

# INVESTOR PRESENTATION US ROADSHOW

November 2017



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## ABOUT US

ASX listed, BWX Limited is a vertically integrated developer, manufacturer, distributor and marketer of branded skin and hair care products with an emphasis on 'Natural' products within the beauty and personal care market.

Headquartered in Victoria, Australia and with offices in both the UK and USA, BWX Limited, through its flagship brand Sukin, has long been at the forefront of both product and brand development catering 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.



## OUR MARKET

- Global beauty and personal care products generate annual sales in excess of USD\$465bn, with the largest product categories being Skin care, Hair care and Cosmetics.
- The global beauty and personal care market grew approximately +5% in 2016, with colour cosmetics leading the way with a category increase in excess of +7% and skin care performing well with growth at +5%.
- The Australian domestic market accounts for in excess of USD\$5.6bn of the total global sales and recorded overall segment growth of +4.6% in 2016.
- Driven by the continuing market shift towards natural, organic and sustainable consumer lifestyle choices, the global natural segment of beauty and personal care grew at +9.7% in 2016, almost double the rate of the mainstream market.
- This continued demand for natural beauty and personal care products is expected to drive category growth at +8.8% CAGR for the period 2017 through 2022.



# FINANCIAL HIGHLIGHTS

## FY 2017

# FY17 RESULT SUMMARY

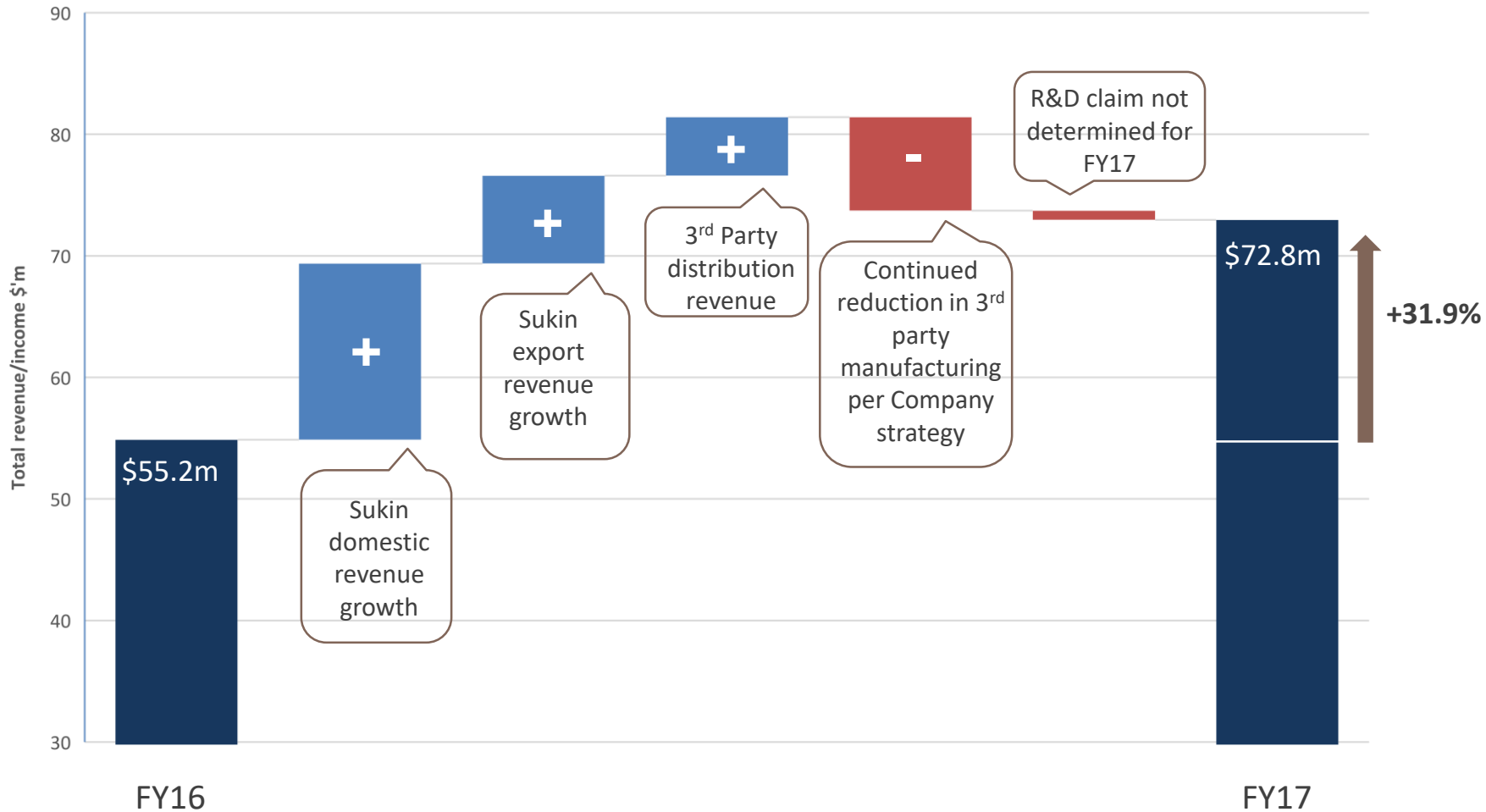
- Revenue of \$72.7m, representing a 34.0% increase versus prior full year 2016;
- Gross margin of 65.5%, up from 62.1% from the prior full year 2016;
- EBITDA (normalised) <sup>(1)</sup> of \$26.4m, representing a 30.7% increase versus prior full year 2016;
- NPAT (normalised) <sup>(1)</sup> of \$17.6m, representing a 41.9% increase versus prior full year 2016;
- EBIT (statutory) of \$21.4m, representing a 11.5% increase versus prior full year 2016;
- NPAT (statutory) of \$13.4m, representing a 11.7% increase versus prior full year 2016;
- Sukin branded product sales of \$62.0m, representing a 53.9% increase versus prior full year 2016; and
- The Company declares a final fully franked dividend of 4.2 cents per share, which together with the 2.5 cent interim dividend, represents a 39.6% increase on full year 2016.

