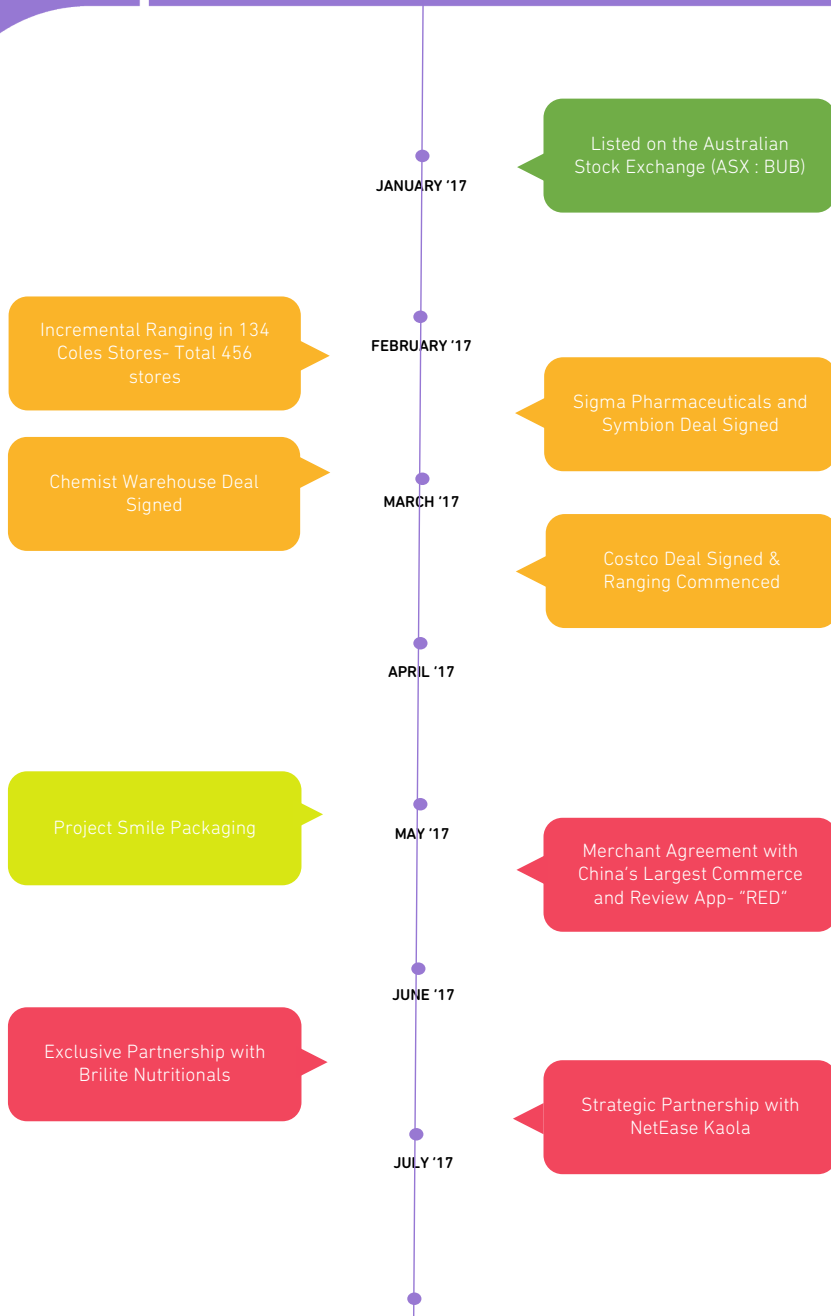




PRELIMINARY  
FY17 ANNUAL RESULTS  
PRESENTATION

smile from the inside™

# BUBS AUSTRALIA (ASX:BUB)



“The results reflect a business investing and building momentum for future growth”

