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Dairy Day 2016

First NZ Capital | Credit Suisse
6 April 2016

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Bellamy's is positioned for continued growth

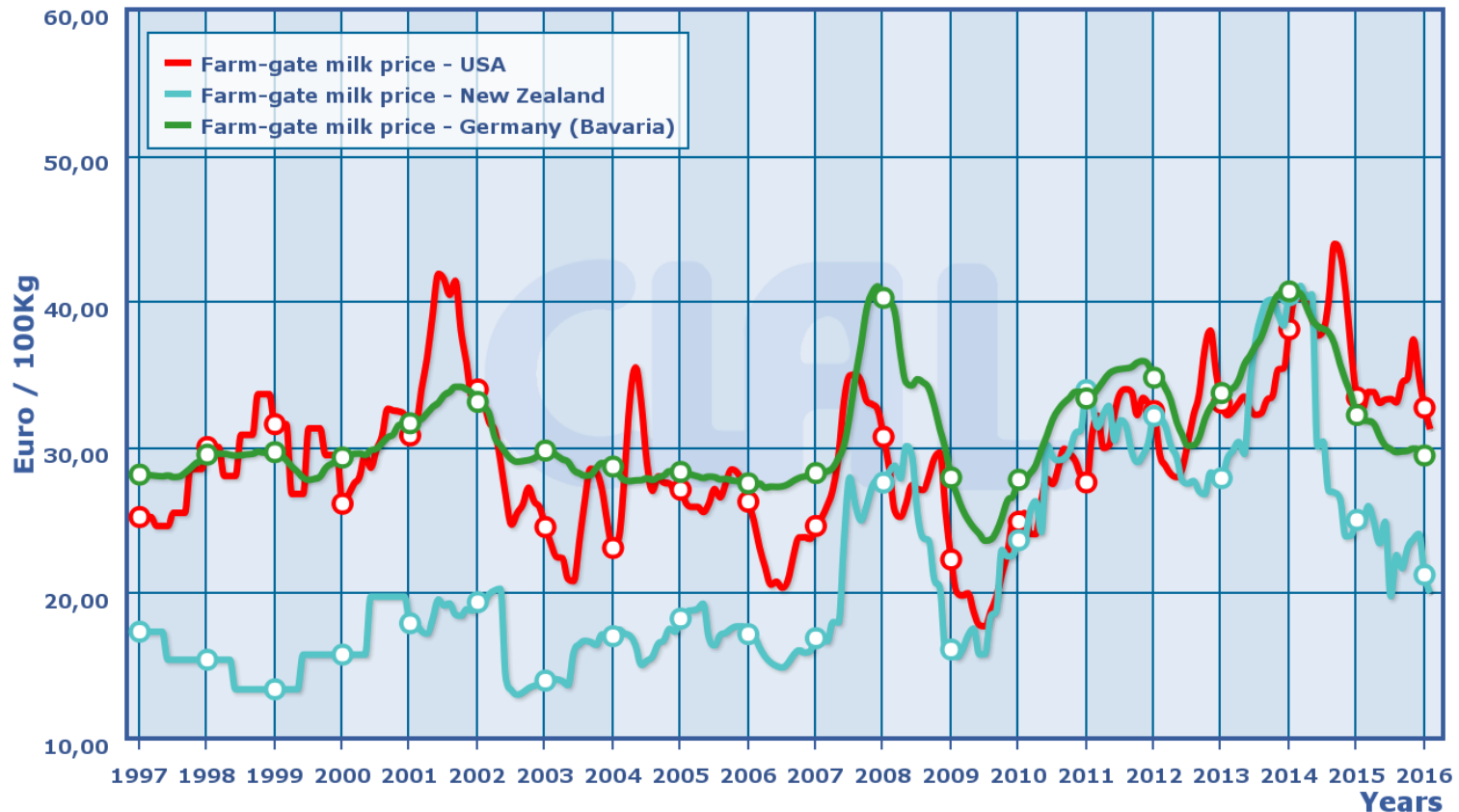
- Demand has never been a constraint to Bellamy's growth
 - Global infant formula market >US\$50bn (2014) growing at 7% pa
 - New channels provide greater access to global markets
- Bellamy's has de-constrained supply to support future growth
 - Focus on developing our global supply chain
 - Ingredient supply in place to underpin increased production
 - Working with Australian dairy farmers to support transition from conventional to organic farming, while underpinning long term supply
- Organic vs conventional milk sectors are very different
 - Organic milk pricing is relatively stable
 - Farmers are converting their farms to organic

“The organic milk sector provides more attractive stable long term returns for dairy farmers.”

