



# Bellamy's Organic Investor Presentation

*29 November 2018*

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## AGENDA

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9:30–11:00    Company Overview  
                  Australian Label Products  
                  China Label Products

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11:00–11:30    Morning Tea

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11:30–13:00    Food  
                  New Markets  
                  Supply Chain  
                  Closing

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13:00–14:00    Lunch

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**Andrew Cohen**

*Chief Executive  
Officer*

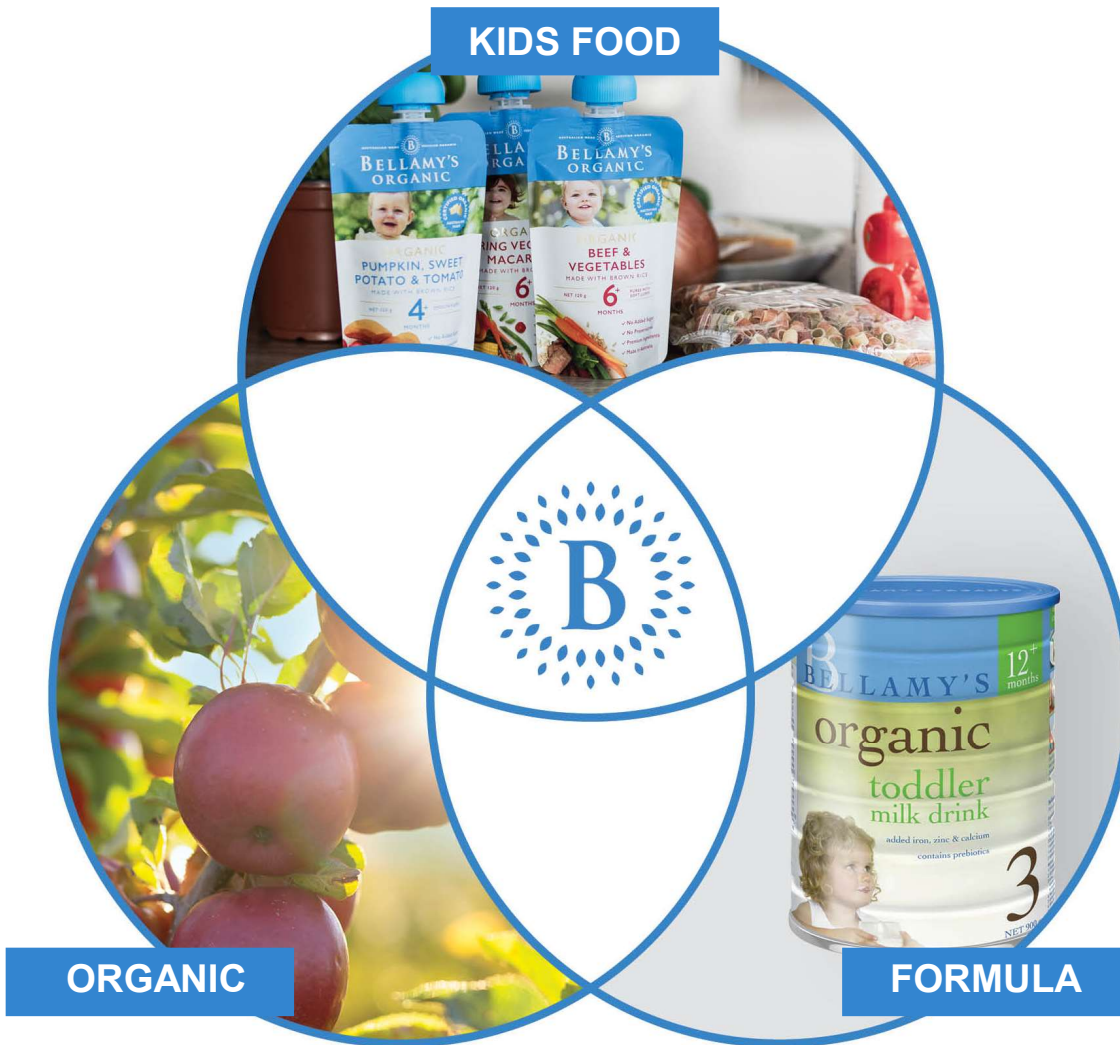


- +2 years at Bellamy's, +15 years in the FMCG and Retail industry, previously a Partner at Bain
- Father of three children, 10, 8 and 4
- Kid's favourite Bellamy's Organic product is apple snacks





# Bellamy's is a unique and resilient brand



#1 Australian made infant formula brand

#1 Australian organic infant brand

#1 Australian infant cereal brand

#2 Global organic infant formula brand

Source: Australian AZTEC scan sales 2017, Euromonitor 2017



# Our historical product portfolio



Australian label formula (3 SKUs)



China Label formula (3 SKUs)



Food (24 SKUs)

Puree pouches (12 SKUs)



Cereal (4 SKUs)



Pasta (4 SKUs)



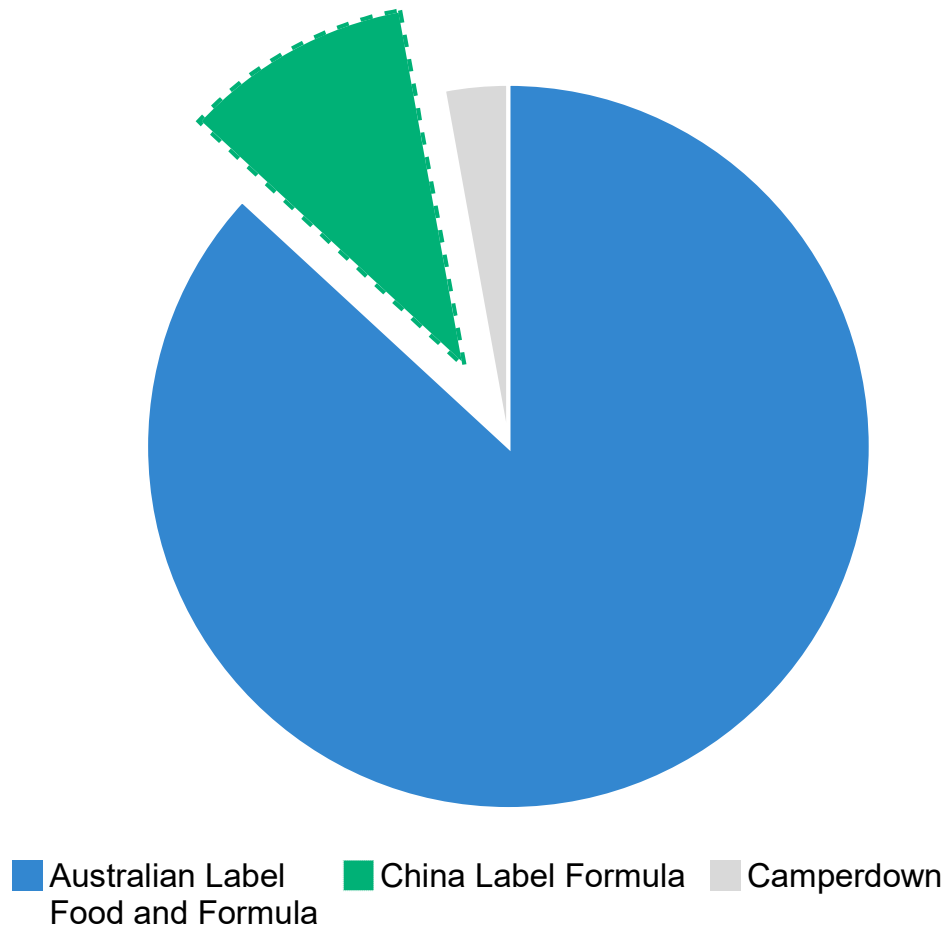
Snacks (4 SKUs)





# Formula remains the core of our business

Net revenue (AU \$M 1H18)

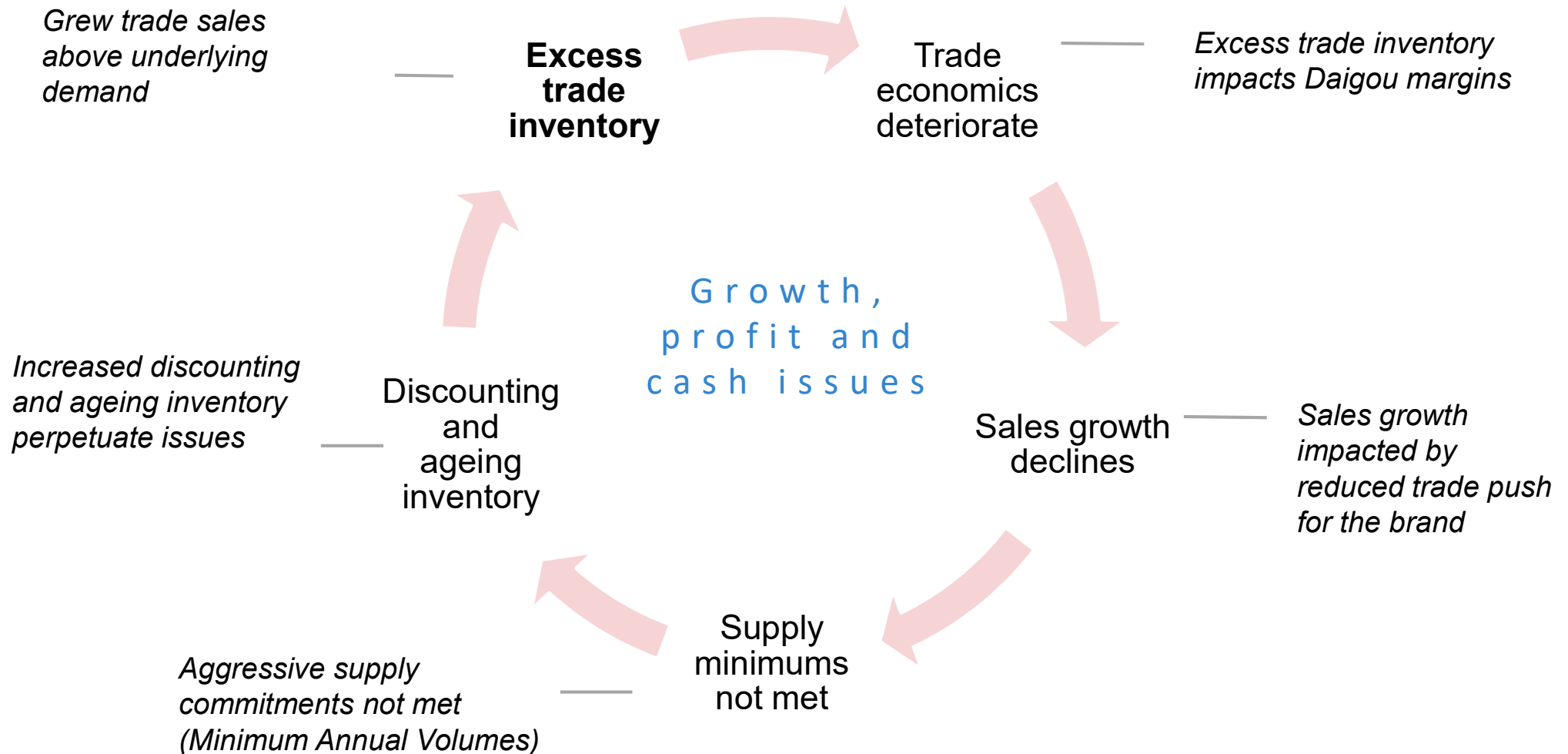


Key verticals

- Food 5-10% of Australian label business
- Prior to regulatory change China Label formula 10-15% of business
- Other markets outside China and Australia <5% of revenue
  - Include SAR (Hong Kong, Macau), Singapore, Malaysia and Vietnam
- Similar margins and growth level across all categories and markets
- 3rd-party Camperdown tolling revenue contracted to grow materially

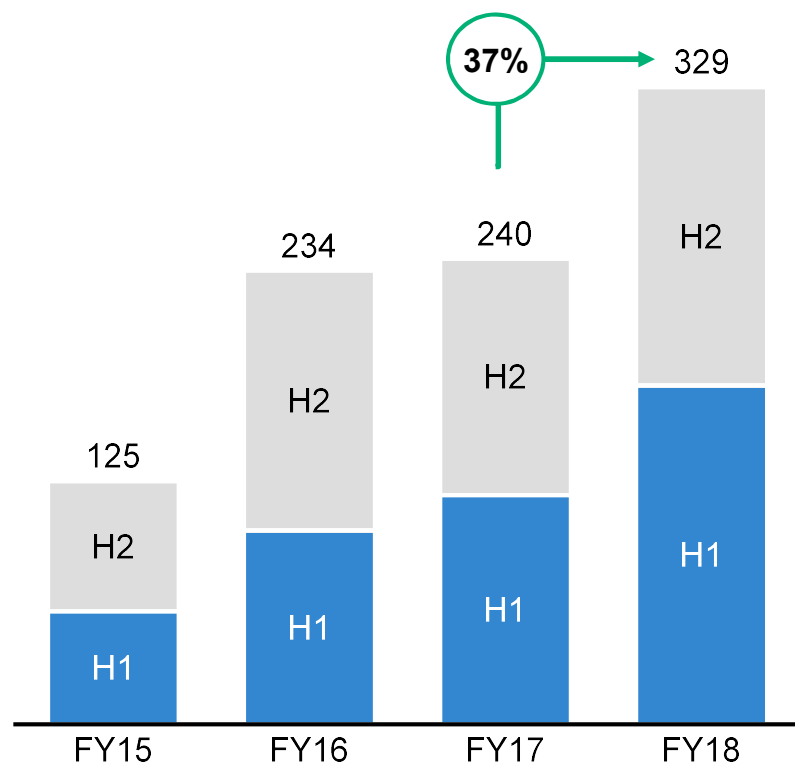


# Business was challenged in early FY17

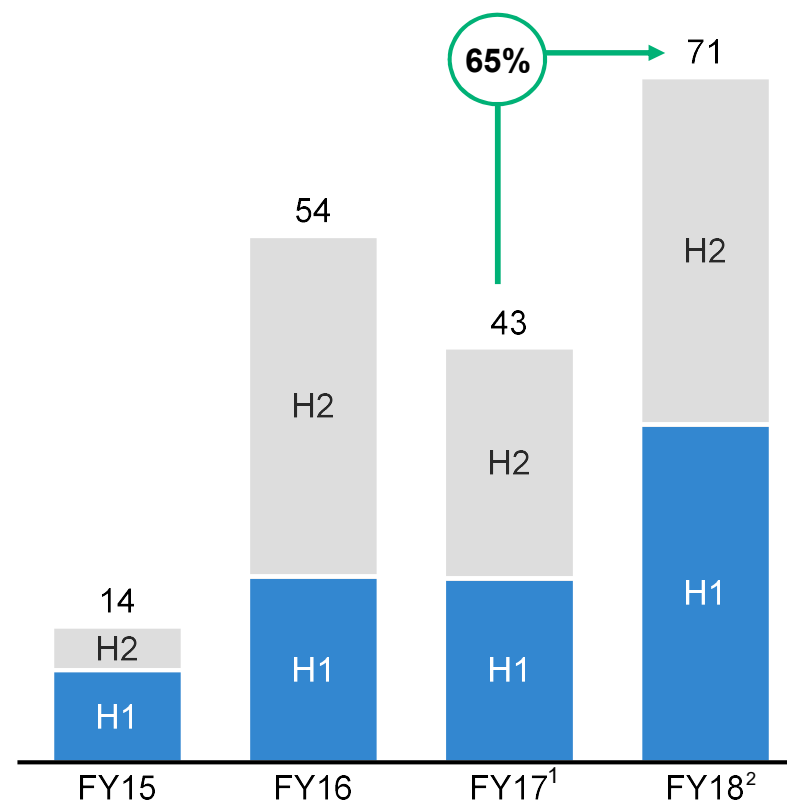


# Strong FY18 financial performance grounded in turnaround agenda

Group revenue (\$M)



Normalised group EBITDA (\$M)

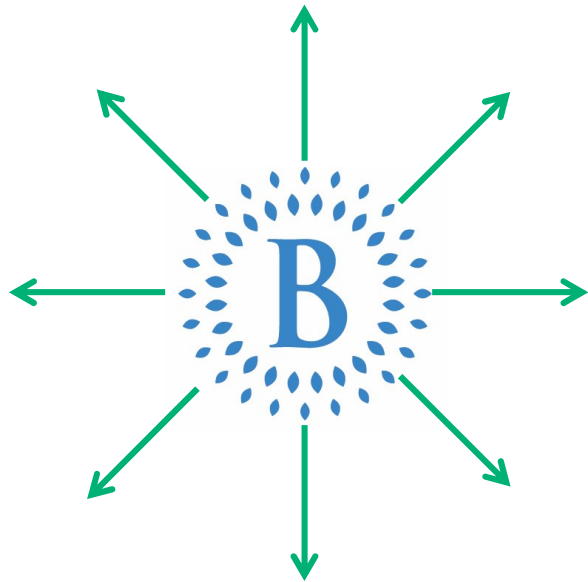


1. Excludes one-off items (disclosed in Financial Statements) such as the \$27.5m Fonterra supply-chain reset payment, inventory write-downs, FX losses, restructuring costs, professional fees, and indirect costs associated with the capital raise and acquisition of Camperdown Powder.
2. Excludes \$6.0m one-off items for the regulatory transition to the new SAMR and COOL standards.



