



ASX ANNOUNCEMENT

Redbubble makes strong start to 2017 and reaffirms guidance

14 March 2017

Redbubble Ltd (ASX:RBL) releases the attached investor presentation to the ASX, ahead of meetings with investors this week.

Redbubble reaffirms the updated guidance for FY2017 included with its January 2017 Appendix 4C release. For 3Q FY2017 to date (January to March), year-on-year growth in Gross Transaction Value has been tracking at greater than 30% which reverses the weakness that had been seen in the US and Canada markets in particular during December.

The attached presentation incorporates an update on Redbubble's initiatives for 2017 and further details behind the updated guidance provided with the January Appendix 4C.

For further information please contact:

Chris Nunn – Chief Financial Officer

chris.nunn@redbubble.com

INVESTOR PRESENTATION

March 2017



REDBUBBLE

PREFACE

"And it didn't take an expert eye to notice that they [US department stores] were selling much of the same merchandise. Izod polo shirts. Six-packs of Hanes men's tees. Levi's jeans. Blah, blah, blah.

Retail connoisseurs have long lamented this "ocean of sameness." But the problem has gotten steadily worse. Traditional, middle-of-the-road department stores now have a 40% merchandise overlap"

Can America's Department Stores Survive: Fortune March 2017

ENTER RB: TOP SELLING THEME FOR FEB 2017

ACCOUNTING FOR ~0.3% OF SALES

3,037 results for She Persisted

SEARCH TYPE ▾

SORT BY ▾

Products

▼ DEPARTMENT

All Departments

All Departments ✓

T-Shirts

Sweatshirts & Hoodies

Tank Tops

Mens T-Shirts

Womens T-Shirts

Dresses & Bottoms

Accessories

Kids Clothes

Device Cases

Prints

Home Decor

Mugs

Stationery

Bags

> PRODUCT

All Products

Refine

> ART MEDIUM

All Mediums



The Mission



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



AGENDA

1	The fundamentals
2	Artists
3	Content
4	The customer
5	Fulfillers
6	Financial foundations
7	The future

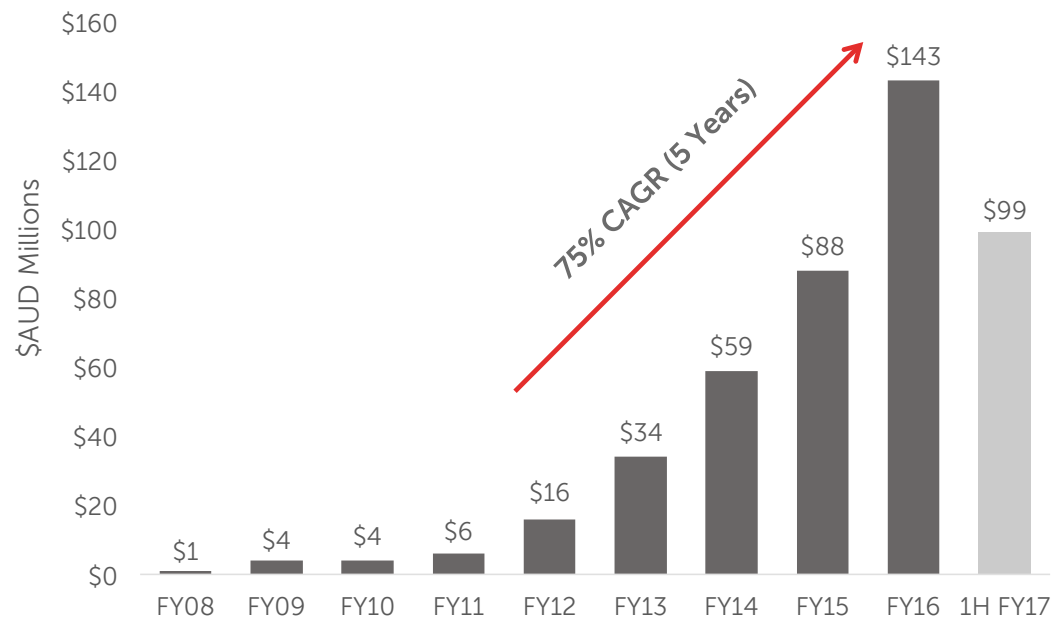


1. The Fundamentals

**BUILDING A HIGH GROWTH,
SUSTAINABLE AND DIVERSIFIED
MARKETPLACE**

10 YEARS OF STRONG GROWTH

GTV¹ by Fiscal Year



Three big drivers

- 1 Riding the consumer wave for differentiated content
- 2 A global marketplace delivering low customer acquisition costs
- 3 Taking advantage of ever increasing technology innovation in printing (and soon digital and 3D)

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

6.7c

Per \$ of GTV
1H FY2017

THE CONTENT & FULFILMENT MODEL IS UNIQUELY SCALABLE



DIGITAL IMAGE



62 PRODUCTS
15 FULFILLERS

CONTENT ENDURES CREATING:

- An increasing content library
- Recurring revenues

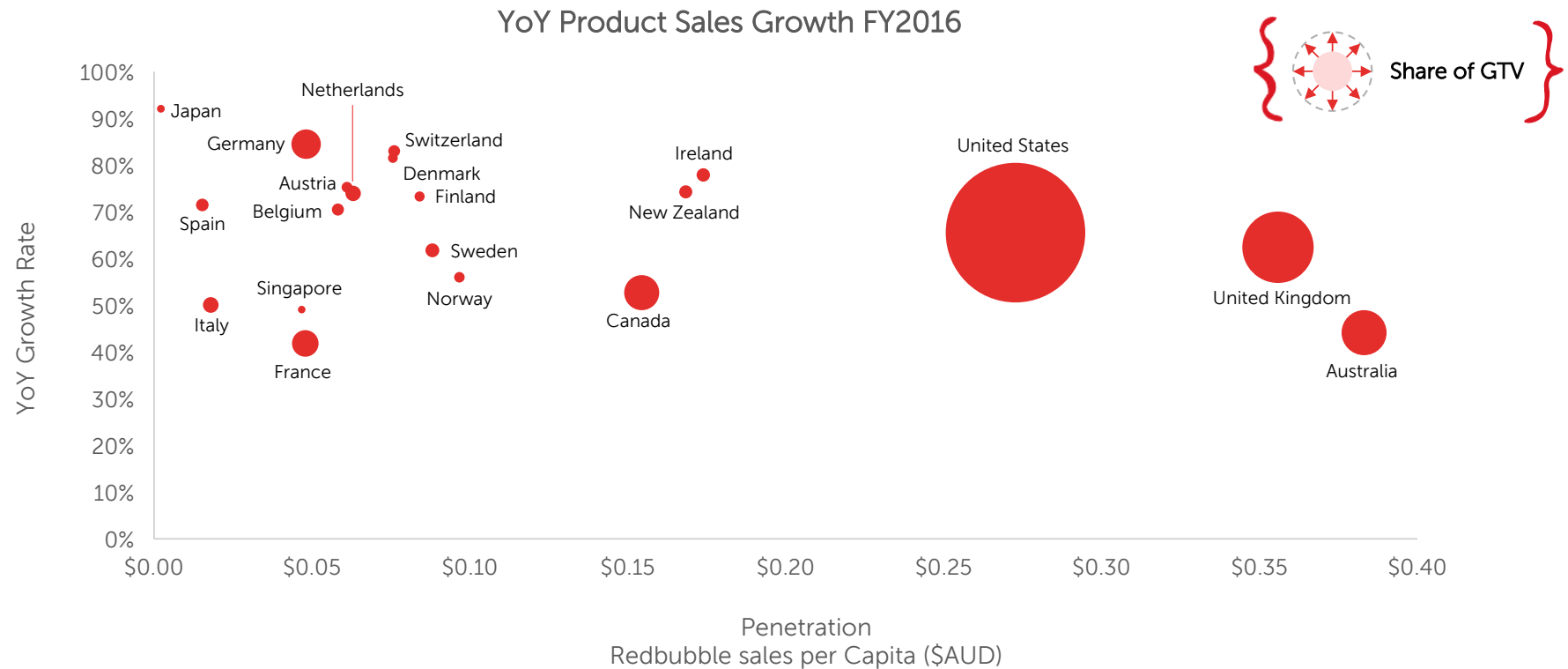
CONTENT IS RE-PURPOSABLE FOR:

- New products
- New geographies

THIRD PARTY FULFILMENT ENABLES:

- Scaling
- Scope extensions
- With quality protections

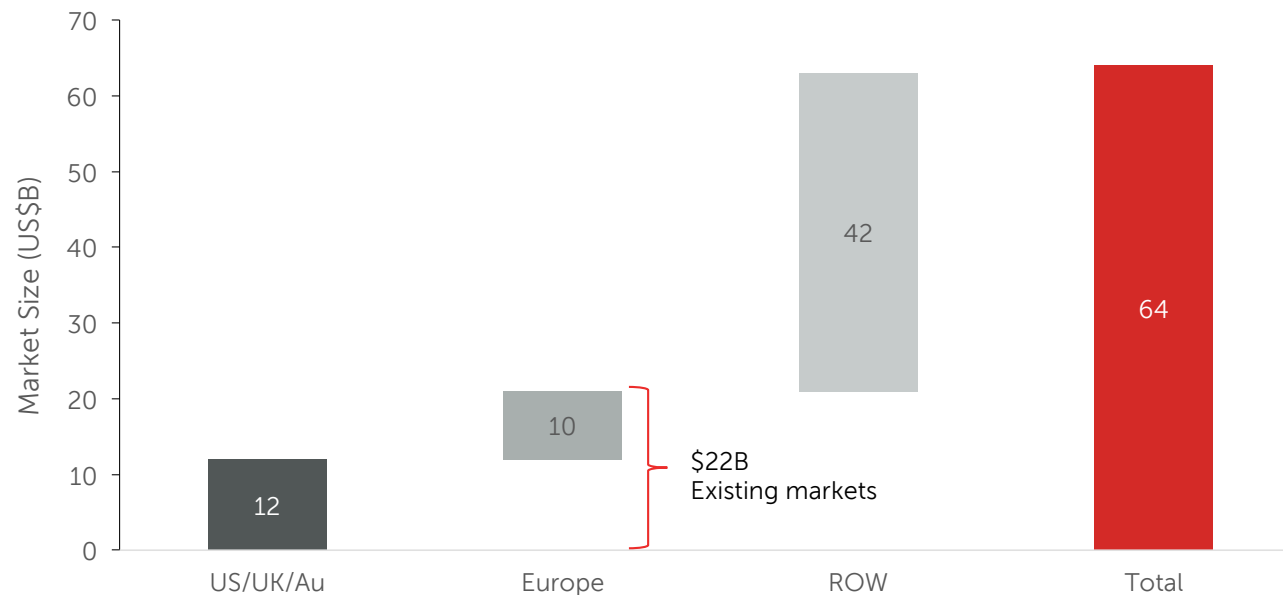
SALES ARE GLOBALLY $\Rightarrow$ DIVERSIFIED $\Leftarrow$ WITH STRONG GROWTH IN ALL MARKETS



SUSTAINABLE GROWTH NOT SUBJECT TO A MARKET CEILING

ESTIMATED ADDRESSABLE MARKET IN EXCESS OF US\$60 BILLION

Estimated addressable market¹



Global online market:

Apparel = US\$81B

Homewares² = 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 stationery

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



2. Sustainable, low cost

Artists

BUILDING A HIGH GROWTH,
SUSTAINABLE AND DIVERSIFIED
MARKETPLACE

ARTIST COMMUNITY



18 - 34
YEARS OLD

51 % FEMALE



~ 200
COUNTRIES



77%
SAY  IS THEIR #1
SALES PLATFORM

69%
OF ALL-TIME SELLING ARTIST ARE FROM



US



UK



AU

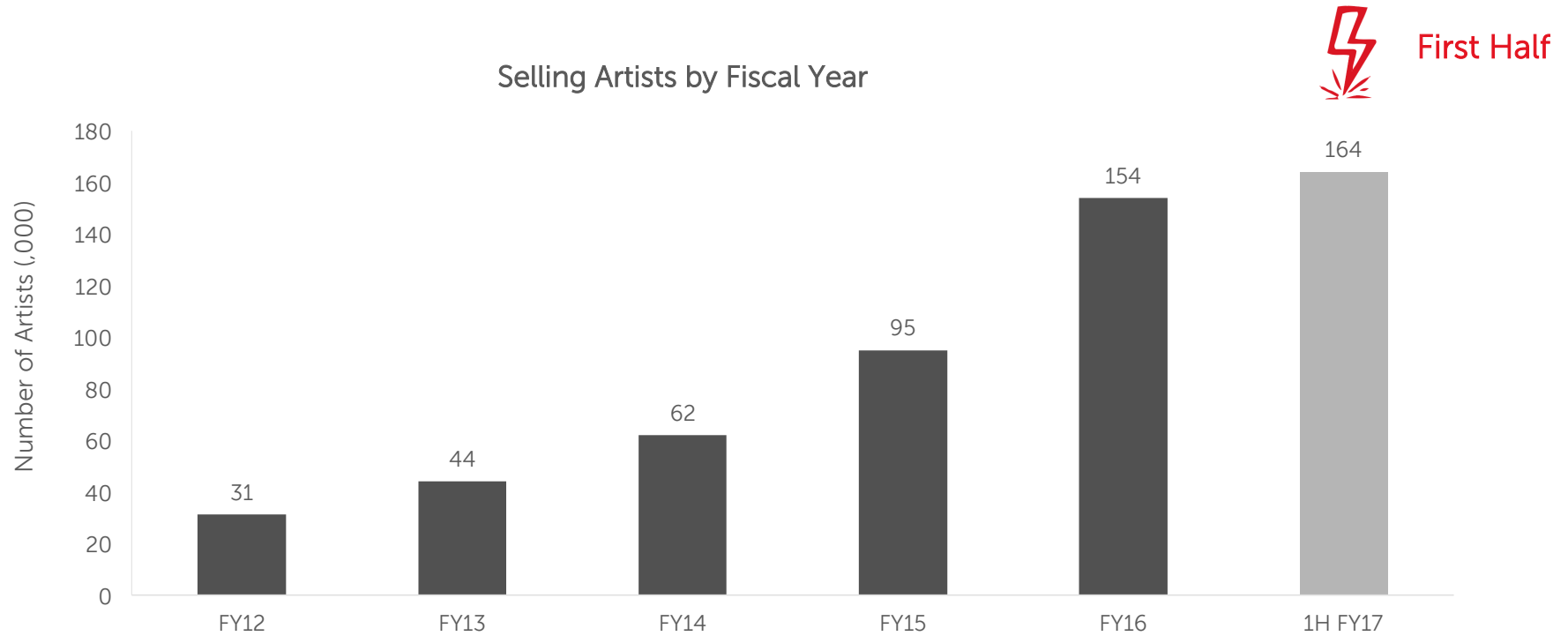


76%
ARE PART TIME

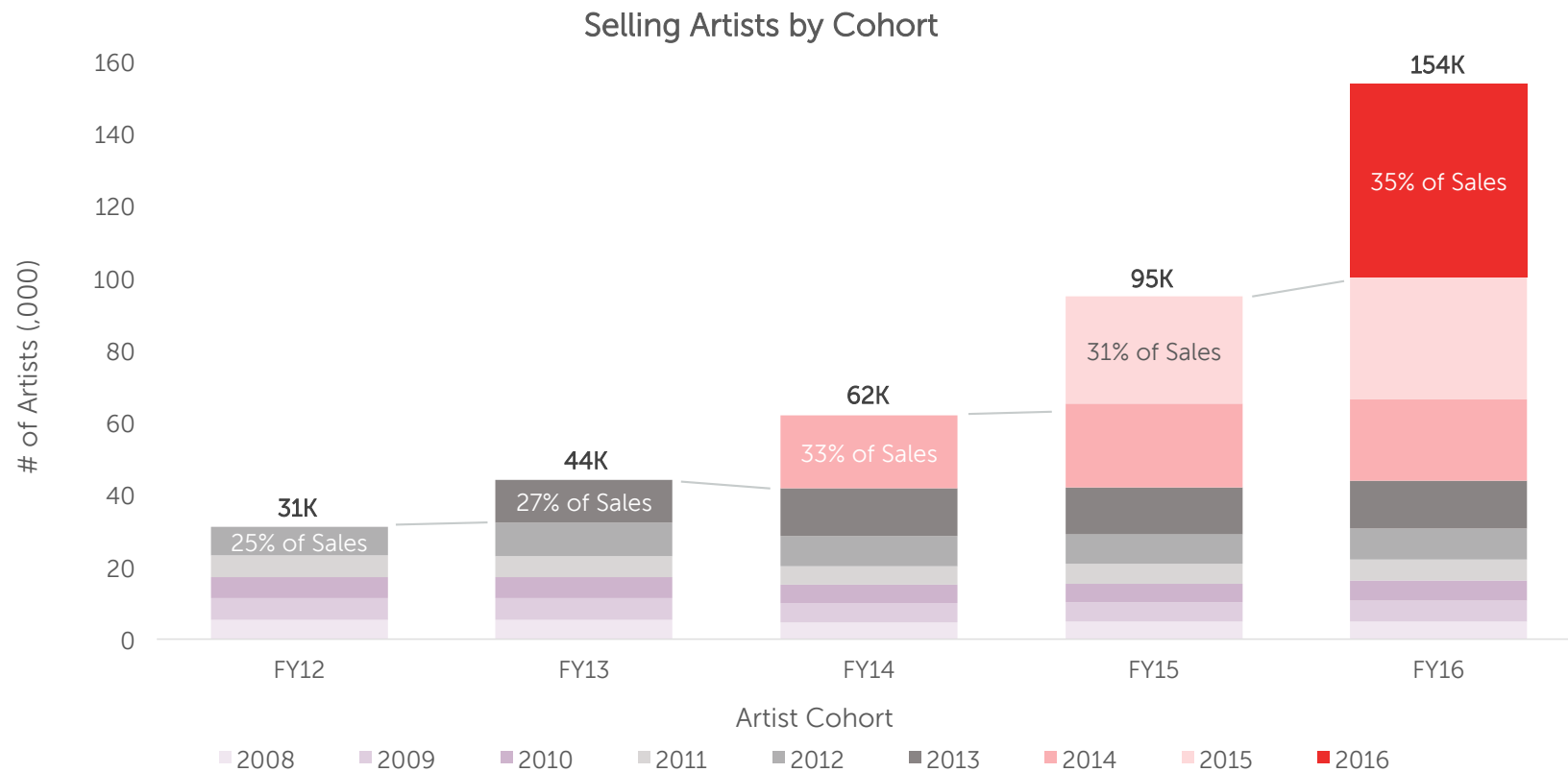


ARTIST GROWTH A CORE DRIVER OF MARKETPLACE SUCCESS

Selling Artists by Fiscal Year



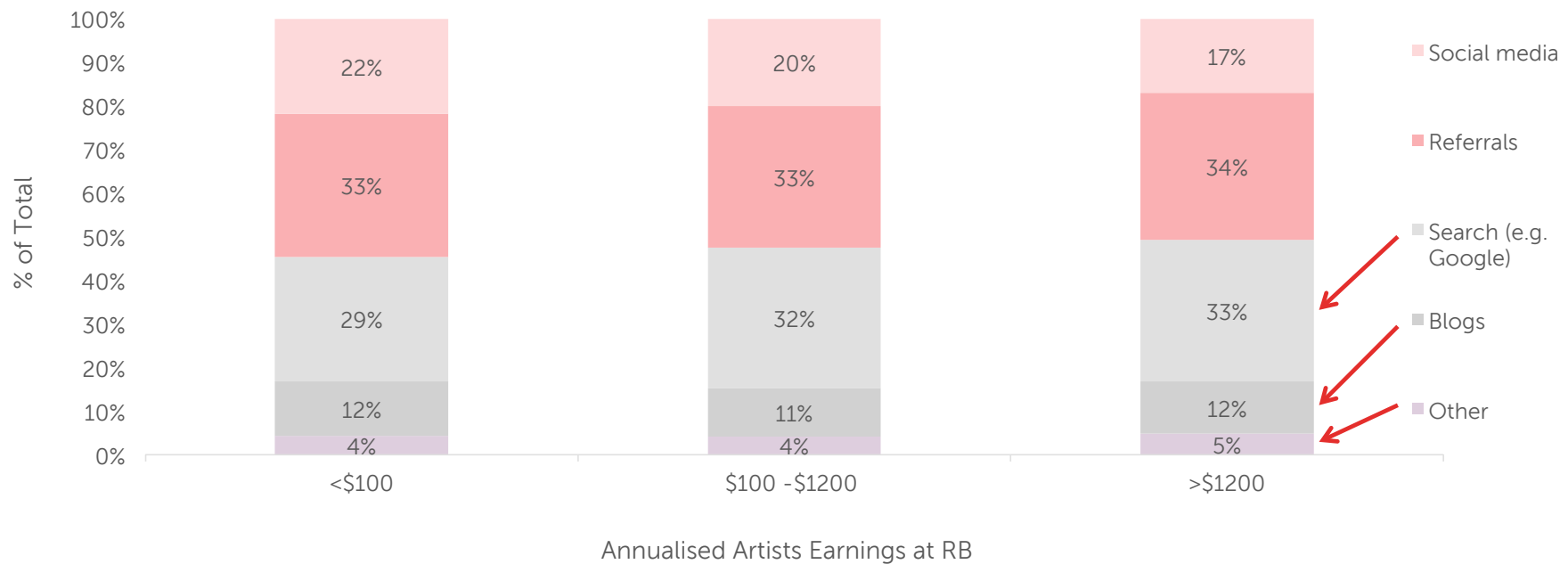
>60% FUTURE SALES FROM ARTISTS ALREADY ON THE PLATFORM



ARTIST ACQUISITION IS ENTIRELY FROM FREE SOURCES



Artists by Source Acquisition Channel





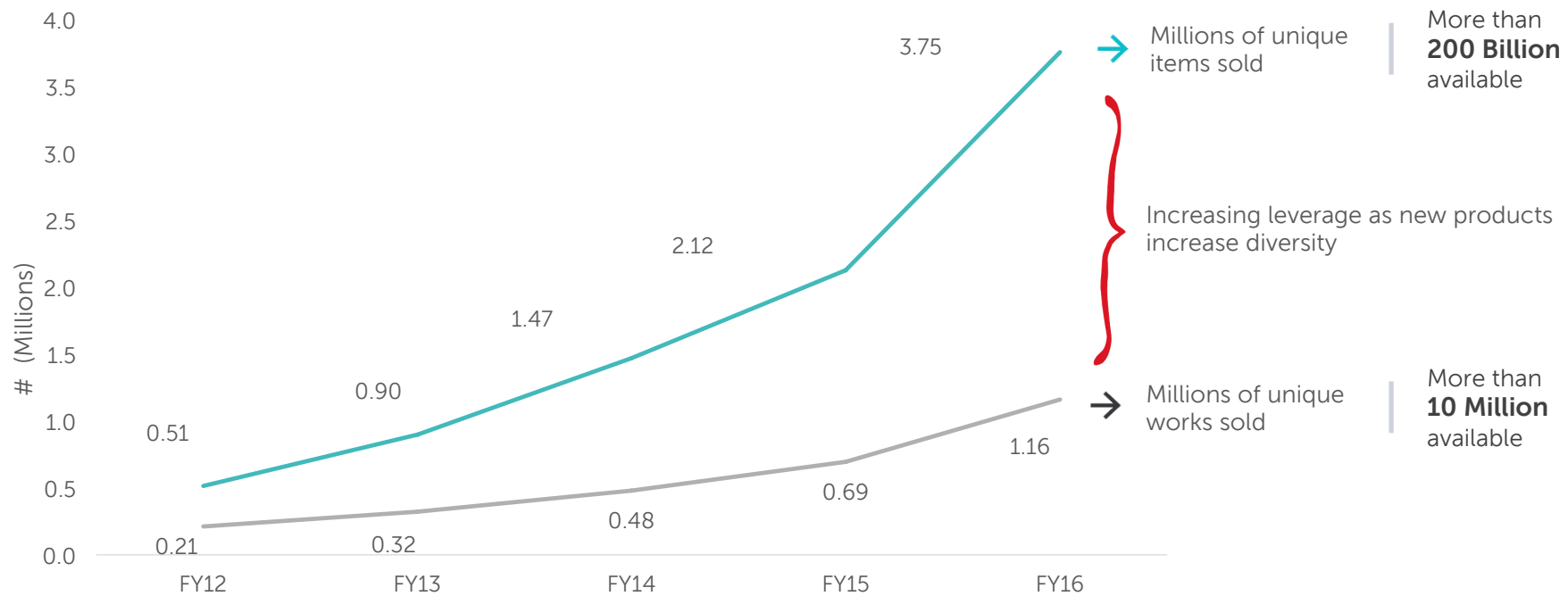
3. Sustainable, diverse and growing

Content

BUILDING A HIGH GROWTH,
SUSTAINABLE AND DIVERSIFIED
MARKETPLACE

HUGE CONTENT LIBRARY & PRODUCTS MEAN IS NOT RELIANT ON “HITS”

