McPherson's Limited
Results for Year Ended 30 June 2013

20 August 2013

Paul Maguire – Managing Director
Paul Witheridge – Chief Financial Officer

MCP Financial Results

- FY2013 results marginally below guidance
- Affected by $0.6m additional provision related to SKU rationalisation
- Comparable sales up 1% on FY2012 despite a difficult trading environment
- Acquisitions made over past 18 months are performing well
- Solid underlying cash flow from operations
- Moderate gearing level of 29.2% and interest cover of 4.1 times

MCP Financial Results

- Final dividend maintained at 7 cents per share fully franked
- Dividend Reinvestment Plan (DRP) retained
- Consistent approach to FX hedging
- Current debt facility in place until December 2015

Strategy Update

Paul Maguire

Category Performance Summary

		% of Total Revenue*	% Growth**	Reasons	Outlook
Housewares	wiltshire, Stanley Rogers	28%	0%	Mix of new lines and deletions	Steady
Home Appliances	EUROMAID, IAG Appliances, ARC appliances	12%	n/a	n/a	Significant growth from new products
Health & Beauty	manicare, Lady Jayne, footcare, Swisspers	28%	19%***	New product development & acquisitions	Growth through new ranges
Household Consumables	MULTIX	28%	(1%)	Consistent trading	Continued market leadership
Impulse Merchandising	homeliving	4%	(15%)	Net effect of distribution changes	New ranging opportunities being pursued

* Assumes full year sales from Home Appliances acquisition / ** % growth is FY2013 versus FY2012 / *** Growth rate excluding Cosmex and Footcare acquisitions = 4.0%

What has challenged the business?

- USD product cost increases ex Asia
- Price increases in retail not possible
- Increased support required by customers in a subdued retail environment
- Private label emphasis in some retail chains
- Continued local cost inflation
- Fewer opportunities for McPherson's Impulse Merchandise business

Things we have achieved so far…

McPHERSON'S

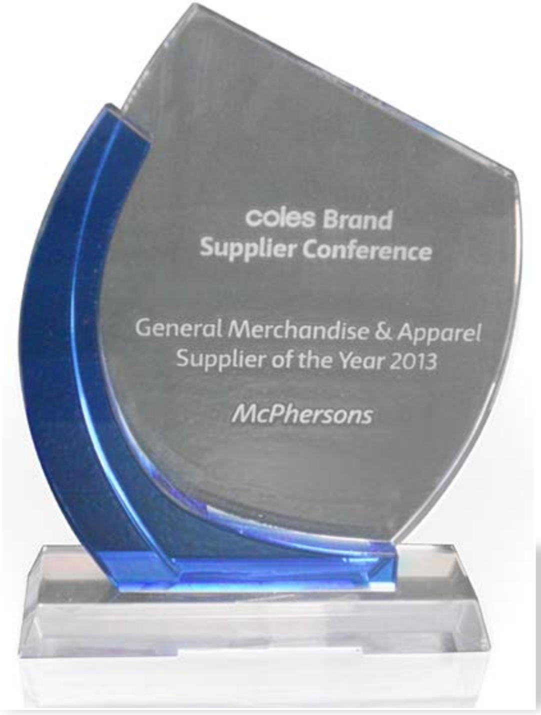
- De-merged McPherson's Printing Group
- Substantially streamlined the business and positioned it for the next phase of growth
- Successfully integrated four EPS accretive acquisitions delivering scale, synergies & growth
- Upgraded systems and processes (IT and Continuous Improvement initiatives)
- Created available capacity for 2000 additional product lines at the Kingsgrove warehouse
- Quality program introduced to improve productivity, customer service and profitability
- Increased third party distribution in Singapore

We have demonstrated the ability to…

... identify, acquire and successfully integrate other businesses

... develop and launch comprehensive new product ranges

... successfully implement strategy
- Coles Supplier of the Year Award (GM Category)



What are we doing going forward?

MCPHERSON'S

- Product range reduction in response to market conditions
- The roll-out of the newly upgraded IT system across the Group
- 'Right-sizing' the business - overhead reductions in response to the above
- Re-setting the price structure
- Merging the Home Appliance and Housewares businesses to unlock synergies
- Asset review - all parts of the business under review
- Partnering with new agencies and pursuing synergistic acquisitions

Efficiency

Productivity

Profitability

Outlook

Paul Maguire

Outlook

- Trading conditions expected to remain challenging
- Strong pipeline of new products coming through
- Brands will continue to lead in the segments in which they compete
- Product range rationalisation will lead to significant overhead reductions
- Efficiency and productivity gains will result from high priority operational initiatives
- Further diversification via new agency partnerships and strategic acquisitions

Appendix
McPherson's Limited
Financial Performance
Year Ended 30 June 2013

Paul Witheridge
Chief Financial Officer

Group Financial Summary for 2013

Continuing Operations (excluding impairment of intangibles)

McPHERSON'S

	12 Months to June 2012 ($A million)	12 Months to June 2013 ($A million)	
Sales	276.2	299.2	8.3% Sales increase
EBITDA	34.7	31.6	
Depreciation & amortisation	(2.7)	(2.7)	
EBIT	**32.0**	**28.9**	9.7% EBIT decline
Interest	(6.0)	(6.6)	Interest cover 4.4 times
NPBT	**26.0**	**22.3**	14.6% NPBT decline
Tax	(7.6)	(5.8)	
NPAT	**18.4**	**16.5**	10.2% NPAT decline
Operating cash flow (before interest and tax)	31.9	27.6	
EPS from continuing operations (cents)	25.4	21.4	
Final dividend (cents)	7.0	7.0	
Total dividend (cents)	17.0	17.0	

June 2013 figures exclude an impairment of Intangibles of $50.0m before tax and $48.5m after tax.
June 2012 figures reflect the Continuing Operations i.e. exclude McPherson's Printing Group results and demerger / acquisition costs.

