McBride
Manufacturing our future

Creating growth

Results and Strategy Presentation: September 2018

Agenda

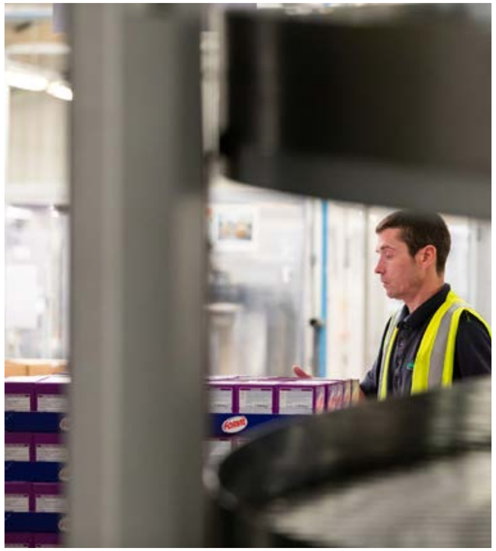
1. Headlines
2. ‘Repair, Prepare, Grow’ update
3. Financial results
4. Growth outlook FY19
5. Longer term macro trends and McBride opportunities
6. Q&A

Headlines

Significant progress with 'Prepare' objectives; good growth in key Household categories

- 9% revenue growth including Danlind acquisition
- Underlying Household growth 3.8% in H2 against a market backdrop still showing volume decrease and price deflation
- Danlind integration progressing well
- Growth in key categories continuing
- Improving share in the Limited Assortment Discounter market
- Solid progress resolving the Personal Care & Aerosols business
- Adjusted operating profit of £37.7m (2017: £42.0m), down £4.3m on last year
- ROS of 5.5% with underlying Household ROS at 7.8%
- Net debt at £114.3m down £8.5m from half year position
- Payment to shareholders maintained at 4.3 pence

‘Repair, Prepare, Grow’
Progress update



Reminder – Repair, Prepare, Grow

Time horizon by calendar year

2016				2017				2018				2019			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Repair

Prepare

- Define and launch the five-year growth plan
- Define and launch the supporting asset development programme
- Upgrade organisational skills and capabilities, emphasis on commercial acumen
- Clarify and implement Personal Care & Aerosols improvements

Grow

- Deliver the discount and retail channel growth
- Identify and develop the Contract Manufacturing business
- Monitor tactical and/or strategic M&A opportunities

Prepare phase

Progress on under-performing businesses

European Personal Care and Aerosols activities making significant losses, urgent action required

- Consists of: Skincare (Brno, Czech), Personal Care Liquids (Bradford, UK and Ieper, Belgium) and Aerosols (Hull, UK and Rosporden, France)
- Business been hit with disproportional inflationary and market pressures, especially in the UK, while role for Private Label in the Personal Care business is fading

Personal Care Liquids actions

- Skincare business in Czech Republic, sold in February 2018
- Resolving Personal Care Liquids business only possible through integration with a much bigger Personal Care activity achieved by selling the activities to a dedicated trade player, in this case Royal Sanders
- Deal was announced on 3 July 2018 and will take about four months to complete

Aerosols actions

- Consultation initiated to close Hull and transfer business (partially) to our Rosporden facility
- Communicated in May 2018, and collective consultation was concluded mid June 2018
- Project is aimed to be complete by April 2019

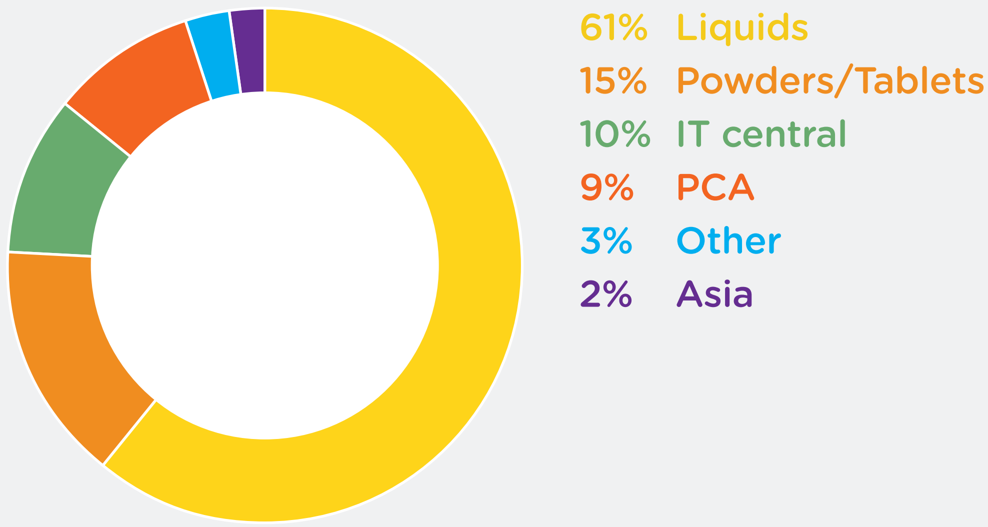
Prepare phase

Asset configuration – aligned to growth ambitions

Capex in third full year of the £100m total

- Projects approved:
  - since RPG launch, £58m
  - past two years, £45.2m
- Strong focus on liquids sites
  - Capsules capacity and formats
  - Poland factory major upgrade
  - Machine upgrades on capacity and efficiency
- Powders/Tablets combined approach
  - Danlind acquisition providing capacity and technology
  - New Tab-in-Tab line installed in UK
  - Further capacity and upgrades in FY19

Capex approvals since RPG launch



Laundry Capsule case study

- Capsules is a key growth category
- Extension of current technology to triple chamber
- Packaging leadership, functionality and safety
- Investment to date £14.0m

