



SELECT EQUITIES CONFERENCE
Sydney | 1 November 2019

DOING BUSINESS IN **CHINA**

ASX: BUB
Bubs Australia





Goodness



Very Best



Creating new generations of
happy, healthy bubs



Honesty



Playfulness



01

FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS

Record Growth Year

FY19 results are characterised by our exceptional revenue trajectory. The Company has continued to focus on building scale through channel development, gross margin improvements and further enhancing the integration of our end-to-end supply value chain.

\$46.8m

FY19 Gross Revenue Up 154% pc

+153%

Domestic Net Revenue Growth Up pc

+209%

China Net Revenue Growth Up pc

ASX 300 ~\$600m

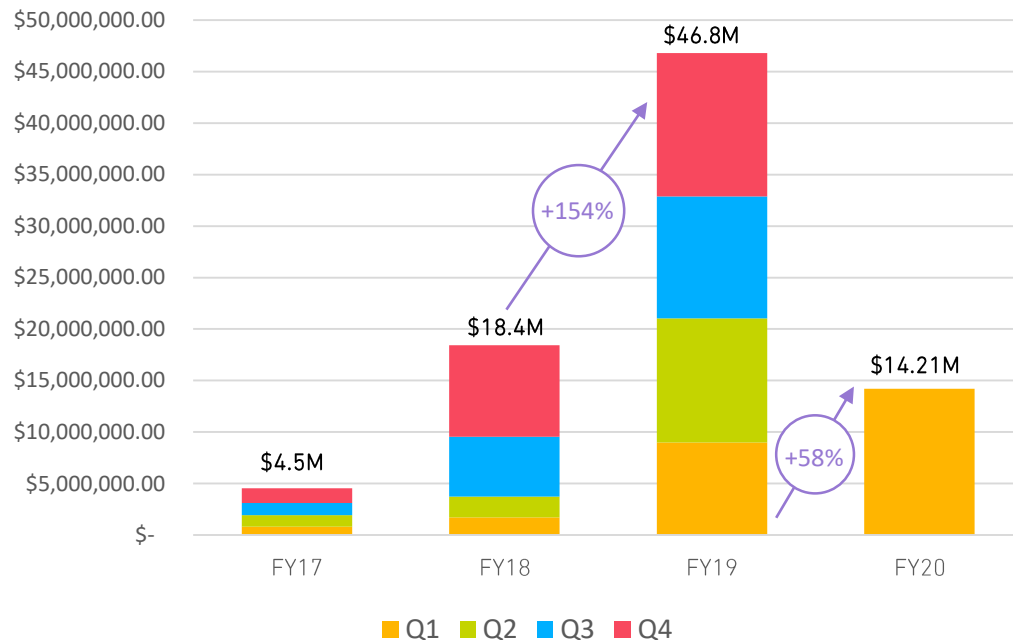
Market Capitalisation Value

Bubs Australia was added to the ASX300 index, as part of S&P's quarterly rebalance on 23 September 2019.

ASX: BUB
Bubs Australia

GROUP REVENUE GROWTH

Q1 FY20 delivered highest Gross Sales Revenue on record.



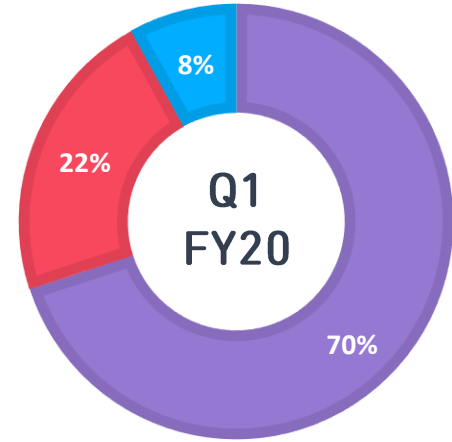
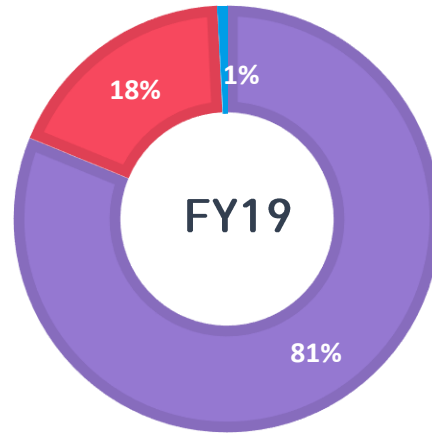
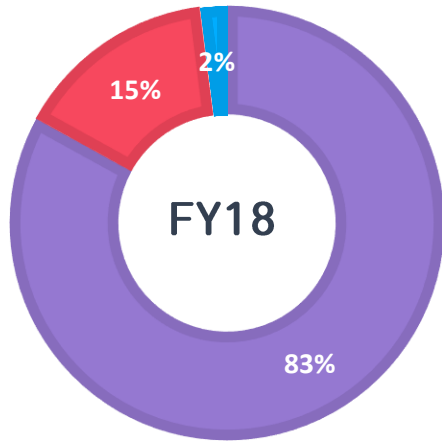
Highlights

