



# CAPITAL MARKETS PRESENTATION

JANUARY 2021

**PhD** <sup>®</sup>  
PERFORMANCE NUTRITION

**sis**

SCIENCE  
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# AGENDA

- Market Opportunity
- 2020 Inflection Point
- Growth Flywheel to £100m
- Performance Innovation
- Premium Brand
- Customer Experience
- Online Share
- Supply Chain
- ESG
- Finance
- Summary

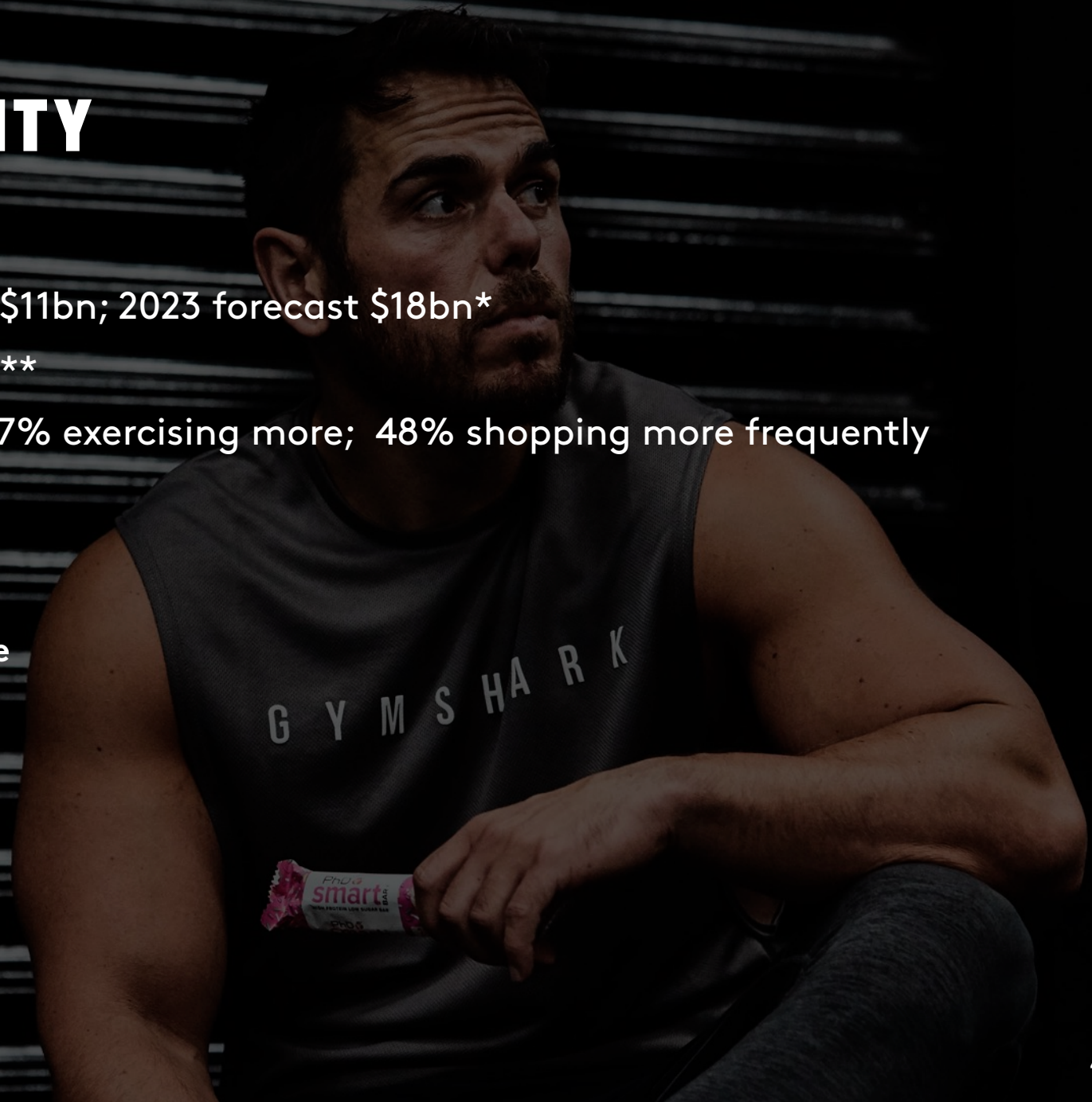


# THE MARKET OPPORTUNITY

- Global Sports Nutrition category worth \$11bn; 2023 forecast \$18bn\*
- UK has a \$1bn sports nutrition category\*\*
- Pandemic changing consumer habits: 37% exercising more; 48% shopping more frequently online\*\*\*

