



Investor Presentation – Market Eye Virtual Conference

9 June 2020

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AuMake
International Limited

A specialist retailer providing a contemporary shopping experience to Asian customers seeking high-quality and authentic Australian and New Zealand products

Introducing AuMake



Specialist retailer servicing Asian consumers living in and visiting Australia & New Zealand



AuMake delivers a contemporary shopping experience via staff that are culturally aligned to its customer base



AuMake Business Model

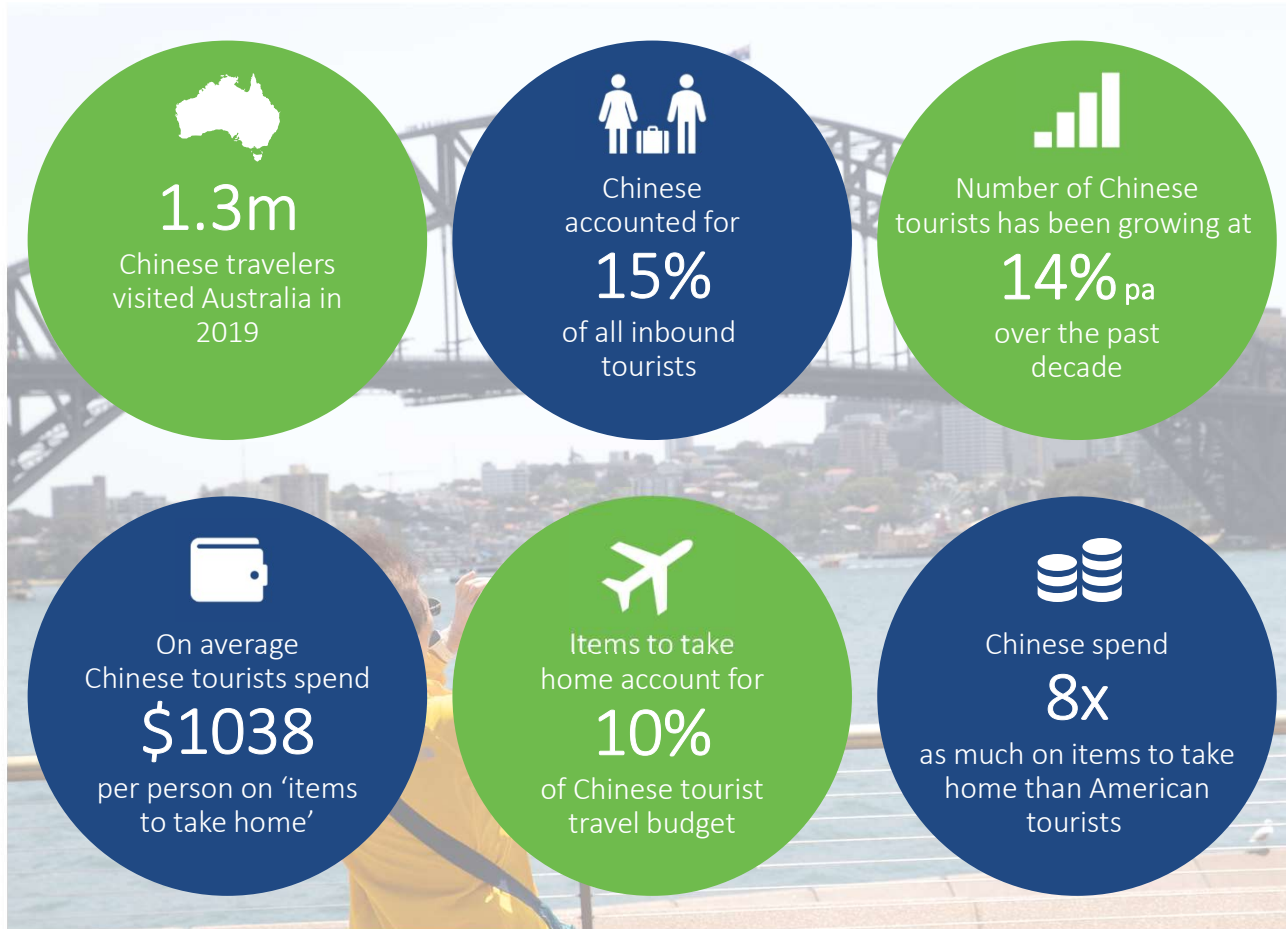
AuMake Delivers a Contemporary Shopping Experience



