



Blackmores Full Year Financial Results

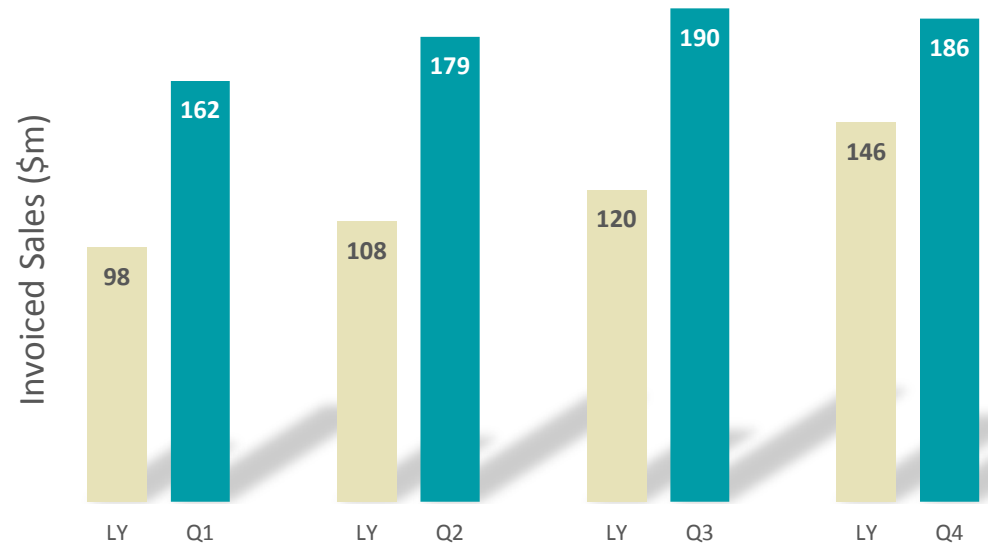
Year ended 30 June 2016

RECORD SALES AND PROFITS



Suki Petgo, Assistant Production Operator (left) and Elena Irlandez, Production Operator, Blackmores

- Group Sales of \$717m, +52%
- Group NPAT of \$100m, +115%
- EBIT of \$145m, +101%
- Basic Earnings per share of 580.6 cents, +114.5%
- Final dividend of 210c, taking total dividends to 410c fully franked



2015 / 2016 HIGHLIGHTS

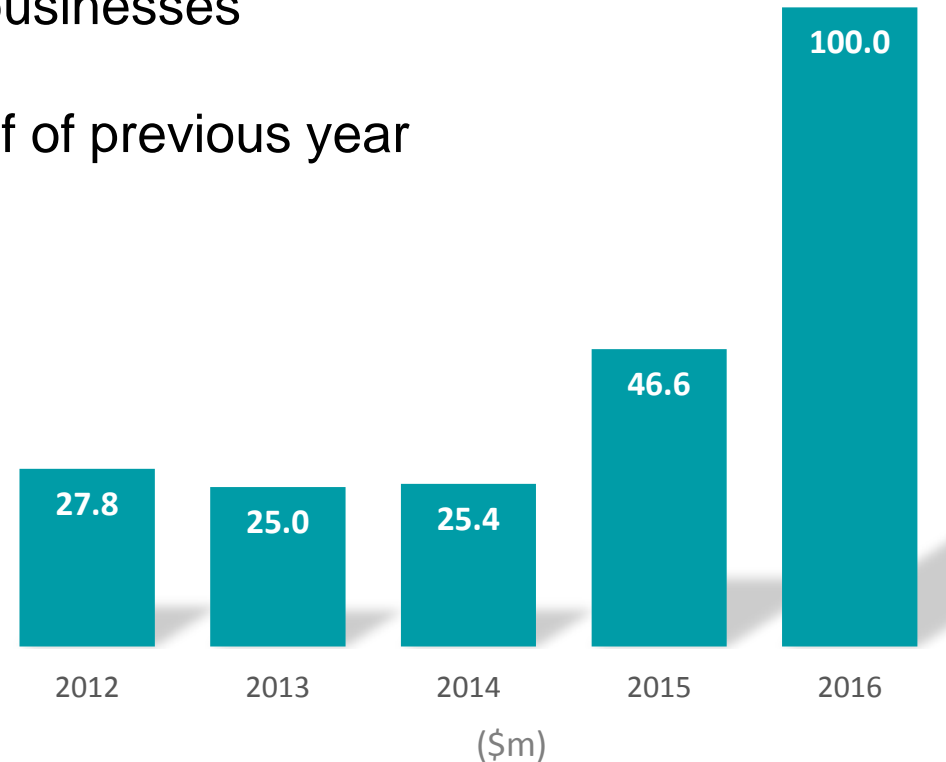


Clement Smith, Warehouse Manager, Blackmores

- Leading Asia Pacific Natural Health Group
- Exceptional Year - Group Sales up 52% at \$717m, NPAT up 115%
- Recognised as one of Australia's best employers by AON
- 117 New products launched across the Group
- Significantly invested in infrastructure and new businesses to build future pipeline
- Secured supply in a constrained environment, building reserves of scarce materials
- Acquired Global Therapeutics in May 2016 – Australian market leader in Chinese herbal medicine category
- Entered ASX 100

