

Media Release

20 August 2019

Asaleo Care delivers on expectations in 1H FY2019

Asaleo Care today announced its Half Year results for 2019 with an underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$39.4 million from continuing operations and a Statutory Net Profit after Tax of \$7.3m.

Chief Executive Officer and Managing Director, Sid Takla said: “the Company’s financial performance for the first half was in line with expectations, and we successfully completed the sale of the Consumer Tissue Australia business. Sale proceeds were largely used to pay down debt to deliver a strong and healthy balance sheet, which will enable us to invest in our higher margin, higher growth brands.

“Our strategy to drive growth is now clearly focused on becoming the leader in personal care and hygiene in Australasia, by investing in our brands and putting the needs of our customers and consumers first.”

Key Financials

A\$ millions	1H19	1H18	Change
Continuing Operations:			
Underlying Revenue**	202.0	197.6	2.2%
Underlying EBITDA**	39.4	42.9	(8%)
Underlying EBIT**	27.2	34.8	(22%)
Underlying NPAT **	14.3	20.7	(31%)
Non-recurring expenses after tax***	(2.6)	(31.3)	92%
Net Profit/(Loss) from Continuing Operations	11.7	(10.6)	210%
Loss from Discontinued Operations	(4.4)	(90.9)	95%
Statutory Net Profit/(Loss) after Tax	7.3	(101.5)	107%
Underlying Earnings Per Share (EPS)	2.6 cps	3.8 cps	(32%)
Statutory Earnings Per Share	1.3 cps	(18.7 cps)	107%
Dividend	Nil*	6cps 40% franked (1H18)	

*The Directors have determined that there will be no interim dividend.

**This report includes certain non-IFRS financial information (underlying revenue, underlying EBITDA, underlying EBIT and underlying NPAT). This information is considered by Management in assessing the operating performance of the business and has been included for the benefit of investors. References to EBITDA in this release are references to earnings before, interest, tax, depreciation and amortisation and non-recurring items.

***Non-recurring expenses in 1H19 relate to strategic initiatives undertaken in the Company’s NZ manufacturing operations.

“This week, we launched our latest Libra marketing campaign, Blood Normal, which aims to break down taboos, reduce the stigma and shame around periods, and encourage discussion. The TENA Discreet campaign was initiated in the first half with more marketing activity planned for the second half.

“Our major shareholder, Sweden’s Essity, reaffirmed its long-term commitment to the Company with a new agreement being signed extending the Trade Mark and Technology License Agreement out to 2027. This

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will provide continued access to world-leading innovation, research and technology, marketing materials and a pipeline of new product development for our Tork, TENA and Libra brands. Robert Sjoström has resigned as a Director of the Company following an internal promotion. Essity's Marie-Laure Mahé (Commercial Director France and Belgium Consumer Goods) has been appointed a Director of the Company.

“Our major capital investment to upgrade the Kawerau, New Zealand manufacturing facility remains on track for completion next month and will deliver substantial operating efficiencies by the start of 2020.

“The outlook for the remainder of FY19 remains unchanged, with Continuing Operations Underlying EBITDA forecast to be in the range of \$80 - \$85 million. We expect to see some benefits of continued easing in pulp prices, partially offset by the weaker Australian dollar. No interim dividend was declared.”

BUSINESS SEGMENT RESULTS

B2B Business

Sales of our high margin, proprietary ‘Hero Systems’ continue to increase. TENA Healthcare increased by 5.1%, with underlying growth in demand from the residential aged care and in-home care sectors. Tork Professional Hygiene revenue was marginally down 1% following the exit of two unprofitable contracts. B2B EBITDA was down 13.4% to \$20.8m as a consequence of higher pulp costs in H1 (expected to ease in H2), and production shuts to allow for the installation of new converting equipment.

Retail Business

Revenue growth has been strong in the Retail segment, up 4.5% to \$95.6 million. Volume and value growth were delivered across all categories except Baby. Retail EBITDA was down 1.4% at \$18.6 million due to increased investment in shopper promotional activity, brand advertising and incremental sales and marketing resources. Higher pulp costs also impacted first half margins, but this is expected to ease in H2, delivering a modest margin upside.

– ENDS –

About Asaleo Care (ASX:AHY)

Asaleo Care is a leading personal care and hygiene company that manufactures, markets, distributes and sells personal care and hygiene products throughout Australia, New Zealand and the Pacific Islands. Our portfolio of market-leading brands includes Libra, TENA, Tork, Treasures, Purex, Sorbent, Handee Ultra, Deeko, Viti and Orchid. The Company has 15 manufacturing and distribution facilities and employs about 725 people who work together to offer products and services which provide care, comfort and confidence every day. For more information visit www.asaleocare.com

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