



**McPherson's Limited 2019 Annual General Meeting  
Chairman's Address – Mr. Graham Cubbin  
18 November 2019**

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Good morning ladies and gentlemen.

On behalf of the McPherson's Limited Board, I would like to welcome all of you here to our 2019 Annual General Meeting.

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I am Graham Cubbin, Chairman of McPherson's Limited. It is now 11:00am and I am satisfied a quorum is present, so I declare the meeting open.

For the first time, we are webcasting our AGM so our shareholders who can't be here in person are able to view proceedings. So, a welcome also to those joining online.

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As you would be aware from the Notice of Meeting, there are 8 items of business to be discussed when we move into the formal proceedings.

However, before that, I will introduce your board, and provide an overview of the company's activities for the past financial year.

McPherson's CEO and Managing Director Laurie McAllister will then give a brief address before members of the management team speak to the company's operational performance in more detail. Formal resolutions will commence after the presentation from the McPherson's team has concluded.

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Today I am joined by all members of McPherson's Board of Directors. We have undertaken a refresh of our Board over the last 18 months and I am happy to say the capabilities and experience of the Board very much reflect and support the company's strategy to focus on health, wellness and beauty.

I would now like to take a minute to introduce your Board members.

<b>PW</b> Paul Wetheridge	<b>AM</b> Alison Mew	<b>GP</b> Geoff Pearce	<b>GP</b> Grant Peck	<b>JM</b> Jane McKellar	<b>LM</b> Laurie McAllister	<b>GC</b> Graham Cubbin	<b>LECTURN</b>
<b>Audience</b>							

Firstly, I would like to introduce Laurie McAllister, McPherson's Managing Director. Since joining, Laurie has taken McPherson's from strength to strength, from an operational as well as a cultural perspective.

Secondly, Jane McKellar. Jane joined the Board in February 2015 and has great experience in FMCG and Beauty and is Chairman of the Board's Nomination and Remuneration Committee.

Next, Grant Peck. Grant was appointed in 2017 and has 25 years' experience in consumer goods. He is the Chairman of the Board's Audit, Risk Management and Compliance Committee.

Next is Geoff Pearce who joined the board in February 2018. Geoff has 40 years of experience building brands and manufacturing products across pharmaceutical and cosmetics, health, wellness and beauty and FMCG.

And, of course, Alison Mew, who also joined in 2018. Alison has more of a scientific background in biopharma and 30 years' experience of leadership and executive management.

We also have other members of our management team here today including our CFO Paul Wetheridge and Company Secretary Phil Bennett, as well as our audit engagement partner Shannon Maher from PricewaterhouseCoopers.

Finally, I would like to extend a warm welcome to all McPherson's employees who have joined us today.

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Moving to some comments on the 2019 financial year.

It is my absolute pleasure to report on what has been a very successful year for the company as it continues to deliver on its strategy to cement its position as a leading supplier of Health, Wellness and Beauty brands in Australasia.

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During 2019, we focused on initiatives under four strategic pillars:

1. Growing our core 6 owned brands
2. Exploring new product growth platforms
3. Moving to strategic customer and supplier partnerships
4. Driving value from our geographic footprint.

Our business has been enabled by a fantastic end to end capability and strong agency partnerships.

Our steadfast focus on these initiatives has delivered strong financial results.

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Underlying profit before tax from continuing operations for 2019 was \$19 million, up 17 per cent on the previous year. Underlying EPS from continuing operations was up 33% on FY18.

The Company reduced net debt further to \$7.5 million at 30 June 2019, a 24% reduction on the prior year, despite key strategic investments in the Kotia joint venture and Aware Group totalling \$5.9 million. The company's low gearing provides us with a very strong financial platform for future investment in opportunities to leverage our capability in the Health, Wellness and Beauty markets.

I am particularly proud of management's ability to have achieved an uplift in sales despite a subdued retail environment. The healthy increase in demand for our products can be attributed to our investment in revitalising our brands, merchandising and advertising, strengthening customer relationships and our relationship with ABM for exclusive product distribution in China.

The company achieved double digit growth in sales revenue from owned brands and 13% growth in sales revenue from our core six brands – Manicare, Lady Jayne, Dr LeWinn's, A'kin, Multix and Swisspers -

where we have placed considerable focus this year. These brands are all strong market leaders within their categories and are outperforming Australia's pharmacy channel.

Innovation was a key element behind this growth. We increased our investment in R&D by 80% during the year and delivered 11 first to market products, many in response to trends driving customer choices.

A key highlight for 2019 was our geographic expansion with a focus on Asia as we capitalised on the international attraction of high quality Australian brands and Chinese consumers' demand for beauty, health and wellness products. Our partnership with ABM has been integral to our establishment of a China facing business and you will hear from ABM's MD, Livia Wang shortly. The value of our relationship with ABM is demonstrated in the very impressive 400% uplift in sales to China this year.

Last week, we formalised our partnership with ABM by establishing a Joint Venture for the Dr. LeWinn's brand in Greater China. This agreement provides both parties with the impetus to achieve further growth in the all-important Chinese market. ABM's experience in marketing products to Chinese consumers is unparalleled and we are very excited about this relationship and what it means for Dr. LeWinn's as well as other McPherson's products in the future.

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In the 2020 financial year, McPherson's expects continued growth with a firm focus on the \$17 billion Health, Wellness and Beauty markets. We are well positioned to capitalise on growth in both the domestic and the international markets, with exceptional customer relationships and a strong balance sheet.

We believe there are considerable growth opportunities for McPherson's and we have continued to research and identify potential accretive merger, acquisition and venture opportunities. These would complement our organic growth and leverage our scale efficiencies.

## Dividend Payments

The Board's commitment to maintaining a high dividend payout ratio, and our policy to distribute at least 60 per cent of the Company's underlying profit after tax to shareholders, remains unchanged. The total ordinary dividend for the 2019 year was 10.0 cents per share, fully franked, as well as a 2.0 cent per

share fully franked special dividend, representing an ordinary dividend payout ratio of 77 per cent, up 17.6% on 2018.

### **Renewed and High Quality Board**

I have already introduced your Board of Directors but I would like to reiterate the importance of having experienced leaders who are equipped to drive our business forward in Health, Wellness and Beauty. Our board refresh concluded with the appointed of Alison Mew last year and we have expanded the Board to now comprise six Directors, with five independent Non-Executive Directors. Our Board is incredibly generous with its time, knowledge and connections and we are grateful for their leadership and commitment.

I would also like to acknowledge Laurie McAllister. Laurie has played an integral role in the transformation of your company over the last few years from a financial and operational perspective as well as a cultural one.

With a refreshed Board, capable leadership team and fantastic 2019 results, McPherson's has entered the 2020 year with optimism and a great sense of momentum. Not only does it have a great leadership team, but a culture working together towards the same goal, with a focus on behaviours that will enable growth.

On behalf of the Board, I would like to express my sincere thanks to all the company's employees for their contribution and hard work in achieving a very successful year for the business.

Finally, and importantly, I would also like to thank all the company's shareholders for your continued support and interest.

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I will now hand over to Laurie who will talk through the operational and financial highlights of the year.