

Investing for growth
Investor Day Presentation: 3 October 2017

Objectives



Agenda

1 Welcome

2 Presentation on our 'Grow' strategy

3 Some financial considerations

4 Break

5 Interaction with team through
'Walking Boards' sessions

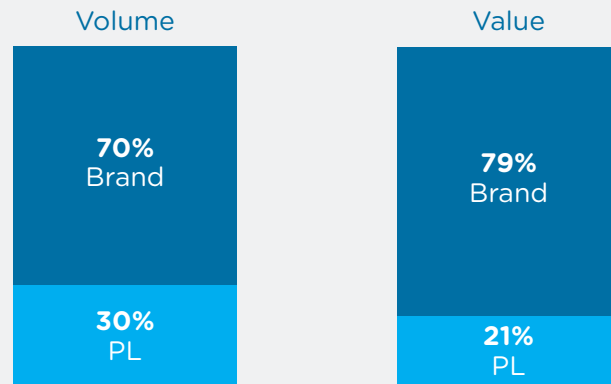
6 'After talk' and refreshments

Major market trends

- 1 Inflationary pressures creating diverging growth dynamics for Household categories
- 2 Brand proposition under pressure favouring Private Label opportunities
- 3 Traditional retail channel approach challenged by growth of alternative channels
- 4 Increasing requirements for legislatively driven Ecolabelling product offering
- 5 Increasing demand for convenience driving further innovation and product specification

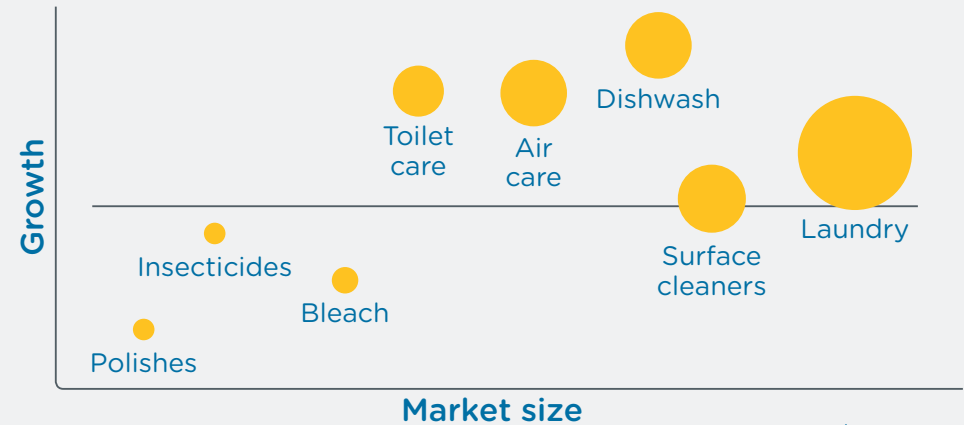
Household Market trends - in numbers

Market shape - 0.5% CAGR in next 4 years



Source: Nielsen/Euromonitor

Category trends



Source: Nielsen/Euromonitor

Private Label share



28%
PL share



18%
PL share



5%
PL share

Source: Nielsen/Euromonitor

Channel dynamics - forward view (1-4 years)

	LADs	MARs	Other
Germany	29% →	35% ↘	36% ↗
UK	7% ↑	69% ↘	24% ↑
France	6% →	81% →	13% ↑

LADs: Limited Assortment Discounters

MAR: Multi Assortment Retailer

Source: Euromonitor

“Three challenges become four – adding Private Label to local, niche and digital.”

Source: Berenberg HPC Report 29/9/17

Where did it all start?

McBride plc Strategy Presentation September 2015

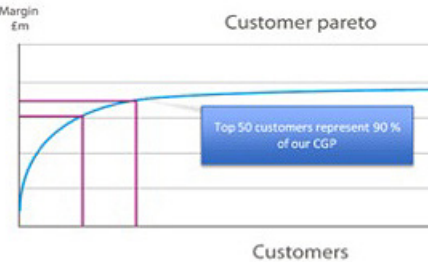
Internal Drivers – huge customer base, complex SKU range ...

