



BLACKMORES[®]



Welcome to Blackmores

SHAREHOLDER EVENT

31 MAY 2017

Agenda

BLACKMORES™

Welcome

Christine Holgate
Chief Executive Officer

Blackmores Strategic Priorities 2020

Improving Consumer Connectedness

David Fenlon
Managing Director, Blackmores Australia & NZ

Creating a Global Advantage

Peter Osborne
Managing Director, Blackmores Asia

Leveraging our Innovation & Expertise

Nathan Cheong
Managing Director, BioCeuticals & Global Therapeutics

Operational Fitness

Richard Henfrey
Chief Operating Officer

Q&A

Meeting closes

Tours & Lunch

Introducing our Board



Marcus Blackmore, AM
Chairman (Sabbatical)
Executive Director



Stephen Chapman
Chairman (Acting)
Independent Director



Christine Holgate
Chief Executive Officer
Managing Director



Brent Wallace
Chairman of the Audit & Risk Committee
Independent Director



David Ansell
Independent Director



Helen Nash
Chairman of the People & Remuneration Committee
Independent Director



John Armstrong
Independent Director

Meet our Management Team



Christine Holgate
Chief Executive Officer



Richard Henfrey
Chief Operating Officer



David Fenlon
Managing Director,
Australia & NZ



Nathan Cheong
Managing Director,
BioCeuticals & Global Therapeutics



Peter Osborne
Managing Director, Asia



Cecile Cooper
Company Secretary &
Director of Corporate Affairs

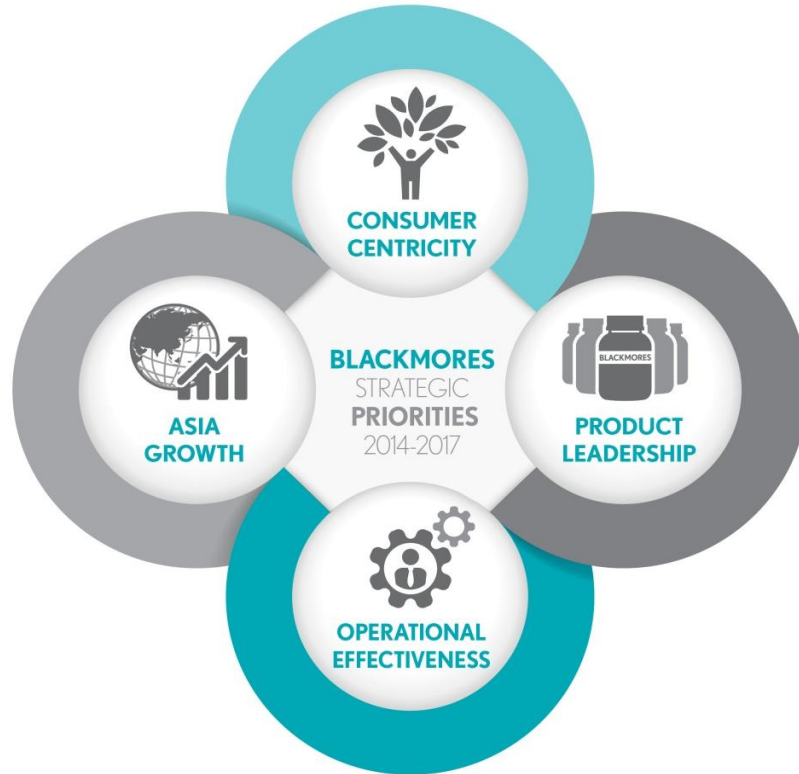


Aaron Canning
Chief Financial Officer



Dr Lesley Braun
Director, Blackmores Institute

Strategic focus to 2017

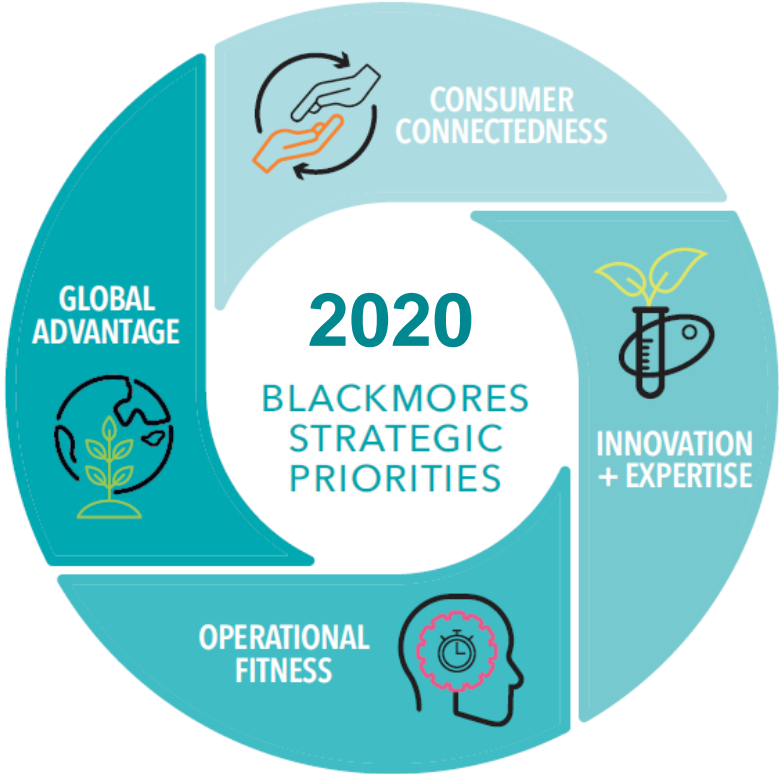


Our opportunities

- Strong macro trends positively impacting market dynamics
- Growing consumer demand
- Trusted brands
- Deep expertise in natural health
- World-class research program
- Renowned for quality and supply chain traceability
- Strong operational base – facilities, infrastructure and staff



