

中國兒童護理有限公司  
China Child Care Corporation Limited

# 2014 Interim Results Presentation

(1259.HK)



# Disclaimer

中國兒童護理有限公司  
China Child Care Corporation Limited

This document has been prepared by China Child Care Corporation Limited (the “Company” or “China Child Care”) and comprises the written materials for a presentation concerning, among other matters, the Company’s background information and financial performance for the six months ended 30 June 2014. For the purposes of this document, the presentation that follows (the “Presentation”) shall mean and include the slides that follow, the oral briefing provided by the Company on the slides and the question and answer session that follows the oral briefing. This document has been prepared by the Company solely for use at the Presentation and is strictly confidential. This Presentation may not be taken away, reproduced, redistributed, disclosed or passed on, directly or indirectly, to any other person, or published, in whole or in part, in any manner, at anytime or for any purpose. In particular, neither this Presentation nor the information contained herein may be distributed, taken or transmitted in or into the PRC, the United States, Australia, Canada or Japan, in whole or in part. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with this restriction may constitute a violation of applicable securities laws. This Presentation shall not constitute, and should not be construed as, an offer or form part of any offer to sell or a solicitation of an offer or form part of any offer to buy or subscribe for the Company’s securities nor shall there be any sale of such securities in any state or country in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or country. No securities of the Company have been, or will be, registered under the US Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. Neither shall this Presentation constitute, and be construed as, an offer or form part of any offer to sell or a solicitation of an offer or form part of any offer to buy or subscribe for the Company’s securities in Hong Kong. No part of this Presentation shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.

This Presentation contains certain forward-looking statements that reflect the Company’s current beliefs and expectations about the future. These forward-looking statements involve known and unknown risks, uncertainties and are based on a number of assumptions about the Company’s operations and other factors, many of which are beyond the Company’s control, and accordingly, actual results may differ materially from those expressed or implied by such forward-looking statements. You should not take any forward-looking statements contained in this Presentation regarding past trends or activities as a representation that such trends or activities will continue in the future. The information and opinions in this Presentation are provided as at the date of this Presentation and are subject to change without notice and accuracy is not guaranteed. The Company does not guarantee that the assumptions underlying forward-looking statements, opinions or views are free from errors nor do they accept any responsibility for the future accuracy of the assumptions, opinions and views expressed in this Presentation or the actual occurrence of the forecasted developments. The Company accepts no obligation to update any forward-looking statements set forth herein or to adjust them to future events and/or developments. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document. The information contained in this Presentation has not been independently verified. This Presentation does not purport to provide a complete description of the matters to which it relates and it is not the intention to provide, and you may not rely on this Presentation as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects. This Presentation contains information and data relating to the industry in which the Company operates, which the Company has derived from third party sources without independent verification. The Company cannot ensure that these sources have compiled such information and data on the same basis or with the same degree of accuracy or completeness as are found in other industries, and you are cautioned not to place undue reliance on such information and data.

The information and opinions in this Presentation are given in summary form and do not purport to be complete. No representation, warranty or undertaking, express or implied, is or will be made in, or in relation to, and no responsibility or liability (including, without limitation, any liability in negligence) is or will be accepted by the Company or any of its respective subsidiaries, subsidiary undertakings or holding companies (where appropriate), or any of its respective affiliates, and their respective directors, officers, employees, agents and advisers as to, or in relation to, this Presentation or the fairness, accuracy, correctness or completeness of the information or opinions contained herein or any other information, whether written or oral, made available to any interested party or its advisers, and any liability therefore (in negligence or otherwise) for any loss or damage whatsoever arising from the use of the information contained in this Presentation or otherwise arising in connection therewith is hereby expressly disclaimed.

By attending the Presentation to which this document relates or by accepting this document, you agree to be bound by the foregoing provisions, restrictions, limitations and conditions and, in particular, you have represented, warranted and undertaken that you have read and agreed to comply with the contents of this notice..

# Agenda

**Financial Highlights**  
**Branding and Marketing**  
**Strategies**  
**Q&A**

# Financial Highlights

中國兒童護理有限公司  
China Child Care Corporation Limited

(RMB million)	1H2013	1H2014	Change
Revenue	627.9	583.7	-7.0%
Gross Profit Margin	47.9%	47.7%	-0.2ppt
Profit Before Tax	108.5	96.7	-10.9%
Net Profit	72.8	117.5	+61.4%
Basic Earnings per share	7.2 cents	11.6 cents	61.1%

