

# EuroEyes



## **EuroEyes International Eye Clinic Limited**

2021 Annual Results Presentation

## Disclaimer

This presentation is for reference purposes only. This presentation is prepared by EuroEyes International Eye Clinic Limited (“EuroEyes” or “the Group”) for business communications and general reference of the Group and shall not constitute in whole or in part any offer to purchase or subscription for shares in EuroEyes or any of its subsidiaries. The presentation shall not form any basis for any offer or commitment of any person(s) receiving it. Please consult a professional advisor prior to use or reliance on any relevant data. The presentation is an introduction only and shall not form a full description of the business, and current or past performance of the Group. The information and data presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed.

No representation or warranty, expressed or implied, is made on this presentation. The Group accepts no liability arising from the use of or reliance on any information (whether financial or other data) presented or contained in this presentation.

No one shall in any way modify, copy, publicly display, publish or distribute such materials or otherwise use the materials for any public or commercial purposes without the prior written consent of the Group.

# EuroEyes

## 2021 Company Performance Overview

# 2021 Overview – Strong Momentum

## Total Revenue

↑ **33.6%** YoY

HK\$ 632,931,000

## Adjusted Gross Profit

↑ **48.2%** YoY

HK\$ 317,393,000

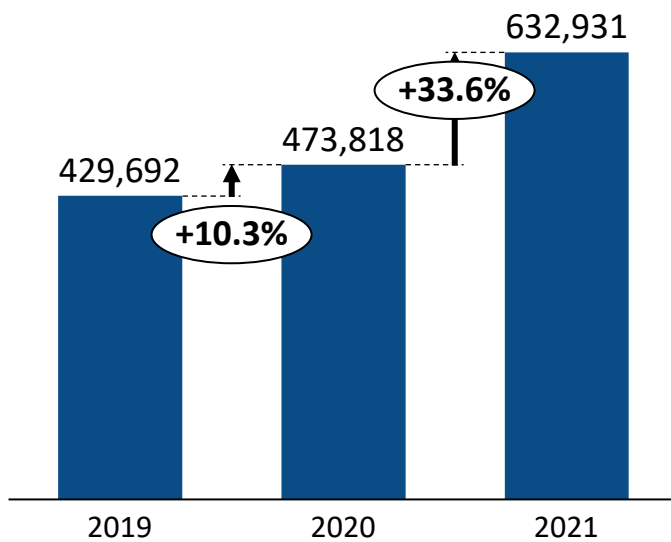
50.1% Margin

## Adjusted Net Profit After Tax

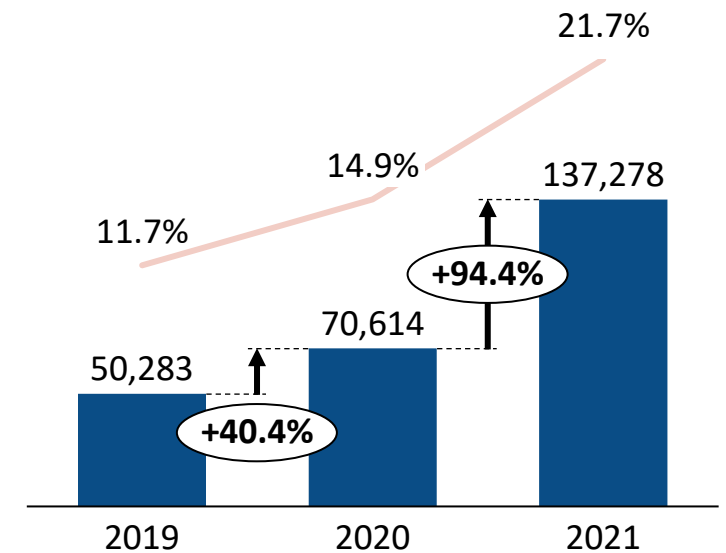
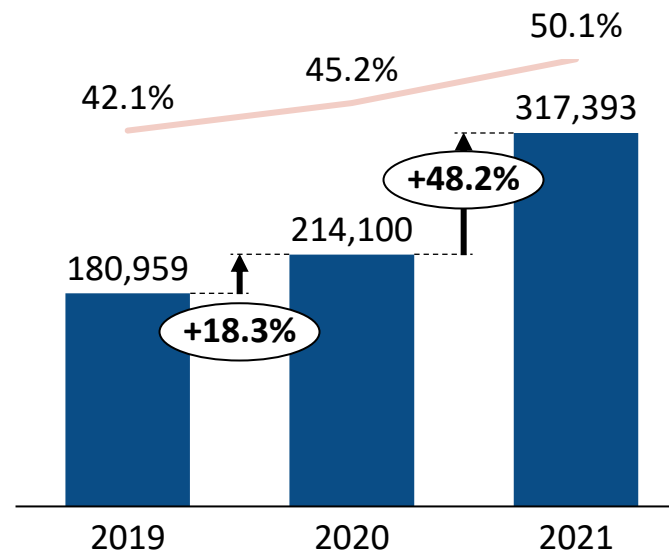
↑ **+94.4%** YoY

HK\$ 137,278,000

21.7% Margin



(in thousands of HKD)



## Patient Payment Method - Focus on Consumer Market

EuroEyes' revenue all comes from patients' **out of pocket** payment.

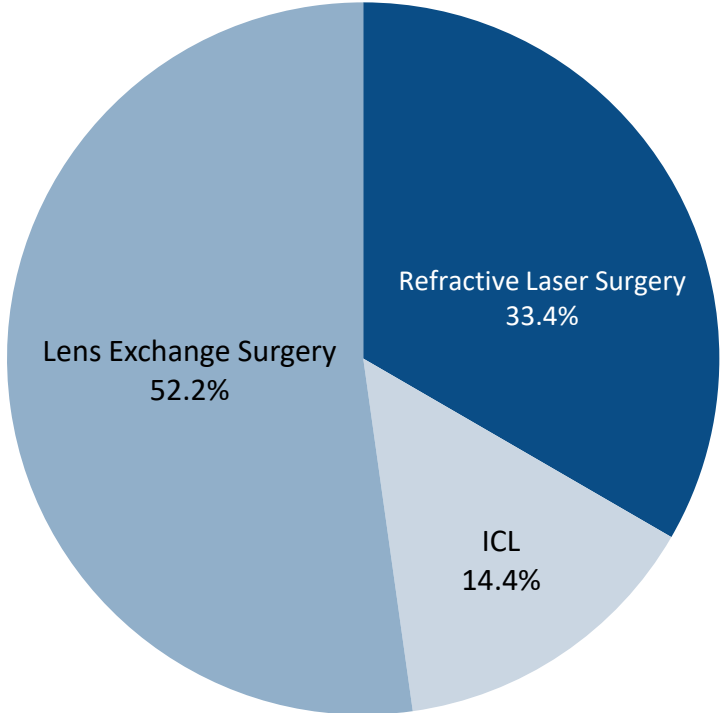
No government health insurance is covered, thus we are **not affected by change of government insurance policy**.



# Rapid Growth in Specialized Lens Surgeries

## Revenue by Type of Surgery 2021

Lens surgeries: **66.7%** (+2.7 p.p YoY)  
of total surgery revenue



### 6-Time World Champion

The Most Zeiss Trifocal Lenses Exchange Surgeries Worldwide



### European Champion

The Most phakic Lens (ICL) Surgeries in Europe

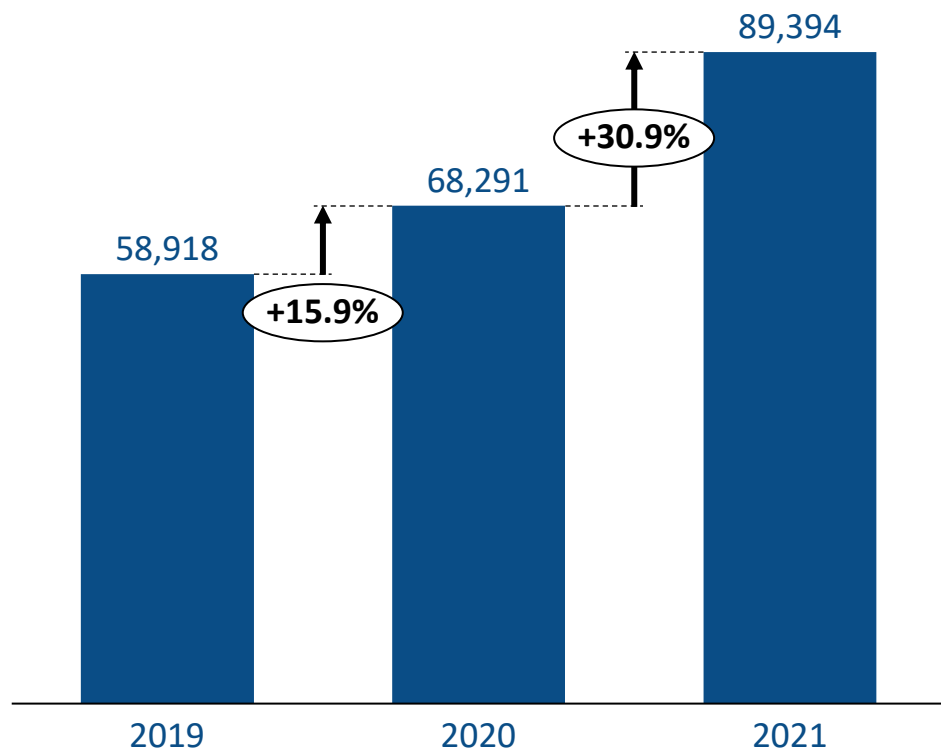
Lens surgeries include Phakic Lens (ICL) Surgery and Lens Exchange Surgery in EuroEyes' service portfolio.

# Rapid Growth in Specialized Lens Surgeries



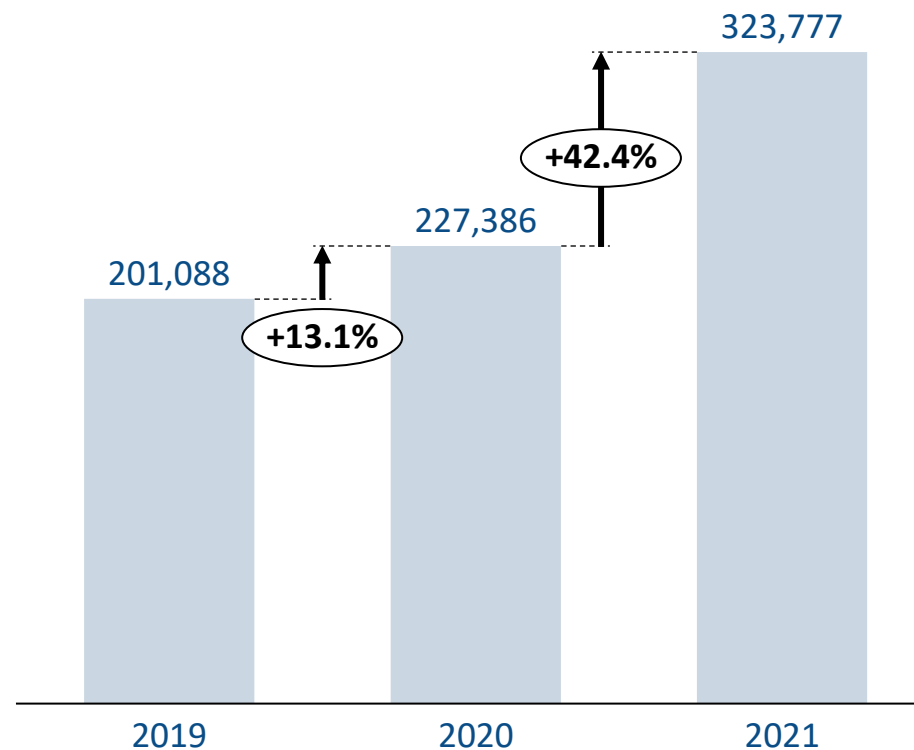
## Revenue of Phakic Lens (ICL) Surgery

(in thousands of HKD)

