

# Pental

FY23 Full Year

Investor Presentation | August 2023



HAMPERS  
WITHBITE

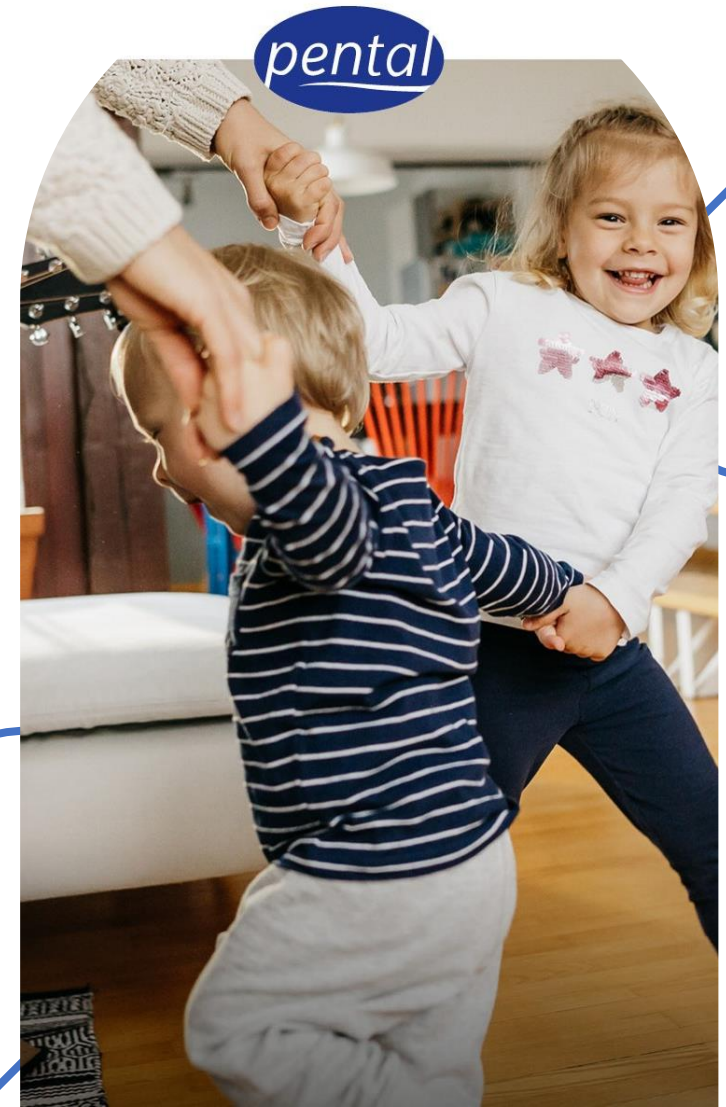
BONDI  
SOAP™



VITALE  
WELLNESS

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# 1

## FY23 Results



# Financial Performance

## Key Consolidated Income Statement Items

\$'000	FY23	FY22	Change	%
<b>Net Sales</b>	115,261	117,432	(2,171)	(1.8%)
<b>Underlying EBITDA</b>	11,245	14,682	(3,437)	(23.4%)
<i>Underlying EBITDA margin on Net Sales</i>	9.8%	12.5%	(2.7%)	
Depreciation	(3,807)	(3,899)	92	(2.4%)
<b>Underlying EBIT</b>	7,438	10,783	(3,345)	(31.0%)
<i>Underlying EBIT margin on Net Sales</i>	6.5%	9.2%	(2.7%)	
<b>Underlying NPAT</b>	4,908	7,414	(2,507)	(33.8%)
Reported Profit after tax	4,890	6,367	(1,477)	(23.2%)
<b>Underlying Basic EPS (c)</b>	2.87	4.73	(1.86)	(39.3%)
Reporting Basic EPS (c)	2.87	3.89	(1.02)	(26.2%)
<b>DPS (c)</b>	2.30	3.00	(0.70)	(23.3%)

- Underlying EBIT of \$7.438 million marginally short of lower range of market guidance provided in November 2022.
- Group revenue down by 1.8% driven by decline in HWB sales.
- Revenue excluding HWB increased by 6.0% led by strong performance of White King (+5.4%), Country Life (+9.2%) and Softly (+6.4%) in Australia.
- New Zealand sales performance recovered significantly in second half (up 4.8% compared to H2, FY22)
- Maintained healthy EBITDA margin of 9.8% supported by tight controls on costs
- Total dividend per share of 2.30 cents per share – payout of 79.9% of underlying NPAT

