

**MCPHERSON'S LIMITED  
CHAIRMAN'S ADDRESS by MR GRAHAM CUBBIN  
ANNUAL GENERAL MEETING 21 NOVEMBER 2017**

Good morning and welcome to the McPherson's Limited 2017 Annual General Meeting. My third Annual General Meeting as Chairman of your company and I am pleased to report on our successful outcomes for the financial year 2017, which resulted from the turnaround strategies that we have implemented over the past three years. Your company has undergone a significant operational and capital transformation and now has a clear path to profitable growth.

Today, McPherson's is a leading supplier of health, wellness and beauty brands in Australasia.

Our journey commenced over 5 years ago with the divestment of our Printing Division, where the Board and management embarked on a plan to turnaround and simplify the business. With incoming CEO, Laurie McAllister, and his team, we then collectively mapped out the Company's strategy to focus on capturing share in the health, wellness and beauty markets.

This strategy is designed to leverage our key assets – our leading owned brands, deep industry knowledge and our first class distribution capabilities – and ensure that our business is fit for growth.

Together, the health, wellness and beauty markets are estimated to generate combined retail sales revenues of ~\$8.6 billion in Australia, a significant market in which we can increase our current position, as well as leverage our industry experience and customer relationships to expand into new market segments.

Across the geographies we operate - Australia and New Zealand and parts of Asia – ageing populations, a growing middle class, a greater focus on a healthy approach to living and natural ingredients are underpinning greater demand for products in these markets.

We are also seeing an increasing consumer demand for more personalised and preventative health and wellbeing products. For example, more than 66 per cent of Australians use complimentary medicines such as vitamins and herbal supplements and 76 per cent of Australians rank investment in preventative health among the top ten priorities for the Government.

We believe that some areas of the beauty and wellness segments are converging as consumers are seeking greater control over the ingredients in their beauty products - high quality, plant-based, natural products are in demand. This is particularly heightened in Asia with a focus on China.

McPherson's business today is well placed to benefit from these favourable, long-term structural drivers.

Manicare, Lady Jayne, Dr. LeWinn's, Swisspers and Multix are all leaders in their categories, and with A'kin relatively new to the market, we have long-term ambition for it to also sit within the top players of its category. These core brands – Manicare, Lady Jayne, Dr. LeWinn's, A'kin, Multix and Swisspers – contributed 60 per cent of group revenue in FY17, excluding Home Appliances.

A key pillar of our broader strategy is to grow these six brands. Through the 2017 financial year, we invested in these core assets by rebranding and refreshing the packaging of each of these brands, with the exception of Multix.

Of note was the 7% improvement in contribution from our cosmeceutical skincare brand Dr. LeWinn's, which benefitted from a rebrand, improved packaging and the commencement of sales distribution into the Chinese market.

In support of our drive for increased efficiency, market differentiation and innovation, the management team was also strengthened through the year with impressive new appointments – in research, export, key account management and business development. This included the hiring of Dr Mary Pearce, an industry leader in cosmeceutical Research and Development, who is helping to drive our internal innovation capabilities. Through the year, the business made a significant investment in its internal research and development capability and now has a team of 7 dedicated to new products in target growth segments.

In addition to our owned brands, McPherson's benefits from a selective and strategic approach to distribution of international brands in Australia. These agency relationships support our growth and help to deepen our client relationships. In the last 12 months, we added Karen Murrell and Dr Wolff to our staple. These are already generating strong interest locally and through our Asian distribution channels.

Importantly, we have almost concluded the restructuring of our business that began in 2012. Through 2017, we completed several planned restructurings including the previously announced closure of the unprofitable Impulse Merchandising Division and the elimination of low margin private label and agency revenues. Additionally the Group has implemented a number of IT enabled process improvements that have increased the operating effectiveness and efficiency of our Supply Chain team. This has been instrumental in driving working capital improvements and increasing our capacity at our Kingsgrove Distribution Centre.

Reflecting on the 2017 financial year, McPherson's now has the right team, core businesses and assets, and strategic focus for long-term growth. As I mentioned earlier, we have mostly completed the restructuring that we embarked on in 2012 and have a strong capital position with reduced net debt.

In the coming year we will look to execute and capitalise on growing areas of the health, wellness and beauty markets and we look forward to reporting on our progress through the year.

To support the Group's strategy, today we are announcing a new Board position. We will be actively recruiting a director with relevant skills and experience in health, wellness and beauty to complement the existing experience of the Board.

Today Margaret Payn has announced her intention to retire from the Board as she plans to relocate back to the UK. Margaret will finish her term in February, post the half year results announcement.

On behalf of the Board I would like to thank Margaret for her contribution over the past two years. Her strong financial experience has been of huge value to McPherson's through this period of restructure and transformation.

I would now like to take this opportunity to thank all of the company's employees for their contribution to a successful year for the business, as we set the foundations for executing our long-term strategy.

And finally, and importantly, I would also like to thank all shareholders for your ongoing commitment and support.

I will now hand over to Laurie who will talk through the financial highlights of the year and provide you with more detail on McPherson's growth strategy and outlook for the remainder of the half year.

***Laurence McAllister presents the Managing Director's address***