



Transforming the #1 Organic Brand

CEO Presentation
FY19 BAL Annual General Meeting
October 2019

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Key messages

- **Our transformational rebrand is set to return the business to growth and is gaining momentum**
 - early indicators are positive since launch in March, including an uptick in e-commerce sales, brand interest and Step 1 and Step 2 recruitment in China, consumer pricing and trade economics
 - doubled investment in both marketing and China capability to activate the brand
- **The rebrand aims to address a challenging FY19 year which was impacted by regulation, a lower birth rate and increased competition for Chinese demand**
 - FY19 net revenue decreased to \$266m and normalised EBITDA was \$47m impacted by scale
- **In addition to the rebrand, a number of positive initiatives give us high confidence in the coming period**
 - breakthrough new products, including Bellamy's organic ultra-premium and organic goat formula series
 - accelerated growth in our food business and the launch of a China offline food range
 - aggressive joint business plans with key e-commerce and social platforms in China
 - expected re-entry into the China offline formula channel and strong trade interest in the brand
- **Our FY20 outlook is 10-15% net revenue growth at an EBITDA margin consistent with last year**
- **We remain confident in our growth strategy and medium-term target of \$500m revenue**
- **The Mengniu proposal reflects this growth plan and offers shareholders a 59% premium to the prevailing share price at announcement**
 - The Bellamy's Board has unanimously recommended shareholders vote in favour of the Scheme¹

1. In the absence of a superior proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of shareholders

In March we fundamentally transformed our brand

Australia's #1 organic brand



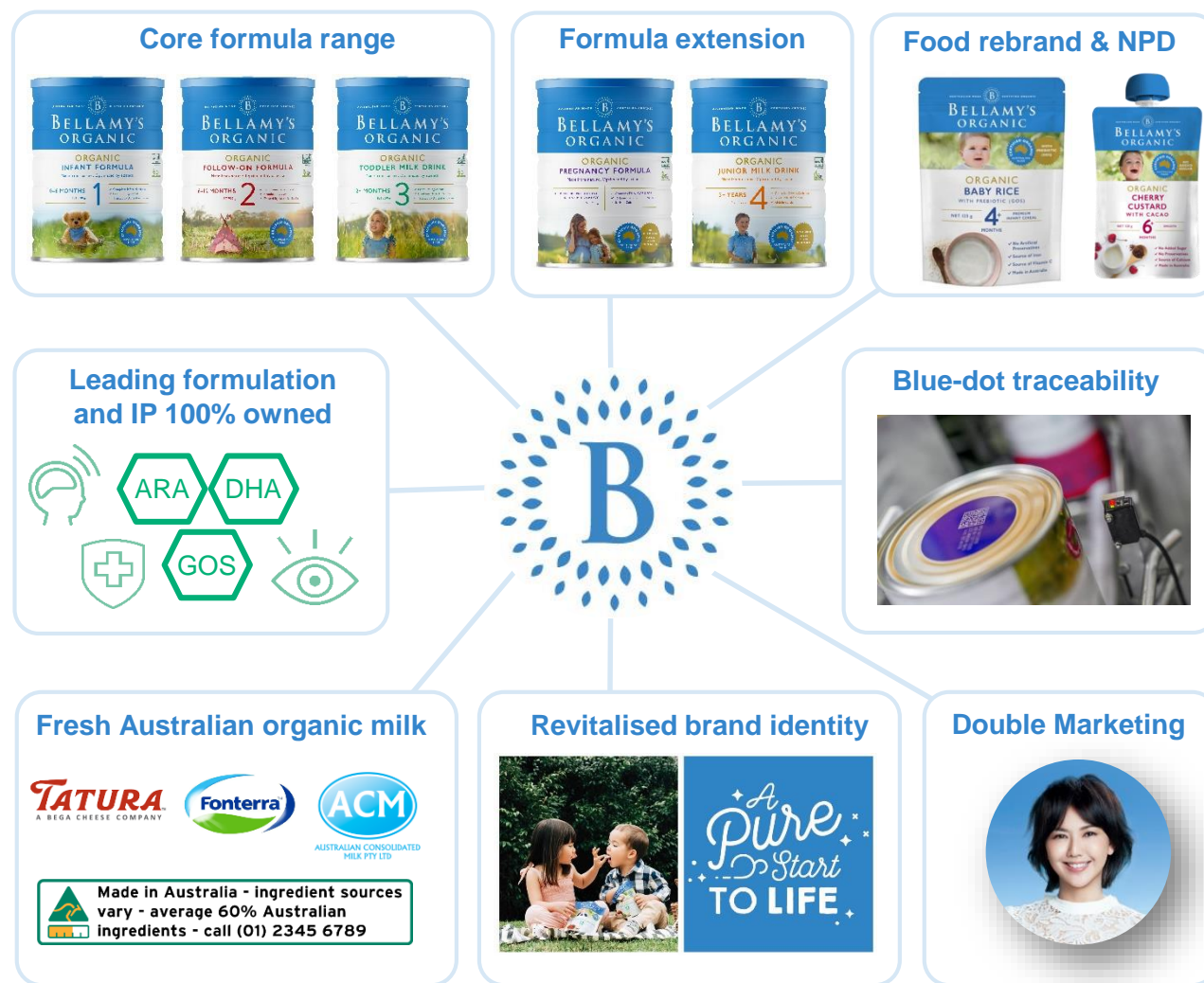
Source: Euromonitor International Limited: Health and Wellness 2019 edition. Organic category, % retail value share, 2018 data. Organic refers to the sum of Organic Packaged Food, Organic Hot Drinks and Organic Soft Drinks.

