



MCPHERSON'S LIMITED

2019 FULL YEAR RESULT PRESENTATION

15 August 2019

Presented by:

- Laurie McAllister, Managing Director
- Paul Witheridge, Chief Financial Officer
- Donna Chan, Marketing Director
- Lori Pirozzi, National Sales Director
- Brett Owers, Commercial Finance Business Director
- David Fielding, Strategy, Planning & Innovation Director

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

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ENSURE WE HAVE OUR TEAM FIT FOR THE FUTURE WITH 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

OUR 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



FINANCIALS

Paul Witheridge

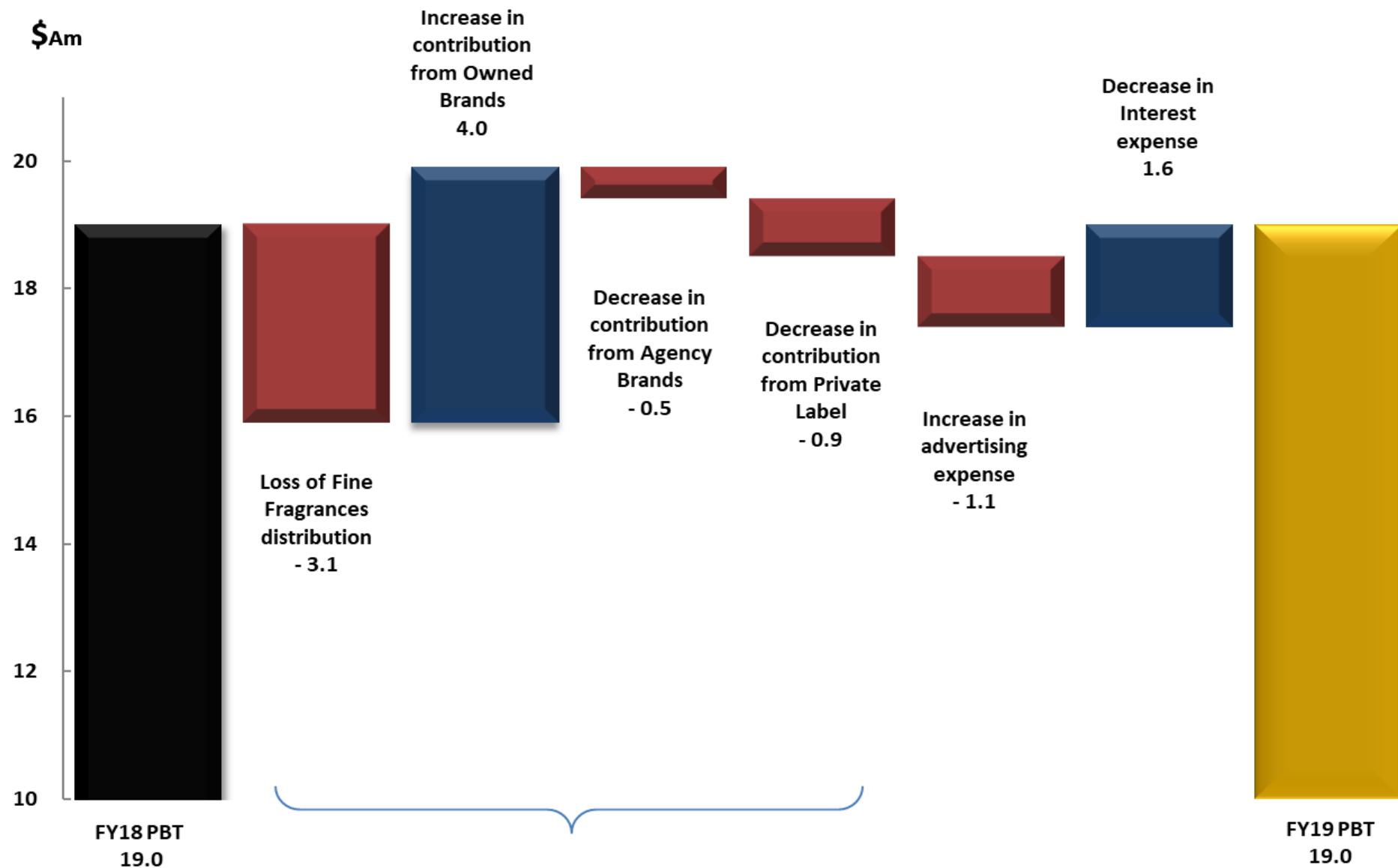
FY19 SALES REVENUE BREAKDOWN BY PRODUCT CATEGORY

Sales revenue from continuing operations increased by 7%, excluding Coty Fine Fragrances

Owned brands:	FY19 \$m	FY18 \$m	% change	Comments
Skin, Hair and Body	40.0	23.1	72%	<ul style="list-style-type: none"> Strong export and domestic grow in Dr. LeWinn's Domestic growth in A'kin
Essential Beauty	56.9	57.5	(1%)	<ul style="list-style-type: none"> 2% growth in Manicare offset by 2% decline in Lady Jayne and 7% decline in Swisspers
Household Essentials & others	63.4	64.2	(1%)	<ul style="list-style-type: none"> 1% growth in Multix brand, driven by new "Greener" range offset by 8% decline in other small brands
Total Owned brands	160.3	144.8	11%	
Agency Brands (excl Fine Fragrances)	23.3	26.1	(11%)	<ul style="list-style-type: none"> 20% reduction in Trilogy sales
Private Label	26.7	25.3	6%	<ul style="list-style-type: none"> Increased supply to Grocery customers
Total sales from continuing operations (excl Fine Fragrances)	210.3	196.2	7%	

