



自然美
natural beauty

2009 Interim Results

August 2009

IR Website: www.nblife.com/ir





Agenda

- ◆ Results Highlights
- ◆ Business Overview
- ◆ Outlooks
- ◆ Open Forum



Results Highlights



Summarized Results in 1H2009

- ◆ Turnover decreased by 19.1% to HK\$255.3 million
- ◆ Net profit declined by 27.3% to HK\$108.9 million
- ◆ Gross margin maintained at a high level of 81.7%
- ◆ Operating margin and net margin remained healthy standing at 46.6% and 42.6%
- ◆ Return on Equity (ROE) was 25.0% (FY2008: 27.1%)
- ◆ Return on Assets (ROA) was 20.6% (FY2008: 23.2%)



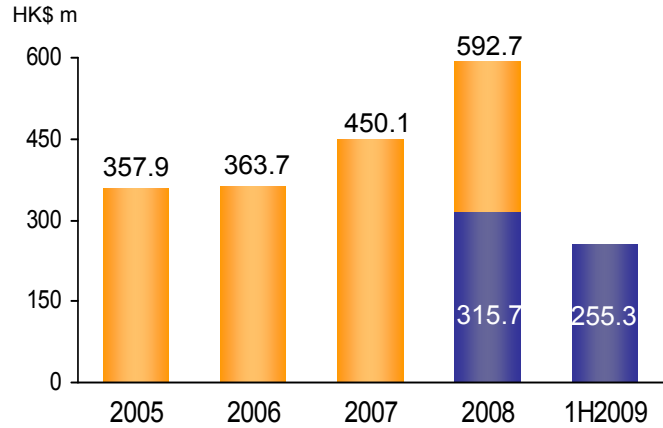
Financial Summary

	Six months ended June 30		Change %
(HK\$ million)	2008	2009	
Turnover	315.7	255.3	-19.1
Gross profit	265.0	208.7	-21.3
Operating profit	168.3	118.9	-29.4
Net profit	149.8	108.9	-27.3
Dividend per share (HK cents)			
- Interim	5.00	3.5	-30.0
Dividend payout (%)	66.8	64.3	- 2.5pts
Basic EPS (HK cents)	7.483	5.446	-27.2