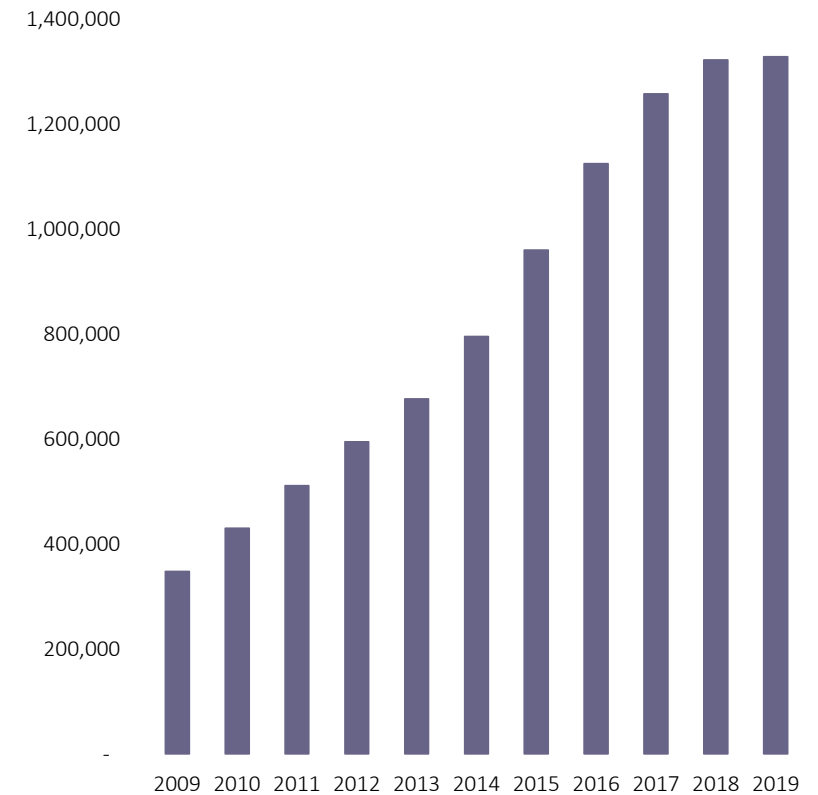
- 15 lifestyle stores located in key tourist and community areas
- AuMake stores and products are specifically designed to appeal to its customer demographic
- AuMake uses data collected from its travel agent network to know in advance the demographics of tour groups passing through its stores (region of travel, gender, etc.) to provide a customised service
- Staff are all multi-lingual and trained to provide a memorable shopping experience for AuMake's customers while in-store



The Power of the Asian Shopping Demographic in Australia



Inbound Chinese Tourists



The Asian Tourist Will Return



THE AUSTRALIAN

Coronavirus:
Chinese still keen on
Aussie products

FINANCIAL REVIEW

Three-step tourism
return vital for
economic recovery

To revive Australia's economy, we must commit to a safe and sustainable three-step return of both domestic and international travel

The Sydney Morning Herald

Universities propose
'secure' corridor rules
for international
students

THE AUSTRALIAN

How a global network
has underpinned
Chinese consumer
demand for Australian
products

The Chinese Consumer is Changing...



Chinese consumers want more from their online experience than just somewhere to perform a transaction



Chinese consumers also want a contemporary lifestyle experience in physical stores, not just to buy products (Alibaba investing heavily into physical stores, use of augmented reality etc.)



