

A woman with long dark hair, wearing a light pink sweater and dark green pants, is sitting on a thick tree branch. She is looking upwards and to the right. The background is a lush green forest with a waterfall visible in the distance. The scene is captured in a cinematic style with soft lighting.

BLACKMORES
| GROUP

Welcome to the 58th Annual General Meeting

Blackmores Ltd

27 October 2020

Chairman's Welcome

Brent Wallace
Chairman



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Board



**Brent
Wallace**

Chairman



**David
Ansell**

Non-Executive
Director



**Christine
Holman**

Non-Executive
Director



**Alastair
Symington**

CEO &
Managing Director



Resolutions

1



**Adoption of
Remuneration
Report**

2



**Re-election of
Mr David Ansell
as Director**

3



**Grant of STI Award
to Mr Alastair
Symington**

4



**Grant of LTI Award
to Mr Alastair
Symington**

Agenda

Chairman's Welcome	Brent Wallace Chairman
CEO's Address	Alastair Symington Chief Executive Officer
Year in Review	Gunther Burghardt Chief Financial Officer
Formal Business	Brent Wallace Chairman
A Message From	Marcus Blackmore Chairman
Questions	All
Closing Remarks	Alastair Symington Chief Executive Officer



Introducing our New Chair

Anne Templeman-Jones

Experienced listed company director and currently a Non-Executive Director of Commonwealth Bank, G.U.D. Holdings Limited and Worley Limited

30 years of leadership positions in corporate and private banking with domestic and offshore banks including Westpac Banking Corporation, Australia and New Zealand Banking Group Ltd and Bank of Singapore

Former Chairman of Commonwealth Bank's financial advice companies

Served on boards of The Citadel Group Ltd, Cuscal Ltd., HT&E Limited, Pioneer Credit Ltd, TAL Superannuation Fund and HBF's private and general insurance companies

Director of Cyber Security Research Centre Ltd and a member of Cyber Security Research Committee



CEO's Address

Alastair Symington
Chief Executive Officer



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Welcome – Your Blackmores Leadership



**Alastair
Symington**

Chief Executive
Officer



**Gunther
Burghardt**

Chief Financial Officer
& Enterprise Services



**Cecile
Cooper**

Chief Governance
Officer



**Lesley
Braun**

Director,
Blackmores Institute



**Jeremy
Cowan**

Chief Operations
Officer



**Jane
Franks**

Chief People
Officer



**Joanne
Smith**

Chief Marketing &
Innovation Officer



**Ayumi
Uyeda**

Managing Director,
Australia & Nz



**Kitty
Liu**

Managing Director,
China



**Dean
Garvey**

Managing Director,
International



**Raffaele
D'Alisa**

Director,
Communications &
Corporate Citizenship



**Mike
Charter**

Director,
Ventures & Strategy

Playing our Part

during the COVID-19 pandemic



**Our
People**



**Local
Communities**



**Health
Education**



**Immunity
Products**

Strategic Update and Outlook

In February we laid out a clear Strategic Agenda



1

Build a world-class organisation

Leverage our heritage

Strong engagement despite COVID

Braeside manufacturing



2

Win with the modern career woman in China

Launch of premium line

China Innovation Centre



3

Rejuvenate Blackmores Australia

Q1 Market share flat

Channel growth

Pricing / gross margin



4

Deliver new growth

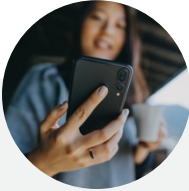
Indonesia growth

New market expansion

B(More)

Our Strategy Underpins Key Global Trends

Technology Proliferation

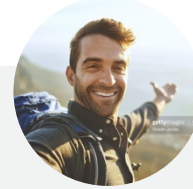


Desire for targeted, customised, individualised solutions

Growing Demand for Self-Care

Government pressure on health costs and greater need for prevention over cure

Ethical Living



Increasingly a pre-requisite for purchase decisions

Urbanisation and Global Warming

Growing concerns around mobility and mental health

Personal

Always on – connected

Consumer health data

Offer unique brand experiences with fast and tailored solutions

Digitally transforming what people buy and how they buy it

Shift from medicines to variety of natural, wellness, tech and behavioural options

