



4 April 2018

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Q3FY18 – Sales affected by US volatility. Distribution footprint continues to expand.

Yowie Group Ltd (ASX: YOW, OTC ADR: YWRPY) (the “Group” or “Yowie”) wishes to provide the following trading update for the quarter ending 31 March 2018.

Highlights

- Q3 Global net sales of US\$4.6 million, down 22% versus pcp as expected, primarily driven by:
 - Lower sales at our largest customer due to entry of a major competitor
 - Cycling of a strong Q3 FY2017 in ANZ due to significant initial orders at time of re-entry into the Australian market
- YTD net sales (before adjustment for one-off stock adjustment claim) of US\$14.6 million down 4% versus pcp
- Continued growth trajectory in US distribution across all channels, with overall penetration (measured as ACV%* of all channels) growing from 37% to 41 % between January and March 2018. Additional commitments from key customers including CVS and 7-11 for Q4 shipments
- North American Q3 net sales were US\$3.8 million, down 21% versus pcp. YTD net sales are down 14% versus pcp.
- Australian Q3 sales were US\$0.8 million down 26% versus pcp. YTD net sales are up 120% versus pcp.
- Strong closing cash balance US\$21 million. Cash outflow decreased again with retooling efforts underway to improve manufacturing, packaging and distribution cost. Corporate infrastructure and administration costs have also been reduced.

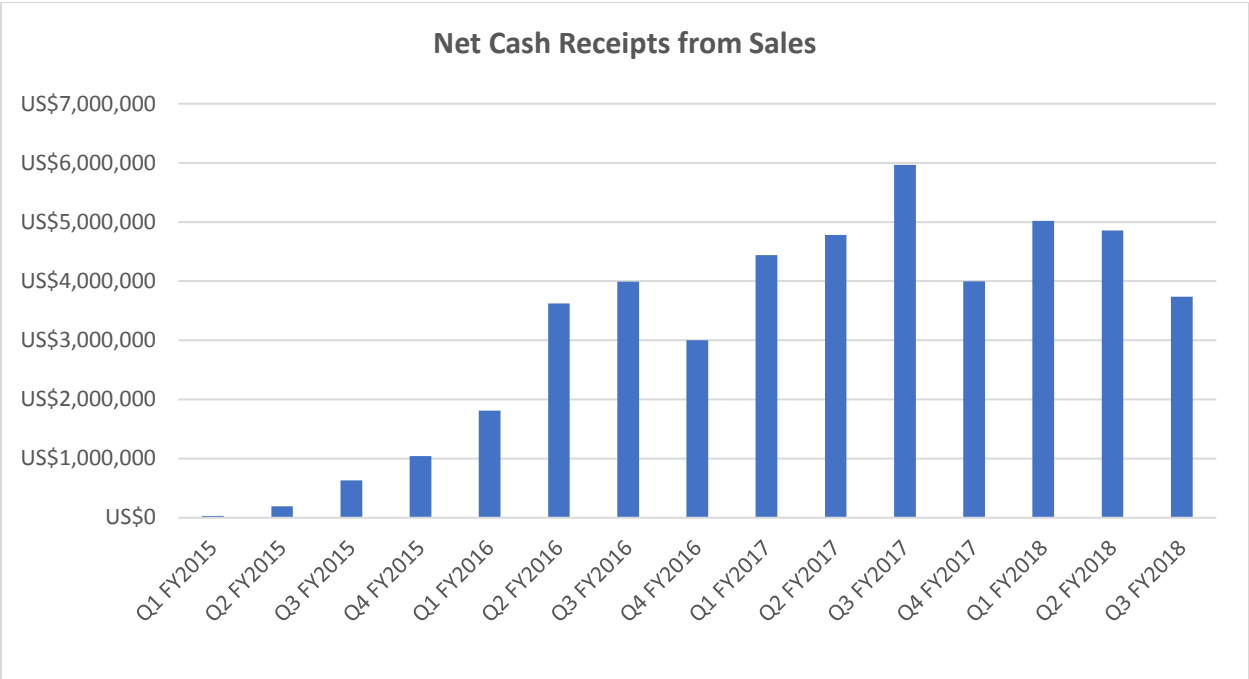
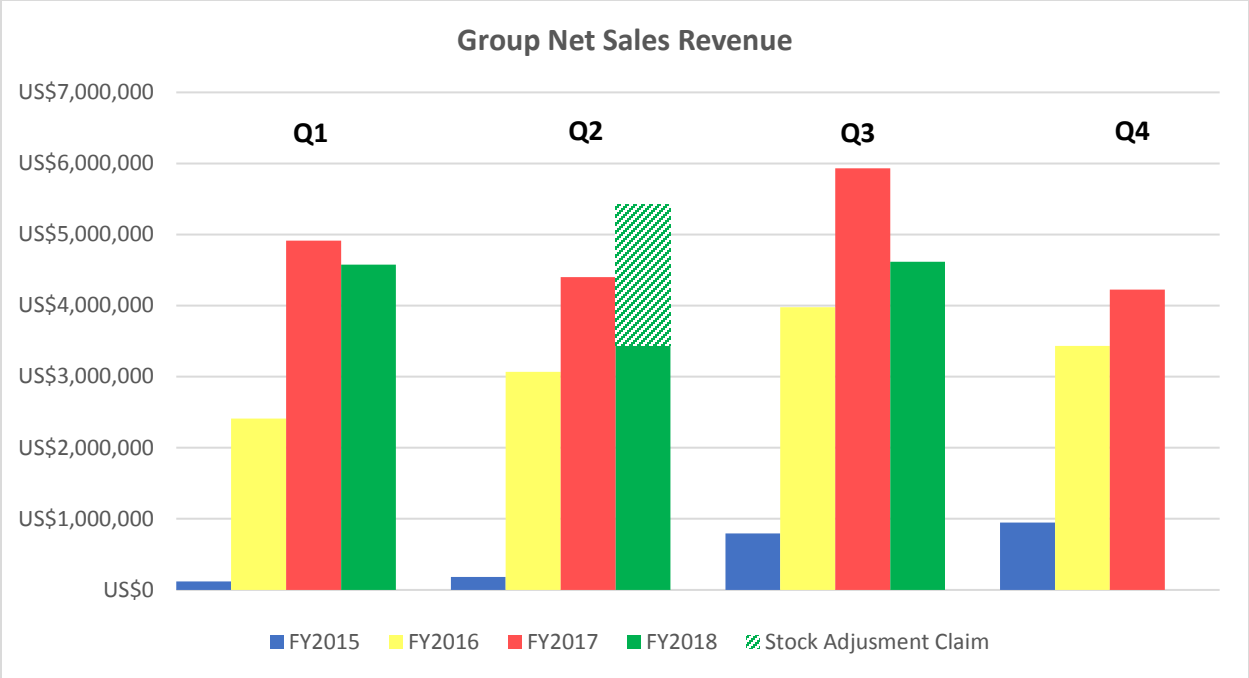
Mark Schuessler, CEO said, “Overall, the quarter sales reflect expected US volatility, a competitive environment and ANZ year on year timing. Notwithstanding these, we continue to make progress on our strategic priority of expanding distribution, with additional commitments from CVS and 7-11 for Q4.”

