

A photograph of a grocery store aisle, specifically the baby care section. In the foreground, several packages of baby products are prominently displayed. From left to right, there is a package of 'Santitas' baby wipes, a box of 'Handee ORIGINAL' baby wipes, a box of 'Libra' baby wipes, a large roll of 'Sorbent' baby wipes, and a package of 'TENA' mini pads. The background shows shelves stocked with various other baby products, creating a sense of a well-stocked store.

# FY14 Results Presentation

24 February 2015

*Peter Diplaris – Managing Director and CEO  
Paul Townsend – Chief Financial Officer*

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# FY14 Results Presentation

*Peter Diplaris – Managing Director and CEO*

24 February 2015



# FY14 Highlights

*Achieved Prospectus profit targets, executed Tissue Capital Program & delivered cash*

## Financial Performance

- Pro Forma profitability forecasts delivered in record underlying result
- Net debt reduced towards lower end of optimal leverage range

## Tissue Capital Program

- Successful execution of Tissue Capital Investment Program
- Program benefits substantially realised

## Dividend

- 5.4cps in 2H14, 12% above Prospectus guidance
- Capital Management policy to deliver value to shareholders

# FY14 Pro Forma Results vs. Prospectus

*FY14 Pro Forma profitability & dividend above Prospectus guidance*

	Actual Pro Forma <sup>1</sup> FY14 (A\$m)	Prospectus Pro Forma FY14 (A\$m)	Actual vs. Prospectus
Revenue	629.9	642.2	<b>-1.9%</b>
EBITDA	140.8	139.7	<b>0.8%</b>
EBIT	113.2	111.1	<b>1.9%</b>
NPAT (Pro Forma)	72.3	70.6	<b>2.4%</b>
<i>NPAT (Statutory)</i>	<i>3.0</i>	<i>1.0</i>	<b>N/A</b>
Dividend <sup>2</sup>	5.4cps	4.8cps	<b>12%</b>

## Revenue

Revenue below forecast primarily as a result of lower than forecast Consumer Tissue sales due to the impact of the commissioning of new tissue plant. Personal Care in line with forecast.

## EBITDA

EBITDA above forecast with Tissue upside driven by reduced logistics costs, lower discretionary and overhead costs.

## Dividend

Dividend above Prospectus guidance as Board applied dividend payout policy to higher than forecast NPAT

1. A reconciliation between Pro Forma and statutory results is included in the Appendix

2. Unfranked dividend

# Pro Forma FY14 Results vs. FY13

*A record year of underlying profitability for the business*

	FY14 (A\$m)	FY13 (A\$m)	% Growth
Revenue	629.9	625.1	<b>0.8%</b>
Gross Profit	263.6	257.7	<b>2.3%</b>
EBITDA	140.8	124.6	<b>13.0%</b>
EBIT	113.2	97.3	<b>16.4%</b>
NPAT (Pro Forma)	72.3	61.4	<b>17.7%</b>
NPAT (Statutory)	3.0	23.1	<b>-87.1%</b>

## Revenue: +\$4.8m

- Strong growth in Personal Care categories
- Lower Consumer Tissue sales due to impact of commissioning Tissue converting lines

## EBITDA: +\$16.2m

- Market \$4.4m
  - Volume/price/mix gains in Personal Care
- Operations \$3.9m
  - Delivery of Tissue Capital Investment Program benefits
  - Adverse FX impacts on raw materials and finished goods
  - Reduced logistics costs as a result of improved rates and pallet utilisation and lower Consumer Toilet Tissue sales volumes in FY14
- Other expenses \$7.9m
  - Control of discretionary expenditure in sales, marketing and administration

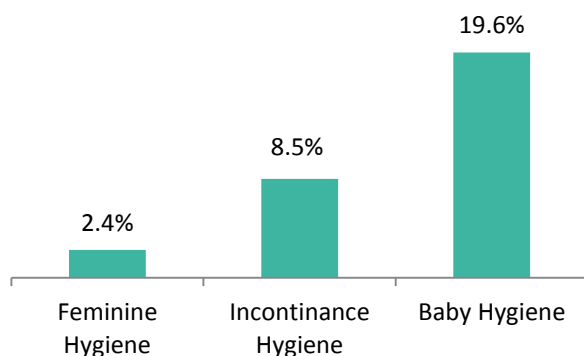
## NPAT: +\$10.9m

- Depreciation expense in line
- Finance costs are reflective of the new IPO financing facility
- Effective tax rate applied is 28%

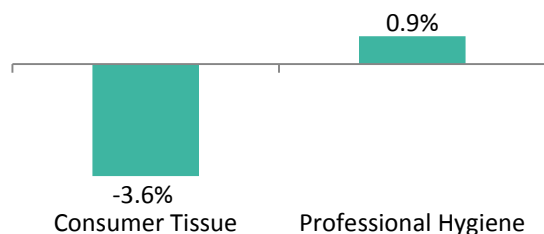
# FY14 Sales Revenue Growth Drivers

*Pro Forma sales growth in higher margin categories*

## Personal Care: +7.4%



## Tissue: -2%



- **Feminine:** Growth in 'flat' market aided by launch of Anti-Fluff tampons and Libra absorption zone pads
- **Inco Healthcare:** 4.9% growth consistent with underlying market; sales up 9.3% in 2H14
- **Inco Retail** 12.7% (14% in 2H14):
  - favourable segment demographics, new InstaDRY product and advertising push
  - Australian Pharmacy sales growth 22%
- **Baby:** Treasures NZ value market share up 1.5 percentage points and Australian growth with new retail and B2B customers. Private label sales in NZ decline.
- **Tissue:** Sales -2.7% in 1H14 and -1.4% in 2H14
- **Consumer Tissue:**
  - Sales were -5% in 1H14 and -2% in 2H14
  - Decline was in Toilet Australia, caused by:
    - Commissioning constraints, primarily in 1H14
    - Promotional pricing in 2H14 to regain market share post 1H14 constraints (market share growth for Sorbent up 2.6 share points half on half)
    - Decision made not to participate in some lower margin promotions
  - Towel and Facial revenue up 2.3% and 5.2% respectively
- **Professional Hygiene:** Market price increases in 1H14. Expect new contracts to deliver value in FY15

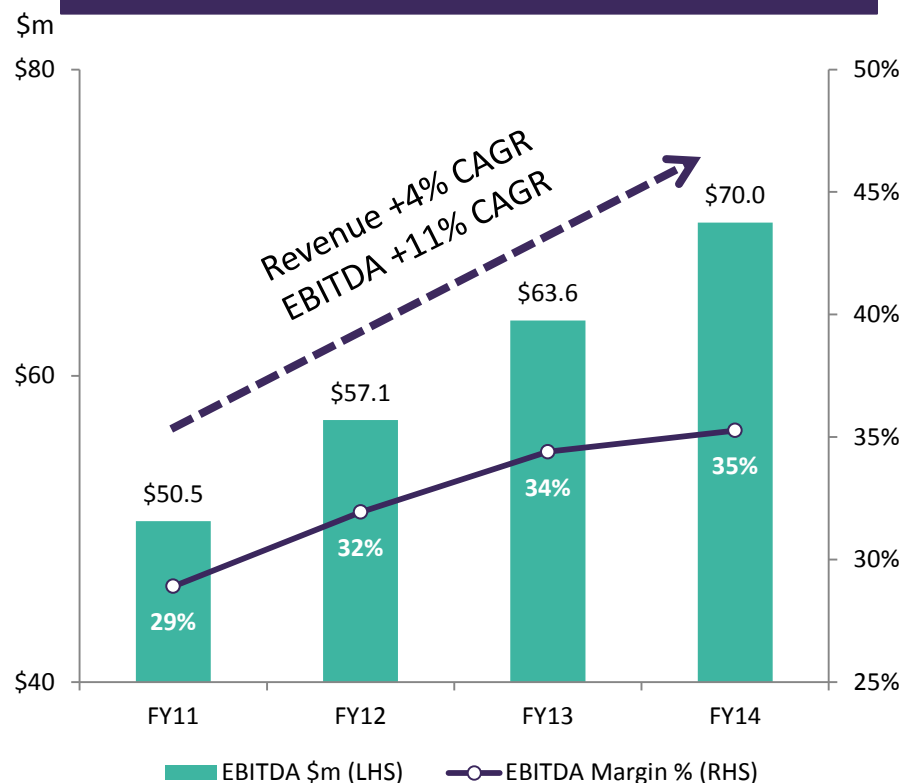
All percentage changes are sales growth vs. prior corresponding period unless otherwise indicated. Revenue is recognised net of trade discounts, with the FY13 revenue adjusted for timing of trade discount recognition



