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McPherson's Limited

Results for the year to 30 June 2010



McPherson's

Financial summary for FY 2010

	June 2009* (\$A million)	June 2010 (\$A million)	
Sales	356.8	354.0	
EBITDA	42.5	50.0	
Depreciation & amortisation	(5.7)	(5.5)	
EBIT	36.8	44.5	<i>21% EBIT growth</i>
Interest	(9.9)	(7.9)	<i>Interest cover 5.6 times</i>
NPBT	26.9	36.6	
Tax	(7.6)	(11.0)	
NPAT	19.3	25.6	<i>33% NPAT growth</i>
Pre-tax cash flow	26.3	39.8	
EPS (cents)	29.9	36.4	<i>22% EPS growth</i>
Final dividend (cents)	0.0	10.0	
Total dividends (cents)	0.0	20.0	<i>Re-instatement of fully franked dividends</i>

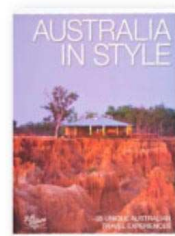
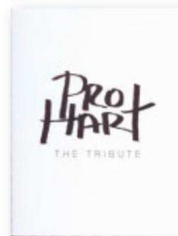
* 2009 amounts have been restated throughout as required due to an amendment to Accounting Standard AASB 139.

Balance sheet

	June 2009 (\$A million)	June 2010 (\$A million)	
Fixed assets (including intangibles)	212.2	210.4	
Net working capital	92.8	96.0	
Other	(46.0)	(37.6)	
	259.0	268.8	
Shareholders' funds	154.8	196.9	
Net debt	104.2	71.9	31% reduction in net debt
Total funds employed	259.0	268.8	
Gearing	67%	37%	Gearing reduced
Funds employed – Consumer Products	224.2	239.1	
Funds employed – Printing	34.8	29.7	
	259.0	268.8	
Group EBIT / Funds Employed	14%	17%	
ROSF	13%	14%	

McPherson's Printing: Financial summary

	June 2009 (\$A million)	June 2010 (\$A million)	
Sales	68.4	64.3	
EBITDA (before equipment leases)	9.2	8.5	<i>Strong cash flow</i>
Equipment lease expense	(1.9)	(1.8)	
Depreciation / amortisation	(3.0)	(2.9)	<i>The focus is on cost containment and efficiency improvements</i>
EBIT	4.3	3.8	
EBITDA (before equipment leases) / sales	13.5%	13.2%	
EBIT / sales	6.3%	5.9%	



McPherson's Consumer Products: Financial summary

	June 2009 (\$A million)	June 2010 (\$A million)	
Sales	288.5	289.7	<i>0.4% sales growth, affected by the cycling of government stimulus payments</i>
EBITDA	40.9	47.7	
Depreciation / amortisation	(2.7)	(2.5)	
EBIT	38.2	45.2	<i>18% growth in EBIT, benefiting from stronger currency and lower commodity prices</i>
EBITDA / sales	14.2%	16.5%	
EBIT / sales	13.2%	15.6%	

GEOGRAPHIC EBIT BREAKDOWN

Australia	32.3	39.3
International	5.9	5.9
EBIT	38.2	45.2
EBIT / Funds Employed	17%	19%

McPherson's Consumer Products: Trading commentary

- Retail sales in the second half were subdued due to the cycling of government stimulus payments, interest rate rises and retailer inventory reduction
- Sales reflected organic growth balanced by range rationalisation
- Gross margins improved across all major categories
- Earnings in the first half were impacted by hedging commitments
- A level of volatility still exists in currency and raw material costs – the business continues to be managed accordingly
- Product cost pressures continue to be felt in Asia

McPherson's Consumer Products: Operations

- Personnel – 600+
- Operations in Australia, New Zealand, and Singapore
- Large, highly professional sourcing operation in China
- Distributors in Canada and South Africa
- Sophisticated logistics capability
- Established relationships and credibility with a multiplicity of customers in various channels
- Strong track record of product innovation



McPherson's Consumer Products: Strength through a multiplicity of products, brands, categories, and channels



Housewares

- 35% of Sales
- 3,000+ SKUs

Department Stores,
Independent Housewares
Stores, Grocery, Discount
Department Stores, Hardware
and Commercial

**Simplify, focus and
grow**



Personal Care

- 25% of Sales
- 1,500+ SKUs

Grocery, Pharmacy and
Discount Department Stores

**Maintain leadership
and grow**



Household Consumables

- 30% of Sales
- 200+ SKUs

Grocery and Discount
Department Stores

**Maintain leadership
and develop new
growth areas**



Impulse Merchandising

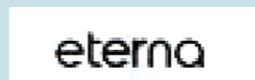
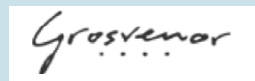
- 10% of Sales
- 500+ SKUs

