



ASX / BWX

## ASX Announcement

11 September 2017

### BWX ACQUIRES NOURISHED LIFE

- **BWX Limited (BWXLtd or the Company) has agreed to acquire the Nourished Life business, a leading Australian online retail platform focused on natural and organic skincare and health and wellbeing products, for initial consideration of \$20 million plus a potential earn out.**
- **The acquisition provides significant opportunities to leverage Nourished Life's proven social media and digital capabilities in an increasingly important channel and to add its house brand, "Life Basics", to the BWXLtd brand portfolio.**
- **Net sales for Nourished Life for FY18 are expected to exceed \$25 million and pro-forma standalone EBITDA for FY18 is expected to exceed \$4 million.**
- **EPS accretion exceeding 5% based on 9 months contribution from Nourished Life.**
- **The initial cash consideration of \$16m has been funded by a direct placement of new shares in the Company to new and existing investors at a price of \$5.35 per share, representing a 3.3% discount to the last closing price. The remaining initial consideration of \$4m will be funded by an issue of BWXLtd shares to the vendor.**

Melbourne, Australia – BWXLtd (ASX: BWXLtd) is pleased to advise that the Company has today agreed to acquire the Nourished Life business. An Australian business, based on Sydney's northern beaches, Nourished Life is recognised as a trusted, authentic online retail platform, exclusively focused on natural and organic skincare and health and wellbeing products. Through the extensive and strategic use of its social media and digital assets across Facebook, Instagram, Nourished Life blog, Nourished Life digital magazine, online store and website, in conjunction with traditional print and electronic media, Nourished Life has quickly grown to become one of Australia's leading natural and organic online retail brands with a large and engaged community of followers.

BWXLtd Chief Executive Officer, Mr John Humble, said "The Nourished Life transaction is an excellent opportunity to acquire a highly profitable online platform with proven social media and digital capabilities which can be leveraged across our business and brands in this increasingly important channel. The acquisition adds a further direct/online channel to BWXLtd's existing distribution capability, provides an online community of engaged consumers already embracing natural products and allows the Company to access the upstream margin generated by retail sales of Life Basics."

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“The experienced management at Nourished Life have built a tremendous business catering to the growing appetite of Australian consumers searching out products that complement their lifestyle. We are obviously excited to be working with a team of the calibre of Nourished Life and expect our resources, operational experience and consumer insight will add considerably to the continued growth of the business.”

The Nourished Life product range currently consists of approximately 3,500 individual SKU's across many local domestic and international brands. The online nature of the Nourished Life business allows Nourished Life to stock many more and diverse SKU's than a traditional bricks and mortar retailer.

Product categories available through the platform include:

- Natural and Organic Skin care
- Natural and Organic Body Care
- Natural and Organic Hair Care
- Natural and Organic Makeup
- Natural and Organic Sun Care
- Sustainable, Waste free home products
- Health and Fitness
- Eco friendly clothing

Nourished Life also retail a select range of products under its proprietary brand “Life Basics”. The Life Basics brand has been developed to provide Nourished Life's customers with a value driven product range that meets each of the platform's strict product criteria across a number of product categories. Introduced in February 2017, the Life Basics brand is gaining widespread customer acceptance and is on track to contribute approximately 20% of Nourished Life's revenues by June 2018.

Irene Falcone, founder and owner of Nourished Life, said “Words cannot describe the excitement within Nourished Life at the prospect of working with BWX. With the support and resources of BWX's operational team behind us, we look forward to curating an even wider selection of products for our many thousands of loyal customers to enjoy. Having the chance to align our future with a company such as BWX, that shares our passion for natural products and environmental sustainability, was important to us, becoming the key driver of the transaction, and whilst we were presented with opportunities at substantially higher valuations, the cultural fit was so strong we couldn't be more thrilled with the outcome”.

Ms Falcone will continue to run the Nourished Life business once it is acquired by the Company, having committed to a minimum period of 4 years.

### **Purchase Price**

BWX Limited has agreed to acquire the Nourished Life business for initial consideration of \$20m, comprising cash consideration of \$16m and \$4m of consideration in the form of BWX shares, representing 0.8 x forecast FY18 revenues and less than 5 x forecast FY18 EBITDA.

The \$4m of BWX shares will be issued to the vendor at completion of the transaction with reference to the 30 day VWAP immediately prior to the date of the sale agreement. All shares in BWX issued to the vendor in relation to the acquisition are subject to a 12 months voluntary escrow period from the time of their issue.

Additional earnout payments are expected to become payable to the vendor based on the performance of the business and relate to the growth in Gross Profit for the coming 4 years, excluding contributions from BWX's owned brands. Any future earnout payments will be paid equally in cash and BWX shares based on the 30 day VWAP immediately prior to their issue. All shares issued under the earnout agreement will be subject to 12 months voluntary escrow.

The Company has raised a total of \$17m to fund the initial \$16m cash consideration payable on the acquisition via the direct placement of 3,177,571 fully paid ordinary shares in the Company at a price of \$5.35 per share, which represents a 3.3% discount to the last closing share price on Thursday 7 September and a less than 1% discount to the volume weighted average trading price over the last 30 days. Bell Potter Securities Limited acted as lead manager to the placement. The shares were placed with new and existing investors.

It is anticipated that the acquisition will complete in September 2017.

BWX continues to assess acquisition opportunities, and remains open to consider further acquisitions where there is a compelling strategic and economic benefit for the Company.

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## About BWX

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

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

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