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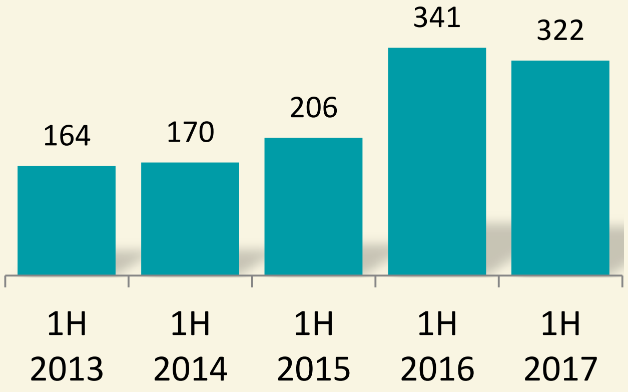
Blackmores
Half-Year Financial Results

Half-Year ended 31 December 2016

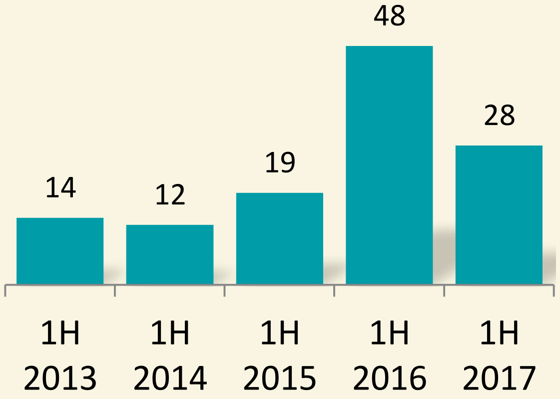
Second quarter showed strong improvement, though first half sales and profit down

- Improved Q2 sales up 16% and profit up 33% quarter on quarter
- Group sales of $322 million, 6% down for the first half compared to pcp
- NPAT of $28 million, down 42% compared to pcp
- Blackmores China contributed sales of $64 million, up 92% compared to pcp
- Sales influenced by Chinese consumers purchasing in Australia are down, as buying patterns continue to evolve
- Domestic Australian sales returned to modest year on year growth in the second quarter
- Blackmores Asia and BioCeuticals Group, including Global Therapeutics, delivered strong growth
- We are pleased with the progress in the 2nd quarter, though challenges in the Australian retail environment remain

Invoiced Sales ($m)



NPAT ($m)



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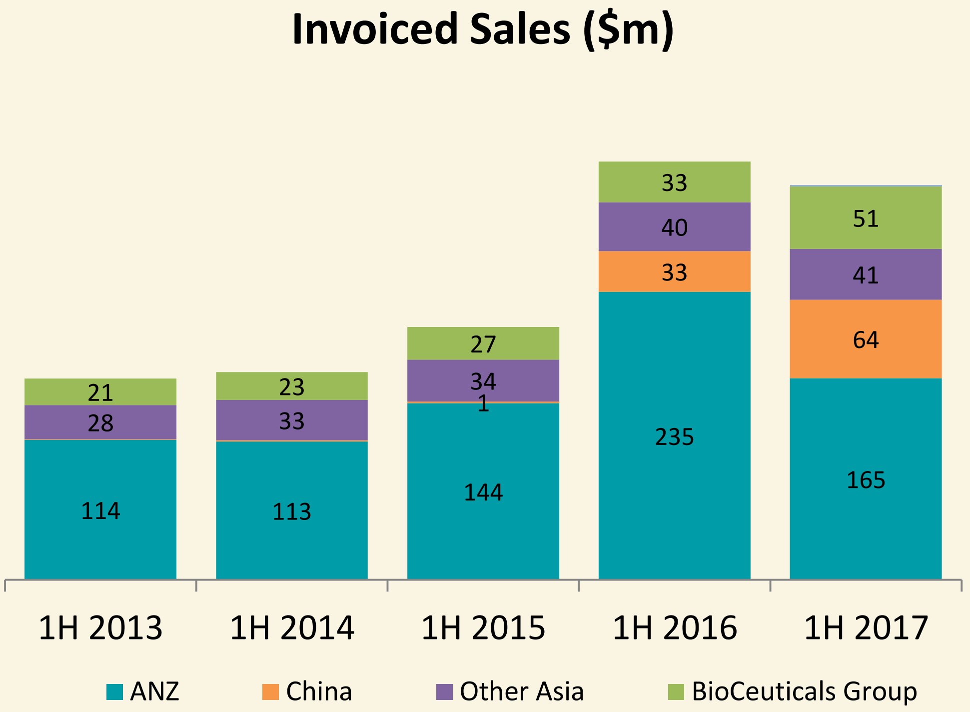
Improving Diversity of Blackmores Revenue