Group Financial Summary for 2013

Statutory (including impairment of intangibles)

	12 Months to June 2012 ($A million)	12 Months to June 2013 ($A million)
NPBT		
Continuing operations excluding impairment of intangibles	26.0	22.3
Impairment of Intangibles	-	(50.0)
Discontinued operations – Printing	(2.0)	-
Statutory NPBT	**24.0**	**(27.7)**
Income tax expense	(7.0)	(4.3)
Statutory NPAT	**17.0**	**(32.0)**
Statutory EPS	**23.5**	**(41.4)**

Significant Non-Recurring Items

The following significant items are included in statutory profit before tax:

	12 Months to June 2012 ($A million)	12 Months to June 2013 ($A million)
Contingent consideration write-back	0.4	3.5
Restructuring costs – redundancies and inventory relocation	(0.3)	(1.6)
Acquisition costs	(0.1)	(0.3)
Total significant non-recurring items before tax	0.0	1.6
Total significant non-recurring items after tax	0.0	2.1

Overview of Group Balance Sheet

Continuing Operations

McPHERSON'S

	As at 30 June 2012 ($A million)	As at 30 June 2013 ($A million)
Inventories	52.9	67.3
Receivables	55.6	56.8
Payables	(30.1)	(38.9)
Net working capital	78.4	85.2
Property, plant & equipment	7.1	7.7
Intangibles	184.0	168.1
Provisions & other net liabilities	(11.0)	(13.7)
Total funds employed	258.5	247.3
Net financial debt	(76.7)	(69.6)
Net tax balances	(9.0)	(8.8)
Shareholders' funds	172.6	168.9
Gearing [Net debt / (Net debt + Shareholders' funds)][1]	30.8%	29.2%
ROFE (EBIT / Total funds employed)[2]	12.4%	9.7%
ROSF (NPAT / Shareholders' funds)[2]	10.7%	7.6%

$50.0m impairment
$33.9m in additions

[1]June 2013 Gearing includes the impact of impairment of intangibles.
[2]June 2013 ROFE and ROSF exclude the impact of impairment of intangibles.

Group Operating Cashflow
Continuing Operations

	12 Months to June 2012 ($A million)	12 Months to June 2013 ($A million)
Cash flows from operations		
Receipts from customers (inclusive of GST)	301.9	334.5
Payments to suppliers and employees (inclusive of GST)	(270.0)	(306.9)
Net cash inflows from operations before interest and tax	31.9	27.6
Net interest and borrowing costs paid	(5.9)	(6.9)
Income tax paid	(11.4)	(5.9)
Net cash inflows from operations	14.6	14.8

92% Cash conversion

June 2012 figures reflect the continuing operations i.e. exclude McPherson's Printing results and demerger / acquisition costs.

Group Operating Cashflow
Continuing Operations

McPHERSON'S

	12 Months to June 2012 ($A million)	12 Months to June 2013 ($A million)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(2.4)	(2.4)
Payments for acquisition of businesses (inclusive of borrowings repaid on acquisition)	(6.3)	(27.3)
Cash injection and costs of printing demerger	(7.2)	-
Payments for purchase of intangibles	(0.5)	(0.8)
Net cash outflows from investing activities	(16.4)	(30.5)
Cash flows from financing activities		
Net Proceeds from capital raising	-	32.9
Net proceeds from / (repayment of) borrowings	19.5	(5.1)
Dividends paid (net of DRP)	(17.4)	(10.7)
Net cash inflows from financing activities	2.1	17.1
Net increase in cash held	0.3	1.4

Capex in line with depreciation

2013 – HAPL $22.7m; Footcare $4.6m
2012 – Cosmex $5.8, Gainsborough $0.5

June 2012 figures reflect the continuing operations i.e. exclude McPherson's Printing results and demerger / acquisition costs.

Capital Management

- The Group’s current syndicated debt facility comprises:
  - $77m in core term debt amortising $4m each 6 months;
  - $35m in working capital finance inclusive of $8m seasonal component;
  - $15m acquisition facility.
- The core and acquisition debt facilities expire December 2015.

FX Hedging (Australia)

- Comprehensive FX hedging program in place using Options, Forward Exchange Contracts (FECs) and Collars:
  - Options - Protect downside with premium cost but allow upside benefit
  - FECs - Fixed rate with lost forward points
  - Collar - Improved downside protection in exchange for limiting upside
- Current Policy
  - Hedge 8 months forward on a rolling basis for 100% of USD requirements.
  - Options to comprise at least 50% of 8 month requirement. Options, FEC's and tunnel collars to be used for remaining 50%.
  - FEC's placed covering:
    - Next 30 days where strike is 8 cents above the protected rate and;
    - Next 31 to 90 days where strike is 10 cents above the protected rate.

Non-IFRS measures

The non-IFRS measures used by the Company are relevant because they are consistent with measures used internally by management to assess the operating performance of the business. The non-IFRS measures have not been subject to audit or review.

Disclaimer

Statements contained in this presentation, particularly those regarding possible or assumed future performance, estimated company earnings, potential growth of the company, industry growth or other trend projections are or may be forward looking statements. Such statements relate to future events and expectations and therefore involve risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward looking statements.

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

McPHERSON'S