PROFIT MORE THAN DOUBLED

- Record sales and delivered a strong profit result
- Expenses of \$454m, were up 43%, reflecting stronger sales, achievement of employee incentives and investment in building infrastructure and new businesses
- Net Interest at \$1.8m, almost half of previous year
- **Group NPAT \$100m, +115%**
 - Q1 \$22.6m, +161%
 - Q2 \$25.6m, +158%
 - Q3 \$27.3m, +124%
 - Q4 \$24.5m, +55%



ASIA GROWTH



Lincoln Wong, Head of Export Sales, Blackmores

- Asian consumers estimated almost 50% of Group sales
- Asia in-country sales at \$129m up 54%, delivering almost \$15m in EBIT up 79%
- China in-country sales at \$48m up 536%. Omni-channel approach in China is delivering and consumer demand continues to grow. EBIT at \$12.6m up 979%
 - Evolving regulations provide opportunities to expand in the retail market
- Strong sales in established markets – including Thailand, Malaysia, Singapore, Hong Kong, Taiwan up 11%
- Korea had a challenging second half result, negatively impacting EBIT \$2.8m
- Investment in upcoming launch in Indonesia and capability in Blackmores International office as we continue to transform our business to better serve Asia

BIOCEUTICALS



Belinda Reynolds, Senior Educator, BioCeuticals

- BioCeuticals sales of \$69m, +25%
- Market leading with estimated 40% share in practitioner
- Leads in Education and Product Innovation, launching first to market – Liposomal range
- EBIT of \$9m, +9%, including higher employee costs and investment in new offices
- Underlying EBIT growth was 28%
- Launched in US with local partner – world's biggest practitioner market

ACQUISITION OF GLOBAL THERAPEUTICS

- In May 2016, Blackmores acquired 100% of Global Therapeutics for \$23m
- Global Therapeutics, an Australian company with two brands offering Chinese herbal medicine:
 - Fusion
 - Oriental Botanicals
- Market leaders in this category in Health Food Stores and Pharmacy
- Headquarters in Byron Bay, the company has 40 staff
- The acquisition is expected to be earnings accretive in its first full year
- The business was acquired debt free with working capital of circa \$5m



Anita Wolf, Marketing Manager, Global Therapeutics

NUTRITIONAL FOODS

- Partnership with Bega to develop nutritional foods including an infant nutrition range has progressed in line with expectation
- Early sales of \$9m, of which Blackmores has a 50% share
- Plans in place to increase distribution, entering new markets in FY17 – including China retail market