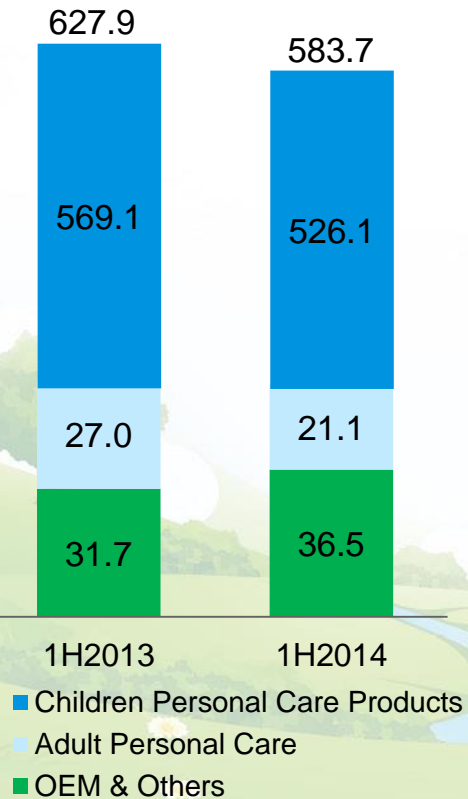


# Revenue and Profit

中國兒童護理有限公司  
China Child Care Corporation Limited

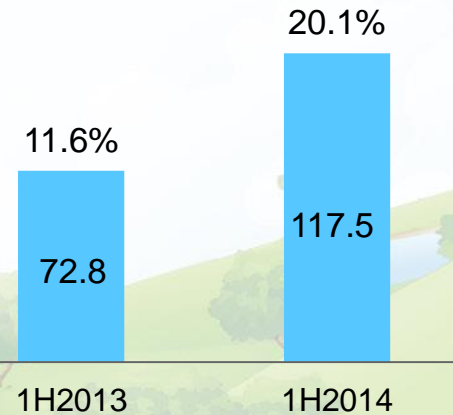
## Revenue By Segments

(RMB million)



## Net Profit and Margin

(RMB million)

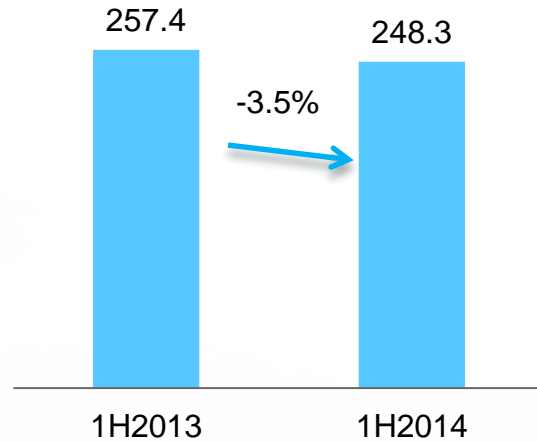


# Revenue by Children Personal Care Product

中國兒童護理有限公司  
China Child Care Corporation Limited

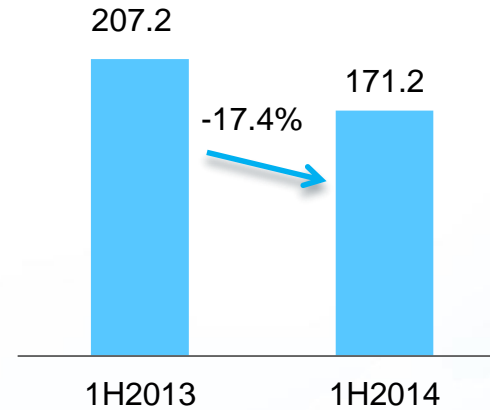
## Skin Care Product

(RMB million)



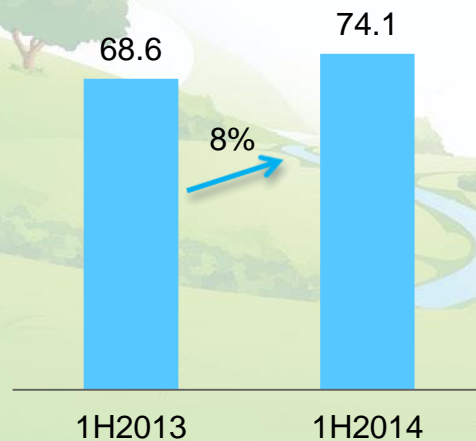
## Bath and Hair Care Product

(RMB million)



