



# WELCOME

## 2019 ANNUAL GENERAL MEETING

herbs of gold™

VITA SCIENCE  
THE SCIENCE OF HEALTHY LIVING

VitaLife®  
*Vital for life*

VitaHealth

# AGENDA

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

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# BUSINESS 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 (HOG):** sold in Australia, Malaysia and Singapore
- **VitaHealth (VH):** sold in pharmacies, clinics and health food stores throughout Southeast Asia
- **VitaScience (VS):** sold through an exclusive arrangement in Australia



400 employees in 7 countries



ASX listed since 2007 (ASX code: VLS)

# FINANCIAL SUMMARY



Group sales of \$41.1 million for the financial year (FY) ended Dec 2018, an increase of 10.6% over the previous corresponding period (PCP) of \$37.2 million



The Group recorded an underlying EBIT of \$6.2m (excluding a non-cash fair value loss adjustment on building of \$1.8 million), an increased of 10.5%, compared to the PCP of \$5.6 million



Net profit after tax of \$2.4 million recorded for the financial year

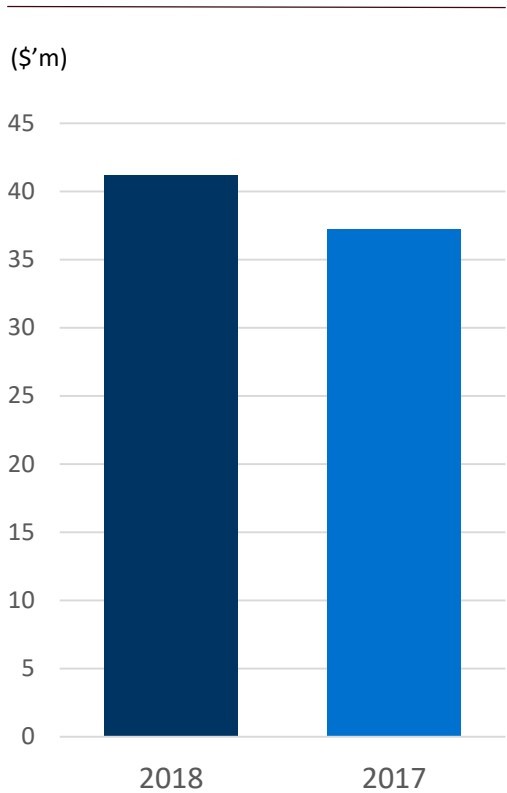


Returned \$2.8 million to shareholders through dividend payments and share buyback

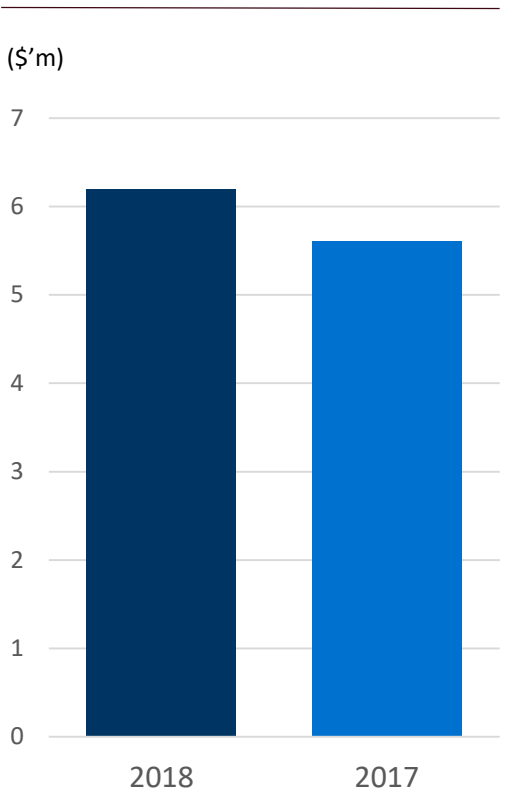


Final fully franked dividend of 2.25 cents per share declared; total full year dividend of 3.75 cents per share

