



McPHERSON'S
Est. 1860

Shaw & Partners

30th May 2017

Laurence McAllister – Managing Director

A Balanced & Focussed Growth Journey!

"..... and a substantially improved financial position, well positioned for future growth."

Net Debt reduced from \$92m at 31 December 2015 to \$41m at 31 December 2016.

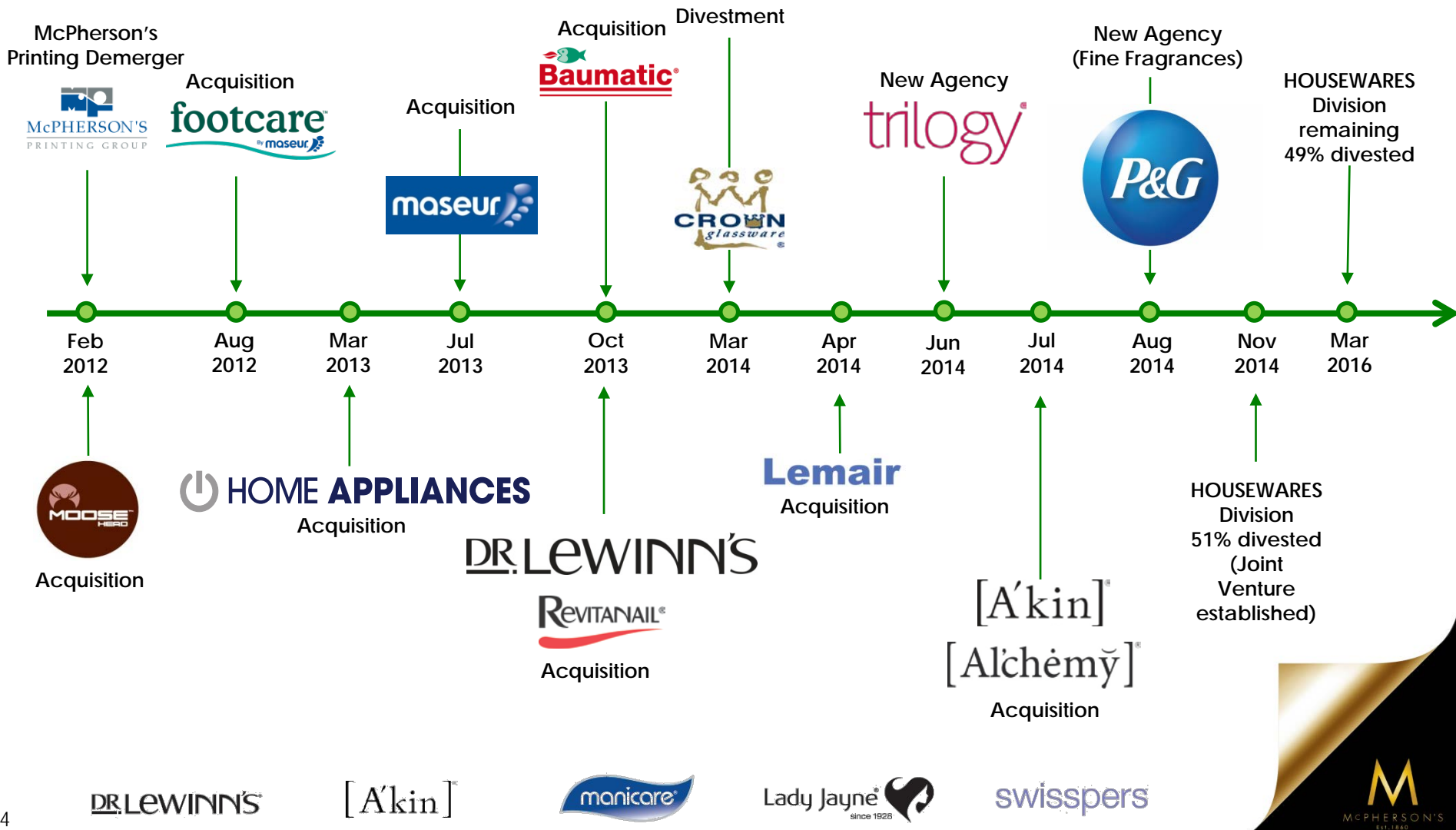
Normalised leverage ratio reduced from 3.1 times to 1.5 times.