Prepare phase
Organisational development

New organisation structure launched June 18 designed to best capture growth and deliver value

- Commercial organisation established dedicated group focused on France
- Manufacturing organisation aligned with our key product platforms: Liquids and Tablets/Powders
- Integrating the Danlind organisation
- Strengthening of the Sales & Operational Planning and Warehouse & Distribution organisation
- Establishing an Integrated Business Planning Process across all functions

Talent Development Programme

- New programme launched October 2017
- Aimed at next generation of business leaders
- First cohort now completed their one year programme
- Second cohort starting

Prepare phase

Growth ambition defined for Household: 2.0% – 2.5% CAGR organic

Led by product category – Dishwash (auto and hand), Laundry (capsules, liquids, FabCon)

- Certain categories growing in excess of market
- Exploit strong market position in certain categories; first mover advantage
- Barriers to entry

Channel dynamics

- Extend presence in discounter channel
- Drive improved market share through key growth categories in all channels

Contract Manufacturing

- Exploit trend for more outsourcing from global and regional branders
- Half of organic Household total growth ambition from this segment

M&A

- Option to do 'bolt-on' acquisitions to accelerate growth ambitions
- Further tactical opportunities through weakening competition

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Entering 'Grow' phase
Delivering growth in Household – 15.8% in second half

Auto-dishwash H2 growth 10.7%

- Competitive position driving competitors into difficulty (Germany)
- Significant gains with discounters
- Danlind acquisition, ADW focus
- STIWA win in Germany
- Investment in new format products in UK

Laundry Capsules H2 growth 9.7%

- Significant capacity developed in McBride
- Single, Dual and now Triple compartment capability
- Significant gains with discounters

Fabric Conditioner H2 growth 39.1%

- Major range simplification project delivering gains
- Fragrance focus
- Launch of super concentrate

Limited Assortment Discounters

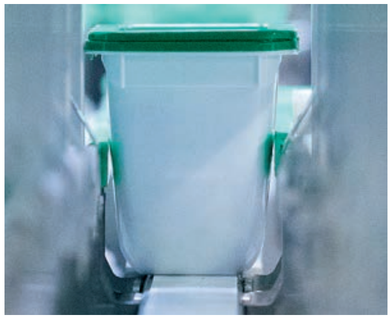
- Developing relationships
- Household growth in year of 20.9%
- Technical performance in consumer tests
- Strong growth in main German market

Contract Manufacturing

- Full year growth 3.6%
- First win with global brander – new format product
- Doypack launch with one brander – bottle replacement
- Relationships developing well with key branders

Acquisitions

- First acquisition signed in October 2017 with Danlind
- Integration underway
- Synergies confirmed
- January – June 2018 growth year-on-year of 16% in tablets

