



BLACKMORES™

WELCOME TO THE 56TH ANNUAL GENERAL MEETING

BLACKMORES LTD
25 OCTOBER 2018





BLACKMORES®

CHAIRMAN'S WELCOME

Stephen Chapman
Chairman

BOARD OF DIRECTORS

Chairman
Stephen Chapman



David Ansell
Independent Director



John Armstrong
Independent Director



Marcus C Blackmore
Executive Director



Richard Henfrey
CEO & Managing Director



Jackie McArthur
Independent Director



Helen Nash
Independent Director



Brent W Wallace
Independent Director



BLACKMORES®

CEO'S YEAR IN REVIEW

Richard Henfrey
Chief Executive Officer

BLACKMORES EXECUTIVE TEAM

BLACKMORES™

Chief Executive Officer
Richard Henfrey



**Managing Director,
Australia & NZ**
David Fenlon



Managing Director, Asia
Peter Osborne



Chief Financial Officer
Aaron Canning



Chief Operations Officer
Jeremy Cowan



**Director,
Blackmores Institute**
Dr Lesley Braun



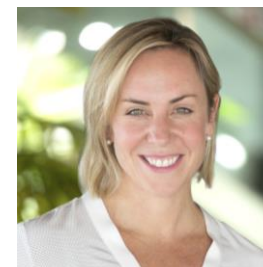
**Managing Director,
BioCeuticals**
Eyal Wolstijn



**Company Secretary &
Director of Corporate Affairs**
Cecile Cooper



Chief Information Officer
Brett Winn



Chief People Officer
Jane Franks

THE BLACKMORES DIFFERENCE





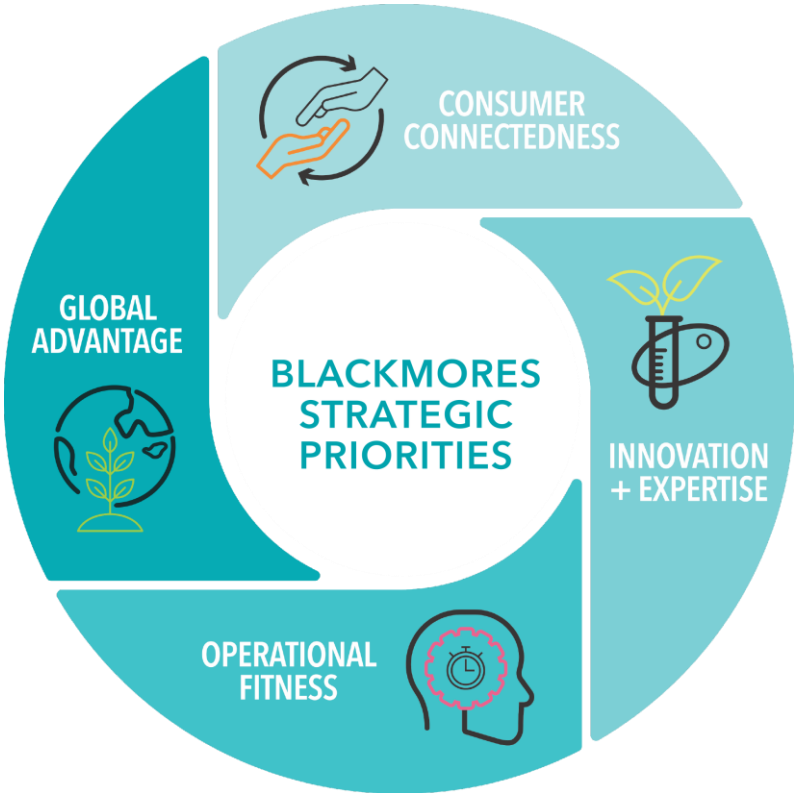
Sustainability Report 2018

BLACKMORES®

Healthy People,
Healthy Planet

blackmoressustainability.com.au

TRANSFORMING OUR BUSINESS



OUR BUSINESS IS RICH WITH OPPORTUNITIES



WE'RE IN THE RIGHT CATEGORY

- Healthy consumer mega-trends
- Demographic changes
- Clean, green and premium Brand Australia



