

ZOONO®



**Zoono Group Limited
(ASX:ZNO)**

Results Presentation

Full year ended 30 June 2020



**Paul Hyslop –
CEO/Managing
Director**



**Lew MacKinnon –
Chief Operating
Officer**



**Paul Ravlich –
Chief Financial
Officer**



- 1 Group Highlights
- 2 Financial Information
- 3 Strategy & Growth

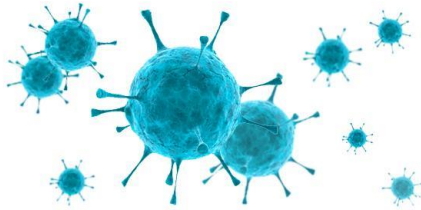
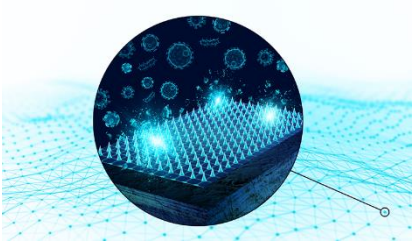
Appendices

- 1 Financial Reconciliation to Statutory Results

Zoono Group Limited

#01

Group Highlights



1.1 Business Highlights – 30 June 2020

Extremely Strong FY20 financial performance & high operating margins achieved & low overheads

Revenue (Group)

- **Total Revenue: NZ\$38.3m** (FY19: NZD\$1.8m) + NZ\$36.5m improvement +2,056.8% increase vs. FY19

EBITDA (Group)

- **Operating EBITDA: NZ\$20.6m** (FY:19 NZ\$(2.4m)) + NZ\$23.0m improvement +944.5% increase vs. FY19
- **Inventory: NZ\$13.2m** increase of NZ\$12.7m over FY19

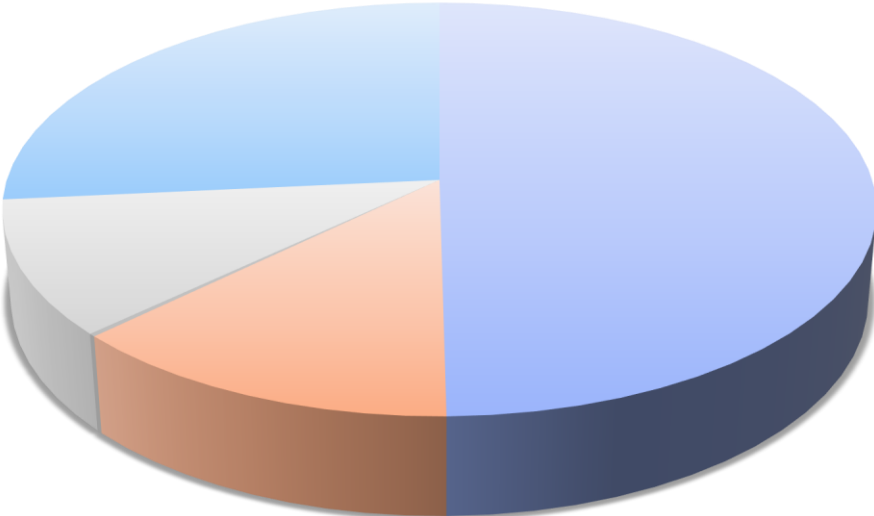
Historical Revenue (NZ\$m)	FY18	FY19	FY20
Group	2.4	1.8	38.3

- **Group Revenue: NZ\$38.3m** (+2,056.8% vs. FY19)
- **Group Operating EBITDA: NZ\$20.6m** (+944.5% vs. FY19)
- **NPAT: NZ\$16.7m** (+788.7% vs. FY19)
- **EPS (NZ\$): 10.20 cents per share (FY19 (1.48) cents per share))**
- **Dividend (NZ\$): 3.2 cents per share** (31.5% NPAT payout ratio)
- **Net assets: \$21.0m** (sufficient balance sheet capacity to fund organic growth)

Consolidated Profit & Loss (NZ\$m)	Actual FY20	Actual FY19	FY20 vs. FY19 %
Revenue			
Revenue - Total	38.3	1.8	2,056.8%
Gross Profit	28.3	0.8	3,369.3%
<i>Margin (%)</i>	<i>73.9%</i>	<i>46.0%</i>	
<i>+ 27.9% improvement</i>			
EBITDA			
EBITDA (Operating) - Total	20.6	(2.4)	944.5%
<i>Margin (%)</i>	<i>53.8%</i>	<i>(137.3)%</i>	

