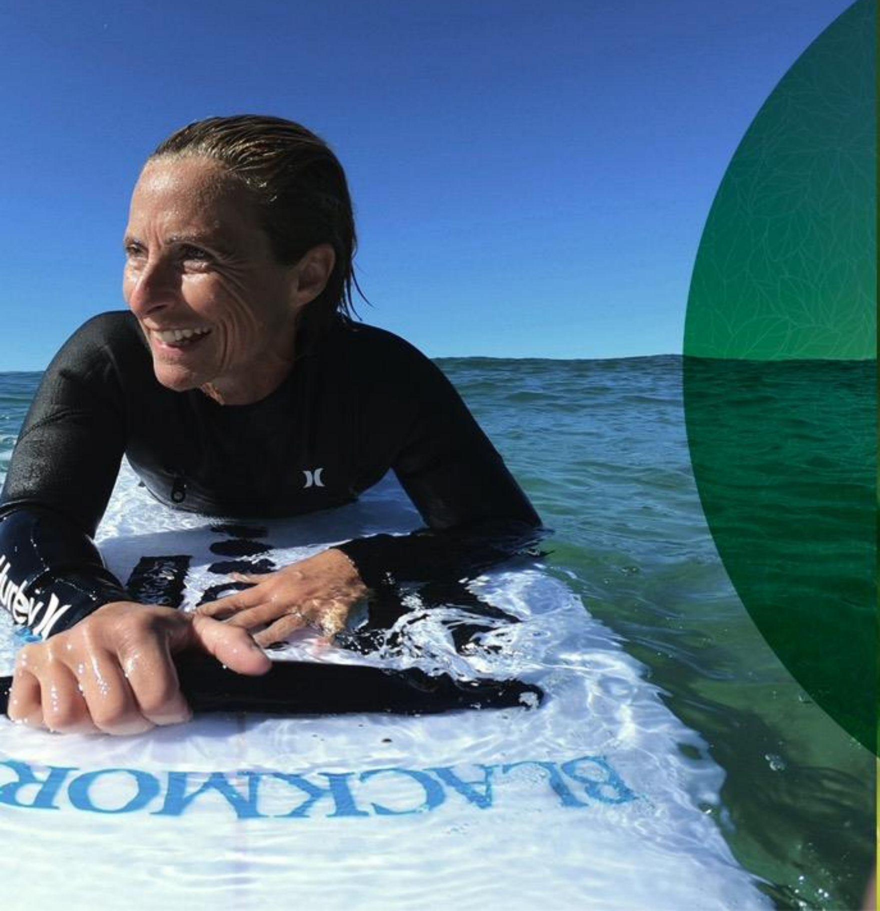
BLACKMORES | GROUP

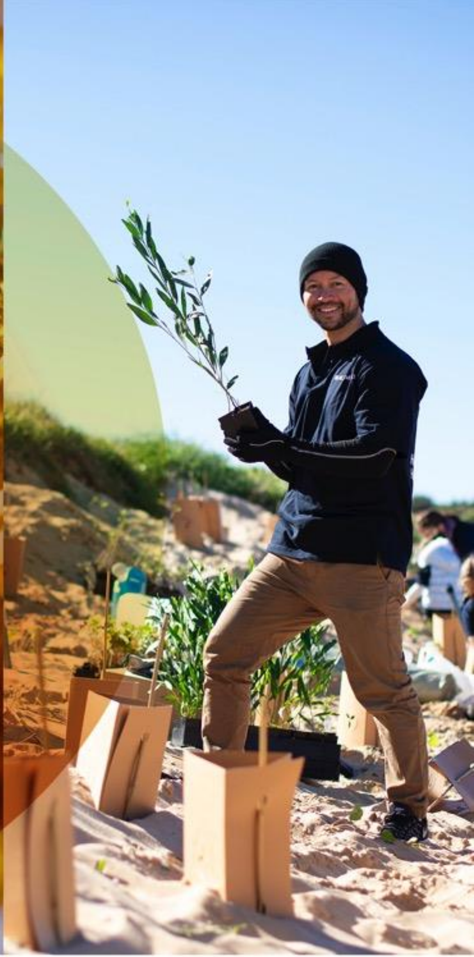


BLACKMORES FULL YEAR FINANCIAL RESULTS 2019

Aaron Canning,
Chief Financial Officer

–

Brent Wallace,
Chairman



BLACKMORES® BioCeuticals paw Pure Animal Wellbeing By BLACKMORES impromy Developed in collaboration with the CSIRO ISOWHEY® BLACKMORES INSTITUTE FUSION® health ancient wisdom modern medicine® Oriental Botanicals® ancient wisdom modern medicine®

