

# Vita Life Sciences Ltd

ASX: VSC

Results Presentation  
Half Year ended 30 June 2015



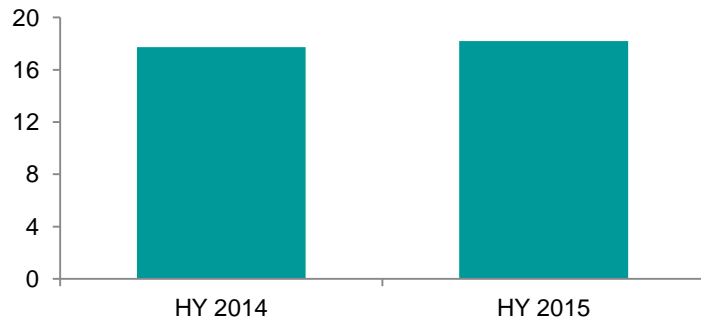
# Vita Life Sciences overview



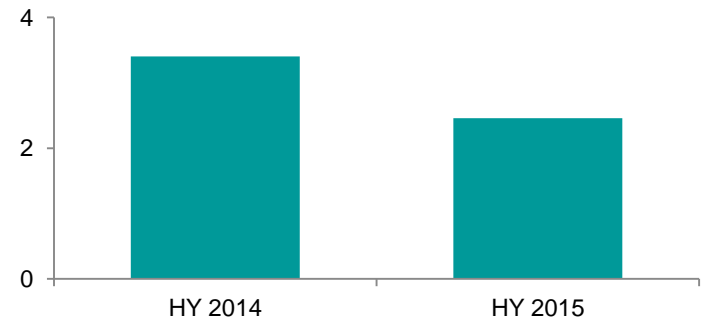
- Asia Pacific pharmaceutical and healthcare over-the-counter business involved in the formulating, packaging, sales and distribution of vitamins and supplements
- 750 - 800 registered sku of vitamins and supplements sold in 8 countries in the Asia Pacific region
- 3 major brands
  1. VitaHealth: products sold in health food stores and pharmacies throughout Southeast Asia
  2. Herbs of Gold: products sold in health food stores in Australia and Singapore
  3. VitaSciences: products sold through independent pharmacies in Australia
- Approx. 400 employees across 8 countries.
- ASX listed since 2007 (ASX:VSC)