**33,000 materials for 6,500 SKUs
...for 500 customers...**

• Service and quality

Margin
£m

Customer pareto



Top 50 customers represent 90% of our GCP

Customers

95% on time in full – needs to be improved

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McBride plc Strategy Presentation September 2015

We will implement through a three phased approach

Repair

Prepare

Grow

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McBride plc Strategy Presentation September 2015

	2015				2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Repair	<p>Strategy Definition and Establish new Leadership Team</p> <p>Simplify Organisational Structure and define Customer reduction</p> <p>Implement structural savings following customer simplification</p> <p>Finalise organisational footprint and talent basis</p>															
Prepare	<p>Implement first two key asset investment plans</p> <p>Develop way forward for underperforming businesses</p> <p>Address underperforming businesses</p>															
Grow	<p>Develop growth plans in retail and discount markets</p> <p>Explore co-manufacturing growth opportunities</p> <p>Implement growth plans</p>															

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Manufacturing our future

Repair

Delivered on time and in full

McBride will substantially simplify its activities, covering customers, products, processes and organisation. We will launch a broad range of purchasing-driven saving initiatives, in further support of the simplification and rightsize the overhead base to reflect better the new way of working.



1 Customers

- “Keep” customers identified, 75% of customers have been exited
- Complexity reduction being finalised through SKU reduction (over 20%)

2 Overhead

- New regional and contract management teams established and functioning
- A number of organisational restructuring projects fully delivered in line with expectations

3 Purchasing

- Substantial simplification in ordered goods and purchasing conditions
- Substantial wins on cost of goods bought

4 Underperforming units

- Identify and investigate business areas
- Asia PCA business turnaround finalised
- Early disposal discussion stopped in European PCA

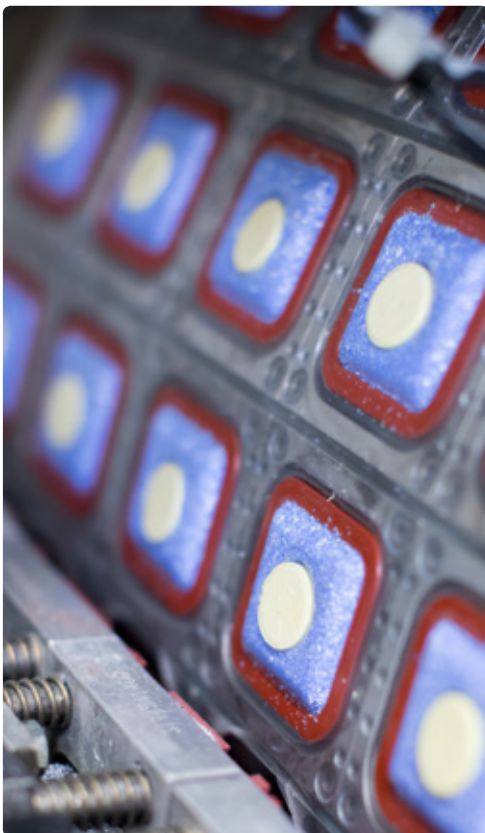
5 Additional actions

- UK defined benefit pension plan closed to future service accrual
- Company refinanced
- New tax structure established

Preparing for Growth

Our 2015 message

McBride will drive a sustainable and profitable growth path based upon a greatly improved cost position and more efficient manufacturing and distribution. This will focus on fewer markets, categories and customers. McBride will develop customer specific value propositions depending on their individual requirements and the channel in which they are active.



1 Retail

- Gaining market share through appropriate customer experience
- Supply chain integration and differentiated innovation

2 Discount

- Drive appropriate value proposition
- Scale advantages allowing for simplification and quality

3 Contract Manufacturing

- Create dedicated team presenting clear value proposition to branders
- Early success, prudent approach maintained
- Industrial and Institutional channel

4 Mergers and acquisitions

- Capture tactical opportunities as capacity leaves the market
- Identify strategic opportunities to expand in new categories and geographies

Prepare phase Addressing underperforming units

McBride will invest into its manufacturing assets and optimise its warehousing and distribution network. We will align the new organisational set-up aiming to institutionalise our new way of working with our people.



