McBride plc

Results Presentation: February 2021

Agenda

1. Headlines
2. Commercial update
3. Financial results
4. Key activities and actions
5. Outlook
6. Q&A

Headlines

Strong first half improvement in challenging times; new Compass organisation in place

Business

- Strong profit performance in period from higher revenues and improved gross margins
- Household contract manufacturing delivered strong growth
- Gains in dishwash and cleaners offset by weaker laundry, repeating patterns seen in second half of last year
- Slight softening of certain input costs seen earlier in period, now reversed
- Effective response to Covid-19 challenges, with no significant production or business disruption
- Overall customer service levels recovered to 90-95% range
- Continued progress with key business improvement initiatives

Financial

- Group revenues 1.7% higher
- Adjusted profit before tax 74% higher at £16.9m
- Adjusted diluted EPS 92% higher at 7.1p
- Dividend policy reviewed as part of Group strategy reset; no interim dividend proposed
- Debt/adjusted EBITDA 2.2x accounting basis, 1.1x banking basis

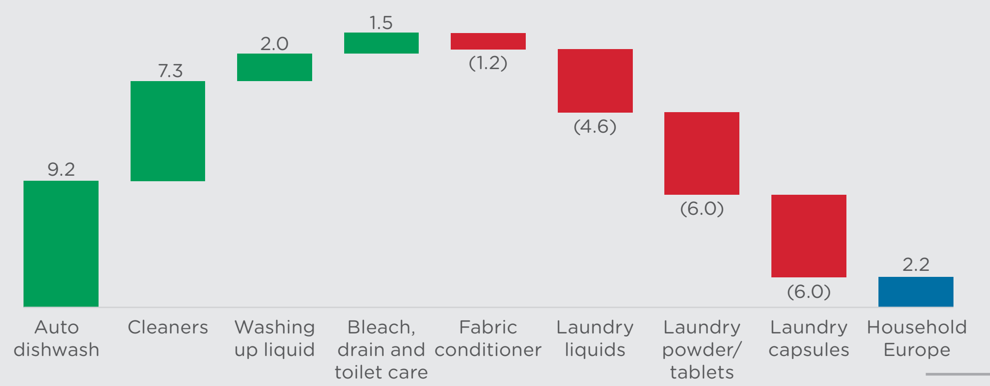
Strategy

- Compass strategy preparation and organisation design completed, new structures in place since 1 January 2021
- Capital Markets presentation of Compass strategy scheduled for 1.30pm today

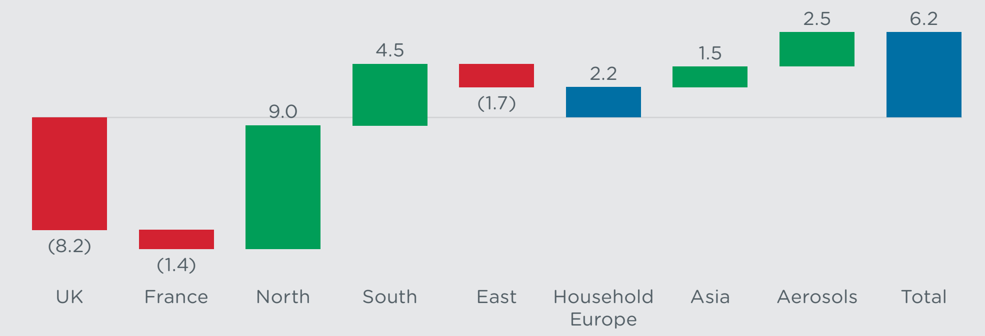
Commercial update

Revenue performance H1 FY21 vs H1 FY20

European household revenues by category £m
Constant currency variances



Group revenues £m
Constant currency variances



- Contract Manufacturing gains; PL decline in period
- Covid-19 effects:
  - sustained growth in dishwash (+11.0%) and cleaners (+10.3%) linked to Covid lockdowns, increased focus on hygiene plus contract wins
  - continued weak volumes in laundry categories (-12.7%) due to fewer washes as people stay home from work, school and limit outdoor activities
- Laundry capsules decline is due to the end of a contract in H2 FY20

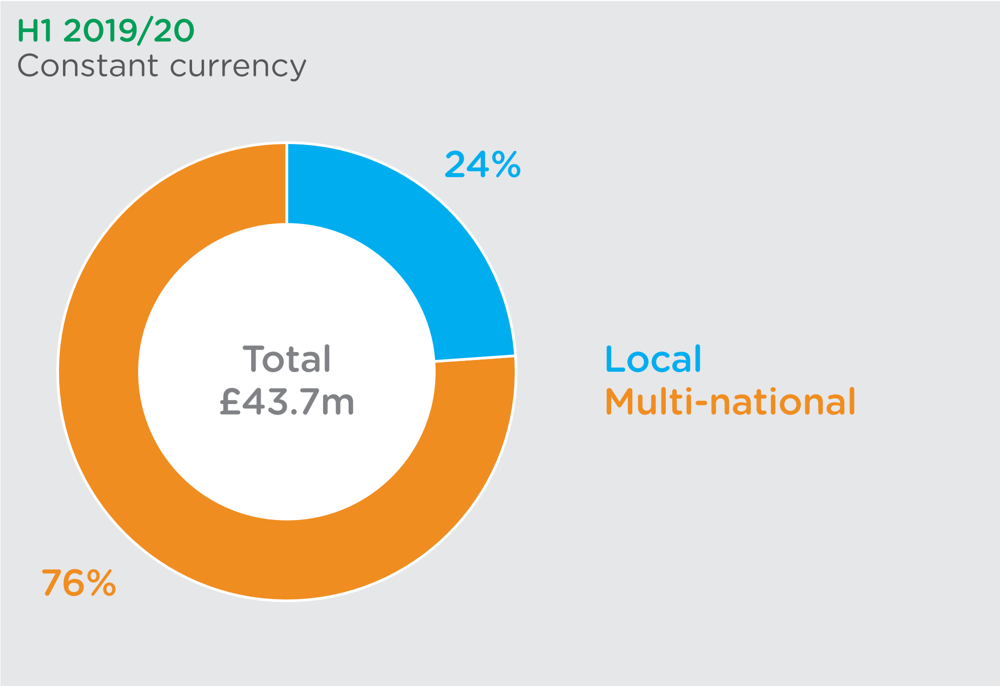
- European Household growth of 0.7%
  - UK down 10% due to prior year contract losses
  - North growing strongly in dishwash, cleaners and laundry capsules, mostly Contract Manufacturing
  - South good growth mainly from contracts with branders in both Italy and Iberia
  - East decline due to FY20 laundry capsule contract ending
- Asia continuing strong growth
- Aerosols 15% higher, mostly sanitising products

