



The new Blackmores flagship store at Bondi Junction NSW. | Leah Boonthanom at Blackmores Campus

Blackmores delivers a new record first half profit, up 160%

Highlights

- Group sales of \$341 million for the first half, up 65% on prior corresponding period
- First half net profit after tax \$48 million, up 160% and earnings per share of 280 cents, up 159%
- Strong financial position with a positive net cash balance
- Interim dividend of 200 cents per share (fully franked), a 194% increase on the prior corresponding period

Dear Shareholder

Blackmores Limited (ASX: BKL) has announced continued momentum across our business delivering \$48 million net profit after tax (NPAT) for the first half of the financial year, up 160% on the prior corresponding period. The first half profit result exceeds the total profit last year, which was already a strong period.

The results are driven by continued growth from all segments and all markets with first half sales of \$341 million, up 65% on last year's first half.

China, in particular, continues to grow in importance with sales to Chinese consumers, both direct and through Australian retailers, estimated to represent 40% of Group revenues. Excluding these China sales, we are pleased that both the Group and our core Australian business are still in double digit growth.

Blackmores Australia sales for the period were \$238 million, a 73% increase compared to the prior corresponding period with earnings before interest and tax (EBIT) of \$64 million. Sales to retailers in Australia have been bolstered by Chinese tourists and entrepreneurs, as well as from continued innovation and marketing activity. This included the launch of a Superfood range, the opening of a flagship store, education programs and digital marketing.

Blackmores Asia direct in-market sales were \$61 million, a 73% increase compared to the prior corresponding period. Earnings before interest and tax (EBIT) from the region were \$5.8 million, more than three times the prior corresponding period, highlighting the increasing profitability of the Asian business.

The strength of the brand and proven demand for our products was reflected in sales growth in all of our markets in Asia.

BioCeuticals sales were \$33 million, up 24% compared to the prior corresponding period with EBIT of \$5 million. The business has a continued focus on delivering new product innovation, professional advice and a commitment to servicing healthcare practitioners.

Blackmores New Zealand and Pure Animal Wellbeing also continued to demonstrate improved sales and earnings performances.

Blackmores Institute has supported the expansion of Blackmores in Asia given the importance of education and knowledge underpinning the presence of our product range in new markets and the need to educate health care professionals. This was furthered in the period with a partnership agreement with Rangsit University in Bangkok to expand its pharmacy education program.

Total Group expenses grew 53%, to \$273 million, predominantly reflecting the increase of raw materials and freight needed to support the strong growth.

Meeting the needs of our consumers and the growing demand for our products has been our most important challenge, particularly given our commitment to uphold unrivalled quality standards. As well as working closely with our growers and ingredient suppliers, we have invested in additional plant and equipment to increase capacity. Combined with the addition of a third production and distribution shift, this has resulted in record productivity for the Group.

Our partnership with Bega Cheese Ltd (ASX: BGA) to develop and manufacture a range of nutritional foods made exciting progress in the half, resulting in the early launch of an infant nutrition range in January 2016. There are no sales for this new segment included in the first half reporting period.

We continue to invest in new platforms for growth and strategic partners including a long-term joint venture with Kalbe Farma to facilitate entry into the Indonesian market. The joint venture is called Kalbe Blackmores Nutrition and will be consolidated into the Group's results, though there were no significant transactions during the period.

The Blackmores balance sheet is in a healthy position, with positive operating cash flow at \$60 million compared to \$29 million in the prior corresponding period. Net debt was cash positive at \$23 million with net interest cover at 50 times, compared to 21 times in the prior corresponding period.

Our continued success has further strengthened our balance sheet with Blackmores now net debt free. We are proud to be able to give our shareholders a 159% increase in earnings per share and a first half dividend of 200 cents, almost treble last year's first half dividend.

DIVIDEND

The Board has declared an interim dividend of 200 cents fully franked, which is an increase of 194% compared to the prior corresponding period. The record date is 10 March 2016 and the dividend is payable on 24 March 2016.

OUTLOOK

We are pleased with our continued growth and progress on delivering our strategic objectives.

Our core business in Australia, New Zealand and the ASEAN region continues to enjoy double digit growth, while our emerging business in China has further propelled our success. We have strong, experienced leadership in China and have structured our operations to ensure a sustainable future.

The Board maintains its confidence in our ability to achieve strong profit growth for the full year.

Yours faithfully



CHRISTINE HOLGATE

CHIEF EXECUTIVE OFFICER

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Results at a Glance

Results (\$000s) (Half Year to 31 December 2015)	This Year	Last Year	% Change
Sales	341,433	206,361	+65.5%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	72,554	31,289	+131.9%
Earnings before interest and tax (EBIT)	69,083	28,208	+144.9%
Net interest expense	797	2,198	-63.7%
Profit before tax	68,286	26,010	+162.5%
Income tax expense	19,982	7,395	+170.2%
Profit for the period	48,304	18,615	+159.5%
Profit attributable to:			
Shareholders of Blackmores Ltd	48,300	18,615	+159.5%
Non-controlling interest ¹	4	-	-
Earnings per share	280.4	108.4	+158.7%

Results (\$000s) (Quarter 2)	This Year	Last Year	% Change
Sales	179,205	107,862	+66.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	37,683	16,573	+127.4%
Earnings before interest and tax (EBIT)	35,953	15,008	+139.6%
Net interest expense	424	1,070	-60.4%
Profit before tax	35,529	13,938	+154.9%
Income tax expense	9,857	3,979	+147.7%
Profit for the period	25,672	9,959	+157.8%
Profit attributable to:			
Shareholders of Blackmores Ltd	25,668	9,959	+157.7%
Non-controlling interest ¹	4	-	-

Other Key Items		31/12/2015	30/6/2015
Total Assets	\$m	327.3	293.4
Shareholders' Equity	\$m	159.2	132.9
Non-controlling interest's share of equity ¹	\$m	2.3	-
Net debt	\$m	-22.9	+7.1
Net debt / (Net debt + Equity)	%	-16.5	+5.1
Net tangible assets per share	\$	6.99	5.27
Shares on issue	m	17.23	17.22

Notes:

¹ Non-controlling interest represents the 50% share of Kalbe Blackmores Nutrition, PT which is not owned by Blackmores Limited shareholders.