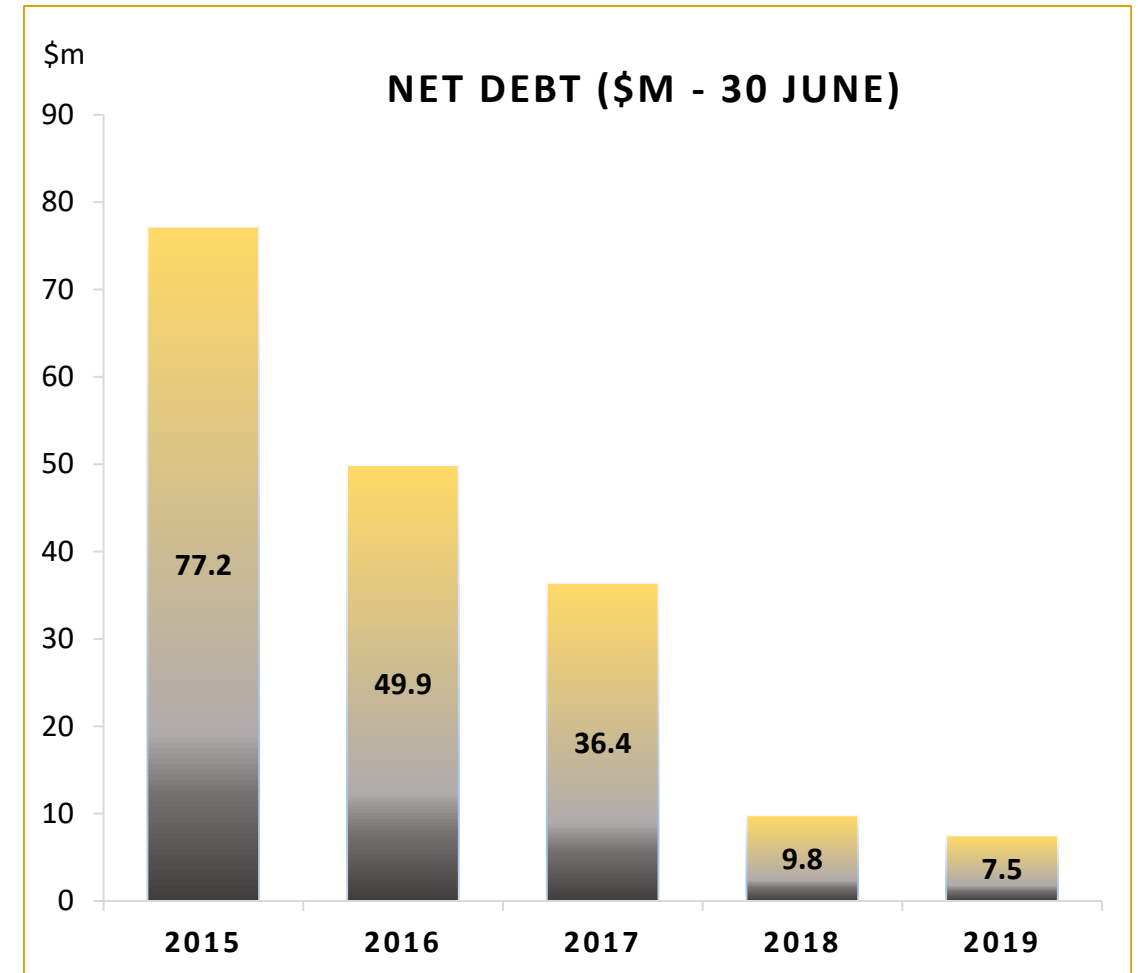
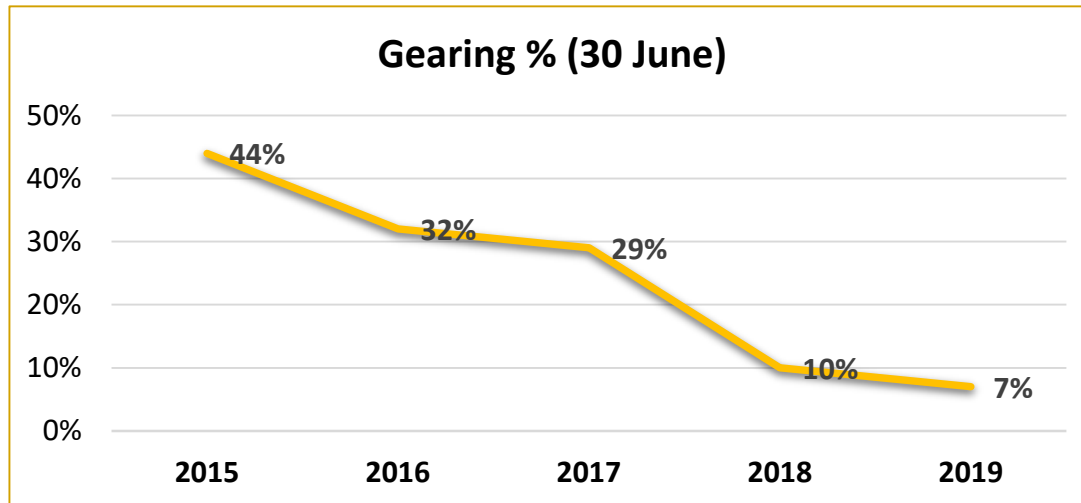
* The Coty Fine Fragrances distribution arrangement ceased with effect from 1st February 2018. It contributed \$14.2m in sales revenue in FY18, taking total FY18 sales revenue to \$210.4m

BRIDGE OF UNDERLYING PBT – FY18 to FY19



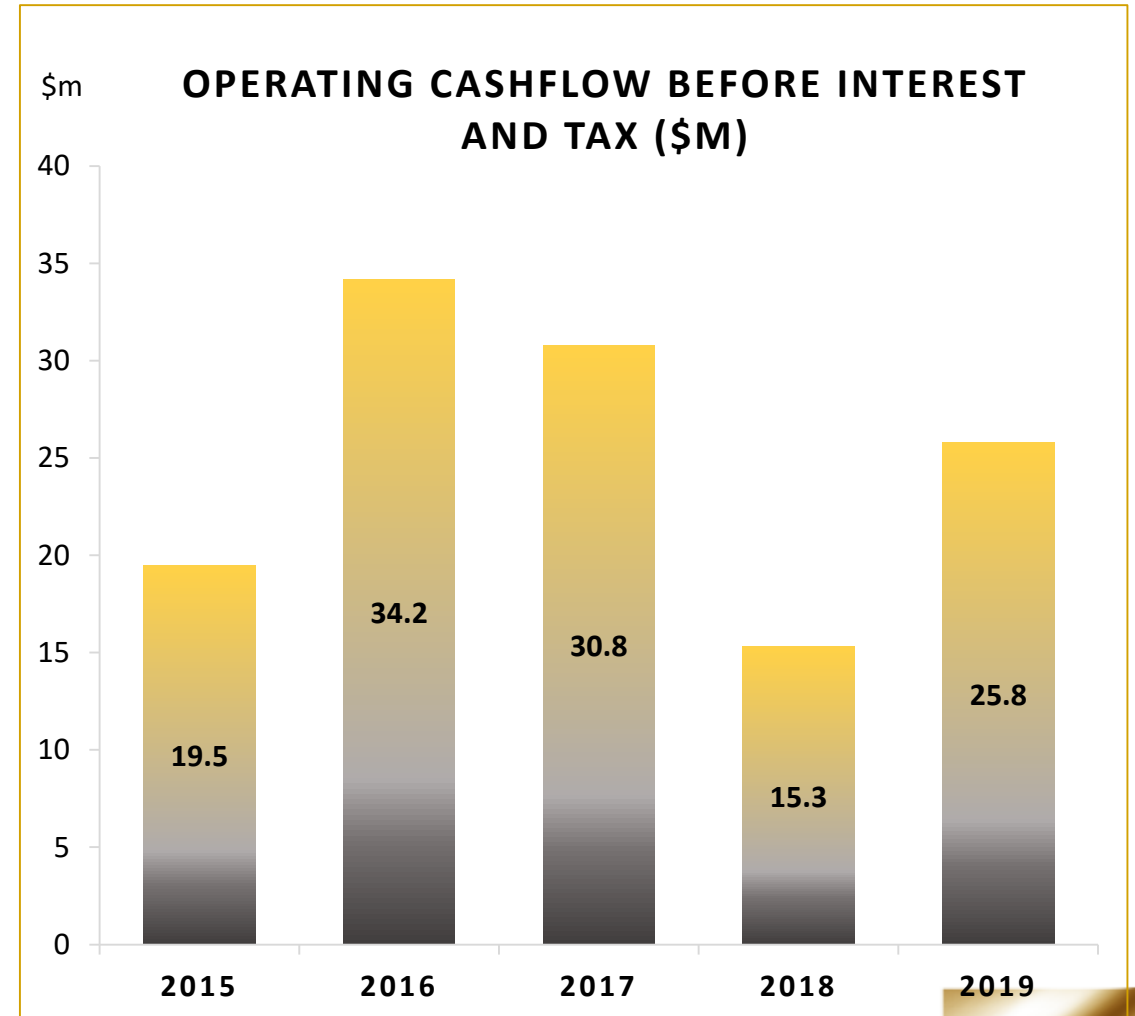
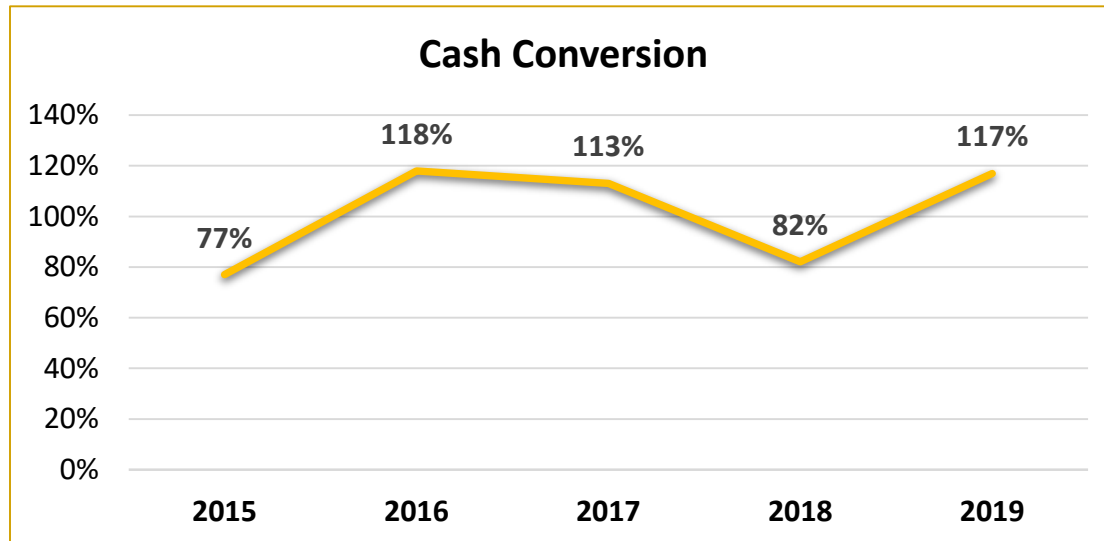
BALANCE SHEET

