



Sep, 2013

# Disclaimer Statement

Our discussion may include predictions, estimates or other information that might be considered forward-looking. These forward-looking statements generally can be identified by phrases such as "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. Similarly, statements herein that describe the Company's business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. While these forward-looking statements represent our current judgment on what the future holds, all such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements and you are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. Throughout the presentation, we will attempt to present some important factors relating to our business that may affect our predictions. You should also review our most recent Prospectus and Annual Report for a more complete discussion of these factors and other risks, particularly under the heading "Risk Factors." [For more information, please check the Company's Investor Relations website at [eslitespectrum.com.tw](http://eslitespectrum.com.tw)

# Agenda

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# Company Profile

Founded	September, 2005
Capital	NT\$451.33mn
Major shareholder	The Eslite Corp. (52%)
Employees	780 worldwide
Business	Branded platform bridging creativity with <ul style="list-style-type: none"><li>● Retail Management (41 stores in Taiwan and 1 in HK; with total floor space over 220,000 sq m)</li><li>● Food Services</li><li>● Self-operated hotel (expected to commence in 2013)</li></ul>

## Awards & Recognition

- 1<sup>st</sup> in Golden Service Awards, 2012 & 2013 (Common Wealth Magazine)
- Global Rankings for Cultural and Creative concept stores (Knack Weekend)

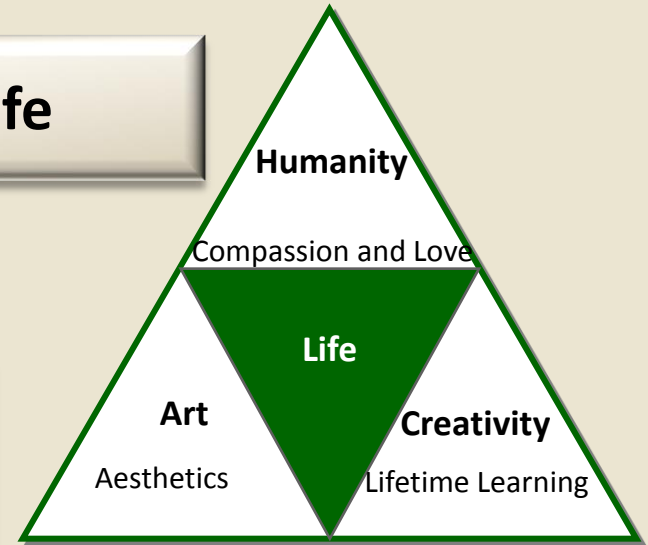
# eslite spectrum Value & Vision

- Core Values

Humanity, Art, Creativity to **Life**

## Life Value

Compassion, Love , Aesthetics,  
Lifetime Learning



- Vision

To be the most influential brand leader in the  
Cultural and Creative segment among Chinese communities around the world.  
To actively contribute and promote Humanities, Art, Creativity to Life.

# Group Organization



100%

Galaxy Star Holdings Co.  
(Cayman)

100%

香港誠品生活有限公司  
The Eslite Spectrum HK

100%

誠品生活商業管理  
(蘇州)有限公司  
The Eslite Spectrum  
Suzhou

100%

誠品生活百貨(上海)有限公司  
The Eslite Spectrum  
Department Store  
(Shanghai) Co.

