

# III TRILOGY INTERNATIONAL LIMITED

## Essential Sensory Brands

Doing Business In  
China – Oct 17

trilogy

ECOYA

*goodness*

CS&Co.

 **Lanocorp**  
NEW ZEALAND LIMITED

# Trilogy International Overview

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TIL - *Trilogy International Limited* (NZX:TIL) is a cultivator of essential natural products and home fragrance brands: Trilogy, ECOYA and Goodness in New Zealand and around the world.

It's subsidiary CS&Co distributes international cosmetics, fragrances skincare and haircare brands in New Zealand. And recent acquisition Lanocorp manufactures skincare brands.

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## Consumer Product Brands

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trilogy<sup>®</sup> ECOYA *goodness*

## Distribution

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CS&Co.

## Manufacturing

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 **Lanocorp**  
NEW ZEALAND LIMITED



III<sub>2</sub>

# Board of Directors

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**Grant Baker**

CHAIRMAN



**Geoff Ross**

DIRECTOR



**Jack Matthews**

INDEPENDENT DIRECTOR



**Stephen Sinclair**

EXECUTIVE DIRECTOR



**Mandy Sigaloff**

INDEPENDENT DIRECTOR



# Trilogy Management Team

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Angela Buglass

CEO



Kristy Macgregor

HEAD OF  
OPERATIONS



Claire Barnes

ECOYA BRAND  
GENERAL  
MANAGER



Lindsay Render

CFO



Louise Clayton

TRILOGY BRAND  
GENERAL  
MANAGER



Brooke Riley

PEOPLE &  
CULTURE  
MANAGER



Jo Bye

HEAD OF DIGITAL





# Highlights

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- Record breaking year of \$103.7 million revenue.
- Established partnerships in new markets.
- Launched 15 products across the three brands.
- Joint venture with Forestal Casino, supplier of rosehip oil.
- Dual listed on ASX with Foreign Exempt Listing.
- Acquired Lanocorp, developer and manufacturer of New Zealand made skincare, bodycare and haircare products.
- First phase deployment of new ERP system.

# TIL's FY17 Year in Review

NZ\$ MILLIONS	FY16	FY17	YOY
SALES	83.1	103.7	25%
GROSS PROFIT	44.8	53.1	19%
% MARGIN	54%	51%	
EBITDA	16.3	19.4	19%
% MARGIN	20%	19%	
EBIT	14.9	19.4	30%
% MARGIN	19%	19%	
NPAT	9.4	12.7	35%
EPS	0.15	0.18	

**\$103.7m**

REVENUE +25%

**\$19.4m**

EBITDA +19%

**4.5** cents per share

DIVIDEND

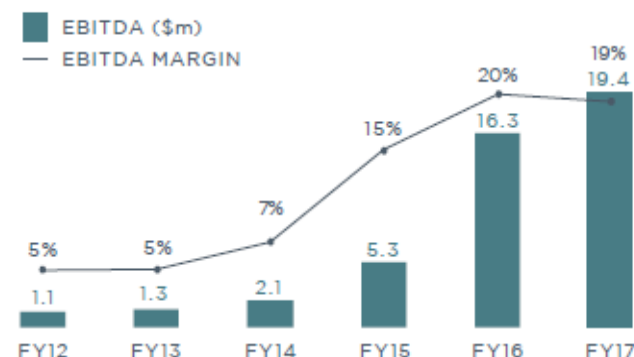
**\$0.18**

EPS

REVENUE (\$M)



EBITDA



# 5 Key Drivers of Result

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Australia  
primary  
contributor  
of revenue  
growth

1



New  
product  
launches

2



Changing  
regulations  
and border  
limitations in  
China

3



Raw  
materials  
cost  
pressure

4



Investment in  
operational  
infrastructure  
to support  
brand growth

5

# FY17 Product Revenue

**28%\*** of total revenue

\$38.8m <sup>+13%</sup>



NATURAL PRODUCTS

**21%** of total revenue

\$21.4m <sup>+7%</sup>



HOME FRAGRANCE & BODY CARE

**51%** of total revenue

\$53.4m



DISTRIBUTION

\* Percentage includes intercompany elimination. On consolidation, \$10.0 mill is eliminated from Natural Products revenue to reflect inter-company sales.



