

26 August 2021

ASX Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street,
Sydney NSW 2000

2021 FULL YEAR RESULTS PRESENTATION

Attached for release is the Full Year Results Presentation for the year ended 30 June 2021.

Further information on Blackmores can be found at www.blackmores.com.au.

This announcement was authorised for release by the Board of Directors.

Richard Conway
Group General Counsel & Company Secretary
Blackmores Limited

Financial Results and Strategy Update

For the full-year ended June 2021

Blackmores Limited

26 August 2021

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 26 August 2021 and is being given in conjunction with the Company's Appendix 4E and Annual Report for the year ended 30 June 2021. It is in summary form and does not purport to be complete.

The financial information contained in the Annual Report for the year ended 30 June 2021 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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Disclaimer

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Accounting standards

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.

IFRIC Software as a Service (SaaS) clarification

The Group's accounting policy has historically been to capitalise all costs related to the customisation and configuration of SaaS arrangements as intangible assets in the statement of financial position. During the year, the International Financial Reporting Standards Interpretations Committee (**IFRIC**) issued a clarification regarding accounting for expenses due to SaaS arrangements. In accordance with the IFRIC clarification, the Group has changed its accounting policy retrospectively to account for such arrangements as an expense in the statement of profit or loss.

Totals throughout the presentation may not sum due to rounding

Agenda

1

**Introduction
and FY21
highlights**

2

**Segment
performance**

3

**Financial
performance**

4

**Strategy
update &
outlook**

Key messages

- 1 Structural shift in Vitamins & Dietary Supplements (VDS) market:** market continues to shift away from traditional channels in ANZ to e-commerce and growth markets in Asia – Blackmores is positioning for these key trends by investing in growth channels, markets and categories
- 2 FY21 revenue underpinned by growth in China and International:** Group revenue **up 3%¹**, driven by strong growth in International (**up 27%¹**) and China (**up 28%¹**) but offset by Australia/New Zealand (**down 14%**) which continues to be impacted by loss of daigou and a mild cold & flu season
- 3 FY21 margins trending up:** price / mix, trade spend, inventory management and supply chain initiatives have driven a **1.6ppts increase in gross profit margin**; improvement in gross profit margin + opex cost-out initiatives have driven a **2.7ppts increase in Underlying EBIT margin**
- 4 Execution of transformation strategy:** Blackmores continues to execute on its strategic gameplan, with a clear path to its FY24 strategic and financial objectives, focused around:
 - operating model simplification and a strengthened supply chain driving cost-out and efficiency savings (on track for **\$55m annualised gross savings by FY23**);
 - targeted investments to unlock organic growth opportunities across Asia, key channels in Australia, Digital Commerce and Pet (**\$250-300m revenue uplift opportunity by FY24**); and
 - efficiency and price/mix initiatives providing the opportunity for an **uplift in Underlying EBIT margin to the ‘mid-teens’ by FY24**
- 5 Disciplined risk management, capital allocation and ESG focus:** Blackmores’ strategy is underpinned by a disciplined approach to risk management, capital allocation framework and focus on ESG

Note

¹ Revenue growth on a constant currency basis (revenue growth of 1.3%, 17.7% and 27.8% for Group, International and China respectively based on actual FX)

1 Introduction and FY21 highlights

Alastair Symington - Chief Executive Officer

FY21 | At a glance

Strong progress on our transformation program and return to sustainable profitable growth despite headwinds in Australia

Revenue

\$575.9m

+3.2% (constant FX)¹

Underlying EBIT²

\$47.6m

+51.7%

Underlying NPAT³

\$25.4m

+61.2%

Underlying EPS⁴

131.2 cents

+46.0%

148.1 cents

Statutory EPS⁵

Gross margin

52.3%

+1.6ppts

Underlying EBIT margin

8.3%

+2.7ppts

Final Dividend Per Share

42 cents

Full Year Dividend Per Share

71 cents

48% payout ratio⁶

Notes

1 Revenue up 3.2% on a constant currency basis (up 1.3% after adjusting for FX movements)

2 Underlying EBIT (Earnings Before Interest and Tax) is a non-IFRS measure and used by management to assess the operational performance of the business. Refer to page 21 for a reconciliation to statutory figures

3 Refer to page 21 for a reconciliation to statutory figures

4 Continuing operations

5 Continuing and discontinued operations

6 Payout ratio is defined as Full Year Dividend Per Share divided by Statutory EPS

Changing market and consumer trends in VDS

Navigating ANZ headwinds and positioning for key trends in high growth and recovering segments

Category VDS sales trends (A\$bn)



Structural shift in the APAC VDS market

- Heightened **awareness of natural health and mental wellbeing**
- Acceleration of **e-commerce**
- VDS growth **accelerating in South-East Asian markets**
- Structural shift away from **daigou channel** in ANZ to CBEC
- Milder **cold & flu season** and **weaker pregnancy segment** due to the pandemic in ANZ

Blackmores is positioned for opportunities created

- > Investment in **e-commerce and digital capabilities**
- > **Re-focus ANZ** on key channels and segments
- > Maximise **new customers in CBEC and International channels** through brand awareness (penetration 20% in China vs 71% in Australia)³
- > **Maximise leading positions** and invest in **new product innovation** across key growth categories

Note

¹ Australia grocery / pharmacy VDS sales – IQVIA Total Australia Scan Sales (Grocery & Pharmacy) MAT June 2021; China CBEC VDS Sales – Smart Path Data 30 June 2021, \$AUD bn; International VDS Sales – Euromonitor International, constant currency in \$AUD bn; CBEC refers to Cross Border E-Commerce

² International includes Hong Kong (China), Indonesia, Malaysia, Philippines, Singapore, Taiwan (China) and Thailand

³ China penetration – VDS Penetration rate between China and USA, Forward Industry Research Academy 7 June 2021; Australia penetration – Nielsen Homescan 11 July 2021

