

**ASX Release**

5 September 2019

(ASX: MCP)

McPherson's Limited presentation to the Annual ASX Small to Mid Cap Conference

McPherson's Limited (ASX: MCP) Managing Director Laurie McAllister today presented at the Australian Stock Exchange's (ASX) Annual Small to Mid Cap Conference held at the Darling Harbour Convention Centre in Sydney.

The presentation is attached.

Yours Sincerely,

Paul Witheridge
Chief Financial Officer & Company Secretary.

About McPherson's Limited

McPherson's, established in 1860, is a leading supplier of Health, Wellness and Beauty in Australasia and increasingly China, with operations in Australia, New Zealand and Asia. McPherson's markets and distributes beauty care, hair care, skin care and personal care items such as facial wipes, cotton pads and foot comfort products, as well as a range of kitchen essentials such as baking paper, cling wrap and aluminium foil.

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 Dr. LeWinn's, A'kin, Manicare, Lady Jayne, 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>



MCPHERSON'S LIMITED

ASX SMALL AND MID-CAP CONFERENCE

Thursday 5 September 2019

Presented by Laurie McAllister, Managing Director

MCPHERSON'S TODAY

McPherson's was established in 1860 and is now a leading supplier of Health, Wellness and Beauty products in Australasia

Health, Wellness and Beauty combined is a \$17 billion market in Australia



HEALTH

(\$4.9 Billion in 2018)

The intent of enhancing and restoring health via symptomatic treatment.



WELLNESS

(\$5.7 Billion in 2018)

Maintain the state of good health by pro-actively seeking to prevent the onset or worsening of conditions



BEAUTY

(\$6.5 Billion in 2018)

The subjective enhancement of physical perception for ones own satisfaction

MCPHERSON'S BUSINESS IMPERATIVES

- 1 Refocus our business purely on Health, Wellness and Beauty
- 2 Revitalise our own McPherson's brands
- 3 Ensure a healthy balance sheet
- 4 Move from transactional to strategic partnerships with our top six customers
- 5 Integrate and grow acquired skincare brands; Dr. LeWinn's and A'kin
- 6 Create a China facing business
- 7 Ensure we have our team fit for the future with appropriate expertise, capabilities and values
- 8 Stop the bleeding in NZ and Singapore and expand into Asia
- 9 Gain efficiencies and savings across Supply Chain infrastructure
- 10 Create a New Business team focused on M&A and New Ventures

