

# ASX Release

19 February 2020

## Asaleo Care delivers revenue growth and returns to dividends

Asaleo Care today announced its Full Year results for 2019 with an underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$82.4 million and a Statutory Net Profit after Tax of \$22.1m. The result is within the Underlying EBITDA guidance previously provided of between \$80m - \$85m.

A final FY19 unfranked dividend of 2 cents per share has been declared with a record date of 6 March, 2020 and payable on 3<sup>rd</sup> April, 2020.

Chief Executive Officer and Managing Director, Sid Takla said: “The business has returned to revenue growth, up 3%, which was achieved across both our business segments: Retail and B2B. I am pleased with our Company’s progress, which has enabled us to reinvest for future growth. This result demonstrates that putting the needs of our customers and consumers first delivers results.”

### Key Financials

A\$ millions	FY19	FY18	Change
<b>Continuing Operations:</b>			
Revenue*	420.2	407.8	3.0%
Underlying EBITDA*	82.4	81.5***	1.1%
Underlying EBIT*	56.8	65.8	(13.7%)
Underlying NPAT *	31.7	37.0	(14.3%)
Non-recurring expenses after tax**	(3.2)	(36.2)	(91.2%)
Net Profit/(Loss) from Continuing Operations	28.5	0.8	3,462.5%
Loss from Discontinued Operations	(6.4)	(109.5)	(94.2%)
Statutory Net Profit/(Loss) after Tax	22.1	(108.7)	120.3%
Continuing Earnings Per Share (EPS)	5.2 cps	0.1cps	3,498%
Statutory Earnings Per Share	4.1 cps	(20.0 cps)	120.5%
Dividend	2cps unfranked	No dividend declared in FY18	

\*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 FY19 relate to strategic initiatives undertaken in the Company’s NZ manufacturing operations.

\*\*\* Includes lease payments. Underlying EBITDA excluding lease payments is \$92.5m, enabling like-for-like comparison with FY19 Underlying EBITDA.

“Whilst the reported Underlying EBITDA reflects growth of 1.1%, after adjusting for the lease accounting change in FY19, underlying EBITDA declined 11.0%. This was driven by:

- Major step change in brand investment with increased advertising and trade promotional activity;
- Increased product costs, notably from energy, insurance and foreign exchange; and
- Increased investment in sales and marketing resources to drive future growth.”

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Page 1 of 2



“We will continue to bring to market world-leading innovation, research and technology, marketing materials and a pipeline of new product development for our Tork, TENA and Libra brands.

“Our major capital investment to upgrade the Kawerau, New Zealand manufacturing facility was successfully completed during 2019 and will deliver substantial operating efficiencies and additional products from 2020.

“With the completion of the sale of the Australian Consumer Tissue business during the year, we have reduced our debt and strengthened our balance sheet for future growth. Today’s result shows the strategic foundations we put in place over a year ago are starting to take effect. In 2020, we will build on this momentum to launch more new products, continue to invest in our brands, leverage our new equipment investment at Kawerau, NZ and deliver on our new contract wins, including the contract with the Victorian Government.”

“With continuing sales growth and the easing of pulp prices sheltering other cost increases, the outlook for FY20 Underlying EBITDA is projected to be in the range of \$84 - \$87 million.

## **BUSINESS SEGMENT RESULTS**

### **Retail Business**

Revenue growth has been strong in the Retail segment, up 4.7% to \$198.6 million. Volume and value growth were delivered across all categories except our New Zealand Baby business. Retail EBITDA was down at \$35.6 million due to increased investment in brand advertising, shopper promotional activity and increased input costs including energy and insurance.

Revenue from the New Zealand Consumer Tissue business rose 17% largely due to new product launches for Sorbent and Handee. Libra sales volume increased 7% assisted by the launch of the new Libra Girl product range and the successful launch of the #Bloodnormal advertising campaign, heralding the return of brand investment in Libra. However, branded sales value increased by 1% due to higher investment in shopper promotional activity. Revenue from our TENA incontinence products climbed 6% following the launch of several new products and the TENA Carnivale marketing campaign.

### **B2B Business**

The B2B segment delivered strong revenue growth of 2.8% v pcp in the second half, primarily due to increased sales of high margin, proprietary systems in our Professional Hygiene business. Full year revenue growth was up 1.6% to \$221.6 million. However, profit margins were adversely impacted by high input costs such as energy and insurance, as well as investment in incremental sales resources to drive future growth. For the year, sales of our Tork Professional Hygiene products increased 1% whilst sales of our TENA incontinence products in the healthcare sector increased by 3% due to underlying growth in demand from the residential aged care and in-home care sectors.

– 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. Our portfolio of market-leading brands includes Libra, TENA, Tork, Treasures, Viti and Orchid. The Purex, Sorbent, Handee Ultra and Deeko brands are not owned in Australia. The Company has 15 manufacturing and distribution facilities throughout Australia, New Zealand and the Pacific Islands. Asaleo Care employs about 700 people who work together to offer products and services which provide care, comfort and confidence every day. For more information visit [www.asaleocare.com](http://www.asaleocare.com)

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