AUSTRALIAN MADE **B** CERTIFIED ORGANIC

BELLAMY'S ORGANIC



Rebrand the most significant investment in company history



LAUNCH INVESTMENT

- A Trade inventory reduction: to ensure a clean change-over and improved channel economics
- B Inventory write-down: \$18m one-off write-down to accelerate the transition
- C Doubled marketing spend: from 5.3% of revenue in 1H19 to 10.6% in 2H19
- D Doubled the China team: to better activate the brand and engage consumers

Note: Total inventory provision of \$18m split between 2H18 (\$6m) and 1H19 (\$12m)

Positive early consumer indicators for the rebrand



Note: 1. # stores on Ali ecosystem that sold BAL; 2. China distributor and Tmall flagship sales
Source: Alibaba, WeChat, Bellamy's website data, QBT data

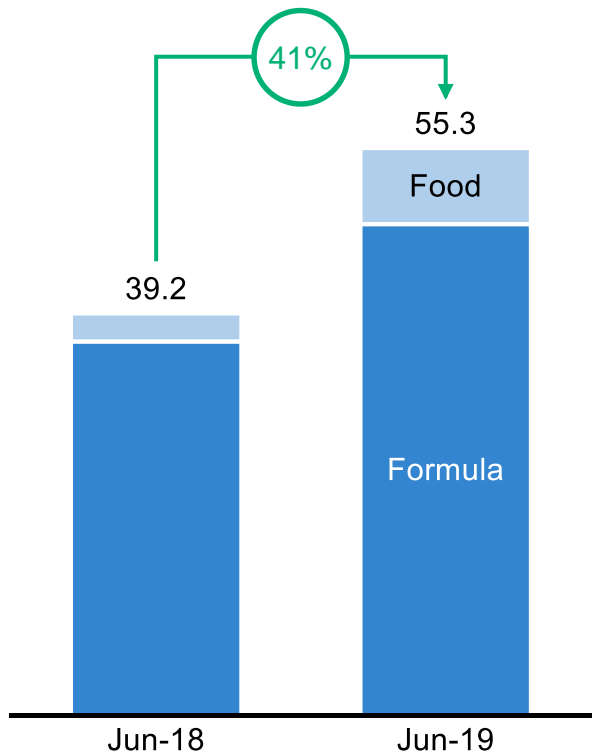
Results from recent 6/18 e-commerce event a strong proof point

