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BELLAMY'S AUSTRALIA

*A pure start to life!*

Annual  
General  
Meeting  
30 October 2014

## **Bellamy's Organic Limited 2014 AGM Agenda**

- A. Opening Remarks and Welcome
- B. 2014 Annual Report
  - 1. Chairman's Report
  - 2. Managing Director's & Chief Executive Officer's Report
- C. Questions
- D. Resolutions
  - 1. Election of Director
  - 2. Approval of Remuneration Report
  - 3. Appointment of Auditor
  - 4. Approval of issue of Options under the Long Term Incentive Plan
  - 5. Approval of grant of Options to the Managing Director

# Annual General Meeting Presentation

**30 October 2014**

**Rob Woolley**

Chairman

**Laura McBain**

Managing Director and CEO



Bellamy's offers a range of organic food and formula products for babies and toddlers. All our products are Australian Made and Certified Organic, so you can be sure that Bellamy's really is...

*A pure start to life!*



## Overview of Bellamy's

### Bellamy's is....

- a leading Australian producer, supplier and marketer of 100% organic baby food and formula in Australia, China, Hong Kong, Singapore, Malaysia Vietnam and New Zealand
- a Tasmanian-based branded food business founded in 2004
- a brand that offers a complete organic food range from birth using only the finest ingredients
- established in Australia, China and South East Asia, with a strong distribution network enabling the delivery of products to Australian and global consumers

### Our Growth story...

- ...the fastest growing brand in Australian baby, in the fastest growing category
- ...expanding across Asia and internationally with a growing, strong brand
- ...not encumbered by factories – we manage and control our supply chain and distribution capability
- ...ready to leverage a solid foundation to leap into new categories & new markets, and dive deeper into existing markets

### Our Success story....

- Significant sales growth achieved with revenue forecast to grow to \$83.8 million in FY2015 from historical position of \$17.4 million in FY2012
- Approx 10% Australian market share
- Top 10 online performer on Taobao/T-mall China baby category
- EBIT margin growing each year



Bellamy's offers over 30 products that are tailored to the needs of babies and toddlers:

Babies from birth to 6 months



Baby formula, baby food pouches, dry cereals.

Babies from 6 to 12 months



Baby formula, baby food pouches, dry cereals, teething rusks, pasta.

Toddlers from 1 to 3 years



Toddler milk, baby food pouches, dry cereals, teething rusks, fruit snacks, fruit bars, pasta.

Children 3 year plus



Milk drinks and snacks.

## Financial Performance Highlights FY 2014



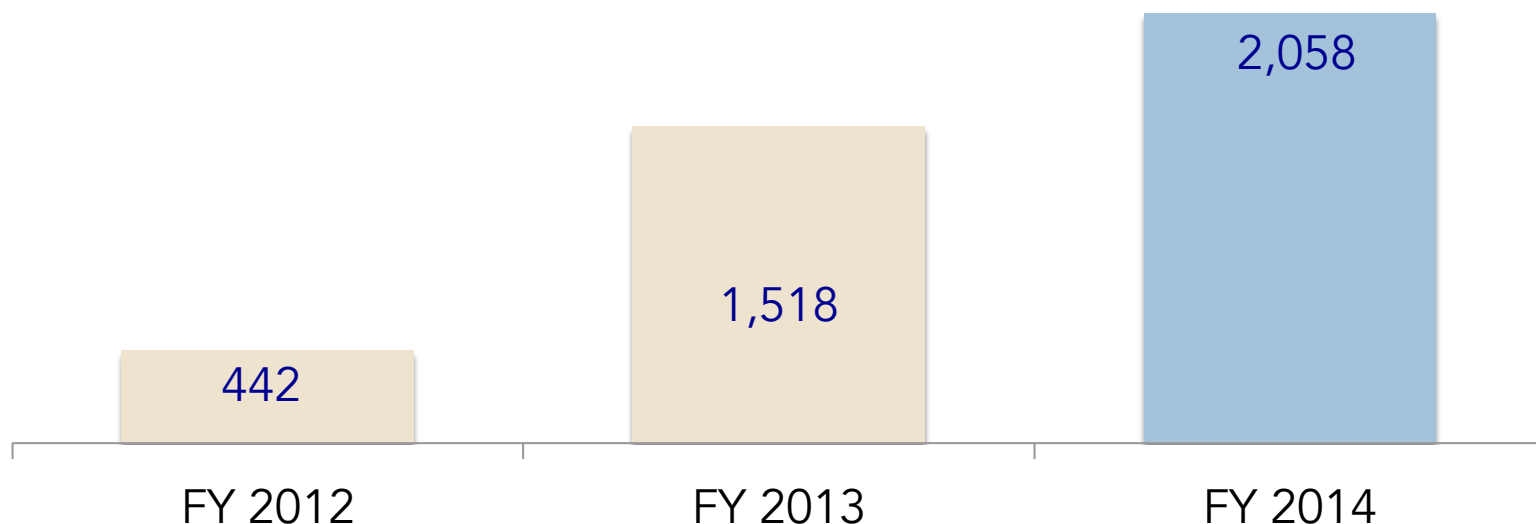
Year on year  
growth of 57%  
since 2011