Corporate Bonds reduced from \$60m to \$25m.
Buybacks to continue.

Financial position has absorbed and adjusted to AUD/USD depreciation from \$US1.10 to \$US0.75.

McPherson's – The Last 5 years!

Diversification achieved through acquisitions, divestments and new agencies



Strategic Summary Focussed On:

Health



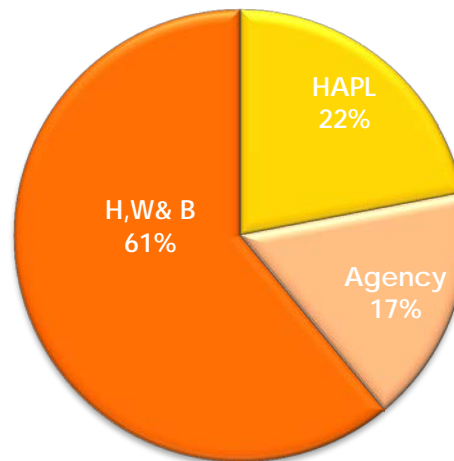
Wellness



Beauty



**Net Sales
Contribution**



- High Growth
- High Demand
- High Margins

Strategic Summary: Health, Wellness & Beauty Focus

- Our **focus** is crystal **clear** = The **Health, Wellness & Beauty Branded stable** is the **#1 PRIORITY!**
- Revamped team with a **New Pulse Management Scorecard & Business Intelligence (BI) capability**
- Deliver **balanced** vol. & val. **share growth** across our **MCP Health, Wellness & Beauty business** by **re-launching** our **top 5 MCP Trademarks**
- **Increase & invest** in our **commercial & execution** focus via **aligned joint customer business plans (JBP's)** with our **top 6 Customers & enhance MCP ROI by 3 points**
- **Course correct HAPL, >Debt Mgt & re-set focus to initiatives** that **fit & bolster** our revised **MCP profile**
- Implement the **EXPORT & International business model** – supporting **China, UK, EU & USA** for **A'kin, Dr. LeWinn's** and potentially **"Gather By" Honey**
- Realise the **Supply chain / Kingsgrove EBIT** opportunity (+\$10m) & **re-invest** in our **5 x MCP Brands**
- **Retain & selectively grow** our **Agency & re-invest** in our **5 x MCP Brands**
- **Fix** the **NZ & Singapore business** model and return to **EBIT** growth via **scale**
- Deliver a balanced **2018 Business Plan** – solid **GROWTH assumptions** versus 2017LE:

+ Net Sales, + Gross Contribution, + A&P and + EBIT

DR. LEWINN'S

[A'kin]