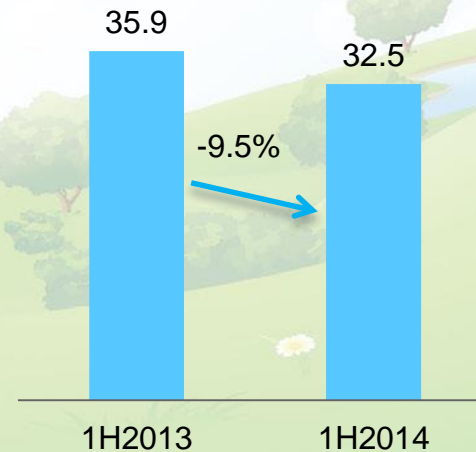
## Oral Care Product

(RMB million)



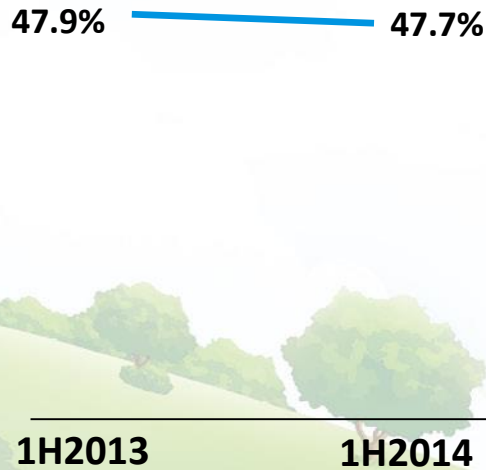
## Diaper

(RMB million)

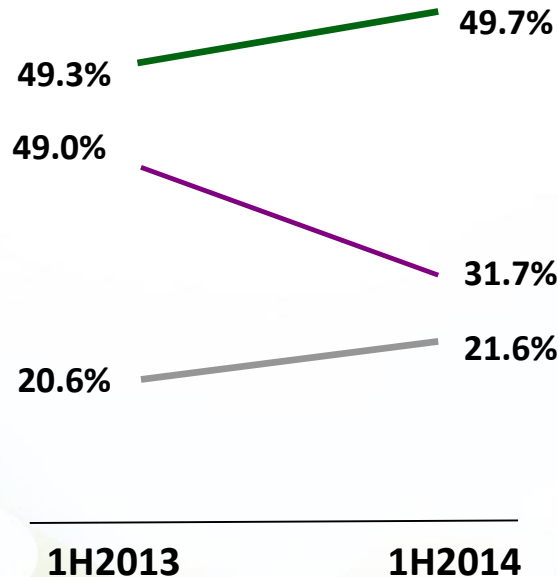


# Gross Margin

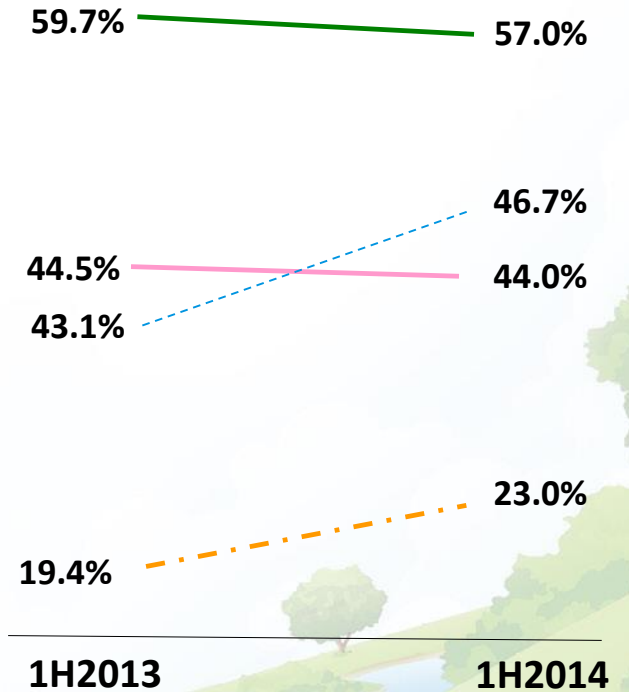
## Gross Margin



## Gross Margin by Segments



## Gross Margin by Product



- Children Personal Care Products
- Adults Personal Care
- OEM

- Skin Care Products
- Bath and Hair Care Products
- Children Oral Care Products
- Diaper Products

# Cost of Sales

	1H2013 (RMB million)	1H2014 (RMB million)	% change
Raw Materials	159.9	134.6	-15.8%
Packaging Materials	112.2	91.1	-18.8%
Outsourcing	33.5	59.9	78.8%
Direct Labour	7.8	8.4	7.7%
Manufacturing Overheads	13.9	11.5	-17.3%
Total	327.3	305.5	-6.7%

## Main Raw material:

- White oil, Octadecanol, Glycerol, Alcohol, Essence, Salt, CAB-35, Non- woven cloth, Polymer, Paper