We will provide a clear way forward for identified sub-optimal customer/categories and products.

Three underperforming business units were identified

- 1** Asia Pacific business: undergone full transformation now performing in line with Company average and showing double digit growth, expansion strategy defined
- 2** Aerosols Europe: early acquisition approach by third party now discontinued, refocus now on 'Repairing' the business
- 3** Personal Care Liquids Europe: some 'Repair' actions underway, significant market pressures, requires accelerated transformation strategy

PC and A combining to an overall refocused approach

Prepare phase

Merging 'Prepare' actions into our growth platform

McBride will invest into its manufacturing assets and optimise its warehousing and distribution network. We will align the new organisational set-up aiming to institutionalise our new way of working with our people.



We will provide a clear way forward for identified sub-optimal customer/categories and products.

1
Sales strategy/
proposition

2
Asset
configuration

3
Organisational
development

4
Mergers and
acquisitions

- 1** The category angle
- 2** The channel view
- 3** The assets perspective
- 4** Opportunities new to McBride
- 5** The role of M&A

Preparing for Growth

1 The category angle

Laundry capsules

Auto dishwasher tablets

Liquids platform

Others

- Above market average growth categories driven by market dynamics and consumer behaviours
- High entry barriers and continued requirements for innovation and legislative governance
- Supported and accelerated by targeted asset investments and acquisition

- Market average growth categories requiring continuous cost and efficiency investments
- Differentiated position based upon cost and technology leadership
- Supported by investments

- Zero or negative growth categories but good cost position
- Allows for market share gains
- Supported by targeted investments



Driving cost leadership



Driving technology leadership



Driving efficiency



Driving capacity/growth

Preparing for Growth

2 The channel perspective

Traditional Retail



- Drive for scale, cost and efficiency
- Converging business models
- Quality and service requirements

Hard Discount



- Configured proposition

Contract Manufacturing



- Increasing demand for contract manufacturing services
- Shift from short-term services to long-term contracts
- Longer sales cycles

