

# Vita Life Sciences Ltd

Results Presentation  
Half Year ended 30 June 2013



# Disclaimer

This document has been prepared by Vita Life Sciences Limited (**Vita Life**) and comprises written material/slides for a presentation concerning Vita Life.

The presentation is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase, or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by Vita Life that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, Vita Life and its respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss of damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, Vita Life disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change of events, conditions, or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of Vita Life since the date of this presentation.

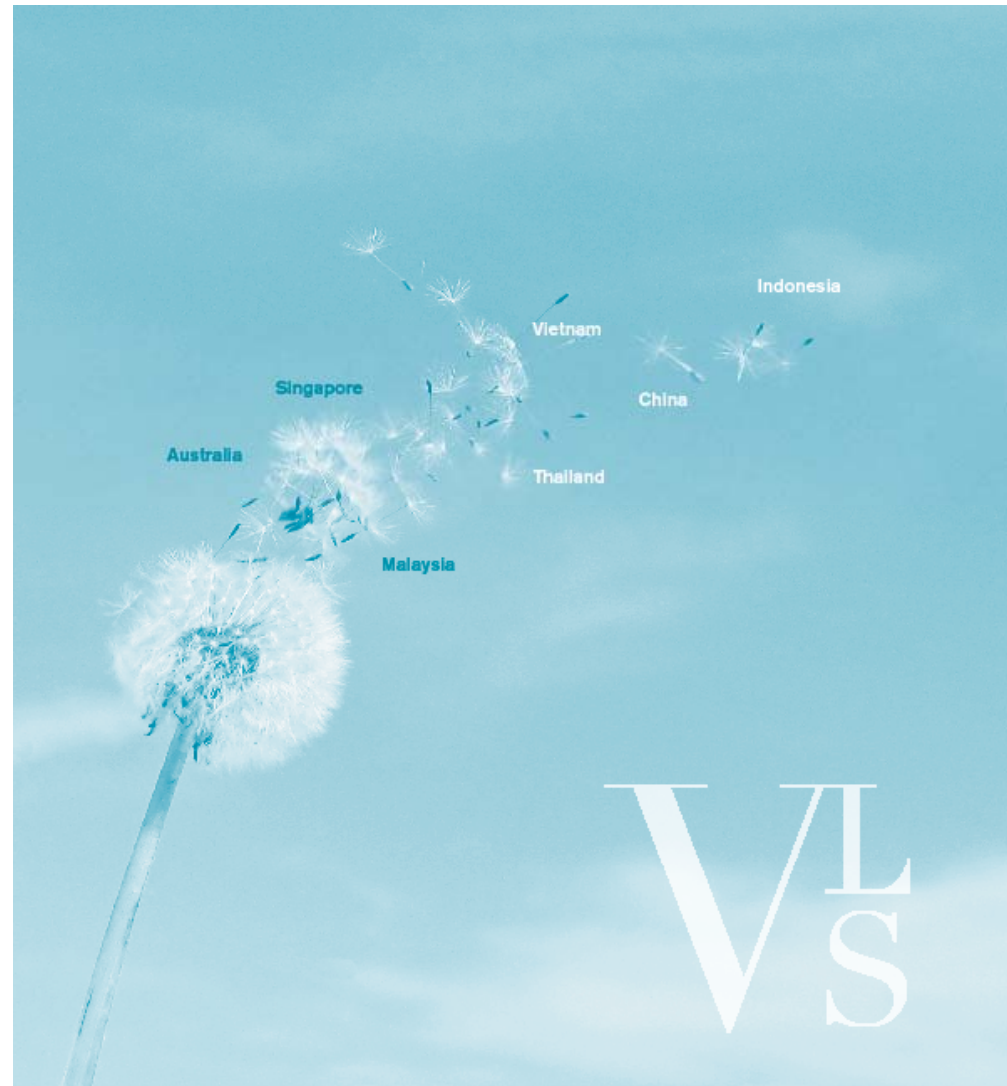
# Vita Life Sciences Ltd

- **Pharmaceutical and healthcare Over-The-Counter business**
- **Wide range of supplements, vitamins, minerals, meal replacement, sports nutrition and herbal care**
- **Branded under:**
  - “Herbs of Gold” throughout Australia
  - “VitaHealth” throughout Asia including Malaysia
  - “VitaLife” Multi-Level-Marketing (MLM) in Malaysia



