



FY 2018 Results – Investor Update Sep 2018

ASX:S66

08.09.2018

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Key Messages

- Inaugural ASX financial result – record full year revenue of \$10.9million
- Gross Profit is \$4.49million, up 11.2%, with gross margin at 41%
- Record sales of company owned brand products via pharmacies stores to \$0.78million from \$51k in FY17.
- Increase organisational capability, especially extra resources in sales and marketing
- Solid balance sheet include \$10.7million in cash and no debt.
- Normalised profit of \$2.17million with add back of one off expenses
- One off expenses primarily represent an investment in building company's brand awareness and strengthening relationships with business partners
- Strong organic growth and business acquisition targets in the pipeline

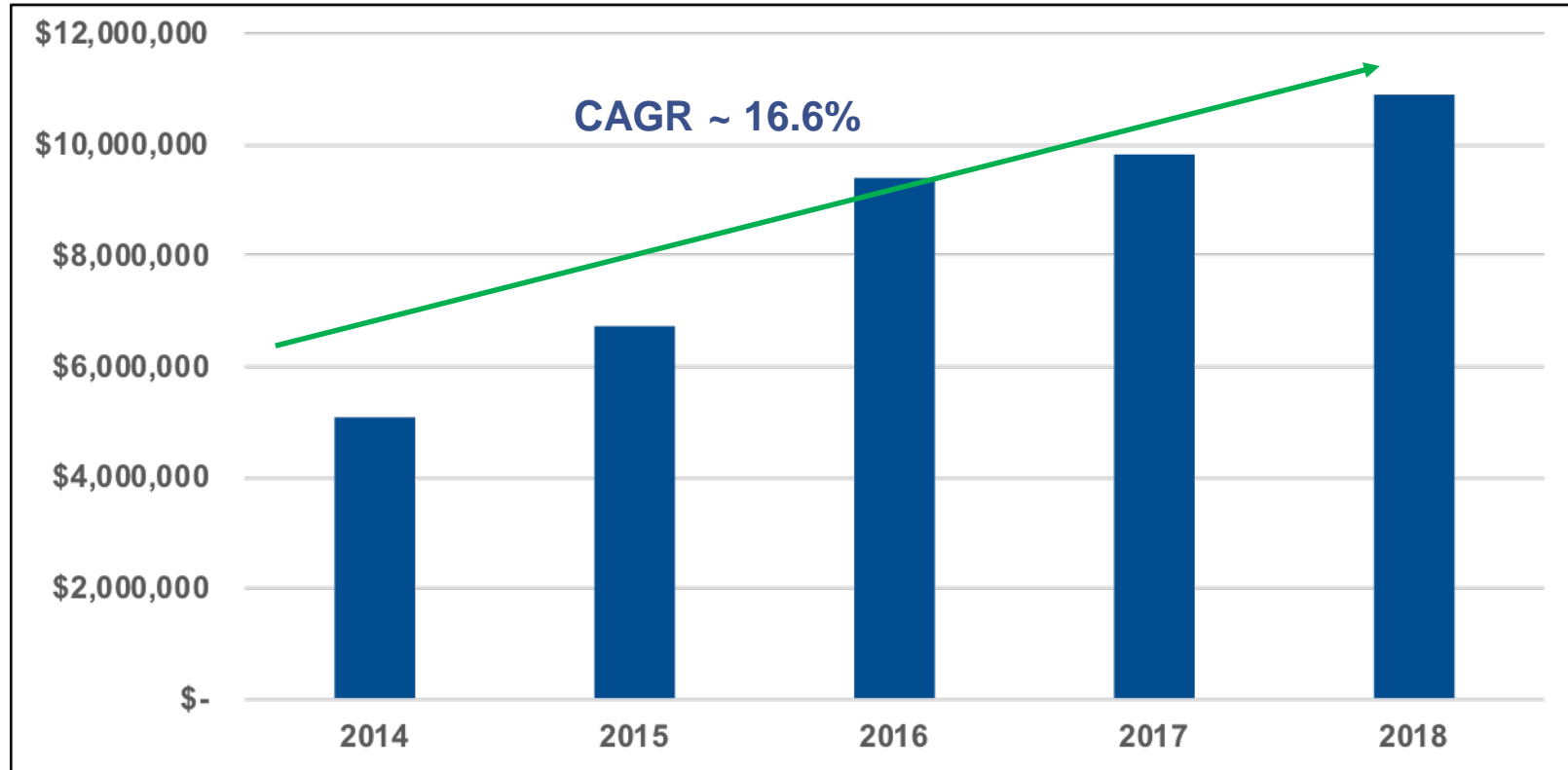
FY18 Detailed Financial Results

	2018	2017
Revenue from ordinary activities	10,902,233	9,841,893
Total revenue	10,902,233	9,841,893
COGS		
Raw materials and consumables used	(6,403,320)	(5,970,232)
Changes in inventories		172,497
Total COGS	(6,403,320)	(5,797,735)
COGS % to Revenue	58.7%	58.9%
Gross Profit	4,498,913	4,044,158
Gross Profit Margin	41.3%	41.1%
Bad debt Expense	(101,839)	(47,947)
Distribution and commission expense	(124,470)	
Marketing and selling costs	(1,465,994)	(170,020)
Administrative Expenses	(4,247,221)	(1,254,132)
Finance costs	(104,164)	(105,676)
Foreign exchange (loss) / gain	134,010	(122,289)
IPO Costs	(761,720)	
Total Expenses	(6,671,398)	(1,700,064)
(Loss) / profit before income tax	(2,172,485)	2,344,094
Income tax expense	199,148	(708,940)
(Loss) / profit for the period	(1,973,337)	1,635,154

Commentary

- Revenue growth via increase sales in pharmacies contributed strongly by Living Healthy brand sale.
- COGS margin and Gross Profit Margins are in line to budget and forecast.
- Increased spending and investment in brand, product and marketing
- Administrative expenses
 - 1) Non-cash share based payments (Share Options) to incentivize key personnel and reward loyalty, interest alignment between management/employees and shareholders
 - 2) increase staff resources
- One off direct IPO expenses
- Expect profitability in FY19

