

A woman with long, wavy blonde hair is smiling and looking towards the camera. She is wearing a white, off-the-shoulder, long-sleeved dress with a high waist and a small tie detail at the bust. She is standing on a sandy beach with waves in the background under a clear blue sky.

bübs®

4<sup>th</sup> ANNUAL  
DOING BUSINESS IN  
CHINA INVESTOR  
CONFERENCE

 **SelectEquities**

29 October 2020

ASX: BUB  
Bubs Australia

**Jennifer Hawkins**  
Bubs Global Brand Ambassador

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# Growing Generation Joy™



# Creating new generations of happy, healthy bübs®

## GOODNESS

We believe in wholesome, healthy food and a positive approach to life.

## HONESTY

We believe in 100% transparency, this is 'clean' food from a brand you trust.

## VERY BEST

We believe in being thorough and uncompromising, sticking to our ethics no matter what.

## PLAYFULNESS

We believe in the joy of family time, the pleasure of sharing happy moments and being together.

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## China Focus

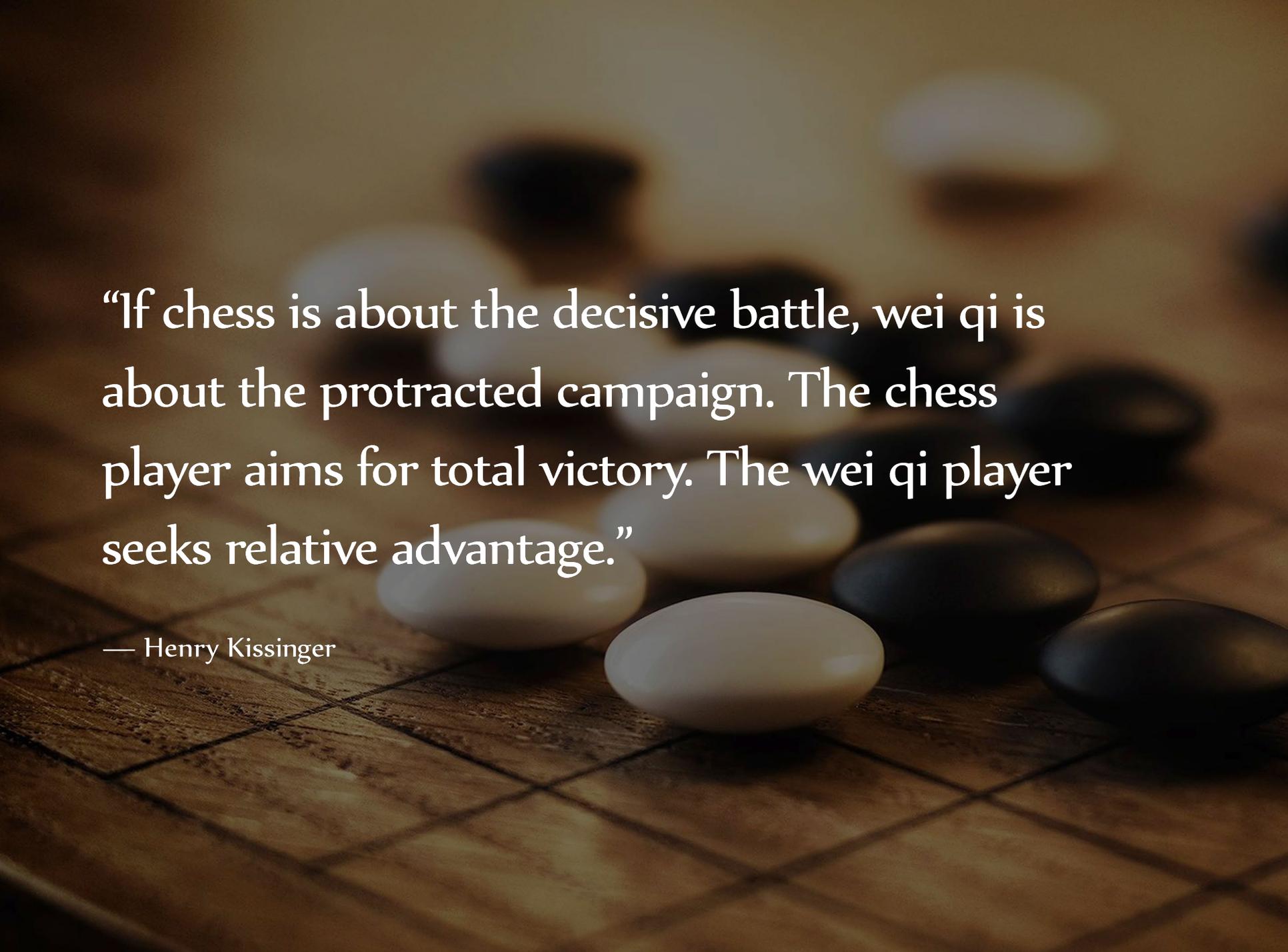
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“If chess is about the decisive battle, wei qi is about the protracted campaign. The chess player aims for total victory. The wei qi player seeks relative advantage.”