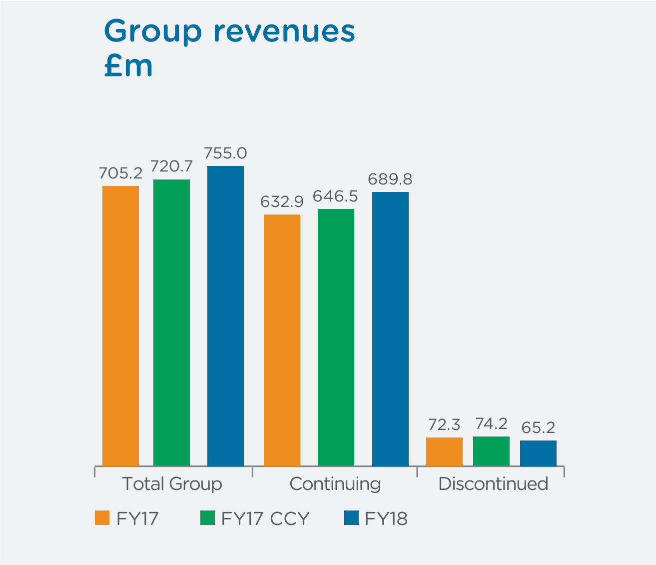



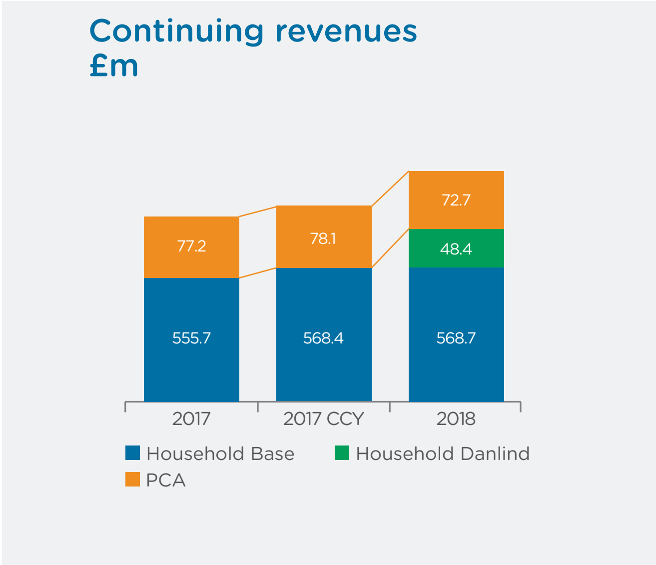

Financial results

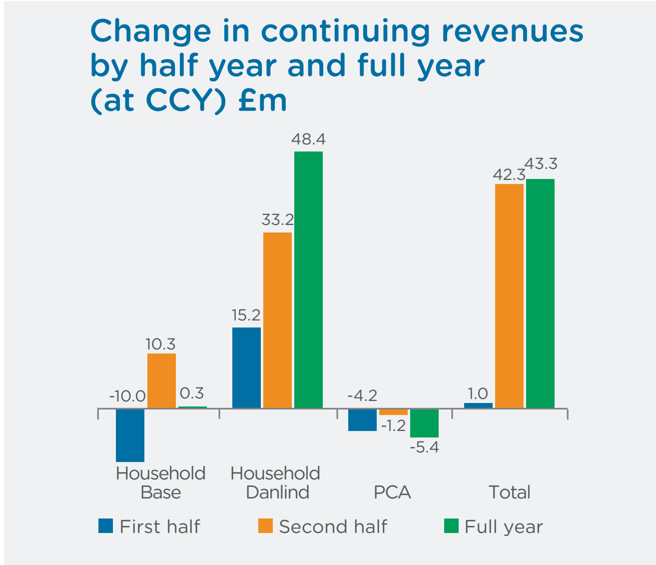
Financial headlines

- Revenues 9.0% higher at £689.8m, Danlind adding £48.4m; underlying revenues 0.8% lower for the full year, with second half +2.9%
- Household underlying revenues broadly flat across the year, but up 3.8% in H2; good growth in key laundry and auto-dishwash categories
- Full year contract manufacturing revenues up 3.6%
- Adjusted operating profit from continuing operations £37.7m, lower by £4.3m, margin 5.5% compared to 6.6% in previous year
- Cost pressures from materials, labour and transport, significant overhead savings
- Reduction in interest costs (£2.4m) following refinancing in June 2017
- Adjusted profit before tax on continuing operations £33.2m, lower by £1.9m
- Adjusted, diluted EPS from continuing operations 4.5% lower at 12.7p (2017: 13.3p)
- Full year payment to shareholders maintained at 4.3p (2017: 4.3p)
- Net debt at £114.3m (2017: £75.7m), primarily reflecting acquisition of Danlind (£35.7m)

Revenue development







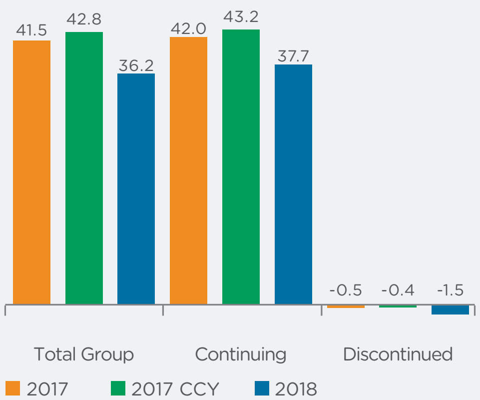
- Discontinued operations
- Danlind impact

- Regional performance
- Personal Care & Aerosols ("PCA") continuing: Aerosols, Asia

- Second half growth in Household and Danlind
- Segmental splits

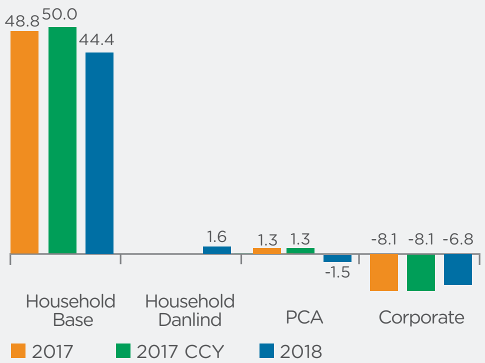
EBITA development

Group EBITA £m



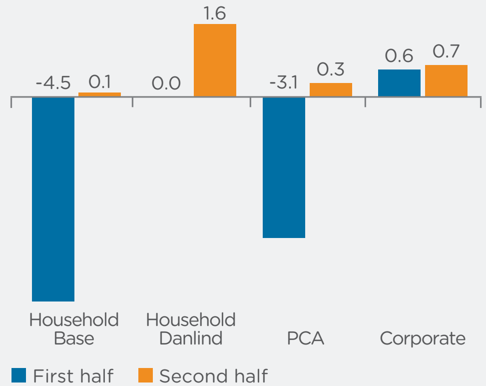
- Discontinued operations
- Danlind contribution

Group EBITA – Continuing £m



- Personal Care & Aerosols continuing losses
- Corporate savings

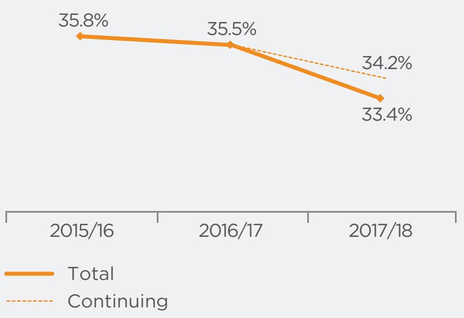
Change in EBITA continuing by half year £m



