



ASX Release

1 November 2019

(ASX: MCP)

McPherson's Limited presentation to the Select Equities "Doing Business in China" Conference

McPherson's Limited (ASX: MCP) Managing Director Laurie McAllister today presented at the Select Equities "Doing Business in China" Conference at The Fullerton Hotel 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, Soulful and Sugar Baby 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>

1 NOVEMBER 2019



MCPHERSON'S
Est. 1860

MCPHERSON'S LIMITED

SUMMARY PRESENTATION

Presented by:

Laurie McAllister Managing Director



MCPHERSON'S

OUR STRATEGIC BUSINESS IMPERATIVES

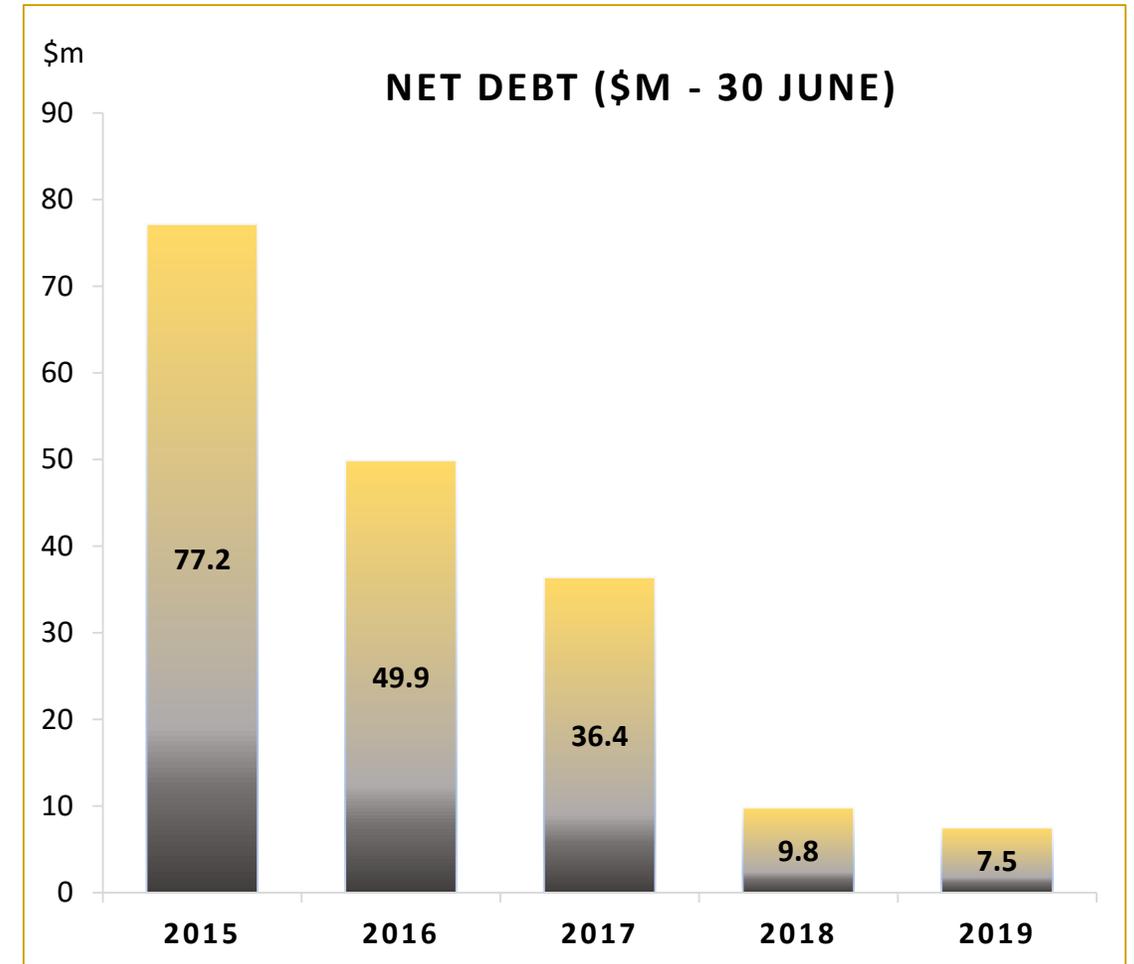
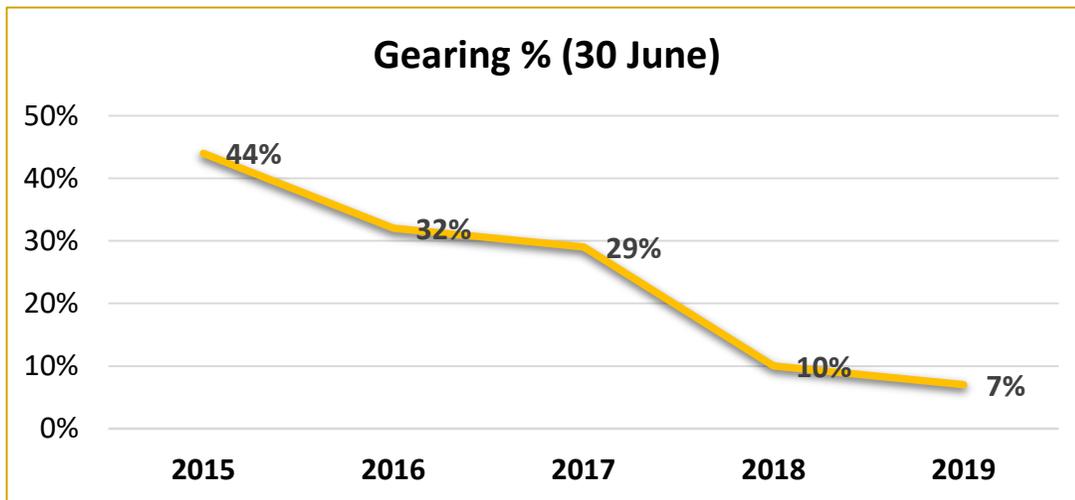
- 1 Refocus our business purely on Health, Wellness and Beauty
- 2 Revitalise our own McPherson's brands
- 3 Ensure a healthy balance sheet
- 4 Move from transactional to strategic partnerships with our top six customers
- 5 Integrate and grow acquired skincare brands; Dr. LeWinn's and A'kin
- 6 Create 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

