

# Financial Results and Investor Discussion Pack

**For the half-year ended December 2020**

Blackmores Limited

24 February 2021

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# Important information

## Important Information

The information in this presentation about Blackmores Limited and the entities it controls (**Group**) and its activities is current as at 24 February 2021 and is being given in conjunction with the Company's Appendix 4D and Interim Financial Report for the half year ended 31 December 2020. It is in summary form and does not purport to be complete.

The financial information contained in the Interim Report for the half year ended 31 December 2020 has been reviewed by the Group's external auditors.

## Forward-looking statements

The presentation may contain certain "forward-looking statements". Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "would", "could", "expect", "intend", "plan", "aim", "estimate", "target", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding the Group's intent, belief or current expectations with respect to the Group's business and operations, market conditions, results of operations and financial condition, capital adequacy and risk management. These forward looking statements should not be relied upon as a representation or warranty, express or implied, as to future matters. Prospective financial information has been based on current expectations about future events and is, however, subject to risks, uncertainties, contingencies and assumptions that could cause actual results to differ materially from the expectations described in such prospective information. The Group disclaims any obligation to update any forward looking statement to reflect events or circumstances after the date of the presentation, subject to the disclosure requirements applicable to the Group.

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The Group's statutory results are prepared in accordance with International Financial Reporting Standards (**IFRS**). This presentation may also include non-IFRS financial information. The non-IFRS financial information is unaudited and has not been reviewed by the Group's external auditors. Non-IFRS financial information should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.

The release of this announcement was authorised by Cecile Cooper, Company Secretary.

# Alastair Symington

Chief Executive Officer

# Agenda

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## Solid start to FY21

with key turnaround milestones achieved, our transformation is well underway, and accelerated growth achieved in key Asian markets



## Progress on our growth strategy

to deliver sustainable, profitable growth. Focused on 3 core brands, 3 key markets and 5 consumer growth segments



## Strong financial health

solid operating cashflow, strong balance sheet, disciplined cost control. Well positioned to deploy capital against growth opportunities



## Meet global shifts

in health, wellbeing and digital to reinforce our mission, strategy and purpose as a leading Australian-owned natural health company

# COVID-19 Impacts

Protecting the health of our people and our business



## Our people and operations

- > **Employee health and wellbeing** our priority – specialised team charged with supporting employees through the pandemic.
- > **Implementation** of COVID-safe protocols at all Blackmores sites globally such as employee attendance app, temperature testing and increased hygiene and sanitation procedures.
- > **Community support** through donation of product to frontline workers and those in need.
- > **Underutilised** leased office space in Sydney CBD due to changing work habits and reluctance from employees to travel on public transport. Resulting in an impairment of our Surry Hills office.



## Category consumption

- > **In Australia** category sales of vitamins and supplements were down in the six months to December 2020, as border closures and travel restrictions led to fewer international travellers and students and reduced foot traffic in pharmacy.
- > **Shift in shopper behaviour** due to social distancing and isolation resulted in a limited cold and flu season which affected sales and replenishment rates for select immunity products like ArmaForce.
- > **Lower foot traffic** and lower volumes in pharmacy led to an increase in heavy discounting in the category.



## Supply and demand

- > **Complexity** in our supply chain impacted the availability of certain raw materials and third party manufactured items led to some marginal increase in costs and utilisation of air freight.
- > **Fluctuations and unpredictability** of demand linked to COVID-19 outbreaks impacted our ability to plan and resulted in OOS on key immunity product lines.



## Manufacturing – Make, Check, Pack, Deliver

- > **As an essential health service**, we maintained business operations in our Braeside manufacturing facility and Warriewood production.
- > **Implemented COVID-safe** protocols to ensure business continuity including split shifts, separation of office workers from manufacturing and production employees and regular sanitisation of facilities.



## Government subsidies

- > **Blackmores qualified** for JobKeeper stimulus and Singapore Job Support Scheme and together these contributed **\$10.4m** to EBIT in H1FY21. Blackmores did not participate in the second round of JobKeeper in Australia.
- > **After the reporting date** and review of the financial impacts of COVID-19 in H1 FY21, Blackmores has committed to returning **\$2.4m** of JobKeeper in Australia in H2.

# H1 FY21 | At a glance

Group revenue performance in-line with expectations, solid earnings result



Revenue

**\$302.6m**

+4%\*



Underlying NPAT

**\$19.4m**

+8%



Underlying EBIT

**\$30.8m**

+15%



Interim Dividend  
Per Share

**29 cents**

Prior Year Nil

\* Underlying Revenue up 4% at constant currency rate and 3% actual FX.