<sup>(1)</sup> normalised amounts exclude \$4.2 million of one-off costs incurred on the acquisition of Mineral Fusion



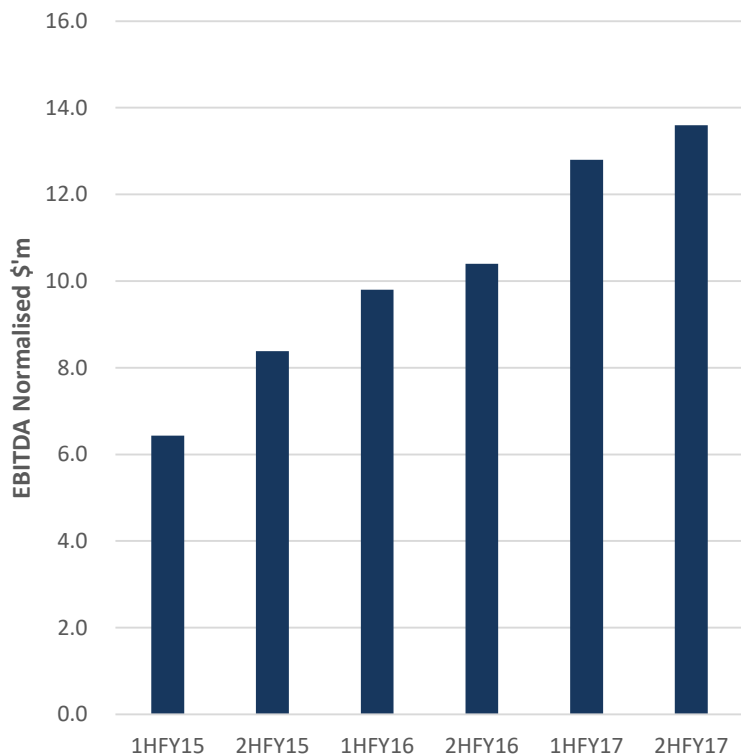
# COMPANY FY17 FINANCIAL RESULT HIGHLIGHTS

TOTAL REVENUE COMPARISON FY16 TO FY17



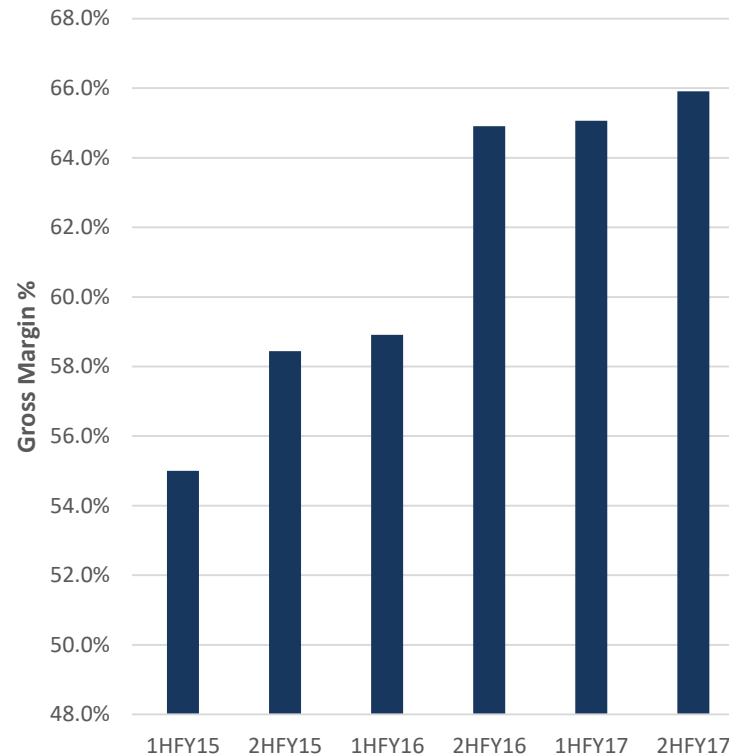
# COMPANY FY17 FINANCIAL RESULT HIGHLIGHTS

