



ASX: S66

INVESTOR ROADSHOW PRESENTATION

September 2020

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STAR COMBO

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FY20 RESULTS



REVENUE

\$38.8M

+81% on FY19

EBITA (exc. significant one-off costs)

\$1.8M

\$0.3M in FY19

DIVERSIFIED BUSINESS

3 revenue streams

(OEM, retail, own brand products)

CONTINUOUS OPERATIONS

16 years

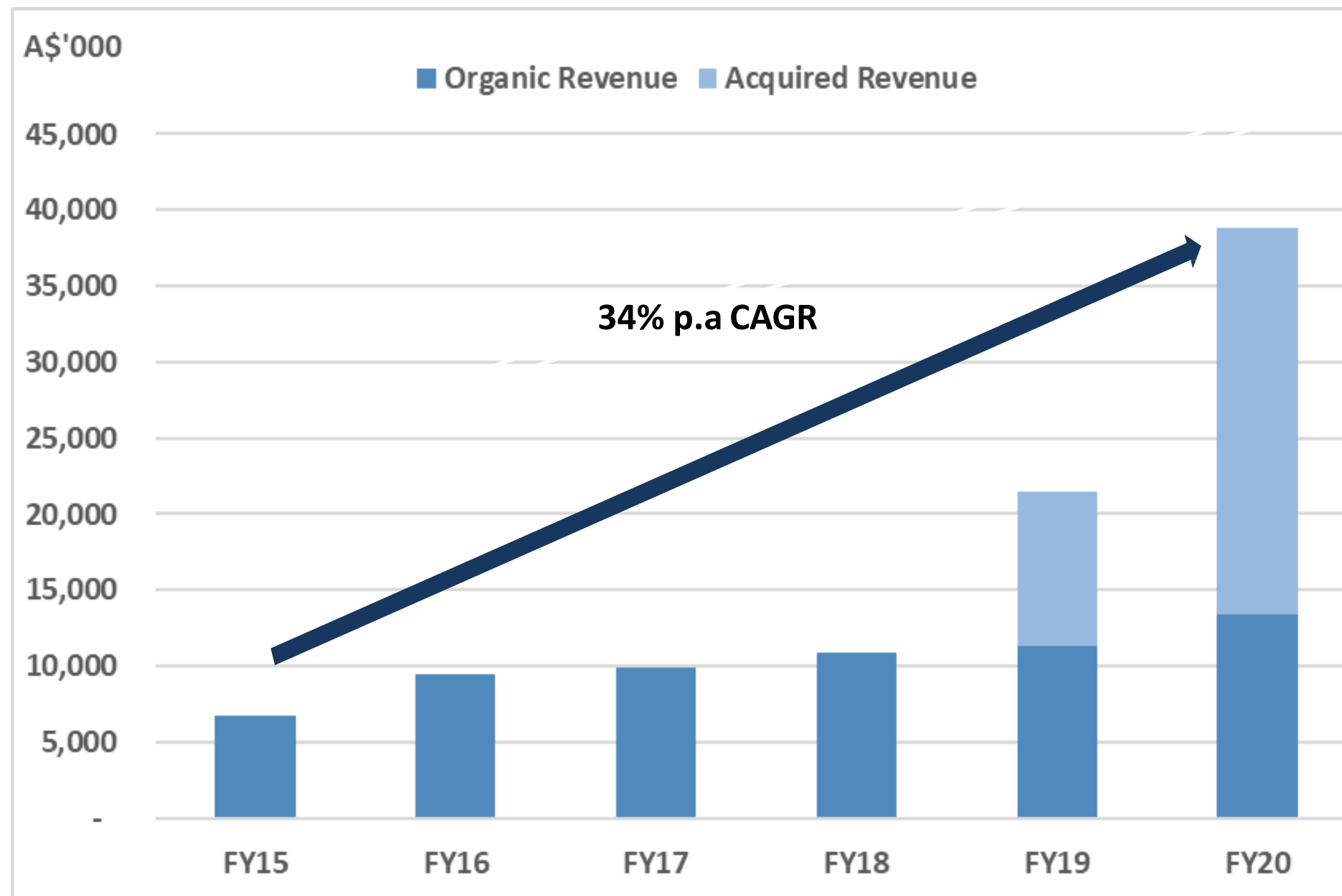
Founded in 2004,
IPO in 2018

Star Combo Pharma (ASX:S66) is a Sydney-based contract manufacturer of vitamins and beauty products with a portfolio of own brands and distribution capabilities