6/18 the first major event since rebrand



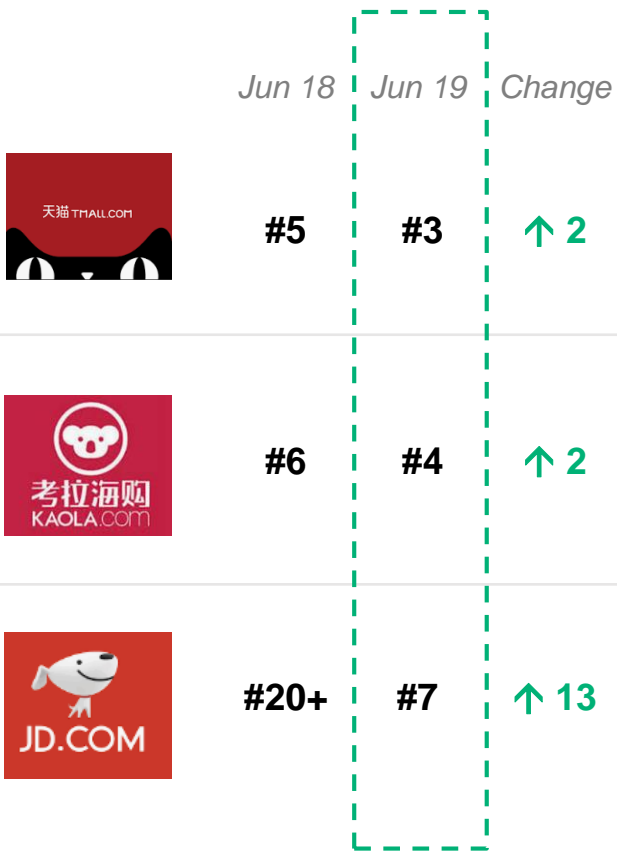
+41% YoY sales growth across CBEC platforms

Retail sales value(M RMB)



Formula unit price 178 193

Formula rankings and share improved

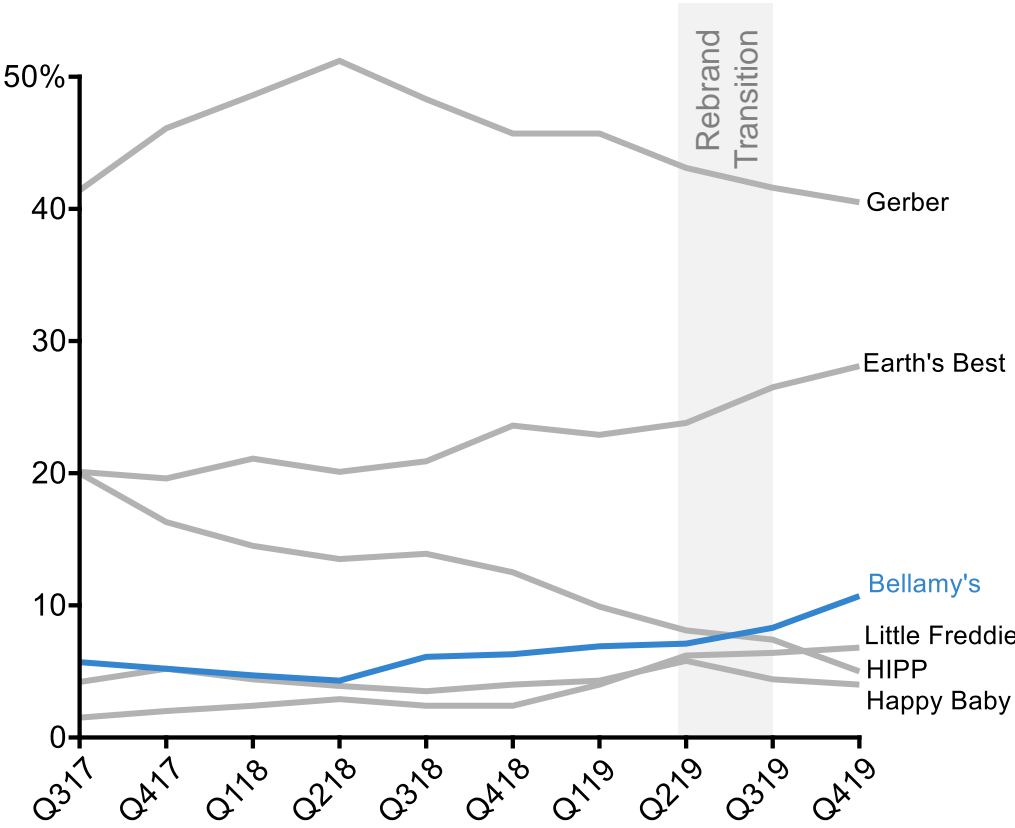


Note: CBEC platform data includes Tmall Flagship store, Tmall POP stores, Taobao, Kaola, JD, TDI, VIP, MIA, Suning and Yunji
Source: QBT, Alibaba, Kaola, JD, TDI, VIP, MIA, Suning and Yunji

