

HD **China milk** deal helps Bellamy's float rise like cream

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Launceston-based infant formula and baby food maker Bellamy's Australia has been embraced by investors at debut on the Australian Securities Exchange.

The stock surged as much as 34 per cent after listing at 11am AEST on Tuesday, and shortly after midday was trading 30 per cent above the \$1 per share offer price at \$1.30.

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On the same morning the \$25 **million** initial public offer began trading, the **company** announced it has received accreditation to register a new **company** in **China**, Tatura **Milk** Industries.

"The recent certification of TMI will allow Bellamy's to immediately re-commence exporting to **China** and strongly positions the **company** to effectively execute its growth strategies in **China**, being only one of a handful of companies certified organic by both Australian and **Chinese** authorities," managing director Laura McBain said.

Lead brokers Wilson HTM marketed the float as a way to gain exposure to the growing worldwide fashion for certified organic foods and an increased appetite for **dairy** products in Asia.

Investors were also attracted by forecasts for an annual dividend yield of 1.6 per cent, based on a payout ratio of 30 per cent. Shares were priced at 19x pro forma estimated earnings for the current financial year.

Quality Life, the family **company** of BRW Rich Lister Bruce Neill, has emerged as a substantial shareholder controlling 8.62 per cent. Hobart based Mr Neill founded financial services **company** Select Managed Funds, which he **sold** for scrip to the Australian Wealth Management in 2006. He made a fortune when that **company** was acquired by IOOF in 2009. More recently he has been in the race horse breeding **business**.

Fund managers that are understood to have signed up for a parcel of shares include Wilson Asset Management, Schroders, Thorney **Group**, and Karara Capital.

The IPO allowed the previous majority shareholder, embattled retail entrepreneur Jan Cameron, to sell down her 55 per cent **stake**. Ms Cameron is the entrepreneur behind outdoor adventure gear retailer Kathmandu Holdings and embattled Discount Superstores **Group**.

There were 25 **million** shares made available in the initial public offer. With a total of 2.2 **billion** shares out, the **company** is now trading with a market capitalisation of approximately \$123.5 **million**.

The **company**, formerly Tasmanian Pure Foods, which trades as Bellamy's Organic is a wholesale distributor of branded infant formula and a range of baby and toddler food products. The products are also **sold** direct to retail customers via Bellamy's website.

Local stockists include Coles, Woolworths, Chemist Warehouse, Costco and Big W. The **brand** is also distributed through select supermarkets in New Zealand, **China**, Singapore, **Hong Kong**, Malaysia and Vietnam. It is estimated that in financial year 2014, 15 per cent of revenue will have been derived from non-Australian markets.

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