# Half Year 2015 results

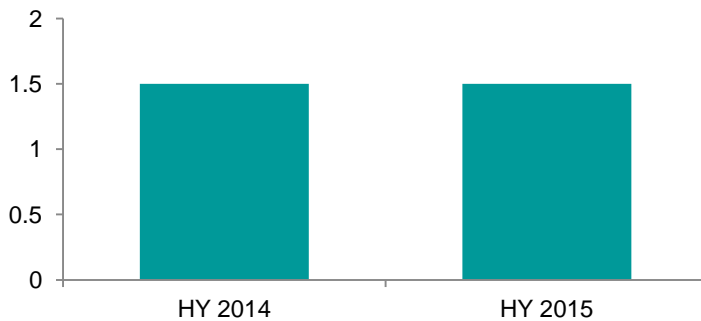
**Revenue (\$m)**



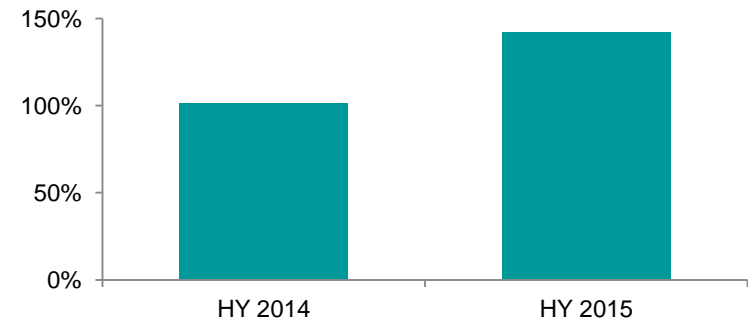
**EBIT (\$m)**



**DPS – Interim (cps)**



**Gross operating cashflow to EBITDA**

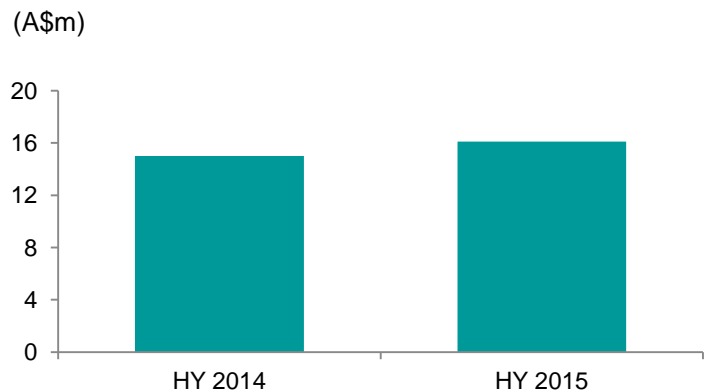


# Half Year 2015 results

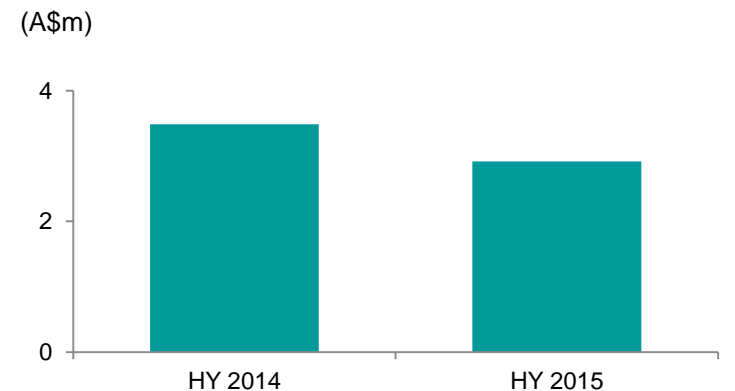
## Established markets: Australia and Singapore growth outweighed by Malaysia

- 1) Australia: Continued growth in core Herbs of Gold brand, ongoing establishment of Vita Science brand in the pharmacy channel
- 2) Singapore: Continued growth in core VitaHealth brand, first sales of Herbs of Gold brand
- 3) Malaysia: Challenging economic conditions and the introduction of the GST in April 2015 led to management implementing sales support initiatives impacting both product pricing and margins

### Revenue



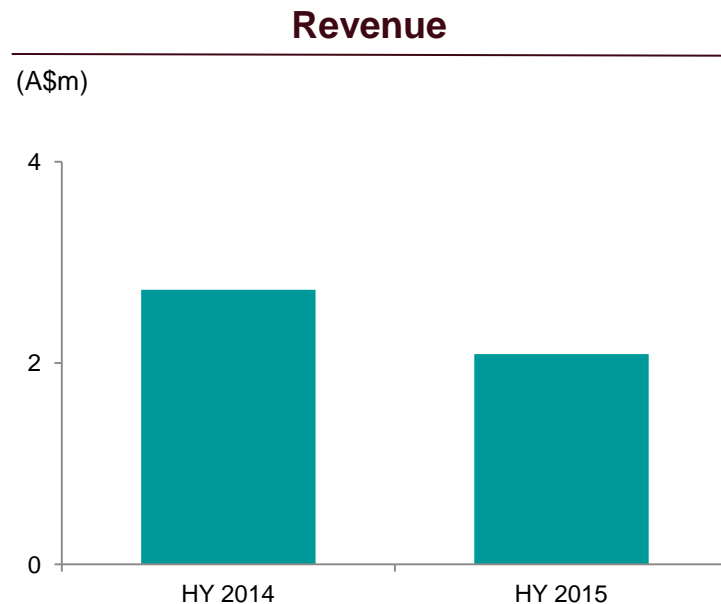
### EBIT



# Half Year 2015 results

## Other Asia performance adversely impacted by:

- 1) Product regulation changes in China have impacted on the number of products available for sale; and
- 2) Ongoing under performance in Thailand culminating in a new management team being established