WITH THE BEST BRANDS

- Reader's Digest Most Trusted Brand
- Blackmores Institute
- Number #1 retail brand, practitioner brand and health food store brands in Australia



AND A STRONG BUSINESS

- Healthy balance sheet
- Supply chain traceability
- Vertical integration gives us even greater control
- 40 years in Asia

CEO'S YEAR IN REVIEW

Strong sales and profit growth

Group revenue of

\$601M

up 9% on prior year

Group NPAT of

\$70M

up 19% on prior year

10 years

Australia retained clear brand leadership and celebrated 10th year as most trusted brand.

↑ 13%

BioCeuticals, up 13% and delivered strong pipeline of new products.

↑ 22%

China sales were up 22% to \$143m.

↑ 20%

Other Asia sales were up 20%, including 77% sales growth from our new business in Indonesia



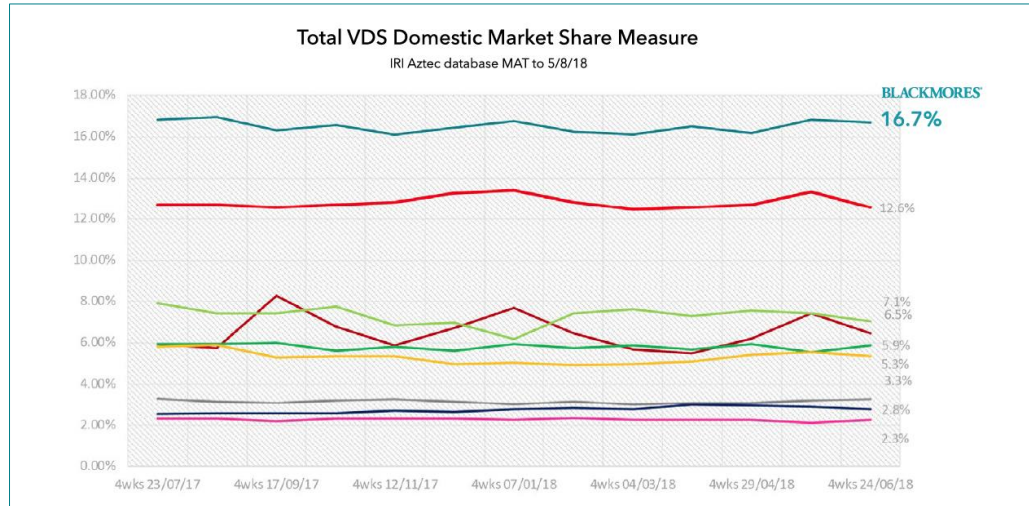
Supply constraints eased significantly by June.

Catalent

Announced agreement to acquire Catalent Australia's manufacturing facility by October 2019.

AUSTRALIA & NEW ZEALAND

- Sales from Australia, New Zealand and Pure Animal Wellbeing were broadly flat, contributing \$266 million
- Blackmores is the clear market leader
- Strong sell-through of new product launches with successful innovation in sugar-free children's gummies and probiotics that don't require refrigeration

