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2021/Q2

Investor Conference

Taiwan's No.1 Professional Healthcare Pharmacy

值得您信賴的藥局

YOUR TRUSTWORTHY
PHARMACY



專業

誠信

共享

大樹醫藥股份有限公司
Great Tree Pharmacy Co.,Ltd.

Agenda

01

Company Profile

02

Business Performance

03

Business Prospect

Appendix

Industry Overview

COMPANY PROFILE

Company's Introduction

Name: Great Tree Pharmacy (Ticker : 6469)

Established date : 2001/5/15

Listed on TPEX: 2016/3/30

Paid-in capital: NT\$ 540,017,000

Total revenue: NT\$ 8,641,394,000 in 2020

of staff: 2,005 staff (**include 475 pharmacists**)

Chairman & CEO : Cheng, Ming-Lung (Founder)

Business:

Physical pharmacies that provide health insurance prescription dispensing services, and sell maternal & child products, supplements and healthcare products.

Online shopping platforms for maternal and child health products, and

Wholesale pet food and supplies, Pet grooming.

Company history

Modernize to chain store management

**# of stores:
1-7-14**

- 2001-The first TW pharmacy to issue legally required invoices to customers
- 2002- Implement automatic replenishment system & ERP system**
- 2007- Set up E-booking system of controlled drugs
- 2008- Open store-within-store in Carrefour TW
- 2010- Introduce Corporate Identity System and renew display shelves

2001-2005-2010

Start nationwide expansion

Aim to be listed on OTC

of stores: 46
Achieve the 2011 stock listing plan

- 2011- Open stores beyond in Taoyuan, **indicating expansion ability in TW**
- 2014- PharmaCloud System received subsidy from SIIR Project
- 2014- Obtain ISO9001, GSP, TTQs
- 2014/12/29- Listed on Emerging Stock Board**
- 2015- Collaborate with Taiwan Family Mart
- 2015- Exclusive pharmacy partner with Alibaba TW

2011-2015

TW's No.1 Chain Pharmacy
Launch O2O model

of stores : 200
Achieved the 2015 200 store plan

- 2016/03/30- Listed on TPEX**
- 2017- Re-selected as Carrefour TW's pharmacy partner**
- 2018- Launch online pharmacy service**
- 2019-Take over Boden Pharmacy**

2016-2020

Precision health trading platform + Three-cross plan

of stores : 1000

- Taiwan GT 1000 stores plan**
Downtown 300
Community 200
Licensed 500
- Precision health trading platform**
Integrate the health industry
- Three-cross plan**
Cross Brand - Import well-known channels and brands
Cross Industry - Entering other health retail service industry (Pet store)
Cross Country - Start overseas development (China)

2021-2025

Where We are?

GreatTree is a island-wide drug store chain brand

Market position

In more than 60% of counties and cities we are the NO.1 brand

In more than 90% of counties and cities we are the top 2 brands



209 stores

As of 2021.06.30

Taiwan chain pharmacies still have a lot of room for growth

The current chain rate of Taiwan pharmacies is only 20% (1,550/8,119)

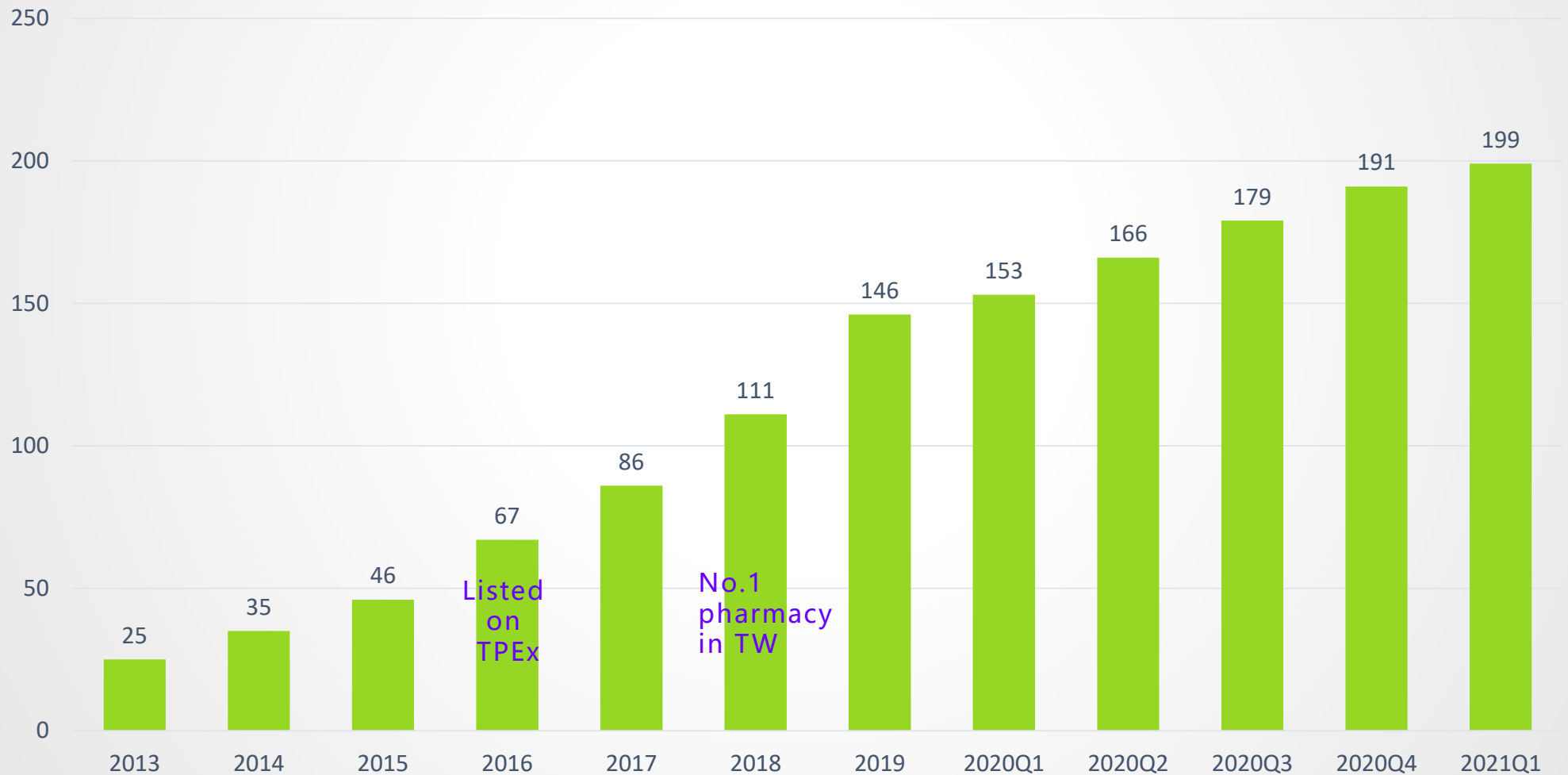
Compare the development process of the United States, Japan, and China
It is estimated that the chain rate of Taiwan pharmacies will reach 50% in 2032

Taiwan chain pharmacies can reach 4,000 stores

the top two brands can reach 2,000 stores

Store Expansion

- # of stores expand as planned, with higher efficiency
- No.1 pharmacy in Taiwan since 2018 Q3



Store Transformation

**Continued innovation
for a better consumer experience**

1st Generation



2nd Generation



3rd Generation



4th Generation



5th Generation Brand-new experience zone, incorporate OMO concepts



Business Performance

Our Competitive Advantages

Talent Retention

Business philosophy

Build a system together, share Profits together

Provide multiple career directions

"dividends and shares as shareholders"- Manager

"enterprise franchise as store owners" - Store owners

The team holds more than 10% (not include the founder)

More than 50 managers from 2011 to 2020, **turnover rate 0%**

Membership Management

Membership rating system, Bonus feedback, Segment Marketing

Member transactions account for 90% of revenue

SSSG can grow for 10 consecutive years

Strategy Execution

For 20 consecutive years, accurately achieve and continuously optimize each target strategy

