

A young girl with long blonde hair is eating a slice of watermelon in a grassy field. She is wearing a red top with a white pattern. The background is a blurred green field with trees in the distance. The image is overlaid with a teal and blue geometric design in the bottom right corner.

Results for the Half-Year ended 31 December 2013

Blackmores Limited (ASX: BKL)

BLACKMORES®

Improved second quarter result

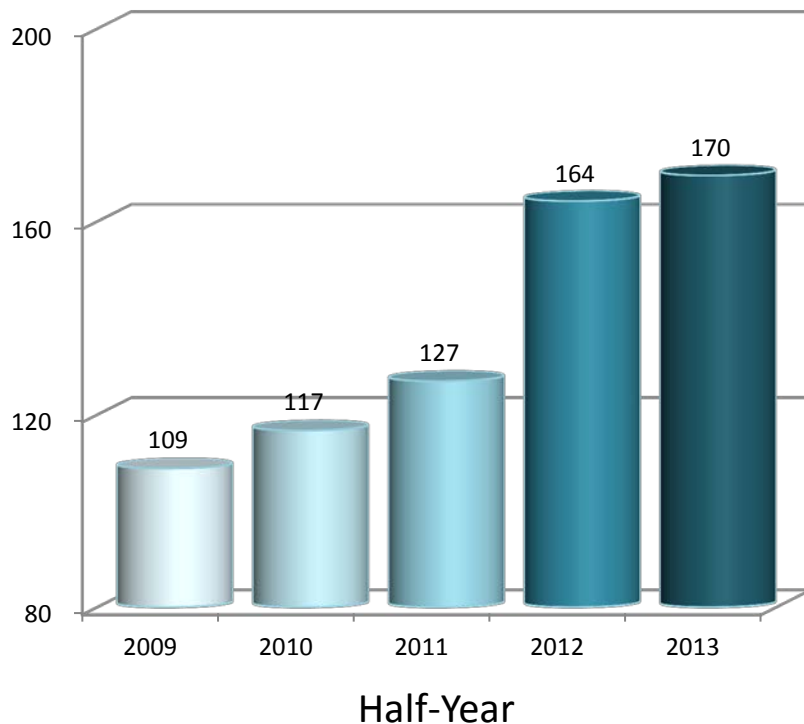
- Group sales for half year up 3.2% to \$170 million
- First half NPAT of \$12.1 million, down 10.7%
- Encouraging momentum in business in second quarter
- Improving performance in Australia
- Weaker Australian dollar put pressure on raw material costs, partially offset by Asia natural hedge
- Interim dividend held at 44c fully franked, and Dividend Reinvestment Plan continues at 5% discount
- Directors expect profit for the full year to be broadly in line with last year's result



Group Sales Performance



Group Sales (\$m)



- Group sales increased to \$170m, up +3%
 - Record half-year group sales
- Q1 was -1%, Q2 was +8%
- Blackmores Australian sales of \$107m, down -1%
- Asia sales of \$34m, up +18%
- BioCeuticals sales of \$23m, up +6%
- Other sales (NZ/PAW) of \$6m, in line with last year

2013 Second Quarter Results



- Group sales up +8%
- Strong Q2 growth in each segment
- Australia Q2 growth of +6% compared to -7% in Q1

Quarter 2 Segment Sales	2013 \$m	2012 \$m	Change
Australia	53.3	50.4	+6%
Asia	17.3	14.6	+18%
BioCeuticals	11.7	11.1	+6%
Other	3.3	3.1	+6%
Group sales	85.6	79.2	+8%

