

# SHAREHOLDER PRESENTATION HALF YEAR 1H18 RESULTS

February 2018



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ASX listed, BWX Limited is a vertically integrated developer, manufacturer, distributor and marketer of branded beauty care products with ranges comprising of skin, hair and body care along with colour cosmetics, with an emphasis on environmentally friendly naturally formulated products.

Headquartered in Victoria, Australia and with offices in the UK and USA, BWX Limited's product ranges cater to the ever growing consumer demand for high quality, naturally formulated, sustainable personal care.

BWX strives relentlessly to build shareholder value through the timely and efficient execution of its growth strategies, aimed at maximising EPS growth over the medium to long term whilst minimising risk.





1H 2018

# FINANCIAL HIGHLIGHTS

# 1H18 OVERVIEW

- As expected 1HFY18 has again seen continued growth of Sukin both domestically and across BWX's international platform. On the domestic front Sukin has continued to grow sales within the Australian pharmacy market reaching a record high market share for the brand at 7.6%, up from prior 7.3%. This growth has been achieved with the continued support of our pharmacy partners following the inclusion of the Sukins Mens range and the introduction late in the half of Sukin's reformulated hair care products.
- During the half the Company has added growth to its distribution channels in the domestic market with the official launch of Sukin into national grocery through Coles in mid September 2017. Whilst it is early days for Sukin in the grocery channel, sales within the channel are trending broadly inline with the Company's expectations. We are looking forward to a full years contribution from this new distribution channel.
- In 1HFY18 we saw Sukin's first ever investment in a national television campaign coinciding with the launch into grocery, to not only highlight the grocery launch, but as equally important, provide ongoing support and increased brand awareness for our pharmacy partners. Along with the television activity, 1HFY18, as in previous periods, has seen an increased level of marketing investment across all regions.
- Internationally Sukin's distribution base has been gaining momentum with a number of new territories being supplied, as detailed in pages 18-22.
- The period ending December 31<sup>st</sup> 2017 has been one of increased investment to support growth across our entire platform. Operating expenses in the existing business have been well contained, rising at a rate broadly in line with underlying growth, whilst the majority of new investment has been made into the US platform and recently acquired Nourished life business. It is crucial that this investment is made across the expanded platform in order to enable the businesses to take advantage of both short and long term growth opportunities.

- The movement to a new national distribution model has given the Company an ideal opportunity to review the balance of its third party activities. As a result of this review a decision was made in line with our strategy, to discontinue our distribution services to third party brands, a large portion of which were commission only and redirect the resources to concentrate on maximising the numerous growth opportunities with the Company's own brands.
- Further, in keeping with the Company's core strategy of building recurring revenues in developed Western markets, during 1H FY18 the Company's primary focus has been on the integration of the recently announced acquisitions in the US; Mineral Fusion and Andalou Natural and the Australian based online platform Nourished Life.
- In line with our strategy, these acquisitions have broadened the distribution of BWX's branded products and added considerably to the group's digital and e-commerce capabilities providing additional growth opportunities.
- In the short period of ownership we have made significant progress in aligning these businesses with the broader BWX business and look forward to realising the benefits of the integration activities as we build momentum into 2H FY18.
- The combination of these acquisitions, each of which are leaders within their market segments, along with our Australian Flagship brand Sukin, gives BWX a well rounded, portfolio of brands across distribution channels, geographies, product categories and price points.

# SUMMARY OF KEY FINANCIAL HIGHLIGHTS

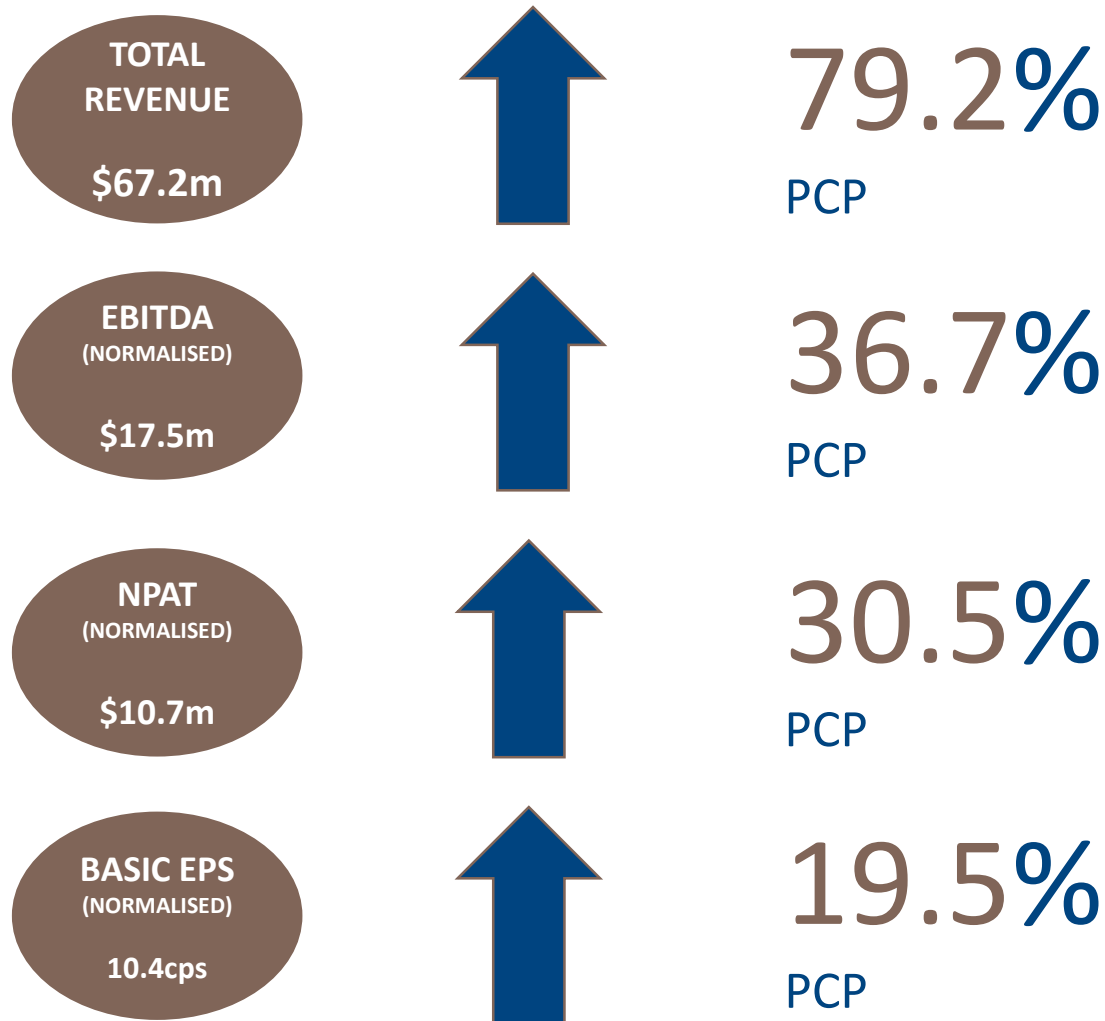
- Revenue of \$67.2m, representing a 79.2% increase versus prior first half year 2017;
- EBITDA (normalised) <sup>(1)</sup> of \$17.5m, representing a 36.7% increase versus prior year first half 2017;
- NPAT (normalised) <sup>(1)</sup> of \$10.7m, representing a 30.5% increase versus prior first half 2017;
- NPAT (statutory) of \$5.4m, representing a 34.1% decrease versus prior first half 2017;
- Basic EPS (normalised) <sup>(1)</sup> of 10.4 cents, representing a 19.5% increase versus prior first half 2017;
- The Company declares an interim fully franked dividend of 3.25 cents per share, representing a 30% increase versus prior first half 2017

