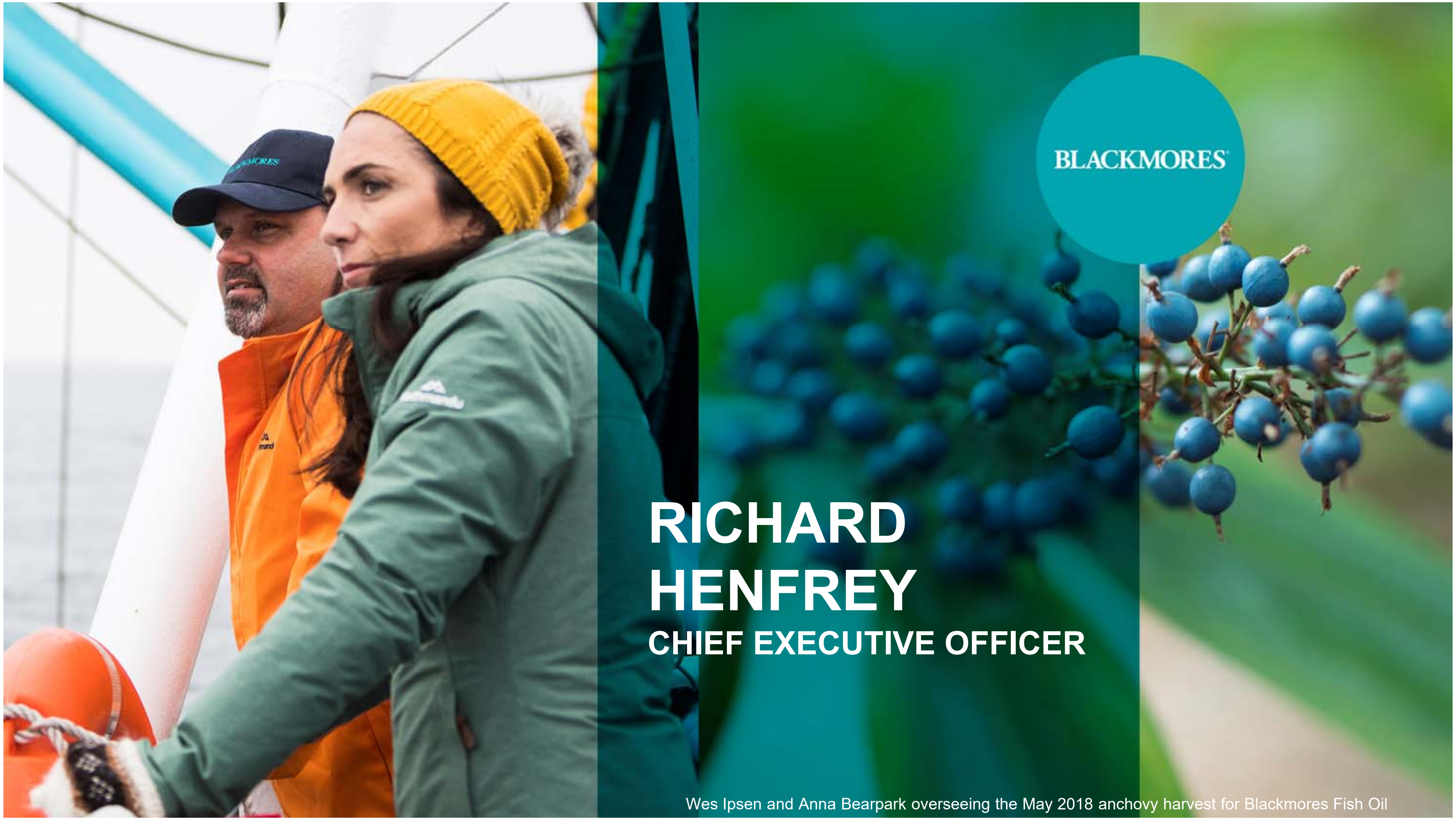

BLACKMORES
BLACKMORES FULL YEAR FINANCIAL RESULTS 2018
Year-ended 30 June 2018



Wes Ipsen and Anna Bearpark overseeing the May 2018 anchovy harvest for Blackmores Fish Oil