Our Brands are core to everything we do



Blackmores
highest brand
penetration in market

1 in 5

Australian households
use Blackmores products¹



Blackmores
market leadership

#1

in Australia, Thailand
and Indonesia^{2,3,4}



Blackmores
Institute

8 education
awards

and ranked #1 for
retail education and
training in Australia⁵



BioCeuticals

#1 Practitioner
brand in
pharmacy
in Australia⁶

+ cold & flu segment⁷



Blackmores on China
CBEC platforms

Top 4

VDS brand on Double
11 and 618 shopping
festivals⁸



Blackmores
Institute

37 research
projects

exploring natural
health solutions



Blackmores is

#1 most
trusted
brand

for 13 years running
in Australia⁹



PAW by
Blackmores

82%

brand
awareness¹⁰

1. Nielsen Homescan MAT to 19/06/21 Domestic (Retail & Practitioner) | 2. Nielsen AU Pharmacy & Grocery MAT to 19/06/21 Domestic (Retail & Practitioner) | 3. IQVIA Feb 2021 (premium brand) | 4. IQVIA CHR Sell-out MAT 06/2021 | 5. Advantage Survey 09/2020 | 6. IQVIA Pharmacy RSV data MAT to 24/7/21 (Practitioner brands only) | 7. IQVIA Pharmacy RSV data MAT 24/7/21 (Practitioner brands only) | 8. Smartpath 2/8/21 | 9. Reader's Digest Most Trusted Brands Surveys 2009 to 2021 | 10. Kantar PAW Brand Health Tracking Survey 03/2021

Business Improvement Program

Delivering \$55m in annualised EBIT savings by FY23 that will drive margin improvement and enable disciplined re-investment in growth

Business Improvement Program cost savings (calculated vs FY20 baseline)

\$ millions	FY21 In-Year Savings Delivered	FY21 Annualised Savings Delivered	Target FY23 Annualised Savings
Supply chain savings (primarily COGS)	\$11m	\$13m	\$30m
Operating model savings (primarily opex)	\$11m	\$15m	\$25m
TOTAL SAVINGS / EFFICIENCIES	\$22m	\$28m	\$55m

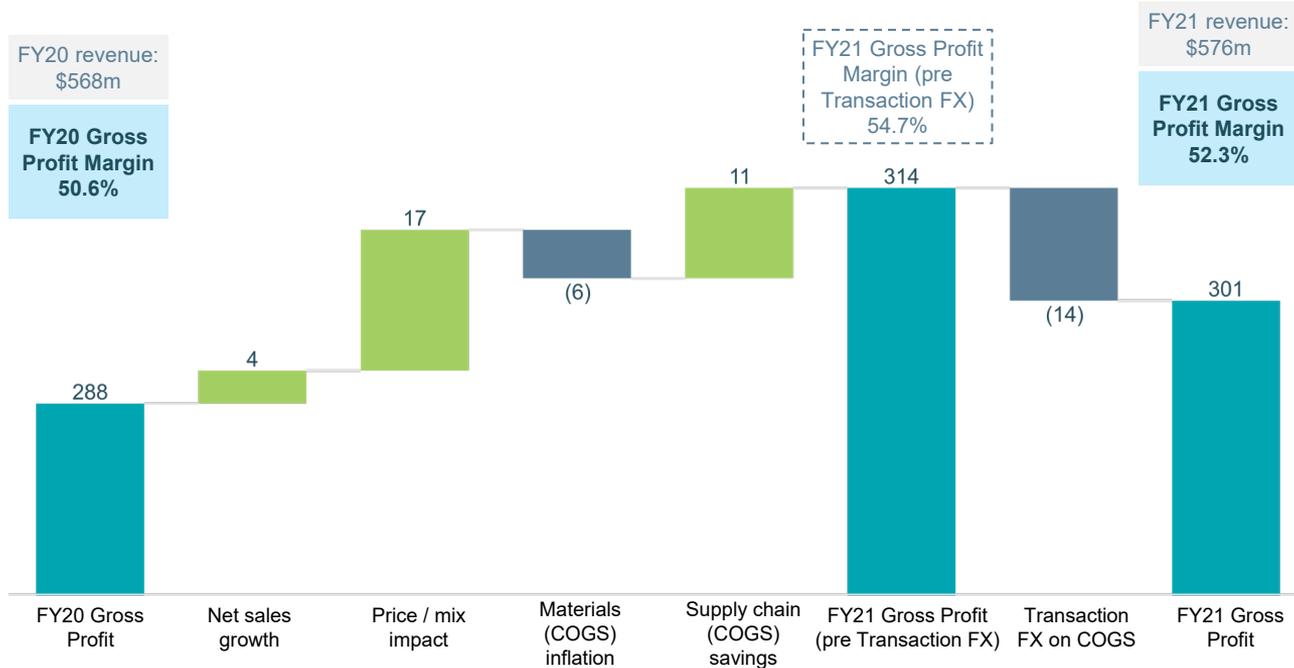
Business Improvement Program is also facilitating reinvestment in key growth opportunities (opex and capex)

- Strategic investments made in advertising & promotions (A&P), strategic hires and investment in Asia – **incremental A&P and other opex of \$8m in FY21**
- One-off investments including program and contingency costs, other project costs and restructuring costs – **one-off opex of \$6m in FY21**

Gross margin improvement

Price / mix optimisation and supply chain efficiencies driving 1.6ppts of gross profit margin uplift (4.1ppts uplift prior to unfavourable Transaction FX on COGS)

Gross profit (A\$m)



