















**AN INTRODUCTION TO BWX** 

**MAY 2018** 

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### **History of BWX**



#### 1993

Leisure & Hospitality Service ("LHS") is founded to develop and produce beauty personal care (BPC) products



#### 2010

Sukin becomes available in 10 countries



#### 2015

June: Acquires

Acquires Sukin, it's flagship brand



#### 2015 - 2016

Strategic shift away from third-party manufacturing to focus on brand building, positioning the company for long term growth



### 2016

Establishes direct relationship with Boots and Holland & Barrett in the U.K.



### **2017 Nourished Life**

**September:** Acquires Nourished Life, adding an e-commerce platform to portfolio



### **Today**

BWX operates a portfolio of natural brands and a digital platform, well positioned for global expansion



#### 2007

LHS partners with Sukin to develop proprietary formulations



#### 2013

BWX is incorporated



#### 2015

**November:** Publicly listed on the Australian Stock Exchange



### 2016

Sukin becomes Australia's #1 Skincare Brand in Pharmacy<sup>(1)</sup>



#### 2017

June: Acquires Mineral Fusion, providing entrance into the U.S. market



#### 2017

October: Acquires Andalou Naturals, creating a scale U.S. platform

(1) Nielsen, Excludes therapeutic skincare

### **Building a Global Business in Beauty & Personal Care**



- 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
- Founded in 2013, headquartered in Victoria, Australia with offices in the U.K., U.S. and China, publicly listed on the ASX since November 2015 with 200+ full time employees
- Comprehensive, proprietary product portfolio, across brands with market leadership in Australia and developing export markets
- Robust multi-channel distribution, with leading market positions in pharmacy and natural markets, and early success in mass, grocery and online
- Vertically integrated with a modern manufacturing facility in Victoria with substantial new product development capabilities as
   well as significant excess capacity to support future growth
- BWX has moved quickly to combine the recently acquried Mineral Fusion and Andalou Naturals businesses under BWX Brands
   USA
  - Appointed new BWX Brands USA finance team
  - Merged Mineral Fusion and Andalou Naturals sales operations
  - Procurement negotiations underway on a combined basis
  - Shared brand knowledge across the Sukin, Mineral Fusion and Andalou Naturals teams
- ➤ EBITDA guidance for FY18 in the range of AU\$42-\$46m as previously stated