# VSC strategic initiatives

## ➤ Australia

- Herbs of Gold remains unique formulation, premium ingredient brand
- VitaScience brand roll out continues into independent pharmacies

## ➤ Malaysia / Singapore

- As in Australia, dedicated country CEO to be implemented
- Herbs of Gold brand to be introduced in Malaysia following successful launch in Singapore
- New head office facility fitout and preparation for opening in Q1 2016

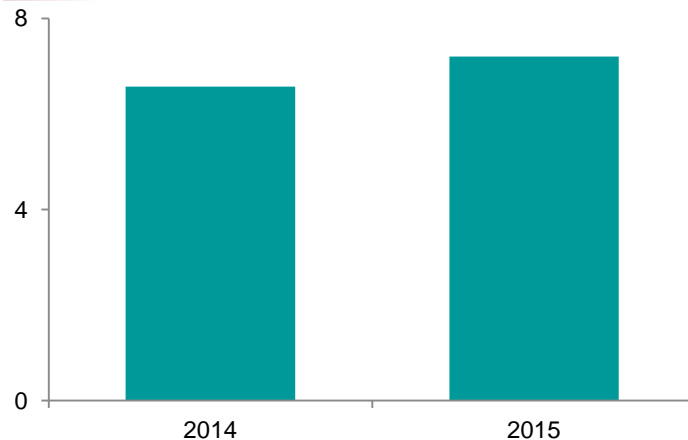
## ➤ Other Asia

- China
  - Re-registration of products under new regulatory regime on-going
  - Cross border e-commerce platforms being introduced, based out of Singapore and Australia
- Thailand
  - New senior management team is being established

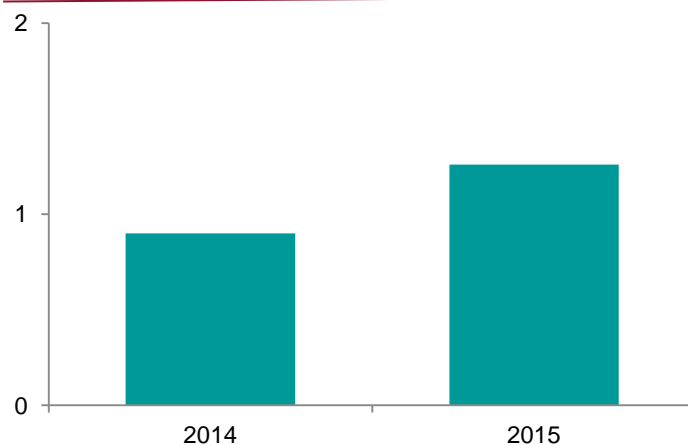
# Segment results

## Australia

Revenue (\$m)



EBIT (\$m)

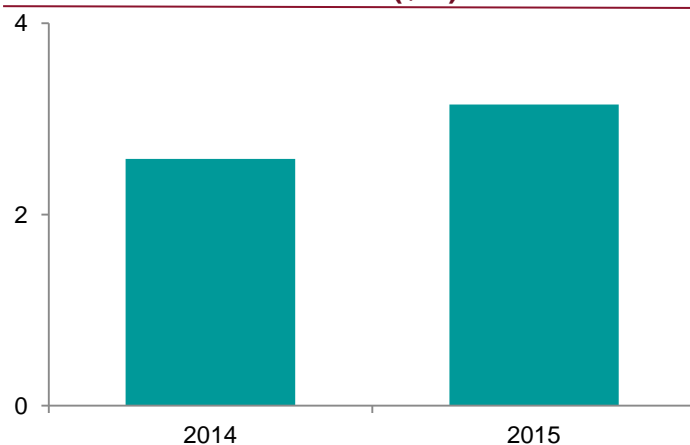


- Sales revenue of \$7.2m, an increase of 9.6% against half year 2014
  - Revenue base of the Herbs of Gold brand sustained in a competitive environment
  - Initial sales of the Herbs of Gold brand under international distribution agreement
  - Continued rollout of the VitaScience brand in the pharmacy channel
- Operational EBIT increased by 17.4%, achieved as a result of focus on high quality products and continued leveraging of the fixed cost base