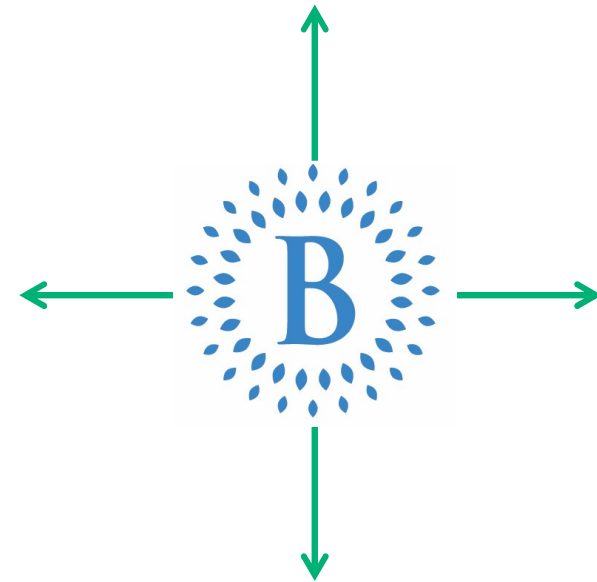
# Channel restructure was critical to revenue growth

From



- Broad distribution
- Low visibility of trade inventory
- Volatile Daigou trade economics

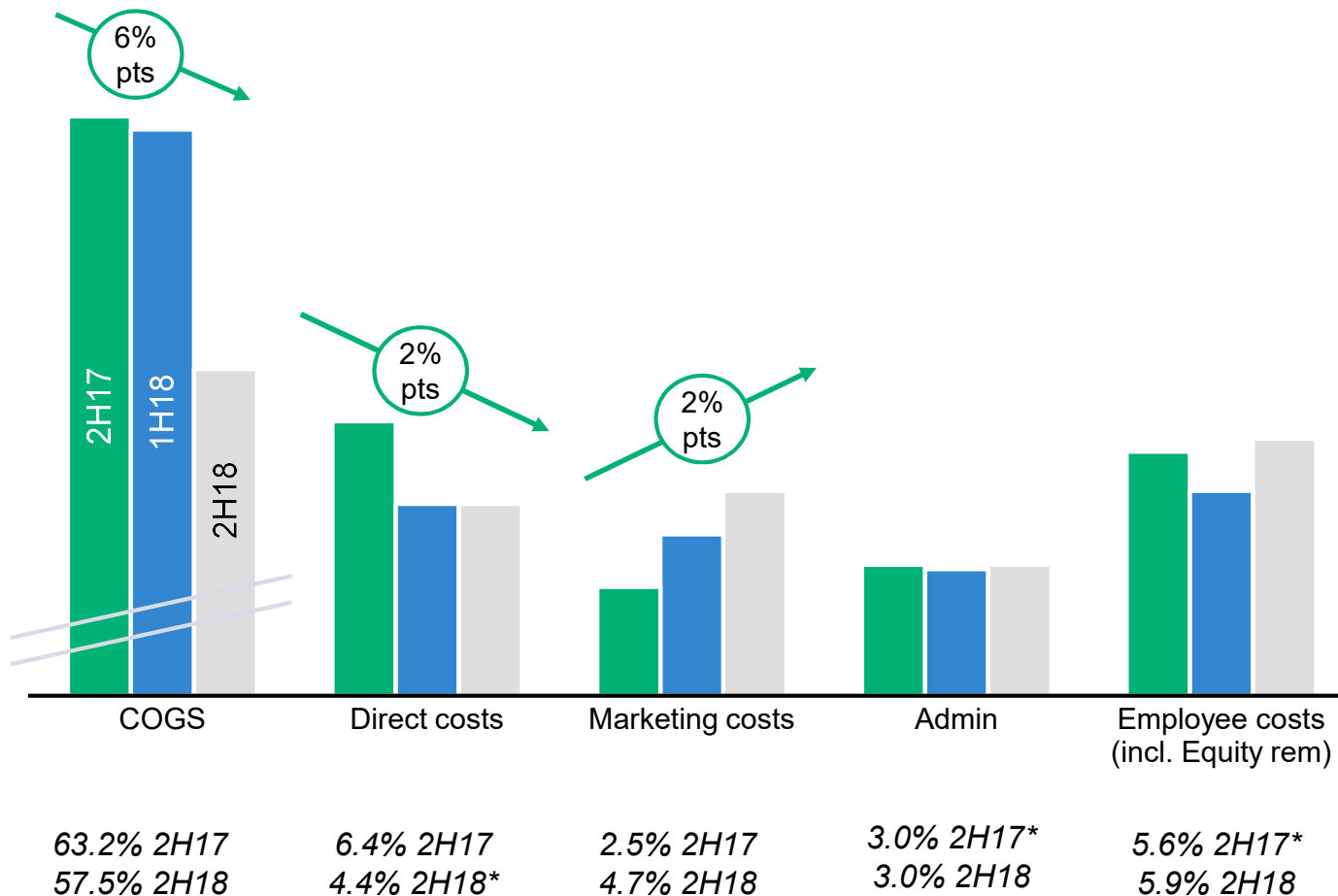
To



- Select distribution
- Increased visibility of trade inventory
- Competitive Daigou trade economics

# Step-changed costs and reinvested in marketing

## Costs % of revenue (excluding Camperdown)



## Key drivers

- COGS savings driven by ingredient procurement and manufacturing savings
- Direct cost reduction relates to logistics network optimisation
- Marketing investment continues to increase toward 5%+ target levels
- Employee costs reflect the net impact of investment in China Sales and Marketing and other headcount reduction
- Administration costs remain low following reset in 2H17

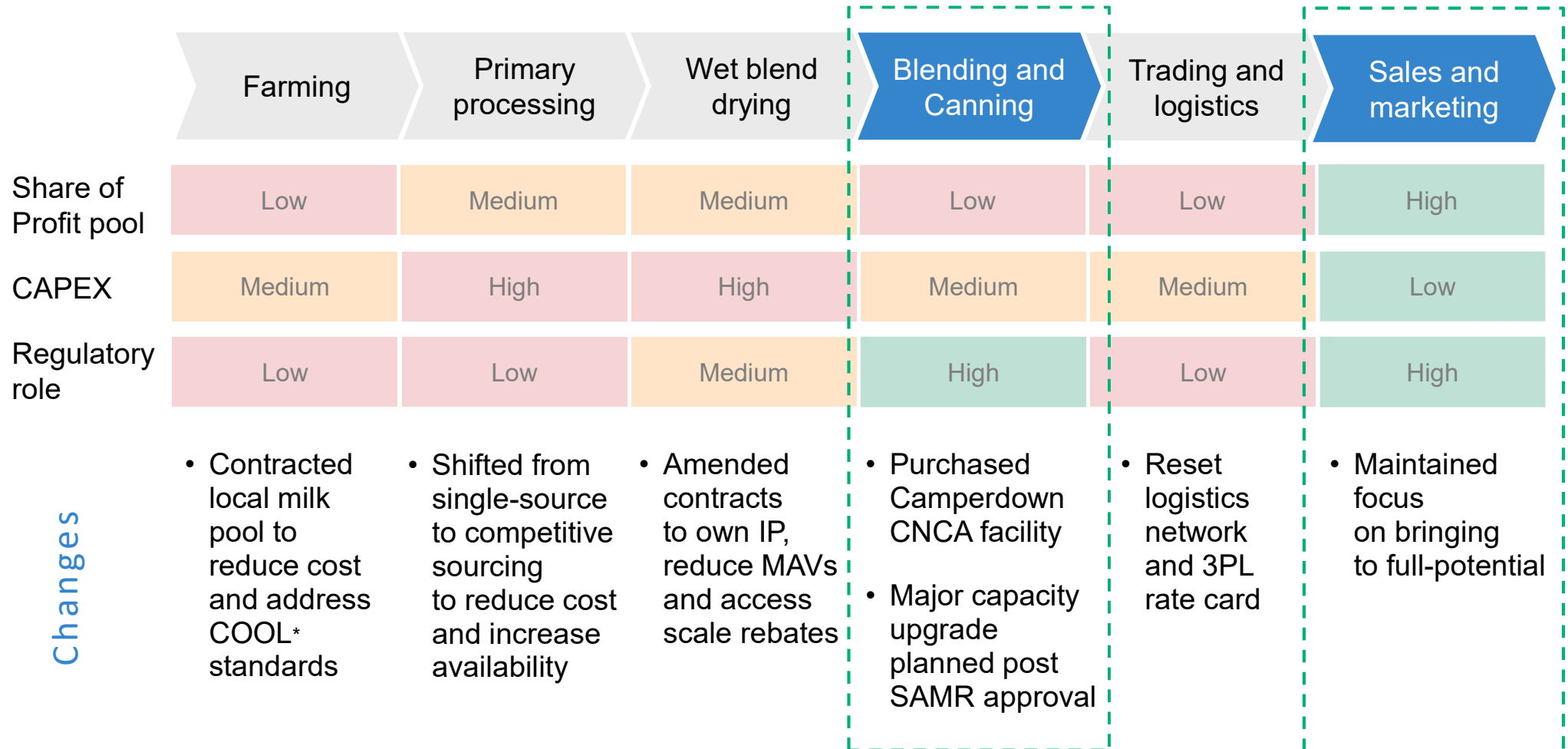
\* Normalised costs (excludes one-offs)



# Strategically reset our supply-chain

## Bellamy's supply chain

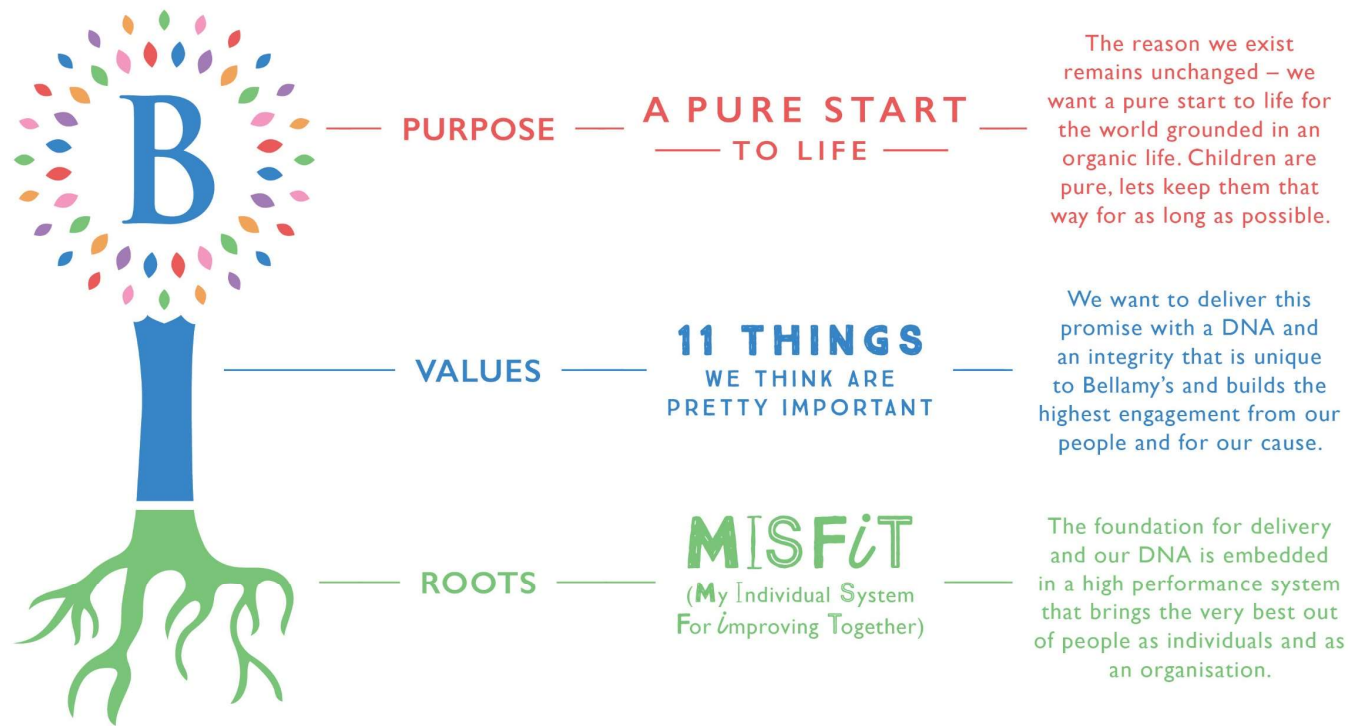
■ Participate ■ Partner



\* COOL is Australian Country of Origin labelling standards introduced in July 2018

# Transformed organisational capability and culture

## THE BELLAMY'S CULTURAL BLUEPRINT



## Key changes

- Upgraded >50% of talent, including Board and Executive renewal
- Restructured for focus on China, Food and Innovation
- Embedded a “founders mentality” culture through:
  - Higher purpose and authentic values
  - Performance framework
  - Bonus pool and equity scheme

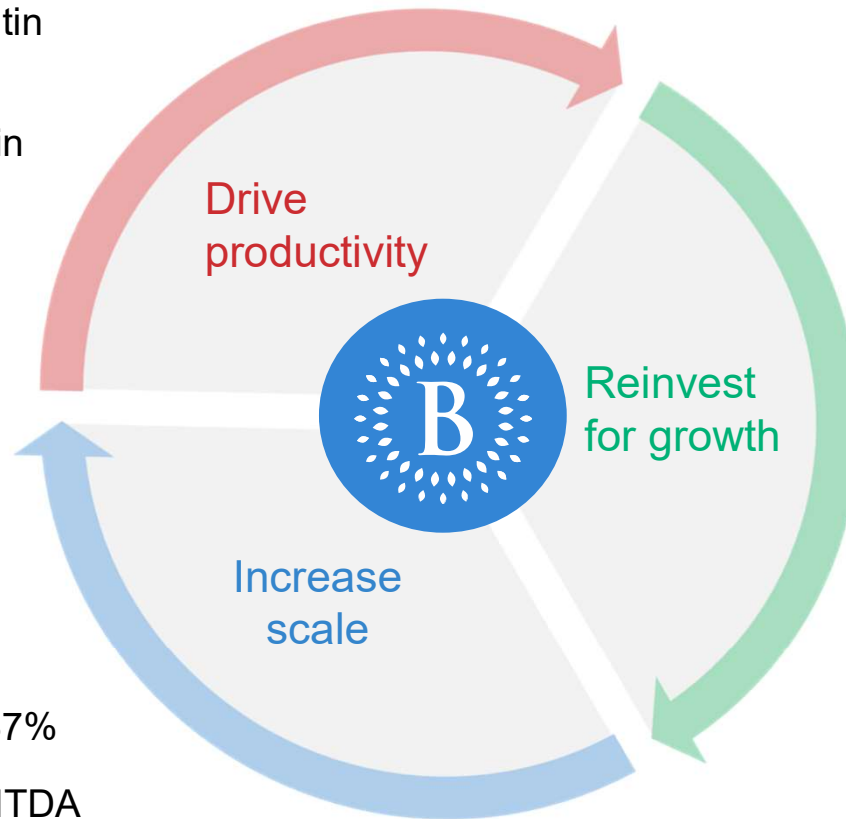




# Established a more sustainable business model

## Performance 2H18 VS 2H17

- Australian-label formula GM per tin improved +30%
- Direct cost per tin improved 25%
- Group-label revenue grew 37%
- Normalised EBITDA grew +65%



- Doubled marketing spend from 2.5% to 5% of revenue
  - E.g. two key 2H18 celebrity campaigns attracted +18 million views
- Invested in brand refresh, new product development and China Sales and Marketing capability
- Invested \$39m in supply-chain
  - E.g. Camperdown facility, local Organic milk pool and IP ownership