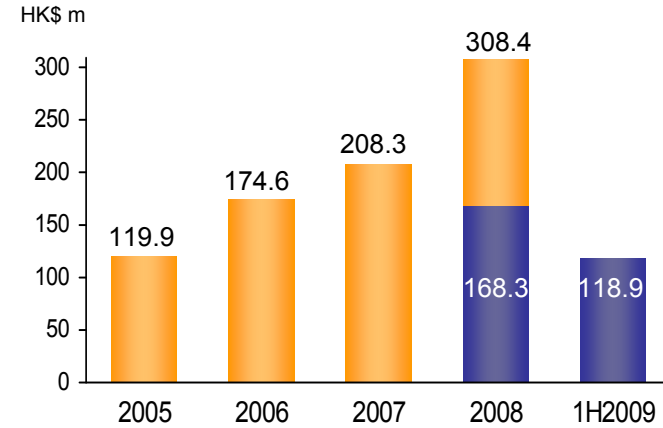


Steady Financial Performance

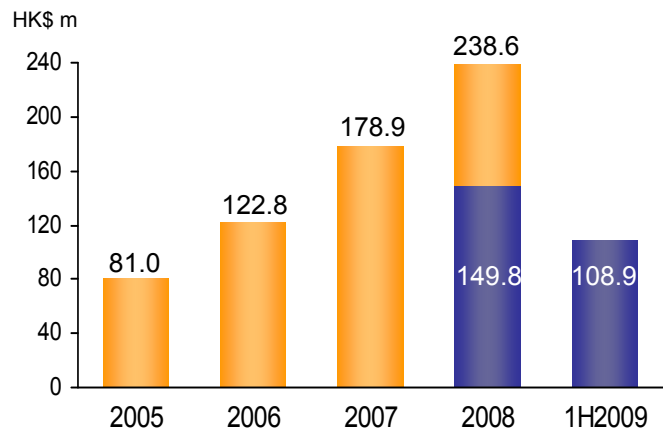
Turnover



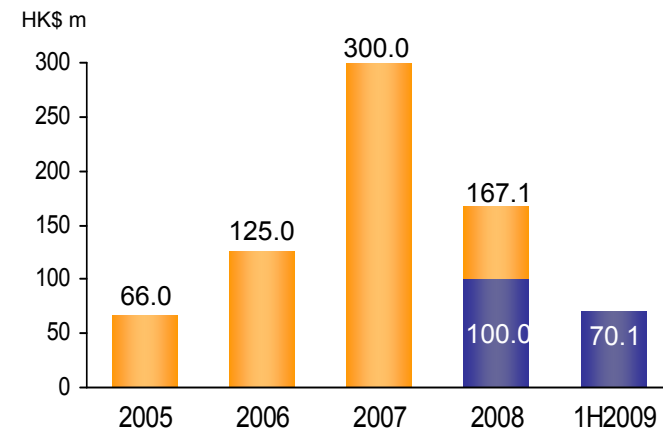
Operating profit



Net income



Dividends





Sustaining Shareholder's Value

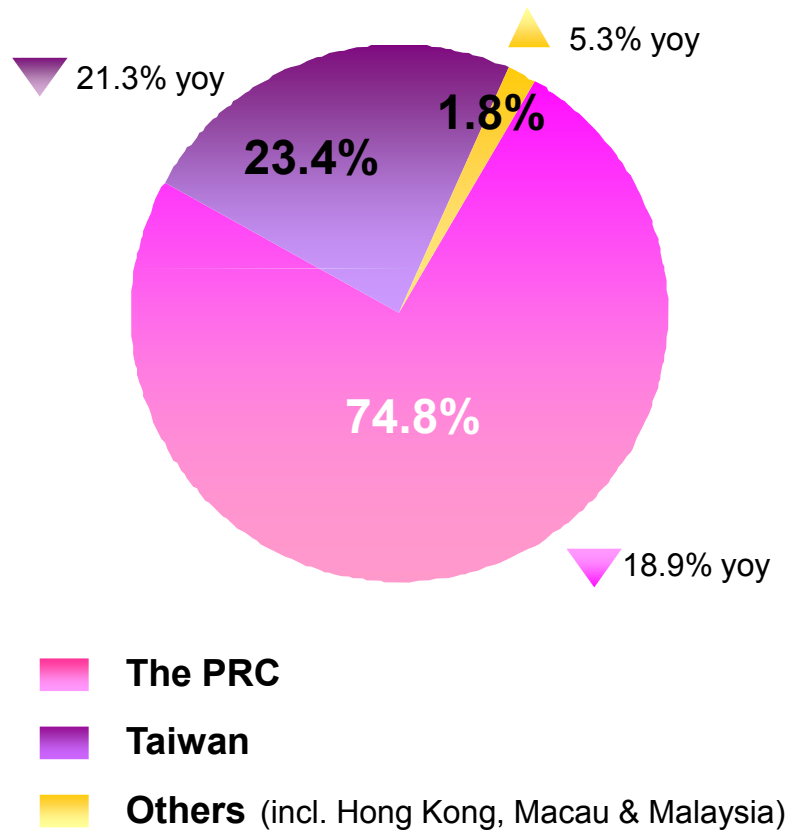
	Year ended December 31	Six months ended June 30	Change %
	2008	2009	
ROE* (%)	27.1	25.0	-2.1pts
ROA* (%)	23.2	20.6	-2.6pts
Cash (HK\$ million)	546.2	593.5	+8.7
Gearing ratio	Net cash	Net cash	-