We have a clear vision to grow



The Blackmores logo is a teal circle containing the word "BLACKMORES" in white, uppercase, serif font. The background of the slide features a close-up of olive branches with green leaves and yellowish-green buds against a clear blue sky. Several semi-transparent teal circles of varying sizes are overlaid on the image, creating a layered effect.

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Using consumer connectivity to win in a dynamic & competitive world

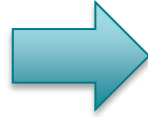
David Fenlon
Managing Director, Australia & New Zealand

Trust is earned, not bought

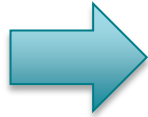


9 years and counting...!!!

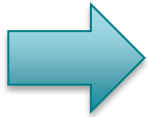
Using consumer connectivity to drive insight, win with customers and win in store



- Big data investment
- Analytics
- Customer data



- Customer planning days
- Joint business planning
- Category partner of choice

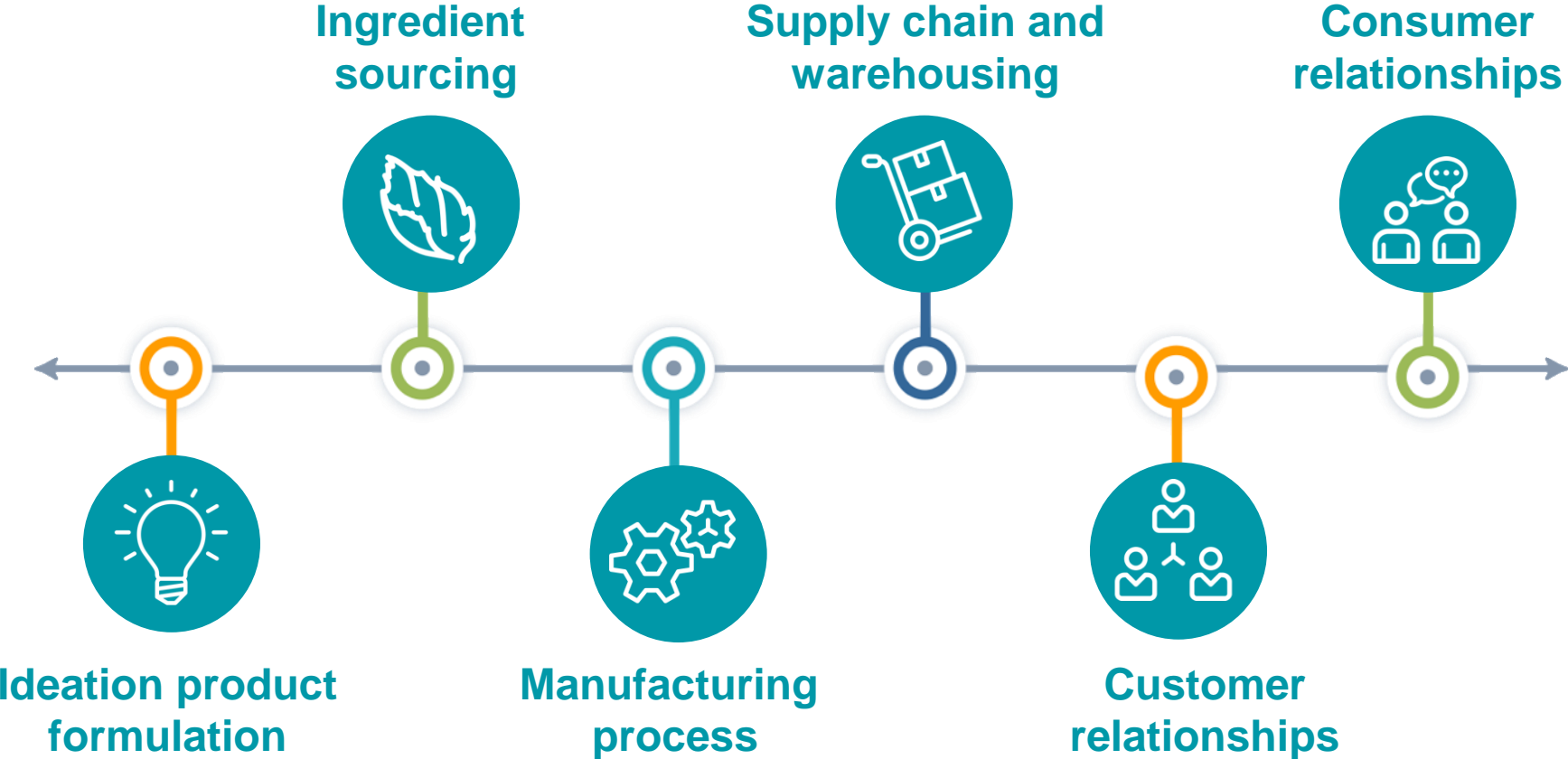


- Shopper connectivity
- Own first moment of truth
- Win in store



- #1 market share
- Most trusted brand
- 56% of consumers will not brand swap


The Digital revolution is being embraced across our total business – internally and externally



Nutritional and health AI assistants – getting closer to the consumer

Blackmores
Published by Cirby Denneman [?] · May 26 at 8:27pm · 🌐

Take 5 minutes out of your day to meditate, and be mindful this May. #MindfulnessinMay



Be a Well Being
BLACKMORES

Blackmores
Published by Cirby Denneman [?] · May 11 at 7:46pm · 🌐

These chocolaty treats are not only delicious, they're also nutritious.



