Investor brief
Supply-chain reset and capital raise

June 2017

BELLAMY'S ORGANIC

Important notice and disclaimer

The following notice and disclaimer applies to this investor presentation (**Presentation**) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation has been prepared by Bellamy's Australia Limited (ABN 37 124 272 108) (**Bellamy's** or **Company**) and is dated 13 June 2017. This Presentation has been prepared in relation to Bellamy's proposed fully underwritten 5 for 38 pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares (**New Shares**) in Bellamy's (**Entitlement Offer**). The Entitlement Offer is to be made under a transaction specific prospectus in accordance with section 713 of the Corporations Act 2001 (Cth) (**Corporations Act**).

Summary information

This Presentation contains summary information about Bellamy's and its subsidiaries (**Group**) and their respective activities which are current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Bellamy's or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

The historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (**ASX**). This Presentation should be read in conjunction with a prospectus being prepared in connection with the Entitlement Offer (among other offers) (**Prospectus**), and Bellamy's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Not an offer

This Presentation is not an offer or an invitation to acquire New Shares or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**)) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

Any decision to purchase New Shares under the Entitlement Offer (or other securities offered under the Prospectus) must be made on the basis of the information contained in the Prospectus in which the Entitlement Offer and other offers are made and which is available following its lodgement with ASX and ASIC on the date of this Presentation. Any eligible shareholder who wishes to participate in the Entitlement Offer, and any offeree that wishes to participate in another offer under the Prospectus, should consider the Prospectus in deciding to apply under the Entitlement Offer or such other offer. Anyone who wishes to apply for New Shares under the Entitlement Offer or for other securities offered under the Prospectus will need to apply in accordance with the instructions contained in the Prospectus and application form. Eligible shareholders will receive a copy of the Prospectus together with an accompanying personalised application form. Offerees in Australia and New Zealand can also obtain a copy of the Prospectus (free of charge) during the offer period from the Company's website at www.bellamysorganic.com.au or by calling the Company's share registry on 1300 853 809 (from within Australia) or +61 1300 853 809 (from outside of Australia) from 8.30am to 5.30pm (Australian Eastern Standard time), Monday to Friday during the offer period. Persons in other jurisdictions who are, or are acting for the account or benefit of, a person in the U.S., are not entitled to access the electronic version of the Prospectus. Persons who access the electronic version of the Prospectus on the Company's website should ensure they download and read the entire Prospectus. The electronic version of the Prospectus on the Company's website will not include an application form.

This Presentation is not and should not be considered an offer or an invitation to acquire the New Shares or any other financial products and does not and will not form any part of any contract for the acquisition of the New Shares.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal.

The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States unless they have been registered under the U.S. Securities Act, or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

Important notice and disclaimer

Not financial product advice

This Presentation does not constitute financial product or investment advice or any recommendation to acquire New Shares or accounting, legal or tax advice.

Each recipient of the Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and the impact that different future outcomes might have on the Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Bellamy's is not licensed to provide financial product advice in respect of the New Shares. Cooling off rights do not apply to the acquisition of New Shares under the Offer.

Investment risk

An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of the Group, including possible delays in repayment and loss of principal and income invested. Bellamy's does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee the repayment of capital from Bellamy's or any particular tax treatment. Persons should have regard to the risk factors outlined in this Presentation.

Financial data

All dollar values are in Australian dollars (A$ or AUD) unless otherwise stated.

This Presentation includes certain historical financial information extracted from Bellamy's audited consolidated financial statements and pro forma historical financial information of the Group, which is derived from such financial statements and has been adjusted to reflect the matters set out in this presentation (collectively, the **Historical Financial Information**). The Historical Financial Information has been prepared and presented in accordance with the measurement and recognition principles of the Australian Accounting Standards (including the Australian Accounting Interpretations) (**AAS**). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. Neither the pro forma Historical Financial Information nor the adjustment made to prepare it have been audited

Recipients of this Presentation should note that this Presentation contains a pro forma historical balance sheet (to reflect, among other things, the impact of the Entitlement Offer). The pro forma historical financial information and the Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Bellamy's views on its future financial condition and/or performance.

Recipients of this Presentation investors should also be aware that certain financial data included in this presentation is "non-IFRS financial information" under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of the Group. The non-IFRS financial information does not have a standardised meaning prescribed by AAS and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with AAS. Recipients of this Presentation investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or non-GAAP financial measures and ratios included in this Presentation.

The pro forma historical financial information has been prepared by Bellamy's in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma historical financial information is for illustrative purpose only and does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include Net Debt, EBITDA and backlog.

Important notice and disclaimer

The disclosure of such non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Bellamy's believes that these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Presentation.

Effect of rounding

A number of figures, amounts, percentages, estimates and calculations of value in this Presentation are subject to the effect of rounding.

Forward-looking statements and forecasts

his Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Entitlement Offer and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Presentation, including the current trading outlook, speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the “Key Risks” in Appendix A of this Presentation for a non-exhaustive summary of certain general and specific risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to Bellamy's as at the date of this Presentation.

The Presentation also includes a current trading outlook, which is based on a number of assumptions concerning future events, including, without limitation, the successful implementation of the Group’s business operation strategies, as well as a number of assumptions and estimates relating to factors affecting the Group’s business. Investors are cautioned not to place undue reliance on the current trading outlook.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Bellamy’s or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), Bellamy's disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

Past performance

This Presentation contains a pro forma historical balance sheet (to reflect the Entitlement Offer). Past performance and pro forma financial information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Group's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of Bellamy's cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Group including future share price performance. The historical information contained in this Presentation is, or is based on, information that has previously been released to the market.

Important notice and disclaimer

The information in this Presentation has been obtained from or based on sources believed by Bellamy's to be reliable.

Disclaimer

Neither Credit Suisse (Australia) Limited (**Underwriter**), nor any of its or Bellamy's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

For the avoidance of doubt, the Underwriter and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents have not made or purported to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, Bellamy's, the Underwriter and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all responsibility and liability, including, without limitation, for negligence or for any expenses, losses, damages or costs incurred by you as a result and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, Bellamy's, the Underwriter and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to the Underwriter, it and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents take no responsibility for any part of this Presentation or the Entitlement Offer.

The Underwriter and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, and you represent, warrant and agree that you have not relied on any statements made by the Underwriter, or its advisers, affiliates, related bodies corporate, directors, officers, partners, employees or agents in relation to the Entitlement Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. Bellamy's reserves the right to withdraw the Entitlement Offer or vary the timetable for the Entitlement Offer without notice.

Defined terms

Capitalised terms used in this Presentation have the meaning given to them in the Glossary on page 30.