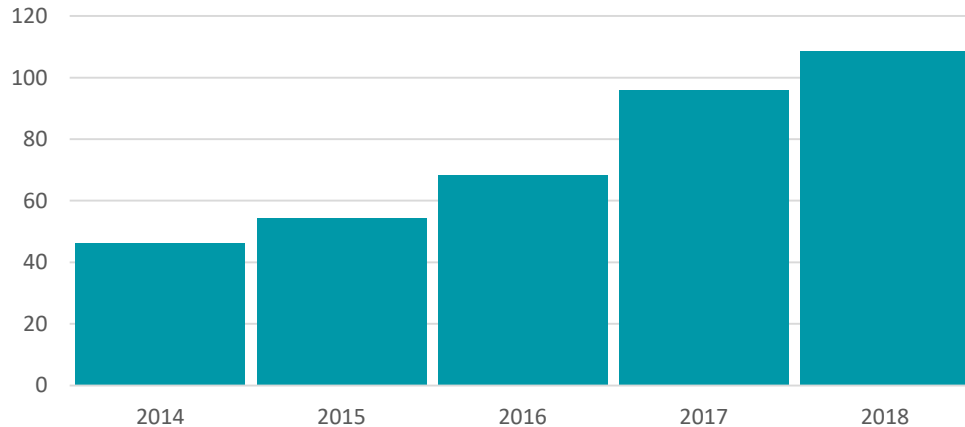


Delphine Chassagne,
National Account Manager, Blackmores Australia

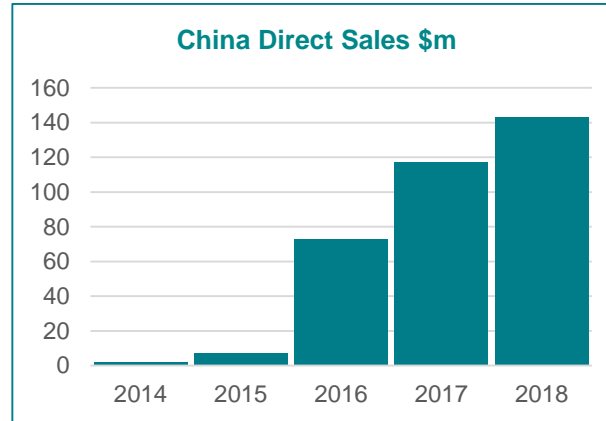
BIOCEUTICALS GROUP

- BioCeuticals, Global Therapeutics and IsoWhey delivered sales of \$109m, up 13% compared to prior year
- BioCeuticals branded product sales were up 20%

BioCeuticals Group Sales \$m



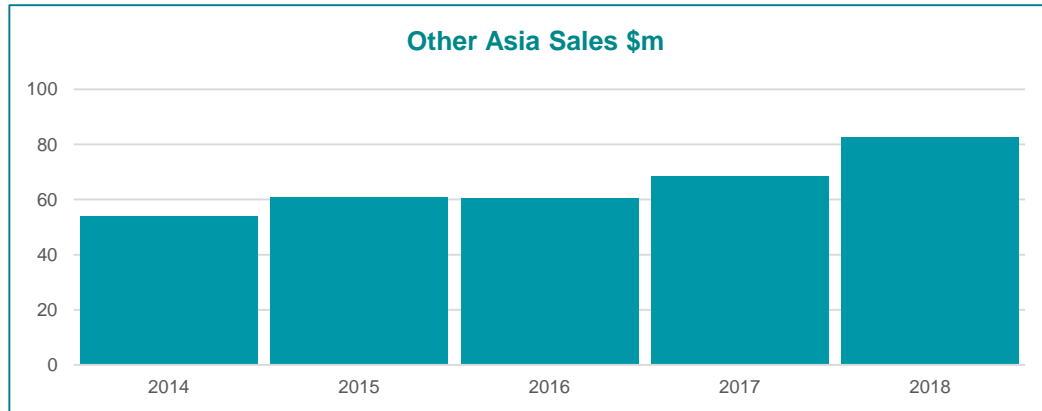
- Sales to China (key export accounts and in-country sales) were \$143m, up 22% on prior year
- Significant marketing investment increase in April and May gained high consumer engagement
- Plans to bolster the presence of Blackmores Institute after strong response to research and education partnerships, including partnership with Tsinghua University
- Board travelled to China in June for strategy planning and to sign a joint business plan with Alibaba
- Blackmores will showcase our brand at the China International Import Expo in November



