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BELLAMY'S AUSTRALIA

A pure start to life!

A woman with long, wavy brown hair, wearing a white sleeveless dress with a lace detail, is holding a baby up towards her face. The baby is wearing a white headband with a large white flower and a white dress. They are on a beach with the ocean and waves in the background. The sky is a clear, pale blue.

1H15 Results Presentation

18 February 2015

A horizontal bar composed of five colored segments: blue, red, green, yellow, and orange.

➤ **Delivering on what we said we would do**

Growing earnings and a strong balance sheet

Positioned to achieve H2 results consistent with H1



Strong 1H15 financial performance

(A\$m)	1H15	1H14	Change
Revenue	58.3	24.1	141%
EBIT	4.4	2.0	118%
Profit before income tax expense	4.7	1.9	147%
Income tax expense	(1.5)	(0.6)	169%
Net profit after income tax expense	3.2	1.4	137%
Basic and diluted earnings per share (cents)	3.6	2.1	71%

Delivering operationally to underpin future growth

Brand driving growth....

- Commanding approximately 14.1%* of the Australian retail formula market as position with major retailers is strengthened
- Building distribution
 - Launched organic formula and food range in 160 Target stores nationally this half
 - Increased ranging and distribution in pharmacies – now available in 450 Amcal, AmcalMax and Guardian stores

...with Asian focus on track

- Expanding across Asia with a strong growing brand
- Chinese growth underway with increasing sales to distribution network
- Increased ranging in all major retail supermarkets in Singapore in last 6 months

