

Probiotec Limited

# FY22 RESULTS & OUTLOOK

ASX: PBP

24 August 2022





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All values are expressed in Australian Dollars unless otherwise stated.



# — KEY HIGHLIGHTS FY22

1

Record revenue of \$182.3m, +14% on FY21 Proforma and above \$175m - \$180m guidance

2

EBITDA of \$32.8m, +34% on FY21 Proforma and at the upper end of \$32m - \$33m guidance

3

Underlying Earnings Per Share of 16.8 cents, +38% on FY21 Proforma

4

Fully franked final dividend of 3.5 cents per share, resulting in a full year dividend of 5.5 cents per share, +10% on FY21

5

Results driven by strong organic growth together with partial return of cold & flu product sales that were suppressed during the pandemic

6

Strong outlook for the future with a number of growth opportunities and industry tailwinds expected





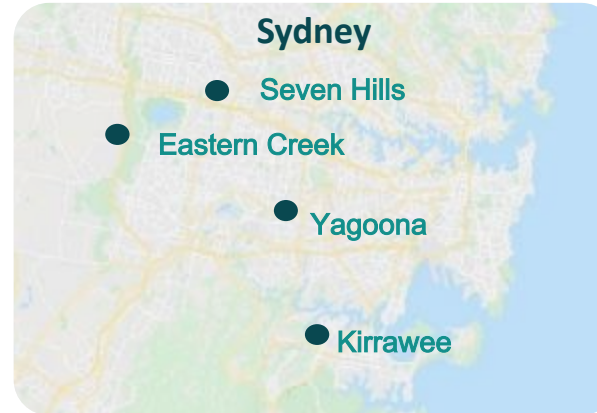
# ABOUT PROBIOTEC

# — ABOUT PROBIOTEC COMPANY OVERVIEW

Probiotec is a leading national manufacturer, packer and distributor of client goods

- Probiotec provides 200+ clients with a full-service contract manufacturing & packing offering across key categories including:
  - ✓ Prescription and OTC Pharmaceuticals
  - ✓ Vitamins and Supplements
  - ✓ Veterinary Products
  - ✓ Cosmetics
  - ✓ Food & Beverage
  - ✓ Pet Food & Ingredients
- The company operates 6 manufacturing facilities and distributes its products both domestically and internationally on behalf of its clients

## Facilities





# — PROBIOTEC CLIENTS INCLUDE:







# — ABOUT PROBIOTEC ACCREDITATIONS

Probiotec holds an extensive range of regulatory licenses that deliver a significant barrier to entry for potential new participants into the industry





# FINANCIAL RESULTS





# — FINANCIAL RESULTS HIGHLIGHTS

	FY22 Statutory <sup>1</sup>		FY22 Underlying <sup>2</sup>
<b>Revenue</b>	\$182.3m +51% on FY21	↑	\$182.3m +14% on FY21
<b>EBITDA</b>	\$34.7m +80% on FY21	↑	\$32.8m +34% on FY21
<b>NPAT</b>	\$13.7m +170% on FY21	↑	\$13.5m +45% on FY21
<b>EPS</b>	17.1 cents +159% on FY21	↑	16.8 cents +38% on FY21
<b>Net Bank Debt / EBITDA</b>	0.8 x -20% on FY21	↓	0.8 x -20% on FY21
<b>Full Year Dividend</b>	5.5 cents +10% on FY21	↑	5.5 cents +10% on FY21

(1) Statutory results per audited FY22 financial statements

(2) Underlying: See appendices for reconciliation. FY21 includes Pro forma adjustment for Multipack-LJM acquisition. Results adjusted for non-recurring transaction costs and amortisation of acquired intangibles



