

FY18 RESULTS PRESENTATION



29 August 2018

ASX: BWX



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FY18 result highlights





Strong performance in a transformational year

FY17 – FY18 net revenue bridge (AUD million)¹



Underlying EBITDA (AUD million)^{2,3}



- Group net revenue growth of 105%
 - Acquired businesses improving in H2 post integration process
 - Sukin organic growth of 6.1% through expansion into domestic grocery channel and ongoing international expansion
 - \$79m sales contribution from acquisitions with significant upside potential
- Sukin gross margin increased during the period notwithstanding dilutive impact of acquisitions
 - Andalou and Mineral Fusion products manufactured by third parties with resultant lower margins
 - Capacity at Dandenong plant provides opportunity to internalise select products in the near-term
 - Nourished Life gross margins reflective of business model – structural work on supply chain provides opportunity for expansion
- Entry into Coles has not been dilutive to Sukin Australia gross margins

Acquired businesses are broadly performing in line with expectations at the time of acquisition



Andalou Naturals





FY2018 EBITDA (USD million)^{1,2}



Mineral Fusion CY2017 net revenue (USD million)^{1,2}



CY2017 EBITDA (USD million)^{1,2}



 Slightly below expectations (focus applied to brand refresh in advance of channel and geographic expansion push)

Nourished Life

FY2018 net revenue (AUD million)^{1,2}



FY2018 EBITDA (AUD million)^{1,2}



 Slightly below expectations (focus applied to operating platform and supply chain to facilitate long term growth)

Note: 1. Pre-acquisition figures included in "estimates" and "actuals" are unaudited and have not been restated using BWX accounting policies. 2. Estimates and actuals were provided on pro forma standalone basis.



FY18 Group performance overview

Financial highlights

AUD million	FY17	FY18	Change
Underlying figures			
Net revenue	72.7	148.7	104.6%
Gross profit	47.6	88.3	85.6%
Gross profit margin	65.4%	59.4%	(606 bps)
EBITDA	26.4	40.3	52.4%
EBITDA margin	36.4%	27.1%	(928 bps)
EBIT	25.6	38.4	50.0%
EBIT margin	35.2%	25.8%	(939 bps)
NPAT	17.6	24.2	37.5%
Earnings per share	18.7	21.5	15.0%
Dividends per share	6.7	7.45	11.2%
Reported figures ¹			
One-offs	(4.2)	(5.0)	
EBITDA including one-offs	22.2	35.3	58.5%
Statutory NPAT	13.4	19.2	42.9%
Statutory earnings per share ²	14.3	17.0	18.9%

- FY18 net revenue growth driven by organic growth including expansion into new channels and geographies and supported by strategic acquisitions
- Gross profit margin reduction result of acquisition of beauty brands which are not vertically integrated and lower margin e-commerce platform
- Multiple initiatives initiated in FY18 to deliver further operating leverage in FY19
- Strong underlying EPS growth of 15.0%
- One-off costs of \$5.0 million relate to expenses associated with the acquisitions of Andalou, Mineral Fusion and Nourished Life and restructuring costs
- Final dividend of 4.2 cps with FY18 total dividend of 7.45 cps



Positioning BWX for growth

Summarised balance sheet

AUD million	FY17	FY18	Change
Assets			
Cash	11.0	19.9	80.7%
Trade and other receivables	18.6	31.2	67.8%
Inventories	16.4	27.9	70.1%
Other assets	1.2	1.8	52.5%
Plant and equipment	4.3	3.5	(18.6%)
Intangible assets and goodwill	132.5	274.3	107.1%
Deferred tax assets	1.3	3.2	150.0%
Total assets	185.2	361.8	95.3%
Liabilities			
Trade and other payables	12.1	16.2	33.7%
Financial liabilities	68.0	72.8	7.1%
Current tax liabilities	4.5	1.4	(68.7%)
Employee benefits	1.4	1.4	5.8%
Total liabilities	85.9	91.8	6.8%
Net assets	99.3	270.0	172.0%

- Significant impact from the acquisitions of Nourished Life and Andalou Naturals on working capital balances
 - Additional investment in Nourished Life inventories since acquisition to assist in transition of logistics and order fulfillment of Nourished Life operations to Dandenong South in June 2018
- Net Debt has reduced \$4.1m from 2017 due to additional funds raised from entitlement rights offer in October and November 2017
 - Includes \$16.0m net impact of deferred consideration and payments on acquisition of Andalou Naturals and Nourished Life and reassessment of Mineral Fusion deferred consideration.
 - Repayment of key lending facilities of \$13.0m