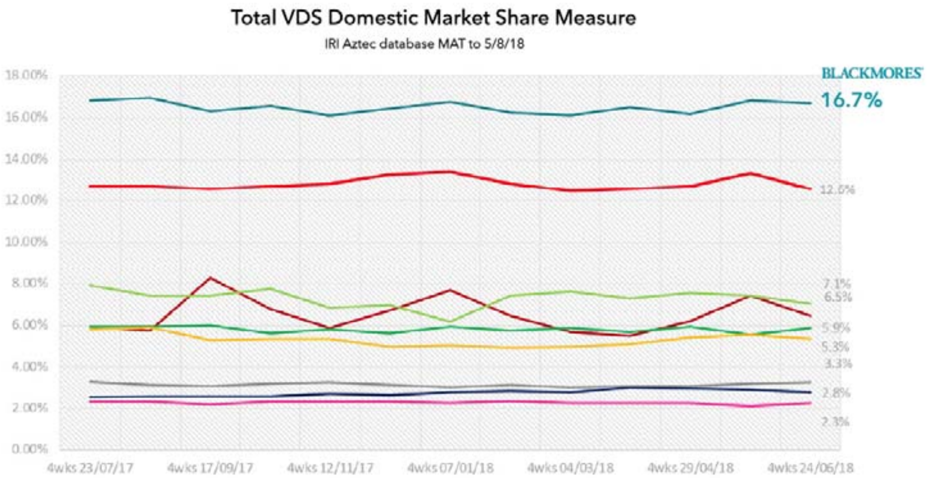
STRONG SALES MOMENTUM COUNTERED SUPPLY HEADWINDS

- Strong sales and profit growth
  - Group revenue of $601m, up 9% on prior year
  - Group NPAT of $70m, up 19% on prior year
- Australia retained clear brand leadership and celebrated 10th year as most trusted brand. Retail category subdued, though a strong close to the year was encouraging
- BioCeuticals, up 13% and delivered strong pipeline of new products
- China sales were up 22% to $143m, strong response to brand investment in the second half and new partnership agreement signed with Alibaba
- Other Asia sales were up 20%, including 77% sales growth from our new business in Indonesia
- Supply constraints eased significantly by June
- Announced agreement to acquire Catalent Australia’s manufacturing facility in Oct 2019, and progressed transition
- Final dividend of 155c, taking total dividends for the year to 305c, fully franked

William Li, Blackmores Export

AUSTRALIA & NEW ZEALAND

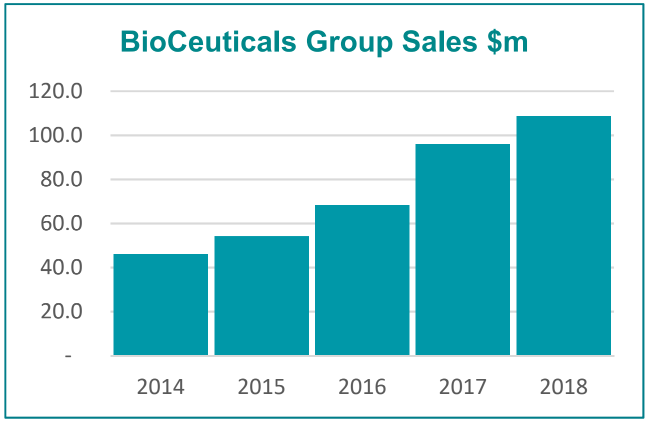
- Sales from Australia, New Zealand and Pure Animal Wellbeing were broadly flat, contributing $266 million
- Blackmores is the clear market leader
- Strong sell-through of new product launches with successful innovation in sugar-free children’s gummies and probiotics that don’t require refrigeration
- A strong close to the year and we are comfortable with the level of stock in the market



