

# Welcome 2017 Vita Life Sciences Limited Annual General Meeting



# Agenda

1. **Chairman's Welcome Address**
2. **Managing Director's Review**
3. **Ordinary Resolutions**
4. **Question & Answer**

# Managing Directors Review

# Platform For Future Growth

- Appointment of Andrew O'Keefe as Group MD – January 2017
- Appointment of CEO for South East Asia – Q2
- Comprehensive strategic review of operations and brand position for core markets
- Optimise new facility in Malaysia in line with the Asian growth strategies
- Penetrate the China market through an exclusive distribution agreement with the Jointown Pharmaceutical Group.
- Develop & support key business partners within emerging markets
- Enter Myanmar through a brand distribution agreement
- Focus on branding and brand presence through A&P investments
- Increase brand engagement across all markets








# Business Overview



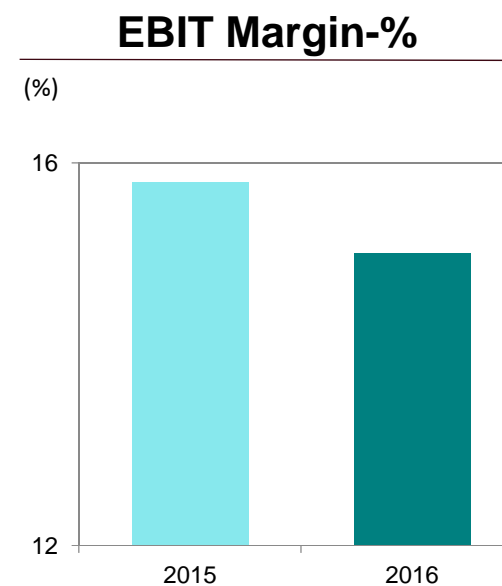
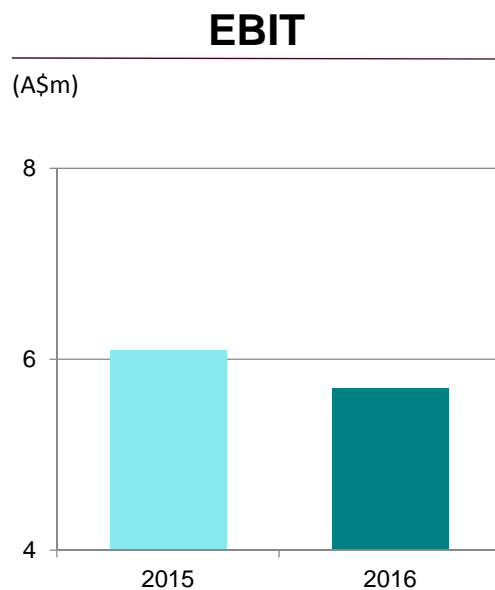
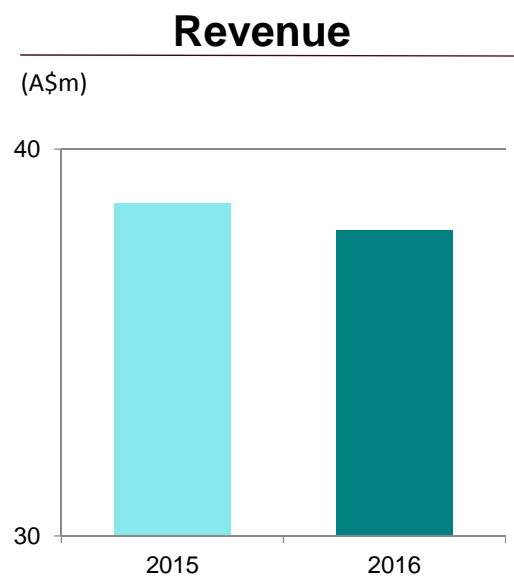
- **Asia Pacific & Australian based** pharmaceutical and healthcare over-the-counter business involved in the formulating, packaging, sales and distribution of vitamins and supplements
- **4 major brandnames**
- **Over 800 registered sku of vitamins and supplements sold in 7 countries in the Asia Pacific & Australian region:**
  - ❖ **Herbs of Gold:** sold in health food stores in Australia, and pharmacies in Singapore and Malaysia
  - ❖ **VitaHealth:** sold in pharmacies, clinics and health food stores throughout Southeast Asia
  - ❖ **VitaScience:** sold through independent pharmacies in Australia
  - ❖ **Vita Life:** sold through distributors direct to consumers in Malaysia
- **400 employees in 7 countries**
- **ASX listed since 2007 (ASX:VSC)**