MCP MANAGEMENT TEAM: APPROPRIATE EXPERTISE, CAPABILITIES AND VALUES



Laurence McAllister
Managing Director



Paul Witheridge
Chief Financial Officer



Donna Chan
Marketing Director



David Fielding
Strategy, Planning & Innovation
Director



Lori Pirozzi
International Sales Director



Brett Owers
Commercial Finance
Business Director



Mary Pearce
R&D Director



Mark Brady
Supply chain Director



Sarah Tully
HR Director

A FIT FOR PURPOSE BOARD



Graham Cubbin
Chairman



Jane McKellar
Non-Executive Director



Grant Peck
Non-Executive Director



Geoffrey Pearce
Non-Executive Director



Alison Mew
Non-Executive Director



Laurence McAllister
Managing Director

CORE OWNED BRANDS



#1 position in
beauty tools



#1 position in
hair accessories



DR. LEWINN'S®

#1 position in
Australian
cosmeceutical skincare



#1 position in
Bags, Wraps and Foil



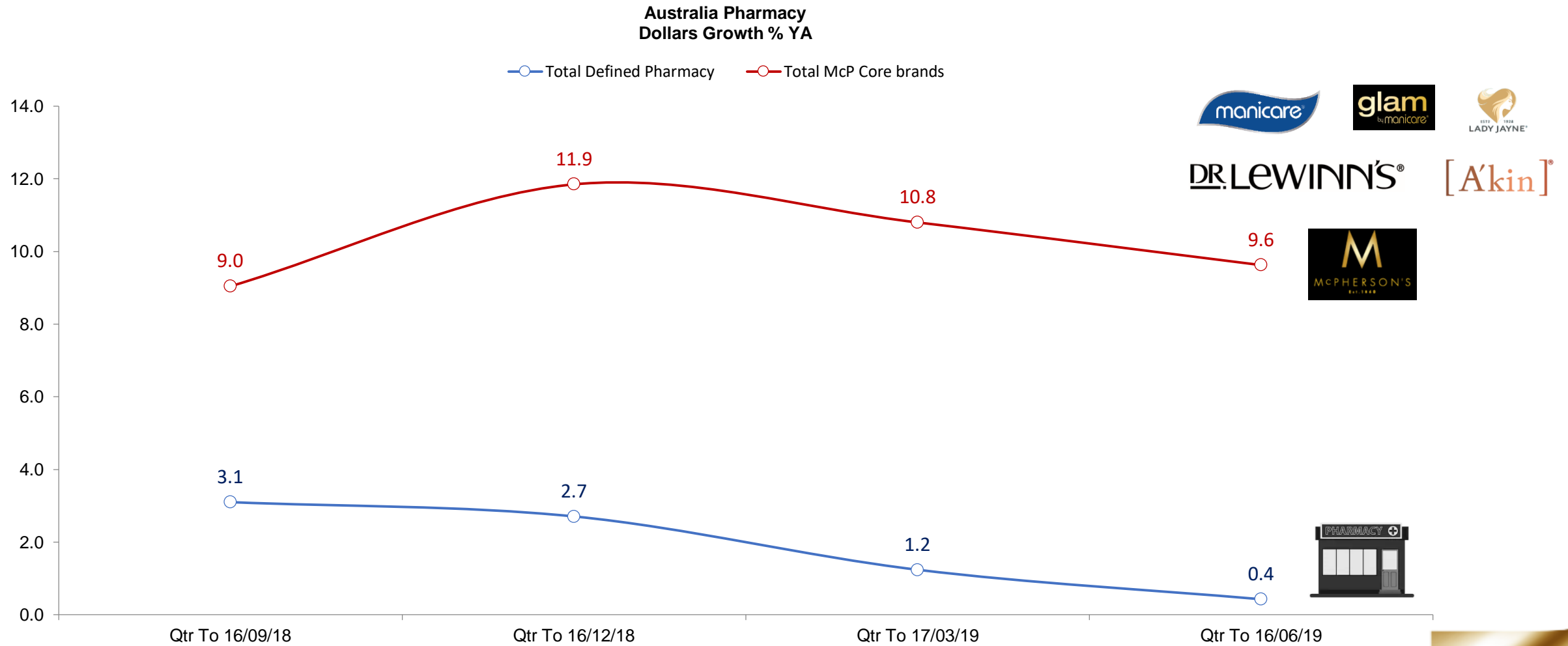
#1 in cotton products



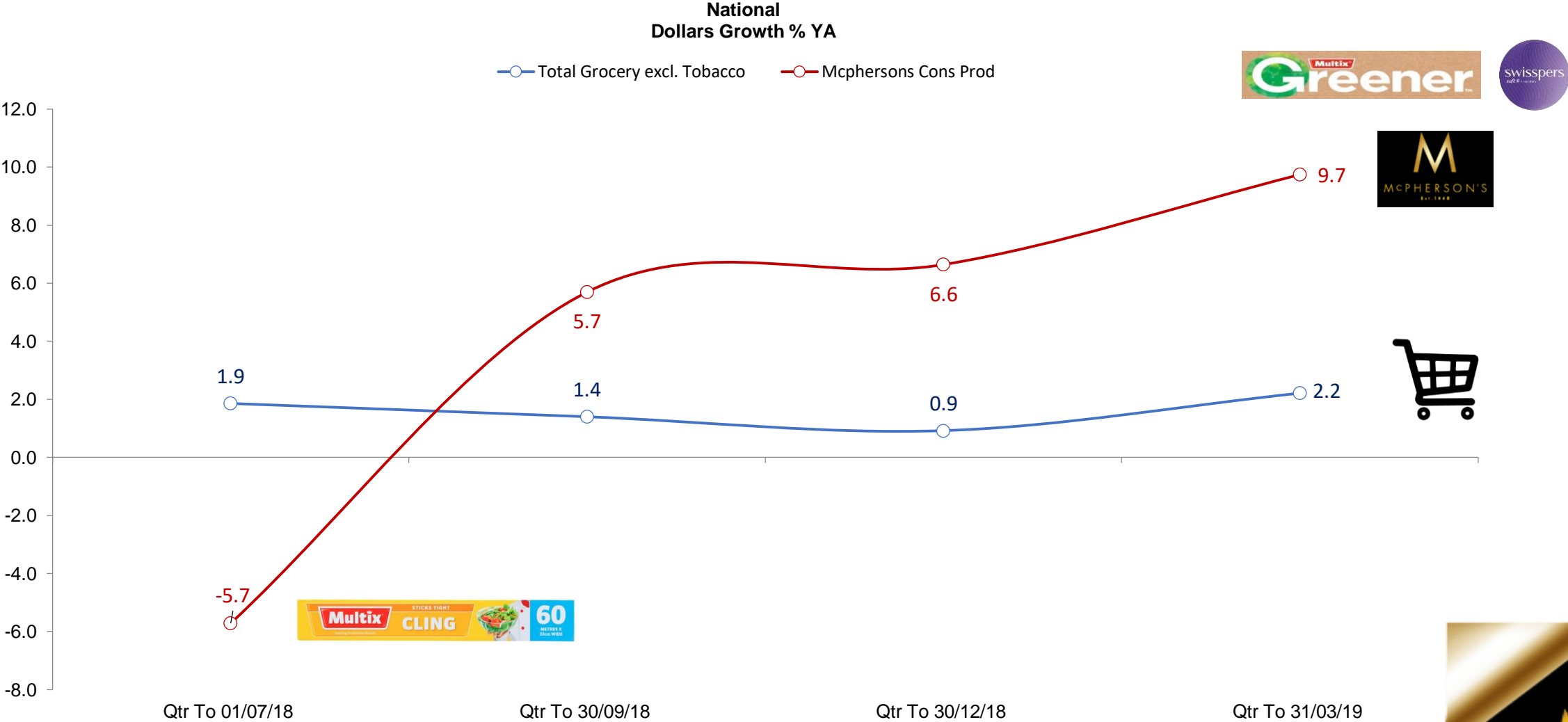
[Akin]

Aspire to grow to top 5
in natural skincare

OUTPERFORMING THE PHARMACY CHANNEL IN SALES VALUE