Increasing need for “Help me: self-diagnose, monitor, prevent and self-manage”

Community

Bold brand values and purpose are winning with consumers



Affected by stress and sedentary lifestyles

Alternative channels on the rise, with shifts to e-commerce

Focus on 5 Consumer Growth Pillars



Superior
consumer experience

Core



Immunity

Vegetarian

Cultural Customisation

Digestive health

Move



Joint

Muscle

Circulation

Modern Parenting



Pre-conception

Mothers Health

Infant Health

Mental Wellbeing



Sleep

Cognition

Stress & Anxiety

Pet Supplements



Strategic Growth Opportunities

Consumer Growth Platform – Pet and Mental Wellbeing



PET

Be the **#1 integrative** pet supplement brand

Create a world where **integrative animal health** is the norm

Double the **PAW brand** in F22

Size of prize
\$7.586b
market size¹



Accelerate Australia



Market expansion
China & International



MENTAL WELLBEING

Education – thought leadership in natural health solutions to everyday mental wellbeing

Innovation – holistic solutions – partnerships, digital, education and product

Size of prize
\$435m
market size²



Strengthen Australia



Accelerate China & International

¹ Euromonitor 2020 (pet products = total pet – food – services) for Australia, China, South Korea, Thailand, India, Singapore, Malaysia and Indonesia

² Hilary Project 2019, includes Australia, China, Thailand and Indonesia

Strategic Growth Opportunities - China

Establish Blackmores as the go-to natural health solution for the post-90s Modern Career Woman



MODERN PARENTING

Modern Parenting as point of market entry

Restore our position in Modern Parenting by helping women across their **pregnancy and parenting journey**

Premium natural health solutions targeted to all stages



Double our China business by 2023

New Products

1. Products designed for post-90s MCW
2. Drive trade up from classic core to more premium offerings

Marketing

1. Reinforce brand quality and trust
2. Step change awareness
3. 100% digital

Media & Communication

1. Drive sustained and targeted reach to post-90s MCW
2. Deliver insightful engagement to drive point of difference and relevancy

Education

1. Blackmores Institute
2. Simple consumer language built in at all consumer touchpoints

Designing for the Modern Parent in China



Launched **premium range** of vitamins and dietary supplements specifically designed for modern parenting – China as lead market from September 2020

Restore Blackmores' position in Modern Parenting by helping women across their **pregnancy and parenting journey**

Specifically design product formulations meeting consumer needs from...



Pre-conception



Conception



Pregnancy



Birth & recovery



Breastfeeding



Aged 0–3



Aged 4–7



China Activations

Leading up to Double 11



Social Media

Tik Tok and Little Red Book



想要宝宝聪明怎么办？有必要补充宝宝DHA吗

像我们当父母的，除了希望孩子能健康成长外，还希望自己的孩子能聪明机灵，赢在起跑线上~



儿童DHA您选对了吗？选错了=白补~

张妈妈您好~孩子约一岁半十分可爱~两个月前的小宝贝~让您知道宝宝聪明够了~还要宝宝的成长领先呢~所以一直很注重补充宝宝DHA呢

E-commerce Experience

Alibaba TMALL Flagship Store

Natural Formulation

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专为孕妈妈营养设计
胆碱+DHA脑力黄金组合

胆碱+DHA脑力黄金组合

BLACKMORES
Purency Kids
专为3-6岁宝宝精心研制
只留营养不留糖

儿童配方维生素片

Benefits

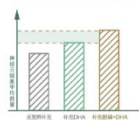
胆碱
促进宝宝神经发育的助推器

胆碱+DHA由天然植物萃取而成
有助于大脑神经的健康
以助于神经传递信息

DHA
促进宝宝大脑发育的脑黄金

是13种必需脂肪酸的
主要构成元素
对宝宝大脑及视力发育
超级关键作用

胆碱+DHA黄金组合
增强婴幼儿海马体发育



Origin & Authenticity

产品展示



澳洲88年口碑品牌
行业标杆品质保证



澳洲进口
100%正品



始于1932年
创立于澳洲本土
至今已拥有88年



连续17年
获得澳洲《消费者文摘》
最佳品牌奖
真实口碑

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Strategic Growth Opportunities