# Our brand metrics are strong



Blackmores highest brand penetration in market

# 1 in 5

Australian households use Blackmores products<sup>1</sup>



Blackmores market leadership

# #1

in Australia, Thailand and Malaysia<sup>2,3,4</sup>



Blackmores Institute

# 4

 LearnX awards

Inc. Platinum for 'Best Learning Design Team'



BioCeuticals

# #1

 Practitioner brand in pharmacy in Australia<sup>5</sup>

+ cold & flu segment<sup>6</sup>



Blackmores on Tmall

# Top 3

VDS brand in China's Double 11 festival<sup>7</sup>



Blackmores is

# #1

 most trusted brand

for 12 years running in Australia<sup>8</sup>



ArmaForce

# #1

 Practitioner Immunity product

in Australian pharmacy<sup>9</sup>



PAW by Blackmores

# 82%

brand awareness<sup>10</sup>

1. Nielsen Homescan MAT to 27/12/20 | 2. Nielsen AU Pharmacy & Grocery FYTD 19/12/20 Domestic (Retail & Practitioner) | 3. IQVIA CHR Sell-out MAT 09/2020 | 4. IQVIA Malaysia National Sales Audit (Pharmacy channel) Q1 2020 | 5. Nielsen AU Pharmacy & Grocery (Practitioner sales only) FYTD 19/12/20 | 6. Nielsen AU Pharmacy & Grocery (Practitioner sales only) FYTD 19/12/20 | 7. Alibaba Group 13/11/2020 | 8. Reader's Digest Most Trusted Brands Surveys 2009 to 2020 | 9. Nielsen AU Pharmacy & Grocery (Practitioner sales only) FYTD 19/12/20 | 10. Kantar Pet Healthcare Brand Awareness Survey 09/2020



# H1 FY21 | Financial Snapshot

## Key results

\$'m	H1 FY21	H1 FY20	% Chg
<b>STATUTORY<sup>1</sup></b>			
Revenue	302.6	293.5	3%
EBIT	25.8	25.5	1%
NPAT	18.9	18.2	4%
<b>UNDERLYING<sup>2</sup></b>			
EBIT	30.8	26.8	15%
NPAT	19.4	18.0	8%
<b>OTHER KEY ITEMS</b>			
	<b>31/12/2020</b>	<b>31/12/2019</b>	
EPS - basic from cont. operations	70.2	99.0	(29%)
EPS - basic from cont. and discont. operations	98.0	104.9	(7%)
DPS (Interim) cents per share	29.0	-	-
Cash generated from operations <sup>3</sup>	59.3	46.6	27%
Cash conversion ratio <sup>4</sup>	147%	126%	21 ppts
	<b>31/12/2020</b>	<b>30/06/2020</b>	
Net cash/(net debt)	71.0	(37.3)	(290%)

1. Refer to the statement of profit or loss in the Half Year FY21 Financial Report (page 8) for more detail

2. Underlying results represent statutory results adjusted for significant items including \$10.4m (\$7.4m post-tax) of COVID-19 subsidies. Refer to Slide 20 for detail on significant items and reconciliation

3. Cash generated from operations includes \$10.4m of COVID-19 subsidies in the period, prior period included \$23.1m of RPA impact. Underlying 107% improvement

4. Calculated as cash generated from operations prior to interest and taxes divided by statutory EBITDA

- > **Revenue growth** of 4% in constant currency (3% in actual FX)
  - > **ANZ segment** impacted by COVID-19, the resulting lack of foot traffic and cold and flu season
  - > **International and China segments** recovered well and recorded strong growth
- > **Underlying EBIT** up 15%, through cost control, benefits of organisational transformation and delivery of targeted supply efficiencies
- > **Underlying EBIT excludes** \$10.4m COVID-19 assistance, (\$5.3m) brand impairment, (\$10.5m) of transformation costs and \$0.4m of other non-trading pre-tax gains
- > **EPS lower** than the pcp despite profit growth due to impact of equity issued during capital raise
- > **A return to dividends**, BKL announced fully franked interim DPS of 29 cents and a payout ratio of 30%
- > **Strong operating cashflow** and cash conversion ahead of target
- > **Group** is in a net cash position of \$71m compared to \$37m net debt at 30 June 2020

# H1 FY21 | Operational highlights

Progressing our transformation to create a stronger more resilient Blackmores

## Organisational redesign complete



Re-organised to **align resources** to strategic and market priorities

## Portfolio simplification



Sale of Global Therapeutics and IsoWhey/Wheyless, and **ongoing SKU rationalisation program**

