

2020年法說會



LUO LIH-FEN

羅麗芬控股股份有限公司

L u o L i h - F e n H o l d i n g C o . , L t d

TWSE 6666

30 Sep. 2020

FY2020 Quarterly Update

Disclaimer

The predictive information mentioned in this Briefing and related information published at the same time, including business outlook, financial situation and business forecast, is based on internal information and external overall economic development status of the company.

The company's actual future operating results, financial position and business possibilities differ from predictive information due to various factors, including market demand, changes in policies, decrees and the overall economic situation, as well as other risks beyond the company's control.

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Company Overview

Company Overview



Basic Information

Company Name

LUO LIH-FEN HOLDING CO., LTD.

Chairman

Lily Luo

Number of issued shares

47,88,0030

Industry Category

Biotech Medical

Number of Employees

633 (30/9, 2020)



Business Scope

Business

Salon-level beauty and skin care brand operation, including product development, production, beauty industry staff training, brand maintenance, etc.

Main Market

China Mainland (99%)

Sales Location

Over 4,000 stores



Business Model

Off-line

With the three major facial skin care brands (GLINGLUO, SUNLILY and DRAISE) and the technology and health brand-Qiecome, the sales channel is high-quality distributors in various provinces in mainland China, and then sold to all downstream beauty salon channels through distributors .



On-line

New retail brand «EasyBio» Mainly engaged in beauty and health related products.

Key Dates

2002

Establishment of Jiawenli (Fujian) Cosmetics Co., Ltd.

(The predecessor of Xiamen Jiawenli Cosmetics Industry and Trade Co., Ltd., is the main operating company of LUO LIH-FEN HOLDING CO., LTD.)

2008

Brand SUNLILY entered Chinese market

2004

Brand GLINGLUO entered the Chinese market

Obtained a number of patented technologies

2013

2015
2016

LUO LIH-FEN won the famous trademark of Fujian Province

Brand DRAISE entered the Chinese market

2019

The R&D system obtained CNAS certification.

Obtained national high-tech enterprise certification.

Invested in Taiwan to establish Li Ruijia Company.

Cooperation with Tzu Chi and HungKung University

Technology health care brand-Qiecome and the new online retail brand "EasyBio" is launched.

2018

11/19 Listed in Taiwan.

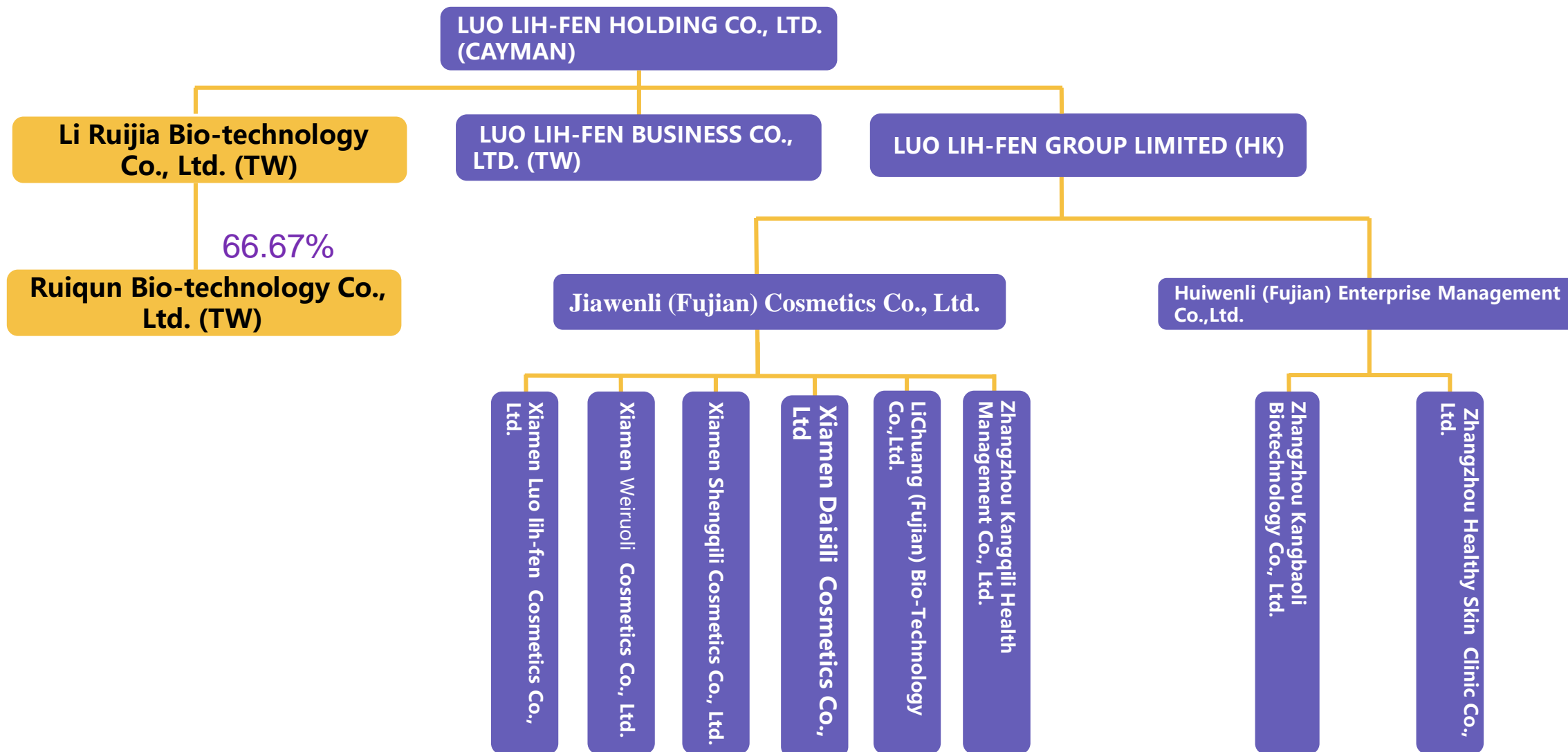
Jointly established a national efficacy evaluation laboratory with China National Institute of Daily Chemical Industry.