Kristy Carr,  
Founder & Director

# PRELIMINARY FINANCIAL SUMMARY

	CONSOLIDATED	
	2017 \$	2016 \$
Revenue from continuing operations		
Gross sales	4,528,512	4,347,892
Trading rebates	(607,330)	(688,564)
Revenue	3,921,182	3,659,328
Cost of sales	(3,084,716)	(2,812,406)
<b>Gross profit</b>	<b>836,466</b>	<b>846,922</b>
Other income	-	-
Distribution and selling costs	(272,106)	(243,184)
Employee costs	(1,292,585)	(775,439)
Marketing and promotion costs	(812,861)	(389,936)
Rent	(140,407)	(67,442)
Administrative and other costs	(975,805)	(390,902)
Share-based payments	(561,769)	-
Corporate Transaction Accounting Expense	(1,722,893)	-
Depreciation, amortisation and impairment	(116,534)	(87,997)
<b>Earnings before net interest and tax</b>	<b>(5,058,494)</b>	<b>(1,107,978)</b>
Net interest expenses	(1,652)	(200,079)
<b>Profit before tax</b>	<b>(5,060,146)</b>	<b>(1,308,057)</b>

There are encouraging signs that we are beginning to realise the benefits of the foundations that have been laid to date

## KEY HIGHLIGHTS

- Net revenue increased 7% through improved promotional effectiveness in building Bubs® rate of sale performance
- Expenditure applied towards head office, professional fees, compliance and reporting costs associated with running an ASX listed company
- Investment in consumer marketing activities and investment in developing new products to support growth
- Statutory result includes transaction costs and associated costs with relisting the company on the ASX
- Statutory loss before tax of -\$5.041m / -\$2.756m normalised
- Cash & cash equivalents \$5,306,746

# BUBS AUSTRALIA (ASX:BUB)

Bubs® is in the business of developing, marketing and selling premium infant nutrition products in targeted domestic and international markets.

- 🕒 Providing premium infant nutrition products for over a decade
- 🕒 Scalable business serving the domestic market with measured international growth
- 🕒 Bubs® range includes organic baby food, cereals and goat milk infant formula
- 🕒 Australian made
- 🕒 1st organic baby food to launch in Australia
- 🕒 Certified Organic by Australia's largest and most trusted certification body ACO



## To inspire new generations of happy, healthy bubs

### Goodness

Wholesome, healthy food and a positive approach to life.

### Very Best

Being thorough and uncompromising, sticking to our ethics no matter what.

### Honesty

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

### Playfulness

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

A close-up photograph of a baby with light hair and blue eyes, wearing a white long-sleeved shirt. The baby is holding a small, colorful globe of the Earth with both hands. The background is softly blurred, showing what appears to be a window with light coming through.

## STRATEGIC PRIORITIES

Four key pillars critical to delivering the future growth of the business

Increased  
Domestic  
Market  
Penetration

Enhanced  
Asian  
Focus

Brand  
Awareness  
& Impact

Innovation  
& Product  
Development

# PROGRESS ON STRATEGIC JOURNEY

Bubs has made considerable progress in the implementation of its four pillars for growth strategy, since January 2017

## Increased Domestic Market Penetration

**Store count doubled since Jan'17, improving availability of Bubs® products through key retailer accounts**

- Q4 gross revenue \$1.41 million, up 19% on Q3 & 35% on same period the previous year
- Incremental ranging of Bubs® Infant Formula across Coles & Big W nationally
- Bubs® Infant Formula sales in wholesale chain Costco performing well
- Pharmacy continues to expand via Chemist Warehouse, Sigma & Symbion distribution
- Partnered with HealthOne, Australia's leading Healthcare field marketing provider

## Brand Awareness & Impact

**Bubs® continues to drive awareness of the brand to support growth through new marketing initiatives**

- Second largest social community of any Australian baby food or formula brand
- Refined unique point of difference: Premium - Purity – Provenance
- 'Project Smile' new look packaging
- KOL campaigns have driven 'mum to mum' word of mouth
- Growing rich data inventory enables Bubs® to reach targeted consumers
- Continue to invest in marketing to support growth

## Innovation & Product Development

**Bubs® innovate to cater for the first 1,000 days of mum's journey to nourish their baby, from newborn to toddler.**

- Pipeline of new products for every stage of a baby's development has been established
- Key production partners to enable manufacturing requirements engaged & secured
- Investment in supply chain capability; demand driven & agile enough to meet changing market needs
- Positive feedback & imminent ranging outcomes in both domestic & international markets