Lady Jayne 
since 1928

swisspers

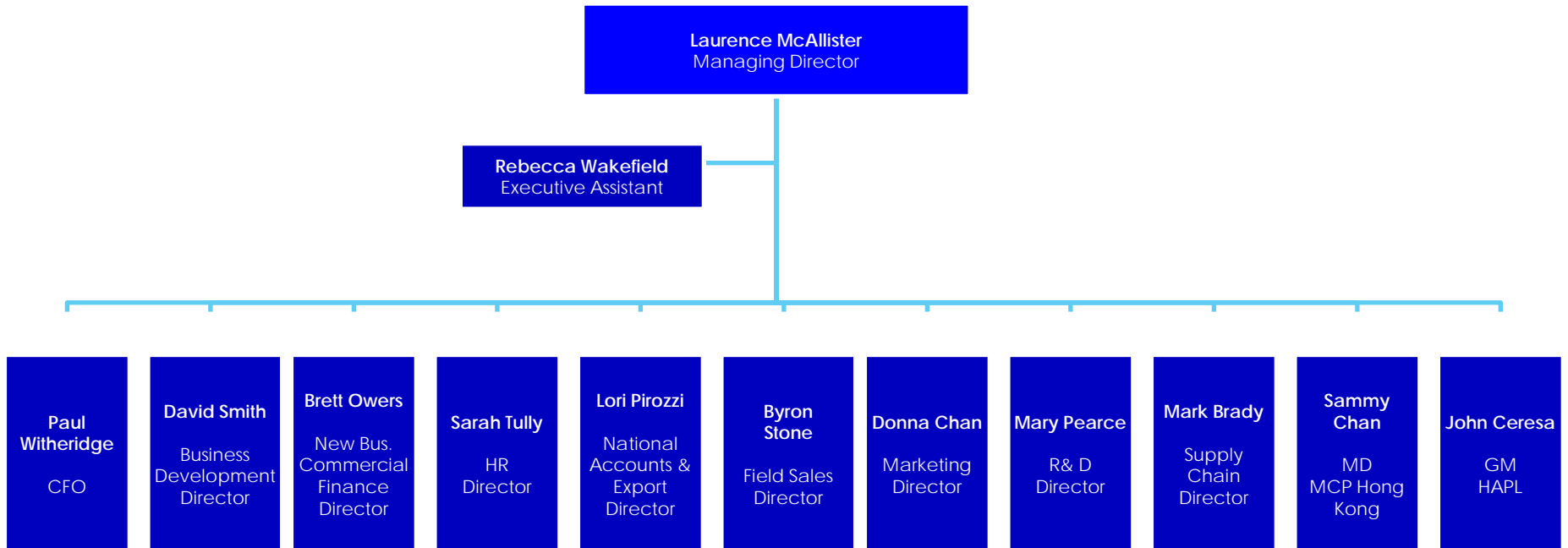

MCPHERSON'S
EST. 1860

Focussed discipline across the next 18 months, to set-up longer term health

MCP Project Priorities & Work streams

	2017							2018											
	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1. Business Management <ul style="list-style-type: none"> ➤ Scorecard – The environment, volume + value share , availability, pricing comprehension, category segments, competition <ul style="list-style-type: none"> ↺ Key customers & consumer engagement ↺ Top Project Management Dashboard ➤ Business Intelligence Model launch <ul style="list-style-type: none"> ↺ Risk management – range reviews, supplier constraints, currency, commodity price increases 	Business Management																		
								Scorecard											
								Engagement											
								Project											
								BI Model											
								Risk											
2. Winning plans for A'kin, Dr LeWinn's & Multix <ul style="list-style-type: none"> ↺ Big Bet, brand priorities integrated across KAMS / Channels, Joint Business Plan calendars ↺ Restaging: Manicare, Swisspers & Lady Jane 	Winning Plans																		
								Brand											
								Restaging											
3. Course Correct HAPL + H,W & B targets <ul style="list-style-type: none"> ↺ Complete Honey JV Business Case 	HAPL							H, W & B Targets											
								Honey JV											
4. Capabilities Enhancement <ul style="list-style-type: none"> ↺ Innovation Model / R & D Roadmap ↺ Sales Gap Analysis ↺ HR Step Change Plan ↺ IT + Data upgrade supporting the BI model & Scorecard 	Capability Enhancements																		
								R & D											
								Sales											
								HR											
								IT											
5. Execute Export Model	Export Model																		
6. Geographic Step Change plan <ul style="list-style-type: none"> ↺ NZ ↺ SG 	Geographic Plans																		
7. Investment Profiles / ROI's <ul style="list-style-type: none"> ↺ A+P to 5 MCP Trade Marks ↺ KAM Trading Terms for top 6 customer 	Investment																		
								Trade Marks											
								Customers											
8. Kingsgrove Optimisation Plan	KG Plan																		

Senior Leadership Team – The New Look!



32% of revenue



McPHERSON'S
Est. 1860

DR. LEWINN'S®



Our #1 priority is to deliver quality growth on our top 5 power brands

[A'kin]®

swisspers



Strategic Summary Focussed On:

Health



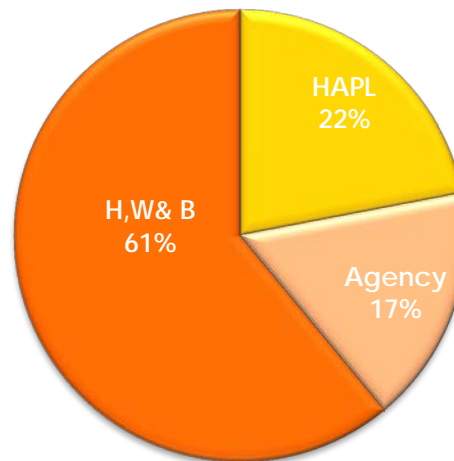
Wellness



Beauty



**Net Sales
Contribution**



- High Growth
- High Demand
- High Margins



- The #1 Cosmeceutical brand
- Experts in Anti-Ageing
- Currently launching new prestige packaging
- We are passionate about addressing skin concerns for women of all ages
- Increased R&D investment allows us to
 - Work with our global suppliers on continued leading edge innovation that delivers real results
- Our Dr. LeWinn's 'Masterbrand' campaign featuring Anna Bamford is aiming at
 - targeting the younger consumer 25+; and
 - attracting new users to Dr. LeWinn's brand
- Our new Dr. LeWinn's website delivers increase consumer engagement.

