Everyday cleaning products, **expertly made**

McBride plc

FY23 Results Presentation: 19 September 2023

Agenda

1. Headlines
2. Overview
3. Financial Review
4. Outlook & Summary
5. Q&A

Our speakers today

Chris Smith
Chief Executive Officer

Mark Strickland
Chief Financial Officer

1. Headlines

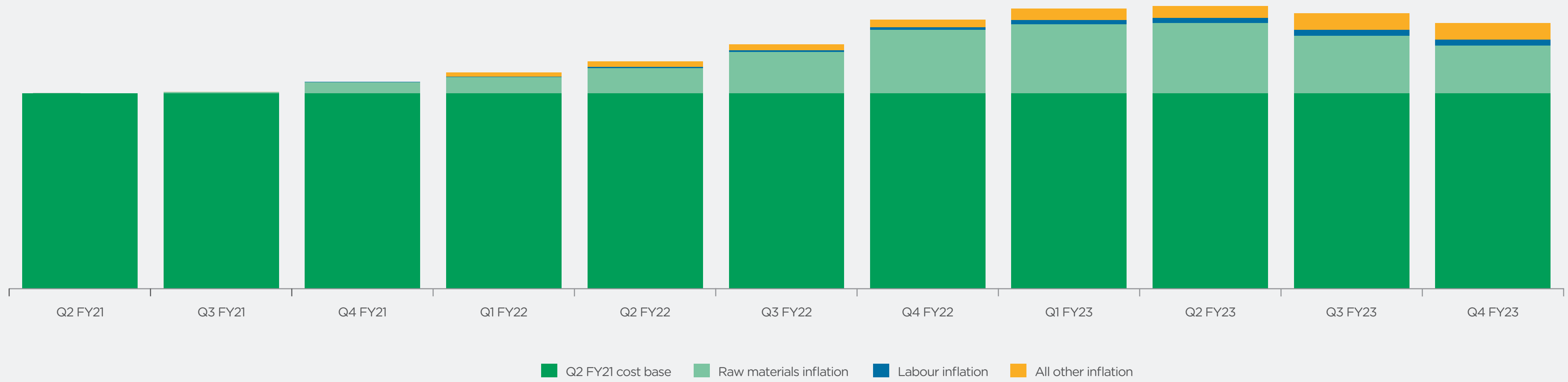
FY23 headlines

Improved business performance; private label surge driving strong momentum

Delivery of significant business performance improvement	Revenue growth 31.1% (28.4% at CC)
Strategic progress in focus categories and geographies	Volumes up 5.6% in year, Q4 12.7% higher
Broad based return to volume growth, including contract wins	Adjusted operating profit £13.5m (2022: £(24.5)m loss)
Step up in customer experience; improved service, and innovation offerings, supporting strong private label pull	Liquidity headroom increased to £44.3m (2022: £30.6m)
Transformation programme underway	Positive momentum into FY24

Business response to inflationary pressures

Multiple waves of margin recovery actions;
Group input costs eased slightly in second half



- Some deflation in overall cost levels, but costs are still very high versus historic levels
- Energy, transport, labour, interest costs and general inflation becoming increasingly important pricing factors
- Shift to short-term pricing arrangements with customers (maximum of three months)
- Customer requests increasing for cost mitigation through 'design to value' options
- Disciplined cost and capex management to mitigate

Transformation programme

Execution is underway; targeting £50m of cost benefits over five years

Our transformation plan consists of programmes intentionally balanced between sales and margin growth, cost reduction and cash generation

Programme management office discipline

Environmental transformation Setting out the targets to deliver our decarbonisation ambition

Sales and margin growth

Commercial excellence

Skills, tools and process investments

Operations transformation

Targeted investments to support growth and innovation

Service excellence

Overhauling our supply chain to keep our customers first

Cost reduction and cash generation

Operating model excellence

A new Enterprise Resource Platform (SAP S/4Hana)

HR digital transformation

Digital replatforming of our core HR processes

Cost excellence

Designing out waste, duplication and non-value adding activity

ESG

Environmental

- Since 2021, corporate carbon footprint reduced by 1.6%; Scope 2 emissions down 44%
- Scope 1 & 2 SBT ambition defined – 55% reduction by 2033
- SBT Scope 3 target to be set by end of 2023
- Focused investment in renewable electricity and energy efficiency

Area of focus	2022 actual	2023 actual	2025 target
FSC® sourced	91.4%	88.4%	100%
100% recyclable packaging	98.5%	99.0%	100%
50% PCR in our plastic packaging	17.6%	19.3%	50%
– PET	52.2%	60.2%	
– PE	5.1%	8.4%	
Flexible multi-plastic moved to mono-material plastic	39%	36%	100%

Social

- Diversity, equity and inclusion programme
- 'McBride Gives' volunteering scheme
- Engagement activities supporting great place to work
- Talent management processes improved

Governance

- Board site visits
- Engagement with investors
- Review of our approach to sustainability
- Regulatory training

2. Overview

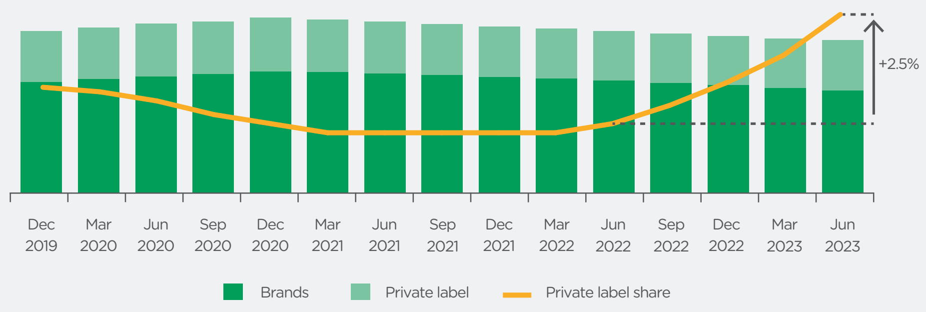
McBride

Household market overview

Private label share gain but overall market volumes lower as consumer behaviour adapts to cost-of-living challenges