Key messages

- **Acquisition of Camperdown Powder,** a CNCA licensed canning facility: $28.5m for a 90% ownership stake[1]
  - Provides a path to CFDA registration of 'Chinese label' product[2]
  - Secures a critical element of supply-chain and increases Bellamy's control over CFDA registration process
  - Strong investment case that leverages Bellamy's volumes and a portfolio of high-quality customers
  - Further $7.5m in CAPEX to upgrade facility expected in 1H18 with first production expected in 2H18

- **Further amendment of Fonterra supply agreement**[3]: $27.5m investment package
  - Removes projected shortfall payments over lifetime of contract (>$27.5m)[4]
  - Increases operating flexibility to direct canning to the Camperdown facility
  - Introduces volume based rebates and a modified bulk formula price
  - Secures R&D investment to improve Bellamy's formulations

- **Funded by a fully underwritten, 5 for 38 Entitlement Offer** to raise gross proceeds of $60.4m at an Entitlement Offer price of $4.75 per new share, and an additional **$18.0m share placement to Camperdown Powder** vendor shareholders at an Entitlement Offer TERP[5] of $5.64 per share

- Reported EBIT guidance for 2H17 has reduced from a profit of $9-13m to a loss of $9.5-14.0m (due to one-off restructuring costs). **Normalised 2H17 EBIT guidance has increased from $11-15m to $16.5-20.5m[6]**
  - One-off costs include $27.5m Fonterra payment and $0.5-1.0m in Acquisition/restructure related expenses[7]

1. The Acquisition is the acquisition by a subsidiary of the Company of a 90% interest in a newly formed entity that will hold all of the issued capital of Camperdown Powder; 2. See risk section in relation to the risk of not obtaining CFDA registration (and other Chinese regulatory and market risks or the Acquisition not proceeding); 3. Conditional on completion of the Entitlement Offer; 4. It is important to note that the agreement still includes minimum annual volume commitments that are subject to shortfall payments 5. (TERP) is the theoretical-ex-rights-price at which Bellamy's shares should trade immediately after the ex-date for the Entitlement Offer and prior to the share placement to the Camperdown Powder vendor shareholders. TERP is a theoretical calculation only and the actual price at which Bellamy's shares trade at that time will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Bellamy's closing price of A$5.76 on 9 June 2017 6. Normalised EBIT excludes significant items that are not expected to repeated in future years, including inventory write downs, FX losses and legal, accounting and restructuring costs. See slide 12 for assumptions on which the guidance is based 7. Excludes $2.6-$2.8m of capitalised transaction and underwriting costs

Context: CFDA registration required for 'Chinese label' product only

'Australian label' product *84% of FY17 forecast infant formula sales*	'Chinese label' (or PRC) product *16% of FY17 forecast infant formula sales*

BELLAMY'S ORGANIC

Australian retailers and global distributors

- Australian parents
- Daigou channel (direct parcel)
- China cross-border[1] e-commerce (CBEC)

CFDA brand registration <u>not required</u> for 'Australian label' product

BELLAMY'S ORGANIC

China offline distributor

China offline retail stores

CFDA brand registration <u>is required</u> by 1 January 2018 for 'Chinese label' product

1. The recent statement from the China Ministry of Commerce on 17 March 2017 was a positive sign that Australian label "personal" goods can continue to be sold through CBEC platforms beyond January 2018. However the industry expects further clarification of the definition of "personal" goods and timelines.

Strategic rationale for Acquisition of Camperdown Powder

Opportunity to address key regulatory risk

- Provides a path to CFDA registration of 'Chinese label' products[1]
- Secures a critical element of supply-chain and increases control over registration process
- Helps to protect against future regulatory change, e.g. 100% ownership of canning line

Strengthens competitive position

- Positions brand for expected rationalisation of brands in China offline channel
- Expected to deliver Chinese distributors and retailers confidence in sales continuity
- Opportunity to address key consumer concern regarding CFDA registration and OEM model[2]

Improves internal capability

- Highly capable and invested management team
- Deep quality assurance and Chinese regulatory expertise
- Further strengthens product R&D and quality capability

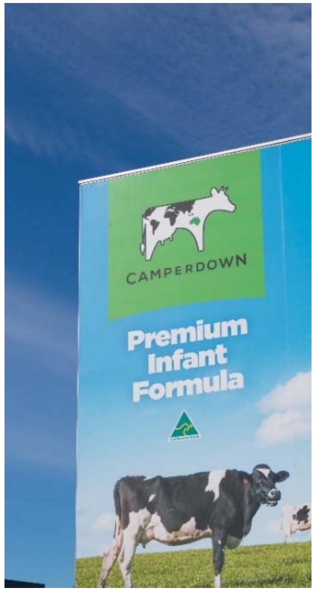
Quality asset and ROI opportunity

- Fair purchase price in line with market benchmarks
- Opportunity to improve cost position by capturing canning margins on own volumes
- High-quality set of existing and new customers, incl. a major Chinese dairy and IMF business

1. See risk section in relation to the risk of not obtaining CFDA registration (and other Chinese regulatory and market risks or the Acquisition not proceeding); 2. Estimated 45% of negative social media relates to CFDA registration or OEM model based on analysis of publically available brand mentions captured on SocialMaster by AdMaster. Sources include blogs (e.g. Sina), forums (e.g. Babytree), news sties (e.g. NetEase, Sogou), and social media platforms (e.g. Weibo, WeChat)

Overview of Camperdown Powder

CAMPERDOWN



Location: *Braeside, Victoria*
Canning capacity: *6-8 kT per year*

Assessment criteria		
CNCA license	✓	Issued in July 2015
China compliance	✓	Strong regulatory record
Internal capability	✓	Quality management, including a quality assurance and Chinese regulatory expert
Price	✓	In line with recent benchmarks in Australia and New Zealand
Capacity expansion	✓	Planned upgrade to 12-15 KT over the next 6-12 months
Customers	✓	e.g. large China dairy and infant formula business, major Australian vitamin brand
Location	✓	Melbourne – access to major port and same state as bulk formula production
Organic certification	-	Australian NASAA certified, with China WIT reasonably expected
Earnings history	-	Current forecast is breakeven; but step-change expected beyond FY18 due to Bellamy’s volume and new China dairy and IMF contract

Summary of deal structure

BELLAMY'S ORGANIC

Vendor shareholders

(including CEO and CFO of Camperdown Powder)

90% equity

10% equity

- $28.5m for 90% equity in NewCo.
  - $10.5m cash funded by the Entitlement Offer
  - $18.0m share placement to Camperdown Powder vendor shareholders[1]
- Call option to purchase residual NewCo. equity if required by future CFDA regulatory changes

NewCo.

