



ASX / Media Release

(ASX: MCP)

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McPherson's enters Health Category via joint venture with new Australian Brand "Soulful"

McPherson's Limited (ASX: MCP) ("McPherson's") today announced it has entered into a joint venture with privately owned Australian Brand, "Soulful". This venture will be McPherson's first entry into the Health & Wellness segments.

McPherson's Managing Director, Mr. Laurence McAllister said: "The new venture:

- Supports McPherson's strategy of entering the Health & Wellness segments
- Leverages McPherson's existing core capabilities
- Provides McPherson's with an experienced partner in these segments
- Is expected to drive further growth in McPherson's export business

"The Soulful brand is an emerging brand in the Health & Wellness segment. The Brand's product range currently includes Dried Fruit snacks; an Infused Honey range; and Student, Pregnancy and Adult milk powder which are significant international segments. Adult nutritional drinks in China alone is forecast to reach AUD\$1.5 billion by 2023, growing at +35% annually.

We believe the brand has strong potential not only within its current segments, but also within the broader gut health and digestive market, a market which is currently worth approximately AUD\$0.4 billion domestically, growing at +5%, and worth AUD\$3.5 billion in China, growing at +11%.

The brand has recently achieved ranging within the domestic health food and independent pharmacy channels and has achieved its first export orders to China. Whilst sales for these channels are low at present, we see strong potential for growth in these markets. Through the new venture, McPherson's will leverage its existing sales and marketing expertise to drive domestic distribution and export growth, particularly within China, whilst working with its venture partner to develop further Health & Wellness products to extend the brand portfolio."

Under the terms of the agreement McPherson's will initially acquire a 51% holding in the venture company with consideration for this holding determined in part through a modest initial investment, but primarily through application of reasonable multiples to actual incremental EBIT performance over the first three years. McPherson's also has a call option in relation to the remaining 49% holding. The consideration structure is seen as a low risk investment model since payments are driven by actual EBIT performance of the venture and reasonable multiples are applied.



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About McPherson's Limited

McPherson's, established in 1860, is a leading supplier of health, beauty, household and personal care products in Australasia, with operations in Australia, New Zealand and Asia. McPherson's markets and distributes beauty care, hair care, skin care and fragrance product ranges, kitchen essentials such as baking paper, cling wrap and aluminium foil, and personal care items such as facial wipes, cotton pads and foot comfort products.

McPherson's manages some significant brands for agency partners and via joint venture arrangements such as Kotia; however, the majority of revenue is derived from the company's diversified portfolio of owned market-leading brands, including Manicare, Lady Jayne, Dr. LeWinn's, A'kin, Swisspers, Multix, Moosehead and Maseur.

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>