



**Results for the Year
ended 30 June 2013
Blackmores Limited
ASX:BKL**

BLACKMORES

Building Platforms for Growth

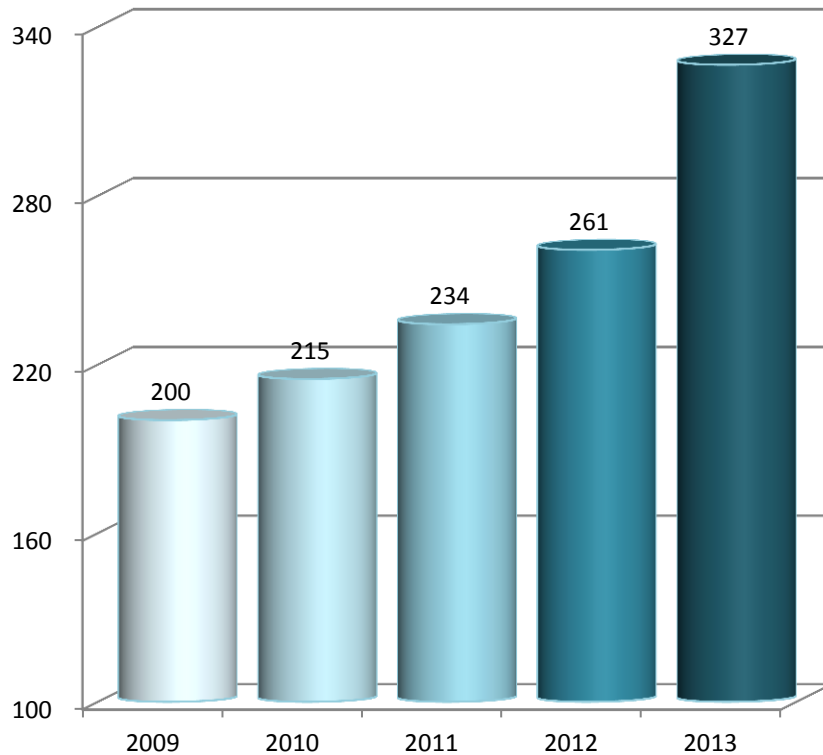


- Strong sales of \$327m, up 25% in a very challenging year
- Good progress on building new platforms for growth
- NPAT at \$25m, down 10% impacted by decline in Australian margins
- Further steps in our Asia expansion, launching in China & Macau
- Successful transition of BioCeuticals acquisition, which is performing well and adding profits
- Prudent expense management, evidenced in reduction in corporate expenses and improved sourcing benefits
- Strong focus on cash management, with operating cash flow improving by 6%
- Awarded again Most Trusted Brand in Australia, Thailand & Malaysia
- Final dividend held at 83c, maintains full year dividend of 127c

Group Sales Performance



Group Sales (\$m)

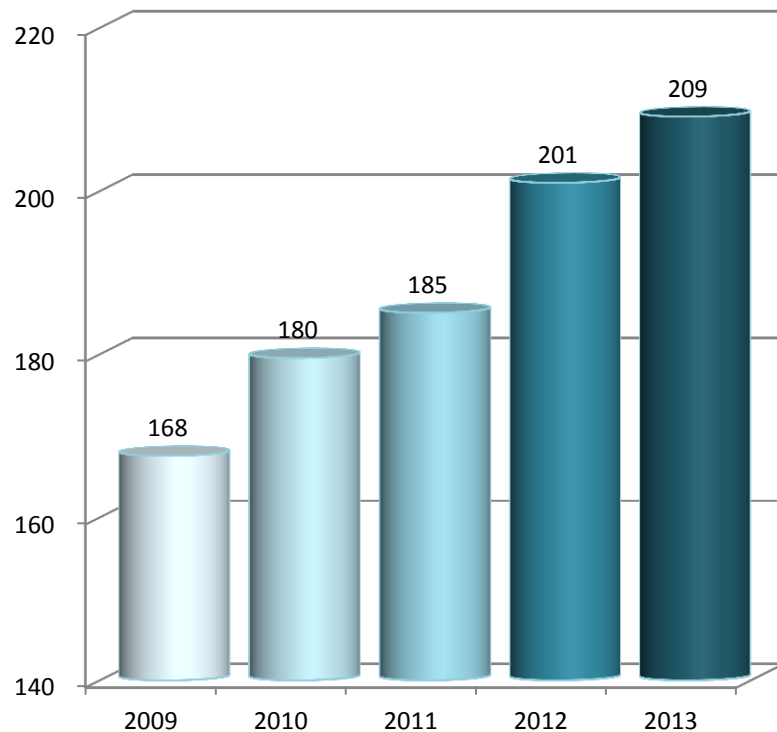


- Group sales increased to \$327m, up +25% reflecting the strength of our brand
- Blackmores Australian sales of \$209m, up +4%
- Asia sales of \$60m, up +14%
- BioCeuticals sales of \$44m, up +8%
- New Zealand sales of AUD \$9m, up +118%
- Animal Health sales of \$4m, up +22%

