

TRILOGY INTERNATIONAL LIMITED

trilogy

ECOYA

goodness

CS&Co.

FY17 Annual Results Presentation

Trilogy International Limited Overview

TIL - Trilogy International Limited (NZX:TIL, ASX:TIL) is a cultivator of essential natural products and home fragrance brands: Trilogy Natural Products, ECOYA and Goodness Natural Beauty Lab in New Zealand and around the world.

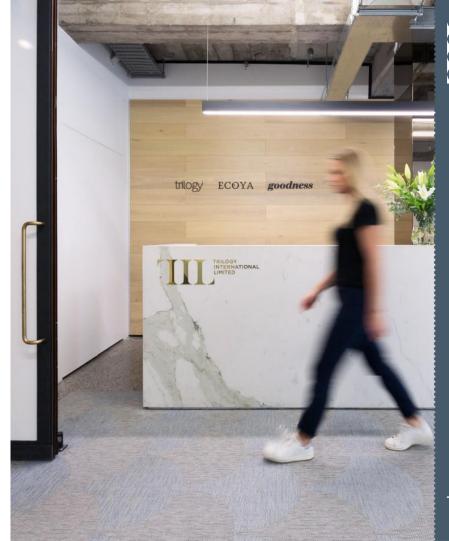
It's subsidiary CS&Co distributes international cosmetics, fragrances, skincare and haircare brands in New Zealand.

Consumer Product Brands

trilogy ecoya goodness

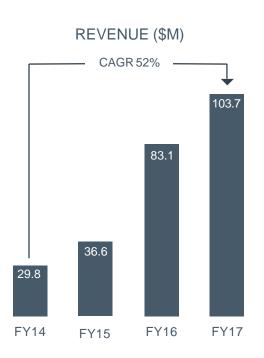
Distribution

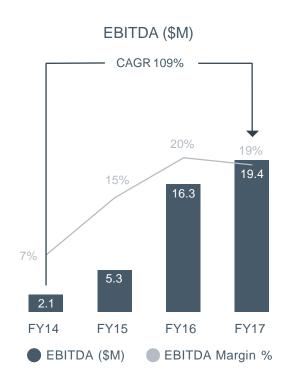
CS&Co.





TIL Surpasses \$100 Million in Revenue

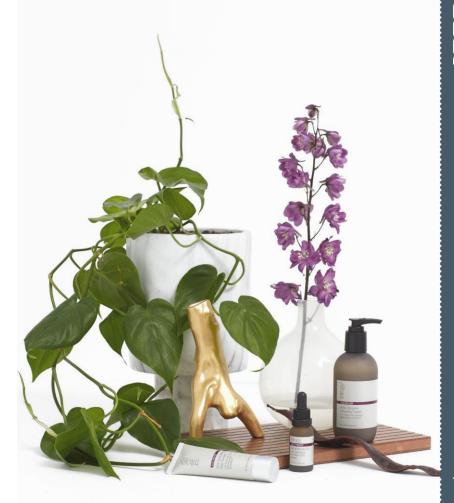




FY17 Financial Summary

- Record breaking year of \$103.7 million revenue, an increase of 25%
- EBITDA \$19.4 million, an increase of 19%
- Excluding acquisition and capital structure costs (\$0.6m) and the loss attributable to the investment in Goodness brand (\$1.0m), EBITDA would have been \$21.1 million
- Gross margin 51%
- NPAT \$12.7 million, an increase of 35%¹
- Earnings Per Share of \$0.18 (diluted)
- Full Year dividend of 4.5 cents per share
- Operating cash flow of \$10.4 million, a \$4.7 million increase on prior year
- Term debt down 78% to \$7.6 million





5 Key Drivers of Result

01

Australia primary contributor of revenue growth

02

New product launches

03

Changing regulations and border limitations in China

04

Raw materials cost pressure

05

Investment in operational infrastructure to support brand growth

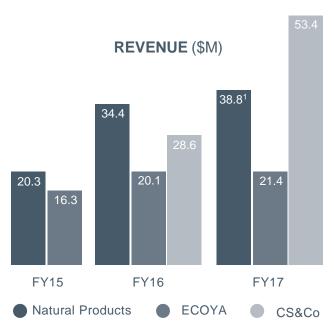
Y17 Annual Results Presentation

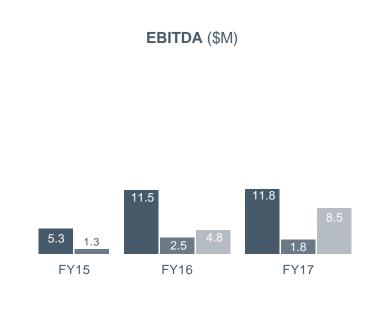
FY17 Financial Summary

NZ\$M	FY17	FY16	YoY
Sales	103.7	83.1	25%
Gross Profit	53.1	44.8	19%
% Margin	51%	54%	
EBITDA	19.4	16.3	19%
% Margin	19%	20%	
EBIT	19.4	14.9	30%
NPAT	12.7	9.4	35%



FY17 Results by Segment





 $^{^1\}mathrm{On}$ consolidation, \$10.0 million is eliminated from Natural Products revenue to reflect inter-segment sales.