- Closing expected in July 2017, subject to conditions precedent

Wholly owned subsidiary

Camperdown Powder

- Key management retained, including CEO, CFO, China quality and regulatory expert

1. Total of 3.19m ordinary shares in the Company to be issued to vendor shareholders at a TERP of $5.64 per share; The Theoretical-ex-rights-price (TERP) is a theoretical price at which Bellamy's shares should trade immediately after the ex-date for the Entitlement Offer and prior to the share placement to the Camperdown Powder vendor shareholders. TERP is a theoretical calculation only and the actual price at which Bellamy’s shares trade at that time will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Bellamy's closing price of A$5.76 on 9 June 2017.

Further reset of the Fonterra supply agreement

Shortfall payments

Removes projected Fonterra shortfall payments over life of the contract (>$27.5m)[2]

Control of bulk formula

Increases operating flexibility to direct canning to our new facility

Investment:

$27.5m one-off cash payment[1]

Production cost

Introduces volume based rebate and a modified bulk formula price

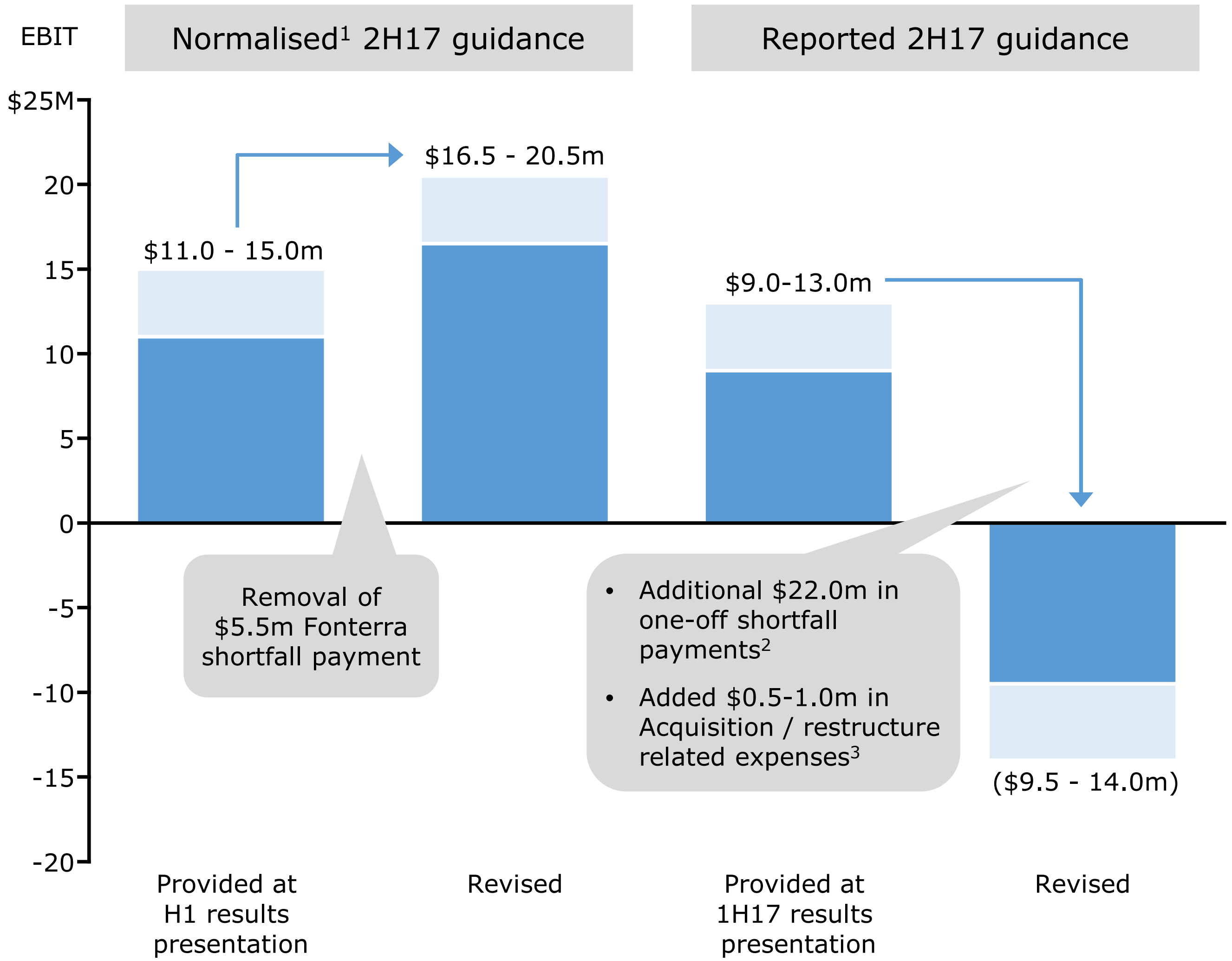
R&D

Secures investment to improve Bellamy's formulations

- Considered a beneficial investment from both a strategic and economic perspective
- Elimination of projected Fonterra shortfall payments expected to improve gross margin and allow greater investment in brand and marketing
- Expected to improve cost position by capturing the canning margin and potential volume rebates
- Investment is forecast to be value-accretive based on Bellamy's cost of capital

1. Reset of contract and payment conditional on completion of the Entitlement Offer; 2. It is important to note that the agreement still includes minimum annual volume commitments that are subject to shortfall payments, however, the level of these commitments is now aligned with growth and production forecasts

Normalised EBIT guidance improved; Reported EBIT adjusted for additional one-off costs



- 2H17 sales guidance unchanged at this time
- 2H17 earnings guidance has been adjusted for the supply-chain reset, but is otherwise unchanged
- 2H17 normalised earnings guidance adjusted for reduced shortfall payments
  - Additionally, previous guidance on shortfall payments for FY18 and FY19 reduced from $11-13m to $5.5-7.5m[4]

Note: see section 5.5 of the Prospectus for full details of the assumptions underlying this guidance
1. Normalised EBIT excludes significant items that are not expected to be repeated in future years, including inventory write downs, FX losses and legal, accounting and restructuring costs
2. Total one-off payment to Fonterra is $27.5m. $5.5m shortfall payment was already included in EBIT guidance provided at 1H17 results presentation. Additional one-off cost is $22.0m
3. Excludes $2.6-2.8m of capitalised transaction and underwriting costs; 4. Dependent on underlying sales growth and production requirements

Overview of capital raise (Source and Uses)

Sources of funds	# shares issued[1]	Price	Amount
Entitlement Offer	12.7M	$4.75 per new share	$60.4m[3]
Vendor Share Placement	3.2M	$5.64 per new share[2]	$18.0m
Total sources			**$78.4m[3]**

