

ASX Announcement

5 May 2022

BWV LIMITED – FULL YEAR FY22 FORECAST

Key points

- FY22 forecast revenue expected to be in the range of \$233 - \$243m with FY22 forecast underlying revenue¹ expected to be in the range of \$240 - \$250m (FY21: \$194.3m)
- FY22 forecast EBITDA expected to be in the range of \$27 - \$30m with FY22 forecast underlying EBITDA² expected to be in the range of \$34 - \$37m (FY21: \$34.5m)
- FY22 forecast revenue driven by strong performance of Sukin and Mineral Fusion
- Sukin growth has outperformed the combined category value for skin, hair, body³
- Business-wide operating cost review identified ~\$5m in cost-savings for FY23

Melbourne, Australia – BWV Limited (ASX:BWV or “the Group”) provides the following revenue and earnings forecast for the Financial Year end 2022 (FY22).

A\$m	FY22 range	FY21 actual	change vs pcp
Forecast revenue	233 - 243	194.1	20 - 25%
Forecast underlying revenue ¹	240 - 250	194.3	24 - 29%
Forecast EBITDA	27 - 30	33.4	(19) – (10%)
Forecast underlying EBITDA ²	34 - 37	34.5	(1) - 7%
Analysts' consensus revenue forecast	261	194.3	34%
Analysts' consensus EBITDA forecast ⁴	45.1	34.5	31%

At the 1H22 result, BWV stated that it expected to deliver strong underlying revenue and EBITDA growth in FY22, with performance weighted to the 2H, while continuing to monitor the external COVID-impacted trading environment.

BWV expects underlying revenue to be in the range of \$240 - \$250m for FY22, versus \$194.3 in FY21. FY22 forecast underlying revenue is driven by the performance of Sukin and Mineral Fusion but impacted by the underperformance of the digital businesses. Sukin brand health is strong and outperforming the combined category growth for skin, hair, body at 25% versus the broader category at 3.4% for the quarter³.

Underlying EBITDA is expected to be in the range of \$34 - \$37m for FY22, versus \$34.5m in FY21. This reflects the impacts of a higher operating cost base, and recent acquisition investments not yet meeting growth expectations for 2H22. Also reflected in this forecast is the impact of ongoing freight and supply chain costs driven by COVID, which remain substantially higher than the prior corresponding period.

¹ Excludes Chemist Warehouse cost of equity-linked strategic partnership expense

² Non-IFRS measure that excludes Chemist Warehouse cost of equity-linked strategic partnership expense

³ IRI scan data (grocery, pharmacy) for the QTR to 10/04/22

⁴ The forecast EBITDA and forecast underlying EBITDA are expected to differ materially from analysts' consensus EBITDA for FY22

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A business-wide review of financial and operating performance has been conducted by Group CEO, Rory Gration, who commenced in the role on 1 March. BWX has identified and will achieve approximately \$5m in cost-out initiatives in FY23, with ongoing initiatives constantly being reviewed to ensure our cost base is at a more sustainable level.

BWX will provide a further update on its simplification and efficiency program in FY23 and beyond at its Investor Day on 19 May 2022.

Commenting on today's update, Mr Gration said:

"BWX's instore revenue performance has accelerated from 1H22 and the business is supported by strong brands and an ability to scale distribution in key markets and sales channels. Initiatives for reducing our cost base are a key priority, supported by improved visibility and cost controls to ensure sustainable revenue growth."

"With less distractions across the business, the team is focused on streamlining and simplifying our operating model to ensure BWX can continue to grow in a sustainable and profitable way – we look forward to sharing more details at our upcoming Investor Day."

Key factors impacting the forecast FY22 revenue and EBITDA are outlined below.

People and investments

- Investments in people, marketing and acquisitions during 1H22 have not translated into the revenue growth expected during 2H22, while resulting in higher fixed operating cost base

Digital performance

- Continued escalation in customer acquisition costs which have doubled YoY continue to impact forecast revenue and earnings within our Digital segment (Flora & Fauna, Nourished Life) and direct-to-consumer businesses (retailer.com, brand.com)
- BWX is focused on driving sustainable performance through synergies across systems, people and the centralisation of the Digital warehouse in the Clayton manufacturing facility (expected July 2022). The new facility enables automated packing and storage processes and additional margin benefits from private label manufacturing. These initiatives will be executed concurrently with ongoing category and range rationalisation, better supplier collaboration and increasing representation of BWX brands across our Digital segment platforms

BWX is confident that the new manufacturing facility will be a key competitive advantage for the Group, unlocking capacity and margin in FY23.

Inventory will remain elevated as manufacturing ramps up in the new facility to support the changeover of our Sukin and Andalou Naturals brands. This elevated inventory will normalise through 1H FY23.

This full-year FY22 forecast is based on unaudited internal management accounts.

Conference Call

BWX will host a teleconference call today, Thursday, 5 May 2022, for investors and analysts commencing at 10.30am AEST. It is recommended participants pre-register via the below link.

<https://s1.c-conf.com/diamondpass/10021972-a0lt54.html>

Investor Day

BWX will host an Investor Strategy Day on Thursday, 19 May 2022.

An audio webcast will commence at 11:30am and concluding by 1:30pm (AEST).

Group CEO and Managing Director, Rory Gration, and Group CFO, Efee Peell, will be joined by members of BWX's executive team and other senior leaders in providing a range of presentations on strategic initiatives, followed by interactive Q&A.

It is recommended participants pre-register for the webcast via the below link.

<https://webcast.openbriefing.com/8696/>

-ENDS-

Authorised for release by the Board Directors of BWX Limited

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About BWX

BWX's purpose is creating Natural beauty and wellness for the world as a vertically integrated developer, manufacturer, distributor and marketer of branded products in the Natural subcategory of the broader beauty and personal care market. The Group owns, manufactures, and distributes products predominantly under the Sukin, Andalou Naturals, and Mineral Fusion brands. BWX also sells a wide range of wellness products (own-brand, private-label and third-party) across multiple categories via the Flora & Fauna and Nourished Life e-commerce sites. Effective 30 September 2021, BWX acquired a majority stake in Go-To Skincare, an Australian skin care provider selling a range of simple, trusted and effective products for the masstige segment of the broader skin care category.

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