



aumake
LIVING FOR WELLNESS

澳卖家

Investor presentation

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1. FY18 overview



FY18 overview

- Significant investment since ASX listing to build foundations for a **scaleable business** without need for further increases in operating expenses
- Year-on-year (YOY) sales up **107%** to \$21.4m
- Gross profit growth of **172%** to \$3.1m, with gross margin increase of 3.5% to **14.7%**
- Same store* gross profit growth of **97%**
- Significant sales of owned brand products, representing **4%** of annual sales
- Inventory levels **well-managed** through accelerated growth phase of the business
- Operating expenses **stabilised** demonstrating strong leverage on cost base
- Operational breakeven **expected** during 2019 Financial Year (FY2019)
- Strong cash position of \$10.7m; business **well-funded** for growth

*Original five retail stores at the time of relisting





2. Business and operations overview



AuMake at a glance

AuMake International Limited

AuMake is an ASX listed retailer connecting Australian suppliers directly with the influential daigou and Chinese tourist markets via its growing distribution network of AuMake and Kiwi Buy retail and e-commerce stores, in addition to strategic partnerships, including Chemsave and JD.com. The Australian operations are complemented in China by AuMake's newly established sales hub in Xiamen.



Our customers

400,000 daigou within Australia and 1.4 million* Chinese tourists per annum and growing



Partnerships

AuMake owned product distribution expanded via Chemsave pharmacies (Australia) and an online store front on JD.com (China)



Our team

80 (predominantly bilingual) team members across the business



Australian suppliers

400 suppliers from start-ups to popular national brands



Australian retail stores

Eight (8) AuMake and five (5) Kiwi Buy stores in Sydney, NSW



Product categories

Healthcare (supplements and food); skin, body care and cosmetics; dairy products and baby food (including infant formula); and wool and leather products



China store footprint

Daigou sales hub in Xiamen China



Owned brands

Herbsmart (healthcare), Health Essence (supplements), Medigum (medicinal honey), AU8 (skincare), Jumbuck (wool) and UGG AUS (wool and leather)



Online

AuMake and Kiwi Buy online stores with a growing database of over 80,000 members
















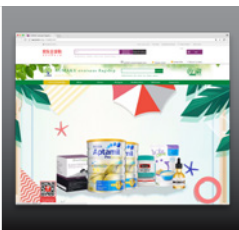



Alliances

Retail Supporter of Australian Made Campaign Limited and strategic alliance with Sydney Chinese Tourist Guide Association



AuMake's foundation year 2017 – 2018

AuMake's first year has been transformative with significant milestones achieved providing a solid foundation for our future growth.

<p>2017</p> 					
<p>August Initial Public Offering (IPO): Opened 21/08 Closed early and oversubscribed on 11/09</p>	<p>October ASX listed (05/10): AU8 opens 8 cents and closes 23.5 cents</p>	<p>November Flagship store opening: George Street, Sydney, NSW</p>	<p>Strategic acquisitions: Health Essence, Jumbuck, UGG AUS</p>	<p>Corporate head office opens in Auburn (NSW, Sydney): Includes expanded warehouse facilities</p>	<p>Alliance partnership: Australian Made Campaign Limited</p>
<p>2018</p>					
<p>January \$14 million capital raising: To accelerate strategy delivery</p>	<p>February Strategic partnership iTrip.com leading Chinese, Australian travel online booking platform</p>	<p>March Daigou Hub Haymarket (Sydney, NSW) opening: First-of-its-kind retail format combines technology with face-to-face engagement for Australian suppliers with daigou and consumers in China</p>	<p>Development of Medigum: Medicinal honey owned brand</p>	<p>Auburn Warehouse Showroom opening (Sydney, NSW)</p>	
					
<p>April Strategic partnership with Chemsave: Distribution of owned brand product in up to 150 pharmacies across Australia</p>	<p>May Acquisition of Kiwi Buy: Five Sydney retail stores in key daigou and Chinese tourist areas, plus online store</p>	<p>June AuMake store front launched on JD.com in China</p>	<p>AU8 owned brand skincare launch</p>	<p>Daigou Hub Burwood (Sydney, NSW) opening</p>	<p>Daigou Hub Xiamen (China) opening</p>



3. Financial information



Profit and loss – rapid growth phase

- Sales growth driven by accelerated store expansion and strong same store sales
- Gross profit grew faster than sales with gross margin up by 3.5% to 14.7% due to improvement in sourcing costs and sales of high margin owned brand products
- Breakeven expected in FY19

The one-off normalised EBITDA loss of \$4.86 million, excluding non-cash and one-off expenses for company restructuring and ASX listing costs, represents investment incurred to establish AuMake in its foundation year. The company is now well positioned for long-term sustainable growth and is expected to reach operational breakeven during FY19.