2020

3# workshop of Jiawenli company expansion and reconstruction, and cooperation with Xiamen University ---

The medical and aesthetic effects of skin stem cells and marine active peptides.

Group Structure





Business and Operations

Skin Care Products Market

Skin care products are the largest sub-industry in Chinese beauty industry. The product items mainly include body, face and hand care, The sales pipeline is divided into professional line and daily line.

Professional Line (Beauty Salon)

Professional line, also known as "Beauty salon line", mainly refers to the direct sale of products and courses to end-users through consultation with beauty consultants and services of beauticians. Through consultation and communication of beauty consultants, consumers can define the service items. Beauticians can make end customers experience the efficacy of beauty products in depth by means of combination of techniques and instruments. Beauty parlors not only sell courtyard outfits which are limited by venues and services provided by beauticians, but also provide household products for daily use by consumers at home, free from the limitations of venues and beauticians.

Daily Line (Open-shelf)

Sales in Department stores, retail stores, cosmetics, supermarkets and other channels. Can be divided into:

High-grade Cosmetics : The main client group is the consumer group at the top of the pyramid. It is dominated by international brands such as Estee Lauder and Chanel.

Middle-grade Cosmetics : Mainly foreign brands, through self-service counters and franchised stores sales. Including Olay, L'Oreal, Shiseido, etc.

Mass Market Cosmetics : The target group is the general consumer group, with a flat price. It can be sold through stores, supermarkets and franchised stores.

