



MCPHERSON'S

Est. 1860

MCPHERSON'S LIMITED

HY21 RESULTS RELEASE

17TH FEBRUARY 2021

DR. LEWINN'S®

[Akin]®



manicare

swisspers®

Multix

FUSION 康 health

東方藥材 Oriental Botanicals®



CREATING BETTER IN

Health Wellness & Beauty



AGENDA

- 1 INTRODUCTION – GRANT PECK
- 2 HY2021 FINANCIAL RESULTS – PAUL WITHERIDGE
- 3 CORE BRANDS AND CHANNEL & CUSTOMER – DONNA CHAN
- 4 SUMMARY – GRANT PECK

HEALTH, WELLNESS & BEAUTY – A \$15.5 *billion market*

HEALTH & WELLNESS (\$7.5 BILLION, +5.0% VS YA)



NATURAL HEALTH
Immunity & Protection
Sleep & Mood
Joint & Movement
Digestive Health

FUSION 康
health

東方 藥 方
**Oriental
Botanicals**

BEAUTY (\$8.0 BILLION, +4.6% VS YA)



HEALTHY SKIN & BEAUTY
Cosmeceutical
Australian Natural
Essential Beauty
Clean Beauty

DR. LEWINN'S

[A'kin]

manicare

ESTD 1928
LADY JAYNE

swisspers

glam
by manicare

SugarBaby
AUSTRALIA

STRATEGIC BUSINESS IMPERATIVES

1

REFOCUS MCPHERSON'S ON HEALTH, WELLNESS & BEAUTY WITH SUSTAINABILITY AND PEOPLE AT THE CORE

2

REVITALISE OUR OWN MCPHERSON'S BRANDS

3

ENSURE A HEALTHY BALANCE SHEET

4

MOVE FROM TRANSACTIONAL TO STRATEGIC PARTNERSHIPS WITH OUR TOP SIX CUSTOMERS

5

INTEGRATE AND GROW ACQUIRED SKINCARE BRANDS; DR. LEWINN'S AND A'KIN

6

CREATE A CHINA FACING BUSINESS

7

ENSURE WE HAVE OUR TEAM FIT FOR THE FUTURE WITH APPROPRIATE EXPERTISE, CAPABILITIES AND VALUES

8

STABILIZE AND GROW NZ & SINGAPORE AND EXPAND IN ASIA & INTERNATIONAL

9

GAIN EFFICIENCIES AND SAVINGS ACROSS SUPPLY CHAIN INFRASTRUCTURE

10

CREATE A NEW BUSINESS TEAM FOCUSED ON SIGNIFICANT M&A OPPORTUNITIES



HY21 UPDATE - KEY MESSAGES

1 STRENGTH OF DOMESTIC PERFORMANCE

2 BALANCE SHEET AND DIVIDEND CAPACITY

3 EXPORT UPDATE

4 A BROADER SET OF GROWTH OPPORTUNITIES EVIDENT.....

5 CAPACITY FOR M&A BUT CLEAR GUARDRAILS



MCPHERSON'S
HY2021
FINANCIAL
RESULTS
HIGHLIGHTS



HY21 SALES REVENUE BREAKDOWN BY PRODUCT CATEGORY

SALES REVENUE FROM OWNED BRANDS DECREASED BY 4%
DOMESTIC SALES FROM OWNED BRANDS INCREASED BY 7%

Owned brands:	1H21 \$m	1H20 \$m	% change	Comments
Skin, Hair and Body	17.6	27.6	(36%)	<ul style="list-style-type: none"> 67% decline in sales to ABM 5% growth in sales of domestic in A'kin
Essential Beauty	32.9	29.1	13%	<ul style="list-style-type: none"> Market leading beauty accessories brand Manicare and hair accessories brand Lady Jayne grew by 13% and 30% Cotton consumables brand Swisspers grew by 2%
Health	1.1	-	NM	<ul style="list-style-type: none"> Acquisition of Fusion Health and Oriental Botanicals on 1 December 2020
Household Essentials & others	32.4	31.0	7%	<ul style="list-style-type: none"> Multix grew by 6% due to trend towards home based food preparation, food preservation and household waste disposal
Total Owned brands	84.0	87.7	(4%)	
Agency Brands	6.5	7.2	(10%)	<ul style="list-style-type: none"> COVID-19 weakness in the Singapore market
Private Label	11.2	11.1	1%	<ul style="list-style-type: none"> Improved sales to Aldi
Total Sales	101.7	106.0	(4%)	