The consumer is using different financial products to the older generation and different Buy Now Pay Later (“BNPL”) products to western consumers (eg Alipay & Tencent BNPL)



The products the Chinese Consumer want to buy post COVID will likely accelerate the shift towards health and lifestyle

Products Specifically Chosen to Target our Customer Demographic

- Products specifically tailored to Asian shoppers
- 500+ Stock Keeping Units – highly efficient supply and inventory chain
- Four product categories:



Healthcare supplements and food



Skin and body care & cosmetics



Dairy products & baby food including infant formula



Wool & leather

- Genuine, quality & premium products
- Mix of own brand and exclusive products (Health Essence products TGA approved)

AuMake owned brands



Medical honey



Health supplements



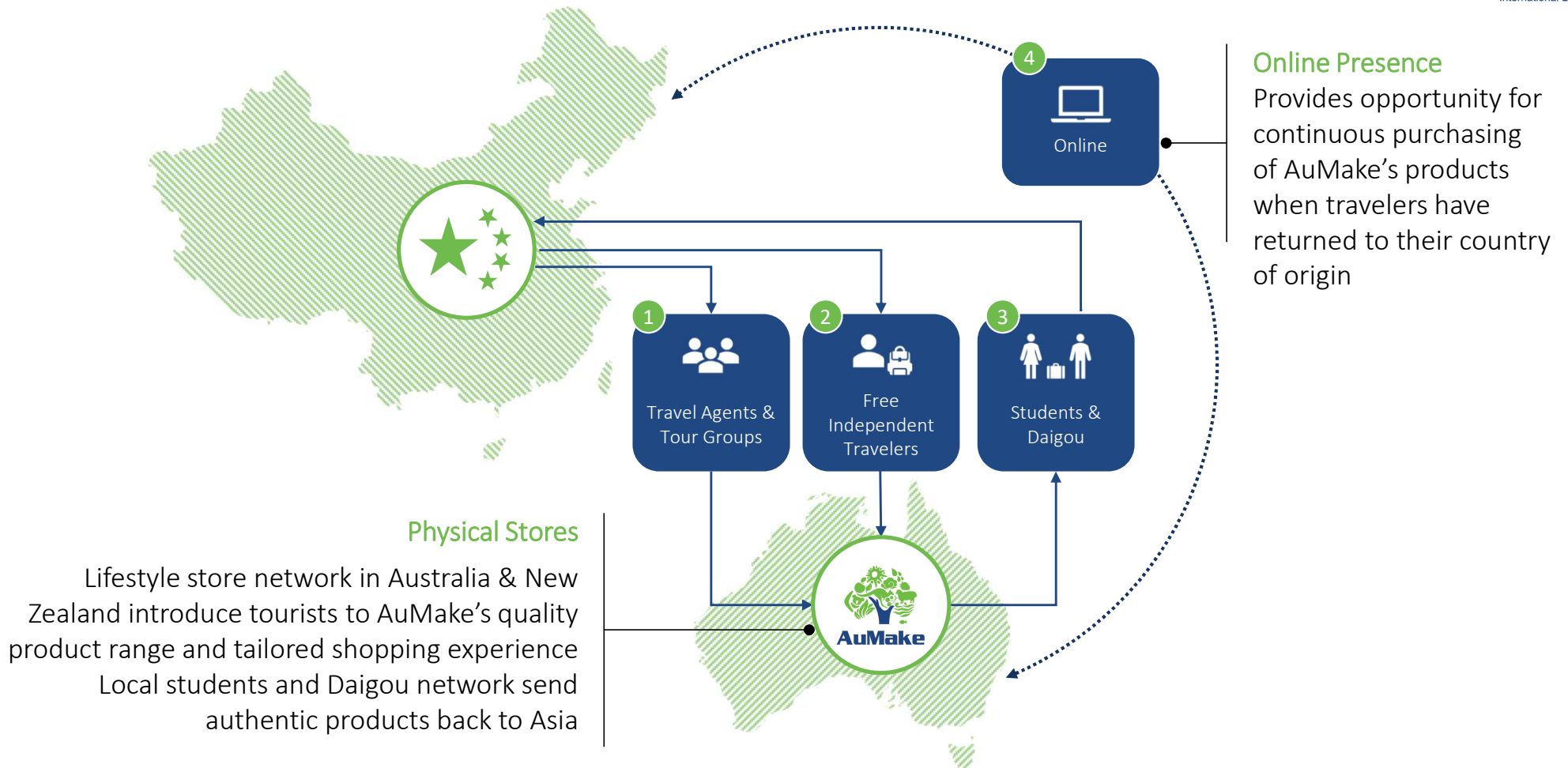
Wool and leather