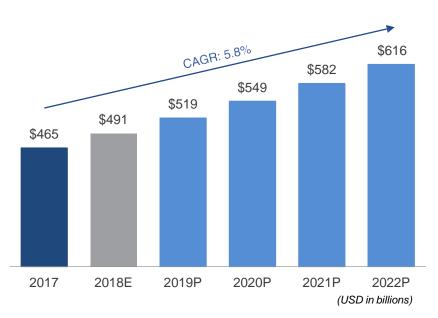




### **Building a Global Business in Beauty & Personal Care**



### **Global Beauty & Personal Care Industry**



### **Mass Skincare**

**\$83.3B**2018E Sales

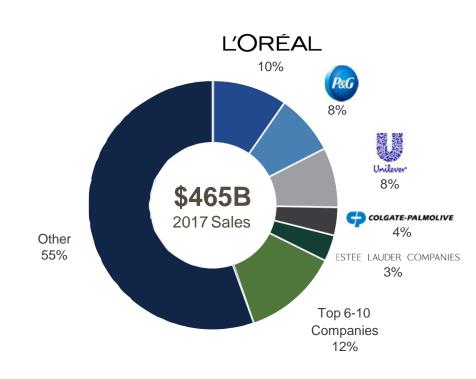
**5.4%** 2017-2022 CAGR

### **Mass Cosmetics**

**\$42.4B**2018E Sales

**6.1%** 2017-2022 CAGR

### **Global Beauty & Personal Care Market Share**



**Highly fragmented market** with the top 10 players comprising **less than half** of overall sales

Source: Euromonitor 2017

### ...With Tremendous Opportunity in Natural Products

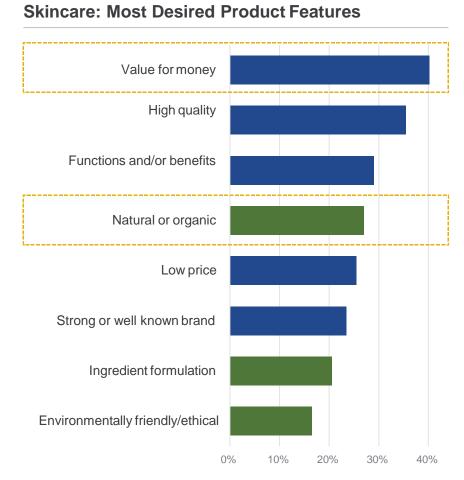


### Global Natural Beauty & Personal Care is projected to be a \$50B industry by 2019,

### growing at a 14% CAGR since 2015









### **Portfolio of Complementary Natural Brands**





#1 skincare brand in Australian Pharmacy<sup>(1)</sup>

#### MINERAL FUSION™

#1 cosmetics brand in the

**U.S. Natural channel** 

ANDALOU NATURALS

#1 facial skincare brand in the U.S. Natural channel

Brand Positioning

Natural - Affordable

Natural - Mass

Natural - Masstige

Product Categories



















Average Price

A\$10.73(2)

A\$22.27(3)

A\$24.49(4)

Target Customer

- 18 59 years old, value conscious consumers seeking quality, targeted personal care products
- Ingredient-conscious
- Environmental and sustainability focus
- 22 55 year old femaleworking professionals
- Prefers a timeless, natural look
- Demands uncompromised performance, ingredient purity and values-based ethos
- Premium focused 22 60 year old female degree qualified, working professionals
- Ingredient-conscious
- Environmentally and socially conscious consumers who strive to make an impact

FY17 Revenue: A\$62 million<sup>(5)</sup>

CY17 Revenue: ~A\$30 million(6)

CY17 Revenue: ~A\$45 million(6)

Geography

International 19%



Australia 81% International 1%



U.S. 99% International 14%

U.S. 86%

<sup>(1)</sup> Nielsen, Excludes therapeutic skincare

<sup>(2)</sup> Nielsen scan data LTM 6/26/17

<sup>(3)</sup> Cosmetics Whole Foods Market scan data January to June 2017. USD converted to AUD at 0.7842

<sup>(4)</sup> Total Andalou skincare sales Whole Foods Market scan data January 2017 to June 2017. USD converted to AUD at 0.7842

<sup>(5)</sup> Per BWX FY17 Results Shareholder Presentation

<sup>(6)</sup> Historical sales prior to BWX's ownership per BWX Shareholder Presentation Half Year 1H18 Results dated February 2018

# **BWX's brands have several qualities that appeal Natural Beauty Consumers**



Natural Beauty Factors	sukin AUSTRALIAN NATURAL	MINERAL FUSION™	ANDALOU NATURALS
Naturally Derived, Plant-Based Ingredients			
"Free From" Claims			
100% Vegan			
Cruelty-Free			
Sustainably Sourced Ingredients		Not Stated	
Recyclable Packaging			
Third Party Certifications	CARBON REDUCTION INSTITUTE	VERWING THE STATE OF THE STATE	NON GMO Project SOURCE

### **High Quality Products at an Accessible Price Point**



**Sukin** 

**Mineral Fusion** 

**Andalou Naturals** 

**Nourished Life** 

100 SKUs across the skincare, hair care and body care categories

#### **Skincare**

A complete natural skincare range bringing out the best in skin radiance









#### **Hair Care**

The ultimate natural hair care to ensure locks are left shiny and healthy









### **Body Care**

A simple and effective routine for hydrating, exfoliating and repairing the skin on hardworking bodies









### **Compelling Value in Natural Domestically and Abroad**

Australia Price Comparison <sup>(1)</sup>			
Brand	Product	Price / mL	
BURT'S BEES	Skin Nourishment Night Cream	A\$0.68	
NIVEA	Visage Multi-Active Anti-Age Night Cream With Soy	A\$0.36	
OLAY	ProVital Night Cream	A\$0.19	
sukin	Moisture Restoring Night Cream	A\$0.11	

United Kingdom Price Comparison <sup>(2)</sup>			
Brand	Product	Price / mL	
trilogy	Mineral Radiance Mask	£ 0.34	
ORIGINS	Clear Improvement Active Charcoal Mask	£ 0.25	
<b>dr.</b> organic	Organic Manuka Face Mask	£ 0.12	
Sukin	Super Greens Detoxifying Facial Masque	£ 0.11	