<sup>(1)</sup> normalised amounts exclude \$5.5 million of one-off acquisition and restructuring costs

- Net debt reduced by \$8.4m to \$48.6m following accelerated re-payments being made ahead of schedule during 1H 2018



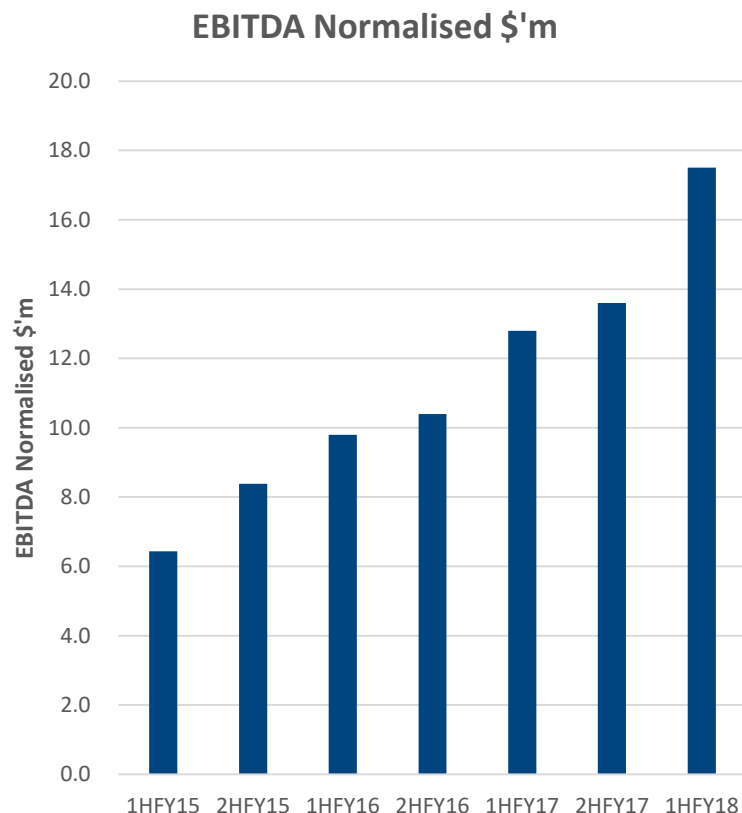
# COMPANY 1HFY18 FINANCIAL RESULT HIGHLIGHTS



Interim Dividend 3.25cps fully franked



# COMPANY 1H18 FINANCIAL RESULT HIGHLIGHTS

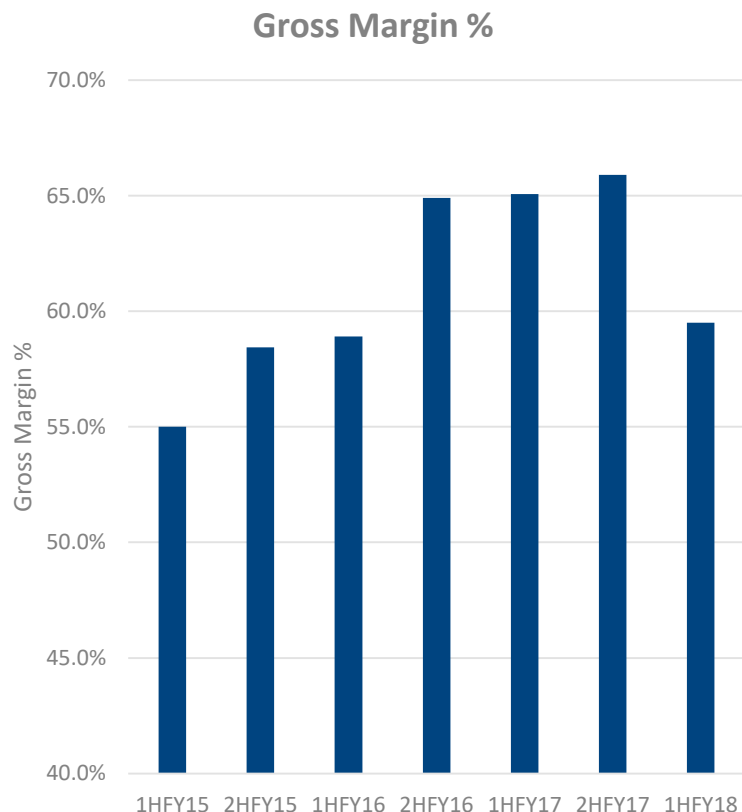


- As noted, normalised EBITDA in 1HFY18 excludes \$5.5m of one-off costs in relation to acquisition and restructuring costs
- Normalised EBITDA includes the investment into the infrastructure and platform of the business, particularly in initiating the establishment of the BWX operational platform for the US business

## EBITDA COMPARISON\*\*

\*\* EBITDA comparisons are based on 6 month contribution of Mineral Fusion, 2 month contribution of Andalou Naturals and 3 month contribution of Nourished Life

# COMPANY 1H18 FINANCIAL RESULT HIGHLIGHTS







- There has been no reduction in the core underlying gross margin from the pre-existing business prior to completing the recent acquisitions.
- As mentioned at time of acquisitions, BWX group gross margins have reduced due to the consolidation of the lower gross margins from the acquired businesses during the period.
- Importantly, the ranging of the Sukin brand in grocery has not been detrimental to domestic Sukin gross margins.
- We expect an increasing trend in the gross margins over time post FY18.