trilogy *goodness*

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# Natural Products

# Distributor Model

A STRONG PARTNER IN EACH MARKET



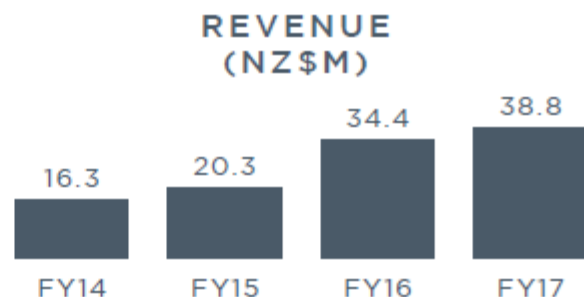
# The Beauty of Social Responsibility



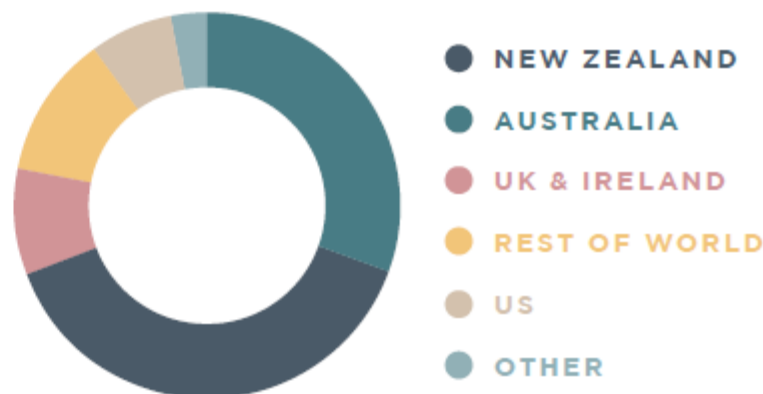
- Trilogy made a social investment by way of a state of the art rosehip oil press, with one of our major rosehip oil suppliers based in Lesotho, a tiny country encircled by South Africa.
- Our new FY18 social investment will be set up to specifically support the Mants'ase Children's Home, where the staff work selflessly to foster the wellbeing of vulnerable children in Lesotho.
- This year we achieved another company milestone by achieving carbon-neutral status as a carboNZero certified organisation through ENviro-mark's carboNZero programme.

# A bottle of Trilogy rosehip oil is sold every 20 seconds around the world

- Revenue increased 13% to \$38.8 million<sup>1</sup>.
- Revenue growth of 17% including CS inventory adjustment (-\$1.6m).
- High growth in Australia of 44% was the main driver of revenue growth.
- Asia and CBEC China performed well with 35% growth, showing positive momentum through improved distributor relationships.
- EBITDA increased 2% to \$11.8 million.
- Trilogy is now in over 6,000 doors globally. It launched four new products during the period and relaunched the bodycare range.



**REVENUE BY MARKET  
(NZ\$M)**



<sup>1</sup> On consolidation, \$10.0 mill is eliminated from Natural Products revenue to reflect inter-company sales.