# But impacted by delays in SAMR registration

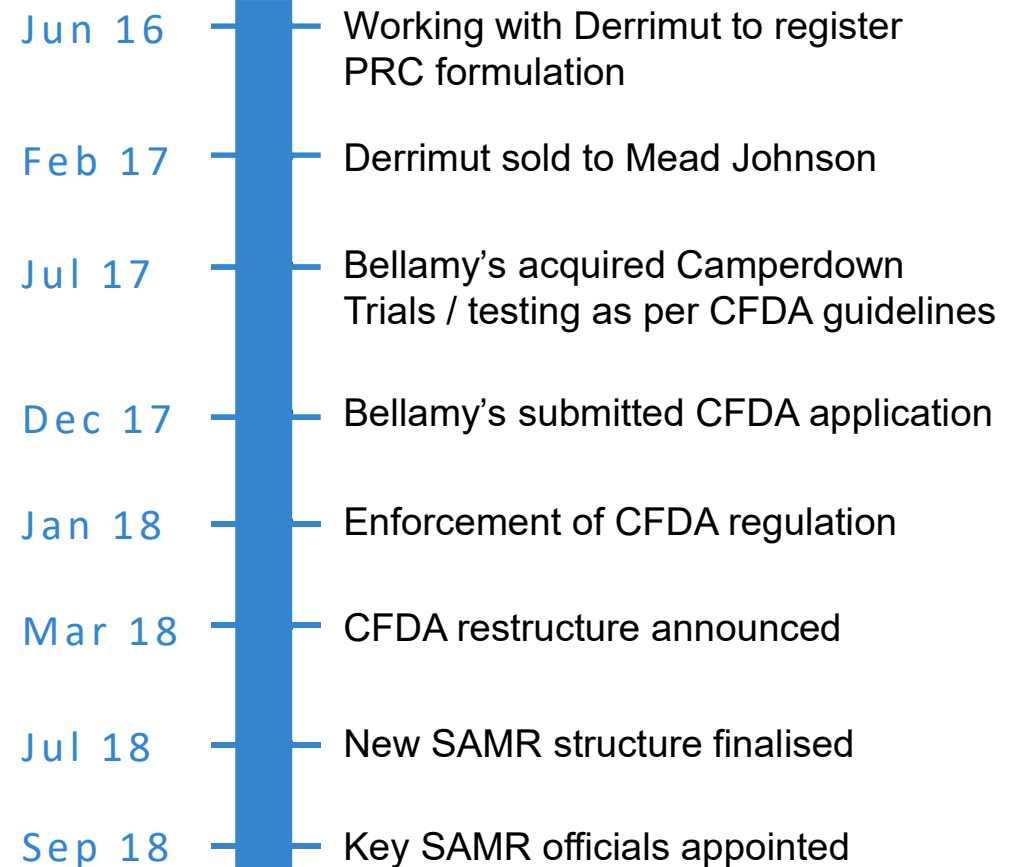
## Context to date

- Bellamy's submitted its SAMR application in December 2017 through Camperdown
  - Registration relates to Chinese label formula sold in China offline channel
  - Remains in progress and we are confident in our technical application
- The announcement of the new SAMR team in September 2018 and recommencement of approvals is a positive development

*“Expedite the review and approval process for infant formula, supplements and speciality foods for medical purposes”*

*– Zhou Shi Ping, Director of Specialty Food Division at SFIC conference (Nov 2018)*

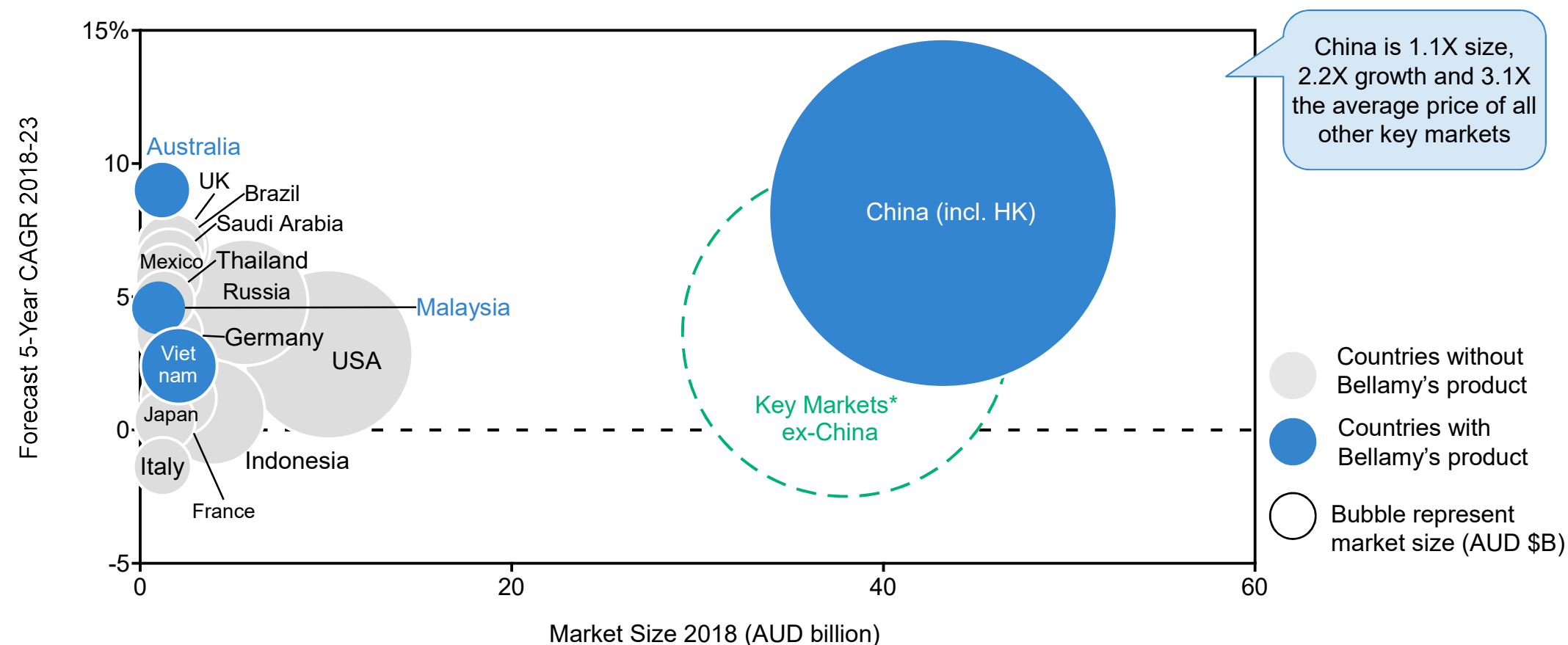
## Pathway to SAMR registration





# Foothold in the most exciting market in world

## Global baby food sales and growth



(\*) Key markets defined as top 15 countries by size (USA, Russia, Indonesia, Vietnam, France, UK, Brazil, Saudi Arabia, Mexico, Japan, Thailand, Italy, Australia, Malaysia)  
Source: Euromonitor (at fixed USD converted to AUD at 1:1.4)

# Brand Australia is a powerful platform

1.6x more likely to mention healthy than for other countries



SAFE

HEALTHY

NATURAL

2.5x more likely to mention natural than for other countries

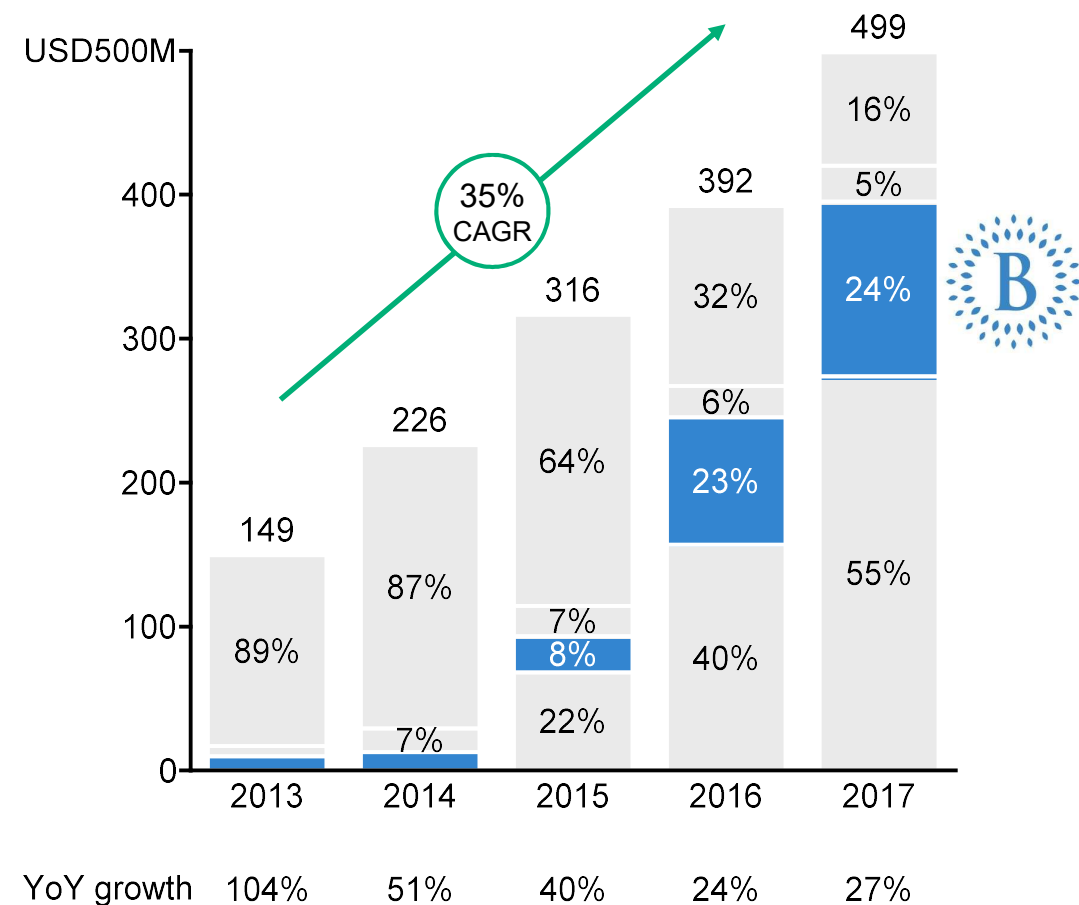
BRAND AUSTRALIA'S MEANING

Source: 'The Hottest Brand in China is Australia' by Bain (+2000 China consumer panel); Dairy and Baby food highest ranked by intention to buy

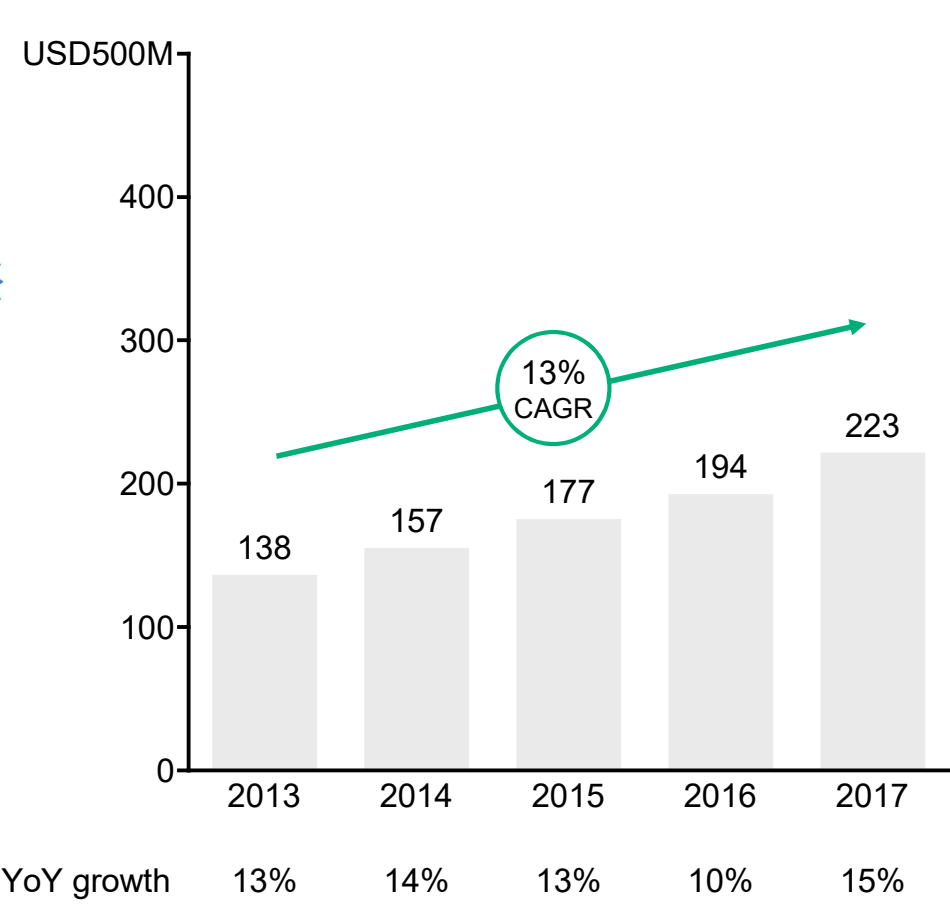


# Organic segment potential remains significant

China organic baby formula



China organic baby food



Source: Euromonitor, 'Baby Food' includes 'Dried Baby Food', 'Prepared Baby Food' and 'Other Baby Food'; Represents retail sales value (constant price, formal channels)

# Twelve key investment themes for long-term growth

## Brand marketing and product



Brand Assets,  
Brand Premium &  
Packaging



Local Milk Pools  
and Sourcing



NPD, Upgrades,  
IP and licences



Food as an  
Incubated Business

## Trade partnerships and distribution



SAMR Registration  
& China Offline



Asian Rising Middle  
Class Markets



Daigou Relations &  
Organic Education



Strategic Trade  
Partnerships

## Strategic capability (incl. supply chain)



Strategic, Flexible  
Manufacturing



Quality, Traceability  
and Block-chain



Government and  
Regulatory Affairs



Capability &  
Performance Culture

# Deployed against five key battlegrounds and a +\$500M FY21 ambition

Ambition:

*+\$500M revenue by FY21*

Where to win:



How to win:

BRAND MARKETING AND PRODUCT

TRADE PARTNERS AND DISTRIBUTION

STRATEGIC CAPABILITY

12 key investment themes:





## David Jedynak

*Sales and  
Marketing Director*



- +2 years at Bellamy's, +12 years in startups, venture investing and Bain
- Uncle to 5 children under age 7
- Exotic fruit pouches are perfect for a late night in the office

## Wayne Wilton

*Formula and  
NPD expert*



- +1.5 years at Bellamy's, +40 years in the Dairy Industry and +25 years in infant formula
- Father to one daughter, 20
- She still likes Apple snacks

## Nelly Feng

*General Manager  
Marketing*



- +1 year Bellamy's and +15 years in FMCG and Beauty industry, previously marketing head at Bobbi Brown
- Mother of two children, 6 and 3
- Sons favourite product is toddler milk





# Introducing our new brand

AUSTRALIAN MADE  CERTIFIED ORGANIC

# BELLAMY'S ORGANIC





# Evolving our brand identity

## Australian provenance



## Healthy, organic lifestyle



Rachael Finch



Zhang Zilin

## Child nutrition experts



“Proud to be a Bellamy’s mum (or dad)”

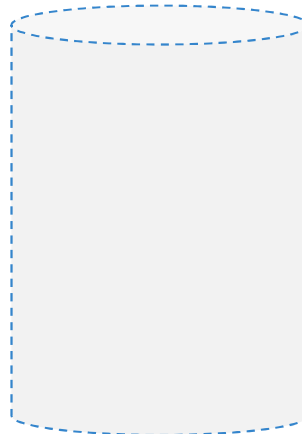


# Brand snap shots



# Formula upgrade will transform our competitive position and addressable market

Formula upgrade will combine the best of organic and functional nutrition



- Bellamy's is the #3 organic brand for consumer awareness in China (recognised by 43% of organic formula users)<sup>1</sup>
- Upgrade will reinforce organic credentials with key functional ingredients (e.g. DHA, ARA, GOS) critical to consideration
  - E.g. “74% of Chinese mothers aged 25-35 y.o. consider DHA as a ‘must have’ for infant formula”<sup>2</sup>

Imperative to set conditions for maximum success

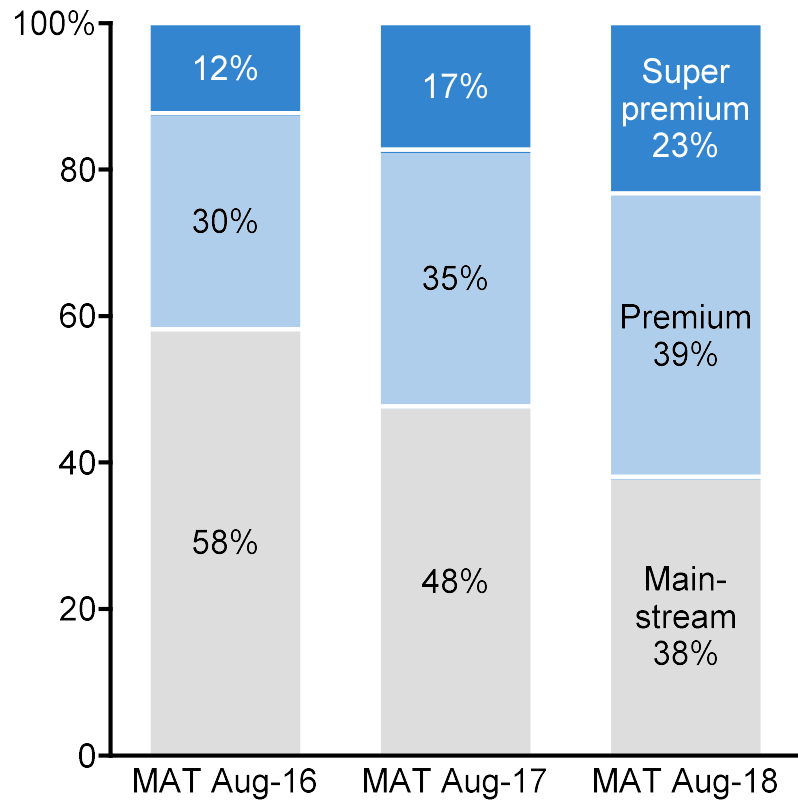
- Ensure a clean changeover to the new product
  - Synchronise changeover across steps and customers
  - Run-down distributor and trade inventory prior to launch, which is estimated to impact 1H19 sales by approx. \$10-15m
- Expect an additional one-off inventory write-down in 1H19
  - Amount to be confirmed upon successful changeover

