



20 February 2017

## ASX ANNOUNCEMENT

### Pental Half-Year Result

#### Net Profit After Tax Higher; Solid Revenue Growth From Operations

#### Performance Highlights

Net Profit After Tax up 16.0% to \$2.303 million;  
Revenue from Operations up 6.8% to \$41.65 million;  
Gross Sales from Australian Market up 7.7% to \$34.38 million;  
Interim Dividend declared up 15% to 1.15 cents per share fully franked;  
Basic Earnings Per Share up 15.8% to 1.69 cents;  
Strong balance sheet with cash at bank of \$9.427 million;  
Expansion into Asia continues to grow at a steady pace;  
Launch of new range of personal care products;

#### OVERVIEW

Pental Limited today announced it had achieved a 16.0% rise in Net Profit After Tax in the six months to 25 December 2016 to \$2.303 million, with the company achieving sales growth in the Australian market and continuing to expand distribution of its products into Asia, primarily China.

Gross sales in the Australian market were up 7.7%, with strong growth with the White King cleaning range; personal care following the successful launch of Country Life liquids; ongoing promotional activities with Pear soaps; a strong firelighter season, and solid growth in the company's private label range.

However, while New Zealand market sales grew in a number of categories such as Toilet and Household Cleaning, ongoing aggressive marketing by competitors in the Dish Wash category caused gross sales to decline 3.3% (7.2% in New Zealand dollars). To offset these pressures, several new innovative products will be launched over the next 12 months.

Meanwhile, expansion into Asia continues to grow at a steady pace with a range of personal care (Country Life and Velvet) and cleaning products (White King and Softly) launched in a number of retail stores and through online channels in China. Sale enquiries continue to be solid, with \$0.664 million in sales achieved for the half year.

Pental has declared a fully franked final dividend of 1.15 cents per ordinary share (up by 15%), payable to shareholders on 24 March 2017, with a record date of 1 March 2017.

Commenting on the latest results, Pental Chief Executive Officer, Charlie McLeish, said he was pleased with the underlying EBIT of \$3.583 million (excluding the impact of FX losses of \$0.277 million) and happy with progress being made on multiple levels, with the company also focused on achieving further efficiency gains from its manufacturing operations and supply chain.

"Innovation is a key priority for Pental in driving short-term and long-term growth. In the first half the Australian Country Life power brand (mainly know for bar soaps) was successfully launched into the liquid wash categories.



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“Entry into these categories (which were new to Pental) required significant investment through in-house development, digital marketing and instore promotional activities (trade spend). The outcome of this programme has seen Pental now competing in the personal care liquid categories, with exciting plans to evolve its liquid and bar soap ranges, in order to remain front of mind with its consumers.”

Mr McLeish said the White King brand also continued to grow strongly and was on track to becoming the number two brand in Bathroom and Toilet Cleaning categories (as defined by Aztec data). Furthermore, the new White King (Non bleach) Bathroom Cleaner and Kitchen Cleaner, has been accepted by retailers, and will be ranged in the third quarter of the 2017 financial year. This will further strengthen the White King brand.

“Installation of the new bulk plant was completed on budget in September 2016 and this has reduced the cost of bulk products previously outsourced,” Mr McLeish said. “Furthermore, the new equipment was commissioned to produce a new range of commercial and industrial cleaning products such as White King Sanitiser & Disinfectant, White King Floor cleaner, White King Glass Cleaner, Sunlight Rinse Aid, Sunlight Laundry Liquid and Sunlight Hand Wash.

“These are ready for release in the second half, which will drive the second objective of growing in the commercial and industrial channels.”

## **OUTLOOK**

Based on solid sales growth experienced in the first half, and the company’s focus on executing its strategic plan, the Board is confident that Pental’s underlying EBITDA will continue to grow through:

- the launch of innovative new product ranges;
- optimising the growth potential of our power and trading brands;
- driving export sales into China and other Asian countries;
- building non-retail commercial and industrial channels using the company’s power brands;
- undertaking the company’s soap automation project, with the primary objective of being a low-cost producer; and
- targeting further substantial cost savings and margin improvements via profit delivery projects.

Mr McLeish said, “Pental is well placed and in a healthy position, to continue with executing its growth strategies, whilst growing its current market position through innovation of its power brands.”

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### **About Pental Limited**

Wherever you go in an Australian home today it would be odd not to find at least one Pental product. White King, Janola, Sunlight, Softly, Country Life, Velvet, Martha's, Huggie, Natural Selections, Pears, LUX, Little Lucifer and Jiffy form the iconic brand portfolio. All created to make everyday life that much easier- that much simpler. The Pental tradition of providing our customers with products of superior quality continues with constant product innovation and improvements. Pental – Trusted by families for generations. More information on Pental is available at: [www.pental.com.au](http://www.pental.com.au)