## — FINANCIAL RESULTS GROWTH

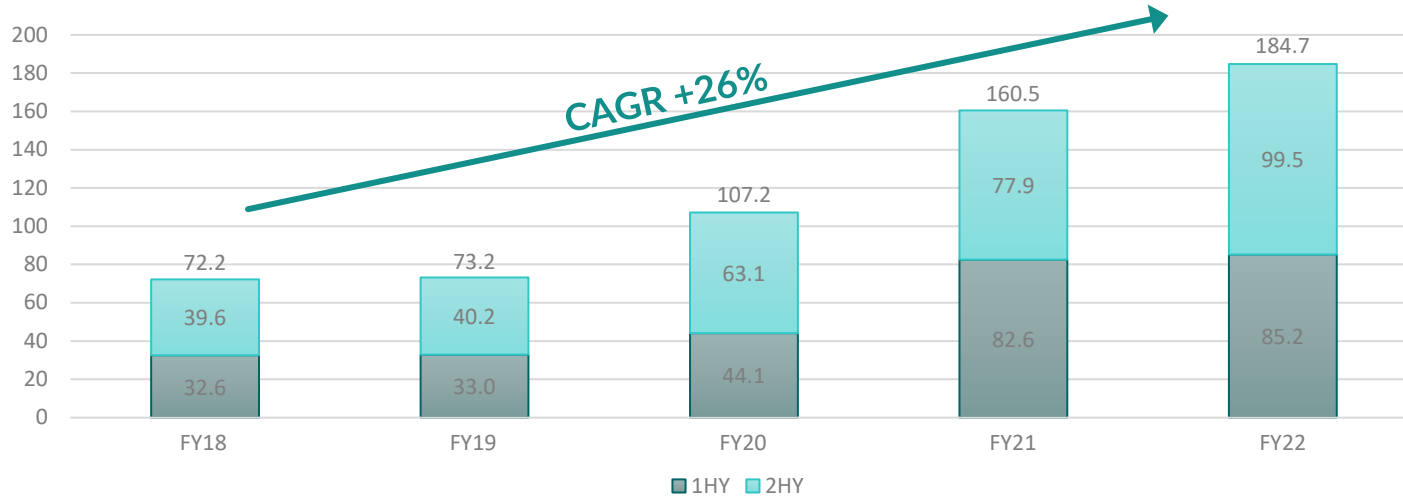
Pro Forma	FY18	FY19	FY20	FY21	FY22	FY18 – FY22 CAGR
Revenue	\$72.2m	\$79.1m	\$107.2m	\$160.5m	\$182.3m	26%
EBITDA – Underlying <sup>1</sup>	\$9.4m	\$9.7m	\$16.9m	\$24.6m	\$32.8m	37%
NPAT – Underlying <sup>1</sup>	\$3.1m	\$4.1m	\$8.1m	\$9.3m	\$13.5m	44%
EPS – Underlying <sup>1</sup> (cents per share)	6.8	6.6	11.1	12.1	16.8	25%
Share Price (\$)	1.15	1.57	1.90	2.08	2.25	✓
Dividends (cents per share)	2.25	3.00	4.00	5.00	5.50	✓

(1) Underlying: See appendices for reconciliation. FY21 includes Pro forma adjustment for Multipack-LJM acquisition. Results adjusted for non-recurring transaction costs and amortisation of acquired intangibles

