



FY2018 Investor Review

September, 2018
Mark Schuessler, CEO

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What is Yowie?

Confectionery • Collectables • Yowie World

Yowie Group Ltd is a global brand licensing company specialising in the development of consumer products designed to promote learning and increase both understanding and engaging with the natural world through the adventures and exploits of six endearing Yowie characters.



Yowie Re-Set Complete

Yowie has re-tooled to focus on growth with a more efficient and effective organization.

- 🐾 US Sales returning to growth
 - Exceeding category growth at retail across all channels
 - Distribution continues to grow monthly across all channels
- 🐾 Annualized significant cost savings in place
 - Admin costs annualized savings of \$2.8M compared to FY17 (\$1.9M compared to FY18)
 - Marketing annualized savings of \$3.2M compared to FY17 (\$1.2M compared to FY18)
- 🐾 Planned positive FY19 EBIDTA around 5%
- 🐾 Turn cash flow positive (run rate) in 2H FY19
- 🐾 Strong balance sheet with \$19.5M in cash and no debt other than trade payables



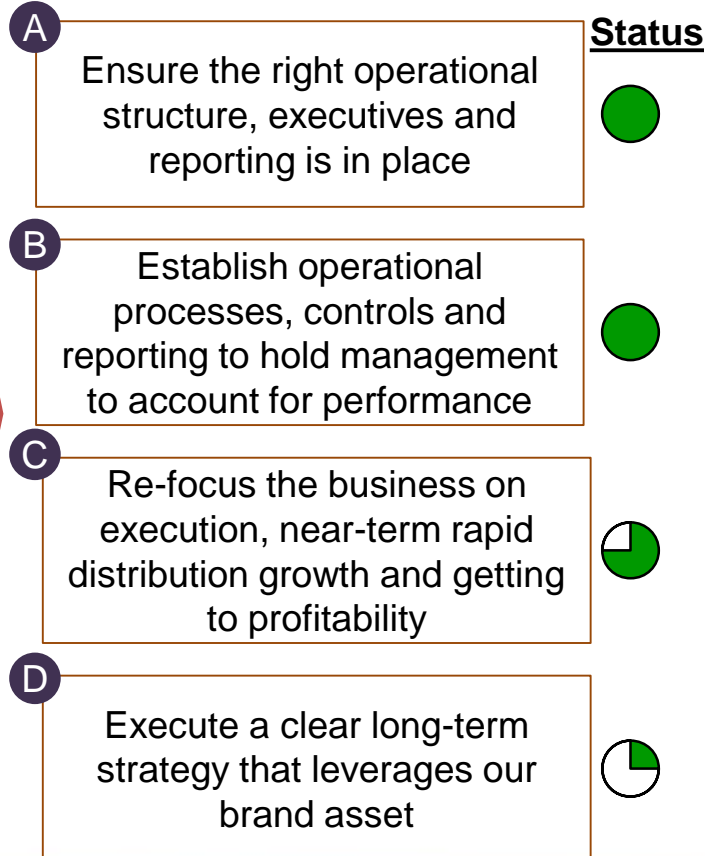
Reset complete: focussed for growth

With our aligned structure and a refocused organisation, the business made progress on our sales guidance, distribution goals, cost cutting and improving our brand strength

December 2017

- Broad vision but requiring more focused execution
- Marketing spend needs to be more targeted with greater near term impact on sales
- A need to improve cost focus
- More attention required on immediate task of distribution expansion