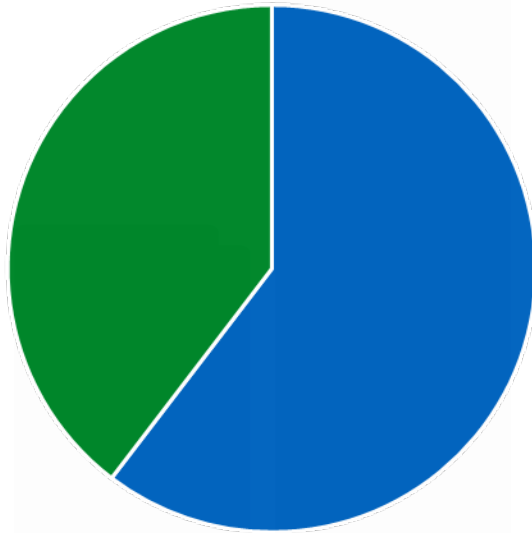
Revenue Growth



Revenue Growth

Breakdown of the OEM vs branded products sales

Total Sales FY18

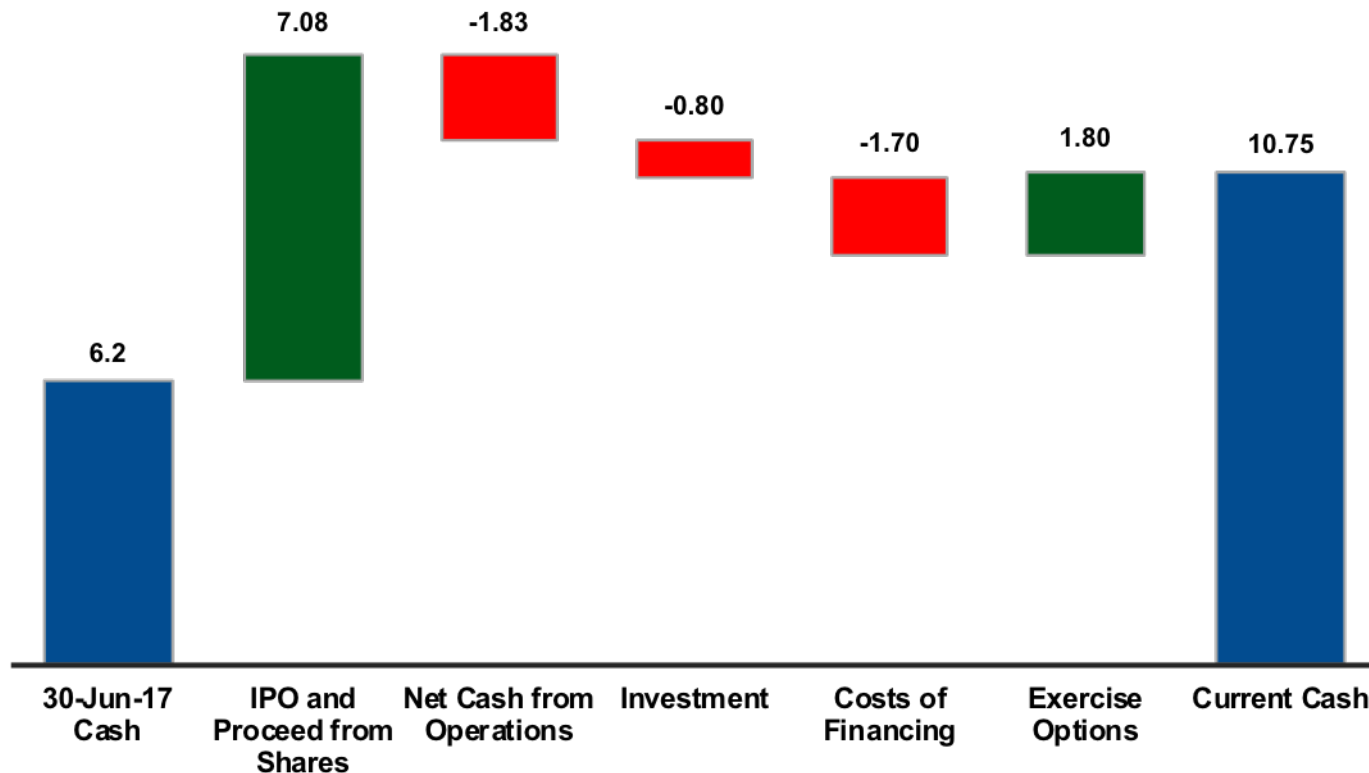


■ OEM ■ Brand

	% of sale	Total Customers
OEM	60.4	46
Brand	39.6	119

Company Cashflow

(\$m)



Living Healthy 苓康尔



AVAILABLE AT
 TerryWhite
Chemmart

60 YEARS

DEDICATED TO PROVIDING OUTSTANDING CARE FOR AUSTRALIAN FAMILIES.

 STARCOMBO

Manufactured by Star Combo Pharma

 ASX
澳交所
S66 药业

STAR COMBO PHARMA
ASX:S66

Hero Products: Building Brand Awareness



Hair Skin Nails

Formulated with biotin and zinc for healthier Hair Skin & nails



IBS Advanced

Unique formula for gut support



Policosanol 12mg

Clinically proven ingredient to support healthy cholesterol levels



Calcium Magnesium + D3