* Annualised

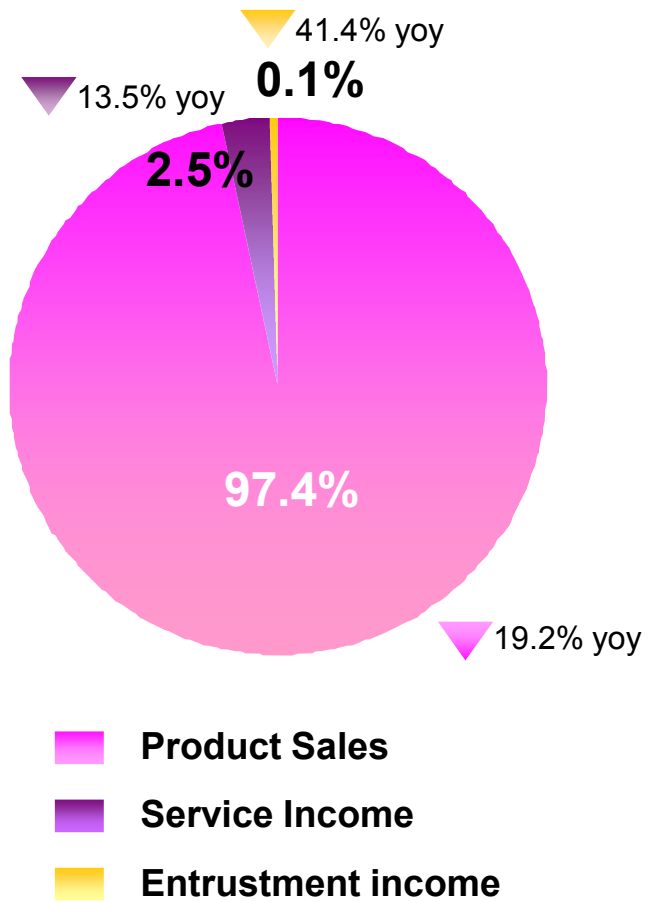


Turnover Analysis for 1H09

By Region



By Products / Service





Average Sales Per Store

◆ The Group's average sales per store dropped by 16.6% yoy to HK\$131,000 in 1H2009:

- The number of stores decreased as a result of eliminating non-compliant stores to ensure the service quality
- Sales dropped due to the sluggish economy
- However, remarkable sales growth in health supplements partially offset the decrease
- Average store sales in PRC decreased by 17.0% yoy
- Average store sales in Taiwan decreased by 13.4% yoy

Average Sales Per Store

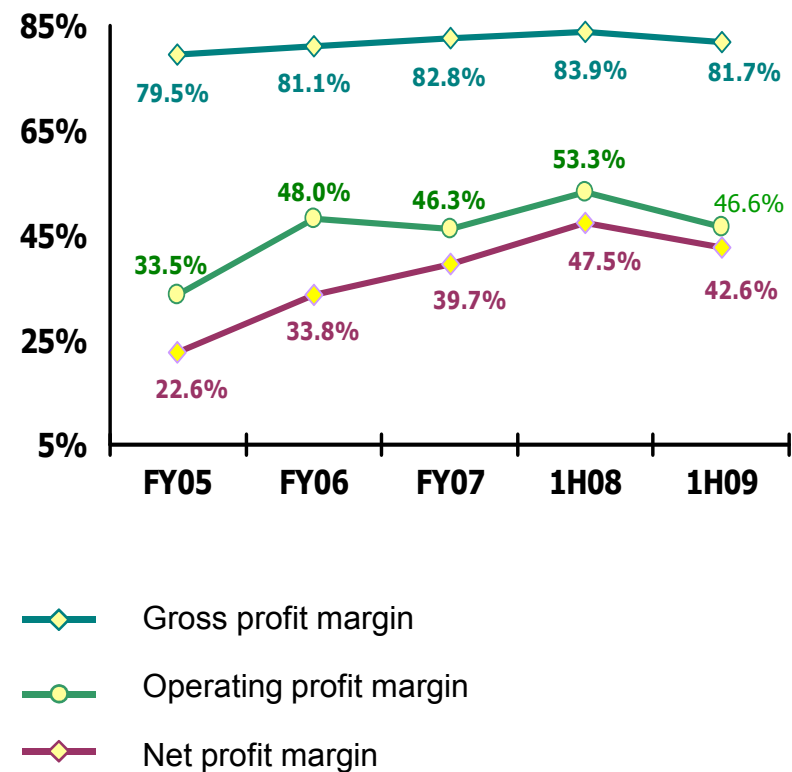
(HK\$)	1H2008	1H2009	(%)
PRC	159,000	132,000	-17.0
Taiwan	149,000	129,000	-13.4
Group Average	157,000	131,000	-16.6