EBITDA Normalised \$'m



EBITDA COMPARISON

Gross Margin %



GROSS MARGIN COMPARISON





FY 2017

**OPERATIONS AND  
RESULTS REVIEW**

# SUKIN - DOMESTIC MARKET

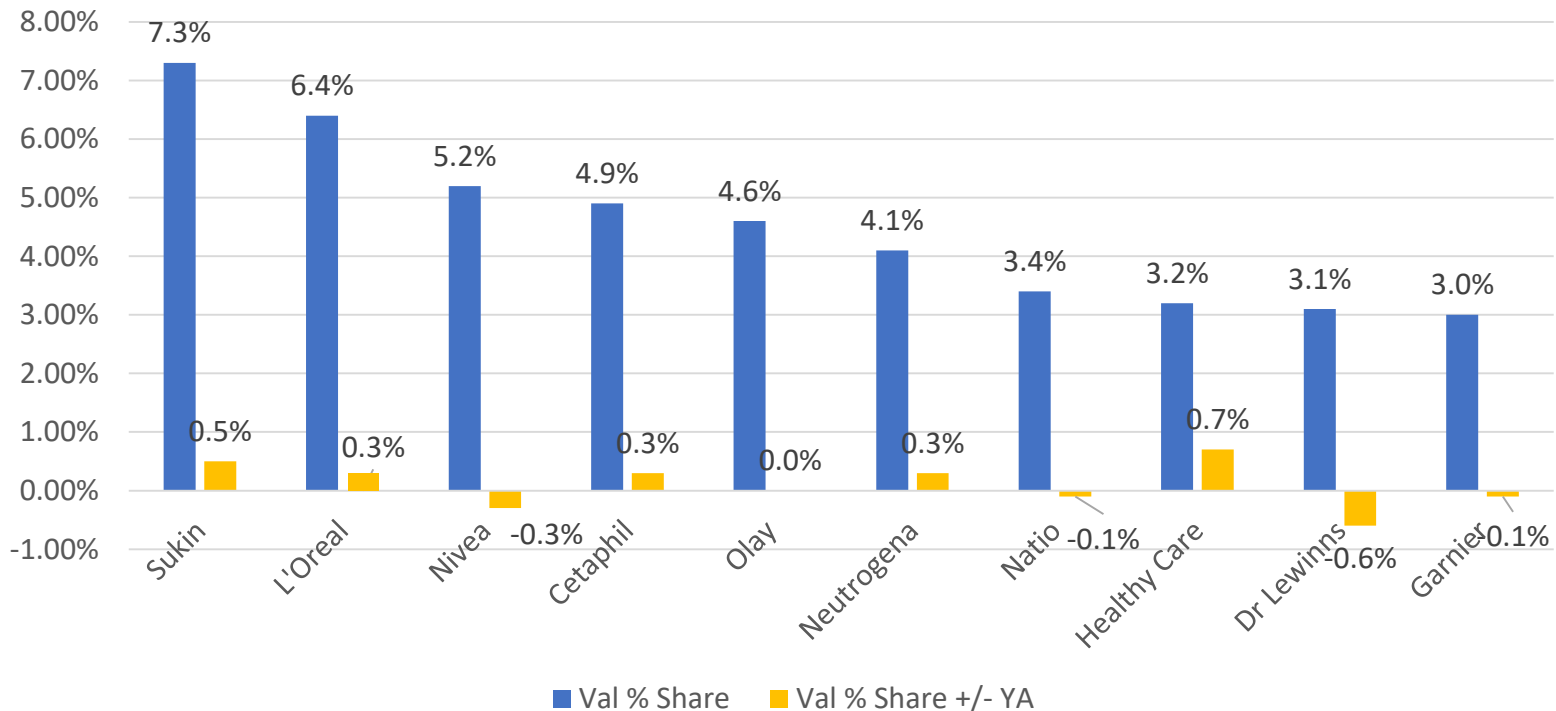
Sukin now commands a 7.3% market share of cosmetic skin care market in the pharmacy channel, a new high for the brand.

This success is the result of an enormous amount of hard work from our combined teams and the continued support of each of our retail partners.

Sukin continues to gain market share and is driving natural category growth.

## Share Report

Australian Nielsen Pharmacy Scan – MAT to 28/05/2017



# INTERNATIONAL PLATFORM – SUKIN

## UK/EU

### Holland & Barrett (H&B)

- After strong 12 months sales data, H&B have confirmed an increase in ranging of 5 additional Sukin SKU's across 500 UK stores with a further 2 SKU's going into their top 200 locations.
- In keeping with the developing popularity of travel size products, H&B will also range 6 of our 50ml travel size SKU's in all 700+ UK stores.
- Gift packs will also feature in all H&B UK locations in the lead up to Christmas.
- These range extensions are expected to take effect during the first half of Q2.
- Following our extensive engagement with their international team, H&B have also confirmed full distribution of 26 Sukin facial skincare SKU's throughout their 186 stores in the Netherlands and 18 stores in Belgium.

### Boots

- Sukin sales in Boots pharmacies continue to trend positively. We expect to be well positioned to increase our distribution beyond our existing 220 stores following the review of our 12 month data (available late Q2).

### Independent Retailers

- In the UK our network of independent retailers has performed well over 2HFY17 with revenues from this channel growing inline with Sukin's overall export growth of 103.2%.

With our increasing profile in the UK and other EU territories, further market opportunities are being actively pursued to expand distribution into several additional large banner groups. Early stage discussions have occurred with potential distributors in Germany, Israel and the Middle East.

# INTERNATIONAL PLATFORM - SUKIN

## CHINA

During FY17 BWX’s approach to our business in Asia has been dominated by regulatory developments in the Chinese, CBEC (Cross Boarder E-Commerce) space. The changes announced in November 2016 confirmed that CBEC skincare products would not be subject to animal testing for CBEC import registration. After gaining clarity on the issue, we have now allocated dedicated resources to building a growing sustainable brand presence within the Chinese market.

In addition to activating Sukin Weibo and Wechat accounts during 2HFY17 aimed at facilitating increased brand awareness, we have participated in a number of industry events and promotional activities. We have designed and produced specific marketing collateral to create demand in mainland China, supporting both Diagon and export partner demand. Sales through Tmall and VIP in particular have been consistently encouraging and remain a key route to market.



# INTERNATIONAL PLATFORM - SUKIN

## ASIA

Malaysian distribution is ahead of schedule with Sukin currently represented in approximately 150 retail outlets against a target of 100 accounts in CY2017.

Guardian pharmacies recently began stocking the range in their Mid Valley Megamall Flagship store. Sukin was one of only 8 brands to receive dedicated light box displays. This initiative is expected to roll out to their top 50 stores in conjunction with a further 100-200 floor stand accounts between late Q2 and early Q3 FY18.

Singapore has been a solid contributor to the export sales result, showing consistent double digit growth.

We have made our first sales to Vietnam through independent distribution and are in early stage discussions to establish distribution in Indonesia.