OUTPERFORMING THE GROCERY CHANNEL IN SALES VALUE



PILLARS OF GROWTH FOR OWNED BRANDS



INNOVATION

- +80% increased **R&D investment** to fuel differentiation
- 11 x **first to market** sustainable NPD to grocery
- **Clinical & Consumer** User efficacy **claims**
- FY19 **\$13.5M** RSV delivered
- Innovation **Partnerships**

EXECUTION

- +45% increase in **merchandising investment**
- +10% increase in **A&P**
- +65% increase in **customer participation**
- +48k incremental **distribution points**

PARTNERSHIPS

- **Strategic** alignment
- **Trading Terms** optimisation
- Building category solutions in **partnership**
- Integrated **Sales and marketing** plans
 - 360 degree launches
 - Investment in customer vehicles

EXPANSION

- **12 New Countries** in FY19
- Segment Expansion:
Dr. LeWinn's Mask Destination
- Category Expansion:
A'kin Natural Deodorant

#1 Australian Cosmeceutical Brand

Facial Skincare Pharmacy Channel

DR. LEWINN'S®

ADVANCED COSMECEUTICAL SKINCARE



125% Revenue Growth FY19

GROWTH THROUGH SUPERIOR INNOVATION

Accelerating Growth +26% (outpacing the category 4x)