Australian Performance



Australia Sales (\$m)

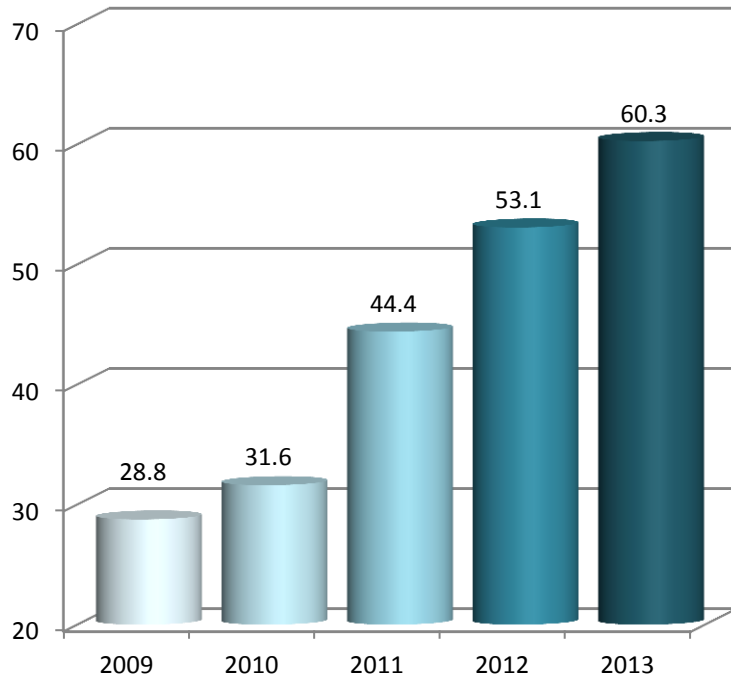


- Sales of \$209m +4% growth in a very challenging market
- Our Australian margins have been impacted by the significant structural changes in the market:
 - Increased growth of larger customers whilst smaller community pharmacies are declining
 - Intense competition by other brands with deep discounting
 - Pharmacies destocking to manage cash tighter
 - Significant stock write-offs, up \$2.8m
- We have uplifted our investment in consumer marketing
- Strengthened our management of grocery
- Increased our support for Pharmacy, deploying additional merchandising units, enhanced training and increased trade support.
- Opened additional warehouse to improve our distribution
- Australia EBIT fell 26% in the year
- Australia remains very profitable and the foundation of the company

Asia Growth Continues



Asia Sales (\$m)



- Asia sales of \$60m, up +14%
- EBIT of \$6.3m*, +24%
- 300+ employees in our Asia markets
- Strong performance in key markets:
 - Thailand Sales +22% and delivered \$8m in EBIT
 - Malaysia Sales +18%
 - Singapore, Hong Kong and Taiwan all record years
- Sales in Korea impacted by regulatory changes which caused short-term product delays in the first half
- Launched into Macau and China:
 - China, secured a Wholly Foreign Owned Enterprise Certification and now have 27 products in market
- Asia increasingly important, provides further platforms for profitable growth, leverage our central capital investments and provides sources of currencies to protect the cost of our ingredients

* The current and prior year Asia results include the allocation of central costs related to this business.

