BELLAMY'S ORGANIC

1H18 Results

Investor Update

February 2018

Disclaimer

The following disclaimer applies to this presentation and any information provided in this presentation (Information). You are advised to read this disclaimer carefully before reading or making any other use of this presentation or any Information.

This presentation has been prepared on information available at the time of its preparation. The Information is in summary form and does not purport to be complete. Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, reliability or correctness of the Information, opinions or conclusions, or as to the reasonableness of any assumptions.

Certain statements, particularly those regarding possible or assumed future performance, costs, returns, prices, potential business growth, industry growth or other trend projections, and any estimated company earnings or other performance measures, are, or may be, forward-looking statements. Such statements relate to future events and expectations and as such involve unknown risks and uncertainties, many of which are outside the control of or unknown to Bellamy's and its officers, employees, agents or associates. Actual results, performance or achievement may vary materially from any forward-looking statements and the assumptions on which those are based, and such variations are normal and to be expected.

The Information also assumes the success of Bellamy's business strategies. The success of the strategies is subject to uncertainties and contingencies beyond Bellamy's control, and no assurance can be given that the anticipated benefits from the strategies will be realised in the periods for which forecasts have been prepared or otherwise. Given these uncertainties, Bellamy's cautions investors and potential investors not to place undue reliance on these forward-looking statements.

The Information may be changed at any time in Bellamy's absolute discretion and without notice to you. Bellamy's undertakes no obligation to revise the forward-looking statements included in this presentation to reflect any future events or circumstances except as required by law or any relevant regulatory authority.

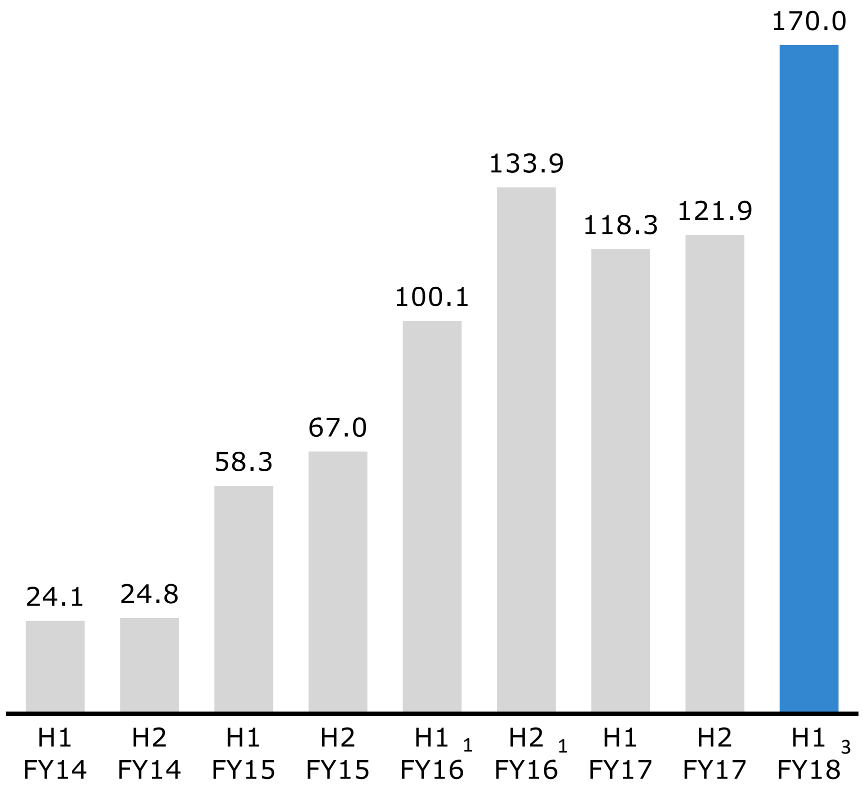
The release, publication or distribution of this Information in jurisdictions outside of Australia may be restricted by law and you should observe any such restrictions. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Information. No responsibility or liability is accepted by Bellamy's or any of its officers, employees, agents or associates for any of the Information or for any action taken by you on the basis of the Information.

