



FY2020 Results

Friday, 21 August 2020

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Agenda

1. Highlights & Business Review
2. Financial Summary
3. Strategy & Outlook
4. Questions





Highlights & Business Review

FY20 Financial Highlights

Net Sales
increased **26%**

\$187.7m in FY20 vs
\$149.5m in FY19

EBITDA¹
increased **30%**

\$27.5m in FY20 vs
\$21.3m in FY19

Gross Margin
58% (58.3% excluding hand sanitiser)

+210 bps vs FY19

**Sukin, core brands all experience
healthy growth in Gross Margin**

Statutory NPAT
increased **59%**
to **\$15.2m**

Strengthened balance sheet
Improved cash position vs FY19
Improved net debt position vs FY19

Fully franked final dividend of 2.6 cents per share

**CORE BRANDS
GROWING
REVENUE**



sukin
AUSTRALIAN • NATURAL

Sukin revenue **+55%** vs pcp

ANDALOU
NATURALS

Andalou Naturals revenue **+10%** vs pcp

MINERAL FUSION
minerals on a mission™

Mineral Fusion revenue **+16%** vs pcp

Nourished Life

Nourished Life revenue **+15%** vs pcp

FY20 Operational Highlights

Connecting to Consumers

- Continued market share gains with revenue growth across all core brands led by Sukin (+55% in FY20 vs pcp) and strong growth for our dedicated e-commerce platform Nourished Life (+26% in 2H20 vs pcp)
- Global acceleration of direct-to-consumer model to manage increased online volume

Going Global, Going Mainstream

- FY20 taking total distribution points increased by 4,000 across North America, Asia Pacific and Europe
- Significant progression toward our plan to become a \$50m supermarket skincare business in Australia and a \$100m mass skincare business in the USA, assisted by launch of Sukin in Target USA and Andalou Naturals in Australia

Investing in Ourselves

- Significantly improved employee net promoter score of 73%, up from 57% in FY19
- Strengthened Global Executive Team, and continued upskilling through company-wide training and development

Getting Clean & Getting Healthy

- Implementation of a Group Procurement Team achieving more strategic and diversified sourcing
- Business-wide sustainability focus including initiatives to enhance recyclability of products, resource recovery initiatives, and carbon-neutrality

1H21 on track to deliver on growth agenda...

- Good progress expected towards the planning of a new manufacturing and support office facility to accelerate growth beyond the previously announced Three Year Strategic Plan, with an estimated four year ROI
- Anticipate unlocking significant growth in Europe through planned key retailer rollouts and proposed strategic e-commerce partnerships to accelerate our direct-to-consumer business, targeting \$30-\$50m by FY23
- BWX Tomorrow, BWX's own incubator will pursue new inorganic growth opportunities to build out current capability in adjacent or complementary markets and drive the Natural revolution



Agile response to COVID-19



Safety and wellbeing our top priority

Strengthened balance sheet

- Implementation of COVID-19 health and safety protocols enabling continued operations
- Warehouse and production teams recognised through one-off payment and gift to the value of \$2,000 each acknowledging their efforts and contribution throughout COVID-19
- Highly disciplined cost and inventory management
- Rigorous sales and operations planning ('S&OP') systems assisting decision-makers with reliable rolling forecasts



Protecting supply chain

Expanded range

- Resilient and diversified supply chain for raw materials and components
- Our position as a local Australian manufacturer assisted in our ability to switch to a 3-shift operation to manufacture 10-fold increase for key inventory. Also worked with co-packers in the US to maintain production
- Continuing to manufacture essential as well as core products to maintain ongoing supply for end customers



Supporting 'essential services'

Driving the Natural category

- Launched natural hand sanitiser range in 21-days – now a core staple – and donated \$1m (retail value) worth of product to local charities to support most vulnerable
- Supporting our retail customers who are continuing to trade in tightly regulated movement scenarios with ongoing supply
- Accelerating our direct-to-consumer model supports our global ambition to create a Natural beauty revolution



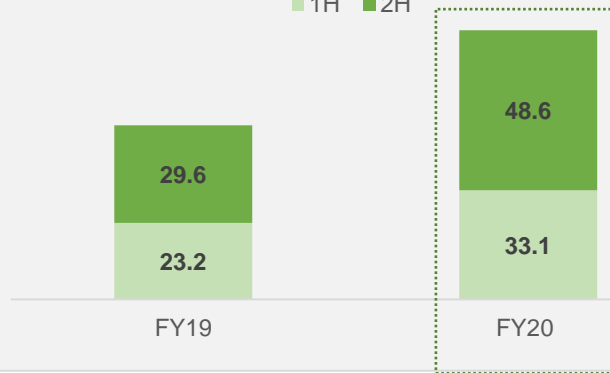
Capturing industry tailwinds

Accelerating future growth

- Health & wellness expected to be the bright spot in the economic recovery
- Behavioural shifts around health and hygiene to impact not only what consumers want but how they shop
- BWX continues to assess strategic M&A and growth opportunities in the Natural category to leverage the BWX brand portfolio and capabilities via BWX Tomorrow

Net Revenue (\$m)

1H 2H



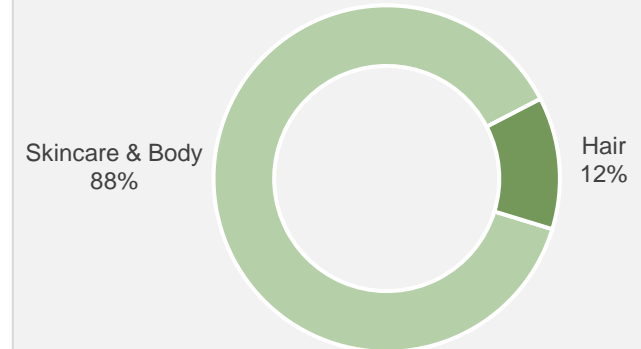
#1 Natural skincare brand and 4th largest Total Skincare brand in Coles – strong sales growth of 46% in FY20¹ and increased market share since March

#1 Natural Skincare brand in Pharmacy – outstripping natural pharmacy (1.8% vs -11.8%)²