1. Citi research, Aug-18 2. Nielson research

# Opportunity to premiumise

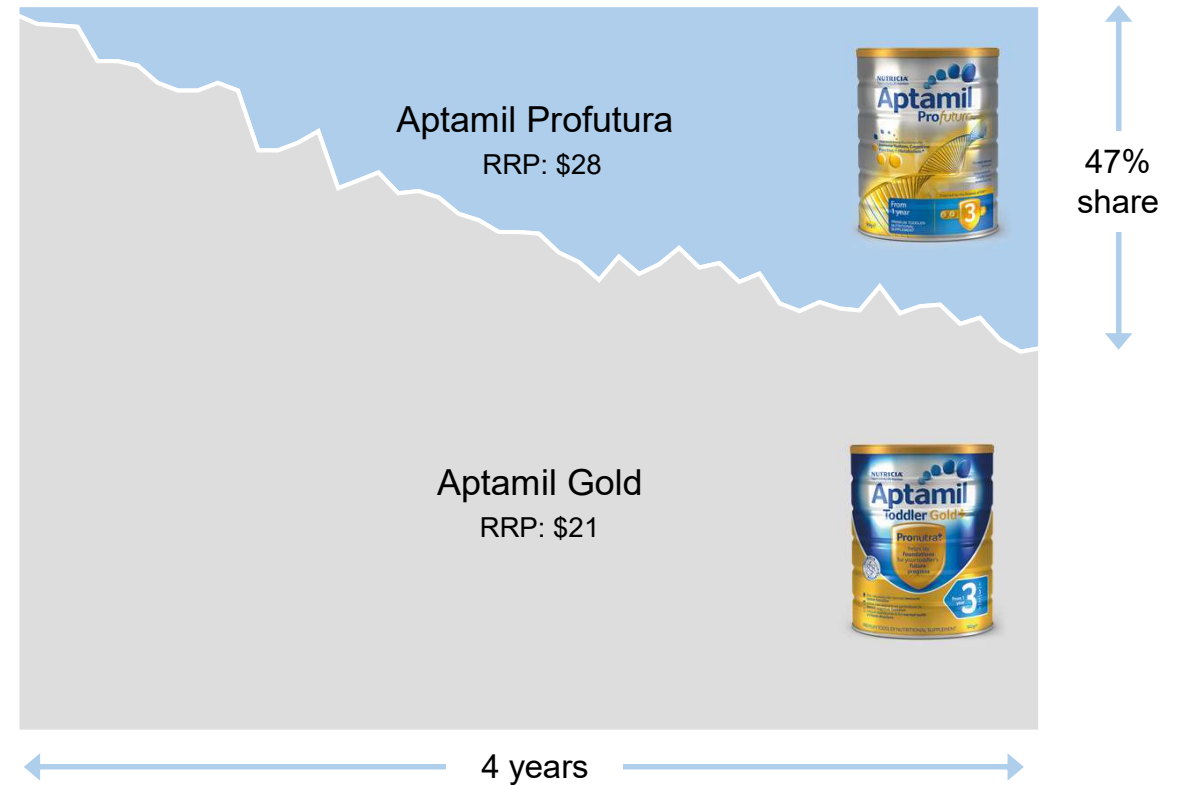
## Super premium segment growing strongly

China offline formula sales



## Strong local case studies

Share of Australian scan sales



Source: Nielsen, iRi

Note: Premium segment price index 1.1 – 1.5; Super Premium segment price index >1.5



# Building our NPD pipeline

Current

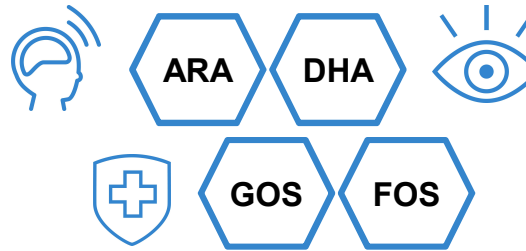
**Basic organic formulation**



- Launched in 2005
- Leading organic formulation for it's time but outdated as research and organic standards progressed

Upgrade & extend

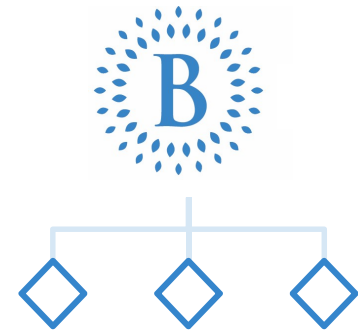
**Combining organic with the latest in functional nutrition**



- One of the world's leading organic formulations
- Fresh, local organic milk
- New step 4 (+3 yrs.) and pregnancy milk

Pioneer

**Lead the category with new organic formulations**



*Brand / product Hierarchy*

- Advanced functional ingredients (new to organic certification)
- Age extensions, e.g. kid's milk, whole milk powder
- Packaging formats
- Speciality formulas

# Millennial preferences are changing

## Meet Mrs. Yang, our target Chinese consumer



Early 30s, married, 1 child

Lives in Key & tier 1 cities

Disp. income US\$25-50K

Lucky generation, optimistic

Travelled abroad

Child wellbeing and development is priority

Paranoid about food safety

Participates in online communities

Strong appetite for foreign brands

## Top purchase criteria

Nutrients my child needs #1

Safe for my child #2

Well trusted brand #3

My child likes the taste #4

Premium brand #5

Easy to prepare #6

Brand has infant expertise #7

Available in retail #8

Good social media reviews #9

Foreign trustworthy country #10

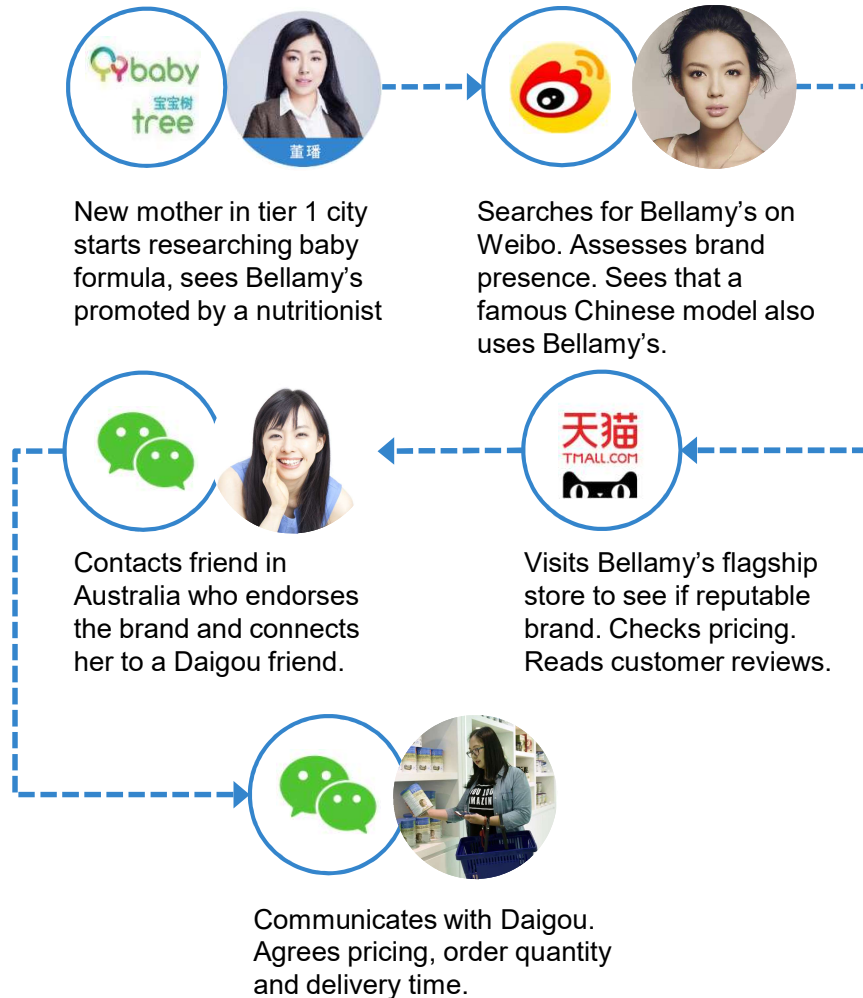
A value / affordable brand #11

Authority recommendation\* #12

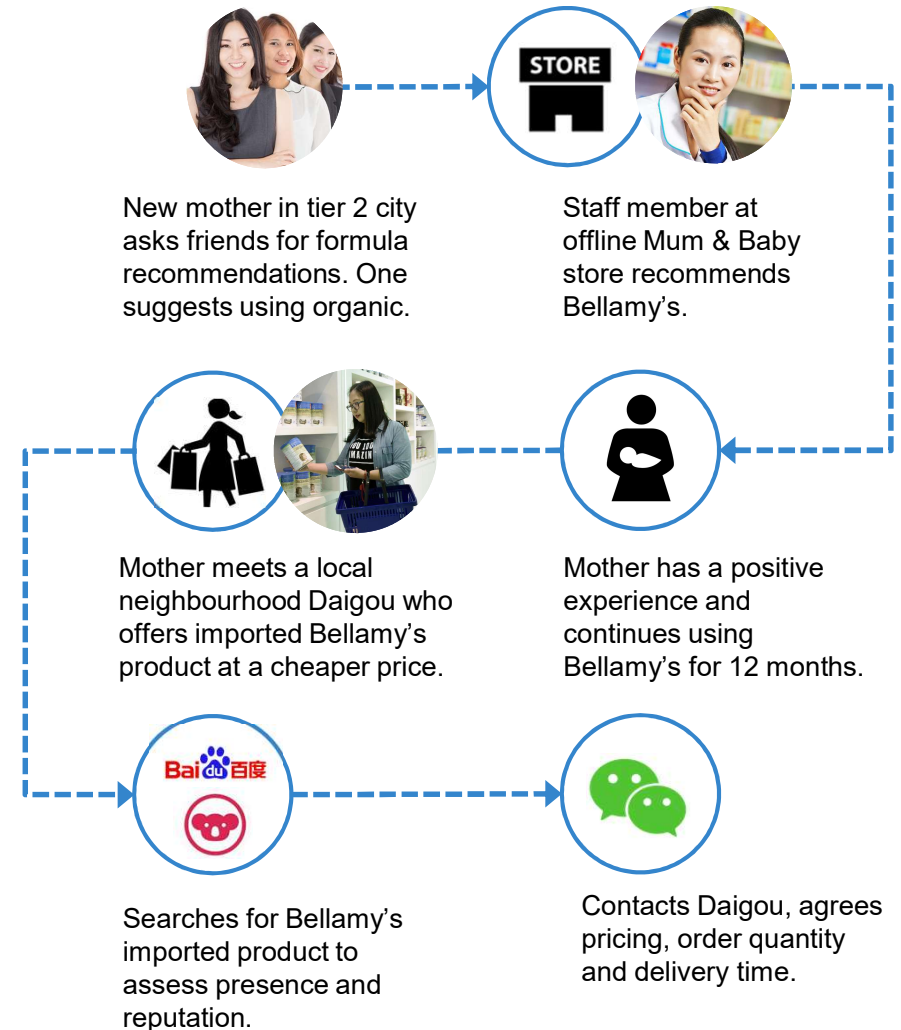
\*Authorities include Government, Doctor & Hospital Source: Bain +3000 China consumer panel; Adapted by UBS Evidence Lab: China Infant Formula 22/1/18

# Path to purchase is non-linear. Influencers are critical.

## Daigou purchase (example)

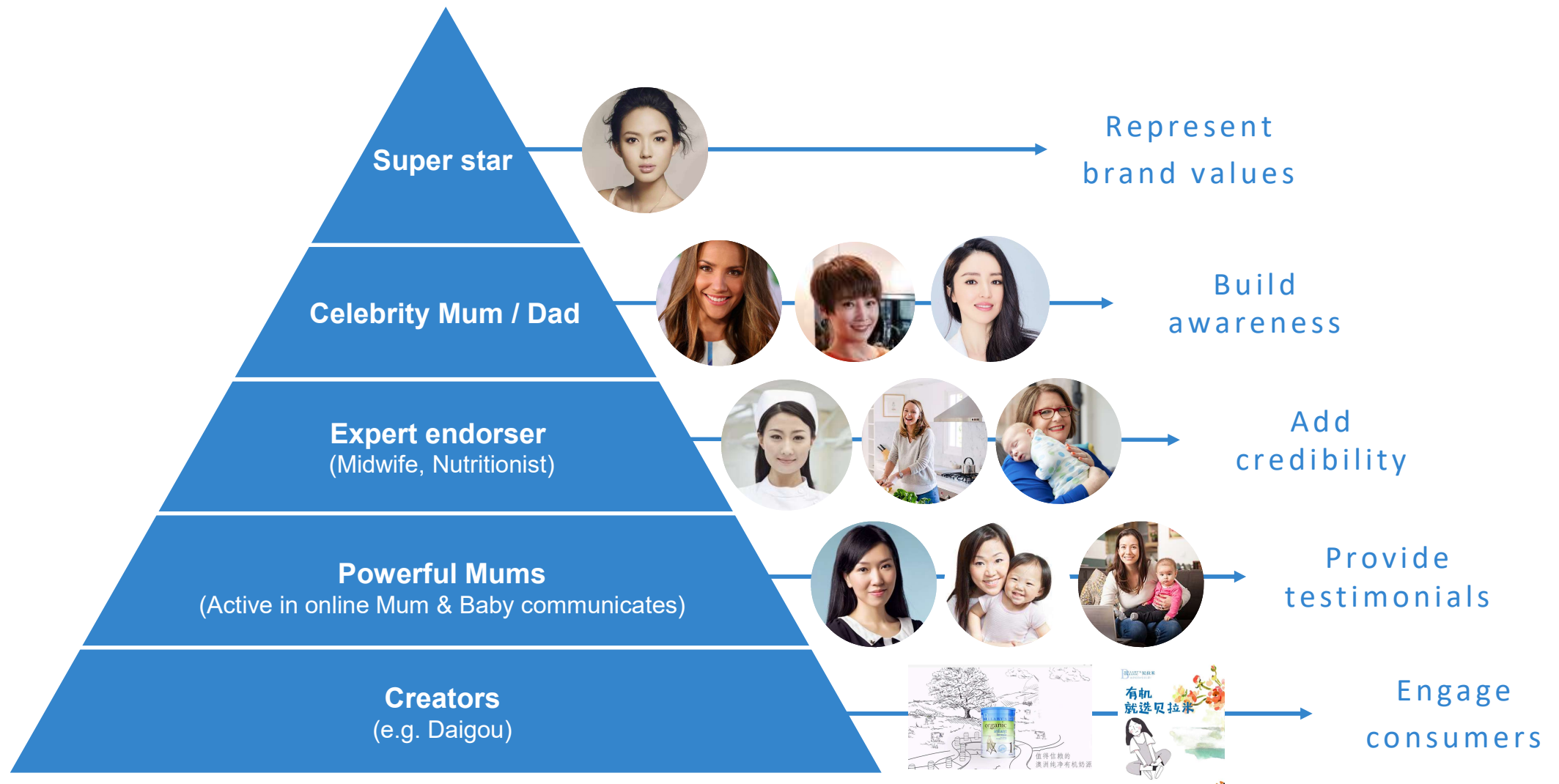


## Offline purchase (example)





# Influencers play many important roles



# High-quality content is critical to initiate a conversation



AUSTRALIAN MADE  CERTIFIED ORGANIC

## WHAT MAKES OUR ORGANIC MILK SO SPECIAL?

**IT'S RARE**  
LESS THAN 1% OF THE WORLD'S DAIRY MILK IS CERTIFIED ORGANIC



**IT'S NUTRITIOUS**  
CONTAINS 40-60% MORE OMEGA-3 FATTY ACIDS THAN CONVENTIONAL MILK



**IT'S PURE**

1. NOT TREATED WITH ANTIBIOTICS\*
2. NOT INJECTED WITH GROWTH HORMONES
3. NOT FED WITH GENETICALLY MODIFIED GRAIN, CORN OR SOY (GMOs)
4. FREE TO RANGE ON ORGANIC PASTURES

\*APPLIES TO COWS IN THE MILKING POOL



 BELLAMY'S ORGANIC





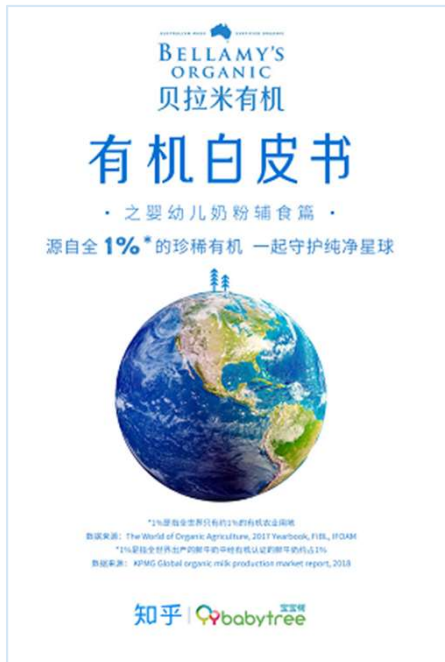
Organic apples, straight from Tasmania into the pack





# Sep-18 campaign – organic education

## Organic 'white paper'



**知** Zhi Hu - Knowledge accumulation platform

**babytree** China's largest parenting site

**Kaola** - Super brand day

## 1% rare campaign



**知** Zhi Hu - Knowledge accumulation platform

**淘** Taobao Taoqianggou – Shopping festival

Impressions: 126M

## Key influencer posts

**Zhang Zilin**  
(16.8M Weibo followers)



**Expert review  
on Babytree**



Social  
amplification



Weibo



WeChat



China's largest  
parenting site

# Sep-18 campaign – organic education

## Key influencer posts

	Influencer	Platform	Impressions
Mummy bloggers	1	Weibo	1.0M
	2		0.9M
	3		8.8M
	4		2.4M
	5		3.9M
	6		0.4M
	7		0.3M
	8		0.4M
	9	WeChat	0.1M
	10		0.1M
Experts	11	Weibo	1.6M
	12		1.7M
	13		2.1M
Total			23.7M

## Consumer engagement



Y-鸭拌: 其实现在好多人在打着有机的名号作假了真的是可信的东西不多了  
9月25日 19:02

There's a lot of brands that lie about "being organic". I'm glad that I finally find something that's of real good quality.

