

WELCOME 2018 ANNUAL GENERAL MEETING



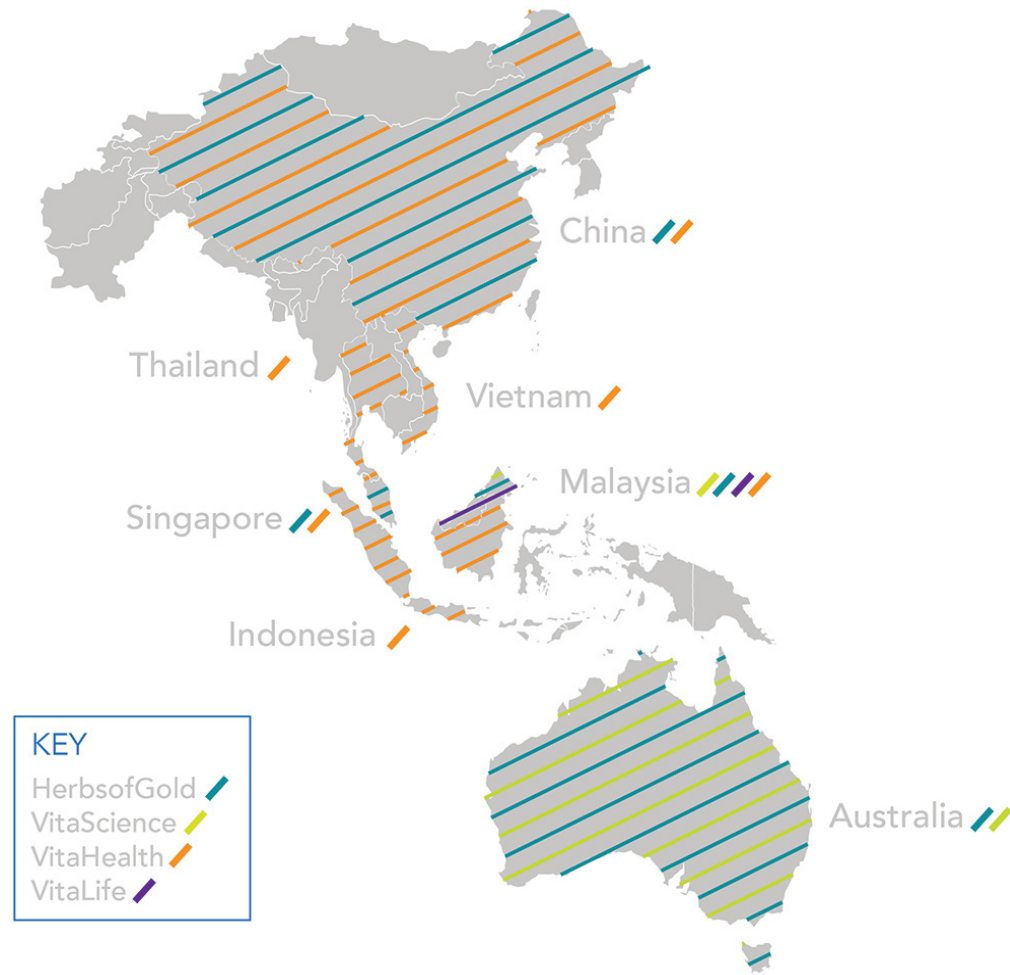
AGENDA

1. Chairman's Welcome Address
2. Managing Director's Review
3. Ordinary Resolutions
4. Question & Answer

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MARKET PRESENCE: 7 COUNTRIES



