

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

30 Sept 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

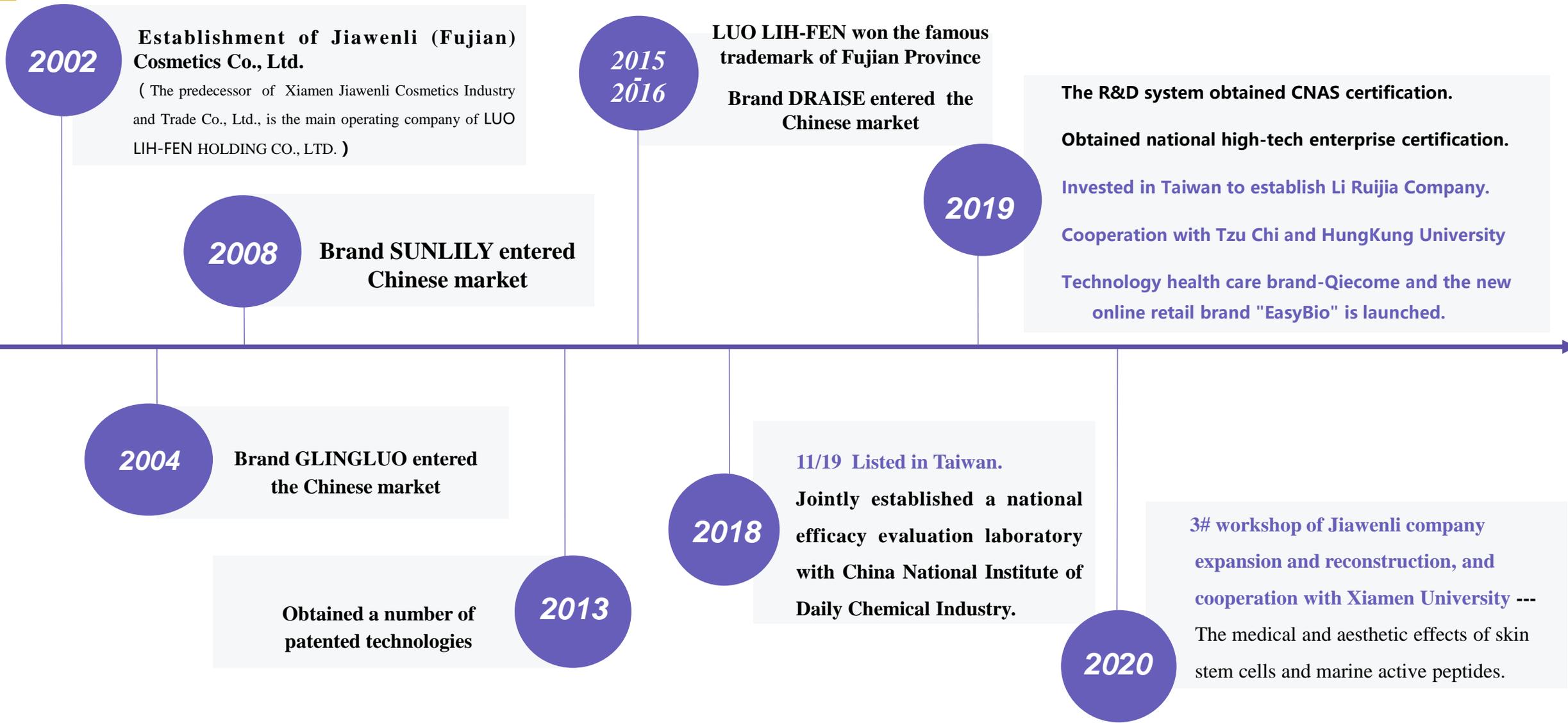
With the three major facial skin care brands (GLINGLUO, SUNLILY and DRAISE) and the technology and health brand-Qiecome, the sales channel is high-quality distributors in various provinces in mainland China, and then sold to all downstream beauty salon channels through distributors .



