



Company	Blackmores Group
Code	BKL
Meeting	AGM
Date	31 October 2019
Venue	Blackmores Campus, Warriewood NSW
Monitor	Lisa Dunphy assisted by Julieanne Mills

Number attendees at meeting	88 shareholders plus 46 visitors
Number of holdings represented by ASA	97
Value of proxies	\$9.54m
Number of shares represented by ASA	110,246 (equivalent to 15th largest holder in Top 20)
Market capitalisation	1,561m
Were proxies voted?	Yes, on a poll and show of hands
Pre AGM-Meeting?	Yes, with Chair Brent Wallace, Director Christine Holman, Company Secretary Cecile Cooper, Chief Financial Officer Aaron Canning & Chief People Officer Jane Franks

A webcast of the AGM and Chairman's address can be found here:

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

Blackmores -A business undergoing transformation

The Chair emphasised the strong business fundamentals of Blackmores (BKL) & addressed the decline in NPAT in 2019. He spoke to the need for the business to change & evolve & continue to transform. So, in 2019 a new CEO Alastair Symington was appointed & there have been substantial change to the Executive team & the line of report (aim to increase efficiency & speed up decision making). The Board welcomed new director Christine Holman, had 2 directors resign, will appoint 2 new directors (at least one female) then the Chair will retire & a new Chair be appointed. Marcus Blackmore will step down as executive director but remain on the Board as non-executive director (NED). He still holds 23.1% of BKL shares.

BKL entered the Pakistan market & looks to enter India possibly in FY20. The acquisition of Braeside Victoria completed- will produce approx. 50% of BKL's products.

The new CEO outlined the main issues facing BKL, presented his vision for the company & then discussed broadly how he is planning to implement the actions needed to grow the business. The focus areas are on:

- leadership (the BKL unifying purpose is why it exists -health & well-being);
- rejuvenate the flat Australian market (new MD Ms Ayumi Uyeda will focus on category consumer needs, & PAW pet health- CAGR 5 years up 13.6%);
- A sustainable growth model for Asia markets (new MD International Dean Garvey & a new MD China Ms Kitty Liu whose aims will include finding opportunities for BKL to strengthen or create strategic partnerships carefully mapping these to the local market situation. The focus for China will be expanding the in-country reach whilst driving down consumer cost)
- Products & services (continue world-class education, consumer & practitioner connections, there will be some label & packaging refresh)
- Operational excellence - including reducing the number of low-value projects.

The CEO stated his clear plan to grow the business would deliver by H2 FY20. The aim is to improve gross margin by 5% in line with competitors. He says competition in the future will not be from VDS companies like Swisse but large multinationals like Google and Nestle who will be providing full-service products.

The CFO gave a clear & detailed review of results & headed his report “Strong growth across Asia offset by disruption in channels to China”.

Group revenue up 1% but NPAT down 24%- significant factors higher raw material costs, regulation change in China on 1 January 2019, increased marketing spend & restructuring costs. Overall Australia New Zealand revenue was flat, China’s down & other Asia up. BioCeuticals also increased revenue 4%.

The Business Improvement Plan (cost savings \$60m over 3 years is on track).

All resolutions were passed.

Questions included inventory levels, economic moats (answered as Naturopathic understanding and education), China Us trade war implications for the company (possible opportunities nothing significant) ;new pricing strategy and the impact of increases (a few pushbacks, wholesale price rise across the board); short sellers (best defence ability to manage long term growth); gender diversity opportunity with 2 new directors; risk management ; use of key opinion leaders (influencers with authority).

It was disappointing that the Chairman stated before he allowed questions that he felt the meeting would prefer lunch to much time spent on questions from the floor. One shareholder rightly pointed out he came for the meeting not lunch. The ASA agreed that time allowed for the meeting was insufficient for questions given the length of time taken for the presentations which were nevertheless much appreciated

The meeting concluded with a healthy boxed lunch & directors &KMP circulating amongst the shareholders.