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Company Initiation

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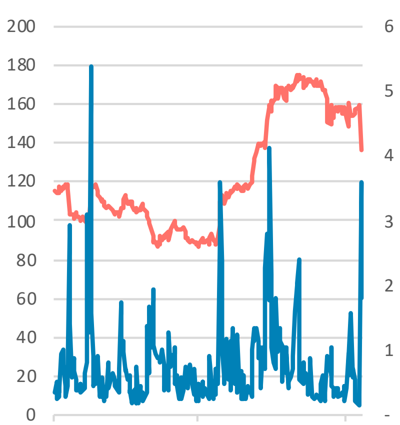
Blackmores (BKL ASX) One Year Price Chart and Volume

Price	AUD 133
Market Cap (mln AUD)	2,291.1
Target Price	AUD 86.73
Downside	27%
TTM P/E	35.41
YTD share gain/ loss	-21.52%
S/I	5.70%
Yield	2.18%

Blackmores (BKL ASX)
last share price in AUD (left, pink) and volume in 100k shares (right, blue)



Source: Bloomberg February 26, 2018

Blackmores (BKL ASX)
Unhealthy

- **China growth falling:**
We expect full-year China revenue growth to be 10% but Q4 growth to be only 2% YoY. Management obfuscates this decline by highlighting 'direct' China sales, which are growing at 27. The reality is that there is no miracle recovery, and China sales in FY 2018 will be below the peak of FY 2016.

- **Falling behind in China:**
Competitors are marketing and selling better than Blackmores, whose prices and margins are falling.

- **Regulatory risk**
Blackmores must register products by the end of 2018 or face being cut out of the China market. We don't believe the company will achieve the target, and sales will face serious disruption in H2 FY 2019. Competitors are partnering with Chinese companies to reduce risk and Blackmores is going it alone.

- **Core Australian market in decline:**
Management is coy about the numbers, but it appears that Australian domestic sales will decline by 5% this year. We think Blackmores is making the wrong decision in saving money on marketing.

- **Sell, downside 27%:**
We set a target price of AUD 86.73, 27% lower than the current price. We use a DCF valuation method with a WACC of 8% and terminal growth of 3%.

Losing Competitive Edge in China

This Australian vitamin and dietary supplements (VDS) business has enjoyed massive stock market success, as Chinese consumers discovered the brand, and an army of "*daigou*" (small traders) supplied the products to them. The leading VDS brand in Australia, BKL's stock price increased six-fold, as profits doubled. BKL experienced rapid sales growth of 52% in FY 2016 (July 2015 to June 2016).

The stock was priced for the growth to continue at that pace. Then, in FY 2017, everything came crashing down. Blackmores lost control of the channels, inventory piled up, pricing was a mess, sales fell in China, and growth stopped in Australia. The stock price halved.

In Q1 FY 2018, the company returned to modest YoY growth of 9%, off a low base. The stock price rose 50%, as the market believes Blackmores has solved its problems and returned to solid growth.

We don't think so. Fundamentally, Blackmores is a discounter, not a brand marketer. The company is milking its brand by spending less on advertising and discounting heavily. Competitors are taking market share at home and internationally. Furthermore, the spectacular growth in new practitioner brands, which helped cover the collapse in China sales in recent years, is coming to an end. Bioceuticals growth is falling from 48% in FY 2017 to 8% in FY 2018.

Blackmores China sales fell by 23% in FY 2017, even as the core Australia market is weakening, and we do not see Blackmores returning to its FY 2016 level of sales in FY 2018. The company has taken greater control of its channels, but in doing so killed off the small agents, called *daigou*, that had supercharged sales. Blackmores is no longer competitive in China and it is being out-marketed in a highly competitive landscape.

Blackmores needs new management. The company had a series of failures in China and Australia over the last two years. An unsuccessful launch of infant formula in China was a shocker. The CEO left last year, but the COO was promoted, and the head of Asia remains in place. Management is more concerned about covering up past failures than about identifying problems and focusing on the future. Time for a change.

Consensus forecast is for Blackmores revenue to grow 10% and EBIDTA 30%. We believe revenue and profit will grow at half those rates.

