

**ASX RELEASE**

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**Bellamy's exceeds growth expectations**

Bellamy's Australia Limited (ASX: BAL) is pleased to announce its results for the year ended 30 June 2015 (FY15) that saw growth in revenue of more than 150% and growth in net profit of over 600%. The company, which develops, produces and markets organic baby food and formula has continued to grow the opportunities for the business in its Australian and Asian markets, and set the platform for sustainable growth going forward.

**FY15 – growth across all key metrics**

(\$ million)	FY15	FY14	Change
<b>Gross sales</b>	131.7	52.1	153%
<b>Net Revenue after trading rebates</b>	125.3	48.9	156%
<b>EBIT</b>	12.3	2.1	497%
<b>NPAT</b>	9.1	1.3	617%
<b>Operating cash flow</b>	4.7	0.8	>>
<b>Dividend (cps)</b>	2.86	-	>>

Commenting on the company's FY15 results, Bellamy's Managing Director and CEO Laura McBain said:

"The entire Bellamy's team are energised by our performance in our first year as an ASX listed company. We have achieved operational and financial performances that substantially exceeded prospectus forecasts. FY15 was a record year for Bellamy's and has positioned the company to build a sustainable growth trajectory.

"Aside from listing on the ASX, over the past 12 months we have launched several new products that reinforced our strategy of delivering innovation to the baby category. We continued to grow our retail distribution footprint in Australia to over 700 retailers, while also growing our presence in Asia including opening our flagship t-mall.com online store for consumers in China.

"Bellamy's products are in demand because they appeal to parents looking to provide their children with pure, wholesome organic food. As the demand for organic food grows, our focus remains on sourcing high quality organic ingredients that meet our strict requirements. We have continued to identify strategic sources of organic raw materials and established a broad network of suppliers essential for us to bring products to market in an efficient, timely and reliable manner.

“We are working with a number of manufacturers across our product range to deliver sustained growth and meet the demand for organic products. We continue to work with supplier Tatura Milk Industries Ltd for the manufacturing of infant formula and in July this year signed a six year supply agreement with them to continue our eight year relationship.

“Australia continues to generate Bellamy’s largest proportion of revenue through our supermarket and pharmacy networks. We are distributing through major retailers such as Coles, Woolworths, Big W, Target, Costco, Chemist Warehouse, Terry White and Amcal. Our direct, on the ground sales representation at independent supermarkets and pharmacies has driven significant growth, particularly in baby food, where Bellamy’s is currently tracking at 56% market share according to Aztec data.

“Our Asian growth strategy is on track and this year we have expanded across Asia with our strong and growing brand. In Vietnam and Malaysia we continue to focus on building partnerships with local distributors, and recently received approval for our infant formulas in Malaysia. We’ve experienced exceptional growth in Singapore by replicating Australia’s direct to market focus via the Guardian and Watson pharmacy networks in Singapore.

“In China there has been a strong shift to online purchasing of imported infant formula products, rather than purchasing direct from traditional retail stores. Online trading of infant formula now contributes one-third of total infant formula sales across all brands in China. In late March we opened a Bellamy’s online tmall.com store where customers are able to purchase the entire Bellamy’s range of products, and the early performance of this store has been encouraging.”

### **Very strong growth in revenue**

Gross Sales were up 153% to \$131.7 million (FY14: \$52.1 million) driven by strong Australian domestic sales and growing Asian sales. Underpinning sales growth has been deeper distribution, wider product offerings in each store and, increased brand awareness from successful marketing activities.

### **Scale benefits reducing cost of doing business**

Gross profit margin remained strong at 32.9%, albeit slightly down on the previous year (FY14: 33.5 % - adjusted). This was largely due to increased ingredient pricing, in particular whole milk, in the first half of this financial year, as supply was stretched due to sales growth. This has been addressed in the second half by passing on ingredient pricing increases to retailers, leveraging the benefits of increased production volumes and working closely with manufacturers, distributors and suppliers to develop sustainable pricing solutions for the entire supply chain.

## **Strong balance sheet, growing cash flows and dividend**

With minimal net debt and a strong cash position, Bellamy's is well funded to continue to pursue its growth strategy. Over FY15 there was a substantial lift in operating cash flows due to the underlying growth in the business.

Reflecting the company's sustainable earnings, strong cash flows, and growth outlook, the board of directors declared a final FY15 fully franked dividend of 2.86 cents per share. The record date for this dividend is 1 September 2015, and payment date is 30 September 2015.

## **Growth to continue over FY16**

Commenting on the company's growth outlook for FY16, Ms McBain said:

"We are well positioned to continue to grow in Australia and Asia over FY16. Our focus on product innovation will not diminish.

"Central to our future success will be to continue to develop long term relationships with key organic ingredient suppliers and manufacturers that support mutual growth. Our agreement with Tatura Milk Industries is a good example. We have the foundations in place to drive growth in FY16 and beyond and are excited by the opportunities available to Bellamy's to deliver that growth."

- ENDS -

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## **About Bellamy's**

Bellamy's Australia is a Tasmanian-based company and we produce only 100% Australian made organic foods. Our mission is to provide a pure start to life for babies and young children everywhere and we are passionate about promoting healthy eating practices in our children. Bellamy's Organic started in Launceston, Tasmania in 2004 as a family-operated company.

We supply our product range to supermarket chains and independent stores across Australia. Bellamy's also exports its 100% certified organic food to customers in China, Hong Kong, Taiwan, Singapore, Malaysia, Vietnam, and New Zealand.

We are proud that we make a positive contribution to the wellbeing of this and future generations by helping people on a path to Mindful Eating.

For further information please go to [www.bellamysorganic.com.au](http://www.bellamysorganic.com.au)