Total market:	vs 2022:	Private label volumes:	Market	McBride
Household – total	(5)%	Household	2%	6%
Laundry – total	(5)%	Laundry	2%	6%
Cleaners – total	(8)%	Cleaners	0%	2%
Dishwash – total	(3)%	Dishwash	5%	13%

Volume progression



- Volumes lower as consumers dose more frugally
- Private label share continuing to grow
- Consumer trade down, seeking value through channel choice, format changes, shift to private label
- Some major retailers prioritising private label

Source: Europanel (Kantar & GFK) panel data

McBride Liquids

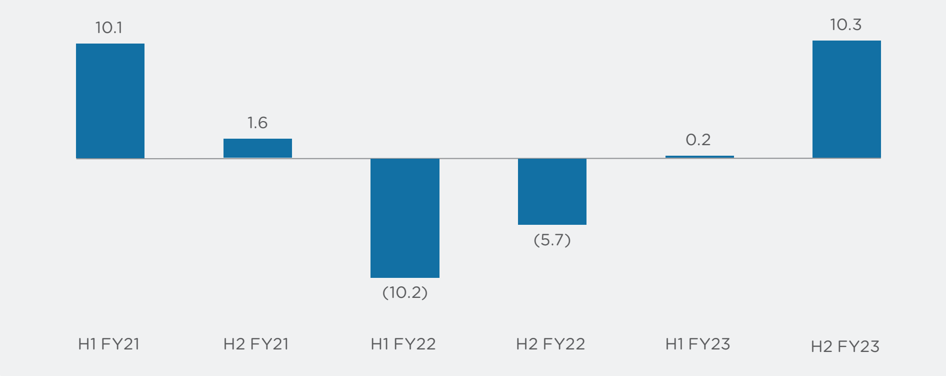
Divisions – Liquids

56.0% of Group sales

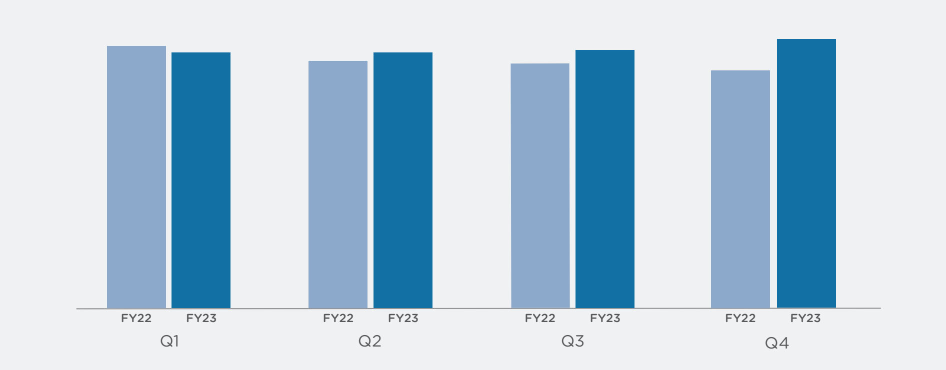
Liquids generates c.£500m revenue p.a. in a total European market, including branded, of £9.1bn RSV

Cost leadership → **Cash generation**

Adjusted operating profit/(loss) £m



Total volumes



Return to profit through inflation recovery, tight cost control and private label growth

- Private label volume growth – all regions, all categories
- Consumer ‘down-trading’ – simpler, better value products
- Margin focus tracking cost changes
- Customer service levels improvement
- Private label contract wins
- Cost leadership focus – Lean conversion programme
- Portfolio innovation – focus on product sustainability

McBride Unit Dosing

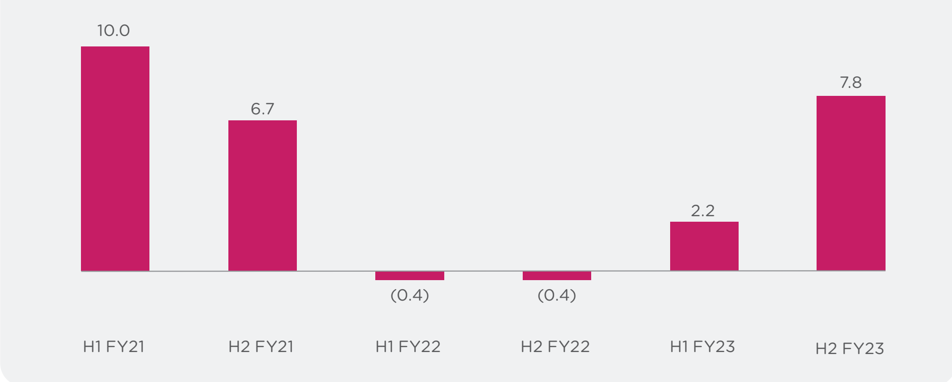
Divisions – Unit Dosing

26.3% of Group sales

Unit Dosing generates c.£230m revenue p.a. in a total European market, including branded, of £2.7bn RSV

Product leadership → **Strategic growth**

Adjusted operating profit/(loss) £m



Private label volumes

Strength in private label through improved product offer and new business wins

- Revenue up 36.6% – volumes and pricing
- Volumes up 7.2% driven by higher private label demand across all product lines
- Weak contract manufacturing volumes
- New sustainable cardboard packaging for capsules now in multiple retailers
- Progress with optimising balance between asset flexibility and cost efficiency
- Investments made to drive continued growth

