



**WELCOME TO THE 52ND
ANNUAL GENERAL MEETING
OF BLACKMORES LIMITED**

23 OCTOBER 2014

BLACKMORES[®]

Scientist Evan Hayes from Blackmores

Farewell Verilyn Fitzgerald



Blackmores in the Community



David Fenlon
Managing Director,
Blackmores ANZ



Christine Holgate
Chief Executive Officer

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

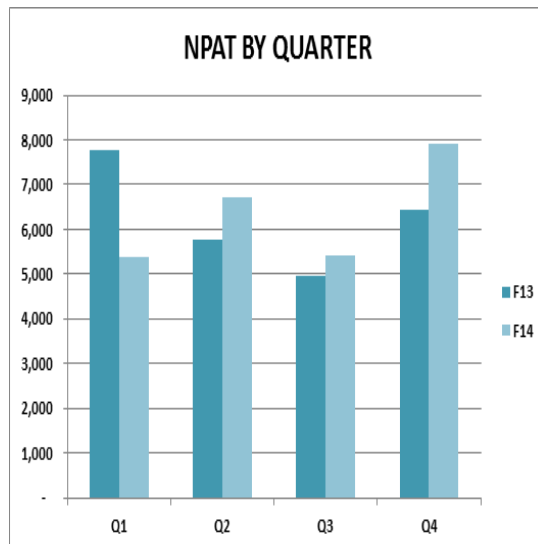
“We strongly believe in the overall prospects for Blackmores as we adapt the company to meet the market dynamics, acknowledging that it takes time to build platforms for growth.”

Year ending 30 June 2014

Strong second half performance and return to profit growth



- Group sales up +6% to \$347 million, with H2 +9%, 12th consecutive year of record growth
- Delivered full year profit growth in line with guidance
- Group NPAT of \$25.4 million, up +2%, with H2 +17%
 - After a challenging Q1, Group NPAT growth for Q2-Q4 was +17%
 - H1 -11%, H2 +17%
 - Q4 was a record profit result
- Final dividend of 83c fully franked, gave a full year dividend of 127 cents and Dividend Reinvestment Plan continued at 5% discount.



Significantly progressed achievement of strategic priorities

- **Build the Blackmores brand in Australia**
 - Blackmores Australia returned to profit growth in the second half
- **Invest in new sources of growth**
 - BioCeuticals EBIT up 45%, +66% in H2
 - Blackmores Asia headquarters, based in Singapore, became operational 1st July 2014
- **Build product leadership**
 - More than 100 products launched across the Group
- **Improve operational effectiveness**
 - Operating cash flow has increased +70% to \$37.5m and repaid borrowings of \$14m



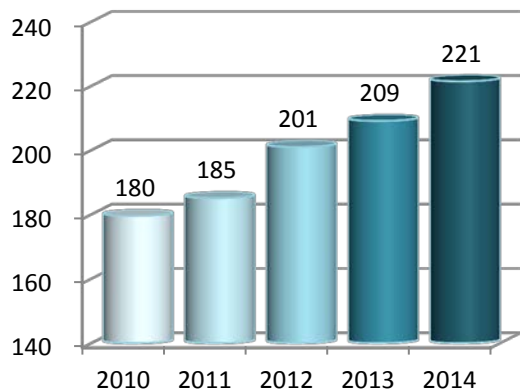
Stevie-Marie Marris, Blackmores Strategic Sourcing Manager

Blackmores Australia – Supporting our retail business



- Sales of \$221m, up +6%
 - H1 -1%, H2 +13%
- Blackmores maintained leadership position as the clear #1 brand in the market
- Awarded Most Trusted Brand for the 6th consecutive year
- Strengthened management team
- Australia EBIT down -4% but returned to profitable growth in H2
 - H1 -13%, H2 +8%
- Australia remains very profitable and the primary market of the company
- ‘Other Sales’ of \$12.5m in line with previous year – PAW underlying sales up 23%

Australia Sales (\$m)

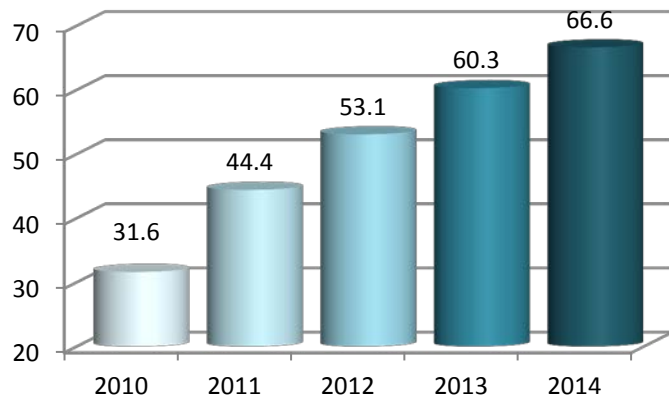


Blackmores Asia - Investing for growth



Scott Choi, Blackmores Junior Legal Counsel

Asia Sales (\$m)



