Vita Life Sciences Ltd

Results Presentation

2015 Financial Year

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 7 countries in the Asia Pacific region**
- **3 major brands**
- **VitaHealth: products sold in pharmacies, hospitals, clinics and health food stores throughout Southeast Asia**
- **Herbs of Gold: products sold in health food stores in Australia, and pharmacies in Singapore and Malaysia**
- **VitaSciences: products sold through independent pharmacies in Australia**
- **Approx. 425 employees across 7 countries**
- **ASX listed since 2007 (ASX:VSC)**

2015 Financial Highlights

1. 8th consecutive year of sales growth culminated in revenue of $38.6m. Up 5.5% over FY14

2. Group operating performance: Australia strong, Singapore steady and Malaysia rebounded in 2nd half

3. 2015 EBIT $6.1m, down 11.4% on FY14 due to:
   - Soft 1st half; 2nd half EBIT of $3.7m increased 4.3% over H2'14
   - Increased losses amounting to $1.0m in the Group's new markets ($0.5m FY14)

4. Continued strong gross operating cashflow of $5.7m equated to EBITDA conversion of 93% in 2015 (FY14: 100%)

5. Financial discipline maintained with $1.1m improvement in net cash position whilst:
   - Returning $2.6m to shareholders through dividends and share buyback; and
   - Further investment of $1.2m in the new Malaysian central facility ($0.6m in building improvements and repayment of $0.6m debt)

6. Increased final dividend of 2.25 cents per share brings 2015 total dividend to 3.75 cents per share. Up 0.25 cents per share on FY14

2015 Operational Highlights

1. **Senior management: Second step implemented in positioning VSC for next stage of lifecycle and growth with the appointment of CEO for Malaysia and Singapore**

2. **Australia:**
   - **International distribution arrangements for Herbs of Gold secured with sales expectations being achieved**
   - **Rollout of Vita Science brand in independent pharmacies gaining traction with sales expectations being achieved**

3. **Indonesia: Business unit commenced operations late 2015**

4. **Malaysia: Central facility nearing completion**
   - **Opening March 2016 with new packing plant and laboratory to be ready by late 2016, providing owned infrastructure to increase customer service and meet more stringent product efficacy pharmaceutical regulations**

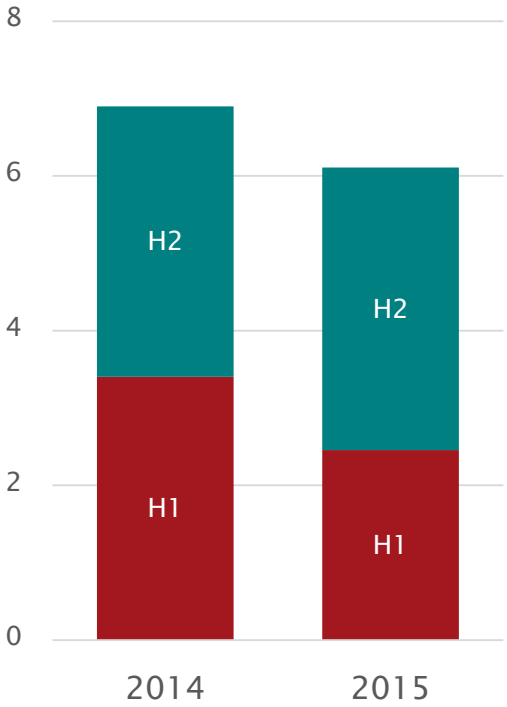
Record revenue and DPS in 2015, EBIT restored in 2nd half

Revenue

(A$m)

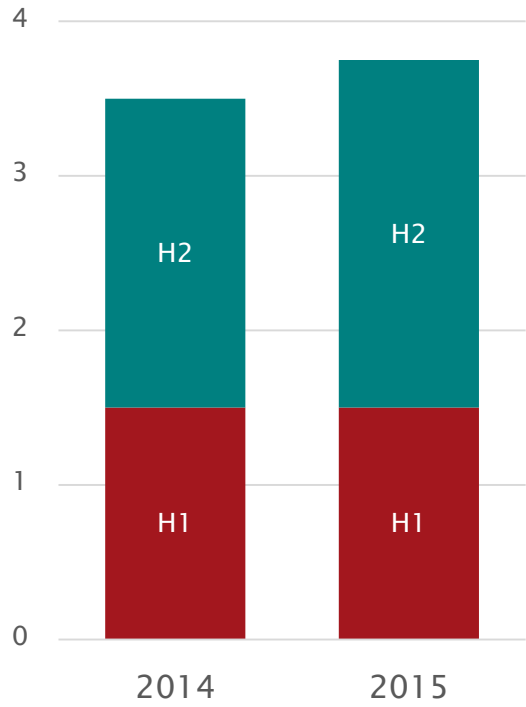
EBIT

(A$m)