Delphine Chassagne, National Account Manager, Blackmores Australia

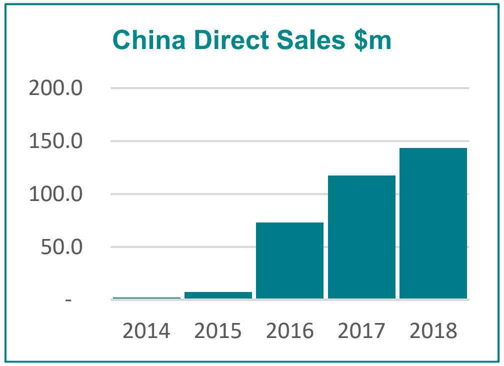
BIOCEUTICALS GROUP

- BioCeuticals, Global Therapeutics and IsoWhey delivered sales of $109m, up 13% compared to prior period
- BioCeuticals branded product sales were up 20%
- Global Therapeutics sales were flat as a result of stock shortages impacting smaller lines
- The supply constraints eased considerably in the final months of the financial year



CHINA

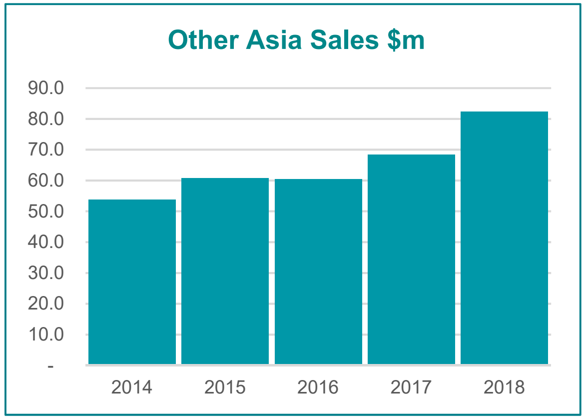
- Sales to China (key export accounts and in-country sales) were $143m, up 22% on prior year
- Significant marketing investment increase in April and May gained high consumer engagement
- Plans to bolster the presence of Blackmores Institute after strong response to research and education partnerships,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