- 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



FY19 DIVIDENDS

- ❑ Final ordinary dividend of 6.0 cents per share (cps) fully franked (FY18 2.5 cps).
Final dividend payable 26 September 2019
- ❑ Total ordinary dividends of 10.0 cps fully franked (FY18: 8.5 cps)
- ❑ Special dividend of 2.0 cps fully franked – paid 21 March 2019
- ❑ Objective to increase the return of franking credits to shareholders
- ❑ Dividend reinvestment plan retained, 2.5% discount to VWAP to encourage reinvestment

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

Donna Chan & Lori Pirozzi

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 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**

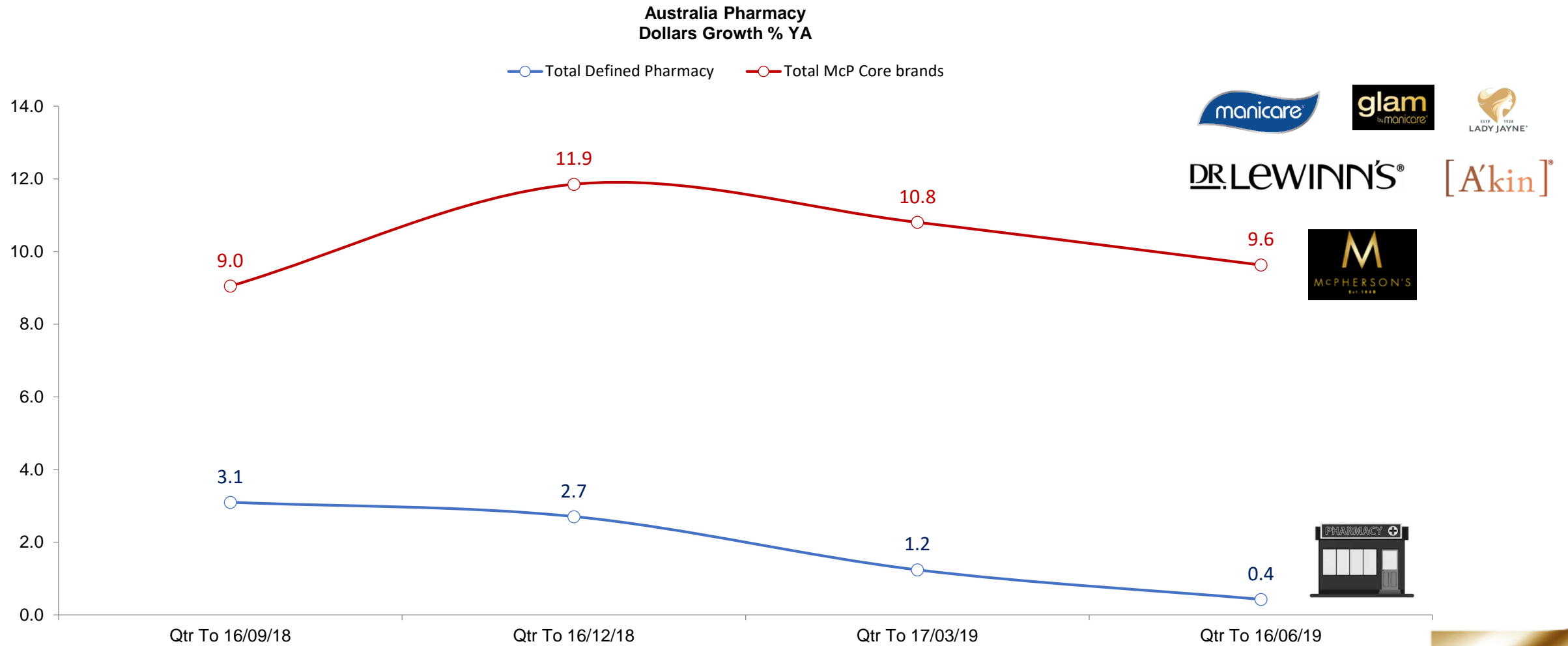
PARTNERSHIPS

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

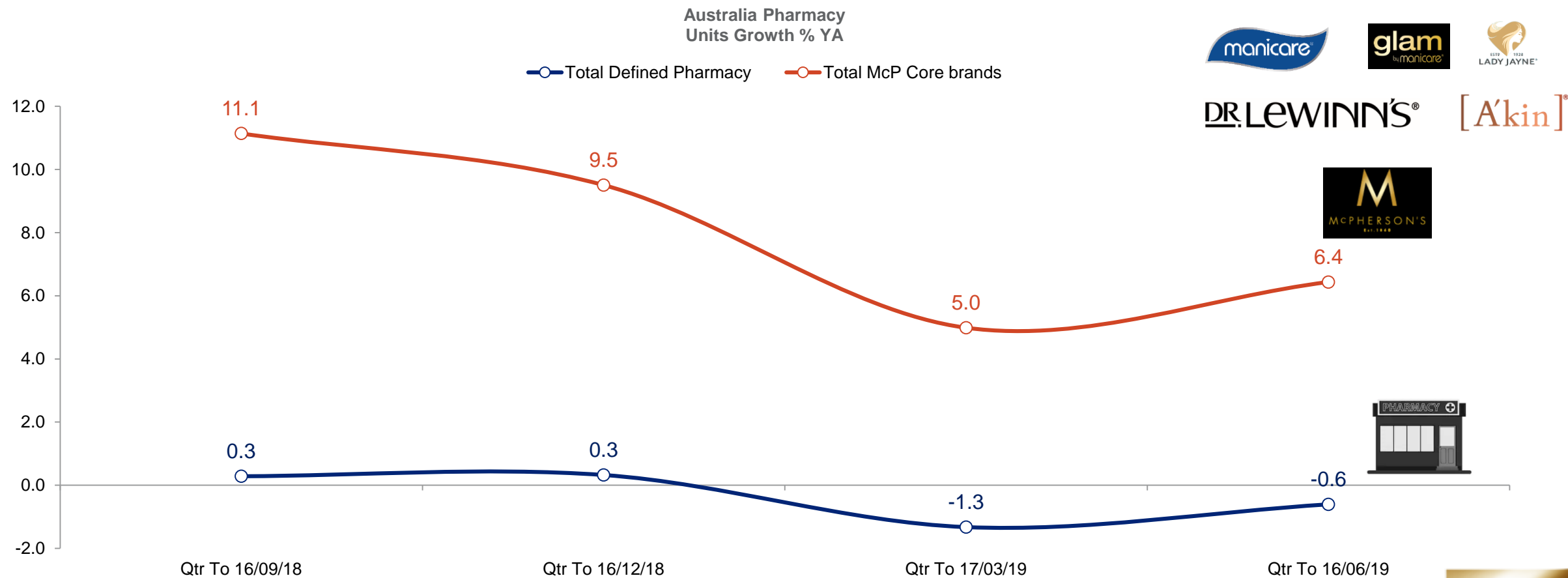
EXPANSION

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

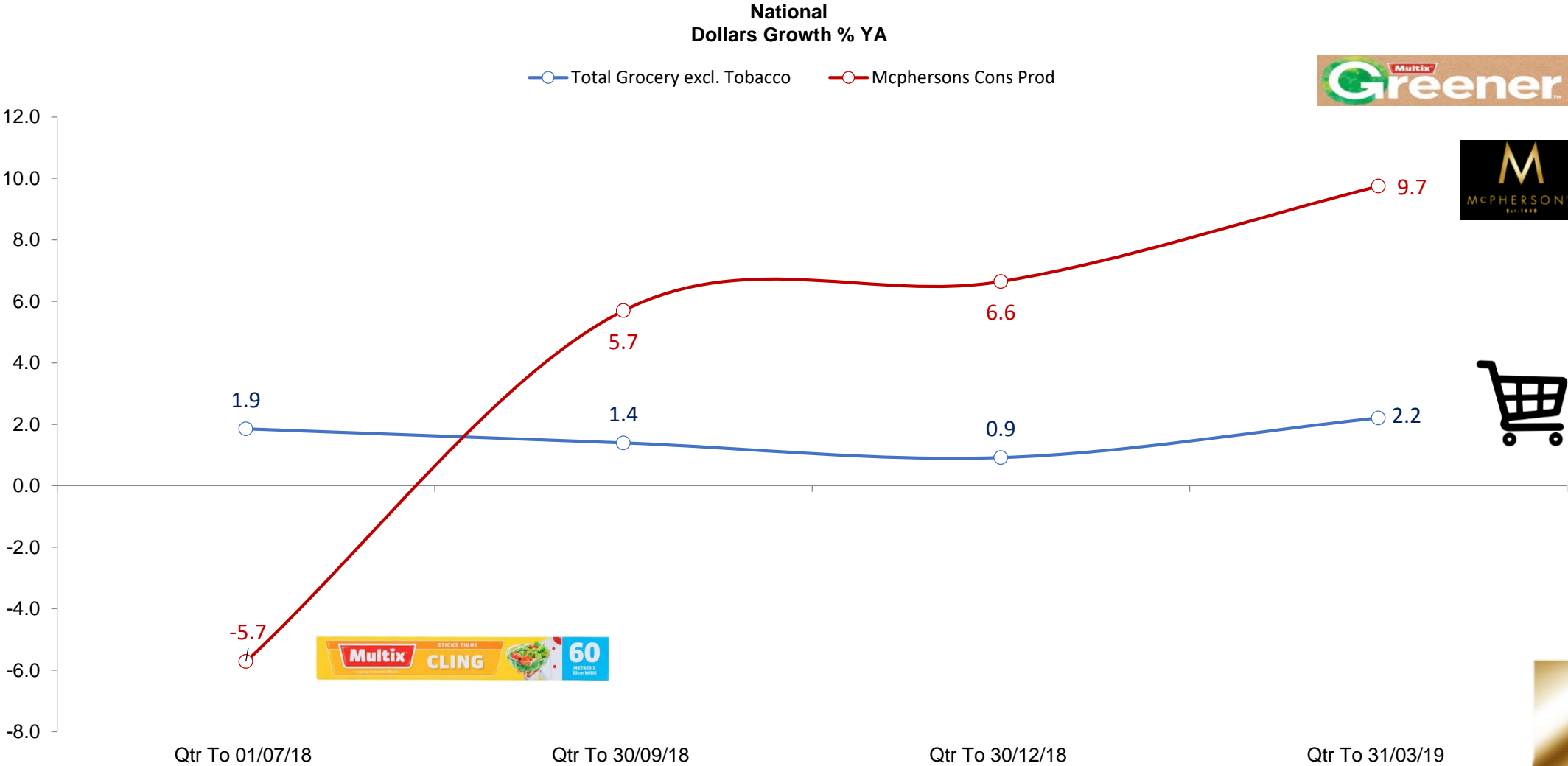
OUTPERFORMING THE PHARMACY CHANNEL IN SALES VALUE



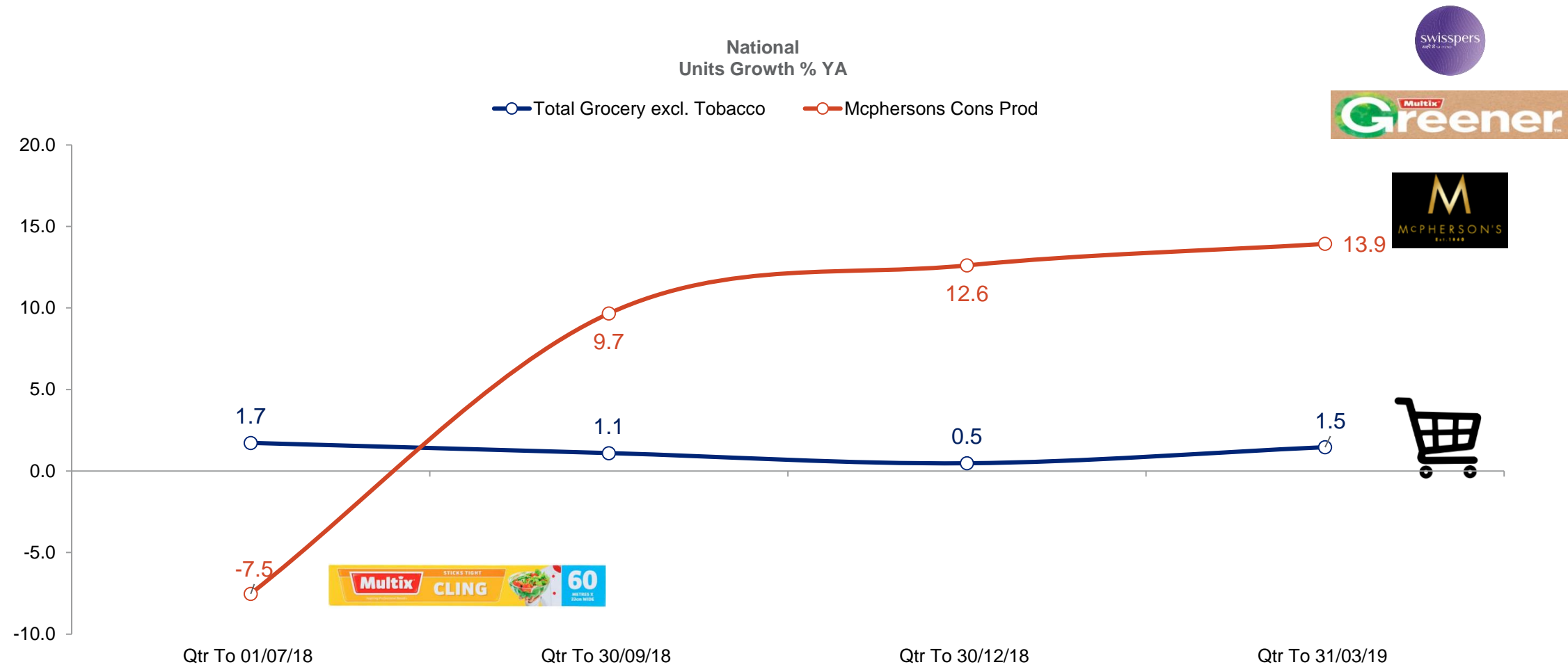
OUTPERFORMING THE PHARMACY CHANNEL IN UNIT SALES



OUTPERFORMING THE GROCERY CHANNEL IN SALES VALUE



OUTPERFORMING THE GROCERY CHANNEL IN UNIT SALES



#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