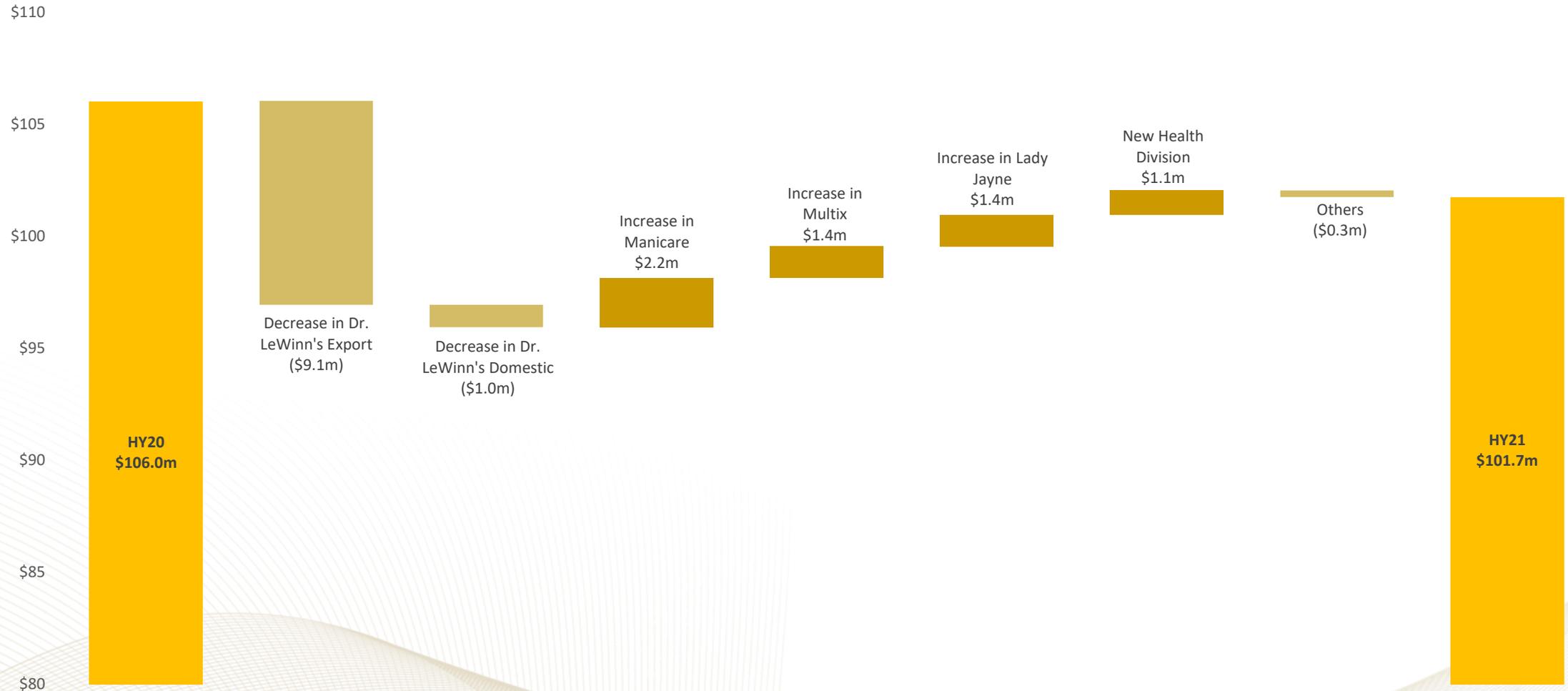
HY21 SALES REVENUE BREAKDOWN BY GEOGRAPHY

TOTAL AUSTRALIAN DOMESTIC SALES INCREASED BY 6%

Geography:	1H21 \$m			1H20 \$m			% Change
	Owned Brands	Agency & Private Label	Total 1H21	Owned Brands	Agency & Private Label	Total 1H20	
Australian Domestic	72.3	16.2	88.5	67.6	15.7	83.3	6%
Australian Export (Primarily to China)	5.6	-	5.6	14.2	-	14.2	(61%)
New Zealand	5.2	0.2	5.4	4.7	0.3	5.0	8%
Singapore and SEA	0.9	1.3	2.2	1.4	2.1	3.5	(37%)
Total Sales	84.0	17.7	101.7	87.9	18.1	106.0	(4%)

