

# RESULTS PRESENTATION

## FULL YEAR ENDED 31 DEC 2017



herbs**of**gold™

**VITA**SCIENCE  
THE SCIENCE OF HEALTHY LIVING

**VitaLife**®  
*Vital for life*

**VitaHealth**®

# VITA LIFE SCIENCES OVERVIEW

- Australian & Asia Pacific based pharmaceutical and healthcare over-the-counter business involved in the formulating, packaging, sales and distribution of vitamins and supplements
- 3 major consumer retail brands
- 750-800 registered SKUs of vitamins and supplements sold in 7 countries in Australia & Asia Pacific region:
  - **Herbs of Gold:** sold in Australia, Malaysia and Singapore
  - **VitaHealth:** sold in pharmacies, clinics and health food stores throughout Southeast Asia
  - **VitaScience:** sold through independent pharmacies in Australia
- 430 employees in 7 countries
- ASX listed since 2007 (ASX code: VLS)

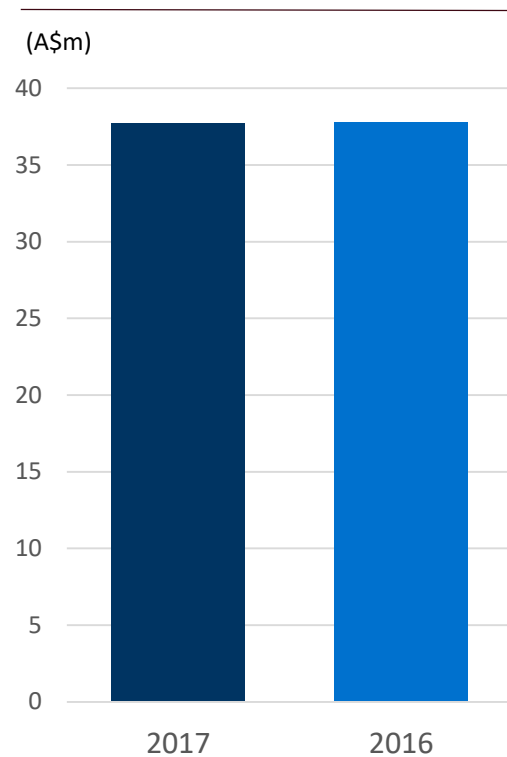


# FY 2017 - GROUP SUMMARY

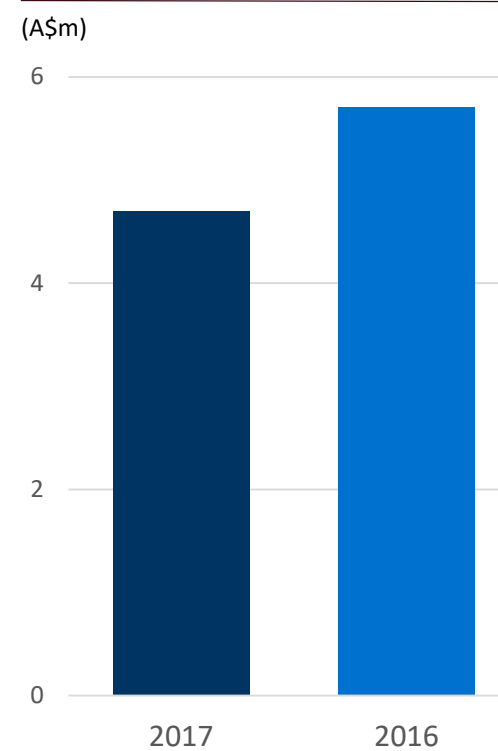
- Group sales of \$37.7 million for the financial year (FY) ended Dec 2017, marginally lower (0.2%) than the previous corresponding period (PCP) of \$37.8 million
- Excluding share options expense of \$0.9m, the Group recorded an EBIT of \$5.6m (i.e. \$4.7m after share options expense)
- Net profit after tax of \$2.8 million recorded for the financial year
- Gross operating cashflow / EBITDA ( adjusted for non-cash option expense) of 100%
- Returned \$2.3m to shareholders through dividend payment and share buyback
- Final fully franked dividend of 2.25 cents per share declared; total full year dividend of 3.75 cents per share
- Period of transformational change and stability for the Group in the FY 2017 performance