Conventional milk pricing is volatile

Historical comparative overview on Farm-gate Milk prices in Bavaria (D), the US, New Zealand

Processed by CLAL



Source: http://www.clal.it/en/?section=confronto_latte3

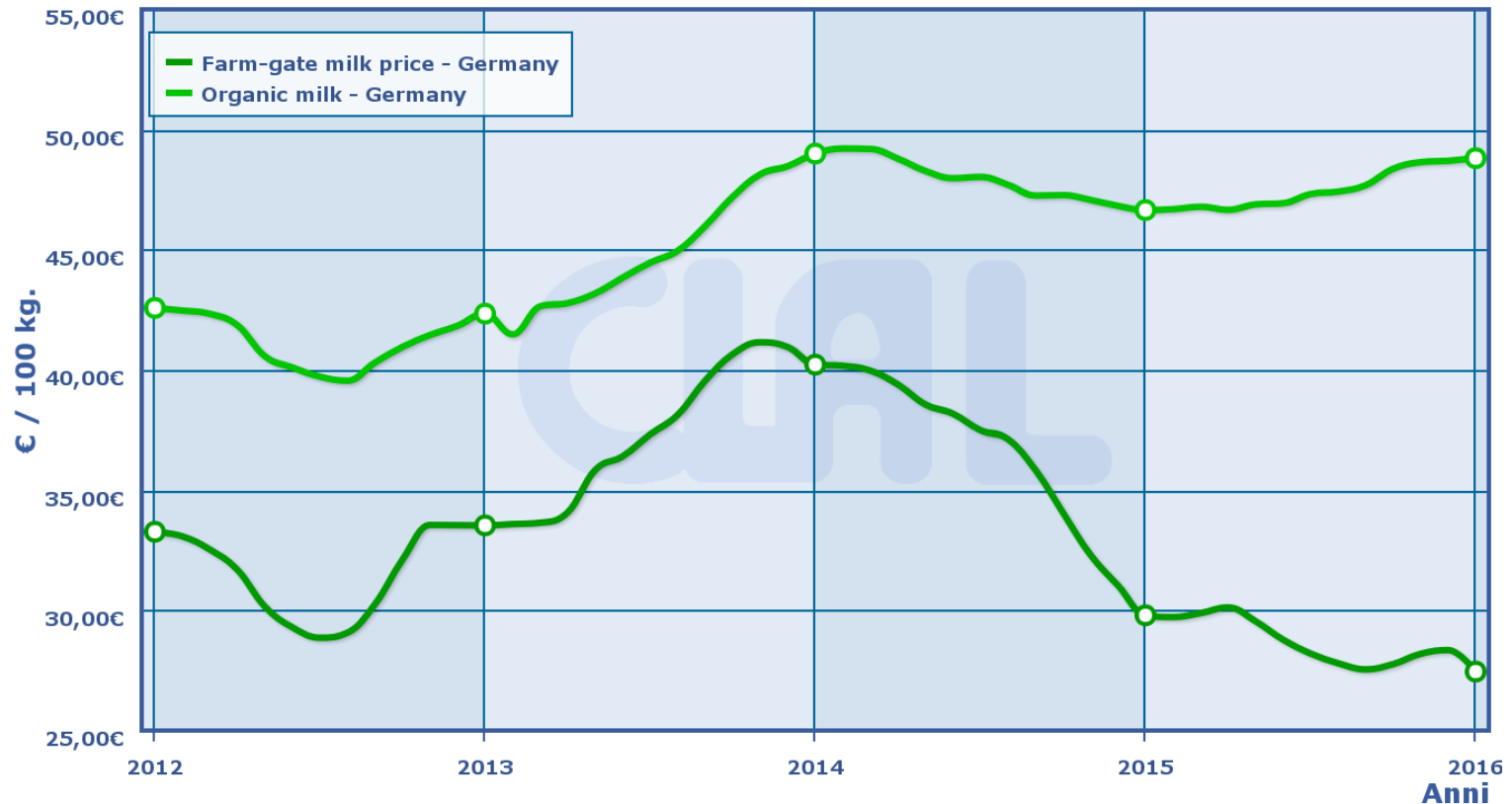
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Organic milk pricing is more stable