## SALES



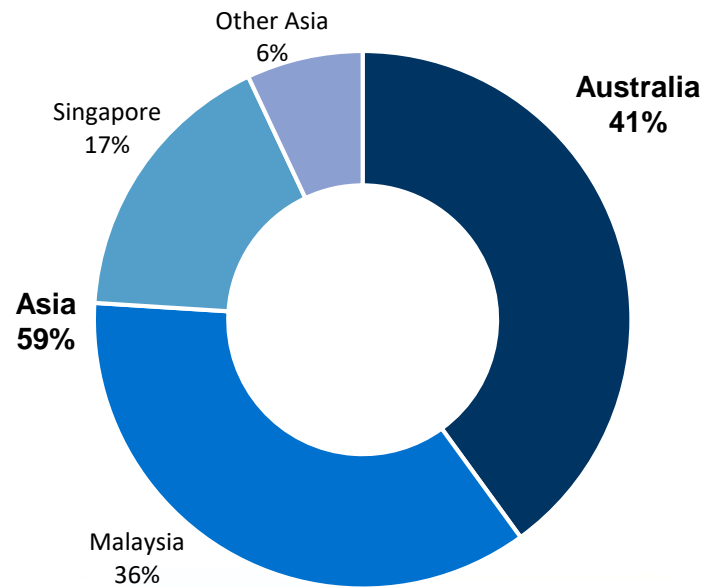
## EBIT\*



*Underlying EBIT excluding fair value loss on building of \$1.8m in 2018  
(2017: excluding share options expense of \$0.9m)*

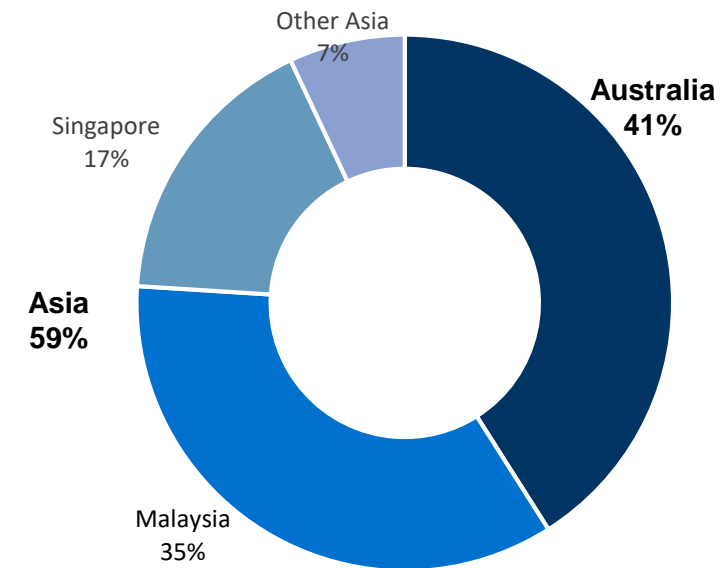
# FULL YEAR 2018 RESULTS

2018 revenue by geography



Total revenue: \$41.1m

2017 revenue by geography



Total revenue: \$37.2m



# SEGMENT RESULTS

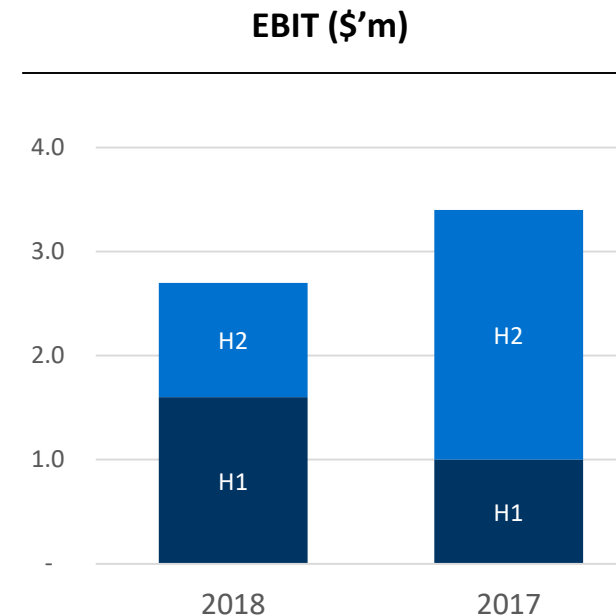
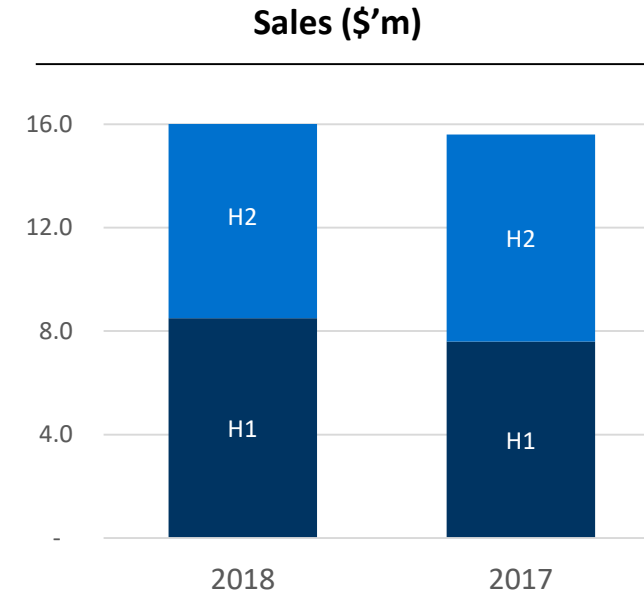
## AUSTRALIA