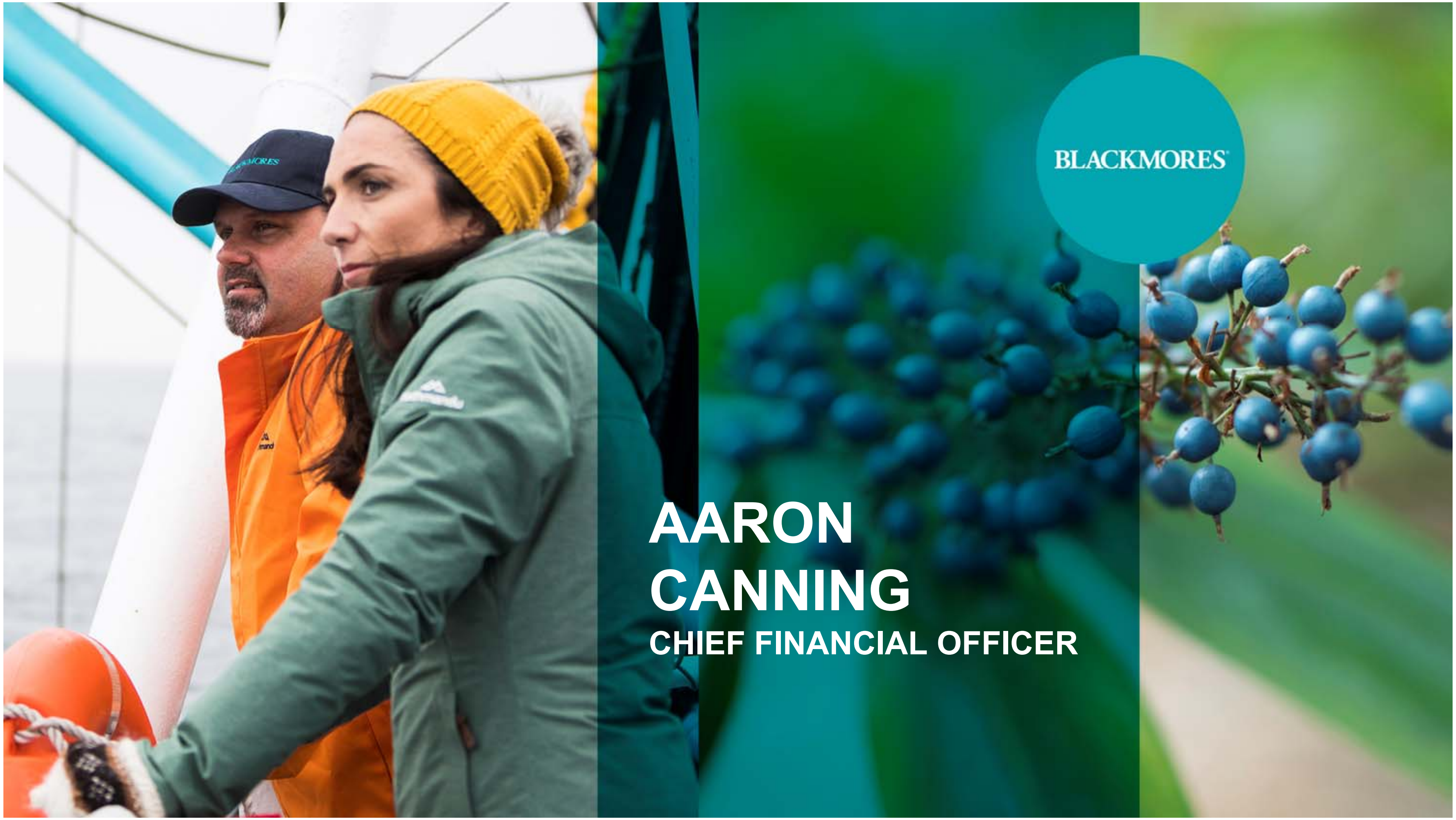


Oliver Liu, Sales Director, Blackmores China

OTHER ASIA

- Sales from across Asia (excluding China) were $82 million, up 20% compared to prior year and all markets delivered growth
- Sales growth in Thailand and Malaysia was solid, though impacted by supply constraints
- 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 and Blackmores is already the number one pregnancy vitamin in that market




BLACKMORES
AARON
CANNING
CHIEF FINANCIAL OFFICER

RECORD SALES AND IMPROVED MARGINS

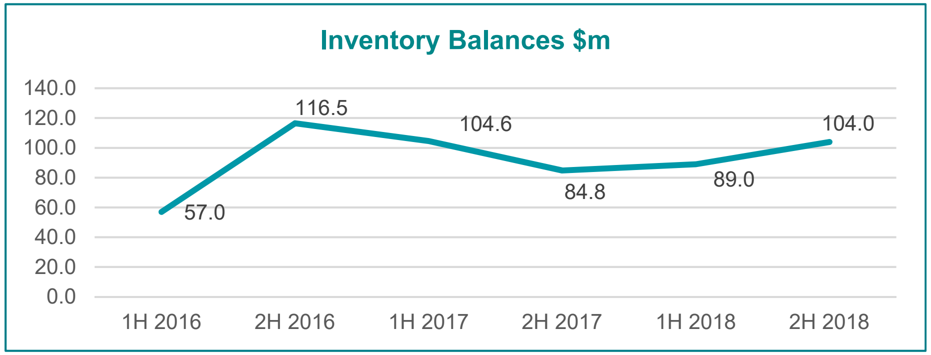
- Record Group revenue*, strong profit growth of 19%
- Promotional and other rebates grew at 3%, compared to invoiced sales growth of 8%
- Improved gross margin driven by reduction in provisions, improved cost of goods and benefits from the implementation of a global pricing strategy
- Higher investment 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 $5m provision (included in expenses) to cover China receivables risk