# Segment results

## Singapore

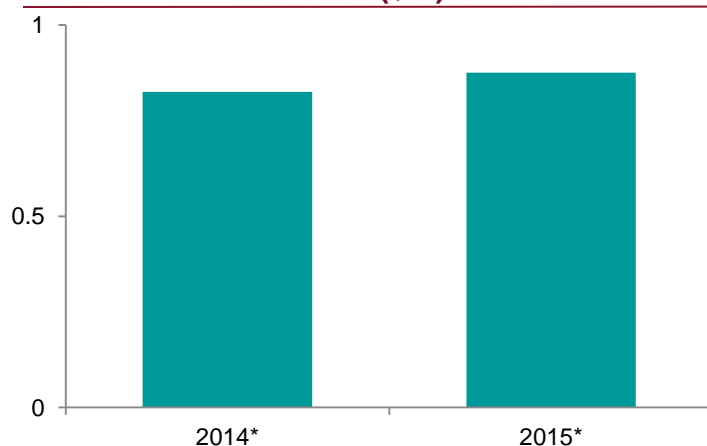
Revenue (\$m)



➤ Sales revenue of \$3.2m, an increase of 22.2% against half year 2014

- Underperforming sales staff replaced in first half 2014 and rejuvenation of sales team has proven successful
- First sales of the Herbs of Gold brand in the Singaporean market

EBIT (\$m)

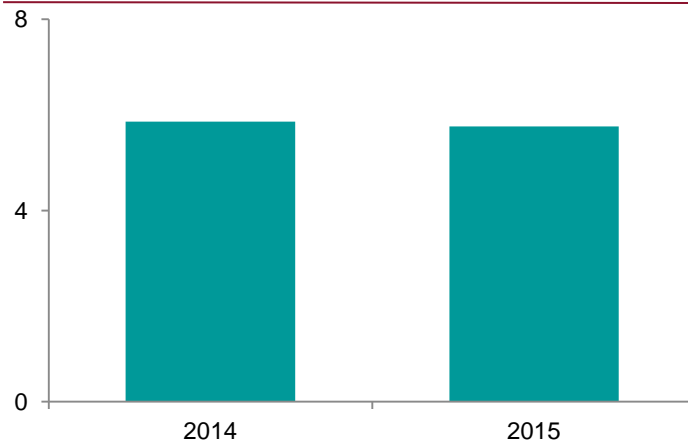


➤ Singapore in country\* EBIT increased 6.0% against half year 2014, with EBIT compression due to impact of lower margin Herbs of Gold sales during the brand's establishment phase



# Segment results Malaysia

Revenue (\$m)

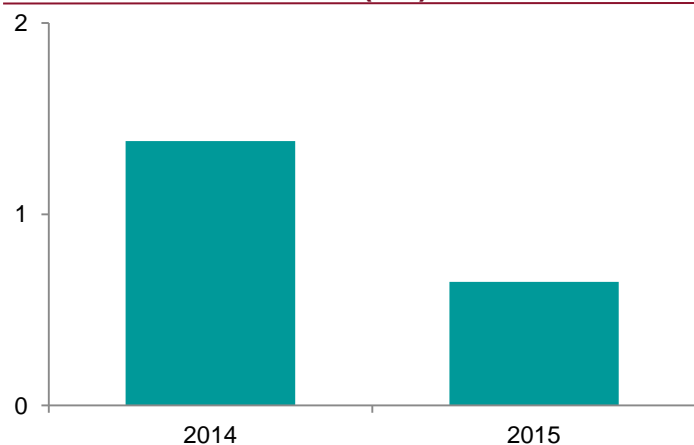


- Sales revenue of \$5.8m, a decrease of 1.7% against half year 2014

- Malaysia-wide economic slowdown, impacted by April introduction of GST and prevailing political climate

- Actions taken to maintain market share through active pricing strategy

EBIT (\$m)