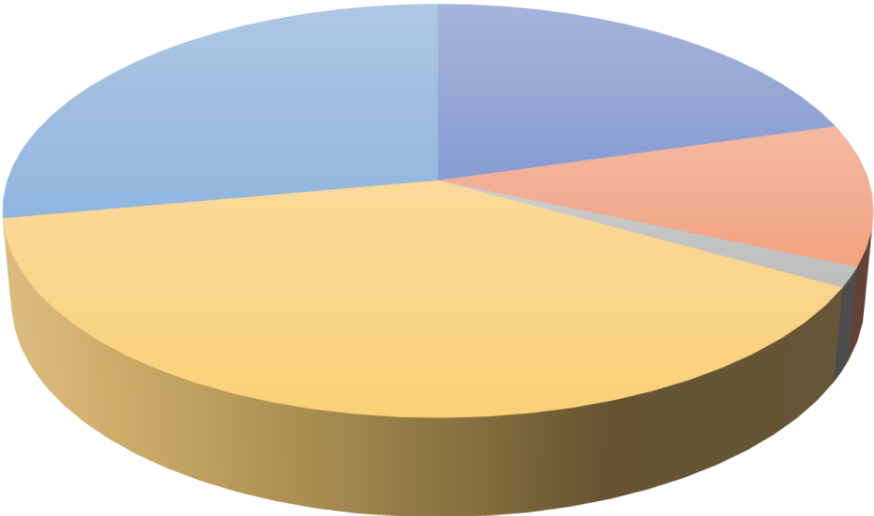
1.2 Business Highlights – Financial Performance

Financial Performance 30 June 2020 NZ\$



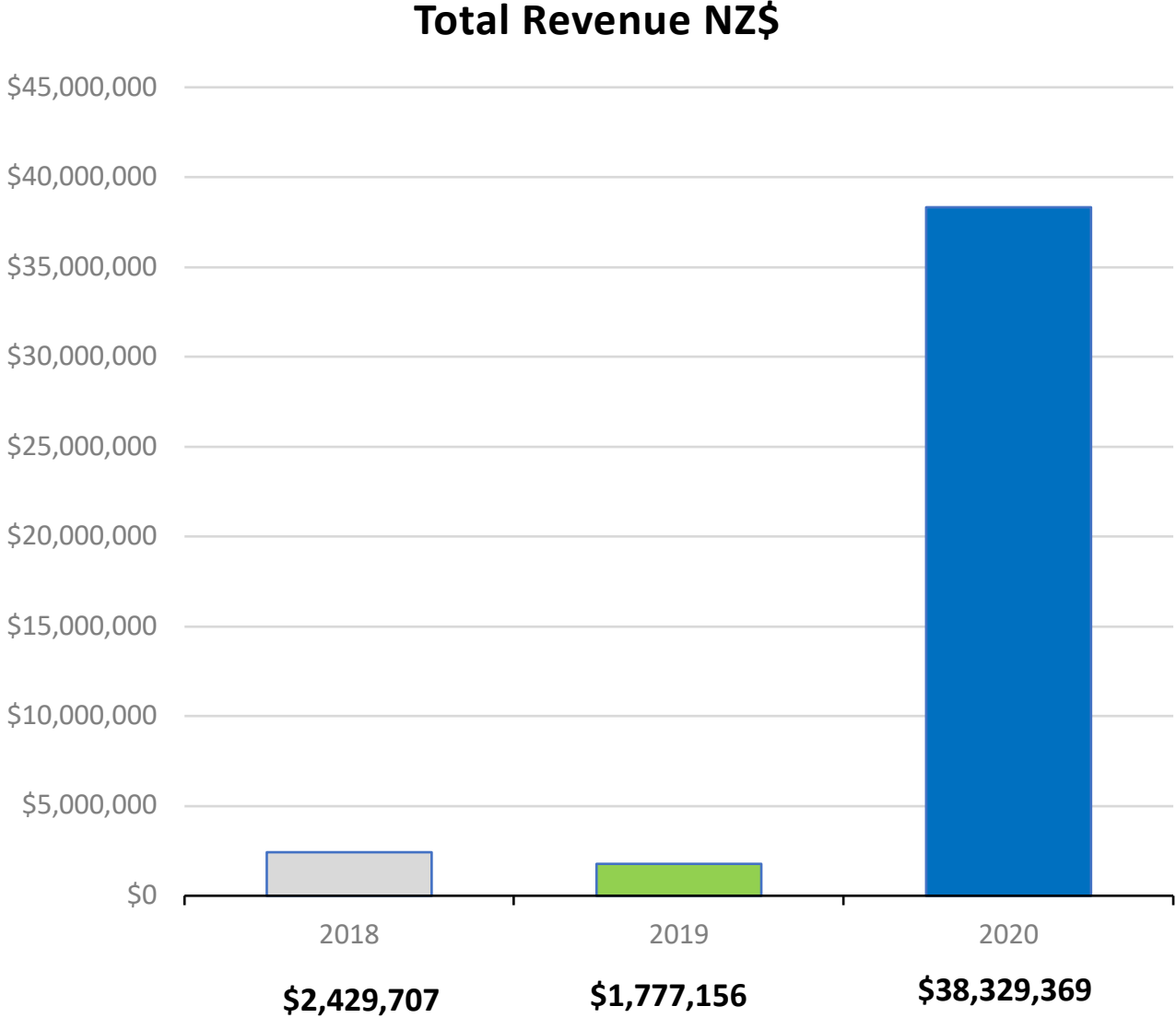
- Total Revenue: \$38,329,369
- Cost of Sales: \$9,995,761
- Other Revenue: \$170,778
- Operating Expenses: \$8,092,337
- Net Profit Before Tax: \$20,412,049

