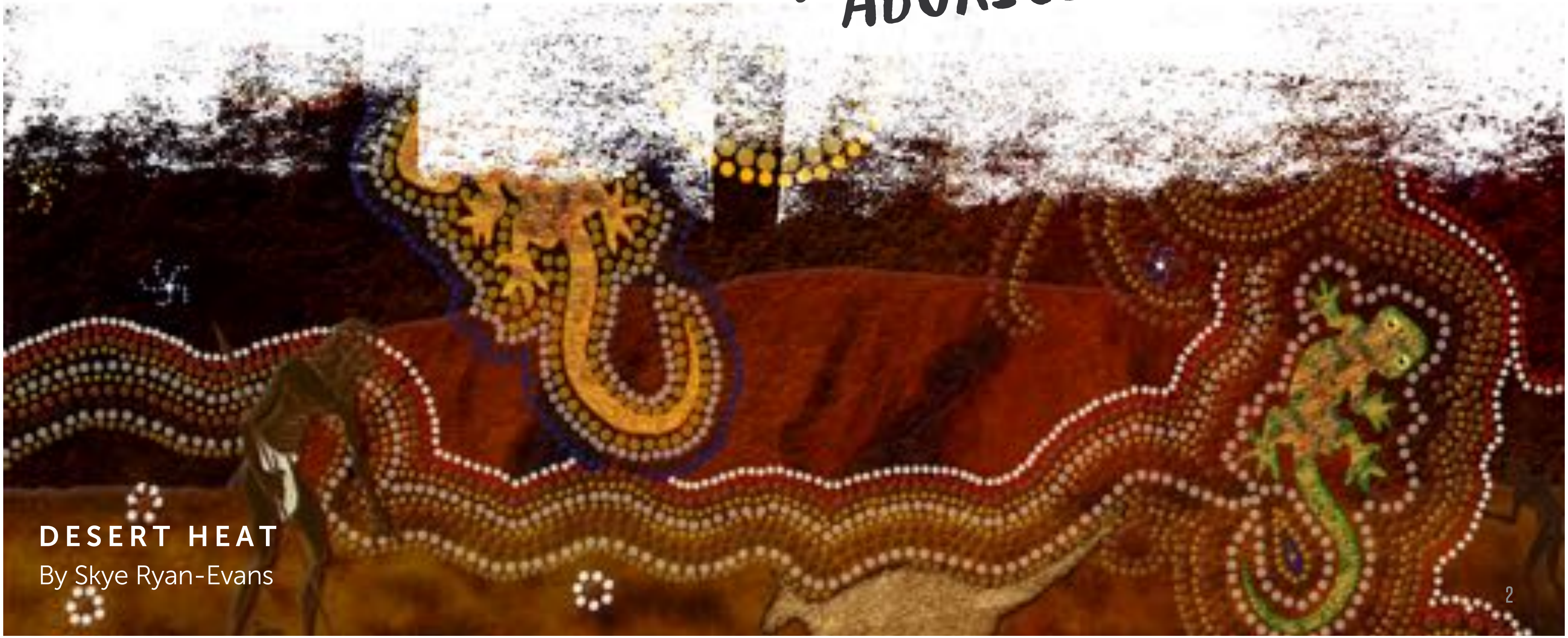

REDBUBBLE
Investor day
November 30, 2016
Level 10 / 271 Collins St

WELCOME & ACKNOWLEDGEMENT of ABORIGINAL LANDS



DESERT HEAT

By Skye Ryan-Evans


BUILDING A
HIGH GROWTH
SUSTAINABLE &
DIVERSIFIED
MARKETPLACE

AGENDA

2:05 – 2:10	Introduction *[Lloyd Heinrich]*
2:10 – 2:25	**The fundamentals** *[Martin Hosking]*
2:25 – 2:45	**Artists and Content** *[Barry Newstead]*
2:45 – 3:00	Q&A
3:00 – 3:15	**The customer** *[Nick Kenn]*
3.15 – 3:30	**Fulfillers** *[Rob Baumert]*
3:30 – 4:00	**Product Showcase** *[Vicki Stirling]*
4:00 – 4:20	Break & Q&A
4:20 – 4:40	**Financial foundations** *[Chris Nunn]*
4:40 – 5:00	**The future** *[Martin Hosking & Barry Newstead]*
5:00 – Close	Q&A then light refreshments

PRESENTING TODAY

MARTIN HOSKING

Chief Executive Officer

BARRY NEWSTEAD

Chief Operating Officer

CHRIS NUNN

Chief Financial Officer

ROB BAUMERT

Chief Fullfilment & Analytics Officer

LLOYD HEINRICH

GM Strategy & IR

VICKI STIRLING

GM Products

NICK KENN

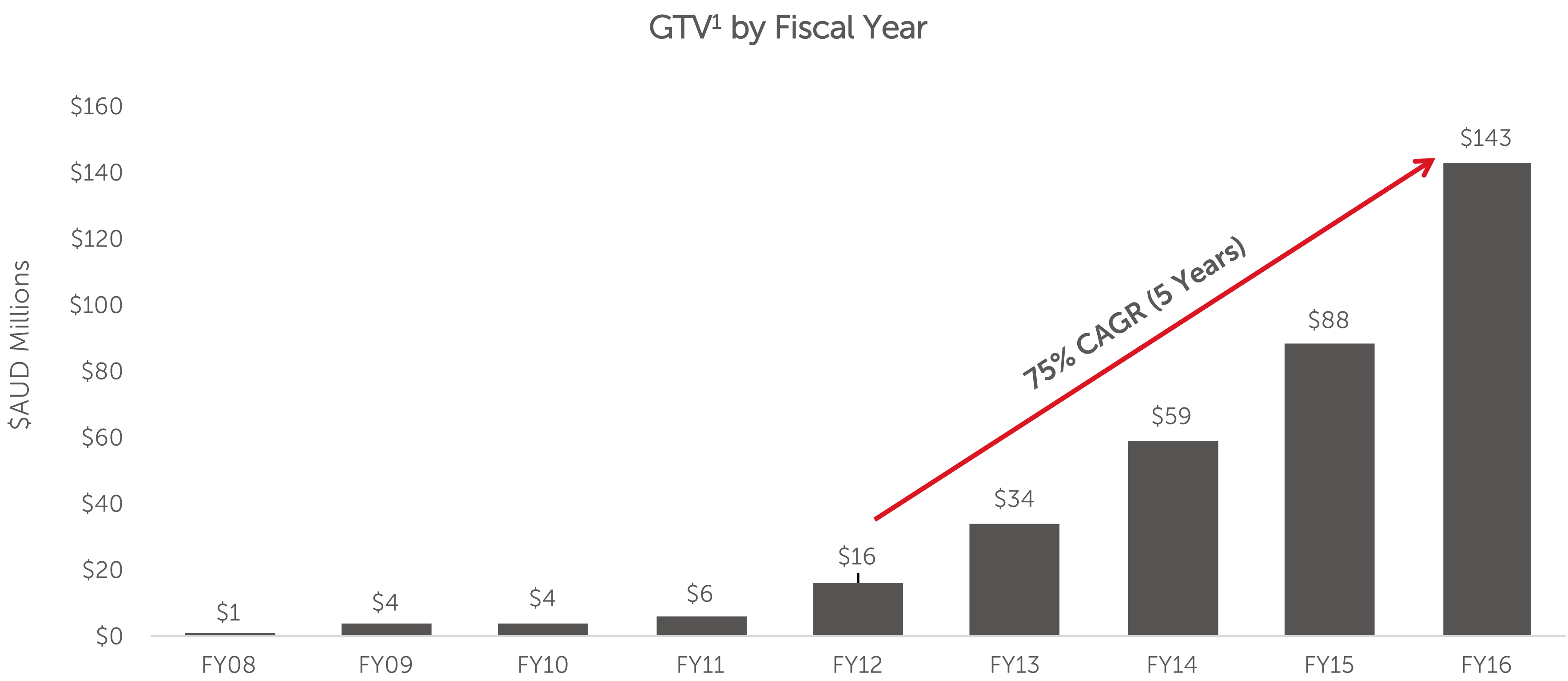
GM Marketplace Growth

1. The FUNDAMENTALS

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by: Martin Hosking

10 YEARS OF STRONG GROWTH



1. GTV (Gross Transaction Value) = Total receipts from customers less fraud, refunds and chargebacks.
Source: Redbubble internal data

STRONG ORGANIC GROWTH DRIVEN BY UNIQUE CONTENT IN THE MARKETPLACE

Redbubble continues to attract ever **MORE ARTISTS** to the platform

49%

CAGR of Selling Artists FY2012-FY2016

Growth in artist numbers leads to **MORE CONTENT** available for sale

53%

CAGR of Works Sold FY2012-FY2016

This growth in content means increasing **DIVERSITY & RELEVANCE**

73%

Of sales from works that sold 50 times or less (FY2016)

This attracts **MORE CUSTOMERS** looking for creative designs

69%

CAGR of Customer Numbers FY2012-FY2016

With **LOW CUSTOMER ACQUISITION COSTS,** many customers come through free sources

5.5 CENTS

Per $ of GTV FY2016

THE CONTENT & FULFILMENT MODEL IS UNIQUELY SCALABLE

DIGITAL IMAGE

61 PRODUCTS
15 FULFILLERS

CONTENT ENDURES CREATING:

- An increasing content library
- Recurring revenues

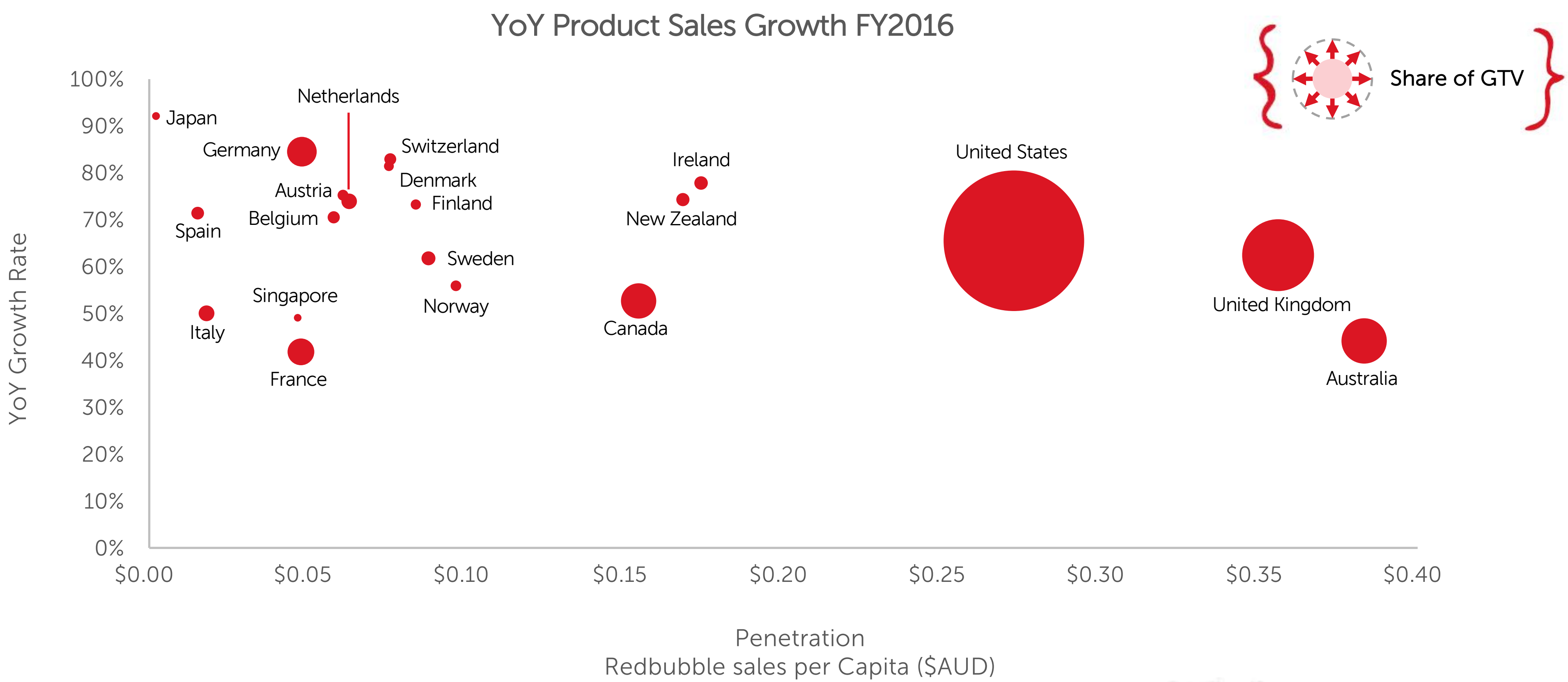
CONTENT IS RE-PURPOSABLE FOR:

- New products
- New geographies

THIRD PARTY FULFILMENT ENABLES:

- Scaling
- Scope extensions
- With quality protections

SALES ARE GLOBALLY DIVERSIFIED WITH STRONG GROWTH IN ALL MARKETS

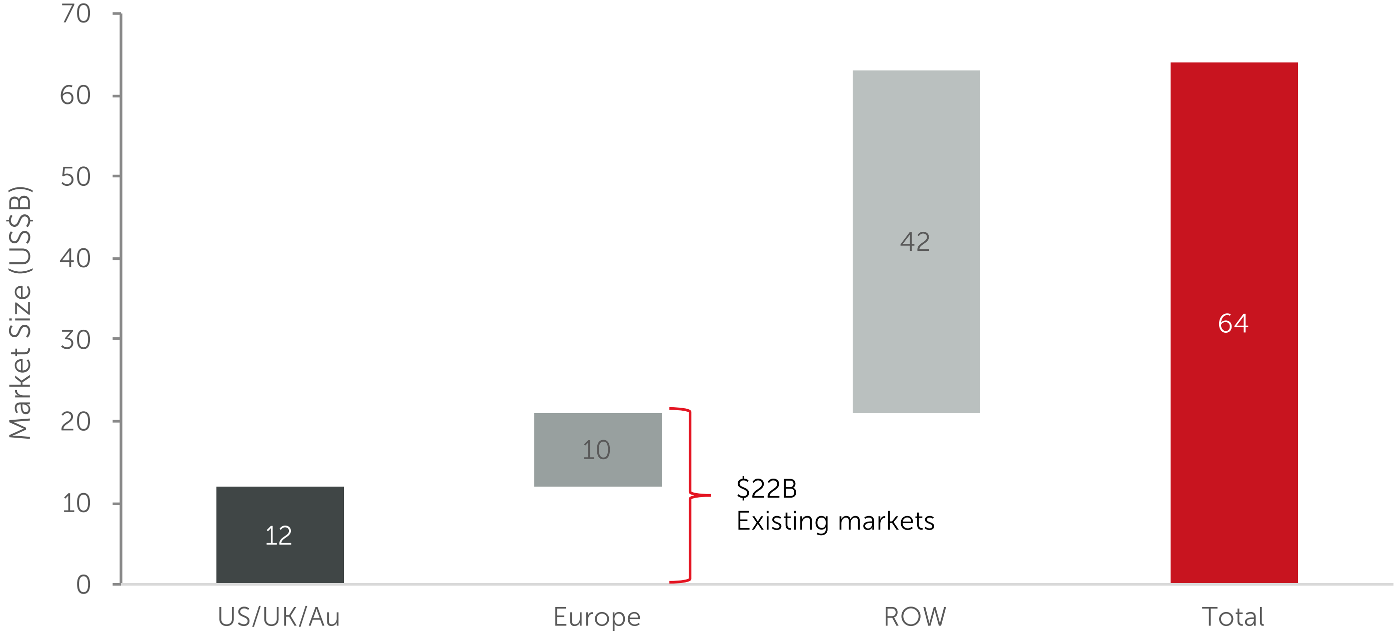


 Source: Redbubble internal data. Population source: Wikipedia

SUSTAINABLE GROWTH NOT SUBJECT TO A MARKET CEILING

ESTIMATED ADDRESSABLE MARKET IN EXCESS OF US$60 BILLION

Estimated addressable market[1]



Global online market:

Apparel = US$81B

Homewares[2] = US$131B

Both of these large online markets expected to grow at between 10 and 14% per annum through to 2020

1. Redbubble analysis of the total market of customers seeking creative expression on lifestyle products (apparel, electronic accessories, homewares and stationery)
2. Homewares = furniture and household goods such as kitchen and bathroom accessories, textile furnishings, office supplies and stationary

Sources: eMarketer, McKinsey and Company, ATKearney, Redbubble analysis

The MISSION

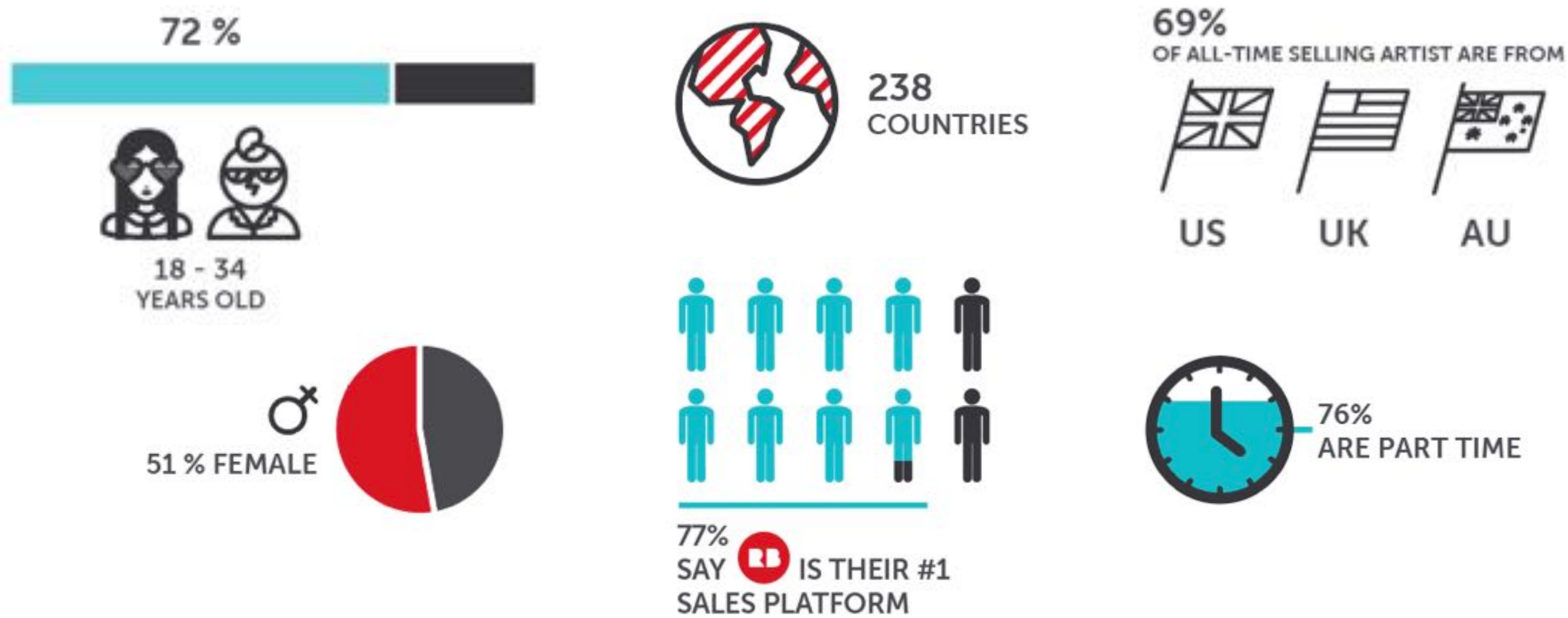
REDBUBBLE IS CREATING THE WORLD'S LARGEST MARKETPLACE FOR INDEPENDENT ARTISTS, BRINGING MORE CREATIVITY INTO THE WORLD

2. Sustainable, low cost ARTIST COMMUNITY

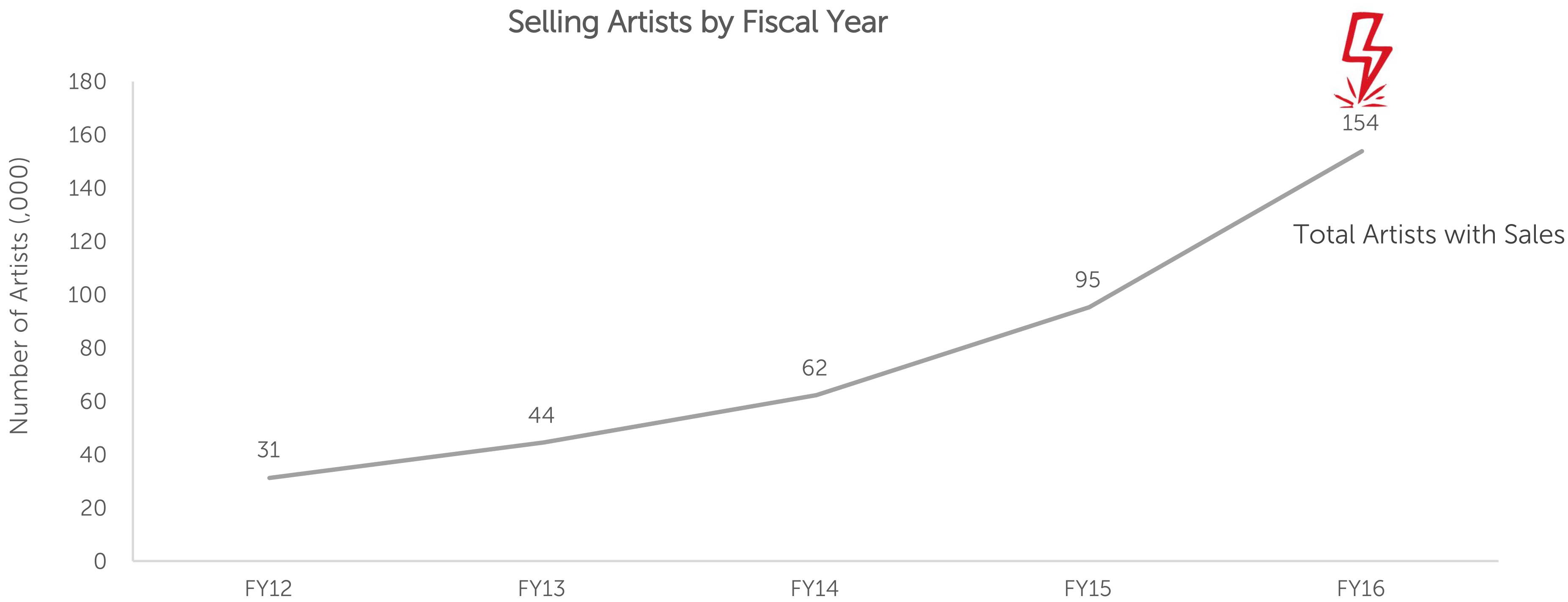
BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by: Barry Newstead