Cultural customisation

- ✓ Indonesia has the world's **highest Muslim population**
- ✓ Research shows **97% of Muslim consumers state certification is important** and 95% are more likely to purchase if halal accredited
- ✓ **Capitalise on Braeside registrations**
- ✓ **Test and learn** in Singapore before rollout to Malaysia and Indonesia

Size of prize

\$130m
market size



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Progressing Our Sustainable Development



Net Zero Carbon Emissions by 2030
Commitment



Non-manufacturing emissions down by
29%, reflecting increased use of
renewable energy and reduced travel



Progressed program to assess and
address human rights risk in supply chain



Progressing our Sustainable Development



Aligned incentives, new policies, integration of sustainability goals into core processes



**Net Zero Emissions by 2030
Commitment
Development of Climate Resilience Action Plan**



Partnering with suppliers and industry to assess and address human rights risk



Sustainable packaging focus



Innovation driving efficiencies, eliminating single use and problematic materials, reducing emissions



Learn more at
blackmoressustainability.com.au

TOWARDS
ZERO CARBON
BLACKMORES
| GROUP



Our Focus

3 BRANDS

BLACKMORES®

BioCeuticals

paw Pure Animal Wellbeing
by BLACKMORES

3 MARKETS

China

Indonesia

Australia



Our Goals

1. CONSUMERS
To be the most loved, trusted and chosen brand in the categories we play

2. GROWTH
Consumption ahead of the market, sustained profit performance

3. OUR PEOPLE
Ranked #1 employer of choice in the health industry

4. SUSTAINABILITY
Towards carbon neutral

5. VALUE
Shareholder return ahead of the market (EPS)

6. EDUCATION
#1 Thought leader in natural health

5 CONSUMER GROWTH PILLARS



Core



Mental Wellbeing



Move



Modern Parenting



Pet

Progress at the end of the First Quarter

In FY20 We Stabilised the Business

- ✓ Restructuring completed and **set to deliver \$15m of Gross Annualised savings** starting from H2
- ✓ **Initiated Leading Value Position (LVP)** savings program which will contribute to COGS savings of \$10m in F21
- ✓ **Kicked off reorganisation of global business** to align resources to strategic and market priorities
- ✓ Strong improvements in our company-wide **Integrated Business Planning processes (IBP)**
- ✓ China **Innovation Centre** established
- ✓ **SKU Rationalisation program** kicked off and well underway to reduce complexity
- ✓ Started build of our **Strategic Revenue Management** capability
- ✓ **Ongoing growth and optimisation** of manufacturing product mix and product development through our Braeside Factory
- ✓ Consolidation of our warehousing and distribution in Australia to **reduce our logistics footprint** – completed August 2020



Our Strategies are Taking Hold

We will track our progress and report back to you during FY21

Comprehensive suite of metrics acts as a 'dashboard' for business performance in FY21



#	KPI	Description	Q1 Score
1	Net sales	Net sales	●
2	Net sales per unit	Net sales per unit	●
3	GM%	Gross margin % of net sales	▲
4	EBIT	Earnings Before Interest and Tax	●
5	Net working capital	Average monthly NWC / net sales (%)	●
6	Innovation	Portfolio innovation quantity	●
7	Out of stocks	#SKUs – Total #SKUs – A Class	▲
8	Market share growth %	Market share growth % value	▲
9	Environment	CO2 Emissions - Group	●
10	Diversity and inclusion	Gender diversity of ET and senior leadership	●

Key Messages



Our transformation is underway and already yielding results



Strategic clarity built around consumers and growth segments



Investment in talent will make the difference



Our culture will be both purpose led and performance driven



We will exercise stronger financial discipline and improved returns



Solutions must be sustainable for the planet and society



Year in Review

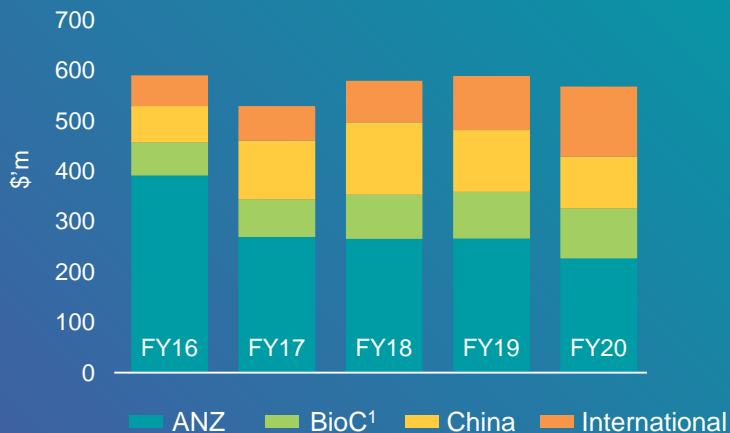
Gunther Burghardt
Chief Financial Officer