Oliver Liu
Sales Director, Blackmores China

OTHER ASIA

- Sales from across Asia (excluding China) were \$82 million, up 20% compared to prior year and all markets delivered growth
- Particularly strong sales from Singapore (up 22%) and Korea (up 91%)
- Blackmores' joint venture in Indonesia, Kalbe Blackmores Nutrition, achieved 77% sales growth compared to prior year



FIRST QUARTER UPDATE

BLACKMORES™

- **Blackmores continues strong profit growth with first quarter profit of \$16.5 million, up 7% compared to prior corresponding period**
- Revenue of \$154 million, up 15% compared to prior corresponding period
- Blackmores remains #1 brand in Australia¹ with 17.5% market share
- Natural Vitamin E Cream launched in Thailand, Malaysia, Singapore and Taiwan
- BioCeuticals will shortly commence medicinal cannabis trial for rare brain tumour

¹ Nielsen total VDS domestic market data MAT to 01/09/18.



Noah Nofu'Akifolau, Split Case Team Leader, Bungarribee, and Ramandeep Kaur, Order Fulfilment Supervisor, Bungarribee

OUTLOOK

- Our outlook is for continued growth for full year.
- Our financial position remains strong.
- Our outlook for Asia remains strong. We are confident that China sales through both e-commerce and traditional retail will continue to grow strongly in the future.
- Investing in our strategic priorities.
- Preparing to take ownership of Braeside manufacturing site by October 2019.
- Blackmores will be a major exhibitor at the China International Import Expo in Shanghai next month.
- Shawn Dou announced this week as Blackmores' new Ambassador in China.



Shawn Dou,
Blackmores Brand Ambassador



BLACKMORES

Aaron Canning
Chief Financial Officer

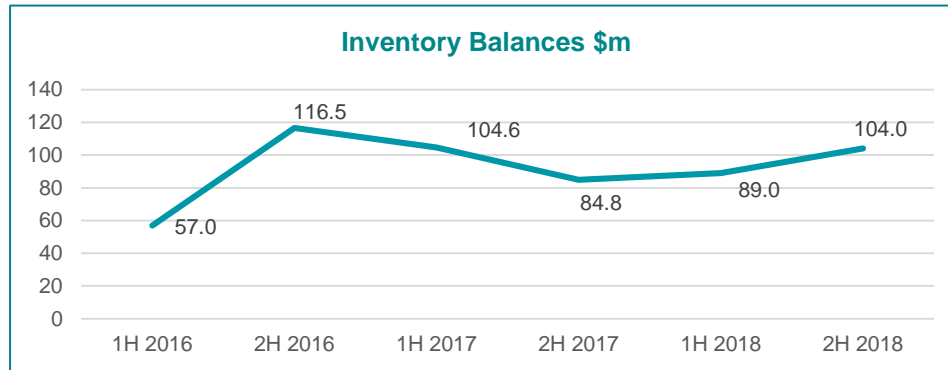
FY18 RECORD SALES AND IMPROVED MARGINS

- Record sales revenue, strong profit growth of 19%
- Promotional and other rebates grew at 3%, compared to invoiced sales growth of 8%
- Improved gross margin driven by reduction in provisions, lower raw material and consumables and benefits from global pricing strategy
- Higher investment in brand support, particularly in China through the second half of the year
- Operating expenses growth reflects payment of staff expenses, increased infrastructure costs and investment in growth platforms
- Conservative incremental \$5.7m provision (included in Operating expenses) to cover China Receivables risk

A\$m	FY18	FY17	Chg %
Sales Revenue	601.1	552.2	9%
Raw materials and consumables used	232.4	237.5	(2%)
<i>% of sales revenue</i>	<i>39%</i>	<i>43%</i>	
Gross Margin	368.7	314.7	17%
Selling and marketing expenses	59.2	51.3	15%
Operating expenses	208.6	177.7	17%
EBIT	101.6	86.2	18%
<i>% of sales revenue</i>	<i>17%</i>	<i>16%</i>	
Net interest expense	3.9	4.2	(6%)
Income tax expense	28.5	24.0	18%
NPAT	70.0	59.0	19%
<i>Invoiced Sales</i>	<i>746.7</i>	<i>692.8</i>	<i>8%</i>
<i>Promo & other rebates</i>	<i>145.5</i>	<i>140.6</i>	<i>3%</i>
<i>% invoiced sales</i>	<i>19.5%</i>	<i>20.3%</i>	