100%



Date: Aug. 2013

# Retail Management

*An innovative platform that brings together Humanity Art, Creativity and Life*

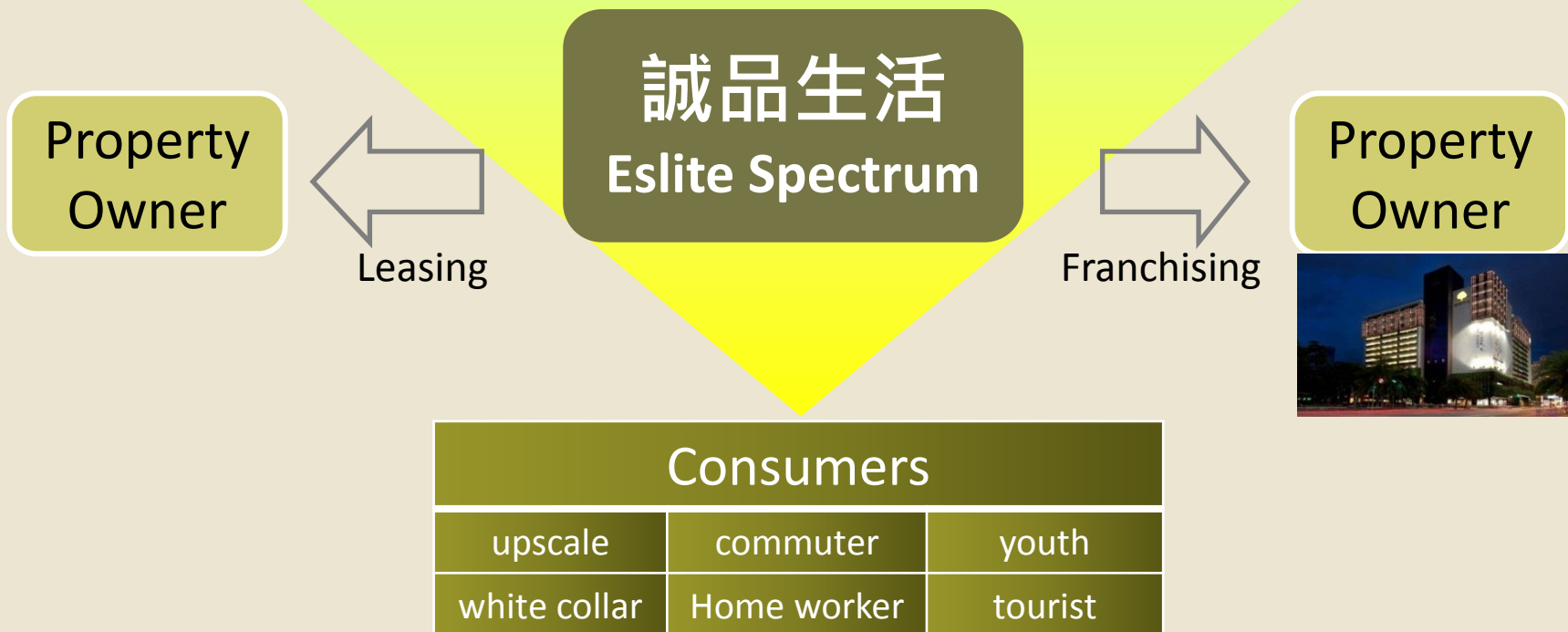


- Leverages commercial value of Eslite bookstore branding and huge customer flow
- Provides distinctive shopping experience by cultivating humanity, art, creativity into lifestyle
- Caters to chic and expectations of surrounding communities