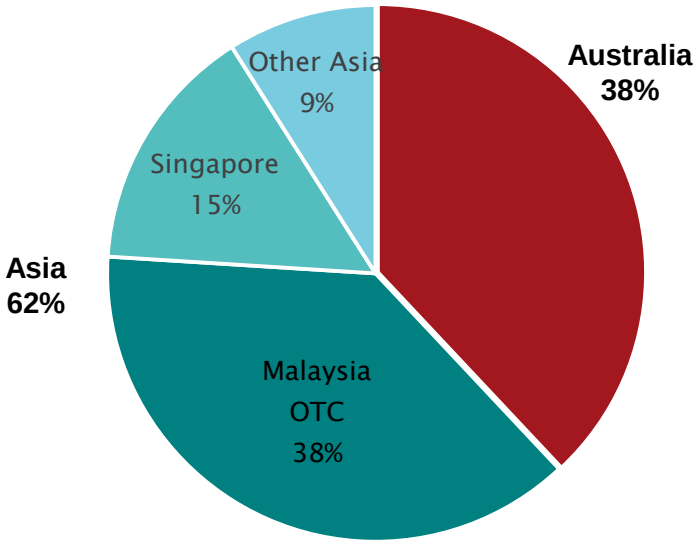
DPS

(cps)



