BEST WORLD INTERNATIONAL LIMITED
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Best World's Net Profit Surges 145.3% y-o-y to S$29.9 million for 3Q2018

- Revenue for 3Q2018 almost doubled to S$92.1 million, boosted by commencement of Franchise segment in China
- Net Profit Margins improved to 32.5% for 3Q2018
- Proposes special dividend of 1.2 cents in view of new milestone achieved for Group's China operations
- Management cautiously optimistic of achieving profit growth for FY2018

Singapore, 8 November 2018 – Mainboard-listed Best World International Limited ("Best World" or the "Group"), a Singapore headquartered company specialising in the development, production and distribution of premium skincare, personal care, nutritional and wellness products to its member customers, announced today its financial results for the three months ended 30 September 2018 ("3Q2018").

Financial Highlights:

S$'000	3Q2018	3Q2017	% Change	9M2018	9M2017	% Change
Revenue	92,067	46,780	96.8	152,457	146,807	3.8
Gross profit	77,258	31,425	145.8	121,536	102,314	18.8
Gross profit margin	83.9%	67.2%	16.7pp	79.7%	69.7%	10.0pp
Other operating income	9,061	1,159	681.8	17,380	5,417	220.8
Operating expenses **	(49,242)	(15,622)	215.2	(84,850)	(58,534)	45.0
Profit before tax	35,761	17,196	108.0	53,700	47,612	12.8
Net profit attributable to owners of parent company	29,887	12,182	145.3	44,786	33,870	32.2
Net profit margin	32.5%	26.0%	6.5pp	29.4%	23.1%	6.3pp
Basic earnings per share ## (cents)	5.44	2.21	146.2	8.15	6.15	32.5

*p.p denotes percentage points ; NM denotes Not Meaningful; ** Includes distribution costs and administrative expenses; ## The weighted average number of ordinary shares (excluding treasury shares) for 3Q2018 is 549,395,114 (3Q2017: 550,283,187) and for 9M2018 is 549,797,515 (9M2017: 550,400,093).*

For 3Q2018, the Group recorded revenue of S$92.1 million, which represents a 96.8% increase compared to S$46.8 million recorded in 3Q2017. While this is attributable to growth in key Direct Selling markets of the Group, it is primarily due to the full commencement of the Franchise segment in China since July 2018. Under the Franchise segment, revenue is recognised at a higher price point compared to Export price.

Gross profit improved 145.8% to S$77.3 million vis-à-vis the same period in FY2017 while Gross Profit Margin improved by 16.7 p.p to 83.9%. Moving forward, management expects Gross Profit Margin to normalised between 75% and 80%.

Revenue by Geographical Locations:

S$'000	3Q2018	3Q2017	% Change	9M2018	9M2017	In 3Q2017
Singapore	2,062	2,137	(3.5)	5,718	5,725	(0.1)
China	61,507	26,187	134.9	74,521	74,157	0.5
Taiwan	20,896	14,890	40.3	53,324	56,690	(5.9)
Indonesia	4,763	1,405	239.0	10,580	3,627	191.7
Others	2,839	2,161	31.4	8,314	6,608	25.8
Total Revenue	92,067	46,780	96.8	152,457	146,807	3.8

As a result, revenue from China surged 134.9% from S$26.2 million in 3Q2017 to S$61.5 million for 3Q2018, effectively becoming the Group's largest revenue contributor again after 2 quarters of minimal Export contributions. Apart from higher Franchise price compared to Export price, the growth in sales was also driven by growing underlying demand for the Group's skin care line in China.

As China-derived revenue no longer forms a constituent of the Group's Export segment from 3Q2018 onwards, Export revenue for the period, which now solely represents exports to Myanmar, was lower year-on-year at S$0.2 million.

Notably for Taiwan, the Group's second largest market, sales increased 40.3% to S$20.9 million in 3Q2018, boosted by successful marketing activities held within the quarter. The Group is cautiously optimistic that business performance in Taiwan for FY2018 will match that of FY2017 with the upcoming anniversary celebrations and product launch in 4Q2018.

Revenue by Business Segments

S$'000	3Q2018	3Q2017	% Change	9M2018	9M2017	% Change
Direct Selling	30,415	20,445	48.8	77,422	72,282	7.1
Export	153	25,267	(99.4)	10,848	71,350	(84.8)
Manufacturing/Wholesale	1,013	1,068	(5.1)	2,860	3,175	(9.9)
Franchise	60,486	-	NA	61,327	-	NA
Total Revenue	92,067	46,780	96.8	152,457	146,807	3.8

Operating Expenses, which comprises distribution costs and administrative expenses, increased by 215.2% in 3Q2018 as compared to 3Q2017. Higher distribution cost was due to sales related expenses which the Group incur for its new Franchise segment, which include expenses for approved marketing activities, customers support, training and logistics services provided for by the franchisees.

Administrative expenses were higher mainly due to increase in professional fees and management and staff costs as well as higher expenses from the fully operational Changsha branch office.

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As a result, the Group's net profit attributable to owners of the parent company grew by 145.3% to S$29.9 million for 3Q2018 compared to the same period last year. Net profit margins also improved by 6.5 p.p year-on-year to 32.5%.

As at 30 September 2018, the Group's balance sheet remains strong, with net cash of S$134.2 million. Earnings per share for 3Q2018 was 5.44 cents while net asset value per share was 27.94 cents.

Outlook

In line with previous announcements, the management maintains its expectations of China being the Group's key growth driver in the next reporting period and for the next 12 months. As at 30 September 2018, there Group has 28 franchisees throughout China with operations covering 10 provinces and one municipality, including that of Zhejiang, Sichuan, Guangdong, Henan, Heilongjiang, Chongqing etc.

Together with contribution from the Group's operations in Taiwan, Indonesia, Hong Kong and Singapore, barring any unforeseen circumstances, the management is cautiously optimistic that the Group will be able to register bottom line growth for FY2018, despite having recorded lower revenue and profit during the transition phase in 1H2018.

Executive Director and Group Chief Operating Officer, Mr Huang Ban Chin, commented, *"3Q2018 herald a new milestone for the Group's China operations as we register the first full quarter of revenue contribution from our Franchise segment. Moving forward, we expect the China market to be the Group's key engine for growth. We intend to capitalise on our momentum and we will work hard to further improve market awareness of our brand offerings and stimulate more demand for our products."*

In view of the above, the Board of Directors (the "Board") is pleased to recommend a special one-tier tax-exempt dividend of 1.2 cents per share in respect of the financial period ended 30 September 2018.

– 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 12 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

Issued for and on behalf of Best World International Limited

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