

**Blackmores Limited
Presentation to
Goldman Sachs
Emerging Companies Conference
15 May 2013**



BLACKMORES

Welcome



Chris Last

Chief Financial Officer

Blackmores Limited



BLACKMORES

Our Proud Pioneer Heritage

- Blackmores has been an industry leader in Australia for more than 80 years
- Maurice Blackmore (1906-1977) was a pioneer in the health-giving properties of herbs and minerals
- He was responsible for starting one of Australia's first health food stores in Brisbane
- Together with friends and colleagues he established the first naturopathic college and professional associations
- Since 1975 Maurice's son Marcus has overseen the development of Blackmores and made it a world leader in the vitamins and dietary supplements industry


MORE
breakthroughs

"Each living organism is balanced and in harmony, both within itself and as part of the natural pattern"

Maurice Blackmore

Nature is genius.
Our real genius is seeking answers from nature to improve people's health.

80 years ago this was considered a crazy notion. Today we celebrate a man ahead of his time. Maurice Blackmore's pioneering breakthroughs in natural health inspire more people to achieve more each day.

For look, tips and personalised advice visit blackmores.com.au or find us on 

80 years young and many MORE to come

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Blackmores Today



- FY12 Sales of \$261m, 9 months FY13 \$241m
- 11 years of record sales
- We operate in Australia, New Zealand, Thailand, Malaysia, Korea, Singapore, Hong Kong, Taiwan and China
- Launched 50 new products in 9 months FY13
- We employ 800 staff, 500 in Australia and 300 in Asia. 25% are qualified health care practitioners
- We package more than 18 million bottles at our state of the art Campus facility every year
- Most trusted brand in Australia, Thailand and Malaysia
- We are passionate about natural health



A man with short dark hair, smiling, stands against a wall of horizontal wooden slats. He is wearing a white tank top with a green graphic, a dark blue sleeveless vest, and black shorts. He is barefoot and has his arms crossed. The scene is brightly lit, casting a shadow on the ground.

Blackmores Strategy

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Our Strategic Outcomes

1 Build the Blackmores Brand

2 Develop our Core Product Portfolio

3 Optimise and Grow our Channels

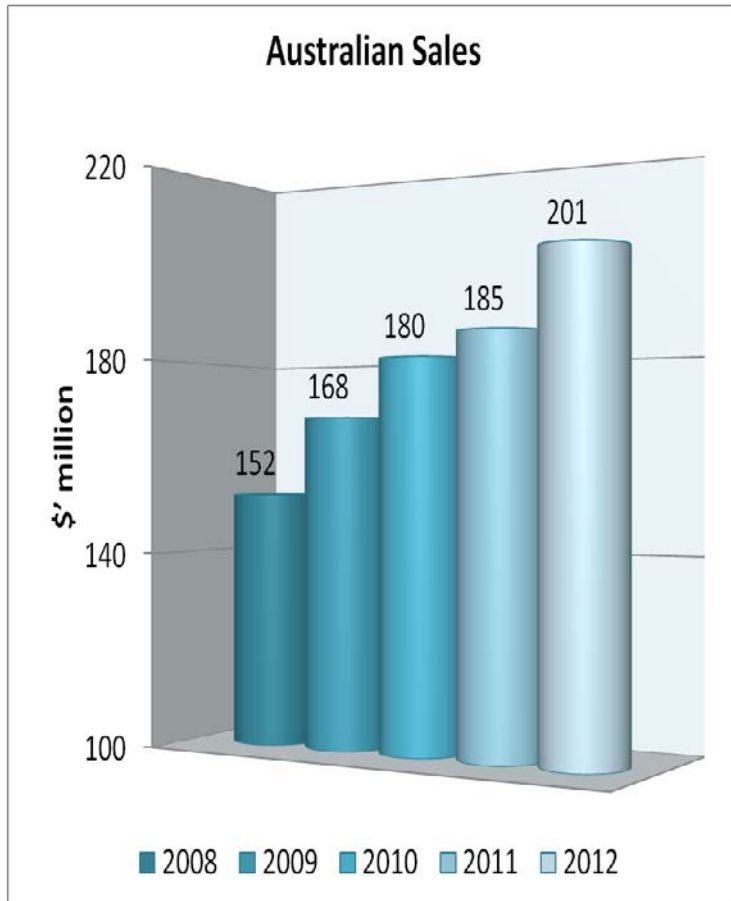
4 Extend our Business & our Brand into New Segments and International markets