Continued robust free cash flow conversion

Cash flow highlights

AUD million	FY17	FY18	Change
Operating cash flow ¹	23.0	29.4	28%
Net capex (excluding acquisitions) ²	(0.9)	(2.3)	161%
Free cash flow ¹	22.1	27.1	22%
Reported EBITDA	26.4	40.3	52%
Free cash flow conversion ¹	83.8%	67.3%	(1,649 bps)

Free cash flow conversion¹



- Free cash flow conversion reduced on FY17 to support operating growth initiatives undertaken in H2 2018
 - Additional investment in Nourished Life inventories to assist in transition of logistics and order fulfilment of Nourished Life operations to Dandenong South in June 2018
 - Increase in working capital to secure supply of components and ingredients for use in FY19
 - Investment in inventory to ensure business continuity during the implementation of the ERP system
- Capex remained within target range of ~1 2% of net revenues
 - Several projects implemented to create efficiencies including company wide ERP system which will be completed by end of FY19

Significant progress against key strategic priorities in a transformational year for BWX





A multi-brand personal care company



Balanced brand and geographic portfolio delivering strong performance



Net revenue

AUD million	FY17	FY18	Comment
SUKÍn	62.0	65.8	 ~9 month contribution from grocery channel
ANDALOU N A T U R A L S	-	30.3	 8 month contribution from 1 November 2017
MINERAL FUS	0N [™] -	30.3	 12 month contribution from 1 July 2017
Nourished Life	-	18.6	 ~9 month contribution from 15 September 2017
Other	10.7	3.7	 Includes other complementary brands and other income Reduction in 3rd party manufacturing and distribution
Group	72.7	148.7	

Net revenue by region

AUD million	FY17	FY18	Change
Australia	58.2	77.1	32.5%
US	-	48.0	n/a
Rest of world ¹	14.5	23.6	62.7%
Total	72.7	148.7	104.6%

FY18 geographical split



Significant brand cross pollination and new market opportunities







Sukin's growth and category leadership continues

Net revenue (AUD million)



- The Sukin brand remains the clear and dominant #1 Natural skin care brand in the Australian Pharmacy Channel. This segment continues to outpace the broader category with 8.4% growth, above category growth of 7.6%¹
- 2H18 net revenue slight decline on 2H17 due to;
 - Programme to match stock in supply chain to consumer offtake
 - Postponement of new international market entries in-line with refined focus (quality execution & continued traction)
 - Management focus on reducing promotional investment 4Q18
- Australian grocery channel delivering strong results since entry in 4Q18
- Meaningful innovation in opportunity segments executed in 2H18
- Acceleration in Sukin US rollout post US corporate and supply chain integration



Andalou, innovation and channel expansion continues





Net revenue (AUD million)^{1,2}

- Performance in line with management expectations
- Achieved strong growth over FY18 and remained the #1 facial skincare brand in the US natural channel³
- Penetration of drug, mass and grocery channel gaining momentum
- Strong NPD performance & innovation pipeline
- Continued development of export markets;
 - Entry into Priceline in Australia in April 2018 with positive early sales
 - Expansion in Asia progressing in line with plan
 - EU registration well advanced
- Integration now complete, focus on new geographies, channel expansion and NPD execution.



Mineral Fusion, momentum regained in 2H18

MINERAL FUSION"



Net revenue (AUD million)^{1,2}

- Performance slightly below management expectations;
 - Business re-set in transition from PE ownership structure
 - Focus on brand re-set to enable growth under strategic pillars
 - -H2 Run rate reflective of new direction & focus
- Continues as the dominant #1 cosmetics brand in the US natural channel³
 - Initial traction in drug & grocery segment, although channel expansion is in its infancy
- Penetration of natural products in the colour cosmetics category is lower than the skincare market, providing an exceptional growth opportunity
- Continued focus on simplification of supply chain, distribution and digital & e-commerce presence
- International expansion program established EU registration well advanced



Nourished Life, delivering exceptional growth

Nourished Life



Net revenue (AUD million)¹

Note: 1. Pre-acquisition figures are unaudited and have not been restated using BWX accounting policies.

Integration of North American acquisitions and Nourished Life on track



- Integration of North America businesses largely completed during FY18, with a number key milestones:
 - integration of management team;
 - consolidation of US corporate and go-to-market structure; and
 - integration of NPD processes.