RECIPE: Picnic chocolate bar balls
Keep hungry at bay with this healthy twist on a classic snack. Recipe by Luke Hines.

BLACKMORES.COM.AU [Learn More](#)

Blackmores
Published by Cirby Denneman [?] · May 25 at 8:10am · 🌐

Looking to mix up your breakfast options? We've got just the recipe!




RECIPE: Cacao mousse breakfast bowl with nutty buckwheat granola
This breakfast bowl is full of the good stuff to keep your body humming through the morning.

BLACKMORES.COM.AU [Learn More](#)

Well Böt

start

BLACKMORES



BLACKMORES
Well Böt

Hi there! I'm the Blackmores Well Böt. I'm here in 2 languages, English & Smoj. 🇺🇸 🇺🇸 🇺🇸 🇺🇸 🇺🇸 🇺🇸 🇺🇸 🇺🇸 🇺🇸 🇺🇸

Did you arrive in style for the Australia Open today?
Pick your mode of transport emoji 🚗 🚆 🚌 🚲 🚖 🚶

car **tram** **bus**
bike **taxi** **walk**

Innovation and consumer connectivity drives results

BLACKMORES

Subscription


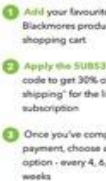

Introducing
BLACKMORES[®]
Subscribe



Set up a repeat delivery and save

Make it easy to stick to your health and wellbeing goals by ensuring you never run out of your favourite Blackmores products.

Set up a repeat delivery with Blackmores Subscribe, it's simple:

-  1 Add your favourite Blackmores products to your shopping cart
-  2 Apply the SUB530 voucher code to get 30% off and free shipping* for the life of your subscription
-  3 Once you've completed your payment, choose a delivery option - every 4, 6, 8 or 10 weeks

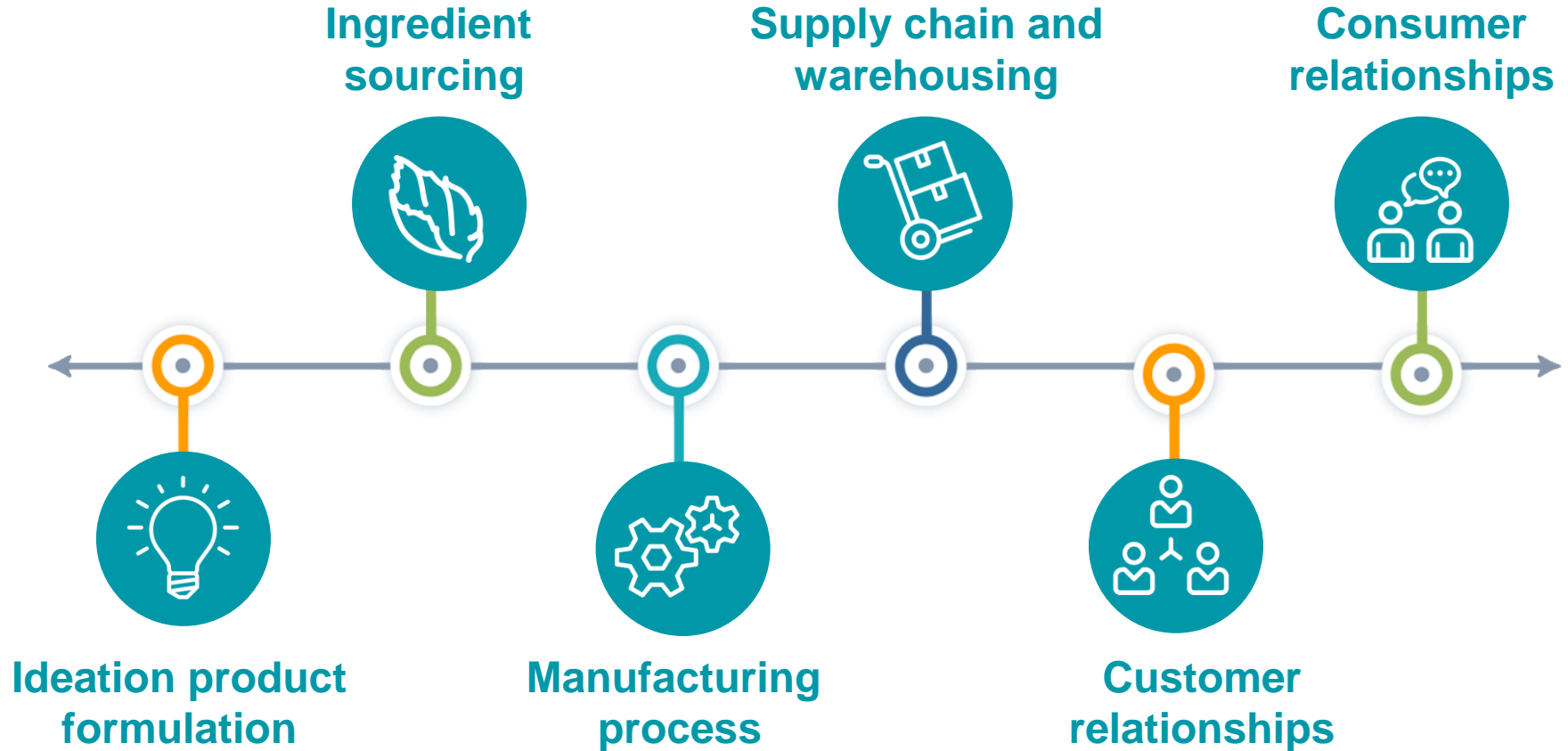
Sign up today to receive
30% off + free shipping*
for the life of your subscription.
Use code **SUB530** at the checkout.