BLACKMORES GROUP

OVERVIEW OF OUR BUSINESS

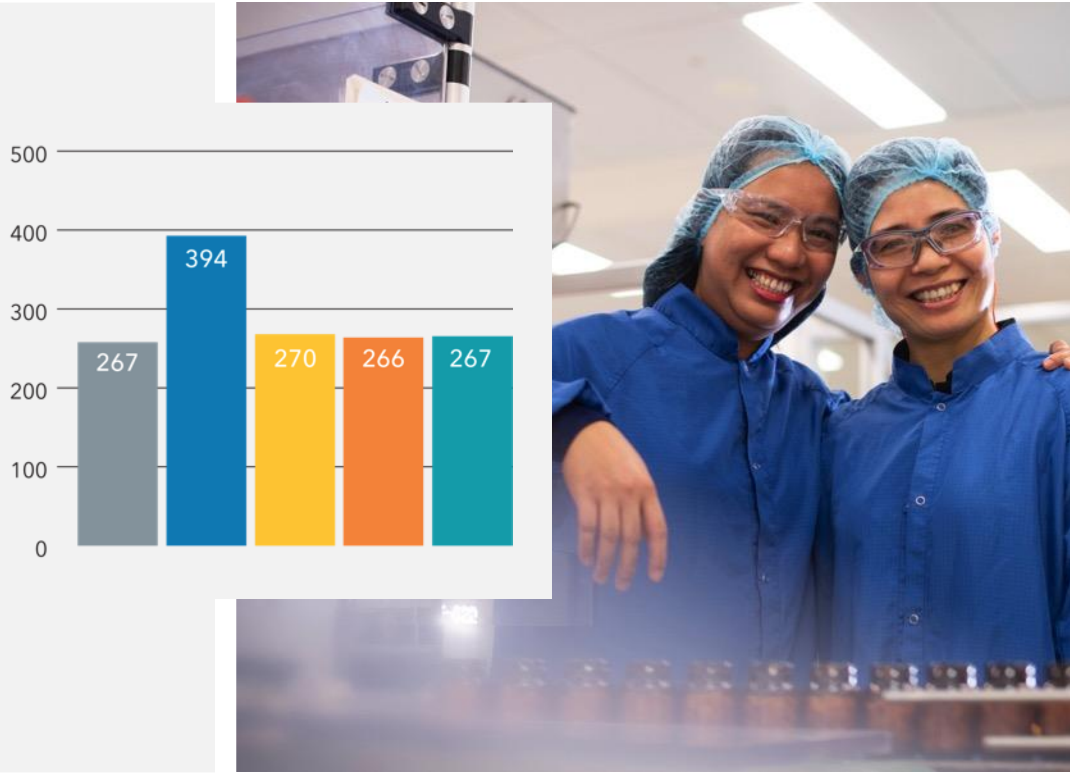
Strong growth across Other Asia, offset by disruption in channels to China

- Full year revenue of $610 million, up 1% on prior year.
- Reported full year net profit after tax (NPAT) of $53 million, down 24% on prior year. Underlying full year NPAT of $55 million, down 19%.
- Progressing $60 million business improvement plan to streamline the organisation.
- Sales up 30% and EBIT up 218% in Other Asia markets.
- Final dividend of 70 cents per share (cps), bringing total ordinary dividends for the year to 220 cps (fully franked). Dividend Reinvestment Plan available with 2.5% discount.