Uses of funds		Amount
Camperdown Powder	Acquisition	$28.5m
	Capital expenditure and working capital	$8.5m
Fonterra supply-chain reset		$27.5m
Additional funds for working capital and general purposes		$10.4m
Transaction and restructure costs		$3.5m[4]
Total uses		**$78.4m**

1. Ordinary shares, ranked equally with existing Bellamy's shares
2. The Theoretical-ex-rights-price (TERP) is a theoretical price at which Bellamy's shares should trade immediately after the ex-date for the Entitlement Offer and prior to the share placement to the Camperdown Powder vendor shareholders. TERP is a theoretical calculation only and the actual price at which Bellamy's shares trade at that time will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Bellamy's closing price of A$5.76 on 9 June 2017
3. Gross of transaction and underwriting costs
4. Capitalised transaction and underwriting costs for the Entitlement Offer (estimated at $2.6-2.8m, assumed $2.7m) and Acquisition / restructure related expenses (estimated $0.5-1.0m, assumed $0.8m)

Trading and business update

Recent trading performance in line with expectations…

- Expected 2H17 net sales result above the mid-point of guidance ($105-120m)
- Indirect costs in 2H17 are forecast to be materially lower than 1H17 excluding one-off redundancy and restructuring costs
- Expected 2H17 normalised EBIT[1] result within guidance ($16.5-20.5m)[2]
- Our balance sheet has improved and we have been cashflow positive since March 2017
  - Expected to be close to net-cash neutral at 30-June-17 (pre Acquisition & Entitlement Offer)
  - Inventory at 30-June-17 expected to be similar to 31-December-16, however inventory has been declining since reaching a peak in March 2017

…but we are only 6 months into an 18 month turnaround, and risk and challenges remain

- We are still in the process of restructuring our sales channels, including managing high levels trade inventory, both internally and with trade partners
- There is still risk around the success and timing of our CFDA registration
- We will be operating a manufacturing facility for the first time, and will be managing a complex capital upgrade program over the next 6 months
- Further clarification is needed around whether infant formula can continue to be sold through cross-border e-commerce platforms beyond 1 January 2018 [3]
- FX changes remain an ongoing risk to our financial position

1. Normalised EBIT excludes significant items that are not expected to be repeated in future years, including inventory write downs, FX losses and legal, accounting and restructuring costs.
2. Excludes $5.5m Fonterra shortfall payment in FY17
3. The recent statement from the China Ministry of Commerce on 17 March 2017 was a positive sign that Australian label "personal" goods can continue to be sold through CBEC platforms beyond January 2018. However the industry expects further clarification of the definition of "personal" goods and timelines.

Strong leadership team in place

Chairman
John Ho

- Appointed in May-17, Founder of Janchor Partners
- Deep understanding of the Australian and Chinese consumer and health sectors
- Corporate governance experience on publicly listed and private companies

Deputy Chairman
John Murphy

- Appointed in May-17
- 35 years experience in the beverage, food and packaging industries
- MD/CEO roles at Coca-Cola Amatil Aus., Visy and Fosters/CUB

Chief Executive Officer
Andrew Cohen

- Appointed CEO Jan-17; previously COO from Jul-16
- Partner at Bain & Co. focused on the FMCG sector, Private Equity and large scale turnarounds
- MBA, Cambridge

Chief Financial Officer
Nigel Underwood

- Appointed CFO in Jan-17
- 20+ years experience in senior financial roles in both listed and private companies
- MBA, Fellow of Chartered Accountants, Graduate AICD

General Counsel
Melinda Harrison

- Appointed General Council and Company Secretary in May-17
- 20+ years experience in law, risk and governance in listed and private companies, as well as at Malleson's
- Deep experience in commercial contracts and complex disputes

Director of Sales & Marketing
David Jedynak

- Appointed Sales & Marketing Director in Jan-17
- Advisor to Bellamy's since Jul-16 and pivotal to business restructure
- Previous key positions in Private Equity, VC and as a Principal at Bain, including China experience

Director of Operations
Peter Fridell

- Joined Bellamy's in Feb-17
- 10 years experience at CUB as Strategy Director and GM Supply Finance
- Supply-chain advisory at AT Kearney
- MBA, INSEAD

Aligning management and shareholders

LTI program	• Grant: 4,105,888 options granted to management and board (subject to shareholder approval) • Vesting hurdle: 50% at 50% TSR growth, increasing to 100% at 100% TSR growth • Vesting time: Approx. 3.5 year program vesting 50% in year 2, and 50% in year 3, with 9 months additional testing
Key personnel	• CEO awarded 1,675,000 options, Deputy Chair 193,373 options, other directors each awarded 36,258 options (excluding Chair) • Key Management Personnel and senior executives awarded 2,165,000 options collectively • Includes only executives with the ability to deliver strategic and financial outcomes
Program cost	• Equity settled remuneration programs do not impact Company cash flow • Program expected to cost $3.4m in FY18 and a total of $8.2m over 3 years (subject to valuation at grant date) • Legacy equity based remuneration cost expected to be $1m in FY18 and $0.3m in FY19

100% payout of LTI aligns to +$500m increase in shareholder value[1]

1. Based on moving from a TERP of $5.64 (equivalent market cap of $617.3m) to 100% vesting price (equivalent market cap of $1,234.7m)

Entitlement Offer

Offer	• 5 for 38 accelerated, non-renounceable Entitlement Offer to raise approximately A$60.4 million
Price	• A$4.75 per New Share - Represents a 15.8% discount to TERP of A$5.64[1]
Institutional Entitlement Offer	• Accelerated underwritten Institutional Entitlement Offer • Institutional entitlements not taken up by institutional shareholders and entitlements of ineligible institutional shareholders will be sold in a bookbuild process managed by the Underwriter[2]
Major shareholder support	• Major shareholder Janchor Partners has pre-committed to take up its full pro-rata entitlement and intends to provide additional sub-underwriting support for the offer
Retail Entitlement Offer	• Retail entitlements not taken up by eligible retail shareholders or allocated to the retail oversubscription facility (see below) will be placed to the Underwriter and any sub-underwriters • Retail over-subscription facility to be capped at 25% of each eligible retail shareholder's entitlement (applicable to shareholders holding 100,000 shares or less only as at the Record Date)
Record Date	• 7:00pm (Australian Eastern Standard time) on Thursday, 15 June 2017

1. The TERP is a theoretical price at which Bellamy's shares trade immediately after the ex-date for the Entitlement Offer and prior to the share placement to the Camperdown Powder vendor shareholders. TERP is calculated by reference to Bellamy's closing price of A$5.76 on 9 June 2017
2. Entitlements are non-renounceable, meaning that eligible shareholders who do not take up their entitlements will not be able to transfer or receive any value in respect of those entitlements and their percentage shareholding in Bellamy's will be diluted as a result of not taking up their entitlements in the Entitlement Offer.