Proposed 3rd five-year plan in 2011, and achieved the listing target in 2016

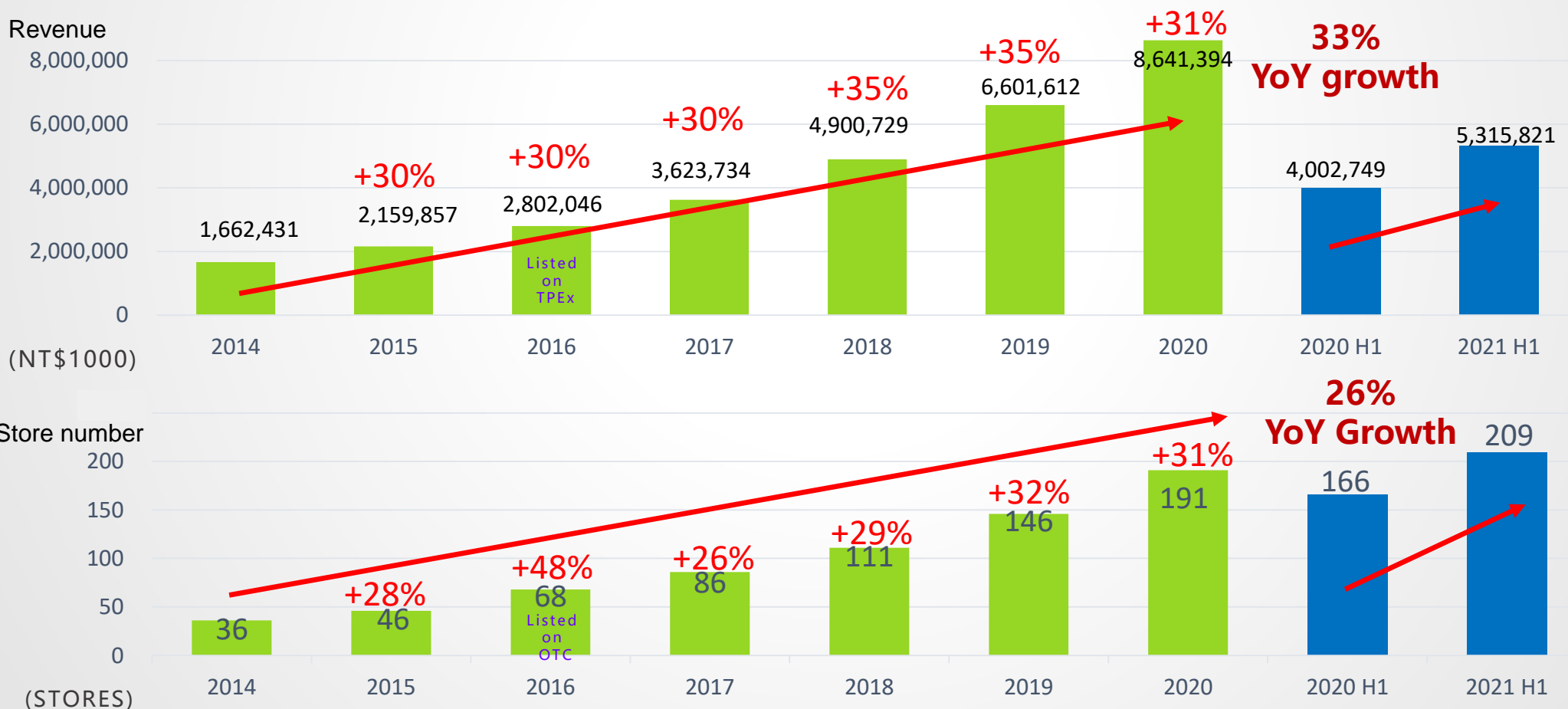
Proposed 4th five-year plan in 2015, and achieved the scale of 200 stores in 2020