McBride Powders

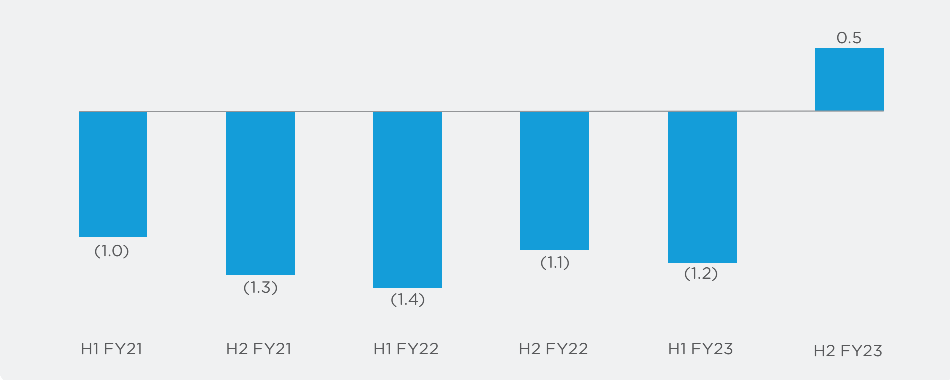
Divisions – Powders

9.7% of Group sales

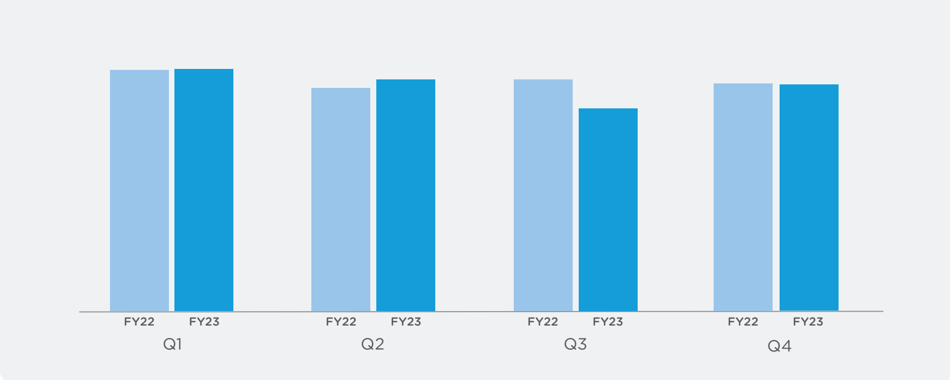
Powders generates c.£90m revenue p.a. in a total European market, including branded, of £1.4bn RSV

Cost leadership → **Cash generation**

Adjusted operating profit/(loss) £m



Powders detergent volumes (tonnes)



Cost leadership and technical step up securing wins

- Private label volumes stable in markets that are declining overall
- Pricing actions late in H1 into H2 offsetting huge raw material inflation specific to Powders
- Recent private label wins will drive revenue growth in FY24
- Professional recovering post Covid-19
- Excellent progress on product development, reputation as leading powder expert growing
- Good progress with cost leadership strategy
- Strong service and quality performance

Divisions – Aerosols & Asia Pacific

5.2% | 2.8% of Group sales

McBride Aerosols

McBride Asia Pacific

Aerosols generates c.£45m revenue p.a. with its current focus on the French market and niche products

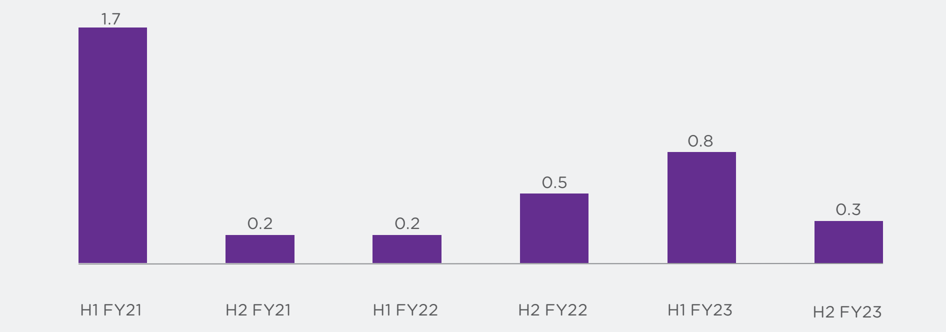
Adjusted operating profit/(loss) £m

Growing reputation as a specialist supplier

- Volumes up from private label growth and new business wins
- Supply chain agility and strong cost controls underpinning excellent customer partnerships
- ‘Made in France’ tag supporting new contract manufacturing volumes
- Business development outside France is progressing

Asia Pacific generates c.£25m revenue p.a. and is a high opportunity region for personal care and household