- Established revenue-generating business
- Clear path to profitability with focus on contract manufacturing to deliver high gross margins
- Diversified business – multiple revenue streams
- Recent investment to increase production capacity and support contract manufacturing plans
- Continue to benefit from global demand for Australian-made vitamins and dietary supplements

FY20 RESULTS & HIGHLIGHTS

Revenue FY15 – FY20



\$38.8M revenue (up 81% from FY19)

- 66% from online platform sales (e-commerce & retail)
- 19% contract manufacturing
- 15% from own brand sales

FY20 activities

- **\$33.32M private placement via Goldenmax**
 - Shenzhen-listed company; Market cap of CNY 6 billion
 - Pharma division in China – access to sales/marketing expertise and distribution network
- **Minimal COVID-19 impact on operations**
- **Growth in new contracts:**
 - 14 new OEM clients worth approx. \$1M+
 - Transition strategy to contract manufacturing
 - Higher gross margins

Other recent activities

- Milk powder 'Blend and Pack' Facility – first orders received
- Land purchase for R&D facility, test laboratory – expand product offering for contract manufacturing clients
- Investment to upgrade existing manufacturing capabilities at 171 Woodpark Road, Smithfield



CURRENT OPERATIONS

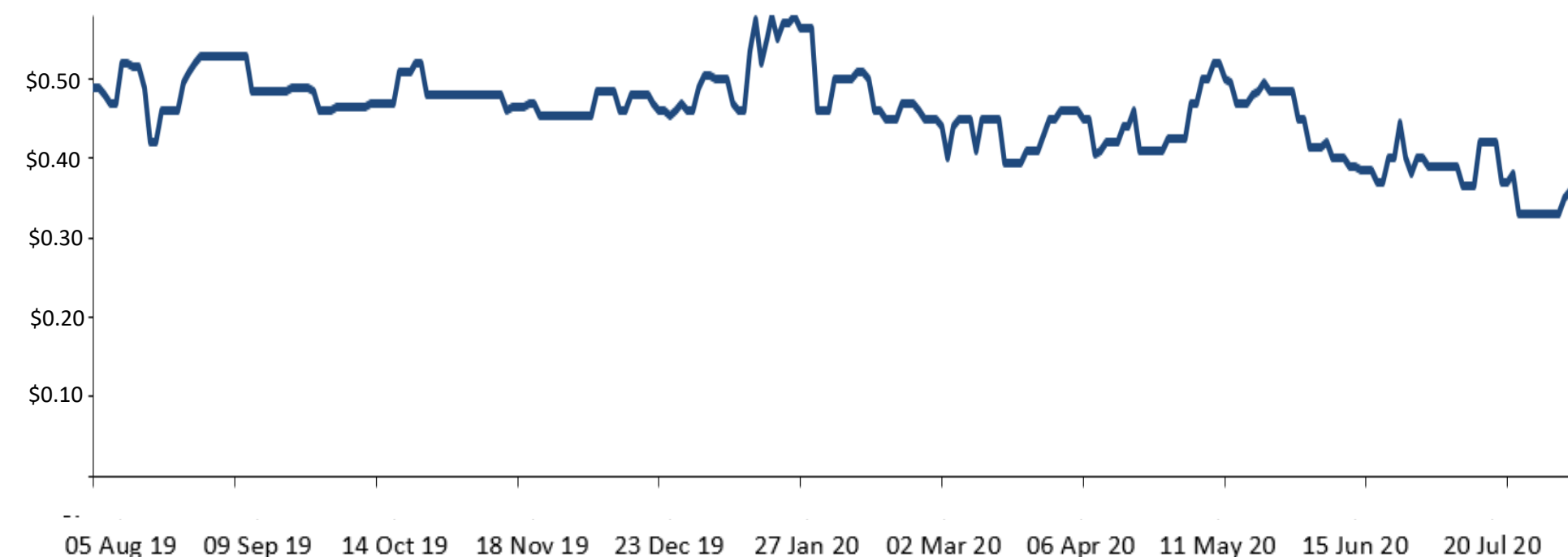
CORPORATE OVERVIEW



Star Combo Pharma (ASX:S66) is a Sydney-based contract manufacturer of vitamins and beauty products with a portfolio of own brands and distribution capabilities