Accelerated growth in our food business continues

BELLAMY'S FOOD RANGE EMERGING AS A DOMINANT E-COMMERCE BRAND

Cereal online share (CBEC)

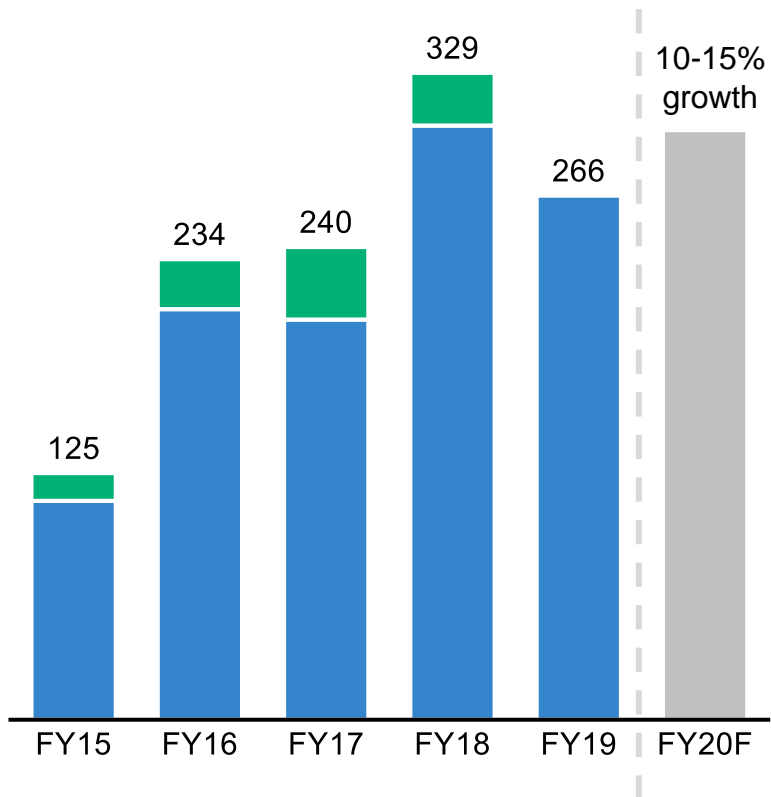


Source: Smartpath

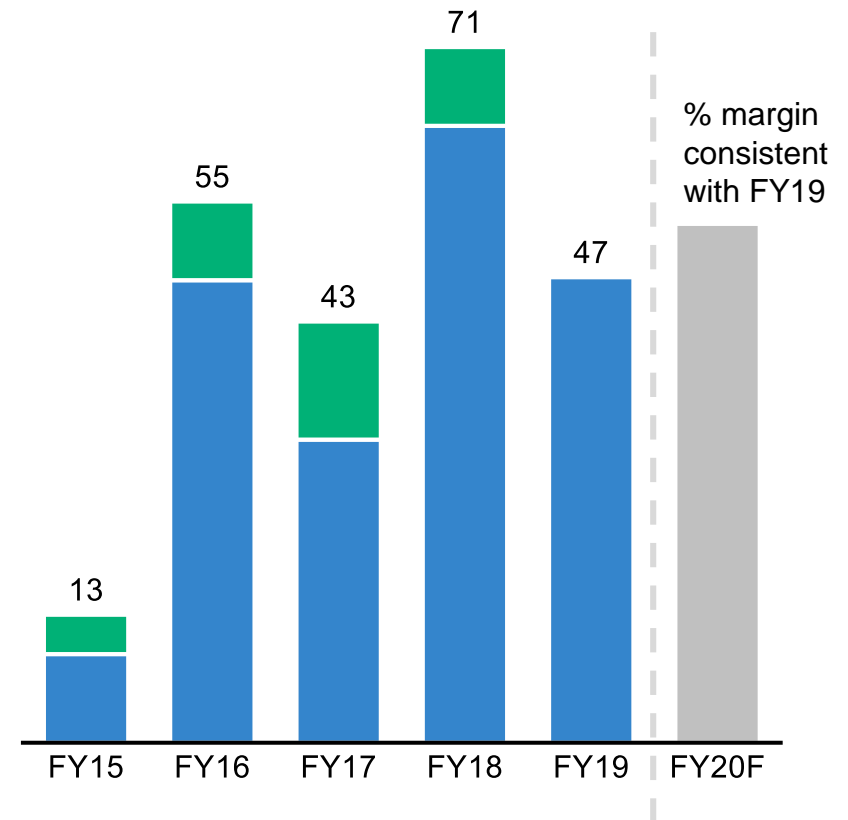


This has set the foundation for a stronger FY20 outlook

GROUP REVENUE (\$M)



NORMALISED GROUP EBITDA (\$M)



■ Australian-label product ■ China-label PRC product (incremental contribution)

E-commerce product pipeline will further premiumise and extend our addressable market

BREAKTHROUGH E-COMMERCE PRODUCT PIPELINE



NEW PRODUCTS

- **Organic Ultra-Premium**
 - Premiumise and extend existing customer base
 - Focus on advanced "science" proposition
- **Organic Goat Formula**
 - Extend addressable market to goat segment (~\$2.0b AUD in 2018 and +43% annual growth)
 - Focus on "gentle" proposition

Note: Artwork is illustrative and yet to be finalised; Market size expressed as retail value; CAGR from 2013-2018