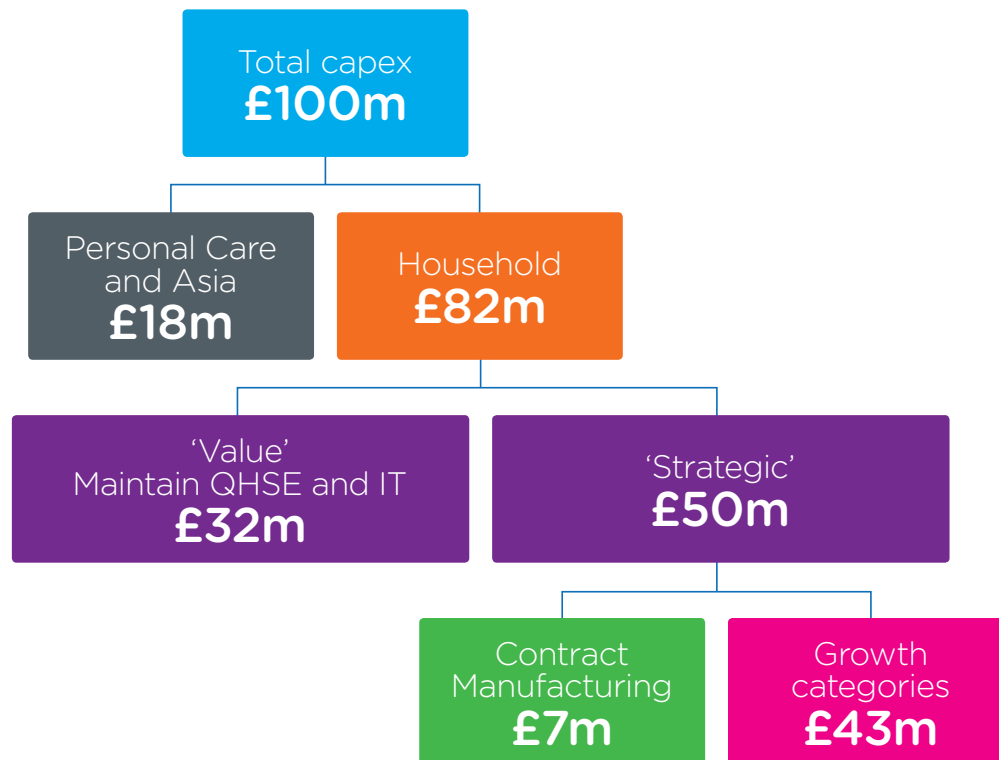
Prepare phase

3 Investing in the right asset configuration

Capex spend moving to full momentum

- Asset planning and related investment completed:
 - key growth categories capacity and technology requirements
 - driving cost and performance efficiencies through consolidation
 - £100m in four years

Capex allocation defined



Key projects delivered or ongoing



Middleton case study



Estaimpuis case study



Strzelce case study

Preparing for Growth

4 Opportunities new to McBride

1 Adjacent categories

- Within the traditional grocery channel McBride is not present yet in several household sub categories such as laundry aids and toilet ancillaries
- These categories offer private label growth opportunities as well as synergies with the existing McBride offer

2 Adjacent direct channels

- Bargain stores have now overtaken hard discount in household category share
- Traditionally selling minor brands, more recently growth has come from selling major brands cheap
- As the channel matures and the retail offering becomes more sophisticated Private Label interest has grown

3 Adjacent indirect channels

- Out of home cleaning (or Industrial and Institutional) represents a significant incremental growth opportunity, specifically within food and laundry services
- This is an opportunity also identified by our core grocery customers:
 - Tesco Booker acquisition
 - Morrison's wholesale
- McBride manufacturing capability, retailer relationships and acquired expertise means we are now well placed to enter this market

Preparing for Growth

5 Catalysed through mergers and acquisitions



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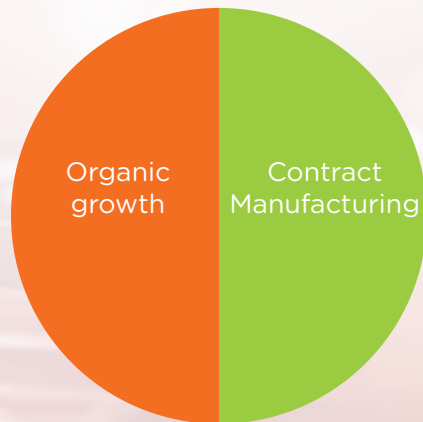
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Financial considerations 1

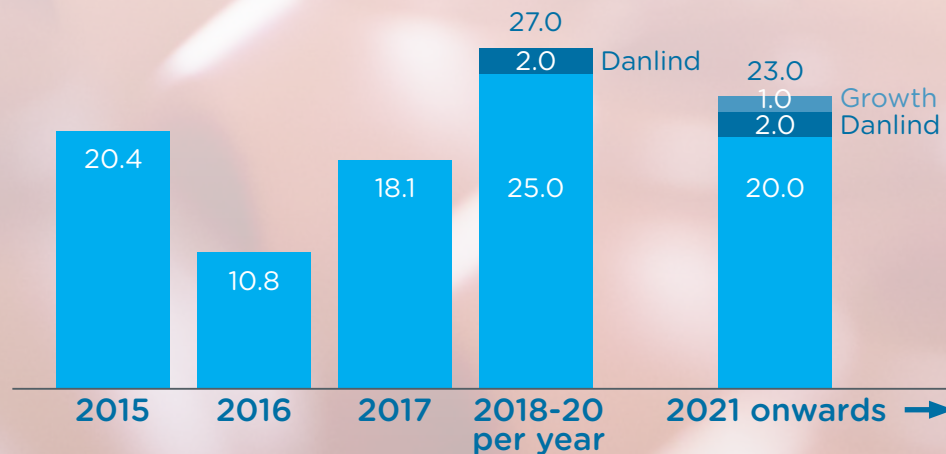
Delivering EBITA% of 7.5% and ROCE 25-30%

