

## Best World 1H2017 profit surges 62.7%; Increases dividend payout policy to 40.0%

- Revenue for 1H2017 increased 15.2% to \$100.0 million
- Robust strong balance sheet backed by \$48.7 million in cash
- Proposes interim dividend of 1.5 cents per share
- Revises dividend policy for FY2017 to FY2019, increased from 30% to 40% payout ratio.

### Financial Highlights

\$'000	2Q2017	2Q2016	% Change	1H2017	1H2016	% Change
Revenue	55,283	51,568	7.2	100,027	86,794	15.2
Gross Profit	39,157	38,594	1.5	70,889	65,183	8.8
Gross Profit Margin	70.8%	74.8%	(4.0pp)	70.9%	75.1%	(4.2pp)
Operating Expenses**	(22,754)	(29,665)	(23.3)	(42,912)	(48,242)	(11.1%)
Profit Before Tax	18,358	11,078	65.7	30,416	18,684	62.8
Net Profit Attributable to Owners of the Parent Company	11,965	7,369	62.4	21,688	13,332	62.7
Net Profit Margin	21.6%	14.3%	7.3pp	21.7%	15.4%	6.3pp
Basic Earnings per share### (Cents)	2.17	1.34	61.9%	3.94	2.42	62.8%

*p.p denotes percentage points; \*\* Includes distribution costs and administrative expenses*

*### The weighted average number of ordinary shares (excluding treasury shares) for 2Q2017 is 550,459,514 (2Q2016: 550,459,514) and for 1H2017 is 550,459,514 (1H2016: 550,459,514). For the purpose of comparison, the earnings per ordinary shares for prior corresponding period are adjusted retrospectively pursuant to the share split of every one existing ordinary share into two ordinary shares on 25 May 2017.*

**Singapore, 7 August 2017** – Mainboard-listed Best World International Limited (“Best World” or the “Group”) announced today a 62.7% surge year-on-year (“YoY”) in Net Profit Attributable to Owners of the Parent Company of \$21.7 million for the six months ended 30 June 2017 (“1H2017”), bolstered by strong performance in its largest and fastest growing market – China.

The Group, which specializes in the development, production and distribution of premium skincare, personal care, nutritional and wellness products to its direct selling members recorded higher revenue of 15.2% YoY to \$100.0 million in 1H2017 as a result of strong export sales supported by increased demand for the Group’s brand offerings in China. Sales from China more than doubled to \$48.0 million, representing a 114.3% increase YoY in 1H2017.

Revenue from the Group's key market of Taiwan declined 24.4% YoY to S\$41.8 million in 1H2017 as a result of the high base effect in FY2016, coupled with market measures implemented in early 2017. Building on its strong market presence in the central and southern Taiwan, the Group will increase efforts to tap into the market north of Taichung to drive future growth. In addition, the management will also enhance distributors' efficiencies through the introduction of upgraded versions of its online store and mobile applications.

Overall, the Group's core business of Direct Selling fell 19.0% YoY to \$51.8 million primarily due to a decline in revenue from the Taiwan market. Export revenue continued its growth momentum and registered a 121.7% YoY increase to \$46.1 million, underpinned by higher demand for the Group's DR's Secret skin care range in China. Manufacturing/Wholesale revenue increased 5.7% YoY to \$2.1 million due to an expansion of the internal sales team as well as continuous marketing activities and participation in trade exhibitions which saw the participation of more new wholesalers.

In line with the higher contribution from the Group's Export segment, which commands a lower gross margin than the Direct Selling segment, gross profit margin remains consistent with 1Q2017 at 70.9% in 1H2017.

The Group recorded a 20.6% YoY decrease in Distribution Costs to \$24.7 million in 1H2017, in tandem with a decline in its Direct Selling revenue. Administrative expenses increased 6.3% YoY to \$18.2 million in 1H2017, mainly due to higher management and staff costs as well as higher depreciation from the Group's Tuas facility. As a result, the Group's net profit margin improved to 21.7% in 1H2017.

The Group maintained a strong balance sheet and working capital position, with approximately \$48.7 million of cash and cash equivalents as at 30 June 2017. Earnings per share for 1H2017 stood at 3.94 cents.

### **Outlook**

On its key markets, the Group believes that China will continue to experience healthy growth and will continue to build on the reaction to market measures implemented earlier this year in Taiwan for its next phase of growth. Overall, barring any unforeseen circumstances, management is cautiously optimistic of the Group's performance for the remaining months of FY2017.

Group's Co-Chairman and President, Dr. Doreen Tan commented, *“Against macroeconomic headwinds, we have continued to deliver strong growth momentum and are extremely heartened to see our endeavours in the China market paying off. This validates the confidence in our ability to penetrate deeper into our fastest growing market. With a proven business model, which is both sustainable and profitable for the long-term, we believe that this is only the beginning of a new growth era.”*

### **Interim Dividend and Revision of Dividend Policy**

For 1H2017, the Board of Directors (the “Board”) has recommended an interim one-tier tax-exempt dividend of 1.5 cents per share, representing a dividend payout of approximately 38% of the Group's 1H2017 net profit.

Since 2004, Best World has paid out \$48.7 million in the form of dividends bi-annually (except for 1H2011 and 1H2013).

Following a strategic review of the Group's financial prospects for the coming financial years, and taking into consideration the Group's historical performance and past dividends paid, the Board has also announced that the Company has revised its dividend policy for FY2017 to FY2019. The Company will distribute annual dividends, of not less than 40% of its consolidated net profit, excluding non-recurring, one-off and exceptional items as stated in the audited financial statements of the year.

Group CEO, Dr. Dora Hoan added, *“We remain cautiously optimistic of our performance for FY2017 as we head into the seasonally stronger second half. While we maintain our growth trajectory, maximisation of shareholders' value remains a high priority. Towards this end, the Board of Directors has revised the Company's dividend policy by increasing our payout ratio, underscoring our commitment to achieve good Corporate Governance and to maximise shareholders' return.”*

**– End of Release –**

*This press release should be read in conjunction with Best World International's 1H2017 Financial Results Announcement and Dividend Policy for FY2017 to FY2019 Announcement dated 7 August 2017.*

## **About Best World**

Founded in 1990, Best World International is a Singapore headquartered company which specialises in the development, manufacture and distribution of premium skincare, personal care, nutritional and wellness products, to customers through its direct selling network in 12 markets. Best World has an established network of more than 468,000 independent distributors and member customers.

In July 2004, Best World became the first direct-selling company to be publicly listed on the Singapore Exchange. Today, Best World is a key regional player with presence in Singapore, Thailand, Taiwan, Indonesia, Malaysia, Vietnam, Hong Kong, China, Korea, Philippines, Myanmar, and Dubai. The Company also manufactures and distributes the Aurigen line of supplements in China through drugstores in all provinces of PRC.

For more information, visit Best World's corporate website at [www.bestworld.com.sg](http://www.bestworld.com.sg)

## ***Issued for and on behalf of Best World International Limited***

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