



28 November 2018

2018 AGM Star Combo Pharma Limited Chairman's Address

2018 was a transformational year for Star Combo and we achieved a great deal.

At the beginning of calendar year 2018 we embarked upon the IPO for the company. This was a process designed to raise funds to set the company up with the resources to grow our branded products, to expand our factory utilisation, and to open new sales channels. It was also aimed at providing us with the financial means to look at strategically aligned business acquisitions, which I will talk about more in a few minutes.

The IPO was a tremendous success and we are very grateful for the support that the investing community has given us prior to and subsequent to listing in May this year. For that I thank you.

Since the completion of the IPO we have set out to build a team that will deliver on the responsibilities that we have to all our shareholders to grow the revenues of the business and build an appropriate infrastructure that will support and enable continuing growth. We are pleased with the team we have assembled so far and recognise that this will be a continuing requirement as we take on new projects and development activities.

Su, our CEO will talk to more about these activities in her presentation.

Our operating result for FY 2018 was largely in accordance with our expectations, recognising the significant restructuring and costs that were necessary to set the company up for future success.

The main points to be highlighted from the operating results are:

- the record sales which were 11% up on FY 2017,
- the record marketing spend of just over \$1.4million associated with the Living Healthy brand investment which we anticipate will deliver good results in the second half of this financial year and going forward,
- the non-recurring expenses relating to the IPO,
- the share payments to our valuable staff to recognise their contributions in getting the company to where it is today and the continuing role that they will play in our future development,
- the profitability for FY 2018 of \$2.2million compares on a like for like basis with \$2.3million in FY 2017.



Looking forward, as you know we announced on 8 August 2018, the signing of a Heads of Agreement to acquire the Ausway Group of companies.

We have very nearly completed our due diligence in relation to this acquisition and expect to be able to advise of our decision in relation to this acquisition within the next month.

We have also initiated investigations into the possible acquisition / joint venture of other companies and whilst we continue our interest, no other discussions are sufficiently advanced that we are able to advise shareholders at this point.

The outlook for FY2019 remains positive with expected growing revenues from our current base business as well as additional revenues and positive cashflow from potential acquisitions. Our resources continue to be carefully managed to ensure the appropriate balance between good governance and profitability.

Finally, I would like to thank our dedicated staff who continue to support and enable our activities and growth strategies. FY18 has been a transformational year for our company and I am excited at the prospects for our long term success.

Thank you, I will now hand over to Su Zhang our CEO to provide you with more insight into the performance of our business.

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Star Combo Pharma Ltd

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*Su Zhang – Chief Executive Officer
Presentation to
2018 Annual General Meeting*

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2018 Annual General Meeting

- Inaugural ASX financial result – record full year revenue of \$10.9 million – growth of 11%
- Gross Profit is \$4.49 million, up 22%, with gross margin improved from 39% to 41%
- Record sales of company owned brand products via pharmacies stores to \$780k from \$51k in FY17.
- Strong balance sheet includes \$8.9 million (June 2018) in cash and no debt.
- Normalised FY 2018 profit of \$2.2 million with add back of restructuring and one off expenses
- Investment in building company's brand awareness and strengthening relationships with business partners
- Strong organic growth and business acquisition targets in the pipeline



Growth Strategy

Our Growth Strategy



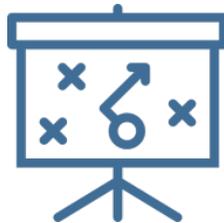
To obtain more distribution channels and launch the Living Healthy Little Koala range in at least 20,000 offline pharmacy outlets in China



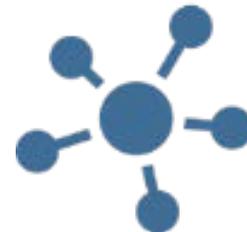
To invest in the research and development of new effective and innovative product and commercialisation of these product lines



To Invest in marketing and promotional activities to achieve significant growth in own brand sales in both Australia and target overseas markets



Improve production efficiency and output of current factory. Increase site occupancy and expand into liquid manufacturing



Acquisition of synergistic companies or business to achieve greater economies of scale and operational efficiency.



Domestic retail, export distribution and sales channel partners in Australia and China.

Living Healthy Marketing Strategy



Improving social awareness and exposure

- Social network: WeChat, Facebook & Instagram
- KOL live broadcast
- Outdoor Billboards
- Digital Advertisement
- Events Sponsor
- Exhibit
- DaiGou training session
- Actor/actress endorsement



王晓晨

9月15日 09:30 来自 微博 weibo.com

闺蜜从澳洲药房给我人肉回来的Living Healthy苓康尔肠健力，竟然很有效哎，不管是熬夜拍戏，还是工作饮食不规律，都不会担心肠胃不适和长痘啦听她说都是纯植物成分，有珍贵的洋蓟和美颜的芦荟，专治不规律，也推荐给你们！[网页链接](#)



China Social Ecommerce Association



Australia China E-commerce Association title sponsor

Living Healthy Sales Channel Strategy

Domestic

Signed on Symbion (Market Cap 3.32B) as a distributor of Living Healthy

- Terry White Chemmart Network– **450** pharmacies in Australia and New Zealand
- Acquisition - Acquired the Living Healthy brand name and TGA Registrations in August 2017
- Marketing costs - \$1.41m in FY18
- Currently ranges 46skus as a core brand in all pharmacy stores
- Launched Living Healthy 5XL Boswellia Serrata Extract + Curcumin using a patented Boswellia (5- Loxin) proven in clinical studies to improve joint mobility and reduce inflammation with results showing within seven days

International

China - Online (JD.com, Kaola, Tmall) and offline



DEDICATED TO PROVIDING OUTSTANDING CARE FOR AUSTRALIAN FAMILIES.

Developing Chinese Market – China Office

- An official office for Star Combo Pharma Ltd based in China (Chongqing) is now incorporated as a wholly foreign-owned enterprise and was open in October 2018.
- The manager in charge has more than 20 years of experience in the marketing of vitamins.
- 7 products already received registration for sale in China.
2 products undergoing registration review in China.
- This is a significant structure in alignment to the group's overall strategy targeting China as a major market contributing in the future growth stream.
- This physical presence in China will enable the Company to engage with and respond to its channel partners and customers more effectively.
- Multiple distribution agreements signed



FY 2019 Outlook

- Group revenue for H1 FY19 (July – December 2018) is expected to grow by 12% - 15% compared to prior corresponding half year
- Continued growth in our own brand segment of the business
- The successful completion and integration of strategic acquisitions
- Sales expansion in the Chinese market through distribution partners, e-commerce platform
- Ongoing sales growth in via Terry White Chemmart partnership (distribution arrangement)
- Further expansion of our in house manufacturing capabilities
 - liquid license manufacturing
 - product testing protocols in house



For further information

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