**Sales: \$16.4m (2017: \$15.6m)**

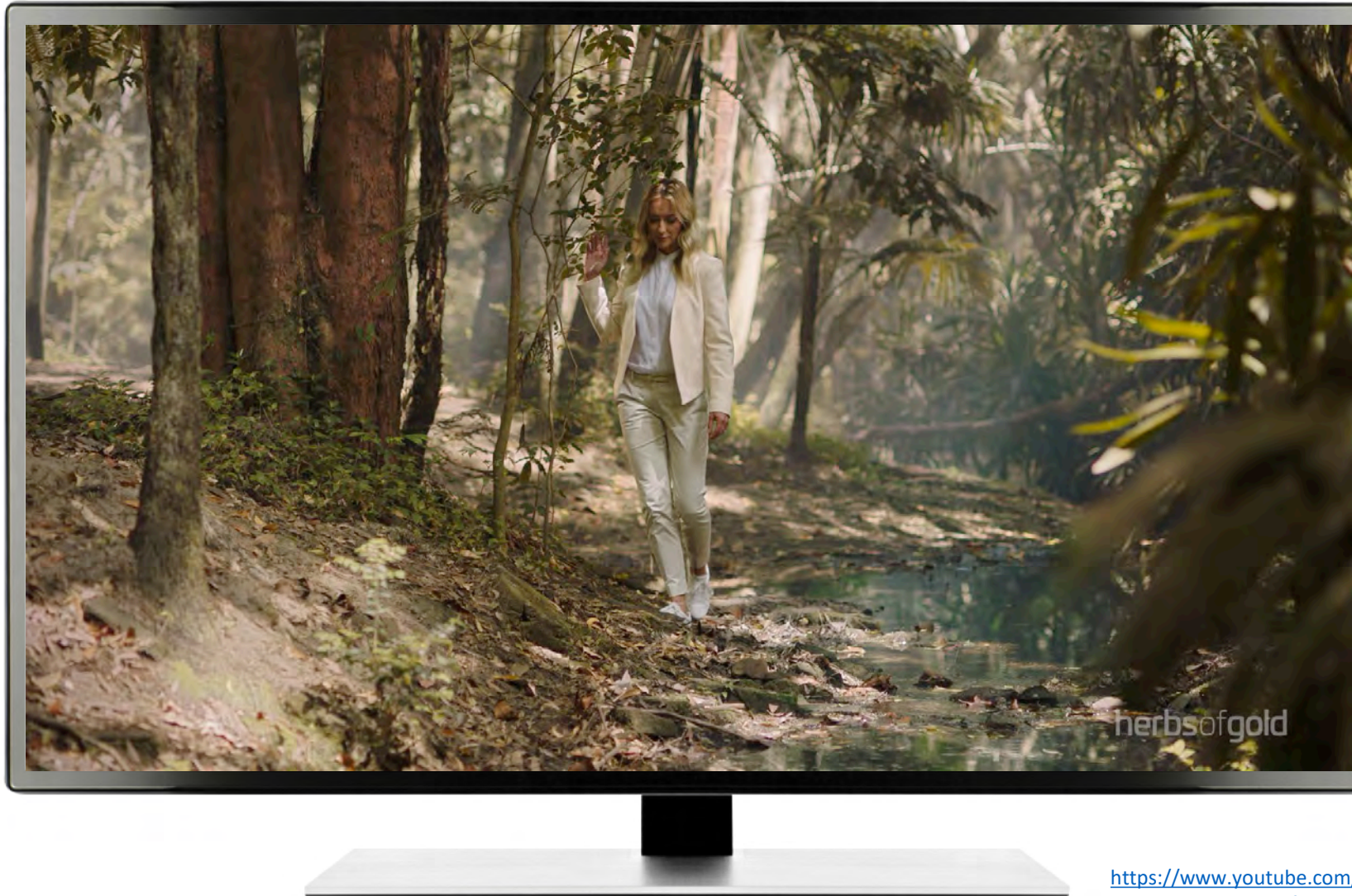
- Revenue from the Health food market grew marginally despite channel contraction
- Moderate increase in export sales from Australia to China through the “daigou” channel
- Increased A&P costs to support broader brand appeal moving into 2019
- Gross margins remained steady