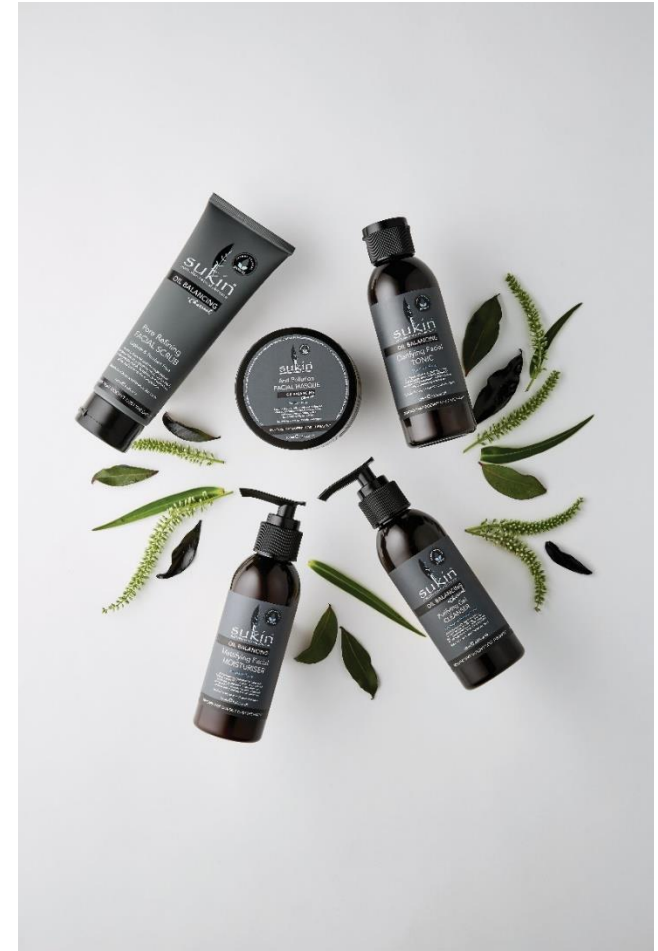
# INTERNATIONAL PLATFORM - SUKIN

## NORTH AMERICA

Our major activity in Canada over the past six months has been the transition to the new distribution arrangement with sales having performed in line with our expectations. Initial success has been achieved in gaining distribution with one of Canada's largest retailers, Loblaws. Loblaws have agreed to range Sukin in over 500 of their Natural Value and Super Store outlets following their Q2 planogram reset. The initial ranging is for between 8 and 12 SKU's depending upon store grading and is expected to be available on shelf by January 2018.

Work is now underway to engage Canada's largest retail pharmacy group Shoppers Drug Mart (owned by Loblaws). Shoppers Drug Mart operates over 1,200 stores across Canada.

As previously mentioned, the Mineral Fusion brand of natural cosmetics will provide opportunities to expand the Sukin product range and to leverage Mineral Fusion's already established distribution infrastructure for the distribution of Sukin in the US.





**OUR BRANDS**





sukin<sup>®</sup>  
australian natural skincare





# EVOLUTION OF AUSTRALIA'S #1 NATURAL SKINCARE BRAND

In 2007, Sukin was launched in Melbourne, Australia, after identifying a gap in the market for high efficacy, environmentally sustainable, affordable natural skincare.

Sukin's tag line "skincare that doesn't cost the earth" links Sukin's stance on environmental sustainability with the brands affordable price point.

With a portfolio of product lines that are continually extending across face, body and hair, Sukin has quickly become Australia's #1 choice in natural skincare.

						
<b>SUKIN LAUNCHED</b>	<b>ROSEHIP OIL</b>	<b>PURELY AGELESS</b>	<b>AWARDS &amp; REACH</b>	<b>5 YEAR LAUNCHES</b>	<b>SUPER GREENS</b>	<b>YEAR OF LAUNCHES</b>
<p>Sukin launched in 2007, with the Sukin Signature Range consisting of 22 products for Face, Body and Hair Care.</p>	<p>Branching into a new category, Sukin launched Certified Organic Rosehip Oil.</p> <p>Sukin became an international brand in 2008 with their launch into Singapore.</p>	<p>Purely Ageless was launched in 2009, providing mature skin types with a natural skincare option.</p>	<p>By 2010, Sukin was available in 10 countries across the globe.</p> <p>Sukin won the Governor of Victoria's emerging Exporter of the Year Award.</p>	<p>To celebrate Sukin's 5<sup>th</sup> Anniversary, they launched the Sensitive Range, Rosehip Hydrating Day Cream, Wellbeing Body Oil and Restoring Argan Oil.</p>	<p>Arguably their most innovative range to date, Sukin launched the first Super Greens skincare range in 2015.</p>	<p>In January 2016, Sukin was announced as Australia's #1 Natural Skincare Brand in Pharmacy.</p> <p>2016 was the biggest year of launches with the new additions of the Oil Balancing and Baby Ranges, the Hydrating Masque, Renewing Body Scrub, and Energising Body Scrub.</p>
2007	2008	2009	2010	2012	2015	2016

## SUKIN AUSTRALIA'S NO.1 SELLING 'NATURAL' SKINCARE BRAND

- As well as capturing consumers new to skincare in general, Sukin speaks loudly to the increasing number of existing consumers shifting their purchasing toward natural products.
- Increased awareness about the efficacy of natural personal care products and a desire to lead a healthier, more sustainable lifestyle drive category growth. Growing numbers of consumers are making cleaner, greener lifestyle choices for themselves and their families.
- Sukin has been increasingly successful in harnessing this increased *green* consciousness. This has, in turn translated into Sukin increasing it's market share to clearly lead the category.
- Distributed both domestically and internationally through pharmacies, health food retailers , gift stores as well as an increasing number of "wellness lifestyle businesses" Sukin provides an effective, natural, high quality skin care choice at an affordable price point.
- Sukin's international markets include; UK, Canada, China, Malaysia, Singapore, Vietnam, USA, New Zealand, Belgium and The Netherlands.



