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Probiotec Limited

ASX: PBP

# FY21 RESULTS & OUTLOOK

25 August 2021



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All values are expressed in Australian Dollars unless otherwise stated.



# Financial Highlights



## Revenue

**\$120.5m** Underlying\*  
+12% on FY20

**\$160.5m** Pro Forma\*  
+50% on FY20

## EBITDA

**\$21.6m** Underlying  
+28% on FY20

**\$29.6m** Pro Forma  
+76% on FY20

## NPAT

**\$9.1m** Underlying  
+17% on FY20

**\$13.7m** Pro Forma  
+76% on FY20

## EPS

**11.9c** Underlying  
+8% on FY20

**17.9c** Pro Forma  
+62% on FY20

## Net Bank Debt

**\$21.6m** Pro Forma  
0.7x Pro Forma EBITDA

## Full Year Dividend

**5.0c**  
+11% on FY20

\* See Slide 14 for reconciliation between Pro Forma, Underlying and Actual Results

01

### **Organic growth via key customer relationships**

The expanded Group will provide additional opportunities for cross fertilisation and leveraging of existing capabilities to improve revenues

02

### **Maximise opportunity from onshoring and domestic manufacturing**

Probiotec is well positioned with the capabilities and capacity to assist global clients to localise their manufacturing in Australia

03

### **Acquisition and capital investment opportunities**

Probiotec to continue its successful disciplined approach to accretive and strategic acquisitions

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### **Driving operational improvements and cost synergies**

Ccommitted focus to reduce costs and leverage operating scale

Optimise Sydney footprint with consolidation project well progressed

# **Our Strategy**

# Key Highlights



**Strong performance achieved in FY21 despite COVID-19 headwinds.**

- ✓ Acquisition of Multipack LJM delivering in the first 6 months under Probiotec control
- ✓ Acquisition of H&H Packing completed and effective from 1st August 2021
- ✓ Strong revenue and earnings growth
- ✓ Increasing level of inbound enquiry
- ✓ Improved cash generation and conversion at 125% of EBITDA
- ✓ Net debt levels reduced to 0.7x EBITDA
- ✓ Sales and EBITDA in-line with guidance, EPS ahead of guidance
- ✓ Record underlying cashflow from operations of \$26.9m



# FY21 Results Summary

## FY21 Results Snapshot (\$m)

	FY21 Underlying	FY20 Underlying	Underlying vs PCP
Sales Revenue	120.5	107.2	↑ 12%
EBITDA	21.6	16.9	↑ 28%
EBIT	15.2	12.6	↑ 21%
Net Profit After Tax	9.1	7.8	↑ 17%
Earnings per Share	11.9c	11.1c	↑ 8%

	FY21 Pro Forma	FY20 Pro Forma	Pro Forma vs PCP
Sales Revenue	160.5	107.2	↑ 50%
EBITDA	29.6	16.9	↑ 76%
EBIT	20.8	12.6	↑ 66%
Net Profit After Tax	13.7	7.8	↑ 76%
Earnings per Share	17.9c	11.1c	↑ 62%

\* See Slide 14 for reconciliation between Pro Forma, Underlying and Actual Results



# Balance Sheet & Cashflow

Significant capacity exists to support additional inorganic opportunities

**\$26.9m** → **Underlying cashflow from operations**

Committed focus on optimising working capital and capex to drive cashflow generation

Net capex over the FY21 period totalled \$35.9m, comprising

- Acquisitions & intangible asset purchases > \$33.7m
- Plant & equipment > \$2.9m
- Asset sales > \$0.8m (inflow)

Probiotec maintains a conservative balance sheet, with leverage below 0.7x Pro Forma EBITDA

Underlying Cash Flow <sup>1</sup> (\$m)	FY21
EBITDA (Underlying)	21.6
(-) Tax	(2.7)
(-) Working Capital	11.3
(-) Interest Expense	(3.4)
(+) Other	0.1
<b>= Underlying Cashflow from Operations</b>	<b>26.9</b>
(-) Capital Investments	(2.9)
(-) Acquisitions & Intangible Asset Purchase	(33.7)
(+) Net Debt Drawdown	37.4
(+) Proceeds from Asset Sales	0.8
<b>= Underlying Net Cash Flow</b>	<b>28.4</b>
Net Debt (\$m)	30-Jun-21
Cash	(28.4)
Bank Debt	50
<b>Net Debt</b>	<b>21.6</b>
<b>Net Debt / Pro Forma EBITDA</b>	<b>0.7x</b>

