



McBride plc Capital Markets Day

Programme Compass

Refocusing our business
for long-term value creation



23rd February 2021

Agenda

13:30	Welcome and Introductions	Chair, CEO
13:40	Introducing McBride	Video
13:45	Company Vision	CEO
14:05	The Divisions	MDs, CEO
14:55	Q&A #1: Focus on the Divisions	
15:05	Financial outcomes	CFO
15:25	Summary & Close	CEO
15:30	Q&A #2: Compass Overall	

Our speakers today



Jeff Nodland
Chairman



Chris Smith
Chief Executive Officer



Mark Strickland
Chief Financial Officer



Tim Perman
Interim Managing
Director Liquids



**Lennard
Markestein**
Managing Director
Unit Dosing



Henrik Aagaard
Managing Director
Powders, Aerosols,
Asia Pacific

Programme Compass



Timeline of progress



Our Compass vision



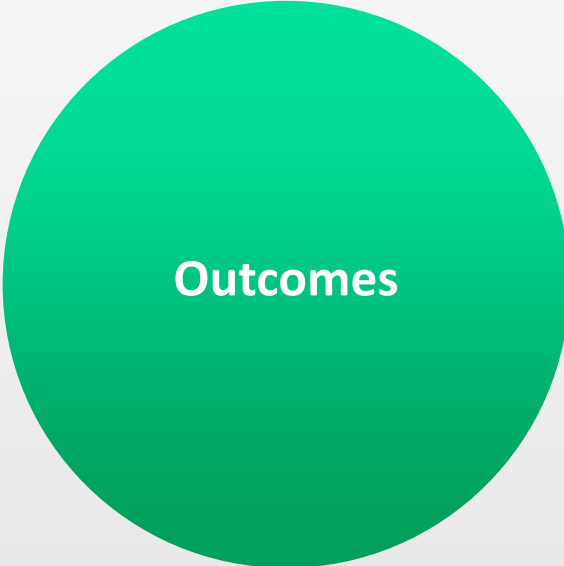
Grow revenue
to €1 bn

EBITA margin
increase
+2-4 pts

ROCE
improvement
+5-10 pts



Our approach and outcome in summary



Recent history

Alert to our challenges



Strategy
delivery



Financial &
non-financial
performance

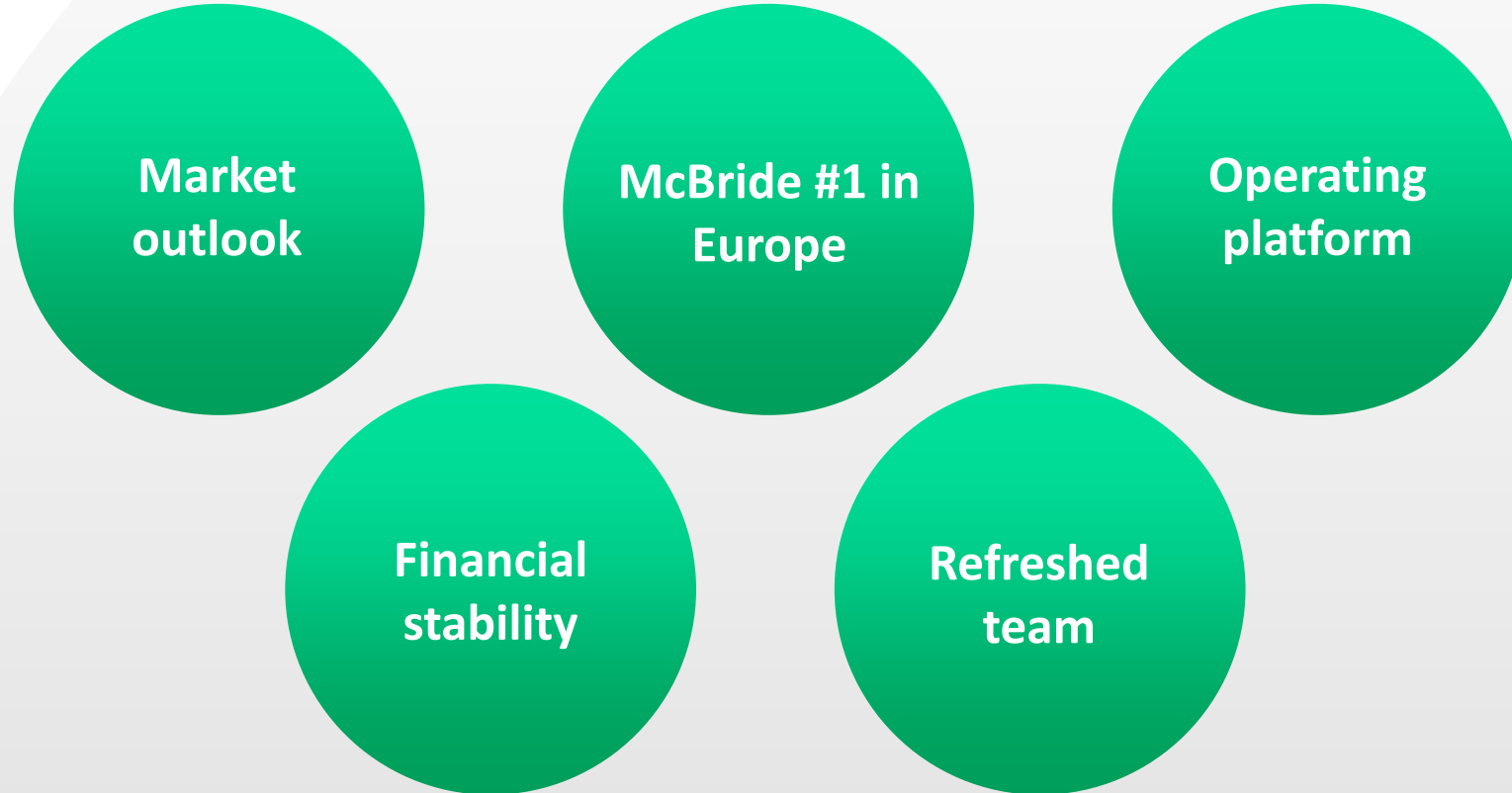


Organisational
potential missed

Firm foundations



The fundamentals are strong



Changing to deliver

This is what we are doing and why

What we are doing

- De-centralise
- Separate strategies
- Divisional management
- Delegated decisions
- Central teams for scale advantage