## Trends include

- Growth of nutrition for active lifestyle
- Shift to plant-based diets
- Growth in ethical consumption
- Gamification of exercise



\*Euromonitor Passport Database Global Assessment (December 2020)

\*\*Euromonitor Passport Report – Sports Nutrition in the United Kingdom (October 2019)

\*\*\*Internal Research – Mindmover U&A Study (August 2020)

# 2020 INFLECTION POINT

- Scale and profitability milestone
- £50.3M revenue in-line with 2019 despite COVID, strong shift to Online
- Innovation pipeline contributed strongly
- Step-change in gross margin to 49% versus 44% for FY19; 50% achieved H2
- EBITDA profit of £1.1M, having absorbed £0.3M COVID exceptional costs
- Platform for profitable growth in place
  - Supply Chain driving gross margin, efficiencies and high ROI capex
  - Optimised ROI model for marketing spend
  - Technology and talent to drive Online and International growth
  - Leveraging base overheads, strong ROI on growth overheads

# PROVEN GROWTH FLYWHEEL

## VISION & AMBITION

- Vision: World's #1 Premium Performance Nutrition Business
- Ambition: £100M revenue and double-digit EBITDA % margin
- Targets: 70% Online and 70% International

## STRATEGIC PRIORITIES



## GROWTH ENABLERS

- UK Retail & International Retail
- Technology
- Finance
- Talent

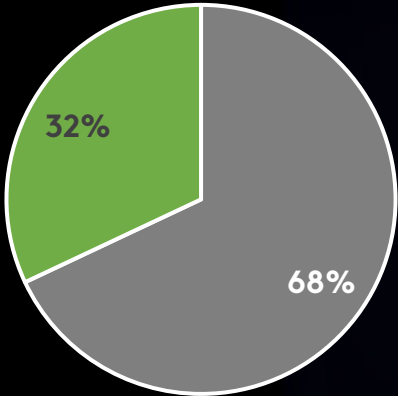
# £100M AND DOUBLE-DIGIT EBITDA % GOAL

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- 70% Online and 70% International
    - Optimise core markets
    - Extend European platform
    - Build on USA momentum
    - Expand into Asia, South Asia, Middle East
  - Gross margin development
    - Channel mix
    - Supply Chain efficiencies
    - Supply Chain insourcing
  - Leverage fixed overhead, high ROI growth overhead
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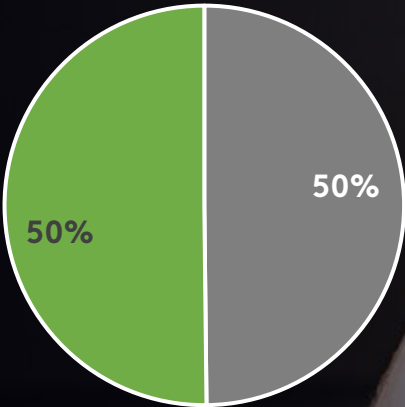