Offer timetable

Trading halt and announce Acquisition and Entitlement Offer	Tuesday, 13 June 2017
Institutional Entitlement Offer and Bookbuild opens	Tuesday, 13 June 2017
Institutional Entitlement Offer and Bookbuild closes	Wednesday, 14 June 2017
Results of Institutional offer announced and trading halt lifted	Thursday, 15 June 2017
Record Date for the Entitlement Offer	7.00pm (AEST) on Thursday, 15 June 2017
Despatch of Prospectus and Retail Entitlement Offer opens	9.00am (AEST) on Tuesday, 20 June 2017
Institutional Entitlement Offer settlement	Thursday, 22 June 2017
Issue and quotation of New Shares issued under the Institutional Entitlement Offer	Friday, 23 June 2017
Retail Entitlement Offer closes	5.00pm (AEST) on Thursday, 29 June 2017
Settlement of Retail Entitlement Offer	Thursday, 6 July 2017
Issue of New Shares under the Retail Entitlement Offer	Friday, 7 July 2017
Normal trading of New Shares under the Retail Entitlement Offer expected to commence on ASX	Monday, 10 July 2017

Dates and times in this Presentation are indicative only and subject to change. All times and dates refer to Australian Eastern Standard time (AEST). The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX

BELLAMY'S ORGANIC

Risks related to an investment in Bellamy’s (1/8)

Bellamy’s is subject to a number of risks both specific to Bellamy’s and of a general nature, which may either individually or in combination adversely affect the future operating and financial performance of Bellamy’s, its investment returns and the value of its securities.
You should note that the risks set out below do not cover every risk that may be associated with an investment in the Company or its securities now or in the future, and the occurrence or consequences of some of the risks described below are partially or completely outside the control of Bellamy’s, its directors and management.
There can be no guarantee that Bellamy’s will achieve its stated objectives or that any forward looking statement or forecasts will eventuate.
The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the directors as at the date of this Presentation, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Risks specific to Bellamy’s

‘China labelled’ product regulatory risk (CNCA and CFDA)
The Chinese government has instituted a dairy food products regulatory regime that requires, among other things, certain foreign manufacturing facilities to complete a registration process in order to import, distribute and sell ‘Chinese labelled’ dairy food products to the local offline retail channel. Specifically it requires registration with the CNCA in compliance with the Administrative Provisions on Registration of overseas Manufacturing Enterprises of Imported Foodstuffs of the nominated canning facility used to blend and back infant formula products.
The Chinese government maintains significant discretion in the granting and renewal of registration certificates and other qualifications necessary for the import of food products into China. CNCA registration is valid for four years before renewal and the renewal application must be submitted one year prior to the expiration of the four year term expiration.
A further regulatory requirement has been introduced that any ‘Chinese labelled’ brand imported, distributed and sold through retail channels in China beyond 1 January 2018 requires CFDA (China Food and Drug Administration) registration. This registration is also held by the canning facility and is valid for five years. Any individual facility can register a maximum of three individual brands and a total of nine stock keeping units (i.e. Step 1, 2 and 3 for a given brand). Each registered brand must also be significantly different in formulation to be recognised.
As previously announced, following the sale by Bega Cheese Ltd of its infant formula finishing plant at Derrimut to Mead Johnson Nutrition in February 2017, Bellamy's 'Chinese labelled' products are no longer able to be registered through that CNCA licenced plant. Notwithstanding this, the Company's manufacturing contract with Bega remains in place.

As a result, Bellamy's has sought to mitigate this risk by undertaking the Acquisition. The Camperdown Powder facility was granted its CNCA licence in July 2015 with an expected renewal date in July 2019. Bellamy’s expects that the Acquisition will allow Bellamy’s to now begin the CFDA brand and product registration process for its 'Chinese labelled' products in its own right (rather than relying on the registrations obtained by third party manufacturers).
However, Bellamy’s does not anticipate that it will have the required registrations in place by 1 January 2018 given the time required to develop the application, a six month shelf life testing requirement and the lengthy CFDA processing time guideline. Bellamy’s is working with its distributor to seek to ensure that there is an appropriate level of stock in China prior to 1 January 2018 to sustain supply during this delay, however a further delay in obtaining the registration, or the failure to complete the Acquisition or successfully submit a registration will have a material impact on Bellamy's financial position. The sale of Bellamy's 'Chinese labelled' products accounted for approximately 16% of total forecast sales in FY17.
In addition to the above it should also be noted that the future or sudden regulatory changes in China continue to be a business risk.
Even with successful completion of the Acquisition, the Chinese government maintains significant discretion over the retention and renewal of any Chinese certification that the Company or the Group may hold from time to time, with limited avenues for appeal or review.

Risks related to an investment in Bellamy’s (2/8)

‘Australian labelled’ product regulatory risk (MOFCOM import restrictions)
Bellamy’s also sells ‘Australian labelled’ product in China through CBEC, leveraging various platforms including Tmall, JD.com, VIP.com and Kaola. Original interpretation of the CFDA regulation required these platforms to also distribute ‘China labelled’ or CFDA registered product beyond 1 January 2018. However, recent statements form the China Ministry of Commerce (**MOFCOM**) on 17 March 2017 indicated a positive signal that 'Australian labelled' “personal” goods can continue to be sold through CBEC platforms beyond January 2018.
However, some industry participants expect further clarification of the definition of “personal” goods and timelines in relation to the 17 March 2017 statement. As such regulations have not yet been formalised and the Company is not able to determine whether its 'Australian labelled' infant milk formula products will comply with the requirements imposed by further clarification or regulation in relation to the CBEC channel.
Although the vast majority of ‘Australian labelled’ product consumed in China is ‘direct mailed’ and not distributed through the CBEC channel, if the Company is unable to comply with any future clarification or regulation relating to the CBEC channel this may nonetheless have a material adverse impact on financial performance. This risk of future regulation on the ‘direct mail’ channel must also be considered but could include the imposition of taxes and/or prohibitions or measures taken to restrain the ability to undertake the ability to undertake direct mail activity.

Import testing
China's State Administration of Quality Supervision, Inspection and Quarantine is responsible for national import and export commodity inspections in China. Within that framework, all food product imported into China is subjected to a sample based quality testing, known as China Inspection and Quarantine (**CIQ**) tests. Bellamy’s tests the quality of its products at several stages of both the manufacturing process and across its distribution channels. Tests are also required to be conducted by independent and government based laboratories, who retain discretion as to whether a product test is successful. Test failures and the need for re-testing are not uncommon in the industry. Should a product in a shipment being made to be imported into China fail the CIQ tests, Chinese law prevents the entire shipment from entering China, even if the affected product forms only part of the shipment. While limited re-testing is available, no reference to previously successful tests of the relevant product can be made. The Company is not able to insure for such a risk and no compensation is available from the manufacturer of the Company's products even if prior tests have been successful in Australia. If the Company's products or the products from a canning line owned by the Company fail a CIQ test, this could have a material adverse impact on the Group's business, financial performance and operations.

