



MCPHERSON'S
Est. 1860

MCPHERSON'S LIMITED

FY20 RESULTS RELEASE

19TH AUGUST 2020

DR. LEWINN'S®

[Akin]



manicare

swisspers

Multix

CREATING BETTER IN

Health Wellness & Beauty





AGENDA

- 1 INTRODUCTION – LAURIE MCALLISTER
- 2 FY2020 FINANCIAL RESULTS – PAUL WITHERIDGE
- 3 CORE BRANDS – DONNA CHAN
- 4 CHANNEL & CUSTOMER – LORI PIROZZI
- 5 EXPORT – DAVID FIELDING
- 6 SUMMARY AND OUTLOOK – LAURIE MCALLISTER

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

(\$5.6 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

STRATEGIC BUSINESS IMPERATIVES

1

REFOCUS MCPHERSON'S ON HEALTH, WELLNESS & BEAUTY WITH SUSTAINABILITY AND PEOPLE AT THE CORE

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

STABILIZE AND GROW NZ & SINGAPORE AND EXPAND IN ASIA & INTERNATIONAL

9

GAIN EFFICIENCIES AND SAVINGS ACROSS SUPPLY CHAIN INFRASTRUCTURE

10

CREATE A NEW BUSINESS TEAM FOCUSED ON SIGNIFICANT M&A OPPORTUNITIES



MCPHERSON'S
FY2020
FINANCIAL
RESULTS
HIGHLIGHTS



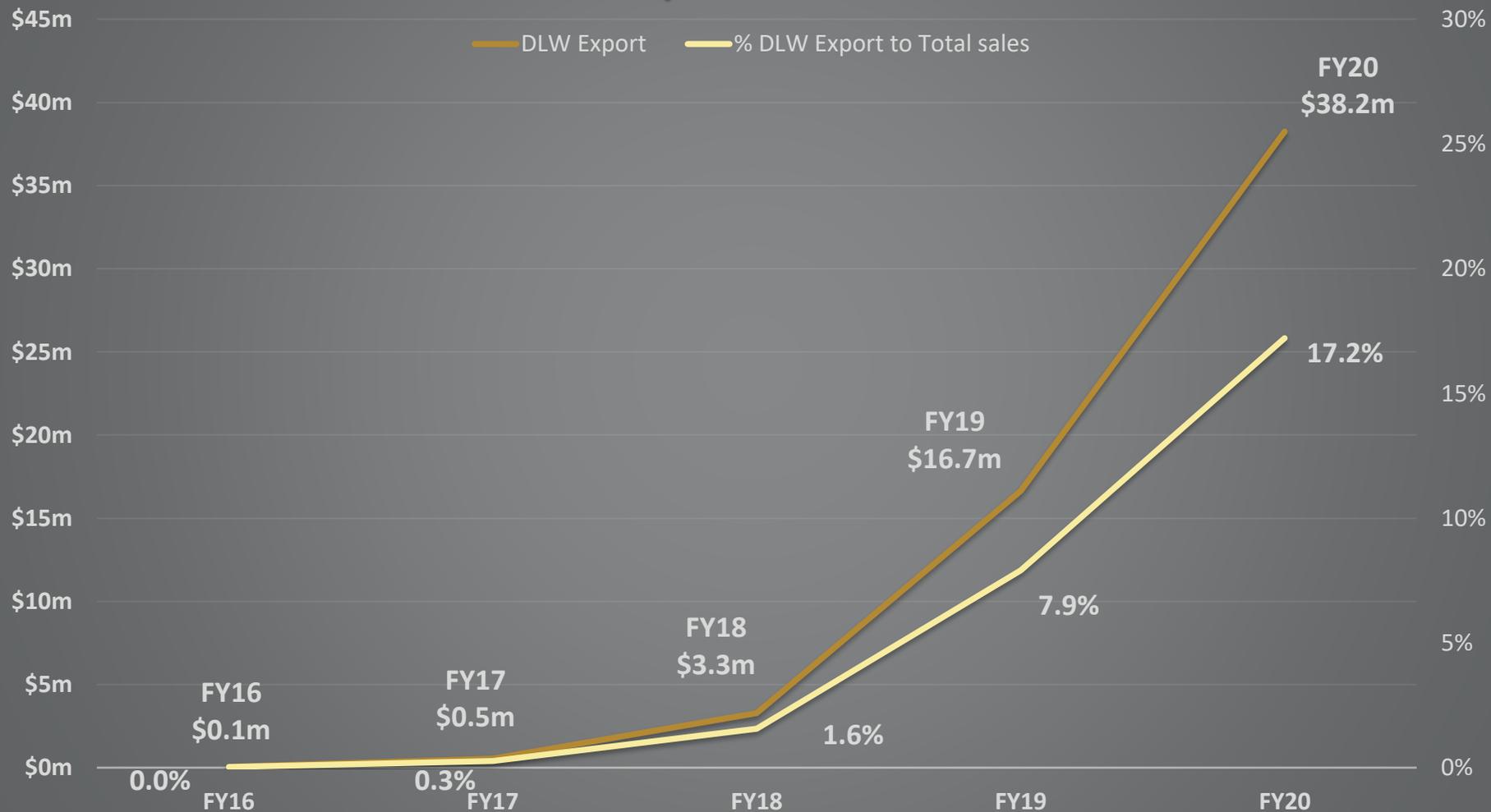
FY20 SALES REVENUE BREAKDOWN BY PRODUCT CATEGORY