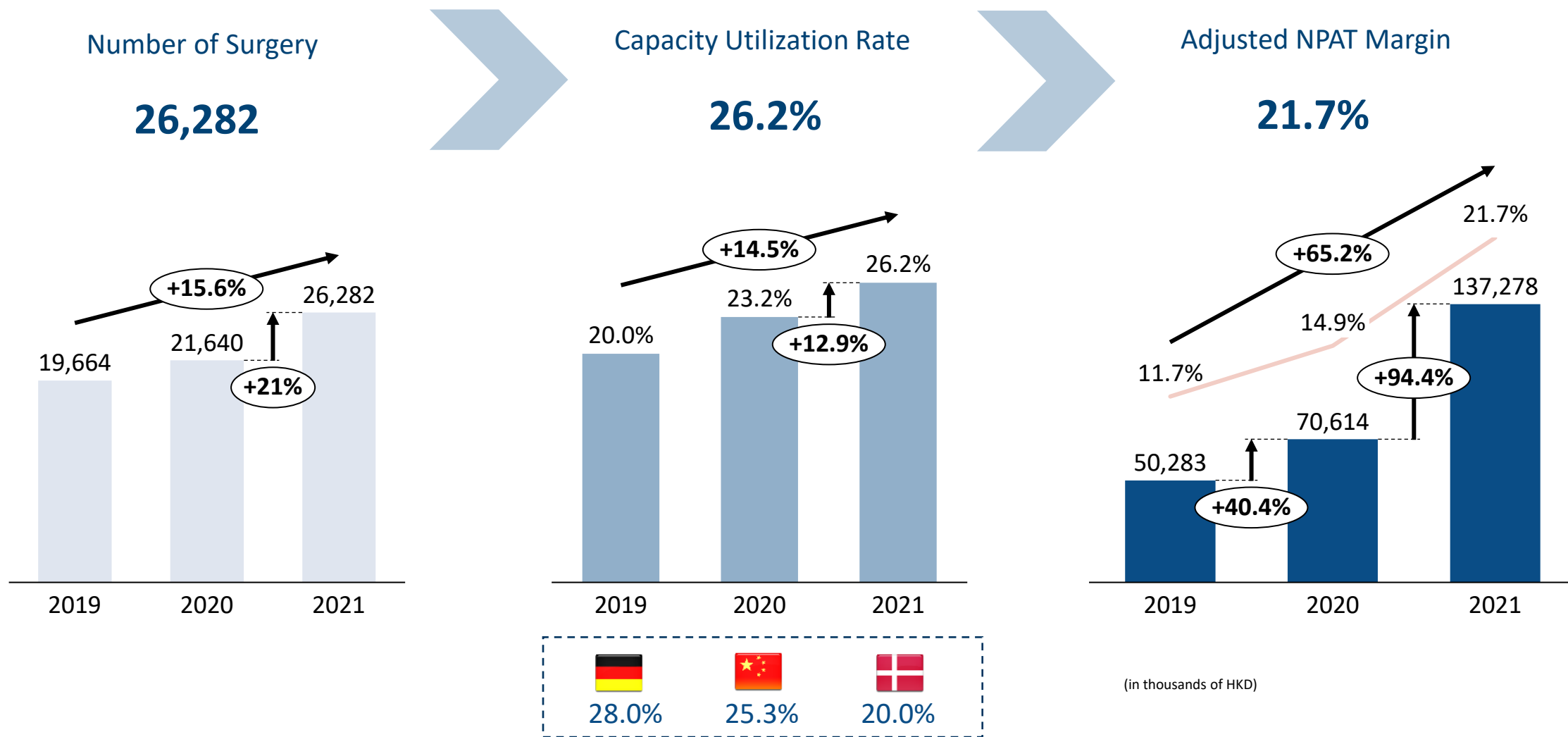


## Revenue of Lens Exchange Surgery

(in thousands of HKD)



# Adjusted Net Profit Margin Increased by Higher Capacity Utilization in 2021



EuroEyes capacity utilization rate measures the proportion of potential surgery appointments that is actually occupied by surgeries.



# EuroEyes

## Acquisition of London Vision Clinic

# We Finished the Largest Acquisition since IPO

Founded in

**2002**

Location

Harley Street  
London

**EuroEyes**



Completion consideration

**£ 13,130,000**

+

Earn out payment  
**£ 21,197,985**

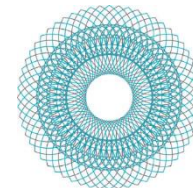
at maximum

Refractive Surgery Clinic

**Outpatient Surgery**

Private Clinic

**High-end Market**



LONDON  
VISION  
CLINIC

Maximum Consideration

**£ 34,327,985**

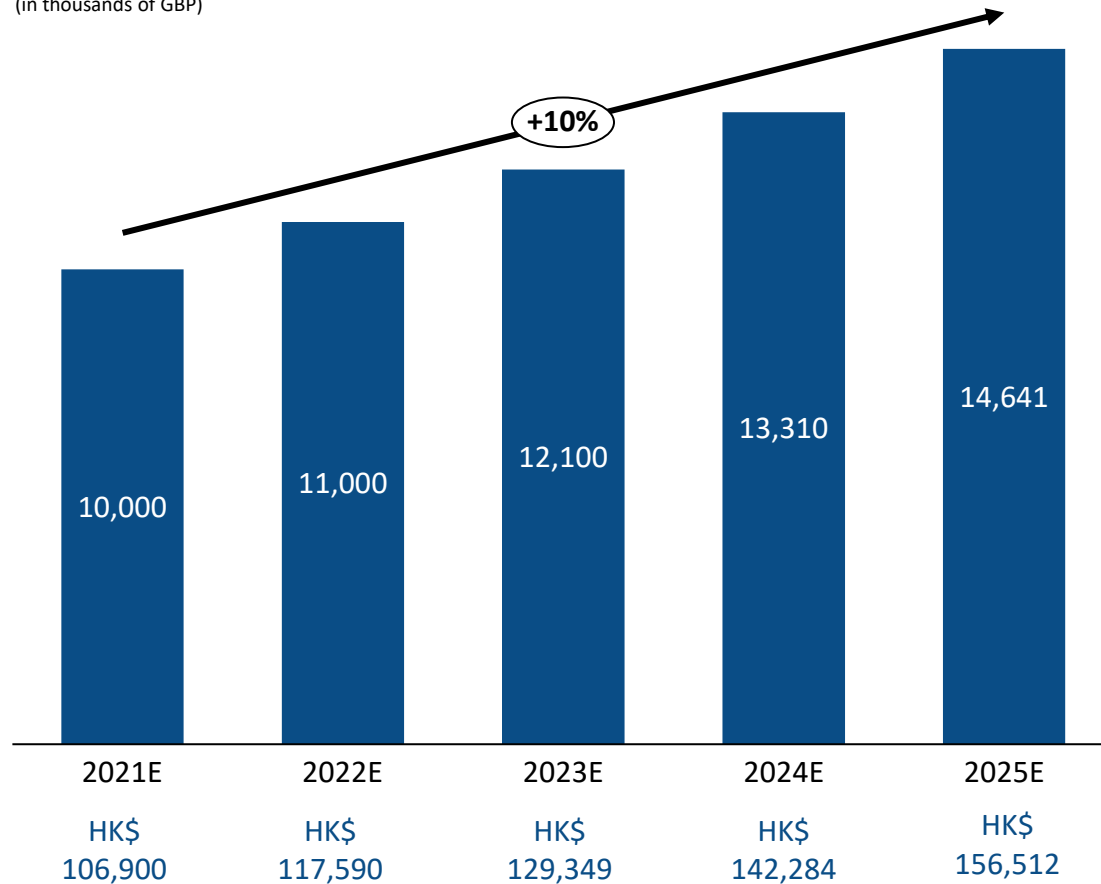
Subject to the Consideration Adjustment

# Sellers Agreed on Ambitious Growth for Earn-Out

## Earn-Out Scenario

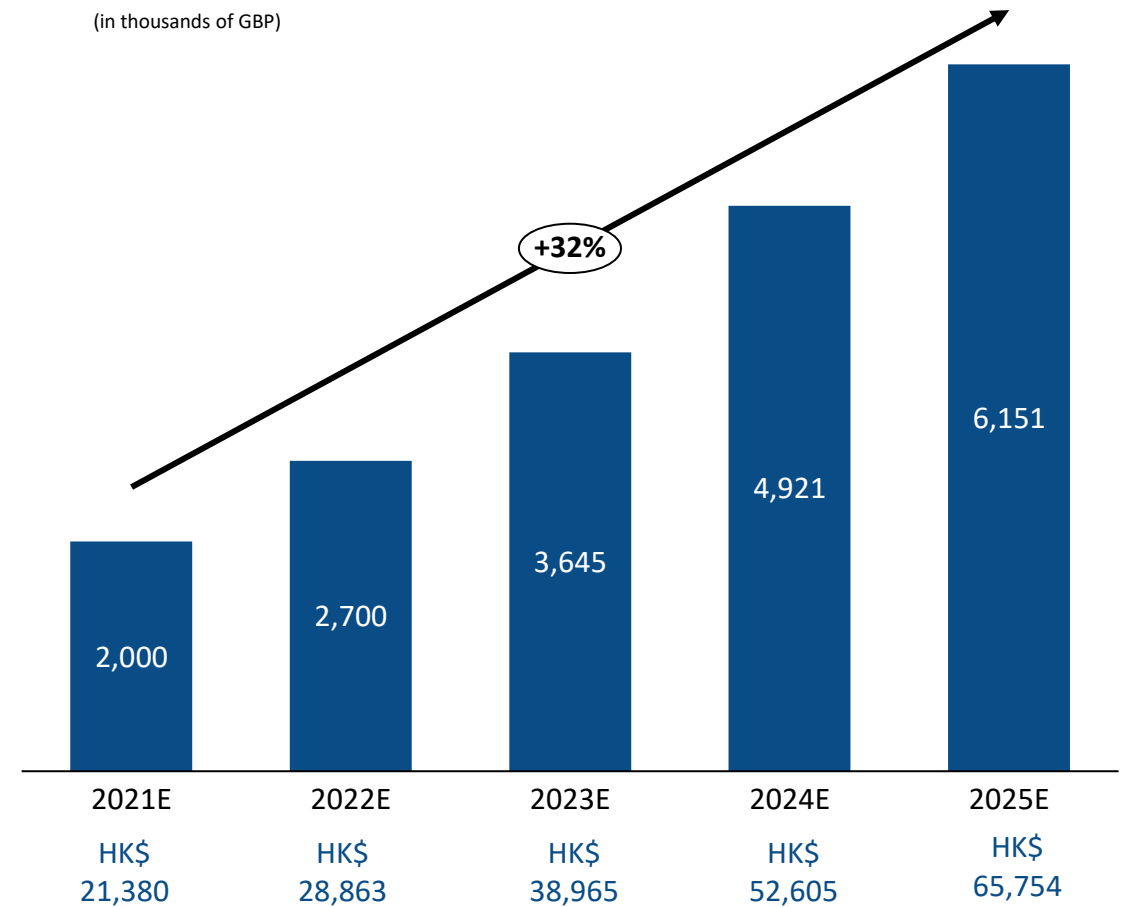
### Revenue Target

(in thousands of GBP)



