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20 June 2018

Comvita announces investment in Propolis manufacturer

Comvita (NZX:CVT) announced today that it has purchased a 20% share of Apiter, a family-owned business and the largest South American producer of Propolis based in Uruguay.

Comvita CEO Scott Coulter said, “We have always been supply-constrained for New Zealand sourced Propolis. Together with a long term supply agreement, the investment in Apiter removes our supply constraints for this key ingredient platform. Although this investment is not material from a group earnings perspective in the short term, it underpins our long-term strategy of this business segment.”

“We have been working with the Roth family (Apiter’s founders and owners) for approximately 15 years in the knowledge that Uruguayan Propolis has the high levels of phenolics and flavonoids which match the profile of New Zealand Propolis. Certain plants produce higher levels of these protective compounds when exposed to climatic conditions that are from a similar latitude to New Zealand. Not only does our investment in Apiter secure our supply base it also provides access to the leading intellectual property around Propolis extraction, value-added wound care, and potentially pharmaceutical and nutraceutical products derived from Propolis.”

“In our core Asian markets, Comvita is a premium brand in the Propolis category. While relatively unknown in New Zealand, Propolis and its health properties are well understood, with a high level of consumer awareness throughout many Asian markets. Particularly in China, we sell a large range of Propolis capsules, tablets, soft gels, tinctures and toothpastes,” said Mr. Coulter.

Apiter Chief Operating Officer Laura Roth said, “Apiter is a family business based in Uruguay and Argentina, founded 40 years ago by my parents’, Andres and Elba. Since the beginning, the family has worked hard to achieve a global leading role in the production of Propolis extract and we are now the major producer in South America.”

“Comvita and Apiter have a similar history and philosophy with the founders having strong values related to naturally derived wellness. We at Apiter are very proud of this moment, and this synergy is without doubt a major milestone; not only for the past but for what we have ahead of us together. We are very excited for this next stage to begin,” said Ms. Roth.

The consideration for the investment is USD6.25m for 20% of the total business. The investment will be payable by USD5.65m in cash and earnouts upon meeting certain milestones and USD0.60m in Comvita shares, based on a 10 day Volume Weighted Average Price prior to completion. The equity component will be issued out of existing Treasury Stock held by Comvita. Completion, subject to final documentation, will occur on 2 July 2018. Comvita’s Chief Commercial Officer Mark Sadd, will join the Apiter Board at this time.

Ends.

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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.

About Apiter

Established in 1978 in Uruguay, Apiter is the largest manufacturer of propolis in South America, with processing and manufacturing plants in Uruguay and Argentina. It has decades of experience manufacturing value-add wound care. Extracts are sold as raw materials or manufactured into Apiter's proprietary products; the majority of sales are propolis dressings and pharmaceutical products with a small portion of nutraceuticals and veterinary products.

About Propolis

Propolis is a powerful natural product made by bees from plant resins. Bees use Propolis to protect and sterilise the beehive, where it acts as the defence mechanism for the hive. Records show Propolis has been used by man for medicinal purposes for thousands of years. Ancient Egyptians used Propolis as an embalming substance and in Ancient Greece Hippocrates, the physician considered the "Father of Medicine", used Propolis to treat wounds and ulcers. Propolis is a well-researched natural substance with many thousands of scientific papers having been published to date on its bioactivity and health benefits. The protective immune defence and antioxidant properties of Propolis come from the bioactive plant phenolics and flavonoids it contains. Scientific research shows the protective properties of the bioactives found in Propolis can provide significant benefits for human health.