



Swisse Wellness

The Importance of Collaborative Partnerships

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Topics



- Swisse's Export Journey
- Different Types of Partnerships
- What Swisse Looks for in a Partner
- Challenges in Forming Good Partnerships
- Future Partnership Opportunities

Swisse has grown to become the most recognised Australian wellness brand



Swisse has embarked on an aggressive growth journey to become Australia's #1 vitamins brand, with a profitable and sustainable core business and accelerating international growth

Sustainable Profits & Growth Activate Growth (FY2010-2014A) Establish Brand (before FY2010A) (FY2015E-onwards) Codified the principles that guide Swisse's Significant advertising and marketing Targeted promotions and pricing unique culture, CLED and the 4 P's investment including ambassador Reduced cost base, potential to retender philosophy recruitment COGS through greater scale Proactive promotions and pricing Radek Sali joins Swisse in 2006 and Setting sustainable levels of advertising and designed to increase shelf presence, becomes CEO in 2008 marketing brand awareness and take market share <5% market share</p> Expanded product portfolio and extended Leveraging scale across key costs into new categories Swisse's flagship product range, Men's and Selective investment in high growth core - For example, unique products such as Women's Ultivite, launched in the 1990s products / categories Liver Detox International expansion strategy Swisse founded by Significant investment in people and Kevin Ring to help implementation infrastructure including expanding the people live healthier executive team Continue to grow market share (currently) and happier lives Michael Da Gama Pinto joins as CFO, 18%) From the outset, Michael Howard appointed as Director of Swisse was uniquely Sales and Marketing and Trevor O'Hoy is focused on premium appointed Swisse Chairman ingredients and premium products Market share increased from 5% to 14% Targeted new global / Asian customer \$370m Revenue \$239m FY2015 \$42m Revenue FY2013 Revenue FY2008 1960s

Note: Revenue represents gross sales. Market share reflects Aztec data for Australia. FY15 market share is based on top 4 customers, MAT to 17-May-2015, historicals whole of market.

Today our range consists of a wide selection of products with over 180 SKUs across vitamins, functional foods & skincare





We continuously review our products to ensure they meet the changing needs of our global customers.

Global and Australian Nutraceuticals Industry



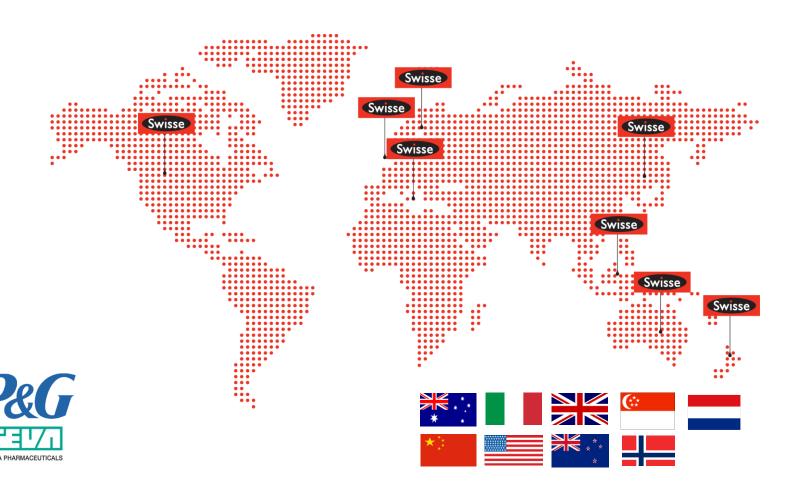




- ▶ Global industry valued at US\$182b
- Predicated to reach US\$278b by 2021
 - trends in preventative health,
 - lifestyle diseases
 - Growing Asian middle class (China industry \$20b)
- Australia's industry valued at \$3.2b
- Directly employs over 8,000 people
- \$1.5b of exports, growing at 20%+ pa
- 65% of Australians regularly take vitamins and supplements



Swisse's Global Expansion



Definition and Different Types of Partnerships



Collaborative partnerships are agreements and actions made by consenting <u>organisations</u> to share <u>resources</u> to accomplish a mutual goal.

Collaborative partnerships rely on <u>participation</u> by at least two parties who agree to share resources, such as finances, knowledge, and people.

Organisations in a collaborative partnership share <u>common goals</u>. The essence of collaborative partnership is for all parties to mutually benefit from working together.

Different Types of Partnerships



Branding and Promotion

- sponsorships
- brand ambassadors

Research and Development

- universities and research institutes
- IP tie ups
- industry bodies

Supply Chain and Logistics

Manufacturing

contract suppliers/manufacturers

Sales Channels

- distributors
- licensing agreements

Swisse Ambassadors and Partnership Strategy



- 6 Global Ambassadors
- **6** Australian only Ambassadors
- 13 Olympic and Paralympic Ambassadors
- 10 Sporting Partnerships



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Benefits to Collaboration



For exporting companies, collaborative partnerships provide a variety of benefits:

- sharing and staying abreast of international knowledge, developments and expertise
- establishing networks in export markets
- Leveraging established sales/logistics channels
- increasing competitive advantage through acceleration of the innovation process (R&D tie ups)
- Financial savings and better use of existing resources
- Risk mitigation

The Six Things Swisse Looks for in a Partner



- Shared Goals
- Interdependency and Complementary Skills
- Accountability
- Cultural fit
- Commitment
- Authentic Communication

Challenges



- Decision making can become more complex and sometimes more protracted - clear communication and a coherent decision making process will be essential
- Savings can take time to materialise
- Return on investment can be difficult to measure empirically
- Loss of flexibility in working practices
- Lack of awareness of legal obligations
- Stakeholder confusion

Future Collaborative Opportunities



- To build an end-to-end local supply chain for the nutraceutical industry
- Develop collaborative partnerships at various points:
 - Growers
 - Processors
 - R&D institutes
 - Logistics companies
 - Finish product manufacturers

Farm to Factory











Farm

- Losses/secon ds from growing for fresh market
- Growing for value addition

Primary processing

- Stabilisation
- Extraction
- Separation
- Concentration
- Drying

Secondary processing

Product formulation

- Functional Ingredients
- Nutraceuticals
- Cosmeceutica Is
- Food & Beverages

Distribution & Marketing

- On-line
- Super markets
- Health food stores
- Cosmetics

Business Models / Value Chain

Ingredient Opportunities



- Avena Sativa (oats) anti-inflammatory, stress relief
- Avocado (Persea americana)
 - Oil effects against osteoarthritis
 - Pulp and seed hypertension, anti-inflam, diabetes
- Fish Oil Omega 3 fatty acids EPA and DHA
- Apples/Pears antioxidant and vitamin C qualities
- Brassica broccoli, carrots, cauliflower large body of scientific evidence around impacts on cancer, brain health, heart, gut function, diabetes





Thank you

Celebrate Life Every Day