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MEDIA RELEASE

Thursday 24 August 2017

Asaleo Care delivers solid first half 2017 growth

Asaleo Care today announced growth of 4.1% in underlying Net Profit After Tax (NPAT) to \$28.2 million and 4.0 % growth in underlying EBITDA to \$60.9 million for the 6 months ended 30 June 2017.

Key Financials

A\$m	Underlying 1H17*	Underlying 1H16	Change
Revenue	294.2	292.7	0.5%
Gross Profit	116.0	115.6	0.3%
EBITDA	60.9	58.6	4.0%
EBIT	46.1	43.4	6.1%
NPAT	28.2	27.1	4.1%
Statutory NPAT	27.7	24.9	11.0%
Earnings Per Share (EPS)	5.2 cps	4.8 cps	7.7%
Dividend	4cps, 50% franked	4 cps, 50% franked	n/a
	Underlying 1H17#	Underlying FY16	
Leverage (Net Debt/EBITDA)	2.05x	2.26x	- 0.21x
Return on Equity (ROE)	22.3%	21.0%	1.3 pp**
Return on Invested Capital (ROIC)	13.0%	12.0%	1.0 pp**

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

* Underlying 1H17 Result: Adjusted for \$1.3m (pre-tax) or \$0.5m (after-tax) non-recurring income and expenditure associated with finished goods inventory reduction initiative, abnormal storage costs and recognised gain from the Springvale site sale and leaseback

Underlying 1H17: Jul-16 to Jun-17 (Last 12 months)

**pp: percentage points

HIGHLIGHTS

Results on Track

- Underlying NPAT growth of +4.1% to \$28.2m, Statutory NPAT +11.0% to \$27.7m
 - Underlying EBITDA growth of +4.0% to \$60.9m:
 - Tissue EBITDA \$32.7m (+18.3%), Personal Care EBITDA \$28.2m (-8.8%)
- Reduction in net debt to \$272.2m, with leverage at 2.05x approaching mid-point of target range

Executing Strategy

- Feminine Care and Baby Care product innovations in market and supported by advertising and promotional expenditure
- FY17 capital optimisation projects (Springvale site sale and leaseback and finished goods inventory reduction initiative) executed successfully delivering incremental free cash in 1H17 of \$38.4m

Delivered Capital Management

- 1H17 Dividend of 4 cps, 50% franked
- On-market share buy-back completed with 10% of issued equity acquired for \$99.5m

FY17 Outlook Maintained^

• Expect return to year on year profit growth in FY17, despite the 2H17 challenges of cost imposts and a competitive retail environment

Purez

Treasures

• Full year free cash flow of \$85m to \$95m, inclusive of capital optimisation initiatives and growth capex.



Chief Executive Officer and Managing Director, Peter Diplaris said: "Our first half results for FY17 were solid with our Tissue business delivering a record first half result."

"We continued to implement our strategy of growing our brands organically with the launch of innovations Libra Roll.Press.Go Pads and Treasures New Core Technology Nappy, supported by an additional \$1.7m in advertising and promotion in this half. This investment in the future growth of our Personal Care business impacted its first half performance. Strong growth was generated in our Business to Business channel for Professional Hygiene and Incontinence Healthcare which further enhances our revenue diversification."

"During the first half, we successfully executed our capital optimisation program. The finished goods reduction initiative resulted in a decrease in finished goods inventory of \$16.3 million and significant savings in logistics costs by exiting third party storage. Additionally, the sale and leaseback of the Springvale manufacturing site was completed in June 2017 with the sale realising \$22.4 million."

"Our full year guidance of low single digit growth remains unchanged, despite the challenges of cost imposts of electricity and pulp pricing and a competitive retail marketplace."

Directors declared a dividend of 4.0 cents per share (50% franked) for the first half of 2017. The on-market share buy-back of up to 10% of issued capital was completed in May 2017, with 60.3 million shares acquired at a cost of \$99.5 million. Key Investor metrics improved with Return on Equity at 22.3% and Return on Invested Capital at 13%.

Chief Financial Officer Update

Consistent with the announcement on 15 May 2017, the Company's Chief Financial Officer (CFO) Paul Townsend, will leave the Company on 31 August 2017. The search for a permanent CFO is progressing and an update will be provided in due course.

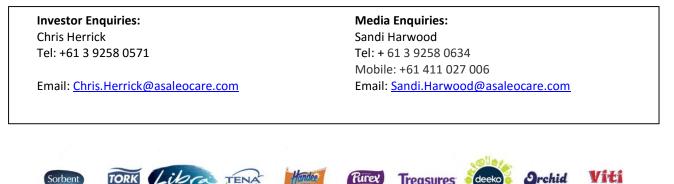
Chris Herrick, currently General Manager Finance will be Interim CFO, effective 1 September 2017. Chris joined Asaleo Care in 2009, and has a very strong understanding of the business. He has also been heavily involved in many major business transformation projects and capital management initiatives. He is currently responsible for corporate finance and investor relations. Chief Executive Officer and Managing Director, Peter Diplaris, said "Chris has become a trusted leader across our business and has strong relationships with the executive management team, Board and the investment community."

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, with some of these brands in the market for over 60 years. Asaleo Care's products are used daily in households and businesses across Australia, New Zealand, Fiji and the Pacific. The Company has 11 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

This public announcement contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior year and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate.



Treasures