ARTIST COMMUNITY

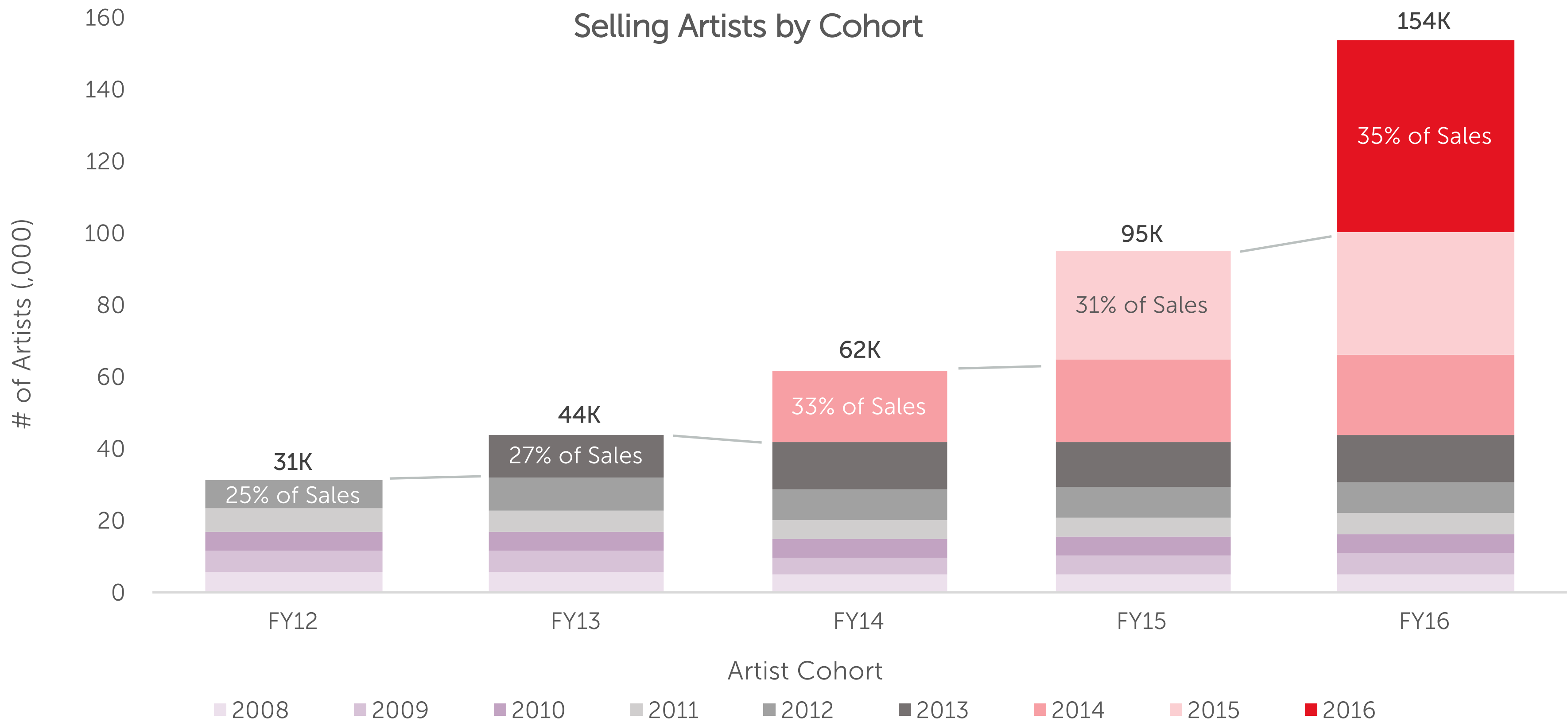


ARTIST GROWTH A CORE DRIVER OF MARKETPLACE SUCCESS

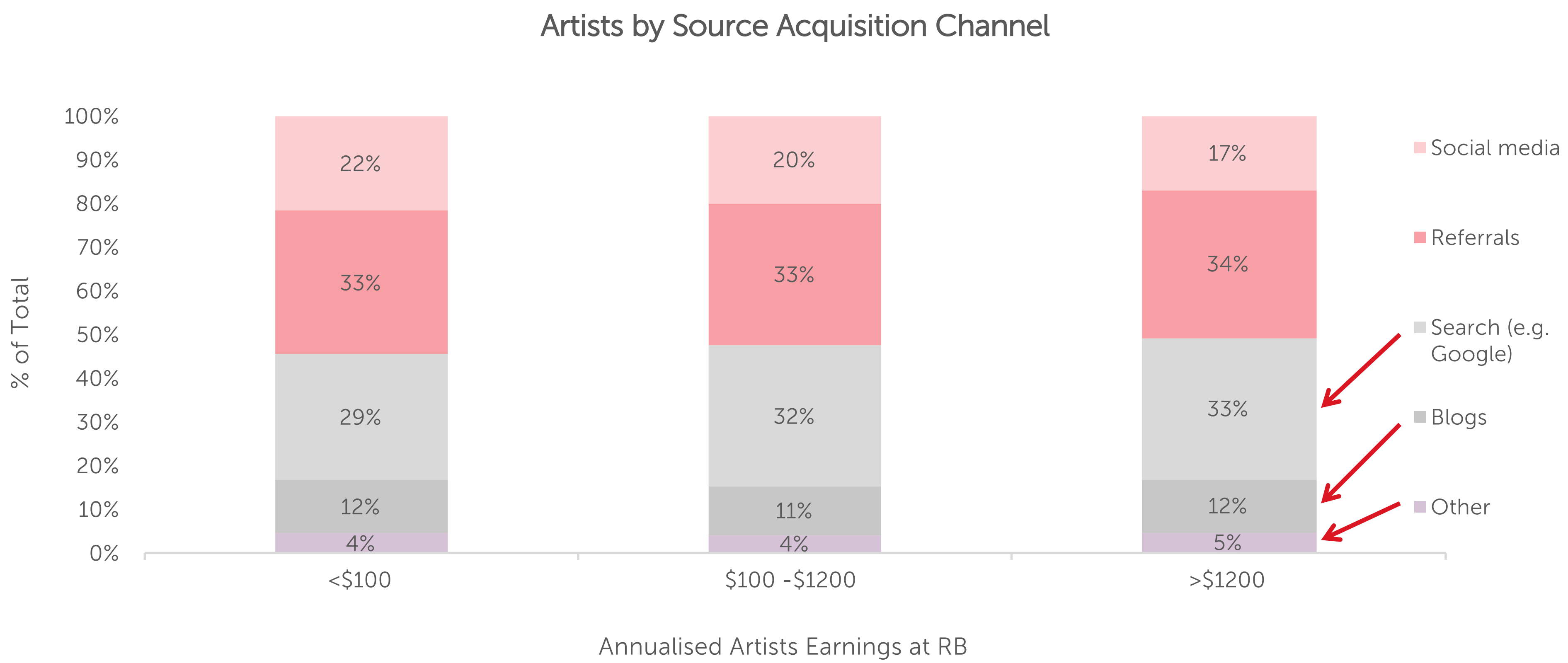


Source: Redbubble internal data
Deleted artists have been expunged, join date is defined as date of upload of first work

>60% OF SALES EACH YEAR COME FROM ARTISTS ALREADY ON THE PLATFORM

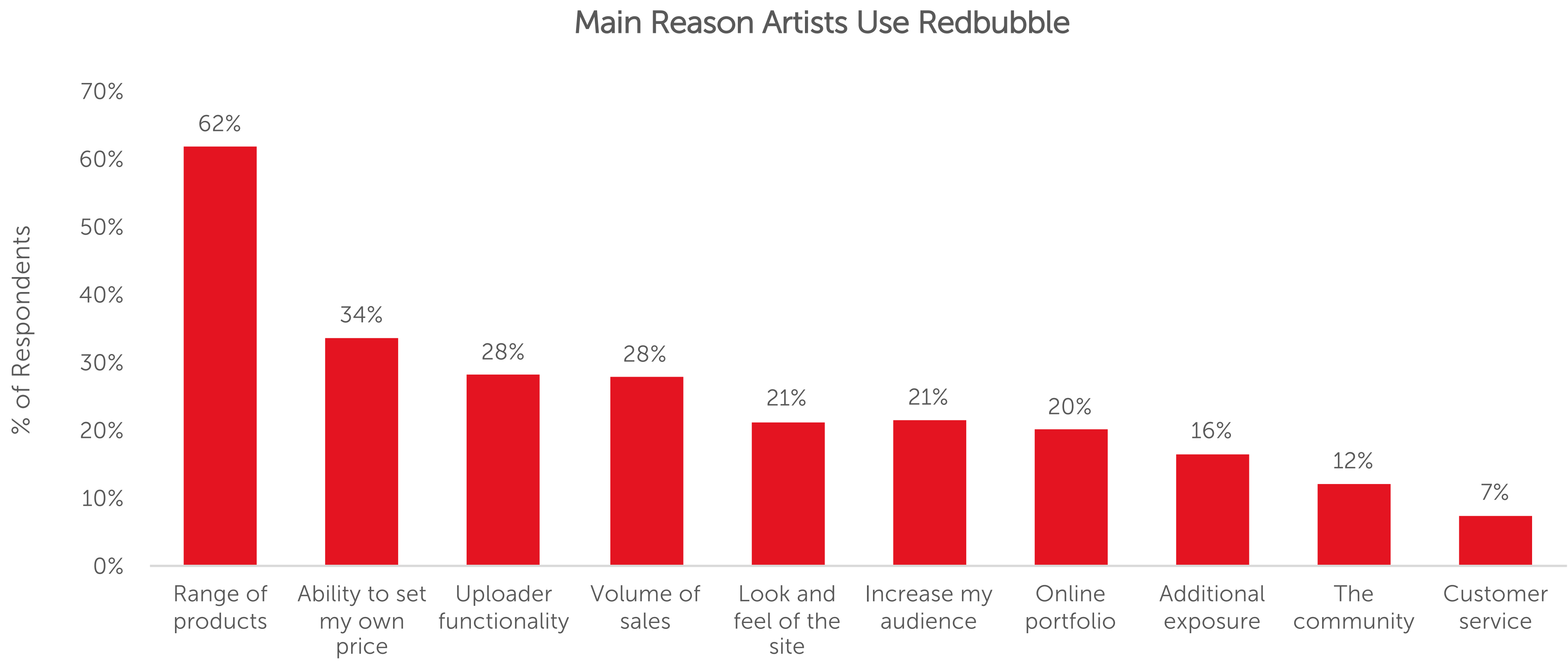


ARTIST ACQUISITION IS ENTIRELY FROM FREE SOURCES



Source: 2016 artists survey- Question Prompt: *"How did you first find out about Redbubble?"*

ARTISTS VALUE RB FOR A DIVERSE RANGE OF FEATURES



Source: 2016 artists survey- Question Prompt: "What are the main reasons you use Redbubble?"

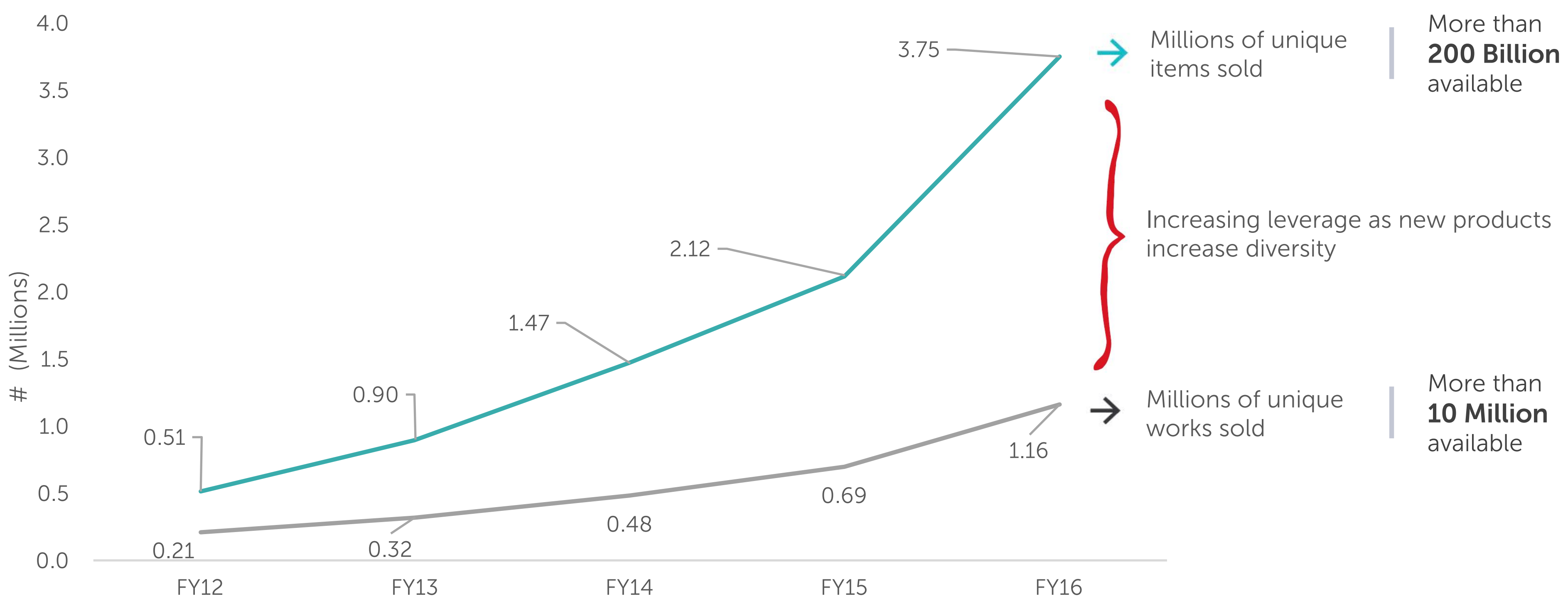
3. Sustainable, diverse & growing CONTENT BASE

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by: Barry Newstead

HUGE CONTENT LIBRARY & PRODUCTS MEANS RB IS NOT RELIANT ON "HITS"

73% OF SALES COME FROM CONTENT THAT HAS <50 SALES (FY2016)



Source: Redbubble internal data
A Product is a combination of physical product and artist work, a work is simply a single artist image

CONTENT MANAGEMENT APPROACH SEEKS COLLABORATIVE RELATIONS TO MITIGATE LEGAL RISK AND KEEP AN OPEN DOOR FOR FUTURE PARTNERSHIPS

1 CLOSE ATTENTION TO IP REGULATORY OBLIGATIONS

- Continual focus on compliance with regulatory obligations and regularly review/adjust operations in light of regulatory changes
- Given the open nature of the RB marketplace, IP laws are a particular area of focus and Redbubble engages reputable IP-focused outside counsel

2 COLLABORATION WITH THIRD PARTY CONTENT OWNERS

- Redbubble shares objective of third party content owners of not wanting infringing content sold via the marketplace - policies and procedures support this
- A team of 7 content administrators respond to requests in a timely manner

3 ARTIST ENGAGEMENT

- Redbubble provides artists information and communicates regarding content management policies and procedures
- Seeks feedback from artists to understand their challenges, needs for support on IP issues
- Takes action to address repeat IP infringers

