

February 26, 2016

The President

The Stock Exchange of Thailand

Re : Management Discussion and Analysis on 4Q15 and Year 2015

Financial Performance Summary – 4Q15 and Year 2015

Beauty Community Public Co., Ltd. is pleased to announce its 4Q15 the management discussion and analysis.

- Total Revenue 4Q15 of THB 574.01 million growth 34.53% and Year 2015 of THB 1,792.03 million growth 29.36% YoY
- Gross Profit 4Q15 of THB 376.71 million growth 34.68% and Year 2015 of THB 1,186.60 million growth 29.70% YoY
- Selling expenses 4Q15 of THB 157.05 million increased 29.99% and Year 2015 of THB 543.56 million increased 23.67% YoY
- Administrative expenses 4Q15 of THB 59.17 million decreased 72.26% and Year 2015 of THB 159.23 million increased 28.03% YoY
- Net Profit 4Q15 of THB 130.97 million increased 25.05% and Year 2015 of THB 402.49 million growth 33.65% YoY

Million Baht	Q4				YoY		Q3		QoQ		Year to Date (YTD)				YoY	
	2015	%	2014	%	+/-	%	2015	%	+/-	%	2015	%	2014	%	+/-	%
Revenue from sales	570.77	99.43%	420.12	98.46%	150.64	35.86%	443.83	99.15%	126.94	28.60%	1,773.02	98.94%	1,359.45	98.14%	413.57	30.42%
Cost of sales	194.05	33.81%	140.41	32.91%	53.65	38.21%	148.94	33.27%	45.11	30.29%	586.43	32.72%	444.58	32.09%	141.85	31.91%
Gross profit (GP)	376.71	66.00%	279.72	66.58%	97.00	34.68%	294.89	66.44%	81.83	27.75%	1,186.60	66.93%	914.87	67.30%	271.73	29.70%
Other Income	3.25	0.57%	6.56	1.54%	- 3.31	-50.48%	3.80	0.85%	- 0.55	-14.53%	19.01	1.06%	25.82	1.86%	- 6.81	-26.38%
Total Revenue	574.01	100.00%	426.68	100.00%	147.33	34.53%	447.63	100.00%	126.39	28.24%	1,792.03	100.00%	1,385.27	100.00%	406.76	29.36%
Selling expenses	157.05	27.36%	120.82	28.32%	36.23	29.99%	140.08	31.29%	16.97	12.11%	543.56	30.33%	439.53	31.73%	104.03	23.67%
Administrative expenses	59.17	10.31%	34.35	8.05%	24.82	72.26%	31.41	7.02%	27.76	88.38%	159.23	8.89%	124.37	8.98%	34.86	28.03%
Profit before interest & tax (EBIT)	163.74	28.53%	131.11	30.73%	32.63	24.89%	127.20	28.42%	36.55	28.73%	502.82	28.06%	376.79	27.20%	126.03	33.45%
Finance costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	#DIV/0!
Income tax	32.77	5.71%	26.37	6.18%	6.40	24.27%	25.29	5.65%	7.48	29.55%	100.32	5.60%	75.63	5.46%	24.69	32.65%
Profit for the period	130.97	22.82%	104.74	24.55%	26.23	25.05%	101.90	22.76%	29.07	28.53%	402.49	22.46%	301.16	21.74%	101.33	33.65%
Other comprehensive income	-	0.00%	-	0.00%	-	100.00%	-	0.00%	-	100.00%	-	0.00%	2.43	0.18%	- 2.43	100.00%
Total comprehensive income for the period (net)	130.97	22.82%	104.74	24.55%	26.23	25.05%	101.90	22.76%	29.07	28.53%	402.49	22.46%	298.73	21.56%	103.77	34.74%
EBITDA	175.59	30.59%	142.16	33.32%	33.43	23.52%	128.62	28.73%	46.97	36.51%	537.98	30.02%	407.71	29.43%	130.26	31.95%

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

Total Revenue

Total Revenue 4Q15 were THB 574.01 million growth 34.53% YoY and increased 28.24% QoQ, Total Revenue Y2015 were THB 1,792.03 million growth 29.36% YoY.

