



Angela Layton | BioCeuticals NSW Sales Manager

Blackmores' pleasing momentum, with record sales and profit quarter

Highlights

- Record sales and profit quarter for the Group
- Group sales of \$98.5 million for the first quarter, up 17.2%
- Group net profit after tax \$8.7 million, up 61% compared to prior corresponding period
- Increased productivity from packaging lines through process improvements

Dear Shareholder

Blackmores (ASX: BKL) has today announced a record sales and profit quarter for the natural health group, with a net profit after tax of \$8.7 million, up 61% from the prior corresponding period. The result was driven by strong sales growth and supported by continued improvements to the Group's cost base.

This result is a contrast to the same quarter last year when we were impacted by many business challenges. We have grown our profit a further 9% since the fourth quarter of the last financial year which indicates pleasing momentum in the Group.

It's a good start to the year though there are three quarters remaining and we are mindful of the volatility in the Australian retail market and ongoing uncertainty in Asia.

Blackmores sales in Australia grew by 23% compared to the previous corresponding period, with growth in every sales channel including Pharmacy which generated record sales for Blackmores in the quarter.

Blackmores Asia sales were in line with the first quarter last year as they were impacted by retail challenges in Thailand. The Blackmores Asian headquarters, based in Singapore, are now operational. This Asia hub will enable Blackmores to support future growth in the region which remains a key pillar of our business strategy.

BioCeuticals sales were up 16% compared to the previous corresponding period. Several new products were launched in the quarter including the first listed vitamin K2 product sold in Australia. BioCeuticals' research projects and nutraceutical products have attracted national prime-time media coverage in recent months for their significant potential to improve health outcomes.

Our smaller businesses, including Blackmores New Zealand and Pure Animal Wellbeing, also delivered solid growth for the quarter.

Blackmores Institute held a successful symposium attracting a sell-out audience of more than 200 community pharmacists attending two days of education sessions delivered by world-renowned experts in evidence-based complementary medicine. The symposium was hosted in partnership with the National Institute of Complementary Medicine.

In an Australian-first, Blackmores Institute collaborated with Griffith University to launch an independent accredited short course in evidence-based integrative medicine for pharmacists and other health professionals. Education and professional advice is the heart of the Blackmores brand.

Blackmores' operational effectiveness has improved with greater production capacity resulting from improved utilisation of packaging lines. The production team continued to set new records for daily outputs throughout the quarter.

Blackmores was recognised as 2014 winner of the North Eastern Sydney Business Awards for Excellence in Sustainability as well as an Australian Packaging Covenant Award which was a great testament to our commitment to minimise our impact on the environment. Additionally, we were proud to progress as finalists in the Australian Packaging Design Awards and the NSW Export Awards which will be judged in coming weeks.

Furthering Blackmores' role in the community, the Blackmores Sydney Running Festival in September attracted more than 33,500 competitors from more than 60 countries with participants raising nearly \$1 million for charities.

OUTLOOK

Our first quarter performance builds on the growth Blackmores has delivered over the last 12 months. We have made pleasing progress against our strategic priorities: growing our consumer business; investing in Asia; leveraging the knowledge within Blackmores Institute and Bioceuticals to drive product leadership; and improving our operational effectiveness.

Challenges remain in our core markets, particularly in Thailand and Australia, though the Board is optimistic about our prospects to improve shareholder returns this financial year.

Yours faithfully



CHRISTINE HOLGATE
CHIEF EXECUTIVE OFFICER

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RESULTS AT A GLANCE

(Quarter One – ended 30 September 2014)	This Year	Last Year	% 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%

INVESTOR CONTACT: Adrian Sturrock, +61 2 9910 5373

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