FY18

# Strategies & H1 Progress



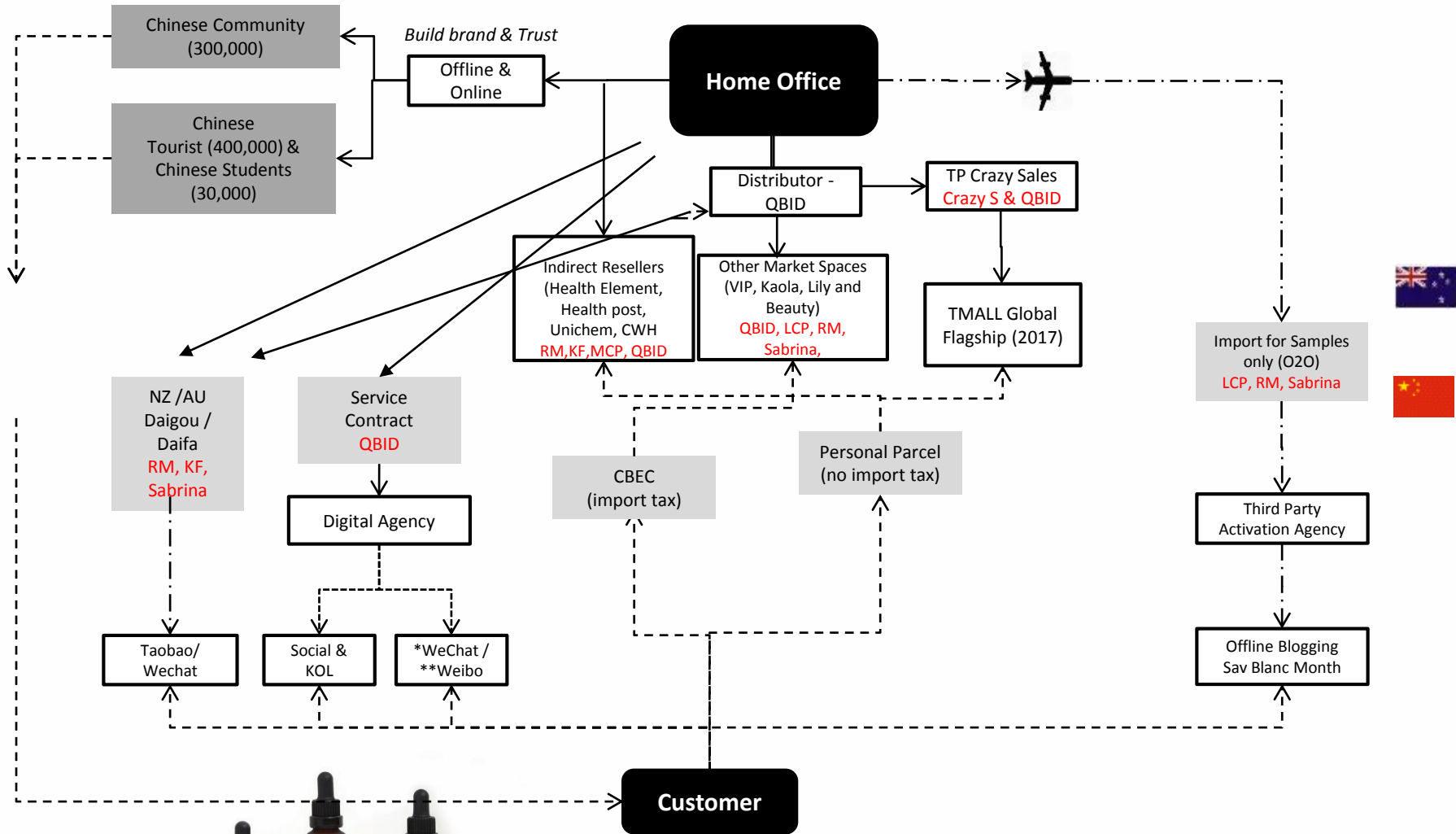
STRATEGIC PILLAR	DELIVERABLE	H1 ACHIEVEMENT
MARKETS	Grow market share in existing markets and build emerging markets	Trilogy Market Share 30% in NZ to July 2017 Trilogy Market Share 13% in AU to July 2017
CHINA	Develop direct CBEC channels, by building new partnerships and evolve non-domestic consumption channels	QBID relationship solidified, and developing well. In addition to VIP launch in 2016, the flagship Tmall Global launched May 2017
PARTNERS	Deepen relationships with all distributors	New retail channels being finalised
INNOVATION	Develop new products and grow basket size	15th birthday oil launch Sensitive relaunch 2 new products in H2
GOODNESS	Optimise product performance, channels, and cost	5.2% market share of total natural/organic grocery market in New Zealand Every Morning Moisturiser SPF15 was a finalist in the prestigious Bauer Best in Beauty Awards 2017

# Cross Border E-Commerce (CBEC)



- The relationship with QBID, CBEC China distributor, is on target and progressing well.
- Flagship on Tmall Global launched in May and VIP.com launched late 2016.
- The strategy is to continue to nurture and support sales through the informal channels in ANZ and over time, direct CBEC China sales through formal channels managed by QBID.
- Chinese proposed regulatory changes in relation to CBEC sales, have been delayed again, until the end of 2018.