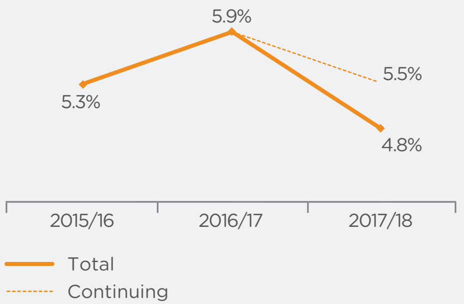
- First half vs second half

Income statement

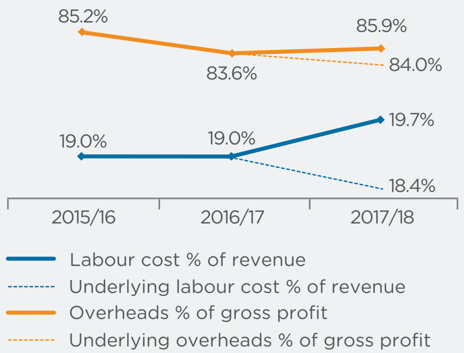
Gross margin %



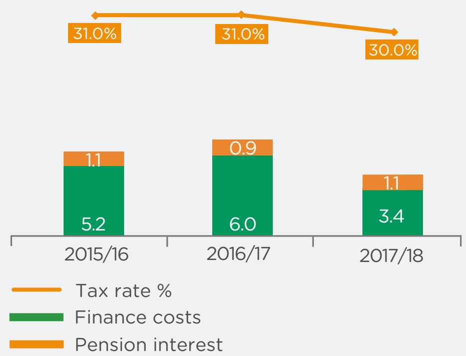
ROS %



Labour costs % of sales and overhead % of gross profit

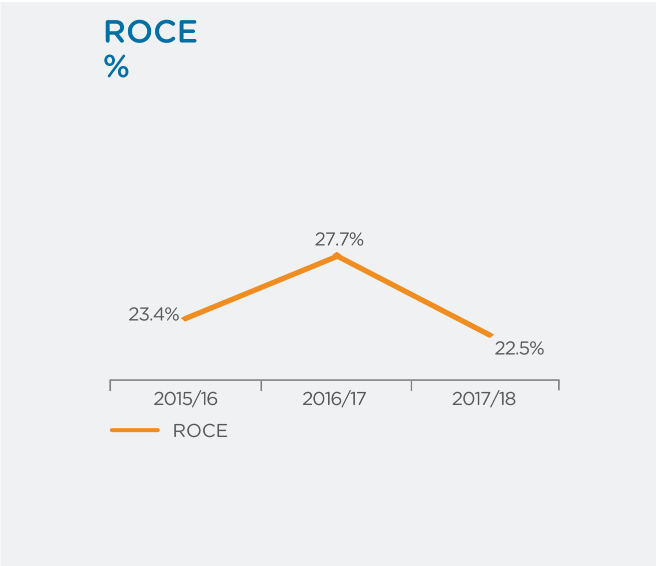


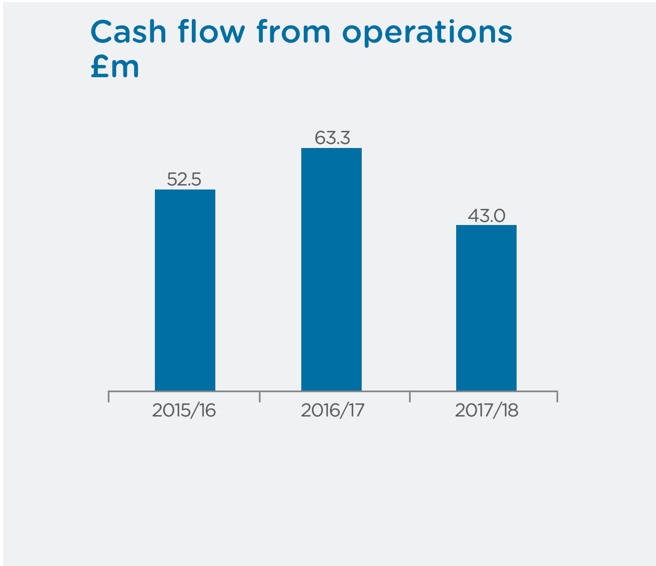
Underlying interest cost £m and tax rate %

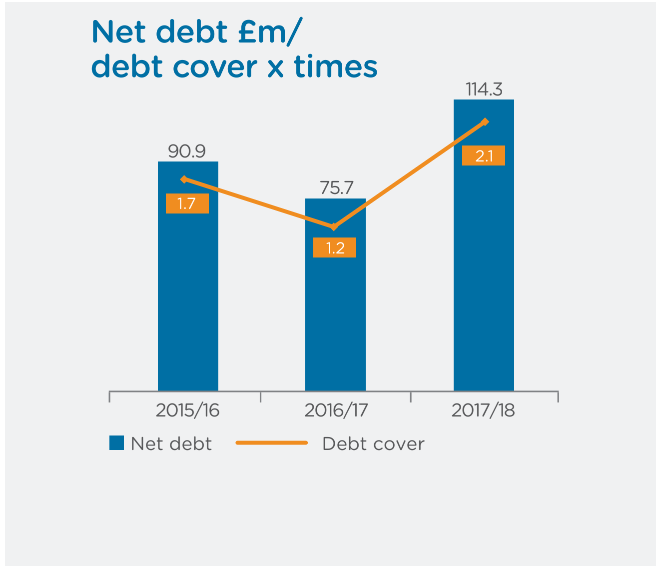


- Raw material inflation 2.2%
- Transport costs +£2.9m
- Overhead cost savings
- Dilutive impact Danlind
- Interest savings
- Tax rate 1% lower

