

**Aesthetic Medical International  
Holdings Group Limited**

Nasdaq: AIH



## 3Q2019 Earnings Presentation

November 26, 2019

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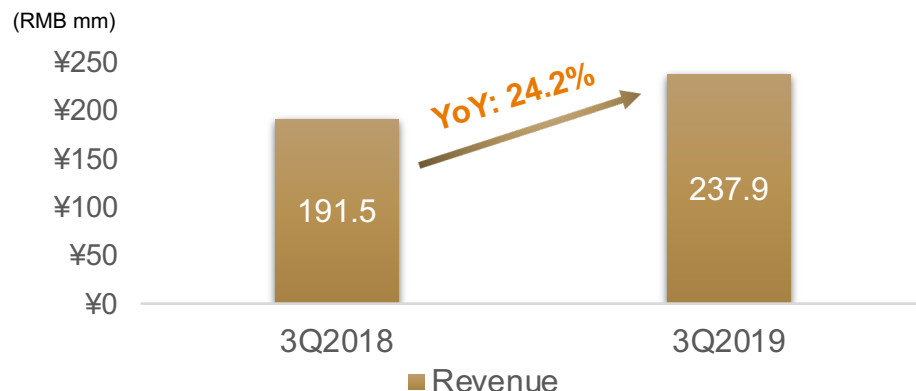
This document speaks as of September 30, 2019. Neither the delivery of this document nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.



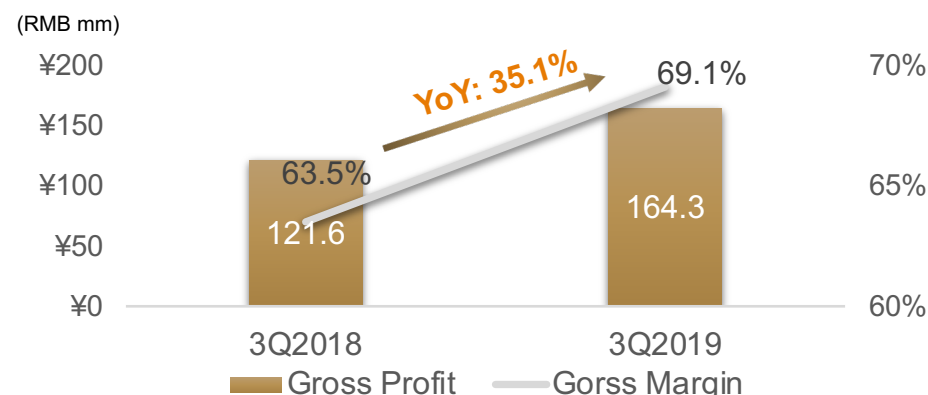
## **3Q2019 Financial and Operational Highlights**