# Initial Market Map:



# The QBID Model:

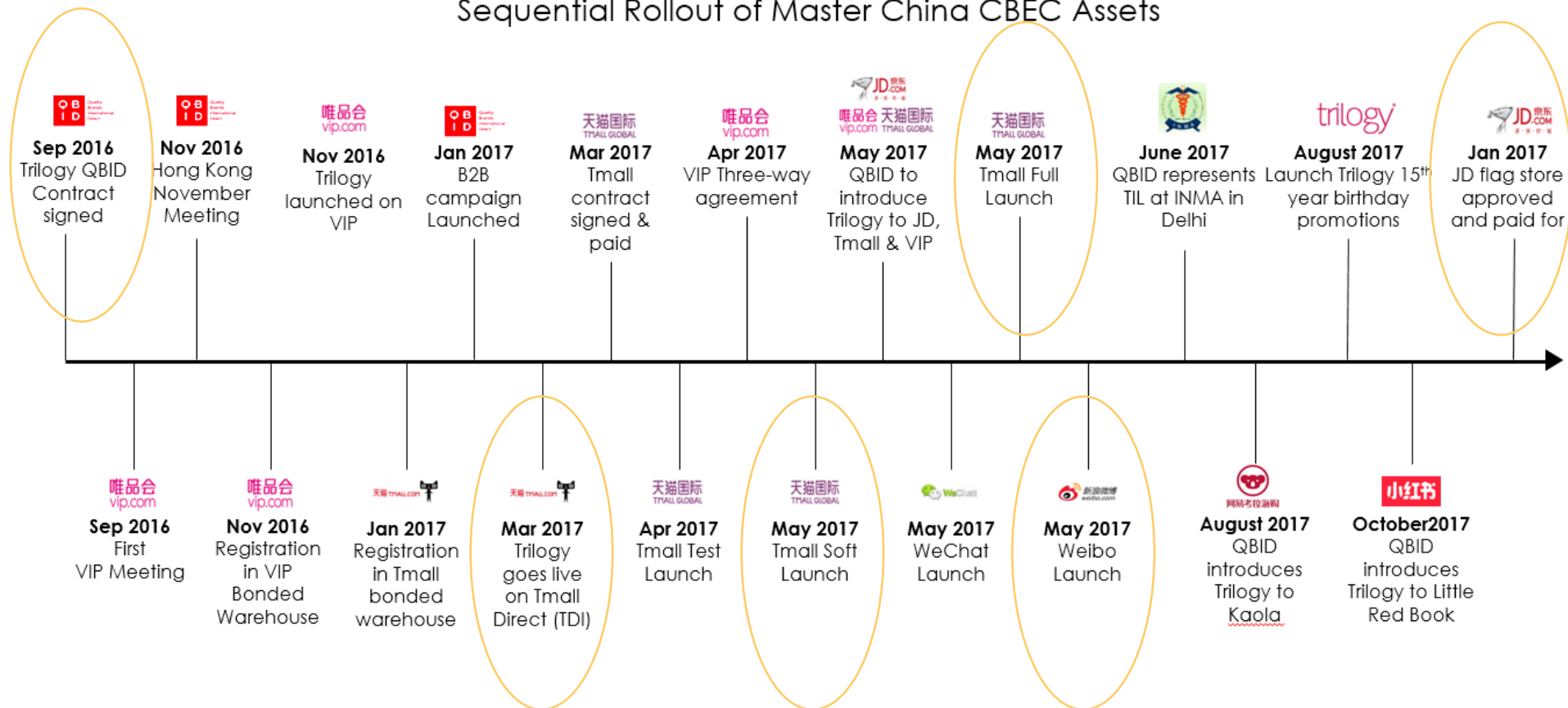


trilogy



# The Timeline:

## Sequential Rollout of Master China CBEC Assets



# Social Media:

## Social Media KOL's

- Collective Follower base of 2.8million
- Series of posts over Weibo and WeChat in August which resulted in:
  - 1,248 reposts
  - 1,101 Comments generated
  - 1,296 Likes
- Campaigns have focused on a few core selling points, including Trilogy's natural components, general quality and superiority and the benefits of the products in Summer
- Focused introductions on Rosehip Oil and Hydrating Mist Toner.
- Sabrina566 was the clear standout in terms of ROI, after promoting her favourite product (RHO) and demonstrating how to apply it prior to applying makeup.



截图日期 Date of Screenshot	2017/08/11
转发 Repost	281
评论 Comment	263
赞 Likes	140



截图日期 Date of Screenshot	2017/08/11
转发 Repost	649
评论 Comment	680
赞 Likes	702



截图日期 Date of Screenshot	2017/08/11
转发 Repost	213
评论 Comment	115
赞 Likes	226



截图日期 Date of Screenshot	2017/08/11
转发 Repost	105
评论 Comment	43
赞 Likes	228

# China Specific Content:



Trilogy WeChat  
Account Snapshot



Menu

- about us
- star products
- fun and polite



Menu

- Summer Product Recommendations
- Rosehip Range
- Body Care Range
- Age-Proof Range



