

## BELLAMY'S BUSINESS UPDATE

Bellamy's is pleased to update you on progress since listing and the development of the business to date.

The formula category in Australia remains one of the fastest growing categories in the grocery trade, despite a relatively flat birth rate in Australia. Our view is the growth in the Australian industry is in part a result of offshore consumers, particularly in China, purchasing Australian formula for use at home.

Bellamy's now has 14% of the Australian retail formula market. The market share growth from 12% as disclosed in our Prospectus has been achieved through deeper distribution across Australia and stronger brand recognition.

Bellamy's is satisfied with the progress made in a short time-frame following the licencing of our Infant Formula manufacturer by Chinese Authorities. Bellamy's is on plan to meet our Forecast China Sales FY 2015. As an initial part of our market expansion into major supermarkets in China, Bellamy's formula recently launched in Wal-mart stores in Guangdong. We have been pleased with the results to date and, importantly, this step will contribute to increasing the brand profile in the China market.

As a result of the growth in formula sales, we are yet to reach our preferred stock levels. We are mindful, however, that there are risks in having lower stock levels, which could limit our capacity to respond to sudden increases in demand. We maintain good cash levels to support the planned increases in production.

Overall, Bellamy's is positioned to exceed its FY 2015 Prospectus forecast. Subject to the continued momentum in Australia and China and normal formula ingredient supply arrangements, the Board expects the business will exceed the Prospectus forecast for Sales by 20% and NPAT by 20%.

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14 December 2014