

# Welcome to the 2015 Vita Life Sciences Limited Annual General Meeting



# Chairman's Welcome Address

# Kuala Lumpur Headquarters



# Agenda

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

# Managing Directors Review

# Vita Life Sciences overview



- Asia Pacific pharmaceutical and healthcare over-the-counter business involved in the formulating, packaging, sales and distribution of vitamins and supplements
- 800 registered sku of vitamins and supplements sold in 8 countries in the Asia Pacific region
- 2 major brands
  1. VitaHealth: products sold in health food stores and pharmacies throughout Southeast Asia
  2. Herbs of Gold: products sold in health food stores in Australia and Singapore
- Approx. 400 employees across 8 countries
- ASX listed since 2007 (ASX:VSC)

# VSC has achieved its IPO strategies

The establishment of an operational platform in Indonesia represents a watershed moment for VSC as it has now achieved strategic goals set at IPO:

- ✓ **Consolidate business in 3 established countries: Australia, Malaysia and Singapore**
- ✓ **Expansion of marketing channels in 3 established countries**
- ✓ **Expand into 4 new Asian countries with 50m+ population**
- ✓ **Generate consistent profitability and dividends for investors**

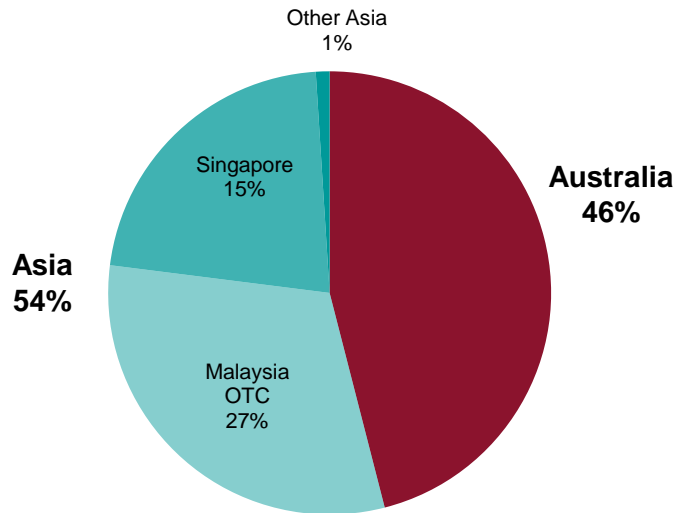
# Focussed product offering tailored to meet the demands of each market



<b>Country presence</b> - At IPO (2007)	Malaysia Singapore	Australia	-	-
<b>- Expanded (2008 on)</b>	China Thailand Vietnam Indonesia (H2 2015)	Singapore	Malaysia	Australia
<b>Total no. of products (sku) on sale</b>	~450	~200	~30	~20
<b>Product offering</b>				
Supplements	✓	✓	✓	✓
Vitamins	✓	✓	✓	✓
Minerals	✓	✓	✓	✓
Meal replacement	x	x	✓	x
<b>Market channels</b>	Health food stores Pharmacies	Health food stores	Direct to customer	Independent Pharmacies

