

ASX RELEASE
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FY18 Guidance Update & Conditional Acquisition of Camperdown

Bellamy's Australia Limited (ASX: BAL) (**Bellamy's** or the **Company**) wishes to upgrade its revenue and profit guidance given to the market on 11 October 2017.

It is also informing the market of the status of its China CFDA application and a binding agreement to acquire the remaining 10% beneficial interest in Camperdown Powder Pty Ltd (**Camperdown**) conditional on Camperdown obtaining CFDA approval for Bellamy's branded products.

Guidance upgrade

Based on unaudited 1H18 results Bellamy's is upgrading its full year FY18 guidance for its core business (excluding Camperdown) from 15-20% to a revised target of 30-35% revenue growth on FY17.

Bellamy's also updates EBITDA margin guidance from 17-20% to 20-23% driven by a combination of focused cost management and the impact of stronger revenue growth. This guidance excludes the Camperdown business which, as previously communicated to the market, is forecast to generate an EBITDA loss of \$1-2 million for FY18.

The above guidance is subject to contingent liabilities, including class actions against the Company. Bellamy's will continue to update the market in relation to this guidance in accordance with its continuous disclosure obligations.

Bellamy's continues to expect 1H18 revenue to be higher than 2H18 for several reasons, including:

- the seasonality impact of platform events, higher winter consumption in China and Chinese New Year;
- all 'Chinese label' sales occurring in 1H18 due to previously announced delays in Bellamy's CFDA registration. In accordance with previous guidance, these sales are expected to total approximately \$18 million.

CFDA registration update

In line with previous statements, Camperdown's CFDA registration application was submitted for Bellamy's branded products in late calendar 2017. The market will be informed when the CFDA registration application is ultimately determined.

We note a parallel CFDA registration application for a major customer of Camperdown has recently been approved by the CFDA. This registration is unrelated to the application for Bellamy's branded products.

Acquisition of remaining 10% of Camperdown

On 4 July 2017, Bellamy's announced that it had completed the acquisition of a 90% beneficial interest in Camperdown, a CNCA licensed powder products blending and canning line in Braeside, Victoria for consideration totaling \$28.5 million.

Bellamy's has today signed a binding share purchase agreement with Buena Investments Pty Ltd ACN 619 650 743 in respect of the acquisition of the remaining 10% beneficial interest in Camperdown for a total consideration of approximately \$3.6 million (based on the current share price) and conditional upon obtaining CFDA approval of the Bellamy's branded products at Camperdown.

On its completion, this acquisition will result in Bellamy's beneficially owning 100% of the shares in Camperdown.

Consideration for the acquisition of the remaining 10% beneficial interest in Camperdown will be satisfied by way of the issue of 300,000 ordinary fully paid Bellamy shares at an issue price of \$10.96, the issue of which is conditional on Camperdown receiving CFDA approval for Bellamy's Chinese label products. These shares will rank equally with all existing BAL shares but will be subject to trading 'sell down' restrictions extending up to 19 months. No security holder approval is proposed but the market will be informed when these shares are issued on completion of the acquisition.

Separately, 100,000 'at-the-money' options in Bellamy's will be issued to the vendor, vesting on 31 December 2019 subject to satisfaction of certain conditions of issue, with a strike price of \$10.96.

Andrew Cohen, Bellamy's CEO said, *'we are pleased to see that our turnaround plan is continuing to gain traction'*.

In relation to the acquisition of 100% of Camperdown, he further noted: *'the acquisition of the remaining equity in Camperdown is a further step in restructuring our business and provides a foundation for building strategic manufacturing capability.'*

ENDS

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