5 Invest in and Develop our People

6 Build our Base of Operational Excellence



Australia: Strengthening the Blackmores Brand



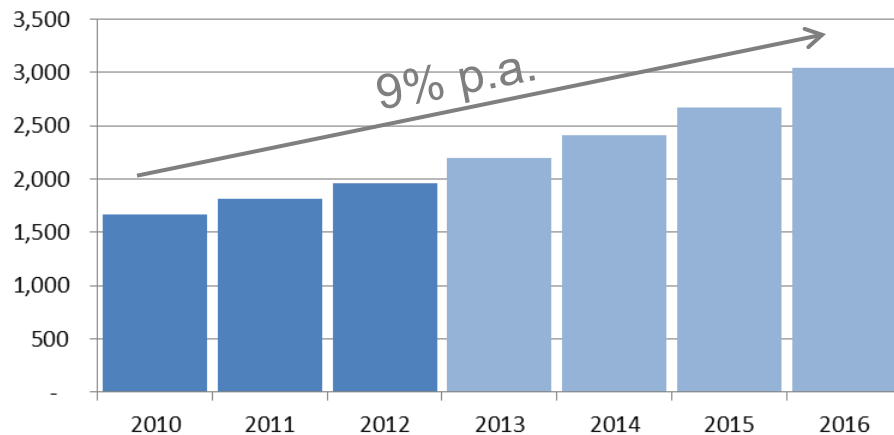
- Blackmores holds a leadership position with 24% Market Share, 20% with Blackmores and 4% with BioCeuticals brand
- Investment in advertising and channel promotions
- Launched Blackmores Eco Krill, the only sustainably sourced krill oil which is certified by the Marine Stewardship Council
- Drove digital presence for engagement: launched MyBlackmores & App, 310k members to Blackmores Online
- Rolled out innovative new merchandising units into community pharmacies



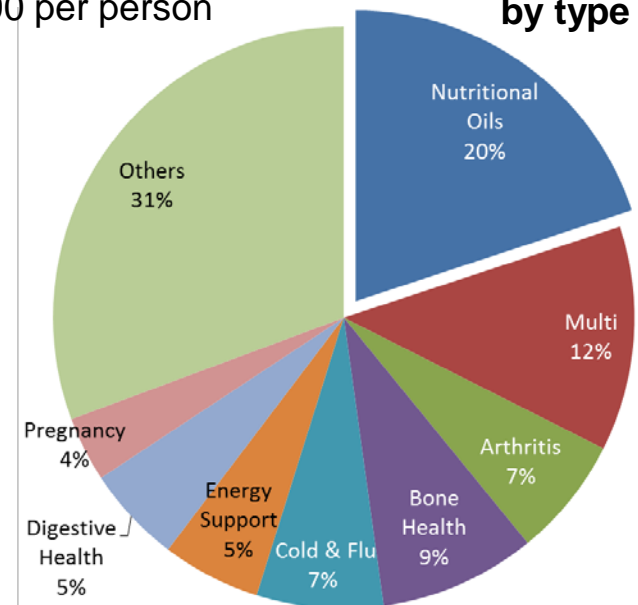
Overview: Australian Vitamin and Dietary Supplements Market

- ❖ Market size: Estimated at \$1.3bn, at the retail level, growing at 9% p.a.
- ❖ Proportionally, Australians use Natural medicines at a very high rate, driven by a naturopathic culture and history
 - 70% of Australians use VDS, with 50% as 'light' users
- ❖ Household spend on VDS ranks with other developed markets
 - Per Capita consumption ranks on par with the US at around \$90 per person