Sign up today

Blackmores MedAdvisor



We're excited about the year ahead



BLACKMORES®

Creating a Global Advantage

“Opportunities multiply as they are seized” – *Sun Tze*

Peter Osborne
Managing Director, Asia



Experience counts

“If you would know the road ahead, ask someone who has travelled it” – Chinese proverb

- 40 years experience in Asia
- 2010 to 2016: Assessed 20 new markets; entered 11
- Implemented multiple different market entry models
- Recruited and trained 700 staff across 16 markets
- Channel experts in bringing products to consumers:
 - ✓ *Offline:* Pharmacy, grocery, drug stores, department stores, duty free, corporate sales, Blackmores retail stores, medical clinics, hospitals, government tenders
 - ✓ *Online:* E-commerce (local, regional, global), cross-border, TV shopping
- We value culture – ours, our markets, our people, our customers, our consumers
- Governments and regulations are a strategic focus

이많은 걸 한번에?

이것이 바로 청정호주의 No.1. 건강기능식품 –
블랙모어스 슈퍼트리플액션

3대 핵심영양소 – 멀티비타민, 미네랄, 오메가3를 하나에 모두 담았습니다.
호주에서 가장 사랑 받는 건강기능식품 블랙모어스. 그 세계의 명성을 이제 직접 확인해 보세요.

BLACKMORES
TRIPLE-ACTION
MULTI + OMEGA

CJ오쇼핑 3월 론칭! 특별패키지를 만나보세요
*블랙모어스 판매처: 롯데백화점 본점/잠실점, 신라인터넷면세점, www.CJmall.com

하루에 필요한
비타민, 미네랄, 오메가3를 한번에!

건강의 시작은 바로 여기
BLACKMORES
100년

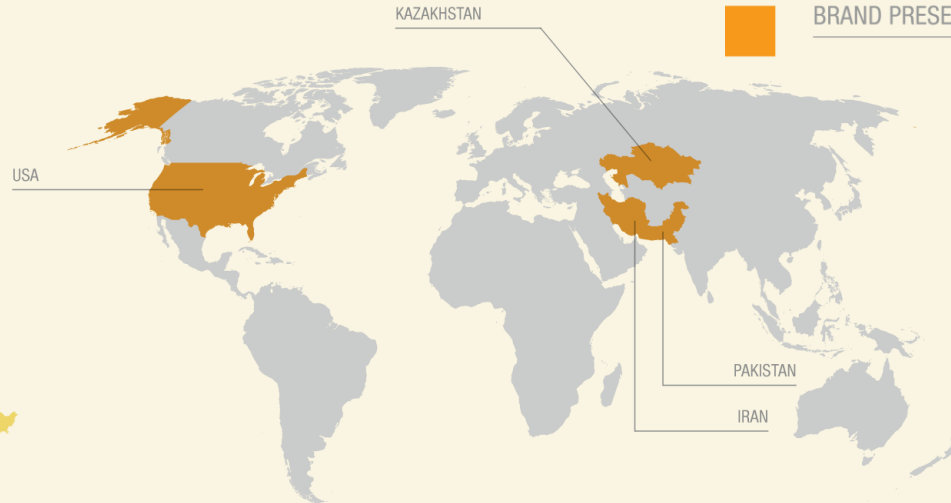
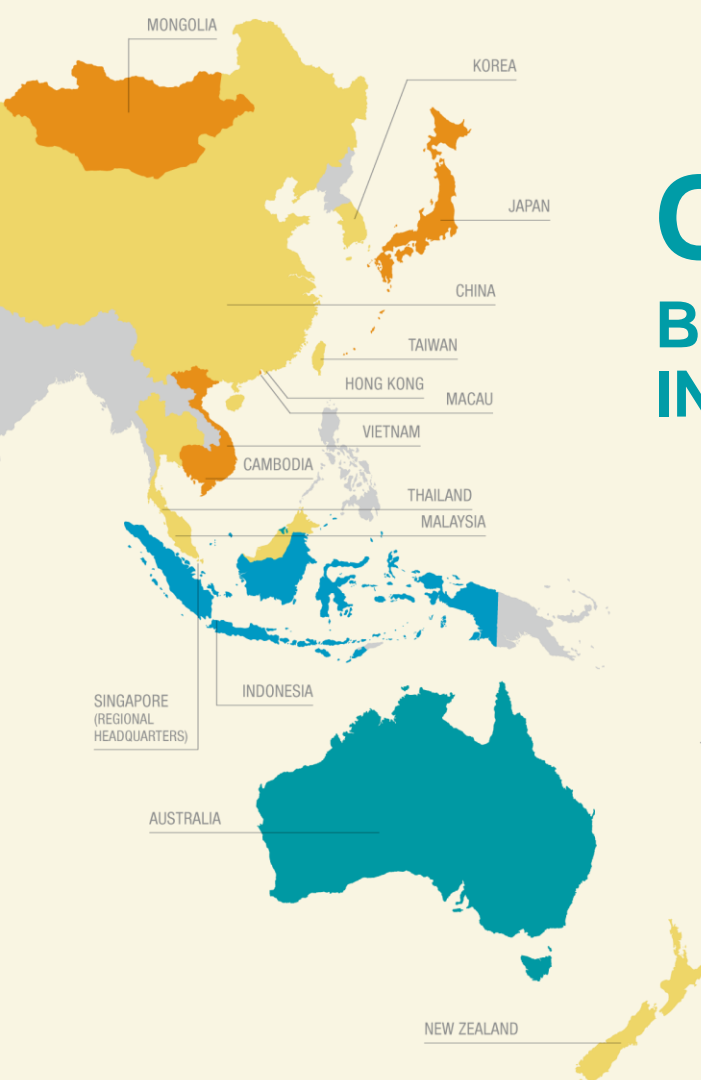
• 호주 최선의 건강식품, 전통성 (1938년)
• 호주 최대의 건강제 제조사 (EuroMonitor, 2009-2011)
• 50년이 넘는 신뢰받는 브랜드 (Research Digest, 1991/1992 권연서)

