

bübs

ASX: BUB  
Bubs Australia

bübs®

## TURNAROUND TO GROWTH

5th Annual China Conference

28th October 2021

 **SelectEquities**





# Growing Generation Joy™



# Creating new generations of happy, healthy bübs

## GOODNESS

We believe in wholesome, healthy food and a positive approach to life.

## HONESTY

We believe in 100% transparency, this is 'clean' food from a brand you trust.

## VERY BEST

We believe in being thorough and uncompromising, sticking to our ethics no matter what.

## PLAYFULNESS

We believe in the joy of family time, the pleasure of sharing happy moments and being together.

## Q1 FY22 FINANCIAL HIGHLIGHTS

Turnaround to accelerated growth across core markets and products, with robust balance sheet and positive quarterly cashflow.

**\$18.5m**

Group Gross Revenue<sup>1</sup>

**+96% pcp**

**+124%**

Total Bubs® Infant Formula gross revenue<sup>1</sup> growth pcp

**+35%**

Scan sales value growth<sup>2</sup> pcp in Woolworths, Coles and Chemist Warehouse.

**+156%**

China gross revenue<sup>1</sup> growth pcp (Daigou, CBEC & General Trade)

**+154%**

International gross revenue<sup>1</sup> growth pcp Bubs® Infant Formula

**6.5x**

Daigou gross revenue<sup>1</sup> growth pcp Bubs® Infant Formula

**\$28.3m**

Cash reserves at 30.09.21  
Cashflow positive (\$27.9m Q4 FY21)

<sup>1</sup> Gross revenue is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

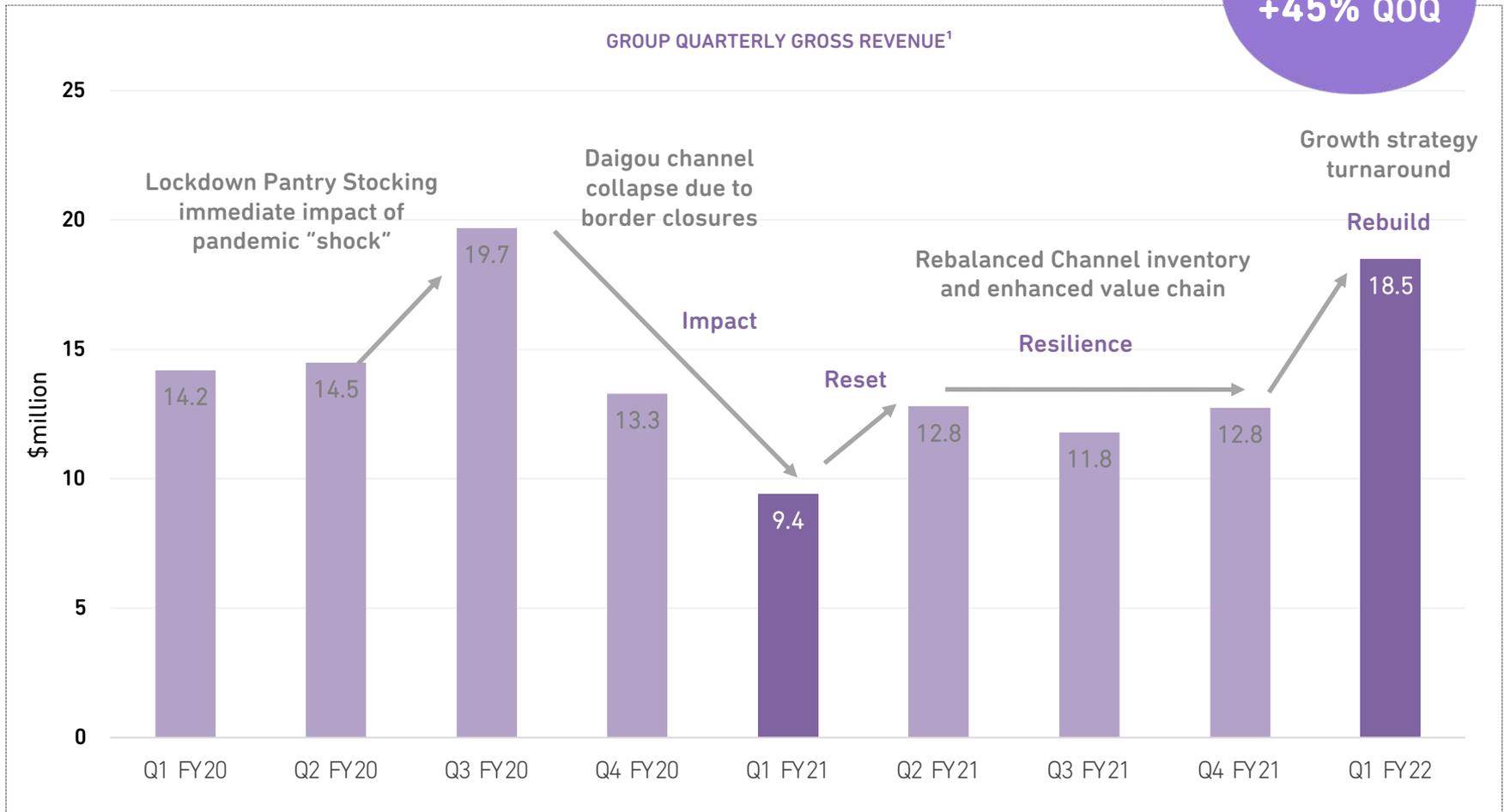
Gross revenue represents the revenue recognised without rebates and marketing contribution.