Total Revenue were mainly increased from the shop expansion that increased 47 shops from 295 shops on 31 December 2014 (Domestic : BEAUTY BUFFET 204 shops, BEAUTY COTTAGE 65 shops, BEAUTY MARKET 10 shops and Oversea : BEAUTY BUFFET 13 shops, BEAUTY COTTAGE 3 shops) to be 342 shops on 31 December 2015 (Domestic : BEAUTY BUFFET 227 shops, BEAUTY COTTAGE 70 shops, BEAUTY MARKET 13 shops and Oversea : BEAUTY BUFFET 29 shops, BEAUTY COTTAGE 3 shops) and increased from the Same Store Sales Growth : 4Q15 average were 18.78% (SSSG Year 2015 average 16.87%). 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 74.99%, Beauty Cottage 11.31%, Beauty Market 3.67%, Franchises 1.45%, CP 4.23%, Wholesales, oversea and other 4.35%.

Gross Profit

Gross Profit 4Q15 were THB 376.71 million growth 34.68% YoY and 27.75% QoQ and Year 2015 of THB 1,186.60 million growth 29.70% YoY

Gross profit increased mainly came from total sales increased. However, gross profit margin 4Q15 were 66.00% slightly decreased from 4Q14 (66.58%) and slightly decreased from 3Q15 (66.44%) and gross profit margin Year 2015 were 66.93% slightly decreased from Year 2014 (67.30%) due to we had more promotion activities to build sales volume in this period.

Selling expenses

Selling expenses for 4Q15 were THB 157.05 million increased 29.99% YoY, increased 12.11% QoQ and Y2015 of THB 543.56 million growth 23.67% 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 4Q15 were THB 59.17 million increased 72.26% YoY, increased 88.38% QoQ and Y2015 of THB 159.23 million increased 28.03% YoY. Administrative expenses increased mainly came from staff cost that have to increase headcount to support the expansion.

However, 4Q15 total SG&A : percent to total revenue were 37.67% decreased from 36.37% YoY and decreased from 38.31% QoQ. This meant we can control the expenses better.

Net Profit

Net profit for 4Q15 were THB 130.97 million increased 25.05% YoY, increased 28.53% QoQ and net profit for period Y2015 of THB 402.49 million growth 33.65% YoY. Net profit increased mainly came from sales and gross profit increased and cost control.

Statement of Financial Position

Total assets as at December 31, 2015 were THB 1,492.92 million decreased 16.00% from 31 December 2014 mainly came from net cash provided by operating activities. Cash and cash equivalents were THB 119.01 million, temporary investments were THB 620.00 million (Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and without withdrawal restrictions), but 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 40.93 million without doubtful debt, inventory were THB 290.11 million, property, plant and equipment were THB 292.53 million.

Total liabilities were THB 334.55 million increased 75.73% from 31 December 2014, liabilities mainly came from trade account payable THB 134.66 million, accrued expenses THB 64.86 million, and assets payables THB 19.536 million. Total shareholders' equity were THB 1,148.00 million increased 5.56% from December 31, 2014 mainly increased came from net profit for the period but decreased from dividend payment.

Statement of Cash Flows

For the Y2015, the company had net cash inflows by operating activities of THB 558.32 million, net cash used in investing activities THB 271.87 million, used in for purchased of fixed assets of THB 130.56 million, temporary investments increased THB 240.00 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 119.01 million.

Financial Ratio

Financial Ratio	31/12/2015	30/9/2015	30/6/2015	31/3/2015	31/12/2014	31/12/2013	31/12/2012
Current ratio	3.20	3.74	5.05	4.40	4.60	6.84	10.75
Finished goods days	137	148	164	196	141	132	113
Total inventory days	178	192	215	249	188	187	176
Return on equity	36.01%	34.40%	31.52%	27.01%	28.87%	21.25%	28.63%
Return on assets	28.96%	28.48%	26.78%	22.73%	24.83%	19.07%	24.27%
Debt to equity	0.30	0.23	0.17	0.19	0.18	0.13	0.09

For this period, current ratio was 3.20 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 137 days that better to our operation, decreased from last year and better than last quarter due to we have to stock inventory for shop expansion and new shop concept Beauty Market.