Wool products



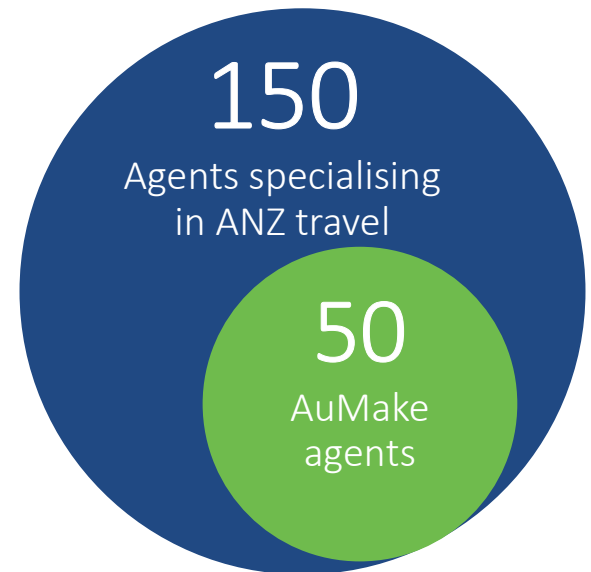
Leveraging the Growing Asian Tourist Thematic



1 Strong Relationships with the Chinese Travel Agent Network

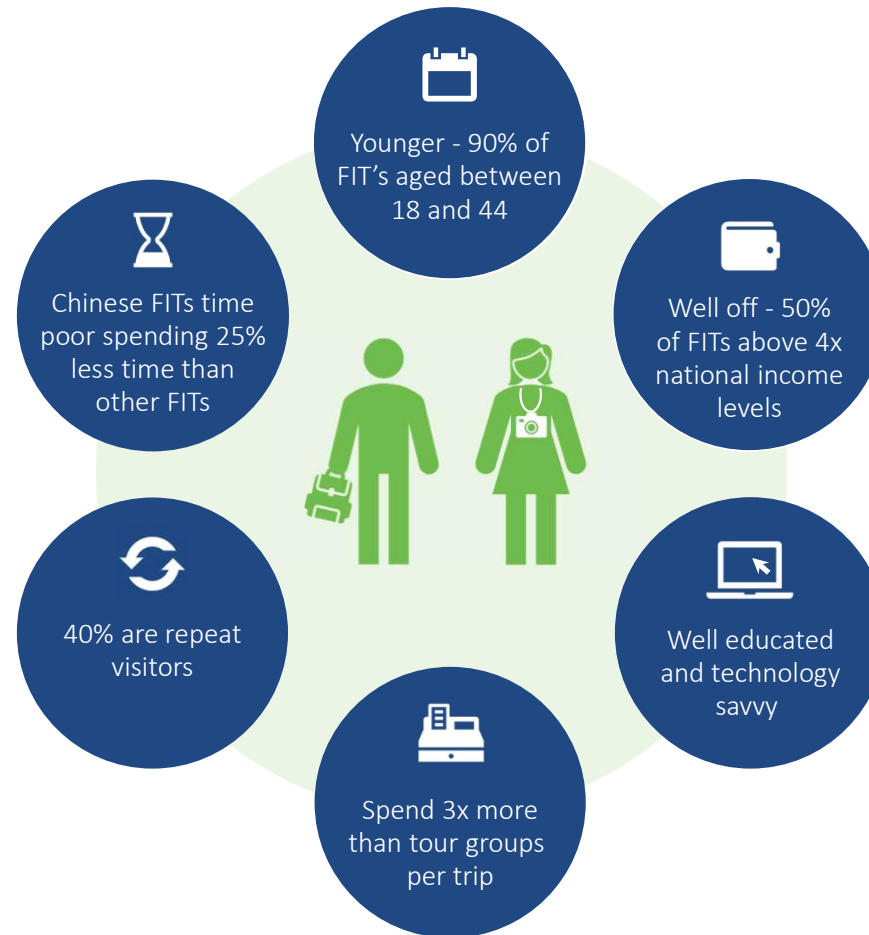


- All outbound Chinese travelers pass through accredited Chinese based travel agencies
- There are c.150 licensed travel agencies in China that are specialized in Australia & New Zealand travel
- AuMake has long term relationships with 50 of these agencies
- The travel agents provide tour group demographic data to AuMake (age, sex, occupation etc) allowing AuMake to determine and select which tour groups visit its venues
- The data allows AuMake to target the 'higher end' tour groups
- AuMake pays commission to the travel agent to include its stores on the traveler's itinerary
- Average shopper through AuMake stores spends on average \$1000 per head (not including online sales)

