



McPHERSON'S
Est. 1860

FY23 Results Presentation

24 August 2023

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Agenda

- 01** Introduction
- 02** FY23 Snapshot
- 03** Business Unit Performance
- 04** Financial Results
- 05** Summary & Outlook

Our Speakers



ARI MERVIS
CHAIRMAN



BRETT CHARLTON
CEO & MANAGING
DIRECTOR



SUPRIYA SINGH
COMMERCIAL
DIRECTOR - ANZ



JADE PEAK
COMMERCIAL
DIRECTOR –
INTERNATIONAL



PAUL WITHERIDGE
CFO



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Introduction & Welcome

Ari Mervis

FY23 Snapshot

Paul Witheridge



FY23 Overview

\$210.3m

Total
SALES REVENUE

▼ 2%

On FY22: \$214.0m

▲ 2%

Owned
BRAND SALES

\$9.1m

Underlying
EBIT

▼ 23%

On FY22: \$11.8m

5.5%

GEARING

Net Debt:
\$6.5m

3.0 CPS

DIVIDEND

FY22:
5.0 CPS

FY23 SUMMARY

Sales decline of 2%, impacted by de-emphasised private label participation (\$8.5m)

Multix impacting overall sales and profit growth, sales down \$5.7m or 11% for FY23

Strong growth in sales of HWB core owned brands, up 12% on FY22, led by Lady Jayne, Swisspers and Manicare

Full year dividend of 3.0 cps, fully franked

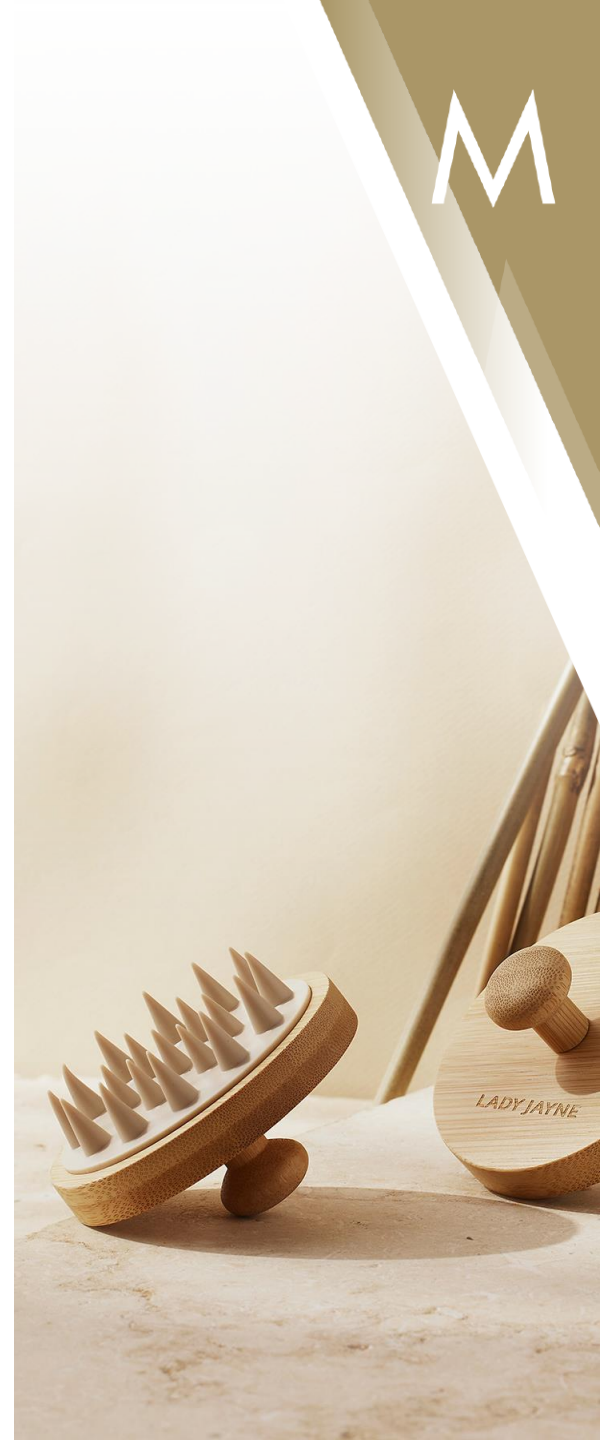
Underlying EBIT decline primarily due to:

- Lower Multix outcomes – sales and margin
- Increased advertising and promotion support for HWB
- Increases in warehousing, freight and travel expenses
- FX loss of \$1m

Multix margin expected to improve in FY24

Balance sheet remains strong with net debt of \$6.5m and gearing of 5.5%

M





Chemist Warehouse



"Steady first year of partnership"

Unique, two-way relationship created by the strategic alliance with Chemist Warehouse to deliver benefits to both parties:

1. **McPherson's appointed exclusive distributor for select CWH brands, which are complementary to existing portfolio**
2. **Provides mutual support for increased ranging of new MCP brands in CWH including Fusion**
3. **Enhanced support for existing Essential Beauty brands including Swisspers, Manicare, Lady Jayne and Dr. LeWinn's**

The Strategic alliance supported McPherson's solid performance in pharmacy channel in FY23.



FY23 Corporate Items

Material Items – Net \$12.0m charge

Primary elements for FY23:

- Multix non-cash impairment of \$8.3m (1H23: \$3.9m)
- Maseur non-cash impairment of \$2.9m (1H23: \$0.8m)
- Other brand impairments and asset write-downs of \$0.5m (1H23: \$0.2m)
- Professional fees in relation to ASIC matters of \$0.4m

ASIC Litigation Update

- Company is progressing with its defense



Business Unit Performance

Supriya Singh & Jade Peak



ANZ – FY23 Highlights

Segment Performance	FY23 (\$m)	FY22 (\$m)	Change (\$m)	Change (%)
Sales Revenue	200.9	206.1	(5.2)	(2.5%)
Underlying EBITDA	20.5	24.5	(4.0)	(16.3%)

FY23 core brand sales vs FY22		
Manicare	+7.9%	▲
Lady Jayne	+25.4%	▲
Swisspers	+11.8%	▲
Fusion Health	+10.5%	▲
Dr. LeWinn's	-2.2%	▼
A'kin	-35.7%	▼
Multix	-10.5%	▼

Sales growth on all Essential Beauty brands and Fusion Health

Essential Beauty products (Manicare, Lady Jayne and Swisspers) performing strongly, ahead of market

Dr. LeWinn's impacted by supply constraints in Q3, which is improving but not able to fully recover the lost business

A'kin sales declined ahead of major brand re-launch in FY24

Fusion Health sales **up 10%** driven by expansion into pharmacy in Australia and New Zealand

Multix sales declined as consumers focus on value in Bags, Wraps & Foils, where Multix has a premium positioning with strength in the sustainable segment

12% growth in the **pharmacy channel**, driven by strength of Essential Beauty brands and distribution expansion with **>33,000 incremental distribution points**

Ongoing elevated costs, particularly freight and commodities, have adversely impacted FY23 margins but are now improving



Growth Tactics



**Innovation
& new product
development**



**Distribution
expansion**



**Integrated
marketing
campaigns**

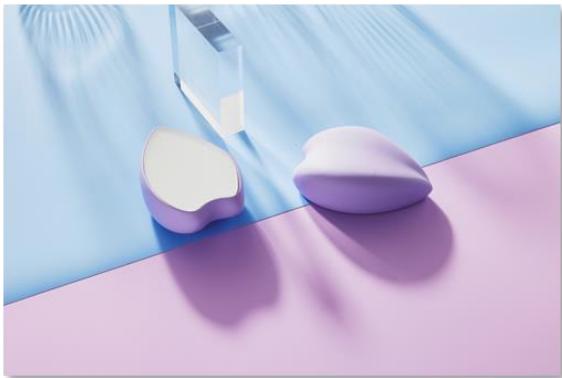


**Continued
beauty & health
go-to-market
model**



ANZ - Brand Highlights

Manicare leads innovation in beauty accessories, bringing **on-trend beauty tools into the home**



