



McPHERSON'S

McPherson's Limited Annual General Meeting

STRATEGY UPDATE

Paul Maguire – Managing Director

24 November 2014



TRANSFORMATION



McPherson's stated strategy is:

***“to substantially **transform** through acquisition & divestment, the establishment of new agency relationships and channel expansion...
...**diversifying** away from margin constrained channels and increasing participation in channels with greater profit potential”***



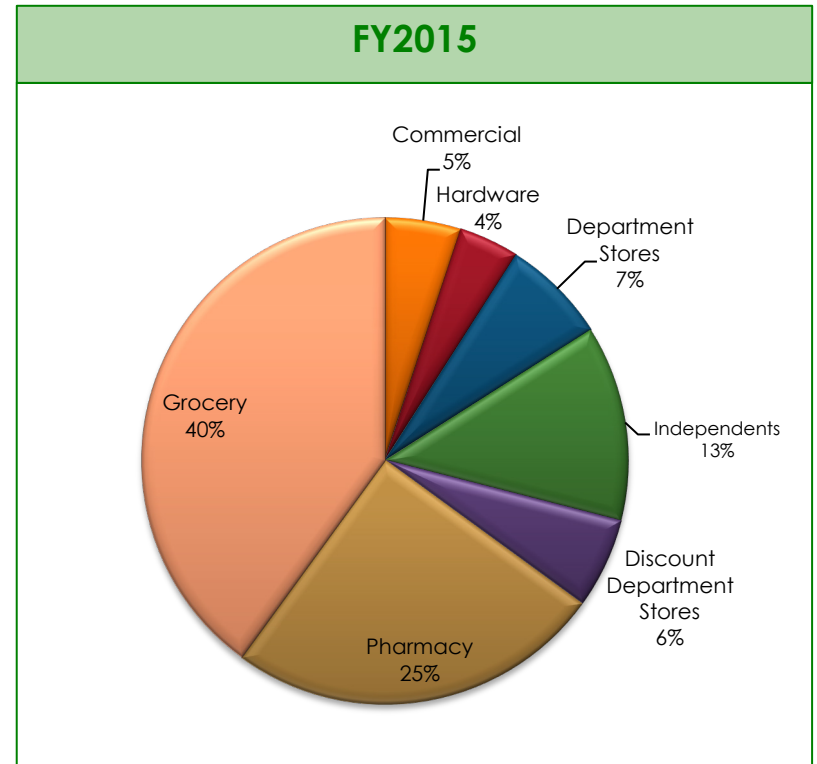
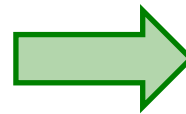
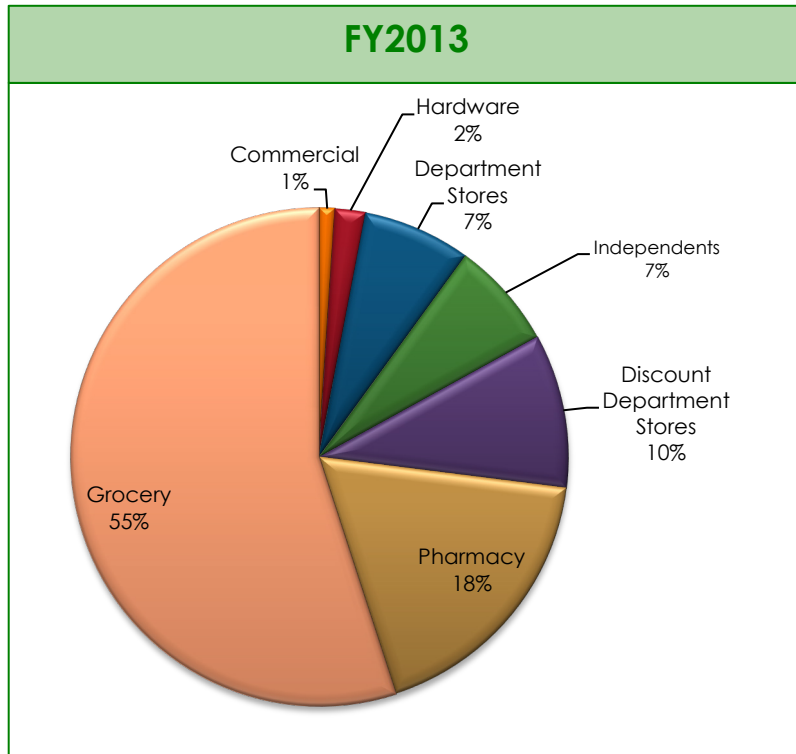
Significant transformation & diversification achieved through...

