



BOARD TO UNDERTAKE STRATEGIC REVIEW and FY17 RESULTS

Total Face Group Limited (TFG) is pleased to announce its financial results for the 2017 Financial Year (FY17).

The Board of Directors also announces that it has engaged Ernst and Young Transaction Advisory Services (EYTAS) to undertake a strategic review of the operations and capital structure of the Company.

Since listing, TFG has established itself as a premier medical aesthetics company with 15 clinics in 4 states with FY17 operating revenue of \$19.6m. Notwithstanding the Company's significant achievements and industry leading service platform, the Board has been disappointed with the Company's lower than expected group earnings across its network in FY17, driven largely by the earnings shortfall in the CoolSculpting® offering as previously advised to the market.

FY17 Highlights

- Achieved a positive cash flow from operating activities of \$1.56m, up from a negative operating cash flow from operating activities of \$925k in FY16
- Three acquisitions, that completed their first 12 months within TFG during the year, achieved double digit EBITDA growth
- Operating Revenue of \$19.6m was 147% higher than that achieved in FY16
- Underlying EBITDA of \$1.05m
- Maintained gross profit margin above 70% with margin contribution at a clinic level also being maintained above 25%

	FY17	FY16
Total Revenue	\$21,928,407	\$7,944,844
Less Interest Income	\$30,168	\$27,199
Less Net gain on deferred consideration	\$2,328,020	-
Operating Revenue	\$19,570,219	\$7,917,645
Gross Profit	\$14,332,131	\$5,654,016
Gross Profit Margin	73%	71%
Clinical Profit	\$5,445,581	\$1,458,140
Clinical Profit Margin	28%	18%
Corporate Costs	\$4,390,840	\$1,590,808
Underlying EBITDA	\$1,054,741	(\$132,668)
Underlying EBITDA Margin	5.4%	-1.7%
Non re-occurring costs	\$587,701	\$788,197
EBITDA	\$467,040	(\$920,865)
EBITDA Margin	2.4%	-12%
less Depreciation & Amortisation	\$1,506,459	\$557,570
less Impairment losses	\$3,624,927	-
Plus Net gain on deferred consideration	\$2,328,020	-
less Net Interest	\$129,801	\$134,619
Net Loss	(\$2,466,127)	(\$1,613,054)

TOTAL FACE GROUP LIMITED

ABN 43 169 177 833

PO Box 317, Collins Street West, Melbourne VIC 8007

WWW.TOTALFACEGROUP.COM.AU



Whilst a number of external factors impacted the FY17 result (including the acquisition of Zeltiq by Allergan and its impact on the rollout of CoolSculpting), the Board believes the Company will benefit from an independent external review to determine and implement optimal measures to realise shareholder value.

The Company has recently received a number of informal and inconclusive approaches from private equity firms and other groups who have expressed interest in a range of commercial restructuring options. These include, but are not limited to, the acquisition of TFG and its subsequent delisting. The Board notes these discussions have been limited in nature, are incomplete and are non-binding.

To assist in reviewing any approach, and in addition to the strategic review of the Company, EYTAS will prepare a range of recommendations for the Board to consider. This will include the option for TFG to remain as a listed entity.

The recommendations presented will be carefully considered by the Board before being implemented and the Company will provide further information to shareholders regarding its proposed course of action in due course.

In the interim, the Company will continue to pursue its stated objective of building its operating base as Australia's largest group of premium cosmetic clinics offering Cosmetic Injectable treatments, Skin Solution treatments and CoolSculpting® body fat reduction treatments.

To this end, the Board has implemented a range of specific initiatives to improve operations and earnings whilst not prejudicing the EYTAS Strategic Review process. These include but are not limited to:

- Heads of Agreement to acquire Artisan Rejuvenation Clinic Pty Ltd which is expected to deliver ~\$2.0m in annualised revenues and ~\$400k in annualised earnings
- Closure and/or sale of 2 underperforming clinics which will deliver EBITDA savings of ~\$300k
- Relocation of Melbourne CBD clinic to flagship premises on Exhibition Street; doubling the number of treatment rooms and earnings capacity
- Restructure of key operational and clinic management roles
- Continued investment in our proprietary end-to-end CRM and clinical software TESSA

About Total Face Group Limited

TFG is Australia's largest group of premium cosmetic clinics offering Cosmetic Injectable treatments, Skin Solutions and CoolSculpting® body fat reduction treatments. With medical clinics across Melbourne, Sydney, Queensland and the ACT, Total Face Group provides an honest, consistent and highly professional medical approach to facial rejuvenation and body sculpting treatments.

Our clinics have been providing clinical excellence for 27 years to men and women in Australia. It is our commitment to education, safety and product choice, which places us as a leading and trusted national provider of cosmetic treatments.