# Segment Performance: Personal Care

*Continued earnings growth*

## Personal Care – Pro Forma EBITDA (\$m)



## FY14 Pro Forma EBITDA: +\$6.4m (+10%)

### EBITDA

- **Market:** \$7.5m due to volume/price/mix
- **Operations:** -\$2.2m due to adverse FX which increased the cost of Incontinence finished goods out of Europe
- **Other Expenses:** \$1.0m due to discretionary spend control
- **vs. Prospectus:** Different sales mix has resulted in a slightly lower EBITDA than forecast in the Prospectus

### Feminine Hygiene

- Favourable volume growth in pads and liners
- Favourable operations result from restructuring in 1H14

### Incontinence Hygiene

- Asaleo Care now market leader in Retail Australasia
- Volume/mix upsides across most product groups offsetting higher costs in imported finished goods

### Baby Hygiene

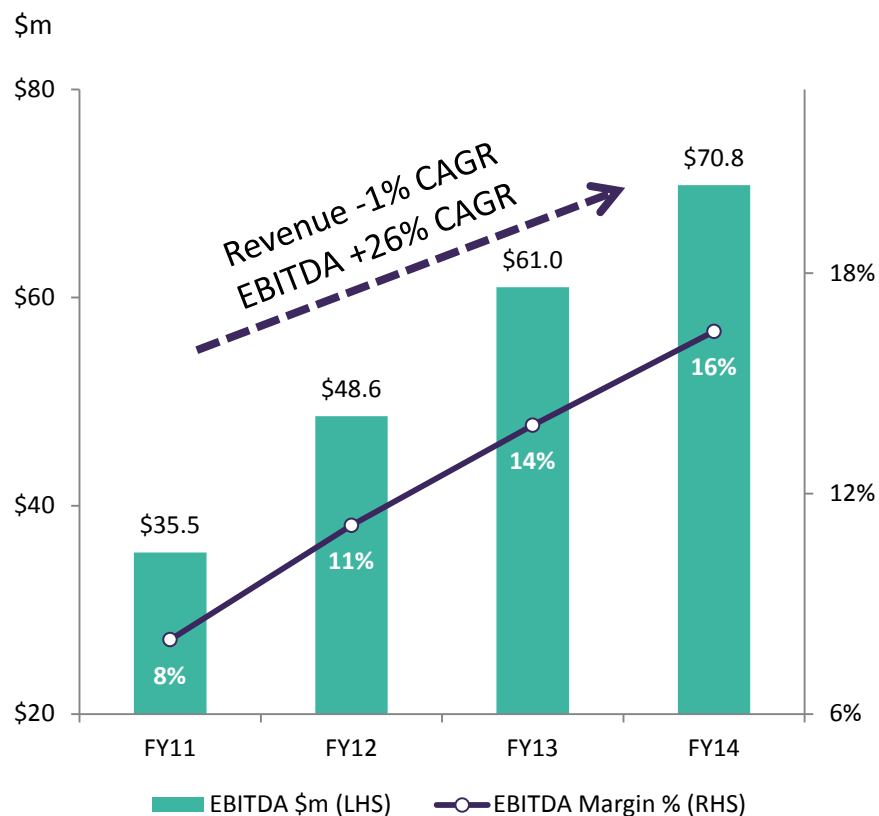
- Volume upside for Treasures in Australia and New Zealand offsetting private label downside in New Zealand
- Increased market share in New Zealand
- Australian launch via MetCash being extended to Chemist Warehouse and child care centres



# Segment Performance: Tissue

*Capital Investment Program driving 2H14 earnings growth*

## Tissue – Pro Forma EBITDA (\$m)



## FY14 Pro Forma EBITDA: +\$9.8m (+16%)

### EBITDA

- **Market:** -\$3.1m primarily due to Consumer Tissue Australia Toilet volumes and price, with push in 2H14 to regain market share
- **Operations:** \$6.0m cost improvement through realisation of tissue capital investment program benefits, partly offset by adverse FX and cost-base inflation, and lower machine throughput
- **Other Expenses:** \$6.9m due to lower sales and marketing expense, tight control on discretionary spending and no employee incentive payment
- **vs. Prospectus:** higher than forecast due to reduced variable logistics costs due to lower volumes, deferral of promotional spend in FY15, and reduced discretionary spend

### Consumer Tissue

- Reduced variable logistics costs due to lower volumes and improved transport rates in FY14
- Improvement in geographical mix and production of finished goods in country of sale (Sorbent in NZ and Napkin in AU)

### Professional Hygiene

- Implementation of price increases in early 2014, offset by lower sales in commodity line products
- Contract wins, benefits to be realised from late 2014/early 2015