<sup>2</sup> IRI Scan value scan sales growth pcp, Dollars (\$000's) Baby Formula, Coles, Woolworths and Chemist Warehouse combined Quarter to 26.09.2021.

# REBUILD TO RETURN TO ACCELERATED GROWTH

Business growth strategy reflects transformation of business in post-COVID era.

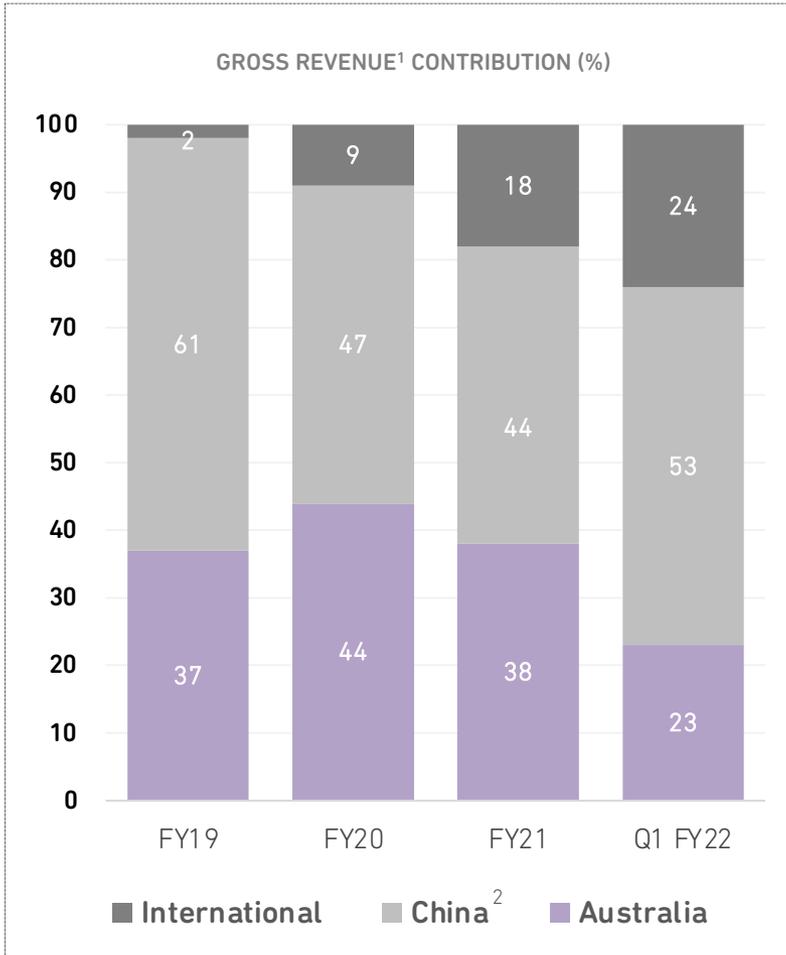
**+96% pcp**  
**+45% QOQ**



<sup>1</sup> Gross revenue is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review. Gross revenue represents the revenue recognised without rebates and marketing contribution.

# EXPORT FOCUS: MARKET DIVERSIFICATION

Global expansion strategy continues with advances in China<sup>2</sup> Channels and new markets across SE Asia and USA.



## Domestic home base continues to outperform

- Bubs domestic retail sales continue to grow well ahead of the category with 35% scan sales growth<sup>3</sup>, reinforcing our position as the lead challenger brand.

## China integrated eco-system in high growth

- Reclassification of Q1 FY22 and prior years market segmentation with Daigou and Cross-border e-Commerce channels merging into one integrated ecosystem.
- Working alongside our strategic partners, Bubs has restructured our value chain to deliver enhanced margins and rebalanced channel inventory, thereby enhancing channel confidence and stimulating a surge in demand.

## Increased focus on export to new markets

- Advances in new market development in SE Asia and USA.
- Leveraging our specialty dairy expertise and manufacturing capabilities to develop B2B solutions for global customers.