OUR REACH

BRAND PRESENCE IN 18 COUNTRIES

OPERATIONS AND MARKETS

- COMPANY HEADQUARTERS, OPERATIONS AND SIGNIFICANT REVENUES
- OPERATIONS AND SIGNIFICANT REVENUE
- JOINT VENTURE OPERATIONS OR OPERATIONS AND EMERGING MARKET
- BRAND PRESENCE



China

“When riding on a tiger’s back, don’t try to dismount” – Chinese proverb

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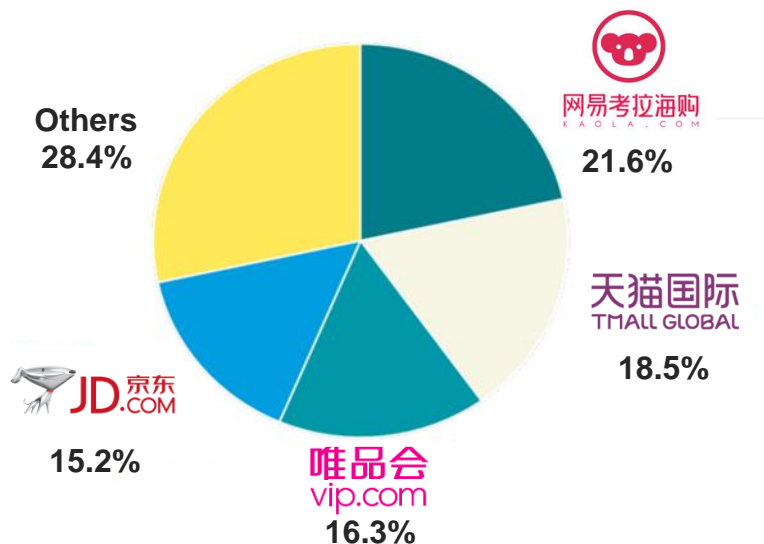
China has emerged as Blackmores’ single most important overseas market

- A highly complex market in a state of constant change
- World’s most digitally advanced, socially active market
- The cross-border e-commerce market is undergoing rapid evolution – strong partnerships and a unique understanding of new opportunities
- Well established to capture significant growth
- We are further building our structure, staff capabilities, operations, supply chain and governance
- Expertise in quality, safety and the public health imperatives



Rapid evolution of cross border e-commerce (CBEC)