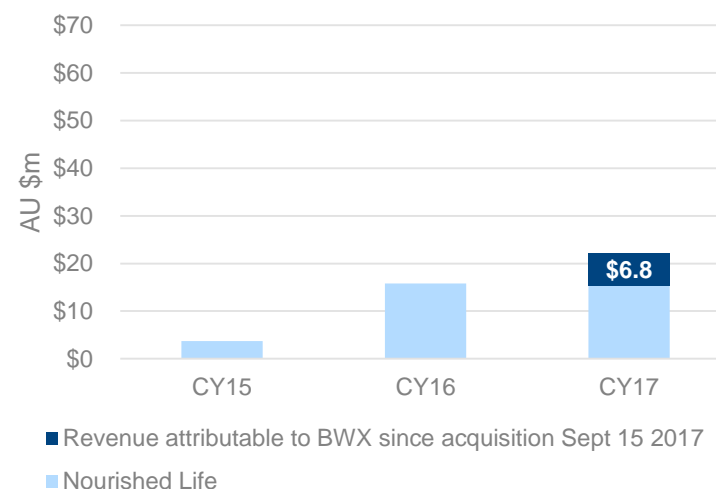
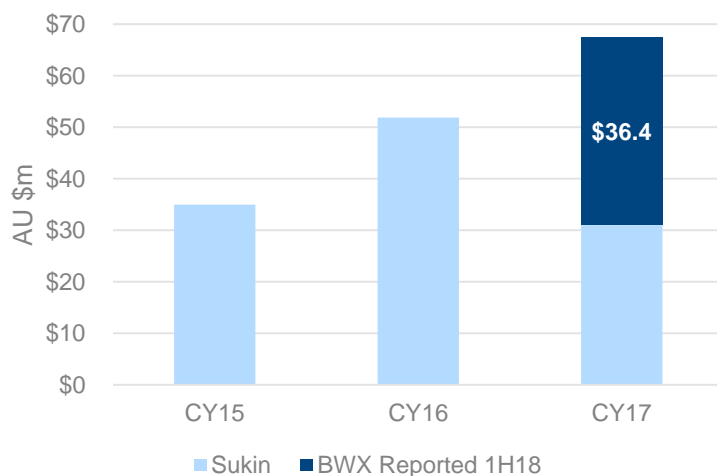
## GROSS MARGIN COMPARISON\*\*

\*\* GM comparisons are based on 6 month contribution of Mineral Fusion, 2 month contribution of Andalou Naturals and 3 month contribution of Nourished Life

# GROUP PERFORMANCE DRIVEN ACROSS ENTIRE BRAND PORTFOLIO

Net Revenue \$AU m	1H18	1H17	
 <b>sukin</b> AUSTRALIAN • NATURAL	\$36.4m	\$31.1m	Six month contribution from Pharmacy Three months contribution from Grocery
 <b>ANDALOU</b> NATURALS	\$8.2m	N/A	Two months contribution from 1 November 2017
 <b>MINERAL FUSION</b>	\$13.5m	N/A	Six months contribution from 1 July 2017
 <b>Nourished Life</b>	\$6.8m	N/A	Three months contribution from 15 September 2017
Other	\$2.3m	\$6.4m	Includes other complementary brands and other income
<b>Total</b>	<b>\$67.2m</b>	<b>\$37.5m</b>	

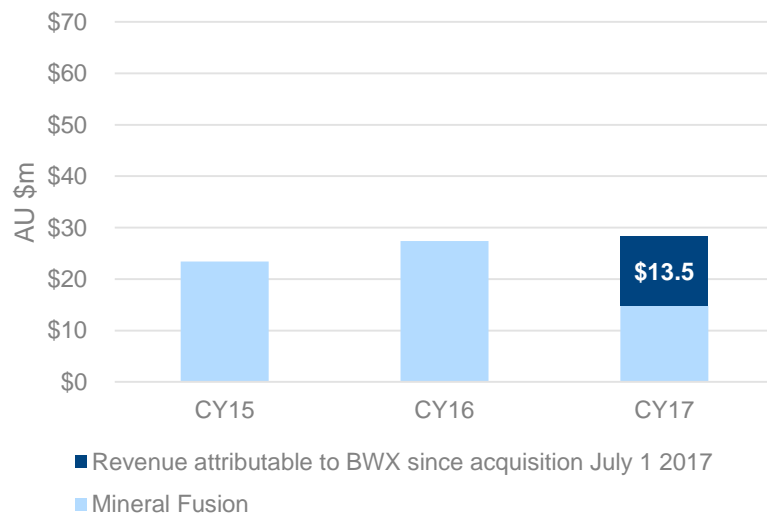
# GROUP PERFORMANCE DRIVEN ACROSS ENTIRE BRAND PORTFOLIO



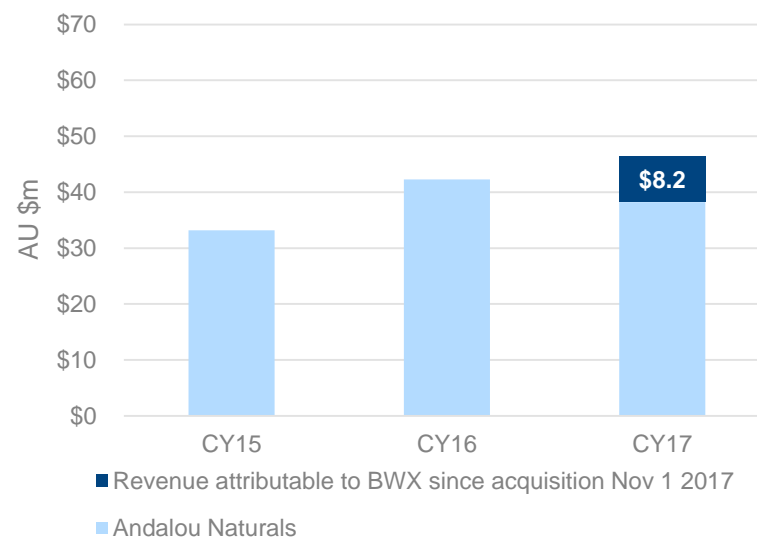
NB: All figures which are pre-acquisition are based on local management reporting amounts (non-GAAP/IFRS)

# GROUP PERFORMANCE DRIVEN ACROSS ENTIRE BRAND PORTFOLIO

## MINERAL FUSION<sup>®</sup>



## ANDALOU NATURALS

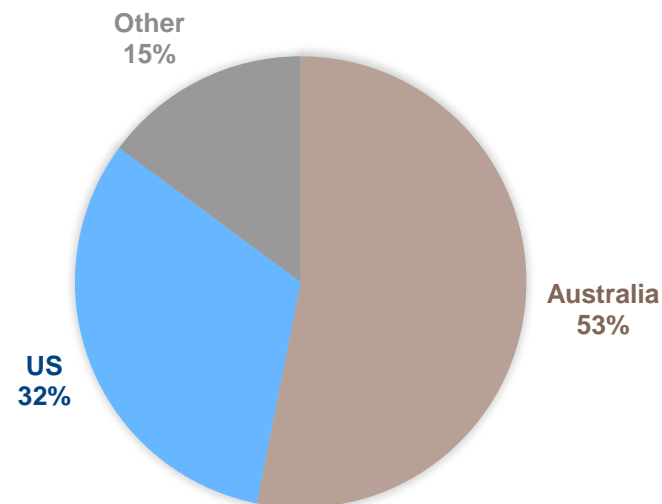


NB: All figures which are pre-acquisition are based on local management reporting amounts (non-GAAP/IFRS)

# STRENGTH ACROSS REGIONS

REGION	1H18	1H17
Australia	\$35.7m	\$30.0m
US	\$21.5m	\$6.9m
Other	\$10m	
Total	\$67.2m	\$36.9m