Germany - Historical comparative overview between Organic Milk price and Farm-gate Regular Milk price

Source: BMELV



Source: http://www.clal.it/en/?section=latte_bio_germania

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Global organic milk volumes

- Global organic milk pool is estimated at approx. 4,500m litres pa
- More than half global organic milk pool is produced in Europe and UK
- Australian organic milk pool is estimated to be 40m litres pa
 - <0.4% of national milk pool

Transitioning to organic farming is not a simple process

- Conversion process takes up to 3 years
- In order to be certified organic a farmer needs to demonstrate:
 - No use of synthetic or chemical fertilisers, herbicides and pesticides
 - No GMO in the farm, feed or the actual livestock
 - Ensuring all farm inputs are either certified organic or approved as a farm input under organic principles
 - Ensure all feed is 100% organic – the farm must be certified organic and any grains fed to cows also certified organic
 - The use of any antibiotics is not permitted
 - A demonstrated commitment to the principles of organic farming including no overstocking, caring for groundcover and soil
 - A written Organic Management Plan which covers whole of farm planning

Conventional dairy farmers are transitioning to organic

- More consistent and stable pricing environment
- Higher organic prices compensate for higher input costs
- In many good operations, yields are maintained after the initial conversion process
- Potential to achieve higher farm profitability with margins per unit of production often higher for organic farms
- Potential to increase land values
- Producing organic milk for infant formula can mean that seasonal farming is possible with lower requirement to manage a flat milk curve

“Bellamy’s key strength is a strong and deep understanding of the complex global organic ingredient supply chain.”

Bellamy's global organic supply chain

- Strong relationships with multiple organic suppliers globally (mainly located across Europe)
 - Shared long term vision that ensures our suppliers grow as Bellamy's grows
- Consistent access to 4 key organic dairy ingredients
- Identified and built strong relationships with organic dairy farms, co-ops and milk companies
 - Leveraging Bellamy's in-house organic procurement capabilities
- **Bellamy's is working closely with conventional dairy farmers and organic suppliers in Australia and offshore to support farm transitions to organic**

Bellamy's has a flexible approach to production

- Two key production pathways:
 - Full service – Bellamy's provides artwork and specifications, develops and maintains all key ingredient supplier relationships
 - Toll Manufacturing – Bellamy's provides ingredients, raw materials, and packaging
- A flexible production business model:
 - 15 contract packing and manufacturing facilities engaged across Australia
 - Infant formula produced with
 - Tatura Milk Industries (part of Bega Cheese): 6 year agreement to 2021
 - Fonterra: recently signed 5 year agreement, with first deliveries to be received in Q1 FY17

Bellamy's supply chain supports increased volume

- Historic revenue growth has mainly come from added volume
 - Price increases were only implemented in November 2015
- Now producing at Fonterra
 - Will substantially lift volumes from Q1 FY17
- Medium/long term supply chain strategy in place
 - Global relationships and agreements support medium term supply requirements
 - Working with dairy farmers to convert to organic and increase longer term supply

“Global demand growth is not slowing, while new distribution channels underpin further market penetration.”