OUR BRANDS



glinglao
葛林若

修護的
不止是肌膚



SUNLILY
圣迪妮尔

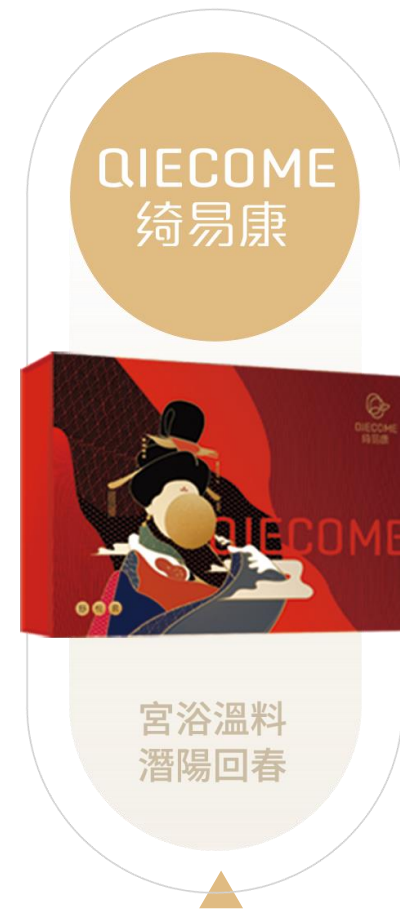
喚醒肌膚的
閃耀之美

Skin Care Brands



DRAISE
黛昂丝

為生命之美找到
煥變出路



QIECOME
綺易康

宮浴溫料
潛陽回春

Health Brand

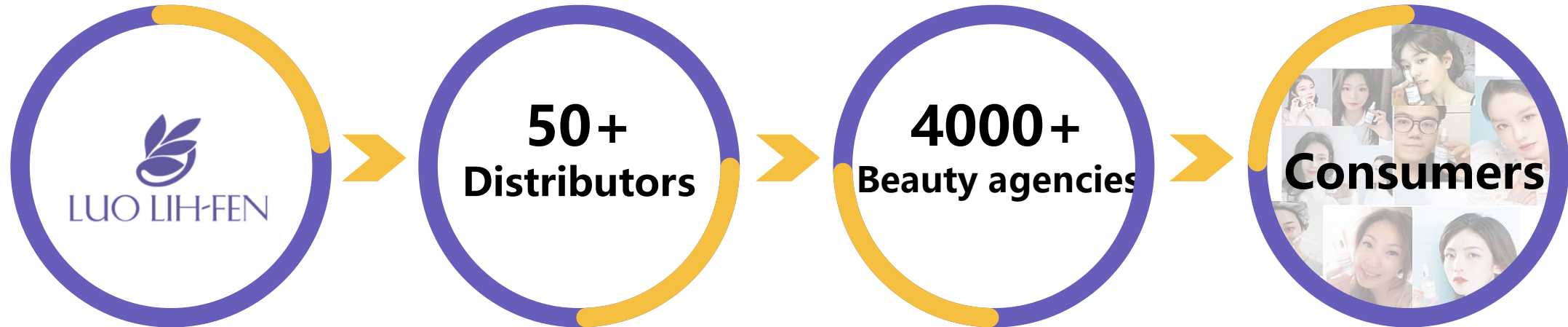


Easybio
伊姿佰

簡單
專業
無齡

New Retail Brand

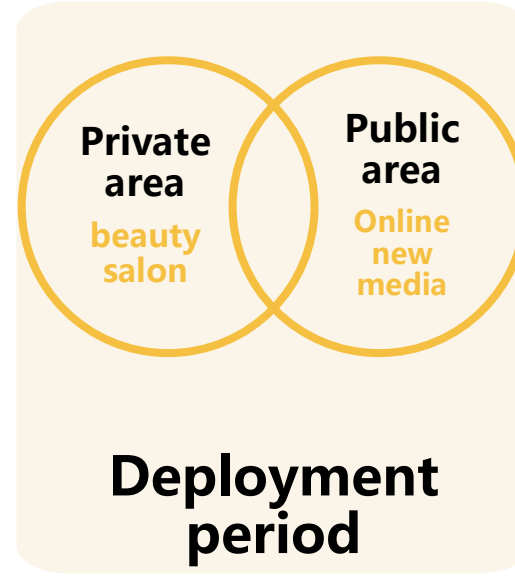
OFF-LINE BRANDS



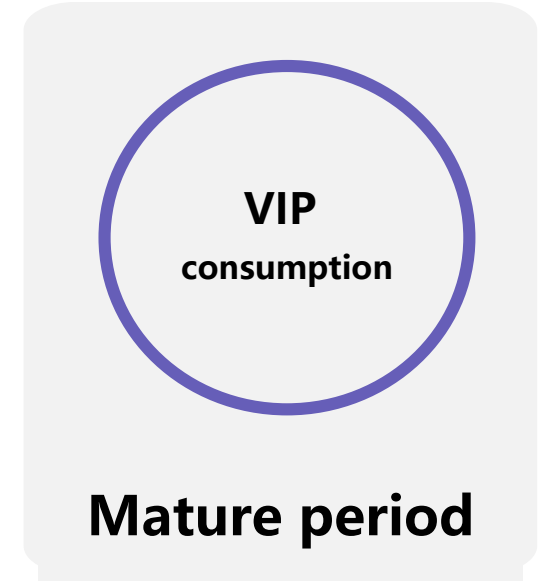
ON-LINE BRANDS



1. Give priority to guiding the original channel to open stores
2. Open new channels to join
3. Guide consumers online transactions



- Ageless series (starter skin care products)
- Oral health food
- Strengthen the public area of new media guide into the head office store



- Combining sales at online and offline, beauty and health-related products are fully deployed.
Complete online sales and offline services.

1. The R&D center covers an area of nearly 2,000 square meters.
2. Technical testing center passed CNAS certification.
3. Obtained China High-tech Enterprise Qualification Certification.
4. The industry's only efficacy evaluation laboratory in cooperation with a national research institute.
5. Participated in the drafting of four national standards for cosmetics testing methods.



6. Academic cooperation :

- A. School of Pharmacy, Xiamen University: The aesthetic effects of stem cells and their secretions, and the aesthetic effects of marine active peptides.
- B. Tzu Chi Medical Center: Stem cell multipепptide research and counseling construction of Taiwan Stem Cell Laboratory.
- C. Hongguang University: Human clinical and product efficacy evaluation of patented formula (technology).

7. Have obtained 43 patents, including 9 invention patents.

8. Reconstruction and expansion of the plant: automated production and intelligent warehousing will be completed, with an annual output value of approximately RMB 1.1 billion.



Competitive Edge Media advertisement

2013-2015

From Beijing Satellite TV's "Interview with Yang Lan" column collaboration, "The World's Women", "Beautiful Pretty Women", and then to the self-made program "Weekly Lifan Show".

2016-2018

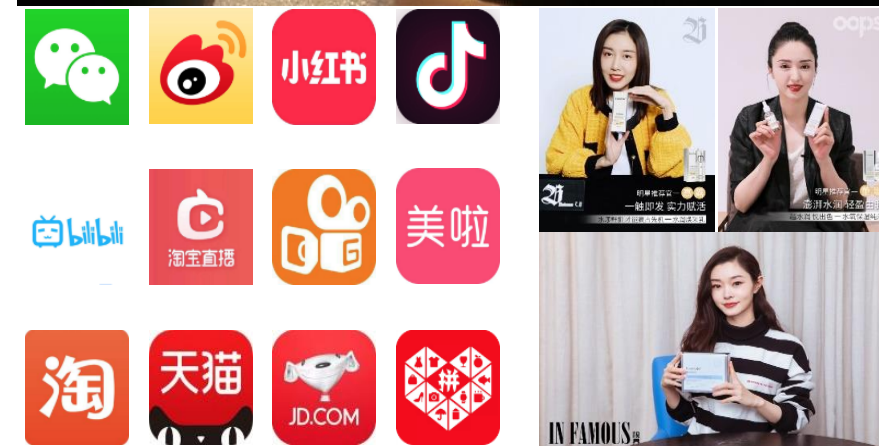
Cooperate with Fashion Group and Yaoshixinghui Media, "Fashion Health", "Fashion Beauty Makeup", "Fashion Men ", "Yue Fashion", "Yue Health", "Yue Baby", "Life Circle" and other columns.