FY18 BALANCE SHEET

- Strong financial health and balance sheet maintained
- Receivables growth due to timing of Q4 sales
- Inventory at \$104m, \$19m higher due to growth and increased safety stock levels
- Goodwill and intangibles increased due to acquisition of small number of brand and IP rights
- Return on shareholders equity and return on assets improved 3.1ppts and 3.0ppts respectively



A\$m	FY18	FY17	% Chg
Receivables	150.8	132.1	14%
Inventories	104.0	84.8	23%
<i>Less:</i>			
Trade & Other Payables	(157.9)	(124.4)	27%
Working Capital	96.9	92.5	5%
Property, plant and equipment	76.3	74.2	3%
Goodwill and intangible assets	66.2	61.8	7%
Other net liabilities	(46.1)	(49.7)	(7%)
Net Assets	193.3	178.8	8%
<i>Less:</i>			
Non-controlling interests	(0.5)	(1.3)	(64%)
Shareholders' Equity	192.9	177.5	9%
<i>Return on shareholders' equity¹</i>	<i>36.3%</i>	<i>33.2%</i>	<i>3.1 ppts</i>
<i>Return on assets²</i>	<i>23.2%</i>	<i>20.2%</i>	<i>3.0 ppts</i>

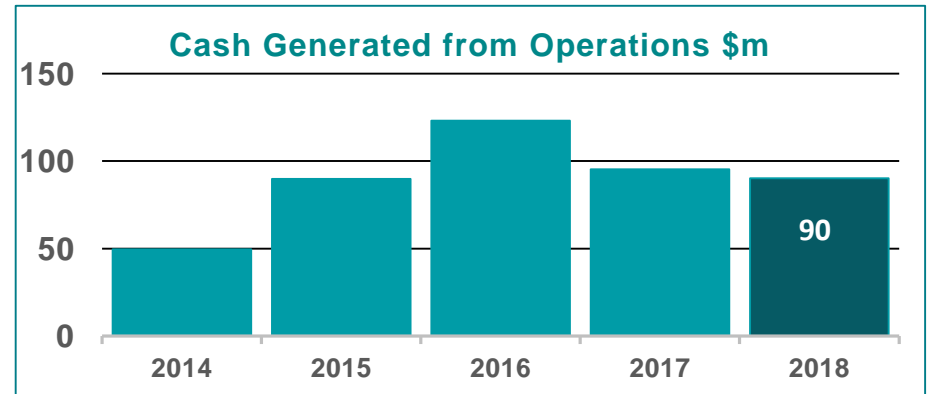
1. Calculated as NPAT attributable to shareholders of Blackmores Limited divided by closing shareholders' equity.

2. Calculated as EBIT divided by average total assets

FY18 OPERATING CASH FLOW

- Robust operating cash flow fundamentals remain intact
- Cash generated from operations of \$90m, declined marginally due to higher working capital levels
- Interest and other finance costs remain low
- Net cash flows from operating activities of \$58m, 27% higher, due to the impact of higher income tax payments made in FY17 relating to the FY16 year
- Cash Conversion ratio of 82% in-line with management expectations reflecting a strong result considering growth and investment profile