# 3Q2019 Financial Performance Overview

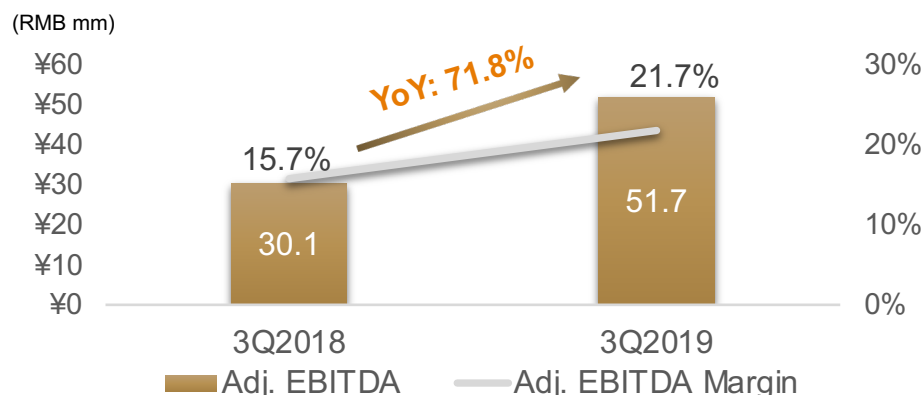
## Revenue



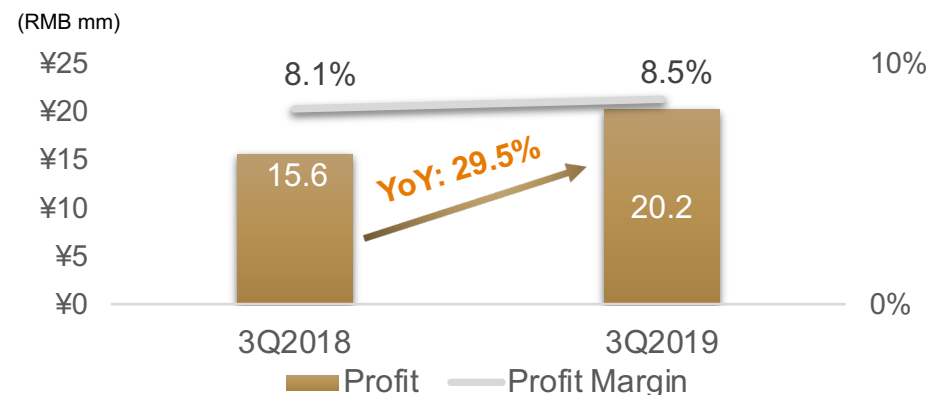
## Gross Profit & Gross Margin



## Adj. EBITDA <sup>(1)</sup> & Margin



## Adj. Profit <sup>(2)</sup> & Margin

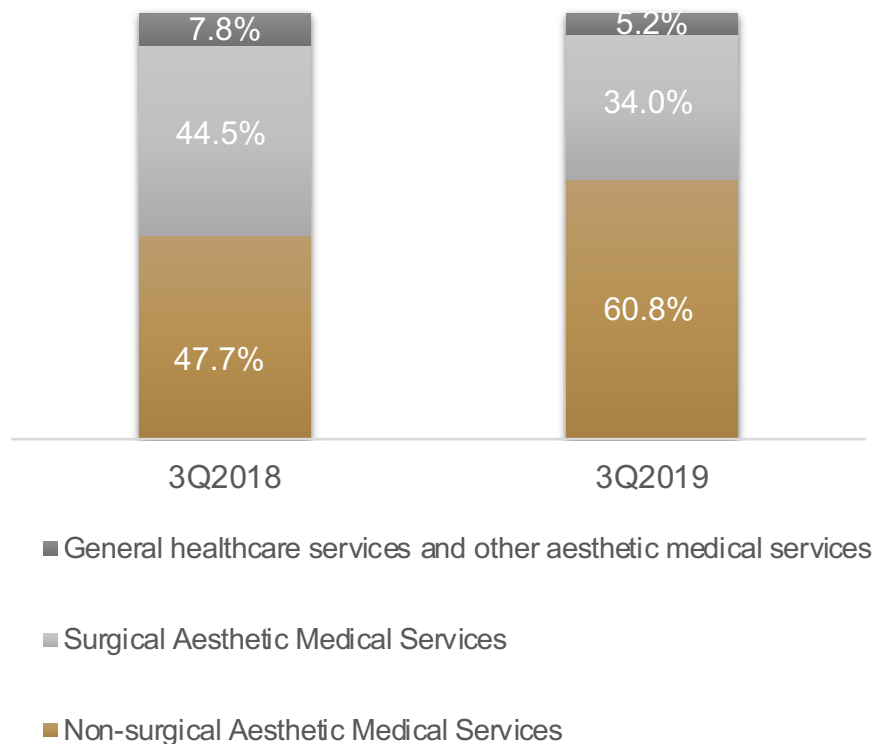


Notes: The YoY growth rates and margins calculated assume no impact of FX rates and are based off RMB figures.

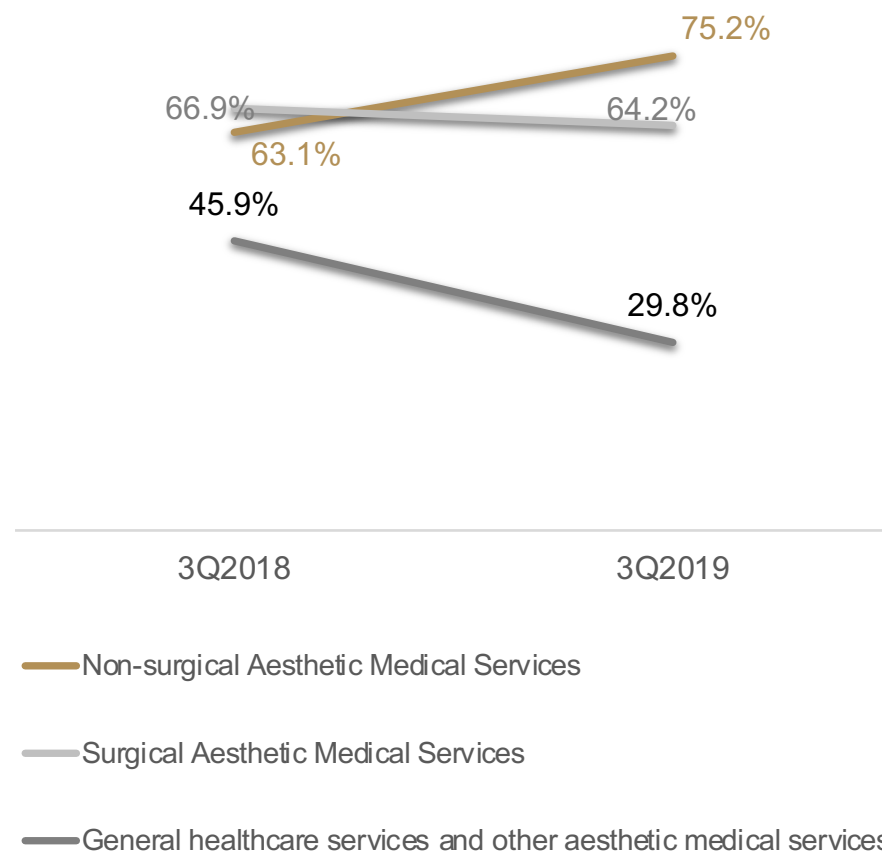
- (1) Adjusted EBITDA represents EBITDA, adjusted to exclude fair value gain of convertible redeemable preferred shares, fair value loss of convertible note, fair value gain of exchangeable note liabilities, fair value gain of derivative financial instrument, share-based compensation expense, and other one-off expenses including professional fees in relation to our financing activities but are not capitalized, IT-related expenses paid to a related party pursuant to a service agreement, which was expired in June 2019, and roadshow expenses incurred for IPO.
- (2) Adjusted profit represents profit for the period, adjusted to exclude fair value gain of convertible redeemable preferred shares, fair value loss of convertible note, fair value gain of exchangeable note liabilities, fair value gain of derivative financial instrument, share-based compensation expense, and other one-off expenses including professional fees in relation to our financing activities but are not capitalized, IT-related expenses paid to a related party pursuant to a service agreement, which was expired in June 2019, and roadshow expenses incurred for IPO.