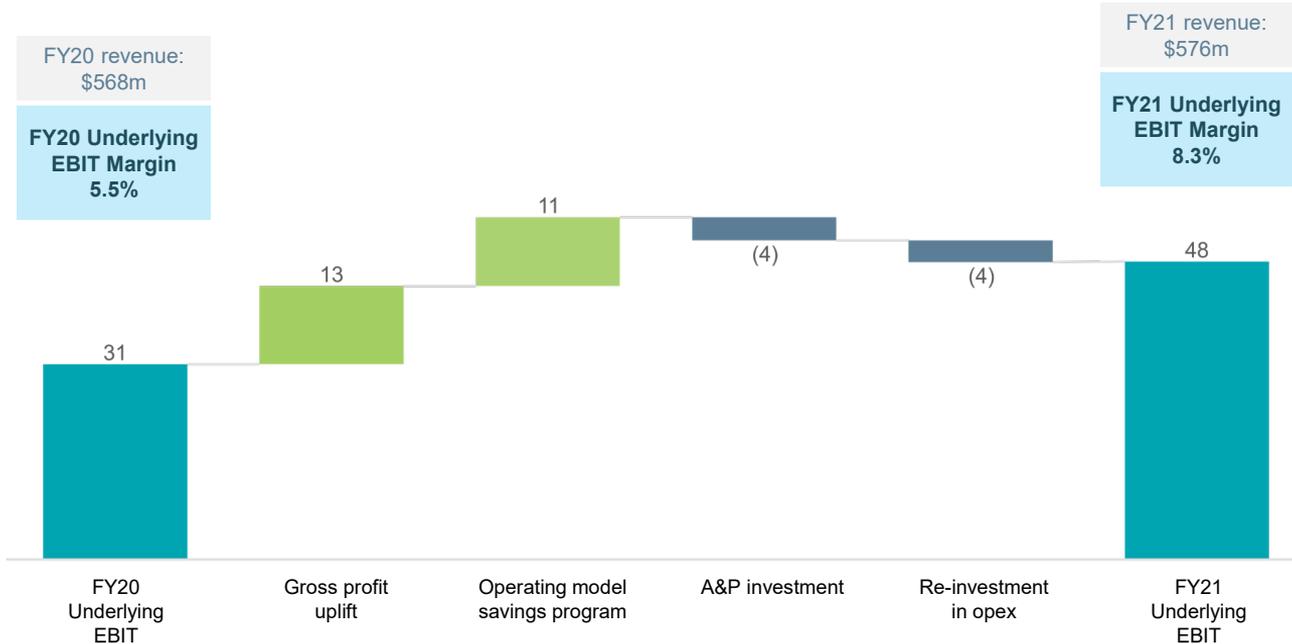
Key drivers

- > **Net sales growth** of **1.3%** at FY20 gross margin of **50.6%**
 - > ANZ decline (**-\$25m**) offset by China (**+\$14m**) and International (**+\$15m**)
- > **Price / mix impact:** impact of pricing, product mix and trade spend optimisation benefits
 - > Net sales per unit increase of **3%**
- > **Materials (COGS) inflation:** impact of cost inflation was less than **2%**
- > **Supply chain (COGS) savings:** driven by network and facility optimisation, and strategic sourcing
- > **Transaction FX on COGS:** unfavourable FX movements impacting COGS transactions

EBIT margin improvement

Gross margin expansion and operating model savings drove a 2.7ppts uplift in Underlying EBIT margin

Underlying EBIT¹ (A\$m)



Key drivers

- > **Gross profit** uplift of **\$12.5m** (with gross profit margin increasing **1.6ppts**)
- > **Operating model savings program**: operating model savings / cost reduction initiatives reduced opex by **\$11m** in FY21
- > **A&P investment**: spend increased by **\$4m** in FY21, with a focus on China and Group innovation
- > **Reinvestment in opex**
 - > Targeted investment in strategic hires and Asia to support growth
 - > Year-on-year inflation increases in general expenses (e.g. wages) of **<2%**

Note

¹ Underlying EBIT is a non-IFRS measure and used by management to assess the operational performance of the business. Refer to page 21 for a reconciliation to statutory figures

2 Segment performance

Alastair Symington - Chief Executive Officer

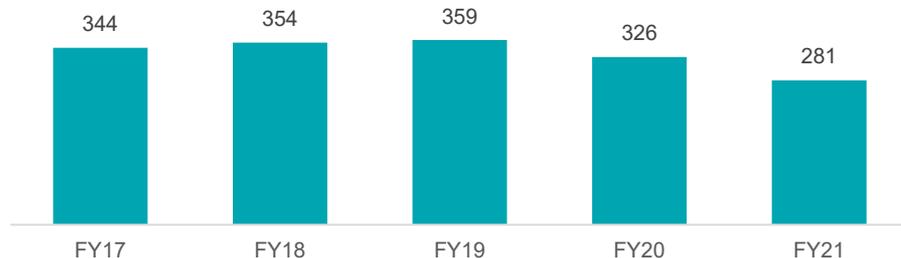
FY21 | Australia and New Zealand

ANZ segment revenue was down 14.0% in FY21, though Underlying EBIT was up 1.7%

Segment result

A\$m	FY21	FY20	% vs pcp
Sales revenue	280.6	326.3	(14.0%)
Underlying EBIT	40.3	39.6	1.7%
% of sales revenue	14.4%	12.1%	2.2ppts

Revenue (A\$m) – last 5 years¹



Note

¹ Historical revenue and EBIT includes Australia & NZ and Bioceuticals

Commentary

- > Revenue of **\$280.6m** down **14.0%** vs pcp
 - > **Further category decline:** due to COVID-related travel restrictions (loss of international students / daigou) and the impact on consumer behaviour and foot traffic
 - > Heightened **promotional activity** in grocery and discount channels
 - > **BioCeuticals** impacted by prolonged lack of cold & flu season, prior year pantry stocking of ArmaForce and some out of stocks
 - > **PAW brand** gaining momentum with strong growth
- > **Underlying EBIT** of **\$40.3m** up **1.7%** vs pcp; **Underlying EBIT margin** up **2.2ppts** to **14.4%**
 - > Significant cost reduction from share of group-wide supply chain and opex savings programs
 - > Lower travel and lower consultancy costs
 - > Solid improvements in net price gained from price increases (>2%) and mix management, despite increased industry-wide discounting levels in 2H21

FY21 | Australia and New Zealand

Segment highlights

Driving brand awareness

MOVE

TV & influencer campaign – Blackmores Super Magnesium sales +34%



Immunity

first-ever integrated campaign – cold & flu sales +8.6%



PAW media partnerships Reached 3m pet parents



Delivering product innovation



7 New products launched

Improving customer experience

Award-winning education and training for pharmacists and pharmacy retail – 40k course completions



Multi-award winning online education



BioCeuticals practitioner targeting focus - 10k CPD certifications



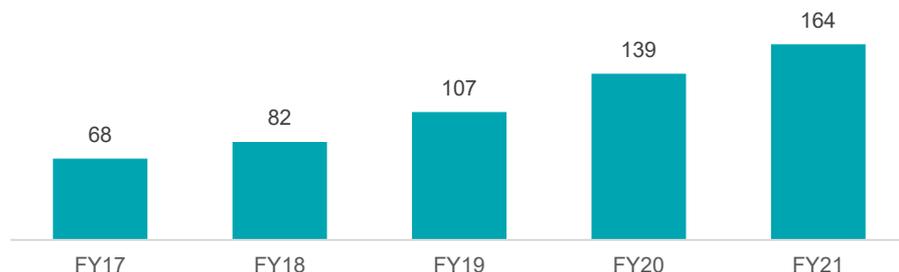
FY21 | International

Constant currency revenue growth of 27.3% and Underlying EBIT growth of 49.5%

Segment result

A\$m	FY21	FY20	% vs pcp	% vs pcp (constant FX)
Sales revenue	163.7	139.1	17.7%	27.3%
Underlying EBIT	20.7	13.8	49.5%	
% of sales revenue	12.6%	9.9%	2.7ppts	