BRIDGE OF HY20 TO HY21 SALES

\$M



BRIDGE OF HY20 TO HY21 UNDERLYING PBT

\$M

\$10

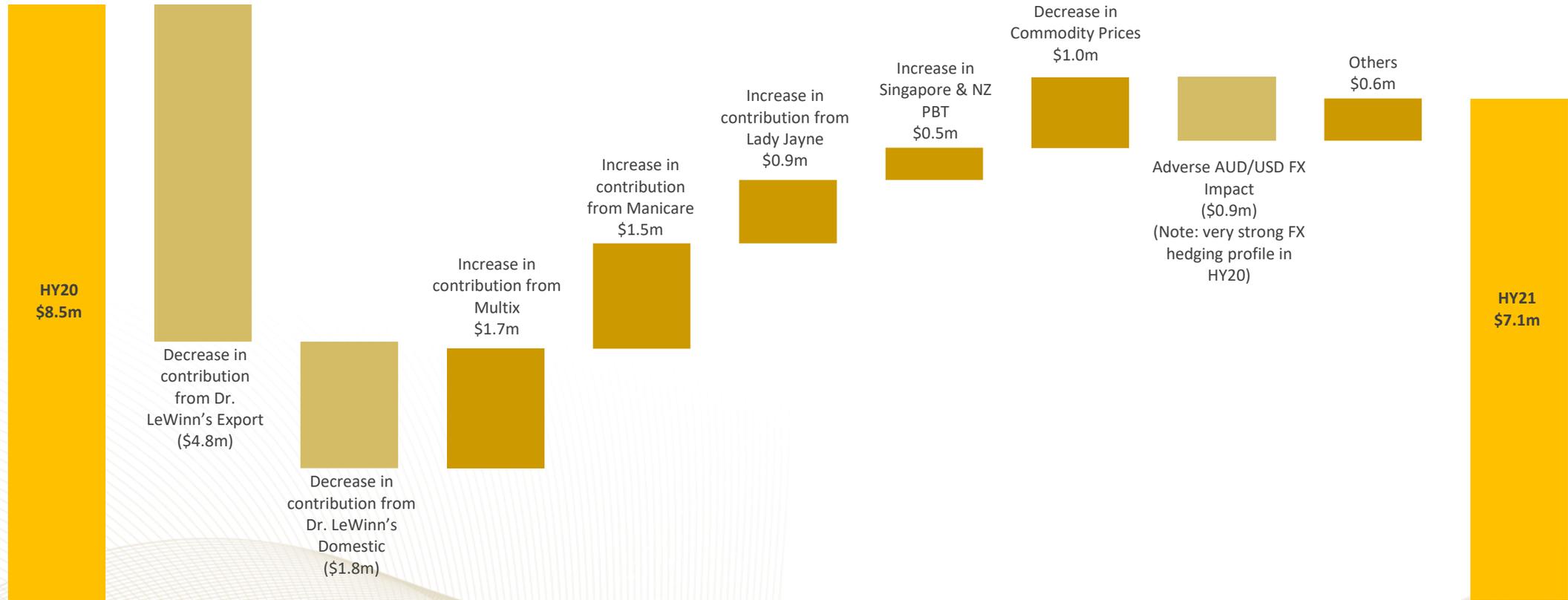
\$8

\$6

\$4

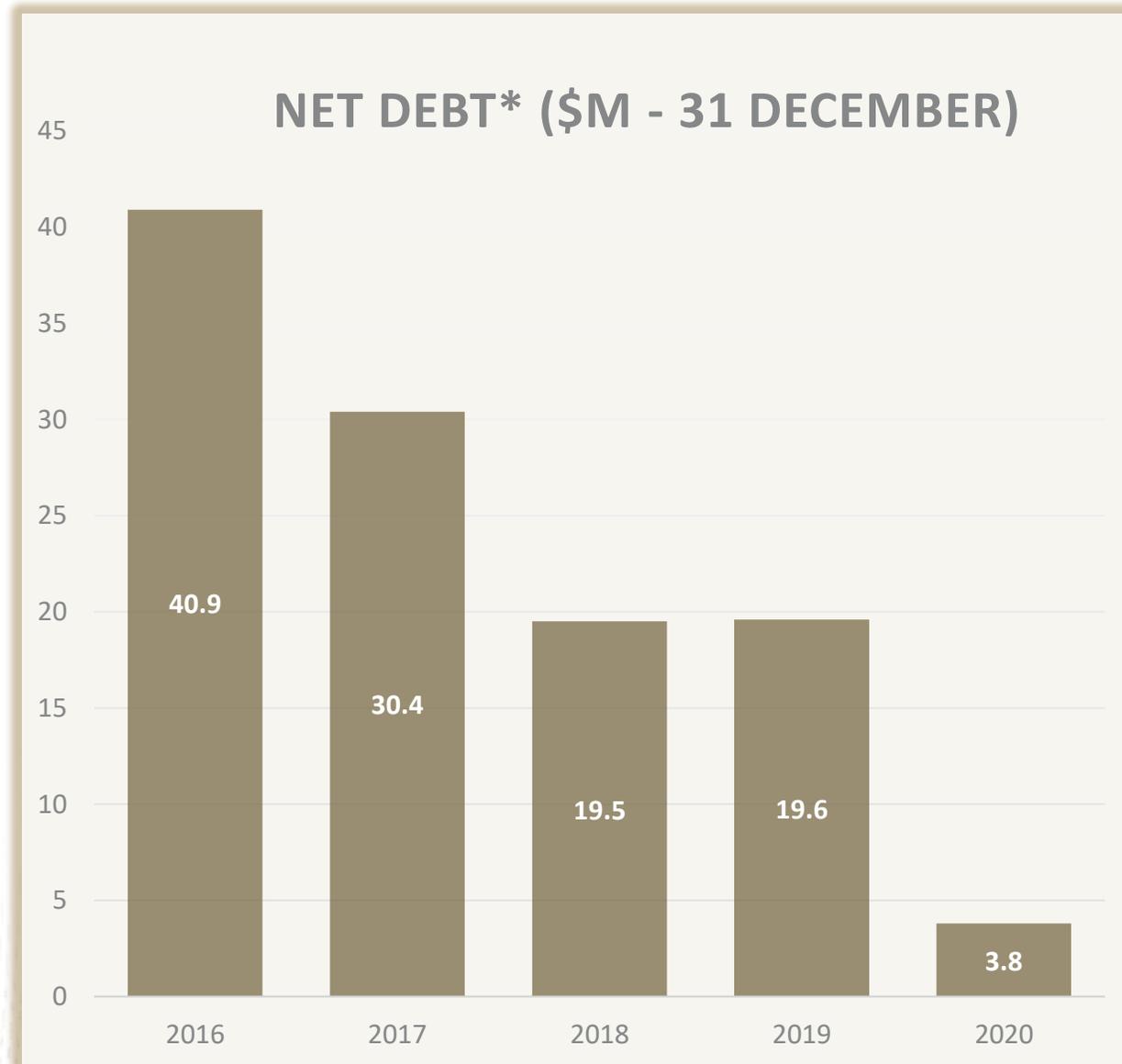
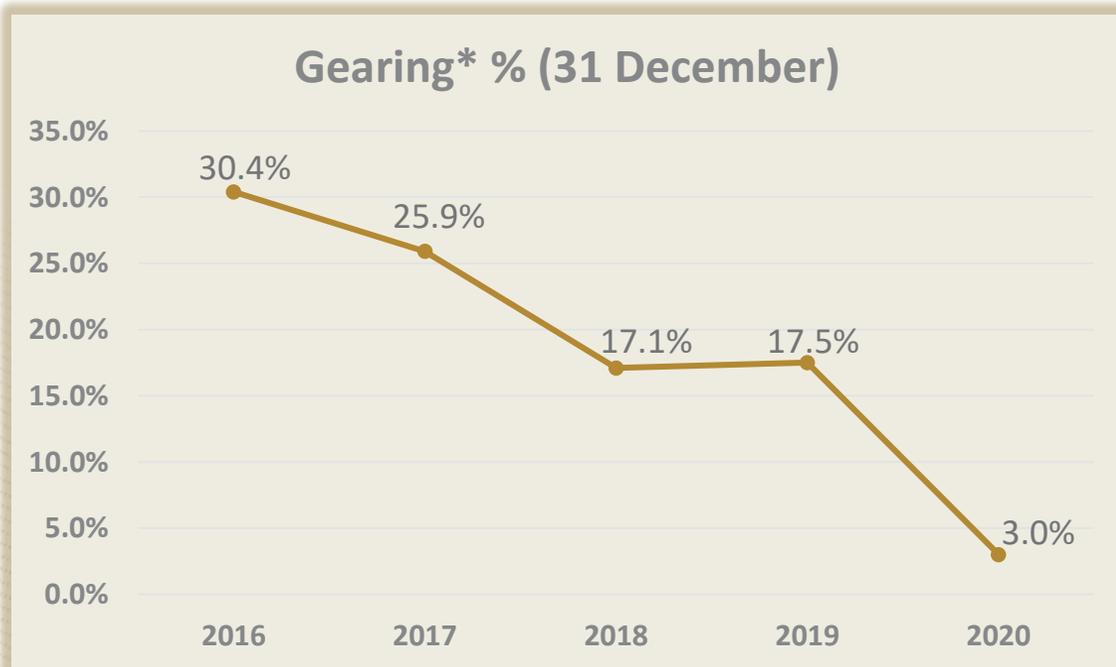
\$2

