



Bubs Australia Limited
ACN 060 094 742
23-29 Nina Link, Dandenong South
VIC 3175 Australia

1800 2827 2878 (1800 BUBS AUST)
info@bubsaustralia.com

INVESTOR PRESENTATION

Melbourne, 4 February 2020: Bubs Australia Limited (ASX: BUB) (the Company) will be conducting Investor Presentations on the 4th and 5th of February in Sydney and Melbourne to Institutional Investors.

The Investor Presentation is attached to this announcement.

Jay Stephenson
Company Secretary

A young child with dark hair, wearing a green patterned long-sleeved top and tan pants, is walking barefoot on a sandy beach. The child is smiling and looking towards the right. The background shows gentle waves on the ocean under a soft, hazy sky.

bübs®

INVESTOR UPDATE

4 FEBRUARY 2020

SCALABLE GROWTH

ASX: BUB
Bubs Australia



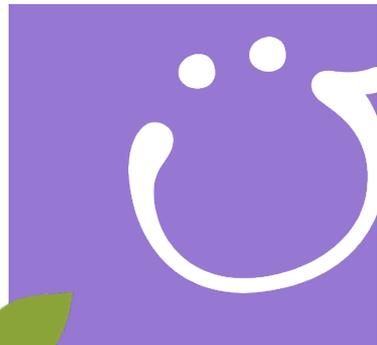
Goodness



Very Best



Creating new generations of
happy, healthy bubs



Honesty



Playfulness



KEY MESSAGES

- 01 | CORE INVESTMENT PROPOSITION AND FINANCIAL OVERVIEW
- 02 | MAINTAINING GROWTH MOMENTUM IN CHALLENGING MARKET DYNAMICS
- 03 | CORE BUILDING BLOCKS REMAIN VALID AND PROVIDE COMPETITIVE ADVANTAGE
- 04 | STRATEGIC GROWTH ENGINES TO DRIVE SCALABLE GROWTH