AUSTRALIA & NEW ZEALAND

BLACKMORES | GROUP

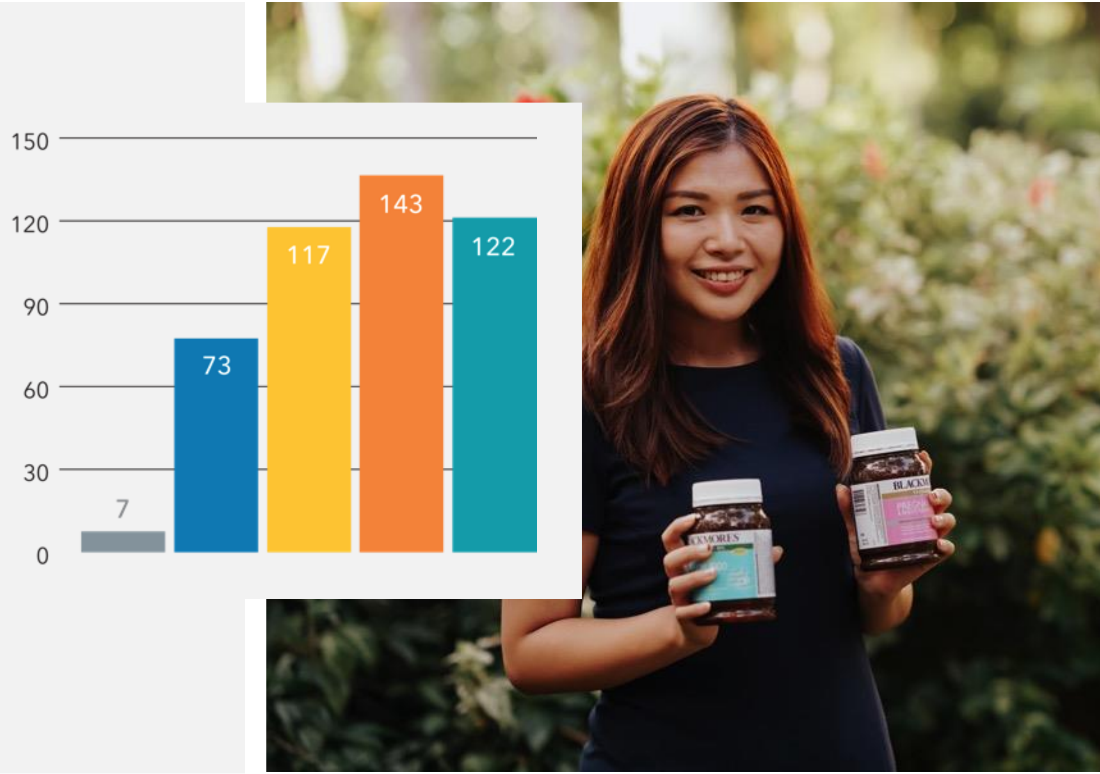
- Sales in Australia and New Zealand $267m, slightly ahead of the prior year.
- Full year sales impacted by disruption in channels to China in H2.
- Inventory levels in trade remain broadly in line with prior year.
- Blackmores is the #1 brand in Australia (with domestic market share 15.9%[1]) and was recognised as the Most Trusted Brand for the 11th year running[2].
- Completed acquisition of Impromy (weight management program developed in collaboration with the CSIRO).
- ANZ MD recruitment process nearing conclusion.



[1] Nielsen & IQVIA RMS / Sell Out service, Vitamins and Dietary Supplements, Australia Grocery Pharmacy, Total Retail Sales, Fiscal Year 2019.
[2] Voted by Australians in the 2009-2019 Readers Digest Most Trusted Brand Surveys.