# All Asia Footprint

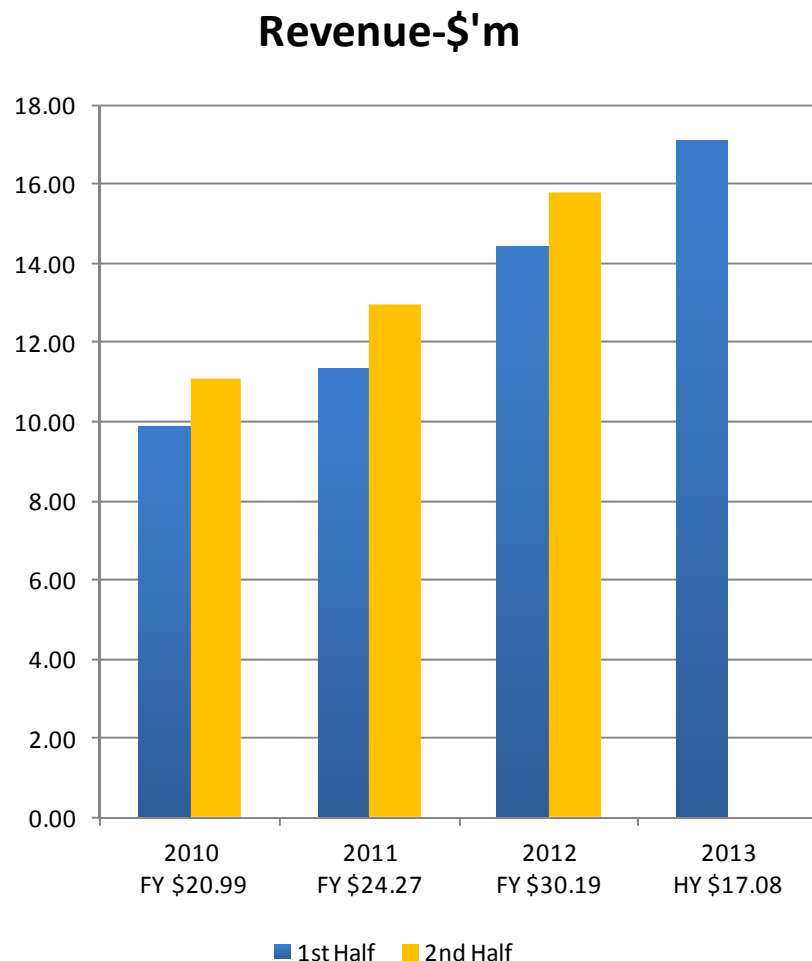
- Established Business Units:  
Australia, Malaysia (excluding MLM) and Singapore
- New Business Units (NBU):  
Thailand, China, Vietnam, Indonesia and MLM in Malaysia
- Vita Health's own office in Indonesia currently being established, with focus on product registration for commencement of operations in late 2013/2014



# Profit and Loss

Half year ended 30 June	2013 A \$'m	2012 A \$'m	% Change
Revenue	17.08	14.41	18.5%
EBITDA	2.63	1.22	115.6%
Profit Before Tax	2.54	1.10	130.9%
Profit After Tax	2.15	0.99	117.2%
EPS (Diluted - cents/share)	3.79	1.72	120.3%
Dividend (cents/share)	1.00	0.50	100%