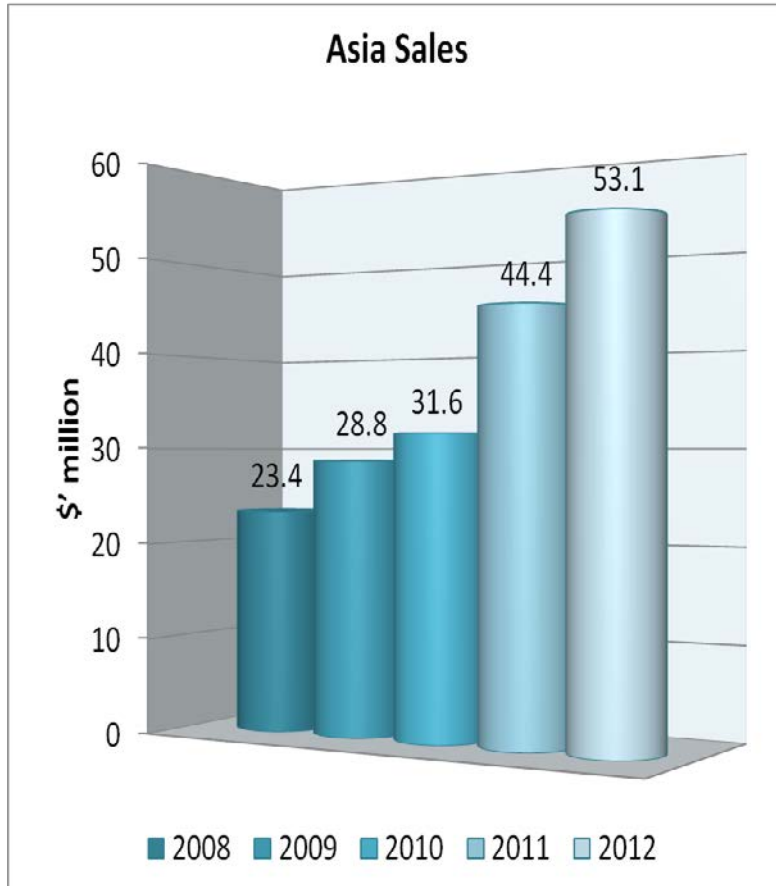
Market Size (AU\$ m)



Market segmentation by type



Asia: A Strategic Area of Growth



- Asia represents 20% of Group sales and 26% of Group profit (FY12)
- Sales growth of 20% in AUD (23% in constant currency) to \$53 million
- Strong growth in key markets: Thailand +26% and Malaysia +17% in local currency
- Solid growth in smaller markets of 25%
- New websites in Chinese, Korean & Thai with 65,000 Facebook fans in Asia
- Increased investment to support business development (China and other new markets)



BioCeuticals: A New Platform for Growth



- In July 2012, Blackmores acquired 100% of BioCeuticals, the leading brand of practitioner-only supplements in Australia
- BioCeuticals develops and markets a range of nutritional supplements to integrative medicine practitioners, natural health professionals, pharmacists and health food stores primarily in Australia and New Zealand
- Purchase price was \$39.2m and was fully debt funded from additional bank facilities
- BioCeuticals sales of \$41m in FY12, and tracking + 8% in FY13
- BioCeuticals EBITDA of \$4.6m in FY12
- Earnings accretive – NPAT of \$1.0m in H1 F13
- High retention of staff, customers and suppliers
- Growth strategy developed and implementation commenced



A passion
to deliver



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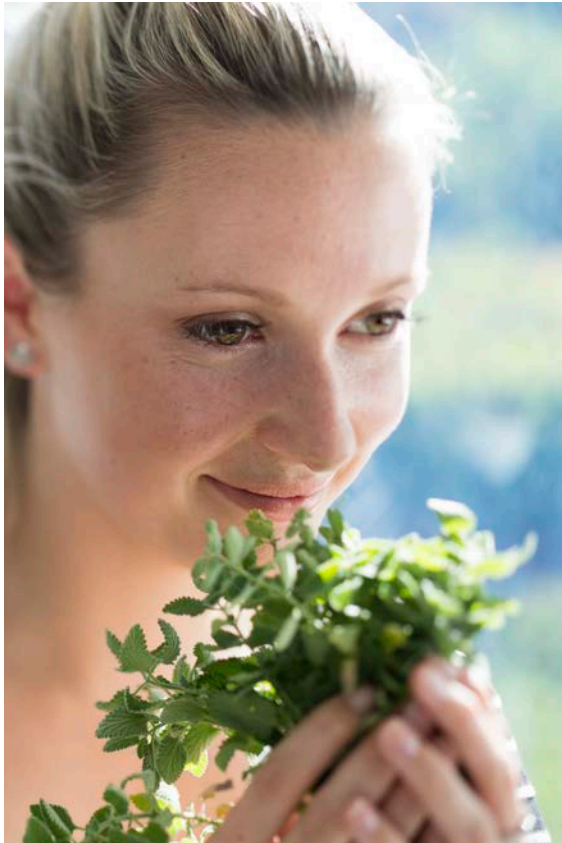
FY 12 Group Sales Performance