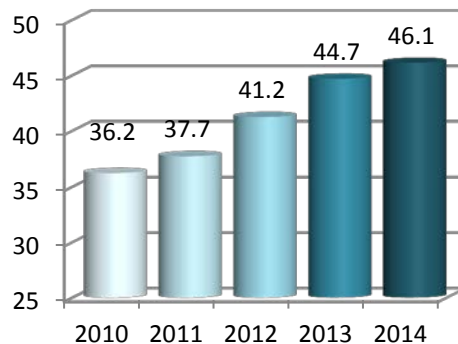
- Asia sales of \$67m, up +11 (+17% ex Thailand)
- Thailand sales up 4%, EBIT up 2%, grew market share, pleasing given impact of ongoing social unrest
- Malaysia sales up 14% & EBIT up 75%, with 3 Blackmores flagship stores launched
- Other Asia sales +21% growing strong
 - Hong Kong (+49%) and Singapore (+22%)
 - China sales doubled to \$2m+
 - Launched into Macau and Cambodia
 - New model for Korea
- Asia Region EBIT up 10% after investment in China and Blackmores International
- Continued recognition as Most Trusted Brand in Thailand, Malaysia & Singapore

Invest to diversify and grow: BioCeuticals



Angela Layton, BioCeuticals NSW State Sales Manager

BioCeuticals Sales (\$m)



- Sales of \$46m, up +3%
- BioCeuticals branded products sales +14%
- Launched Clinical range exclusively distributed through healthcare practitioner clinics
- Launched IsoWhey Sport Electrolyte range of sports performance products
- Unprofitable lines discontinued
- Strong EBIT result of \$6.8m, +45% due to tight expense control
 - EBIT +66% in second half
- Result exceeded our expectations at acquisition

Build our product leadership

- Eminent complementary medicine researcher, naturopath and pharmacist, Associate Professor Lesley Braun, appointed Director of Blackmores Institute
- Sell-out education symposium in July attended by pharmacy leaders
- 25 active clinical trials and research projects
- Trained more than 15,000 healthcare professionals and pharmacy assistants
- Launched over 100 new products across the Group
- Griffith University and Blackmores Institute launched an online education course in June



Associate Professor Lesley Braun



BLACKMORES
INSTITUTE

Improve operational effectiveness

- Expenses tightly managed, up +7% (underlying +2% in constant currency)
- Reduced Australian inventory levels by 20%
- Inventory write-offs reduced by 28%
- Undertook a thorough review of our cost structure, particularly benchmarking third party agreements
- Operating cash flow has increased +70% to \$37.5m. Repaid borrowings of \$14m
- Aligned incentives to shareholder returns
- Blackmores new headquarters for our Asia business, based in Singapore, became operational 1 July 2014



Junko Yamada, Production Operator

Summary at exit of F14 year

- We have some pleasing momentum in our business returning to profitable growth
- We have made strong progress on our strategic priorities
- We have a strengthened management team and structure
- We exited the year in a stronger position, both in performance and financial strength
- We do still have challenges and will continue to transform our business
- We remain committed to delivering improved returns to shareholders



Tim Scotcher and Julien Calvert from PAW

First Quarter F15 Results

- Record performance: group sales and profit
- Australia record quarter, sales up 23%
 - Record performance for Community Pharmacy
- Blackmores Asia sales flat
 - Continued challenge of social unrest
 - Blackmores International operational
- BioCeuticals record quarter, sales up 16%
- PAW and NZ delivered strong growth, up 17%
- Record output from Operations teams
- Good expense management supported improved EBIT margin at 13.4%, up 3%
- Secured Most Trusted Brand in core markets again
- Recognised with several awards including APC award and Excellence in Sustainability