Revenue (A\$m) – last 5 years



Commentary

- › Revenue of **\$163.7m** up **17.7%** vs pcp (up **27.3%** on a constant currency basis)
 - › Significant revenue growth across all our key markets in Indonesia, Thailand and Malaysia (constant currency basis)
 - › Material expansion of distribution capacity and investment in local Product Advisors in stores
 - › COVID has also increased awareness and consumer demand for immunity protection products
- › Underlying EBIT of **\$20.7m** up **49.5%** on pcp; Underlying EBIT margin up **2.7ppts** to **12.6%**
 - › Strong price increases taken in multiple markets, and using pack / price architecture of product range to increase Net Sales per unit
 - › Share of group-wide supply chain and opex savings programs delivered meaningful benefits
 - › Maintaining strong investment in Product Advisor teams to drive growth and engage consumers at store level

FY21 | International

Segment highlights

Reaching new consumers through Halal

Only imported brand to achieve Majelis Ulama Indonesia (MUI) certification - 2/3 of our product range Halal certified and a path to 100%



Braeside manufacturing and Warriewood packing facilities achieved highest grade possible in MUI certification audits

Delivering product innovation

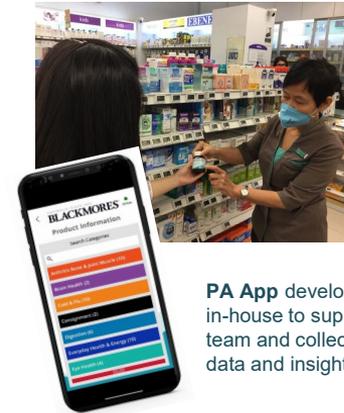
Blockbuster innovation that starts with the consumer



40 New products launched

Improving customer experience

670+ Product Advisors



Virtual training undertaken to better support consumer choice through the pandemic

PA App developed in-house to support field team and collect real time data and insights

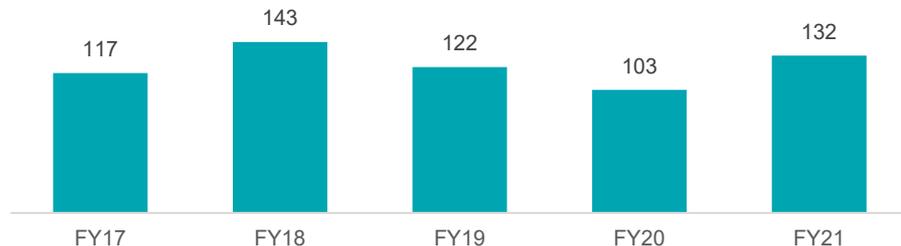
FY21 | China

China delivered 27.8% revenue growth and achieved 10.7% Underlying EBIT margin expansion in FY21

Segment result

A\$m	FY21	FY20	% vs pcp	% vs pcp (constant FX)
Sales revenue	131.6	102.9	27.8%	27.8%
Underlying EBIT	14.3	0.2	n.m.	
% of sales revenue	10.9%	0.2%	10.7ppts	

Revenue (A\$m) – last 5 years



Commentary

- > Revenue of **\$131.6m** up **27.8%** on pcp
 - > **Blackmores direct CBEC growth of 36%**, channel now accounts for **\$92m** of net sales
 - > Gross merchandise value (**GMV**) sales from **e-commerce platforms** in the June 618 festival was up **46%**
 - > Continued momentum in **key product categories**: Fish Oil, Move and Kids as well as emerging focus categories such as Eye Care
- > **Underlying EBIT** of **\$14.3m** up **\$14.1m** vs pcp; **Underlying EBIT margin** increased to **10.9%** from **0.2%**
 - > Share of group-wide supply chain and opex savings programs delivered meaningful benefits
 - > \$3m of investment in commercial capabilities in the China team including Modern Parenting, Innovation Centre (Shanghai)
 - > Very strong price and mix growth in the China market above the Group average
 - > Increased A&P investment by over **\$4m** in FY21, primarily in the online CBEC platforms and related marketing

FY21 | China

Segment highlights

CBEC platform penetration



Successful Double 11 and 618 performance

- Connected with 12m consumers
- Ranked top 4 VDS brand across all CBEC platforms in China¹

1. Smartpath 2/8/21

Delivering product innovation



16 New products launched

Building brand equity

Green Paper on the immune health of Chinese career women in partnership with Tsinghua University's International Centre for Communications



Thought leadership

Blackmores China MD Kitty Liu was a guest speaker at the 2021 HNC HealthPlex Expo in Shanghai, one of the most important industry events in Asia



3 Financial results

Gunther Burghardt - Chief Financial Officer

FY21 | Group results

Strong improvement in Blackmores' profitability

A\$m	Statutory ¹	Underlying ²		
	FY21	FY21	FY20	% vs pcp
Sales revenue ³	575.9	575.9	568.4	1.3%
Gross profit	301.0	301.0	287.8	4.6%
<i>% of sales revenue</i>	52.3%	52.3%	50.6%	1.6ppts
EBITDA	71.6	75.9	52.7	44.0%
<i>% of sales revenue</i>	12.4%	13.2%	9.3%	3.9ppts
D&A	25.9	28.3	21.3	33.0%
EBIT	45.8	47.6	31.4	51.7%
<i>% of sales revenue</i>	8.0%	8.3%	5.5%	2.7ppts
NPAT – continuing operations ⁴	24.0	25.4	15.7	61.2%
EPS – continuing operations	124.0	131.2	89.9	46.0%
EPS – continuing and discontinued ops.	148.1			
DPS – full-year (incl. Final 42.0 cps)	71.0			
<i>% payout ratio</i>	48%			