# Sales Revenue (A\$m)



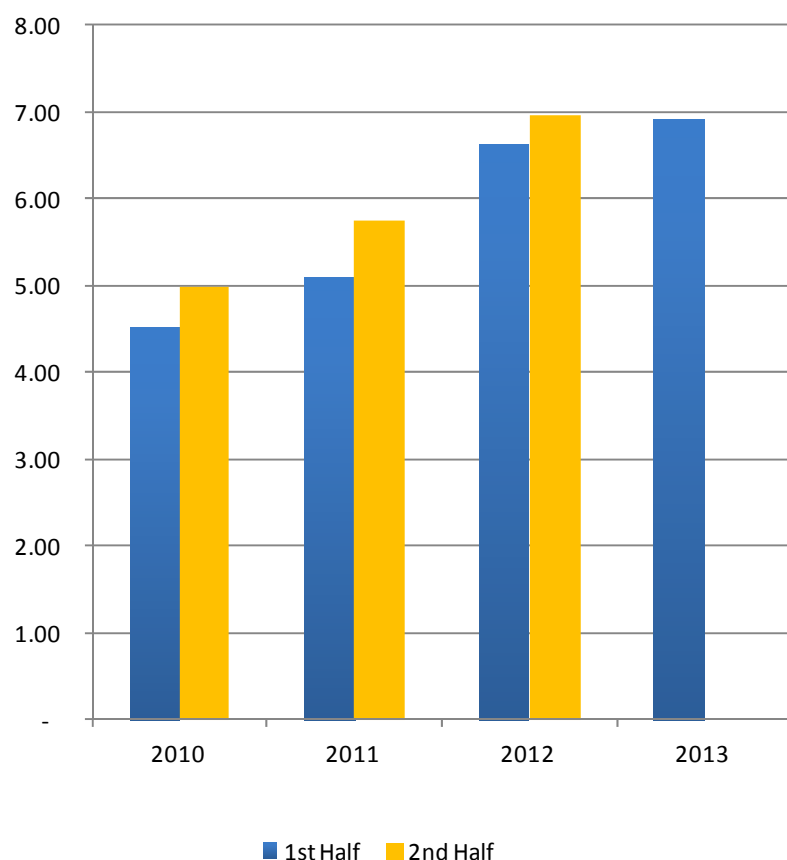
- Group sales grew in total by 18.5% against that reported to June 2012.
- Individual Business Units sales growth:
  - Australia 4.6% (HY2012: 29.8%)
  - Malaysia\* 26.2% (HY2012: 22.2%)
  - Singapore 29.7% (HY2012: 14.4%)
  - Other 41.9% (HY2012: 52.4%\*\*)

\* Excluding MLM

\*\* Reflects first time consolidation of Thailand entities and first sales in Vietnam during 2012 financial year

# Sales Revenue (A\$m) Australia

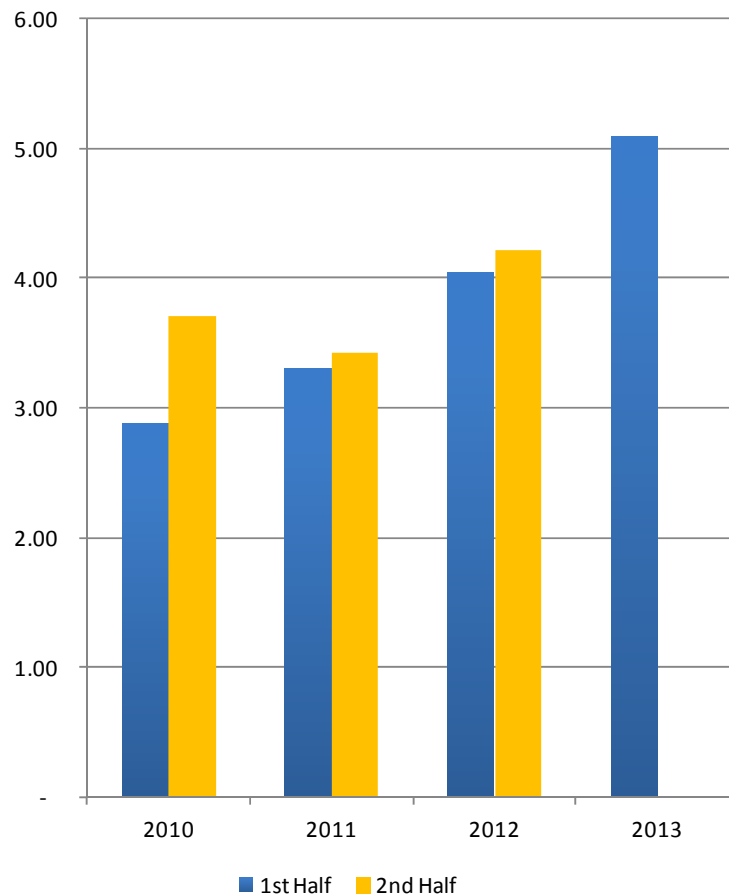
Revenue-\$'m



- 3 year HY CAGR: 15.3%
- 2013 half year increase 4.6% (HY2012: 29.8%)
- Lower sales growth due to tightening of customers credit and other trading terms
- Australian health food channel sales growing at 5-7%pa. Competitive, mature market
- Herbs of Gold medium term sales growth is in excess of market segment due to premium product positioning

