



## ASX Announcement

29 February 2016

### TTC ANNOUNCEMENT OF PRELIMINARY FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

Traditional Therapy Clinic Limited (ASX: TTC), owner of the largest (by number) of health and wellness clinics throughout China, has today lodged its Appendix 4E (Preliminary Final Results) with the ASX for the period ended 31 December 2015, reporting a net profit after tax of A\$17.127 million. The accounts upon which the Preliminary Final Results are based are currently being audited.

#### Highlights

<b>Revenue</b>	A\$44.8 million up 45.1% compared to the Revenue for the prior corresponding period <sup>1</sup> (pcp)
<b>EBITDA</b>	A\$25.86 million up 34% compared to the EBITDA for the pcp
<b>NPAT</b>	A\$17.13 million up 31.6% compared to the NPAT for the pcp
<b>Earnings Per Share</b>	A 15 cents per share
<b>Final Dividend</b>	A 2.5 cents per share (unfranked) (taking full year dividend for FY2015 to 4.2 cents per share)
<b>Franchised Clinics</b>	36 new franchised stores opened in FY2015 (FY2015 total: 314 clinics, 10% higher than the pcp)
<b>Owned Clinics</b>	8 stores acquired and operated by TTC, (FY2015 total: 19 clinics, 73% higher than the pcp)
<b>Therapists Trained</b>	4,215 new therapists trained, 365 more than planned in FY2015

Chairman, Andrew Sneddon said, 2015 has been a transformational year for TTC and its operating subsidiaries in China. Following its successful listing on the Australian Securities Exchange (ASX) in September 2015, TTC acquired 8 clinics from the existing franchise base in line with the company's growth strategy, increasing the number of owned clinics to 19. The acquisitions were priced based on a multiple of between 2 and 2.5 x EBITDA, using funds raised from the listing.

"The management team in China has continued to remain very focused on profitably growing the business and embracing the standards of corporate governance expected from an ASX listed company. The Board has worked closely with management to develop the growth strategy while ensuring the underlying support platform keeps ahead of our growth plans".

"We are planning on continuing to expand the franchise clinic base throughout China, completing further acquisitions of existing franchises and setting up our first greenfield site in FY2016, said Ms Hu, TTC's Managing Director. We are also reviewing options for revised franchise fee structures in 2016. "

TTC's 45.1% increase in revenue was driven by:

- Revenue contributed by 36 new franchise agreements and the full period impact of 62 new franchise clinics in FY2014; and
- An increase in owned clinics revenue primarily due to the following factors:

<sup>1</sup> \*TTC was incorporated on 24 February 2015. Comparisons to the previous corresponding period are comparisons to the historical financial information extracted from the financial report of the Fuqiao group of companies (now wholly owned subsidiaries of TTC) for the year ended 31 December 2014 which were audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Accounting Standards. BDO Audit (WA) Pty Ltd issued an unmodified audit opinion for the 2014 financial year.



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- The full period impact of 2 new Owned Clinics acquired in the last quarter of FY2014. This contributed an additional A\$3.1 million in revenue during FY2015; and
- The acquisition of 4 new owned clinics in the last quarter of FY2015. This acquisition contributed an additional A\$1.4 million in revenue during FY2015.

### Dividend and Dividend Re-Investment Plan

The company will also pay an A 2.5 cents per share final dividend, taking the full year dividend to A 4.2 cents per share. The record date for the final dividend will be 30 March 2016 and the payment date will be 20 April 2016.

The company is also pleased to advise of the adoption of a Dividend Re-Investment Plan (DRP) which will apply to the the final dividend to be paid on 20 April 2016 and provide shareholders an opportunity to invest their dividend in new shares, without brokerage. The DRP also provides an opportunity for the company to increase the free float of TTC shares given that Hwazon Investments Limited (the company's majority shareholder, owning 70.34% of TTC shares) has advised that it does not intend to participate in the DRP.

Eligible shareholders who wish to participate in the DRP must elect to do so by 1 April 2016. Directors have determined that the price at which shares will be issued under the DRP will be the arithmetic average of each of the daily volume weighted average sale prices of TTC shares sold on ASX for each 5 days commencing on the second trading day after the record date of 30 March 2016, less a discount of 5%.

### Results compared to prospectus forecast

On 3 September 2015, the company completed an initial public offering (IPO) and was listed on the ASX, successfully raising gross proceeds of A\$15,000,000, through the issue of 30,000,000 shares at an issue price of A\$0.50 per share. The table below summarises the comparison of actual results for the period ended 31 December 2015 against that forecast in TTC's prospectus dated 30 June 2015.

Year Ending 31 December A\$'000	FY2015 Actual	FY2015 Prospectus Forecast	Change	Notes
Revenue	44,799	41,662	8%	A
Gross profit	30,042	26,624	13%	A
Gross margin	67.1%	63.9%	3%	A
Profit before income tax	24,780	21,694	14%	A
Profit after income tax	17,127	15,853	8%	A
New franchised clinics	36	35	1	
Number of franchised clinics	314	321	(7)	B
Number of owned clinics	19	11	8	B
Total number of clinics	333	332	1	

A. The improved results above prospectus forecast have largely resulted from the acquisition of owned clinics and the favourable exchange rate.

B. The reduction in the number of franchised clinics is due to the buyback of franchises and the corresponding increase in owned clinics.

### Directors' Report and Audited Financial Statements

The accounts upon which the Preliminary Final Results are based are currently being audited. Upon completion of the audit and adoption of the audited financial statements by the Board, the company will release its directors' report and 2015 audited financial statements together with the report from BDO, the company's auditor.

Traditional Therapy Clinics Limited  
ABN 68 603 792 712



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For further information, please contact:

### Traditional Therapy Clinics Limited

Mr John Wu

Chief Financial Officer

Mobile Phone: +61 405 223 877

Email: [john.wu@ttc-ltd.com](mailto:john.wu@ttc-ltd.com)

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[www.ttc-ltd.com](http://www.ttc-ltd.com)

#### Traditional Therapy Clinics Limited

Level 36, Gateway, 1 Macquarie Place, Circular Quay  
Sydney NSW Australia 2000  
ABN 68 603 792 712

#### John Wu (CFO)

Phone: +61 405 223 877  
Email: [john.wu@ttc-ltd.com](mailto:john.wu@ttc-ltd.com)

#### Lisa Dalton (Co Sec):

Phone: +61 438 175 905  
Email: [lisa.dalton@mac.com](mailto:lisa.dalton@mac.com)