



The partner of choice for self-care products

Venture Life Group plc

Interim results presentation

September 2018



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Our Strategy

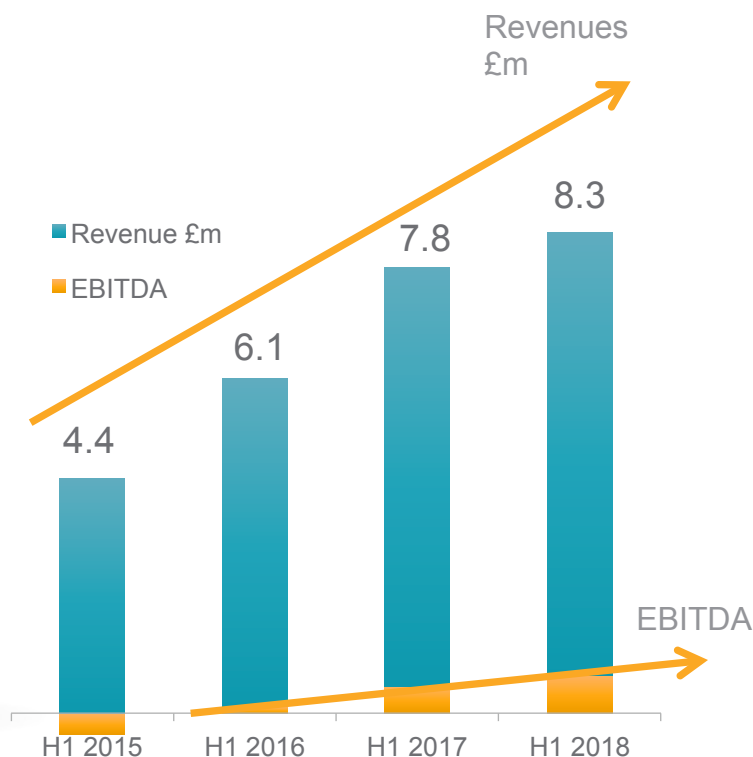
Ambition: To become a leading global self-care products business with our own expertise in development, manufacturing and international distribution.



*Utilisation (as % of 40m units per year capacity)

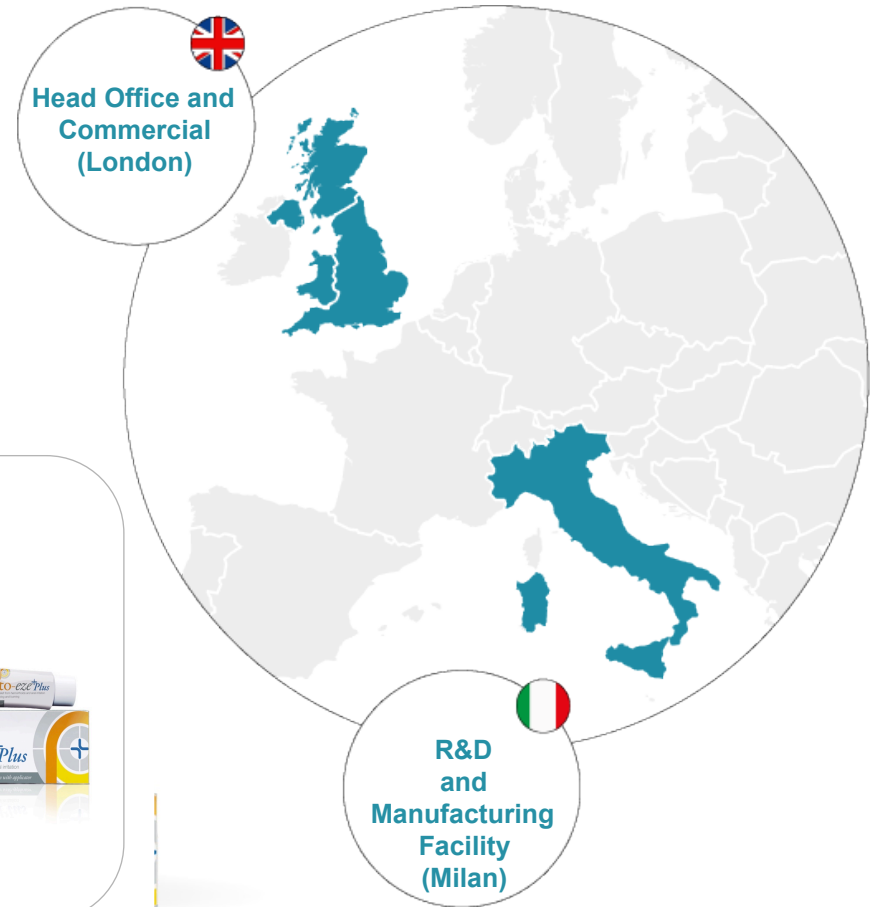
Six months ended 30th June 2018 *financial highlights*

- Revenues up 6% to **£8.3 million** (2017: £7.8m)
- EBITDA increased 40% to **£0.7 million** (2017: £0.5m)
- Profit before tax* increased to **£0.1 million** (H1 2017: loss of £0.1m)
- Cash at period end of **£1.5 million** (December 2017: £1.4m)
- Post period end:
 - Equity placing of **£18.75 million** gross
 - Acquisition of **Dentyl** brand
 - **Repayment** of £3.7 million of convertible debt



