28 AUGUST 2018

Image | *Wes Ipsen and Anna Bearpark from Blackmores, overseeing the May 2018 fishing season to ensure Blackmores' quality and sustainability standards are upheld from catch to capsule.*

Blackmores announces record sales and 19% profit growth for the full year

Highlights

- **Record full year revenue of $601 million, up 9% on prior year**
- **Net profit after tax for the full year of $70 million, up 19% on prior year**
- **Blackmores announces strategic acquisition of CSIRO-endorsed, clinically trialled weight management program Impromy™**
- **Final dividend of 155 cents per share, bringing total ordinary dividends for the year to 305 cents per share (fully franked), 13% up on prior year**
- **Dividend reinvestment plan reactivated at a 2.5% discount to support funding of growth initiatives including the acquisition of Catalent Australia's manufacturing facility in 2019**

DEAR SHAREHOLDER,

Blackmores Limited (ASX: BKL) today announced strong sales and profit growth, with $601 million in revenue, up 9% on the prior year, delivering a net profit after tax of $70 million, a 19% increase on the prior year.

Our focus has been on refining our strategic priorities to capture the significant opportunities for our brands and driving stability within the business to enable sustainable growth and our results for the year reflect this focus.

Revenue was a record for the Group and in the financial year we sold more product than ever in our 86-year history. The strongest growth continues to come from our businesses in Asia, which delivered record sales in June.

Consumer demand across all regions and businesses remains strong and as a result Blackmores invested more in our brands, which will underpin continued growth. Gross margins improved, driven by lower rebates, fewer inventory provisions and operational efficiencies.

Supply constraints affected sales during the year across the Group, impacting most brands and markets. These had eased by the close of the year and future supply risks will be mitigated by key operational and technology investments which will be embedded over the coming two years. The announcement in April of Blackmores' agreement to acquire the Catalent Australia manufacturing facility in Victoria in 2019 will also enable greater control over production volumes.

AUSTRALIA AND NEW ZEALAND

Blackmores sales in Australia and New Zealand, including Pure Animal Wellbeing, remained flat, contributing $266 million. Blackmores is the clear number one brand in Australia[1]. Blackmores secured recognition as the most trusted brand in our category for the tenth consecutive year[2].

The retail environment in Australia remains subdued, though we exited the year with improved momentum and a strong sell-in of immunity products

CHINA

Sales to China, comprising key export accounts and in-country sales, were $143 million, up 22% compared to the prior year. Consumer demand is strong across all e-commerce platforms while Blackmores' sales channels in China continue to evolve.

Our business in China continues to be predominantly e-commerce sales and Blackmores has strong relationships with the major Chinese platforms. The Blackmores Board visited China in June and attended the signing of a joint business plan with Alibaba. This business plan demonstrates our shared vision to grow our presence on Alibaba's platforms including AliHealth, TMall and Taobao over the coming year.

OTHER ASIA

Blackmores sales in Asia (excluding China) were $82 million, up 20% compared to prior year. This includes particularly strong performances from Singapore (up 22%) and Korea (up 91%). Thailand and Malaysia delivered continued growth despite being impacted by supply constraints.

Blackmores' emerging business in Indonesia delivered 77% sales growth compared to prior year and we will continue to invest in this important growth market in response to the encouraging consumer and health care professional support for our brand since launching in September 2016. Blackmores Vietnam has achieved 12 product registrations and commenced selling into pharmacies through our distribution partner, Mesa.

BIOCEUTICALS GROUP

BioCeuticals, Global Therapeutics and IsoWhey delivered sales of $109 million, up 13% compared to the prior year. BioCeuticals branded products lifted sales by 20%, with Global Therapeutics' growth flat as the result of stock shortages impacting our smaller lines. These constraints eased significantly in the final months of the financial year.

BioCeuticals is the clear market leader of practitioner-only products and delivered a strong pipeline of new formulations throughout the year, as well as acclaimed education podcasts and events.

FINANCIAL POSITION

Our financial position remains strong with good cash flows and debt maintained at conservative levels and well within all banking covenants. We are comfortable with the current levels of inventory we are carrying as well as the amount of stock held by retailers.

Across the Group, expenses were tightly controlled to enable investment in growth initiatives. These investments included growing the team in Indonesia, launching a world-class education platform, the fit-out of Blackmores' distribution centre at Bungarribee in Western Sydney, and increased brand support in China.

Marketing spend increased by almost 40% in the second half of the year compared to the first half, and was focused on core markets. This included a women's health campaign in China in April and May 2018, which was viewed 280 million times, and resulted in a significant lift in retail sales on the three biggest e-commerce platforms, increasing Blackmores' market share in China.

Blackmores' growing business in China has bolstered our sales and profit significantly since our launch there in 2012, though we have also made substantial provisions for doubtful debts in China which were the result of four customers' business challenges. We continue to pursue all appropriate avenues to recover these debts, which have negatively impacted Blackmores' EBIT by $5 million.

