

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on 3Q19 and YTD 3Q19

Financial Performance Summary – 3Q19 and YTD 3Q19

Beauty Community Public Co., Ltd. is pleased to announce its 3Q19 and YTD 3Q18 the management discussion and analysis.

Million Baht	Q3		YoY		QoQ		Year to Date (YTD)		YoY	
	2019	%	+ / -	%	+ / -	%	2019	%	+ / -	%
Total Revenue	456.98	100.00%	(624.68)	(57.75%)	(74.63)	(14.04%)	1,537.32	100.00%	(1,306.80)	(45.95%)
Gross profit (GP)	276.53	60.85%	(399.52)	(59.10%)	(41.30)	(12.99%)	924.69	60.57%	(908.50)	(49.56%)
Selling and administrative expenses	215.66	47.19%	(53.62)	(19.91%)	(46.71)	(17.80%)	726.25	47.24%	(61.54)	(7.81%)
Profit for the period	50.85	11.13%	(278.14)	(84.54%)	4.08	8.73%	167.17	10.87%	(700.59)	(80.74%)
EBITDA	76.29	16.69%	(349.57)	(82.09%)	4.42	6.14%	249.23	16.21%	(872.22)	(77.78%)

Note : 1. % GP margin calculated to sales

Total Revenue

Total Revenue 3Q19 were THB 456.98 million decreased 57.75% YoY and decreased 14.04% QoQ, and YTD 3Q18 of THB 1,537.32 million decreased 45.95% YTD and Same Store Sales Growth was -45.55%YTD

Revenue structure came mainly from selling through the retail cosmetic shops: Beauty Buffet shops were 43.61%, Beauty Cottage shops were 12.09%, Beauty Market were 1.10%, Overseas were 24.93%, Consumer Product 15.80%, E-commerce 1.22%, and other 1.26% Note: Oversea shops are operated by our partner which was sold in a wholesales term.

Mainly reduced income was affected by the trade war between China and America. Therefore the economic slowdown continues both domestic and oversea. Which makes costumers have lower purchasing power and heavily competitive in cosmetic business market. In the matter of organizing promotions to boost sales, to compete for market share from the existing competition and new competitor that are increasing.

The company also focus on the development of effective distribution channels In order to reach customers both domestic and oversea by developing the model of new retail stores to become more multi-brands. As well as driving more growth into Modern Trade and E-Commerce channels. The company adjusted the strategy by adding new channels in the Chinese market And expanding to International market more than 10 other countries to reduce the risk of relying on one market. Which has been changed and signed since the end of last year.

Gross Profit

Gross Profit 3Q19 were THB 276.53 million decreased 59.10 % YoY, decreased 12.99% QoQ. And YTD 3Q19 of THB 924.69 million decreased 49.56% YoY

Gross profit 3Q19 were 60.85% decreased from 3Q18 (62.72%) and slightly increased from 2Q19 (60.16%) and gross profit margin YTD 3Q19 were 60.57% decreased from YTD 3Q18 65.16% The decline in GP mainly came from promotions to boost the sales In order to increase the potential of the competition, including more discounts to open up new sales channels in the international market routes.

Selling and Administrative expenses

Selling and Administrative expenses for 3Q19 were THB 215.66 million decreased 19.91% YoY, decreased 17.80% QoQ. YTD 3Q19 of THB 726.25 million decreased 7.81% YoY. Selling and Administrative expenses YTD 3Q19 decreased YoY mainly came from the adjustment of the company's strategy and operational plans. Which focuses on managing expenses control. According to the cost saving program. Such as advertising and promotion expenses fixed costs by closing branches that do not have a profitability In order to reduce expenses that are not generating income. And another part decreased from staff cost such as commissions as it fluctuate upon the sales.

3Q19 total SG&A: percent to total revenue were 47.19% increased from 24.90% YoY and slightly decreased from 49.36% QoQ. And YTD3Q19 was 47.24% to total revenue. Increased 27.70% from YTD 3Q18 to total revenue. Overall expenses volume increased because there is a fixed cost component, which when revenue decreases, will increase the proportion of expenses to sales

Net Profit

Net profit for 3Q19 were THB 50.85 million decreased 84.54% YoY, and increased 8.73% QoQ. And net profit for period YTD 3Q19 of THB 167.17 million decreased 80.74% YoY. Net profit decreased mainly came from sales and gross profit increased and The Company has the ability to control costs quite well.

Dividend payment

On 13 August 2019, the Board of Directors Meeting approved the 2019 interim dividend payment at the rate of THB 0.035 share, totally THB 104.80 million or 90.10% to net profit , which be paid on 9 September 2019

Your faithfully,

Beauty Community Public Company Limited

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(Mr.Surapon Phetklung)

Chief Financial Officer