# SIGNIFICANT SHIFT TO ONLINE



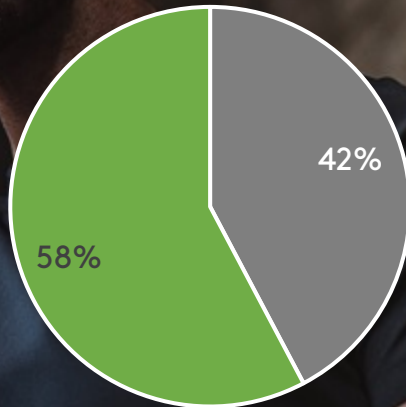
■ RETAIL ■ ONLINE

2019



■ RETAIL ■ ONLINE

2020



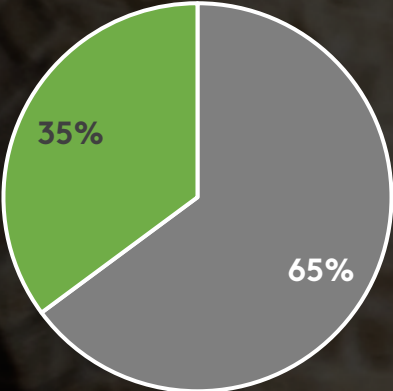
■ RETAIL ■ ONLINE

2021  
estimate



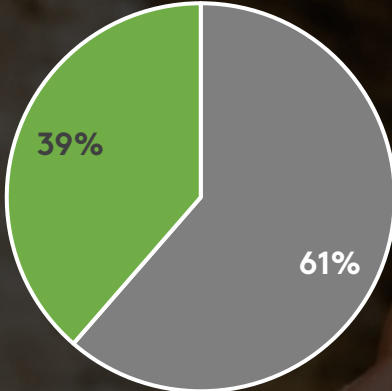


# INCREASING SHIFT TO INTERNATIONAL



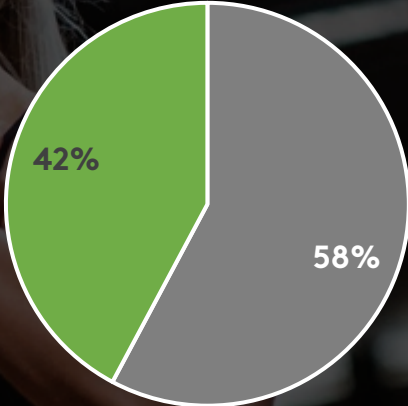
UK INTERNATIONAL

2019



UK INTERNATIONAL

2020



UK INTERNATIONAL

2021  
estimate

# NEXT PHASE OF GROWTH



## Optimise Core Market ROI Model

Online EBITDA positive

Retail cash engine

## Develop Phase 2 Markets

Build USA Momentum

Patient, profitable Football business

## Launch Phase 3 Markets

Japan, South Korea Online

India, E.Europe, Middle East Online

Leverage platform, supply chain

## Leverage P&L

Gross margin growth

Stable A&P % spend

Fixed overhead % reduction

High ROI investment

# GROWTH FLYWHEEL



# PERFORMANCE INNOVATION

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- PhD to target active nutrition share & develop new technologies
  - SiS objective is world leaders in energy and exercise performance
  - High Performance Advisory Board
  - Performance Laboratory at new facility
  - 25% annual brand growth delivered through innovation
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# PIPELINE



Q1



Q1



Q2



Q3



Q1



Q2



Q3

# PREMIUM BRAND

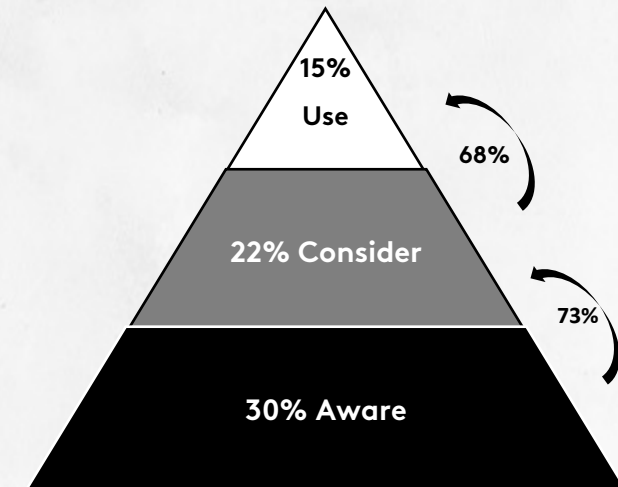
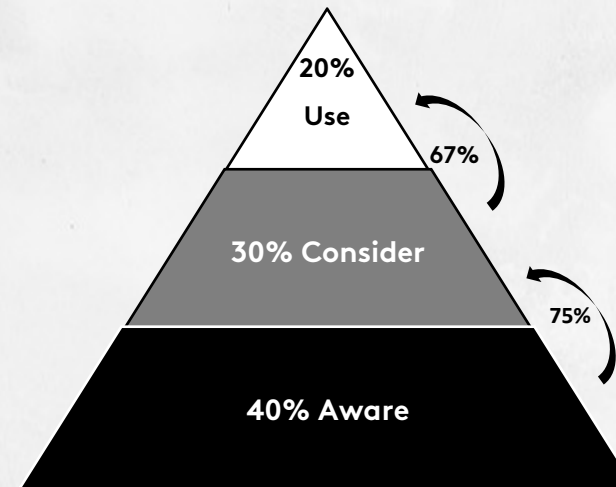
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## PhD Nutrition\*

- Active Nutrition Brand, # 3 in Brand Awareness
- Category leading equity across quality, taste and trust
- Most engaged consumers in the category

## Science in Sport\*\*

- Elite Endurance Brand, #2 in Brand Awareness
- Strongest conversion from awareness to usage
- Category leading equity across quality, innovation and elite
- Most engaged consumers in the category



Brand Awareness Pyramids

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\*Internal Research – Mindmover UK PhD U&A Study (August 2020)\*\*