#2 Total Skincare brand in Pharmacy (5.4%)³

Accelerating consumer-led NPD pipeline and direct-to-consumer distribution model globally

Revenue per product type⁴



FY20 revenue of **\$81.7m**
+55% revenue growth vs pcp

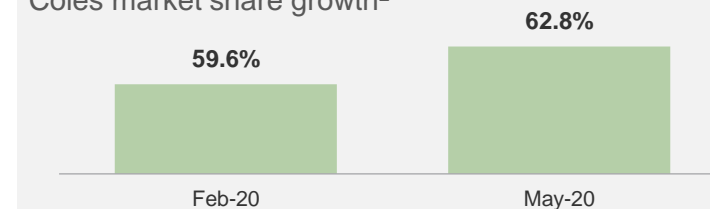
44% of Group revenue

Gross margin of 70-72% (FY19 margin of 65-67%)

Successful launch in Target USA and distribution expansion across Wegmans and Publix – increasing points of distribution in USA to 1000+

Distribution gains for Hair and Body categories across Australia and international markets

Coles market share growth²

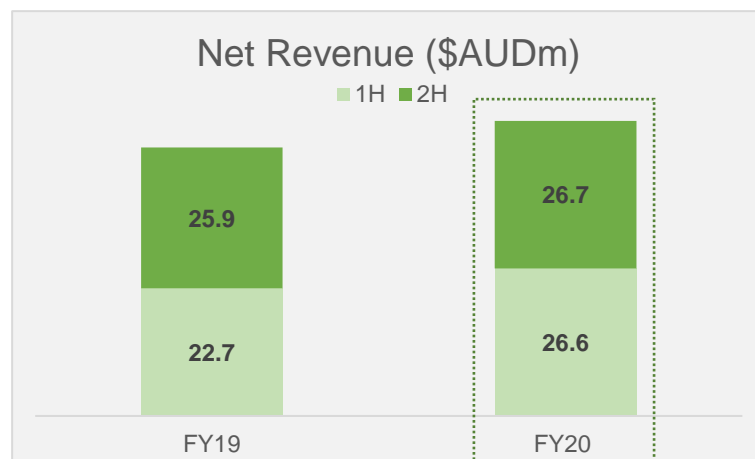


AU pharmacy market share growth²



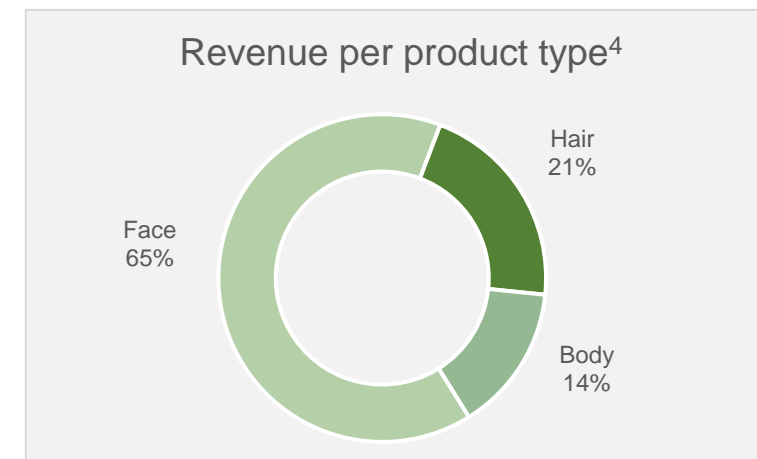
New Sukin shelf activation at Coles

Andalou Naturals



In the US Natural channel:
#1 Facial Skincare Brand²
#4 Body Care Brand with 3% volume growth in FY20 in US Naturals²

In the Australian Natural channel:
#7 Natural Brand (up from #11) which experienced **+35%** growth in the last quarter (4Q) following launch into Chemist Warehouse³



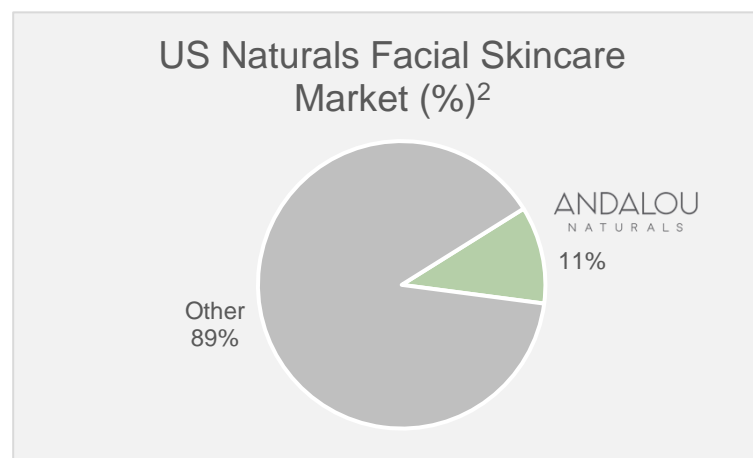
FY20 revenue of **\$53.3m**
+10% revenue growth vs pcp

28% of Group revenue

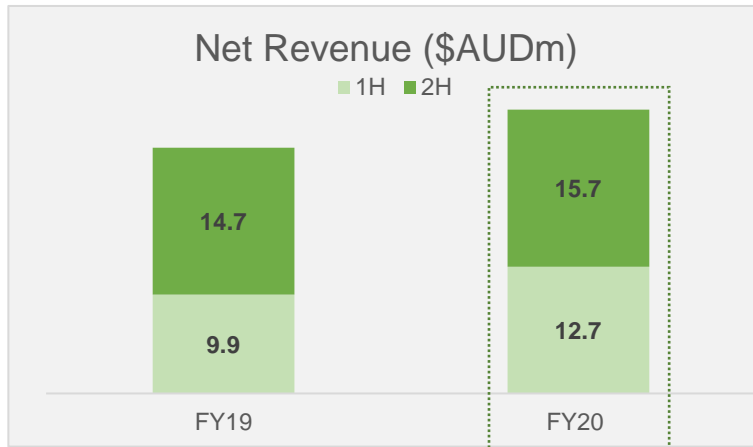
Gross margin of 47-50% (FY19 margin of 43-45%)