EBIT Growth 36%  
reaching \$2.1m



Revenue Growth  
77% reaching  
\$50.9m

## EBIT (A\$'000) Growth from 2012 to 2014



## NPAT Performance

- Statutory NPAT of \$1.3 million in line with forecast NPAT of \$1.2 million per the prospectus
- Pro forma NPAT consistent with 2014 forecasts



## Operation Highlights

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FY2014

Bellamy's Organic launched across new pharmacy stores, Costco and independent distribution channels in Australia – formula market share now at approx 12%

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15% of revenues from overseas markets. Established team in Singapore and growth of the China team to support export expansion in SE Asia and China.

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Built deep understanding of global organic supply chain and continuing to foster relationships across the organic industry to encourage and support the growth and development of organic farming and food manufacturing

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Listing of Bellamy's Australia Ltd on ASX on 5 August 2014

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# FY 2014 Results Detail

## Financial Review – Statutory Result

	Financial year ended 30 June 2014 \$'000	Financial Year ended 30 June 2013 \$'000	Period movement up/(down) %
Revenue (from all sources)	50,927	28,842	76.6%
EBIT	2,058	1,518	35.6%
Profit before income tax expense	1,880	1,416	32.8%
Income Tax Expense	(614)	186	430.1%
Net Profit after income tax expense	1,266*	1,602	(21.0)%

\*Includes one off cash bonuses to employees, directors and senior executives accrued to 30 June 2014 as disclosed in the prospectus

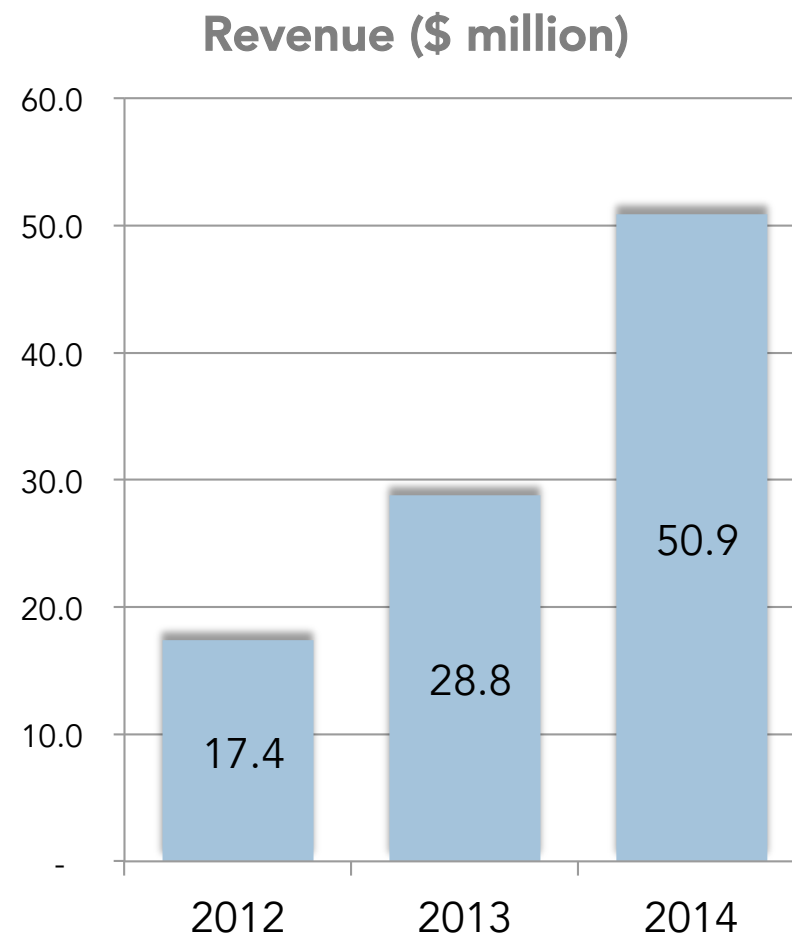
## Financial Review – underlying financial performance