\$0



BALANCE SHEET

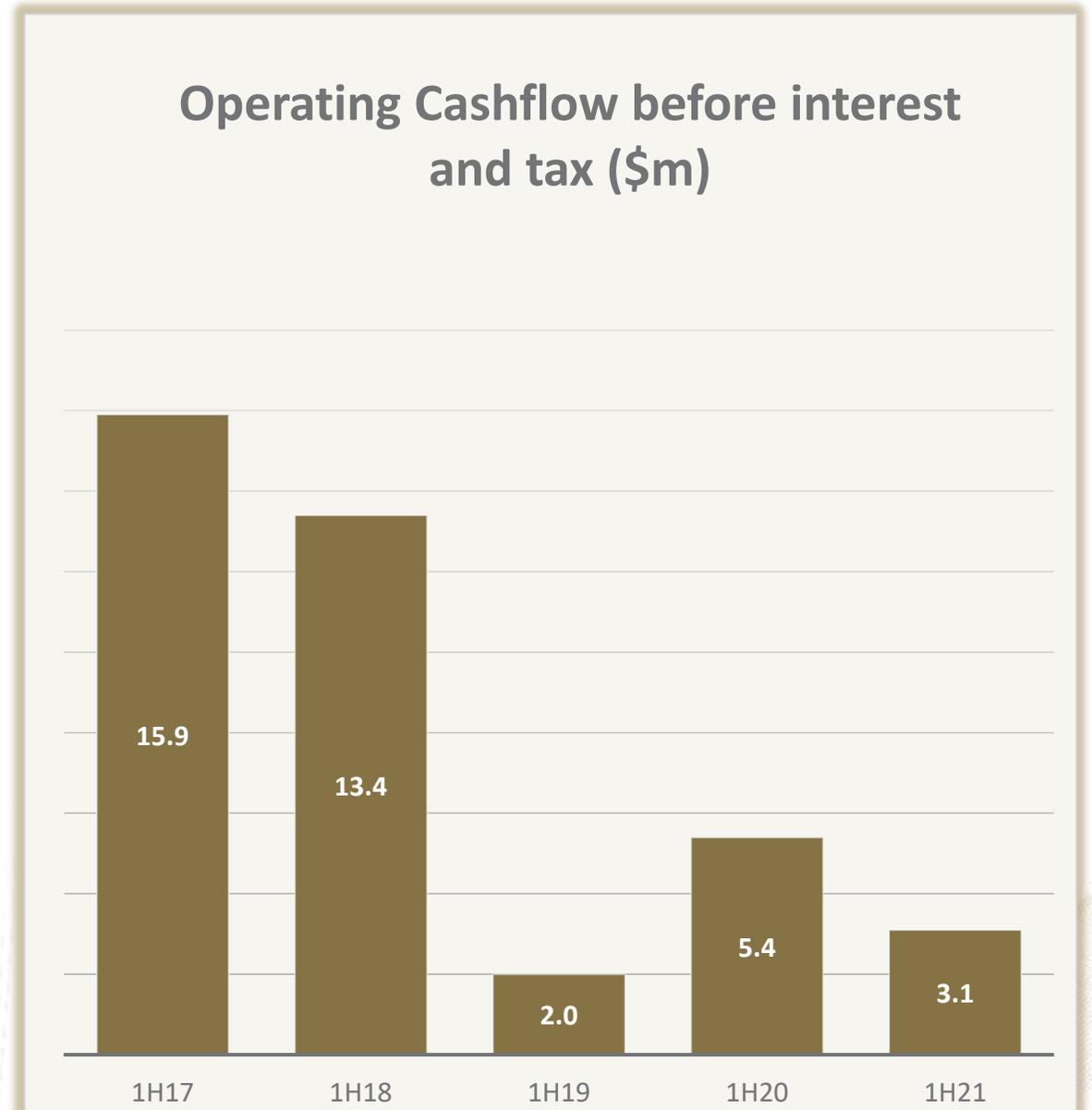
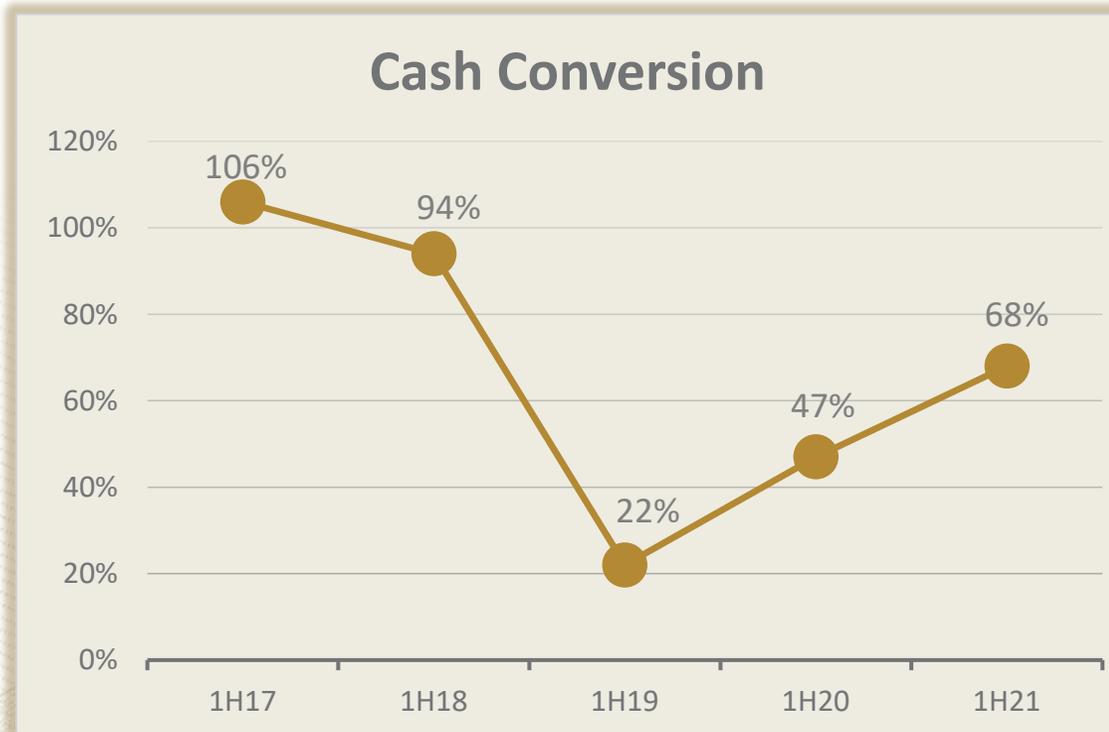
- ❑ Net debt excluding lease liabilities has reduced from \$19.6m to \$3.8m over the last 12 months
- ❑ \$45.9m Equity capital raised in October and November 2020 has funded Global Therapeutics acquisition and will fund future acquisitions
- ❑ Low gearing of 3%, excluding lease liabilities, provides capacity to fund accretive acquisitions in HW&B