Source: China Academy of Social Sciences

China offline product pipeline to drive deeper penetration and extend into functional foods



FORMULA SERIES

Product:

- New Australian made **Certified Organic** formula with DHA



Status:

Submitted and pending SAMR audit and approval

Focus:

- Ultra-premium segment
- PRC offline with skew to tier 1, 2 & 3 cities



FORMULA SERIES

- Existing Australian made formula with **Lactoferrin** and DHA



Artwork amendment approved and planning production

- Premium segment
- PRC offline with skew to tier 3 & 4 cities



FUNCTIONAL FOOD

- New Australian made **Organic Cereals** and **Ambient Yogurts**



Developed and in position to launch early 2H20

- Ultra-premium segment
- PRC offline and e-commerce channels

Note: Artwork is illustrative and yet to be finalised

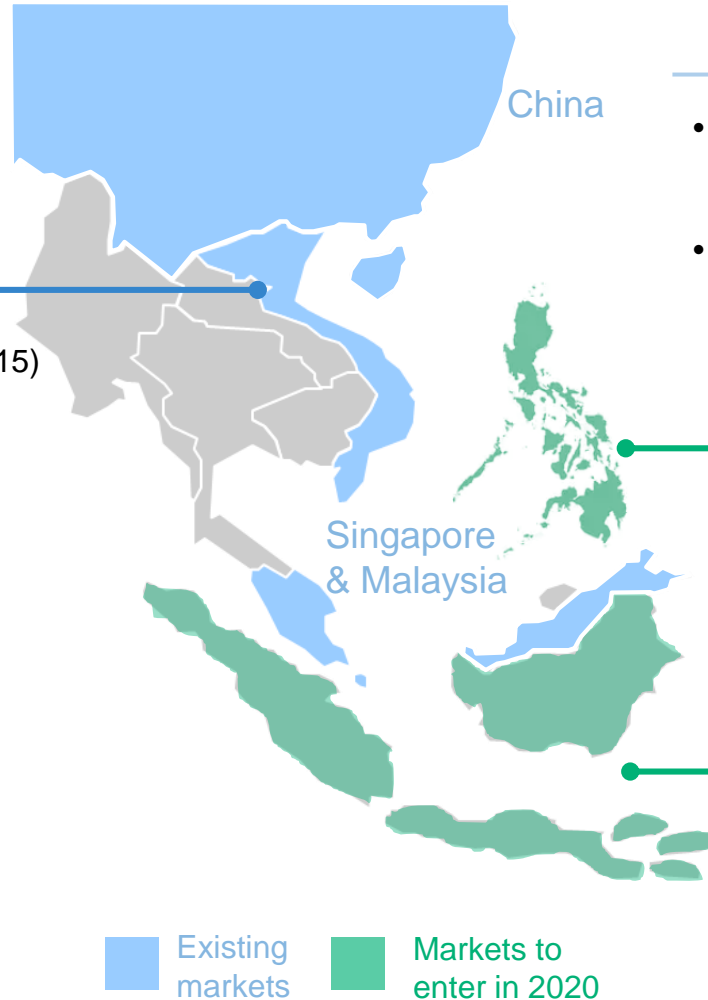
Rollout continues in emerging middle class markets