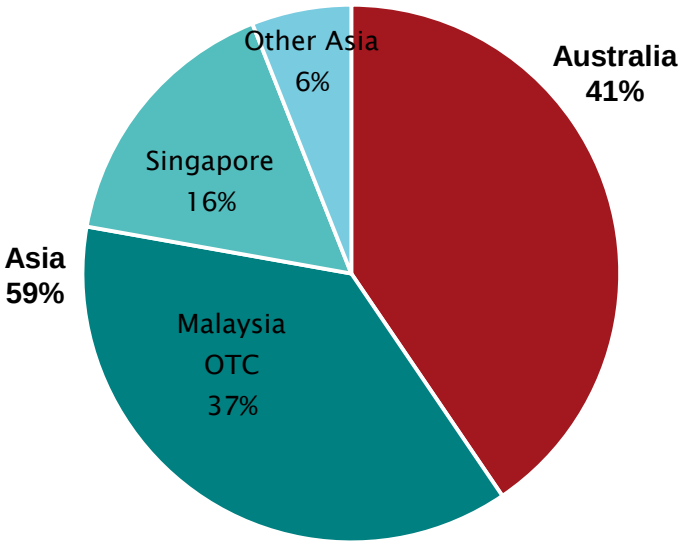
VSC segment results

2014 revenue by geography



Total revenue: $36.6m

2015 revenue by geography

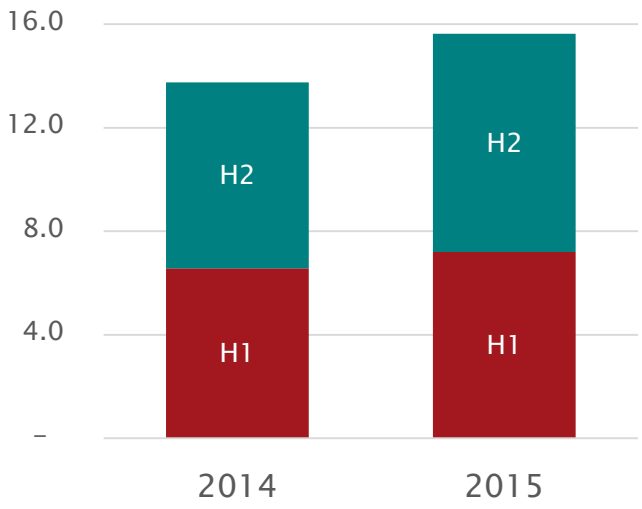


Total revenue: $38.6m

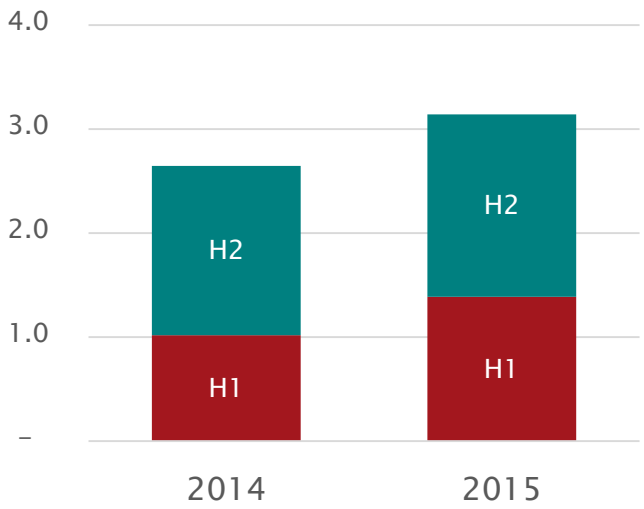
Segment results
Australia

- **Management's strategy delivered record sales of $15.6m, a 13.7% increase against FY14**
- **EBIT of $3.1m was up 18.8% against FY14**
- **Strategy remains to differentiate unique premium ingredient formulation products within the 'Herbs of Gold' and 'Vita Science' brands and exclusively supply health food stores and independent retailers and pharmacies, respectively**

Revenue (A$m)

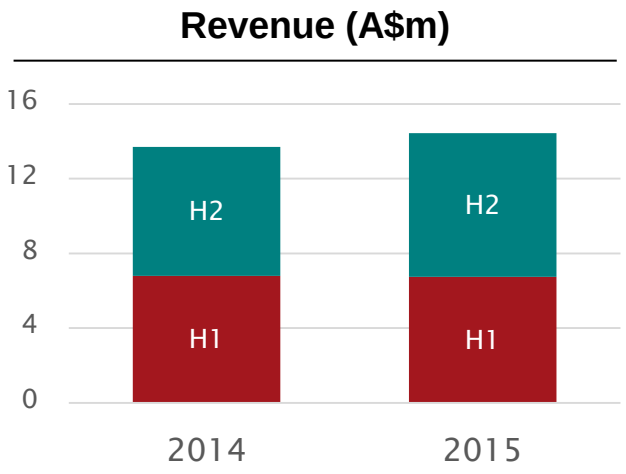


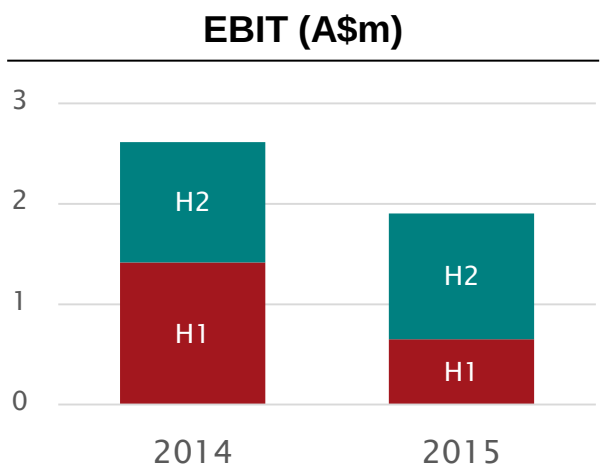
EBIT (A$m)



Segment results
Malaysia

- **Regained momentum in H2 with solid full year result**
- **Malaysian revenue of $14.4m was a record and at a time where economic and trading conditions were difficult**
- **EBIT rebounded in H2 to $1.3m**
  - **4.4% increase over H2'2014 of $1.2m**
  - **92.2% increase over H1'2015 of $0.6m**
- **New CEO to continue to build on market leadership position via expansion of customer base whilst maintaining margins**



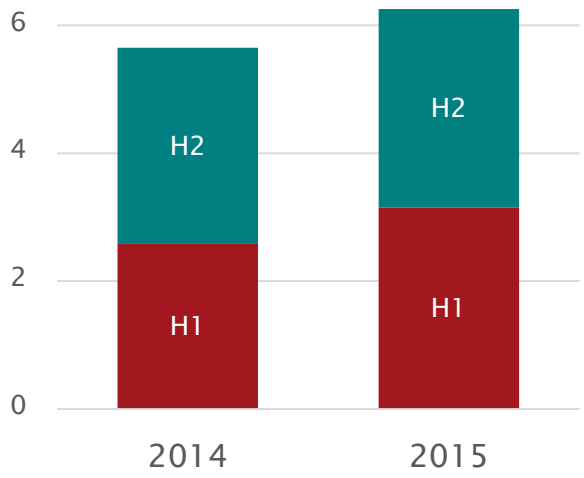


Note: Malaysian segment excludes the Malaysian MLM business.