— Henry Kissinger

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# FINANCIAL PERFORMANCE



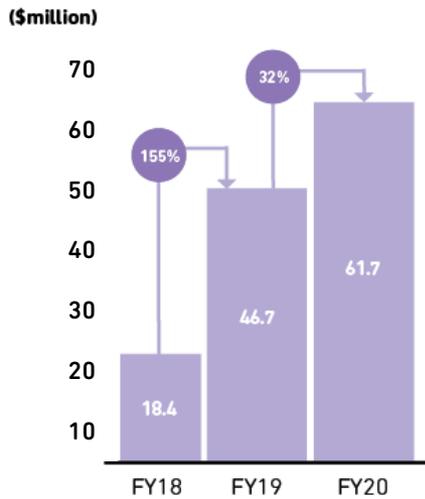


# FY20 GROUP FINANCIAL PERFORMANCE

Strong growth across core products and all regions.

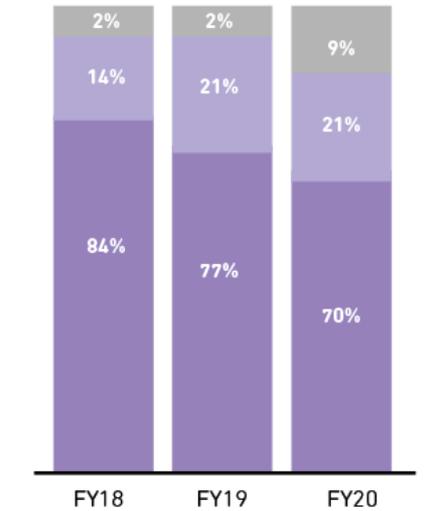
## GROUP GROSS REVENUE

Continued strong growth year on year.



## REGIONAL CHANNEL MIX

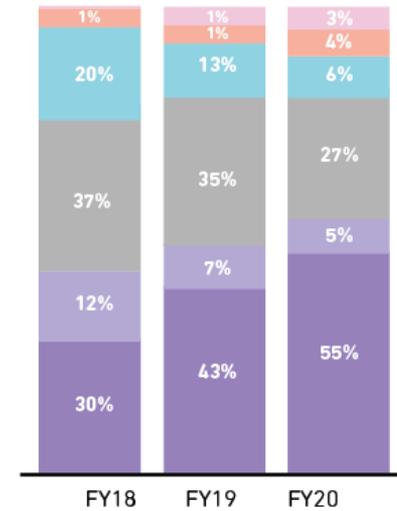
Increasing market diversification.



● Australia ● China ● Other International

## BALANCED PRODUCT MIX

Optimising portfolio mix to maximise profitability.



● Infant formula ● Fresh goat dairy ● Organic baby food ● Adult goat milk powder ● Raw materials ● Canning services

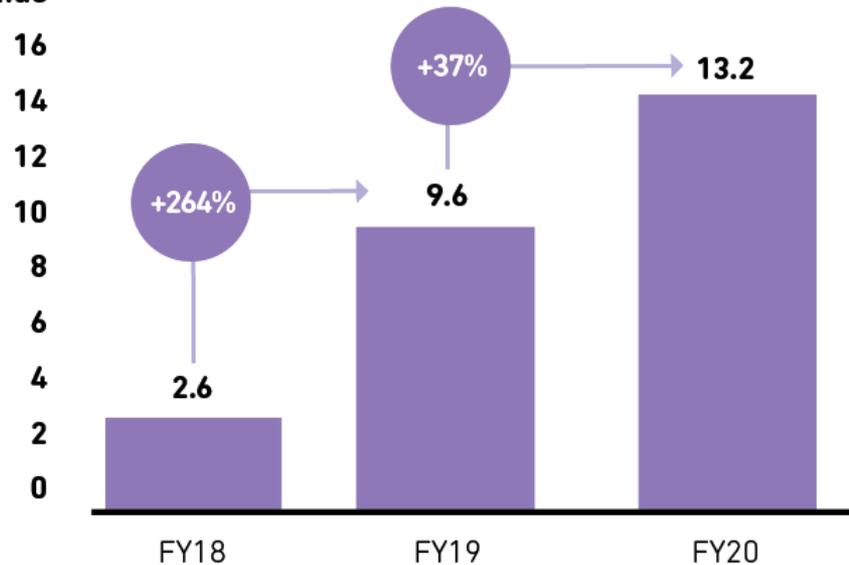


# FUELLED BY **STRONG CHINA DEMAND**

China remains catalyst for global growth.

## TOTAL CHINA DIRECT EXPORT GROWTH

**Gross Revenue  
(\$million)**



- Growth driven by demand for Bubs® Goat Infant Formula portfolio.
- Supported by expansion into Mother & Baby Stores General Trade with China Label products.
- Scale in China provides platform for global expansion.