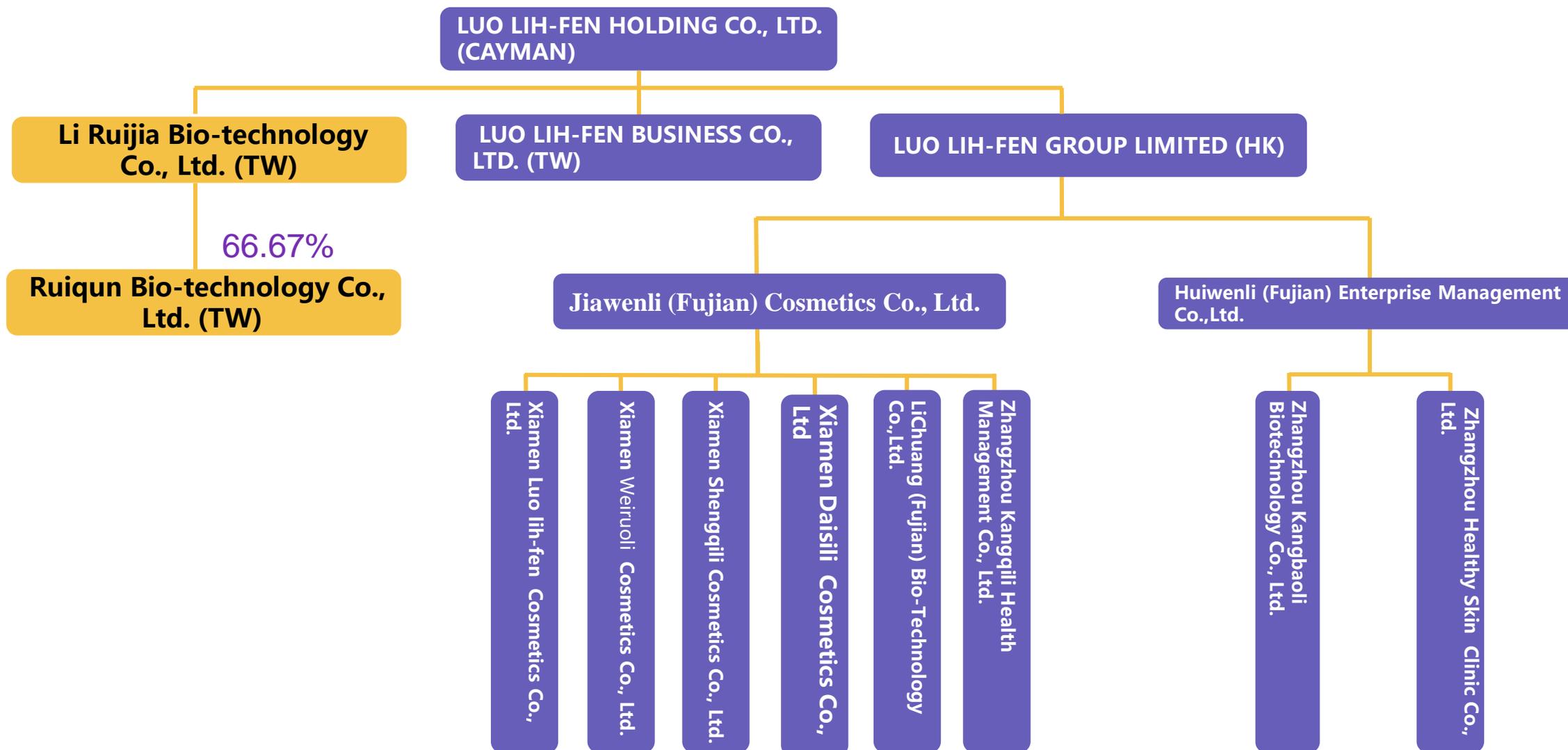
On-line

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

Key Dates



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



glingluc
葛林若



修护的
不止是肌肤




SUNLILY
圣迪妮尔



唤醒肌肤的
闪耀之美


Skin Care Brands




DRAISE
黛昂丝



为生命之美找到
焕变出路



QIECOME
绮易康



宫浴温疗
潜阳回春


Health Brand



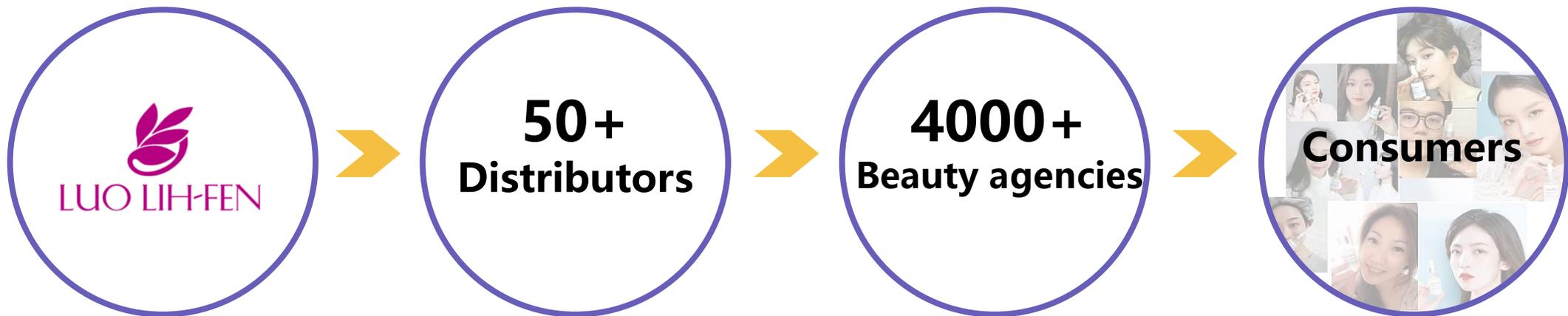
Easybio
伊姿佰



简单
专业
无龄

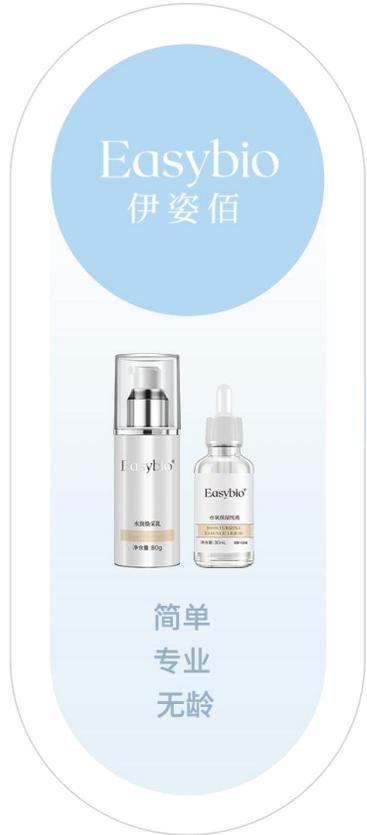

New Retail Brand

OFF-LINE BRANDS



A horizontal bar containing four brand logos, each in a circular frame. From left to right: 1. 'glingluc' with the Chinese characters '葛林若' below it. 2. 'SUNLILY' with the Chinese characters '圣迪妮尔' below it. 3. 