

Annual General Meeting : Management Presentation

October 26, 2016
Level 10/271 Collins St



REDBUBBLE



AGENDA

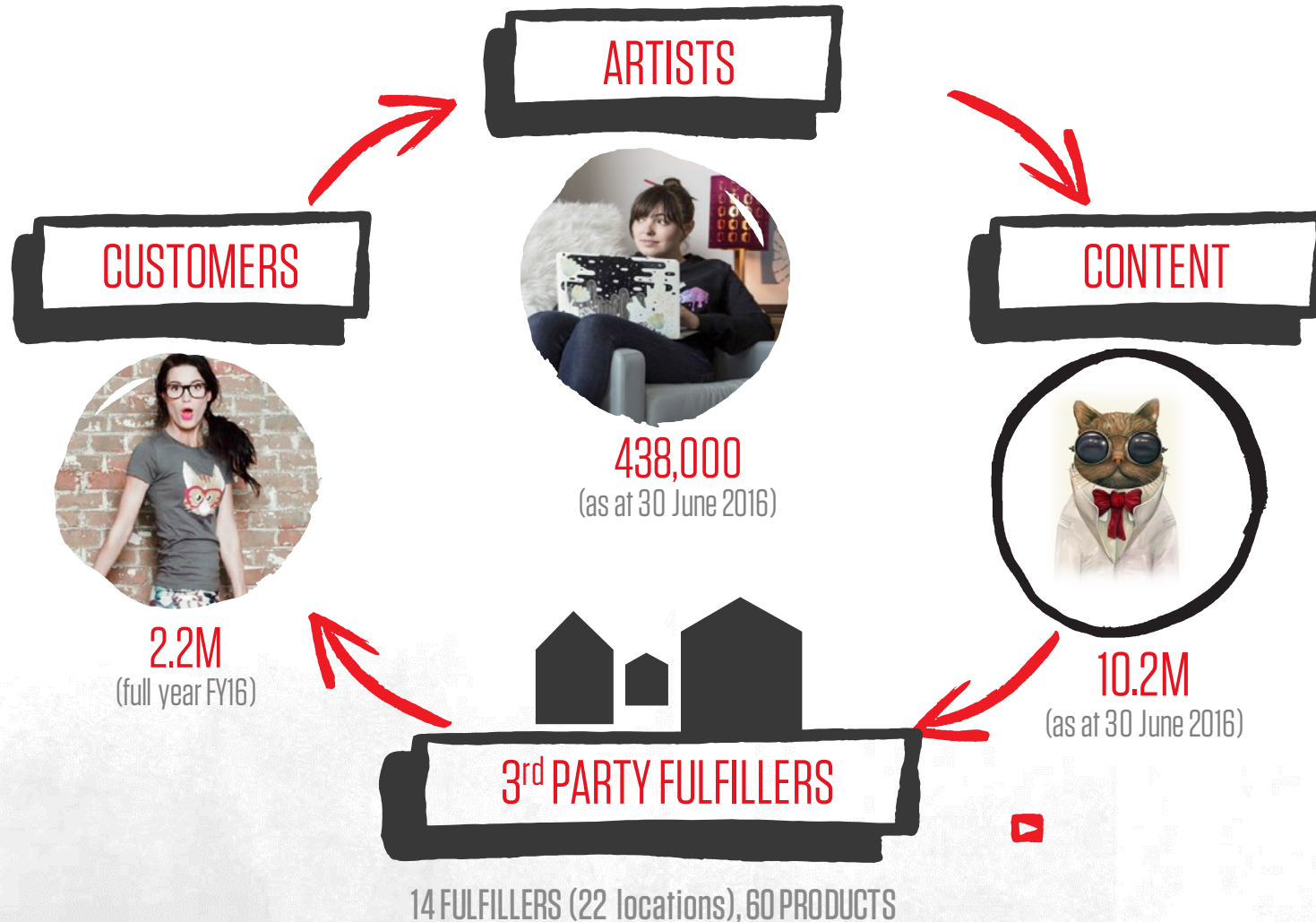
1. Introduction
2. By the numbers
3. Operating highlights
4. Looking ahead

1

Introduction



Creating the world's largest marketplace for Independent Artists



The Redbubble mission

**REDBUBBLE IS CREATING THE WORLD'S
LARGEST MARKETPLACE FOR INDEPENDENT ARTISTS,
BRINGING  MORE CREATIVITY 
INTO THE WORLD**

Continued improvement in key customer metrics

Consumers come to Redbubble to buy what they cannot get elsewhere

70%

(VS. 66% FY 2015)

Of sales from
works that sold
50 times or less
(Sep 2016)

