



## ASX/media release

(ASX: MCP)

29 October 2013

## Acquisitions a major boost for McPherson's

- **Acquisitions in line with the stated business strategy**
- **Further channel diversification delivered**
- **Substantial synergy benefits to be realised**
- **EPS accretive and strong ROFE**
- **Premium brands with significant growth potential**

McPherson's Limited ("McPherson's") is very pleased to announce two acquisitions that will deliver on its strategy to further diversify its business through expansion within two key divisions – Health & Beauty and Home Appliances. These acquisitions will deliver further channel expansion, provide a platform for growth, leverage the company's infrastructure and deliver strong returns. Completion for both acquisitions will occur on or before 31 October 2013 and will be funded from existing facilities.

### ***Acquisition of iconic cosmetic skincare business***

McPherson's is pleased to announce the acquisition of the iconic skincare brand **Dr LeWinn's** and beauty treatment brand **Revitanail** in a number of territories, including Australia, New Zealand and Asia, from iNova Pharmaceuticals.

Commenting on the acquisition Managing Director, Paul Maguire said, "McPherson's owns several brands in the beauty space already, such as Manicare, Lady Jayne, Swisspers and Moosehead; and adding Dr LeWinn's and Revitanail to the portfolio is the first step in a broader strategy to invest further in the beauty industry, thereby becoming a leading player. This acquisition will strengthen the mix of products in our portfolio and the over \$20 million in annual net revenue will boost McPherson's existing Health & Beauty business by a further 20%."

The acquisition of this well established cosmetic skincare business will provide further channel diversification for McPherson's and deliver substantial synergy benefits through the leverage of McPherson's strengths in supply chain, logistics, marketing and field sales; capably servicing and supporting both brands and retailers.

The Dr LeWinn's and Revitanail products will utilise available warehouse capacity at McPherson's site in Kingsgrove NSW and will be shipped directly to numerous customers in various channels from this sophisticated distribution centre.

McPherson's has a strong marketing and product development team, which will be boosted further by the highly experienced Dr LeWinn's marketing and product development resources, thus enabling a seamless transition of this cosmetic skincare business. The business will be strengthened by an increased focus and support in key retail channels, as well as an increased investment in innovative skincare products and consumer communication.

## ***Acquisition of Australian appliance business and major brand***

Home Appliances Pty Limited ("Home Appliances"), a division of McPherson's, is pleased to announce the acquisition of the assets of the '**Think Appliances**' business and the **Baumatic** brand in Australia.

Home Appliances, a leading supplier of high quality affordable appliances to the Australian market, is the owner and distributor of the Euromaid, IAG and ARC cooking ranges and is the exclusive agent for the Fagor and Elica brands. Think Appliances, with annual net sales of \$30 million in the Australian market, owns and distributes the Baumatic, Venini and Damani brands in the retail, plumbing and commercial markets, and this portfolio of brands will clearly be a great complement to the Home Appliances business.

This strategic investment will provide further channel diversification through an increased presence in Australian retail, entry into the plumbing sector and expansion within the commercial channel through a significant number of 'tier one' homebuilders. Substantial synergies will be achieved in many areas such as supply chain, sales and administration, delivering significant additional value to shareholders.

Owen Morgan, Managing Director of Home Appliances, said: "we are delighted to welcome members of the Think Appliances team to the business, and look forward to continuing to deliver outstanding products and service to our customers backed by first class brands."

Paul Maguire, Managing Director of McPherson's, said "the combined acquisition of the Think Appliances business and the Baumatic brand represents the next step in the creation of a world class Appliance business with combined sales in excess of \$100 million in 2014".

### **About McPherson's**

McPherson's, established in 1860, is a leading marketer of health & beauty, consumer durable and household consumable products in Australia and New Zealand, with operations in Asia. The company owns and markets a portfolio of market-leading brands.

### **For further information please contact:**

Paul Maguire, Managing Director, telephone + 61 2 9370 8042.