# FY14 Results Presentation

*Paul Townsend – Chief Financial Officer*

24 February 2015

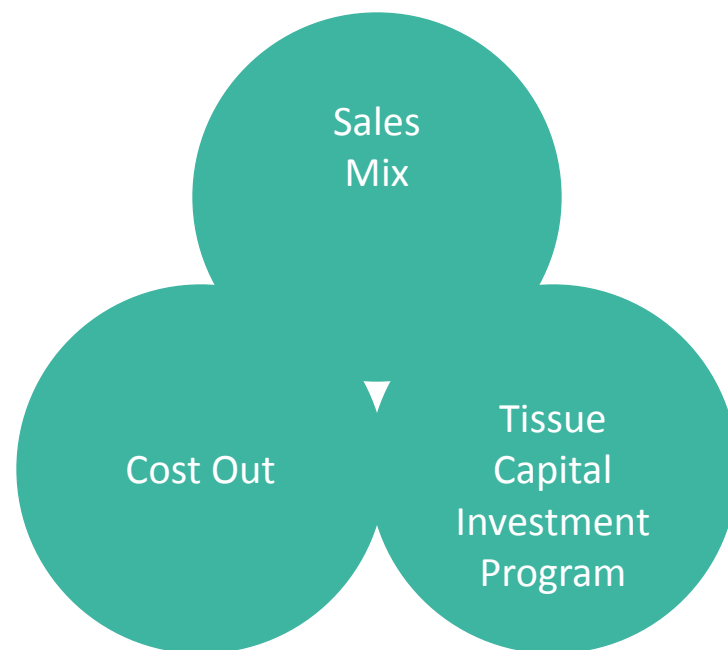
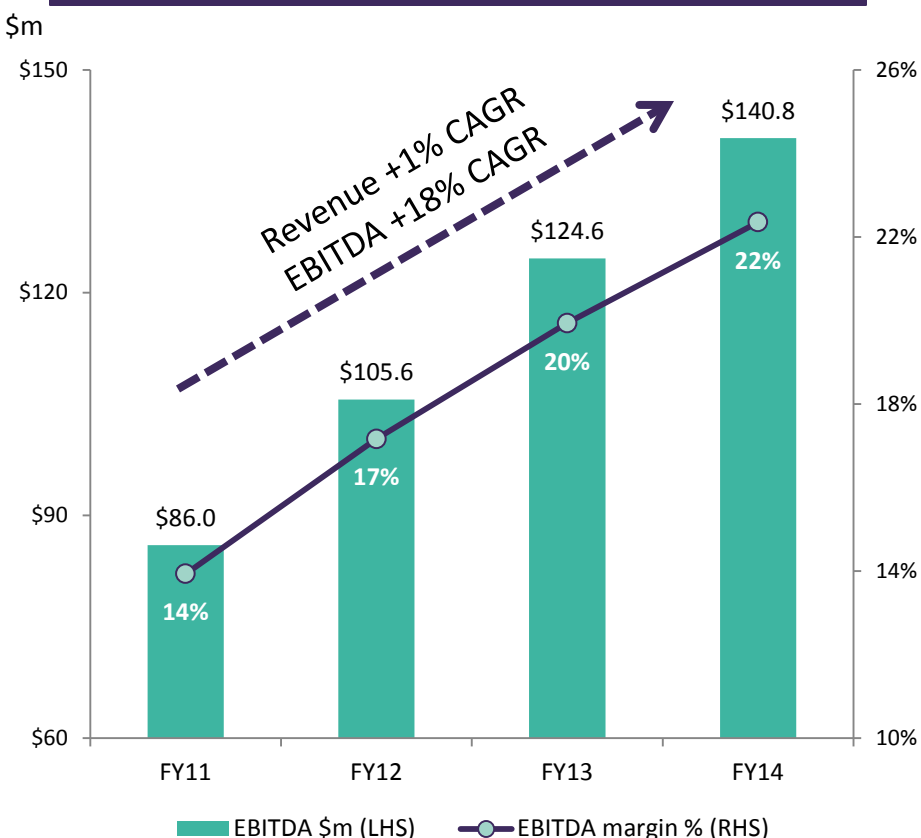


# Sources of EBITDA Growth - FY11 to FY14

*18% CAGR in EBITDA driven by cost out, Tissue program benefits & sales mix*

Pro Forma EBITDA Growth (A\$m)

Sources\* of EBITDA Growth FY11 – FY14

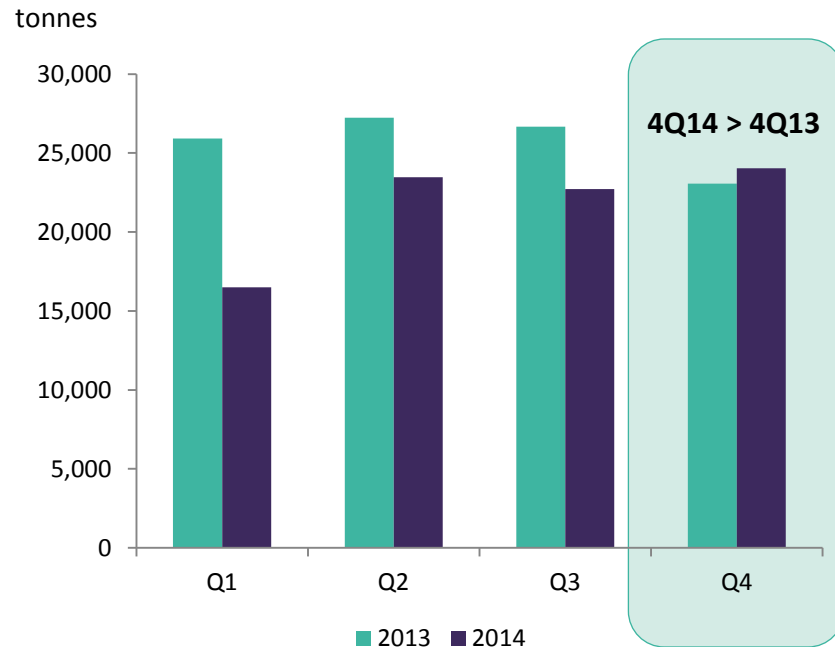


\* Note – Other sources includes benefits and offsets from the impact of some cost growth (eg. wage inflation), commodity price changes, FX rates etc.

# Tissue Converting Production

*Market demand now fully supplied*

## Tissue - Converting Production Tonnes



## The Project: \$114.8m Capex

- Reconfiguring Tissue manufacturing footprint to increase efficiency and flexibility, and reduce the costs of production
- 6 new machines commissioned
- 4 existing machines relocated
- Exit of Te Rapa Tissue manufacturing (Baby to remain at Te Rapa)
- Shift structure change from 7 to 5 days

## Project Progression

- **1Q13 - 3Q13:**
  - Production volumes inflated by stock-building done on non-optimal cost basis
- **1Q14:**
  - Lower production volumes due to machine relocations, decommissionings, line start ups
- **2Q14 - 3Q14:**
  - Commissioning and ramp up for new and relocated lines
- **4Q14**
  - Production with the optimal cost structure
  - Program effectively complete following successful execution of commissioning
  - Delay in commissioning increased overall fixed unit costs through lower volumes than planned.

# Tissue Capital Investment Program

*Spend substantially complete and incremental benefits realised*

## Capex

\$Am	FY12 & FY13	1H14	2H14
Australia	38.9	13.3	3.7
New Zealand	41.6	6.9	2.1
<b>TOTAL</b>	<b>80.5</b>	<b>20.2</b>	<b>5.8</b>

## Incremental Benefits delivered: \$29.6m

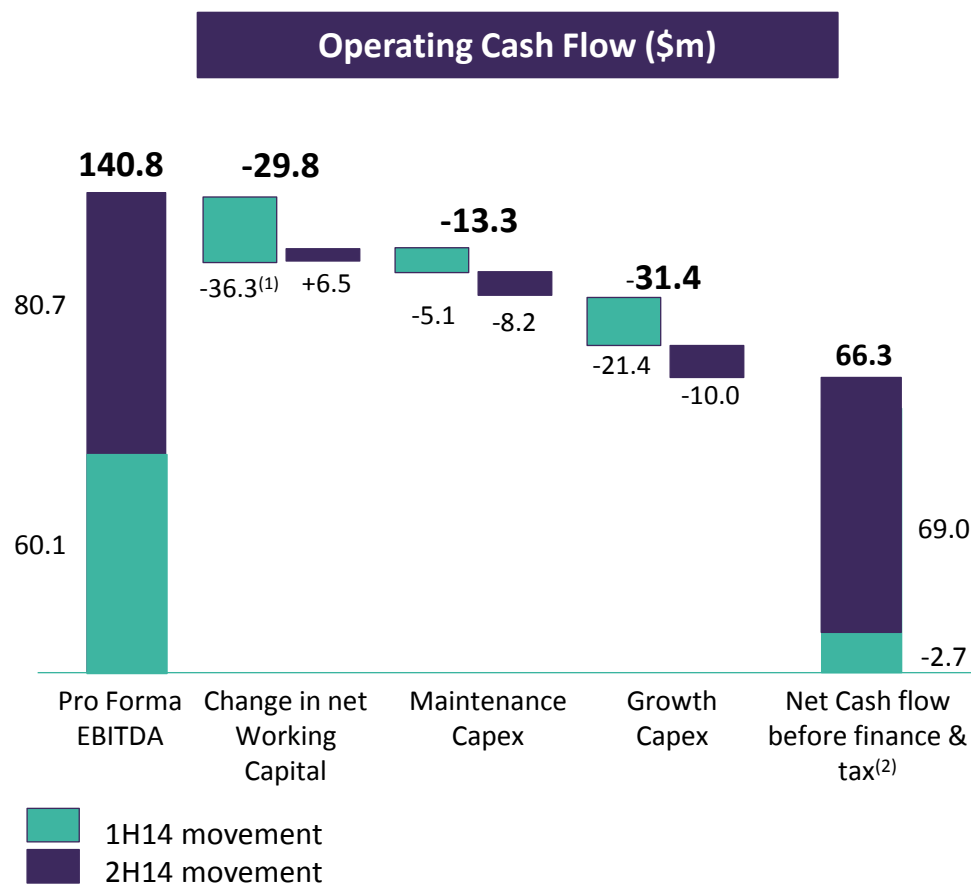
- Total Benefits achieved
  - FY13 \$7.8m
  - FY14 \$21.8m
- Run rate at end of FY14 = 93% of planned annualised incremental benefits (\$36.5m)
  - Remaining benefits: fibre savings as machines optimise production performance
  - Meeting market demand & machines now nearing their optimal performance

