

# NeutraHealth plc

Investing in wellbeing

## Preliminary Announcement Year ending 31 December 2006



# NeutraHealth plc

## Agenda

### 1. Financial Highlights 2006

### 2. Corporate Highlights 2006

- A. Acquisitions of Nutrigold and Brunel Healthcare
- B. Champneys licensing agreement
- C. Operational improvements
- D. Launch of TravelGuard brand

### 3. Outlook for 2007 and beyond

- A. Market & strategy
- B. Key projects
- C. Further acquisitions



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## Financial Highlights for 2006

- Turnover substantially increased for the year to £8.6m (2005: £2.4m)
- PBIT before non-recurring items of £1.4m (2005: £0.4m)
- Diluted EPS growth (pre non-recurring items) of 41% to 0.6p (2005: 0.4p)
- Non-recurring items of £0.3m (2005: £nil) for relocation, employee terminations and aborted acquisitions

## Other Highlights

- Gross Profit Margin of 53%
- EBITDA margin of 18.5%
- Export sales like for like increase of 79%
- Probiotic sales like for like increase of 29%



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## Corporate Activities - Acquisitions

- Acquisition of **Nutrigold** February 2006 for initial consideration of £0.5m
- Operating in a growing part of the alternative practitioner market for Aloe Vera, Fish Oil's and Detox products
- Acquisition of **Brunel Healthcare** February 2007 for initial consideration of £4m
- Supplier of private label and branded supplements, and licensed over-the-counter medicines to major retailers
- 50% turnover growth since 2001 to £14 million in 2006



**NUTRIGOLD**<sup>®</sup>  
LIMITED



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## Corporate Activities - Champneys

CHAMPNEYS  
— COLLECTION —

- Neutrahealth Plc has secured the rights to the Champneys Supplement range for launch nationwide 27<sup>th</sup> March 2007
  - 22 products targeted at high street retailers (Boots and Sainsbury (already stock Champneys Skincare))
  - Will be stocked and promoted by Champneys health resorts and Wellness centres
  - Opportunity to roll out to other health spa chains

## Other Facts

- Champneys is the most upmarket and well known spa group in the UK
  - offer a range of premier treatments and activities in their health resorts (4 locations in UK and 1 in Goa, India)
  - planning to open 100 wellness centres in the UK
  - experts in wellbeing and nutrition



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## Operations review



- Operations
  - [www.biocare.co.uk](http://www.biocare.co.uk) - **Apr06**
  - New inventory management and call centre systems – **May06**
  - Integration of Nutrigold into existing facilities – **May06**
  - New UK Customer Development team – **Jun06**
  - 12 nutritionists providing nationwide network of brand ambassadors from - **Aug06**
- Practitioner seminar attendances up 49% year on year
- Focus on export opportunities: 79% growth year on year
- Continual product development and launch: 18 new products
- Launch of Travelguard brand – **Dec06**

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## Operations review - TravelGuard range