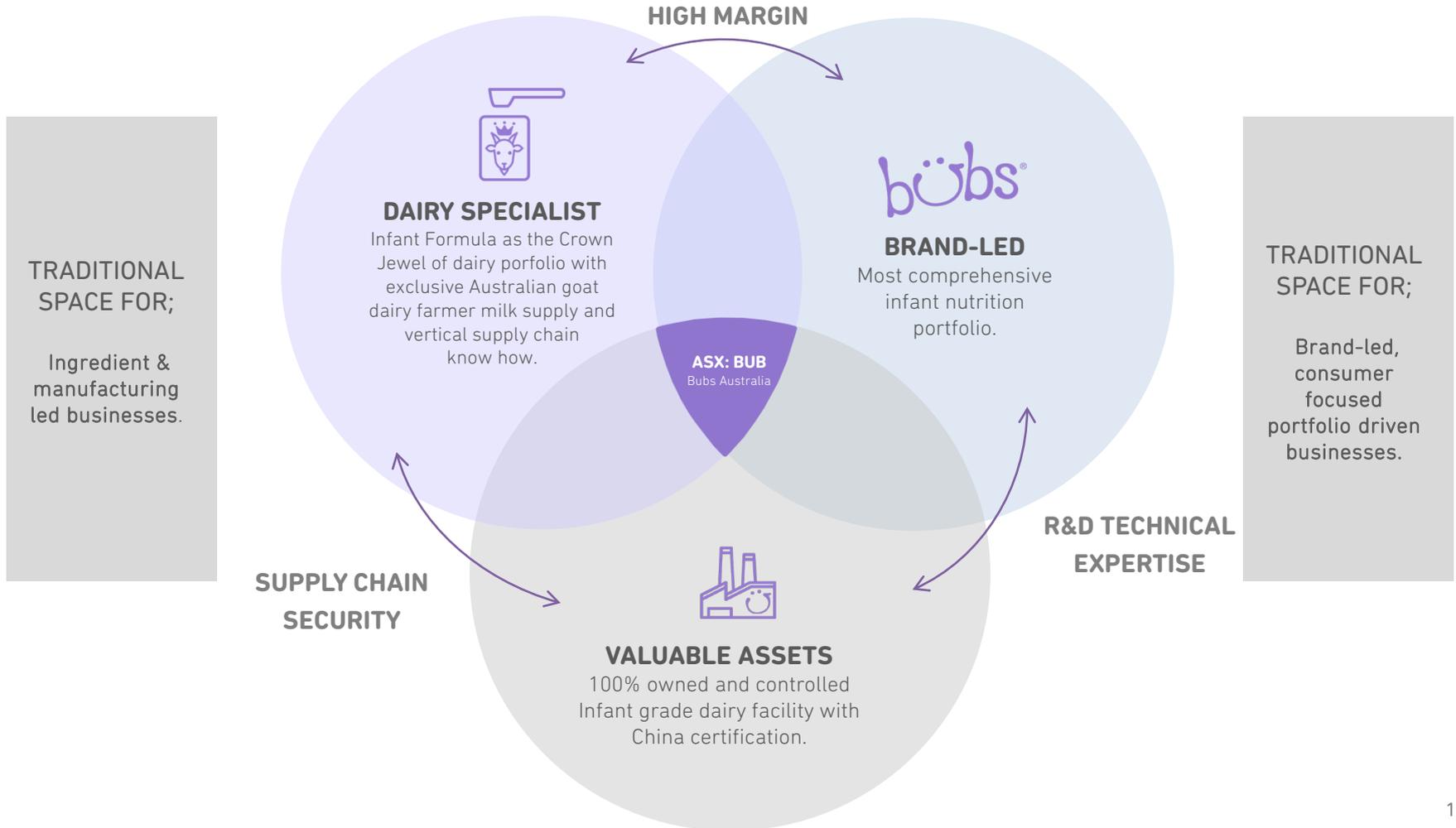
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# BUSINESS OVERVIEW