Why we are doing it

- *Focus, priorities*
- *Accountability*
- *Speed, agility*
- *Specialist*
- *Dependable*
- *Performance management*

ESG ambition

Build on strong platform

Environmental

- Product sustainability and safety
- Materials and ethical sourcing/disposal
- Waste and pollution
- Utilities consumption

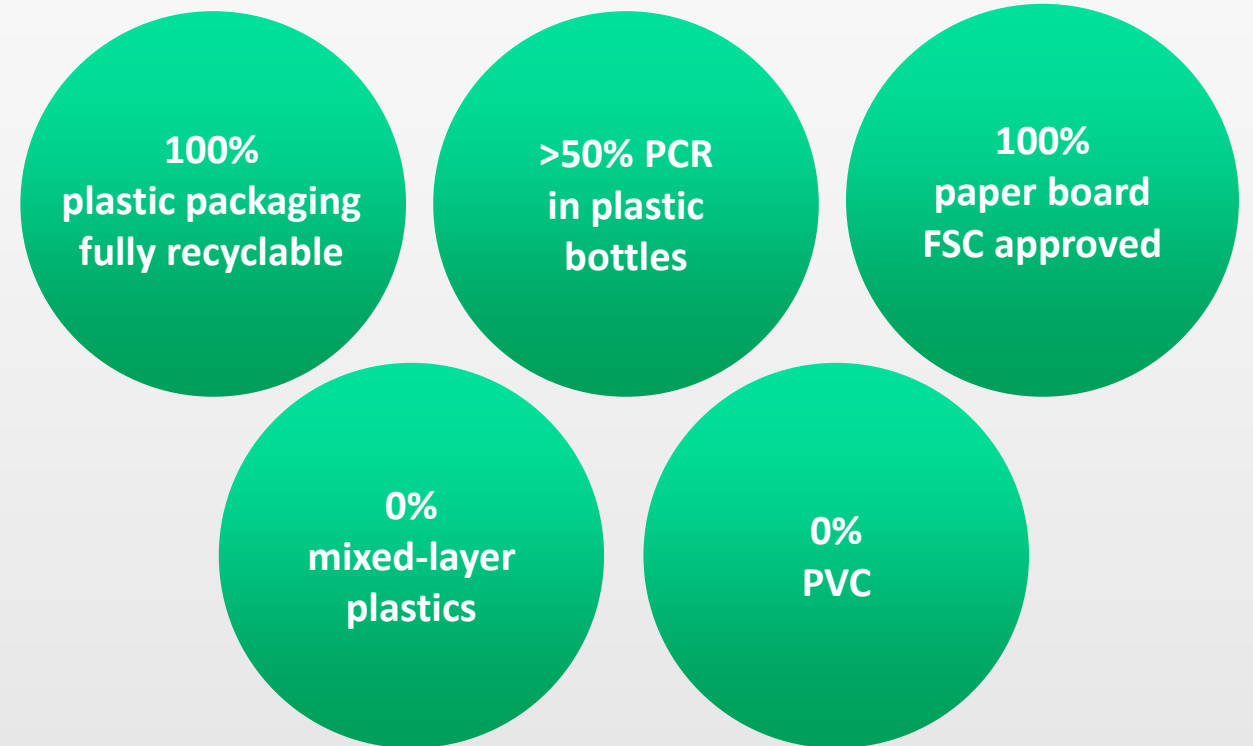
Social

- Employment practices and relations
- Communities and charities

Governance

- Corporate culture
- Governance frameworks, ethical trading

Extract of our 2025 Product Sustainability targets



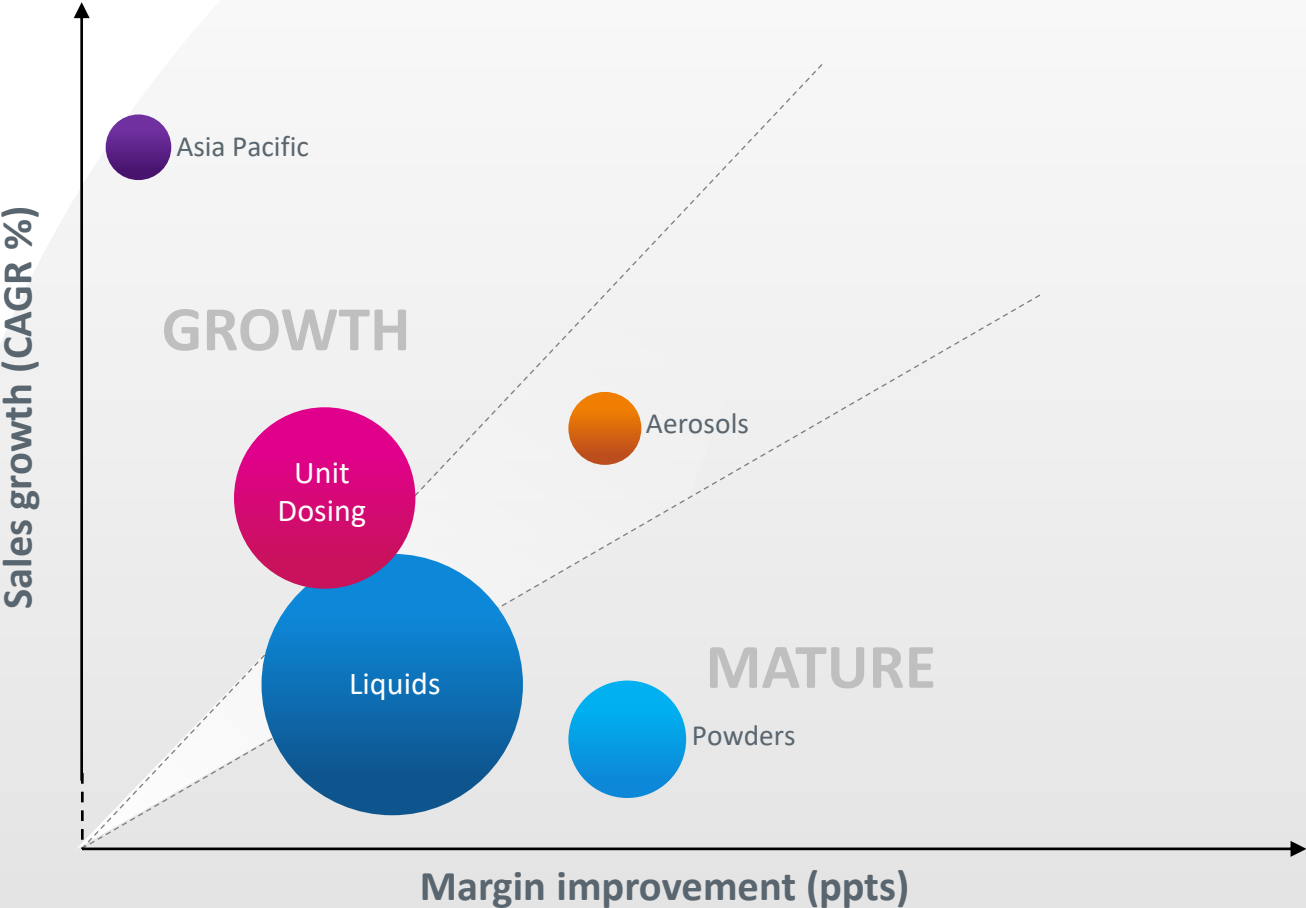
One McBride, five divisions



We will have common values and three core principles



Overall portfolio outcome



* Circle size represents relative revenue contribution

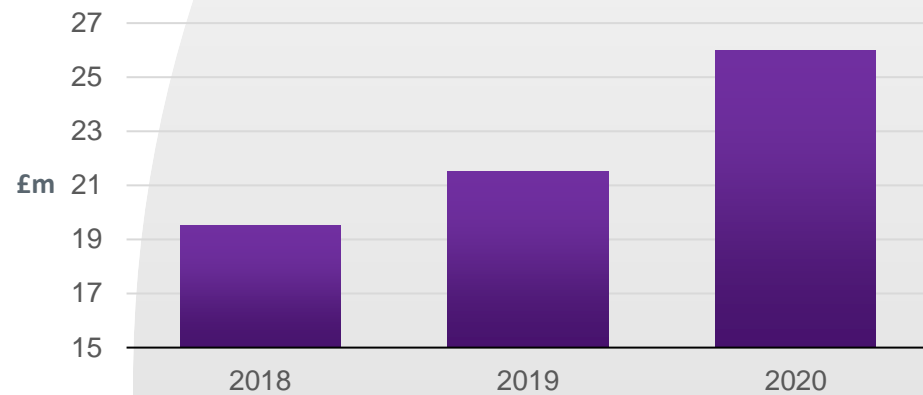
The divisional model works

Asia-Pacific and Aerosols prove the case



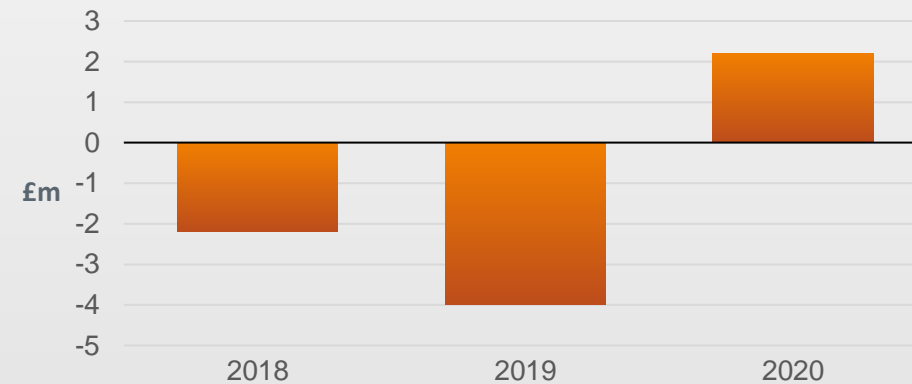
- Revenue +14% CAGR
- Double-digit margins

Asia-Pacific Sales



- Growth journey started
- Loss to profit

Aerosols – Operating Profit/(Loss)



Product Leadership

Develop to grow

Marc Marot | MD - Aerosols



Our vision

- Focus on product innovation
- Expand revenues by targeting niches
- Move to higher margin opportunities

McBride
Aerosols





Our journey

- Significant transformation
- Building a standalone division
- Resetting relationships with existing customers
- New customers, channels and products

FY20

Sales £35.2m
EBITA £2.3m

The Aerosols strategy

Develop to Grow



Beyond
France

Build on
Eco creds

Capitalise on
sanitisers

The strategic path

5 to 10% p.a.
Growth target

McBride
Aerosols



First 2 years Develop

- Expand hydro-alcoholic based disinfectant range
- Build market knowledge and presence in new territories
- Identify and deliver cost improvements
- Establish new market potentials (e.g. pet, technical...)
- Enhance sustainability offering

Next 3 years Grow

- Profitable growth from new products and regions
- Eco range an increasing proportion of activities
- Capacity platform set for growth
- 100% recycled plastic across the ranges

A winning formula

- New strategy delivering material improvement in performance
- Confident in growth opportunities
- Continued strong focus on cost base
- Best-in-class commercial & technical approach
- A Team that is fast, agile & reliable