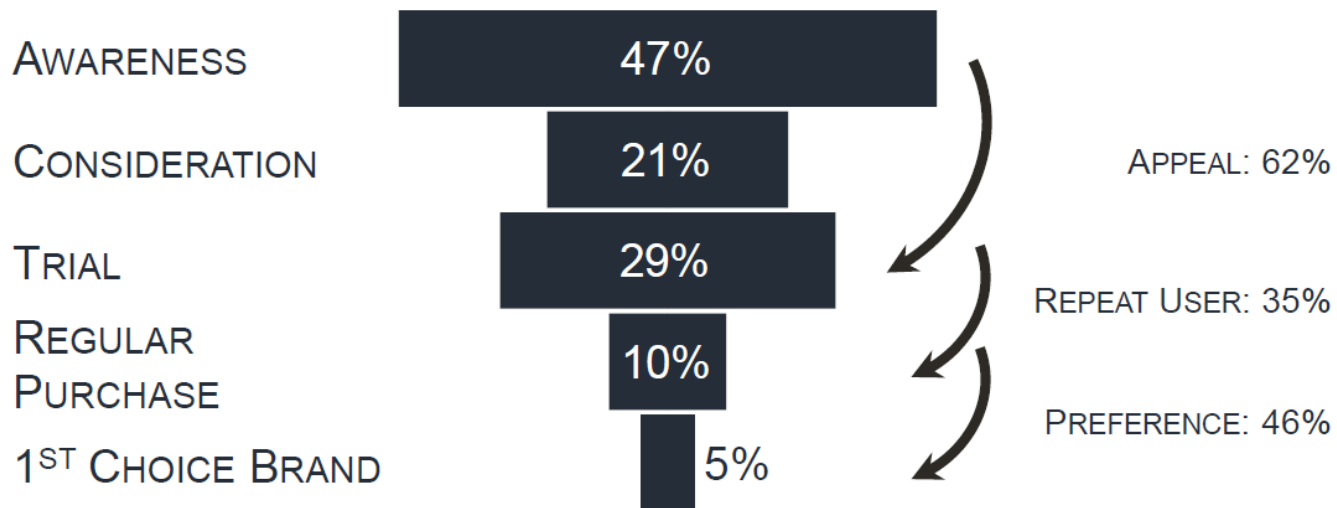
1 Nielsen Data MAT 26 June 2016

# MARKET LEADING TRIAL TO REGIME RATIO – DRIVING BRAND AND CATEGORY GROWTH

Sukin’s use of digital media and targeted marketing and POS promotional campaigns continue to be highly effective in creating an enviable consumer funnel.

Sukin has a high conversion rate of over 34% from trial to becoming a regular purchase and an almost 50% conversion from regular purchase to first choice brand.

The next best performing brand has a conversion from trial of 38% but only a 32% conversion from regular purchase to first choice.



# INCREASED DISTRIBUTION IN DOMESTIC MARKET

- After extensive research, it was identified that whilst BWX was market leading in trial to regime ratio, there was a low unaided awareness vs mainstream competitors and our distribution network only enabled Sukin to reach 45% of the domestic market in their weekly health and beauty shopping trip
- Sukin was launched in Coles Supermarkets Australia wide in late August 2017
- Stores have an approximate range of 15-35 SKU's on shelf, depending on the size of the Coles Supermarket
- We have been working closely with Coles on the campaign launch which have tied this into existing Sukin Brand marketing efforts



## COMPLEMENTARY BRANDS

### Uspa Rebranding completed

Uspa is a premium range of skin care and hair care products formulated specifically for professional beauty therapists.

Uspa products are distributed in the Australian and International markets to day spas and beauty salons both directly and through a network of distributors.

There are substantial opportunities for growth both domestically and internationally.

Following the rebranding exercise completed late Q3FY17 Uspa product sales increased in excess of 25% in the following 4 months.

The rebranding has led to the rekindling of some previously held international distribution relationships and bodes well for growth during FY2018.



**USPA<sup>®</sup>**



# COMPLEMENTARY BRANDS

**Edward Beale is a range of salon developed hair products targeted towards value conscious consumers**

Edward Beale re launched into the market with updated formulations, packaging and positioning. The range is currently being evaluated for potential as private label for a major off price international retailer.



**edward beale**<sup>®</sup>  
SALON SERIES

**Derma Sukin is a Natural Skin Care Brand for Sensitive Skin**

Natural skin care range formulated for consumers with sensitive skin . DermaSukin has recently been accepted for ranging in Watson’s HK.

**Derma  
Sukin**

**renew**<sup>®</sup>  
skincare australia

**Renew is a Natural Skincare Brand**

Face, body and hair care products produced using Rosehip Oil . Currently the last of BWX’s existing brands undergoing a product and packaging facelift.



# MINERAL FUSION®



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## MINERAL FUSION ACQUISITION

On 30 June 2017 BWX acquired Mineral Fusion for USD\$38.4m, the leading US natural colour cosmetics brand, providing BWX with a significant entry into the world's largest consumer market. The acquisition at approximately 1.8 x TTM revenues, a measure most commonly used in the US to value deals, compares favourably to a median of 2.4 times TTM for strategic/scale deals and even more favourably when compared to a median of 5.1 times TTM for growth assets.

Following this acquisition BWX now has a substantial presence throughout the natural products channel in the US. We believe the transaction will provide significant opportunity to establish a retail presence for our existing brands as well as providing access for Mineral Fusion to BWX's domestic and International distribution network.

Combining the 7% segment leading growth of colour cosmetics in the global market with the almost 10% growth in demand for natural beauty and personal care, Mineral Fusion is perfectly placed for continued growth.

The MF business is an asset light, scalable business model that mimics the brand attributes, customer base, distribution channels, resources and management skill set that exist within the current business and brands of BWX. This provides a tremendous opportunities to build combined scale without the need to develop individual infrastructure.