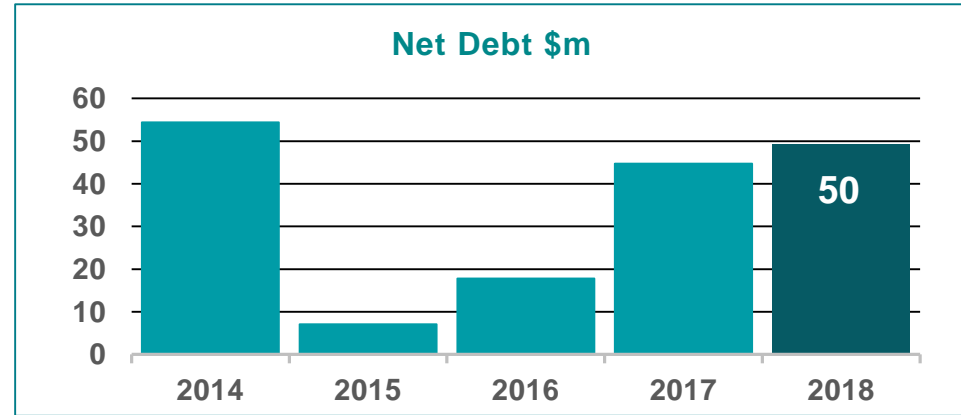
A\$m	FY18	FY17	Chg %
Receipts from customers	666.5	623.4	7%
Payments to suppliers and employees	(576.4)	(528.1)	9%
Cash generated from operations	90.1	95.3	(5%)
Interest and other costs of finance paid	(5.6)	(5.9)	(4%)
Income taxes paid	(26.5)	(43.8)	(40%)
Net cash flows from operating activities	58.0	45.6	27%
EBITDA	110.6	94.6	17%
Cash conversion ratio (CCR) %	82%	101%	-19 pts



FY18 NET DEBT

- Net debt at \$50 million increased by \$5 million, marginally lower than the increase in gross borrowings due to a higher cash offset
- Net debt remains low, with a 20% gearing ratio, consistent with the prior year
- Net interest cover at 25.9 times (2017: 20.6 times) has continued to improve and reflects a conservative approach to servicing ongoing interest commitments
- Conservative level of headroom maintained, well supported by a diverse range of facilities and banking partners
- Maturity profile of existing facilities out to FY22 by financial year is as follows:

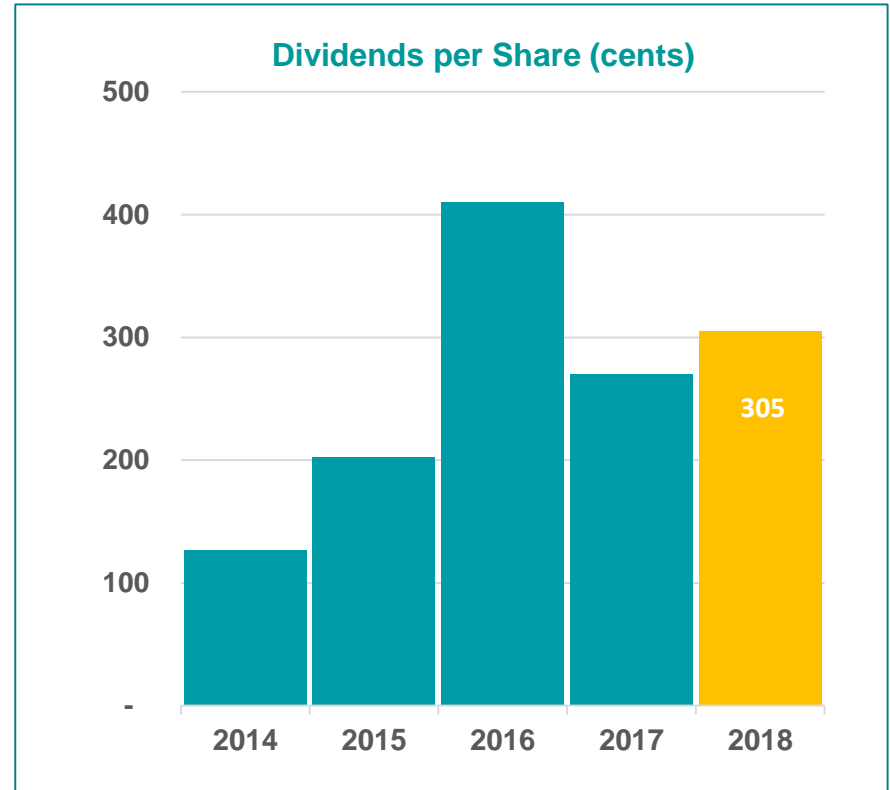
FY19	\$nil
FY20	\$125m
FY21	\$30m
FY22	\$65m