Market concentration risk
A material proportion of the Company's revenue is derived from the import of the Company's ‘Chinese labelled’ products into China. The Company's 'Chinese labelled' products imported into China is forecast to represent 16% of group revenue in FY17. In addition, sales of the Company’s ‘Australian labelled’ products to persons in Australia who on-sell to Chinese consumers via e-commerce and social media platforms cannot reliably be estimated by the Company, but is thought to be very substantial and the Company is highly reliant on this channel.
Accordingly, Bellamy’s has a large exposure to changes in consumer demand for its products in China. A failure by Bellamy's to predict or respond to changes in consumer preferences in China or a decrease in demand for the Company's products in China could materially adversely impact on the Group's future financial and operating performance.

Risks related to an investment in Bellamy’s (3/8)

Erosion of brand reputation in China
The Company's business and in particular its sales either directly or indirectly to China are highly sensitive to consumers' perceptions of the safety and quality of the Company's products. Any actual or perceived contamination, spoilage or other adulteration, product misbranding, failed product testing or tampering may lead to a material erosion of the Company's brand reputation in China, regardless of its merits. Counterfeiting and imitation of well-known products in China has also occurred in the past. There can be no assurance that this will not occur to Bellamy's in the future. The Company's failure to detect counterfeiting and imitation of its products and trademarks or a failure to mitigate their impact could result in a material adverse impact on the Company's sales in China.
Further, the dairy industry in China has been the subject of product recalls and product contamination in the past, including products supplied from outside China into China. Publication of reports of contaminated or tainted dairy products by other non-Chinese manufacturers that supply the Chinese market could negatively impact the Company’s business even if there is no direct connection with Bellamy’s products. Regardless of merit, such reports could also lead to additional scrutiny and testing by regulators which could impact the Group's business, financial performance and operations.

Visibility of the Company's distribution channels
Bellamy’s transfers ownership of its products to purchasers at the time of sale (usually on receipt into the purchaser’s warehouse, except for sales to Bellamy's offline China distributor where ownership transfers upon delivery by the Company of inventory to the port in Melbourne). Many purchasers then on-sell the Company's products to sub-purchasers, who then further on-sell the products to the end-consumer. Bellamy’s is not able to obtain information on the level of inventory which remains unsold at each step in the distribution chain. While efforts are made to minimise levels of unsold inventory, a large release of a distributor’s inventory to the market at a discount to the price at which Bellamy's charges for its products at the initial point of sale may have an material adverse effect on sales through other channels. In addition, this may cause inventory holdings at other distributors to be ‘stranded’, at least until the relevant product has been depleted. All of this, in turn, may have a material adverse effect on demand and ultimately sales of Bellamy's products.

Class actions
Bellamy's may, in the ordinary course of business, be involved in litigation and disputes, for example with suppliers, customers or Shareholders. Any litigation or dispute (including the class action litigation described below) could be costly and damaging to the Company's reputation and business relationships, and could have a material adverse effect on its financial performance, financial position or industry standing.
On 23 February 2017, Bellamy's announced that it had been served with a representative (class action) proceeding filed by Slater & Gordon Lawyers in the Federal Court of Australia. On 8 March 2017, Bellamy's announced that it had been served with a further representative (class action) proceeding filed by Maurice Blackburn in the Federal Court of Australia. The statements of claim for each of these class actions allege contraventions of the Corporations Act in relation to misleading or deceptive conduct and continuous disclosure obligations in connection with Bellamy's business update announcement made on 2 December 2016.
Bellamy's is currently reviewing the statements of claim in detail and has retained legal advisers. Bellamy's does not accept the claims made in the statements of claim and its present intention is to vigorously defend them. It is too early in the process of assessing these claims and considering its defence for Bellamy's to provide any reliable assessment of the likely quantum of any damages that may become payable if its defence is unsuccessful in whole or in part. If either or both of the proceedings are determined in a manner that requires payment by Bellamy's of a material amount by way of damages or settlement, this could have a material adverse impact on the financial performance and position of Bellamy's and may result in the Directors needing to consider whether to sell assets and/or to raise additional capital or, if assets are not able to be sold or additional capital is not available on acceptable terms, to place the Company into voluntary administration.

Risks related to an investment in Bellamy’s (4/8)

Brand and reputation
The Bellamy’s portfolio of brand names and related intellectual property are key assets of the business. The reputation and value associated with these brands and related intellectual property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage (including social media), or other circumstances including those beyond the direct control of Bellamy’s. Significant erosion in the reputation of, or value associated with Bellamy’s brands, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for Bellamy’s products.

Certified organic
A key factor to Bellamy’s success and consumer’s identification with the Bellamy’s organic brand is the certification of Bellamy’s products as organic. This relies upon the raw materials and product ingredients meeting the requirements specified by the certifying bodies. Quality control issues in respect of raw materials and ingredients that result in the finished products not being certified as organic could have a material adverse impact on the Bellamy’s brand and consequently Bellamy’s financial performance and future prospects.

Australia made labelling laws
The Australian Government introduced new country of origin labelling laws that commenced on 23 February 2017 to provide additional transparency and certainty in relation to the country of origin of ingredients used in consumer products to be sold in Australia. From 1 July 2018, food to be sold in Australia must be labelled according to the requirements set out in the Country of Origin Food Labelling Information Standard 2016.
As Australia is not a major producer of organic milk, Bellamy’s sources the majority of its organic milk powders from Europe. The new labelling requirements mean that Bellamy’s will need to provide consumers with further transparency about the source of key ingredients. This may affect consumer demand for the Company's products as consumers look to purchase those products which use Australian ingredients. Changes in consumer demand for the Company's products in Australia could adversely affect the operating and financial performance of the Group.

Raw material supply
The availability of certified organic raw materials to meet the growing demand of Bellamy’s products is a critical part of supply chain management. Organic raw ingredients form only a small portion of the available dairy pool as a result of the difficulties associated producing such ingredients. Due to the rarer nature of organic products, the supply of such products is less stable than that for non-organic products, and the prices for such products are subject to a premium to secure longer term supply as well as material price fluctuations and volatility. While longer term supply relationships mitigate volatility to some extent, the longer term nature of such agreements needs to be balanced against the risk associated with the Company having to order quantity of product which are in excess of its requirements. Should there be interruptions in Bellamy’s supply chain or should there be other economic or environmental events which impact the availability of organic raw ingredients, this could have a material adverse impact on Bellamy’s ability to meet consumer demand and impact the financial performance and future prospects of the Group.