Financial Performance 30 June 2019 NZ\$



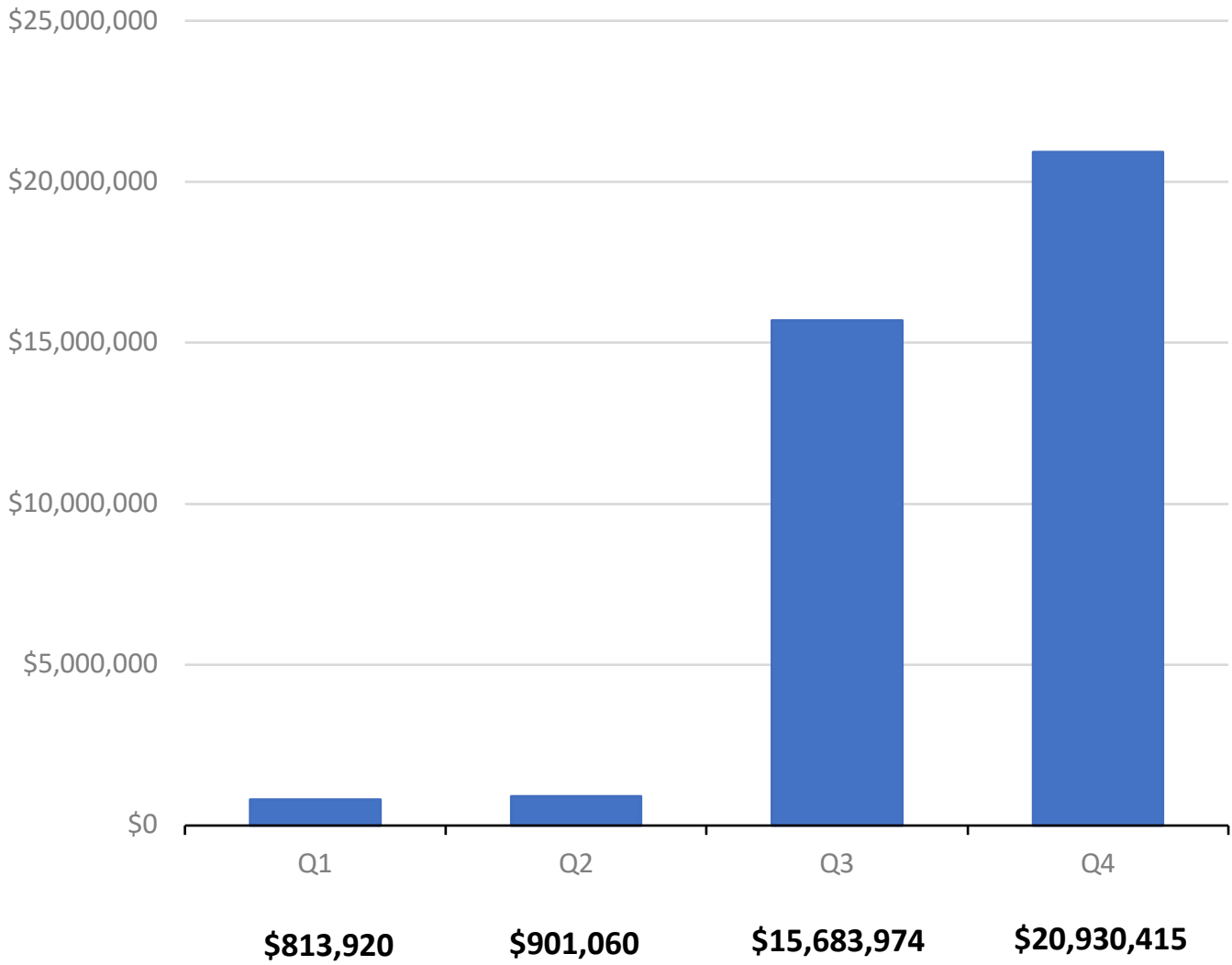
- Total Revenue: \$1,777,156
- Cost of Sales: \$960,463
- Other Revenue: \$136,142
- Operating Expenses: \$3,371,819
- Net Loss Before Tax: \$(2,418,984)

