

## Best World's 1Q2019 net profit up 79.0% year-on-year (“y-o-y”) to S\$10.3 million

- Revenue grew 117.4% y-o-y to S\$53.4 million, driven by sales growth in Group's key markets.
- Gross profit margins improved to 75.2% with full contribution from the Franchise segment, which recognises revenue at a higher price point.
- Management reiterates higher revenue and profit growth y-o-y for FY2019.

Singapore, 8 May 2019 – Best World International Limited (“Best World” or the “Group”), announced today its financial results for the three months ended 31 March 2019 (“1Q2019”).

### Financial Highlights

S\$'000	1Q2019	1Q2018	% Change
Revenue	53,362	24,547	117.4
Gross Profit	40,127	16,766	139.3
Operating Expenses*	26,365	13,415	96.5
Net Profit Attributable to Owners of the Parent Company	10,329	5,771	79.0
Gross Profit Margin	75.2%	68.3%	6.9 p.p.
Net Profit Margin	19.4%	23.5%	(4.1) p.p.

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

The Group's revenue grew 117.4% y-o-y to S\$53.4 million, driven by sales growth in most of the Group's markets. Particularly, China's outperformance was the most pronounced, due to strong underlying demand for the Group's skincare line of DR's Secret as well as full adoption of the new Franchise model.

Notwithstanding this, revenue from China could have been better if not for delays experienced for two SKUs of DR's Secret; 2 re-registration of new formula of existing products. Accordingly, revenue from the sale of these two SKUs will thus be recognised only in 2Q2019 to early 3Q2019 when the delivery of the products is complete. That said, the Group does not expect additional licenses to be re-registered for the remaining periods of FY2019.

### Revenue by Markets

S\$'000	1Q2019	1Q2018	% Change
Singapore	2,234	1,685	32.6
China	30,332	6,809	345.5
Taiwan	13,796	11,388	21.1
Indonesia	3,615	2,260	60.0
Others	3,385	2,405	40.7
<b>Total Revenue</b>	<b>53,362</b>	<b>24,547</b>	<b>117.4</b>

The Group's gross profit and gross profit margin also increased by 139.3% and 6.9 percentage points respectively, to S\$40.1 million and 75.2% for 1Q2019.

Operating expenses, which comprises distribution costs and administrative expenses, increased by 96.5% from S\$13.4 million in 1Q2018 to S\$26.4 million in 1Q2019 mainly due to higher sales related expenses of the Franchise segment, higher commissions under the Direct Selling segment, as well as higher management and staff costs. Together with higher income tax expense (by 142.1% or S\$3.5 million), the Group registered a higher net profit attributable to owners of the parent company of S\$10.3 million or 79.0% growth y-o-y.

From a cash flow perspective, operating cash flows before changes in working capital grew 65.9% y-o-y to S\$15.3 million in 1Q2019, though working capital commitments of higher inventories and settlement of commissions during the period offsetting increase in trade payables to suppliers as well as income tax payments in 1Q2019 led to a net cash outflow from operations of S\$21.5 million.

As at 31 March 2019, the Group's balance sheet remained strong, with a net cash of S\$167.3 million.

Commenting on the Group's results, Executive Director and Group Chief Operating Officer, Mr Huang Ban Chin, commented, **"The Group delivered a solid set of results for 1Q2019, attributable to growth in most of our markets of exposure. This is a strong testament to the market's positive reception to our brand offerings. Asian consumers' proactive attitude towards skin care and their desire for flawless skin led to the growth of premium skin care and we are poised to capitalise on this favourable trend. On a full financial year basis, we work towards on delivering a stronger performance for FY2019."**

### **Outlook**

Barring any unforeseen circumstances, management is cautiously optimistic to be able to achieve growth in both revenue and profit for the Group for FY2019. Attributing reasons are:

- In FY2018, revenue and profit for 1H2018 were only contributed by our Direct Selling Business, whereas in FY2019, the Group will register revenue and profit from both Direct Selling and Franchise segments for all the quarters of the year;
- Outlook for underlying demand for the Group's products remains positive in China, Taiwan, Indonesia, Singapore and certain Other markets in FY2019; and
- Although fasting month have begun in May, we are still cautiously optimistic about our Indonesian market in 2Q2019 as a result of certain market measures taken and the launch of the BWL iPhone/Android apps in 2Q2019.

**– End of Release –**

### **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 its member customers in the 11 markets the Group operates in.

After listing on the Singapore Exchange in July 2004, Best World has grown in strides to become 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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