



Aug, 2014

# 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. (51.53%)
Business	<p>Branded platform connecting creativity with</p> <ul style="list-style-type: none"><li>● Retail Management (2014/Q2 : <b>41</b> stores in Taiwan and <b>1</b> in HK; with total floor space of <b>229,000 m<sup>2</sup></b>)</li><li>● Food Services</li><li>● Hotel Management</li></ul>
Employees	<b>925</b> worldwide (as of 2014/Q2)
Awards & Recognition	<ul style="list-style-type: none"><li>● 1<sup>st</sup> in Golden Service Awards, 2012 &amp; 2013 &amp; 2014 (CommonWealth Magazine)</li><li>● Global Rankings for Cultural and Creative concept stores (Knack Weekend)</li></ul>

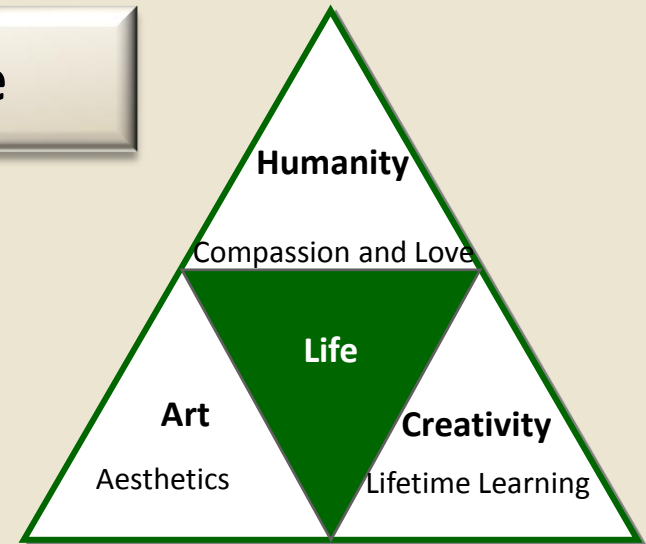
# Value & Vision

- Core Values

Humanity, Art, Creativity and **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 Humanity, Art, Creativity to Life.

# Group Organization



# Retail Management

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



- Leverage commercial value of Eslite bookstore branding and its huge customer flow
- Provide the unique Humanity, Art, Creativity shopping experience for customers
- Focus on diversified customers to strengthen their loyalty and to advance the ability to pull in more customers





# Core Competency

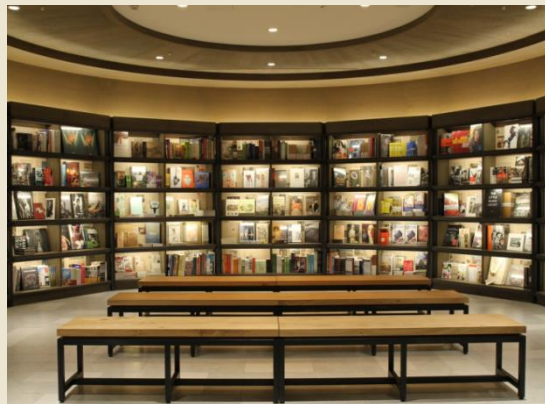
## Differentiation

A UNIQUE chain, not a carbon copy

Wide range of floor sizes

Variety of store formats

Diverse target customers



1,000+  
name brands

120Mn+  
visitors a year

960K+  
TWN members

## Innovation

- Integrate retail business with creative culture to create synergies
- Design a space for consumers to experience the pleasant lifestyle





# Business Model

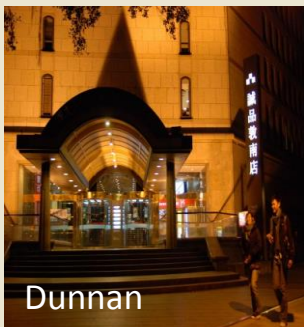
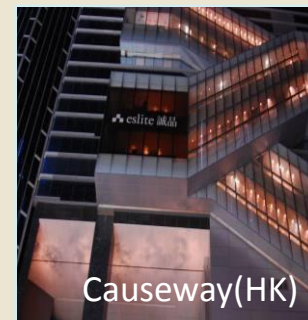