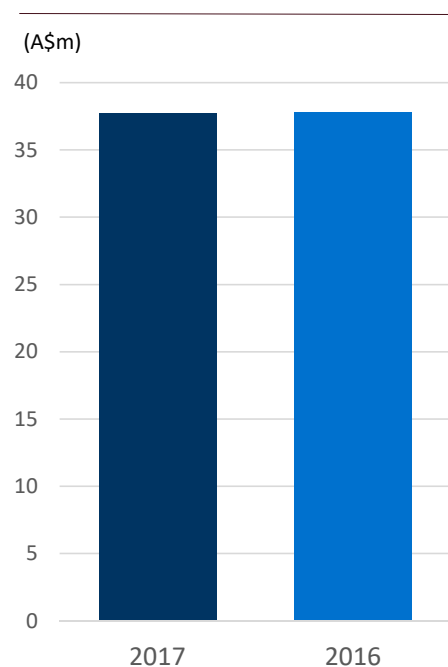
BUSINESS OVERVIEW

- Australian & Asia Pacific based pharmaceutical and healthcare over-the-counter business involved in the formulating, packaging, sales and distribution of vitamins and supplements
- 3 major consumer retail brands
- 750-800 registered SKUs of vitamins and supplements sold in 7 countries in Australia & Asia Pacific region:
 - **Herbs of Gold (HOG):** sold in Australia, Malaysia and Singapore
 - **VitaHealth (VH):** sold in pharmacies, clinics and health food stores throughout Southeast Asia
 - **VitaScience (VS):** sold through pharmacies in Australia
- 430 employees in 7 countries
- ASX listed since 2007 (ASX code: VLS)

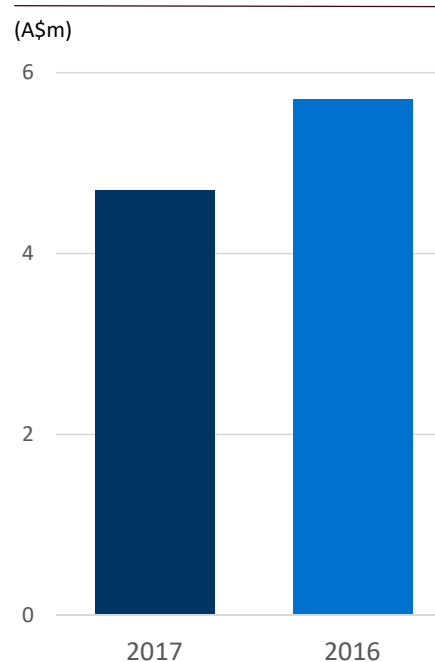


FY 2017 GROUP SNAPSHOT

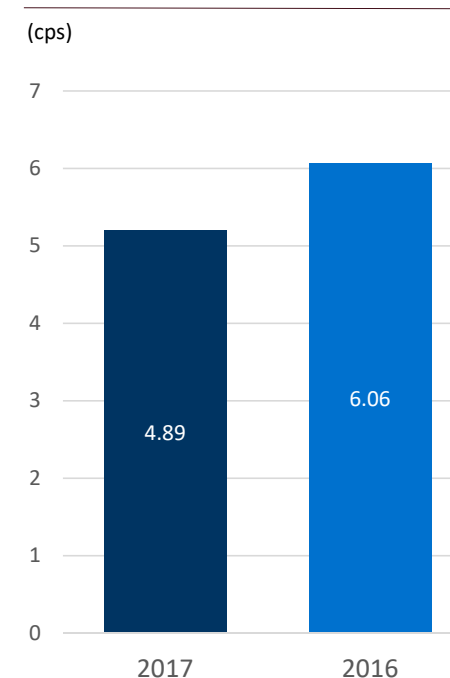
Revenue



EBIT*



EPS*



* Including share options expense of \$0.9m

HIGHLIGHTS

- Group sales of \$37.7 million, marginally lower (0.2%) than the previous corresponding period (PCP)
- Excluding share options expense of \$0.9m, EBIT of \$5.6m achieved (i.e. \$4.7m after share options expense)

FY 2017 GROUP SNAPSHOT

HIGHLIGHTS (continued)

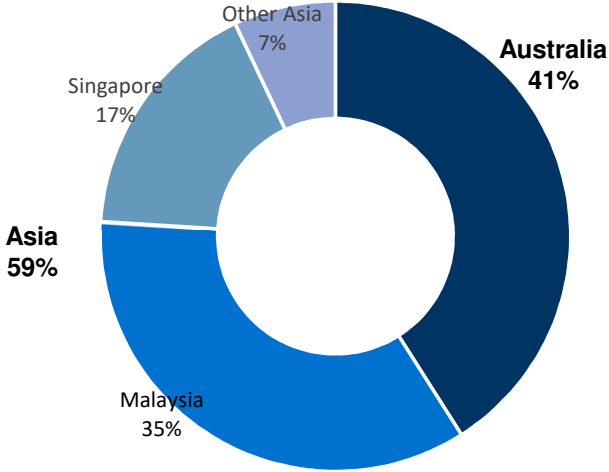
- Cash conversion rate of 100%
- Returned \$2.3m to shareholders via dividends and share buyback
- Final fully franked dividend of 2.25c; taking full year dividend of 3.75c