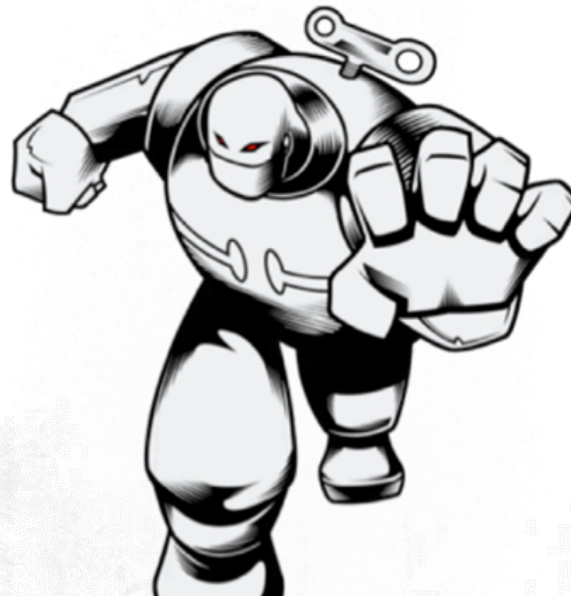
58%

Sales from works that
are >6 months old
(Sep 2016)

68

(VS. 67 APRIL 2016)

Net Promoter Score
(Sep 2016)



62% *

Under 35

57% *

Female

38%

(VS. 34% 1H FY16)

Repeat purchase
% of GTV Q1 FY2017

78% Growth in Repeat GTV
vs. FY2015

Some customer comments

... provides independent artists with a platform ...
The customer service, quality, and range of pieces is amazing too!

Coppelia via Delighted

I can find one original product to the next. Which makes gift giving so easy and the people who I love feel very special. ..., I love you Redbubble,

Susan via Delighted

... overflowing with wonderful and creative designs that offer so much for reasonable prices. I am a very happy repeat customer
Nichole via Delighted

It was just an awesome experience.

The products are beyond unique,

David via Delighted

Every interaction I have with @redbubble is an example of customer service done well.

David via Twitter

I bought this t-shirt for my grandson. He couldn't believe that I found exactly what he was looking for! Thanks RedBubble! You were the only place that had it!

Dana via Delighted

Have designs for pretty much everything I can think of.

Tyler via Delighted

And a word from the artists

I feel more of a **personal connection to RB, than other similar websites** to be honest. It's the personal touch!

Kim, Netherlands

Redbubble has been very good to me and is definitely the best website in it's category...**easy to upload, the community** is much more open and friendly and I've earned much more money **through it** than any other site..

Tom, Australia

Holy moly, I sell my artwork on a lot of different sites, but my success on Redbubble is leaps and bounds ahead ... the only one that let's me **set my royalty.** Thank you for being the BEST at what you do.

Kelly, USA

RB has the best customer service, the best team and best everything on the **market...**and yes, the best user experience as well!

Dorottya, Hungary

I've really been enjoying some of the recent updates and additions to the site, from new products, to new tools that make getting my designs on said products ...I think **you guys do a great job keeping the artist experience smooth, pleasing**

Val, USA

The transformation (of the English website) into **German was made really well.**

Daniel, Germany

2 By the numbers



FY2016 P&L Highlights

P&L	FY2015	FY 2016	Variance
(A\$M)	Full Year	Full Year	%
GTV	88.4	142.9	61.7%
Revenue	71.1	114.6	61.2%
Cost of sales	(47.0)	(75.6)	(60.8%)
Gross profit	24.1	39.0	61.8%
Gross profit margin	33.9%	34.0%	0.5%
Operating expenses ¹	(30.1)	(47.2)	(57.2%)
Other income/costs	(0.6)	(0.5)	11.6%
EBITDA (loss) ¹	(6.5)	(8.7)	(33.4%)
Depreciation & amortisation	(2.0)	(4.0)	(97.8%)
Finance costs	(0.2)	(1.8)	(678%)
Income tax	2.5	(3.4)	(236%)
Loss after tax ¹	(6.3)	(17.8)	(182%)

- FY2016 results met or exceeded IPO forecast at all levels
- FY2016 GTV driven by good progress across core growth initiatives
- FY2016 Gross profit grew in line with Revenue and margin maintained
- FY2016 Operating expenses growth rate lower than revenue growth rate, most noticeably in 2H
- FY2016 Operating expenses includes \$7.7M paid marketing generating \$12.3M Gross profit
- FY2016 Finance cost includes transaction costs on CRPS and Convertible Notes converted to equity on IPO
- FY2016 Tax charge despite loss due to de-recognition of brought forward deferred tax assets

