



23 February 2018

## ASX ANNOUNCEMENT for PTL

### Pental Limited

### Half-Year Financial Result, 31st December 2017

#### HY18 Highlights

- Sales Revenue (Net Sales Revenue) \$38.1 million
- Profit before finance costs, income tax, depreciation and amortisation (EBITDA) \$3.5 million
- Net Profit after Tax (NPAT) \$1.2 million
- Basic Earnings Per Share 0.88 cents
- Interim dividend declared 0.60 cents per share fully franked

#### HY18 Trading Performance

Pental Limited (“the Company”) today reported a Net profit after tax of \$1.2 million (HY17: \$2.3 million) for the half year ended 31<sup>st</sup> December 2017 (HY18), in line with the first half trading update released to the market on 21 November 2017. Total sales revenue was \$38.1 million, and EBITDA was \$3.5 million compared to the previous corresponding period of \$41.6 million and \$4.9 million respectively.

Earnings in the first half were impacted by the highly disruptive retail market place caused by new entrants, which has led to a significant change in the promotional and competitive dynamic in which the Company’s product categories compete. As reported in the first half trading update, Pental has made a strategic decision to invest in and protect and defend its market share and shelf position in two key product categories, being Toilet (Household cleaners) and Laundry, that are currently undergoing significant market disruption. As a result of this decision trade spend investment increased significantly on the prior year comparative period on a lower gross sales revenue base. Higher trade spend investment and deeper and increased promotional frequency has benefited the White King brand. The White King power cleaning gels 700ml Lemon and 700ml Eucalyptus continue to maintain their number 1 and 2 ranking respectively in the manual toilet cleaners’ category<sup>1</sup> and the White King liquid bleach Lemon 2.5 litre and 1.5 litre continue to maintain their number 1 and 2 ranking respectively in the total liquid bleach category<sup>2</sup>.

<sup>1</sup> Aztec ranking report AU Dollars. MAT to 7/1/18 Ranked position in Total Manual Toilet Cleaners

<sup>2</sup> Aztec ranking report AU Dollars. MAT to 7/1/18 Ranked position in Total Liquid Bleach



#### PENTAL LIMITED

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Despite utility costs increasing by 16.5% or \$89.5k compared to the prior comparative period, total operating costs remain well controlled. One off severance costs of \$160k have been incurred for employees that have left the business during the first half.

As at the 31st December 2017, the Company's balance sheet continues to be in a healthy position. As previously reported the Company purchased its Shepparton manufacturing site for \$7.3 million in August 2017 from existing cash funds. At 31st December the Company remained debt free and with positive operating cash flows.

## **Dividend**

The Board has today declared an interim dividend of 0.60 cents per share fully franked, representing a dividend payout ratio of 68.3% which is consistent with the previous corresponding period interim dividend payout ratio (HY17: 68.04%). The Board believes that the interim dividend for HY18 appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth. The interim dividend will be paid on 28 March 2018. The record date for determining the entitlement is 5 March 2018.

## **Outlook**

The Retail landscape continues to remain in a highly competitive and price deflationary environment. Local and international manufacturers, distributors and other suppliers are continually competing for shelf space.

Chief Executive Officer, Charlie McLeish said:

“Pental is a customer and consumer driven Company and continues to engage and respond proactively across its entire customer portfolio. Pental has driven and continues to drive sustainable cost savings to reinvest back into the business and secure its earnings. The Company is well placed to face the current external pressures and will continue to protect and defend its market share and shelf space through initiatives such as:

- strong trade support;
- its great brand portfolio;
- new product innovation; and
- seeking growth through expansion into other category growth projects.”

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## **Media and Investors:**

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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)***