

February 26, 2015

The President

The Stock Exchange of Thailand

Re : Management Discussion and Analysis on 4Q14 and Year 2014

Financial Performance Summary – 4Q14 and Year 2014

Beauty Community Public Co., Ltd. is pleased to announce its 4Q14 the management discussion and analysis.

- Total Revenue 4Q14 of THB 426.68 million growth 58.58% and Year 2014 of THB 1,385.27 million growth 38.93% YoY
- Gross Profit 4Q14 of THB 279.72 million growth 57.03% and Year 2014 of THB 914.87 million growth 33.98% YoY
- Selling expenses 4Q14 of THB 120.82 million increased 25.69% and Year 2014 of THB 439.53 million increased 26.23% YoY
- Administrative expenses 4Q14 of THB 34.35 million increased 25.70% and Year 2014 of THB 124.37 million increased 22.25% YoY
- Net Profit 4Q14 of THB 104.74 million increased 112.27% and Year 2014 of THB 301.16 million growth 45.51% YoY

Million Baht	Q4				YoY		Q3		QoQ		Year to Date (YTD)				YoY	
	2014	%	2013	%	+/-	%	2014	%	+/-	%	2014	%	2013	%	+/-	%
Revenue from sales	420.12	98.46%	261.90	97.34%	158.22	60.41%	356.54	98.35%	63.59	17.83%	1,359.45	98.14%	970.70	97.35%	388.75	40.05%
Cost of sales	140.41	32.91%	83.77	31.14%	56.63	67.60%	114.08	31.47%	26.33	23.08%	444.58	32.09%	287.87	28.87%	156.70	54.43%
Gross profit (GP)	279.72	66.58%	178.13	68.01%	101.59	57.03%	242.46	68.00%	37.26	15.37%	914.87	67.30%	682.82	70.34%	232.05	33.98%
Other Income	6.56	1.54%	7.16	2.66%	0.60	-8.38%	5.98	1.65%	0.58	9.74%	25.82	1.86%	26.42	2.65%	0.60	-2.26%
Total Revenue	426.68	100.00%	269.06	100.00%	157.62	58.58%	362.51	100.00%	64.17	17.70%	1,385.27	100.00%	997.11	100.00%	388.15	38.93%
Selling expenses	120.82	28.32%	96.13	35.73%	24.70	25.69%	113.61	31.34%	7.21	6.35%	439.53	31.73%	348.20	34.92%	91.33	26.23%
Administrative expenses	34.35	8.05%	27.32	10.15%	7.02	25.70%	33.18	9.15%	1.17	3.53%	124.37	8.98%	101.73	10.20%	22.64	22.25%
Profit before interest & tax (EBIT)	131.11	30.73%	61.84	22.98%	69.27	112.03%	101.65	28.04%	29.46	28.98%	376.79	27.20%	259.31	26.01%	117.48	45.31%
Finance costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.21	0.02%	0.21	-100.00%
Income tax	26.37	6.18%	12.49	4.64%	13.88	111.06%	20.39	5.63%	5.98	29.31%	75.63	5.46%	52.13	5.23%	23.50	45.08%
Profit for the period	104.74	24.55%	49.34	18.34%	55.40	112.27%	81.26	22.41%	23.49	28.90%	301.16	21.74%	206.97	20.76%	94.19	45.51%
Other comprehensive income	-	0.00%	-	0.00%	-	100.00%	-	0.00%	-	100.00%	2.43	0.18%	-	0.00%	2.43	100.00%
Total comprehensive income for the period (net)	104.74	24.55%	49.34	18.34%	55.40	112.27%	81.26	22.41%	23.49	28.90%	298.73	21.56%	206.97	20.76%	91.76	44.33%
EBITDA	142.14	33.31%	70.43	26.18%	71.71	101.83%	112.56	31.05%	29.58	26.28%	418.30	30.20%	289.61	29.04%	128.69	44.44%

Note : 1. % GP margin calculated to sales 2. Financial statement for year 2013 were adjusted (Please see financial statements and notes for year 2014)

Total Revenue

Total Revenue 4Q14 were THB 426.68 million growth 58.58% YoY and growth 17.70% QoQ and Year 2014 of THB 1,385.27 million growth 38.93% YoY. Total Revenue were mainly increased from the shop expansion that increased 57 shops from 238 shops on 31 December 2013 (BEAUTY BUFFET 179 shops, BEAUTY COTTAGE 50 shops, BEAUTY MARKET 3 shop, and Oversea BEAUTY BUFFET 4 shop, and BEAUTY COTTAGE 2 shop) to be 295 shops on 31 December 2014 (BEAUTY BUFFET 204 shops, BEAUTY COTTAGE 65 shops, BEAUTY MARKET 10 shops, and Oversea BEAUTY BUFFET 13 shops, BEAUTY COTTAGE 3 shops). 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 77.95%, Beauty Cottage 11.42%, Beauty Market 4.06%, Franchises 1.61%, Modern Trade 1.81%, Wholesales, oversea and other 3.15%.

THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES : Since January 1, 2014, the financial statements caused by the Company adopted TAS 13 “Customer loyalty programmes” the significant accounting policy as stated in notes 3.1 the adoption by the company to impact of the adoption of accounting policies. The statement of financial position as at December 31, 2013 and the statements of Comprehensive Income for the year ended December

31, 2013 are as on note to financial statements note no.5.

Gross Profit

Gross Profit 4Q14 were THB 279.72 million growth 57.03% YoY and 15.37% QoQ and Year 2014 of THB 914.87 million growth 33.98% YoY

Gross profit increased mainly came from total sales increased. Gross profit margin 4Q14 were 66.58% decreased from 4Q13 (68.01%) and decreased from 3Q14 (68.00%) and Year 2014 were 67.30% decreased from year 2013 (70.34%) due to we've opened new concept shop : Beauty Market on July 19, 2013 that gross margin lower than Beauty Buffet and Beauty Cottage, however the total gross profit volume increased and we've more promotion during the period to increase sales.

Selling expenses

Selling expenses for 4Q14 were THB 120.82 million increased 25.69% YoY, increased 6.35% QoQ, and Year 2014 of THB 439.53 million increased 26.23% 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 4Q14 were THB 34.35 million increased 25.70% YoY, increased 3.53% QoQ and Year 2014 of THB 124.37 million increased 22.25% YoY. Administrative expenses increased mainly came from staff cost that have to increase headcount to support the expansion.

However, 4Q14 total SG&A : percent to total revenue were 36.37% decreased from 45.88% on 4Q13 YoY and decreased from 40.49% on 3Q14 QoQ. This meant that we can control the expenses better and some of them are fix cost that percent to total revenue were decreased when sales volume increased.

Net Profit

Net profit for 4Q14 were THB 104.74 million increased 112.27% YoY, increased 28.90% QoQ and net profit for period Year 2014 of THB 301.16 million growth 45.51% YoY. Net profit increased mainly came from sales and gross profit increased. (However, on 1Q14 we've to book the recalculation of the employee benefit for the last period by the actuary amount THB 3.04 million, Net from income tax amount = THB 2.43 million).

Statement of Financial Position

Total assets as at December 31, 2014 were THB 1,286.95 million increased THB 147.78 million or 12.97% from 31 December 2013 mainly came from net cash provided by operating activities. Cash and cash equivalents were THB 174.56 million, temporary investments were THB 390.00 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 THB 100.00 million (Long term investments consist of long-term deposit with financial institution due over 1 year and without withdrawal restrictions), trade and other account receivable were THB 22.26 million without doubtful debt, inventory were THB 288.49 million, property, plant and equipment were THB 198.43 million.

Total liabilities were THB 199.44 million increased THB 59.06 million or 42.07% from 31 December 2013, liabilities mainly came from trade account payable THB 78.69 million, accrued expenses THB 30.19 million, assets payables THB 11.30 million and deferred income for reward points 11.59 million. Total shareholders' equity were THB 1,087.51 million increased THB 88.73 million or 8.88% from December 31, 2013 mainly increased came from net profit for the period but decreased from dividend payment.

Statement of Cash Flows

For the period ended December 30,2014, the company had net cash inflows by operating activities of THB 267.57 million, used in investing activities THB 75.14 million, used in for purchased of fixed assets of THB 74.25 million, invested in long term investments 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 210.00 million, then cash and cash equivalents as at the end of period of THB 174.56 million.

Financial Ratio

Financial Ratio	31/12/2014	30/9/2014	30/6/2014	31/3/2014	31/12/2013	31/12/2012
Current ratio	4.60	4.23	5.80	6.08	6.84	10.75
Finished goods days	141	140	133	137	132	113
Total inventory days	188	190	178	184	187	176
Return on equity	28.87%	25.99%	22.39%	19.89%	21.25%	28.63%
Return on assets	24.83%	22.26%	19.65%	17.50%	19.07%	24.27%
Debt to equity	0.18	0.20	0.14	0.14	0.13	0.09

For this period, current ratio was 4.60 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 141 days that better to our operation, increased from last year and last quarter due to we have to stock inventory for shop expansion and new shop concept Beauty Market and we've to stock inventory to support sales operation for this year-end.

Return on equity was 28.87% better than last year and better than last quarter, it mean that better profitability.

Return on assets was 24.83% better than last year and better than last quarter, it mean that operation efficiency had improvement.