- Consistent quarterly positive growth momentum since listing in 2017.
- Q1 FY20 gross revenue at \$14.21M, +58% pcp.

REGIONAL CHANNEL MIX



Direct export sales to China now represent 22% of Group Revenue reflecting our focus on building brand momentum with Chinese consumers in-market.

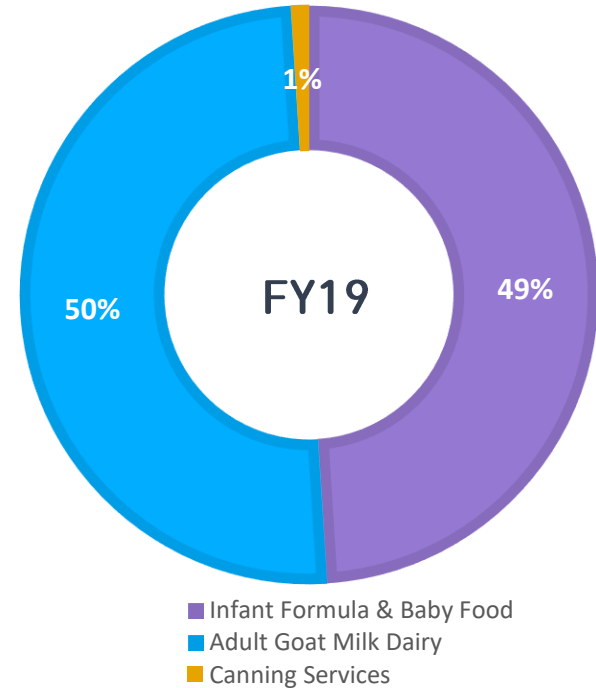


■ Australia ■ China ■ Other International

BALANCED PRODUCT MIX



Two core revenue streams: Infant Nutrition and Adult Goat Dairy. Ability to allocate milk flow into multiple brands catering to different product categories and consumer segments.



PRODUCT PORTFOLIO



Bubs® caters for all stages of a child's development and feeding occasions.
Our suite of adult goat dairy products extends consumption opportunities to the entire family.

Organic Toddler Snacks

Snack range to extend consumer lifecycle beyond first 1,000 days.



Infant Milk Formula Australian Goat Milk

Improved formulation - world's only infant formula to source Australian goat milk.



Infant Milk Formula Organic Grass Fed

Australia's First Organic 365-day Grass Fed Formula range.



Organic Baby Food, Cereals and Rusks



Adult Goat Milk Products



02

VERTICAL
INTEGRATION



GOAT DAIRY MARKET LEADER



Bubs owns exclusive access to Australia's largest goat milk pool, providing supply chain security, traceability and scalability.



Milk Pool Domination

- ➔ Bubs is the market leader in goat dairy, producing >65% of all Australian goat milk products. Our herd has grown to c.20,000 milking goats across both Australia and New Zealand, now producing in excess of 20 million litres of fresh goat milk.



END-TO-END SUPPLY CHAIN

Vertical integration from farm-gate to finished goods.



