

The background of the slide features a light gray surface with several green leaves and white flowers. One large leaf is positioned vertically in the center, with a smaller leaf to its left and another to its right. A white flower is located near the top right, and another is near the bottom center. The text is overlaid on a white rectangular area in the center of the slide.

BWX 1H FY20 RESULTS

Friday, 21 February 2020

Dave Fenlon, Group CEO & Managing Director



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AGENDA

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





HIGHLIGHTS & BUSINESS REVIEW

1H20 Financial Highlights

BWX on track to meet FY20 Guidance

NET SALES
increased **23%**

**\$84.1m in 1H20 vs
\$68.1m in 1H19**

GROSS MARGIN
55.7%

+20 bps vs 1H19

UNDERLYING¹ EBITDA
increased **63%**

**\$11.6m in 1H20 vs
\$7.1m in 1H19**

**1H20 EBITDA excluding AASB 16 Leases² is
\$9.9m (+40%)**

CASH increased to
\$14m

Significant improvement in operating cash
flow during the half

Interim dividend of 1.3 cents per share

CORE BRANDS GROWING REVENUE



Sukin revenue **+43%** vs pcip



Andalou Naturals revenue **+15%** vs pcip



Mineral Fusion revenue **+28%** vs pcip



Nourished Life revenue **+5%** vs pcip

1H20 Operational Highlights

GO GLOBAL, GO MAINSTREAM

Sustainable growth in engine markets



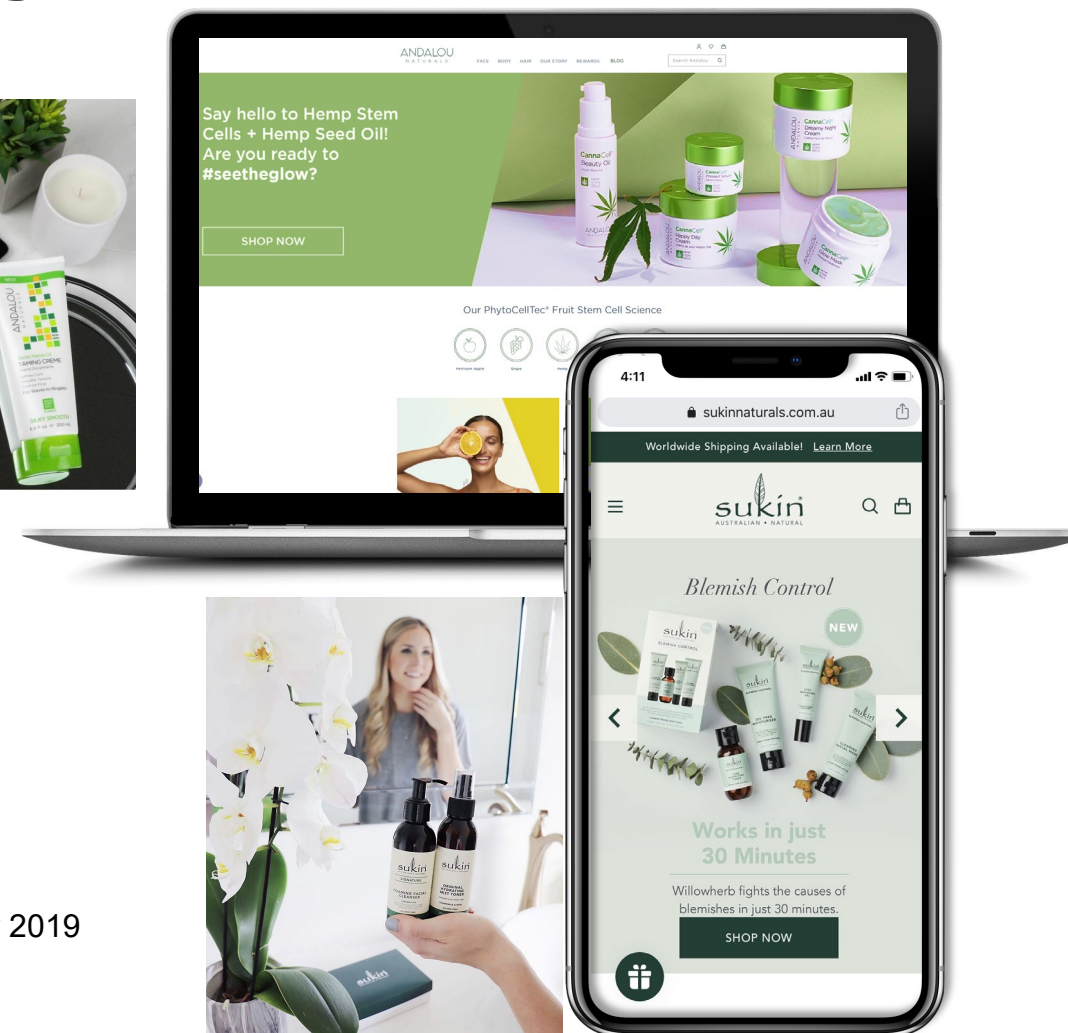
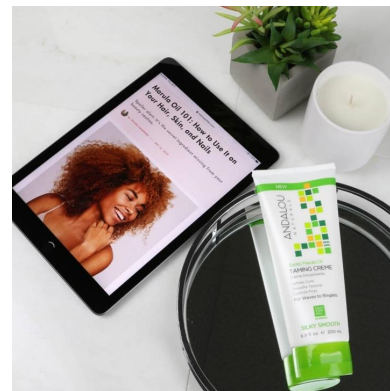
- ✔ Balanced geographic revenue mix
- ✔ Disciplined market prioritisation, exiting 16 non-core markets
- ✔ Market share and revenue growing across core brands
- ✔ Focused on 10 priority and 5 emerging markets – all profitable
- ✔ Coles strategic partnership extended and strengthened

CONNECT TO CONSUMERS

Disciplined brand expansion



- ⚡ Sukin now selling in 1,000+ USA doors including Target online (Dec 2019)
- ⚡ Andalou Naturals roll-out continues in Australia
- ⚡ Marketing investment increased 18% to support revenue growth
- ⚡ Website upgrades and user experience enhancements completed
- ⚡ Nourished Life increased average daily orders by 29% and membership up 13% since 1 July 2019
- ⚡ Launched 61 SKUs and aiming to reduce SKU count by 12.5% in FY20



1H20 Operational Highlights (cont.)

INVEST IN OURSELVES

Increasing Capability



- ☞ Key Group level appointments while maintaining cost control
 - ☞ Micheal Lovsin, Managing Director North Americas (USA)
 - ☞ Virginie Descamps, Chief Marketing and Revenue Officer (USA)
 - ☞ Allison Smith, Chief Technology & Strategy Officer
- ☞ Strong hires in Sales, Marketing, Innovation, Supply Chain and Governance to drive improved operating performance
- ☞ Key focus on growing capability and collaboration



GET CLEAN & GET HEALTHY

Operationally Smarter



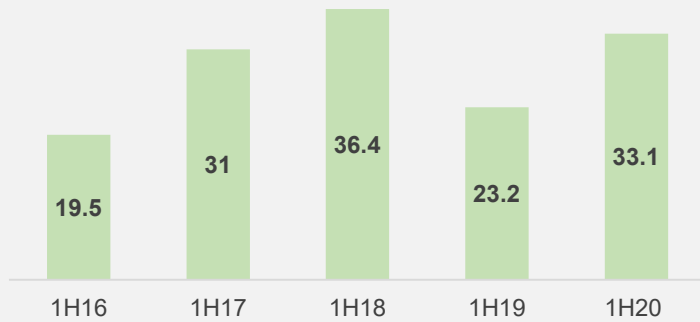
- ⚙ Andalou Naturals manufacturing successfully trialed in Dandenong
- ⚙ Cost-out program over next three years to fund marketing investment
- ⚙ Preparation for D365 implementation in USA in 2H20, with continued support to existing users in APAC
- ⚙ Commitment to not drive cost base faster than sales growth



