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
- There are over 10,000 Complementary medicines available on the Australian market
- The sales of Vitamin & Dietary Supplements will overtake OTC medicines by 2015

Consumer Trends

- More than two-thirds of the Australian population use Complementary Medicines
- Australians spent $2 billion in out of pocket expenses on Complementary Medicines in 2010–11 whereas they spent $1.6 billion on pharmaceuticals
- 24% (1.3 million) of Australian adults with a chronic condition regularly applied CMs to treatment
- 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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitamin &amp; Dietary Supplements</td>
<td>1,428.1</td>
<td>1,633.0</td>
<td>1,936.5</td>
<td>2,157.1</td>
<td>2,333.9</td>
</tr>
<tr>
<td>Sports Nutrition</td>
<td>382.9</td>
<td>436.3</td>
<td>498.5</td>
<td>533.7</td>
<td>561.9</td>
</tr>
<tr>
<td>Herbal &amp; Traditional Products</td>
<td>423.0</td>
<td>461.6</td>
<td>497.7</td>
<td>531.0</td>
<td>551.2</td>
</tr>
</tbody>
</table>

Vitamin & Dietary Supplements

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

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2. Therapeutic Goods Regulation: Complementary Medicines, Australian National Audit Office
3. Consumer Health in Australia, Euromonitor International
4. NHMRC CAM001 April 2014

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Complementary Medicines Australia
Natural Health and Wellness
PO Box 450 Mawson ACT 2607 | Tel: +61 (0)2 6260 4022 | Fax: +61 (0)2 6260 4122 | Website: www.cmaustralia.org.au
Herbal / Traditional Products

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

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

- 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

- 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