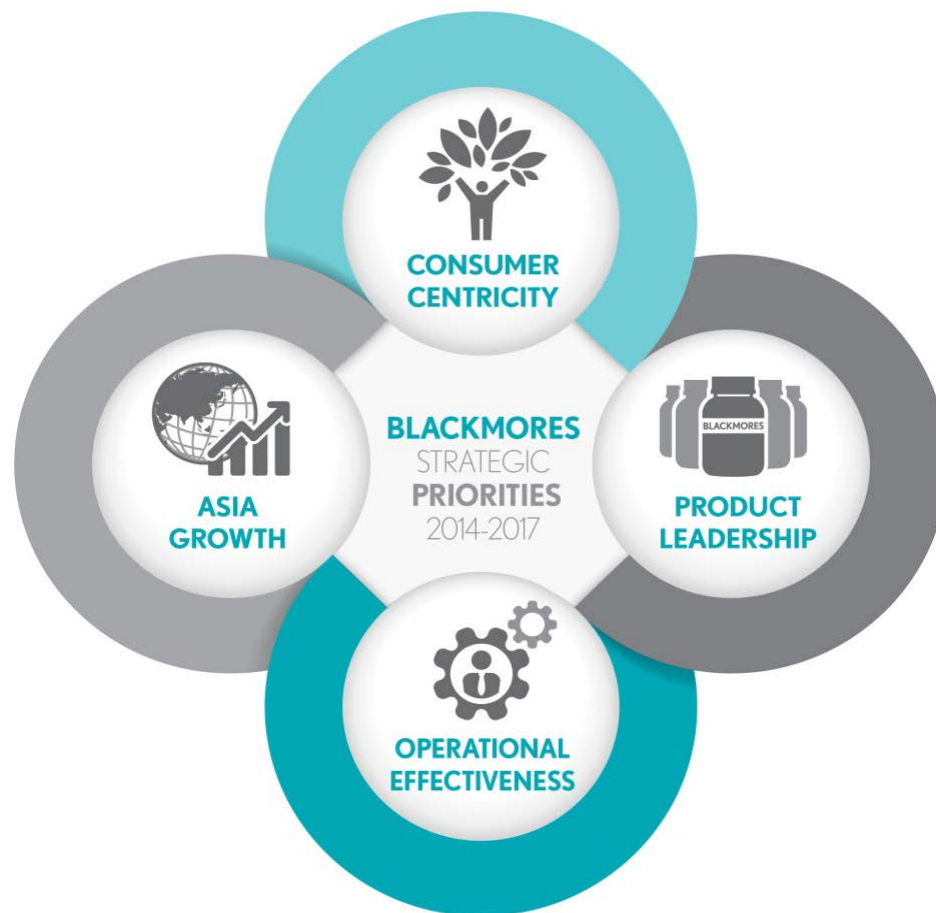
First Quarter F15 Results

Q1	This Year (\$000s)	Last Year (\$000s)	Change %
Sales	98,499	84,013	+17.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	14,716	10,286	+43.1%
Earnings before interest and tax (EBIT)	13,200	8,778	+50.4%
Net interest expense	1,128	1,248	-9.6%
Profit before tax	12,072	7,530	+60.3%
Income tax expense	3,416	2,154	+58.6%
Profit for the period	8,656	5,377	+61.0%



Linda Redfearn, Head of HR

Board has confidence in our strategic priorities



“The Board is pleased with our progress against our strategic priorities. Challenges do remain in our core markets, particularly in Thailand and Australia, though we are optimistic about our prospects to improve shareholder returns this financial year.”

