

Interim Results Presentation

23 August 2017

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Our Team

Presenter	Title
Mr. Luo Fei	Chairman and Chief Executive Officer
Mr. Jason Wang	Chief Financial Officer
Ms. Laetitia Garnier	Chief Strategy Officer Managing Director, Swisse Wellness China
Ms. Joy Tsai	Investor Relations Director

Financial Highlights

2017 Interim Results Highlights

<i>(RMB million)</i>	<i>For the Six Months ended 30 June</i>		
	2017	2016	Change (%)
Revenue	3,551.4	3,008.3	18.1%
EBITDA ¹	1,004.0	949.9	5.7%
Adjusted EBITDA ²	1,061.8	849.0	25.1%
Net profit	396.6	404.9	-2.0%
Operating cash flows	776.3	551.4	40.8%
Basic EPS (RMB)	0.64	0.57	12.3%

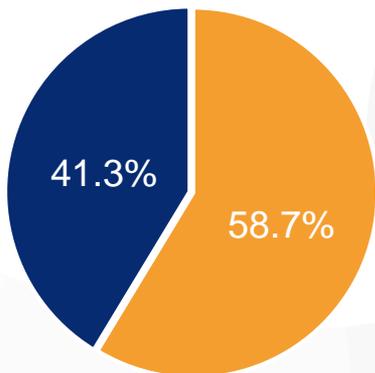
Notes:

1. EBITDA stands for earnings before interest (net of interest income and finance cost), taxes, depreciation and amortization
2. Adjusted EBITDA = EBITDA – net foreign exchange gain – fair value gains on derivative financial instruments + fair value losses on derivative financial instruments + one-time expense paid to the original shareholders of Swisse on some tax refund

Revenue and Adjusted EBITDA Contribution by Segment

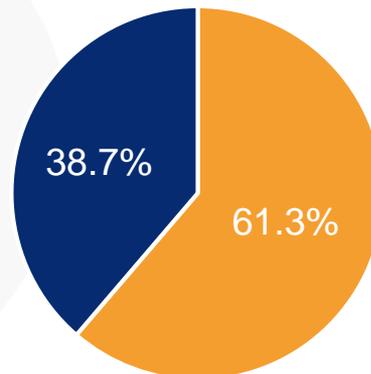
1H 2017 Revenue Mix

- Baby nutrition and care ("BNC")
- Adult nutrition and care ("ANC")



1H 2017 Adjusted EBITDA Mix

- Baby nutrition and care ("BNC")
- Adult nutrition and care ("ANC")



Business Review

Our Ethos—Inspiring Wellness

Mission

Making people Healthier and Happier

Vision

To be a global leader in premium nutrition and wellness through superior products and aspirational brands



Our aspirational brands and superior products are successful in their own right, but collectively we are creating something much stronger than a house of brands, a Group that provides for a lifetime of wellness

BNC and ANC are Core Pillars of Our Business

Baby Nutrition and Care (BNC)



Infant Milk Formulas (IMF)



Baby Care Products



Probiotics & Supplements



Adult Nutrition and Care (ANC)



Vitamin, Herbal and Mineral Supplements (VHMS)



Skin Care



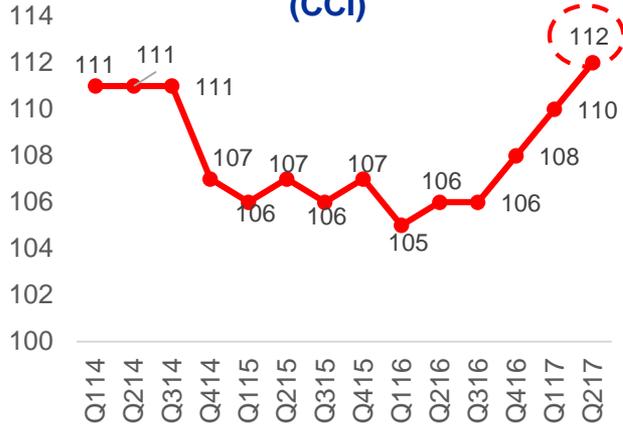
Sports Nutrition



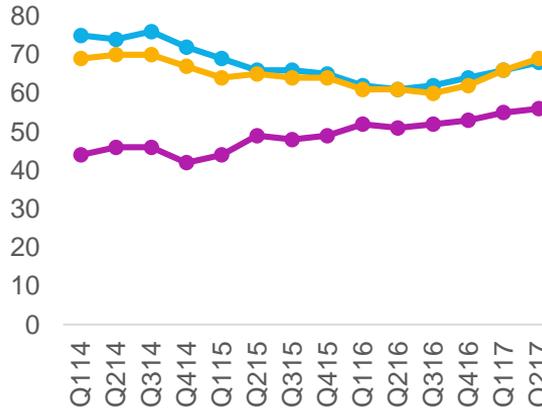
Strong Consumer Demand in China Driving Consumption Trade-up

- According to data released by Nielsen, China's Consumer Confidence Index (CCI) has continued to grow steadily, reaching a historical high of 112 for the past four years. This clearly demonstrates a steady rise in consumer confidence supported by the sustained and sound growth of the Chinese economy
- As more and more Chinese consumers pursue a decent quality of life, strong consumer demand is continuing to boost consumption trade-up, which is primarily driven by three factors, including solid quality, superior performance and emotional needs and style