* Excluding lease liabilities

CASHFLOW

- ❑ Seasonally low cash conversion of 68% due to:
 - Relatively high December 20 sales; and
 - General seasonal increase in stock ahead of Chinese New Year shutdowns
- ❑ Improved 2H21 cash conversion is forecast



1H21 INTERIM ORDINARY

- ❑ Interim ordinary dividend of 3.5 cents per share fully franked (1H20 4.0 cents per share)
- ❑ Payout ratio of 98% of 1H21 earnings per share
- ❑ Interim dividend payable 18 March 2021
- ❑ Dividend reinvestment plan suspended due to strong balance sheet

MCPHERSON'S

CORE BRANDS



DR. LEWINN'S
Ultra R4 Collagen Surge Plumping Gel

MCP STRONGLY POSITIONED IN TRADITIONAL *Channels*



TOTAL PHARMACY AND
GROCERY MARKET

21% SHARE IN THE CATEGORIES WE PARTICIPATE IN
16.8% IN HW&B +6.6% VS YA



PHARMACY

2 AUSTRALIAN BEAUTY SUPPLIER
RANKED #15 TOTAL OTC PHARMACY



GROCERY

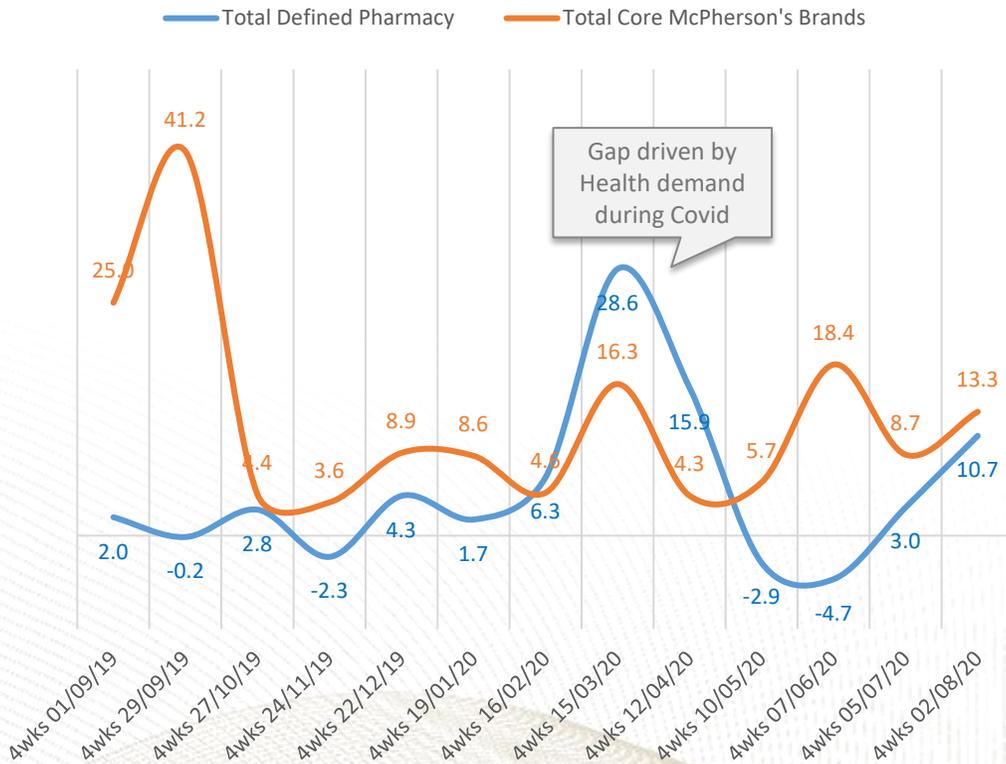
TOP 100 SUPPLIERS IN GROCERY
CURRENTLY RANKED #66