## A Wide Variety of Consumers



# Unique Retail Portfolio

Region (# of stores)	Store	Target
Taipei East (4)	Xinyi (flagship) Dunnan, Zhongchen Songyan	Tourist, book enthusiast, office worker, family, designer
Taipei West (5)	Wuchang, Ximen, Eslite 116, Banqiao, Xinban	Teenager, trend setter
High Traffic (3)	Taipei MRT Station, Taipei Train Station, Far Eastern Memorial Hospital	Commuter
Others (29)	Taichung Park Lane, Taiwan U. Campus, 8 smaller stores in Taipei 21 in the rest of Taiwan	
Oversea (1)	Causeway (HK)	



# Food Services (FS)

*A Provider that combines Humanity, Art, Creativity experience together with life*



- Primary agent for world class brands for specialty kitchen and laundry equipment
- One-stop solution provider  
design/planning – installation – customer support
- Handpicked food & beverages, and hospitality supplies
- Self-operated 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



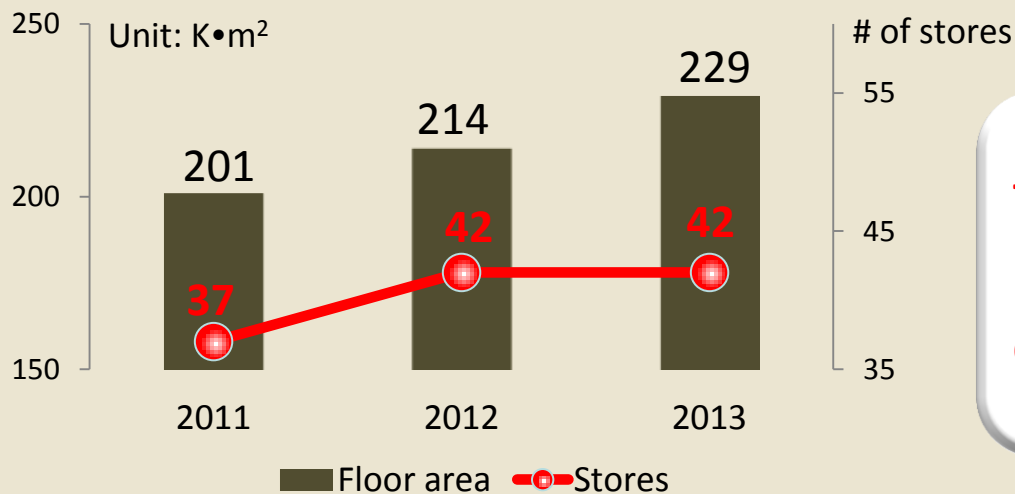
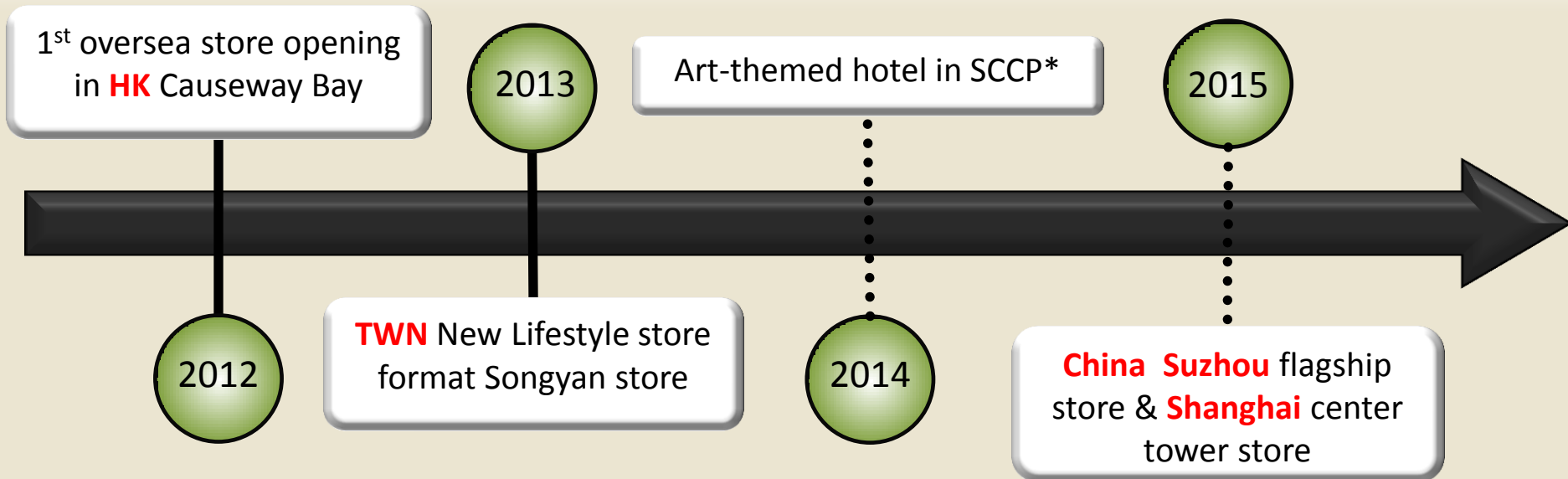
## Hospitals