Our respective teams are currently working together to introduce BWX's brands to the US through Mineral Fusion's extensive retail network. Concurrently, we see a great opportunity to market the Mineral Fusion product range within our domestic market, as well as across our existing and expanding international operations.

This strategic acquisition forms a solid platform on which to build further scale and progresses BWX's aims to become a global leader in the natural beauty and personal care markets.



# MINERAL FUSION DELIVERING NATURAL HEALTHY BEAUTY

Mineral Fusion Natural Brands began in 2009 to provide professional quality products to the growing demographic of consumers searching for a healthier more Natural choice for their cosmetics at an affordable price.

The Mineral Fusion range consists of colour cosmetics, skin care, hair and nail care across over 250 SKU's . The range is free from parabens, artificial fragrance, and synthetic colours.

All mineral fusion products are 100% vegan and cruelty free.

Through an exclusive stocking arrangement with Wholefoods Markets USA, the brand quickly became the market leader in Natural colour cosmetics.

In 2012 Mineral Fusion began increasing distribution beyond Wholefoods and is now stocked in over 3000 outlets across generating an impressive 3 year retail sales CAGR +20.4%

Leveraging off its #1 position in the natural channel, Mineral Fusion has been successful in the crossover to conventional grocery and drug stores. The product range has recently gained distribution in 300 leading CVS pharmacies.



## MINERAL FUSION CONTINUED...

The channel diversification of Mineral Fusion (MF) is in its infancy. There remains huge growth potential within all areas of domestic and international distribution. The MF range is ideally placed to move further into US mainstream retail as mass retailers such as CVS, Walgreens and Target strive to attract a share of the growing consumption of Natural products.

Online sales currently account for ~10% of existing sales, and are the quickest growing retail channel recording a 3 year net sales CAGR of 49.9%. MineralFusion.com has grown at almost 90% over the previous 12 months, and in addition, Amazon.com the recent acquirer of Wholefoods Markets, has grown its sales of MF products by 45% over the same period.

International marketing is yet to be undertaken, offering a further opportunity to utilise BWX's existing international network to introduce the MF product range to several key international markets.



# ANDALOU

## NATURALS

## ANDALOU NATURALS HIGHLIGHTS

BWX recently acquired Andalou Naturals, Inc., a leading natural skin, body and hair care brand based in the US, for US\$80m plus potential additional amounts subject to Andalou Naturals achieving particular financial milestones

- **#1 selling facial skin care brand in the US natural channel<sup>1</sup>**
- **Diversified sales channels**, with broad distribution across the natural, drug / pharmacy, mass & grocery, e-commerce and specialty channels
- **Proven track record of revenue growth** since the business was established in 2010
- **Well-established and high quality management team** with over 30 years' experience in natural personal care
- **Financially compelling transaction**
  - Estimated FY2018 revenue of US\$41m and pro forma forecast EBITDA of US\$8.5m
  - Implied multiple of 9.4x EV / FY2018 pro forma forecast EBITDA, or 8.4x including expected annual cost synergies<sup>2</sup>
  - Transaction forecast to be approximately 10% EPS accretive on a pro forma FY2018 basis before expected annual cost synergies<sup>3</sup>



1 SPINs LLC, Brand Ranking Reports. Last 52 weeks ended 18-Jun-2017.

2 Excludes potential additional amounts of up to US\$11.2m subject to Andalou Naturals achieving particular financial milestones related to gross profit. Expected annualised cost synergies of US\$1m expected to be achieved by the end of the first full year of ownership.




3 Assumes the transaction effective from 1-Jul-17, excludes acquisition and integration costs. In accordance with AASB 133, BWX EPS has been adjusted to reflect the bonus element of the Entitlement Offer.

# ACQUISITION RATIONALE

A strategically compelling acquisition that progresses BWX's goal to become a global leader in the natural personal care market

- Leading growth brand in natural personal care products, with innovative product formulations, all natural ethically sourced ingredients, positioned at a clearly differentiated price point to Sukin
- Track record of revenue growth achieved by a high quality management team who have committed to the business for the next 4 years
- Acquisition of Andalou Naturals creates a sizeable US operating platform when combined with Mineral Fusion, enabling management to drive operating efficiencies
- Within the US, Andalou Naturals has further growth opportunities via channel expansion and new product development
- Opportunity to expand distribution of Andalou Naturals and other BWX brands across BWX's broadened geographic and channel footprints
- In particular, the acquisition creates a quality US distribution network capable of supporting the entry of other BWX brands

# TRANSFORMATIVE ACQUISITION THAT ADDS A STRONG, COMPLEMENTARY BRAND TO THE BWX PORTFOLIO


	 <b>sukin</b> <small>australian natural skincare</small>	 <b>MINERAL FUSION</b> <sup>®</sup> <small>minerals on a mission<sup>®</sup></small>	 <b>ANDALOU</b> <small>NATURALS</small>
<b>Brand positioning</b>	Natural – Affordable	Natural – Mass	Natural – Masstige
<b>Product categories</b>	Skincare Hair Care Body Care	Colour Cosmetics Skincare Hair Care Nail Care	Skincare Hair Care Body Care
<b>Average price</b>	A\$10.73 <sup>1</sup>	A\$22.27 <sup>2</sup>	A\$24.49 <sup>3</sup>
<b>Target customer</b>	<ul style="list-style-type: none"> <li>• 18 – 50 year old, value conscious consumers seeking quality, targeted personal care products</li> <li>• Ingredient-conscious</li> <li>• Environmental and sustainability focus</li> </ul>	<ul style="list-style-type: none"> <li>• 22 – 55 year old female working professionals</li> <li>• Prefers a timeless, natural look</li> <li>• Demands uncompromised performance, ingredient purity and values-based ethos</li> </ul>	<ul style="list-style-type: none"> <li>• Premium focused 22 – 60 year old female degree qualified, working professionals</li> <li>• Ingredient-conscious</li> <li>• Environmentally and socially conscious consumers who strive to make an impact</li> </ul>
<b>Geography</b>	Australia 81% International 19%	US 99% International 1%	US 86% International 14%

