



Caroline Hayes and Edgar Cabal, Procurement & Sourcing

An exceptional year, Blackmores' full-year profit up 115% to \$100 million

Highlights

- Group sales of \$717 million, up 52% on the previous year
- Record net profit after tax of \$100 million, up 115% on the previous year
- Exceptional sales in Australia, boosted by over \$200 million in China influenced sales
- Acquisition of Global Therapeutics in the fourth quarter
- Final dividend of 210 cents per share, total ordinary dividends for the year were 410 cents per share (fully franked), 102% above last year's record dividends.

Dear Shareholder

I'm pleased to announce our fourteenth consecutive year of sales growth, delivering Group sales of \$717 million, up 52% on the prior year and resulting in net profit after tax (NPAT) of \$100 million, 115% up on the prior year.

Growing consumer demand for our products enabled us to realise further operational benefits and saw the Group double production capacity over the year. Importantly, we were able to maintain our commitment to unrivalled quality standards by further extending into our supply chain whilst productivity and efficiency was boosted.

AUSTRALIA (INCLUDING PAW)

Blackmores' Australian business delivered \$495 million in sales, up 56% compared to the previous year, reflecting the strong growth from Australian consumers and further boosted by sales to Chinese tourists and exporters to satisfy the appetite for Blackmores' quality products in China.

Pure Animal Wellbeing (PAW), Blackmores' animal health division, achieved \$7 million in sales (up 31%) and maintained a strong leadership position in the natural pet health market.

ASIA

In-country sales in Asia were \$129 million, a 54% increase compared to the previous corresponding period, driven through a range of channels including pharmacy, online retailers and health stores.

Pleasingly, our more established markets in Asia had a strong sales year, and while Korea experienced sales challenges, the region delivered top line growth achieving sales of \$81 million (up 6%) including sales from Thailand and Malaysia.

Asia sales were bolstered by in-country sales in China of \$48 million (up 536%). The expansion of free trade zones and our ability to serve e-commerce customers through our bonded warehouse in China have enabled us to benefit from the opportunities in Asia.

In China, Blackmores has invested in an 'omni-channel' strategy, utilising multiple sales channels to connect the brand with consumers, enabling us to leverage opportunities and evolving regulations. This included a greater retail presence that will underpin our future growth in this market. We estimate that Chinese consumers influence over \$250 million of our Group sales through a combination of export sales, in-country sales and sales through Australian retailers.

The Asia earnings before interest and taxes (EBIT) result includes Blackmores' investment to launch in Indonesia next month. Indonesia is an exciting opportunity with a fast growing middle class and an increasing number of consumers taking a greater interest in health. It will take time to establish our brand and business in Indonesia and it is another important milestone in our Asia growth strategy.

BIOCEUTICALS

BioCeuticals, Blackmores' practitioner-only range, delivered a strong result with \$69 million in sales (up 25%). New product innovation and education were central to its success as the Australian market-leading brand for healthcare professional dispensing. They have also commenced distribution in the United States, a market with a strong network of allied health practitioners.

Since acquiring BioCeuticals in 2012, we have doubled its profitability. BioCeuticals' growth was particularly pleasing given that this year's results include the payment of incentives and profit share to BioCeuticals employees following their adoption of the Blackmores Enterprise Agreement as well as the investment in new offices to support growth.

DEVELOPING BUSINESSES

Developing businesses - including New Zealand; Blackmores' contribution from the nutritional foods partnership with Bega; and sales from the recently acquired Global Therapeutics - contributed \$23 million to Group revenue (up 50%).

Sales in New Zealand of \$16 million (up 53%) were positively impacted by a change to our business model in this country including the appointment of a Blackmores sales team.

Blackmores' partnership venture to develop nutritional foods including infant formula with Bega has achieved early sales of \$9 million of which Blackmores has a 50% share.

In May 2016, Blackmores acquired Global Therapeutics, an Australian company, with two brands offering Chinese herbal medicine, Fusion Health and Oriental Botanicals. Each are market leaders in this category in health food stores and pharmacy with an estimated 80% market share of retail Chinese herbal medicine. We are excited about the growth opportunities for these products both in Australia and in Asia. Global Therapeutics contributed \$3 million to our revenues since the acquisition.

DIVIDEND

The Board has declared a final dividend of 210 cents per share (fully franked), taking total dividends for the year to 410 cents (up 102% compared to last year). The dividend is payable on 21 September. We are pleased in a year of exceptional growth to be able to reward our shareholders with a record dividend payout which is a fitting way to thank them for their support.

OUTLOOK

We are pleased with our progress in the last year in delivering our strategic priorities and leveraging the strong social and demographic trends underpinning the growing consumer interest in natural health products, and demonstrating the proven demand for our brand.

We are encouraged by strong consumer demand across our business and growing market share affirming our leadership in Australia and the strong momentum from Blackmores Asia and BioCeuticals.

The Australian wholesale market is volatile and has softened in recent weeks impacted by retailers destocking and some exporters changing the channels through which they acquire products. As a result, at this stage we expect our first quarter result to be down compared to the prior corresponding period. We expect sales will improve as the year progresses and we will continue to develop our business model, building new growth channels, adapting our cost base and accelerating our transition to support the changing retail landscape to ensure our continued optimism for long-term growth.

Yours faithfully



CHRISTINE HOLGATE

CHIEF EXECUTIVE OFFICER

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BLACKMORES

Results at a Glance

Results (\$000s) (Quarter 4)	This Year	Last Year	% Change
Sales	185,606	145,751	+27.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	37,393	26,956	+38.7%
Earnings before interest and tax (EBIT)	35,556	25,298	+40.5%
Net interest expense	639	501	+27.5%
Profit before tax	34,917	24,797	+40.8%
Income tax expense	10,474	9,032	+16.0%
Profit for the period	24,443	15,765	+55.0%
Profit attributable to:			
Owners of Blackmores Ltd	24,450	15,765	+55.1%
Non-controlling interests	-7	-	

Results (\$000s) (Full Year to 30 June 2016)	This Year	Last Year	% Change
Sales	717,211	471,615	+52.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	152,266	78,655	+93.6%
Earnings before interest and tax (EBIT)	145,221	72,264	+101.0%
Net interest expense	1,810	3,432	-47.3%
Profit before tax	143,411	68,832	+108.3%
Income tax expense	43,391	22,276	+94.8%
Profit for the period	100,020	46,556	+114.8%
Profit attributable to:			
Owners of Blackmores Ltd	100,008	46,556	+114.8%
Non-controlling interests	12	-	

Other Key Items		30/06/2016	30/06/2015
EBIT/Sales	%	20.2	15.3
Interest cover (net)	times	80.2	21.1
Total Assets	\$m	434.0	293.4
Shareholders' equity	\$m	178.3	132.9
Non-controlling interest share of equity	\$m	2.3	-
Net debt	\$m	17.8	7.1
Net debt / (Net debt + Equity)	%	9.1	5.1
Net tangible assets per share	\$	6.71	5.27
Share price (23 August 2016)	\$	160.85	75.27
Shares on issue	m	17.23	17.22