## Restaurants



# Strategies and Outlook



**Longer term**

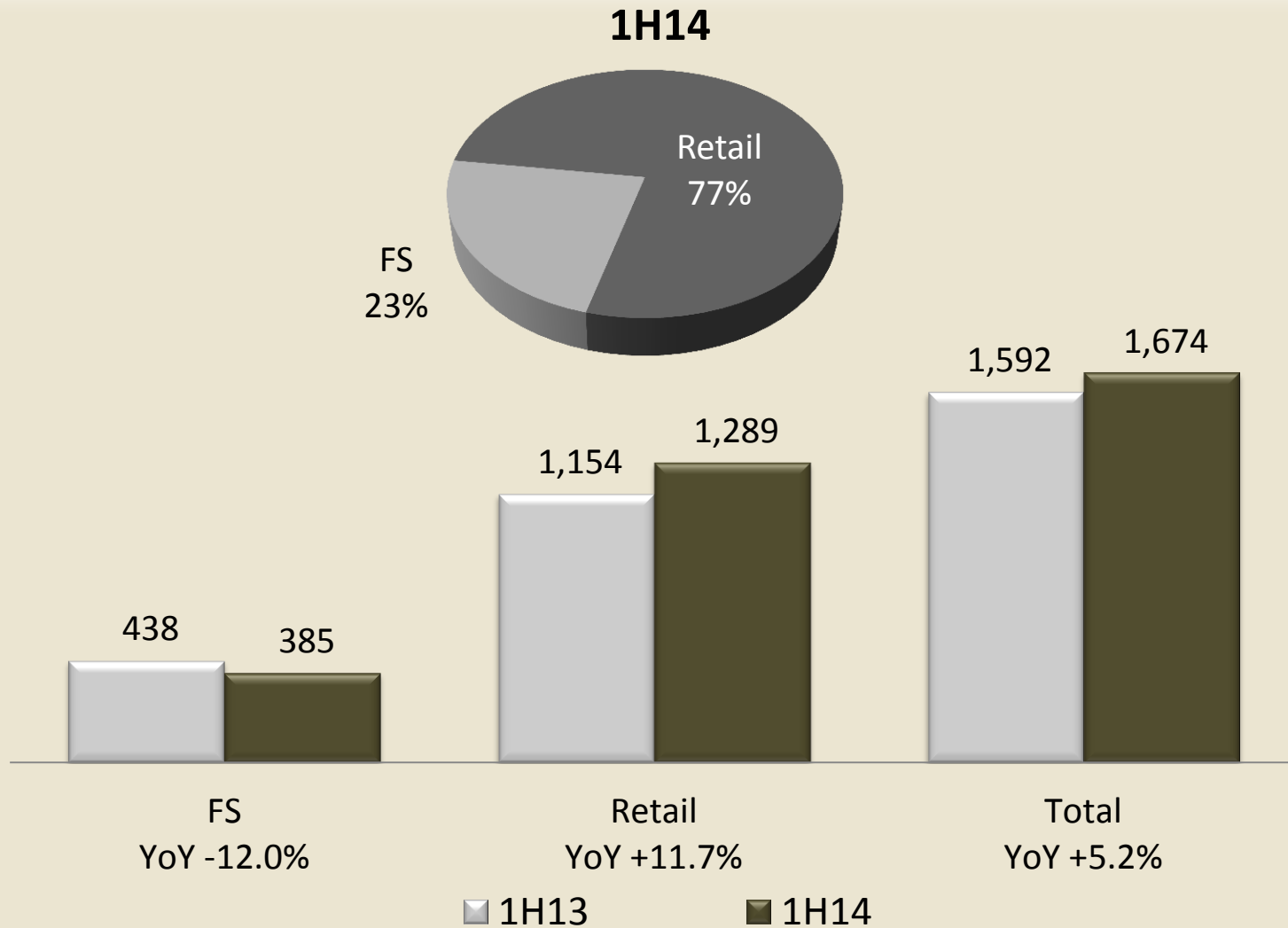
- TWN**: Look for good opportunities in New TPE City, Taichung, Tainan, etc.
- HK**: 2-3 stores in 3 years
- China**: Tier 1 city expansion (Beijing, Shanghai, Shenzhen, etc.)