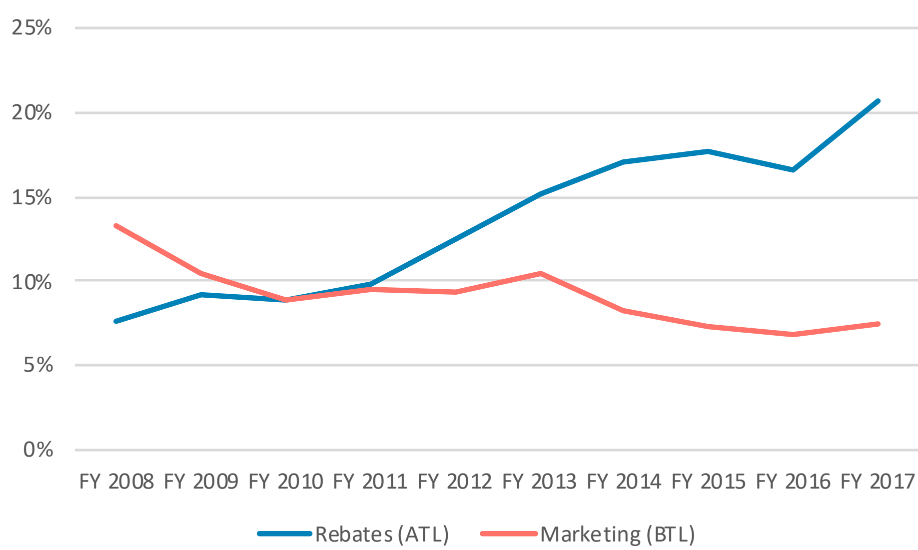
The nature of Blackmores

Blackmores enjoys the high margins in its home market that can accrue to an established brand in a market with low competition. But as it competes globally, margins will fall. This is particularly true in the key growth market of China, where prices are lower and marketing costs higher.

The company is squeezing its brand dry and skimping on marketing expenditure.

Despite its "Australian made" positioning, Blackmores is essentially a brand and marketing company that jobs its production out to a global supply network. As a branding company, it is performing badly. Above-the-line spending, meaning discounts and rebates, is now the core sales tool, and below the line, advertising and marketing have been falling. In the key growth market of China Blackmores marketing spend is down and prices are falling. Blackmores is being out marketed by competitors in China

Chart 1. Blackmores ATL vs BTL Marketing Expenses



Source: Company Reports.

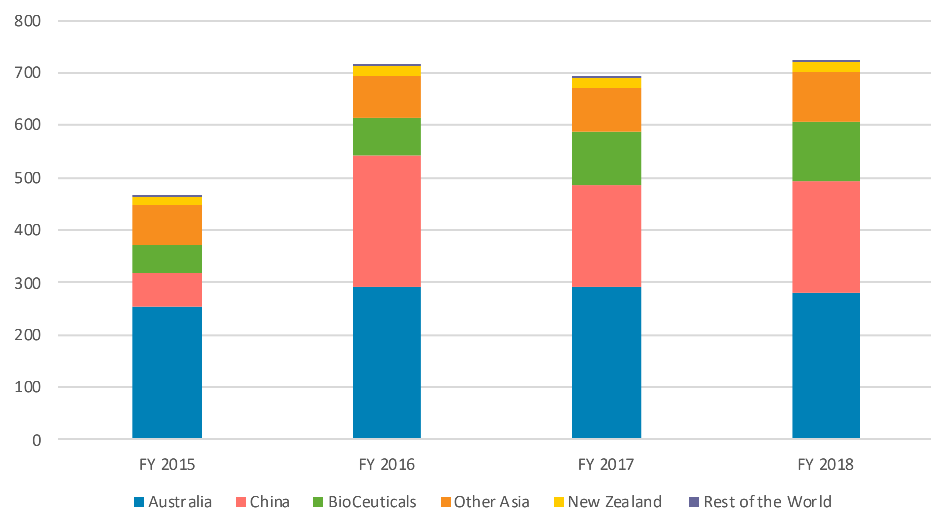
Easy sales disappearing

Like all other foreign VDS brands, Blackmores faces a hostile regulatory environment in China. The gate to the market opened via the cross-border ecommerce channel. This enabled VDS products to be sold online without regulatory approval. Approval was to be required by January 2018 and now has been pushed out to January 2019. We believe the Chinese government is strategically using regulations to protect domestic brands and to force foreign players to enter strategic partnerships, preferably with SOEs, to guarantee market access.

The stakes are high, as China is the biggest global growth market for VDS products. Competitors are seeking alliances. A much-larger foreign competitor, Swisse, was acquired by Hong Kong-listed Health and Happiness (1112 HK), which has robust sales channels in China. The U.S. brand GNC has entered a strategic alliance with an SOE pharmacy chain. But Blackmores has doubled down on going it alone and now operates a flagship store on TMall directly, effectively becoming the biggest retailer of its own brand in China.