Sukin



Net Revenue (\$m)



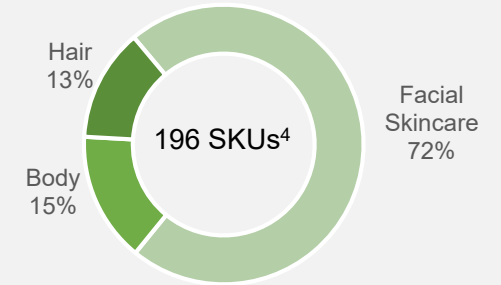
#1 Natural Skincare in Pharmacy – outstripping growth of natural pharmacy (+7.9% vs -5.2%)²

#2 Total Skincare brand in Pharmacy outperforming the category (+7.9% vs +5.4%)³

#4 Total Skincare brand in Coles – strong MAT sales growth of +29% in 1H20¹

Coles partnership strengthened – growth driver 1H

Revenue per product type³



+42.7% revenue growth vs pcp

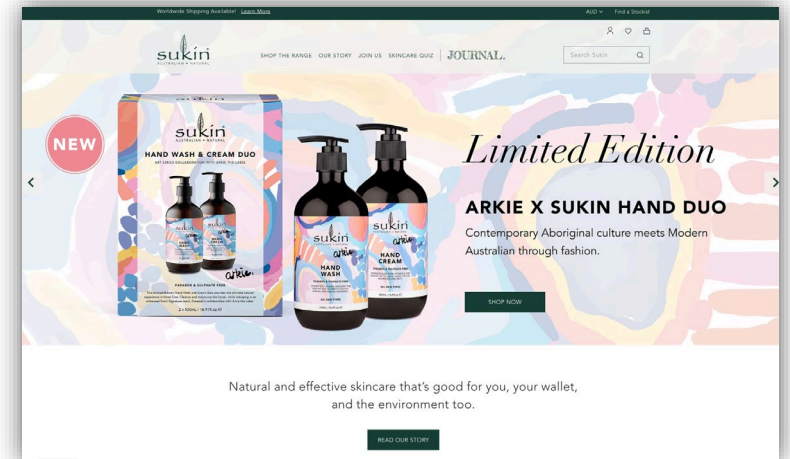
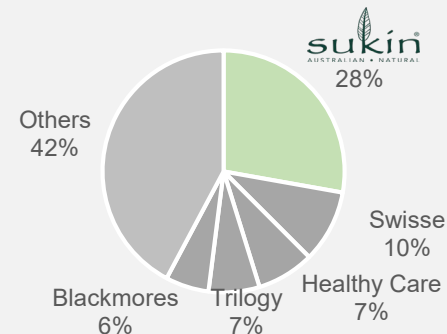
39% of Group revenue

Gross margin of 70-72%

Improvement in Price per Kilo:
\$58.0 in 1H20 vs \$56.5 in 1H19

Roll-out in USA Target started January 2020

AU Pharmacy Natural Skincare Market (%)



¹ IRI Market Edge Data – Coles Total Skincare – Dollars growth – MAT to 22/12/2019

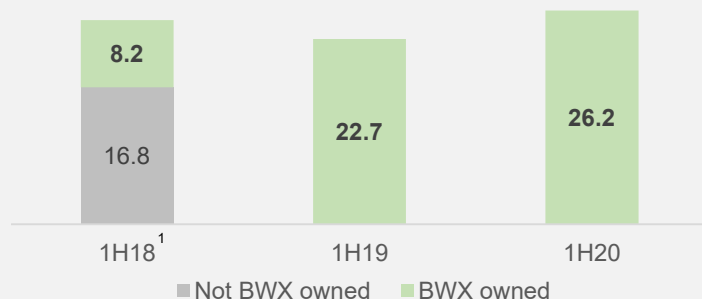
² IRI Market Edge Data – AU Pharmacy (Natural) Skin Care – Dollars Share –MAT to 22/12/2019

³ IRI Market Edge Data – AU Pharmacy Skincare – MAT to 22/12/2019

⁴ Based on all SKUs in IRI Market Edge Scan Data - AU Pharmacy – MAT to 22/12/2019

Andalou Naturals

Net Revenue (\$AUDm)



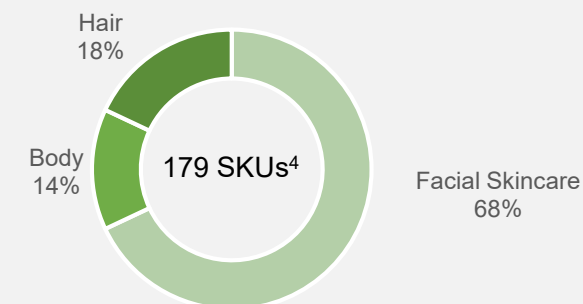
#1 Facial Skincare Brand (15.4%) in US Naturals Channel²

#4 Hair Care Brand²

#11 Natural Brand in Australia growing rapidly with 73% sales growth during the half³

Successful trial of manufacturing in Australia completed (December 2019)

Revenue per product type²



+15.2% revenue growth vs pcg

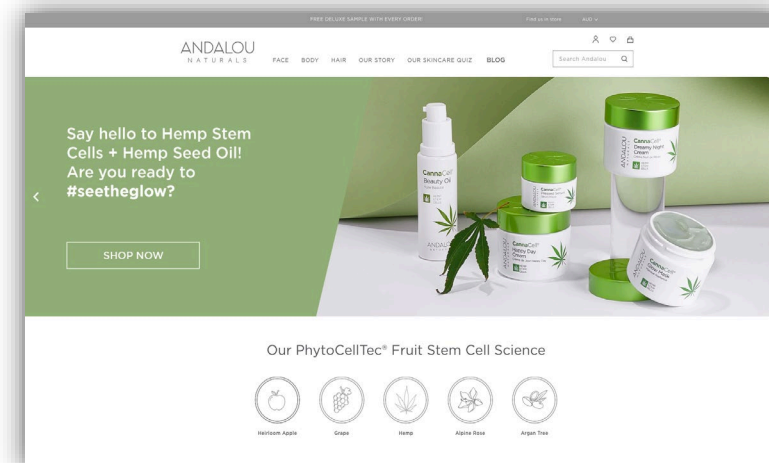
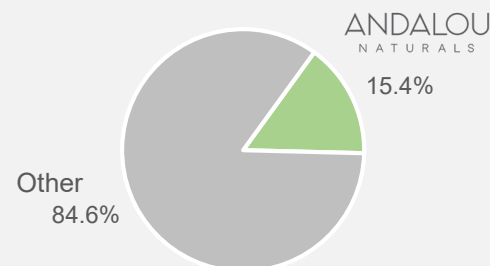
31% of Group revenue

Gross margin of 46-48%

Improvement in Price per Kilo (\$AUD):
\$77.3 in 1H20 vs \$75.7 in 1H19

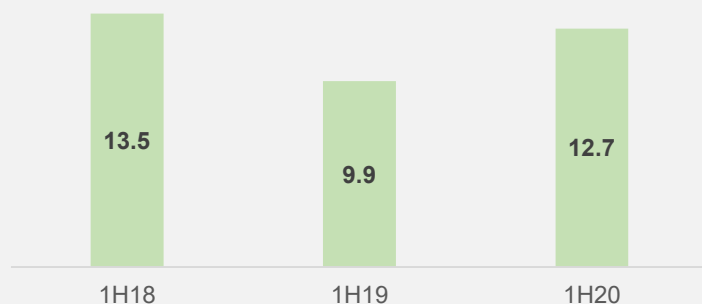
Andalou Naturals will launch in new Australian pharmacies in Q4 FY20