Modern and Prestigious



INTRODUCING
ETERNAL YOUTH



FOUR NEW PRODUCTS LAUNCHING MAY 2017





- One Global A'kin Haircare and Skincare Brand
- New highly appealing natural, contemporary packaging
- Innovator in Natural with pure, authentic, efficacious products such as
 - Coconut Water & Green Tea Hydration Range
 - Rosehip + Vitamin C
 - Natural Dry Shampoo (Bamboo)
- Transform A'kin with a new positioning & purpose
- New brand campaign and merchandising
- New website engaging our consumers

NATURAL AUSTRALIAN SKIN & HAIR CARE

[A'kin]



NPD, Visual Identity and Creative



Not all Mist Toners are created equally.

Organic Coconut Water & Green Tea for the ultimate hydration boost.

Experience the instant hydration and toning benefits your skin craves with Akin Hydrating Mist Toner - a toner, daily refresher, summer saviour and travel companion all in one. Delicately infused with Organic Coconut Water to cool and refresh, Green Tea to tone and Chamomile to calm and soothe. No Parabens. No Sulfates. Just as nature intended.

It's what goes in that makes it **[Akin]**

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

Discover more at skin.com.au

Not all Micellar Waters are created equally.

Organic Coconut Water & Green Tea for the ultimate natural cleanse.

Discover the magic of Akin Cleansing Micellar Water - a soap-free, alcohol-free and rinse-free way to gently (and effectively) remove make-up and impurities in just one step. Delicately infused with Organic Coconut Water to cool and refresh, Green Tea to tone and Chamomile and Curcumer to calm and soothe. No Parabens. No Sulfates. Just as nature intended.

It's what goes in that makes it **[Akin]**

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

DISCOUNT CHEMIST

Purchase any Akin skincare product at Chemist Warehouse and receive a

FREE

Akin Cleansing Micellar Water 150ml*
Infused with Organic Coconut Water & Green Tea

VALUED AT **\$14.95***
Recommended Retail Price

*Validated by Akin. Offer valid from 24.02.17 to 08.03.17. Limited to one per customer, while stocks last.

Not all Rosehip Oils are created equally.

100% Organic Rosehip Oil & Vitamin C for deeply-nourished, glowing skin.

Experience the brightening powers of Akin Certified Organic Rosehip Oil with Vitamin C - super hydrating, lightweight and non-greasy for a healthy, glowing complexion. Combining the wonders of Rosehip Oil with Macadamia and Vitamin C, this unique, highly concentrated facial oil brightens overall skin tone while helping to reduce the appearance of pigmentation and sun damage. No Parabens. No Sulfates. Just as nature intended.

It's what goes in that makes it **[Akin]**

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Discover more at skin.com.au

Not all Dry Shampoos are created equally.

Unique Bamboo Powder for superior absorption, volume and texture.

Discover the secret to beautiful looking hair in-between washes with Akin Dry Shampoo - refresh, revive and instantly transform your hair in one easy step. Enriched with bamboo, a unique and powerful ingredient proven to be 4 x more absorbent than rice powder, to absorb excess oil, boost volume and enhance texture - without leaving any build up or white residue. No Parabens. No Sulfates. Just as nature intended.

