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**Investor Presentation  
Goldman Sachs Conference  
18 May 2011**



*Blackmores' Grocery Channel Manager, Anthony Wagstaff*

**Chris Last**

Chief Financial Officer

**Blackmores Limited**

**ASX:BKL**

# Introducing Blackmores

- Founded in the 1930s by pioneering naturopath, Maurice Blackmore
- Listed on ASX in 1985
- Entered Malaysia, Thailand, Singapore and Hong Kong markets in the 1990s, and Taiwan in 2007
- New CEO, Christine Holgate, in November, 2008
- Moved into new, purpose built campus in Warriewood in January, 2009 – significant investment in state of the art production and distribution facility, minimised environmental impact and great work environment for staff
- Today a market leader in the natural health sector with a strong record of financial performance
- #1 brand in Australia and Thailand, and outperforming the market in all our major territories
- Strong relationships with healthcare professionals, endorsers and key opinion leaders (#1 brand used by GPs in Australia)
- 7,500 points of distribution in Australia across pharmacy, grocery and health food
- Well-established online presence – the most visited health information site in Australia, with around 320k members in our online community



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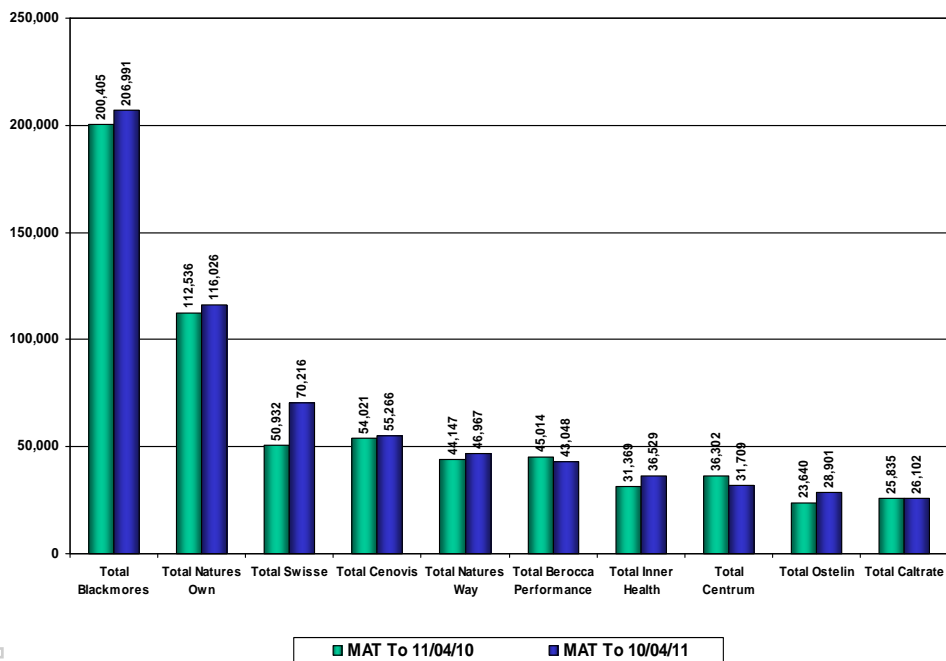
# Key Highlights - Recognition

- **Australia's Most Trusted Vitamin and Supplement Brand, as judged by Australians again in 2010 Reader's Digest Australia's Most Trusted Survey**
- **Reader's Digest Trusted Brand Award Again in 2010 (Vitamin and Health Supplement category) in Thailand**



# Clear Australian market leader across multiple categories

**Brand Share**  
(Grocery + Pharmacy Sample)



Source: Aztec

- Blackmores in Australia is the category leading brand with 20%+ market share, approx double the size of the 2nd largest brand.
- And in Asia, Blackmores has strong market positions in Thailand (#1) and Malaysia (#2)
- Combined with growing market share in our smaller business in Singapore, Hong Kong and Taiwan.