# Key Financial Charts

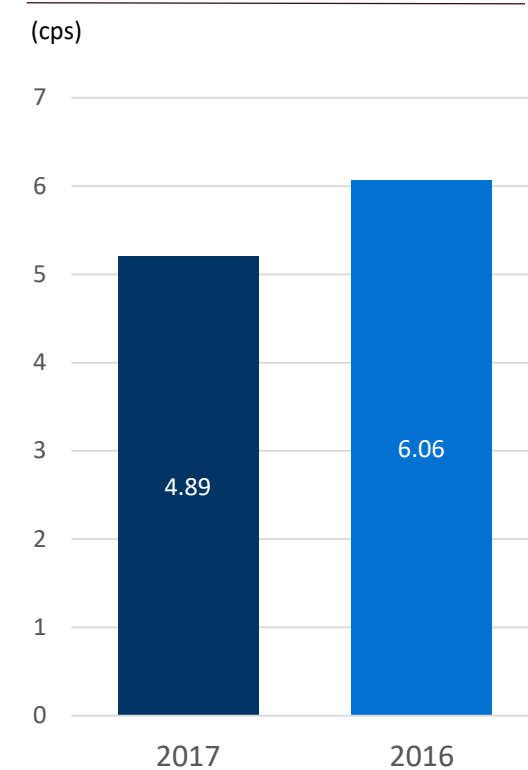
## Revenue



## EBIT\*



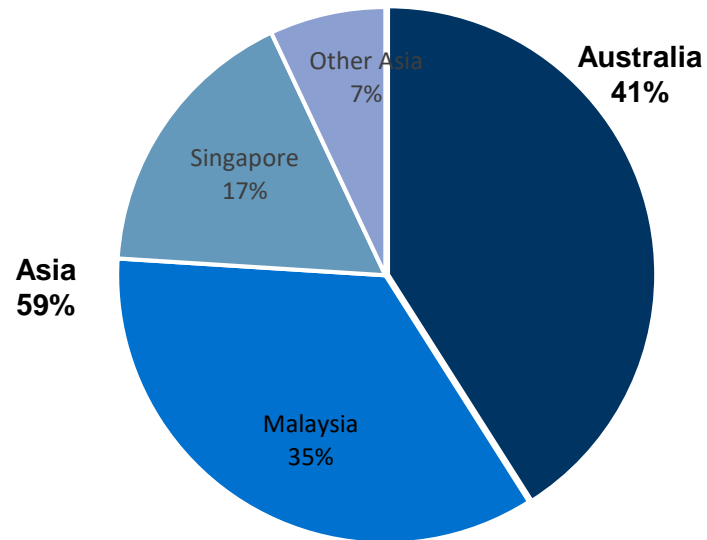
## EPS\*



*\* Including share options expense of \$0.9m*

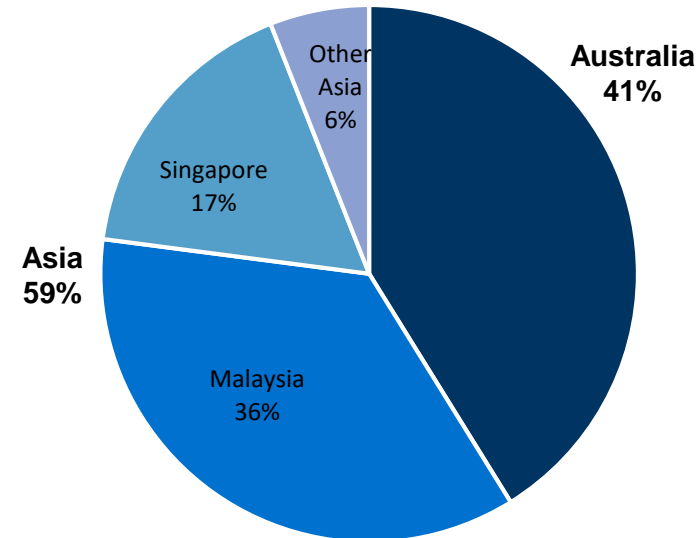
# FULL YEAR 2017 RESULTS

2017 revenue by geography



Total revenue: \$37.7m

2016 revenue by geography



Total revenue: \$37.8m

# SEGMENT RESULTS

## AUSTRALIA

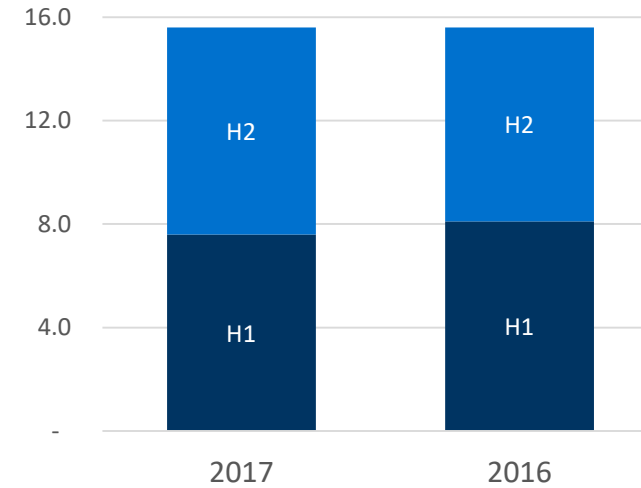