A$m	FY18	FY17	Chg $	Chg %
Sales Revenue	**601.1**	**552.2**	**48.9**	**9%**
Raw materials and consumables used	232.4	237.5	(5.1)	(2%)
% of sales revenue	*39%*	*43%*		
Selling and marketing expenses	59.2	51.3	7.9	15%
Operating Expenses	208.6	177.7	31.0	17%
Total Expenses	**500.2**	**466.5**	**33.8**	**7%**
EBIT	**101.6**	**86.2**	**15.4**	**18%**
% of sales revenue	*17%*	*16%*		
Net Interest Expense	3.9	4.2	(0.3)	(6%)
Income Tax Expense	28.5	24.0	4.4	18%
% effective tax rate	*29.1%*	*29.3%*		
Non-controlling Interest	(0.8)	(1.0)	0.2	(21%)
NPAT	**70.0**	**59.0**	**11.0**	**19%**
Invoiced Sales	*746.7*	*692.8*	*53.9*	*8%*
Promo & Other Rebates	*145.6*	*140.6*	*5.0*	*4%*
% invoiced sales	*19.5%*	*20.3%*		*0.8ppts*

*From FY18, Blackmores Group reports Net Sales as the primary measure of revenue. All prior comparatives have been updated accordingly

BALANCE SHEET

- Strong financial health and balance sheet maintained
- Receivables growth impacted by strong Q4 sales
- Inventory at $104m, $19m higher than the prior year due to underlying 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	% Chg
Receivables	150.8	132.1	18.69	14%
Inventories	104.0	84.8	19.17	23%
Less:				
Trade & Other Payables	(157.9)	(124.4)	(33.5)	27%
Working Capital	**96.9**	**92.5**	**4.4**	**5%**
Property, plant and equipment	76.3	74.2	2.1	3%
Goodwill and intangible assets	66.2	61.8	4.4	7%
Other net liabilities	(46.1)	(49.7)	3.6	(7%)
Net Assets	**193.3**	**178.8**	**14.5**	**8%**
Less:				
Non-controlling interests	*(0.5)*	*(1.3)*	0.8	(64%)
Shareholders' Equity	**192.9**	**177.5**	**15.4**	**9%**
Return on shareholders' equity[1]	*36.3%*	*33.2%*		*3.1 ppts*
Return on assets[2]	*23.2%*	*20.2%*		*3.0 ppts*

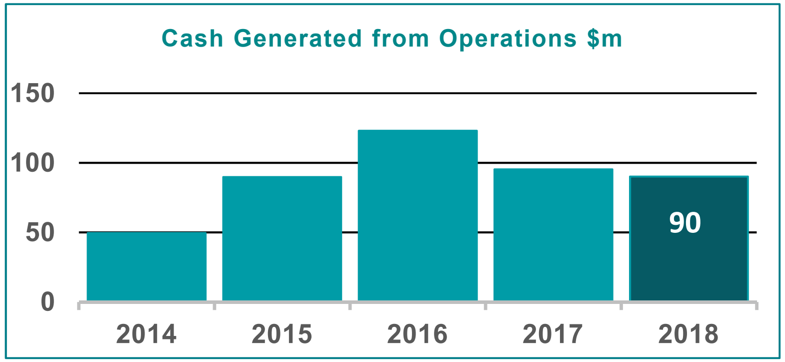
1. Calculated as NPAT attributable to shareholders of Blackmores Limited divided by closing shareholders' equity.