# Business Model

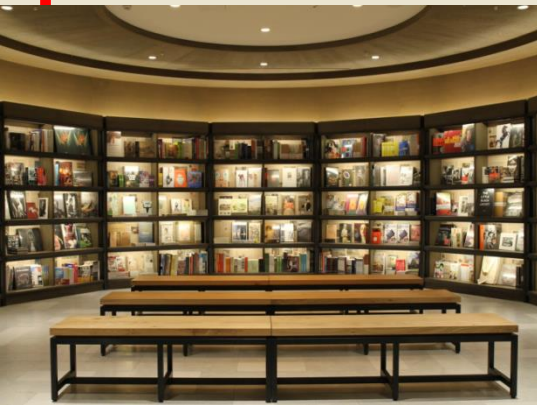




# Core Competency

## Differentiation

A chain in which each link is UNIQUE



Wide range of floor sizes  
Variety of store formats  
Diverse target customers

## Innovation

LIFESTYLE related marketing campaign

1,000+  
name brands

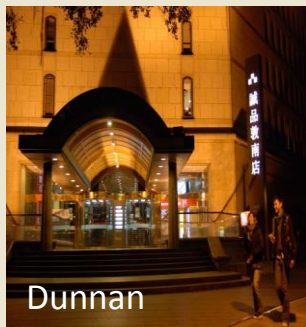
120Mn+  
visitors a year

800K+  
TWN members

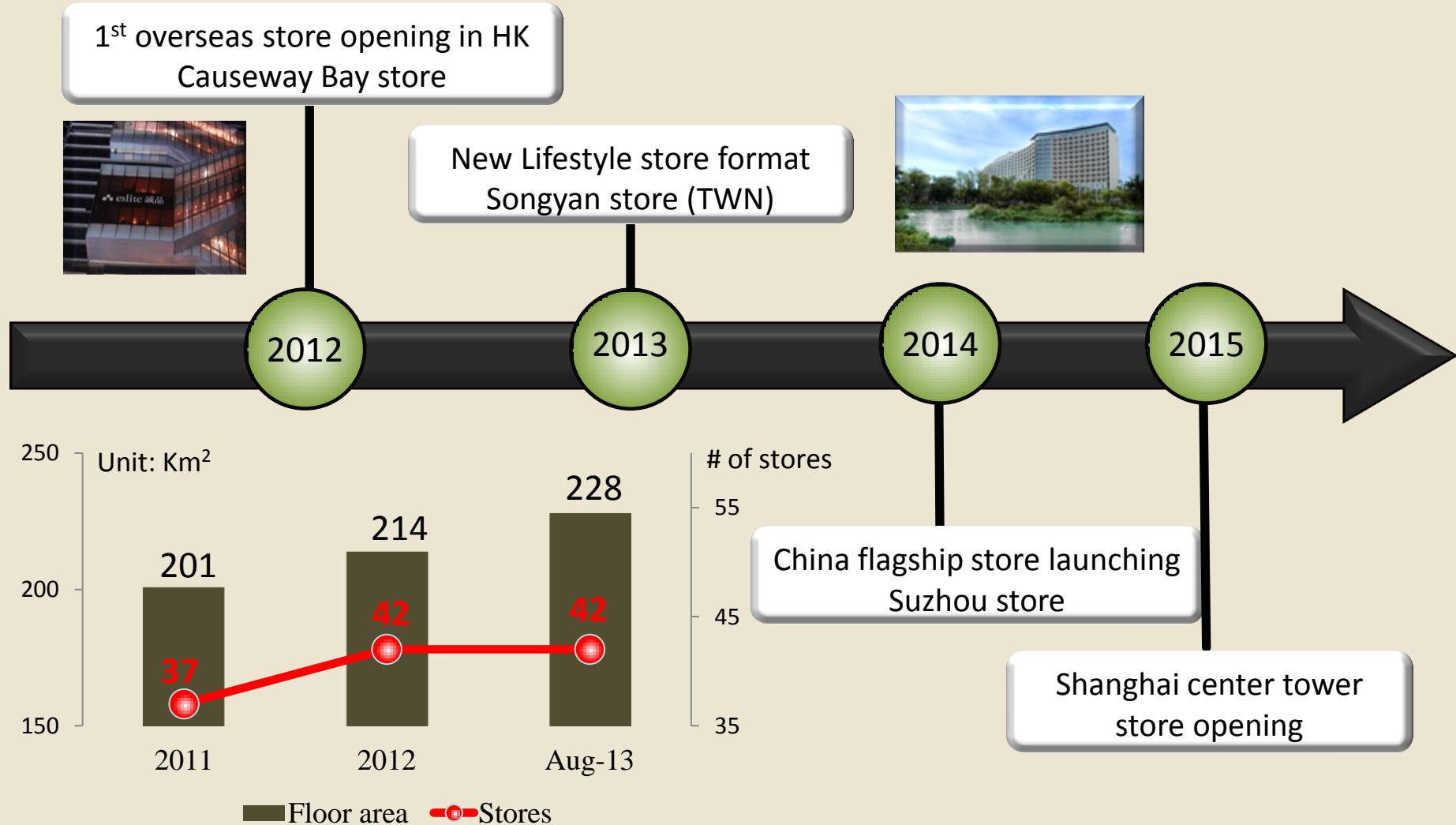


# Unique Retail Portfolio

Region (# of stores)	Store	Focus
Taipei East (4)	Xinyi (flagship) Dunnan, Zhongchen Songyan	International visitors,, serious readers, original works, lifestyle, family designer workshop
Taipei West (5)	Wuchang, Ximen, Eslite 116, Banqiao, Xinban	Teenagers, trend setting, fashion
High traffics (3)	Taipei MRT Station, Taipei Train Station, Taiwan U. Hospital	Commuters, convenience, healthcare,
Others (29)	Taichung Park Lane, Taiwan U. Campus, 8 smaller stores in Taipei 21 in the rest of Taiwan	Customized for local tastes, small-mid size stores
Overseas (1)	Causeway (HK)	



# Store Roadmap





# Food Services (FS)

*One-stop solution provider for leisure industries converting living experiments to art*



- Primary agent for world class brands for specialty kitchen and laundry equipment
- One-stop solution provider  
design/planning - installation - maintenance services
- Chic selection for food & beverages, and hospitality supplies
- Self-operated leisure venues: 10 sites covering gourmet restaurants, lounge and fines wine cellars