(1) Reflects exclusion of \$0.2m of loss from discontinued operations and \$2.3m (after tax) of non recurring expenses



# Key Trends & Drivers



Track record of strong growth continuing to be delivered



Step change in the scale and opportunities within the business



Strong growth expected to continue via materially increased client base and reach

\* See Slide 14 for reconciliation between Pro Forma, Underlying and Actual Results



# Multipack LJM Acquisition

Transformative acquisition with an attractive growth profile

## Overview

- ✓ Acquisition of Multipack LJM was completed on 31 December 2020
- ✓ Acquisition complements Probiotec's existing capability resulting in significant cross-fertilisation opportunities currently underway with access to Multipack LJM's blue chip client base to offer Probiotec Group's range of services
- ✓ Strong focus on maximising shareholder value by extracting synergies across the combined group

## Trading Update

- ✓ Sales and earnings have been strong in the first 6 months under Probiotec control
- ✓ Site consolidation opportunity in NSW significantly progressed and expected to realise material synergies in FY24



# Our People & ESG



## People

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A big thank you for the performance, loyalty and resilience of our employees in such a challenging operating environment

The efforts and commitment as well as flexibility of the team have seen the Group have no material impact on operations throughout the year

## Safety

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Continued focus on safety, people and culture

Reduction in all safety related metrics continues with increased focus and resource deployed to support our employees

## Covid-19

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No material impact to operations throughout the year

Significant precautions and additional protocols in place to safeguard the health and mental wellbeing of our employees

## ESG Focus

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Continuing focus on ESG initiatives across the group

New dedicated resourcing added to further Probiotec’s ESG approach, vision and management



# Roadmap

## Organic Drivers

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- ✓ Normalisation of Cough, Cold and Flu volumes into FY22 and FY23 providing significant tailwinds
- ✓ \$15m+ of additional contracts won since 1 July 2021 to commence in FY23 as a result of onshoring and Probiotec's positioning in the market
- ✓ Strong level of wins and enquiry expected to continue illustrating industry tailwinds and exemplifying Probiotec's positioning as a manufacturer of choice in the region
- ✓ Material opportunities from global client base and onshoring thematic

## Inorganic Opportunities

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- ✓ Site consolidation delivering material synergies from the start of FY24
- ✓ Continued focus on acquisition opportunities
- ✓ Consolidation of operations, IT and overheads resulting in margin expansion and improvements in efficiencies

# Achievements & Outlook

## FY21 Achievements

Strong financial performance and metrics achieved against Covid-19 headwinds

Multipack LJM acquisition performing strongly

H&H acquisition completed and under Probiotec control from 1 August 2021

No material impacts to operations from Covid-19

## FY22-23 Outlook

Cough, cold and flu related products expected to recover progressively in FY22 and more fully in FY23

Impact of new business wins to be realised during FY22 and fully in FY23

Consolidation project to be executed during FY22 and FY23, with synergies commencing from the start of FY24

Focus on further acquisitive growth to complement organic growth



# Outlook

The Group continues to focus on executing upon its strategy and expects to continue to deliver strong organic and inorganic growth

## Organic Growth



The business continues to win and onboard significant new work:

- Whilst the onboarding and timeline of this has been impacted by Covid-19, this business is contracted and secure for the Group and expected to be realised during the second half of FY22 and fully by FY23
- Total wins of ~\$25m > \$10m announced last year plus \$15m announced today
- Enquiry, new business demand, onshoring and general industry tailwinds expected to continue and be realised in FY23 and FY24



Multipack LJM performance is expected to remain strong for FY22

## Inorganic Growth



Management continues to focus on strategic acquisitions to further enhance the Group's footprint and position in the market

## COVID-19



COVID-19 continues to impact the industry and operating environment, largely related to timing and execution



Given this, we will not be providing a trading update for FY22 and will provide further information in this regard at the AGM later this year

# Results Reconciliation

## FY21 Results Reconciliation (\$m)

	FY21 Actual Results	Underlying Adjustments	FY21 Underlying Results	Pro Forma Adjustments	FY21 Full Year Pro Forma
Sales Revenue	120.5	-	120.5	40.0 <sup>3</sup>	160.5
EBITDA	19.3	+2.4 <sup>1</sup>	21.6	8.0 <sup>3</sup>	29.6
EBIT	11.1	+4.1 <sup>1,2</sup>	15.2	5.6 <sup>3</sup>	20.8
Net Profit After Tax	5.1	+4.0 <sup>1,2</sup>	9.1	4.6 <sup>3</sup>	13.7
Earnings per Share	6.6c	-	11.9c	-	17.9c