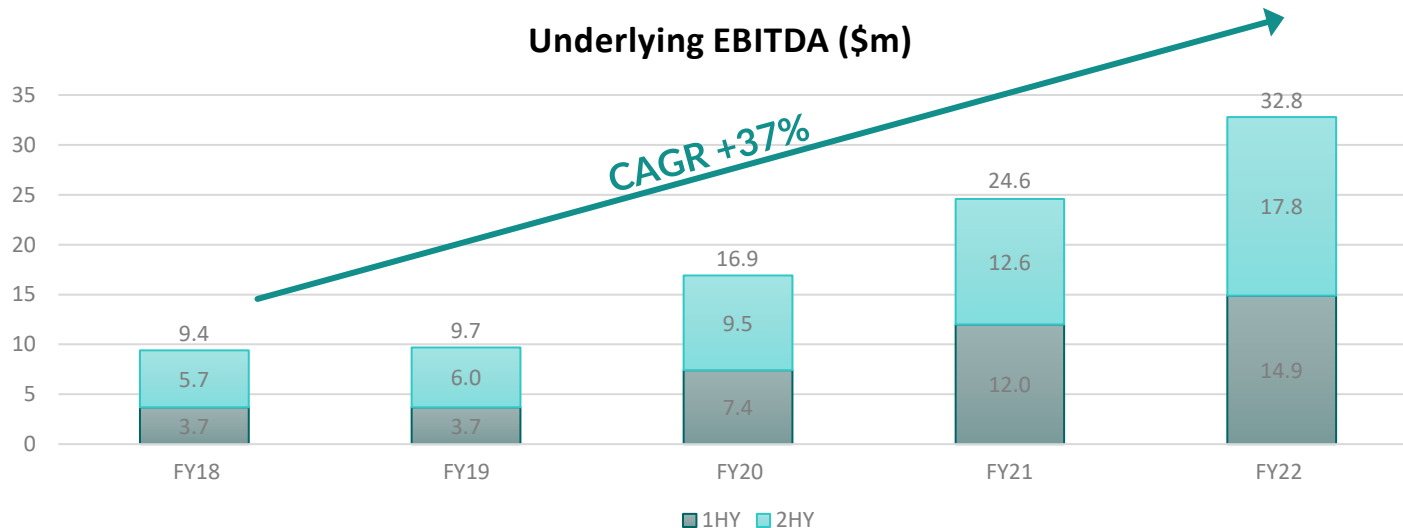


# — FINANCIAL RESULTS KEY TRENDS & DRIVERS

Proforma Revenue (\$m)



Underlying EBITDA (\$m)



New customer wins now coming online after being delayed by covid

Significant levels of enquiry being driven by onshoring thematic, along with customers' need to strengthen supply chain reliability

Cold and Flue sales coming back faster than expected late in FY22 after being suppressed during the pandemic





# — FINANCIAL RESULTS BALANCE SHEET & CASHFLOW

Underlying Cash Flow (\$m)	FY22
EBITDA (Underlying)	32.8
(-) Tax	(6.4)
(-) Working Capital	(2.6)
(-) Interest Expense	(4.3)
(+) Other	-
<b>= Underlying Cashflow from Operations</b>	<b>19.5</b>
(-) Capital Investments	(4.9)
(-) Acquisitions & payments for intangible assets	(11.6)
(-) Net Debt Repayment	(5.9)
<b>= Underlying Net Cash Flow</b>	<b>(2.9)</b>
<hr/>	
Net Debt (\$m)	FY22
Bank Debt	48.5
Cash	(22.2)
<b>Net Debt</b>	<b>26.3</b>
<hr/>	
<b>Net Debt / Underlying EBITDA</b>	<b>0.8 x</b>

**\$19.5m**

→ Underlying cashflow from operations

Strong cash generation despite impacts of global supply chain disruptions

Completion and deferred payments of \$9.5m paid during FY22 related to the acquisitions of Multipack-LJM and H&H Packaging

Additional inventory held in second half of the year to buffer disruptions

Leverage (Net Debt / EBITDA) at 0.8 x → well positioned for further inorganic growth opportunities



# OUTLOOK



# – OUTLOOK FY23 AND BEYOND

## Achievements FY22

- ✓ Record sales and earnings
- ✓ Effectively managed labour shortages and supply chain disruptions from Covid and geopolitical situation. Mitigated impact on operational output and efficiency
- ✓ Cold & flu sales returned late in the year
- ✓ Strong cash generation continued
- ✓ Positioned business for future growth opportunities and to take advantage of industry tailwinds (onshoring and freight advantages of local manufacturing)

## Trading Outlook FY23

- Despite the uncertain operating environment, the Board remains confident of achieving growth in sales and earnings in FY23
- Cold and flu sales recovery to continue into FY23. Expected reset above historical levels for at least the near term
- New business wins being integrated into the facility – some delays due to global issues but timing risk only as all are contracted long term revenue streams
- Labour shortages and supply chain disruptions continuing to impact operational output and efficiency, expected to ease in the future
- Actively pursuing accretive M&A opportunities given balance sheet strength and strategic priorities

## Ambitions FY24 onwards

- Onshoring tailwinds continue to gather momentum with discussions in progress with a number of major clients regarding localisation of manufacturing and supply
- Significant new business opportunities being developed and implemented from extensive and high quality client base
- Full impact of the pipeline of new business opportunities continuing to be realised
- Realise synergies from consolidation of recently acquired sites from the start of FY25 and further consolidation opportunities within the Group
- Acquisition opportunities from continued industry rationalisation will be prioritised