- Founded in 2004 and listed in May 2018
- TGA licensed manufacturing facility in Sydney
- Contract manufacturer for a broad range of vitamin and wellness brands
- Recent investment to increase production capacity and support contract manufacturing plans
- In-house R&D capabilities to develop new products quickly and at low cost
- Multiple distribution channels – a focus on Asian consumer demand for 'Australian Made' products – especially China:
 - Wholesaler distributors – in China, Vietnam & Korea
 - Online – Austoyou.com.au (acquired Feb 2019), JD Mall & Alibaba
 - China – in-country office, agents and access to over 3,000 pharmacies via Lepu Medical Technology (Lepu), a strategic investor
 - Retail touchpoints – 450 Terry White pharmacies nationwide and Koala Mall (acquired Feb 2019), and tourist outlet
 - Daigou – through online and domestic offline channels

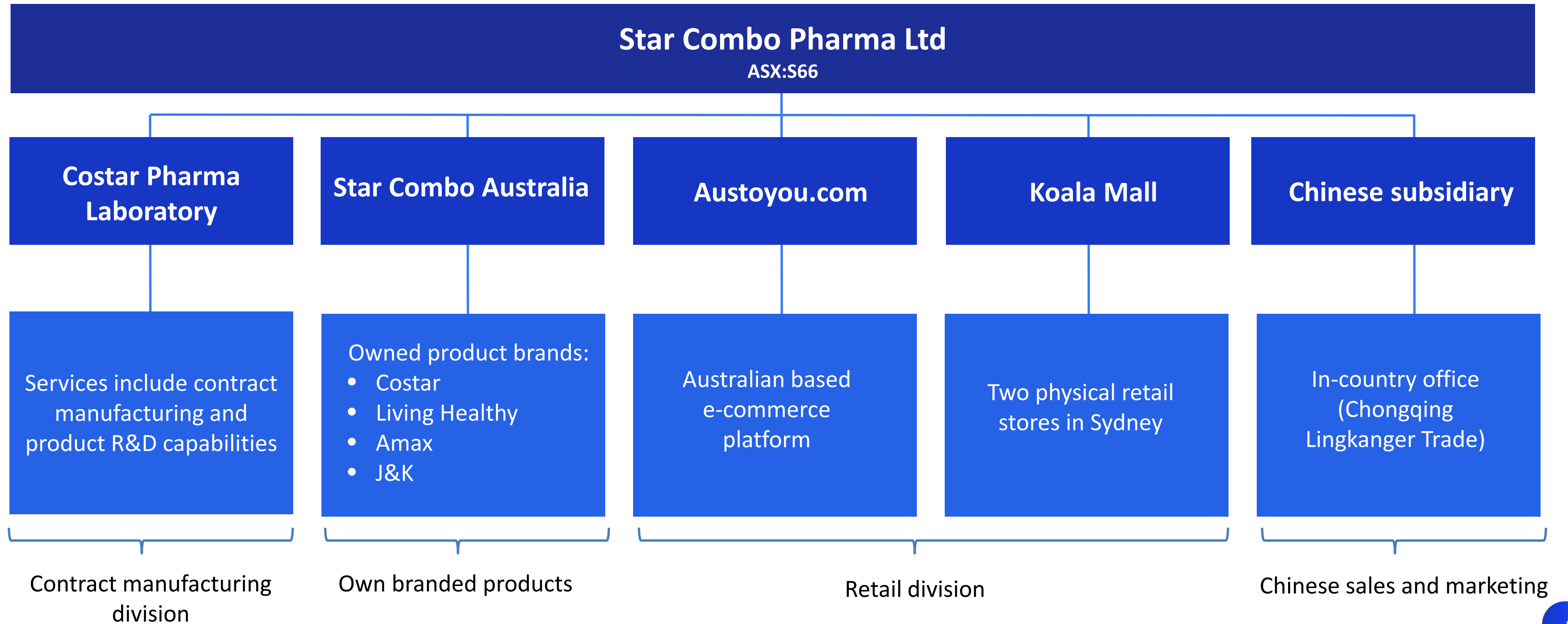
1 Year Share Price Chart



ASX Code	S66
Share on Issue (million)	135.6
Trading Range (Last 12 months)	\$0.330 - \$0.58
Market capitalization as of 2 Sep 2020	\$53m