1Q FY2017 P&L Highlights

Strong revenue growth up 33.6% (constant currency).....operating leverage delivering 42.4% EBITDA improvement

P&L	Q1 FY16	Q1 FY17	Q1 FY17 v Q1 FY16	
			Reported	Constant Currency ¹
(A\$M)			Growth	Growth
GTV	28.7	36.1	25.7%	34.0%
Revenue	23.0	28.9	25.6%	33.6%
Cost of Sales	(15.3)	(18.4)	20.4%	28.0%
Gross Profit	7.7	10.5	35.8%	44.7%
GP Margin	33.7%	36.4%	8.1%	8.3%
Operating Expenses	(10.9)	(12.7)	16.6%	19.6%
Other Income/Costs	(0.1)	(0.2)	18.8%	n/a
EBITDA (loss)	(3.3)	(2.3)	28.6%	42.4%

- Revenue and GP growing considerably faster than operating expenses

1. Constant currency numbers are derived by taking the original currency value and converting it at the same exchange rate used for the comparison period.

Source: Redbubble internal unaudited management accounts

Strong growth in key measures FY2016 vs FY2015

	FY2015	FY2016	YOY growth
Visits	103.1M	147.8M	43%
Conversion rate¹	1.75%	1.87%	7%
AOV²	\$49.6	\$52.6	6%
Customers	1.44M	2.20M	53%
Selling Artists	95,500	154,300	62%

- Continued work on Search Engine Optimisation and paid marketing effectiveness
- Customer and Selling Artist numbers both grow in line with delivery of growth initiatives
- Driven by cart and mobile user experience improvements

1. Conversion rate is the percentage of visits to the site that result in a purchase being made
2. AOV: Average Order Value (Order sales / Order count)
Source: Redbubble internal data

Continued strong QoQ growth delivering to Prospectus FY17 forecast

	Q1 FY2016	Q4 FY2016	Q1 FY2017	YoY ³ growth	QoQ ⁴ growth
Visits	33.9M	36.7M	42.0M	24%	15%
Conversion rate ¹	1.62%	1.72%	1.81%	12%	5%
AOV ²	\$53.2	\$52.3	\$48.4	-9%	-7%
Customers	481,000	551,000	667,000	39%	21%
Selling Artists	72,000	97,800	109,700	52%	12%

- Decline in AOV due to FX impact and a shift in product mix, in particular an increase in Stickers

1. Conversion rate is the percentage of visits to the site that result in a purchase being made
 2. AOV: Average Order Value (Order sales / Order count)
 3. YoY shows growth between the current and prior years corresponding quarter
 4. QoQ shows growth between the last two calendar quarters
 Source: Redbubble internal unaudited management accounts

Balance sheet summary

At 30 June	FY2015	FY 2016	Variance
(A\$M)	Full Year	Full Year	%
Total current assets	15.5	44.2	186%
Total non-current assets	11.7	11.4	(2.4%)
Total assets	27.2	55.6	105%
Total current liabilities	12.7	16.6	30.5%
Total non-current liabilities	15.2	0.1	(99.6%)
Total liabilities	27.9	16.7	(40.3%)
Net assets	(0.8)	39.0	5,221%
Contributed equity	9.5	67.9	607%
Other equity	1.1	2.3	114%
Accumulated losses	(11.4)	(31.2)	(178%)
Total equity	(0.8)	39.0	5,221%

- Balance sheet in a strong position due to IPO share capital raise of \$30.0M and Pre-IPO convertible notes of \$12.3M (gross of costs)
- Current liabilities includes trade payables of \$13.1M (FY15: \$10.3M) and Unearned income \$2.4M (FY15: \$1.7M). Unearned income represents sales made for which shipment has not occurred at balance date
- Redbubble has no debt.

