

B BELLAMY'S AUSTRALIA

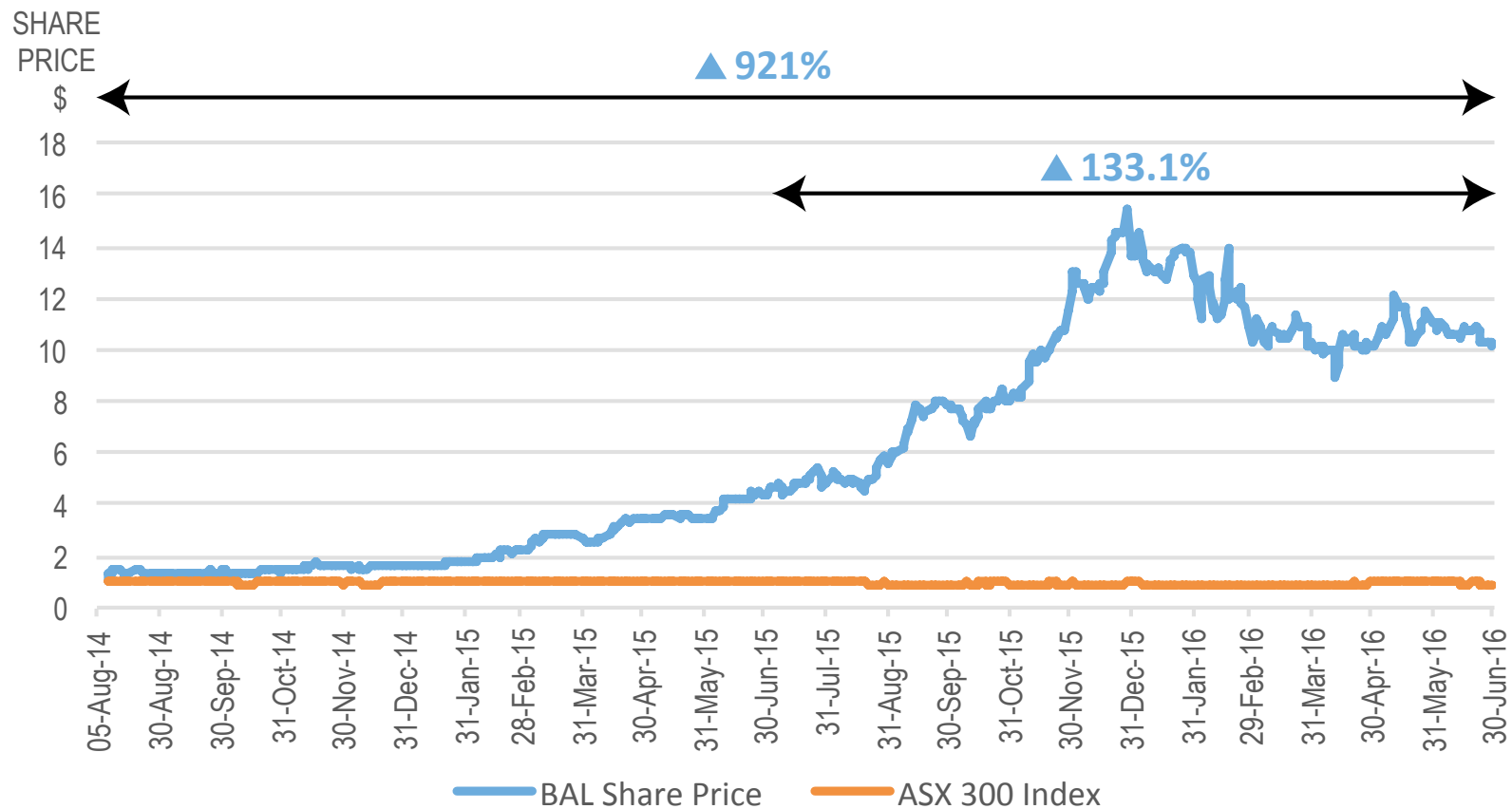


FY16 AGM

Rob Woolley, Chair
Laura McBain, CEO
19 October 2016

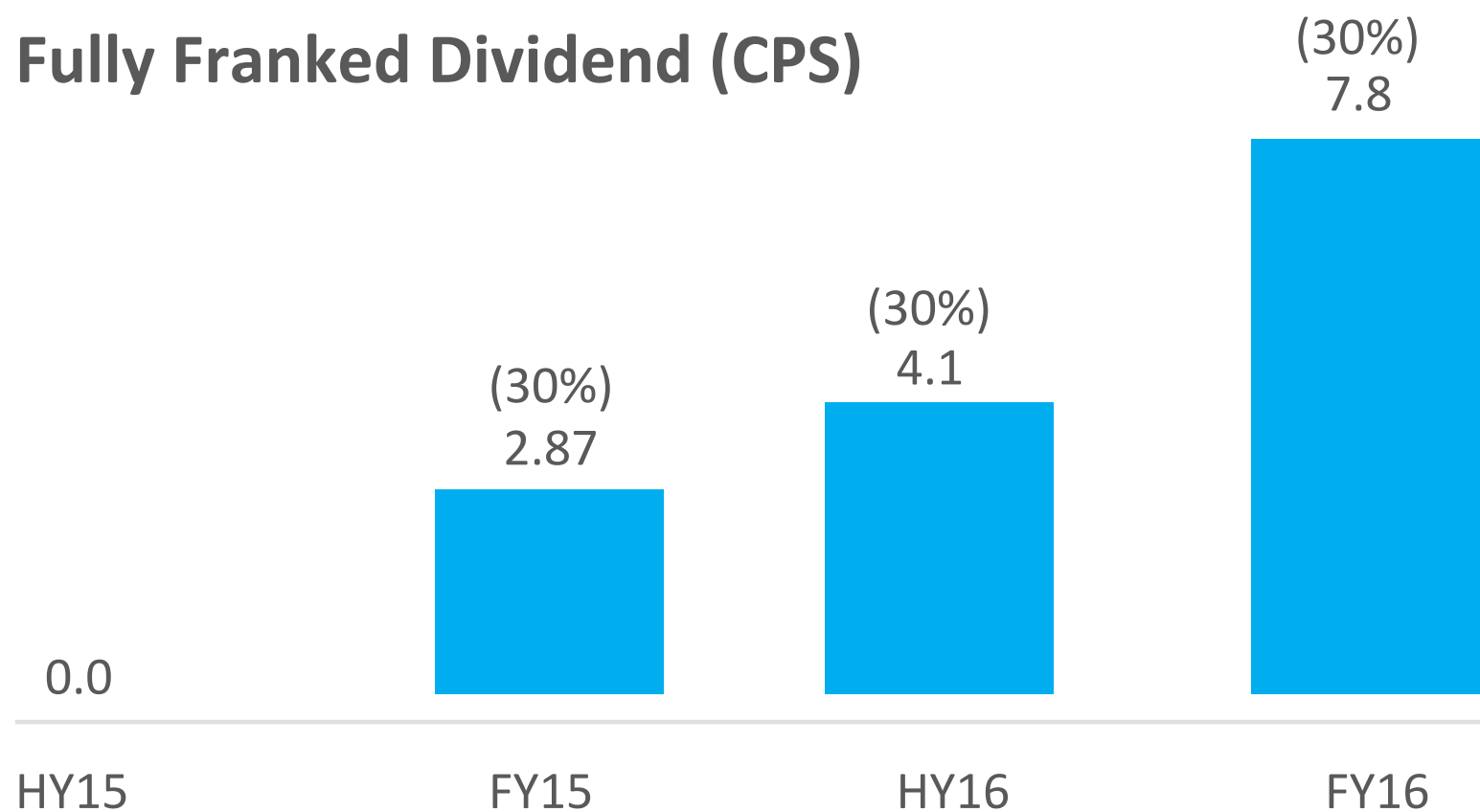
A pure start to life!

Growing Shareholder Value



Growing Shareholder Value

Fully Franked Dividend (CPS)



Growing Shareholder value underpinned by strong operational results

FY16

**EBIT up 342%
to \$54.3m**

EBIT margin more than doubled from 10% in FY15 to 22% in FY16

H2 margin greater than H1 margin

FY16

**Revenue up
95% to \$245m**

Within guidance

Sales mix optimised with available production

Strong Step 3 formula product performance

FY16

**China revenues
up 331%**

Direct trading with China-based enterprises and customers continued to grow

FY16:
Optimising returns to deliver strong
growth in earnings

FY17:
Investing in an agile business model to
optimise long-term sustainable earnings

FY16: Another record financial performance

(\$m)	FY16	FY15	% change
Revenue	244.6	125.3	95%
Gross Profit	111.7	41.2	171%
Direct Costs	(28.5)	(15.2)	88%
Employee costs	(10.4)	(5.6)	86%
Marketing costs	(6.9)	(2.5)	176%
Admin & Other costs	(11.6)	(5.6)	107%
EBIT	54.3	12.3	342%
NPAT	38.3	9.0	326%

- Revenue up 95% to \$244.6m
 - Australian price increase in December 2015 for infant formula range
 - Increased volumes across Australia and China
- GP margin improvement and direct costs reflect the changing channel mix
- Strong cost management while growing the business infrastructure
- EBIT up 342% to \$54.3m
 - Seek to maximise business growth while delivering on EBIT