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

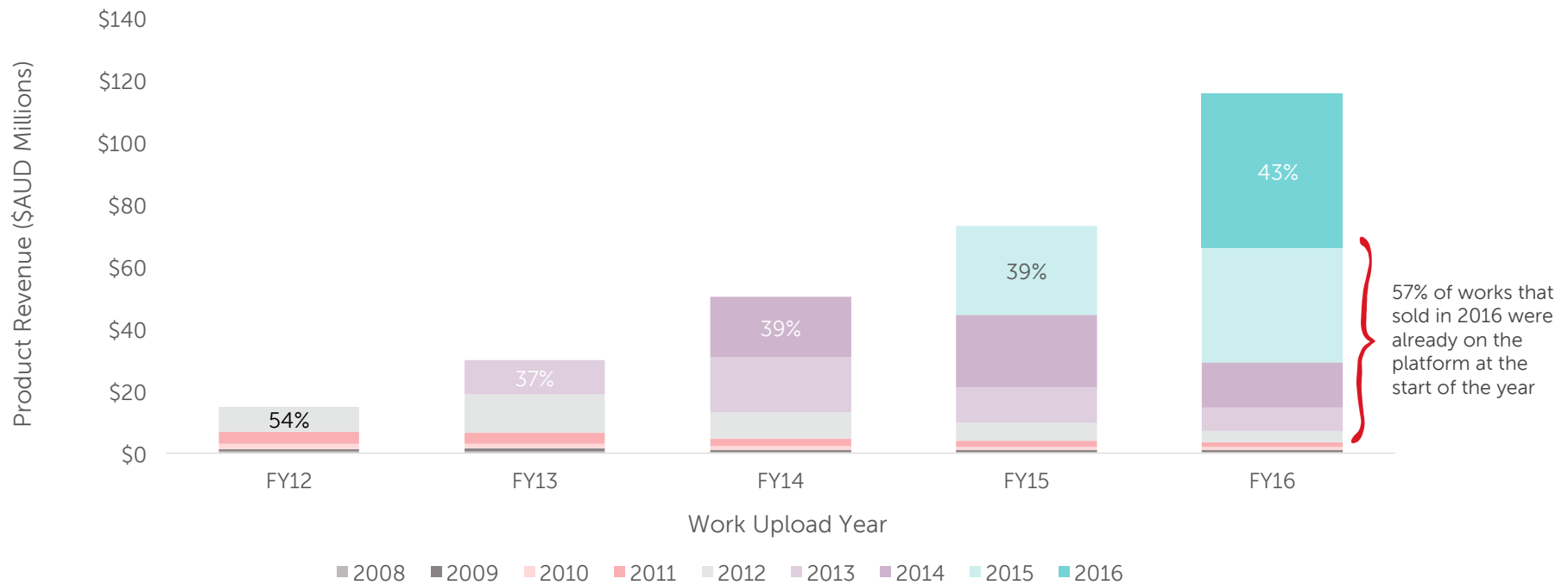


Source: Redbubble internal data
A Product is a combination of physical product and artist work, a Work is simply a single artist image



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

Product Revenue by Work Vintage





CONTENT PERSISTS AND SELLS OVER LONG PERIODS OF TIME



Our Secret Harbor

by Aimee Stewart, USA
Upload June 2009 Last sold: 28 Feb 2017



The Fox and the Forest

by Nic Squirrell, UK
Upload: Feb 2010 Last sold: 13 Mar 2017



Perhaps the Dreams are of Soulmates

by Cameron Gray, AU
Upload: July 2010 Last sold: 6 Mar 2017



Skulls are for Pussies

by harebrained, USA
Upload: Feb 2012 Last sold: 13 Mar 2017



Stress Less

by cabinsupplyco, NZ
Upload Sep 2016 Last sold 13 Mar 2017



Caffeine Powers...Activate!

by Nathan Davis, AU
Upload Feb 2012 Last sold

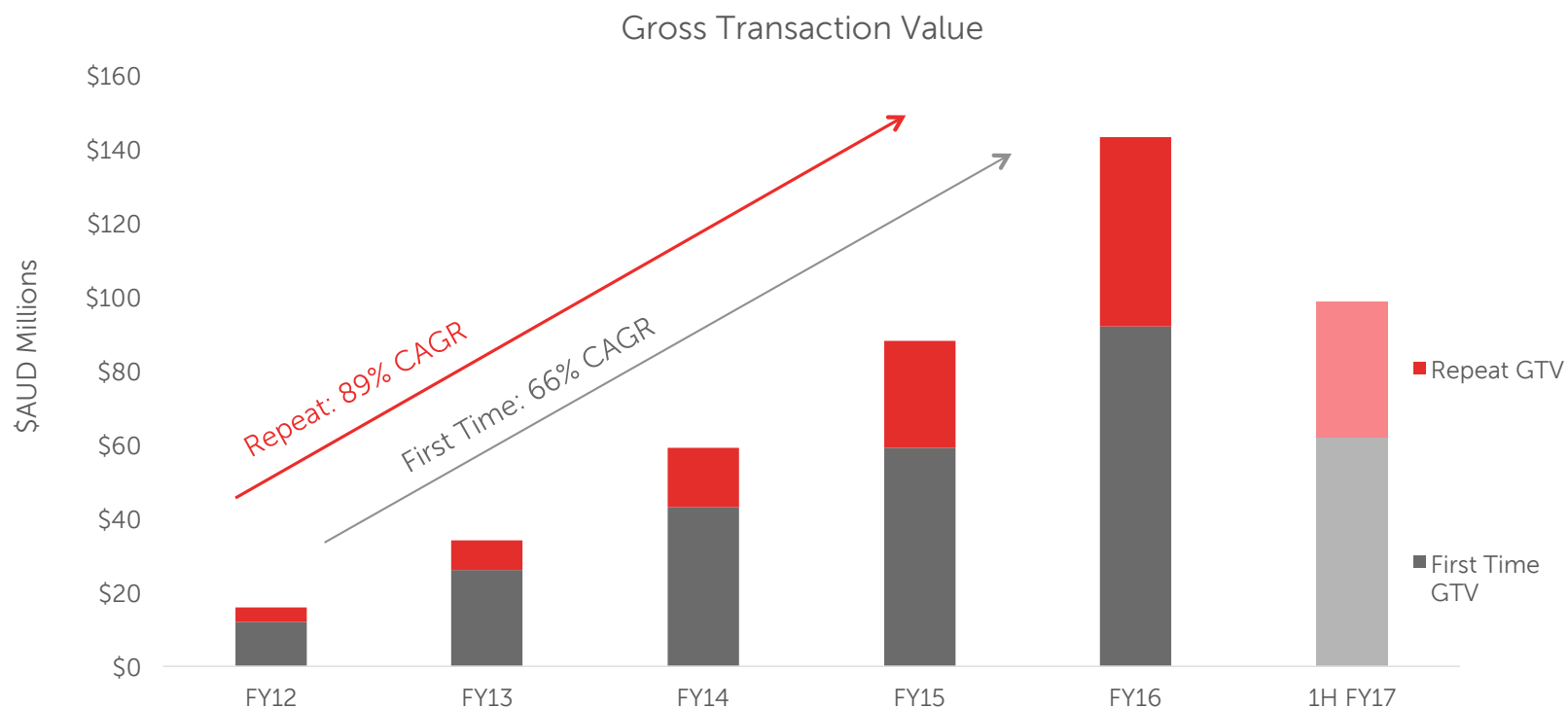


4. Engaged Customers

**BUILDING A HIGH GROWTH,
SUSTAINABLE AND DIVERSIFIED
MARKETPLACE**

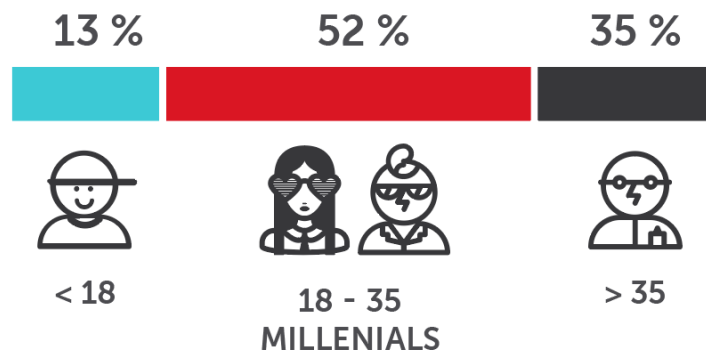
[LARGE] AND GROWING CUSTOMER BASE

STRENGTH WITH NEW & REPEAT CUSTOMERS



CUSTOMER BASE IS DIVERSE WITH A CLEAR VALUE PROPOSITION:

FIND YOUR THING



28%
PURCHASED AS A GIFT

57 % FEMALE

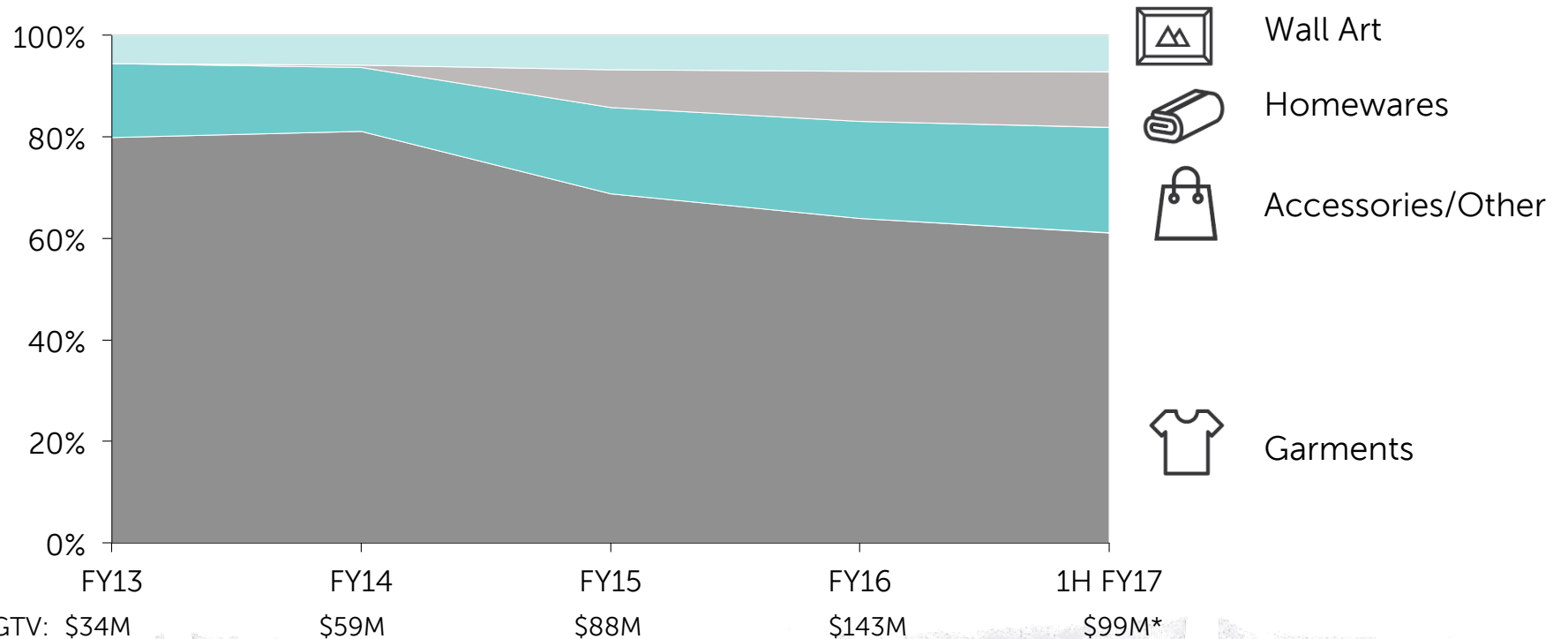


81%
"LIKE TO BE DIFFERENT
TO MOST PEOPLE"

DIVERSIFIED PRODUCT MIX SUPPORTS SUSTAINABLE GROWTH



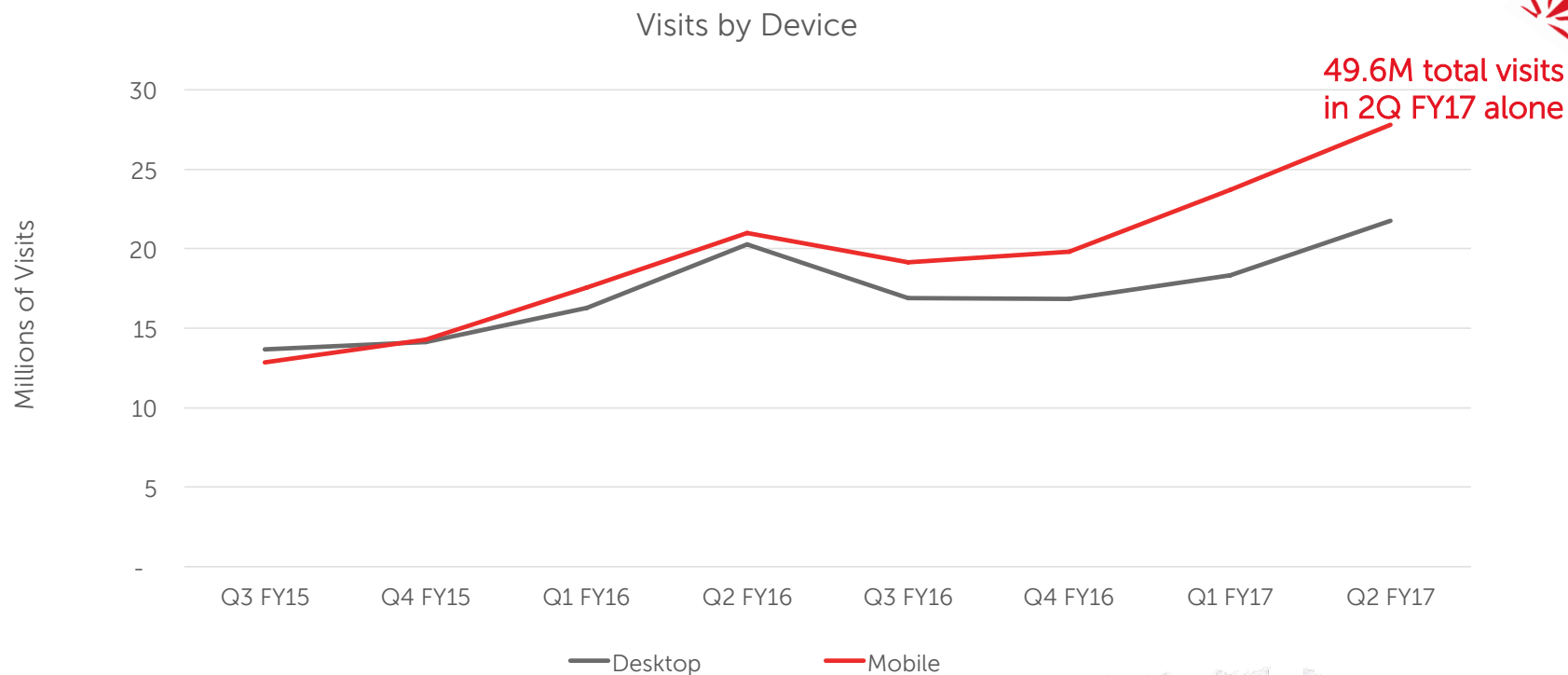
Revenue by Product Type %



* 1H results only, not full fiscal year



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



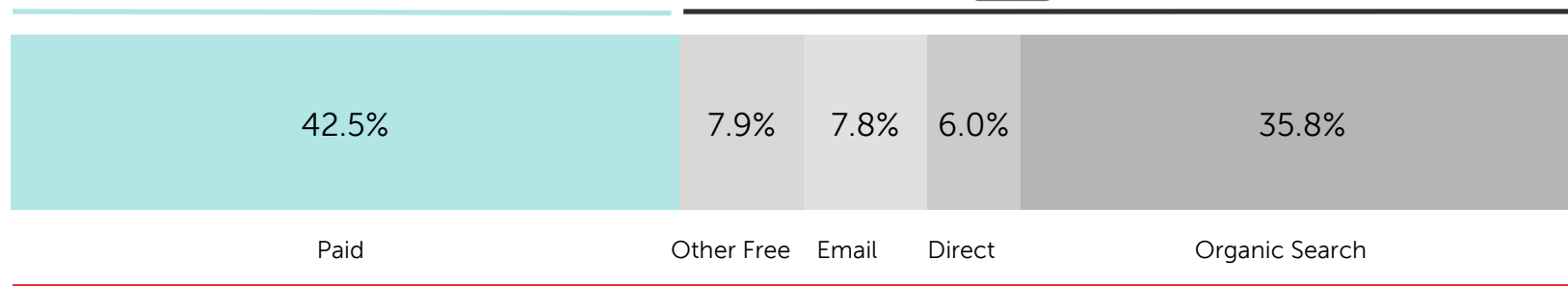


GROWS STRONGLY WITH LOW CUSTOMER ACQUISITION COSTS

ORGANIC GROWTH FUELS SALES

42.5% - Paid

57.5% - Free



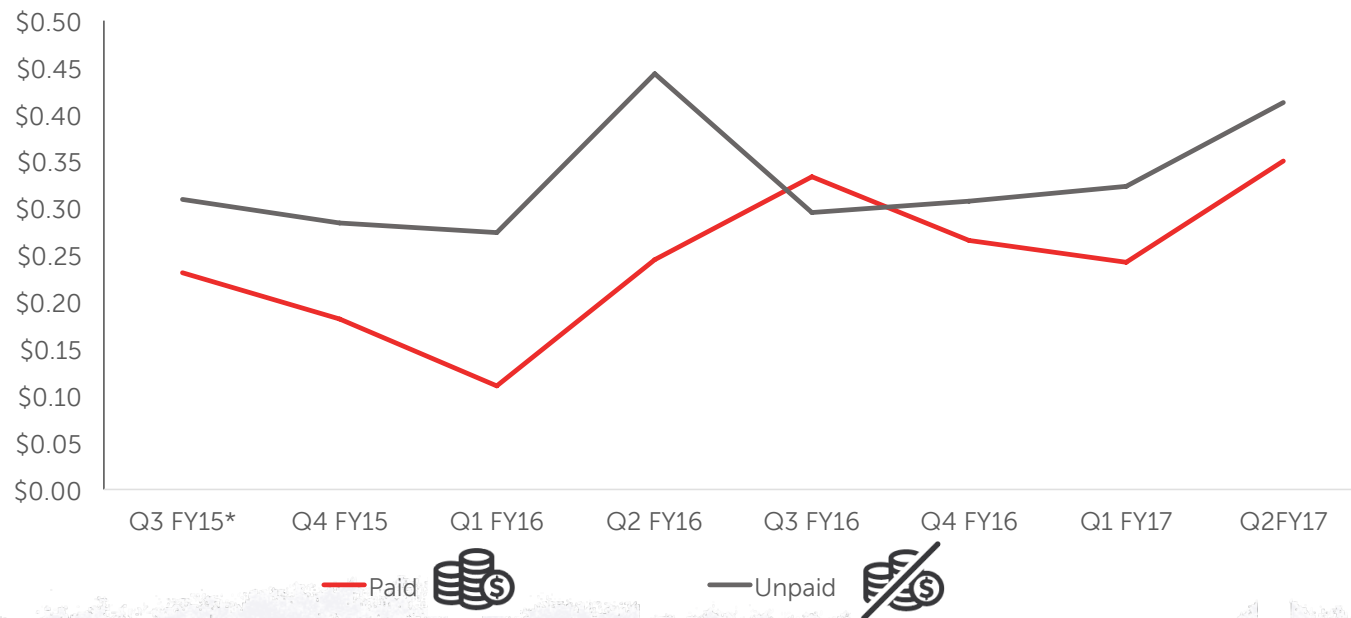
WITH ALL CHANNELS PROFITABLE ON FIRST PURCHASE



UNPAID & PAID CHANNELS DELIVERING EQUIVALENT VISITOR PROFITABILITY



Profit per Visitor



Paid spend effectiveness

being driven by:

- Low cost terms
- Better conversion
- Higher AOV



5. Sustainable, capital efficient **fulfilment**

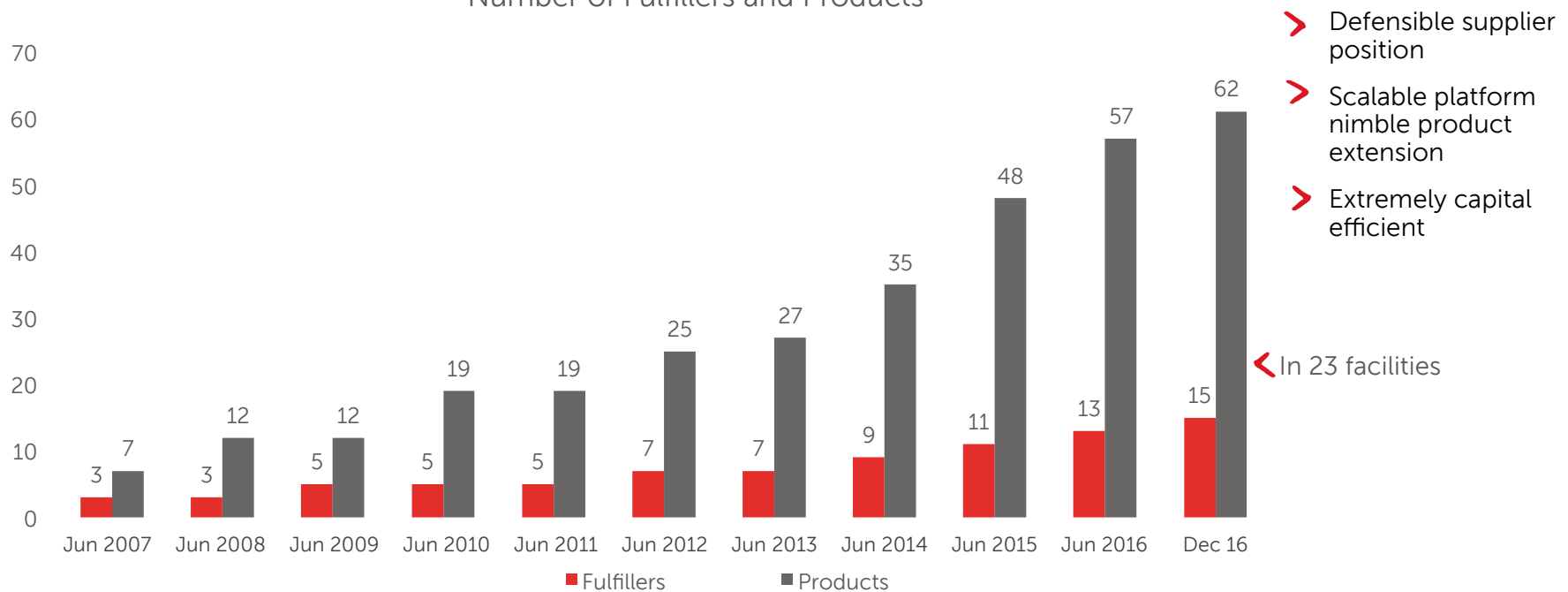
**BUILDING A HIGH GROWTH,
SUSTAINABLE AND DIVERSIFIED
MARKETPLACE**

Presented by: Rob Baumert



THE GLOBAL SUPPLY CHAIN HAS GROWN AND DIVERSIFIED RAPIDLY OVER TIME

Number of Fulfillers and Products



FULFILLER EXPANSION OVER TIME



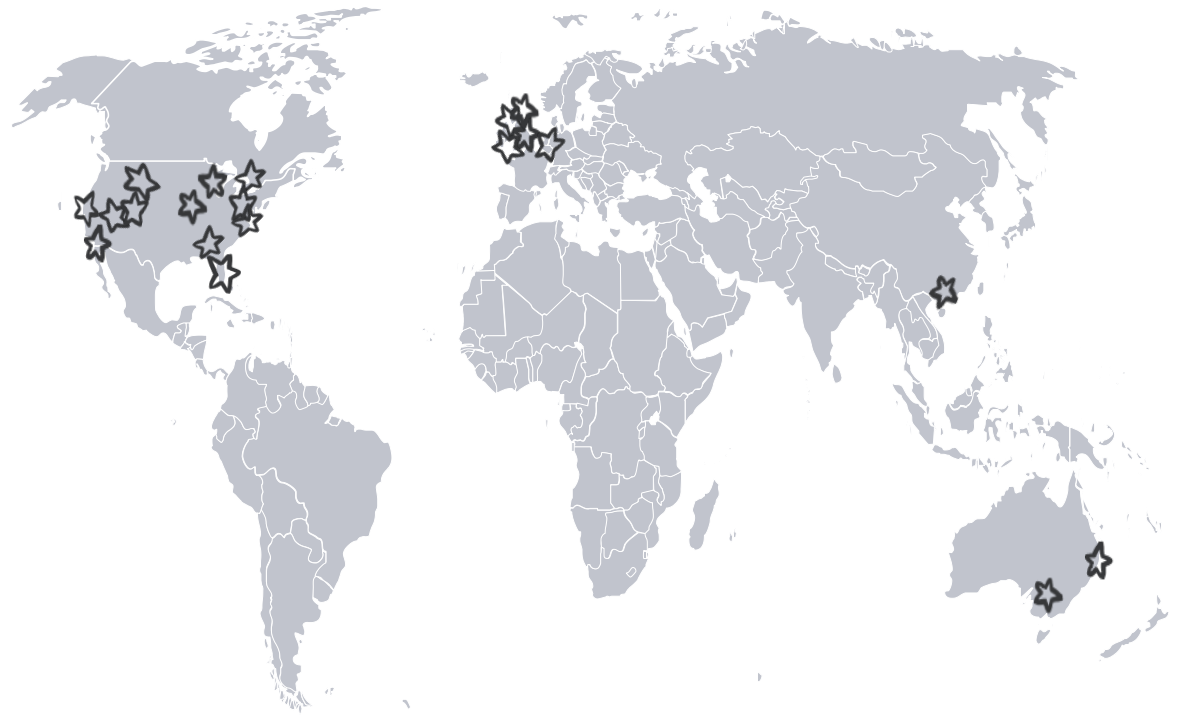
Localisation of production has
**REDUCED GLOBAL
AVERAGE DELIVERY TIME**
by a full day CY 2016.



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
and less redos.





6. Strong underlying **Financials**

**BUILDING A HIGH GROWTH,
SUSTAINABLE AND DIVERSIFIED
MARKETPLACE**

Presented by: Chris Nunn

1H FY2017 P&L HIGHLIGHTS

P&L	FY2016	FY 2017	Reported Growth
(A\$M)	Half Year	Half Year	%
GTV	80.3	98.6	22.8%
Revenue	62.3	78.7	26.3%
Cost of sales	(41.8)	(50.4)	20.5%
Gross profit	20.5	28.3	38.1%
Gross profit margin	32.9%	36.0%	9.3%
Paid Acquisition costs	(4.2)	(6.6)	55.0%
Gross Profit (after Paid Acquisition)	16.3	21.7	33.7%
Operating expenses ¹	(19.3)	(21.2)	9.3%
Other income/expenses	(1.2)	(1.7)	43.4%
EBITDA loss	(4.2)	(1.1)	(75.0%)
Depreciation & amortisation	(1.7)	(3.0)	77.8%
Finance costs	(0.3)	0.3	183.4%
Income tax	(4.2)	1.0	122.9%
Loss after tax	(10.7)	(2.8)	(73.4%)

- Revenue increased by 34.3% on Constant currency basis
- Significant margin improvement achieved through product mix changes and scale in negotiations with fulfillers
- Paid Acquisition costs increasing with the rapid transition to mobile but Gross Profit after Paid Acquisition up 33.7%
- Modest increase in Opex relative to growth in Profit after Paid Acquisition demonstrating operating leverage



1. Operating expenses exclude share based payments which have been included in Other income/expenses

Note: GTV, Cost of sales, Gross profit, Gross profit margin, Gross Profit after Paid Acquisition and EBITDA are non-IFRS measures that are presented to provide readers a better understanding of Redbubble's financial performance. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements.

REDBUBBLE CONTINUES TO SEE A STRONG SALES TRAJECTORY ...

... BUT UK SHARE DECLINED DUE TO WEAKNESS IN GBP

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

1H FY2017 GTV split by region

(UK has declined 1.5%, Europe has increased 0.7% on 1H FY2016)

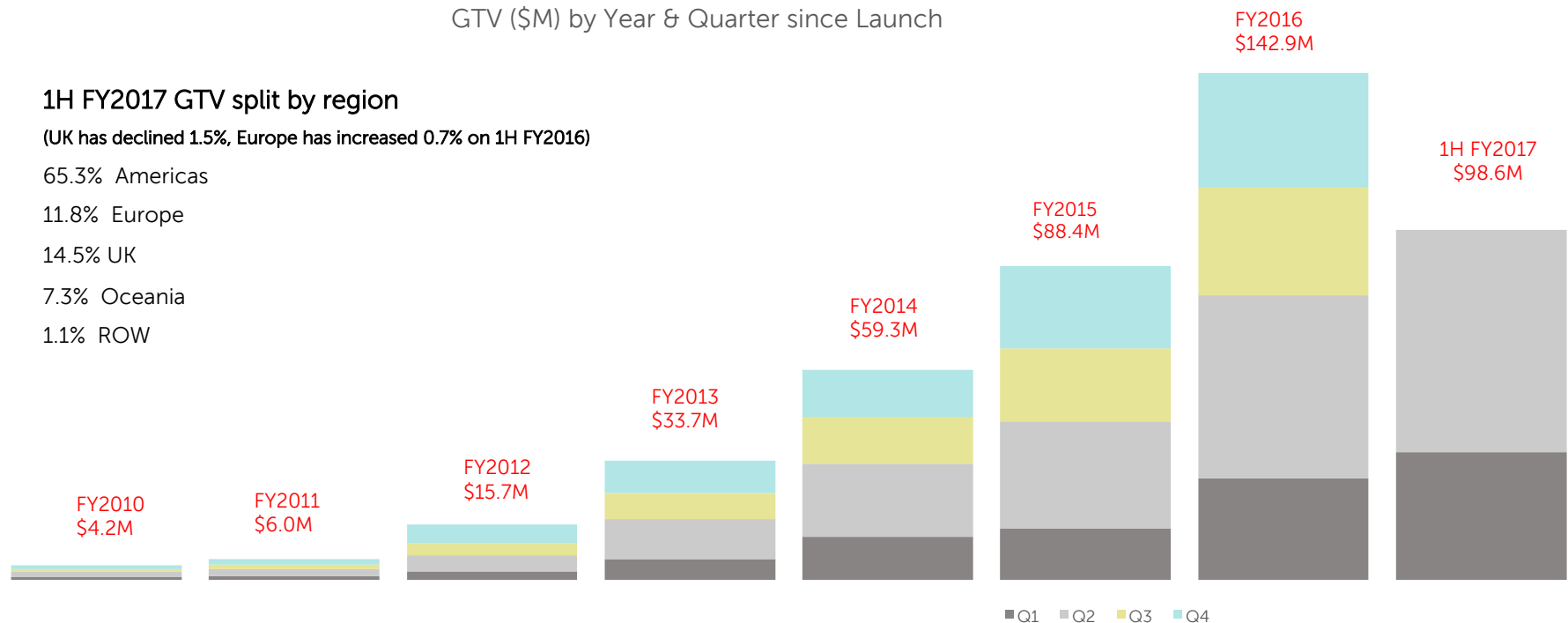
65.3% Americas

11.8% Europe

14.5% UK

7.3% Oceania

1.1% ROW



KEY METRICS

	1H FY2016	1H FY2017	YOY growth	
GTV¹	\$80.3M	\$98.6M	22.8%	• GTV increased 31.3% on constant currency basis
Repeat GTV²	\$27.3M	\$36.8M	34.9%	• Repeat GTV represents 37.3% of total GTV up from 34.0% in 1H FY2016
Visits	75.1M	91.6M	21.9%	
Conversion rate⁴	2.00%	2.21%	10.3%	• AOV decline almost entirely due to weakness in Revenue currencies vs AUD
AOV³	\$53.10	\$48.70	-8.2%	
Customers	1.25M	1.68M	33.8%	
Selling Artists	106,700	164,300	54.0%	

1. GTV (Gross Transaction Value) = Total receipts from customers less fraud, refunds and chargebacks
 2. Repeat GTV = GTV earned from customers who have previously purchased from Redbubble
 3. AOV: Average Order Value (Order sales / Order count)
 4. Conversion rate is the percentage of visits to the site that result in a purchase being made
- Source: Redbubble internal data