Strong sales growth despite FX headwinds in Q1 FY17

Following FX tailwinds in 1H FY16

GTV (\$M) by Year & Quarter since 2009



FY2016 GTV split by region

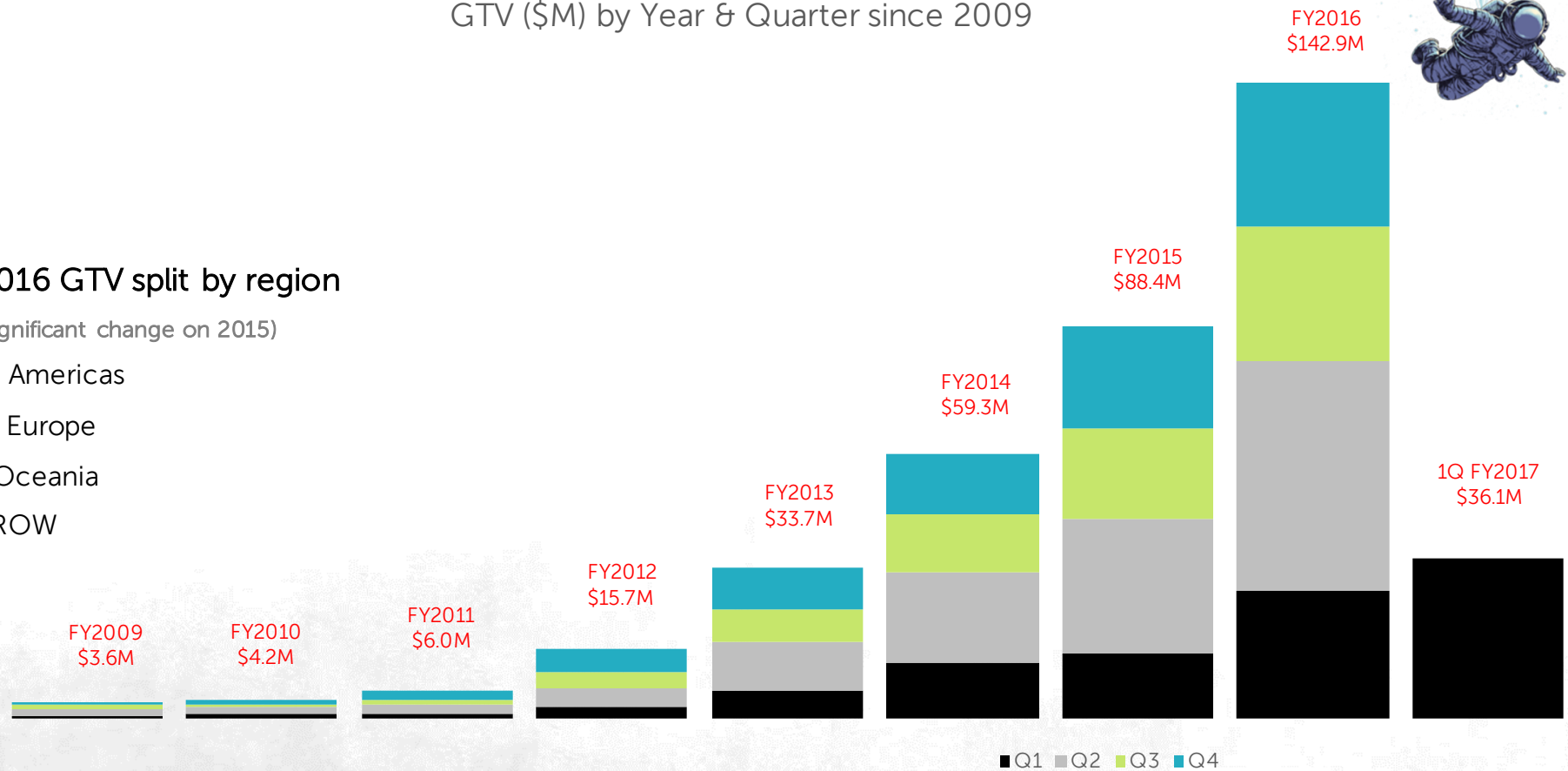
(no significant change on 2015)

