



ASX announcement

Vita Group expands into new growth category

18 October 2017

Vita Group (ASX:VTG) today announced a conditional agreement to acquire Clear Complexions¹, marking Vita's entry into the \$1 billion per annum² Australian non-invasive medical aesthetics (NIMA) market. The category demonstrates double-digit annual growth and encompasses non-surgical cosmetic treatments such as anti-wrinkle injectables, chemical facial peels, dermal fillers, laser and light-based therapies, body sculpting, and tattoo removal.

Vita's entry into this category is part of the group's previously announced strategy to add diversity to its portfolio. The move follows extensive research into a range of market sectors after which NIMA was highlighted as an attractive category due to its alignment with Vita's criteria for expansion, which includes: high margins; ownership of the brand; an attractive market with a clear growth trajectory; and the opportunity to consolidate what is currently a fragmented space. It is a market in which Vita's ability to manage operations at scale, coupled with expertise in consultative selling and retailing, will provide a point of differentiation and add value.

Through this acquisition, Vita will enter the market via an established, premium brand, with a team of medically-trained skincare professionals. Clear Complexions was established in 2005 as a single clinic and has grown to a network of six clinics across Sydney and Canberra with a highly skilled team of 60, including 35 registered nurses. It is known in the industry for its best-in-class training and education programs and its focus on client care and safety.

Vita will acquire Clear Complexions via an asset purchase agreement for \$9.5 million, comprising \$8.5 million in cash and \$1 million in VTG shares. The sellers will receive an option to obtain a five per cent interest in the new NIMA business for nominal consideration, as well as the potential to receive earn-outs should the business exceed earnings targets over the next two years. The agreement is subject to the usual conditions precedent and is anticipated to complete in late October or early November. The acquired business is anticipated to deliver annual revenue of around \$10 million, and earnings before interest, tax, depreciation and amortisation (EBITDA) of over \$1 million in the year post acquisition, with further growth anticipated in the future.

Vita Group Chief Executive Officer, Maxine Horne, said the decision to acquire Clear Complexions was made due to the brand's premium service offering, and the opportunity for Vita to apply its core competencies to drive further growth, scale and profitability.

"There is great alignment between the two businesses, and we see Clear Complexions as being a good cultural fit with Vita – which is of key importance to us. Both organisations are firmly focused on meeting customers' needs, and on delivering an exceptional customer experience."

Vita brings significant experience to the table, with 22 years in retailing and well-embedded competencies, including a strong focus on consultative selling and execution. Vita has scalable frameworks, processes and systems that can support Clear Complexions' growth. Vita's skill sets, combined with Clear Complexions' significant industry experience and customer focus, will be a distinct advantage in the NIMA market, and will create a strong platform for future growth.



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Clear Complexions' founder Suzie Hoytink, said, "We're really excited about this new phase for our business, which we have built from the ground up. The team at Clear Complexions are passionate about empowering our clients to be the best that they can be – and that will stay core to our model. The team and I are looking forward to delivering excellent results for shareholders as we continue to grow. We will do this by taking advantage of Vita's well-established business practices, and of course, a continued focus on delivering even better experiences to our clients."

Ms Horne said, "This is an exciting time for Vita Group. The ICT channels will continue to be the core of our business, and we look forward to continuing to drive growth and profit through our strategic relationship with Telstra. Vita's offering will now include technology accessories through our own Sprout brand, men's athleisure through our SQDAthletica brand, and now non-invasive medical aesthetics through the Clear Complexions brand. We will work closely with Suzie and the team and learn from their expertise and experience. We will continue to deliver results through a team of medically-qualified professionals whose focus is on ensuring that clients get the best and safest care available. We will start to add Vita competencies, resulting in a strong, capable business that is well-positioned to grow. The end game is to deliver a premium service, at scale."

¹About Clear Complexions

Clear Complexions are experts in empowering clients to feel their best through beautiful, healthy skin. They do this through a team of medically-trained professionals, using best-in-class technology and specialised training and skills. For more information, visit www.clearcomplexions.com.au.

About Vita Group

Vita Group is a consultative solutions provider, specialising in enhancing customers' way of life. Vita operates Telstra branded stores and Business Centres, SQDAthletica, Vita Enterprise Solutions and Sprout. For further information, visit www.vitagroup.com.au.

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² Source: Cosmetic Physicians College of Australia



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