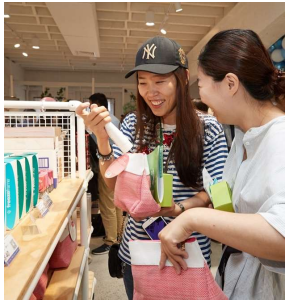


2 Specifically Targeting the Free Independent Travelers (FITs)

- International Free and Independent Travelers (FIT) are defined as leisure visitors who may not be part of a tour group or travel package
- FITs account for approximately 40% of all inbound Chinese tourists to Australia
- FITs reflect a shift to a younger generation of tourists
- AuMake are specifically targeting FIT's given their high life time value of customer and propensity to spread experiences via social media
- AuMake's lifestyle stores and shopping experience are specifically designed to attract FIT's (e.g. use of Alipay & Tencent BNPL)
- Focus on FIT's is a competitive advantage versus peers



3 Strong Student & Daigou Network Supporting Sales



Daigou means to 'buy on behalf of' and is unique to Chinese culture as a legitimate retail channel

Chinese utilise daigou as a channel to source genuine Australian products



Daigou are an influential channel when it comes to product popularity with Chinese consumers

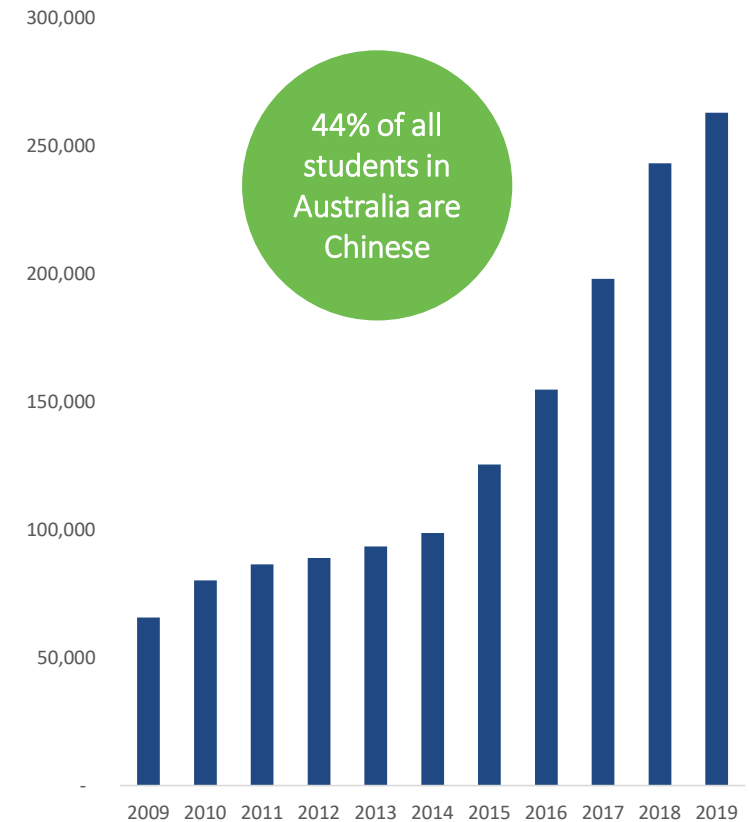
Daigou market segments fall into professional profit driven and non-profit driven (friends/family)



Increasing student population in Australia helping to drive product popularity and sales for AuMake

With education likely to be the first section of foreign travel to return to Australia, the student network is important to AuMake