CHALLENGES

- Period of transformational change and stability for the Group in the FY 2017 performance
- Revenue growth from newer markets continue to be challenging; new models and channels to be implemented
- Revenue growth from established markets continues well; but newer channels are required for medium term
- Transformation into more market acceptable practices whilst maintaining margins
- Higher investments in marketing required to take business to the next stage

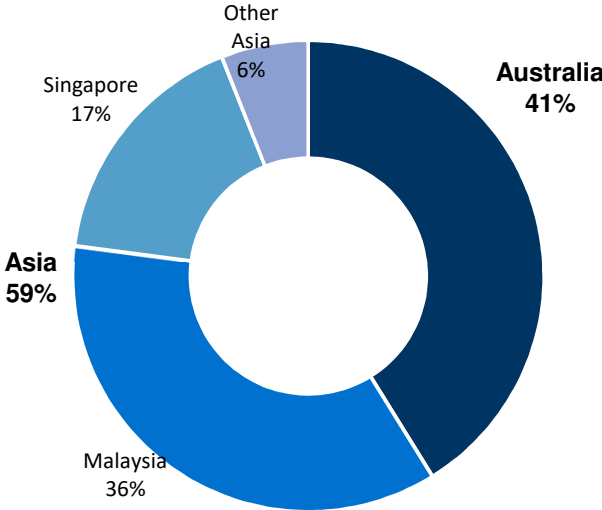
FULL YEAR 2017 RESULTS

2017 revenue by geography



Total revenue: \$37.7m

2016 revenue by geography



Total revenue: \$37.8m

AUSTRALIA

2017 Sales: \$15.6m (2016: \$15.6m)

- Revenue base business was sustained in a highly competitive Australian market
- Export sales from Australia to China; lower than expected
- Gross margins remained strong

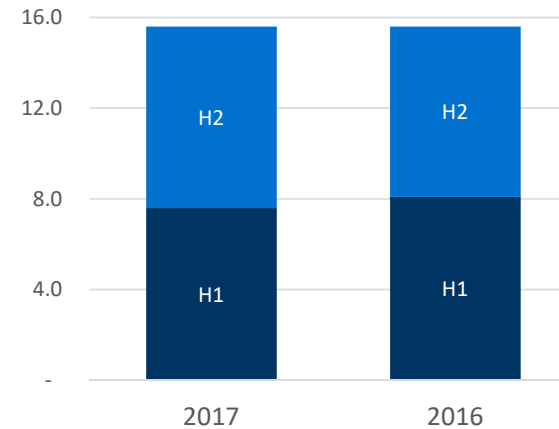
2017 EBIT \$3.4m (2016: \$3.9m)

- EBIT down by 13% against FY16 due to higher overheads and higher investment in the Australian business with a some shift in regional costs from Malaysia to Australia

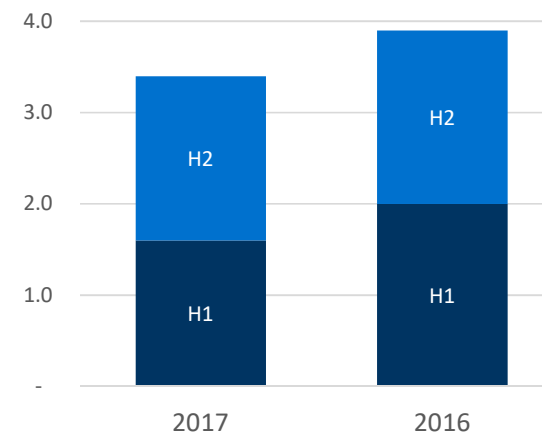
Challenges

- Existing channel industry growth stalled; but improving in 2018
- Expand beyond current channels and explore new channels while retaining existing customers
- Growth into mainland China via export and e-commerce channels

Revenue (A\$m)



EBIT (A\$m)



MALAYSIA

2017 Sales \$13.2m (2016: \$13.5m)

- Revenue base increased by 6.7% in local currency but it was impacted by weaker Malaysian ringgit (2017 average A\$1: MYR 3.2971 [2016: MYR 3.0072])
- Increase in revenue of 98% in local currency from the HOG brand from exclusive distribution partnership
- MLM operation suspended resulting in a smaller revenue contribution and lower margin