65% Americas

27% Europe

7% Oceania

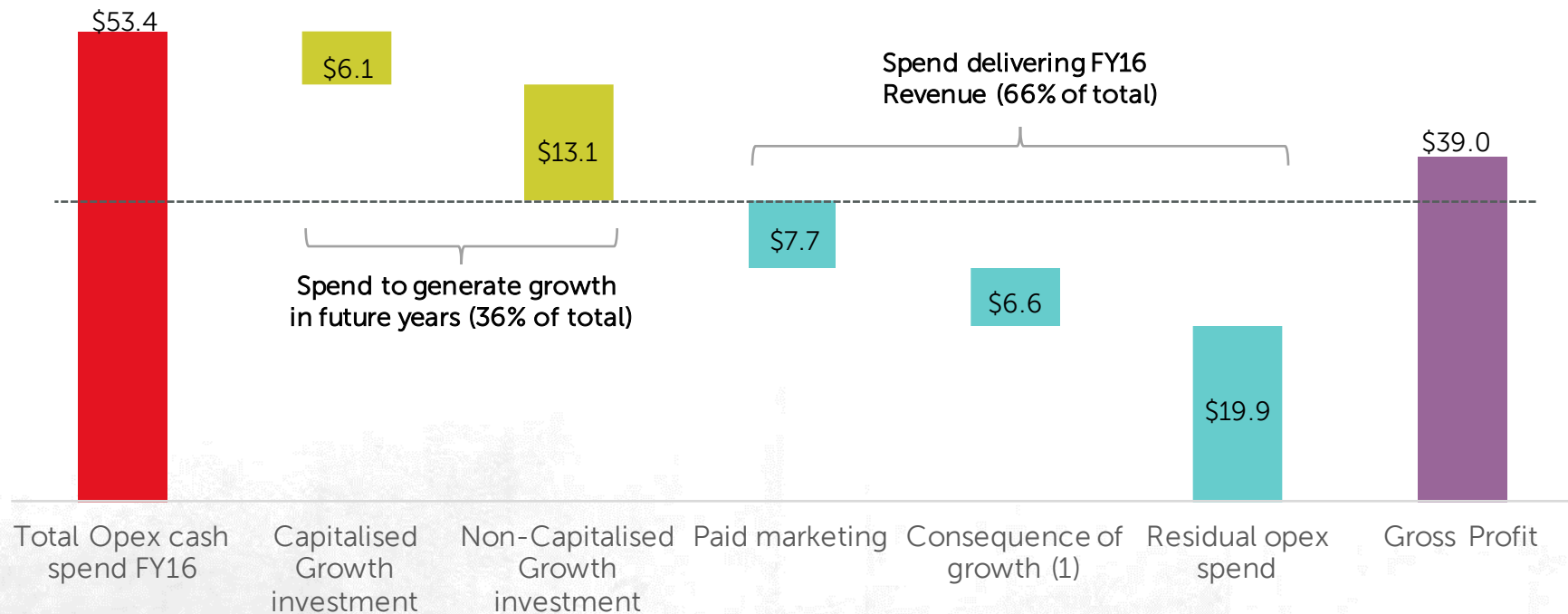
1% ROW



FY16 Cash spend had significant focus on growth investment for the future

36% of cash spend focused on investing for future revenue growth

Allocation of opex cash spend⁽¹⁾ vs. gross profit (FY2016 \$M)



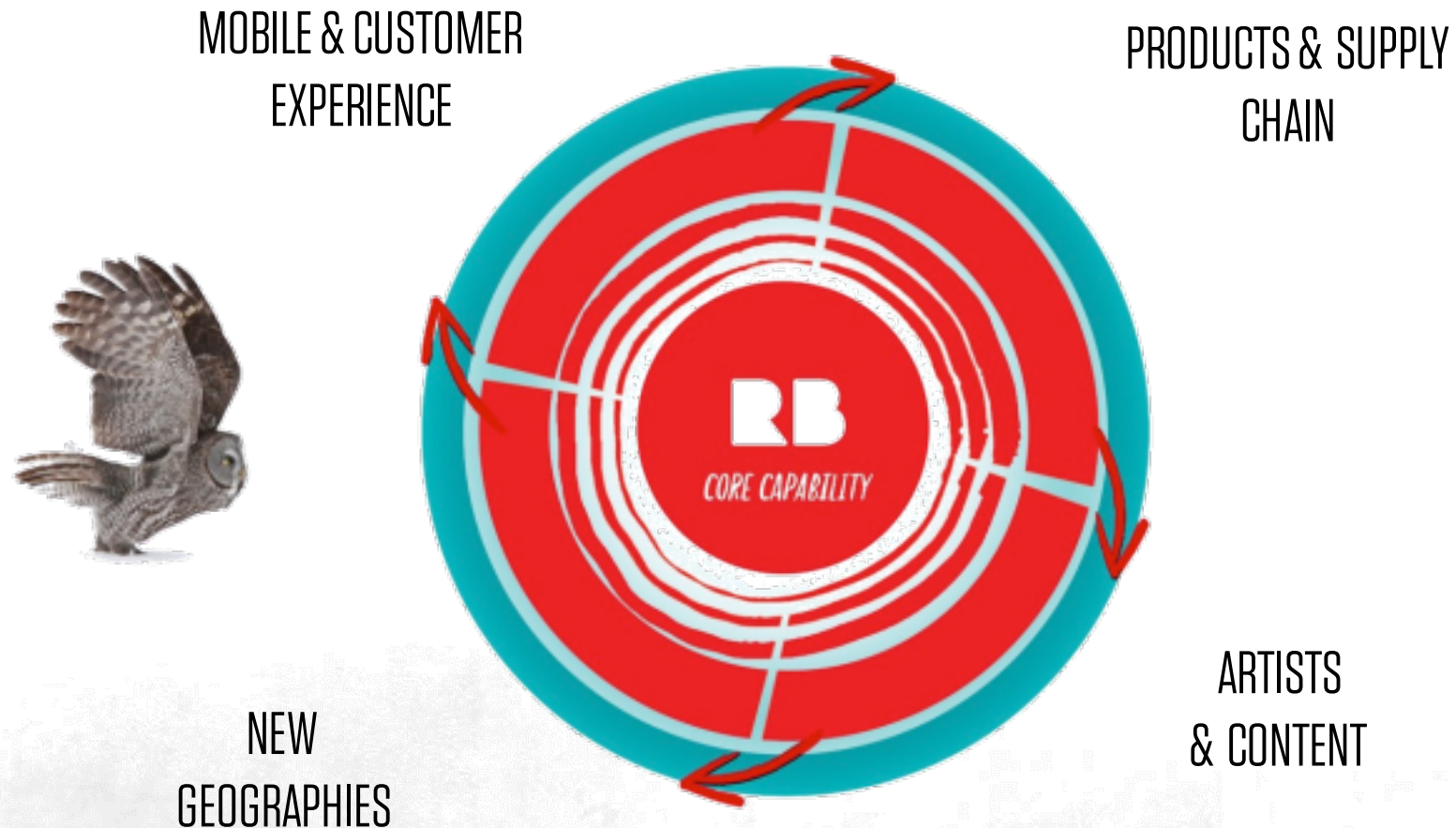
(1) Opex cash spend includes capitalized costs