### Sales revenue: \$15.6m (2016: \$15.6m)

- Revenue base business was sustained in a highly competitive Australian market.
- Export sales from Australia to China were slower than expected
- Gross margins remained steady

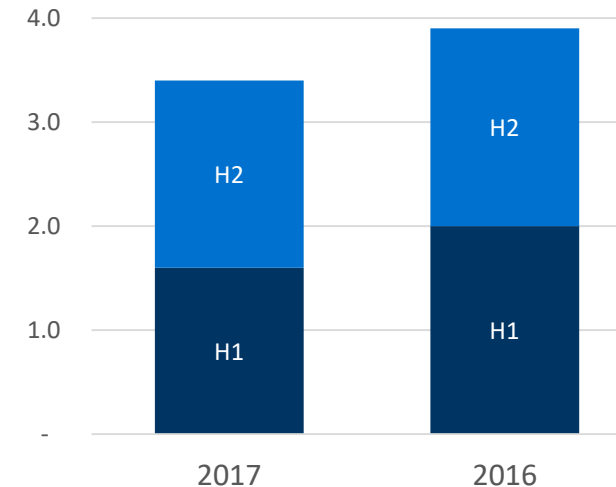
### EBIT \$3.4m (2016:\$3.9m)

- EBIT down by 13% against FY16 due to higher overheads and higher investment in the Australian business with a some shift in regional costs from Malaysia to Australia

Revenue (A\$m)



EBIT (A\$m)