US Naturals Facial Skincare Market (%)²



Mineral Fusion

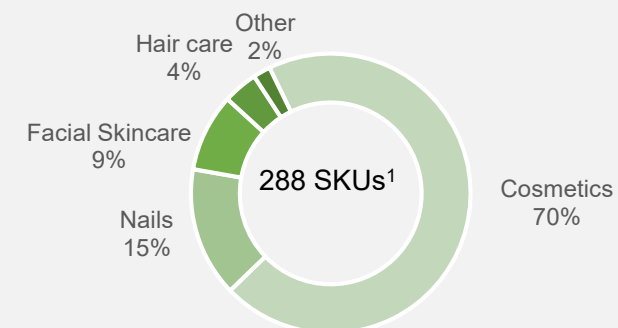
Net Revenue (\$AUDm)



#1 Cosmetics Brand in US Natural Channel¹

Well positioned to leverage growth of natural cosmetics market

Revenue per product type¹



+28.3% revenue growth vs pcp

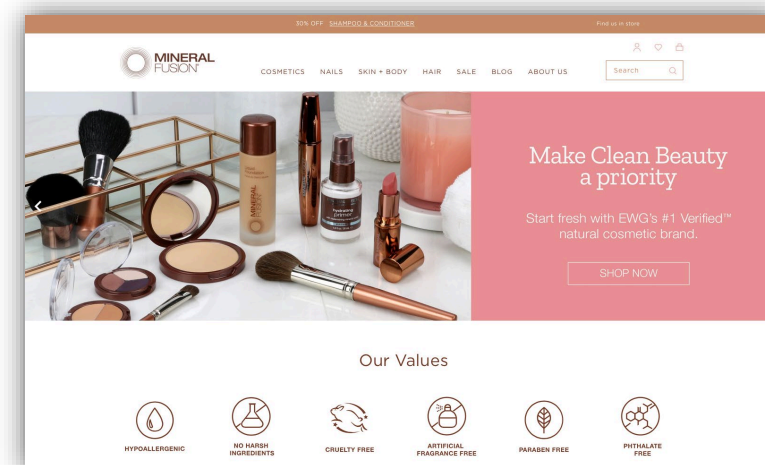
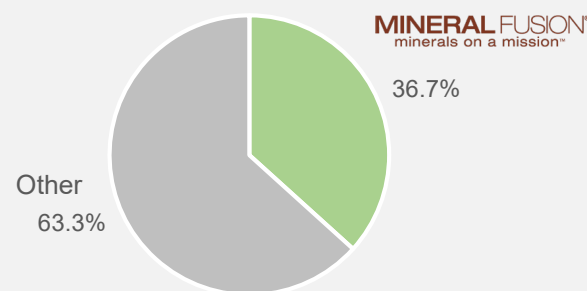
15% of Group revenue

Gross margin of 55-57%

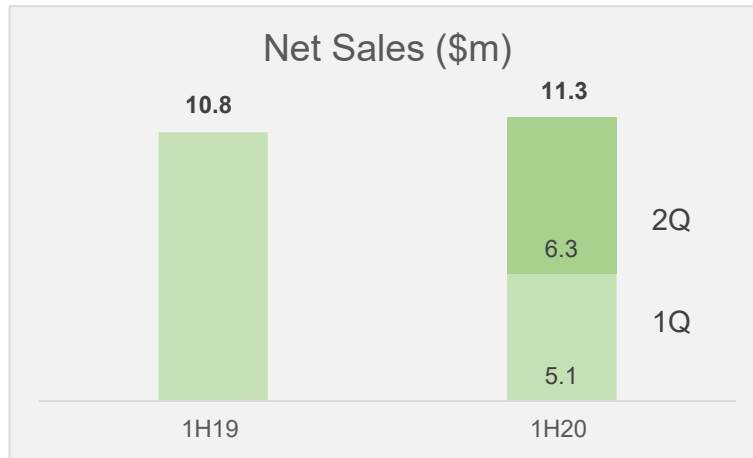
Movement in Price per Kilo (\$AUD):
\$430.0 in 1H20 vs \$450.0 in 1H19

Roll-out in USA Target started February 2020

US Cosmetics Natural Market (%)¹



Nourished Life

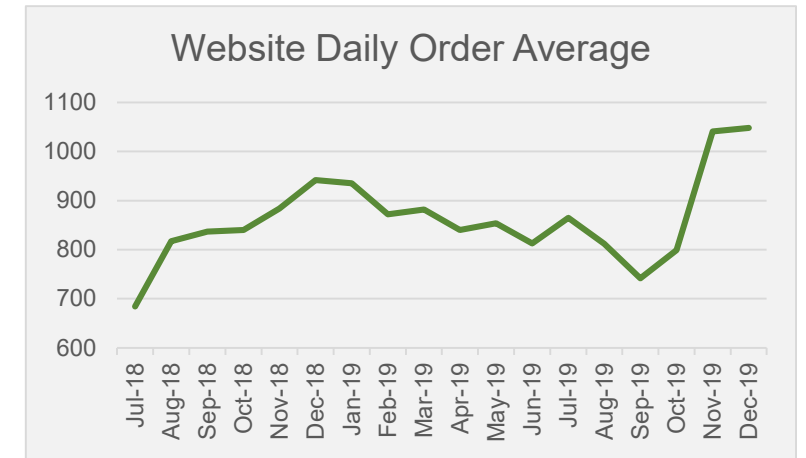


Member Loyalty – continued expansion of Loyalty Club (+13% in 1H20)

Measured expansion +29% increase in daily orders in 1H20 following website upgrade

