



Blackmores' support of the Heart Ali charity, with Fan Bing Bing and Mrs Lucy Turnbull AO | Australian Week in China April 2016

Blackmores delivers record profits, up 145% for first nine months, with growth from all businesses and regions

Highlights

- Group sales of \$532 million for the nine months to 31 March, up 63% compared to the prior corresponding period
- Net profit after tax (NPAT) for the nine months to 31 March of \$76 million, up 145% compared to the prior corresponding period
- New record quarter for sales & profits - tenth consecutive quarter of year on year growth
- Every region and business experiencing strong growth

Blackmores Limited (ASX:BKL) announces continued strong growth across all regions and brands with a record net profit after tax of \$76 million for the first nine months of the financial year, a 145% increase on the prior corresponding period.

Growing consumer demand for quality health and nutrition products both in Australia and Asia delivered sales of \$532 million for the period, up 63%.

"China is an important part of our growth strategy and I'm particularly pleased that even excluding the influence of Chinese consumers our Group is growing underlying sales at 14%," said Blackmores Chief Executive Officer, Ms Christine Holgate.

"This is our tenth consecutive quarter of year on year growth underpinned by strong top line revenue increases from all regions and brands across the Group resulting in a record bottom line for shareholders," she said.

"Our continued support for community pharmacy, accredited education programs and investing in new product development have played a key role in retaining the loyalty of our consumers," said Christine Holgate.

Blackmores is Australia's leading natural health company in the domestic market and sales in Blackmores branded products in Australia for the period were \$369 million, up 71%.

“Blackmores Asia in-market sales of \$98 million grew at 64% with year to date revenue already exceeding the previous full year,” said Christine Holgate. “Our more established markets across Asia continue to perform. The strength of demand for our brand in Asia is reflected in the growth from Asian shoppers whom we estimate account for 50% of Group revenue.”

“In recent weeks, the Chinese government has announced regulatory developments for cross border e-commerce trading. Blackmores welcomes the focus from the Chinese government on clarifying rules for importing and we believe it is a positive reflection of their commitment to the free trade zones,” said Christine Holgate. “I am also encouraged to see further opportunity for Blackmores with the announcement of more ingredients approved for sale in the broader retail market in China.”

“It is a characteristic of all markets that regulations evolve. We believe Blackmores is well-placed to manage the constant evolution of the Chinese regulatory landscape with our omnichannel operating model for our China business and our ability to serve consumers through direct and indirect product supply, supported by a highly experienced local team,” she said.

BioCeuticals sales were \$50 million for the nine months, up 24% compared to the prior period.

“BioCeuticals’ result has been achieved with strong sales growth supported by an innovative pipeline of new products backed by scientific evidence and recognised education to the practitioner market, where we are now clear market leaders,” said Christine Holgate.

Blackmores New Zealand and Pure Animal Wellbeing maintained their momentum with combined sales of \$16m, up 40%.

“In January we announced the first release of our infant nutrition range with a limited distribution into Australian pharmacies,” said Christine Holgate. The range is the first product launch from the joint venture between Blackmores and Bega subsidiary Tatura, a partnership which was announced last October. “We are now well positioned for the launch into Australian grocery retailers and the commencement of marketing in the next quarter.”

“Over the year we have forged stronger partnerships with our suppliers to build reserves of key ingredients to ensure we have access to quality products to meet consumer demand,” said Christine Holgate. “The Blackmores Campus continues to increase capacity to meet the supply requirements, supported by additional staff and the upgrading of our packaging lines. The increased cost of raw materials following recent scarcity and the impact of currency volatility has been partially offset by the improved efficiency of our operational facilities.”

“Whilst our business develops we remain focused on the efficient management of cash as we continue to pay healthy dividends, build inventory levels and invest in our future growth,” she said.

OUTLOOK

“We are pleased with the performance of all brands and regions in the Group and the significant progress we have made on our strategic priorities of: Consumer Centricity; Asia Growth; Product Leadership; and Operational Effectiveness.”

“These strategic pillars have underpinned a strong result for the quarter and the year to date,” said Christine Holgate. “We remain confident that we will deliver a strong full-year profit result and improved returns for shareholders and staff.”

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BLACKMORES

Results at a Glance

Results (\$000s) (Nine months to 31 March 2016)	This Year	Last Year	% Change
Sales	531,605	325,864	+63.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	114,873	51,699	+122.2%
Earnings before interest and tax (EBIT)	109,665	46,966	+133.5%
Net interest expense	1,171	2,931	-60.0%
Profit before tax	108,494	44,035	+146.4%
Income tax expense	32,917	13,244	+148.5%
Profit for the period	75,577	30,791	+145.5%
Profit attributable to:			
Shareholders of Blackmores Ltd	75,558	30,791	+145.4%
Non-controlling interest ¹	19	-	-

Results (\$000s) (Quarter 3)	This Year	Last Year	% Change
Sales	190,172	119,503	+59.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	42,319	20,410	+107.3%
Earnings before interest and tax (EBIT)	40,582	18,758	+116.3%
Net interest expense	374	733	-49.0%
Profit before tax	40,208	18,025	+123.1%
Income tax expense	12,935	5,849	+121.1%
Profit for the period	27,273	12,176	+124.0%
Profit attributable to:			
Shareholders of Blackmores Ltd	27,258	12,176	+123.9%
Non-controlling interest ¹	15	-	-

Notes:

¹ Non-controlling interest represents the 50% share of Kalbe Blackmores Nutrition, PT which is not owned by Blackmores Limited shareholders.

SHAREHOLDER EVENTS

Blackmores is hosting a series of shareholder events on **'Doing Business In China'**. The first briefing will be held at Blackmores Campus Warriewood, 20 Jubilee Ave, Warriewood on Friday 6 May from 9.30am to 1.00pm.

"China is an important part of Blackmores' growth strategy, as it is for the Australian economy, and therefore gaining an understanding of how this market works is increasingly important for shareholders," said Christine Holgate. "We are very proud of the support for our brand in China and believe strongly in the prospects of this market and the opportunities it can bring."

"Like many countries, regulation evolves and develops in China. In the last week alone there have been several important developments. Blackmores' view of these latest developments is that we welcome the focus from the Chinese Government on clarifying rules for importing," she said.

As well as keynote addresses from Blackmores CEO and management team, speakers will include Liu Bing the Senior Advisor, China at Austrade, and Andrew Parker, a Partner from PWC and the Head of their Asia Practice, on what they believe are the opportunities and challenges when building a business in China.

Recognising many shareholders may not be able to join us at Warriewood that day, we will host a briefing in Shanghai on Tuesday 10 May 2016 and in Melbourne on Thursday 19 May 2016. Shareholders are invited to confirm their attendance by either emailing Simone Koolloos on skoolloos@blackmores.com.au or by phoning her on 02 9910 5186.