1 Nielsen scan data LTM 26-Jun-17.

2 Cosmetics Whole Foods Markets scan data January to June 2017. USD converted at AUDUSD of 0.7842.

3 Total Andalou skin care sales Whole Foods Market scan data January to June 2017. USD converted at AUDUSD of 0.7842.

# IN PARTICULAR, THE ACQUISITION CREATES A QUALITY US DISTRIBUTION NETWORK CAPABLE OF SUPPORTING THE ENTRY OF OTHER BWX BRANDS

			
US Distribution Footprint	Mass & Grocery	   	  
	Drug / Pharmacy	  	 
	Natural	    	      
	Other	 	 
	eCommerce	    	   

# ACQUISITION OF ANDALOU NATURALS CREATES A SIZEABLE US OPERATING PLATFORM LEVERAGING BWX'S STREAMLINED GLOBAL SUPPLY CHAIN

*Estimated annualised cost synergies of US\$1m expected to be achieved by the end of the first full year of ownership*

## Operating efficiencies in BWX's US business

- The acquisition of Andalou Naturals is transformational for BWX's US operations, in combination with Mineral Fusion creating a significant natural care products platform
- Rationalisation of facilities provides the opportunity for sustainable cost savings to be realised
- The combination of these two brands within the BWX portfolio strengthens their position with distributors and retailers

## Streamlining BWX's supply chain

- Andalou Naturals currently uses contracted co-packers to manufacture all products in the Andalou Naturals range
- Given BWX's extensive manufacturing ability and capacity in Australia, there is the opportunity to move the manufacturing of several high volume SKUs in-house
- Manufacturing several high volume Andalou Naturals SKUs at our purpose built facility presents the opportunity for significant cost savings on the cost of landed units



# PLATFORM INTEGRATION PLAN

BWX has a well-defined plan for integrating the Andalou Naturals business into its existing platform, and over the near-term, we will focus on the consolidation of the business to improve operational performance and realise synergies from business combinations

## Near-term integration objectives

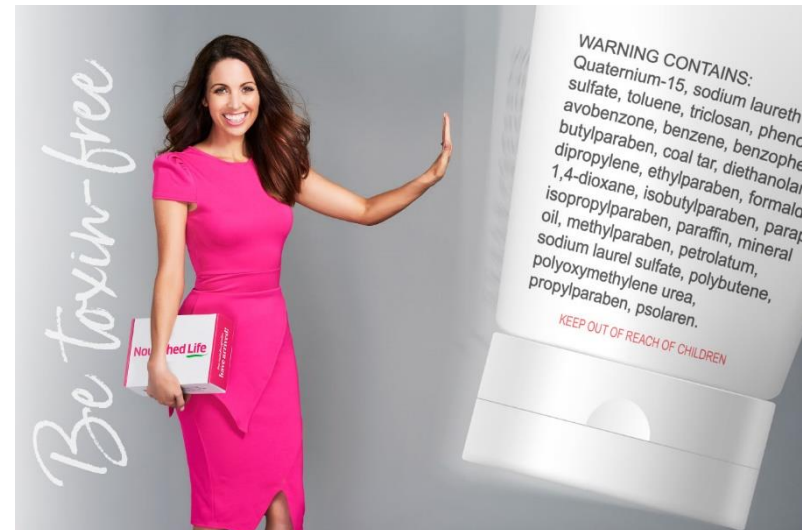
- Realise cost synergies between Andalou Naturals and Mineral Fusion through the streamlining of operational roles
- Remove duplication of existing activities
- Extract procurement benefits of a larger scale US operation
- Transition manufacturing of several high volume Andalou Naturals SKUs to Dandenong, Victoria
  - Annualised cost synergies of US\$1m expected to be achieved by the end of the first full year of ownership



## NOURISHED LIFE ACQUISITION

- On 11 September BWX announced that it had agreed to acquire Nourished Life for AU\$20m
- Nourished Life was founded in 2007 by Irene Falcone and is a online retail platform focused on selling natural and organic skincare and health and wellbeing products
- Nourished Life will continue to operate as a stand alone business, leveraging off BWX's shared services and access to capital management as well as utilising in-house manufacturing facilities for selected Life Basics products
- Opportunity to launch Nourished Life platform in other geographies and continue to extend product range over time

# Nourished Life



# BWX NOW HAS THE OPPORTUNITY TO EXPAND DISTRIBUTION OF ALL BWX BRANDS ACROSS BWX'S BROADENED GEOGRAPHIC AND CHANNEL FOOTPRINT

	 <b>sukin</b> <small>australian natural skincare</small>					<b>MINERAL FUSION</b> <sup>®</sup> <small>minerals on a mission</small> <sup>®</sup>					 <b>ANDALOU</b> <small>NATURALS</small>					 <b>BWX</b> 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	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