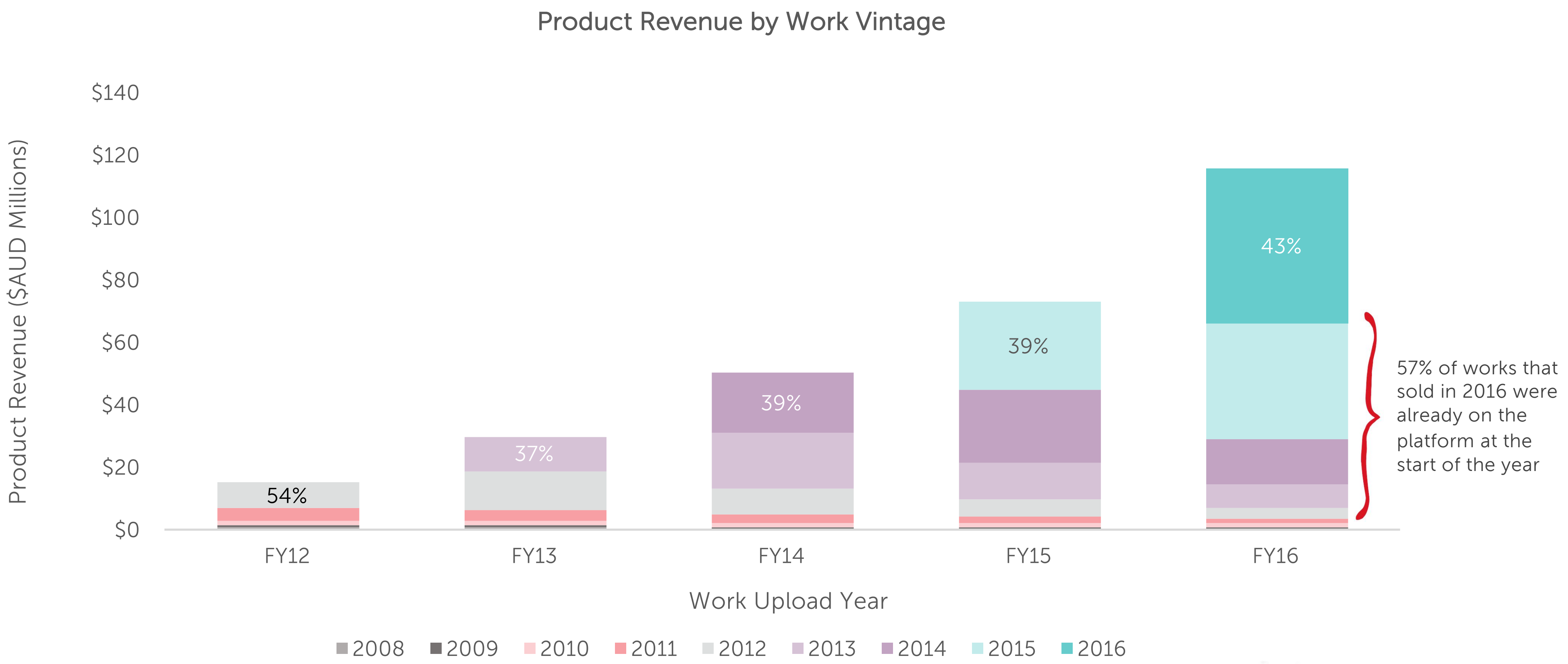
4 POLICY ADVOCACY

- IP laws around the world are evolving and Redbubble is a participant in these policy discussions
- Works with agencies globally on IP policy related issues.
- Participate on the board of the Australian Digital Alliance as an active participant in copyright policy reform

RESULTS TO DATE

- From all interactions for 9 years, only 5 have led to litigation and insurance is available for these cases (2 cases were reported as part of IPO disclosure, others haven't warranted reporting)
- Redbubble handles virtually all of our communications with third party content owners administratively without need for escalation
- Redbubble receives regular feedback from content owners that we have a favorable reputation for our amicable approach (some have sent us gifts)

~60% OF SALES IN ANY YEAR COME FROM CONTENT ALREADY ON THE PLATFORM



Source: Redbubble internal data
Product Revenue does **not** include any shipping revenue

CONTENT PERSISTS AND SELLS OVER LONG PERIODS OF TIME

Our Secret Harbor

by Aimee Stewart, USA
Upload June 2009 Last sold: 3 Aug

The Fox and the Forest

by Nic Squirrell, UK
Upload: Feb 2010 Last sold: 24 Oct

Perhaps the Dreams are of Soulmates

by Cameron Gray, AU
Upload: July 2010 Last sold: 28 Nov

Skulls are for Pussies

by harebrained, USA
Upload: Feb 2012 Last sold: 28 Nov

Stress Less

by cabinsupplyco, NZ
Upload Sep 2016 Last sold 28 Nov

Caffeine Powers...Activate!

by Nathan Davis, AU
Upload Feb 2012 Last sold 28 Nov

Q&A

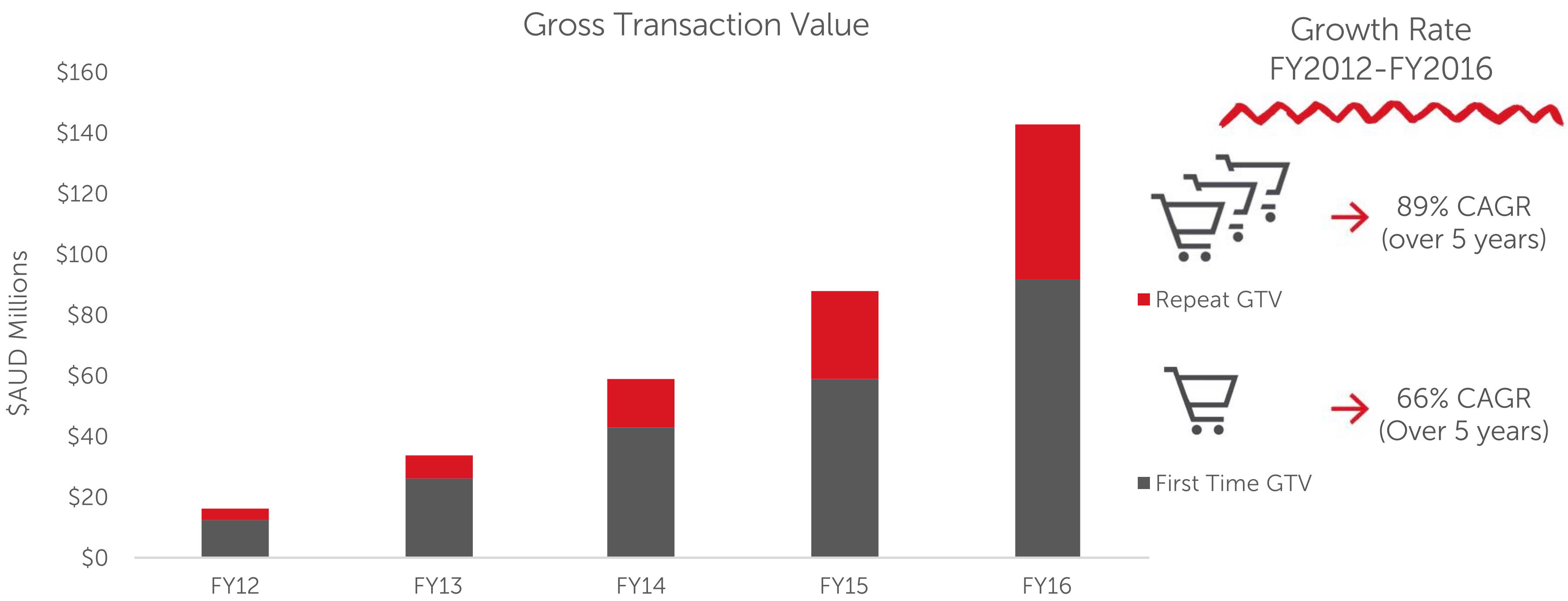
4. Engaged CUSTOMERS

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by: Nick Kenn

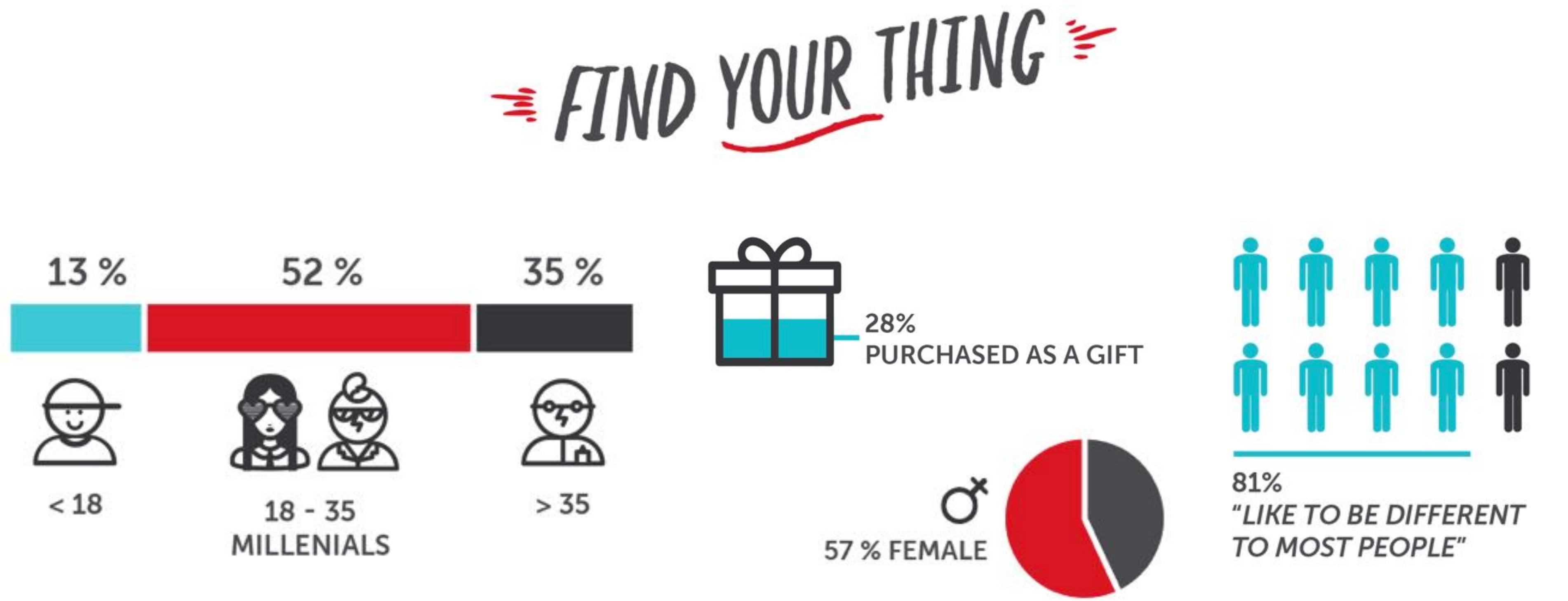
LARGE AND GROWING CUSTOMER BASE

STRENGTH WITH NEW & REPEAT CUSTOMERS



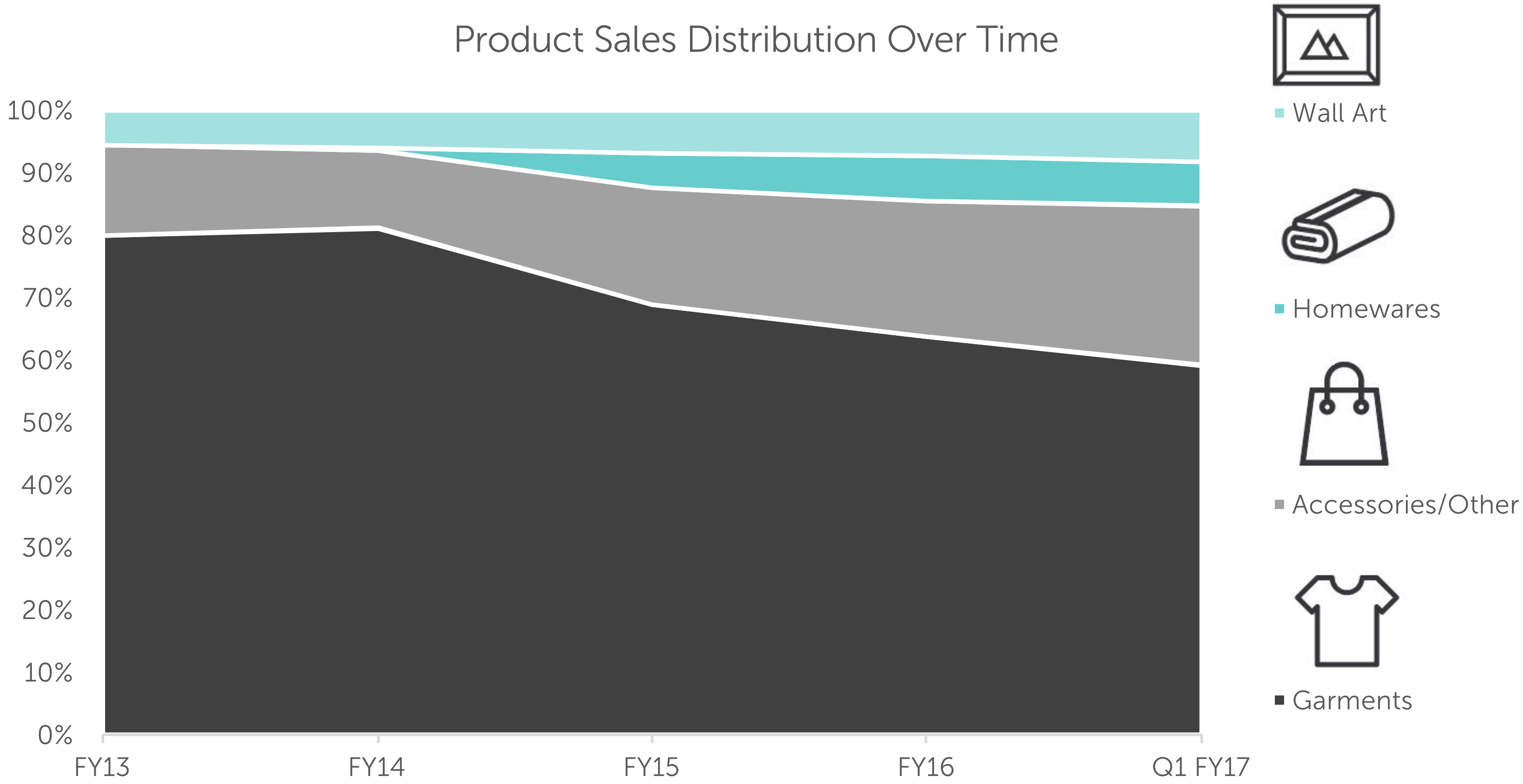
Source: Redbubble internal data

CUSTOMER BASE IS DIVERSE WITH A CLEAR VALUE PROPOSITION:



Source: customer surveys

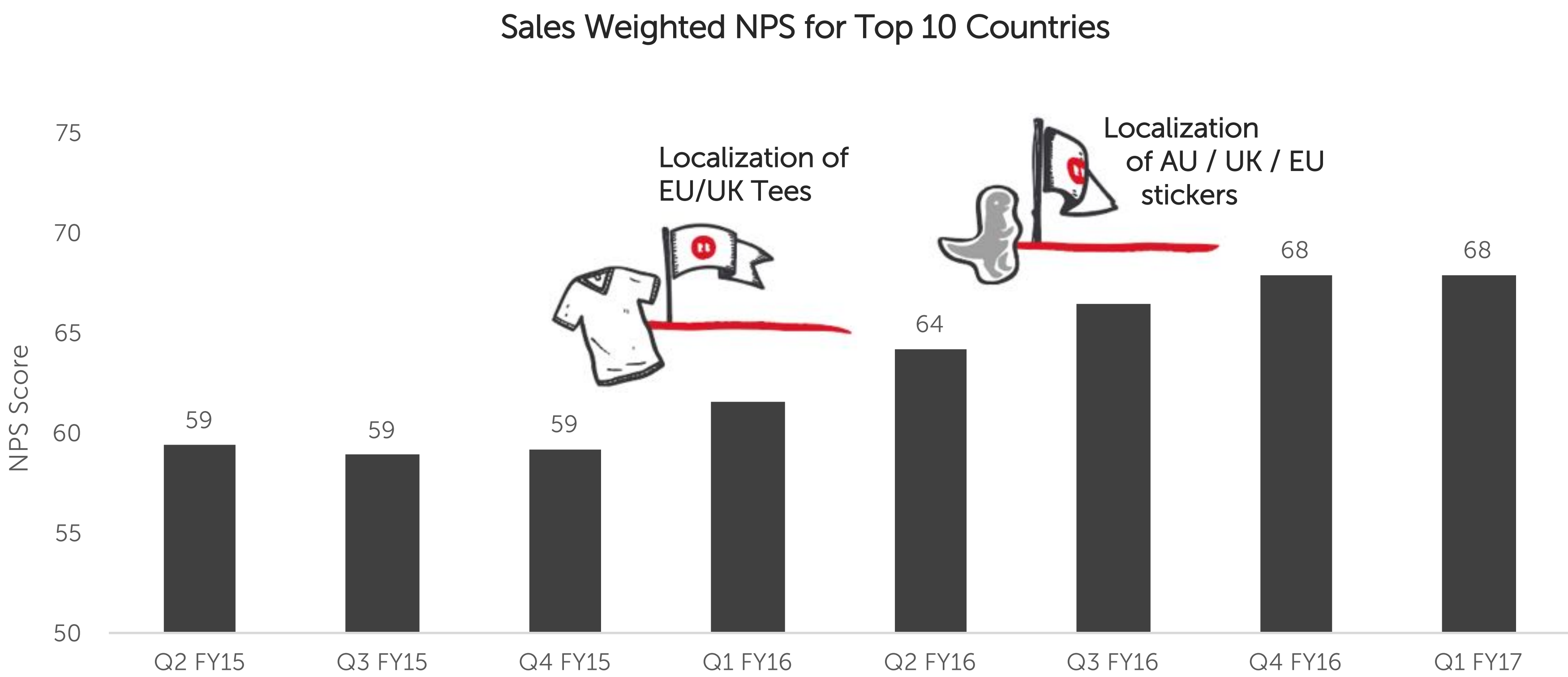
INCREASINGLY DIVERSIFIED PRODUCT MIX SUPPORTS SUSTAINABLE GROWTH



Total GTV: $34M $59M $88M $143M $36M*

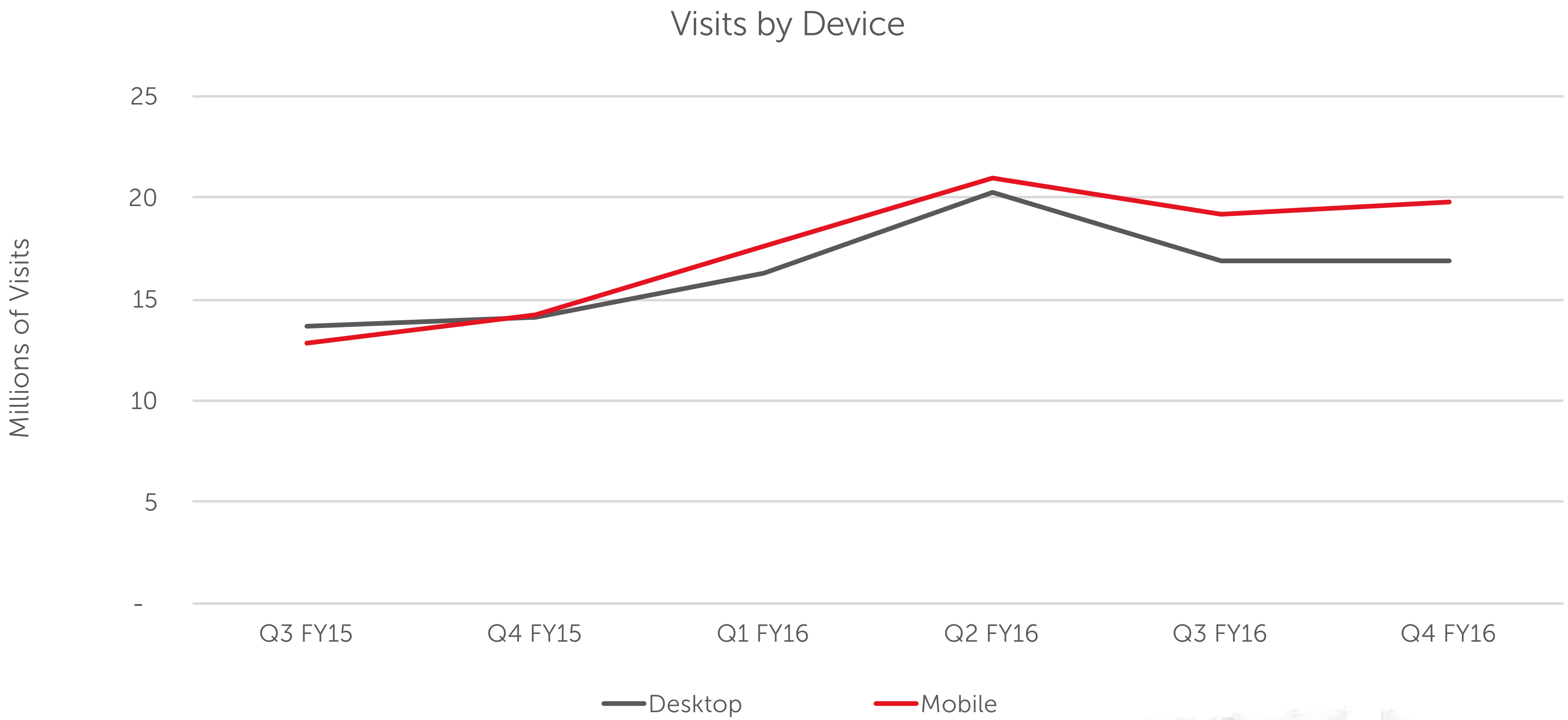
* Q1 results only, not full fiscal year

CUSTOMER SATISFACTION IS INCREASING



Source: Redbubble internal data

STRONG GROWTH FROM MOBILE VISITS SHOWS SUCCESSFUL TRANSITION TO MOBILE-FIRST WORLD



Source: Redbubble internal data

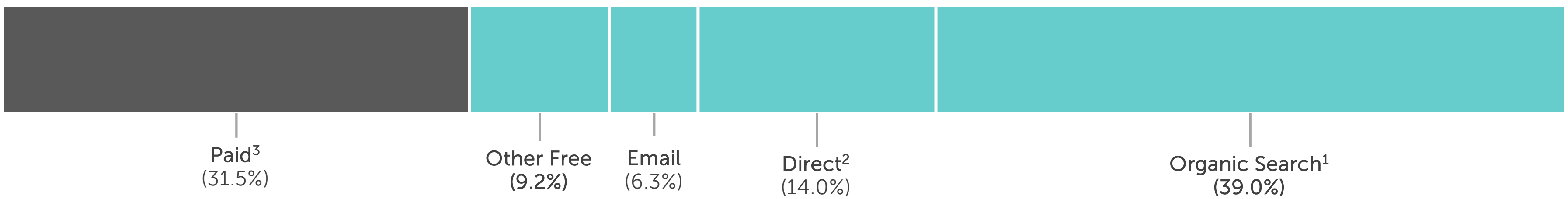
GROWS STRONGLY WITH LOW CUSTOMER ACQUISITION COSTS

Sales by source (FY16)

ORGANIC GROWTH FUELS SALES

31.5% - Paid

68.5% - Free

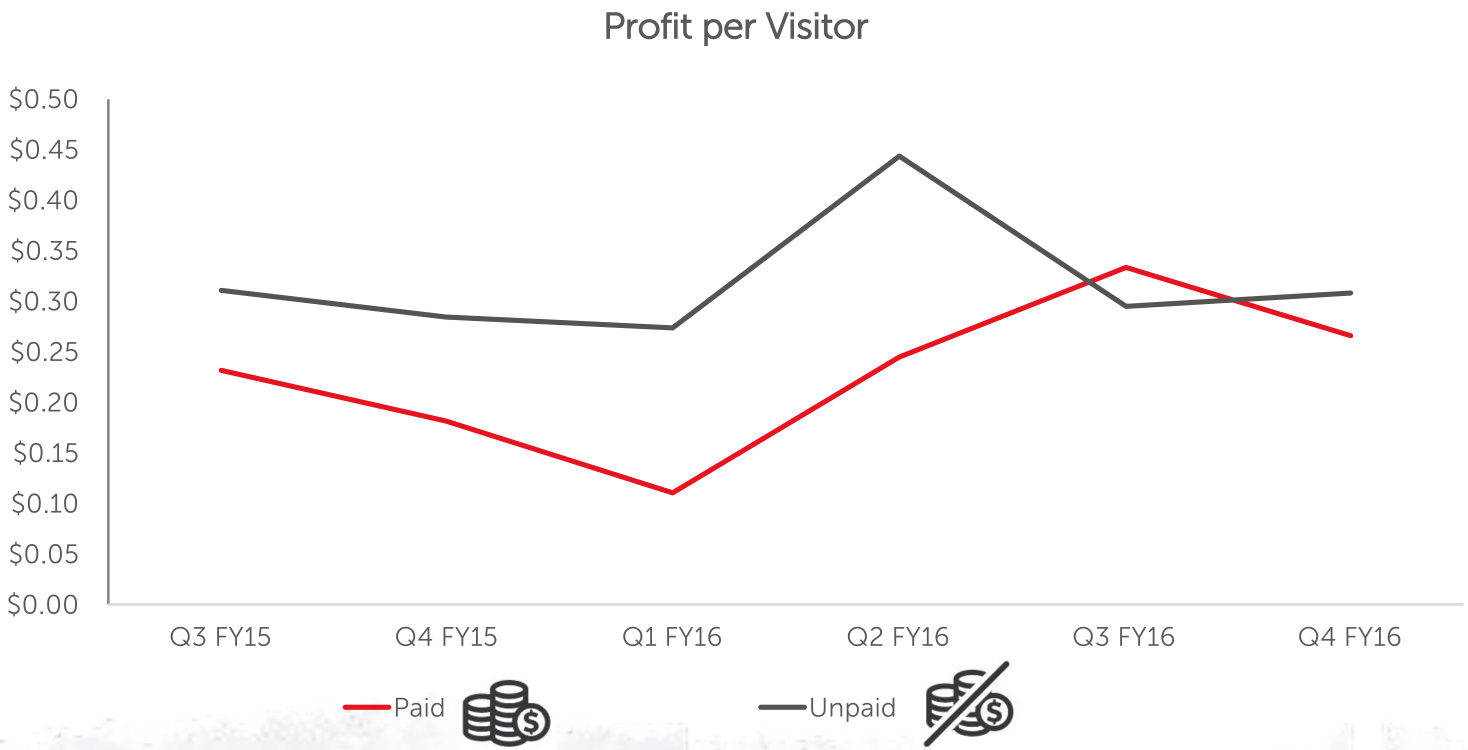


WITH ALL CHANNELS PROFITABLE ON FIRST PURCHASE

1. Organic Search = traffic to the site originating from search click through that we do not pay for
2. Direct = Traffic from people coming directly to the RB homepage
3. Paid = Traffic to the site from sources we pay for (Google ads, Facebook ads etc.)