INTEGRATED BUSINESS MODEL

There are currently six companies in the Star Combo Pharma Limited group



CURRENT MANUFACTURING FACILITY

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Current manufacturing facility at Smithfield, Sydney

Key facility facts:

- A 15,000m² purpose-built facility - established in 2004 with capacity to expand production significantly
- Commercialisation of 26 new formulations in 2020 with more in the pipeline
- Expansion of milk powder 'blend and pack' facility (Aug 2020)



Licensed and certified facility:

- TGA licence for non-sterile medicine manufacturing of Liquids, Tablets, Hard Shell Capsules, Soft Gel Capsules, Powders and Granules
- GMP Certificate for Compliance
- NSW Food Authority for FSANZ Food Standards Code for the manufacture of Process Pasteurised Dairy Products
- Dairy export permit from Department of Agriculture secured for overseas market







OWNED BRANDS & PRODUCT PORTFOLIO



Star Combo owns four branded vitamin and health supplement brands: Living Healthy, Costar, Amax and J&K. All manufactured at Smithfield facility.

Brand portfolio leverages macro trends:

- **Strong demand for Australian made products** – premium health supplements and beauty products
- **Export to China** – via in-country distribution (e-commerce platforms (Tmall, Suning.com) and daigous). Chinese middle-class population expected to >550M by 2022
- **Export to growing international markets** – Vietnam, Thailand, Korea
- **Holistic wellness** – Vitamins and supplements seen as ‘fourth meal’ in Asian markets

	Living Healthy 	COSTAR 	Amax 	J&K 
Overview of products	Health supplements	Health supplements –	Supplements for beauty and pregnancy	Skincare and hand sanitizers
Sold at Australian pharmacies	✓	X	X	X
Distributed in China	✓	X	X	✓
Distributed in other overseas market	X	✓	✓	X
Available on Austoyou.com and Koala Mall	✓	X	✓	X
Examples of products	Vitamin D, Calcium tablets, Vitamin C, IDF, 5LX, etc	Fish oil, Propolis, Royal Jelly, Squalene, etc	DHA oil, cod liver oil, zinc, serums etc	Face masks, eye creams and hand sanitizers

Austoyou.com e-commerce platform (acquired Feb 2019)

- E-commerce platform provides direct access to Chinese consumer sales pipeline, with over 5,000 product lines (includes non-S66 products)
- First Star Combo products available on AustoYou.com (from May 2019)
- Supports B2C opportunities and compliments B2B product offering
- Uploading additional SKU and selling existing product range through Austoyou.com

Koala Mall (acquired Feb 2019)

- 2 retail stores in Sydney
- New customer acquisition rate at 14%
- Supports sales growth of Star Combo own branded products



尊贵客户经理-兜兜 (正常上班啦)

【🔥 3折抢购】原价30\$, 限时三宝3折抢...



3 mins ago



GROWTH STRATEGY – 6 PILLARS

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Strengthen focus on R&D

- Commercialise new products for clients, via contract manufacturing and ODM service
- Establish in-house testing laboratory function

Invest in production capacity to achieve Economies of Scale

- 13 new production lines to be set up to improve production turn around times
- Higher volume of production to achieve economies of scale

Broaden service offering

- Focus on strong customer service and support to improve customer satisfaction
- Maintain high quality standards of manufacturing and production

Sustain price competitiveness

- With economies of scale, deliver competitive pricing on products
- Increase value proposition to deliver value for money to our clients

Addition to sales team

- Provide more targeted client segmentation and management
- Deliver on validated customer needs

Expansion of current site

- Expansion of current facility to significantly increase production capacity by 2022
- Acquisition and development of new building facility to further increase production capacity



OEM EXPANSION STRATEGY

Aim: To become Australia's market leader in the health supplement manufacturing sector

- ✓ **Contract manufacturing competency with focus on OEM**
 - Operational since 2004, long history of revenue-generation