Re-set the Organisation

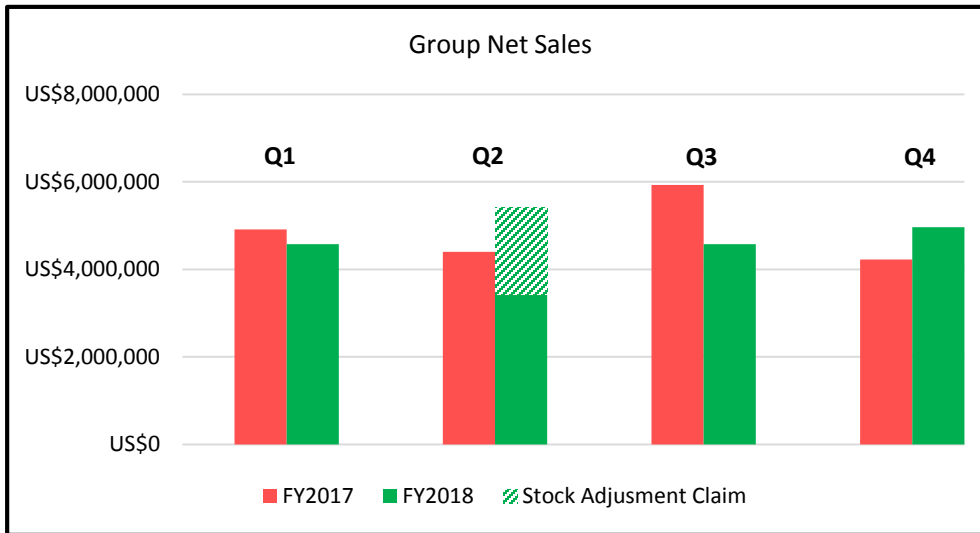


Result

- Major account ranging achieved across North America / Australia
- Sales stabilized in largest US customer and distribution growth across all channels. YoY sales were flat as reported in February
- Admin cost reduction of \$1.3M YoY
- Marketing cost reduction of \$1.4M in H2
- Publishing progress building brand awareness and strength



Reset complete: Encouraging early results



- Flat sales after Q4 rebound.
- Aggressive competitor launch in US impacted Q3
- Q4 +18% due to increased distribution in the Food, Drug and Convenience channels offsetting decline in largest customer
- Australia launch success and Woolworth ranging

	FY2018 US\$	FY2017 US\$
EBITDA Loss before SBP	(5.04 million)	(3.38 million)
<i>Add back one-time expenses:</i>		
Stock adjustment claim	1.99 million	-
Inventory write-downs	1.13 million	0.23 million
Adjusted EBITDA Loss	(1.92 million)	(3.15 million)

- Reduced EBITDA loss by 39% YoY
- Reduction in headcounts (staff + consultant) and travel costs
- Reduction in marketing cost in H2



2018 Performance Highlights

Underlying shows flat growth, strong performance in Gross Margin and an increase in EBITDA loss, driven by one-time charges (stock adjustment claim & inventory write-down) offset by reductions in Marketing and Admin

US\$ / YoY growth	FY18 excl. one-time charges	FY18 Reported	Comments
Net Sales	\$19.5m ▲ 0.2%	\$17.5m ▼ 10%	Flat net sales, in line with guidance provided in Feb
Gross Margin	\$10.4m ▼ 2%	\$8.4m ▼ 21%	GM slightly decreased due to increased promotional activities and adjusted spoil rate
EBITDA (excl. SBP)	\$(1.92)m ▲ 39%	\$(5.04)m ▼ 50%	Front-ended investment in marketing in H1 impacted EBITDA performance
D&A	\$(0.25)m	\$(0.25)m	
SBP Expense	\$1.16m	\$1.16m	Reversal of SBP expense for former Execs/Directors
Net Impairment of NCA	\$(0.73)m	\$(0.73)m	Write-offs of Yowie cartoon and book
EBIT	\$(1.74)m	(\$4.86)m	
NPAT		(\$4.93)m	
EPS	(2.29) cents/share		
Net Cash		\$19.5m	

While EBITDA loss has increased YoY, one-time charges caused the increase. Substantially lower marketing and overhead costs improved operating EBITDA YoY