For the year ended 30 June 2014	Statutory Profit \$'000	Non-Recurring Items \$'000	Underlying Profit \$'000
Revenue (from all sources)	50,927		50,927
EBIT	2,058	1,400	3,458
Profit before income tax expense	1,880	1,400	3,280
Income Tax Expense	(614)	(420)	(1,094)
Net Profit after income tax expense	1,266	980	2,246

Non recurring items of \$1.4m relate to a bonus paid to employees, directors and senior executives in June 2014

## Revenue increased by 77%

- Revenue for FY2014 ahead of forecasts by \$2.7 million, primarily driven by strong Australian domestic sales in the final months of FY2014 for formula
- 85% of revenue for FY2014 derived from Australian distribution, mainly supermarkets and chemists



## Gross Profit margins stable at 36.2%

- Bellamy's operations team is focused on maintaining gross profit margins and works closely with suppliers and distribution channels to deliver sustainable pricing solutions for the whole organic supply chain.

## Costs of Doing Business

- Bellamy's has a relatively fixed cost based that provides it with operating leverage and the ability to grow earnings faster than revenue as shown in the below table

Costs as a % of Sales	Year Ending 30 June 2014	Year Ending 30 June 2013
Employment Costs	6.0%	7.4%
Marketing Costs	1.6%	0.8%
Other Administrative Costs	3.8%	6.4%



## Financial Review – Statement of Financial Position

	Financial year ended 30 June 2014	Financial Year ended 30 June 2013	Period movement up/(down)
Basic and diluted earning per share (cents)	1.9	2.8*	(32.1%)
Net Asset (\$'000)	15,592	9,477	64.5%
Net tangible assets (\$'000)	15,364	9,477	62.1%
Net assets per share (cents)	22.3	14.6*	52.7%
Net tangible assets per share (cents)	21.9	14.6*	50.0%

\*Comparative results for earnings per share have been restated to reflect the capital reconstruction approved by shareholders on 10 June 2014, whereby each share was split into 6.554 ordinary shares)

## Financial Review – Statement of Financial Position

### Increase in Assets of \$6.7m

- Increase of cash balances as a result of increase in cash flows from operations of \$4.2m
- Increase in trade and other receivables of \$0.8m
- Working capital assets increased including inventories by \$1.3m and prepayments increased by \$2.5m

### Increase in Liabilities of \$0.6m

- Reduction of interest bearing debt of \$3.5m
- Increase in trade and other payables of \$3.9m

### Increase in Equity by \$6.1m

- Institutional capital raising of \$4.8m (net of costs)
- Net Profit of \$1.3m

# Growth and Outlook

## Growth and Outlook

- Bellamy's Australia Ltd made its Initial Public Offering on the ASX on August 5, 2014.
- The prospectus forecast gross revenue for the group for FY2015 is \$83.8 million, and Pro-forma NPAT of \$5.0m
- Growth continues to be driven by a disciplined sales and distribution strategy in Australia, China and South East Asia
- The company continues to invest in distribution networks in China and Singapore, which is forecast to contribute to further sales and revenues increases as outlined in its prospectus

## Purpose of Funds received from Listing

Additional working  
capital to manage  
forecast growth

Additional marketing  
budget flexibility to  
achieve greater  
brand awareness  
internationally