Adjusted operating profit £m

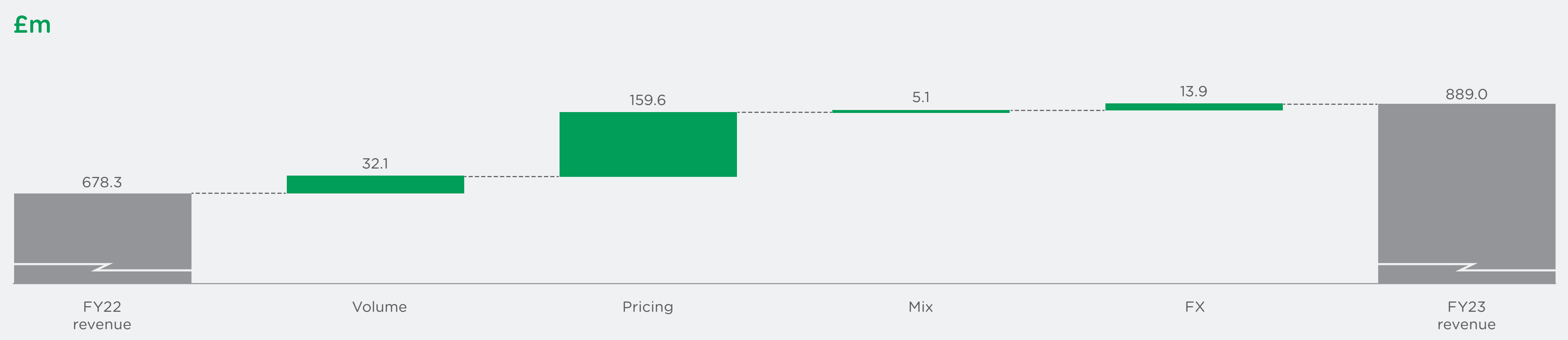


Performance recovering following significant Covid-19 impacts

- Business resetting under new leadership
- Contract manufacturing opportunities with both local and global players
- Australia and other export growth opportunities improving
- Regional logistics costs returning to more favourable levels

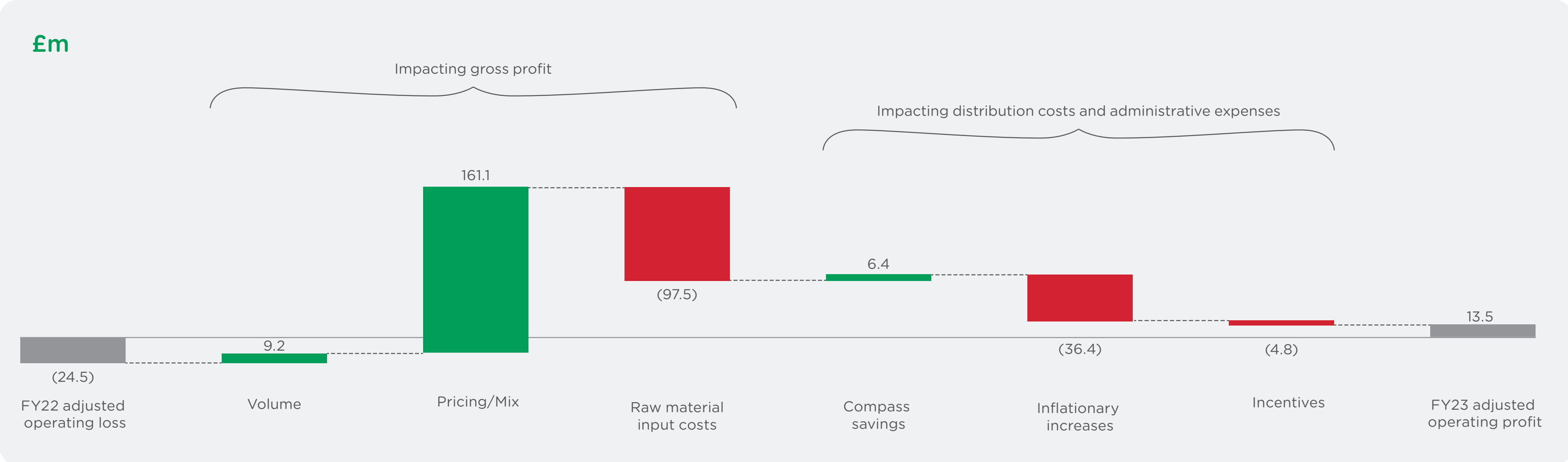
3. Financial Review

Group revenue bridge



- Revenue increased by 31.1% vs 2022
- Volume growth contributed £32.1m
  - private label volumes up 7.0%
  - contract manufacturing volumes down 7.0%
  - fourth quarter volumes up 12.7% with good momentum into FY24
- Pricing actions:
  - £159.6m in-year benefit
  - collaboration with customers continues

Group adjusted operating profit bridge



- Key drivers of the £38.0m improvement in adjusted operating profit:
  + pricing: multiple pricing waves implemented
  + volume increase driven by private label demand
  + Compass savings helped offset inflationary pressures
- Partially offset by:
  – inflationary pressures switching from raw materials to labour, distribution, energy and general supplies
  – incentives: rewarding significant business turnaround

Compass cost savings

- Annualised savings of £20m achieved
- FY23 realised cost savings £17.9m (FY22: £11.6m):