Sales Highlights

Sales growth is driven by store expansion since 2014

Revenue CAGR is 30% in 2014-2020

Revenue growth > Store number growth

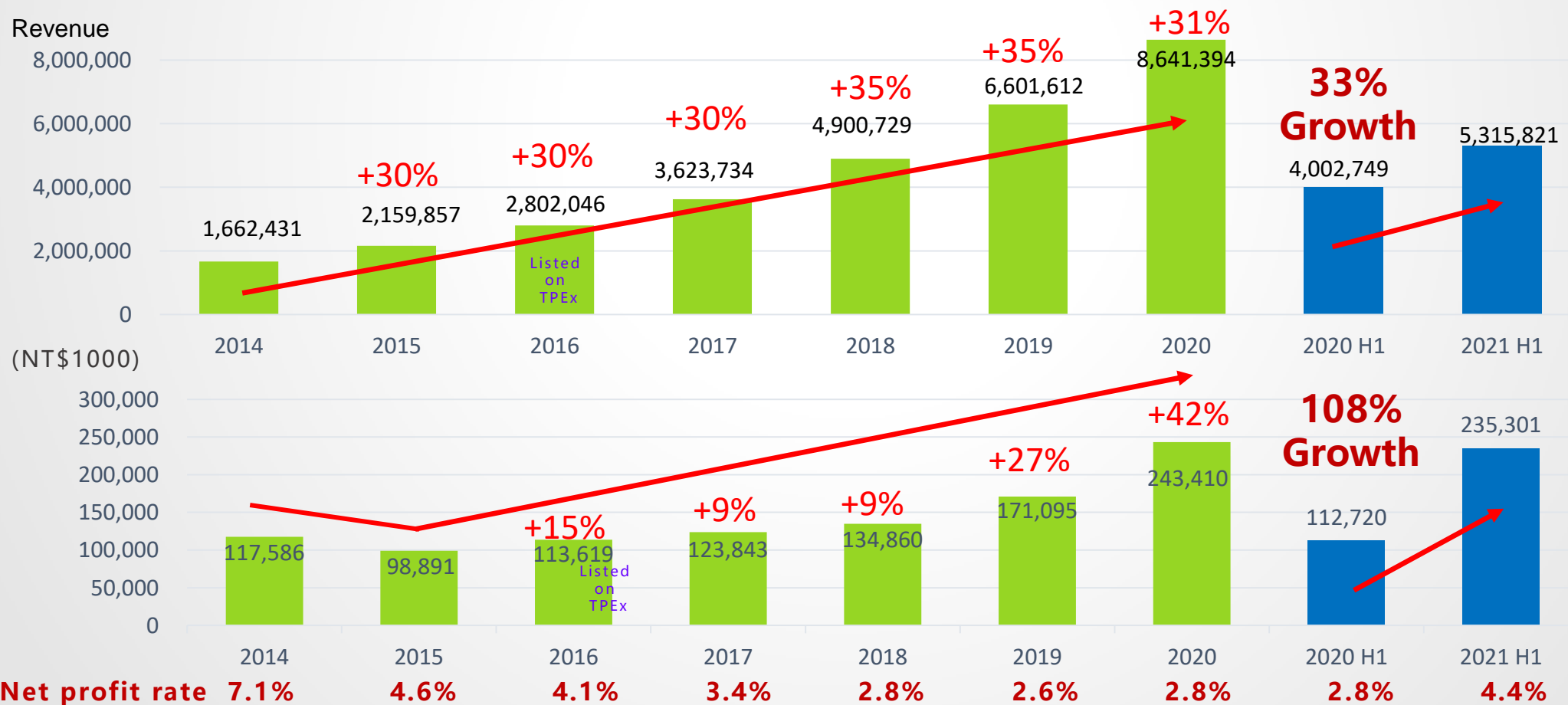


Sales Highlights

Pre-tax earnings growth is in line with revenue growth since 2014

Revenue CAGR is 30% in 2014-2020

Operating leverage leads to strong pre-tax earnings growth in 2020

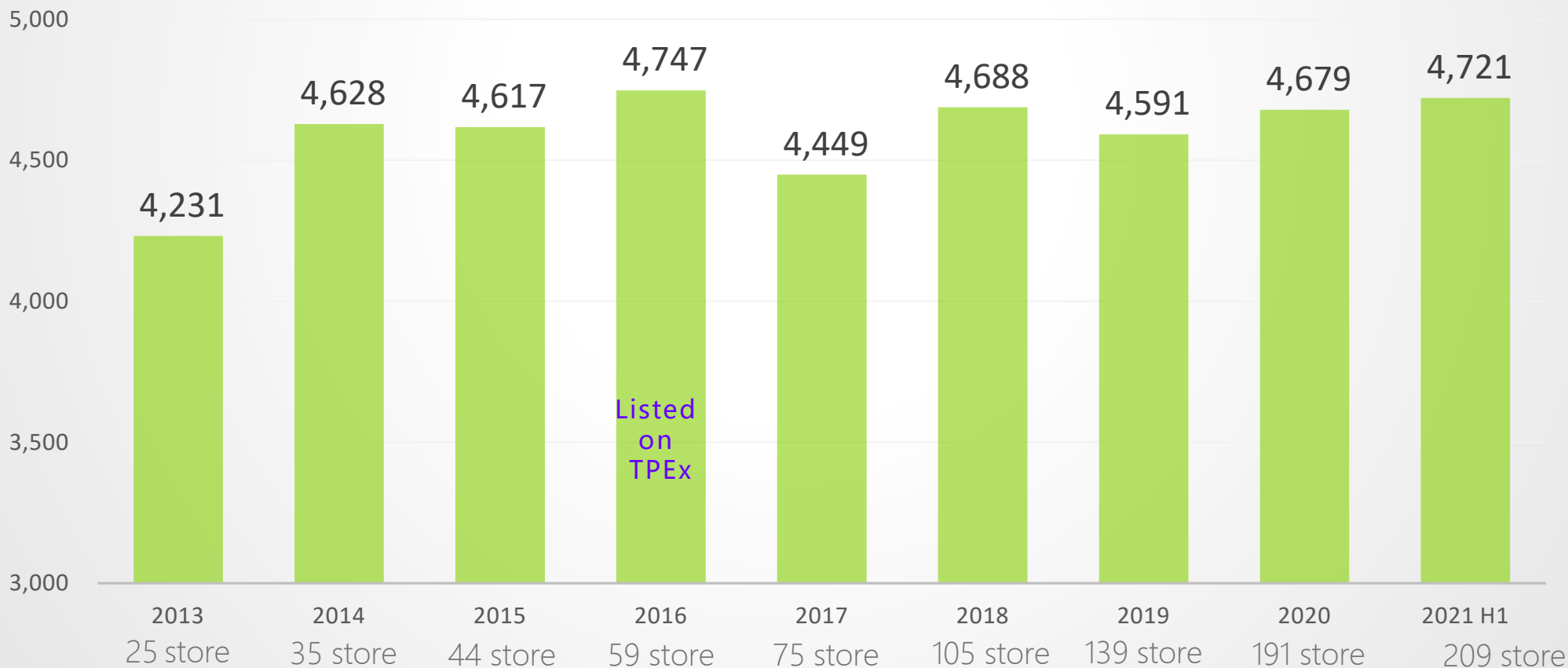


Sales Highlights

Per Store Monthly Sales, 2013-1H21

(NT\$1000)

Rapid store expansion while keeping the same per store monthly sales



Only counted stores opened for over a year
Excluding stores in airport, Carrefour, and Family Mart

As of 2021.06.30

Sales Highlights

2019~2021 Revenue Mix and Gross Margin by Product

The gross margin of high-revenue categories (Maternal & Child) has gradually increased

The revenue of high-profit categories (Supplements) has gradually increased

	2019			2020			2021 H1		
1	sales	%	GM%	sales	%	GM%	sales	%	GM%
Maternal & Child	3,223,495	48.83%	16.33%	3,743,480	43.32%	16.91%	2,170,008	40.82%	17.27%
Supplements	1,384,911	20.98%	45.70%	1,934,824	22.39%	46.93%	1,211,258	22.79%	47.85%
Prescribed Drugs	987,035	14.95%	15.8%	1,366,832	15.82%	15.01%	824,811	15.52%	14.04%
Healthcare	742,854	11.25%	24.46%	1,242,529	14.38%	27.36%	871,184	16.39%	27.42%
Others	263,317	3.99%	-	353,729	4.09%		238,560	4.48%	
Total	6,601,612	100%	24.17%	8,641,394	100%	25.28%	5,315,821	100%	26.12%

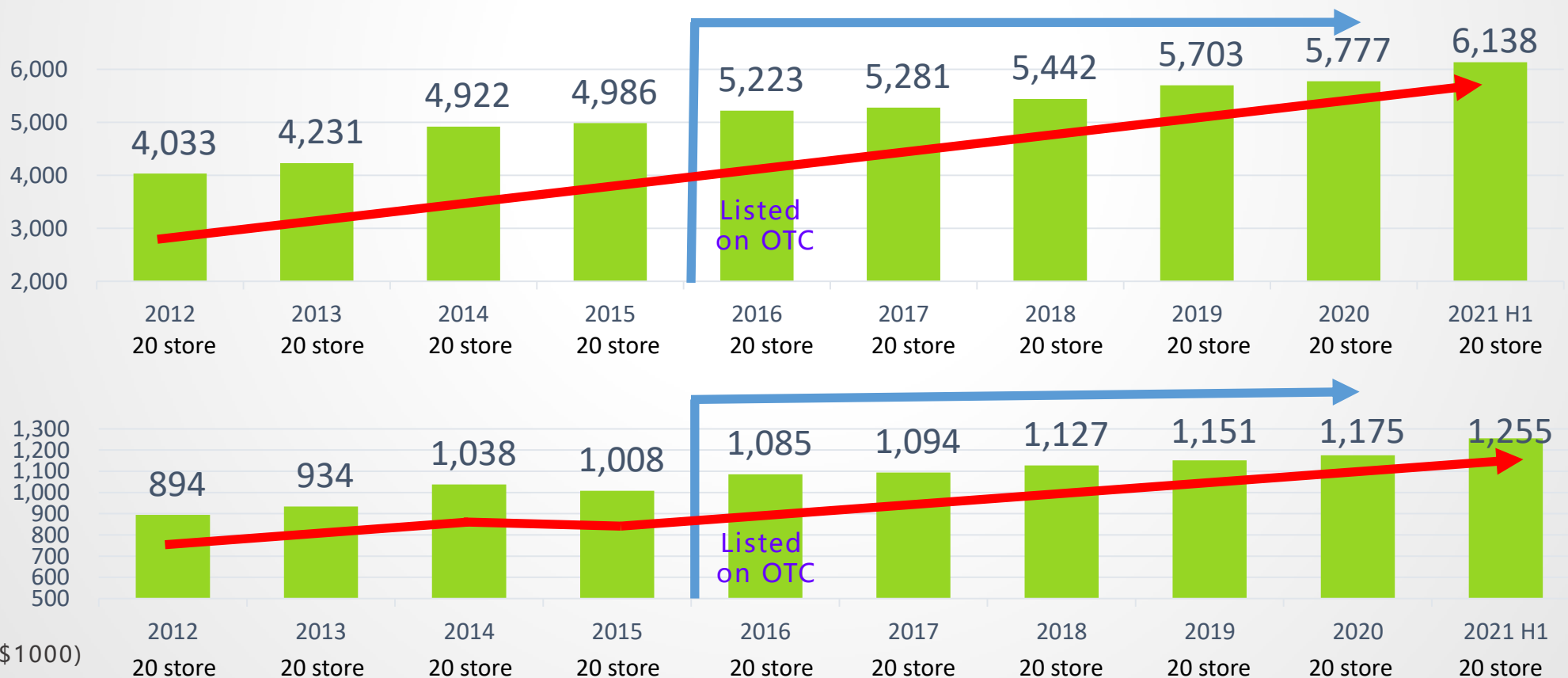
(NT\$1000)

