growth 28.43% YoY
- Selling expenses 3Q15 of THB 140.08 million increased 23.44% and YTD3Q15 of THB 386.51 million increased 21.42% YoY
- Administrative expenses 3Q15 of THB 31.41 million decreased 5.33% and YTD3Q15 of THB 100.07 million increased 11.15% YoY
- Net Profit 3Q15 of THB 101.90 million increased 27.14% and YTD3Q15 of THB 271.52 million growth 40.61% YoY

Million Baht	Q3				YoY		Q2		QoQ		Year to Date (YTD)				YoY	
	2015	%	2014	%	+/-	%	2015	%	+/-	%	2015	%	2014	%	+/-	%
Revenue from sales	443.83	99.15%	355.03	98.34%	88.80	25.01%	400.51	98.67%	43.32	10.82%	1,202.26	98.71%	934.80	97.98%	267.46	28.61%
Cost of sales	148.94	33.27%	114.08	31.60%	34.86	30.56%	128.68	31.70%	20.26	15.74%	392.37	32.21%	304.17	31.88%	88.20	29.00%
Gross profit (GP)	294.89	66.44%	240.95	67.87%	53.94	22.39%	271.82	67.87%	23.07	8.49%	809.89	67.36%	630.63	67.46%	179.26	28.43%
Other Income	3.80	0.85%	5.98	1.66%	- 2.18	-36.43%	5.42	1.33%	- 1.62	-29.85%	15.76	1.29%	19.26	2.02%	- 3.50	-18.18%
Total Revenue	447.63	100.00%	361.01	100.00%	86.62	23.99%	405.92	100.00%	41.70	10.27%	1,218.02	100.00%	954.06	100.00%	263.96	27.67%
Selling expenses	140.08	31.29%	113.49	31.44%	26.60	23.44%	125.93	31.02%	14.16	11.24%	386.51	31.73%	318.33	33.37%	68.18	21.42%
Administrative expenses	31.41	7.02%	33.18	9.19%	- 1.77	-5.33%	34.28	8.45%	- 2.88	-8.39%	100.07	8.22%	90.03	9.44%	10.04	11.15%
Profit before interest & tax (EBIT)	127.20	28.42%	100.27	27.77%	26.93	26.86%	117.03	28.83%	10.17	8.69%	339.07	27.84%	241.53	25.32%	97.54	40.39%
Finance costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	#DIV/0!
Income tax	25.29	5.65%	20.12	5.57%	5.18	25.74%	23.42	5.77%	1.88	8.02%	67.56	5.55%	48.43	5.08%	19.12	39.48%
Profit for the period	101.90	22.76%	80.15	22.20%	21.75	27.14%	93.61	23.06%	8.29	8.85%	271.52	22.29%	193.10	20.24%	78.42	40.61%
Other comprehensive income	-	0.00%	-	0.00%	-	100.00%	-	0.00%	-	100.00%	-	0.00%	2.43	0.26%	- 2.43	100.00%
Total comprehensive income for the period (net)	101.90	22.76%	80.15	22.20%	21.75	27.14%	93.61	23.06%	8.29	8.85%	271.52	22.29%	190.66	19.98%	80.85	42.41%
EBITDA	139.04	31.06%	111.32	30.84%	27.73	24.91%	128.62	31.69%	10.42	8.10%	374.23	30.72%	272.45	28.56%	101.78	37.36%

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

Total Revenue

Total Revenue 3Q15 were THB 447.63 million growth 23.99% YoY and increased 10.27% QoQ. Total Revenue were mainly increased from the shop expansion that increased 53 shops from 275 shops on 30 September 2014 (Domestic : BEAUTY BUFFET 195 shops, BEAUTY COTTAGE 61 shops, BEAUTY MARKET 9 shops and Oversea : BEAUTY BUFFET 6 shops, BEAUTY COTTAGE 4 shops) to be 328 shops on 30 September 2015 (Domestic : BEAUTY BUFFET 216 shops, BEAUTY COTTAGE 70 shops, BEAUTY MARKET 13 shops and Oversea : BEAUTY BUFFET 26 shops, BEAUTY COTTAGE 3 shops) and increased from the Same Store Sales Growth : 3Q15 average were 12.01%(SSSG YTD3Q15 average 15.96%). 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 75.85%, Beauty Cottage 12.46%, Beauty Market 4.08%, Franchises 1.13%, CP 3.16%, Wholesales, oversea and other 3.32%.

Gross Profit

Gross Profit 3Q15 were THB 294.89 million growth 22.39% YoY and 8.49% QoQ and YTD3Q15 of THB 809.89 million growth 28.43% YoY

Gross profit increased mainly came from total sales increased. However, gross profit margin 3Q15 were 66.44% slightly decreased from 3Q14 (67.87%) and slightly decreased from 2Q15 (67.87%) and gross profit margin YTD3Q15 were 67.36% slightly decreased from YTD3Q14 (67.46%) due to we had more promotion activities to build sales volume in this period.