Source: Redbubble internal data

UNPAID & PAID CHANNELS DELIVERING EQUIVALENT VISITOR PROFITABILITY



Paid spend effectiveness being driven by data driven marketing yielding:

- Efficient targeting
- Improved relevance

Source: Redbubble internal data (since reliable records available)

5. Sustainable, capital efficient FULFILMENT

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by: Rob Baumert

RB’S SUPPLY CHAIN STRATEGY

GLOBALLY DISTRIBUTED FULFILMENT WITH MINIMAL CAPITAL INVESTMENT

Core strategy

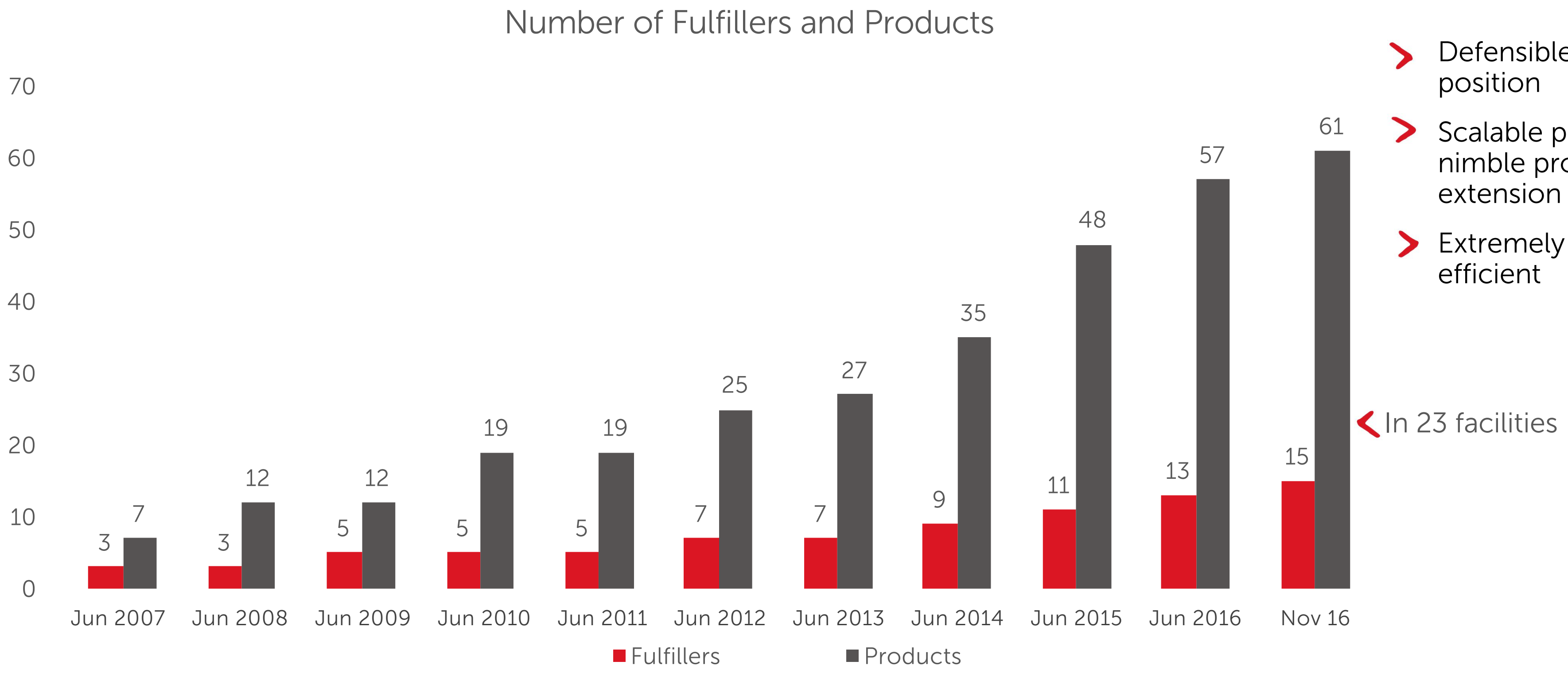
Sustainable growth through divided supply chain responsibilities:

- Internal - core competency of vendor network management and coordination
- External - product fulfilment and shipping outsourced to a network of 3rd party vendors who provide all required investment and development for printing expertise, infrastructure and scale

Benefits

- 3.75 million sku’s produced in 2016 with no Redbubble infrastructure investment
- Scalable, distributed capacity, delivery speed, product quality, flexible product range
- Sustainable, low risk growth, with minimal capital investment
- The bigger the network becomes, the bigger a barrier to entry this strategy entrenches

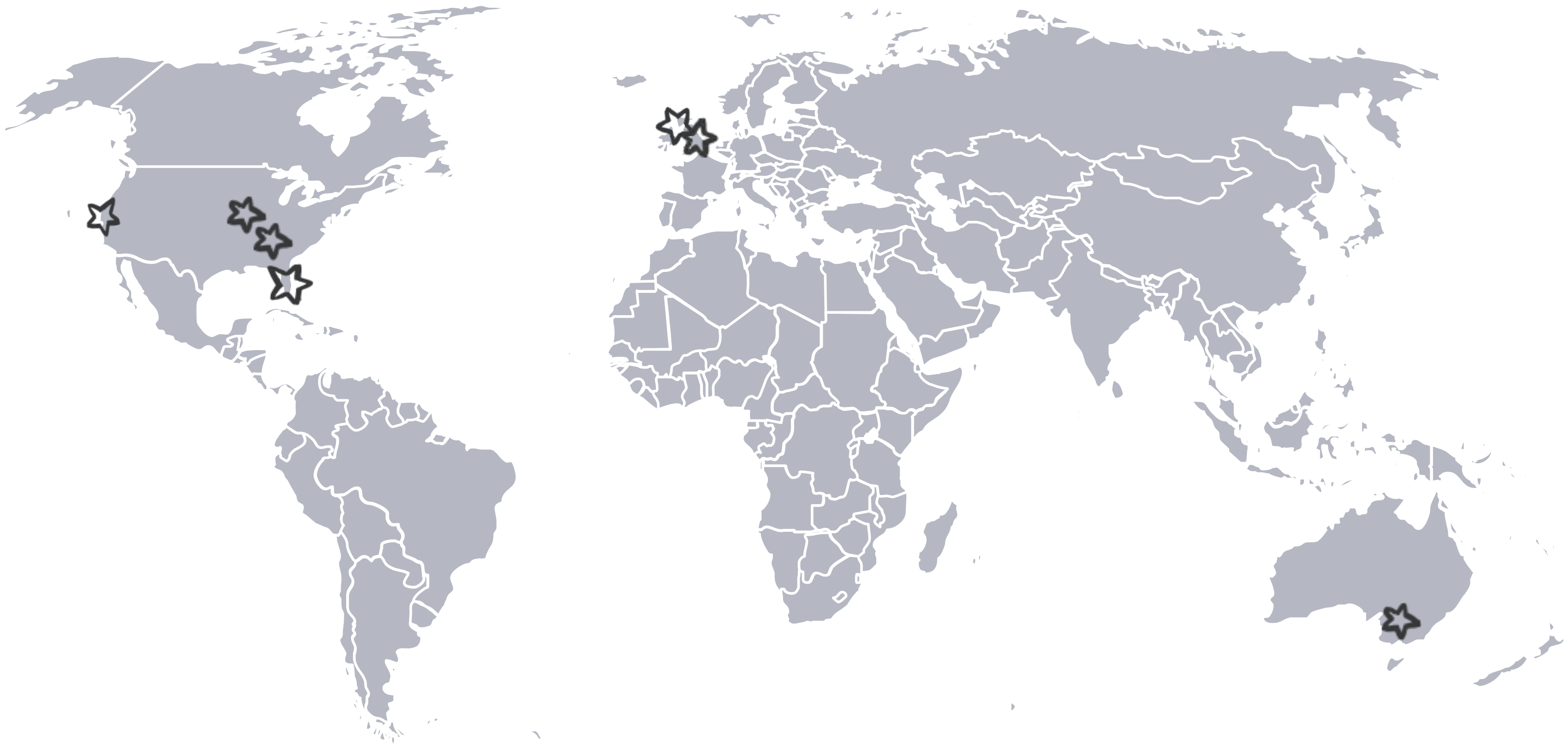
THE GLOBAL SUPPLY CHAIN HAS GROWN AND DIVERSIFIED RAPIDLY OVER TIME



- Defensible supplier position
- Scalable platform nimble product extension
- Extremely capital efficient

Source: Redbubble internal data

FULFILLER EXPANSION OVER TIME



JUNE 2012

7

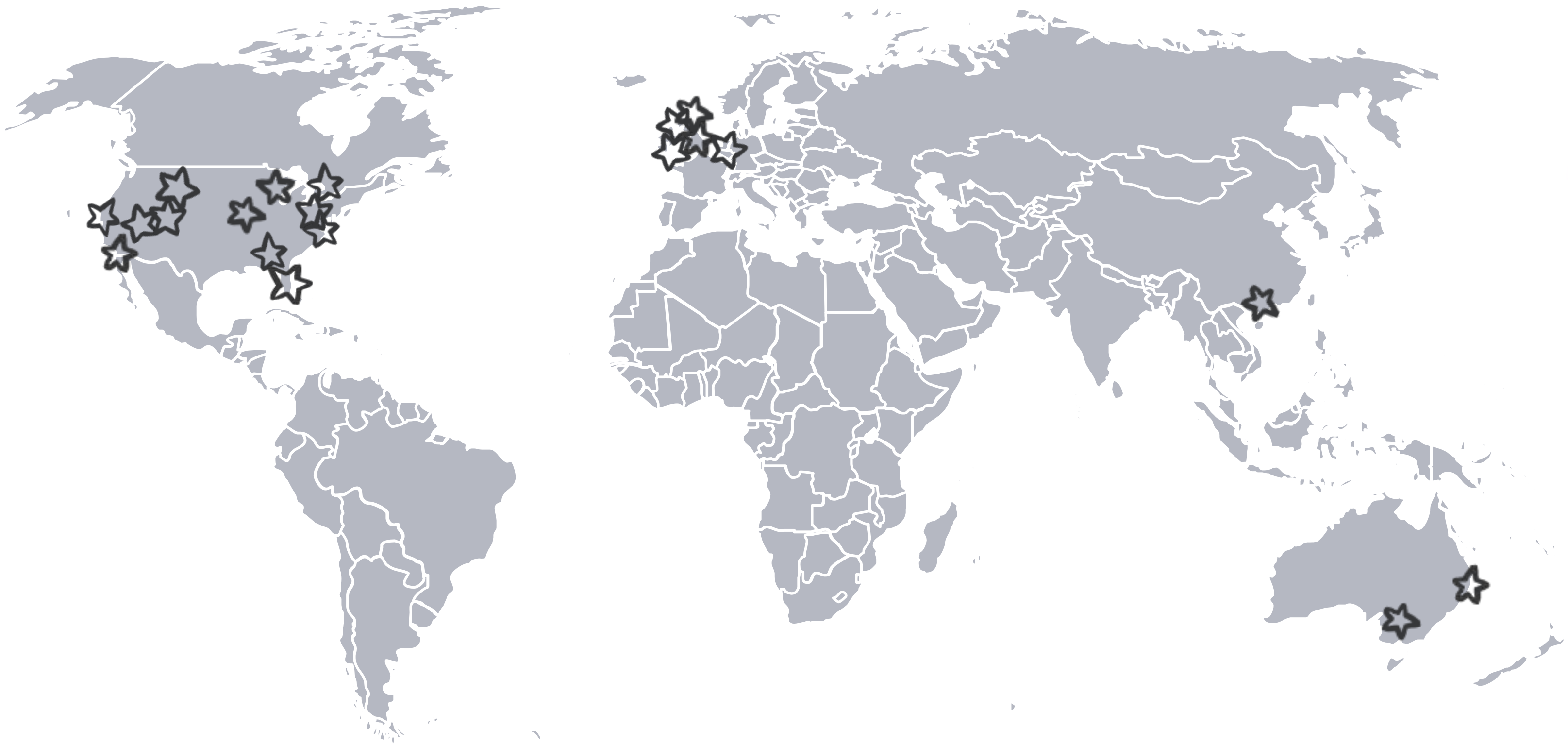
FULFILLERS

25

PRODUCTS

Source: Redbubble internal data

FULFILLER EXPANSION OVER TIME



NOV 2016

15
FULFILLERS

61
PRODUCTS

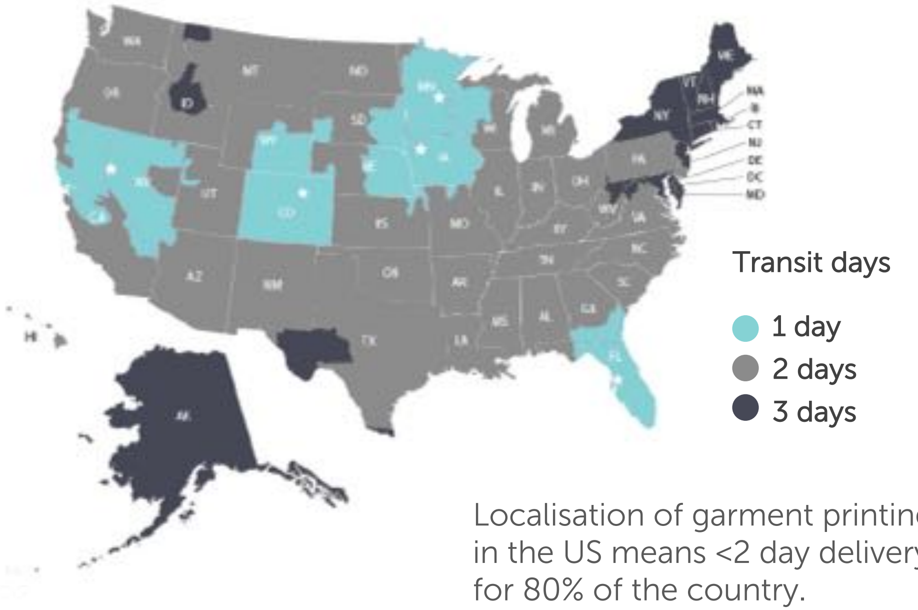
Source: Redbubble internal data

LOCALIZATION DELIVERS SPEED, SPEED DELIVERS CUSTOMER SATISFACTION

- Localisation of production has **REDUCED GLOBAL AVERAGE DELIVERY TIME** by a full day in the last 12 months.