- ... the identification, acquisition and successful integration of EPS accretive businesses; delivering synergies and providing growth
- ... the divestment of the Crown Glassware business, thus exiting a less profitable channel
- ... partnering with a global manufacturer of Housewares products
- ... partnering with profitable new Health & Beauty agency brands; and
- ... developing and launching new innovative product ranges

Company transformation benefits



- ▶ Transforming the company through diversification better manages risk:
 - Lessened exposure to foreign exchange
 - Improved channel mix



Divisional revenue summary



| | | % OF TOTAL REVENUE FY2014 | REVENUE GROWTH FY14 vs FY13 | REASONS | OUTLOOK |
|---|--|----------------------------------|------------------------------------|--|--|
| HEALTH & BEAUTY |   DR. LEWINN'S | 31% | 13%* | New products & acquisitions | Growth in revenue and profit |
| HOME APPLIANCES |   APPLIANCE CHIC | 17% | 523%** | Full year effect of acquisitions | Growth in revenue and profit |
| HOUSEWARES |    | 22% | (8%) | 'Crown Glassware' divestment and product rationalisation | Lower sales but improved profitability |
| HOUSEHOLD CONSUMABLES |  Inspiring Professional Results | 25% | 0% | Market leadership maintained | Continued market leadership and consistent performance |
| OTHER (e.g. Impulse Merchandising) |  if you need it we've got it | 5% | (18%) | Distribution changes | Growth through new ranging |

* Health & Beauty growth rate excluding acquisitions = 2.5%, **Home Appliance growth rate excluding acquisitions = 16.0%



Operational Excellence Initiatives

- ▶ IT System upgrade in Australia and roll-out across the Group
- ▶ McPherson's NZ business transition – new IT System and 3PL service provider
- ▶ Capacity for 2000 additional product lines at the Sydney 'Pick to Light' DC
- ▶ 'Pick to light' Distribution Centre efficiency boosted by new technology
- ▶ Product ranges rationalised; reducing overheads & improving profitability
- ▶ Company structure optimised and acquisitions successfully integrated
- ▶ Price increases successfully implemented across all customers



Growth Initiatives

- ▶ Innovative new product launches
- ▶ New 'Housewares' partnership
- ▶ New 'Beauty' agency partnerships
- ▶ Eight Earnings per Share accretive acquisitions



New Product Introductions



Euromaid Black Pearl Built-In Range



Eternal Youth – Day & Night Serum

DR. LEWINN'S

Multi Moisture Balm



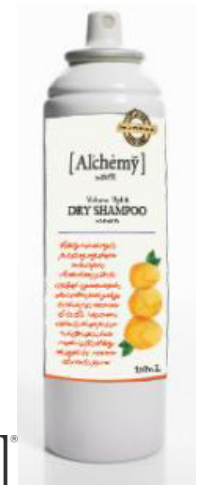
4-way Ergonomic Buffer

Dry Body Brush



Lux Collection

Lady Jayne since 1928



[Alchemy] Natural Dry Shampoo



- ▶ The FACKELMANN Group:
 - a global manufacturer and distributor of Housewares products
 - operating 35 manufacturing and distribution centres worldwide
- ▶ New venture, FMG 51% : MCP 49%, established 1 Nov 2014