(2) Consequence of growth is variable cost incurred in delivery FY16 revenue growth (e.g., additional customer support)

3 Operating highlights



Strategic initiatives reinforce the marketplace dynamics



Strategic initiative highlights for 2H FY16 and Q1 FY17

Mobile & Customer Experience

- Range of improvements to search algorithm/user experience
- New, more targeted feeds into Google Shopping
- New homepage design with branding, collections, artists, products
- Redesigned mobile-focused checkout and new payment gateway
- Added localized delivery date information
- Targeted email capability

Products & Supply Chain

- 8 new physical products
- 3 new fulfillment partners in US (2) and Australia (1)
- 63 product/location combinations shifted to reduce shipping times

Artists & Content

- Content management activities with IP owners
- Updated artist profiles and lower payment thresholds

New Geographies

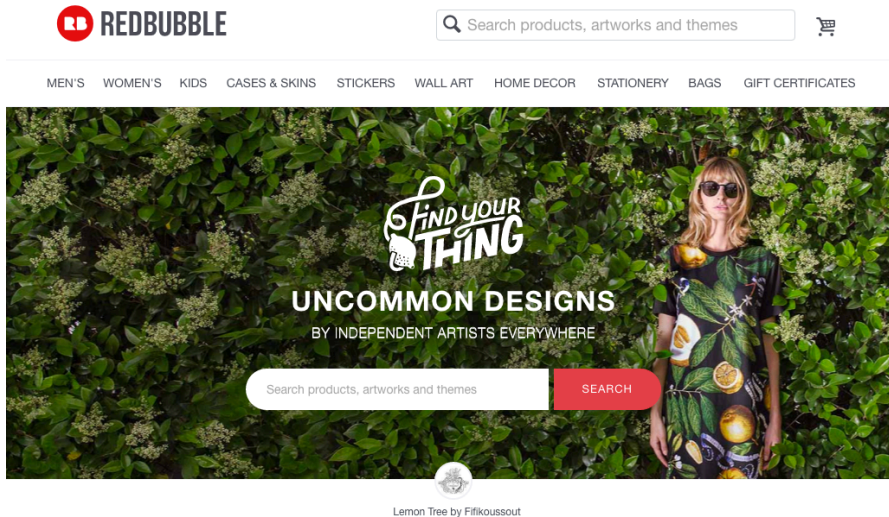
- Launched German (March), French (June) and Spanish (July) sites

Other scaling

- Transitioned IT platform to scalable cloud infrastructure at lower cost
- Negotiated savings in fulfillment and shipping
- Reduced cost of customer support through outsourcing

