



24 November 2020

ASX Announcement

Star Combo 2020 AGM – CEO Presentation

Attached, please find the presentation to be delivered by the CEO at the Star Combo Pharma Limited 2020 Annual General Meeting held on 24 November 2020.

Authorised for Release by the Directors

For more information please contact:

Su Zhang
CEO
Star Combo Pharma Limited
suzhang@starcombo.com.au

Investor Relations
Bella Nguyen
WE Communications
WE-AUS66@we-worldwide.com
+61 424 267 567

About Star Combo Pharma

Star Combo Pharma Ltd (ASX: S66) is a Sydney based contract manufacturer of vitamins, health and beauty products with a portfolio of own brands and distribution capabilities. Our products are made from natural ingredients with scientific R&D and adheres to the highest manufacturing practices governed by the Therapeutic Goods Administration. Star Combo has offices in China and currently supplies the Australian pharmacy network through 450 Terry White Chemmart stores as well as wholesale customers in Australia and China. Directed by pharmacist and experts in health supplement manufacturing, Star Combo's vision is to be the leading manufacturer of premium vitamins and dietary supplements in Australia. Since its establishment in 2004, Star Combo has demonstrated strong product and business development and continues to expand our current operations to serve our loyal business partners, customers and employees.



ASX: S66

Annual General Meeting CEO Presentation

24 November 2020



DISCLAIMER

STARCOMBO

The information in this presentation is not a prospectus or other form of disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (Corporations Act) and will not be lodged with the Australian Securities and Investments Commission (ASIC). This presentation provides information in summary form and general information regarding Star Combo Pharma Ltd ACN 615 728 375 (Star Combo or the Company).

This presentation contains information, ideas and analysis which are proprietary to Star Combo. By agreeing to receive this information you also agree to respect the confidential nature of this entire presentation. Specifically you agree not to reproduce in any manner any part of the information contained herein without our prior written consent. This presentation is not complete, is intended only as an outline and has been prepared by and issued by Star Combo to assist in informing interested parties about the Company and should not be considered as an offer or invitation to subscribe for or purchase any securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this presentation.

This presentation is current as at the date on the cover page. The information in this presentation, therefore, remains subject to change. The Company is under no obligation to update the presentation and the information in this presentation remains subject to change by the Company in its absolute discretion and without notice.

This presentation may contain forward looking statements. Whilst the Company has no reason to believe that any such statements are either false, misleading or incorrect, it cannot and does not warrant or guarantee that through either the passage of time or actions beyond the control of the company they will not become so. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Nothing contained in this presentation constitutes investment, legal, tax or other advice. This overview of investment does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of the Company's prospects.

The Company's statutory results are prepared in accordance with International Financial Reporting Standards ("IFRS"). This presentation also includes certain non-IFRS measures in presenting the Company's results. Any additional financial information in this presentation which is not included in the Company's 30 June 2020 Financial Statements was not subject to independent audit or review. Investors should be aware that certain financial data included in this presentation is "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" published by ASIC and may also be "non-GAAP financial information" within the meaning given under Regulation G of the U.S. Securities Exchange Act of 1934, as amended.

Non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards ("AAS"). Accordingly, the non-IFRS financial information in this presentation: (i) may not be comparable to similarly titled measures presented by other entities; (ii) should not be construed as an alternative to other financial measures determined in accordance with AAS; and (iii) is not a measure of performance, liquidity or value under the IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this presentation.

To the maximum extent permitted by law, the Company and its advisers make no representation and give no assurance, guarantee or warranty, express or implied, as to, and take no responsibility and assume no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omissions, from any information, statement or opinion contained in this presentation. All values are expressed in Australian currency unless otherwise stated.

This presentation is not for release to US wire services or distribution in the United States or any country where it may be unlawful.