2. Calculated as EBIT divided by average total assets

OPERATING CASH FLOW

- Robust operating cash flow fundamentals
- Cash generated from operations of $90m, a $5m decline on prior year, largely attributable to higher working capital levels
- Net cash flow from operating activities of $58m, 27% growth on prior year which was impacted by the timing of higher income tax payments relating to the 2016 year
- H2 cash conversion of 110% (H1 52%) delivered full year result of 82%. This reflects a sustainable level of performance considering growth and investment profile

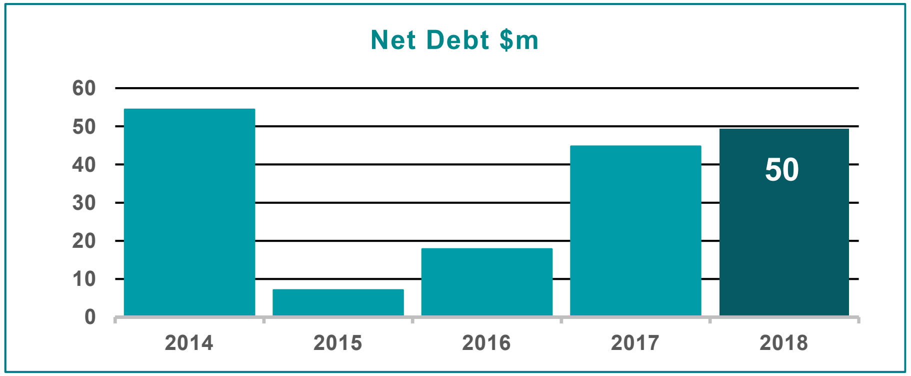
A$m	FY18	FY17	Chg $	Chg %
Receipts from customers	666.5	623.4	43.2	7%
Payments to suppliers and employees	(576.4)	(528.1)	(48.4)	9%
Cash generated from operations	**90.1**	**95.3**	**(5.2)**	**(5%)**
Interest and other costs of finance paid	(5.6)	(5.9)	0.3	(4%)
Income taxes paid	(26.5)	(43.8)	17.3	(40%)
Net cash flows from operating activities	**58.0**	**45.6**	**12.4**	**27%**
EBITDA	110.6	94.6	16.0	17%
Cash conversion ratio (CCR) %	**82%**	**101%**		**-19 ppts**



NET DEBT

BLACKMORES

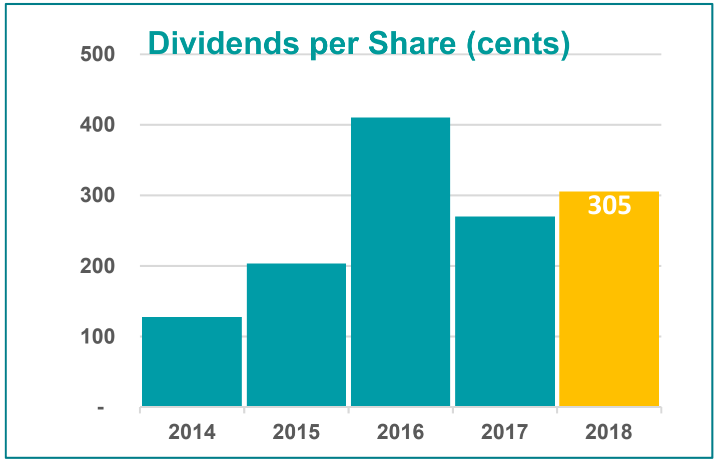
- Net debt at $50 million increased by $5 million, marginally lower than the increase in gross borrowings due to a higher cash offset
- The net debt position of the Group remains low, with a 20% gearing ratio, consistent with the prior year
- Conservative level of headroom maintained, well supported by a diverse range of facilities and banking partners
- Net interest cover at 25.9 times (2017: 20.6 times) has continued to improve and reflects a conservative approach to servicing the Group's ongoing interest commitments
- The maturity profile of existing bank loan facilities by financial year is as follows:
  2019 $nil
  2020 $125m
  2021 $30m
  2022 $65m



A$m	FY18	FY17	Chg $	Chg %
Debt	86.0	79.0	7.0	9%
Cash and cash equivalents	(36.5)	(34.3)	(2.2)	6%
Net debt	**49.5**	**44.7**	**4.8**	**11%**
Net interest expense	3.9	4.2	(0.3)	(6%)
Net Interest Cover (times)	**25.9**	**20.6**		
Gearing ratio	**20.4%**	**20.1%**		**0.3 ppts**