Sales revenue from owned brands increased by 16%

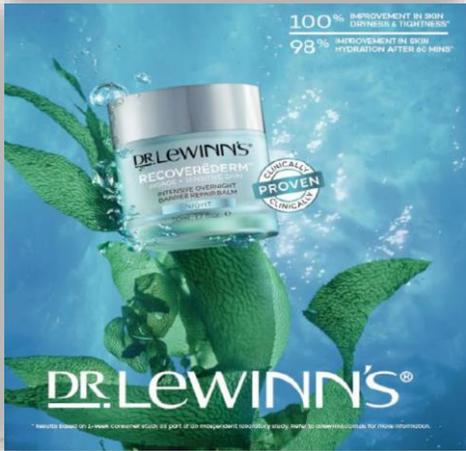
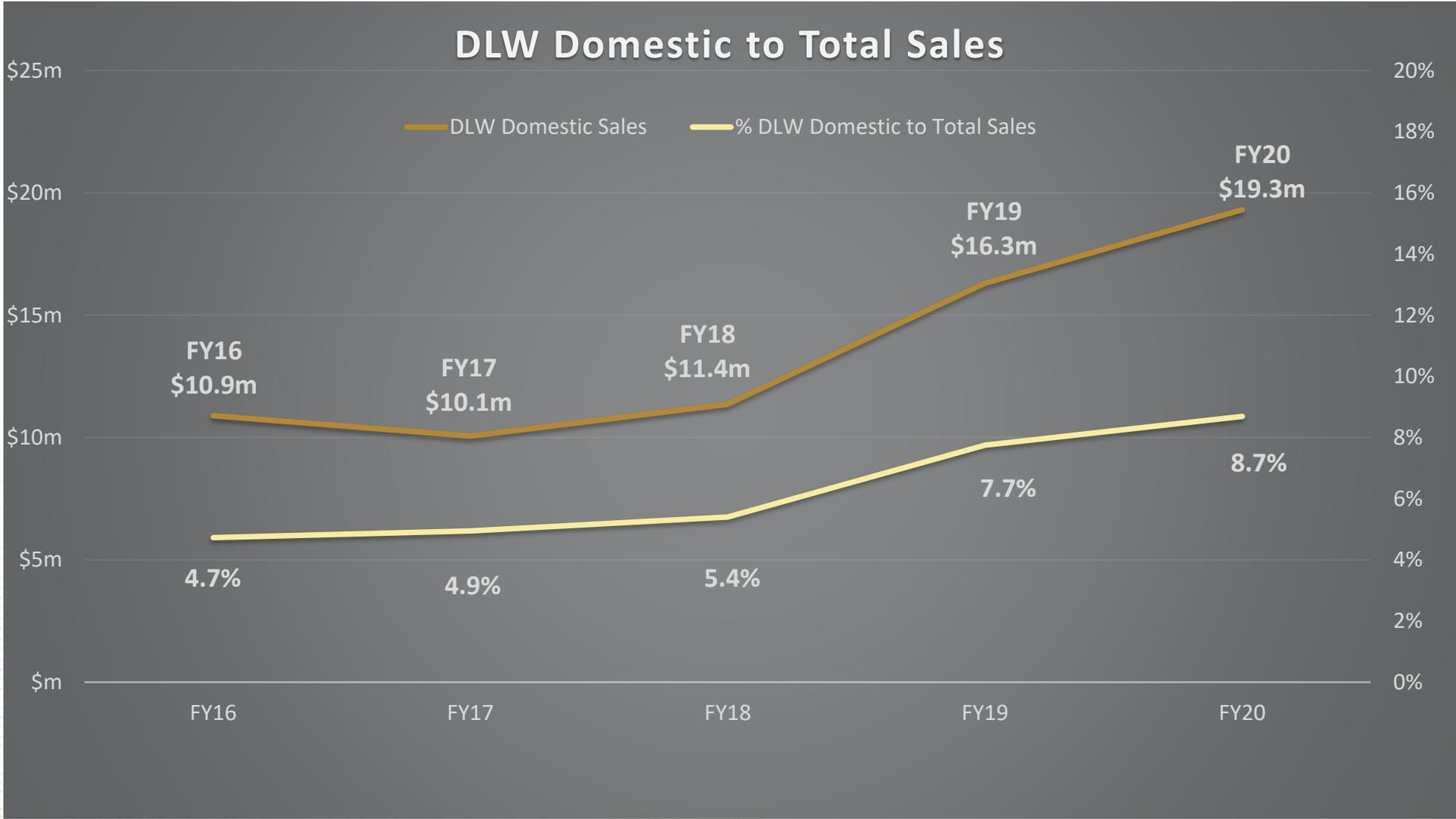
Owned brands:	FY20 \$m	FY19 \$m	% change	Comments
Skin, Hair and Body	63.8	40.0	59%	<ul style="list-style-type: none"> • Strong export and domestic sales of Dr. LeWinn's • DLW Export 130% Growth; DLW Domestic 18% Growth
Essential Beauty	57.3	56.9	1%	<ul style="list-style-type: none"> • 3% growth in Manicare offset by 6% decline in Lady Jayne • Swisspers in line with prior period
Household Essentials & others	64.4	63.4	2%	<ul style="list-style-type: none"> • 4% growth in Multix • 23% 2H20 growth in Multix on pcp.
Total Owned brands	185.5	160.3	16%	
Agency Brands	13.1	23.3	(44%)	<ul style="list-style-type: none"> • Termination of Trilogy and Karen Murrell agencies
Private Label	23.6	26.8	(12%)	<ul style="list-style-type: none"> • Reduced volumes in Aldi
Total Sales	222.2	210.4	6%	
Less Terminated Agencies	(0.1)	(11.1)		
Total Sales excluding Terminated Agencies	222.1	199.3	11%	