## Innovation



Revamp of innovation process geared around our five **Consumer Growth Platforms** and local consumer insights

## Braeside manufacturing



**Successful integration and adjusted operating model** to absorb over time higher fixed costs and align unique capabilities to our strategy

## Demand and supply planning



**Embedded Integrated Business Planning** process to enable more predictable demand and improved customer service and stock levels

## E-Commerce




**E-Commerce across Group growing** at +25% compared to pcp. Roll-out of Blackmores personalisation offer B(more) in Australia

# Business Improvement Program (BIP)

Supply and OPEX Efficiencies will deliver EBIT improvements and investment in Asia and digital over the next 3 years

\$ millions	H1 FY21 (\$m)	Full Year FY21 Estimate (\$m)	Full Year FY23 Annualised (\$m)
Supply chain savings - Leading Value Position (LVP)	\$4m	\$10m	\$25m
Operating Expenses	\$3m	\$8m	\$25m
<b>TOTAL SAVINGS / EFFICIENCIES</b>	<b>\$7m</b>	<b>\$18m</b>	<b>\$50m</b>

\* savings calculated vs. F20 baseline

-  **FY21 Investments**
- > Global Innovation Centre (Shanghai)
  - > Brand investments Asia
  - > Digital and cyber security
  - > Marketing capability

-  **Future Investments**
- > New market expansion
  - > Digital transformation
  - > Cultural Customisation program
  - > Continued brand investments
  - > Supply chain investments

# Our strategy is consumer focused

3 BRANDS

BLACKMORES®

BioCeuticals

paw Pure Animal Wellbeing  
By BLACKMORES

3 FOCUS MARKETS

China

International\*  
- Indonesia focus

Australia

5 CONSUMER GROWTH PLATFORMS



Core



Mental Wellbeing



Move



Modern Parenting



Pet

## Our Goals

### 1. CONSUMERS

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

### 2. VALUE

Shareholder return ahead of the market (EPS)

### 3. GROWTH

Consumption ahead of the market, sustained profit performance

### 4. OUR PEOPLE

Ranked #1 employer of choice in the health industry

### 5. SUSTAINABILITY

Towards Net Zero Emissions by 2030

### 6. EDUCATION

#1 thought leader in natural health

\*International includes Malaysia, Singapore, Thailand, Korea, Hong Kong (China), Taiwan (China), Vietnam, Pakistan, Kazakhstan, India

# Disciplined execution of our strategy

Relentless focus on executing our key choices



Improve choice  
in health for the  
Modern Career  
Woman

**Global Innovation Centre** established in Shanghai delivering local market consumer insights to inform innovation

**Premium** range of products designed for the modern parent successfully launched in China in record time

**Blackmores Institute** thought leadership leveraging insights from modern career women green paper\*



Rejuvenate  
Australia

**Price pack architecture** initiated to improve shopper and channel relevance and pricing strategy

**Delivering** channel specific and distinctive brand campaigns to drive stronger domestic consumption

**Go-to-market** model simplified and more customer-centric

**Brand investments** in digital marketing and consumer insight-led brand campaigns



Cultural  
Customisation  
and New  
Growth

**Key cultural** accreditations underway in Indonesia, Malaysia and Singapore

**Pet supplements** gathering momentum with strong sales growth and awareness in H1

**India launch** expected in late CY2021



Greater  
participation in  
the Digital  
Economy

**Digital growth** driven by ecommerce +25%

**Positioning** for future growth through digitally enabled communication and sales channels to deliver best consumer experience

**Reviewing** capital allocation plans to ramp up digital transformation

\*in partnership with Tsinghua University



## Committed to Net Zero Emissions by 2030

with a clear pathway of emissions reduction initiatives mapped.



## Deepened Supply Chain Transparency

to assess and address the risk of Modern Slavery, integrating this program into new procurement standards to understand the impact of our business on people and the environment.

Full packaging review underway with sustainability a key focus.



## Developing Climate Change Resilience Model

to quantify the risk assessment of climate-related threats to our supply chain and inform our mitigation and adaptation actions and enable reporting aligned to TCFD recommendations.



## Strengthened Corporate Governance

including Board changes and alignment of Senior Executive KPIs to ESG outcomes.