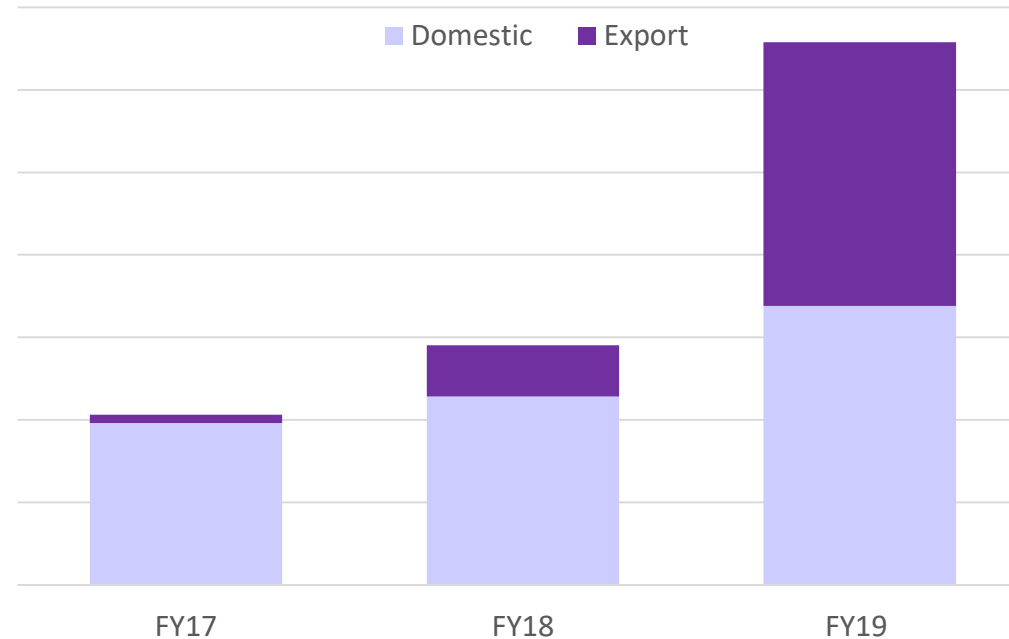
#1 range for

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[^].



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]

* 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 range.
^ 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
SINGLE USE FACE SHEET MASK

MADE FROM 100% EUCALYPTUS FIBRES

[DETOXIFYING]
[CLARIFYING]
[REFRESHING]

OIL INFUSED
SHEET MASK



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

WITH AVOCADO OIL & AUSTRALIAN EUCALYPTUS 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



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



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



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



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

INVESTED OVER \$2.5M TO BUILD BRAND EQUITY IN FY19



- CHOOSE WISELY CHOOSE MULTIX TV & Digital Campaign August 2018
- Alfoil TVC | Greener TVC | 3 x Digital Executions
- Increased consumer perceptions for Multix as the smart choice and better quality products
- Prompted Awareness increased from 54% to 66%
- Ever Purchased increased from 42% to 52%
- Household Penetration increased from 49.6% to 53.8%



