



Strong growth across Other Asia markets, 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.

DEAR SHAREHOLDER,

Blackmores Limited (ASX: BKL) today announces the full year result of \$610 million in revenue (up 1% on the prior year) and reported NPAT of \$53 million (down 24% on the prior year).

Excluding one-off costs associated with work to streamline the business, underlying NPAT is \$55 million.

During the year, we achieved domestic sales growth in all markets (except New Zealand, which was down 1% on the prior year).

BLACKMORES AUSTRALIA & NEW ZEALAND

Blackmores remains the number one vitamin and dietary supplement (VDS) brand in Australia with 15.9% domestic market share¹ and a strong gap over our nearest domestic competitor. We were again recognised as Australia's most trusted brand for the 11th year running, and our products are now used in more than one-in-five households.²

Sales in Australia and New Zealand of \$267 million were slightly ahead of the prior year (with a modest gain in Australia and a slight decline in New Zealand).

We are the most recognised brand name in the market and now have the highest brand penetration.²

In November 2018, we completed the acquisition of Impromy – an evidence-based weight management program developed in collaboration with the CSIRO. This addition to the portfolio builds on our commitment to the health and wellness category.

OTHER ASIA

FY19 was a particularly strong year for Blackmores in Asia (excluding China) with all markets achieving revenue growth, contributing to an overall 30% increase in sales to \$107 million.

Across Asia, we saw strong growth in both well-established and new markets due to increased distribution and new product launches. This includes Vietnam up 157% and Korea up 28%. Indonesia sales were up 90% and pleasingly, the business turned profitable for the first time during the second-half.

We are focused on continuing to diversify into new markets with new products. The business is continuing its evaluation of market entry into India.

CHINA

China sales were impacted during the year by changes to e-commerce laws, which took effect from January 2019. We continue to see an ongoing evolution in the way Chinese consumers access our products, with a shift away from Australian retailers to more direct purchasing from e-commerce platforms in China.

Sales in the China segment, comprising key export accounts and in-country sales were \$122 million (down 15% compared to the prior year).

However, our in-country business continues to grow strongly with sales up 22% during the year.

In November 2018, we showcased our brand and products as a major exhibitor at the China International Import Expo (CIIE) in Shanghai – the largest trade expo ever held anywhere in the world and attended by an estimated 500,000 visitors. The CIIE event was a clear demonstration of China's commitment to open trade to give Chinese consumers access to the world's best products.

November's '11/11 Singles Day' promotion in China saw sales up 65%, with more than 200,000 products sold.

BIOCEUTICALS GROUP

Sales for the BioCeuticals Group (which includes BioCeuticals, IsoWhey and Global Therapeutics' brands) were up 4% compared to the prior year.

BioCeuticals continues to be Australia's clear market leader of practitioner-only products, with the business growing 6% in the year. BioCeuticals is a leader in innovation with successful new product launches and expanded ranges including ArmaForce and Ultra MuscLeze, and a continued focus on clinical services and educational training programmes.

During the year, BioCeuticals commenced a medicinal cannabis trial, in conjunction with the Prince of Wales Hospital and Endeavour College of Natural Therapies. The randomised, double-blind clinical trial is examining tolerability of cannabis oil in patients with glioblastoma multiforme (GBM), a form of brain cancer. Endeavour's Dr Janet Schloss is the lead investigator and Neurosurgeon, Dr Charlie Teo, is the prescribing physician.

The trial has shown very encouraging results and we are confident the research will provide greater insight and evidence for the safe use of medicinal cannabis for cancer patients with a poor prognosis. We are investigating options to bring a cannabis product to market in FY20.

BLACKMORES INSTITUTE

The Blackmores Institute grew its investment in research across Australia and Asia to build the evidence-base for natural medicine, supporting Blackmores Group innovation and informing healthcare practice.

In China, a partnership with leading university, Tsinghua, included the launch of a green paper on the 'Health of Chinese Career Women'. In Australia, the Institute published an industry first literature review, 'Sustainable Nutrition', looking at the impacts of climate change on nutritional and natural medicine to inform business strategy and encourage industry discussion and action.

The Institute's expert educators developed a professional framework of learning for healthcare advisors across Asia and the Pacific, which included 3 major symposia, several pharmacist masterclasses and an extensive online education portal. These services received widespread industry acknowledgement winning several awards for excellence including LearnX Live, AITD and NutraIngredients Asia.

STRATEGIC PRIORITIES

We are continuing to invest significantly in our strategic priorities to support the ongoing growth of our business.