OPERATIONAL EFFECTIVENESS

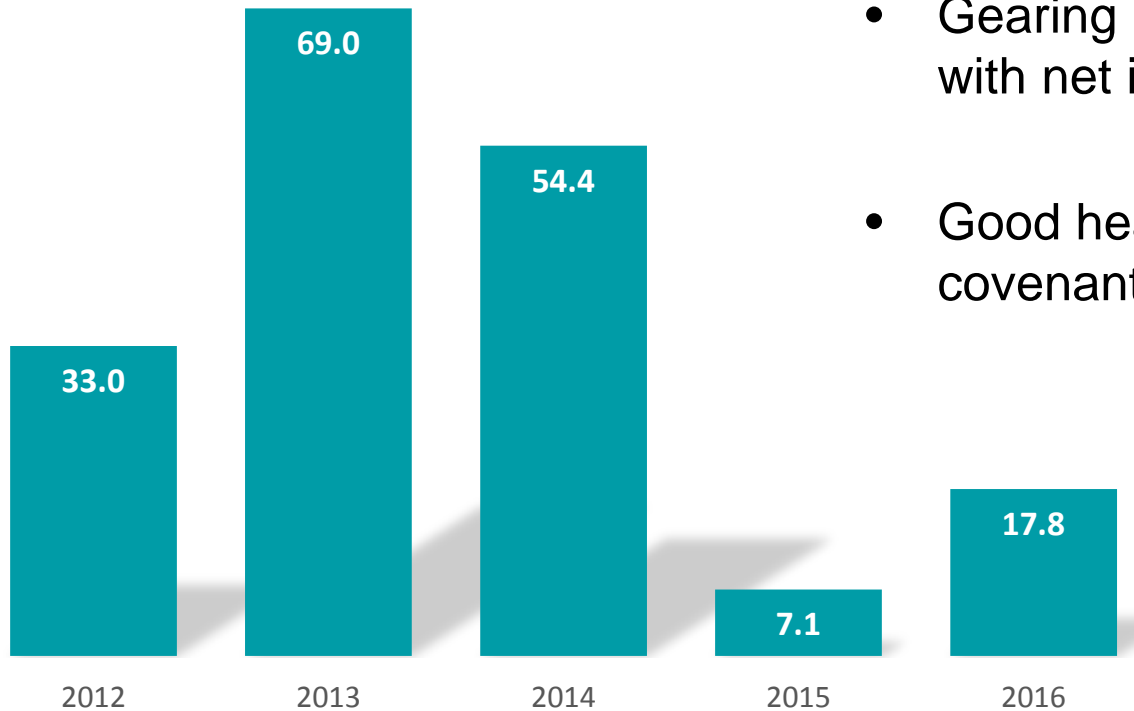


Ellena Rivera, Blackmores Distribution Operator

- Total current assets have increased by 57% commensurate with business growth
- Inventory increased to \$116m to ensure stock is held to meet demand, secured scarce raw materials, plus integration of Global Therapeutics.
- Invested in robotics and quadruple head counters, expanded our facilities footprint and our staff to increase capacity and improve productivity

BALANCE SHEET

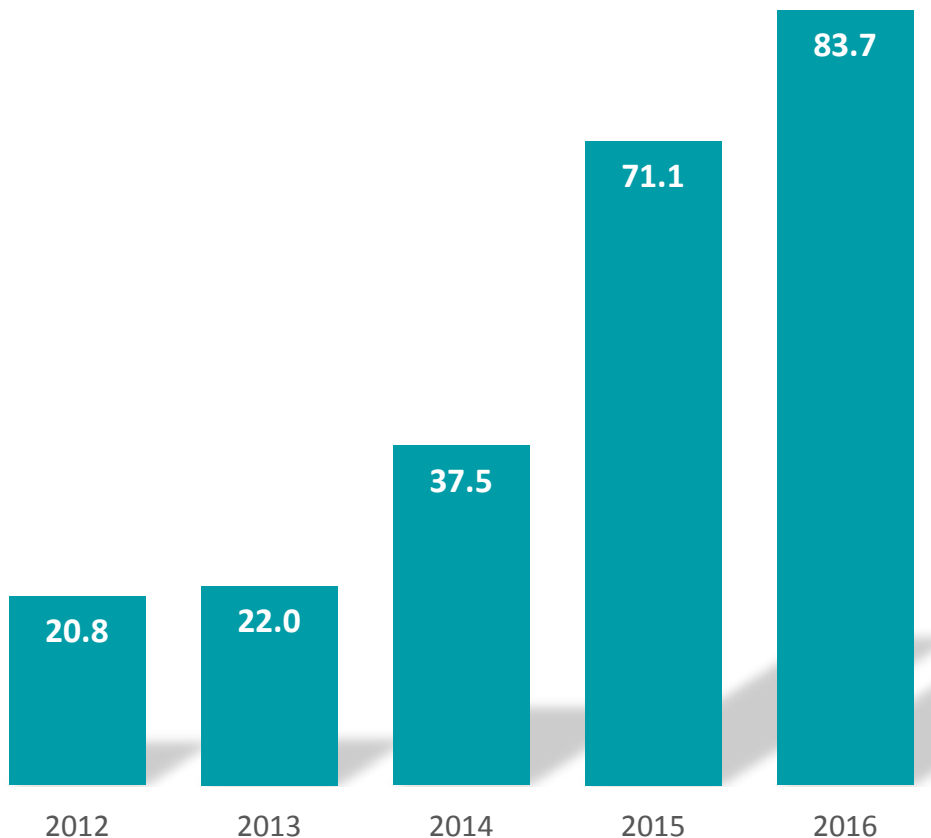
Net Debt (\$m)



- Gross debt is \$56m, +26.0% (net debt \$18m) including the cost of acquiring Global Therapeutics in May 2016
- Gearing ratio is 9.1% (2015: 5.1%) with net interest cover at 80.2 times
- Good headroom to all bank covenants