# Review of FY10

- F10 delivered results of:
  - Group revenue increase of 7% to \$215 million
  - Group EBITDA increase of 25%
  - Group NPAT increase of 17% to \$24 million
  - Earnings per Share increase of 15%
- Strength of the business demonstrated by
  - Profitability growing faster than sales
  - EBITDA increased significantly in a year of investment
- Results for F10 supported by
  - Getting closer to our customers
  - Driving innovation
  - Growing our Asian business
  - Leveraging operational efficiencies from the new facility
  - Investing in our people



## Review of 9 months to March FY11

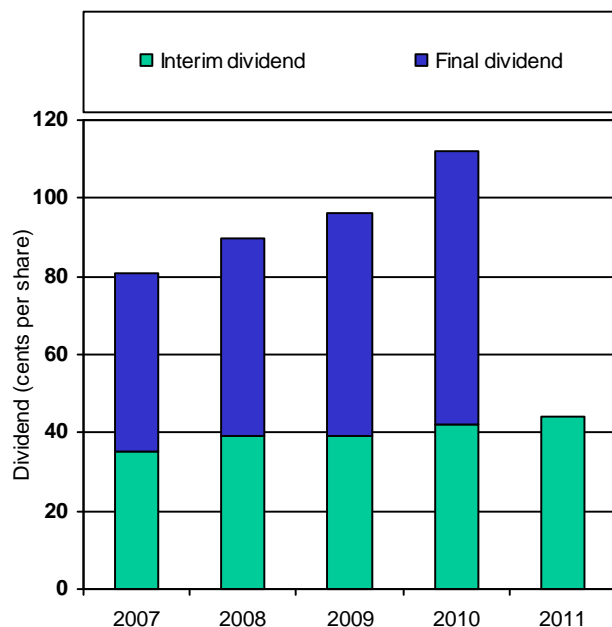
Quarter 3 YTD Segment Sales	2011 \$m	2010 \$m	Change
Australia	135.8	135.5	+0%
Asia *	32.4	23.7	+37%
Other	3.6	2.6	+38%
<b>Total Sales</b>	<b>171.8</b>	<b>161.8</b>	<b>+6%</b>

Quarter 3 YTD P&L Performance	2011 \$m	2010 \$m	Change
Group sales	171.8	161.8	+6%
EBITDA	34.1	32.0	+6%
NPAT	20.2	19.0	+6%

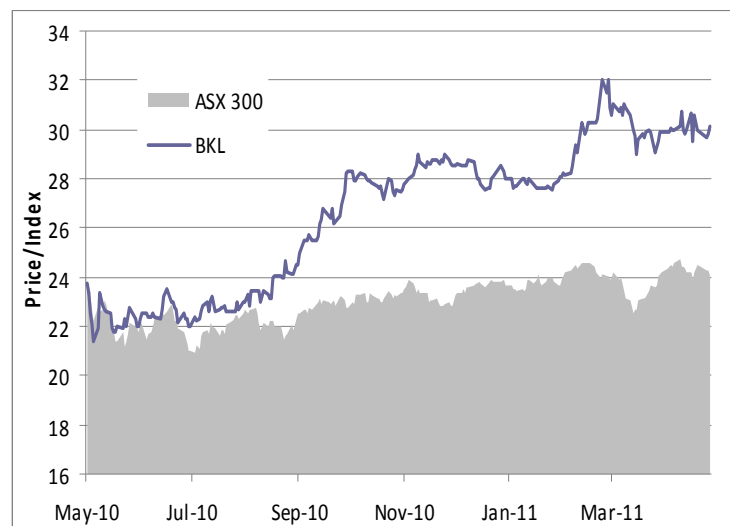
\* Asia's Q3 YTD growth is +22% excluding Korea, 38% in constant currency

- Groups sales +6%, with +4.1% growth in third quarter.
- Australia faced a challenging retail environment combined with a rebalancing of stock by some of our major retailers – however, consumer data indicates that our brand is growing.
- We have been encouraged by an uplift in March in Australia.
- Asian sales YTD have been extremely buoyant, this has been evident in both our traditional markets and our new market and channel in Korea.
- On a YTD basis we are growing steadily at both the top and bottom line.

# And we have continued to deliver strong shareholder returns



- Interim dividend of 44¢ fully franked, up 4.8% on previous corresponding period
- Paid on 22 March 2011



- F10 Total Shareholder Return 45%+
- Strong outperformance versus ASX 300

**Blackmores Limited**

Results for Year to 30 June 2010 and YTD period to 31 March 2011

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# We have been on a journey of growth, and continue to execute against this plan

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Profit

## Strengthening the foundations

- Move to Warriewood
- New Organisation Structure, focus on customers
- Reinvigorating Sales and Marketing
- Building pipeline on new products
- Improved discipline in planning

## Driving operational excellence

- Deepen our channel coverage in all markets
- Develop our Brand proposition
- Focus on Driving Innovation, new products
- Implement learnings of supply chain review
- Focus on Working Capital optimisation