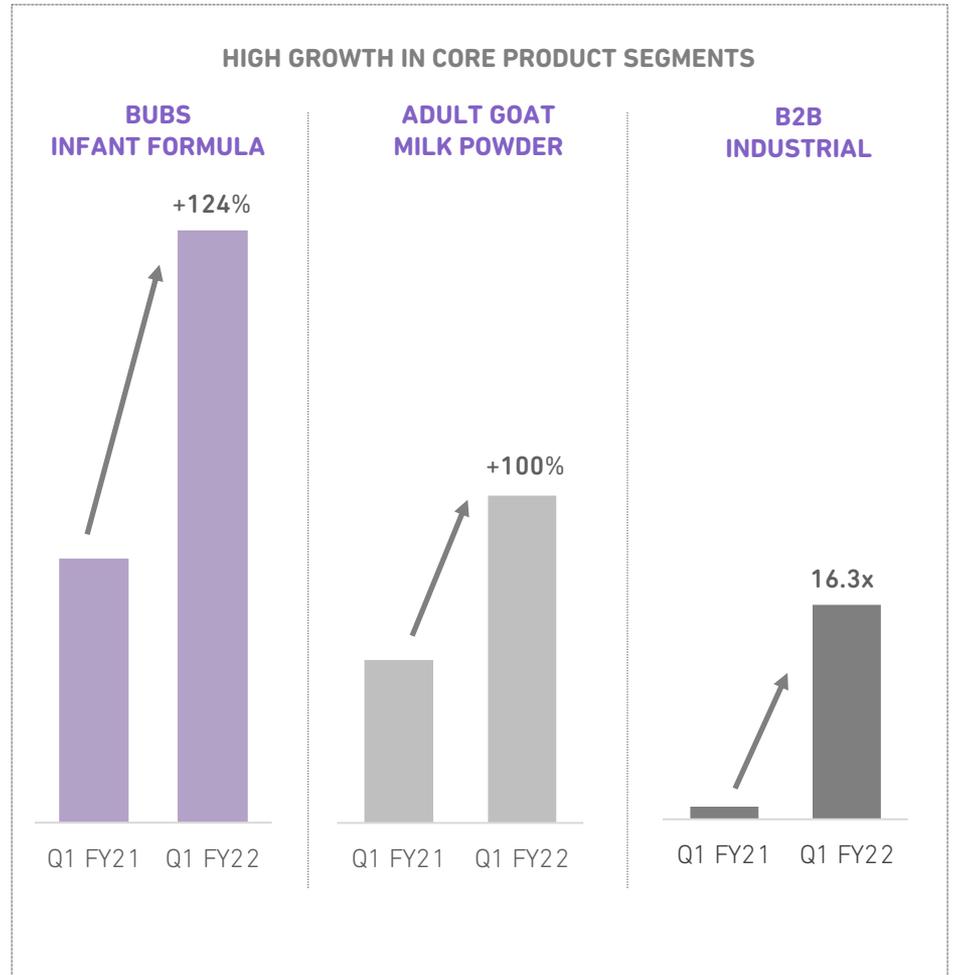
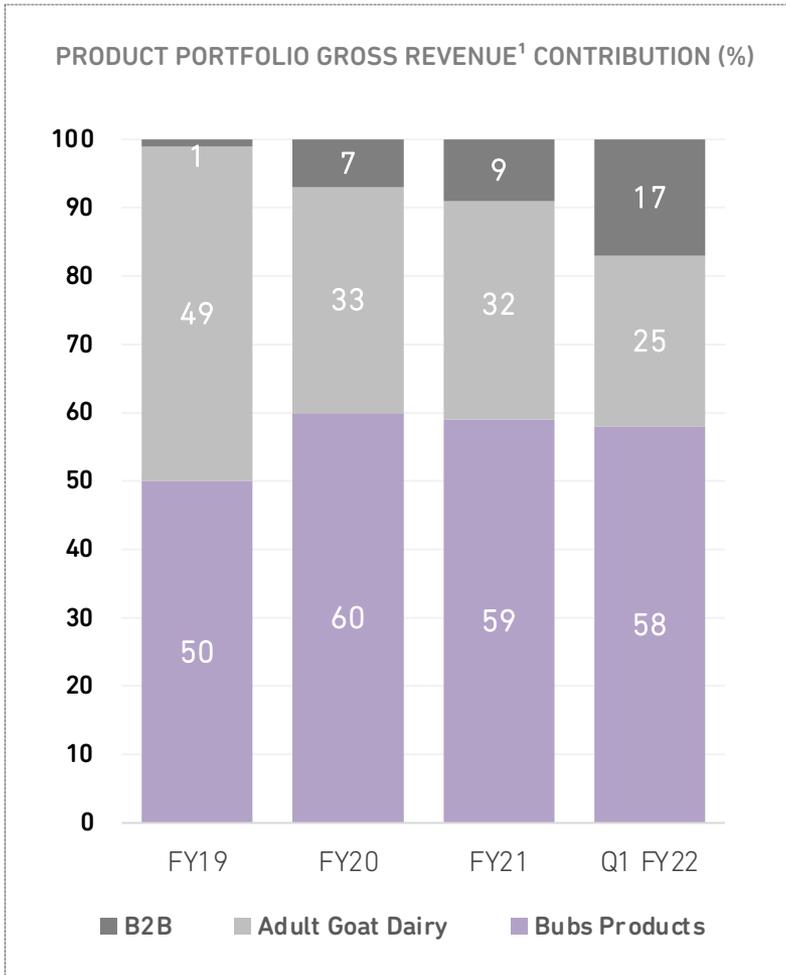
<sup>1</sup> Gross revenue is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review. Gross revenue represents the revenue recognised without rebates and marketing contribution.

<sup>2</sup> China: CBEC, Daigou and General Trade reporting, reflecting the change in channel classification away from the location of the customer, to the location of the end consumer.

<sup>3</sup> IRI Scan value sales, Dollars (\$000's) share of total Baby Formula, Coles, Woolworths and Chemist Warehouse combined Quarter to 26.09.2021

# EXPANDING PRODUCT MIX

Focus on Bubs Infant Formula as key profit margin driver, optimising milk pool utilisation and building B2B Industrial offering.



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# CHINA STRATEGIC OUTCOMES



## TURNAROUND TO **ACCELERATED GROWTH**

Responding to rapidly changing market dynamics, Bubs revamped business strategy was successful in returning the business to high growth during the quarter, overcoming COVID-19 disruption and challenging macro environment.



### **PROTECTING HOME BASE HERITAGE**

Continued brand investment to sustain market share and strong retail footprint in national grocery and pharmacy retailers.



### **SUSTAINING VALUE CHAIN CONFIDENCE**

Rebalanced channel inventory to meet stabilised demand and restructured value chain with all parties benefiting from enhanced margins.



### **CHINA CHANNELS MERGE**

Leveraging brand equity in China by growing CBEC brand presence, combined with reinvention of the Daigou channel driving peer endorsed sales.