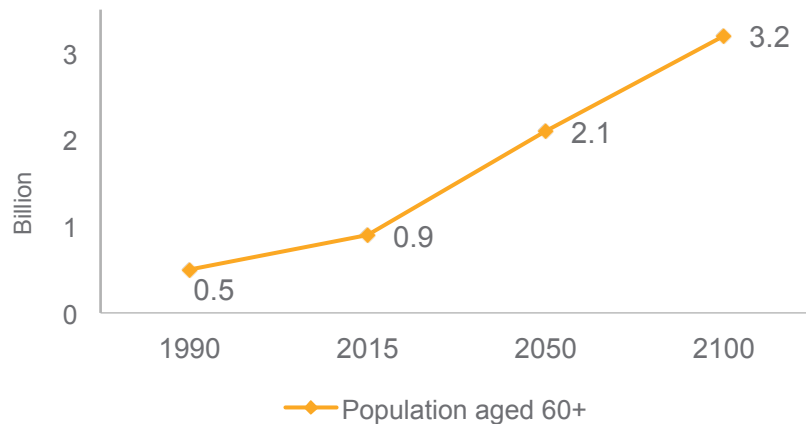
Significant growth potential in *self-care market*

- International consumer self-care group
- Portfolio of marketed products, growing partner base, product pipeline
- Products sold in 40+ countries

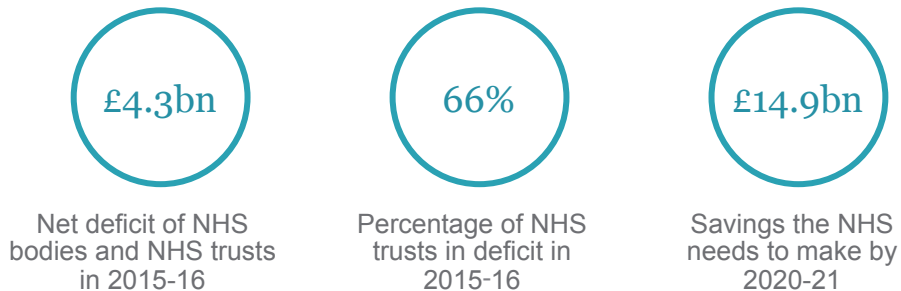


Our market *opportunity*

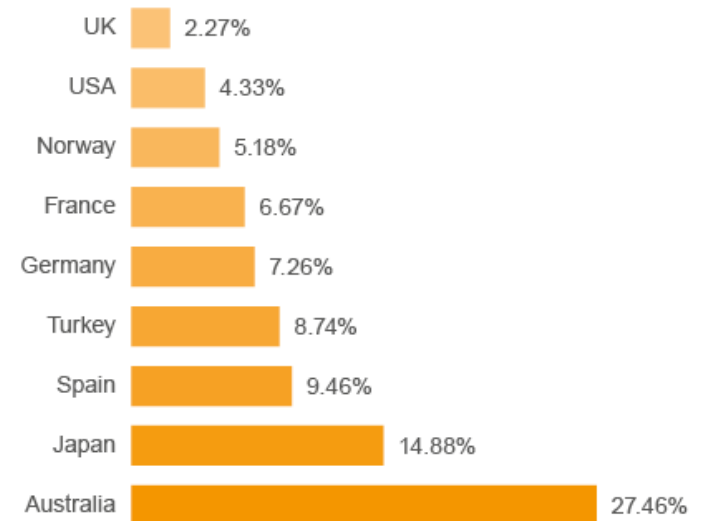
The ageing population is growing rapidly¹