1. Leading producer of >65% Australian goat milk products. Ownership of our goat milk pool, including 20 million litres of fresh milk from >20,000 goats in Australia and NZ.
2. One-step processing directly from fresh milk at farm-gate to Tatura's nutritional spray dryer.
3. Flexibility in redirecting seasonal milk flow into our adult goat dairy brands.
4. 100% ownership of Australia Deloraine Dairy, a state-of-the-art CNCA certified infant formula canning facility.
5. 10-year deep relationships with organic food supply chain and certifiers.
6. Strategic partnerships with Chemist Warehouse, Alibaba Tmall and Beingmate, covering key retail routes-to-market.
7. Focus on increasing market share in home market as well as export to China and emerging Southeast Asian markets.
8. Organic milk sourced from Fonterra owned farms with cows fed 365 days on pasture.
9. Supply partnership with Fonterra to produce Australia's first organic 365-day grass fed infant formula with advanced formulation containing prebiotics and probiotics.
10. Bubs® brand is built on 14 years of Australian heritage that also resonates with Asian consumers seeking clean and green nutritional products.

CNCA FACILITY

100% ownership of Australia Deloraine Dairy, purpose built with advanced infrastructure and capacity to process 10 million tins per annum.



Key Highlights

- 1 of only 15 CNCA accredited infant formula facilities in Australia.
- Deloraine carries SAMR brand nominations for both Bubs® Goat and Bubs Organic® Infant Formula, required for direct export to China - pending registration approval.
- Fully accredited and licensed manufacturing and export facility.

03

CHANNEL PARTNERS



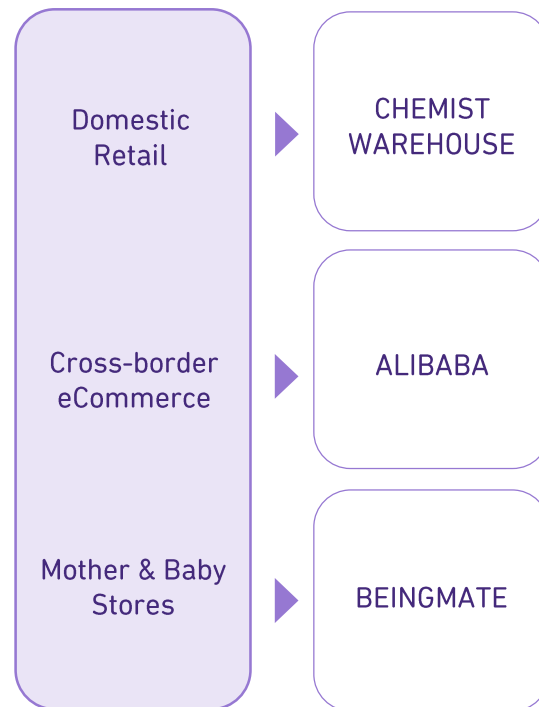
STRATEGIC PARTNERSHIPS



Bubs has now established unrivalled equity-linked and/or strategic alignment with leading industry retail giants representing each of China's key routes to market.



From left to right: Bob Bao, Beingmate CEO; Jessica Rudd, Alibaba Ambassador; Maggie Zhou, Managing Director of Alibaba Group (Australia and New Zealand); Dennis Lin, Bubs Australia Executive Chairman; Kristy Carr, Bubs Australia Founder CEO; Jack Gance, Chemist Warehouse Co-founder and Chairman.



DOMESTIC PENETRATION



Strategic equity-linked agreement with Chemist Warehouse, securing a giant retail footprint and significant sales and marketing support for Bubs® full range of products in our home market.



Chemist Warehouse

- 4yr agreement securing long-term ranging of all Bubs® 30 products across 450 stores nationally.
- Chemist Warehouse to provide sales and marketing services for a fee to purchase up to circa 49 million shares in Bubs over 3 years, linked to aggressive sales performance targets.
- Provides a strong gateway to China, including Chemist Warehouse Tmall Global store, the largest in the world by gross merchandise volume.
- Aisle-end gondola display in inaugural physical O2O store in Zhengzhou, opened in Oct 2019.

C2C DAIGOU MARKETING

bübs®

Key Opinion Leaders, live-streaming and social eCommerce underpin Bubs digital content campaign.