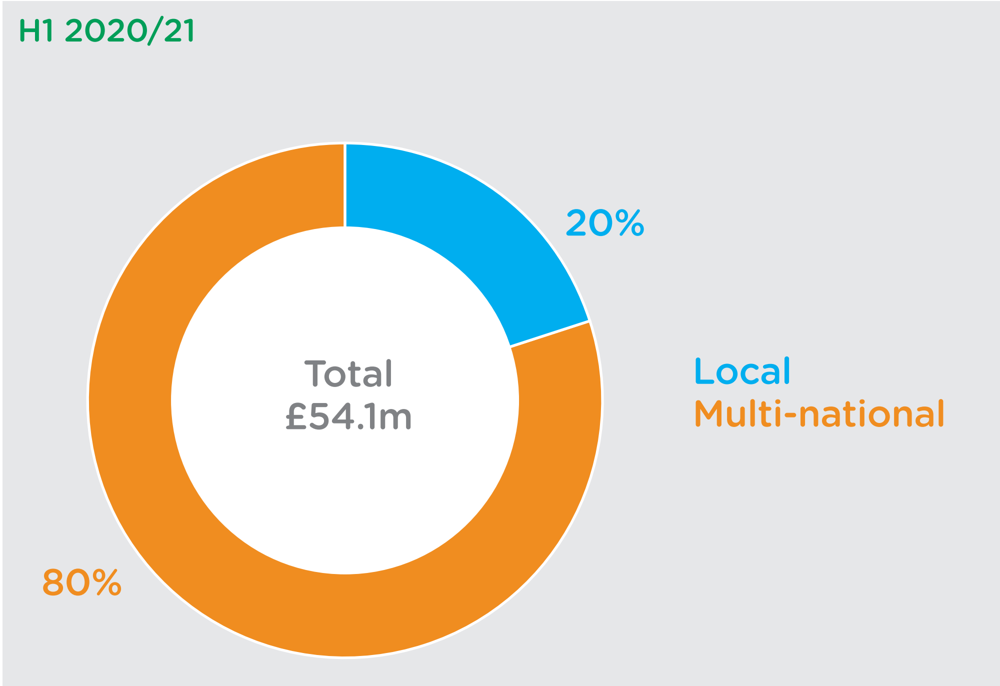
Key markets update

- Brands share higher
- Shopper preferences
- Retailer share changes
- Online
- Category outlook
- Retailer 'price matches'

	UK	Germany	France
Market:	+2.3%	+2.0%	+4.6%
McBride underlying:	+2.5%	+7.2%	+4.6%

Continued wins in Contract Manufacturing





- H1 revenue growth of 23.8% mainly coming from:
  - laundry capsules gain
  - auto dishwash, washing up liquid and cleaners growth from Covid-19 demand and product launches in Europe

- Contract Manufacturing has grown to 16.4% of total Household sales from 13.3%
- Multi-national branders share

Financial results

Mark Strickland

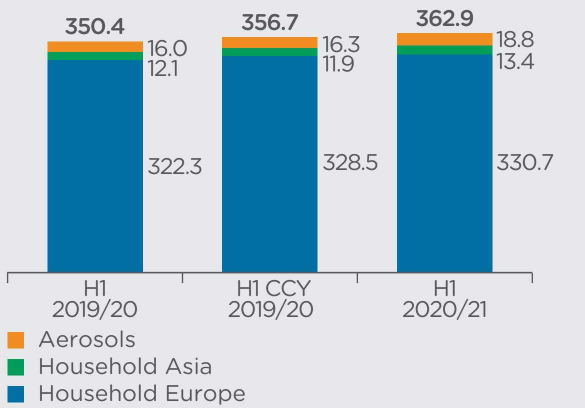
Chief Financial Officer

Financial headlines

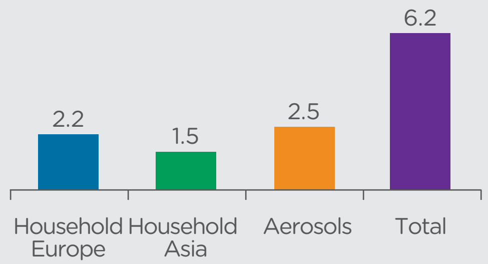
- Revenues at constant currency up 1.7% to £362.9m
- Household revenues up 1.1% to £344.1m at constant currency
- Adjusted operating profit of £19.0m up significantly on prior year (2019: £11.6m)
- Adjusted profit before tax of £16.9m (2019: £9.7m)
- Adjusted diluted EPS from continuing operations of 7.1p (2019: 3.7p)
- Share buy-back: 2.1 million shares purchased and cancelled at total cost of £1.5m
- Move to annual dividend; no interim dividend proposed (2019: nil)
- Operating cash flows of £9.2m (2019: £14.8m)
- Working capital up to £50.5m, driven by year-on-year reduction in creditors (30 June 2020: £37.7m)
- Net debt at £117.6m (30 June 2020: £101.5m)

