



Richard Henfrey | Blackmores Chief Operating Officer with the award-winning sustainable bulk pack

Record half-year profit for Blackmores

Highlights

- Record half-year sales of \$206.4 million, up 22% on the prior corresponding period
- Record half-year net profit after tax of \$18.6 million, up 54% on the prior corresponding period
- Improved working capital at \$29 million, up 118% compared to prior corresponding period and cash conversion at 118%
- Interim dividend of 68 cents per share fully franked, a 55% increase
- Directors have suspended the Dividend Reinvestment Plan

Dear Shareholder

Blackmores Limited (ASX: BKL) has reported first half group sales of \$206.4 million, 22% up on the prior corresponding period. This delivered a net profit after tax for the first six months of the year of \$18.6 million, 54% up on the prior corresponding period and a record result for the Group.

This is a very encouraging result that was achieved with all regions and brands in the Blackmores Group delivering strong year on year growth. It has positioned us well for the second half whilst enabling us to build a strong balance sheet.

Importantly, we are delivering against our four key strategic priorities: to be increasingly consumer centric and grow our Australian business; invest in growth in Asia; leverage knowledge within the Blackmores Institute and drive further product innovation; and improve our operational effectiveness. The progress of these key initiatives has underpinned the Group's results.

Earnings before interest and tax (EBIT) increased by almost 50% to \$28.2 million compared to the prior corresponding period, as the higher sales enabled Blackmores to benefit further from leveraging its existing assets.

Strong sales and a continued focus on cash management improved net debt, which reduced from \$54.4 million to \$36.7 million in the half and further strengthened Blackmores' balance sheet.

BioCeuticals sales were up by 17% and their EBIT lifted by 40% compared to the previous corresponding half, demonstrating the benefits of the strategic focus on high quality, evidence-based products for practitioners. The performance of BioCeuticals since acquisition in June 2012 gives us confidence in our considered approach to growing the Group.

Blackmores Australia sales were up 29% boosted by stronger pharmacy sales and the benefit of a growing demand for Blackmores products from Chinese consumers. This gives us confidence in the importance of our Asia growth strategy. As a result of our strong growth and the significant operational benefits delivered, our Australian business grew EBIT by 61% compared to the same period last year.

Blackmores Asia delivered a 5% sales increase and a 15% decline in EBIT reflecting the continued retail challenges in Thailand. Excluding Thailand, the region grew sales by 17% including a new record for Blackmores Malaysia. In Thailand we have a solid marketing and sales plan for the year and we have increased confidence in our medium term prospects in this market.

Blackmores' wholly foreign-owned enterprise in China will support future growth in the region. Additionally, the opening of a free trade zone in China last November presents another opportunity for Blackmores, particularly as we have secured a licence to directly trade within the zone.

Blackmores.com.au was refreshed in the period with a new design on a platform which will offer more potential to enhance consumer engagement and make it easier to navigate products online.

Blackmores' new easier-to-open, sustainable, improved shelf-life, stronger bulk pack has been awarded a WorldStar Packaging Award, the most prestigious prize in the global packaging industry. Blackmores' innovative design also won gold, silver and bronze medals across three categories at the Australian Packaging Design Awards.

The Australian Parliament yesterday recognised the importance of complementary medicines to the international health landscape and acknowledged the achievements of the National Institute of Complementary Medicine (NICM) as Australia's premier research facility in complementary medicine. This was significant recognition as NICM is a key collaborator with the Blackmores Institute.

KEY APPOINTMENTS

I'm pleased to announce the appointment of two senior female managers in our Asia business. Ms Pussadee Suchitchon joins as the General Manager of Blackmores Thailand and Ms Jin Young Kim as the General Manager in Korea. Both individuals bring strong industry and management experience in their respective markets along with a breadth of expertise and qualifications in health and nutrition.

Mr Aaron Canning has been appointed as our new Chief Financial Officer. Aaron has extensive management experience in Asia, New Zealand and Australia which is a great fit for our growing business. Mr Chris Last has stepped down as CFO and joint Company Secretary and Aaron Canning has also been appointed as joint Company Secretary for Blackmores Limited with Ms Cecile Cooper. I would like to pass on my sincere thanks to Chris Last for his valued contribution as CFO over the last five years.

DIVIDEND

The Board has declared an interim dividend of 68 cents per share fully franked, a 55% increase on last year. The record date is 25 March 2015 and the dividend is payable on 13 April 2015.

This improved dividend rewards our shareholders who have shared our confidence in Blackmores' future prospects.

DIVIDEND REINVESTMENT PLAN

Given the Company's significantly improved financial position, the Board has decided to suspend the Dividend Reinvestment Plan until further notice. Blackmores will add any residual cash balance standing to the account of existing participants when this dividend is paid.

OUTLOOK

Directors are very pleased with the first half performance of the Group and are confident about delivering shareholders a strong full year return.

INVITATION TO SHAREHOLDERS

MEET THE BLACKMORES MANAGEMENT TEAM – THURSDAY 21 MAY 2015

Blackmores would like to invite you to our second annual 'Meet the Management Team' event at our Company headquarters in Sydney.

This exclusive shareholder-only event will give you the unique opportunity to better understand how we work and gain deeper insight into our business. There will be no formal business matters.

Date: 21 May 2015

Time: 10am to 12pm, followed by a light lunch

Address: Blackmores Campus, 20 Jubilee Avenue, Warriewood NSW 2102

To attend, please contact Leah Boonthanom on 02 9910 5347 or email leahb@blackmores.com.au.

For those unable to attend, full details will be made available on the ASX and Blackmores' websites.

Yours faithfully



CHRISTINE HOLGATE

CHIEF EXECUTIVE OFFICER

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RESULTS AT A GLANCE

Results (\$000s) (Half Year to 31 December 2014)	This Year	Last Year	% Change
Sales	206,361	169,566	+21.7%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	31,289	22,087	+41.7%
Earnings before interest and tax (EBIT)	28,208	18,977	+48.6%
Net interest expense	2,198	2,485	-11.5%
Profit before tax	26,010	16,492	+57.7%
Income tax expense	7,395	4,380	+68.8%
Profit for the period	18,615	12,112	+53.7%
Results (\$000s) (Quarter 2)	This Year	Last Year	% Change
Sales	107,862	85,553	+26.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	16,573	11,801	+40.4%
Earnings before interest and tax (EBIT)	15,008	10,199	+47.2%
Net interest expense	1,070	1,237	-13.5%
Profit before tax	13,938	8,962	+55.5%
Income tax expense	3,979	2,227	+78.7%
Profit for the period	9,959	6,735	+47.9%
Other Key Items	31/12/2014	30/6/2014	
Total Assets	\$m	253.6	236.6
Shareholders' Equity	\$m	116.2	104.2
Net debt	\$m	36.7	54.4
Net debt / (Net debt + Equity)	%	24.0	34.3
Net tangible assets per share	\$	4.47	3.81
Share price (25 February 2015) ¹	\$	42.20	27.20
Shares on issue	m	17.22	17.11

Notes:

(1) Last year's share price is as at 30 June 2014.