Key messages

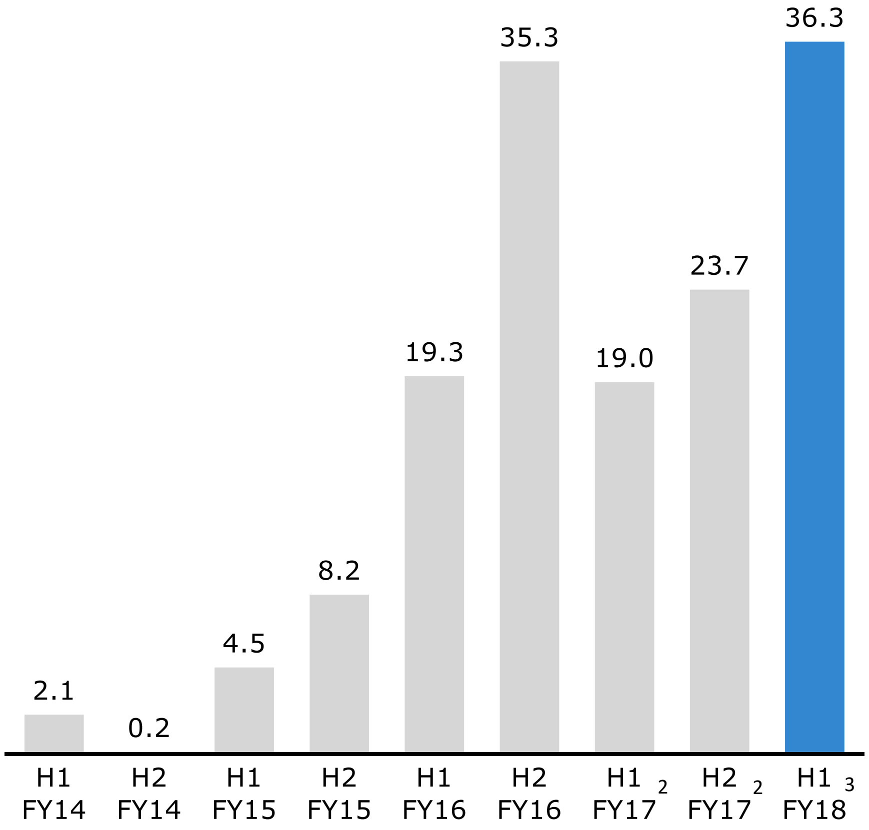
- **Bellamy's turnaround remains on track and the underlying health of the business continues to strengthen**
  - Sales have gained momentum and our relative share position has improved
  - We have controlled operating costs, while doubling our marketing investment
  - Logistics and direct costs have been reset, and the supply-chain restructure is expected to lower future input costs in the second half
  - Inventory has declined and the ageing profile has significantly improved
  - Operating cash-flow is positive, we are debt free and building a cash reserve
- **1H18 result is a new high for revenue and EBITDA** and full-year guidance was upgraded for the core business to **30-35% revenue growth and 20-23% EBITDA margin** excluding Camperdown
- We have submitted our CFDA application and deferred the major facility upgrade at Camperdown to allow for this submission and initial production
- The Class Action remains in progress and we are vigorously defending our position
- We continue to build the capability of the management team, Board and broader business, and are confident we have the required leadership in place
- We remain mindful of the inherent risk of a dynamic and highly regulated market. Our focus is now on obtaining our CFDA licence and executing a long term growth plan

Financial overview

Revenue ($m)



Normalised EBITDA ($m)



1. Restated (refer Note 5 of the 2017 Annual Report)
2. Excludes one-off items (disclosed in Financial Statements) such as the $27.5m Fonterra supply-chain reset payment, inventory write-downs, FX losses, restructuring costs, professional fees, and indirect costs associated with the capital raise and acquisition of Camperdown Powder
3. Excludes Camperdown

1H18 financial result

Profit & Loss (A$m)			Normalised[1] 1H17	2H17	1H18	Growth vs. 1H17	Growth vs. 2H17
Core business	Revenue		118.3	121.9	170.0	*43.7%*	*39.5%*
	Gross Profit		46.8	44.8	63.0	*34.7%*	*40.7%*
	(% of sales)		*39.5%*	*36.7%*	*37.0%*		
	Expenses	Direct	(7.8)	(7.6)	(7.5)	*-3.0%*	*-1.2%*
		Marketing	(7.9)	(3.0)	(6.4)	*-19.8%*	*112.1%*
		Employee	(6.7)	(5.6)	(6.2)	*-7.3%*	*11.1%*
		Admin & other[2]	(5.5)	(4.9)	(6.7)	*20.9%*	*37.5%*
		Total	(27.9)	(21.1)	(26.8)	*-4.1%*	*27.1%*
	EBITDA		19.0	23.7	36.3	*91.0%*	*53.0%*
	(% of sales)		*16.1%*	*19.5%*	*21.4%*		
Camperdown	Revenue				4.9		
	EBITDA				(1.4)		
Group	Revenue				174.9		
	EBITDA				34.9		
	NPAT				22.4		