Healthcare budgets are under increasing pressure²



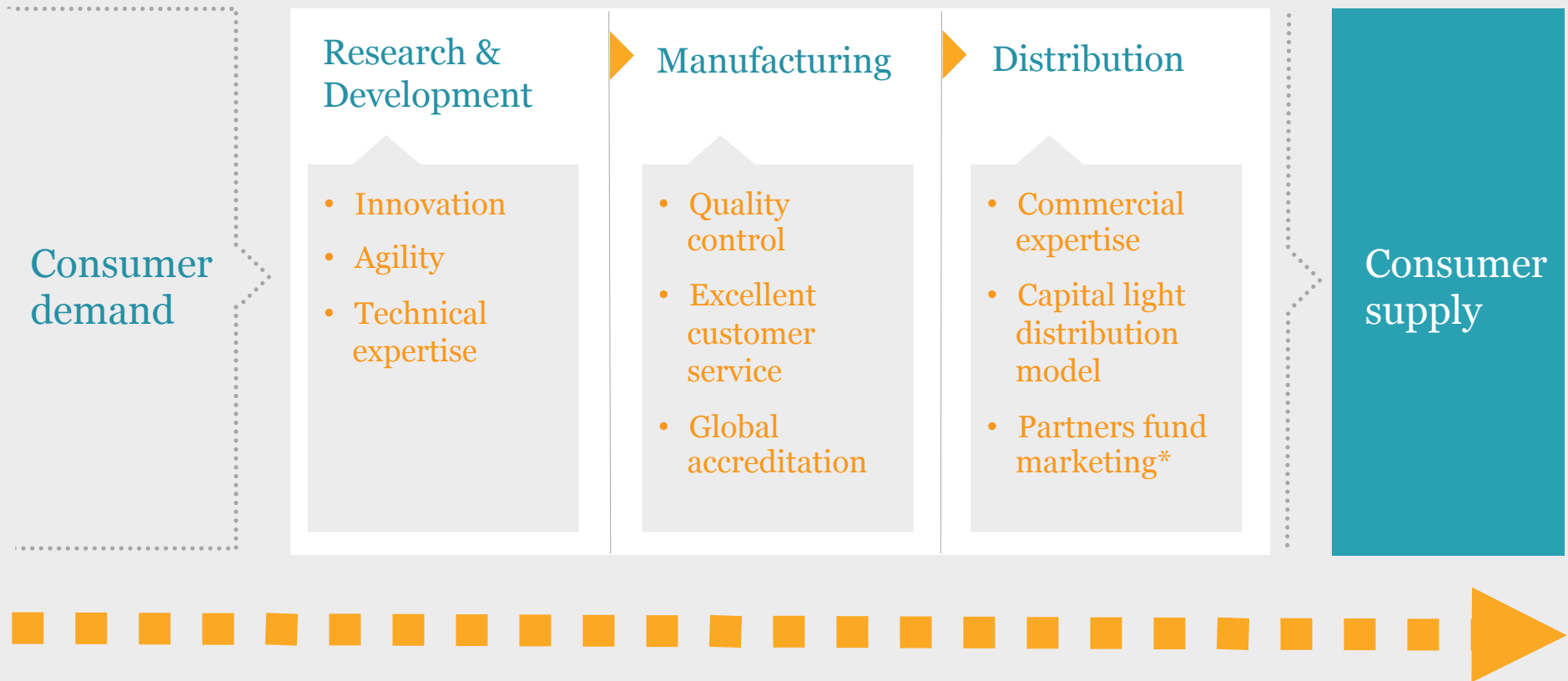
Self-medication market annual change 2014-15³



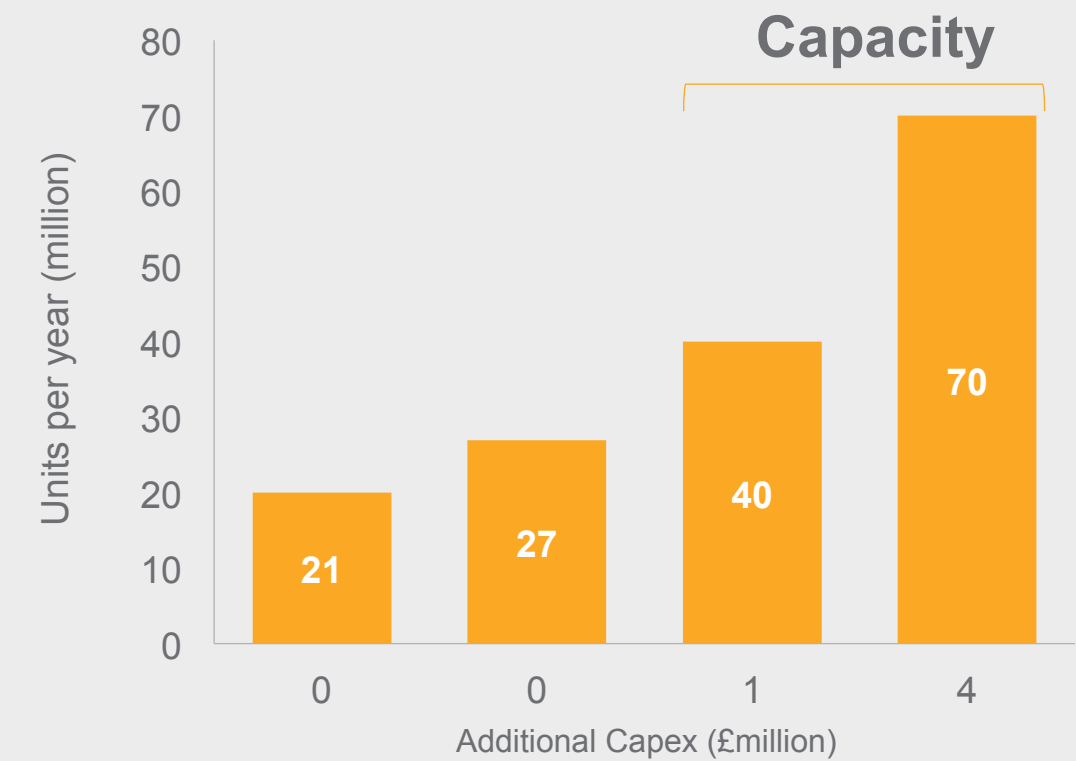
Sources:

1. United Nations (2017). World Population Prospects: the 2017 Revision
2. National Audit Office – Financial sustainability of the NHS
3. Association of the European Self-Medication Industry – Market Data