- Localising garment printing in Australia cut shipping time **FROM 9 DAYS TO 3 DAYS** and delivered a **20 POINT NPS IMPROVEMENT**.

- Localisation also yields **IMPROVED MARGINS** via the reduction in shipping charges.



Localisation of garment printing in the US means <2 day delivery for 80% of the country.

6. PRODUCTS

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by: Vicki Stirling

CONSUMERS

Meet the needs

Keep it simple

Make it unique

Artists

Respecting the art

Quality and style

Commercial products

FULFILLERS

Commercially Viable

Long lifecycle

Shared vision

Interactive PRODUCT SESSION

Q&A

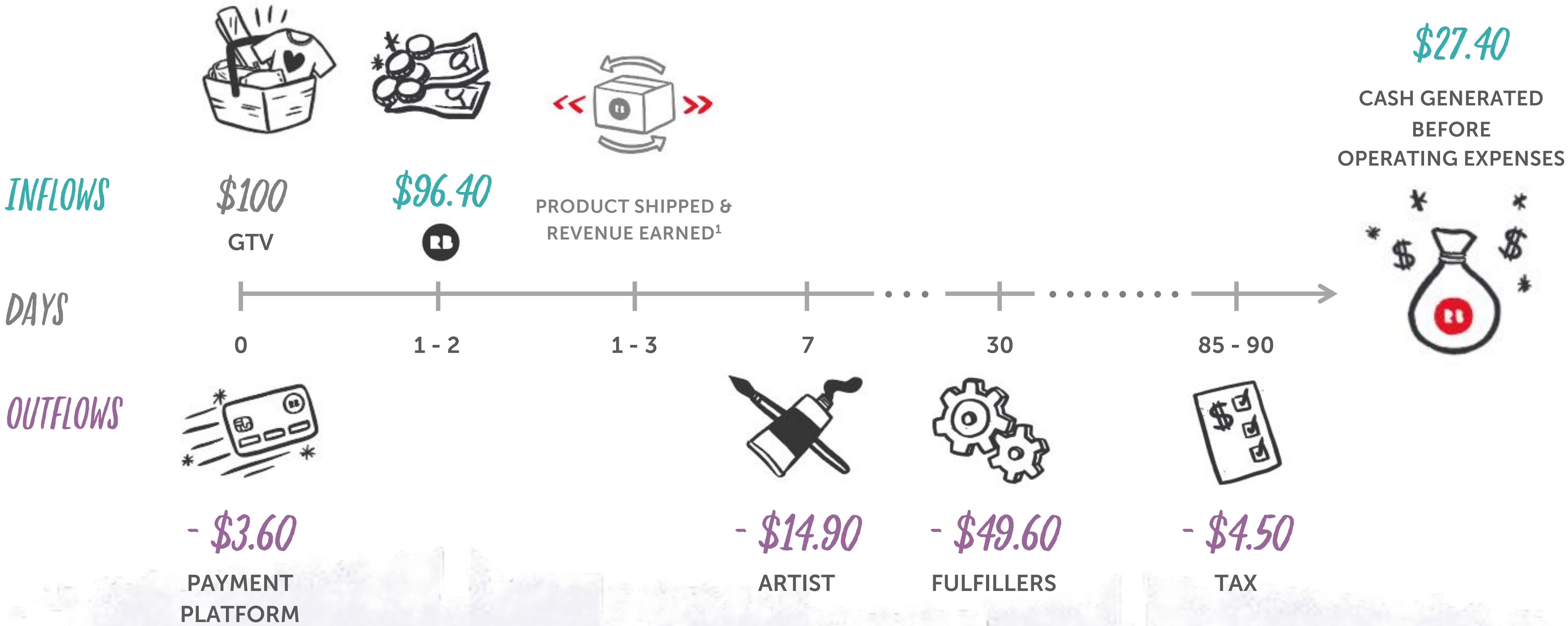
7. Strong underlying FINANCIALS

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by: Chris Nunn

OPERATES WITH A POSITIVE CASH CYCLE

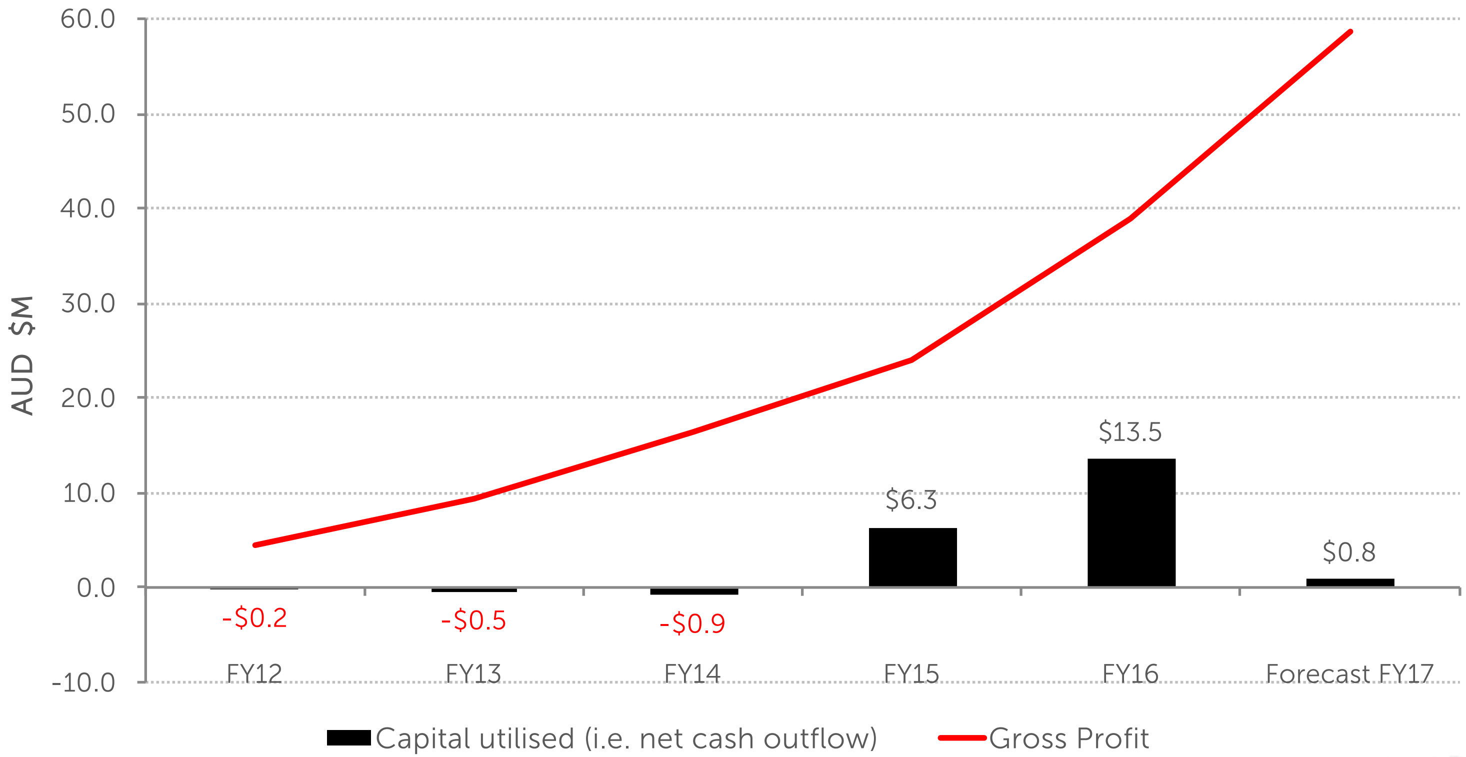
EQUIVALENT TO 3 WEEKS OF SALES IN HAND AT ANY ONE TIME



1. Revenue earned is GTV less artist margin and tax (i.e.. $80.60 on $100 GTV)

Source: Redbubble internal data (per FY2016 results)

CAPITAL RAISED IN FY2015 & FY2016 AND INTERNALLY GENERATED CASH DRIVING GROWTH IN FY2017 AND BEYOND

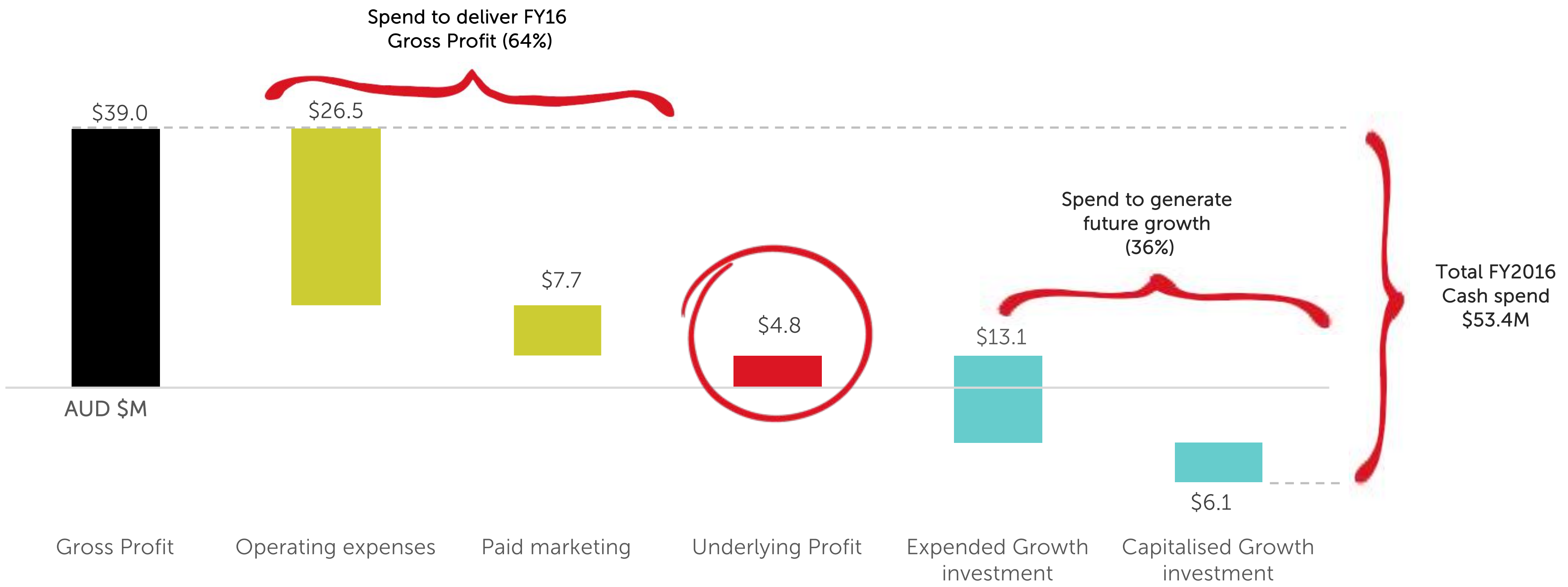


- Initial growth using negative working capital - minimal external capital
- Capital constrained in FY2014 delivered profitability but....
- New capital raised in FY2015 and FY2016 to drive accelerated growth and.....
- Growth in FY2017 and beyond on capital raised in FY2015 and FY2016 but....
- ...**particularly on internally generated cash flows**