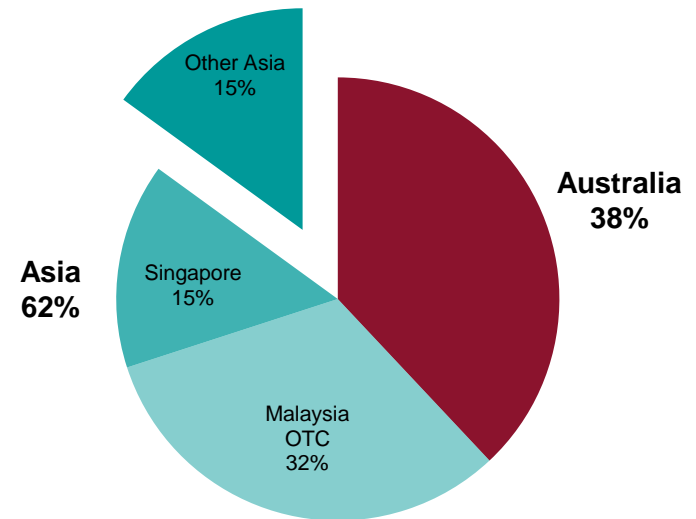
# VSC segment results

2008 revenue by geography



Total revenue: \$14m

2014 revenue by geography



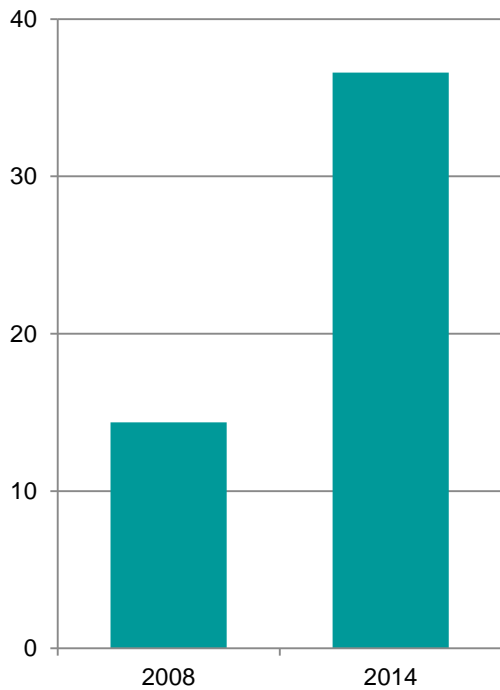
Total revenue: \$37m

Revenue has grown from both consolidation of established businesses and introduction of new market channels

# Consistent revenue and margin gains have increased shareholder value

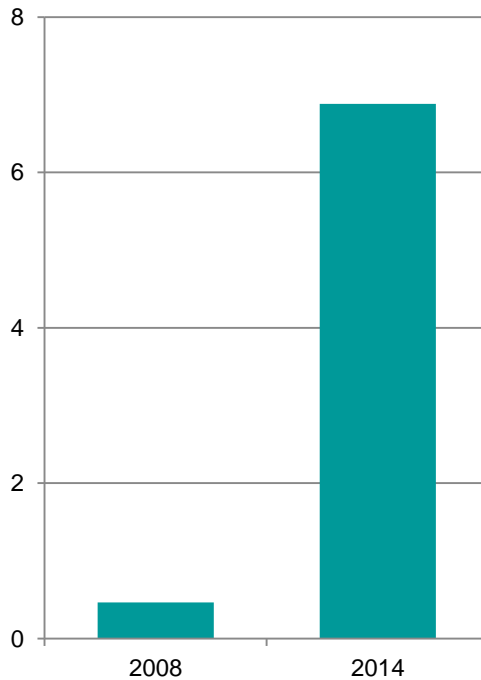
**Revenue**

(A\$m)



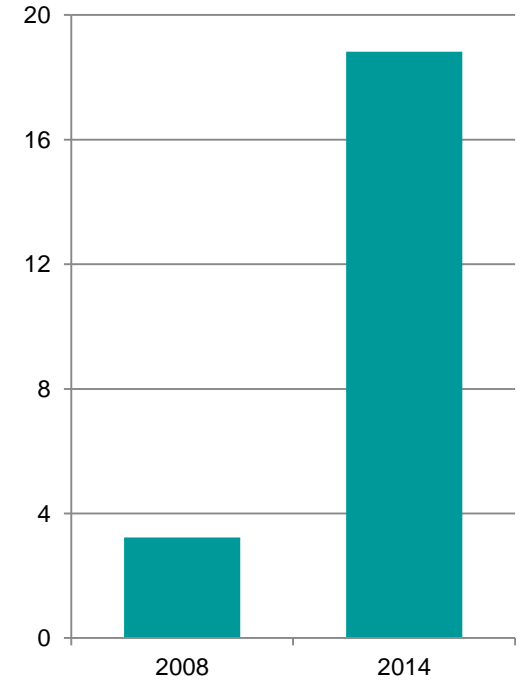
**EBIT**

(A\$m)



**EBIT Margin**

(%)



# VSC today

● Group wide, margins have stabilised at a sustainable level. VSC now focussed on revenue growth.