Our fully *integrated model*



Our Manufacturing *KPIs*



2017 Group revenue	£16m
Utilisation (as % of 40m units per year capacity)	53%
No. of products produced in 2017	21m
Anticipated capacity with £1m additional annual capex (i.e. 2% of manufacturing revenue per year for next 3 years)	40m
Capacity with £4m additional capex	70m
No. of employees in production	53
Average employee tenure	10 years

Global *distribution network*



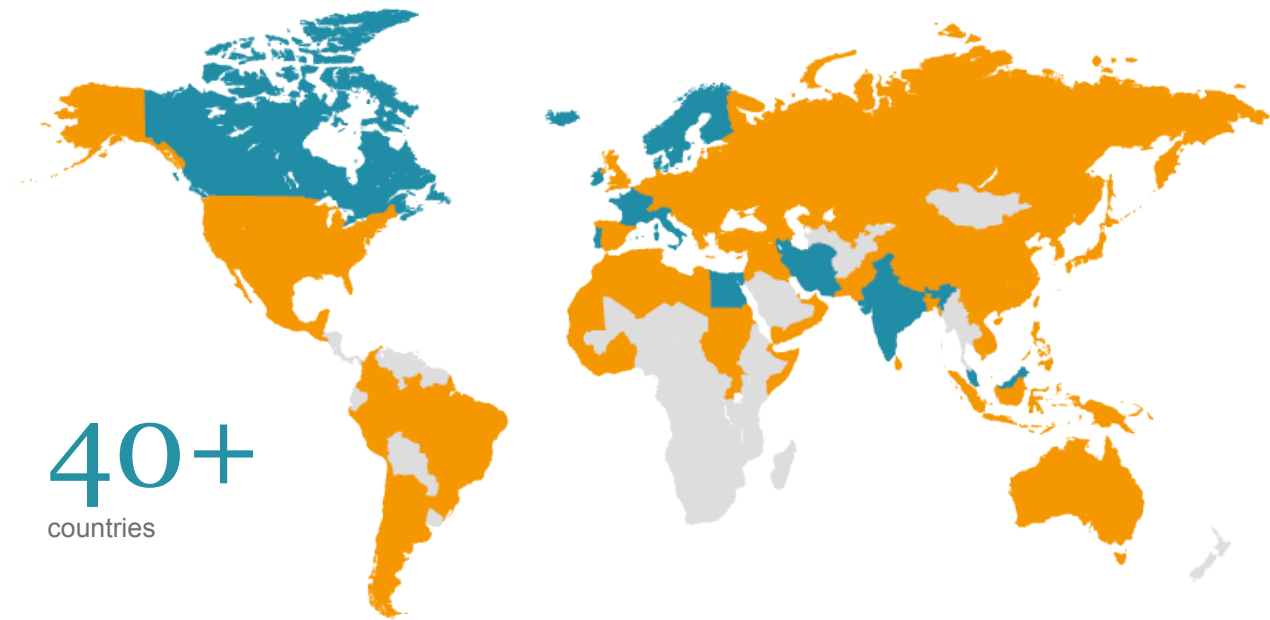












40+
countries

100+
marketing partners

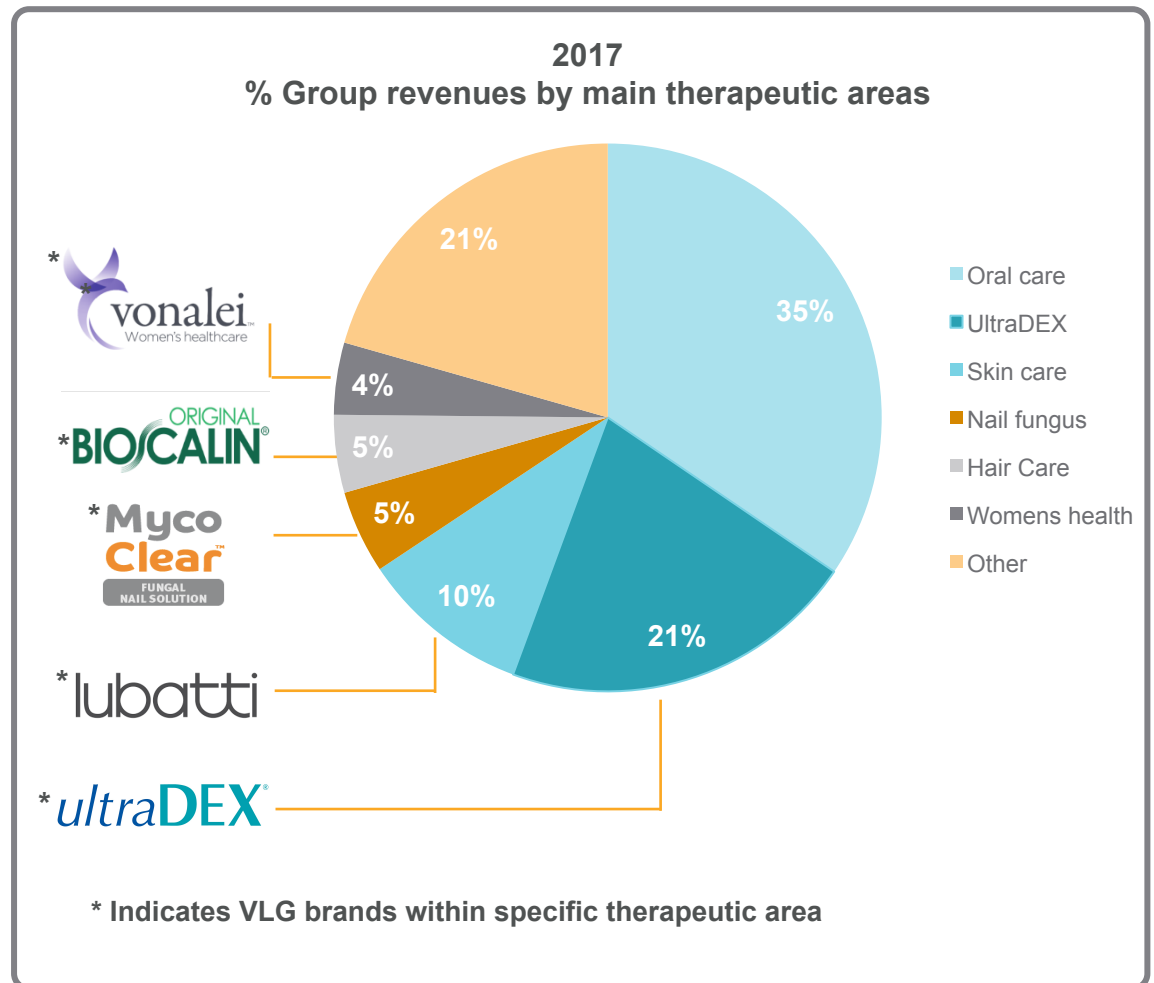
- Countries where products sold or partnered
- Countries where key deals signed/products launched in 2017
- Countries where no products sold or partnered

