



## ASX/media release

(ASX: MCP)

7 March 2013

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## McPherson's Announces Acquisition and Equity Raising

- **Acquisition of Home Appliances Pty Ltd to be funded by \$24m fully underwritten Placement**
- **Issuance of new shares at a discount and inclusive of interim dividend**
- **Acquisition in line with McPherson's stated strategy**
- **Expansion into kitchen appliances through recognised brands and broad product portfolio**
- **Enhanced channel diversification and synergy benefits**
- **Acquisition expected to be EPS accretive in FY2014 with significant growth potential**

McPherson's Limited ("McPherson's") today announced that it has entered into a contract to acquire an ~82% interest in Home Appliances Pty Ltd ("Home Appliances"), a leading Australian importer and distributor of large appliances for \$22 million, representing 4.9x normalised FY2012 EBITDA<sup>1</sup>. The transaction is structured so that Home Appliances' remaining equity will be held by key members of its current management team for a minimum period of 2 years. McPherson's will have an option to acquire their shares at the end of FY2015 and they will have a reciprocal option to put their shares to McPherson's at that time.

Completion of the acquisition is expected occur by the end of March 2013 and is conditional on receiving customary approvals.

Commenting on the acquisition Managing Director, Paul Maguire said, "The acquisition of Home Appliances follows the successful integration of Footcare International and Cosmex in 2012 and delivers on our strategy of generating growth through compatible acquisitions."

"Home Appliances will extend our Housewares division's current offering, increasing the division's contribution to group revenue from approximately 28% to 37%. The acquisition will provide important channel diversification, scale and synergistic benefits, while delivering significant growth opportunities through the ability to leverage the collective brand portfolio into new products, categories and markets."

### **Description of Home Appliances Business**

Home Appliances is a major Australian-owned supplier of cooking products, selling approximately 100,000 appliances each year. Its large appliance range is focused on ovens, cooktops and rangehoods and also includes microwaves, washing machines, dishwashers, BBQs and coffee machines. The business has strong relationships with major electrical goods retailers, kitchen companies and commercial developers.

The business owns key brands that contribute 90% of revenue; including Euromaid, a major cooking brand in Australia, IAG and ARC, and also has exclusive distribution rights to brands including Elica and Fagor. Home

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<sup>1</sup> FY2012 EBITDA of \$5.5 million adjusted for non-recurring and internal expenses

Appliances has a track record of steady growth with FY2012 gross sales revenue of \$41.4 million and normalised FY2012 EBITDA of \$5.5 million (adjusted for non-recurring and internal expenses).

### **Financial Impact**

The acquisition is expected to be earnings per share accretive in FY2014 being the first full financial year following completion of the acquisition and share placement.

McPherson's balance sheet is expected to improve following completion of the acquisition and equity raising, allowing the company to continue its stated strategy of generating growth through acquisitions of compatible businesses.

### **Acquisition Funding and Equity Raising**

The acquisition will be funded through a fully underwritten placement (the "Placement") of \$24 million. The Placement is fully underwritten by CBA Equities Limited who is acting as sole lead manager, bookrunner and underwriter to the equity raising.

The Placement will be conducted through an institutional bookbuild to institutional and sophisticated investors at a fixed price of \$2.20 ("Placement Price") per new fully paid ordinary share in McPherson's ("New Share") representing approximately 15% of current shares on issue.

The Placement Price represents a:

- 12.7% discount to the last closing price of \$2.52 on Thursday, 7 March 2013; and
- 12.2% discount to the 5 day volume weighted average price of \$2.51.

New Shares issued under the Placement will rank equally with existing fully paid ordinary shares in McPherson's and will be entitled to the fully franked interim dividend of 10.0 cents per share, payable on 11 April 2013.

In addition, a non-underwritten Share Purchase Plan ("SPP") will be offered to eligible shareholders who will be invited to subscribe for up to \$15,000 of New Shares each. Further details of the SPP, including instructions on how to apply, will be announced on the ASX and distributed to eligible shareholders in due course.

Further details of the Placement and acquisition including key risks and foreign selling restrictions are set out in the Investor Presentation which has been lodged with the ASX today.

To comply with the technical requirements of the Corporations Act which apply to McPherson's as a listed public company, McPherson's will be convening a shareholders' meeting within 2 months of acquiring Home Appliances to approve Home Appliances giving the McPherson's lenders the customary security they require over its assets.

### **Indicative Placement Timetable**

Placement bookbuild	Thursday, 7 March 2013
Announce completion of Placement on ASX	Friday, 8 March 2013
Settlement of New Shares under Placement	Wednesday, 13 March 2013
Issue of New Shares under Placement	Thursday, 14 March 2013
New Shares issued under Placement commence trading on ASX	Thursday, 14 March 2013

*The above timetable is indicative only and subject to change. McPherson's and CBA Equities reserve the right to amend any and all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, McPherson's and CBA Equities reserve the right to extend the closing time and date of the bookbuild, or to close the bookbuild early without any notification. The commencement of quotation of new shares is subject to confirmation from ASX. All references in this investor presentation are to Sydney time.*

### **About McPherson's**

McPherson's, established in 1860, is a leading marketer of housewares, personal care, and household consumable products in Australia and New Zealand, with operations in Asia. Existing product ranges include kitchen utensils such as cutlery, knives, tools & gadgets, bakeware and cookware; kitchen essentials such as plastic bags, baking paper, cling wrap and aluminium foil; beauty care; hair care; and skin care. The company owns and markets a portfolio of market-leading brands, including Wiltshire, Stanley Rogers, Manicare, Lady Jayne, Swisspers, Moosehead, Footcare and Multix.

#### **For further information please contact:**

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