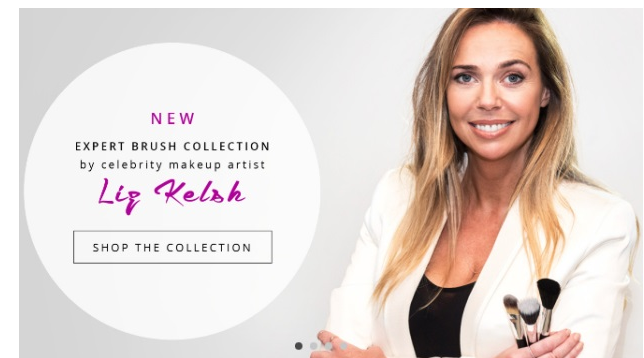
It's what goes in that makes it **[Akin]**

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

TRIED & TESTED
★★★★★
NO PARABENS NO SULFATES



- Distribution expansion in supermarkets
- Maintain loyalists whilst attracting younger consumers via Glam innovation & engagement
- Glam growing at +23%* with 98k Facebook fans
- Available to purchase on-line
- Exciting innovations in high growth segments
- Catwalk trends, Celebrity endorsement, Fashion collaborations
- Collaboration with Liz Kelsh includes online tutorials using the Manicare brush range





Any time is
glam time

10:45 BRUNCH LASH



Any time is
glam time

23:20 PARTY LASH



Any time is
glam time

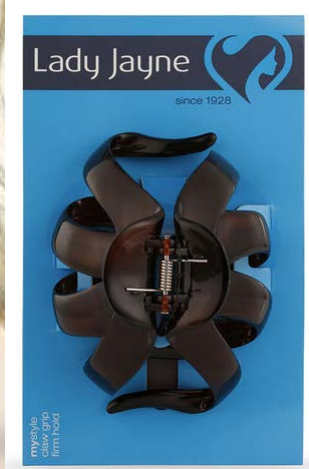
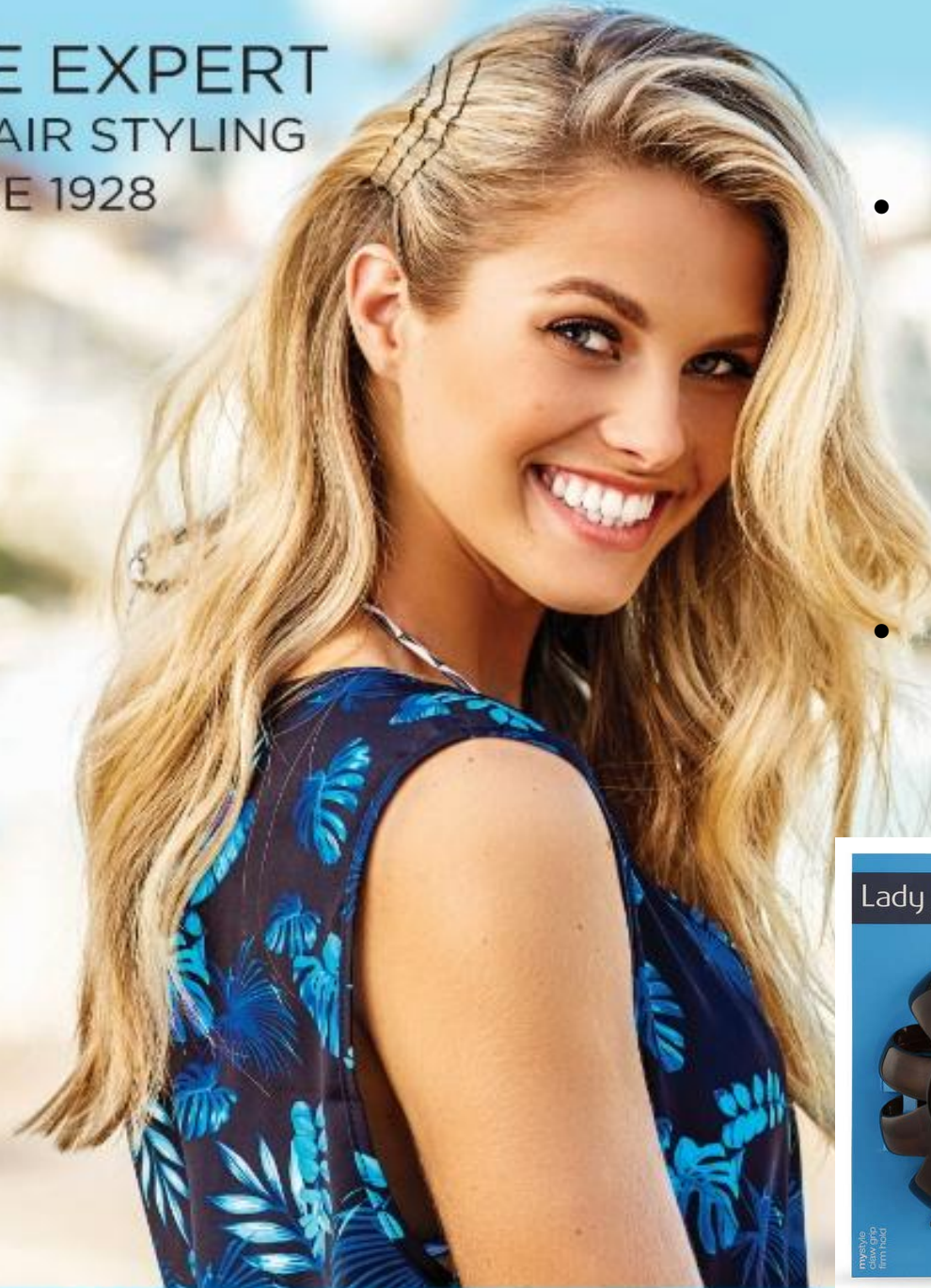
18:00 T.G.I.F LASH



