



**McPherson's Limited 2019 Annual General Meeting
CEO and Managing Director's Address – Mr. Laurie McAllister
18 November 2019**

Thank you, Graham, for the introduction and good morning to all of our shareholders present here today or joining us through the Webcast .

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Before I go through the operational highlights, I want to play our corporate video which gives you a real sense of our fantastic products and some of our activities during the year.

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I would also like to reiterate Graham's comments about our Board. I am fortunate to lead a company with a Board who are not only highly experienced in the industry, but have a clear understanding of our objectives and are committed to achieving them in a dynamic and competitive world.

I am also very lucky to be supported by a fantastic management team. (Introduce each person)

Slide 12 – Business imperatives

Moving to Slide 12...

We are very pleased with the performance of McPherson's over the last 12 months.

Around this time last year, we set ourselves ten business imperatives under four strategic pillars and I am pleased that we have achieved 9 and a half out ten of these imperatives.

So why health, wellness and beauty? Well it is big – a \$17 billion market in fact. It has strong growth rates and strong margins. Vanity and health aren't going away.

Secondly, our decision to focus on our core 6 brands saw us divest the Home Appliances business and revamp our products with new visual identity, packaging and ingredients. We also spent a lot of time integrating the acquired skincare brands Dr. LeWinn's and A'kin.

Our focus on this area has resulted in an 11% growth in sales revenue from owned brands and 13% growth in sales revenue from core six brands. This reduces our reliance on revenue from non-core brands and strengthens our ability to form mutually beneficial terms with trading partners.

Three, ensure a healthy balance sheet. It wasn't so long ago we had quite a bit of debt. Now we have very low debt and very strong cash flow.

Four, moving to strategic partnerships has been delivering excellent results. We have renegotiated our trading terms across our top six customers, working on joint business plans together to grow our businesses collectively.

Five, integrate and grow acquired skincare brands, Dr. LeWinn's and A'kin. We wanted to demonstrate that we can grow what we have acquired in the last 4 to 5 years. And that's what's happening. Both these brands are growing very strongly.

Six, create a China facing business. Our export business has been performing extremely well and we are really focused on China. We are proud to have taken out Dr. LeWinn's business in China from \$400,000 in FY'17 to \$16.7 million in FY'19 by working exclusively with our partner, ABM. Graham touched on our announcement with ABM earlier and I will go into more detail shortly on this JV.

Seven, ensure we have a team fit for the future. We are lucky to inherit a very strong management team as well as bringing great people into the business, and it really has been about the expertise, the capabilities, the values and behaviours, and the team is performing extremely well as a team.

We have also turned the business around in NZ and are well progressed in doing the same in Singapore.

Nine, our business has been enabled by improving our end to end capability and capacity. We gained efficiencies through our supply chain and have significant capacity to look at incremental business.

And lastly, we set up a new business team during the year to look at potential acquisition opportunities and completed some exciting JVs including Soulful, Kotia and Sugarbaby.

Donna Chan is now going to talk about some of our products and marketing strategies.

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Thank you to the team for those presentations.

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To conclude, I wanted to reiterate the quality of our FY19 earnings.

1. We increased the proportion of owned brand sales from 69% in FY18 to 76% in FY19
2. We reduced our proportion of sales in the competitive grocery channel while increasing in pharmacy.
3. Our FY19 performance was very clean – we did not have any significant items.
4. Our operating cash conversion is strong at 117%.
5. We made key strategic investment in China as well as in the Aware Group, marketing and JVs.
6. We had a high dividend payout of 77%.
7. Low gearing of 7%.
8. And I am very pleased that we are maintaining our FY20 guidance of a 10%+ increase of profit before tax vs FY19.

That concludes the presentations for today. I would now like to welcome Graham Cubbin back to the lectern to commence the formal proceedings of the meeting.