RAPID GROWTH IN DR. LEWINN'S CHINA REVENUE

DLW Export to Total Sales

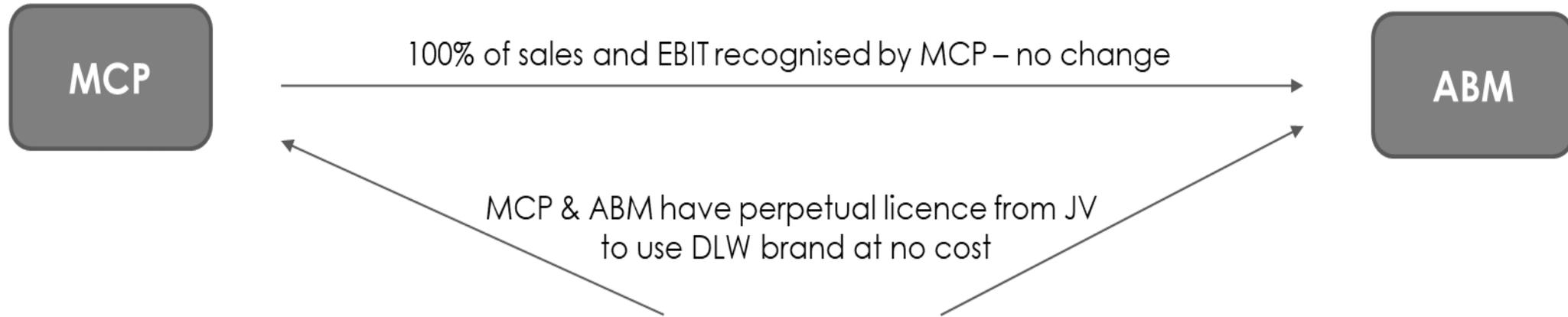


STRONG GROWTH IN DR. LEWINN'S DOMESTIC REVENUE

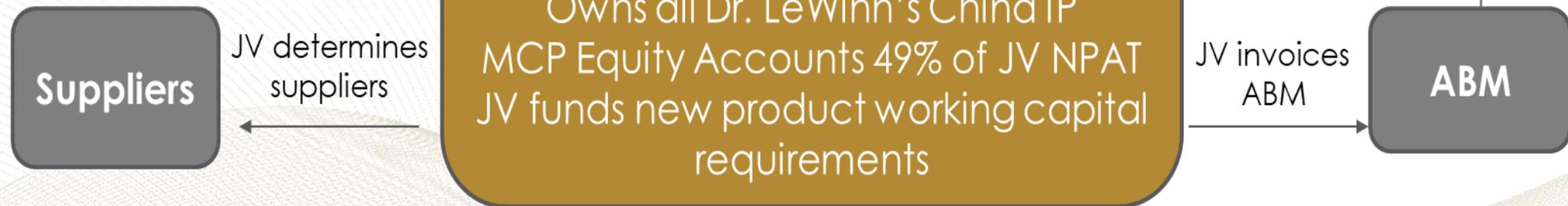


DR. LEWINN'S CHINA JV MCP & ABM

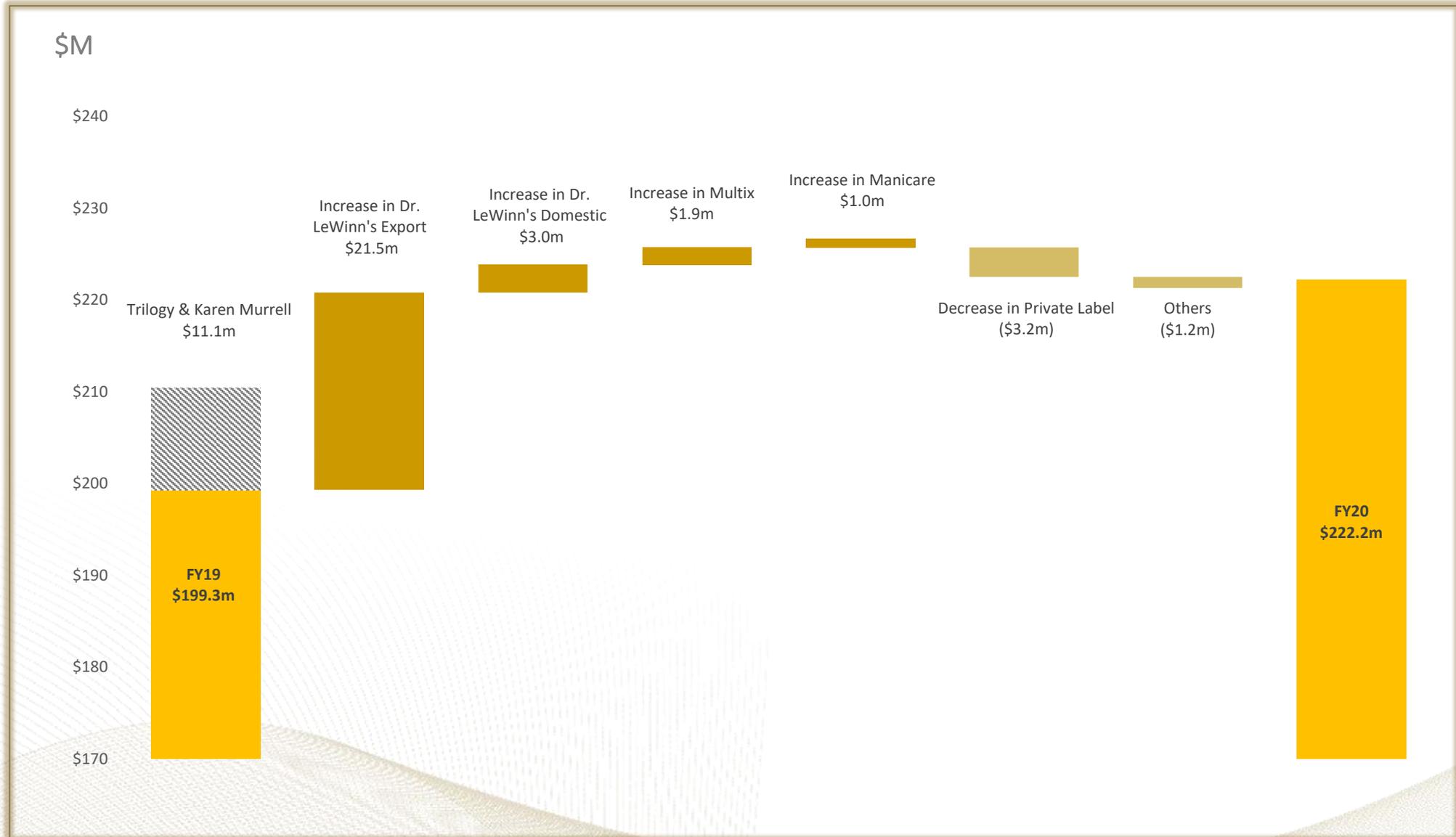
1. Current product range & future products developed by MCP in isolation for Australian & Global markets



