



## VITACO FY16 FULL YEAR RESULTS

### Highlights

- IPO Prospectus forecasts for pro forma revenue, EBITDA and NPAT achieved
- Revenues of \$212.8m (12 months to 30 June), in line with IPO Prospectus forecast, 23.4% above FY15 pro forma revenue
- Pro forma EBITDA of \$23.9m, 0.8% above IPO Prospectus forecast and 16.0% above FY15 pro forma EBITDA
- Pro forma NPAT \$13.1m, 3.1% above IPO Prospectus forecast and 18.0% above FY15 pro forma NPAT
- Solid revenue growth across all divisions
- Full year China sales \$22.0m, up 38.4% on the pcp
- Final dividend of 2.96 cents per share declared, taking the total FY16 dividends to 4.65 cents per share

Vitaco Holdings Limited (ASX:VIT) (“Vitaco” or “Company”) today release full year results for 2016 having achieved IPO Prospectus forecasts for pro forma revenue, EBITDA and NPAT.

Pro forma net revenue of \$212.8m is 23.4% up on FY15 and is marginally ahead of FY16 IPO forecast of \$211.3m. The revenue growth reflects the successful integration of the Musashi acquisition, ongoing growth in China and organic growth across the Company’s key brands. Pro forma EBITDA of \$23.9m is 16% up on FY15 and in line with IPO forecast of \$23.7m.

On a statutory basis (15 months to 30 June 2016) revenue of \$258.1m is in line with IPO Prospectus forecast (\$255.7m) and the net loss after tax of \$9.1m, represents a 6.2% improvement on IPO forecast. This includes the impact of IPO listing costs and Musashi integration costs.

The Board has declared a final dividend of 2.96 cents per share representing a 55% payout ratio on pro forma NPAT\* taking total dividends for FY16 to 4.65 cents per share. The Record Date is 6 September 2016 and the dividend is payable on 30 September 2016.

Vitaco chief executive, Ryan d’Almeida said; “It was pleasing to meet our IPO forecasts, particularly given the headwinds we experienced in the second half surrounding the uncertain regulatory environment in China.”

“We experienced some very good results during the year including the integration of the Musashi acquisition ahead of time, solid sales growth in the Vitamins and Dietary Supplements segment, and strong growth in the Middle East. During the year we also considerably strengthened our China team by recruiting a China General Manager based in Shanghai and additional China focussed sales and marketing resources based in Australia and New Zealand.”

## **Outlook**

Continued regulatory uncertainty in China, the loss of the Trilogy contract and increasing business investment will impact sales and earnings in the year ahead.

During the financial year, Vitaco is forecasting an increase in operating costs as it increases investment in the business including:

- increased consumer marketing costs and increased headcount to support growth in China;
- greater marketing support for key brands across the New Zealand and Australian markets; and
- Increased investment in developing and growing our Supplements position within the Australian pharmacy channel.

Shareholders should also note that Vitaco is also in the preliminary stages of assessing opportunities to expand its manufacturing and warehousing footprint in Auckland which, if actioned, will require capital investment.

Mr d'Almeida said; "Given the continued regulatory uncertainty in China, and the associated channel pressures we are seeing domestically, we expect our Q1 FY17 sales to be below the prior corresponding period. We remain positive about the long-term thematic for our brands into China, however short-term route-to-market challenges will impact sales. During FY17 we will continue to increase our investment in our brands to ensure we maximise our long-term growth both domestically and in our key international growth markets.

## **Vitaco Proposed Scheme of Arrangement**

- On 4 August 2016, Vitaco announced that it had entered into a Scheme Implementation Deed with subsidiaries of Shanghai Pharmaceuticals Holdings Co. Ltd and Primavera Capital Fund II L.P. at \$2.25 per share
- The offer represents a premium to 1-month VWAP\*\* of 37% and to 3-month VWAP\*\* of 32%
- Vitaco's Directors recommend shareholders vote in favour of the Scheme, subject to no superior proposal emerging and an independent expert determining that the Scheme is in the best interests of Vitaco shareholders
- Further details on the proposed Scheme will be provided to shareholders in late September 2016 with a shareholder meeting expected to be convened in November 2016

\* *As outlined in the IPO Prospectus Pro forma NPAT for calculating the FY16 dividend is adjusted to exclude the impact of ne-recurring legacy Musashi operating costs.*

\*\* *As at the date of the announcement*

-ENDS-

For Further Information:

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A results briefing for analysts, institutional investors, retail investors and media will be held via teleconference at 11am (AEST) on Tuesday 30 August 2016.

Details of the conference call dial in are as follows:

<b>Conference name:</b>	Vitaco Holdings (Full Year) Results briefing
<b>Conference ID:</b>	70099567
<b>Australia dial in details:</b>	1800 087 756 (toll free) or +61 2 9083 3215 (toll)
<b>Hong Kong dial in details:</b>	800 906 604 (toll free) or +852 30186774 (toll)
<b>New Zealand dial in details:</b>	0800 880 514 (toll free)
<b>Other countries dial in details:</b>	+65 67135490 (toll)