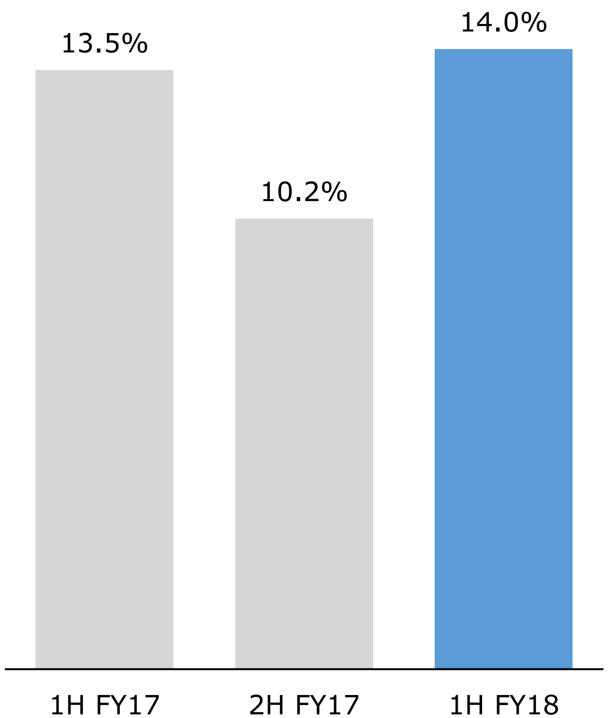
Key drivers

- Strong sales momentum across all channels, including Formula, Food, Australia, China and SEA
- Gross Margins flat on 2H17, but expected to improve in second half
- Material decline in Direct Logistics cost per unit
- Marketing investment has doubled vs. 2H17
- Camperdown revenue impacted by suspension and CFDA submission and will perform better in 2H18

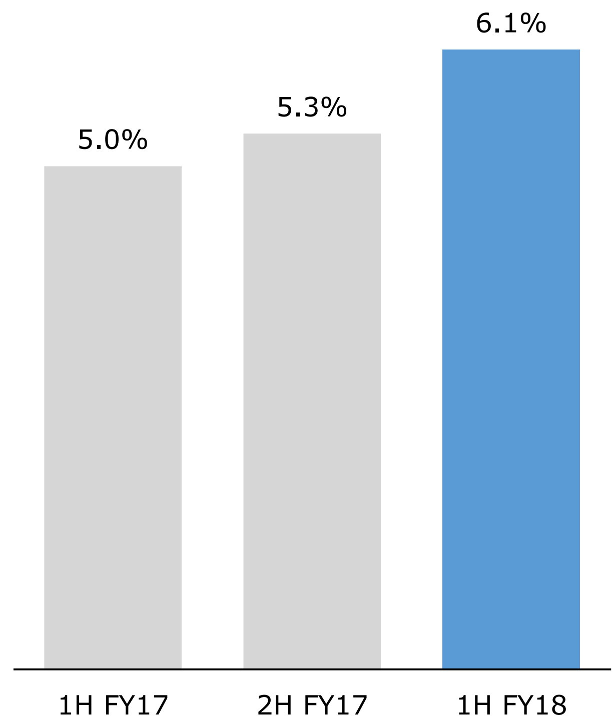
1. Excludes one-off items (disclosed in Financial Statements) such as the $27.5m Fonterra supply-chain reset payment, inventory write-downs, FX losses, restructuring costs, professional fees, and indirect costs associated with the capital raise and acquisition of Camperdown Powder
2. Includes non-cash Equity Remuneration costs in the form of conditional options

Returned to sales and share growth

Share of Australian
IMF Scan Sales



Share of Alibaba
cross-border IMF Sales



Key drivers

- Increased confidence in product and brand
- Higher trade margins for channel partners and the Daigou network
- More frequent and relevant consumer and trade marketing

Source: IRi (Australian Scan Sales), QBT (Alibaba sales estimate)

Increased marketing investment and effectiveness

Influencer/KOL marketing

Organic Journey on Mango TV
(Xie Nan & Rachael Finch)

Live stream on Kaola
(Xie Nan & Gao Yun Xiang)

Daigou trade marketing

Gift store launch
(Sydney CBD)