- 10th Year of Record Sales and Profit
- Group Sales up 11% to \$261m
- Record profit year, \$27.8m
- Earnings per share growth of 1.6% to 165.8c
- Dividends of 127 cents, up 2.5%
- 102 new product launches and 43 product renovations
- Progressed launch in China
- Acquired BioCeuticals for \$39.2m



FY13 YTD Update: Results for Nine Months



- Continued strong revenue growth across group:
 - YTD sales of **\$241 m**, up 29%
 - +12% excluding BioCeuticals
- Australia invoiced sales up 7% YTD
 - Very aggressive market, in both sector & industry
 - Large retail - destocking
 - Strong growth in mass channels
 - Shift in mix has resulted in some stock write-offs
- Asia continues to operate well
 - Q3 record quarter up 25%
 - YTD sales up 15%
 - Thailand and Malaysia very strong
 - Starting to recognise China sales, modest expectations Q4



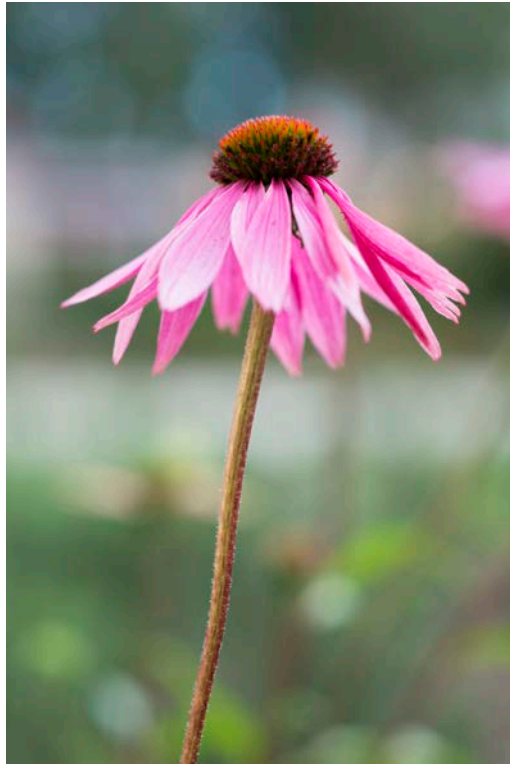
FY13 YTD Update: Results for Nine Months



- BioCeuticals on track, Sales up 8% positioning protected from Australian retail pressure
- Group Expenses underlying up 2%, including cost of China & Blackmores Institute
- Group EBITDA flat at \$33.7m reflecting pressure of Australian market
- Group NPAT down 7% YTD
- Outlook: F13 7-10% down on F12



Growing our Future



Australia

- Grocery Strategic review & Consumer research completed
- Increased merchandising & Vendor Replenishment Planner's
- Pharmacy, Education, Advice & Efficacy, partnering with major universities

Asia

- China WFOE on track, NPD focus & distribution expansion
- Core business continuing strong growth
- Leveraging resources to enter new markets, Vietnam, Turkey & Kazakhstan

BioCeuticals

- BioCeuticals potential to pursue Asia opportunity
- Symposium, Education & research key focus
- New distribution warehousing, sourcing agreements & banking



Summary



- Strong revenue Growth across Group
 - reflects Strong Brand
- Near Term impacted by Australian Market shifts
 - Considerable action in place to underpin future profitability
- Solid Strategy for Growth and Balanced Risk profile
- Sound interest cover and funding secured to July 2015 & July 2016



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Performance Relative to Market – July 2008 to May 2013