# Financial Performance

## Key Statement of Financial Position Items

\$'000	Jun-23	Jun-22	Change
<b>Assets</b>			
Cash	1,784	8,132	(6,348)
Trade & Other Receivables	15,469	17,395	(1,926)
Inventories	18,647	17,817	830
Property, Plant & Equipment	17,451	18,888	(1,437)
Leased Assets	2,105	1,013	1,092
Brand Names and Other Intangible Assets	41,350	41,366	(16)
Other	1,664	669	995
<b>Total Assets</b>	<b>98,470</b>	<b>105,280</b>	<b>(6,810)</b>
<b>Liabilities</b>			
Trade & Other Payables	13,132	16,306	(3,174)
Current Tax Payable	0	342	(342)
Lease Liabilities	2,119	972	1,147
Employee and Other Provisions	2,814	3,057	(243)
Contingent Consideration	0	3,537	(3,537)
Borrowings	2,125	3,825	(1,700)
Other Financial Liabilities	54	89	(35)
Deferred Tax Liabilities	6,347	5,340	1,007
<b>Total Liabilities</b>	<b>26,591</b>	<b>33,468</b>	<b>(6,877)</b>
<b>Net Assets</b>	<b>71,879</b>	<b>71,812</b>	<b>67</b>

- **Strong cash position** as a result of strong operating cash flow of \$6.4 million
- Pental remains **very low geared** as at reporting date with cash of \$1.784 million against borrowings of \$2.125 million
- Working capital position marginally higher than June 22 due to **improved inventory cover**
- **Strong collection and management** of debtors with minimal overdues
- **Key brand values remain strong** supported by strong marketing investment e.g. White King
- **Healthy Balance sheet** to pursue further growth opportunities

# Financial Performance

## Key Consolidated Statement of Cash Flow Items

\$'000	FY23	FY22	Change
<b>Profit After Tax</b>	<b>4,890</b>	<b>6,367</b>	<b>(1,477)</b>
Non-cash items (impairment, depreciation, amortization and employee share options expense)	3,974	4,072	(98)
Acquisition related expenses (not operating in nature)	0	1,047	(1,047)
Change in net working capital	(2,078)	85	(2,163)
Change in income tax liabilities	665	(1,328)	1,993
Other balance sheet movements	(1,070)	(319)	(751)
<b>Net cash provided / (used) by operating activities</b>	<b>6,381</b>	<b>9,924</b>	<b>(3,543)</b>
Capital expenditure	(1,483)	(2,242)	759
Acquisition of HWB (net of cash and costs)	(3,537)	(20,654)	17,117
Lease liabilities repaid	(860)	(862)	2
Repayment of supplier payment facility	(35)	8	(43)
Proceeds from issue of shares (net of costs)	0	10,046	(10,046)
Borrowings (net of repayments)	(1,700)	3,825	(5,525)
Dividend Paid	(5,114)	(4,616)	(498)
<b>Net increase / (decrease) in cash</b>	<b>(6,348)</b>	<b>(4,571)</b>	<b>(1,777)</b>
<b>Net cash position at the beginning of the period</b>	<b>8,132</b>	<b>12,702</b>	<b>(4,570)</b>
<b>Net cash position at the end of the period</b>	<b>1,784</b>	<b>8,131</b>	<b>(6,347)</b>

### Commentary:

- Working capital increased by \$2.2 million in order to improve inventory cover
- Operating cash flow remains strong at \$6.4 million
- The Group paid out contingent consideration on HWB acquisition of \$3.537 million.
- The Company remains in a very low gearing position as at reporting date
- FY23 final fully franked dividend declared at 1.0 cents per share – payout ratio of 79.9% of underlying NPAT.