# APPENDICES





## — APPENDICES RECONCILIATION OF RESULTS

(\$'m)	FY22 Actual	Underlying Adjustments	FY22 Underlying	FY21 Actual	Underlying Adjustments	Proforma Adjustments	FY21 Proforma	Growth Rate
Sales Revenue	182.3	-	182.3	120.5	-	40.0	160.5	14%
EBITDA	34.7	(1.9)	32.8	19.3	2.4	2.9	24.6	34%
EBIT	22.3	0.6	22.9	11.1	4.2	0.5	15.8	45%
Net Profit After Tax	13.7	(0.3)	13.5	5.1	3.6	0.6	9.3	45%
EPS	17.1	(0.3)	16.8	6.6	4.6	0.8	12.1	39%

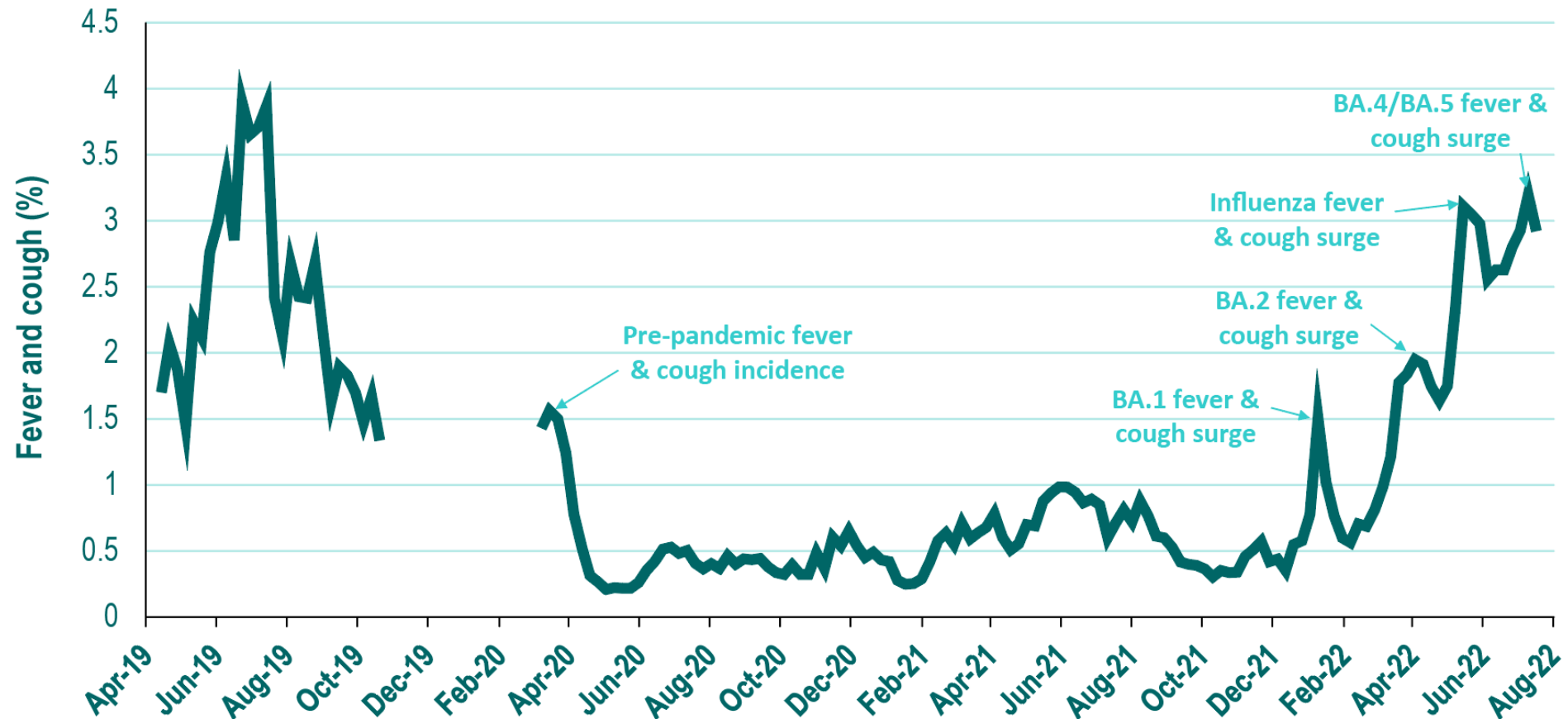
Underlying Adjustments (\$'m)	FY22	FY21
Non-recurring transaction costs	0.9	2.4
Fair value gain	(2.8)	-
Amortisation of acquired intangibles	2.5	1.8

