

February 26, 2014

The President

The Stock Exchange of Thailand

Re : Management Discussion and Analysis on 4Q13 and Y2013

Financial Performance Summary – 4Q13 and Y2013

Beauty Community Public Co.,Ltd. is pleased to announce its 4Q13 and Y2013 the management discussion and analysis.

- Total Revenue 4Q13 of THB 274.61 million growth 25.37% and Y2013 of THB 1,002.66 million growth 28.93% YoY
- Gross Profit 4Q13 of THB 183.67 million growth 18.49% and Y2013 of THB 688.37 million growth 25.45% YoY
- Selling expenses 4Q13 of THB 96.13 million increased 30.73% and Y2013 of THB 348.20 million increased 36.51% YoY
- Administrative expenses 4Q13 of THB 27.32 million increased 8.87% and Y2013 of THB 101.73 million increased 23.39% YoY
- Net Profit 4Q13 of THB 53.78 million growth 8.86% and Y2013 of THB 211.41 million growth 22.23% YoY

Million Baht	Q4				YoY		Q3		QoQ		Year				YoY	
	2013	%	2012	%	+/-	%	2013	%	+/-	%	2013	%	2012	%	+/-	%
Revenue from sales	267.45	97.39%	217.48	99.29%	49.97	22.98%	241.22	97.33%	26.23	10.87%	976.25	97.37%	769.89	99.00%	206.36	26.80%
Cost of sales	83.78	30.51%	62.47	28.52%	21.31	34.12%	71.94	29.03%	11.84	16.45%	287.87	28.71%	221.16	28.44%	66.71	30.16%
Gross profit (GP)	183.67	68.68%	155.01	71.28%	28.66	18.49%	169.28	70.18%	14.39	8.50%	688.37	70.51%	548.73	71.27%	139.65	25.45%
Other Income	7.16	2.61%	1.55	0.71%	5.61	362.33%	6.61	2.67%	0.55	8.26%	26.42	2.63%	7.77	1.00%	18.65	240.13%
Total Revenue	274.61	100.00%	219.03	100.00%	55.58	25.37%	247.83	100.00%	26.78	10.80%	1,002.66	100.00%	777.65	100.00%	225.01	28.93%
Selling expenses	96.13	35.01%	73.54	33.57%	22.59	30.73%	90.61	36.56%	5.52	6.09%	348.20	34.73%	255.07	32.80%	93.13	36.51%
Administrative expenses	27.32	9.95%	25.09	11.46%	2.23	8.87%	24.91	10.05%	2.41	9.68%	101.73	10.15%	82.45	10.60%	19.28	23.39%
Profit before interest & tax (EBIT)	67.38	24.54%	57.93	26.45%	9.45	16.31%	60.37	24.36%	7.01	11.61%	264.86	26.42%	218.97	28.16%	45.89	20.96%
Finance costs	-	0.00%	0.12	0.05%	0.12	-100.00%	-	0.00%	-	#DIV/0!	0.21	0.02%	0.46	0.06%	0.25	-54.57%
Income tax	13.60	4.95%	8.41	3.84%	5.19	61.64%	12.13	4.89%	1.47	12.10%	53.24	5.31%	45.55	5.86%	7.69	16.88%
Total comprehensive income for the period (NPAT)	53.78	19.58%	49.40	22.55%	4.38	8.86%	48.24	19.46%	5.54	11.48%	211.41	21.08%	172.96	22.24%	38.45	22.23%
EBITDA	75.51	27.50%	63.66	29.06%	11.85	18.62%	68.29	27.56%	7.22	10.57%	295.16	29.44%	239.90	30.85%	55.26	23.03%

Note : % GP margin calculated to sales

Total Revenue

Total Revenue 4Q13 were THB 274.61 million growth 25.37% YoY and growth 10.80% QoQ and Y2013 were THB 1,002.66 million growth 28.93% YoY. Total Revenue were mainly increased from the shop expansion that increased 58 shops from 180 shops on 31 December 2012 (BEAUTY BUFFET 149 shops, BEAUTY COTTAGE 31 shops – included Oversea BEAUTY BUFFET 1 shop) to be 238 shops on 31 December 2013 (BEAUTY BUFFET 183 shops, BEAUTY COTTAGE 52 shops, BEAUTY MARKET 3 shops – included Oversea BEAUTY BUFFET 4 shops, BEAUTY COTTAGE 2 shops) and increased from the Same Store Sales Growth : Y2013 were 5.55%. 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 79.03%, Beauty Cottage 14.37%, Beauty Market 1.36%, Franchises 2.32%, Modern Trade 1.34%, Wholesales and other 1.58%.

Gross Profit

Gross Profit 4Q13 were THB 183.67 million growth 18.49% YoY and decreased 8.50% QoQ and Y2013 were THB 688.37 million growth 25.45% YoY.

Gross profit increased mainly came from total sales increased. Gross profit margin 4Q13 were 68.68% decreased from 4Q12 (71.28%) and slightly decreased from 3Q13 (70.18%) due to we've Year end sale promotion big program to increase sales volume. Moreover, we've opened new concept shop : Beauty Market on July 19, 2013 that gross margin lower than Beauty Buffet and Beauty Cottage. Gross profit margin for Y2013 were 70.51% slightly lower than Y2012 (71.27%).