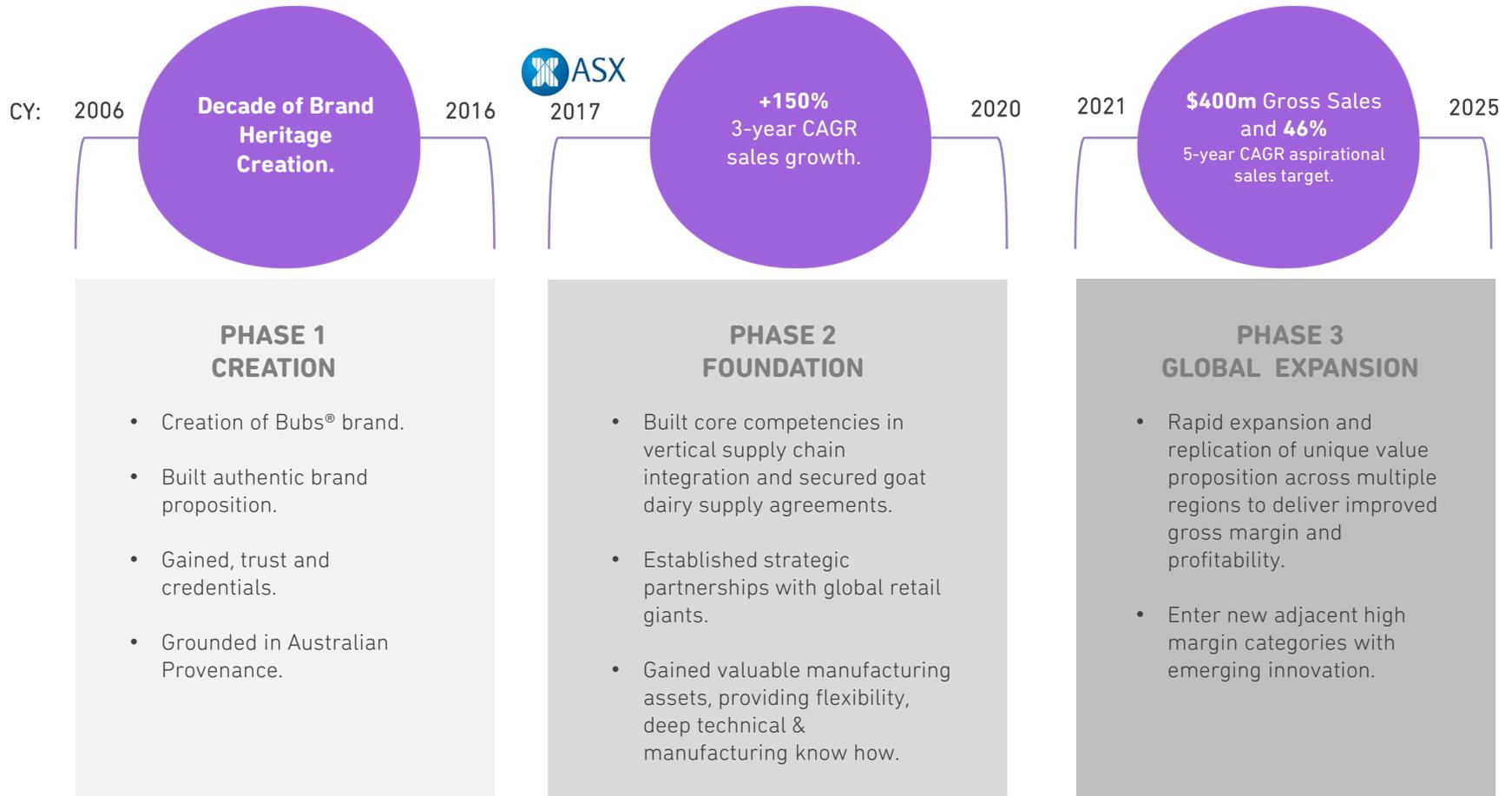
# OUR UNIQUE VALUE PROPOSITION

360° integrated business model, combining the best of an ingredient and manufacturing business, together with a brand-led and consumer focused portfolio driven business.



## CAN ONLY BE ACQUIRED WITH EXPERIENCE **OVER THE LONG-TERM**

We are now entering the third phase of the Bubs Journey, with rapid global expansion built on brand trust, invaluable knowledge and intellectual property.



# OPTIMISING SUPPLY CHAIN

Bubs unique vertical integration model continues to be our foundational strength.



## No.1

Australia's largest  
goat dairy producer

### UNIQUE SUPPLY CHAIN MODEL

Our secure supply chain integrating farm to production, provides traceability, scalability and flexibility.

