Everyday cleaning products, **expertly made**

McBride plc

FY24 Half Year Results

27 February 2024

Agenda

Our speakers today

Chris Smith
Chief Executive Officer

Mark Strickland
Chief Financial Officer

1. Headlines

FY24 First Half Headlines

Strong performance underpinned by inflation recovery and volume growth.

Revenue	Adjusted OP	Adjusted PBT	Net Debt	Liquidity
£468.0m	£30.5m	£22.4m	£(145.7)m	£85.0m
+9.8%	+£31.8m	+£30.3m	+£20.8m	+£25.7m

McBride gaining share in growing private label market

Transformation programme rapidly building

Margin recovery driven by leverage from strong volumes and prior year pricing actions

Group commitment to science-based targets

Profitable performance across all five divisions

Full year adjusted operating profit expected to be 10-15% ahead of previous internal expectations

Capital Markets Day – Wednesday 13 March 2024

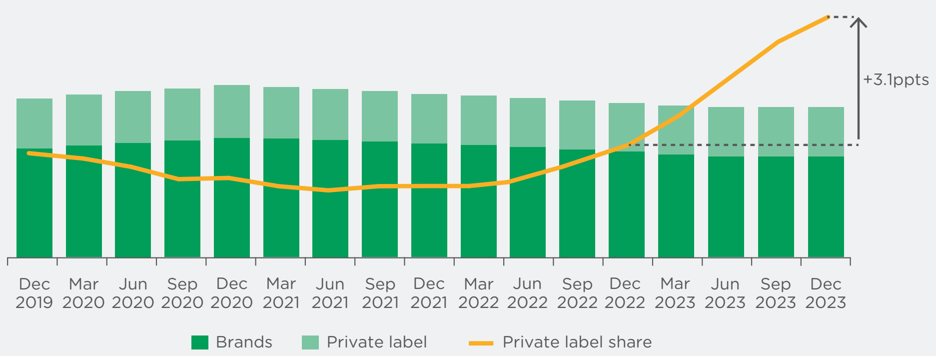
2. Overview

Household Market Overview

McBride gaining share in growing private label market.

Total market volumes:	vs 2022:	Private label volumes:	Total PL vs 2022:	McBride vs 2022:
Household	(2)%	Household	7%	11%
Laundry	(2)%	Laundry	8%	14%
Cleaners	(4)%	Cleaners	3%	6%
Dishwash	(1)%	Dishwash	11%	17%

Volume progression



- Total market volumes continue to be lower
- Continuing shift by consumers and retailers towards private label
- All categories for private label are showing year-on-year volume growth
- Private label share continues to grow in all key markets
- McBride has outperformed the private label market in each major product category

Source: Europanel (Kantar & GFK) panel data twelve months ended 31 December 2023.

McBride Liquids

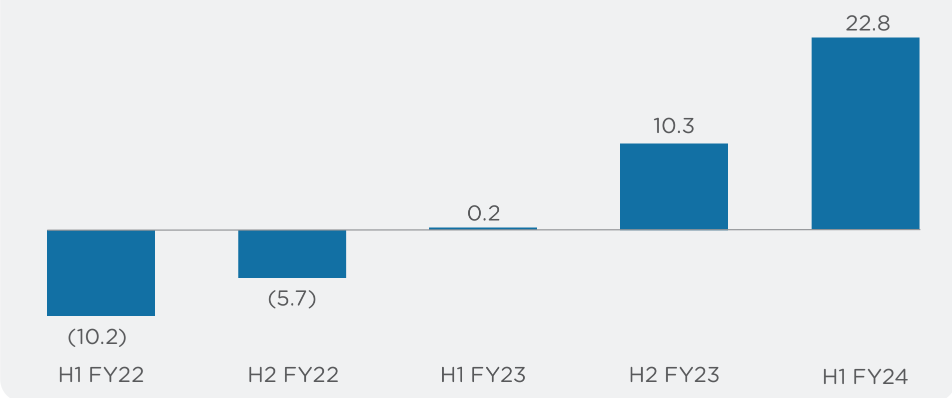
Divisions – Liquids

56.9% of Group revenue (£266.4m)

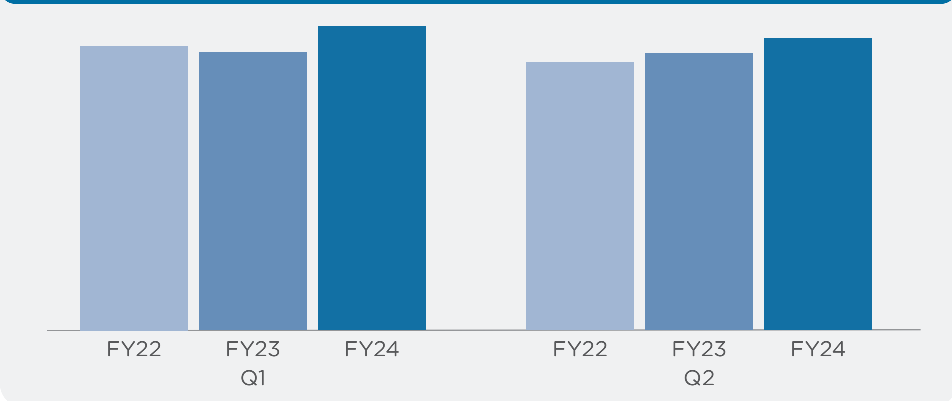
Strong private label demand driving significantly improved profitability and volume growth.