Blackmores Executive Team

CEO & Managing Director
Christine Holgate



**Managing Director,
Australia & NZ**
David Fenlon



**Managing Director,
Asia**
Peter Osborne



**Managing Director,
BioCeuticals**
Nathan Cheong



**General Manager,
Pure Animal Wellbeing**
Tim Scotcher



Chief Operating Officer
Richard Henfrey



**Director Blackmores
Institute**
Dr Lesley Braun



Company Secretary
Cecile Cooper



Chief Financial Officer
Chris Last



Chris Last
Chief Financial Officer

Financial Summary – Profit & Loss

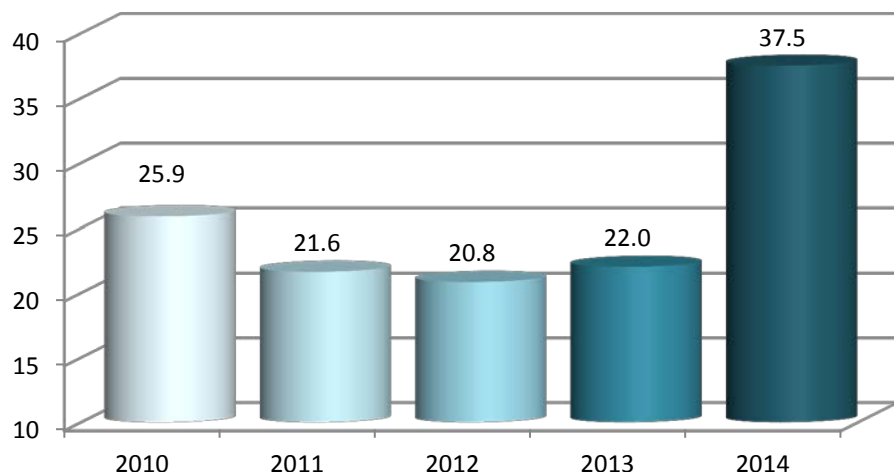
Income Statement	This Year (\$m)	Last Year (\$m)	Change %
Sales	346.8	326.6	+6.2
Operating Expenses	(300.7)	(281.9)	+6.7
EBITDA	46.1	44.7	+3.1
Depreciation & Amortisation	(6.3)	(6.0)	+5.0
EBIT	39.8	38.7	+2.8
Interest & Tax	(14.4)	(13.7)	+5.1
Net profit after tax	25.4	25.0	+2.0
Earnings per share (c) - basic	149.2	147.9	+0.9

Financial Summary - Balance Sheet Measures

	June 2014	June 2013	% Change
Working Capital (\$m)	60.2	65.4	-8.0
Property, Plant & Equipment (\$m)	65.8	67.8	-3.1
Net Tangible Assets per share (\$)	3.81	3.47	+9.8
Net Assets (\$m)	104.2	98.1	+6.2

Cash Flow

Operating Cash Flow (\$'m)

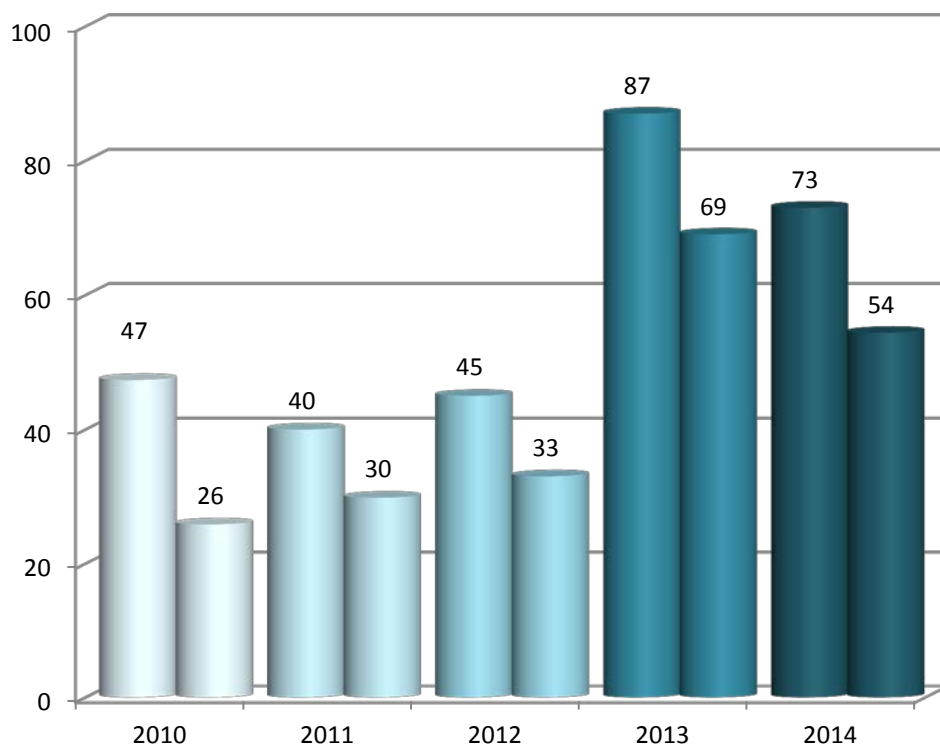


	2014 \$m	2013 \$m
NPAT	25.4	25.0
Depreciation	6.3	6.0
Tax balances	2.7	(2.4)
Working capital	3.3	(7.8)
Other	<u>(0.2)</u>	<u>1.2</u>
Operating Cash Flow	37.5	22.0

- Operating cash flow has increased +70% to \$37.5m
- Strong result achieved by focus on optimising our working capital
- Dividend payment fully funded by operating cash flow
- Repaid borrowings of \$14m
- Cash savings of \$3.5m made from DRP
- Cash conversion ratio of 107%, up from 86%