2019-2020

The international superstar "Liti Chung" was hired as the endorsement of its brand, and the new TVC commercials were featured on CCTV-1, CCTV-3, CCTV-6, Hunan Satellite TV, Dragon TV, Jiangsu Satellite TV and other mainstream satellite TVs.

2020——

A large number of new media social software: WeChat Moments, Xiaohongshu, Douyin, Weibo, Kuaishou, etc., have established a full-matrix integrated marketing scenario communication system.



Competitive Edge Human Resource Development



Luo Lifen Image Health Management College, Liaodong University
120~150 people/year



Jiamusi College, Heilongjiang University of Traditional Chinese Medicine
20~30 people/year



Hunan College of Traditional Chinese Medicine
20~30 people/year

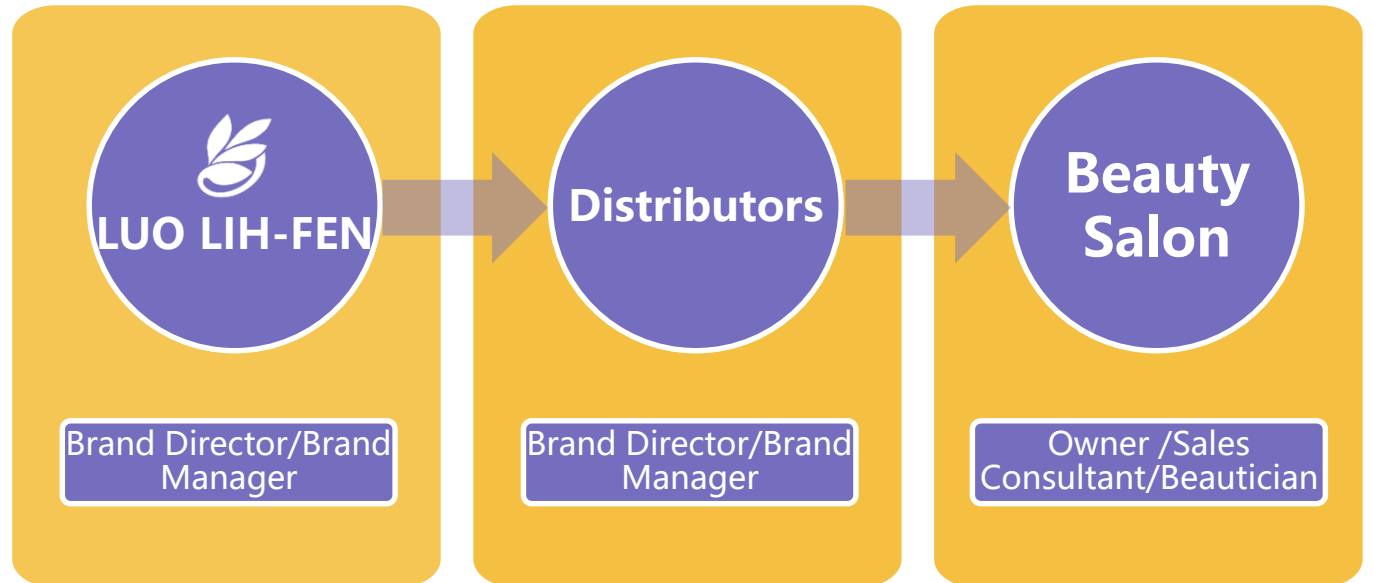


Sichuan Biaobang College
30~40 people/year



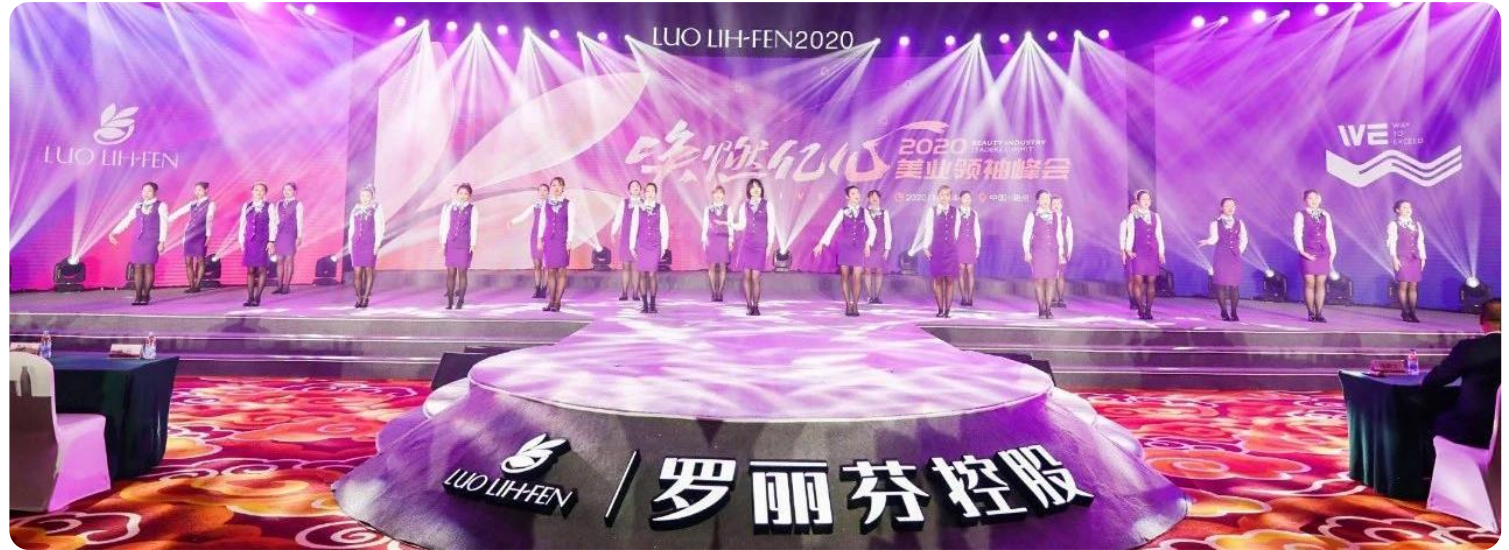
Xiamen Medical College
20~30 people/year