1.3 Business Highlights – Total Revenue



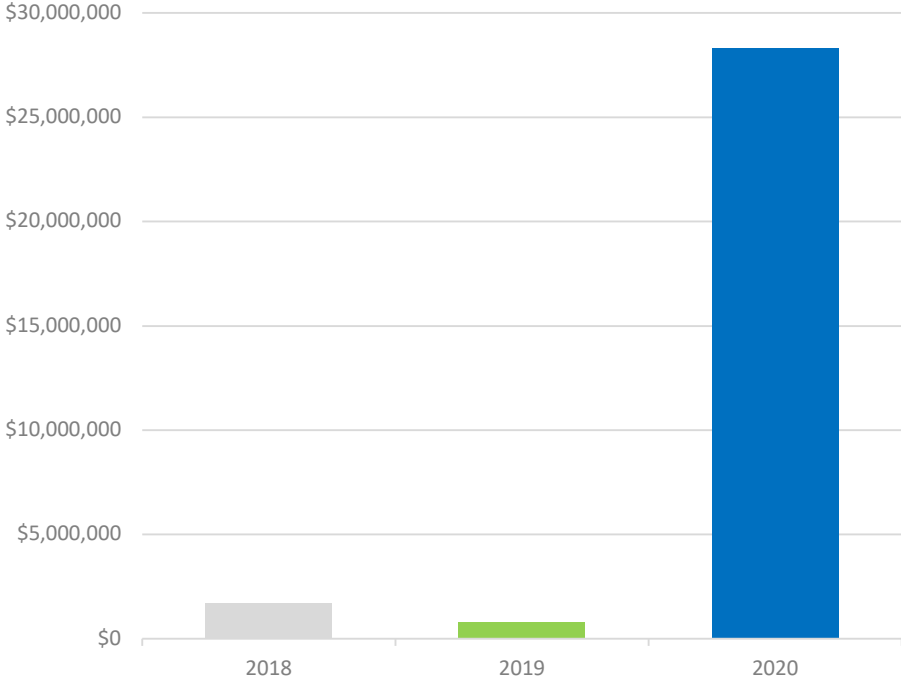
1.4 Business Highlights – Revenue by Quarter