\*SCCP : Songshan Culture and Creative Park



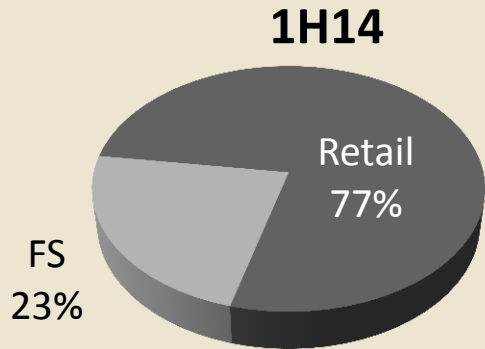
# Sales Breakdown

NT\$ Million

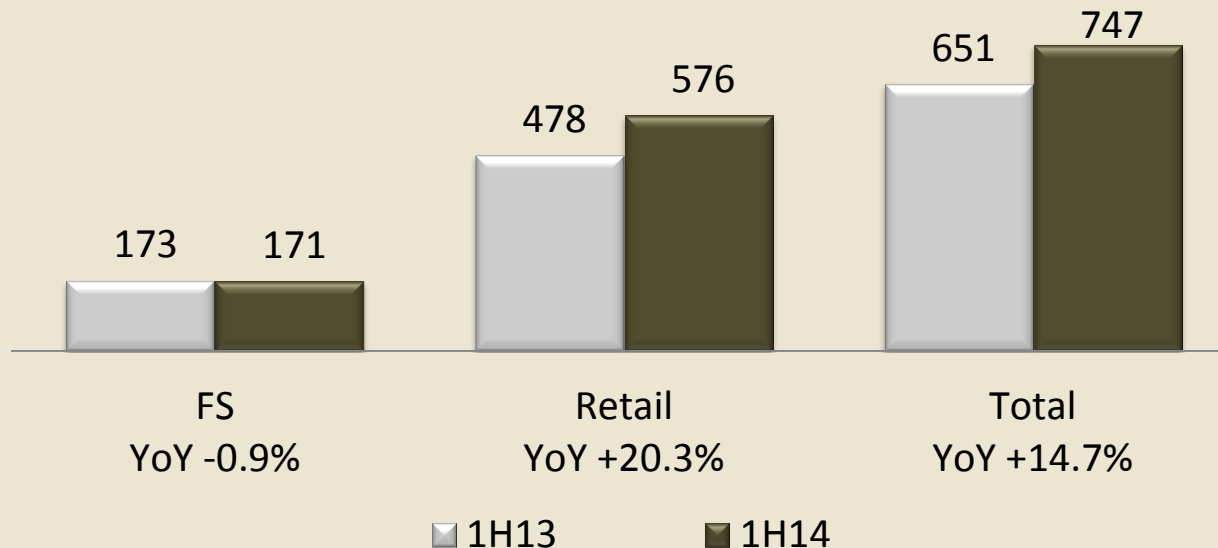