Baby food and formula market

- Global baby food market is estimated to reach US\$72.7bn by 2020, growing at 6.4% CAGR from 2015 – 2020 (source: Allied Market Research, 2016)
 - Infant formula is the largest segment
 - Baby foods is the second largest segment
- Global infant formula market exceeds US\$50bn annually (2014) with a growth rate of 7% pa (source: Zenith International, 2015)
- Chinese infant formula market estimated at A\$22bn in 2016 and is forecasted to grow at approx. 8% over the next 3-5 years (source: Bellamy's estimates, Nielsen)
- Bellamy's is well prepared to capitalise on the increased popularity of e-commerce channels, particularly in China
 - Flagship stores open on major on-line trading platforms – T-mall, JD.com, VIP.com

Australian Made and Certified Organic



- Bellamy's is an established, recognised brand in the baby food and formula category across Australia and Asia
 - Easily recognised on the shelf through well designed packaging that reinforces the core brand values of Australian made and Certified Organic
 - Trusted as a credible, authentic food company by families across Australia, New Zealand and Asia
- **The most important differentiator of the Bellamy's brand and product suite is that our products are 100% Australian made, 100% certified organic AND we provide a complete product range of formula and food from birth to toddler**

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Bellamy's distribution channels in Asia

Australia

Supermarkets
Pharmacies
Baby Stores
Health Food
Online

Singapore

Supermarkets
Pharmacies
Baby Stores
Health Food
Online retailers

China & HK

Mother and Baby
Stores
Online Platforms

Malaysia

Supermarkets
Pharmacies

Vietnam

Local
Supermarkets

New Zealand

Supermarkets



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Australian market opportunity

- Domestic market continues to represent majority of sales
- Extending our reach
 - Now with 4,000 distribution points in Australia (FY15: 3,000 distribution points)
- Online store making product readily available to domestic market
 - Exceptional growth in domestic online sales
- Increased prices in infant formula market
 - Balancing cost increases for organic ingredients



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China market opportunity – strong demand for “Australian Made”

- Increased sales to retailers through agency with SIIC and multiple distributors
- Retailers embracing online phenomena
 - Offering customers their own retail platform
- T-mall flagship store our formal channel for Bellamy’s e-commerce into China
- Continue to monitor cross border traders
- **Well placed to benefit from anticipated changes to packaging and brand/product manufacturing regulations**



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Online channels – effective route to China market

- Our formal channel for Bellamy's e-commerce into China
- Now in the top 15 brands for formula
- Still remains multiple cross border traders who purchase products from Australian stores and sell these through e-commerce platforms
 - Continuing to monitor this market closely



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China tax changes unlikely to impact demand profile for Bellamy's product

- New taxes on certain cross border e-commerce into China come into effect from 8 April
 - Imported food & beverage via a bonded warehouse (via free trade zones) will be subject to 70% of normal VAT, ie 11.9%, while “parcel” tax will be removed (was 10%)
 - So... **larger purchases will only attract an additional 1.9% tax**, and "smaller" purchases (<500RMB) will have 11.9% tax imposed
 - Imported F&B via direct shipping will now be subject to an additional 5% “parcel” tax, with “smaller” purchases <333 RMB remaining exempt
- **New taxes are not expected to materially change the price of imported products** (if suppliers look to pass on changes to consumers)
- Bellamy's has a variety of distribution channels and will continue to supply product into China
- Based on online price movements over the last 12 months (eg Tmall), Chinese consumers appear to be price inelastic and online/offline pricing differential is > new tax

SE Asia market opportunities

- Continued, strong demand for “Australian Made” and organic products in Asia
 - Continued improvement in segment sales growing market share
- Singapore
 - Doubled market share and continuing to grow
 - Market share now at 3%
 - Continuing to develop infrastructure to further develop this market
- Malaysia and Vietnam
 - Remain committed to building our footprint across South East Asia