A\$m	FY18	FY17	Chg %
Debt	86.0	79.0	9%
Cash and cash equivalents	(36.5)	(34.3)	6%
Net debt	49.5	44.7	11%
Net interest expense	3.9	4.2	(6%)
Net Interest Cover (times)	25.9	20.6	
Gearing ratio	20.4%	20.1%	0.3 ppts

FY18 DIVIDENDS

- EPS of 406.4 cents reflecting 19% growth.
- Final dividend 155 cents declared, fully franked.
- Dividend payout ratio of 75%.
- Dividend Reinvestment Plan reactivated with 2.5% discount. Strong participation rate at 30%



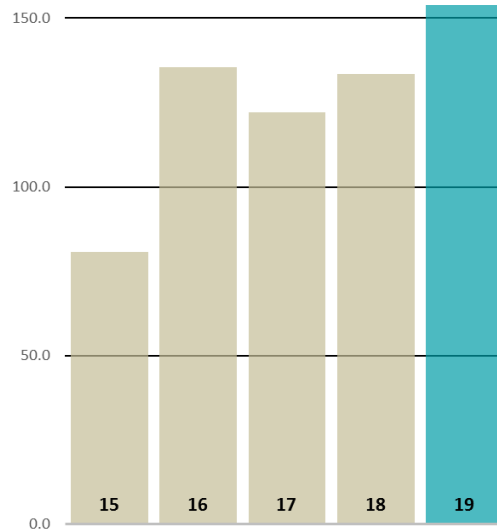
FIRST QUARTER F19

AUD \$m	F19	F18	% vs LY
Revenue	154.0	133.5	+15%
EBITDA	27.1	24.3	+11%
EBIT	24.4	22.2	+10%
Net interest expense	1.0	0.8	+18%
Profit before tax	23.4	21.4	+10%
Income tax expense	7.1	6.3	+13%
NPAT*	16.5	15.4	+7%

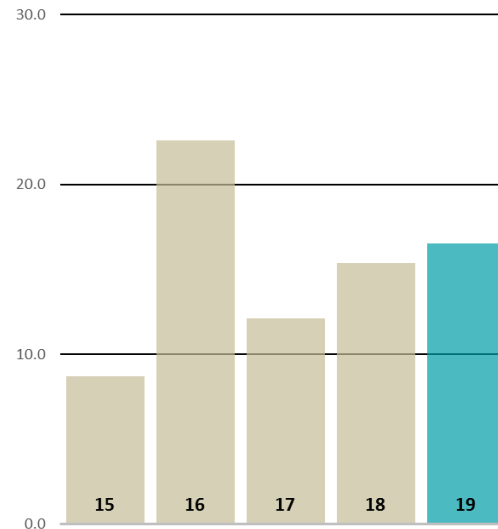
*Profit for the period attributable to the owners of Blackmores Ltd

Q1 RESULTS

REVENUE (\$m)



NPAT (\$m)





BLACKMORES®

Marcus Blackmore AM
Executive Director



BLACKMORES
INSTITUTE
RESEARCH | EDUCATION | INNOVATION

Dr Lesley Braun

Blackmores Institute Director

A Tale of Two Davids



Seven Global Healthcare Trends





BLACKMORES®

FORMAL BUSINESS

Stephen Chapman
Chairman

RESOLUTIONS

1. Adoption of Remuneration Report
2. Re-election of Mr John Armstrong as Director
3. Re-election of Mr Marcus Blackmore as Director
4. Election of Ms Jackie McArthur as Director
5. Re-election of Mr Brent Wallace as Director
6. Approval of the Executive Share Plan
7. Grant of Shares to Mr Richard Henfrey
8. Non-Executive Directors' fees

RESOLUTION 1

“That the Remuneration Report, as contained in the Directors’ Report of the Company, for the year ended 30 June 2018, be adopted.”