Menu

- Latest Events
- Try for Free
- Announced Competition Winners



Range Splash Page



Navigation



Product Recommendations



'Natural' Posts



Product Story



Testimonials



eCommerce Linkages



Brand Story



# Socialisation of Trilogy:



## QBID: Building Trilogy in China

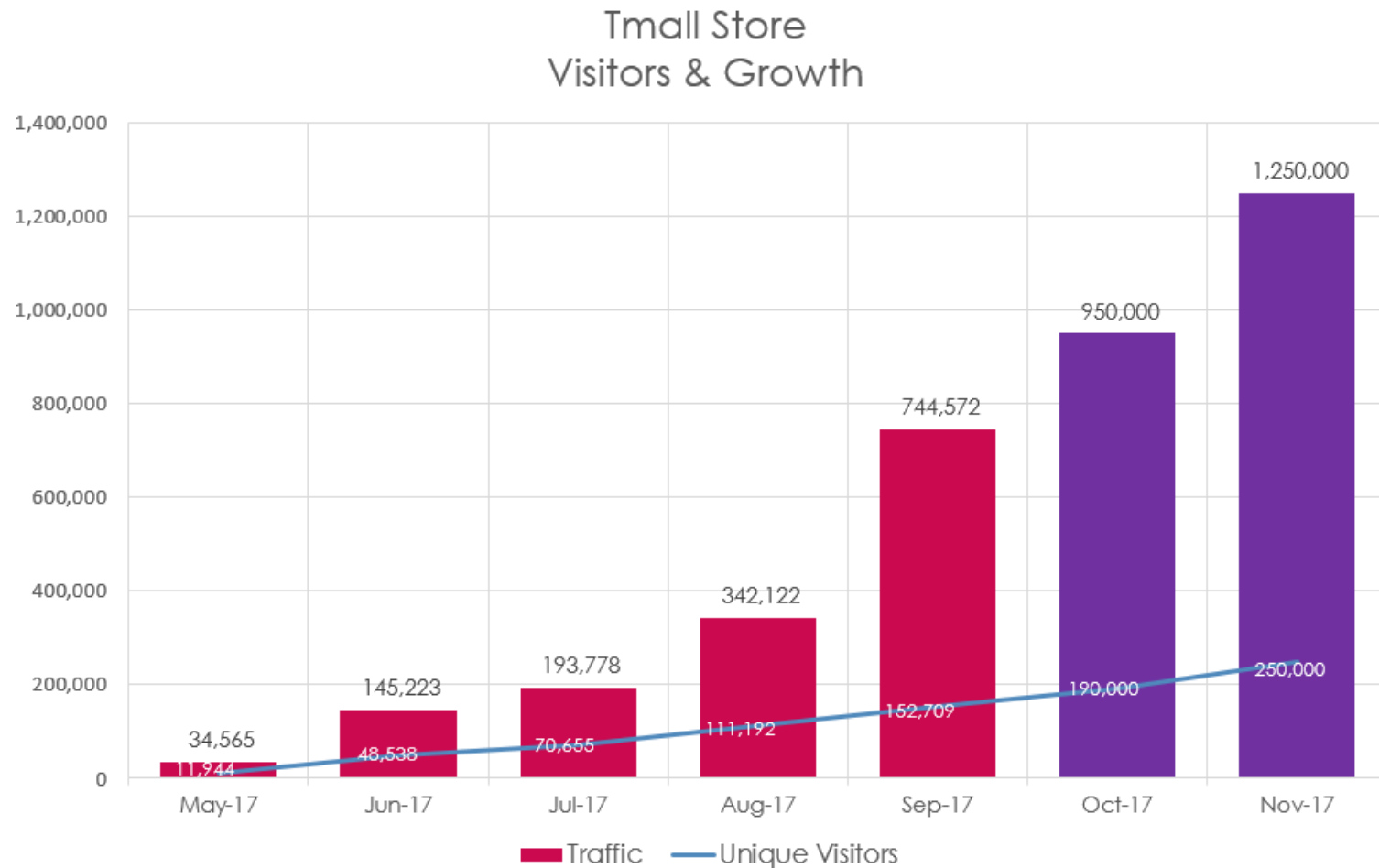
Some of our core achievements include:

- Representing Trilogy at five separate trade shows
- Introducing Trilogy to VIP, JD, Alibaba, Watsons, Yunji, Kaola, and several other platforms
- Selected agency to handle Trilogy's digital promotions (WeChat, Weibo, SEO etc)
- Successfully launching 12 products on VIP Shop
- Successfully Launching 25 products on Tmall Store, and 3 on TDI, soon 9 on Kaola





# Tmall Traffic Growth:



# Thank you and Questions



60%

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Percentage of domestic  
consumption revenue  
contributed by females