Revenue by Quarter NZ\$ FY20



1.5 Business Highlights – Gross Profit

Gross Profit NZ\$

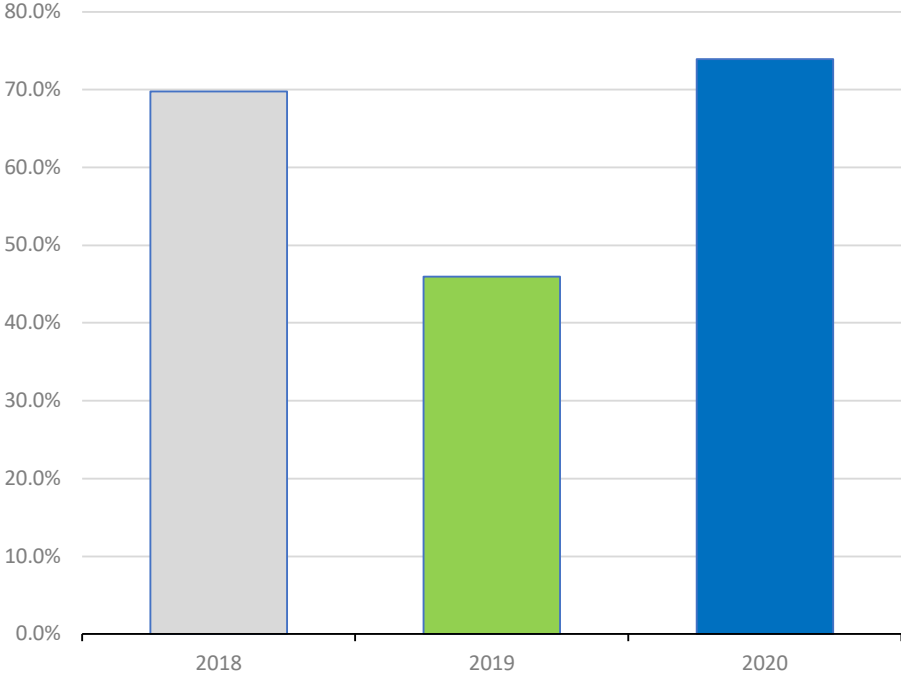


\$1,695,240

\$816,693

\$28,333,608

Gross Profit %

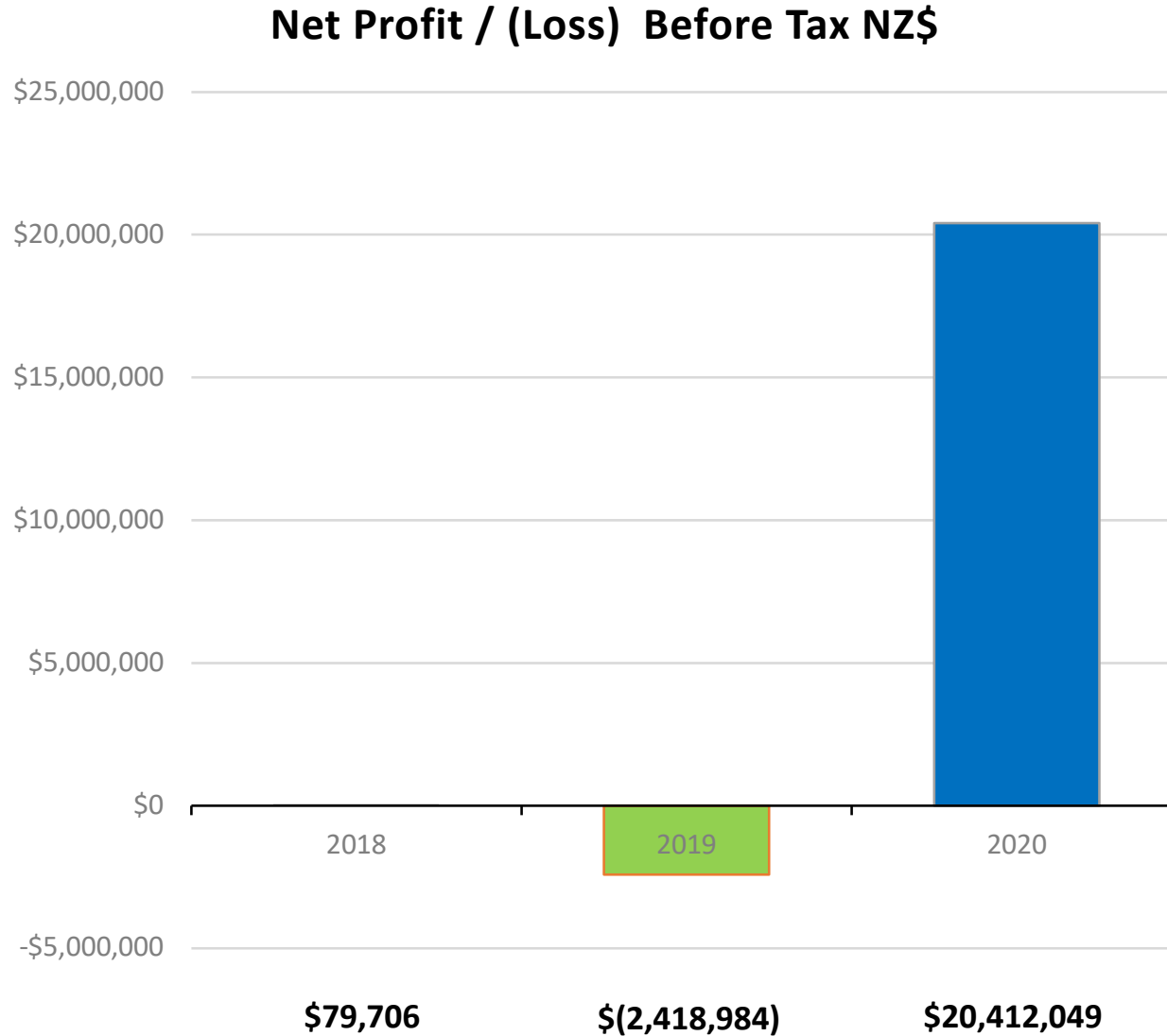


69.8%

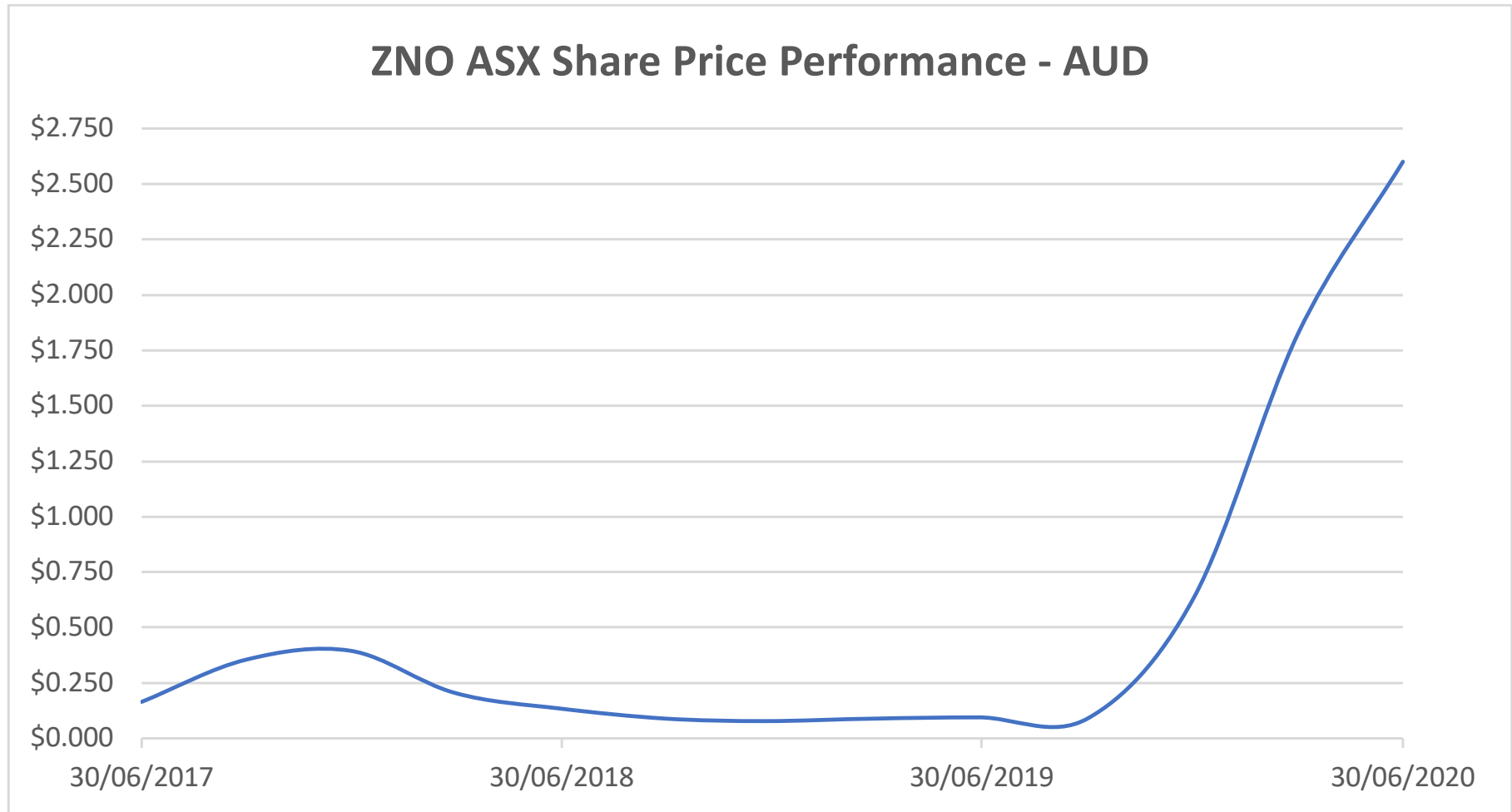
46.0%

73.9%

1.6 Business Highlights – Net Profit



1.7 Business Highlights – Share Price



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#02

Financial Information



2.1 Financial Summary – Consolidated Group Profit & Loss

Consolidated Group FY20 EBITDA (Operating): NZ\$20.6m (+944.5% vs. FY19)

Revenue (Group)

- **Total Revenue: NZ\$38.3m** (FY19: NZD\$1.8m) + NZ\$36.5m improvement
+2,056.8% increase vs. FY19

EBITDA (Group)