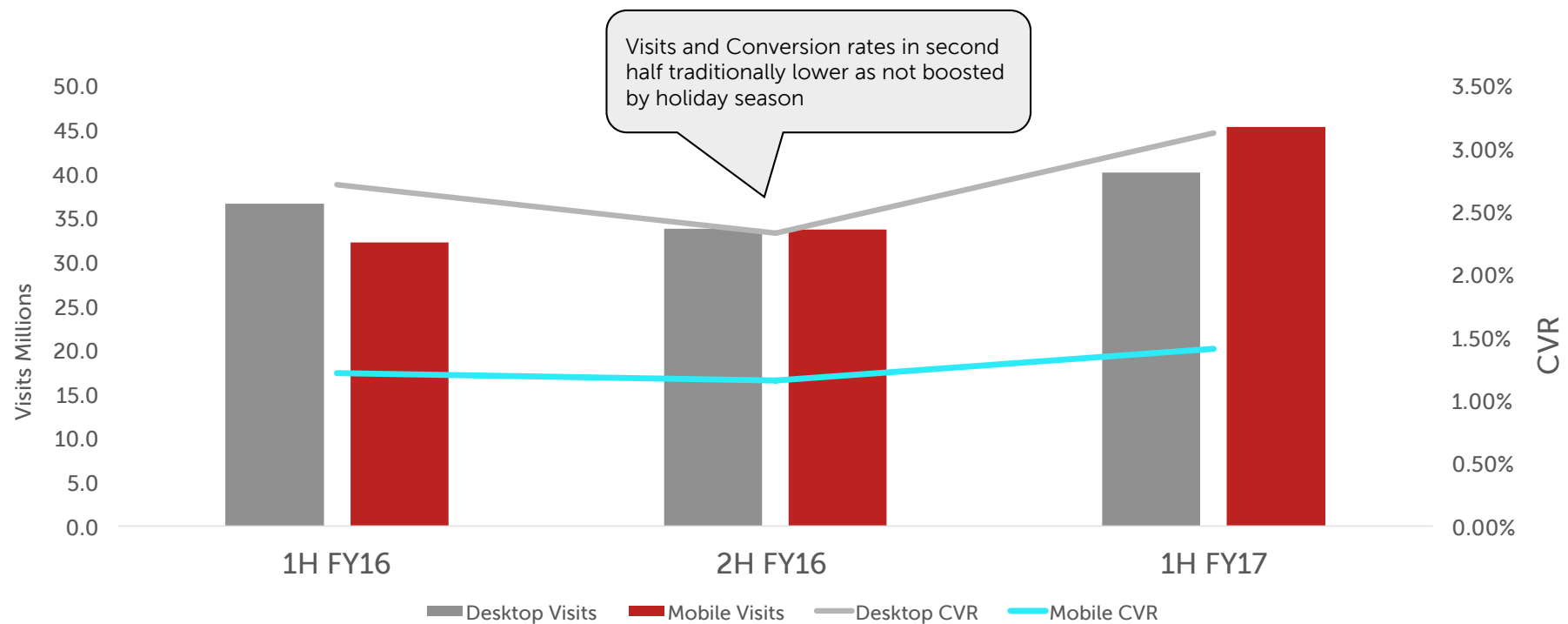
GAINS IN CONVERSION RATES AND VISITS DESKTOP AND MOBILE ...

... BUT STRONG AUD IMPACTING AOV

		1H FY2016	1H FY2017	YOY growth
Desktop	Visits	36.6M	40.0M	10%
	Conversion rate ¹	2.71%	3.12%	15%
	AOV ²	\$53.2	\$48.6	-9%
Mobile	Visits	32.2M	45.3M	41%
	Conversion rate ¹	1.21%	1.41%	16%
	AOV ²	\$50.9	\$47.6	-7%

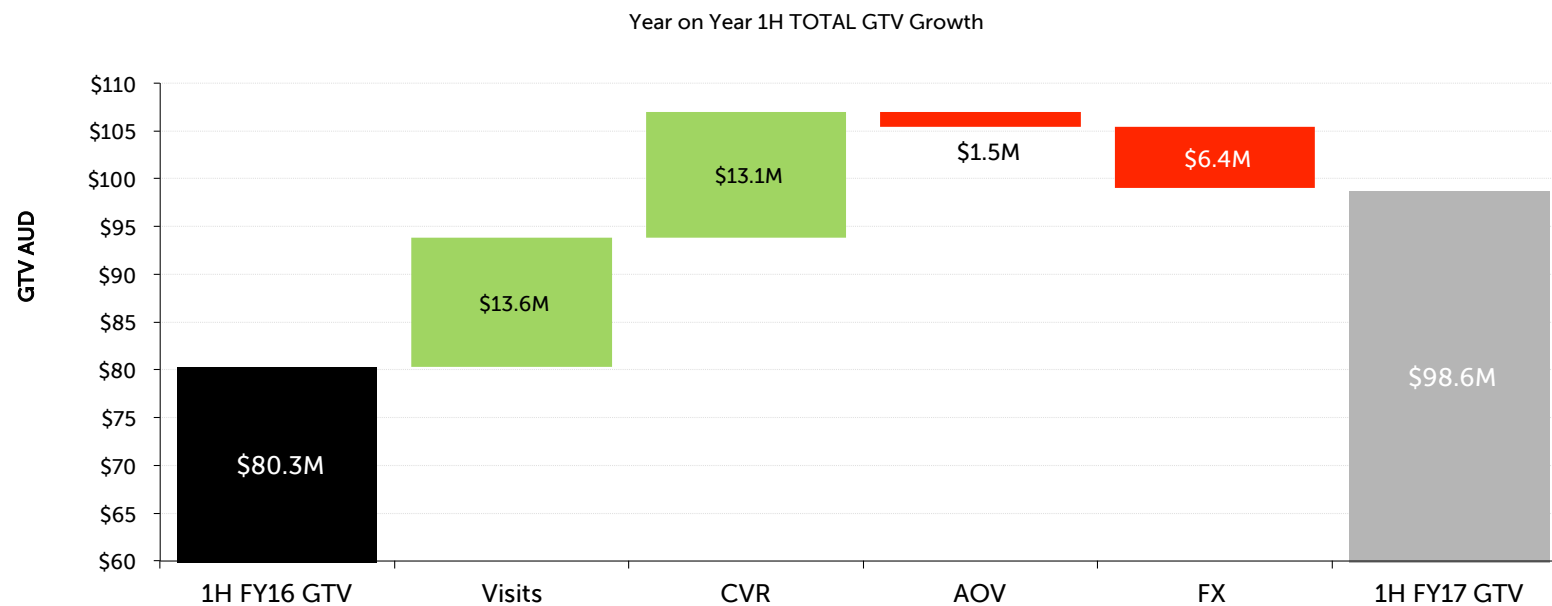
SHIFT FROM DESKTOP TO MOBILE OVER THE LAST 12 MONTHS ...

... BUT CONVERSION RATE (CVR) CONTINUES TO IMPROVE



ATTRIBUTION OF 1H FY2017 YEAR ON YEAR GROWTH

CONTINUING INCREASES IN VISITS AND CONVERSION RATES (CVR)



Strong gains in visits and conversion rates have been partially offset by FX headwinds as the AUD remains strong against the four other revenue currencies.

CASH FLOW SUMMARY

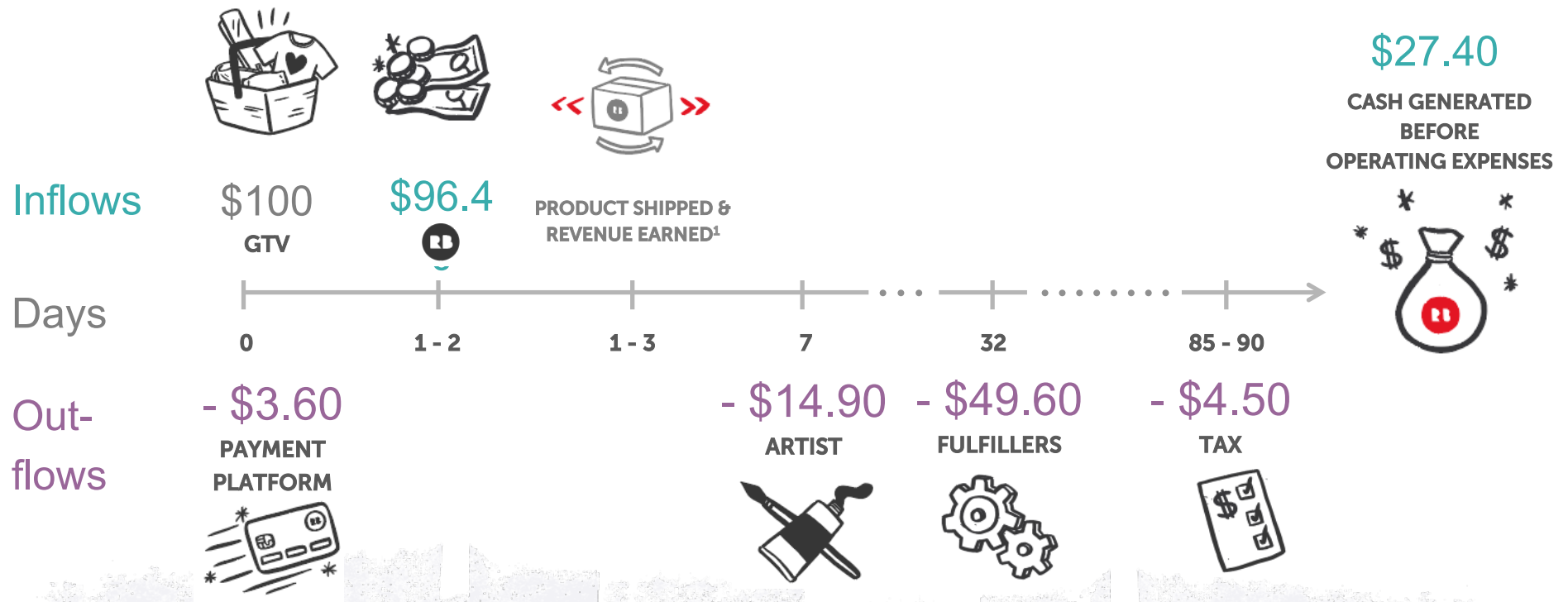
Cashflow	FY2016	FY 2017	Variance
(A\$M)	First Half	First Half	
Cash flows from operating activities			
Receipts from customers	80.8	100.7	24.7%
Payments to artists	(9.6)	(14.8)	54.6%
Payments to fulfillers	(35.3)	(45.4)	28.4%
Payments to other suppliers & employees	(27.1)	(32.3)	18.9%
Other	0.1	0.3	301.2%
Net cash from operating activities	8.8	8.6	(2.4%)
Net cash for investing activities	(2.9)	(5.2)	80.7%
Net cash from financing activities	0.4	0.0	(95.4%)
Net increase in cash	6.3	3.4	(45.6%)
Cash at beginning	14.0	42.0	200.4%
FX impact	(0.4)	(0.7)	67.8%
Cash at end	19.9	44.7	124.9%

- Receipts from Customers gross of Refunds, Fraud and Chargebacks
- Payment to Artists includes \$1.7M brought forward due to changes in payment terms
- Net cash for investing activities is largely capitalised development costs but also includes \$1.3M for fit out of additional space in Melbourne office
- Cash at beginning includes proceeds from IPO