MCP SUCCESS IN PHARMACY CHANNEL

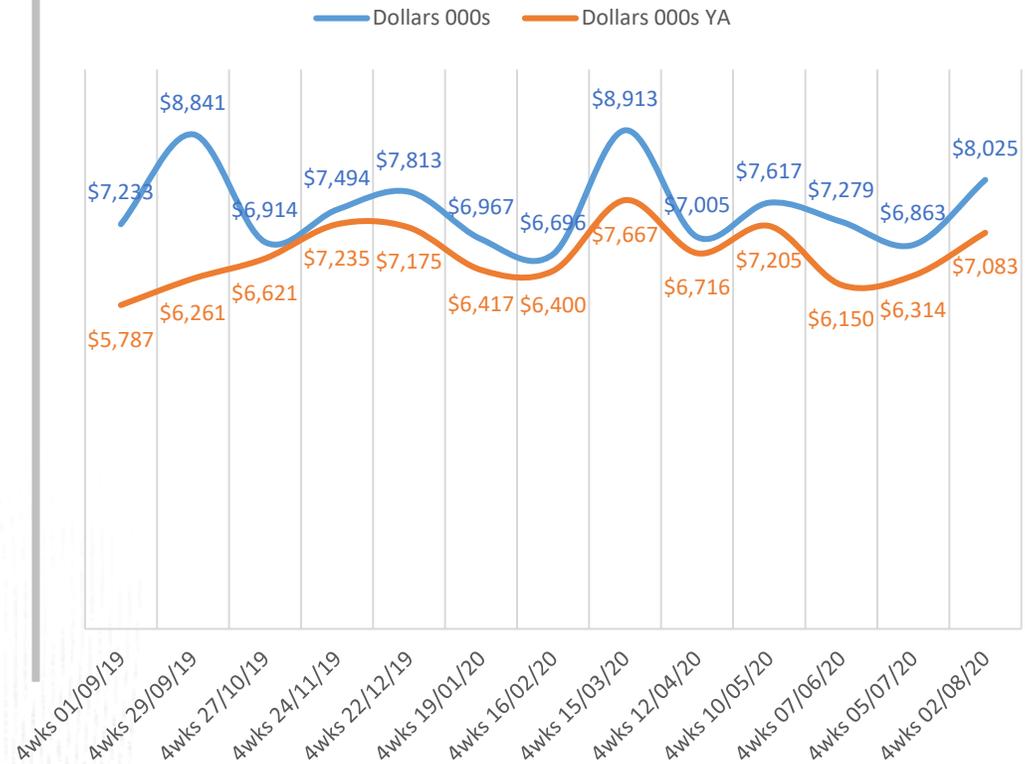
MCP OUTPERFORMING PHARMACY GROWTH (EXCEPT DURING 1ST COVID OUTBREAK)

AU Pharmacy

McP Core brands Performance vs Total OTC Pharmacy
Value Growth % vs YA



Dollars v YA
McP Core Brands



MCPHERSON'S GROWING AHEAD OF COMPETITION IN A CHALLENGING ENVIRONMENT

Top 50 Manufacturers



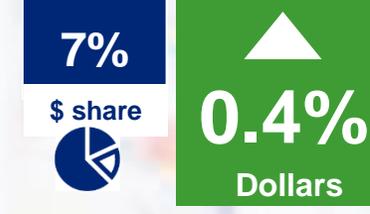
Ranked 51-100



Ranked 101-200



Ranked 201+



Source: IRI OTC Pharmacy MarketEdge, MAT To 06/09/20

STRONG RESULTS FOR CORE OWNED BRANDS



+2.4 SHARE POINT GAIN



+1.9 SHARE POINT GAIN



+1.3 SHARE POINT GAIN



MAINTAIN SHARE



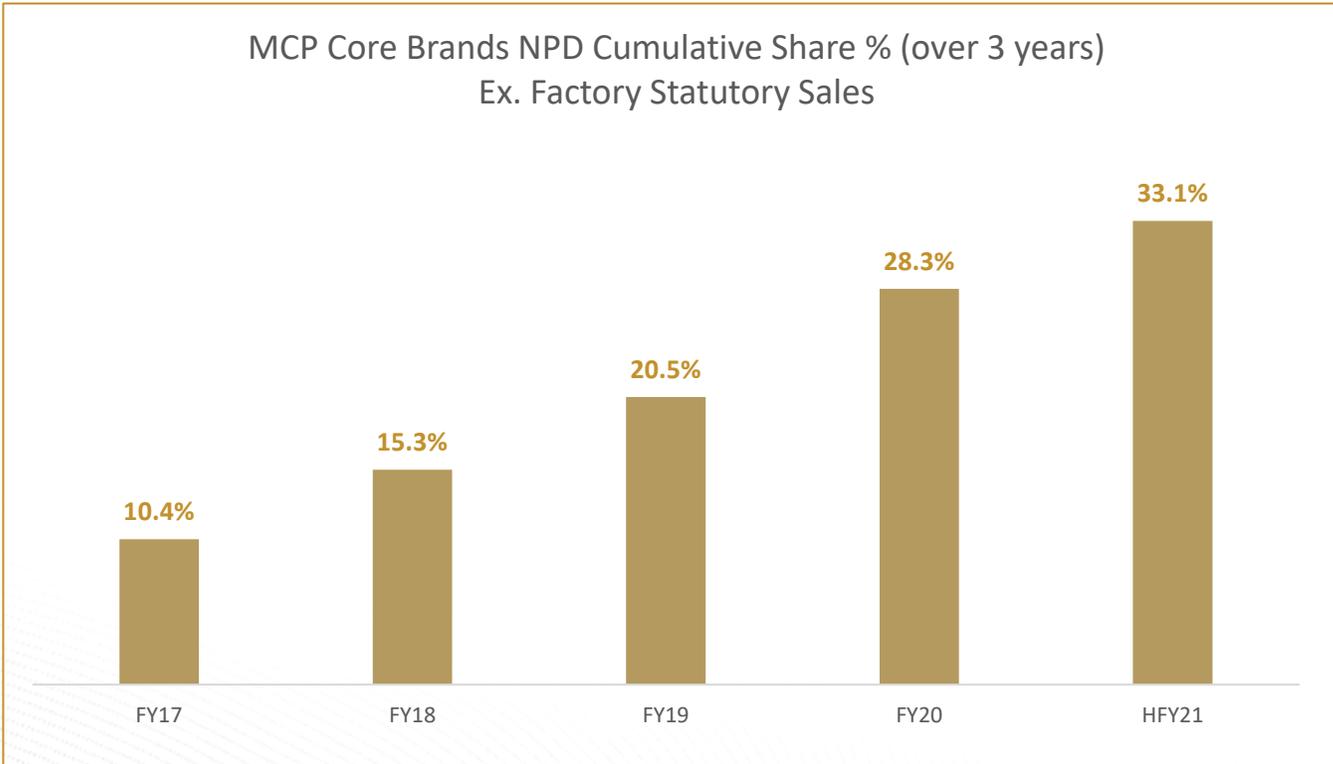
+0.5 SHARE POINT GAIN



+6% GROWTH

INNOVATION SUCCESS DRIVING SUSTAINABLE GROWTH

MCP Core Brands NPD Cumulative Share % (over 3 years)
Ex. Factory Statutory Sales