FINANCIALS



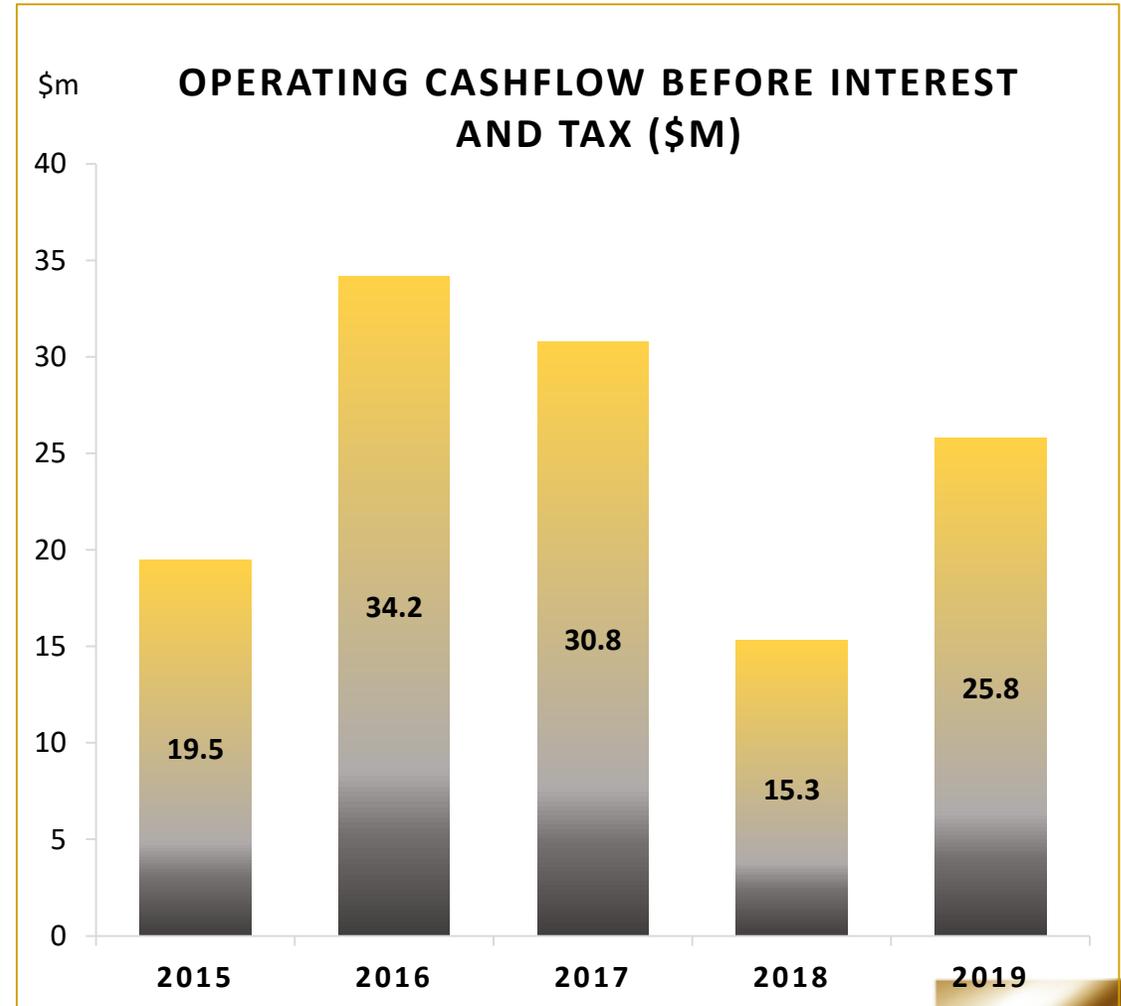
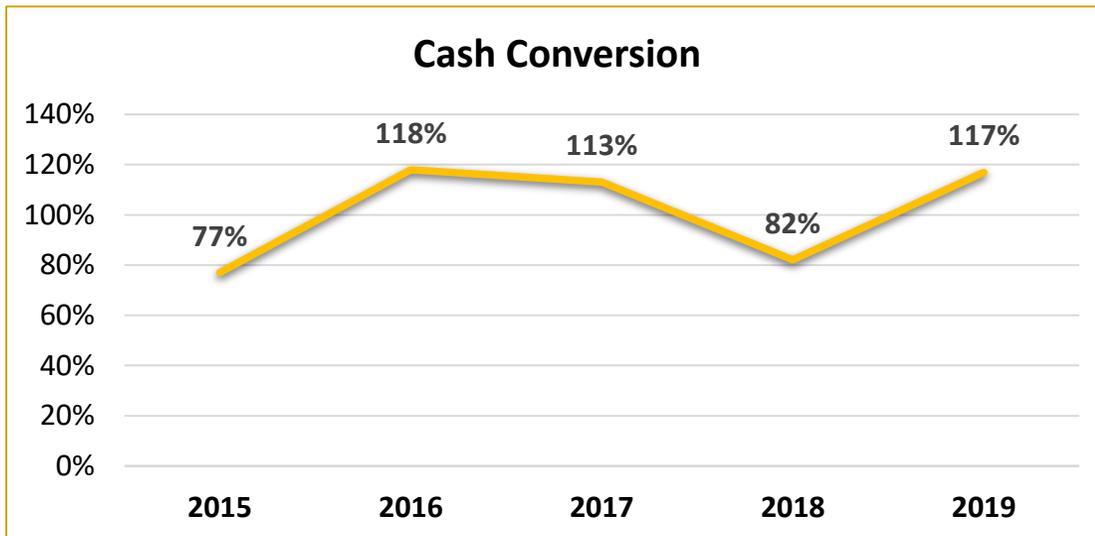
BALANCE SHEET

- Net debt has reduced from \$9.8m to \$7.5m over the last 12 months
- Key investments in display fixtures (\$3m), Kotia venture (\$2.9m) and Aware convertible note (\$3.0m) made over last 12 months
- Gearing modest at 7%



CASHFLOW

- Strong 117% cash conversion due to favourable sales mix and inventory reduction
- Continued focus on working capital management



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%)

MARKETING & SALES



LEVERAGING MACRO TRENDS



CHINA EXPORT

China middle-class population projected to exceed 600M by 2022



DEMAND FOR NATURAL

Global Organic Personal Care Market projected to reach \$25B by 2025
Here to stay



SUSTAINABLE SOLUTIONS

Renew | Reuse | Recycle
Remove
Consumers voting with their wallet



PROACTIVE CARE

Global Face Mask Market expected to reach \$8.8B in 2021
China represents 48% of market
Australia Face Mask Market +50% CAGR (2016-2018)



PILLARS OF GROWTH FOR OWNED BRANDS



INNOVATION

- +80% increased **R&D investment** to fuel differentiation
- 11 x **first to market** sustainable NPД 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**