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F20 Overview

REVENUE 5 YEARS



1. Excludes Global Therapeutics FY20 as it is a discontinued operation
2. Operating cashflow prior to interest and taxes
3. Annualised savings by 2023 compared to the 2020 base year.

Strong growth in International and BioCeuticals offset by softness in Australia and China

Full year FY20 revenue down **3%** on prior year **\$568m**

Full year FY20 underlying NPAT of **\$18.7m**

Strong cash flow of **\$76m² up 46%** on prior year

\$50m annualised savings by 2023

Cost efficiency program to enhance margins substantially by FY23³

Capital Management

Placement and SPP results

\$92m

raised from our

institutional shareholders with overwhelming support

Our retail shareholders also showed tremendous support and purchased

\$49m of our shares*

\$141m

Total capital raised

*Share Purchase Plan completed July 2020



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Capital Management

Proceeds from the raise



Accelerating **GROWTH** in Asia

'Modern Parenting' innovation centre for product development in China

Step up investments in IT and in-store product advisers in Indonesia and other International markets

Invest in digital capability across Asia

Working capital in India

Progressing Halal in Indonesia



INVESTMENT in efficiency program

Efficiency investments in our Supply & Logistics operations

Streamlining our go-to market model to best serve our customers

SKU rationalisation and product reformulation

½ of these benefits will be reinvested in key areas of focus including Asia



Position balance sheet for **GROWTH**

Strong cash position to ensure Blackmores Group can navigate the uncertain world in which we are operating

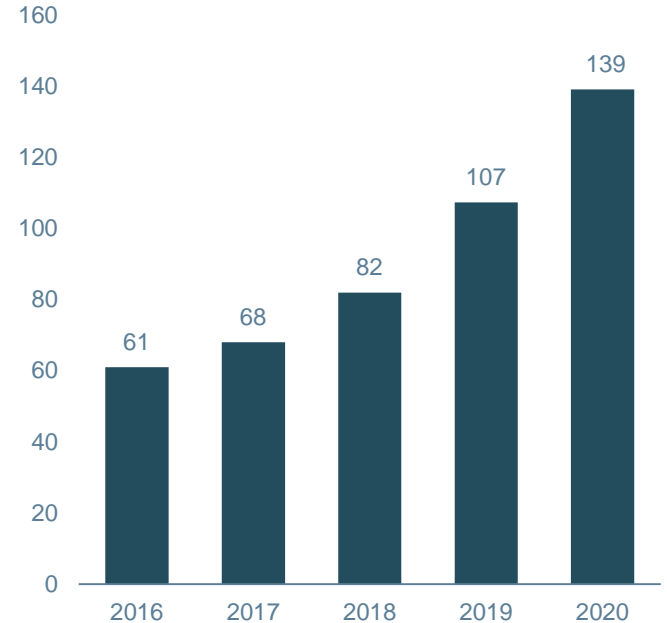
FY20 International

Doubled the business in 5 years

- ✓ Revenue across International **grew 30% compared to prior corresponding period**, EBIT for reported **International segment up 92%**
- ✓ **Double-digit growth** in Malaysia, Singapore and Indonesia
- ✓ **Continued** growth in Indonesia enabled by strong partnership with Kalbe Farma
- ✓ **Infant formula** sales growth in Vietnam with revenue of \$20m