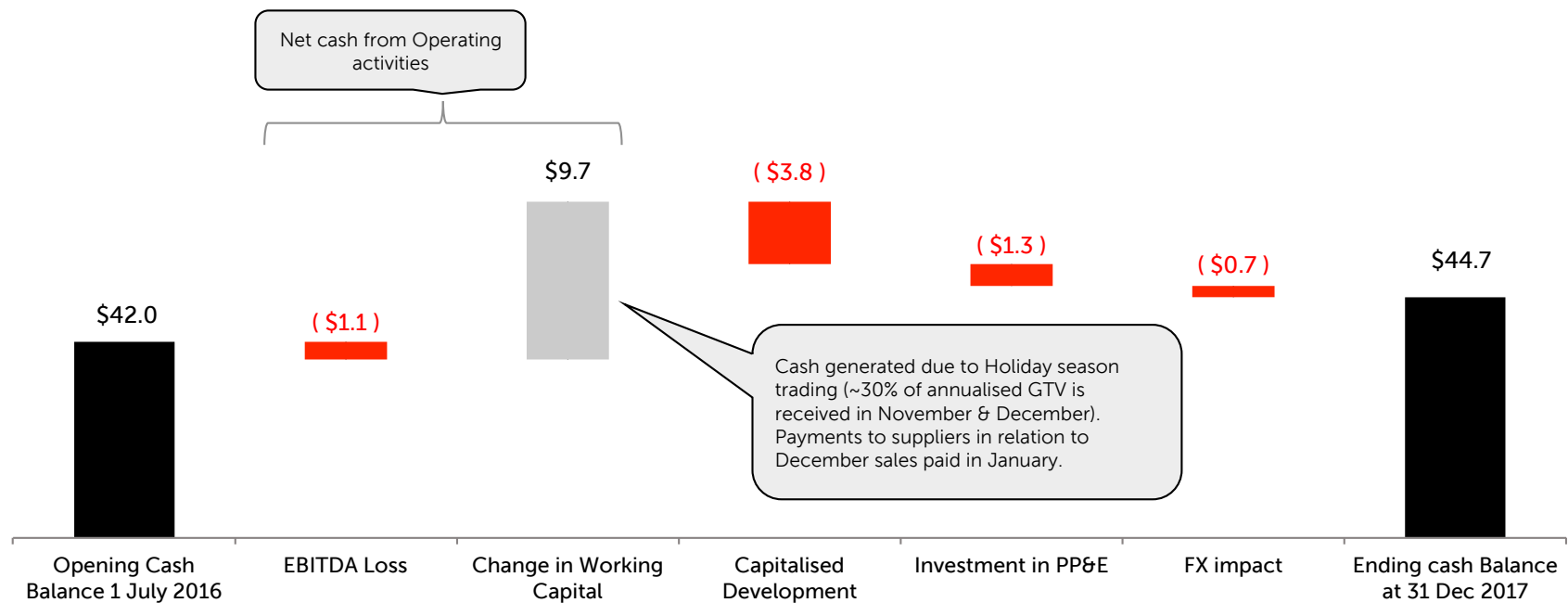
OPERATES WITH A POSITIVE CASH CYCLE

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

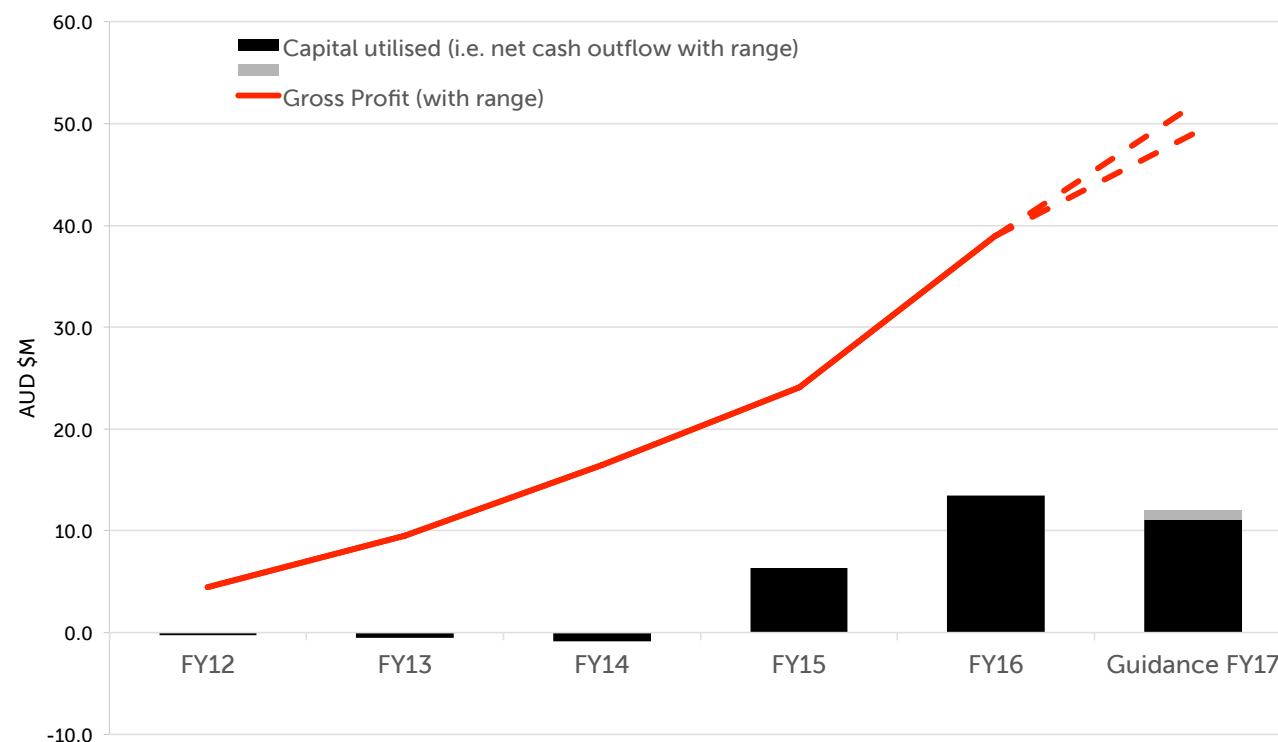


REDBUBBLE IS CAPITAL EFFICIENT ...

... SEASONALITY A SIGNIFICANT POSITIVE FACTOR AT THE END OF THE FIRST HALF



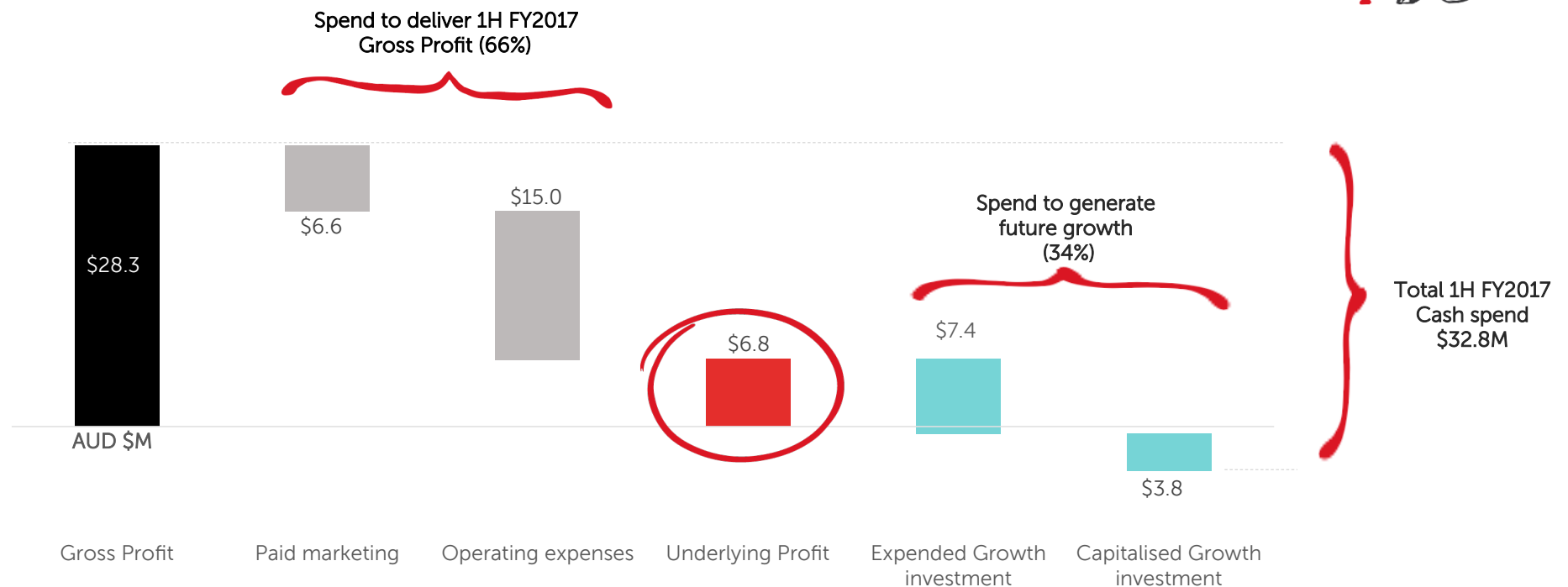
CAPITAL RAISED IN FY2015 & FY2016 AND INTERNALLY GENERATED CASH DRIVING GROWTH IN FY2017 AND BEYOND



- 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

34% OF CASH SPEND IN 1H FY2017 INVESTED FOR FUTURE GROWTH

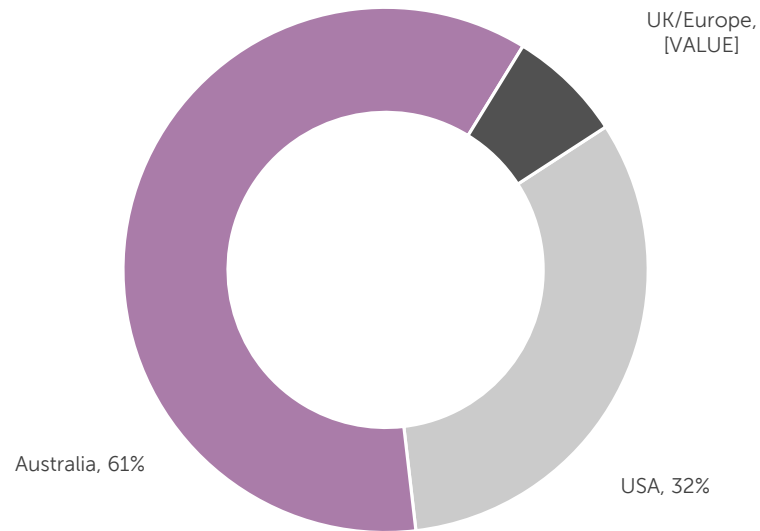
... SO UNDERLYING PROFIT \$6.8M DELIVERED



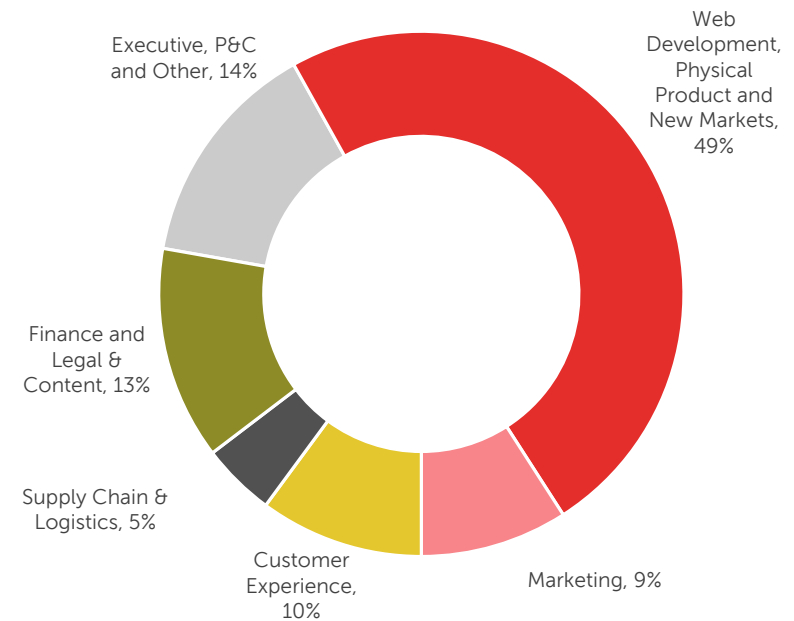


201 EMPLOYEES (Mar 2017), ~50% ON GROWTH

Working in.....



Working at.....



