

Results for the Half-Year
Ended 31 December 2012
Blackmores Limited
ASX:BKL



BLACKMORES
80 years young & many MORE to come

Executive Summary - Review of half year



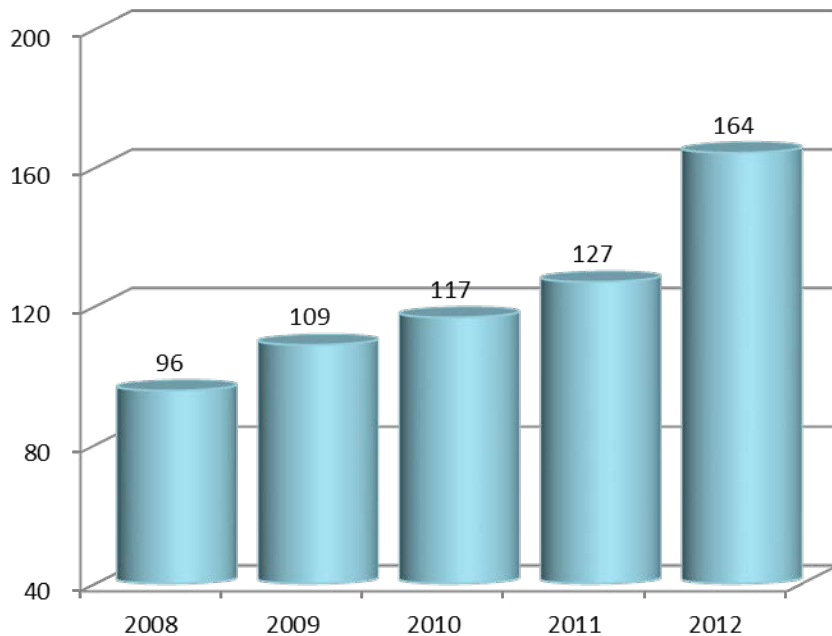
HY F13 delivered Group results of:

- Sales increase of 30% to \$164 million
 - +12% excluding BioCeuticals
 - EBITDA in line with previous corresponding period at \$24.3 million
 - NPAT at \$13.6 million, down 4.8%
 - Earnings per share 80.6 cents, down 5.2%
 - Interim dividend of 44 cents, in line with previous corresponding period, payable on 4th April 2013
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- Successful completion of acquisition of BioCeuticals
 - Established the Blackmores Institute
 - Progressed launch of brand into China
 - 57 new products launched across the Group in the first half

Group Performance



Group Sales



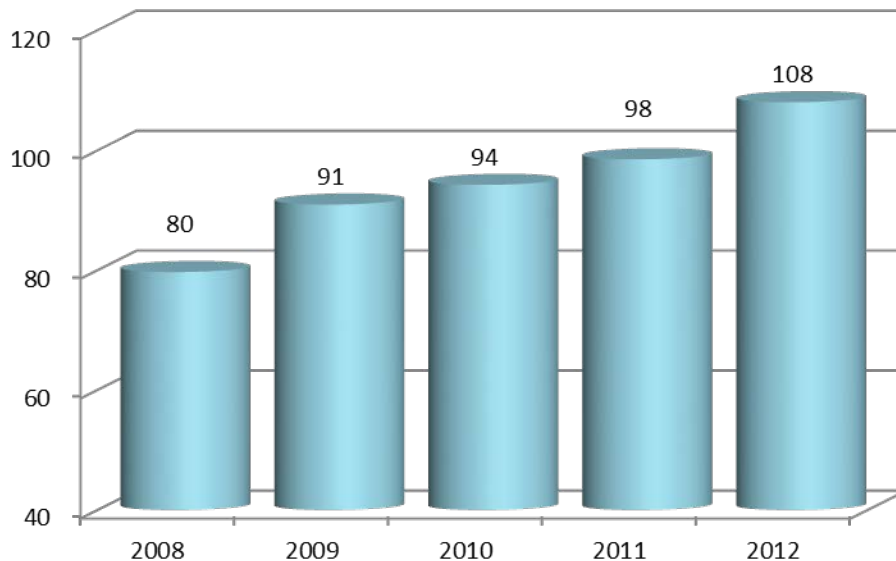
- Group sales increased by 30% to \$164 million
- Australian sales of \$108 million, up 10%
- Asian sales of \$28.5 million, up 10%
- BioCeuticals sales of \$21.5 million, up 8%
- NZ sales of \$4.6 million, up 225%*
- Pure Animal Wellbeing (PAW) sales of \$2.0 million, up 59%