# Markets



Market	Population (m)	Established since	2016 Revenue (A\$m)
Australia 	24	1989	15.6
Malaysia 	30	2000	14.2
Singapore 	6	1947*	5.9
Thailand 	68	2007	2.2
China 	1,371	2008	
Vietnam 	92	2010	
Indonesia 	258	2015	

# FY 16 Group Snapshot



- Sales \$37.9m (2015: \$38.6m)
- EBIT \$5.7m (2015: \$6.1m) or 15.0% (2015: 15.8%) of sales
- Basic EPS 6.1cents (2015: 7.9cents)

# FY 16 Group Snapshot

## Highlights

- Total dividends paid \$2.0m (2015:\$1.9m)
- Net cash of \$6.9m (after borrowings)
- Strong cash conversion of over 90%
- Net cashflows generated from operations of \$4.7m in FY 2016
- Working capital remains strong at \$14.9m to fund growth and expansion
- Borrowing remains low at \$2.5m (2015:\$2.8m) Malaysian facility

## Challenges

- Revenue contributions from emerging markets (Thailand, Vietnam, Indonesia)
- Malaysian MLM business model
- China's inter country sales remain low due to regulatory challenges
- Marginal growth from established markets ( Australia, Malaysia, Singapore)



# Australia Snapshot

## Overview

Established: 1989

Country CEO: Mr Andrew O'Keefe

Channels:

- Independent health food stores
- Independent pharmacies
- E-Commerce

## Brands

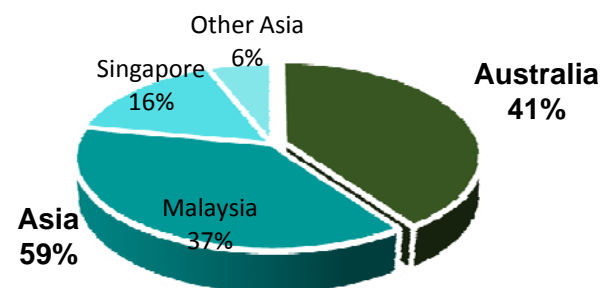
**herbs of gold™**  
*Dedicated to your health*

**VitaScience**  
THE SCIENCE OF HEALTHY LIVING

## Highlights

- Sales \$15.6m (2015: 15.6m)
- EBIT record at \$3.8m (2015: \$3.1m)
- Penetration into China slowed through uncertainty around E-commerce cross border regulations
- Est - distribution agreement with Jointown Pharmaceutical Group in Jan 17

## 2016 group revenue contribution



# Jointown Pharmaceuticals Overview

- Jointown Pharmaceutical group is a leading public listed company in China's pharmaceutical commercial industry
- Listed on the Shanghai Stock Exchange since 2010
- Involved in 4 key areas: distribution, manufacturing, retail and e-commerce
- Revenue in excess of RMB 50 billion (A\$9.8b) with an asset base of RMB 36 billion (A\$7.0b) and a workforce of over 12,300 employees
- Jointown distributes western medicine, TCM, medical devices and FMCG
- Distributes over 250,000 SKUs in China from 7,000 suppliers including well known global MNCs
- Customer/ distribution network includes 23,000 medical institutions, 54,000 retail terminals, 10,000 companies and access to over 5m B2C users

# Jointown Pharmaceuticals Overview

Video Presentation of Jointown Corporate Profile from Youtube

<https://www.youtube.com/watch?v=JDzGyXgHvYo>

# Jointown Pharmaceuticals Overview

Video Presentation of Herbs of Gold Profile from Youtube

<https://www.youtube.com/watch?v=whMeAmIlphA>

# Malaysia & Singapore Snapshot

## Overview

Established: Singapore 1947 / Malaysia 2000

Country CEO: Search In Progress

Channels:

- Pharmacies
- Direct to customer (MLM)

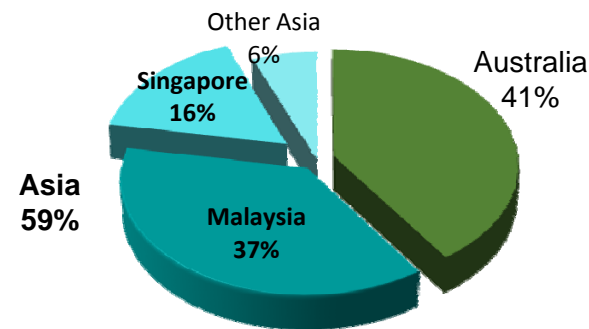
## Highlights

- Sales \$20.1m (2015: \$20.7m)
- EBIT \$3.4m (2015: \$3.9m)
- Challenging market on the back of slowdown in economic environment
- Multi Level Marketing business contracted and remains under pressure