CASH FLOW & CASH CONVERSION

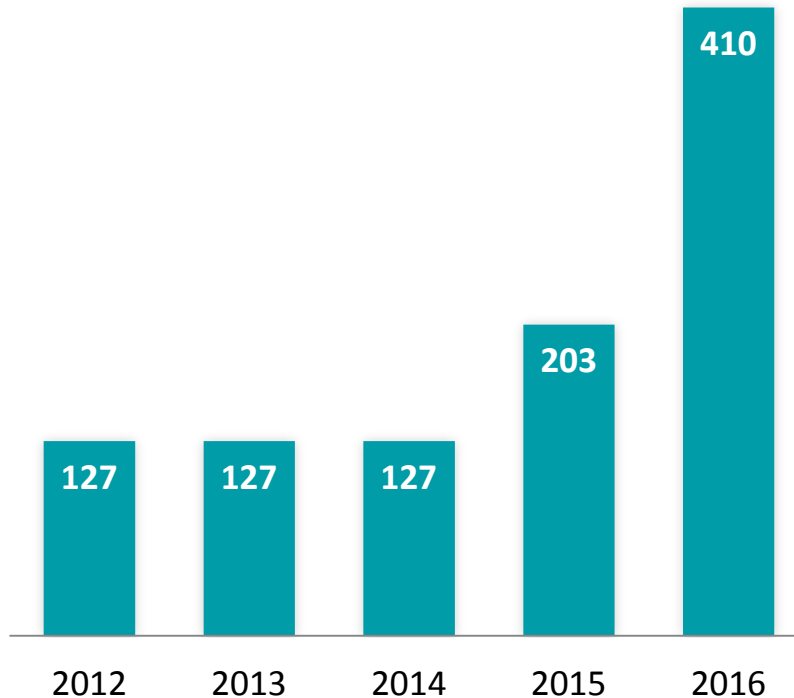
Cash Flow (\$m)



- Strong cash flow generation at \$83.7m, +18%
- Increased investment which built our inventory levels, installed robotics and acquired Global Therapeutics
- Asian in-country sales has, on average, 30 days extra cash cycle
- Strong focus on Cash utilisation as we balance with investing in growth.
- Cash conversion ratio of 81%

DIVIDENDS

Dividend per Share (cents)



- EPS of 580.6c, +114.5%
- Record Full Year Dividends of 410 cents per share fully franked, more than doubled in the last 12 months
- Second half dividend 210 cents
- Shareholders need to be registered on 7 September 2016
- Payable on 21 September 2016
- Dividend payout ratio of 71%

FOURTH QUARTER

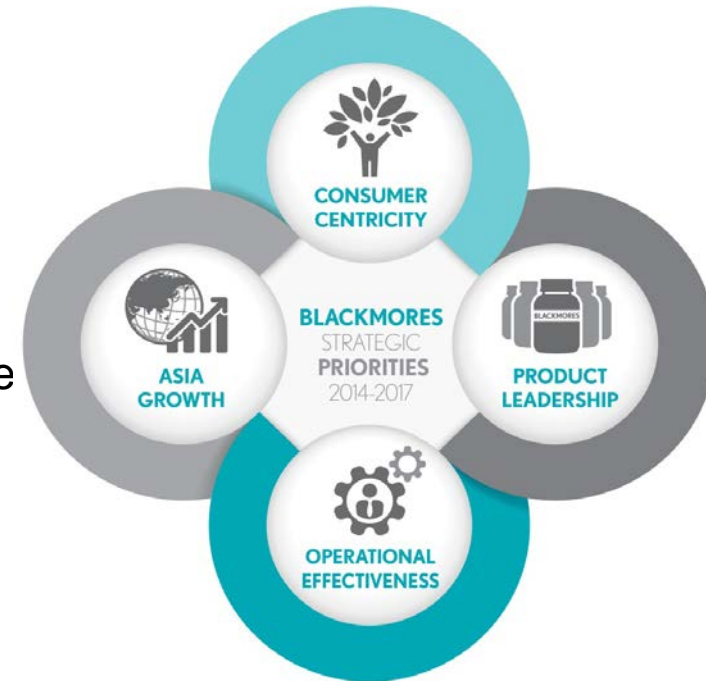
- Sales \$186m, +27% - Good results across business – reflecting continued demand through regulatory changes in China
- EBIT \$36m, +40.5% - Includes investment in Indonesia for September Launch, securing additional warehousing and acquiring Global Therapeutics
- NPAT \$24m, +55%



Raphael Maufay, Gardener & Handyman, Blackmores

OUTLOOK

- Strong consumer demand across our business and growing market share affirming our leadership in Australia
- 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
- We expect First Quarter to be down compared to the prior corresponding period
- We are confident that sales will improve as the year progresses.
- We continue to develop our business model, building new growth channels, adapting our cost base and accelerating our transition
- Continued optimism for long-term growth.



Thank You

BLACKMORES