LEADING SUSTAINABILITY GROWTH THROUGH CONSUMER, MARKET AND ENVIRONMENTAL INSIGHTS



MULTIX SUSTAINABILITY
 Remove | Renew | Reuse | Renew
 90% market share; growing +142%

SWISSPERS #1 COTTON
 57% Market Share
 +11% quarter growth in cotton tips/buds

NEW WAYS TO ENGAGE WITH CUSTOMERS THROUGH DIGITAL PLATFORMS

ENGAGE



18M consumers reached on owned social media

3M consumers reached via influencer activity

AMPLIFY

A screenshot of a Dr. LeWinn's advertisement. At the top, three statistics are displayed: 84% OF USERS NOTICED PLUMPER SKIN AFTER 1 HOUR, 92% OF USERS NOTICED PLUMPER SKIN AFTER 4 WEEKS, and 88% OF USERS NOTICED FIRMER SKIN AFTER 4 WEEKS. Below these are two video thumbnails: 'LUXURIOUS COLLAGEN PEARLS' and a woman's face. The main section features a product image of 'Dr. LeWinn's Advanced Pearl Technology' cream, with text describing its benefits: '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 velvety gel, restores moisture & boosts dull, tired skin with NEODERMYS. Our needle-free collagen filter, to enhance firmness & elasticity. HYALURONIC ACID. To help fill the appearance of lines and wrinkles.' A 'SHOP NOW' button is present. At the bottom, a section titled 'DISCOVER ULTRA R4' shows a collection of Dr. LeWinn's Ultra R4 skincare products.