Executed roll out in Australian Pharmacy across discount and traditional channels

Strong e-commerce growth



Mineral Fusion

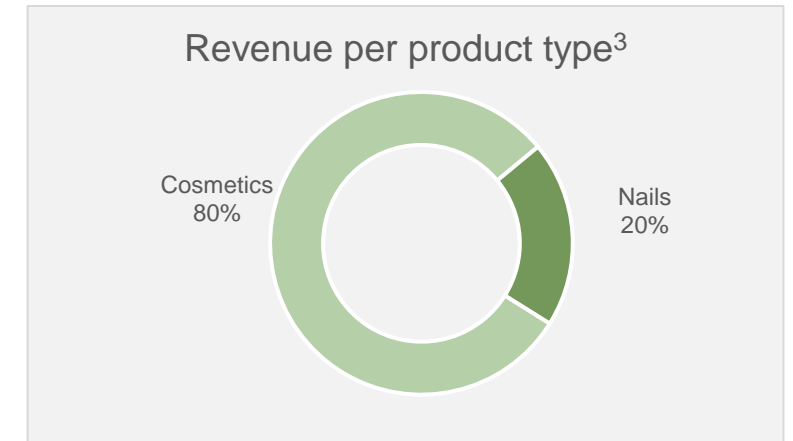


#1 Cosmetics Brand in US Natural Channel¹

#3 Natural Cosmetics Brand in US Conventional Channel¹

Nail category online growth up by more than 200%²

Anticipate a recovery in cosmetics post COVID-19



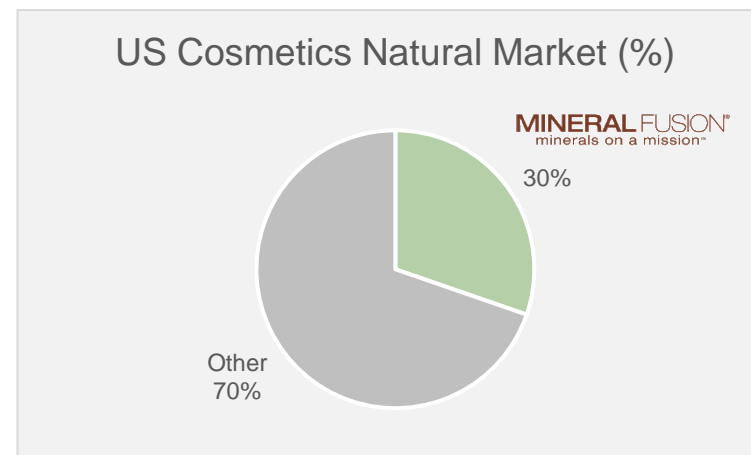
FY20 revenue of **\$28.4m**
+16% revenue growth vs pcp

15% of Group revenue

Gross margin of 56-58% (FY19 margin of 52-54%)

Successful launch into Target USA and distribution expansion across Publix – increasing points of distribution in USA to 1,000+

Strong e-commerce growth in 2H and expansion via direct-to-consumer model



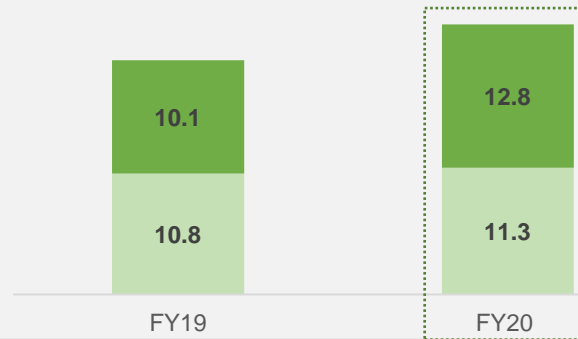
Nourished Life

Nourished Life



Net Revenue (\$m)

■ 1H ■ 2H



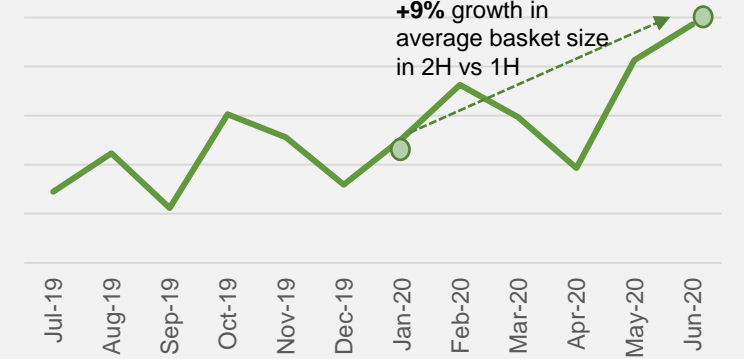
Database increased **22%** vs pcp – focus on growing subscribers as well as capturing data insights to inform NPD

Further development of Life Basics brand, with speed to market of natural hand sanitiser, new reusable cotton pads, nail polish & more

Increased brand awareness and strong search engine optimisation (SEO & SEM) has seen web sessions increase (**+29%** in the 2H vs 1H) with MAT **+33%** at June 30

Basket Size

+9% growth in average basket size in 2H vs 1H



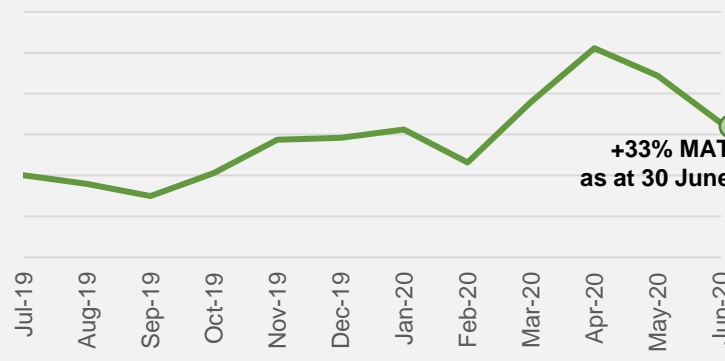
FY20 revenue of **\$24.1m**
+15% revenue growth vs pcp | **+26%** growth in 2H vs pcp
 13% of group revenue

