MCPHERSON'S

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McPherson's Preliminary Results for 1H FY2018

Successful execution of initiatives and better than expected trading conditions across domestic and export markets supports stronger underlying profit before tax

26% reduction in net debt over the 12 months to $30 million

McPherson's Limited (ASX:MCP) ("McPherson's") today announced that it has completed its preliminary, unaudited results for the half year to 31 December 2017, generating underlying profit before tax of $11.0 million[1] (1H2017: $11.0 million[1]), inclusive of the underlying result of its Home Appliances Division and a statutory profit before tax of $3.8 million (1H2017: ($10.0) million loss).

The better than expected result, which is above guidance and in line with the prior corresponding period, is to due to stronger than anticipated trading over the Christmas period along with stronger than anticipated sales to export markets in December 2017. McPherson's had previously forecast that its 1H FY18 underlying profit before tax, inclusive of Home Appliances, would be in the range of 10% - 15% below 1H FY17.

Underlying results inclusive of Discontinued Operation	**1H FY18 ($ million)**	**1H FY17 ($ million)**	**Change (%)**
Sales revenue	140.6	149.1	(5.7)
Underlying EBIT[1]	12.7	13.5	(6.3)
Underlying profit before tax[1]	11.0	11.0	0.1
Underlying profit after tax[1]	7.3	7.9	(7.9)
Underlying EPS (cents per share) [1]	7.0	7.6	(7.5)

The preliminary underlying profit before tax on a continuing business basis, ie excluding the impact of Home Appliances which is now classified as a business held for sale, improved by 2.4% to $9.5 million[1,2](1H FY17 $9.3 million[1,2]).

Underlying results from Continuing Operations	**1H FY18 ($ million)**	**1H FY17 ($ million)**	**Change (%)**
Sales revenue	106.1	115.0	(7.7)
Underlying EBIT[1,2]	11.2	11.8	(4.7)
Underlying profit before tax[1,2]	9.5	9.3	2.4
Underlying profit after tax[1,2]	6.2	6.7	(6.5)
Underlying EPS (cents per share) [1,2]	6.0	6.5	(7.1)

[1] Underlying amounts exclude the following significant non-recurring items before tax:
1H FY2018: $6.4m impairment of goodwill related to Home Appliances and $0.8m restructuring costs.
1H FY2017: $19.8m impairment of intangible assets; $0.2m profit recognised from the divestment of Singapore's Impulse Merchandising operation; $0.8m restructuring costs and $0.7m bond buyback costs.

[2] Continuing operations results exclude the significant non-recurring items outlined above and the following items before tax:
1H FY2018: $1.5m Home Appliances trading profit.
1H FY2017: $1.7m Home Appliances trading profit.

Statutory results	**1H FY18 ($ million)**	**1H FY17 ($ million)**	**Change (%)**
Statutory profit / (loss) before tax	3.8	(10.0)	NM
Statutory profit / (loss) after tax	0.1	(11.8)	NM
Net Debt	30.4	40.9	(25.6)

McPherson's Managing Director, Mr. Laurence McAllister said: "We are very pleased that the successful execution of initiatives to improve our business, in combination with improved trading conditions over the key Christmas period and stronger export sales, has lead to a better half year result than expected. In particular, sales of our Dr. LeWinn's and A'kin brands were significantly stronger throughout this period both locally and offshore, benefitting from new channels, and increased demand from Chinese consumers."

Sales revenue from continuing operations, excluding Home Appliances, declined by 7.7% to $106.1 million (FY2017: $115.0 million), largely due to the anticipated reduction in ranging of Multix in the grocery channel and declines in lower margin private label and fragrance agency sales. Importantly, McPherson's saw an improvement in contribution margin as a result of growth in sales volumes of higher margin brands such as Manicare, Dr. LeWinn's and A'kin.

The divestment of the Home Appliances business is on track for completion on 28 February 2018. Approximately $28 million in net proceeds will be generated from the divestment and will be applied to buy back the outstanding $25 million in Corporate Bonds, further reducing the company's net debt and borrowing costs. Net debt is now projected to be approximately $5 million at 30 June 2018.

A non-cash, non-recurring impairment of approximately $6.4 million in goodwill related to Home Appliances is expected to be reflected in the 1H FY18 statutory results.

Outlook

In commenting on the outlook, Managing Director Mr Laurence McAllister said: "We have a number of growth initiatives underway to support a stronger second half compared with the prior corresponding period. These include improved ranging in key grocery and pharmacy customers, marketing initiatives to support further growth in export sales, commencement of distribution of our products in the Japanese market and a new fragrance agency agreement with My Chemist Warehouse.

"The combination of these growth initiatives and improved market conditions position McPherson's well for an improvement in underlying PBT from continuing operations, excluding the Home Appliances business, for the full 2018 financial year."

Further detail on the results and outlook will be provided when the audited half year results are released on 21 February 2018.

For further information please contact:
Cannings Strategic Communications
Renee Bertuch
+61 409 550 389 or 612 8284 9991
rbertuch@cannings.net.au

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.