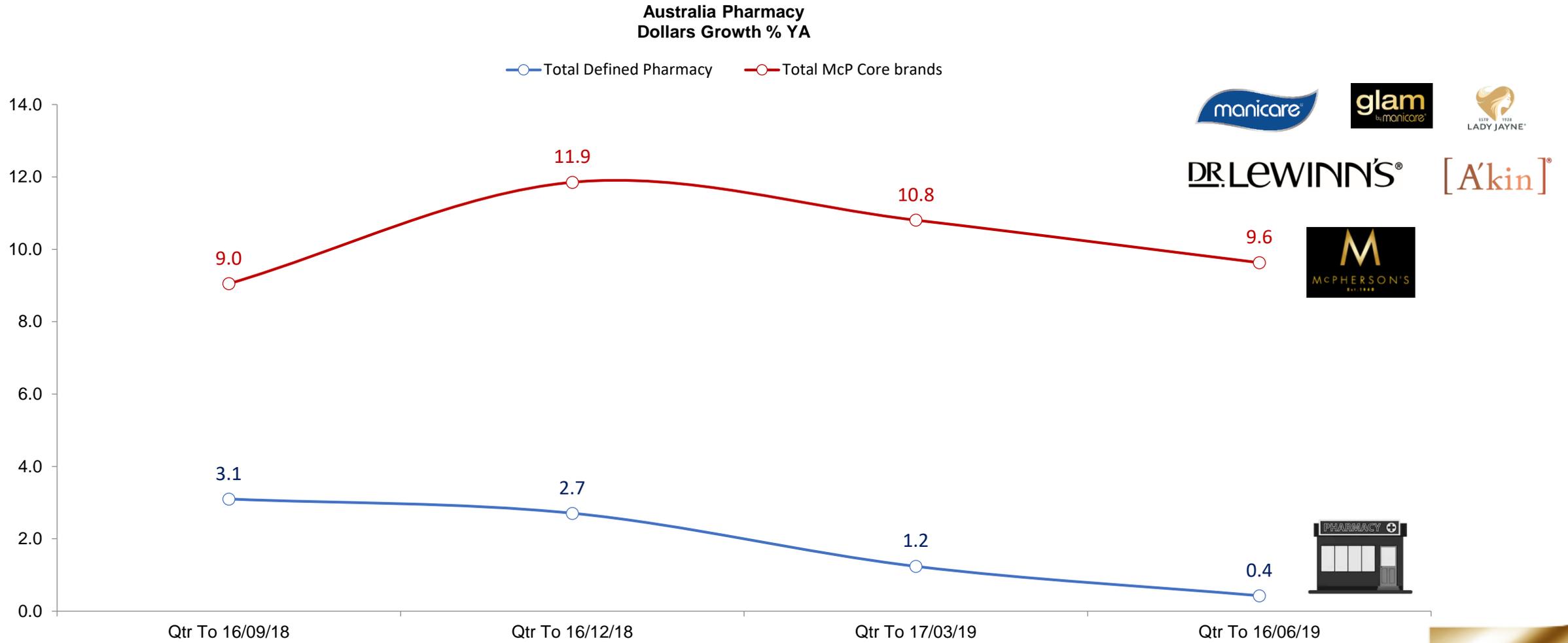
PARTNERSHIPS

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

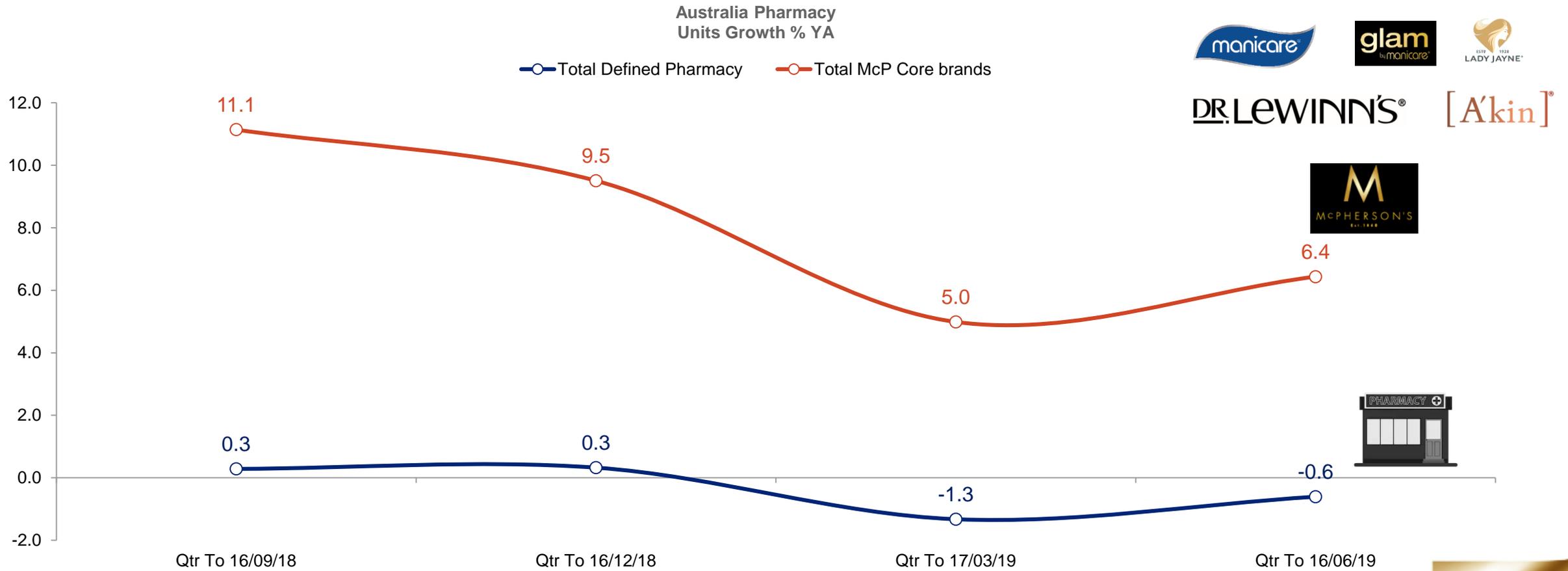
EXPANSION

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

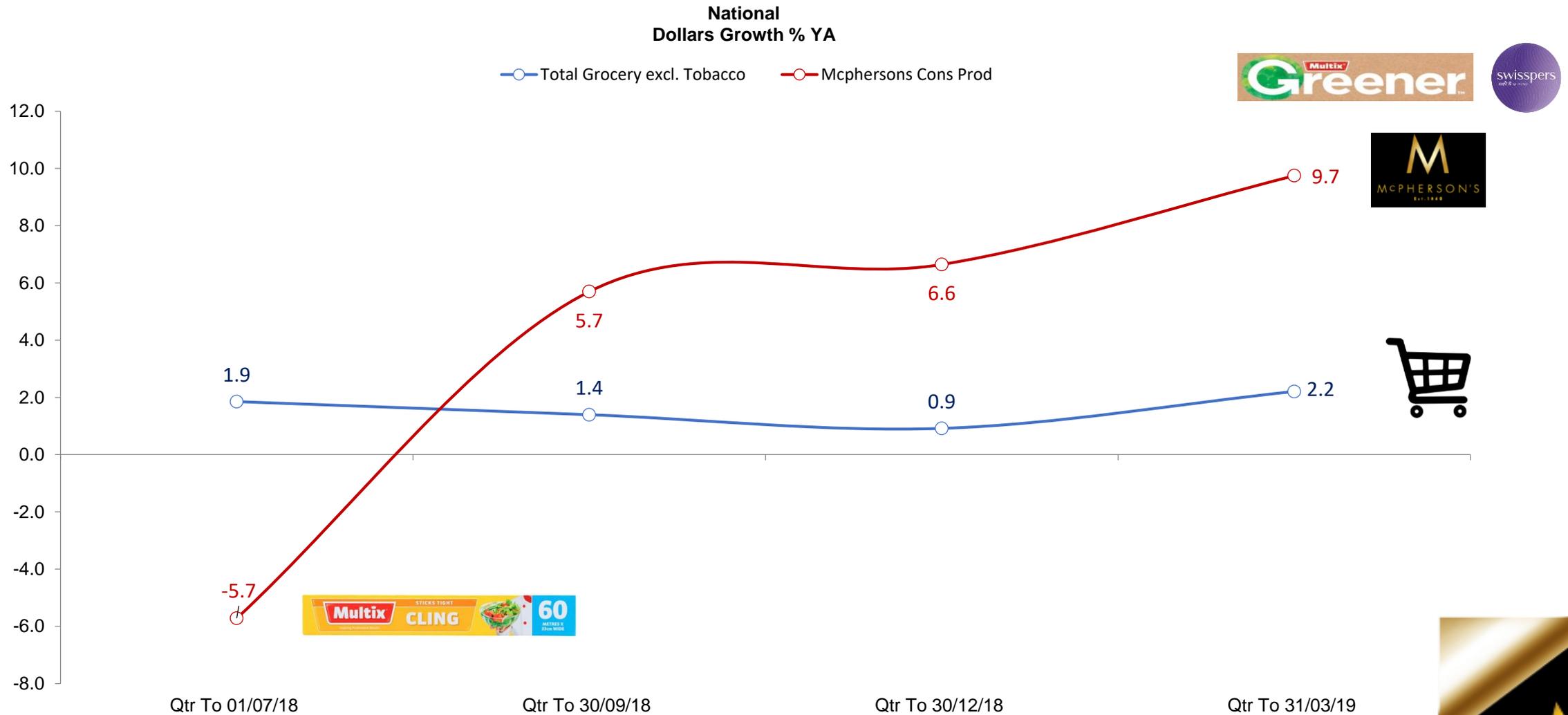
OUTPERFORMING THE PHARMACY CHANNEL IN SALES VALUE