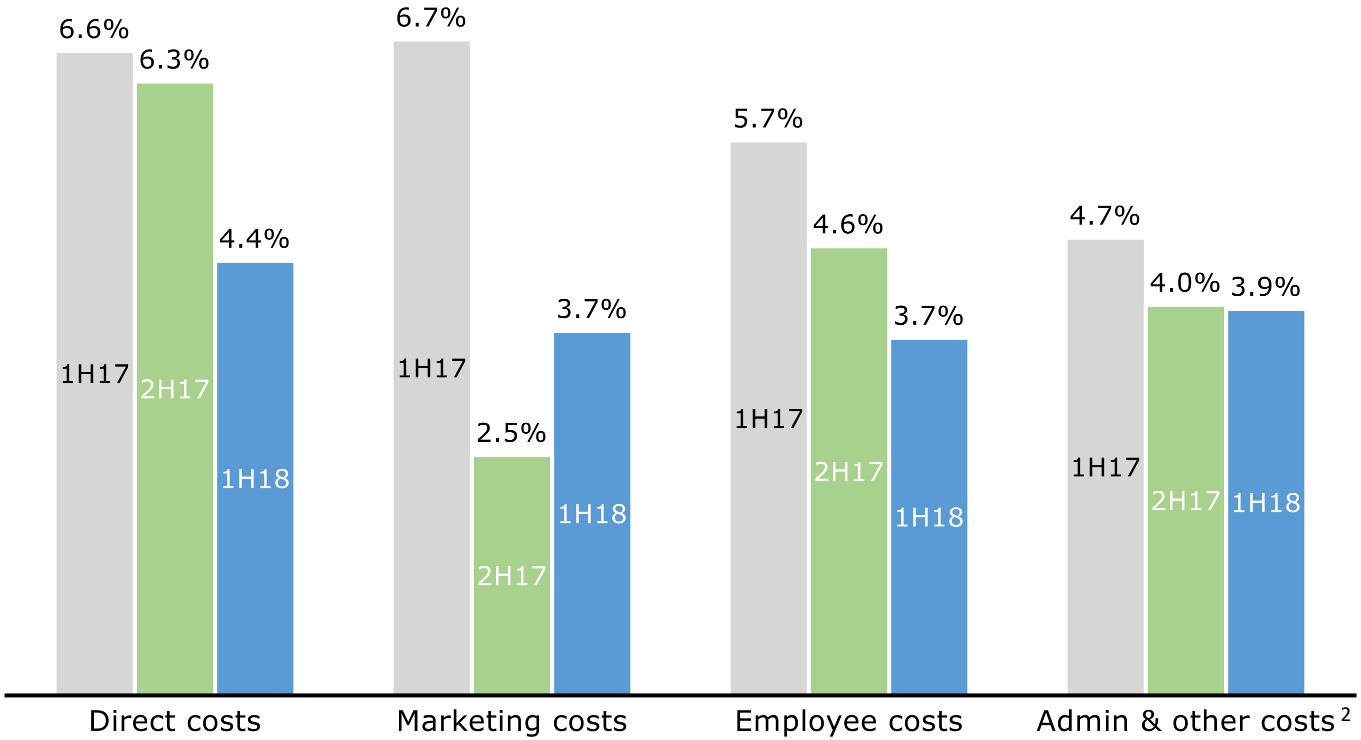
Daigou breakfast
(Rachael Finch and Brittany Darling)

Commentary

- Doubled marketing spend versus 2H17
- Refocused spend on direct brand investment versus retainer based agency fees
- KOL and Influencer campaigns with a strong focus on Australian and Organic lifestyle
  - Amplified by Ecommerce platforms, Mum & Baby sites, Chinese media, Australian-Chinese media and Daigou community
- Increased Daigou trade marketing activity in Australia

Disciplined management of overhead and logistics

Costs as a % of revenue[1]