Notes

- 1 See next page for reconciliation of Statutory to Underlying EBIT. Presented on a continuing business basis
- 2 Prior year comparative has been adjusted to exclude discontinued operations
- 3 Statutory sales revenue excludes Other Income
- 4 NPAT attributable to owners of the parent; excludes NPAT of \$4.9m attributable to non-controlling interests in FY21 (\$0.9m in FY20)

- > **Group revenue** of **\$575.9m** up **1.3%** (**3.2%** on a constant currency basis) vs pcp, driven by strong growth in China and International offsetting decline in ANZ sales
- > **Gross margin** expanded by **1.6ppts** to **52.3%** vs pcp, due to price / product mix and supply chain savings
 - > This included unfavourable transaction COGS FX movement of **\$13.7m** – adjusting for this gross profit margin would be **54.7%**
- > **D&A** increased by **33%** to **\$28.3m** driven primarily by full-year of Braeside ownership
- > **Underlying EBIT** of **\$47.6m**, up **51.7%** vs pcp, through tight cost control, benefits of organisational transformation and delivery of targeted operating efficiencies
- > **Underlying NPAT** of **\$25.4m**, up **61.2%** compared to pcp
- > **Fully franked full year DPS** of **71.0 cents** representing a payout ratio of **48%**

Reconciliation of Underlying to Statutory Earnings

Underlying earnings exclude the impact of one-off costs and non-recurring benefits

FY21 EBIT	Adjustments							Statutory, cont. bus.
	Underlying	COVID support payments	Business transformation	Impairment	Net gain on sale of non-core assets	Other non-recurring income / (costs)	IFRIC SaaS clarification	
ANZ	40.3	7.7	(6.4)	(9.8)				31.9
China	14.3							14.3
International	20.7	0.5						21.1
Corporate	(27.8)				4.1	0.5	1.7	(21.6)
Group	47.6	8.2	(6.4)	(9.8)	4.1	0.5	1.7	45.8

FY21 NPAT	Underlying ¹	COVID support payments	Business transformation	Impairment	Net gain on sale of non-core assets	Other non-recurring income / (costs)	IFRIC SaaS clarification	Statutory, cont. bus. ¹	Discont. operations	Statutory ¹
Group	25.4	5.8	(4.5)	(8.4)	4.1	0.3	1.2	24.0	4.7	28.6

Notes

¹ NPAT attributable to owners of the parent; excludes NPAT of \$4.9m attributable to non-controlling interests in FY21 (\$0.9m in FY20)

- **COVID support payments** include JobKeeper (Australia) and Jobs Support Scheme (Singapore) net of repayments made
- **Business transformation** relates to redundancy payments
- **Impairment** of \$9.8m primarily consists of the write-down of the intangible asset of the Impromy brand (\$5.3m), office space (\$2.8m) and other assets (\$1.7m)
- **Net gain on sale of non-core assets** relates primarily to the divestment of investment property
- **IFRIC change to SaaS arrangements** resulted in a \$1.7m benefit in Statutory EBIT which is not shown in Underlying EBIT

FY21 | Balance Sheet

Strong balance sheet, ample headroom to fund growth

A\$m	Jun-21	Jun-20 (restated) ¹
Cash	70.1	47.7
Receivables	108.5	93.4
Inventories	115.7	120.7
Other current assets	27.4	11.0
Assets held for sale	–	30.7
Property, plant and equipment	112.5	116.8
Other non-current assets	126.3	130.7
Total Assets	560.4	550.8
Trade and other payables	112.7	97.3
Other current liabilities	31.5	26.5
Liabilities directly associated with assets held for sale	–	6.7
Interest bearing liabilities	–	85.0
Other non-current liabilities	37.3	34.5
Total Liabilities	181.5	250.0
Net Assets	379.0	300.8

Notes

¹ Restatement of FY20 statutory related primarily to the change of accounting policy for IFRIC Software as a Service (SaaS) clarification

- › **Net assets increased \$78.2m**, driven by:
 - › Repayment of net debt following capital raising in 2020; **\$49m** of share purchase plan proceeds received as cash in early FY21
 - › Higher receivables reflecting higher May/June sales in FY21 compared to the prior year
 - › Increase in other current assets reflecting prepaid insurances and software licenses
- › **Improvement in net working capital** (down \$9m) despite higher receivables, driven by:
 - › Inventory levels down **\$5.0m** to **\$115.7m** as a result of higher Q4 net sales in International as consumers seek immunity products, which also increased receivables
 - › **\$10-15m** net increase in inventory expected in FY22 to meet demand in International markets
 - › Increase in Trade and Other Payables of **\$15.4m** driven by higher A&P and materials spend in Q421
- › **All debt repaid in December 2020** and all pre-existing debt facilities remain in place

FY21 | Cash flow and net debt

Positive cashflow generation and strong capital surplus

A\$M	Jun-21	Jun-20 (restated) ¹	% vs pcp
EBITDA	71.6	44.5	61.1%
Decrease / (increase) in net working capital	8.7	25.1	(65.2%)
Operating cash flow before interest and tax	80.4	69.6	15.5%
<i>Operating cash flow conversion</i>	<i>112%</i>	<i>157%</i>	<i>(28.3%)</i>
Interest	(3.7)	(6.2)	(40.5%)
Tax	(18.3)	(7.6)	139.7%
Net operating cash flow	58.5	55.8	4.7%
Capital expenditure	(18.4)	(17.1)	7.6%
Acquisitions	–	(56.5)	n.m.
Proceeds from sale of assets	34.7	0.1	n.m.
Other investing cash flows	0.2	0.3	n.m.
Cash flow after investing activities	75.0	(17.4)	n.m.
Dividends / distributions paid	(4.2)	(9.9)	(57.9%)
Proceeds / (repayment) from borrowings	(95.8)	(40.6)	135.7%
Capital raising	48.3	91.0	(46.9%)
Net cash flow before FX	23.3	23.0	1.4%
Effects of FX	(0.9)	0.1	n.m.
Net cash flow	22.4	23.1	3.2%
Non-recurring cash flows	2.3	(5.0)	n.m.
Underlying net cash flow	20.1	28.1	(28.7%)

A\$M	Jun-21	Jun-20	% vs pcp
Debt	–	(85.0)	n.m.
Cash and cash equivalents	70.1	47.7	47.0%
Net Cash/(Debt)	70.1	(37.3)	n.m.