COMPANY OVERVIEW



STAR COMBO PHARMA SNAPSHOT

STARCOMBO

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

Established revenue-generating business

\$38.8M in FY20

Clear path to profitability

Contract manufacturing focus

Diversified business

3 revenue streams

Investments to grow strategy

Expected to increase production capabilities by 100+%

Positive macro environment

Continued global demand for vitamins and supplements

Continuous business operations

16 years

- TGA licensed manufacturing facility in Sydney
- Contract manufacturing capabilities for a broad range of vitamin and wellness brands.
- In-house R&D capabilities to develop new products
- Multiple distribution channels:
 - Wholesaler distributors – China, Vietnam & Korea
 - Online platforms
 - In-country office in China
 - Daigou channels
 - Retail touchpoints – 450 Terry White pharmacies nationwide and Koala Mall, plus tourist outlet





COVID-19 had minimal impact on operations

- Maintained staff numbers
- Continuous operations at Smithfield facility
- No facility closure

Increased demand for health and wellness products

- COVID-19 had heightened awareness for specific health products among consumers
- Introduced hand sanitizer products

COVID-safe workplace

- Staff safety key priority
- PPE and face masks provided to staff

FY2020 IN REVIEW



REVENUE

\$38.8M

+81% on FY19

EBITA (exc. significant
one-off costs)

\$1.8M

\$0.3M in FY19

**NEW STRATEGIC
INVESTOR:
GOLDENMAX**

\$33.32M placement

**TRANSITIONING
STRATEGY**

**Focus on high value
contract
manufacturing**





Key activities in FY2020

Transition and implementation of contract manufacturing strategy

- Higher margins (7% vs 5% retail division)

Growth in new contracts

- 14 new OEM clients worth approx. \$1M+
- Orders from new clients and increased orders from existing clients