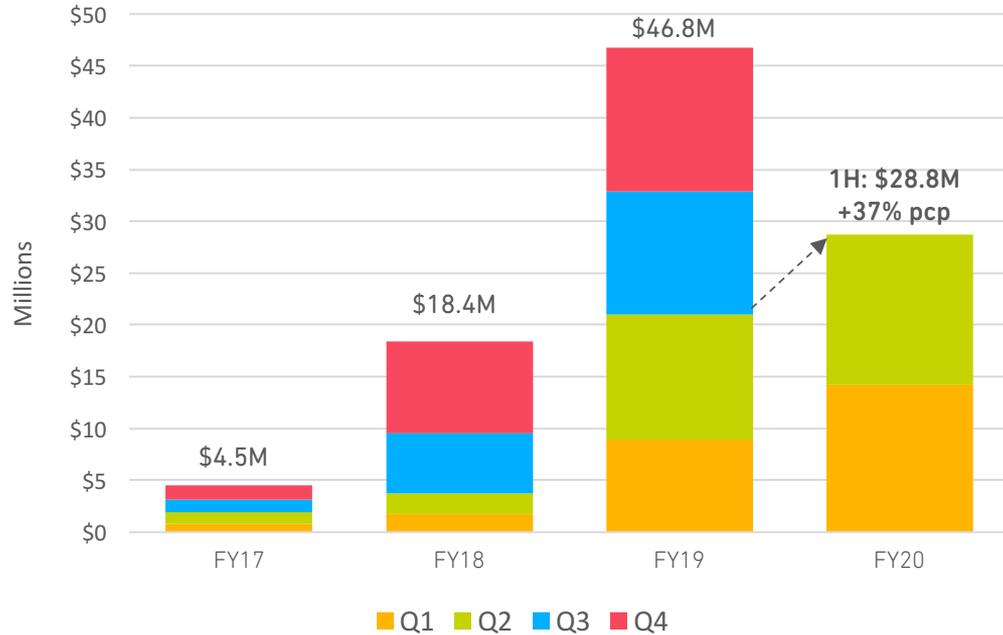
01

FINANCIAL OVERVIEW



GROUP REVENUE

Quarterly Gross Sales Revenue



Key Highlights

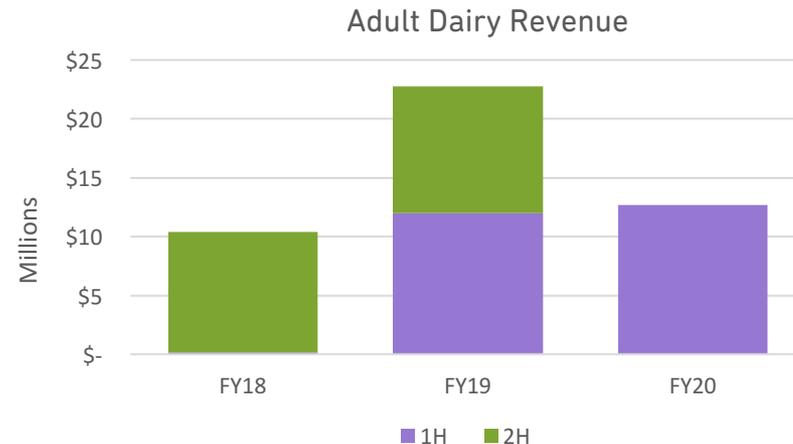
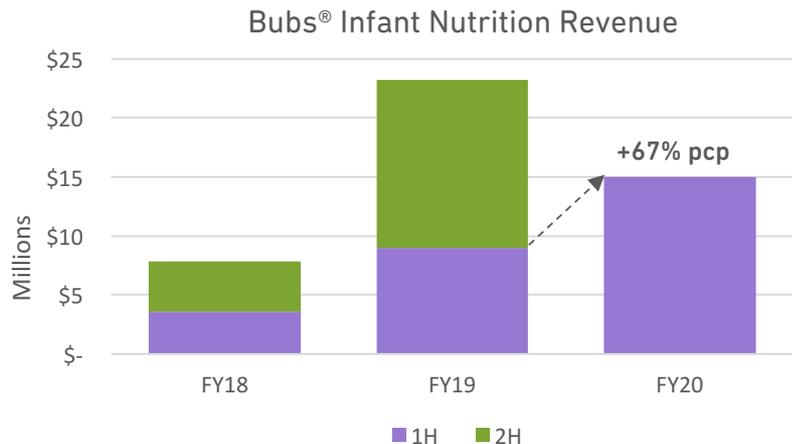
- Consistent quarterly growth since listing in 2017.
- Record gross revenue in 1H FY20; **+37% pcp**.
- Bubs® Goat Infant Formula remains the key driver, more than doubling sales quarter-on-quarter; **+118% pcp**.
- Stronger forecasted demand for infant formula is expected in 2H FY20 across all distribution Channels.
- New markets and new product launches planned to build on existing foundations to drive incremental revenue streams.