Newly branded homepage experience

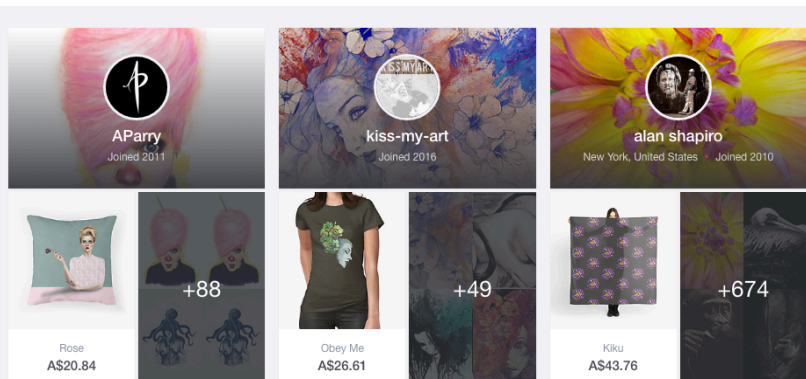
Clear brand value prop



Featuring Artist portfolios

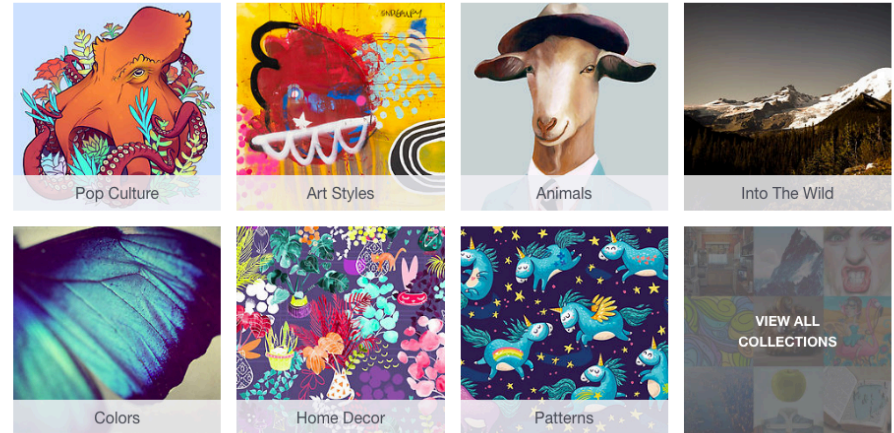
Featured Artists

Artists of the day



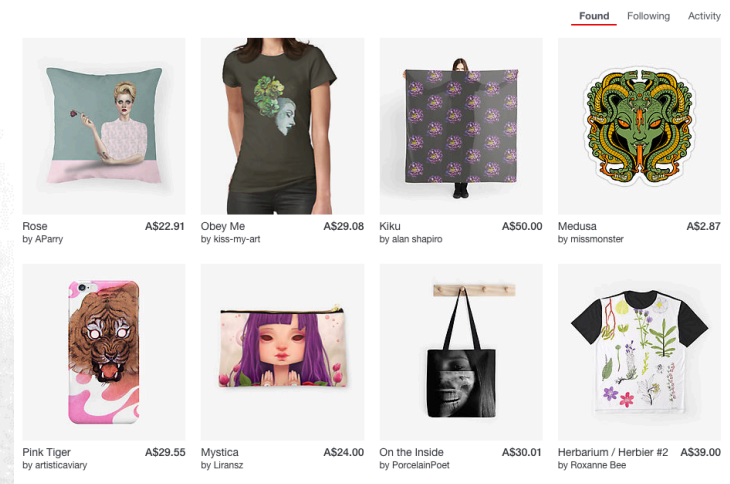
Themed Collections to aid browsing

Collections



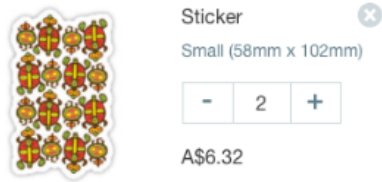
Product focused curated feed

Feed



Mobile friendly Cart + Checkout

Better User Experience
features



Stripe for Credit
Cards

Delivered by 22nd July (Standard Delivery)

Redbubble
3 items from Redbubble

Card number
MM / YY CVC

☒ Remember me

For security, please enter your mobile phone number:

555 123-1234

Continue AUD \$70.37

Terms | Privacy

We use **Stripe** to securely store your payment info for quick checkout on this site and others. [More info >](#)

Shipping Method
with Delivery Dates

1 Shipping to United States [CHANGE COUNTRY](#)

Delivered to your door
27th July

CHECKOUT A\$5.86

Price includes standard shipping (A\$2.70)

OR

Get it sooner
25th July

CHECKOUT A\$16.09

Price includes express shipping (A\$12.93)

One page
cart and
checkout

RB

Your shopping cart

Add 1 more Tote Bag to this order and we'll discount all of them by 15%

Tote Bag (Small (33cm x 33cm))
- 1 +
A\$16.68

SUBTOTAL
1 Items A\$16.68
[Add a coupon](#)
(Includes A\$0.74 GST)

1 Shipping to Australia [EDIT](#)

Delivered by 2nd August (Standard Delivery)

