



Sarah Tait, Blackmores' Quality Compliance Officer, and Scott Choi, Junior Legal Counsel, participate in a community clean-up day at Mona Vale Beach

Record sales, profit and shareholder returns for Blackmores in its 30th year as a public company

HIGHLIGHTS

- Group Sales of \$471.6 million, up 36% on the previous year
- Record net profit after tax of \$46.6 million, up 83% on the previous year
- Strong operational cash flows supported net debt down 87% to \$7.1 million
- Earnings per share of 270.7cents, up 81.4%
- Final dividend of 135 cents per share, total ordinary dividends for the year were 203 cents per share (fully franked), 60% increase over last year's dividends.

DEAR SHAREHOLDER

Blackmores Limited (ASX: BKL) has announced annual sales of \$471.6 million, up 36% compared to the prior corresponding period, delivering a record net profit of \$46.6 million for the full year, 83% up compared to the prior corresponding period.

We are particularly proud that our growth has come from all regions and brands. The higher sales were the culmination of a number of programs we had put in place over recent years including reinvigorating our Australian business, establishing an enterprise in China, investing in our quality and research programs and identifying a strong brand proposition that is supported by a higher level of marketing across the Group.

Twelve months ago we were reporting pleasing momentum which continued to build as the year progressed. The benefits were further bolstered by operational efficiencies and improvements to the Group's cost base, by leveraging our increased volumes and optimising our Warriewood Campus facility.

These unprecedented levels of growth, including a 50% sales uplift in the second half, have created supply challenges. Our principal concern has been addressing the needs of our Australian consumers who have loyally supported the Blackmores brand for so many years. We have increased our supply and capacity significantly, whilst remaining focused on maintaining our unrivalled quality and commitment to efficacy and sustainability.

BLACKMORES AUSTRALIA / NEW ZEALAND

Less than two years ago, we shared our strategic objective to grow our core Australian business profitably. As a result Blackmores Australia grew its profitability by 88% compared to the prior corresponding period, with sales in Australia up 43% to \$317.4 million. This was achieved with double digit growth across all sales channels including community pharmacy, and appears to have been boosted by increased demand from Chinese tourists and entrepreneurs.

We worked to deepen our relationships with retailers and to support consumer pull-through with increased investment in integrated brand activity, more merchandising units and extending our education program. Blackmores was recently recognised as the Most Trusted Brand in the category for the seventh consecutive year.

The profitability of our Australian business has benefited from our ability to leverage the scale of our growing Group as well as improved recoveries from our Warriewood Campus.

Blackmores New Zealand achieved sales growth of 13%, the strongest result since Blackmores has been in the New Zealand market.

BLACKMORES ASIA

Asia is a key region for Blackmores, providing an important platform to secure long-term profitable growth. This growth enables the Group to better leverage capital investments and provides sources of alternative currency that are intended to provide a natural hedge against the cost of raw materials that are sourced from all over the world.

Asia sales were up 26% for the year to \$84.0 million, which is double that of five years ago. Earnings before interest and taxes (EBIT) from Asia were up 82% to \$8.3 million.

Blackmores Malaysia sales were up 13.5% and EBIT was up 22% to \$3.3 million. Thailand continued to be impacted by a soft market with sales down 7% and EBIT down 27%. However, Thailand remains highly profitable, contributing \$6.3 million to Group earnings. Whilst challenges remain, we have strong local leadership and an experienced team and are optimistic about our future prospects.

Blackmores' smaller markets in the region, Korea, Singapore and Hong Kong have all delivered strong sales results, they have significantly improved profitability and are growing.

Sales to China have multiplied, supported by the Blackmores Wholly Foreign-Owned Enterprise (WFOE) established in 2014. The opening of free trade zones created a substantial opportunity, especially as Blackmores was one of only a few companies in this category to secure a licence to directly trade within the zone.

As noted, it is apparent that there are a growing number of Chinese shoppers and entrepreneurs purchasing our products through Australian retailers. By combining the contribution from these consumers with our Asia-based revenues, the value of the region to our Group sales is approximately \$150 million for the year. This demonstrates the growing demand for our brand outside Australia and highlights the importance of our Asia growth strategy.

BIOCEUTICALS

BioCeuticals achieved an 18% increase in sales, compared to prior corresponding period, delivering \$55.5 million and EBIT of \$8.7 million, up 27%. When Blackmores acquired this company in 2012, we had expected to reach this target by 2020. This performance validates the strong fit for this company in our Group and is the result of a successful pipeline of innovative new products and a talented team.

Three years ago shareholders supported our decision to acquire this business which was fully debt funded. I'm pleased to report that every cent borrowed for this has now been repaid. The BioCeuticals team has not only grown its top line, it has made an impressive contribution to our Group earnings and our reputation with practitioners.