Gross Margin of 33-35%¹ (FY19 margin of 35-37%)

Surge in online revenue driven primarily by promotional effectiveness focused on **basket size growth (+9% in 2H vs 1H)** with MAT **+7.4%** at June 30

Enhanced customer retention via personalised and segmented marketing automation; improvements in user experience (ease-of-use, site navigation & search)

Website Sessions



+33% MAT
as at 30 June



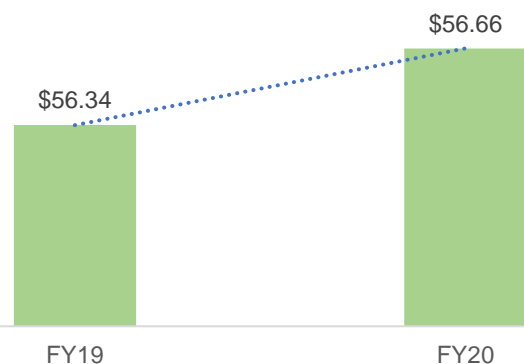
¹ FY20 and FY19 gross margin includes freight & logistics costs

Improving price per kilo

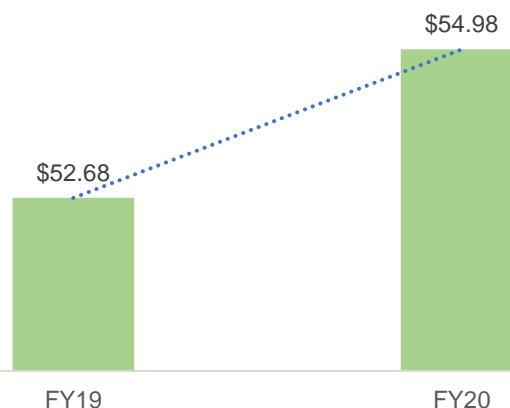
Improvements in price per kilo driven by:

- Price increase for Sukin rolled out in 2H20
- More targeted and efficient promotions (depth versus frequency)
- Innovative NPD (Hydration, SPF) and distribution gains on our premium products that provide a significantly higher price per kilo

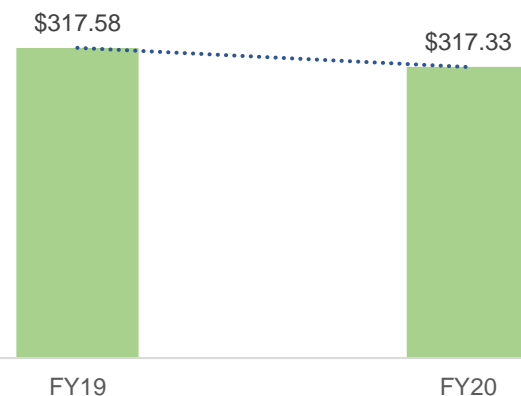
Sukin - Price per KG progression AUD (pharmacy)



Andalou - Price per KG progression USD

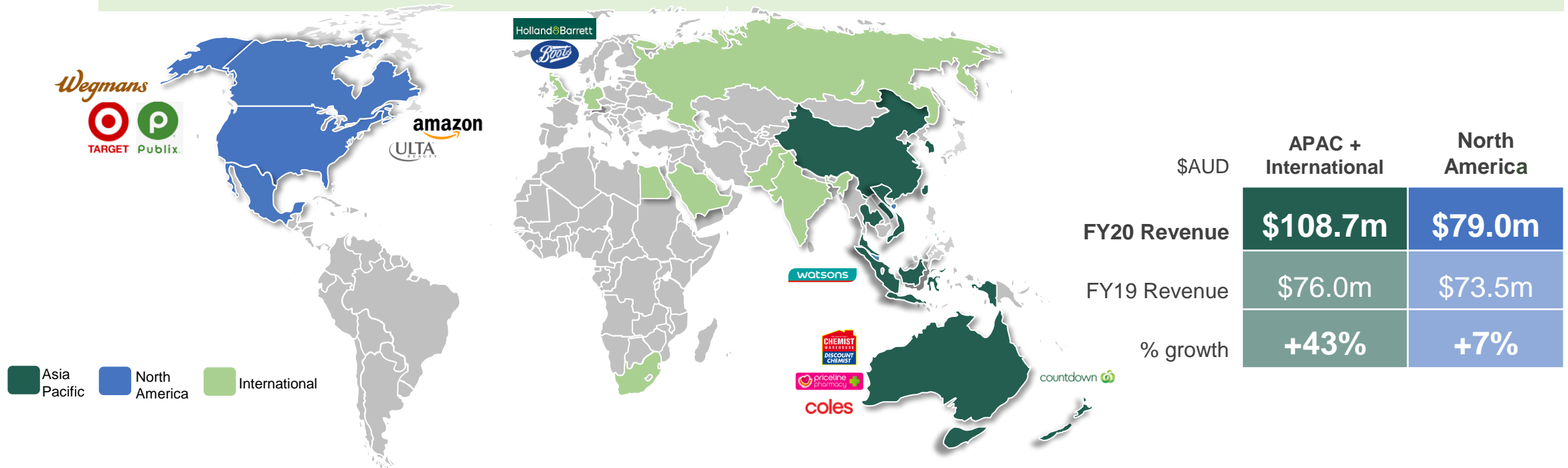


Mineral Fusion - Price per KG progression USD (excludes nail polish remover)



Revenue by Region

- ✓ APAC engine market driving **revenue gains** with USA retailers experiencing greater impact from Government imposed lockdown measures during 2H
- ✓ Acceleration of online shopping supports accelerated focus on the **global roll out of a direct-to-consumer model**
- ✓ Total points of distribution in FY20 **increased by 4,500** following broad-based distribution gains for core brands and a deepening of product ranging within existing retailer partners
- ✓ Continued opportunities to unlock channel strategy and **go global, go mainstream**





FINANCIAL SUMMARY

Financial Performance

Net revenue increased 26% in FY20 vs FY19

Gross Margin increased from 55.9% to 58.0%

Operating Expenses increased 24.4% sitting well below sales growth and is primarily attributable to controlled and strategic investment in marketing, people and capability