9月25日 19:04  
公子子安: 嗯, 涨知识是件好事  
9月25日 19:05

Now that I know....

萌妍妈妈: 我给孩子都尽量选有机食品, 好吃不说关键是安全

I choose organic products for my children in consideration of safety.

悠悠H: 贝拉米还是不错的, 听我澳洲朋友说这个总断货, 群众的眼睛是雪亮的

I heard about Bellamy's from my Australian friend, and I trust it, I trust the word of mouth.

那抹春光: 感觉这个奶粉, 真的非常棒, 各位有孩子的妈妈都可以考虑购买哦。  
9月26日 11:18

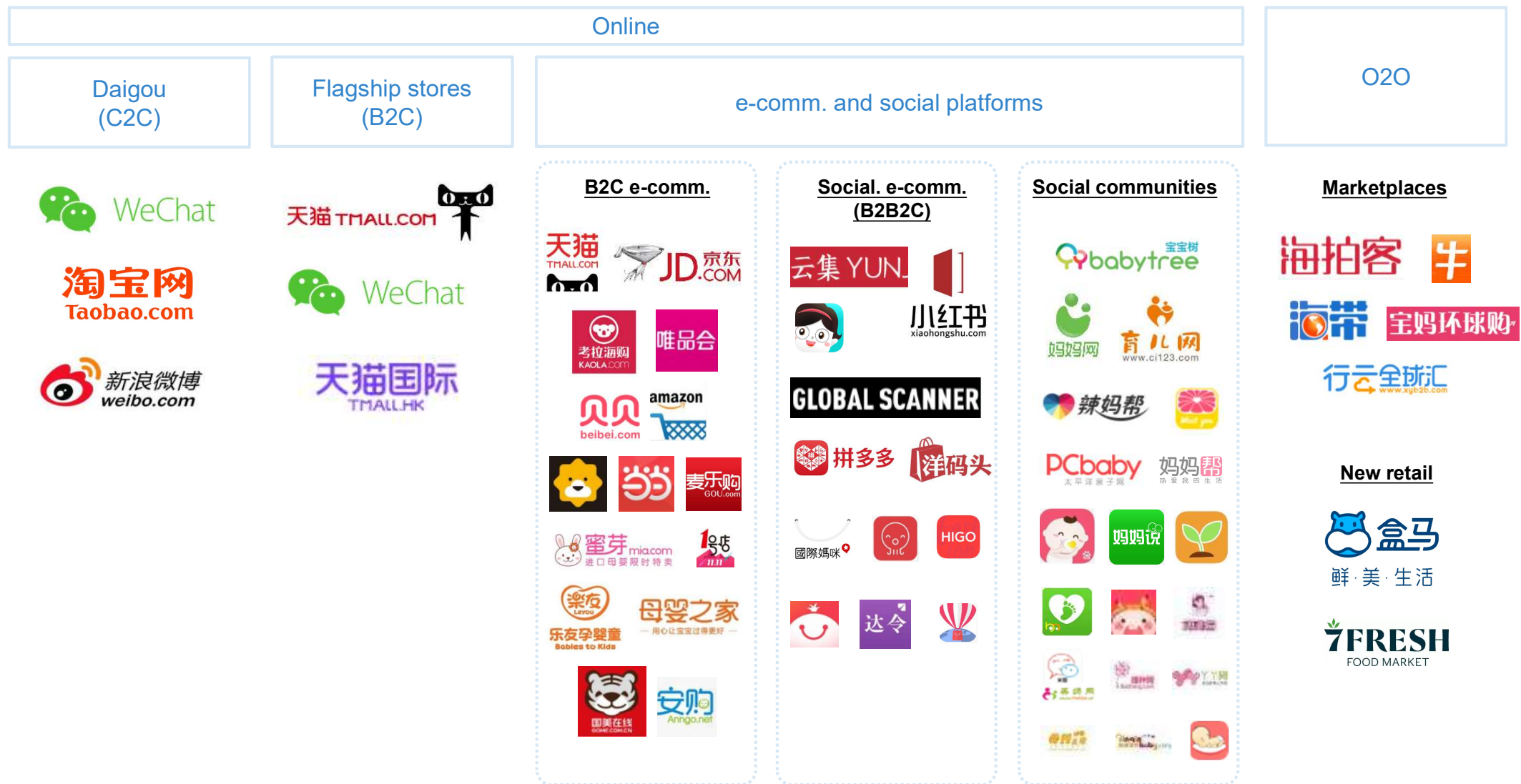
I feel like Bellamy's milk powder is really good. Moms may consider buying it.

9月26日 09:43

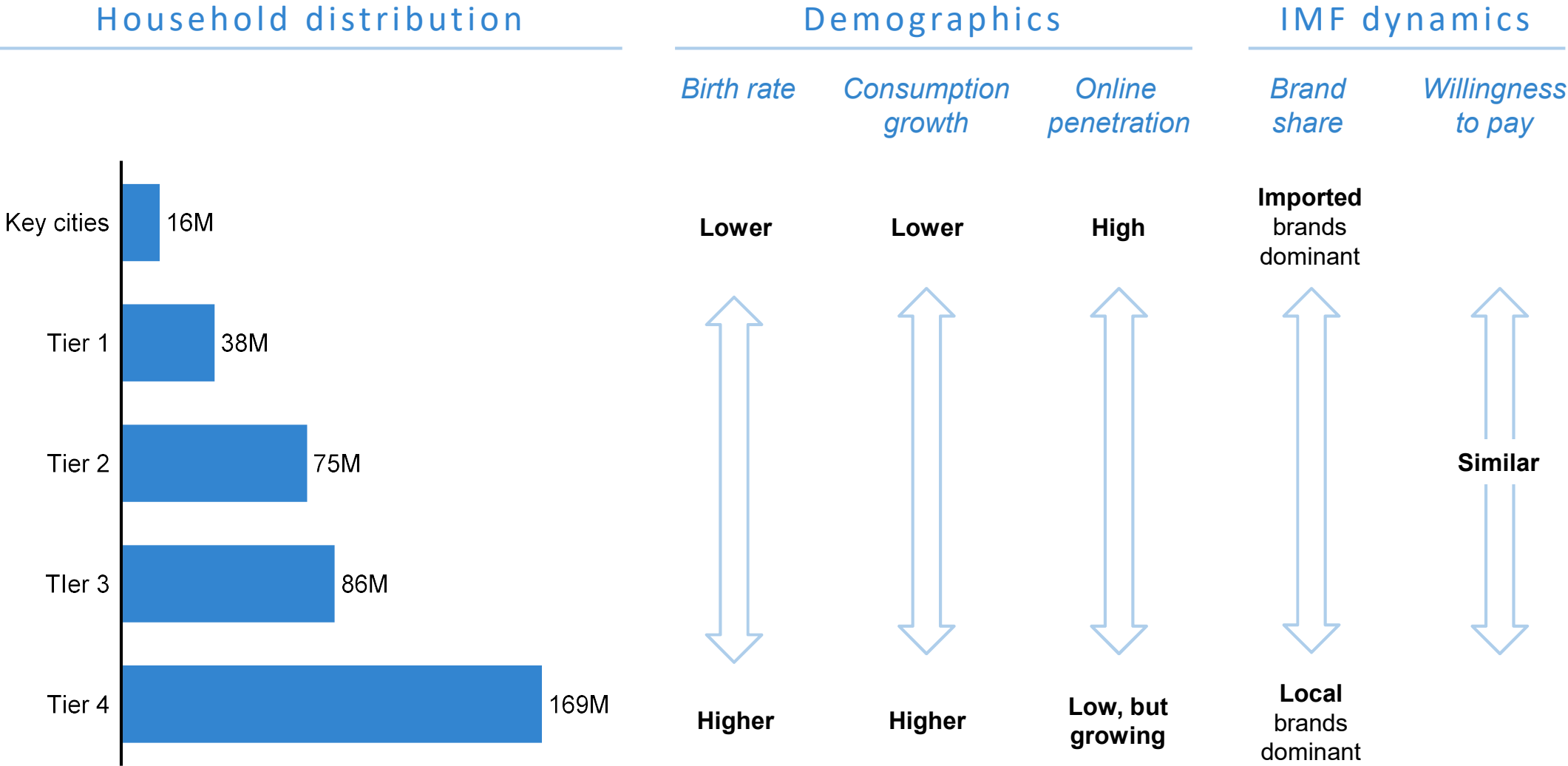
I choose Bellamy's products for my baby, and I believe in Ms.鲍。



# China's e-commerce and social landscape evolving rapidly









# Still significant e-commerce opportunity, especially in lower tier cities



Source: AC Nielsen; Kantar, Mckinsey

# Australian Label IMF Summary

-  **Upgrading formula with key functional ingredients** – to increase our addressable market
-  **Extending customer lifetime** – launching Step 4 and Pregnancy
-  **Running major rebrand campaign** - single largest marketing investment in Bellamy's history
-  **Building a fully-fledged China e-commerce brand** – to compliment Daigou channel
-  **Extending our brand and product portfolio** - including premiumisation
-  **Supported by macro tailwinds** – Organic, Australian provenance, e-commerce penetration



**Henry Hong**

*Director of China*



- +6 years at Bellamy's, +15 years in Chinese Food and Beverage Industry previously at Kerry Group
- Father of two children, 13 and 10
- Kid's favourite Bellamy's product was Toddler Milk





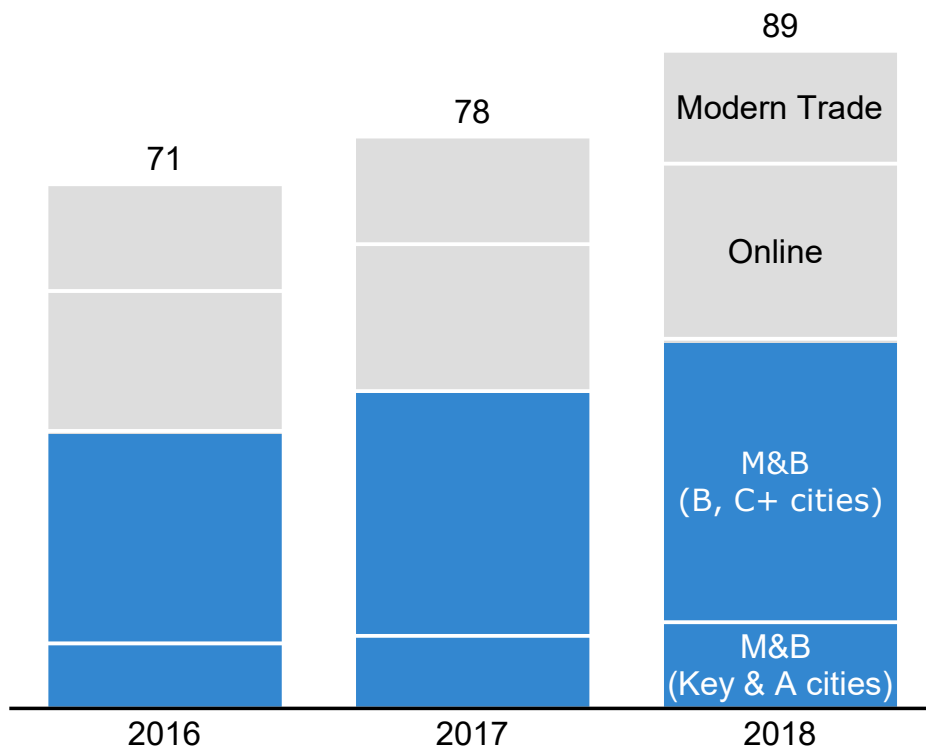
# China is an omni-channel market



Source: Kantar apparel shopper survey

# For formula, this is especially true

## China IMF Market (B RMB)

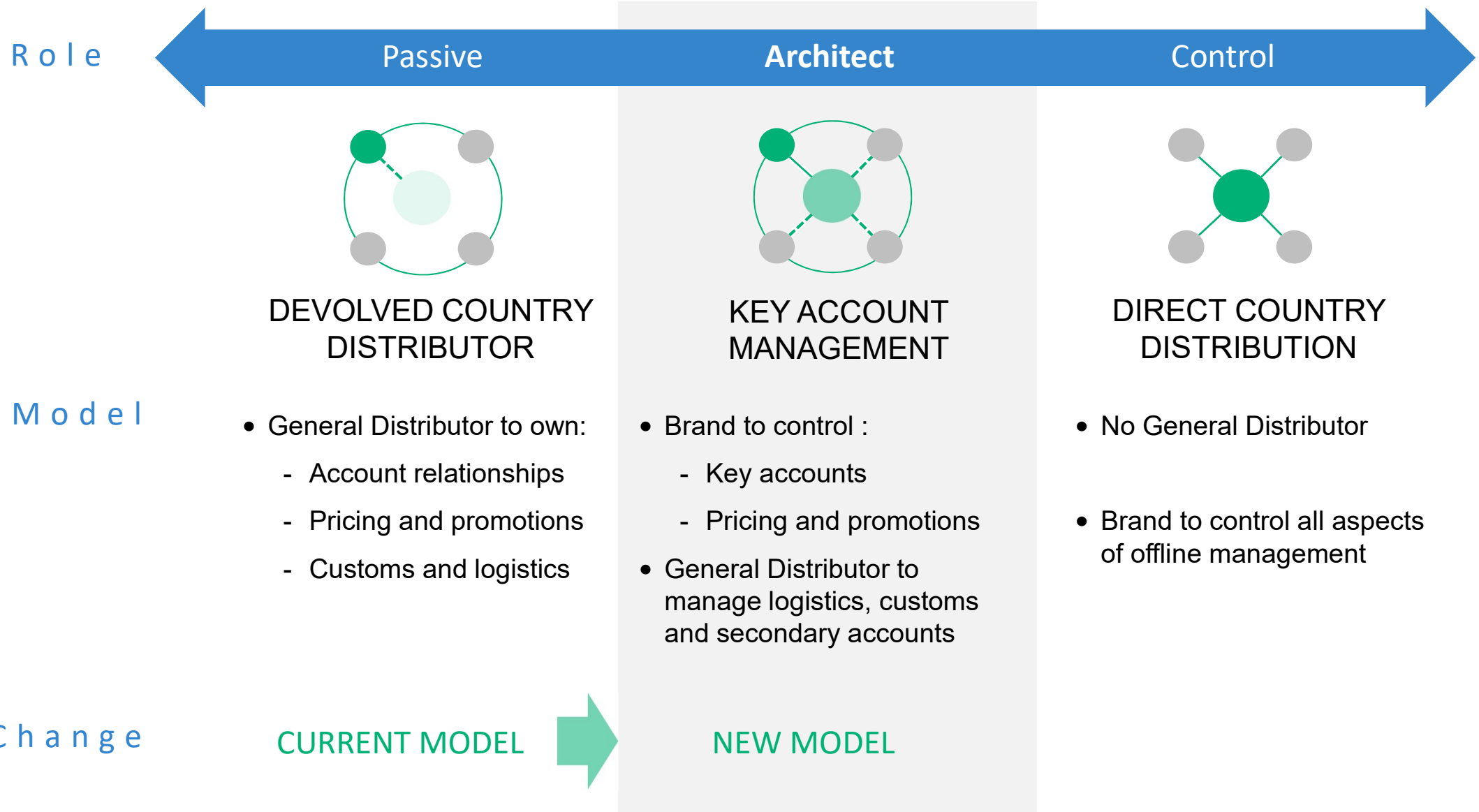


## Offline channel characteristics

-  Mother and Baby (M&B) approx. 55% of China IMF sales and growing at 15%
-  Key recruitment channel for Step 1 & 2
-  Important to capture tier 3 & 4 consumers
-  Offline presence drives online awareness

Source: AC Nielsen (2016, 2017 and 2018 are MAT up to September; Online includes B2C and C2C (Taobao only))

# Plan to take a more active role in China distribution



# Three types of offline 'Mother & Baby' stores

## National Key Accounts



## Regional Key Accounts



## Independents



Tier focus

Tier 1 and 2

Tier 3 and 4

Tier 3 and 4

Stores



% sales



Key brands



Enfamil



Beingmate



Friso



Kabrita



Yili



Feihe



Anike



# Future focus will be an RKA-led strategy

## Push strategy (‘Regional Key Account’ Led)



- Typically domestic or imported niche brands
- City exclusivity with stronger presence in tier 3 and 4
- Trade economics to drive trade push with lower spend on POS and promotion
- Quality of stores more important than quantity of stores