# Growing Profitability – GP

NT\$ Million



Gross Margin (%)	FS	Retail	Total
1H14	44.5%	44.7%	44.6%
1H13	39.5%	41.5%	40.9%

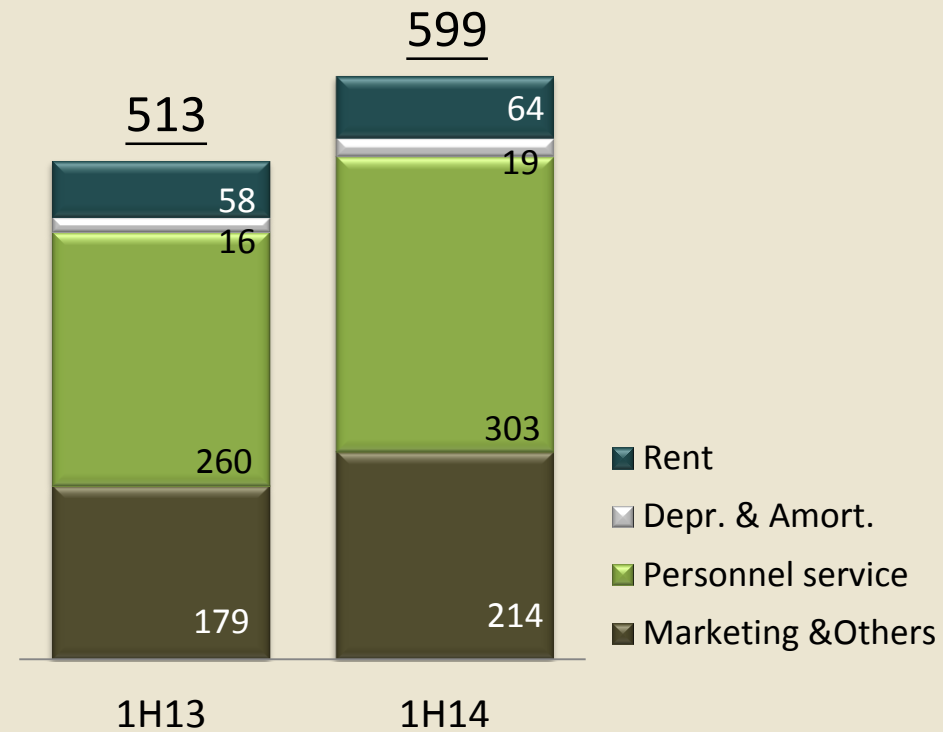
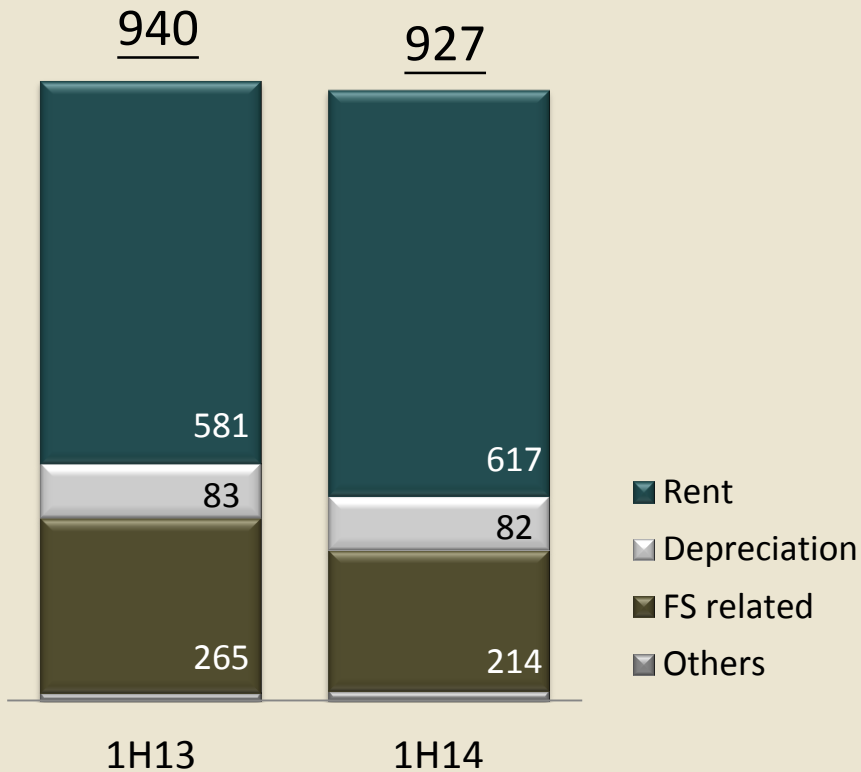