Sustainable Profitability

- ◆ Gross profit margin maintained at a high level of 81.7%
- ◆ Operating and net margins were lowered due to decline in sales
- ◆ Net margin still stood at high level of 42.6%
- ◆ Gross margin of products remained stable at 87.5% as compared to 87.6% in 1H2008

Group's Margin Analysis





Business Overview

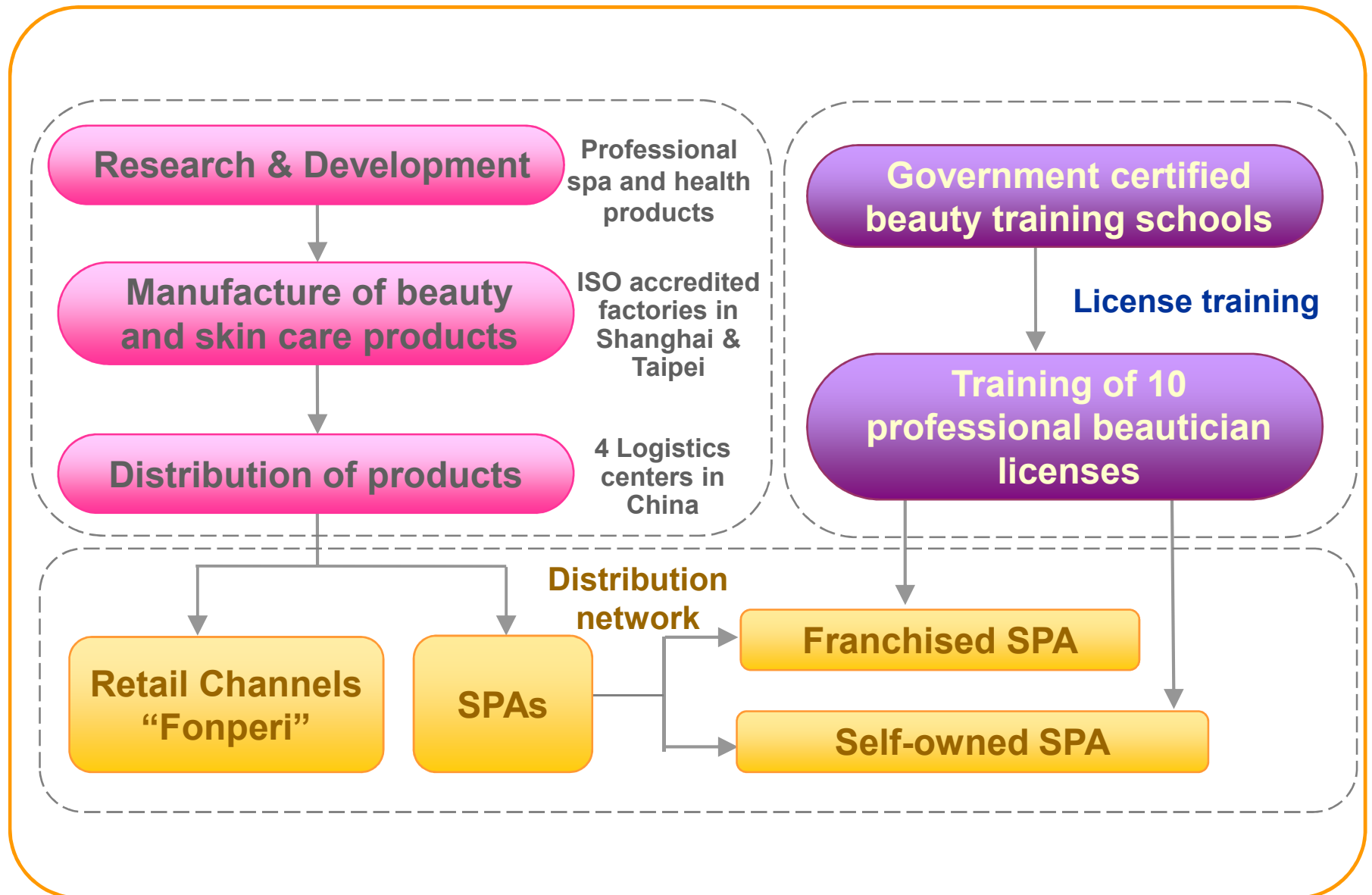


Corporate Positioning

Leading **Health, Beauty & Spa**
Product, Service Channel
& Training Provider in Asia



Core Business





Extensive Network in Greater China

As at 30 June 2009

		Franchisee owned Spas	Entrusted Spas	Counters	Self-owned Spas	Counters	Retail Channels
The PRC	1,392	1,322	-	17	7	46	-