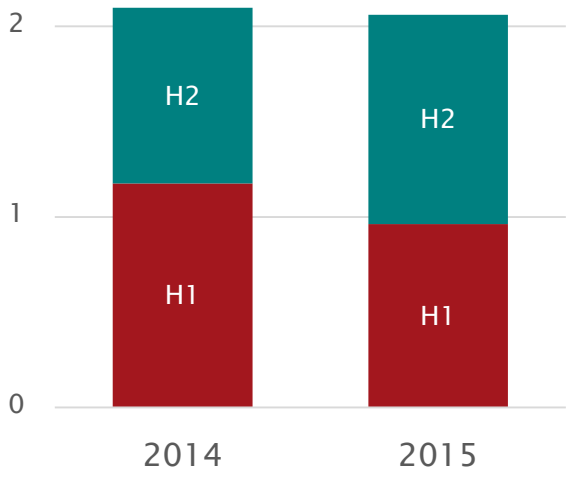
Segment results
Singapore

- **Reinvigorated sales and marketing effort led to revenue increasing to $6.3m, up 10.6% on FY14**
- **The introduction of the Herbs of Gold brand into the Singaporean market during 2015 aided sales**
- **EBIT of $2.1m decreased marginally (1.8%) against FY14 as a result of strong competition**

Revenue (A$m)

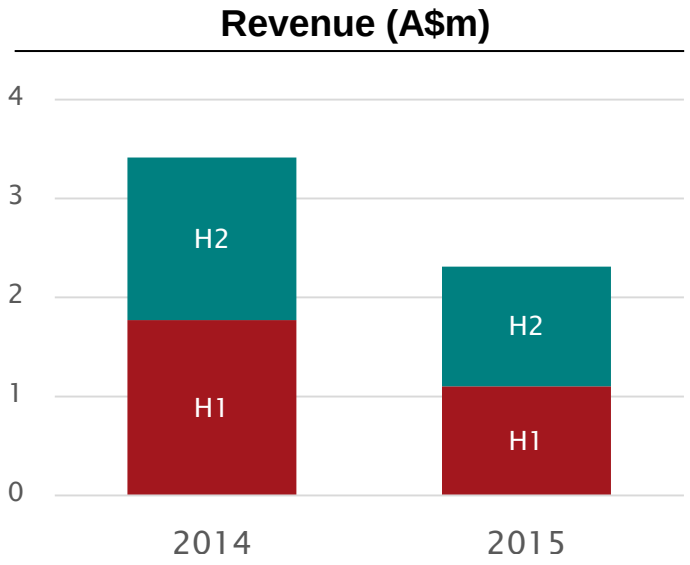


EBIT (A$m)



Segment results
Other Asia[(1)]

- **Revenue decreased by 32.3% to $2.3m as a result of:**
  - **The planned introduction of a new management team in Thailand**
  - **The reduced number of products able to be sold in China (industry wide new regulatory regime impacting OTC products)**
- **EBIT losses widened to $1.0m in 2015 (2014: $0.5m) a direct result of decreased sales**
- **With CEOs in place for the established markets, the Group Managing Director will guide the continued investment into each new market with an eye to the medium/long term**