USA – Comprising largely Marketing, Customer Service, Legal and Content teams

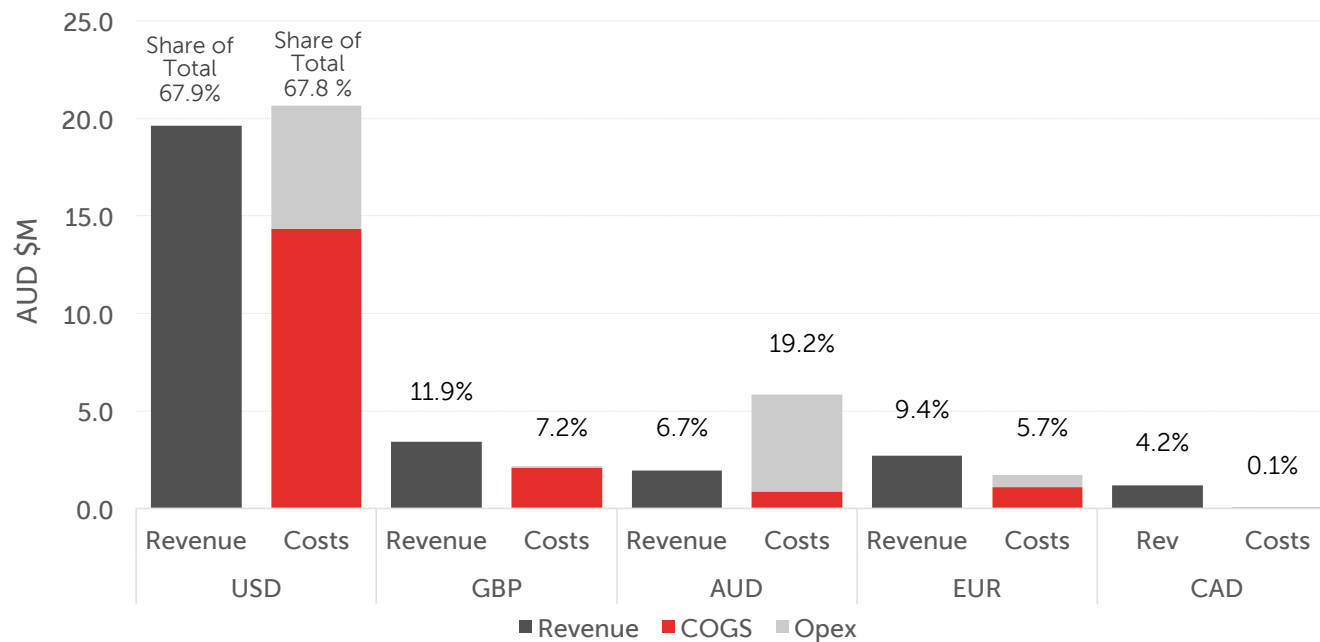


Australia – Comprising largely Web Development & Product, Physical Product, Executive, Finance and People and Culture teams



DIVERSIFICATION OF CURRENCY EXPOSURE PROVIDES SIGNIFICANT NATURAL HEDGE

FY2017 YTD Distribution of Revenue & Costs by currency



- > 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



7. A bright Future

**BUILDING A HIGH GROWTH,
SUSTAINABLE AND DIVERSIFIED
MARKETPLACE**

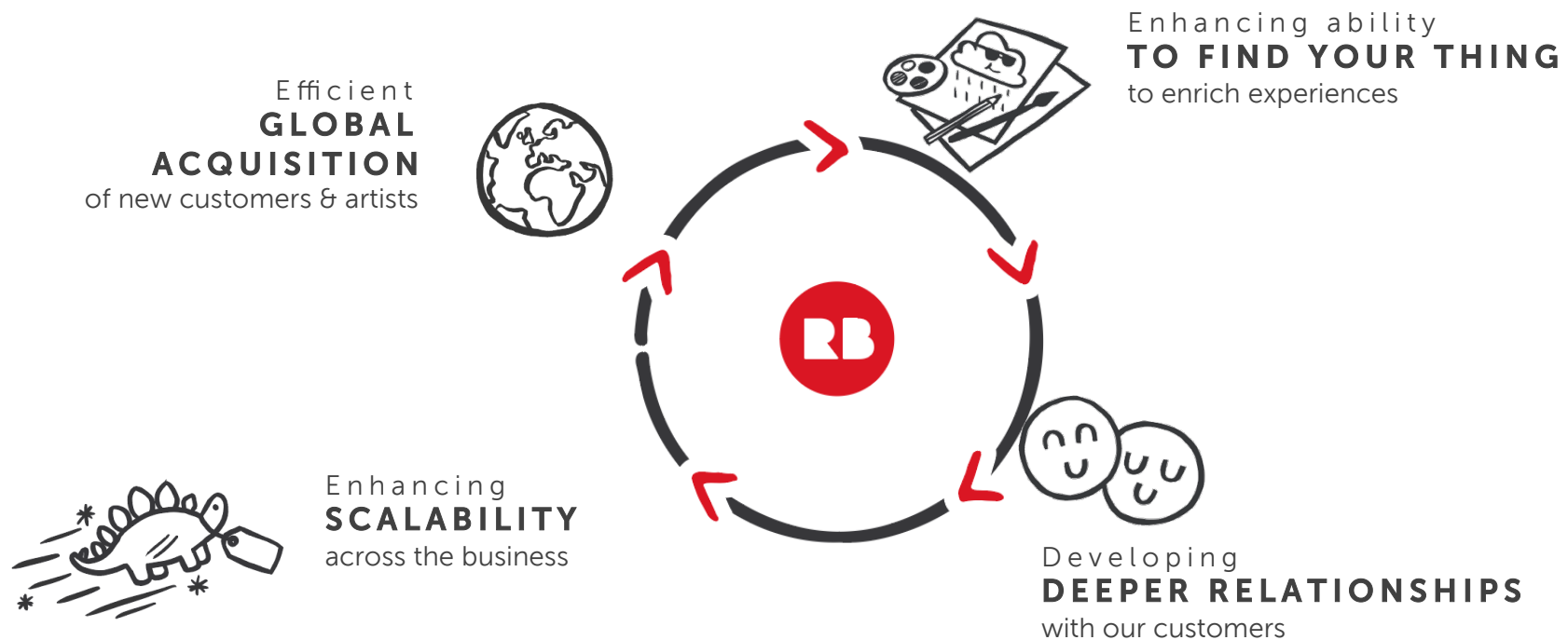
STRATEGIC FOCUS IS SCALING THE MARKETPLACE

We will continue to **scale the marketplace**
building **profitable relationships** with users and partners
by enhancing our **distinctive customer experience**
and exemplifying the Redbubble mission.

4 BIG THEMES FOR 2017



STAY FOCUSED ON STRENGTHENING MARKETPLACE DYNAMICS



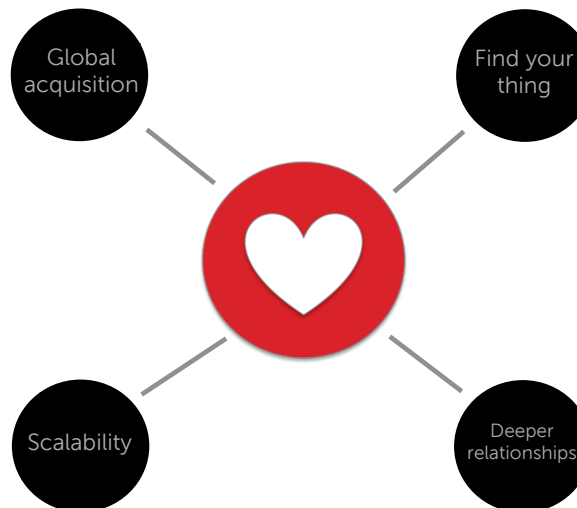
AND THE DETAIL



THEMES ARE REINFORCING TO DELIVER AGAINST CORE LOYALTY OBJECTIVE

- Improvements in organic acquisition (social, search)
- Increase leverage of content library into paid API channels (search, Facebook)
- Increased targeting by geographic and customer segments

- Faster core platform – critical for mobile
- EBITDA improvements of up to \$3 million p.a. from operational efficiencies:
 - Minimize redos from undelivered packages
 - Negotiated supplier pricing
 - Automatic shipping optimization
 - Customer service automation
 - Product pricing



- Personalized content recommendations
 - Onsite and in App
 - Scaling personalized email marketing
- Content discovery journey
 - Search relevance improvements
 - Ease of navigation
 - Presentation of content
- Content partnerships
- Upgrading account creation to enable personalization
- Push notifications (app)
- Cross platform recognition
 - Relevant journeys: product, local, gender, keyword
- Localization of supply to reduce delivery time

WITH A FINAL OBJECTIVE FOR CUSTOMERS

- ♥ More buyers acquired more profitably
- ♥ Best in class site speed
- ♥ Ever more content from more artists & partners
- ♥ With a personalised best-practice mobile discovery & shopping experience for all visitors
- ♥ And mobile habit resulting in more orders per loyal customer per year

FY 2017 P&L –UPDATED GUIDANCE (Jan 2017)



P&L	1H FY2017	Interpolated 2H FY2017		Guidance FY 2017		YOY Growth	
(A\$M)	<i>Actuals</i>	<i>Lower end</i>	<i>Upper end</i>	<i>Lower end</i>	<i>Upper end</i>	<i>Lower end</i>	<i>Upper end</i>
GTV	98.6	76.4	86.4	175.0	185.0	22.5%	29.5%
Revenue	78.7	61.3	69.3	140.0	148.0	22.2%	29.2%
Cost of Sales	50.4	40.6	45.8	91.0	96.2	20.4%	27.3%
Gross Profit	28.3	20.7	23.5	49.0	51.8	25.6%	32.8%
GP Margin	36.0%	33.8%	33.9%	35.0%	35.0%		
Paid Acquisition costs	6.6	6.0	6.8	12.6	13.4	64.5%	75.2%
Gross Profit (after Paid Acquisition)	21.7	14.7	16.7	36.4	38.4	16.1%	22.4%
GPAPA Margin	27.6%	23.9%	24.0%	26.0%	25.9%		
Operating Expenses	21.2	23.3	24.3	44.5	45.5	19.0%	21.6%
EBITDA before other (non-cash) expenses	0.5	(8.6)	(7.6)	(8.1)	(7.1)		

FY 2017 P&L – UPDATED GUIDANCE ASSUMPTIONS

- ✧ **GTV:** ~30% YOY growth over 2H FY2016 in respective currencies (FX rates - USD 0.741, GBP 0.59, EUR 0.70, CAD 1.00). Lower and upper ends represent +/- 8% YOY growth for 2H FY2017. 2Q FY2017 hit by particularly weak December in US & Canada (not other regions). **Both those regions tracking >30% in 3Q to date.**
- ✧ **Revenue:** Confident of maintaining long term consistent ratio of c80% of GTV – artists' margin and tax remain steady. Will always be subject to period end timing difference between order & shipment date.
- ✧ **GP Margin:** Lower 2H margin due to impact of 1H holiday period sales on refunds and returns. Growth on last year achieved through combination of product mix, pricing strategy and benefits of scale. Confident improvements can be maintained.
- ✧ **Paid Acquisition Costs:** cost increase is based on current Paid GTV performance and the increasing shift to mobile. Paid marketing to remain profitable on a "first transaction" basis. Currently on track for guidance spend of c\$13M.
- ✧ **Operating Expenses (excluding paid marketing and capitalised development):** Detailed re-forecast carried out prior to January 4C release. Very confident low end of guidance range can be achieved.
- ✧ **Profitability:** Expecting to move to month to month profitability by end of FY18

POSITIONED FOR LONG-TERM GROWTH...

1

SUSTAINABLE

Leading global marketplace:

- 10 consecutive years of growth
- 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
- 3.75M 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



DISCLAIMER

The material herein is a presentation of information in summary form and does not purport to be complete. Investors or potential investors should seek their own independent advice. This material is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of a particular investor. These should be considered when deciding if a particular investment is appropriate.