Core Rejuvenation

Reversaderm range

Sales 7x versus prior relaunch



The #1 NPD Facial Skincare Launch

+60% R4 Growth



The most successful Anti-aging mask launch

6 Masks sold every minute since launch
Contributing 30% to Dr. LeWinn's growth

VIRTUOUS CYCLE ACCELERATING GROWTH

LINE SMOOTHING COMPLEX



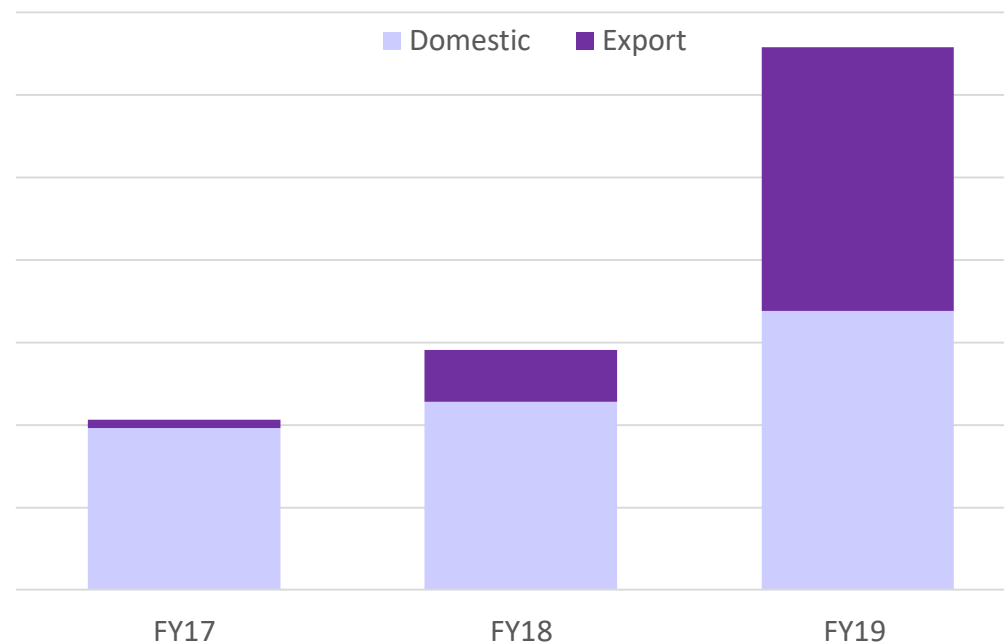
#1 range for

Dr. LeWinn's driven by
China demand

排名#1 莱文医生系列

AUSTRALIA
澳大利亚

Dr. LeWinn's Domestic vs Export



CHINA
中国

Source: MCP Ex. Factory Sales Revenue



[A'kin][®]



NO
NASTIES



AUSTRALIAN
MADE & OWNED



100%
VEGAN



NOT TESTED
ON ANIMALS



RECYCLABLE
PACKAGING



HAIR CARE



SKIN CARE



PERSONAL CARE

15% Domestic Revenue Growth FY19

GROWTH THROUGH INNOVATION & PROVEN CLINICAL TRIALS

A'kin is clinically proven to Defy Age with a 143% improvement in skin hydration[^].



Product	Benefit
Line Smoothing Day Cream	76% of users saw a reduction in fine lines and wrinkles after using the Line Smoothing Day Cream*
Firming Night Cream	91% of users saw improvements in skin firmness and elasticity after using the Firming Night Cream*
Lifting Eye Cream	80% of users saw firmer, tighter and more lifted skin after using the Lifting Eye Cream*

Not all natural brands are created equal [A'kin]

* Results based on a clinical study by an independent laboratory using the A'kin Age-Defy Line Smoothing Day Cream, A'kin Age-Defy Firming Night Cream and A'kin Lifting Eye Cream regime.
* Results based on an independent laboratory self-assessment study.

NEW

GERANIUM & CEDARWOOD
NATURAL ROLL-ON DEODORANT

24HR | CLINICAL PROTECTION[†]



NO PROPYLENE GLYCOL
NO BICARB
NO ZINC
NO TRICLOSAN

[A'kin]
NATURAL AUSTRALIAN SKINCARE
GERANIUM & CEDARWOOD
NATURAL DEODORANT
24HR CLINICAL PROTECTION[†]
NO ALUMINIUM*
65ml 2.2 fl.oz. e

[A'kin]
NATURAL AUSTRALIAN SKINCARE

† Results based on a clinical study by an independent laboratory.