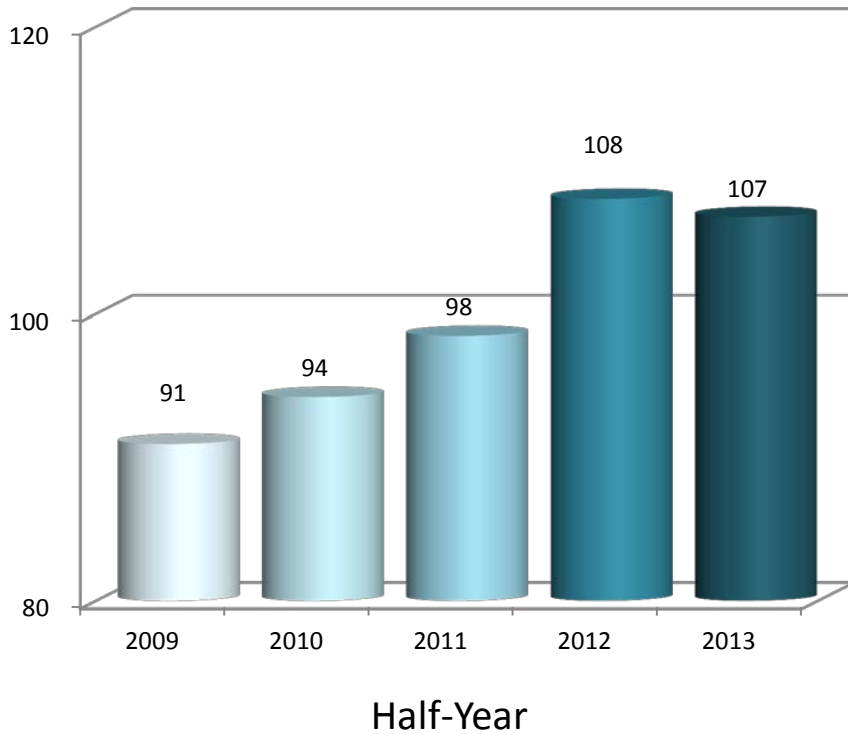
- Asian Q2 sales up +18%
- COGS and expenses grew in line with sales
- Strong treasury management

Quarter 2 Results	2013 \$m	2012 \$m	Change
Group sales	85.6	79.2	+8%
Group EBIT	10.2	9.3	+10%
Group NPAT	6.7	5.8	+16%



Australian Performance

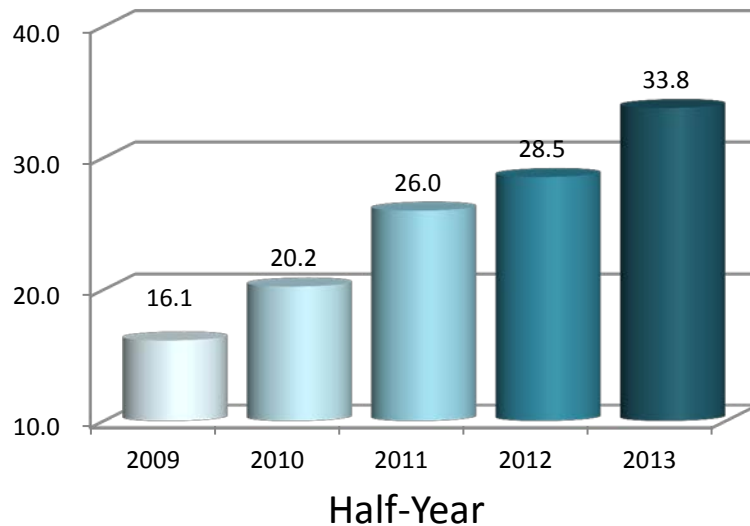
Australian Sales (\$m)



- Sales of \$107m, -1% in a very challenging market
- Q1 sales were -7% while Q2 was +6%
- Blackmores retained clear leadership in the category
- Retail challenges continue following a period of exceptionally high volume growth as the category adjusts to changing market dynamics
- Strengthened our management of grocery
- Australia EBIT fell 13% in the half due to increased raw material costs from depreciating AUD and a high level of brand investment
- Australia remains very profitable and the foundation of the company

Asia Performance

Asia Sales (\$m)



EBIT	2013 \$'000	2012 \$'000
Thailand	4,511	4,024
Malaysia	1,504	966
Other Asia	(3,697)	(2,792)
Total Asia	2,318	2,198