(1) Reflects \$2.4m (pre-tax) / \$2.3m (post-tax) of non-recurring / transaction costs excluded from Underlying Results at EBITDA level

(2) Reflects \$1.8m amortisation of acquired intangibles

(3) Reflects Multipack H1 FY21 earnings



# Contact Us

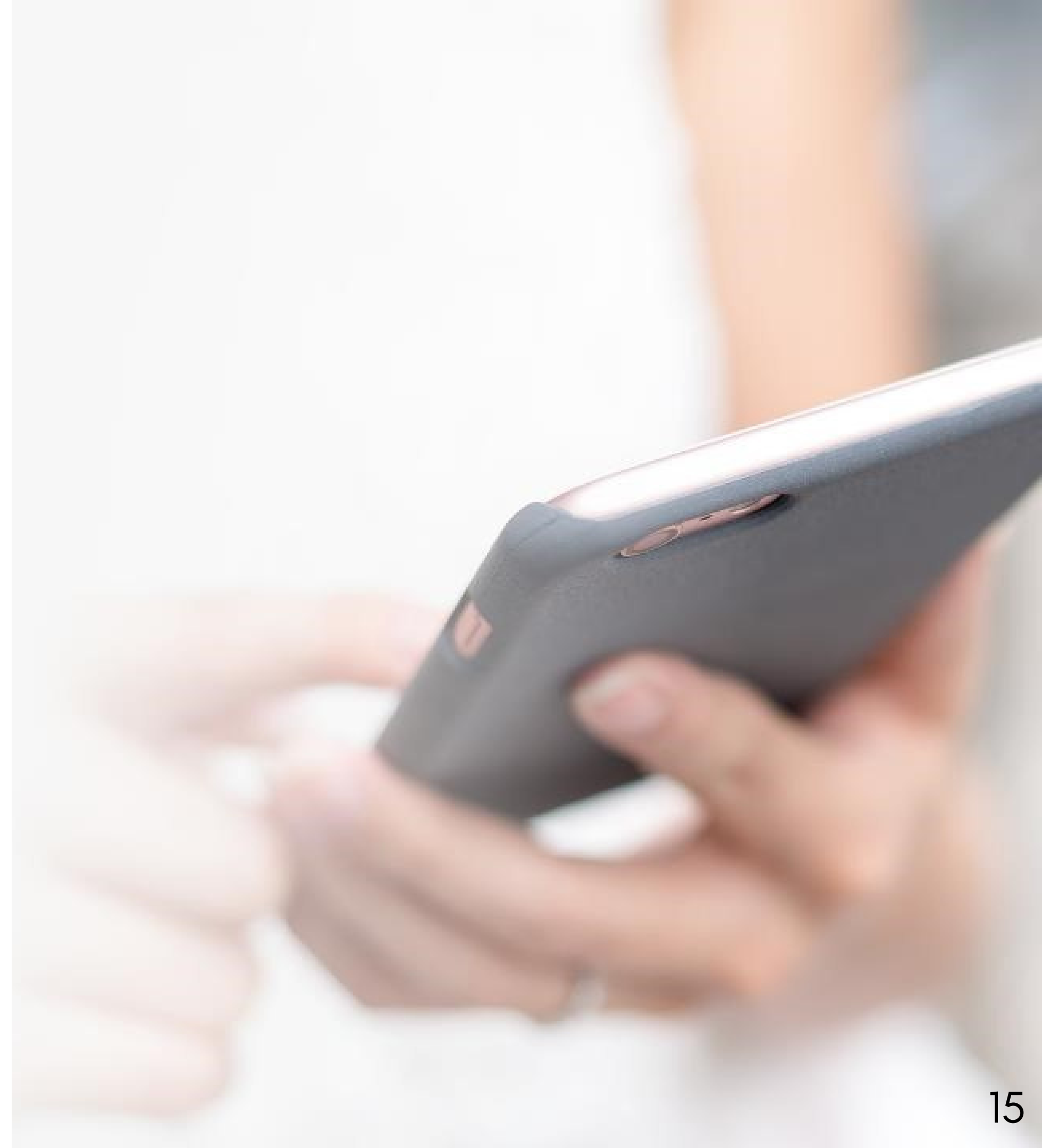
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# The Probiotec Group

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Probiotec Pharma

Multipack  LJ