Vote Type	Voted	% of Voted	% of all securities
For	4,405,734	93.40	25.47
Against	104,715	2.22	0.61
Open-Usable - refer below	206,540	4.38	1.19
Total	4,716,989	100.00	27.27
Open-Usable Breakdown:			
Chairman appointed as Proxy	74,225	1.57	0.43
Others appointed as Proxy	132,315	2.81	0.76

RESOLUTION 2

“That Mr John Armstrong who retires by rotation in accordance with Clauses 89 and 94 of the Constitution and being eligible, offers himself for re-election, be re-elected a Director of the Company.”

Vote Type	Voted	% of Voted
For	8,867,882	97.48
Against	21,676	0.24
Open-Usable	206,719	2.28
Total	9,096,287	100.00

RESOLUTION 3

“That Mr Marcus Blackmore who retires by rotation in accordance with Clauses 89 and 94 of the Constitution and being eligible, offers himself for re-election, be re-elected a Director of the Company.”

Vote Type	Voted	% of Voted
For	8,879,960	97.48
Against	26,925	0.30
Open-Usable	202,863	2.22
Total	9,109,748	100.00

RESOLUTION 4

“That Ms Jackie McArthur, who was appointed a Director pursuant to Clause 92 during the year, and who retires in accordance with Clauses 93 and 94 of the Constitution and being eligible, offers herself for election, be elected a Director of the Company.”

Vote Type	Voted	% of Voted
For	8,865,338	97.45
Against	23,453	0.26
Open-Usable	207,868	2.29
Total	9,096,659	100.00

RESOLUTION 5

“That Mr Brent Wallace who retires by rotation in accordance with Clauses 89 and 94 of the Constitution and being eligible, offers himself for re-election, be re-elected a Director of the Company.”

Vote Type	Voted	% of Voted
For	8,775,647	96.60
Against	101,468	1.12
Open-Usable	207,267	2.28
Total	9,084,382	100.00

RESOLUTION 6

“That the Executive Share Plan, a summary of the Trust Deed of which is set out in the Explanatory Statement and Notes to this Notice of Meeting and the issue of Shares and rights in accordance with the Executive Share Plan, be approved for the purposes of Listing Rule 7.2, Exception 9(b), and for all other purposes.”

Vote Type	Voted	% of Voted
For	8,726,543	95.89
Against	170,195	1.87
Open-Usable	204,525	2.24
Total	9,101,263	100.00

RESOLUTION 7

“That for the purposes of Listing Rules 10.14 and 10.15A and for all other purposes, the Shareholders approve the acquisition of up to 9,880 Shares by the Trustee under the Executive Share Plan by 25 October 2021 for the benefit of Mr Richard Henfrey.”

Vote Type	Voted	% of Voted
For	8,728,339	95.86
Against	174,221	1.92
Open-Usable	201,884	2.22
Total	9,104,444	100.00

RESOLUTION 8

“That, for the purposes of Clause 102 of the Constitution and Listing Rule 10.17, the maximum aggregate amount of directors’ fees payable to the Non-Executive Directors of the Company be increased by \$300,000 from \$1,000,000 to \$1,300,000 per annum.”

Vote Type	Voted	% of Voted
For	4,327,456	91.39
Against	203,272	4.29
Open-Usable	204,721	4.32
Total	4,735,449	100.00

Thank you

**We look forward to seeing
you at our AGM next year
at the Blackmores Campus**