Cost leadership → **Cash generation**

Adjusted operating profit/(loss) £m



Total volumes



- Continued private label demand – all regions, all categories
- Net contract wins from the last financial year delivering good growth
- Positive margin performance from prior year pricing actions and volume leverage
- Improved service levels, aligned with retailers' primary focus on consistent supply and availability

McBride Unit Dosing

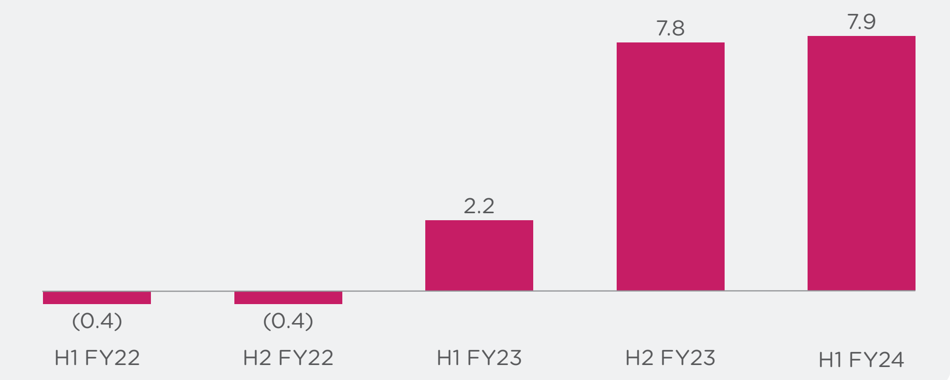
Divisions – Unit Dosing

24.9% of Group revenue (£116.5m)

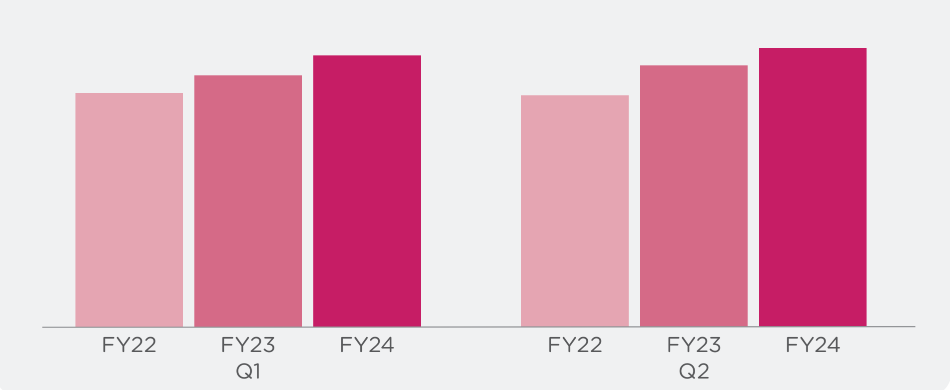
Strength in private label through improved product offerings and new business wins.

Product leadership → **Strategic growth**

Adjusted operating profit/(loss) £m



Private label volumes



- Doses volume up 8.8%, driven by higher private label volume, particularly dishwash
- Lower contract manufacturing volumes
- Investment in new product launches
- Trend towards larger pack sizes and unit compaction
- Progress with optimising balance between asset flexibility and cost efficiency

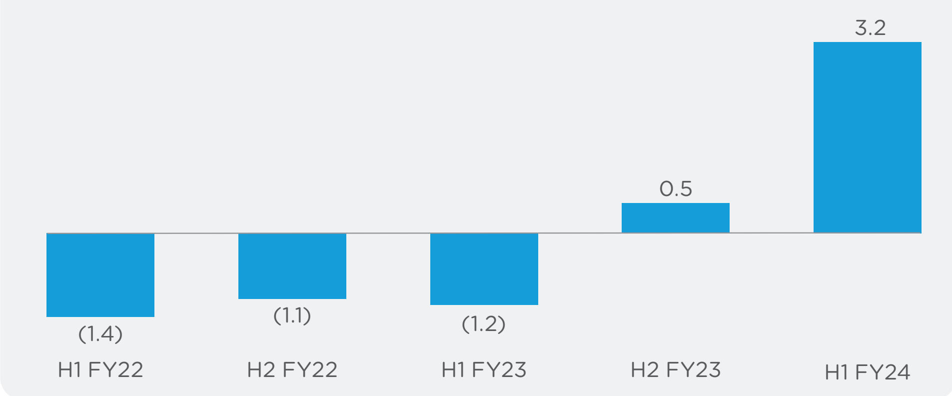
Divisions – Powders

10.1% of Group revenue (£47.2m)

