



TRILOGY  
INTERNATIONAL  
LIMITED

## Trilogy International Announces First Half FY18 Financial Results

Revenue to \$49.7 million

EBITDA of \$6.3 million

trilogy

28 November 2017 – Trilogy International Limited (NZX:TIL, ASX:TIL) (the company or TIL), the cultivator of essential natural skincare and home fragrance brands and distribution company, today announced first half FY18 financial results for the six months ended 30 September 2017.

ECOYA  
goodness

Angela Buglass, Chief Executive Officer of TIL, said, “TIL delivered modest growth in the first half, despite retail market pressure in its home markets of Australia and New Zealand. We delivered on our strategy to grow international markets, which grew over 200% compared to last year.

CS&Co.

Lanocorp

Lanocorp has made a great start and as expected, is quickly proving to be a complementary skincare brand for the group.

Cost impacts and short term quality issues impacted TIL group profitability, however, we have already implemented initiatives to accelerate growth in the second half, keeping us on track with previously disclosed guidance.”

### First Half '18 Financial Highlights:

- Revenue increased by 4% to \$49.7 million
- EBITDA declined by (\$0.9m) to \$6.3 million
- NPAT increased 17% to \$4.1 million
- Natural Products delivered \$18.7 million revenue, an increase of 4.8%
- Home Fragrance & Bodycare delivered \$8.3 million revenue, a decrease of (7.3%)
- Full three months' contribution from Lanocorp delivered \$3.1 million revenue and EBITDA of \$0.7 million.

NZ\$ m	H1 FY17	H1 FY16	YoY	YoY (%)
Revenue	49.7	47.7	2.0	4%
Gross profit	24.3	24.2	0.1	0.4%
% margin	48.9%	50.7%		
EBITDA	6.3	7.2	(0.9)	(12.5%)
% margin	12.7%	15.0%		
NPAT	4.1	3.5	0.6	17%
EPS	0.05	0.05		

## **Revenue Maintained at 4% growth HoH**

Natural Skincare delivered 4.8% revenue growth, to \$18.7 million, mainly driven by international market growth, which grew at 235% HoH. During the half we saw the formalisation of a more structured distribution channel in China CBEC. Trilogy Skincare maintained #1 market share position in New Zealand pharmacy<sup>1</sup> and #2 in Australian pharmacy<sup>2</sup> despite the compressed retail market, delivered 11 new products to market, and agreed +1,000 new doors in the US and UK for future growth.

ECOYA achieved \$8.3m revenue, and international markets returned to growth in the half. One off ECOYA Glass and wax supply constraints resulted in slower than anticipated revenue growth and created one off costs in H1, reducing profitability. The successful brand relaunch in September 2017 has created momentum going into H2, with new market opportunities being negotiated.

Lanocorp delivered \$3.1 million in revenue since the acquisition on 7 July 2017, in line with expectations. It has had good success in the US, delivering an enhanced product range to existing retail.

CS delivered \$23.9 million revenue, which was flat HoH. Softer NZ trading and changes to supplier agency agreement mix created fluctuations in the revenue profile, limiting first half growth.

## **EBITDA declined by (\$0.9) million to \$6.3 million**

Trilogy International delivered EBITDA of \$6.3 million. The lower EBITDA margin, compared to H1 FY17, reflects softer trading conditions, the increased cost of rosehip oil, the cost of short term ECOYA quality issues, and brand investment to support long term growth. CS EBITDA was also impacted by margin compression due to NZD weakening against the AUD. These were offset by incremental acquisition growth of Lanocorp.

NPAT increased HoH due to decreased debt servicing costs and finalisation of CS earnout.

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<sup>1</sup> *\*New Zealand market share – IRI pharmacy data MAT 10/09/17*

<sup>2</sup> *\*Australian market share – IRI pharmacy data MAT 17/09/17*

## **Current Trading**

With two months into the second half and 3.5 weeks from Christmas, the second half of FY18 has started well, specifically:

- New retail expansion for Trilogy has been confirmed in both the US and UK, adding over 1000 additional doors later in the year.
- Lanocorp moved into its new purposed built manufacturing facility in Rolleston, Christchurch, providing efficient manufacturing capacity to support ongoing growth.
- ECOYA is well positioned to have a strong second half with orders and sales leading into Christmas going well and in-line with normal seasonality. ECOYA summer limited edition and Christmas limited edition ranges are resonating with retailers and are selling even better than prior years.
- As in previous years, CS is weighted to the second half and there is confidence of good retail sales through the Christmas and summer trading period.

## **Guidance**

Based on current trading, company forecasts, and subject to the performance of our developing market in China, for the twelve months ending 31 March 2018, TIL is on track to deliver previously disclosed guidance for FY18 of +10% revenue and EBITDA

## **About Trilogy International Ltd**

TIL - *Trilogy International Limited* (NZX:TIL, ASX:TIL) is a cultivator of essential natural products and home fragrance brands: Trilogy Natural Products, ECOYA, Goodness Natural Beauty Lab, By Nature, Lanocreame, Tiaki, and Rata & Co, in New Zealand and around the world. Its subsidiary CS Company Limited (CS&Co) distributes international cosmetics, fragrances, skincare and haircare brands in New Zealand.

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