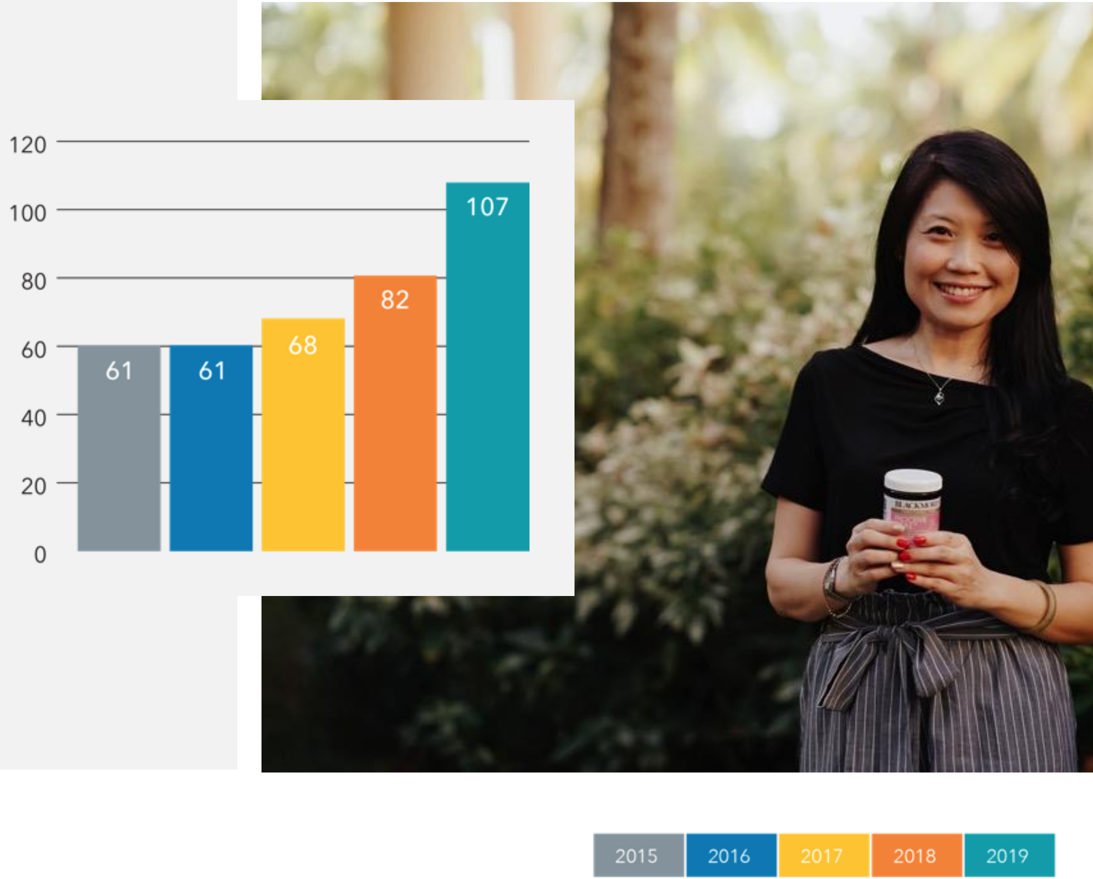
CHINA

- Sales in the China segment (key export accounts and in-country sales) $122m, down 15% on prior year.
- China in-country business continues to grow strongly with sales up 22%.
- China performance impacted by changes to e-commerce laws taking effect from 1 Jan 2019.
- Deliberate management action taken to reduce China e-commerce platform inventory in Q4.
- EBIT down 40% impacted by sales performance, increased investments in brand and expansion in in-country capabilities.