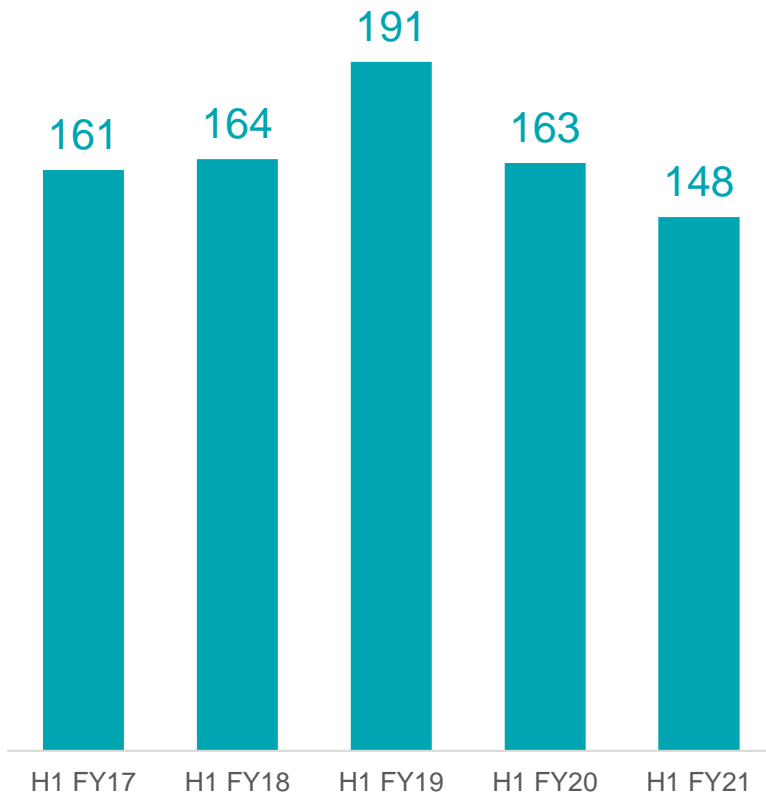
The Remuneration Report received strong shareholder endorsement at the Blackmores Limited AGM in October 2020.

# Segment Performance

# H1 FY21 | Australia and New Zealand<sup>1</sup>

Difficult retail market conditions impact first half result with the exception being Pet Health

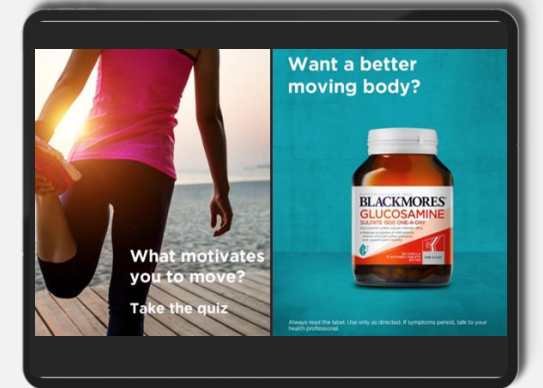
\$'m revenue



- > **Revenue** of \$148m down 10% on pcp
- > **EBIT** down 22% on pcp
- > **COVID-19** impacted consumer behaviour and foot traffic
- > **Category retail sales** from international students and visitors severely impacted by onset of COVID-19
- > **BioCeuticals** impacted by lack of cold & flu season and lower replenishment rates for ArmaForce
- > **PAW brand** gaining momentum, revenue up 53% on pcp
- > **Focus** on improving unit price, product mix and strong cost control



**PAW partnerships:**  
Good Weekend  
Sunday Life  
Bondi Vet



**MOVE**  
TV & influencer  
campaign reached  
3m wellbeings



**BioCeuticals**  
practitioner  
targeting focus

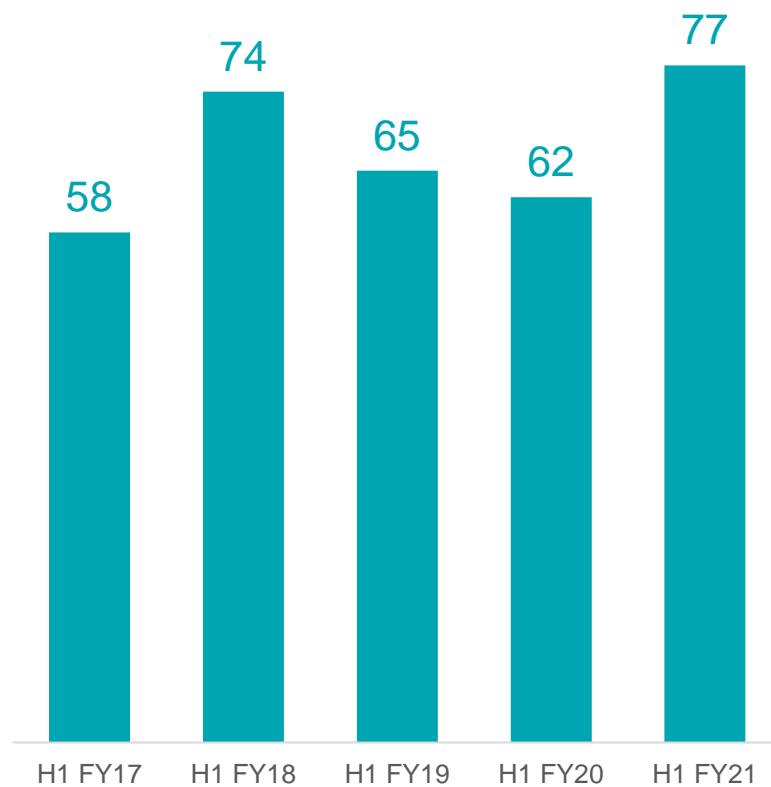
1. Australia and New Zealand segment includes BioCeuticals and excludes Global Therapeutics. Refer to supplementary slide page 29.