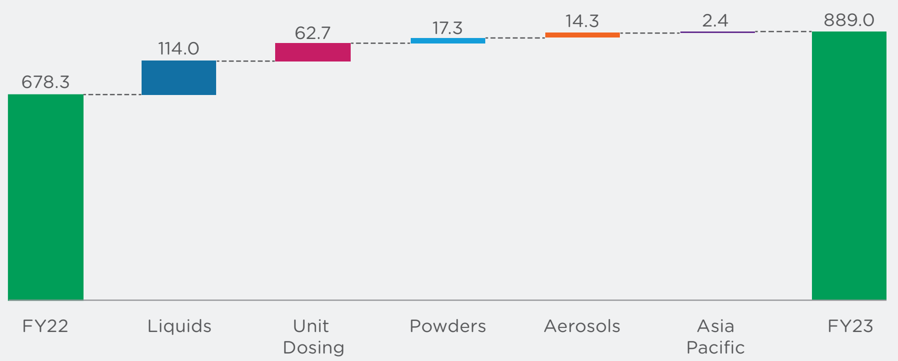
£12.8m
operations

£4.3m
divisional overheads

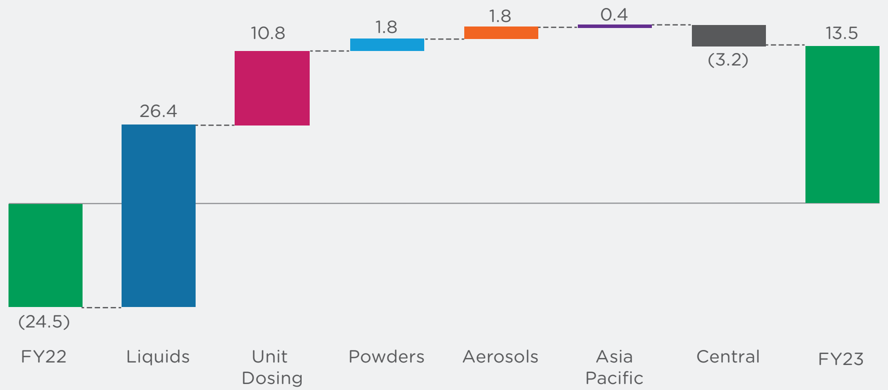
£0.8m
distribution

Divisional performance bridges

Revenue £m



Adjusted operating profit/(loss) £m

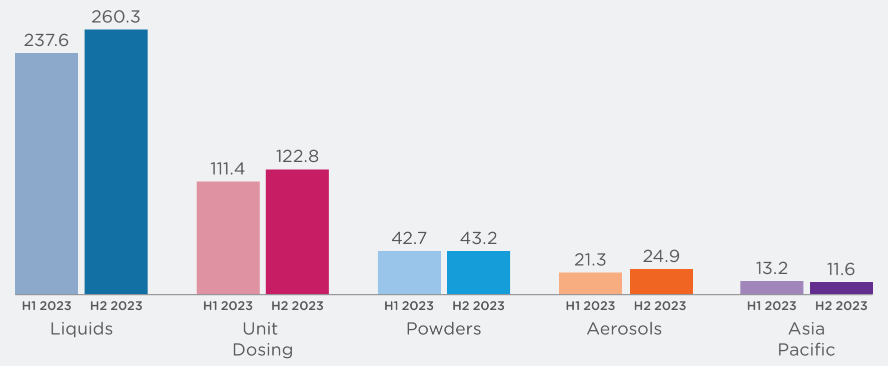


- Group revenue up 31.1%:
  - Liquids +29.7%: pricing and private label volume growth
  - Unit Dosing +36.6%: pricing and innovation driven volume growth, weaker CoMan
  - Powders +25.2%: pricing and private label volume growth, weaker CoMan
  - Aerosols +44.8%: pricing and private label volume growth
  - Asia Pacific +10.7%: volume recovery vs Covid-19 impacted prior year

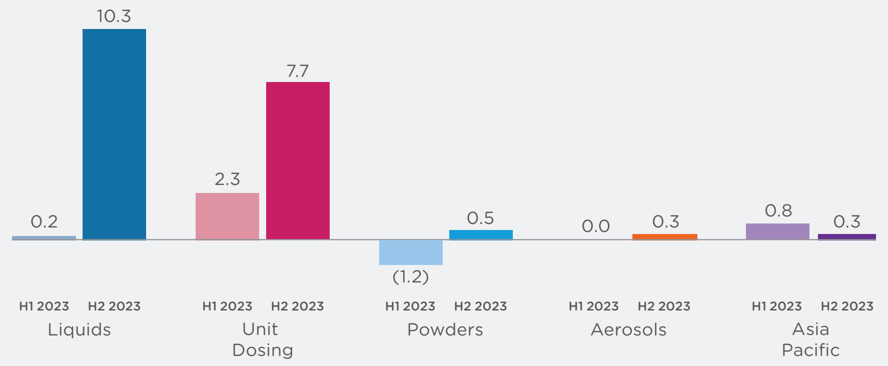
- Group adjusted operating profit improved by £38.0m:
  - all divisions' profitability improving
  - price increases and strict cost controls helped mitigate the impact of input cost inflation
  - Central includes provision for higher incentives

Divisional performance

Revenue £m



Adjusted operating profit/(loss) £m

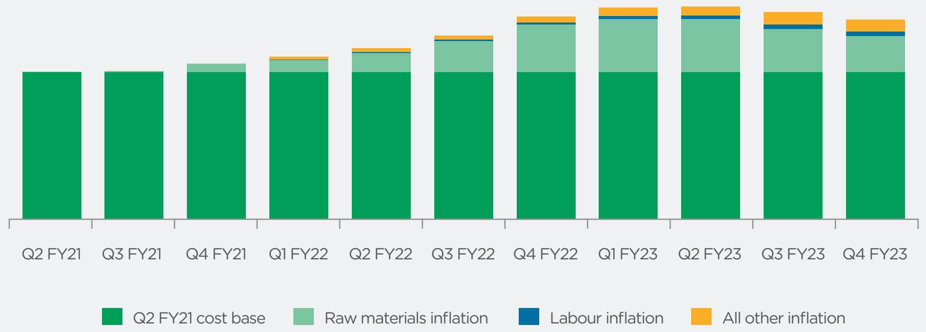


- All divisions significantly grew revenue, with second half especially strong in Europe
- Revenue growth driven by both pricing actions and volume growth

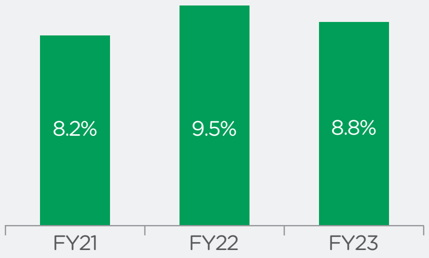
- All divisions profitable in H2 FY23
- Asia Pacific second half impacted by FX and supply contract transitions
- Fourth quarter performance was particularly strong, with good momentum into FY24