# Cost & Expense Structure

NT\$ Million

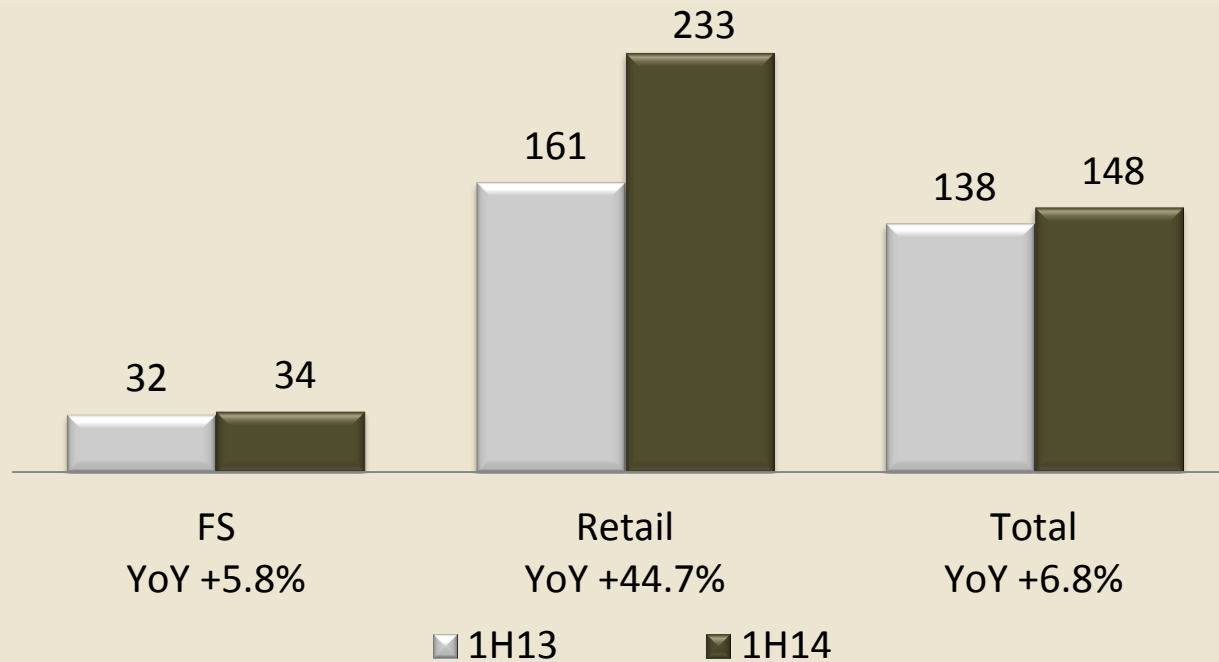
**Cost**  
YoY -1.4%

**Expense**  
YoY +16.8%



# Growing Profitability – OP

NT\$ Million



Operating Margin (%)	FS	Retail	Total
1H14	8.8%	18.1%	8.8%
1H13	7.3%	14.0%	8.7%

# Consolidated Income Statement

NT\$ Million

	1H14	1H13	YoY(%)
Sales	1,674	1,592	5.2%
Gross Profit	747	651	14.7%
Gross Margin (%)	44.6%	40.9%	3.7%
Operating Expense	599	513	16.8%
Operating Profit	148	138	6.8%
Operating Margin (%)	8.8%	8.7%	0.1%
Non-Operating income(Loss)	37	38	-4.6%
Pre-tax Profit	184	177	4.3%
Taxation	29	31	-4.7%
Net Income	155	146	6.2%
Net Margin (%)	9.3%	9.2%	0.1%
Comprehensive Income	153	147	4.6%
EPS (NT\$)	\$ 3.43	\$ 3.28	+\$ 0.15

# Consolidated Balance Sheet

NT\$ Million

	2014.06.30	2013.12.31	2013.06.30
Cash & Cash Equivalents	982	911	1,332
Accounts & notes Receivable	410	576	489
Inventories	323	293	306
Other Current Assets	252	246	212
Current Assets	1,967	2,026	2,338
Investment	67	67	49
Net P, P&E	1,497	1,548	1,002
Intangible assets	11	11	6
Others	347	333	272
<b>Total Assets</b>	<b>3,891</b>	<b>3,985</b>	<b>3,667</b>
Short-term Loans	100	0	0
Accounts & notes Payables	1,349	1,541	1,465
Other Current Liabilities	715	636	597
Non-current Liabilities	422	385	351
<b>Total Liabilities</b>	<b>2,586</b>	<b>2,562</b>	<b>2,413</b>
Capital – Common Stock	451	451	451
<b>Total Shareholders' Equity</b>	<b>1,305</b>	<b>1,423</b>	<b>1,254</b>
<b>ROE</b>	<b>22.7%</b>	<b>28.2%</b>	<b>29.6%</b>
Current Ratio	90.9%	93.1%	113.4%