## Pull strategy (‘National Key Account’ Led)



- Typically imported renowned brands
- Mass distribution strategy with stronger presence in tier 1 and 2
- Heavy ATL brand marketing to create consumer pull
- High spend on promotions, instore promoters and POS displays
- Expensive listing fees and rebates

# Mobilising for a winning offline model

## China offline sub-distributor network



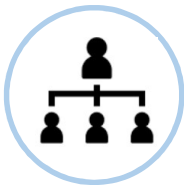
Taking control of sub-distributor relationships and optimising network



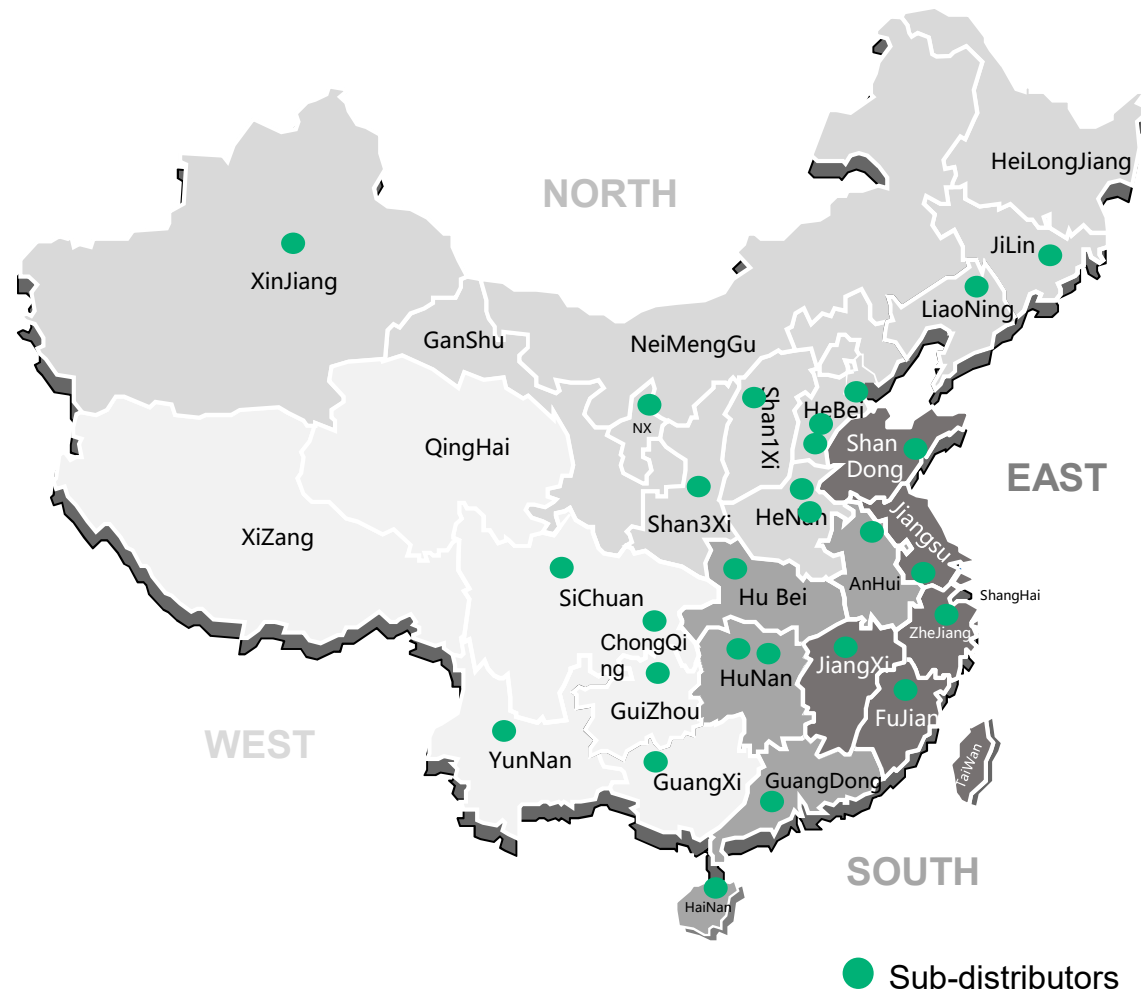
Taking control of key accounts, pricing and trade marketing



Prioritising geographies and establishing focus



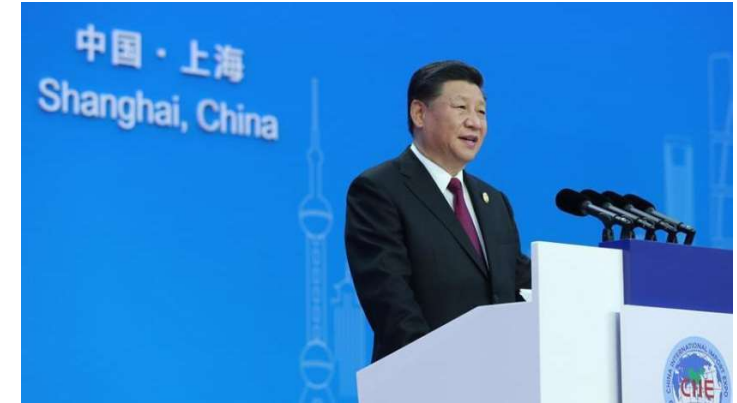
Strengthening our offline team and establishing north, south, east and west sales units



# Positive regulatory outlook

- SAMR registration a high barrier, but broader regulatory outlook advocates for open trade
  - Bellamy's participated in recent CIIE expo
  - Including removal of import duty (part of ChAFTA)
  - Extending the grace period for the CBEC
  - Opening further free trade zones







*"It is a significant move for the Chinese government to hold CIIE to give firm support to trade liberalisation, economic globalisation and actively open the Chinese market to the world" – President Xi*



*China's International Import Expo ('CIIE')*



# Chinese Label IMF Summary

-  China is increasingly an **omni-channel market**
-  The **M&B channel is a critical part** of this ecosystem
-  We are **confident we will achieve SAMR registration** in time
-  We need to change our current approach: take **greater control of our distribution channel** and **refocus on an RKA-led 'push' strategy**
-  Business is already **mobilising for a winning offline model** and **strengthening our offline team**
-  SAMR registration a high barrier, but **broader regulatory outlook advocates for open trade**

**Mikki Silverman**

*Director of Food*



- +1 year at Bellamy's, +10 years at Coles, Bain & Company and Goodstart Early Learning
- Mum to two energetic boys, 3 and 4
- Kid's Favourite Bellamy's product is the new custards range (with no added sugar)

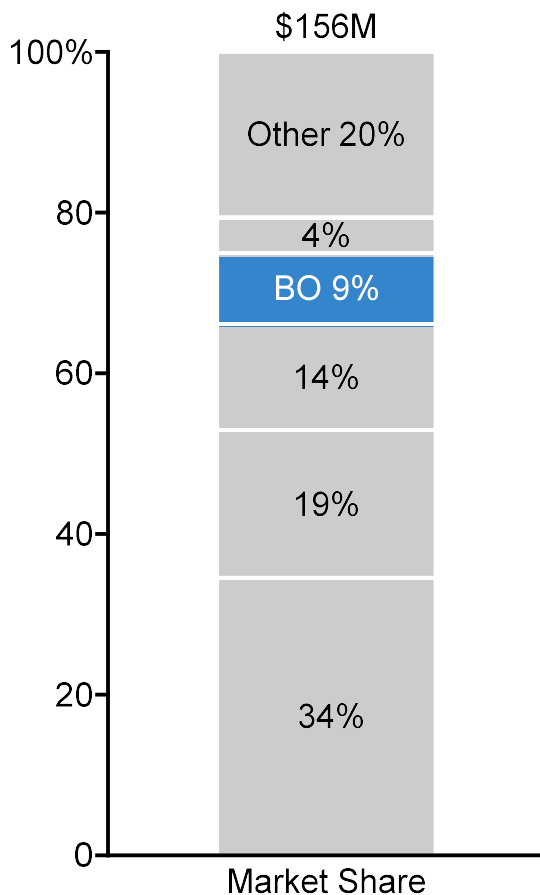




# Bellamy's food has a loyal Australian following

## #4 Baby brand in Aus.

Aus Baby Food RSV  
MAT 04/11/18



Source: Aztec

## For families who want the best



*"Healthy, organic and no additives. Love it!"*

*"Have always loved the quality of the Bellamy's range"*

*"There's always Bellamy's to be found in our house"*

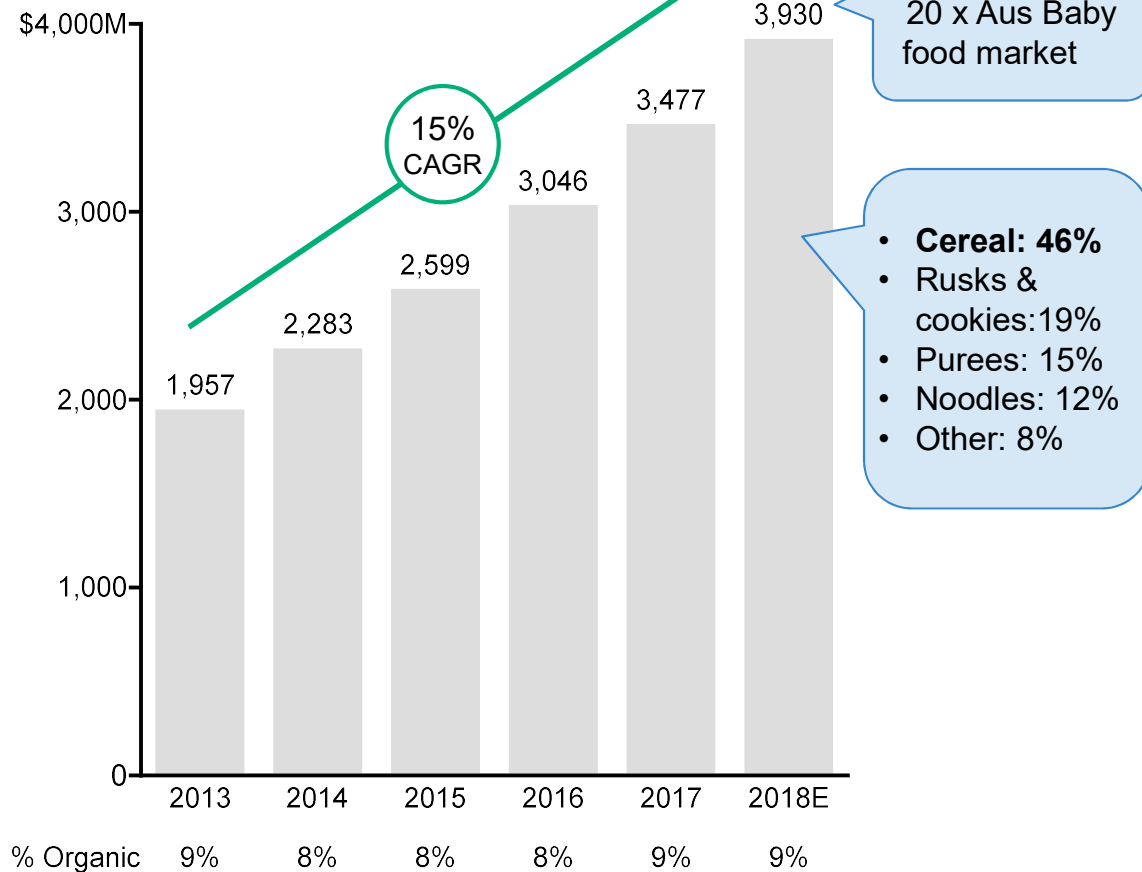




# Yet, the major prize for food is China

## Baby food growing 15%

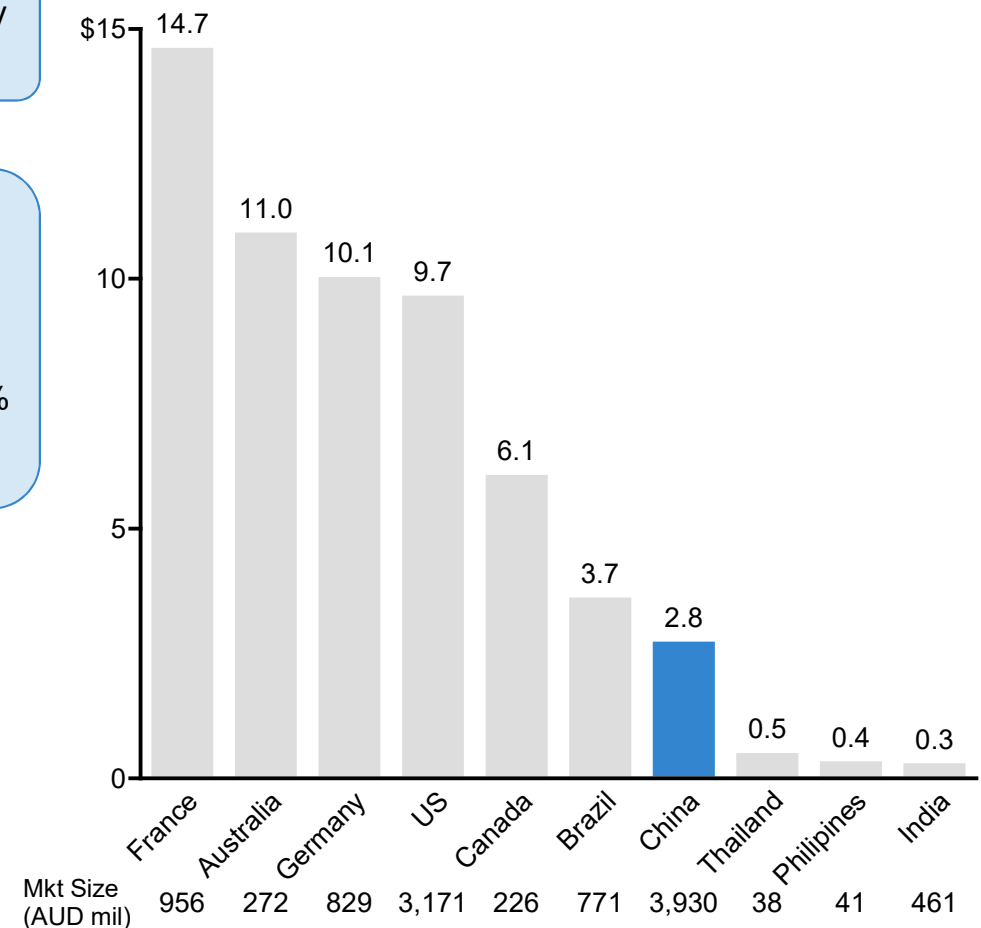
Chinese Baby Food Sales  
AUD millions



Source: Euromonitor, Alibaba (Taobao and Tmall baby food sales), UN data  
Note: Baby food includes dried food, prepared food and other food, excludes formula

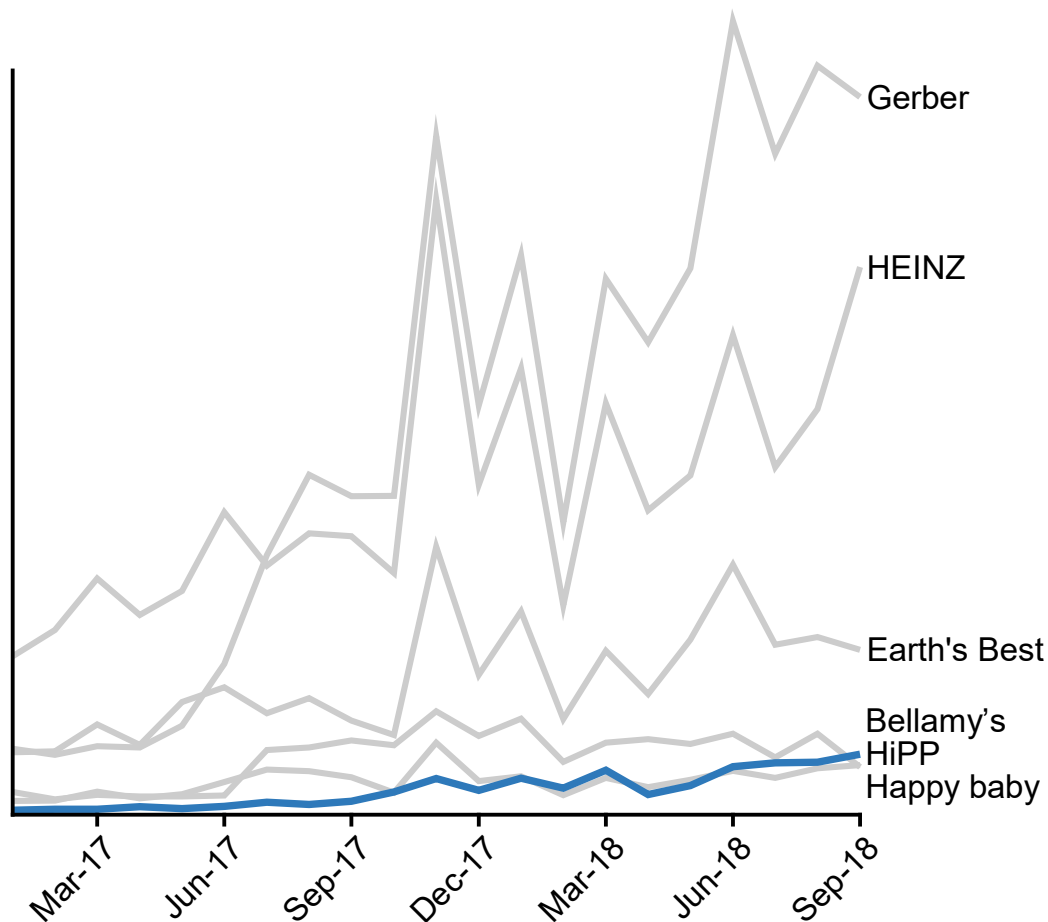
## And is an emerging category

2017 Baby Food Sales  
AUD per capita



# We already have a foothold in China

Infant cereal sales on Tmall & Kaola  
(Cross border and PRC - AUD M)



挺好的，宝宝刚开始吃还是挺爱吃的，是很适合宝宝第一口辅食的高铁米粉。



11.07

*"...my baby has liked this since we started trying it, recommended as a first cereal with **high iron content**" – 07/11/18*

包装很严实，一直都是吃这个牌子的米粉，无添加，有机成分。



10.20

*"High quality packaging, we always choose this cereal, **no additives and organic**" – 20/10/18*

试了其他牌子，还是贝拉米口味好，粉细腻。



10.06

*"Tried other brands, but we still prefer Bellamy's for the **taste and fine grains of cereal**" – 06/10/18*

孩子第一次吃米糊就是这个牌子，铁含量高，每次米糊里面放点水果，青菜或者肉类的，孩子吃得开心。

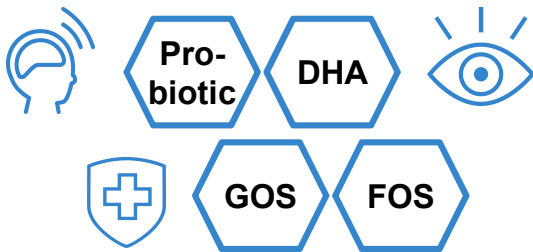


10.25

*"First cereal my baby tried, **high in iron**, we **always put in some fruit, veggies or meat**, my baby really happy to eat this" – 25/10/18*

# Key trends will shape our future portfolio

## Fortification



- #1 competitor cereal on Tmall has DHA and Probiotic

## Chinese preferences



- Ambient yoghurt #1 baby pouch on Tmall
- Ambient yoghurt growing 16% CAGR last 5 years in China

## Healthy snacks



- Vegetable, Fruit & Cheese snacks growing in AUS
- Vegetable & Fruit Puffs most popular in China



# New: 2 x Cereal with Prebiotic



NEW RANGE!