Expanded manufacturing capabilities

- Development of a Milk Powder “Blend and Pack” facility

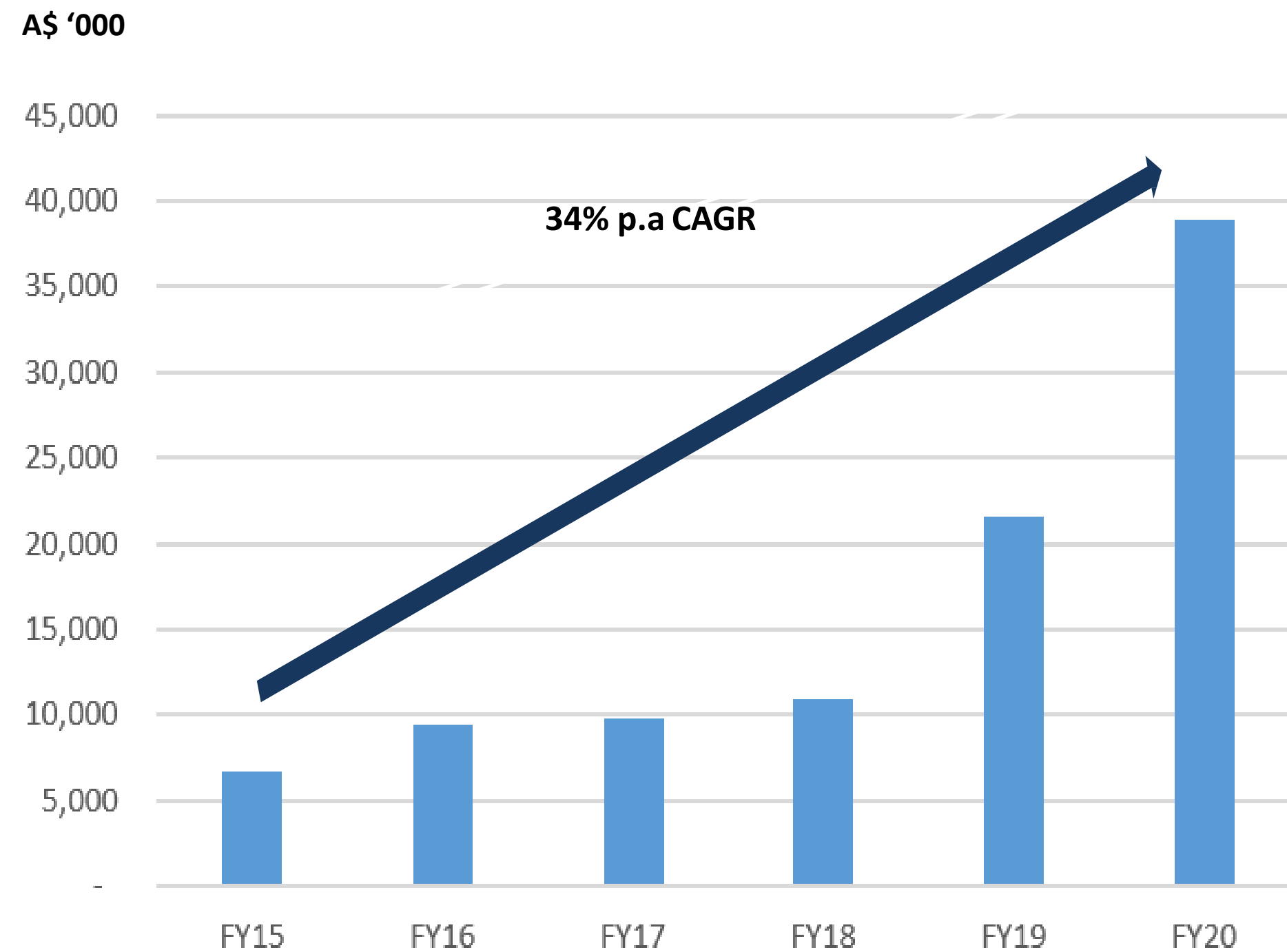
New ERP system implementation

- A new ERP system implementation for the manufacturing business unit to improve production efficiencies, planning and process controls

\$33.32M private placement via Goldenmax

- Shenzhen-listed company; Market cap of CNY 6B
- Pharma division in China – access to sales/marketing expertise & distribution network

Revenue FY15 – FY20



Company revenue up 81%

Revenue breakdown:

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

Strong performance from each division

- Star Combo revenue up 19%
 - From \$11.3M in FY19 to \$13.4M
- Retail (e-commerce included) revenue up 151%
 - From \$10.1M in FY19 to \$25.4M

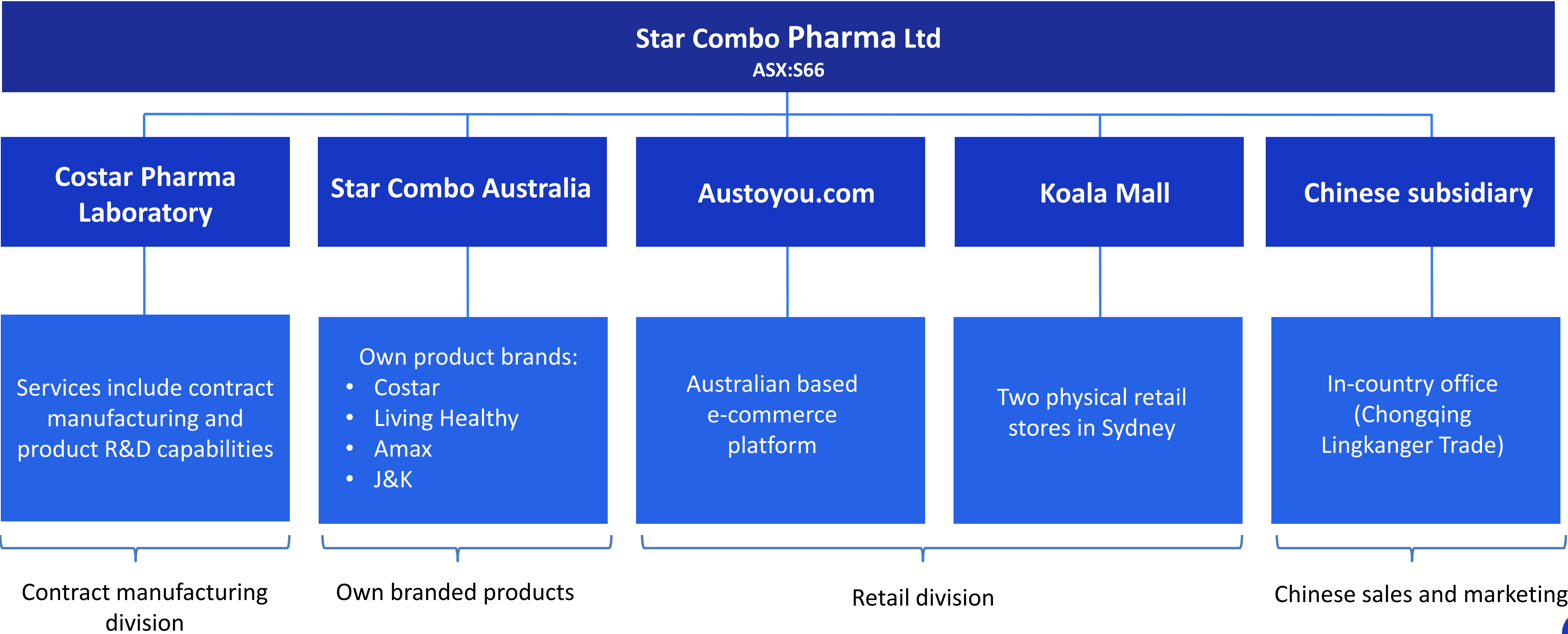


CURRENT OPERATIONS

INTEGRATED BUSINESS MODEL



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



CURRENT MANUFACTURING FACILITY

STARCOMBO

Current manufacturing facility at Smithfield, Sydney

Key facility facts:

- A 15,000m² purpose-built facility - established in 2004 with the 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)
- Recent acquisition of new land adjacent to existing facility



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







OWN BRANDS & PRODUCT PORTFOLIO



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

Brand portfolio leverages macro trends:

- **Strong demand for Australian made products** – premium health supplements and beauty products
- **Export to growing international markets** – China, 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

B2C TOUCHPOINTS: E-COMMERCE & RETAIL STORES

STARCOMBO

Austoyou.com e-commerce platform

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

Koala Mall

- Retail presence in Sydney via two physical stores
- 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

STARCOMBO

Strengthen focus on R&D

- Commercialise new products for clients, via contract manufacturing and OEM 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 volumes 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

- Deliver competitive pricing on products with economies of scale
- Increase value proposition to deliver 'value for money' for 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 (100+%)
- 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 and recognised in the industry
 - OEM revenue as percentage of group revenue up to 23% in Q1 FY21 (19% in FY20)
 - Contract manufacturing agreement signed with Chemist Warehouse (Q1 FY21)
- ✓ **Licenses & approvals**
 - TGA, GMP and dairy export permit
- ✓ **Investment capital strategy executed**
 - \$33.32M private placement via Goldenmax - budgeted ~\$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



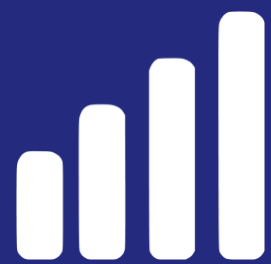
Significant investment expedites Star Combo Pharma’s growth strategy to become Australia’s market leader in the health supplement manufacturing sector

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 increase 100+% upon completion
- 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

Transformational investment into Smithfield manufacturing facility (expected completion Sep 2022)

- Substantial investment to enhance production to facilitate contract manufacturing plans
 - \$5M to upgrade existing facility
 - \$6M to increase production with 13 new production lines
- Expected to deliver substantial ROI with full return on investment within three years of production
- 100+% increase in production capacity
- 13 new production lines to expand product offering (e.g. gummie)
- Set to capture demand growth for Australian-made vitamins and dietary supplements (VDS) within Australia and overseas:

MANUFACTURING CAPABILITIES EXPANSION - TIMELINE

STARCOMBO

Expected timeline

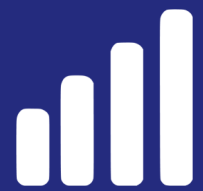
Activity	Date	Progress
Commencement of acquiring 13 new production lines	Sep 2020	✓
Commencement of upgrading existing manufacturing site	Sep 2020	✓
Clean Room installed	Dec 2021	
Installation of new production lines	Jan 2022	
Completion of existing site upgrade and 13 production lines in production	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
 - Expected to allow 100+% increase in production capacity compared to current facility
- ~200% greater floor space

LOOKING AHEAD: FY21 & BEYOND

STARCOMBO



Contract manufacturing strategy on track

- Contract manufacturing revenue was 23% of total Q1 FY21 revenue (vs 19% in FY20)
- New agreement with Chemist warehouse signed – first orders received



Clear growth strategy

- Expedited growth strategy from capital investment from strategic investor
- FY21 outlook remains resilient with continued transition on contract manufacturing



Production capability expansion

- Facility expansion and plant upgrade project on-track. Progressive benefits until completion in Sep 2022
- Expected 100+% increase in production capacity



New contracts

- New and expanded contracts expected in FY21
- TGA licence extension to cover production of liquids. Full spectrum health supplement manufacturer.



Benefit from macro trends

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

A woman with a backpack is sitting on a rock, looking out over a mountain landscape at sunset. The sun is low on the horizon, creating a warm, golden glow. The woman is wearing a white tank top, grey shorts, and brown hiking boots. She has a large orange backpack on her back. The background shows a vast mountain range under a cloudy sky.

Investor relations

Su Zhang, CEO

investors@starcombo.com.au

THANK YOU