Selling expenses

Selling expenses for 4Q13 were THB 96.13 million increased 30.73% YoY, increased 6.09% QoQ and for Y2013 were THB 348.20 million increased 36.51% 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 minimum wages effect.

Administrative expenses

Administrative expenses 4Q13 were THB 27.32 million increased 8.87% YoY , increased 9.68% QoQ and Y2013 were THB 101.73 million increased 23.39% YoY. Administrative expenses increased YoY mainly came from staff cost that have to increase to support the shop expansion and also came from minimum wages effect.

Net Profit

Net profit for 4Q13 were THB 53.78 million growth 8.86% YoY, increased 11.48% QoQ and Y2013 were THB 211.41 million growth 22.23% YoY. Net profit increased mainly came from total revenue increased and the company income tax decreased from 23% to 20% for this year.

Statement of Financial Position

Total assets as at December 31, 2013 were THB 1,138.06 million increased THB 59.17 million or 5.48% from 31 December 2012 mainly came from used in investing activities and financing activities. Total liabilities were THB 134.84 million increased THB 42.76 million or 46.44% from 31 December 2012, liabilities were trade account payable THB 53.07 million, accrued expenses THB 24.00 million, assets payables THB 21.21 million, and accrued income tax THB 25.48 million (to be paid 150 days after year end). Total shareholders' equity were THB 1,003.22 million increased THB 16.41 million or 1.66% from December 31, 2012 mainly increased came from net profit for the period but decreased from dividend payment.

Statement of Cash Flows

For this year 2013, the company had net cash inflows by operating activities of THB 192.15 million and cash and cash equivalents as at the end of period of THB 192.14 million. Mainly used in proceeds from temporary investments – net THB 40.0 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 47.92 million, repayments for long-term loans from financial institutions of THB 5.97 million and dividend paid of THB 195.00 million.

Therefore, income tax paid THB 40.76 million was 2012 accrued company income tax that have to pay to Revenue Department within 150 days after year end amount THB 12.95 million, half year 2013 company income tax that have to pay to Revenue Department within 60 days after half year closing period amount THB 27.63 million, and withholding tax that be deducted amount THB 0.18 million (tax credit).

Financial Ratio

Financial Ratio	31/12/2013	31/12/2012	31/12/2011
Current ratio	6.84	10.75	1.77
Finished goods days	132	113	113
Return on equity	21.25%	28.63%	99.37%
Return on assets	19.07%	24.27%	49.68%
Debt to equity	0.13	0.09	0.55

Current ratio was 6.84 time show that company 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 132 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.

Return on equity was 21.25% decreased from last year due to average total shareholders' equity was very high this year.

Return on assets was 19.07% decreased from last year due to average total assets was very high this year.

Debt to equity ratio was 0.13 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.

Therefore, 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 to propose the approval to the general shareholders' meeting on 25 April 2014.

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 179 Beauty Buffet retail shops as of year-end 2013
2. A total of 50 Beauty Cottage shops as of year-end 2013
3. A total of 3 Beauty Market shops as of year-end 2013, Beauty Market is a cross concept between Supermarket, which offers a variety of products and the excitement of Beauty Specialty Store.
4. "Made In Nature", a line of natural products, offer 7 SKUs of products through modern trades and leading supermarkets, including 115 branches of Big C Supermarket, 153 branches of Tesco Lotus and 49 branches of Top Supermarket.
5. "Girly Girl", a line skincare product, offer 11 SKUs of products through convenience stores, catalog (e.g. 7-Catalog) and Traditional Trade.
6. Total 6 Oversea Retail Stores as of year-end 2013:

- Cambodia, a total of 4 retail stores (3 for Beauty Buffet and 1 for Beauty Cottage)
- Vietnam, a total of 2 retail stores (1 for Beauty Buffet and 1 for Beauty Cottage)

7. On July 26, 2013 the company has signed an agreement with DEES SUPREME CO., LTD to be sole distributor in Thailand of GIRL DE PROVENCE PERFUMES, which has Girls' Generation as presenter. The products will be distributed through Beauty Buffet retail stores.

8. Oversea Roadshows to give investors information and confidence:

- Singapore, July 11-12, 2013
- Singapore, August 1-2, 2013
- Hong Kong, October 16-17, 2013
- USA, October 21-25, 2013

9. Beauty Cottage joined COSMOFROF ASIA 2013 at Hong Kong from 13-15 November 2013

10. Held Open House Sales event from 17-20 December 2013, which got a very good response form the customers.

11. June 2013, the company has hired Tectura (Thailand) Co., Ltd. to develop Microsoft Dynamics AX2012 to support company's management and retail system. The project will Go Live in Q2/2014.

Operation Plan for 2014

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 2557 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. The company has already registered the lease with the Land Office and is in the process of obtaining permit for building construction. In terms of information system improvement, the company has hired Tectura (Thailand) Co., Ltd. to develop Microsoft Dynamics AX2012 to support company's management and retail system. The project will Go Live in Q2/2014

Your faithfully,

Beauty Community Public Company Limited

(Mr.Surapon Phetklueg)



บริษัท บิวตี้ คอมมูนิตี้ จำกัด (มหาชน)
BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

Director of Financial and Accounting