## Developing new growth opportunities

- Drive for growth in established Markets
  - Particularly with online/direct channel, in Asia
- Assess new product adjacencies
- Leverage the brand into new product adjacencies
- Take advantage of opportunities across the value chain to support and drive growth
- Develop international expansion opportunities

Time

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# Longer Term – 5 year strategic framework

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Goals

<b>Financial</b> 5 year financial targets	<b>Customer</b> Rated #1 brand	<b>People</b> Employer of choice
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Principles

<p><b><u>Values</u></b></p> <ul style="list-style-type: none"> <li>• Passion for Natural Health</li> <li>• Integrity</li> <li>• Respect</li> <li>• Leadership</li> <li>• Social Responsibility</li> </ul>	<p><b><u>Purpose</u></b></p> <p>Blackmores improves people’s lives by delivering the world’s best natural health solutions.</p> <p>We achieve this by translating our unrivalled heritage and knowledge into innovative, quality, branded natural healthcare solutions that work.</p>
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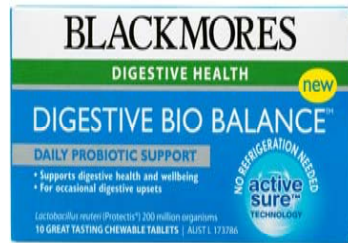
Value Drivers

<b>Brand Strength</b>	<b>Natural Health Expertise</b>	<b>People, values and culture</b>	<b>Quality</b>
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Strategic Outcomes

<b>We will build the BKL brand</b>	<b>We will develop our core product portfolio</b>	<b>We will optimise &amp; grow our channels</b>	<b>We will extend our business &amp; brand into new segments &amp; markets</b>	<b>We will invest in &amp; develop our people</b>	<b>We will build our base of operational excellence</b>
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# Innovation continues to drive growth

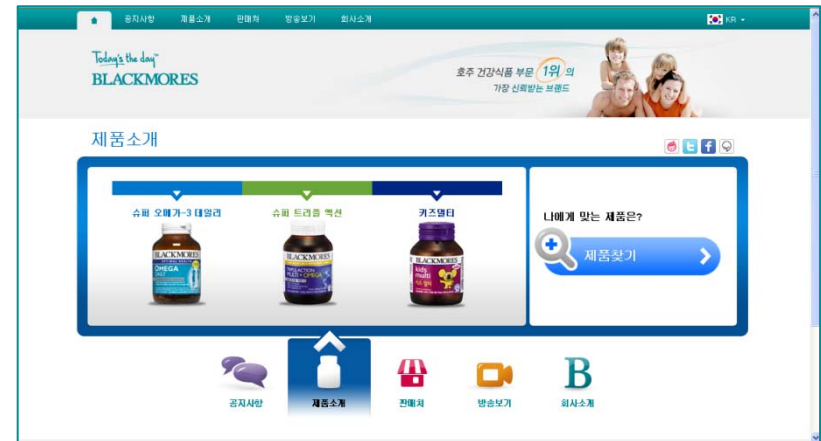


- In FY10, launch of 80 new products, formulation improvements and international market range extensions, including 38 new products in Asia.
- Innovation continues throughout FY11. 22 new products launched in the first half and 13 in the third quarter.
- Based on new science, consumer & retailer insights and healthcare professional recommendations.



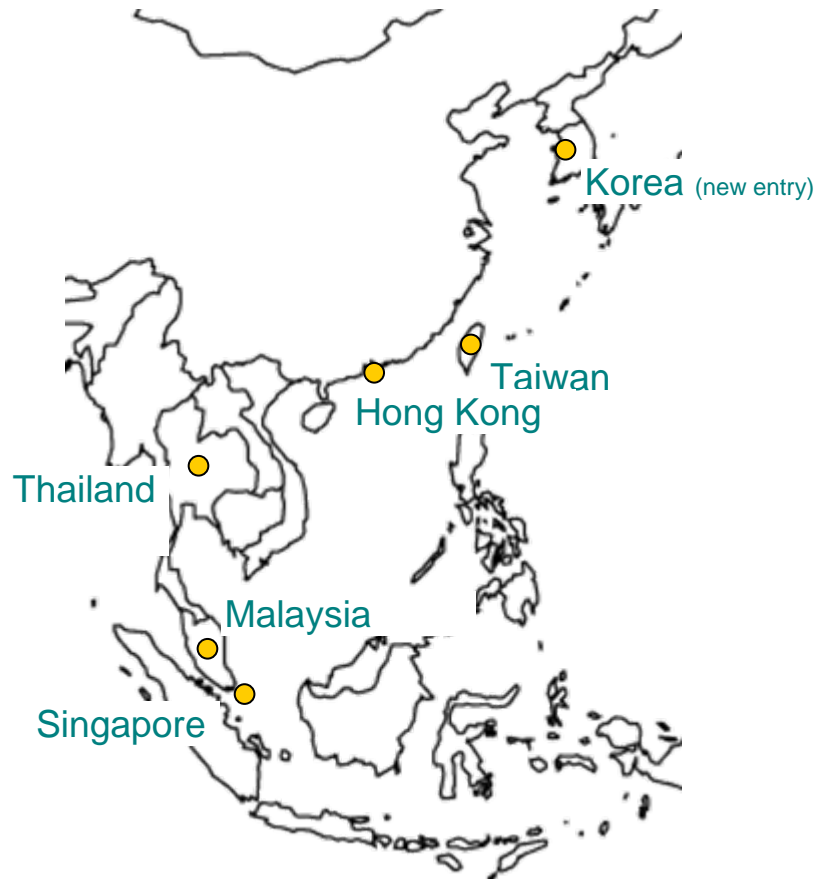
# Deepening our channel coverage - online