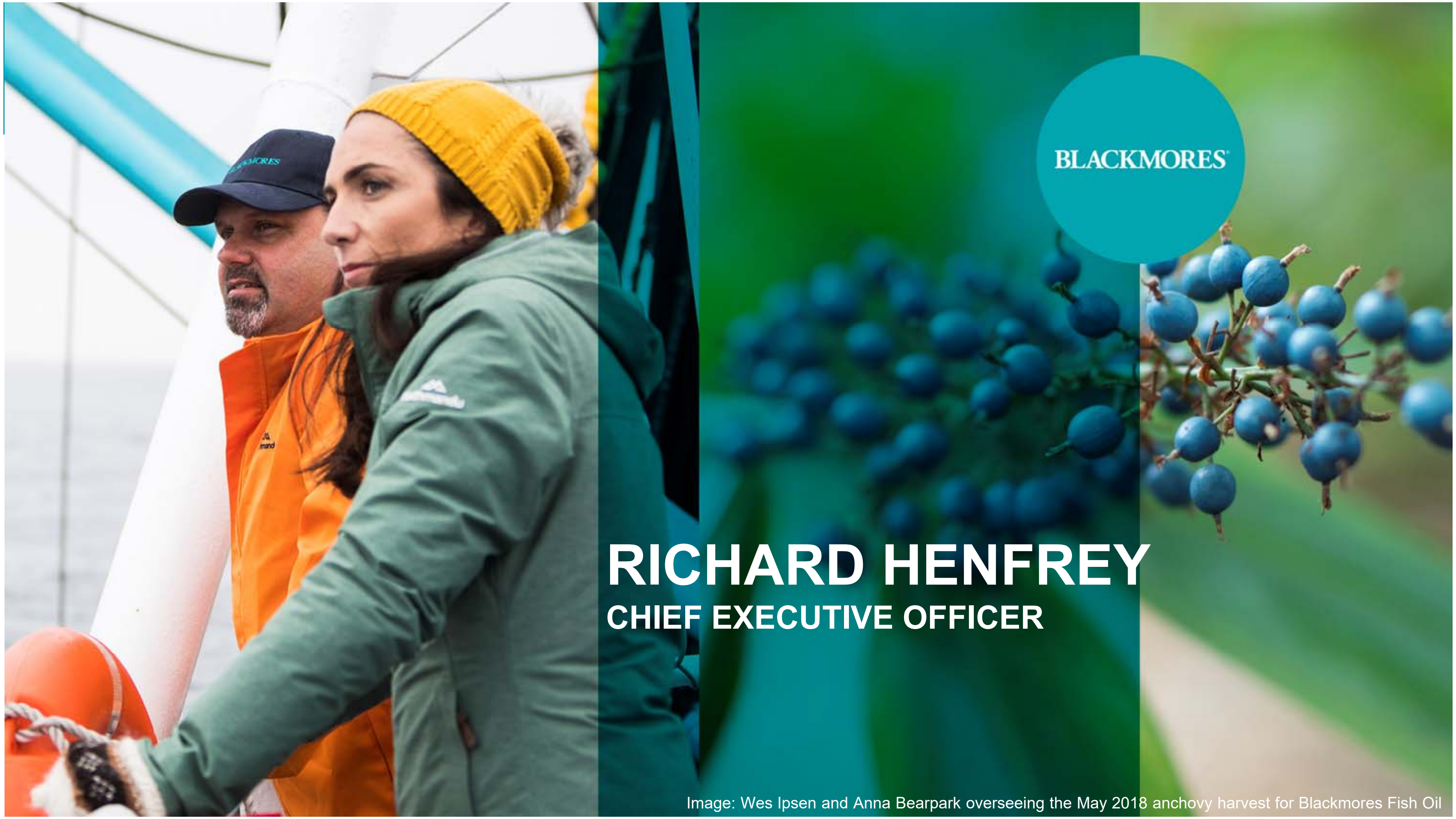
DIVIDENDS

- EPS of 406.4 cents per share, increased 19% from 342.6 cents per share
- Final dividend of 155 cents per share, fully franked
- Dividend payout ratio of 75%
- Shareholders need to be registered on 27 September 2018
- Payable on 12 October 2018



