

ASX: BUB
Bubs Australia



DAIRY DAY

FNZC & CREDIT SUISSE

03.04.2019



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GOODNESS



VERY BEST



Inspiring new generations of
happy, healthy bubs.



HONESTY



PLAYFULNESS



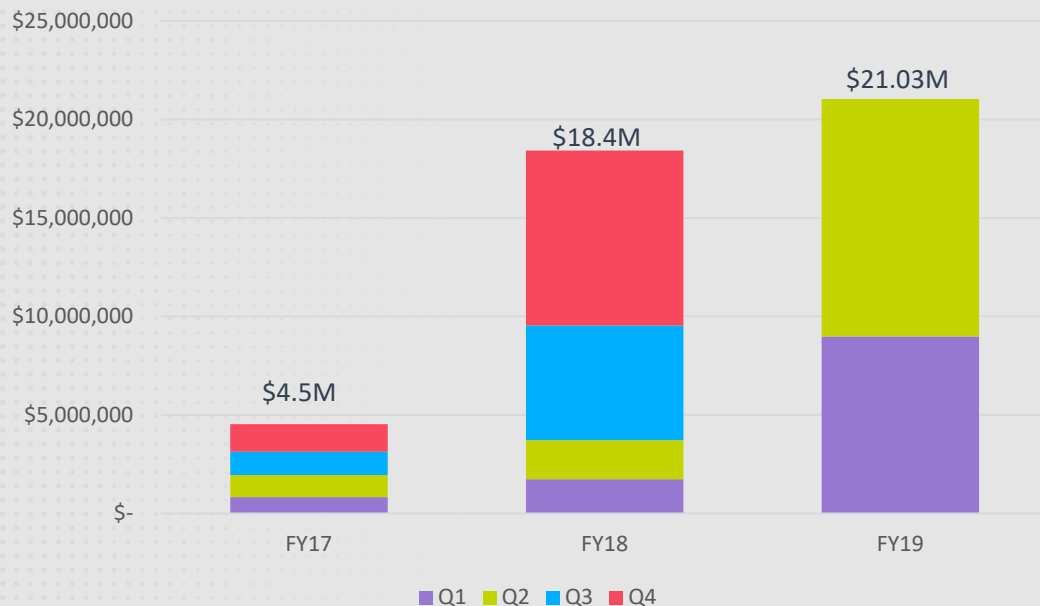
01

FINANCIAL SNAPSHOT



RECORD GROWTH

GROUP QUARTERLY GROSS SALES REVENUE



1H19 KEY DRIVERS

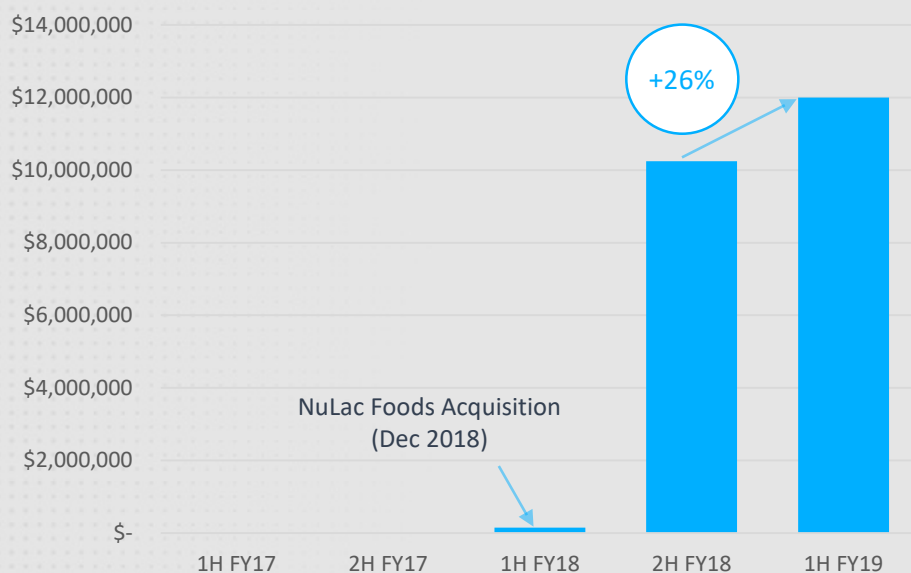
- Record gross revenue: 1H19 \$21.03 million; exceeded total FY18 full-year revenue.
- Driven by strong domestic growth: +412% (5x) pcp, and increased sales to China: +901% (10x) pcp.
- Growth predominantly driven by sales of Bubs® products: +155% (3x) pcp, and +109% on 2H18.