- **Operating EBITDA: NZ\$20.6m** (FY19: NZ\$(2.4m)) + NZ\$23.0m improvement
+944.5% increase vs. FY19

Historical Revenue (NZ\$m)	FY18	FY19	FY20
Group	2.4	1.8	38.3

Consolidated Profit & Loss (NZ\$m)	Actual FY20	Actual 2019	FY20 vs. FY19 %
Revenue			
Revenue - Total	38.3	1.8	2,056.8%
Gross Profit	28.3	0.8	3,369.3%
<i>Margin (%)</i>	<i>73.9%</i>	<i>46.0%</i>	
<i>+ 27.9% improvement</i>			
EBITDA			
EBITDA (Operating) - Total	20.6	(2.4)	944.5%
<i>Margin (%)</i>	<i>53.8%</i>	<i>(137.3)%</i>	

2.2 Financial Summary – Consolidated Balance Sheet

Strong balance sheet - sufficient capacity to fund growth

Balance Sheet (30 June-20)

- Net assets: NZ\$21.0m (FY19: \$3.8m) + NZ\$17.2m improvement
- Net cash: NZ\$10.3m (FY19: \$3.0m) + NZ\$7.3m improvement
 - Gross cash: NZ\$10.3m (FY19:\$3.1m) + NZ\$7.2m improvement

Capital Efficiency Metrics

- ROA: 48.0% (FY19 (51.5)%
- ROE: 79.5% (FY19 (62.8)%
- NTA: NZ\$20.9m (FY19 NZ\$ 3.8m)
- NTA per Share (NZ\$): 12.81 cents per share (FY19 2.32 cents per share)
- EPS (NZ\$): 10.20 cents per share (+789.2% vs. FY19)
- EPS (NZ\$ diluted) : 10.13 cents per share (+784.5% vs. FY19)

Earnings Per Share	Jun-20	Jun-19
Earnings per Share (EPS)		
NPAT Attributable to Shareholders (NZ\$m)	16.7	(2.4)
Weighted Average Ordinary Shares (m)	163.3	163.1
Weighted Average Ordinary Shares diluted (m)	164.4	163.1

Earnings Per Share	10.20 cents	(1.48) cents
Earnings Per Share Diluted	10.13 cents	(1.48) cents

Balance Sheet (NZ\$m)	Actual Jun-20	Actual Jun-19
Total Assets	34.7	4.7
Net Assets	21.0	3.8
Cash	10.3	3.1
Debt (3rd Party)	0.0	(0.1)
Net Cash / (Debt)	10.3	3.0

Capital Efficiency Metrics (NZ\$m)	Actual Jun-20	Actual Jun-19
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Return on Assets (ROA)

NPAT Attributable to Shareholders	16.7	(2.4)
Total Assets	34.7	4.7

Return on Equity (ROE)

NPAT Attributable to Shareholders	16.7	(2.4)
Shareholder Funds	21.0	3.8

Net Tangible Assets (NTA)

Total Assets	34.7	4.7
Intangible Assets	0.04	0.07
Total Liabilities	13.7	0.8

Net Tangible Asset per Share (NTA per Share)

Total Assets	34.7	4.7
Intangible Assets	0.04	0.07
Total Liabilities	13.7	0.8
Weighted Average Ordinary Shares (m's)	163.3	163.1

2.3 Financial Summary – Cash Flow & Working Capital

Generating large cash reserves with high margins and low capital investment

Working Capital 30 June-20

- Working capital is actively managed with strong focus on cash flow.
- Huge investment in inventory of NZ\$13.2m reduced cash resources at year end.
- Majority of customers are 50% cash upfront on placing orders and 50% prior to delivery with terms for the rest.
- Low capital intensive business, despite investing in a concentrate plant in the USA (US\$170k), which will place less reliance on suppliers.

Dividend 30 June-20

- (NZ\$) 3.2 cents per share
- Record date of Dividend: 7 September 2020
- Dividend payment date: 21 September 2020

Cash inflow / (outflow) from Operating Activities (NZ\$m)	Actual Jun-20	Actual Jun-19
Net cash provided / (used in) operating activities	8.1	(2.9)
Cash outflow from Investing Activities (NZ\$m)	Actual Jun-20	Actual Jun-19
Net cash used in investing activities	(0.13)	(0.034)
Cash inflow / (outflow) from Financing Activities (NZ\$m)	Actual Jun-20	Actual Jun-19
Net cash provided / (used in) financing activities	(0.20)	(0.027)
Net increase / (decrease) in cash and cash equivalents held	7.8	(2.9)
Total effects on foreign exchange	(0.56)	(0.028)
Cash and cash equivalents at beginning of year	3.1	6.1
Cash and Cash Equivalents at End of Year	10.3	3.1