# FS- World Class Brands

## Kitchen Equipment



## Coffee and Food



## Laundry Equipment



## Hotel & Restaurant Supplies



# FS- Customer Base

## Hotels



## Corporate Canteens



## Fast Food Chains



## Hospitals



## Restaurants





# Outlook and Strategies

## Taiwan

### Floor space expansion and launching hotel business

- New store in Songshan Cultural and Creative Park (SCCP)
- Opening of art-themed hotel in SCCP

## Hong Kong

### Introducing Taiwan's brand names to the world

- Causeway Bay store (Aug. 2012) & more
- 2~3 new stores in 3 years

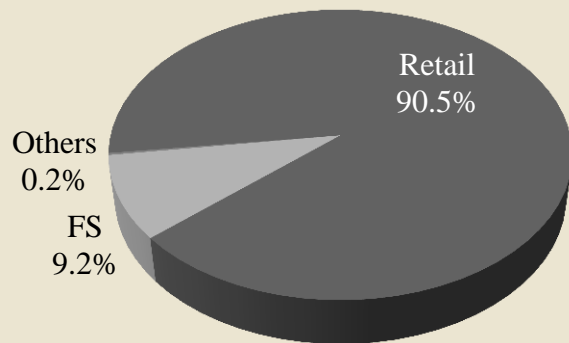
## China

### Growing with China's 12<sup>th</sup> "Five-year Plan"

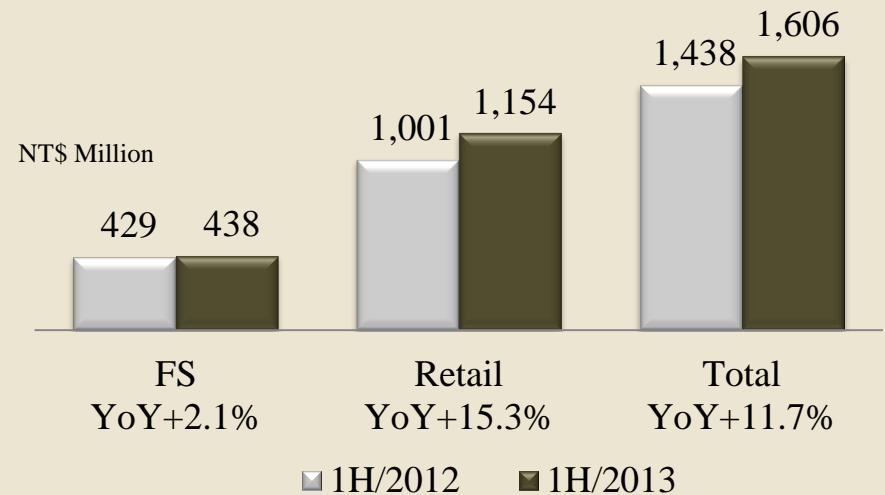
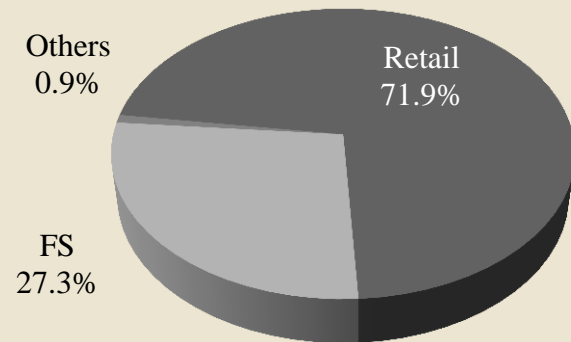
- Suzhou Eslite Cultural Complex commerce operation in 2014
- Tier 1 city expansion : Beijing, Shanghai, Wuxi, Nanjing, Hangzhou and Shenzhen