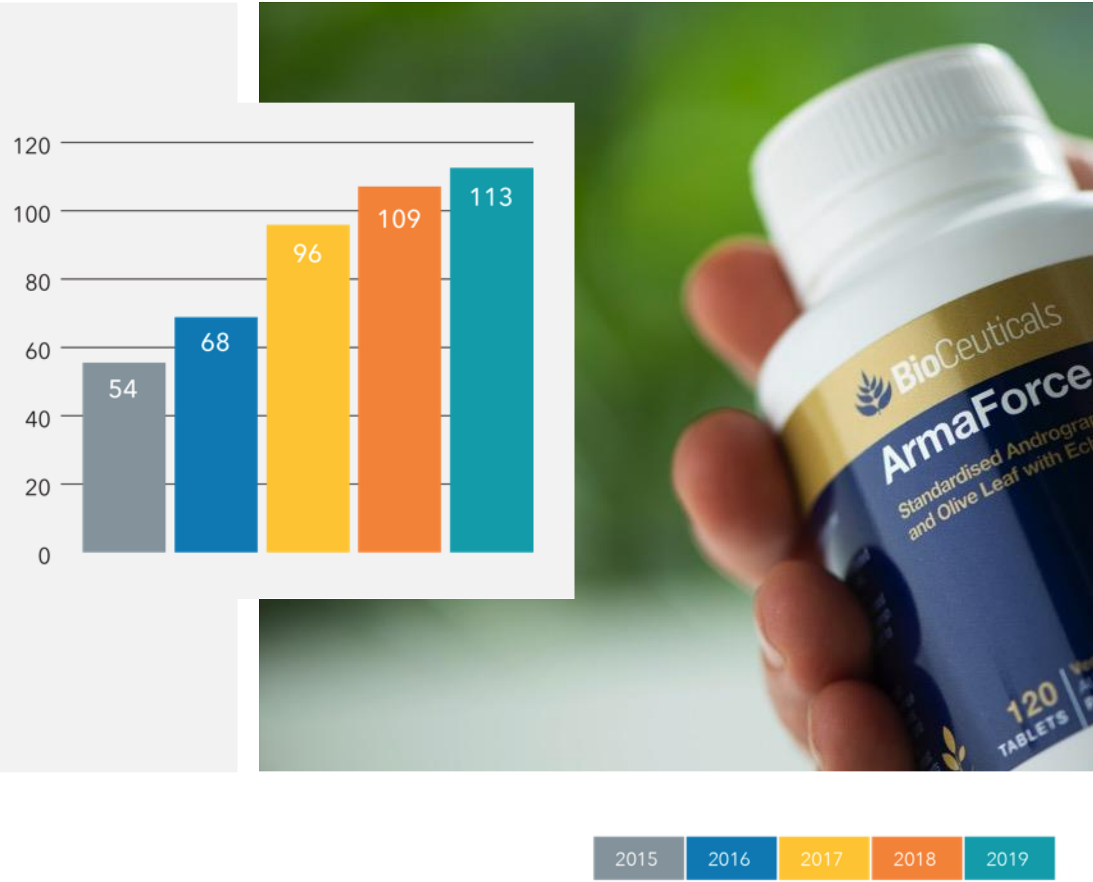
OTHER ASIA

- Sales from across Asia markets (excluding China) of $107m, up 30%.
- EBIT increase of 218% reflecting continued operating leverage.
- Strong sales growth in developing markets:
  - Vietnam up 157%
  - Korea up 28%
- Indonesia sales up 90% and business turned profitable ahead of expectations during H2.
- Solid growth across other established markets.



BIOCEUTICALS GROUP

- The BioCeuticals Group including BioCeuticals, Fusion Health, Oriental Botanicals and IsoWhey brands delivered sales of $113m, up 4% compared to the prior year.
- The BioCeuticals business grew sales up 6%. Global Therapeutics' sales declined by 3%.
- BioCeuticals clear market leader in practitioner-only products with a strong pipeline of innovative new products.
- New product launches included extensions to Armaforce and Ultra Muscleze and a focus on DNA clinical services.
- Medicinal cannabis trial underway, options under review for FY20 product launch.



FY19 GROUP FINANCIAL PERFORMANCE

BLACKMORES GROUP

- Full year revenue of $610 million, up 1% on prior year.
- Full-year revenue growth impacted by China e-commerce regulatory changes and shifting consumer buying patterns.
- Deliberate management action taken to reduce CBEC and export channel inventory in Q4.
- Full year promotional and other rebates improved marginally. H2 investment improved 1.4ppt vs pcp.
- Higher selling and marketing expense, up 16% on the pcp, driven by China.
- Underlying operating expenses grew 5% for the full year. Management action taken to reduce expenses drove 1% decline in the second-half.
- Reported NPAT of $53m includes $1.6m post-tax restructuring cost, underlying NPAT of $55m, down 21% on the pcp.

Year ended 30 June 2019	Reported	Underlying[2]	% Underlying var to pcp
Sales Revenue	**609.5**	**609.5**	**1%**
Raw materials and consumables used	244.0	244.0	5%
% of sales revenue	*40.0%*	*40.0%*	
Selling and marketing expenses	68.6	68.6	16%
Operating expenses	221.2	219.0	5%
Total Expenses	**533.8**	**531.6**	**6%**
EBIT[1]	**80.5**	**82.7**	**(19%)**
% of sales revenue	*13.2%*	*13.6%*	
Net interest expense	5.0	5.0	25%
Income tax expense	22.1	22.8	(20%)
% effective tax rate	*29.3%*	*29.3%*	
Non-controlling interest	(0.0)	(0.0)	(108%)
NPAT	**53.5**	**55.0**	**(21%)**
Invoiced sales	*755.9*	*755.9*	*1%*
Promo & other rebates	*146.4*	*146.4*	*1%*
% invoiced sales	*19.4%*	*19.4%*	(0.1)ppt