Consumer Confidence Index (CCI)



CCI Constituents



Three factors that Drives Consumption Trade-up



Baby Category in China Achieved Double Digit Growth Led by Non-Food

Baby Food & Care Products

RMB121 billion +10%



Baby Food Category

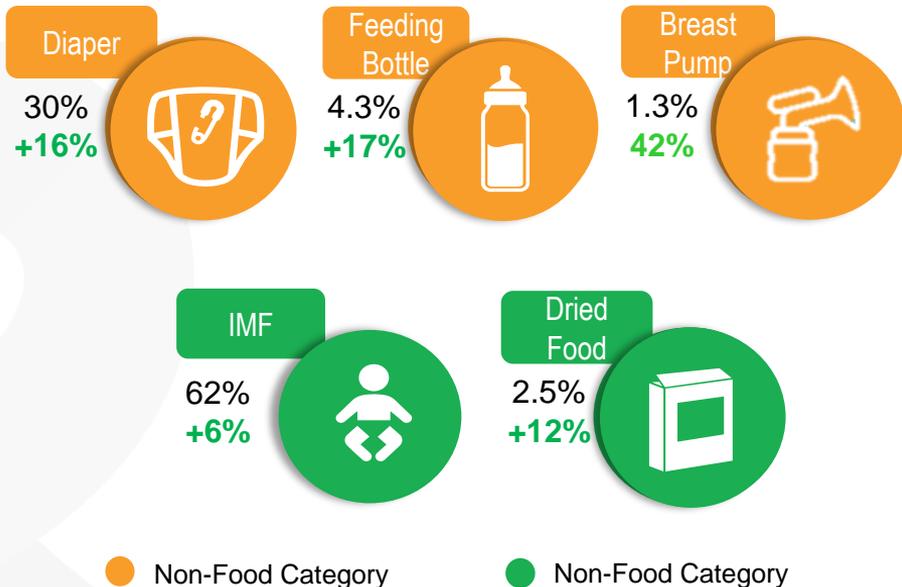
RMB78.2 billion
+6%



Non-Food Category

RMB42.8 billion
+17%

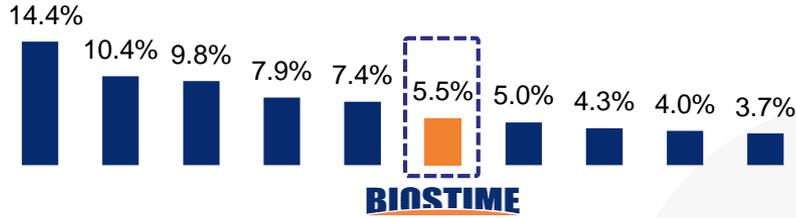
Faster Growth Rate for All 5 Baby Categories



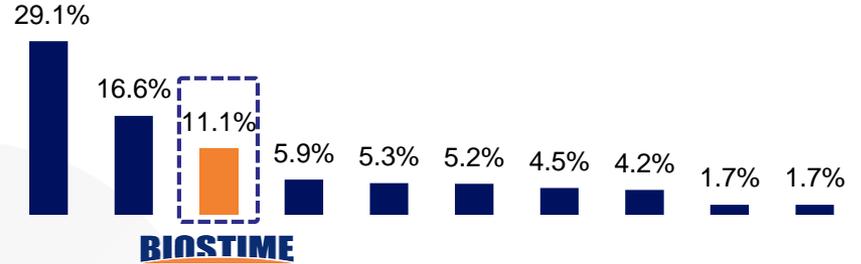
BNC—Leading Brand in the Premium IMF Segment in China

#6 IMF player with leadership in the Chinese market¹

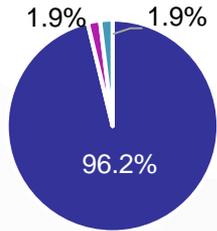
#3 in the super premium tier² infant formula market¹



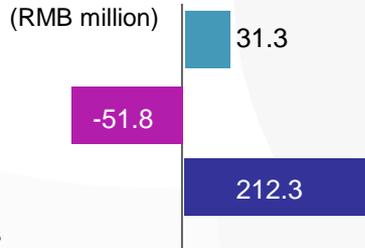
Sales Contribution by Brands



Sales by Channels³



H1 2017 versus 1H 2016



IMF Industry Average



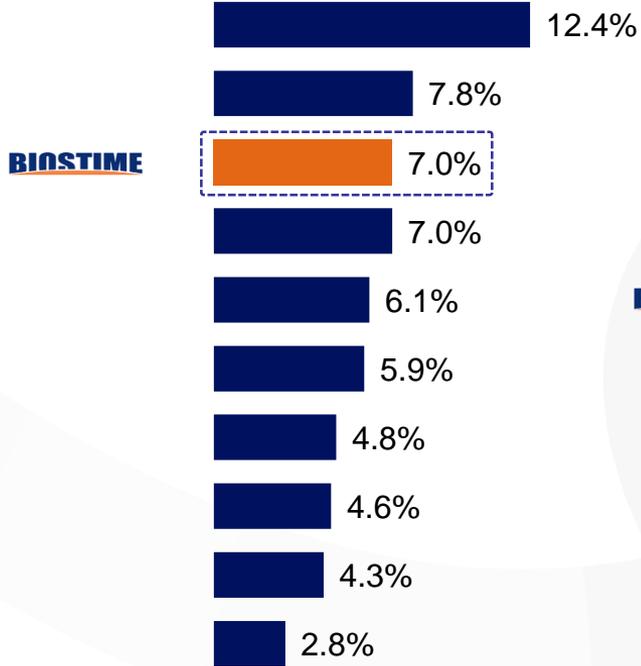
■ Biostime ■ Adimil ■ Healthy Times

Notes:

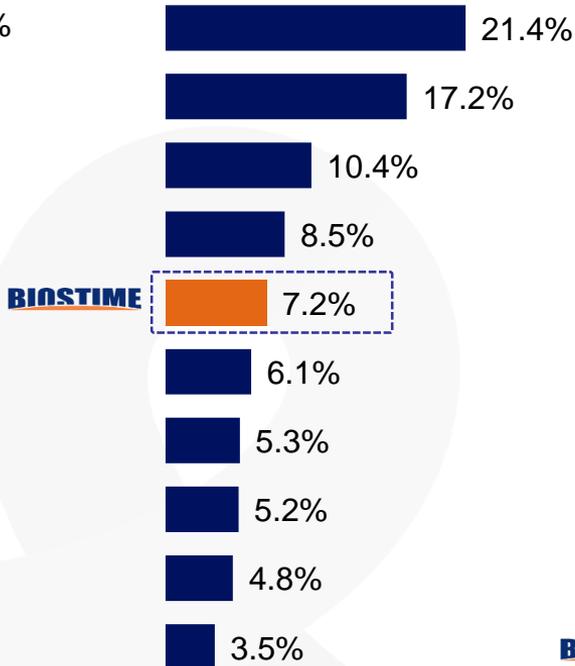
1. Source: Nielsen market share data for the past twelve months as of 30 June 2017
2. According to Nielsen report, the super premium tier products is the fastest growing segment in IMF market, which drives continuous growth in premiumization
3. BNC's presence in the Chinese market as of 30 June 2017 includes 26,546 baby specialty stores; 5,523 supermarkets; 4,906 VIP pharmacies and 522 regional distributors

BNC—Diverse Distribution Channels

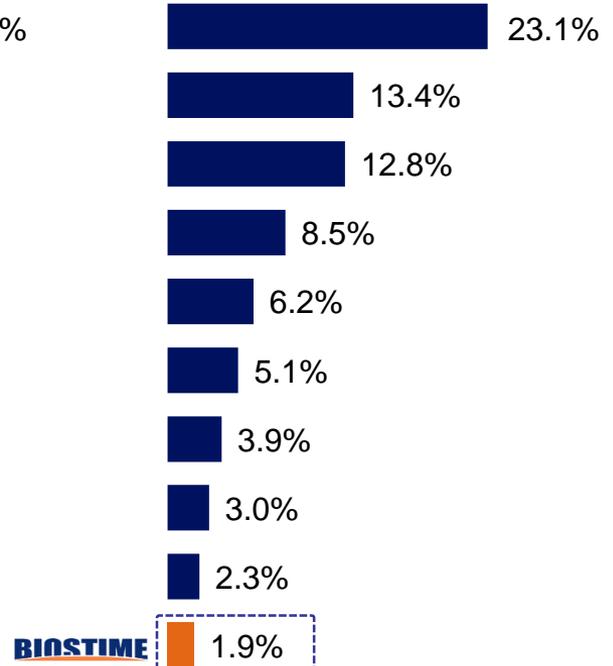
#3 in IMF sales in baby specialty stores



#5 in IMF sales in supermarkets



#10 in IMF sales in e-commerce



BNC—Probiotics Supplements Continued Double Digit Growth



The global probiotics market is expected to grow to US\$50 billion, of which the Asian market will account for up to US\$19.2 billion, with a CAGR of 8.3%, according to BCC Research statistics

Probiotics supplements continued to maintain double digit growth in the first half of 2017, which was mainly attributed to rising consumer demand as a result of heightened awareness in China of the health benefits associated with probiotics, the launch of effective marketing initiatives, as well as the introduction of a high profile brand ambassador for the first time.



Online and Offline Marketing Campaign and Consumer Education Initiatives Associated with Probiotics

BNC—Recent Marketing Campaign to Enhance Consumer Awareness

TV Campaign and Live Show with Brand Ambassador Liu Ye

- Biostime partnered with brand ambassador, Liu Ye to create a TV campaign (我焯可以), as well as a premier live show in Beijing. The show attracted a viewership of more than 30 million across multiple online platforms.
- The live show well conveyed the elements of France that are central to the ingredients and production of Biostime products, and has improved brand awareness and enhance consumer interaction, with Liu Ye demonstrating how to make powdered milk, how to feed and entertain babies, etc.