## Brands



## 2016 group revenue contribution



# Emerging Asia Snapshot

## Overview

Established: Various from 2008

Channels:

- Pharmacies

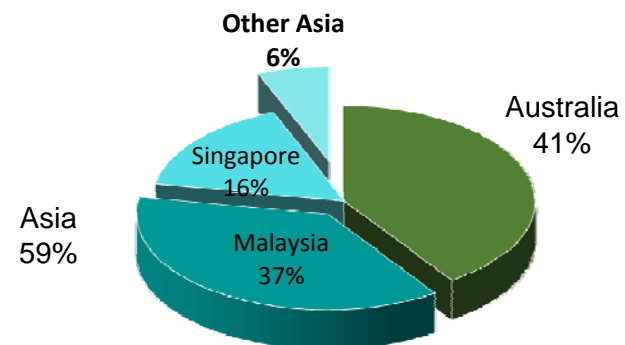
## Highlights

- Sales \$2.2m (2015: \$2.3m)
- EBIT Loss \$1.4m (2015:\$1.0m)
- Vietnam a stand out performer for this region.

## Brands



## 2016 group revenue contribution



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# Ordinary Resolutions

- 1. Remuneration Report**
- 2. Re-election of Director - Mr Henry Townsing**
- 3. Re-election of Director- Mr Shane Teoh**
- 4. Share Buy-Back**
- 5. Long Term Incentive Plan- Mr Andrew O'Keefe**



# Proxy

<b>RESOLUTIONS</b>	<b>IN FAVOUR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>	<b>PROXY'S DISCRETION</b>	<b>TOTALS</b>
<b>1) Adoption of the Remuneration Report</b>	37,429,939	63,133	226,157	625	37,719,854
<b>2) Re-election of Director</b> (Mr Henry Townsing)	35,261,424	2,023,938	433,867	625	37,719,854
<b>3) Re-election of Director</b> (Mr Shane Teoh)	29,283,536	-	-	625	29,284,161
<b>4) Share Buy-Back</b>	37,714,053	2,633	2,543	625	37,719,854
<b>5) Long Term Incentive Plan</b> (Mr Andrew O'Keefe)	37,640,063	79,166	-	625	37,719,854

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# Thank You

## See You at the 2018 AGM



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# Appendix 1 – Profit and Loss

Year ended 31 December	2016 \$m	2015 \$m	Change %
Revenue	37.86	38.58	-1.9%
EBITDA	5.97	6.21	-3.9%
EBIT	5.70	6.09	-6.4%
Profit before tax	5.64	6.00	-6.0%
Profit after tax	3.34	4.35	-23.2%
EPS (Diluted – cents)	5.88	7.69	-23.5%
Dividend (cents / share)	3.75	3.75	0.0%

## Appendix 2 – Balance Sheet

Balance Sheet as at 31 December	2016 \$m	2015 \$m
Current assets	21.75	23.52
Non-current assets	10.61	8.86
<b>Total assets</b>	<b>32.36</b>	<b>32.38</b>
Current liabilities	(6.85)	(6.87)
Non-current liabilities	(2.34)	(2.64)
<b>Total Liabilities</b>	<b>(9.19)</b>	<b>(9.51)</b>
<b>Net Assets</b>	<b>23.17</b>	<b>22.87</b>

## Appendix 3 – Cash Flow

Cash Flow	2016 \$m	2014 \$m
Receipts from customers	41.58	42.34
Payments to suppliers and employees	(36.19)	(36.58)
<b>Gross operating cash flow</b>	<b>5.39</b>	<b>5.76</b>
EBITDA	5.97	6.21
<b>Gross operating cash flow / EBITDA</b>	<b>90.3%</b>	<b>92.8%</b>
Net interest paid	(0.01)	(0.01)
Income tax paid	(0.69)	(0.83)
<b>Operating cash flows</b>	<b>4.69</b>	<b>4.92</b>
Net cash flows from investing	(2.21)	(0.86)
Net movements in financing	(2.64)	(3.01)
<b>Cash flows used in investing &amp; financing</b>	<b>(4.85)</b>	<b>(3.87)</b>
Net foreign exchange differences	(0.16)	(0.48)
<b>Net (decrease)/increase in cash equivalents</b>	<b>(0.32)</b>	<b>0.57</b>
Cash at beginning of period	9.73	9.16
<b>Cash at end of period</b>	<b>9.41</b>	<b>9.73</b>

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