THE EXPERT
IN HAIR STYLING
SINCE 1928



- Convert high brand awareness into strong growth through:
 - Distribution expansion in supermarkets and ecommerce
- Contemporise Lady Jayne brand through packaging relaunch and differentiated innovation



WIP
→



LADY JAYNE REINVENTION



CURRENT PACKAGING



NEW LOOK (ESSENTIALS RANGE)



NEW LOOK PRO RANGE



LADY JAYNE NEW ESSENTIALS BRUSH PACKAGING- IMPROVED AISLE NAVIGATION INTEGRATING SHOPPER NEEDS

Benefit Driven
descriptor
(Problem/Solution)

Brush Rotation
Bristle and
Benefit Focus



ICONS PRODUCT BENEFIT & USAGE



ESTD 1928
LADY JAYNE®

New Iconic Brand Packaging Identity



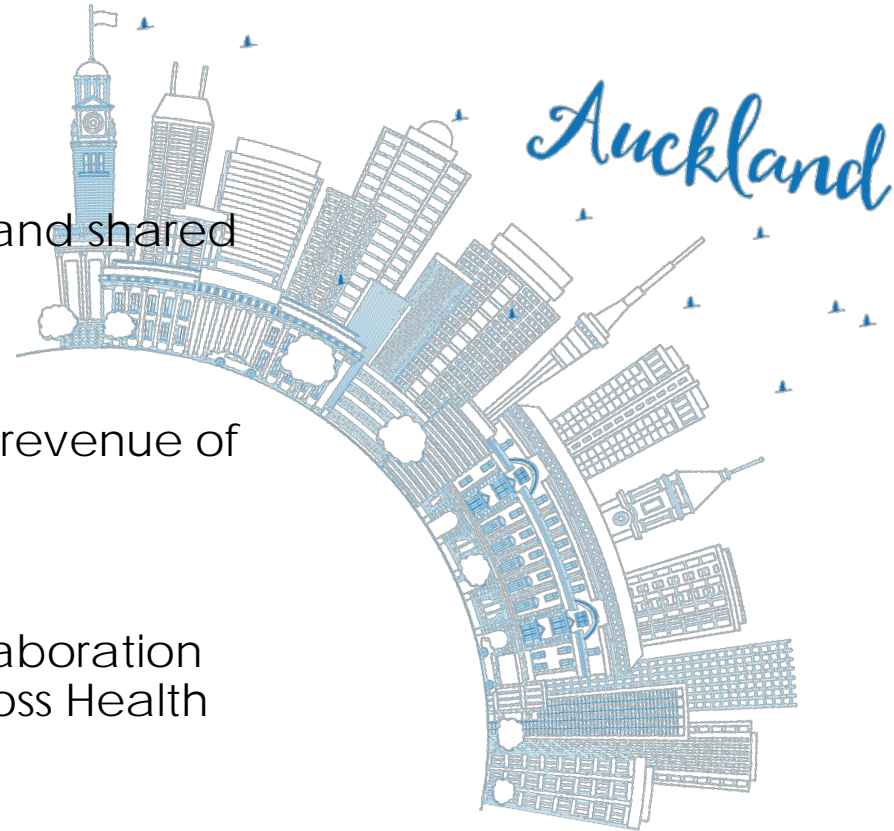
Increase commercial focus & execution around our capabilities by developing Strategic Joint Bus. Planning & in-store metrics across our top 6 customers





The New Zealand business model...

