



30 APRIL 2014

*Raymond Chan* | Blackmores Director of Emerging Markets

## Continued quarterly sales and profit improvements

### HIGHLIGHTS

- Group sales for the nine months to 31 March up 5.5% to \$254 million compared to prior period
- Net profit after tax (NPAT) for the nine months to 31 March down 5.5% to \$17.5 million compared to prior period
- Strong third quarter results with Group sales up 10.3% and NPAT up 8.9% compared to the prior period following improved sales and profit in the second quarter
- Directors cautiously optimistic to deliver full year profit broadly in line with last year

### DEAR SHAREHOLDER

Blackmores Limited (ASX: BKL) today reported Group sales of \$254 million for the nine months to 31 March 2014, up 5.5% compared to the previous corresponding period. Net profit after tax was down 5.5% for the period, with \$17.5 million delivered in the nine months.

We were pleased to report that momentum has continued to build throughout the third quarter with strong sales and profits continuing to partially mitigate the first quarter shortfall.

Group earnings before interest and tax (EBIT) were \$28 million for the nine months, down 4.1% compared to the prior period.

Blackmores Australia enjoyed strong sales growth, up 15% for the quarter compared to prior period in a volatile market. Fair Work Australia endorsed a new Enterprise Agreement for staff from Blackmores Australia recently, which was convincingly supported by staff. The newly negotiated agreement ensures a working environment which is fair, flexible and practical for staff and which draws firm links between individual profit share and company performance.

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Blackmores Asia sales were up 8% for the quarter with Thailand and Malaysia both achieving record sales results in March. The result from Thailand in particular is testament to the commitment of our team and our brand strength in that market given the continued challenges of political instability.

Blackmores' growth in Asia has been particularly important in recent years to diversify our business. Our growth in Asia was recognised at Australia Week in China in April when Chinese company AUNEW received the 'Asia Importer of the Year 2013' award for their outstanding support to the expansion of Blackmores' business in China.

Blackmores will also benefit from the new Korea Australia Free Trade Agreement (FTA) as we are currently disadvantaged with exports from the US and EU enjoying tariff-free entry while Australian exports face tariffs of up to eight per cent. With the formal signing of the Korea Australia FTA, Korea will provide tariff-free entry for Australia's vitamin and health supplement products within three years of the agreement coming into force.

BioCeuticals continues to make a solid contribution to Group performance. The practitioner-only brand released BioCeuticals Clinical - a new range of products exclusively distributed through healthcare practitioner clinics. A new range of sports performance products has also been recently released in the IsoWhey® brand portfolio.

Cost of goods increased in the nine months to March as a result of currency fluctuations but was partially offset by improved operational efficiencies, including enhanced workflows from the Warriewood Campus.

As well as driving further operational efficiencies, Blackmores has offset our exposure to currency changes with continued benefits from our ingredient sourcing and natural hedging program.

## OUTLOOK

The continued growth over the last two quarters in sales and profit supports Directors' confidence in the Group delivering a full year net profit after tax broadly in line with last year's result.

Yours faithfully



**CHRISTINE HOLGATE, CHIEF EXECUTIVE OFFICER**

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## Results at a Glance

<b>Results (\$000s)</b> <b>(Nine months ended 31 March 2014)</b>	<b>This Year</b>	<b>Last Year</b>	<b>% Change</b>
Sales	253,776	240,597	+5.5%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	32,838	33,797	-2.8%
Earnings before interest and tax (EBIT)	28,193	29,397	-4.1%
Net interest expense	3,659	3,550	+3.1%
Profit before tax	24,534	25,847	-5.1%
Income tax expense	7,021	7,321	-4.1%
Profit for the period	17,513	18,526	-5.5%
<b>Results (\$000s)</b> <b>(Quarter 3)</b>	<b>This Year</b>	<b>Last Year</b>	<b>% Change</b>
Sales	84,210	76,343	+10.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10,751	9,538	+12.7%
Earnings before interest and tax (EBIT)	9,216	8,083	+14.0%
Net interest expense	1,174	1,175	-0.1%
Profit before tax	8,042	6,908	+16.4%
Income tax expense	2,641	1,947	+35.6%
Profit for the period	5,401	4,961	+8.9%