# Delivering Our Strategy (What We Said)



## Driving Sales Growth through Key Brands

- White King
- Janola
- Sunlight
- Country Life



## Launch New Products

- 3 SKU's in Coles
- 3 SKU's in Woolworths
- 3 SKU's in Countdown
- 4 SKU's in Discount Retailers



## Sustainability

- ESG Reporting
- R-PET bottles
- Metal free pumps
- Reduced plastic labels
- APCO labeling



## Hampers with Bite

- Explore further potential acquisitions
- Gifting website
- New customers
- Value packs



## Continuous Manufacturing Improvement

- Sustainability projects
- Waste and energy reduction
- New technology
- New product capabilities
- Quality Focus

# FY23 Results – Owned Brands

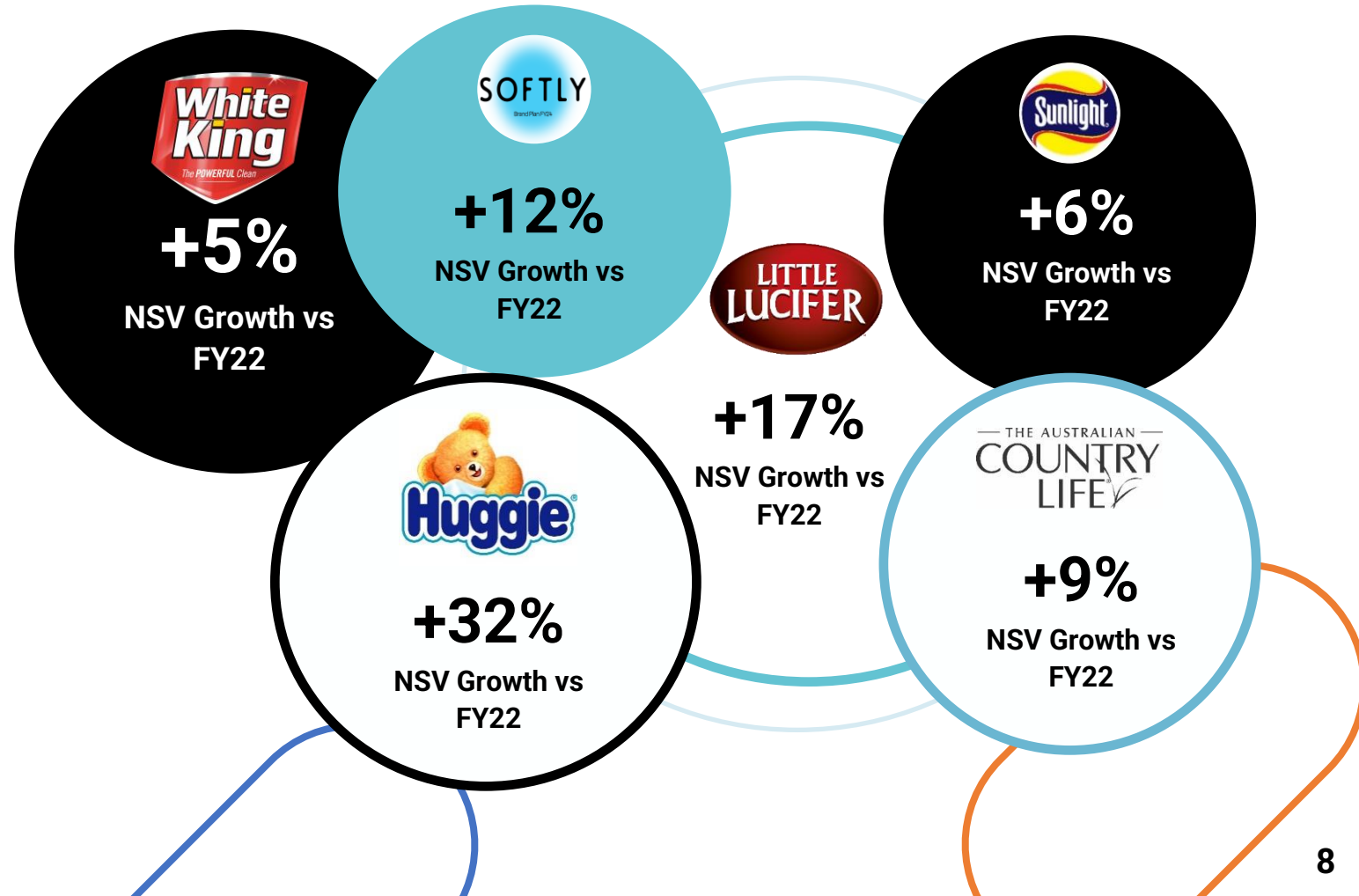
Our market-leading brands proved resilient against a backdrop of strong macro-economic headwinds

## Brand Highlights

- Pental Brands experienced significant Retail Sales Value (RSV) growth in FY23
  - White King Toilet Cleaners (+15.4% vs YA)
  - White King Bleach (+8.9% vs YA)
  - Country Life (+19.5% vs YA)
  - Velvet (+9.4% vs YA)
  - Janola Toilet Cleaners (+3.8% vs YA)
  - Sunlight (+10.9% vs YA)