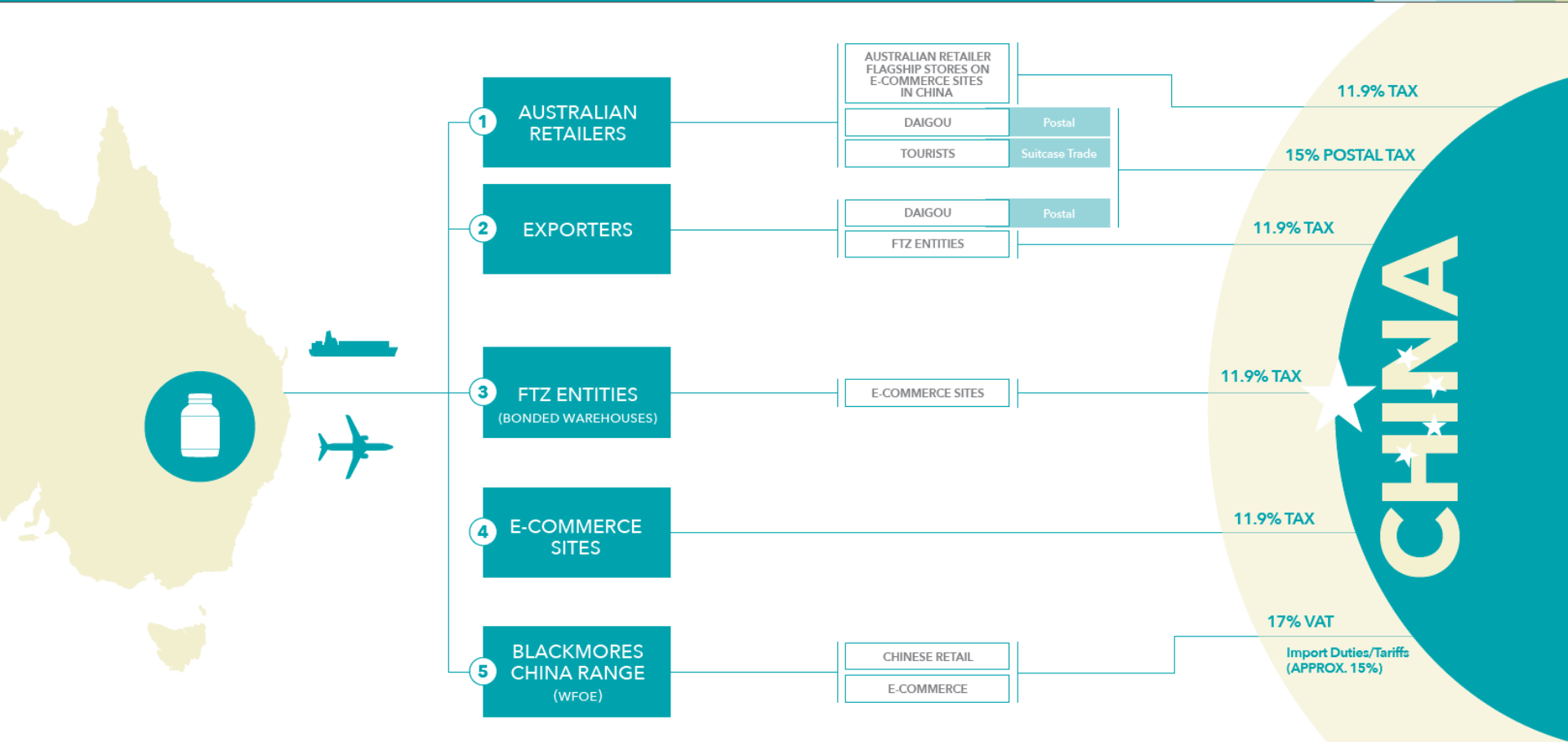
2016 China CBEC B2C platforms market share %



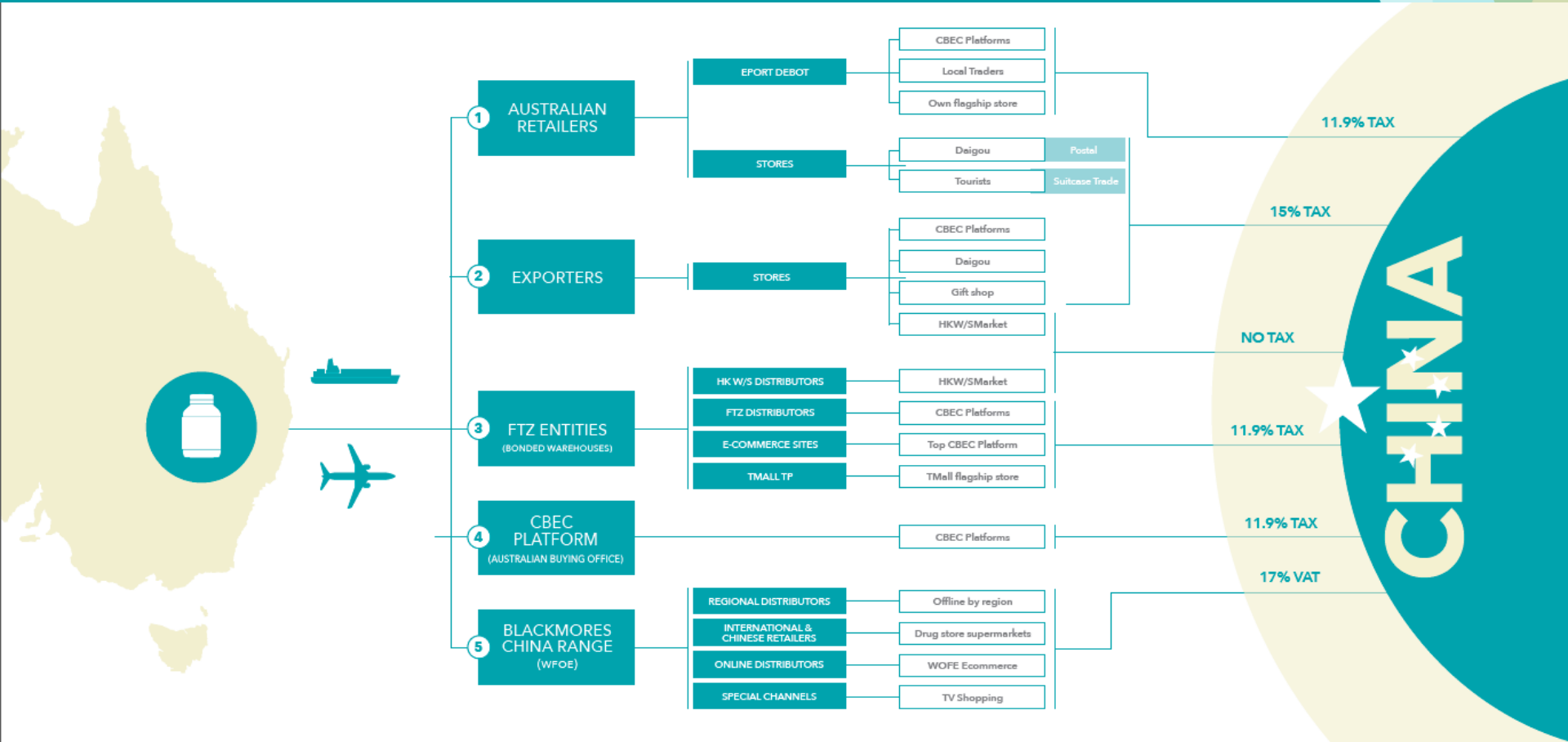
Alibaba has an opportunity to be more than just a platform