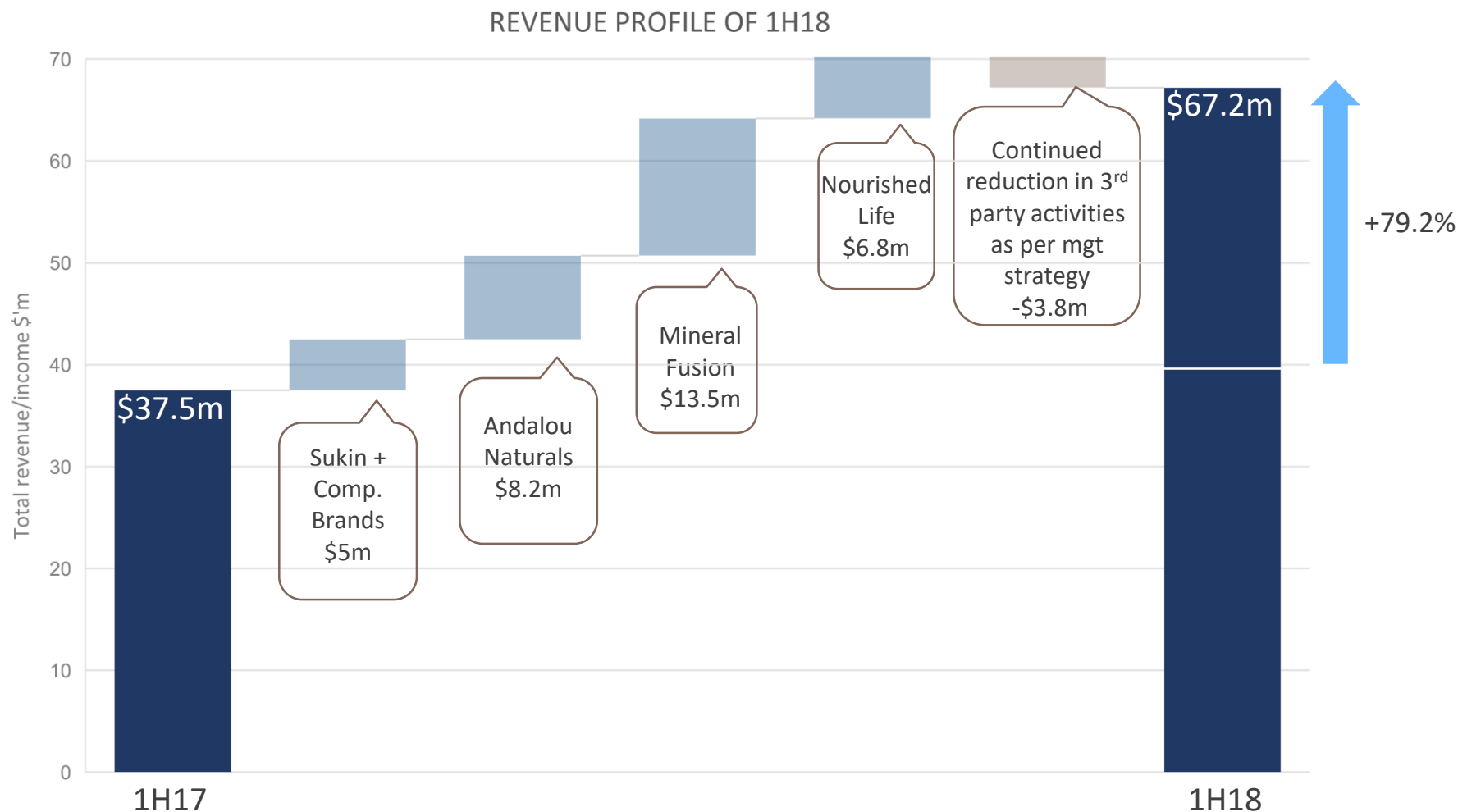
1H18 GEOGRAPHICAL SPLIT



- All regions performing strongly vs pcp with the US now a sizeable proportion of overall BWX revenue via the most recent acquisitions of Andalou Naturals and Mineral Fusion
- Australia is still a key driver with sales +16.7% in 1H18 vs 1H17
- Other includes NZ, Canada, UK, China, Singapore, Benelux, India, Saudi Arabia, Malta, HK, Ireland, Japan, Vietnam, Malaysia, UAE



# 1H18 REVENUE BRIDGE





1H 2018

**BWX BRANDS**



# BRANDS SUMMARY

1H FY18 has seen BWX's brand landscape change significantly from prior periods due to the acquisition of Mineral Fusion, Andalou Naturals and Life Basics brand acquired via the Nourished Life transaction. Each brand has found a particular niche within their markets and we now look to deploy our resources across the BWX group to build on the significant momentum of each brand.

Within the Australian domestic market we moved to a national distribution model in late FY17 in order to concentrate our efforts on customer facing activities. This new distribution model allows greater visibility on demand and provides an established route to market for our newly acquired brands without increasing pressure on our existing logistics resource.

In the traditional pharmacy segment we continue to see the major retail groups performing well to the detriment of smaller independent retailers. We have seen a moderation of growth across the overall pharmacy segment, in part due to the larger revenue base we are now cycling. Although overall pharmacy growth has moderated, Sukin has maintained its market leading position with an increased market share of 7.6%, refer to slide 15.

The entry into grocery via Coles supermarkets has proved timely, fuelling additional growth for Sukin in the domestic market. This grocery relationship, officially launched in September 2017, has been positive, with a number of hair care SKU's having been added to the ranging since launch.

We have been pleased with the feedback of both Andalou Naturals and Mineral Fusion from retailers in Australia and look forward to the launch of Andalou Naturals into a leading pharmacy group in Australia in 2H18.



# BRANDS SUMMARY

Initial feedback around Sukin for the US has been positive and we will update the market on ranging as information comes to hand during 2H18.

Outside of Australian and US markets, momentum is gathering pace across the entire brand portfolio with a number of new distribution agreements recently negotiated. As we continue to pursue new markets we will be showcasing our brands to buyers across Europe at Cosmoprof Italy during March, aiming to build on the momentum of the existing activity and recently signed distribution agreements.

China continues to be a dynamic marketplace. We continue to engage in brand building activities, recently concluding our Aussie Purity campaign aimed at mainland consumers around the 11/11 gifting event. Our sales data around this event is consistent with the ~30% uplift reported by Tmall vs pcp, which is a good indicator of brand health in that market. As mentioned previously, given the complex nature of the Chinese market, we expect to use our Australian / Chinese relationships to introduce other BWX brands to the Chinese market through e-commerce.

Asia ex China, has been developing gradually over 1H18 with a steady rollout in Guardian Malaysia. Singapore is doing well and we have identified a number of further opportunities in the region to enter markets via e-commerce channels.