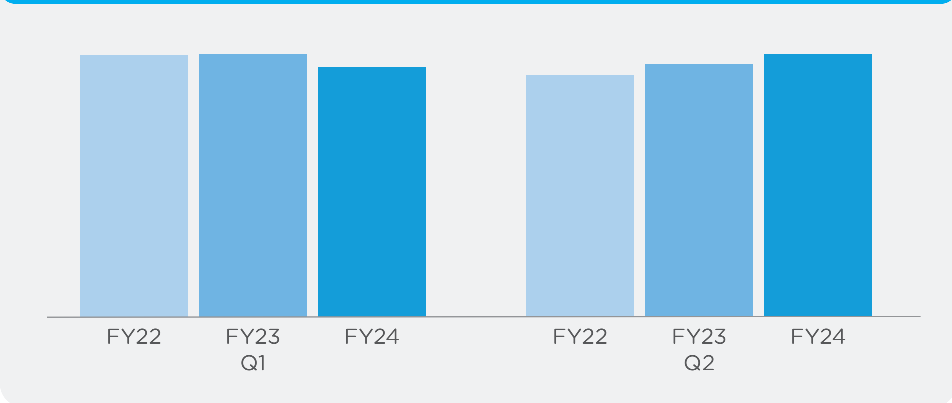
Strategic pricing increases, combined with renewed volume pull in key markets.

Cost leadership → **Cash generation**

Adjusted operating profit/(loss) £m



Powders detergent volumes (tonnes)



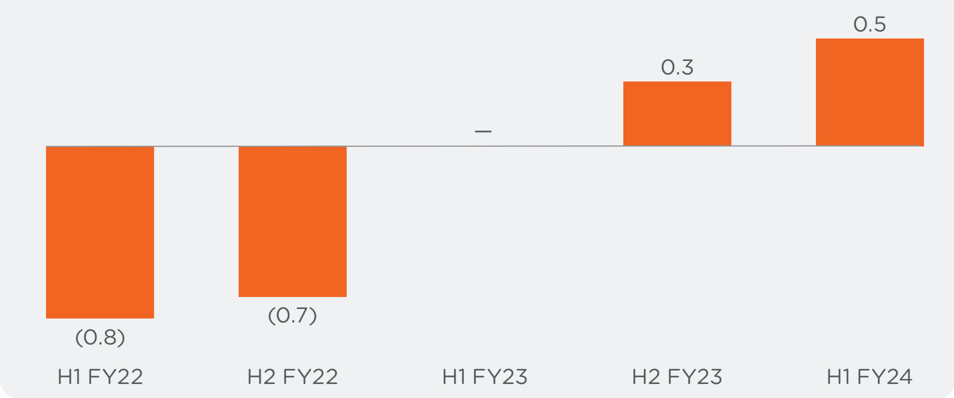
- Return to profit after several years of losses
- Contract manufacturing delivering double-digit growth
- Powders turnaround driven by focus, innovation and specialism
- Well placed to deliver further growth

Divisions – Aerosols & Asia Pacific

5.4% | 2.7% of Group revenue (£25.4m | £12.5m)

Key wins in Germany and Iberia, and market-wide shift to private label.

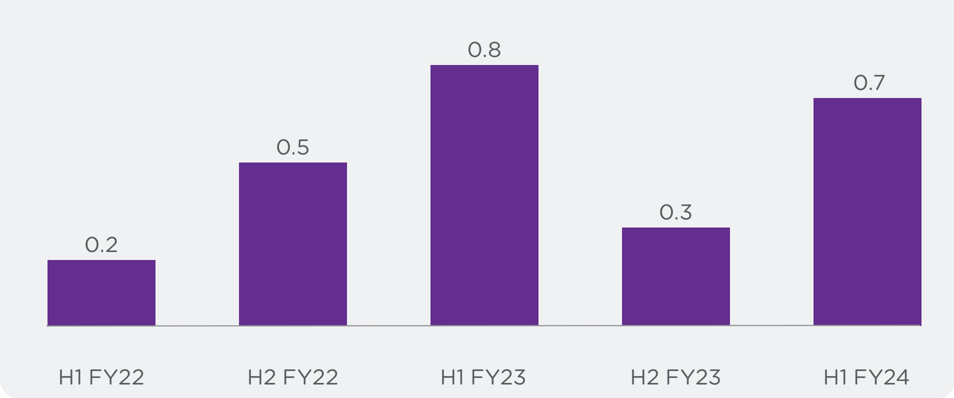
Adjusted operating profit/(loss) £m



- Growth driven by private label and personal care
- Innovative changes to packing and formulations improving cost efficiency and sustainability
- Building on existing strong customer relationships and operational excellence

Continuing to consolidate position, supported by contract manufacturing wins.

Adjusted operating profit £m



- Several contract manufacturing wins and successful launch of new products in Malaysia
- First household products launched in Australian market
- Key focus on cost management and cash generation

Transformation Programme

Programmes running to plan; priority programmes focus to support delivery of £50 million net benefits over five years.