Growth sources



CAGR 18-21	2.0%-2.5%
- Household	2.5%-3.0%
- PCA	assumed flat

Capital expenditure



- Funded from existing reserves
- Depreciation cost
 - £19.4m FY17 to £22.0m by FY21

Financial considerations 2

Delivering EBITA% of 7.5% and ROCE 25-30%

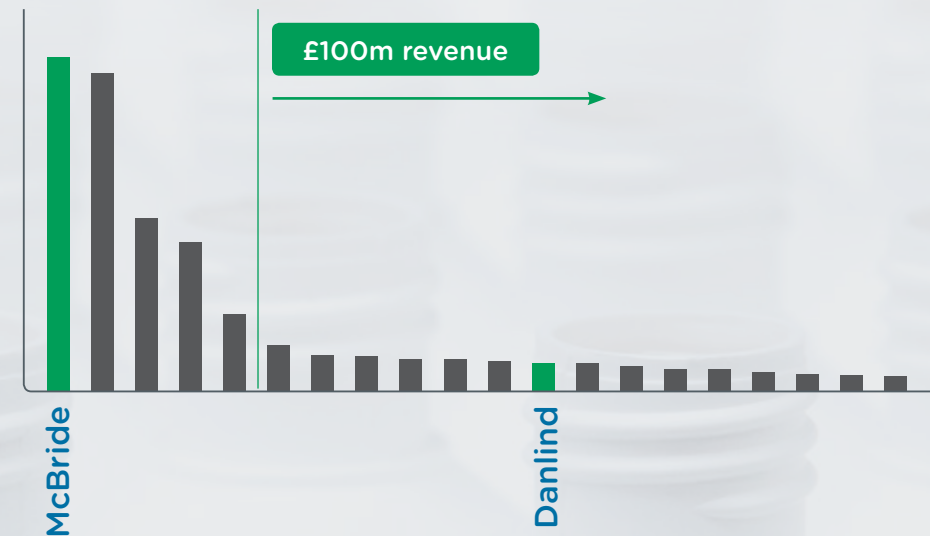
Net debt

- New arrangements June 2017
 - Headroom
 - Term
 - Flexibility
 - Accordion
- Debt/EBITDA 1.2x FY17
 - 1.8x proforma post-Danlind

Funding costs

- New lower interest costs (-£2m)
- Dividend policy
- Tax optimisation

M&A



- Range of opportunities sub £100m T/O
 - Can be funded from existing resources
 - Average profitability
 - Synergy benefits

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Walking Boards

'MoF' with confidence



Evolution in Auto Dishwashing



Winning in Limited Assortment Discounters



Contract Manufacturing



On our way to one billion capsules




'Manufacturing our Future' with confidence

Support our 'Region' plans, we developed a lean manufacturing and supply chain program through successful negotiations and retention agreements of our resources and assets.

Factory Renovation Program

- Scope: 400k sqm, upgrade and fit out for configuration
- Scope: New production capacity fit out with flexibility
- Scope: 30-40m floor plate and fit out for new plant

Deliverables

- Increased capacity
- Increased efficiency
- Decreased cost per unit

1 Year Capex Investment Plan

- 100% to fuel 'Strategic' growth 100% to assist existing 'Value' business

€100m

€32m

€50m

€7m

€43m

€7m

€43m

Investment substantially support growth in House (also for Retail customers, support new Contract Manufacturing, subcontracted and related EU) new geographic.