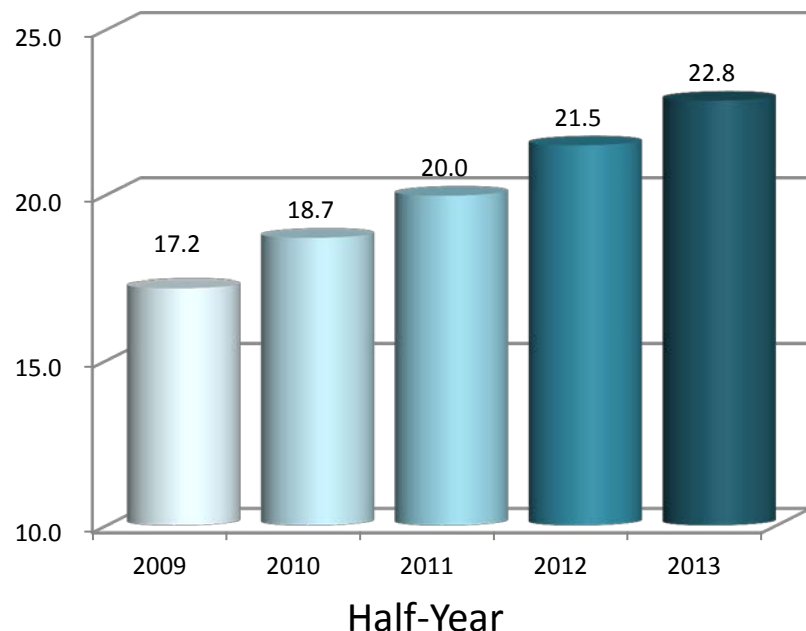
- Asia sales of \$34m, up +18%
- Seventh successive record half-year sales performance for Asia
 - Driven by records for Malaysia and Hong Kong and continued growth in China
 - All core markets achieved double digit growth
- Thailand sales +15% and EBIT +12%, a pleasing result considering the impact of ongoing political unrest on retail sales
- Malaysia sales +11% and EBIT +56%
- Other Asia sales +42%, driven across all markets
- Other Asia EBIT -\$0.9m compared to prior half, mainly due to investment in China and lower profitability in Korea
- Wholly Foreign Owned Enterprise (WFOE) operational in China
- EBIT of \$2.3m, +5% with increased investment in Thailand, our new China business and establishing an Asia principal office



BioCeuticals Performance



BioCeuticals Sales (\$'m)



- Sales of \$23m, up +6%, including +15% for the BioCeuticals brand
- Strong EBIT result of \$3.0m, +25% due to tight expense control
- BioCeuticals is a leading brand of practitioner products in Australia and represents 13% of Blackmores Group sales
- BioCeuticals starting to show benefits from being part of the Blackmores Group



Blackmores Institute



BLACKMORES
INSTITUTE

- Eminent complementary medicine researcher, naturopath and pharmacist, Associate Professor Lesley Braun, appointed Director of Blackmores Institute
- Associate Professor Braun will convene an education symposium for pharmacists in Sydney in July
- 25 active clinical trials and research projects