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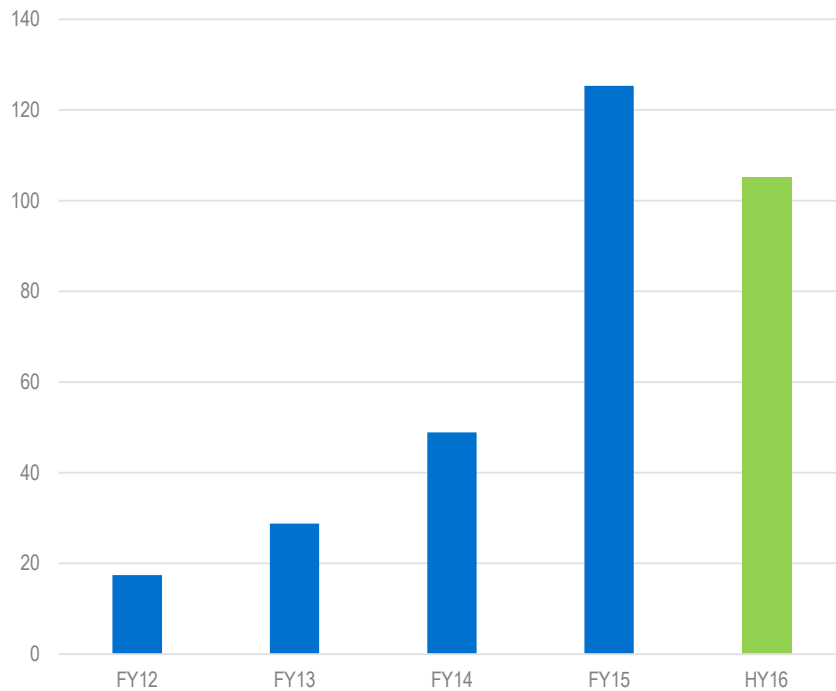
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“Bellamy’s is well positioned to
continue its strong growth trajectory.”

A track record of strong growth

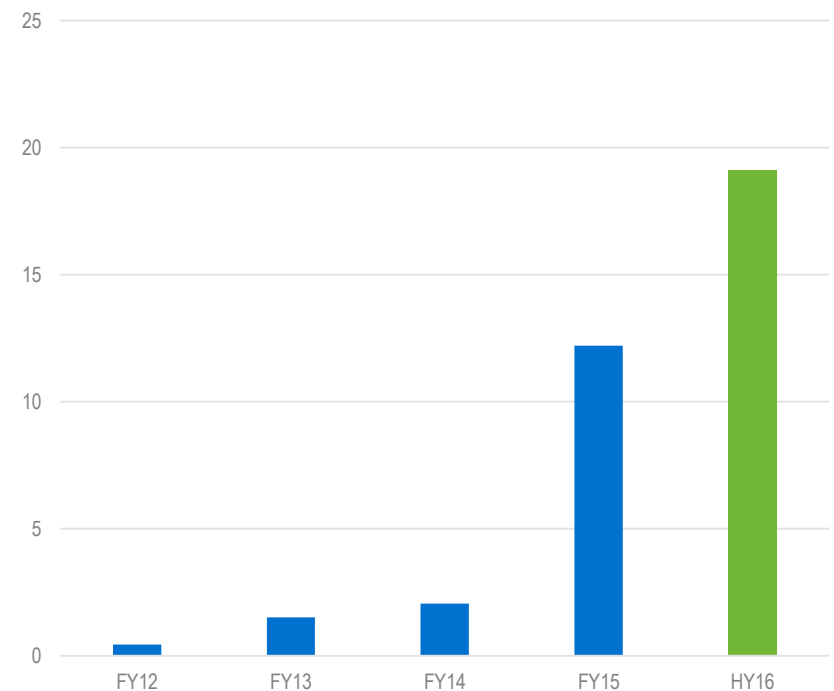
Revenue

\$AUD Millions



EBIT

\$AUD Millions



* FY12 & FY13 Pro forma historical pre IPO results

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Outlook

- FY 16 Group revenue expected to be in the range of A\$240m - A\$260m
- Margins expected to be broadly in line with 1H16
- Further building footprint across SE Asia
- Further investment in marketing and sales distribution
- Global supply chain initiatives support continued Australian and Asian demand growth
- Well positioned for potential regulatory changes in China
- Continuing growth in demand for Bellamy's products



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Q&A

Appendix

Bellamy's infant formula range

- Only certified organic infant formula produced in Australia
- Three infant formula products:
 - Step 1: Infant formula – suitable from birth to 12 months
 - Step 2: Follow on formula – suitable from 6 to 12 months
 - Step 3: Toddler milk drink – from 12 months +
- Two variants of each product are produced
 - One made for Australian and export markets
 - Other suitable for China only (designed to meet different labelling and compositional requirements of the Chinese regulators)