Phase expenditure over 4 years

- Investment of capital assets
- Invest in equipment
- Reduce cost of operations

Accelerate growth through automation

- Getting on
- Production and ROCE

Apply strict discipline and control

- Strong accountability
- Robust and ROCE

donand



Martin McGee
Stewart Bird

Franklin Room



Evolution in Auto Dishwashing

We will invest in the biggest future cash opportunities:

Market size in value

- €100 million
- €200 million
- €300 million
- €400 million
- €500 million

Market growth rate

- 10%
- 15%
- 20%
- 25%
- 30%

Product Market share

- 10%
- 20%
- 30%
- 40%
- 50%

Why Auto Dishwashing?

- Continued growth in dishwasher segments
- Tables - commercial sites
- New technologies, new dishwasher machines

How we will win in Auto Dishwashing

- High share of market, scale driven cost effective production
- Investment in advanced technology to create barriers to entry
- Expand acquisition, new markets and well located facilities with new technology
- Strong customer through innovation
- Close brand partnerships taking advantage of manufacturing assets/facilities
- Innovation also white space to gain the most advantage for own label



James Lomax
June Graham

Back of Arkwright Room



Winning in Limited Assortment Discounters

Why Limited Assortment Discounters (LADs)?

Growing with the trend:

Strong growth

- Strongest growth of retail channels
- High multiple LAD share
- McBride under represented

Key challenges

- Pressure in home markets
- Buyer centric of store formats
- LACK of differentiation between brands and private label

Key strategies

- International expansion
- Increase product offering
- Speed and volume

6.1%

Why McBride?

Responding to the need as the only international player!

- Internationally aligned manufacturing and distribution
- Tablet - commercial sites
- Tablet



How will McBride make it happen? Adapt and be agile!

International LAD requirements	People - capacity between markets and sites	Processes - efficient operations
<ul style="list-style-type: none"> Lowest unit cost High quality Agility in manufacturing 	<ul style="list-style-type: none"> Differentiated automated solutions Using changing technology 	<ul style="list-style-type: none"> Complexity reduction Volume driven efficiency Strategic non-volume adding processes



Roland Wendt
Lee Robinson

Unwin Room



Contract Manufacturing

Major growth opportunity for Contract Manufacturing

- Outsourced manufacturing business of brand owners is real and exists with European brand leaders
- Contract Manufacturing becomes more strategically important with increased support in new external
- Branders are increasingly in need to support contract manufacturing suppliers

Why should we invest in Contract Manufacturing?

- Contract Manufacturing provides cost savings and quality
- Contract Manufacturing provides cost savings and quality
- Contract Manufacturing provides cost savings and quality

McBride's Contract Manufacturing strategy

Align the investment with the business plan	Invest in business development	Drive value proposition
<ul style="list-style-type: none"> McBride U U 	<ul style="list-style-type: none"> Contractual structured organization New commercial sites 	<ul style="list-style-type: none"> Cost competitiveness and Efficiency Quality and Technology Agility and Speed

Ambition to drive 50% of the growth in Household through Contract Manufacturing

EPHOS (EPHOS) - Need 50 months

SAVED - Need 50 months

RELAUNCH - Need 50 months



Building use of Contract Manufacturing business

Laundry Supermarkets Fabric conversion

Heinz Tanghe
Rik De Vos

Eddington Room



On our way to one billion capsules!

Market size in value

- €100 million
- €200 million
- €300 million
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- €500 million

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Be the worldwide partner of choice for manufacturing Laundry Capsules

Our plan to keep our leadership in capsules and further expand

- Renovate and innovate to increase rate of sales
- Hypersegment and widen portfolio to address different needs better
- Enter new markets through Contract Manufacturing
 - Renovate new production via Contract Manufacturing in Germany and Asia
 - 200 million cap capsules annually
- Leading compliance
 - First to launch and leading (lowest cost)
 - One of the few companies having signed the AEE Protocol
- Centre of Excellence manufacturing for maximum scale benefit
 - All sites consolidated in Ennems, Belgium for maximum flexibility
 - +30% efficiency improvement target to support leading of market
 - €20 million investment in R&D



Jean-Charles Philippon
Chris Smith

Dawson Room

Discussion/refreshments