<sup>(1)</sup> Source: Chemist Warehouse website as of 4/8/18 (2) Source: Amazon.co.uk as of 4/8/18

### The Leading Skincare Brand in Australian Pharmacy



Sukin

**Mineral Fusion** 

**Andalou Naturals** 

**Nourished Life** 

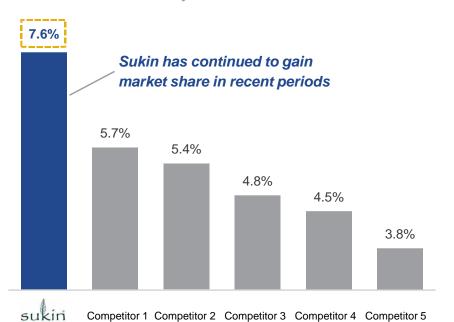
#### **Sukin Brand Overview**

#### **Pharmacy**

- Beauty and personal care brand offering highly efficacious, environmentally sustainable products at an affordable price point
- Launched in 2007, utilising botanicals, antioxidants and essential oils to restore the natural vitality and radiance of skin and hair

### #1 Skincare Brand in Australian Pharmacy(1)

Australian Pharmacy Skincare Brand Market Share(2)



### Grocery

- Launched Sukin in Coles, a major Australian supermarket chain, September 2017
  - Represents the brand's introduction into the grocery channel in Australia
- Opportunity to further increase Sukin brand awareness
  - Few natural competitors on Coles' shelves
- Brand reception has been positive; with multiple SKUs added to range since launch
- Currently 40+ Sukin products available in 800+ Coles supermarkets
- Derma Sukin launched in select Coles supermarkets in February 2018

### SKINCARE THAT DOESN'T COST THE EARTH™

#### International

 Significant opportunities to expand in North America, Continental Europe, Asia

### The Leading Cosmetics Brand in the U.S. Natural Channel



Sukin

### **Mineral Fusion**

### **Andalou Naturals**

### **Nourished Life**

#### Overview

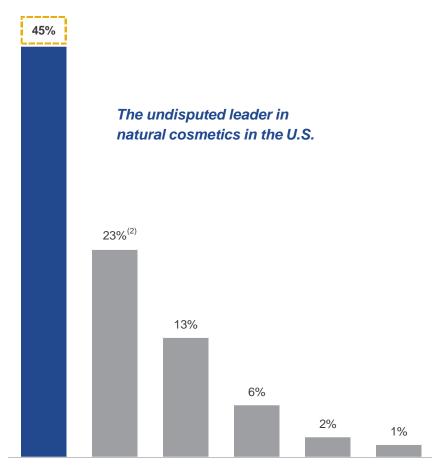
- Leading natural beauty and personal care brand with the #1 position in cosmetics within the U.S. Natural Channel
- Professionally crafted products created from minerals infused with botanicals, vitamins, herbs and nutrients
- Minerals on a Mission<sup>TM</sup>: making beauty effective while contributing to the wellbeing of the community
- Primarily distributed through the natural channel, with a growing presence in FDM and online
- Founded in 2007

### The Leading EWG VERIFIED™ Brand



- ✓ Avoids EWG's Ingredients of Concern
- ✓ Provides Transparent Labeling
- ✓ Maintains Best Manufacturing 
  Practices

### #1 Cosmetics Brand in the U.S. Natural Channel(1)



MINERAL FUSION Competitor 1 Competitor 2 Competitor 3 Competitor 4 Competitor 5

### **Natural Beauty Portfolio Across Categories and Channels**



Sukin

**Mineral Fusion** 

**Andalou Naturals** 

**Nourished Life** 

77% of the brand's revenue is derived from cosmetics and nail; categories incremental to the BWX portfolio