Lady Jayne elevates at-home hair accessories with **premium rechargeable devices** at great value for money



Leader in sustainability and innovation with Swisspers Organic and 3-in-1 Cleanser Infused Cotton Pads

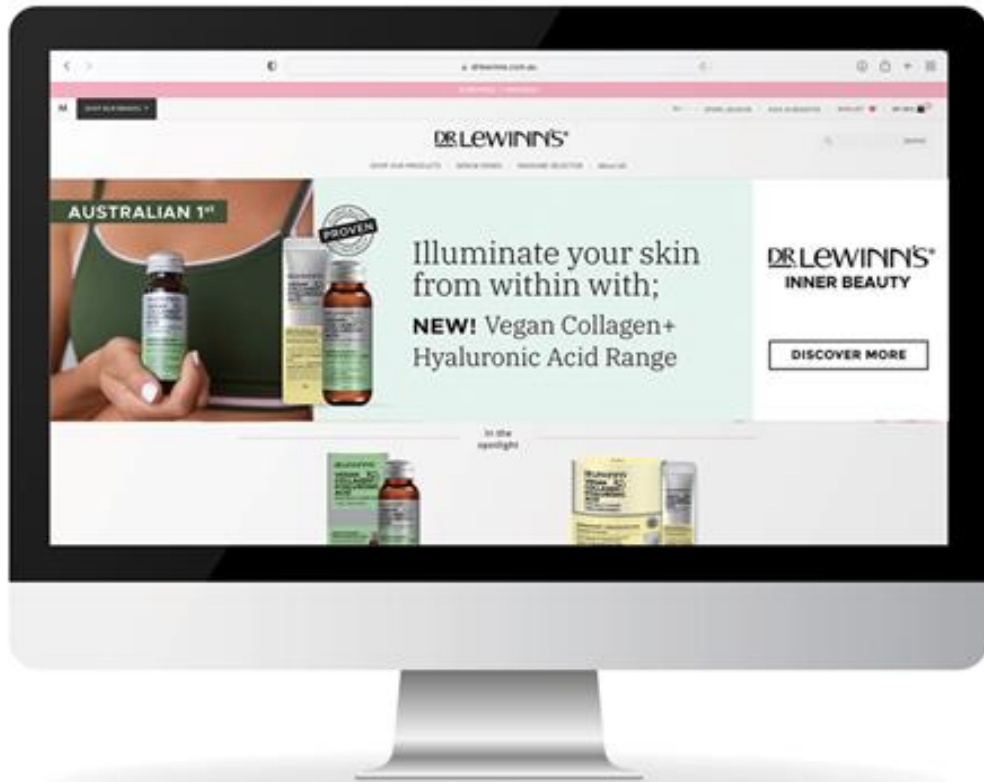


ANZ - Brand Highlights



Dr. LeWinn's lead innovation in inner beauty by launching Australia's first vegan collagen, as more Australians move to a plant-based diet

Fusion continues to expand distribution in pharmacy and launches Mood Support, responding to increasing focus on mental health





International – FY23 Highlights

Segment Performance	FY23 (\$m)	FY22 (\$m)	Change (\$m)	Change (%)
Sales Revenue	9.3	7.9	1.4	17.7%
Underlying LBITDA	(1.3)	(2.3)	1.0	43.5%

Dr. LeWinn's was impacted by supply constraints in H2 which could not be recovered within the FY, however the brand still delivered 33% growth on last year in China

A'kin was also impacted by supply constraints in H2 and ahead of the major relaunch

Essential Beauty showed **strong growth** in Southeast Asian markets

Plans for a new model in Asia were put in place to deliver **cost optimisation and realigned capabilities**

International Strategic Imperatives



Dr. LeWinn's expansion focused on CBEC China

Focus on strategic opportunities

Leverage continued growth in skincare globally

International structural changes driving cost optimisation

Selective route to market through expert partnerships

A'kin brand relaunch in existing markets

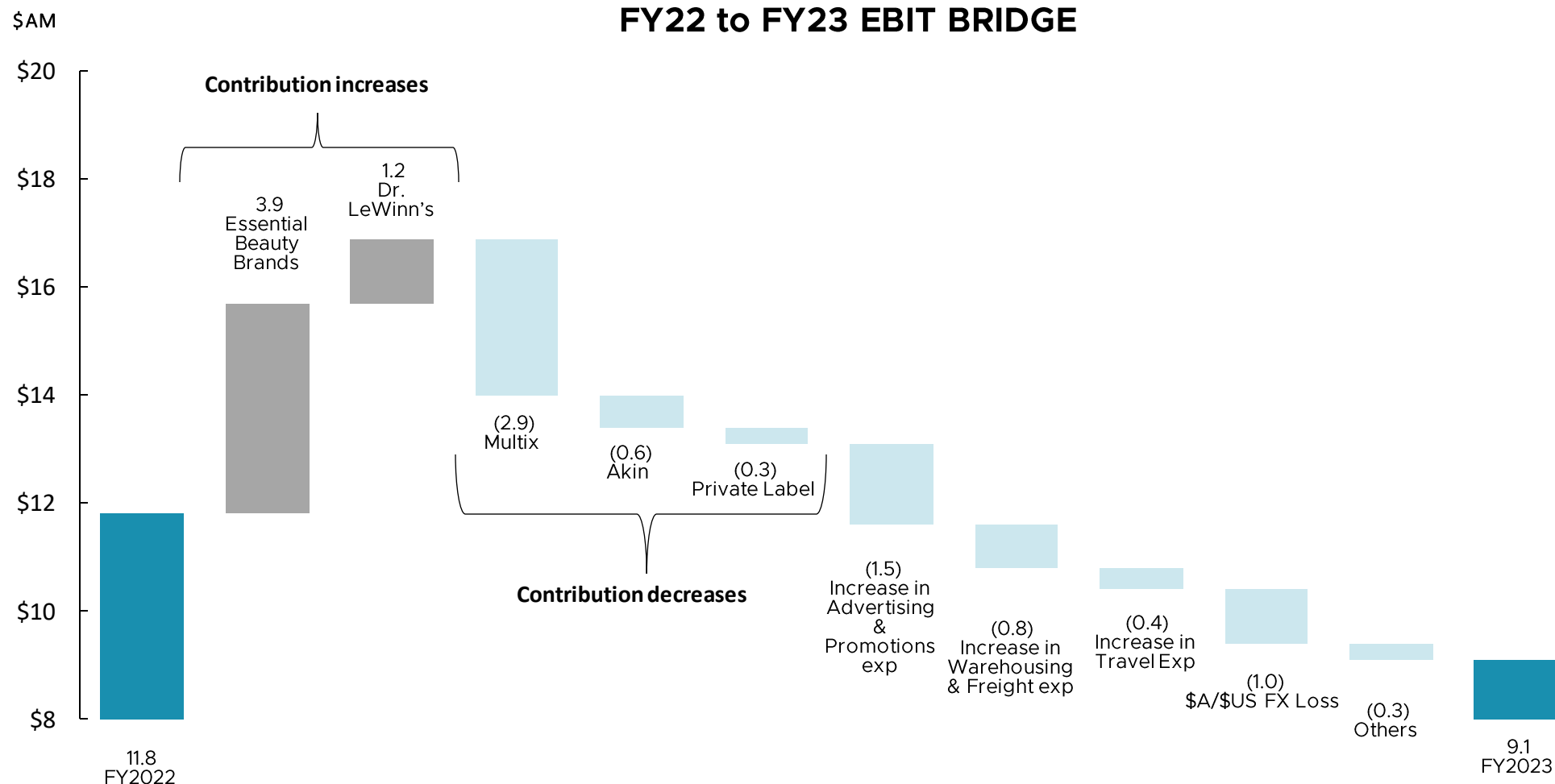
Financial Results

Paul Witheridge



FY23 Underlying EBIT

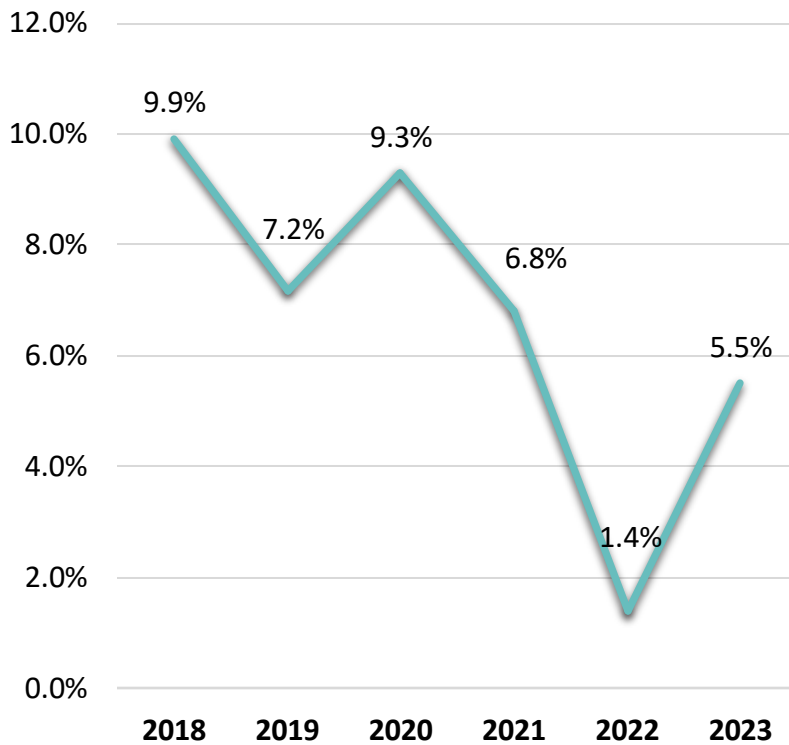
Growth in Essential Beauty and Dr. LeWinn's contribution offset by declines in Multix, A'kin and Private Label contribution and increased operating expenses



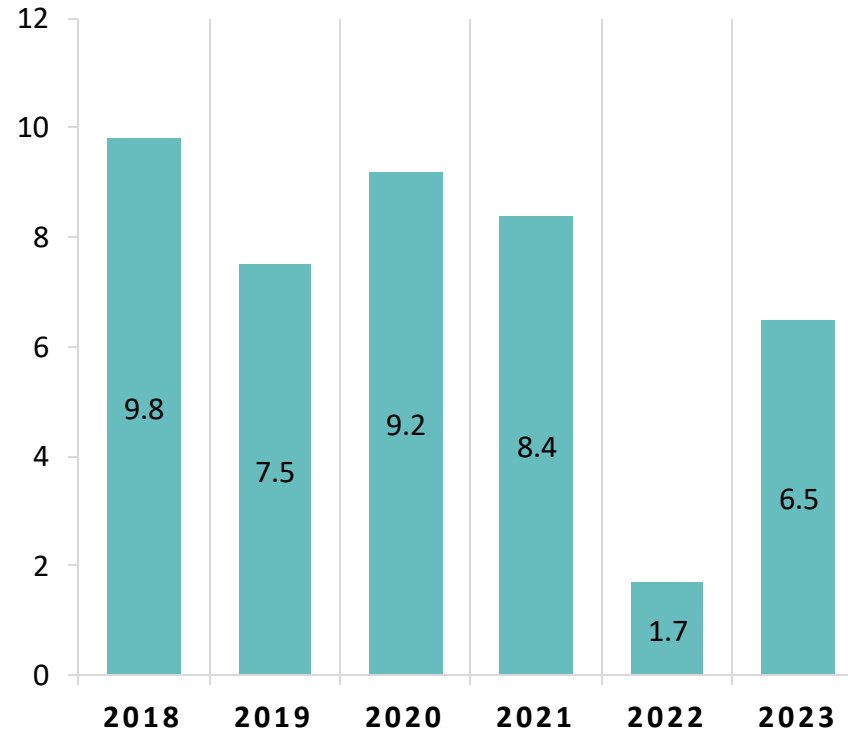
Further commentary on the FY23 results and a reconciliation of underlying to statutory results is provided as Appendices 1 & 2.

Low Gearing and Net Bank Debt

Gearing* % (30 June)



Net bank debt* (\$m – 30 June)



Highlights

Net bank debt remains low at **\$6.5 million.**

Gearing remains low at **5.5%** at 30 June 2023

The Company had an operating cash inflow of \$6.8m for FY23, representing an underlying cash conversion of 51% (FY22: 129%).

*Excludes lease liabilities

FY23 Dividend

- Final ordinary dividend of 1.0 cent per share (cps) fully franked
- Payable 22 September 2023
- Total FY23 dividend of 3cps (F22: 5cps) - both fully franked
- Consistent with policy to pay a minimum of 60% of underlying profit after tax



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Summary & Outlook

Brett Charlton

Q&A



Thank You



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Health | Wellness | Beauty

Appendices

Appendix 1: Further Commentary on Underlying Earnings

Revenue	FY23 (\$m)	FY22 (\$m)	Var %	Further Commentary
Sales revenue	210.3	214.0	-1.7%	Refer detailed presentation
Other income	0.0	0.2	-69.4%	
Total revenue and other income	210.3	214.2	-1.8%	
Underlying Expenses				
Materials and consumables	(108.0)	(113.8)	-5.1%	Increased mix of higher margin Essential Beauty products
Employee costs	(38.2)	(38.5)	-0.9%	Decrease in share based payment expenses
Advertising and promotions	(23.7)	(20.7)	14.5%	\$1.5m increase in A&P to support growth in Essential Beauty and Fusion brands & \$1.5m increase in Co-op advertising
Cartage and freight	(7.1)	(6.8)	4.6%	Increase in direct to store volumes - Essential Beauty & Fusion sales Higher inventory holding in FY23 vs FY22
Third party warehousing	(2.5)	(2.0)	22.6%	
Rental expenses	(0.4)	(0.5)	-18.4%	
Share of net loss of joint ventures	0.0	(0.2)	-100.0%	
Other expenses	(15.4)	(14.2)	8.5%	\$0.4m in increased travel & \$0.3m in increased utilities expenses
Depreciation & amortisation	(6.0)	(5.7)	5.5%	
Underlying EBIT	9.1	11.8	-23.3%	
Net borrowing costs	(1.8)	(1.1)	54.0%	Higher average net debt and interest rates
Underlying profit before tax	7.3	10.7	-31.6%	

Appendix 2: Reconciliation of Underlying to Statutory (LBT)/(PBT)

	FY23 (\$m)	FY22 (\$m)
Underlying profit before tax	7.3	10.7
<u>Significant items before tax included in statutory (LBT) / PBT</u>		
Dr. LeWinn's inventory provision	1.0	(9.4)
Multix brand impairment	(8.3)	0.0
Other brands impairments and asset write down	(3.4)	0.0
Leadership transition expenses	(0.5)	0.0
Restructuring expenses	(0.4)	(0.6)
Professional fees in relation to ASIC matters	(0.4)	0.0
Chemist Warehouse Strategic Alliance Establishment	0.0	(0.6)
Other items including reversal of estimated joint venture costs	0.0	0.3
Total significant items before tax	(12.0)	(10.3)
Statutory (loss) / profit before tax	(4.7)	0.4
Statutory income tax expense	(0.4)	(0.1)
Statutory (loss) / profit after tax	(5.1)	0.3