### EBIT Target

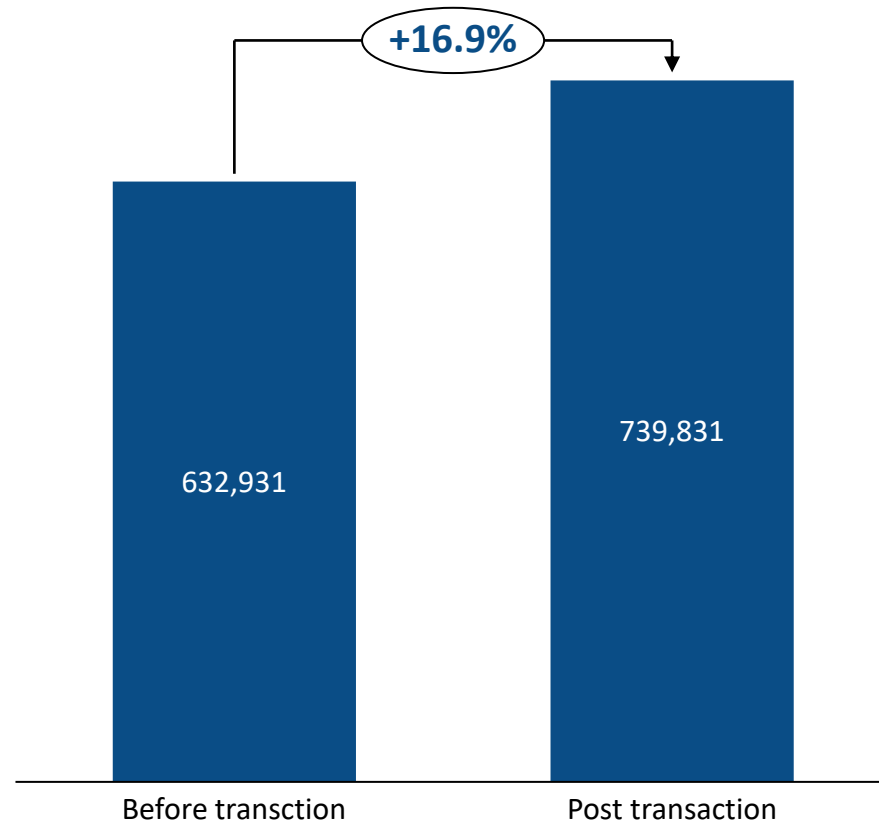
(in thousands of GBP)



# Significant Revenue and EBIT Scale-up through Acquisition

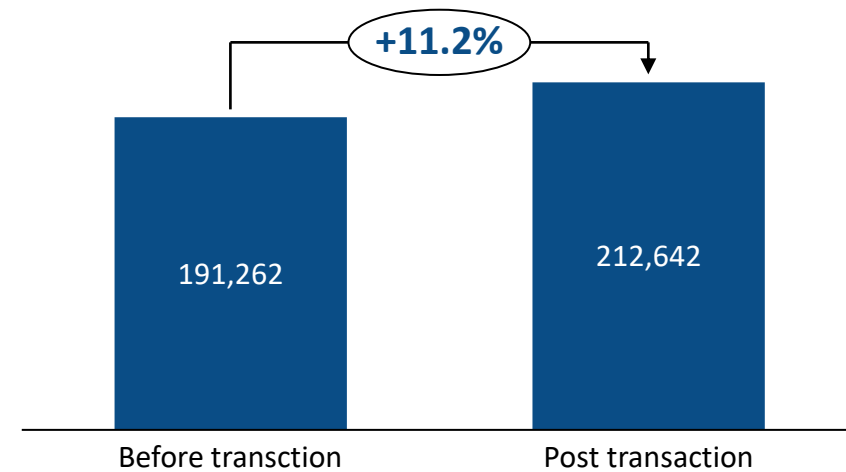
## Estimated Revenue 2021

(in thousands of HKD)  
For the year ended 31 December 2021



## Estimated EBIT 2021

(in thousands of HKD)  
For the year ended 31 December 2021



# Founder and Key Surgeon - Professor Dan Reinstein

## Professor Dan Reinstein

Founder, Medical Director



**No. 1 Expert in Laser Eye Surgery**



**A Pioneer in Corneal Laser Surgery**



**Inventor of PRESBYOND® Laser Blended Vision**



**World-renowned Research Scientist and Lecturer**

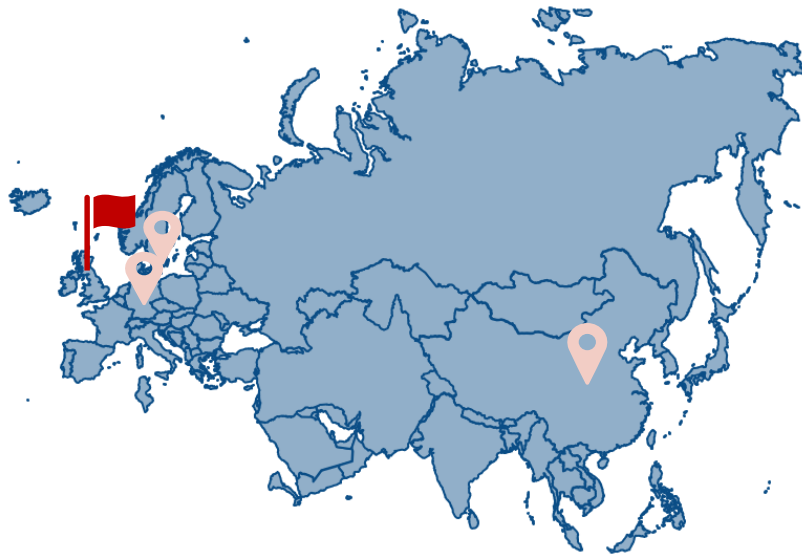
# Synergies



## Access to UK Refractive Market

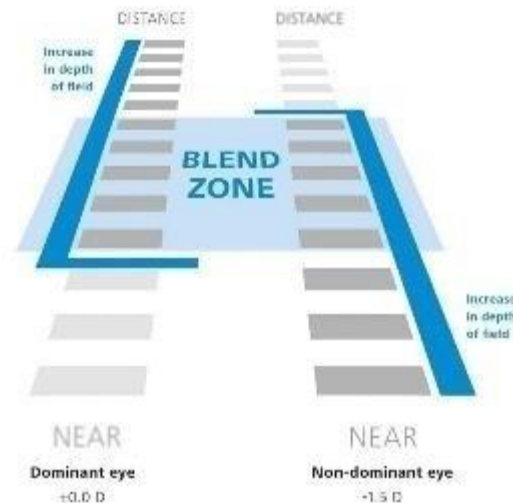
Expand business to a new first tier city worldwide, access to the UK refractive surgery market;

Further improve EuroEyes' market position in refractive surgery.



## Enlarge EuroEyes' Patient Group of 40+

**PRESBYOND® Laser Blended Vision** will enable EuroEyes to treat an ever **larger and younger group of patients** (40+) suffering with the onset of presbyopic symptoms.



## Strengthen Global Medical Team

EuroEyes nominated Prof Dan Reinstein as Director and member of EuroEyes International Medical Advisory Board, which will deliver additional big expertise to the EuroEyes group.



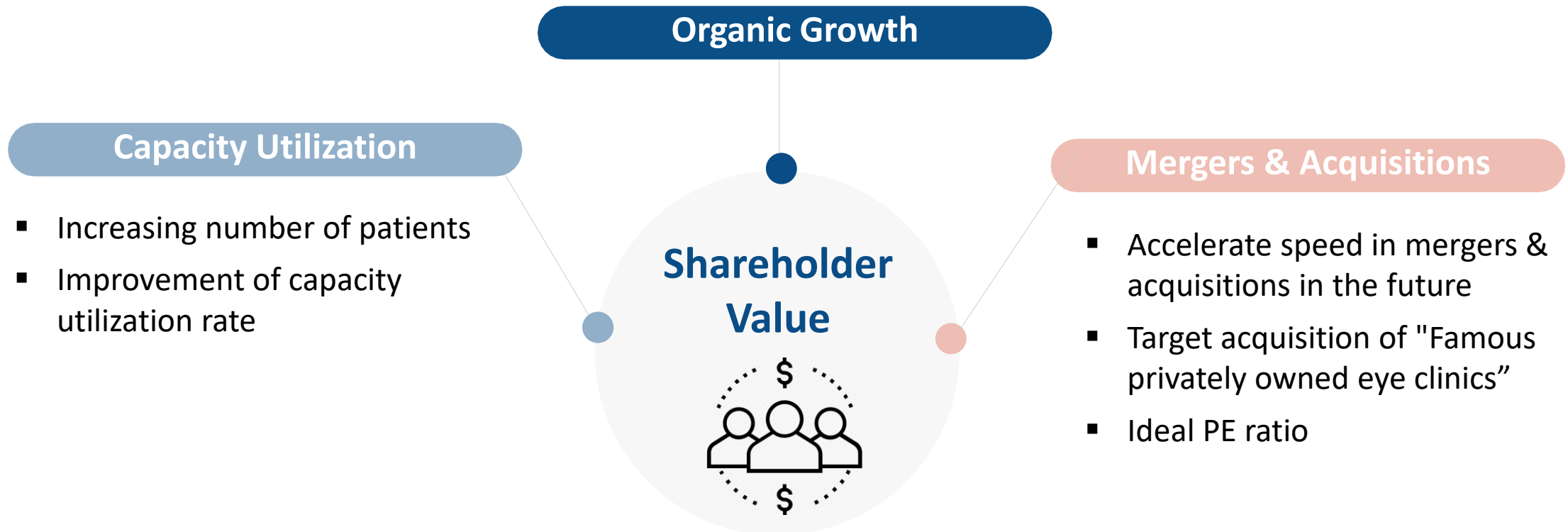
# EuroEyes

## **EuroEyes 2025 – Strategy Update**

# Reasons for Strategy Upgrade

We have upgraded our strategy since we entered the post-pandemic era:

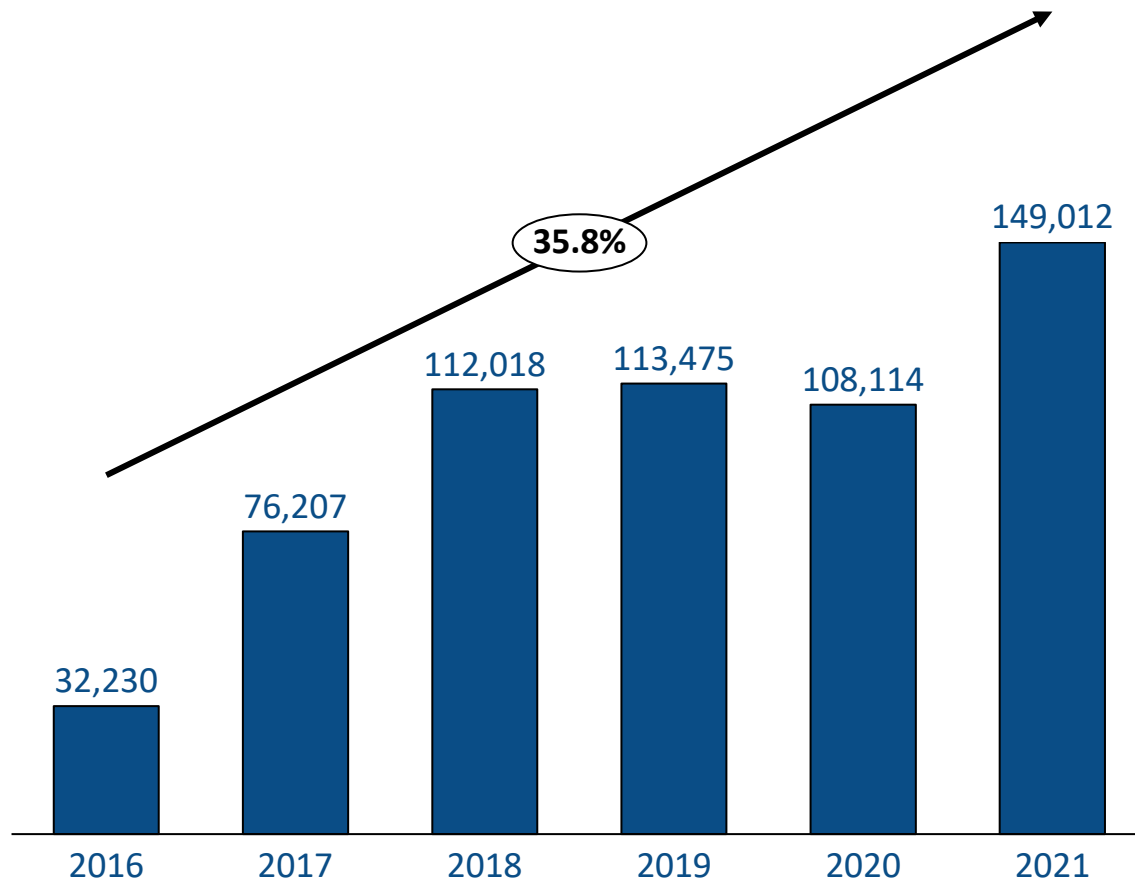
- New clinics
- New consultation centres
- Enter new market





# PRC – Six-Year Growth

## Revenue Growth of China



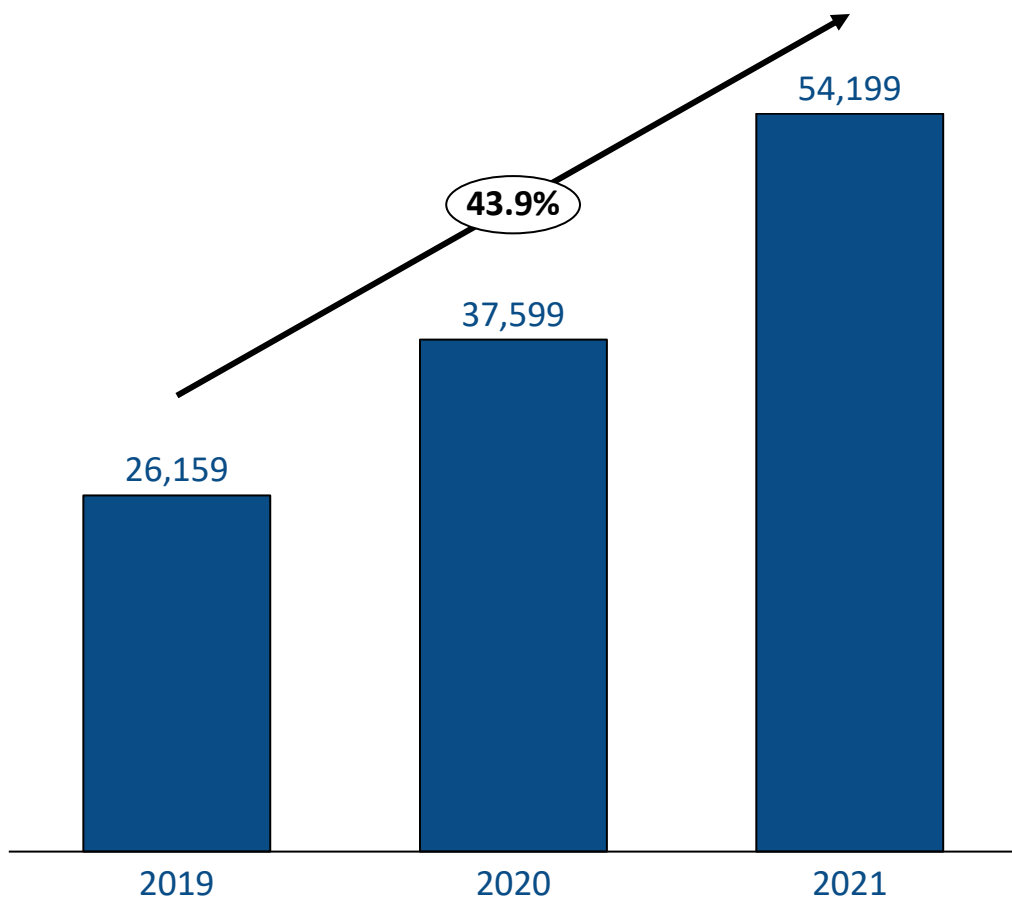
(in thousands of HKD)

## Growth Drivers

- Increasing number of populations with high demand for eye care services; Improved personal income level and living standards - consumption upgrade; expansion of high-net-worth group
- More advanced equipment and expanding scope of surgery types (Premium IOLs - with the development of IOLs, from mono-focal to trifocal lens)
- Special business model to focus on lens surgeries for quick break even and high profit margin.
- Optimized business operation. Quick expansion in first and second tier cities.

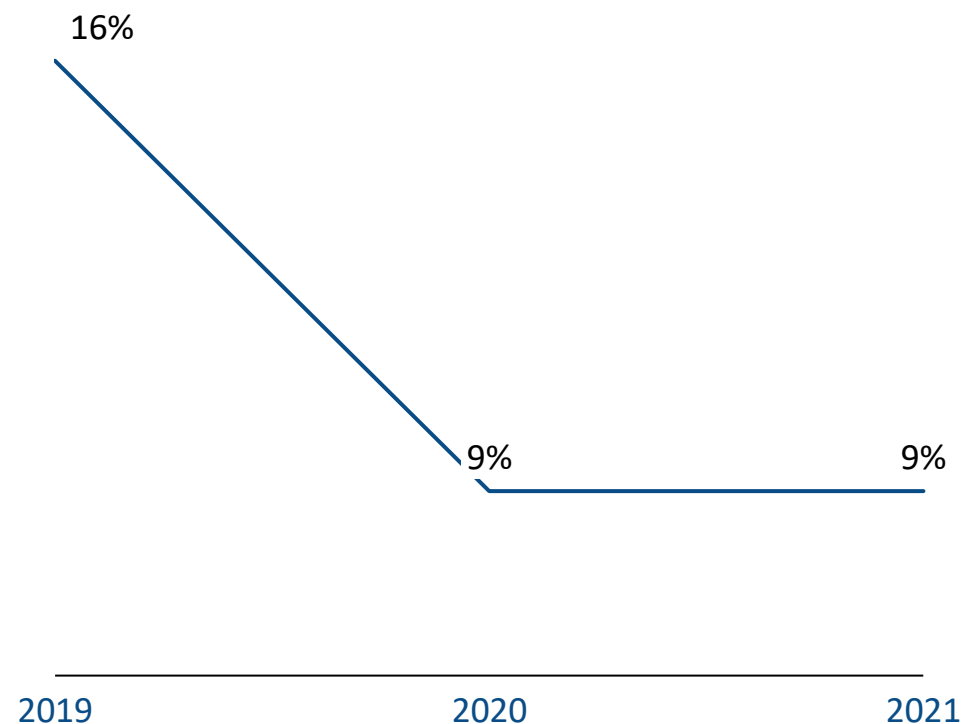
# PRC – Continuously Improved Profitability with Optimized Operation

## EBITDA Growth

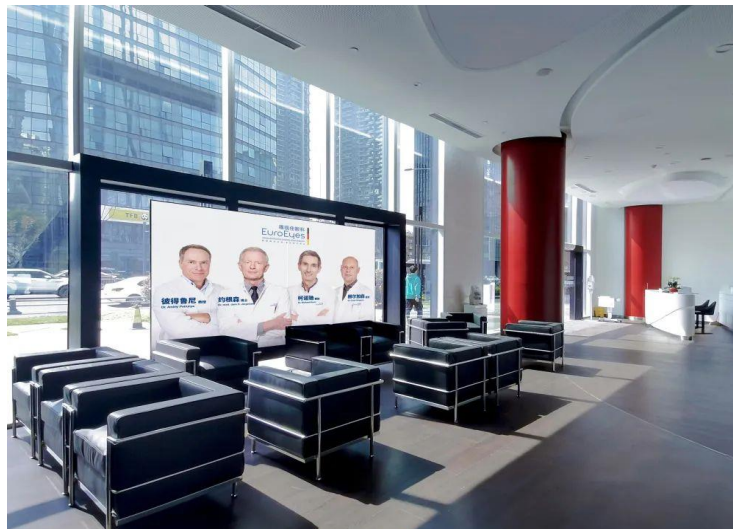


(in thousands of HKD)

## Advertising and Marketing Expense Ratio



## PRC – Organic Growth with New Clinics



Chengdu clinic - Located in high-end commercial area Taikoo Li



Despite the COVID-19 pandemic, we managed to open two new clinics in 2021 -- Chongqing and Chengdu

We are pushing forward the clinic expansion to new cities, and expecting to accelerate the progress when the pandemic is eased

New Chengdu clinic is located in high-end commercial area Taikoo Li

Trial operation in March

# PRC – New Consultation Centres

Plan to build two consultation centers in Beijing and Shanghai respectively near the existing clinics

In lease contract negotiation



Beijing Location



Shanghai Location

# PRC – New Surgeons Training

## New Local Surgeons

We continuously improve our internal training system and have been training new Chinese surgeons to perform laser surgeries.