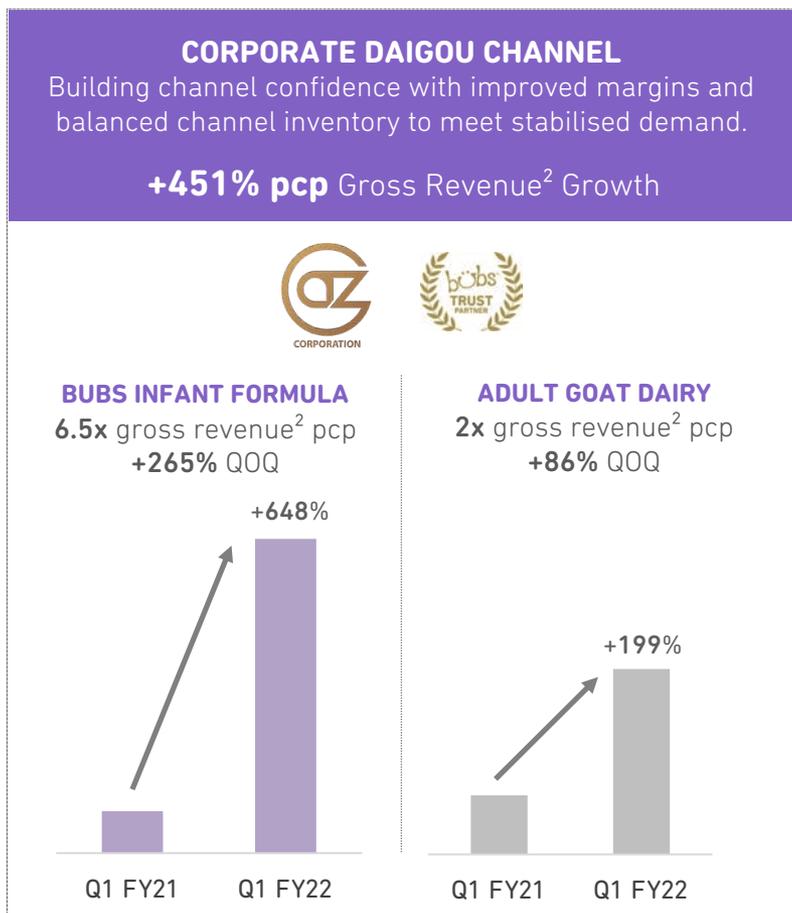


### **EXPORT DIVERSIFICATION**

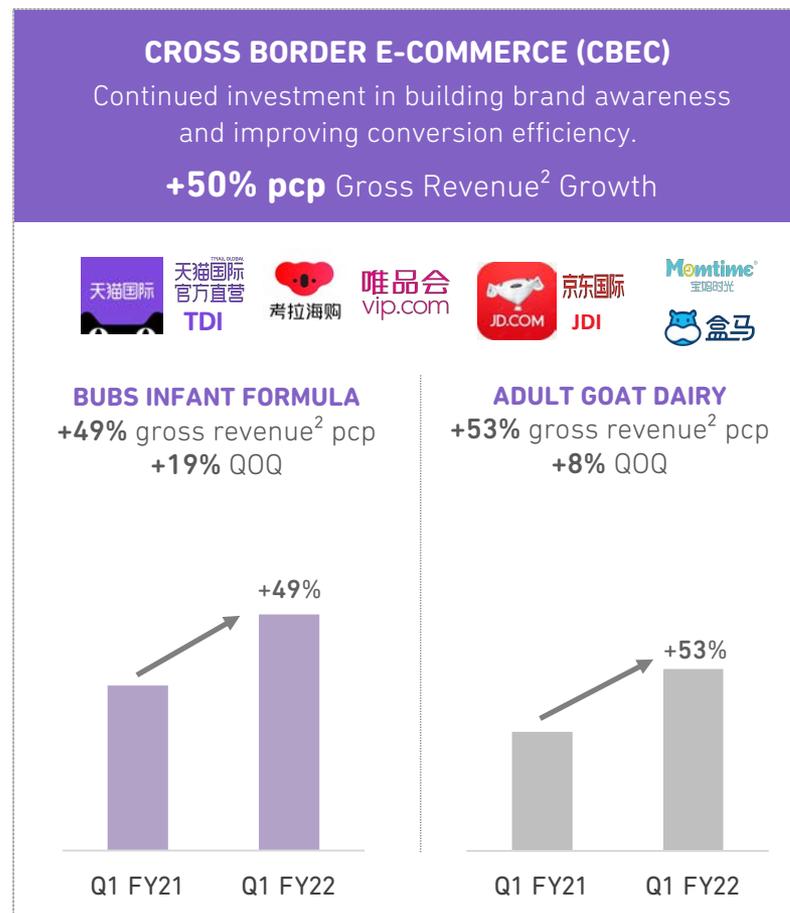
Renewed focus on new market access across SE Asia and USA, as well as creation of B2B industrial sales channel with Deloraine Dairy Solutions.

# CHINA: ALL CHANNELS IN HIGH GROWTH

360° China<sup>1</sup> Channel Strategy with transformed Daigou e-Commerce peer-endorsement, plus growing CBEC and O2O brand awareness and new user recruitment efficiency, bringing Bubs closer to our end consumers.



