

ASX Announcement

16 May 2019

LEADERSHIP, TRADING & GOVERNANCE UPDATE

Highlights

- Global restructure focused on building business capability and executional focus in key markets
- David Fenlon appointed Global CEO & MD; Myles Anceschi to leave the business
- Rory Gration (current Managing Director Asia Pacific) to report to Mr Fenlon; recruitment underway for US executive following recent US operations, sales and marketing hires; APAC Sales Director appointed
- Board renewal continuing with search for additional Non Executive Director commenced
- FY19 Trading EBITDA guidance updated to be in the range of \$21 million to \$23 million

Building leadership capacity

BWX Ltd (ASX: BWX) today announces that Mr David Fenlon, a current Non Executive Director of BWX, has been appointed Global CEO and Managing Director effective from 1 July 2019. Mr Fenlon is both an experienced consumer products and retail CEO and an experienced listed company director.

Further to this change, in order to scale the business for growth and take advantage of the momentum in the natural category, the Board has announced a global restructure anchored on building business capability and executional focus in key markets.

APAC

Mr Rory Gration, who joined the company as Managing Director Asia Pacific in August 2018, will report directly to Mr Fenlon and will focus on the execution of the APAC growth strategy. Mr Anceschi will leave the business.

The company also announces that it has appointed Mr Stephen Brown to the role of Sales Director, Asia Pacific. Mr Brown joins from Kimberly Clark and will commence in his role in July.

USA

The Board announces that the founders of Andalou Naturals, Stacey Kelly Egide and Mark Egide have initiated discussions regarding their future transition out of the BWX operation. The Egides are supporting the search for a new President for BWX Brands, USA to facilitate a smooth transition as we plan for their departure.

The company can also announce that Mr Ted Witt has this week commenced in the role of Senior VP Operations US. Mr Witt joins the company's recently-appointed Senior VP Sales US (Mr John Doherty) and Senior VP Marketing US (Ms Kathy Oneto) who commenced in their roles in January 2019.

BWX Chairman, Mr Ian Campbell, said: *“The Board acknowledges the significant effort that is required to build capability within the business and implement the systems and processes that are required to support a business of BWX’s size.*

“BWX’s brands and products are category leaders and have fantastic positioning in the growing natural skincare category. But the business needs further discipline, process and rigour to build scale and take advantage of the significant opportunities ahead.

“The leadership changes announced today are intended to increase capability and focus. The Board is keen to see the BWX strategy and the company’s key transformation initiatives implemented with greater urgency to ensure the business can continue to scale from a stable base.”

Guidance updated

The Company expects FY19 Trading Earnings Before Interest, Tax, Depreciation and Amortisation (Trading EBITDA) to be in the range of \$21 million to \$23 million.

Sukin trading will be impacted in Q4 as we cycle unprofitable promotions and unnecessary stock building. We expect to see improved margins and a reduction in trade investment in FY20 as promotional activity and stock is managed to appropriate levels. All other business units continue to trade in line with expectations.

We continue to see growth in consumption and category outperformance in Sukin Skin and Hair. We continue to build Sukin distribution with our ranging in Coles delivering high double-digit growth, a successful launch into Big W in February and Target Australia rollout to commence in July. Sukin will be in store at Countdown stores in New Zealand over the coming months.

Internationally, the business is focused on continued growth in the US, the UK, Europe, Asia and the Middle East as well as mitigation of Daigou channel challenges in China via extended rollout into additional ecommerce platforms.

Focus on governance

The Board continues its program of Board renewal following the appointment of Ms Jodie Leonard and Ms Fiona Bennett in December last year, and has commenced a search process for an additional Non Executive Director. Following this appointment, the BWX Board will have a strong governance and commercial focus comprising five Independent Non Executive Directors, including the Chair, and one Executive Director (Mr Fenlon). The Company is also in the process of appointing an in-house Company Secretary, reporting to the Chairman.

Further, the Board wishes to advise shareholders that it is well progressed in its review of the company’s remuneration policies, including both the Short Term Incentive Plan (STI) and the Long Term Incentive Plan (LTIP), and intends to have a new incentive system in place for the FY20 financial year.

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Mr David Fenlon, Biography

David Fenlon has more than 30 years of international experience implementing growth strategies and driving business transformation. He was most recently Managing Director of Blackmores in Australia and New Zealand, with responsibility for the Blackmores, BioCeuticals, Global Therapeutics and functional foods brands. During his time with the Company, David was part of the senior executive team overseeing growth in Group NPAT of 180% to \$70 million in FY2018.

David has held former leadership roles with Tesco throughout Europe and Safeway in the UK, as well as with diverse consumer brands in Australia. He is a member of the Australian Institute of Company Directors, a former Non Executive Director of PAS Group and a current Director of BWX Ltd, Quest For Life Foundation and Special Olympics Australia.