

ASX/Media Release

(ASX: MCP)

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Divestment of Home Appliance Business

McPherson's Limited ("McPherson's" or "Group") (ASX:MCP), a leading supplier of health, wellness and beauty brands in Australasia, today announced the divestment of its Home Appliance business to Glen Dimplex Australia Pty Limited.

The divestment is consistent with McPherson's strategy to exit non-core operations and grow its core business in health, wellness and beauty markets, and also supports a further strengthening of the Group's balance sheet.

Net transaction consideration is estimated to be approximately \$28m, inclusive of all related inventory, fixed assets and intangible assets. Based on a forecast FY2018 EBIT for the Home Appliance business of \$4m, the net consideration represents an EBIT multiple of approximately 7 times. An estimated non-recurring loss on divestment of between \$2m to \$3m will be accounted for in our 1HFY18 results based on the book value of all related net assets.

The funds generated from the transaction will be used to buy back the outstanding \$25.0m in bonds at 31 March 2018. Group net debt is forecast to be approximately \$5m at 30 June 2018, compared with \$36.4m at 30 June 2017.

McPherson's Managing Director, Mr Laurie McAllister said: "This transaction is a great outcome for each of the Home Appliance business, Glen Dimplex and McPherson's, and marks a positive turning point for our business as we complete our non-core asset sales. Importantly, post the completion of the divestment, the McPherson's balance sheet will enable investment in earnings accretive growth initiatives.

"We now have a solid foundation to pursue our strategic initiatives, which are to grow our core 6 brands, explore new product growth platforms, drive value from our geographic footprint and develop strategic customer and supplier partnerships. Our operational capacity, combined with our financial strength, provides a strong platform for future growth."

Home Appliances fits well with Glen Dimplex, which is a privately owned group with leading positions in Consumer Appliances and Heating & Ventilation categories in many markets around the world. Headquartered in Dublin, the Group's key markets are Europe, America and Australasia.

Glen Dimplex's CEO, Mr Fergal Naughton said: "We are delighted to announce our latest acquisition in Australia which is a market we are keen to continue to invest in and build our presence and capabilities. Our portfolio of brands now allows us to forge very meaningful partnerships with our Australian customers, across many categories, all year round."

The completion date for the transaction is 28 February 2018.

1H FY18 Guidance Update

Guidance provided on 20 November 2017 was for expected underlying profit before tax for the first half of FY2018 to be 10% to 15% below the previous corresponding period. Based on recent trading conditions, the Group anticipates underlying profit before tax for the half year to 31 December 2017 to be at the better end of this range. The guidance is inclusive of expected earnings from the Home Appliance business.

The Group's half year results, to be released on 21 February 2018, will be presented on a continuing operations basis, excluding the impact of the Home Appliance business which will be classified as a business held for sale.

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About McPherson's Limited

McPherson's Limited is a leading supplier of health, wellness and beauty brands including Dr. LeWinn's, A'kin, Manicare, Lady Jayne and Swisspers. With over 420 employees, McPherson's is present across Australia, New Zealand, Hong Kong and Singapore. The company supplies to approximately 10,000 retail outlets with customers that include supermarkets, department stores, pharmacies and independent stores.

For further information on McPherson's business and its strategy and to view our most recent corporation video please refer to the company's website <http://www.mcphersons.com.au>

The Home Appliance business markets and distributes large appliances such as ovens, cooktops, washing machines and dishwashers, and owns the market-leading Euromaid and Baumatic brands.