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## **Presentation at 17<sup>th</sup> AgFood Virtual Conference**

**Melbourne, 29 April 2020:** Bubs Australia Limited (ASX: BUB) (the Company) advises that Bubs Founder and Chief Executive Officer, Kristy Carr presented at the 17<sup>th</sup> AgFood Virtual Conference today.

The Presentation is attached.

Jay Stephenson  
**Company Secretary**

# bübs®

Growing Generation Joy

ASX: BUB  
Bubs Australia



17th AgFood Virtual Conference  
Resilience & Comparative Advantages

29 April 2020





Very Best



Creating new generations of  
**happy, healthy bubs**



Honesty



Playfulness



Goodness

# AGENDA

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01 | FINANCIAL UPDATE

02 | BUSINESS UPDATE

03 | PRODUCT & BRAND UPDATE

04 | STRATEGIC AGILITY



A photograph of three children standing in a field of tall grass. On the left is a young girl with blonde hair, wearing a floral headband and a light-colored dress with a floral pattern. In the center is a young boy with blonde hair, wearing a white button-down shirt and light-colored pants. On the right is a young girl with dark hair, wearing a green dress with ruffled shoulders. They are all smiling at the camera. The background is a field of tall grass with some yellow flowers.

# 01

## FINANCIAL UPDATE

# FINANCIAL HIGHLIGHTS

Record revenue results and positive quarterly operating cashflow

ASX 300  
Bubs Australia

Q3 YTD FY20 results were driven by the strong performance of Bubs® infant formula in all retail channels and regions.

**\$19.7m**

Q3 Group Gross Revenue

**+67%**

prior corresponding period

**\$48.5m**

Q3 YTD FY20 Group Gross Revenue

**+137%**

Infant Formula Gross Revenue growth pcp.

**+104%**

Direct sales to China growth pcp.

