



McPherson's Limited

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McPHERSON'S LIMITED
CHAIRMAN'S ADDRESS by MR DAVID ALLMAN
ANNUAL GENERAL MEETING 24 NOVEMBER 2014

The reported financial results for the 2013/14 year were disappointing. Underlying earnings per share declined by 5.9% to 15.9c per share and in addition an \$80.0m pre tax impairment of intangibles was required together with a \$2.6m non recurring pre tax expense to cover acquisition and transition costs. Total dividends of 11c per share fully franked have been paid, representing 69% of underlying earnings per share.

2013/14 is the third consecutive year for which we have reported declining earnings per share. However, the reported results mask an enormous amount of work and significant progress by Management in transforming the company in a way which will see this downward trend reversed.

I would now like to ask Paul Maguire our Managing Director to provide a more detailed presentation on current activities and the transformation process I just mentioned.

Following Paul's presentation, I will give an update on trading conditions and outlook for the 2014/15 financial year.

Paul Maguire Presents the Managing Director's Address

The growth initiatives referred to by Paul are expected to have a positive impact during the 2014/15 year particularly during the second half of the year. While we expect first half earnings per share to be broadly in line with prior year, we do expect the earnings in the second half to be above prior year and we are therefore anticipating that there will be an increase in earnings per share for the full year. It is a little early in the year to quantify this increase but we will be in a position to do so when we announce the first half results in February 2015. We do believe that because of the transformation process being undertaken, we are in a vastly improved strategic position.

In relation to the Board: John Clifford has informed us that he intends to resign as a Director of McPherson's due to the time he is required to spend on his other directorships. Accordingly we will commence a formal search process for another Director and John will step down from the Board when this process has been completed and a suitable person identified. It is likely that John will remain a Director for some months, however as this will be his final McPherson's AGM as a Director, I would like to thank him for his considerable contribution over the past 12 years and in particular his work as Chairman of the Nomination and Remuneration Committee.

On behalf of the Board I would like to thank all of the staff at McPherson's who are ably led by the Senior Leadership Team and Managing Director Paul Maguire for their considerable efforts in repositioning the company both strategically and operationally.