EXPANSION INTO BEAUTY NUTRITION



#1 NATURAL HAIRCARE NPD



PREMIUM NPD DRIVING CATEGORY GROWTH



#1 COTTON SUSTAINABLE NPD

3
R&D

6
R&D

11
R&D

13
R&D

FOREIGN MARKET REGISTRATIONS

220 PROJECTS IN THE INNOVATION FUNNEL

LEVERAGE MACRO TRENDS FOR FUTURE GROWTH

NATURAL SELF CARE



- 78% of Australians have purchased at least one form of complementary medicine in the last year.
- Australian complementary medicines are recognised around the world for quality, safety and efficacy.

PRO-ACTIVE BEAUTY



- Custodians of your own skin health. More choice, technology, information & education enabling empowerment.
- 33% of women say they have added beauty supplements to their skincare routine in the last year.

AUSTRALIAN BEAUTY



- Shoppers are gravitating towards locally made products & retailing.
- 88% of Australians in January were more likely to purchase AUS Made products.

BEAUTY AT HOME



- Consumers opting for in-home beauty and skin treatment alternatives in the absence of salons.
- 2.5% increase in households purchasing facial skincare (Sept v Feb 2020).

SUSTAINABLE LIVING



- 87% of Shoppers are more likely to purchase products that are ethically and sustainably produced.
- 41% of shoppers are willing to pay more for ethical and sustainable products.



MCPHERSON'S HEALTH DIVISION ESTABLISHED

NATURAL SELF CARE



FUSION 康 health

東方 植物 東方 康 Oriental Botanicals®

- Herbal and traditional products gaining increased popularity
- 100% of Global Therapeutics Employees transitioned
- High customer engagement & continuity of supply maintained
- Complementary distribution network to broaden reach across portfolio



IMMUNITY



CHILDREN'S HEALTH



BONE & JOINT



WOMEN'S HEALTH



DIGESTIVE

HAIR, SKIN AND NAILS



MUSCULAR SUPPORT

MENTAL WELLBEING

#1 AUSTRALIAN COSMECEUTICAL BRAND IN PHARMACY

PRO-ACTIVE BEAUTY



DR. LEWINN'S®

- Expansion into adjacent category with clinically proven beauty nutrition
- Fuel China demand with innovation
- Boost clinical claims to drive brand penetration
- Target international expansion



POWERFUL AUSTRALIAN NATURAL BEAUTY

AUSTRALIAN BEAUTY



[A'kin][®]
NATURAL AUSTRALIAN SKINCARE & HAIRCARE

- Compelling brand proposition appealing to Millennials
- Grocery channel expansion driving accessibility and awareness
- New scientifically proven haircare
- New clinically proven skincare

NEW



ON TREND TANNING & SKINCARE FOR GEN Z

AUSTRALIAN BEAUTY



SugarBaby[®]
AUSTRALIA



Sustainable & Eco-friendly

62% of Gen Z prefer to buy from Sustainable Brands



Pandemic Pampering

Consumers opting for in-home beauty and skin treatment alternatives in the absence of salons



Australian

88% of Australians in January were more likely to purchase Aus Made products



Sensitive Skin

Sensitive Skin the second highest desired claim



LEADING BRANDS DRIVING CATEGORY GROWTH

BEAUTY AT HOME



- Innovative premium skincare tools
- Fashion collaboration and runway collections to attract Millennial shopper
- On-line DIY education
- Continued merchandising investment



HOW TO | GET SKIN FITNESS ▶ PLAY ALL

How to Use the Manicare® NOVA FIT® Manicare Beauty 7.1K views • 10 months ago	10 Tips Using the Manicare® NOVA FIT® Face Massager Manicare Beauty 2.4K views • 8 months ago	Manicare® NOVA FIT® Skin Fitness Manicare Beauty 468K views • 10 months ago

MANICARE. MY CARE. ▶ PLAY ALL

Manicare DIY Manicare Manicare Beauty 326 views • 5 months ago	Introducing the Manicare pediPRO Range! Manicare Beauty 1.2K views • 1 year ago	Manicare® sensiScrub® 3-in-1 Wet Body Brush Manicare Beauty 927 views • 1 year ago

NEW

FIRM. SMOOTH. BRIGHTEN.

Gentle & easy to use at home...cleanse, roll, hydrate!