## Product Highlights

- Successfully developed and launched a range of high-quality products across various major Retail channels:
  - White King 4 in 1 Multi-Purpose Cleaner
  - White King In-Cistern Block Bright White
  - Softly Active Laundry Liquid
  - Country Life Daintree Breeze Soap



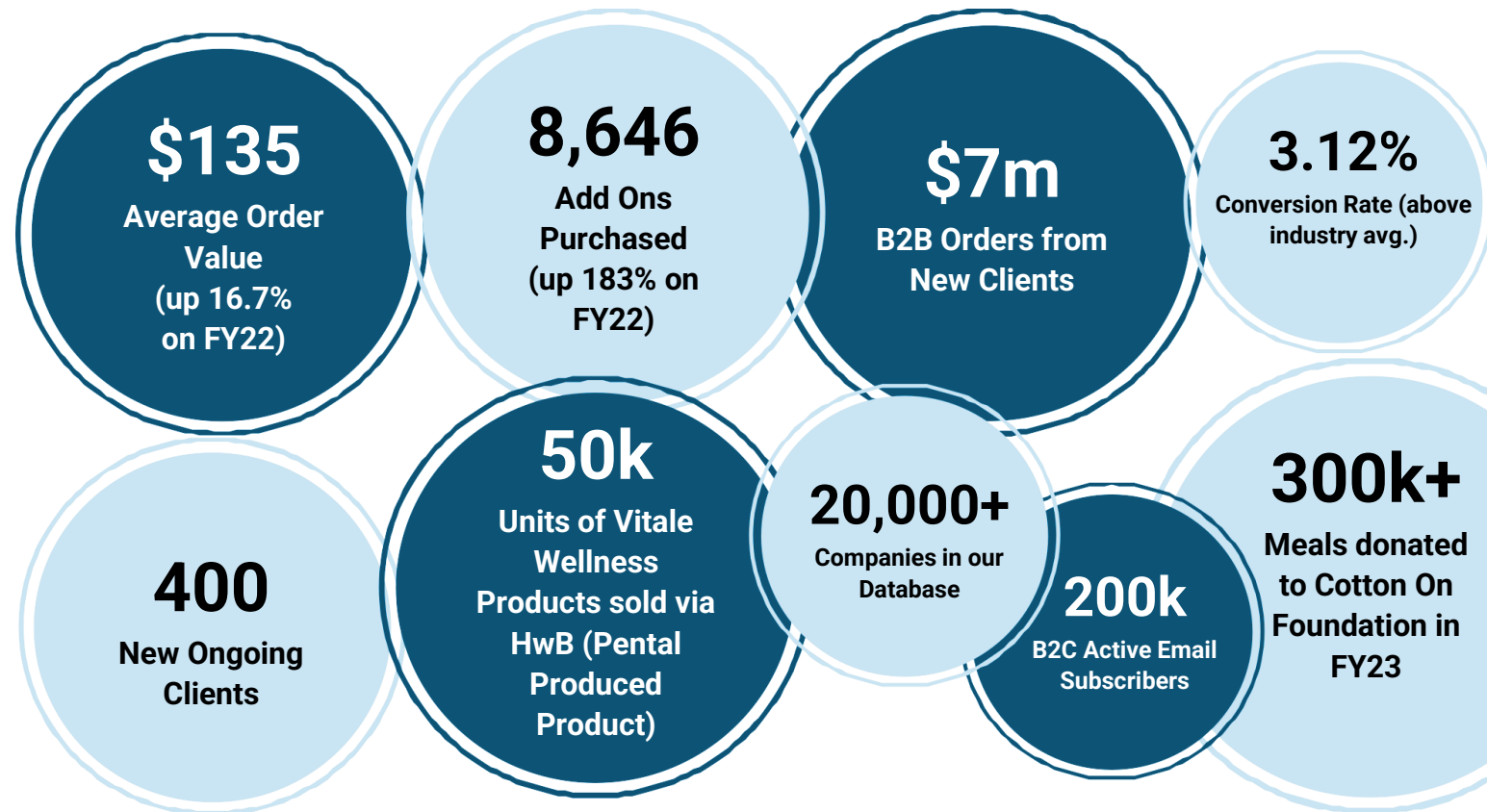


# FY23 Results – Hampers with Bite

The business underwent significant investment throughout FY23 to ensure that we have the appropriate growth pillars to help grow the business moving forward

