

Best World Continue its growth in FY2018 with net profit increase of 30.9% yoy to S\$72.9 million

- Revenue grew by 24.0% yoy to S\$266.3 million, driven by contribution largely from the Group's Franchise segment in China
- Proposes final and special dividends of 4.2 and 0.8 Singapore cents per share, bringing dividend payout ratio for the fiscal year to 55.8%; Total dividend distribution since IPO amounted to S\$115.3 million
- Management expects stronger performance for FY2019

Singapore, 26 February 2019 – 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, is pleased to announce that the Group's net profit attributable to owners of the parent company increased by 30.9% year-on-year (“yoy”) to S\$72.9 million for the twelve months ended 31 December 2018 (“FY2018”). This was on the back of 45.6% contribution to the Group's overall profit before tax from the Franchise segment. Net profit margins also improved, by 1.5 percentage points yoy to 27.4%.

Financial Highlights

S\$'000	4Q2018	4Q2017	% Change	FY2018	FY2017	% Change
Revenue	127,651	71,481	78.6	266,300	214,806	24.0
Gross profit	99,771	47,695	109.2	207,499	146,527	41.6
Gross profit margin	78.2	66.7%	11.5 ppt	77.9	68.2	9.7 ppt
Operating expenses**	(60,255)	(25,914)	132.5	(131,297)	(80,966)	62.2
Profit before tax	39,422	20,145	95.8	93,142	67,757	37.5
Net profit attributable to owners of parent company	28,106	21,803	28.9	72,892	55,673	30.9
Net profit margin	22.0%	30.5%	(8.5 ppt)	27.4%	25.9%	1.5 ppt
Basic earnings per share### (Cents)	5.12	3.96	29.3	13.26	10.12	31.0

*ppt denotes percentage points ; NM denotes Not Meaningful; ** Includes distribution costs and administrative expenses; ### The weighted average number of ordinary shares (excluding treasury shares) for 4Q2018 is 549,395,114 (4Q2017: 550,088,514) and for FY2018 is 549,696,088 (FY2017: 550,321,559). 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.*

Revenue by Business Segments

S\$'000	4Q2018	4Q2017	% Change	FY2018	FY2017	% Change
Direct Selling	47,519	35,021	35.7	120,896	103,821	16.4
Export	84	35,100	(99.8)	10,932	106,450	(89.7)
Manufacturing/Wholesale	1,231	1,360	(9.5)	4,091	4,535	(9.8)
Franchise	78,817	-	NM	130,381	-	NM
Total Revenue	127,651	71,481	78.6	266,300	214,806	24.0

For FY2018, the Group recorded revenue of S\$266.3 million, a yoy increase of 24.0% compared to S\$214.8 million revenue recorded in FY2017. This was primarily driven by higher contribution of 49.0% over total sales from the Group's Franchise segment in China, where revenue is recognised at a higher price point compared to Export price. The Group's key Direct Selling markets, grew 16.4%, with Taiwan and Indonesia being the leading markets.

Year-on-year, gross profit was S\$207.5 million, up 41.6% vis-à-vis the same period in FY2017 while gross profit margin improved by 9.7 percentage points yoy to 77.9%. Moving forward, management expects gross profit margins to normalise between 75% and 80%.

Revenue by Geographical Locations

S\$'000	4Q2018	4Q2017	% Change	FY2018	FY2017	% Change
Singapore	2,639	1,890	39.6	8,124	7,419	9.5
China	80,049	36,305	120.5	144,807	110,462	31.1
Taiwan	36,334	28,799	26.2	85,994	82,346	4.4
Indonesia	5,256	1,667	215.3	15,760	5,238	200.9
Others	3,373	2,820	19.6	11,615	9,341	24.3
Total Revenue	127,651	71,481	78.6	266,300	214,806	24.0

Overall, revenue from China increased by 31.1% from S\$110.5 million to S\$144.8 million for FY2018. Apart from higher Franchise price compared to Export price, sales volume growth also drove the higher sales registered in China. This is primarily due to the underlying growth in demand for our skincare line driven by our franchisees.

For the Group's second largest market of Taiwan, the management arrested the decline and achieved sales growth of 4.4% yoy to S\$86.0 million. Main activities boosting growth include the Mother's Day Promotion in April, more large-scale events and training held throughout the year and a successful 12th Anniversary Promotions for the months of October and November.

Notably, the Group's revenue from Indonesia more than tripled yoy to S\$15.8 million mainly due to the increased shift towards online marketing which allowed for a more effective and efficient method to promote brand awareness, attract new consumer members and ultimately drive demand for the Group's products.

As at 31 December 2018, the Group's balance sheet remains strong, with a net cash of S\$197.1 million. A strong balance sheet with low gearing will allow the Group to fund the capital expenditure for the advanced manufacturing facility in Tuas as well as acquisitions or investments via internal resources and/or borrowings.

Outlook

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. The Group completed the transition from Export Model to the Franchise Model in China in the third quarter of 2018. As at 31 December 2018, the Group's China subsidiary had entered into agreements with 28 franchisees, which are spread over eleven provinces and one municipality in mainland China. The Group subsequently signed five additional Franchisees in January 2019.

Executive Director and Group Chief Operating Officer, Mr Huang Ban Chin, commented, *"Despite only a half year contribution from the Franchise segment, China remains as the top performing market for the Group. We believe that we will achieve both top and bottom lines growth for FY2019, largely driven by full year contribution from the China Franchise segment, together with contributions from the Group's operations in Taiwan, Indonesia, Singapore and Hong Kong. The demand for premium skin care products in these markets are growing healthily and we will intensify our marketing efforts in these markets to capitalise on the growing trend."*

Final Dividend

For FY2018, in line with the revision of the Group's dividend policy to distribute annual dividends, including interim dividends, of not less than 40% of its consolidated net profit, excluding non-recurring, one-off and exceptional items for FY2017 to FY2019, the Board of Directors (the "Board") has recommended a final one-tier tax-exempt dividend of 4.2 Singapore cents per share and a special one-tier tax-exempt dividend of 0.8 Singapore cents per share. This represents a dividend payout of 55.8% of the Group's FY2018 net profit, after taking into account the interim dividend of 1.2 Singapore cents per share given in 1H2018 and special dividend of 1.2 Singapore cents per share given in 3Q2018.

The Board believes that this policy is in line with good corporate governance as well as its focus to maximise shareholder value demonstrated by uninterrupted annual dividend payouts amounting to \$115.3 million since listing in 2004.



Year	Total Earnings (S\$'000)	Dividends (S\$'000)	Payout Ratio
2004	5,039	1,000	19.8%
2005	8,464	4,140	48.9%
2006	11,861	4,125	34.8%
2007	13,400	6,125	45.7%
2008	10,626	4,537	42.7%
2009	9,671	4,537	46.9%
2010	2,450	4,521	184.5%
2011	274	1,229	448.5%
2012	1,800	2,456	136.4%
2013	1,429	614	43.0%
2014	4,054	1,762	43.5%
2015	10,104	4,404	43.6%
2016	34,569	12,661	36.6%
2017	55,673	22,553	40.5%
2018	72,892	40,658	55.8%

Best World's dividend payout track record since IPO.

– 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

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