# Sales Breakdown

**FY2012**  
**R.O.C. GAAP**

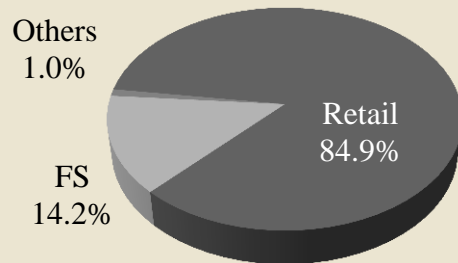


**1H/2013**  
**IFRSs**



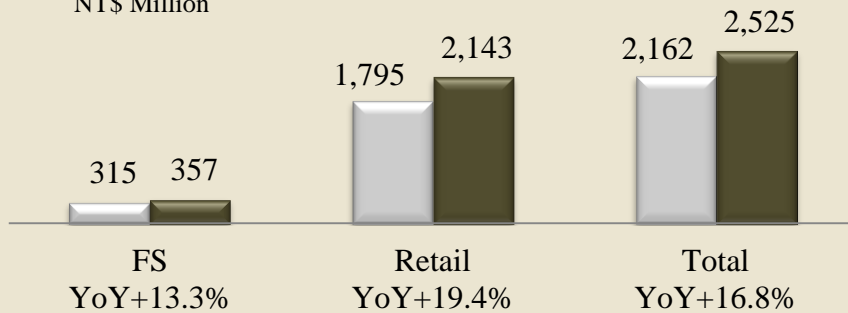
# Growing Profitability- GP

**FY2012**  
**R.O.C. GAAP**



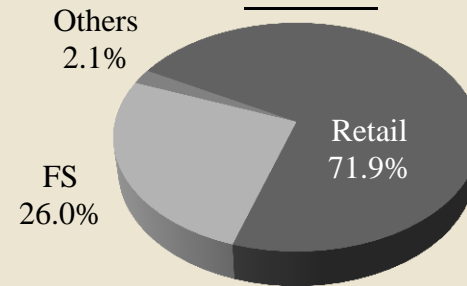
■ FY2011 ■ FY2012

NT\$ Million



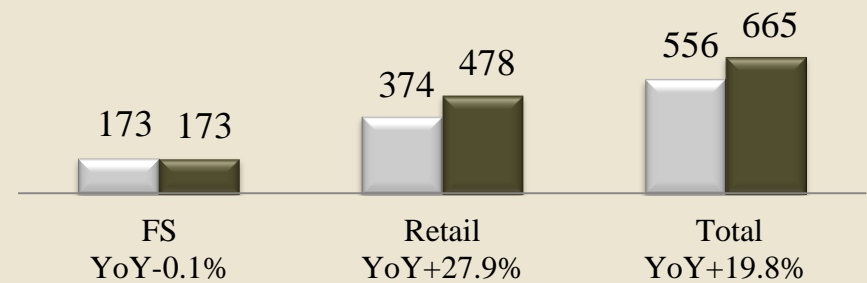
Gross Margin (%)	FS	Retail	Total
FY2012	36.4%	22.3%	23.8%
FY2011	40.3%	21.1%	23.2%

**1H/2013**  
**IFRSs**



■ 1H/2012 ■ 1H/2013

NT\$ Million

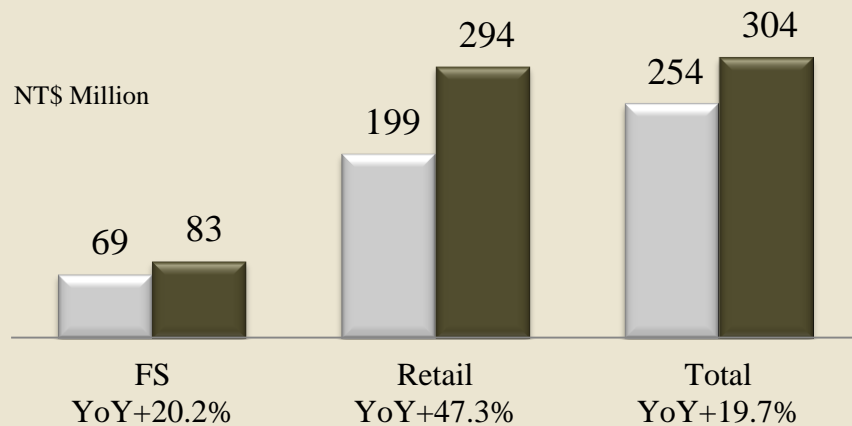


Gross Margin (%)	FS	Retail	Total
1H/2013	39.5%	41.4%	41.4%
1H/2012	40.3%	37.4%	38.6%