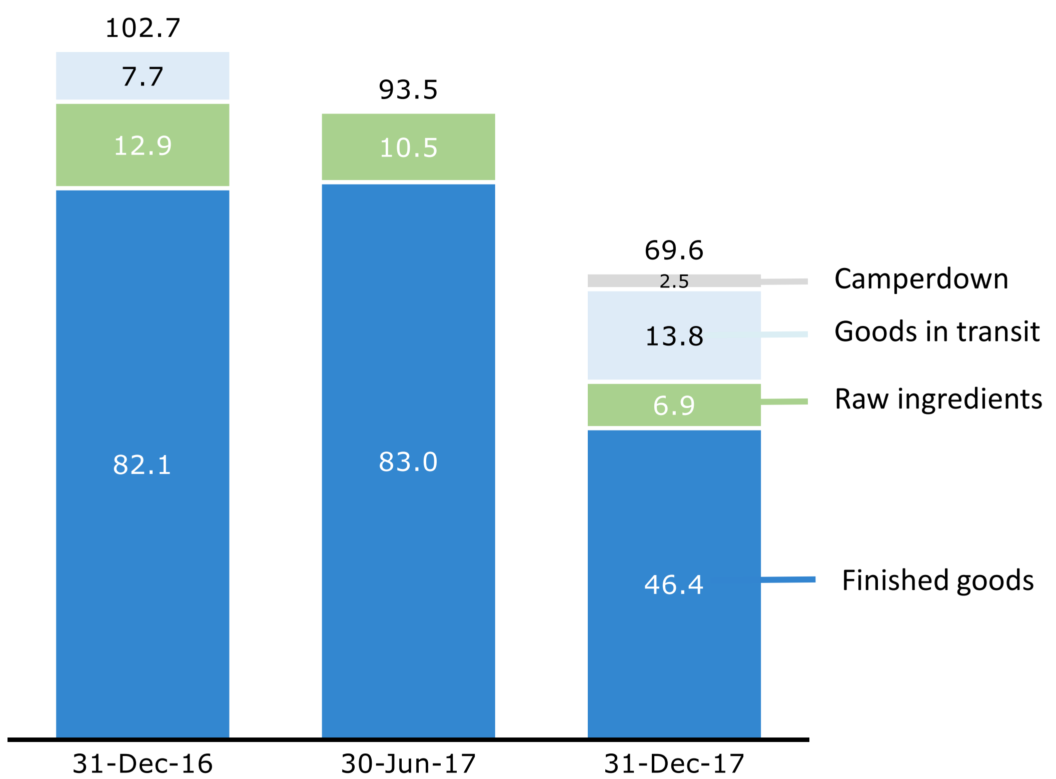
Key drivers

- Direct cost reduction driven by lower inventory levels, logistics rates and restructure of logistics network
- Marketing investment has increased with a stronger focus on ROI and productivity
- Further operating leverage in Employee and Administrative costs, partly offset by people and system investments

1. Excludes Camperdown
2. Includes non-cash Equity Remuneration costs in the form of conditional options

Decline in inventory and improved ageing profile

Bellamy's Group inventory ($m)



Months of finished goods[1]	6.9	6.6	2.7

1. Based on previous 6 months of sales

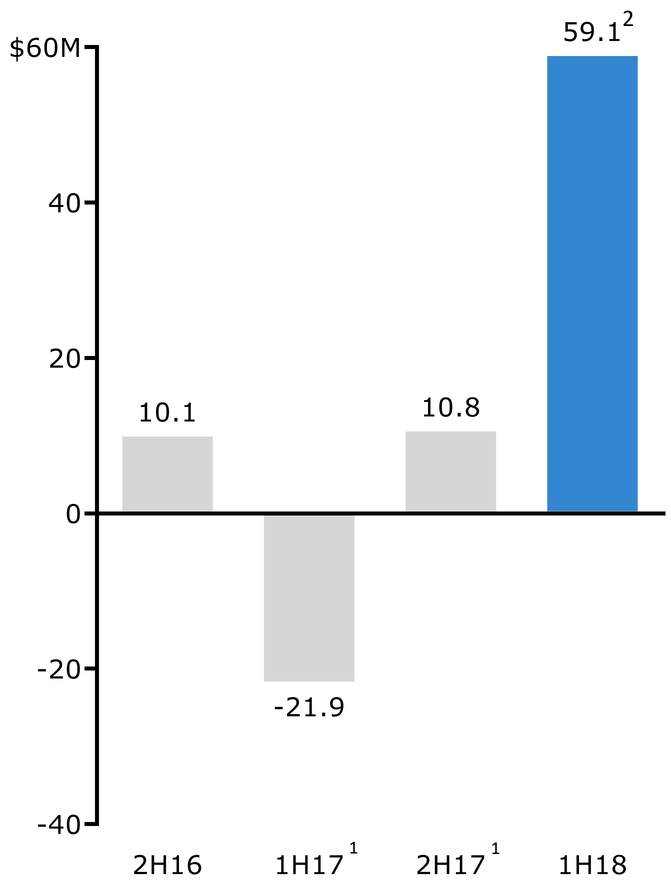
Commentary

- Rebalanced production levels to better match demand
- Reduced finished goods from a peak of $91.2m in February 2017
- Ageing profile addressed and no material write-down expected outside normal course of business
- Increased demand has led to below target level inventory with expectation of an increase over the 2H18 period
- Continued focus on reducing lead times and safety stock