MULTIPLE REVENUE STREAMS



Half Year Gross Sales Revenue by Product Category

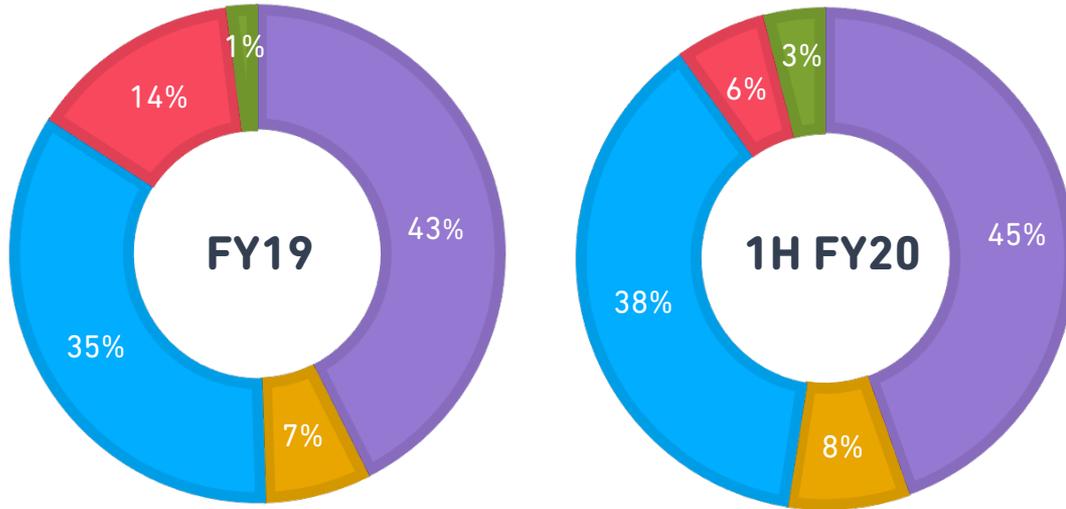
- 1H FY20 growth predominantly driven by sales of Bubs® infant formula products, delivering the highest margin within group portfolio:
 - Infant Formula: **+77% pcp**
 - Baby Food: **+23% pcp**
- Goat Milk Powder delivered healthy revenue growth in 1H FY20, although the entire Adult Dairy portfolio growth profile was impeded by the loss-making deletion of yoghurt products and disposal of Coach House Dairy® brand assets:
 - Adult Goat Milk Powder: **+30% pcp**
 - Fresh Milk/Yoghurt: **-49% pcp**



PORTFOLIO PRODUCT MIX



Gross Revenue Share by Product Category



■ Infant Formula ■ Baby Organic Food ■ Adult Powder
■ Fresh Dairy Products ■ Deloraine Manufacturing

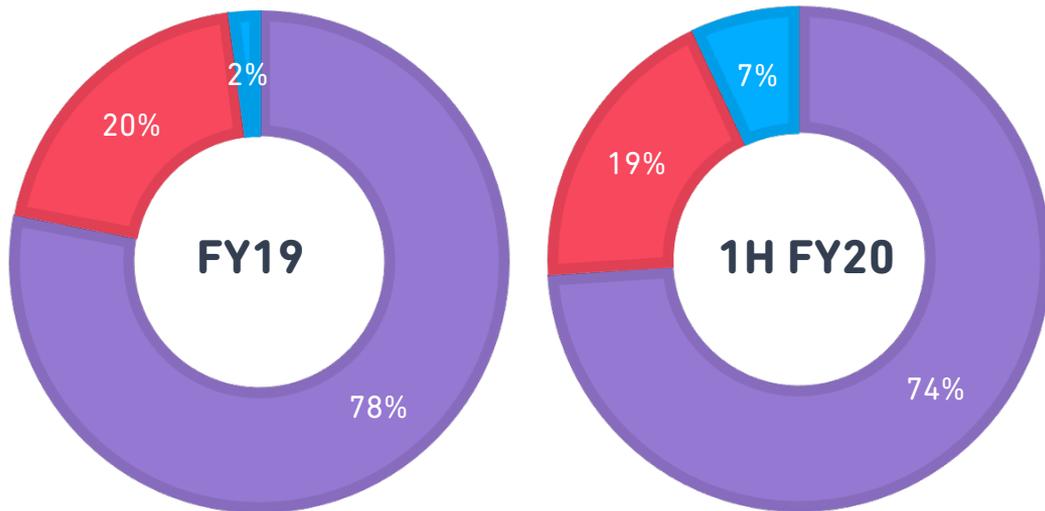
Key Drivers

- Increased focus on investing in growth of high margin products, primarily infant formula.
- Bubs® products accounted for 53% of total revenue in 1H FY20 (66% in Q2 FY20).
- Deliberate reduction in fresh dairy product lines due to poor profitability.

