

ASX RELEASE

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Bellamy's generates strong growth in half year earnings

Following the company's recent earnings update, Bellamy's Australia Limited (ASX: BAL) today released the full details of its results for the six months ended 31 December 2015 (1H16). Over 1H16, Bellamy's delivered growth in revenue of more than 83% and growth in net profit of over 325%.

| (\$ million) | 1H16 | 1H15 | Change |
|----------------------------|-------|--------|--------|
| Revenue | 105.1 | 57.4 | 83% |
| EBIT | 19.2 | 4.4 | 334% |
| NPAT | 13.7 | 3.2 | 325% |
| Operating cash flow | (1.2) | (10.3) | >> |
| Dividend (cps) | 4.1 | - | |

Commenting on the company's 1H16 results, Bellamy's Managing Director and CEO Laura McBain said:

"The first half of the 2016 financial year has been one of continued strong growth, underpinned by Bellamy's brand reputation in the market as a leader in organic food and formula products for babies and toddlers. Our organic growth has been so strong because we live and breathe by our values; that all children deserve the purest start to life.

"Our deep understanding of the complex organic global supply chain, strong relationships with key suppliers, and expanding distribution network places Bellamy's in a unique position to continue benefiting from strong domestic and international demand. Making Bellamy's products available to as many people as possible has always been part of our vision, and our resolve to achieve this remains unwavering."

Strong growth in Australian domestic market

"Bellamy's continued to generate strong growth in the Australian domestic market. We have focused on extending our reach in pharmacy and increasing our footprint in stores. Over the half, we experienced unprecedented demand for both our formula and food range as a result of the broad distribution and reach we have achieved at retail level, and the growing awareness of the Bellamy's brand.

“There has been increased scrutiny of the infant formula market in Australia due to constraints on availability of certain brands in stores. In response, Bellamy’s ensured that the company’s online stores could supply customers, particularly within Australia.

“Late in the half, we increased prices to balance cost increases for organic ingredients. This, together with improved supply chain efficiencies resulted in the company’s margins trending toward a more normal industry average,” said Mrs McBain.

Continuing to benefit from growth in Asian markets

“Bellamy’s has continued to benefit from strong growth in targeted Asian markets. Over the past six months we have seen improved Asia segment sales and growing market share. We have continued to grow market share in South East Asia and have had considerable success in Singapore where we have doubled our market share to 3% and, importantly, have outpaced two competing European organic formula brands through Bellamy’s strong brand presence.

“We continue to monitor market demand dynamics, in particular the purchase of Bellamy’s products from Australian stores and customers then on-selling those products through independent e-commerce platforms overseas. We have put in place a strategy to address this through our online flagship stores, which are now in the top 15 brands for formula, and has seen substantial growth in sales direct from Bellamy’s to consumers in China.

“We remain committed to further building our footprint across South East Asia, in terms of the countries we already operate in, as well as expanding our footprint into other attractive countries where the Bellamy’s brand and organic products would be highly valued by consumers,” added Mrs McBain.

Strong growth in revenue and earnings

Over 1H16, revenue grew 83% to \$105.1 million due to increased brand awareness, growth across all retailer channels, and new distribution points with independent retailers in the domestic market and on-line channels. The company experienced strong domestic and export sales in both infant formula and food segments.

EBIT was up 334% on the prior period to \$19.2 million, and NPAT was up 325% on the prior period to \$13.6 million.

Strong balance sheet, improving cash flows and dividend

Bellamy’s has minimal debt and cash flows have improved over the half.

Reflecting the company’s sustainable earnings and growth outlook, the Board of Directors declared an interim FY16 fully franked dividend of 4.1 cents per share (this represents 30%

of NPAT). The record date for this dividend is 26 February 2016, and payment date is 23 March 2016.

On 22 October 2015 the Directors announced the establishment of a Dividend Reinvestment Plan (DRP) to allow eligible shareholders to reinvest part or all of future dividends into new Bellamy's shares, subject to the terms and rules of the plan. The DRP will be in operation for the current dividend.

Positive growth outlook, with the company well placed to meet strong demand

Commenting on the company's growth outlook, Mrs McBain said:

"We continue to see strong growing demand for Bellamy's range of organic infant foods and formula both domestically and internationally. Australia is the core of our business and our commitment to the domestic market remains unchanged. At the same time, the Asian region provides a number of attractive growth opportunities.

"The growth Bellamy's has experienced since the company's formation has put us in a strong position to extend the purest start to life to more babies around the world.

"Bellamy's has a strong brand reputation for organic infant foods and formula, and we are focused on supporting sales activities and growth through careful management of organic ingredients both in the short and long term. To this end we have several initiatives underway to ensure that the ongoing demand for Bellamy's products will be met, including supporting the conversion of Australian farms to organic.

"Bellamy's has contracted additional formula volumes to be supplied to the company through the second half of this financial year and beyond. We expect the benefit of additional Fonterra volumes early in the 2017 financial year.

"Subject to normal trading conditions across all of the company's markets, Bellamy's expects revenues in the second half of this financial year to be stronger than the first. While still early in the second half, based on current trading trends and known and planned supply arrangements, Bellamy's forecasts group revenue for the 2016 full financial year to be in the range of \$240 million to \$260 million. Bellamy's is committed to investing in its people and operating structures to maintain growth on a sustainable basis and, therefore, expects EBIT margin to be broadly in line with the half year results.

"We continue to be committed to executing on our strategy and are working hard to deliver great outcomes for our customer and shareholders."

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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.bellamysaustralia.com.au