Chinese Students in Australia

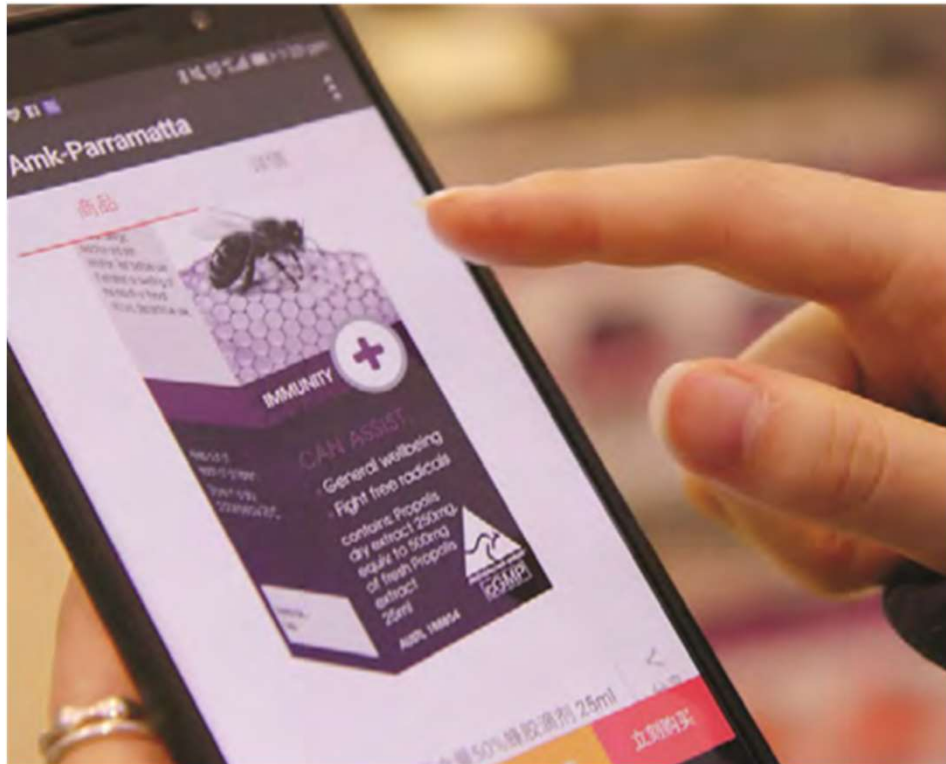


4 Growing Online Presence...

- AuMake is building a growing online presence to drive repeat purchasing.
- The online strategy focusses on brand recognition and leverages the company's network of travel agents in China to target customers who have previously visited or are planning to visit its stores in Australia and New Zealand.
- AuMake's online strategy provides the foundation for future sustainable growth.
- AuMake's online business will not directly compete with other large existing online platforms that predominantly focus on lower margin, high-volume products such as infant formula.
- We will focus on the provision of higher end product that reflects the positioning of our physical stores
- Online will complement the eventual return of Asian tourists to AuMake's physical stores.



...Leveraging our Unique Database



Online platform leverages AuMake's growing customer database



AuMake collect the names, emails and WeChat address of all customers who make in-store purchases



A growing database of over 40,000 provides a deep target pool for its online platform



Repeat online purchasing from customers physically located in China will deliver an important and differentiated source of growth for AuMake



Outlook

Growth Near Term and Planning for the Future

Providing a great instore experience for our valued customers

- Focus on a contemporary lifestyle experience for our customers (enhanced visual merchandising, reinvigorated product portfolio, supporting Alipay & Tencent BNPL etc.)

Reinvigorating product mix to cater for changing consumer tastes

- Bringing to market new and exciting products that appeal to the Asian customer in a COVID environment

Growing existing 40,000 customer database

- Continue to develop AuMake's online presence via local customer and travel agent networks
- Specifically target previous and new customers for repeat purchases and collect valuable purchasing data

Operational readiness for return of students and tourism

- Continued strategic roll out of store openings to meet demand as Daigou and students return
- Ensure AuMake is strategically positioned to take advantage of the eventual return of the Asian tourist