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Blackmores Australia

- Blackmores sales in Australia for the half were $158 million, down 31%
    - Quarter One: $68 million (down 40%)
    - Quarter Two: $90 million (down 22%)
- Domestic sales, excluding sales influenced by Chinese consumers, returned to modest year on year growth in Quarter 2
- Destocking issues noted in Quarter 1 have eased
- Sales influenced by Chinese consumers purchasing in Australia are down, as buying patterns continue to evolve. Blackmores is building a successful China business to better serve these customers.
- Blackmores remains clear number one brand

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Greater Asia

- Greater Asia sales of more than $105 million are up 30%. Asia EBIT $16.5 million, up 46% compared to prior corresponding period
- Blackmores China business comprising in-country sales and sales through our China export division were $64 million, up 92%
- Other Asia sales delivered $41 million in the first half, up 4%
- Blackmores Korea progresses its transition to a new, more profitable selling model
- Excluding Korea, Other Asia sales of approximately $40 million, are up 16% compared to pcp
- All other markets in first half growth, in local currencies
    - Taiwan, up 93%
    - Hong Kong, up 49%
    - Singapore, up 19%
    - Malaysia, up 20%
    - Thailand, up 6%
- Indonesia has contributed circa $2 million in sales since the limited range launched in September. $1.7 million invested in first half

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BioCeuticals Group

- Together BioCeuticals and Global Therapeutics delivered sales of $51 million in the first half, up 54% compared to previous corresponding period
- EBIT is up 54% to $7.7 million
- Excluding benefit of the acquisition, this division is growing at 19%
- Added benefit of Global Therapeutics sales – Fusion Health and Oriental Botanicals are leading modern Chinese herbal medicine brands
- Every brand in this portfolio is in growth

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Infant Nutrition

- The Infant Nutrition range developed in partnership with Bega is steadily growing
- Regulatory changes and volatile market conditions have impacted progress
- We continue to review this business to ensure we have the right structure for the future
- First half included a $2 million provision for inventory

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Operational Effectiveness

- Increased cost of goods, primarily due to lower recoveries as a result of lower volumes and higher ingredient costs
- First half operating expenses (excluding Raw Materials and Consumables) were flat versus pcp
- Focus on reducing underlying costs to enable investment in growth initiatives
  - Lease and fit out of additional Western Sydney warehousing
  - Investing in new Indonesian business
  - Global Therapeutics expenses
  - Further investment in the brand