2 Paying A\$24.78 [EDIT](#)

VISA
**** * 4242
Expires 12/2018

Billing Address
Mr Baxter
123 Smith Street, Collingwood,
Australia, VIC 3000

3 Delivery Address

Mr Baxter
123 Smith Street, Collingwood,
Australia, VIC 3000

4 Review & Place Order

Email receipt to
baxter@redbubble.com
☐ Also send me offers & updates

Contact number (Required)
Enter your phone number

TOTAL
1 Items A\$16.68
Standard Shipping A\$8.10

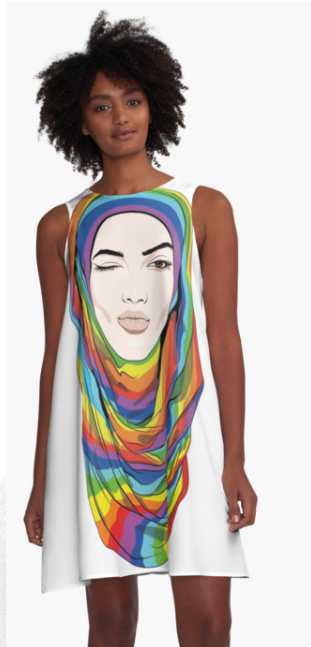
By clicking place order, I agree to Redbubble's [User Agreement](#)

PLACE ORDER A\$24.78

VISA **** * 4242

Eight products launched Jan-Sept 2016

iPhone Wallet



A-line Dress



Triblend Tee



Chiffon Top



Contrast Tank



Classic Tee



Graphic Tee Dress



Wall Tapestries

Growth activities with near term delivery

Mobile & Customer Experience

- Search algorithm updates
- User experience enhancements
- Facebook ad product upgrade
- Mobile iOS app (beta version)
- Website speed improvements

Products & Supply Chain

- 3 new physical products before Christmas focused on gift giving
- Digital stickers apps for iMessage (pilot launched)
- Localised apparel fulfillment in Canada

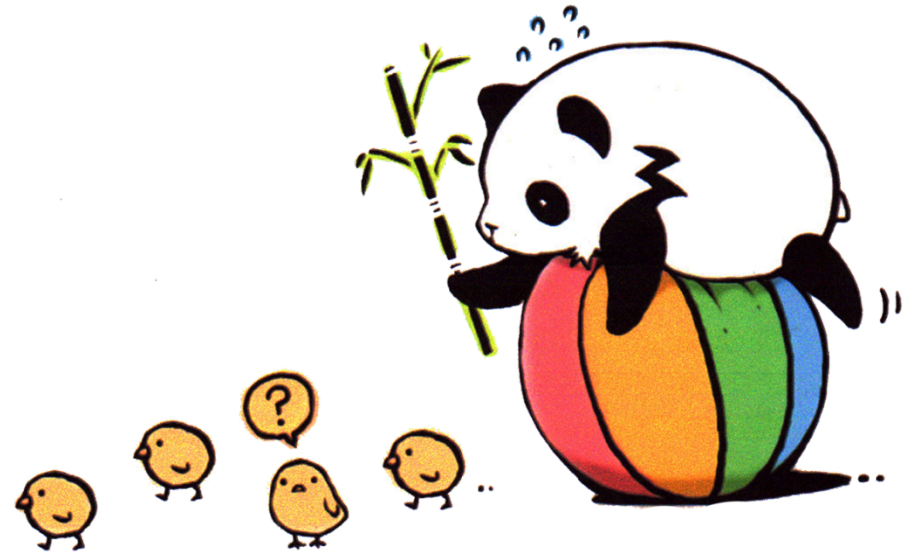
Artists & Content

- Improve Artist portfolio space and social interaction

New Geographies

- German, French and Spanish language artist acquisition
- Local marketing including selective rollout of Google Shopping

4 Looking Ahead





Redbubble has enjoyed exceptional growth and is scaling profitability on the back of strong fundamentals.

Massive Global Market

Redbubble is part of a massive fast growing global market (online apparel, accessories, stationary and home wares). Redbubble estimates these markets at US \$22b. RB's current market share is negligible.

High Entry Barriers

The Redbubble marketplace attracts more artists and customers in a reinforcing cycle that is difficult for new entrants to compete against and further extends market leadership.

Scaleable Business Model

As the marketplace, Redbubble does not generate the content or undertake fulfillment. This provides for a strong cash cycle as demonstrated by scaling to \$100M in revenue in 2014 with just \$8.7M in external capital.

Low Customer Acquisition Costs

The marketplace provides low customer acquisition costs from both free and paid sources. The diverse, growing and enduring content library attracts customers cost effectively via search, social and repeat customers.

Riding Shift in Consumer Tastes

Redbubble has strong structural tailwinds from consumers preferences moving towards the more personal, creative and individually relevant and away from the mass produced and mass marketed.

Multiple Growth Accelerants

Existing capabilities provide multiple means to drive growth including: new products, new geographies, user experience improvements and remarketing to drive repeat customers.



Disclaimer

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