# 3Q2019 Company Segment Performance

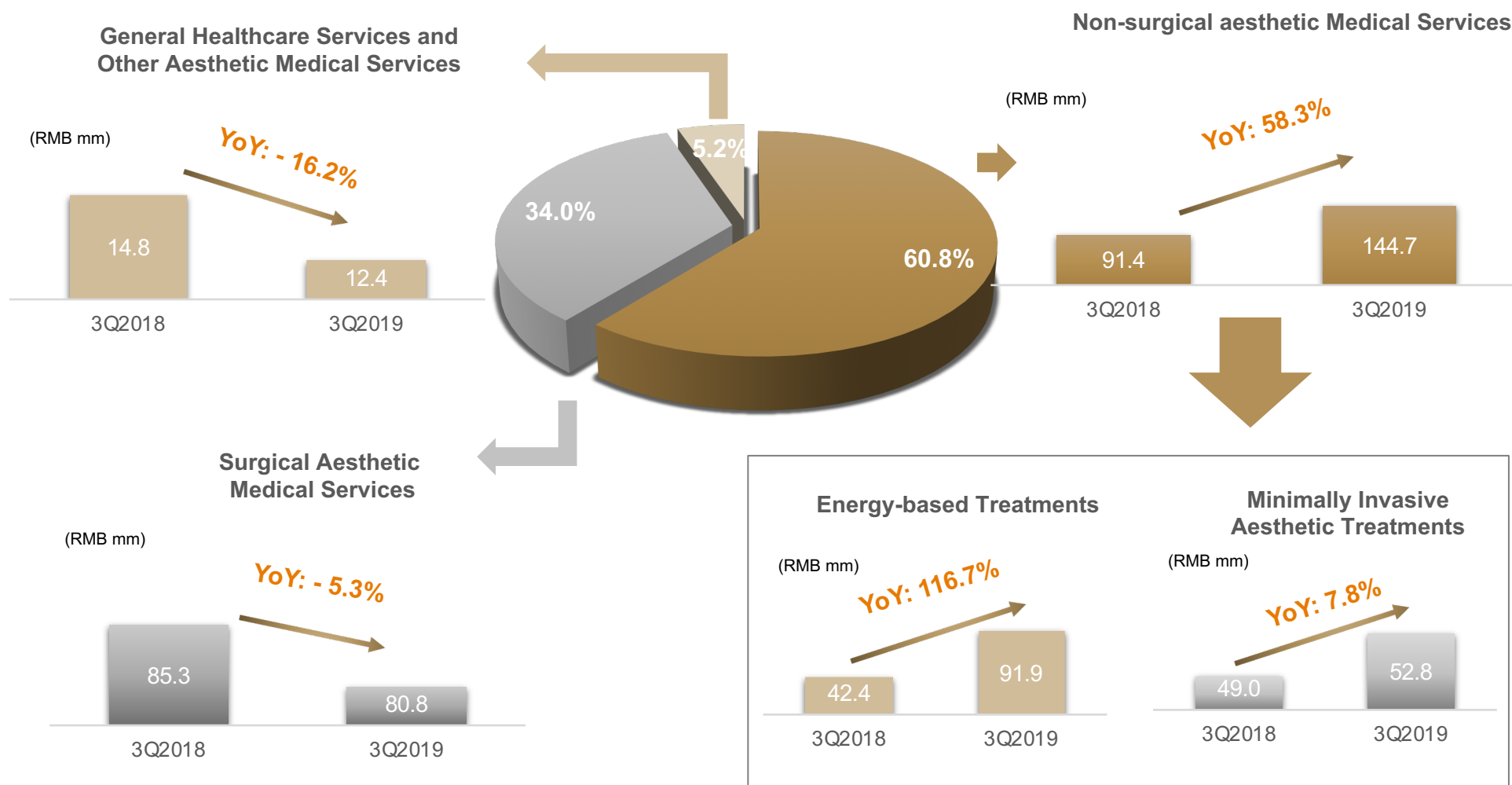
## Segment Revenue Contribution Trend



## Segment Gross Margin

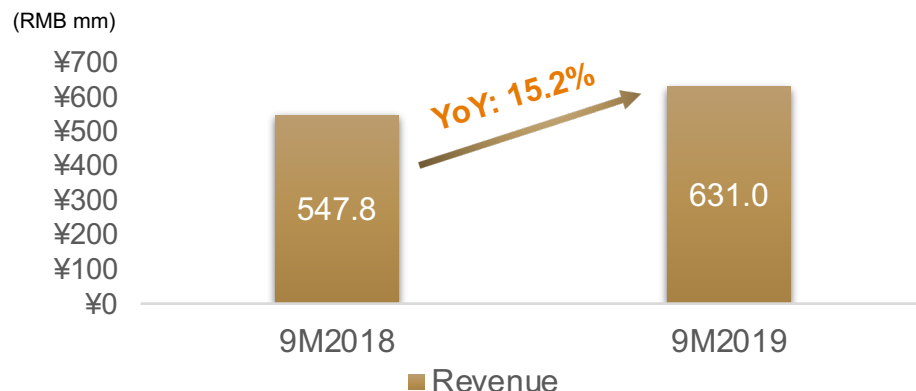


# 3Q2019 Revenue Breakdown

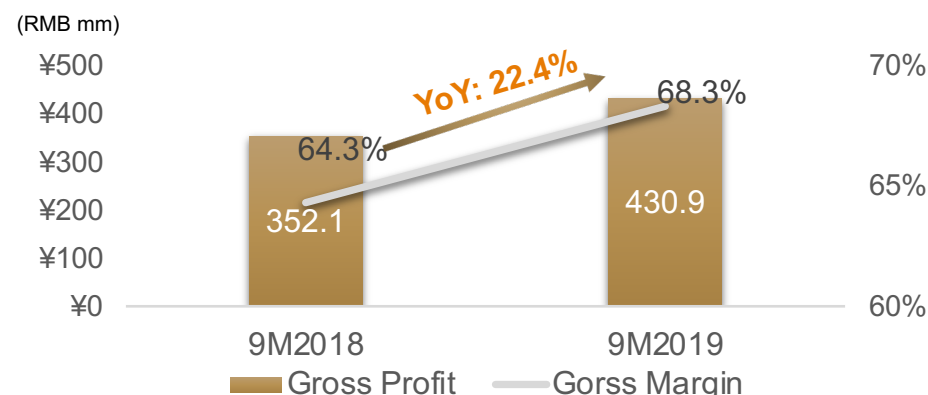


# 9 Months Financial Performance Overview

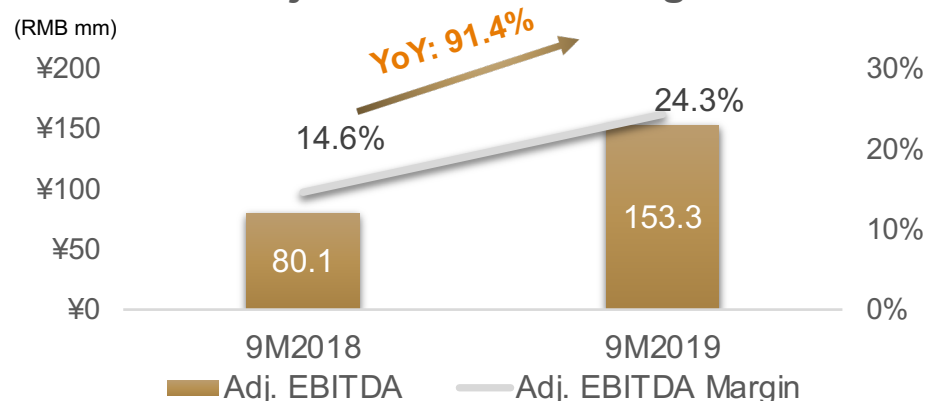
## Revenue



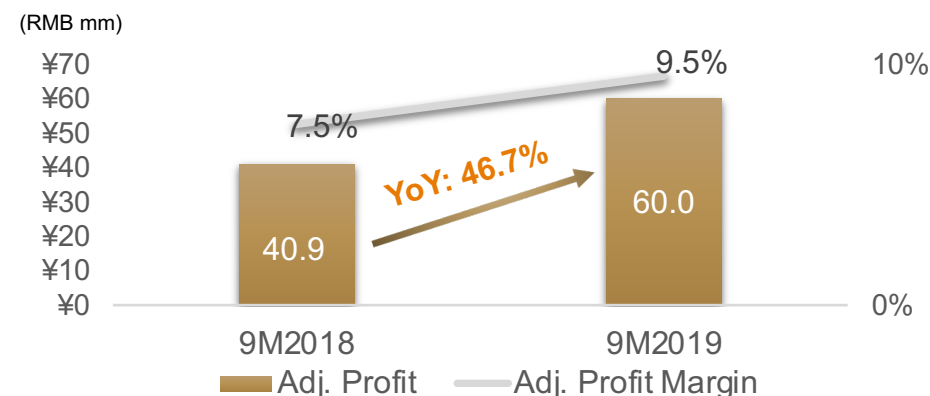