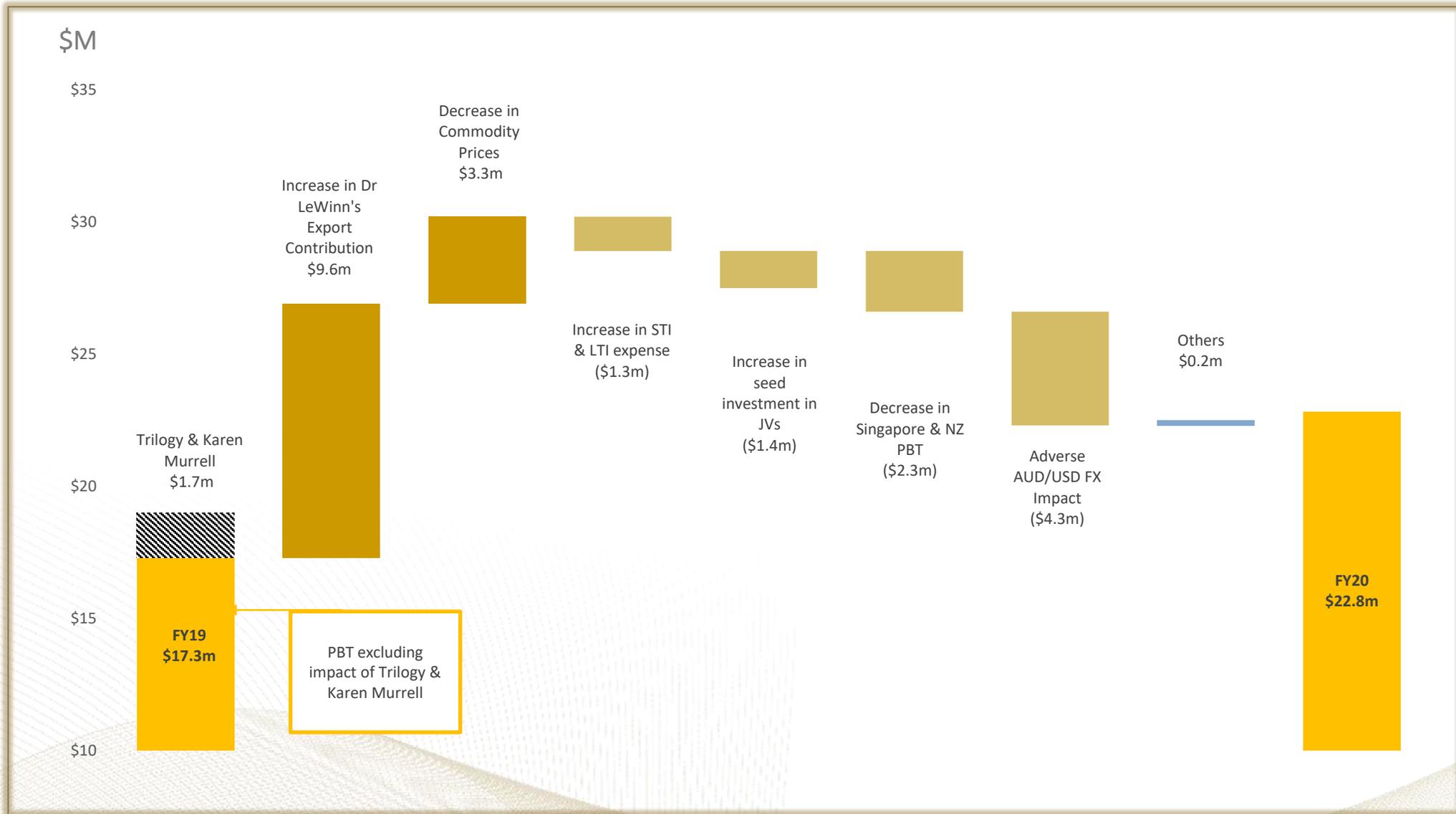
2. New incremental products developed by JV specifically tailored to Chinese consumers



BRIDGE OF FY19 TO FY20 SALES

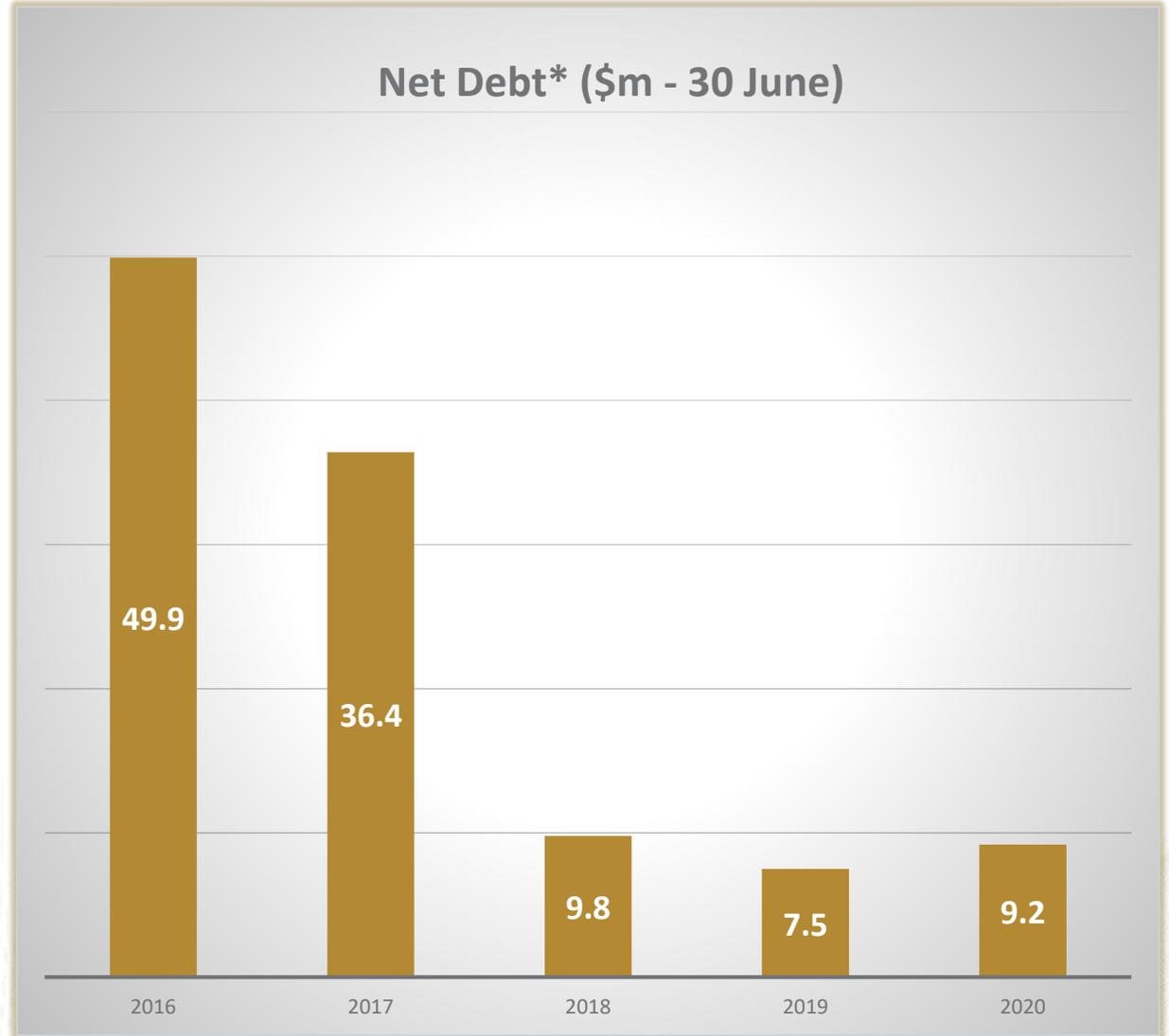
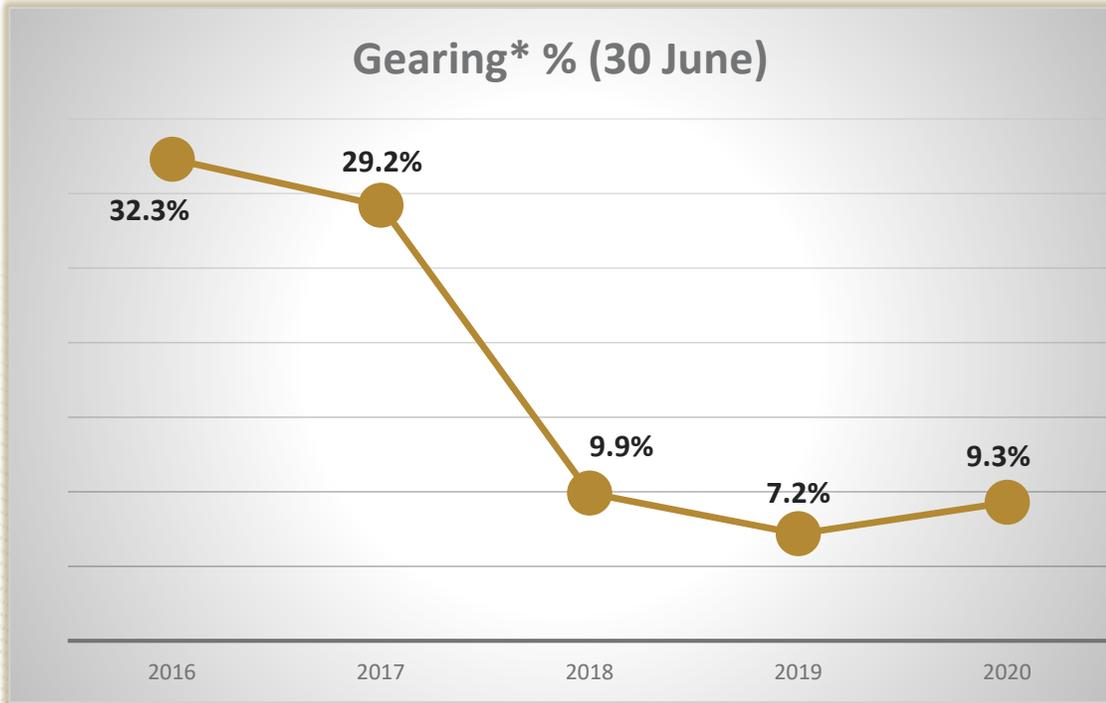