BioCeuticals Performing Well



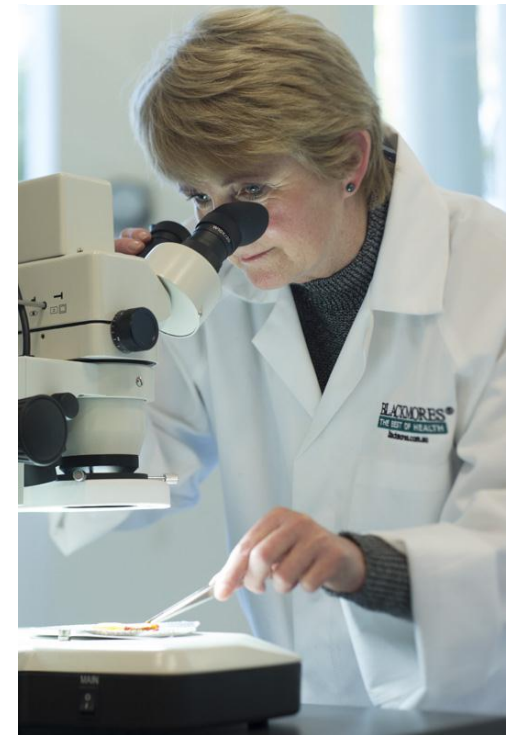
- Sales of \$45m, up +8% on the prior year
- Blackmores acquired Bioceuticals on 5 July 2012 for \$41.3m, \$38.6m net cash paid
- Strong EBIT contribution of \$4.9m
- Earnings accretive post increased debt to fund
- BioCeuticals is Australia's leading brand of practitioner products and represents 14% of Blackmores Group sales
- Agreement with EBOS to support New Zealand market
- Transition has been successful due to a strong philosophical alignment

Blackmores Institute

- Blackmores Institute launched as a centre of excellence for knowledge and research,
- The Blackmores Institute has partnerships with 5 leading universities to develop education programs for pharmacists and students giving accreditation points
- RACGP Accreditation Education Modules on CAM for GP's
- Director of Research at Southern Cross University
- We are investing in over 25 clinical trials including:
 - large scale trial of Executive B
 - research into the health benefits of Australian native extracts
 - the effect of Vitamin B3 on non-melanoma skin cancer
 - fish oil in supporting work stress
- Blackmores Fellowship to publish tier one evidence & Blackmores research grant for heart health.
- Partnership with major health organisations including HRI and MDF
- Last year we trained in Australia we trained over 3,500 healthcare practitioners



BLACKMORES
INSTITUTE



New Zealand and Animal Health

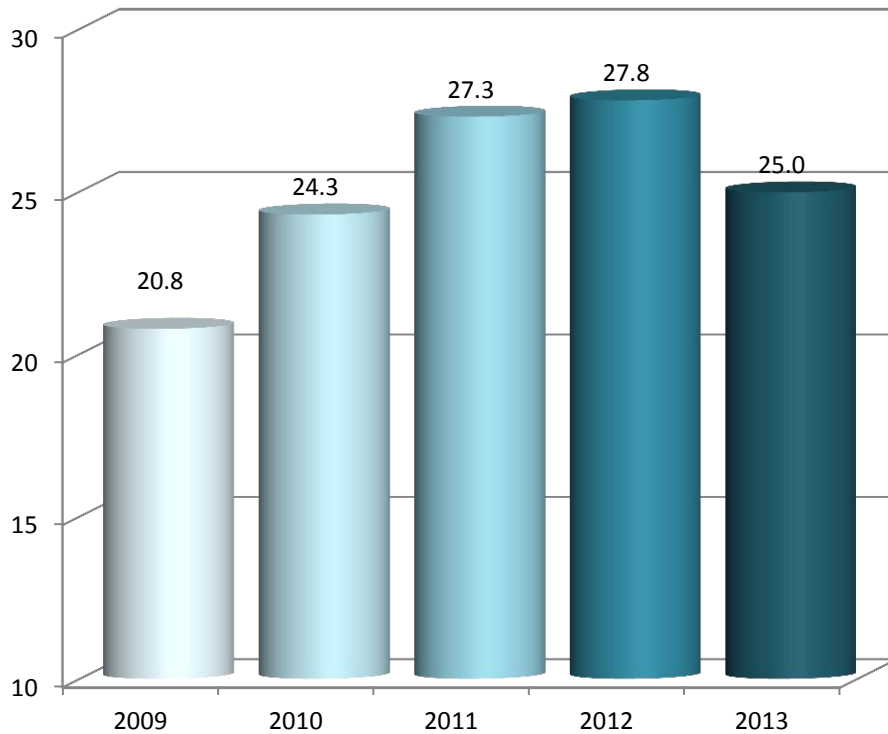


- In New Zealand Blackmores launched a new operating model with API
 - Sales more than doubled
 - Sales 9% up in local retail market despite negative category growth
 - EBIT increased 50%
- Animal Health sales grew 22% to \$4m
 - Underlying core pet/vet business grew strongly at 30%
- Animal Health results were impacted by Australian grocery exit and stock write-offs

Profit Performance



Group NPAT (\$m)