Sales Highlights

2012~2021 Same Store Sales/Gross Profit Performance

Continue to implement core Competitive

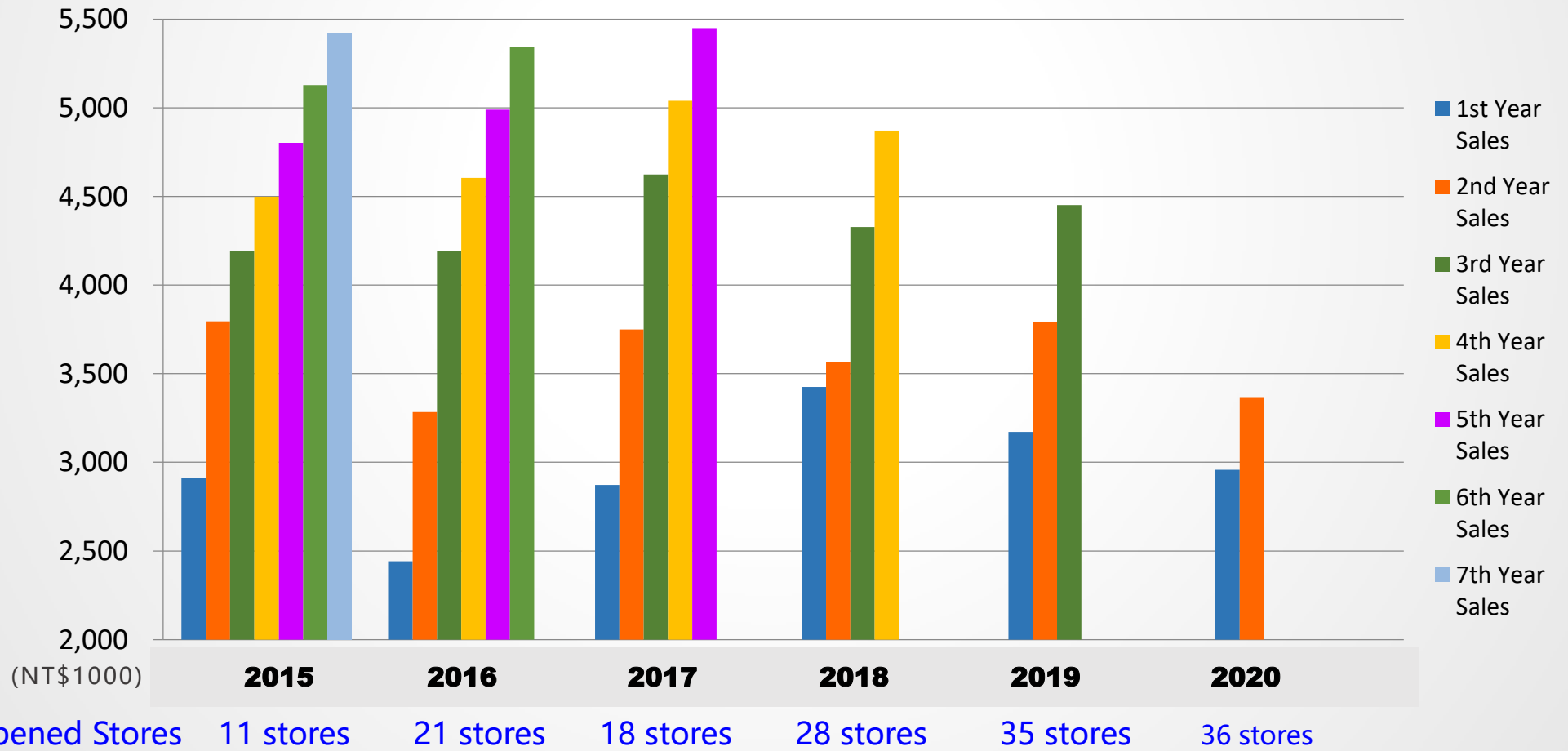
Same Store Sales & Gross Profit have been growing since 2012