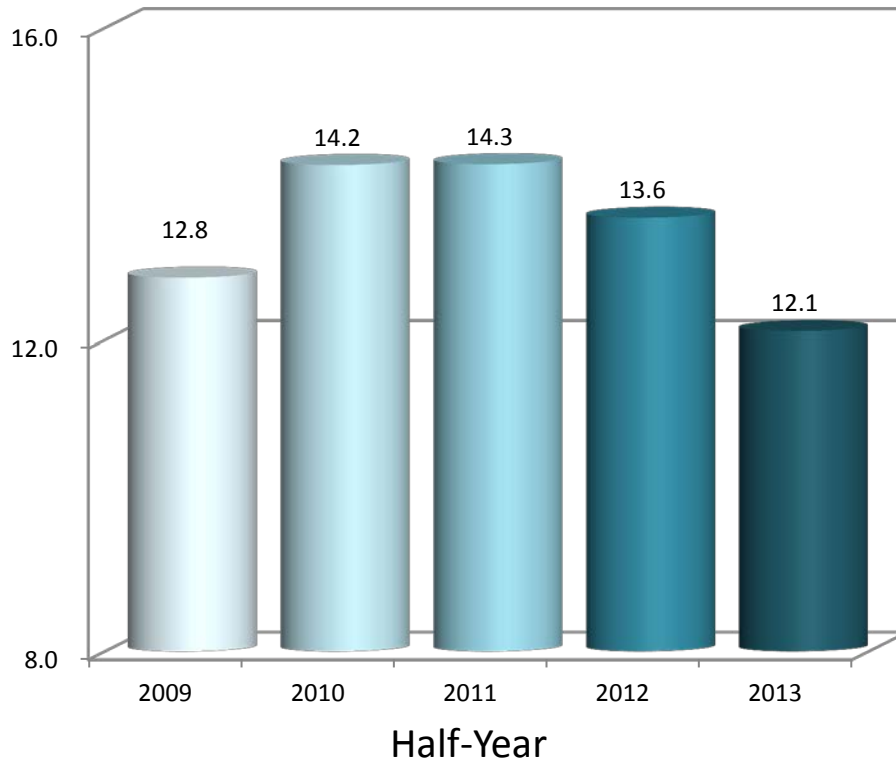


Associate Professor Lesley Braun

Profit Performance



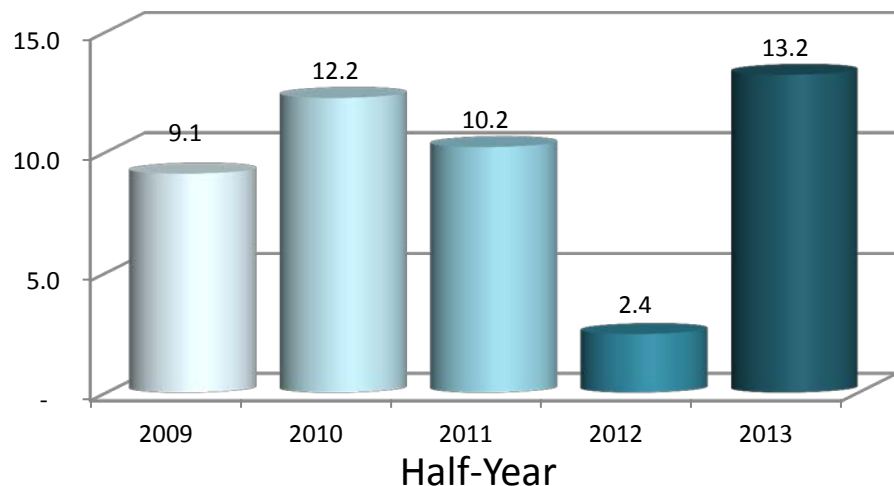
Group NPAT (\$m)



- Group NPAT decreased by 11% to \$12.1m
- Q1 was -31%, Q2 was +16%
- Decline driven by increased raw materials costs from depreciating AUD across all markets and additional investment in China
- All other segments delivered stronger profit contributions
- Expenses tightly managed, up 5% in the half
 - Trade spend controlled, up +4%
- We continue to improve operational efficiencies in sourcing and production

Cash Flow

Operating Cashflow (\$m)



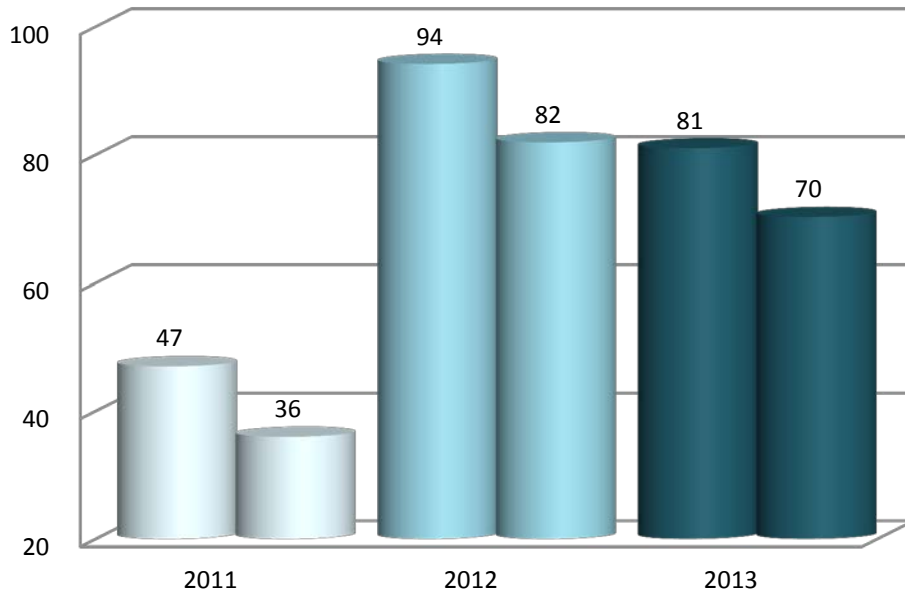
	2013 \$m	2012 \$m
NPAT	12.1	13.6
Depreciation	3.1	2.9
Tax balances	0.5	(3.7)
Working capital	(0.3)	(10.3)
Other	<u>(2.2)</u>	<u>(0.1)</u>
Operating Cash Flow	13.2	2.4