# SEGMENT RESULTS

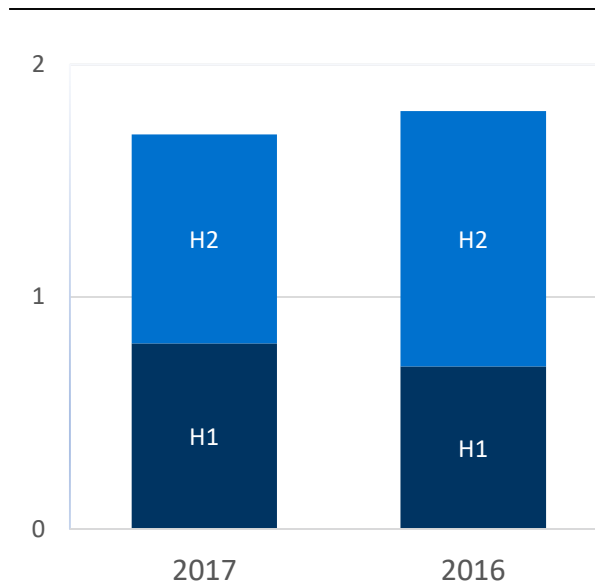
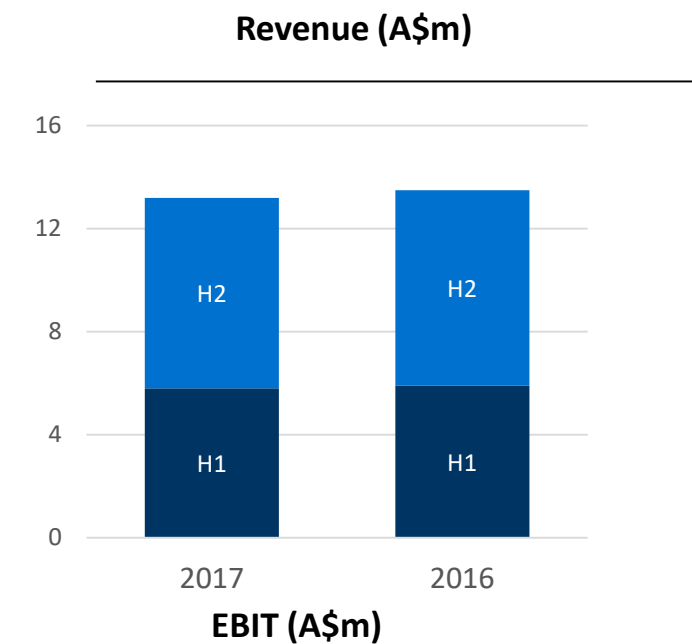
## MALAYSIA

### Sales \$13.2m (2016: \$13.5m)

- Revenue base increased by 6.7% in local currency but it was impacted by the weaker Malaysian ringgit (2017 average A\$1: MYR 3.2971 [2016: MYR 3.0072])
- Increase in revenue of 98% in local currency from the Herbs of Gold brand due to continued support from an exclusive distribution partnership agreement
- MLM operation was suspended resulting in a smaller revenue contribution and lower margin

### EBIT \$ 1.7m (2016: \$1.8m)

- Margins were affected marginally due to competitive market forces and higher sales in the newer market channels



# SEGMENT RESULTS

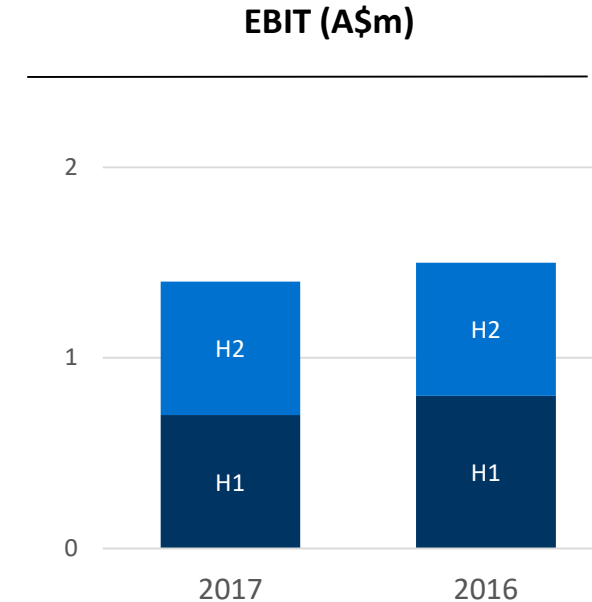
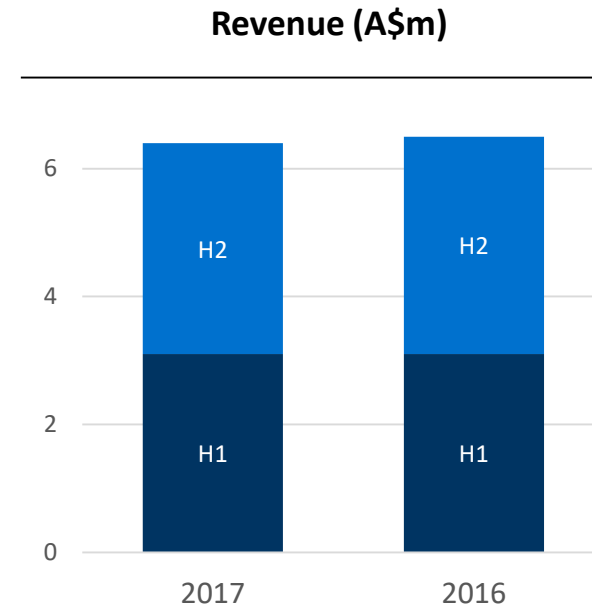
## SINGAPORE

