

Media Release

22 February 2018

2017 Full Year Results and CEO Transition

In line with its revised guidance, Asaleo Care today announced an underlying EBITDA of \$124.3 million and underlying NPAT of \$59.4 million for the year ended 31 December 2017. Statutory NPAT for the year ended 31 December 2017 was \$57.2 million.

Key Financials

	Underlying FY17* (A\$m)	Underlying FY16 (A\$m)	Change
Revenue	585.8	605.9	-3.3%
Gross Profit	231.2	241.3	-4.2%
EBITDA	124.3	130.7	-4.9%
EBIT	95.6	101.8	-6.1%
NPAT	59.4	64.6	-8.0%
Statutory NPAT	57.2	59.0	-3.0%
Earnings Per Share (EPS)	10.9cps	11.5cps	-5.2%
Leverage (Net Debt/EBITDA)	2.25x	2.26x	-0.01x
Return on Equity (ROE)	20.1%	21.0%	-0.9pp**
Return on Invested Capital (ROIC)	11.7%	11.9%	-0.2pp**
Dividend	4cps 50% franked (1H17) & 6cps 40% franked (2H17)	4cps 50% franked (1H16) & 6cps 50% franked (2H16)	

Chief Executive Officer and Managing Director, Peter Diplaris, said “Our Company enjoyed strong earnings growth in the Tissue segment, however we had a challenging year in the Personal Care segment.”

“The Tissue segment results were solid with EBITDA up 8.5% to \$69.2m. This was achieved in an environment of higher energy costs and adverse FX. Lower production costs helped offset adverse energy costs while small upsides in pulp and raw material prices were largely offset by FX movements. Our Professional Hygiene, or Business to Business segment, had solid sales growth against last year.”

“Personal Care EBITDA decreased 17.7% to \$55.1m, primarily in Feminine Care and Baby Care. Incontinence Care continues to perform strongly with the Healthcare channel the highlight.”

“Feminine Care revenue declined as an increasingly price competitive environment made it difficult for our Libra brand to compete on price in key retailers when it was on Every Day pricing for a large part of the year. In November we exited these arrangements to give us the flexibility to compete on price as and when necessary and our market share has since increased.”

“Baby Care had a difficult second half caused by the loss of private label business and issues associated with commissioning the upgraded nappy machine that impacted branded sales. These issues have been rectified and we are now producing a higher quality nappy.”

Asaleo Care Limited

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“Our Company will face significant cost imposts in 2018, specifically with pulp and energy. We have a number of initiatives planned to mitigate these cost increases. Timing and effective execution of our initiatives is critical, and our outlook reflects our view on potential upsides and downsides in this regard.”

“Our outlook for FY18 is Underlying EBITDA[^] \$113million to \$119million. We intend to maintain current dividend amounts subject to achieving EBITDA guidance.”

Directors declared a dividend of 6 cents per share (40% franked) for the second half of 2017. The on-market share buy-back that commenced on 1 October 2015 was completed in May 2017 with 60.3 million shares purchased at a cost of \$99.5 million.

CEO Transition

Chairman, Mr Harry Boon announced that, after seven years with the Company, Mr. Peter Diplaris, our Chief Executive Officer/Managing Director, has decided to step down and will leave the Company on 22 May 2018.

During his time with the Company, Peter assembled a high calibre executive team that has delivered solid growth in earnings and profitability, a substantial capital investment program and listing of the Company on the ASX in 2014. The directors extend their thanks to Peter for his outstanding contribution and wish him well for the future.

Mr. Sid Takla, Chief Operating Officer (COO), will take on the additional responsibility of interim CEO from 22 May 2018, pending an extensive search to be undertaken to appoint a new CEO/Managing Director. Sid will be a candidate for the role of permanent CEO/Managing Director.

As part of the Company’s succession planning, Sid was appointed COO in May 2017 after holding numerous finance and operational roles within the Company. As COO, Sid has been working closely with Peter Diplaris, including direct responsibility for Supply Chain in addition to the company’s B2B division.

* **Underlying FY17 Result:** Has been adjusted for ~\$3.5m (pre-tax) or \$2.2m (after-tax) non-recurring costs, associated with the finished goods inventory reduction initiative, abnormal storage costs, restructuring costs, abnormal manufacturing costs and the gain recognized from the Springvale site sale and leaseback.

****pp:** means percentage points.

^FY18 Outlook: Statutory result expected to be ~\$10 million lower due to restructure costs of which ~ \$6million will be cash.

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About Asaleo Care (ASX:AHY)

Asaleo Care is a leading personal care and hygiene company that manufactures, markets, distributes and sells Personal Care and Tissue products. Asaleo Care’s portfolio of market-leading brands includes Sorbent, Handee Ultra, Purex, Libra, Treasures, TENA, Tork, Deeko, Viti and Orchid.

The company has 16 manufacturing and distribution facilities throughout Australia, New Zealand and Fiji. Asaleo Care employs about 1,000 people who work together to make it easier for hygiene, health and wellbeing to be part of everyday life.

For more information visit www.asaleocare.com

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