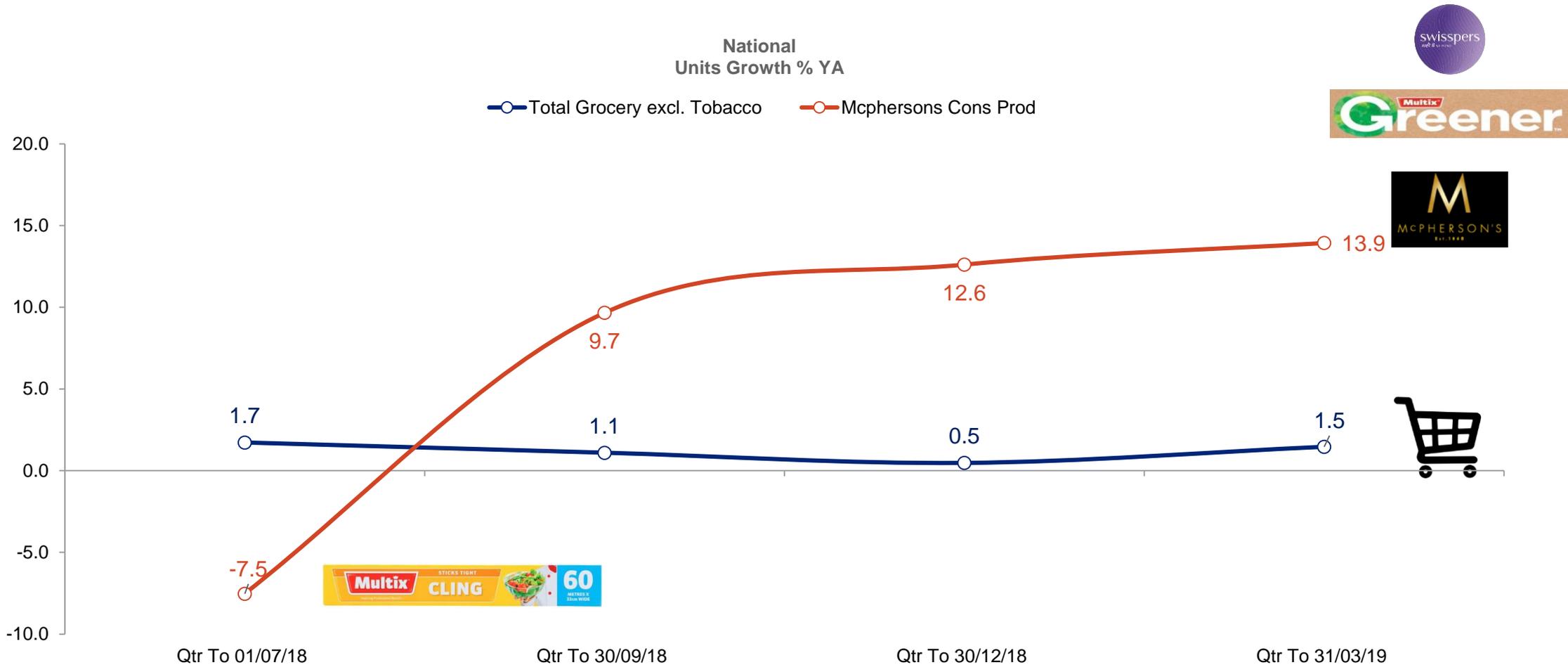
OUTPERFORMING THE PHARMACY CHANNEL IN UNIT SALES



OUTPERFORMING THE GROCERY CHANNEL IN SALES VALUE



OUTPERFORMING THE GROCERY CHANNEL IN UNIT SALES



DR. LEWINI'S®

Celebrating Success



MCPHERSON'S

Est. 1860

#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)

IMPERFECTIONS?
REVERSADERM THEM

100% OF USERS NOTICED VISIBLY BRIGHTER SKIN*

DR. LEWINN'S REVERSADERM HYDROIC CLEANSER 200ML, \$24.95

DR. LEWINN'S REVERSADERM CORRECTIVE TANNING TONER, \$39.95

DR. LEWINN'S REVERSADERM CELLULAR REGENERATION CREAM 100G, \$39.95

CLINICALLY PROVEN

TO IMPROVE

- ✓ SKIN TONE*
- ✓ SIGNS OF PIGMENTATION*
- ✓ SIGNS OF AGE SPOTS*

Resurface, nourish and correct imperfections with Dr. LeWinn's Reversaderm.

Glycolic Acid Resurfaces uneven skin tone and diminishes imperfections.

Resveratrol & Vitamin C Helps reduce the appearance of skin discoloration and pigmentation.

100% noticed visibly brighter skin*
86% noticed more even skin tone*
65% noticed visible age spot reduction*

*User results after just 12 weeks.

The result? Brighter, more flawless looking skin.

DR. LEWINN'S® REVERSADERM

Look forward to a flawless you

*Results based on a 12 week clinical study and self assessment with 38 women in each of a diverse range using the Hydroic Cleanser and Cellular Regeneration Cream twice daily and the Corrective Toner once every other week. Independent laboratory study. Resurfaces in 12 Days. © Right English and Science 2019.



