



Associate Professor Lesley Braun | Director of the Blackmores Institute

Improved second quarter result for Blackmores

KEY POINTS

- Group sales up 3.2% for the first half on previous corresponding period to \$170m
- \$12.1m first half net profit after tax, down 10.7%
- Second quarter sales growth of 8% and profit growth of 16% on previous corresponding period
- Eminent researcher Associate Professor Lesley Braun appointed to lead the Blackmores Institute
- Interim dividend of 44 cents per share fully franked, in line with the previous corresponding period and Dividend Reinvestment Plan continues at 5% discount

Dear Shareholder

Blackmores Limited (ASX:BKL) today reported group sales of \$169.6 million, up 3.2% compared to the previous corresponding period. Whilst profit after tax was down 10.7% on the prior period, the result was positively impacted by a strong second quarter performance across the group.

Stronger sales and profit in the second quarter have partially mitigated a disappointing first quarter result, with group sales up 8% from October to December. Second quarter profit after tax delivered 16% year on year growth with positive contributions from all key areas of our business.

The business has continued to focus on driving our strategic priorities as well as diligent expense management to minimise waste and fund growth initiatives.

In Australia, Blackmores sales of \$106.8 million for the half were 1% down. Second quarter sales were up 6% with an improved profit contribution. Importantly, the Blackmores brand retained clear leadership in the category over the half. The retail market continues to have challenges, particularly in community pharmacy. EBIT for the Australian business for the half was \$17.1 million, down 13%, due to increased raw material costs resulting from the depreciating Australian dollar and a continued higher level of investment in our brand-building activities.

BLACKMORES®

Our growth in Asia has helped offset the impact of the weakening Australian dollar, though our core currencies in the region, the Thai baht and the Malaysian ringgit, have also depreciated against the US dollar.

Sales in Asia for the half of \$33.8 million were up 18.4%, 9% up in constant currency, a solid result considering political unrest in Thailand which impacted retail sales in that market. All of our core markets in Asia achieved double digit growth in the half. Asia's EBIT grew at 5%, reflecting increased investment in Thailand, our largest market in the region, and further investment in our new China business.

BioCeuticals delivered sales of \$22.8 million, representing growth of 6% compared to the previous corresponding period, with EBIT of \$3.0 million, up 25% for the half. The EBIT performance demonstrates the benefit of BioCeuticals being part of the Blackmores Group.

Working capital and treasury initiatives improved operating cash flow from \$2.4 million to \$13.2 million compared to the prior half year.

KEY EXECUTIVE APPOINTMENT

Having recently appointed two new Non-Executive Directors, Helen Nash and David Ansell, and a new Managing Director for Australia and New Zealand, David Fenlon, we are particularly pleased to have now appointed Associate Professor Lesley Braun as Director of the Blackmores Institute. Associate Professor Braun is at the forefront of complementary medicine research in Australia as a leading naturopath and she brings extensive experience as a practicing pharmacist, researcher, author and contributor to numerous advisory boards. Given pharmacy is the heart of our business, Lesley is uniquely placed to lead our research and education institute and it is a considerable honour to have her join the Blackmores leadership team.

DIVIDEND

The Board has declared an interim dividend of 44 cents fully franked, which is the same as the previous corresponding period. The record date is 12 March 2014 and the dividend is payable on 2 April 2014.

The Company continues its Dividend Reinvestment Plan (DRP). Shareholders who elect to participate in the DRP will benefit from a 5% discount.

OUTLOOK

Asia continues to grow and we have an improved second quarter performance and a strengthening position in the Australian market. We are also mindful that the Australian retail environment is volatile, the political situation in Thailand continues to impact our largest Asian market and the low Australian dollar is resulting in increased raw material costs.

The Board has confidence in our business strategy; to grow our consumer branded business in Australia, and to invest in Asia and BioCeuticals as we continue to transform our business while improving our operational performance.

Directors are pleased with the recent improvement in performance of the Blackmores Group and expect profit for the full year to be broadly in line with last year's result.

Yours faithfully



CHRISTINE HOLGATE, CHIEF EXECUTIVE OFFICER

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Results at a Glance

Results (\$000s) (Half Year to 31 December 2013)	This Year	Last Year	% Change
Sales	169,566	164,254	+3.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	22,087	24,259	-9.0%
Earnings before interest and tax (EBIT)	18,977	21,314	-11.0%
Net interest expense	2,485	2,375	+4.6%
Profit before tax	16,492	18,939	-12.9%
Income tax expense	4,380	5,374	-18.5%
Profit for the period	12,112	13,565	-10.7%

Results (\$000s) (Quarter 2)	This Year	Last Year	% Change
Sales	85,553	79,159	+8.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	11,801	10,781	+9.5%
Earnings before interest and tax (EBIT)	10,199	9,273	+10.0%
Net interest expense	1,237	1,249	-1.0%
Profit before tax	8,962	8,024	+11.7%
Income tax expense	2,227	2,237	-0.4%
Profit for the period	6,735	5,786	+16.4%

Other Key Items		31/12/2013	30/6/2013
Total Assets	\$m	226,579	231,477
Shareholders' Equity	\$m	98,004	98,051
Net debt	\$m	70,254	69,043
Net debt / (Net debt + Equity)	%	41.8	41.3
Net tangible assets per share	\$	3.49	3.47
Share price (25 February 2014) ¹	\$	20.52	26.94
Shares on issue	m	17.05	16.97

Notes:

(1) Last year's share price is as at 30 June 2013.

SHAREHOLDER UPDATES

Update your preferences with Computershare to receive shareholder news from Blackmores. Visit www.investorcentre.com/au and select 'Access a single holding'. Once logged in, select 'Communication Preferences'. Please use code: BKL in the Company Code field.



INVESTOR CENTRE

Further information on Blackmores Limited, including Annual Reports, company announcements and shareholder information, can be found at the Investor Centre at blackmores.com.au.

NATURAL HEALTH ONLINE

Register to receive free natural health information. Become a member and get involved in Blackmores' active and informative, health and wellbeing communities at blackmores.com.au.

SHAREHOLDER DISCOUNT PLAN

Our shareholder discount on the Blackmores range of products is 30%. You will now have received a new shareholder discount card, a price list and details of product ordering for your convenience.

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