Revenue 5 Years



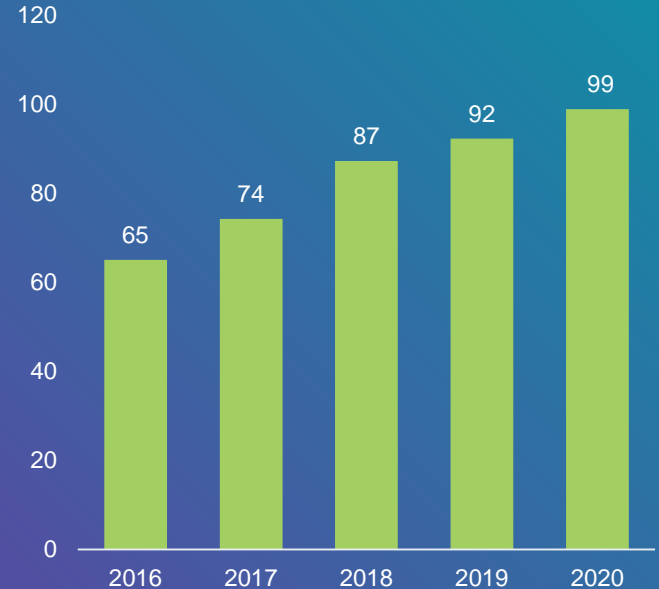
FY20 BioCeuticals

Consecutive growth

- ✓ BioCeuticals brand **revenue up 7%** with increased focus on immunity boosting sales in the second half
- ✓ **BioCeuticals is now #1 SKU** in the immunity segment¹ with ArmaForce sales at record high



Revenue 5 Years



1. Source: Nielsen & IQVIA, RMS/Sell Out service, Cold & Flu Vitamins & Dietary Supplements, Australia Grocery & Pharmacy, Total VMS Sales, Fiscal Year 2020.

*Global Therapeutics excluded as it is held for sale.

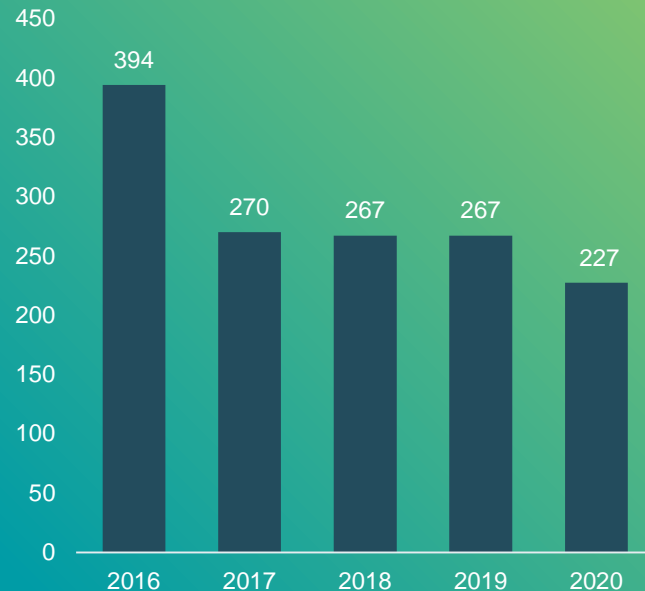
FY20 Australia & New Zealand

Stablising the business for future growth

- ✓ Blackmores ANZ revenue of \$227m, **down 15% on prior corresponding period**; EBIT of \$25.6m (down 49%)
- ✓ Regulatory change in China continued to **impact revenue in Australia**
- ✓ **COVID-19 shifted consumer** buying patterns away from non-immunity health
- ✓ **New Strategic Revenue program** kicked off, removing heavily discounted year end bulk sales
- ✓ **EBIT down as raw material costs increased**, additional obsolescence provisions and transition to Braeside Manufacturing