Sales Highlights

Same Store Sales for Newly Opened Stores

Same-store revenue continues to grow YoY since 2015

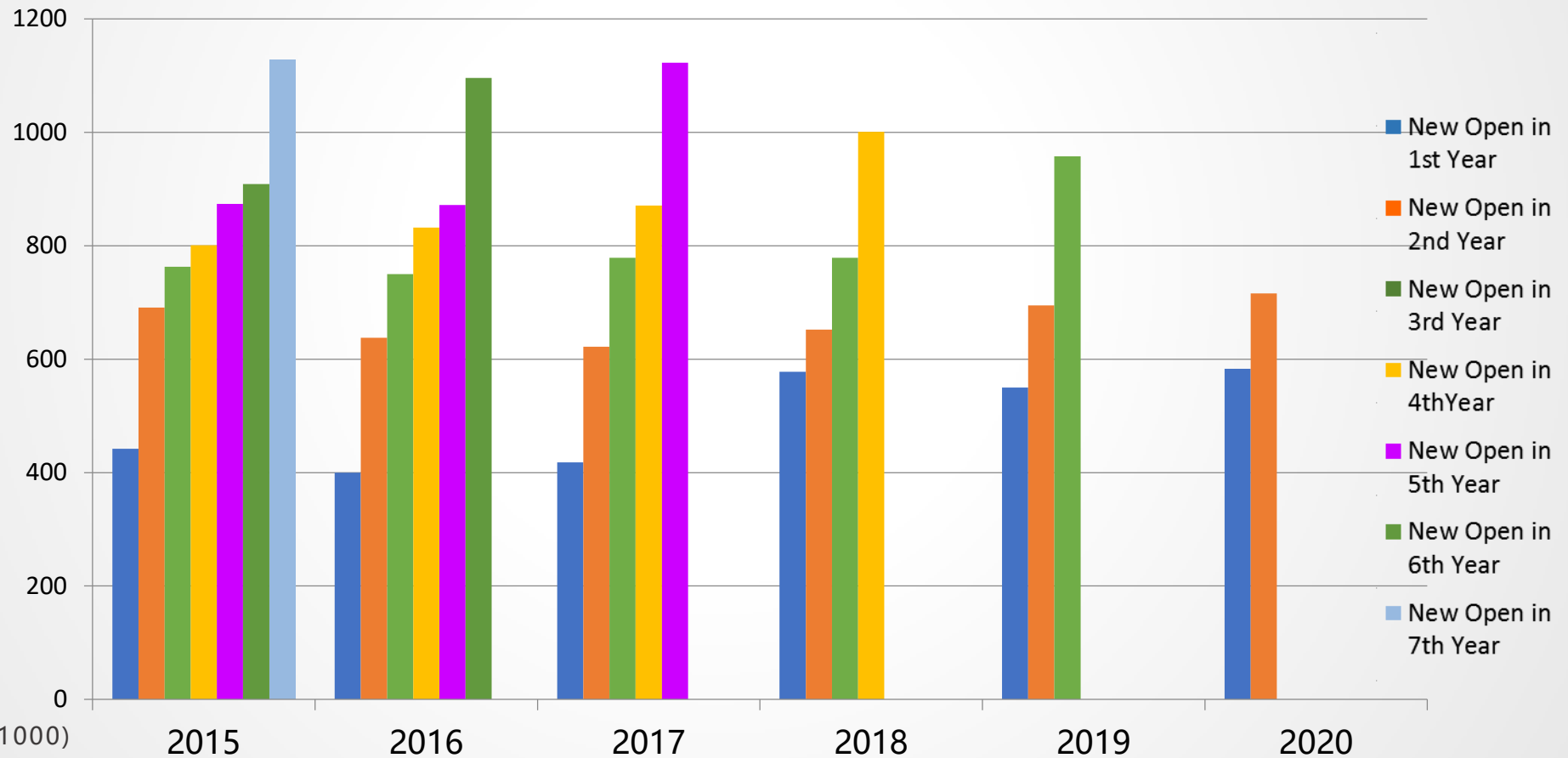


Excluding stores in airport, Carrefour, and Family Mart

Sales Highlights

Same Store Gross Profit for Newly Opened Stores

Same-store gross profit continues to grow since 2015



Newly Opened Stores 11 stores 21 stores 18 stores 28 stores 35 stores 36 stores

Excluding stores in airport, Carrefour, and Family Mart

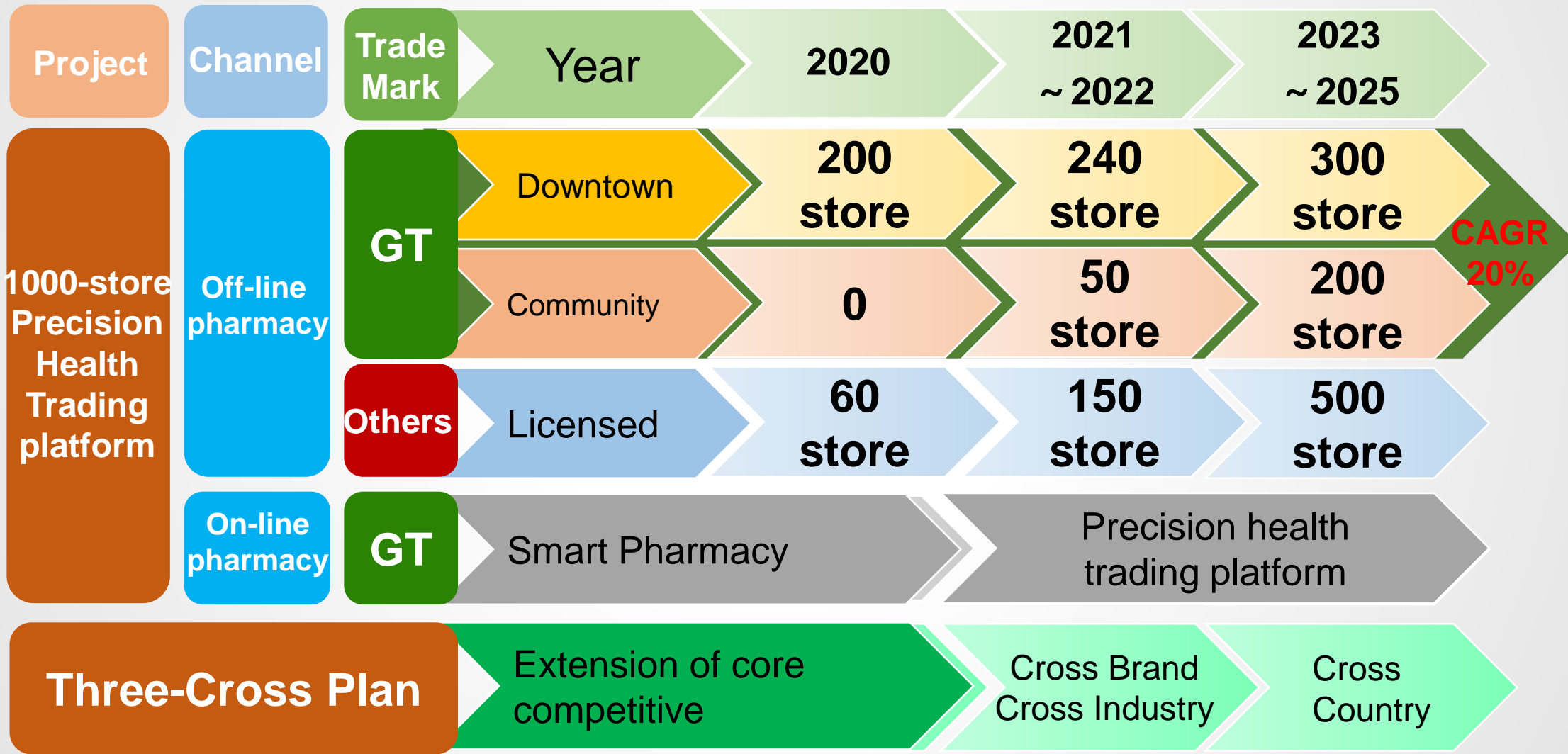
Dividend policy

Cash dividends & stock dividends continue to be distributed in response to future growth needs

Year	Paid In Capital (NT\$ m)	Net Income (NT\$ m)	Market Cap (NT\$ bn)	EPS (NT\$)	Cash dividend	Stock dividend	Payout Ratio
2012	150.0	33.8	-	3.37	1.2	0	35.61%
2013	182.0	68.1	-	4.51	2.3	0	51.00%
2014	210.0	95.9	-	4.65	1	1	43.01%
2015	231.0	77.5	-	3.35	2	0.5	74.63%
2016	265.2	92.9	2.1	3.57	1.3	1.5	78.43%
2017	305.0	102.1	2.6	3.36	1.8	1	83.33%
2018	365.5	105.6	2.2	3.01	1.3	1.3	86.38%
2019	432.2	132.7	3.5	3.25	1	1.8	86.15%
2020	533.4	193.8	5.1	3.73	1	3	107.24%