Depreciation & Amortisation in line with FY19, excluding the impact of \$3.3m depreciation of finance leases recognised in accordance with AASB 16 Leases standard

Group effective tax rate of 25.6%

Fully Franked Final dividend of 2.6 cents per share determined for FY20 within dividend payout guidance of 35-50%



AUD million	FY20	FY19	Change
Revenue	187.7	149.5	25.5%
Gross Profit	108.8	83.7	30.2%
Gross Profit Margin	58.0%	55.9%	+210 bps
Operating Expenses	(79.4)	(63.8)	(24.4%)
EBITDA – Reported	30.8	19.8	55.5%
EBITDA – Underlying ¹	30.9	21.3	45.3%
EBITDA margin – Underlying	16.5%	14.2%	+230bps
Depreciation & Amortisation	(6.3)	(3.1)	(105.1%)
Interest Expense	(4.0)	(4.2)	(4.3%)
Tax	(5.2)	(2.9)	(78.0%)
NPAT – Reported	15.2	9.5	59.1%
NPAT – Underlying ¹	15.3	11.0	38.9%
EPS – Reported	12.2	7.7	58.8%
EPS – Underlying	12.3	8.9	38.7%

¹Underlying EBITDA is a non-IFRS measure that excludes the following non-recurring items relating to acquisition and restructuring expenses of \$0.1m; FY19 results are not restated as per transitional accounting provisions adopted under AASB 16.

Balance Sheet

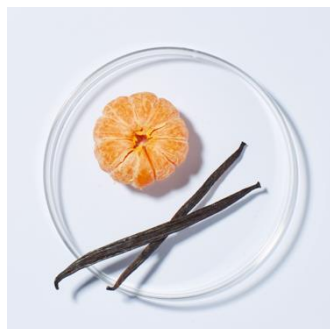
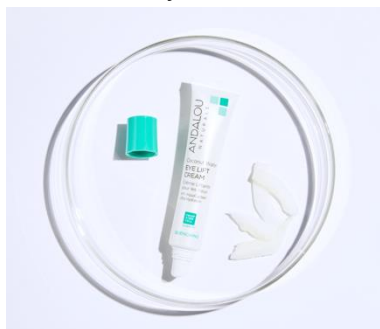
Strong balance sheet maintained and healthy cash position

Receivables increased by 29% and **Inventory** increased by 28% compared to June 2019, to support heightened demand for key products during COVID-19

Trade and other payables increased compared to June 2019, which is a reflection of purchasing and supplier term outcomes driven by improved negotiations

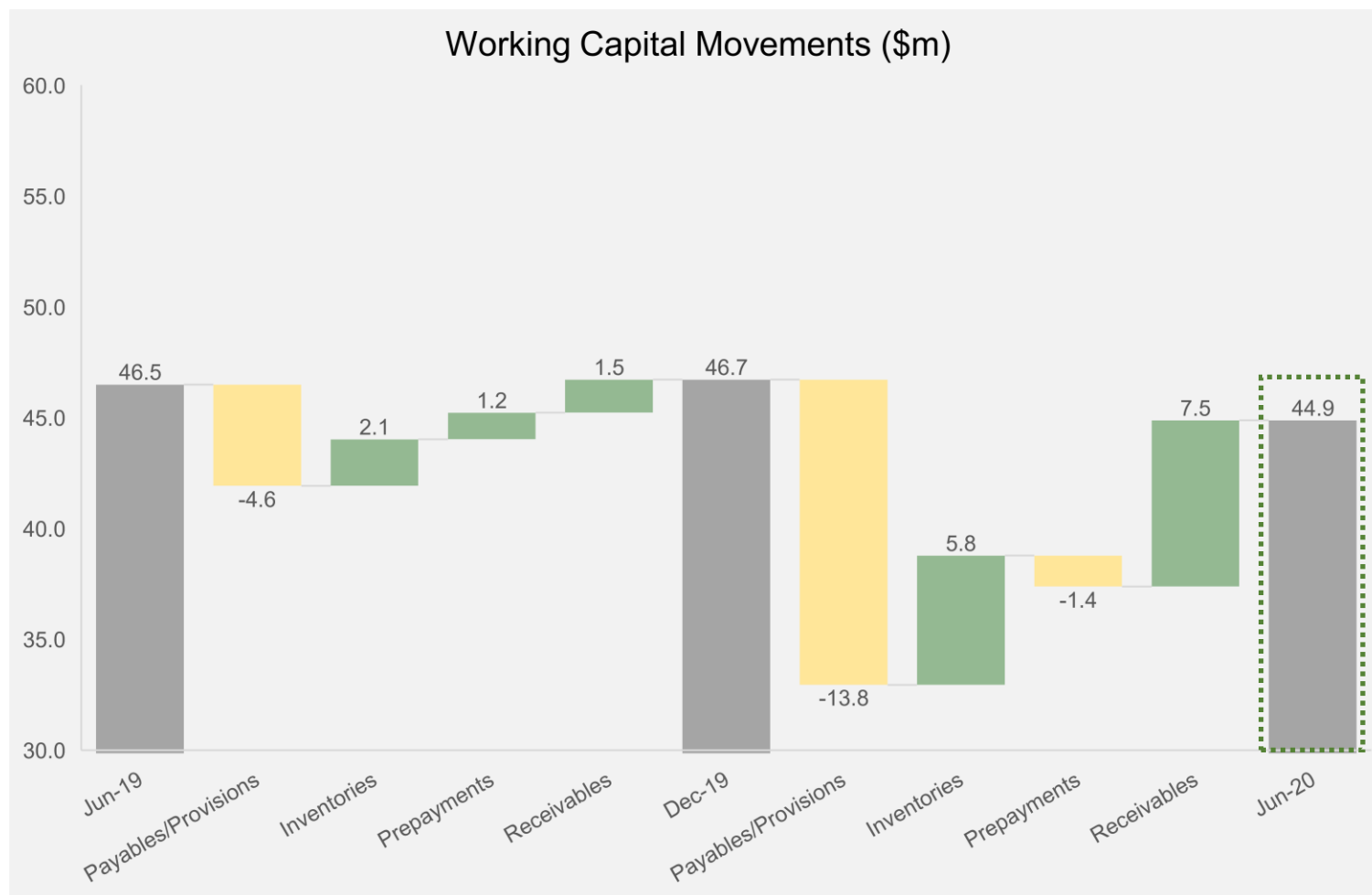
Financial liabilities include bank debt of \$60.6m and deferred consideration and payments on acquisition of \$9.7m