Andalou and

Mineral Fusion

Nourished Life

- Initiatives to be completed in FY19 include:
- ERP implementation & consolidation of US headquarters and distribution facility
- Previously announced synergies target of US\$1m on track to be delivered
- Cross pollination of brands gaining traction although in its infancy with significant growth runway
- We will continue to seek efficiencies and drive further synergies
 - Procurement of componentry and ingredients
 - In-house manufacturing on selected formats
- Investment in Nourished Life logistics infrastructure and integration complete
- Relocation of supply chain to BWX operations in Dandenong completed during 2H18
- Best practise computerized warehouse operations integrated with Microsoft Dynamics 365 ERP system
- ~6,500 SKU's with capacity for further expansion
 - Optimised warehouse layout maximising capacity to deliver future growth
 - Procurement and stock control initiatives commenced 4Q18

Six core principles that will deliver a robust brand platform with a strong multi-channel, global presence





Current revenue base: portfolio of seven natural beauty and personal care brands and an e-commerce platform

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Geographic expansion: focused expansion in attractive markets

Channel expansion: grow market share in existing channels and expand in new opportunity channels



Grow e-commerce presence: capitalise on Nourished Life's digital capabilities to drive growth across all brands



New product development: launch new initiatives that drive brand penetration and regime expansion

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Cost-out initiatives: invest in manufacturing capabilities and drive synergies for re-investment into sales and marketing

Key actions

- Disciplined approach to matching sales with underlying consumer offtake
- Brand investment to out-pace market growth in a category that is on-trend and supported by macro tailwinds
- Target attractive, untapped and high growth international markets with a multi-brand approach
- Pursue sensible distribution agreements and partnerships in selected markets
- Explore profitable growth into new channels
- Continue investment in Nourished Life
- Leverage Nourished Life's social media and digital capabilities across BWX's business and brands
- Healthy pipeline of new products in FY19, leveraging synergies between brands and stretching into new segments and categories
- Procurement initiatives underway to leverage scale and growth profile
- Internalisation of third party manufacturing of North American brands provides a significant opportunity

We expect each of BWX's brands to grow FY19 revenue both domestically and internationally



- The global beauty and personal care market is growing strongly with a shift to natural products creating strong tailwinds for BWX brands
 - Change in consumer preferences translating to higher growth rates for natural products, we expect this trend to continue
- BWX's brands are leaders in their respective categories and markets, and are well positioned to benefit from the growing consumer demand for natural beauty products

sukin #1 skincare brand in Australian pharmacy

MINERAL FUSION" #1 cosmetics brand in US natural channel

ANDALOU #1 facial skincare brand in US natural channel

Recent acquisitions in conjunction with organic initiatives implemented have provided BWX with a solid foundation for growth in FY19

-F18 a transformation year for the business with significant progress in building a platform for future growth

The IBC is well progressed with the Strategic Review which will be completed by mid-September 2018



- The Strategic Review has highlighted the strong organic growth opportunity that BWX has including:
 - accelerating the continued growth of the core Sukin brand both domestically and internationally;

BWX has strong organic growth opportunities

- expanding market share in existing channels and diversifying into new channels;
 enhancing e-commerce presence, capitalising on Nourished Life's digital capabilities to drive growth across all brands: and
- exploring potential JV, distribution and licencing agreements to accelerate the growth of the leading BWX brands in international markets.
- In parallel, the IBC continues to explore the indicative change of control proposal from the Bain Consortium:
 - On 24 August 2018 the Bain Consortium confirmed that they have substantially completed their due diligence but require until mid-September to complete their work.

Bain Consortium Proposal

- The IBC has determined it will continue discussions with the Bain Consortium to fully explore the possibility of an acceptable binding offer being presented.
- There is no guarantee that a change of control proposal from the Bain Consortium will eventuate.
- The IBC intends to announce the result of the strategic review in mid-September 2018



APPENDIX Supporting information



BWX is led by an experienced team of senior executives with a strong track record of delivering profitable growth and innovation





Myles Anceschi

Chief Executive Officer

- Experience: 20+ years
- BWX COO since January 2017
- Previously at Sodastream, Independent Liquor & Reckitt Benckiser



Vinod Somani Chief Financial Officer

- Experience: 20+ years
- Previously at Strikeforce AMC Group



Stacy Kelly Egide and Mark Egide Co-CEOs, Americas

- Experience: 35+ years
- Founders of Andalou Naturals and other leading natural brands