## Operational Highlights

- **Digital catalogue:** allowed us to remarket and better track our customers engaging with our marketing materials
- **Operating improvements:** Improved training guides + internal team structure resulting in more collaboration across different teams
- **Minimising lost revenue:** Decrease in refunds & credits given to customers - both as a proportion of revenue and real figure
- **Stock visibility:** Highest visibility of what stock was available to sell in peak season, as a result of ongoing improvement in cross- departmental communication





# 2

## Future Strategy Retail Brands



# FY24 Pentel Brands: Sustainable Products

## 1. Country Life Refresh



- Country Life NPD has a strong focus on sustainability. We have prioritised environmentally friendly packaging and componentry.
- New range made with Aussie botanicals known for their skincare benefits
  - 100% bio-wrap and curbside recyclable plastic pump
  - 100% rPET bottle and Leaping Bunny approved
  - Australian Made

## 2. Expanding Non-Bleach Range



- Continue to expand our range of non-bleach cleaners within Multi-purpose, Bathroom and mould killing segments

## 3. Velvet Refresh



- Velvet NPD has a strong focus on sustainability. We have prioritised environmentally friendly packaging and componentry
- New range made with Mood Enhancing fragrances, for scientifically-proven emotional benefits
  - Curbside recyclable plastic pump
  - Recyclable cardboard packets
  - APCO Member & Leaping Bunny Approved
  - Australian Made

# NPD Focus – Sustainable packaging



## Country Life Refresh

- Country Life NPD has a strong focus on sustainability. We have prioritised environmentally friendly packaging and componentry.
- New range made with Aussie botanicals known for their skincare benefits
  - 100% bio-wrap and curbside recyclable plastic pump
  - 100% rPET bottle and Leaping Bunny approved
  - Australian Made

# NPD Focus – Sustainable packaging



BOTTLE MADE WITH 100% RECYCLED PLASTIC

LABEL MADE WITH 30% RECYCLED PP

HOUSEHOLD FRIENDLY FORMULA

## Expanding our Non Bleach range

- Continue to expand our range of non-bleach cleaners within Multi-purpose, Bathroom and mould killing segments.