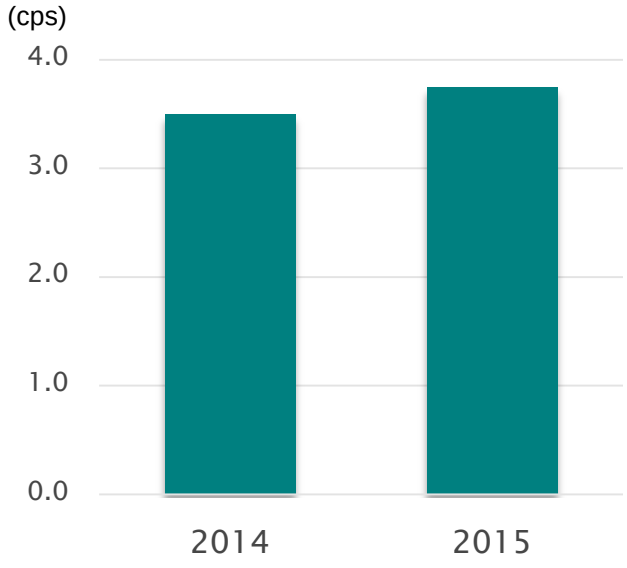


(1) Includes Malaysian MLM business

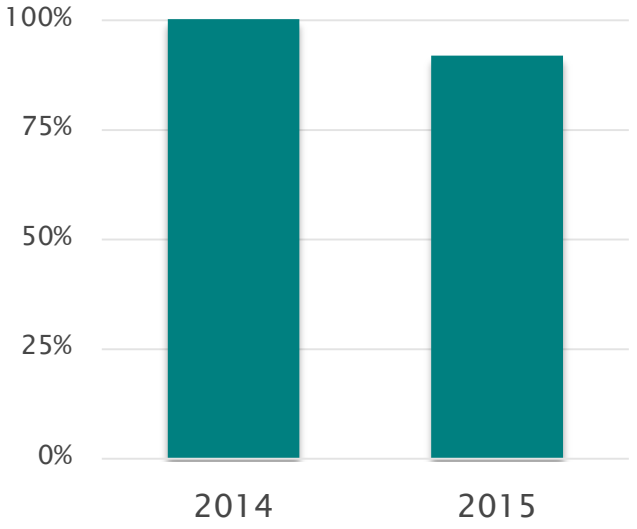
Final dividend and cashflow

- **Directors increased the final dividend to 2.25 cents per share for FY15. Dividends paid to shareholders for FY15 total 3.75 cents per share**
- **Final dividend is unfranked and fully sourced from Foreign Conduit Income**
- **Strong operating cashflow conversion combined with prudent financial management has facilitated VSC's consistent growth in annual dividends**

Dividend (cps)



Gross operating cashflow to EBITDA



2016 Strategic initiatives

- **The Board continues to actively explore strategies to capitalise on the established platform in Australia, Malaysia and Singapore and develop its business in Thailand, China, Vietnam and Indonesia**

- **Two key growth strategies implemented in mature markets:**
  - **Build out the 'Vita Sciences' brand within the Australian independent pharmacy channel**
  - **Build out of the 'Herbs of Gold' brand within the Singaporean and Malaysian markets**

- **Having completed the build-out of senior management in countries with established businesses it positions the Company for next phase in lifecycle and growth. The Managing Director will be able to focus on bringing operations in Other Asian markets to critical mass**

Outlook for 2016

- **The Company's steady growth in recent years is expected to continue in 2016**
- **Given the Company's diverse operating platform the Directors intend to provide more detailed guidance mid way through the year**

Appendix

Appendix 1 – Profit and Loss

Year ended 31 December	2015 $m	2014 $m	Change %
Revenue	**38.6**	**36.6**	*5.5%*
EBITDA	**6.2**	**7.0**	*-11.4%*
EBIT	**6.1**	**6.9**	*-11.4%*
Profit before tax	**6.0**	**6.9**	*-13.3%*
Profit after tax (1)	**4.4**	**7.3**	*-39.7%*
EPS (Diluted – cents)	**7.7**	**12.8**	*-39.8%*
Dividend (cents / share)	**3.75**	**3.50**	*7.1%*

(1) Profit After Tax in 2014 includes the significant one off recognition of deferred tax assets within the Australian Tax Group.

Appendix 2 – Balance Sheet

Balance Sheet as at 31 December	2015 $m	2014 $m
Current assets	**23.5**	**20.8**
Non-current assets	**8.9**	**9.5**
Total Assets	**32.4**	**30.3**
Current liabilities	**(6.9)**	**(5.5)**
Non-current liabilities	**(2.6)**	**(3.2)**
Total Liabilities	**(9.5)**	**(8.7)**
Net Assets	**22.9**	**21.6**

Appendix 3 – Cash Flow

Cash Flow	2015 $m	2014 $m
Receipts from customers	**42.3**	**38.9**
Payments to suppliers and employees	**(36.6)**	**(31.9)**
Gross operating cash flow	**5.7**	**7.0**
EBITDA	**6.2**	**7.0**
Gross operating cash flow / EBITDA	**93%**	**100%**
Net interest received	**0.0**	**0.1**
Income tax paid	**(0.8)**	**(1.0)**
Operating cash flows	**4.9**	**6.1**
Net investment in PPE	**(0.9)**	**(6.8)**
(Repayment) of debt/ Drawdown	**(0.5)**	**3.4**
Return to shareholders	**(2.5)**	**(2.6)**
Net foreign exchange differences	**0.5**	**0.1**
Net increase in cash reserves	**0.5**	**0.2**
Cash at beginning of period	**9.2**	**9.0**
Cash at end of period	**9.7**	**9.2**

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