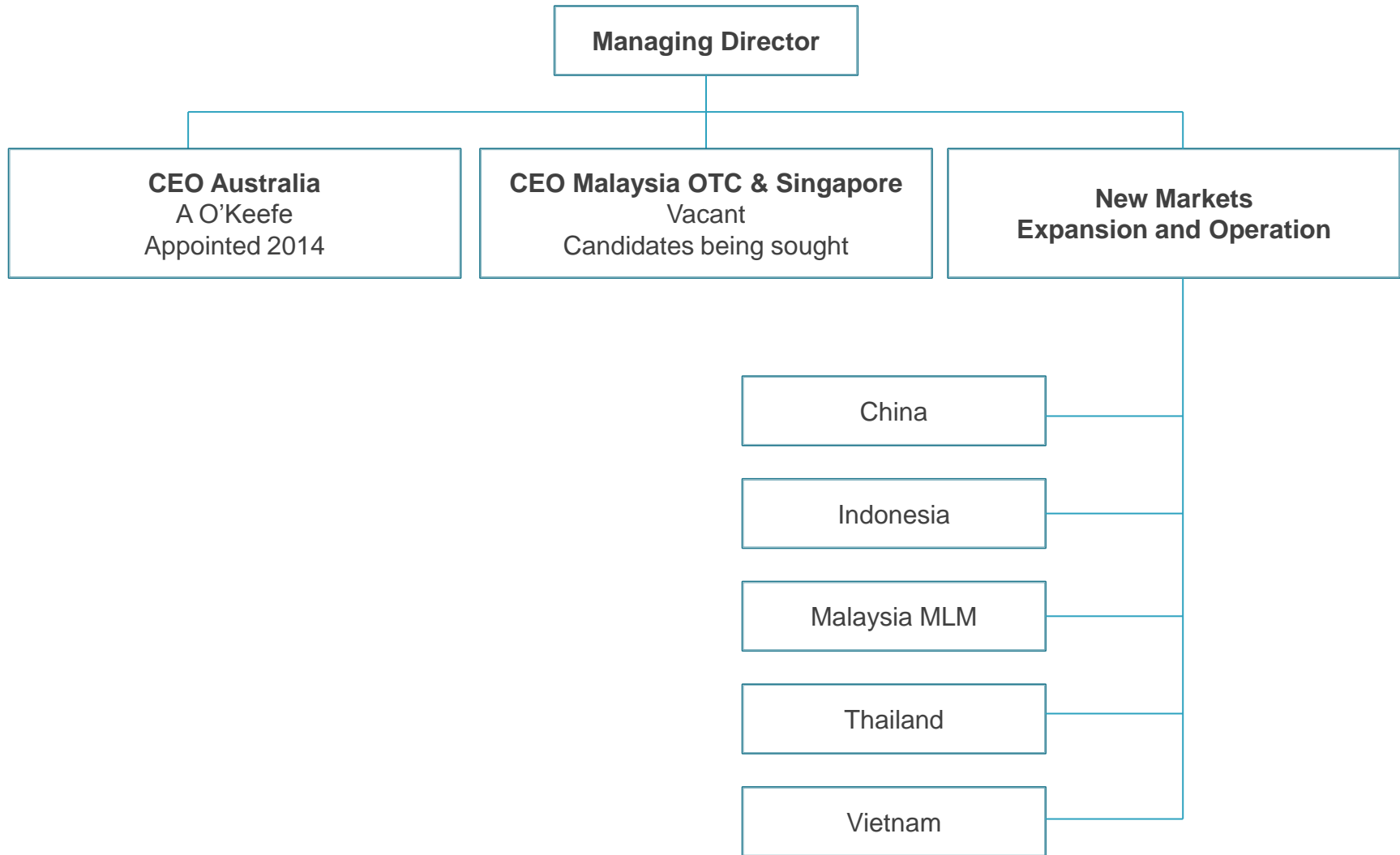
● VSC will leverage off established platform for next evolutionary step:

- Reputable brands recognised in 7 countries
- Selected 50m+ population South East Asian countries entered
- Proven management team and style

● Approach:

- Management build out in established markets
- Managing Director to focus proven skills in building new businesses day-to-day, while overseeing established markets
- Kuala Lumpur head office to provide considerable benefits

# Management structure



# Established market objectives: Australia

CEO of Australia, Mr Andrew O'Keefe, commenced October 2014

Mr O'Keefe's key deliverables are:

1. Consolidate Herbs of Gold market position
2. Introduce Vita Sciences brand to marketplace and build a sustainable business
3. Identify opportunities to leverage Group's position in to new customer groups



# Established market objectives: Malaysia OTC and Singapore



**VSC is seeking a CEO to oversee combined Malaysian and Singaporean established businesses**



**The CEO's key deliverables will be:**

- 1. Expand the Vita Health brand in Singapore and Malaysia**
- 2. Introduce Herbs of Gold brand to marketplace and build a sustainable business**
- 3. Identify opportunities to leverage Group's position in to new customer groups**

# New market strategies



**Operations established, however remain in their infancy**



**Through management build out in established businesses, Mr Tie's extra capacity will allow him to drive the new markets:**

- **China: Regulatory hurdles to be navigated**
- **Thailand: Adapting product pricing and positioning to changing market conditions**
- **Indonesia: Operations to be officially launched H2 2015**
- **Vietnam: Expanding product line and build out of staff**
- **Malaysian MLM: Upgraded training and meeting facilities in Malaysian headquarters is expected to add significantly to the stature of the MLM and attract skilled staff**