Provide talents 200 ~ 300 people/year



Competitive Edge

Marketing Training





Financial Performance

BALANCE SHEET

UNIT : NTD'000

Year	2018/12/31		2019/12/31		2020/09/30	
Item	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	1,782,992	84	843,142	38	502,221	26
Current Financial Assets	2,900	0	690,879	32	563,135	30
Inventories	53,724	3	77,728	4	119,181	6
Other Current Assets	47,057	2	69,277	3	83,606	5
Property, Plant & Equipment	197,647	9	214,906	10	354,076	18
Non-current Financial Assets	0	0	193,725	9	192,105	10
Other Assets	36,786	2	105,822	4	84,456	5
Total Assets	2,121,106	100	2,195,479	100	1,898,780	100
Current Liabilities	416,227	20	336,262	15	253,005	13
Non-current Liabilities	7,476	0	11,117	1	104,365	6
Total Liabilities	423,703	20	347,379	16	357,370	19
Share Capital	430,800	20	473,880	21	473,880	25
Capital Surplus	829,495	39	829,495	38	829,495	44
Retained Earnings	439,172	21	592,272	27	300,157	15
Other Equity Interest	(2,064)	0	(47,547)	(2)	(62,122)	(3)
Total Equity	1,697,403	80	1,848,100	84	1,541,410	81

Quarterly summary

1.

The factories and operating bases resumed work in early March.

2.

The company allocates a cash dividend of NT\$7 per share. After the surplus is distributed, the company still has sufficient liquidity to support possible problems under the epidemic.

INCOME STATEMENT

UNIT : NTD'000

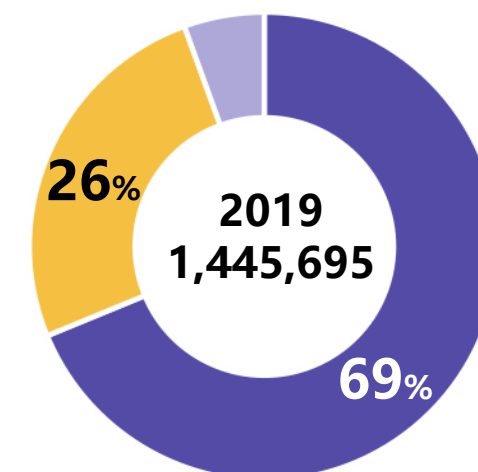
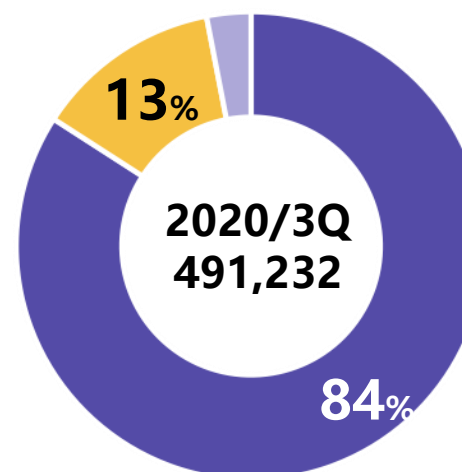
Year	2018Y		2019Y		2020 H1		2020 Q3	
Item	Amount	%	Amount	%	Amount	%	Amount	%
Sales Revenue	1,358,184	100	1,445,695	100	279,002	100	491,232	100
Costs of Sales	447,660	33	465,906	32	88,253	32	176,137	36
Operating Margin	910,524	67	979,789	68	190,749	68	315,095	64
Operating Expenses	338,358	25	452,553	32	199,924	72	307,813	62
Operating Income	572,166	42	527,236	36	(9,175)	(3)	7,282	2
Earnings before Tax	583,440	43	569,340	39	15,933	6	42,752	9
Net Profit/Loss	431,247	32	497,740	34	14,407	5	39,601	8
End-of-term capital	430,800		473,880		473,880		473,880	
Basic EPS	11.09		10.50		0.3		0.84	

Sales by Product Type

UNIT : NTD'000

Sales category analysis	2018		2019		2020H1		2020Q3	
	Amount	%	Amount	%	Amount	%	Amount	%
Home Care	856,737	63%	994,273	69%	230,615	83%	412,948	84%
Salon Treatment	375,317	28%	371,476	26%	39,728	14%	62,992	13%
Others	126,130	9%	79,946	5%	8,659	3%	15,292	3%
Total	1,358,184	100%	1,445,695	100%	279,002	100%	491,232	100%