SALES MOMENTUM

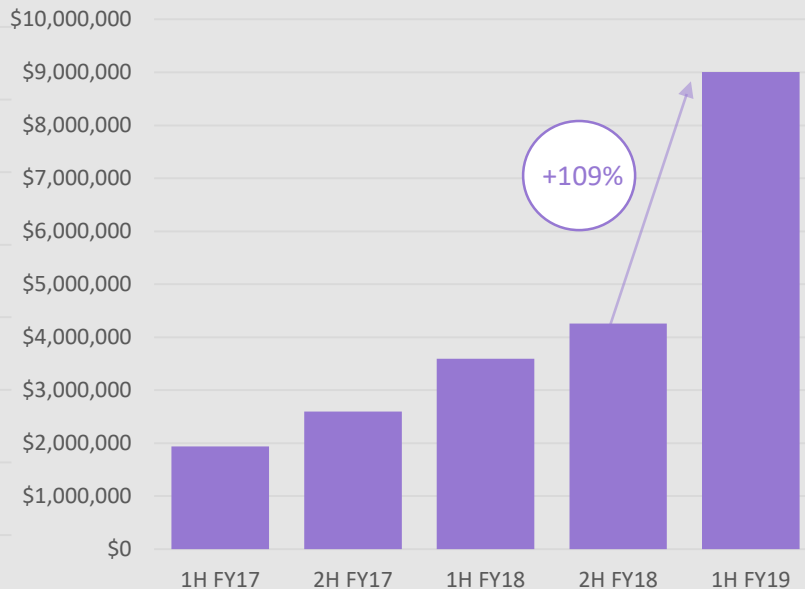


HALF YEAR GROSS SALES REVENUE

ADULT MILK PRODUCTS



BUBS INFANT NUTRITION PRODUCTS



GROWTH DRIVERS

FY19 STRATEGIC PRIORITIES



02

VERTICAL INTEGRATION



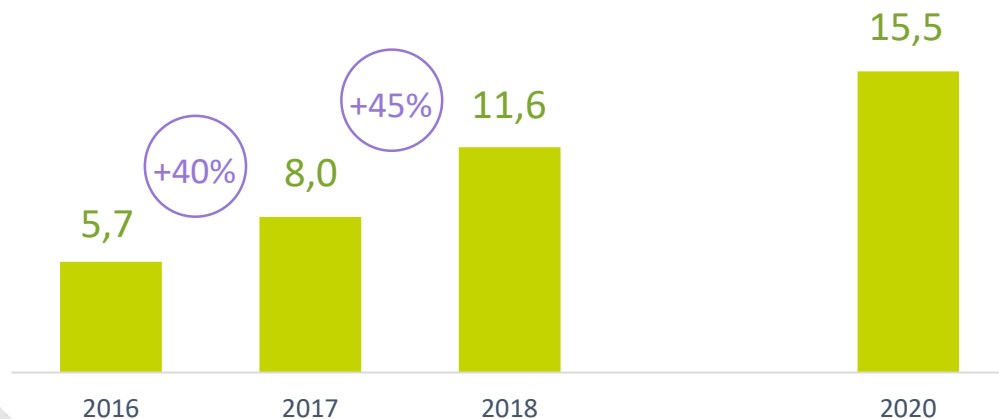
CHINESE DEMAND GOAT MILK FORMULA

Goat milk formula is experiencing rapid growth in China, surpassing the global supply growth rate.



MARKET SIZE (RETAIL VALUE) | BN RMB

CAGR +28%



CATEGORY POTENTIAL

- Goat milk based formula is experiencing rapid growth, now accounting for 5-10% share of total category
- Category leader Net Revenue ¥1.2Bn (+55% YOY)
- Price index above category
- Consumers are trading up to premium brands, driving +ve value growth

TOTAL HERD: ~20,000
TOTAL SUPPLY: ~20M LT p.a.

AUSTRALIA'S LARGEST PRODUCER OF GOAT DAIRY PRODUCTS



**Bubs Australia
Farms**
9,000 goats
7.2M Lt p.a.

Bubs NZ Farms
4,800 goats
3.8M Lt p.a.

Central Dairy Goats
Exclusive Milk Supply
Agreement
6,000 goats
6.2M Lt p.a.

Bubs Australia is a clear leader in the goat dairy landscape, supplying ~65% of Australia's total goat milk production. Plans to further grow the combined AU/NZ herd to 50,000 milking goats by end of 2020.