Taiwan	3,792	432	-	-	9	-	3,351
Others	HK	-	-	-	1	-	-
	Macau	-	-	-	1	-	-
	Malaysia	53	-	-	-	-	-
Total	5,239	1,807	-	17	18	46	3,351



Nationwide Distribution Network in PRC

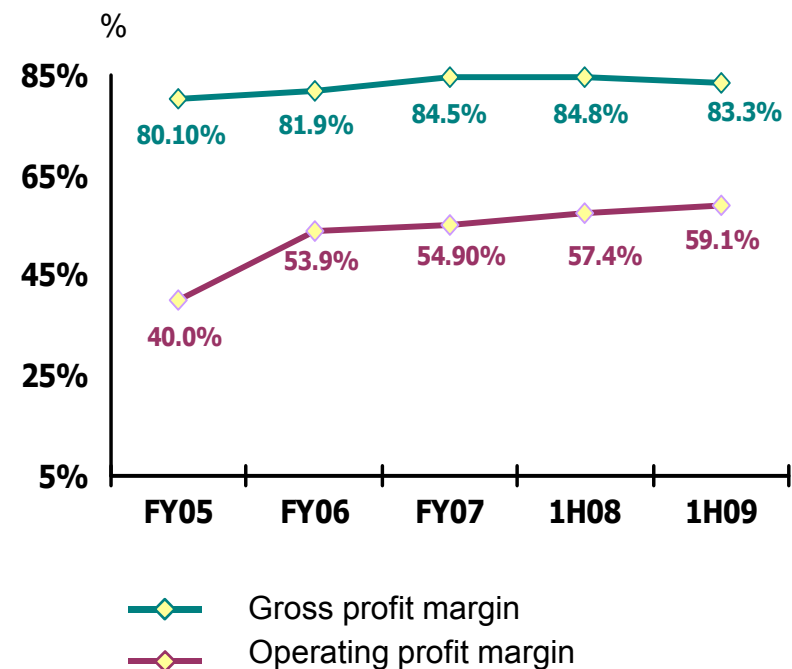




Sustainable Profitability in the PRC

- ◆ **Product sales decreased by 18.7% to HK\$188.3 million**
 - Gross margin of product sales maintained at a high level of 87.0%
 - Threat of global economic downturn since 3Q08 led to more conservative buying habits of consumers
- ◆ **PRC's net margin improved 2.6 percentage points from 54.1% to 56.7%**
 - Operating margin improved due to change of strategy in difficult time, therefore reduce advertising expense