In accordance with AASB 16 Leases accounting standard, the Group now recognise leases as finance leases. This results in recognition of a right of use asset of \$12.6m and lease liability of \$14.8m



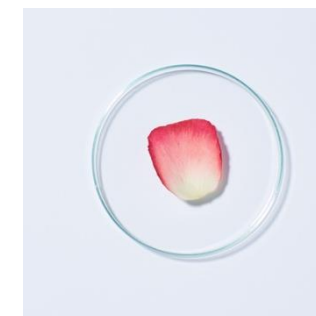
AUD million	June 2020	Dec 2019	June 2019	Change FY20
Assets				
Cash	28.6	14.0	12.0	16.6
Trade and other receivables	39.9	32.4	30.9	9.0
Inventories	36.8	30.9	28.8	8.0
Prepayments	3.6	4.9	3.7	-0.1
Current tax asset	-	-	1.0	-1.0
Right of use asset	12.6	11.8	-	12.6
Plant and equipment	5.7	4.7	4.3	1.4
Intangible assets and goodwill	290.3	286.4	285.2	5.1
Deferred tax assets	3.5	5.5	4.6	-1.1
Total assets	421.1	390.6	370.5	50.6
Liabilities				
Trade and other payables	33.6	20.0	15.5	18.1
Financial liabilities	70.3	68.3	67.6	2.7
Lease Liabilities	14.8	13.8	-	14.8
Current tax liabilities	1.7	0.1	-	1.7
Employee benefits	1.9	1.7	1.6	0.3
Total liabilities	122.3	103.9	84.7	37.6
Net assets	298.8	286.7	285.8	13.0

Working Capital

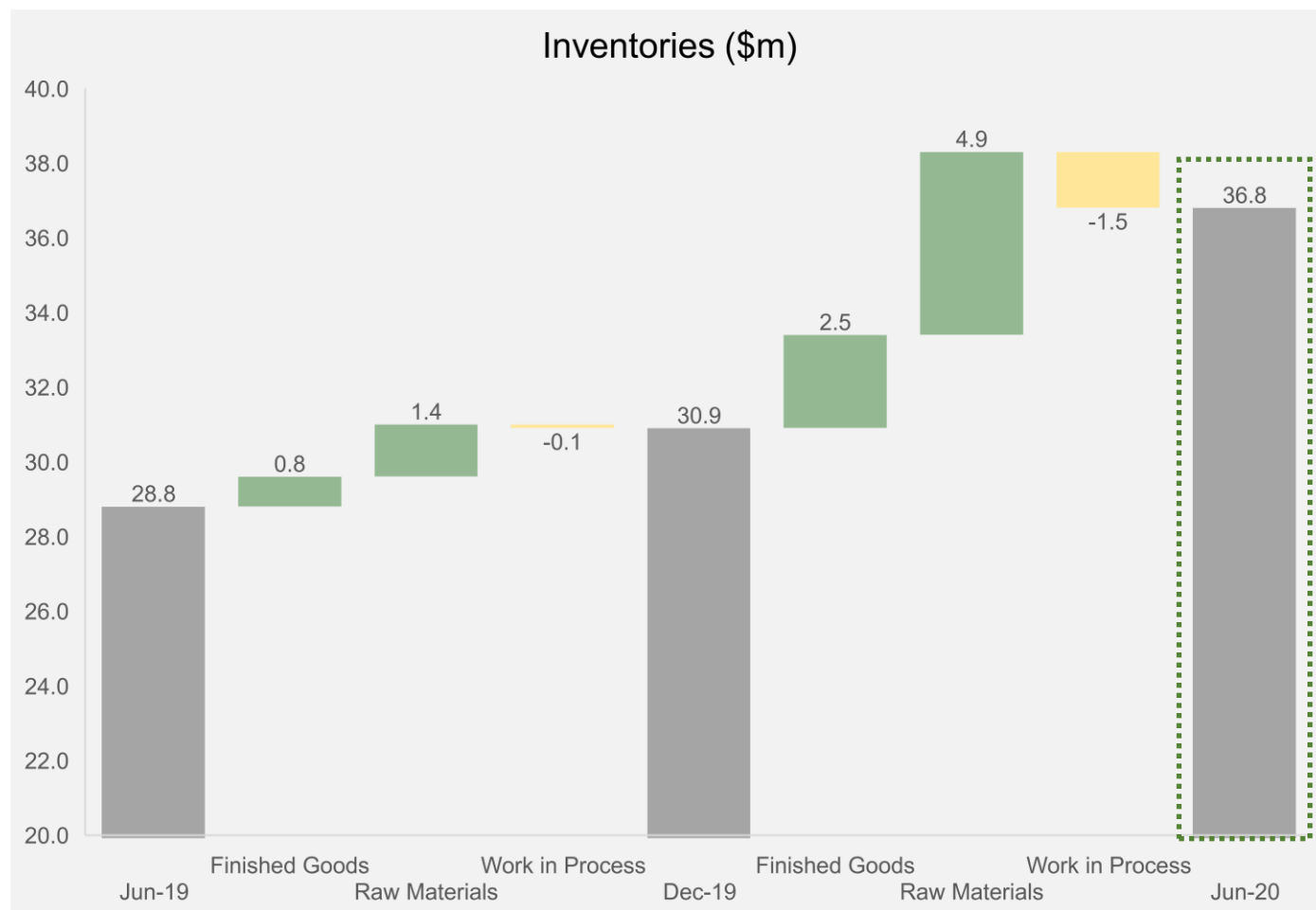


Working capital well maintained to support sales growth

The Group significantly increased its **cash position** from \$12.0m in FY19 to **\$28.6m** in **FY20**



Inventories



Inventory balances aligned with sales growth to support increased levels of demand in second half