Priority programmes

Commercial excellence

- Specialist sales and marketing training
- Improved, customer-focused processes
- Best in class tools and technology

Service excellence

- Medium-term physical logistics network plan
- Improved customer product availability through investing in new technology
- Lean processes

Operating model excellence

- SAP S/4 HANA Enterprise Resource Planning
- Step change in process speed, compliance, transparency and data connection
- Targeting UK implementation spring 2025

Environmental, Social and Governance

Environmental

- Scope 1, 2 and 3 near-term targets set with formal commitment to Science Based Target initiative (SBTi)
- Further investment in detailed electricity monitoring equipment
- New governance being established and Group targets being devolved into business segments

Area of focus	H1 FY24	FY23
FSC® sourced	92%	88%
100% recyclable packaging	99%	99%
50% PCR in our plastic packaging	24%	19%
– PET	64%	60%
– PE	8%	8%
Flexible multi-plastic moved to mono-material plastic	38%	36%

Social

- Diversity, equity and inclusion training for senior leaders
- 'Employee Voice' engagement survey
- Engagement activities at all locations
- 'McBride Gives' volunteering scheme launched in Poland

Governance

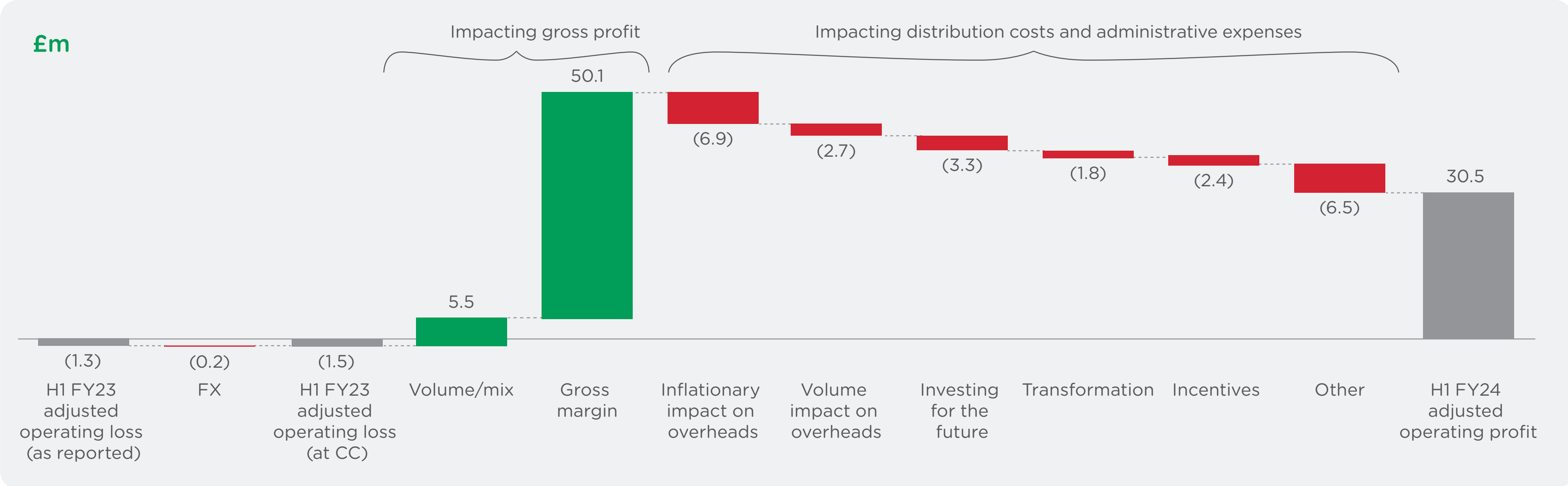
- Board site visits
- Investor engagement
- Regulatory training
- Supply chain due diligence

3. Financial Review

Group Revenue Bridge

- Revenue increased by 9.8%
- Volume/mix growth contributed £29.3 million
  - Overall volumes up 6.4%
  - Private label volumes up
  - Contract manufacturing volumes down
- Pricing:
  - £12.9 million impact from pricing actions agreed in prior financial year