Strong balance sheet provides financial flexibility

NZ\$M	FY17	FY16
Cashflow from investing activities	10.4	5.7
Net Assets	80.6	35.4

Net Operating Cashflow

- Net operating cashflow of \$10.4 million reflects more efficient working capital and full year inclusion of CS&Co.
- H2 FY17 operating cashflows improved from \$9.1 million to \$14.4 million driven by seasonality, as first half inventory build cashflows were more than offset by sales.

Net Assets

• Strong balance sheet provides financial flexibility to pursue future growth opportunities.

Term Debt

 Term debt is down 78% following the successful capital raise during the period, along with operating cashflows used to pay down debt from the acquisition of CS&Co, as reflected in net investing and financing activities.

EBITDA to NPAT

NZ\$M	FY17	FY16
EBITDA	19.4	16.4
Gains/(losses) on derivatives	0.1	(0.6)
Depreciation and amortisation	(8.0)	(0.4)
Finance costs	(1.5)	(1.8)
Contingent consideration adjustment	1.0	0
Contingent consideration discount unwind	(0.4)	(0.4)
Tax expense	(5.2)	(3.7)
NPAT	12.7	9.4

Gains/(losses) on derivatives

- The company takes out forward cover in respect to the purchases of foreign currency supplier inputs, and forward cover to protect revenues received.
- These contracts have been valued on a mark to market basis.

Depreciation and amortisation

 Increased YoY due to full 12 months consolidation of CS&Co, and the fit out of the new TIL office in Auckland.

Finance costs

 Decreased YoY due to reduced debt following capital raise in the first half of the financial year.

CS&Co contingent consideration

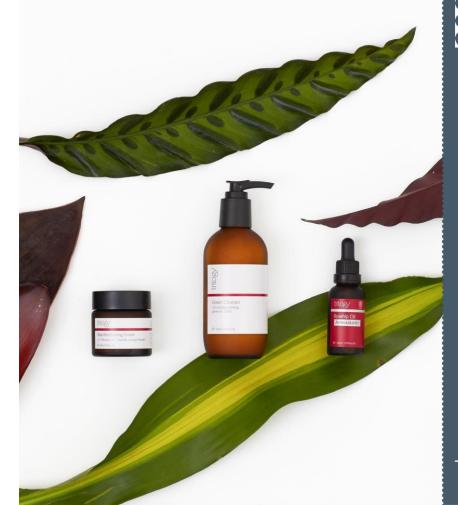
- Contingent consideration discount unwind was in line with the prior year as expected.
- An adjustment was also made to contingent consideration based on the updated estimate of the second earnout payment.
- The earnout calculation is currently under review and as such a final earnout amount is yet to be agreed.

Tax expense

• Slightly up on last year as percentage of NPBT mainly due to tax losses utilised in the prior year.

Dividend

- TIL's dividend policy is to pay 45-55% of business earnings excluding CS&Co and after interest and tax
- Allows adequate earnings to be retained to fund future initiatives that drive capital growth for Trilogy shareholders
- Full year dividend of 4.5 cents per share
 - Equivalent to 55% of 2017 business earnings excluding CS&Co earnings and after interest and tax
 - Total cash payment amount is the same as the FY16 value.
 - · Dividend fully imputed





FY17 Strategic Priorities

Drive market share growth in NZ & AU

- Delivered 44% growth in sales in Australia and 11.0% marketshare¹
- Delivered 6.4% growth in sales in New Zealand including CS inventory adjustment and 29.2% marketshare²

Strengthen distribution network

- Partnered with QBID to drive CBEC China sales
- Appointed new UK distributor to solidify local presence
- Re-signed with McPhersons in Australia
- Transitioned to CS&Co in NZ
- Appointed a master broker in the USA and signed Credo Beauty

Maintain and secure high quality rosehip oil

- Entered into JV with Forestal Casino in first half of this year which has delivered certainty of supply
- Assessing future expansion options with JV
- Continued to assess potential additional suppliers