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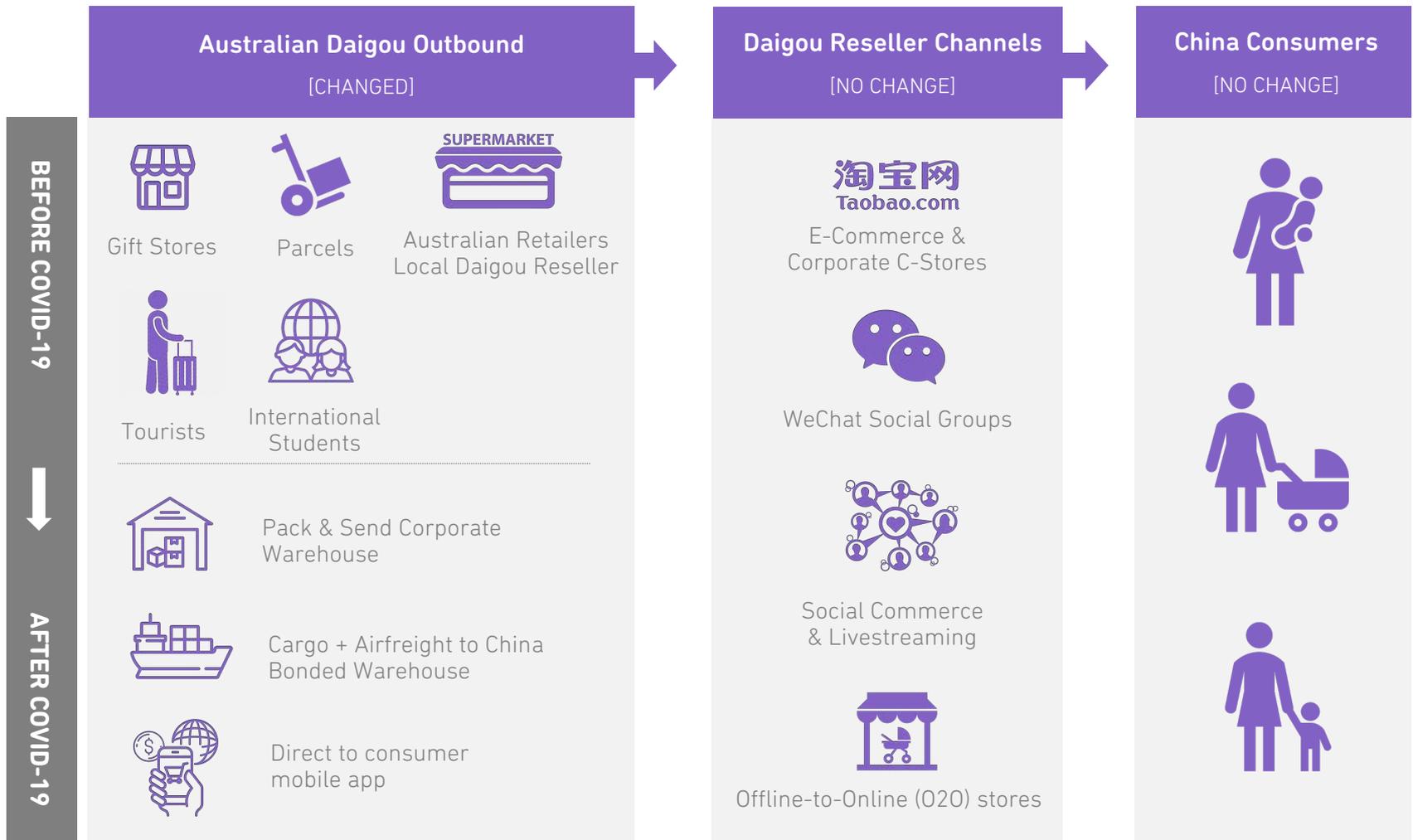


<sup>1</sup> China now includes Daigou eg. AZ Global, including community stores through AZG channel and CBEC (e.g., Alibaba, JD.com, O2O) and General Trade sales.

<sup>2</sup> Gross revenue is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review. Gross revenue represents the revenue recognised without rebates and marketing contribution

# DAIGOU 2.0 RE-ROUTING PRODUCT POST COVID-19

Daigou Channel rapidly evolving towards social e-Commerce with bulk freight shipped directly to China bonded warehouses. Consumer demand for Bübs® products has remained strong throughout the pandemic and continues to accelerate.