Core Rejuvenation
Reversaderm range
Sales 7x versus prior relaunch

A POWERFUL SHIFT
TOWARDS PLUMPER, FIRMER SKIN

Over time, skin continuously transitions as collagen depletes and a loss of volume occurs. Dr. LeWinn's **Advanced Pearl Technology** with collagen pearls immersed in a velvety gel, restores moisture & boosts dull, tired skin with:

- **Nadarmyl***, our needle-free collagen filler, to enhance firmness & elasticity
- **Hyaluronic Acid**, to help fill lines and wrinkles

84% OF USERS NOTICED PLUMPER SKIN AFTER 1 HOUR*

92% OF USERS NOTICED PLUMPER SKIN AFTER 4 WEEKS*

DR. LEWINN'S®
ULTRA R4
COLLAGEN SURGE PLUMPING GEL
30g | 1.0 fl. oz. | £4

DR. LEWINN'S®

*Results based on an independent laboratory study. Refer to drlewinns.com.au for more information.



The #1 NPD
Facial Skincare Launch
+60% R4 Growth

NEW

DR. LEWINN'S®
Boost your skin to beautiful

PRIVATE FORMULA
VITAMIN & MINERAL
NOURISHING FACE MASK
DERMATOLOGICALLY TESTED

ETERNAL YOUTH
CHARCOAL & BLACK PEARL
DETOXIFYING FACE MASK
DERMATOLOGICALLY TESTED

REVERSADERM
BRIGHTENING
VITAMIN C FACE MASK
DERMATOLOGICALLY TESTED

ADVANCED SHEET MASK TECHNOLOGY

- Bio-cellulose second skin technology
- Bamboo fibre infused with 40% charcoal
- Provides a continuous moisture surge
- For a more youthful looking complexion

The most successful Anti-aging mask launch
6 Masks sold every minute since launch
Contributing 30% to Dr. LeWinn's growth