NOW RANGED IN ~500 STORES IN VIETNAM



Vietnam

AUD \$1b market (2015)
Growing 10-15% p.a.



ENTER INDONESIA & PHILIPPINES IN CY20

- Identified distributors for both regions
- Currently working through 12 month regulatory process

Philippines

AUD \$1.6b market (2016)
Forecasted to grow at 3-4% p.a.

Indonesia

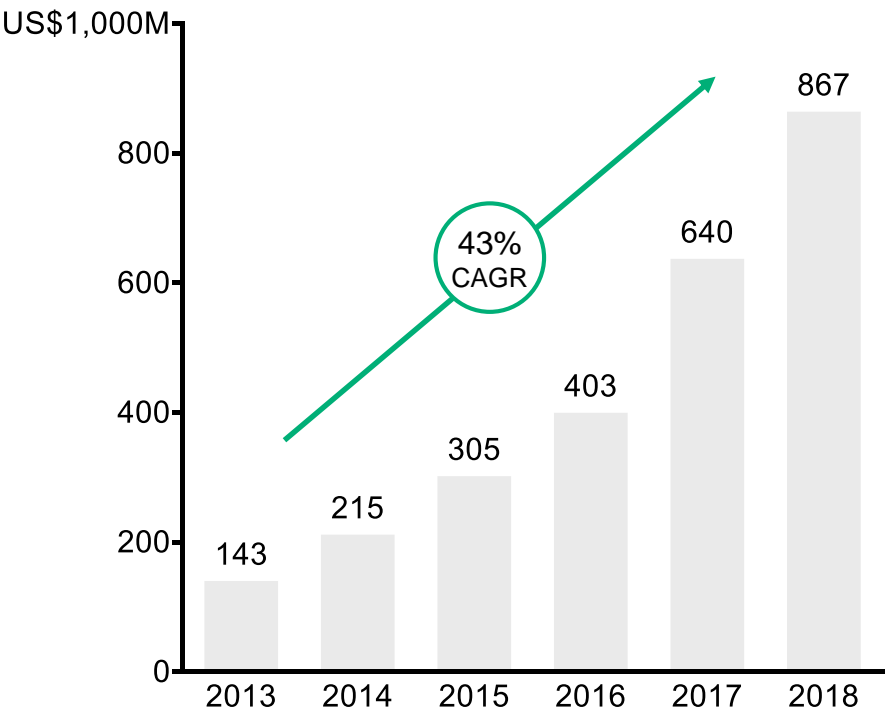
AUD \$2.9b market (2016)
Growing at 8-10% p.a.

Source: Global Data (Baby Food in Indonesia (2016), Baby Food in Philippines (2017), Baby Food in Vietnam (2017))