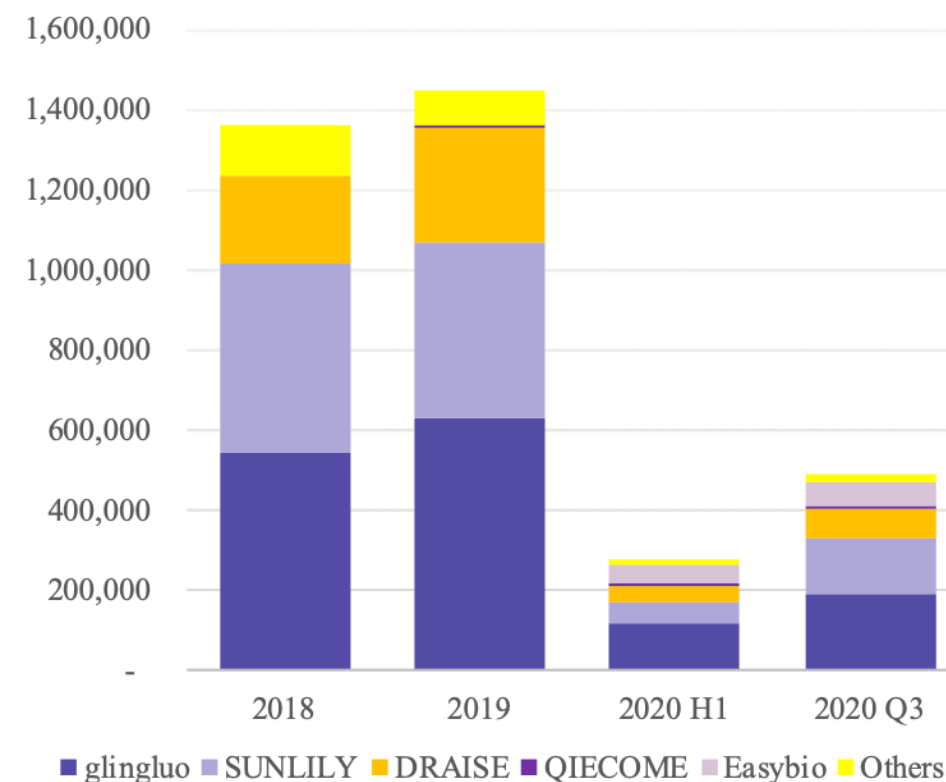
- Home Care
- Salon Treatment
- Others



SALES BY BRAND

Brand-specific analysis	2018		2019		2020H1		2020Q3 (Note)	
	Amount	%	Amount	%	Amount	%	Amount	%
GLINGLUO	542,579	40	628,240	43	116,094	42	194,881	40
SUNLILY	471,632	35	438,489	30	72,132	26	132,925	27
DRAISE	217,571	16	288,308	20	41,026	15	76,851	16
QIECOME	-		7,811	1	5,796	2	9,371	2
EASYBIO	-		362	0	32,010	11	57,138	12
Others	126,402	9	82,485	6	11,944	4	20,066	3
Total	1,358,184	100	1,445,695	100	279,002	100	491,232	100