Virtuous Cycle 良性循环



Trusted Partnerships
与合作伙伴的高度互信



Agreed Business Model
相互认可的生意模式



Appropriate Pricing Corridors
合理的价格体系



Continuity Of Supply
保障供应

Australia
澳大利亚



China
中国

Speed To Market
快速响应市场



Flexibility To React To Change
灵活应对变化



Rigorous Processes
严格的过程控制



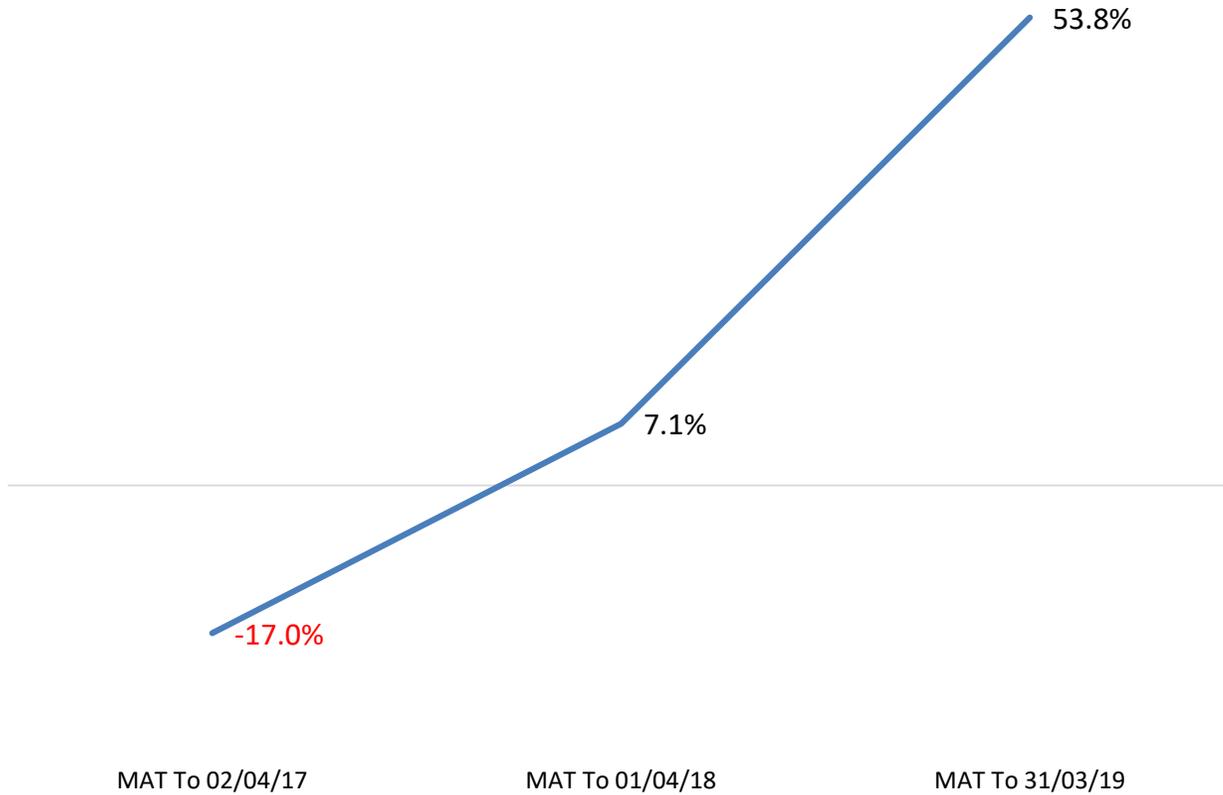
Adaptable To Market Dynamics
适应市场动态变化



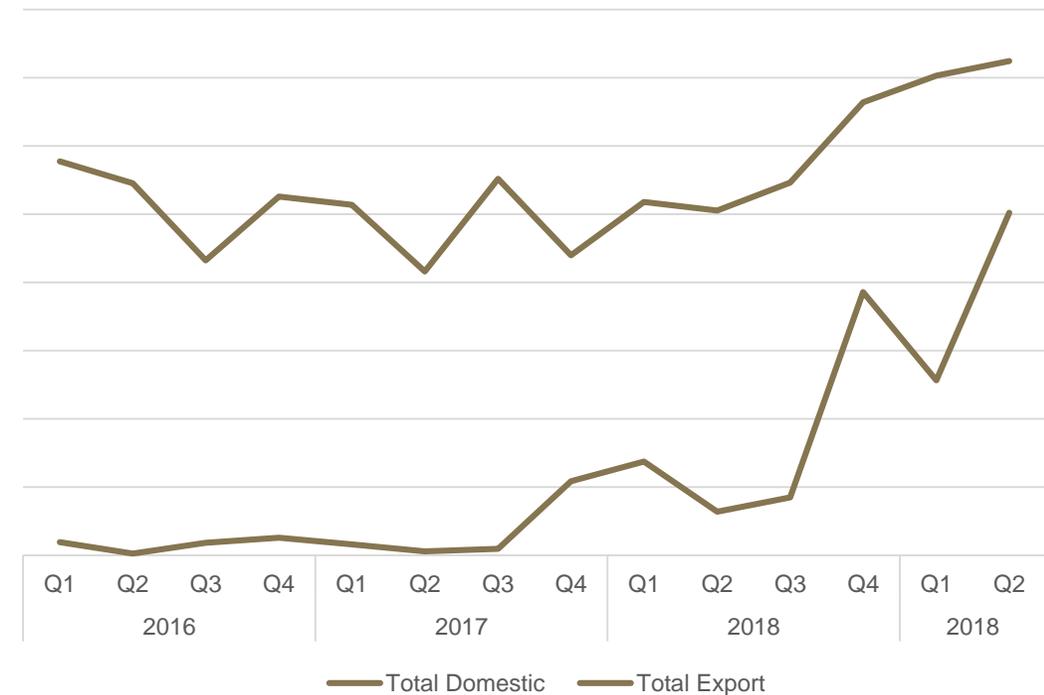
DR. LEWINN'S – DRIVING A VIRTUOUS CYCLE

DR. LEWINN'S®

Australia Pharmacy
Dr. LeWinn's Line Smoothing Complex Value Growth % vs YA



DR. LEWINN'S GROWTH EX FACTORY



NEW WAYS TO ENGAGE WITH CUSTOMERS THROUGH DIGITAL PLATFORMS

ENGAGE



18M consumers reached on owned social media

3M consumers reached via influencer activity

AMPLIFY

45M Ad Impressions

OPTIMISE

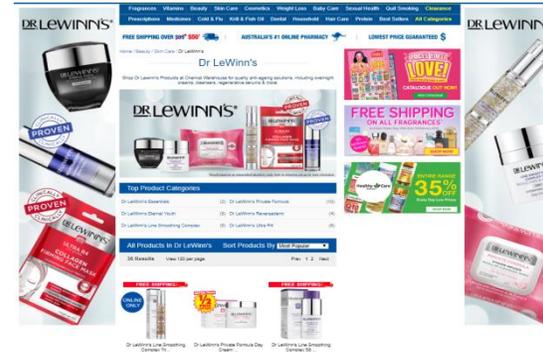
901 Products live on SKULibrary

MOVE FROM TRANSACTIONAL TO STRATEGIC PARTNERSHIPS WITH OUR TOP SIX CUSTOMERS

STRATEGIC CUSTOMER PARTNERSHIP

+65% increased participation +48000 incremental distribution points in FY +Category Captaincy

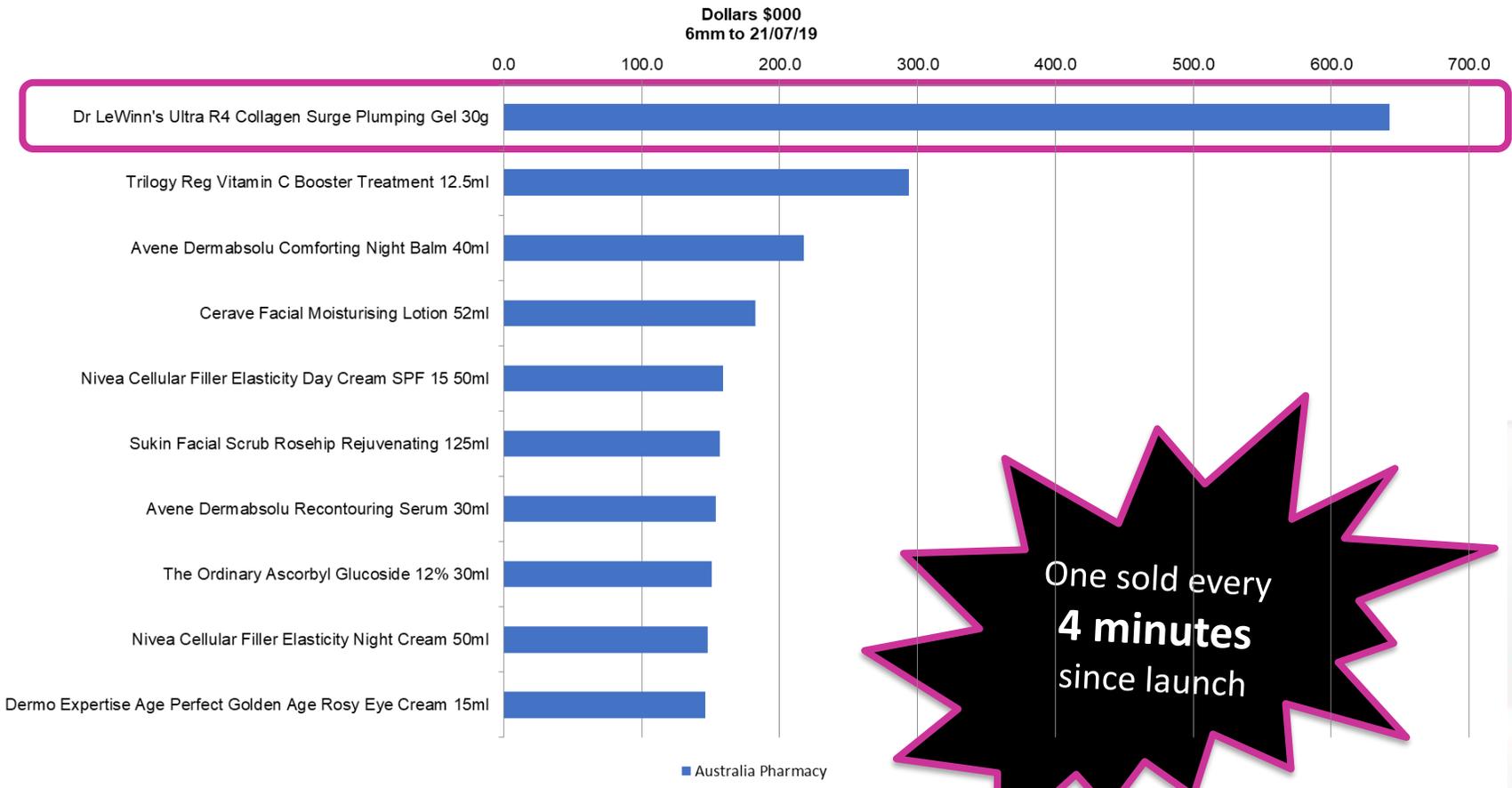
- Top to top meetings
- Joint Business Planning
- Exclusive Offers
- Trading Terms
- Customer partnerships
- Event Participation