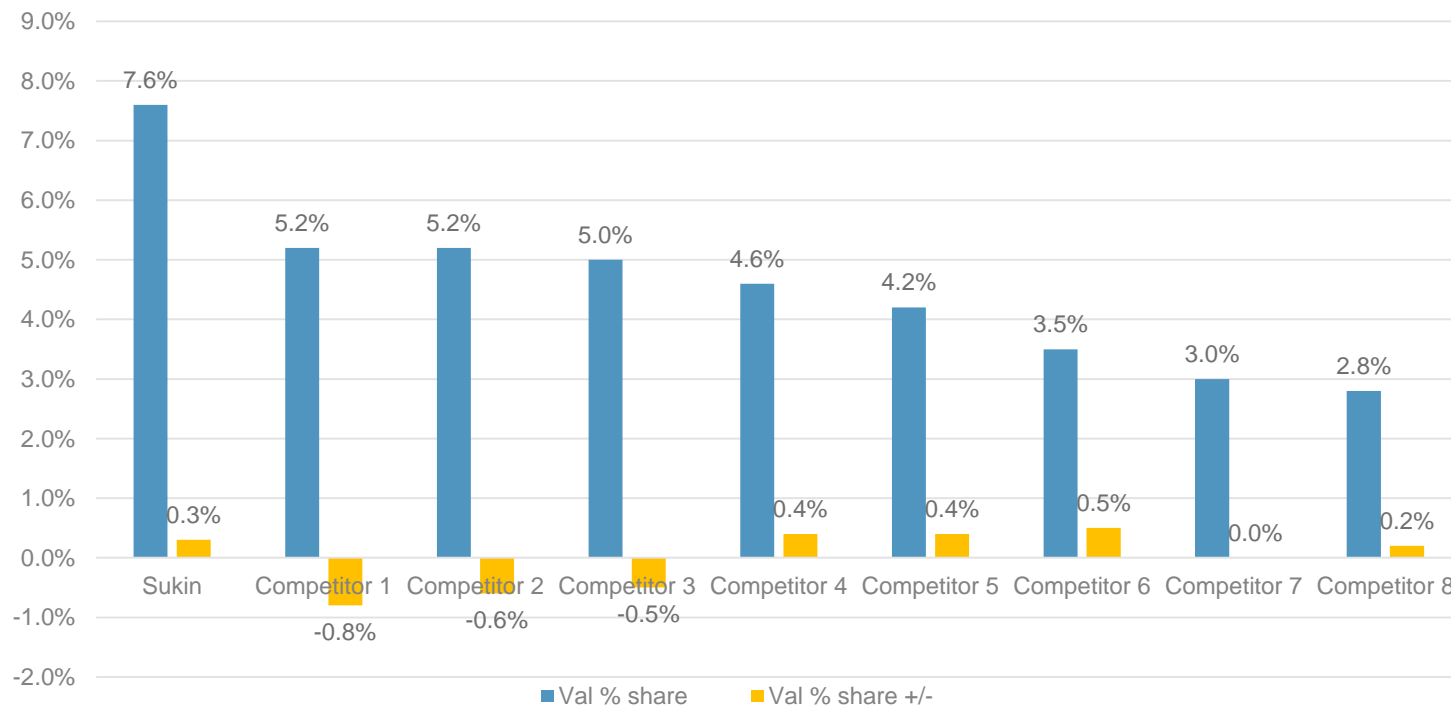
# SUKIN AUSTRALIAN PHARMACY MARKET LEADER

No.1 skincare brand\* with increased market share driven by:

- New national distribution model
- NPD ranging
- Aligned execution

## Share Report

Australian Nielsen Pharmacy Scan data, Quarter end 21/01/18



\* Excludes therapeutic skincare

# BWX BRANDS - AUSTRALIA



- Continued strong performance in major pharmacy groups
- Officially launched in Coles during September
- First major investment in TVC around “The Bachelorette” to drive brand awareness
- Successful launch of Sukin Mens Range
- Re-formulated hair care range performing well



- Sold via Nourished Life online and distributed through small network of health retailers
- Launch into 450 national pharmacy stores in April 2018



- Several SKUs sold via Nourished Life online platform
- Currently in the process of being presented to key Australian retailers for ranging during FY19



- Life Basics brand ranked #1 in revenue
- Life Basics new SKU's are being manufactured within the BWX group
- Largest existing retailer of both Mineral Fusion and Andalou Naturals
- Extension of exclusive 100% Pure contract for a further 5 years
- Relocation and Expansion of facility to accommodate the increase in order volume

# BWX BRANDS – USA / CANADA

ANDALOU  
NATURALS

- #1 Brand within the US Natural Skincare Channel
- Committed high quality management team
- Strong acceptance of NPD pipeline and continued product innovation
- Broadening distribution network
- Diversifying revenue across product ranges
- Integration within the BWX group progressing as planned with BWX Brands USA, operating under a single management structure
- New headquarters being negotiated for BWX Brands USA

MINERAL FUSION®

- #1 Natural Cosmetics Brand within the US Natural Channel
- Packaging update underway for broader appeal to international markets
- Acceptance into Canada's largest Natural brands distributor
- Integration within the BWX group progressing as planned
- New headquarters being negotiated

sukin®  
AUSTRALIAN • NATURAL

- Ranging confirmed with Loblaws Canada in ~250 stores
- Product range introduced to US trade at Expo East Sept 2017
- Initial US distribution due to begin during 2HFY18
- Major distribution drive to be activated following Expo West March 2018

# BWX BRANDS – ASIA PACIFIC



## China

- Successful 11/11 with T Mall volumes increasing broadly in line with the overall reported increase in Tmall sales of 30% YOY
- We continue to work with our partners to build brand equity and “pull” factor within the Chinese market. Anecdotally, Sukin remains popular with Daigous
- Singapore and Malaysia continue to build gradually whilst we see opportunities with Indonesia, Vietnam and Thailand, particularly involving e-commerce
- New Zealand has been relatively static during 1H18
- India has 40 Sukin SKU’s now officially registered for sale allowing distribution agreements to be negotiated. E-commerce will be the initial entry into the Indian market

ANDALOU  
NATURALS

MINERAL FUSION®

- Both Andalou Naturals and Mineral Fusion currently have small distribution within the region
- We believe there is an opportunity to leverage the brands together, along with Sukin to increase distribution as we move to a more regionally focused sales and distribution model

# BWX BRANDS – EUROPE / MIDDLE EAST



- Distribution continues to gain momentum with Sukin across the EU region
- Lloyds Pharmacy currently trialling 3 Sukin “Signature” SKU’s in 500 UK stores
- Boots trading well in all stores. Category review is delayed for all brands face and hair care categories until 2HCY18
- Holland & Barrett continues to trade well leading to an extension of ranging in stores and new geographies
- We are seeing continued growth in independent accounts across the UK
- Bennelux performing well following the roll out through Holland & Barrett stores
- Distribution agreements are in place in UAE, Saudi Arabia and Lebanon with further markets identified in the region.