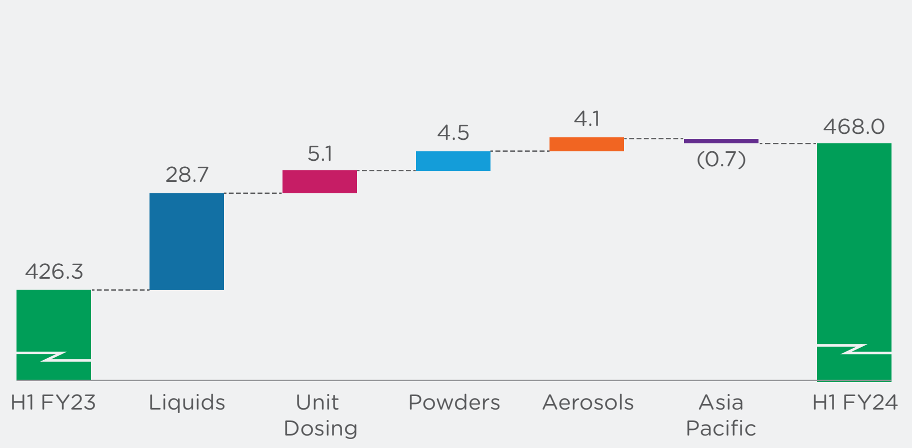
Group Adjusted Operating Profit Bridge



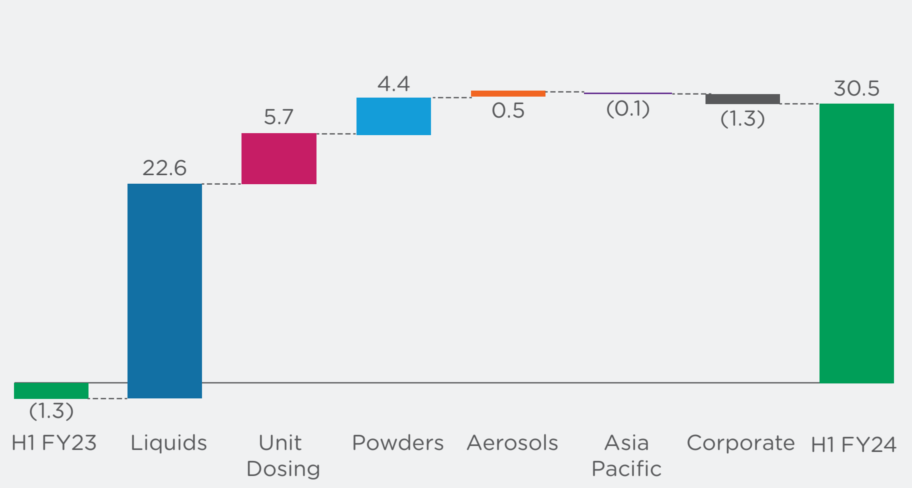
- Key drivers of the £31.8 million improvement in adjusted operating profit:
  - Volume increase driven by private label demand
  - Return to sustainable gross margin following exceptional inflation in previous period
- Partially offset by:
  - Inflationary impact – c.6% underlying
  - Volume impact – distribution, divisional overheads
  - Investing for the future – opex investments
  - Transformation – programme start-up costs
  - Incentives – improved financial performance
  - Other – includes policy changes: engineering spares provision, accelerated depreciation

Divisional Performance Bridges

Revenue £m



Adjusted operating profit/(loss) £m

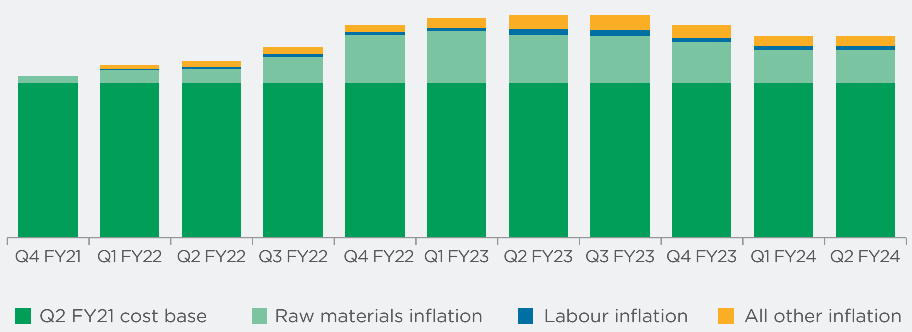


- Group revenue up 9.8%:
  - Liquids +12.1%: private label volume growth and pricing impact
  - Unit Dosing +4.6%: volume growth and mix, partially offset by selling price reductions
  - Powders +10.5%: pricing and favourable product mix
  - Aerosols +19.2%: pricing and strong volumes
  - Asia Pacific (5.3)%: adverse foreign currency movements; 4.2% growth at constant currency

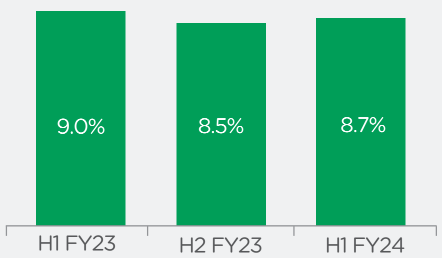
- Group adjusted operating profit improved by £31.8 million:
  - Liquids: main driver of profit growth for Group; return on sales 8.6%
  - Unit Dosing: strong profit recovery; return on sales 6.8%
  - Powders: strong profit margin recovery; return on sales 6.8%
  - Aerosols: continue to recover profit margin; return on sales 2.0%
  - Asia Pacific: small reduction due to adverse foreign currency; return on sales 5.6%

Costs

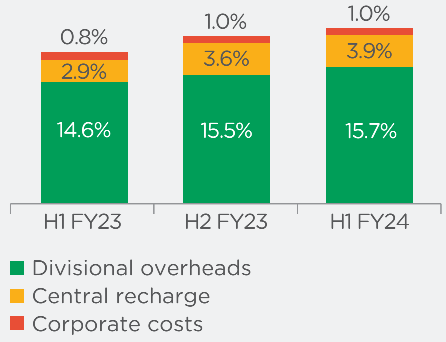
Group input costs



Distribution costs as % of revenue



Administrative (overhead) costs as % of revenue



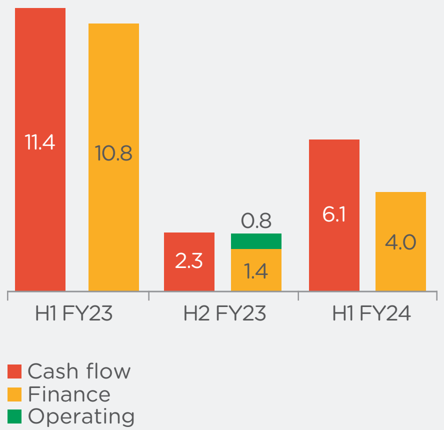
- Raw materials stable; inflationary pressures impacting other costs
- Inflation required careful management throughout the period
- Heightened geopolitical tensions could create risks