# NPD Focus – Sustainable packaging



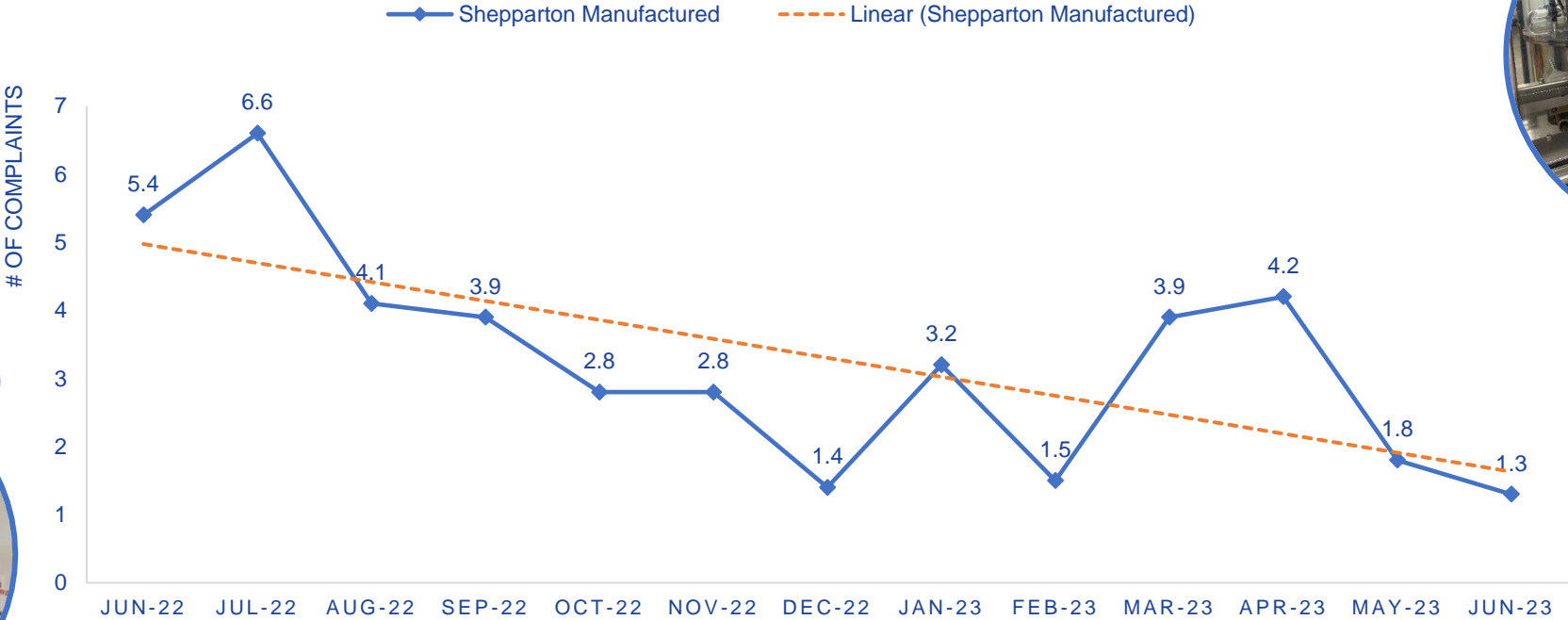
## Velvet Refresh

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  - Recyclable cardboard packets
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  - Australian Made

# Manufacturing Quality Focus

Pental's continued focus on best practice is resulting in better than Industry Standard, ensuring we are exceeding our customer's expectations