### SCALABLE MANUFACTURING

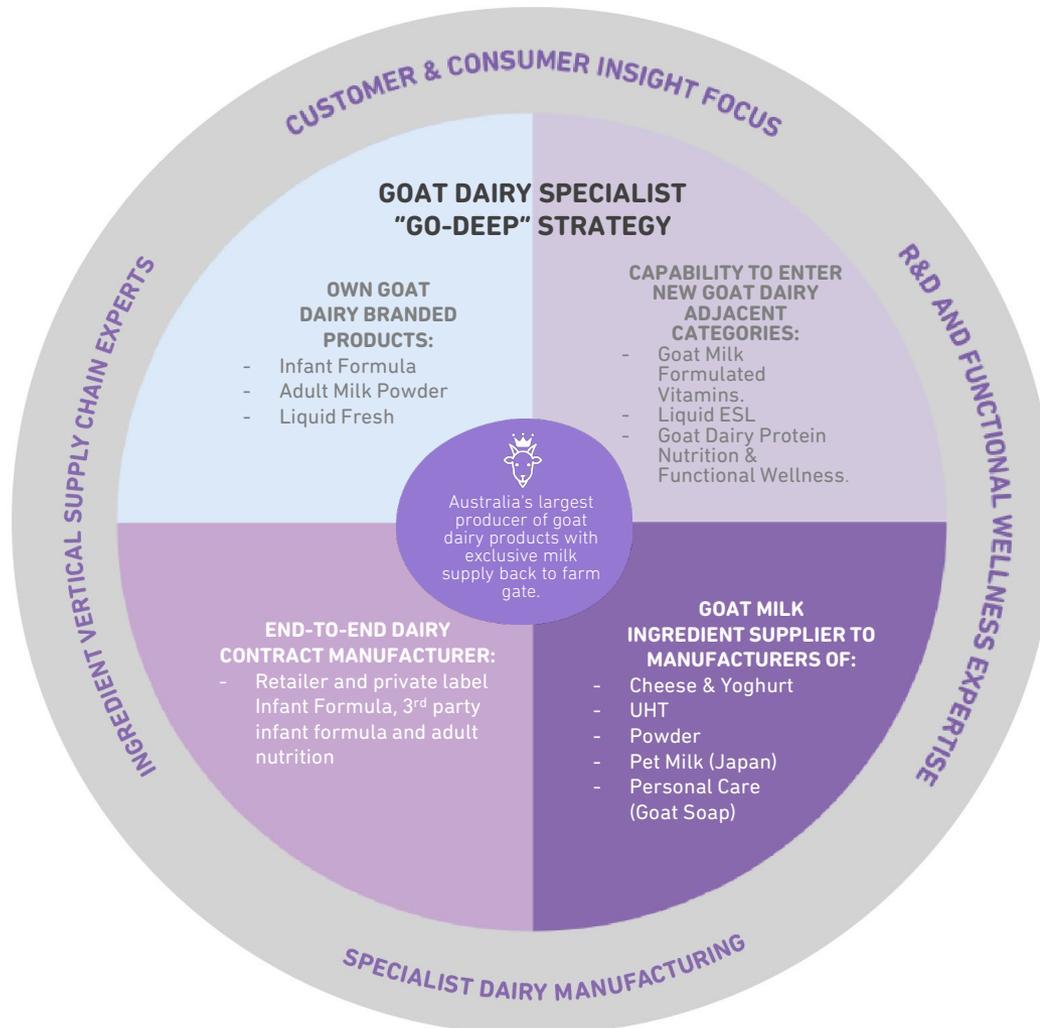
Our secure supply chain integrating farm to production, provides traceability, scalability and flexibility.

### UNDERPINNED BY GOAT DAIRY DOMINANCE

Our secure supply chain integrating farm to production, provides traceability, scalability and flexibility.

# SPECIALIST LEADER IN AUSTRALIAN GOAT DAIRY

As Australia's largest goat dairy producer, we have now optimised the highest and best use of an exclusive milk source and gained valuable specialist dairy competencies.



# ONE BRAND, MULTIPLE FEEDING OCCASIONS

Bubs® caters for all feeding occasions throughout a child's development. Our comprehensive portfolio provides a unique advantage to overcome regulatory hurdles whilst building demand for a sustainable long-term business.



# CHINA GENERAL TRADE PORTFOLIO

Provides registered product for physical, direct export to China and opportunity to gain full market access across multi-layered General Trade channel.



In development – not yet registered



# STRONG CHINA BRAND REACH & MESSAGING

Leveraging Global Brand Ambassador campaign, through to key opinion leaders and product digital campaign.



李湘  
Li Xiang  
Famous Chinese  
Personality  
25M Followers



刘遂谦  
Nutritionist, Beijing United  
Family Healthcare  
1M Followers



年糕妈妈  
Nico Mama  
Top Mom & Baby KOL  
30M Followers

# BUILDING MOMENTUM WITHIN MULTI-LAYERED ECOSYSTEM

Strategic placements in every corner of the Wei Qi board ready to strike. Applying both 'push' and 'pull' strategies to build momentum across China's complex ecosystem, pinpointing the most lucrative channel tiers and demographics, ensuring all paths lead to Bubs®.



Australia Outbound Daigou C2C Channels

Regional Daigou Markets

In-Market C2C/  
Social Selling

B2C CBEC Platforms

Tier 1: 天猫, JD.COM, 唯品会

M&B Verticals: babytree, 贝贝, 蜜芽

Lower Tier: 苏宁易购

O2O (Online to Offline)

General Trade Mother and Baby Stores and e-commerce

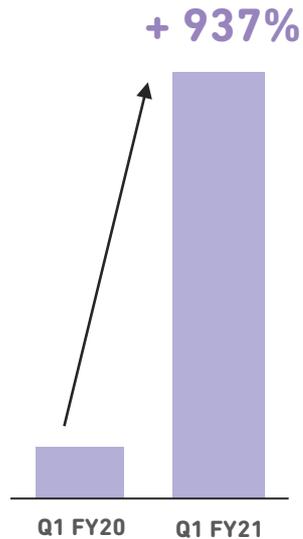
# ACCELERATING CBEC CHINA CONSUMER DEMAND

Demonstrating CBEC channel shift & continued strength of brand connection with our end China consumers, as well as positive outcome from our China strategic partnerships with Alibaba and Beingmate.

Chinese consumer demand remains strong, leading into Double 11 Shopping Festival.



Total China CBEC platform offtake sales to end consumer\*.



\*Source: Alibaba, total Tier 1 Platforms Bubs Infant Formula sales.  
 ^Source: Alibaba, Tmall Global Sales Data as at 30 September 2020.  
 \*\*Source: JDI last 30 days total platform sales as at 8 October 2020.