Milk powder production risks
The Company currently relies on third party manufacturers to produce its infant and toddler milk product range. Such manufacturing arrangements are concentrated in two manufacturers, Bega and Fonterra. Should there be a disruption in one or both of these manufacturers ability to manufacture the Company's milk powder product range or should one or both of the manufacturers elect not to continue manufacturing such products on behalf of the Company, this could have a material adverse impact on Group's ability to meet consumer demand and may impact the financial performance and future prospects of the Group.

Risks related to an investment in Bellamy's (5/8)

Infant formula blending risks
Assuming successful completion of the Acquisition, the Company will have the capability to blend and pack ingredients provided by specialist manufacturers, rather than relying on third party manufacturers to perform this task. As the Company has not previously engaged in blending and packing its infant formula products, it will be subject to certain manufacturing risks including, but are not limited to, product quality, safety, asset utilisation and general manufacturing risks. To the extent that the Company is not able to manage these risks, this may have an adverse impact on the Group's operating and financial performance.

Product concentration
Bellamy's product mix and revenues are highly dependent on infant milk formula. This product category generated 96% of sales in FY16 and is forecast to generate approximately 93% of sales in FY17. Adverse changes in consumer demand for Bellamy's infant milk formula could have a material adverse impact on Bellamy's financial performance and future prospects of the business.

Key customer concentration
A large proportion of Bellamy's sales are made through three major Australian retailers. These customers have contributed 31% of 'Australian labelled' product sales in FY17 to date. In addition, a large proportion of sales are made through four distributors who primary sell into the Chinese Daigou network and to Chinese cross-border e-commerce platforms. These customers have contributed 27% of 'Australian labelled' product sales in FY17 to date. Should any of these customers elect to disrupt the sale or distribution of Bellamy's products, it could have a material adverse impact on Bellamy's performance and prospects.

Inventory levels
Currently, Bellamy's has $106 million in inventory (of which $85 million comprises finished goods and $21 million comprises raw materials), with one key product representing approximately 70% of the finished goods inventory value with an estimated at 10 month's supply. Although all of this inventory currently has 15 months or more remaining shelf life, demand forecasts suggest that 6% of this inventory will have less than 50% shelf-life remaining as at December 2017, presenting a risk that the Company may be unable to sell the inventory above the carrying value. Many retailers and distributors set rules on the allowable percentage of shelf-life of a product which remains before they will accept it for sale. In the event that the Company is unable to sell this inventory, this may adversely affect the operations and financial performance of the Group.

Bellamy's sales orders are generally received and executed within a month. Ordering for certain raw ingredients required to produce Bellamy's products is required six months in advance of production due to the limited availability of organic ingredients and the need for some products to be produced to order, and long lead times associated with an international ingredient supply-chain. Anticipating the production required to meet sales demand is difficult and involves significant judgement. The timing mismatch exposes Bellamy's to the risk of inventory shortfall's or build up which may in turn affect Bellamy's ability to meet consumer demand or its financial performance, respectively.

Intellectual property
While the Company seeks to protect its brands and intellectual property rights, the Company's failure to enforce its intellectual property rights could diminish the value of its brands and products and harm the Company's business, future growth prospects and financial and operating performance.
The industry in which the Company operates is characterised by vigorous pursuit and protection of intellectual property rights, which may result in protracted and expensive litigation. Third parties may assert claims of misappropriation of trade secrets or infringement of intellection property rights against the Company or against its end customers or partners for which the Company may be liable.

Risks related to an investment in Bellamy’s (6/8)

Shortfall payments
Bellamy’s has long term contractual infant milk formula supply arrangements with Fonterra, which has been recently revised, and Bega which vary between five and eight years. The key manufacturing contracts have minimum volume commitments to secure access to the necessary manufacturing facilities. Where the Company is not able to fulfil minimum volume commitments, it is required to make production shortfall payments.
The minimum volume commitments are based on each individual contract year (which differs from the Company’s financial year). At each financial reporting period, a provision is raised when production thresholds have not been met or the company does not have the ability to meet the threshold under the contractual terms.
At 31 December 2016, the Company had met the production volumes under relevant contractual arrangements to date and therefore no provision for production shortfall payments was recognised.

At 30 June 2017 an assessment will be required in relation to achievement against the relevant thresholds for the various contracts (which have differing contract years). It was estimated that for the year ended 30 June 2017 production shortfall payments of approximately $6 - 8 million would need to be accrued. However, subject to the Fonterra amendment and the condition of a successful capital raise, this number will increase to $28 – 30 million.

Competition
Bellamy’s participates in a highly competitive FMCG global industry against materially larger global competitors who have greater access to capital and resources. Should any of Bellamy’s competitors participate more aggressively on price, product, innovation or other means, this could have a material adverse impact on Bellamy’s financial performance and the future prospects of the business.

Change in regulations
There is a risk that laws or regulations may be introduced or amended in Australia, or in foreign jurisdictions in which the Company sells, or sources its ingredients and/or products. Changes to the regulatory environment could have a material effect in a number of ways. For example, the financial and production effects resulting from changing requirements to:

1. product packaging and/or labelling requirements as a requirement of increases to mandatory dietary content disclosures; or
2. the introduction of taxation measures that reference food content; and/or
3. restrictions that prevent or restrict access to markets by amendments to regulations governing the export or importation of products (ie free trade agreements).

While the Directors are not aware of any current issues other than the China regulatory change noted above, the Australian made labelling changes highlighted, or any impending regulatory change in relevant markets, there is the potential for any such measures to materially reduce Bellamy’s revenues and/or increase its costs.

Reduced demand
There is a risk that consumer dietary preferences and/or consumer preferences for baby food products will evolve such that demand for Bellamy’s products is reduced.

Retail environment
There may be an economic downturn in Australia, China or other overseas markets that we compete in that may cause the retail environment to deteriorate as consumers reduce their retail spending on discretionary items. This may result in reduced turnover or Bellamy’s not achieving its financial forecasts in Australia or overseas markets.

Risks related to an investment in Bellamy’s (7/8)

Product contamination, recall and food safety
As a producer of food products, Bellamy’s is subject to a general risk that any product contamination or product recall issue (however caused) could have a material adverse effect on the Company’s brand and thus its financial performance. The Company employs a number of measures to minimise the risk in this area (such as requiring manufacturers to have current food safety accreditation and the Company having in place appropriate insurances).