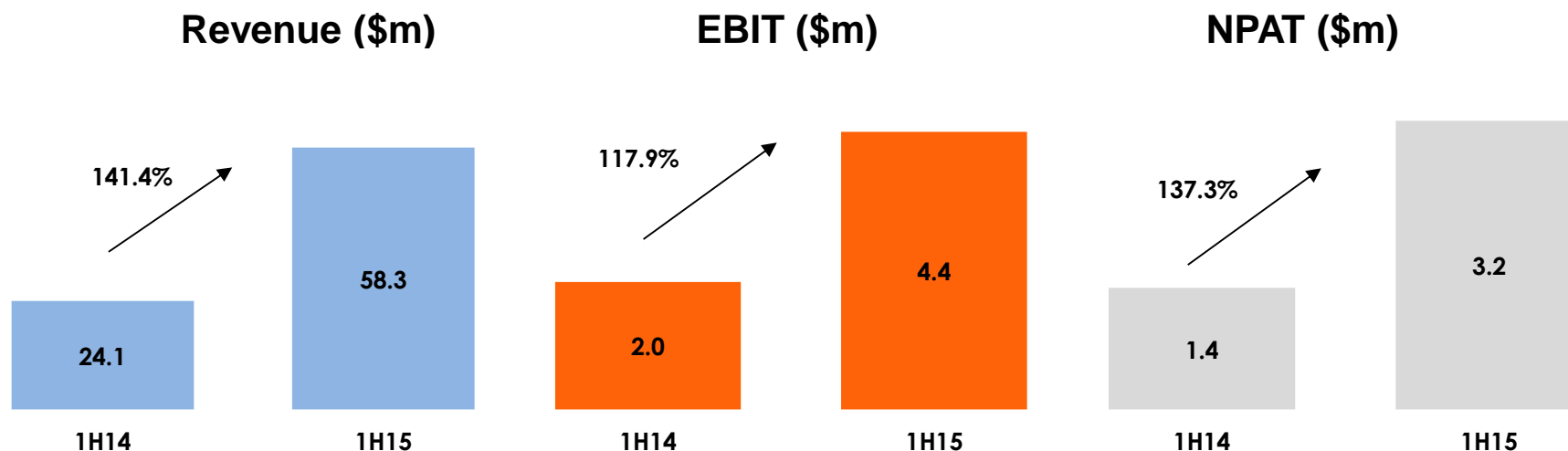
Delivering on what we said we would do

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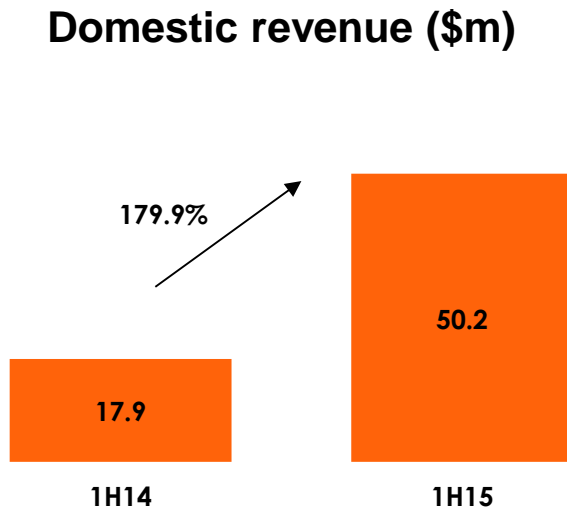
Strong growth across P&L metrics



- Revenue growth driven by:
 - Increased brand awareness, successful marketing, growth across all retailers and new distribution points with independent retailers in domestic market
- EBIT impacted by one off capital raising cost:
 - Strong growth, however EBIT impacted by one off capital raising cost of \$0.27m
- Earnings growth driven by:
 - Revenue growth with costs of doing business reducing as a percentage of sales

Growth in domestic market

Domestic market revenue up 179.9% to \$50.2m

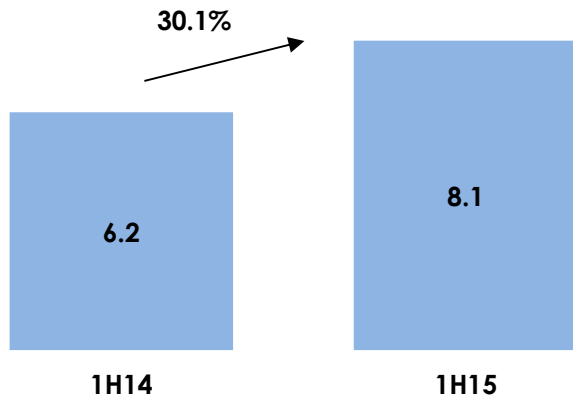


- Focus on deep distribution across all supermarket and pharmacy channels
- Increased brand awareness through successful marketing campaigns
- Launch of organic formula and food range in 160 Target stores nationally
- Successful Launch of baby food pouch range in Costco and Big W
- New supplementary milk drink Ready to Go not reaching expectations, but sales of other food products performing ahead of expectations.

Strong export growth market driven by demand in Asia

Export market revenue up 30.1% to \$8.1m

Export revenue (\$m)



- Operation in export markets, particularly China, continues to grow
- Brand consistently attracting new customers and expanding retail distribution
- Increased sales in Singapore as ranging was increased in all major retailers and increased distribution points

Attaining sustainable cost structures

- **Gross profit margin of 33.2% down 2.2 percentage points on previous period (1H14: 35.4%)**
 - Pricing changes from ingredient suppliers as a result of increased demand for organic formula ingredients
 - Successfully undertaken measures to address this change and benefits to be realised in the full FY15 result

Costs as a percentage of sales	1H15	1H14
Employment Costs	4.7%	6.2%
Marketing Costs	2.1%	1.4%
Other Administrative Costs	3.1%	3.7%

- **Cost of doing business as a percentage of sales down 1.3 percentage points**

Growth's impact on operating cash flow

(A\$m)	1H15	1H14	Change
Operating cash flow	(10.3)	1.4	<<
Investing cash flow	(0.3)	(0.2)	<<
Financing cash flow (share issue through IPO)	23.1	(3.1)	>>
Net cash flow movement	12.5	(1.9)	>>
Cash at bank	16.9	0.8	>>

- **Operating cash flow**

- Receivables increased by \$13.0m, impacting net working capital
- Inventory levels increased by \$4.6m to support increased revenue

Strong balance sheet for future growth

(A\$m)	1H15	1H14	Change
Net Assets	43.0	10.8	297%
Net tangible assets	42.7	10.7	299%
Net assets per share (cents)	45.2	16.7	171%
Net tangible assets per share (cents)	44.9	16.5	172%

Delivering on what we said we would do

Growing earnings and a strong balance sheet

- **Positioned to achieve H2 results consistent with H1**



Outlook

2H15

- Continue to expand operations internationally
 - Focus on Asia, particularly China and South East Asia
- Well positioned to benefit from growing Baby formula category in both Australia and Asia
- Continuing to build relationships with suppliers to support future growth requirements
- 2H performance should be consistent with first half results

Q&A

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