Costs

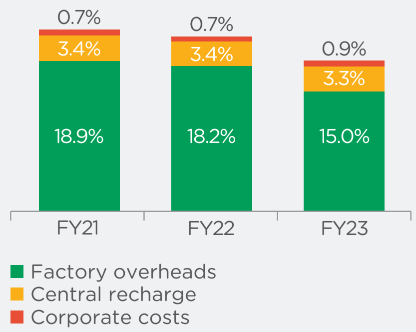
Group input costs eased slightly in second half



Distribution costs as % of sales



Administrative (overhead) costs as % of sales



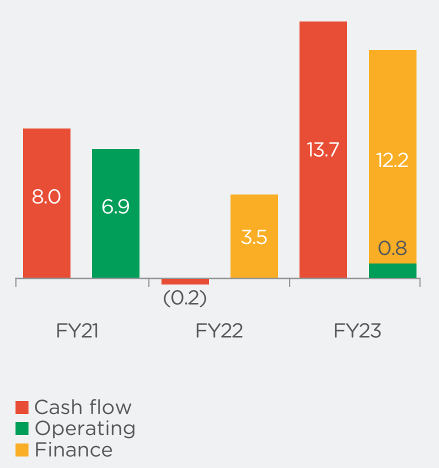
- Inflation remained a major challenge throughout the year
- High energy and labour costs becoming increasingly significant drivers of input cost inflation
- Variability by division, e.g. Powders experienced higher inflationary impacts due to global tightness in supply of salts

- Cost as % of sales reduced despite £13.6m increase in distribution costs driven by high inflationary pressures
- Warehouse network strategy continues to reduce costs

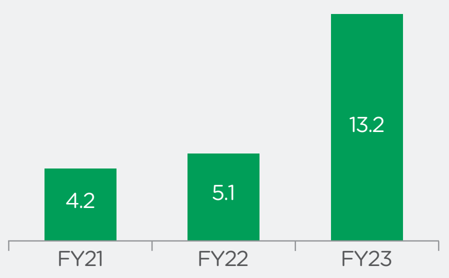
- Total administrative costs increased by £19.6m representing 19.2% of net sales (FY22: 22.3%)
- Key drivers of cost increases include inflationary pressures and higher incentive provisions, partially offset by savings driven by the Compass cost reduction programme

Other financials

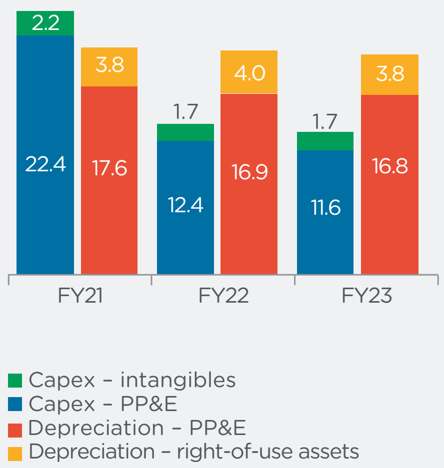
Exceptional items £m



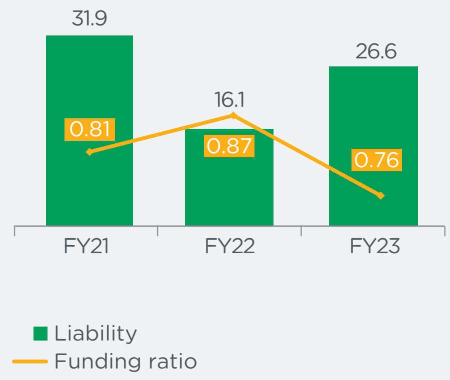
Finance costs (non-exceptional) £m



Capex and depreciation £m



Pensions £m



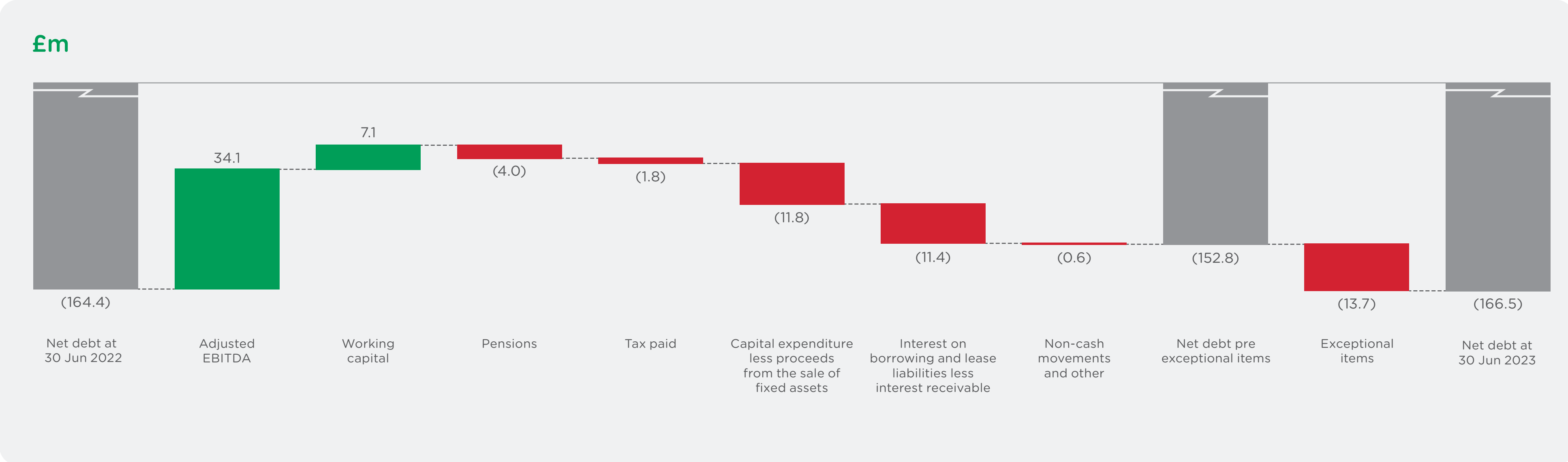
- Exceptional costs relate to costs of Group financing (£12.2m and re-evaluation of provision for environmental remediation (£0.8m)