Funding and debt covenants
The Company has a working capital facility with HSBC in an aggregate amount of $40 million, together with a credit card facility of $250,000 and a bank guarantee facility of $200,000 (together, the **Facilities**). The working capital facility is comprised of a number of sub-facilities with specific conditions and limits, with the effect that the Company’s ability to utilise the working capital facility is subject to those conditions being satisfied and those limits not being exceeded. The Facilities are secured over assets of the Company and are subject to the Company continuing to comply with its obligations (including financial covenants) under those Facilities. As at 31 December 2016, the aggregate amount outstanding under the Facilities was $14.5 million and the Company was in compliance with its obligations under those Facilities. Based on current forecasts, the Company expects that it will remain in compliance with those obligations. A specific exemption to covenants has been applied by HSBC for the Fonterra amendment.

Notwithstanding the above, this indebtedness could adversely affect the Company's financial health in the following ways:

- a portion of the Company's cash flow from operations must be dedicated to the payment of interest on its outstanding indebtedness, thereby reducing the funds available to it for other purposes, including its ability to pay dividends;
- the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired, limiting its ability to maintain the value of its assets and operations; and
- there would be a material and adverse effect on the Company's business and financial condition if it is unable to service its indebtedness or obtain additional financing, as needed.

The Facilities also contain, and future indebtedness may contain, significant financial and non-financial covenants that limit the Company's ability to engage in certain activities that may be in its long-term best interests. The Company's ability to comply with the covenants, ratios or tests contained in the Facilities or in the agreements governing its future indebtedness may be affected by events beyond the Company's control, including prevailing economic, financial and industry conditions. In addition, events of default, if not waived or cured, could result in the acceleration of the maturity of the indebtedness under the Facilities or other indebtedness. If the Company were unable to repay those amounts, HSBC could proceed against the security granted to them to secure that indebtedness.

ASIC queries
The Company is engaging co-operatively with ASIC in relation to the Company’s compliance with its continuous disclosure obligations. ASIC’s enquiries are continuing but as far as the Company is aware have not as at the date of this Presentation been concluded. There can be no assurance that ASIC will not, following completion of its inquiries, commence enforcement action against the Company or take other actions, such as the issuance of an infringement notice. It is possible that any such action that ASIC may take could have a material adverse effect on the Company’s financial performance, financial position, corporate reputation or industry standing.

Risks related to an investment in Bellamy's (8/8)

Foreign exchange
The Company has exposure to movements in foreign currency exchange rates through, for example:

- sales to customers in foreign currency;
- anticipated purchases of inventory in foreign currency; and
- translations of net investments in foreign subsidiaries of the Group which are denominated in foreign currencies.

Sales of Bellamy's products are conducted primarily in Australian dollars. The Company imports ingredients to meet demand, and has exposure to USD and EUR movements directly where it purchases ingredients on its own behalf and indirectly through purchases of finished products where the Company's product manufacturers purchase ingredients on its behalf.
In order to hedge against the exposure to fluctuations in exchange rates associated with the highly probable purchase of ingredients, the Company enters into forward exchange contracts, which are designated as cash flow hedges.
The ability to pass on changes in purchase prices due to foreign exchange fluctuation costs is limited, especially in the short term.

Acquisition-related risks

Completion of Acquisition
The Acquisition is expected to be completed in July 2017, but there can be no guarantee that this will occur. Due to circumstances beyond the control of Company, the Directors and Bellamy's management team, it is possible that the Acquisition is not ultimately completed or completion may be delayed. These circumstances could materially impact Bellamy's future earnings as well as result in it not being able to obtain CFDA registration.

Acquisition and integration risks
Bellamy's intends to pursue the Acquisition, which is central to its strategy into the China market, as it will allow the Company to seek to obtain its own CFDA registration. However, the Acquisition may consume a large amount of management time and attention during integration, and the Acquisition may fail to meet strategic objectives (including the obtaining of CFDA registration), or achieve expected financial performance (including unrealised synergies).
Certain notifications (eg change in control notifications) are also required to be made to the CNCA in respect of the Acquisition. CNCA has broad discretion as to whether to accept such notifications. In the event that such notifications are not accepted by CNCA, Camperdown Powder's registrations with the CNCA with respect to infant formula may be terminated which would require Camperdown Powder Pty Ltd to go through a new registration process via Diary Food Safety Victoria or such other governing authorities which approve and recommend that Camperdown Powder be registered with CNCA. If this were to occur, the material benefits which the Company proposes to obtain from undertaking the Acquisition may be delayed or may not be achieved.

Due diligence risk
Bellamy's has performed certain pre-acquisition due diligence on Camperdown Powder. There is a risk that due diligence conducted has not identified issues that would have been material to the decision to enter into the Acquisition. A material adverse issue which was not identified prior to completion of the Acquisition could have an adverse impact on the financial performance or operations of the Company.
As is usual in the conduct of acquisitions, the due diligence process undertaken by Bellamy's identified a number of risks associated with the Acquisition, which Bellamy's had to evaluate and manage. The mechanisms used by Bellamy's to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Bellamy's may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated, and hence they may have a material adverse impact on Bellamy's earnings and financial position.
In addition, Bellamy’s has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it by, or about, the Vendor (including with respect to their financial wherewithal), or about Camperdown Powder, against independent data.
General Risks

General risks

Economic conditions
General economic conditions in Australia and overseas, including the introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company’s activities, as well as on its ability to fund those activities.
Changes in general economic conditions that impact negatively on disposable income could affect customer expenditure in retail pharmacies, stores and supermarkets which may adversely affect the Company’s profitability.

Market conditions
Share market conditions may affect the value of the Company’s quoted securities regardless of the Company’s operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Additional requirements for capital
The Company’s capital requirements depend on numerous factors. Depending on the Company’s ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Glossary

1H17 means the half year ended 31 December 2016
1H18 means the half year ended 31 December 2017
2H17 means the half year ended 30 June 2017
2H18 means the half year ended 30 June 2018
Acquisition means the acquisition by a subsidiary of the Company of a 90% interest in a newly formed entity that will hold all of the issued capital of Camperdown Powder (and, where the context requires, includes the placement of New Shares to the vendor shareholders described in this Presentation)
Camperdown Powder means Camperdown Powder Pty Ltd ACN 168 982 250
CAPEX means capital expenditure
CBEC means cross-boarder e-commerce channel
CFDA means the China Food and Drug Administration
CIQ means China Inspection and Quarantine
CNCA means the Certification Accreditation Administration of the People's Republic of China
EBIT means earnings before interest and tax
FMCG means fast moving consumer goods
Fonterra means Fonterra Australian Pty Ltd
FX means foreign currency exchange
FY17 means the financial year ended 30 June 2017
FY18 means the financial year ended 30 June 2018
FY19 means the financial year ended 30 June 2019
IP means intellectual property
MOFCOM means China Ministry of Commerce
NASAA means the National Association for Sustainable Agriculture Australia
R&D means research and development
TSR means total shareholder return
WIT means the Chinese Certification body