- Key initiatives being:
 - Continued focus on cost efficiencies and shared synergies with the Australian business.
 - Securing agency business with target revenue of \$1m or greater i.e. Evolu
 - Driving our core business through collaboration with our key customers i.e. Green Cross Health Joint Business Planning
 - Having a high performing and engaged team empowered to make quick decisions



Supply Chain Improvements: Kingsgrove - Warehouse



Kingsgrove Warehouse - Total capacity 12,500 pallet spaces

Jan 2015 - 200 spaces available 99% full – 1% space available (\$43mil Stock holdings)

Jan 2017 - 6000 spaces available – 48% capacity opportunity (\$28mil Stock holding)

**35% reduction in working capital over 2 years by
Improving inventory efficiency & Supply Chain management**



Hit rates

Jan 2015 - Ave hits per operator per day – 1000 hits

Jan 2017 - Ave hits per operator per day – 1200 hits

**20% increase in pick efficiency over 2 years
by improving pick line management**



SKU Rationalisation

Jan 2015 - Number of active SKUs - 1600 SKUs

Jan 2017 - Number of active SKUs - 1100 SKUs

**32% reduction in active SKUs – eliminating the tail,
eliminating non valuable work**

Partnerships Update

<u>Country</u>	<u>Partner</u>	<u>Target / Sign Date</u>
Australia	 <p>trilogy[®] POWERFULLY NATURAL</p>	Renewed December 2016
Singapore	 <p>CHURCH & DWIGHT AUSTRALIA</p>	WIP Qtr 2 2017
New Zealand	 <p>evolu [®] TRANSFORM YOUR SKIN. NATURALLY</p>	January 2017
Australia	 <p>COTY</p>	Renewed Feb 17 to April 18
Singapore	 <p>[A'kin][®]</p>	Terminated current distributor and will transfer distribution to MCP January 17
Australia	 <p>Apex[®] The Science of the Condition on Soft Care</p>	Expanding ranging with Australia; and increasing territories to Singapore and New Zealand WIP Qtr 2 2017
Australia / NZ	 <p>EYLURE LONDON</p>	Renewed Qtr 1, 2017

We will collaborate with selective partners that will leverage our portfolio offering

18% of revenue

trilogy[®]

GUCCI



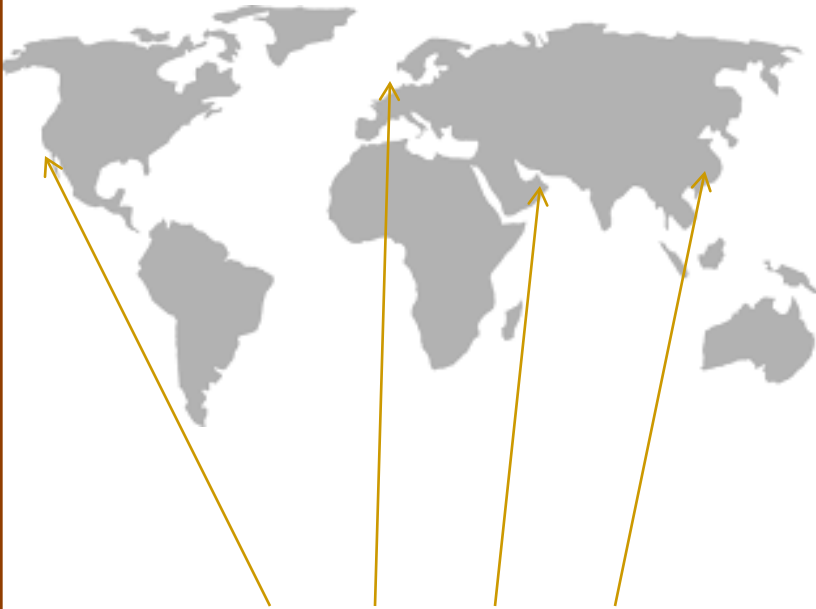
BOSS
HUGO BOSS



karen.murrell.