### Sales \$6.5m (2016: \$6.5m)

- Revenue base business was sustained in a highly competitive market through a revised brand strategy.
- The Herbs of Gold brand recorded strong growth of 119% (PCP)
- VitaHealth brand recorded a slight decline during this period

### EBIT \$1.4m (2016: \$1.5m)

- EBIT down due to higher A&P spending and a lower margin recorded for the newer channels and brand expansion



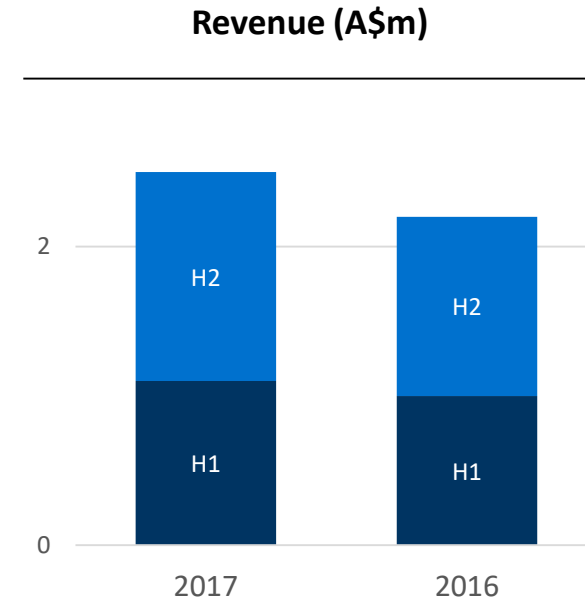


# SEGMENT RESULTS

## OTHERS

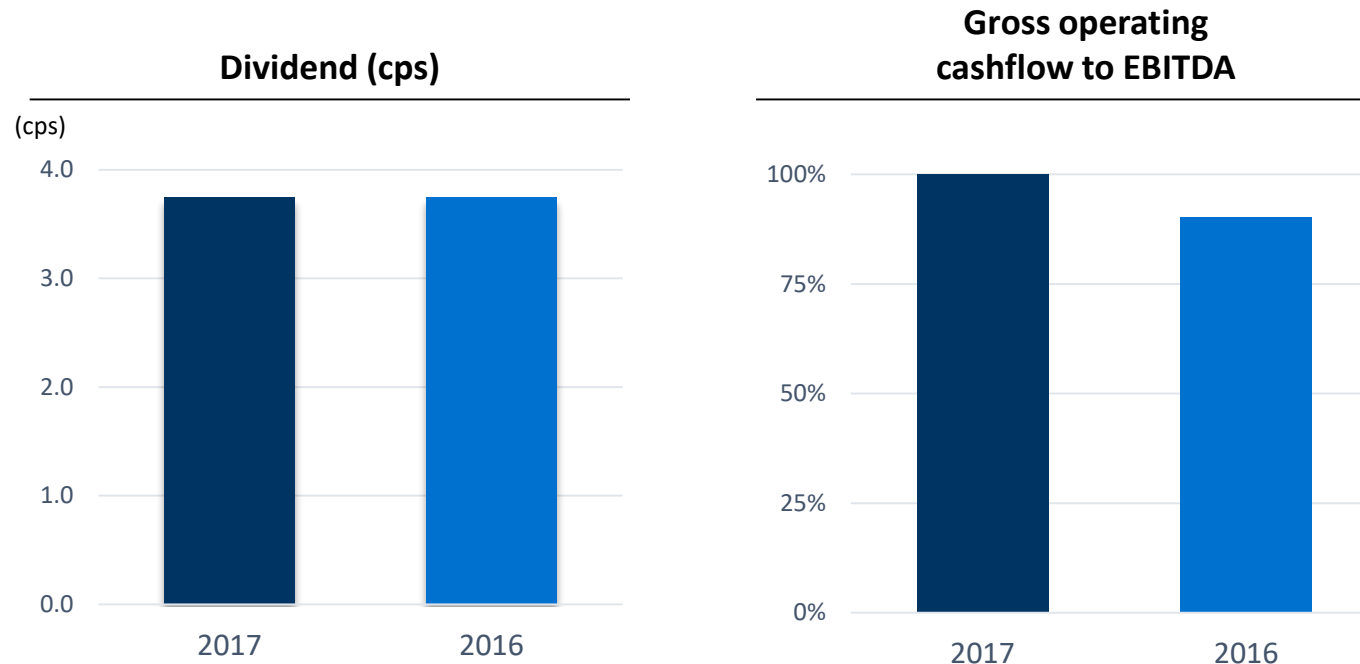
**Sales \$2.5m (2016: \$2.2m)**

- Revenue in other markets growth of 15% (PCP)
- Stronger sales were recorded for Vietnam and Thailand compared to the PCP
- Vietnam continues to perform to expectation and is expected to grow faster leading into FY2018
- Indonesia remains challenging and requires continued investment and revised distribution pathways



# FINAL DIVIDEND & CASHFLOW

- Final dividend declared of 2.25 cents per share for FY 2017 (2016: 2.25 cents)
- Final dividend will be fully franked. Directors anticipate future dividends to be fully franked.
- Dividend reinvestment plan is currently suspended



# Strategic Priorities and Outlook

- 2018 will be the second year of a three year strategic plan set to grow future revenues
- Increased advertising and promotional investment in core markets
- Increasing export sales to China utilising strategic partnerships
- Developing new distribution channels utilising both VitaHealth and Herbs of Gold brands
- South East Asia markets remain critical pathways and will receive continued investment to support growth