**EBIT \$2.7m (2017:\$3.4m)**

- EBIT down by 20% against FY17 mainly due to higher advertising and marketing costs. The investment primarily relates to the production of a TV commercial which will air in 2019, as part of a mass marketing campaign



# HERBS OF GOLD 'GOLDEN FORMULA' CAMPAIGN TELEVISION



<https://www.youtube.com/watch?v=5y6Kv2ftjIE>

  
**VITA LIFE**  
SCIENCES



# HERBS OF GOLD 'GOLDEN FORMULA' CAMPAIGN OUTDOOR



# SEGMENT RESULTS

## MALAYSIA

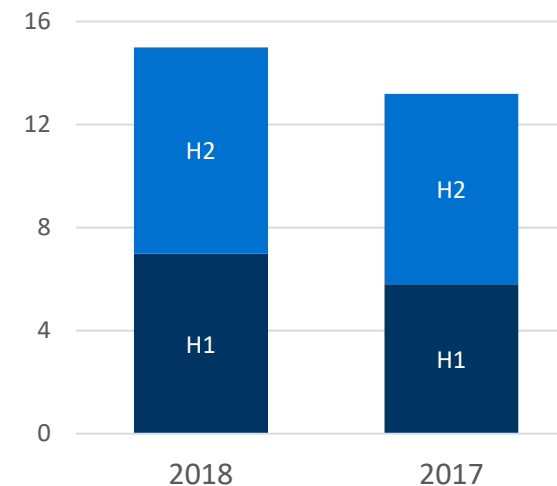
**Sales \$14.9m (2017: \$12.9m)**

- Revenue base increased by 15.5% due to expanded consumer campaign
- Increased distribution of the VitaHealth brand through major chain pharmacy groups including Watsons and Guardian
- Herbs of Gold brand performed strongly increasing revenues by 41% in local currency through the Caring Pharmacy group

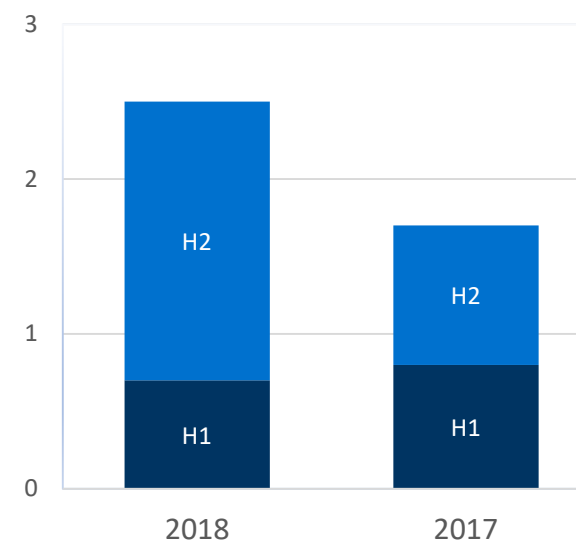
**Underlying EBIT \$2.5m (2017: \$1.7m) (excluding fair value loss adjustment of \$1.8m)**

- Reported EBIT \$0.7m (2017: \$1.7m)

Sales (\$'m)