Improving conversion rates following user experience upgrades

Remains leading Australian B2C Natural Online platform in Australia

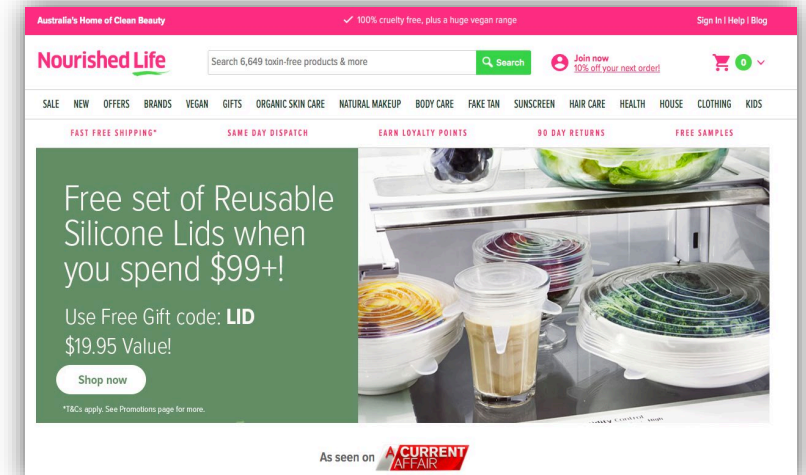


13% of Group revenue

Gross margin of 32-34%

+5% increase in basket size vs 1H19 – focus on cost of freight to improve margin

Data analytics plan to be implemented to add value to BWX Group



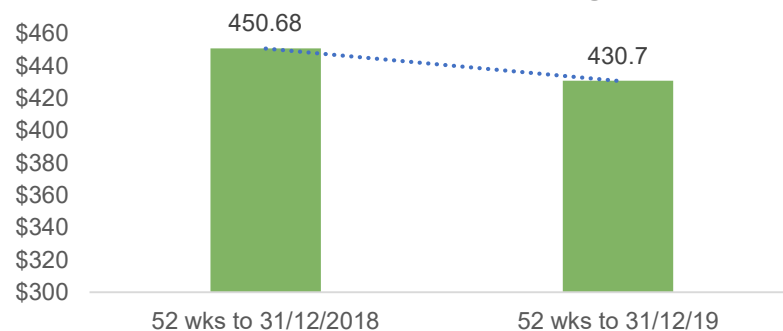


Price Per Kilo Progression

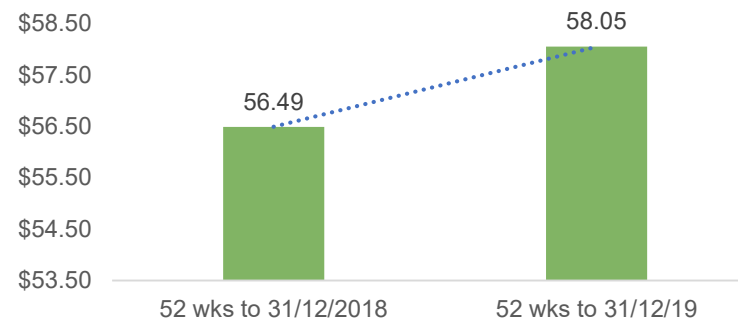
Improvements in cost per kilo driven by:

- Managing the volume to value equation in each channel
- More targeted and efficient promotions (depth versus frequency)
- Innovation, innovation, innovation

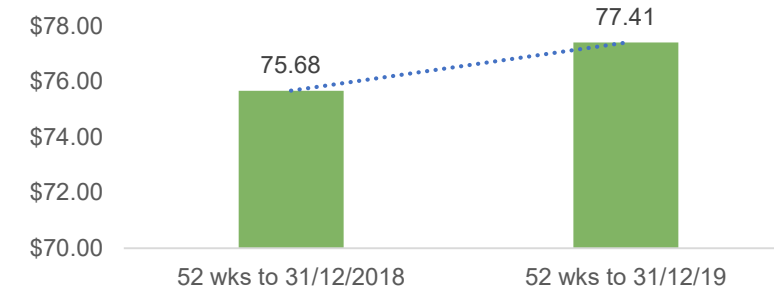
Mineral Fusion – Price per KG progression



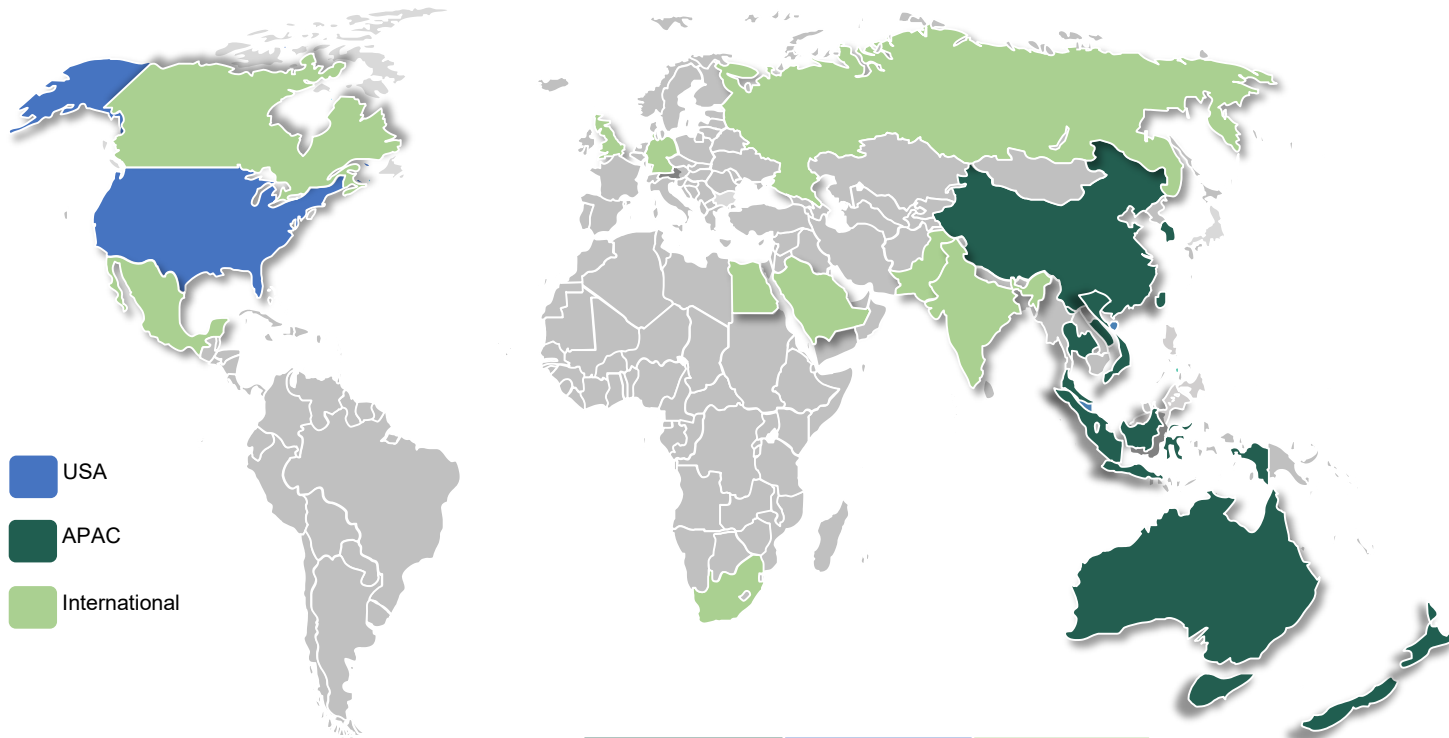
Sukin – Price per KG progression



Andalou Naturals – Price per Kilo progression



Revenue by Region



Revenue (\$AUD)	\$41.3m	\$33.9m	\$8.9m
Growth (vs pcp)	+26%	+16%	+42%

APAC

Andalou Naturals continues to resonate with Australian consumers and plans are underway to significantly broaden distribution throughout H2

Successful brand launches into Indonesia and Vietnam

USA

Sukin receiving positive consumer response in US with the multi-channel strategy extending consumer reach (Target, Target.com, Amazon, Thrive Market, SukinNaturals.com)

International

Market prioritisation delivering efficiency benefits

Measured expansion into Europe with growth coming from UK and Germany





FINANCIAL SUMMARY

Financial Performance

Net revenue increased 23% in 1H20 vs 1H19

Gross Margin increased from 55.5% to 55.7%

Operating Expenses increased 15% sitting well below sales growth and is primarily attributable to controlled and strategic investment in marketing and people and capability

Depreciation & Amortisation in line with 1H19, excluding the impact of \$1.5m depreciation of finance leases recognised in accordance with AASB 16 Leases standard

Group effective tax rate of 27%

Fully Franked Interim dividend of 1.3 cents per share determined for 1H20 within dividend payout guidance of 35-50%

AUD million	1H19	1H20	Change
Revenue	68.1	84.1	23.4%
Gross Profit	37.8	46.8	21.7%
Gross Profit Margin	55.5%	55.7%	+20 bps
Operating Expenses	(31.1)	(35.8)	(15.0%)
EBITDA – Reported	7.2	11.4	59.1%
EBITDA – Underlying ¹	7.1	11.6	62.7%
EBITDA margin – Underlying	10.4%	13.7%	+330 bps
Depreciation & Amortisation	(1.4)	(2.9)	(115.0%)
Interest Expense	(2.8)	(2.7)	4.5%
Tax	(0.4)	(1.6)	(279.2%)
NPAT – Reported	2.6	4.2	62.5%
NPAT – Underlying ¹	2.5	4.4	52.7%
EPS – Reported	2.1	3.4	61.1%
EPS – Underlying	2.1	3.5	70.6%
Dividend per share	-	1.3	N/a

Balance Sheet

Strong balance sheet maintained and healthy cash position.