Revenue 5 Years



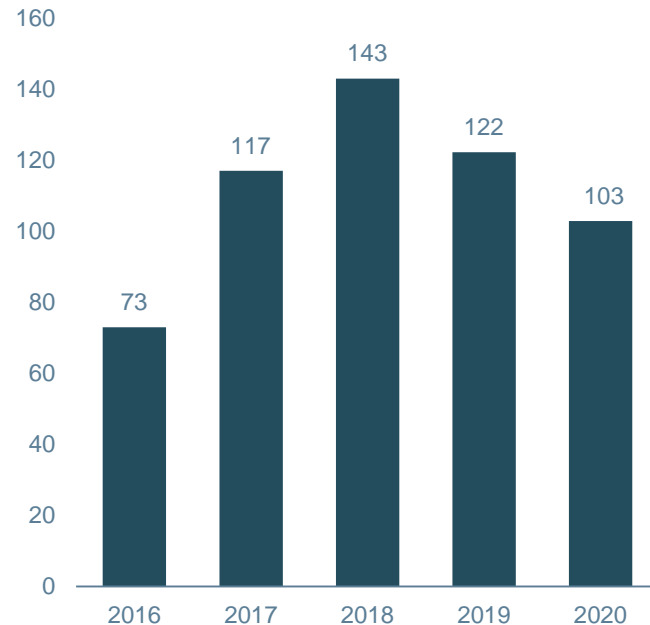
FY20 China

Positioning for future growth

- ✓ Revenue in the China segment (key export accounts and in-country sales) was \$103m, **down 16% on prior corresponding period**
- ✓ China in-country sales **impacted heavily by COVID-19** and label transition in market, while the export market continues to **decline due to regulatory changes**
- ✓ **Negligible EBIT** in the year as the business continued to invest in capabilities and brand in China despite COVID-19 and the label transition
- ✓ Positive signs of recovery seen in May and June trading



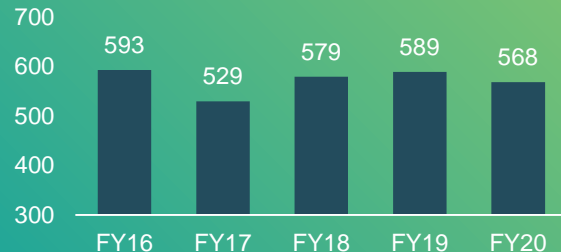
China Revenue FY20



Full Year FY20

- ✓ FY20 revenue of \$568m, down 3% on prior corresponding period (pcp)
- ✓ Reported net profit after tax (NPAT) of \$18.1m, down 66% on pcp
- ✓ Acquisition of Braeside manufacturing plant completed in October
- ✓ Increased material/packing costs and operational expenses impacted result
- ✓ The contingent asset disclosed at year end for Job Keeper will be recognised in H1 F21
- ✓ The Director's resolved on 24 August 2020 to not pay a final dividend in respect of the period ending 30 June 2020

Group Revenue³



Year ended 30 June 2020	FY20	FY19	% var to pcp
Sales Revenue	568.4	588.9	(3%)
Revenue and other income	571.9	593.5	(4%)
Cost of raw materials and consumables used	235.9	235.3	0%
Expenses	304.6	279.4	9%
EBIT	31.4	78.8	(60%)
<i>Reported EBIT</i>	29.4	76.6	(62%)
Interest and Tax	14.8	26.5	(44%)
NPAT from discontinued operation	3.0	2.9	3%
Underlying NPAT⁴	18.7	55.0	(66%)
<i>Adjust for Significant items:</i>			
Gain on acquisition of Braeside (net of costs)	(3.5)		
Job Keeper	(0.8)		
Redundancies and transformation costs	3.6	1.5	
Other	1.3		
Reported NPAT	18.1	53.5	(66%)

1. Nielsen & IQVIA, RMS/Sell Out service, Vitamins and Dietary Supplements, Australia Grocery Pharmacy, Total Retail Sales, FY2020
 2. Nielsen & IQVIA, RMS/Sell Out service, Vitamins and Dietary Supplements, Australia Pharmacy, Total Practitioner Sales, FY2020
 3. Excludes Global Therapeutics FY20 sales as it is a discontinued operation
 4. Adjusted for non-controlling interest

Cash Flow / Net Debt

- ✓ Cash generated from operations \$75.9m, up 46% on prior corresponding period (pcp)
- ✓ Includes the benefit of \$8m from reclass due to AASB 16 leases
- ✓ Investing activities includes the \$56.5m payment to Catalent for Braeside Manufacturing plant
- ✓ Financing activity includes \$92m proceeds from Capital Raise offset by repayments of \$34m borrowings
- ✓ Cash conversion ratio of 150% compared to 59% in pcp due to effective working capital management and additional obsolescence provisions in FY20
- ✓ Net Debt of \$37.3m down 60.5% on pcp
- ✓ Gearing at 10.9%, down 20.4 ppts from pcp