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[1] IRI Aztec total VDS market data MAT to 1/7/2018

[2] Reader's Digest Most Trusted Brand Survey 2018

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ACQUISITION OF IMPROMY PRODUCT PORTFOLIO

Blackmores will acquire the Impromy™ weight management product portfolio for $9 million in November 2018. Impromy is a pharmacy-only, consultation-based weight management program that was co-developed by Probiotec (ASX:PBP) and the CSIRO, and is supported by strong research and clinical studies by CSIRO and Griffith University.

This acquisition supports our strategic priority to drive innovation and leverage expertise in areas of chronic disease, with a program that is evidence-based and has been readily embraced within community pharmacy The acquisition is expected to be earnings accretive in the first year.

DIVIDEND

The Board has declared a final dividend of 155 cents per share (fully franked), taking total dividends for the year to 305 cents, up 13% compared to last year. This reflects the Group's sound financial position and the Board's confidence in the future. The record date is 27 September 2018 and the dividend is payable on 12 October 2018.

The Board is pleased to reactivate Blackmores Dividend Reinvestment Plan (DRP) to enable investors to reinvest distributions in the Company's securities and to support the funding of growth initiatives.

Shareholders' current DRP election choice is maintained by Computershare Investor Services Limited, the Company's registry manager, and shareholders are not required to notify Computershare if their previous election to participate remains unchanged.

If you wish to participate or change your previous election in the DRP you will need to complete this by 5pm (AEST) on 28 September 2018. Shareholders who elect to participate in the DRP will benefit from a 2.5% discount and will not be charged for brokerage, commission, stamp duty or any other costs for shares issued under the Plan.

Shareholders can check or change their current election to participate in the DRP by contacting Computershare on 1300 555 159 or online at: www.computershare.com.au/investor

DRP forms are also available along with the DRP plan booklet at:
blackmores.com.au/about-us/investor-centre/dividend-information

OUTLOOK

Blackmores' strategy is focused on delivering growth across all regions and brands, underpinned by our continued investment in our core business in Australia. We will invest to strengthen our business systems as we progress towards ownership of the Catalent Australia manufacturing facility in October 2019.

China continues to be a significant opportunity for Blackmores and in addition to our Alibaba agreement, last week we signed a strategic co-operation with NetEase Kaola. Our vision for China is not limited to e-commerce sales, and we're actively building our offline business and affirming our credibility as a leading natural health advocate.

We have an active pipeline of new product development and brand-building campaigns in progress. The Blackmores Institute is an important differentiator for Blackmores in our key Asian markets and we continue to strengthen our collaborations with leading research and academic institutions.

The Board shares my confidence in our ability to continue to deliver sales and profit growth in the coming year.

Yours faithfully,

Richard Henfrey
Chief Executive Officer
+61 2 9910 5376

INVESTOR CONTACT

Dee Henz
Investor Relations Manager
+61 2 9910 5162

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Results at a Glance

Results ($000s) (Full Year to 30 June 2018)	**This Year**	**Last Year**	**% Change**
Invoiced sales	746,681	692,790	+7.8
Revenue	601,136	552,160	+8.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	110,552	94,642	+16.8
Earnings before interest and tax (EBIT)	101,612	86,231	+17.8
Net interest expense	3,930	4,180	-6.0
Profit before tax	97,682	82,051	+19.1
Income tax expense	28,459	24,023	+18.5
Loss after tax attributable to non-controlling interests	(782)	(985)	+20.6
Profit after tax attributable to owners of Blackmores Ltd	70,005	59,013	+18.6

Results ($000s) (Quarter 4)	**This Year**	**Last Year**	**% Change**
Invoiced sales	206,856	196,863	+5.1
Revenue	166,687	151,601	+10.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	29,528	25,082	+17.7
Earnings before interest and tax (EBIT)	27,119	22,897	+18.4
Net interest expense	944	1,091	-13.5
Profit before tax	26,175	21,806	+20.0
Income tax expense	7,150	6,461	+10.7
Profit/(loss) after tax attributable to non-controlling interests	592	(436)	+235.8
Profit after tax attributable to owners of Blackmores Ltd	18,433	15,781	+16.8

Other Key Items		**30/06/2018**	**30/06/2017**
Earnings per share (basic)	cents	406.4	342.6
Dividends per share	cents	305	270
EBIT/Revenue	%	16.9	15.6
Return on shareholders’ equity	%	36.3	33.2
Return on assets	%	23.2	20.2
Cash generated from operations	$m	90.1	95.3
Cash conversion ratio	%	81.5	100.7
Net debt	$m	49.5	44.7
Interest cover (net)	times	25.9	20.6
Gearing ratio	%	20.4	20.1

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