'DRAISE' with the Chinese characters '黛昂丝' below it. 4. 'QIECOME' with the Chinese characters '绮易康' below it.

ON-LINE BRANDS

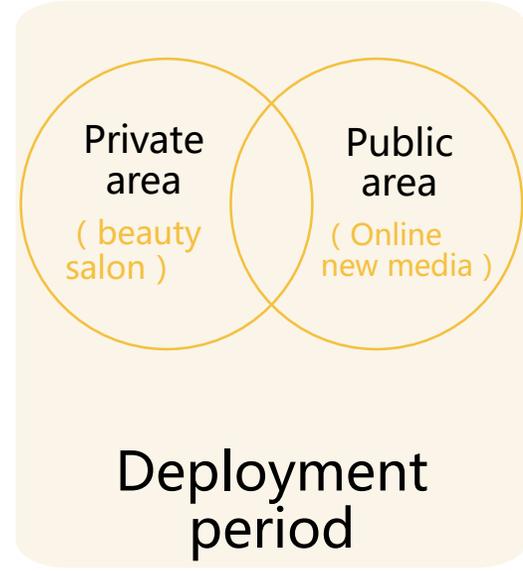


Easybio
伊姿佰

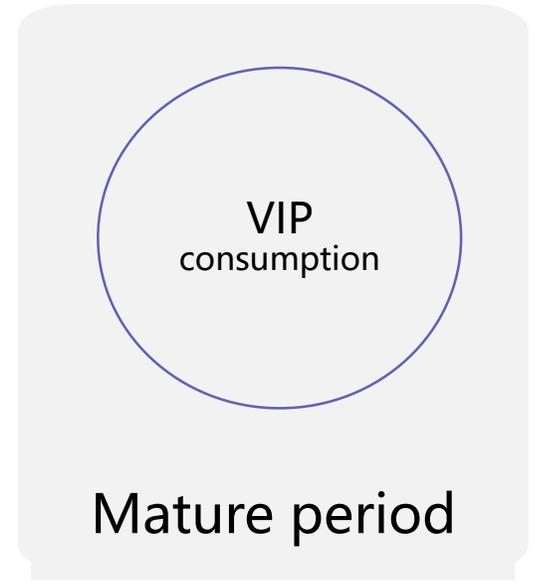
简单
专业
无龄



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. 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.
- 7. Have obtained 43 patents, including 9 invention patents.
- 8. 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 multi-peptide research and counseling construction of Taiwan Stem Cell Laboratory.
 - C. Hongguang University: Human clinical and product efficacy evaluation of patented formula (technology).