## Remaining Capex

- Remaining capex:
  - Delay in release of retention payments from 2H14 to FY15
  - Finalisation of dispatch area
  - Eventual relocation of 1 converting machine
- Remaining capex not linked to further benefit realisation

# Pro Forma Operating Cash Flow

*Strong cash generation following completion of Tissue capex program*



1. 1H14 working capital restated to remove the non-cashflow impact of the fair value of Asaleo Care's FX hedge positions

2. Pro Forma Forecast for Net cash flow before financing and taxation set out in Prospectus for FY14 was \$62.1 million.

## Working Capital

- Capital Investment program redundancy related payments paid in 1H14
- Build up of raw materials and work in progress inventory for Tissue capital investment program in 1H14

## Maintenance Capex

- Base Maintenance capital expenditure in line with forecast.

## Growth Capex

- Tissue Capital Investment Program spend substantially complete

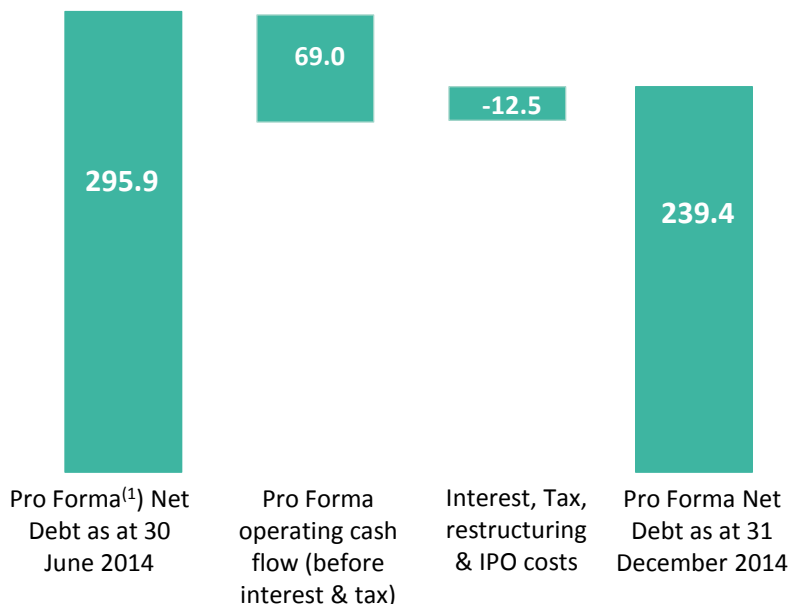
## Tax

- No Australian tax payable until FY16
- NZ tax paid \$2.5m in FY14 & Fiji \$0.4m in FY14

# Debt Management

*Net Debt reduced, Leverage 1.7x EBITDA*

## Net Debt -\$56.5m



## Leverage & Cost of debt

- **Leverage target range**
  - Target leverage range between 1.5x and 2.5x to minimise cost of capital and maintain investment grade credit profile.
- **Cost of Debt**
  - ‘All up’ cost of debt for FY14: 4.4%
  - Current interest rate to end of December 2014 fixed at 2.7%
  - Facility A margin is 1.4% and Facility B margin is 1.6%
- **Facilities**
  - \$350m in bank facilities with \$271m drawn as at 31 December 2014

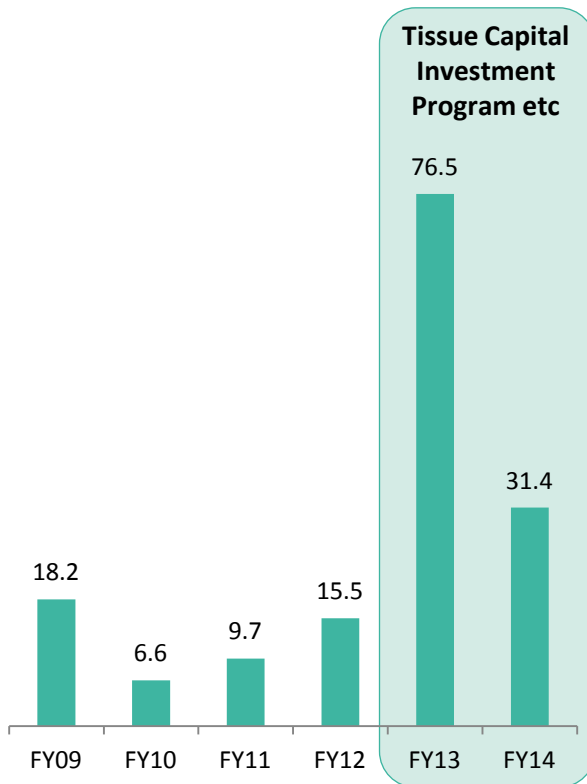
1. \$19.1M closing pro forma cash as at 30 June 2014 in-line with Prospectus (intent for \$20M to be held at Completion of the Offer). Pro forma net debt at 30 June 2014 of \$295.9 million is post the February 2014 refinance, capital return, completion of offer and the new IPO financing facility.