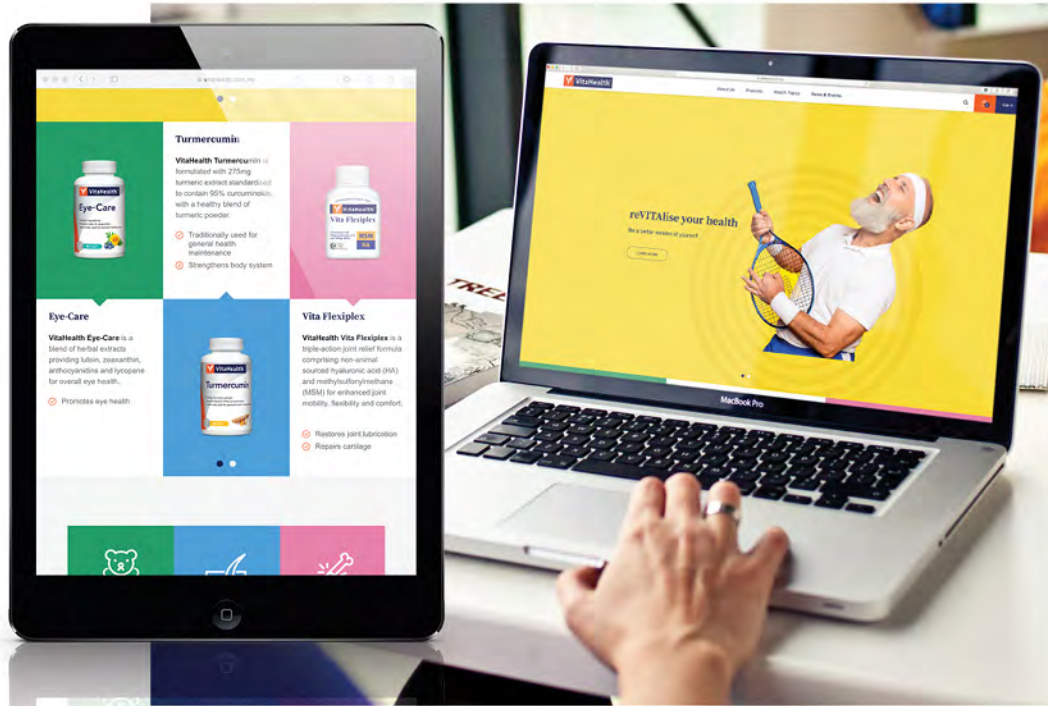


EBIT (\$'m)