Receivables increased by 5% and **Inventory** increased by 7% compared to June 2019, to support sales growth

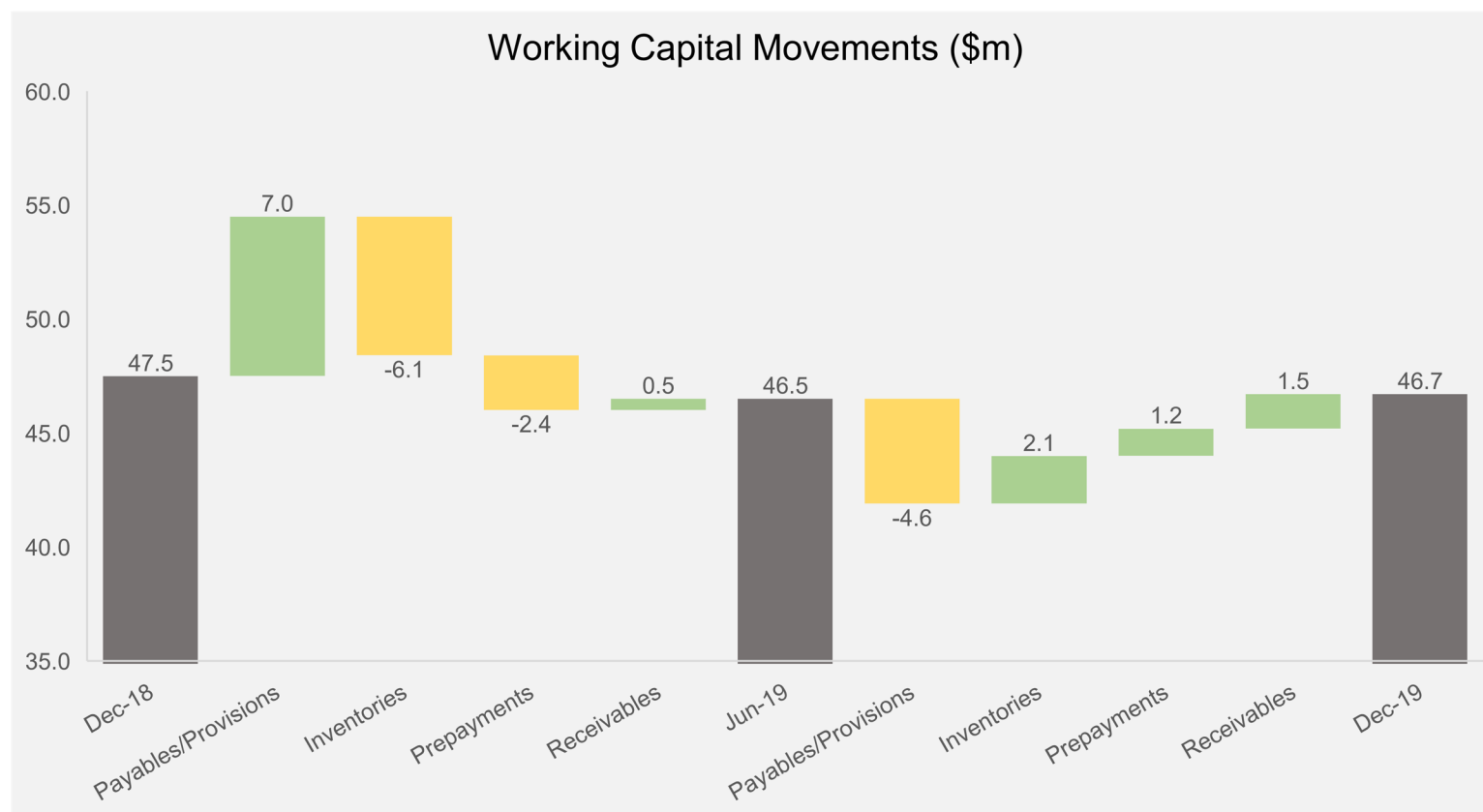
Trade and other payables increased compared to June 2019, which is a reflection on timing of supplier payments

Financial liabilities include bank debt (\$55.4m) and deferred consideration and payments on acquisition (\$12.9m)

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 (\$11.8m) and lease liability (\$13.8m)

AUD million	Dec 2018	June 2019	Dec 2019	Change
Assets				
Cash	5.7	12.0	14.0	2.0
Trade and other receivables	30.4	30.9	32.4	1.5
Inventories	34.9	28.8	30.9	2.1
Prepayments	6.1	3.7	4.9	1.2
Current tax asset	-	1.0	-	(1.0)
Right of use asset	-	-	11.8	11.8
Plant and equipment	3.9	4.3	4.7	0.4
Intangible assets and goodwill	284.5	285.2	286.4	1.2
Deferred tax assets	6.1	4.6	5.5	0.9
Total assets	371.7	370.5	390.6	20.1
Liabilities				
Trade and other payables	22.9	15.5	20.0	4.5
Financial liabilities	69.7	67.6	68.3	0.7
Lease Liabilities	-	-	13.8	13.8
Current tax liabilities	0.4	-	0.1	0.1
Employee benefits	1.2	1.6	1.7	0.1
Total liabilities	94.2	84.7	103.9	19.2
Net assets	277.5	285.8	286.7	0.9