INNOVATION PARTNERSHIPS



COLLAGEN SURGE #1 FACIAL SKINCARE NPD LAUNCHED IN LAST 6 MONTHS



One sold every
4 minutes
since launch



Source: IRI MarketEdge Facial Skincare 6mm to 21/07/19

LINE SMOOTHING COMPLEX



#1 range for

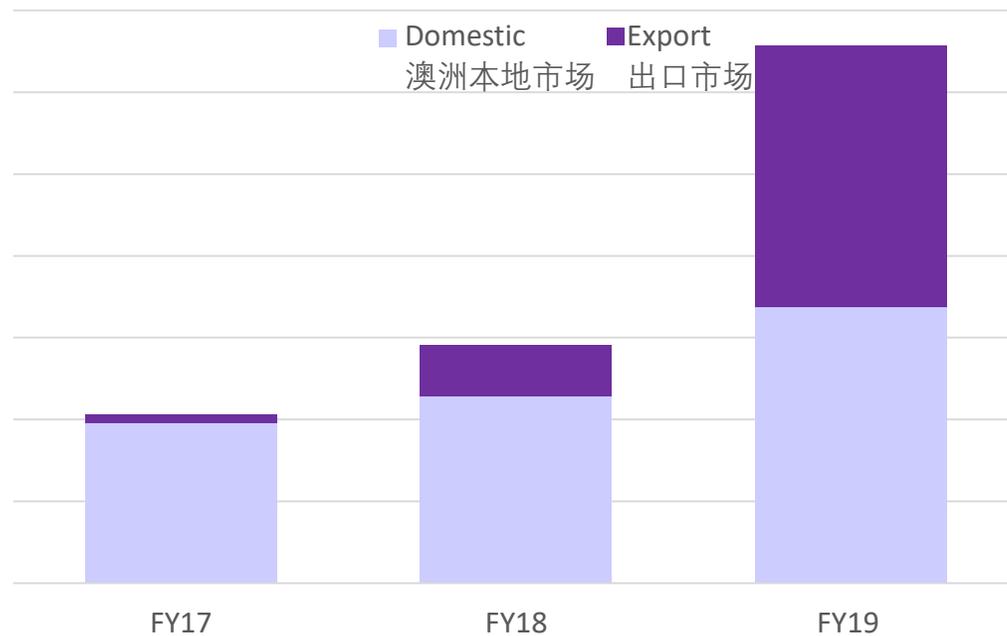
Dr. LeWinn's driven by
China demand

八胜肽抗皱系列为莱
文医生排名第1的系列

AUSTRALIA 澳大利亚

Dr. LeWinn's Domestic vs Export

莱文医生澳洲本地市场 vs 出口市场销售额对比



CHINA
中国

Source: MCP Ex. Factory Sales Revenue

DR. LEWINN'S®

Dr. LeWinn's R&D Capabilities 莱文医生研发能力

Innovation
创新



Agility & Integration
灵活响应 & 强整合力



Quality
高质量



R&D INVESTMENT FUELLING GROWTH IN SALES AND MARKETING

CAPABILITY



EFFICIENCY



Design-based Thinking



Role Clarity

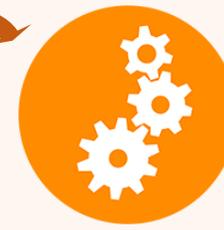
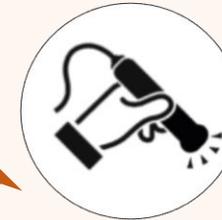


Portfolio balance

Stage-Gate NPD Process



RIGOUR



HOW DO WE DO IT?

R&D INVESTMENT FUELLING GROWTH IN SALES AND MARKETING

FY18



~ 60 PRODUCTS

FY19

10% GROWTH ON PRIOR YEAR
\$8.5M RSV

SUSTAINABLE PRODUCTS



CLINICALLY PROVEN RESULTS



~ 100 PRODUCTS

NEW CATEGORIES



PRODUCT RENOVATION



FY20
EST 2X RSV ON PRIOR YEAR



ECO



DERMO



BABY



GUT HEALTH



BEAUTY SUPPS



MEN'S



13

~ 200 PRODUCTS



SUSTAINABLE DEVELOPMENT GOALS

NEW Line Smoothing Complex

莱文医生八胜肽系列新品发布

3 November 2019 Launch on ABM
2019年11月3号登陆ABM

Melting Cleansing Jelly
八胜肽多效抗皱爽肤水喷雾
CLEANSE | REJUVENATE | HYDRATE



Multi-Action Toning Mist
八胜肽抗皱洁面啫喱
CLARIFY | TONE | HYDRATE



Hyaluronic Acid Boosting Essence
透明质酸密集抗衰安瓶精华
HYDRATE | BOOST | PROTECT



DR. LEWINN'S®

ABM's Accelerating Growth Journey



Rapid Growth
800+ Employees



Executed 500+
Events in 2019



2.7 Million ABM'ers



Reach: 20+ Countries



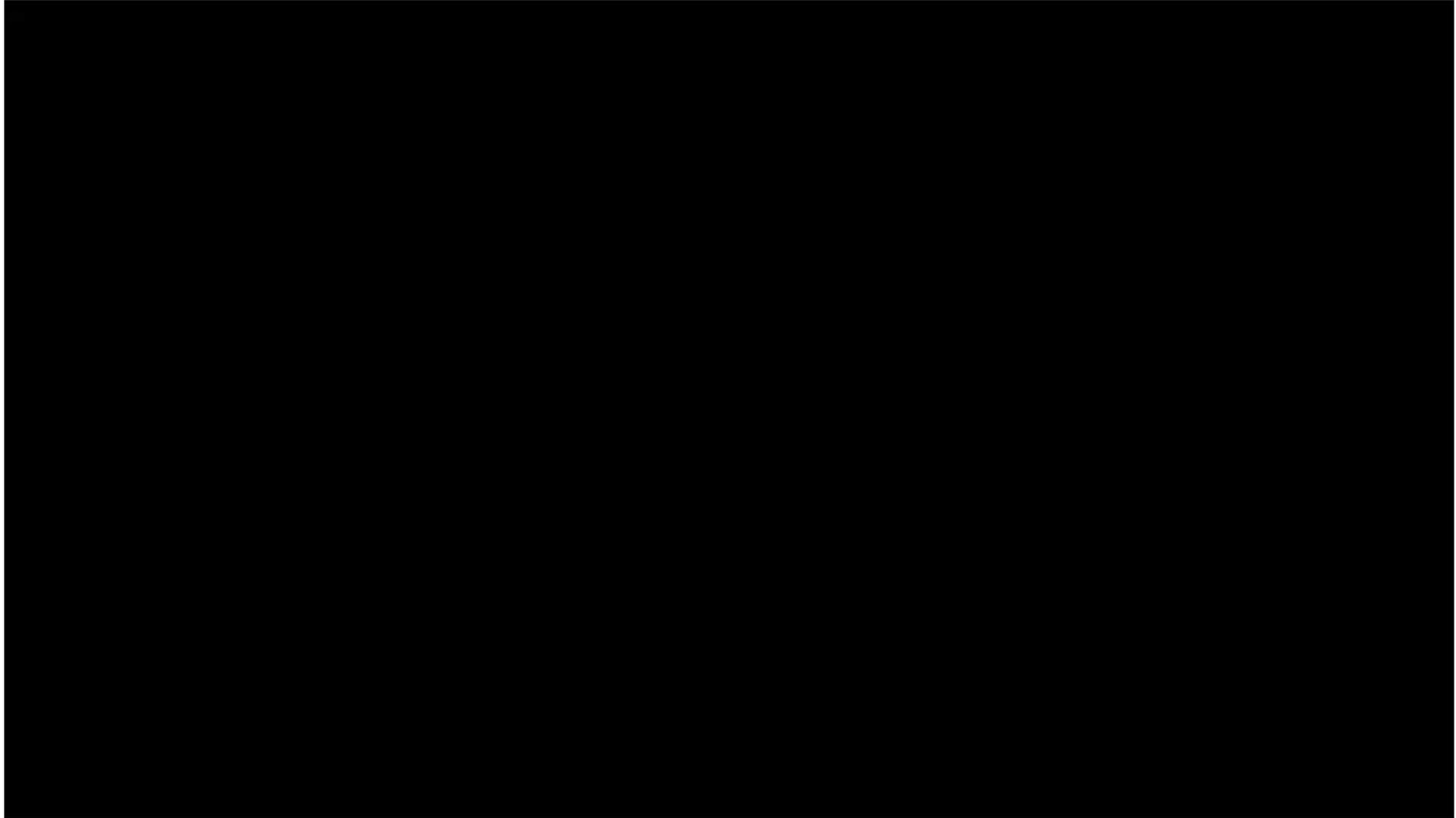
2020 Revenue: On
track for AUD \$1 Bill



BUILDING CHINA PARTNERSHIPS



BUILDING CHINA PARTNERSHIPS



SUPPLY CHAIN



新工厂成立



MCP SUPPLY CHAIN – TAKING ACTION TO MEET CHINA SUPPLY

Hamond Road Facility - Dandenong

- One of the largest (22,000 sqm) manufacturing plants in Australia. With significant excess manufacturing capacity
- Largest and quickest laundry powder line in Australia
- Includes the only dishwashing tablet plant in the Southern Hemisphere
- 2,000 sqm TGA pharmaceutical clean room
- Highly efficient, eco-responsible and fully certified
- Planning underway for solar energy, biodiesel and fully recycled water system
- TGA, GMP (pending), ACO and COSMOS certified