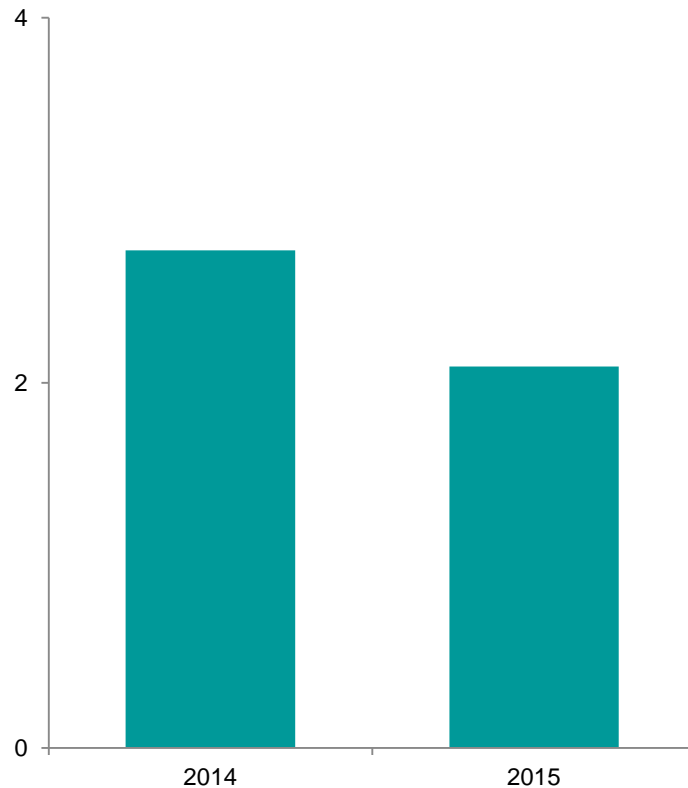


- EBIT approximately halved against half year 2014 as management increased advertising and promotional activity to stimulate sales and maintain market presence in a challenging economic climate

# Segment results

## Other Asia<sup>(1)</sup>

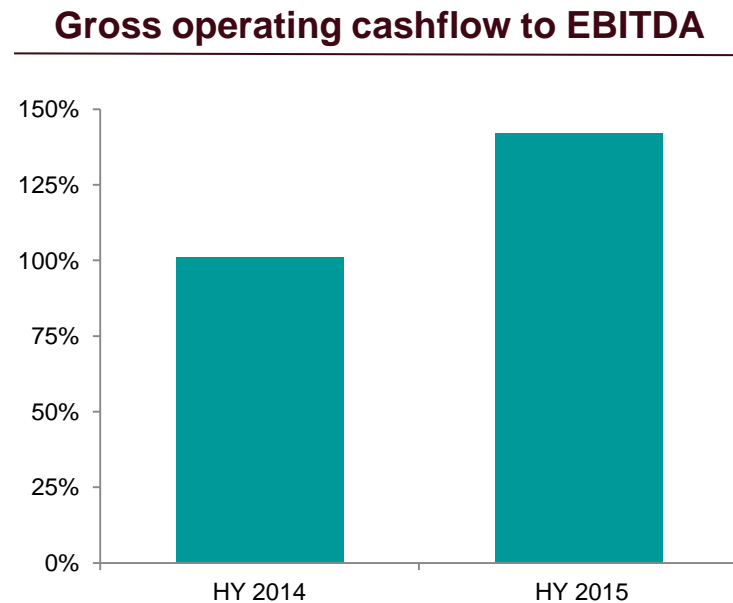
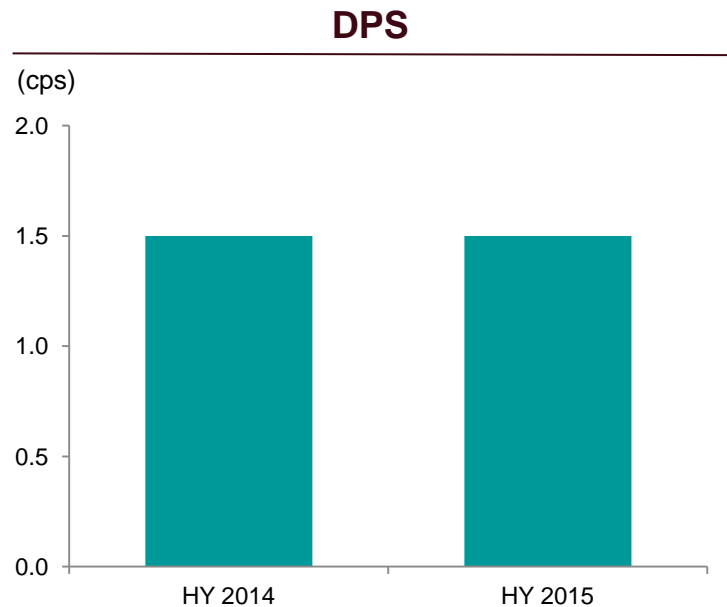
Revenue (\$m)