* ACV = All Commodity Volume

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Our net operating cash outflow was US\$1.34 million, with cash receipts of US\$3.74 million, offset by raw material and operating overhead of US\$5.08 million in total. Cash levels are a strong US\$21 million.

Our main focus continues to be to gain distribution across all channels in the US, Canada and Australia with more competitive promotional and merchandising activity to engage retailers and provide the consumer easier access to Yowie. Efforts are underway to improve product design and supply chain efficiencies to improve the bottom line.

Corporate infrastructure/admin evaluation is in progress with over US\$1 million of annual savings executed to date.

Yowie North America Sales and Distribution

Yowie has made strong distribution gains in all channels the past 52 weeks, reaching a total distribution of 40.6%. We are excited with the accelerating increases the last quarter in Convenience (+4.5% ACV) and Food (+6.1% ACV), both focus channels for us. Yowie continues to be a top seller in \$'s per store where available. In our largest US customer, we are the #6 in overall \$ Sales. We are also pleased with commitments beyond what was communicated previously from 7-11, the largest US convenience chain with over 9,000 stores; CVS, the US's 2nd largest drug chain with over 6,000 outlets; and several regional grocery chains with over 1,000 stores.

In Canada, we have commitments from the country's largest Drug chain, several divisions of the largest grocery chain with Q4 shipments expected.

Australia

Yowie successfully launched Series 2 – the Ranger Series before the critical Easter holiday period. This included a successful launch with Australia's largest retailer, Woolworths, where we are seeing continued positive traction. We continue to expand distribution throughout Australia and expansion into New Zealand has begun as well.

Manufacturing Operations

Inventory levels are sufficient to service our customers at the highest level and we are evaluating cost savings opportunities to eliminate inefficiencies as we grow. Packaging changes are in process to address retail stock adjustments.

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Marketing

We have re-tooled our marketing plans to utilize available digital assets to accelerate brand recognition and character development, focus on public relations opportunities and reduce spending significantly.

Building the Yowie character awareness is critical to building the iconic Yowie brand. We have launched several of our Yowie character books in Australian schools this February. We are also very excited about the April on line launch of 2 of our webisodes that we have partnered with Icon Animation over the past 2 years to develop.

Outlook

As discussed in the FY18 1H review, our outlook is for sales performance for FY18 to be flat year on year. Our strategy is to retool to deliver strong organic profitable growth over time. We are making progress on our key strategies as follows:

- Continue to accelerate distribution growth across all channels of trade in our current markets through aggressive account management, trade investment, and proven on shelf results.
- Retooling our marketing investment approach, including a focus on character development through publishing and webisodes and lower spending.
- Simplifying our corporate infrastructure and managing changes to our corporate administration.
- Focus on our competitive advantages: our conservation message, quality, collectability and digital presence.

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About Yowie

Yowie Group Ltd is a global brand licensing company specializing in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters. Educating children and adults about the environment and ecology is at the heart of the Yowie proposition.

Yowie Group employs its company-owned intellectual property rights in the outsourcing of the manufacturing and distribution of the Yowie chocolate confectionery product and in the development of a Yowie digital platform and Yowie branded licensed consumer products. The Company's vision for the Yowie brand includes distribution of Yowie product in North America, with further expansion planned into Australia, New Zealand and throughout Asia, where the Yowie brand is known and brand equity remains strong, even with the brand not having been active in the market for around ten years. Expansion into Europe and the Middle East are key strategic priorities for a second-stage brand rollout.

Yowie Group Ltd was first listed on the Australian Securities Exchange www.asx.com.au in December 2012 under code name 'YOW'. The Company's registered head office is in Perth, Western Australia.

For more information on the company go to www.yowiegroup.com

The Yowie consumer website can be found at www.yowieworld.com

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