

Paul Maguire Managing Director

### McPherson's Limited

Results for 6 months to 31 December 2010



### Group financial summary for H1 2011

	6 months to Dec 2009 (\$A million)	6 months to Dec 2010 (\$A million)	
Sales	190.1	189.7	
EBITDA	27.1	30.8	
Depreciation & amortisation	(2.8)	(2.8)	
EBIT	24.3	28.0	—— 15% EBIT growth
Interest	(4.2)	(4.0) –	Interest cover 7.0 times
NPBT	20.1	24.0	
Tax	(6.0)	(7.1)	
NPAT	14.1	16.9	— 20% NPAT growth
Pre-tax cash flow	16.1	23.7	
EPS (cents)	20.3	23.6	16% EPS growth
Interim dividend (cents)	10.0	12.0	20% lift in fully franked dividend



### Balance sheet

	Dec 2009 (\$A million)	Dec 2010 (\$A million)
Fixed assets (including intangibles)	213.1	210.2
Net working capital	100.6	100.5
Other	(43.0)	(45.6)
	270.7	265.1
Shareholders' funds	189.5	203.1
Net debt	81.2	62.0
Total funds employed	270.7	265.1
Gearing (Net debt / Shareholders' funds)	43%	31%
Funds employed – Consumer Products	240.2	235.3
Funds employed – Printing	30.5	29.8
	270.7	265.1
Group EBIT / Total Funds Employed	9%	11%
ROSF (NPAT / Shareholders' funds)	8%	8%

24% reduction in net debt

Gearing significantly improved



# McPherson's Consumer Products: Financial summary

	6 months to Dec 2009 (\$A million)	6 months to Dec 2010 (\$A million)
Sales	157.7	158.4
EBITDA	26.1	30.4
Depreciation / amortisation	(1.3)	(1.3)
EBIT	24.8	29.1
EBITDA / sales	16.6%	19.2%
EBIT / sales	15.7%	18.4%
GEOGRAPHIC EBIT BREAKDOWN		
Australia	21.4	25.8
International	3.4	3.3
EBIT	24.8	29.1
EBIT / Total Funds Employed	10%	12%

17% growth in EBIT, benefiting from favourable currency



## McPherson's Consumer Products: Trading commentary

- The retail environment was subdued primarily due to successive interest rate rises
- Increased competitiveness was evident in the retail market
- Despite the above, McPherson's still achieved growth in key brands
- Gross margins improved across all major categories, with earnings impacted favourably by currency
- Raw material costs increased and product cost pressures were felt in Asia



## McPherson's Consumer Products: Operations

- Operations in Australia, New Zealand, and Singapore
- Hong Kong / China sourcing division
- Distributors in Canada and South Africa
- Sophisticated logistics capability and large in-field presence
- Established relationships with a multiplicity of customers in various channels
- Strong track record of innovation and product development











Sydney Melbourne New Zealand Singapore Hong Kong



## McPherson's Consumer Products: Four product categories

#### Housewares



~ 35% of sales 3,000+ SKUs

#### **Channels:**

- Department stores
- •Independent housewares stores
- Grocery, hardware, discount department stores
- Commercial

#### Personal care



~ 25% of sales 1,500+ SKUs

#### **Channels:**

- Grocery stores
- Pharmacy stores
- Discount department stores

### Household consumables



~ 30% of sales 200+ SKUs

#### **Channels:**

- Grocery stores
- •Discount department stores

### Impulse merchandising



< 10% of sales 100+ SKUs

#### **Channels:**

- Grocery stores
- •Discount department stores
- •Hardware

Strength through a multiplicity of products, brands, categories and channels



## McPherson's Consumer Products: Housewares



- All the products needed for food preparation and dining: cutlery, bakeware, cookware, knives, kitchen gadgets, dinnerware and glassware
- Housewares purchases are often discretionary, but some McPherson's housewares products and brands are less affected by changes in consumer discretionary spending
- Agency brands are used strategically to complement McPherson's own brands







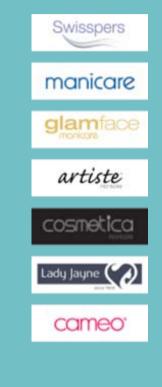








## McPherson's Consumer Products: Personal care



- Beauty care, hair care and skin care products
- Manicare, Lady Jayne and Swisspers are leading brands in their channels
- Glam, Cosmetica and Artiste are brands recently launched under the umbrella brand Manicare
- Personal care is a growth area for McPherson's















## McPherson's Consumer Products: Household consumables



- Products for food preparation, food storage and kitchen refuse disposal
- Multix is well established in the retail market
- A market leading brand in its segments
- One of McPherson's largest brands















# McPherson's Consumer Products: Impulse merchandising



- Clip strip products for major supermarkets and discount stores in Australia and New Zealand
- Clip strips tailor-made to suit each retailer
- Products delivered direct to stores and merchandised by McPherson's field team
- Some retailers are reviewing the space allocated to clip strips















### McPherson's Printing: Financial summary

	6 months to Dec 2009 (\$A million)	6 months to Dec 2010 (\$A million)
Sales	32.4	31.3
EBITDA (before equipment leases)	3.9	3.7
Equipment lease expense	(0.9)	(0.8)
Depreciation / amortisation	(1.5)	(1.5)
EBIT	1.5	1.4
EBITDA (before equipment leases) / sales	12.0%	11.8%
EBIT / sales	4.6%	4.5%



New 'Heidelberg 10 colour XL' printing press







### Outlook

- Retail environment to remain challenging; the business will be managed accordingly
- Ongoing upward pressure on product costs in China
- Innovation, product development and sourcing to remain a high priority
- Further efficiency gains expected through rigorous cost control and business initiatives
- Gearing and interest cover have improved
- In line with previous guidance, 10% EPS growth is forecast for the full year
- Interim dividend up 20% with fully franked dividends expected to continue
- Strong balance sheet actively seeking consumer products acquisitions



### Questions