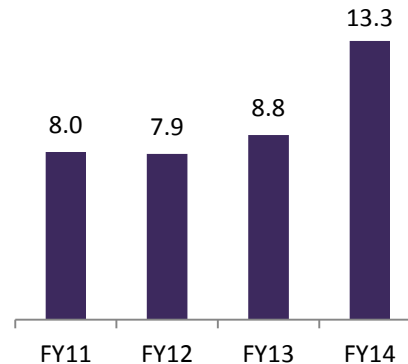
# Capital Expenditure

*No substantial Growth Capex requirements on horizon*

## Growth Capex (\$m)



## Maintenance Capex (\$m)



### Growth Capex

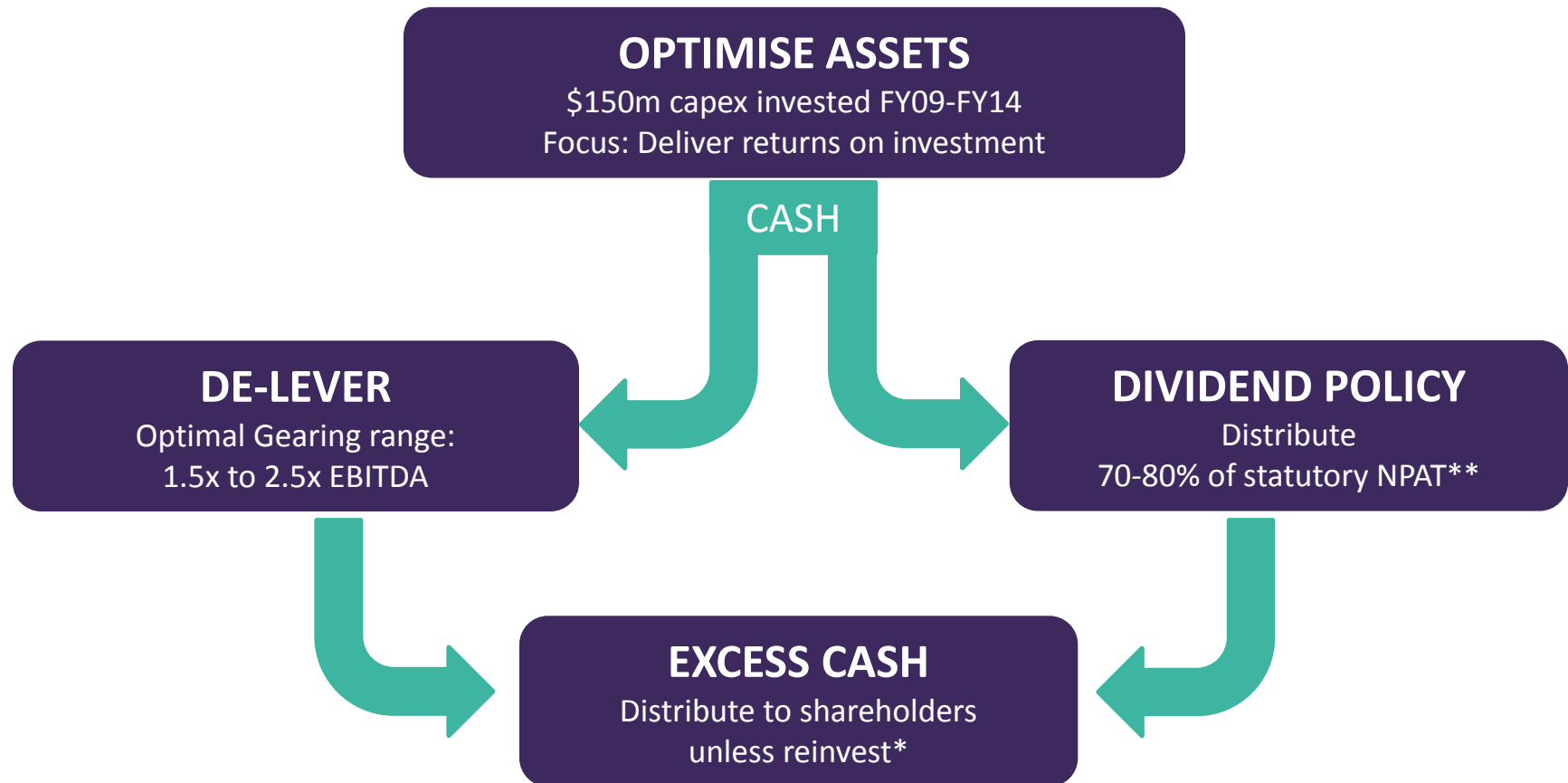
- ~\$150m invested in upgrading the factories over past 6 years, including:
  - **Tissue:** \$106.5m in FY13 to FY14
  - **Personal Care:** \$19.3m in FY09 to FY11
  - **Facial:** \$13.8m in FY08 & FY09
- Only spend in FY15 remaining for peripheral parts of Tissue program and retention payments

### Maintenance Capex

- Maintenance capex spend to be approximately \$15m per annum going forward

# Capital Management – Principles

*Disciplined drive to maximising shareholder returns*

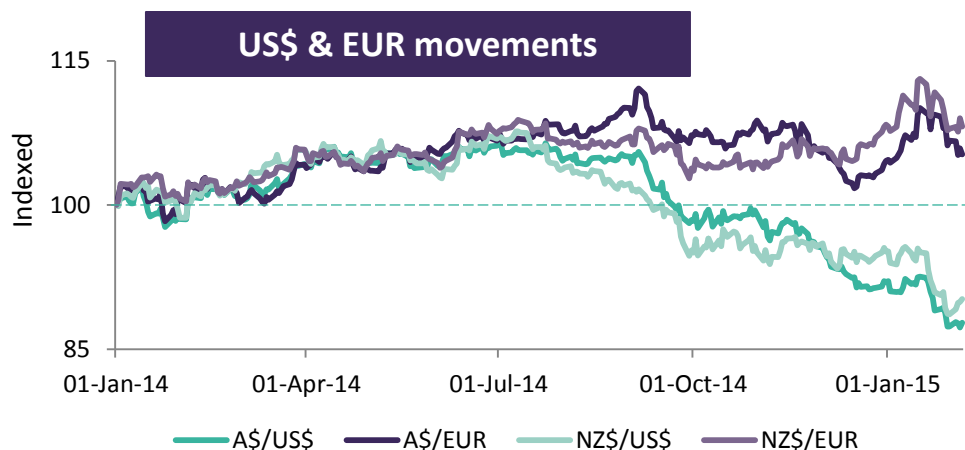


\*Gateway for reinvestment – return to exceed hurdle rate above Asaleo Care WACC

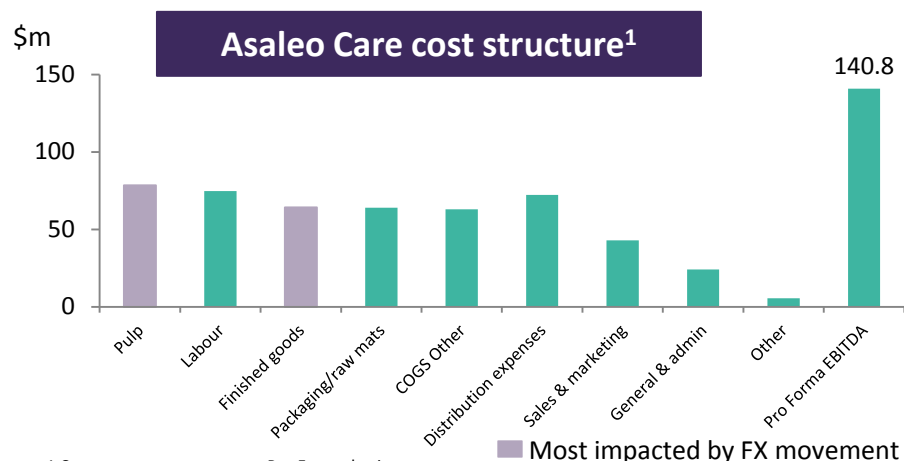
\*\*The company expects to pay franked dividends from 2016

# Group Cost Structure – Pro Forma FY14

*Some potential market hedges to FX sensitivities*



- Pulp costs ~15% of total expenses & finished goods ~12% of total expenses
- A\$ & NZ\$ decline vs. US\$ - increases costs of pulp
- A\$ increase vs. EUR - reduces costs of EUR denominated finished goods (~80% of purchase value)



<sup>1</sup> Cost structure set out on a Pro Forma basis

<sup>2</sup> Sensitivity presented on a gross basis and does not include mitigation from any hedging

## FX Sensitivity Analysis<sup>2</sup>

Assumption	Variance	Forecast FY15 NPAT impact (\$m)
A\$/US\$	+/-1%	+0.4/-0.4
NZ\$/US\$	+/-1%	+0.4/-0.4
A\$/EUR	+/-1%	+0.3/-0.3
NZ\$/EUR	+/-1%	+0.1/-0.1

Note: NZ\$/A\$ is naturally hedged with impact of higher net NZ exports offset by NZ EBITDA translated into Asaleo Care's A\$ accounts