REGIONAL MARKET MIX



Gross Revenue Share by Region



■ Australia ■ China ■ Emerging International Markets

Key Drivers

- Domestic sales in 1H FY20 increased **+30% pcp**, driven by strong penetration in Coles and Woolworths, and launch into Chemist Warehouse.
- Corporate Daigou Channel continues to grow month-on-month, with 1H FY20 sales up **+52% pcp**.
- Direct sales to China in 1H FY20 increased **+19% pcp**, with Infant Formula almost doubling in sales revenue up **+99% pcp**, demonstrating strong traction with Chinese consumers following the establishment of new partnerships with Alibaba Tmall and Beingmate, and deployment of increased marketing resources.

Direct sales to China phased down 32% pcp in Q2 FY20 due to the transition of Adult Goat Dairy to new distribution arrangements and pending a relaunch with new packaging and products.

- New distribution partnerships for Bubs® products in Vietnam and Hong Kong will contribute further growth from Southeast Asian markets in 2H FY20.

Key Drivers

- Adult Goat Milk Powder inventory position increased \$5.6m from July to December 2019 in order to:
 - Meet forecasted demand for refreshed CapriLac® products.
 - Fulfil opening orders for Deloraine® product extensions.
- Infant Formula base powder inventory position increased \$3.3m from July to December 2019 in order to:
 - Meet strong forecasted demand of Goat Infant Formula in existing Domestic Retail and Corporate Daigou channels.
 - Support imminent expansion of Organic Grass-fed Infant Formula in Domestic Retail and China CBEC platforms.
 - Fulfil opening orders for the launch of Junior Nutrition products in Domestic Retail, China CBEC and Mother & Baby stores.
- Natural seasonality of milk supply:
 - Shoulder pattern of fresh milk supply peaks in November.



CASH INVESTMENT IN MARKETING



Key Drivers

Increase and deepen consumer understanding of Bubs® brand and products through data driven campaigns:

- ➔ Leveraging Chinese Influencers and Taobao store owners for events, and amplify with media to drive reach in WeChat, Weibo, TikTok, and Little Red Book.
- ➔ Support brand awareness through targeted digital campaign along consumer journey via content creation to drive higher visibility and trial of Bubs® products.
- ➔ 2H FY20 marketing investments will focus on:
 - New domestic multi-media brand campaign launch.
 - New product launches.

02

MARKET UPDATE



MARKET UPDATE



Bubs is sustaining growth momentum despite a challenging macro environment.

Responding to Evolving Market Dynamics

- We are closely monitoring the emergence of Coronavirus and working in conjunction with our key partners to ascertain its impact on our business operations and distribution channels. Although there has been no interruptions to our supply chain or change to our sales demand forecast or outlook to date, we can expect disruption to outbound logistics given the cancellation of many flights between Australia and China.
- As a trusted authentic brand with transparent supply chain visibility, Bubs® is well placed to cater to Chinese consumers' heightened focus on their health, immunity, and food security, particularly when it comes to nourishing their children.
- Bubs® products continue to realise substantial and continuous growth in the Corporate Daigou Channel whilst upholding a premium price strategy, despite regulatory changes resulting in a significant downturn in C2C outbound trade.
- Our material market position in Goat Dairy, a scarce resource and emerging commodity, provides Bubs® with a unique advantage to combat increased competition and declining birth rates in China, given we are positioned in the highest value segment of specialist ultra-premium infant formula, which continues to experience high value category growth.

03

BUILDING
BLOCKS



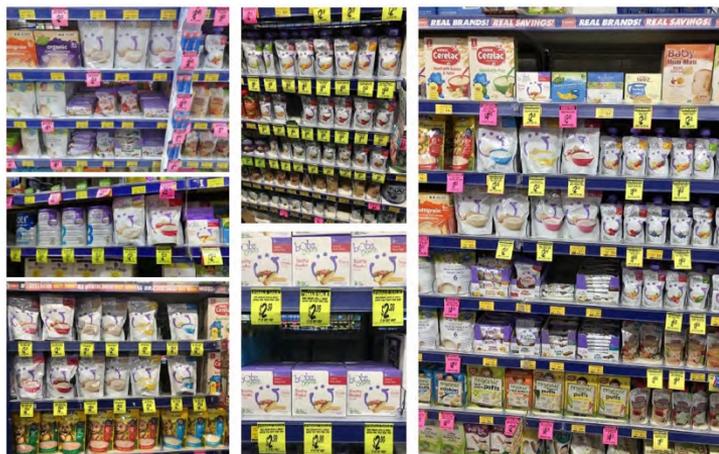
OUR BUILDING BLOCKS



Bubs ability to leverage our foundation building blocks is what sets us apart. We have unrivalled strategic equity-linked partnerships and end-to-end vertical integration of our value chain.