**Dr. Emily He**



**Dr. Ellen Yao**



**Dr. Mike Zhong**

# Organic Growth – Consultation Center

Our existing consultation centers have an EBIT margin of more than 60%

## Consultation center model:

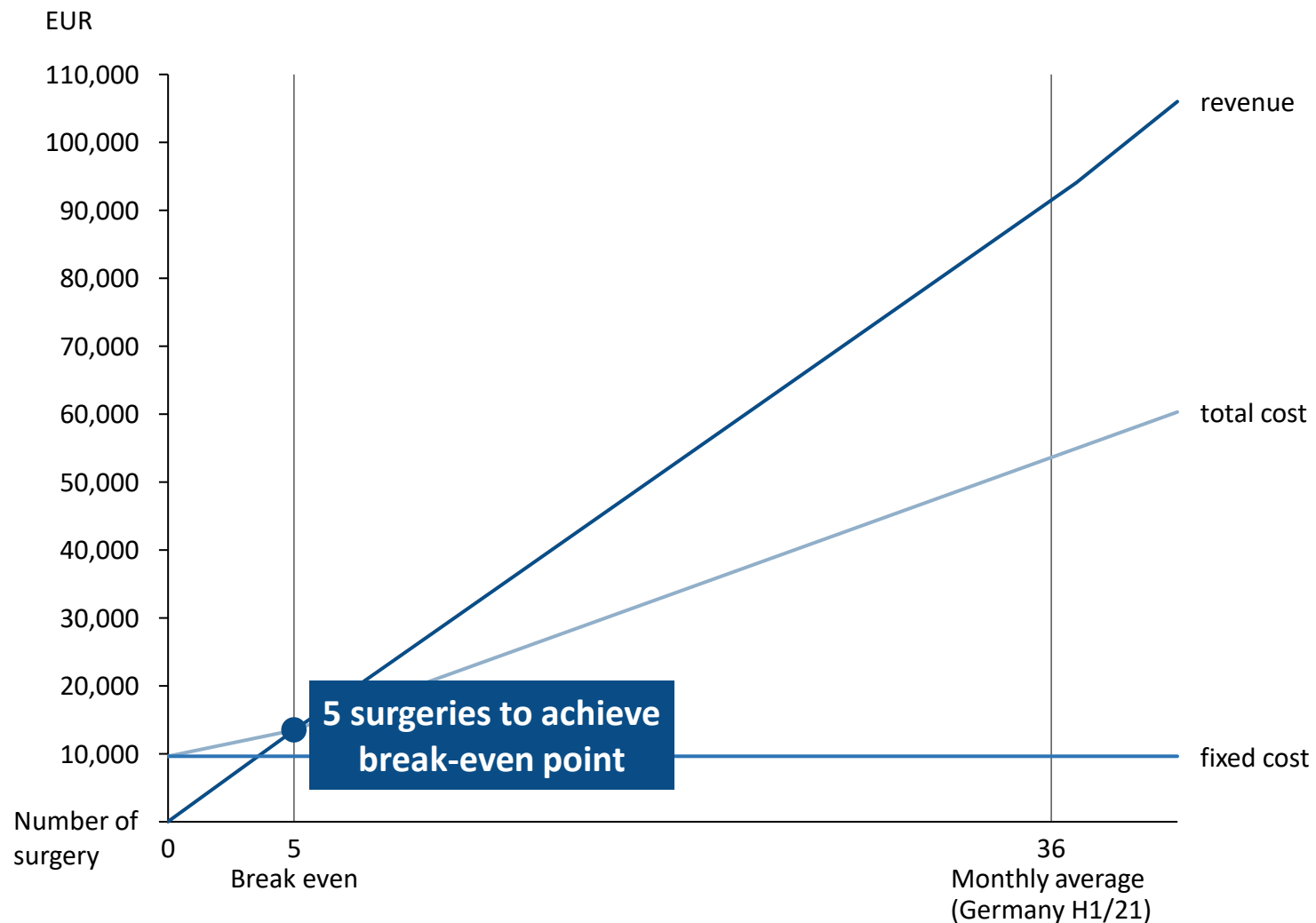
- Small outpatient practice in a retail area without surgical unit
- Consultation and examinations take place in the center Small premise
- EuroEyes showroom

## Consultation center advantages:

- Referral patients to nearby existing surgical clinics thus increasing utilization rate
- Expanding geographical coverage of our services
- Fewer square meter – lower lease, lower CAPEX
- AAA location also serve as marketing vehicle
- Faster expansion



# Organic Growth – Consultation Center Model (Average Germany)



- Referral of more than 5 patients/month will deliver additional EBIT margin of **75%**
- Consultation Centers next to existing EE clinics will cause a rise in Capacity Utilization Rate
- This will quickly increase our NPAT margin of 21.7%

# Germany – New Premium Consultation Center in Baden-Baden

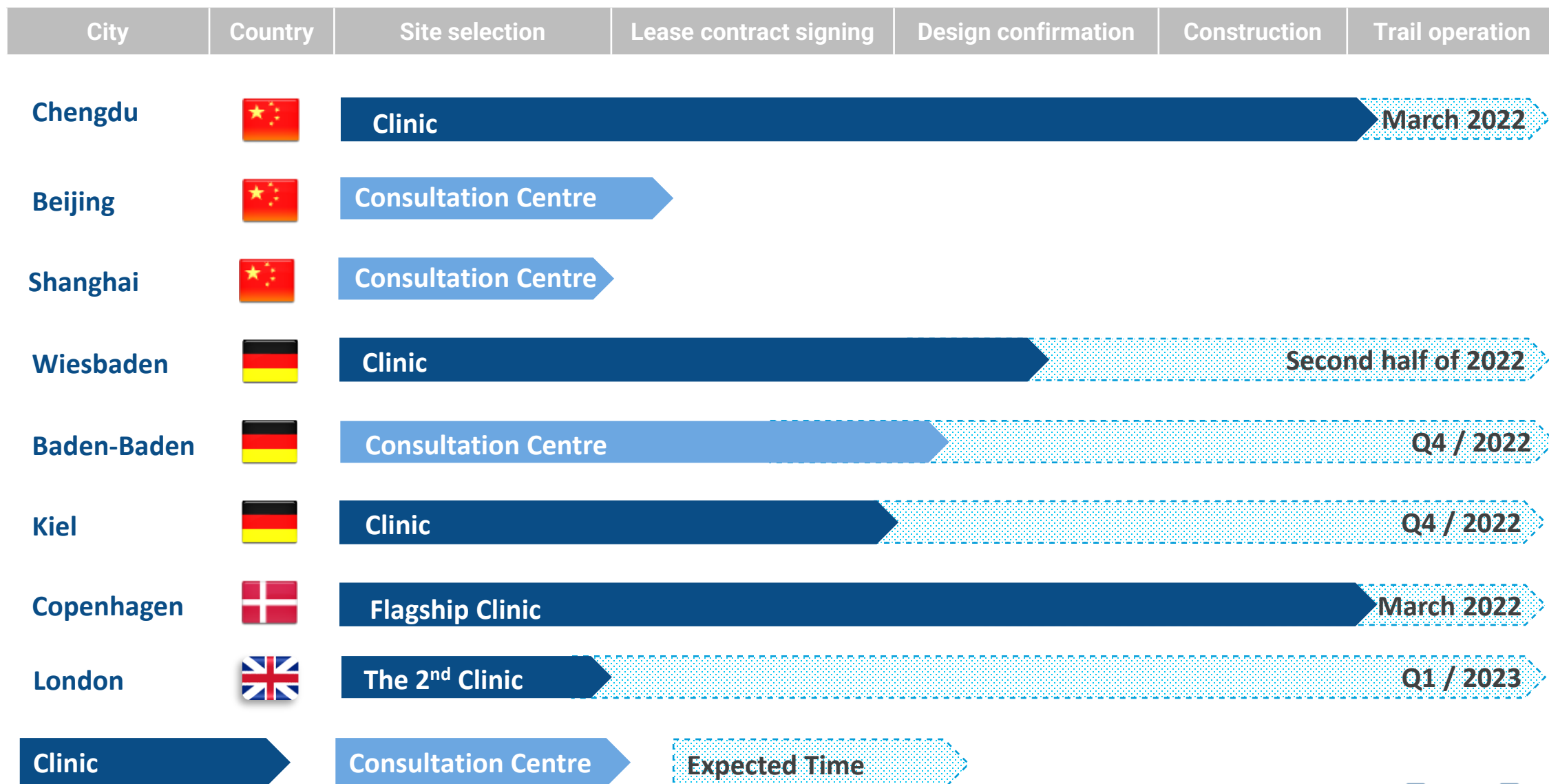
## Baden-Baden

- A spa town in southwestern Germany's Black Forest, famous worldwide as a **spa and culture town and a top-class reputation for healthcare**
  - We have finalized the lease contract, and is in sketch designing
- 
- Aged population (avg. 47.7 years old vs. 44.6 in Germany)
  - High purchasing-power (Index 121.7)
  - A lot of tourists (>1mil overnights)
  - High frequency at our premise (>25,000 pedestrians/day)





# New Clinic Pipeline



# Strategy in Mergers & Acquisitions

## Target acquisition of "Famous privately owned eye clinics"

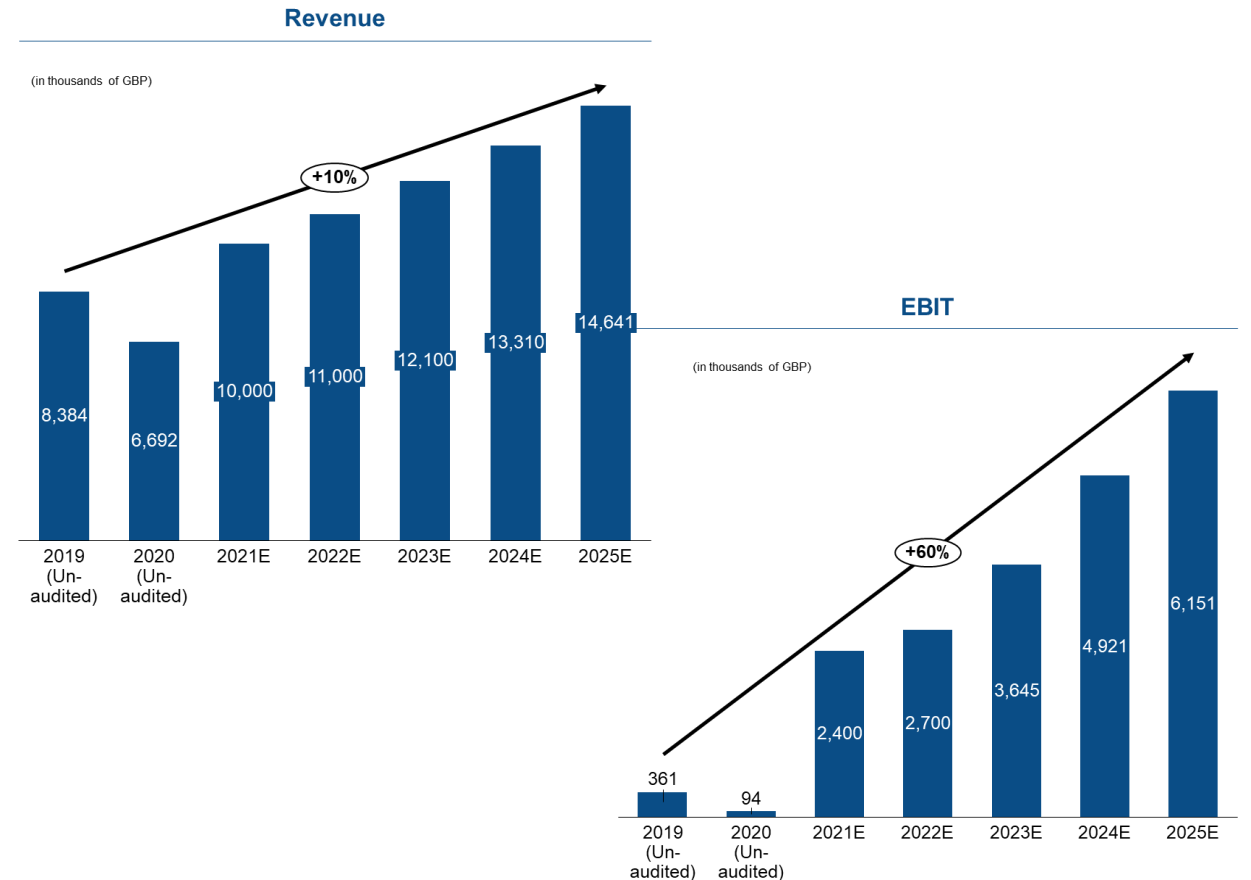
- Achievement of bundled scientific/clinic know-how to EuroEyes
- Branding of EuroEyes as the eye clinic group managed and (partly) owned by leading ophthalmologist
- Easier recruitment of ophthalmologist
- The more "famous" doctors to join EuroEyes, the more others will attempt to join (exit strategy)