BRAND-SPECIFIC ANALYSIS

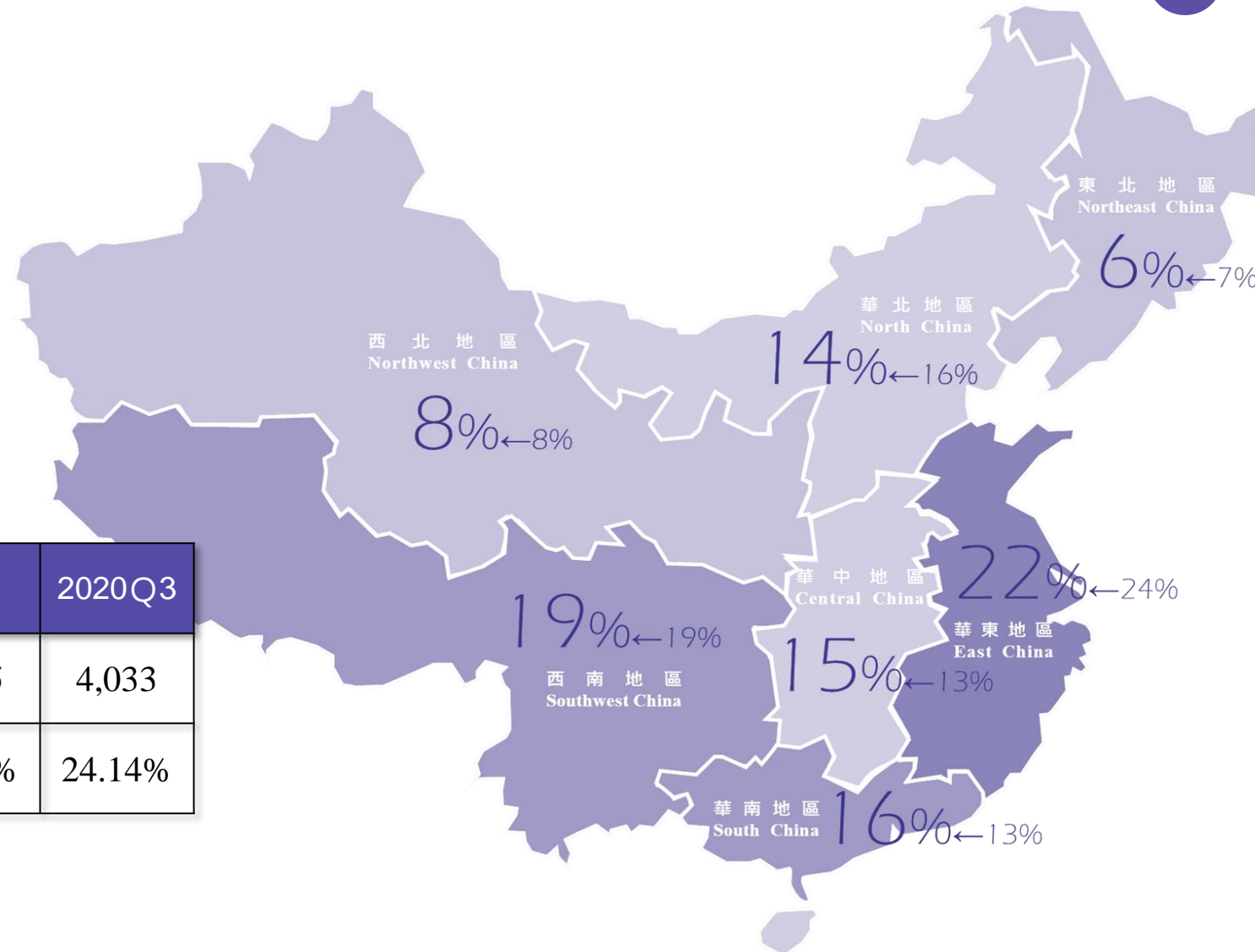


SALES BY REGIONS

Sales% → **Sale%**
before COVID-19(2019) (2020Q3)

■ >20% ■ 15~20% ■ 10~15% ■ <10%

Channels and penetration	2016	2017	2018	2019	2020Q3
Sales Location	2,309	2,993	3,560	3,955	4,033
Permeability	11.62%	16.55%	23.73%	24.12%	24.14%



COVID-19 BUSINESS UPDATE

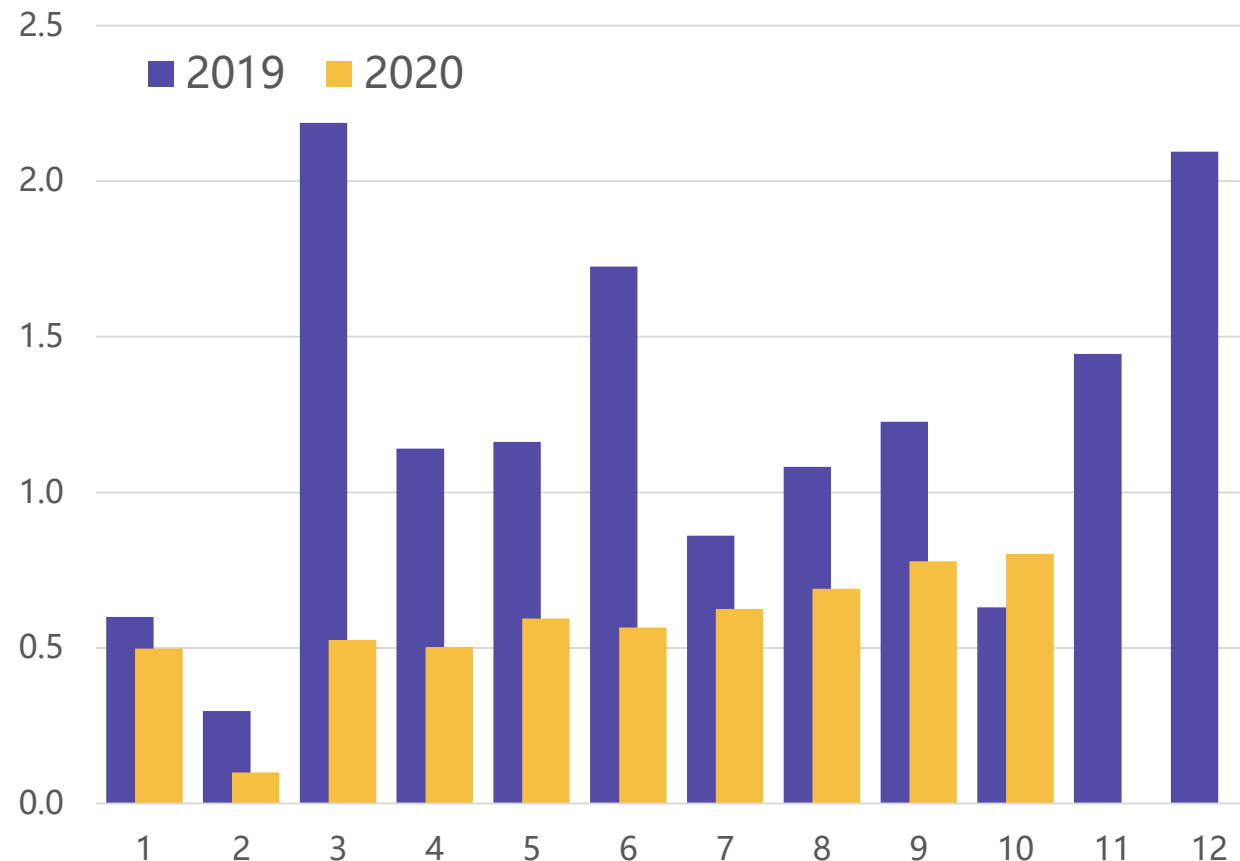
Summary of current situation

2020/10 Revenue

(1) Sales revenue for Oct 2020 was NTD 80 million, an increase of 27 percent year-on-year.