\*\*Internal Research – Mindmover UK SiS U&A Study (August 2020)\*\*

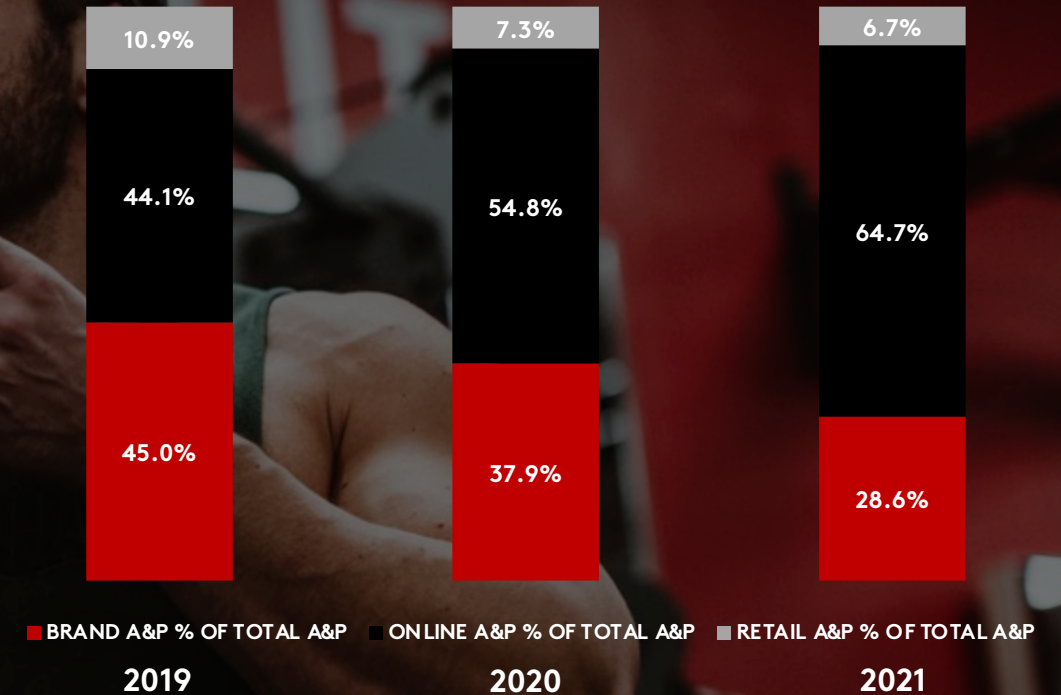
# WORLD CLASS CUSTOMER EXPERIENCE

- Online shift means increased importance in customer experience
- Opportunity to create and reinforce brand equity
- Industry leading talent recruited
- New technologies launched e.g. AI live chat
- New tactics live in Q2: Subscription Service and Unlimited delivery model



# ONLINE SHARE

- Global growth led by our own Digital platform
- Marketplace underpins growth with broad Global reach
- Develop Global market-focused commercial team capability
- Customer Data Platform to drive deep customer understanding, effective retention strategy
- Radical reset in marketing investment model towards online marketing



**ALMOST TWO THIRDS OF INVESTMENT  
IN ONLINE MARKETING**



# DIGITAL REVENUE AND CONTRIBUTION MODEL



# SUPPLY CHAIN

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- Consolidate Nelson sites and 3PLs into single site
  - Capacity to deliver £200m revenue with limited additional capex
  - Installing new Gel filling and packing line
  - December occupation, Q1 FY22 completion
  - £4.3M Factory & Gel line total cost
  - £2.2M from cash, balance lease financing
  - EBITDA positive in 2022
  - Cash payback in 2023
- 



		Nelson £50m	Blackburn £100m	Blackburn £200m
Gels		30	127	127
Powders	million units p.a. capacity	4.5	9	21
Bars		5	10	20
Tablets		0	++	++
Online	Pack Benches	8	16	40

# ESG

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- **First recyclable pouch launched: saving 1 million pouches from landfill this year**
- **Q1 initiative helping customers recycle all bar, gel and sachet wrappers**
- **Wellbeing initiative supporting employees with EAP, counselling, manager training, expert sessions**
- **Signed Race at Work charter, supported by broad range of activities**
- **Career Ready partnership: mentor scheme for disadvantaged students and paid summer internships**
- **Board using QCA governance framework**



# FINANCIALS

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- **Operational cash generation**
  - **Capital light model; growth and efficiency investment target 2-year payback**
  - **High growth funded by operating cashflow, underpinned by £10m balance sheet cash and £8m credit facility**
  - **Disciplined investment and resource allocation with 25% ROI hurdle target**
  - **Fixed cost overhead leverage to below 5% of sales**
  - **Investment in growth overhead: Online team and Technology**
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# KEY TARGETS TO 2024



# SUMMARY

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- Proven growth flywheel
- Inflection point, shift to profitable growth
- £100m and double-digit EBITDA % margin the next goal





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