Goodness to own chia seed oil

- Launched 4 new products containing chia seed oil
- Over 28,000 followers and fans on social media
- Early marketshare gains in Australia in first full year of distribution³
- New Zealand market share of 5.2%⁴

 $^{^{1}\,\}mbox{IRI}$ MarketEdge AU Pharmacy Natural/Organic Skincare, dollars & units, MAT to 02/04/17

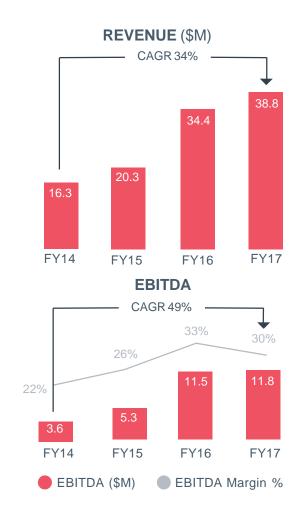
² IRI MarketEdge NZ Pharmacy Natural/Organic Skincare, dollars & units, MAT to 30/04/17

³ IRI MarketEdge AU Grocery Natural/Organic facial Skincare, dollars & units, MAT to 02/04/17

⁴ IRI MarketEdge NZ Grocery Natura/Organic Facial Skincare, dollars & unites, MAT to 23/04/17

Natural Products FY17 Performance

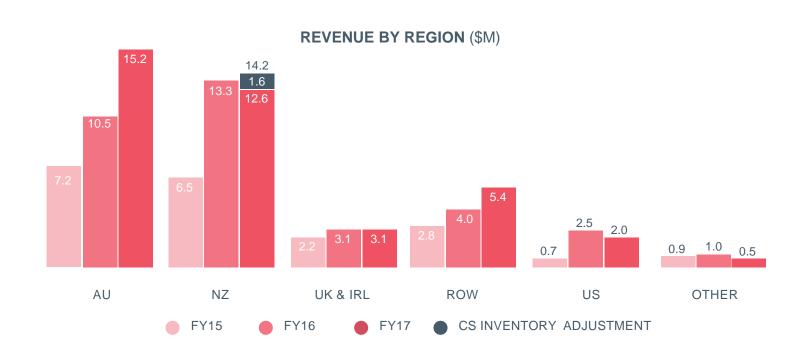
- Revenue increased 13% to \$38.8 million¹
- Revenue growth of 17% including CS inventory adjustment² (-\$1.6m).
- High growth in Australia of 44% was the main driver of revenue growth
- Asia and CBEC China performed well with 35% growth, showing positive momentum through improved distributor relationships.
- EBITDA growth of 2%, with a 3 percentage point decline in EBITDA margin. This represents the investment in the Goodness brand (loss of \$1 million), higher raw material costs, foreign exchange movement and investment in brand.
- Trilogy is now in over 6,000 doors globally. It launched four new products during the period and relaunched the bodycare range.
- Goodness now in over 2,000 doors in Australasia. It also launched four new products during the period.



¹ Pre intercompany elimination, which represents the sales between Trilogy and Goodness and CS&Co, TlL's wholly owned subsidiary and NZ distributor for Trilogy and Goodness. On consolidation, \$10.0 million is eliminated from Natural Products revenue to reflect inter-segment sales.

² CS&Co inventory adjustment reflects the one-off impact of ~\$1.6m from changing distributor to CS&Co and not being able to recognise initial stock build as revenue.

A bottle of Trilogy rosehip oil is sold around the world every 20 seconds



Trilogy Rosehip Oil is #1 Rosehip Oil in New Zealand and Australia

New Zealand

- Trilogy remains #1 natural skincare brand in New Zealand Pharmacy¹
- NZ revenue down 6% on a reported basis.
 Including CS inventory adjustment, revenue increased 6.4%.
- · Main drivers:
 - Changing regulations and border limitations which impacted informal channels to China
 - Transition from Vitaco to CS&Co as distributor for Natural Products
- Focused on customer acquisition, customer loyalty and growing basket size of core target market.

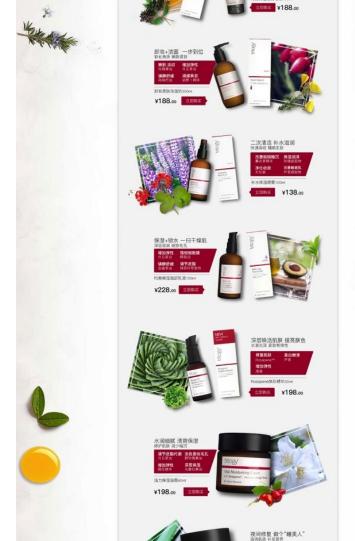
Australia

- Surpassed NZ as biggest market with 38% of total segment revenue, delivering 44% revenue growth.
- Revenue growth driven from retail sell-out performance, growth in pharmacy channel, deeper product distribution, a rebuild of Rosehip Oil inventory to support sales growth and more efficient promotions.
- Market is in growth phase focused on increased penetration of existing channels and building customer loyalty and basket size of core target market.