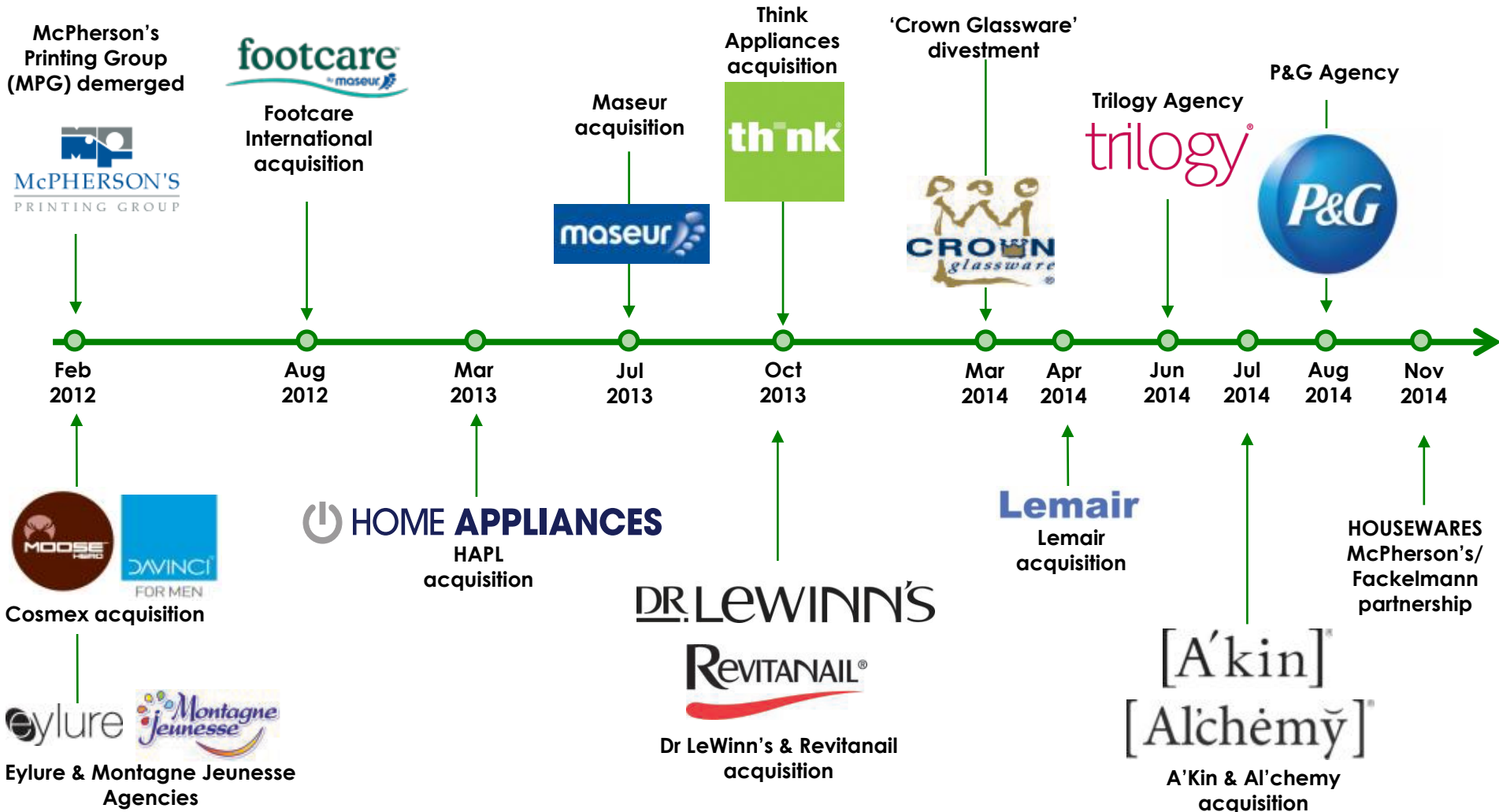


- ▶ Both businesses will benefit from their collective capabilities; leveraging scale and brand assets, and integrating infrastructure

Company transformation timeline



Diversification achieved via acquisitions & new agencies since 'McPherson's Printing' demerger



Health & Beauty acquisitions



▶ Dr LeWinn's & Revitanail

- Annual revenue approx' \$20m
- Iconic skincare brand & beauty treatment brand
- Leveraging McPherson's infrastructure and strength in the pharmacy and grocery channels



▶ A'kin & Al'chemy

- Annual revenue approx' \$8m
- A range of natural skincare products (A'kin) and a range of natural shampoos, conditioners and treatments (Al'chemy)
- Leveraging McPherson's infrastructure and strength in the pharmacy channel



[A'kin][®]



[Al'chemÿ][®]



▶ Think Appliances

- Annual revenue approx' \$30m
- Baumatic and Venini brands
- Further diversifying McPherson's by increasing business in the electrical retail, hardware and commercial (home building) channels



▶ Lemair

- Annual revenue approx' \$2m
- A niche heritage brand in the refrigeration category, complementing our comprehensive portfolio of appliance brands





▶ Trilogy

- Trilogy is a highly regarded and well recognised natural skincare brand in the Pharmacy and Beauty channels, with a strong heritage in the marketplace
- McPherson's provides the Trilogy business with a single, integrated approach to distribution, sales and marketing in Australia



trilogy®

New Fragrance Agency Partner



McPherson's appointed Australian distributor for Proctor & Gamble (P&G) Fine Fragrances
– **Gucci, Dolce & Gabbana, Hugo Boss**



Going forward...



- ▶ Trading conditions expected to remain consistent with the past year
- ▶ A level of uncertainty exists due to currency volatility but improved financial performance is still expected this year
- ▶ Strong performances from Health & Beauty and Home Appliances given the full year effect of acquisitions, new agencies and new products
- ▶ Housewares' competitiveness boosted by the new partnership with the Fackelmann Group and Household Consumables' to maintain its strong market position
- ▶ A solid pipeline of innovative new products exists to support the portfolio of market leading brands
- ▶ Key operational initiatives will improve productivity and profitability
- ▶ E-commerce capability and participation will continue to strengthen
- ▶ Further business diversification via divestment, synergistic acquisitions and new agency partnerships



McPHERSON'S

McPherson's Limited

Mission

To be a world class consumer products company
through

1st choice **products for consumers**

and by being a

1st choice **partner for customers and suppliers**

1st choice **employer for employees**

1st choice **investment for shareholders**