No.3  
Goat Brand  
on Tmall Global^



BUBS HOLDS 12% GOAT INFANT FORMULA MARKET SHARE ON Tmall GLOBAL^

+100% market share growth pcp.

No.1  
Goat Brand  
on JD.com\*\*



MILESTONE ACHIEVEMENT

Ahead of China's top selling Goat infant Nutrition Brand.



# STRONG HOMEBASE IN AUSTRALIAN FAMILIES

## AUTHENTIC AUSTRALIAN PROVENANCE IS KEY TO LONG-TERM SUCCESS IN CHINA.

Despite the recent major disruption to the Australian retail channel due to lack of inbound Daigou retail shoppers, our strong domestic market share growth continues, demonstrating significant and loyal local consumer base across Australian parents.

Bubs Australia was the only manufacturer to achieve double digit sales growth pcp in the last quarter across Australia's top three major grocery and pharmacy retailers combined.<sup>1</sup>

**coles**

**No.1 Goat Brand<sup>2</sup>**

**40% Goat market share.**



Woolworths

**No.2 Goat Brand<sup>2</sup>**

**+172% scan sales<sup>2</sup>**



Woolworths

**No.2 Organic Cow Brand<sup>2</sup>**

**17% Organic market share.**



Launched in May 2020.

1. IRI Scan value sales data last 13 weeks as at 27/9/2020 across combined Coles, Woolworths, Chemist Warehouse and My Chemist.

2. IRI Scan Units Sold last 13 weeks as at 30/8/2020.

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# STRATEGIC FOCUS



## OUR CORE STRATEGIC PRIORITIES

Since listing, our core strategic focus remains unwavering and has been successfully strengthened in both our core business as well as via extensions into new markets and category growth opportunities.



### MAXIMISE BRAND EQUITY GROWTH

Building brand equity and awareness to increase market share in all key markets.



### OPTIMISE GOAT DAIRY LEADERSHIP

Optimize supply chain integration and capability to drive efficiencies and improve margins.



### DRIVE INNOVATION

Drive consumer led innovation in emerging and adjacent categories.



### LEVERAGE STRATEGIC PARTNERSHIPS

Accelerate market access into China via localised manufacturing of SAMR product.



### ACCELERATING GLOBAL GROWTH

Rapid growth of global expansion driving brand equity across all key markets.

FUTURE STRATEGIC FOCUS

Our key foundational strengths provide the ability to manage through disruption to unlock growth potential with economic recovery.

Bubs is an authentic trusted brand with unique proposition operating in an attractive high growth market.

Clear market leader in goat dairy production with supply chain security and scalability.

Ownership of registered manufacturing facility with impeccable R&D, QA and manufacturing capabilities.

Strategic collaborative partners with industry giants in key markets.

Domestic retail distribution strength across all major retailers.

FOUNDATIONAL BUILDING BLOCKS

# CHINA REMAINS OUR KEY FOCUS LEAD EXPORT MARKET

China is our primary export market with the highest growth potential for Goat Infant Formula as the fastest growing market segment.

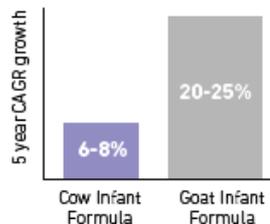


## GOAT MILK FORMULA

Goat Milk Formula is expected to grow 20-25% year on year, growing 3x faster than Cow Milk Formula.<sup>1</sup>

Limited global goat milk supply creates barriers to entry for new market entrants.

**~20-25%** Growth, YoY. **x3** faster growth than Cow Milk Formula.



<sup>1</sup>Euromonitor 2019 & expert interviews.

## MARKET SIZE

**>60%** **\$55bn**

of the world's Goat Milk Infant Formula is consumed by China, with a majority coming from imported brands.

China is the largest and fastest growing Infant Formula market in the world, valued at >A\$55bn.<sup>1</sup>



## UNIQUELY POSITIONED

Bübs® is uniquely positioned to capitalise on the premiumisation trend as the only Infant Formula in the world sourced from **Australian goat milk.**



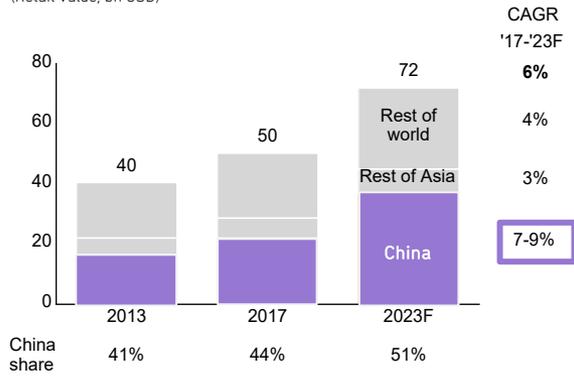


# CHINA LARGEST IMF MARKET IN THE WORLD

Goat and Organic Dairy are the two highest growth segments within the China 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