Balance sheet and cash flow





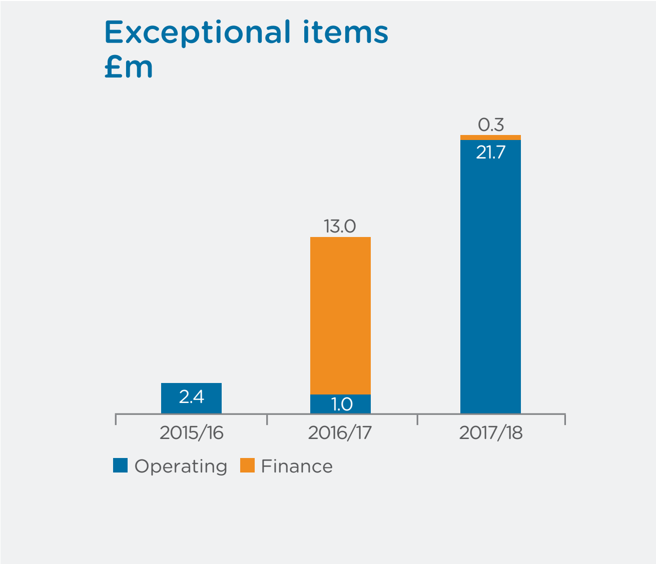


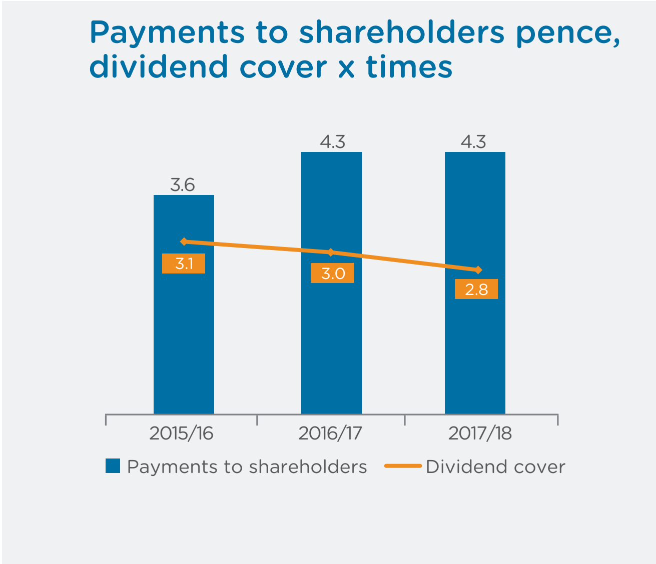
- Danlind dilutive on ROCE
- Personal Care & Aerosols losses

- Capital expenditure
- Working capital

- Danlind debt impact
- Funding headroom

Other financials

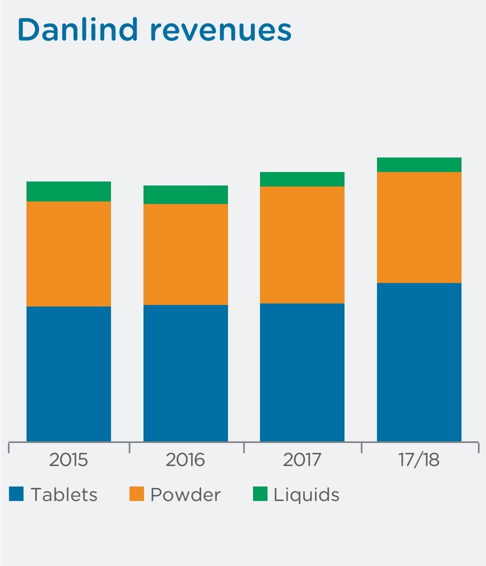


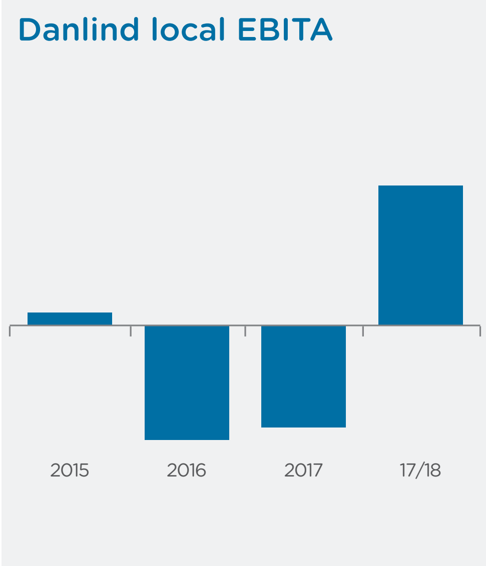


- Exceptional items – £22.0m
  - £16.0m non-cash
  - £20.1m PCA related
- Payments to shareholders in the 2-3x cover policy range
- UK scheme deficit reduction of £10m – bond yields

Danlind

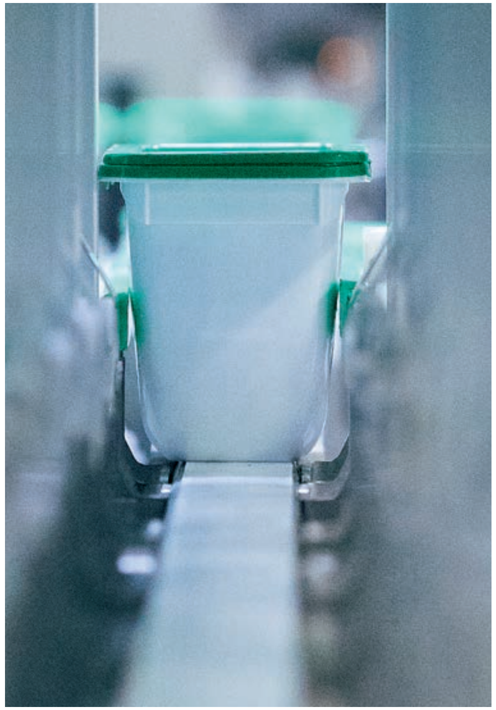
An encouraging start following acquisition in October 2017





- Revenues ahead of acquisition plans
  - January – June Auto-Dishwash Tablets growth 16%
  - Powder volumes stable
- Run rate cost reduction
- Profit and Loss synergies on track, balance sheet slower
- McBride integration underway
  - Organisation
  - SAP installation

2019 outlook



Current outlook

FY19 growth to exceed RPG target

- Additional Q1 Danlind revenues included
- Key regions in growth apart from France
- Further growth in our key categories
- Asia continues to grow while Aerosols continues decline