We see a looming strategic threat for Blackmores at the end of 2018. They will not have the necessary regulatory approval in place, and China may shut the cross-border ecommerce exemption gate.

Chart 2. Blackmore's Revenue by Geography (AUD millions)



Source: Company Reports, J Capital

To continue to be successful in the highly competitive market of China, Blackmores needs to lift its game. The company spent the last decade struggling to establish itself in international markets.

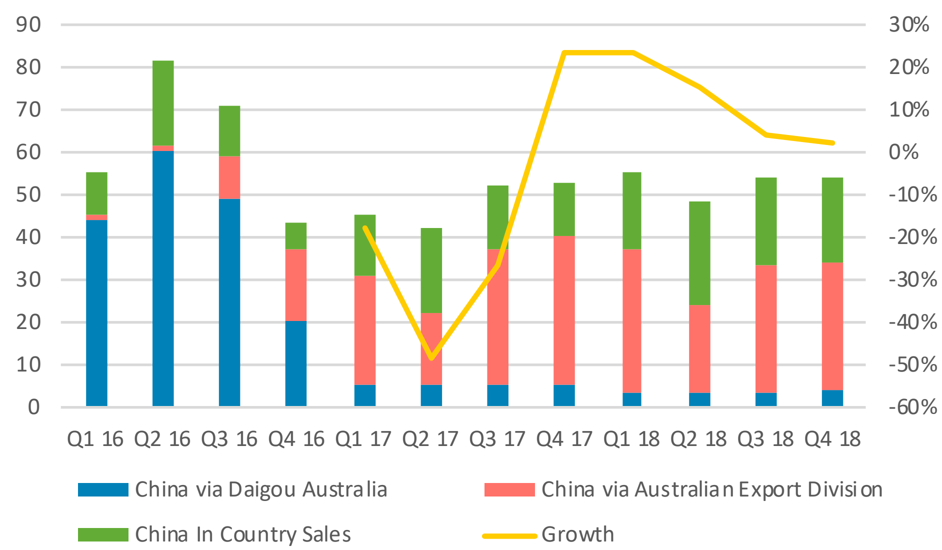
We believe the sales success in China was more good luck than good management. The disastrous foray into Blackmores-branded baby formula in China is testament to poor management. The formula was launched in October 2015 and shut down in October 2017 with a write down of AUD 7 mln. The failure of the baby formula brand demonstrated that Blackmores does not have a strong brand that can carry new products. The company

When Blackmores took control of its sales channels in China, it hobbled the golden goose.

needs a well-funded brand marketing strategy to build its brand with Chinese consumers. A China partner with VDS sales and marketing strength is necessary to remove the constant threat of regulatory disruption and lift the company into the large pharmacy and retail category. Blackmores should act as a brand manager and not try to manage retail or ecommerce in China.

Killing the China goose

Chart 3. China Quarterly Sales by Category (AUD millions)



Source: Company Reports, J Capital

We estimate that Blackmores China sales will be AUD 212 mln in FY18, still below the peak of AUD 250 mln in FY 2016 but up 10% from the low of AUD 192 mln in FY 2017. Sales growth was 23% in Q1 FY 2018, compared with the disastrous Q1 FY 2017. We estimate Q4 FY 2018 sales growth will fall to 2%. The recovery has stalled, and management doesn't have a plan.

Blackmores is reporting strong China growth numbers for its China in-country sales (sales via its China subsidiary) and its Australian export division (selling to distributors in China from Australia). It has stopped breaking out total China sales or *daigou* sales. In 2015 and through Q3 FY 2016, *daigou* sales were more than 80% of the total. Sales peaked in Q2 2016, and it now clear that maybe half of those sales in that quarter, or AUD 40 mln, most likely represented channels being stuffed with product.

Blackmores since Q4 FY 2016 has been aggressively taking sales share from *daigou* and distributors by controlling price, product, and channel. Controlling the market has come at the cost of sales. *Daigou* sales are now 6% of total China sales, since the agents are dropping Blackmores for products that have better margin.

