



ASX / BWX

## Press release

26 February 2016

### BWX ACQUIRES AUSTRALIAN DISTRIBUTION

Melbourne, Australia – BWX Limited (ASX: BWX) is pleased to report that it has signed a binding agreement to acquire the business of Lightning Brokers. Lightning Brokers is a national distributor of personal care products established in 2009 and distributes the “Sukin Australian Natural Skincare” (Sukin) product range throughout NSW, ACT, Victoria and Tasmania. The Lightning Brokers business is currently responsible for approximately 50 percent of the Sukin distribution to the Australian pharmacy market.

Lightning Brokers has national reach and currently employs 16 sales representatives across its distribution territories. This sales team will be instrumental in growing sales of BWX’s portfolio of brands throughout Australia.

Total consideration for the acquisition of the business is \$11 million, inclusive of \$3.265 million working capital and deferred performance based payments. The acquisition will be funded through a combination of working capital and an issue of shares by BWX. Lightning Brokers is expected to recognise revenues of \$25 million and EBITDA of \$3.0 million in FY16.

Mr Humble, CEO of BWX Limited, said, “Having added considerable scale over the previous year, the acquisition of Lightning Brokers was a natural progression and strengthens our position as a fully integrated business spanning brand development, manufacture, wholesale sales and distribution. It gives us direct control of our existing brands distribution and provides a further solid platform for future growth. Following this acquisition BWX will directly control approximately 70 percent of Sukin sales domestically. This is a clear market advantage and is expected to be a key growth driver for the brand in the domestic market.”

Mr Michael Griffiths, of Lightning Brokers commented, “We could not be happier to be having our operation bought under the BWX umbrella. We have seen some tremendous initiatives from BWX over the past nine months and are looking forward to the many future opportunities for growth in distribution of both existing and new brands that will become available following completion of the acquisition by BWX. Our sales team in particular is excited by the opportunity to work hand in hand with such an innovative organisation.”

In accordance with the terms of the acquisition, Mr Michael Griffiths will be contracted to the Company until 30 June 2017 and will lead the Australian distribution for the BWX group.

## Consideration

Purchase price of \$11 million, which includes approx. \$3.265 million in working capital, with an adjustment for any change in working capital at completion, is payable by the Company to the Vendors as follows:

- (a) \$5,250,000 on Completion payable to the Vendors in cash;
- (b) \$3,750,000 on Completion to be satisfied by the issue of 930,752 shares in BWX at a price of \$4.029, being the 30 day VWAP immediately prior to the date of execution of the Transaction Documents;
- (c) Deferred consideration equal to \$1,000,000, to be satisfied by the issue of shares in BWX at a price per share equal to the 30 day VWAP immediately prior to the date of issue, will be payable by 30 September 2016 to the Vendors and/or their nominees where the Lightning Business recognises EBITDA greater than \$2,250,000 for the financial year ending 30 June 2016; and
- (d) Additional deferred consideration equal to \$1,000,000, to be satisfied by the issue of shares in BWX at a price equal to the 30 day VWAP immediately prior to the date of issue, will be payable by 30 September 2016 to the Vendors and/or their nominees where the Lightning Business recognises EBITDA greater than \$3,000,000 for the financial year ending 30 June 2016.

All shares issued will be subject to voluntary escrow for the period ending 30 June 2017.

The acquisition is expected to complete on 31 March 2016.

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## About BWX

ASX listed, BWX Limited is a vertically integrated developer, manufacturer, distributor and marketer of branded skin and hair care products with an emphasis on the natural segment of the beauty and personal care market.

The company owns, produces, and distributes under the Sukin, DermaSukin, Usps, Edward Beale, and Renew Skincare brands.

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