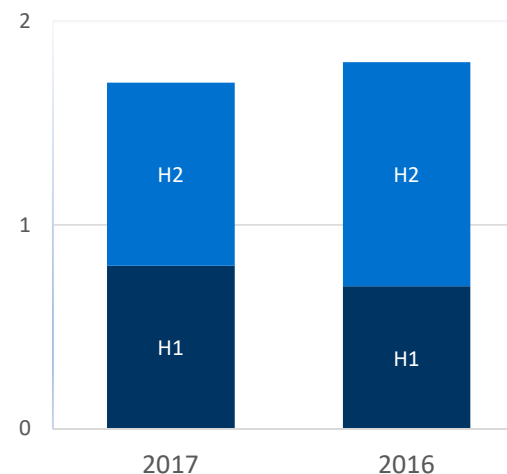
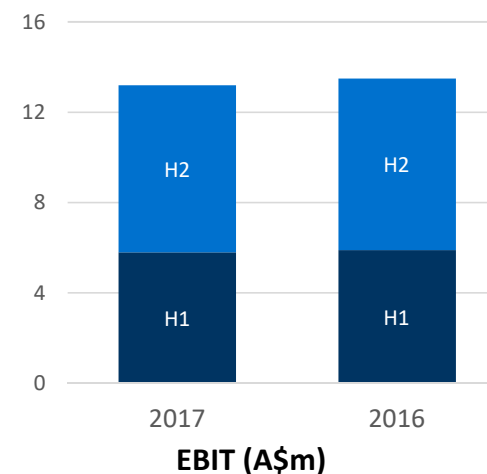
2017 EBIT \$ 1.7m (2016: \$1.8m)

- Margins were affected marginally due to competitive market offset by stronger sales

Challenges

- HOG brand growth continues without significant negative impact on VH brand/ channels
- Competitive pressure and higher costs of doing business in larger chains may impact on margins and bottom-line in the medium term
- Margins erosion may result from focused targeted expansion into new channels

Revenue (A\$m)



SINGAPORE

2017 Sales \$6.5m (2016: \$6.5m)

- Revenue base business was sustained in a highly competitive market through a revised brand strategy
- HOG brand recorded strong growth of 119% (PCP)
- VH brand recorded a slight decline during this period

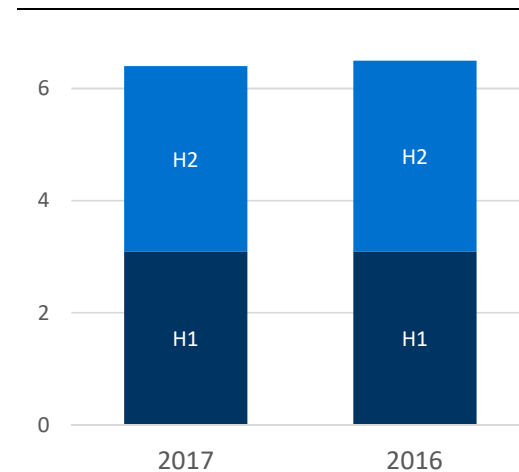
2017 EBIT \$1.4m (2016: \$1.5m)

- EBIT down due to higher A&P spending and lower margin recorded for the newer channels and brand expansion

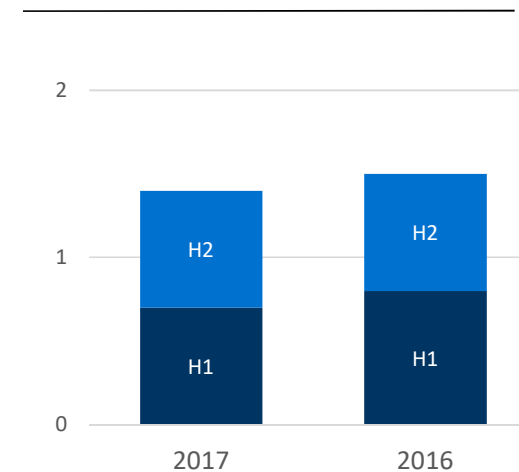
Challenges

- Open market competition resulting in margin erosion due to increase in competitive pricing
- Larger chains are imposing higher costs of doing business which may result in lower margins and bottom-line in medium term

Revenue (A\$m)



EBIT (A\$m)