A young child with blonde hair and a silver clip is sitting in a white high chair. The child is smiling and looking to the right. They are holding a large white tub of Bubs Goat 3 infant formula. The tub has the Bubs logo and the number 3 prominently displayed. The background is a soft-focus outdoor scene.

ONE-STEP PROCESSING TATURA (BEGA)

FRESH MILK DIRECTLY TO INFANT FORMULA

Bubs has recently entered a long-term manufacturing agreement with Tatura, taking fresh goat milk directly from the farm gate and wet blending to nutritional infant formula base in one step (without first converting to whole milk powder).

- ➔ Superior fresher product
- ➔ Improved taste and solubility
- ➔ Reduced production costs
- ➔ Margin accretive
- ➔ Shortened cash cycle

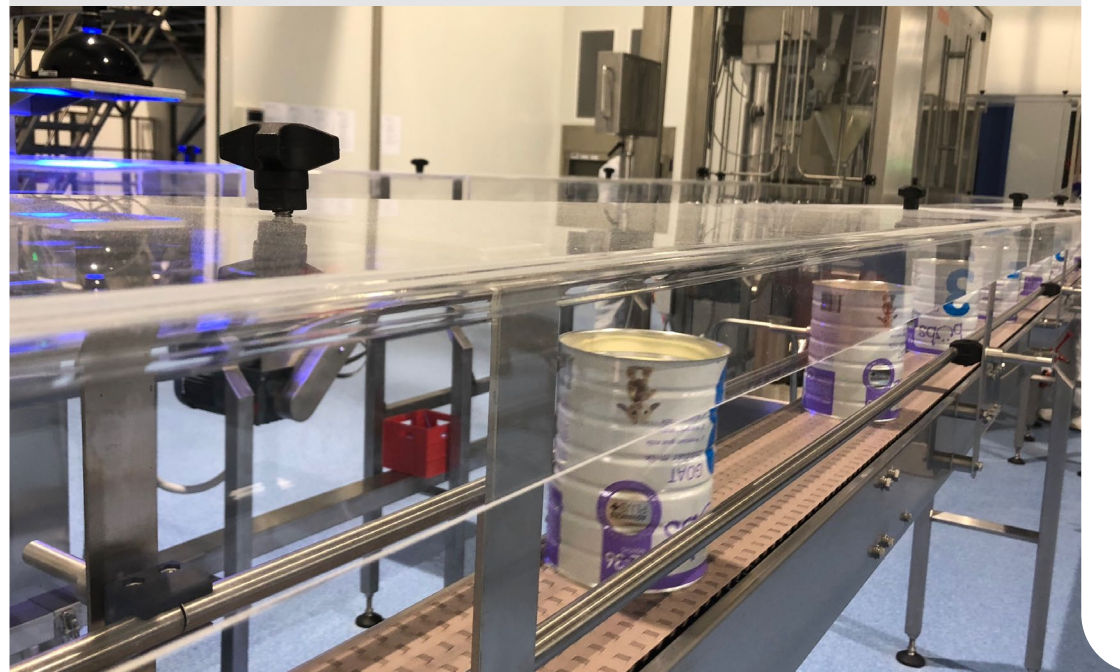
ACQUISITION DELORAINÉ DAIRY

CNCA CERTIFIED INFANT FORMULA CANNING FACILITY



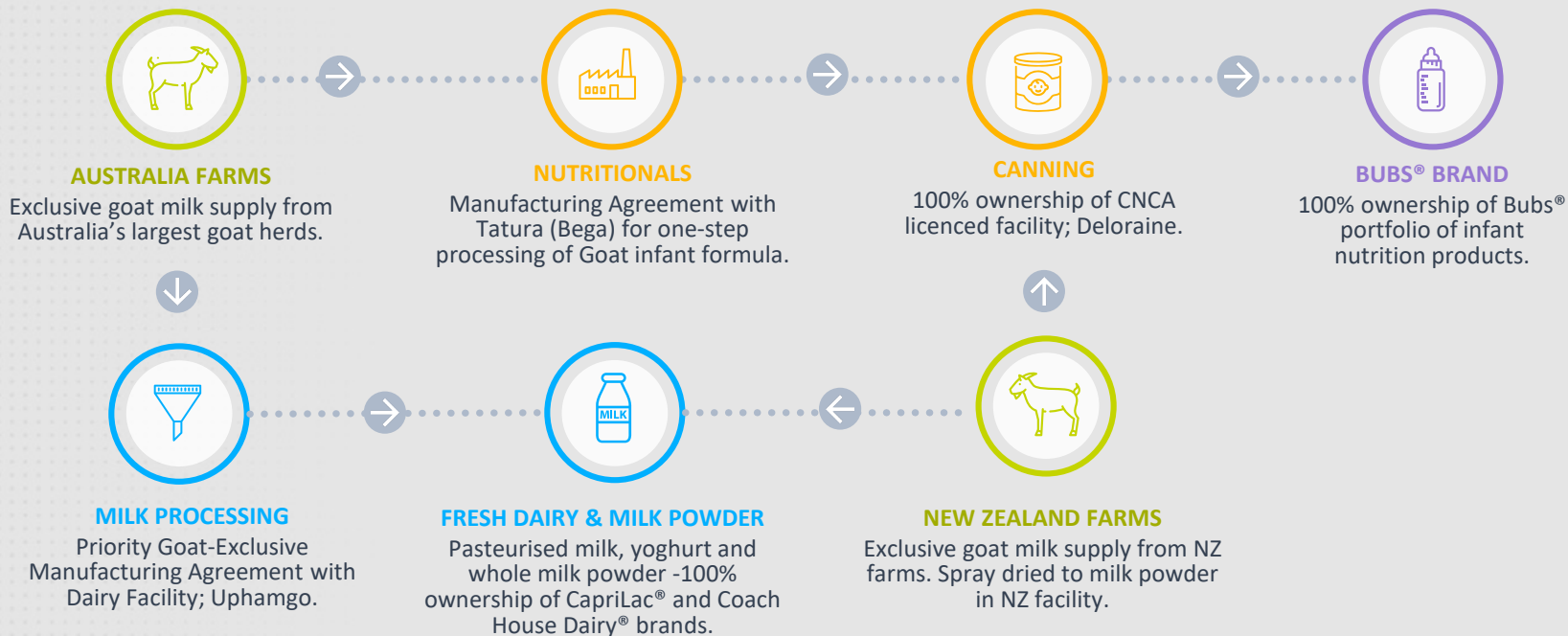
REGULATORY CRITICAL CONTROL POINT

- On 1 April, Bubs entered a conditional Sale and Purchase Agreement to acquire 100% of Deloraine Dairy for \$35M in the form of cash and scrip, and \$15M in deferred payments .
- 1 of 15 CNCA licenced facilities in Australia with ownership of 3 brand slot technical applications submitted to SAMR for physical import into China.
- State-of-art purpose built facility with capacity to produce 10 million tins per annum.
- Acquisition was supported with a private share placement to Hong Kong based private equity firm C2 Capital Partners, raising \$31.44M, as well as participating in an off-market share acquisition, giving C2 an aggregate 15% holding in Bubs. C2 Managing Partner, Steve Lin, will join the Board as a NED.