Return on equity was 36.01% better than last year and better than last quarter, it mean that better profitability.

Return on assets was 28.96% better than last year and better than last quarter, it mean that operation efficiency had improvement.

Debt to equity ratio was 0.30 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 11 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.

On 25 February 2016, the Board of Directors Meeting approved the 2015 dividend payment be paid to the shareholders of 3,000 million shares at the rate of THB 0.133 per share, amount of Baht 399 million, for which the interim dividend was paid on 11 September 2015 at Baht 0.05 per share, amount of Baht 150 million, the remaining dividend to be paid at Baht 0.083 per share, amount of Baht 249 million which be paid on 19 May 2016 and will propose to the general shareholders' meeting on 25 April 2016 to approve this payment.

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. Shop brands expansion

1. A total of 227 Beauty Buffet retail shops as of December 31, 2015
2. A total of 70 Beauty Cottage shops as of December 31, 2015
3. A total of 13 Beauty Market shops as of December 31, 2015
4. Total 32 Oversea Retail Stores as of December 31, 2015:
 - Cambodia, a total of 7 retail stores (6 for Beauty Buffet and 1 for Beauty Cottage)
 - Vietnam, a total of 21 retail stores (21 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)

2. Product brands expansion

2.1 Modern trade and convenient store : As at December 31, 2015 Made in Nature brand totally 10 skus and Girly Girl brand totally 14 skus were distributed through modern trade, convenient store and super market such as Big-C supercenter 122 stores, Tesco Lotus 153 stores, Tops Supermarket & Central Food Hall 115 stores.

2.2 Traditional trade : On November 2014, we have signed distribution agreement with CP Consumer Product to distribute our product and were distributed on February 2015.

2.3 Catalog : 4 catalogs ; Friday catalog, 7-11 catalog, Sarah catalog by TV direct and D catalog

2.4 E-Commerce : 14 websites ; 12 third parties websites and 2 BEAUTY websites – Facebook and Beautyplazaonline.com

3. Product roadshow

- Asean Beauty South East Asia’s Premier Beauty Show on April 8-10, 2014 at Bitec Bangna, Bangkok
- Cosmoprof Asia 2015 on November 11-13, 2015 at Hongkong

4. Corporate roadshow

- SET Thai Corporate Day 2015 by Maybank Kim Eng Securities (Thailand) Plc. on 26-27 January 2015 at Four Season Hotel, Bangkok.
- Road show at Singapore by Phillips Securities on 9-11 March 2015.
- Road show at Hongkong by Phatra Securities on 25-27 March 2015.
- Guest speak on seminar “ Thai SMEs to ASEAN” with Business Coach and Consulting Co.,Ltd. on 14 May 2015 at Centara Hotel, Konkaen.
- Corporate day – BEAUTY by CIMB Securities (Thai) on 18 June 2015 at Renaissance Bangkok Ratchaprasong Hotel.
- Road show at London and Scotland by Phillips Securities on 29 July – 2 August 2015.
- Opportunity Day at SET on 7 September 2015.

5. BEAUTY News Y2015

- Y2015 Award “Forbes Asia 200 Best Under a Billion” by Forbes Asia.
- Y2015 SET 100 Index

- Y2015 MSCI Global Small Cap Indexes

6. Infrastructure improvement

- Warehouse and Training Center building have progress 95% have plan to finish within 1Q2015.
- Information Technology : ERP – Microsoft Dynamic AX program were in process to development , will be go-live within this year.

Year 2016 Plan Summary

BEAUTY has plan to grow 20% in total revenue.

Shop expansion plan Y2016 : Beauty Buffet 30 shops, Beauty Cottage 15 shops, Beauty Market 5 shops and Oversea : independent shop in CLMV 18 shops to be 50 shops, shop in shop in Indonesia plan to expand 6 shops in Y2016 to be 21 shops at end of 2016. Moreover we have plan to expand to AEC and Asia by product road show to many country such as Taiwan and Hongkong.

Your faithfully,

Beauty Community Public Company Limited

(Mr.Surapon Phetklueng)

Director of Financial and Accounting