45M Ad Impressions

OPTIMISE

A screenshot of the SKULibrary dashboard. The top navigation bar includes 'SKULibrary M', a search bar, and a 'DOWNLOAD CONTENT - 0' button. The main area shows a list of products with filters on the left: Category, Supplier, Asset Type, Brand, Retailer Visibility, Enrich Status, Copy Status, Content Quality, and Product Status. The product list includes 'Dr. LeWinn's Reversaderm Brightening Vitamin C Face Mask 1 pack', 'Dr. LeWinn's Eternal Youth 24K Gold Age-Defying Face Mask 1 pack', and 'A'kin Lifting Eye Cream 150ML'. Each product listing shows details like 'Last Updated', 'SKU', 'Supplier Code', 'Barcode', and 'Published' status, along with a star rating and an 'ADD' button.

901 Products live on SKULibrary

STRATEGIC PARTNERSHIPS DRIVING VALUE

STRATEGIC CUSTOMER PARTNERSHIP

+65% increased participation

+48000 incremental distribution points

+ 92 New Doors FY18/19

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



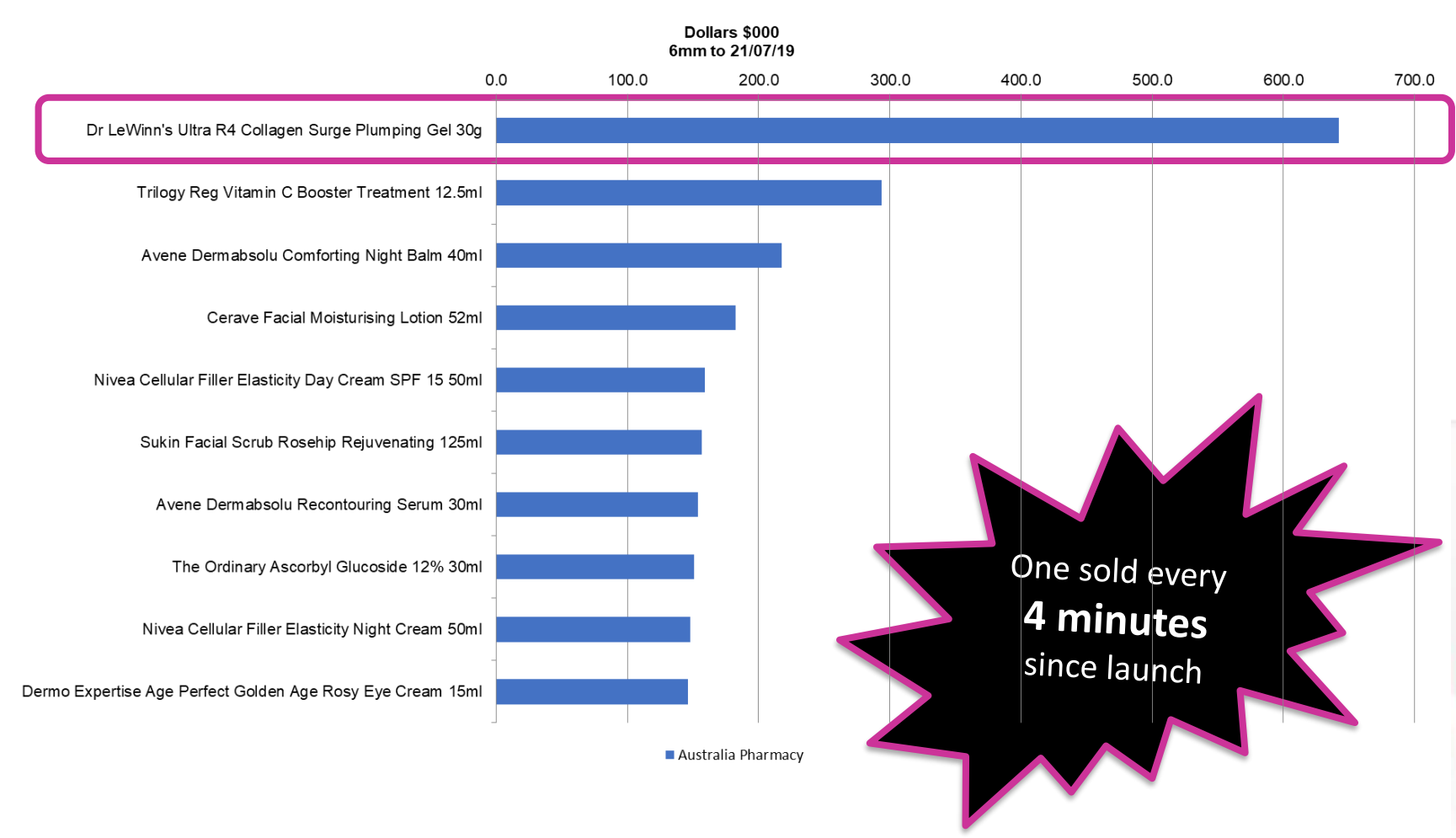
TAILORED RETAILER STRATEGIES KEY TO DRIVING GROWTH



360 DEGREE APPROACHES TO CAMPAIGNS DRIVING RESULTS



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

ACTIVATIONS DELIVERING SHARE GAINS FY19



PRICELINE/MANICARE SPRING BEAUTY
+2.5 share points
Top 5 NPD (out of 586 products)



PRICELINE / GLAM MAGNETIC LASHES
+1.2 Share points since NPD launch
Top 3 Lash NPD launched in last 6 months