2016 Routes to Market



2017 Routes to Market



Connecting with our consumers



Li Na's call for action KV & video



Li Na's social posters



Li Na's Weibo testimonial of Vitamin E cream quality



ZTJ media co-op to release new visual



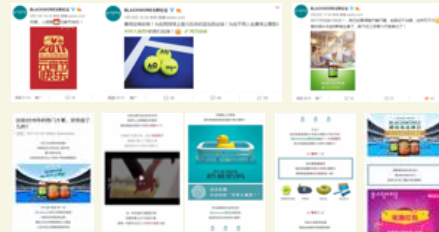
TrendsHealth social posters



AO KV & iQiyi platform exposure



Taobao SEM



Weibo

WeChat

Strong support from our consumers



350,000 followers

- **350%+** fans increase in last 8 months
- **10 times** engagement increase, current each post average viewership achieved **8K+**



70,000 followers

- **5 times+** fans increase in last 7 months
- Current average viewership achieved **10k+**

POWERFUL 'OWNED' MEDIA



Weibo & WeChat
= 30% of Blackmores global
social media followers



China product portfolio expansion & regulatory change

BLACKMORES™



FOOD

Current regulations

10+ existing products



FOOD FOR SPECIAL MEDICAL PURPOSES

Estimated time 2+ years

Need for clinical trial



BLUE CAP

Estimated time 2+ years

Fish Oil blue cap – in progress

Being phased out



CBEC

(1 May 2017)

Expected to remain open indefinitely

Full Blackmores portfolio



ORANGE CAP

22 ingredients

Estimated time 1+ year (import)



NEW BLUE CAP

27 claims

Estimated time 2+ years

Similar process as old blue cap



COSMETICS

Estimated time – 6 months

New Vitamin E range – in progress

Current and future product portfolio and regulatory

The market

- Asia's next trillion dollar economy
- VDS market A\$1.2 billion growing at 15%
- Growing middle class, high spending capacity, health focus
- Education, knowledge, contribute to a broader health agenda

Blackmores presence

- Kalbe Blackmores Nutrition JV head office in Jakarta
- Kalbe Farma is the leader in pharma and nutrition space
- Extensive distribution across vastness of Indonesia
 - ✓ 300 staff covering 12 major cities
 - ✓ 600 points of presence – rapid geographic expansion
- Strong product offering



Vietnam

“A good beginning is half the battle” – Vietnamese proverb

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The market

- Asia’s fastest growing economy of 93 million people
- VDS market A\$ 720 million growing at 13%
- Growing middle class (33 million people by 2020), high spending capacity
- Offline and online retailing evolving rapidly

Blackmores presence

- Full-service distribution partnership with Mesa Group
- Mesa leaders in distribution with established track record with multinational brands e.g. Nestle, P&G
- Dedicated Blackmores team and office established
- Strong product offering



\$63 billion opportunity in Asia alone...

Market	Market Size \$AUD	Market Growth %
Asia	\$53.1 B	5.9%
China	\$20.0 B	20.0%
Japan	\$18.2 B	1.0%
Korea	\$4.7B	6.0%
Taiwan	\$2.2B	5.0%
Thailand	\$1.9 B	11.0%
Indonesia	\$1.2 B	15.0%
Vietnam	\$720 M	13.0%
Hong Kong	\$580 M	7.0%
Malaysia	\$550 M	6.0%
Singapore	\$520 M	5.0%





不入虎穴，焉得虎子

***“If you don't go to the tiger's cave,
How can you catch the tiger's son?”***

- Chinese proverb

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Leveraging our Innovation & Expertise

Nathan Cheong
Managing Director, BioCeuticals & Global Therapeutics

Innovation and expertise

- Proudly supporting the National Institute of Complementary Medicine
- MoU with Malaysian Pharmaceutical Society
- 24 clinical trials and research projects underway
- Blackmores Learning Management System to underpin international training and education program
- Excellence in education e.g. BioCeuticals 5th Annual Symposium – 500+ delegates
- FX Medicine website and podcasts reaching 85,000 listeners a month
- 110 products launched including Blackmores Probiotics, the new standard of shelf-stable probiotics