Source: Redbubble internal data

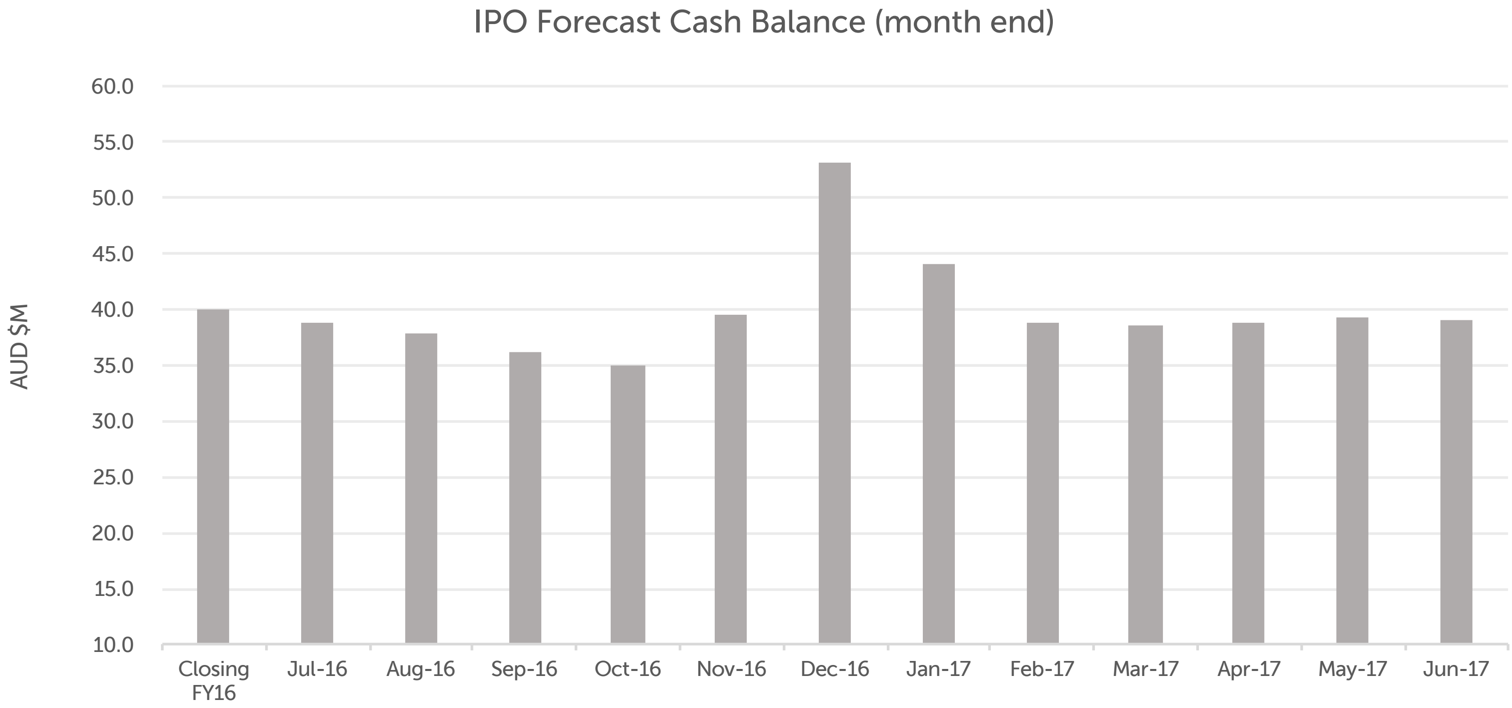
CASH SPEND IN FY2016 INVESTED FOR THE FUTURE BUT ALSO DELIVERED UNDERLYING PROFIT

OPERATING LEVERAGE TO CONTINUE IN FY2017 AND BEYOND



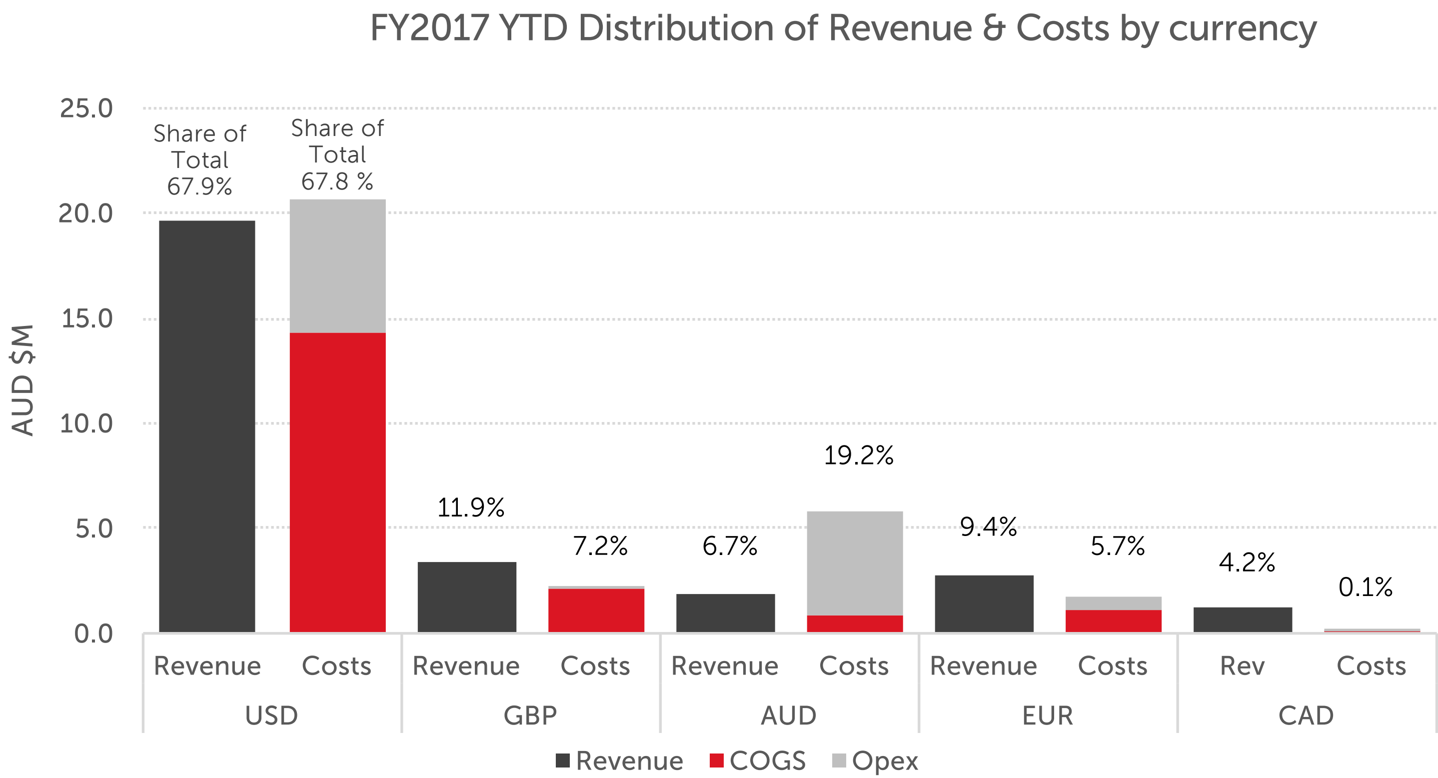
Source: Redbubble internal data

STRONG FORECAST CASH BALANCE WITH SEASONAL VARIABILITY



- Early months show small EBITDA losses
- Strong cash inflows through Thanksgiving and Christmas followed by outflows in Jan/Feb to artists, suppliers, tax, etc.
- Forecasting close to cash flow neutral for FY2017 moving into positive in FY2018
- No debt

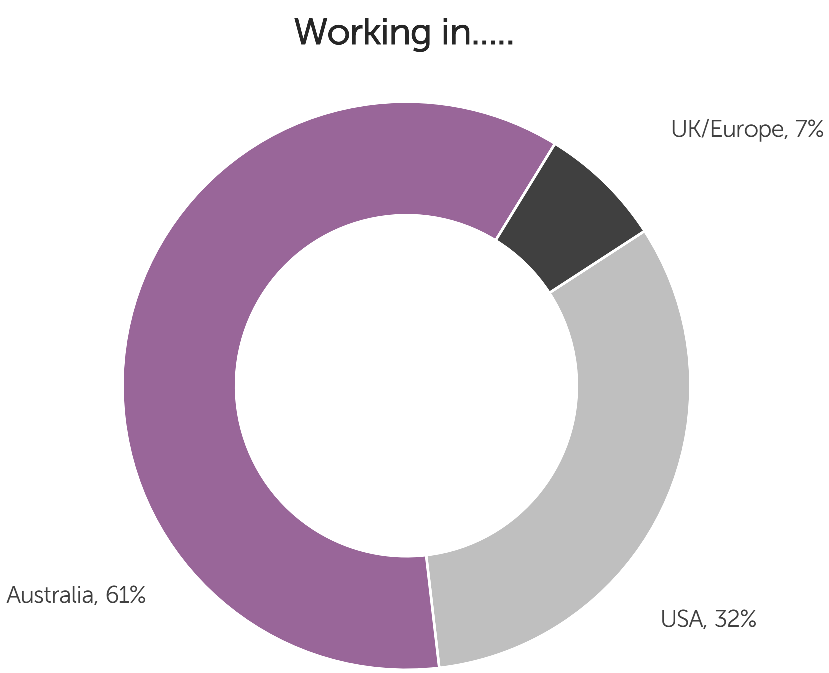
DIVERSIFICATION OF CURRENCY EXPOSURE PROVIDES SIGNIFICANT NATURAL HEDGE

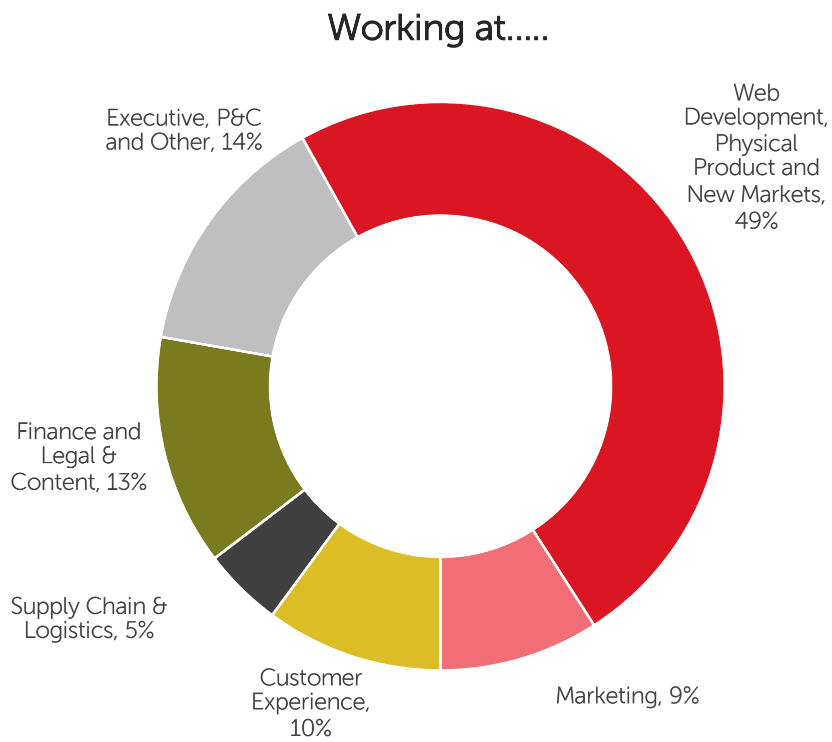


- Biggest impact on Revenue from USD volatility but hedged by cost incurred in USD
- Revenue and cost imbalance in GBP, EUR and CAD
- Recently localised production in Europe (Netherlands) and Canada to increase natural hedge at Gross Profit level
- Operating expenses in US, UK and Europe provide further hedge at the EBITDA level

Source: Redbubble internal data

198 EMPLOYEES , ~50% ON GROWTH





- **USA** – Comprising largely Marketing, Customer Service, Legal and Content teams
- **Australia** – Comprising largely Web Development & Product, Physical Product, Executive, Finance and People and Culture teams

Source: Redbubble internal data

8. a bright FUTURE

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

Presented by:
Martin Hosking & Barry Newstead

THEMES FOR 2017

STAY FOCUSED ON STRENGTHENING MARKETPLACE DYNAMICS

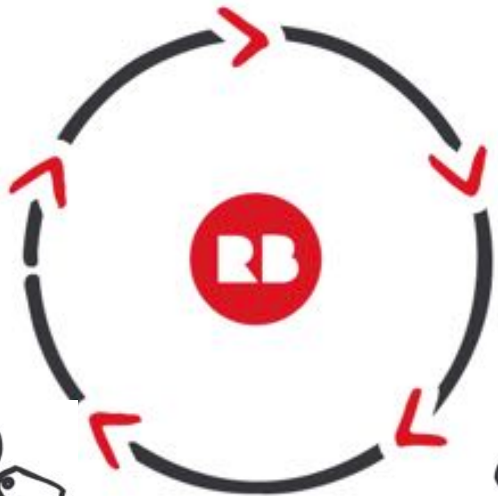
DEEPEN RELATIONSHIPS
with our customers

Leverage
MOBILE STRENGTH
to enrich experiences

Expand
CONTENT PARTNERSHIPS
with creators

Launch
NEW PRODUCTS
and extend
REACH IN NEW MARKETS

Efficient
GLOBAL ACQUISITION
of new customers & artists




MOBILE APP
Demo

POSITIONED FOR LONG-TERM GROWTH...

1
SUSTAINABLE

Leading global marketplace:

- 93% of sales outside Australia
- Customers in 208 countries
- Artists in 238 countries
- 15 fulfillers in 24 locations

2
LOW RISK

Diverse and enduring content/artists:

- 73% (FY2016) of sales from works that sold 50 times or less
- 3.75 SKUs sold in 2016
- 56% of sales from works that are >6 months old

3
FINANCIALLY STRONG

Capital efficient from outsourcing:

- Manufacturing outsourced
- Negative working capital
- Low customer and artist acquisition costs
- Strong balance sheet


THANK YOU
RB

Q&A

DISCLAIMER

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