SOURCE OF IRON AND VITAMIN C

AUSTRALIAN MADE  CERTIFIED ORGANIC

## BELLAMY'S ORGANIC



THE PERFECT FIRST FOOD



SOURCE OF IRON AND VITAMIN C



NO ADDED SUGAR



### NOW WITH PREBIOTIC

# New: 5 x Exotic Fruit RTS

**NEW RANGE!**

**BELLAMY'S ORGANIC**  
AUSTRALIAN MADE CERTIFIED ORGANIC

**JUST FRUIT. NOTHING ELSE.**

**NO CONCENTRATES**

**DELICIOUS NEW FLAVOURS**

**NO ADDED SUGAR**

**BELLAMY'S ORGANIC**  
AUSTRALIAN MADE CERTIFIED ORGANIC

**ORGANIC WATERMELON & GUAVA IN APPLE PUREE**  
NET 120g  
4+ MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Premium Ingredients  
✓ Made in Australia

**BELLAMY'S ORGANIC**  
AUSTRALIAN MADE CERTIFIED ORGANIC

**ORGANIC CHERRY & POMEGRANATE IN PEAR PUREE**  
NET 120g  
4+ MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Premium Ingredients  
✓ Made in Australia

**BELLAMY'S ORGANIC**  
AUSTRALIAN MADE CERTIFIED ORGANIC

**ORGANIC RASPBERRY, BLUEBERRY & STRAWBERRY IN APPLE PUREE**  
NET 120g  
4+ MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Premium Ingredients  
✓ Made in Australia

**BELLAMY'S ORGANIC**  
AUSTRALIAN MADE CERTIFIED ORGANIC

**ORGANIC BANANA, PINEAPPLE & PASSIONFRUIT IN PEAR PUREE**  
NET 120g  
6+ MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Premium Ingredients  
✓ Made in Australia

**BELLAMY'S ORGANIC**  
AUSTRALIAN MADE CERTIFIED ORGANIC

**ORGANIC KIWIFRUIT & BLUEBERRY IN PEAR PUREE**  
NET 120g  
6+ MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Premium Ingredients  
✓ Made in Australia



# New: 3 x No Added Sugar Custard RTS

**AUSTRALIAN MADE**  **CERTIFIED ORGANIC**

## BELLAMY'S ORGANIC

**NEW RANGE!**

**NO PRESERVATIVES**

**CALCIUM FOR GROWING BONES AND TEETH**

**NO ADDED SUGAR**

**THE ONLY KIDS CUSTARD WITH NO ADDED SUGAR**

**BELLAMY'S ORGANIC**  
ORGANIC BANANA CUSTARD WITH FLAXSEED  
NET 100g 6 MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Source of Calcium  
✓ Made in Australia

**BELLAMY'S ORGANIC**  
ORGANIC VANILLA & PEAR CUSTARD WITH CHIA SEEDS  
NET 100g 8 MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Source of Calcium  
✓ Made in Australia

**BELLAMY'S ORGANIC**  
ORGANIC CHERRY CUSTARD WITH CACAO  
NET 100g 6 MONTHS  
✓ No Added Sugar  
✓ No Preservatives  
✓ Source of Calcium  
✓ Made in Australia



# We've materially expanded distribution with more to go

## Australia



- ✓ **Sep-18:** Ranged food



- ✓ **Sep-18:** 9 new SKUs, better shelf position
- ✓ **2012:** launched full range



- ✓ **2009:** launched full range



- ✓ Extensive ranging in pharmacy

## China

Daigou  
(C2C)



- ✓ **Ongoing**

Flagship  
(B2C)



- ✓ **Mar-18** Revitalised

e-comm  
(B2C)



- ✓ **May-18** launched



- ✓ **Jul-18** launched



- **Jan-19** to launch

Social  
e-comm  
(B2B2C)



- **2019** to launch



Offline  
China



- **2019** to launch



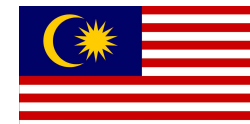
## Other markets



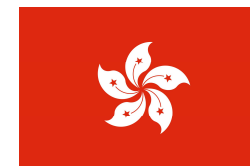
- ✓ **Aug-18** launched Vietnam



- ✓ **In Singapore**

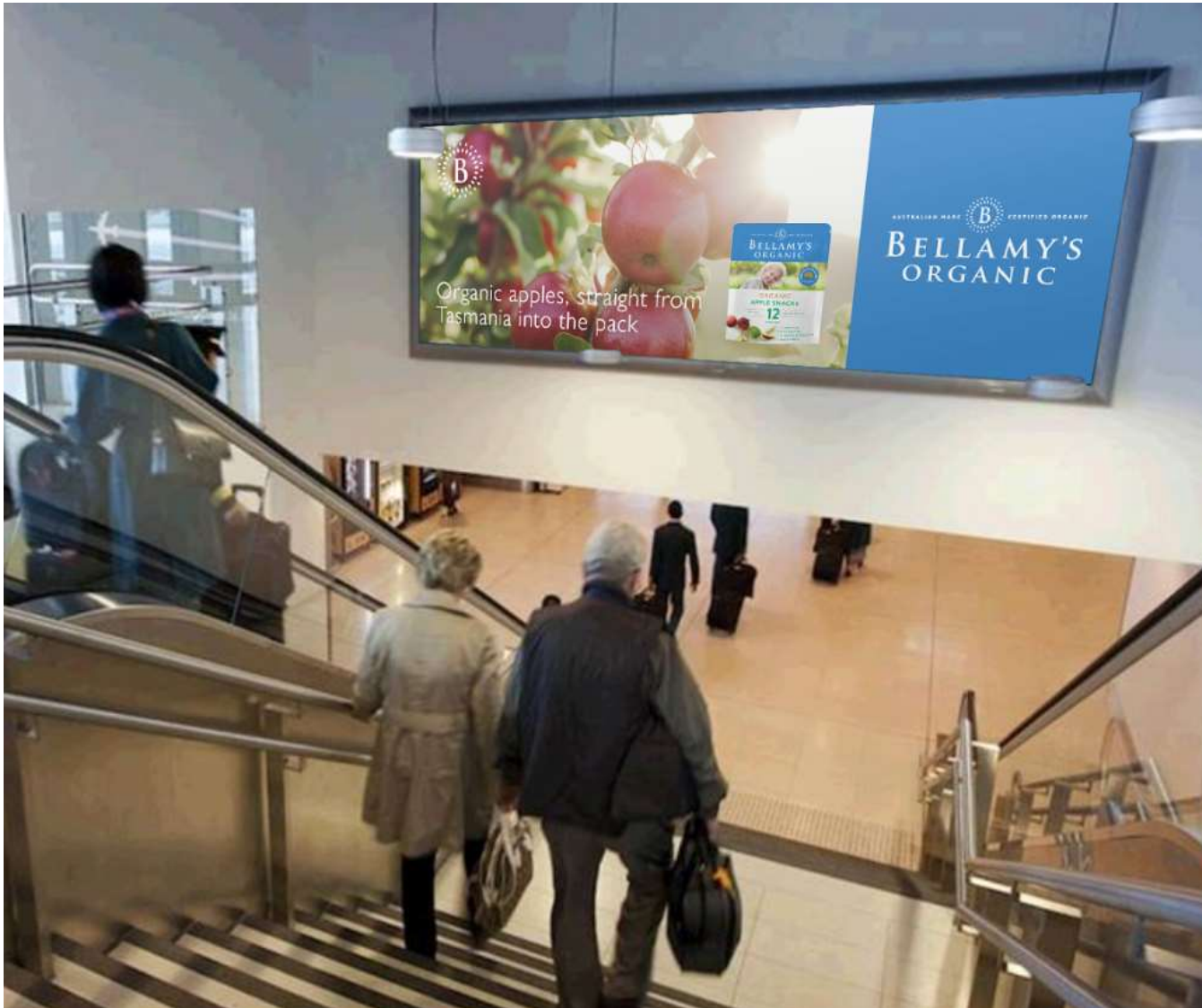


- ✓ **In Malaysia**








- ✓ **In Hong Kong**

# Food will deliver a halo impact to the core business



- Drive brand presence and awareness
- Reinforce our brand principles
- Recruit new consumers to the brand via cereal

# Food Summary

-  China baby food market **20x AUS market** and only just starting
-  Created a **dedicated food team, including technical capability**
-  Launched **9 new products** with an **aggressive future pipeline**
-  Beyond Australian retail and C2C, China e-commerce and **offline can step change the size of our business**
-  Food can play a **pivotal introduction to the Bellamy's brand**



**Andy Fong**

*Regional Sales  
Manager SEA*

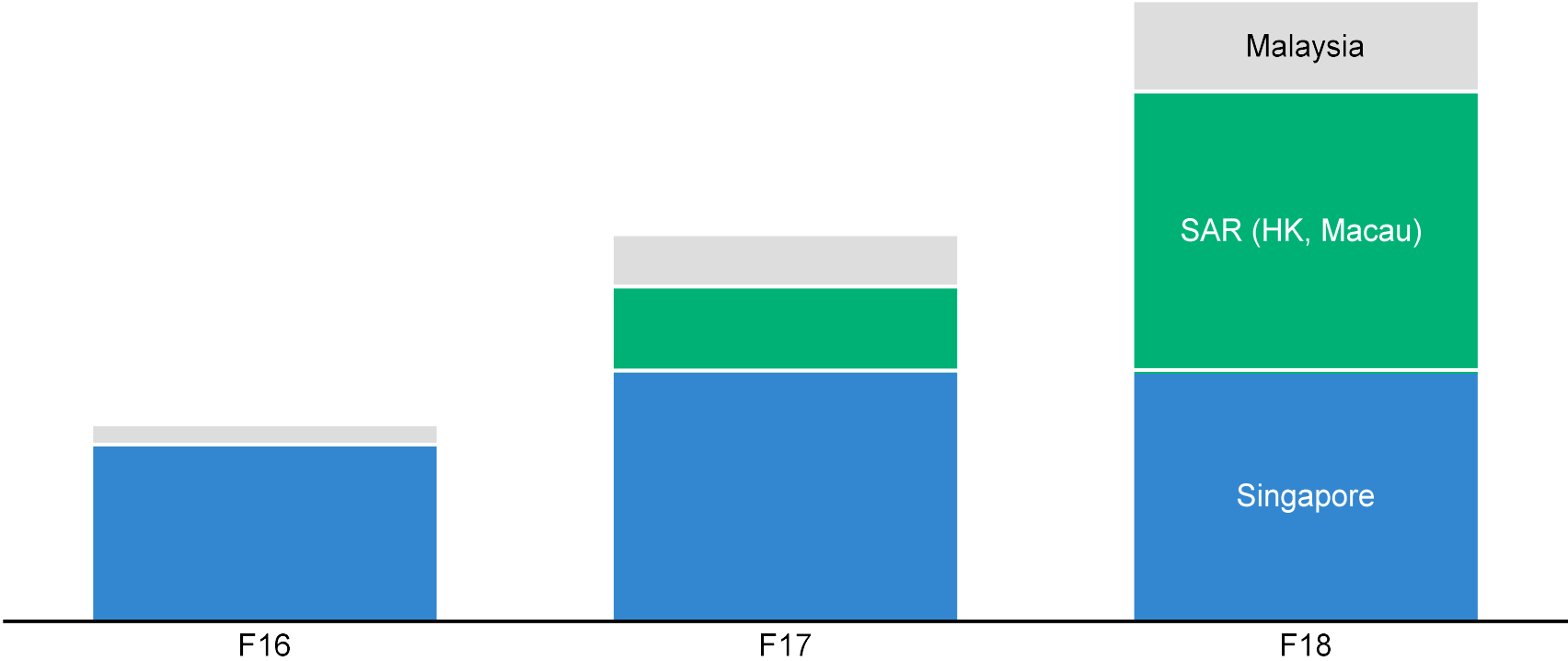


- +2 years at Bellamy's and +10 years in FMCG for SEA region, previously from Wyeth Nutrition
- Father to playful 4 year old boy who drinks 1 litre of Bellamy's Organic toddler milk everyday



# Beyond China, our Asian Markets portfolio is performing

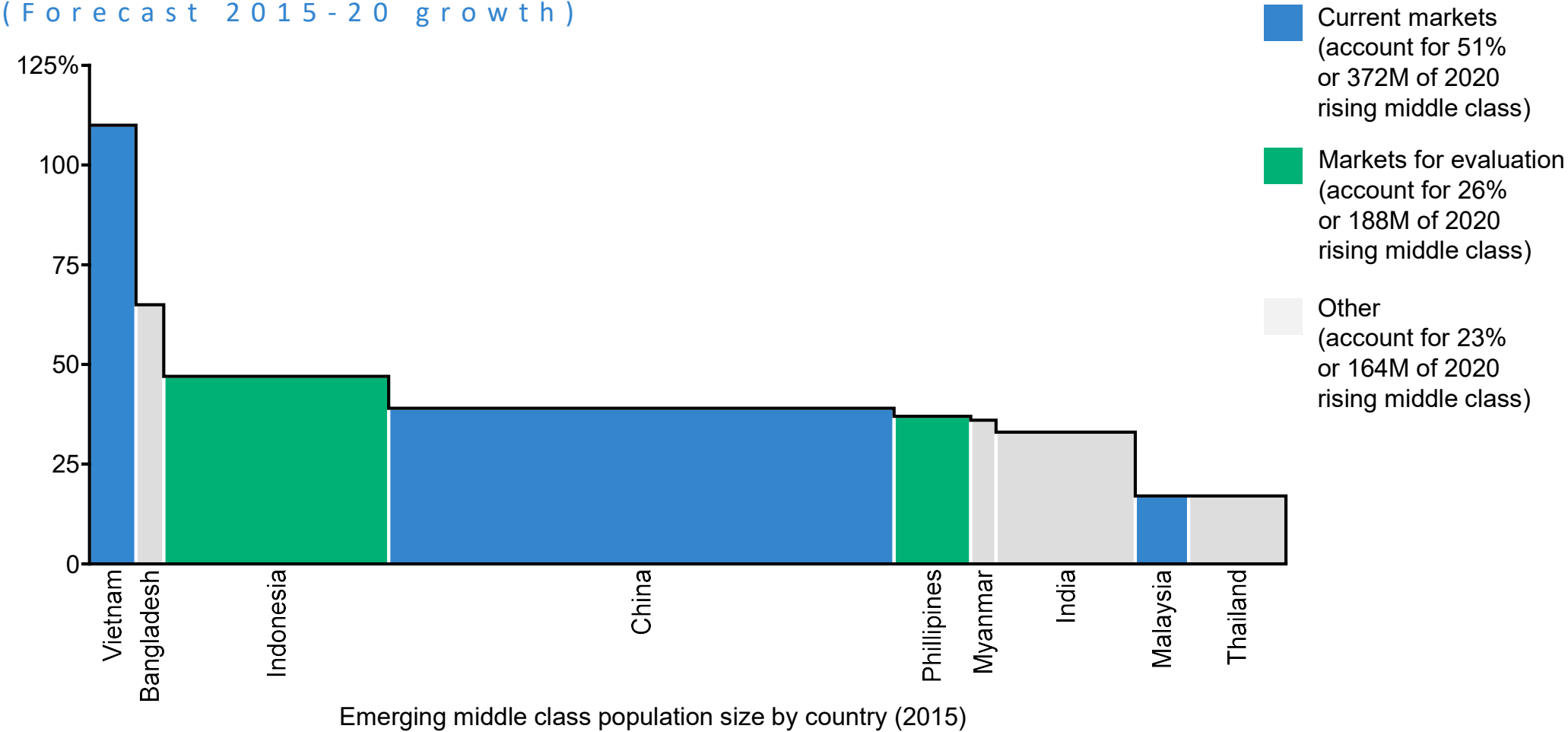
Bellamy's Asian market sales (excluding China)



