



Company	Blackmores
Code	BKL
Meeting	Virtual AGM
Date	Tuesday 27 October 2020
Venue	Lumiagm.com/351863503
Monitor	Julieanne Mills and Carol Limmer

Number attendees at virtual meeting	285 attendees
Number of holdings represented by ASA	90
Value of proxies	\$6.4m
Number of shares represented by ASA	94,913 (equivalent to 13th largest holder in Top 20 list)
Market capitalisation	\$1.22bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chairman: Brent Wallace, Christine Holman: Chair, People and Remuneration committee, Alastair Symington: CEO, Gunther Burghardt: CFO, and Cecile Cooper: Company Secretary.

Transformation moves to the board of Blackmores.

Blackmores virtual AGM opened with some colourful facts, and reinforcing the strength of Blackmores products and marketing capabilities. The announcement of Marcus Blackmores retirement and a new chair Anne Templeton-Jones, on Friday 23 October, now sees a transformation of the board. Anne starts in the role the day after the AGM, with the now restructured and renewed executive leadership team and BKL will see the addition of three new board members in coming months.

Brent Wallace addressed the meeting for the last time, he retired at the end of the AGM. He acknowledged that FY20 had been a difficult year but BKL was now well placed for strategic growth in the future. Brent thanked Marcus Blackmore for his significant contribution to Blackmores over the last 57 years.

Anne Templeman-Jones spoke to the meeting via video.

The ASA expressed our concern prior to the meeting of the last minute notice given to shareholders, of Mr Blackmores retirement, and the potential for cultural change. The company addressed most of the other questions raised by the ASA representatives prior to the meeting or were addressed in the CEO and Chair's presentation as well as Mr Blackmores address.

Marcus spoke from his home, with past CEOs Christine Holgate and Steve Chapman in the background. His good humour and enthusiasm for the new CEO and executive team and his belief in the passion and integrity of the incoming chair was encouraging. He remains available to the company should they need his advice and is committed to maintaining his share ownership for the time being and has recently purchased more shares. One hopes that Blackmores can hold on to some of the charm of the past.

The CEO address was upbeat with growth areas to include: Pet care which is projected to have 9% CAGR over 4 years in Australia, and to double over 4 years in China; a mental health focus which will benefit from the Blackmores institute, and the new modern parenting strategy in China that is projected to double sales by 2023.

The announced sale of Global Therapeutics for \$27m, due to complete in November, progresses the streamlining of products and capital management.

The CFO went through the numbers and while FY20 was a disappointing year FY21 2H should see the benefit of strategic changes being put in place now and in the 1H FY21.

David Ansell spoke to the meeting of his confidence in the future of Blackmores. He acknowledged his workload was significant, to this end, he gave up his Cycling Australia directorship and feels that his role as MD/chair of JDE has been helpful in understanding the issues at Blackmores. David has lifted his shareholding in the SPP and intends to comply with the director shareholding requirements.

The ASA generally supported the remuneration policy but raised a couple of questions around the profit share scheme and access for KMP, when they have other opportunities for incentive remuneration. We also suggested that the CEO shareholding policy should ideally be raised to 200% FAR after 5 years. Christine Holman responded that these were areas which would be considered in FY21 review of remuneration and that a fair and equitable solution for all with a progressive approach to changes in remuneration was the intention.

There were a number of questions about the fairness of remuneration when there is no dividend for shareholders. Christine explained that NO STIs or LTIs were awarded in FY20 and therefore there was alignment with shareholders, but there needed to be incentives for executives and the STI and LTI grants were for the FY21 year and will only be awarded if the performance is there. Dividends are intended to return in 2021.

The meeting was well managed apart from a small technical glitch and lasted about an hour and a half. I had some issues with the AGM broadcast on one device and a number of shareholders logged in as guests rather than shareholders, which suggests there may have been some confusion or technical issues. The company has expressed a desire to get back to actual AGMs when that is possible in the future. The ASA supports this position.

The CEO, CFO, Chairman's address, and AGM presentation can be found here.

<https://www.blackmores.com.au/about-us/investor-centre/news-and-announcements>

All resolutions were carried with 97% or greater support. Interestingly since the AGM the share price has gone back to above \$72.