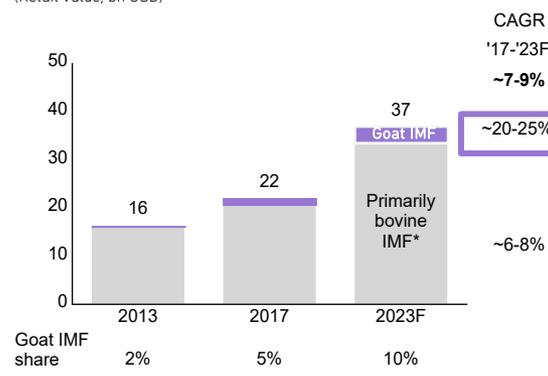
**Per capita consumption:** driven by recognized convenience and nutrition benefits of IMF

**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

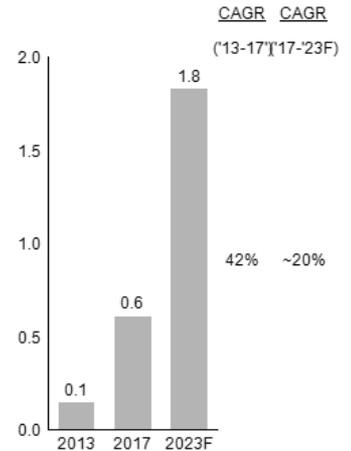
**Premiumization:** increasing number of premium consumers

**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

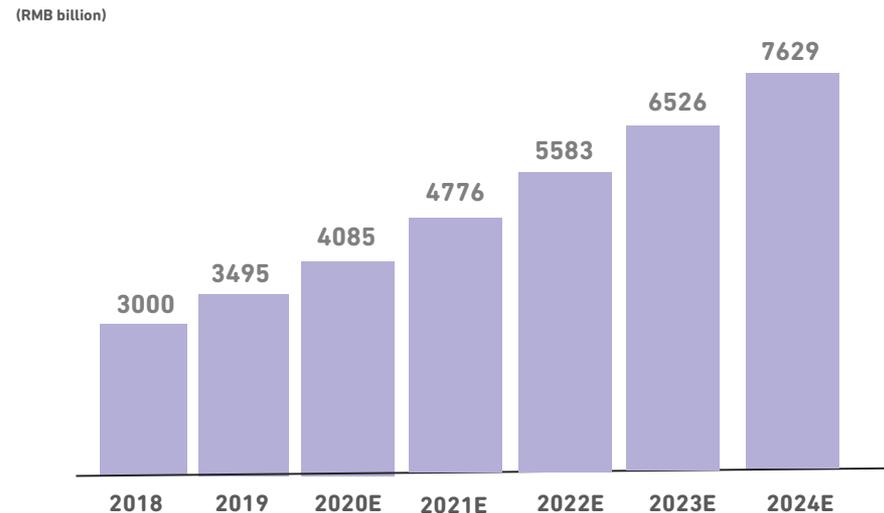
China organic IMF market size  
bn USD



# BARRIERS TO ENTRY FOR CHINA SAMR GENERAL TRADE INCREASING, BUT **STRONG GROWTH OPPORTUNITY REMAINS.**

- Regulatory constraints increasing.**  
 China infant formula market is consolidating due to tightening regulations.
- Macro-environment restraining approvals.**  
 International brands experiencing long lead-times for regulatory approvals.
- Consumer need for trust growing.**  
 Increasing China consumer demand for brands that demonstrate local relevance.
- Growing demand for in-market manufacture.**  
 Renewed pride in locally manufactured products tailored for Chinese babies.

The Mother and Baby channel provides high growth potential for Bubs® Goat Infant Formula.



Total China Mother & Baby Channel Sales  
 2018 – 2024° - all category sales.

# “CREATED BY BUBS®” PROVIDES CLEAR PATH FOR SAMR ACCESS

Bubs signs MOU with joint venture partner Beingmate to acquire ownership interest in dedicated SAMR brand slot at Beingmate China production facility.

**RAPID GROWTH VIA SAMR APPROVED FORMULATION TAILORED FOR CHINESE CONSUMERS.  
“MADE IN CHINA” FROM 100% BUBS AUSTRALIAN GOAT MILK.**



**BUBS PENETRATION TO SIGNIFICANTLY EXPAND ACROSS MOTHER & BABY STORES**

Bubs to continue to pursue Australian manufactured SAMR approved product.

# UNPARALLELED VERTICAL SUPPLY CHAIN EXPERTISE

Provides a strong foundation for long-term “Created by Bubs®” localisation market entry strategy. Due diligence for right to acquire a stakeholding in Beingmate production facility in progress.

Australia Deloraine Dairy  
Dandenong South, Victoria

100% OWNERSHIP AUSTRALIAN ORGANIC CERTIFIED AND CHINA FULLY LICENSED DELORAINE MANUFACTURE WITH EXCLUSIVE AUSTRALIAN AND GOAT DAIRY MILK SOURCE.



Beingmate Beihai,  
Guanxi, China

BEINGMATE INFANT FORMULA PLANT DUE DILIGENCE AND LEGAL DOCUMENTATION IN PROGRESS.