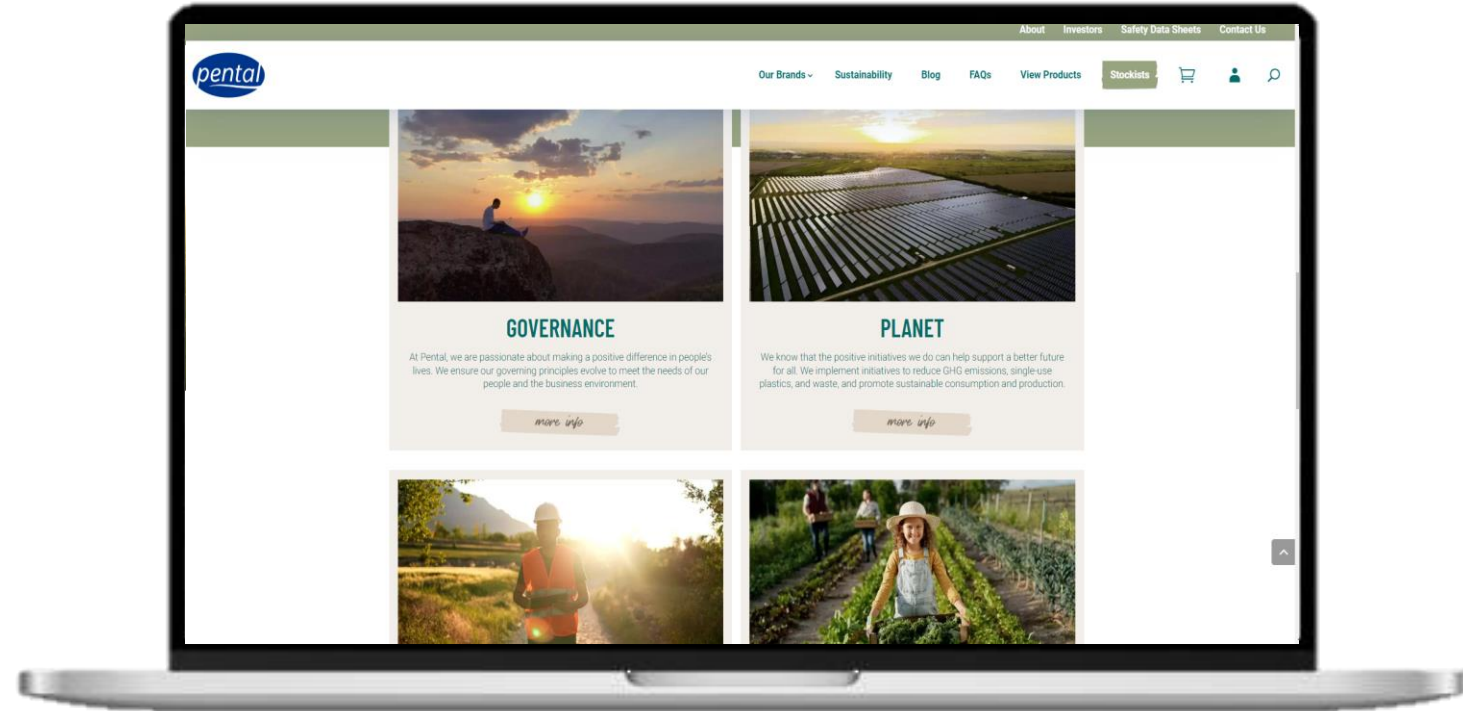
## COMPLAINTS PER MILLION UNITS SOLD



# ESG Reporting

## Making Change

Pental has a strong commitment to operating a sustainable and responsible business. We are dedicated to doing the right thing, not only for our business but for our people, the environment, our customers, and our local communities. Our 5 pillars ensure a sustainable and inclusive culture to drive positive impact, while managing our effect on the planet.



Find out more at: [pental.com.au/sustainability](https://pental.com.au/sustainability)





# 3

## Future Strategy eCommerce



# Growing our eCommerce Business

## Growth Strategy

Throughout FY23, the business has taken significant steps in building and / or acquiring the infrastructure required to scale quickly and generate greater market share

## Key Pillars for Growth in FY24

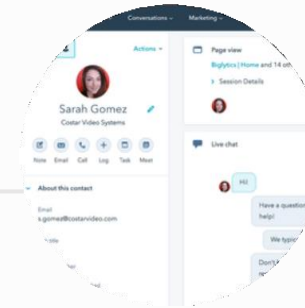
### Expansion of Range



### B2B Focus



### New CRM System



### New Machinery



### Restructured Warehouse



### Smileship



### Bondi Soap



### Vitale Wellness

# Range Expansion



## Settlement Range

Currently brings in \$1m in revenue annually  
By updating the range and offering modern settlement hampers, we can personalise hampers and attract strong client / employee relations and increased brand loyalty



## Mini Range

Gap identified for <\$30 gifts – we have since introduced x5 new hampers at <\$30  
Celebrate smaller "gifting occasions" that flowers are usually sent for (e.g. promotion, pick me up, job well done!)



## Bridesmaid Range

Wedding season is a lucrative market - offering bridesmaid boxes in our range can tap into this demand  
A bridesmaid box range will help differentiate from competitors, as it's a unique and specific offering that caters to a particular niche



## Pet Range

More than 60% of households in Australia own pets  
Huge market opportunity for pet-related products, including pet gift hampers and personalisation  
No other major hamper company in Australia currently offers pet hampers

## New Mum Range

Incorporated a 25% margin into resale price (RSP), without compromising a healthy margin for HWB  
Resellers and retailers are a market we haven't aggressively approached before

# B2B Focus



## Resellers Range

Incorporated a 25% margin into resale price (RSP), without compromising a healthy margin for HWB.

Resellers and retailers are a channel we haven't aggressively approached before



## Third Party Partnerships

Work with 3rd party to create opportunities to market to their customer databases

Approached brands include AFPA, My Moto, The EA Institute



## Cold Outreach Activities

Cold outreach campaign to bring in new ongoing business



## B2B / Property Exhibitions

Attending Expos in person will give us exposure to new clients

Attending / sponsoring the HR Evolve event in October, perfect timing in the run up to Christmas

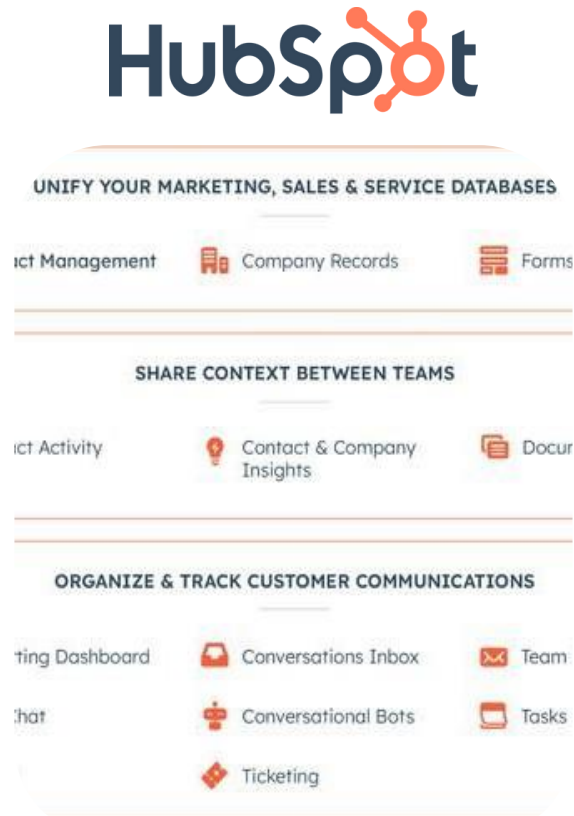


## Expansion of Sales Team

Ensuring we are adequately resourced to implement & execute our B2B growth strategies