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 Lifen Show".

2016-2018

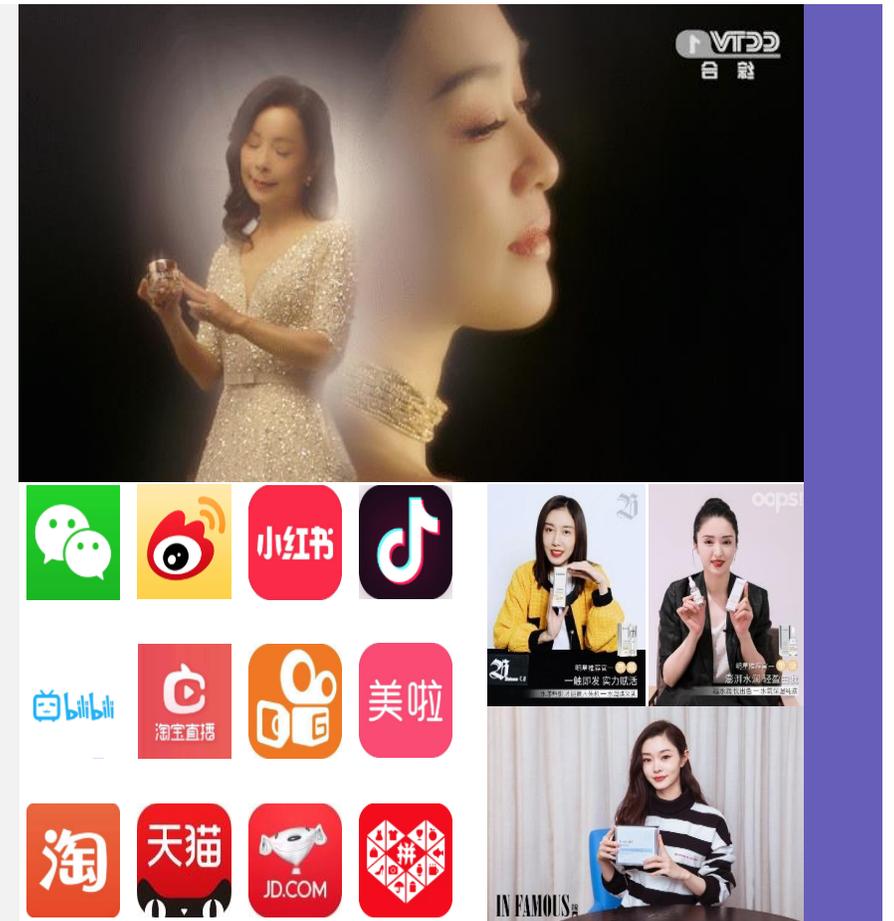
Cooperate with Fashion Group and Yaoshixinghui Media, "Fashion Health", "Fashion Beauty Makeup", "Fashion Men ", "Yue Fashion", "Yue Health", "Yue Baby", "Life Circle" and other columns.