*New operating model commenced May 2012

Blackmores Australia Performance



Australian Sales

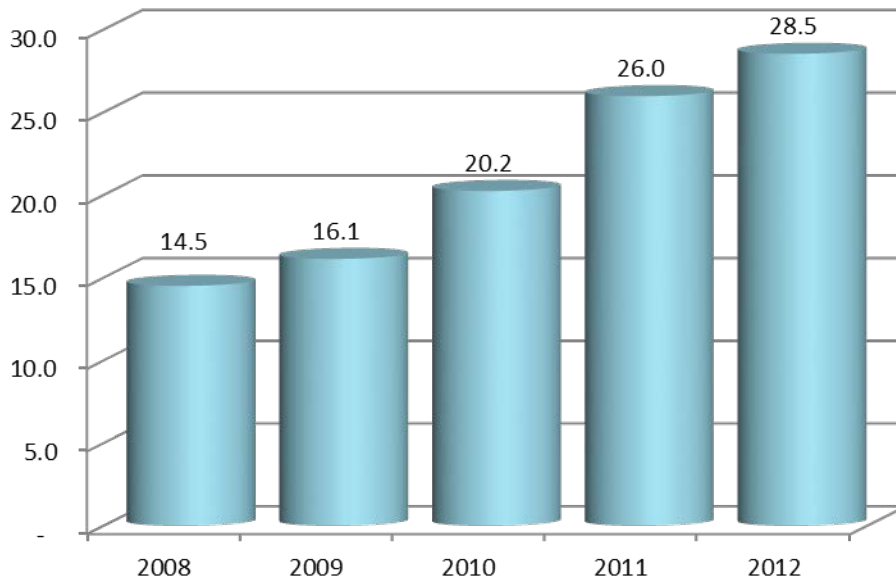


- Sales of \$108 million, 10% growth
- Strong performance confirming leadership position
- Challenging retail market required greater marketing and trade investment which impacted profit
- Launched *Alive!* multivitamin range, increasing market share in multivitamin category

Blackmores Asia Performance

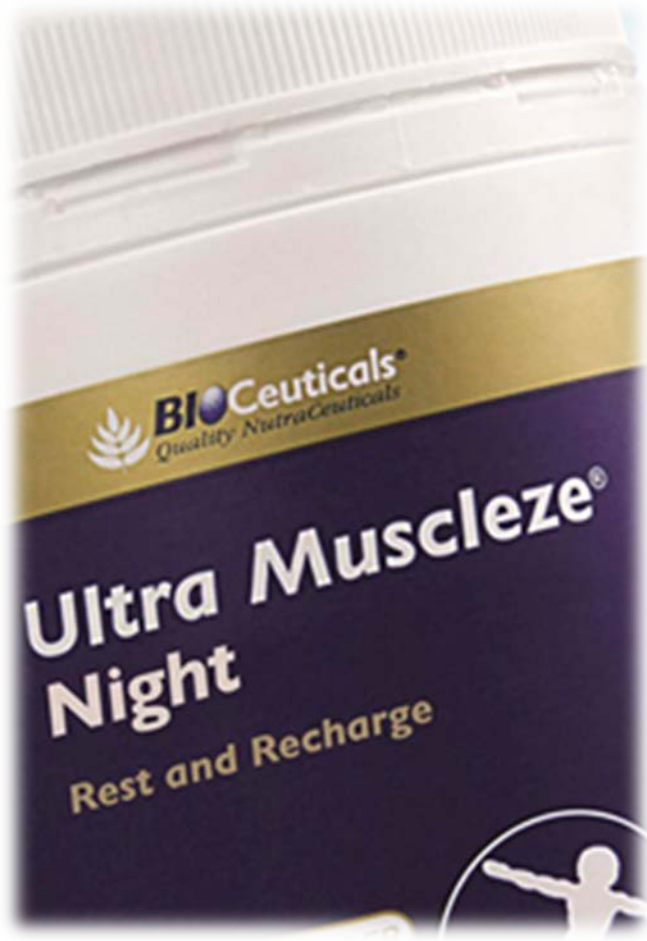


Asia Sales



- Growth of 10% in HY F13 to \$28.5m
- Asia sales have doubled from F09 HY to F13 HY
- Asia sales strong despite high AUD
- Strong growth in key markets
 - Thailand growth of 22% (local currency)
 - Malaysia sales grew 26% (local currency)
- Other Asia markets were down 22% for the half, mainly impacted by delays in new product approvals in Korea
 - Singapore, Hong Kong and Taiwan all growing
- Increased investment to support China launch with 70 trained sales staff