Positive quarterly operating cashflow

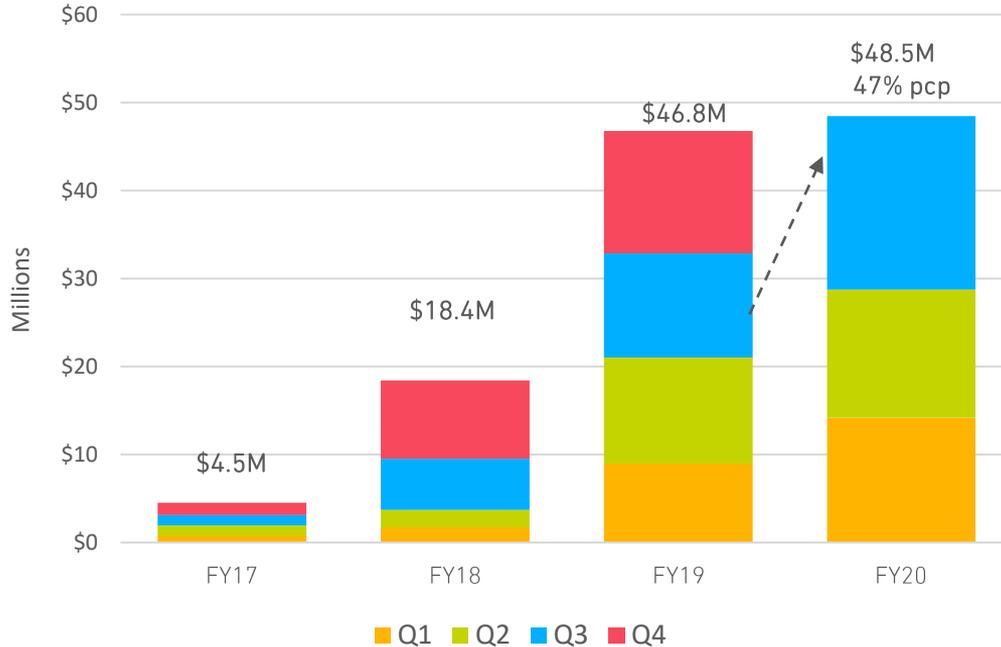
**\$2.3m**

Cash reserves as at 31 March 2020

**\$36.4m**

# GROUP REVENUE

Quarterly Gross Sales Revenue



## Key Highlights

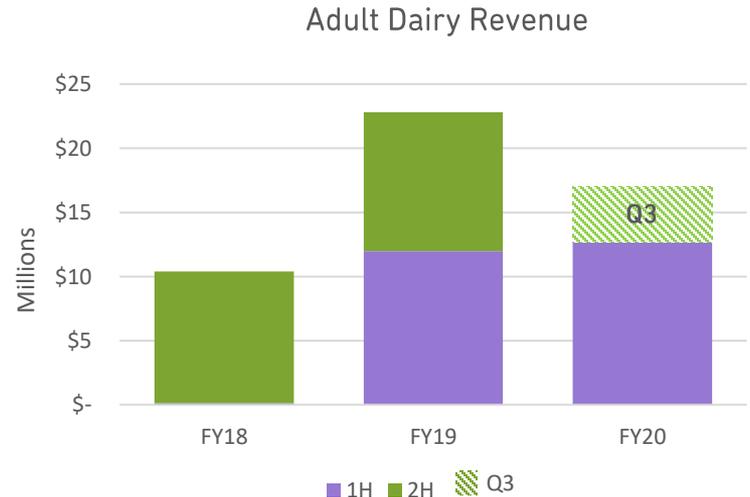
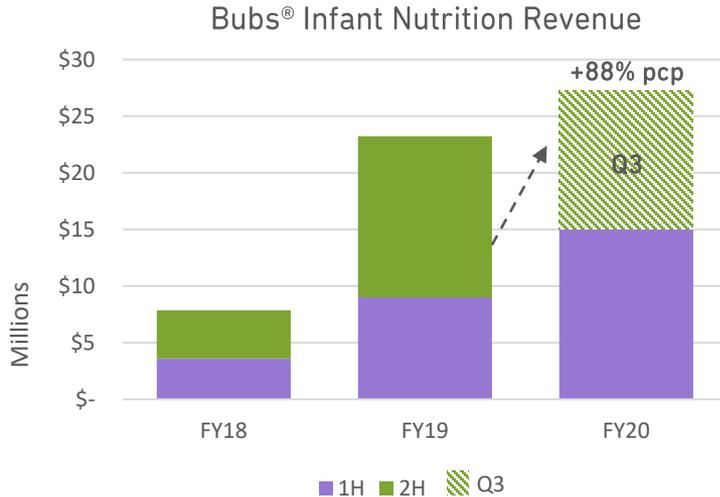
- Consistent quarterly growth since listing in 2017.
- Record gross revenue in Q3 FY20 \$19.7m; **+67% pcp and +36% QoQ.**
- Bubs® Infant Formula remains the key driver; **+137% pcp and +33% QoQ.**
- Stronger forecasted demand for infant formula is expected in Q4 FY20 across all distribution Channels.
- New product launches planned to build on existing foundations to drive incremental revenue streams in Q4.

# MULTIPLE REVENUE STREAMS



## Q3 YTD FY20 Gross Revenue by Product Group.

- Q3 YTD FY20 growth predominantly driven by sales of Bubs® infant formula products, delivering the highest margin within group portfolio:
  - Infant Formula: +101% pcp
  - Baby Food: +22% pcp
- Caprilac® refresh was delayed by approximately 4 weeks to the end of March due to prioritized production of Bubs® Goat Milk Infant Formula range in Q3. The entire Adult Dairy portfolio growth profile was impeded by the loss-making deletion of yoghurt products and disposal of Coach House Dairy® brand assets:
  - Adult Goat Milk Powder: +8% pcp
  - Fresh Milk/Yoghurt: -45% pcp



# 02

## BUSINESS UPDATE



# BUBS AUSTRALIA ROADMAP



Our key competitive advantages remain a strong foundation for comparative advantage & resilience.

## EXCLUSIVE GOAT MILK SUPPLY



Infant Formula + Fresh Milk products      Adult Milk Powder products

Approx. 23,000 herd producing >20m Lt fresh milk that is converted to 1,750MT powder, estimated to be circa. 7.5%<sup>1</sup> of the global supply.



<sup>1</sup>Sources: Beth A Miller and Christopher P Lu, "Current Status of global dairy goat production: an overview", Asian- Australasian Journal of Animal Sciences, 2019, Euromonitor, Expert Interviews.

## SECURE MANUFACTURING



**TATURA**  
A BEGA CHEESE COMPANY

One-step processing secure supply agreement for goat milk nutritional powder conversion.

**Deloraine**

100% ownership of CNCA canning facility.  
Capacity: 10 million tins per annum.  
Current Factory Utilisation<sup>2</sup>: ~30%



Secure access to organic cow milk.



<sup>2</sup>Based on 24hrs / 5 days pw shifts.

## DIFFERENTIATED DAIRY PRODUCTS



<sup>3</sup>China Cross-border eCommerce  
<sup>4</sup>China physical retail

## DIVERSIFIED MARKETS



Strong market coverage in Top 4 Baby Formula retailers.



Significant strategic partnerships in CBEC and General Trade.



TVV Distribution Agreement + 135 BiboMart stores.

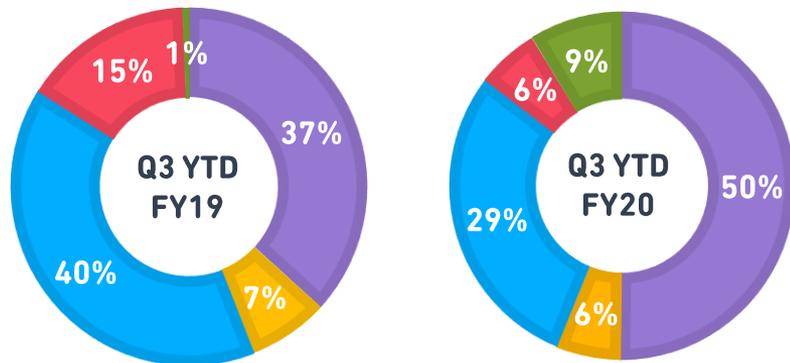


WeMe Distribution Agreement.

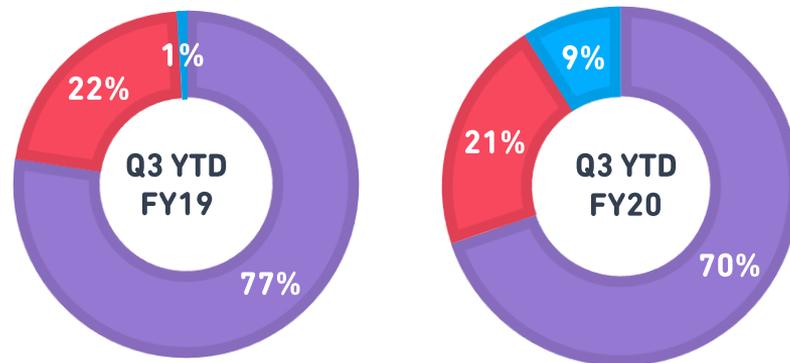
# COMPARATIVE STRENGTH **PORTFOLIO & MARKETS** *bübs*<sup>®</sup>

Strengthened focus within higher margin Infant Formula product group across high growth Goat & the Cow milk market. Growth driven from domestic, China & Vietnam export markets.

Gross Revenue Share by Product Group.



Gross Revenue Share by Region.



- Infant Formula
- Adult powder
- Other
- Baby Organic Food
- Fresh Dairy Products

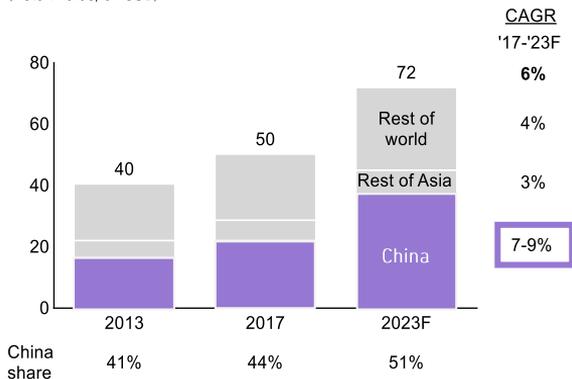
- Australia
- China
- Emerging International Markets

# CHINA THE LARGEST IMF MARKET IN THE WORLD

And Goat & Organic Cow are the two highest growth segments across the total IMF market.

## China is largest and fastest growing IMF market

Global IMF consumption by major regions  
(Retail Value, bn USD)



## China IMF growth drivers

**Penetration:** higher adoption of IMF (esp. in low tier cities), driven by increasing disposable income and education on IMF benefits

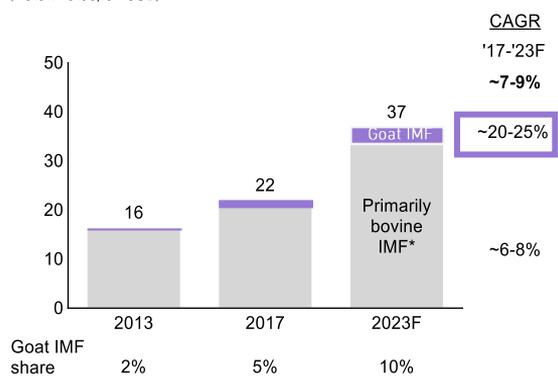
**Per capita consumption:** driven by recognized convenience and nutrition benefits of IMF

**Average Selling Price:** growth from premiumization

Note: \*Also includes sheep, plant and other non-goat IMF products; RMB:USD exchange rate used is 6.5  
Source: Euromonitor; Lit research; Expert interview; Analyst reports; Bain analysis

## Goat IMF growing 3x faster than traditional IMF

China IMF consumption by type  
(Retail Value, bn USD)



## China goat IMF growth drivers

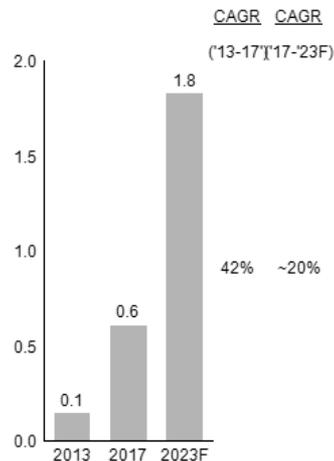
**Premiumization:** increasing number of premium consumers

**Win rate:** increasing win / conversion rate vs cow IMF

**Average Selling Price:** growth in prices from strong demand and constrained supply

## Organic Milk IMF Continues High Growth

China organic IMF market size  
bn USD



# 03

## PRODUCT & BRAND UPDATE



# NEW PRODUCT INNOVATION



Q4 Launches now all produced.

Entry into growing Junior Nutrition category, refresh of Caprilac® Adult Goat Milk Powder and range extension for China Deloraine® range into offline channel.



Caprilac® brand refresh.

Bubs® Junior Nutrition range launching May 2020 in Australian retailers and China CBEC with CCIC approved China label product with Lactoferrin to launch into Mother and Baby stores (3yr+ does not require SAMR registration).



Deloraine® Range Extensions, certified for China General Trade.

# BRAND PORTFOLIO EXPANSION



With the Bubs® Junior range and expansion of the Adult Goat Dairy portfolio our product offering now caters for all stages of development, feeding occasions and dietary requirements, from infants to children, through to younger adults and seniors.

Organic Baby Food,  
Cereals & Toddler Snacks



Organic toddler snacks to extend the consumer lifecycle beyond 1,000 days.

Complete range of premium organic baby food and cereal products.



Infant Milk Formula &  
Junior Nutrition



Super-premium formulation - world's only infant formula & junior milk to source 100% Australian goat milk.

Australia's first Organic 365 days Grass Fed Formula with Pre and Probiotics.



Adult Goat Dairy Products



Australia's leading adult goat milk brand.

Science-based formulations for specific health needs.



# 05

STRATEGIC  
AGILITY



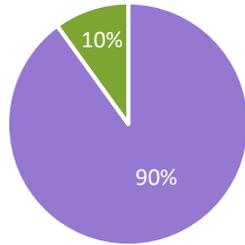
# RESILIENCE IN AUSTRALIAN SUPPLY CHAIN

Driving our comparative advantage and responding to shifting consumer trends.