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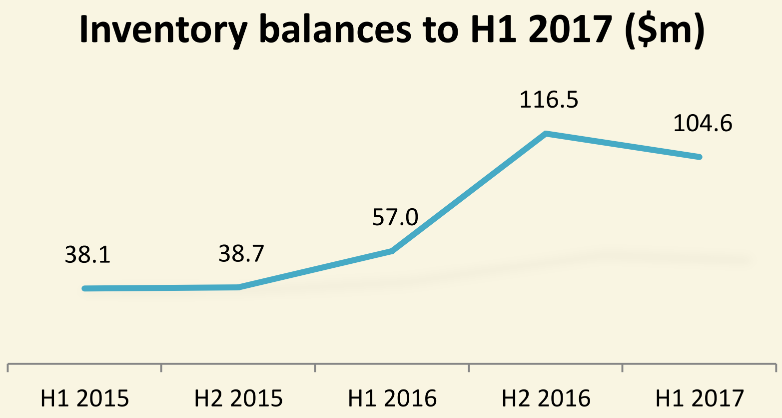
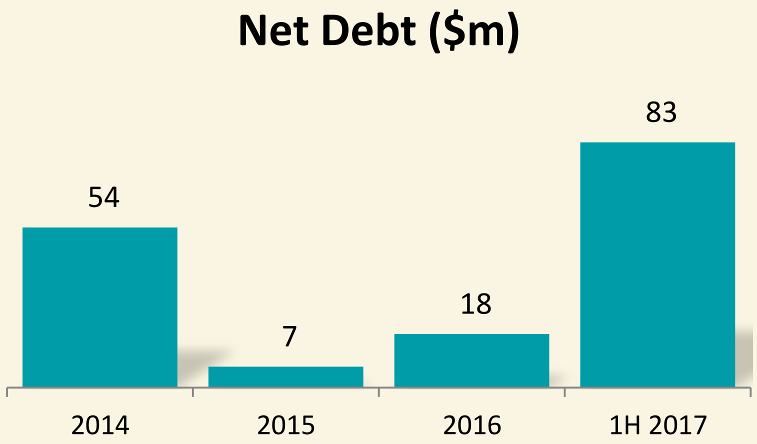
Balance Sheet and Cash Flow

- Balance sheet remains in a strong position
- Inventory levels down 10% since June 2016, reflecting tight management following softer quarter one sales
- Net debt increased $65 million to $83 million due to higher working capital and record income taxation and dividend payments
- Working capital was $117 million, up $27 million in the period
- Cash generated from operations was $17 million, cash conversion ratio 37% , impacted by softer first quarter trading
- $100 million additional debt facilities negotiated in the period





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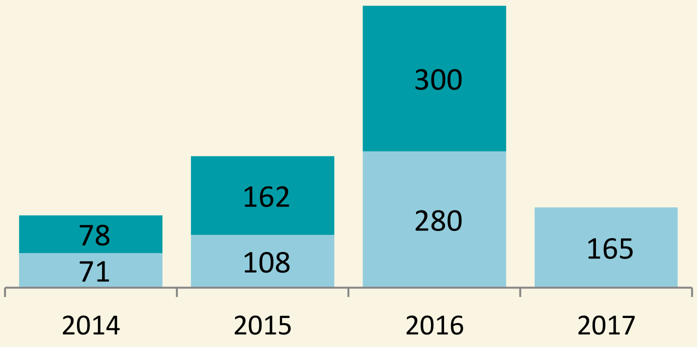
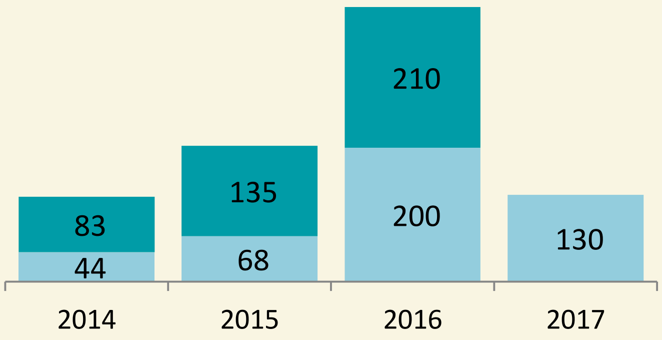
Shareholder Returns

- Basic Earnings per share of 165.4 cents, 41% down on the prior year
- Dividends per share of 130c, 35% down on the prior year
- The dividend payment reflects the Board's confidence in the growth prospects of the Company
- Dividend Reinvestment Plan remains suspended
- Record date is 8 March 2017 and the dividend will be payable 22 March 2017

Basic Earnings per Share (c)



Dividend per Share (c)



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Outlook

In recent months we have made progress and improved our sales and profit position in what is a challenging Australian retail landscape and a rapidly evolving market.

We will continue to invest in our future growth to shape our business so we can further leverage our capabilities and diversify our revenues.

As previously stated, we anticipate that our full year will not match the exceptional 2016 financial year result, though will represent good growth on our 2015 profit.

The Board remains confident in Blackmores' growth prospects.