# FINANCIAL INFORMATION



# BWX FINANCIAL INFORMATION

## HISTORICAL

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

# BWX FINANCIAL INFORMATION

2HFY16 and 2HFY17 comparison of selected financial information

	Actual	Actual	
\$m	2HFY16	2HFY17	Change
Revenue	26.5	35.2	32.8%
Cost of sales	-9.3	-12.0	29.0%
Gross profit	17.2	23.2	34.9%
Other revenue	1.1	-	n/a
Costs	-7.9	-9.6	21.5%
EBITDA normalised	10.4	13.6	30.8%
Acquisition and restructuring costs	-	-4.2	n/a
EBITDA	10.0	9.4	(6.0)%
Depreciation and amortisation	-0.3	-0.4	33.3%
EBIT	9.7	9.0	(7.2)%
Interest	-0.7	-0.5	(28.6)%
Profit before tax	9.0	8.5	(5.6)%
Income tax expense	-3.3	-3.3	0.0%
NPAT	5.7	5.2	(8.8)%
NPAT normalised	5.7	9.4	41.9%
Revenue growth on pcp	14.9%	32.8%	1,790 Bpts
Gross margin	64.9%	65.9%	100 Bpts
EBITDA normalised margin	39.2%	38.6%	(60) Bpts
EBITDA margin	37.7%	26.7%	(1,100) Bpts
EBIT margin	36.6%	25.6%	(1,100) Bpts
NPAT margin	21.4%	14.7%	(670) Bpts
NPAT normalised margin	22.9%	26.6%	370 Bpts

# BWX FINANCIAL INFORMATION

## BALANCE SHEET AS AT 30 JUNE 2017

	Statutory, \$m
<b>Current assets</b>	
Cash and cash equivalents	11.0
Trade and other receivables	18.6
Inventory	16.4
Other assets	1.2
<b>Total current assets</b>	<b>47.2</b>
<b>Non-current assets</b>	
Property, plant and equipment	4.3
Intangible assets	132.4
Deferred tax assets	1.3
<b>Total non-current assets</b>	<b>138.0</b>
<b>Total assets</b>	<b>185.2</b>
<b>Current liabilities</b>	
Trade and other payables	12.1
Borrowings	18.9
Income tax payable	4.5
Provisions	1.2
<b>Total current liabilities</b>	<b>36.7</b>
<b>Non-current liabilities</b>	
Borrowings	49.1
Provisions	0.1
<b>Total non-current liabilities</b>	<b>49.2</b>
<b>Total liabilities</b>	<b>85.9</b>
<b>Net assets</b>	<b>99.3</b>

## CASH FLOW AS AT 30 JUNE 2017

	Statutory, \$m
<b>Cash flows from operations</b>	
Receipts from customers	74.1
Payments to suppliers and employees	-51.1
Payments for transaction costs	-1.3
Income taxes paid	-7.6
Net interest paid	-0.7
<b>Net cash from operating activities</b>	<b>13.4</b>
<b>Cash flow from investing activities</b>	
Purchase of property plant and equipment	-0.9
Acquisition of intangible assets	-
Net cash outflow on acquisition of business	-54.4
<b>Net cash flows used in investing activities</b>	<b>-55.3</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of shares	0.2
Capital raising costs	-0.0
Proceeds from financial liabilities	56.6
Dividends paid	-6.5
<b>Net cash used in financing activities</b>	<b>50.3</b>
<b>Net increase in cash</b>	<b>8.4</b>
Cash and cash equivalents at beginning of period	2.6
<b>Cash and cash equivalents at end of period</b>	<b>11.0</b>

# BWX FINANCIAL INFORMATION

- Net cash flows from operating activities demonstrates strong conversion into cash
- Trade receivables (ex Mineral Fusion) were broadly in line with 31 December 2016, despite the significant growth in sales during the period
- The value of inventories (ex Mineral Fusion) at 30 June 2017 are in line with 31 December 2016 levels as forecast, again despite the significant growth in sales during the period
- Trade and other payables (ex Mineral Fusion) increased primarily due to the costs of the acquisition of Mineral Fusion during the period
- The effective corporate tax rate is above 30% due to the treatment of the costs of acquisition as non-deductible for the purposes of preparing the financial statements
- During the year promotional expenditure in the amount of \$2 million was re-classified from sales and marketing expense to COGS
- The Company continues to benefit from significant improvements in production efficiencies
- BWX Brands Malaysia was incorporated during 2HFY17
- BWX Brands India was incorporated during 2HFY17
- BWX Brands USA was incorporated during 2HFY17





# CORPORATE STRUCTURE

## Key Statistics

Shares on Issue	117.5m
Indicative market capitalisation at \$6.80 per share	\$800m
Net debt at 30 June 2017	\$57m
Indicative enterprise value	\$857m

In FY17 BWX issued shares in accordance with Employee Loan Plan and deferred consideration on the Lightning Brokers acquisition which completed on 31 March 2016.

The Company has 1,970,000 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.

At November 2017, the Company had ~8,210 shareholders.

At November 2017, the Company had 2,498,000 shares on issue in accordance with the Company's Employee Loan Plan.



# BOARD & MANAGEMENT



# BOARD



**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.

**ABI CLELLAND**  
Independent Non-Executive  
Director

With over 20 years of executive roles in the industrial, retail, agriculture and financial services sectors, including with ANZ, Amcor, Incitec Pivot, Caltex and BHP, as well as from smaller entrepreneurial companies, Abi joined the board in August 2017.

Abi currently runs an advisory and management business, Absolute Partners that focuses on strategy, M&A and building businesses leveraging disruptive changes. She is also non-Executive Director at Orora Group.

# COMPANY SUMMARY



## RECONFIRMING COMPANY OUTLOOK

Further to our recent update to the market in October, we reiterate the company outlook statement contained in the Company's full year results presentation August 2017, noting that it does not include the impact of the recently completed acquisition of Nourished Life.




*“With the ongoing strategic initiatives we have in place, aimed at growing our brands across our existing domestic and expanding international platforms, combined with the expected contribution from recently acquired Mineral Fusion, we look forward to the continued growth of the company and expect growth in FY18 EBITDA to comfortably exceed the 30.7% increase achieved in FY17, assuming stable market and economic conditions during the period.”*

With the conclusion of the Andalou Naturals transaction the Company considers its current acquisition phase to be complete. Along with the continued growth of our existing brands, our focus will now be on the integration and consolidation of the recently acquired businesses.

We look forward to providing an update on operations and the integration of the BWX business at our half year results in February 2018.



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