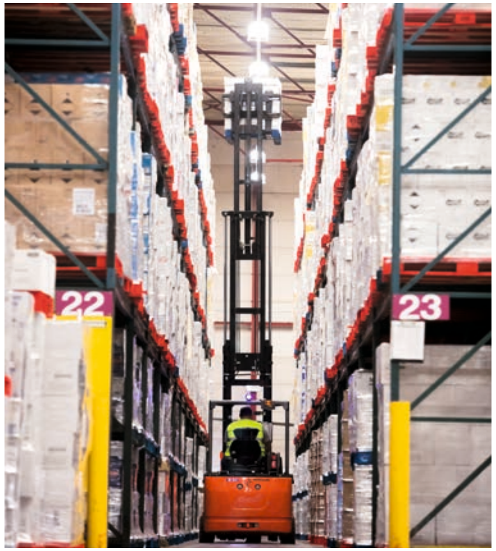
Pricing initiatives launched in January 2018

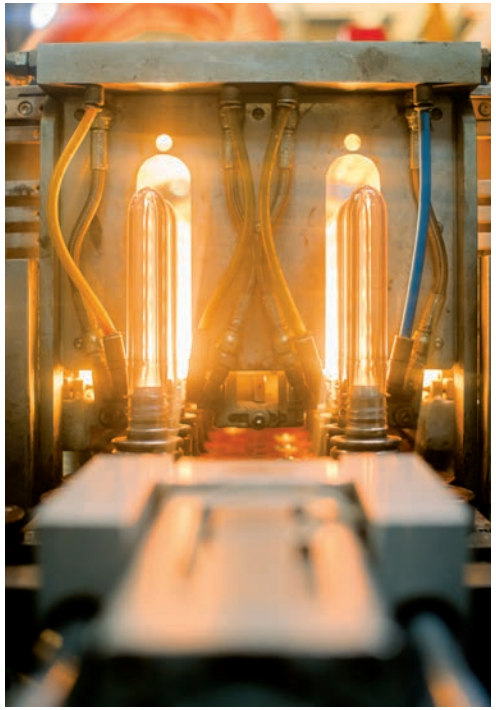
Cost and projects

- Materials cost broadly unchanged on H2; transport & distribution remain inflationary
- Several cost mitigation initiatives ongoing; new warehouse & distribution blueprint being developed
- Capital expenditure progressing
- Personal Care & Aerosols restructuring to be finalised

Longer term macro trends and McBride opportunities

1. Consumers
2. Branders
3. Channels
4. Private Label





Macro trends
Consumers

Consumers are engaging into an increasingly personalised product experience

- **Why** they buy is driven through social media reflecting the consumers' search for Values (Bio, Eco, Health, Ethics…) and Performance (Technical Quality)
- **What** they buy is answering a Personal experience around Colour, Fragrance or Flavour
- **How** they buy is addressing an increasing need for convenience (buying time) through improved ease of delivery and use/applicability of the product

These trends will drive a "Branders' Push" to a "Consumers' Pull" market requiring

- Speed and agility in innovation and product launch
- New approaches to promote products and technologies
- Scale and flexibility in a more localised operation maximising efficiency
- Focus on the core competencies in Innovation, Manufacturing, Branding and Delivery of products

Macro trends

Branders

Consumers behavioural trend will impact Branders' market positioning as Brands will become challenged as articulated by the Berenberg report last year

- Localisation
- Niche
- Digitisation
- Private Label offering

This creates the space for "Challenger Brands" which are already a reality in certain industries

- New brands appearing based upon Visual and Values experience (Method)
- Private Label in the Food industry launching several "Challenger Brands"
- Retail re-tiering own label offering a brand experience
- Limited Assortment Discounters now established as a quality label offer
- E-tail start to launch own label HomeCare platform in Europe

Macro trends
Channels

Consumers behaviours will redefine the traditional fault lines in the industry

- Traditional Retail versus Limited Assortment Discounters: convergence in model, consolidation between players
- Retail versus E-tail: convenience driving category selection and subsequent product design
- Brands versus Private Label: who can best offer the "personalised product experience"
- Owned versus outsourced: who can best manufacture the "personalised product experience"

Macro trends
Private Label

Retail value chain pressures will continue while the volatile raw material environment creates further destabilisation

- Private Label Household competitive environment dynamics accelerate further
- Private Label value proposition will develop more towards a “fit-for-purpose” design
- Future opportunities will require a new balance between size/scale and agility on innovation for example sustainability:
  - war on plastics
  - compaction
  - conservation

How these trends impact McBride beyond 2019

Consumers

Branders

Legislation

- ‘Consumer Pull’ will drive industry dynamics
- Brands need to reinvent branding
- Accelerated product innovation cycle
- Localised manufacturing platforms
- Delivery convenience drives category design

