

MEDIA RELEASE

Thursday 23 February 2017

Revised Guidance met and financial returns remain strong

- FY16 Results in line with July revised guidance following improvement in 2H16 performance
- Underlying* EBITDA \$130.7m (-10.0%), Personal Care EBITDA \$66.9m (-7.1%), Tissue EBITDA \$63.8m (-13.0%)
- Underlying NPAT \$64.6m, down 15.2% due to FX impact on costs & challenging trading environment
- FY16 Underlying EPS 11.5 cps
- FY16 Underlying ROE 21%, FY16 Underlying ROIC 12%

Delivered Capital Management

- Dividends: 2H16 6cps 50% franked, FY16 total 10cps 50% franked
- On-market buy-back of up to \$100m now 95% complete

FY17 Outlook^

- Expect low single digit profit growth in FY17 (vs FY16)
- Free Cash Flow guidance of \$85m to \$95m after program to optimise working capital levels & recycle capital into higher returning investments

Asaleo Care today announced an underlying Net Profit After Tax (NPAT) of \$64.6 million for the 12 months ended 31 December 2016. Statutory NPAT for the 12 months ended 31 December 2016 was \$59.0 million.

Chief Executive Officer and Managing Director, Peter Diplaris, said “Although market conditions remained challenging in the second half of the year, FY16 results were in line with the revised profit guidance provided in July 2016. Overall, FY16 profit declined primarily due to foreign exchange movements on costs creating a \$15 million adverse impact compared to the prior year, and the challenging trading environment for Personal Care in the first half.

“Pleasingly, the performance of the Personal Care segment improved strongly in the second half compared to the first half, particularly in Feminine Care and Incontinence Care categories, and year on year sales growth was solid for Professional Hygiene and Incontinence Healthcare.

“Last year we celebrated significant milestones in New Zealand and Fiji that highlight the decades of investment we have made and underpin the strength of our heritage brands in those communities. Our NZ brands Purex and Treasures celebrated 60 year and 40 year anniversaries respectively, and in Fiji, we celebrated 50 years of manufacturing.” said Mr Diplaris.

“This year Asaleo Care will bring a number of innovations in Feminine Care & Baby Care to the market following investments in machine upgrades and other initiatives. These include Libra Roll.Press.Go™ where we will be first to market with a patented innovation on the Pads range that is designed with a self-sealing wrapper to make disposal simple and hygienic. We will also launch a nappy with new Core Technology which will deliver improved absorbency, design, comfort and fit. Both initiatives will be supported with increased advertising and promotion,” said Mr Diplaris.

“Our outlook, for FY17 is an expectation of low single digit profit growth as the recent and forthcoming initiatives start to deliver results.”



Directors declared a dividend of 6 cents per share (50% franked) for the second half of 2016. The on-market share buy-back of up to 10% of issued capital (up to \$100m) that commenced on 1 October 2015 is now 95% complete with 57.5 million shares purchased and cancelled to date at a cost of \$95 million. As SCA has not participated in the buy-back, its shareholding has increased to 36.0% from 32.5%. The on-market share buy-back will continue to enable the acquisition of up to a further 2.8 million shares or spending up to a further \$5 million (whichever comes first). Following the completion of the share buy-back, Asaleo Care Limited will have a more efficient and flexible capital structure to pursue our strategy. Return on Equity and Return on Invested Capital remain strong despite the impact of the challenging market conditions on FY16 Results. Underlying Return on Equity for the 12 months to 30 June 2016 was 21.0% and Underlying Return on Invested Capital for the 12 months to 30 June 2016 was 12.0%.

Key Financials

	Underlying FY16* (A\$m)	Underlying FY15 (A\$m)	Change
Revenue	605.9	622.2	-2.6%
Gross Profit	241.3	265.6	-9.2%
EBITDA	130.7	145.2	-10.0%
EBIT	101.8	116.7	-12.7%
NPAT	64.6	76.1	-15.2%
Statutory FY16 NPAT (vs Statutory FY15 NPAT)	59.0	75.6	-22.0%
Leverage (Net Debt/EBITDA)	2.26x	1.8x	-0.46x
Earnings Per Share (EPS)	11.5cps	12.7cps	-9.2%
Return on Equity (ROE)	21.0%	22.8%	-1.8pp**
Return on Invested Capital (ROIC)	12.0%	14.0%	-2.0pp**
Dividend	4cps 50% franked (1H16) & 6cps 50% franked (2H16)	4cps unfranked (1H15) & 6cps unfranked (2H15)	

^ **FY17 Guidance:** Underlying and Statutory result is expected to be materially consistent.

* **Underlying FY16 Result:** Has been adjusted for ~\$7.9m (pre-tax) or \$5.6m (after-tax) non-recurring costs, including relocation of the NZ nappy machine and machine upgrades

**'pp': means percentage points.

About Asaleo Care Limited (ASX:AHY / US OTC:ARLRY)

Asaleo Care is a leading Personal Care and Hygiene Company that manufactures, markets, distributes and sells essential everyday consumer products. The Company's portfolio of market leading brands includes Sorbent, Handee, Purex, Libra, Treasures, Deeko, Viti, Orchid, TENA and Tork. Some of these brands have been in the market for over 60 years and its products are used daily in households and businesses across Australia, New Zealand, Fiji and a number of countries in the Pacific. Asaleo Care has eleven manufacturing and distribution facilities and employs about 1,000 people across Australia, New Zealand and Fiji. For more information about Asaleo Care visit www.asaleocare.com

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