Global Performance



Current Global Distribution

1 Karen Murrell lipstick sold **every 9.6 seconds**

9000 lipsticks sold **every day**

\$44M in annual RSV

Majority of Karen Murrell Lipsticks are sold through the China market

Recent Mintel research shows that lip colour remains the fastest growing colour cosmetics subcategory in China, with 3 in 4 women saying they use lip colour as part of their everyday makeup routine. 1

1. <http://blog.chinabeautyexpo.com/>



Gifting

Starter Pout Pack - 6 units



3 unit Gift Set



Keychain Gift Set



Cosmetic Bag Gift Set



karen.murrell.



EVENING
PRIMROSE

AVOCADO
OIL

CARNAUBA

CASTOR
OIL

CANDELLILA

SWEET
ORANGE

CALENDULA

JOJOBA

CINNAMON



MCPHERSON'S

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**GERMAN
ENGINEERING
FOR YOUR
HAIR**



Alpecin Launch Update

Alpecin is ranged in Woolworths (1 Sku), Chemist Warehouse & Priceline 3 sku's, Independent Pharmacy (mainly via Symbion)

McPherson's take over Grocery distribution from May and Pharmacy Channel distribution from July.

Key targets now : presentation to Metcash and Coles, Range extension in Woolworths.

Key Targets July: roll out distribution to independent Pharmacies, expand CWH & Priceline ranging by launching Tuning Shampoo



DR. LEWINN'S

[A'kin]

manicare

Lady Jayne®
since 1928

swisspers

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Alpecin ATL 2017



> 3 Mill AUD

Of total media value
Focus on Sport and News programs

CHANNELS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
BIG BASH & V8 (Cricket & Motor Sport)													
ten one			●	●	●			●	●	●			
AFL (Football)													
FOXTEL		AFL	●					●					
NRL (Rugby)													
FOXTEL		NRL	●					●					
SUPER RUGBY (Rugby)													
FOXTEL		S SUPER RUGBY	●										
V8 SUPER CARS (Motor Sport)													
FOXTEL		V8 SUPERCARS	●	●				●					
FORMULA 1 RACING (Motor Sport)													
FOXTEL	●	F1	●						●				
ONLINE (Facebook & Youtube Paid Ads)													
facebook YouTube	●		●						●				



Business/Sports
Male 25-54 yr old



Dr. Wolff • est. 1905

Plantur 39

INTRODUCING



September 2017 Launch

An Example Of A New Approach –
Potential Honey JV with Gather By!

Work in Progress!

DR. LEWINN'S

[A'kin]



Lady Jayne 
since 1928

swisspers


McPHERSON'S
EST. 1860



A'kin

- Working together to drive A'kin in the UK and EU
- A'kin has been positioned as a straightforward and simple choice to a confused customer.
- Distributed through Holland & Barrett, Wholefoods market, Naturismo, Waitrose, Aer Lingus, Thomas Cook.
- Targeted purchases of \$1m in Year 1

China



A'kin Distributor

- Specialise in natural, good value – mid tier skincare and health brands
- 5 star Tmall TP store operator
- Secured the opening of Akin's Official Tmall store.
- Targeted purchases of \$1m in Year 1

Dr. LeWinn's Distributor

- Specialise in Premium skincare brands
- Focus will be on LSC and EY
- Exclusive repackaged range (based on Korean design) of LSC for China only.
- Forecasting purchases of \$2.0m in Year 1
- UCO to marketing and build the brand in China from virtually zero presence.

Closing 2017 summary & short term priorities for 2018 take-off !

- **Deliver** the FY 2017 EBIT & key metrics performance
- Build **BI & Scorecard** capabilities to run & build course correction plans
- Lock & load the **HR plan** – Performance Rev's, Succession planning & Engagement Survey
- Complete the **SLT new shape across New Bus / Marketing & Export / Int.**
- **Exceed the A'kin & Dr.LeWinn's** acquisitions / valuation plan
- Course correct **HAPL & be poised for greater Health, Wellness & Beauty**
- Execute the **Kingsgrove Phase 1**. capacity plan . Oct 2017.
- **Fix the NZ & Singapore** business model and return to EBIT growth via scale
- Complete /**present to Board the new Honey JV business case.**
- Align the 2018 **Growth** Business Plan – solid assumptions versus 2017LE:
+ % Net Sales, + % Gross Contribution, + % A&P and + % EBIT