¹ IRI MarketEdge NZ Pharmacy Natural/Organic Skincare, dollars & units, MAT to 30/04/17

Cross Border E-Commerce (CBEC)

- The relationship with QBID, CBEC China distributor, is on target and progressing well.
- Flagship store on Tmall Global has just launched (www.trilogy.tmall.hk) and VIP.com launched late 2016.
- Going forward the strategy is to continue to nurture and support sales into the informal channels in ANZ and over time, direct CBEC China sales through formal channels managed by QBID.
- The most recent announcement from China Ministry of Commerce (MoC) (17 March 2017) could have positive implications on Trilogy's long term opportunity via the cross border e-commerce channel. Currently awaiting further clarification.



FY18 Strategic Priorities

Become the most trusted natural skincare brand for both our consumers and distributors

Trilogy - Markets	Trilogy - Partners	Trilogy - Innovation	Goodness
 Grow market share in established markets of New Zealand and Australia Build emerging markets of USA, CBEC China and Asia Maintain position in UK and Ireland 	 Deepen relationships with all distributors Invest time with newer distributors to educate and empower 	 Develop new products to grow basket size and widen appeal to more consumers Assess and implement new ways to deliver products even more sustainably Partner with Forestal Casino to develop innovative extraction methods to maximise future supply of rosehip oil 	 Increase rate of sale and distribution in NZ and Australia Optimise range performance to meet needs of consumer and retailer Optimise cost of goods

Chilean Joint Venture

- In June 2017, TIL acquired 25% of Forestal Casino, a Chliean based Rosehip producer. The acquisition delivers future supply certainty of certified organic rosehip oil for TIL while also providing access to their deep knowledge and experience of the rosehip industry.
- As part of the acquisition Forestal Casino granted Trilogy a long term supply agreement for rosehip oil, which is a core ingredient in a number of skincare products produced by Trilogy.
- There is no expectation for a dividend to be received in relation to the investment in the short term, as surplus cash will be utilised to invest in growth.

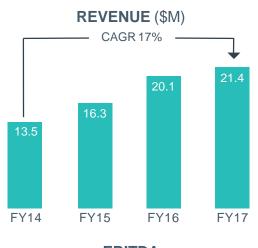


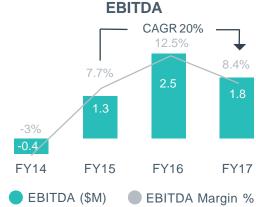




Home Fragrance FY17 Performance

- Revenue increased 7% to \$21.4 million.
- Growth driven by performance in home markets of Australia and New Zealand delivering combined growth of 12%.
- Growth in home markets partially offset by decline in RoW
- Sales from limited editions and new products grew 18%, representing 28% of ECOYA sales in FY17.
- EBITDA was down \$0.7 million to \$1.8 million.
 This represents compression of gross margin, investment in brand and corporate cost allocation.





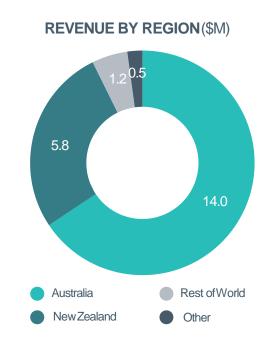
Home Markets Drive Results

Australia

- Total revenue growth of 11% to \$14.0 million
- Higher sales to Independents with 17% growth, was the main driver of growth in Australian market

New Zealand

- Total revenue growth of 15% to \$5.8 million
- Growth was delivered across most channels, with Independents having a record year.



Newness and Innovation Drive Sales Growth

- In FY17 net sales from Limited Editions represented 28% of total ECOYA sales, an increase of 18%
- Four limited edition product launches in FY17:
 - 2016 Mothers Day White Lily & Rosewood candle
 - 2016 Summer Limited Editions including Sweet Papaya & Melon, Citrus & White Magnolia and Lime & White Jasmine
 - 2016 Christmas Collection including Fresh Pine and Sweet Fruits
 - 2017 Winter Limited Editions including Strawberry & Blackberry Leaf and Crisp Aqua & Tiare Flower
- In addition to the seasonal launches, ECOYA created a whole new product segment with mini reeds in core range.





