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16 April 2018

2018 Profit Guidance and Due Diligence Process

Comvita (NZX:CVT) announced today that because of the latest estimates on the value of its 2018 honey harvest, the Company anticipates its after tax operating earnings for the financial year ending 30 June 2018 are now likely to be downgraded to the range of \$8m-\$11m.

Given the share price sensitivity of this forecast update, the Comvita Board believes it is obliged at this time, to disclose that Comvita is party to a Confidentiality Agreement with a third party, pursuant to a due diligence process currently being conducted on the Company. This process, which has been ongoing for several months, is to enable the third party to assess the potential acquisition of all or substantially all the shares in Comvita, whether by way of takeover, scheme of arrangement, amalgamation or other business combination.

Profit Guidance

Comvita CEO Scott Coulter said, "On 23 February 2018 we signalled the weather experienced during the second half of the 2018 honey season had not been conducive to good honey production and we were now expecting honey crop volumes to be below that of an average year. We also signalled we would further update the market on the harvest once honey extraction from the hives and quality testing was completed in May. The weather for the rest of February and early March continued to not be conducive to honey production and the anticipated late harvest did not eventuate. We have now completed 80% of the extraction for the season and tested 50% of our honey, and the yields are well below expectations; around half of what we originally budgeted. This poor harvest has a direct impact on our apiary business profitability for the current financial year ending 30 June 2018. The direct financial impact on our forecast position for the year is in the order of \$8m after tax.

Comvita Chairman Neil Craig said, "It is disappointing that after early signs the 2018 honey crop was shaping up well, we have experienced such a poor end to the season. We indicated on 23 February that subject to confirmation of apiary profitability and a solid recovery of the grey channel sales from New Zealand and Australia to China, the Board remained confident in the full year outlook of an operating NPAT of greater than \$17.1m. Because of our latest estimate on the 2018 crop and some assumed risk to our sales targets to the end of this financial year, we now anticipate that our 2018 after tax operating earnings will be in the range of \$8m-11m."

Due Diligence process with Potential Acquirer

Mr Craig said, "Comvita is party to a Confidentiality Agreement with a third party, pursuant to which a due diligence process on Comvita is being conducted. The purpose of the due diligence is to enable the third party to assess the potential acquisition of all or substantially all the shares in, or assets, of Comvita, whether by way of takeover, scheme of arrangement, amalgamation or other business combination.

COMVITA LIMITED

23 Wilson Road South, Paengaroa, Bay of Plenty, 3189. Private Bag 1, Te Puke 3153, New Zealand.
PH: +64 7 533 1426, FX: +64 7 533 1118 - www.comvita.co.nz

While the Board believes this due diligence process is moving towards a conclusion, the possible acquisition remains for now an incomplete transaction and there is no certainty that any offer will be forthcoming. The Board cannot provide any further comment or guidance at this stage, other than the fact we should expect to be in a position to further update the market by mid-May 2018.

As this release emphasises, the third party approach was, and remains, an incomplete proposal. Ordinarily this would not require disclosure at this time; however, given the content of the 2018 financial forecast update, the Board believes it is obliged to also foreshadow this possible future development, to ensure shareholders are fully apprised as to the current prospects of the Company.”

Ends.

For further information:

Comvita Chairman, Neil Craig, 021 731 509

Comvita CEO, Scott Coulter, 021 386 988

Comvita Communications Manager, Julie Chadwick, 021 510 693

Background information

About Comvita (www.comvita.co.nz)

Comvita (NZX:CVT) is a global natural health company committed to the development of innovative products, backed by ongoing investment in scientific research.