- Increase brand investment may impact profitability in the short term with a view to increased profitability in the medium term
- The Board will provide guidance mid-way through the year



# APPENDIX

# APPENDIX 1 – PROFIT & LOSS

Full year ended Dec	2017 \$m	2016 \$m
Revenue	37.7	37.8
EBITDA	5.0	6.0
EBIT	4.7	5.7
Profit before tax	4.7	5.6
Profit after tax	2.8	3.3
EPS (Basic – cents/ share)	5.21	6.06
Dividend (cents / share)	3.75	3.75

# APPENDIX 2 – BALANCE SHEET

Balance Sheet as at	Dec 2017 \$m	Dec 2016 \$m
Current assets	22.3	21.7
Non-current assets	10.6	10.6
<b>Total assets</b>	<b>32.9</b>	<b>32.3</b>
Current liabilities	6.0	6.8
Non-current liabilities	2.1	2.3
<b>Total Liabilities</b>	<b>8.1</b>	<b>9.1</b>
<b>Net Assets</b>	<b>24.8</b>	<b>23.2</b>

# APPENDIX 3 – CASH FLOW

Cash Flow for the year ended	2017 \$m	2016 \$m
Receipts from customers	40.8	41.6
Payments to suppliers and employees	34.8	36.2
<b>Gross operating cash flow</b>	<b>6.0</b>	<b>5.4</b>
Adjusted EBITDA <i>(excluding share options expense)</i>	6.0	6.0
<b>Gross operating cash flow / EBITDA</b>	<b>100.0%</b>	<b>90.0%</b>
Net interest (paid) / received	0	0
Income tax paid	2.8	0.7
<b>Operating cash flows</b>	<b>3.2</b>	<b>4.7</b>
Cash flows for investing	0.2	2.2
Net movements in equity	2.5	2.6
<b>Cash flows from financing</b>	<b>0.5</b>	<b>(0.1)</b>
Net foreign exchange differences	0.1	(0.2)
<b>Net increase in cash reserves</b>	<b>0.6</b>	<b>(0.3)</b>
Cash at beginning of period	9.4	9.7
<b>Cash at end of period</b>	<b>10.0</b>	<b>9.4</b>

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