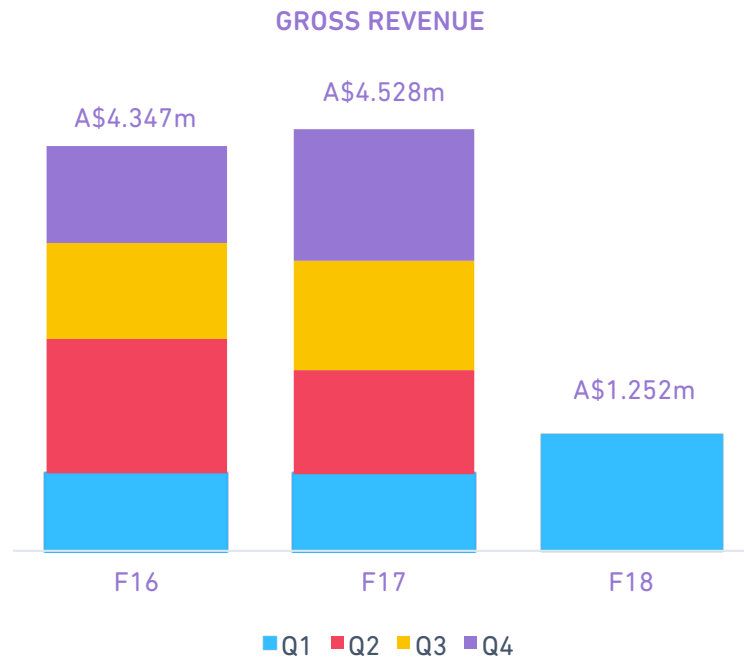
## Enhanced Asian Focus

**Securing the right partners gives Bubs® a strategic advantage in executing our distribution strategy in China**

- The goat IMF segment is experiencing significant growth, less competition & premium average pricing
- Bubs® premium formulation is a key differentiator to existing market offerings
- Brilite team & infrastructure directly supplying over 2,000+ Mother & Baby Stores
- Regulatory application on track for lodgment by end of Q2
- Bubs® continues to build strategic relationships with key eCommerce platforms

# FINANCIAL OVERVIEW

Bubs® has experienced +19.7% CAGR quarterly revenue growth since Q1 F17 reflecting growing demand and revenue momentum



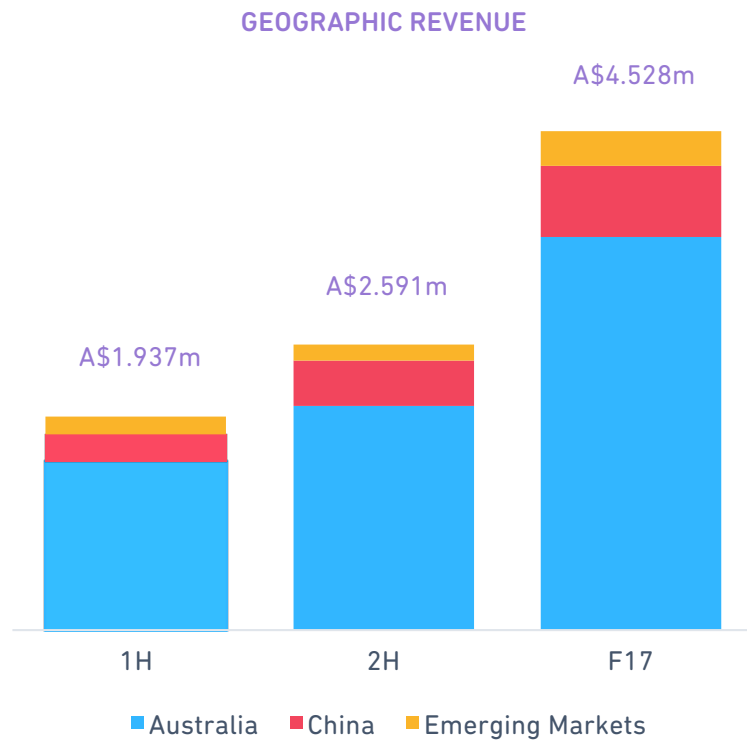
## KEY DRIVERS

- 🕒 Domestic distribution increased significantly during 2H F17 doubling the number of stores Bubs® products are sold in.
- 🕒 Quarterly revenue increased +36% (Q2) +6% (Q3) & +19% (Q4) respectively versus prior period
- 🕒 Quarterly revenue increased +15% (Q3) & +35% (Q4) respectively versus corresponding prior year period
- 🕒 2H revenues +25% vs prior year
- 🕒 F18 year to date unaudited revenue currently +110% versus the same period the prior year - 28<sup>th</sup> August