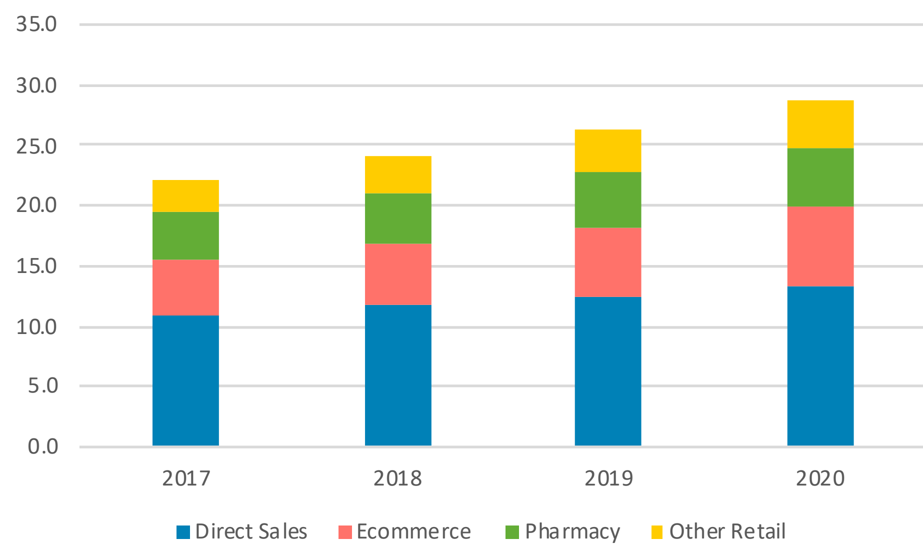
The China VDS market is growing at around 10% a year, and the ecommerce channel is probably growing at a higher rate, of 15%. Blackmores has lost market share to competitors like Swisse that have better product and marketing strategies and are spending more on marketing.

Regulatory cliff

At the end of 2018, all VDS products sold in any channel will be required to have China Food and Drug Administration (CFDA) approval. Blackmores is unlikely to be ready in time and the transition will have a negative impact on sales.

There is a real chance BKL will not be able to meet the regulatory requirement to continue selling in China in 2019, at least in time for the cut-off.

Chart 4. China VDS Market (USD bln)



Source: Roland Berger, J Capital

The VDS segment in China is forecast to grow at 10% a year through to 2020. Imported products require CFDA approval to be sold in traditional pharmacy and retail channels and a direct marketing license to sell via direct sales. Blackmores, like most imported brands, does not have CFDA approval and can only sell in the ecommerce channel as cross-border product sales are exempt from CFDA approval until the end of 2018. Only 700 foreign VDS products have CFDA approval as opposed to 13,050 domestic products. Blackmores addressable market is therefore only 20% of the VDS market. We estimate half of the ecommerce market is foreign products using cross-border ecommerce channels. We estimate Blackmores' share of the cross-border ecommerce VDS market is 10%, of the ecommerce channel 5%, and of the total VDS market 1%.

The market is highly fragmented. Ten brands make up the top 50% of the market and 100 the bottom 50%, with none having more than an 11% market share. Top brands are Amway's Nurtrilite, By-health (300146 CN), Wyeth's Caltrate and Centrium, Herbalife, Swisse, GNC, Nature's Bounty (including Puritans Pride), Usana, and Nuskin.

Blackmores has not achieved Orange Hat registration (the new, simpler registration process for foreign brands) for any of its products since the regulation change on July 1, 2016. Blackmores management informed us that products for registration must have a 12-month sales history in their home market. The CFDA list of approved ingredients have very low dosages. Blackmores had to develop new products and then make them available for sale in Australia for 12 months. The company also needs to ensure that any new product has efficacy at such low dosages.

Blackmores now has products in the trial phase, but the company is not optimistic that registration can be achieved in the next 12 months. Products must be registered in 10 months.

The lower-dose products may be less popular in the market.

Table 1. Blackmore Product Sales in China

Product	Share of Sales	Target Consumer
Fish Oil	23%	Seniors
Vitamin E Cream	17%	Women
Pregnancy & Breast-Feeding Gold	13%	Women
Evening Primrose Oil	11%	Women
Glucosamine Sulfate	8%	Seniors
Total	73%	

Source: TMall, J Capital

Narrower demographic

We estimate Blackmores' flagship store on TMall accounts for 25-30% of Blackmore sales in China. From the TMall sales data, we can see that 70-80% of Blackmores sales in China are concentrated in five products, which target women (25-35 years of age) and the elderly. This is a narrower and older demographic than competitors like Swisse. Online buyers are heavily skewed to younger consumers.

From interviews, we estimate that these established products have sales growth of 5%, and new products are growing at 15%. Cross-border ecommerce trade is flattening out, and domestic agents expect Blackmores sales to grow at 5% in China this year.

Weak retailing skills

Blackmores took over control of its flagship store from Leqi and now operates it directly. Blackmores is now itself the largest retailer for the brand in China, but retail has not been a strength of the company. Distributors we spoke with describe Blackmores management as disorganized in China.