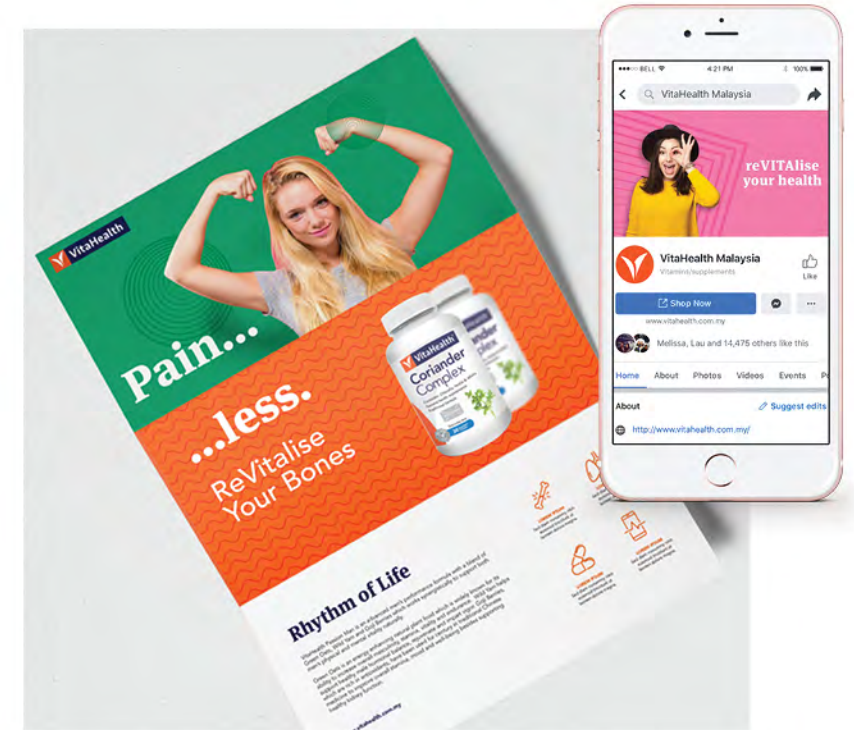
# VITAHEALTH BRAND REFRESH



New websites across all VitaHealth SEA markets



New packaging & labels



New brand identity

# SEGMENT RESULTS

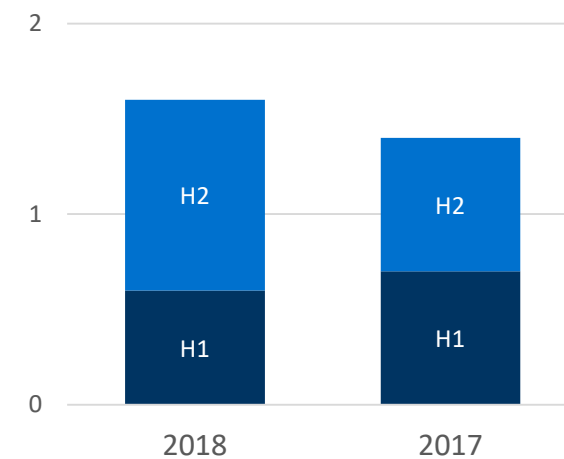
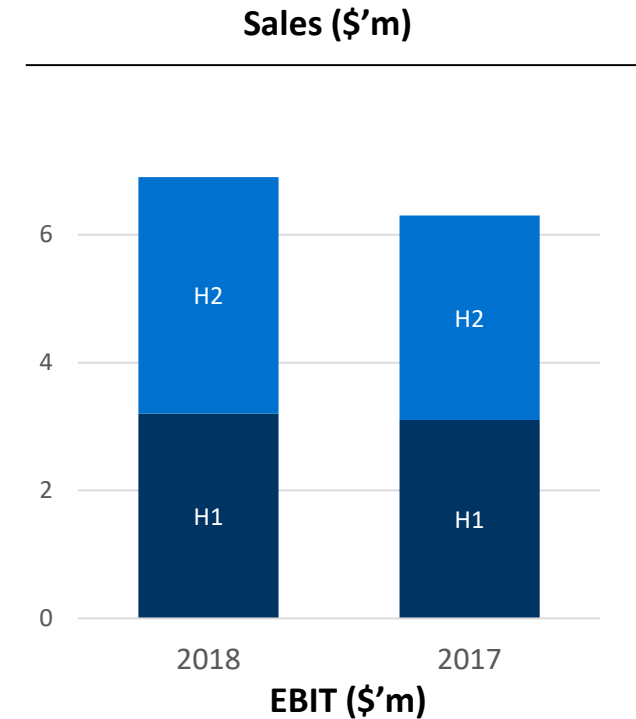
## SINGAPORE

**Sales \$6.9m (2017: \$6.3m)**

- Revenue base business was sustained generating marginal growth on (PCP)
- Increased trade investment was required to maintain sales momentum
- Solid performance considering the market conditions and low barrier to entry for competitors

**EBIT \$1.6m (2017: \$1.4m)**

- EBIT improved mainly due to higher sales achieved for the year



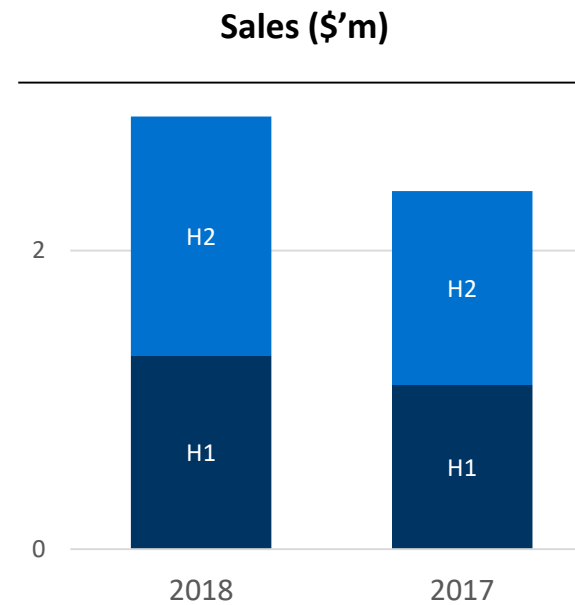


# SEGMENT RESULTS

## OTHERS

Sales \$2.9m (2017: \$2.4m)

- Revenue in other markets growth of 19% (PCP)
- Stronger sales were recorded for Vietnam with marginal improvement in Thailand compared to the PCP
- Vietnam continues to perform to expectation and is expected to grow faster with continued investment
- Indonesia and direct sales into China continue to be challenging markets for the group



# STRATEGIC PRIORITIES & OUTLOOK



2018 was the second of a three year strategic plan set to grow long term revenues



Increased advertising and promotional investment in core markets is reflected in the 2018 results and will continue into 2019



Increase brand investment may impact profitability in the short term with a view to increased profitability in the medium term