TV campaign (我焯可以)



Premier live show in Beijing

BNC—Offline Presence of the Healthy Times Organic Series in International Markets



US market



China market

- The organic IMF market maintained its double digit growth of 48% driven by premiumization and consumption trade-up.¹ It is a niche market with huge business potential as organic IMF products gain popularity due to its superior quality
- The Healthy Times™ (“HT”) branded organic formula has maintained its strong sales momentum since its launch in the Chinese offline market last December, and is currently available for sale in approximately 3,400 baby specialty stores
- In July, the HT organic formula was launched in the offline US market, leveraging local grocery stores such as **Jimbo’s Market**. Other HT categories are also available in organic grocery stores such as **Whole Foods Market**



Note:
1. Nielsen market share data for the past twelve months as of 30 June 2017

BNC—Biostime Organic Formula Launched in French Offline Market in March



Organic Infant Milk Formula



Isigny Sainte-Mère is a remarkable and trusted supplier in France, and its dairy products are favored by consumers due to its rich taste and superior quality



Formula nutrients contain Organic Milk Fat & Vitamin A/C & GOS Probiotics & Calcium+ Vitamin D+



Milk sourced from Normandy, France



ECOCERT Certified



AB(Agriculture Biologique) Organic Certified



The Biostime organic formula was successfully introduced in the offline French market in March 2017, and is available for sale in approximately 200 retail outlets and pharmacy stores, including Bio C' Bon and La Vie Claire.

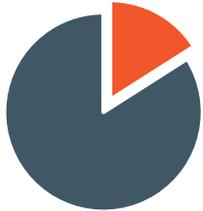


H&H Group

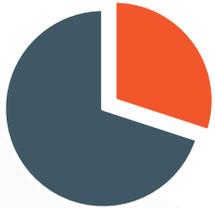
Offline presence of Biostime organic formula at Charles de Gaulle Airport and local stores

ANC—Leader in Australian and Chinese Online VHMS Markets

Australian Market Leader Natural Health Brand



15.8%
VHMS
Market Share¹

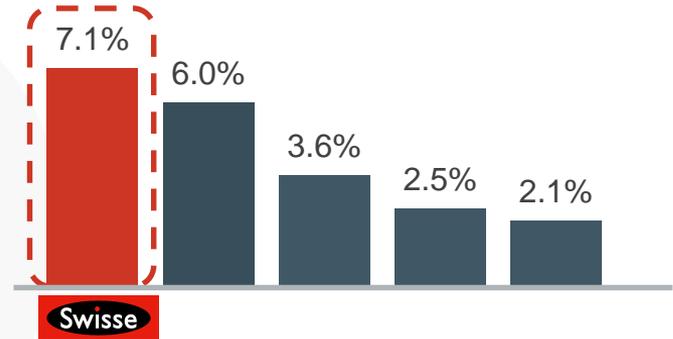


27.9%
Multivitamin
Market Share¹



Chinese Market Leader VHMS Brand Online

#1 in VHMS segment on Alibaba.com²



China sales³ through CBEC and Normal Trade contributed **24.4%** of Swisse's total sales in the first half of 2017

Notes:

1. Based on LTM IRI scan data as of 30 June 2017
2. Based on YTD sales data from Earlydata
3. Swisse China sales for six months as of 30 June 2017

ANC—Innovative Marketing Campaigns in Australia



Ricky Ponting Big Bash Campaign

Jan: Ricky Ponting campaign featuring Ricky in Mumbai aired during the Summer of Cricket broadcast, as well as across POS and digital.



Heinemann Pop Up store

Jan - Mar: Heinemann Pop up store & JR Duty Free in Melbourne & Sydney Airports.



Cadel Evan's People's Ride

Jan: Cadel Evans People's ride sponsorship leveraged with consumer participation/activation at event incl. product sampling a consumer promotion in Terry White & Chemmart



Ferrari/AGP Partnership

Mar - Sept: Ferrari campaign launched at the AU Grand Prix including large scale activation, TV, digital, POS & consumer promotion in CWH.



NBL Finals Sponsorship

Feb: NBL finals sponsorship was leveraged with a consumer promotion in CWH & activity in venue.



MasterChef Campaign

May - July: MasterChef campaign focused on premium ingredients & Ultivite + Ultiboost message, including GWP Wellness Book Promotion in Terry White/Chemmart

ANC—Partnerships with Major E-commerce and Vertical Platforms



Super Brand Day Campaign

- ✓ Partnered with Tmall.hk and launched super brand day campaign with pop singer Dimash
- ✓ The campaign broke the record for the Tmall International Live show with 54 million likes from the audience. Swisse was No.1 in the healthcare products category on Tmall.HK achieving 8 million sales during the campaign



618 Live Show & Promotion

- ✓ The 618 JD live show featured talk show celebrity-enhanced interaction with consumers, driving robust sales growth for Swisse products on JD.com, which reached sales of 180 thousands bottles during 1-20 June
- ✓ The best selling products include Liver Detox, HSN, Calcium + Vitamin D, Cranberry, and etc.