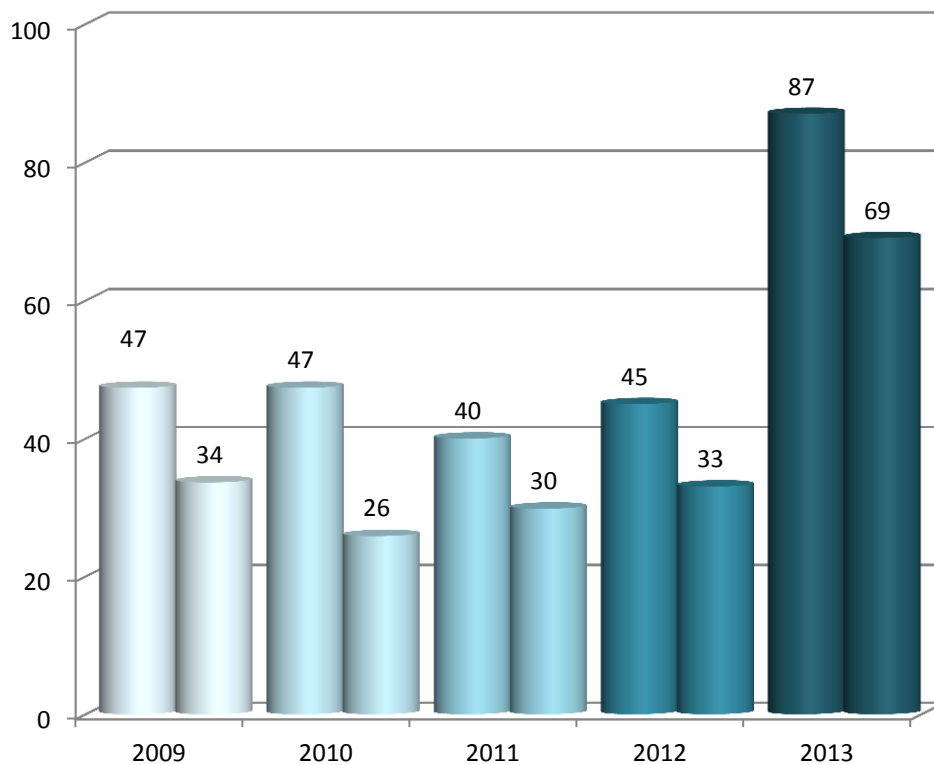


- Group NPAT decreased by 10% to \$25m
- Decline as a result of Australian margins
- All other business groups delivered stronger profit contributions
- Expenses tightly managed
 - Up 2.5% excluding BioCeuticals and new model for New Zealand
 - Corporate costs down 33%
- Further operational efficiencies in sourcing and Warriewood facility
- Improved treasury management

Debt and Gearing



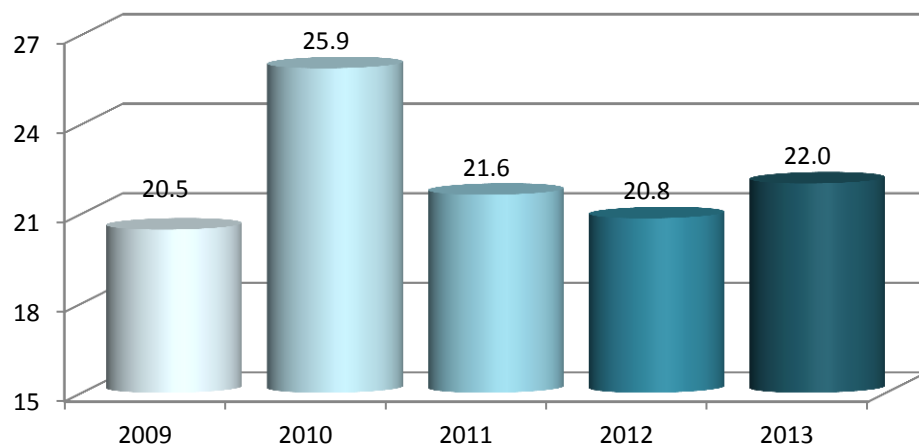
Gross and Net Debt (\$m)



- Net debt has increased from \$33m to \$69m
 - \$39m to fund BioCeuticals acquisition, half of which is hedged at low interest rates
- Core debt facility extended to 2016
- Acquisition debt facility granted of \$43m, expiring 2015
- 56% of Group net debt is hedged by interest rate swaps
- Gearing (net debt/net debt + equity) has increased from 27.7% to 41.3% following the acquisition
- Strong interest cover at 8x and strong cash flow leverage

Cash Flow

Operating Cashflow (\$m)