BRIDGE OF FY19 TO FY20 UNDERLYING PBT



BALANCE SHEET

- Net debt excluding lease liabilities has remained stable at \$9.2m over the last 12 months
- Key additional investments in Aware (\$3.0m) and joint ventures (\$2.7m) made over last 12 months
- Gearing modest at 9.3%, excluding lease liabilities

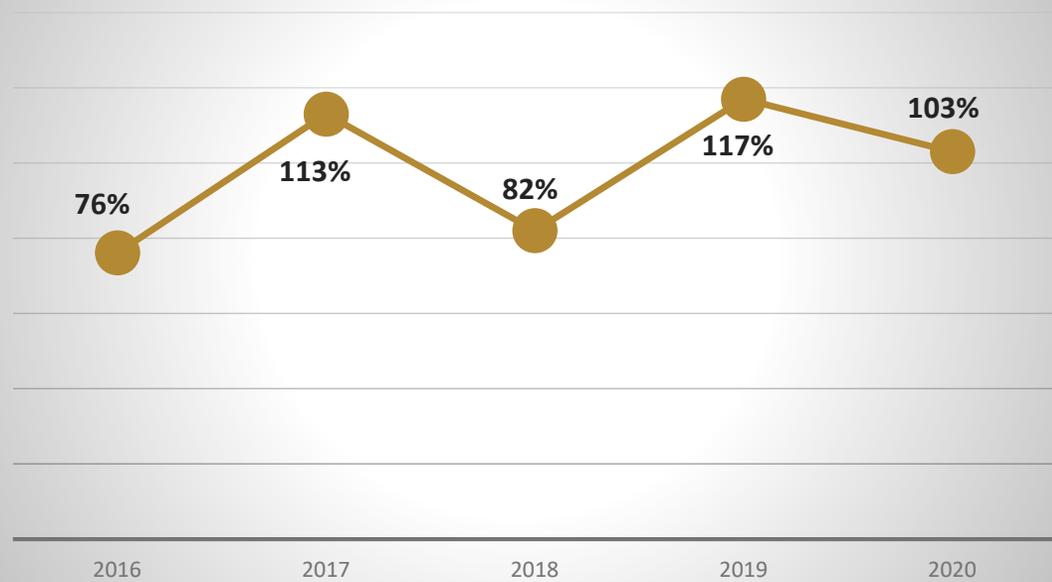


* Excluding lease liabilities

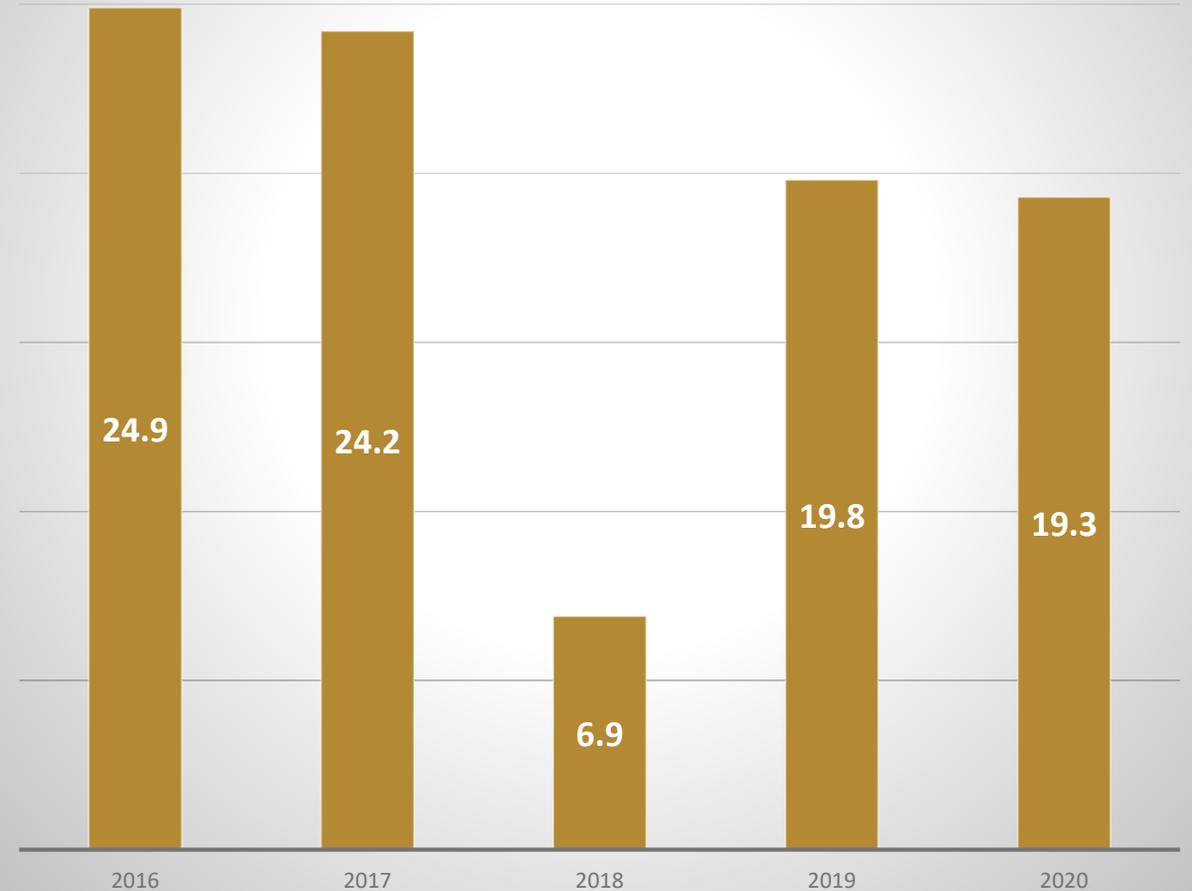
CASHFLOW

- ☐ Strong underlying cash conversion of 103%
- ☐ Vastly improved 2H20 underlying cash conversion due to seasonal factors
 - Strong second half customer receipts
 - Second half reduction in inventory net of trade payables

Underlying Cash Conversion



Operating Cashflow before interest and tax (\$m)



FY20 ORDINARY DIVIDENDS

- Final ordinary dividend of 7.0 cents per share fully franked (2H19 6.0 cents per share)
- Full year ordinary dividend of 11.0 cents per share fully franked (FY19: 10.0 cents per share and 2.0 cents per share interim special dividend)
- Payout ratio of 72% of FY20 underlying earnings per share