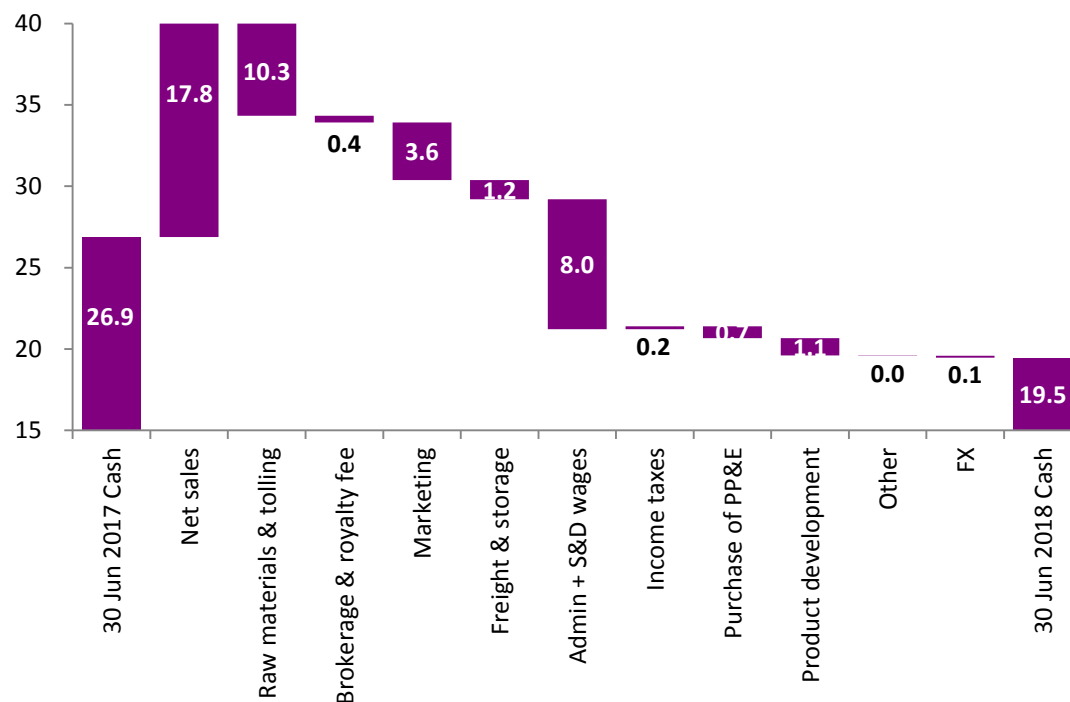


2018 Performance Highlights

The business continues to have a very strong balance sheet with US\$19.5m net cash

US\$	Consolidated	
	2018	2017
Current Assets		
Cash and cash equivalents	19.5	26.9
Trade and other receivables	2.9	1.5
Prepayments	1.6	1.2
Inventories	3.3	3.7
Total Current Assets	27.3	33.3
Non-Current Assets		
Plant and equipment	4.4	3.5
Intangible assets	0.9	1.1
Deferred tax assets	0.7	1.0
Total Non-Current Assets	6.0	5.7
Total Assets	33.3	39.0
Current Liabilities		
Trade and other payables	3.6	2.7
Provisions	0.0	0.0
Current tax liabilities	0.1	0.0
Unearned income	0.0	0.1
Total Current Liabilities	3.7	2.8
Total Liabilities	3.7	2.8
Net Assets	29.6	36.2

Cash Flow Waterfall (US\$m)



2018 Notable Achievements

2018 saw strong progress on the expansion of distribution channels globally. The business successfully navigated significant but necessary governance and management changes.

2018 Achievements

- 1 People & Leadership**
 - 🐾 Appointment of Mark Schuessler as Global CEO
 - 🐾 Re-alignment of personnel: Maximise customer touch points, eliminate unnecessary outside resources
- 2 Financial performance**
 - 🐾 Net Sales growth* YoY flat while maintaining strong Gross Margins >50%
 - 🐾 Maintaining a very strong balance sheet with **US\$19.5m** cash
- 3 Growth**
 - 🐾 Significant account wins in the US & entry into Canada
 - 🐾 Strong growth trajectory in Australia including WoW listing
- 4 Cost Controls**
 - 🐾 ~**US\$1.3m** admin overhead removed in 2018
 - 🐾 ~**50%** reduction in marketing spend H2 vs. H1
- 5 Governance**
 - 🐾 Addition to board of significant FMCG & operational turnaround experience
 - 🐾 Stronger reporting and controls brought into the business



* Figures exclude impact of one-off stock adjustment claim

US distribution expanding, increasing market share

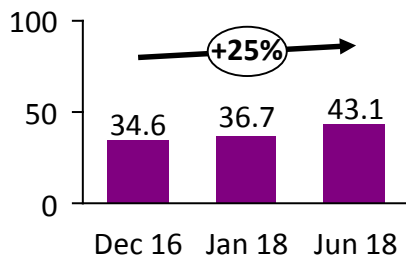
We are seeing continued distribution growth in the momentum in sales growth after stabilization of largest customer.

Yowie's US – Distribution Momentum and Penetration Opportunity

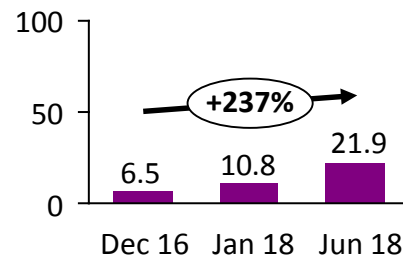
Since refocusing the sales team in August 2017 we have seen significant momentum in broadening distribution, particularly in the convenience and food channel. We are still **not distributed over 50%** of the market, presenting substantial penetration opportunity for the business

All Commodity Volume (ACV) % - A standard measure of distribution depth, represents Total Sales of Stores Carrying Yowie divided by Total Sales of All Stores

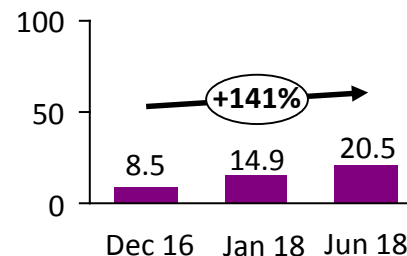
ACV%: Total US*



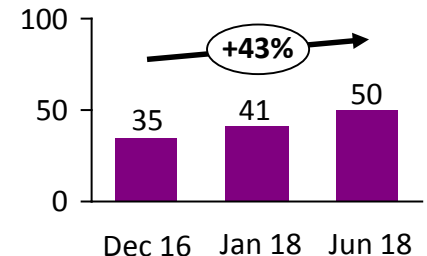
ACV%: Total US Convenience



ACV%: Total US Food



Number of Stores – '000



We have a high degree of conviction on the long-term potential for scaling Yowie in North America. Series 4 launched in the US featuring our Wildlife Conservation Society partnership to further accelerate this trajectory