[A'kin]
NATURAL AUSTRALIAN SKINCARE
AUSTRALIAN TEA TREE OIL
DETOXIFYING
POWDER AND FACE SHEET MASK

MADE FROM 100% EUCALYPTUS FIBRES

[DETOXIFYING]
[CLARIFYING]
[REFRESHING]

OIL INFUSED
SHEET MASK



[A'kin]
NATURAL AUSTRALIAN HAIRCARE
DAILY SHINE
MIRACLE SHINE
CONDITIONING
HAIR MASK

WITH ARGAN OIL & AUSTRALIAN CUPUA OIL

NOURISH
CONDITION



Core Rejuvenation
Clinically proven Age Defy range
+182% vs YA



Category Expansion
Clinically proven Natural Deodorant
+241% vs YA



High Growth Mask Category
100% Natural Eucalyptus Fibres
Australian Ingredients

MARKET LEADING BRANDS DRIVING CATEGORY GROWTH



i am sonic



#1 BEAUTY ACCESSORIES
 +\$2.5M retail sales growth
 Extending market leadership to 25.2%

glam
 by manicare®



#2 BEAUTY ACCESSORIES
 #1 Lash Brand during Party Season
 +\$808K incremental retail sales



#1 HAIR ACCESSORIES
 Extending Pharmacy leadership to 48%
 +4915 distribution points

MULTIX: NO. 1 BAGS WRAPS & FOIL

34% MARKET SHARE



\$135M

Retail Sales Value

+12%

MAT Value Growth
Outpacing Category Growth 5%

#1

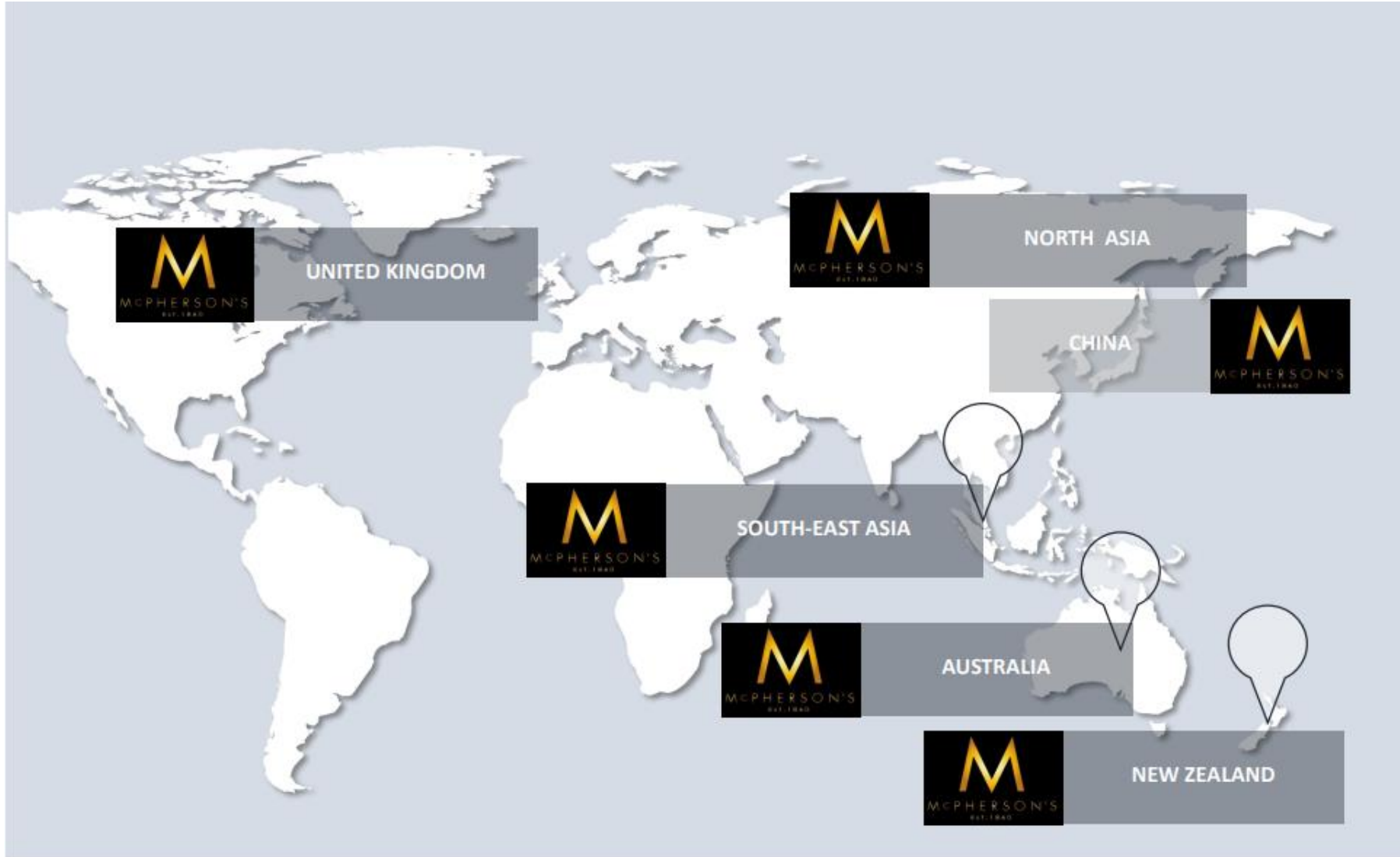
Aluminium Foil, Kitchen Tidy,
Garbage Bags, Baking Paper
and Freezer Bags