McBride
Aerosols





Cost & Value Leadership

Deliver to grow

Adrian Gurney | MD – Asia Pacific



Our vision

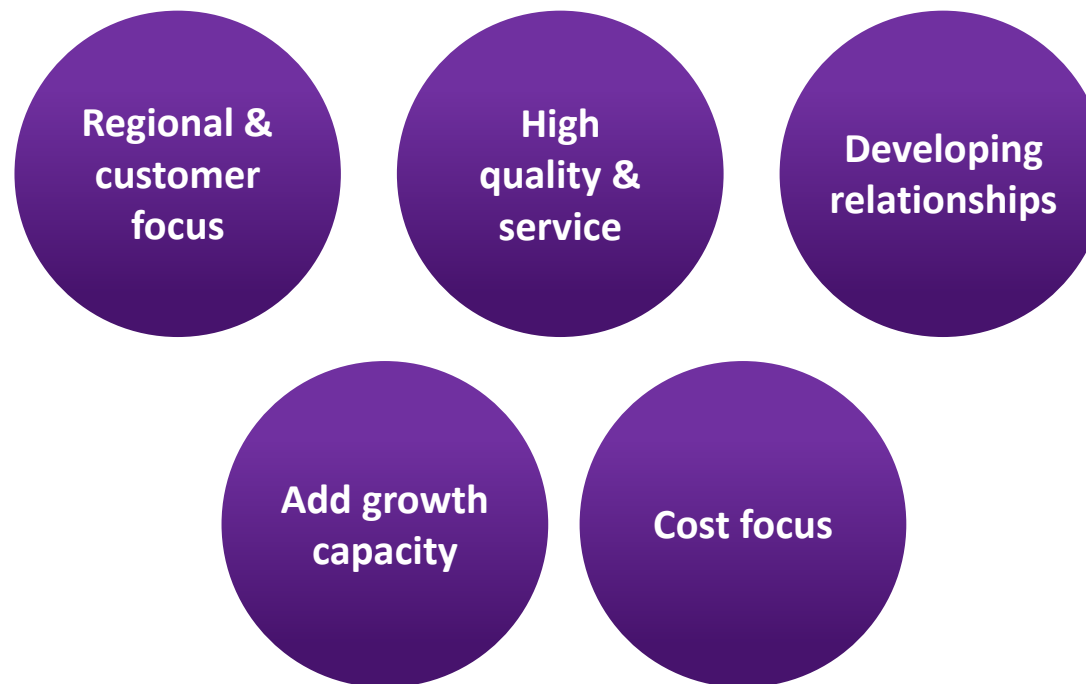
- Cost & value leadership
- New capacity and scale
- Continue track record of growth
- Leverage Group expertise

FY20

Sales £26.1m
EBITA £3.0m

The Asia Pacific strategy

Deliver to Grow



The Asia Pacific strategy

8-12% p.a.
Growth target



First 2 years Deliver

- Establish new Malaysia facility
- Develop Household manufacturing
- Capacity investment in Vietnam
- Develop relationships with key branders for Contract Manufacturing
- Explore M&A opportunities

Next 3 years Grow

- Exploit new cost leading capacity
- Delivery of scale Contract Manufacturing opportunities
- Invest behind Household growth
- Exploit low cost supply to Europe

A winning formula

- Fast-growing established business
- Compelling value proposition
- Developing consumer sophistication
- Best in class facilities
- Well positioned for growth





McBride

Liquids



Cost Leadership Simplify to grow

Tim Perman | Interim MD

Where we are

FY20

Sales £383.2m
EBITA £15.5m

External View

- Large stable market
- Commoditised product categories
- Quality & service important
- Cost competitiveness paramount

Internal View

- Largest division
- Significant scale benefits
- Market share upside
- Complex portfolio
- Need for agility & Responsiveness

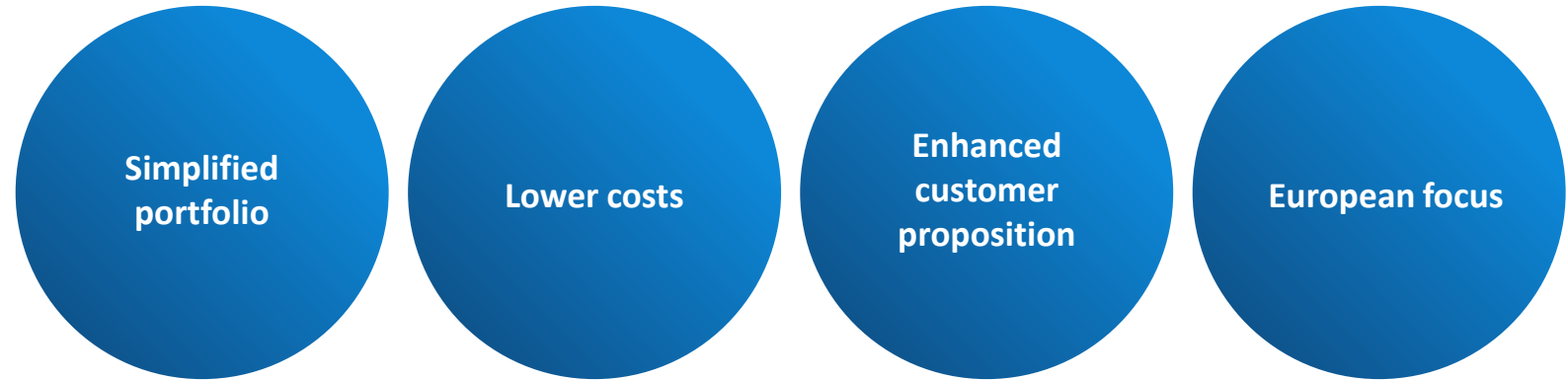
McBride
Liquids

The Liquids strategy

Simplify to Grow



McBride
Liquids



Strategic initiatives

- Prioritised product portfolio removing complexity
- Transforming the cost base in operations
- Optimise overhead structure to service simplified business
- Partner as a “fast follower” with prioritised customers
- Significantly enhance commercial offer

Sales

CAGR 1-3%

EBITA

+1-3 pts

SKUs

▼ 20-30%

Savings

£25m-£30m

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Liquids



Strategic focus areas



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Liquids



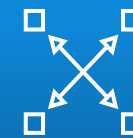
Private Label cleaners and
Laundry liquids