Series 4 US Launch – July



- Represents "xAOC"= eXtended All Outlets Combined, which includes food/grocery, drug, mass merchandisers, Walmart, Club Stores, Dollar Store (Dollar General, Family Dollar, Fred's Dollar) and Military DECA (commissaries)

Source: Nielsen



ANZ growth

Initial launch has been received well, with national chain ranging impact ahead of us

- 🐾 Series 1 sell through has been very good in regional chains (Big W, K Mart, Target, Reject Shops), independents and convenience chains
- 🐾 Series 2 Ranger Series launched in time for Easter with good results
- 🐾 Woolworth's ranged Series 2 in 500 of 900 stores on shelf week of Feb 19; national ranging in October due to excellent results
- 🐾 Market specific social media, PR and consumer events will continue



Yowie is a very strong brand in Australia and we are starting to adjust our go to market strategy to improve our competitiveness






Building the Yowie Brand – Social Media

We continue to strengthen and broaden recognition of the Yowie Brand via our social media strategy which to-date is proving impactful

Social Media Strategy

- Global and Local community reach with agency partners in US, Canada and Australia/New Zealand
- 365 days of Yowie, Social posting campaign on Facebook and Instagram
- Capsule recycling video content bi-weekly upload on Facebook, Instagram, YouTube
- Commercial content boosted on all channels to reach; chocolate, collectibles, conservation and Yowie Fans.
- Repost and engagement campaign to grow community
- Social influencer seeding and page promotions

Results: Continued growth in brand presence

	<u>June 2017</u>		<u>June 2018</u>
	612K views	➔	645k views
	4.4K followers	➔	14.5K followers
	50 million views	➔	66 million views
	30 million views	➔	40 million views



Building the Yowie Brand – Publishing

We have achieved a number of significant milestones in our longer-term publishing strategy with launches of the book and webisode series in H2 FY2018

Educational Marketing – Book Series



- Launch of first series of Yowie books (“Ditty the Lillipilli Yowie”)
- Distributed through Scholastic Bookclub with moderate success
- Ranged in Kmart and Big W retail changes

Cartoon Webisode Series



- Webisodes by Icon Animation now complete
- Series narration includes Mel Gibson with a unique painted water-colour style lending itself to the natural beauty of the Yowie habitats
- Builds on the Yowie story by targeting families with wholesome and fun content
- Now targeting network channel distribution



FY19 Outlook

Yowie poised for sales growth and profitability

- 🐾 US Sales returning to growth
 - Largest customer stabilized and Yowie continues to be critical player at check lanes
 - Exceeding category growth at retail across all channels
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- 🐾 Planned positive EBIDTA around 5% due to sales growth, cost reductions, product re-tool and fiscal discipline
- 🐾 Turn cash flow positive (run rate) in 2H FY19
- 🐾 Strong balance sheet with \$19.5M in cash and no debt other than trade payables



Keys to Growth

Expanded distribution and brand building initiatives are the way to growth

- 🐾 US Distribution runway is still substantial with major opportunity accounts in all channels
Current distribution at 45.4%*; with over 60k outlets still not tapped (compared to 36.7% in January, 2018)
Objective for year end is to be over 50% distribution
Robust trade investment will drive sales at retail
- 🐾 AUS National ranging in Woolworth's Oct, 2018
More aggressive pricing and promotion across all channels
- 🐾 CA Expanding distribution with a plan on national ranging at several large retailers
More aggressive pricing and promotion across all channels
- 🐾 Ecommerce On line store launching in September featuring 12/8 pack Yowie, Travel Retail Pack, Books, Discovery World

- Represents "xAOC"= eXtended All Outlets Combined , which includes food/grocery, drug, mass merchandisers, Walmart, Club Stores, Dollar Stores and Military DECA (commissaries)

Source: Nielsen



Keys to Growth

New Product Development and Brand Awareness

Confectionary

2 Global Yowie Series per year

New front end confection offerings consistent with our Save the Natural World mission and digital experience

Publishing

Joint Confection and Book retailing US/AUS

Expanded Book selling in US/AUS/CA

Webisode development

Marketing

Focus on awareness with target consumer through social media and expanded PR opportunities

Expanded digital engagement (Yowiescope, Yopter) with annual upgrades

Market Opportunities

Europe with a bigger and broader approach rather than country by country distributor relationships



Yowie™