# Strategy in Mergers & Acquisitions

## Target acquisition of "Famous privately owned eye clinics"

- Win founder/owners for EuroEyes
- Grant them clinical autonomy
- Set business targets by ambitious revenue/EBIT goals for Earn-Out
- Deal-size in the same range as LoVC



# Strategy in Global Organic Growth

## Global Chinese Market remains our strategic focus

- Growing EuroEyes branding awareness among Chinese people both in China and overseas
- Large base of Chinese customers living in Europe (London 100,000, Paris 500,000)
- Word of mouth and patient referrals among friends and family prove to be the effective methods among Chinese patients, which is our main marketing strategy



# Strategic Purchasing Management

## Company Purchasing Price of Primary Medical Supplies

We signed a new 4-year deal with one of our primary medical supplies :

- **Fixed the prices** for the surgery-related consumables (lenses, codes, Hyalin) globally
- **Discount of 35%** for the latest equipment needed for the organic growth

The deal will result in **cost savings of 10% per year**



# EuroEyes

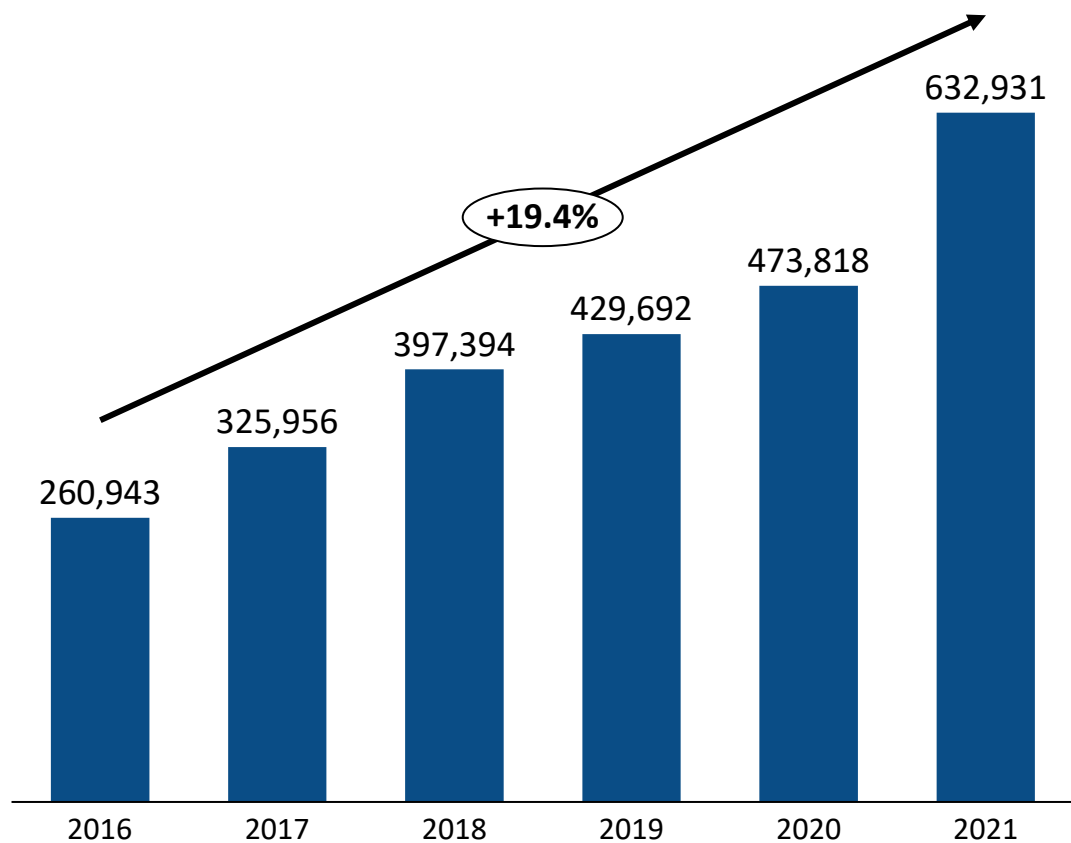
## 2021 Financial Overview



# Six-year Financial Growth of EuroEyes

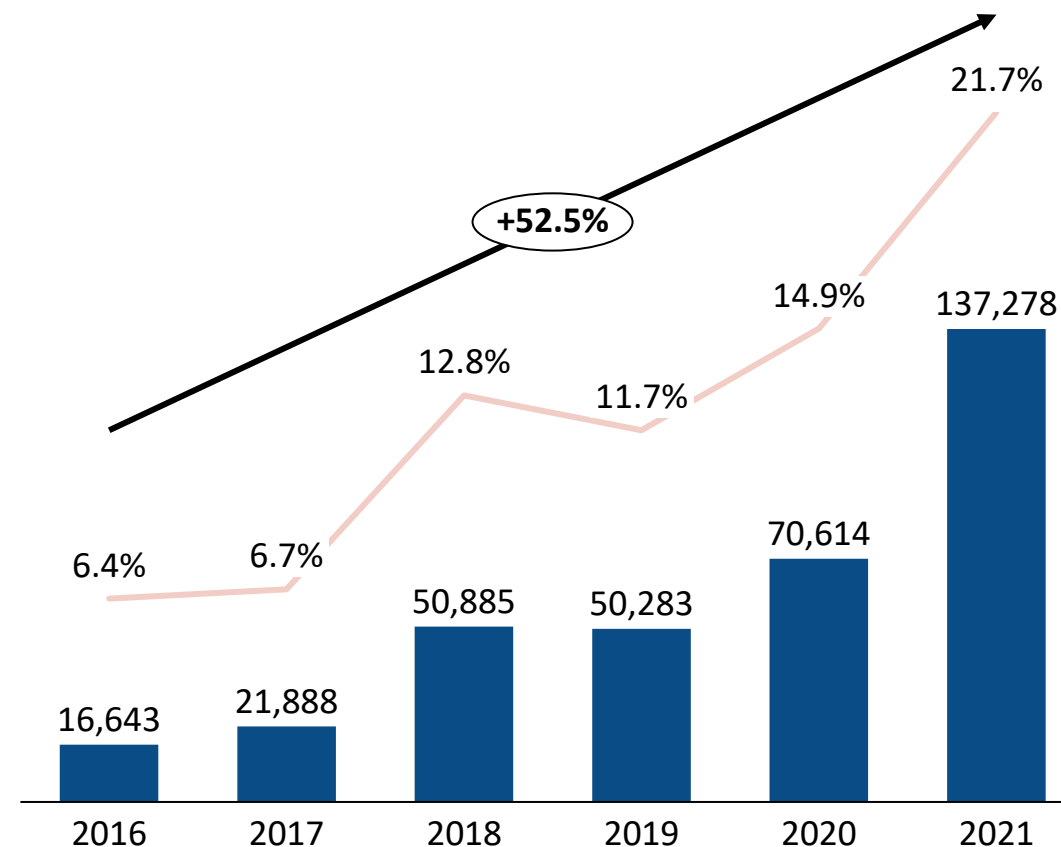
## Revenue

(in thousands of HKD)



## Adjusted Net Profit After Tax

(in thousands of HKD)



# 2021 Financial Performance – Strong Momentum

## Total Revenue

↑ 33.6% YoY

HK\$ 632,931,000

## Adjusted Gross Profit

↑ 48.2% YoY

HK\$ 317,393,000

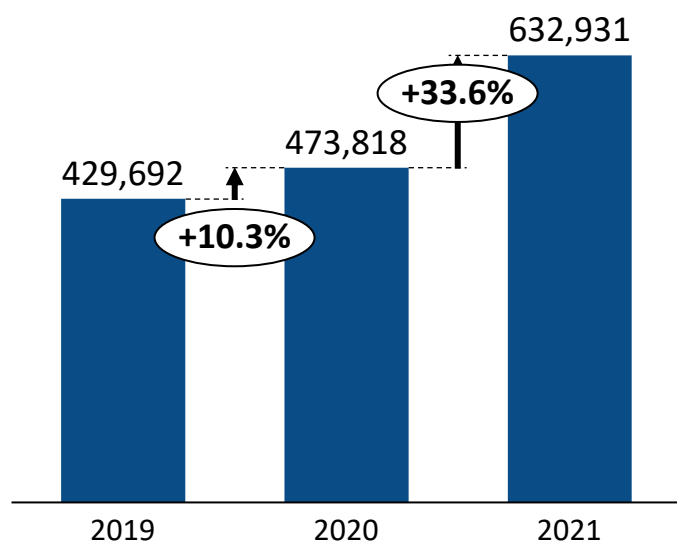
50.1% Margin

## Adjusted Net Profit After Tax

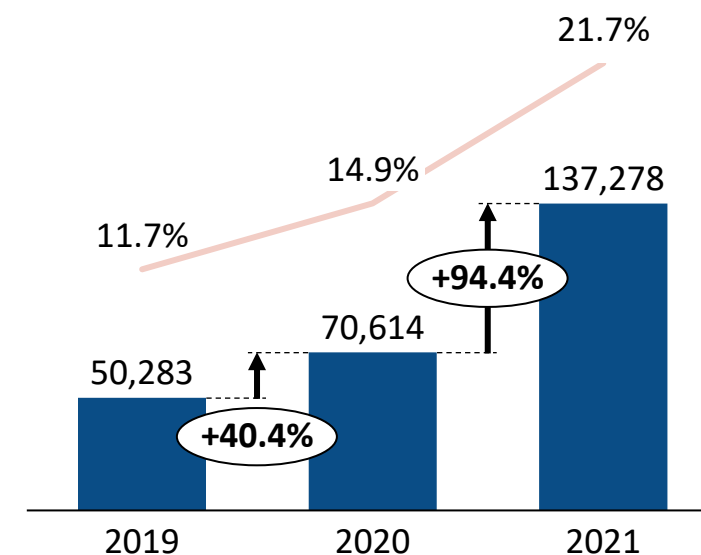
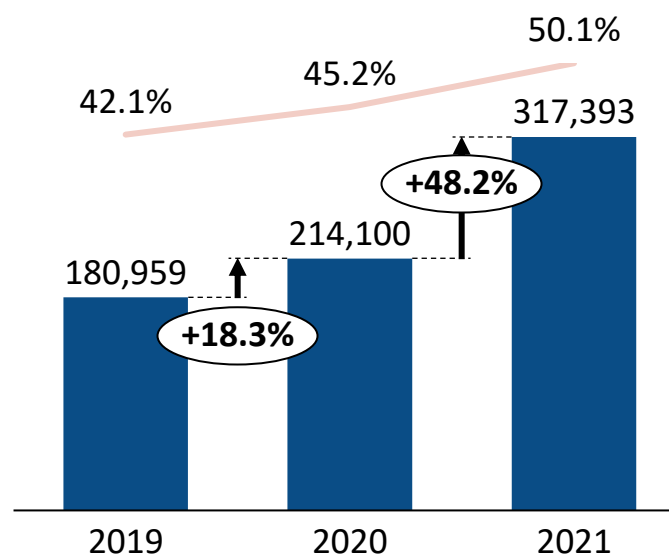
↑ +94.4% YoY

HK\$ 137,278,000

21.7% Margin



(in thousands of HKD)