# H1 FY21 | China

A step up of investments in talent and digital marketing leads to growth in China for the first time in 3 years

\$'m revenue



- > **Revenue of \$77m** up 27% on pcp (25% at actual FX)
- > **EBIT** grew in line with revenue, up 26% on pcp, despite investment in team, capability and marketing
- > **Robust** performance in Double 11 shopping festival with Blackmores ranked top 3 brand on Tmall<sup>1</sup>
- > **Modern Parenting** premium line of new products successfully launched
- > **Gross Merchandise Value up 31%** on last year versus national CBEC growth of 26%<sup>2</sup>



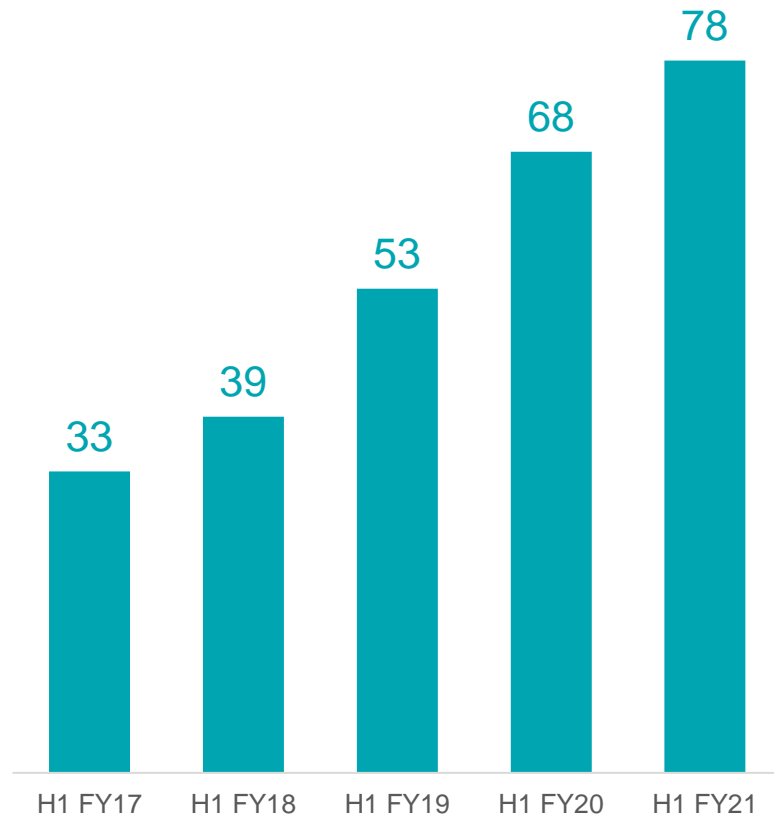
Successful **Double 11** performance, with Blackmores ranked Top 3 VDS brand on Tmall<sup>3</sup>

1. Alibaba Group 13/11/2020, 2. Smart Path 3/12/20, 3. Alibaba Group 13/11/2020

# H1 FY21 | International

Strong double-digit growth in Indonesia, Malaysia and Thailand, despite COVID-19 challenges and continued market disruptions

\$'m revenue



- > **Revenue** up 19% on pcp (13% at actual FX)
- > **EBIT** up 61%, which is faster than revenue growth and demonstrates continued operating leverage
- > **Indonesia** our fastest growing market up 73% on pcp (59% at actual FX)
- > **Thailand** up 13% (5% at actual FX)
- > **Malaysia** up 10% (5% at actual FX)
- > **Continued** strong infant formula sales growth in Vietnam