Regional growth
(Germany, UK,
Southern Europe)



Further Contract
Manufacturing
development



Selective
value brands
expansion

The strategic path



McBride
Liquids

First 2 years Simplify

- Refine portfolio and SKUs
- Category and customer segmentation
- Complexity reduction
- Cost levers addressed
- Improve overheads
- Sustainability focus

Next 3 years Grow

- Competitive pricing delivery
- New regional penetration
- Focused product offer
- Sustainable packaging delivery
- Increased market share
- New customer partners

A winning formula



McBride
Liquids



Customer
and market
focused



Significant scale
and presence



Local asset base,
cost effective



Expertise
throughout



Focused,
disciplined
approach



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Unit Dosing



Product Leadership Accelerate to Grow

Lennard Markestein
MD – Unit Dosing

Where we are

FY20

Sales £183.5m
EBITA £17.2m

External View

- Fast paced growing market
- Brander led innovation
- Sustainability is a key driver
- E-commerce potential

Internal View

- Leading position in P/L
- Steady revenues
- Strong portfolio but slow to innovate
- Early in e-commerce

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Unit Dosing



The Unit Dosing strategy

Accelerate to Grow



McBride
Unit Dosing



Specialist
supplier

Embedded in
industry

Efficient
innovator

Right asset base

Cost competitive
by scale

Strategic initiatives

- Strengthen innovation portfolio and delivery
- Invest in capability and flexibility of assets
- Manage product lifecycle – cost out and complexity
- Capture select adjacencies – product and market
- Adapt ways of working to environment

Sales

CAGR 4-8%

EBITA

+1-2 pts

Turnover
from NPD

2 x

RoCE

+15-20 pts

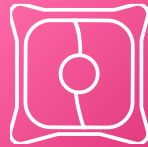
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Unit Dosing



Strategic focus areas



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Unit Dosing



Soft Auto
Dishwash and Laundry
capsules



Sustainable
packaging
development



Continued adaptation of
our core offering

The strategic path



McBride
Unit Dosing



First 2 years Accelerate

- Building industry depth
- New product launches
- New sustainable packaging offering
- Asset flexibility improvement
- South Europe presence
- Strategic contract manufacturing
- Cost-out realisation

Next 3 years Grow

- Pace-setter in P/L
- Investment in new capacity
- Delivering growth outside Europe
- Revenue from adjacencies

A winning formula



McBride
Unit Dosing



Strategic focus –
unit dosing



Strong position
in dynamic sector



Specialised team with
customer focus



Product plan with
near-term impact



Investments
identified and funded



McBride
Powders



Cost Leadership

Revitalise to Grow

Henrik Aagaard | MD – Powders

Where we are



McBride
Powders



FY20

Sales £78.2m
EBITA £(4.1)m

External View

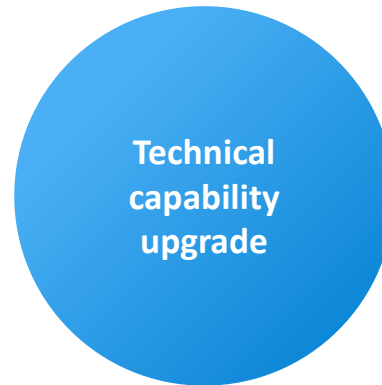
- Competitive market – Asset heavy
- Market decline slowing
- Consumer transitioning
- Market consolidating

Internal View

- Relevant technology
- Market reputation
- Established manufacturing
- Strong ECO credentials
- Lack of focus

The Powders strategy

Revitalise to Grow



Strategic initiatives

- Cost optimisation
- Investing in tech team
- Reinvigorate market position
- Capitalise on ECO leadership

Sales

CAGR 0-3%

EBITA

+3-5 pts

Manufacturing
Cost / Tonne

5-8 pts

Savings

£5-6m

McBride
Powders



The strategic path



McBride
Powders



First 2 years Revitalise

- Cost programmes
- Product development
- Marketing
- Targeted early volume wins

Next 3 years Grow

- Continued cost focus
- Capacity utilisation
- Market share gains
- Agile product development
- Deliver CoMan volumes

A winning formula



McBride
Powders



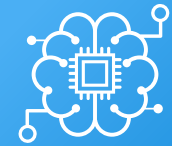
Cost competitive
platform



Specialists



Targeted asset
fill



Established
technological
options

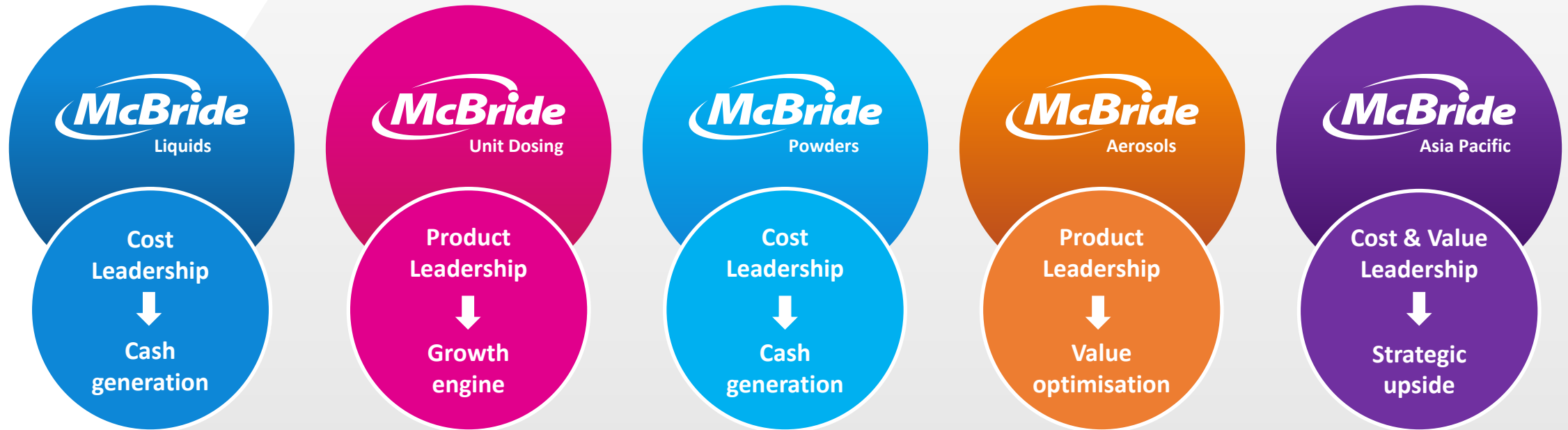
Divisional Summary



5 divisions, 5 strategies



Each division with its own strategy and role in the Group



Phased delivery



Early years about reset and platforms

First 2 years

- Cost focus in mature businesses
- Platform acceleration in growth businesses
- Enhance specialisms
- Overhead correction