Growing in Australia and China

FY16 Segment Results (\$m)	Australia	China/HK	SEA/ Other	Total
Revenue	178.7	62.1	3.8	244.6
% Growth from PY	67%	331%	(8%)	95%
Segment EBIT*	35.6	20.9	0.3	56.8
EBIT %*	20%	34%	11%	23%

* Before corporate overheads

- 67% growth in Australian revenues:
 - Increased distribution
 - Price increases
 - Growing market share
- 331% growth in China/HK revenues:
 - Increased brand awareness
 - Growth in e-commerce business
 - Growth in reseller customer activations
- South East Asia sales reflect change in distributor arrangements to enable greater control of Vietnam and Malaysia sales channels

Growing operating cash flows

(\$m)	FY16	FY15	% change
Operating cash flow	8.9	4.7	88%
Investing cash flow	(2.4)	(0.3)	521%
Financing cash flow	(6.2)	23.2	(127%)
Net cash flow movement	0.3	27.6	
Cash at bank	32.3	32.0	1%

- Strong sales, strong debtors collection cycle, and improved trading terms with suppliers contributed to growth in operating cash flows to \$8.9m
- During FY17 we will continue to utilise our growing earnings and cash flows to invest in our supply chain and other initiatives to drive sustainable growth and further optimise long term returns
- Financing cash flows primarily relate to dividend payment made during the year

Maintaining strong balance sheet

(\$m)	30 June 16	30 June 15
Assets		
Cash	32.3	32.0
Inventory	67.8	17.1
Borrowings	0.1	0.2
Net assets	83.3	48.8

- Due to the addition of a second manufacturing partner (Fonterra) and the ingredients required to support this initiative, inventory has increased in line with plans
 - Total inventory increasing to \$67.8m comprised of \$35.1m finished goods and \$32.7m of ingredients
 - Increased levels of finished goods to support the current sales rate of the business
- The Company had \$32.3m in cash and minimal debt at 30 June
 - Funding facility is in place to support shorter term working capital growth requirements

FY16:

Optimising returns to deliver strong growth in earnings

FY17:

Investing in an agile business model to optimise long-term sustainable earnings

Bellamy's is a brand that resonates

All Brands in Baby, Toddler & Kids		Website 	Facebook 	Instagram 	Twitter 	YouTube 
1st	Bellamy's Organic	1st	1st	1st	1st	3rd
2nd	Heinz for Baby	3rd	2nd	-	-	2nd
3rd	Rafferty's Garden	10th	3rd	4th	3rd	11th

Ranking of social engagement as listed by BrandData for Infant nutrition brands in the Australian marketplace (branddata.com | August 2016)

- The largest community with the most total engagement in the Australian formula and baby food space*
- More than double any competitor's visibility in Google within the Australian formula and baby food space^
- The most organic (unpaid) website traffic in the Australian infant formula and baby food space^^
- Consumer demand for organic is increasing in China, Bellamy's is a first to market brand

* Source: fanpagekarma.com, July 2016

^ Source: advancedwebsitesite.com, August 2016

^^ Source: semrush.com, August 2016



BELLAMY'S AUSTRALIA

A pure start to life!

Growing our organic milk supply pool



Bellamy's has reliable access to the international organic milk pool and specialty ingredients needed for high quality organic infant formula

Bellamy's
Production Volume

H2 14 H1 15 H2 15 H1 16 H2 16

Bellamy's has strategic partnerships with co-ops and ingredient manufacturers that underpin supply of key formula ingredients



Progressing the conversion to organic by small group of farmers in Tasmania – with estimated on-boarding of supply in 2 years

BELLAMY'S AUSTRALIA

A pure start to life!

Building manufacturing capabilities to leverage the growing organic ingredient pool