Self care product *portfolio*



Expertise by *therapeutic area*

- Long standing Group expertise in oral care
- Wide therapeutic coverage
- Establishing our own brands in key areas
- Utilising our strong technical expertise





Financial Highlights

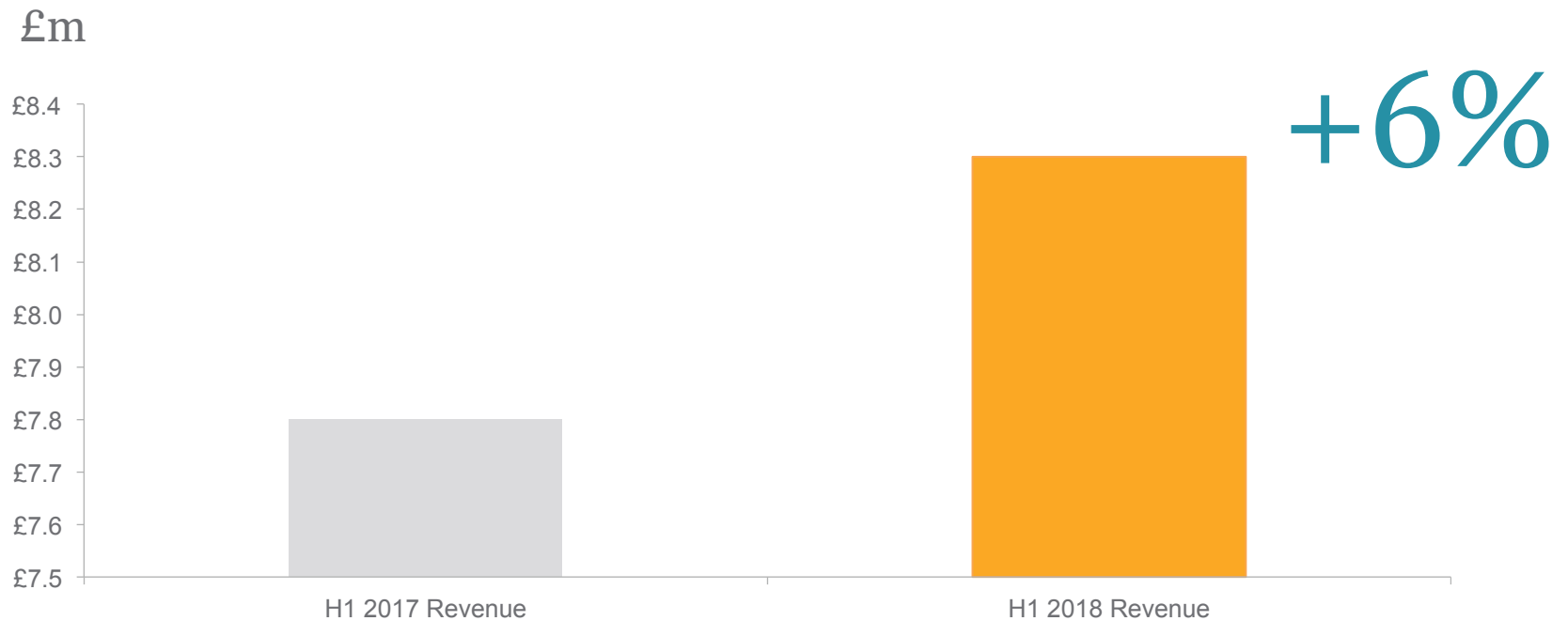


H1 2018 *profit and loss account*

£ million		H1 2018	H1 2017	% change
Revenue		8.3	7.8	6%
Gross Profit		3.0	3.0	-
Gross Margin		36%	39%	
Total admin expenses (exc. D, A & SBP)		2.3	2.5	-8%
EBITDA		0.7	0.5	40%
Operating Profit/(Loss)		(0.05)	(0.12)	
Profit/(Loss) before Tax		(0.3)	(0.4)	
Loss after Tax		(0.5)	(0.6)	