## Gross Profit & Gross Margin



## Adj. EBITDA <sup>(1)</sup> & Margin



## Adj. Profit <sup>(2)</sup> & Margin

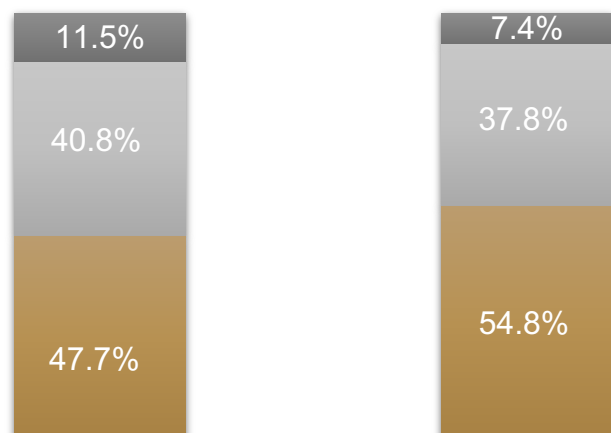


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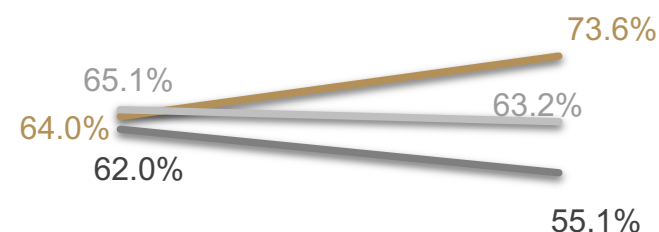
# 9 Months Company Segment Performance

## Segment Revenue Contribution Trend



- General healthcare services and other aesthetic medical services
- Surgical Aesthetic Medical Services
- Non-surgical Aesthetic Medical Services

