

24 February 2017

### **Bellamy's turnaround strategy on track**

#### **Highlights**

- 1H17 NPAT of \$7.2m is within guidance
- 1H17 revenue of \$118m is within guidance and higher than the prior corresponding period
- Expect to meet full year revenue guidance of \$220m - \$240m
- Significant reduction in costs underway
- New production schedule in place post amending manufacturing contract with Fonterra
- Consolidated distribution to a smaller number of key resellers in China and Australia
- Operational Review has delivered a new leadership team, fresh management structure and improved reporting systems

Bellamy's Australia Ltd (ASX: BAL) ("Bellamy's" or the "Company"), Australia's leading producer of organic infant formula and baby food, remains on track to achieve full year earnings and revenue guidance after reporting a net profit after tax of \$7.2 million and revenue of \$118.3m for the half year ended 31 December 2016.

Commenting on the result the acting Chief Executive Officer of Bellamy's, Mr Andrew Cohen said: "Bellamy's is currently facing a number of challenges; however, we are implementing a turnaround program aimed at improving returns for all stakeholders.

"As outlined on 11 January 2017, we have amended our manufacturing contract with Fonterra to extend the contract and apportion minimum volume commitments over a longer period."

"We are making strong progress with our business plan and have already undertaken several structural improvements aimed at a material reduction in our operating costs and staff numbers have been reduced to a sustainable level.

"We have reassessed our marketing strategy and targeted a marketing drive in Daigou channels in China and stabilized sales in Australia.

"We are reviewing our supply chain to reduce ingredient costs, consolidating our Australian and Chinese reseller partners and plan to increase the number of stores selling our products in China by 1,600.

"We have a clear focus on our priorities and the resetting of the Group strategy will center on increasing free cash flow and improving sales domestically and offshore.

"A new leadership team has also implemented several other key initiatives that provides us with a fresh platform to deliver sustainable earnings growth."

The results are available on the Company's website [www.bellamysorganic.com.au](http://www.bellamysorganic.com.au).

Bellamy's acting CEO, Andrew Cohen and CFO, Nigel Underwood, will host an analyst and investor conference call commencing at 2.30pm (AEDT) on Friday, 24 February 2017.

-ENDS-

**Media inquiries:**

John Hurst  
Quay Advisers  
+61 418 708 663

**Investor and Analyst Teleconference Details:**

Participants can dial in using the numbers below to join the teleconference briefing. For participants outside of Australia, the international number can be used. You will also need to quote the conference ID provided.

*Dial in numbers:*

Australia Toll Free: 1800 908 299  
Australia Local / International: +61 2 9007 8048

*Conference ID:* 589103