Longer term, organic remains a significant and global macro-trend

CHINA ORGANIC BABY FORMULA

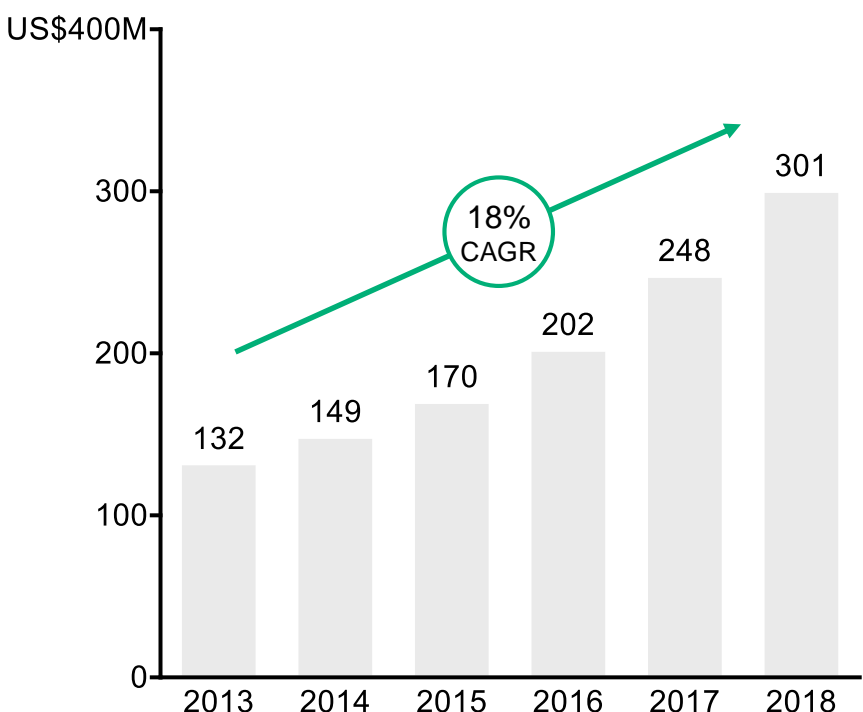
Retail sales value (constant price, formal channels)



YoY % growth
100% 50% 42% 32% 59% 35%

CHINA ORGANIC BABY FOOD

Retail sales value (constant price, formal channels)



YoY % growth
12% 14% 19% 23% 21%

Source: Euromonitor 2018 data, 'Baby Food' includes 'Dried Baby Food', 'Prepared Baby Food' and 'Other Baby Food'

Highly strategic position in the organic dairy industry

CONSUMER BRAND

SUPPLY CHAIN

#1 Australian organic infant formula brand

#1

10+

Integrated organic infant formula supply chain created over 10+ years

#2 Global organic infant formula brand

#2



Strategic and highly scalable partnerships with leading organic co-ops and processors

#3 Organic brand awareness in China with consumers

#3



Diversified sourcing model with material contracts for Australian organic milk pools