- Adjusted finance costs were £8.1m higher, driven by revised RCF terms and increases to market interest rates

- Capex continues to be strictly controlled
- Prioritisation ensures that divisions' growth objectives are still enabled

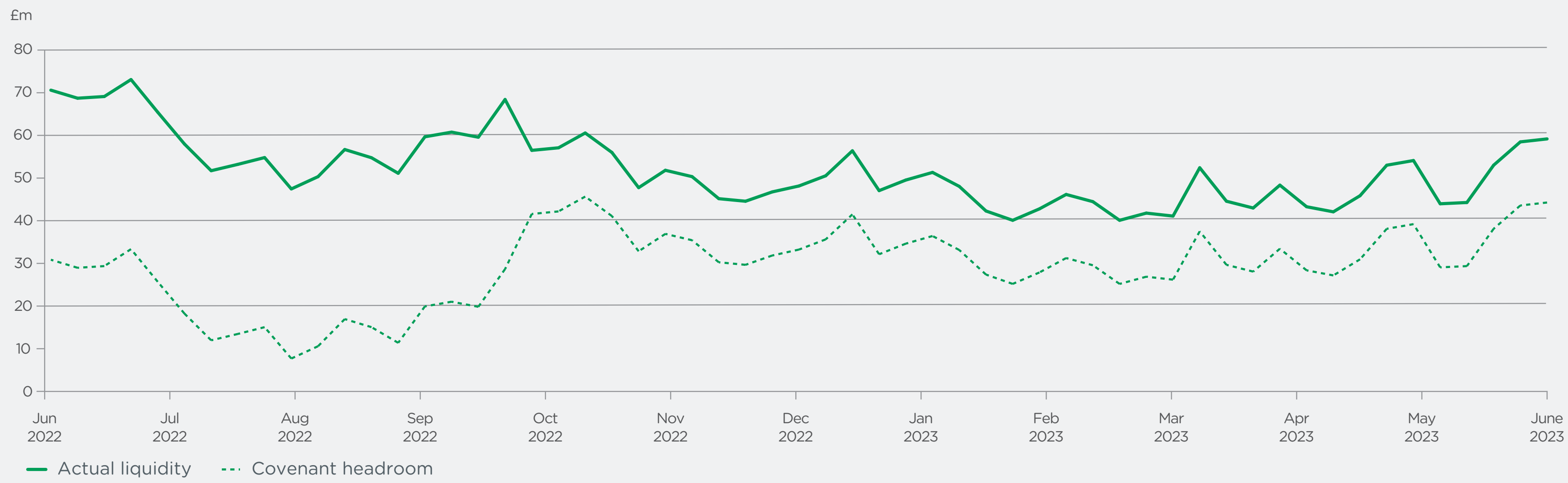
- Increase in deficit driven by high inflation impacting pension liabilities by more than had been assumed within the long-term inflation assumptions
- £4m deficit reduction contributions paid, as in previous years

Cash flow and net debt bridge



- Net debt: £2.9m lower than H1 FY23, £2.1m higher than FY22
- Excluding exceptional items, net debt would have decreased by £11.6m
- Adjusted EBITDA returned to positive
- Working capital focus driving favourable cash flow
- Capital expenditure continues to be strictly prioritised
- Interest payments rose significantly due to revised financing terms and increases to market interest rates
- Non-cash movements include £1.5m of lease obligation additions and interest
- Exceptional items reflects costs associated with Group financing

Liquidity



- Minimum liquidity covenant reduced from £40m to £15m on 29 September 2022
- Liquidity increased in second half driven by improved business performance
- Target further liquidity improvements from Italian invoice discounting facility and improved supplier payment terms (following increases to supplier credit insurance)
- 30 June 2023 available liquidity £59.3m (£44.3m headroom vs minimum liquidity covenant)
- Underlying cash flow and headroom improving
- No material uncertainty to going concern

4. Outlook & Summary

Outlook

Momentum building driven by increasing demand for high quality private label products

Early trading in FY24 encouraging

Customer proposition continues to strengthen

Margin management vigilance

Strong private label demand

Transformation journey gathering pace

Liquidity continues to improve and net debt fall

Summary

Business turnaround complete

Return to volume growth; strategy delivery

Encouraging momentum into FY24

Well positioned to deliver growth in earnings

5. Q&A

Appendices

Appendix 1: Income statement

				Constant currency	
	2023	2022		2022	
Continuing operations	£m	£m	y/y	£m	y/y
Revenue	**889.0**	678.3	210.7	692.2	196.8
Gross profit	**263.6**	190.8	72.8	195.3	68.3
Gross margin	**29.7%**	28.1%	1.6ppt	28.2%	1.5ppt
Distribution costs	**(77.9)**	(64.3)	(13.6)	(65.6)	(12.3)
Administrative expenses	**(172.2)**	(151.0)	(21.2)	(154.6)	(17.6)
Adjusted EBITA	**13.5**	(24.5)	38.0	(24.9)	38.4
Net finance costs					
– Borrowings	**(12.7)**	(4.6)	(8.1)	(4.6)	(8.1)
– Pension	**(0.5)**	(0.5)	—	(0.5)	—
Adjusted profit/(loss) before taxation	**0.3**	(29.6)	29.9	(30.0)	30.3
Taxation	**(0.3)**	9.3	(9.6)	9.3	(9.6)
Adjusted loss for the year	**—**	(20.3)	20.3	(20.7)	20.7
Adjusted diluted loss per share (pence)	**—**	(11.7)	11.7		
Amortisation	**2.4**	2.6	(0.2)		
Exceptional items	**13.0**	3.5	9.5		
Taxation – effective rate	**100%**	31.4%	n.a.		