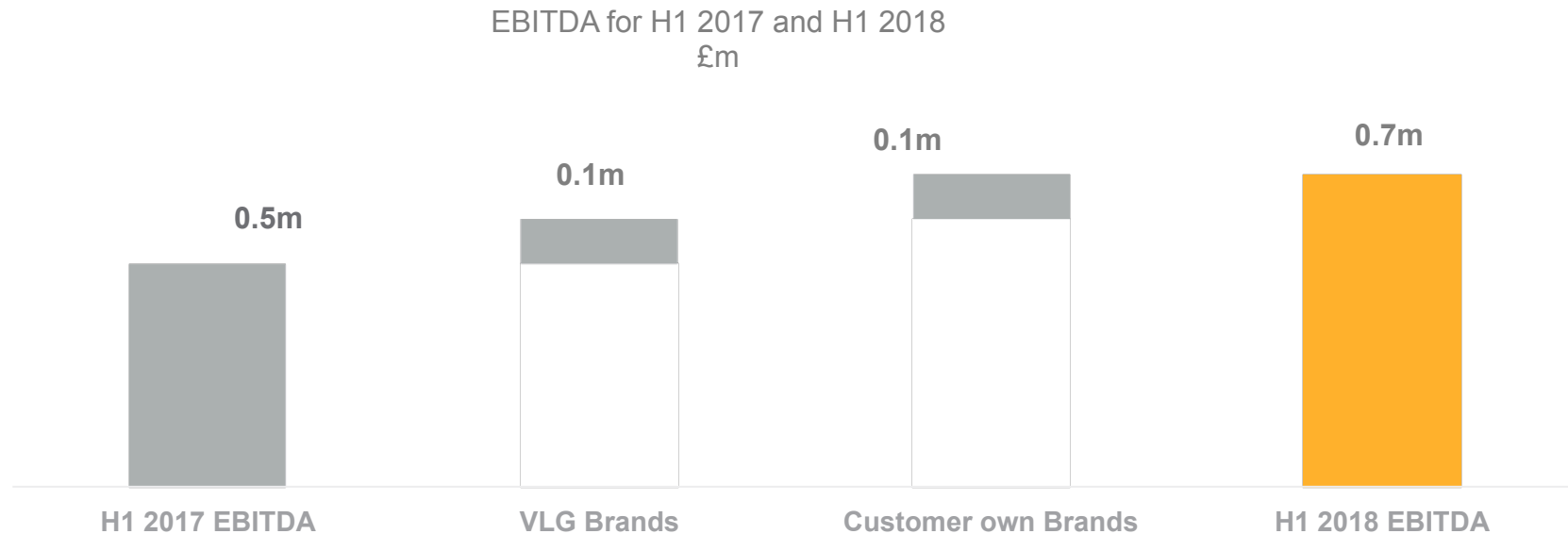
Revenues *H1 2018*

- Revenues increased 6% to £8.3 million (H1 2017: £7.8 million)