A\$M	Jun '20	Jun '19	\$ CHG	% CHG
Cash generated from operations	75.9	51.8	24.1	46%
Interest and taxes	(13.8)	(32.0)	18.2	(57%)
Net Cash from Operating Activities	62.1	19.8	42.2	213%
Net Cash used in Investing Activities	(79.5)	(27.1)	(52.4)	193%
Net Cash from Financing Activities	40.4	(6.6)	47.1	(709%)
Net Increase in Cash / Cash Equivalents	23.0	(14.0)	37.0	(265%)
Cash and cash equivalents at start of year	24.5	36.5	(12.0)	(33%)
Effects of FX	0.1	2.0	(1.9)	(93%)
Cash and cash equivalents at end of year	47.7	24.5	23.1	94%
<i>EBITDA</i> ¹	50.7	87.3	(36.6)	(42%)
Cash Conversion %	150%	59%		91ppts

1. Excludes Global Therapeutics FY20 sales as it is a discontinued operation.

F21 Outlook

- ✓ **We anticipate full year profit growth in FY21**, despite additional cost variances arising from Braeside manufacturing ownership in the first half of FY21
- ✓ **Profit growth** will come predominantly from the **second half of the fiscal year**
- ✓ Due to current global uncertainty, **no specific full year profit outlook for FY21**
- ✓ **Confidence in our renewed strategy** to put the company back on the path to sustainable, profitable growth and ambition to restore future dividends



Formal Business

Brent Wallace
Chairman



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Resolutions

1



**Adoption of
Remuneration
Report**

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**Re-election of
Mr David Ansell
as Director**

3



**Grant of STI Award
to Mr Alastair
Symington**

4



**Grant of LTI Award
to Mr Alastair
Symington**



Resolution 1

Adoption of Remuneration Report

PROXY VOTE TYPE	VOTED	% OF VOTED	% OF ALL SECURITIES
For	7,554,452	96.27	39.05
Against	160,037	2.04	0.83
Open-usable – refer below	132,708	1.69	0.69
Total	7,847,197	100	40.6
Open-Useable Breakdown:			
Chairman appointed as proxy	42,514	0.54	0.22
Others appointed as proxy	90,194	1.15	0.47

01

“

That the Remuneration Report, as contained in the Directors' Report of the Company, for the year ended 30 June 2020, be adopted.”



Resolutions

1



**Adoption of
Remuneration
Report**

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Symington**

David Ansell
Director



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Resolution 2

Re-election of Mr David Ansell as Director

02

PROXY VOTE TYPE	VOTED	% OF VOTED
For	7,657,889	97.16
Against	90,590	1.15
Open-usable	132,693	1.69
Total	7,881,172	100

“

That Mr David Ansell who retires as a Director pursuant to Clauses 89 and 94 of the Constitution and being eligible, offers himself for re-election, be elected a Director of the Company.”



Resolutions

1



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to Mr Alastair
Symington**



Resolution 3

Grant of STI Award to Mr Alastair Symington

03

PROXY VOTE TYPE	VOTED	% OF VOTED
For	7,542,675	95.66
Against	213,752	2.71
Open-usable – Refer Below	128,410	1.63
Total	7,884,837	100

“

“That for the purpose of Listing Rule 10.14 and for all other purposes, the acquisition of up to the number of Shares equivalent to the maximum STI award by Mr Alastair Symington (CEO and Managing Director of the Company) under the ESP on the terms and conditions set out in the Explanatory Statement, is approved.”





Resolution 4

Grant of LTI Award to Mr Alastair Symington

04

PROXY VOTE TYPE	VOTED	% OF VOTED
For	7,546,624	95.72
Against	207,736	2.64
Open-usable	129,574	1.64
Total	7,883,934	100

“

“That for the purpose of Listing Rule 10.14 and for all other purposes, the acquisition of up to the number of Shares equivalent to the maximum STI award by Mr Alastair Symington (CEO and Managing Director of the Company) under the ESP on the terms and conditions set out in the Explanatory Statement, is approved.”



Conclusion of Formal Business & Final Questions

Brent Wallace
Chair



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Closing Remarks

Alastair Symington
Chief Executive Officer



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Thank
you