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Bellamy's organic baby food

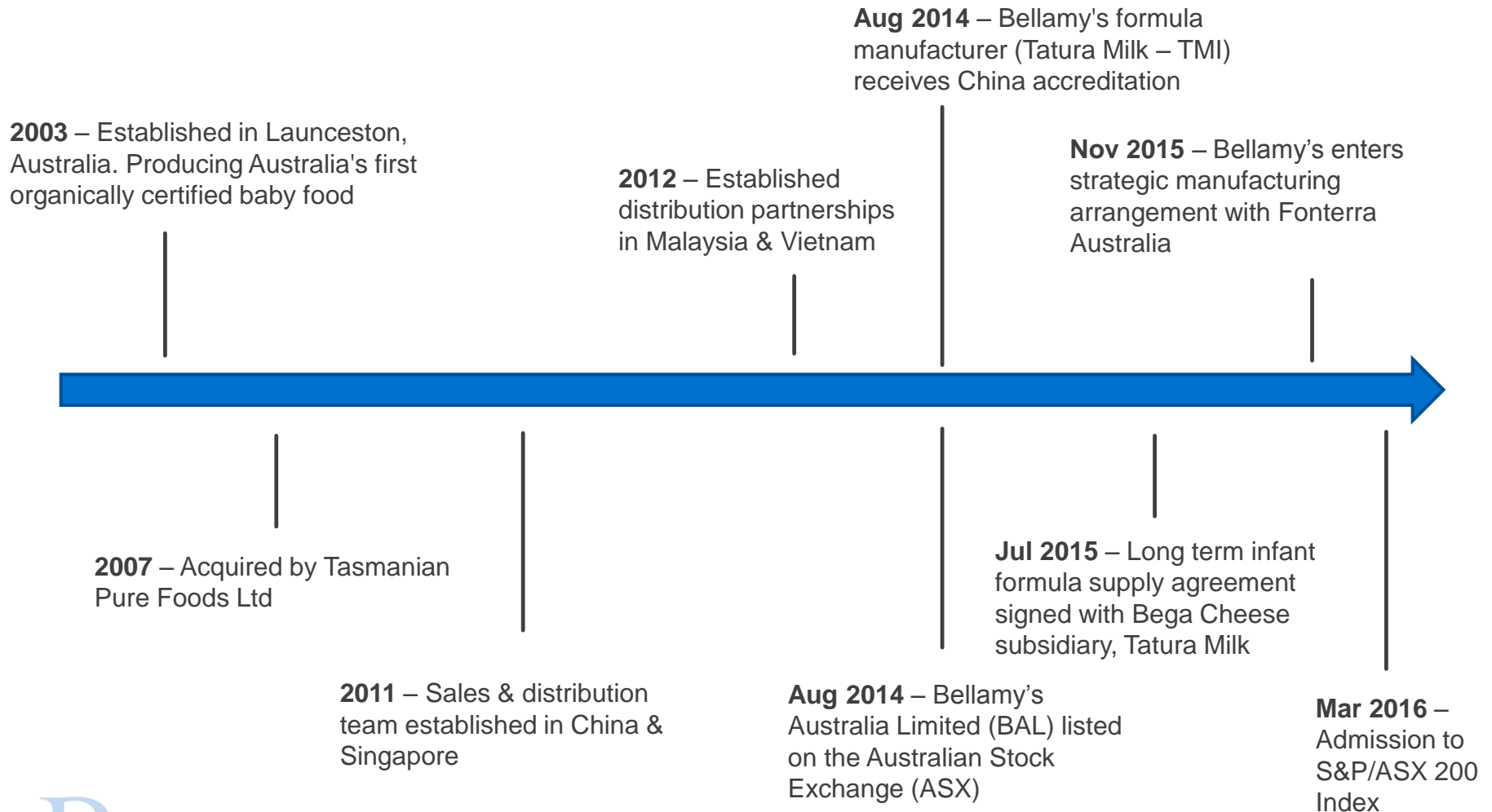
- **Over 47 unique Australian made and organic certified products, including:**
 - snacks, cereals, pastas and ready to eat pouches
- Several new products launched recently
 - customised ready to eat pouch range
 - new cereal extension range
 - new fruit bites snack range
- Pivotal to longer term strategy of building Bellamy's brand in supermarkets and through Asia

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Operating for 13 years



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