Next 3 years

- Adding capacity in growth businesses
- Sustained growth for Growth businesses
- Share gains and profit enrichment from mature businesses
- Ongoing cost focus



Financial outcomes

Delivering shareholder value



Mark Strickland
Chief Financial Officer

Five divisions plus Corporate



Tailored strategies in place to optimise performance for each division

FY20	Liquids	Unit Dosing	Powders	Asia	Aerosols	Corporate	Total Group
Revenue (£m)	383.2	183.5	78.2	26.1	35.2		706.2
Adjusted Operating Profit/(Loss) (£m)	15.5	17.2	(4.1)	3.0	2.3	(5.6)	28.3
Adjusted Operating Profit/(Loss) %	4.0%	9.4%	(5.2)%	11.5%	6.5%		4.0%
ROCE*	-	++	--	+	++		13.60%

* Divisional relative position vs. Group overall

Cost optimisation

Cost optimisation is at the forefront of years 1 & 2

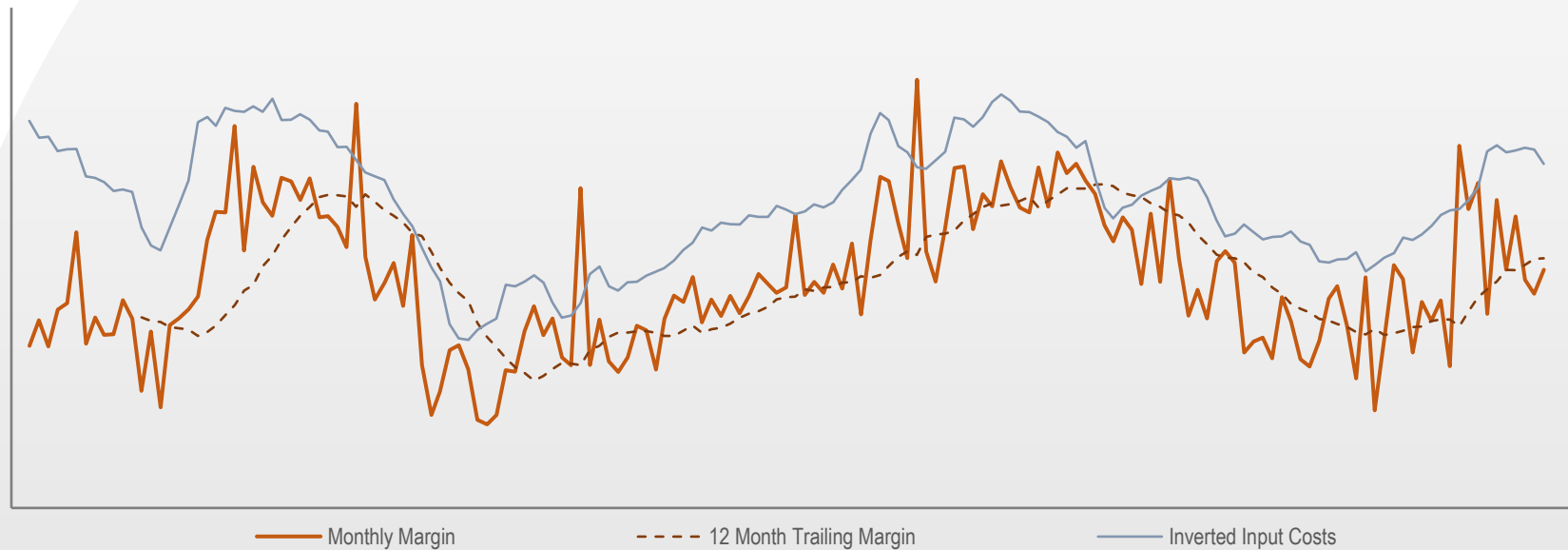
Programme to save £20m annualised by the end of FY23

- Delivery across a number of well defined initiatives
- Clear accountability – “Nowhere to hide”
- Experienced delivery team
- Tracking in place with regular progress reviews

Dampening the impact of raw material input prices



Delivering margin growth through cycles



- Business always recovers
- Strategy delivers improved outcomes

Exceptional costs and pensions

Focus respectively on payback and reduction

Exceptional costs

- Historic, significant cash costs not expected to repeat
- Forwards cost will be directly associated to incremental operational and admin cost savings & payback

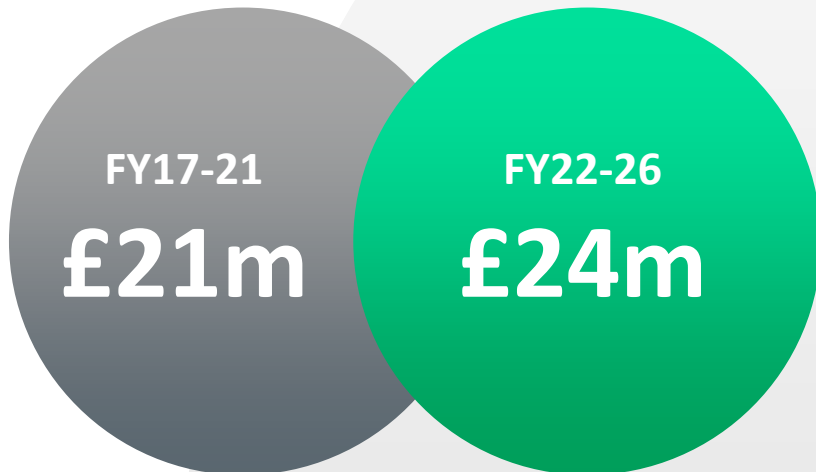
Pensions

- Cash deficit contribution of £4m p.a.
- Triannual Valuation as at March 2021

Capital expenditure and depreciation

Compass strategy does not require excessive capital

Average Capex per annum:



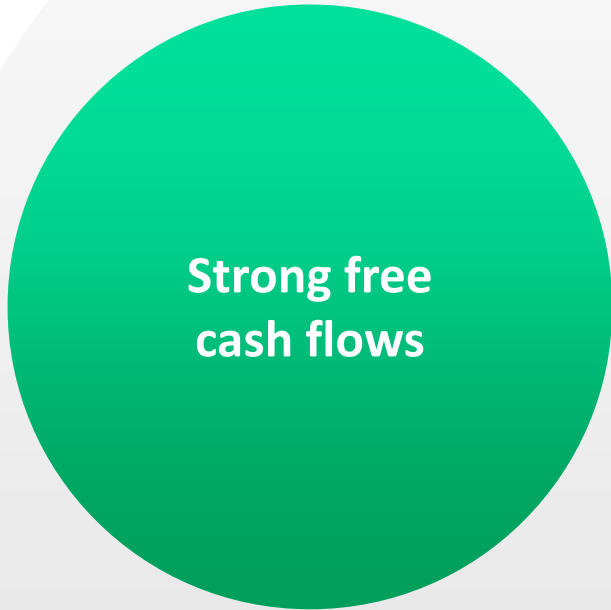
More efficient purchasing of equipment via Asia allowing the business to buy “more” for “less”

Supporting Key Strategic Projects

- Unit Dosing Innovation
- Asia Expansion
- IT Digitalisation

Cash and net debt

Ability to deliver shareholder value enabled by strong cash generation

A large, solid green circle containing white text.

Strong free
cash flows

A large, solid green circle containing white text.

Trade working capital
at
c.12% of sales

Capital allocation

Investing in profitable growth is key

- First priority is to invest in the business to drive profitable growth
- Target Net Debt to EBITDA leverage ratio of 2x or less
- Below 2x - flexible distribution policy
- Deviation from above only for exceptional value enhancing initiatives:
 - Internal investment
 - External acquisition

Dividend policy

Retaining a flexible model, pay-outs when appropriate and affordable

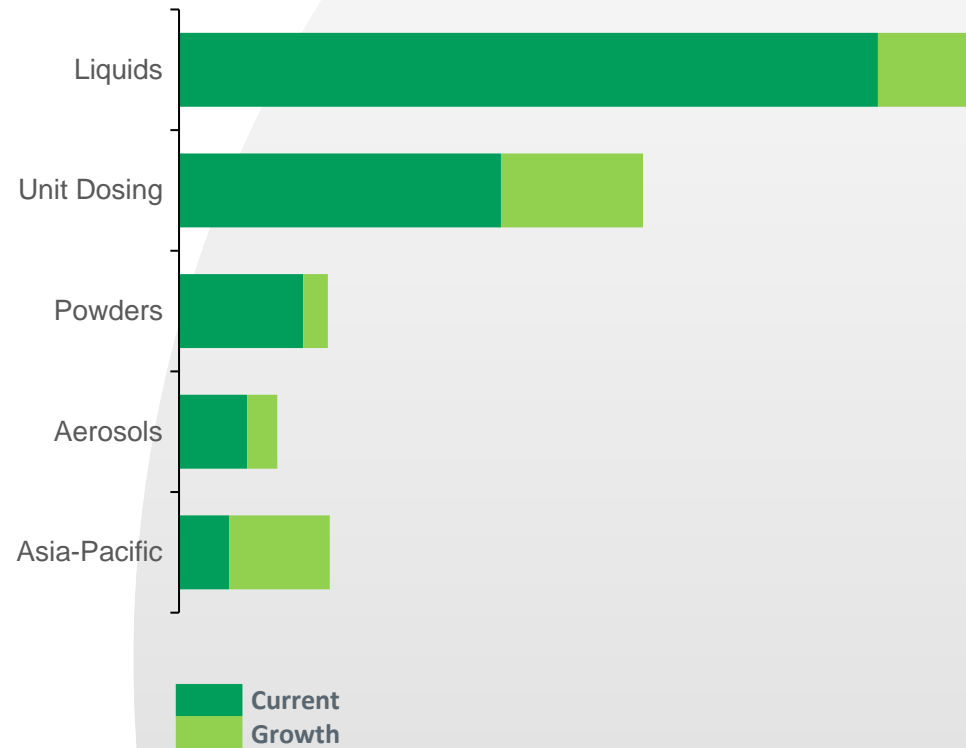
- Move to Annual Dividend Payments
- Payable only when Net Debt to EBITDA leverage ratio is 2x or less
- Thereafter a progressive policy:

1.5x to 2x	Base Dividend – EPS / 6	Cash
1.0x to 1.49x	Additional Distribution – EPS / 6	Cash / Share Buy-Back / Retain
Below 1.0x	Special Distribution	At Board's discretion

