

Blackmores' Third Quarter Announcement



Blackmores' Group Digital and Interactive Manager, Simon Marks

Blackmores' profit up on back of strong sales and improved operational efficiencies

HIGHLIGHTS FOR NINE MONTHS TO 31 MARCH 2010

- Group invoiced sales of \$162 million, up 12% on previous corresponding period.
- Net profit after tax of \$19 million, up 21% on the previous corresponding period.
- Earnings before interest, tax, depreciation and amortisation of \$32 million, up 29% on the previous corresponding period.

Strong sales and operational efficiencies have contributed to Blackmores Limited (ASX: BKL) reporting a net profit after tax (NPAT) of \$19.0 million, up 21% for the nine months to March 2010.

Blackmores' Chief Executive Officer Christine Holgate said today that the company achieved a 12% increase in invoiced sales of \$161.8 million for the first three quarters of the financial year.

This was supported by third quarter group sales of \$52.9 million and NPAT of \$6.2 million, up 8% and 68% respectively compared to the previous corresponding period.

Ms Holgate said the performance had been bolstered by a sound sales and product development strategy that responded to consumer needs.

"In addition to our robust pipeline of new product launches and strong performance across all sales channels, we are now firmly established in the new Blackmores Campus at Warriewood," Ms Holgate said.

DRIVING AUSTRALIAN SALES

Australian invoiced sales totalled \$135.5 million for the nine months to March, up 13%.

“We’ve optimised our go-to-market strategy in Australia which has included increasing the number of touch-points to our retail customers and improving our level of service to our customers,” Ms Holgate said.

Blackmores relaunched its popular website in February 2010 to harness the explosion in online social media. Blackmores.com.au utilises the latest technology to improve the consumer’s experience by providing them with customised content on health and wellbeing.

INTERNATIONAL PERFORMANCE

Sales in Asia continued to deliver impressive growth in local currencies for the nine months, with 40% growth in Thailand and 16% growth in Malaysia. This was supported by solid results from Singapore, Hong Kong and Taiwan.

Despite the strong Australian dollar diluting the impact of this growth, all core markets continue to make a positive contribution to Blackmores’ profit result.

A total of 34 new products, reformulations and additional pack sizes have been introduced into the international product ranges so far this year (26 in the third quarter) which were well-received by retailers and achieved broad distribution. This included products from the Omega range of concentrated fish oil into our two biggest markets in Asia - Thailand and Malaysia.

Sales in New Zealand year to date were up 3% on the previous corresponding period, maintaining momentum despite challenging economic conditions.

OUTLOOK

“We are encouraged by the sales performance in all core markets and have confidence in our upcoming marketing activity,” Ms Holgate said.

“We will also continue to invest in our people and initiatives to drive operational excellence.

“However, we are mindful of some weakening in the retail sector and the impact of the Australian dollar on sales from Asia. Fourth quarter sales last year were exceptional as a result of public health concerns about swine flu and were also supported by the government stimulus packages in Australia.”

Ms Holgate said the Board and management remained confident that the Group would achieve a healthy increase on last year’s NPAT for the full year.

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YEAR TO DATE 31 MARCH 2010 RESULTS (\$000'S)	THIS YEAR	LAST YEAR	% CHANGE
Sales	161,760	144,467	+12.0
Total sales and other income	162,586	145,188	+12.0
Earnings before net interest, income tax, depreciation and amortisation (EBITDA)	32,007	24,853	+28.8
Earnings before net interest and income taxes (EBIT)	28,928	23,266	+24.3
Net interest ⁽¹⁾	(1,567)	(496)	+215.9
Profit before income taxes	27,361	22,770	+20.2
Income taxes	(8,376)	(7,133)	+17.4
Profit attributable to shareholders	18,985	15,637	+21.4

RESULTS (\$000'S) QUARTER ENDED 31 MARCH 2010	THIS YEAR	LAST YEAR	% CHANGE
Sales	52,938	48,851	+8.4
Total sales and other income	52,964	48,923	+8.3
Earnings before net interest, income tax, depreciation and amortisation (EBITDA)	10,401	6,795	+53.1
Earnings before net interest and income taxes (EBIT)	9,320	6,028	+54.6
Net interest ⁽¹⁾	(474)	(633)	-25.1
Profit before income taxes	8,845	5,395	+63.9
Income taxes	(2,657)	(1,711)	+55.3
Profit attributable to shareholders	6,188	3,684	+68.0

OTHER KEY ITEMS		THIS YEAR	LAST YEAR
Total assets	\$m	145.9	134.7
Shareholders equity	\$m	65.6	54.4
Net debt	\$m	28.0	37.0
Net debt / (Net debt + equity)	%	29.9	40.5
EBIT/Sales	%	17.9	16.1
Interest cover (net) ⁽²⁾	times	18.5	9.6
Net tangible assets per share	\$	3.87	3.17
Share Price (21 April 2010)	\$	23.07	12.30
Shares on issue	m	16.7	16.4

Notes:

- (1) Net interest excludes capitalised interest not charged to the Income Statement of \$1,916,028 for the period ended 31 March 2009.
- (2) Interest cover ratio includes the amounts of capitalised interest not charged to the Income Statement highlighted in ⁽¹⁾ above.