Blackmores doesn't seem to understand the challenges it's up against in China. Time for a management change.

Blackmore marketing was stronger in 2015 and 2016 than in 2017. We suspect that, as sales declined, marketing budgets were cut to reduce the impact on the bottom line. In April 2015, Chinese tennis star Li Na was appointed brand ambassador, and Blackmores did expensive advertising in the Chinese metro to promote the Australian Tennis Open, an event that it also sponsors. But this year, there was no advertising for the ATO in China.

Advertising and marketing seem limited to brief promotions of new products. Worse still Blackmores was fined and shamed on China's Consumer Day on March 15, 2017 on national TV for making a false claim of being Australia's No. 1 supplements brand. Each year on March 15, brand owners live in fear of being outed on this highly publicized program. Only about 10 brands are shamed each year. This was a big blow for Blackmores.

Uncompetitive pricing

Comparing Blackmore product pricing for fish oil across channels and

Table 2. Blackmores and Swisse Comparative Pricing by Channels (Fish Oil 1000 mg 400 tablets)

RMB/bottle	China Retail	Tmall	JD	*Daigou* (Taobao)	Australia Online (Chemist Warehouse)	Australian Retail Woolworths (50% special)
Blackmore	499	159	119	112 to 245	145	97.5
Swisse	176	158	148	120 to 135	115	

Source: J Capital

against other brands, the pricing in retail is uncompetitive, and online Blackmores discounts more than do the competitors. There is little room for *daigou* margin.

Fish oil is Blackmores' No. 1 product, accounting for 23% of sales. TMall data indicate that Swisse sells about two-thirds of the volume of fish oil there and yet fish oil is only Swisse's No. 6 product and 6% of sales.

Daigou: The little man arbitraging markets

Blackmores has pushed the *daigou* out of the market, and we expect this channel to continue to decline.

Daigou--purchasing agents or small traders--have been around a long time in China. Back in the mid 1990s, when retailing was dominated by SOEs, cool Chinese would fly to Tokyo buy a suitcase or two of hip clothing, fly back to Beijing, and sell it out of their apartment to friends. Others would travel to South China factories and purchase the overproduction from contract manufacturers of clothing for Western brands then sell it from small stalls in Beijing's Silk Alley.

By 2015, as ecommerce took off and retail grew more sophisticated, *daigou* became agents of import arbitrage using ecommerce channels to sell. Blackmores became the poster child beneficiary of this trend. Vitamins and supplements are small and high-value and the perfect item for import arbitrage. A full suitcase of vitamin supplements could easily fund a trip to Australia when resold on Taobao back in China. Coupled with the Chinese consumer distrust of Chinese food and drugs, Blackmores image of the "safe and natural" vitamin company became the unwitting beneficiary of a consumer frenzy in China.

We spoke with several Blackmores *daigou*. Half had or were planning to stop selling Blackmore products, citing low prices on the Blackmores TMall flagship site, low margins, and Swisse being a better-recognized brand that did more marketing. We understand *daigou* margin is now less than 10%. The RMB has depreciated relative to the AUD by 11% since 2016, when sales were highest, making the *daigou* arbitrage less lucrative now.

The agents still selling Blackmores had mixed results. Some are seeing declining sales and others are growing at 5%. All said that Swisse sales were

60% to 100% higher than Blackmore sales on their platforms.

The failing retail strategy

Expanding into retail sales was expected to deliver Blackmores a huge sales boost when Blackmores presented its China strategy to investors in May 2016. Blackmores is yet to have any products approved by the CFDA, and so only Blackmores products considered to be food, like fish oil, can be sold in retail channels.

Blackmores IR believes that retail in China is less than 5% of sales. We checked retail channels in Shanghai that Blackmore had entered in 2016. Of the seven channels we checked, only three had Blackmores products. In those outlets, Blackmore prices were 70% higher than online. Swisse had a stronger presence, a retail price similiar to the online price, and much better sales. We expect Blackmores sales at retail would be more like 1% of their China sales at most.