Debt to equity ratio was 0.18 time increased from last year due to total liabilities higher increased than total shareholders' equity.

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 will propose to the general shareholders' meeting on 24 April 2015 to approve this payment.

Management outlook : Year 2014 Summary

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

1.1 Domestic shops as of December 31, 2014 total 279 shops :

- A total of 204 Beauty Buffet retail shops
- A total of 65 Beauty Cottage shops
- A total of 10 Beauty Market shops

1.2 Total 16 Oversea Retail Stores as of December 31, 2014 :

- Cambodia, a total of 5 retail stores (4 for Beauty Buffet and 1 for Beauty Cottage)
- Vietnam, a total of 7 retail stores (7 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

2.1 Made in Nature brand totally 9 skus were distributed through modern trade and super market such as Big-C supercenter 119 stores, Tesco Lotus 153 stores, CJ Express 233 stores, Tops Supermarket 59 stores. On November 2014, we have signed distribution agreement with CP Consumer Product to distribute our product and will be start on February 2015.

2.2 Girly Girl brand totally 14 skus were distributed through

- Convenient stores such as CJ Express, Jiffy, Tops, Nine Cosmetic
- Catalog : Friday Catalog, 7-11 Catalog, Sarah Catalog by TV Direct
- E-Commerce : both third party and Facebook : Beautyplaza, www.Beautyplazaonline.com
- Traditional trade : On November 2014, we have signed distribution agreement with CP Consumer Product to distribute our product and will be start on February 2015.

3. Product roadshow

- Beyond Beauty Asean – Bangkok on September 18-20, 2014 at Impact Arena, Bangkok
- Cosmoprof Asia 2014 on November 13-15, 2014 at Hongkong
- Beauty Open House on July 29 – August 1, 2014 and December 1-4, 2014 at Beauty Community’s office building

4. Corporate roadshow

4.1 Oversea

- SOUTHEAST ASIAN CORPORATE DAY at Le Meridien Hotel, San Francisco, USA : discussed with 14 funds on 8-9 September 2014 by Dr,Suwin Kraibhubes/CEO.
- Met 4 funds at Chicago, USA on 11 September 2014 by Dr,Suwin Kraibhubes/CEO.

4.2 Domestic

- Thailand Focus 2014 “Competencies & Growth Potential” at Grand Hyatt Bangkok on August 29, 2014
- Met the investors and the fund managers at Asia Plus Securities on 2 October 2014.
- Met the investors and the fund managers at BLS on 28 October 2014.

4.3 Opportunity Day at SET on March 13,2014 , August 27, 2014 and November 26, 2014.

5. Infrastructure improvement

- Warehouse and Training Center building have progress 48.78% of total project mainly from base and main structure of building that in line with the projection.
- Information Technology : POS & ERP – Microsoft Dynamic AX program were in process to development , will be go-live within this year.

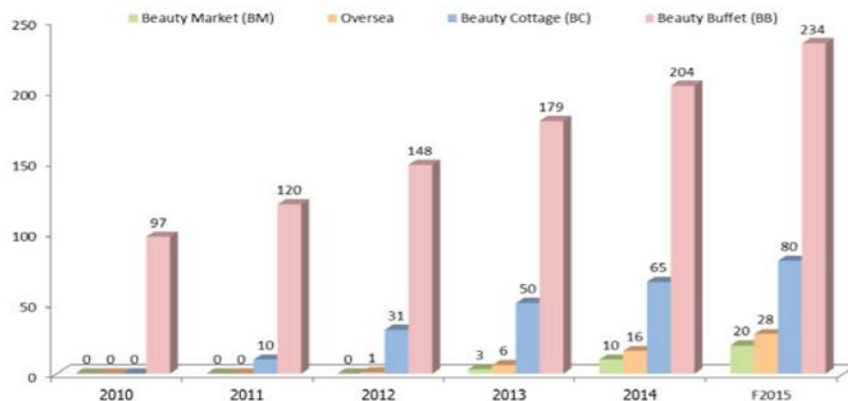
Therefore, BEAUTY’s performance in this period was better due to many factors : the cosmetic’s consumption increased both Bangkok and up-country, CRM program were launched to provide more benefit to member then the basket size increased and percentage of member that come back to buy also increased, and this year we’ve re-training program to motivate our sales force, new products were launched, moreover we’re very famous with the foreigner tourist from China, Hong kong, and middle east.

Year 2015 Plan Summary

BEAUTY has plan to grow 20% in total revenue by shop expansion: Beauty Buffet 30 shops, Beauty Cottage 15 shops, Beauty Market 10 shops and Oversea(CLMV) 12 shops.



Shop Expansion Highlights



Your faithfully,

Beauty Community Public Company Limited

(Mr.Surapon Phetkluang)

Director of Financial and Accounting