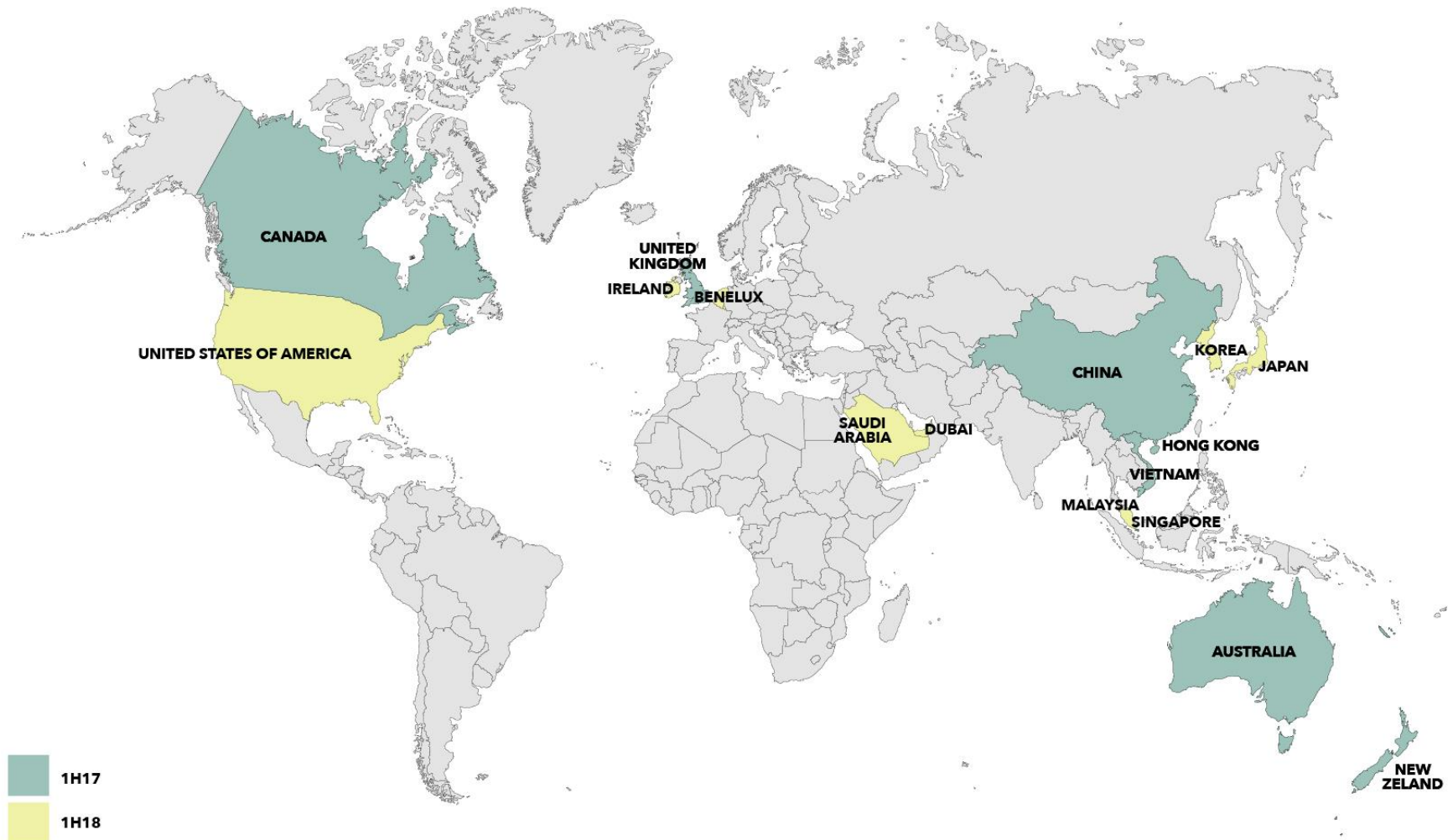
- Andalou Naturals currently ranges alongside Sukin in both Holland and Barrett and Wholefoods UK
- Product registration to enable sale across the EU currently underway with the brand to be introduced to a wider audience at Cosmoprof Italy March 2018



- Registration of products for sale in the EU are underway
- Brand to be displayed at Cosmoprof Italy to gauge interest outside of EU economies





# BWX BRANDS DISTRIBUTION

With the continued distribution of BWX's existing brands, and the inclusion of recent acquisitions, BWX's brands distribution has increased significantly across a wide geography and multiple channels as shown below:





# BWX BRANDS DISTRIBUTION AND CHANNEL FOOTPRINT

	 sukin® AUSTRALIAN • NATURAL					 MINERAL FUSION®					 ANDALOU NATURELS					 BWX Ltd				
	Mass & Grocery	Drug / Pharmacy	Natural	Other	eCommerce	Mass & Grocery	Drug / Pharmacy	Natural	Other	eCommerce	Mass & Grocery	Drug / Pharmacy	Natural	Other	eCommerce	Mass & Grocery	Drug / Pharmacy	Natural	Other	eCommerce
Australia																				
US																				
Canada																				
Europe																				
Asia																				

Highlighting the significant opportunities available for further expansion across regions and channels

# COMPLEMENTARY BRANDS



USPA



renew  
skincare australia

As we decrease our third party manufacturing we continue our complementary brands manufactured in Dandenong; Uspa, Derma Sukin, Renew and Edward Beale.

Uspa is currently being presented to a number of domestic and international distributors. It is stocked and utilised in several high end hotel spa and selected smaller spas across Australia.

Derma Sukin has recently been accepted for ranging in Coles supermarkets. The products are currently in selected stores since February 2018. There are several offshore opportunities for Derma Sukin which we are opportunistically assessing.

Edward Beale sells at smaller niche boutiques in Australia and similar to Derma Sukin, we are looking at selective offshore opportunities for the brand.

Renew Skincare is currently being assessed on its current format and we will update on the outcome in due course.



edward beale®  
SALON SERIES



# GROWTH OPPORTUNITIES

BWX's brands are well positioned for growth across a wide geography of markets. BWX operates in a market segment that continues to grow at rates well above world GDP, as consumers adjust their purchasing decisions towards products they perceive as healthier options for themselves, their families and the environment.

We believe that consumer's increasing health awareness, growing interest and knowledge of ingredients and their impact on the environment is driving this trend towards the purchase of Natural products.

BWX, via organic growth and recent acquisitions, has established a significant international platform to pursue growth organically, through:

- Broadening distribution of existing brands in existing channels
- Distributing brands into new channels within existing markets
- Distributing brands into new territories where an existing footprint exists
- Opening new distribution territories
- Effective use of digital e-commerce
- Ongoing NPD across brands

In addition to the opportunities for organic growth, the Company has consistently stated that it sees acquisitions as an important part of its strategy in developing a global business. Our current position is that further transactions may be considered once each of the recently acquired businesses have been integrated and are operating at the level expected by the Company.