## Main Packaging material:

- Paper boxes, plastic bottles, Composite packaging material, Labels



# Selling and Distribution Expenses

中國兒童護理有限公司  
China Child Care Corporation Limited

	1H2013 (RMB million)	1H2014 (RMB million)	% change	% of sales in 1H2013	% of sales in 1H2014
Advertising & Promotion	113.3	102.4	-9.6%	18.1%	17.5%
Transportation	27.2	28.5	4.8%	4.3%	4.9%
Others	18.9	18.7	-1.0%	3.0%	3.2%
Total	159.4	149.6	-6.1%	25.4%	25.6%

# Balance Sheet Items

中國兒童護理有限公司  
China Child Care Corporation Limited

	<b>FY2013</b>	<b>1H2014</b>	<b>% change</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>	
Cash and Cash Equivalents	858.6	902.2	5.1%
Trade and Bills Receivables	123.7	127.1	2.7%
Inventories	56.6	97.5	72.2%
Trade and Bills Payables	72.8	129.0	77.2%

	<b>FY2013</b>	<b>1H2013</b>	<b>1H2014</b>
Current Ratio	7.7	7.0	5.1
Inventory Turnover Days	20.1	32.0	45.4
Trade Receivables Turnover Days	25.5	39.0	38.7
Trade and Bills Payables Turnover Days	27.9	41.0	59.5

## Function:

### Phase 1:

**Production facility for skin care, bath and shampoo  
(completed in May 2011)**



Phase 1	Capacity	Utilisation Rate	
	(Tons)	1H2013	1H2014
Skin Care	20,000	23.2%	15.1%
Bath and Hair Care	60,000	16.8%	16.4%

### Phase 2:

**Office, R&D center, production facility for skin care  
& toothpaste plant**

### Phase 3:

**Diaper production and logistic center  
(completed in 2013)**

**Capital expenditure: RMB 34.9 million**

# Agenda

**Financial Highlights**  
**Branding and Marketing**  
**Strategies**  
**Q&A**

# Animation

中國兒童護理有限公司  
China Child Care Corporation Limited

## Season 2:

### “The Frog Prince — Croaking Expedition”



- 52 episodes
- 119 TV stations of 26 provinces in 2013

## Season 3:

### “Frog Prince School”



- 52 episodes
- CCTV children's channel
- 217 provincial and local TV stations
- online video platforms

## Puppet Drama “Frog Prince — Magic Abyss” in Theatre





# Brand Communications

中國兒童護理有限公司  
China Child Care Corporation Limited

Partnership with TV programs  
eg. "Where Are We Going, Dad?"

Advertisements with 486  
kindergartens

Accurate  
Communication

Video Advertisements  
in KA

Internet Communication  
eg. weibo, wechat



## Theme Events

- “Grow up-goodbye baby products” (長大—再見嬰兒用品)
- “Grow up-more companion (長大—多陪伴)”
- Weekend promotion



# Well-Established Sales Network

中國兒童護理有限公司  
China Child Care Corporation Limited

## Vigorous Expansion of Sales Channels

- 223 distributors (2013: 214)
- Newly entered 958 supermarkets
- Completed entry deployment in Walmart & RT-Mart
- E-commerce (Tmall, dangdang.com, etc)





# Investment in R&D

中國兒童護理有限公司  
China Child Care Corporation Limited



- Scaled up investment in R&D and continued to cooperate with South China University of Technology on a series of scientific research projects
- Organized seminars for cosmetics, relevant laws and regulations, formula systems and etc.
- Collaborated with suppliers to develop more products to strengthen core competitiveness
- Frog Prince (China) Daily Chemicals Co., Ltd, was granted the High-New Technology Enterprise Qualification

## Charity Activities

- On 18 May 2014, the Group donated RMB1 million to China Women's Development Foundation to support the charity project entitled “Safeguard the Childhood”
- On 24 May 2014, the Group co-sponsored the large-scale public lecture “Are you loving in an appropriate way-Understanding the father” in Beijing
- On 1 June 2014, the Group launched a series of care activities within the enterprise, such as and caring the oral health of children





# Agenda

**Financial Highlights**  
**Branding and Marketing**  
**Strategies**  
**Q&A**

# Future Strategies

## Charity events



## Advertising and Marketing



Production

Brand Image

R&D

Sales Network

## New products



## Expanding and strengthening Sales networks



Product Offerings

Target personal care products  
for children aged 3-12



# Agenda

**Financial Highlights**  
**Branding and Marketing**  
**Strategies**  
**Q&A**

**Thank You!**