



Amy Wagner at the Blackmores Sydney Running Festival; Adam Martin and BaLong Nguyen at the new Bungarribee warehouse which will be fully operational in the second quarter

Blackmores returns to growth with first quarter profit of \$15.4 million

- Net sales* for the period of \$134 million, up 9% compared to prior corresponding period
- Net profit after tax of \$15.4 million, up 28% compared to prior corresponding period
- Demand continues to grow from Chinese consumers, direct China sales up 28%
- Investing in growth initiatives and on track for full year profit growth

Blackmores Limited (ASX: BKL) today announced a first quarter profit of \$15.4 million, up 28% compared to the prior corresponding period, after achieving net sales of \$134 million, 9% up on the prior corresponding period.

“In the first quarter of the year we achieved 28% growth in our direct China sales, launched a new range of kids’ products that - true to our values - are more than 99% sugar-free, we maintained tight cost control while continuing to invest in key growth platforms, and launched a new world-class education platform,” said Blackmores Chief Executive Officer Mr Richard Henfrey.

“This is a promising start to the new financial year. We’re pleased with our progress compared to the challenging first quarter performance last year, and we have returned to delivering profit growth.”

“Blackmores has experienced less volatility across the business in the quarter and we have implemented a global approach to pricing which has supported an improvement in underlying margins,” said Mr Henfrey. “Promotional rebates were high in the last financial year as we supported customers carrying high levels of stock. In this quarter we have returned to a more normalised trading environment.”

“Australian retail remains challenging and this was compounded by strong sales at the end of the fourth quarter, which impacted our July result in Australia,” said Mr Henfrey. “Consumer sentiment in Australia has been subdued though sales in Australia continue to be boosted by strong consumer demand from Chinese consumers.”

New product innovation has been well received with broad and growing distribution of Blackmores’ new probiotic range which uses multiple strains of good bacteria, is condition specific and does not require refrigeration. The launch of sugar-free gummy vitamins for kids resonated well with consumers resulting in a stronger sell-in than expected.

Sales to China are growing as the market approaches the famous Double 11 sales event in November with direct China sales, including export and in-country sales, up 28% compared to the prior corresponding period. Excluding China, sales to other markets across Asia were up 12% compared to the prior corresponding period. Blackmores Malaysia launched Project Kindness, a community-focused marketing campaign, which contributed to 16% sales growth compared to prior period (26% in local currency). Sales in Hong Kong were up 25% (32% in local currency) compared to prior period.

“We welcomed the announcement made by the Chinese government affirming their commitment to the pilot of cross border e-commerce, extending the existing regulations by another year and opening additional free-trade zones which gives us greater certainty as we grow our business in this important market,” said Richard Henfrey.

“Blackmores has continued to invest in our emerging business in Indonesia which is progressing well and meeting our expectations,” said Richard Henfrey. “The recent launch of our Pregnancy and Breast-Feeding Gold product was very positive with more than 600 obstetricians participating in a micronutrient education seminar and strong consumer sales at a recent Mother and Baby Show.”

BioCeuticals and Global Therapeutics grew sales by 14% compared to the prior corresponding period.

Blackmores and our infant nutrition range partner Bega Cheese have considered the performance of the business and have mutually agreed to wind-up the partnership. Blackmores remains committed to the category.

“Our cost-conscious approach to managing operating expenditure in our established businesses has enabled our continued investment in growth initiatives including our new business in Indonesia, increased brand support in China and the fit-out of our new distribution centre at Bungarabee in Western Sydney,” said Richard Henfrey.

Blackmores published our 2017 Sustainability Report detailing the vision and performance of the Group’s approach to sustainability which extends beyond protecting the environment and incorporates corporate governance, workplace practices, our quality framework and responsibility to the community. Download the full report at blackmoresustainability.com.au.

OUTLOOK

“We are in a better position than this time last year with a sound balance sheet, sales and profits returning to year-on-year growth and customers not carrying the high levels of stock that impacted our performance 12 months ago. Consumer demand in China remains strong, though the buying patterns of Chinese entrepreneurs, tourists and exporters in Australia continues to evolve. We are mindful of the challenges in Australian retail caused by softer consumer sentiment,” said Richard Henfrey.

“Our continued investment in new business initiatives reflects the number of opportunities across our Group and our confidence in the growth prospects of our company. In line with our expectations, we are on track to deliver growth on last year’s reported profit.”

MEDIA CONTACT

Sally Townsend
Head of Communications
M: 0419 225 781

INVESTOR CONTACT

Richard Henfrey
Chief Executive Officer
+61 2 9910 5186

Results (\$000s) (Quarter 1)	This Year	Last Year	% Change
Invoiced sales ¹	162,417	149,042	+9.0%
Net sales ²	133,521	122,137	+9.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24,335	19,789	+23.0%
Earnings before interest and tax (EBIT)	22,211	17,823	+24.6%
Net interest expense	843	849	-0.7%
Profit before tax	21,368	16,974	+25.9%
Income tax expense	6,282	4,899	+28.2%
Profit for the period	15,086	12,075	+24.9%
Profit attributable to:			
Owners of Blackmores Limited	15,446	12,078	+27.9%
Non-controlling interests	(360)	(3)	

*Consistent with best practice industry reporting standards, Blackmores now reports net sales as our primary revenue measure. Profit after tax reflects profit attributable to Blackmores shareholders (excluding joint venture interests).

1. Represents revenue from the sale of goods before promotional and other rebates and excludes other revenue items.
2. Represents revenue from the sale of goods after promotional and other rebates and excludes other revenue items.

BLACKMORES