Business Prospect

2021 ~ 2025 GreatTree Plan



Taiwan Pharmacy Development Plan

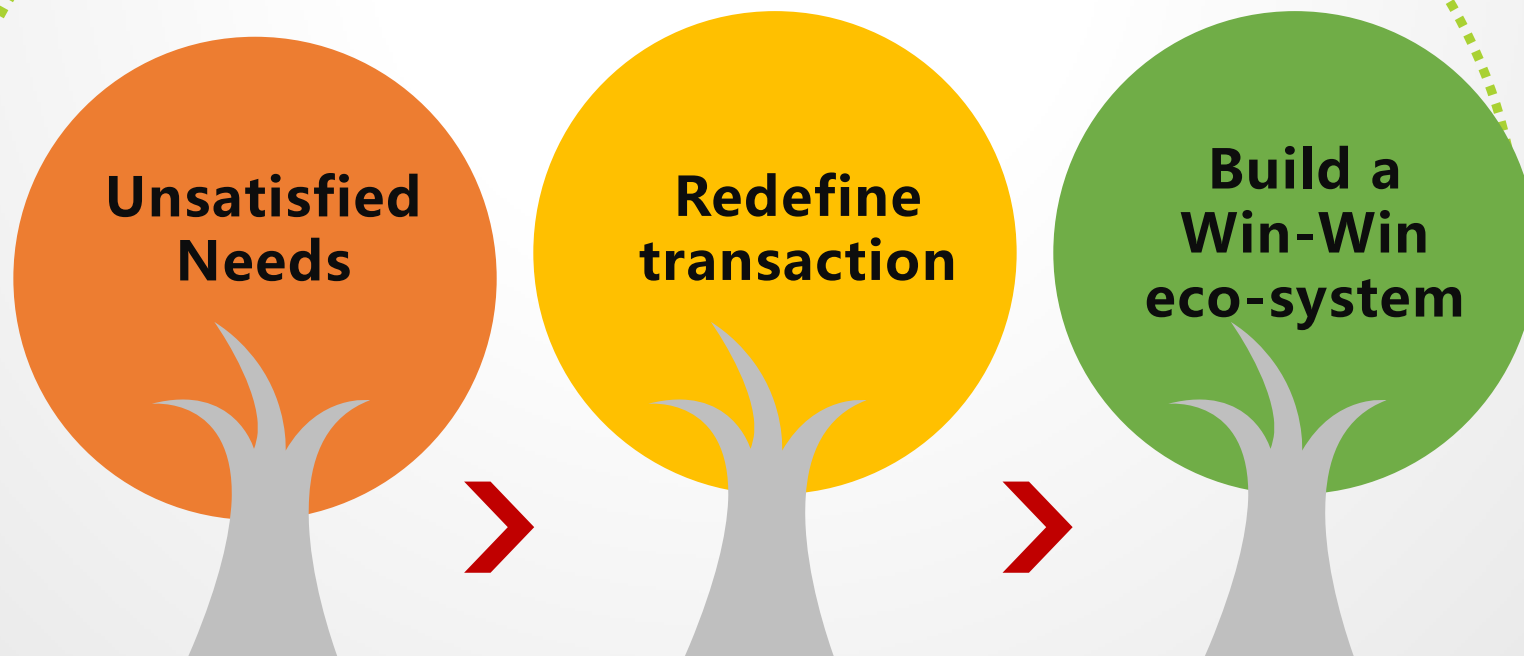
1000 Stores

Precision health trading platform

Break through the blind spots of pure retail transaction analysis

Provide empirical advice on personal physiological data

A trading platform that integrates commodity retail and health services



1000 Stores

Precision health trading platform

~Hospitals, Clinics, Pharmacies, Homes~

Data Collecting, Personal Health Database

OMO Shopping experience, Online Customer Service



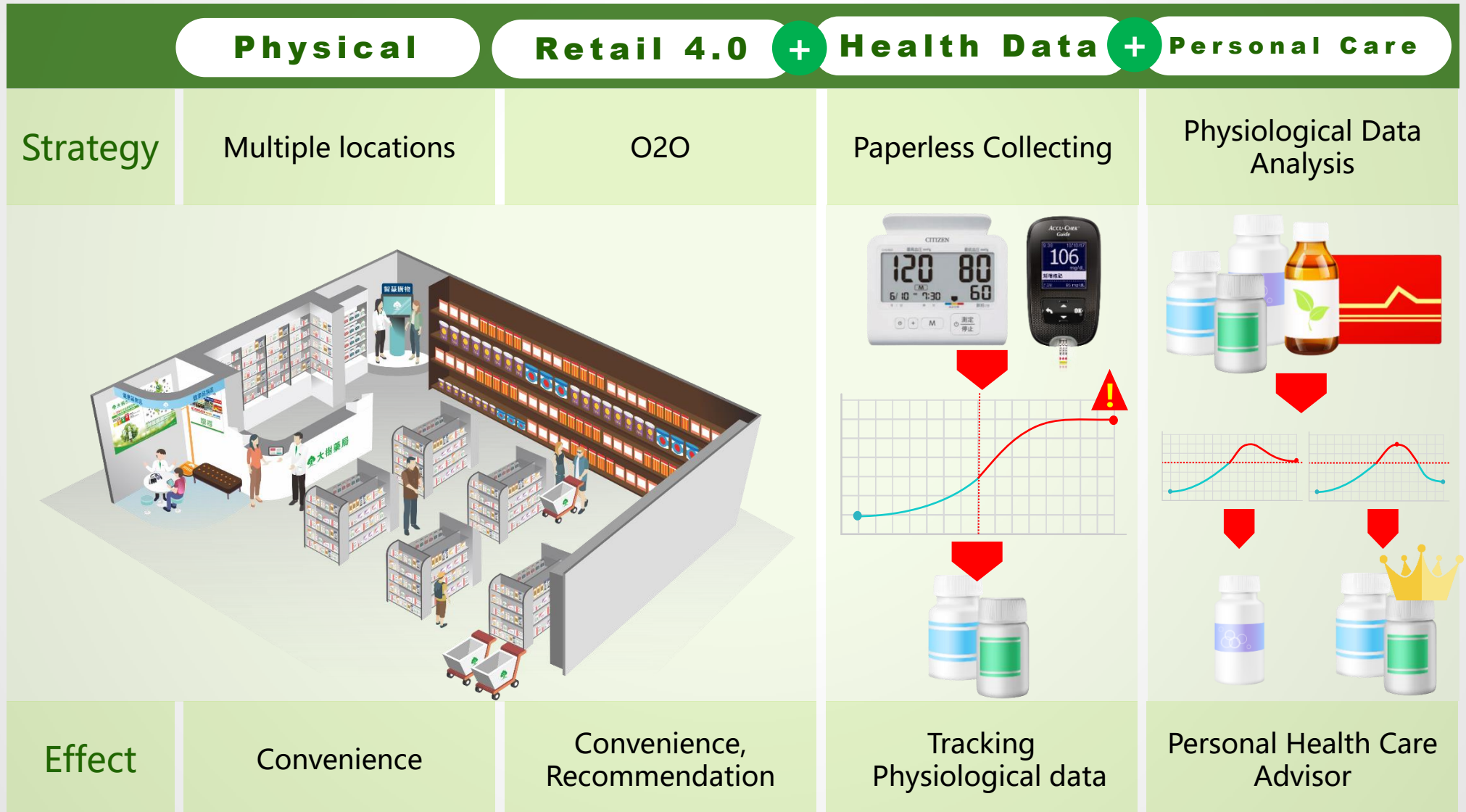
~Precise Analysis~

Personalized Marketing

Buying Power

GreatTree Service Upgrade Off-line Smart Pharmacy

Smart Pharmacy = Physical stores + Retail 4.0 + Big Data + Personal Care



GreatTree Service upgrade On-line Smart Pharmacy



The popularity of wearable devices, consumers pay more attention to data collection
Pharmacy is the place where the value of data can be best presented

Daily Tracking

- 129 Physiological data (blood sugar, blood pressure, Blood oxygen, BMI...)

Instant online Service

- Professional customer service (Pharmacist, nurse, babysitter, attendant, nutritionist)
- Assist health maintenance

Average Order Value Increase (2021Q2-Q3 test)

- Online appointment for prescription, shopping recommendation, increasing the AOV by 1.3 times



大樹醫藥健康諮詢中心

☎ 0800-288-233 按2

GT Health GO – APP

Easy to record



8項數據自動上傳
129項數據留存紀錄

Sync. NHI data



結合健康存摺
同步生理數據與就醫現況

Visual report



輕鬆掌握個人
健康狀況



Exception reminder

Big health industry category

Not only provide physical goods retail
But Provide more Health care services



Three-Cross Plans

Cross Brands Collaborating with SUGI Holdings Inc. (Japan)



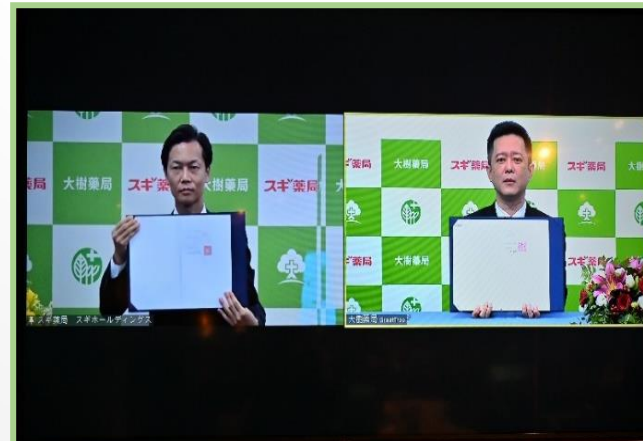
Paid In Capital : 15.4bn Yen
(approx. NTD 4.6bn)
(As at Feb 2020)



Annual Sales: 541bn Yen
(approx. NTD162bn)
(as at Feb 2020)



No. of stores in JP : 1371
(as at Nov 2020)



Three-Cross Plans



Three-Cross Plans

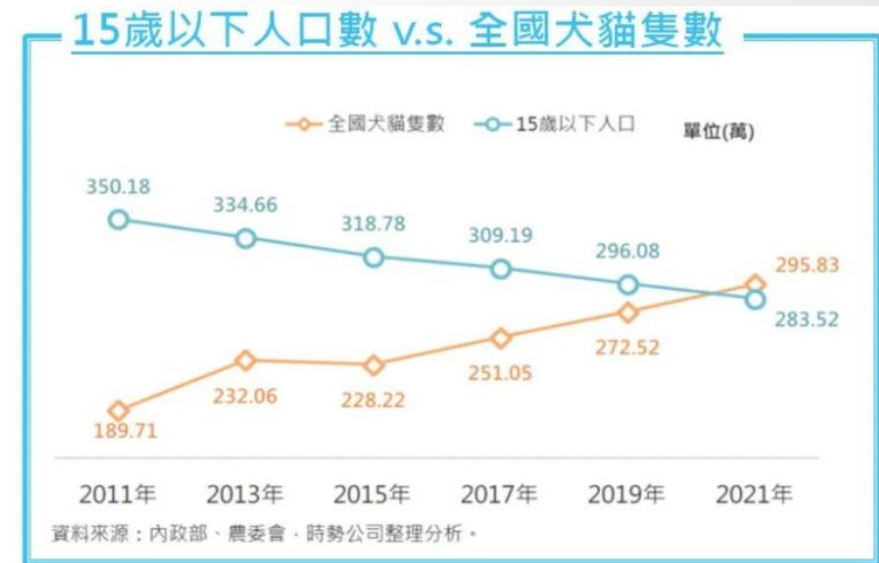
Cross Industries

Taiwan's pet market size

- In 2021, the number of dogs and cats in Taiwan will exceed the number of children under 15-year-old.
- Taiwan's pet market will exceed NT\$50 billion.