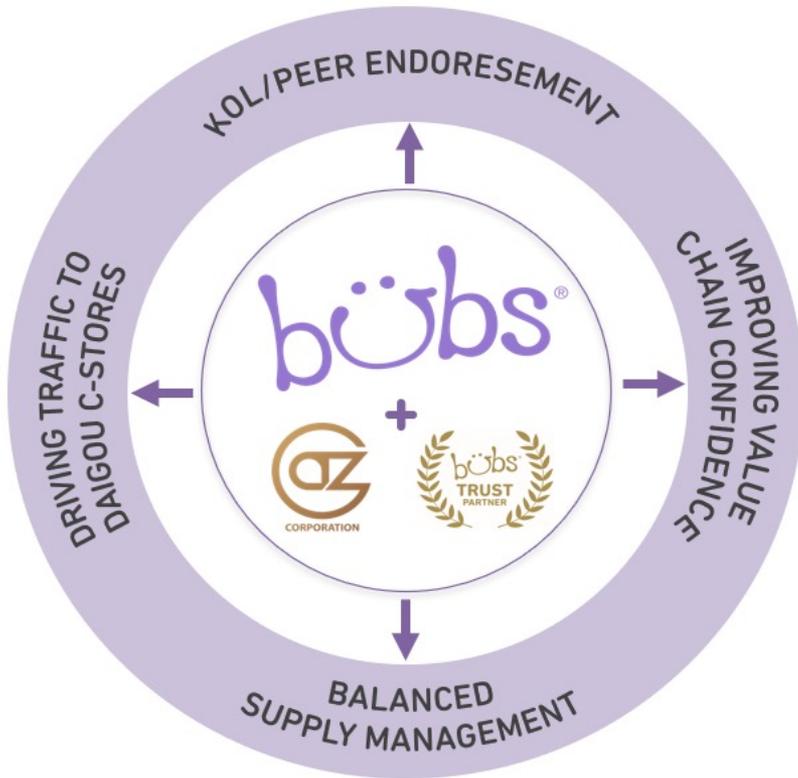


# CHINA: DUAL STRATEGY TO ACCELERATE TURNAROUND TO GROWTH

Integrated China channel strategy with transformed Daigou to online, e-commerce peer-endorsement channel, combined with growing CBEC and O2O channel brand awareness and new user recruitment efficiency.

## DAIGOU STRATEGY

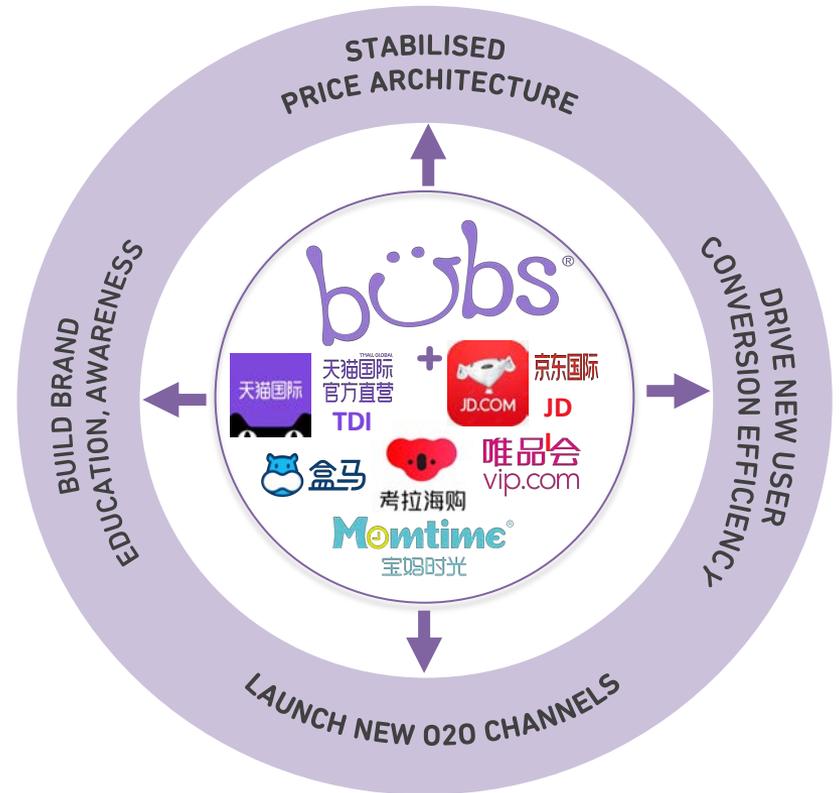
Transformation made possible via accelerating channel confidence with improved value chain confidence and strong brand equity.



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## CBEC & OFFLINE TO ONLINE (O2O) STRATEGY

Driving continued growth via stabilised value chain with increasing brand education and conversion efficiency.



ACCELERATING TURNAROUND TO GROWTH

# CHINA: BUILDING OFFLINE-TO-ONLINE (O2O) CHANNEL

Expanding coverage in physical Mother & Baby stores and supermarkets with display of empty English label tins to enable interface with store professional staff and physical interaction with Bubs product.