菜妈和钱爸

注册营养师
复旦大学营养学硕士
10年婴幼儿营养 | 二胎辣妈



宝妈这次来墨尔本的考察学习就是受到澳大利亚最大的羊奶制品生产商——Bubs Australia的邀请，它们提供着全澳65%以上的羊奶制品。



小小包麻麻在药房Bubs货架仔细研究羊奶配方成分



B2C CROSS-BORDER E-COMMERCE



In Q4 Bubs entered into a strategic cooperation agreement with Alibaba Tmall.

Alibaba

- ➔ Launching Bubs Organic® baby food on the Alibaba Hema App for collection in their stores across Beijing and Shanghai in Q1 FY20.
- ➔ Planned relaunch of Bubs® and CapriLac® Tmall Global Flagship stores managed by top rating TP service providers.
- ➔ Innovation and distribution strategy underway to expand adult goat dairy segment in Alibaba's general trade and cross-border channels.
- ➔ In-channel brand marketing programs, livestreaming and event participation based on rich data consumer insights and traffic optimisation.
- ➔ Key sponsor at the Alibaba eCommerce expo in Sydney; 30-31 August 2019.



PHYSICAL MOTHER & BABY STORES



Joint Venture with Beingmate, a leading Chinese owned enterprise specialising in the infant nutrition industry, with a distribution network covering 30,000 Mother and Baby stores.



July 2019: Joint Venture team hosts Bubs® stand at the Children Baby Maternity Expo in Shanghai, the world's largest trade fair for infant products.

Beingmate

- The Joint Venture will manage the sales, importation, distribution and marketing of all Bubs® products in China.
- Office established in Shanghai with dedicated cross-functional team, with the ability to tap into Beingmate's extensive infrastructure and processes, serviced by 2,200 employees.
- Beingmate has strong R&D capabilities and regulatory expertise, with 51 of their own infant formula products successfully registered with SAMR, including the first registration ever granted under the new regulations. Together we are actively pursuing Bubs® brand applications and remain respectful of the process.

KIDSWANT CHANNEL PARTNERSHIP



Strategic channel partnership with Kidswant, China's leading mother and baby retail chain with annual turnover of RMB 10 billion (AUD 2 billion).



Kidswant

- ➔ Bubs Organic® food products ranged in 275 physical stores in 123 cities, covering 60% of China's key cities with population >500,000.
- ➔ Expected retail sales value of RMB 30 million (AUD 6 million) in first year.
- ➔ Access to Kidswant's CRM program with highly active membership community of 27 million parents.

04

FY20 GROWTH PILLARS



NEW HIGH GROWTH **PRODUCT SEGMENTS**



Extending our product portfolio beyond the first 1,000 days from infant nutrition, through to functional goat dairy products for children, adults and the elderly.

**Grow core products
in core markets.**



**Extend Goat Dairy
product segments and
consumer life stage.**



**Developing future
innovation pipeline under
new brands, tailored for
Asian consumer trends.**



EXPANDING OUR **ASIA FOOTPRINT**



The Company is now well positioned to expand our reach beyond China and explore the potential for our infant and adult brand portfolios in other emerging Asian markets.



SCALABLE GROWTH



The strategic foundational building milestones we passed in FY19 means we are well placed to pursue our goals towards delivering profitable and sustainable growth. Whilst we continue to scale the business at a rapid pace, we are confident of achieving overall profitability in FY20.

VALUE CHAIN INTEGRATION



- + One-step processing (came into effect in April 2019) improves input costs.
- + GP improvement via in-house production at Deloraine.
- + Actively grow the milk pool at a controlled price.
- + Explore opportunities to further enhance the vertical integration of business operations, specifically key dairy ingredients.

OPTIMISE PRODUCT MIX



- + Invest resources and marketing to support growth of most profitable product lines.
- + Down-weight or delete low margin products.

NEW PRODUCT INNOVATION



- + Extend Bubs® nutritional product portfolio; the most profitable sector of the business.
- + Continue to adapt Bubs® full portfolio of products to be suitable for China.
- + Custom goat dairy products for emerging Southeast Asian markets.

DRIVE CHANNEL DEVELOPMENT



- + Continue to engage Daigou channel and C2C activation for highest ROI.
- + Progress SAMR registration application.
- + Target new Southeast Asian markets.



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Bubs Australia

bubs®

Growing Generation Joy