Revenue development

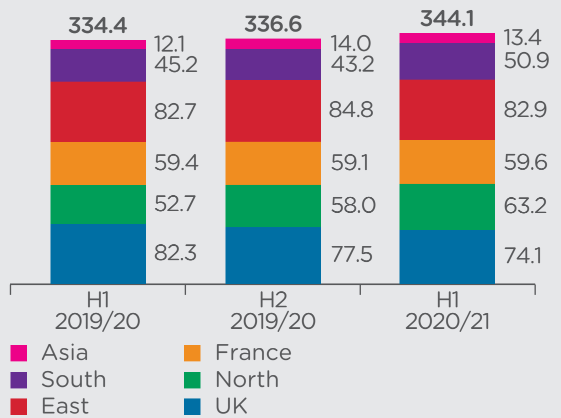
Revenue
£m



Change in revenues for H1 (at CCY)
£m



Household revenues by half year
£m

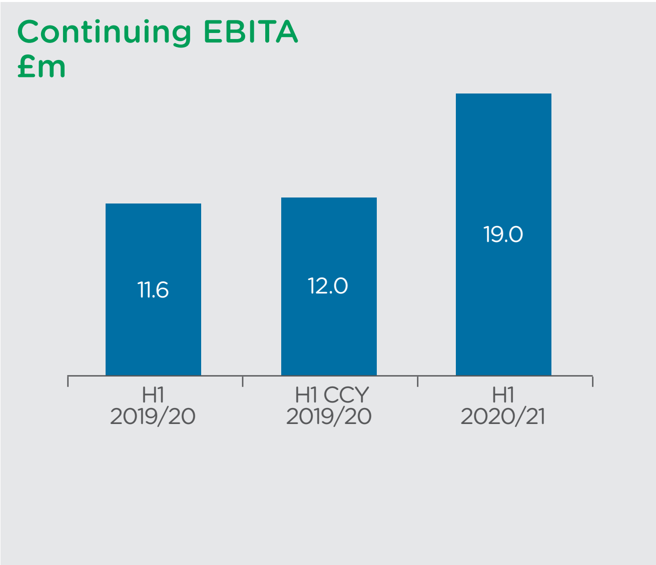


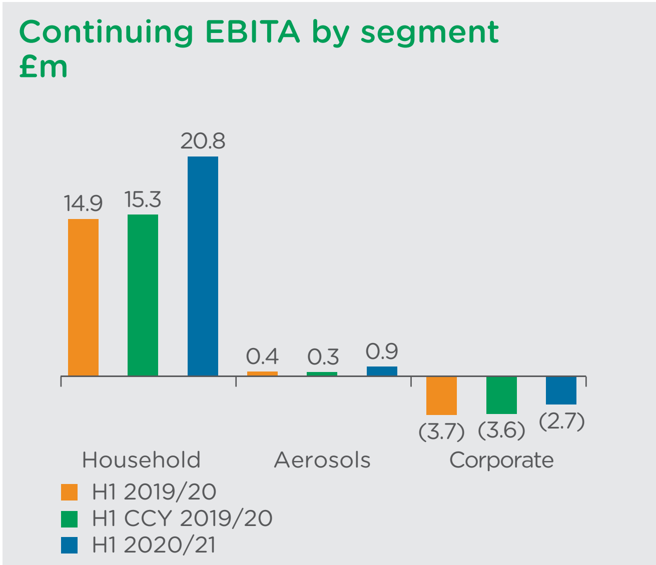
- Group sales at constant currency up 1.7%

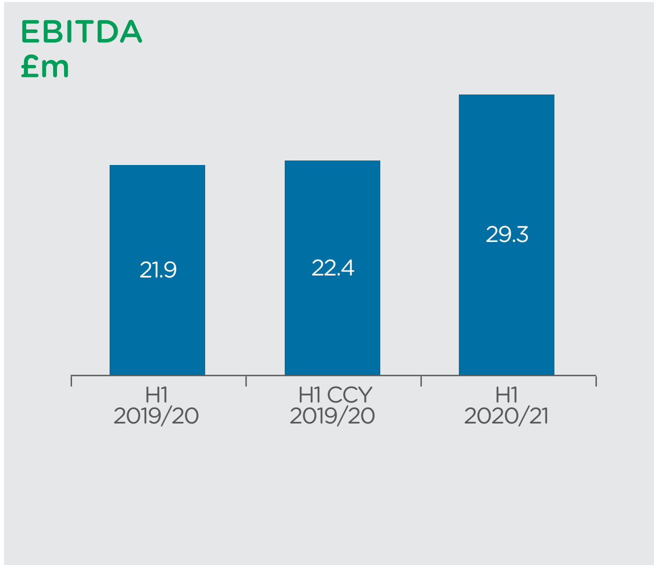
- HH Europe up 0.7%, driven by North and South
- HH Asia up 12.6%, driven by Australia and Malaysia
- Aerosols up 15.3%, driven by sales of sanitising products launched in H2 FY20

- UK reduces from 24.6% to 21.5% of total Household, due to contract losses
- North increases from 15.8% to 18.4%
- South increases from 13.5% to 14.8%