**BUBS NOW AVAILABLE IN GENERAL TRADE CHANNEL VIA O2O STORES FOR ENGLISH LABEL PRODUCT**



Momtime Mother & Baby stores



Flagship Hema (Alibaba) stores



AZ Global Community Stores



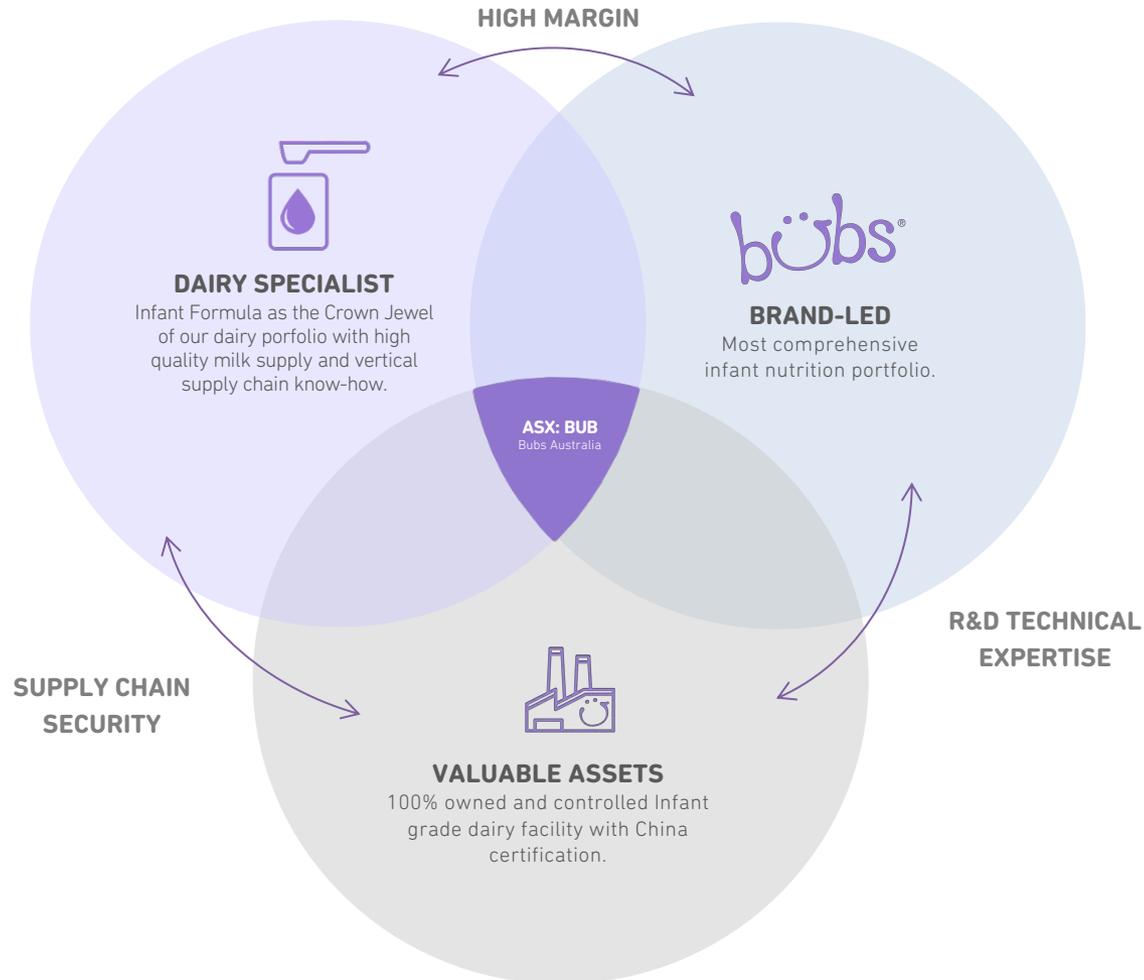
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# BRAND GROWTH OPPORTUNITY



# OUR UNIQUE VALUE PROPOSITION

360° integrated business model, combining the best of an ingredient and manufacturing business, together with a brand-led and consumer focused portfolio driven business.



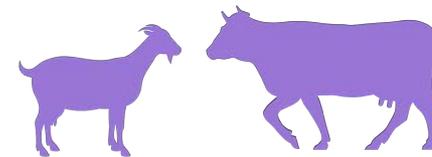
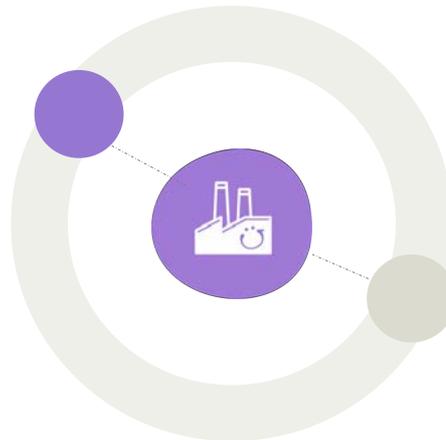
## POWERED BY BUBS®

Our **Bubs Brand IP** remains the critical powerhouse of our growth, underpinned by our broad **Dairy expertise**.



### **Bubs Brand Equity is our value driver**

Our brand IP drives the inherent value of our business. Our strong DNA is at our core. Our growth is powered by Bubs.



### **Dairy Expertise is our core competency**

Our base is firmly grounded in Dairy. We are the goat dairy specialists, supported by our strong bovine dairy expertise.

# EXPANDING BUBS® BRAND STRENGTH

Our **brand connection with consumers** builds brand trust and fuels greater opportunity for **brand growth**.

## BRAND GROWTH OPPORTUNITIES



- Bubs® consumers are more likely than the category average to be 25-34 years and over-index in first and second-tier urban cities.
- Consumption and household spending indicates they're more likely to be middle to upper income levels.

### IMPLICATIONS FOR BUBS®

Leverage opportunity to build brand equity and brand trust with product solutions to meet different consumption needs and occasions across the different life stages.

# PROVEN BUBS® BRAND STRETCH

We have already demonstrated ability to successfully stretch **Bubs® brand equity** into new **categories**; consumer segments and occasions **to expand brand accessibility and relevance across different consumer needs.**

## INFANT MILK FORMULA



## JUNIOR NUTRITION



## ORGANIC BABY FOOD & SNACKS

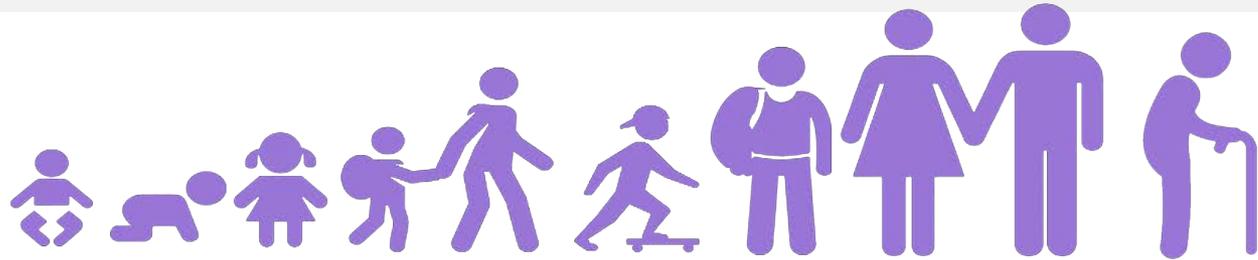


## VITAMINS & SUPPLEMENTS



# INTRODUCING OUR NEWEST EXTENSION TO THE BUBS FAMILY

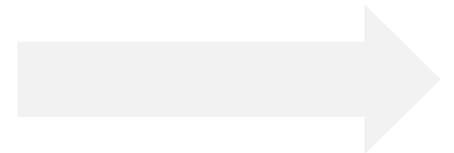
DAIRY HEALTH & WELLNESS – LIFE STAGE & NEED STAGE