# REVENUE BY REGION

Domestic sales accounted for 79% of gross revenue, 14% of revenue was generated through China cross border e-commerce

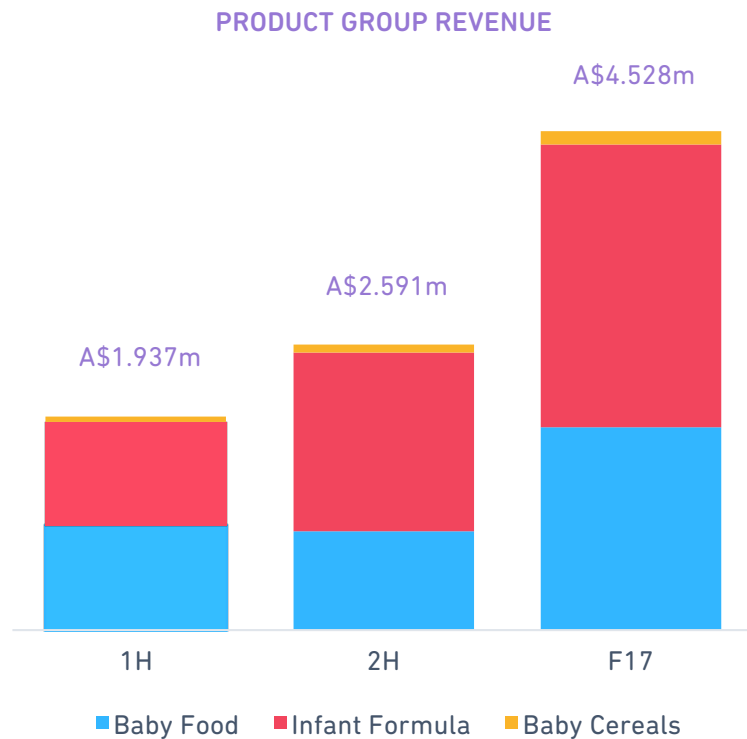


## KEY DRIVERS

- 🕒 Incremental ranging of Bubs® Infant Formula in key domestic accounts including Coles, Big W & Costco
- 🕒 Improved availability of Bubs® products & promotional effectiveness domestically
- 🕒 Pharmacy distribution continues to expand via Chemist Warehouse, Sigma & Symbion distribution
- 🕒 Australia - 2H revenue +33% versus 1H
- 🕒 Execution of trading agreements with leading Chinese e-commerce platforms NetEase Kaola & Red
- 🕒 China - 2H revenue +67% versus 1H

# REVENUE BY PRODUCTS

Bubs experienced increased demand across its premium infant nutrition products during 2H lead by Bubs Advanced Plus Goat infant formula +73% versus 1H



## KEY DRIVERS

- 🕒 Infant Formula revenue +73% 2H versus 1H accounting for 62% revenue
- 🕒 Bubs® Infant Formula +86% in Coles during the last 6 months versus the prior period & featuring strongly in the growth of specialty milks  
Source : Nielsen Bubs Scan Sales Growth Performance 15h August 2017
- 🕒 Bubs® Baby Food represents 35% of revenue
- 🕒 Bubs® Baby Food pouches performance improving post 'project smile' brand refresh implementation
- 🕒 Bubs® Baby Cereals in Chemist Warehouse & cross border e-commerce platform Kaola

# STRATEGIC FOCUS

## A continued measured approach underpins our focus on our Four Pillars for Growth strategy

- ☺ Globally organic foods and specialty milks are two of the fastest growing categories in the infant and food categories
- ☺ Increasing demand in key domestic retail accounts and improved engagement of Chinese ecommerce platforms to continue
- ☺ YTD F18 unaudited revenue growth of 110% & significantly improved gross margin versus the same period the prior year.
- ☺ Pipeline of new innovative products & partners engaged for every stage of a baby's development has been established
- ☺ Enhancing supply chain scalability & capability whilst remaining agile in response to changing circumstances
- ☺ Continue to build upon our current China activities with key partners - CFDA application on track for lodgment by end of Q2



A close-up photograph of a baby with light skin and blue eyes, wearing a white long-sleeved shirt. The baby is holding a small, colorful globe of the Earth with both hands. The background is a bright, out-of-focus indoor setting with a window showing greenery outside.

bübs<sup>®</sup>  
Organic

smile from the inside<sup>™</sup><sub>13</sub>