- Dedicated output
- Prioritised work
- Confidence in supply/DIFOT
- Shorter lead times
- Positive impact on quality
- Improved turnaround on NPD samples
- Dedicated technical & operational staff
- Integrated supply chain eyeing China customers
- Unrestricted supply capacity



AWARE FACTORY VIDEO



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

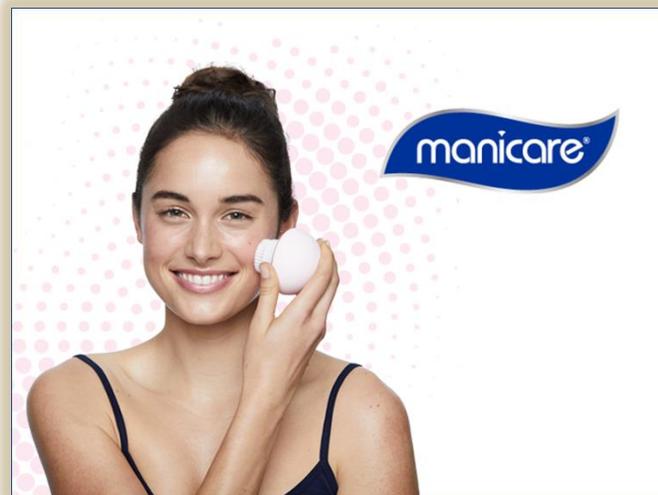
ANNUAL INVESTMENT

20%

CAPEX - SUPPLY CHAIN ERP

REVITALISE OUR OWN MCPHERSON'S BRANDS

+11% VS PRIOR YEAR



NEW BUSINESS DEVELOPMENT



HEALTH, WELLNESS & BEAUTY – A \$17 BILLION MARKET



HEALTH

(\$4.9 Billion, **+3.9%** vs YA)

The intent of enhancing and restoring health via symptomatic treatment.



WELLNESS

(\$5.7 Billion, **+3.8%** vs YA)

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

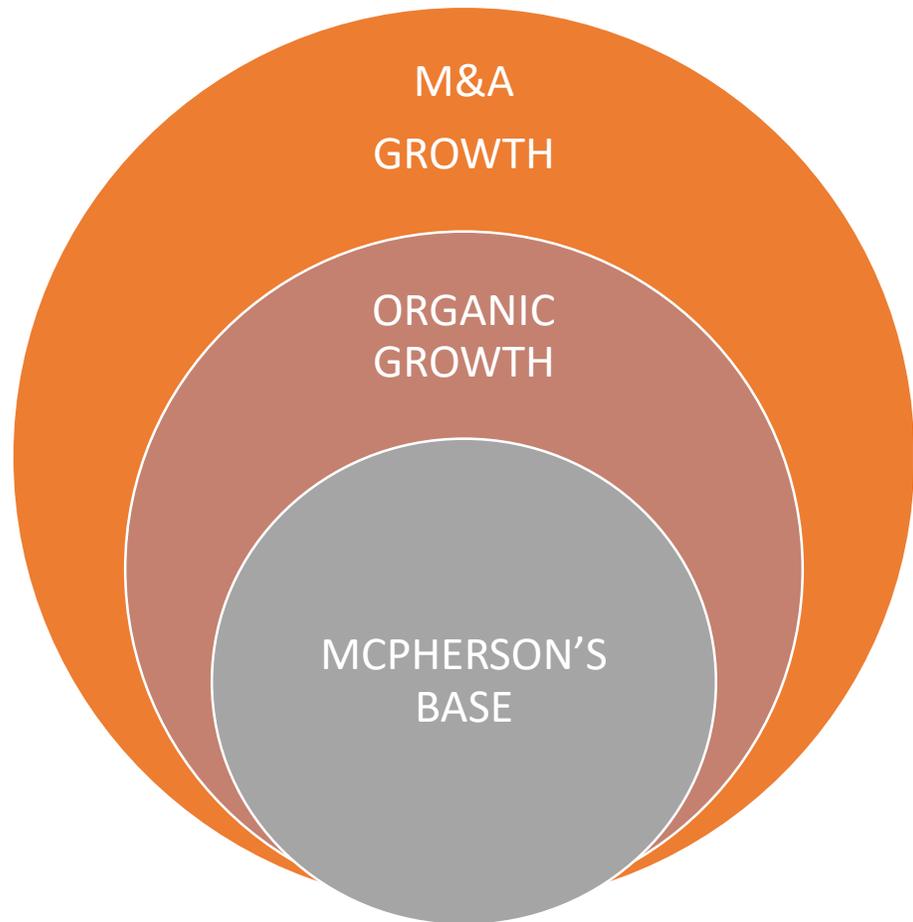


BEAUTY

(\$6.5 Billion, **+2.8%** vs YA)

The subjective enhancement of physical perception for ones own satisfaction

MERGERS & ACQUISITIONS



-  M&A growth remains a strategic priority
-  Health, Wellness & Beauty focussed
-  Strong balance sheet to fund acquisitions
-  Rigorous process and criteria
-  Have been actively approaching targets
-  Kōtia, Soulful and Sugarbaby ventures signed

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



SUMMARY & OUTLOOK



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%)
- ❑ Full year 2020 guidance at +10% Year on Year PBT

[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[^].

76% of users saw a reduction in fine lines and wrinkles after using the Line Smoothing Day Cream*

91% of users saw improvements in skin firmness and elasticity after using the Firming Night 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]

NO NUTS, AUSTRALIAN MADE & OWNED, NOT TESTED ON ANIMALS, 100% VEGAN, RECYCLABLE PACKAGING

* Results based on a clinical study by an independent laboratory using the A'kin Age-Daily Line Smoothing Day Cream, A'kin Age-Daily 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
RETOXIFYING
WHOLE 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 AVOCADO OIL & AUSTRALIAN COCONUT 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

STRONGER ENGAGEMENT THROUGH THE XPANDA GO PLATFORM FROM HEALTH MORE



NATURAL AUSTRALIAN SKIN & HAIR CARE

[A'kin][®]



MCPHERSON'S

Est. 1860

THANK
YOU