# CRM System

Throughout FY23 the business integrated HubSpot, an all in one Sales CRM, Servicing, and Marketing platform



Integrates with website, phone system, social media and digital ads to follow end to end customer journey



Real time data insights into B2B and B2C customer behaviour



In-built automation of processes to free up the sales team's time, increasing productivity



Powerful reporting capabilities - leverages emerging technology, such as AI, to help us increase our marketing and sales effectiveness with data driven decisions



Proven benefits already: **21%** more hampers sold per hour, per salesperson due to productivity increases

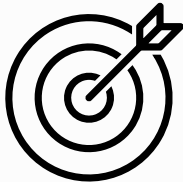
# New Machinery

Nearly 3,000 of our customers request branding on their order and presents a significant opportunity to attract new customers and increase Average Order Value

## Highlights



**2,700 branded customers**  
in FY22 / 23



**\$9m Revenue from Branded**  
Orders in FY22 / 23



**142k branded items in**  
FY22 / 23

## Outlook

- Pental currently brands:
  - Gift cards
  - Ribbon
  - Box sleeves
- To expand our offering, we have purchased a laser engraver machine to expand our offering to include branding on glass and metal products, with an expected launch date of September 2023
- Engraving on metal and glass has a very high perceived value and would distinguish us from our competitors, supporting new sales within HWB and Smilesip

# Warehouse, Distribution and Production



## NEW WMS

Using Pronto software



## RELOCATE

To modern Warehouse facility



## 250k

Hampers forecasted for the upcoming Christmas season



**New Revenue Streams:** Implement a co-packing function for internal and external clients



**Increased Storage:** Futureproof volume projections of the storage of raw materials, packaging and our finished Hampers



**Cost Reduction:** Reduction in external storage costs, especially during peak season



**Software Upgrade:** Implementation of Pronto ERP software, replacing existing accounting system and Warehouse Management System



**Price Insights:** Improved visibility on price variances (cost of goods and sales revenue)



**Data Analytics:** Incredibly powerful system and reporting capabilities

# New Gifting Platform - Smileship



## Leveraging Existing Database

We have launched our New eCommerce gifting website Smileship to leverage our existing HWB B2B and B2C customers as an avenue for those already registered on our Hampers with Bite database.



## Year-long Hamper Alternative

Smileship will attract a new target audience with luxury and customised gift offering. The solution we are providing future customers is a stress-free option of choosing a gift.

**106%**

Increase in the  
Personalized Gift  
Market value by  
2030





# Bondi Soap and Vitale Wellness



## B2B Cold Outreach

Currently running a cold outreach campaign selling Vitale Wellness & Bondi Soap products directly to hospitality venues. Cutting out the middleman and increasing margins



## Database Growth

Database growth is essential to maximise our ROA and increase overall sales. We plan to do this through promotions, partnerships and giveaways to bolster growth



## New Product Development

Essential to increase customer's LTV through repeat purchases, and act as an incentive for retailers to stock Bondi Soap & Vitale Wellness. Will also ensure Bondi Soap & Vitale Wellness remains ahead of Wellness Trends.

9.12%

Skincare market  
growth CAGR  
from 2021 – 2028



# 4

# Outlook Summary



# Outlook Summary



## Sustainability

- Natural products
- Recyclable packaging
- Reduce plastics
- Non-bleach cleaners
- APCO labelling
- Energy usage monitoring
- ESG reporting



## Marketing

- Develop and execute Master brand strategies
- Digital marketing
- New Products
- Invest in shelf presence
- Driving sales with Australian Made / Australian Owned platform



## Business Growth

- Acquisition Search
- New Categories
- New Zealand
- China
- Singapore
- Korea
- Thailand
- Fiji



## Continuing to Innovate

- Reduce packaging waste
- Develop sustainable products
- New earth friendly formulations
- Progress with new technology



## Quality

- People
- Product
- Process
- Safety
- Culture
- Best Practice



Thank you



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