BioCeuticals – #1 Practitioner brand

- # 1 Practitioner brand in Australia, securing 60% share in Pharmacy
- BioCeuticals Clinical range – 11 new products launched this financial year
- Our range growing within the Allied Health Channel
- BioCeuticals products currently in 11 clinical trials
- Launch of Integrative Medicine Gateway Herb Nutrient Drug interaction portal

Expanding into Asia

- Watsons pharmacies in Malaysia
- Distribution agreement with Kalbe to take BioCeuticals into Indonesia's hospital and pharmacy channels



Global Therapeutics – one year since acquisition

- Successful transition into BioCeuticals Group – first year results exceeding our expectations
- Fusion #1 brand in health food stores and growing
- Fusion #1 modern Chinese herbal medicine brand in Australia
- Oriental Botanicals – 300 new pharmacy accounts
- Integrated warehouse, leveraging Group sales teams
- 12 innovative new products launched
- Educated 2,000+ healthcare professionals and retailers on Fusion and Oriental Botanicals products



Genetic testing and the new age of personalised medicine

- Genetic testing, in particular Nutrigenomics, is the study of the effects of food and nutrients on gene expression
- MyDNA, an established provider of pharmacogenetics, has partnered with BioCeuticals to deliver Nutrigenomic testing
- Genetic testing allows HCPs to achieve better clinical outcomes based on an individual's genetic Single Nucleotide Polymorphisms
- Healthcare professionals and pharmacists can individually tailor therapeutic interventions



The future of herbal medicine

- Blackmores is partnering with leaders in the research and cultivation of medicinal cannabis
- BioCeuticals will seek authorisation to launch medicinal cannabis products through general practitioners and medical specialists
- We will explore clinical trials in the areas of palliative medicine, brain tumours and chronic pain
- BioCeuticals is well-placed to educate and support practitioners and patients in this emerging area of herbal medicine



The Blackmores logo consists of the word "BLACKMORES" in a white, serif, all-caps font, positioned inside a teal-colored circle. The background of the entire slide is a photograph of olive branches with green leaves and yellowish-green buds, set against a clear blue sky. Several large, semi-transparent circles in shades of teal and light blue are overlaid on the image, creating a layered effect.

BLACKMORES®

Operational Fitness

Richard Henfrey
Chief Operating Officer

A tale of 2 years...

FY2016

Explosive Volume Growth

- Every stage of the supply chain struggled to cope with extra demand
- Focus month-by-month on maximising supply and allocating broadly across retail channels
- Capacity added through new supply partnerships, investment in automation, additional shifts and new warehouse space
- Some cost increases as a result of constrained supply

**Reactive rapid response
that doubled volume**



FY2017

Building Infrastructure for the Future

- Volumes stabilised after challenging Q1
- New capacity investment by major suppliers
- Opportunity to rebuild supply chain to cater for longer term growth
- Major investment in new western Sydney distribution centre with state of the art picking/sortation technology and capacity to support future growth
- Raw material and manufacturing tender to optimise supplier base

**Now well positioned to
efficiently capture future growth**

BUNGARRIBEE DISTRIBUTION CENTRE



16,000 square metres of warehousing space



Accommodates
11,500
pallets

900 square
metres of
office and staff
amenities
including gym

**24 hour/
7 days a
week**
access with no
site restrictions
on noise,
activity etc.

40 kw
Solar
array and
rainwater
harvesting

Partially
operational;
**fully
operational**
by Nov 2017

In coming years
it will be the
**hub for all
pick, pack
and despatch**
activity for the
Group

It can support
**double our
current
volume** output

SSI SCHAEFER will be installing a state of the art full case and split case picking module including:

- 🌿 Hands free voice picking
- 🌿 Automated carton erection and induction
- 🌿 Automated document insertion
- 🌿 Automated shipping label application

The warehouse operation will be managed by the **SSI SCHAEFER WAMAS®** warehouse execution system and direct all:

- 🌿 Putaway tasks
- 🌿 Replenishment tasks
- 🌿 Lot control
- 🌿 Picking tasks
- 🌿 Sortation and despatch activity



SSI SCHAEFER

WAMAS®

Raw Material and Contract Manufacturing Review

Objectives & Outcomes

Post review we have achieved our objectives and improved our supplier risk profile, aligning with only the highest quality manufacturers in the industry.

#	Objective	Results
1	Improve gross margin	✓
2	Supply chain optimisation and risk mitigation	✓
3	Fewer suppliers, more made in Australia	✓
4	Formalise 'Supplier Code of Conduct'	✓
5	Improved trading terms	✓
6	Innovation	✓



Raw Material Strategy Review

Fish Oil



- Direct purchase
- Traceability and control
- Maintain sustainability positioning

Glucosamine



- New vegetarian source
- Removal of 300,000 MT of waste water from the process!

Lutein



- Vertically integrated marigold source with extensive clinical studies

Chondroitin



- Improved traceability

Gelatin



- Australian, fully traceable source

Vitamin E



- Drive value through consolidation of volumes
- Non GMO source

Cod Liver Oil



- Cost competitive MSC certified source

Celery



- Cost competitive vertically integrated European source
- Value creation

A teal circular logo containing the word "BLACKMORES" in white, uppercase, serif font.

BLACKMORES®

The text "Thank you" in a white, sans-serif font, centered on the page. The background features a close-up of olive branches with green leaves and yellowish-green buds against a clear blue sky. Several large, semi-transparent teal circles are overlaid on the image, creating a layered effect.

Thank you