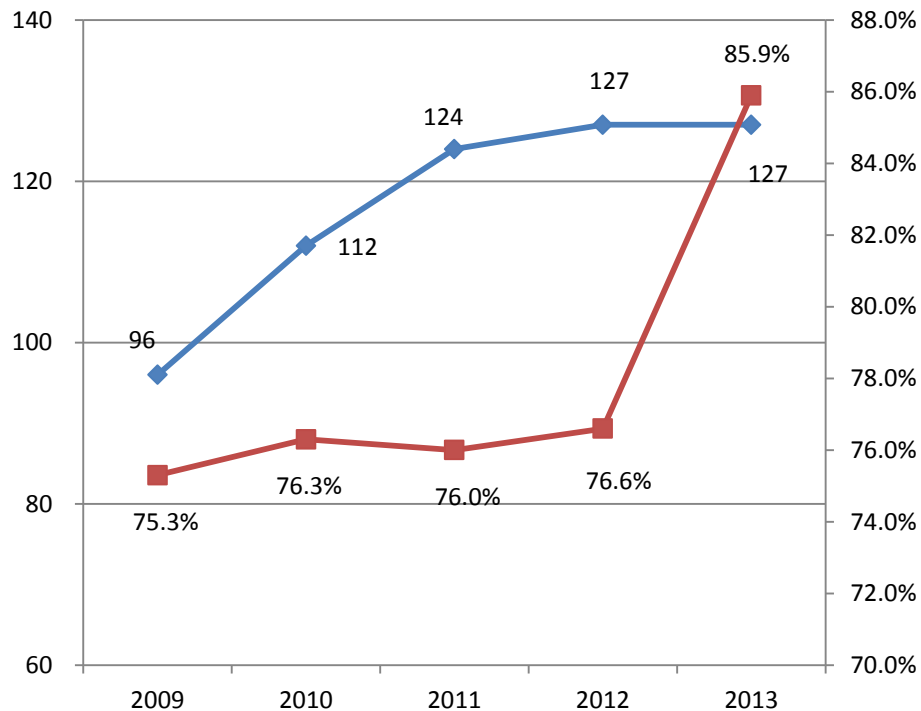
	2013 \$m	2012 \$m
NPAT	25.0	27.8
Depreciation	6.0	4.9
Tax balances	(2.4)	(2.5)
Working capital	(7.8)	(9.6)
Other	<u>1.2</u>	<u>0.2</u>
Operating Cash Flow	22.0	20.8

- Operating cash flow has increased by 6% to \$22.0m
- Strong result achieved by focus on working capital in H2
- Cash outflow on acquisition of BioCeuticals of \$38.6m
- Increase in borrowings of \$42m
- Cash savings of \$5.6m made by reactivation of DRP

Dividends



**Dividend per Share and
Dividend Payout Ratio**



- Final dividend of 83¢ fully franked
- Total dividends for the year 127¢, flat with last year
- Payable on 18 October 2013
- Dividend payout ratio of 86%
- Dividend Reinvestment Plan in place with a 5% discount
- Dividend reflects Board's confidence in future of company

2013 Fourth Quarter Results



- Group sales up +15% (flat excluding BioCeuticals)
- Australian Q4 sales down -4% impacted by destocking of major customers.

- Asian Q4 sales up +10%
- BioCeuticals Q4 sales up +9%
- Profits impacted by stock writeoffs

Quarter 4 Segment Sales	2013 \$m	2012 \$m	Change
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Australia	55.1	57.5	-4%
Asia	15.9	14.5	+10%
BioCeuticals	11.9	-	N/A
Other	3.1	2.6	+18%
Group sales	86.0	74.6	+15%

Quarter 4 Results	2013 \$m	2012 \$m	Change
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Group sales	86.0	74.6	+15%
EBITDA	10.9	13.2	-18%
NPAT	6.5	7.9	-18%

Blackmores Strategic Priorities for F14

1 Support our Australian retail business, whilst building our consumer brand

2 Invest in Asia and BioCeuticals for further profitable growth and develop new revenue streams

3 Continue to improve our operational excellence and transform our cost profile

4 Simplify our organisation and align resources closer to our customers

Questions



Appendix

Significant structural shifts within Pharmacy in Australia

Roy Morgan data has shown:-

- In the five years to March 2013, the proportion of Australians aged 14+ who shop at Chemist Warehouse in an average four-week period has more than doubled from 10% to 21%
- Compare this to “Amcal’s flagging fortunes: from 13% to 9%” of the population over the same period
- As pharmacy groups compete to retain and attract customers, many are driving discounting
- Smaller community pharmacies are declining
- Grocery is now eroding further pharmacy performance

This substantiates Aztec growth data