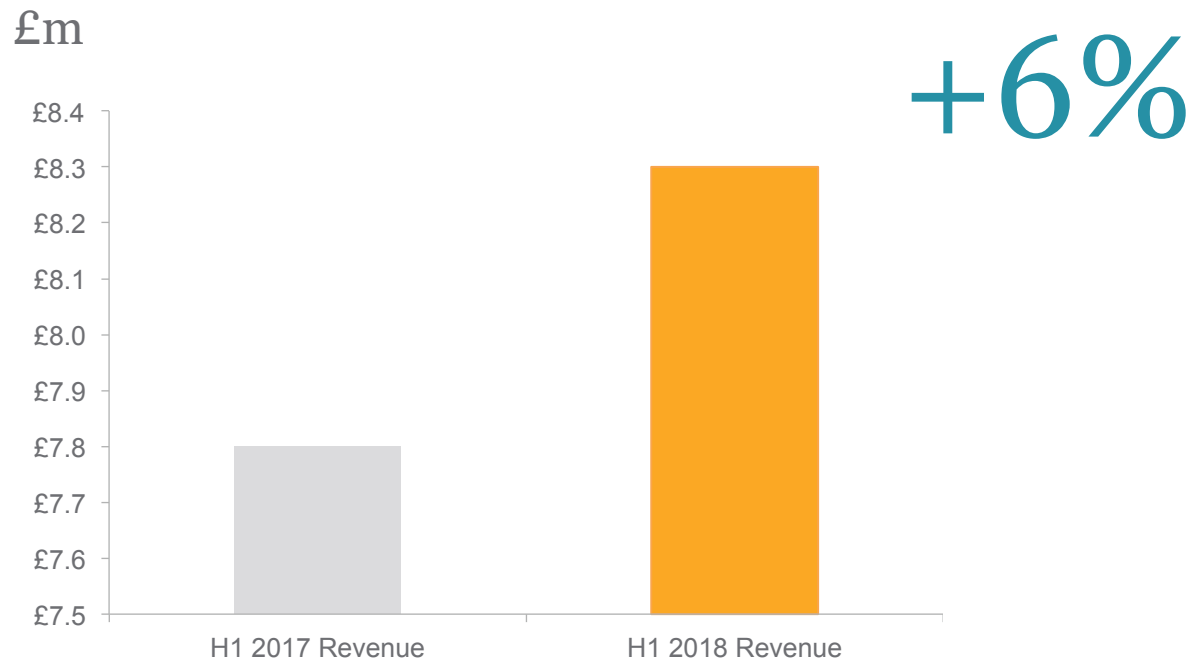
EBITDA *and profit*

- EBITDA increased to **£0.7 million** (H1 2017: £0.5 million)
- Gross profit of £3.0million, representing a gross margin of **36%**



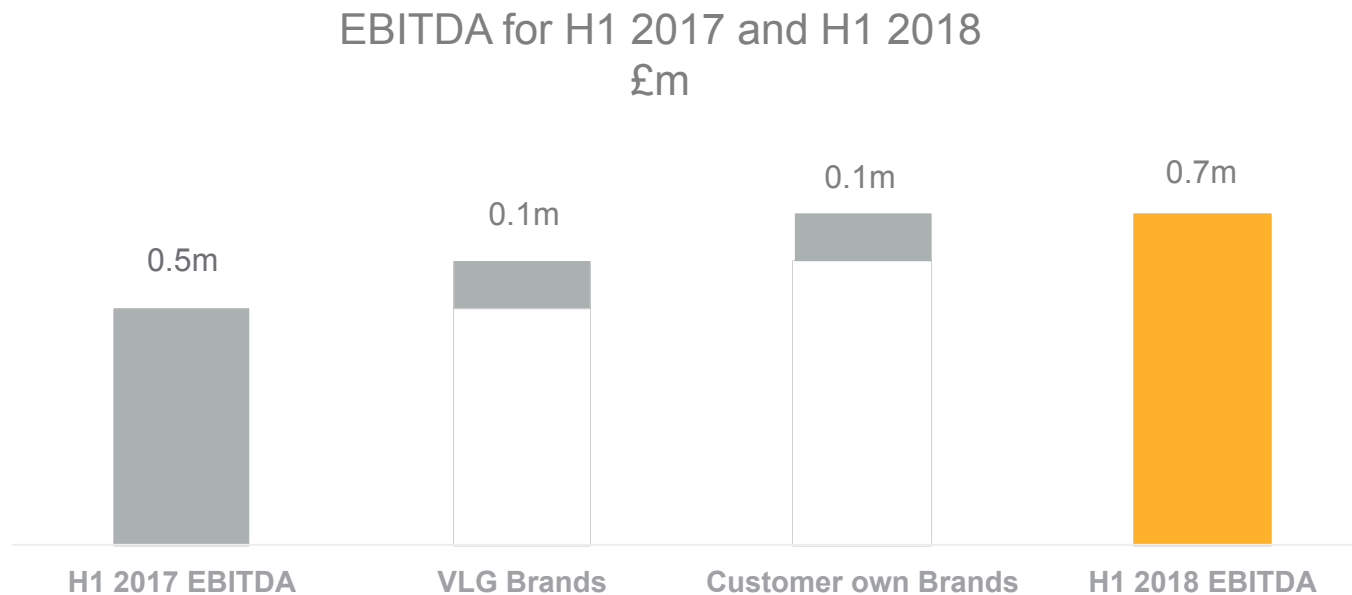
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EBITDA *and profit*

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Balance sheet

£ million	December 2017	June 2018
Fixed assets	21.2	20.9
- Cash	1.4	1.5
Current assets	10.0	11.0
Total assets	31.3	31.9
- Total debt (excluding finance leases)	7.7	8.3
Total liabilities	17.1	18.2
Total equity and liabilities	31.3	31.9

Balance sheet – *effect of fund raise*

£ million	June 2018	July 2018 fund raise	Proforma
Fixed assets	20.9	4.2	25.1
- Cash	1.5	9.2	10.7
Current assets	11.0	13.4	24.4
Total assets	31.9	13.4	45.3
- Total debt (excluding finance leases)	8.3	(4.1)	4.2
Total liabilities	18.2	(4.1)	14.1
Total equity and liabilities	31.9	13.4	45.3

- Debt repaid post placing - £3.7m of convertible bonds and vendor loan and £0.4m of deferred consideration.