- Operating cash flow has increased more than five-fold to \$13.2m
- Strong result achieved by focus on working capital
- Dividend payment fully funded by operating cashflow
- Repaid borrowings of \$6m
- Cash savings of \$1.9m made from DRP

Debt and Gearing



Debt (\$m)

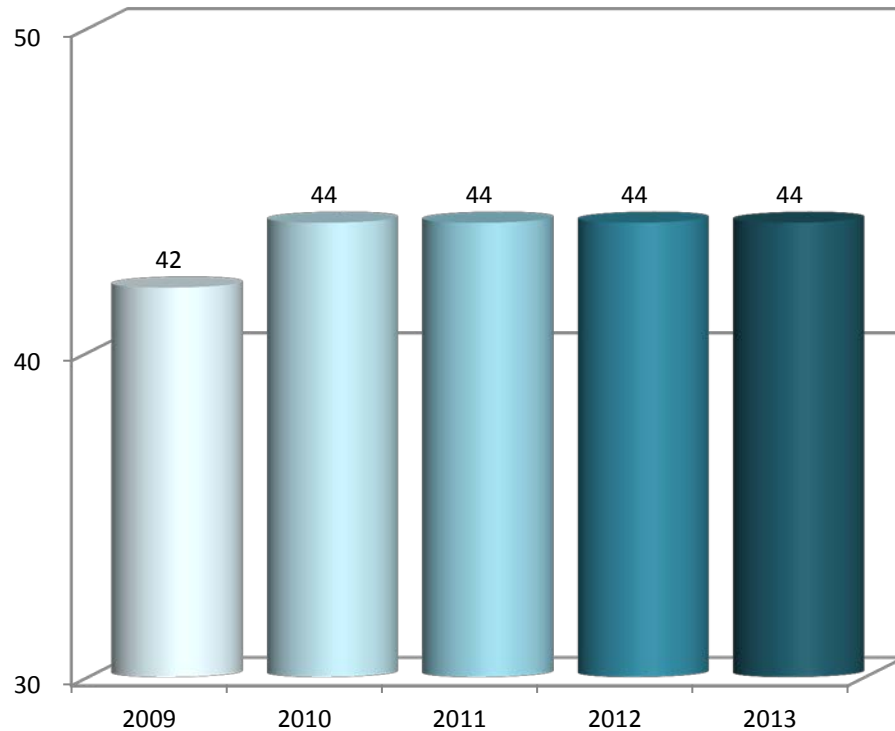


- Net debt has increased from \$69m at 30 June to \$70m at 31 December
- \$6m of debt repaid during the half-year to \$81m
- 70+% of Group debt is hedged by interest rate swaps
- Gearing (net debt/net debt + equity) stable at 41.8% compared to 41.3% at 30 June
- Strong interest cover at 8x and strong cash flow leverage

Dividends



Dividend per Share (cents)



- Interim dividend of 44 cents fully franked
- In line with interim dividend last year
- Payable on 2 April 2014
- Dividend Reinvestment Plan in place with a 5% discount

Board has confidence in F14 Strategic Priorities

1 Support our Australian retail business, whilst building our consumer brand

2 Invest in Asia and BioCeuticals for further profitable growth and develop new revenue streams

3 Continue to improve our operational excellence and transform our cost profile

4 Build our product leadership position

Questions