New Partners



ANC—Sponsorship of Color Run to Improve Awareness in China

Swisse × The Color Run CAMPAIGN



1.56 Million+
Exposure

10 million+
Sales

6 cities¹
Across
China

12 million+
Shares

100,000+
Participants

Notes:

1. Cities include Beijing, Chengdu, Shanghai, Shenzhen, Guangzhou and Chongqing
2. Based on data from Sheng Yi Can Mou

H&H Group



The Color Run campaign facilitated online traffic and robust sales on Tmall.com alongside 618 promotional activities²

ANC—Normal Trade Officially Kicked off in China with Gala Event



Photos of Brand Ambassador Liu Ye at the Gala Event

- On 8 April 2017, Swisse has officially kicked off the normal trade with a gala event in Shanghai
- Swisse has well leveraged H&H's new and existing nationwide retail network starting with conventional food, including hero products such as **Hair, Skin and Nails (HSN)** and **Cranberry Concentrate in liquid and effervescent forms**, which are now being sold through approximately 3,000 retail stores such as Watsons, Mannings, Sam's Club, Ole', baby stores and other pharmacy stores

watsons



万宁 mannings



Ole'



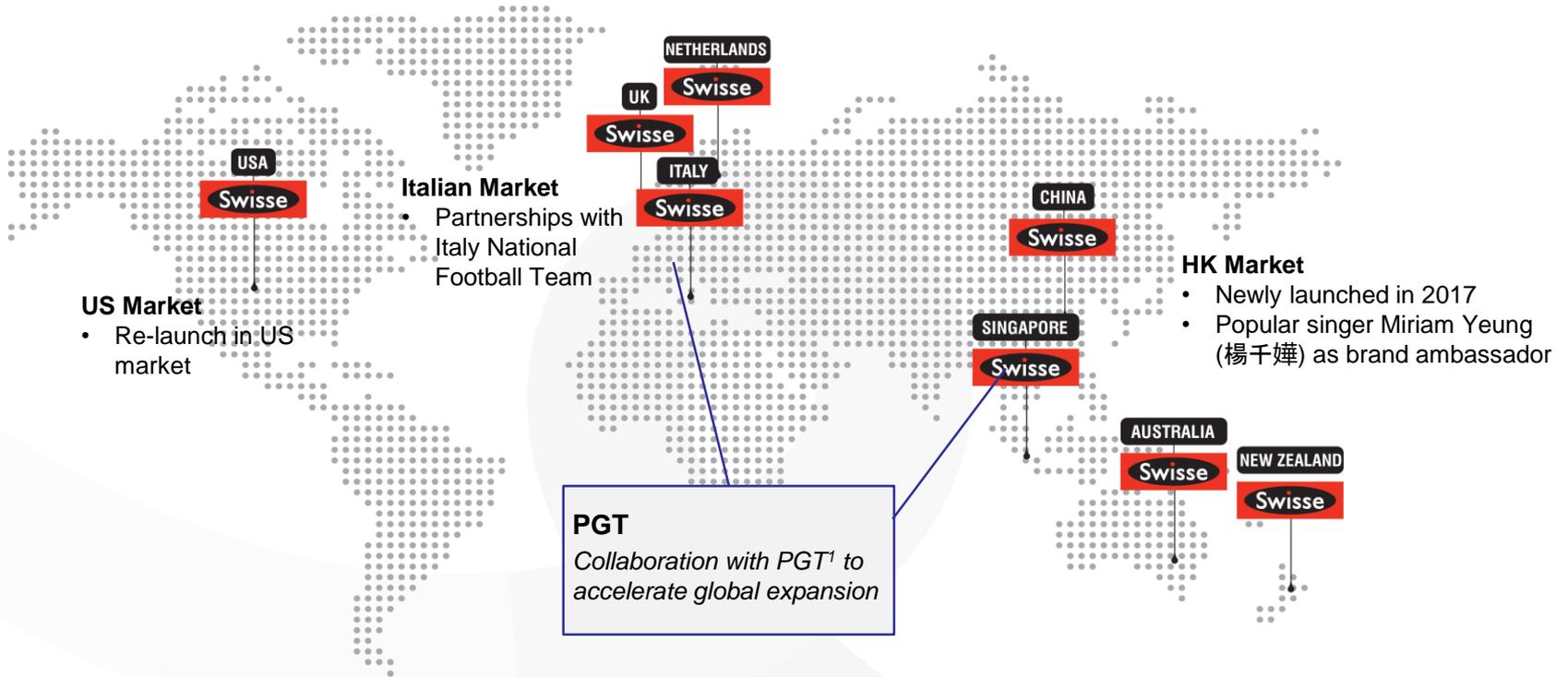
kidsworld
孩子王



H&H Group

Swisse's offline presence in diverse retail outlets post normal trade launch ²²

ANC—Global Market Footprint



Global Research & Development Initiatives & Collaboration

- Already established in Asia for several years, BINC, a non-profit organization officially launched the first European office in Geneva, Switzerland in May.
- By establishing a strong foothold in R&D initiatives in Europe, BINC will offer sustainable scientific support that underpins the premium quality of the Group's products, while boosting its R&D capacity through partnerships with world-class research institutions in Europe, and laying the groundwork for BINC to become a world-class international research body.
- This will enable the Group to enhance its collaboration with leading experts while developing research in the fields of nutrition, care and psychology going forward.