Operating profit development





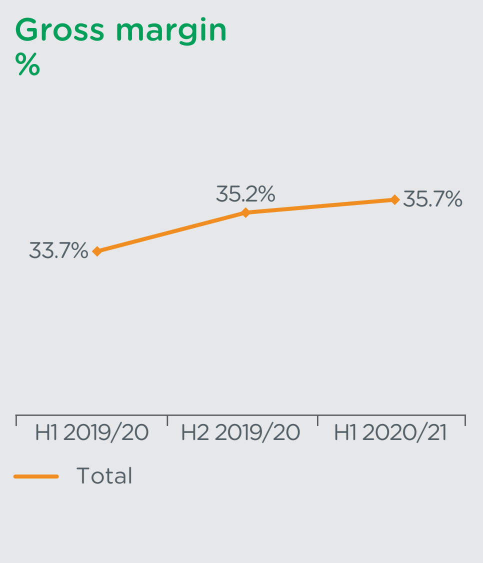


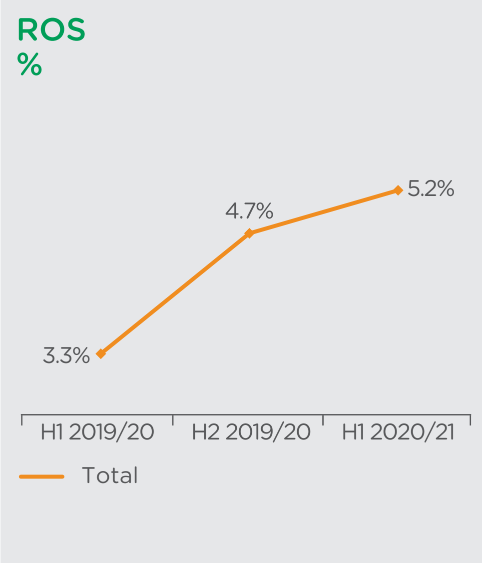
- EBITA up significantly due to increased sales, favourable product mix and slight softening of prices of certain raw materials and packaging
- Given current high feedstock prices, we expect to see gross margins weaken in the second half of the year

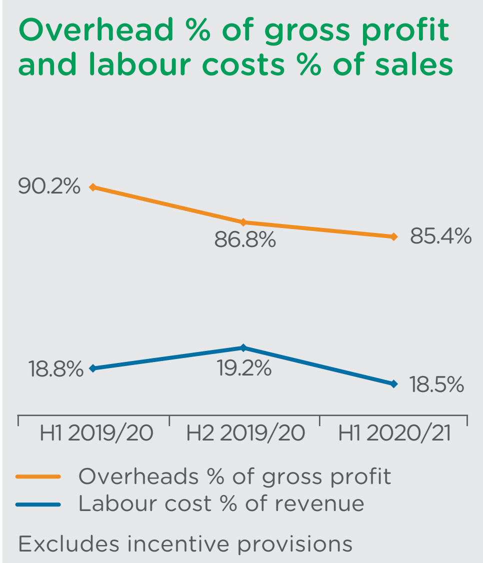
- Household driven by sales growth and gross margin expansion
- Corporate costs lower due to less travel and training (Covid-19) and vacancies

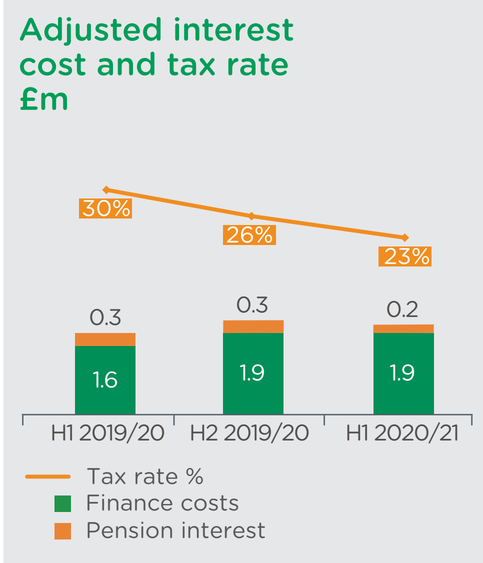
- Depreciation of £10.3m; in line with prior year

Income statement







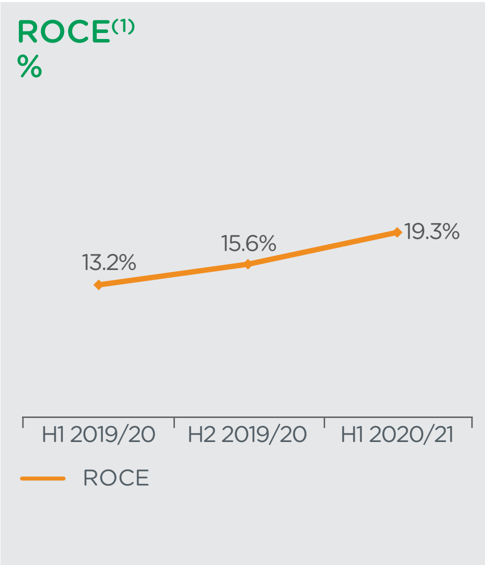


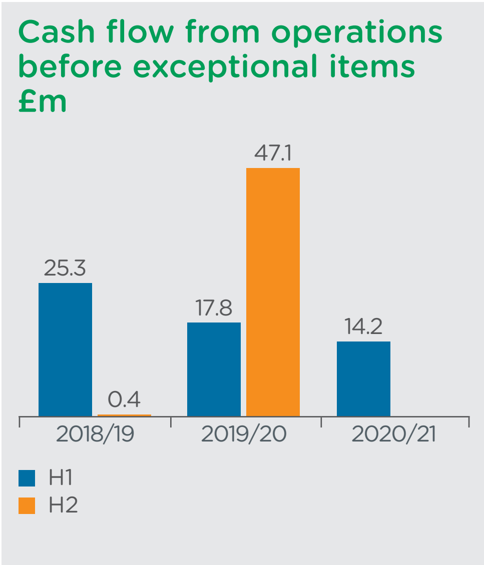
- Gross margin improvement driven by mix, input costs and volumes
- Distribution costs overall have been relatively stable compared to last year