- Final dividend payable 24 September 2020
- Dividend reinvestment plan retained, 2.5% discount to VWAP re-introduced

MCPHERSON'S

CORE BRANDS



DR. LEWINN'S
Ultra R4 Collagen Surge Plumping Gel

FY20 CORE BRANDS IN MARKET PERFORMANCE



+21% DOMESTIC GROWTH



+1.3 SHARE POINT GAIN



+1 SHARE POINT GAIN



+1.7 SHARE POINT GAIN



70% SUSTAINABLE SHARE



MAINTAIN SHARE

RESILIENT PORTFOLIO DURING COVID

MCP CORE BRANDS GROWING 1.5X AHEAD OF THE CATEGORIES IT PARTICIPATES IN



MULTIX +13% DUE TO INCREASED BAKING & COOKING



BEAUTY AT HOME DRIVING +15% GROWTH IN MANICARE



SWISSPERS +11% OUTPACING CATEGORY GROWTH

STRONG CHINA EXPORT DEMAND CONTINUES FOR DR. LEWINN'S DELIVERING +140% GROWTH DURING ABM 6.6 FESTIVAL

- 1 王牌爆款 三色凝胶**
[当日售出85000支]
是2019年66狂欢季的3.5倍

时尚芭莎“2019年度最佳精华(玻尿酸)”
耀荣网美商品牌“2019年度最佳修护精华奖”
- 2 王牌爆款 R4胶原蛋白小粉珠**
[当日售出60000瓶]

澳洲权威及严苛美妆评论网站
Beautyheaven满分推荐
REVIEWS AND REWARDS
- 3 八胜肽三部曲**
[当日售出21000盒]

权威医疗媒体
《春雨医生》报导推荐
- 4 莱文医生人皮面膜**
[当日售出46000片]

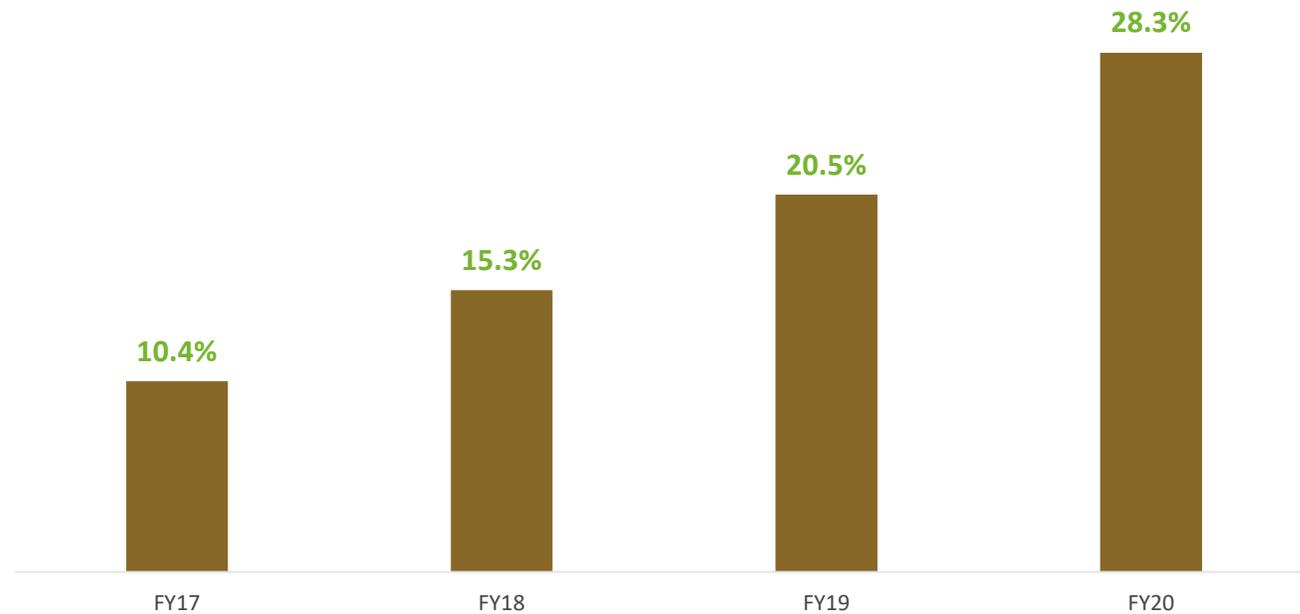
中国医学科学院整形外科医院(八大处)
胡金天主治医师 实力推荐
- 5 八胜肽新肌小安瓶**
[当日售出13000盒]

