

# Total Face Group Limited

(ACN 169 177 833)

Level 4,

11-19 Bank Place

Melbourne Vic 3000



09<sup>th</sup> June 2016

## **TRANSFORMATIONAL ACQUISITIONS, EXPANSION OF COOLSCULPTING BUSINESS AND SUCCESSFUL \$10M CAPITAL RAISING**

### Highlights

- **Total Face Group ("TFG") proposes to acquire three complementary businesses incorporating five premium cosmetic clinics for upfront consideration to Vendors of approximately \$6.4m in cash and approximately 6.3m shares**
- **Expands footprint into new and strategically important markets including the Sunshine Coast and Canberra**
- **Significant expansion of its CoolSculpting® business through co-operative marketing with Zeltiq® Aesthetics (owner of the CoolSculpting® brand and technology) and enter an agreement with Lumenis, Zeltiq's Australian distributor to acquire 20 additional Coolsculpting® systems for \$3.25m**
- **Coolsculpting® agreement offers TFG market leadership positioning in a segment with significant growth potential**
- **The Acquisitions and CoolSculpting® expansion to be funded via a fully subscribed \$10m Conditional Placement by the issue of 40,000,000 ordinary shares to professional and sophisticated investors at \$0.25 per share ("Conditional Placement").**
- **The Conditional Placement will be subject to shareholder approval at a general meeting to be held on or around 11 July 2016.**
- **Bell Potter acted as Lead Manager to the Conditional Placement**

Today, Australia's largest group of premium cosmetic clinics Total Face Group Limited ("**TFG**" or "**the Company**") announced it proposes to acquire the business and assets of Cozmedics<sup>1</sup>, Facial Artistry Pty Ltd ("**Facial Artistry**") and Seldne Holdings Pty Ltd ("**Endless Solutions**") (together the "**Acquisitions**") for upfront consideration to Vendors of approximately \$6.4m in cash and approximately 6.3m ordinary shares in TFG. As part of the Acquisitions, staff, including industry leading doctors are expected to join the TFG team.

---

<sup>1</sup> COZmedics is a group of businesses which includes COZmedics Ascot Pty Ltd, COZmedics Results Pty Ltd, COZmedics Sunshine Coast Pty Ltd, and COZmedics, The Australian Cosmetic Medical Group Pty Ltd



The Acquisitions are complementary to the existing clinic base, expand the TFG brand into new markets, provides scale and accelerates the earnings trajectory of the overall company. Post completion, the company will operate 14 clinics across the eastern seaboard with 17 Doctors and 36 Clinicians delivering Cosmetic Injectables, Skin Solutions & Coolsculpting® across these locations.

TFG CEO Mrs Joanne Hannah commented “The Acquisitions and Coolsculpting expansion are consistent with the Company’s strategy to be the most respected, influential and successful organisation in the medical aesthetic market. The new businesses will expand our brand awareness to new markets and provide further opportunities to introduce additional TFG services such as Coolsculpting®.”

### Acquisition Overview

	Cozmedics	Endless Solutions	Facial Artistry
Description	20 years with industry leading doctors across three clinics in Brisbane and Sunshine Coast	10 years with extensive client database in the favourable demographic of Port Melbourne	12 Years with leading doctors specialising in cosmetic and leg vein treatments in Canberra
Location(s):	Brisbane and the Sunshine Coast (QLD)	Port Melbourne (VIC)	Canberra (ACT)
Up-front Acquisition Price* (\$m):			
- Cash	\$3,780,000	\$600,000	\$2,100,000
- Scrip	<u>\$1,620,000</u>	<u>\$180,000</u>	<u>\$ 80,000</u>
Total	\$5,400,000	\$780,000	\$2,180,000
Pro-forma Revenue (\$m):	\$5.6m	\$1.1m	\$1.9m
Pro-forma EBITDA (\$m):	\$1.2m	\$0.186m	\$0.487m
Acquisition multiple <sup>2</sup>	4.5x	4.2x	4.5x

\* Price and acquisition multiple excludes earn outs

### CoolSculpting® expansion

TFG has established a relationship with Zeltiq® Aesthetics, the Nasdaq-listed owner of the CoolSculpting® non-invasive fat reduction procedure. TFG proposes to purchase 20 additional CoolSculpting® machines over the remainder of 2016.

TFG and Zeltiq have also agreed on co-operative marketing initiatives to commence in the first half FY17 to grow and develop the CoolSculpting® brand within Australia. It is expected both parties will contribute \$375,000 per annum to this marketing.



This marketing will benefit TFG as it expects to have a dominant position in Coolsculpting® in Australia post agreement.

### Funding and Capital Raising

The Acquisitions and CoolSculpting® expansion are to be funded via a fully subscribed \$10m Conditional Placement by the issue of 40,000,000 fully paid ordinary shares to professional and sophisticated investors at \$0.25 per share. The Conditional Placement will be subject to shareholder approval at a general meeting to be held on or around 11 July 2016.

Proposed use of funds	\$M
Cash payment to Vendors	\$6.4m
Acquisition of CoolSculpting machines	\$3.3m
Transaction costs*	\$0.3m
<b>Total</b>	<b>\$10.0m</b>

### Outlook

The acquisitions and CoolSculpting® expansion are expected to provide a significant uplift in revenue and EBITDA. Forecasted FY17 EBITDA of \$2.75m includes only part year uplift from additional CoolSculpting® machines and additional marketing and branding expansion costs of \$1m.

	Revenue (\$m)	EBITDA (\$m)
FY16 Statutory	\$7.8m	(\$0.1m)
FY17 Forecast <sup>2</sup>	\$25.5m	\$2.75m

TFG anticipates in future years further uplift in FY18 of 30%+ revenue growth and increasing EBITDA margins to 15%+ based on organic growth and the full year impact on the introduction of the Coolsculpting® machines to existing TFG clinics.



---

### **Conditionality**

The Acquisitions and CoolSculpting® expansion is conditional on the satisfaction or waiver of a number of Conditions Precedent including:

- the Company completing the Conditional Placement;
- the Company receiving all shareholder or regulatory approval required under the *Corporations Act 2001 (Cth)* or the Listing Rules of the ASX to complete the Acquisitions; and
- execution of the transaction documentation in respect of the Acquisitions and Coolsculpting® expansion.

Any questions relating to this announcement should be directed to Mrs Joanne Hannah, Chief Executive Officer +61 3 8547 3600

Yours faithfully

Joanne Hannah  
Chief Executive Officer  
Total Face Group  
Jo.hannah@totalfacegroup.com

### **About TFG**

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 and Sydney, 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 means we are the trusted national provider of cosmetic treatments.



---

### **About ZELTIQ Aesthetics**

ZELTIQ Aesthetics, Inc. is a medical technology company focused on developing and commercializing products utilizing its proprietary controlled-cooling technology platform. ZELTIQ's first commercial product, the CoolSculpting system, is designed to selectively reduce unwanted fat that may not respond to diet or exercise. The CoolSculpting procedure is based on the scientific principle that fat cells are more sensitive to cold than the overlying skin and surrounding tissues. It utilizes patented technology of precisely controlled cooling to reduce the temperature of fat cells in the treated area, which is intended to cause fat cell elimination through a natural biological process known as apoptosis. ZELTIQ developed the CoolSculpting procedure to safely, noticeably, and measurably reduce the fat layer.



---

**Appendix 1 – Indicative Timetable**

Notice of GM dispatched to shareholders	10 June 2016
TFG shareholder meeting to approve placement	11 July 2016
Settlement of Placement	15 July 2016
Expected completion of acquisitions	18 July 2016