

# ANNUAL GENERAL MEETING

28 November 2017



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# Agenda...

| Item | Details  |
|------|--|
| 1    | Chairman Address   |
| 2    | Meeting Resolutions <ul style="list-style-type: none"><li>2.1 Consideration of Remuneration Report</li><li>2.2 Appointment of Director</li><li>2.3 Ratification and approval of previous allotment and issue of securities</li></ul> |
| 3    | Meeting Close  |
| 4    | CEO Presentation   |



# FORMAL BUSINESS OF MEETING INCLUDING MEETING RESOLUTIONS



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# Financial Statements & Reports...

## Item 1 – Table Financial Statements & Reports

*To receive and consider the reports of the Directors and the Auditor and the Financial Statements for the year ended 30 June 2017 for the company and its controlled entities released to the market on 31st August 2017.*



# Remuneration Report...

## Ordinary Resolution 1 - Consideration of Remuneration Report

*“That, the Remuneration Report forming part of the Directors Report for the year ended 30 June 2017 is adopted.”*

| Voting Summary  |            | % of votes | % all securities |
|---|------------|------------|------------------|
| For   | 16,702,721 | 96.01%     | 13.25%           |
| Against   | 384,000    | 2.21%      | 0.30%            |
| Open usable   | 308,914    | 1.78%      | 0.25%            |
| Open conditional  | -          | -          |                  |
| Excluded  | 14,263,799 | -          | 11.31%           |
| 308,914 Open usable proxy votes are available to the Chairman |            |            |                  |



# Director Appointment...

## Ordinary Resolution 2 – Director Appointment

*“To ratify the appointment of Mrs Lynda Adler as Non-Executive Director of the Company.”*

| Voting Summary  |            | % of votes | % all securities |
|---|------------|------------|------------------|
| For   | 31,080,520 | 98.17%     | 24.65%           |
| Against   | 270,000    | 0.85%      | 0.21%            |
| Open usable   | 308,914    | 0.98%      | 0.25%            |
| Open conditional  | -          | -          | -                |
| Excluded  | -          | -          | -                |
| 308,914 Open usable proxy votes are available to the Chairman |            |            |                  |



# Previous Allotment & Issue of Securities...

## Ordinary Resolution 3 – Allotment & Issue of Securities

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the shareholders approve and ratify Total Face Group's allotment of 2,004,556 fully paid ordinary shares on the terms detailed in the Explanatory Memorandum accompanying the Notice of Meeting.”*

| Voting Summary  |            | % of votes | % all securities |
|---|------------|------------|------------------|
| For   | 31,071,585 | 98.14%     | 24.65%           |
| Against   | 278,935    | 0.88%      | 0.22%            |
| Open usable   | 308,914    | 0.98%      | 0.25%            |
| Open conditional  | -          | -          | -                |
| Excluded  | -          | -          | -                |
| 308,914 Open usable proxy votes are available to the Chairman |            |            |                  |



# CEO PRESENTATION



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# Continuing to Build & Mature...

- TFG continued to build its clinic network with the addition of 5 clinics during FY2017
- Steps taken to exit underperforming clinics demonstrates an increasing level of commercial maturity
- Moving the ongoing development and support & maintenance of TESSA to an internal team provides us more control over the significant IP we have built
- The implementation of Salesforce Marketing Cloud as the client engagement platform shows our intent to continue to build enterprise solutions that will scale with the business without the costly need to re-build
- Development of customer loyalty program – *Totally For You* – to be rolled out December 2017
- Management appointments around operations, coolsculpting and facial aesthetics along with several redundancies provides an organisational structure that better aligns with growth drivers



# Underperforming Clinics...

- Made the commercial decision to exit clinics that do not have the infrastructure to generate >\$2.0m in revenue
- Exit clinics where catchment area has limited growth potential unless clinic is already meeting base performance criteria
  - Richmond (2 treatment rooms) closed 30 June 2017
  - Prahran (retail skin store) to be closed before end of Q1 calendar 2018
  - Chatswood Chase (shopping complex clinic) to be closed end of April 2018
- Positive annualised EBITDA impact of ~\$300k per annum based on FY2017 numbers



# Underperforming Clinics – Key Learnings...

- TFG's core business is treating clients across the three modalities and not running a single focussed retail skin store
- TFG's "premium" service does not lend itself to large shopping centre environments
- Building greenfield sites requires a different focus and far greater marketing effort
- Clinics with less than 4 treatment rooms do not provide the right commercial return and growth opportunities
- "*One Size*" does not fit all - clinics have their own personality that needs to be harnessed



# TESSA...

- We continued to develop new functionality during FY2017 investing a further \$735k
  - Key functionality around electronic scripting that meets strict regulatory requirements developed and rolled-out
  - Improved client booking functionality developed and rolled-out
  - Improvements to the capture and storage of before and after treatment photos developed and rolled-out
- System is now implemented across all but two of our clinic network with remaining clinics to come on line before end of Q1 calendar 2018
- In October took steps to bring ongoing development in house employing two full-time system engineers
- Expect annual spend, including support and maintenance, to reduce by more than \$400k from January 2018



# Client Engagement...

- Recognised that our client engagement was sub-optimal and not integrated with TESSA making analysis difficult
- Chose Salesforce Marketing Cloud to build our client engagement platform
  - Enterprise grade software that will scale with the business
  - Enables the creation of 1-to-1 customer journeys to build personalised email and mobile campaigns
  - Integrates seamlessly with TESSA
- To Drive:
  - Higher return rates
  - Lower cancellations
  - Greater cross referral
  - Increased per annum spend per client



# Customer Loyalty Program...

- Developing a uniformed customer loyalty program – *Totally For You*
- Launch date of 1 December 2017
- Based around rewarding total spend in clinic
- Reward points redeemable on future treatments
- Integrated with Marketing Cloud customer journeys through monthly communication of loyalty balance and personalised content
- Desired Outcomes:
  - Higher return rates with lower client churn
  - Reward loyalty without the need to discount retail pricing
  - Increase referrals from existing clients
  - Increased per annum spend per client



# Trading Update...

- Unaudited revenue for the period Jul-Oct of \$6.2m delivering an unaudited profit at a clinic level of \$1.4m which is in line with the same period in FY2017
- Maintaining clinic profitability above 23%
- Record trading day in November of \$123k with further utilisation headroom showing significant earning capacity of the business within the current corporate cost envelope
- Coolsculpting staff incentive program commenced in October along with revamped coolevents - Jul-Oct has seen a 36% increase in the number of cycles treated compared with the same period in FY2017
- Relocation of the Melbourne CBD clinic has resulted in an increase in revenue of >20%
- Continue to assess several acquisitions with a combined revenue base of >\$7.0m and combined EBITDA of >\$1.5m



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*“we believe in a world where compliments and acceptance can come naturally”*



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