Note: While we recognise Hong Kong and Macau is a part of China, we are treating it as a separate market

# Opportunity in rising middle class Asian markets that align with our “repeatable model” for growth

Emerging Asian middle class  
(Forecast 2015 - 20 growth)



Source: Boston Consulting Group (Capitalizing on Asia’s Booming Upper Middle Class, Middle class growth helping to drive demand for study abroad)



# Vietnam market entry in 1H19

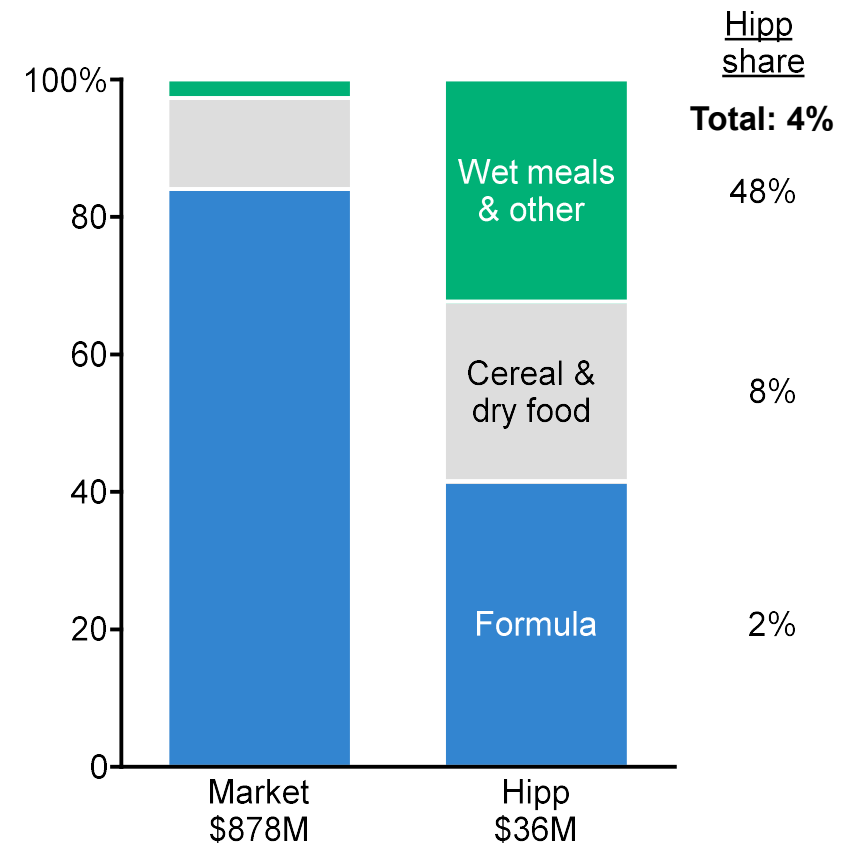
## Attractive demographics

- Large population: 96m<sup>1</sup>
- 1.6m annual births (Australia ~300k, China ~17m)<sup>2</sup>
- Fastest growing upper and middle class in South East Asia: from 20m in 2015 to 33m in 2020<sup>3</sup>

## Baby formula and food market

- ~\$1B market growing at 15-20% p.a.<sup>4</sup> (China: ~\$30B)<sup>5</sup>
- Similar attributes to China
  - Concern about food safety, quality and nutrition
  - ‘Country of origin’ is the #1 influence on food purchases (Nielsen survey, 2016)
- Hipp already grown to 4% share<sup>4</sup>

## Vietnam retail sales (AUD, 2015)<sup>4</sup>



(<sup>1</sup>) World bank – 2017; (<sup>2</sup>) World Bank data – Birth rate, crude (per 1000 people); (<sup>3</sup>) BCG - ‘Capitalising on Asia’s Booming Upper Middle Class’;

(<sup>4</sup>) ‘Baby Food in Vietnam’, Global Data; (<sup>5</sup>) Euromonitor

# October 2018 launch in Vietnam

**Organik**



GREAT FOOD GOOD TIMES

**VinMart**



# New Markets Summary

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 Beyond China and Australia, **other markets are <5% of revenue and growing strongly** from a small base

 **Opportunity in rising middle class Asian markets** that align with our “repeatable model” for growth

 We have a **foothold in Malaysia**, have now **entered Vietnam** and believe there is **significant potential for growth**

 Currently **assessing Indonesia and Philippines** as options for market entry



## Peter Fridell

*Director of  
Operations*



- +1.5 years at Bellamy's, 15 years of strategy, operations and finance experience
- Father of two young daughters with contagious laughs
- Kid's Favourite Bellamy's product is Raspberry, Blueberry and Strawberry pouch

## Ken Sanders

*General Manager  
of Operations*

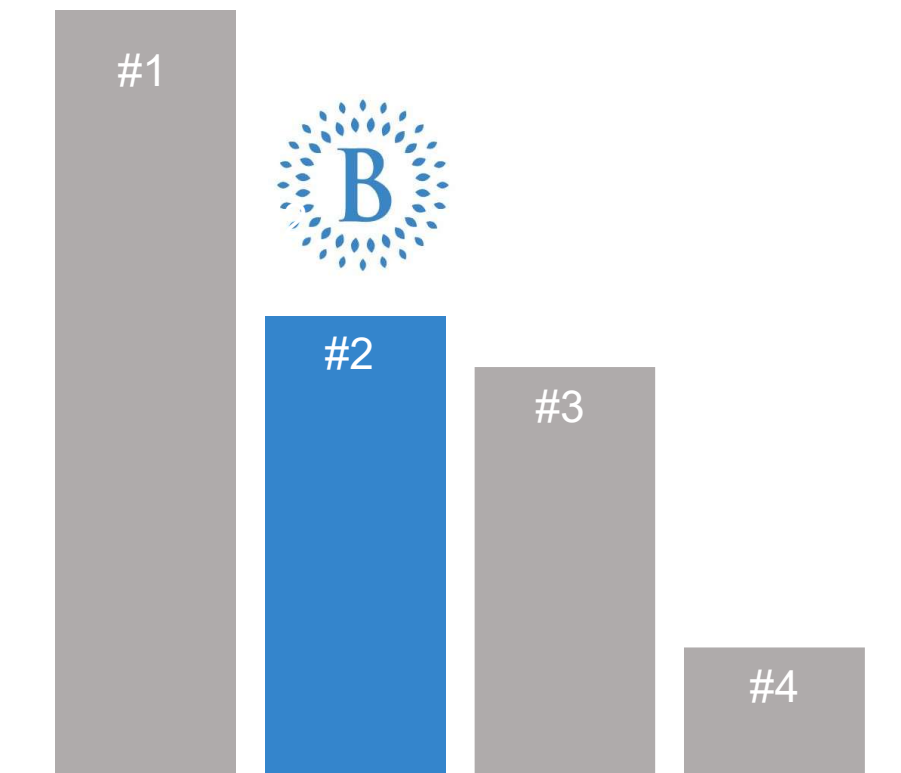


- +1 year at Bellamy's, +25 years experience in dairy manufacturing and operations, raised on a dairy farm
- Father of three sport-mad children
- My youngest still enjoys Bellamy's Organic Apple snacks



# Scale organic formula supply-chain

## Leading organic formula player



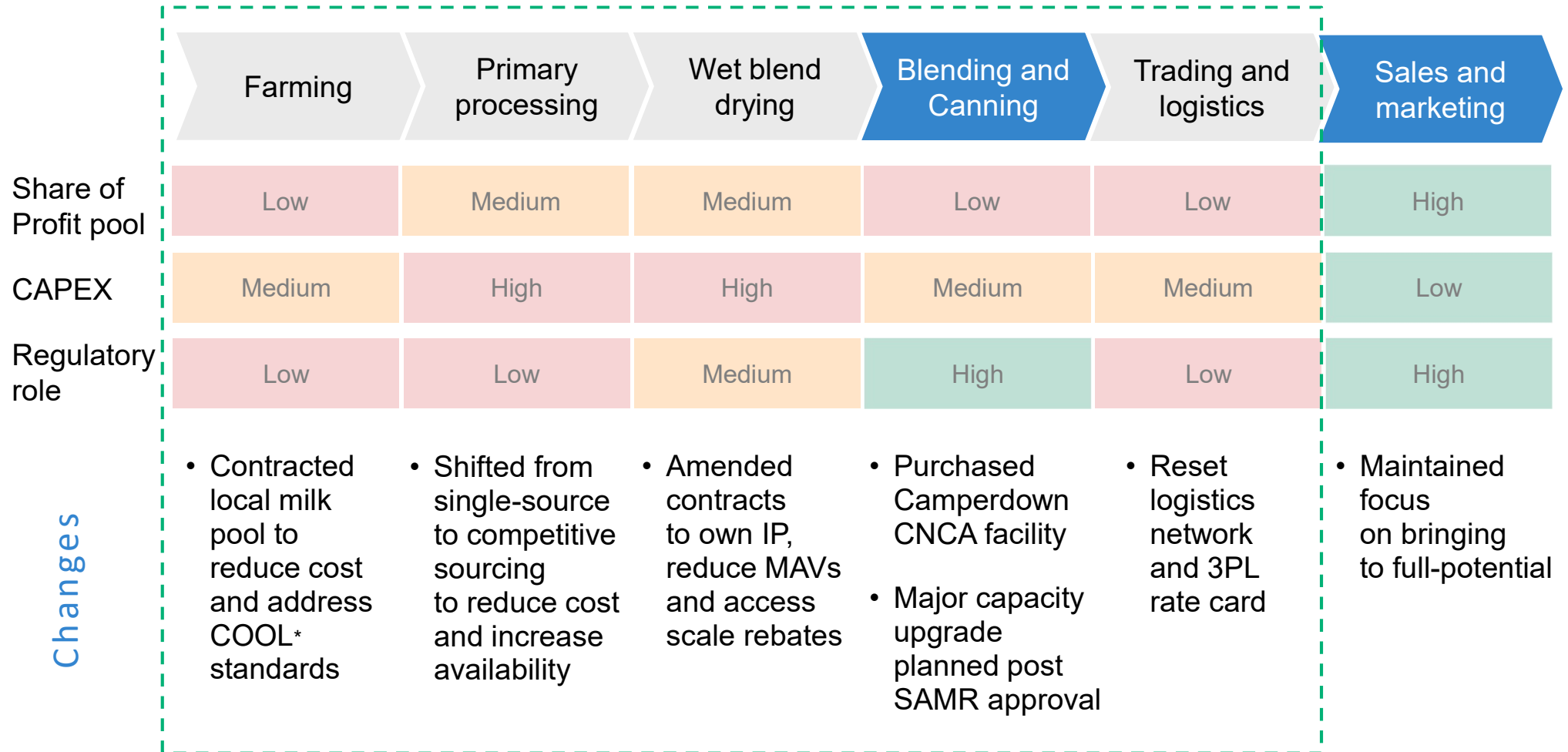
- 10+ years organic infant formula supply chain
- Second largest organic infant formula production in the world
- Local and international partnerships in manufacturing and ingredients
- Contracted and identified capacity to comfortably meet growth plans

Source: Euromonitor 2017

# Strategically reset our supply-chain

## Bellamy's supply chain

■ Participate ■ Partner



\* COOL is Australian Country of Origin labelling standards introduced in July 2018



# Fresh local organic milk through three new strategic arrangements



*Proposed COOL\* label for Australian label formula*



- Partnership to develop Tasmanian organic milk pool
- Bellamy's will order the first 20 million litres of milk annually with first right of refusal over additional volume



- Long-term contract to secure local organic fresh milk and milk powders, and support ACM's investments in organic processing facilities and farmer conversion



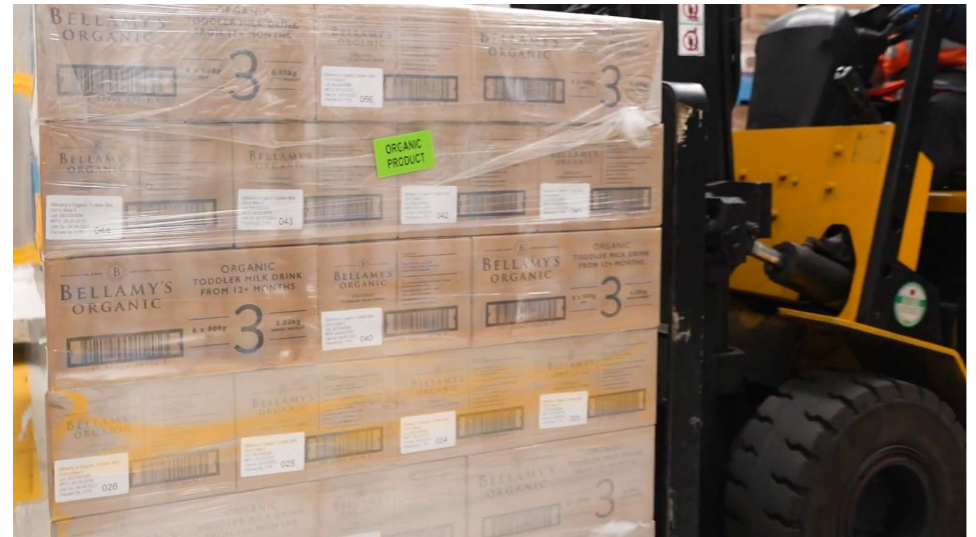
- Tatura Milk Industries to source and incorporate fresh organic milk directly into manufacturing



In place for incoming COOL\* standards post July 2018

\* COOL (Country of Origin Labelling) regulation requires reporting a percentage of Australian ingredients on packaging post July 2018

# Camperdown Powder



# Camperdown Powder update

## Operating update

- Operating at scale
  - Bellamy's brand production since Jan 2018
  - Break-even in 2H18
  - 1H19 impacted by SAMR delay. 2H19 forecast to make up lost volume
- External revenue driven by SAMR registered 'Doraler' brand
  - Multi-year contract with growing volume commitments
- In-house innovation platform
  - Traceability including tin to shipper to pallet
  - Pregnancy and Step 4
- Major capacity upgrade to unlock profit potential
  - Postponed for SAMR registration
  - Ongoing operational enhancements

## Key customers





# Capability upgraded

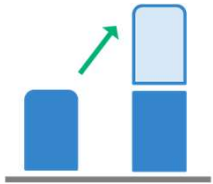
- In-house manufacturing expertise
  - Quality and safety
  - Formulation expertise
  - Dry blending and canning operations
- Business planning and inventory management including fresh liquid milk
- Strategic sourcing and cost optimisation
- Traceability and authenticity



# Second wave transformation



- Second wave cost savings
  - Strategic sourcing program - wave 2
  - Local fresh organic milk efficiencies



- Available capacity to support planned demand growth
  - Additional scale efficiencies
  - Innovation to support growth



- Camperdown as a profit driver
  - External revenue
  - Bellamy's volume and efficiency
  - Major upgrade to unlock profit potential

# Supply Chain Summary

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Scale organic formula supply-chain



Strategically reset our supply-chain



Capability upgraded



Second wave transformation in progress



**Andrew Cohen**

*Chief Executive  
Officer*



- +2 years at Bellamy's and +15 years in the FMCG and Retail industry, previously a Partner at Bain
- Father of three children, 10, 8 and 4
- Kid's Favourite Bellamy's product is Apple Snacks



# Key messages

## Key messages

-  Bellamy's Organic is an authentic brand with significant potential
-  We have a foothold in the most exciting consumer market in the world
-  We experienced challenges in early F17 but have emerged a stronger business
-  The prior year was strong, and the category and regulatory delays will impact FY19
-  We are investing heavily in our product and supply-chain to change this trajectory
-  We see a clear pathway to reach +\$500M revenue by FY21

## Strategic principles

- *Bring the 'core' business to full-potential first*
- *Take the High Road, not the Low Road*
- *Relative Cost Position matters, it fuels investment*
- *Embed Repeatable Models for growth*
- *Strategy is only as strong as Execution (100 X 0 = 0)*
- *Agile thinking critical in a dynamic industry*



# Deployed against five key battlegrounds and a +\$500M FY21 ambition

Ambition:

*+\$500M revenue by FY21*

Where to win:



How to win:

BRAND MARKETING AND PRODUCT

TRADE PARTNERS AND DISTRIBUTION

STRATEGIC CAPABILITY

12 key investment themes:





