

SE **Business**
HD **Bellamy's IPO to fund foray into Asia**
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BABY food **company** Bellamy's Organic plans to use the proceeds of a \$100 **million** float on the Australian Securities Exchange to bankroll the launch of new products in the **China** market, including offering powdered and liquid **milk** products to older children.

The Australian understands the major shareholder in the **company** is Kathmandu founder Jan Cameron, who will sell \$36.6m worth of shares ahead of the initial public offering scheduled for next month.

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The other founding shareholders will sell down shares worth \$7.6m in the IPO. Bellamy's chief executive Laura McBain said the **company** was working on new liquid formulas and more innovative packaging solutions to promote in the **China** market and was planning a new product launch in Australia next month.

Launceston-based Bellamy's, previously known as Tasmanian Pure Foods, has a product range that includes infant formula, cereals, ready-to-eat meals, snacks and toddler **milk**.

In Australia, the products are in 3000 outlets including Coles, Woolworths, Chemist Warehouse, Toys R Us and Big W.

The **group** now has a 12 per cent share of the local formula and baby food market and Ms McBain said the proceeds of the raising would be used to fund the **group**'s booming export **business** into **China** as well as Singapore, Malaysia, **Hong Kong**, Vietnam and New Zealand.

"This **business** is going to keep growing and can extend into new categories within the baby food market," she told The Australian in an interview yesterday.

"In **China** demand for infant formula goes beyond the age of three, up to the age of 10. There are new products and innovations we want to bring to that space." Wilson HTM is managing the \$95m raising, which will include new capital of \$30m. After a two-day roadshow with more than 100 fund managers in Sydney and Melbourne this week, it is understood the offer is already dramatically oversubscribed. Final bids for the bookbuild are due today.

"Demand has been exceptionally good," said Wilson HTM principal Hugh Robertson. "It has hit the right chord with the institutional market. There is a small **group** of these high-value **brand** food stocks that have got lots of growth potential." Pre-IPO investor documentation, seen by The Australian, reveals the **group** is forecasting revenue growth of \$83.8m next year, up from \$48.2m this year.

Earnings are set to almost triple from \$2.6m to \$7.3m.

Ms McBain has previously forecast revenues will top \$100m over the next two years.

However, the stock will be trading on a hefty price earnings multiple of 19 times forecast 2015 earnings, which has been questioned by some fund managers.

“And there are always regulatory risks when you are dealing with infant formula and **China**,” one fund manager said yesterday.

But Ms McBain said Bellamy’s had built a “deep understanding of the regulatory market in **China**.” “We aren’t just lobbing into the market in an opportunistic way,” she said. “We have developed a name that has real **brand equity** in **China**, Southeast Asia and Australia.”

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