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

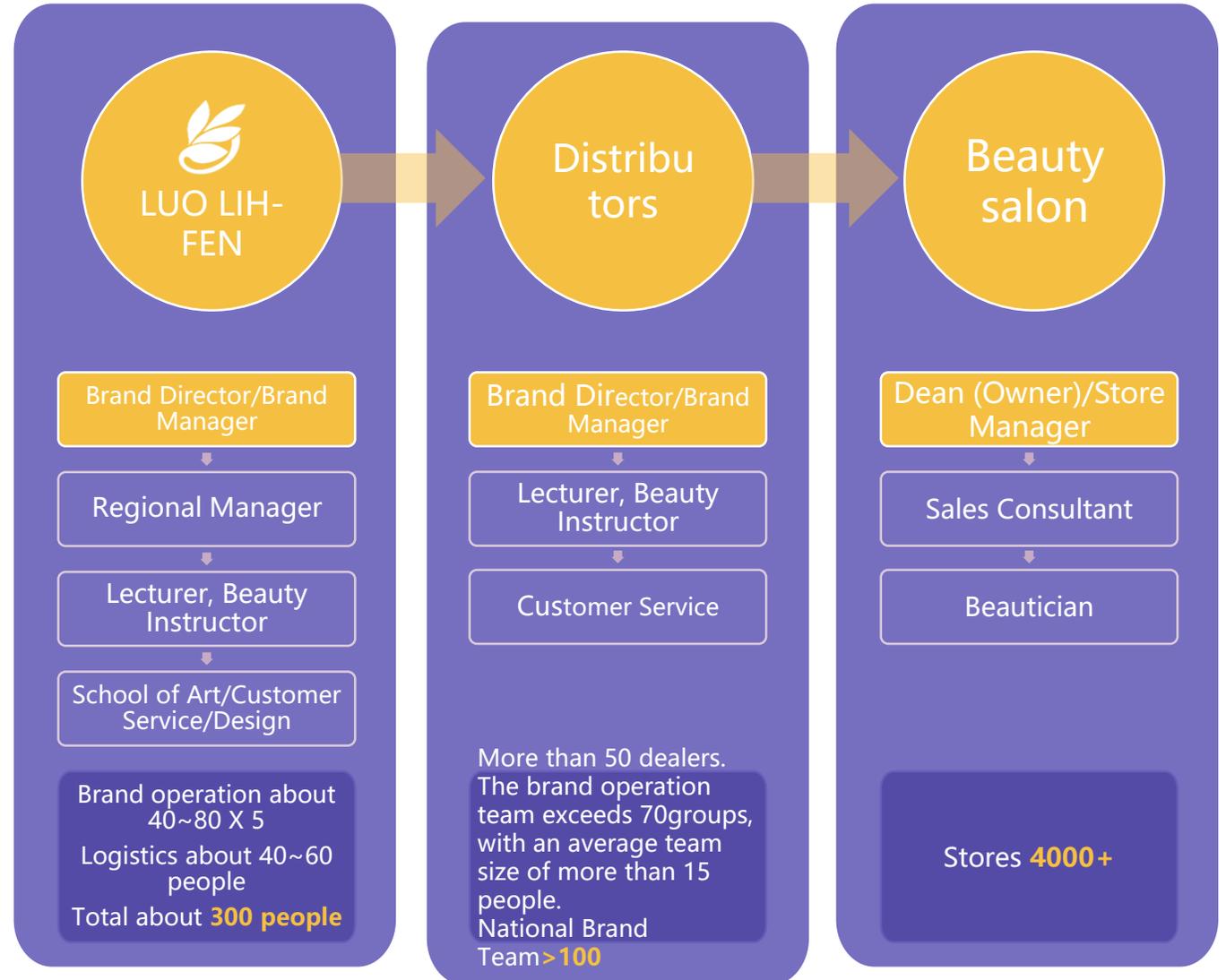


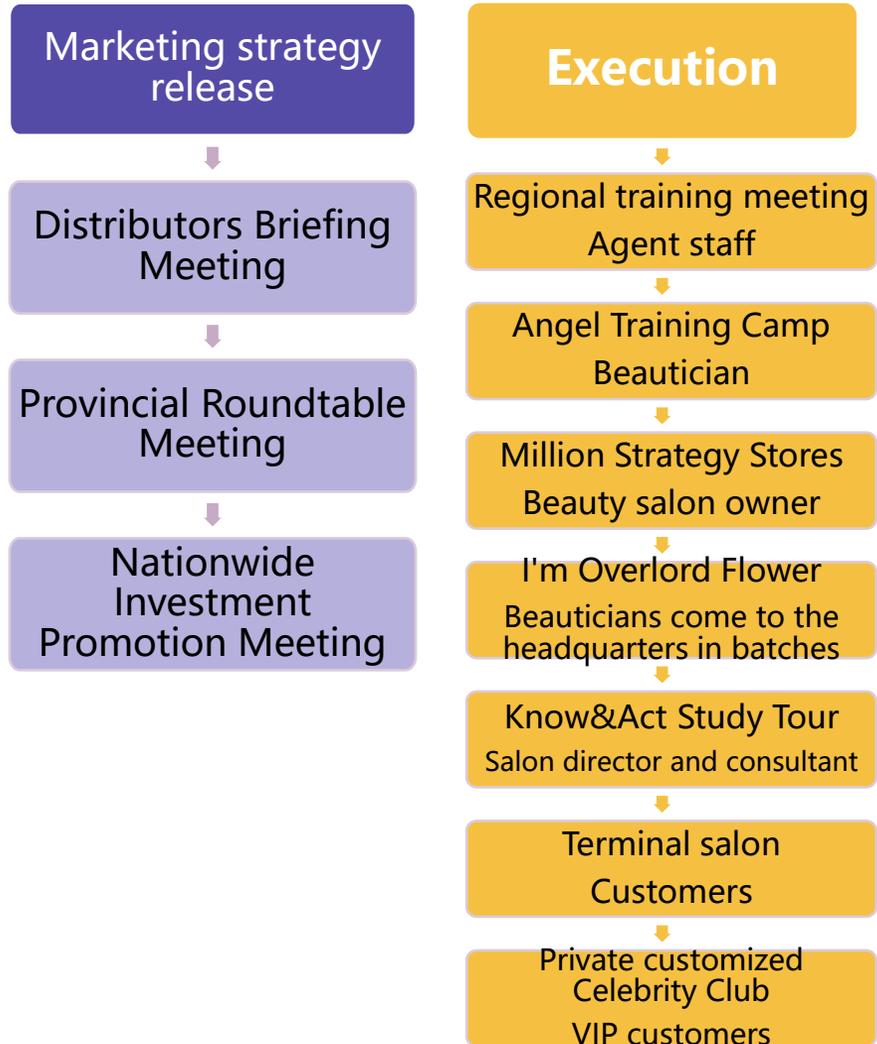
Sichuan Biaobang College
30~40 people/year