54%

of Australian Households
have purchased a Multix product within
the last year

EXPANDING GEOGRAPHIC PRESENCE

Continue to expand our presence geographically with a focus on Asia



M&A GROWTH PLATFORMS

Non-Controlling Strategic Investments



- Enhance MCP's capacity and capabilities
- E.g. investment in Aware Environmental Ltd (manufacturer)

Joint Ventures



- Access to early stage brand/technology opportunities
- De-risks entry, whilst providing pathway to full ownership
- Founders remain engaged to help grow

Smaller Bolt On Acquisition



- Smaller uncomplicated deals
- Leverage MCP scale efficiencies
- Plug and play into MCP infrastructure e.g. sales, marketing and execution capability, geographic expansion

Significant M&A Deal



- Well positioned to complete a significant M&A transaction
- Add additional scale and earnings and yields strong synergies
- Access to new markets, categories and channels

BUILDING LONG TERM GROWTH VIA JOINT VENTURES



- Anti-Aging Skincare
- NZ Deer Milk Hero Ingredient
- China & European potential



- Tanning and Skincare
- Targeting fast growing, high-spending Millennial consumers
- Recruiting young consumers to MCP portfolio
- E-Commerce



- Health and Wellness focused
- Target fast growing gut health market (Aus \$0.4bn and China \$3.5bn)
- China potential



MCP SUPPLY CHAIN - FIT FOR THE FUTURE

ADAPTABLE & FLEXIBLE

AVAILABLE CAPACITY

+40%

SIGNIFICANT HEADROOM

DAILY DELIVERIES

5,000+

1,600 Australian Postcodes

STAFF RETENTION

80+

Tenure > 18 Years

EFFICIENCY

SUPPLY CHAIN COSTS



HARD SAVINGS

\$7.5 Mill

WORKING CAPITAL

-40%

Last 2 Years

FUTURE PROOFING

TRUSTED PARTNERS



ADAPTING

8
18



Transitioning Businesses

ANNUAL INVESTMENT

20%

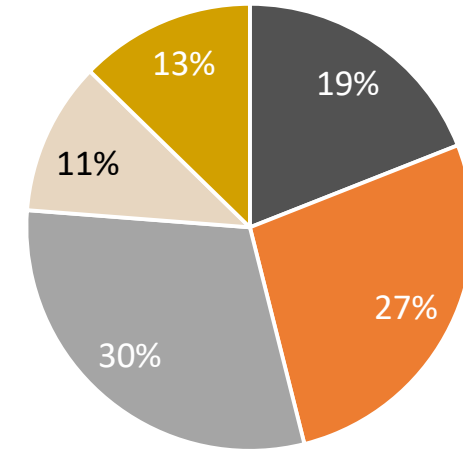
CAPEX – SUPPLY CHAIN ERP

FY19 RESULT OVERVIEW

Results from continuing operations (excluding Coty Fine Fragrances*)	FY19 \$m	FY18 \$m	% change
Total sales	210.3	196.2	7%
Underlying EBIT	19.9	18.8	6%
Underlying PBT	19.0	16.3	17%
Underlying Profit After Tax	13.7	10.2	35%
Underlying EPS	13.0	9.8	33%