MULTIX XMAS ACTIVATION
+3.2 share points gain

ACCELERATING GROWTH WITH REAL ESTATE INVESTMENT

In Store Real Estate Investment

+45% INVESTMENT IN REAL ESTATE



NEW PRODUCT LAUNCHES
High impact in high traffic areas



CHEMIST WAREHOUSE :
689 Stand in 281 Stores
+16% GROWTH



REAL ESTATE OPTIMISATION
Assist shopper navigation



NEW BUSINESS DEVELOPMENT

Brett Owers & David Fielding

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

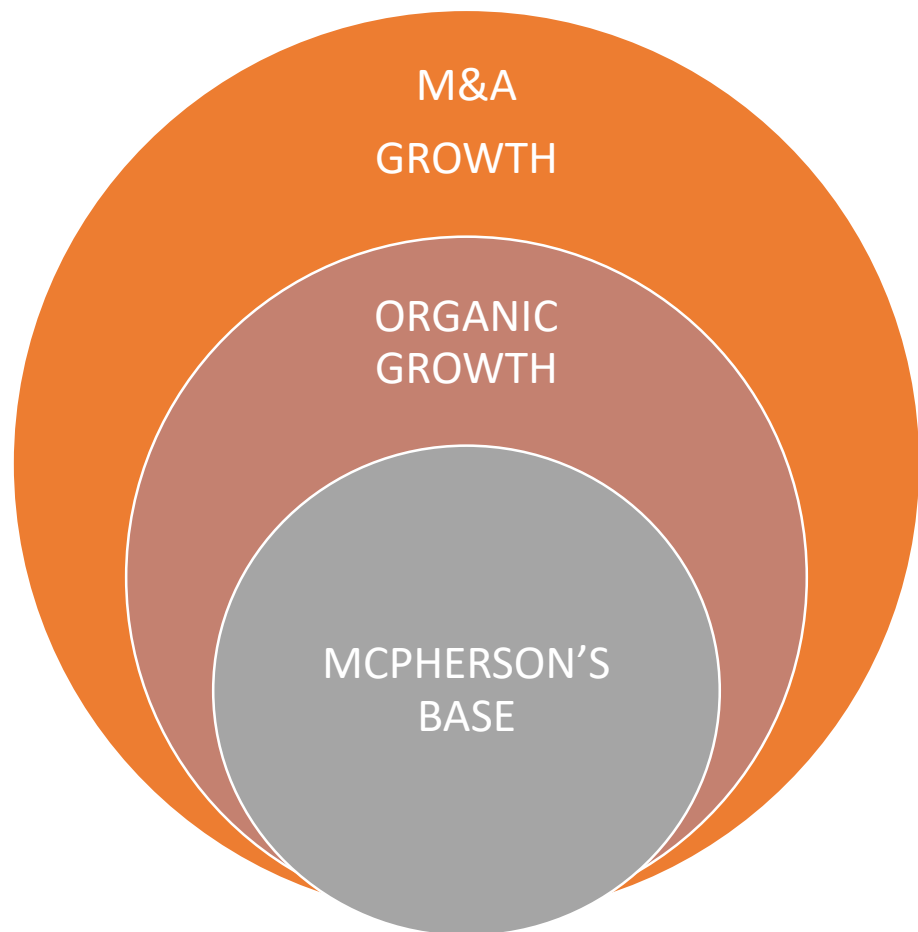


BEAUTY

(\$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

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





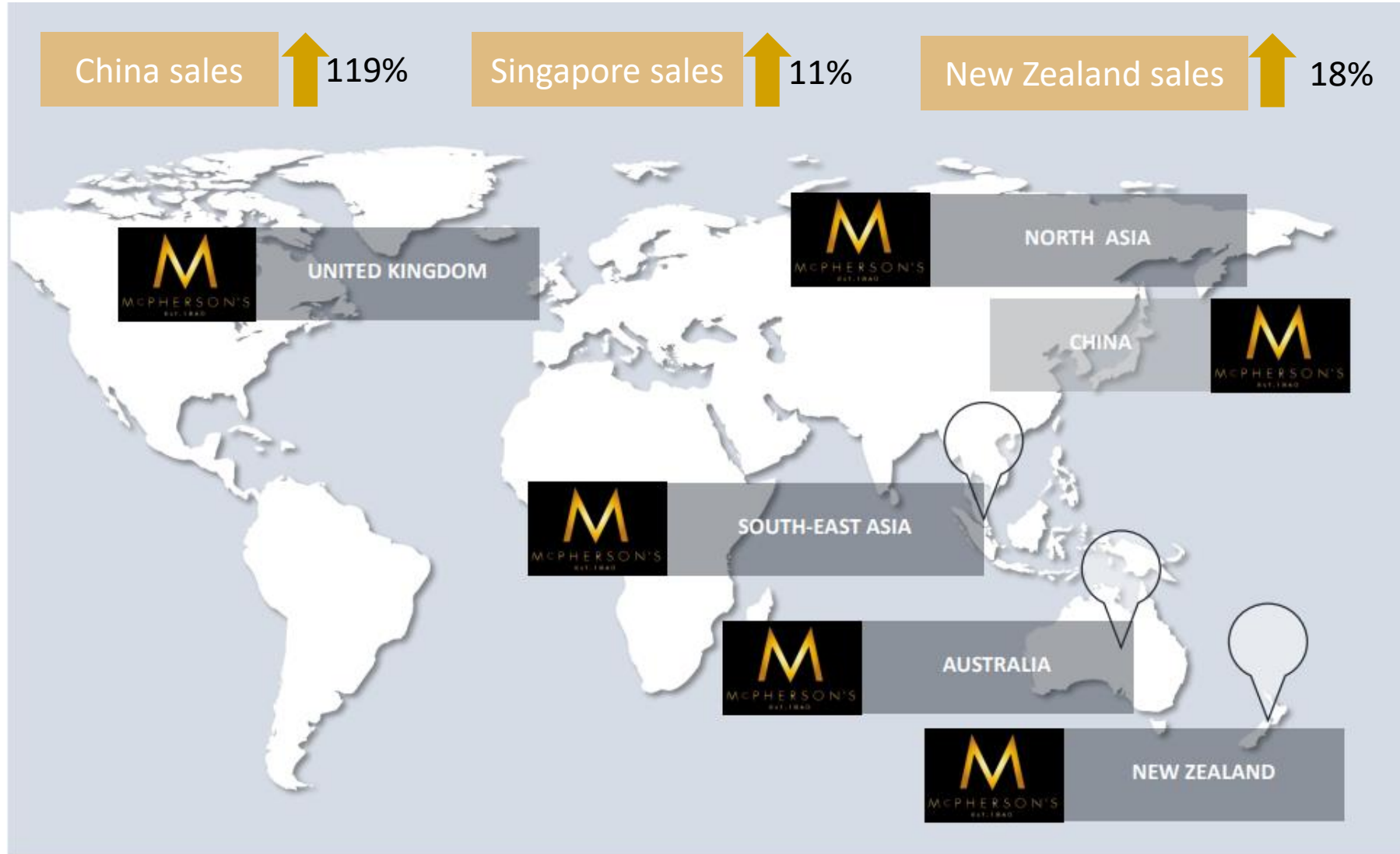
EXPORT

David Fielding

STRATEGY – EXPANDING GEOGRAPHIC PRESENCE



Continue to expand our presence geographically with a focus on Asia



STRATEGY – EXPANDING GEOGRAPHIC PRESENCE



Continue to expand our presence geographically with a focus on Asia

Country	A'kin	Dr Lewinn's	Manicare	Lady Jayne	Swisspers	Multix
Brunei	✓		✓	✓	✓	✓
Cambodia					✓	
China	✓	✓				
HK	✓				✓	✓
India	✓		✓		✓	✓
Indonesia			✓		✓	✓
Japan	✓		✓			
Korea	✓					
Lebanon	✓	✓	✓	✓		
Libya			✓			
Malaysia	✓		✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
Taiwan	✓					
Thailand	✓		✓		✓	
UAE	✓		✓			
UK	✓	✓				
Vietnam	✓					