Proforma profit and loss	Statutory 2018	Proforma* 2017
Income Statement as per Financials:		
	\$,000	\$,000
Revenue	21,383	10,311
Cost of sales	(18,240)	(9,157)
Gross profit	3,143	1,154
Gross margin	14.7%	11.2%
Other income	187	-
Administrative expenses	(2,062)	(114)
Employee benefits expense	(3,797)	(562)
Rent and outgoing expenses	(1,163)	(438)
Marketing expenses	(967)	-
Travel and accommodation expenses	(197)	(4)
Normalised EBITDA	(4,856)	36
Restructuring/relisting expenses	(1,596)	-
Share based payment expense (facilitator shares)	(470)	-
Share based payment expense (options and performance shares)	(3,127)	-
Impairment of intangible assets	(544)	-
Depreciation and amortisation	(158)	(16)
Loss on disposal of assets	(27)	-
Inventory write down	(438)	-
Loss before income tax expenses	(11,216)	20
Income tax expense	(16)	(8)
Loss after income tax expense for the year	(11,232)	12
Exchange differences on translation of foreign operations	110	-
Statutory NPAT	(11,122)	12

→ Sales and gross profit up by 107% and 172% respectively

→ Gross margin up by 3.5%

→ Operating expenses include **establishment costs** for head office infrastructure, key personnel and marketing in foundation year

→ **One-off and non-cash expenses** occurred as a result of ASX listing

→ **One off and non-cash expenses** not related to operational costs of the business

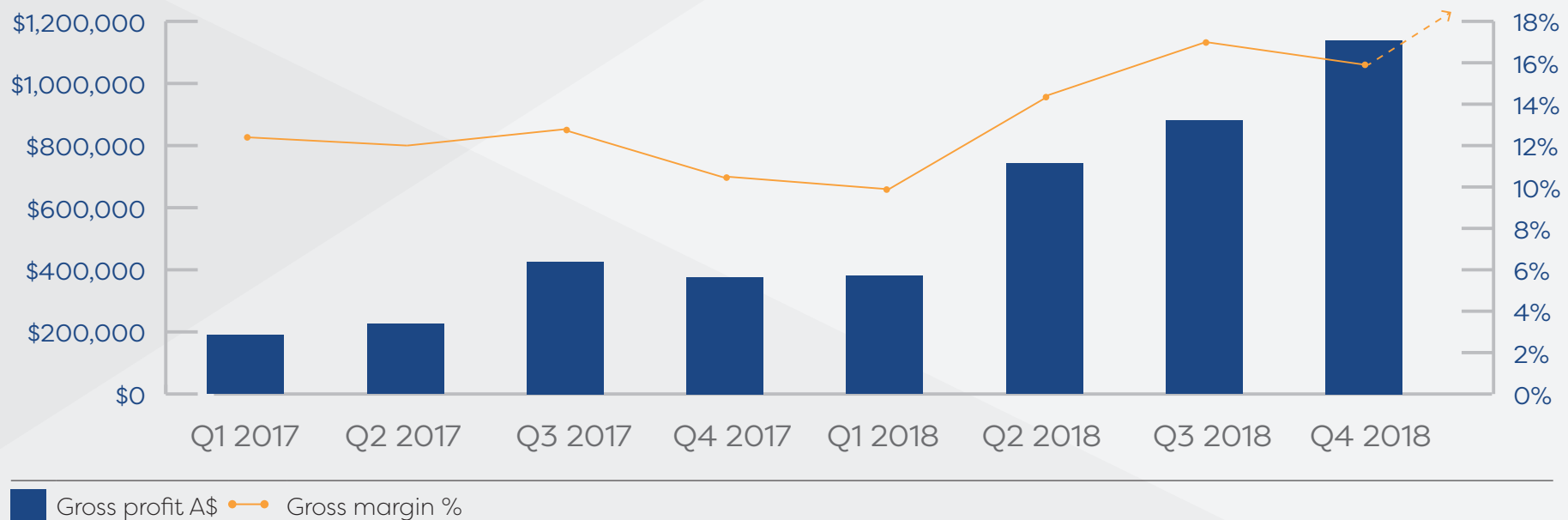
**Proforma profit and loss statement of AuMake Australia Pty Ltd for the year ended 30 June 2017 prior to ASX listing.*



Increasing gross profit and margins

- Significant growth quarter on quarter in FY2018, adding three new AuMake Daigou hubs, one showroom, one AuMake retail store and five Kiwi Buy stores
- Q3 shows the favourable margin mix from higher Chinese tourism during Chinese New Year festivities
- Q4 reflects benefits from Kiwi Buy acquisition and newly opened Daigou Hubs despite the seasonal low activity
- George Street (Sydney CBD) continues to grow in sales and gross profit, with high gross margins
- Online members (WeChat and website) reached 80,000 with an average increase of 1,000 members per week