Notes

¹ Restatement of FY20 statutory related primarily to the change of accounting policy for IFRIC Software as a Service (SaaS) clarification

- › **Operating cash flow before interest and tax** of **\$80.4m** up **15.5%** with **cash conversion ratio** of **112%** compared to **157%** reported at 30 June 2020, driven by:

 - › higher EBITDA, offset by lower positive change in net working capital
 - › surplus inventory from Braeside acquisition was reduced in FY20, leading to higher cash flow conversion in that year
- › Positive **cashflow from investing activities** driven by divestment of non-core assets Global Therapeutics, IsoWhey and Wheyles. Capex of **\$18.4m** was up **7.6%** vs pcp
- › **Financing outflow** represents proceeds of share purchase plan of **\$49m** offset by repayment of all debt
- › **Group** is in a net cash position of **\$70.1m** compared to **\$37.3m** net debt as at 30 June 2020 due to growth in profitability, positive net working capital movement and share purchase plan proceeds partly offset by repayment of all debt

Capital expenditure

Disciplined investment to support growth

A\$M	Jun-21	Jun-20 (restated)
IT spend (non-cloud)	6.0	1.3
Supply chain efficiency	5.2	15.9
Other capital expenditure	5.9	–
Maintenance and efficiency capex	17.0	17.1
Growth initiatives	1.4	–
Acquisitions (incl. Braeside) ¹	–	56.5
Growth capex and acquisitions	1.4	56.5
Total capex and acquisitions	18.4	73.6
<i>Maintenance capex % sales</i>	3.0%	3.0%
<i>Total capex % sales</i>	3.2%	12.9%

Notes

1 Includes payment for land, buildings, hard assets and inventory associated with Braeside

- › **Capital expenditure (capex) of \$18.4m** in FY21, included:
 - › **Maintenance and efficiency capex of \$17.0m** across IT, upgrades to equipment and facilities, and other items
 - › **Growth capex of \$1.4m** includes product management system and call-centre communications upgrade investment
 - › The IFRIC Software as a Service (SaaS) clarification reduced reported capex by **\$0.8m** and **\$6.2m** in FY21 and FY20 respectively
 - › **FY22 capital spend** expected to be in the range **\$25-33m**
 - › IT investments in key processes including enhanced demand and supply planning solutions
 - › Supply chain investments to enhance efficiency and unlock capacity for more growth
 - › Of this investment, **\$9-13m** is expected to be in digital capabilities including e-commerce platforms and Customer Relationship Management solutions, that will be accounted for as opex under the IFRIC Software as a Service (SaaS) clarification
 - › Capital spend will continue to be managed in accordance with Blackmores' **disciplined capital allocation framework**

4 Strategy update & outlook

Alastair Symington - Chief Executive Officer

We continue to stay focused on execution of our gameplan

Transformation of Blackmores Group continues across 5 strategic pillars



1. Driving growth in targeted segments and markets

Focused investment to support the execution of our Growth Strategy in

- i) International,
- ii) China and
- iii) Pet



2. Simplify our operations and reduce cost

Simplified operating model, fit-for-purpose organisational structure and strong focus on productivity

Business Improvement Program



3. Strengthen our supply chain

Supply chain excellence with best-in-class manufacturing capabilities and integrated business planning to deliver on the growth potential in Asia

Business Improvement Program



4. Ignite the Australian VDS opportunity

Reinvesting in advertising, brand, product innovation and B2B/B2C platform to deliver a superior customer and practitioner experience



5. Transform Digital Commerce and Operations

Step change in digital capability, including:

- 1) Focused digital commerce strategy and customer experience, and
- 2) Digitally connected enterprise / operation, enabling other pillars

Underpinned by Blackmores':