Working Capital

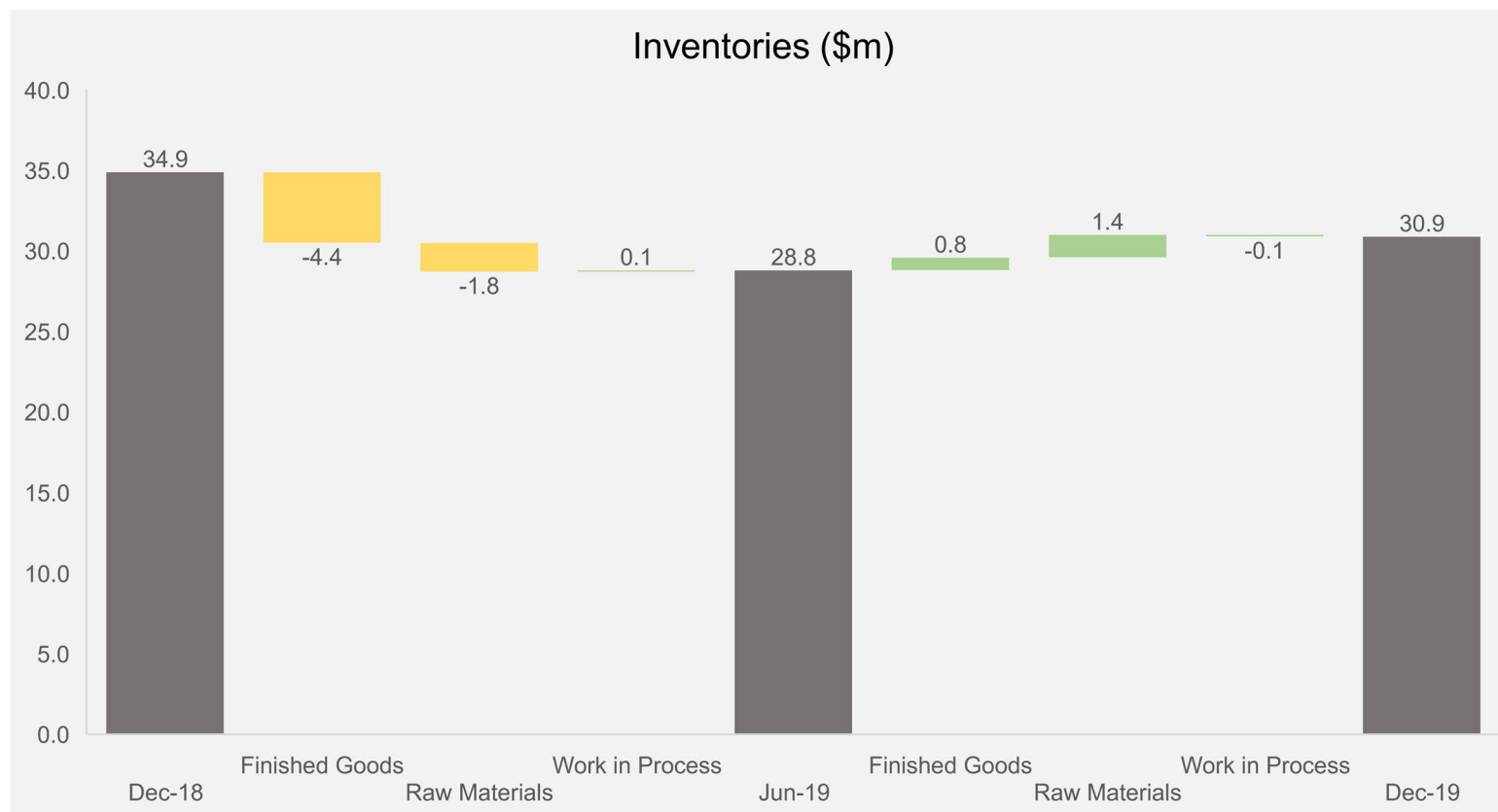


Working capital well maintained to support sales growth

The Group maintained a healthy **cash position** increasing from \$12.0m to \$14.0m in 1H20



Inventories



Inventory balances as per the inventory plan in 1H20, which are in line with sales momentum

Benefits from the ERP intelligence and S&OP processes introduced during the year



Cash Flow Reconciliation

AUD million	1H19	1H20
EBITDA (Underlying¹)	7.1	11.6
Working Capital Movements	-4.0	-0.3
Non-Recurring Costs	-2.1	-0.1
Interest Expense	-1.9	-1.8
Tax	-2.5	-0.5
Other	-3.9	-0.5
Operating Cash Flow	-7.3	8.4
Capital Expenditure	-2.6	-2.1
Acquisitions	-5.1	-

Significant improvement in Operating Cash Flow in 1H20 (\$8.4m) compared to 1H19 (-\$7.3m)

Cash conversion ratio of 72% highlights the healthy cash generating profile of the Group



A flat-lay composition of various botanical elements on a light gray background. In the top left, a small white daisy and a sprig of tiny white flowers. In the top right, a large teal-colored monstera leaf cutout, a small green leaf, and another daisy. In the bottom left, a large green leaf, a pale lavender fern frond, and a small daisy. In the bottom center, two green, teardrop-shaped seed pods or fruits. A white rectangular box is centered horizontally, containing the text "STRATEGY & OUTLOOK".

STRATEGY & OUTLOOK

Rapidly Evolving Platform

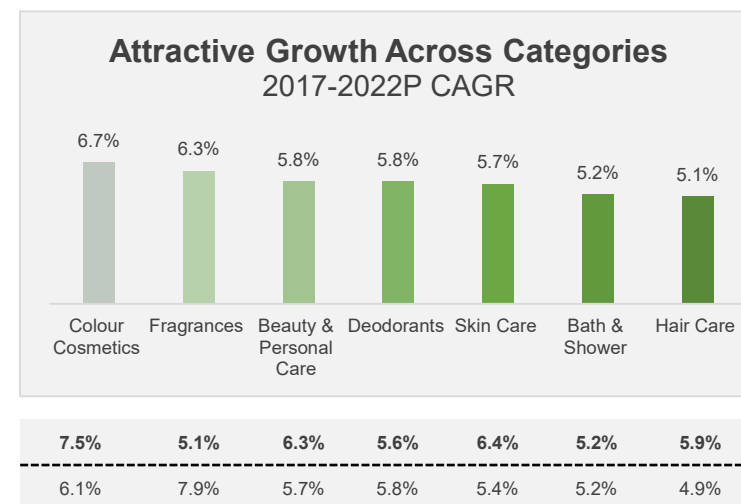
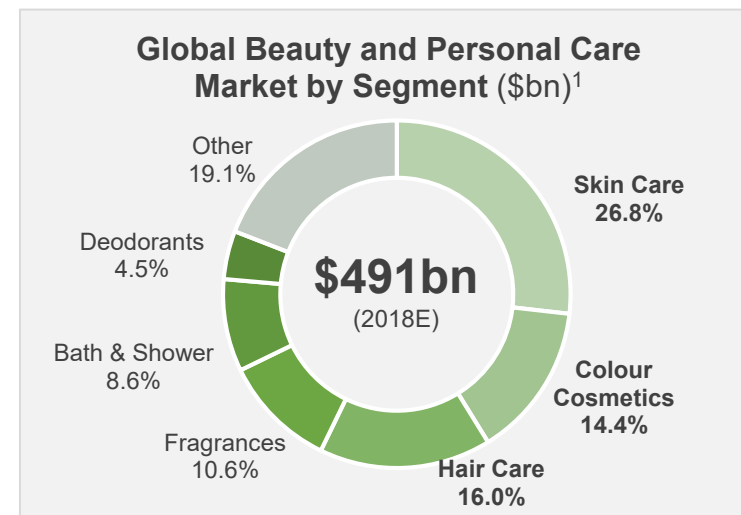
BWx is well-placed in the **growing global beauty and personal care industry**, which is expected to reach the value of US\$616 billion by 2022, growing at 5.8% annually

In 2020 there are **better informed consumers**, the Selfie Generation, and the personalisation of beauty which is influencing the industry along with:

- The rise of niche, independent brands and omni-channel purchasing
- The premiumisation of beauty
- Expectations for efficacious brands with clinical support
- Preference for green features like recyclable packaging and claims of 'all-natural' and 'plant-derived'

Through more investment in marketing and growing its digital database of consumer insights, **BWx is speaking directly to its consumer with curated ranges** - Ageless, Hydration, Blemish, Brightening - across premium and mass channels as they increase their share of wallet on Natural

BWx also benefits from Nourished Life as a leading direct-to-consumer platform that provides the ability to monitor and leverage niche or emerging brands to **garner further insights and drive sales**








¹Euromonitor International 2017-2022 CAGR

A House of Natural Brands

BWX



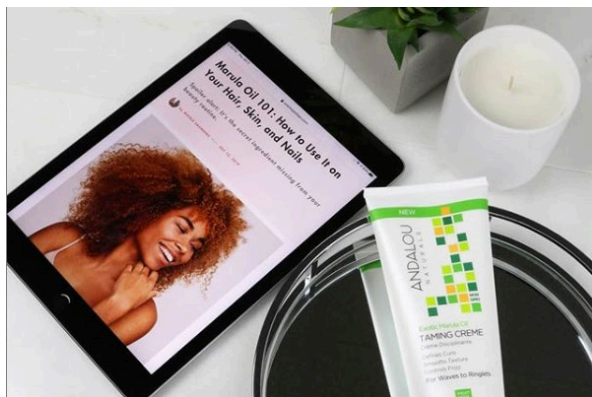
BWX is a fully integrated developer, manufacturer, distributor and marketer of products spread across five defined core categories. Each of these categories have the potential to expand and evolve which can only increase BWX's ability to connect with more consumers globally on products that are good for you, your wallet, and the environment too.