1H 2018

# **OPERATIONS REVIEW**

# 1H 2018 INTEGRATION UPDATE

## Mineral Fusion & Andalou Naturals

Previously assumed annualised synergies of US\$1m in FY19 on track to be delivered

During 1QFY18 BWX invested in the Mineral Fusion business in preparation of the completion of Andalou Naturals:

- Senior management realigned
- Finance and Corporate functions overhauled
- Full assessment of Sales teams and functions
- Integrated NPD processes

Following this preliminary work in 1QFY17, while completing the acquisition of Andalou Naturals on 31 Oct 17, with total commitment from senior management, we have been able to move quickly to bring the two businesses together under a single management structure with a mix of functions occurring across the existing offices:

- New BWX Brands USA finance team appointed
- Sales operations merged
- Procurement negotiations underway on a BWX Brands basis
- Cross pollination of brand knowledge across Sukin, Mineral Fusion and Andalou Naturals teams

A new multifunctional headquarters is currently being planned to bring together all of BWX Brands USA operations under one roof. The new facility is expected to be located within a short distance of the existing operations maximising staff retention.



# 1H 2018 PRODUCTIVITY UPDATE

The continued growth of the company relies on our investment in production and operational capacity ahead of demand from both our existing and newly acquired businesses. This investment is in the form of our people, capabilities, processes and productivity.

Our people are always our most important asset, and in 1H18 we have invested in a number of senior positions across the business, with an emphasis on sales and marketing and related support staff, to enable us to more effectively manage our brands and growth. The design and production of our first ever TVC, which ran in conjunction with the launch of Sukin in Coles, and the speed of bringing Andalou Naturals to Australia are two examples of how the investment in this area is being realised.

We continue to maintain our ongoing capex program at ~1-2% of net revenues in order to ensure our ability to meet current and importantly future production demand. We have several projects working to create efficiencies, as well as implementation of a company wide ERP system which will be completed by end of CY18 to enable streamlining across many areas of the business adding both productivity and capability.

Our manufacturing facility in Dandenong continues to maintain ~75% utilization on a single five shift per week basis. We estimate the current level of capex investment is sufficient to maintain this headspace and allow for the relocation of suitable production currently undertaken in the US.





1H 2018

# FINANCIAL INFORMATION



# BWX 1H18 FINANCIAL INFORMATION SUMMARY

- BWX group gross margins have reduced due to the consolidation of lower gross margins from the acquired businesses during the period. Importantly the ranging of the Sukin brand in grocery has not been detrimental to domestic Sukin gross margins.
- The move to a national distribution model in Australia is estimated to have taken approximately one month of Sukin stock out of the domestic system, such that there is less stock between BWX and the retailer given the more efficient management of the stock in the system to support the level of retail sales.
- Aged debtors have reduced significantly from 30 June 2017 levels.
- The level of working capital supporting the pre existing business prior to completing the recent acquisitions reduced during the period. As a result, cash conversion during the period was high. Actual working capital at 31 December 2017 increased is a direct result of the acquisitions of Nourished Life and Andalou Naturals.
- The EBITDA contribution from the businesses acquired during the period are reflective of:
  - integration costs;
  - front ended investment in these acquired businesses, developing the platform to support the current level of business within BWX and the future expected growth levels; and
  - BWX corporate cost allocations.





# BWX 1H18 FINANCIAL INFORMATION SUMMARY

- Operational costs for the existing business (pre acquisitions) has increased at a lower rate than the growth of the underlying business.
- Operational costs increased in 1H18 to \$23.3m from \$11.7m in \$11.7m. This increase is a result of:
  - o Operating costs incurred by the acquisitions undertaken by the business;
  - o Investment into the infrastructure and platform of the business, particularly in initiating the establishment of the BWX operational platform for the US business; and
  - o Increased marketing costs during the period were higher due to increased activities, coinciding with the entry to the grocery channel and the usual bias to the first half.
- Depreciation and amortization expense has increased following the acquisitions in the US and will be brought into line with group accounting policies going forward.
- The group effective tax rate for the first half is high primarily due to the non-deductibility of some acquisition and restructuring costs, with an expectation following the changes in the US taxation laws that this rate will trend below 30%.
- US Federal tax on export sales leaving the US is expected to be reduced to 13.125% following these recent changes announced 2/1/18.
- BWX Digital Pty Ltd was incorporated during September 2017.



# BWX FINANCIAL INFORMATION

## HISTORICAL

Consolidated Income Statement							
	6 months		FY16	6 months		FY17	6 months
\$m	31-Dec-15	30-Jun-16		31-Dec-16	30-Jun-17		31-Dec-17
Revenue	27.5	26.5	54	37.5	35.2	72.7	67.2
Cost of sales	-11.3	-9.3	-20.6	-13.1	-12.0	-25.1	-27.2
Gross profit	16.2	17.2	33.4	24.4	23.2	47.6	40.0
Other revenue	0.1	1.1	1.2	0.1	0.0	0.1	0.8
Operating Costs	-6.5	-7.9	-14.4	-11.7	-9.6	-21.3	-23.3
EBITDA normalised	9.8	10.4	20.2	12.8	13.6	26.4	17.5
Acquisition and restructuring costs	0	-0.4	-0.4	0	-4.2	-4.2	-5.5
EBITDA	9.8	10	19.8	12.8	9.4	22.2	12.0
Depreciation and amortisation	-0.3	-0.3	-0.6	-0.4	-0.4	-0.8	-0.9
EBIT	9.5	9.7	19.2	12.4	9.0	21.4	11.1
Interest	-0.5	-0.7	-1.2	-0.4	-0.5	-0.9	-1.9
Profit before tax	9	9	18	12	8.5	20.5	9.2
Income tax expense	-2.7	-3.3	-6	-3.8	-3.3	-7.1	-3.8
NPAT	6.3	5.7	12	8.2	5.2	13.4	5.4
NPAT normalised	6.3	5.7	12	8.2	9.4	17.6	10.7
Gross margin	58.9%	64.9%	61.9%	65.1%	65.9%	65.5%	59.5%
EBITDA normalised margin	35.6%	39.2%	37.4%	34.1%	38.6%	36.3%	26.0%
NPAT normalised margin	22.9%	22.9%	23.0%	21.9%	26.6%	24.2%	15.9%
NPAT margin	22.9%	21.4%	22.2%	21.9%	14.7%	18.4%	8.0%

# BWX FINANCIAL INFORMATION

1HFY17 and 1HFY18 comparison of selected financial information

	Actual	Actual	
\$AUm	1HFY17	1HFY18	Change
Revenue	37.5	67.2	79.2%
Cost of sales	-13.1	-27.2	107.6%
Gross profit	24.4	40	63.9%
Other revenue	0.1	0.8	700.0%
Costs	-11.7	-23.3	99.1%
EBITDA normalised	12.8	17.5	36.7%
Acquisition and restructuring costs	0	-5.5	n/a
EBITDA	12.8	12	-6.2%
Depreciation and amortisation	-0.4	-0.9	125.0%
EBIT	12.4	11.1	-10.5%
Interest	-0.4	-1.9	375.0%
Profit before tax	12	9.2	-23.3%
Income tax expense	-3.8	-3.8	0.0%
NPAT	8.2	5.4	-34.1%
NPAT normalised	8.2	10.7	30.5%
Revenue growth on pcp	36.4%	79.2%	4,280 Bpts
Gross margin	65.1%	59.5%	(550) Bpts
EBITDA normalised margin	34.1%	26.0%	(810) Bpts
EBITDA margin	34.1%	17.9%	(1,630) Bpts
EBIT margin	33.1%	16.5%	(1,650) Bpts
NPAT margin	21.9%	8.0%	(1,380) Bpts
NPAT normalised margin	21.9%	15.9%	(590) Bpts

# BWX FINANCIAL INFORMATION

## BALANCE SHEET AS AT 31 DEC 2017

	Statutory, \$m
<b>Current assets</b>	
Cash and cash equivalents	26.9
Trade and other receivables	26.2
Inventory	20.4
Other assets	1.4
<b>Total current assets</b>	<b>74.9</b>
<b>Non-current assets</b>	
Property, plant and equipment	3.9
Intangible assets	264.2
Deferred tax assets	3.0
<b>Total non-current assets</b>	<b>271.1</b>
<b>Total assets</b>	<b>346.0</b>
<b>Current liabilities</b>	
Trade and other payables	15.4
Borrowings	21.6
Income tax payable	5.0
Provisions	1.3
<b>Total current liabilities</b>	<b>43.3</b>
<b>Non-current liabilities</b>	
Borrowings	53.8
Provisions	0.2
<b>Total non-current liabilities</b>	<b>54.0</b>
<b>Total liabilities</b>	<b>97.3</b>
<b>Net assets</b>	<b>248.7</b>

## CASH FLOW AS AT 31 DEC 2017

	Statutory, \$m
<b>Cash flows from operations</b>	
Receipts from customers	72.5
Payments to suppliers and employees	-54.6
Payments for transaction costs	-7.5
Income taxes paid	-4.9
Net interest paid	-1.9
<b>Net cash from operating activities</b>	<b>3.7</b>
<b>Cash flow from investing activities</b>	
Purchase of property plant and equipment	-0.4
Acquisition of intangible assets	-
Net cash outflow on acquisition of business	-98.1
<b>Net cash flows used in investing activities</b>	<b>-98.5</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of shares	128.2
Capital raising costs	-4.5
Proceeds from financial liabilities	-9.4
Dividends paid	-3.8
<b>Net cash used in financing activities</b>	<b>110.6</b>
<b>Net increase in cash</b>	<b>15.8</b>
Cash and cash equivalents at beginning of period	11.0
Effect of FX	0.1
<b>Cash and cash equivalents at end of period</b>	<b>26.9</b>

# CORPORATE STRUCTURE

## Key Statistics

Shares on Issue	122.7m
Indicative market capitalisation at \$7.23 per share (closing price at 20/2/18)	\$887.3m
Net debt at 31 December 2017	\$48.6m
Indicative enterprise value	\$935.9m

In 1H18, BWX issued shares in accordance with Company's Employee Loan Plan, in connection with the acquisition of Nourished Life, on the exercise of previously issued inception options and in connection with the entitlement issue relating to the acquisition of Andalou Naturals.

The Company currently has 470,000 options on issue over fully paid ordinary shares in the Company with an exercise price of \$2.00 and an expiry date of 30 September 2018.

On 30 June 2017, in connection with the acquisition of Mineral Fusion, the Company drew down acquisition debt facilities in the amounts of US\$22.5 million and A\$28.1 million. During the period the Company has paid down A\$9.7m of the A\$ denominated borrowing.

The Company has an available working capital facility of up to \$30.67 million.

At 31 December 2017, the Company had ~8,750 shareholders.

At 31 December 2017, the Company had 3,043,000 shares on issue in accordance with the Company's Employee Loan Plan.





1H 2018

# **BOARD AND MANAGEMENT**



**DENIS SHELLEY**  
Chairman

Experienced marketing executive with more than 30 years in a range of brands, FMCG and manufacturing.

Broad industry background encompassing health and beauty, personal care, intimate apparel, household products and pharmaceuticals.

Past roles include Group Chairman of Sara Lee Australia, CEO Sara Lee South Africa, CEO Sara Lee Household & Body Care Australia, Group Marketing director Reckitt & Colman South Africa, President of Nutrimetics Australia.



**JOHN HUMBLE**  
Chief Executive Officer  
and Managing Director

More than 20 years experience in formulating, developing and producing personal care products.

Original founder of Leisure and Hospitality Services Pty Ltd (now merged into BWX Ltd) in 1993.

Instrumental in positioning BWX in the 'natural' personal care space.

Worked with Sukin in developing its IP/formulations since 2007.



**AARON FINLAY**  
Finance Director

More than 20 years experience as a chartered accountant and company secretary.

Has extensive public company experience in executive and director roles for ASX listed companies, including Mayne Pharma Group Limited (an ASX top 200 company), where Mr Finlay was instrumental in the acquisition of Mayne Pharmaceuticals International in 2009.

Also held roles as Australian CFO of INVESCO and Head of Group Tax & Treasury for INVESCO's global operations in London.



**IAN CAMPBELL**  
Independent Non-Executive  
Director

Over 30 years of senior management and operational experience in manufacturing, sales and marketing, brand management, mergers and acquisitions, industrial relations and OH&S.

Currently a director of ASX listed Mirrabooka Investments Ltd.  
14 years as Managing Director of ASX 200 GUD Holdings Ltd.  
10 years with Pacific Dunlop Cables Group, the last six as Managing Director.



1H 2018

# COMPANY SUMMARY



# FULL YEAR 2018 COMPANY OUTLOOK

Having concluded this recent period of increased investment and corporate activity, the Company is pleased to provide the following trading update.

Looking ahead to the balance of FY18 and beyond, the Company is now better positioned than ever before to maintain growth and deliver it's vision of developing a truly global personal care business.

The continued success of BWX's brands in the domestic and growing international markets, combined with full half contributions from recent acquisitions are expected to translate to a robust 2HFY18 of earnings in line with the Company's expectations.

Following the investment in our US operations, the Mineral Fusion and Andalou Naturals brands are performing as expected. Also in line with our revenue forecasts, Nourished Life is experiencing consistent growth in its order numbers, which is expected to be fully reflected in financial performance following the planned relocation of the business.

The decision taken by the Company to discontinue third party brand representation in order to concentrate its resources towards maximising the returns from its own brands following the introduction of a national distribution model is expected to result in a previously unbudgeted reduction in third party revenues of approximately \$6.5m, with approximately \$2.5m 1HFY18 and \$4m 2HFY18.

In consideration of the above, and assuming no change in market conditions or corporate activity, the Company is pleased to provide EBITDA guidance in the range of \$42m - 46m for FY18, representing an increase of between 60% - 74% on FY17.





### Investor Relations Contact

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