Appendix 2: Segmental reporting

Revenue	2023 £m	2022 £m	y/y	Constant currency 2022 £m	Constant currency y/y
Liquids	**497.9**	383.9	114.0	391.2	106.7
Unit Dosing	**234.2**	171.5	62.7	175.0	59.2
Powders	**85.9**	68.6	17.3	70.0	15.9
Aerosols	**46.2**	31.9	14.3	32.8	13.4
Asia Pacific	**24.8**	22.4	2.4	23.2	1.6
Group	**889.0**	678.3	210.7	692.2	196.8

Adjusted operating profit/(loss)	2023 £m	2022 £m	y/y	Constant currency 2022 £m	Constant currency y/y
Liquids	**10.5**	(15.9)	26.4	(16.3)	26.8
Unit Dosing	**10.0**	(0.8)	10.8	(0.9)	10.9
Powders	**(0.7)**	(2.5)	1.8	(2.1)	1.4
Aerosols	**0.3**	(1.5)	1.8	(1.6)	1.9
Asia Pacific	**1.1**	0.7	0.4	0.7	0.4
Corporate	**(7.7)**	(4.5)	(3.2)	(4.7)	(3.0)
Group	**13.5**	(24.5)	38.0	(24.9)	38.4

Appendix 3: Exceptional items

	2023 £m	2022 £m
Environmental remediation	0.8	0.6
Reorganisation and restructuring costs/(gains)		
– UK Aerosols closure	–	0.1
– Factory footprint review	–	(1.4)
– Review of strategy, organisation and operations	–	(0.4)
– Logistics transformation programme	–	0.7
Total charged to continuing operating profit/(loss)	**0.8**	(0.4)
Finance costs – Group financing	12.2	3.5
Total continuing operations	**13.0**	3.1
Sale of PC Liquids business	–	0.5
Other	–	(0.1)
Total discontinued operations	–	0.4
Group	**13.0**	3.5

Appendix 4: Balance sheet

	30 Jun 2023 £m	30 Jun 2022 £m	y/y
Goodwill and other intangible assets	**26.2**	27.0	(0.8)
Property, plant and equipment	**117.8**	122.9	(5.1)
Right-of-use assets	**8.5**	11.3	(2.8)
Other non-current assets	**46.1**	31.6	14.5
Working capital	**47.6**	57.4	(9.8)
Net other creditors	**(5.6)**	(0.8)	(4.8)
Provisions	**(5.3)**	(7.2)	1.9
Pensions	**(26.6)**	(16.1)	(10.5)
Non-current liabilities	**(5.1)**	(4.7)	(0.4)
Net debt	**(166.5)**	(164.4)	(2.1)
Net assets	**37.1**	57.0	(19.9)
Average capital employed	**209.4**	214.0	(4.6)
Adjusted ROCE	**6.4%**	(11.4)%	17.8ppt
Trade working capital % of sales	**9.8%**	12.8%	(3.0)ppt

Appendix 5: Cash flow

	2023 £m	2022 £m	y/y
Adjusted operating profit/(loss)	**13.5**	(24.5)	38.0
Depreciation property, plant and equipment	**16.8**	16.9	(0.1)
Depreciation right-of-use assets	**3.8**	4.0	(0.2)
Share-based payments	**0.5**	—	0.5
Additional cash funding on pension scheme	**(4.0)**	(4.0)	—
Reversal of impairment of property, plant and equipment	**—**	(0.1)	0.1
Loss on disposal of property, plant and equipment	**0.3**	0.3	—
Operating cash flow before movement in working capital before exceptional items	**30.9**	(7.4)	38.3
Movement in working capital	**7.1**	(15.3)	22.4
Free cash flow	**38.0**	(22.7)	60.7
Exceptionals cash flow	**(13.7)**	0.2	(13.9)
Interest paid	**(11.4)**	(3.3)	(8.1)
Taxation paid	**(1.8)**	(0.1)	(1.7)
Cash generated from operating activities	**11.1**	(25.9)	37.0
Capital expenditure	**(12.0)**	(14.3)	2.3
Redemption of B shares	**—**	(0.1)	0.1
Purchase of own shares	**—**	(0.1)	0.1
Other items	**0.4**	0.4	—
Net cash flow	**(0.5)**	(40.0)	39.5
Net debt at beginning of year	**(164.4)**	(118.4)	(46.0)
Non-cash movements	**(1.5)**	(5.5)	4.0
Currency translation differences	**(0.1)**	(0.5)	0.4
Net debt at end of year	**(166.5)**	(164.4)	(2.1)

Appendix 6: Funding headroom and liquidity

	Facility £m	Drawn £m	Liquidity £m
Committed facilities:			
– Revolving credit facility (Sep 2026)	150.2	(110.2)	40.0
– Invoice discounting facilities	49.0	(48.7)	0.3
– Overdraft facilities (May 2025)	17.8	(0.6)	17.2
– Leases	9.0	(9.0)	—
Total committed facilities	**226.0**	**(168.5)**	**57.5**
Uncommitted facilities	0.2	—	0.2
Total facilities	**226.2**	**(168.5)**	**57.7**
Cash and cash equivalents		1.6	1.6
Liquidity at 30 June 2023			**59.3**