Market niche

- At present, there is no absolute leading brand in the pet store market.
- Pet health care demand is rising.



GT competitive advantage in entering the pet market

- We have successful experience in pharmacy operations, and the health profession can be highly replicated (The overlap rate of animal drugs and human drugs > 60%)

Three-Cross Plans

Cross Industries

Take care of the fur-kids, for healthier life



哪泥?! 玩具也有分年齡?

階段分期	嬰幼兒	換牙期	青少年	成年	中年	老年
寵物年齡	<2個月	4-8個月	8-18個月	1.5歲	6歲	12歲
室內貓					4歲	7歲
室外貓					5歲	10歲
小型犬					5歲	9歲
中型犬					4歲	8歲
大型犬						
人類對應年齡	<3歲	6-12歲	12-19歲	20歲	40歲	65歲
可介入玩具						
絨毛陪伴型	V					
磨牙啃咬型		V				
互動拉扯型		V	V			
益智藏食型		V	V	V	V	V
貓逗貓繩捕型		V				
貓貓抓板、跳台		V				
玩具主要功能	● 情緒安撫 ● 心理依賴	● 智力啟發 ● 消耗體力 ● 緩解長牙不適感	● 智力啟發 ● 消耗體力	● 智力再進化	● 維持智力 ● 與認知能力	● 預防癡呆 ● 延緩癡呆狀況

Three-Cross Plans – cross country

Business model

- Operating franchise model
(cooperate with the top 100 pharmacies in China)

Regulations/policy adjustments

- 2015, Foreign investment regulations began to be adjusted, and investable projects were gradually relaxed
- 2020.07 , Foreign capital can hold more than half of the shares of pharmaceutical retail companies
- Health insurance reform- China pharmacies need to transform into TW model

Enter the market advantages

- The market does not yet have an absolute leading brand
(Top 10 pharmacies in China, accounting for only 21% of the total pharmacy market turnover)
- A high percentage of the top 100 pharmacies in China Willing to cooperate
- The same language as the China can reduce the difficulty of communication and cultural barriers

大樹藥局

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專業 誠信 共享

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奶粉尿布 · 婦嬰用品

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| 銀髮保健 |

處方領藥 · 醫療器材





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YOUR TRUSTWORTHY
PHARMACY

THANK YOU

專業

誠信

共享

大樹醫藥股份有限公司
Great Tree Pharmacy Co.,Ltd.

Appendix

Global Top 10 Retail Players in 2019

Two Pharmacy Companies ranked as Global Top 10 Retail Players

Top 10 retailers, FY2019

Top 250 rank	Change in rank	Name of company	Country of origin	FY2019 retail revenue (US\$M)	FY2019 retail revenue growth	FY2019 net profit margin	FY2019 return on assets	FY2014-2019 retail revenue CAGR*	# countries of operation	% retail revenue from foreign operations
1	↔	Walmart Inc.	United States	523,964	1.9%	2.9%	6.4%	1.5%	27	23.2%
2	↑ +1	Amazon.com, Inc.	United States	158,439	13.0%	4.1%	5.1%	17.7%	17	31.0%
3	↓ -1	Costco Wholesale Corporation	United States	152,703	7.9%	2.4%	8.2%	6.3%	12	26.8%
4	↔	Schwarz Group	Germany	126,124	8.6%	n/a	n/a	7.4%	33	66.0%
5	↔	The Kroger Co.	United States	121,539	1.0%	1.2%	3.3%	2.3%	1	0.0%
6	↔	Walgreens Boots Alliance, Inc.	United States	115,994	4.8%	2.9%	5.9%	8.7%	9	9.9%
7	↔	The Home Depot, Inc.	United States	110,225	1.9%	10.2%	21.9%	5.8%	3	8.1%
8	↔	Aldi Einkauf GmbH & Co. oHG and Aldi International Services GmbH & Co. oHG	Germany	106,326 ^e	5.6%	n/a	n/a	6.4%	19	68.9%
9	↔	CVS Health Corporation	United States	86,608	3.1%	n/a	n/a	5.0%	1	0.0%
10	↔	Tesco PLC	United Kingdom	81,347	1.4%	1.5%	1.9%	0.8%	8	18.3%

*Compound annual growth rate

e = estimate

n/a = not available

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2021. Analysis of financial performance and operations for fiscal years ended through 30 June 2020 using company annual reports, Supermarket News, Forbes America's largest private companies and other sources.

CommonWealth Magazine (TW) – Survey of 2000 Leading Corporates

Ranking of All Service-Industry in Taiwan

2020: **No.178**
(2019: No.217)
(2018: No.255)

Ranking of Health-Service-Industry in Taiwan

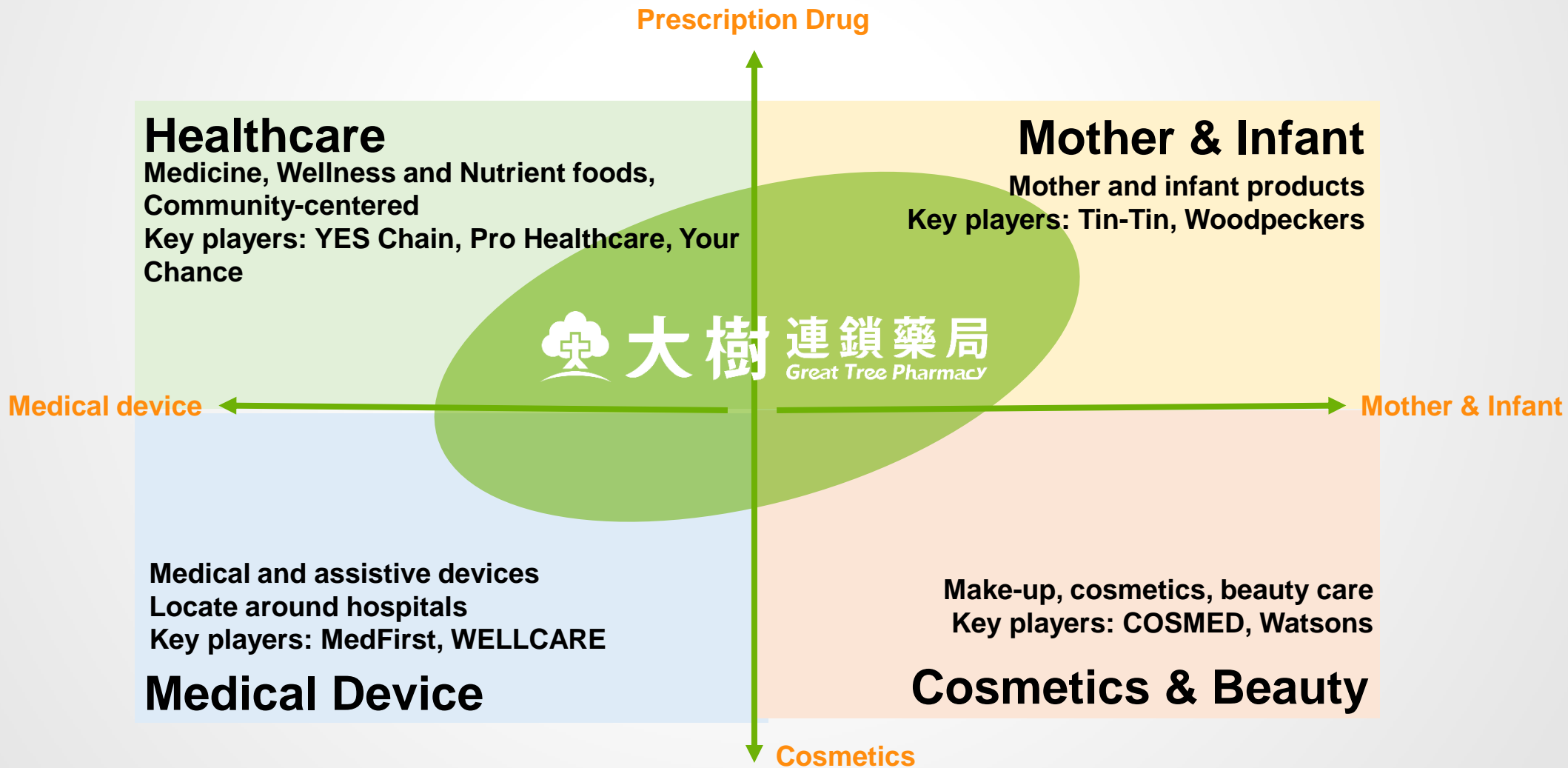
Health-Service-Industry **No.2**
Off-line Channel: **No.1**