- Cost as % of revenue reduced despite £2.3 million increase in distribution costs, driven by high inflationary pressures
- Warehouse network strategy continues to reduce costs

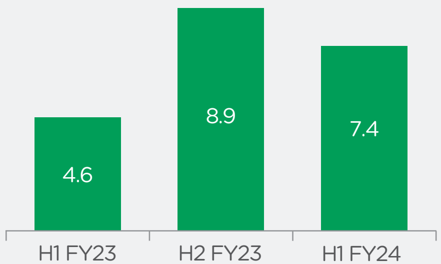
- Administrative costs increased by £18.8 million representing 20.6% of revenue (H1 FY23: 18.3%)
- Key drivers of cost increases include general inflationary pressures, higher incentive payment provisions and the Transformation team and associated programme costs

Other Financials

Exceptional items £m

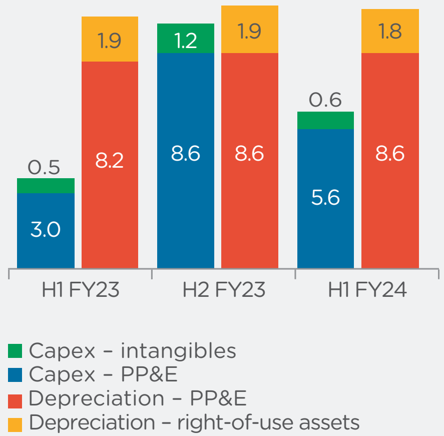


Finance costs (underlying)[1] £m

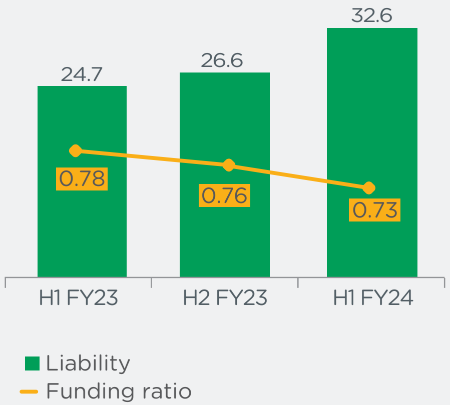


1. Finance costs excluding net FX gains/losses and exceptional items

Capex and depreciation £m



Pensions £m



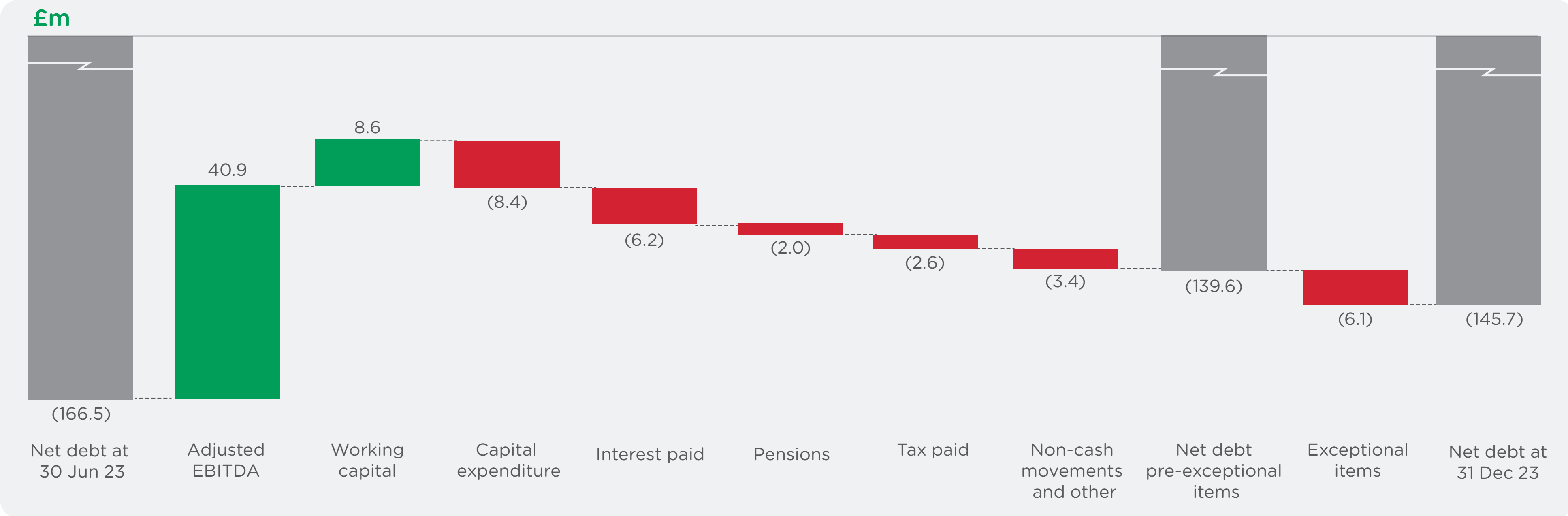
- Termination of upside sharing mechanism agreed in October 2023:
  - Cash impact £5.0 million
  - P&L impact £3.5 million

- Net debt cover fell to 2.2x (30 June 2023: 4.9x), driving a reduction in the cost of borrowing versus H2 FY23