2.4 Key Metrics – Revenues FY20

Group Revenues

B2B	NZ\$30.4m	79%
B2C	NZ\$ 5.7m	15%
Animal Health	NZ\$ 2.2m	6%

Total	NZ\$38.3m	100%
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Geographical Revenues: Australasia, Asia, China, India, North America

B2B	NZ\$20.1m	75%
B2C	NZ\$ 5.1m	19%
Animal Health	NZ\$ 1.7m	6%

Total	NZ\$26.9m	100%
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2.5 Key Metrics – Revenues FY20

Geographical Revenues: UK & Europe

B2B	NZ\$10.3m	91%
B2C	NZ\$ 0.6m	5%
Animal Health	NZ\$ 0.5m	4%
Total	NZ\$11.4m	100%

2.6 Key Metrics – B2C FY20

B2C Average order size: Australasia, Asia, China, India, North America:

- Revenue: NZ\$5.1m
- Average Order Size: NZ\$145
- Orders: 35,172
- Units Sold: 184,641
- Avg. Units / Order 5.25

B2C Average order size: UK & Europe :

- Revenue: NZ\$0.61m
- Average Order Size: NZ\$89
- Orders: 6,827
- Units Sold: 14,694
- Avg. Units / Order 2.15

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#03

Strategy & Growth

3.1 Strategy & Growth

Domestic & international organic expansion & positive outlook

B2B

- Continue to partner with global & national organisations that have existing customers, sales teams and distribution channels in place (locally and globally) to accelerate growth this year.
- Having control of the US market will accelerate growth in this area with sourcing new distributors.

B2C

- Invest more heavily in the UK & Europe which has tremendous upside.
- Having control of the US market will accelerate growth in this area with the marketing activities we have underway.
- Develop new markets via new products (face masks) with new innovative, marketing strategies.

Animal Health

- New regulatory approvals in countries being sought focussing on the pig / poultry industries.
- Big opportunity for Zono to become a profit centre for farmers with improved food conversion ratios. We expect significant growth in this area.
- Field studies on poultry and pig farms undertaken in NZ, Australia, US, Portugal & Hungary have had outstanding results.

New Sites

- Moving the US operation to new offices/warehouse as we look to grow the market significantly.
- New operation set up in Shanghai to further penetrate the Chinese market and develop new distributors.
- New operation set up in the Middle East to accelerate the growth already occurring.

3.2 Strategy & Growth

Domestic & international organic expansion & positive outlook

Quality & Service

- Continued testing.
- Improving products.
- Improving customer service.

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Appendices

Appendix 1: Financial Reconciliation to Statutory Results

Reconciliation (NZ\$m)	FY20 30 Jun-20		
	1H20 (A)	2H20 (A)	FY20 (A)
Revenue	1.715	36.614	38.329
Cost of sales	(0.822)	(9.174)	(9.996)
Gross profit	0.893	27.440	28.333
percentage to revenue	52.1%	74.9%	73.9%
Other revenue	0.054	0.117	0.171
Administration expenses	(0.019)	(0.083)	(0.102)
Depreciation / Amortisation expenses	(0.075)	(0.122)	(0.197)
Directors' fee	(0.064)	(0.066)	(0.130)
Employee cost	(0.409)	(1.770)	(2.179)
Finance cost	(0.018)	(0.035)	(0.053)
Management fee	(0.189)	(0.241)	(0.430)
Professional fees	(0.261)	(0.837)	(1.098)
Share Based Payment	(0.069)	(0.297)	(0.366)
Occupancy expenses	(0.021)	(0.021)	(0.042)
Selling and distribution expenses	(0.235)	(1.513)	(1.748)
Marketing expenses	(0.116)	(0.152)	(0.268)
Listing expenses and other acquisition costs	(0.060)	(0.146)	(0.206)
Other costs	(0.139)	(1.134)	(1.273)
Profit / (Loss) before Income Tax	(0.728)	21.140	20.412
percentage to revenue	(42.4%)	57.7%	53.2%
Income tax expense	0.000	(3.753)	(3.753)
Profit / (Loss) attributable to members	(0.728)	17.387	16.659
Exchange differences on translation of foreign operations	0.005	(0.543)	(0.538)
Total comprehensive profit / (loss) attributable to members	(0.723)	16.844	16.121
percentage to revenue	(42.4%)	46.0%	42.1%

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