Effectively managed via tightening of supplier trading terms and increased frequency of reviews in sales forecasting, scan data and demand planning, showing **benefits** of the ERP intelligence

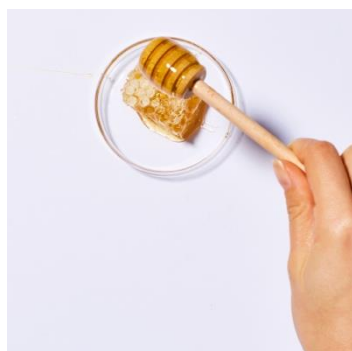


Cash Flow Reconciliation

Significant improvement in Operating Cash Flow reflecting rigorous approach to cash flow preservation

Cash conversion ratio of 91% highlights the healthy cash generating profile of the Group

No factoring arrangements with regards to receivables during FY20



AUD million	FY19	1H20	2H20	FY20
EBITDA (Underlying ¹)	21.3	11.6	19.3	30.9
Working Capital Movements	-3.0	-0.3	1.9	1.6
Non-Recurring Costs	-6.6	-0.1	-	-0.1
Interest Expense	-3.4	-1.8	-1.4	-3.2
Tax	-6.0	-0.5	-0.2	-0.7
Other	1.4	-0.5	-	-0.5
Operating Cash Flow	3.7	8.4	19.6	28.0
Capital Expenditure	-4.6	-2.1	-5.0	-7.1
Acquisitions	-5.1	-	-2.0	-2.0

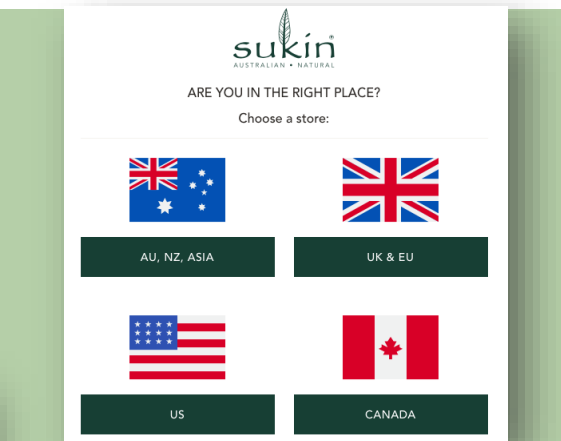
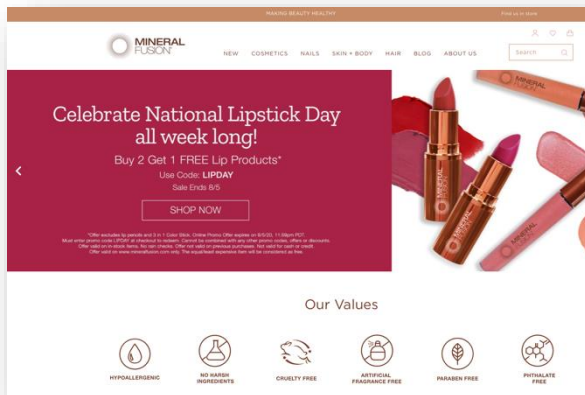
A botanical illustration background featuring various plants and leaves. In the top left, there is a small sprig of white flowers and a single daisy. In the top right, a large, light blue monstera leaf is prominent, with a green leaf and a small white flower above it. In the bottom left, a green leaf and a light blue fern frond are visible. In the bottom right, two green, pear-shaped fruits are shown. A white rectangular box is centered horizontally across the middle of the image, containing the text 'STRATEGY & OUTLOOK'.

STRATEGY & OUTLOOK

Three Year Strategic Plan

Relentlessly focused on our four strategic pillars, BWX is dedicated to ongoing business improvements that support revenue growth to deliver a sustainable, integrated and innovative business into the future.

1. Connect to Consumers with enhanced direct-to-consumer and e-commerce channels. Accelerate in-house innovation platform with more consumer-led NPD; and launch of BWX Tomorrow



2. Go Global, Go Mainstream with a balanced revenue spread in key markets while leveraging macro economic tailwinds to support plans for multi-channel retail expansion across all brands

3. Invest in Ourselves through added capability, business-wide employee development, and more sustainable group practices. Be an employer of choice and live the values of Wellness, Diversity, Bravery, Respect, and Innovation



4. Get Clean and Get Healthy with improved procurement functions, enhanced supply chain, and optimised operations and manufacturing

Progress Snapshot

STRATEGIC PRIORITY	CONNECT TO CONSUMERS	GO GLOBAL, GO MAINSTREAM	INVEST IN OURSELVES	GET CLEAN & GET HEALTHY
FY20 PROGRESS	<ul style="list-style-type: none">Strong NPD pipeline unlocking revenue gains (e.g. sanitiser)Sukin and Mineral Fusion launch in Target USASukin price increase; market share gains in Coles / AU PharmaAndalou Naturals roll out across AUWebsite re-launch for all brands	<ul style="list-style-type: none">Organic revenue growth across all regionsMore balanced geographic revenue mixDisciplined brand expansion across Europe, North America and APAC supported by 4,000 distribution points	<ul style="list-style-type: none">Employee net promoter score (eNPS) of 73% from 57%CFO, COO appointmentsOngoing investment in capability to support growth while carefully managing cost base	<ul style="list-style-type: none">Group Procurement function yielding cost savings via improved in cost per kilo and gross marginDiversified supply chain to mitigate risksERP implementation in USEffective business continuity plans implemented during COVID-19
1H21 INITIATIVES	<ul style="list-style-type: none">Acceleration of innovative NPD pipelineFurther distribution gains for all brands and investment in e-commerce and D2CTargeting \$30-\$50m in revenue from European operations by 2023 via D2C and strategic partnerships with key retailers	<ul style="list-style-type: none">Unlock more of China, South East Asia and Europe via e-commerce/D2C modelContinue unlocking \$50m AUS skincare business (grocery); \$100m US skincare business (mass)Key retailer roll outs in Europe	<ul style="list-style-type: none">Business-wide upskilling and career development opportunitiesContinue to enhance staff engagement measured through eNPSPursue organic and inorganic growth opportunitiesPlanning for construction of New Operations Facility	<ul style="list-style-type: none">Manufacturing efficiencies through continuous improvement programActive management of SKUs with a goal to reduce countBusiness-wide sustainability focus at Group level with defined goals

New Operations Facility

Development and construction of a new BWX operations facility and support office

\$33.7 Estimated capital investment

Earnings uplift expected in **FY23**

Consolidation of current sites

Located in **Melbourne**

Expected to deliver material EBITDA growth over and above the current Three Year Strategic Plan, the new facility is strategically located in a growth corridor along main distribution routes, with construction expected to be commencing in FY21.