Social pressures

Channel Customers

Unambiguous choice on core competence

Private Label

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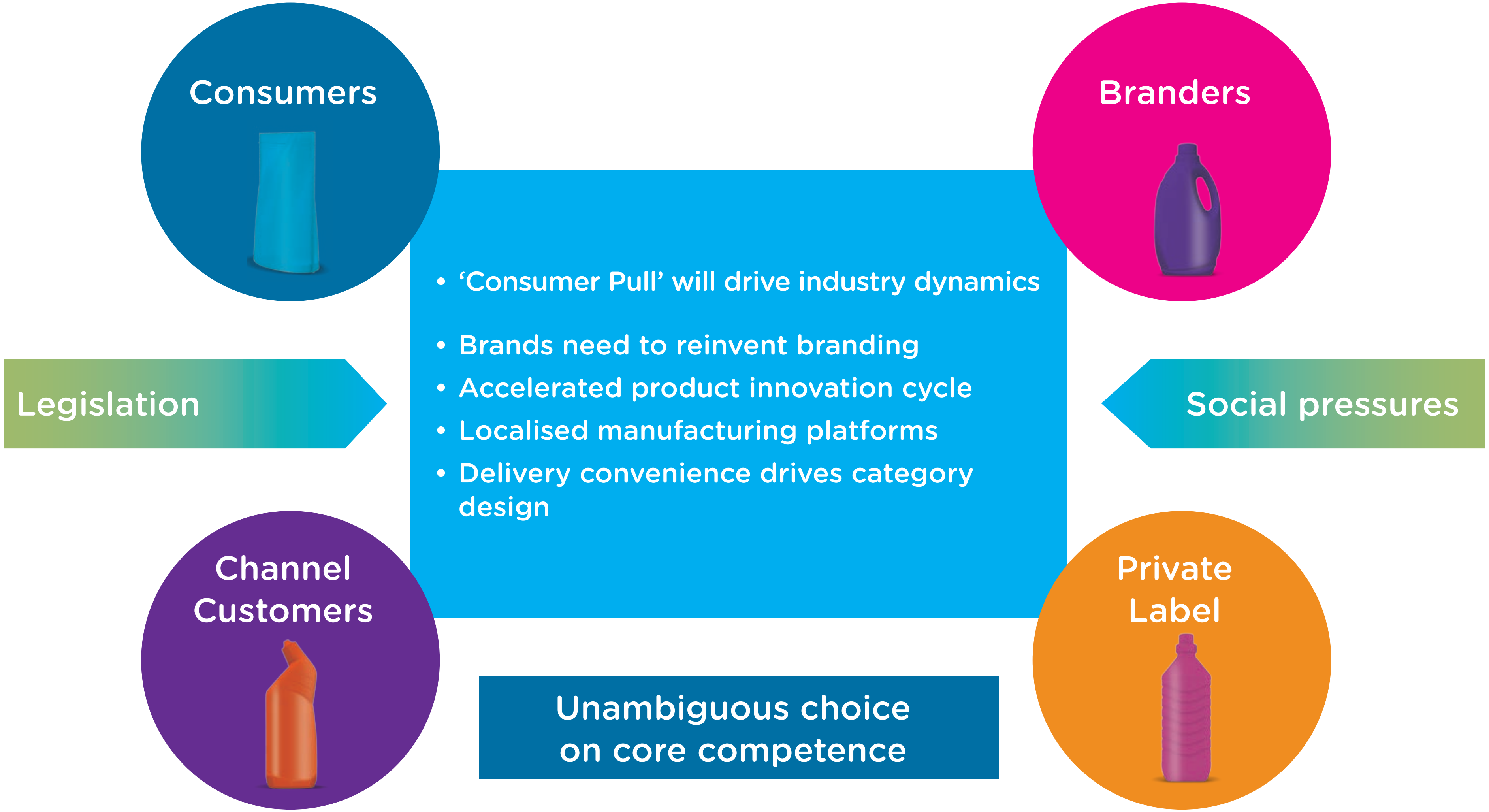
How these trends impact McBride beyond 2019



Manufacturing our Future...Beyond Private Label

Q&A

Appendices

1. Income statement
2. Segmental reporting
3. Exceptional items
4. Balance sheet
5. Cash flow
6. Use of cash
7. Funding headroom

Appendix 1: income statement

Continuing operations	2017/18 £m	2016/17 £m	Y/Y	Constant currency[1] 2016/17 £m	Constant currency[1] Y/Y
Revenue	**689.8**	632.9	9.0%	**646.5**	6.7%
Gross profit	**235.6**	230.3	2.3%	**235.2**	0.1%
Gross margin	**34.2%**	36.4%	(2.2ppt)	**36.4%**	(6.1%)
Distribution costs	**(48.9)**	(42.7)	14.5%	**(43.6)**	12.3%
Administration expenses	**(149.0)**	(145.6)	2.3%	**(148.4)**	0.4%
EBITA[2]	**37.7**	42.0	(10.2%)	**43.2**	(12.7%)
Net financing costs:					
– borrowings	**(3.4)**	(6.0)	(43.3%)	**(6.0)**	(43.3%)
– pension	**(1.1)**	(0.9)	22.2%	**(0.9)**	22.2%
Adjusted profit before taxation[3]	**33.2**	35.1	(5.4%)	**36.3**	(8.5%)
Taxation	**(10.0)**	(10.8)	(7.4%)	**(11.3)**	(11.5%)
Adjusted profit after taxation[3]	**23.2**	24.3	(4.5%)	**25.0**	(7.2%)
Loss from the year from discontinued operations	**(1.0)**	(0.4)	150.0%	**(0.4)**	150.0%
Adjusted profit for the year	**22.2**	23.9	(7.1%)	**24.6**	(9.8%)
Adjusted diluted earnings per share (p)[3]	**12.1**	13.1	(7.6%)		
Amortisation	**1.4**	0.7	0.7		
Exceptional items	**22.0**	14.0	8.0		
Unwind of discount on contingent consideration	**—**	0.3	(0.3)		
Unwind of discount on provisions	**0.5**	0.4	0.1		
Taxation – effective rate	**30%**	31%	(1ppt)		

(1) Comparatives translated at 2018 exchange rates.
(2) Adjustments were made for the amortisation of intangible assets and exceptional items.
(3) Adjustments were made for the amortisation of intangible assets, exceptional items, non-cash financing costs from unwind of discount on initial recognition of contingent consideration; unwind of discount on provisions and any related tax.