# Growing Profitability- OP

## R.O.C. GAAP

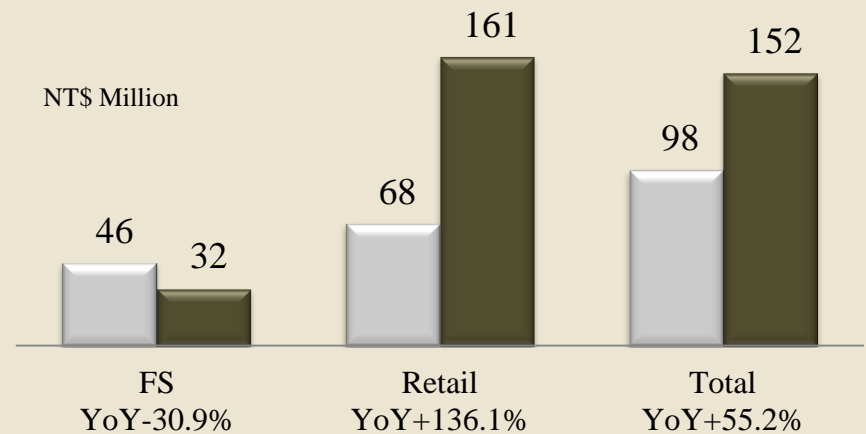
■ FY2011 ■ FY2012



Operating Margin (%)	FS	Retail	Total
FY2012	8.5%	3.1%	2.9%
FY2011	8.8%	2.3%	2.7%

## IFRSs

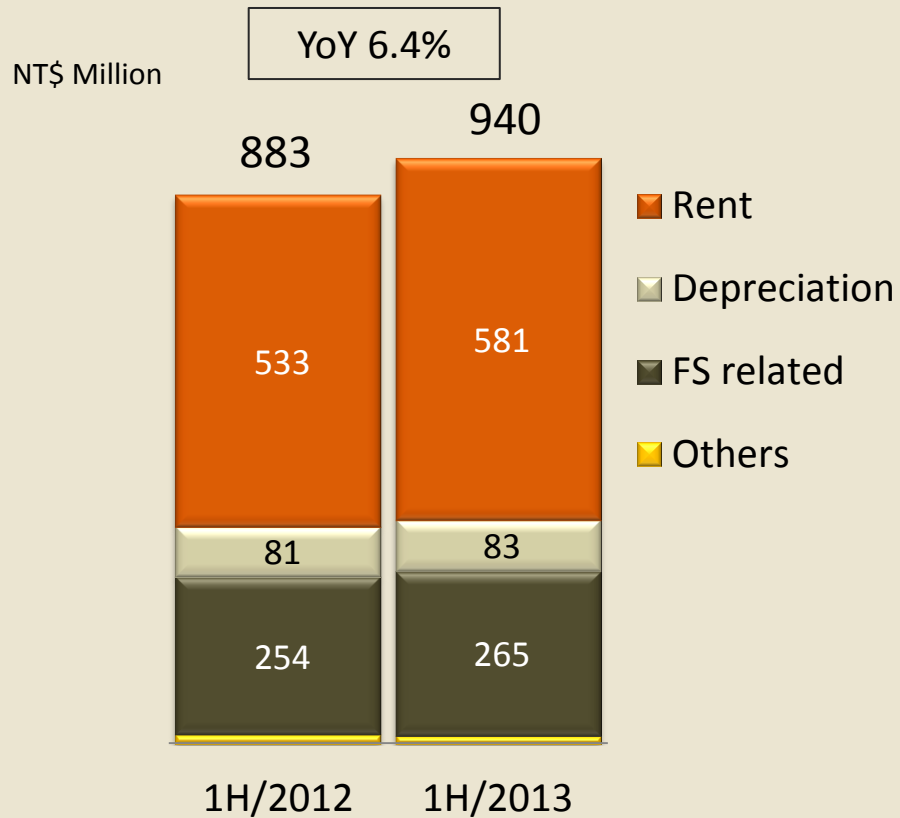
■ 1H/2012 ■ 1H/2013



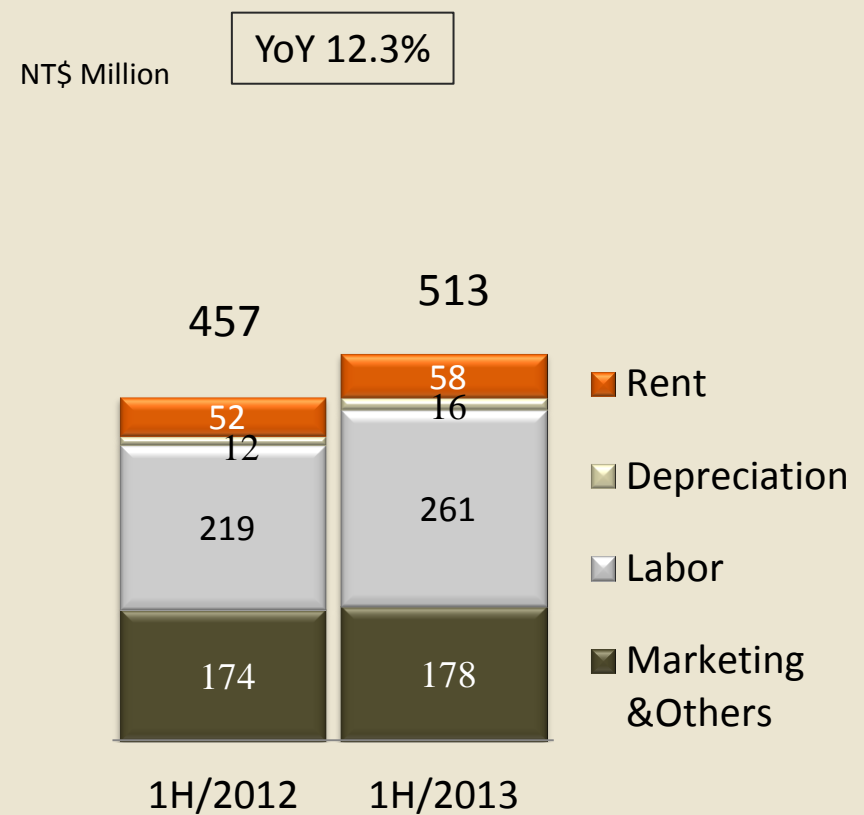
Operating Margin (%)	FS	Retail	Total
1H/2013	7.3%	14.0%	9.5%
1H/2012	10.8%	6.8%	6.8%

# Cost & Expense Structure

## Cost



## Expense



# Consolidated Income Statement

NT\$ Million	IFRSs			R.O.C GAAP		
	1H/2013	1H/2012	YoY(%)	FY2012	FY2011	YoY(%)
Sales	1,606	1,438	11.7%	10,597	9,321	13.7%
Gross Profit	665	556	19.6%	2,525	2,162	16.8%
<b>Gross Margin (%)</b>	<b>41.4%</b>	<b>38.7%</b>	<b>+2.7ppt</b>	<b>23.8%</b>	<b>23.2%</b>	<b>+0.6ppt</b>
Operating Expense	513	458	12.0%	2,221	1,908	16.4%
Operating Profit	152	98	55.1%	304	254	19.7%
<b>Operating Margin (%)</b>	<b>9.5%</b>	<b>6.8%</b>	<b>+2.6ppt</b>	<b>2.9%</b>	<b>2.7%</b>	<b>+0.1ppt</b>
Non-Operating Income(Loss)	24	24	0.0%	41	6	583.3%
Pre-tax Profit	176	122	44.3%	345	260	32.7%
Taxation	30	24	25.0%	63	41	53.7%
Net Income	146	98	49.0%	282	219	28.8%
<b>Net Margin (%)</b>	<b>9.1%</b>	<b>6.8%</b>	<b>+2.3ppt</b>	<b>2.7%</b>	<b>2.3%</b>	<b>+0.3ppt</b>
Comprehensive Income	147	97	51.5%			
EPS (NT\$)	3.28	2.38	+\$ 0.9	6.89	5.35	+\$ 1.54