RETAIL PARTNERSHIP SUCCESS



4m impressions

Chemist Warehouse

- ➔ National store ranging with strong merchandising support providing category shelf domination.
- ➔ Heavy promotional campaigns supported with multi-media marketing activity throughout FY20.
- ➔ Scan data in key product lines exceeding sales targets.
- ➔ Successful roll-out of Organic Grass-fed infant formula from December.

04

GROWTH
ENGINES



FY20 FOCUS ON 3 KEY GROWTH ENGINES



1H FY20 has remained focused on development to continue to drive growth support into the Second Half.

Sustainable leadership in vertical supply chain value creation.



- + Our current existing pool alone represents 7 million tins of Australian Sourced Milk per annum.
- + With this visibility and flexibility, we can ensure our products are always available for Australian parents, babies and adult consumers.
- + We will continue to work with leaders in the industry to further systemize and create a sustainable supply chain that promotes best in class practices.

Deepening consumer brand connection to drive scale and improved margin.



- + We will leverage data insights and offer a different product solution across key consumer needs and feeding occasions.
- + Goat Infant Formula is our key focus, with Organic cow's milk formula providing a compelling choice for mothers wanting the Bubs quality in the remaining 95% of the category.
- + Organic Baby Food is critical to extending brand reach and recruitment from non-IMF feeding occasions.

Expansion into new non-infant growth segments and new geographical markets.



- + We will continue to drive our value creation and margin improvement by developing new premium adult goat dairy products to respond to changing consumer insights and new need states.
- + Expansion into key countries within APAC has commenced, driving scale and reach for future product expansion.

EARLY INVESTMENT IN **GROWTH ENGINES**



Key activities in 1H FY20 have focused on the development of new products, new packaging and brand extensions beyond infant nutrition to capitalise on our unique integrated supply chain.

Sustainable leadership in vertical supply chain value creation.



- ✓ **Supply Chain excellence:**
Focus on supporting adult powder inventory readiness
- ✓ **R&D of new formulations to support planned New Product Development:**
Ensure supply chain readiness of base raw materials and ingredients.

Deepening consumer brand connection to drive scale and improved margin.



- ✓ **Bubs Junior Nutrition:**
Preparation for launch of new Bubs Goat Milk and Bubs Organic Cow range into the 3 to 12 years health segment.
- ✓ **Bubs Organic Grass Fed:**
Preparation for communication investment and deepening consumer connection and increasing points of distribution.

Expansion into new non-infant growth segments and new geographical markets.



- ✓ **CapriLac® Relaunch:**
New Packaging and brand refresh.
- ✓ **Deloraine® Goat Dairy:**
Preparation of range extensions and development of new pack formats.
- ✓ **Creation of New Premium Wellness Range:**
New brand launch across Australian Retail & CBEC.

NEW PRODUCT DEVELOPMENT

1H FY20 investment into the development of new product launches and brand extensions will convert to revenue realisation in Second Half.



CapriLac® brand refresh and new pack formats



Bubs® Junior Nutrition with Lacterferrin
Registered for sale in China Mother & Baby Stores



Deloraine® Pack Range Extensions



Bubs® Junior Nutrition – Australian Retail & CBEC



New Adult Premium Wellness Brand
based on Goat Milk Protein Powder



BRAND PORTFOLIO EXPANSION



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

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 100% Australian goat milk.

Infant Milk Formula Organic Grass Fed



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

Organic Baby Food, Cereals and Rusks



Adult Goat Milk Products



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Growing **Generation Joy**