The Blackmores logo is located in the bottom right corner of the page. It consists of the word "BLACKMORES" in a bold, white, sans-serif font, centered within a teal-colored circle. The circle is partially overlapping another teal circle behind it, creating a layered effect. The background of the page is a light yellow gradient with some faint circular patterns.

BLACKMORES

BLACKMORES ANIMAL HEALTH

Pure Animal Wellbeing (PAW) sales increased by 32% to \$5.2 million. The range is developed by veterinarians with specialised expertise in natural healthcare and is based on the strong research and education focus of the broader Blackmores Group. The Animal Health team have developed an education program including podcast series which has been instrumental in helping them secure a leadership position in the natural animal health category.

The Animal Health division was honoured to receive Australian Business Awards for Product Innovation and for Employer of Choice in recent weeks.

BLACKMORES INSTITUTE

Blackmores Institute has held sell-out research and education symposia in Australia, New Zealand and Malaysia, offering delegates access to thought-leaders in integrative medicine. Blackmores has a continued focus on education and more than 25,000 healthcare professionals participated in accredited training programs across the Group during the year.

The announcement of the Maurice Blackmore Chair of Integrative Medicine at the Sydney Medical School, University of Sydney was a great honour for the legacy of our founder but also represented the growing interest in natural medicine and its integration with other modalities of treatment.

The Blackmores Group has more than 25 active clinical trials underway and is strongly committed to leading with reputable research and education.

IMPROVE OUR OPERATIONAL EFFECTIVENESS

Blackmores' Operations have been adapting to the increased sales rate. We produced a record 35 million units at the Blackmores Campus over the year and shipped to more than 25,000 points of distribution. Though the higher volumes have challenged us with some lines out of stock, they have improved recoveries of fixed costs and have continued to benefit our cost of goods, which can be seen in our strong earnings before interest and tax (EBIT). We have invested to increase our capacity with additional production shifts, staff and new robotics.

The Group has considerably improved financial health which can be seen in the strength of our balance sheet. Net debt is down from \$54.4 million to \$7.1 million, an 87% improvement. Our interest cover is strong at 21.1 times, cash conversion is at 114% and we have almost doubled our operating cash flow.

DIVIDENDS

The Board has declared a final dividend of 135 cents per share (fully franked), taking total dividends for the year to 203 cents (up 60% compared to last year). The dividend is payable on 22 September.

The record half-year and full-year dividends reward the shareholders who have supported our strategy and shared our confidence in the future prospects of the Blackmores Group.

OUTLOOK

We are pleased with our full year performance, the strong financial results and the momentum in the organisation. However we are mindful of the challenges, including maintaining supply to meet the increasing demand for our products and managing shortages of raw materials that meet our high quality standards.

We remain focused on the delivery of our strategic priorities for the coming year. The Board has continued confidence in our strategy, in the capability of our team and in the strength of the brands within the Group, and we are committed to growing this business and again delivering improved shareholder returns in the coming year.

Yours faithfully



CHRISTINE HOLGATE, CHIEF EXECUTIVE OFFICER



BLACKMORES

Quarter 4 Results

\$000s	This Year	Last Year	% Change
Sales	145,751	92,984	+56.7%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	26,956	13,217	+103.9%
Earnings before interest and tax (EBIT)	25,298	11,596	+118.2%
Net interest expense	501	1,167	-57.1%
Profit before tax	24,797	10,429	+137.8%
Income tax expense	9,032	2,513	+259.4%
Profit for the period	15,765	7,916	+99.2%

Full Year Results

Full Year to 30 June 2015

\$000s

	This Year	Last Year	% Change
Sales	471,615	346,760	+36.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	78,655	46,055	+70.8%
Earnings before interest and tax (EBIT)	72,264	39,789	+81.6%
Net interest expense	3,432	4,826	-28.9%
Profit before tax	68,832	34,963	+96.9%
Income tax expense	22,276	9,534	+133.6%
Profit for the period	46,556	25,429	+83.1%

Other Key Items

		30/06/2015	30/06/2014
EBIT/Sales	%	15.3	11.5
Interest cover (net)	times	21.1	8.2
Total Assets	\$m	293.4	236.6
Shareholders' equity	\$m	132.9	104.2
Net debt	\$m	7.1	54.4
Net debt / (Net debt + Equity)	%	5.1	34.3
Net tangible assets per share	\$	5.27	3.81
Operating cash flow	\$m	71.1	37.5
Share price (24 August 2015)	\$	84.40	27.20
Shares on issue	m	17.22	17.11

Notes: Last year's share price is as at 30 June 2014.

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