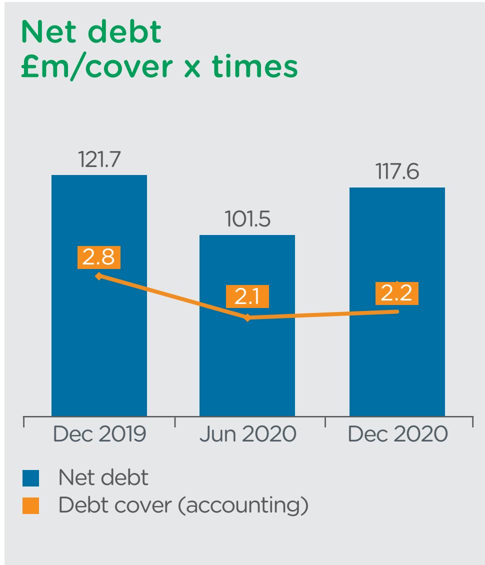
- ROS increased to 5.2%
- Admin overhead increase driven by higher incentives provision

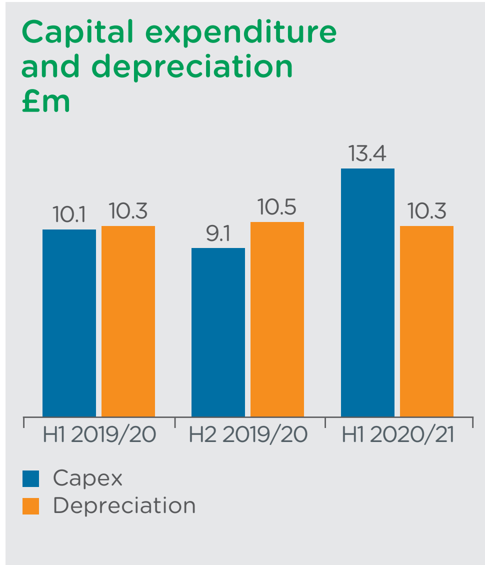
- Finance costs higher due to foreign exchange benefits on currency revaluations in the prior year
- H1 tax rate 23% due to provision release following settlement of a tax enquiry
- Full-year tax rate expected to be 28%

Balance sheet and cash flow









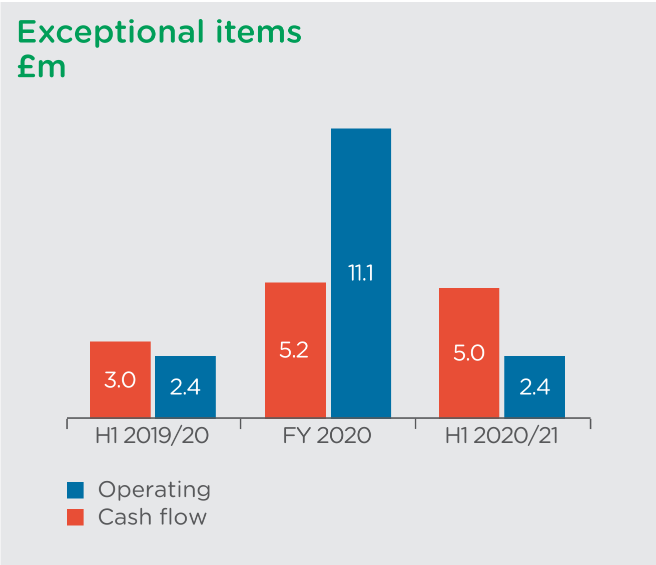
- Significant improvement in ROCE(1) driven by strong EBITA growth

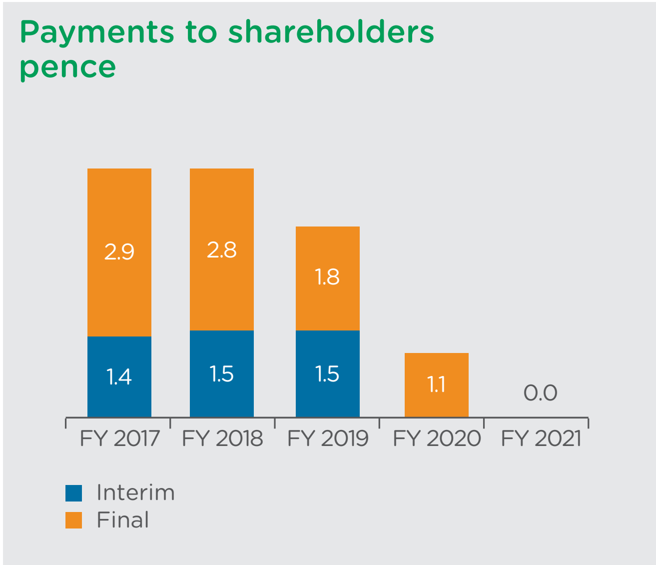
- Working capital increased by £12.8m primarily as a result of creditor reduction vs prior year (timing)
- Additional lease liability of £5.7m (mainly Asia factory)

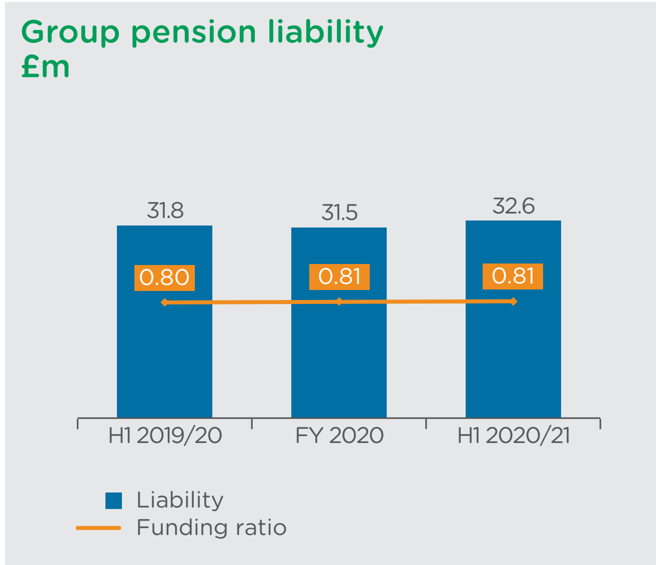
- Net debt on an accounting basis (incl. IFRS 16) increased to £117.6m (30 June 2020: £101.5m)
- Net debt cover (banking basis) is 1.1x, significantly below banking covenants of 3.0x

(1) In future, a new definition of ROCE will be used, find out more about this in the Capital Markets Day presentation.

