

# Media Release

18 August 2020

## Profitable market share growth during a challenging 1H FY20

Asaleo Care today announced its Half Year results for 2020 with an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) from continuing operations of \$49.4 million (1H19 \$39.8 million) and a Statutory Net Profit after Tax of \$18.8m (1H19 \$7.3 million).

Chief Executive Officer and Managing Director, Sid Takla said: “the Company’s strong brands, diverse business model and our local manufacturing footprint combined to deliver strong revenue and earnings growth during this challenging period. Solid cash generation during the period also enabled further strengthening of the balance sheet through net debt reduction.”

“Our priority has been to ensure all our staff remain safe and healthy during the COVID-19 pandemic. Strict measures have been put in place to ensure all manufacturing sites and distribution centres remain in operation. No closures or downtime have been experienced. We remain vigilant to ensure we can continue to supply our essential goods and have contingency plans in place to deal with issues if they were to arise. Our office-based staff have and continue to, successfully work remotely.”

“Pleasingly, our strategy to drive growth with investment in our brands and putting the needs of our customers and consumers first is gaining traction. We have delivered market share growth in all our key categories.”

### Key Financials

A\$ millions	1H20	1H19	Change
<b>Continuing Operations:</b>			
Underlying Revenue**	215.0	196.1	9.6%
Underlying EBITDA**	49.4	39.8	24.1%
Underlying EBIT**	36.6	28.3	29.3%
Underlying NPAT **	22.8	15.2	50.0%
Non-recurring expenses after tax***	(0.1)	(2.6)	(96.2%)
Net Profit/(Loss) before Discontinued Operations	22.7	12.6	80.2%
Loss from Discontinued Operations	(3.9)	(5.2)	(25%)
Statutory Net Profit/(Loss) after Tax	18.8	7.3	157.5%
Underlying Earnings Per Share (EPS)	4.2 cps	2.7 cps	55.6%
Statutory Earnings Per Share	3.5 cps	1.3 cps	169.2%
Dividend	Nil*		

\*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.

“Consistent with our strategy to focus on businesses that will generate sustainable and superior returns, we announced on 25<sup>th</sup> June our decision to withdraw from the loss-making NZ Baby Diaper category, including the closure of the Te Rapa manufacturing facility.”

## **BUSINESS SEGMENT RESULTS**

### **B2B**

The B2B segment delivered revenue growth of 4.6% during the first half. We experienced significant demand for our products during the initial stages of COVID-19. This resulted from customers ensuring they had adequate stock levels of critical products including soaps, sanitisers, towel and wiping and cleaning products, as well as incontinence products into the aged care sector. Our local (Trans-Tasman) manufacturing footprint enabled us to quickly respond to the surge in demand. As lockdown measures were maintained later in the first half, a drop in away-from-home activity negatively impacted sales to the Hospitality, Office Cleaning and Education sectors. However, this impact was softened by an increase in demand for hygiene consumables in the Healthcare and Food Processing sectors.

Sales of our high margin, proprietary ‘Hero Systems’ continue to increase. TENA Healthcare revenue increased by 11%, with underlying growth in demand from the residential aged care and in-home care sectors. Tork Professional Hygiene revenue increased 2.5% notwithstanding the COVID-19 lockdown measures adversely impacting end customers. B2B EBITDA was up 17.3% to \$24.4m as a result of the higher sales volumes and lower pulp costs. This was partly offset by the weaker local currencies and higher insurance costs.

### **Retail**

Revenue growth was strong in the Retail segment, up 15.6% to \$103.6 million with all categories (excluding NZ Baby) experiencing double-digit growth. Whilst the business benefitted from the panic-buying during the early stages of the COVID-19 lockdown in both Australia and New Zealand, this did start to unwind in the later stages of the half.

Pleasingly, our recent increased brand investments, together with the local manufacture of most of our Retail products, enabled us to capitalize on this demand and increase our market share in most categories.

Retail EBITDA increased 31.6% to \$25 million. This resulted from strong revenue growth driving high production volumes combined with low pulp costs. These were however, partly offset by weaker local currencies and higher insurance costs.

## **OUTLOOK**

The COVID-19 panic buying that occurred in March and April had a positive impact on the first half result, however we anticipate this will continue to unwind in the second half of the year. The ongoing lockdown measures are also expected to continue to temporarily dampen away-from-home activity and therefore demand in the Professional Hygiene business. These demand drivers, as well as less favourable FX hedged positions and the implementation of brand investment deferred to H2, are expected to impact EBITDA in the second half.

The full year outlook for FY20 remains unchanged, however we now expect Underlying EBITDA to be at the upper end of the \$84 - \$87 million range. To ensure financial strength during the current COVID-19 uncertainty, our focus will be on further net debt reduction. Accordingly, no interim dividend was declared.

– 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, Viti and Orchid. The Sorbent, Purex, Handee Ultra and Deeko brands are owned in New Zealand and Pacific Islands only. The Company has 14 manufacturing and distribution facilities and employs about 650 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)

**Contacts:**

**INVESTORS:**

Campbell Richards, CFO

P: +61 411 114 883

E: [campbell.richards@asaleocare.com](mailto:campbell.richards@asaleocare.com)

**MEDIA:**

Catherine Le, People Communications Manager

P: +61 491 752 281

E: [catherine.le@asaleocare.com](mailto:catherine.le@asaleocare.com)