STRATEGY – EXPANDING ACROSS ASIA



CAPABILITIES

PEOPLE

30

Dedicated Headcount for MCP
Southeast Asian Expansion

GLOBAL COVERAGE

Strong Partnerships



INNOVATION



NPD

Driven by
Asian beauty
trends

EXECUTION

DISTRIBUTION

2500+

Distribution Points in Southeast
Asia

IN MARKET

100+

Merchandising Units Across
Southeast Asia

EXPANSION

12

NEW Southeast Asian
Countries

OPPORTUNITIES

BRAND AUSTRALIA



DEMOGRAPHIC

66%

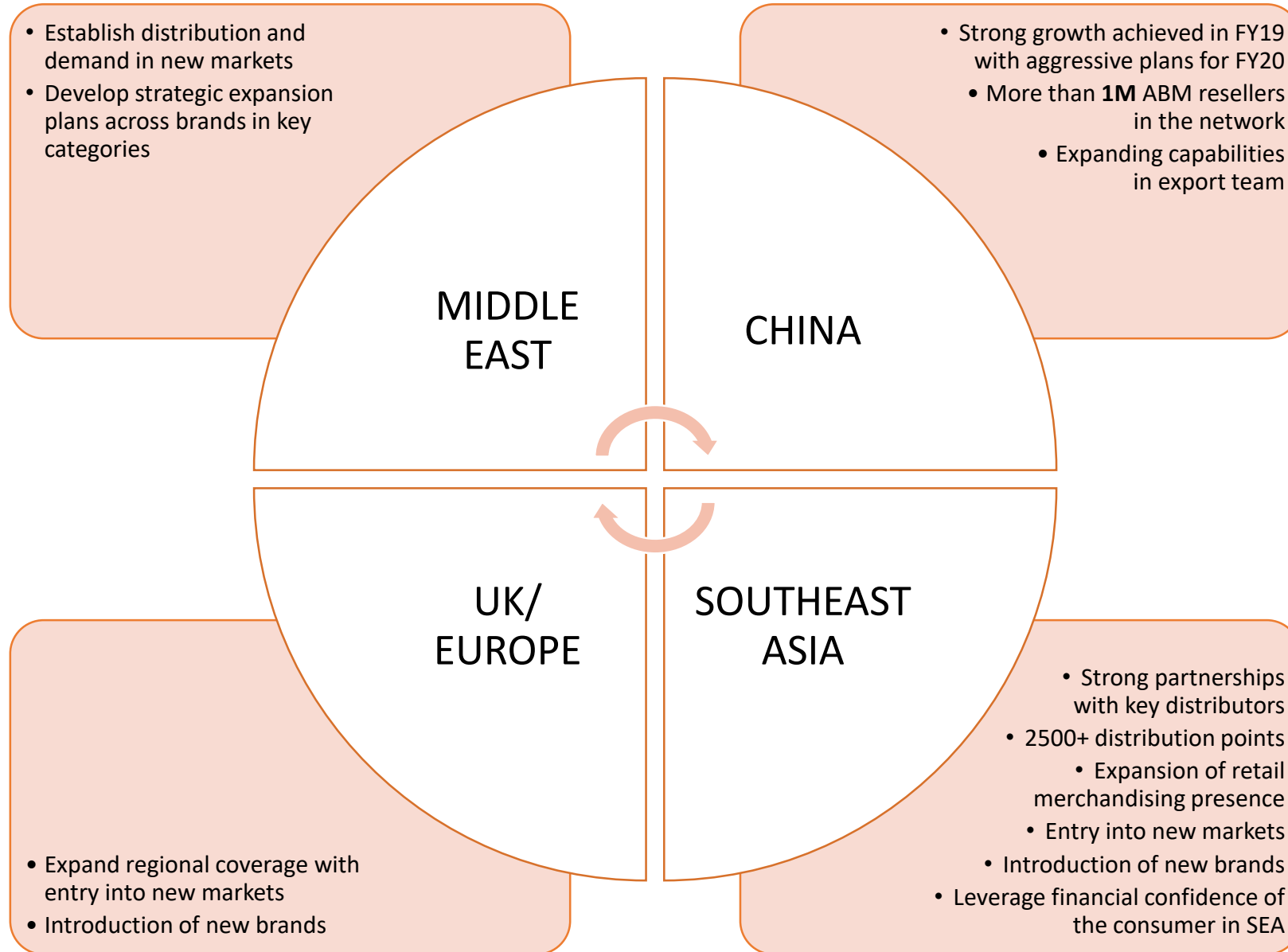
Share of global Middle Class
represented in Asia by 2030

EXPERTISE



Winning in
Beauty

STRATEGY – EXPANDING ACROSS SOUTHEAST ASIA





SUPPLY CHAIN

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

Last 5 Years

WORKING CAPITAL

-40%

Last 2 Years

FUTURE PROOFING

TRUSTED PARTNERS



ADAPTING

8
18



Transitioning Businesses

ANNUAL INVESTMENT

20%

CAPEX - SUPPLY CHAIN ERP

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

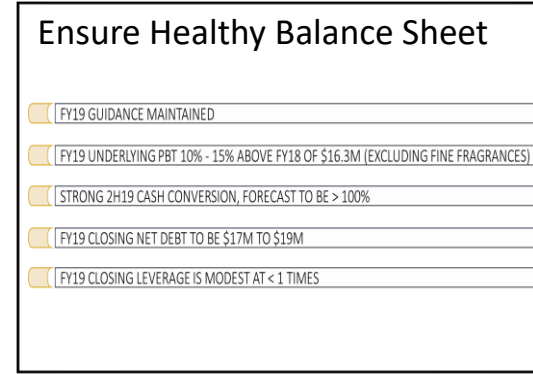
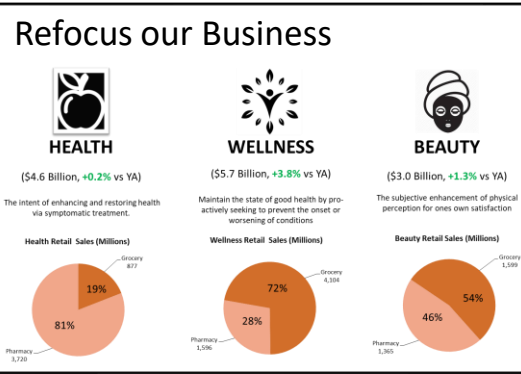




SUMMARY AND OUTLOOK

Laurie McAllister

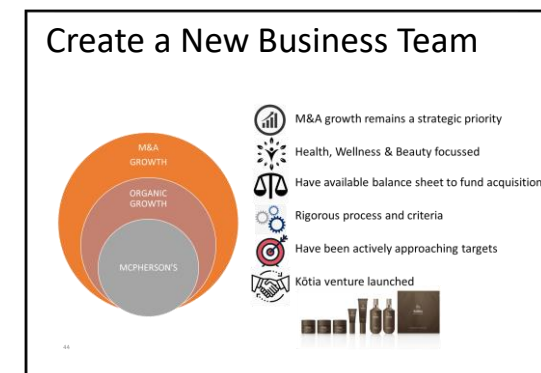
OUR STRATEGIC BUSINESS IMPERATIVES



Stop the Bleeding in NZ and Singapore Asian expansion

Country	A*kin	Dr. LeWinn's	Manicare	Lady Jayne	Swisspers	Multix
Brunei	✓		✓	✓	✓	✓
Cambodia		✓				
China	✓				✓	✓
HK	✓				✓	✓
India	✓		✓		✓	✓
Indonesia	✓		✓		✓	✓
Japan	✓					
Korea	✓					
Lebanon		✓	✓	✓		
Libya			✓			
Malaysia	✓		✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
Taiwan	✓					
Thailand	✓		✓			
UAE	✓					
UK		✓				
Vietnam	✓					

+18% (China)
+11% (Singapore)



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High quality of FY19 earnings indicated by:

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- ❑ 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



Q & A