Strong operating cash flow and $85m in net cash

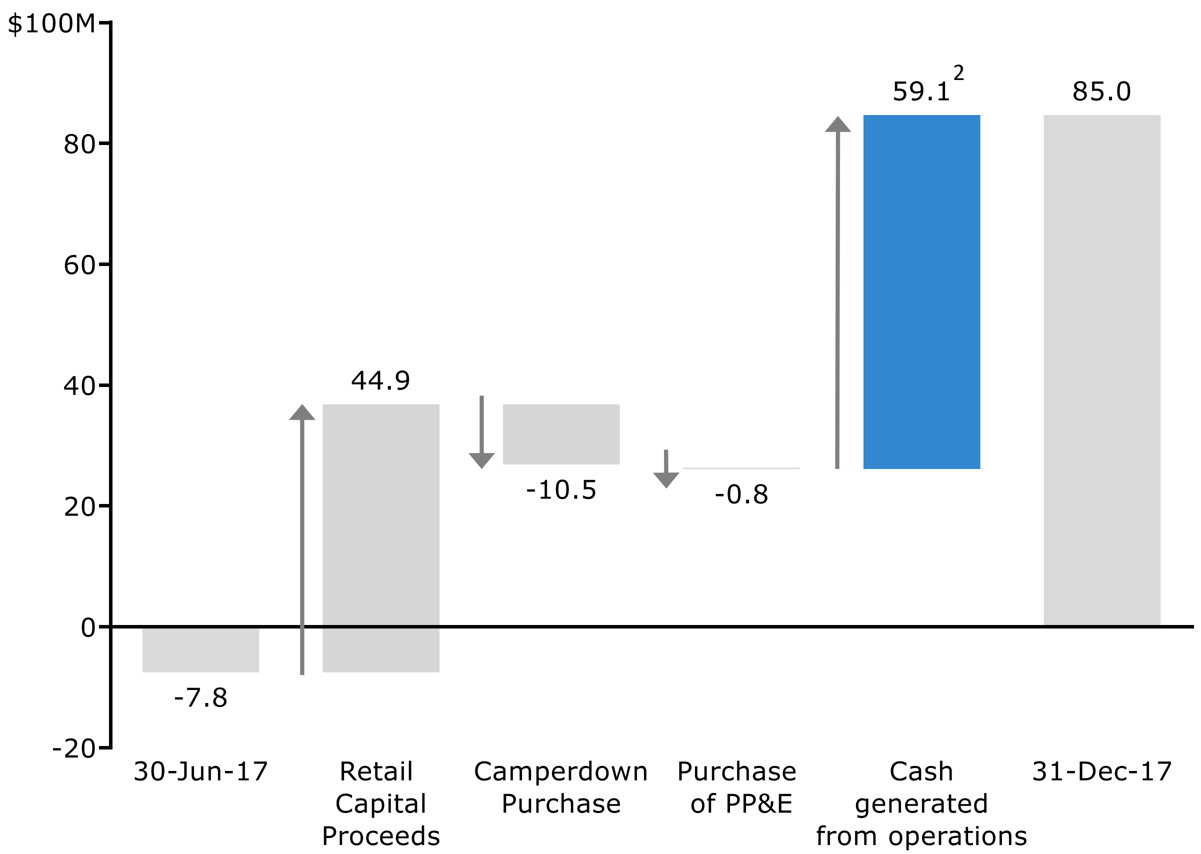
Generating positive cash flow

Group operating cash flow



Returned to zero debt and a healthy net cash position

Group net cash position



1. Excludes one-off items (disclosed in Financial Statements) such as the $27.5m Fonterra supply-chain reset payment, inventory write-downs, FX losses, restructuring costs, professional fees, and indirect costs associated with the capital raise and acquisition of Camperdown Powder
2. Generated from $22.4m in NPAT, $23.9m reduction in inventory plus other favourable movements in working capital

Camperdown integration on track, but major site upgrade deferred for CFDA submission

CAMPERDOWN

Integration

- ☑ Camperdown acquisition
- ☑ Minor upgrade works complete
- ☑ CNCA licence suspension lifted
- ☑ Production re-commenced for existing customers
- ☑ CFDA application submitted

Bellamy's production

- ☑ First production of Bellamy's 'Australian-label' SKUs
- ☐ CFDA registration achieved
- ☐ Production of Bellamy's 'Chinese-label' SKUs

Upgrade

- ☑ Minor site upgrade complete
- ☐ Major site upgrade (deferred)