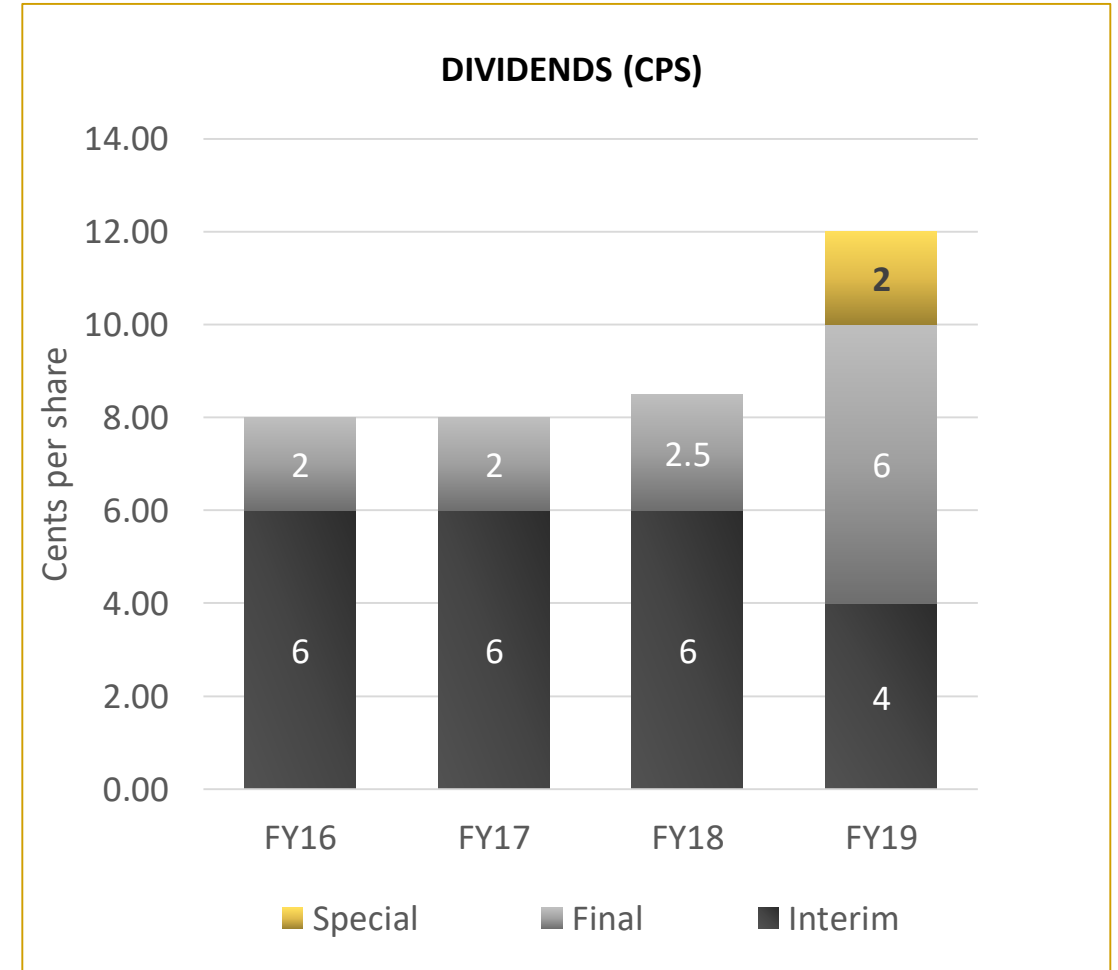
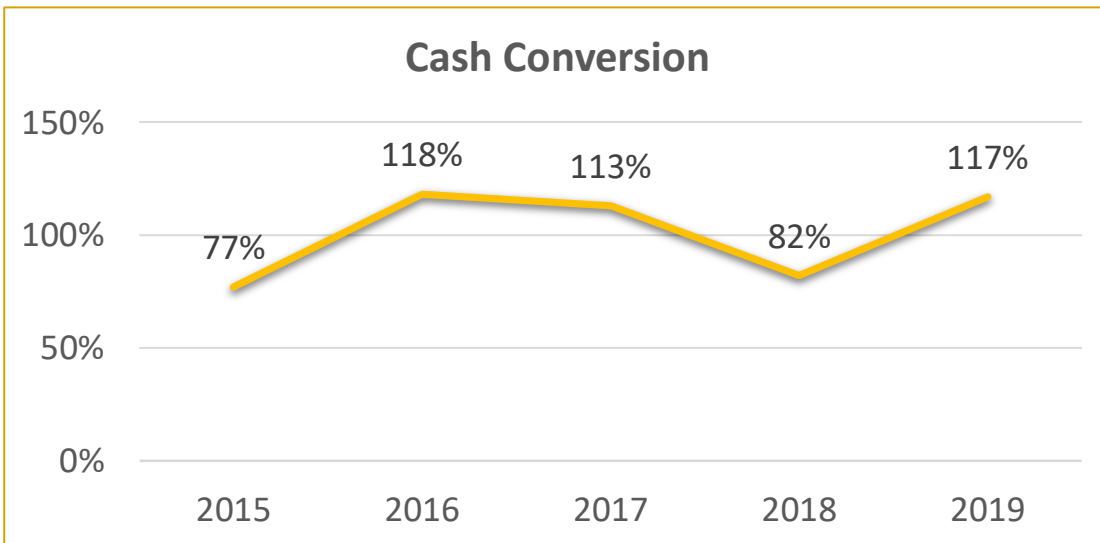
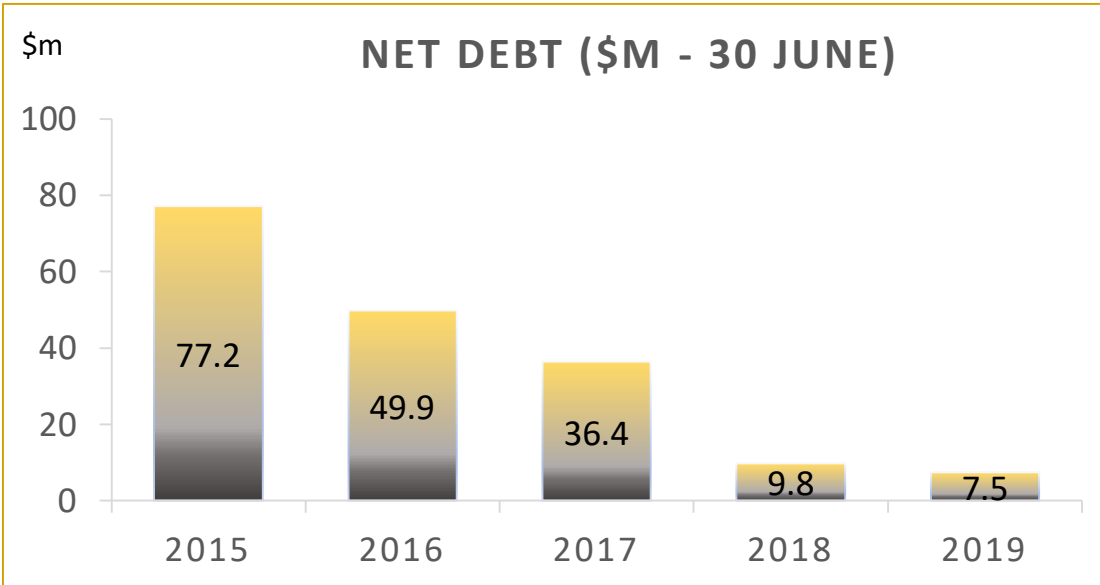
* The Coty Fine Fragrances distribution arrangement ceased with effect from 1st February 2018. It contributed \$14.2m in sales revenue in FY18, taking total FY18 sales revenue to \$210.4m

Sales Breakdown by Reporting Category



- Skin, Hair and Body
- Essential Beauty
- Household Essentials & others
- Agency Brands (excl Fine Fragrances)
- Private Label

FINANCIAL STRENGTH AND DIVIDEND GROWTH



SUMMARY OF FINANCIAL OUTCOMES

High quality of FY19 earnings indicated by:

- ❑ Increase in proportion of “owned brand” sales from 69% in FY18 to 76% in FY19
- ❑ Reduction in proportion of sales in Grocery, increase in Pharmacy
- ❑ Absence of “significant items” in FY19
- ❑ Very strong operating cash conversion – 117%
- ❑ Key strategic investments in Kotia, Aware and display fixtures
- ❑ High dividend payout (77%)
- ❑ Low gearing (7%)

A strong performance across the business both locally and offshore supports
McPherson’s full year 2020 guidance of +10% Year on Year PBT



THANK YOU AND Q & A