

Growing skin care company BWX launches ASX IPO

- .. BWX manufactures and sells Sukin – one of Australia’s leading “Natural” skin care brands*
- .. Sales of the Sukin brand in Australian pharmacies grew 40% in the 12 months to August 2015*
 - ..New product launches and overseas markets targeted*
 - ..Exports forecast to grow 37% in FY16*
 - ..\$136m market cap, \$11.1m forecast FY16 NPAT for 12.3x PE*

28 October 2015: Investors are being given an opportunity to buy into the company behind one of Australia’s top selling pharmacy skin care brands, with the imminent listing of BWX Limited on the Australian Securities Exchange (ASX).

BWX, which markets and sells the successful “Sukin Australian natural skin care” product range in pharmacies around the country, is, together with BWX SaleCo Limited¹, raising \$39.3 million at \$1.50 per share under a prospectus (Prospectus) lodged with ASIC on 20 October 2015 for its Initial Public Offer (IPO).

Sales of Sukin products in Australian pharmacies grew 40% in the 12 months to August 2015. The growth of Sukin products over this period was the highest among the top five skin care brands, outperforming both the ‘natural’ and the broader skin care markets within Australian pharmacies.

BWX has developed and manufactured Sukin products under contract since 2007 and acquired 100% of the Sukin businesses in June 2015. BWX owns all intellectual property for the Sukin product formulations and for its other brands Derma Sukin, Edward Beale, Renew Skincare and Uspa. It also develops and manufactures skin care products as a contract manufacturer for third parties at a purpose built manufacturing facility that it leases in Dandenong South, south east Melbourne.

BWX is a fast growing company focused on “natural” skin and personal care products that benefit from its vertical integration and production control, enabling cost efficiencies and scalability. Sales of its products are predominately through domestic and international distributors.

BWX CEO Mr John Humble said that the natural segment of the skin care market is rapidly expanding, with overall sales of brands growing in this sector.

“We are a growing and profitable Australian skin care company,” he said.

“BWX is a company in control of its own destiny owning the number one pharmacy “natural” skin care brand in Australia while controlling manufacturing, packaging, marketing and its distribution network.

“We are delighted to offer investors an opportunity to participate in this market and note the strong potential for further growth of our portfolio of skin care brands both domestically and in export markets.

BWX total pro forma revenue was \$45.1m in FY15 and is forecast to increase by 11.2% to \$50.1m in FY16. BWX pro forma NPAT was \$9.6m in FY15 and is forecast to increase by 15.6% to \$11.1m in FY16. BWX has been positioned on a forecast FY16 price/earnings ratio of 12.3 times and is targeting a dividend payout ratio of 35% to 50%. BWX anticipates paying an FY16 full year dividend yield of 2.9%

¹ BWX SaleCo Limited is the vehicle being used by three existing BWX shareholders to sell down some or all of their shares in BWX.

to 4.1% in or about October 2016.

Export sales of Sukin in FY15 were approximately \$4.6 million with markets established in New Zealand, US, Canada, Singapore and the UK. Exports are forecast to increase by 37% and generate approximately \$6.3 million of Sukin's total sales in FY16.

The BWX offer is being managed and underwritten by Bell Potter through a broker firm offer.

The post raising market valuation of BWX will be approximately \$136 million based on a \$1.50 per share offer price. Funds raised under the Prospectus will be used to pay down Company debt and enable a partial sell down of shares by three existing shareholders.

The IPO is expected to close on 4 November 2015, with BWX expecting to list on a deferred settlement basis on the ASX on 11 November 2015.

Investors should consider the Prospectus in deciding whether to acquire shares in BWX and anyone wanting to acquire shares will need to complete the application form that will be in or will accompany the Prospectus. The Prospectus and application form are available on the BWX website at www.bwxltd.com/prospectus.

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