OTHER ASIA

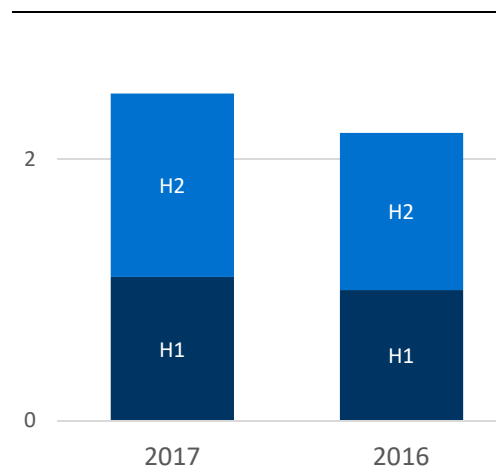
2017 Sales \$2.5m (2016: \$2.2m)

- Revenue growth of 15% (PCP)
- Stronger sales were recorded for Vietnam and Thailand
- Vietnam continues to perform to expectation and is expected to grow faster into FY2018
- Indonesia and Thailand remains challenging and requires continued investment and revised distribution channel

Challenges

- Market penetration continues to be low due to lack of brand awareness/ recognition
- Lack of expertise and local experience in new markets slowing our expansion plans
- Additional investment will be required once new distributor and additional resources/ support in place

Revenue (A\$m)



STRATEGIC PRIORITIES & OUTLOOK

- 2018 will be the second of a three year strategic plan set to grow long term revenues
- Increased advertising and promotional investment in core markets
- Increasing export sales to China utilising strategic partnerships from within Australia
- Developing new distribution channels utilising both HOG and VH brands
- South East Asia markets remain critical pathways and will receive continued investment to support growth
- Increase brand investment may impact profitability in the short term with a view to increased profitability in the medium term
- The Board will provide guidance later in the year

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ORDINARY RESOLUTIONS

1. Remuneration Report
2. Re-election of Director - Mr Jonathan Tooth
3. Share Buy-Back
4. Long Term Incentive Plan- Mr Andrew O'Keefe

PROXY

RESOLUTIONS	IN FAVOUR	AGAINST	ABSTAIN	PROXY'S DISCRETION	TOTALS
1) Adoption of the Remuneration Report	3,624,316	42,833	1,744,025	13,664,727	19,075,901
2) Re-election of Director (Mr Jonathan Tooth)	3,975,744	29,700	6,250	15,064,957	19,076,651
3) Share Buy-Back	4,002,811	7,633	1,250	15,064,957	19,076,651
4) Long Term Incentive Plan (Mr Andrew O'Keefe)	3,951,693	54,126	5,875	15,064,957	19,076,651

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THANK YOU

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The image features a complex, abstract background composed of numerous overlapping, three-dimensional geometric shapes, primarily triangles and polygons, in various shades of blue. The shapes are arranged in a way that creates a sense of depth and perspective, with some appearing to recede into the distance while others are in the foreground. The lighting is soft, highlighting the edges and surfaces of the shapes, giving them a metallic or polished appearance. The overall effect is a modern, architectural, and futuristic aesthetic. The word "APPENDIX" is centered in the middle of the image in a bold, dark blue, sans-serif font.

APPENDIX

APPENDIX 1 – PROFIT & LOSS

Full year ended Dec	2017 \$m	2016 \$m
Revenue	37.7	37.8
EBITDA	5.0	6.0
EBIT	4.7	5.7
Profit before tax	4.7	5.6
Profit after tax	2.8	3.3
EPS (Basic – cents/ share)	5.21	6.06
Dividend (cents / share)	3.75	3.75

APPENDIX 2 – BALANCE SHEET

Balance Sheet as at	Dec 2017 \$m	Dec 2016 \$m
Current assets	22.3	21.7
Non-current assets	10.6	10.6
Total assets	32.9	32.3
Current liabilities	6.0	6.8
Non-current liabilities	2.1	2.3
Total Liabilities	8.1	9.1
Net Assets	24.8	23.2

APPENDIX 3 – CASH FLOW

Cash Flow for the year ended	2017 \$m	2016 \$m
Receipts from customers	40.8	41.6
Payments to suppliers and employees	34.8	36.2
Gross operating cash flow	6.0	5.4
Adjusted EBITDA <i>(excluding share options expense)</i>	6.0	6.0
Gross operating cash flow / EBITDA	100.0%	90.0%
Net interest (paid) / received	0	0
Income tax paid	2.8	0.7
Operating cash flows	3.2	4.7
Cash flows for investing	0.2	2.2
Net movements in equity	2.5	2.6
Cash flows from financing	0.5	(0.1)
Net foreign exchange differences	0.1	(0.2)
Net increase in cash reserves	0.6	(0.3)
Cash at beginning of period	9.4	9.7
Cash at end of period	10.0	9.4

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