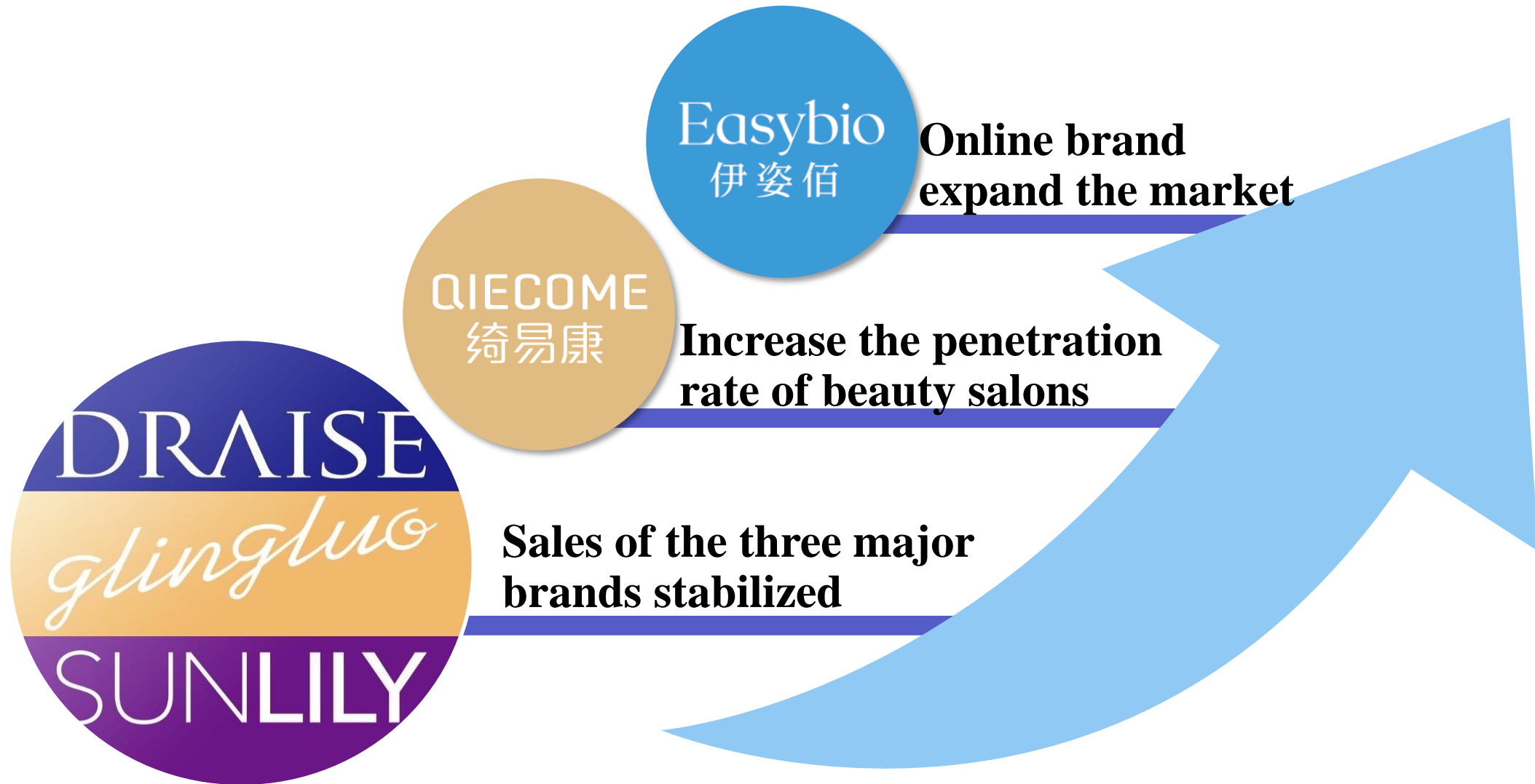
(2) In the second quarter, it turned into a profit and grew again in the third quarter. The epidemic control situation in most regions is relatively good, and there are signs of recovery in the downstream.

Period	Q1	Q2	Q3	Oct.
2019	308,687	402,174	317,088	63,061
2020	112,594	166,408	212,230	80,264
YoY(%)	-64%	-59%	-33%	+27%





Future Strategies



Continuous R&D and production investment

Expansion and reconstruction of 3# plant in China.

The establishment of a GMP plant in Taiwan.

Deepen cooperation with academic institutions: Xiamen University, Tzu Chi, HungKuang.

Extended product layout

Expansion of professional line products: facial, health, female privacy, private high-end customized projects.

Accelerated layout of daily chemical line: ageless, men, age-inverse, health food.

Marketing promotion diversification

Offline marketing training, TV media exposure, program placement advertising, celebrity endorsements.

Various online social media apps, celebrities sell goods, bloggers planting grass, and product efficacy sharing.

LUO LIH-FEN ecosystem

The overall extension of beauty and health, including the original facial, health, personal customization and general health industry, with beauty + health as the ecological link of products. And based on big data, portray consumer group portraits, and capture online and offline consumption.

LLF ESG IN ACTION



羅麗芬控股股份有限公司

L u o L i h - F e n H o l d i n g C o . , L t d

股票代碼 **6666**

Thanks!