**Bellamy's
potential
capacity
across
all sites
is greater
than current
utilised
capacity**



2015: Signed 6-year Product Supply agreement

Bellamy's a key customer



Dairy for life

2016: Signed 5-year strategic manufacturing arrangement

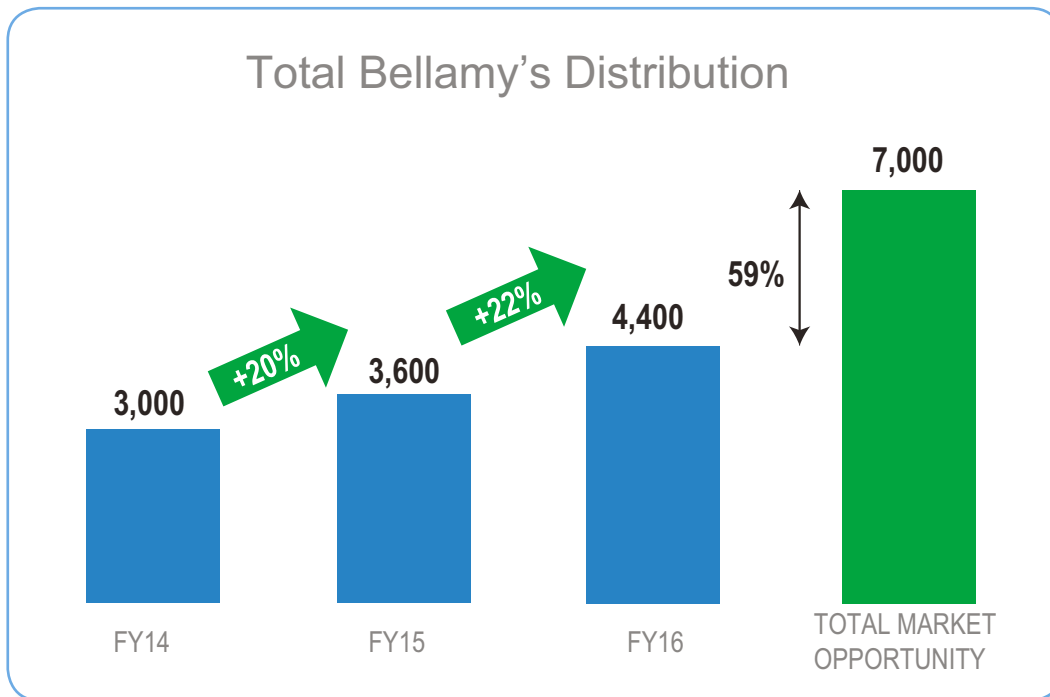
- Commenced manufacturing

Beingmate has 51% off-take; Bellamy's is a key customer for remainder



A pure start to life!

Australia: increasing penetration



Number of distribution points covered

- Substantial opportunity to further penetrate Australian market
- Deepening distribution both geographically and with new retailers
- Increasing ranging across retailers toward our entire baby food and formula range
- Developing new accounts with smaller retailer and pharmacy groups
- No.1 in Cereal across scanned sales in Australia

China: Agility the key to meeting the changing channel mix

- Direct retailing in China, increasing Bellamy's brand penetration
- Focused on further growing our multi-channel distribution – online and offline – with infant formula as the spearhead
- Leverage Top 10 presence for infant formula on Tmall
- With the China consumer buying more and more online, we aim to capture a growing portion of the e-commerce market directly through multiple platforms such as Tmall, JD, VIP, and BabyTree
- Selling direct to China resellers (rather than indirectly via Australian retail sales)

China: Regulatory changes strengthen long term growth opportunities

- Bellamy's has planned for the anticipated regulatory changes over the last 2 years
- Underlying motivation for the changes are to protect Chinese consumers - strong, safe brands like Bellamy's will benefit:

Manufacturing: limit of 3 brands / 3 products per brand will reduce the number of brands from >2,000 to <250

- Bellamy's volumes, scale and depth of penetration mean we are a priority top 3 customer with our manufacturers and canners

Chinese labelling: for importing of food products through cross border and FT2 channels

- Bellamy's already doing this for offline distribution and now producing more Chinese product ahead of May 2017

Advertising: cannot make claims of benefits to children from product

- Bellamy's is not doing this and will be able to claim the product is "organic" as this is factual and certified

SE Asia provides further growth opportunities



- Our volume share in Singapore continues to rise. In channels where we have achieved full penetration, eg pharmacy, our share has reached 4.7%. We have recently increased our distribution points in the supermarket & hypermarket channels, which will see our share gain continue
- In June 2016, Bellamy's entered into a strategic distribution partnership to support continued growth across Singapore and also growth in Hong Kong
 - Enables us to leverage distribution platforms on a broader scale
- In Vietnam, we are working towards improving our footprint through adopting a direct to market model
 - Provide greater control over distribution of our products

Investing in business to optimise long-term returns



- During FY17 we expect to invest an additional \$15-20m across product, people, marketing and promotional activities
- In particular with greater volume, we will invest significantly in marketing in China to attract new customers and increase the lifetime value of existing customers in that market
- This investment will position the business for sustainable earnings growth in FY18 and beyond, by growing our customer base and increasing our penetration in key markets

Key priorities for FY17



Continue to build distribution in China to deliver both online and offline access to consumers

Strong marketing activation campaigns to build platform for future growth through brand awareness

Continue to develop the organic dairy industry in Australia that will support local content for the long-term growth of Bellamy's

Leverage our agile and flexible founders' mentality to meet regulatory changes in China

Explore our new market opportunities and build the capabilities to respond

Build the Bellamy's team and continue our core strengths - agility, innovation, entrepreneurship

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