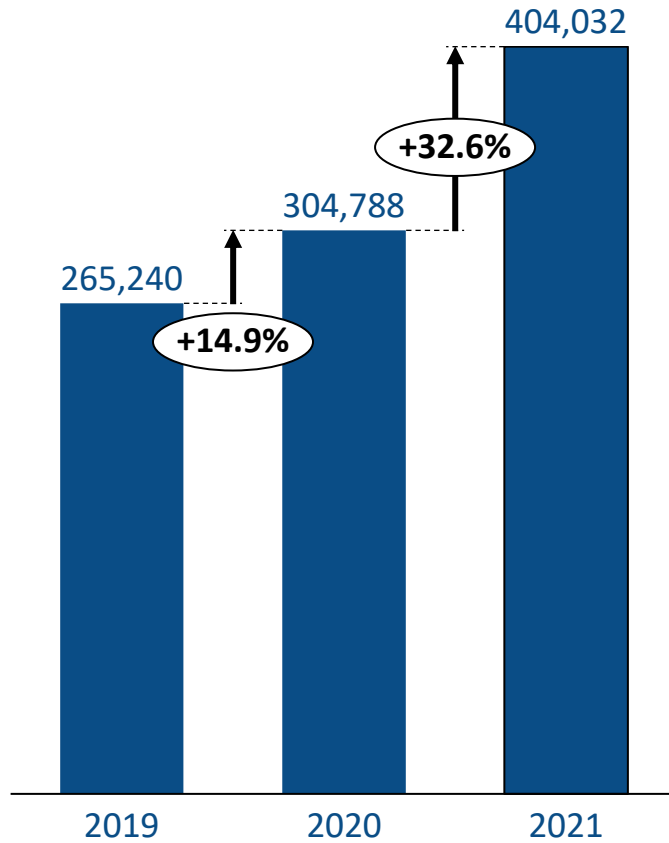


# Revenue country-by-country



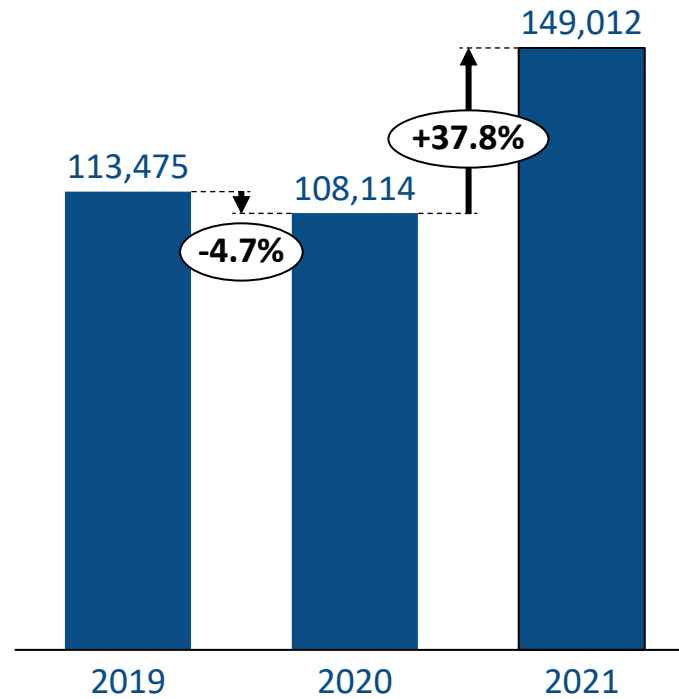
## Revenue in Germany

**HK\$404,032,000**  
+32.6% YoY



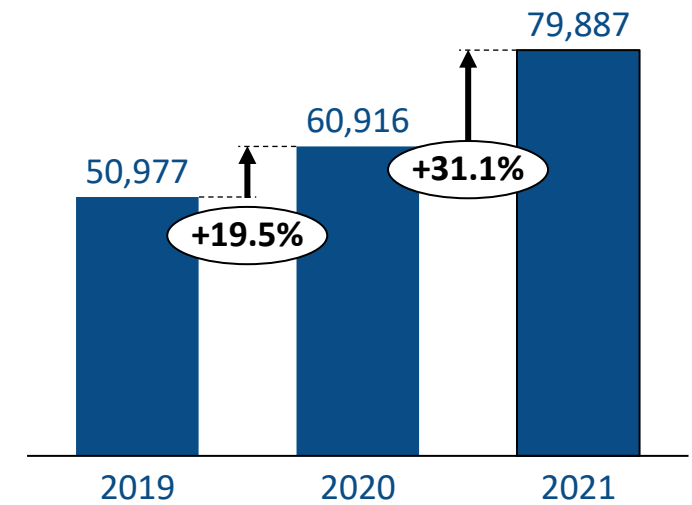
## Revenue in the PRC

**HK\$149,012,000**  
+37.8% YoY



## Revenue in Denmark

**HK\$79,887,000**  
+31.1% YoY



(in thousands of HKD)

# Revenue Drivers

Organic Growth of total surgery numbers

↑ 21.5% YoY

Increase of total number of eye surgeries performed

Revenue Outperformance of ICL and Lens Exchange Surgeries

↑ 39.7% YoY

Overproportional growth of ICL and lens exchange surgeries with higher EBIT margin in relation to laser surgeries

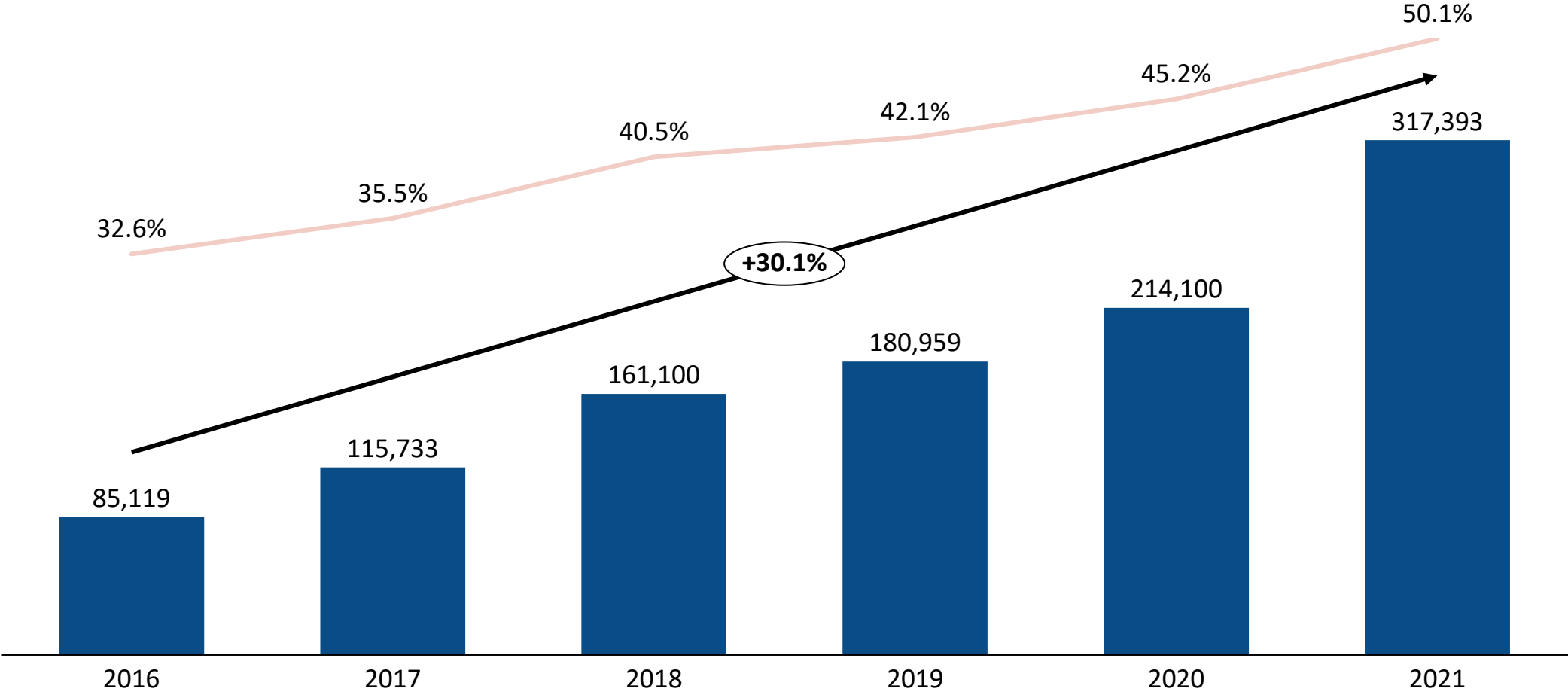
Price Increase in ICL and Lens Exchange Surgeries

↑ 8.4% YoY

Price Increase realized without demand reduction

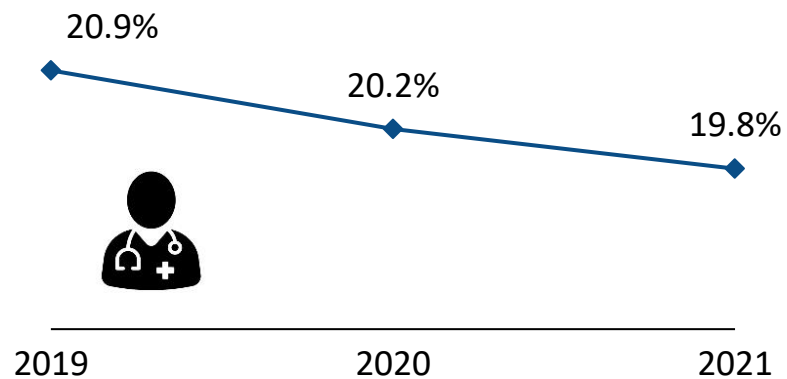
# Double-Digit Gross Profit Growth year for year over the last six years