Disciplined Approach to Risk Management and Capital Allocation Framework



ESG Leadership

Key strategic milestones achieved in FY21

Demonstrating strong progress on our transformation and growth strategy



1. Driving growth in targeted segments and markets

1 Double digit revenue and profit growth in China and International segments in FY21 ✓



2. Simplify our operations and reduce cost

2 Increased brand investments in Australia and Asia ✓

3 Portfolio simplification – sale of non-core brands and ~500 net SKU rationalisation from 1,400 → 900 ✓

4 Organisational redesign delivering \$15m in annualised opex savings ✓

Business Improvement Program



3. Strengthen our supply chain

5 Braeside acquisition in FY20 and progressed integration ✓

6 Supply chain enhancements delivering \$13m in annualised COGS savings ✓

Business Improvement Program



4. Ignite the Australian VDS opportunity

7 Implemented channel-based pricing strategy ✓

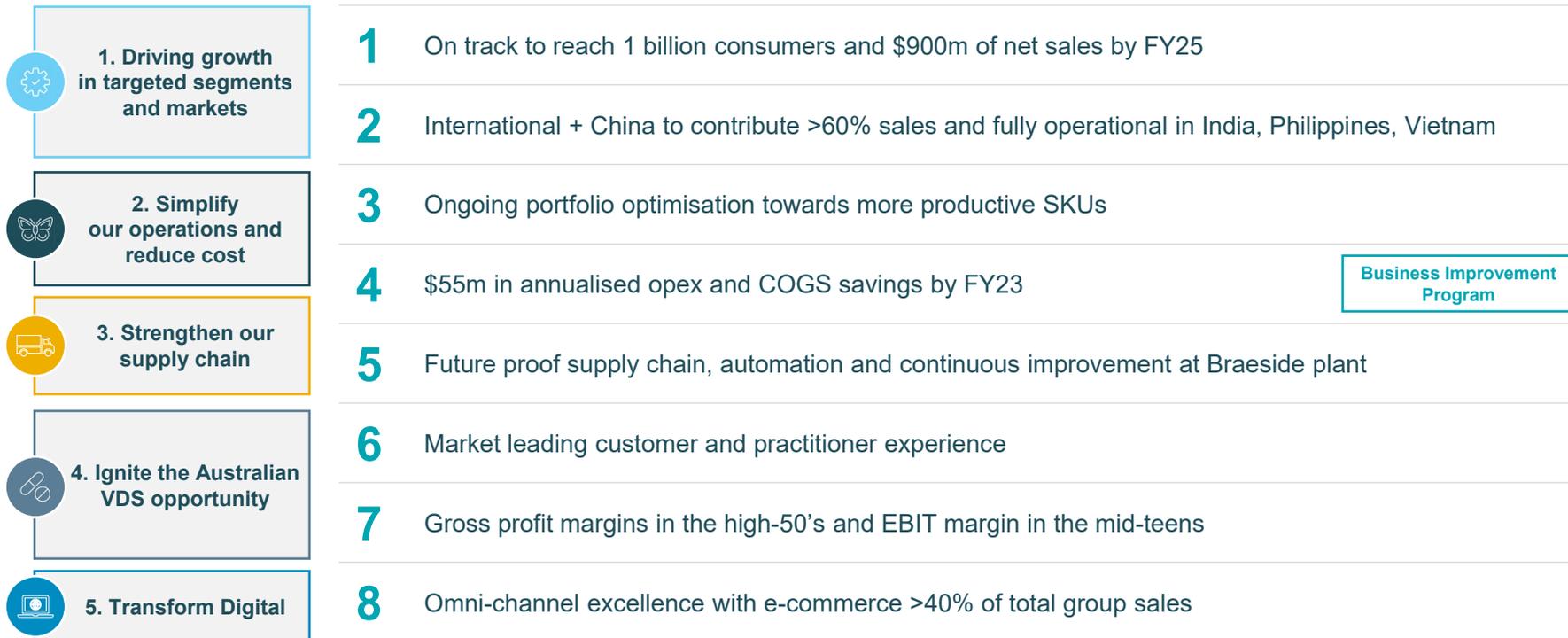


5. Transform Digital

8 E-commerce now represents >27% of group sales - B(More) direct-to-consumer platform launched ✓

Blackmores' strategic targets

Blackmores' transformation will deliver key strategic targets by FY24



Our strategy aligns to our significant growth potential

~\$250-300m revenue growth opportunity over next 3 years

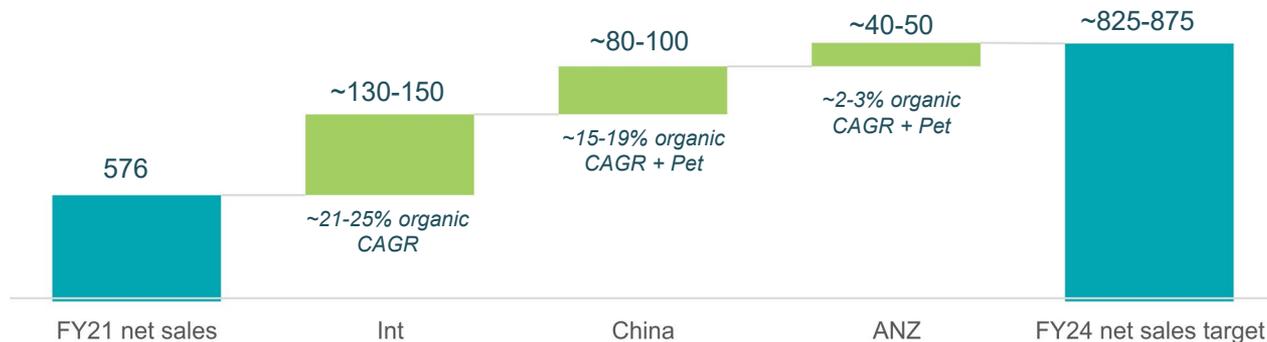


1. Driving growth in targeted segments and markets

Focused investment to support the execution of our Growth Strategy in
i) China,
ii) International,
iii) Pet

Revenue opportunity (A\$m)

- Continue to capitalise on organic growth momentum in China and International
- Growth enabled through investment in digital commerce, pet, modern parenting, halal and new markets
- Investment to drive earnings contribution weighted to FY23/24



Growth enablers:



Delivering on our strategy to FY24

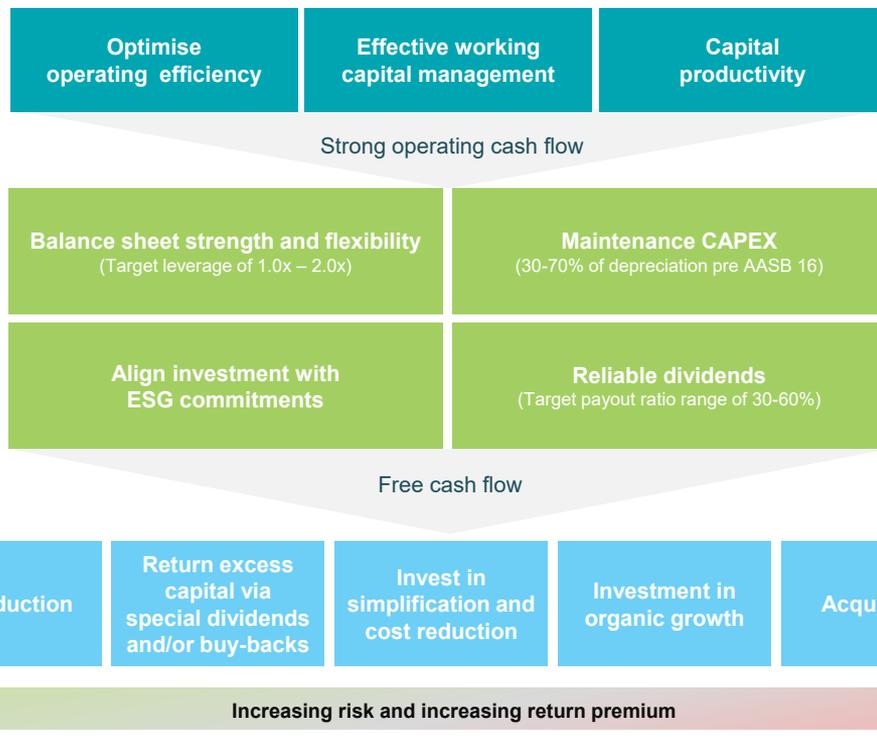
Blackmores' transformation is phased across 3 horizons. Key milestones are already being delivered across its strategic pillars

