



27 October 2016

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**CHAIRMAN'S ADDRESS by MARCUS BLACKMORE AM  
2016 ANNUAL GENERAL MEETING  
27 OCTOBER 2016**

It has been another momentous year for Blackmores, with continued sales and profit growth and a strong financial performance securing us a place in the ASX 100, just over 30 years since we first listed on the Australian Securities Exchange and 84 years since our company was founded.

When we reported our year end results, this exceptional performance was overshadowed by our advice that the first quarter of this financial year would see softer sales following changing market dynamics and retailers being overstocked.

This morning we announced those first quarter results which show that sales, and particularly profit, slowed in the quarter. Though pleasingly, we finished the quarter in a stronger position than we started and while we don't expect to match last year's \$100 million profit, we have an encouraging sales trajectory and have not stopped investing in future opportunities.

Christine will talk to these results in her address later in proceedings, but the Board shares my confidence in the prospects for this business, in the management team, in the talent and capability of our staff, and in the strategy we are working together to deliver.

I'm often asked why our business has endured through the generations and how we focus on ensuring that we will remain financially sound and relevant to consumers in the years to come. Indeed 'sustainability' as a principle has been bantered about in many boardrooms in recent years.

Reflecting the importance of understanding and sharing our vision for business sustainability, you will note that our inaugural Blackmores Sustainability Report has been published on our website this year.

Sustainability encompasses so much more than environmental initiatives. It encompasses our commitment to our community, our employees, our shareholders, our governance and our investment in the future of our industry.

I am inspired by one of our international trading partners, Alibaba, who are one of the world's biggest e-commerce merchants. Their vision is to be a company that endures for 102 years, meaning they will span three centuries.

Our strong values and culture combined with our rigorous approach to quality, research and innovation will position us well for our future.

The vision we have for our business is shared by our employees who each act as ambassadors for our brands. Among these valued employees, one quarter hold a healthcare qualification and more than half speak an Asian language as their mother tongue.

The importance of Asia to our Group revenues is very clearly highlighted by the 50 head office employees who are currently electing to learn Mandarin. Though they're all realistic about the time it takes to be proficient in speaking, reading and writing Chinese, it does indicate our employees' commitment to understand and respect the people, culture, and health needs of our growing number of Asian consumers.

All of our staff members have shared in our growing profits with 44 additional days salary paid to each employee as part of our long-standing profit sharing program, which has always sought to align staff remuneration with shareholder benefits.

Our leadership team remuneration is also closely aligned with shareholder value, and you'll note the strong correlation between our healthy profitability and the executive incentives paid as a result.

Foreseeing the challenges of quarter one, our Executive Team sought to reduce costs and review our cost base. In the spirit of this process, they have not only considered the expenses they manage in their divisions, they have also foregone their own salary increases for the first half of the year.

Our team is always deserving of recognition for their hard-work, their commitment to our values, and enthusiasm for our business, and this past year has been no exception. I welcome the team from Global Therapeutics to the Blackmores family. Since acquiring this leading Australian herbal medicine company in May, we've come to understand more about the potency and potential for Chinese herbs as powerful medicines and we are excited about the future prospects for their brands Fusion Health and Oriental Botanicals.

A little over a year ago, we advised shareholders of our challenges to meet the growing demand for our product whilst upholding our unrivalled quality standards. To address the supply constraints, our business has changed significantly with new staff, additional facilities, new supplier partnerships and improved infrastructure. It has been one big team effort and one that wouldn't be possible without the stewardship of our Executive Team and Board. I sincerely thank them for their leadership.

It is impossible for me to note leadership without expressing my great appreciation for our Chief Executive Officer, Christine Holgate. She has received many accolades this year including recognition as CEO of the Year. In my opinion she is deserving of this praise as she has led our company with passion over the past year. It's a passion evident in our broader team and they share my excitement about our future.

The Chairman continued with the formal business items of the meeting.