
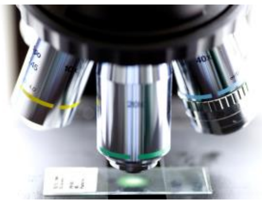


Complementary Medicines Retailer Industry Update

Australian Complementary Medicine (CM) Industry Growth

- Industry revenue: $3.5 billion, will grow to $4.6 billion in 2017-2018 with a rise to 45,000 of employees [1]
- There are over 10,000 Complementary medicines available on the Australian market[2]
- The sales of Vitamin & Dietary Supplements will overtake OTC medicines by 2015[3]

Consumer Trends

- More than two-thirds of the Australian population use Complementary Medicines[4]
- Australians spent $2 billion in out of pocket expenses on Complementary Medicines n 2010–11 whereas they spent $1.6 billion on pharmaceuticals[1]
- 24% (1.3 million) of Australian adults with a chronic condition regularly applied CMs to treatment [5]
- Only 6 % of Australian adults regularly meet the required daily intake of vegetables despite government' advocacy for nutrition through food. They are filling their nutritional deficit with vitamins and dietary supplements[3]

Sales of Consumer Health by Category (2013)[3] - A$ million

	2011	2012	2013	2014	2015
Vitamin & Dietary Supplements	1,428.1	1,633.0	1,936.5	2,157.1	2,333.9
Sports Nutrition	382.9	436.3	498.5	533.7	561.9
Herbal & Traditional Products	423.0	461.6	497.7	531.0	551.2

Vitamin & Dietary Supplements[3]

Generating $2 billion in revenues, over 50% growth in 5 year and expected to grow at constant value CAGR[*] of 7% of over the forecast period.

- Krill oil: over $201 million (growth of 180% in 2013) – fastest selling Vitamins & Dietary supplement
- Strong growth in multivitamins, VB,VC and VD
  - Multivitamins: $347 million (expected to grow by 6% in 2014)
  - Vitamin B $79 million (growth of 2%) – "Manage stress"
  - Vitamin C $64 million (growth of 4%) – reliable and stable growth
  - Vitamin D - 10% growth in 2013
  - VA and VE are negative in constant value terms

[1] NICM, http://www.nicm.edu.au/health_information/information_for_consumers/understanding_cm
[2] Therapeutic Goods Regulation: Complementary Medicines, Australian National Audit Office
[3] Consumer Health in Australia, Euromonitor International
[4] NHMRC CAM001 April 2014
[5] Australian adults use complementary and alternative medicine in the treatment of chronic illness: a national study, http://onlinelibrary.wiley.com/doi/10.1111/j.1753-6405.2011.00745.x/full

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Herbal / Traditional Products[3]

A$ 498 million (growth of by 8% in 2013)

1. Herbal / Traditional Dietary Supplements $377.3 million
2. Cough, Cold & Allergy (Hay Fever) remedies $ 69.9 million
3. Dermatologicals $ 20.6 million

- Calming and Sleeping products such as passion flower, valerian, and hops remain popular (15.8% Value Growth 2008-2013) – related to demand by aging population

Sports Nutrition[3]

A$499 million (growth of 14% in 2013) – expected to have a constant value CAGR* of 5 % over the forecast period due to increasing demand for pre-workout products

- Protein powder A$272 million (67% value share)
- Protein bars A$91.3 million

Distribution channel for consumer health products[3]

- Although the most popular channel is still traditional pharmacy retailers, major supermarket chains are beginning to offer a challenge to this.
- Parapharmacies and online retailers, such as Chemist Warehouse Group, are gaining market share
- The face of the pharmacy is shifting from a community-focused store (which gives advice on and dispenses prescription medications) to a larger discount one-stop shop for health, beauty and accessories.

Para-pharmacy[3]

- Chemist Warehouse Group – 16th largest retailer in Australia (over $2 billion in sales in 2013) while Terry White Chemists, historically the largest pharmacy retail group, saw a drop in sales from over $1 billion to $993 million in 2013.
- Consumers believe that they can get good quality information online regarding consumer health remedies, so are now looking for "the cheapest price" – therefore "para-pharmacies" are becoming increasingly popular in Australia.

*CAGR = Compound Annual Growth Rate