	Stabilise & simplify	Digitise & innovate	Extend reach & influence	Target FY21-24 outcomes
	FY20 & 21	FY22-23	FY23-24+	
 1. Driving growth in targeted segments and markets	<ul style="list-style-type: none"> ✓ Capability/brand investments - Asia ✓ Innovation Centre (Shanghai) ✓ Invest in PAW 	<ul style="list-style-type: none"> • Invest in local partnerships and channel management • India entry (Q1 FY22) • Halal launch – Indonesia 	<ul style="list-style-type: none"> • Halal expansion • Enter new markets • Pet expansion in Asia 	<ul style="list-style-type: none"> • \$250-300m sales uplift • Gross margin uplift from higher margin International and innovation in China
 2. Simplify our operations and reduce cost	<ul style="list-style-type: none"> ✓ Organisational redesign ✓ Sale of non-core brands ✓ ~500 net SKU rationalisation ✓ \$15m run-rate opex savings 	<ul style="list-style-type: none"> • Target operating model + business process simplification • Further portfolio optimisation • EPMO and RPA 		<ul style="list-style-type: none"> • Additional \$10m run-rate opex savings (by FY23)
 3. Strengthen our supply chain	<ul style="list-style-type: none"> ✓ Braeside acquisition ✓ Warriewood upgrade ✓ \$13m run-rate COGS savings 	<ul style="list-style-type: none"> • Integrated Bus. Planning (IBP) systems - demand & supply • Strategic sourcing / value engineering • Investment in manufacturing automation & capacity planning 		<ul style="list-style-type: none"> • Additional \$17m run-rate COGS savings (by FY23)
 4. Ignite the Australian VDS opportunity	<ul style="list-style-type: none"> ✓ Identified target channels ✓ Strengthen omni-channel (D2C) ✓ Channel-based pricing strategy ✓ Invested in innovation pipeline 	<ul style="list-style-type: none"> • Launch B2B/B2C platforms • Execute the product innovation pipeline 	<ul style="list-style-type: none"> • Enhanced customer experience 	<ul style="list-style-type: none"> • Price / mix driving ANZ margin uplift
 5. Transform Digital Commerce and Operations	<ul style="list-style-type: none"> ✓ D2C platform upgrade incl. B(More) ✓ Group-wide migration to cloud ✓ Digital finance & order platform across China and International 	<ul style="list-style-type: none"> • Digitising customer interactions • Accelerating e-commerce • Investment in digitally connected enterprise 		<ul style="list-style-type: none"> • Digital commerce to comprise ~40% of total sales

Group Underlying EBIT margin uplift opportunity to the mid-teens¹

Capital allocation framework

Aligned with our strategic framework to maximise value and returns; ensure ROIC > WACC



Key features of our Capital Investment Framework

- › **Focus on** safe and efficient operations of world-class assets over the long term
- › **Maintain strong** balance sheet to reduce risk and focus organisation on solid operating cash flow delivery
- › **Reward our shareholders** while “doing the right thing” in terms of our sustainability investments and objectives
- › **Excess cash** is then tested against our strategic framework to identify investments that deliver growth while strengthening our competitive advantage

- 1 Blackmores continues to adapt to the demands of a rapidly changing health sector, focusing on generating efficiency and cost savings in ANZ while fuelling growth in International and China markets.
- 2 Outlook remains positive in International as well as the China segment, with strong sales momentum to start FY22
 - Launch of new products and expand Halal offering in International
 - Expand into India, starting in Q1
 - Continue to build market share on CBEC platforms in China
- 3 Challenging market conditions in Australia will continue as international borders remain closed and state based lockdowns impact retail, however Blackmores has strong plans
 - Blackmores and Bioceuticals will increase brand investments, restoring market share, starting with our Move campaign in Q1
 - We will continue to deliver supply chain efficiencies and deliver price / mix initiatives
 - Expect strong growth to continue in e-commerce and Pet Health
- 4 We are on track to deliver strong sales growth in International and China, more than offsetting disrupted trading in ANZ, with efficiency and price / mix initiatives delivering sustainable margin improvement and enabling reinvestment in growth markets

1

Appendix

Other information

Reconciliation of Underlying to Statutory EBIT (FY20 & 21)

Underlying EBIT excludes the impact of one-off costs and non-recurring benefits

A\$m	Adjustments							
	Underlying	COVID support payments ¹	Business transformation ²	Impairment	Net gain on sale of non-core assets	Other non-recurring income / (costs)	IFRIC SaaS clarification	Statutory
FY21								
ANZ	40.3	7.7	(6.4)	(9.8)				31.9
China	14.3							14.3
International	20.7	0.5						21.1
Corporate	(27.8)				4.1 ³	0.5	1.7	(21.6)
Group	47.6	8.2	(6.4)	(9.8)	4.1	0.5	1.7	45.8
FY20								
ANZ	39.6	0.5	(2.8)					37.3
China	0.2							0.2
International	13.8	0.5						14.3
Corporate	(22.3)		(2.3)		3.0 ⁴	(0.9)	(4.3)	(26.8)
Group	31.4	1.0	(5.1)	–	3.0	(0.9)	(4.3)	25.1

Notes

- 1 Includes JobKeeper and Jobs Support Scheme
- 2 Includes transformation costs and redundancy payments
- 3 Gain on sale of investment property
- 4 Catalent gain less costs

Acronyms

Acronym	Meaning
ANZ	Australia & New Zealand
BIP	Business Improvement Plan
CCR	Cash Conversion Ratio
C&F	Cold & Flu
COGS	Cost of Goods Sold
CBEC	Cross Border E-Commerce
CY21	Calendar Year 2021
DPS	Dividend Per Share
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EPS	Earnings Per Share
ESG	Environmental, Social, Governance
FY	Financial Year
FX	Foreign Exchange
GMV	Gross Merchandise Value
GT	Global Therapeutics
HY	Half Year
H1 / H2	Half 1 / Half 2
KPI	Key Performance Indicator
LVP	Leading Value Position
NPAT	Net Profit After Tax
OPEX	Operational Expenditure

Acronym	Meaning
PCP	Prior Corresponding Period
PAW	Pure Animal Wellbeing
PPTS	Percentage points
PP&E	Property, Plant and Equipment
RPA	Receivables Purchasing Arrangement
SPP	Share Purchase Plan
TCFD	Task Force on Climate-related Financial Disclosures
VDS	Vitamin and Dietary Supplements

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| GROUP