Infant,  
Toddler &  
Junior  
Nutrition:



Family  
Nutrition



# UNDERPINNED BY BUBS® TRUSTED NUTRITION

Expanding **Bubs Brand IP** across the broader everyday, family consumption occasions to drive volume growth, underpinned by our existing broad Dairy expertise, customer relationships and market coverage.



**BUBS® TRUSTED NUTRITION IS YOUR GOLD SEAL OF APPROVAL.**



**OUR SUPPLY CHAIN SECURITY**



**OUR MILK CONVERSION PROCESS**



**OUR HIGH QUALITY & TESTING STANDARDS**



**OUR FARMERS**

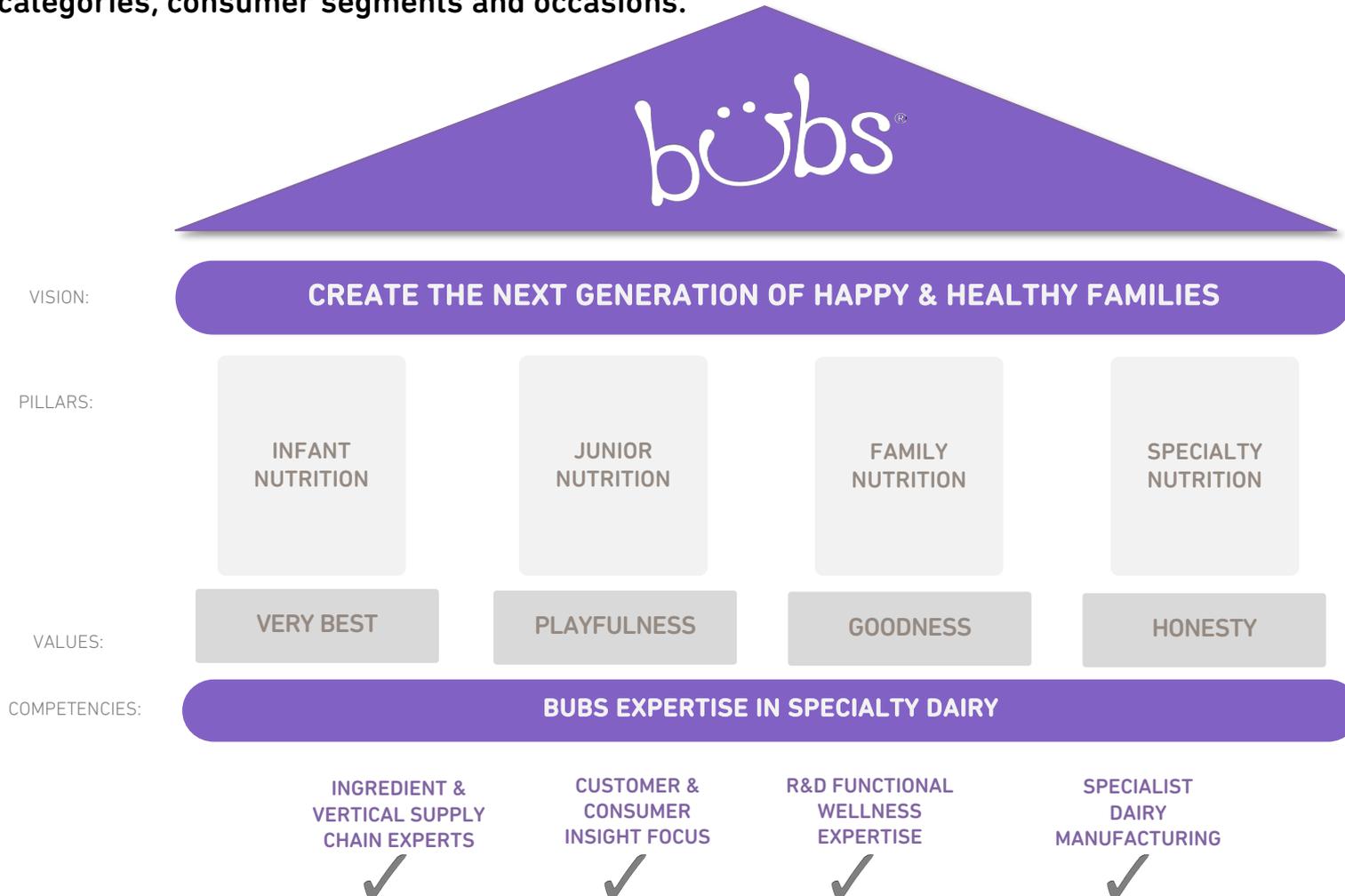


**OUR CLEAN LABEL FORMULATIONS**



## BRAND GROWTH PILLARS

Our proven specialty in Dairy provides continued growth opportunity to stretch **Bubs® brand equity** into new categories, consumer segments and occasions.



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Unless otherwise stated, all dollar values are in Australian dollars (\$) or A\$). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding.

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