Shape of the plan

Building blocks of revenue and margin growth

Revenue growth over the plan

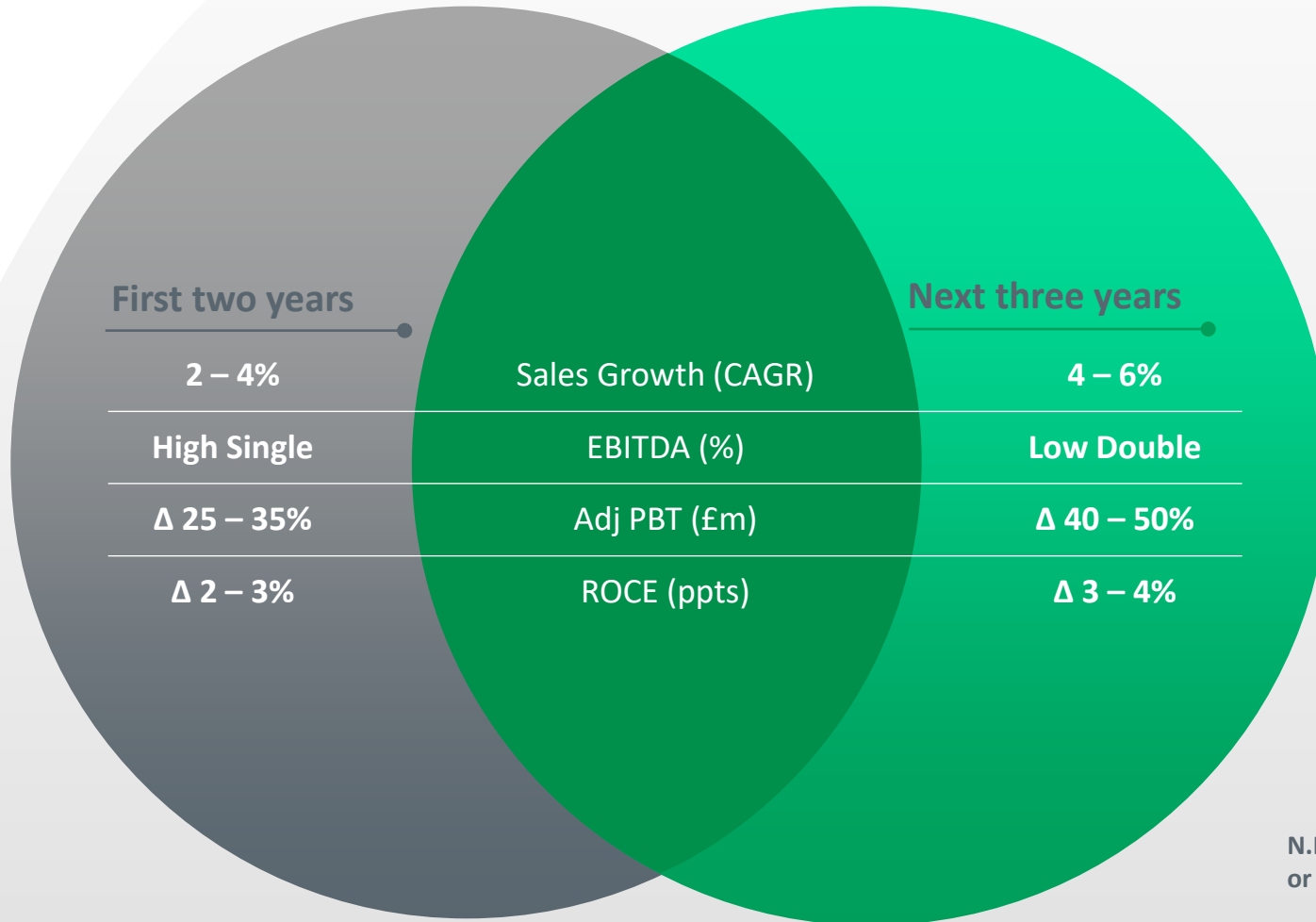


Margin % growth over the plan



Shape of the plan

The plan is split 2:3 and therefore not linear



N.B. Not intended to be profit projections or interpreted as a profit forecast

Outlook



Measuring progress and success – Key metrics

Revenue growth

Cost savings

Margin advances

Free cash flow

ROCE improvement



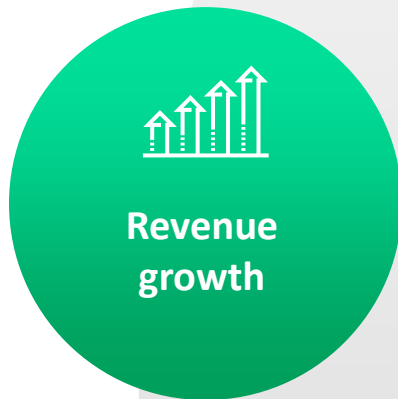
Summary



Compass is pointing the way to value creation

Clear cost and revenue opportunities

- Separate divisional strategies: Ensures focus
- Accountable divisional teams: Improves execution
- Decentralised model: Rekindle specialisms, agility and speed
- Central core: Maintain scale advantage



Positioned to succeed

Strategy preparation, better organised, simpler business

- Robust strategy process
- More effective organisation set-up, proven
- Broader senior management
- Improved customer proposition
- Competitive environment
- Business de-cluttered



Our proposition

A reset McBride will capitalise on firm foundations

- #1 player
- Cost optimisation
- Revenue growth
- Revenue diversification
- Sustainability commitments
- Innovation agenda
- Solid financials
- No significant additional capital / exceptionals



Appendix



Divisional revenue and profit/(loss)



FY21 H1	Liquids	Unit Dosing	Powders	Asia	Aerosols	Corporate	Total Group
Revenue (£m)	201.1	93.9	35.7	13.4	18.8		362.9
Adjusted Operating Profit/(Loss) (£m)	10.1	10.0	(1.0)	1.7	0.9	(2.7)	19.0
Adjusted Operating Profit/(Loss) %	5.0	10.6	(2.8)	12.7	4.8	n/a	5.2

Return on capital employed (ROCE)



Effect of changing company measurement of ROCE

The original Return on Capital Employed (ROCE), per Page 26 of the Annual Report and Accounts FY20, was defined as Adjusted operating profit as a percentage of average year end net assets excluding net debt (pre IFRS16).

The new definition will be adjusted operating profit as a percentage of the total of goodwill and other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables less trade and other payables.

A comparison of the ROCE based on the two different definitions is shown below:

	FY21	FY20
ROCE – from 1 January 2021	15.9%	13.6%
ROCE – up to 31 December 2021	19.3%	15.6%