Vince Joy Operations Director

- Experience: 30+ years
- Previously at Pacifica Group and W. Granowski



Michael Internicola SVP Sales North America

- Experience: 40+ years
- Previously at Hain Celestial, Avalon Organics and Starbucks

Previously at Monde Nissan, PZ

Cussons and Campbell Arnotts

Managing Director Asia Pacific



Irene Falcone General Manager, BWX Digital

- Experience: 25+ years
- Specialist in digital & social media previously at Universal Pictures



Tina Randello Marketing Director

- Experience: 20+ years
- Branded FMCG specialist previously at Fletcher Building & Fonterra



Steven Messina Sales Director

Rory Gration

15+ Years Experience

20+ Years Experience

• Previously at Monde Nissan, PZ Cussons and Kimberly Clark

Strategic channel expansion a focus



Segment leaders, well positioned to benefit from the growing consumer demand for natural beauty products



#1 skincare brand in Australian pharmacy (% market share)¹

#1 cosmetics brand in US <u>natural</u> channel (% market share)²

#1 facial skincare brand in US <u>natural</u> channel (% market share)²





Summary profit & loss statement

Underlying profit and loss

AUD million	FY17	FY18
Net sales	72.7	148.7
Cost of goods sold	(25.1)	(60.4)
Gross profit	47.6	88.3
Operating expenses	(21.1)	(48.0)
EBITDA	26.4	40.3
Depreciation and amortisation	(0.8)	(1.9)
EBIT	25.6	38.4
Interest	(0.9)	(4.4)
Profit before tax	24.7	34.0
Тах	(7.1)	(9.8)
NPAT	17.6	24.2



Significant items and reconciliation

Reported profit and loss		
AUD million	FY17	FY18
Statutory EBIT reconciliation		
Reported EBIT	21.4	33.4
Add significant items	4.2	5.0
Underlying EBIT	25.6	38.4
Depreciation and amortisation	0.8	1.9
Underlying EBITDA	26.4	40.3
Statutory NPAT reconciliation		
Statutory NPAT	13.4	19.2
Add significant items	4.2	5.0

Tax effect of significant items

NPAT	17.6	24.2

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Group cash flow

Summary		
AUD million	FY17	FY18
Cash flows from operations		
Receipts from customers	74.1	150.3
Payments to suppliers and employees	(51.1)	(120.9)
Payments for transaction costs	(1.3)	(9.2)
Income taxes paid	(7.6)	(12.6)
Net interest paid	(0.7)	(3.3)
Net cash from operating activities	13.4	4.3
Cash flow from investing activities		
Purchase of property plant and equipment	(0.9)	(1.0)
Proceeds on sale of property plant and equipment	-	0.1
Acquisition of intangible assets	-	(1.4)
Net cash outflow on acquisition of business	(54.4)	(98.1)
Net cash flows used in investing activities	(55.3)	(100.4)
Cash flows from financing activities		
Proceeds from issue of shares	0.2	129.2
Capital raising costs	(0.0)	(4.5)
Dividends paid	(6.6)	(7.7)
Proceeds / (repayments) from financial liabilities	56.6	(13.0)
Net cash used in financing activities	50.3	104.0
Net increase in cash	8.4	8.0
Effect of exchange rate changes on cash held	(0.1)	0.9
Cash and cash equivalents at beginning of period	2.7	11.0
Cash and cash equivalents at end of period	11.0	19.9



Group balance sheet

Summary		
AUD million	FY17	FY18
Current assets		
Cash and cash equivalents	11.0	19.9
Trade and other receivables	18.6	31.2
Inventories	16.4	27.9
Other assets	1.2	1.8
Total current assets	47.2	80.8
Non-current assets		
Plant and equipment	4.3	3.5
Intangible assets and goodwill	132.5	274.3
Deferred tax assets	1.3	3.2
Total non-current assets	138.0	281.0
Total assets	185.2	361.8
Current liabilities		
Trade and other payables	12.1	16.2
Financial liabilities	18.9	18.2
Current tax liabilities	4.5	1.4
Employee benefits	1.2	1.2
Total current liabilities	36.7	37.0
Non-current liabilities		
Financial Liabilities	49.1	54.5
Employee benefits	0.1	0.2
Total non-current liabilities	49.2	54.7
Total liabilities	85.9	91.8
Net assets	99.3	270.0