Prospects

H&H Group Featured Four Major Brands at CBME in Shanghai

- On 19 July, H&H Group attended the CBME (Children Baby Maternity Expo) in Shanghai, featuring its four major brands including Biostime™, Swisse™, Healthy Times™ and Dodie™. It was the first time that H&H Group made its debut in public following its change of Group name
- Under the new Group name and a shared vision, these four aspirational brands with superior products already enjoyed established market positions in Australia, New Zealand, China, France and the United States, and are quickly gaining recognition in other international markets. The Group plans to fully synergize its resources under these four brands and expand its global market footprint going forward



Biostime™



Swisse™



Dodie™



Healthy Times™

BNC—Appointed French Actress Juliette Binoche as Brand Ambassador

- ◆ Following the appointment of Chinese actor Liu Ye, H&H Group will continue to ramp-up its celebrity-endorsements. It recently appointed distinguished French actress Juliette Binoche as another aspirational brand ambassador of Biostime™ for both its IMF and probiotics marketing campaigns
- ◆ The partnership with Juliette Binoche will officially kick off in September, featuring sophisticated campaigns and high-profile publicity photos, which will be later used in different international markets, to further build up brand awareness and enhance consumer interaction

Biostime™

H&H Group



**Shooting Pictures of Juliette Binoche with
H&H Group Team in Paris**

ANC—Sophisticated Consumer Marketing Initiatives in Australia and China



AFL campaign featuring our 4 new incredible AFL ambassadors , including TV, digital, POS & Brownlow red carpet integration



Sponsorship of new health & wellness TV show "Destination Happiness" with integration every episode



Beauty campaign including TV, digital, POS, consumer promotion in Pharmacy



Ingredient Trip---Sicily Blood Orange

Invited several KOLs to visit the origin of Blood Orange, an essential ingredient in star product Hair, Skin and Nail (HSN), in Sicily, Italy



Double 11 Promotional Event

Marketing campaign and promotional activities across all platforms including Tmall.com, VIP.com, JD.com and Netease Kaola.com

Regulatory Conditions Become Clearer in both IMF and VHMS Markets



Formula Registration Rules

- The China Food and Drug Administration (CFDA) requires all IMF products sold in the country to be registered before 1 January 2018. Each factory can register no more than 3 series and 9 formulas
- H&H has already submitted five product series to the CFDA, including key product series, and has received CFDA approvals for four series, such as the existing premium and supreme series renamed β -star and π -star series under the Biostime™ brand, organic series under the Healthy Times™ brand, as well as the Manle series under the Adimil™ brand



Cross-Border Ecommerce Regulations

- On 17 March 2017, The Ministry of Commerce further clarified that starting from 1 January 2018, commodities imported via Cross-border Ecommerce (“CBEC”) will be considered as personal goods and will no longer be subject to trading goods requirements until further notice
- H&H has kicked off normal trade and launched Swisse products as conventional food in the Chinese market



Filing and Registration Regulations

- The government recently released new filing and registration regulations for any health foods that are intended for sale in the China offline market
- H&H will soon to submit its filing procedures for Vitamin C effervescent, Mega-B, Liquid Iron, Magnesium, and other hero products such as Calcium + Vitamin D

Additional Financial Information

Gross Profit Margin Analysis

	1H 2017		1H 2016	
	% of total revenue	Gross profit margin	% of total revenue	Gross profit margin
Baby Nutrition and Care	58.7%	69.0%	57.3%	65.4%
Infant Formulas	46.8%	68.3%	48.5%	65.6%
Other Pediatric Products	11.9%	71.6%	8.8%	63.8%
Adult Nutrition and Care	41.3%	59.9%¹	42.7%	62.4%
Total	100.0%	65.2%	100.0%	64.1%

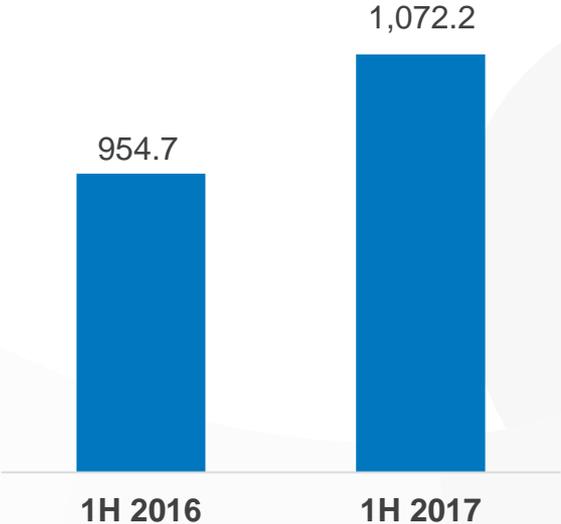
Note:

1. The gross profit margin of the adult nutrition and care segment in the first six months of 2017 almost rebounded back to the level prior to the CBEC regulatory change in 2016 if excluding the special effect of the non-recurring stock relabeling and the destruction of returned goods, and has also increased compared with the gross profit margin of 57.5% for the twelve months ended 31 December 2016

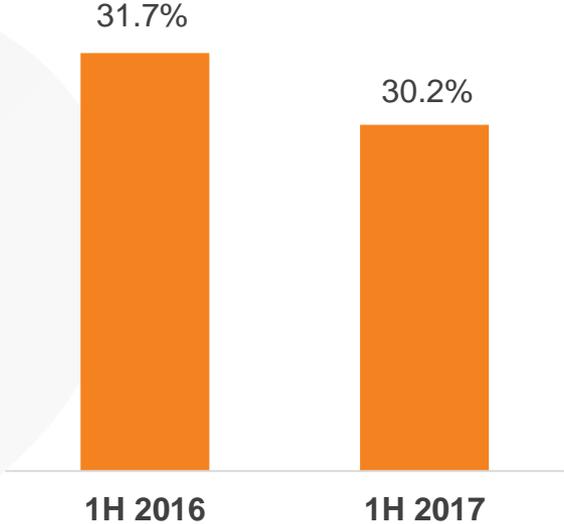
Selling and Distribution Expenses

Selling and Distribution Expenses

(RMB million)