Proforma Adjustments (\$'m)	FY21			
	Sales	EBITDA	EBIT	NPAT
Multipack-LJM HY21 Results	40.0	8.0	5.6	4.6
Proforma Interest on Multipack-LJM acquisition loan	-	-	-	(0.4)
JobKeeper Income	-	(5.1)	(5.1)	(3.6)
<b>TOTAL</b>	<b>40.0</b>	<b>2.9</b>	<b>0.5</b>	<b>0.6</b>



# — APPENDICES RECOVERY OF COLD & FLU AND PHARMACY SALES

2019-2022 Fever & Cough Incidence (% of Population, based on sample of 63,724)



Source: Info.flutracking.net. Report dated 17 July 2022.



# — ABOUT PROBIOTEC COMMITTED & EXPERIENCED TEAM



Probiotec's Executive Team are highly skilled and committed to executing its growth plans.



## Wesley Stringer Chief Executive Officer

Wesley has been the CEO of Probiotec since **July 2015**.

Prior to this role, Wesley was the **Chief Operating Officer at Probiotec for 12 years**. Before this, Wesley was employed by **KPMG** in Taxation and Finance. He has also worked internationally for **Deutsche Bank** and **BNP Paribas** in London.



## Jared Stringer Chief Financial Officer

Jared has been the CFO of Probiotec since **July 2012**.

Prior to this role, Jared was a **Financial Accountant at Probiotec for 6 years**. Before this, he worked as an Investment Analyst at **CVC**. He also holds the role of Company Secretary with experience and qualifications in Corporate Governance.



## Julie McIntosh Chief Operating Officer

Julie has been the COO of Probiotec since **May 2017**.

Prior to this role, Julie was the **General Manager of Supply Chain at Probiotec**. Before joining the Probiotec team, Julie gained over 20 years experience in a global chemical company **Ciba**, where she focussed on supply chain management and global project management.



## Jessica Walters Chief Customer Officer

Jessica has been the CCO of Probiotec since **April 2022**.

Prior to joining Probiotec, Jessica was the Head of Sales and Marketing for the **Labelmakers Group**.



## Annalinde Nickisch Chief People Officer

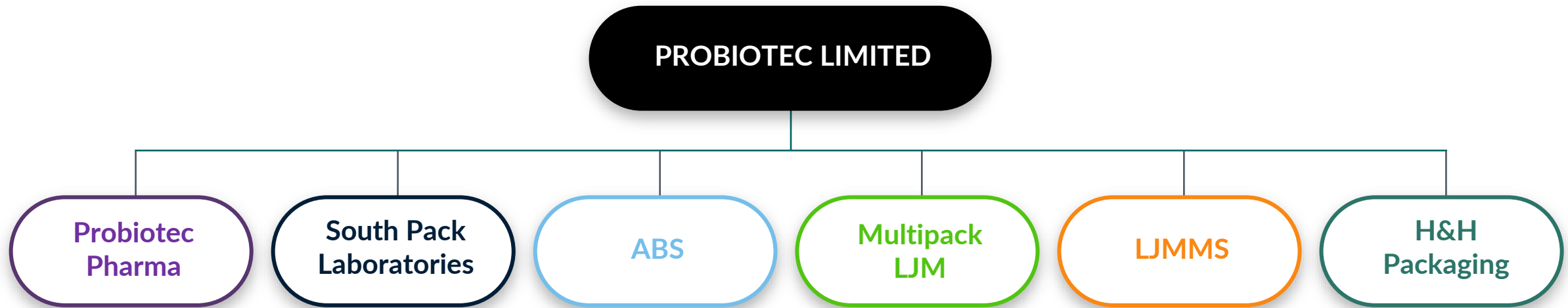
Annalinde has been the CPO of Probiotec since **April 2022**.

Prior to this role, Annalinde was the **General Manager of Human Resources and OH&S at Probiotec** along with stints at **Bauer** and **The Thought Factory**.