- Sales revenue decreased by \$0.6m against half year 2014
- Vietnam continued revenue growth, and MLM revenue was steady
- Collectively, Other Asia performance was adversely impacted by:
  - Regulatory issues in China
  - Management change in Thailand
- Preparations for Indonesian business reaching completion, with a view to first sales in Q4 2015

# Interim dividend and cashflow

- Interim dividend declared of 1.5 cents per share for HY15 (1.5 cent HY14)
- Interim dividend will be unfranked & contains 100% Conduit Foreign Income
- Dividend reinvestment plan is currently suspended
- The increase in gross operating cashflow conversion to 142% of EBITDA is due to timing differences in creditor payments at period end. Reversion to historic conversion circa 100% is expected for the full financial year



Strong operating cashflow conversion allows for consistent dividends

# Shareholder update

## Trading update

- Directors revise full year revenue guidance to circa \$38m;
- Directors revise full year EBIT guidance to circa \$5.5m

# Appendix

# Appendix 1 – Profit and Loss

Half year ended 30 June	2015 \$m	2014 \$m	Change %
Revenue	18.20	17.74	3%
EBITDA	2.42	3.36	(28%)
EBIT	2.37	3.31	(28%)
Profit before tax	2.32	3.34	(31%)
Profit after tax	1.56	4.66	(67%)
EPS (Diluted – cents)	2.79	8.20	(66%)
Dividend (cents / share)	1.50	1.50	50%

# Appendix 2 – Balance Sheet

Balance Sheet as at	30 June 2015 \$m	31 December 2014 \$m
Current assets	22.54	20.81
Non-current assets	8.82	9.46
<b>Total assets</b>	<b>31.36</b>	<b>30.27</b>
Current liabilities	(6.34)	(5.53)
Non-current liabilities	(3.02)	(3.17)
<b>Total Liabilities</b>	<b>(9.36)</b>	<b>8.70</b>
<b>Net Assets</b>	<b>22.00</b>	<b>21.57</b>

# Appendix 3 – Cash Flow

Cash Flow for the half year ended	2015 \$m	2014 \$m
Receipts from customers	20.10	19.21
Payments to suppliers and employees	(16.67)	(15.81)
<b>Gross operating cash flow</b>	<b>3.43</b>	<b>3.40</b>
EBITDA	2.42	3.36
<b>Gross operating cash flow / EBITDA</b>	<b>142%</b>	<b>101%</b>
Net interest (paid) / received	(0.05)	0.02
Income tax paid	(0.41)	(0.45)
<b>Operating cash flows</b>	<b>2.97</b>	<b>2.97</b>
<b>Cash flows from investing</b>	<b>(0.09)</b>	<b>(0.62)</b>
Net movements in equity	(1.19)	(1.46)
<b>Cash flows from financing</b>	<b>(1.19)</b>	<b>(1.46)</b>
Net foreign exchange differences	(0.07)	(0.19)
<b>Net increase in cash reserves</b>	<b>1.62</b>	<b>0.70</b>
Cash at beginning of period	9.16	8.97
<b>Cash at end of period</b>	<b>10.78</b>	<b>9.67</b>



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