Xiamen Medical College
20~30 people/year

Provide talents 200 ~ 300 people/year





2020 Market Operation Planning Form												
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Two themes	The first half of the year: Strengthen hot products, High order popularity						The latter half of the year: Gene customization and sales Sprint					
Execute Project	Annual online meeting plan	Online hot products meeting	Online investment membership Day	Super Beauty staff	National wide Conference	Large military training Bright light	National wide Conference	Sales Sprint				
Execution Object	Owner, Director	All staff	Director	All staff	Director	Director and store salesman	Director	All staff				
Training topics	Dream Promise		Dream Departure				Dream Sprint	Dream Ceremony				
Media theme	Awards ceremony		Internationalization			Show new products			Listing anniversary			
Marketing strategy	Online marketing	Live marketing	Holiday marketing customer satisfaction	Conference marketing	Experiential Marketing	Tens of billions of subsidies	Dividend for the whole people Year-end performance					
Headquarters meeting	briefing meeting in January , online Investment Promotion Meeting in March				briefing meeting in June , Investment Promotion Meeting in July			briefing meeting in September, Investment Promotion Meeting in October				



Financial Performance

BALANCE SHEET



UNIT : NTD'000

Year Item	2018/12/31		2019/12/31		2020/06/30	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	1,782,992	84	843,142	38	1,124,937	53
Current Financial Assets	2,900	0	690,879	32	215,475	10
Inventories	53,724	3	77,728	4	127,052	6
Other Current Assets	47,057	2	69,277	3	57,447	3
Property, Plant & Equipment	197,647	9	214,906	10	330,749	15
Non-current Financial Assets	0	0	193,725	9	188,595	9
Other Assets	36,786	2	105,822	4	88,515	4
Total Assets	2,121,106	100	2,195,479	100	2,132,770	100
Current Liabilities	416,227	20	336,262	15	532,499	25
Non-current Liabilities	7,476	0	11,117	1	106,443	5
Total Liabilities	423,703	20	347,379	16	638,942	30
Share Capital	430,800	20	473,880	21	473,880	22
Capital Surplus	829,495	39	829,495	38	829,495	39
Retained Earnings	439,172	21	592,272	27	274,963	13
Other Equity Interest	(2,064)	0	(47,547)	(2)	(84,510)	(4)
Total Equity	1,697,403	80	1,848,100	84	1,493,828	70

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		1H 2020Y		2020 Q3 (Note)	
Item	Amount	%	Amount	%	Amount	%	金額Amount	%
Sales Revenue	1,358,184	100	1,445,695	100	279,002	100	490,902	100
Costs of Sales	447,660	33	465,906	32	88,253	32	Closing account	-
Operating Margin	910,524	67	979,789	68	190,749	68	Closing account	-
Operating Expenses	338,358	25	452,553	32	199,924	72	Closing account	-
Operating Income	572,166	42	527,236	36	(9,175)	(3)	Closing account	-
Earnings before Tax	583,440	43	569,340	39	15,933	6	Closing account	-
Net Profit/Loss	431,247	32	497,740	34	14,407	5	Closing account	-
End-of-term capital	430,800		473,880		473,880		Closing account	
Basic EPS	11.09		10.50		0.3		Closing account	