Combines three proven ingredients for bone health







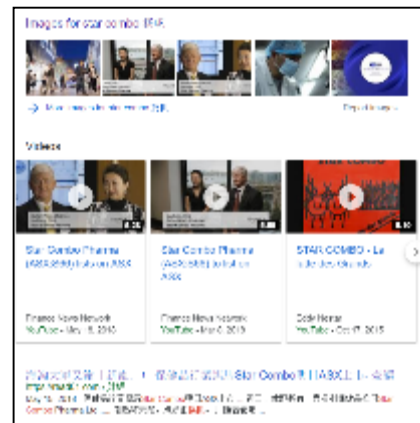
Marketing Overview



Living Healthy 苓康尔



@livinghealthys66



Star Combo Coverage



Catalogues



Marketing Overview

Digital Advertising

TerryWhite Chemmart Sponsored

Like Page

Fish Oil is a quality source of omega-3 fatty acids which can reduce bodily inflammation and improve heart health. Available now, get Living Healthy 400 soft gel capsules for only \$15, a saving of 60% off RRP*, exclusively at TerryWhite Chemmart.

*Savings listed are calculated from suppliers recommended retail price (RRP), at the time of preparation and not necessarily available elsewhere. Due to our competitive pricing policy, we may not have sold at RRP. The percentage savings shown are calculated to the nearest 5% of the actual saving.