# Consolidated Balance Sheet

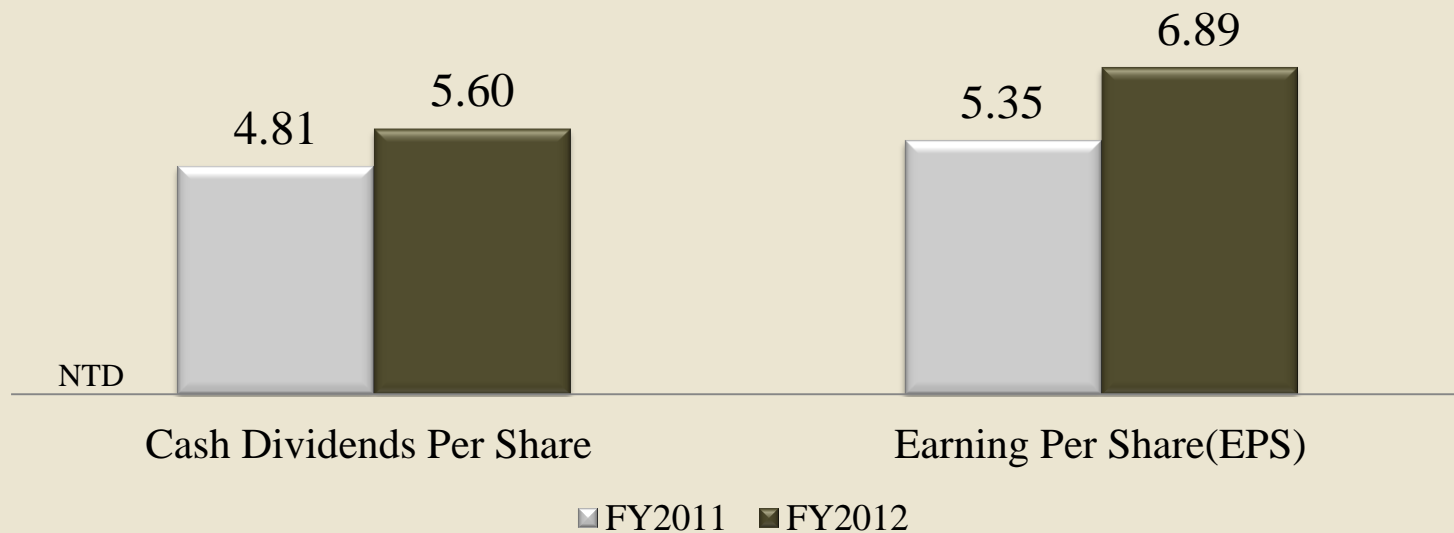
NT\$ Million	IFRSs		R.O.C. GAAP	
	1H/2013	1H/2012	FY2012	FY2011
Cash & Cash Equivalents	1,332	559	966	717
Accounts & notes Receivable	473	409	444	412
Inventories	306	267	274	239
Other Current Assets	227	252	200	200
Current Assets	2,338	1,487	1,884	1,568
Investment	49	46	46	46
Net P, P&E	1,002	881	964	803
Others	278	267	241	236
<b>Total Assets</b>	<b>3,667</b>	<b>2,681</b>	<b>3,135</b>	<b>2,653</b>
Short-term Loans	-	-	109	-
Accounts & notes Payables	1,452	1,269	1,557	1,397
Other Current Liabilities	662	552	514	393
Non-current Liabilities	299	216	68	60
<b>Total Liabilities</b>	<b>2,413</b>	<b>2,037</b>	<b>2,248</b>	<b>1,850</b>
Capital –Common Stock	451	410	410	410
<b>Total Shareholders' Equity</b>	<b>1,254</b>	<b>644</b>	<b>887</b>	<b>803</b>
<b>ROE (annualized)</b>	<b>27.2%</b>	<b>27%</b>	<b>33.4%</b>	<b>30.7%</b>
Current Ratio	110.6%	81.7%	86.4%	87.6%

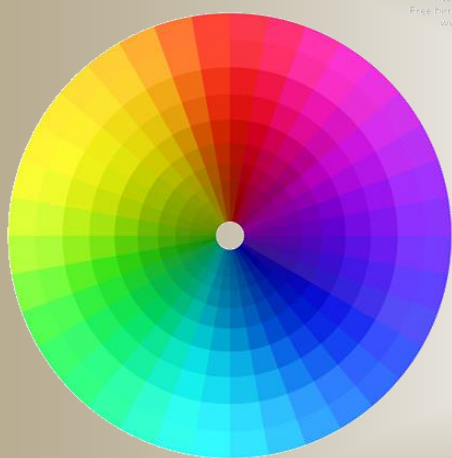
# Consolidated Cash Flow

NT\$ Million	IFRSs		R.O.C GAAP	
	1H/2013	1H/2012	FY2012	FY2011
Cash Flow from Operating Activities	35	47	643	827
<b>CAPEX</b>	<b>(211)</b>	<b>(121)</b>	<b>(242)</b>	<b>(157)</b>
Cash Flow from Investing Activities	(207)	(146)	(254)	(238)
Common Stock Issue	645	-	-	-
Cash Dividends Paid	-	-	(197)	(43)
Cash Flows from Financing Activities	538	(57)	(140)	(240)
<b>Net Increase (decrease) in Cash &amp; Cash Equivalents</b>	<b>366</b>	<b>(158)</b>	<b>249</b>	<b>350</b>
Cash & Cash Equivalents at Beginning of Period	965	717	717	367
Cash & Cash Equivalents at End of Period	1,331	559	966	717

# Dividend Trend

NTD	FY2011	FY2012
Cash Dividends Per Share (A)	4.81	5.60
Earning Per Share(EPS) (B)	5.35	6.89
Payout Ratio (A/B)	89.9%	81.3%





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