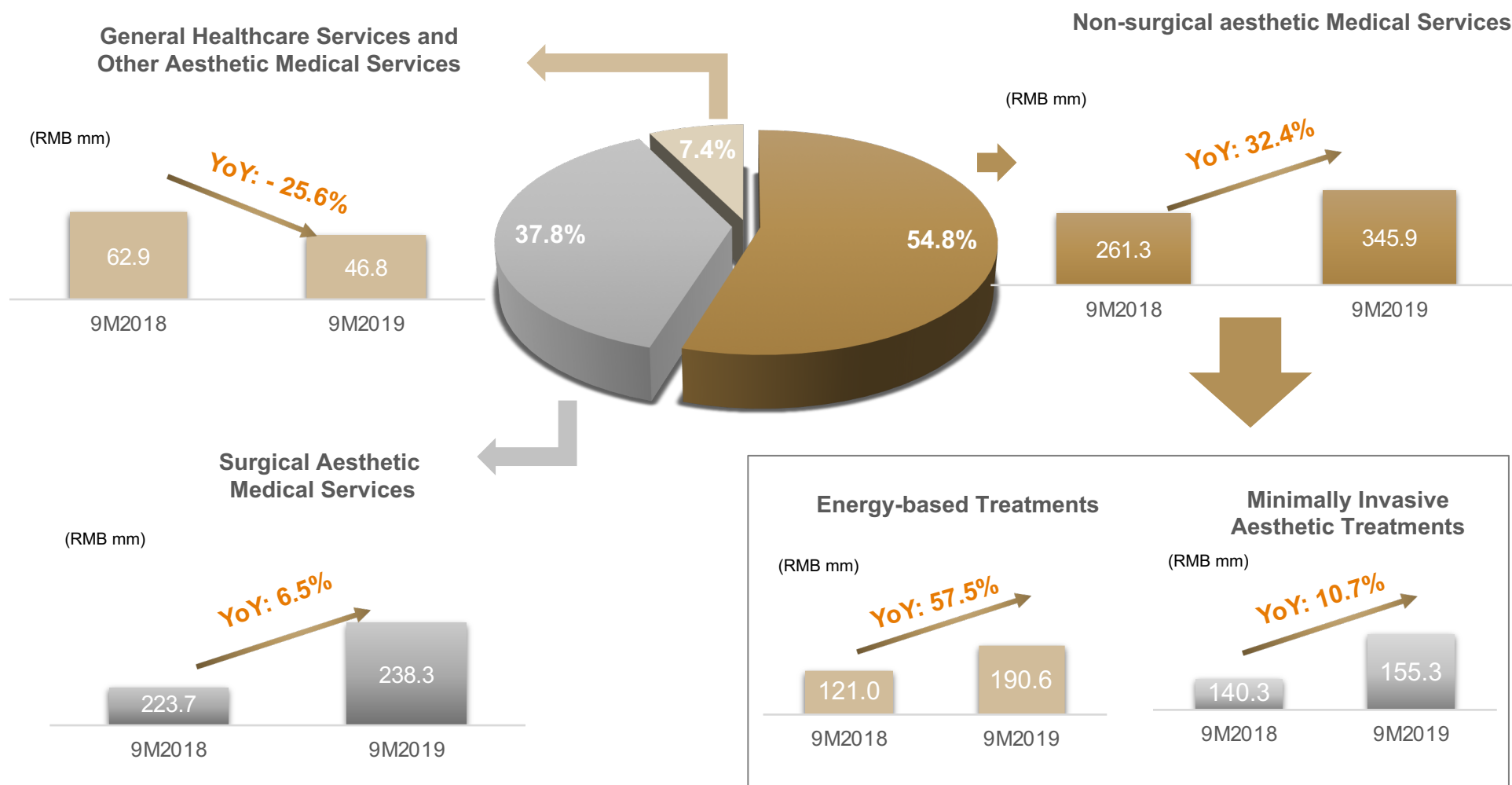
## Segment Gross Margin



- Non-surgical Aesthetic Medical Services
- Surgical Aesthetic Medical Services
- General healthcare services and other aesthetic medical services



# 9 Months Revenue Breakdown

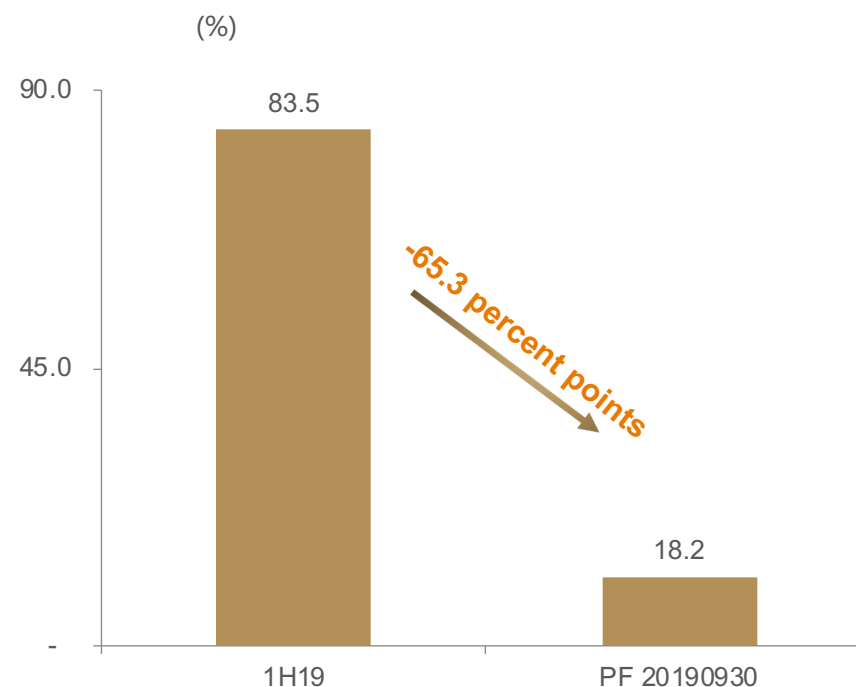


# Other Key Financial and Operating Data

## Selected Balance Sheet Items

(RMB mm)	20190630	20190930	Pro forma 20190930
Total assets	975.8	942.1	942.1
Total Liabilities	1129.3	960.1	480.2
Non-current borrowings	30.5	8.5	8.5
Current borrowings	105.4	85.2	85.2
Non-current and current lease Liabilities	207.6	196.7	196.7
Convertible Redeemable Preferred Shares	433.1	339.5	0
Convertible Note	76.0	77.4	77.4
Exchangeable note liabilities	169.6	140.5	0
Total (Deficit) / Equity	(153.5)	( 18.0 )	461.9

## Leverage Ratio<sup>(1)</sup>

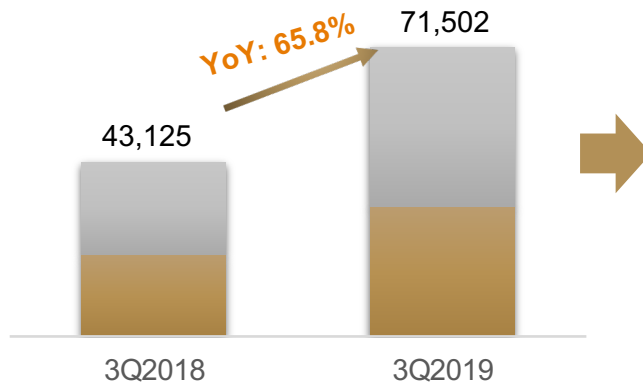


Note:

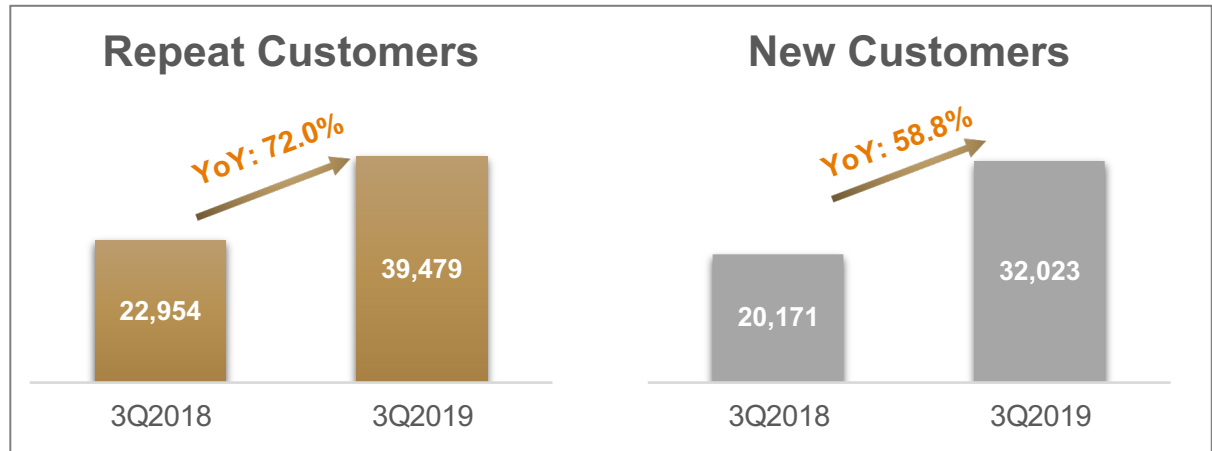
(1) Leverage ratio is defined as total interest-bearing debt divided by the total assets. Interest-bearing debt is the sum of borrowings, convertible redeemable preferred shares, convertible note and exchangeable note liabilities, which were outstanding as of September 30, 2019 on an actual basis and pro forma basis, respectively.

# 3Q2019 Operation Performance Overview

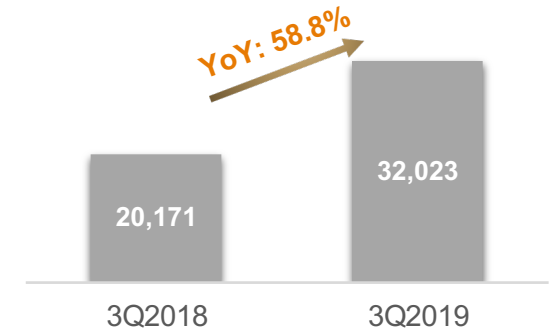
## Active Customers



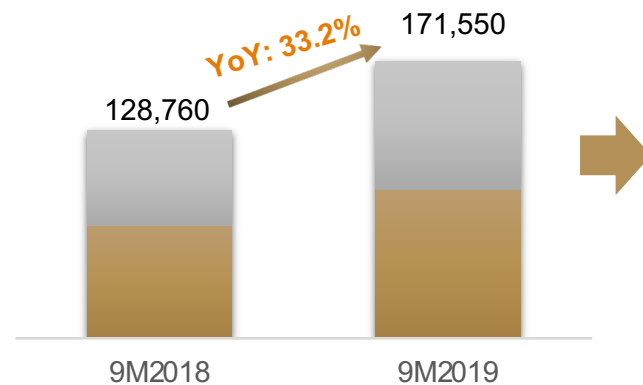
## Repeat Customers



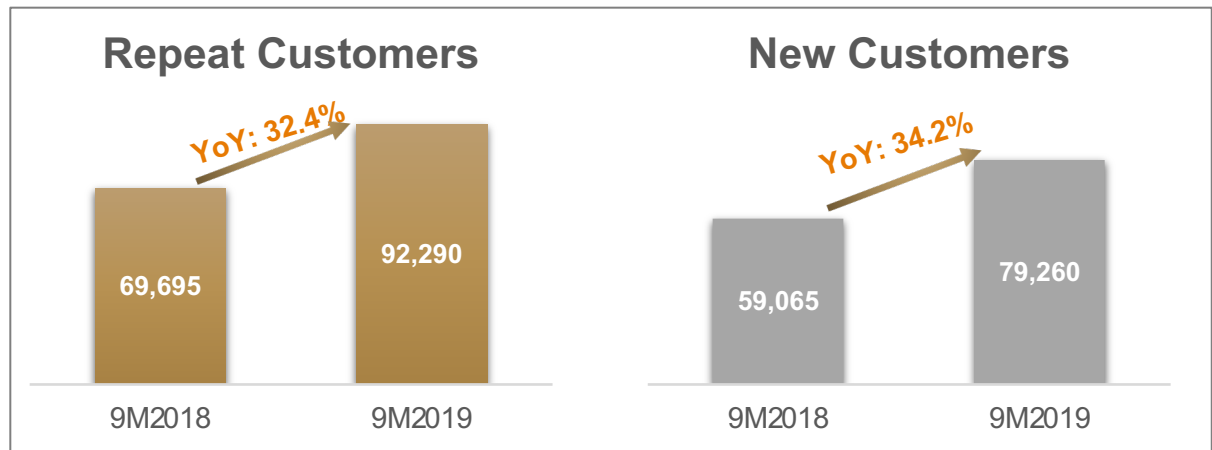
## New Customers



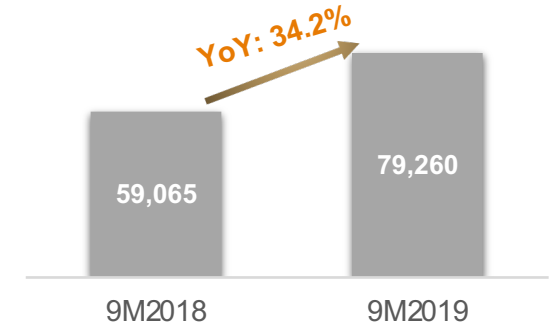
## Active Customers



## Repeat Customers



## New Customers





## **Business Updates & Recent Developments**

# Business Updates

Grand opening of Ninghai Pengai- Our first satellite clinic

Strategic partnership with Yujia Entertainment + So-Young

Efficient and diversified marketing strategies reduce selling expenses  
(43.4%\* 9M2018 vs 42.6%\* 9M2019) <sup>(1)</sup>



Cooperate with service providers to customize aesthetic medical products

Continuous integration of Jinan Pengai + SZ Yueji + SZ Yuexin

Establishing an aesthetic medical technology R&D center to explore the commercialization of aesthetic medical technology

Note:

(1) Selling expenses divided by total revenue.