*Based on results from 50 beautyheaven trial team members

TRIED & TESTED

Rated 4.5 stars
by 1000+ members
Manicare Beauty members

100% recommend*

microneedle derma roller
Micro-Needle 1.5mm x 1.5mm

Discover More

LEADING SUSTAINABLE INNOVATION

SUSTAINABLE LIVING



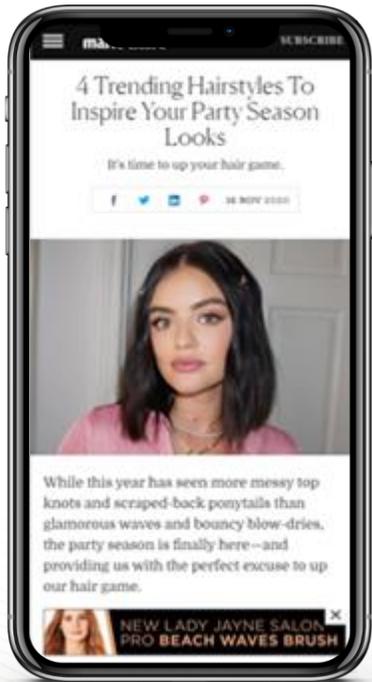
Fuelling high growth sustainable segments

- Innovation
- Education
- Larger pack sizes
- Company wide commitment to reduce environmental impact



INCREASED INVESTMENT IN DIGITAL

AMPLIFY



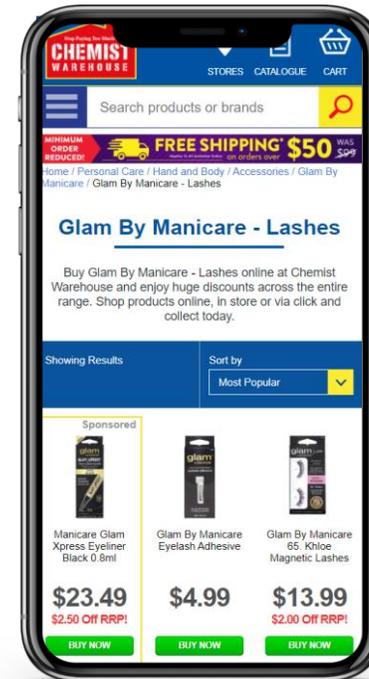
- 77.5M digital ad impressions YTD
- +42% increase in social reach (MAT vs LY)
- +36% increase in site traffic (MAT vs LY)

ENGAGE



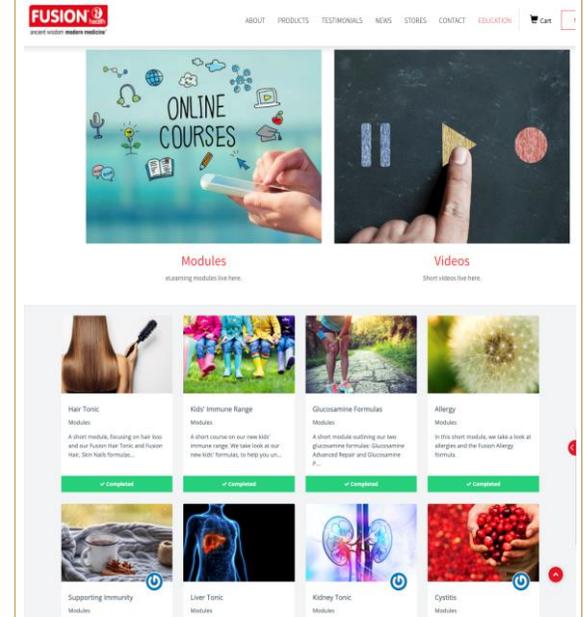
- +216% increase in social engagement (MAT vs LY)
- 94% increase in product reviews (MAT vs LY)
- 5,855 minutes spent on GlamCam since October launch

CONVERT



- +54% increase for online sales to key pharmacy customer (MAT vs LY)
- +46% in MCP eCommerce sales (MAT vs LY)

E-LEARNING



New E-Learning platform:

- Cloud Based retailer training
- Modules can be loaded into retailer's own LMS
- Engaging modules and features

MCPHERSON'S

CHANNEL & CUSTOMER



MACRO RETAIL TRENDS SHAPING MCP SALES

Strategy



CHANNEL SHIFT

- Shift to Grocery from Pharmacy
- Ecommerce growth +41% outpacing total retail growth +4% & holds 8% dollar share
- 84% of Australians engaging in online shopping
- Most conveniently located near my home ranked #1 during COVID



GLOBALISATION

- 64.8% of Top 250 retailers have foreign operations
- Online facilitating expansion
- Global Expansion of AU retailers in bricks & mortar (+20 stores in FY21)



RETAILER BRAND FOCUS

- Over 120 exclusive/pseudo brands available within categories MCP participates in
- 58% of people are now considering private label
- Retailer strategies continue with Exclusives key pillar



SHOPPER ENGAGEMENT

- 53% of shoppers are likely to change their minds based on what they see in store
- Retailers partnering with suppliers offering navigation and Category solutions
- Localised ranging – Geo targeting

DELIVERING ON MCP CHANNEL AND CUSTOMER H1

Strategy



CHANNEL PRESENCE AND EXPANSION

- A'kin Grocery Expansion ANZ
- 223 lines onboarded Online retailers
- Online investment +39% YTD in Customer assets
- +15000 incremental distribution points ANZ
- Sugarbaby launch into Farmers NZ



STRATEGIC PARTNERSHIPS

- Akin and Revitanail now with presence China Bricks & Mortar
- Plans to include Soulful H2
- CWH growing presence in NZ



DIFFERENTIATION

- 17 First to market products/Exclusive promotions executed in CWH/Priceline and Ind PH
- Private Label presence in Grocery Channel
- Category partnership with Metcash



SHOPPER ENGAGEMENT

- Off location investment +24% YTD
- Category solutions NZ
- Navigation solutions GLAM
- Virtual engagement

ANZ BUSINESS OPERATIONAL IMPERATIVES

Overview



INVESTMENT OPTIMISATION

CONTINUED PORTFOLIO MANAGEMENT

PROMOTIONAL EFFECTIVENESS

INCREASE IN ONLINE INVESTMENT

RESHAPE TRADING TERMS



BRAND SHARE GROWTH

DRIVE GROWTH FROM CORE AND INNOVATION

DATA LED BUSINESS PLANNING

STRATEGIC PARTICIPATION IN PRIVATE LABEL



EXPANSION

NEW CATEGORY SHARE GAINS

NEW CHANNEL PENETRATION

CORE DISTRIBUTION EXPANSION

FURTHER A'KIN EXPANSION

MCPHERSON'S

SUMMARY



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Q & A