Strategic Priorities FY18 and Beyond

To be the most loved home fragrance brand in Australasia andbeyond

Brand relevance

Relaunch brand to ensure brand and product continues to attract target market

New product development

Priorities

Develop online presence to improve customer journey

Markets

- · Defend leadership position in New Zealand market
- Grow footprint in Australia via existing and new channels
- New RoW approach to grow long term pipeline



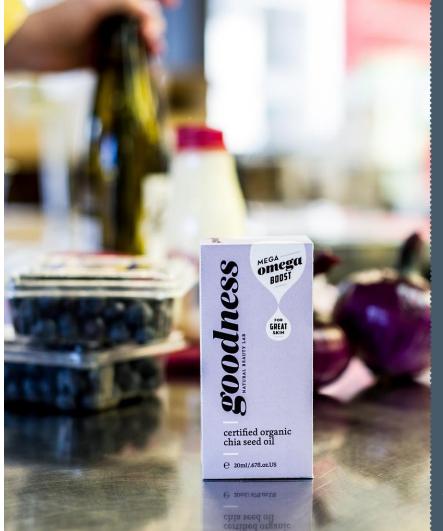
Distribution FY17 Performance

- Maintains position of number one beauty distributor in New Zealand by delivering first class service to agency partners.
- Delivered \$53.4 million in revenue, a 27% increase compared to FY16 Pro Forma.
- Delivered \$8.5 million in EBITDA, a 27% increase compared to FY16 Pro Forma.
- The increase represents the first full year period post acquisition and inclusion of distribution of Trilogy Natural Products since July 2016.



Outlook

- TIL expects underlying revenue growth in FY18 to be consistent with FY17 for each segment of the business.
- TIL Group EBITDA will continue to grow, despite gross margin compression as a result of higher raw material prices within Trilogy skincare.
- Consistent with prior years, we expect revenue and EBITDA to be skewed towards the second half.





FY17 Product Development











Mothers Day Candle

Summer Limited Edition

Christmas Collection

Winter Limited Edition









GOODNESS

Twice a day eye cream

Break-up Make-up Balm

Be Cool Mist Toner

Every Morning Moisturiser SPF15









TRILOGY

Rosapene™	Radience
Serum	

Rosehip Oil Light Blend

Relaunched Trilogy Body Care range

Exfoliating Body Balm & Pure Plant Body Oil

Trilogy Management Team



Angela Buglass

15 years' of skincare and cosmetics experience in the International markets.



Kristy
Macgregor
Head of Operations

Background in project management and business development in the UK retail industry. Operations Manager with Trilogy International since 2011



Claire Barnes

ECOYA Brand General Manager

Over 10 years of sales and marketing experience centered around fashion, advertising and media.



Lindsay Render

Chartered Accountant with over 15 years commercial experience.



Louise
Clayton
Trilogy Brand

Trilogy Brand General Manager

More than 20 years' experience in leading health and beauty teams in NZ.



Sonya Fynmore

Investor Relations Consultant

Over 10 years' experience in the financial markets across multiple jurisdictions.

Board of Directors



Grant Baker Chairman

The Business Bakery Representative



Stephen
Sinclair
Executive Director

The Business Bakery Representative



Geoff Ross

The Business Bakery Representative



Mandy Sigaloff Independent Director



Jack Matthews Independent Director

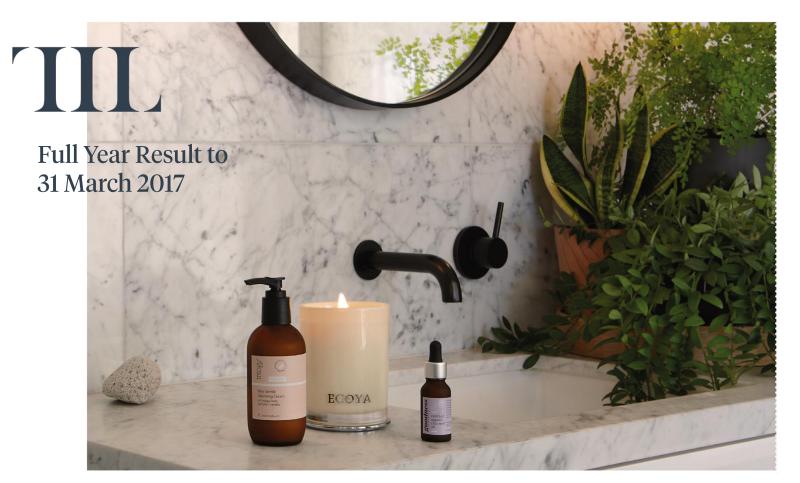
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