1. *EBIT includes 'other income' not shown above*
2. *FY19 excludes the following pre-tax (post-tax) amounts $2.2m ($1.6m) of restructuring costs*

BALANCE SHEET

BLACKMORES GROUP

- Strong financial health and balance sheet maintained.
- Receivables lower, impacted by Q4 sales. No change to receivables risk profile.
- Inventory at $125m, $21m higher than the prior year due to building safety stock levels, risk mitigation to ensure continuity of supply ahead of Catalent transition.
- Trade and other payables at $132m were $26m lower due to the timing of inventory purchasing cycles.
- Goodwill and intangibles increases related to Impromy acquisition.
- Other net liabilities movement largely reflects changes in gross debt levels.
- Return on shareholders equity and return on assets impacted by trading performance.

A$m	Jun-19	Jun-18	$ Chg	% Chg
Receivables	143.9	150.8	(6.9)	(5%)
Inventories	125.1	104.0	21.1	20%
Less:				
Trade & Other Payables	(131.8)	(157.9)	26.1	(17%)
Working Capital	**137.2**	**96.9**	**40.4**	**42%**
Property, plant and equipment	80.8	76.3	4.5	6%
Goodwill and intangible assets	80.5	66.2	14.3	22%
Other net liabilities	(90.8)	(46.2)	(44.6)	96%
Net Assets	**207.7**	**193.3**	**14.4**	**7%**
Less:				
Non-controlling interests	*(0.4)*	*(0.4)*	(0.0)	7%
Shareholders' Equity	**207.3**	**192.9**	**14.4**	**7%**
Return on shareholders' equity[1]	*25.8%*	*36.3%*		*(10.5) ppts*
Return on assets[2]	*16.9%*	*23.2%*		*(6.3) ppts*

1. Calculated as NPAT divided by closing shareholder's equity.
2. Calculated as EBIT divided by average total assets.

CASH FLOW

BLACKMORES | GROUP

- Cash generated from operations $52m down 43% on prior year, largely attributable to higher working capital in second-half due to inventory build.
- EBITDA down 17% reflecting a marginally improved performance versus NPAT due to higher interest costs.
- Cash conversion ratio of 57% was below historical levels due to decision to manage inventory risk ahead of Catalent transition.
- Result does not reflect a fundamental change in the cash generating profile of the Group.

A$m	Jun-19	Jun-18	$ Chg	% Chg
Receipts from customers	692.9	666.5	26.3	4%
Payments to suppliers and employees	(641.1)	(576.4)	(64.6)	11%
Cash generated from operations	**51.8**	**90.1**	**(38.4)**	**(43%)**
Interest and other costs of finance paid	(6.7)	(5.6)	(1.1)	19%
Income taxes paid	(25.3)	(26.5)	1.2	(5%)
Net cash flows from operating activities	**19.8**	**58.0**	**(38.2)**	**(66%)**
EBITDA	91.4	110.6	(19.1)	(17%)
Cash conversion ratio (CCR) %	**56.7%**	**81.5%**		**(24.8) ppts**

NET DEBT

BLACKMORES GROUP

- Cash balance of $25 million was $12 million below the prior year due to improved cash China repatriation in the second-half.
- Net debt at $95 million increased by $45 million, higher than the increase in gross borrowings due to the lower cash position.
- Gearing of 31%, above historical levels but remains modest.
- Conservative level of headroom maintained, well supported by a diverse range of facilities and banking partners.
- Debt facilities refinanced during the year - increased to $305 million, added new banking partners, secured improved margins and terms. Sufficient debt funding in place for Catalent acquisition.
- Net interest cover at 16.1 times (2018: 25.9 times) reflects conservative approach to servicing the Group's ongoing interest commitments.

A$m	Jun-19	Jun-18	$ Chg	% Chg
Debt	119.0	86.0	33.0	38%
Cash and cash equivalents	(24.5)	(36.5)	12.0	(33%)
Net debt	**94.5**	**49.5**	**45.0**	**91%**
Net interest cover (times)	16.1	25.9		
Gearing ratio	31.3%	20.4%		10.9 ppts

DIVIDEND

BLACKMORES | GROUP

- EPS of 309.2 cents per share, decreased 24% from 406.4 cents per share.
- Final dividend of 70 cents per share, fully franked.
- Full year dividend payout ratio of 71%.
- Shareholders need to be registered on 28 August 2019.
- Payable on 12 September 2019.
- Dividend Re-investment Plan (DRP) maintained with 2.5% discount.
- DRP pricing period will be 5 days from 29 August – 4 September 2019.