澳洲排名第一的美容健康杂志
《Body+ Soul》 编辑推荐
- 6 八胜肽小熨斗眼膜**
[当日45000包全部售罄]

澳洲时尚美容指南杂志
《Beauty Crew》 编辑推荐

INNOVATION SUCCESS DRIVING SUSTAINABLE GROWTH

MCP Core Brands NPD Cumulative Share %
Rolling 3FY



#1 FACIAL SKINCARE NPD PHARMACY



#1 HAIR BRUSH NPD PHARMACY



AUSTRALIA & EXPORT CHINA NPD



FIRST TO MARKET LASH NPD

3
R&D

6
R&D

11
R&D

13
R&D

FOREIGN MARKET REGISTRATIONS



220 PROJECTS IN THE INNOVATION FUNNEL

LEVERAGE MACRO TRENDS TO DRIVE FUTURE GROWTH

CHINA EXPORT



- +133% Dr. LeWinn's China Export Sales Growth vs YA
- #1 Hero Product Triple Action Day Defence Winning Awards in China
- New China Hero's developed via NPDP

PROACTIVE BEAUTY



- Convergence of Wellness & Beauty
- **NEW** Dr. LeWinn's Inner Beauty Collagen Shot
- 64% look to purchase products which contain the most natural ingredients
- **NEW** Scientifically Proven A'kin Volumising Haircare

SUSTAINABLE SOLUTIONS



- Multix #1 Sustainable brand in Bags, Wraps & Foil growing +36%
- Swisspers #1 Sustainable brand in Cotton Tips growing +133%
- Expanding sustainability footprint with NPDP

COVID NEW NORM



- 46% working from home
- +121% increase in Multix social engagement
- Rise of DIY Beauty delivering +95% increase in MCP Video Views
- +270% increase in digital reach

THINK BEYOND GROWTH OPPORTUNITIES

MCPHERSON'S THINK BEYOND TEAM

- 12 KEY PROJECTS
- AGILE WORKING TEAM MEETING FORTNIGHTLY
- CROSS FUNCTIONAL REPRESENTATION
 - Leadership Team
 - Marketing
 - R&D
 - Sales
 - Supply Chain
 - Commercial Finance
- \$50K - \$3M INCREMENTAL OPPORTUNITIES

EVERYDAY HYGIENE NEW PRODUCT DEVELOPMENT



swisspers®

Multix®

manicare®

INCREMENTAL CHANNEL & PORTFOLIO EXPANSION



MCPHERSON'S

CHANNEL & CUSTOMER



MCP PERFORMANCE FY20 IN TRADITIONAL *Channels*



TOTAL PHARMACY AND
GROCERY MARKET

MCP GROWTH X1.5 AHEAD OF ESSENTIAL BEAUTY CATEGORIES



PHARMACY

MCP GROWTH X4.5 AHEAD OF PHARMACY FACIAL SKINCARE CATEGORY
DR. LEWINN'S SHELF PRESENCE INCREASE +33% IN PRICELINE +25% CHEMIST WAREHOUSE



GROCERY

MCP SWISSPERS GROWTH X 1.6 AHEAD OF GROCERY COTTON CATEGORY
PORTFOLIO MANAGEMENT DRIVING PROFITABILITY IN GROCERY CHANNEL

CONTINUED FOCUS ON EXECUTION DRIVING

Sustainable Growth



CATEGORY SOLUTIONS



IN STORE REAL ESTATE



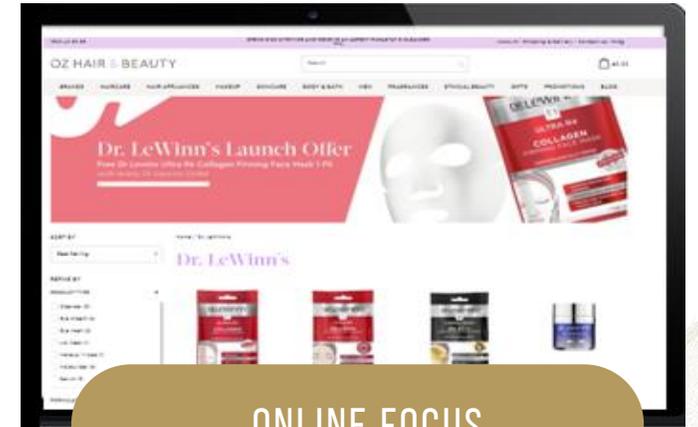
SHARE OF SHELF GAINS



CUSTOMER FIRST TO MARKET LAUNCHES



INNOVATION SUCCESS



ONLINE FOCUS

DEMONSTRATED AGILITY AND RESILIENCE DURING

Covid

ACCELERATED FOCUS ONLINE RETAIL

INCREMENTAL RANGING

Oz Hair & Beauty
25 skus A'kin | 24 skus Dr. LeWinn's

Active Skin
10 skus A'kin

Discount Vitamin Express (DVE)
21 skus A'kin

Catch
42 skus Multix & Swisspers

INVESTMENT

+ 30%

INVESTMENT TO CUSTOMER
ONLINE PLATFORMS VIA
TRADING TERMS VS FY19

NEW CUSTOMERS

OZ HAIR & BEAUTY

INCREMENTAL CHANNEL EXPANSION

A'KIN IN GROCERY NZ

<p>HYDRATION</p> 	<p>MASKS</p> 
<p>TOP 2 SELLERS: DAILY SHINE & MOISTURE RICH</p> <p>DAILY SHINE</p> <p>MOISTURE RICH</p> 	<p>TOP 2 SELLERS: LEAVE IN CONDITIONER & MASK 55G</p> 

CORE RANGE DISTRIBUTION

+ 10%

INCREASE IN CORE
RANGE COMPLIANCE VS FY19
INDEPENDENT CHANNELS

NEW CHANNELS



WOOLWORTHS B2B

ANZ BUSINESS GROWTH PILLARS *Outlook*

RANGE AND INVESTMENT OPTIMISATION



CONTINUED PORTFOLIO MANAGEMENT

PROMOTIONAL EFFECTIVENESS

INCREASE IN ONLINE INVESTMENT

RESHAPE TRADING TERMS

DRIVE GROWTH FROM CORE AND INNOVATION

DATA LED BUSINESS PLANNING

STRATEGIC PARTICIPATION IN PRIVATE LABEL

EXECUTION & INNOVATION



EXPANSION



NZ BRAND EXPANSION INTO GROCERY

NEW CHANNEL PENETRATION

KOTIA DISTRIBUTION EXPANSION

A'KIN IN WOOLWORTHS

[A'kin][®]