# BUBS® INFANT FORMULA CHINA PORTFOLIO STRATEGY

Infant Formula to remain our key growth engine and catalyst for maximizing China growth potential.



Concept in development

Segmentation:	PREMIUM	SUPER - PREMIUM	ULTRA - PREMIUM
Regulatory Framework:	FSANZ – English Label (Food Standards Australia New Zealand)	SAMR – China Label (State Administration for Market Regulation China)	SAMR – China Label (State Administration for Market Regulation China)
Channel:	Domestic Retail China CBEC Diagou Channel	General Trade Mother & Baby Stores (Lower Tier Cities)	General Trade Mother & Baby Stores (Tier 1 Cities)
Place of Manufacture:	Deloraine Victoria, Australia	Beingmate Beihai, China	Deloraine Victoria, Australia
Indicative Timing:	Existing	In Progress. Aiming for first production CY 2021	In Progress. TBC.

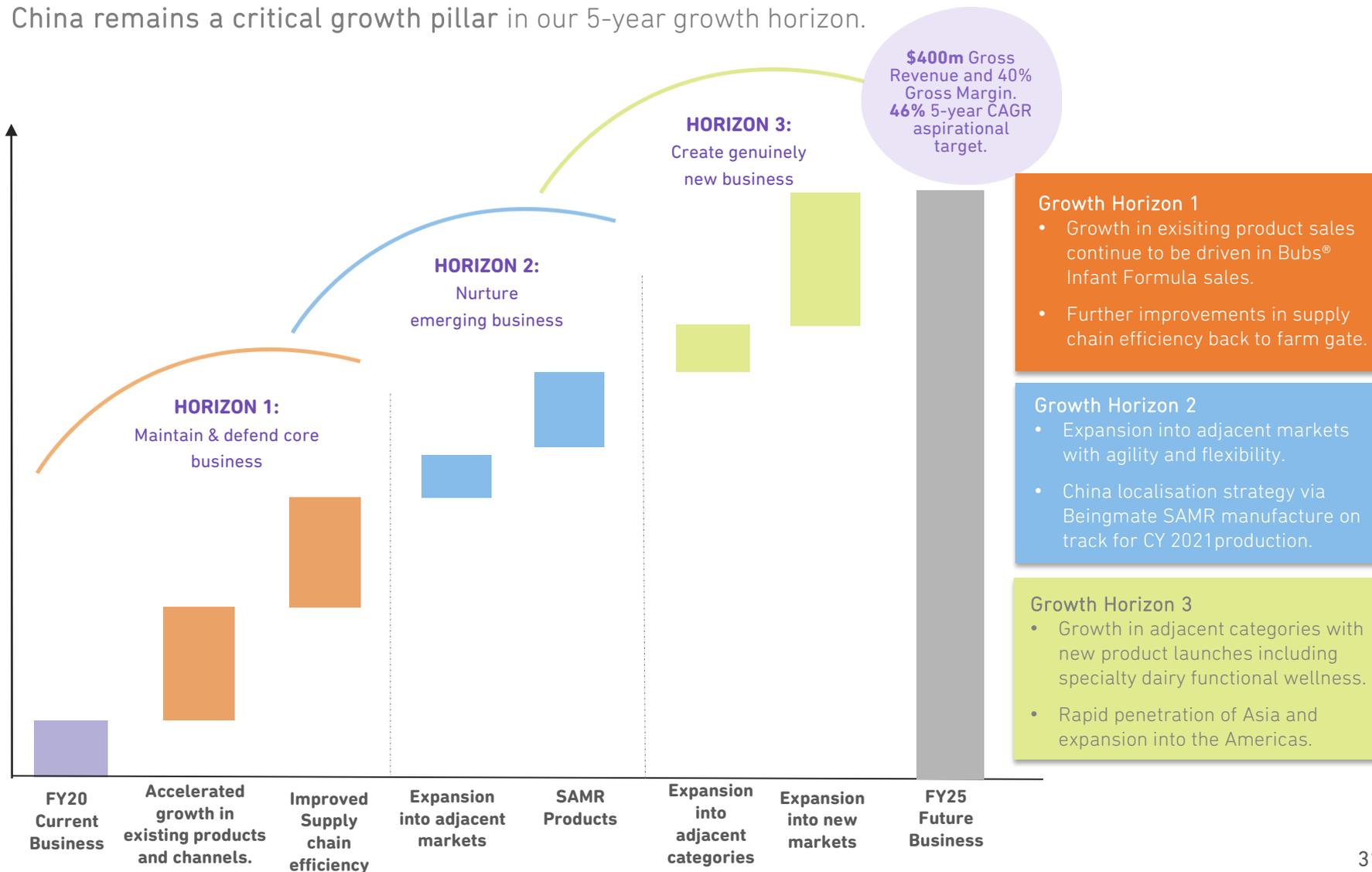
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# GROWTH PATHWAY



# LONG TERM SUSTAINABLE GROWTH AGENDA

China remains a critical growth pillar in our 5-year growth horizon.



ASX: BUB  
Bubs Australia



bübs®

Growing Generation Joy