Other financials







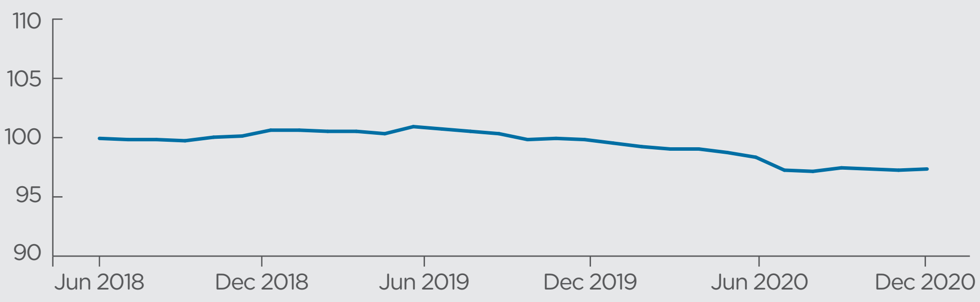
- H1 FY21 exceptionals charge mainly related to Programme Compass redundancy costs and professional fees
- Cash flow in H1 FY21 mainly driven by Barrow redundancy costs

- Intention is to move to single annual dividend
- New distribution approach will link dividend distribution to debt cover
- Detail to be shared in Capital Markets Day presentation

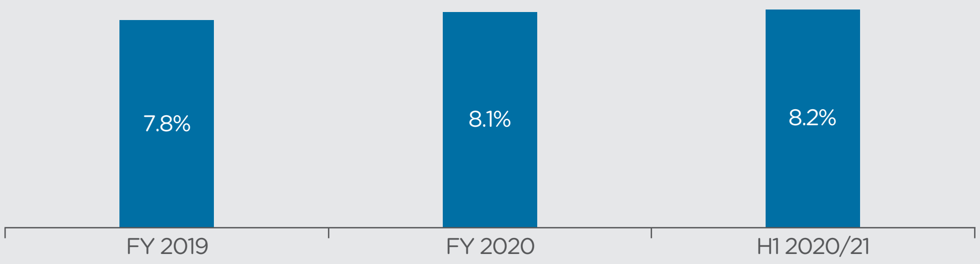
- Pension CDI strategy performing well
- Funding valuation (actuarial) improvement
- Pension cash funding £2.0m (2019: £2.0m)

Costs update

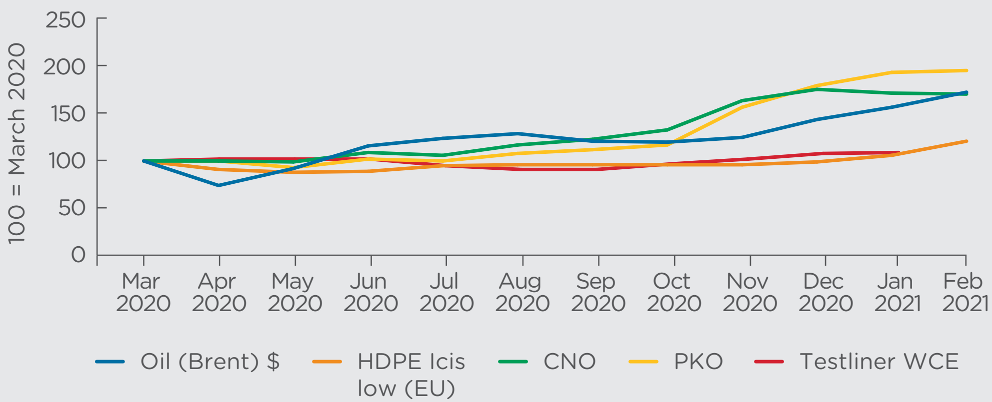
Group price index



Transport costs as % of sales



Feedstock index



- Slight softening of certain input pricing continued through first four months
- Some feedstocks increased in later part of period, now at pre-lockdown levels
- Closely monitoring global ocean freight market
- Recycled plastic on costs
- Cross channel premiums on freight

Key activities and actions

Chris Smith

Chief Executive Officer

Product sustainability

The first major commitment under our new ESG ambition

- Our 2025 product plans will deliver initiatives linked to reducing the environmental impacts of the products we supply
- We endeavour to ensure that every new product we develop will deliver a more sustainable footprint than the product it replaces
- We are on track for delivery vs key targets across our three pillars:

Plastics reduction

Responsible sourcing

Increase compaction

Example 2025 targets

- >50% PCR content in plastic bottles
- 100% plastic packaging fully recyclable
- 100% paper board FSC approved
- 0% mixed-layer plastics
- 0% PVC

Key activities and actions

Good progress, despite challenging backdrop

Barrow

- Production transfers to France and Luxembourg completed
- Plant closed in October 2020
- Site clearance in progress

Asia Pacific expansion

- New Malaysia factory – two month delay due to Covid-19
- Fully operational April 2021
- Household expansion in planning

Logistics projects

- Warehouse in Guesnain, France closure February 2021
- Move to a more strategic third-party location for our German inventories in March 2021
- Transport management outsourcing to start in Q4

Key activities and actions (continued)

