



ASX ANNOUNCEMENT
27 February 2019

1H19 Financial Results

Bellamy's Australia Limited (ASX: BAL) (**Bellamy's** or the **Company**) today announces its results for the first half of the 2019 financial year as follows:

Highlights

- Transformational rebrand and product upgrade now in market which includes the world's leading levels of DHA (Omega 3) for a major organic formula in addition to ARA and GOS
- Rebrand to set a new platform for sustained revenue growth and a higher level of investment in China. This includes doubling Marketing spend and doubling the size of the China team in 2H19
- A normalised 1H19 Group Revenue result of \$130m and EBITDA result of \$26m largely reflects the net impact of lower revenue and an improved gross margin
 - Revenue impacted by a number of factors previously flagged to the market, including delayed SAMR registration, a planned reduction in trade inventory prior to the rebrand, and observed slowdown in category performance
- The normalised result excludes an additional one-off \$12m inventory provision for the rebrand transition. This provision accounts for all legacy product and is a material investment in rebrand and setting the right trade dynamics for early momentum
- We retain a strong balance sheet with group cash increasing to \$95m, zero debt levels and continued access to a \$40m working capital debt facility

FY19 Outlook

Given the further delay in SAMR registration it is now possible to guide to FY19 Group Revenue. Based on the 1H19 result and early 2H19 trading Bellamy's updates its outlook to:

- Group Revenue for FY19 of \$275-300m, allowing for slower trading prior to the rebrand and during the lunar new year holiday, with an expected return to stronger performance from March
- Normalised Group EBITDA of 18-22% of revenue, reflecting lower forecast revenue and increased investment in marketing and the China team over the coming period

The business retains high confidence in the rebrand, our new product pipeline, continued food growth and successful SAMR registration. Although we remain mindful of the inherent risks of our industry and markets, we strongly believe the medium-term outlook remains compelling, supported by category fundamentals, our differentiated position and an aggressive three-year growth strategy.

Group 1H19 financial performance compared to 1H18

Group \$m	1H19			1H18		
	Statutory	One-offs ⁽¹⁾	Normalised	Statutory	One-offs ⁽¹⁾	Normalised
Aust. label	127.7		127.7	151.9		151.9
China label	-		-	18.1		18.1
Camperdown	1.9		1.9	4.9		4.9
Revenue	129.6		129.6	174.9		174.9
Gross Profit	55.9		55.9	63.9		63.9
Gross Margin %	43.1%		43.1%	36.5%		36.5%
Other Income	0.1		0.1	0.1		0.1
Overhead	(42.0)	12.0	(30.0)	(29.1)		(29.1)
EBITDA	14.0	12.0	26.0	34.9		34.9
EBITDA %			20.0%			19.9%
Depn & Amortn	(2.8)		(2.8)	(2.1)		(2.1)
Interest	0.7		0.7	0.0		0.0
Tax	(3.8)	(3.6)	(7.4)	(10.3)		(10.3)
Net Profit After Tax	8.1	8.4	16.5	22.4		22.4
Net Profit %			12.7%			12.8%

- (1) Bellamy's has followed the guidance for underlying profit as issued by the ASIC regulator Guide RG230 'Disclosing non-IFRS information'. The profit and loss summary with a prior period comparison in the table above, has been sourced from the accounts but has not been subject to separate review or audit. The Directors believe that the presentation of the unaudited non-IFRS profit and loss summary in the table above is useful for users as FY19 includes significant items that are not expected to be repeated in future years. The table reflects the normalised earnings of the business.

Commenting on the result, Bellamy's CEO Andrew Cohen said *'While we faced numerous challenges in the first half of 2019, the business emerges with a winning product that combines the best of organic with the best of science. Together with an already strong brand, this change sets a new platform for long-term growth and higher levels of investment in China.'*

Mr Cohen further noted, *'The Board and Management Team remain strong believers in the medium-term outlook, and the ability to evolve Bellamy's from Australia's #1 organic brand, to Australia's #1 organic portfolio.'*

Bellamy's Chief Executive Officer Andrew Cohen and Chief Financial Officer Nigel Underwood will present the financial results via a webcast at 10:00am (AEDT) Thursday 27 February 2019. The webcast link will be live from 9:45am (AEDT). The link to the webcast is as follows:

<https://webcast.openbriefing.com/4925/>

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

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