Grocery and Discount
Department Stores

**Optimise real
estate and manage
costs**

McPherson's Consumer Products: Housewares

(Bakeware, cookware, knives, kitchen gadgets, cutlery, dinnerware and glassware)



- All the products needed for food preparation and dining in the home or commercial business
- The housewares market can be affected by the level of consumer discretionary spend; however McPherson's has some brands that are less affected by change in consumer spending
- Agency brands are used strategically to complement McPherson's owned brands



McPherson's Consumer Products: Personal Care

(Beauty care, hair care and skin care products)

Swisspers

manicare

glamface
manicare

artiste
manicare

cosmetica
manicare

Lady Jayne
since 1926

cameo

- McPherson's has leading personal care brands – Manicare, Lady Jayne and Swisspers – in the channels in which it competes
- Recently launched are the Glam, Cosmetica and Artiste brands under the umbrella brand Manicare
- Personal care is viewed as a growth area for McPherson's



McPherson's Consumer Products: Household Consumables

(Products for food preparation, food storage and kitchen refuse disposal)

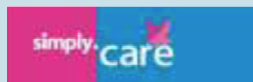


- Multix has significant heritage in the retail market
- One of the largest brands in the portfolio
- A market leading brand in the segments in which it competes



McPherson's Consumer Products: Impulse Merchandising

(Everyday items that consumers want for kids, baby, cleaning, kitchen, beauty & pet)



- Impulse merchandising - 'clip strip' programs for Australia's and New Zealand's major supermarkets and discount department stores
- Programs are tailor made to suit each retailer
- Products are delivered direct to stores throughout Australia and New Zealand and merchandised by McPherson's field team
- Some retailers are reviewing the amount of space allocated to clip strips

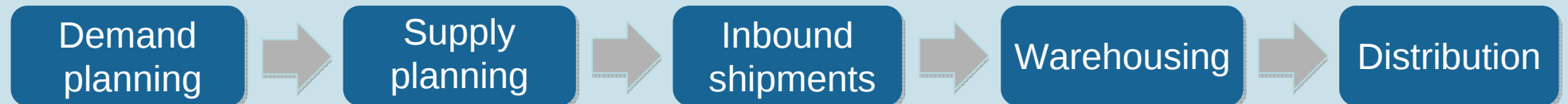


McPherson's Consumer Products: A period of transformation

Business improvement initiatives - update

McPherson's Consumer Products: Supply chain review

Supply chain management – a key competitive advantage



An end-to-end review has been conducted to identify any constraints to providing the best possible service levels to customers



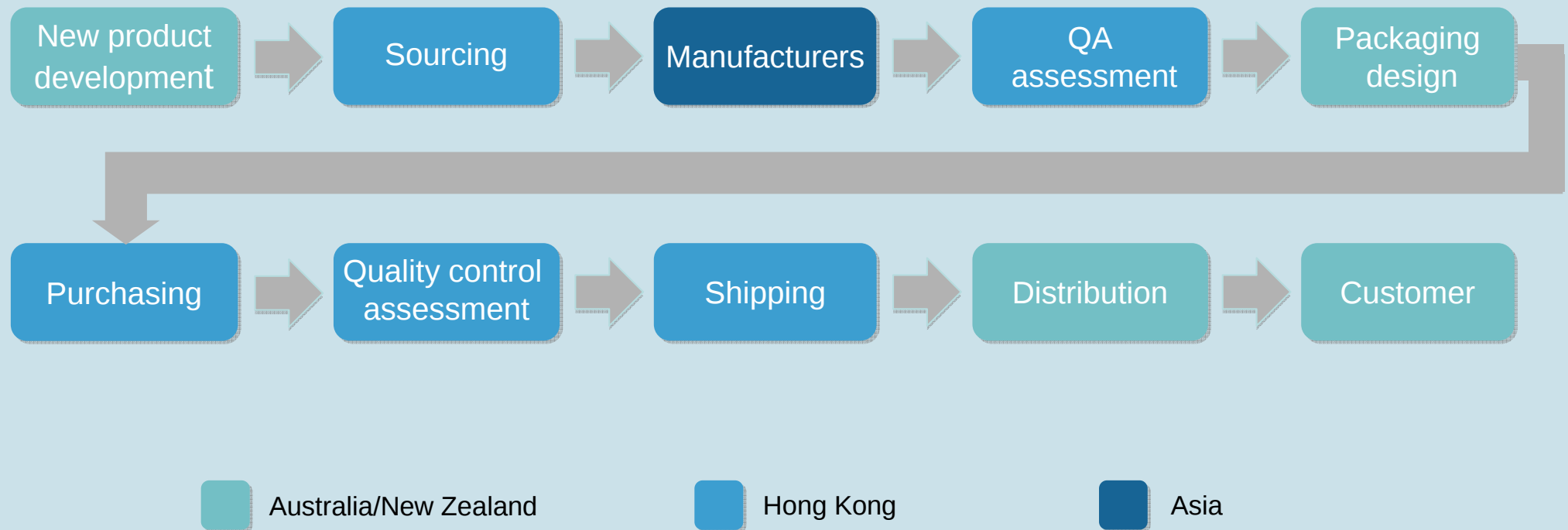
McPherson's Consumer Products: Warehouse changes

More effective distribution - i.e. the right products in the right places



Sourcing review

Continued product profitability focus



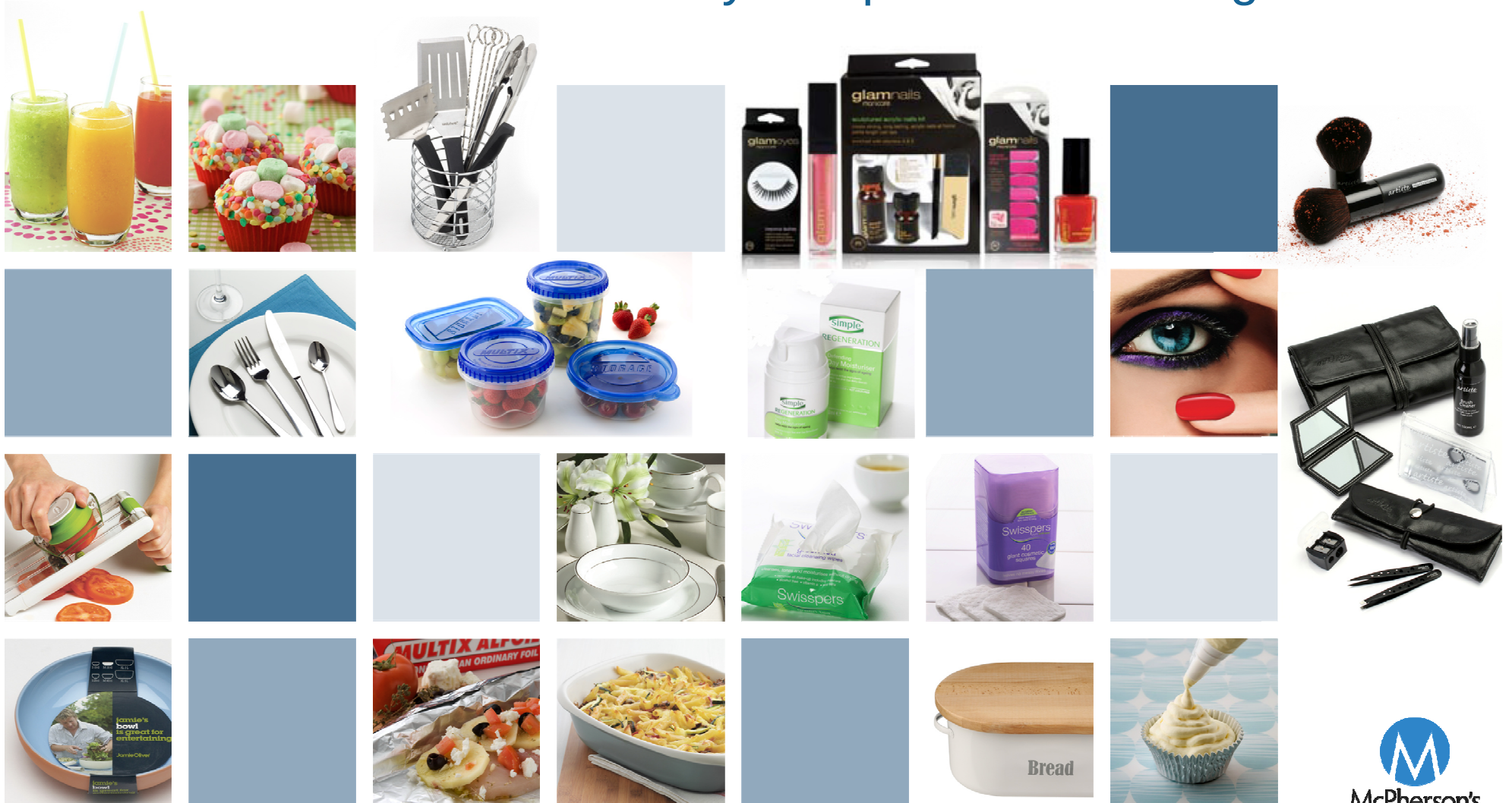
McPherson's Consumer Products: Strategic brand review

The right brands in the right categories, the right channels and the right markets



McPherson's Consumer Products: Innovation program

Product innovation – a key competitive advantage



Conclusion

- The company transformation is on track
- The retail environment remains challenging but the business is being managed as effectively as possible – the things that can be controlled are doing well
- Of course we remain subject to the vagaries of the market
- Efficiency gains have been achieved and will continue to be achieved
- Gearing and interest cover have significantly improved
- Dividends resumed and are expected to continue
- Bolt-on acquisitions will be considered

Questions



McPherson's