VERTICAL INTEGRATION

Supply chain integration and strategic manufacturing partnerships provide Bubs® with a unique provenance positioning, offering consumers and retailers product integrity, traceability, and scalability.



03

CHINA CHANNEL DEVELOPMENT



JOINT VENTURE BEINGMATE

ACCELERATION OF CHINA EXPANSION STRATEGY VIA ACCESS TO INFRASTRUCTURE AND EXPERTISE

On 6 March, Bubs entered a MoU to form a JV with Beingmate, one of the largest Chinese owned enterprises in the infant nutrition industry. Beingmate is listed on the Shenzhen Stock Exchange with a market capitalisation of RMB6.115bn (~A\$1.29bn), with reported revenues for FY18 of RMB2.467bn (~A\$510M).

Beingmate has 280 infant nutrition products in its portfolio, including 17 sub-brands that are successfully registered with SAMR. Their extensive infrastructure, local knowledge, regulatory expertise and widespread distribution footprint will allow Bubs to penetrate the market quickly and effectively.

Bubs will supply infant formula and baby food products to Beingmate's network of 30,000 Mother & Baby stores.



ROUTES-TO-MARKET CHINA

MULTI CHANNEL STRATEGY



Australian shelf presence
in major supermarkets
and pharmacies.



C2C Daigou
gift stores,
P&S, KOL.



PUSH FROM
AUSTRALIA



PULL FROM
CHINA



Mother & Baby
stores



04

PRODUCT INNOVATION



FIRST 1,000 DAYS

PREMIUM INFANT NUTRITION

Bubs® provides quality Australian nutrition for every feeding occasion and stage of a child's development.



GROWTH OPPORTUNITY

EXTENDING LIFETIME VALUE

Bubs Organic® toddler snacks (x8 SKU) to launch into Coles supermarkets nationally in May 2019.





INVESTOR RESOURCE CENTRE

www.investor.bubsaustralia.com