## Recent Developments

### Major Sale Events



VIP Sale Event



Nov.11<sup>th</sup> Sale Event

On November 10, 2019, the Company host a VIP sale event to celebrate its launching on NASDAQ for VIP clients, and generated cash sales of approximately **RMB6 million**.

On November 11, 2019, the Company organized a marketing campaign on one e-commerce platform T-mall, and from that alone generated cash sales of approximately **RMB16 million**.

During the shopping festival period from November 1 to November 11, the Company's total cash sales on various e-commerce platforms amounted to approximately **RMB28 million**.

# Recent Developments



**Entered into Strategic Cooperation Agreement with Delun**



**Delun** engages in the investment and management of dentistry medical institutions



Explore business cooperation and expand the business scale and market shares in dentistry medical institutions



Share client resources and recommend suitable customers to each other



Delun will provide management consulting services for the subsidiaries of AIH



# Recent Developments



## Setup Nanchang Clinic

Setup Nanchang Pengai Xiuqi Aesthetic Medical Clinic Co., Ltd.

Address: Donghu District, Nanchang City, Jiangxi Province

Ownership: 70%

Floorspace: 2600m<sup>2</sup>



## Setup Satellite Clinics

### Setup Fenghua, Beilun and Deqing Satellite Clinics

Name	Address	Floorspace	Business Registration date	Ownership
Ningbo Beilun Pengai Aesthetic Medical Clinic Co., Ltd.	Beilun District, Ningbo City, Zhejiang Province	192m <sup>2</sup>	Nov. 6, 2019	51%
Deqing Pengai Aesthetic Medical Clinic Co., Ltd.	Deqing County, Huzhou City, Zhejiang Province	130m <sup>2</sup>	Oct. 18, 2019	51%
Ningbo Fenghua Pengai Aesthetic Medical Clinic Co., Ltd.	Fenghua District, Ningbo City, Zhejiang Province	263m <sup>2</sup>	Oct. 15, 2019	51%





## APPENDIX

# About Us

## A leading provider of aesthetic medical treatment centers in China



- **3rd** largest private aesthetic medical services provider in China, **2nd** largest in southern China and the **largest** in Shenzhen, based on revenue in 2018<sup>(1)</sup>
- **171,550 active customers** for the nine months ended Sep 30, 2019, of which 53.8% are repeat customers



- **572 medical staff** as of Sep. 30, 2019, including **210 doctors**
- Doctors have an average experience of approximately **10 years**



“The most prestigious aesthetic medical services beauty brand in 2016”  
— by the Tencent Network



- Network of **21** aesthetic medical treatment centers (including 19 wholly or majority owned centers) located across **15 cities in mainland China**, and **Hong Kong and Singapore**
- **4** new medical institutions are under construction and already received business license, though medical license will only be granted after completion.



- Established in **1997**
- Founded and actively managed by **a plastic surgeon and a personal image consultant**



“The aesthetic medical services brand of technological innovation in 2016”  
— by Hong Kong WenWeiPo newspapers

# A Leading Provider of Aesthetic Medical Services in China

- Headquartered in Southern part of China and operating in key Tier-1 and Tier-2 cities
- Network comprises of 21 treatment centers across China, Hong Kong and Singapore



## Strategic Mainland Network

- ✓ Presence in 15 cities including Shanghai, Shenzhen and Guangzhou<sup>(1)</sup>
- ✓ 19 wholly or majority owned treatment centers<sup>(1)</sup>



## International Footprint

- ✓ 2 treatment centers (wholly owned Hong Kong Newa and invested in Singapore Mendis)
- ✓ Entered the Hong Kong and Singapore markets, with the acquisition of Hong Kong Newa and investment in Singapore Mendis in 2015 and 2017, respectively
- ✓ Entered into an agreement of a \$5 million investment for a 20% equity stake in a California based L郑 Holdings in February 2019<sup>(2)</sup>



Notes:

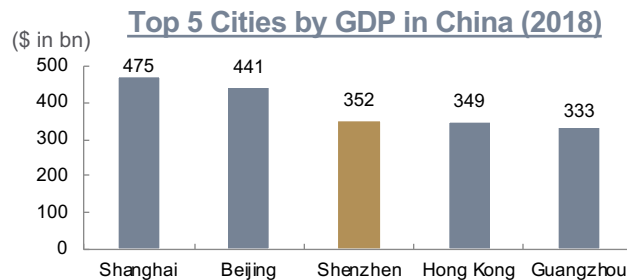
(1) As of September 30, 2019

(2) Transaction pending.

# Largest Private Aesthetic Medical Services Provider in Shenzhen<sup>(1)</sup>

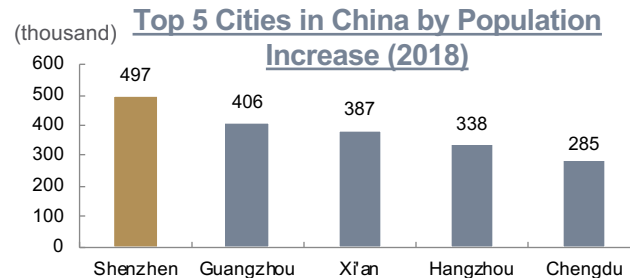
## Fast Growing GDP

- Shenzhen's 2018 GDP ranked third in China
- Shenzhen had a higher GDP than Hong Kong in 2018



## Large Population Growth

- Population of over 20 million with an average age of 33
- By the end of 2018, the permanent resident population reached 13 million



## Policy Support in Favor

- With the policy support in favor of Shenzhen recently announced by the PRC government, Shenzhen's GDP, population and per capita income are expected to grow even faster
- We believe we are well-positioned to capture the business opportunities resulting from such growth. In addition, we have successfully expanded our geographic coverage outside of mainland China, with established