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Appendix 2: segmental reporting

	2017/18 £m	2016/17 £m	Y/Y	Constant currency 2017/18 £m	Constant currency Y/Y
Continuing revenue					
UK	**163.9**	155.4	5.5%	**155.4**	5.5%
North	**189.7**	192.8	(1.6%)	**198.8**	(4.6%)
East	**137.9**	131.1	5.2%	**135.5**	1.8%
South	**77.2**	76.4	1.0%	**78.7**	(1.9%)
Danlind	**48.4**	—	N/A	**—**	N/A
Household	**617.1**	555.7	11.0%	**568.4**	8.6%
PCA	**72.7**	77.2	(5.8%)	**78.1**	(6.9%)
Group	**689.8**	632.9	9.0%	**646.5**	6.7%
Discontinued revenue	**65.2**	72.3	(9.8%)	**74.2**	(12.1%)
Group total	**755.0**	705.2	7.1%	**720.7**	4.8%

	2017/18 £m	2016/17 £m	Y/Y	Constant currency 2017/18 £m	Constant currency Y/Y
Continuing trading profit					
Household	**46.0**	48.8	(5.7%)	**50.0**	(8.0%)
PCA	**(1.5)**	1.3	(215.4%)	**1.3**	(215.4%)
Corporate	**(6.8)**	(8.1)	(16.0%)	**(8.1)**	(16.0%)
	37.7	42.0	(10.2%)	**43.2**	(12.7%)
Discontinued trading profit	**(1.5)**	(0.5)	200.0%	**(0.4)**	275%
Group total	**36.2**	41.5	(12.8%)	**42.8**	(15.4%)

Appendix 3: exceptional items

	2018 £m	2017 £m
Continuing operations		
Reorganisation and restructuring costs:		
Supply chain restructuring	–	0.9
Other prior year projects	–	0.1
Reorganisation of continuing PCA business	2.9	–
Danlind acquisition	1.6	–
Total charged to operating profit	4.5	1.0
Group refinancing:		
Group refinancing	–	13.0
Danlind finance charges incurred at acquisition	0.3	–
Total charged to financing	0.3	13.0
Total continuing operations	4.8	14.0
Discontinued operations		
Impairment of long-lived assets, property, plant and equipment, and inventory		
PCA Liquids	6.2	–
FV impairment for assets held for sale	8.5	–
Impairment of goodwill PCA	0.2	–
Brno, Czech Republic	4.1	–
	19.0	–
Reorganisation of PCA business	1.2	–
Change in contingent consideration	(3.0)	–
Total discontinued operations	17.2	–
Total	22.0	14.0

Appendix 4: balance sheet

	2017/18 £m	2016/17 £m	Y/Y
Goodwill and other intangible assets	**29.9**	21.7	37.8%
Property, plant and equipment	**135.6**	140.9	(3.8%)
Other non-current assets	**9.8**	12.7	(22.8%)
Working capital	**41.9**	22.7	84.6%
Net other debtors/(creditors)	**(2.7)**	(5.6)	(51.8%)
Provisions	**(7.2)**	(4.7)	53.2%
Pension	**(30.9)**	(42.2)	(26.8%)
Non-current liabilities	**(6.6)**	(6.9)	(4.3%)
Assets held for sale	**12.1**	1.3	830.8%
Net debt	**(114.3)**	(75.7)	51.0%
Net assets	**67.6**	64.2	5.3%
Average capital employed	**160.9**	150.0	7.3%
ROCE	**22.5%**	27.7%	(5.2 ppt)
Working capital % of sales	**5.5%**	3.2%	2.3 ppt

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Appendix 5: cash flow

	2017/18 £m	2016/17 £m	Y/Y £m
Adjusted operating profit	**36.2**	41.5	(12.8%)
Depreciation	**19.1**	19.4	(1.5%)
Share-based payments	**(0.4)**	2.3	(117.4%)
Additional cash funding of pension scheme	**(3.0)**	(3.0)	0.0%
Operating cash flow before movements in working capital	**51.9**	60.2	(13.8%)
Movement in working capital	**(8.9)**	3.1	(393.5%)
Cash generated from operations	**43.0**	63.3	(32.4%)
Capital expenditure	**(23.6)**	(17.7)	33.3%
Operating cash flow	**19.4**	45.6	(57.9%)
Exceptional cash flow	**(4.1)**	(13.2)	(68.9%)
Interest paid	**(3.7)**	(6.4)	(42.2%)
Redemption of B shares	**(7.7)**	(6.6)	16.7%
Taxation paid	**(6.8)**	(6.4)	6.2%
Debt acquired with Danlind	**(25.3)**	—	(100.0%)
Acquisition of Danlind	**(10.4)**	—	(100.0%)
Purchase of Fortune Organics	**(0.5)**	—	(100.0%)
Proceeds from sale of Brno	**1.0**	—	(100.0%)
Other items	**0.2**	8.2	(97.6%)
Net cash flow	**(37.9)**	21.2	(279.7%)
Net debt at beginning of year	**(75.7)**	(90.9)	(16.7%)
Currency translation differences	**(0.7)**	(6.0)	(88.3%)
Net debt at end of year	**(114.3)**	(75.7)	51.0%

Appendix 6: use of cash

Appendix 7: funding headroom

	Facility £m	Drawn £m	Committed headroom £m
Committed facilities:			
– revolving facilities (June 2022)	155.1	(82.0)	73.1
– invoice discounting facilities	39.2	(39.2)	—
– other loans	1.6	(1.6)	—
Total committed facilities	**195.9**	**(122.8)**	**73.1**
Uncommitted facilities	65.5	(4.1)	(4.1)
Total facilities	**261.4**	**(126.9)**	**69.0**
Cash and cash equivalents		11.7	11.7
Other		0.9	—
Net debt		**(114.3)**	**80.7**