Aerosols

- Sanitiser ranges – new product formats
- Additional filling line installed
- H1 sales growth 15%

M&A

- Three of the four liquids production lines acquired from liquidated competitor installed

Category investments

- Auto dishwash format capability
- Laundry capsule developments
- Liquids capacity increases

Outlook

Full year outlook unchanged

- Short-term order level variability
- As anticipated, rising input cost pressure
- Medium-term category performance linked to Covid-19
- Compass organisation in place, business operating with new divisional management teams
- Continued vigilance around operational impacts from Covid-19

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	H1 2020/21 £m	H1 2019/20 £m	y/y	Constant currency[1] H1 2019/20 £m	Constant currency[1] y/y
Revenue	**362.9**	350.4	3.6%	356.7	1.7%
Gross profit	**129.7**	118.0	9.9%	120.1	8.0%
Gross margin	**35.7%**	33.7%	2.0 ppt	33.7%	2.0 ppt
Distribution costs	**(29.7)**	(28.7)	3.5%	(29.2)	1.7%
Administrative expenses	**(81.0)**	(77.7)	4.2%	(78.9)	2.7%
EBITA[2]	**19.0**	11.6	63.8%	12.0	58.3%
Net finance costs					
– Borrowings	**(1.8)**	(1.6)	12.5%	(1.6)	12.5%
– Pension	**(0.3)**	(0.3)	0.0%	(0.3)	0.0%
Adjusted profit before taxation	**16.9**	9.7	74.2%	10.1	67.3%
Taxation	**(3.9)**	(3.0)	30.0%	(3.0)	30.0%
Adjusted profit for the year[3]	**13.0**	6.7	94.0%	7.1	83.1%
Adjusted diluted earnings per share (pence)[3]	**7.1**	3.7	91.9%		
Amortisation	**(1.2)**	(1.0)	0.2		
Exceptional items	**(2.2)**	(2.1)	0.1		
Taxation – effective rate	**23%**	30%	(7.0) ppt		

(1) Comparatives translated at 31 December 2020 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, unwind of discount on provisions, exceptional tax changes and any related tax.

Appendix 2: segmental reporting

Revenue	H1 2020/21 £m	H1 2019/20 £m	y/y	Constant currency H1 2019/20 £m	Constant currency y/y
UK	**74.1**	82.3	(10.0%)	82.3	(10.0%)
France	**59.6**	59.4	0.3%	61.0	(2.3%)
North	**63.2**	52.7	19.9%	54.2	16.6%
East	**82.9**	82.7	0.2%	84.6	(2.0%)
South	**50.9**	45.2	12.6%	46.4	9.7%
Household Europe	**330.7**	322.3	2.6%	328.5	0.7%
Asia	**13.4**	12.1	10.7%	11.9	12.6%
Household	**344.1**	334.4	2.9%	340.4	1.1%
Aerosols	**18.8**	16.0	17.5%	16.3	15.3%
Group total	**362.9**	350.4	3.6%	356.7	1.7%
Adjusted trading profit					
Household	**20.8**	14.9	39.6%	15.3	35.9%
Aerosols	**0.9**	0.4	125.0%	0.3	200.0%
Corporate	**(2.7)**	(3.7)	(27.0%)	(3.6)	(25.0%)
Group total	**19.0**	11.6	63.8%	12.0	58.3%

Appendix 3: exceptional items

	H1 2020/21 £m	H1 2019/20 £m
UK Aerosols closure	**0.4**	0.1
Factory footprint review	**0.1**	2.0
Review of strategy, organisation and operations	**1.7**	—
Total continuing operations	**2.2**	2.1
Sale of PC Liquids business	**0.2**	0.3
Discontinued	**0.2**	0.3
Group	**2.4**	2.4