(Note : 2020/1~9 Not reviewed by accountant)

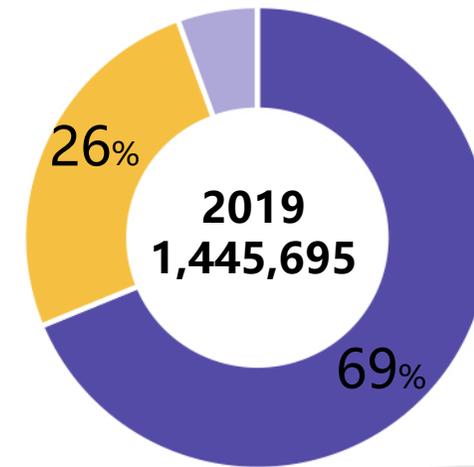
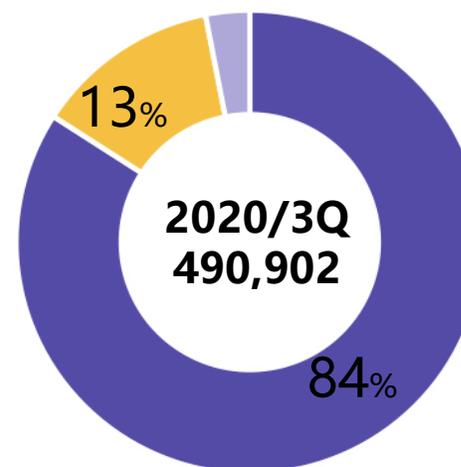
Sales by Product Type

UNIT : NTD'000

Sales category analysis	2018		2019		2020H1		2020Q3(Note)	
	Amount	%	Amount	%	Amount	%	Amount	%
Home Care	856,737	63%	994,273	69%	230,615	83%	412,948	84%
Salon Care	375,317	28%	371,476	26%	39,728	14%	62,992	13%
Others	126,130	9%	79,946	5%	8,659	3%	14,962	3%
Total	1,358,184	100%	1,445,695	100%	279,002	100%	490,902	100%

(Note : 2020/1~9 Not reviewed by accountant)

- Home Care
- Salon Treatment
- Others

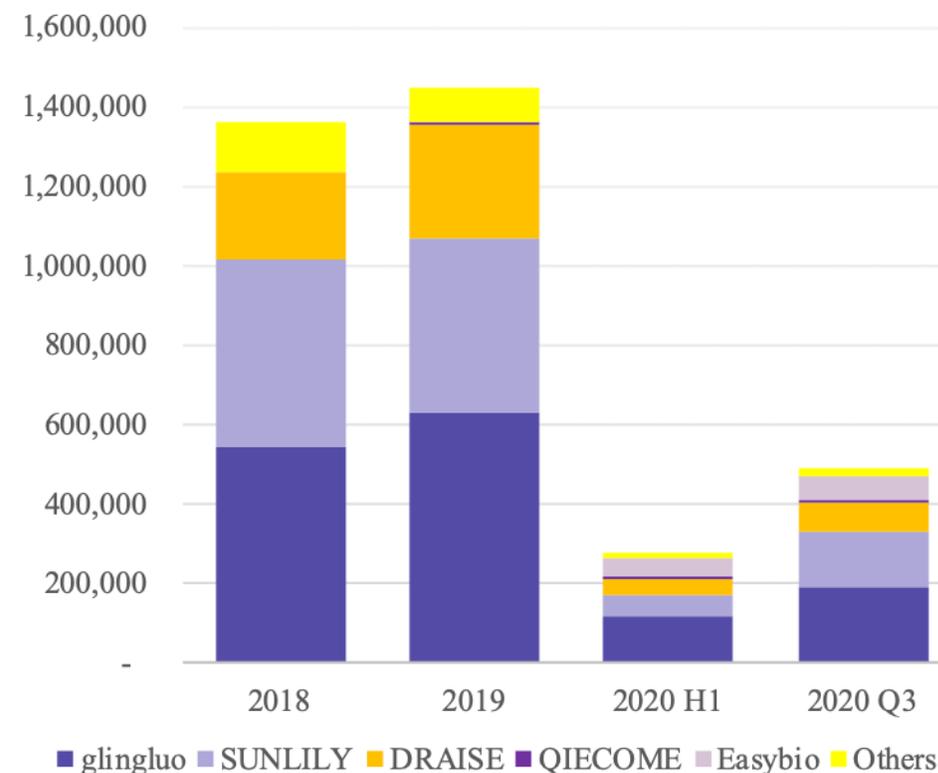


SALES BY BRAND

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	19,736	3
Total	1,358,184	100	1,445,695	100	279,002	100	490,902	100

