



EU YAN SANG INTERNATIONAL LTD
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For Immediate Release

Eu Yan Sang's 1QFY2015 revenue up 4% to S\$83.0 million on higher revenue generated from Australia, Hong Kong and Singapore

- 1QFY2015 wholesale revenue contribution increased without impacting gross margin which improved 0.3 percentage point to 51.5%
- Profit to shareholders decreased 48% to S\$0.7 million mainly due to higher operating expenses and taxes
- Group expects core business to grow at slower pace amidst protracted unrest in Hong Kong and slower economic growth in China

Singapore, 29 October 2014 – SGX mainboard-listed Eu Yan Sang International Ltd (“EYS”, “the Group” or “余仁生国际企业”) reported a 4% year-on-year (“y-o-y”) increase in its revenue to S\$83.0 million for its first quarter ended 30 September 2014 (“1QFY2015”) mainly due to higher revenue generated from Australia, Hong Kong and Singapore.

Table 1 – Financial Highlights

Financial Highlights (S\$ '000)	1QFY2015 ended 30 Sep 14	1QFY2014 ended 30 Sep 13	Change +/(-)%
Revenue	83,033	79,538	4%
Gross Profit	42,796	40,687	5%
<i>Gross Profit Margin</i>	<i>51.5%</i>	<i>51.2%</i>	<i>0.3 % pts</i>
Operating expenses	40,098	36,620	9%
Operating profit	3,085	4,639	(33%)
Profit before tax	2,269	2,918	(22%)
Taxation	1,534	1,482	4%
Profit to shareholders	737	1,425	(48%)



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Wholesale revenue contribution for 1QFY2015 has increased without impacting on the Group's gross margin, which has improved 30 basis points from 51.2% for 1QFY2014 to 51.5% for 1QFY2015. As a result, gross profit improved 5% to S\$42.8 million.

1QFY2015 operating expenses have however increased 9% y-o-y largely due to cost pressures in salary, rental across most markets and increased expenses in new markets. Taxation for 1QFY2015 was also higher by 4%. Consequently, 1QFY2015 profit to shareholders decreased 48% to S\$0.7 million.

1QFY2015 Revenue by Activities

Retail revenue grew 4% largely as a result of better retail performance in Singapore and Australia. Singapore generated higher revenue on favourable consumer response to promotions, while Australia's increase in company-operated outlets brought the higher retail revenue. Wholesale revenue improved 10% on higher sales through the distribution channels in Hong Kong and Macau. Clinic revenue dipped 2% mainly due to the competitive environment in Singapore from many alternative options of government-subsidized medical treatments.

1QFY2015 Revenue by Geographical Locations

In geographical and local currency terms, Hong Kong improved 4% largely driven by its wholesale business. Singapore improved by 6% on higher sales of raw and fine herbs. Malaysia decreased by 7% mainly due to the timing effect of promotions held. Australia's revenue surged 24% largely due to the increased number of company-operated outlets and better same-store sales.



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Mr Richard Eu (余义明), Group CEO, commented, “Our sales in Australia have continued to grow consecutively since we acquired the Healthy Life Group in February 2012. It is particularly encouraging that Australia’s quarterly sales for 1QFY2015 has reached A\$10.6 million, crossing the A\$10 million level for the first time.”

Group’s Retail Outlets and Clinics

The Group continued its retail rationalizing strategy in 1QFY2015, adding three company-operated outlets and closing 1 franchise outlet in Australia. It has also added two in Malaysia and one in China while reduced one each in Hong Kong, Singapore and Macau. The total number of retail outlets stood at 283 (comprising 252 company-operated outlets and 31 franchise outlets) as at end September 2014.

There was no change in the Group’s number of clinics and integrative medical centres in 1QFY2015, which stood at 32 and 2 respectively at the close of the quarter.

Going Forward

With the protracted unrest in Hong Kong and the slower economic growth in China, the Group expects its revenue to grow at a slower pace. Notwithstanding, it remains optimistic that its business will continue to be profitable and cash flow positive.

- The End -

About Eu Yan Sang International Ltd (SGX: EYSI)

Listed on the Singapore Exchange, Eu Yan Sang International Ltd (Eu Yan Sang) aims to be the world’s leading and most trusted integrative health and wellness company with a unique heritage in Traditional Chinese Medicine (“TCM”). Being an industry leader and one of the largest TCM groups in South East Asia, Eu Yan Sang is at the forefront of adopting a modern and scientific approach in the production and retailing of both TCM and wellness products.



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The Group has come a long way from its humble beginnings offering TCM remedies to tin mine coolies in Gopeng, Perak, Malaysia 135 years ago. Today, Eu Yan Sang is a household name in Asia with an unrivalled reputation as the leader in the TCM industry.

Eu Yan Sang's ability to control the total supply chain – from the sourcing of its raw materials to the production and distribution of its products and the provision of treatments gives the Group an excellent competitive edge in the industry.

Manufacturing activities are carried out in two of its GMP-certified (Good Manufacturing Practices) factories located in Hong Kong and Malaysia. Every production process demonstrates full GMP accreditation for unmatched quality assurance.

Apart from retailing fine quality Chinese herbs and Chinese Proprietary Medicines, Eu Yan Sang also retails health foods and supplements. Currently, the Group offers more than 300 products under the Eu Yan Sang brand name and over 1,000 different types of Chinese herbs and other medicinal products.

Eu Yan Sang's wholly-owned Australian subsidiary, Healthy Life Group Pty Ltd, operates a chain of 70 Healthy Life stores and a distribution business which is one of the largest health food distributors in Australia. This business has over 25 years' experience in Australia, supplying in excess of 3,500 products to around 600 independent retailers in the health food, pharmacy and grocery retail segments.

As of 30 September 2014, Eu Yan Sang has an extensive distribution network comprising 283 retail outlets in China, Hong Kong, Macau, Malaysia, Singapore and Australia. Its products are available in drugstores, pharmacies, medical halls, supermarkets, convenience stores, hospitals, health clubs and spas worldwide. The Group also operates a chain of 32 TCM Clinics in Singapore and Malaysia, and two Integrative Medical Centres in Hong Kong.

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