- Capex controls continue to support debt reduction
- Prioritisation ensures that divisions' growth objectives are still enabled

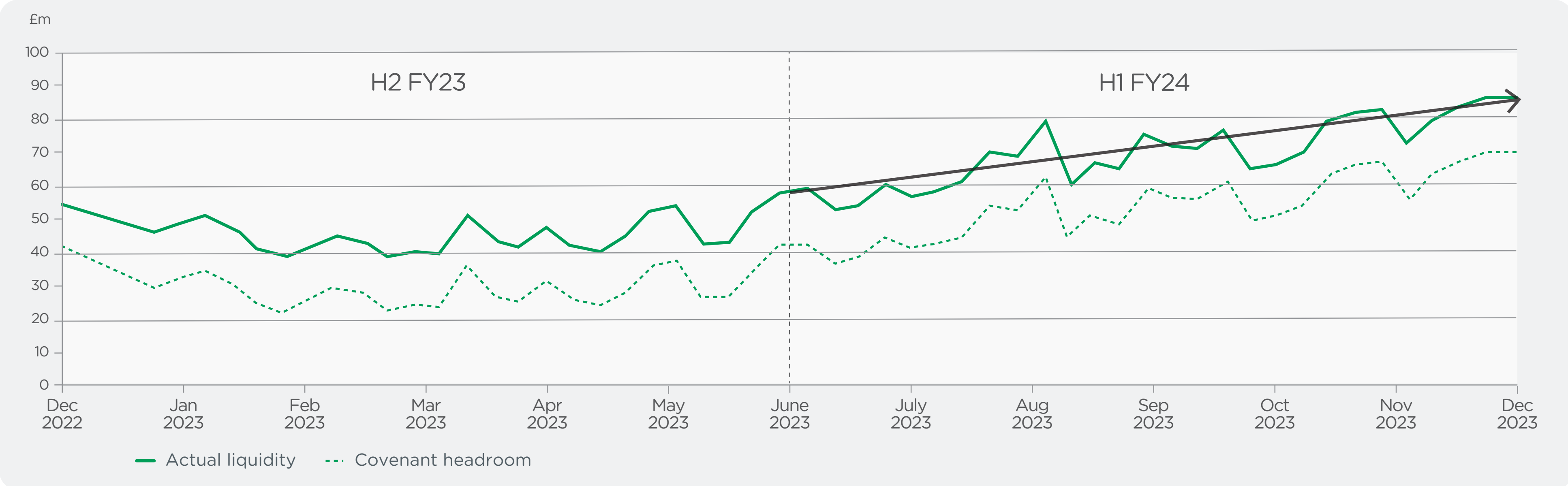
- Pension scheme liabilities increased by more than the increase in asset returns, driven by a significant reduction in corporate bond yields

Net Debt Bridge



- Net debt: £20.8 million lower than 30 June 2023
- Excluding exceptional items, net debt would have decreased by £26.9 million
- Working capital favourable cash flow; inventory levels key driver
- Interest payments impacted by revised financing terms and increases to underlying market rates
- Pension contributions steady at £2 million, however based upon expected FY24 results, additional profit-related deficit reduction contributions of £1.3 million are expected to be paid in FY25
- Non-cash movements include £2.1 million of lease obligation additions and interest charges
- Exceptional items mainly reflects termination of upside sharing mechanism
- Net debt to adjusted EBITDA expected to be less than 2x by 30 June 2024

Liquidity



- 31 December 2023: liquidity £85.0 million (30 June 2023: £59.3 million)
- Liquidity increased in first half, driven by improved financial performance
- Underlying cash flow and liquidity improving
- Implementation of Danish and Italian invoice discounting facilities will increase liquidity further

4. Outlook & Summary

Outlook

Momentum maintained into the second half; full year profit expectations raised.

Consumer shift to private label continuing	Focus on customer offer and supply reliability, supporting McBride growth	Volume leverage supporting improved margins
Input costs stabilised, but macro environment remains uncertain	Transformation programme progressing at pace	Ongoing focus on net debt reduction

Summary

McBride gaining share in growing private label market

Strong operational delivery driving higher margins

All divisions profitable

Full year adjusted operating profit now expected to be 10-15% ahead of previous internal expectations

Capital Markets Day – Wednesday 13 March 2024

5. Q&A

Appendices

Appendix 1: Income Statement

	H1 FY24 £m	H1 FY23 £m	y/y	Constant currency H1 FY23 £m	Constant currency y/y
Revenue	**468.0**	426.3	41.7	425.8	42.2
Gross profit	**170.9**	115.1	55.8	115.3	55.6
Gross margin	**36.5%**	27.0%	9.5ppts	27.1%	9.4ppts
Distribution costs	**(40.8)**	(38.5)	(2.3)	(38.7)	(2.1)
Administrative expenses	**(99.6)**	(77.9)	(21.7)	(78.1)	(21.5)
Adjusted operating profit/(loss)	**30.5**	(1.3)	31.8	(1.5)	32.0
Net finance costs					
– Borrowings	**(7.5)**	(6.3)	(1.2)		
– Pension	**(0.6)**	(0.3)	(0.3)		
Adjusted profit/(loss) before taxation	**22.4**	(7.9)	30.3		
Taxation	**(6.0)**	0.7	(6.7)		
Adjusted profit/(loss) for the period	**16.4**	(7.2)	23.6		
Adjusted diluted earnings/(loss) per share (pence)	**9.1**	(4.2)	13.3		
Amortisation	**(1.0)**	(1.3)	0.3		
Exceptional items	**(4.0)**	(10.8)	6.8		
Taxation – effective rate	**27%**	9%	18ppts		