**Cosmetics** 

**Nail Care** 

**Skincare** 

**Hair Care** 



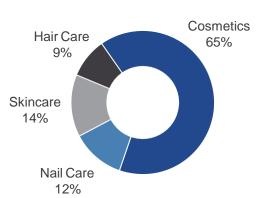


**Natural** 





### **Revenue by Product Category**



### Leading Brand in Natural with Strong Early Traction in Mass and Drug

es

EARTH FARE HEALTHY FOOD FOR EVERYONE









**Drug / Pharmacy** 







Mass & Grocery









Other





E-Commerce ama







THRIVE



15

Source: Publicly available information

### **Leading Ingredient-Centric Personal Care Brand**



**Sukin** 

**Mineral Fusion** 

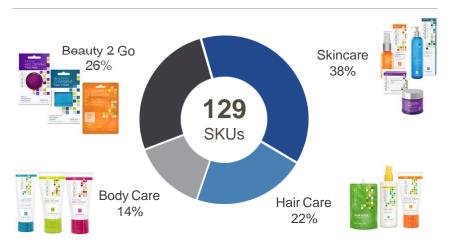
**Andalou Naturals** 

**Nourished Life** 

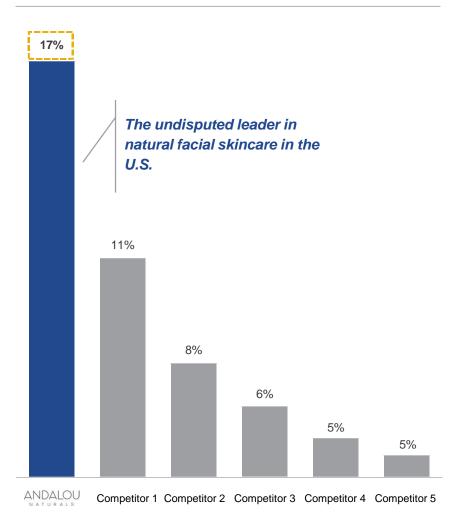
#### Overview

- #1 selling facial skincare brand in the U.S. Natural channel
- Portfolio of skin, hair and body care inspired by Nature's Intelligence® and Fruit Stem Cell Science®
- First personal care brand to achieve Non-GMO Project verification
- All products are 100% vegan and cruelty-free
- Philanthropic program, A Path of Light, supports women's education, equality and empowerment
- Founded in 2010

#### **Product Portfolio**



### #1 Facial Skincare Brand in the U.S. Natural Channel(1)



### Leadership in U.S. Natural Channel, Expanding Quickly

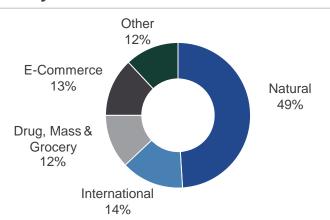


Sukin Mineral Fusion Andalou Naturals Nourished Life

### Leading Brand in Natural in the U.S., with Demonstrated Traction in Mass, Drug, Online and Abroad

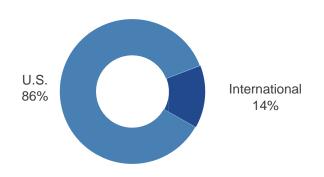
Natural	EARTH FARE	FRESHOWTHYME	Lucky's Market	Hation <sub>ay</sub>	Natural Grécers	SPROUTS ABMES MARKET	WHÔLE FOODS STARTS BY
Drug / Pharmacy	CVS/pharma	cy Walgre	ens				
Mass & Grocery	Kroger	Marshalls.	<b>⊙</b> TARGET	тумаж			
Other	ULTA.	the <b>Vitamin</b> Shoppe.					
E-Commerce	amazon.com	iHerb	THRIVE	VITACOST			

### **Revenue by Channel**



Andalou Naturals has a **dominant position** in natural and is **expanding** into other channels

### Revenue by Geography<sup>(1)</sup>



Developing export market, with continued investment to grow the brand in **Australia** and the **EU** 

### **Complementary Niche Brands**





- Natural skincare brand for sensitive and condition prone skin
- Dermatologist certified as non-irritating and non-sensitizing
- Recently accepted for ranging in Coles supermarkets





- Range of salon-developed hair care products at an accessible price point
- Sold primarily through boutique salons in Australia





- Suite of face, body and hair products produced with rosehip oil
- Currently in-process of re-branding this line





- Premium portfolio of skincare and hair care products formulated specifically for professional beauty therapists
- Utilized in high end hotel and select smaller spas in Australia and abroad
- Recently re-branded, with positive reception