Table 3. Blackmore China Retail Checks

Retail Pharmacy	Blackmore May 2016 Presentation	J Cap Checks Feb 2018	Competitor Present	Comments
SH No 1 Pharmacy	✓	✓(6 SKU)	Kamblex (6 SKU)	Price 3x online, poor product placement, good instore advertising
Grocery/MBS				
Lianhua Supermarket	✓	✖	✖	
OLE	✓	✓(6 SKU)	✖	Blackmores price 70% higher than online
Leyou	✓			
BLT	✓	✖	Swiss (2 SKU), Natures Way (1 SKU)	Swisse price 10% higher than onine
H&B Cosmetics				
Watson	✓	✖	Swisse	Swisse sells well, good location, price similar to online

Retail Pharmacy	Blackmore May 2016 Presentation	J Cap Checks Feb 2018	Competitor Present	Comments
Mannings	✓	✓(3 SKU)	Swisse (6 SKU) GNC (6 SKU)	Blackmores price 70% higher than online, Swisse price 10% higher than onine, Category does not sell well unless there is a promotion. Swisse sells better than Blackmores

Source: J Capital

Mannings, Shanghai has two Blackmores SKU in the VDS section. | Source: J Capital, Feb 2018

Swisse: More successful in China

Swisse, an Australian brand acquired by a Hong Kong infant formula company, has a greater market share and higher growth than Blackmores, as it has better sales and marketing strategies that target younger consumers. We estimate that Swisse sales are now at least twice as high as Blackmores. It has 13 products making up the top 73% of sales compared with five products for Blackmores. The product range targets all from children to the elderly, with a focus on people aged 19-25. Yhis is TMall's largest age group, accounting for 35% of all sales on TMall.

Table 4. Swisse China Sales Composition

Product	Share of Sales	Target Consumer
CALCIUM+ VITAMIN D	16%	Senior
LIVER DETOX	13%	Men
CRANBERRY	10%	Women
HAIR, SCIN, NAILS	8%	Women
GRAPE SEED	7%	Women
FISH OIL	6%	Senior
LECITHIN	2%	Adults
PROPOLIS	2%	Women
EVENING PRIMROSE OIL	2%	Adults
CHILDREN'S ULTIVITE	2%	Children
LUNG HEALTH SUPPORT	2%	Adults
GLUCOSAMINE SULFATE	2%	Senior
SLEEP	2%	Adults
Total	72%	

Source: TMall, J Capital

Swisse has been in the top five selling products on Netease since it launched on that site in April 2017. Swisse is very active on new and fast-growing ecommerce sites like Xiaohongshu.com, ayingshi.com, and kid-swant.com. Swisse has 15 SKUs in retail in Shanghai, Blackmores only four. We estimate Swisse sales in China are growing at 15%.

Swisse signed up Fan Bingbing, the famous Chinese film sta,r as brand ambassador in September 2017 and in November launched a large TV campaign featuring Fan Bingbing to promote Cranberry concentrate for natural beauty. In the spot, she visits the farm in the U.S. where the cranberries are grown. Swisse arranged large events in office buildings in Guangzhou and, working with VIP.com, got around 1,000 people to attend. In Shanghai for Singles Day this year, Swisse had an in-store event with TMall. Distributors and traders all said that Swisse has a much stronger advertising and marketing presence in China than Blackmores.

Brand best seller list on new social media ecommerce site Xiaohongshu.com, popular with consumers under 25. Swisse is nearly three times as popular as Blackmores. | Source: xiaohongshu.com

GNC: Partnering with an SOE for better China market access

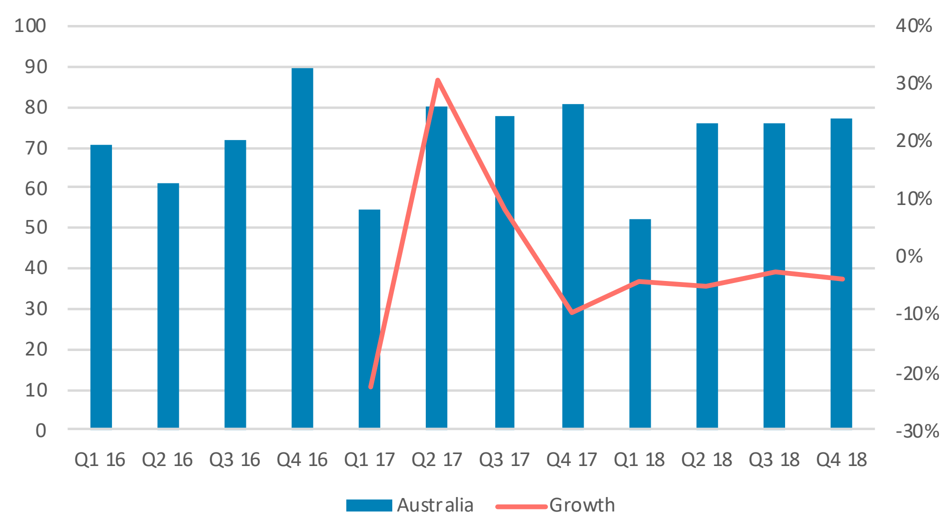
GNC one of the largest VDS companies in the US, with a larger market share larger than Swisse in China, announced on 13 Feb 2018 that it was forming a strategic alliance with Harbin Pharmaceutical. GNC operates a network of 3,000 supplement retail outlets in the U.S. that is losing money.