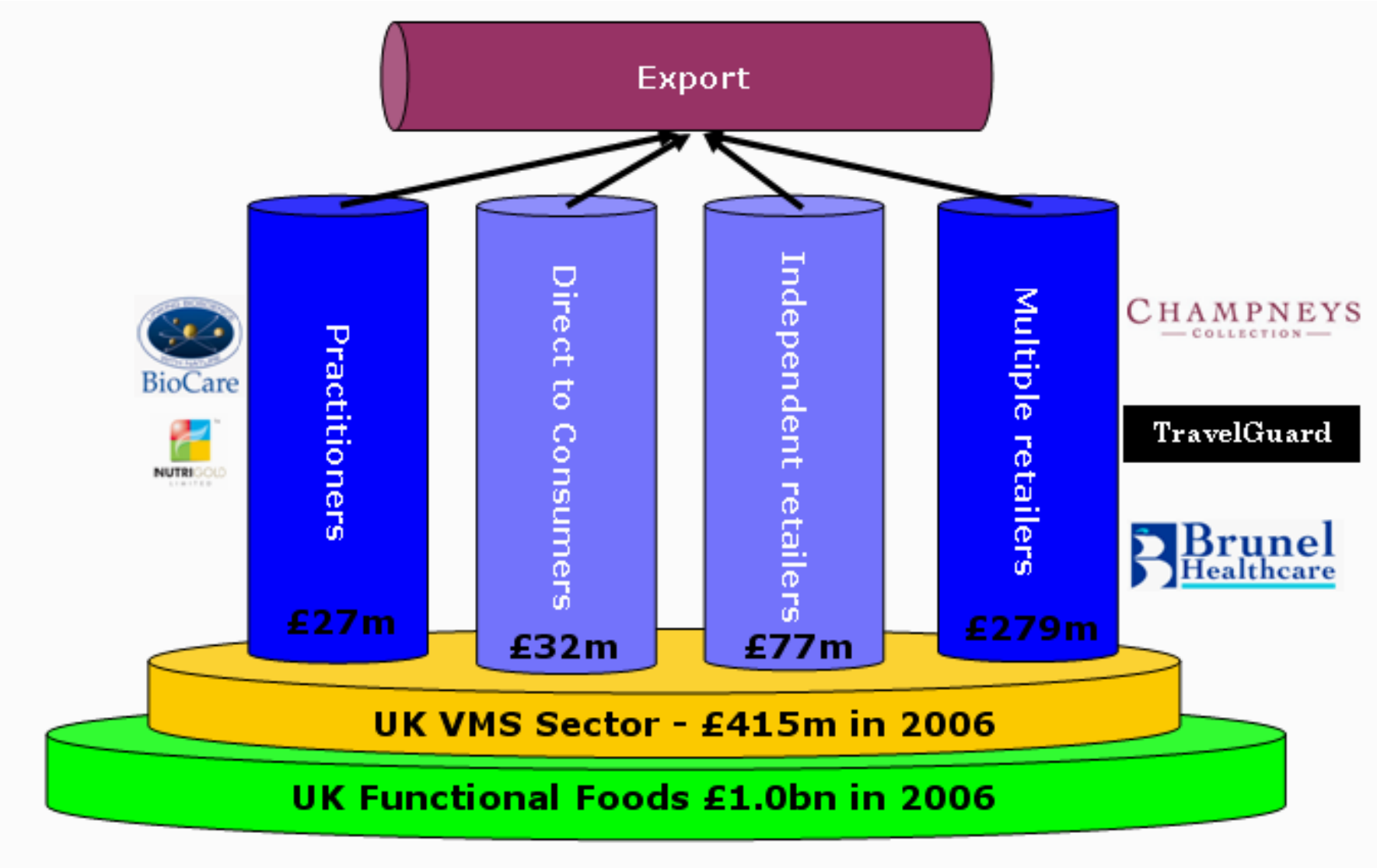
- Products in BioCare range suitable for revolutionary, innovative lifestyle retail range
  - TravelGuard : gut protection
  - CabinGuard : circulatory protection
  - SolarGuard : skin protection
- Nationwide distribution with pipeline fulfillment taking place in first half of 2007 to more than 1,100 stores across Boots (incl. 36 airport outlets), Tesco, Waitrose, Holland and Barret, and the exclusive Pharmacia stores (Harrods, Selfridges and Harvey Nichols)



TravelGuard

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## Market Size & Structure



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## Investment Criteria

### ➤ **“Cornerstone” Investments**

- £5-£20m Turnover
- £1-£3m PBIT
- Cash generative and profitable
- High levels of repeat business
- Strong brand positioning
- Further potential for export or distribution channel expansion

### ➤ **“Bolt on” Investments**

- £1-£4m Turnover
- £0.1m-£0.6m PBIT
- High growth potential
- Operational synergies and complementary product portfolio
- Talented and highly incentivised management

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## Outlook for 2007

- Synergies
  - Supply chain optimisation
  - OTC opportunity assessment
  - Export distribution
  - Cross brand fertilization of technology and commercial relationships
  
- Retail market penetration
  - Travelguard launched nationwide, and PR is ongoing
  - Champneys launch March 2007 with nationwide distribution to follow
  - Further licensing of brands into existing distribution network