- ✓ **Four highly automated high-speed, production lines** (from 9 semi-automatic low speed lines) expected to drive significant per unit cost reduction and deliver **margin expansion**
- ✓ **Triple** throughput compared to existing site, with total manufacturing capacity expected to increase to **>100m** units p.a.
- ✓ Enhanced control over end-to-end **supply chain**, more flexibility and **scalability for future growth**
- ✓ Investment in R&D, laboratory facilities and pilot plant to accelerate our **innovation to market**



¹Expected payback of four years from Completion in relation to the full capital investment of \$33.7m to fund the New Operations Facility.

Accelerating Innovation to Market

With an increasing number of people worldwide making the switch to natural, our brands are perfectly positioned to capitalise on the future of this consumer wellness movement

Advancements in natural ingredient technology are setting new standards in performance

BWX's product development pipeline will increasingly feature personal care solutions based on clinical science and inspired by natural ingredients

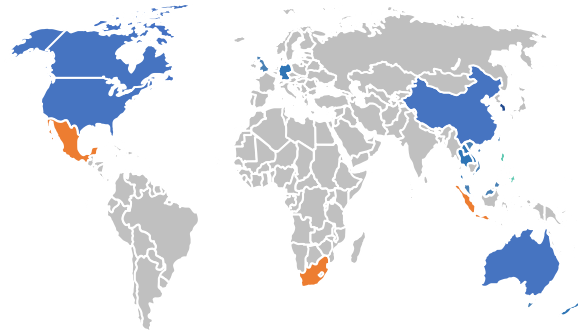
BRAND FOCUS

Building equity for our house of natural brands with more innovative NPD



REGIONAL FOCUS

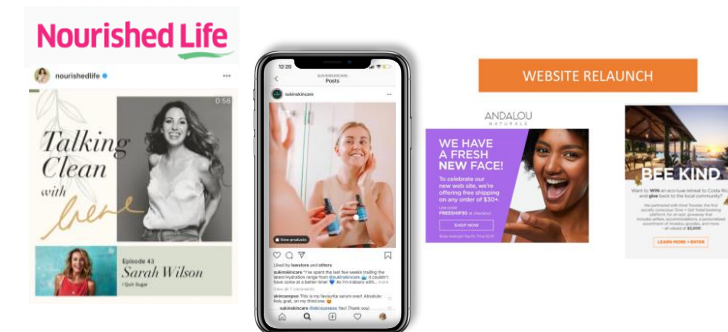
Expanding our brand distribution in engine markets & emerging markets



■ Engine ■ Emerging

CHANNEL FOCUS

Ensuring greater brand discovery through e-commerce and direct-to-consumer channels



How 'Natural' is Evolving



Sustainability



Environment



Empowerment



Social



Community

At BWX we continue to incorporate measures to improve workplace sustainability; employee empowerment and gender diversity; employee wellbeing and ownership; and a commitment to the community through partnerships and donations.

Our brands are each founded on strong eco-values and are cruelty-free, toxin-free and 98% naturally derived¹. We are also focused on integrating more sustainable practices at an operational level to recycle, reduce waste and reduce emissions.

We will measure our progress from 2020 to 2030 through targets including:

Reduce waste

- All packaging to be diverted from landfill – whether recyclable, refillable, compostable or via closed-loop initiatives.
- Engage with closed-loop partnerships to enhance packaging and divert from landfill.

Reduce, reuse, recycle

- Minimum 50% average recycled content in all packaging.
- 100% recycled content across all PET bottles, cartons and shippers.
- Consumer engagement around closed-loop initiatives and resource recovery.

Reduce emissions

- All brands to become carbon neutral by end of FY23.
- Initiatives to reduce overall carbon emissions and improve resources use in owned-facilities and with co-packers.



¹ Sukin 98.8%; Andalou 98%

Outlook

While the Group continues to closely monitor external market conditions, BWX is **well positioned** to capture further market share, underpinned by strong **brand health**, an **expanded offering** and a **protected supply chain** as our core business continues to support **essential services** (such as pharmacies and supermarkets) whilst meeting changing demand trends.

We remain committed to our **Three Year Strategic Plan** and our **four strategic pillars**. This includes **Connecting with Consumers** with new distribution channels and product development. **Going Global, Going Mainstream** with disciplined market prioritisation; targeting a \$50m supermarket skincare business in Australia; a \$100m conventional skincare business in USA; and \$30-\$50m in revenue from European operations by 2023 via D2C and strategic partnerships with key retailers. **Investing in Ourselves** with the best team to **Get Clean, Get Healthy** with optimised operations and manufacturing.



Our New Operations Facility is expected to deliver a step change in operational and financial performance to drive growth over and above our existing Three Year Strategic Plan, providing a **transformational growth opportunity** expected to:

- ✓ **Unlock significant EBITDA improvement**
- ✓ **Drive growth via production efficiencies**, enhanced **scale** and **margins**
- ✓ **Provide risk mitigation** and enhanced control over end-to-end supply chain



With FY20 providing a stable revenue base, subject to market conditions BWX expects to achieve ongoing **GROWTH in REVENUE and EBITDA of at least 10%** in FY21 and remains well positioned for long-term, sustainable growth. The investment in the New Operations Facility is expected to payback **within 4 years** of completion (expected in 1H FY22) and is expected to be **EPS accretive** in FY23 and onwards. Outlook for FY21 further boosted by **A\$4.5m one-off benefit to FY21** following agreement on the final consideration payable under the Egide Compensation Plan to the sellers of the Andalou Naturals business, with no impact on the carrying value of Andalou Naturals.