Appendix 4: balance sheet

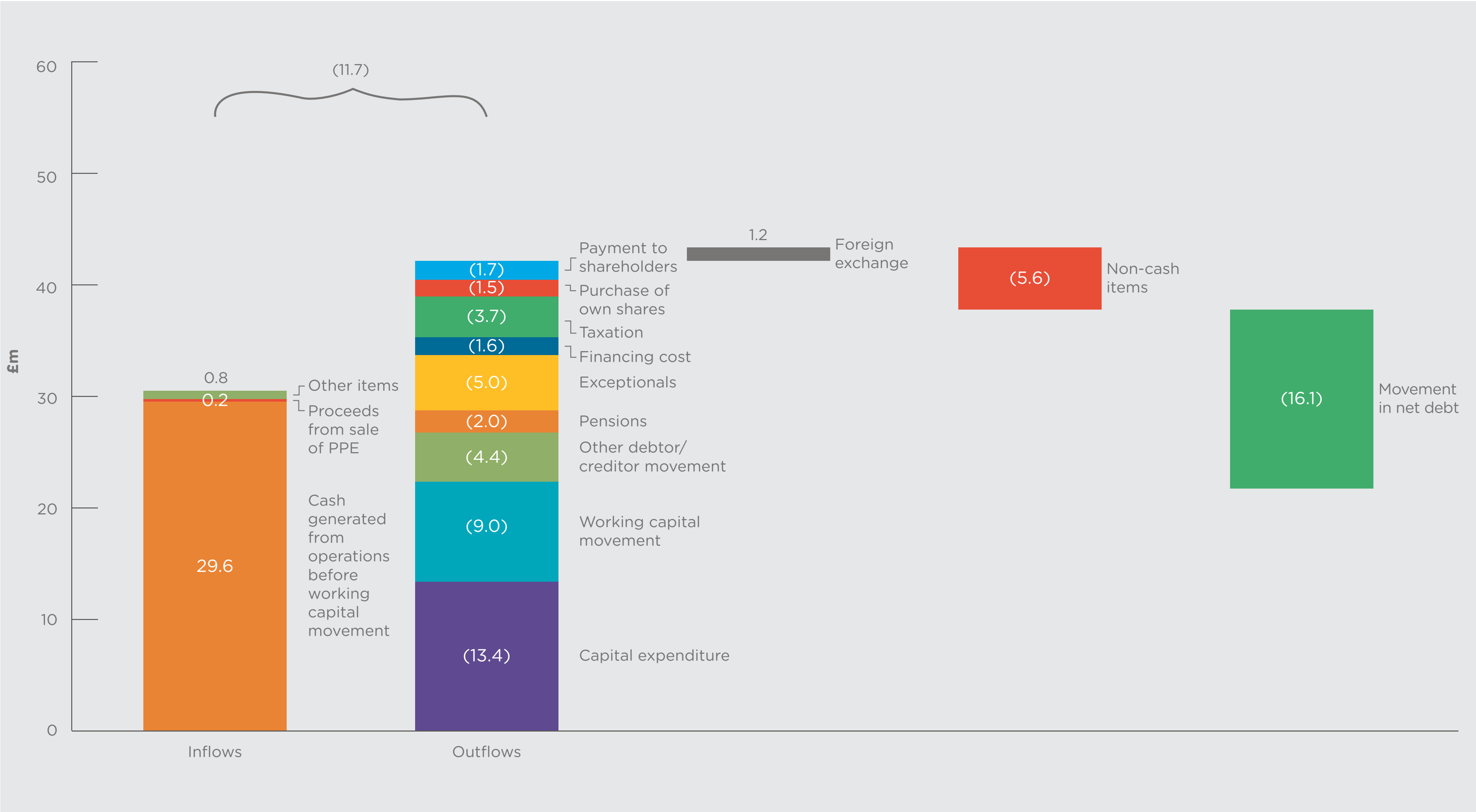
	31 Dec 2020 £m	30 Jun 2020 £m	y/y	31 Dec 2019 £m	y/y
Goodwill and other intangible assets	**27.9**	28.4	(1.8%)	29.1	(4.1%)
Property, plant and equipment	**135.9**	134.7	0.9%	128.1	6.1%
Right-of-use assets	**10.7**	7.3	46.6%	6.7	59.7%
Other non-current assets	**14.5**	13.8	5.1%	12.5	16.0%
Working capital	**50.5**	37.7	34.0%	57.6	(12.3%)
Net other debtors/(creditors)	**(6.0)**	(5.2)	15.4%	(8.8)	(31.8%)
Provisions	**(6.7)**	(9.9)	(32.3%)	(4.8)	39.6%
Pensions	**(32.6)**	(31.5)	3.5%	(31.8)	2.5%
Non-current liabilities	**(6.6)**	(6.9)	(4.3%)	(6.0)	10.0%
Net debt	**(117.6)**	(101.5)	15.9%	(121.7)	(3.3%)
Net assets	**70.0**	66.9	4.6%	60.9	14.9%
Average capital employed	**185.1**	181.7	1.9%	175.6	5.4%
ROCE[1]	**19.3%**	15.6%	23.7%	13.2%	46.2%
Trade working capital % of sales	**11.9%**	10.6%	1.3 ppt	12.4%	(0.5) ppt

(1) In future, a new definition of ROCE will be used, find out more about this in the Capital Markets Day presentation.

Appendix 5: cash flow

	H1 2020/21 £m	H1 2019/20 £m	y/y
Adjusted operating profit	**19.0**	11.6	63.8%
Depreciation	**8.4**	8.6	(2.3%)
Depreciation right-of-use assets	**1.9**	1.7	11.8%
Share-based payments	**0.3**	0.2	50.0%
Additional cash funding on pension scheme	**(2.0)**	(2.0)	0.0%
Impairment of fixed assets	**0.1**	—	n/a
Profit on disposal of property, plant and equipment	**(0.1)**	(0.6)	(83.3%)
Operating cash flow before movement in working capital before exceptional items	**27.6**	19.5	41.5%
Movement in working capital	**(13.4)**	(1.7)	688.2%
Cash generated from operations before exceptional items	**14.2**	17.8	(20.2%)
Interest paid	**(1.6)**	(1.5)	6.7%
Taxation paid	**(3.7)**	(1.4)	164.3%
Capital expenditure	**(13.4)**	(10.1)	32.7%
Free cash flow before exceptional items	**(4.5)**	4.8	(193.8%)
Exceptionals cash flow	**(5.0)**	(2.2)	127.3%
Redemption of B shares	**(1.7)**	(3.3)	(48.5%)
Proceeds from sale of PPE	**0.2**	0.2	0.0%
Proceeds from sale of Hull	**—**	2.2	n/a
Purchase of own shares	**(1.5)**	(0.1)	1,400.0%
Other items	**0.8**	2.6	(69.2%)
Net cash flow	**(11.7)**	4.2	(378.6%)
Net debt at beginning of the year	**(101.5)**	(120.9)	(16.0%)
Non-cash movements	**(5.6)**	(10.2)	(45.1%)
Currency translation differences	**1.2**	5.2	(76.9%)
Net debt at end of year	**(117.6)**	(121.7)	(3.4%)

Appendix 6: use of cash and reconciliation of net debt



Appendix 7: funding headroom

	Facility £m	Drawn £m	Committed headroom £m
Committed facilities:			
– revolving facilities (June 2022)	157.3	(73.4)	83.9
– invoice discounting facility	50.2	(50.2)	—
– other loans	—	—	—
– lease liabilities	11.7	(11.7)	—
Total committed facilities	**219.2**	**(135.3)**	**83.9**
Uncommitted facilities	41.5	(4.2)	(4.2)
Total facilities	**260.7**	**(139.5)**	**79.7**
Cash and cash equivalents		21.5	21.5
Other		0.4	—
Net debt		**(117.6)**	**101.2**