Source: Publically available information



### **BWX Digital Retail Platform**



**Sukin** 

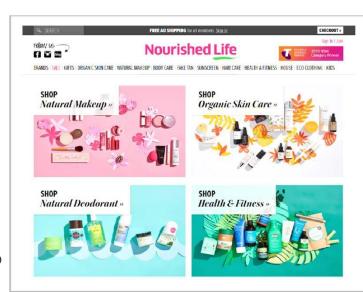
**Mineral Fusion** 

**Andalou Naturals** 

**Nourished Life** 

#### **Platform Overview**

- Australian online retail platform offering natural health & wellness products
- ~3,500 SKUs from domestic and international brands across the beauty, health, wellbeing, home and lifestyle product categories
- "Nourish Matrix" set of standards ensure only authentic, high-quality natural products are stocked
  - > "Its what we won't stock that makes us different"
- Delivers real time e-comm consumer data
- Provides opportunity to leverage e-comm capabilities across brand portfolio



### **Diversified Portfolio of Prestige and Mass Third-Party Brands**

**Representative Third-Party Brands** 













































### **Robust Digital Platform Driving Consumer Engagement**



Sukin

**Mineral Fusion** 

**Andalou Naturals** 

**Nourished Life** 

### Instagram



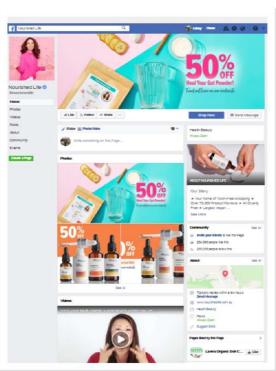
83.6k followers(1)



**Facebook** 

235.6k followers(1)





### **Nourished Living Magazine**



4 issues since launch<sup>(1)</sup>







73,501 customer reviews on nourishedlife.com.au<sup>(1)</sup>

21

### **Life Basics Brand**



Sukin

**Mineral Fusion** 

**Andalou Naturals** 

**Nourished Life** 

#### **Life Basics Overview**

- BWX-owned brand featuring high-quality, natural everyday basics
- High-end ingredients in minimalistic packaging maintains premium quality at an attractive price point
- Offers products across the skincare, body care, nail care, beauty accessories and houseware categories
- Introduced in February 2017, average product price of A\$7 A\$40
- Available exclusively via Nourished Life



### **#1 Selling Brand**

on the Nourished Life Platform

Recently launched with a **credible growth trajectory** 

### **Representative Product Offering**



Pure Pink Clay Facial Mask



SPF 30 All Natural Facial Sunscreen



Breathable Nail Polish



Bicarb Free Roll On Deodorant



Organic Muslin Facial Cloths



Large Reusable Glass Coffee Cup



### **Summary of Growth Opportunities**



Current Revenue Base

Portfolio of 7 natural
BPC brands and an "e-comm" platform with an actionable pathway for future

growth

# Geographic Expansion



Increase distribution in attractive, untapped international markets

# Channel Expansion



Expand market share in existing channels as well as adjacent, new channels

#### Grow E-commerce Presence



Capitalize on Nourished Life's digital capabilities to drive growth online across all brands

### New Product Development



Launch new SKUs in existing lines in addition to developing new products in adjacent categories