BRAND	PRODUCT CATEGORIES					AVERAGE PRICE	SKUS	POSITIONING	SEGMENT POSITION
	Skin care	Hair care	Body care	Cosmetics	Lifestyle				
	✓	✓	✓			A\$10.73	196	Natural – mass	#1 natural skincare brand in Australian natural pharmacy
MINERAL FUSION™	✓	✓	✓	✓		A\$22.27	288	Natural – masstige	#1 natural cosmetics brand in North American natural channel
	✓	✓	✓			A\$24.49	179	Natural – masstige	#1 natural skincare brand in North American natural channel
	✓	✓	✓	✓	✓	~A\$80 basket	~6,500	Health / Wellness / Lifestyle	One of Australia's leading natural personal care and lifestyle B2C platforms
	✓	✓	✓	✓		A\$14.55	110	Natural – affordable	Top 3 brand on Nourished Life platform
USPA™	✓	✓	✓			A\$53.18	50	Natural – spa and salon	Natural spa & salon solutions
	✓		✓			A\$10.46	9	Natural Therapeutic – mass	Natural, dermatologist certified as non-irritating and non-sensitizing

3 Year Strategic Roadmap

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

1. Connect to Consumers with clever marketing investment, education, and enhanced direct-to-consumer channels. We are building an internal innovation platform for NPD growth.



2. Go Global, Go Mainstream with a balanced revenue spread in key markets, while leveraging macro economic tailwinds to support growth.

3. Invest in Ourselves through added capability 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 the three-year strategy that is built from deep analytical insights and bottom-up operational plans.

1H20 Status

STRATEGIC
PRIORITY

CONNECT TO CONSUMERS



GO GLOBAL, GO MAINSTREAM



INVEST IN OURSELVES



GET CLEAN & GET HEALTHY



1H PROGRESS

- ⚡ Strong NPD pipeline and consumer-led innovation
- ⚡ Sukin extends Coles strategic partnership
- ⚡ Andalou Naturals launching in new AU pharmacy channels
- ⚡ Brand websites relaunched

- 🌐 More balanced geographic revenue mix
- 🌐 Disciplined market prioritisation
- 🌐 Expansion in Europe
- 🌐 Strong partners in all our markets
- 🌐 Organic growth

- 👤 Significant investment in people capability to support transformation
- 👤 Managing Director, North Americas
- 👤 Chief Marketing & Revenue Officer
- 👤 Key hires in sales, marketing, transformation, innovation, supply chain and governance

- ⚙️ Launched 61 SKUs and aiming to reduce SKU count by 12.5% in FY20
- ⚙️ Andalou Naturals manufacturing pilot in Dandenong
- ⚙️ Innovation driving cost per kilo
- ⚙️ More targeted and efficient promotions

2H INITIATIVES

- Sukin (Jan) and Mineral Fusion (Feb) launch in Target USA
- Direct-to-consumer marketing investment plan
- Retail partner shelf strategy
- NPD pipeline to unlock growth in anti-ageing, hydration and blemish control
- Investment in BWX e-commerce channels

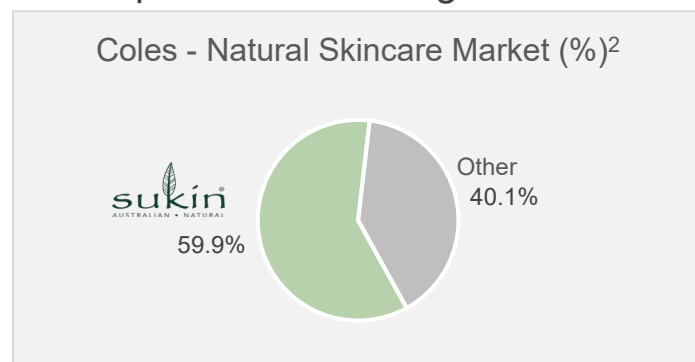
- Tracking towards \$50m AUS supermarket skincare business and \$100m US conv. and mass skincare business
- Stronger retailer relationships and channel expansion
- Measured growth in China-influence sales through CBEC platform and daigous

- Ongoing investment in capability to support growth while carefully managing cost base
- Strong sustainability focus at Group level
- Aim to be an employer of choice – continue to strive to eNPS score greater than 75%

- ERP implementation in US
- Manufacturing efficiencies through continuous improvement leveraging analytics and training
- Active management of SKUs
- Greater procurement and sourcing collaboration between APAC and US

Strategic Partnerships

Total Sukin skincare sales increased 29% in Coles supermarkets during 1H20¹



Sukin's strategic partnership with Coles continues to accelerate

- shelf strategy initiatives
- significant incremental shelf gain
- increased distribution
- Brand activation in-store, digital, catalogue
- In-store execution plans targeting roll out in 2H20

Limited cannibalisation across other channels and introducing new users to Sukin

BRAND ACTIVATION

Stronger activation plans both in-store, digitally & through catalogue



DISTRIBUTION GAINS

2H20 targeting incremental SKU increase across categories of Skin, Hair and Body for Sukin



NPD

Sukin Purely Ageless was the #1 and #2 NPD Skin launch in Coles during 1H20



¹ IRI Market Edge Data – Coles Total Skincare – Dollars growth – MAT to 22/12/2019

² IRI Market Edge Data – Coles Total Skincare – Dollars total Natural Skincare – MAT to 22/12/2019



Strategic Partnerships

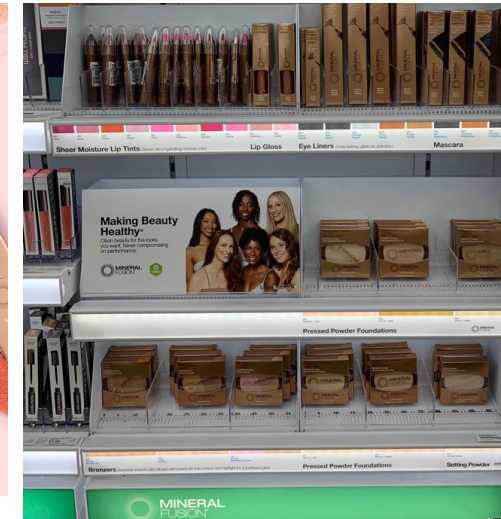
Sukin and Mineral Fusion roll out underway in Target USA as BWX expands its reach to more US consumers

- Sukin rolled out across 330 USA Target stores and online (January 2020)
- Mineral Fusion rolled out across 770 USA Target stores and online (February 2020)
- Nineteen of Sukin's products for sale nationwide in USA



Making progress with retail partners towards delivering Mass and Supermarket revenues of AUD\$100m

- Close to 1000 points of distribution in the USA for Sukin and growing
- Amazon: Sales are up 30.6%¹
- Sprouts: Sales are up 10.2%¹
- Ulta.com: Sales are up 23%¹



Disciplined Market Approach

Clarity around markets where we are winning and less distractions

Markets are **prioritised** and categorised according to their **specific growth drivers**