- Relunched blackmores.com.au
  - Nearly 320,000 Australian consumers have signed up to online membership
  - Dynamically customised content tailored to every consumers' needs and interests
  - Community groups, giving consumers the opportunity to engage with each other and directly with Blackmores on topics of interest – currently 87,000 members since site relaunch
  - Integrated with social media – 11,000+ Facebook followers, 1,250 Twitter followers & 3,000 Blackmores Sydney Running Festival members
  - Most popular health information site in Australia with >100,000 unique visitors per month
  - Online shop for members
  - Winner, *Best Consumer Publication*, CHC Annual Awards, 2010
- Launched new Thai website (blackmores.co.th) last September, based on same content management platform.
- Launched first Korean website in April, 2011.



# Driving for growth in established & new markets - Asia

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- Comprises approximately 20% of Group sales
- Asia's Q3 YTD growth is 37%, +22% excluding Korea, +38% in constant currency
- Expansion of channels with new retail partners
- Rebranding of product labels, branding and merchandising across the region

# Developing international expansion opportunities – Republic of Korea

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- Blackmores entered into Korea in December 2010 with a partnership with CJO Shopping, a major Korean home shopping network, incorporating TV, online and catalogue sales direct to consumers.
- The Korean VDS market is large and mature, with a significant proportion of sales going through TV shopping and other direct to consumer channels.
- CJO Shopping is a high quality partner with strong experience selling premium, Western brands to Korean consumers.
- As well as its direct to consumer channels, CJO has its own retail pharmacy chain, CJ Olive Young and also distributes through a network of department stores and drug stores.
- Korea is Blackmores' first new international market since entering Taiwan over 3 years ago.

# Leveraging into new product adjacencies



- New growth platform for Blackmores in Animal Health.
- PAW acquired in July, 2010 as a new division of Blackmores.
- Launched a new 21 SKU range of pet natural healthcare supplements and dermatology products in March 2011.
- Distributed in Australia, New Zealand, and growing in overseas markets.
- New PAW website launched March [www.paw4pets.com](http://www.paw4pets.com)



# Looking forward...

- We have some challenges
  - Consumer confidence and uncertainty in Australian retail
  - Continued pressure in Australian pharmacy
- Opportunities
  - New 'Today's the Day' brand campaign
  - Strong pipeline of new products
  - Grow the Asian business
  - PAW relaunched Q3
  - Leverage supply chain opportunities
- Because we have a...
  - Strong team in place
  - Solid strategy for growth
  - Strong balance sheet
  - Balanced risk profile



“Directors remain confident that we will deliver a modest increase on last year’s profit result.”

– Results Announcement 20/4/11

# Additional information

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# Financial Summary – Profit & Loss – YTD FY11

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Income Statement	2011	2010	% Change
Year to date 31 March	\$'000	\$'000	
<b>Revenues</b>	<b>171,823</b>	<b>161,760</b>	<b>+6.2</b>
EBITDA	34,082	32,007	+6.5
<b>Depreciation &amp; Amortisation</b>	<b>(3,373)</b>	<b>(3,079)</b>	
EBIT	30,709	28,928	+6.2
<b>Interest</b>	<b>(1,645)</b>	<b>(1,567)</b>	
<b>Taxes</b>	<b>(8,856)</b>	<b>(8,376)</b>	
Net profit after tax	20,208	18,985	+6.4