**Halal accreditation** underway in key markets



**#1 Vitamin C** product in Thailand<sup>1</sup>

1. IQVIA CHR Sell-out MAT September 2020

# Gunther Burghardt

Chief Financial Officer

# H1 FY21 | Financials – Results

Half-Year ended 31 December 2020	Statutory <sup>1</sup> H1 FY21	Underlying H1 FY21	Underlying H1 FY20 <sup>2</sup>	% Underlying var. to pcp
<b>Sales revenue</b>	<b>302.6</b>	<b>302.6</b>	<b>293.5</b>	<b>3%</b>
Other income <sup>3</sup>	11.1	0.5	0.8	(45%)
<b>Revenue and other income</b>	<b>313.6</b>	<b>303.0</b>	<b>294.3</b>	<b>(3%)</b>
Cost of raw materials and consumables used	115.4	115.4	118.4	(3%)
% of sales revenue	38.1%	38.1%	40.3%	
Selling and marketing expenses	29.8	29.8	29.6	1%
Operating expenses	142.6	127.1	119.5	6%
Total Expenses	172.4	156.9	149.1	5%
<b>EBIT</b>	<b>25.8</b>	<b>30.8</b>	<b>26.8</b>	<b>15%</b>
% of sales revenue	8.5%	10.0%	9.1%	
Net interest expense	2.2	2.0	2.5	(20%)
Income tax expense	8.1	8.5	7.1	20%
% effective tax rate <sup>4</sup>	28.3%	29.2%	29.0%	
Profit from discontinued operation <sup>5</sup>	5.4	1.0	1.0	3%
Non-controlling interest	1.9	1.9	0.2	727%
<b>NPAT</b>	<b>18.9</b>	<b>19.4</b>	<b>18.0</b>	<b>8%</b>

Half-Year ended 31 December 2020	Statutory H1 FY21	Underlying H1 FY21	Underlying H1 FY20	% Underlying var. to pcp
<b>ALTERNATIVE PRESENTATION – INTERNAL MEASUREMENT COGS V OPEX</b>				
<b>Sales revenue</b>	<b>302.6</b>	<b>302.6</b>	<b>293.5</b>	<b>3%</b>
Cost of good sold (COGS)	145.4	145.4	134.8	8%
<b>Gross profit</b>	<b>157.2</b>	<b>157.2</b>	<b>158.7</b>	<b>(1%)</b>
% of sales revenue	52.0%	52.0%	54.1%	
Operating expenses excluding COGS	112.6	97.1	103.1	(6%)

- > **Group revenue** of \$302.6m up 4% at constant currency (3% at actual FX) compared to pcp
- > **Underlying EBIT** of \$30.8m, up 15% compared to pcp
- > **Underlying NPAT** of \$19.4m, up 8% compared to pcp
- > **Braeside related headwinds** of \$10m in the period, partially offset by supply savings from Leading Value Proposition (LVP) program
- > **Operating expenses excluding COGS** are down 6% due to tight cost control, and benefits realised from the organisational transformation

1. Refer to the statement of profit or loss in the Half Year FY21 Financial Report (page 8) for more detail.
2. Prior year comparative has been adjusted to exclude the discontinuing operations.
3. Other income includes \$10.4m of COVID-19 Government assistance including JobKeeper, these are treated as significant items, see slide 21 for further detail and reconciliation of statutory and underlying results. After the balance sheet date, the decision was made to repay \$2.4m of JobKeeper.
4. The effective tax rate includes the tax expense on the continuing and discontinuing operation.
5. The profit from discontinuing operation includes a \$4.0m gain on the sale of Global Therapeutics which has been excluded from underlying performance.

# H1 FY21 | Financials – Significant Items

A\$M	H1 FY21	H1 FY20
	NPAT	NPAT
<b>Statutory Result</b>	<b>18.9</b>	<b>18.2</b>
<b>Adjust for significant items (after tax):</b>		
<b>Australia JobKeeper and Singapore Job Support Scheme</b>	(7.4)	-
<b>Acquisitions &amp; Divestments</b>		
Gain on sale of Global Therapeutics, IsoWhey & Wheyless Divestment	(4.6)	-
Gain on Braeside Acquisition	-	(5.7)
Acquisition costs for Braeside (inc Stamp duty)	-	3.0
<b>Impairment of Brands</b>	5.3	-
<b>Transformation costs (including redundancies)</b>	7.4	2.5
<b>Other</b>	(0.2)	-
<b>Underlying Result</b>	<b>19.4</b>	<b>18.0</b>