BioCeuticals Performance



- Acquisition successfully completed, final purchase price of \$39.2 million after post acquisition negotiations with vendor
 - Plus working capital adjustment of \$1.4 million
- BioCeuticals sales of \$21.5 million, up 8%
 - BioCeuticals Nutraceuticals up 10%
 - IsoWhey up 13%
- EBITDA of \$2.7 million, up 32% compared to previous corresponding period
- NPAT of \$1 million, after interest charge for debt
 - Earnings accretive already
- High retention of staff, customers and suppliers
- Growth strategy developed and implementation commenced

Other Businesses



New Zealand

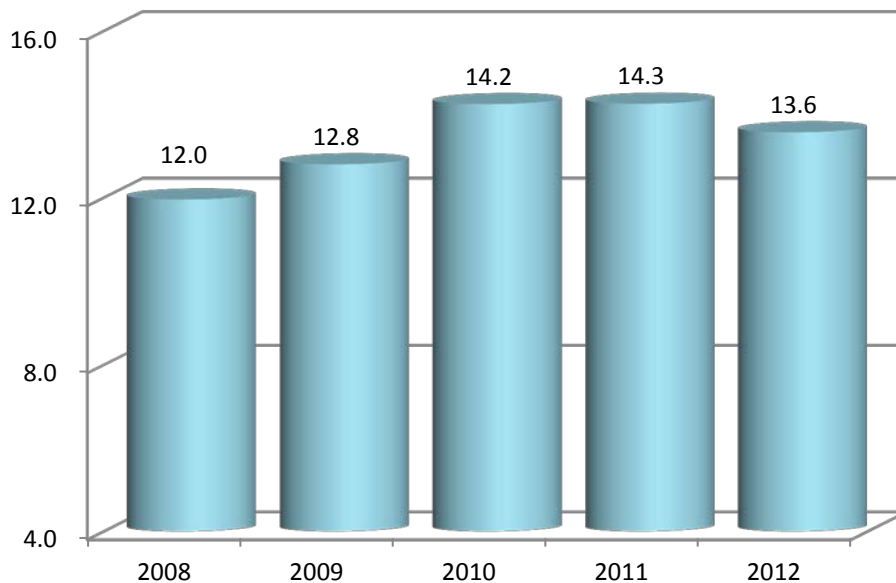
- New operating model commenced May 2012
- Sales up 225% to \$4.6 million, +15% on a like for like basis
- Expenses consolidated into Group for the first time

Pure Animal Wellbeing

- Brand continues to grow in Pet and Vet channel
- Sales growth of 59% to \$2 million