\$15 **SAVE 60%** **AS SEEN ON TV**

LIVING HEALTHY FISH OIL

Purchase online or in-store today!

Shop Now

TerryWhite Chemmart Sponsored

Like Page

When it comes to your health, it's important to find a brand you can trust. New look, same great quality and price with Living Healthy CADI just \$19.95 each! Exclusive to TerryWhite Chemmart!

Visit a TerryWhite Chemmart Pharmacy from now until 26th June to SAVE across a selected range of Living Healthy products!

Living Healthy

60 YEARS DEDICATED TO POLYCLINICAL THERAPY FOR AUSTRALIAN FAMILIES.

ASX \$66

Living Healthy

Available at TerryWhite Chemmart

TERRYWHITECHEMMART.COM.AU

Learn More

Outdoor Billboards



TV



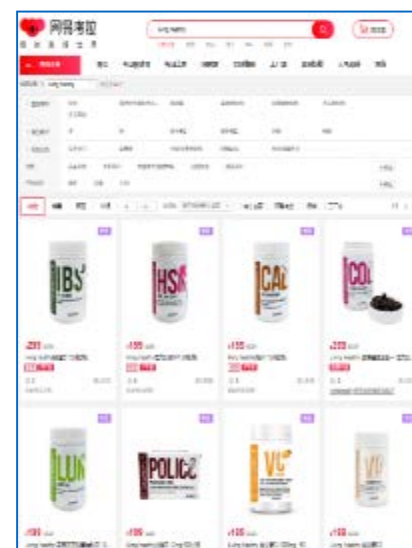
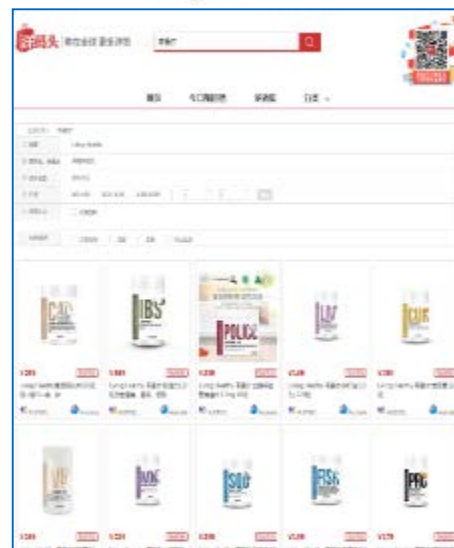
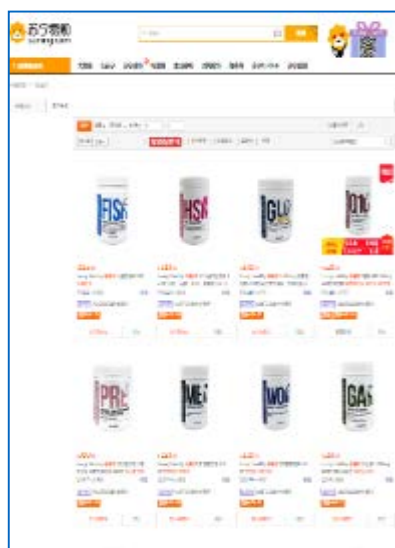
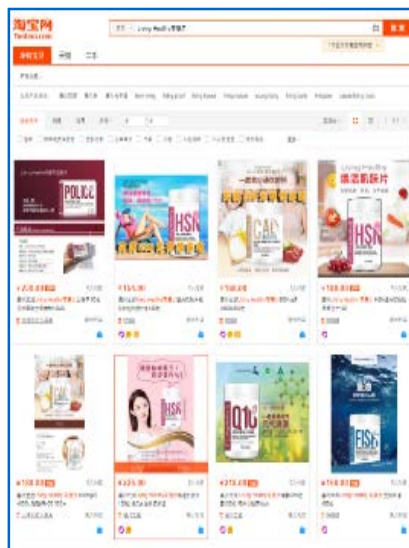
Marketing Overview

- 400+ Terry White Chemmart stores
- Above-the-line marketing
- In-store promotions and catalogs
- Wall displays
- Gondola ends
- Display bins
- Staff actively supporting the brand





Online China Retail Platforms



Where to Next with Living Healthy



Our Growth Strategy and Outlook



To obtain product permits from Chinese authorities for select products to enable them to be sold over the counter in pharmacies in China.