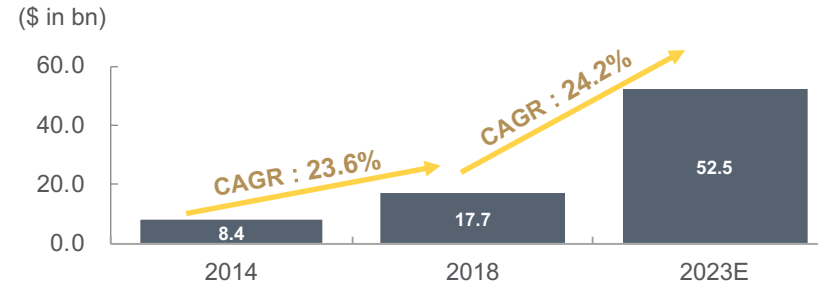
- Shenzhen, a modern and international innovative metropolis full of *charm*, *vitality*, *impetus* and *innovation*
- Shenzhen, born in the epic reform and opening-up drive and prospering for its innovation, is a wonder of the world's industrialization, urbanization and modernization



# Significant White Space Opportunity in the Chinese Aesthetics Market

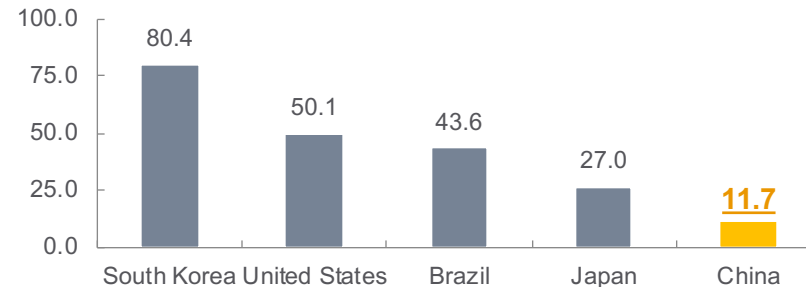
## Large & Fast Growing

- China aesthetic medical services market **ranked second** in terms of revenue in 2018



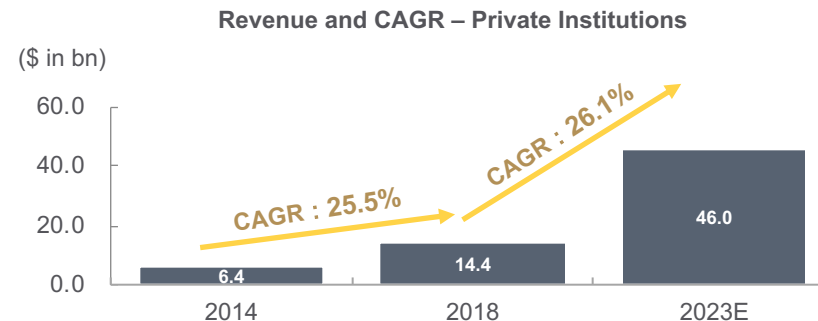
## Under-Penetrated

- China's aesthetic medical services market remains highly under-penetrated, with every 1,000 people in China had undergone an average of 11.7 medical aesthetic treatments in 2017, such penetration rate is significantly lower compared to other countries with more developed medical aesthetic markets



## Private Institutions Driven

- The growth in China aesthetic medical services market has been primarily driven by private institutions, which in 2018 contributed **81.5% of market revenue**



## Key China Growth Drivers

01

*Increasing demand for aesthetic medical services*

02

*Increasing disposable income*

03

*Maturing medical technologies with comparatively lower risks*

04

*Increasing investment in the aesthetic services market*



# Outstanding and Experienced Management Team

**Dr. Zhou Pengwu – Chairman and CEO**



- Co-Founder, Plastic Surgeon, Adjunct Professor
- Over 30 years of experience in aesthetic medicine and over 20 years of experience managing aesthetic medical hospitals
- Vice-chairman of the Second Council of the Private Aesthetic Medical Treatment Institution of Chinese Cosmetic Surgery Association
- Participated in the drafting seminar of the National Health and Family Planning Commission

**Ms. Ding Wenting – Vice Chairwoman and Chief Marketing Officer**



- Co-founder, Image Consultant
- Over 20 years of experience in leadership position in the Company
- Received one-to-one training by Miki Takasaka in Japan, and obtained a certificate in make-up artistry from Christian Chauveau's Technical School of Artistic Make-up in Paris

**Ms. Hu Qing – Director and Chief Operating Officer**



- Over 25 years of experience in the medical industry with 13 years in Japan
- Joined AIH in 2002, previously served as the Director and the Secretary for the Beijing University of Traditional Chinese Medicine, Japanese Branch
- Bachelor degree from South China University of Technology

**Mr. Zhou Yitao – Director and Chief Medical Technique Officer**



- Over 15 years of experience in the medical industry
- Practiced as doctor at several hospitals or clinics in China and South Korea
- Bachelor degree from Hubei Medical University
- Master degree from Australia La Trobe University

**Mr. Fan Peng – Chief Strategy Officer**



- Over 10 years of investment banking experience, mostly with Deutsche Bank, including listing, cross-border mergers and acquisitions and corporate finance
- Previously worked for Dali Foods Group Company Limited (HK:3799), responsible for financing and mergers & acquisitions
- Bachelor and master degrees from Tsinghua University

**Mr. Wu Guanhua – Chief Financial Officer**



- Over 10 years in international corporate accounting, operations, financial and strategic management
- Joined the company in 2012 and served as Chief Financial Officer since 2018
- Chartered Certified Accountant Fellow
- Bachelor degree from University of Oxford Brooks

# Investment Highlights



- A long track record and leading market position in the high growth aesthetic medical services market in China with a strategic nationwide network and international footprint



- Offering one-stop aesthetic driven solution through the combination of high-quality medical care with image consultant services



- Rigorous clinical standards, high quality services and a well-established brand driving high customer satisfaction



- Scalable business model, with highly standardized operating procedures across a centralized network



- Significant experience in successfully identifying, acquiring and integrating treatment centers



- A dedicated management team deeply rooted in the healthcare industry with international experience and a proven track record



# Contact

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