

26 July 2012

COMVITA ANNUALISED SALES SURPASS \$100M

	Year ended 31 March 2012 NZ\$000	Year ended 31 March 2011 NZ\$000
Sales	\$95,928	\$82,009
EBITDA*	\$15,482	\$6,321
NPAT**	\$8,224	\$503
ROCE***	14.4%	4.3%
Net Debt/EBITDA	0.9	3.0
Earnings per share	29.10 cents	1.82 cents
Total Dividend per share	14 cents	3 cents

*EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation
 **NPAT: Net Profit After Tax
 ***ROCE: Return on Capital Employed

Global natural health and beauty products company Comvita announced annualised sales had surpassed \$100 million for the first time in the company's history, reflecting the growing stature of the brand in international markets.

At its annual general meeting in Paengaroa, Comvita chairman Neil Craig said annualised sales for the 12 months to 30 June 2012 had reached \$102 million.

"Comvita is known for quality and product integrity in health and beauty products. Consumers reward us with a premium against other brands that lack the testing, quality standards and product and brand innovations that are the foundations of our success."

Mr Craig made the comments as he reported to shareholders on the results for the year to 31 March 2012, when net profit after tax (NPAT) rose to \$8.2 million on sales which grew 17% to \$96 million.

Mr Craig told shareholders: "The results for the 2012 financial year demonstrate Comvita's business model is delivering. The business is seeing significant operating leverage from the infrastructure put in place over the last six years."

"We have control of channels to market from raw material supply through to the consumer and our ongoing product innovation is based on in-house research and development, rather than a whole range of 'me too' commodity type products."

Other Achievements during year ending March 2012

- Successful defense of unwelcome takeover bid
- Globally, Medihoney sales growing by approximately 38% p.a
- Normalised, Net Earnings (NPAT) grew by 136%

Supply Chain

- New, state-of-the-art medical honey extraction facility
- 50% increase in the number of beehives
- Acquisition of Waikato-based apiary business
- Increased olive leaf production capacity

Asia

- Hong Kong: 20% growth in same-store sale, 54 outlets
- China: 120% increase in sales, over 400 outlets
- South Korea: fastest growing market, now with eight outlets



Australia and New Zealand

- Improved efficiency of distribution channels in Australia by transferring to a direct selling model
- Production capacity at Paengaroa factory increased significantly

Science and Research

- Establishment of Comvita Innovation, responsible for conducting research programs
- A total of 41 patents pending, relating to 11 different, unique innovations in Woundcare applications.

Mr Craig said the rewards to shareholders from continued enhancement of this business model will be increased EBIT margins, increased earnings per share after tax and increased dividend flow from earnings increases. A consequence of this will be a higher share price, says Mr Craig.

“While Comvita’s share price had recovered significantly in the last 12 months – at a historical price-to-earnings multiple of just 11 times – it was still cheap relative to the New Zealand market of around 15 times. At today’s share price we have a gross dividend yield of 6%. This is also significant when considering Comvita’s rapid earnings growth phase that is now underway.”

With Comvita continuing to grow rapidly, Mr Craig said the challenges will be in the areas of remaining globally competitive in the face of a perennially strong NZ dollar, securing raw material supply as sales increase and maintaining a strong innovation focus.

In order to meet those challenges, Comvita CEO Brett Hewlett said Comvita will continue to spend on control and management systems, enhance our internet selling capability and make acquisitions in honey supply and other raw materials.

“We will also continue to research new product opportunities that fit with the Comvita brand, which may need to be acquired as opposed to being developed in-house.”

From a balance sheet point of view, said Mr Hewlett, we are in a strong position and have significant financial capability to make acquisitions.

“Any such acquisitions would need to be demonstrably earnings-per-share positive.”

Mr Hewlett said Comvita’s local presence in-market, reputation for quality and success in expanding our product range is ensuring strong brand awareness and loyalty.

“We have demonstrated we can sustain this level of growth and that we can continue to achieve operating leverage gains provided by the scale and scope of our local and global operations. These all point to a continuing improvement in net earnings and growth in shareholder value”.

The Board of Directors thank shareholders for their support in a year when Comvita faced a generally tough market and the unwelcome distraction of the Cerebos takeover offer.

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About Comvita (www.comvita.co.nz)

Comvita is an international natural health and beauty products company with a strong New Zealand heritage. We are committed to the development of innovative natural health and wellbeing products, backed by credible scientific research. We develop and manufacture products in the categories of Health Care, Personal Care (Skincare and Wound Care) and Functional Foods (Health Foods). Manuka (leptospermum) honey is at the core of the Comvita product range and we are the largest manufacturer and marketer of this uniquely New Zealand resource. We sell into more than 18 countries through a network of wholesale and third-party outlets, more than 470 branded retail outlets throughout Asia – including 400 stores in mainland China and online. We have offices in New Zealand, Australia, Hong Kong, Japan, Taiwan, South Korea and the United Kingdom