Only the China business is profitable. GNC cannot afford to lose the golden goose. Harbin Pharmaceuticals will invest USD 300 mln to become the largest shareholder of GNC, and then the two companies will form a joint venture in China to produce and market the GNC brand of VDS. Clearly GNC feels the need to have an SOE partner in order to get the necessary approvals from the CFDA to be able to continue to grow its market in China. Blackmore competitors are taking strategic action to reduce the impact of policy fluctuations on their core growth market of China.

Australia: Core Market in Decline

The Blackmores family business started in the 1930s and began to resemble the company it is today in the 1970s and 80s when it sold supplements in "health food" stores. The company expanded sales into pharmacies and supermarkets and extended the product range to achieve growth. Australian sales were around 80% of revenue in the decade before 2015. Revenue and profits grew at an average of 7% a year, and the share price drifted up from AUD 20 to AUD 30.

Chart 5. Australian Domestic Quarterly Sales AUD mln



Source: Company reports, J Capital

In 2015, Australian sales exploded, with 43% growth and in 2016 even higher at 56%, as Chinese *daigou* started to purchase from Australian wholesalers and retailers. The company estimated Australian domestic sales grew at 10% in 2016.

Blackmores could see exponential growth from single pharmacy clients. Some were selling at least 80% of the product to Chinese *daigou*. At the time rebates were often based on growth targets and these clients could get excellent margin from fast sales to *daigou*. Blackmores responded by opening a company in China to make direct sales in 2015 and then established an Australian export department to attempt to control the China sales in 2016. Where it was obvious a wholesale or retail client in Australia was exporting to China they were shifted to purchase from the Australian export department. Higher pricing in China and a potential margin of 60% or more continued to attract a market for *daigou* to buy direct from Australian channels.

We believe Chinese buyers were mainly purchasing from Chemist Warehouse, Blackmores' largest customer and the biggest pharmacy chain in Australia, either online or in-store. Chemist Warehouse sales increased 67% from $73 mln in FY2014 to $124 in FY 2015, an amount of $51 mln, roughly the same as the $55 mln in sales we estimate went to China in that year from Australian channels. The relationship with Chemist seems to have soured and Chemist warehouse Blackmore sales are now declining Chemist Warehouse still sells Blackmores in China on its flagship Tmall store but brands like Swisse and other smaller Australian brands are given much more prominence on the site. Chemist Warehouse is an important player in the China ecommerce market selling $17 million on Singles Day on 11 November 2017, Swisse and other Australian brands were promoted on that day but not Blackmores.

By June 2016 the China trade had peaked and multiple traders were buying to fill the same end customer in China. The channels were stuffed. Blackmores over produced and over expanded capacity. It all came crashing down. The company eventually wrote down $17 million in inventory. Q1 2017 Australian domestic sales plummeted 23%. The company had to use larger rebates to push sales.

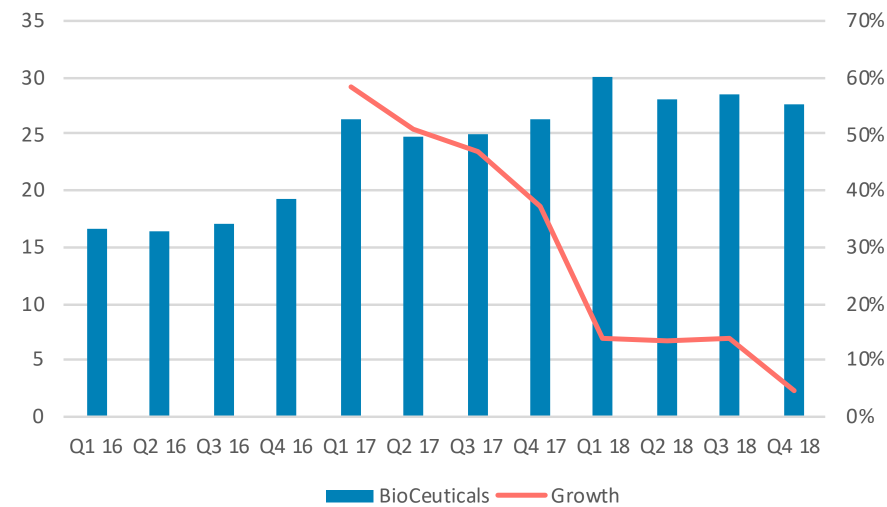
Blackmores tends to disclose more about sales composition and growth when sales are good and change reporting methods to hide poor performance when sales fall. We have made our best estimates of sales from available data.