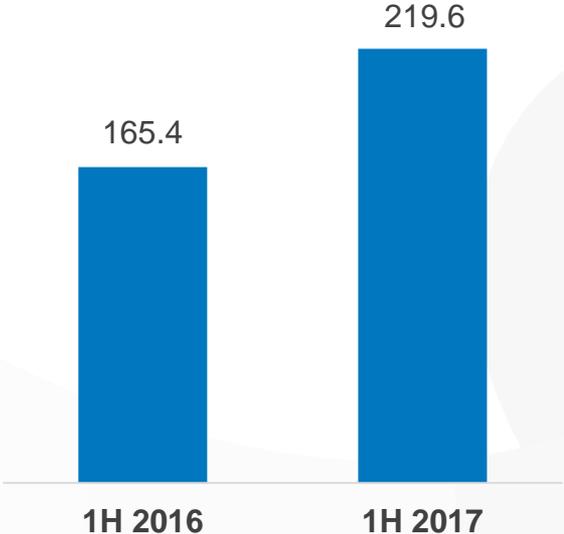
S&D Expenses Ratio of Sales



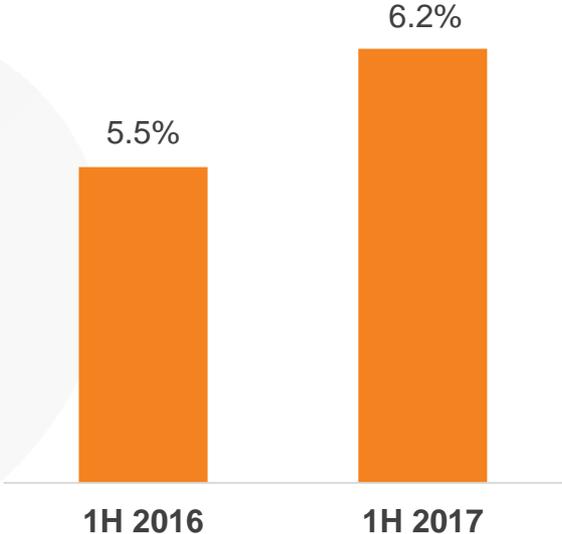
Administrative Expenses

Administrative Expenses

(RMB million)

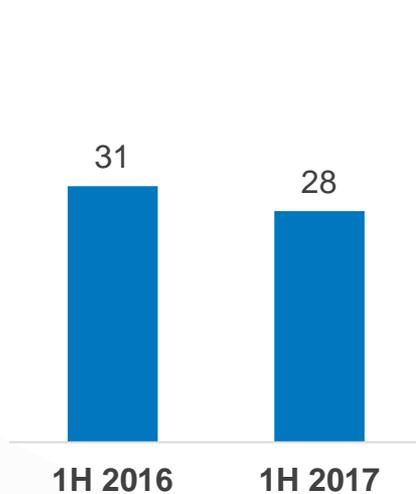


Administrative Expenses Ratio of Sales

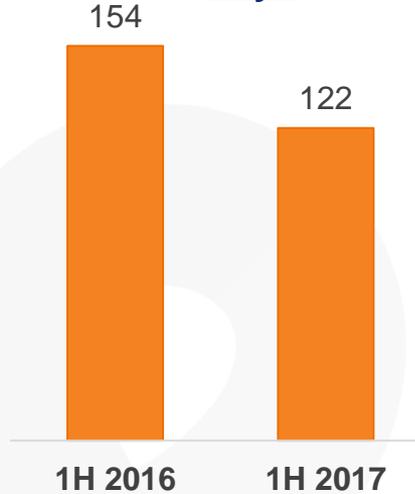


Working Capital Management

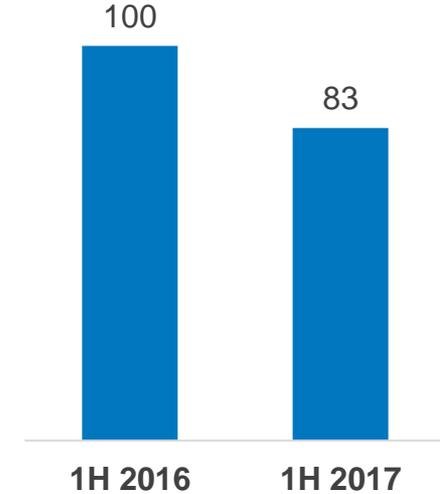
Trade and Bills Receivables Turnover Days



Inventory Turnover Days



Trade Payables Turnover Days



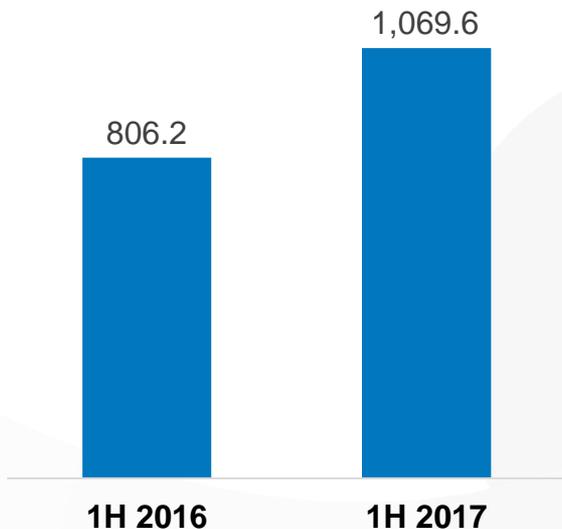
Notes:

1. Turnover days of accounts receivable is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by turnover and multiplying by 180 days. Turnover days of trade and bills receivables excluding ANC is 5 days as of 30 June 2017
2. Turnover days of inventory is derived by dividing the arithmetic mean of the opening and closing balances of inventory for the relevant period by cost of sales multiplying 180 days
3. Turnover days of accounts payable is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 180 days

Cash Balance & Cash Flows

Operating Cash Flows¹

(RMB million)

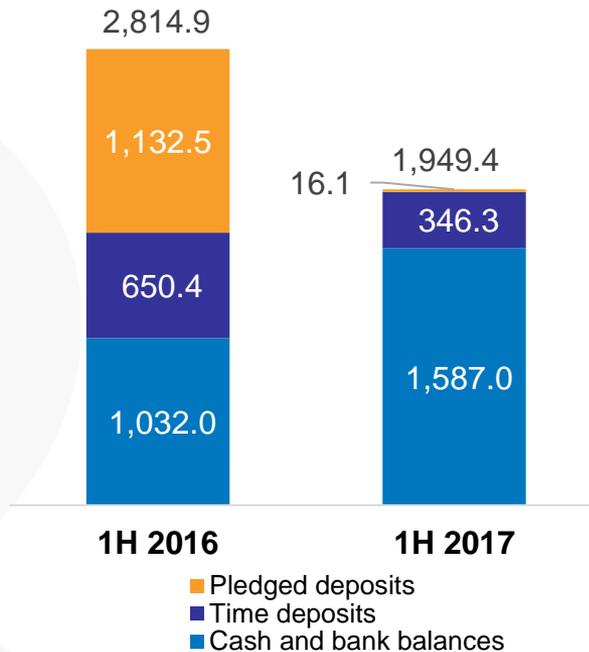


Note:

1. The operating cash flows was calculated on a pre-tax basis

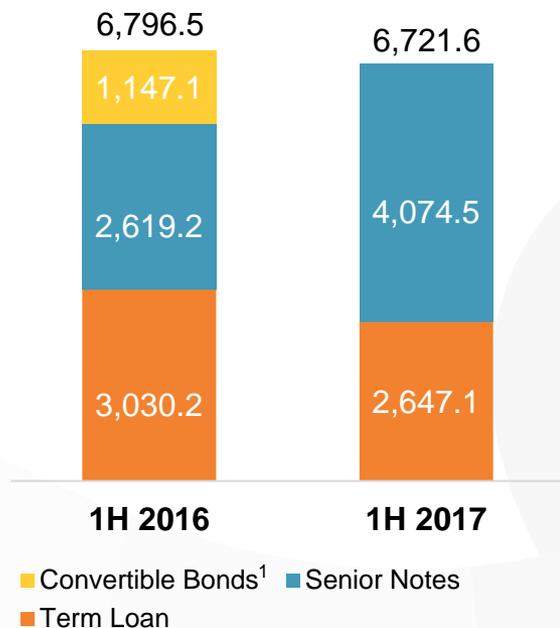
Cash Balance

(RMB million)

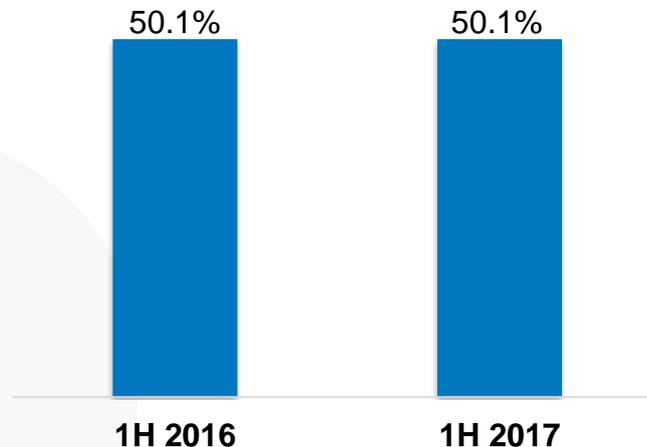


Group Capital Structure

Overview of Debt Instruments



Gearing Ratio²



Type	Principal Amount	Maturity
Senior Notes	US\$600 million	2021-06
Term Loan	US\$450 million	2019-04

Notes:

- The total amount of convertible bonds were fully redeemed in February 2017
- Gearing ratio is calculated by dividing the sum of the carrying amount of the convertible bonds, senior notes and term loan by total assets

The background features a large, abstract graphic composed of several overlapping, curved shapes in various shades of blue and green. The shapes are smooth and fluid, creating a sense of movement and depth. The colors transition from a deep blue on the left to a lighter blue and then to a vibrant green on the right.

Q&A

Celebrate

LIFE EVERY DAY

POSITIVE • HEALTHY AND HAPPY

ir@biostime.com



H&H Group
inspiring wellness