Selling expenses

Selling expenses for 3Q15 were THB 140.08 million increased 23.44% YoY, increased 11.24% QoQ and YTD3Q15 of THB 386.51 million growth 21.42% YoY. 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.

Administrative expenses

Administrative expenses 3Q15 were THB 31.41 million decreased 5.33% YoY, decreased 8.39% QoQ and YTD3Q15 of THB 100.07 million increased 11.15% YoY. Administrative expenses increased mainly came from staff cost that have to increase headcount to support the expansion.

However, 3Q15 total SG&A : percent to total revenue were 38.31% decreased from 40.63% YoY and decreased from 39.47% QoQ. This meant we can control the expenses better.

Net Profit

Net profit for 3Q15 were THB 101.90 million increased 27.14% YoY, increased 8.85% QoQ and net profit for period YTD3Q15 of THB 271.52 million growth 40.61% YoY. Net profit increased mainly came from sales and gross profit increased and cost control.

Statement of Financial Position

Total assets as at September 30, 2015 were THB 1,255.35 million decreased 2.46% from 31 December 2014 mainly came from net cash provided by operating activities. Cash and cash equivalents were THB 283.82 million, temporary investments were THB 280.00 million (Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and without withdrawal restrictions), long term investments decreased THB 100.00 million (Long term investments consist of long-term deposit with financial institution due over 1 year and without withdrawal restrictions), account receivable were THB 20.27 million without doubtful debt, inventory were THB 270.08 million, property, plant and equipment were THB 273.05 million.

Total liabilities were THB 238.33 million increased 19.50% from 31 December 2014, liabilities mainly came from trade account payable THB 85.27 million, accrued expenses THB 51.65 million, and assets payables THB 18.16 million. Total shareholders' equity were THB 1,017.03 million decreased 6.48% from December 31, 2014 mainly increased came from net profit for the period but decreased from dividend payment.

Statement of Cash Flows

For the 9 month periods ended September 30, 2015, the company had net cash inflows by operating activities of THB 351.59 million, net cash provided by investing activities THB 99.67 million, used in for purchased of fixed assets of THB 99.47 million, temporary investments decreased THB 100.00 million, long term investments decreased THB 100.00 million (Long term investments consist of long-term deposit with financial institution due over 1 year and without withdrawal restrictions), dividend paid THB 342.00 million, then cash and cash equivalents as at the end of period of THB 283.82 million.

Financial Ratio

Financial Ratio	30/9/2015	30/6/2015	31/3/2015	31/12/2014	31/12/2013	31/12/2012
Current ratio	3.74	5.05	4.40	4.60	6.84	10.75
Finished goods days	148	164	196	141	132	113
Total inventory days	192	215	249	188	187	176
Return on equity	34.40%	31.52%	27.01%	28.87%	21.25%	28.63%
Return on assets	28.48%	26.78%	22.73%	24.83%	19.07%	24.27%
Debt to equity	0.23	0.17	0.19	0.18	0.13	0.09

For this period, current ratio was 3.74 time show that company still has more capability to repay short term liabilities , slightly decreased from last year and last quarter.

Inventory days (Finished goods) was 148 days that better to our operation, increased from last year but better than last quarter due to we have to stock inventory for shop expansion and new shop concept Beauty Market.

Return on equity was 34.40% better than last year and better than last quarter, it mean that better profitability.

Return on assets was 28.48% better than last year and better than last quarter, it mean that operation efficiency had improvement.

Debt to equity ratio was 0.23 time close to last year and last quarter.

Dividend payment

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.

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.

On 13 August 2015, the Board of Directors Meeting approved the 2015 interim dividend payment at the rate of THB 0.05 per share, totally THB 150.00 million or 88.44% to net profit , which be paid on 14 September 2015. Therefore, dividend per share decreased due to change in par value of share capital from Baht 1.00 each for 300,000,000 shares to Baht 0.10 each for 3,000,000,000 shares amounting to Baht 300 million that were approved by AGM held on April 24, 2015 and the company has registered the changes in par value of share capital with the Ministry of Commerce on May 8, 2015.

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 216 Beauty Buffet retail shops as of September 30, 2015
2. A total of 70 Beauty Cottage shops as of September 30, 2015

3. A total of 13 Beauty Market shops as of September 30, 2015

4. Total 29 Oversea Retail Stores as of September 30, 2015:

- Cambodia, a total of 7 retail stores (6 for Beauty Buffet and 1 for Beauty Cottage)
- Vietnam, a total of 18 retail stores (18 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 1H15 Beauty Community still keeps an increase of total revenue of 27.67%, in addition, an increase of Same Store Sales Growth of the YTD3Q15 on average of 15.96% and NPAT YTD3Q15 growth 40.61%. 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 Phetklung)

Director of Financial and Accounting