- > **COVID-19 Government assistance** of \$10.4m (\$7.4m post-tax) was recorded in statutory other income and excluded in our underlying results. This assistance importantly enabled the Group to reinstate a full working week for all Australian staff and supported the business through other direct and indirect financial implications of COVID-19. After the reporting date the decision was made to repay \$2.4m of the JobKeeper Payment which was deemed to be in excess of the estimated financial impacts of COVID-19 to the Group during the JobKeeper 1.0 period. This will be repaid in H2 of FY21.
- > **Much progress** was made in the period on delivering against our strategy of portfolio simplification and sharpening of focus to three key brands. This resulted in the divestment of GT, IsoWhey and Wheyless and the impairment of the Impromy brand, the associated gains are treated as significant items and excluded from underlying results.
- > **Continuing the transformation** of the organisation and completion of the restructuring of the workforce and go-to-market model in ANZ resulted in costs of \$10.4m (\$7.4 post-tax). In addition to redundancy costs, impairment costs relating to the Group's Surry Hills office and a CRM tool previously under development were borne in the period.

# H1 FY21 | Financials – Balance Sheet

Strong balance sheet, ample headroom to fund growth

A\$M	Dec-20	Jun-20	\$ CHG	% CHG
Cash	71.0	47.7	23.4	49%
Receivables	114.0	97.9	16.1	16%
Inventories	100.6	120.7	(20.1)	(17%)
Other current assets	16.7	11.0	5.7	52%
Assets held for sale	2.2	30.7	(28.5)	(93%)
<b>Current Assets</b>	<b>304.4</b>	<b>307.9</b>	<b>(3.4)</b>	<b>(1%)</b>
Property, plant and equipment	137.4	139.2	(1.8)	(1%)
Other non-current assets	104.3	114.0	(9.7)	(9%)
<b>Total Non-Current Assets</b>	<b>241.8</b>	<b>253.3</b>	<b>(11.5)</b>	<b>(5%)</b>
<b>Total Assets</b>	<b>546.2</b>	<b>561.1</b>	<b>(15.0)</b>	<b>(3%)</b>
Trade and other payables	114.5	101.8	12.7	12%
Other current liabilities	24.3	26.5	(2.2)	(8%)
Liabilities directly associated with assets held for sale	-	6.7	(6.7)	(100%)
<b>Total Current Liabilities</b>	<b>138.8</b>	<b>135.0</b>	<b>3.8</b>	<b>3%</b>
Interest bearing liabilities	-	85.0	(85.0)	(100%)
Other non-current liabilities	33.8	34.5	(0.7)	(2%)
<b>Total Non-Current Liabilities</b>	<b>33.8</b>	<b>119.5</b>	<b>(85.7)</b>	<b>(72%)</b>
<b>Total Liabilities</b>	<b>172.6</b>	<b>254.5</b>	<b>(81.9)</b>	<b>(32%)</b>
<b>Net Assets</b>	<b>373.6</b>	<b>306.6</b>	<b>67.0</b>	<b>22%</b>

- > **Solid financial health** and balance sheet maintained
- > **Cash higher** due to successful completion of capital raise, non-core brand divestments and working capital improvement
- > **Receivables higher** than **June 2020** due to timing of revenue
- > **Continued improvement in inventory levels**, but some reinvestment to come in **H2**
- > **Divestments and impairments** reflect the strategy of focusing on three core brands
- > **All debt repaid** by **December 2020** and all pre-existing debt facilities remain in place



# H1 FY21 | Financials – Cashflow Statement

## Positive cashflow generation and strong capital surplus

A\$M	Dec-20	Dec-19	\$ CHG	% CHG
Cash generated from operations	59.3	46.6	12.7	27%
Interest and taxes	(13.9)	(13.5)	(0.3)	(3%)
<b>Net Cash from Operating Activities</b>	<b>45.4</b>	<b>33.0</b>	<b>12.4</b>	<b>38%</b>
<b>Net Cash from/(used in) Investing Activities</b>	<b>21.5</b>	<b>(47.8)</b>	<b>69.3</b>	<b>145%</b>
<b>Net Cash (used in)/from Financing Activities</b>	<b>(42.4)</b>	<b>23.7</b>	<b>(66.1)</b>	<b>(279%)</b>

<b>Net increase in cash and cash equivalents</b>	<b>24.5</b>	<b>8.9</b>	<b>15.6</b>	<b>176%</b>
Cash and cash equivalents at start of period	47.7	24.5	23.1	94%
Effects of FX	(1.1)	0.3	(1.5)	(449%)
<b>Cash and cash equivalents at end of period</b>	<b>71.0</b>	<b>33.7</b>	<b>37.3</b>	<b>111%</b>