To invest in the development and production of Star Combo's most popular products.



To Invest **\$30million** in marketing and promotional activities to improve the brand and product image within Australia and target overseas markets



To enter main stream supermarkets and pharmacies in Australia and compete with competitors in the market.



Acquisition of synergistic companies or business to achieve greater economies of scale and operational efficiency.



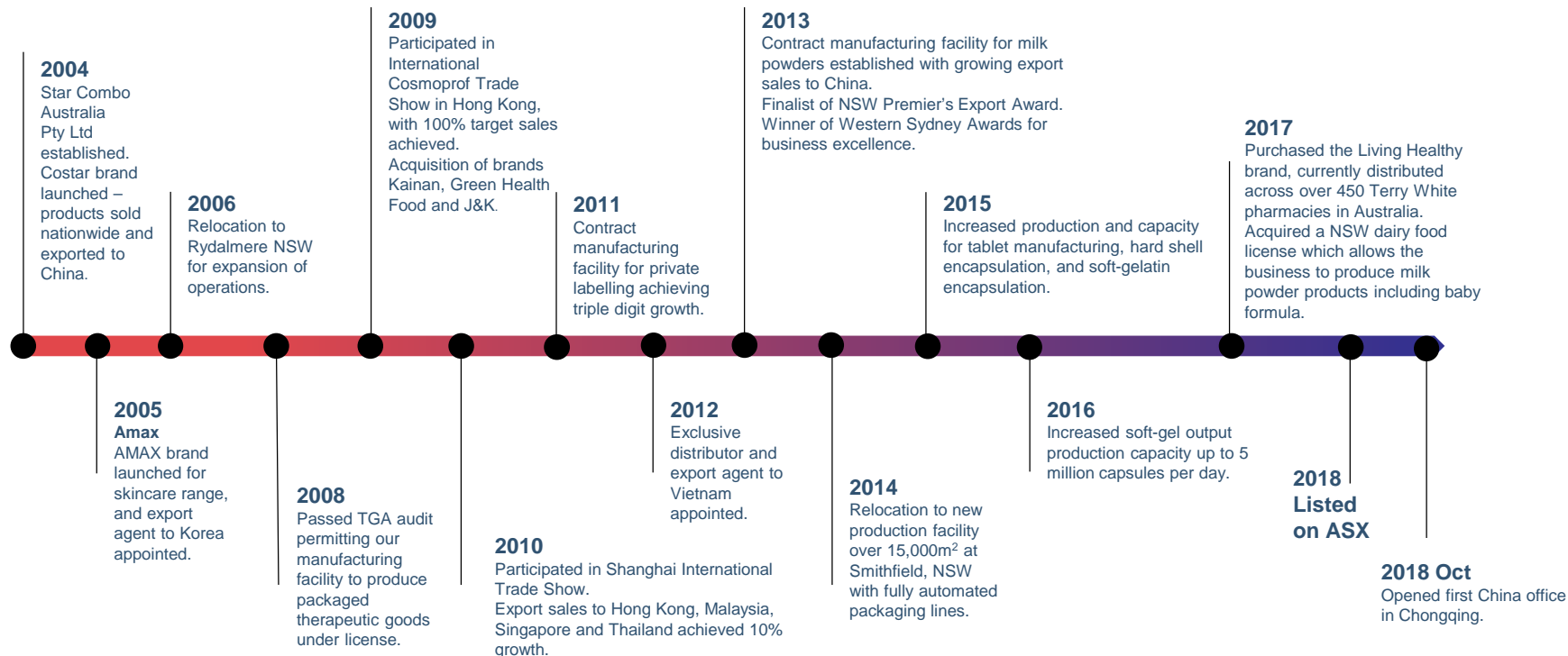
Domestic retail, export distribution and sales channel partners in Australia and China.

Growth Strategy – China Office

- An official office for Star Combo Pharma Ltd based in China (Chongqing) is now incorporated as a wholly foreign-owned enterprise and is set to open officially in October 2018.
- This is a significant structure in alignment to the group's overall strategy targeting China as a major market contributing in the future growth stream.
- Currently there are 10 products undergoing registration review in China.
- The office is set up to better support sales directly in China and provides a strong ground force to further open up new business opportunities.



Company History





For further information

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