# Kuala Lumpur Headquarters

 **Malaysian central facility will increase VSC's operational capabilities:**

- **On-site new packing plant will enable VSC to increase customer service;**
- **On-site laboratory positions VSC to meet more stringent product efficacy pharmaceutical regulations associated with the inception of the ASEAN free trade agreement;**
- **State of the art training centre providing an education focal point for staff and customers alike; and**
- **Technologically and aesthetically improved office & meeting spaces**

 **Total investment of circa \$14m, over 3 to 4 years.**

- **Land and building shell: \$6m**
- **General fitout & construction: up to \$4m**
- **GMP Laboratory & Packing Plant: up to \$4m**

 **First back office staff to be relocated beginning first quarter 2016**

# 2015 financial performance




## Two major markets:

- Australia sales and EBIT up against 2014
- Malaysia down on 2014 as a result of GST introduction



## Other markets:

- Singapore up on 2014, off a low 2014 base
- China down on 2014, off high 2014 base
- Thailand remains problematical
- Vietnam progressing well



Despite a soft start in the first 4 months of 2015, Directors maintain earlier guidance. A reaffirmation of the forecast or otherwise will be made by the first week of August.

# Appendix

# Appendix 1 – Profit and Loss

Year ended 31 December	2014 \$m	2013 \$m	Change %
Revenue	36.58	35.41	3.3%
EBITDA	7.00	5.62	24.6%
EBIT	6.88	5.51	24.9%
Profit before tax	6.92	5.52	25.4%
Profit after tax <sup>(1)</sup>	7.28	4.75	53.3%
EPS (Diluted – cents)	12.84	8.42	52.5%
Dividend (cents / share)	3.50	3.00	16.7%

# Appendix 2 – Balance Sheet

Balance Sheet as at 31 December	2014 \$m	2013 \$m
Current assets	20.81	20.49
Non-current assets	9.46	1.52
<b>Total assets</b>	<b>30.27</b>	<b>22.01</b>
Current liabilities	(5.53)	(5.68)
Non-current liabilities	(3.17)	(0.06)
<b>Total Liabilities</b>	<b>(8.71)</b>	<b>(5.74)</b>
<b>Net Assets</b>	<b>21.56</b>	<b>16.27</b>

# Appendix 3 – Cash Flow

Cash Flow	2014 \$m	2013 \$m
Receipts from customers	38.97	38.86
Payments to suppliers and employees	(31.95)	(33.54)
<b>Gross operating cash flow</b>	<b>7.02</b>	<b>5.32</b>
EBITDA	7.00	5.62
<b>Gross operating cash flow / EBITDA</b>	<b>100.3%</b>	<b>94.7%</b>
Net interest received	0.12	0.07
Income tax paid	(1.02)	(0.56)
<b>Operating cash flows</b>	<b>6.12</b>	<b>4.83</b>
<b>Net cash flows from investing</b>	<b>(3.41)</b>	<b>(0.28)</b>
Net movements in equity	(2.64)	(0.70)
<b>Cash flows from financing</b>	<b>(6.05)</b>	<b>(0.98)</b>
Net foreign exchange differences	0.12	0.10
<b>Net increase in cash reserves</b>	<b>0.19</b>	<b>3.95</b>
Cash at beginning of period	8.97	5.02
<b>Cash at end of period</b>	<b>9.16</b>	<b>8.97</b>

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# Ordinary Resolutions

- 1. Remuneration Report**
- 2. Re-election of Director – Mr J Tooth**
- 3. Share buy-back**
- 4. Long Term Incentive Plan – Mr E Tie**
- 5. Long Term Incentive Plan – Mr H Townsing**

# Proxy Summary

RESOLUTIONS	IN FAVOUR	AGAINST	ABSTAIN	PROXY'S DISCRETION	TOTALS
1) Adoption of the Remuneration Report	29,012,488	2,378,176	2,765,441,	8,146	34,164,251
2) Election of Director (Mr J Tooth)	33,702,957	159,666	293,482	8,146	34,164,251
3) Share Buy-Back	34,036,814	65,020	54,271	8,146	34,164,251
4) Long Term Incentive Plan (Mr E Tie)	29,520,662	2,428,068	2,207,375	8,146	34,164,251
5) Long Term Incentive Plan (Mr H Townsing)	29,520,662	2,428,068	2,207,375	8,146	34,164,251

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