Commercial Highlights



Continued commercial *progress*

Venture Life Group Brands

H1 2018 Highlights

International Markets

- 6 long term distribution deals completed
- 5 launches internationally
- TV planned in some markets
- Strong H1 2018 orders for Lubatti brand in China

UK Market

- Increased distribution – new listings
- Innovation – One GO sachets launched
- Boots - better shelf positioning in larger stores

Post-period end

- Dentyl acquisition – integration underway
- 2 more deals signed internationally
- Further expansion of UltraDEX internationally

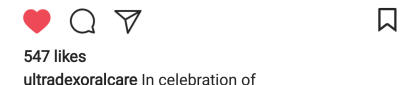
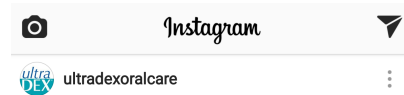
UltraDEX *Performance - UK*

H1 performance

- New partners – launched in Lloyds Pharmacy and Day Lewis Pharmacy
- Existing partners – distribution gains on core range in Superdrug and Boots – +30% net gains
- Innovation – One GO and Essentials Kit launch in Boots, Superdrug, Amazon, Ocado and Pharmacy
- Marketing – new marketing campaign launched

Post period end

- Sainsbury's – listing agreed on UltraDEX One GO from Sep-18



UltraDEX partnered *in 15 markets*

- UltraDEX is now partnered in **15** territories
- Presence in the **EU** – 4 key EU markets covered
- France – strategic partner in EU for mass market (France, Spain, Portugal, Belgium)
- Ambition – 30 markets by end 2020



Countries where
UltraDEX signed/
launched

Countries where
UltraDEX not sold or
partnered

Dentyl *acquisition*

- Dentyl acquired 7th August 2018 - consideration £4.2m
 - 20+ years in UK market
 - 2017 = £2.9m (net sales) and £1.2m (operating profit)
 - 95% of business from UK
 - Current international markets – China, South Africa
-
- Opportunity to improve revenues/profitability:
 - Expansion in UK listings – **targeting Ocado, Amazon, convenience**
 - Internationalisation – **marketing has started, interest**
 - Improve marketing – **Q4 activity to include advertising**
 - Product innovation – **idea generation**
 - Cost of goods savings – **investigation underway**



Other commercial *H1 highlights*

- Reorganisation of production facility
 - Increased production capacity
- Extended agreement with Alliance Pharma
 - Extended existing contract until 2025
 - Added new product to manufacture – Atopiclair
 - Additional €1.6m of annual revenues, to begin late 2018/early 2019
- New development and manufacturing agreements

Outlook *H2 2018*

- Dentyt acquired August 2018, manage and integrate – China opportunity
- UltraDEX promotions and new listing impacts
- Order book end August +20% over same point in 2017
- Myco Clear and NeuroAge marketing studies nearing completion
- Cash generative going forward
- Significant cash available to acquire more assets

Buy and Build *strategy*

- Self-care market growing, demographics favourable – EU market +£20bn*
- Underlying organic growth from existing portfolio
- VLG has built platform to maximise cash flow and earnings from unloved brands – **operating leverage**
- Strategy to buy and build with additional brand assets
- Using proven VLG capabilities
- Rapidly increase profitability and cash flow through operating leverage
- VLG + brand acquisitions = accelerated PAT growth



Appendices



An experienced *management team*



Jerry Randall
Chief Executive Officer

- Experienced executive director in international healthcare since 2000
- Extensive experience in international licensing, M&A, fund raising and capital markets
- Previously co-founder of Sinclair Pharma plc growing it to £30m revenues
- Previously Exec Chairman of Silence Therapeutics plc
- Co-founder of Venture Life



Sharon Collins
Commercial Director

- Almost 20 years experience within healthcare industry - sales, marketing and BD
- Co-founder of Venture Life
- Responsible for commercial activities
- MBA



Gianluca Braguti
Manufacturing Director

- Pharmacist graduate
- University of Milan's cosmetic research and development department
- Founded Biokosmes in 1983
- FDA approval and ISO certification for manufacture of medical device and cosmetics



Adrian Crockett
Chief Financial Officer

- Over 15 years finance experience within healthcare industry
- Joined in March 2017 from Abbott Diabetes Care
- FCMA

Net Debt/(Net Cash) position

£'M	June 2018	July 2018 fund raise	Proforma	Comments
Convertible Bond	1.9	(1.9)	-	£1.9m convertible bond (9%) – repaid September 18
Vendor Loan notes	1.8	(1.8)	-	€2m Euro loan note (4%) – repaid September 18
Italian term loans	2.6	-	2.6	€3.1m initial principal
Deferred consideration	0.4	(0.4)	-	£400k (10%) - repaid September 18
Invoice financing	1.6	-	1.6	
Cash	(1.5)	(9.2)	(10.7)	
Net Debt/(Net Cash)	6.8	(13.3)	(6.5)	

Italian loan position 31 December 2017

	€'000	Planned Full Repayment	Interest rate
BNL SPA	300	30/09/20	1% +3m Euribor
Intesa SPA	2,000	30/11/24	0.90% +6m Euribor
Unicredit SPA	800	31/05/23	1.05% + 6m Euribor
RIBA	770	On demand	£<1%

Shareholder register

J O Hambro	10.9%
Business Growth Fund	9.4%
Mr Gianluca Braguti (Director) and associated holdings	8.5%
Livingbridge	7.8%
Ennismore Fund Management	7.5%
Otus Capital Management	6.6%
Mr Jerry Randall (Director) and associated holdings	4.7%
Quilter Cheviot Limited	4.6%
Dr Michael Flynn and associated holdings	3.5%
BlackRock	3.3%
Others	33.3%
TOTAL	100.0%

(15.2% held by directors)