行業排名 ↓	2020 排名 ↑↓	公司名稱	營業收入 (億元) ↑↓	獲利率 (%) ↑↓	營收成長率 (%) ↑↓	稅後純益 (億元) ↑↓
1	152	羅氏大藥廠	106.81	-	5.94	-
2	178	大樹醫藥	86.41	2.25	30.88	1.94
3	196	葡眾企業	77.19	12.10	-0.92	9.34
4	213	佳醫健康事業	66.75	8.57	3.38	5.72
5	229	台灣阿斯特捷利康	60.97	1.79	16.49	1.09
6	233	杏一醫療用品	59.27	1.86	11.72	1.10



Positioning in the Pharmacy/Personal Store Industry

Great Tree Pharmacy focuses on Mother & Infant and Healthcare



The Scale of Healthcare pharmacy chain

Pharmacies around the world are moving towards chain development Taiwan still has huge room for growth

According to US, Japan's national income per capita and aging index, it took US 25 years and Japan 27 years to reach 50% of chain rate since their national income per capita reached US\$ 15,000.

Taiwan's national income per capita has reached US\$ 15,000 per capita in 2005, therefore we estimate Taiwan's pharmacy chain penetration rate will arrive at 50% by 2032

Taiwan's pharmacy chain penetration is forecast to arrive at 50% by 2032

Country	US	Japan	China	Taiwan
Chain % (by 2015)	60% (41,000/68,000)	55% (10,134/18,479)	46% (204,859/448,057)	17% (1,341/7,992)
Chain % (by 2018)	65% (40,033/61,800)	58% (1,1671/20,228)	52% (255,467/489,063)	19% (1,550/8,119)
Change	+5%	+3%	+6%	+2%

Forecast of TW's Healthcare Pharmacy

Number of pharmacy chain stores in TW is forecast to reach 4,000 in 2023

The top two brands likely to account for 2000 stores



As pharmacy chain store penetration reached 50%, the top 2 brands will account for 40~50% of market share

The way to forecast market share for the top 2 chain brands

- $7992 \times 50\% \text{ Chain rate} = 3996$
- $3996 \times 40\sim 50\% \text{ market share} = 1598\sim 1998$

Benchmarking US market

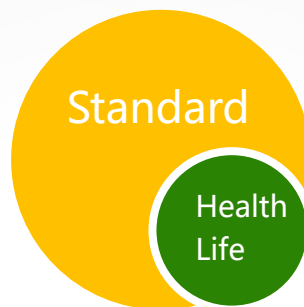
US population is 14x of TW (320m:23m)
NO1. Walgreens 13,000stores/14x=929
NO2. CVS 10,000stores/14x=714

Taiwan Pharmacy Industry Experienced Two Waves of Consolidation

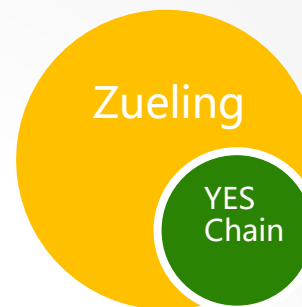
The 1st Wave M&A 2009~2013



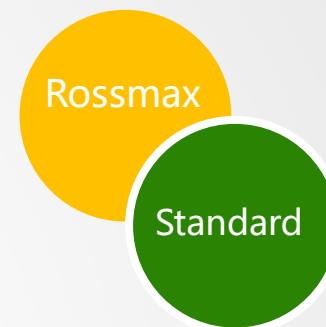
Rossmax
acquired
Your chance
In 2009



Standard
acquired
Health Life
in 2010



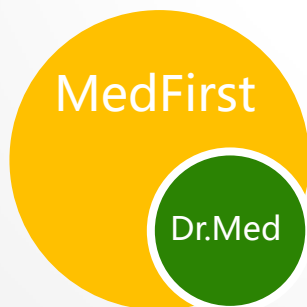
Zueling
acquired
Yes Chain
in 2012



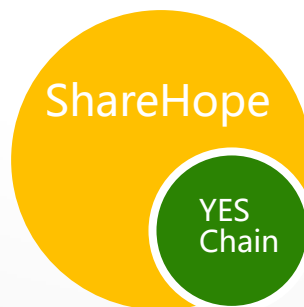
Rossmax
merged with
Standard
in 2013

Great tree listed on TPEX in 2016

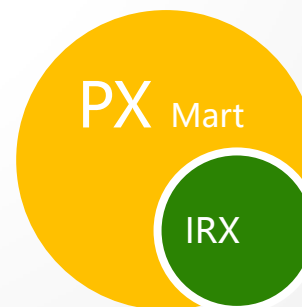
The 2nd Wave M&A 2016~2020



Med First
acquired
Dr.Med in
2016



ShareHope
acquire Yes
Chain in
2018



PX Mart
Established
IRX in 2018



Great tree
acquired
Boden in 2019

TW # of pharmacy stores

Great Tree ranked No. 1 in terms of store number and revenue since 2018

Laggards showed muted growth or withdrawn from the market

Category	Company	Brand	Establish	2013	2014	2015	2016	2017	2018	2019	2020
Maternal & Child	NorbelBaby	Tin Tin	1983	70	71	73	74	77	79	80	83
	Woodpecker	Woodpecker	1998	49	50	51	52	53	56	60	61
Healthcare Pharmacy	Great Tree Pharmacy	GT	2001	25	35	46	68	86	111	146	191
		Boden	1992	67	63	63	60	57	53	50	60
	ShareHope Medicine Co.	Yes Chain	1989	70	78	89	87	84	83	88	89
	Rossmax International + Standard Chem & Pharm	Your Chance	1987	72	100	88	82	82	82	86	95
		Health Life	1987	28	27	30	23	22	22	23	20
	PX Mart	IRX	2018	0	0	0	0	0	20	0	0
	Med First	Med First	1990	-	-	-	-	21	19	25	28

Our Sustainability Progress

Environmental

- **Energy saving**- replaced with energy-saving equipment and actively promoted energy-saving concepts
- **Carbon footprint**- Respond to paperless operations and promote digital platforms

Social

- **Charity participation**- Care for disadvantaged groups, and actively participate in various activities for the development of pharmacy education.
- **Medical supply donation**- provide epidemic prevention materials to institutions and organizations for the disadvantaged
- **Employee health**- insure all employees with anti-epidemic insurance, boost employee morale and issue anti-epidemic bonuses, employee health check; education and training

Corporate Governance

- **Performance growth**- 2020 Consolidated revenue NT\$8.6bn (YOY+30.9%) ;
Net profit before tax 240 m (YOY+ 42.27%) , **EPS 3.73**
- **Gender diversity**- 3 Independent Director (Including female members) And set up the first audit committee
- **Third party affirmation**- Ranked 21%~35% of OTC companies in the 7th Corporate Governance Evaluation