# FX Sensitivities & Competitor Dynamics

Category	Competitor dynamics
Feminine Hygiene	Asaleo Care is only local manufacturer competing against imported products primarily from Asia
Incontinence Hygiene	Asaleo Care is part local manufacturer & part importer (EUR cost base) competing against imported products primarily from Asia
Baby Hygiene	Asaleo Care is NZ manufacturer competing against Australian & imported products
Consumer Tissue	<b>Paper:</b> Asaleo Care has local paper making competing against local and imported paper makers <b>Converting:</b> Asaleo Care has local converting competing against other local converting.
Professional Hygiene	Local manufacturing competing against local and imported paper makers and tissue importers (including private label)

## Net Impact of FX change

Net impact dependent on market competitive dynamics:

- **Short term:** Competitor WIP & inventory, denominated currency, FX & hedging positions, competitor responses to price increases & promotional activity, market supply & demand dynamics
- **Medium to longer term:** competitor response to changes to prices & promotional activity

## FX Sensitivity Analysis<sup>1</sup>

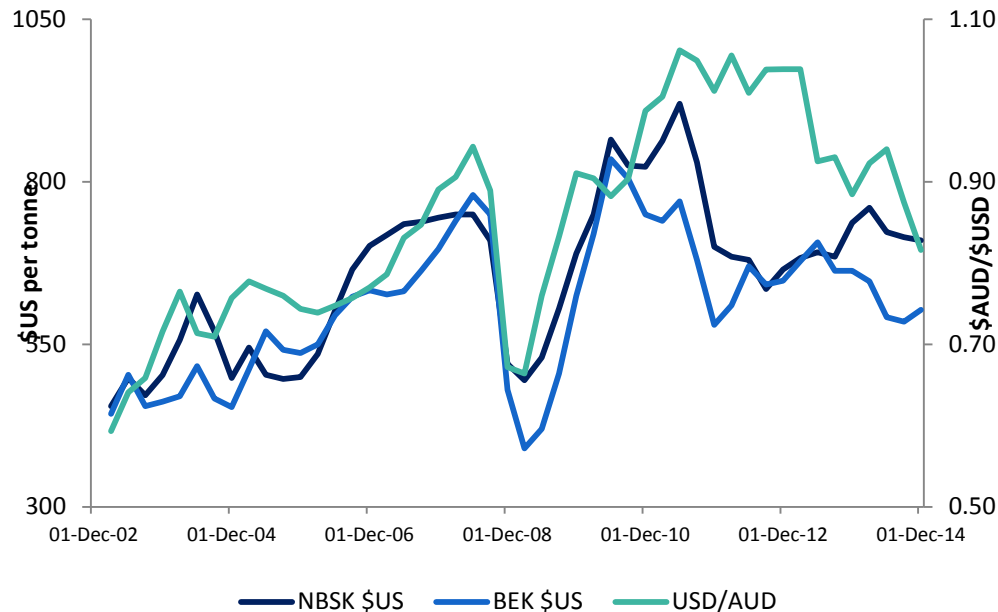
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A\$/US\$	+/-1%	+0.4/-0.4
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1. Sensitivity presented on a gross basis and does not include mitigation from any hedging.

# Pulp – Historic Correlations Created Natural Hedge

Pulp price index and FX<sup>2</sup>



- There has been a strong historic correlation between pulp prices and A\$/US\$<sup>1</sup>

<sup>1</sup> Although the historic correlation has existed, no conclusions can be drawn as to whether future prices will reflect these historic trends.

<sup>2</sup> Source: Brian McClay & Associates Inc. - January 14, 2015. Historic pulp price index shown is indicative and does not represent the actual price paid by Asaleo Care.



# FY14 Results Presentation

*Peter Diplaris – Managing Director and CEO*

24 February 2015



# Strategic Focus

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Product Innovation &  
Differentiation

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Range & Coverage

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Distribution Innovation

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Cost Reduction &  
Efficiency

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# Strategic Focus

## Product Innovation & Differentiation

- Innovation in product features, packaging and communication to differentiate and achieve optimal pricing
- NPD approach and criteria

### Libra branding



### Libra NPD - Slimpons



## Range & Coverage

### Sorbent branding and product quality



### Treasures NPD - Slimfits



### Tena NPD - Thin Pads



## Distribution Innovation



### Sorbent Wet Wipes

### Tork Soap



### Tork SmartOne



## Cost Reduction & Efficiency



### Tork NPD: Linen style napkin



### Handee branding



### Xpress Nap innovations

# Strategic Focus

## Product Innovation & Differentiation

### Range & Coverage

- Round out coverage where there are currently gaps to leverage all products across all channels.
- Enter into adjacent market segments where the brand proposition is credible
- Increase coverage in emerging retail stores
- New geographies