# Sales Revenue (A\$m) Malaysia (excluding MLM)

Revenue-\$'m



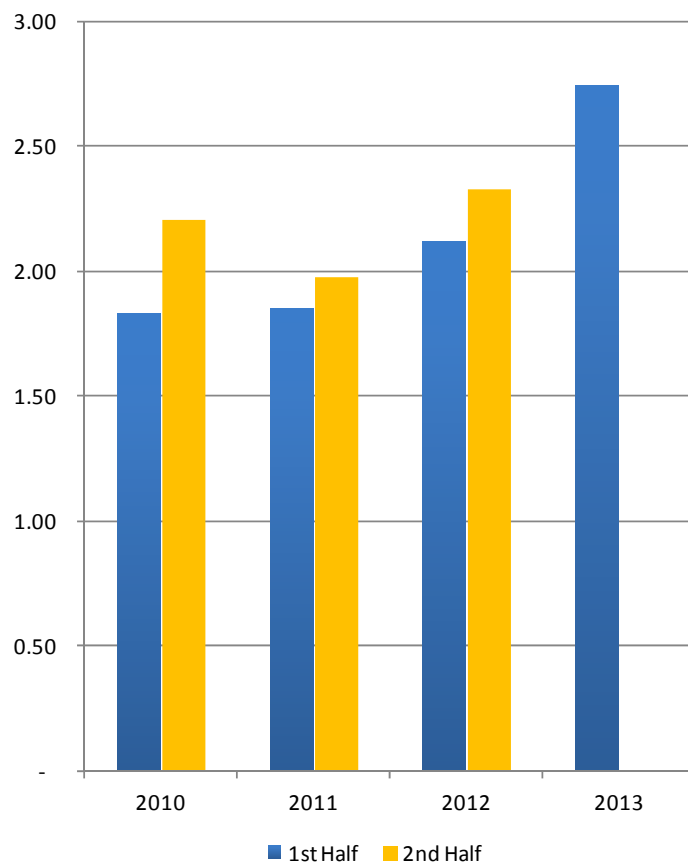
2010FX A\$1.00 : RM2.97  
2013FX A\$1.00 : RM 3.11

- 3 year HY CAGR: 20.8%
- 2013 half year increase 26.2% (HY2012: 22.2%)
- Strong customer relationships, loyalty and brand awareness driving sales
- Competitive expanding market
- Vita Health premium product positioning makes it well placed to continue established growth trends