Leading organic formulation, including highest level of DHA*



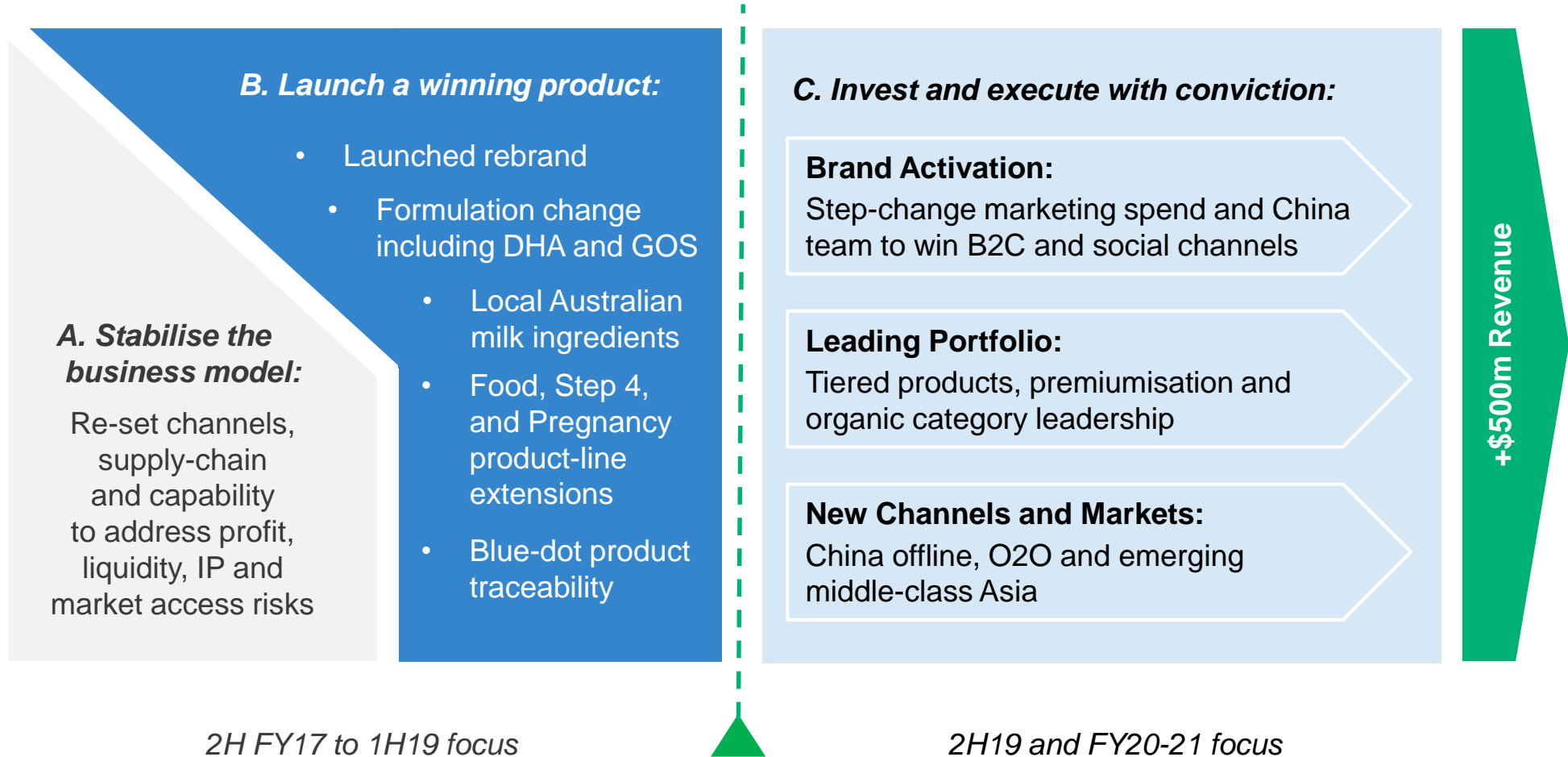
Camperdown CNCA approved facility



* Amongst leading global organic toddler milks
Sources: Euromonitor 2018, Citibank Aug 2018, Monash University

We remain confident in our growth strategy and medium term target of \$500M revenue

TRANSFORMATION JOURNEY



FY20 financial outlook

Group revenue (\$m)



- FY20 group revenue expected to grow 10-15% on prior year
- Growth anticipated to accelerate in 2H20 with new product launches
- Medium-term \$500m ambition remains but deferred beyond FY21 given SAMR process

Group EBITDA margin (%)



- FY20 group EBITDA margin expected to be consistent with prior year
- Continued strong gross margin and investment in marketing and China capability
- Long-term target of +20% supported by scale and premiumisation strategy

Mengniu and Bellamy's Scheme Implementation Deed

SCHEME HIGHLIGHTS

- **Cash Amount of \$13.25 cash per share**
 - \$12.65 cash per share from Mengniu under Scheme
 - \$0.60 per share fully franked special dividend paid by Bellamy's prior to implementation of the scheme
- **Material premium versus recent trading performance**
 - 59% premium to closing price prior to announcement of \$8.32 per share at 13 September 2019
 - 64% premium to 1 month, 54% premium to 3 month and 40% premium to 6 month VWAP
- **Attractive acquisition multiple relative to precedent transactions**
 - EV multiple of 29.6X FY19 underlying EBITDA
- **The Bellamy's Board unanimously recommend shareholders vote in favour of the scheme¹**

INDICATIVE KEY DATES

Date of Scheme Booklet	30 Oct 2019
First Court Date	30 Oct 2019
Scheme Meeting	5 Dec 2019
<i>If the Scheme is approved by eligible Bellamy's Shareholders at the Scheme Meeting</i>	
Second Court Date	9 Dec 2019
Effective Date	10 Dec 2019
<i>If the Scheme is approved by the Court and becomes Effective</i>	
Special Dividend Payment Date	23 Dec 2019
Implementation Date	23 Dec 2019

1. In the absence of a superior proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of shareholders

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