#### Future Organic Revenue



brand
platform with
a strong
multichannel,
global
presence

### Acquisitions

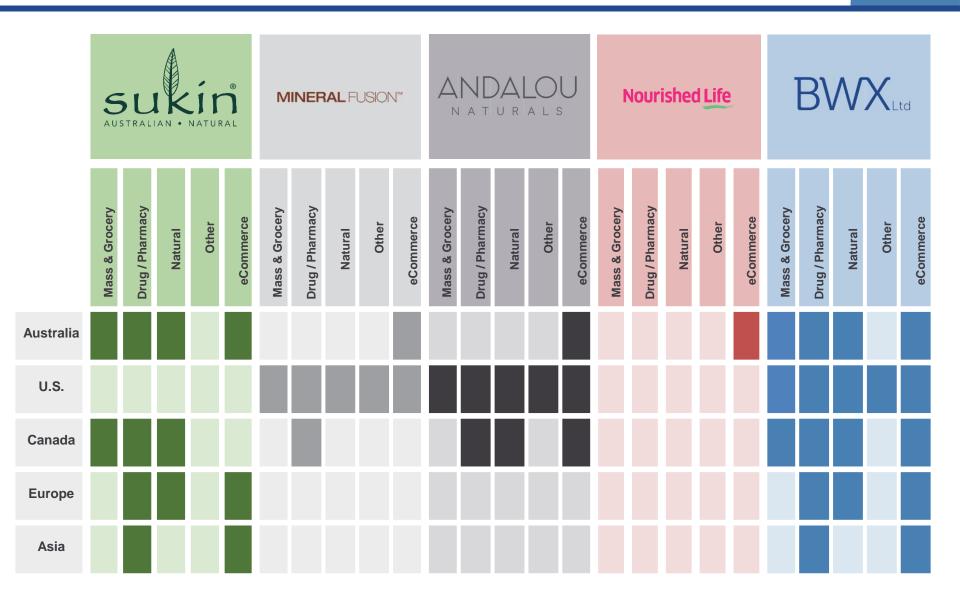


Opportunity to make further strategic acquisitions Total Future Revenue

Platform of scale with a dynamic combination of organic and M&A-driven growth

### **BWX Brands Existing Distribution Footprint**

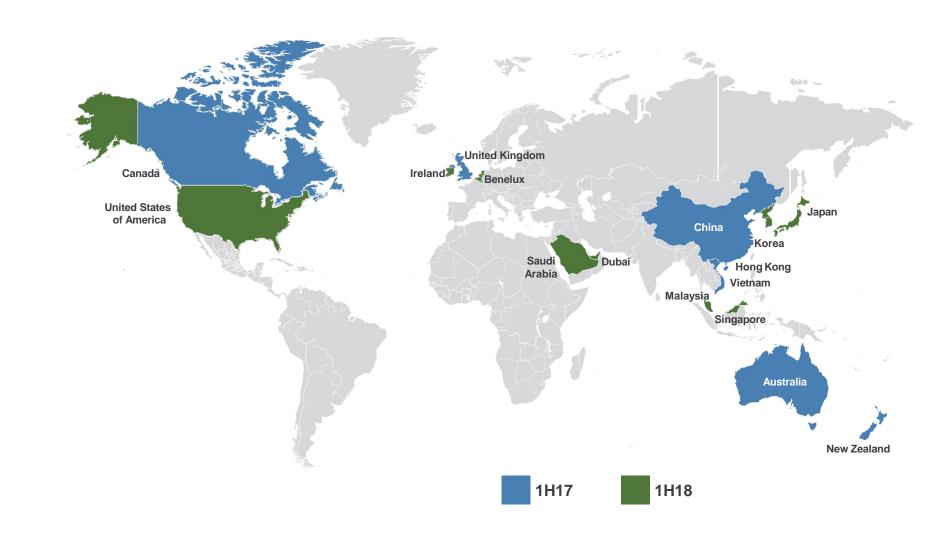




Significant opportunities remain for further expansion across regions and channels

### **Expanding Global Footprint with Meaningful Opportunity**





### **Focus on New Product Development Across Brands**



### **A Key Focus Across Brands**



- Launched new men's range
- Introduced reformulated haircare
- Further NPD planned for CY18



- Strong new product pipeline through CY18
- Packaging update currently underway



- Life Basics line was launched in February 2017
- Long pipeline of SKU extensions underway



- Recently launched Cannacell skincare and men's lines
- Additional new product lines planned for FY19

### **Recent New Product Developments**



ANDALOU NATURALS

#### **Cannacell Skincare**

- Botanical skincare line of 17 products formulated with bioavailable, vegan ingredients
  - Gentle and effective for all skin types

### **New Product Development Success Stories**







"Best New Conditioner"







"Best New
Male Skincare
Product"

# **Growth supported by BWX Vertically Integrated In- House Manufacturing and R&D**



Vertical integration allows BWX to better support its brands, responding quickly to changes in consumer preferences through best-in-class new product development and leading speed to market







### **Manufacturing Overview**

- Located in Dandenong, Victoria, Australia
- Manufactures all Sukin products and will shortly add some high-volume Mineral Fusion and Andalou Naturals products
- Certified to ISO 22217:2006 GMP standard
  - Complies with Australian, European and Asian regulations
- Maintains ongoing ~25% buffer in production capacity
- Capital expenditures equal to 1% 2% of net revenue

### **Research & Development Overview**

- Extensive NPD capabilities with decades of experience taking products "from concept to commercialization"
- Dedicated international regulatory expertise
- Existing database of proprietary formulations
- A\$1 million annual spend on the R&D facility

Source: Publically available information 28