## Consumer Growth Drivers

### INCREASING DEMAND FOR AUSTRALIAN MADE

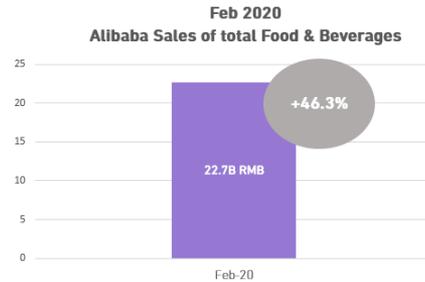


■ Agree ■ Disagree

(Source Roy Morgan December 2019)



### GROWING CHINA CONSUMER DEMAND FOR DAIRY FOOD



Source: Alibaba Data Feb 2020 v Feb 2019

### Increasing Consumer Demand for Australian Made

Was already evident just prior to Cov19, with 90% of Australians aged +14 agreeing purchase preference for Australian Made. With Covid19, rise of Facebook Groups supporting Australian Made evidence of greater consumer shift.

### +136% YOY Growth China Dairy Food Alibaba

Sales due to growing fears and demand for nutritional food products.

## Bubs Comparative Advantages

### AUSTRALIAN MADE



### 100% Owned manufacturing facility.

Ability to quickly move to greater production capacity with doubling of shifts.

### AUSTRALIAN SOURCED



~65% Australian Goat Herd with secure supply. 20,000 milking goats across both Australia and New Zealand



### AUSTRALIAN OWNED



**Founded in 2006** with true Australian Heritage.

ASX Listed Company since 2017.

ASX: **BUB**  
Bubs Australia

# COMPARATIVE ADVANTAGE GO TO MARKET

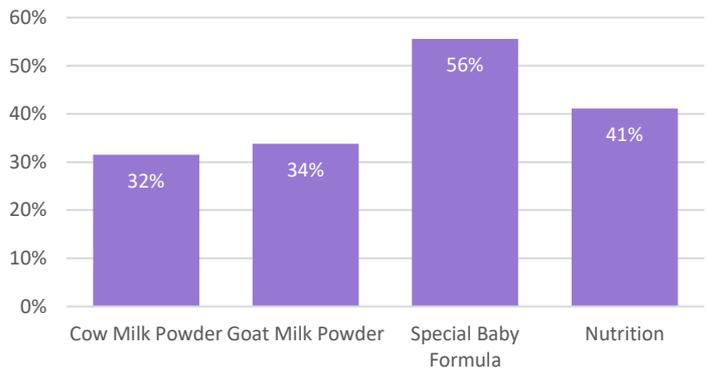


Leveraging strength in digital channels with comparative advantage in health & wellness products.

Total China Baby Food Online Sales  
**#1 Fastest Growing Category** with +35.2% YOY Growth  
 and Online Nutritional Category +41% YOY Growth.

## Growth By Segments within Baby Category

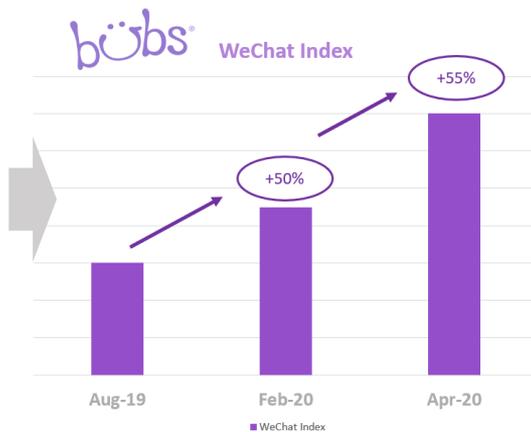
Total Online China Sales Year on Year Growth Jan – Mar 2020  
 China E-commerce Platform (Tmall, Taobao, JD, Koala, Suning, Jumei, Gome)



Covid19 Responded with greater focus  
 Investment across our Digital Channels



Driving greater digital activity  
 and online traffic



Source: ECDataway Data Mar 2020.

# DEMONSTRATING AGILITY PEOPLE & CULTURE



Strength in our key relationships across all external and internal stakeholders, from our Bubs Organic local farmers, our Bubs Australian Goat Dairy Farmers, our Bubs supply partners through to all our Bubs Family.



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