Financial Overview

Financial Overview



- The acquisition of Broadway during HY20 was a pivotal point in AuMake's evolution
- Cost of Doing Business (CODB) comprised 46.0% of total revenue
- CODB comprises 27.1% of revenue for marketing expenses (which includes commissions paid to travel agents who deliver customers to Broadway stores) and 18.9% for all other expenses.
- HY20 gross margin improvement reflected the significant increase in sales of high margin AuMake owned brand and Broadway exclusive brand products to \$12.0m, which comprised 26.5% of total revenue
- Inventory of \$3.9m highlighting operational efficiencies
- Online revenue for HY20 reached \$8.5m in the AuMake store network (18.8% of total revenue), as more customers have been encouraged to purchase products online.
- Cash on hand of \$10.0m (as at 31 March 2020)

Profit and loss

	HY20	HY19
Revenue	45.2	21.9
Gross Profit	21.1	4.2
Gross Margin	46.7%	19.2%
Cost of Doing Business	20.8	6.8
Underlying EBITDA	0.4	-2.4
Statutory NPAT	-0.5	-3.0

Balance sheet

	HY20	HY19
Cash	12.1	10.0
Inventory	3.9	5.1
Total Assets	52.3	22.2
Debt	0.1	0.1
Lease Liabilities	10.7	0.0
Equity	20.4	17.8

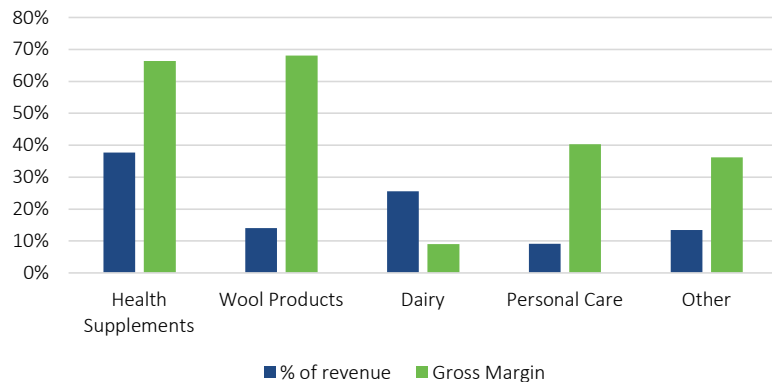


Appendix

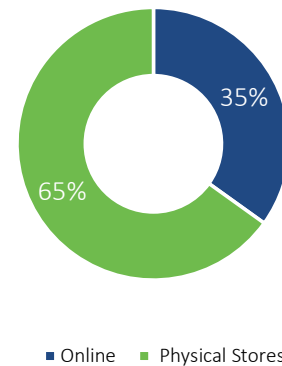
Product Mix

- Growing online presence accounts for approximately a third of group revenue
- With limited Cost of Doing Business (CODB) online delivers higher margins for the company and higher lifetime customer value
- Health supplements represent single biggest sales category for AuMake
- Dairy accounts for approximately 25% of all sales. However dairy is a low margin product in competitive landscape (infant formula). Sales mix has been deliberately shifting away from dairy towards higher margin and quality products
- AuMake will continue to push for an increase in own brand products. These currently represent a third of our revenue mix, but account for approximately 50% of total gross profit.