# STRATEGIC PRIORITIES & OUTLOOK



First half FY2019 sales of around \$20m will be in line with the corresponding period. Whilst we have had a positive impact from the new Pharmacy channel, this has been offset by slightly lower sales from the traditional Health food channel



First half FY2019 EBIT has been impacted by the consumer advertising campaign of approximately \$1m, which was advised previously to shareholders. In addition, higher staff costs to support business transformation and repairs & maintenance for our facility were incurred. These factors will result in a forecast EBIT of \$0.6m-0.8m for the first half



Full year guidance will be provided in the fourth quarter of this financial year

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# ORDINARY RESOLUTIONS

1. Remuneration Report
2. Re-election of Director - Mr Vanda Gould
3. Share Buy-Back
4. Long Term Incentive Plan- Mr Henry Townsing
5. Approval for an Equal Reduction of Capital
6. Removal of Russell Bedford NSW as auditors
7. Confirmation of Appointment of Nexia Sydney Audit Pty Ltd as auditors

# PROXY

RESOLUTIONS	IN FAVOUR	AGAINST	PROXY'S DISCRETION	ABSTAIN	TOTALS
1) Adoption of the Remuneration Report	8,269,363	34,478	8,292,989	20,434,720	37,031,550
2) Re-election of Director (Mr Vanda Gould)	18,599,516	25,760	8,292,989	10,113,285	37,031,550
3) Share Buy-Back	28,728,143	2,500	8,292,989	7,918	37,031,550
4) Long Term Incentive Plan (Mr Henry Townsing)	28,253,923	49,521	8,292,989	49,521	37,031,550
5) Approval for Equal Reduction in Capital	28,263,776	33,000	8,292,989	441,785	37,031,550
6) Removal of Russell Bedford as auditors	28,713,186	4,125	8,292,989	21,250	37,031,550
7) Appointment of Nexia Sydney Audit as auditors	28,717,311	0	8,292,989	21,250	37,031,550

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# THANK YOU

**Contact:**

Telephone: +61 2 9545 2633

Website: [vitalifesciences.com.au](http://vitalifesciences.com.au)

Email: [enquiries@vitalifesciences.com.au](mailto:enquiries@vitalifesciences.com.au)

Head Office: 1/ 102 Bath Road, Kirrawee, NSW 2232

# APPENDIX

# APPENDIX 1 – PROFIT & LOSS

Full year ended Dec	2018 \$'m	2017 \$'m
Revenue	41.1	37.2
EBITDA	6.6	5.0
EBIT	4.4	4.7
Profit before tax	4.3	4.7
Profit after tax	2.4	2.8
EPS (Basic – cents/ share)	4.44	5.21
Dividend (cents / share)	3.75	3.75



## APPENDIX 2 – BALANCE SHEET

Balance Sheet as at	Dec 2018 \$'m	Dec 2018 \$'m
Current assets	24.8	22.3
Non-current assets	10.9	10.6
<b>Total assets</b>	<b>35.7</b>	<b>32.9</b>
Current liabilities	11.4	6.0
Non-current liabilities	1.9	2.1
<b>Total Liabilities</b>	<b>13.3</b>	<b>8.1</b>
<b>Net Assets</b>	<b>22.4</b>	<b>24.8</b>

## APPENDIX 3 – CASH FLOW

Cash Flow for the year ended	2018 \$'m	2017 \$'m
Receipts from customers	44.6	40.8
Payments to suppliers and employees	38.1	34.8
<b>Gross operating cash flow</b>	<b>6.5</b>	<b>6.0</b>
Adjusted EBITDA <i>(ex fair value loss adjt &amp; share options exp)</i>	6.6	6.0
<b>Gross operating cash flow / EBITDA</b>	<b>98.1%</b>	<b>100.0%</b>
Net interest (paid) / received	0	0
Income tax paid	2.2	2.8
<b>Operating cash flows</b>	<b>4.3</b>	<b>3.2</b>
Cash flows for investing	0.4	0.2
Net movements in equity	3.1	2.5
<b>Cash flows from financing</b>	<b>0.8</b>	<b>0.5</b>
Net foreign exchange differences	0.1	0.1
<b>Net increase in cash reserves</b>	<b>0.9</b>	<b>0.6</b>
Cash at beginning of period	10.0	9.4
<b>Cash at end of period</b>	<b>10.9</b>	<b>10.0</b>

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