Australian domestic sales are now in decline. Competitors are taking market share from Blackmores and the VDS market is in decline in Australia. Swisse now claims to be the number one brand in Australia.

Bioceuticals: Savior no more

Bioceuticals, acquired in 2012, is a practitioner brand, for people like naturopaths and healthcare professionals who recommend products. They are higher dosage than the Blackmores-branded products and are kept behind

Chart 6. Bioceuticals Quarterly Revenue Growth



Source: Company reports, J Capital

the counter in pharmacies. When Blackmores acquired the brand, it was already No. 1, but Metagenics was close in sales. After Blackmores acquired the brand, they used their sales relationships to get the brand into pharmacies. This boosted growth and made Bioceucticals the clear market leader. Pharmacists like the product, as it gives them good margin and the opportunity to make a recommendation to a customer.

Bioceuticals is only sold in Australia. The brand was launched into the US in February 2016 but it remains a small market for the company. The quality premium proposition of Blackmores and Bioceuticals does not work in the US. The practitioner space in the US is not like Australia. The US VDS market has more commodity like margins.

The company acquired Global Therapeutics, Australia's leading traditional Chinese medicine company and merged into Bioceuticals. Global therapeutics contributed $22 mln in revenue in FY 2017. Without this acquisition Bioceuticals would have grown at 15%.

Bioceuticals growth was a large positive in FY2017 in an otherwise poor year for the company. We expect now that a full year has passed since acquiring Global Therapeutics that growth will fall to 10% in FY2018 a trend that is clear from the Q2 FY2018 where growth fell to 9%.

Valuation AUD 86.73, downside of 27%

Table 5. Blackmore Revenue Forecast (Base Case)

Total Australia	Q1 FY18		1H FY18		31 FY18		FY18		FY19	
Australia	62	-5%	135	-7%	203	-1%	280	-4%	281	0.4%
China via Daigou Australia	3	-40%	6	-40%	9	-40%	13	-35%	12	-7.7%
China via Australian Export Division	34	31%	55	28%	85	13%	115	5%	100	-13.0%
China In Country Sales	19	32%	43	26%	64	31%	84	35%	75	-10.7%
(China in Country + Export Division)	53	28%	98	27%	149	20%	199	16%	175	-12.1%
Total China Sales	56	23%	104	20%	158	14%	212	10%	187	-11.8%
BioCeuticals	30.0	14%	57	12%	85	12%	113	10%	118	4.4%
Other Asia	10.1	12%	48	16%	70	13%	95	13%	98	3.2%
New Zealand	3.0	12%	6	0%	12	0%	19	0%	20	2.6%
Rest of the World	1.0	12%	0	-60%	1	-60%	1	-61%	1	25.0%
	161.6	0.1	350	9%	529	6%	720	4%	705	-2.1%

Source: J Capital

Table 6. Valuation Scenario

	2019 Gross Revenue AUD mn	Valuation
Best Case	753	$97.25
Base Case	705	$86.73
Worst Case	628	$83.37

Source: J Capital

We value Blackmores using a DCF model with an 8% WACC and 3% terminal value.

In all of our scenarios, we see China market growth trending towards 9% growth, Australia returning to low growth of 1%, and Bioceuticals and other Asia falling below 5%. Marketing expenses increase by 1.5% of margin.

Our scenarios are modeled on the disruption to Blackmores business by China registration requirements in early 2019.

Worst Case Scenario

In the worst case we expect Blackmores to see China sales seriously disrupted for six months (Jan to June 2019) as the company fails to achieve registration on time and newly registered products are less appealing to consumers.

Base Case Scenario

Our base is a few months of disruption to growth and some adjustment of the market to the new product line up.

Best Case Scenario

Blackmores registers on time and has minimal disruption to sales.

Risks

- Regulatory risk: On the upside, China could extend the exemption to regulation for cross-border ecommerce sales for another year.
- Bioceuticals may continue to achieve high growth, as the trend to probiotics continues.
- Other Asian markets like Indonesia and Korea may outperform and drive Other Asian growth higher.

Disclaimer