Margin Analysis for PRC

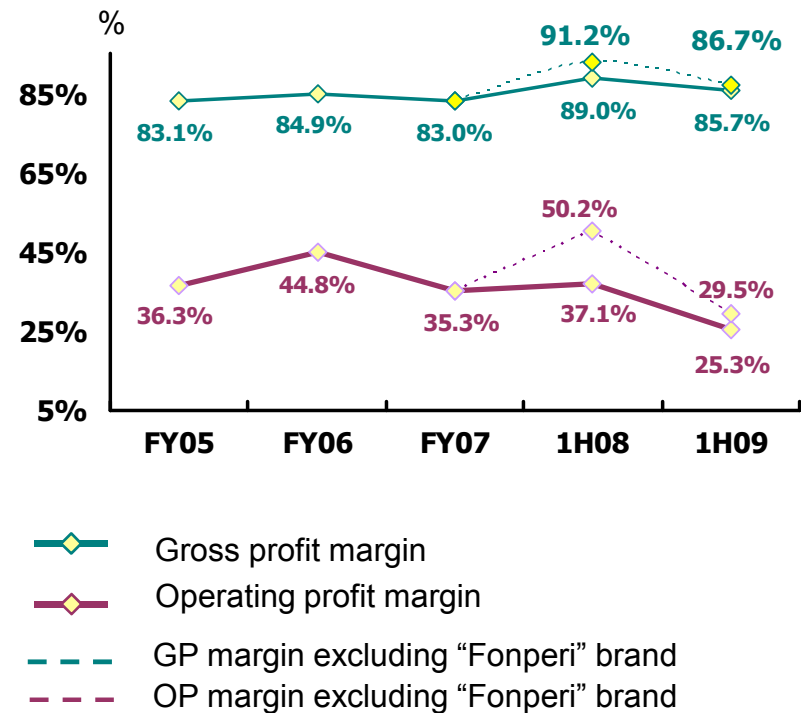




Steady Performance in Taiwan

- ◆ **Product sales declined by 22.2% to HK\$56.1 million, which was mainly attributable to:**
 - Declined SPA product sales and weakening consumer sentiment in wake of global financial turmoil
 - The retail brand “Fonperi” contributed HK\$2.2 in product sales
- ◆ **Gross profit amounted to HK\$51.2 million, representing a decrease of 24.3%**
 - Turnover decreased by 21.3% to HK\$59.7 million
 - Gross profit margin excluding “Fonperi” brand stood at 86.7%
 - Net margin decreased by 14.7 percentage points to 20.1%

Margin Analysis for Taiwan



New Growth Driver – Health Hood / Supplements



- ◆ Delivered remarkable growth of 69.5% in revenue to HK\$34.6 million, accounting for 13.9% in product sales
- ◆ Benefited from the strategy of promoting products to “families and friends of our existing customers”
- ◆ 11 new health supplement products were launched in 1H2009





“Fonperi” – Retail Products For Taiwan Only

- ◆ Turnover declined by over 70% year-on-year to HK\$2.2 million as a result of cautious consumer sentiment
- ◆ As at 30 June 2009, the number of retail outlets decreased from 3,628 as at 31 December 2008 to 3,351
- ◆ In light of challenging market conditions, the Group will focus on core business with higher margins and scale down the retail business operation





Outlook



Beauty and Health SPA Specialty Store

- ◆ Establish new store format of “Beauty and Health SPA Specialty Store”
- ◆ Foster faster franchise network expansion particularly in 2nd cities
- ◆ Re-focus on core skincare products to enhance productivity
- ◆ Require lower initial investment from franchisees
- ◆ Enhance the consumers’ awareness of “Natural Beauty” brand



Beauty and Health SPA Specialty Store (con't)



自然美 natural beauty

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甜酥系列

NBI

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咨询专线
85800010

n3 natural beauty mix



Beauty and Health SPA Specialty Store (con't)





Future Plans and Strategies

◆ Market Outlook

- PRC market will be more resilient and is expected to outperform other countries despite the overall challenging market environment
- Taiwan market rebounds as a result of the opening up of tourism industry to PRC visitors

◆ Business Strategies

- Strengthen the strategy of promoting products to “families and friends of our existing customers” to broaden customer base and enhance cost-effectiveness
- 32 new products were launched in 1H2009
- Over 114,000 sets/ bottles of NB-1 family products were sold, with a turnover of HK\$84.0 million, accounting for over 1/3 of total product sales
- Enrich product range by introducing more new health supplement products

◆ Future Growth Driver

- Establish new store format of “Beauty and Health SPA Specialty Store” to enhance brand awareness and strengthen franchisee network



Open Forum