

# FY2006 Results Presentation

Eu Yan Sang International Ltd.  
29th August 2006



# Presentation Outline

- Highlights
- FY 2006 Financial Review
- FY 2006 Operations Review
- Outlook
- Q&A



# Highlights

- Directors recommend \$7.2m in dividends, a 25% increase over dividends declared in FY05 (S\$5.7m)
  - 4th consecutive year of >40% dividend payout
- 16% increase in net profit to S\$14.4 million as revenue climbed 9% to S\$173.4 million
- FY07 revenue and operating profit are expected to exceed those achieved in FY06



# FY2006 Financial Review

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# Financial Highlights

	Twelve months ended		% + / (-)
	30/06/2006 S\$'000	30/06/2005 S\$'000	
<b>Revenue</b>	173,447	159,612	9
<b>Gross Profit</b>	87,958	79,435	11
<b>Operating Profit</b>	19,997	17,494	14
<b>Profit From Continuing Operations Before Tax</b>	17,538	15,505	13
<b>Net Profit</b>	14,421	12,409	16
<b>EPS (cents)</b>	4.01	3.47	16



- Gross profit increased by 11% to S\$88m
  - Higher gross margin of 50.7% from 49.8%
- Operating expenses went up 14% to S\$71.7m in line with expansion plans due to:
  - Higher advertising and promotional costs
  - Opening of new stores and higher rental



# Key Financial Ratios

<b>Profitability</b>	<b>Year to Date 30 June 05</b>	<b>Year to Date 30 June 06</b>
Gross margin (%)	49.8	50.7
Operating margin (%)	11.0	11.5
Net margin (%)	7.8	8.3
<b>Efficiency</b>		
Inventory days	136	133
<b>Liquidity</b>		
Current ratio (times)	1.9	1.5
Quick ratio (times)	0.9	0.7
Debt to equity ratio (times)	0.28	0.27



# FY2006 Operations Review

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# Revenue By Geographical Location

	<b>FY2005 in S\$ millions</b>	<b>FY2006 in S\$ millions</b>	<b>% Change</b>
<b>Hong Kong</b>	<b>S\$75.4</b>	<b>S\$80.8</b>	<b>+7</b>
<b>Singapore</b>	<b>S\$36.3</b>	<b>S\$42.8</b>	<b>+18</b>
<b>Malaysia</b>	<b>S\$33.7</b>	<b>S\$36.0</b>	<b>+7</b>
<b>Australia/USA</b>	<b>S\$14.2</b>	<b>S\$13.8</b>	<b>-3</b>
<b>Total</b>	<b>S\$159.6</b>	<b>S\$173.4</b>	<b>+9</b>



# Revenue by Business Segment

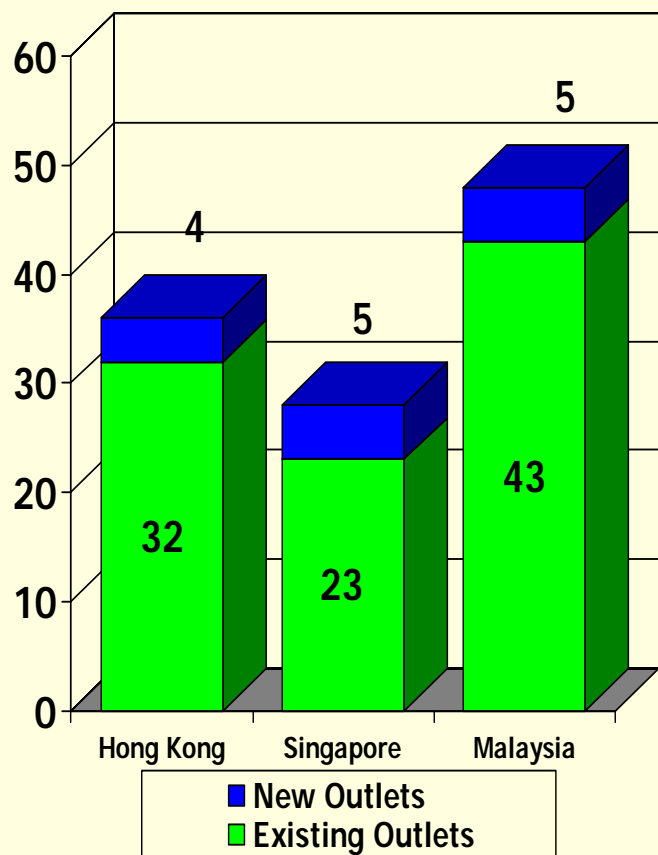
<b>Business Segment</b>	<b>FY2005 in S\$ millions</b>	<b>FY2006 in S\$ millions</b>	<b>% Change</b>
<b>Retail</b>	<b>108.9</b>	<b>121.3</b>	<b>+11</b>
<b>Wholesale</b>	<b>28</b>	<b>28.2</b>	<b>+1</b>
<b>Clinics</b>	<b>18.4</b>	<b>20.2</b>	<b>+10</b>
<b>Others</b>	<b>4.3</b>	<b>3.7</b>	<b>-14</b>



