



## Press release

10 February 2016

### 1HFY16 RESULTS AND FY16 FORECAST UPDATE

Melbourne, Australia – BWX Limited (ASX: BWX) is pleased to report first half 2016 financial results, including:

- Revenue of \$27.6m, representing a 25.5% increase versus pro-forma prior year first half 2015;
- EBITDA of \$9.8m, representing a 53.1% increase versus pro-forma prior year first half 2015; and
- NPAT of \$6.3m, representing a 61.5% increase versus pro-forma prior year first half 2015.

In order to provide a comprehensive view of the consolidated business and to provide visibility into year over year comparisons, pro forma adjustments have been taken to reflect the consolidated 1H period of 1 July 2014 to 31 December 2014 as detailed and reported in the Company's prospectus dated 20 October 2015.

BWX Chief Executive Officer, Mr John Humble, said "Our maiden profit result as a listed company is a great beginning and reflects the significant growth in the sales of Sukin products for the first half of the financial year. Sales efforts have been concentrated on the domestic market while we continue to establish our growth platform to support export strategies."

#### Earnings Highlights for the BWX Limited Group

	1HFY2015 <sup>(1)</sup>	1HFY16	% growth
	\$'m	\$'m	
Revenue	22.0	27.6	25.5%
Gross profit	12.1	16.3	34.7%
Operating expenses	-5.7	-6.5	14.0%
EBITDA	6.4	9.8	53.1%
EBIT	6.2	9.5	53.2%
NPAT	3.9	6.3	61.5%
Gross margin	55.0%	59.1%	410 bpts
Basic EPS (cents per share)	n/a	8.01	n/a
Net tangible assets (cents per share)	n/a	11.65	n/a
Net cash	n/a	3.9	n/a

<sup>1</sup> pro-forma historical results for the six months ended 31 December 2014 as presented in the Company's prospectus dated 20 October 2015

The majority of sales growth came from the Sukin domestic market as the group increased the number of retail outlets stocking Sukin products. Initiatives were taken to optimise the ranging and basket size in existing outlets. There was a continued focus on digital media to deliver the key brand messages and support these initiatives undertaken. It was pleasing to see that approximately 10% of sales in the first half of FY16 came from the new Super Greens product range launched in March 2015.

Mr Humble said, "During the period and more significantly going forward into the second half, we continue to develop the platform for export growth and will be investing in our capabilities in this regard. There appears to be demand for the Sukin product in the export territories we are developing, but we are focused on developing these markets in a measured and strategic manner."

Mr Humble went on to say, "Pleasingly the Company has achieved improved margins due to productivity gains flowing from our recent capex program as well as actively transitioning our product mix away from low margin, low volume third party manufacture in order to gain greater efficiencies in manufacturing."

During the first half, the regeneration programme for the Edward Beale brand has resulted in a revision of the product range with a consistent brand messaging. The Company is targeting a soft launch, the timing of which is currently being negotiated. The Company is part way through a similar exercise with the Uspa brand and range of products

As previously reported, the Directors expect the first dividend to shareholders will be determined in respect of the full year ending 30 June 2016 and will become payable in October 2016 with an intended target dividend payout ratio of between 35% and 50%.

### Full Year 2016 Outlook

Stronger than forecast sales momentum and margins in 1HFY16 increase our full year FY16 forecast to \$53.6m of revenue and \$19.0m of EBITDA.

For full year FY16, the Company is forecasting:

- Revenue of \$53.6m, representing a 18.8% increase versus prior year pro-forma historical FY15;
- EBITDA of \$19.0m, representing a 28.4% increase versus prior year pro-forma historical FY15; and
- NPAT of \$12.4m, representing a 29.2% increase versus prior year pro-forma historical FY15.