## Distribution Innovation

## Cost Reduction & Efficiency

### Expansion of Treasures in Australia



### PNG exports: Tissue & Personal Care



### Tena NZ Healthcare investment



### Tork Targeted selling approach

Childcare

Education

'Green' focused companies

Restaurants Quick service

Mining

# Strategic Focus

Product Innovation & Differentiation

Range & Coverage

Distribution Innovation

- B2B & B2C e-commerce initiatives
- Continue strengthening B2B sales force

Cost Reduction & Efficiency

## Tena B2C e-commerce offering



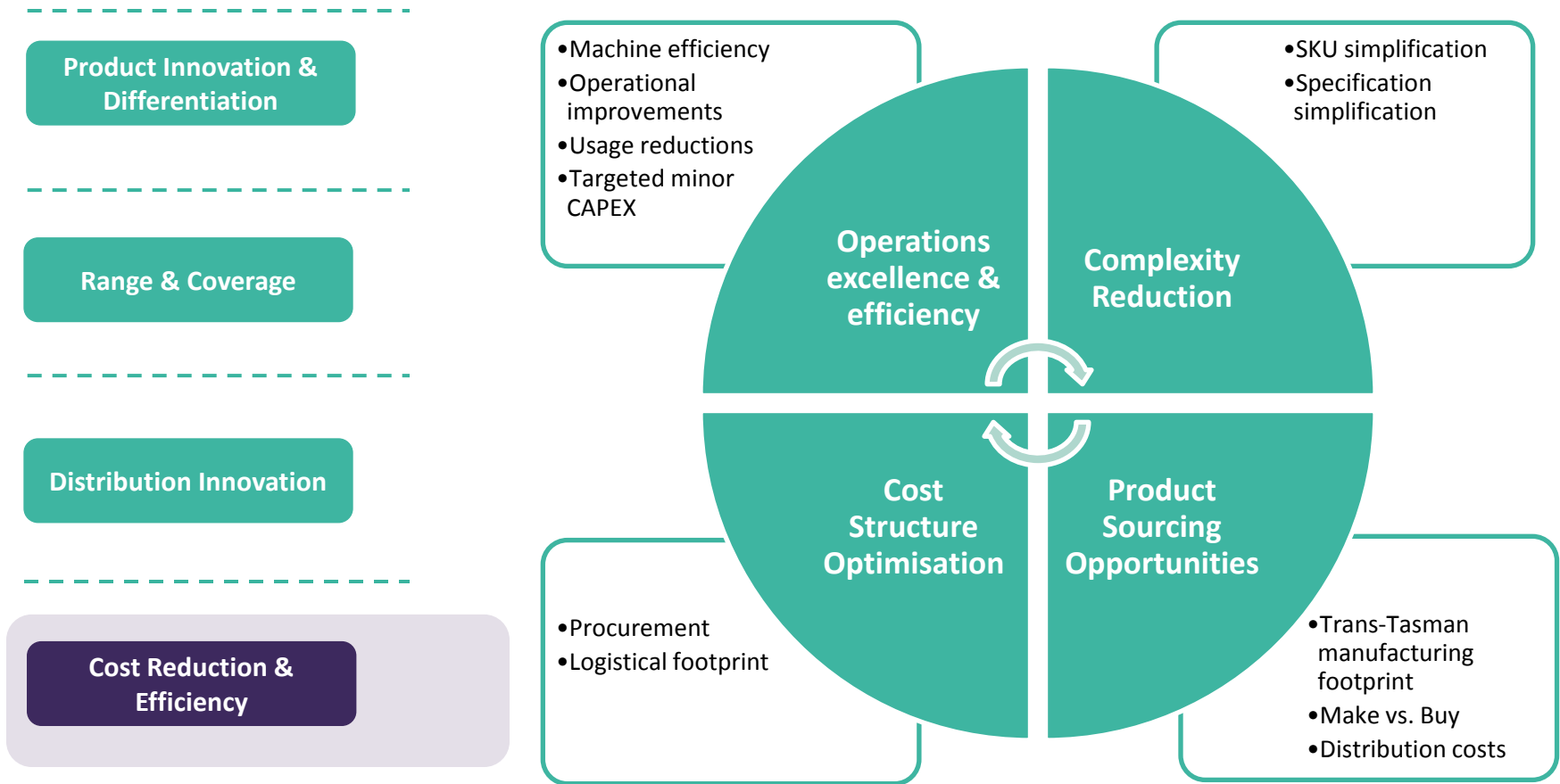
## Treasures online portal



## Tork B2B sales force



# Strategic Focus



# FY15 Outlook

<b>EBITDA</b>	Low to mid single digit growth
<b>NPAT</b>	Low to mid single digit growth
<b>Capex</b>	Approx. \$15m in maintenance capex in FY15
<b>Capital Management</b>	<p>Clear principles:</p> <ol style="list-style-type: none"> <li>1) Dividend policy: Distribute 70-80% of statutory NPAT</li> <li>2) Optimal gearing range: 1.5x to 2.5x EBITDA</li> <li>3) Distribute excess cash to shareholders unless reinvest; Gateway for reinvestment - return to exceed hurdle rate above Asaleo Care WACC</li> </ol>

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# Appendices

- Asaleo Care Business Overview
- Business Unit financials
- Safety
- Pro Forma Income Statement
- Statutory Balance Sheet
- Statutory Income Statement
- Statutory to Pro Forma Results Reconciliation












# Business Overview

## Overview of Asaleo Care

Asaleo Care is a leading personal care and hygiene company that manufactures, markets and distributes Personal Care and Tissue products under market leading brands

		Personal Care (49.7% of FY14 pro forma EBITDA)			Tissue (50.3% of FY14 pro forma EBITDA)			
		Feminine Hygiene	Incontinence Hygiene	Baby Hygiene	Consumer Tissue		Professional Hygiene	
Company assets	Brands				  			
	Products	Pads Tampons Liners Ancillary (eg wipes)	Pads Pants Liners	Diapers Nappy pants Wipes	Toilet paper Facial tissues Paper towels		Serviettes Disposable tableware	
	Manufacturing	Springvale, Australia		Te Rapa, New Zealand		Box Hill, Australia, Kawerau, New Zealand and Nakasi, Fiji		Kawerau, New Zealand
Route to market	Retailers/ Pharmacy	ALDI	Coles	Foodstuffs	Metcash	Pharmacy	Progressive Enterprises	Woolworths
	Distributors/ end customers	Bunzl	OfficeMax	Staples	Australian Government	Australia's largest quick service restaurant chain		Spotless
	Institutional/ Healthcare	Hospital		Aged care facility		Community care		

1. Licensed from SCA.

# Business Unit Financials

*Consistent improvement in profitability trends on stable revenue base*

## Personal Care – Pro Forma

	FY11	FY12	FY13	FY14	FY14 growth	Prospectus forecast - FY14	FY14 v Prospectus	FY11-14 CAGR
Revenue (\$m)	174.7	178.8	184.9	198.5	7.4%	199.1	-0.3%	4%
EBITDA (\$m)	50.5	57.1	63.6	70.0	10.1%	71.2	-1.7%	11%
EBITDA Margins	28.9%	31.9%	34.4%	35.3%	0.9 pps	35.8%	-0.5 pps	6.4 pps*

## Tissue – Pro Forma

	FY11	FY12	FY13	FY14	FY14 growth	Prospectus forecast - FY14	FY14 v Prospectus	FY11-14 CAGR
Revenue (\$m)	442.7	436.5	440.2	431.4	-2.0%	443.1	-2.6%	-1%
EBITDA (\$m)	35.5	48.6	61.0	70.8	16.1%	68.5	3.4%	26%
EBITDA Margins	8.0%	11.1%	13.9%	16.4%	2.5 pps	15.5%	0.9 pps	8.4 pps*

1. \* EBITDA Margin FY11-14 reflects percentage point change between FY11 and FY14

# Safety

*Key area of business focus with targeted objectives for improvement*



## Long term safety performance

- 33% improvement in TIFR since 2010
- 50% improvement in LTIFR since 2010
- 2014 performance impacted by nature of work involved in Tissue Capital Investment Program, decreased hours worked and improved reporting.
- Target for improved performance in 2015

## 2015 - Areas of focus

- Standardised Safety Management System
- Continuous Improvement in Safety Leadership Capability
- High Risk Management
- Improved Incident Root Cause Analysis

## New measurement basis

- From 2015, scope of measures will be expanded:
  - LTI - to include contractors
  - TIFR - to include Restricted Work Injuries and contractors (Lost Time, Doctors Cases and Restricted Work Injuries)

1.LTIFR – Lost Time Injury Frequency Rate (no. of lost time injuries per million hours worked)

2.TIFR – Total Injury Frequency Rate (no. of lost time, doctors cases and restricted work injuries per million hours worked)

3.For purposes of benchmarking going forward, the rates for 2014 under the new expanded definitions are: LTIFR 8.11 & TIFR 17.5

# Pro Forma Income Statement

\$A millions	FY14	FY13	Variance %	Prospectus Forecast FY14	Variance %
Revenue	629.9	625.1	0.8%	642.2	(1.9%)
Cost of Sales	(366.3)	(367.4)	0.3%	(372.5)	1.7%
<b>Gross profit</b>	<b>263.6</b>	<b>257.7</b>	<b>2.2%</b>	<b>269.7</b>	<b>(2.3%)</b>
Distribution expenses	(73.0)	(75.4)	3.2%	(74.1)	1.5%
Sales and marketing	(43.2)	(50.3)	14.1%	(48.8)	11.5%
General and admin	(28.2)	(29.0)	2.8%	(29.8)	5.4%
Other Income/expenses	(6.1)	(5.7)	(6.7%)	(5.9)	(3.1%)
<b>EBIT</b>	<b>113.2</b>	<b>97.3</b>	<b>16.4%</b>	<b>111.1</b>	<b>1.9%</b>
Finance Costs	(12.8)	(12.0)	7.0%	(13.1)	2.0%
<b>NPBT</b>	<b>100.4</b>	<b>85.3</b>	<b>17.7%</b>	<b>98.0</b>	<b>2.4%</b>
Income tax benefit/(expense)	(28.1)	(23.9)	17.7%	(27.4)	(2.6%)
<b>NPAT</b>	<b>72.3</b>	<b>61.4</b>	<b>17.7%</b>	<b>70.6</b>	<b>2.4%</b>
Depreciation	27.6	27.3	1.0%	28.6	(3.6%)
<b>EBITDA</b>	<b>140.8</b>	<b>124.6</b>	<b>13.0%</b>	<b>139.7</b>	<b>0.8%</b>