Quarter on quarter group gross profit and margin

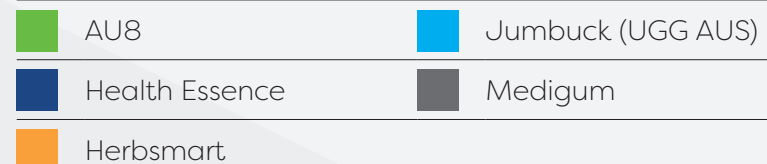
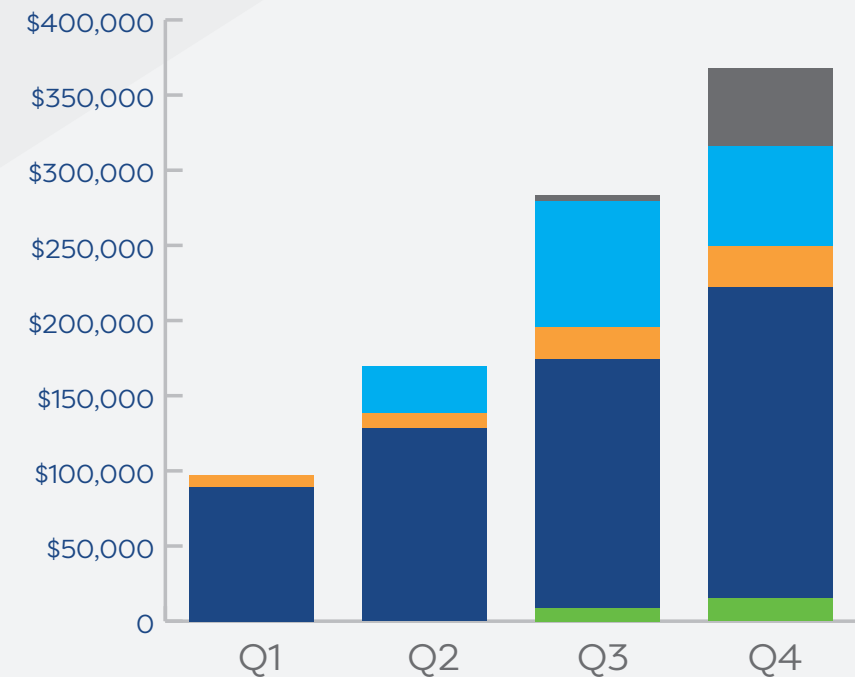




AuMake owned brands – diversified and high margin

- High margin, diversified portfolio of owned brand products across all core categories
- Strong quarter on quarter sales growth, with total sales of \$920K p.a., representing 4% of annual sales
- Growing brand equity through expanding distribution network
- Launch of milk powder range in FY19

Quarter on quarter owned brand product sales

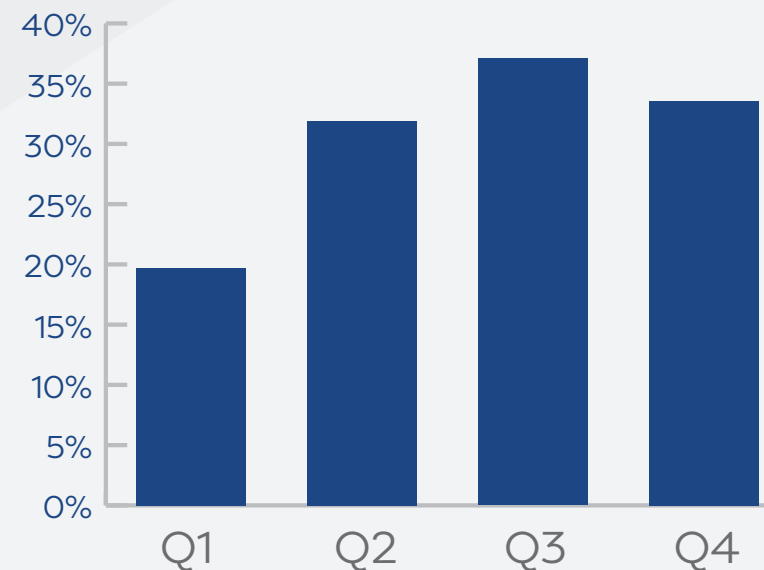




Stabilising cost and moving towards breakeven

- Effective cost control measures resulted in stabilised operating expenses
- Q2 and Q3 levels reflect investment required to establish the foundations of the business
- Q4 reduction in normalised operating expenses* as a percentage of sales shows improving operational leverage
- Streamlined administration and other associated costs in Q4 with systematic investment in building support structure to foster future expansion and growth