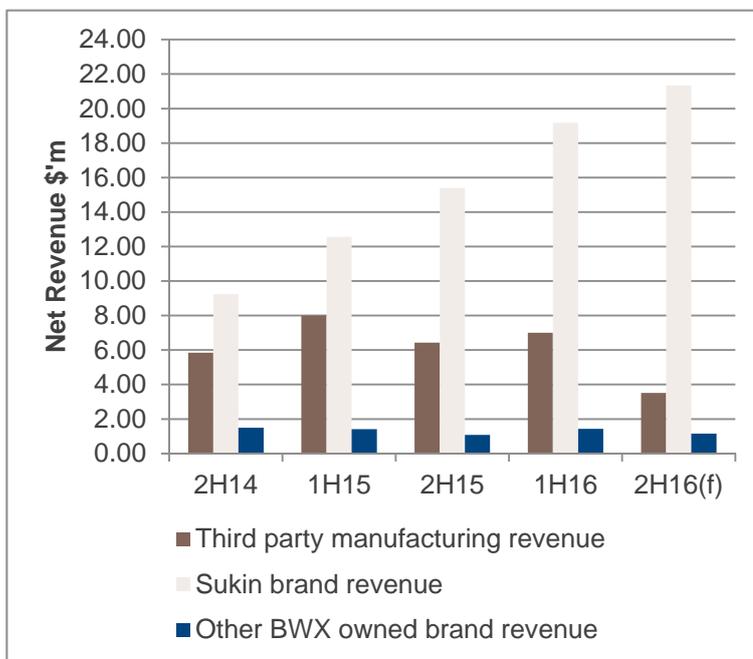
Forecast NPAT of \$12.4m for FY16 is an increase of \$1.3m or 11.7% above that forecast in accordance with the Company's prospectus dated 20 October 2015.

The forecast assumes maintaining the level of growth in the sales of Sukin product through the second half of FY16 and a significant reduction in the amount of third party manufacturing as the Company continues to improve the production mix and further migrate low volume, low margin production. The forecast also assumes no corporate actions or transactions during the period.

**1HFY16 Financial Performance**

**Sales**

Total sales for the first half FY16 grew by 25.5% to \$27.6m. This includes a greater than 50% growth in the sales of Sukin product from the corresponding first half FY15 and a continuation in the rationalisation of low margin, low volume third party manufacturing.



**Gross profit margin**

The gross profit margin has improved 410bpts in the first half of FY16. The margin expansion resulted from economies of scale brought about by the higher level of sales of Sukin products in addition to an improved third party manufacturing mix of product, whereby the Company has continued to actively migrate a number of smaller, lower margin customers.

**Operating expenses**

Operating expenses for the first half FY16 were only marginally higher at \$6.5m than that forecast in the Company’s prospectus of 20 October 2015 of \$6.3m. This was despite the recognition of additional costs of acquisition following on from the Sukin acquisition which completed on 19 June 2015 and those costs incurred as part of the IPO and prospectus preparation process.

During the period the relocation of the Sukin operations to Dandenong South was also completed.

**Cash generation and working capital**

Working capital increased in line with expectations during the first half of FY16. The Company was able to manufacture sufficient levels of Sukin product to meet the forecast finished stock build as outlined in the Company’s prospectus of 20 October 2015.

**Capital expenditure**

During the first half FY16 the Company invested approximately \$0.5m in capital equipment in order to ensure production capabilities remain ahead of the growth in demand for Sukin products.

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**Balance sheet**

Following the successful IPO of the Company in November 2015, the CBA acquisition facility utilised in part funding the acquisition of the Sukin brands was repaid in full. This along with the positive cash generation of the group, with net operating cash inflows of \$7.3 million during the first half FY16, have put the Company in a positive net cash position at 31 December 2015.

-ENDS-

**About BWX**

ASX listed, BWX Limited is a vertically integrated developer, manufacturer, distributor and marketer of branded skin and hair care products with an emphasis on the natural segment of the beauty and personal care market.

The company owns, produces, and distributes under the Sukin, DermaSukin, Uspa, Edward Beale, and Renew Skincare brands.

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