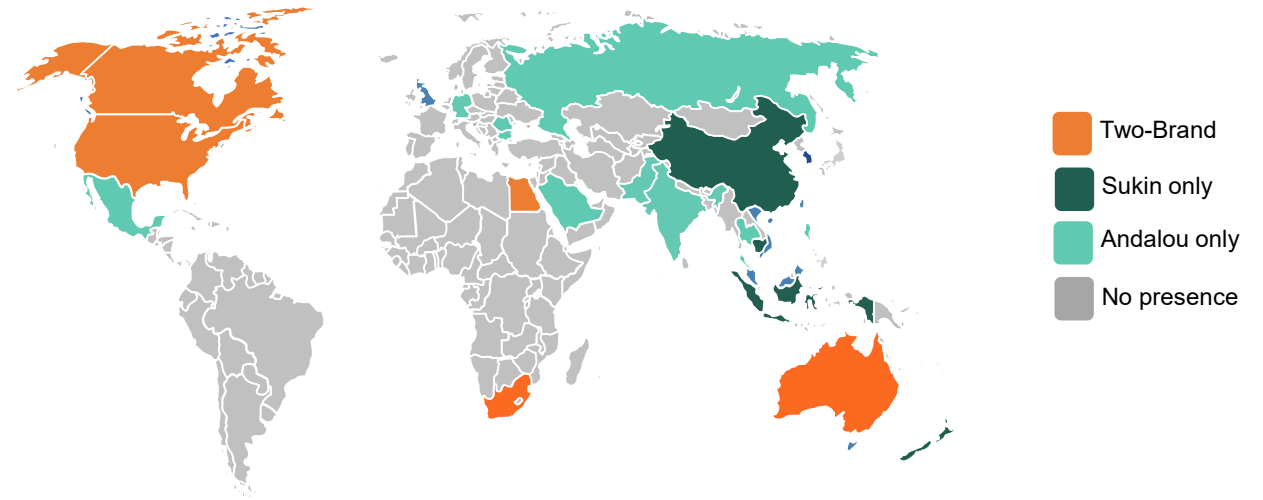
- Region
- Engine market
- Emerging market

The process also involves **market filtering**

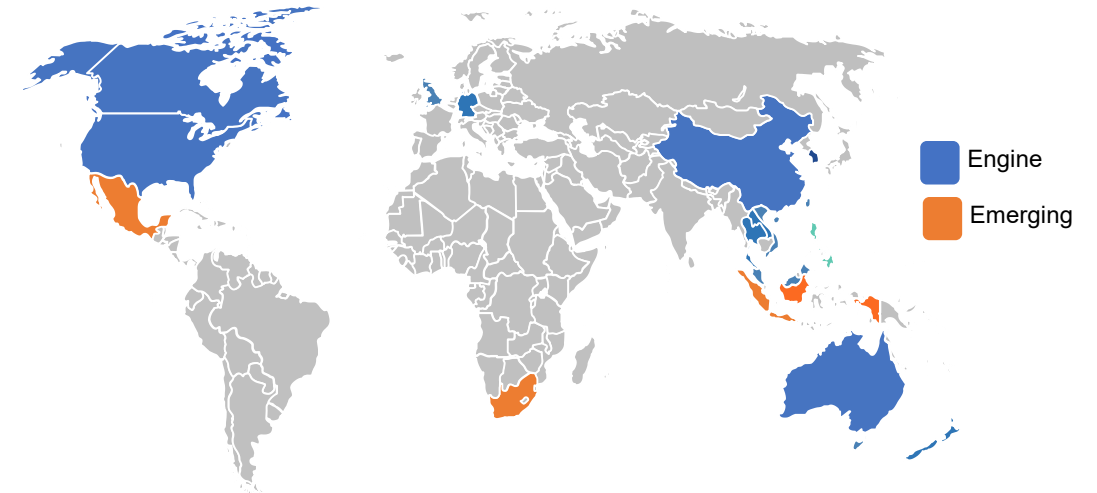
- size of the prize
- local competition
- ease of entry (ability to win)

Future market selection will also consider distributor models and partnership models to increase international revenue

Distribution by Region FY20



Engine & Emerging Countries



Operational Efficiencies

Manufacturing efficiencies continue to increase during the first half with an aggressive continuous improvement program across the Group

This has resulted in the development of a **three-year sourcing roadmap**, deriving future savings from a fully integrated and agile manufacturing model

During 1H20, the first year of this roadmap, the following **cost efficiency initiatives** have been executed:

- Improved collaboration on procurement matters between APAC and USA
- Strategic procurement initiatives
- Direct relationships with manufacturers

Future plans include:

- Global sourcing initiatives
- Roll-out of supplier code of conduct
- Reduction in SKUs

BWX is committed to operational expenditure not exceeding sales growth, with **strategic reinvestment** in marketing and people capability



Sustainability

BWX is committed to leading the industry in sustainability and is actively involved in causes aligned with our company values and that relate to the environment, social responsibility and empowering women



100% CRUELTY FREE

#1 SUKIN = one of the first to say **NO** to ingredients causing harm

12 YEARS CARBON NEUTRAL (Sukin)

45,000 TONNES OFFSET (2008-18, Sukin)

3000ha On track to restore rivers and wetland to save the **GREAT BARRIER REEF** by 2030 (Reef Aid partnership)

#1 **ANDALOU** = the first beauty brand to achieve 100% **Non-GMO Project Verified** status

98% **NATURE DERIVED** for Andalou products

2 Partnerships to **EMPOWER WOMEN AND GIRLS** – Vital Voices & SHE-CAN

130 **MINERAL FUSION** products sealed with **EWG VERIFICATION**™ 1

\$350,000 **DONATIONS** cash and product mix to Red Cross (AU and US), WIRES, Wildlife Victoria

Group Executive Team



Alistair Grant,
Co-Sec & Chief
Legal Officer



Ingrid Anderson,
Chief People Officer



Dave Fenlon,
Group CEO &
Managing Director



Virginie Descamps,
Chief Marketing and
Revenue Officer (USA)



Rory Gration
Managing Director
APAC & Group Chief
Operations Officer



Allison Smith,
Chief Technology and
Strategy Officer



Micheal Lovsin,
Managing Director
North Americas (USA)

Added Capability



Fiona Osment
Marketing Director
APAC



Kelly Chadwick
Head of People &
Culture



Stephen Brown,
APAC Sales Director
& MD International



Greta Gillmore
Senior Supplier Manager
North Americas



Michael Astorga
Export Sales Director
North Americas



Lori Chittwood
VM and Packaging Director
North Americas

- Overall people costs % of net revenue reduced through continued and strategic investment
- Refreshed USA sales team
- Strengthened USA operations team with key hires in inventory management and warehousing
- Group ERP Manager starting in February 2020

Reaffirming Guidance

While the Group continues to closely monitor external market conditions, **BWx** is well positioned with a “House of Natural Brands” that benefit from material growth trends favouring natural products in personal care markets across APAC, North America, and internationally.

With FY20 expected to provide a stable revenue base, BWX has the building blocks in place to drive further **sales growth, operational efficiencies, marketing** and **OPEX investments** for the next three years.

Through a relentless focus on core brand assets in priority markets; enhancing direct-to-consumer channels; and creating an innovation platform to drive new growth, BWX is confident of supporting double digit **REVENUE** and **EBITDA GROWTH** in FY2020.

BWX reaffirms revenue growth of 20%-25% and EBITDA growth at 25%-35% in FY2020.





Thank you

A botanical arrangement featuring several white, multi-petaled flowers and long, narrow green leaves with prominent veins. The elements are scattered across a light gray background. A large, semi-transparent white rectangle is positioned horizontally across the middle of the image, serving as a backdrop for the text.