Normalised operating expenses* as a % of sales

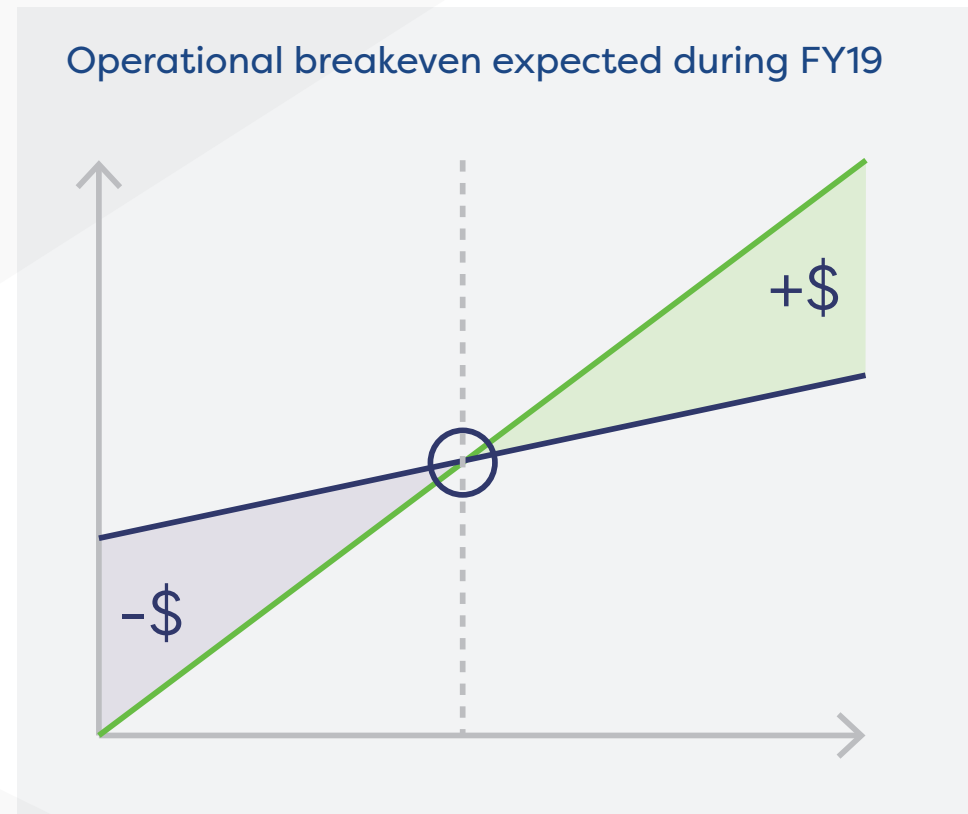


* essential employee/corporate costs, required occupancy expenses and basic marketing expenses
AuMake International Limited



Well managed balance sheet through high growth year

- Cash on hand at 30 June 2018: \$10.7M
- Strategic investment in infrastructure (fixed assets such as stores, equipment, software, owned brand products) to support future growth
- Sound inventory management during accelerated store expansion; inventory per store decreased reflecting solid sales growth and appropriate stock levels
- Strong net cash position and highly liquid balance sheet: \$17.1m net assets
- Well-funded to implement growth strategies





4. Strategic outlook



Strategic outlook

- **Increasing retail presence and proprietary ownership of distribution network in Australia**
 - > Significant growth opportunities with attractively priced synergistic acquisitions (eg Kiwi Buy)
 - > Strategic partnerships (eg Chemsave Pharmacies)
- **Focus on growing distribution channels into China**
 - > Opportunities available with minimal investment required to accelerate growth
 - > Leveraging off AuMake's established distribution network and brand equity in Australia
 - > Utilising strength of Chinese partners' distribution, mitigating high marketing costs normally associated with entering the Chinese market
 - > Selling AuMake owned brand products or developing and sharing new brands with Chinese distributors



Chemsave strategic partnership



Kiwi Buy synergistic acquisition



Strategic outlook *(continued)*

— Increasing owned brand portfolio

- > Development of innovative products for the daigou and Chinese tourist markets with R&D partners
- > Significant scope for creation of new SKUs in existing product categories (eg skincare, health supplements and dairy products)

— Significant financial upside

- > Improving financial performance of Australian operations to fund corporate and Chinese growth initiatives
- > Anticipated operational breakeven during FY19
- > Highly leveraged low cost growth opportunities in China
- > Continuously assessing acquisition opportunities



Owned brand products



Xiamen Hub

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