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## Outlook for 2007

- Acquisitions
  - Expecting to make further substantial acquisition in 2007
  - Focus on independent retailers channel and Direct-to-consumer channel
  - Considering relationship building with overseas targets
  
- Strategic direction
  - Move into functional foods with growth of 40% over 2005 and 2006
  - Further expansion of overseas network of distributors

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## Summary – Delivering on our strategy



Delivering market consolidation

- 3 acquisitions in 18 months



Delivering organic expansion

- Travelguard and Champneys ranges launched



Delivering performance

- 41% EPS growth in 2006

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## Appendix – P&L for y/e 31 December 2006

	£m	
<b>Turnover</b>	<b>8.6</b>	Includes 29% probiotic growth and 79% export growth
Cost of Sales	4.0	Gross profit margin 53%
Admin expenses excl Depreciation / Amortisation	3.0	
<b>EBITDA</b>	<b>1.6</b>	EBITDA margin of 18.6%
Depreciation / Amortisation	0.2	Includes £0.1m of share option amortisation charges
Non-recurring costs	0.3	£0.15m reorganisation / £0.16m aborted acquisition
Net interest payable	0.2	
<b>PBT</b>	<b>0.9</b>	
Taxation	0.3	
Retained Profit	0.6	
<b>EPS pre non-recurring items</b>	0.6p	41% increase on 2005
Normal EPS	0.4p	
Diluted EPS	0.4p	

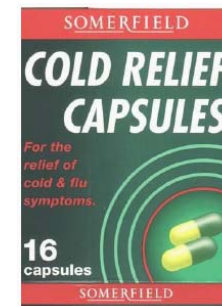
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## Appendix - Cashflow for y/e 31 December 2006

	£m	
<b>Opening cash balance</b>	<b>2.3</b>	Total debt at 1 January 2006 was £4.0m
EBITDA pre non-recurring costs	1.6	
Non-recurring costs	(0.3)	
Working capital increase	(0.5)	Increased stock holding to improve customer service and trade debtor increase due to exports
Interest	(0.2)	
Tax	(0.5)	Move to self assessment has accelerated tax paid
Capital expenditure	(0.2)	
Acquisitions	(0.6)	Nutrigold
Repayment of loans	(0.4)	
<b>Closing cash</b>	<b>1.2</b>	Total debt at 31 December 2006 of £3.6m

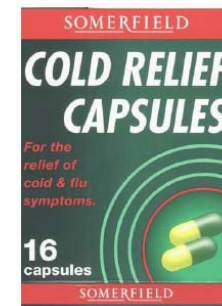
## Appendix - Brunel Healthcare

- £4m consideration, funded by KBC Bank increased facility
- £0.96m debt acquired
- Acquisition multiple : 6.8 x 2006 underlying EBITDA of £0.73m
- Vendors staying on with performance based earn out
  - For 2007, up to £0.8 million payable for 30% PBIT growth from 2006 levels
  - For 2008, up to £1.1 million payable on 70% PBIT growth from 2006 levels
  - 25% payable in shares at NeutraHealth's discretion
  - Possibility of extension into 2009 with reduced consideration payable



## Appendix - Brunel Healthcare

- Supplier to major national retailers – Alliance Boots, Waitrose, Tesco, Co-op, Somerfield, with long-standing relationships with top 10 customers
- Products includes private label, selected brands, and Brunel Healthcare brand for OTC medicines.
- Synergies across group include supply chain optimisation, sharing technical expertise, combined export initiatives.
- Strategic fit : Brunel has relationships with and distribution into all major multiples, creating an opportunity for NeutraHealth with Travelguard and Champneys ranges



# NeutraHealth plc

## Board of Directors

**Martin Gatto**

**Non-exec Chairman**



**Robin Hilton**

**Finance Director**



**Michael Toxvaerd**

**Chief Executive**



Board of Directors  
£1.1m (8%) investment



**Ron Stagg**

**Managing  
Director**



**James McEuen**

**Group Managing Director**



**Sir Gulam Noon**

**Non-exec**



**Tony Good**

**Non-exec**