Additional capital for  
R&D

## Execution of FY 2015 objectives

Bellamy's has started the 2015 Financial year focused on meeting the objectives and growth strategies outlined in the prospectus. A number of these initiatives have already been achieved:

Sales to China recommenced in August after announcement of the approval of the contract manufacturing facility by Chinese authorities

Launch of Bellamy's Organic formula and food range with 160 Target stores nationally

Launch of Bellamy's Organic formula with Walmart stores in Guangdong and Guangxi in China

Launch of Ready to Go nationally in major retailers, pharmacy and independent retailers

Increased ranging and distribution in pharmacy including 450 Amcal, AmcalMax and Guardian stores

Launch of baby food pouch range with Costco and Big W

Increased ranging in all major retailers in Singapore and increased distribution in the independent and online trade.



## 2015 Objectives currently in development

Bellamy's also has a number of initiatives on track for completion, in line with our business plan for FY 2015, these include:

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Ready2Go to be ranged in Costco.

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Appointment of new Malaysian distribution partners

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Direct to trade market model for Hong Kong in final stages, repeating the model developed for Singapore

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Final stages of model for direct to market distribution in South Australia and Western Australia.

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Continued roll out of distribution points in Vietnam including 400g formula.

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Continuing the evaluation of business partners for new markets in The Philippines and Indonesia

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## Bellamy's strategy to deliver continued growth

### Expansion to New Markets

- Bellamy's has identified several key markets for growth outside Asia

### Category Development outside Baby

- Bellamy's is increasingly a well known brand and there are natural opportunities for range extension outside Baby

### New Products within Baby Category

- Bellamy's continues to grow the baby proposition, positioning itself as the only brand to offer a complete range from Birth

### Expansion in Asia Markets

- Bellamy's has a growing Asian market, with distribution to grow into new countries and deeper into existing markets

### Full distribution across Australia

- Bellamy's will continue to achieve growth across Australia particularly in Pharmacy through expansion of our independent sales force

Underpinning Bellamy's strategy for growth is its strong understanding of its supply chain and arrangements with contract manufacturers and ingredient suppliers

- We continue to forecast and plan with Tatura Milk Industries providing long range forecasts to enhance planning and supply efficiencies.
- There are currently no expected changes to GP as a result of changes in exchange rate movements and we will work closely with our distribution channels to manage any changes
- We continue to build relationships with suppliers to support future growth requirements for organic ingredient supply and manufacturing capacity.

Bellamy's Australia is confident the business is on target to meet its FY2015 forecasts.

# Questions?

# Annual General Meeting Resolutions

30 October 2014





## Resolution 1 – Financial Statements and Reports

### Resolution:

- To receive and consider the Financial Report of the Company and the reports of the directors and auditor for the year ended 30 June 2014

## Resolution 2 - Election of Director

- Michael Wadley

Resolution:

- Approve the appointment of Michael Wadley as a Director of the Company

## Resolution 3 - Remuneration Report

- Pages 21 – 25 of Annual Report
- Board and Executive
- Remuneration Committee and external remuneration advisors

### Resolution:

- Adopt the remuneration report for the year ended 30 June 2014

## Resolution 4 - Appointment of Auditor

- Pricewaterhouse Coopers

Resolution:

- Approve the appointment of Pricewaterhouse Coopers as auditor of the Company

## Resolution 5 - Approval of Long Term Incentive Plan

- Key element of the Company's total remuneration strategy for key management personnel (KMP) and other eligible senior managers
- Promote and foster loyalty and support of eligible employees
- Enhance relationship between the Company and eligible employees for the mutual benefit of all parties
- Attract, maintain and motivate KMP and other employees essential for the growth and development of the company
- Key Features:
  - Approval of 3 tranches sought
  - Vesting period of 3 years for each tranche + 2 years to exercise
  - Performance hurdles based on 2 components:
    - 50% on share price growth hurdles
    - 50% on earnings per share growth hurdles

## Resolution 6 – Grant of Options to Managing Director

- To issue to the Managing Director, Laura McBain, up to 2,550,000 options in 2014, 2015 and 2016 in accordance with the long term incentive plan



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