Major progress has been made as we prepare to take ownership of the Catalent manufacturing facility (in Braeside, Victoria) on 25 October 2019. This includes increasing the number and volume of Blackmores Group

products manufactured on-site. The acquisition will provide greater control over our supply chain and strengthen our research and development capabilities.

In February 2019, we committed to a major streamlining of our business – to simplify and improve our processes and structure. The business is making good progress towards targeting \$60 million in savings over three years, allowing us to continue investing in key strategic initiatives, build our capability and deliver overall margin improvement.

DIVIDEND

The Board has declared a final dividend of 70 cents per share (cps), bringing total dividends for the year to 220 cps fully franked. The record date is 28 August 2019 and the dividend is payable on 12 September 2019.

The Dividend Reinvestment Plan (DRP) remains available for the final dividend, allowing shareholders to reinvest distributions in the Company's securities and to support the funding of growth initiatives. Shareholders who elect to participate in the DRP will benefit from a 2.5% discount.

If you wish to participate in the DRP or change your current nomination, you will need to do so by 5pm (AEST) on 29 August 2019. Further information is available at www.blackmores.com.au/dividend

FREE TRADE AGREEMENTS

Blackmores benefits from free trade agreements that have been reached between Australia and a number of Asian countries in which we operate.

Contingent liability

Blackmores has been in discussions for over three years with a foreign authority in relation to export classification codes and related exemptions claimed under free trade agreements from 2009 to 2014. The relevant authority recently issued assessments for approximately \$10 million (AUD) and Blackmores is pursuing all legal avenues of objection. No legal liability currently exists in that jurisdiction and, given the uncertainty, no liability has been recorded in the accounts for FY19.

OUTLOOK

Challenging trading conditions in our channels to China are expected to continue during the first-half of FY20. The impact of changes to China's e-commerce laws and costs associated with restructuring and the Braeside acquisition are expected to result in profit for the first-half being below the prior corresponding period.

The second-half of FY20 is expected to benefit from operational efficiencies as a result of the execution of business improvement initiatives.

Despite a challenging year, the Board remains optimistic about the significant opportunities available to the business and is focused on ensuring these are seized and delivered.

This is a priority shared by the Executive Team and our incoming Chief Executive Officer, Alastair Symington, who will join the Company on 16 September. Shareholders will have the opportunity to meet Alastair at the Annual General Meeting on 31 October.

Yours faithfully,



Marcus C Blackmore, AM
Interim Chief Executive Officer

¹ Nielsen & IQVIA RMS / Sell Out service, Vitamins and Dietary Supplements, Australia Grocery Pharmacy, Total Retail Sales, Fiscal Year 2019
² Nielsen Homescan, MAT to 13/07/2019

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RESULTS AT A GLANCE

Results (\$000s) (Full year)	This Year	Last Year	Change %
Revenue	609,502	601,136	1.4%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	91,414	110,552	-17.3%
Earnings before interest and tax (EBIT)	80,540	101,612	-20.7%
Net interest expense	4,995	3,930	27.1%
Profit before tax	75,545	97,682	-22.7%
Income tax expense	22,115	28,459	-22.3%
Loss attributable to non-controlling interests	(39)	(782)	-95.0%
Profit attributable to owners of Blackmores Ltd	53,469	70,005	-23.6%
Underlying net profit after tax (excluding significant items)	55,022	70,005	-21.4%

Results (\$000s) (Quarter 4)	This Year	Last Year	Change %
Revenue	149,371	166,687	-10.4%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	17,922	29,528	-39.3%
Earnings before interest and tax (EBIT)	15,050	27,119	-44.5%
Net interest expense	1,438	944	52.3%
Profit before tax	13,612	26,175	-48.0%
Income tax expense	4,154	7,150	-41.9%
Profit attributable to non-controlling interests	173	592	-70.8%
Profit attributable to owners of Blackmores Ltd	9,285	18,433	-49.6%

Other key items (Full year)		30 June 2019	30 June 2018
Earnings per share (basic)	cents	309.2	406.4
Dividend per share	cents	220	305
EBIT/Revenue	%	13.2	16.9
Return on shareholders' equity	%	25.8	36.3
Return on assets	%	16.9	23.2
Cash generated from operations	\$m	51.8	90.1
Cash conversion ratio	%	56.7	81.5
Interest cover (net)	times	16.1	25.9
Net debt	\$m	94.5	49.5
Gearing ratio	%	31.3	20.4