

ASX RELEASE
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FY18 Financial Results

Bellamy's Australia Limited (ASX: BAL) (**Bellamy's** or the **Company**) today announces its results for the 2018 financial year (FY18) as follows:

FY18 Highlights

- FY18 guidance (which excluded Camperdown) was achieved including:
 - 33% Revenue growth
 - 23% EBITDA margin
- Group Revenue growth of 37% (to \$329m) and normalised EBITDA growth of 65% (to \$71m) versus FY17
- A strengthened balance sheet with \$88m held in cash, zero debt and \$39m in supply-chain investments funded throughout the year
- Stronger Gross Margin of 42% in 2H18 versus 37% in 2H17
- Significant increase in brand, product and marketing investment and sustained management of other overheads
- Camperdown achieved breakeven in 2H18.

Bellamy's FY18 financial results are set out below

- The difference between the statutory and normalised result relates to a \$6m inventory provision set aside for a planned FY19 brand refresh and regulatory transition

Group \$m	FY18 ⁽¹⁾			FY17 ⁽¹⁾			Variance	
	Statutory	One-offs ⁽²⁾	Normalised	Statutory	One-offs ⁽²⁾	Normalised	Statutory	Normalised
Revenue	329		329	240		240	37%	37%
Gross Profit	129		129	92		92	41%	41%
Gross Margin %	39%		39%	38%		38%		
Overhead	-65	6	-59	-90	41	-49	28%	-20%
EBITDA	65	6	71	1	41	43	na	65%
EBITDA %	20%		22%			18%		
D&A	-4		-4	-1		-1		
Net Profit After Tax	43	4	47	-1	29	28	na	67%
Net Profit %	13%		14%			12%		

1. Bellamy's has followed the guidance for underlying profit as issued by the ASIC regulator Guide RG230 'Disclosing non-IFRS information'. The profit and loss summary with a prior period comparison in the table above, has been sourced from the accounts but has not been subject to separate review or audit. The directors believe that the presentation of the unaudited non-IFRS profit and loss summary in the table above is useful for users as FY17 and FY18 includes significant items that are not expected to be repeated in future years. The table reflects the normalised earnings of the business. In FY18, a one-off expense of \$6m to provide for inventory write-downs relating to the transition to SAMR registered products in China and CoOL compliant labelling in Australia has been recognised.

In response to the FY18 results, Bellamy's CEO Andrew Cohen stated 'Our FY18 results set a new high for the business, delivering a 37% increase in sales and a 65% increase in EBITDA, and represents a material turnaround of our business'.

He continued 'we have established a more sustainable business model, including stronger revenue management disciplines, material savings in cost of goods and logistics, and greater investment in our brand, product and marketing'.

SAMR (formerly CFDA) Update

Bellamy's (via its manufacturer Camperdown) submitted its application for its Chinese-label formula products with the State Administration for Market Regulation (**SAMR**, formerly CFDA) in late December 2017.

This registration relates to its Chinese-label product sold exclusively in offline channels in China which contributed less than 6% of Bellamy's sales in FY18.

The Company continues to be respectful of the process and the market will be informed when the SAMR registration application is ultimately determined.

In response to the above, Mr Cohen noted, '*SAMR registration of our Chinese-label formula is important to concluding the turnaround and we remain confident in our technical application and prospects for registration. We continue to plan and organise for a winning model in the China offline channel.*'

FY19 Outlook

- Given the timing uncertainty for SAMR determination, Bellamy's is providing an outlook for revenue growth for its Australian label business only
- Expecting more moderate sales growth for Australian label business in FY19 due to a:
 - recent slow-down in Chinese cross-border market growth for infant formula;
 - change in the availability and ecommerce pricing of our Australian and New Zealand competitors
- On this basis and subject to market conditions, Bellamy's gives the following FY19 outlook:
 - up to 10% revenue growth for FY19 Australian-label business with growth expected to be predominantly achieved in 2H19 upon the launch of key revenue initiatives;
 - additional revenue opportunity for Chinese-label business when SAMR registration is achieved;
 - Group EBITDA margin expected to continue at 2H18 normalised levels of 22-25%.

In relation to FY19, Mr Cohen noted, '*Looking forward to 2019 we expect more moderate growth, as we cycle a strong FY18 year and a more competitive trading environment.*'

Mr Cohen concluded that, '*The medium to long term outlook remains compelling, supported by category fundamentals, our differentiated position and future brand and channel opportunities. We have laid the foundations with an ambition to build a \$500 million revenue business by FY21*'.

Bellamy's Chief Executive Officer Andrew Cohen and Chief Financial Officer Nigel Underwood will present the financial results via a webcast at **10:00am (AEST) Wednesday 29 August 2018**. The webcast link will be live from 9:45am (AEST). The link to the webcast is as follows:

<https://webcast.openbriefing.com/4517>

A recording of the financial results webcast will be available on Bellamy's website (<https://investors.bellamysorganic.com.au/>) within 72 hours following the call.

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