(Note : 2020/1~9 Not reviewed by accountant)

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

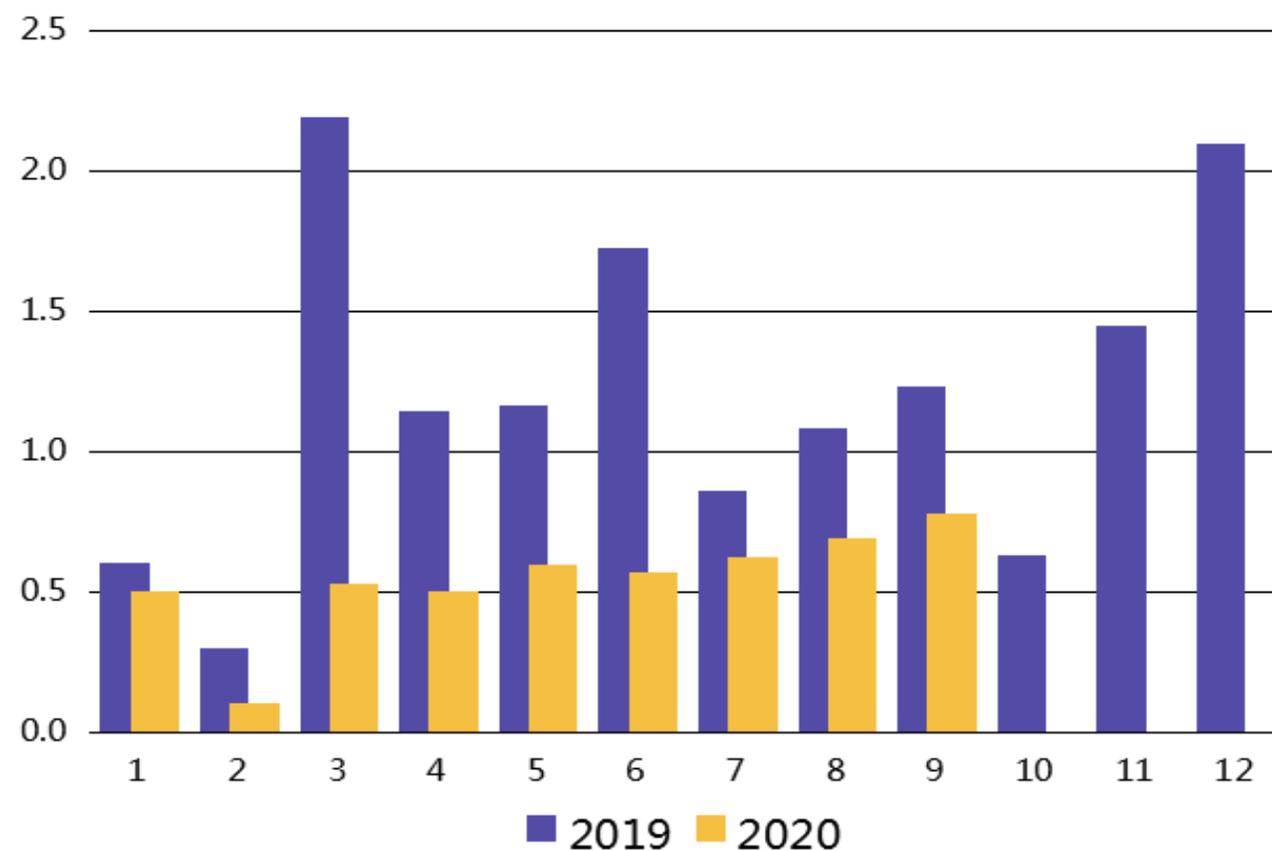
2020/9 Revenue

(1) MoM/Y about 13% in Sept, revenue gradually picked up.

(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.

Q	Q1	Q2	Q3(Note)
2019	308,687	402,174	317,088
2020	112,594	166,408	211,900
Growth Rate%	-64%	-59%	-33%

(Note : 2020/1~9 Not reviewed by accountant)





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



Thanks!