Adjusted Gross Profit Margin

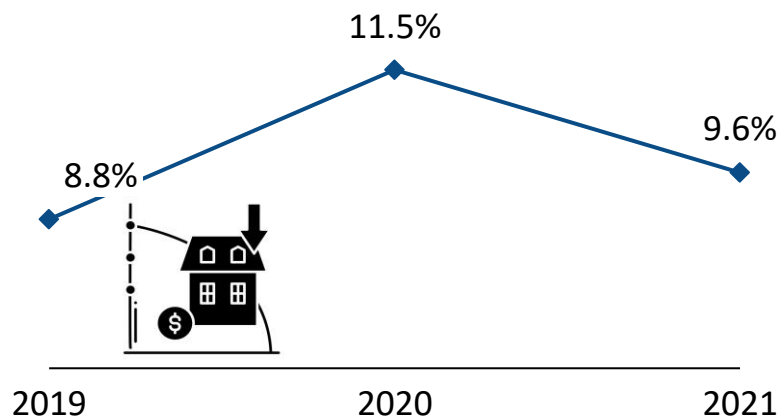


# Continuous Decline in Cost of Sales Ratios

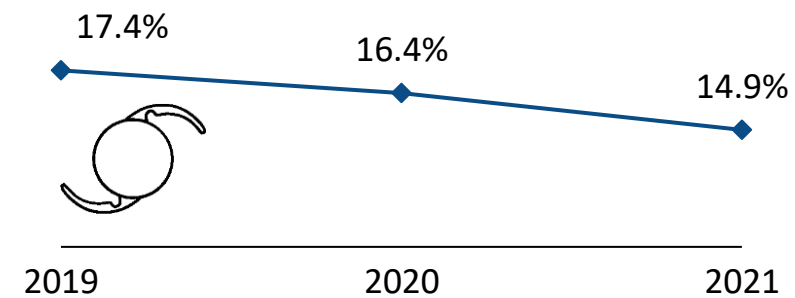
## Salaries & Doctor's Fees



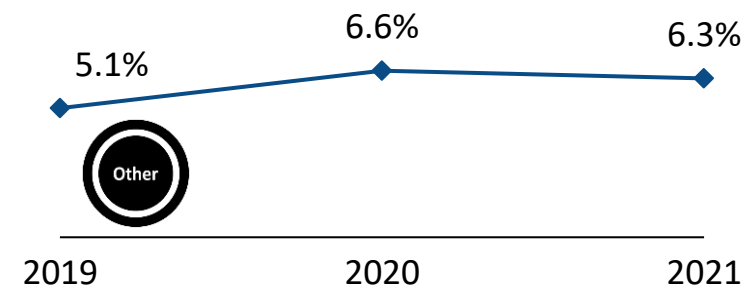
## Depreciation



## Raw Materials & Consumables

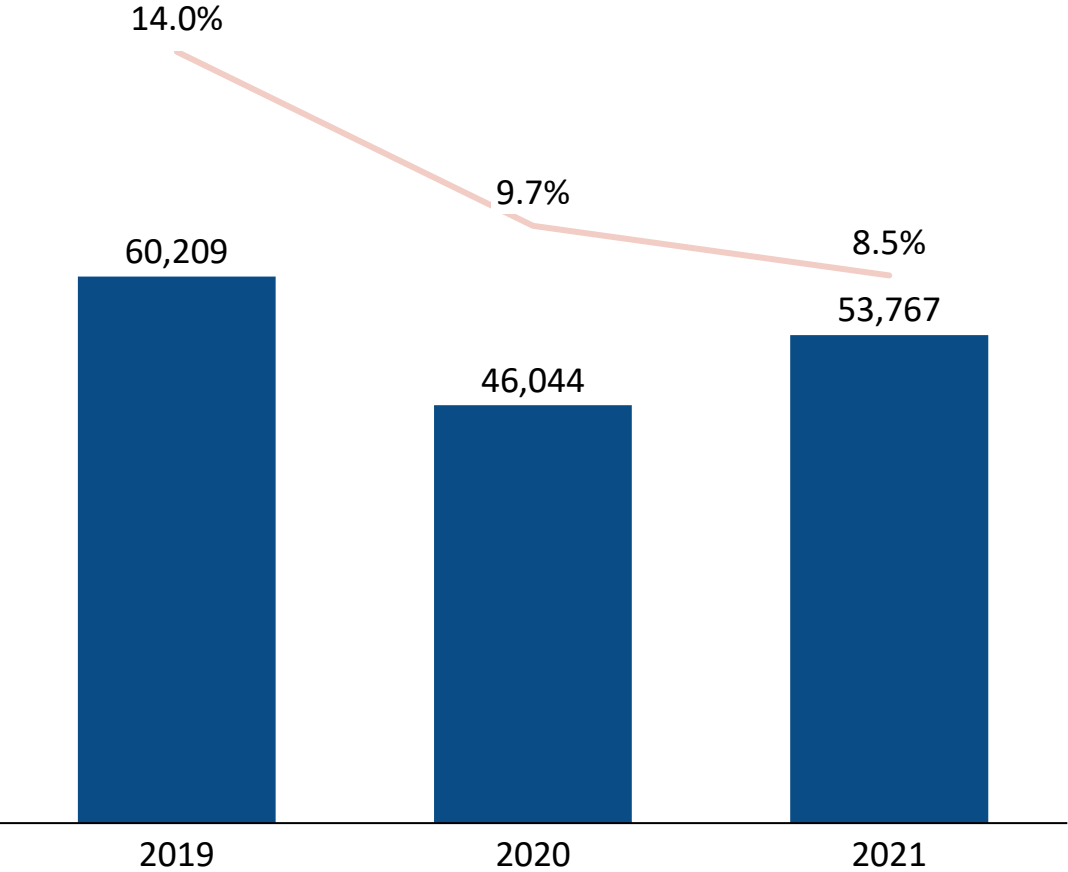


## Others



# Declined Sales Expense with Effective Word-of-mouth Strategy

Sales Expense



# Adjusted Net Profit After Tax

## Reasons for Profit Increase

### Profitability Enhancement

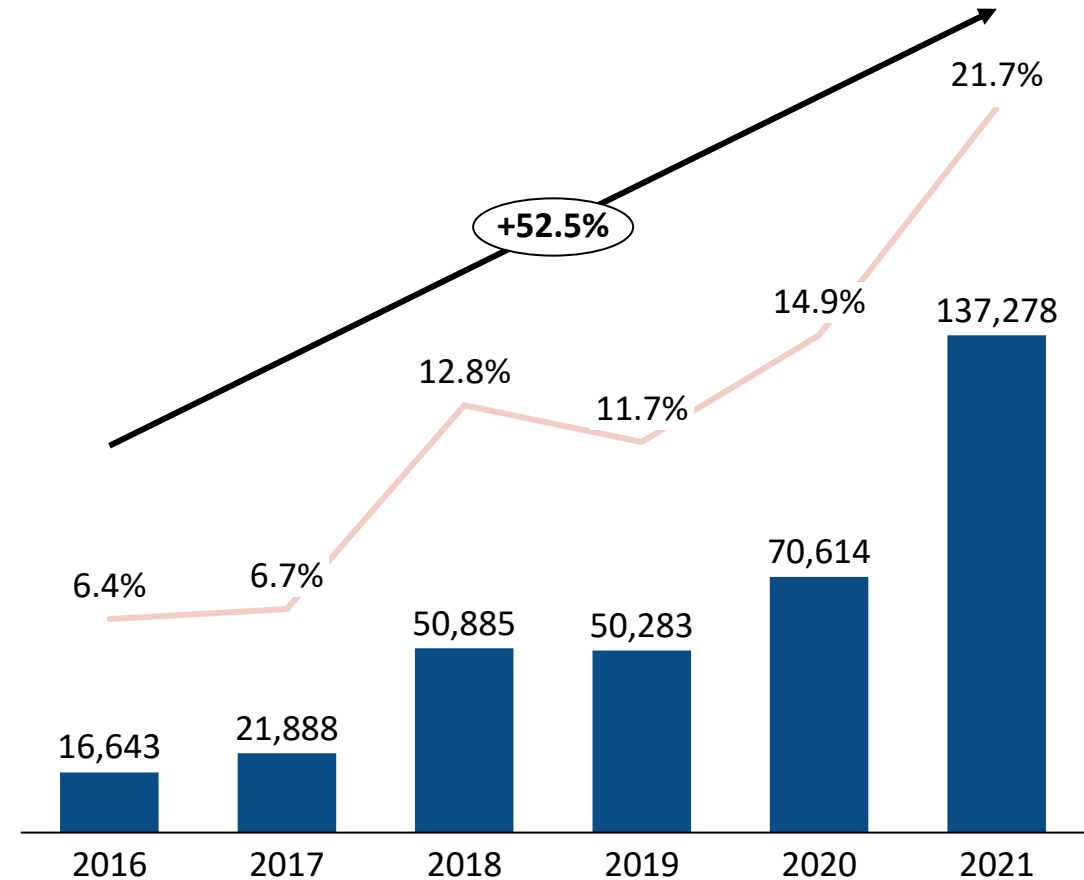
- Improvement of utilization rate with increasing number of surgeries
- Strategically focused on ICL surgeries and lens exchange surgeries which have higher EBIT margins
- Price increase in ICL surgeries and lens exchange surgeries

### Operation Efficiency Optimization

- Optimized marketing strategy focusing on patient referrals, resulting in low marketing expenses
- Effective cost management

## Adjusted Net Profit After Tax

(in thousands of HKD)



# Key Take-Aways

## New Normal outperformed



### Revenue

**HK\$ mil 633**

+33.6% YoY

### Adjusted NPAT

**HK\$ mil 137**

+94.4% YoY

## Strong internal organic growth



Revenue Growth of **33.6%** achieved

### **Perfect Business Constellation:**

- Organic growth (+21.5%) of total surgery numbers
- Overproportional growth (+39.7%) of lens surgeries (with **higher margins**)
- increased Prices on Lens surgeries with 8.4%

## Huge growth in profitability



Adjusted NPAT Growth of **94.4%** YoY

NPAT Margin 6-years growth CAGR of **52.5%**

## Next to come



New clinics in pipeline

New consultation centres will lead to a **higher clinic capacity utilization rate**

Target acquisition of **"Famous privately owned eye clinics"**



***Thank You For Your Attention!***



# 2021 Overview

## Key Financial Data in 2021

	The Year ended 31 December			
	2021	2020	2019	Change YoY
	HKD'000	HKD'000	HKD'000	%
<b>Revenue</b>	<b>632,931</b>	473,818	429,692	33.6%
<b>Cost of Sales</b>	<b>(320,413)</b>	(259,718)	(251,971)	23.4%
<b>Gross Profit</b>	<b>312,545</b>	214,100	177,721	46.0%
<b>Gross Profit Margin (%)</b>	<b>49.4%</b>	45.2%	41.4%	4.2 p.p
<b>Adjusted gross profit</b>	<b>317,393</b>	214,100	180,959	48.2%
<b>Adjusted gross profit margin(%)</b>	<b>50.1%</b>	45.2%	42.1%	4.9 p.p
<b>Net Profit After Tax</b>	<b>132,384</b>	64,073	(-3,686)	106.6%
<b>Net Profit Margin (%)</b>	<b>20.9%</b>	13.5%	(0.9)%	7.4 p.p
<b>Adjusted net profit</b>	<b>137,278</b>	70,614	50,283	94.4%
<b>Adjusted net profit margin(%)</b>	<b>21.7%</b>	14.9%	11.7%	6.8 p.p

# Non-IFRS Adjustments

	The Year ended 31 December					
	2021	2020	2019	2018	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	<b>632,931</b>	473,818	429,692	397,394	325,956	260,943
<b>Reported gross profit</b>	<b>312,545</b>	214,100	177,721	161,100	115,733	85,119
<b>Adjustment – Share-based compensation expenses</b>	<b>4,848</b>	-	-	-	-	-
<b>Adjustment – pre-operating expenses</b>	<b>-</b>	-	3,238	-	-	-
<b>Adjusted gross profit</b>	<b>317,393</b>	214,100	180,959	161,100	115,733	85,119
<b>Adjusted gross profit margin (%)</b>	<b>50.1%</b>	45.2%	42.1%	40.5%	35.5%	32.6%
<b>Reported net profit/(loss)</b>	<b>132,384</b>	64,073	(3,686)	39,692	75,544	16,643
<b>Adjustment – listing expenses</b>	<b>-</b>	-	42,219	11,193	-	-
<b>Share-based compensation expenses</b>	<b>11,325</b>	-	-	-	-	-
<b>Adjustment – pre-operating expenses</b>	<b>1,326</b>	532	7,573	-	-	-
<b>Adjustment – Compensation from landlord for early termination of lease contract in Hamburg</b>	<b>-</b>	-	-	-	(53,666)	-
<b>Foreign exchange loss in relation to the proceeds from global offering</b>	<b>(7,757)</b>	6,009	4,177	-	-	-
<b>Adjusted net profit</b>	<b>137,278</b>	70,614	50,283	50,885	21,888	16,643
<b>Adjusted net profit margin (%)</b>	<b>21.7%</b>	14.9%	11.7%	12.8%	6.7%	6.4%