Profit Performance

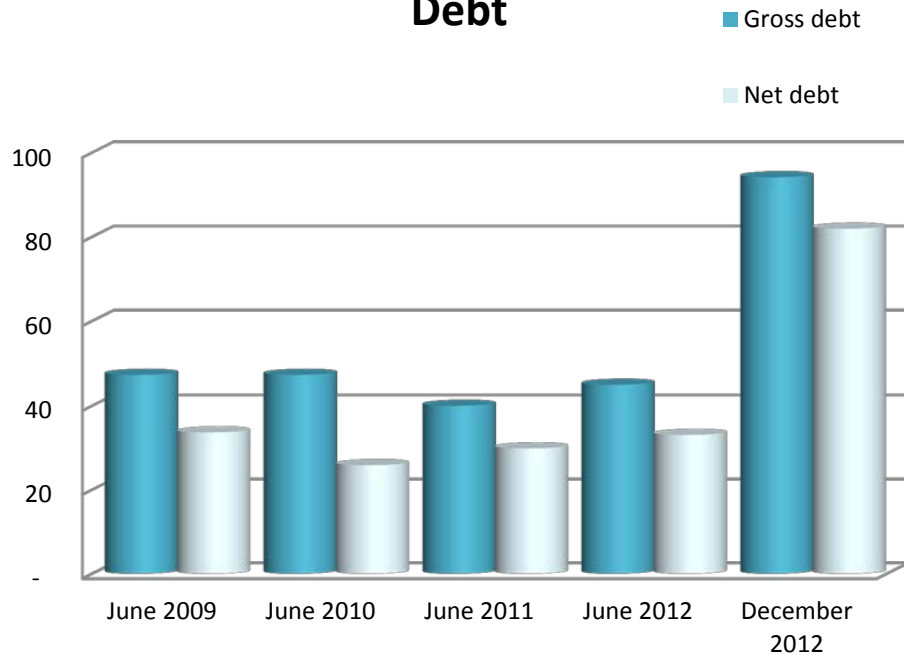
Group NPAT First Half



- Group NPAT decreased by 4.8% to \$13.6 million in H1
 - Result in line with second half profit of last financial year (\$13.6 million)
- Australian retail environment required additional investment
 - Supported brand with additional marketing
 - Trading terms with key retail customers commenced second half of prior financial year
- One-off expenses related to BioCeuticals acquisition
- Like-for-like operating expenses remain steady, up 1%
 - Increased A & P spend required in challenging Australian retail environment countered by controlled expense management across Group
- Asia now represents 29% of Group profits, up from 24% in prior corresponding period

Debt and Gearing

Debt



- Net debt has increased from \$33 million to \$82 million
 - \$39 million to fund BioCeuticals acquisition, half of which is hedged at low interest rates
 - \$3 million working capital investment in BioCeuticals
 - \$7 million increase in working capital in existing business
- Acquisition debt facility granted of \$43 million, expiring 2015
- 60% of Group net debt is hedged by interest rate swaps
- Gearing (net debt/net debt+equity) has increased from 27.7% to 47.6% following the acquisition
- Strong interest cover at 9x and strong cash flow leverage

Cash Flow

	Dec 12 \$m	Dec 11 \$m
NPAT	13.6	14.3
Depreciation	2.9	2.4
Tax balances	(3.7)	(0.9)
Working capital	(10.2)	(5.0)
Other	<u>(0.2)</u>	<u>(0.6)</u>
Operating Cash Flow	2.4	10.2

- Operating cash flow has decreased by \$7.8 million from \$10.2 million to \$2.4 million
- Increased interest and tax payments of \$2.8m
- Increase in working capital of \$10 million (\$5 million in prior corresponding period)
 - Growing volume business
 - Building stock for China
 - Longer cash conversion cycle in Asia
 - Impact of changing customer mix in Aust
 - Investment in strategic sourcing

Second Quarter

- Group sales up 31% (+13% excluding BioCeuticals)
- Australian Q2 sales up 11%
- Asia sales up 7% (+25% excluding Korea)



Quarter 2 Segment Sales	2012 \$m	2011 \$m	Change
Australia	50.4	45.4	+11%
Asia	14.6	13.7	+7%
BioCeuticals	11.1	-	N/A
Other	3.1	1.3	+153%
Group sales	79.2	60.4	+31%

Quarter 2 P&L	2012 \$m	2011 \$m	Change
Group sales	79.2	60.4	+31%
EBITDA	10.8	11.3	-5%
NPAT	5.8	6.5	-11%

Outlook



- Australian retail market continues to be challenging
- Blackmores Asia sales and BioCeuticals contribution expected to bolster profit performance
- Directors anticipate full year profit similar to previous year

Questions



Additional Information

Results (\$000s) (Half Year to 31 December 2012)	This Year	Last Year	% Change
Sales	164,254	127,007	+29.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24,259	24,615	-1.4%
Earnings before interest and tax (EBIT)	21,314	22,237	-4.2%
Net interest expense	2,375	1,501	+58.2%
Profit before tax	18,939	20,736	-8.7%
Income tax expense	5,374	6,484	-17.1%
Profit for the period	13,565	14,252	-4.8%

Additional Information

Results (\$000s) (Quarter 2)	This Year	Last Year	% Change
Sales	79,159	60,364	+31.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10,803	11,289	-4.3%
Earnings before interest and tax (EBIT)	9,273	10,068	-7.9%
Net interest expense	1,249	790	+58.1%
Profit before tax	8,024	9,278	-13.5%
Income tax expense	2,238	2,788	-19.7%
Profit for the period	5,786	6,490	-10.8%

Blackmores Limited

Results for the half-year ended 31 December 2012

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Key Ratios

Profit & Loss Ratios

Dec 2012

Dec 2011

EBIT/Sales

13.0%

17.5%

Net interest cover (times)

9.0

14.8

Balance Sheet Ratios

Dec 2012

June 2012

Gearing ratio (Net debt/(Net debt + equity))

47.6%

27.7%

Net tangible assets per share

\$3.00

\$4.75