CHANNEL EXPANSION DRIVING VISIBILITY AND SCALE



PHARMACY



DEPT STORES



ONLINE



GROCERY



NATURALS IN GROCERY AU

\$100M Category **+44%** vs YA

Grocery Natural Offering - Value



GROCERY PARTNERSHIPS ANZ



+5000
DISTRIBUTION
POINTS

MCPHERSON'S
EXPORT



DR LEWINN'S
Line Smoothing Complex S8



1

DELIVER SUSTAINABLE GROWTH – DR. LEWINN'S +133% VS FY19

2

EXPAND HERO PRODUCT SCOPE – 3 SKUS IN FY19 TO 5 SKUS IN FY20

3

LAUNCH NEW PRODUCTS AND ACCELERATE INNOVATION PIPELINE – 4 NEW SKUS INTRODUCED IN FY20

4

EXPAND MARKETING TOUCH POINTS – NEW PLATFORMS, Tmall FLAGSHIP STORE, INFLUENCER ENDORSEMENTS

5

BUILD ENGAGEMENT WITH ABMERS – MONTHLY EVENTS, BRAND DAY, TOP SELLER REWARDS

Milestones



ABM 3RD
ANNIVERSARY



1,200
EMPLOYEES IN
4 LOCATIONS



5 MILLION
PEOPLE IN THE
ABM
NETWORK



ONLINE TO
OFFLINE



EXPANSION
ACROSS NZ,
NORTH
AMERICA,
EUROPE & SEA

Year on Year Growth

FY17
\$500K
1 HERO
PRODUCT

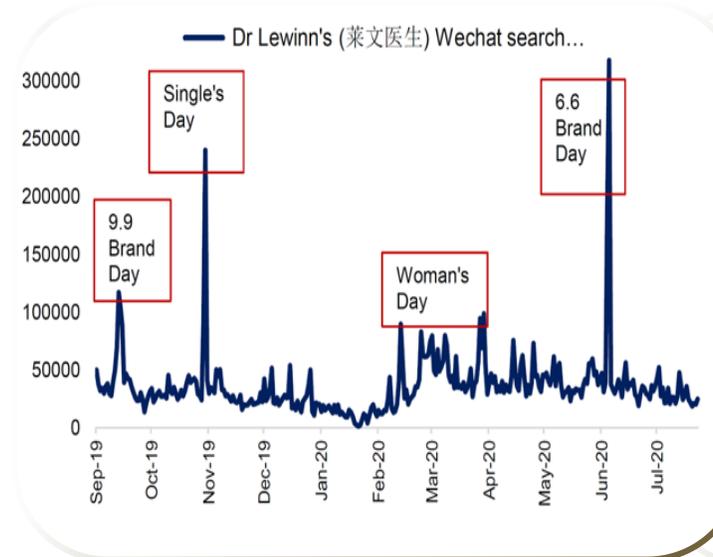
FY18
\$3.1M
529% GROWTH
2 HERO
PRODUCTS

FY19
\$16M
413% GROWTH
3 HERO
PRODUCTS

FY20
\$37M
133% GROWTH
5 HERO
PRODUCTS



DR. LEWINN'S
RETAINS A **TOP 3**
POSITION IN THE
ABM PORTFOLIO



WECHAT SEARCH HISTORY SHOWS BUILDING AWARENESS IN CHINA

SKU MIX IS DE-RISKED AS HERO PRODUCT SCOPE GROWS STRONGER



科技逆龄 焕颜新生

2020年6月18日
66狂欢返场，不见不散!



Event Results

DR. LEWINN'S® ABM
ACCESS BRAND MANAGEMENT

DAIGOU FESTIVAL JUNE 2020
NO. 3 BRAND
TOP PRODUCTS #6 & #7
MORE THAN 500,000 UNITS SOLD
PURCHASES FROM 9 COUNTRIES & 879 CITIES



单创 ACCESS BRAND MANAGEMENT 66 会员狂欢节

DR. LEWINN'S
全球医美专业品牌

超级品牌日 荣耀战绩

[GLORIOUS ACHIEVEMENTS]



TOP 6

BAZAAR Beauty Awards
2019年度最佳驻颜精华



已售出超90000支
明星断货王 抗衰大杀器
Dr. LeWinn's 八胜肽三色凝胶

TOP 7

医美级护肤品牌
新品断货王



已售出超65000罐
从源头抗老“少女肌”神器
Dr. LeWinn's R4 胶原蛋白凝珠

八胜肽五部曲基础抗衰核心套组

【赠总价值607元 新品抗衰老礼】

含价值209元的凝胶中样15ml*2支+价值189元铂金驻颜紧致美容仪

15分钟8000组全部售罄



Q弹肌焕颜套组

【赠价值198元 八胜肽抗皱洁面啫喱150ml】

当日20000组全部售罄





IN MAY 2020
AWARE PRODUCED THE
1 MILLIONTH UNIT OF
DR. LEWINN'S

IN FY20 MCP PROGRESSIVELY
INCREASED THEIR EQUITY
STAKE IN THE AWARE GROUP
TO 10%

AWARE MANUFACTURES
OVER 25% OF ALL
DR. LEWINN'S PRODUCTS

OVER 50 SKUS
HAVE SUCCESSFULLY
UNDERGONE A TECH
TRANSFER



MCPHERSON'S

SUMMARY AND OUTLOOK



A'KIN
Natural Australian Skincare

SUMMARY AND OUTLOOK

1

STRONG BRAND AND CHANNEL MIX – OWNED BRANDS +16% VS FY19

2

EXCEPTIONAL DEMAND FOR DR. LEWINN'S IN DOMESTIC / EXPORT CHANNELS 75%

3

STRATEGIC JV WITH **ABM** SECURES CHINA GROWTH.
AWARE INVESTMENT SUPPORTING SUPPLY CHAIN

4

INVESTMENTS IN KEY CAPABILITIES SUPPORTING INNOVATION AGENDA

5

GROWTH THROUGH **M&A** IS A STRATEGIC PRIORITY – EXPERIENCED NEW BUSINESS TEAM
LASER FOCUSSED ON H, W & B TARGETS

6

EXTREMELY HEALTHY BALANCE SHEET / LOW GEARING (9%), FACILITATING DIVIDEND
PAYOUT RATIO OF 72%

7

MANAGEMENT CLOSELY MONITORING CORONAVIRUS SITUATION

8

FIT FOR THE FUTURE; SHORT, MEDIUM & LONG TERM





MCPHERSON'S

Est. 1860



Q & A