- Largest contributor
- Increase in sales together with increase in retail stores
- Expanding retail network from 98 to 112 stores as at 30 June 2006
- 114 stores currently



# New Retail Outlets by Geographical Location



- Retail outlets have grown evenly across the groups key markets
  - 4 in Hong Kong
  - 5 in Singapore
  - 5 in Malaysia
- Opened new store in Macau in May 2006



# Same Store Sales & Sales Per Square Foot

<b>Geographical Segment</b>		<b>FY2005</b>	<b>FY2006</b>
<b>Hong Kong</b>	<b>Same Store Sales</b>	<b>HK\$353.3 m</b>	<b>HK\$365.7 m</b>
	<b>Sales Per Square Foot</b>	<b>HK\$11,668</b>	<b>HK\$11,693</b>
<b>Singapore</b>	<b>Same Store Sales</b>	<b>S\$23.6 m</b>	<b>S\$25.9 m</b>
	<b>Sales Per Square Foot</b>	<b>S\$1,776</b>	<b>S\$1,784</b>
<b>Malaysia</b>	<b>Same Store Sales</b>	<b>RM76.7 m</b>	<b>RM77.6 m</b>
	<b>Sales Per Square Foot</b>	<b>RM3,608</b>	<b>RM3,570</b>



# Wholesale

- Transitional shift in wholesale model
- Distribution to existing healthcare stores
  - E.g. Store-in-store concept in Malaysia
  - Application of successful Malaysian model to Singapore
- Successful renewal of Bak Foong Pills and Bo Ying Compound for wholesale distribution to the PRC market
  - five-year period commencing May 2006



- Revenue increased by 10% from S\$18.4m to S\$20.2m
- Greater awareness of integrative medicine and increased popularity
- Increasing same clinics sales

10.2



# Top 5 Product Groups By Revenue

Product Name	Purpose	12 Months ended 30 Jun 2005	12 Months ended 30 Jun 2006	% Change
Bottled Bird's Nest	General health maintenance	\$17.5m	\$18.6m	+ 6.3%
Bak Foong Pills	Women's health, nourishes blood and Qi	\$13.7m	\$13.7m	-
Bo Ying Compound	Infants' health	\$13.0m	\$14.4m	+ 10.8%
Lingzhi Cracked Spores	Improves immunity	\$7.9m	\$9.8m	+ 24.1%
Hou Ning	Cough and phlegm	\$4.5m	\$4.8m	+ 6.7%
<b>Total</b>		\$56.6m	\$61.3m	+ 8.3%



# Outlook

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# Company Outlook



- Outlook continues to be positive
- Focus on core business of
  - Opening new stores & clinics
  - Introducing new products
- Opening of new factory in Hong Kong
  - Expected to be operational by Oct 06
  - Expansion of manufacturing capacity in both scope and scale



# Moving forward...

- Focus on new projects
  - Regional development
  - New retail initiatives
  - New products and services



# Our Progress So Far

	Total for FY2005	Total for FY2006	Target for FY2007
Retail Outlets	98 stores	112 stores	8-10 new (net)
Clinics	18	20	2-4
Products	>250	260	9-12 new
Brand value	\$44m	\$50m	>\$50m

- Barring unforeseen circumstances, the Group's FY07 revenue and operating profit are expected to exceed those achieved in FY06.



# Thank You!

## Question & Answer Session

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