- ✓ **Licenses & approvals**
 - TGA, GMP and dairy export permit

- ✓ **Investment capital strategy executed**
 - \$33.32M private placement via Goldenmax - budgeted more than \$22M to invest in manufacturing, laboratory and R&D facilities
 - ~\$11M investment in transformational investment to enhance existing manufacturing site

- ✓ **Experienced management team**
 - Strong management team to execute the growth strategy

CAPITAL INVESTMENT FROM GOLDENMAX

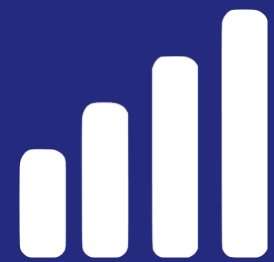
Significant investment expedites Star Combo Pharma's growth strategy to become Australia's market leader in the health supplement manufacturing sector

Investment plan	A\$M
Expand manufacturing facility at current location	~11
New site development of new facilities	5-7
New R&D centre	3-5

Investment outcome:

- Acquisition of 13 new production lines for existing site – expect ROI within three years of production
- Upgrading of current site
- Production capacity expected to significantly increase by 2022
- Improve margins with economies of scale
- Secure new contract manufacturing order with existing and new clients





Pathway to return to profitability



Higher gross margins
(7% vs 5% for retail division)



Capture growth in Vitamins & Dietary Supplements market

~\$11M transformational investment into Smithfield manufacturing facility

- Substantial investment to enhance production to facilitate contract manufacturing plans
 - \$5M to upgrade existing facility
 - \$6M to increase production with 13 new production lines
- Completion within two years (2022)
- Expected to deliver substantial ROI with full return on investment within three years of production
- Set to capture growth for Australian-made vitamins and dietary supplements (VDS) within Australia and overseas:
 - Chinese VDS market expected to generate \$30B in revenue by 2021
 - China imported \$1B worth of VDS products from Australia in 2018

EXPANSION OF MANUFACTURING CAPABILITIES - DETAILS

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Expansion of production capacity set to increase volume and range of products for OEM clients

- **13 new production lines set to increase manufacturing capabilities**
 - Equivalent to approx. 300% increase in production capacity
 - Approx. 200% greater floor space than current production floor space
- **New product lines to be introduced**
 - New gummies and liquid lines set to offer new products and services to clients
 - Majority of new production lines will focus on core products that contribute to majority of consumer market demand
- **Path to Return on Investment**
 - Expected to deliver a substantial ROI with a full return on investment within 3 years of the lines being in production
- **Strategy in place to growth customers**
 - Contract discussions with current/new customers with OEM production, proactive approach to target large brand customers with competitive rates
 - Leverage existing relationships and distribution networks

EXPANSION OF MANUFACTURING CAPABILITIES - TIMELINE

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Expected timeline

Activity	Date
Commencement of acquiring 13 new production lines	Sep 2020
Commencement of upgrading existing manufacturing site	Sep 2020
Clean Room installed	Dec 2021
Installation of new production lines	Jan 2022
Completion of existing site upgrade and 13 production lines in production	Sep 2022

Key features of completed upgraded site

- TGA-licensed
- GMP compliant
- NSW Food Authority compliant
- DAWR export license for dairy product
- Full designed production daily capacity of 46 million capsules/tablets
 - Increase of 300% compared to current facility

WHY INVEST IN STAR COMBO PHARMA?

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Established revenue-generating business

- 16 years of operation
- Revenue-generating business with vertical business model; control over supply chain



Clear growth strategy

- Expedited growth strategy from capital investment from strategic investor (Goldenmax)



Multiple revenue sources

- Three business units: Contract manufacturing, Retail touchpoints (Austoyou.com and Koala Mall) and Own branded products



Benefit from macro trends

- Growing Chinese market – Chinese middle-class population >550M by 2022
- Ongoing demand for Australian-made health and beauty products



Move to improve margins

- Focus on contract manufacturing expected to improve margins
- Existing infrastructure supports contract manufacturing. New site to support growth in this business unit

A woman with a backpack is sitting on a rock, looking out over a mountain range at sunset. The scene is bathed in warm, golden light, with the sun low on the horizon, creating a silhouette effect on the woman and the mountains. She is wearing a white tank top, grey shorts, and brown hiking boots. Her backpack is orange and black. The background shows a vast landscape of rolling hills and mountains under a sky with soft, wispy clouds.

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THANK YOU