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23 February 2018

## Comvita announces a strong Half Year result

For the six-month period ending 31 December 2017, Comvita (NZX:CVT) has achieved a Net Profit After Tax (NPAT) of \$3.7m, on sales of \$83.6m. This compares to an after-tax loss of \$7.1m, for the same period last year.

Comvita Chairman Neil Craig says, “We are very pleased with a return to profitability in the first half, marking a turnaround of \$10.8m when compared to the first half of FY17. Adjusting our NPAT for non-operating items, this results in an after tax operating profit of \$4.0m.”

Financial results for the period six months to 31 December 2017 (six months to 31 December 2016)

	2017	2016
Sales	\$83.6m	\$57.7m
EBITDA*	\$9.9m	(\$2.8m)
EBITDA%	12%	(5%)
NPAT	\$3.7m	(\$7.1m)
NPAT attributed to non-operating items**	(\$0.3m)	(\$2.8m)
NPAT excluding non-operating items	\$4.0m	(\$4.4m)
Earnings per share (cents)	8.31	(17.18)
Dividends per share (cents)	4.0	2.0

\* EBITDA: earnings before interest, tax, depreciation and amortisation.

\*\*The non-operating item is the revaluation of Comvita’s options in SeaDragon (NZX:SEA).

### Dividend

With the return to after tax operating profit, shareholders will receive a fully imputed interim dividend for the 2018 year of 4.0 cents per share. This is in line with our guidance to the market at our Full Year announcement where we signaled a resumption of dividends after our six-month result to 31 December 2017. We will pay the dividend on 23 March 2018 for those shares registered 16 March 2018.

### China Joint Venture

“Our China Joint Venture, Comvita Food (China) Ltd., is performing ahead of expectations from a profitability perspective. Chinese customer insights show our brand position within China remains very strong. We are very pleased with progress to date” says Mr. Craig.

Comvita CEO Scott Coulter says, “Comvita’s total sales were up 45% on the prior period, driven by sales to North America, which reached \$19.6m for the half year period compared to \$1.6m on the prior period and meets our strategic objective of market diversification.”

“Grey channel sales into China from New Zealand and Australia are up 45% compared to the first half of FY17. We are pleased to see this improvement, albeit more slowly than anticipated at this stage of the year.”

### COMVITA LIMITED

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Mr. Coulter says, “We remain optimistic that the rebound of sales through the grey channel will continue. The Ministry for Primary Industries’ (MPI) new definition for Manuka honey has created some uncertainty for customers and our sales projections in the short term, but we believe these regulatory changes are very positive for Comvita, and will open up a significant number of growth opportunities globally,” says Mr. Coulter.

On 30 January 2018, Comvita announced the 2017-18 honey season was looking favourable so far, with generally good weather conditions throughout December and into January, which contributed to a positive start to the harvest. Mr. Coulter says, “Since that announcement, the weather has not been supportive to honey production, and we are now expecting honey crop volumes to be slightly below that of an average year.”

“To balance this, our Kiwi Bee apiary business has been targeting high value Manuka honey crops, and has successfully secured a number of excellent locations which we believe will yield a higher than average value honey crop than previous years. It is still too early to be definitive on both honey volumes and quality of the crop at this stage of the harvest as only 20% of the 2017-18 crop has been harvested to date. We will update the market on the harvest once extraction of the honey from the hive and testing is completed in May.”

#### Outlook

On 30 January 2018, Comvita upgraded its guidance to the market to a Full Year NPAT of greater than \$17.1m. This was based on the assumption of a normal 2017-18 honey production season and a solid recovery of the grey channel.

The Comvita Board remains confident in the Full Year outlook of an operating NPAT greater than \$17.1m, subject to confirmation of apiary profitability in May 2018 and continued recovery of the grey channel from New Zealand and Australia into China.

Ends

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*About Comvita* ([www.comvita.co.nz](http://www.comvita.co.nz))

Comvita (NZX:CVT) is a global natural health company committed to the development of innovative products, backed by ongoing investment in scientific research.