

25 March 2021

## GALLIN LAUNCHES UNCONDITIONAL CASH TAKEOVER OFFER FOR MCPHERSON'S LIMITED

- Offer price represents an attractive 9.8% premium to the last close of \$1.22<sup>1</sup>
- McPherson's requires urgent strategic and operational change following significant missteps and a poorly executed Chinese market channel strategy
- Shareholder confidence in McPherson's has been eroded and the outlook remains highly uncertain following a December earnings downgrade and CEO departure
- Gallin holds an 4.95% interest in McPherson's
- Offer price provides certain and immediate value for MCP shareholders

(MELBOURNE, Australia) Gallin Pty Ltd (**Gallin**) confirms today it has lodged an unconditional \$1.34 a share cash takeover offer (**Offer**) for the shares it does not already own in health, wellness and beauty consumer products group McPherson's Limited (**McPherson's** or **Company**, ASX: MCP).

Gallin has appointed its Broker, Evans and Partners Pty Ltd, to purchase MCP shares at the Offer price from today through to the close of trading on the Australian Securities Exchange (ASX) on 10 May 2021, unless extended.

**Gallin Director Nick Perkins, said,** *"McPherson's is a business that has lost its way and is in urgent need of reinvigoration across its strategy, governance, and leadership. The company's performance has disappointed shareholders for some time despite owning a number of quality, attractive brands across key consumer markets.*

*"Now investors face a further extended period of uncertainty, including a lack of visibility on the current performance of sales of the Dr. LeWinn's product range into China. Although highly uncertain and with no guarantee of success, McPherson's urgently needs to undertake a full operational and strategic review with a view of turning around the business. We have the capital, capability, wherewithal and patience to do this, while shareholders have an opportunity to receive cash now at an attractive premium."*

McPherson's financial performance has been deteriorating, with revenue and EBITDA declining by 28.9%<sup>2</sup> and 8.7%<sup>3</sup>, respectively, over FY16 - FY20, and the negative trend continuing in 1H FY21. This worrying financial profile has been reflected in McPherson's share price, with the stock materially underperforming the All Ordinaries Index over the past 12 months and the longer-dated 10 year period.

McPherson's also has a relatively poor M&A track record and a history of recognising "one-off" adjustments. Notably, between FY16 and 1H FY21 there has been c. \$56.7 million<sup>4</sup> in one-off impairments, inventory write-downs and restructuring costs. Moreover, the latest downgrade to the outlook on 1 December 2020 has further eroded market trust having come approximately 1 month after McPherson's raised fresh capital from shareholders.

Gallin has appointed E&P Corporate Advisory as Financial Adviser and Gilbert + Tobin as Legal Adviser.

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<sup>1</sup> Being 24 March 2021, the last trading day prior to this announcement

<sup>2</sup> Refer to footnote 6 on page 11 of Gallin's Bidder's Statement dated 25 March 2021

<sup>3</sup> Refer to footnote 11 on page 12 of Gallin's Bidder's Statement dated 25 March 2021

<sup>4</sup> Refer to footnote 39 on page 18 of Gallin's Bidder's Statement dated 25 March 2021

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## **About Gallin Pty Ltd**

Gallin Pty Ltd and has been incorporated specifically for the purpose of acquiring an interest in McPherson's Shares, including those pursuant to the Offer. All of the shares in Bidder are owned by Bennamon Pty Ltd, which is wholly owned by Kin Group, which is ultimately controlled by the Geminder family. Kin Group is a diversified, global, long-term focused investor ultimately controlled by the Geminder family with offices in Melbourne, Australia and New York City, USA. Kin Group focuses on long-term, strategic investments in a variety of industries, including packaging, food & beverage businesses, consumer and retail businesses and property, led by an experienced team of investment professionals.