# Sales Revenue (A\$m) Singapore

Revenue-\$'m

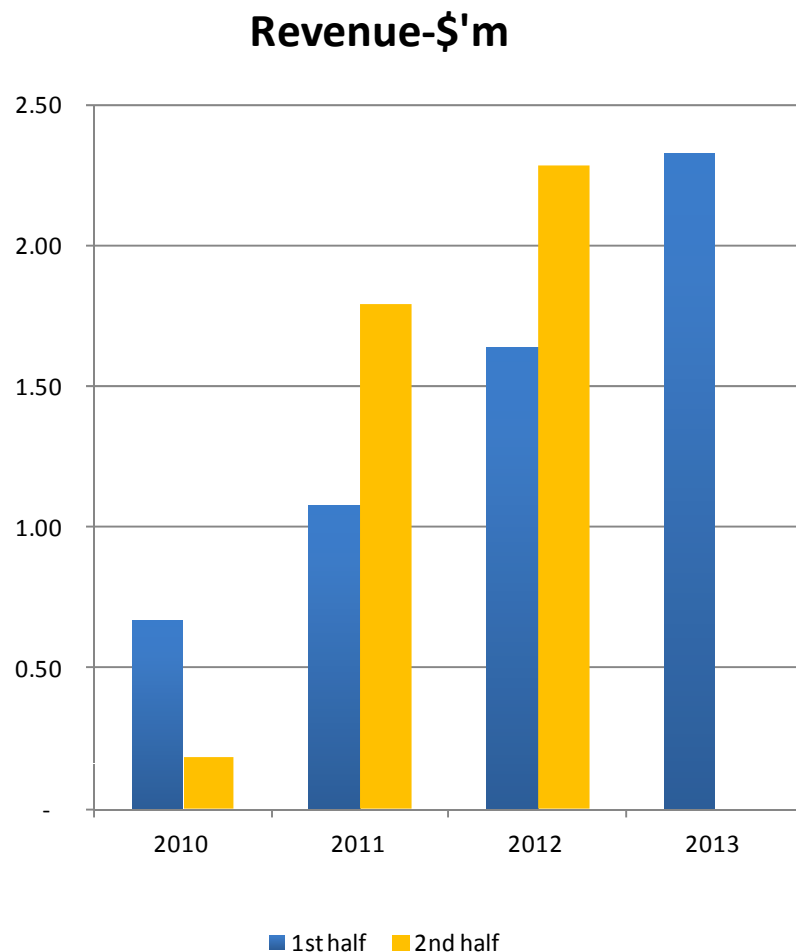


2010FX A\$1.00 : S\$1.25  
2013FX A\$1.00 : S\$1.26

- 3 year HY CAGR: 14.5%
- 2013 half year increase 29.7% (HY2012: 14.4%)
- Increased sales due to reorganisation of marketing/sales team in 2012
- Competitive moderately expanding market
- Vita Health premium product positioning makes it well placed to continue established growth trends

# Sales Revenue (A\$m)

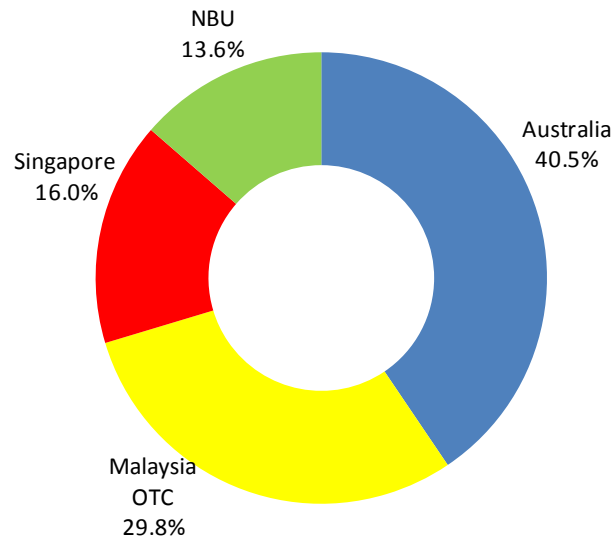
## New Business Units



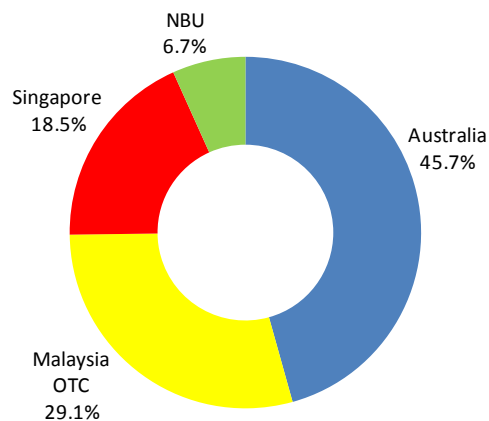
- 3 year HY CAGR: 51.8%
- 2013 half year increase 41.9% (HY2012: 52.4%)
- Lower growth due to tightening of customer credit and other trading terms
- Thailand sales increased by 35.4% (HY2012: 67.8%)
- China's sales increased by 51.4% (HY2012: 55.2%)
- Vietnam sales increased by 537%, after making first sales in 2012
- MLM sales increased by 8.5% (HY2012: 7.7% decrease)

# Sales Revenue Sources

**HY 2013**



**HY 2010**



- Total Group sales increased from \$9.9m to \$17.1m over 3 years
- Whilst Australia sales have continued to grow, Asian sales have grown at a faster rate, increasing their contribution of Group revenue to 59.5% in 2013 (HY2010: 54.3%)
- NBU are all Asian based. This segment expected to become an even more significant contributor to the Group
- Aim for NBU: Group revenue contribution of 15% in short term and 25% in medium term