A$m	FY19	FY18	Chg	% Chg
Dividend Declared (cps)				
Interim dividend	150	150	-	0%
Final dividend	70	155	(85)	(55%)
Total	**220**	**305**	**(85)**	**(28%)**
Dividend Declared $m				
Interim dividend	25.9	25.8	0.1	0%
Final dividend	12.2	26.7	(14.6)	(54%)
Total	**38.1**	**52.5**	(14.4)	(28%)
Payout ratio %	*71.2%*	*75.0%*		
Franking %	*100%*	*100%*		

STRATEGIC PRIORITIES

BLACKMORES | GROUP

- Business Improvement Plan –
  - Business making good progress and on track to achieve $60m cumulative in savings over 3 years.
  - Enacted reduction of ~40 roles to date with associated restructuring costs of $2.2m incurred.
  - Management continues to explore further opportunities to accelerate BIP.
  - Expect further one-off costs in FY20.

- Catalent
  - Transition on track ahead of 25 October settlement.

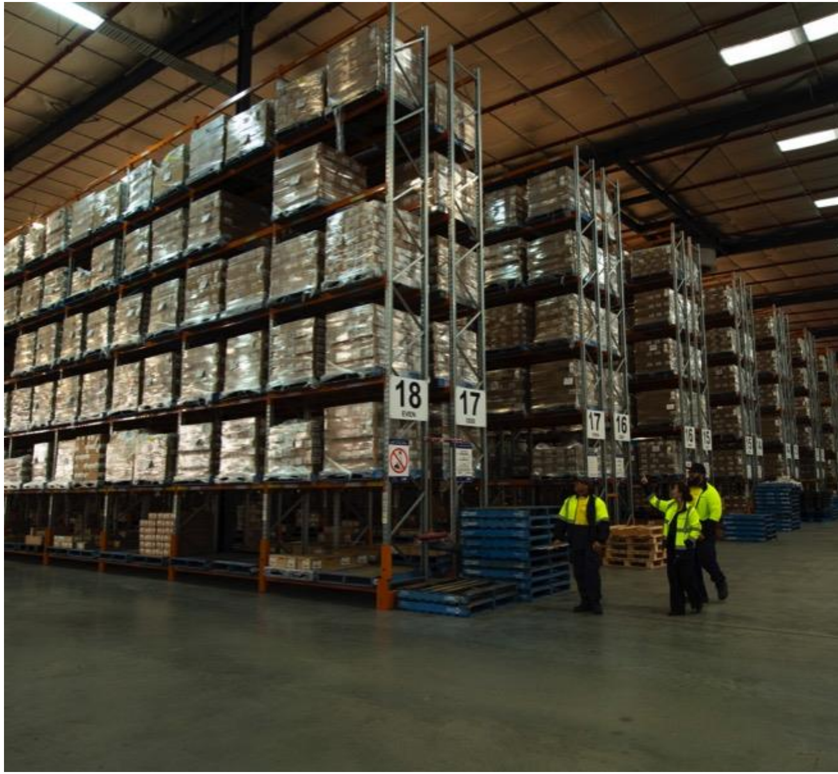
- Pricing –
  - Initiated price increase across Blackmores Australia, China Export Channels, BioCeuticals & PAW, effective beginning of Q2 FY20.

- New Markets –
  - The business continues to evaluate market entry into India.

OUTLOOK

BLACKMORES | GROUP

- Challenging trading conditions in our channels to China are expected to continue during the first-half of FY20.
- First-half FY20 performance expected to be being below the prior corresponding period due to continued channel disruption from CBEC regulatory changes.
- The second-half of FY20 is expected to benefit from operational efficiencies from business improvement initiatives.
- Contingent Liability – continue to pursue all legal avenues of objection.
- The Board remains optimistic about the significant opportunities available to the business and is focused on ensuring these are seized and delivered.



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