Appendix 2: Segmental Reporting

Revenue	H1 FY24 £m	H1 FY23 £m	y/y	Constant currency H1 FY23 £m	Constant currency y/y
Liquids	**266.4**	237.7	12.1%	238.3	11.8%
Unit Dosing	**116.5**	111.4	4.6%	111.5	4.5%
Powders	**47.2**	42.7	10.5%	42.7	10.5%
Aerosols	**25.4**	21.3	19.2%	21.3	19.2%
Asia Pacific	**12.5**	13.2	(5.3)%	12.0	4.2%
Group	**468.0**	426.3	9.8%	425.8	9.9%

Adjusted operating profit/(loss)	H1 FY24 £m	H1 FY23 £m	y/y	Constant currency H1 FY23 £m	Constant currency y/y
Liquids	**22.8**	0.2	22.6	0.1	22.7
Unit Dosing	**7.9**	2.2	5.7	2.5	5.4
Powders	**3.2**	(1.2)	4.4	(1.3)	4.5
Aerosols	**0.5**	—	0.5	(0.1)	0.6
Asia Pacific	**0.7**	0.8	(0.1)	0.8	(0.1)
Corporate	**(4.6)**	(3.3)	(1.3)	(3.5)	(1.1)
Group	**30.5**	(1.3)	31.8	(1.5)	32.0

McBride

Appendix 3: Balance Sheet

	31 Dec 2023 £m	30 Jun 2023 £m	Change	31 Dec 2022 £m	y/y
Goodwill and other intangible assets	**25.9**	26.2	(0.3)	26.3	(0.4)
Property, plant and equipment	**115.8**	117.8	(2.0)	121.1	(5.3)
Right-of-use assets	**8.7**	8.5	0.2	9.9	(1.2)
Other non-current assets	**46.9**	46.1	0.8	36.7	10.2
Working capital	**41.6**	47.6	(6.0)	47.4	(5.8)
Net other debtors/(creditors)	**(7.6)**	(5.6)	(2.0)	2.6	(10.2)
Provisions	**(4.8)**	(5.3)	0.5	(6.7)	1.9
Pensions	**(32.6)**	(26.6)	(6.0)	(24.7)	(7.9)
Non-current liabilities	**(4.6)**	(5.1)	0.5	(5.9)	1.3
Net debt	**(145.7)**	(166.5)	20.8	(169.4)	23.7
Net assets	**43.6**	37.1	6.5	37.3	6.3
Average capital employed	**198.4**	209.4	(11.0)	199.8	(1.4)
Adjusted ROCE	**22.8%**	6.4%	16.4ppts	(5.5)%	28.3ppts
Trade working capital % of revenue	**8.9%**	9.8%	(0.9)ppts	10.6%	(1.7)ppts

Appendix 4: Cash Flow

	H1 FY24 £m	H1 FY23 £m	y/y
Adjusted operating profit/(loss)	**30.5**	(1.3)	31.8
Depreciation property, plant and equipment	**8.6**	8.2	0.4
Depreciation right-of-use assets	**1.8**	1.9	(0.1)
Share-based payments	**0.6**	0.5	0.1
Additional cash funding on pension scheme	**(2.0)**	(2.0)	—
Impairment of property, plant and equipment	**0.2**	—	0.2
Loss on disposal of property, plant and equipment	**0.3**	—	0.3
Adjusted operating cash flow before movement in working capital	**40.0**	7.3	32.7
Movement in working capital	**8.6**	12.2	(3.6)
Free cash flow	**48.6**	19.5	29.1
Exceptional items	**(6.1)**	(11.4)	5.3
Interest paid	**(6.2)**	(3.6)	(2.6)
Taxation (paid)/received	**(2.6)**	0.1	(2.7)
Cash generated from operating activities	**33.7**	4.6	29.1
Capital expenditure	**(8.4)**	(4.5)	(3.9)
Other items	**(0.4)**	(0.1)	(0.3)
Net cash flow	**24.9**	—	24.9
Net debt at beginning of period	**(166.5)**	(164.4)	(2.1)
Non-cash movements	**(2.2)**	(0.5)	(1.7)
Currency translation differences	**(1.9)**	(4.5)	2.6
Net debt at end of period	**(145.7)**	(169.4)	23.7

Appendix 5: Funding & Liquidity

At 31 December 2023	Facility £m	Drawn £m	Liquidity £m
Committed facilities:			
– Revolving Credit Facility	152.1	(87.9)	64.2
– Invoice discounting facilities	52.3	(52.3)	—
– Overdraft facilities	17.5	(11.0)	6.5
– Leases	9.2	(9.2)	—
Total committed facilities	**231.1**	**(160.4)**	**70.7**
Cash and cash equivalents			14.3
Liquidity			**85.0**