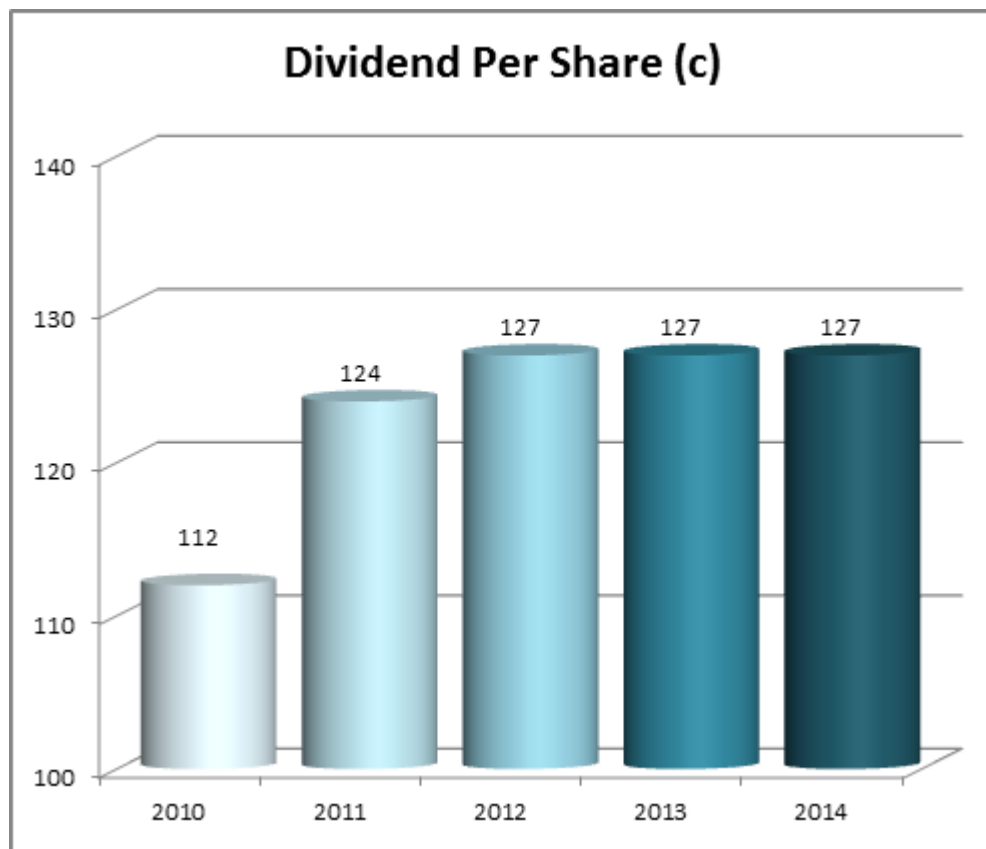
Debt and Gearing

Gross and Net Debt (\$m)



- Net debt has decreased from \$69m to \$54m
- \$14m of debt repaid during the year, gross debt now \$73m
- 65+% of Group (average) debt is hedged by interest rate swaps
- Gearing (net debt/net debt + equity) decreased from 41% to 34%
- Strong interest cover at 8x and strong cash flow leverage

Dividends



- Final dividend of 83 cents fully franked
- Total dividends for the year 127cents fully franked, in line with last year
- Paid on 3 October 2014
- Dividend payout ratio of 85%
- Dividend Reinvestment Plan in place with a 5% discount

Financial Summary

- Strong cash flow
- Strong balance sheet
- Solid interest cover
- Dividend maintained at 127 cents
- Total shareholder return of 10% since July 2011



Formal Business



Marcus C. Blackmore AM
Chairman

Resolutions

1. Adoption of Remuneration Report
2. Elect Ms Helen Nash as a Director
3. Elect Mr David Ansell as a Director
4. Approval of the Executive Share Plan
5. Grant of Shares to Ms Christine Holgate

Resolution 1 – Remuneration Proxies

Vote Type	Voted	% of Voted	% of all securities
For	3,078,447	86.00%	17.87%
Against	162,496	4.54%	0.94%
Open-Usable - refer below	338,464	9.46%	1.97%
Total	3,579,407	100.00%	

Open-Usable Breakdown		
Chairman appointed as Proxy	116,344	3.25%
Others appointed as Proxy	222,120	6.21%

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Thank you

**We look forward to seeing you at our AGM
next year at the Blackmores Campus**