## Commentary

- FY14 EBITDA of \$140.8M exceeds prospectus forecast by \$1.1M
- FY14 Gross profit margin is 42% and is higher than FY13 of which is primarily attributable to the Tissue capital investment program benefits being realised
- Distribution expenses as a % of Revenue improved in FY14 when compared with FY13
- Sales and marketing expenses lower in FY14 due to improved efficiency in advertising, improved media buying rates together with timing of advertising and promotional activity, reduced incentive payments due to internal targets not being met and reduced discretionary spend
- FY14 General and admin expenses lower than prospectus forecast due to internal financial targets not being achieved and thus minimal short-term incentive payout
- Other expenses represents the Trade Mark and Technology licence agreement with SCA to distribute Tork and TENA products in this region. FY14 expense higher due to FX recognition (other expense), offset by R&D tax credits (other income).
- Finance costs reflect the new IPO financing facility which was drawn on 30 June 2014 and costs are lower than prospectus due to actively paying-down revolving facility
- Income tax expense represents the groups Pro Forma effective tax rate of 28%

# Statutory Balance Sheet

*Strong net debt position and capitalisation of capital investment program*

## Asaleo Care - Consolidated Balance Sheet

### As at 31 December 2014

\$A in millions	Dec-14	Dec-13	Change %
<b>Current assets</b>			
Cash and cash equivalents	35.4	54.5	-35%
Receivables	35.5	30.0	18%
Inventories	139.2	133.3	4%
Other	-	4.9	-100%
Derivative financial instruments	7.0	5.1	37%
<b>Total current assets</b>	<b>217.1</b>	<b>227.9</b>	<b>-5%</b>
<b>Non-current assets</b>			
Property, plant & equipment	366.2	341.8	7%
Intangible assets	190.2	183.2	4%
<b>Total non-current assets</b>	<b>556.3</b>	<b>525.1</b>	<b>6%</b>
<b>Total assets</b>	<b>773.4</b>	<b>753.0</b>	<b>3%</b>
<b>Current liabilities</b>			
Payables	79.4	87.6	-9%
Provisions and Accruals	23.5	35.9	-34%
Derivative financial liabilities	0.8	3.1	-74%
Cash-Settled Share Based Payments	0.0	17.2	-100%
<b>Total current liabilities</b>	<b>103.7</b>	<b>143.8</b>	<b>-28%</b>
<b>Non-current liabilities</b>			
Provisions	1.7	3.7	-54%
Interest bearing liabilities	269.6	415.5	-35%
Deferred tax liabilities	10.5	20.6	-49%
Derivative financial instruments	-	3.9	-100%
<b>Total non-current liabilities</b>	<b>281.8</b>	<b>443.7</b>	<b>-36%</b>
<b>Total liabilities</b>	<b>385.6</b>	<b>587.5</b>	<b>-34%</b>
<b>Net Assets</b>	<b>387.9</b>	<b>165.4</b>	<b>134%</b>
Contributed Equity	360.4	173.3	108%
Other reserves	41.7	9.3	348%
Retained earnings	(14.2)	(17.2)	-17%
<b>Total Equity</b>	<b>387.9</b>	<b>165.4</b>	<b>134%</b>

## Commentary

- PP&E increase resulting from execution of capital spend program
- Reduction in provisions due to Tissue capital investment program redundancies
- Share based payment settled post 30 June 2014
- IPO Financing Facility – Facility A and B fully drawn on 30 June 2014, with 2H14 cash generation allowing \$45M to be allocated to Facility B between July 2014 to Dec 2014

## Reconciliation of net debt as at 31 December 2014

- Interest bearing liabilities
  - Drawn debt \$270.0M
  - Capitalised borrowing costs (\$0.4M)
- **Interest bearing liabilities \$269.6M**
- Net Debt
  - Drawn debt \$270.0M
  - Interest payable \$ 4.8M
  - Cash (\$35.4M)
- **Net Debt \$239.4M**

# Statutory Income Statement

*FY14 significantly impacted by non-recurring IPO related expenses including; IPO transaction costs, Management Incentive Scheme and write-off of existing debt establishment costs*

\$A millions	FY14	FY13	Variance %	Prospectus Forecast FY14	Variance %
Revenue	629.9	624.3	0.9%	642.2	(1.9%)
Cost of Sales	(366.3)	(370.2)	1.1%	(372.5)	1.7%
<b>Gross profit</b>	<b>263.6</b>	<b>254.1</b>	<b>3.7%</b>	<b>269.7</b>	<b>(2.3%)</b>
Distribution expenses	(72.7)	(75.6)	3.8%	(73.9)	1.6%
Sales and marketing	(43.2)	(50.9)	15.1%	(48.8)	11.5%
General and admin	(27.6)	(24.1)	(14.5%)	(29.2)	5.5%
Other Income/expenses	(59.7)	(27.8)	114.7%	(59.3)	(0.7%)
<b>EBIT</b>	<b>60.4</b>	<b>75.7</b>	<b>(20.2%)</b>	<b>58.5</b>	<b>3.2%</b>
Finance Costs	(58.3)	(43.8)	(33.2%)	(57.9)	(0.7%)
<b>NPBT</b>	<b>2.1</b>	<b>31.9</b>	<b>(93.3%)</b>	<b>0.6</b>	<b>247.9%</b>
Income tax benefit/(expense)	(0.8)	(8.9)	(109.5%)	0.4	-110.8%
<b>NPAT</b>	<b>3.0</b>	<b>23.1</b>	<b>(87.1%)</b>	<b>1.0</b>	<b>198.3%</b>
Depreciation	24.9	24.2	3.0%	28.6	(12.9%)
<b>EBITDA</b>	<b>85.4</b>	<b>99.9</b>	<b>(14.6%)</b>	<b>87.1</b>	<b>(2.0%)</b>

## Commentary

- EBIT was \$2M higher than prospectus forecast as a result of Asaleo Care achieving its Pro Forma prospectus target
- Depreciation was lower than the prospectus following the depreciation write-back of a previously impaired asset line which is now in the operational plan for the foreseeable future
- Statutory NPAT was achieved indicating that non-recurring expenses associated with the IPO transaction and business transformation were consistent with the prospectus target
- Statutory EBITDA was 1.9% below the prospectus forecast as a result of the impaired asset line write-back being offset against the depreciation expense.

# Statutory to Pro Forma Results Reconciliation

*Pro Forma adjustments are consistent with Prospectus forecast*

\$A millions	Actual FY14	Prospectus FY14	Variance	Ref.
<b>Statutory Net Profit after Tax</b>	<b>3.0</b>	<b>1.0</b>	<b>2.0</b>	
Non-recurring costs (IPO related & business transformation)	52.8	52.6	0.2	1
Finance costs	45.6	44.8	0.8	2
Tax expense	(29.1)	(27.8)	(1.3)	3
<b>Pro forma Net Profit after Tax</b>	<b>72.3</b>	<b>70.6</b>	<b>1.7</b>	

## Reconciliation Drivers

- 1. Non-recurring costs:** actual costs are in-line with prospectus forecast. Significant non-recurring costs include; management incentive plan expense, IPO transaction costs, tissue capital program costs including outside storage costs associated with asset line commissioning, pre-IPO ownership costs and annualised costs reflective of Asaleo Care being listed on the stock exchange
- 2. Finance Costs:** actual was slightly higher which was due to a higher expense incurred to close the pre-IPO debt facility interest rate swap book
- 3. Tax Expense:** Pro Forma tax expense applies an effective tax rate of 28%

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