Major Site Upgrade Deferred

- Decision to defer major site upgrade by 12 months for two reasons:
  - To maintain a consistent site plan with CFDA submission
  - To allow sufficient short-term production capacity pending outcome of CFDA submission
- However, planning for the upgrade continues in parallel
  - Revised expansion plan now expected to cost $12-15m
  - Additional CAPEX focussed on higher automation, higher spec equipment and improved design and workflow

Stabilisation plan ahead of 18-month schedule

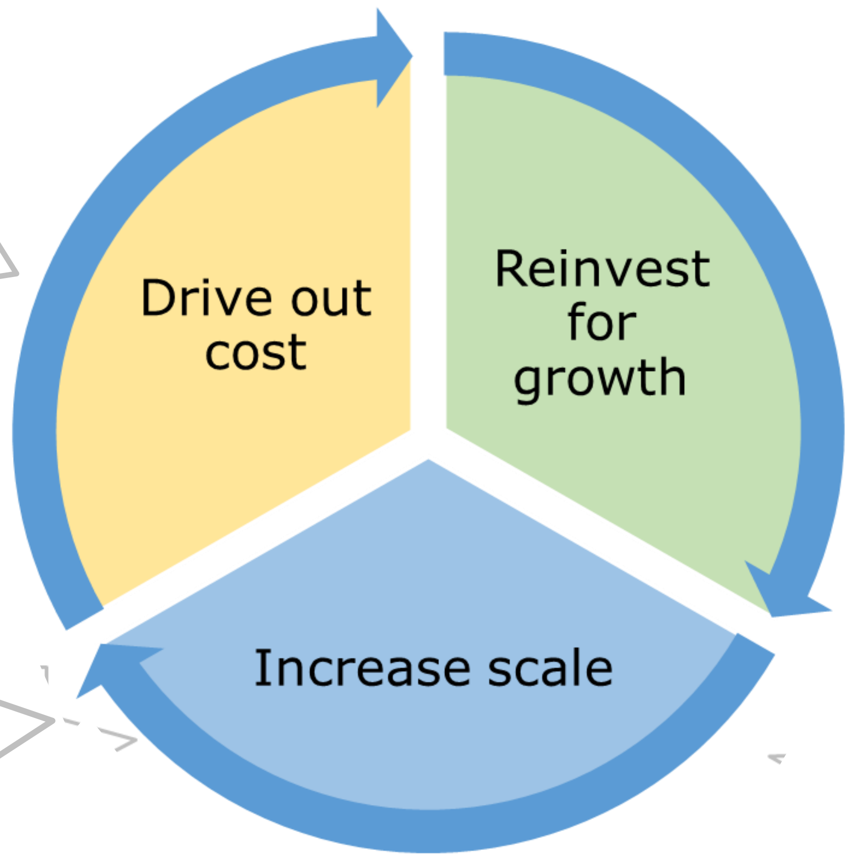
	Establish **CREDIBILITY & STABILITY** with the trade	**DRIVE OUT COST** to create fuel for growth	Focus on transition to **POSITIVE CASH FLOW**	Reinvest in the **BRAND** and increase **PENETRATION**
PRIORITIES				
ACHIEVED	✓ Removed discounts and stabilised wholesale price ✓ Bought back surplus inventory from trade ✓ Consolidated distributors with clear boundaries ✓ Increased brand premium and trade margins ✓ Returned to sustained sales and share growth	✓ Renegotiated manufacturing MAVs and lowered production costs ✓ Renegotiated Milk and Oil ingredient costs and established dual supply ✓ Reduced logistics / direct costs by 2% pt of revenue[1] ✓ Reduced other Overhead (before Marketing & Direct) by 1% pt of revenue[1]	✓ Rebalanced production to match demand ✓ Reduced finished goods inventory from $91m in February-17 ✓ Successful capital raise to fund acquisition and supply-chain restructure ✓ Returned to positive operating cash flow, zero debt and $85m in cash	✓ Acquired Camperdown to deliver path to China Offline ✓ Doubled Marketing spend and established KOL and Daigou marketing capability ✓ Invested in China focused Sales and Marketing talent ✓ Strong headway on formula upgrades and IP ownership, packaging refresh and Australian sourcing

1. Excluding Camperdown

Focus on further cost reductions and reinvestment

Create **fuel for growth:**

- Reduce COGS, logistics and overhead
- Revenue management and price realisation



Strategically **reinvest in:**

- Trade Partnerships and Distribution
- Brand Marketing and Product
- Strategic capability, (including supply chain)

… to address key risks and create the next frontier of demand

Leverage scale:

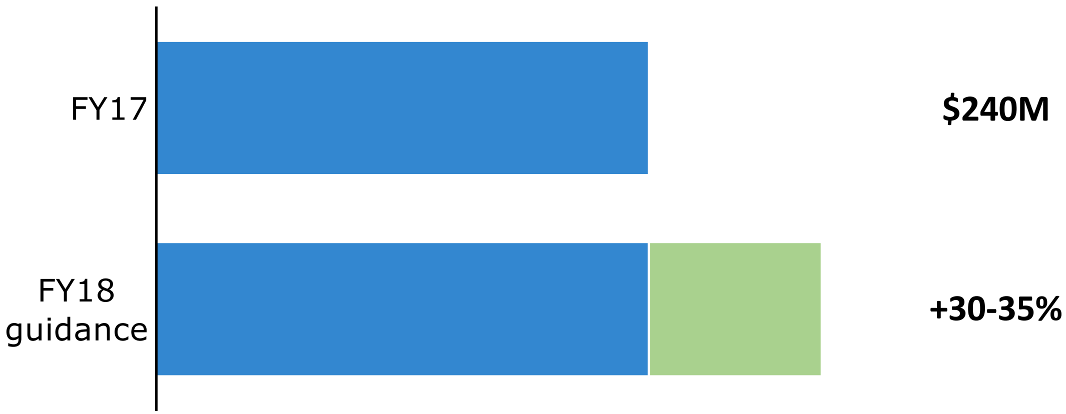
… to drive superior economics, including access to supplier rebates and reduced shortfall payments

Key investment themes focused on long-term growth

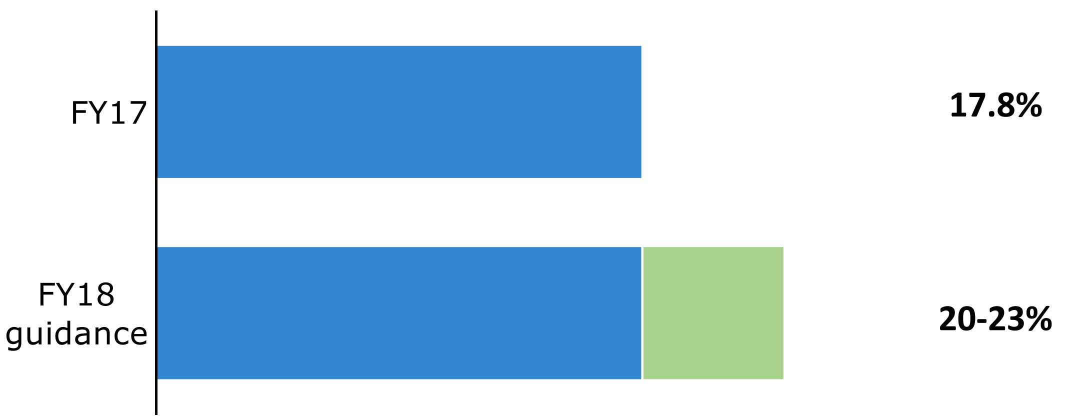
TRADE PARTNERSHIPS AND DISTRIBUTION	BRAND MARKETING AND PRODUCT	STRATEGIC CAPABILITY (INCL. SUPPLY-CHAIN)
CFDA Registration & China Offline	Brand Assets, Brand Premium & Packaging	Strategic, Flexible Manufacturing
Daigou Relations & Organic Education	Local Milk Pool and Sourcing	Quality, Traceability and Block-chain
Strategic Trade Partnerships	NPD, Upgrades, IP and licenses	Government and Regulatory Affairs
Asian Rising Middle Class Markets	Food as an Incubated Business	Capability & Performance Culture

FY18 financial guidance

Revenue ($m ex-Camperdown)



EBITDA margin (% ex-Camperdown)



Commentary

- Upgraded forecast FY18 revenue growth to 30-35%
- Stronger 1H18 revenue result expected due to:
  - Timing of platform events and Chinese NY
  - Higher winter consumption
  - No 'Chinese label' sales in 2H18 given delay in CFDA registration
- Upgraded forecast FY18 EBITDA margin to 20-23%
  - Reduced unit Logistics and Overhead costs (before Marketing)
  - Improved COGS position expected to be realised in 2H18

Note: Guidance excludes Camperdown which is forecast to generate an EBITDA loss of between $1-2m. Guidance is subject to contingent liabilities including class actions

1. Excludes one-off items (as disclosed in the Financial Statements) such as the $27.5m payment to Fonterra as part of the supply-chain reset, inventory write-downs, FX losses, restructuring costs, professional fees, and indirect costs associated with the capital raise and costs relating to the acquisition of Camperdown Powder