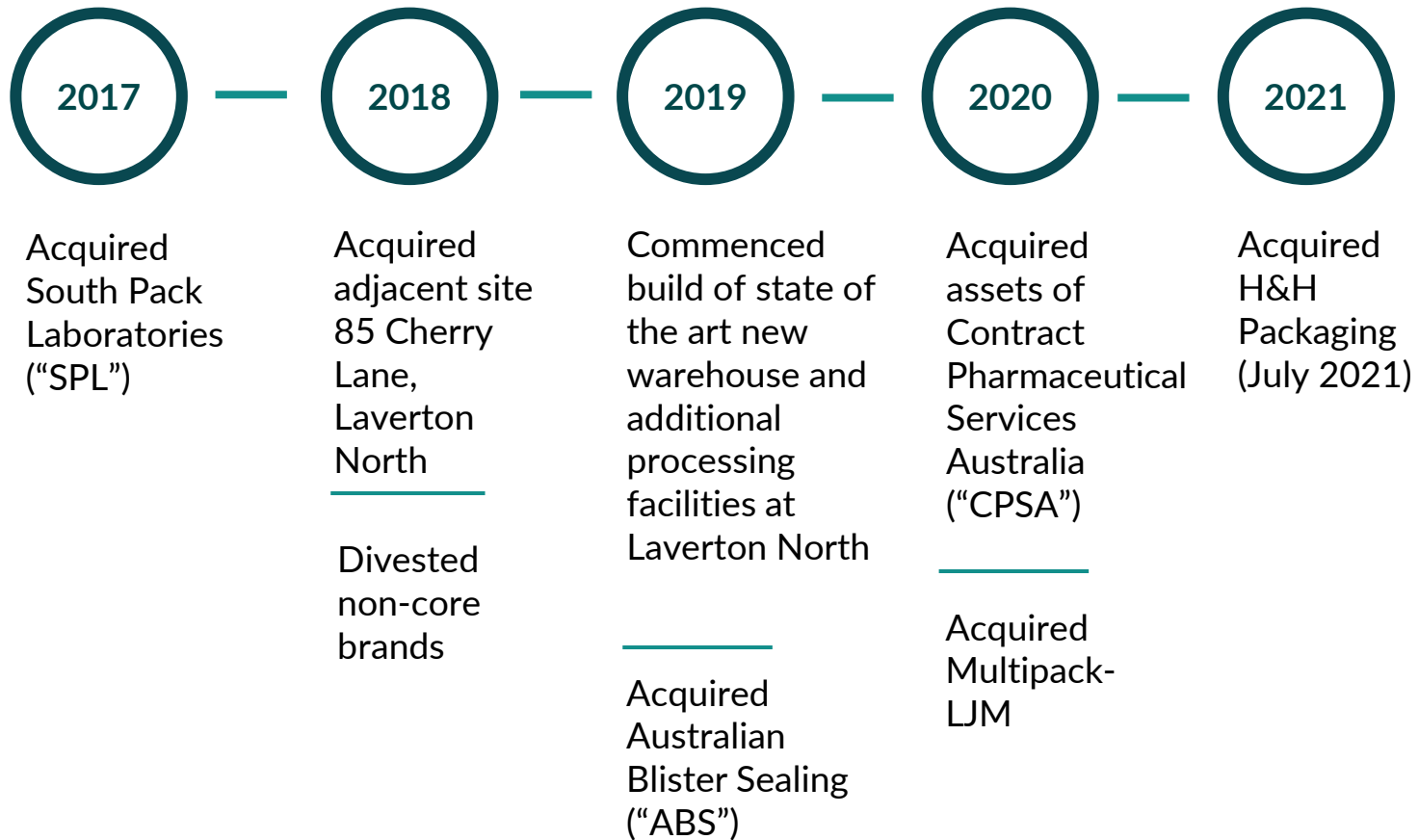
# — ABOUT PROBIOTEC GROUP STRUCTURE

PBP operates from 6 manufacturing facilities in NSW and Victoria using these wholly owned subsidiaries



# — ABOUT PROBIOTEC RECENT HISTORY

Since its founding in 1997, the company has experienced strong growth organically and via strategic acquisitions






# Probiotec Limited

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