	FY18	FY17	Chg	% Chg
Dividend Paid (cps)				
Interim Dividend	150	130	20.0	15%
Final Dividend	155	140	15.0	11%
Total	**305**	**270**	**35.0**	**13%**
Dividend Paid $m				
Interim Dividend	25.8	22.4	3.4	15%
Final Dividend	26.7	24.1	2.6	11%
Total	**52.5**	**46.5**	**6.0**	**13%**
Payout Ratio %	*75.0%*	*78.8%*		
Franking %	*100%*	*100%*		

- The Board is pleased to re-activate the Dividend Re-investment Plan (DRP) to support the funding of new growth initiatives. Shareholders who elect to participate in the DRP will benefit from a 2.5% discount
- The last date for the receipt of a valid election notice to participate is 28 September 2018. The DRP pricing period will be 5 days from 28 September – 5 October 2018



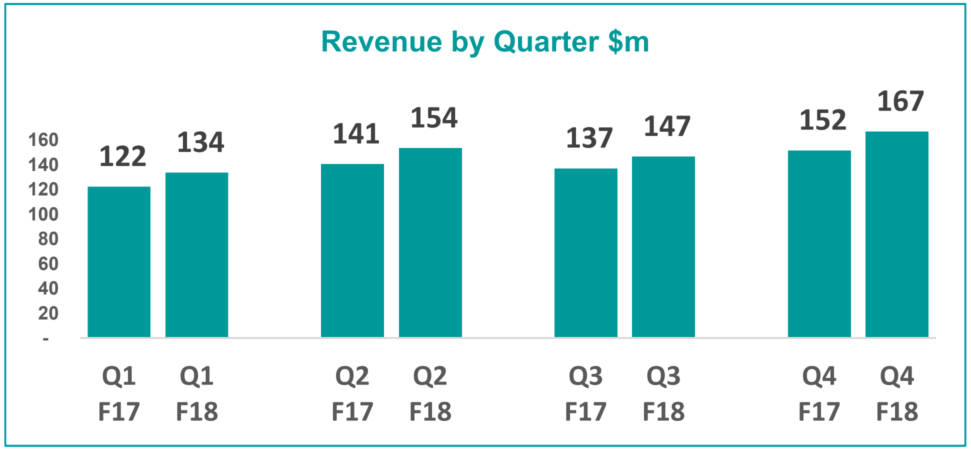
RICHARD HENFREY

CHIEF EXECUTIVE OFFICER

Image: Wes Ipsen and Anna Bearpark overseeing the May 2018 anchovy harvest for Blackmores Fish Oil

FOURTH QUARTER

- Revenue of $167m, up 10% on prior corresponding period
- EBIT of $27m, up 18% on prior corresponding period was impacted by provisioning for China debtors
- EBIT margin at 16.3%, up 1.2 percentage points on prior corresponding period
- NPAT attributable to Blackmores shareholders of $18m, up 17% compared to prior corresponding period
- We exited the year in good shape with reduced rebates, an appropriate amount of stock in the market and supply constraints had significantly eased



Elena Irlandez, Blackmores Bungarribee Distribution Centre

OUR BUSINESS IS RICH WITH OPPORTUNITIES

BLACKMORES

WE'RE IN THE RIGHT CATEGORY

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

WITH THE BEST BRANDS

- Most Trusted Brand
- Blackmores Institute
- Number # 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

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. 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.

We are confident in our ability to continue to deliver sales and profit growth in the coming year.