# Balance Sheet

Balance Sheet (\$ m)	Jun-13	Dec-12
Current assets	19.09	15.58
Non-current assets	1.50	1.23
<b>Total assets</b>	<b>20.59</b>	<b>16.81</b>
Current liabilities	(6.27)	(5.42)
Non-current liabilities	(0.04)	(0.05)
<b>Total liabilities</b>	<b>(6.31)</b>	<b>(5.47)</b>
<b>Net assets</b>	<b>14.28</b>	<b>11.34</b>

- Group remains debt-free, with cash balance of \$7.6m (2012: \$5.0m)
- Cash and cash equivalents make up 53.2% of net assets (2012: 44.2%)
- Increased investment in inventory of \$0.7m to cater for increase in sales, SKU's and geographic areas
- New performance systems in place to manage the business more effectively
- Negligible intangible assets

# Cash Flow

Cash Flow (\$ m)	2013	2012
Receipts from customers	18.72	15.03
Payments to suppliers and employees	(16.01)	(14.00)
<b>Gross operating cash flow</b>	<b>2.71</b>	<b>1.03</b>
<b>EBITDA</b>	<b>2.63</b>	<b>1.22</b>
<b>Ratio of gross operating cash flow to EBITDA</b>	<b>103.0%</b>	<b>84.4%</b>
Net interest received (paid)	(0.01)	0.02
Income tax paid	(0.17)	(0.13)
<b>Operating Cash flows</b>	<b>2.53</b>	<b>0.92</b>
<b>Cash flows from investing activities</b>	<b>(0.18)</b>	<b>0.15</b>
Net movements in Equity	0.03	0.07
<b>Cash flows from financing activities</b>	<b>0.03</b>	<b>0.07</b>
Net foreign exchange differences	0.20	0.03
<b>Net increase in cash reserves</b>	<b>2.58</b>	<b>1.17</b>
Cash at beginning of period	5.02	3.63
<b>Cash at end of period</b>	<b>7.60</b>	<b>4.80</b>

# Dividends

- Interim dividend declared of 1.0 cent per share (franked to 41%) for year ending 31 December 2013.
- Due to prior year tax losses carried forward of approximately \$9.0m, no tax is being paid in Australia and franking credits are fully utilised with the payment of the 2013 interim dividend.
- Final dividend for 2013 will carry no franking credits.
- Total dividend for the financial year to represent approximately 33% of PAT.

# Outlook to 31 December 2013

- First half sales growth expected to continue at a similar rate in the second half. Barring unforeseen circumstances, Directors forecast full year sales growth of 14% – 16% against that reported to Dec 2012
- The impact of higher sales in 2013 translated into an improved EBIT margin of 14.9% for the 6 months to June 2013. Directors forecast an EBIT margin of 14.5% - 15.5% can be maintained for the full financial year

# Maintaining Business Growth

- Group's footprint in 7 countries, 6 of which are in Asia. Group is well placed to ride on the rapid emergence of a middle class that is health conscious with increasing discretionary spending power.
- Australia: Population of 22m; Approximately 7,000 pharmacies and 1,200 health food stores plus grocery. A mature market.
- Singapore & Malaysia: Combined population of 32m; Approximately 2,100 pharmacies and 700 Chinese medicine halls.
- Malaysian MLM industry grew 7% to US\$4.67 billion in 2012 and was ranked 7th in the world.
- Elsewhere in Asia:
  - The Group's 2008 strategy was to enter markets with 50m+ population. China, Thailand and Vietnam are now established which provide the Group with significant opportunities.
  - As products are approved by authorities in Indonesia, the Group expects meaningful sales contributions



# Thank You

## Contact Details

Telephone: +61 3 9828 0500

Website: [www.vitalifesciences.com.au](http://www.vitalifesciences.com.au)

Email: [enquiries@vitalifesciences.com.au](mailto:enquiries@vitalifesciences.com.au)

Head Office: Suite 650, 1 Queens Road, Melbourne, VIC 3004