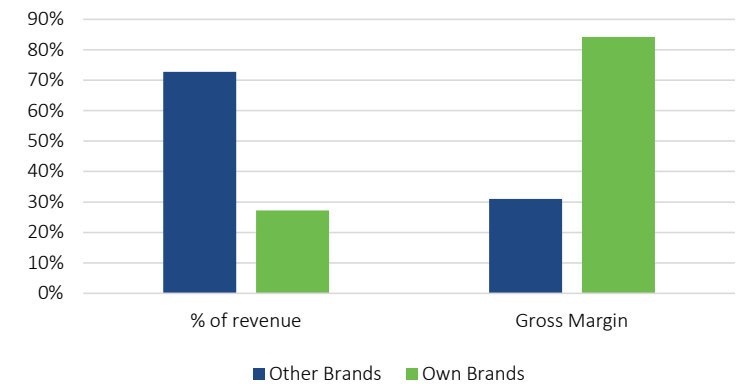
Diverse revenue stream



Growing online sales



Own brand drives better Margins



Data is based on HY20 revenue

AuMake Corporate Snapshot

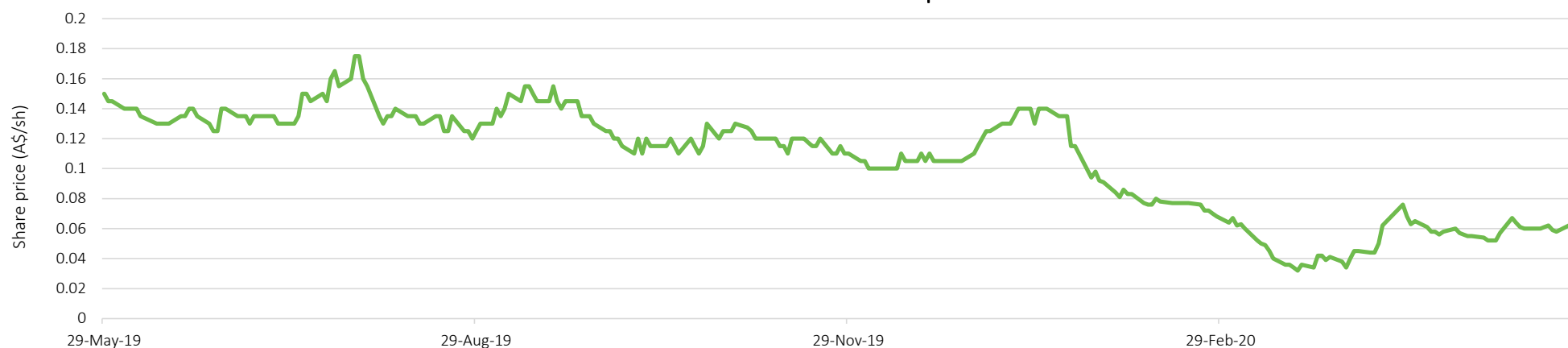


Key Metrics	ASX: AU9
Shares on issue	332.4
Share price (29 May 2020)	A\$0.06/sh
Market Cap	A\$20m
52 week low/hi	A\$0.03 - A\$0.14/sh
Cash (31 March 2020)	\$10m

Management	
Executive Chairman	Keong Chan
Managing Director	Joshua Zhou
General Manager/CFO	Peter Zhao
Company Secretary	David Franks

Top Holders	
Directors & Management	20%
Founding shareholders	33%
Retail & Others	47%

AuMake 12-month share price



The Board



Mr Keong Chan GAICD
Executive Chairman

Bachelor of Commerce and Master of International Customs Law and Administration

Mr Chan spent his early career working with Big 4 accounting firms in Canberra, Sydney and Perth and has significant corporate experience in capital raisings, initial public offerings, mergers and acquisitions, and takeovers and divestments.

Mr Chan is a member of the Australian Institute of Company Directors



Mr Quentin Flannery MAICD
Non-Executive Director

Currently the Director of several family companies, Mr Flannery brings a wealth of experience across corporate and commercial matters.

Mr Flannery was appointed marketing manager for Yancoal Australia, one of Australia's largest coal mining companies. Mr Flannery is also a Director for emerging hedge fund manager Elysian Capital, energy supplier Sunset Power International, coal mining company Delta Coal, and is the Chairman of the medical device start-up Field Orthopaedics.



Mr Joshua Zhou
Managing Director

Bachelor of Management and Master of International Business

Mr Zhou is the founder of AuMake. Mr Zhou worked in the Australian tourism industry for 10 years in roles which included the coordination of business and government delegations from China.



Mr Oliver Horn GAICD
Non-Executive Director

Bachelor of Business Administration (with Honours)

Mr Horn was most recently Managing Director of Swisse Wellness for Australia and New Zealand (ANZ) and North America, having previously held senior operational leadership positions at Treasury Wine Estates across ANZ, Europe, Middle East and Africa.

Mr Horn is a member of the Australian Institute of Company Directors.



Mr Jacky Yang
Executive Director

Mr Yang is a highly experienced Asian focussed tourism professional with over 20 years of experience in the Asian tourist retail industry. During this time he cofounded and built the Broadway business to a turnover of over \$30 million per annum.

Corporate Website

www.aumake.com.au

Corporate

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This presentation has been approved by the Board of Directors of AuMake



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