	Dec-20	Dec-19	\$ CHG	% CHG
EBITDA <sup>1</sup>	40.4	36.8	3.5	10%
Cash Conversion %	147%	126%		+21 pts
Cash Conversion % adjusted for JobKeeper and RPA	161%	64%		+97 pts

A\$M	Dec-20	Jun-20	\$ CHG	% CHG
Debt	-	(85.0)	85.0	(100%)
Cash and cash equivalents	71.0	47.7	23.4	49%
<b>Net Cash/(Debt)</b>	<b>71.0</b>	<b>(37.3)</b>	<b>108.4</b>	<b>(290%)</b>

- > **Cash generated** from operations of \$59m up 27% on pcp (underlying 107% improvement, CY includes JobKeeper \$10m and PY included \$23m from RPA)
- > **Cash inflow** from investing activities relates to GT, IsoWhey and Wheyless divestments partially offset by payments for PP&E
- > **Financing outflow** represents proceeds of share purchase plan (SPP) offset by repayment of all debt
- > **Cash conversion ratio (CCR)** of 147% (including JobKeeper income) compared to 127% reported at 31 December 2019 (underlying of 64% at December 2019 excludes RPA impact)
- > **Group** is in a net cash position of \$71m compared to \$37m net debt as at 30 June 2020

1. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). H1 FY20 shown for the purpose of calculating cash conversion ratio has not been restated for discontinued operations.

# Strategic update and outlook

**Alastair Symington**

Chief Executive Officer



# Strategic update

Sharpening our growth strategy, responding to global dynamics of COVID-19



## Global recovery

led by Asia, focus investments and growth plans in International markets and China.

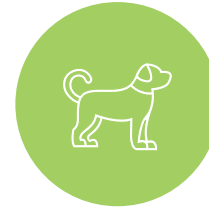
Closely monitor the recovery in Australia



## Step change

brand experience via superior consumer and customer value proposition

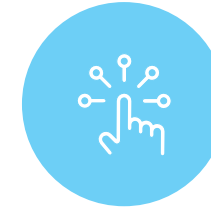
Step up our Innovation pipeline



## Pet at the heart

of the household and health outcomes even more so since COVID-19

Continue to build momentum of PAW in Australia



## Digital transformation

and investments brought forward to expand our reach

Digital as an accelerator to connect every person on earth to the healing power of nature

# H2 FY21 | Trading update and outlook



**Second half revenue growth in Asia** will continue with positive signs of health and economic recovery underway



**Cost savings programs** and pricing from October 2020 will begin to improve our gross margins from H2 FY21



**Challenging market conditions in Australia** will continue as international borders remain closed and will lead to revenue for the second half being lower than the first half



**Capital allocation framework** as a key enabler to guide investment decisions that drive long-term shareholder value and returns. More details to be shared in the coming months



**Continue to execute against our Growth Strategy** to return Blackmores to sustainable, profitable growth and shareholder value creation mindful of uncertainty around COVID-19.

# Key upcoming dates



Blackmores Group Annual  
“Investor Day”\* will be held:  
**22 April 2021**



Details to be confirmed through our **Investor Centre website** shortly



If you require any further information, please contact

**Dee Henz**  
Investor Relations Manager  
**+61 414 654 007**



\*Formerly Meet the Management Shareholder Day

# Q&A

# Supplementary Information

# Revenue by Segment – Five Year History

Following the restructure and transformation of the Group during 2020, the Group's operating segments changed to align with how the business is now managed and reported internally. There are three revenue generating segments as follows:

- 1. ANZ** which includes revenue from the Blackmores, BioCeuticals and PAW brands sold across Australia and New Zealand;
- 2. China** which includes revenue from the Blackmores brand in mainland China as well as through our Australian-based China Export Division; and
- 3. International** which comprises Indonesia, Thailand, Malaysia, Singapore, Hong Kong (China), Taiwan (China), Korea, Vietnam, Pakistan and Kazakhstan.

Revenue \$m's	H1 FY17	H1 FY18	H1 FY19	H1 FY20	H1 FY21
ANZ	161	164	191	163	148
China	58	74	65	62	77
International	33	39	53	68	78
<b>Group</b>	<b>252</b>	<b>277</b>	<b>309</b>	<b>293</b>	<b>303</b>

Due to the divestment of the Global Therapeutics business in the period all comparatives have been restated to exclude revenue from this business.



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