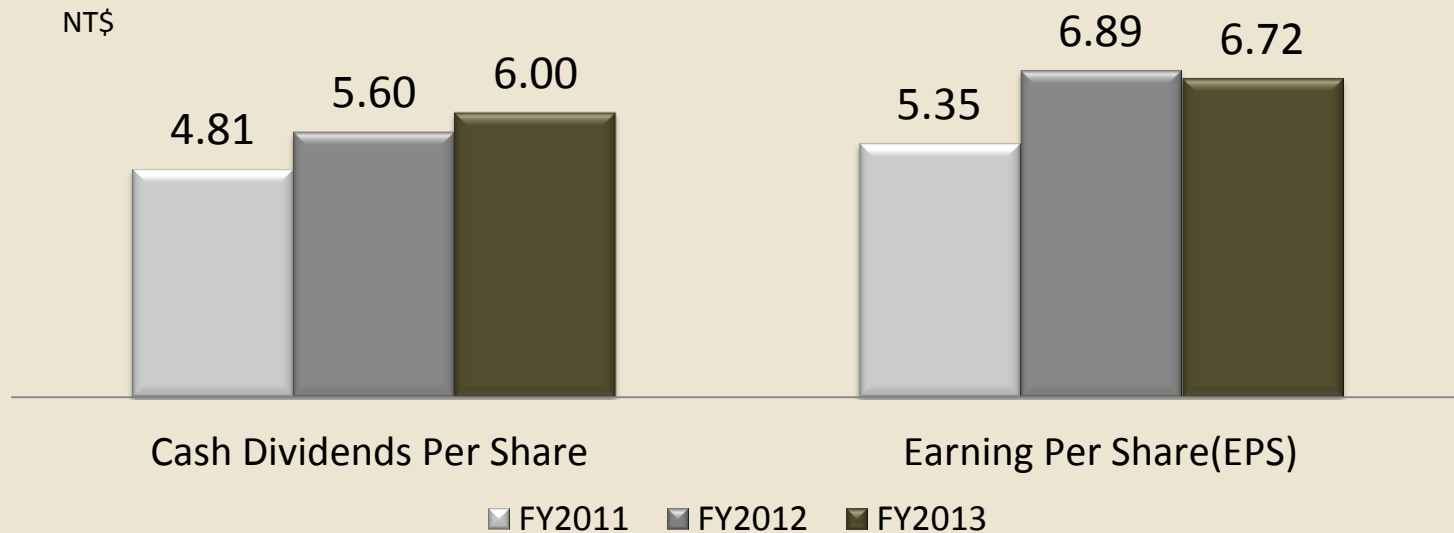
# Consolidated Cash Flow

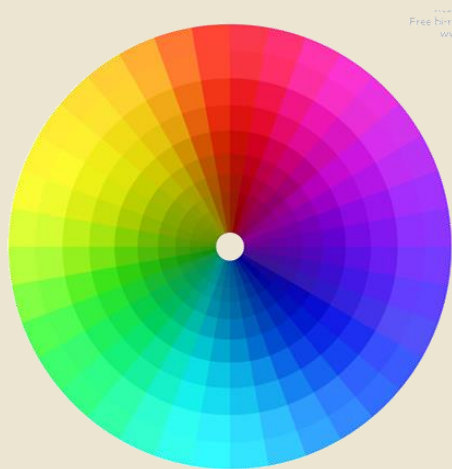
NT\$ Million

	1H14	1H13
Cash Flow from Operating Activities	137	35
CAPEX	(165)	(211)
Cash Flow from Investing Activities	(168)	(207)
Common Stock Issue	-	645
Cash Flows from Financing Activities	104	538
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(2)	-
Net Increase in Cash & Cash Equivalents	71	366
Cash & Cash Equivalents at Beginning of Period	911	965
Cash & Cash Equivalents at End of Period	982	1,331

# Dividend Trend

NT\$	FY2011 (R.O.C GAAP)	FY2012 (R.O.C GAAP)	FY2013 (IFRSs)
Cash Dividends Per Share (A)	4.81	5.60	6.00
Earnings Per Share(EPS) (B)	5.35	6.89	6.72
Payout Ratio (A/B)	89.9%	81.3%	89.3%





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