# INVESTOR PRESENTATION

Morgans Technology Conference – Sydney - 18 May 2017

Presented by Chris Nunn (Redbubble Limited Chief Financial Officer)

REDBUBBLE

# AGENDA

REDBUBBLE


# 1. About Redbubble

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

# Redbubble Video

This is Redbubble

1. Link to Video: https://vimeo.com/**195555159**

# A RECAP ON THE RB STORY

## A THREE-SIDED MARKETPLACE, FOUNDED IN 2006 AND LISTED IN MAY 2016

**ARTISTS**

600,000+
(as of Q3 FY2017)

**CUSTOMERS**

2.9M[1]
(FY2017)

**CONTENT**

11.5M[2]
(as of Q3 FY2017)

**3rd PARTY FULFILLERS**

15 FULFILLERS (23 locations), 62 PRODUCTS

1. Q4 FY2017 has been projected from actuals through Q3 FY2017
2. Published artists net of removals: Source: Redbubble internal data

# COMPANY SNAPSHOT: Redbubble Limited (ASX:RBL)

**As at 16 May 2017**

**Capital Structure:**

| | |
|---|---|
| Share Price (16 May 2017): | $0.83 |
| Fully Paid Ordinary Shares: | 206.2 million |
| Market Capitalisation: | $171.1 million |
| Issue Price (17 May 2017): | $1.33 |
| Net Cash (31 March 2017): | $31.9million |

**Board and Management:**

| | |
|---|---|
| Mr Richard Cawsey: | Non-executive Chairman |
| Mr Martin Hosking: | CEO and Managing Director |
| Ms Teresa Engelhard: | Non-executive Director |
| Mr Greg Lockwood: | Non-executive Director |
| Mr Grant Murdoch: | Non-executive Director |
| Dr Hugh Williams: | Non-executive Director |
| | |
| Mr Barry Newstead: | Chief Operating Officer |
| Mr Chris Nunn: | Chief Financial Officer |

**Shareholders:**

| | |
|---|---|
| Board &Management: | 33.6% |
| Top 20: | 75.3% |
| Acorn Capital (pre-IPO investor): | 6.2% |
| Simon Baker (ex-director): | 6.1% |
| Blackbird Ventures (pre-IPO investor): | 5.5% |
| Osmium Partners (recent investor): | 5.1% |

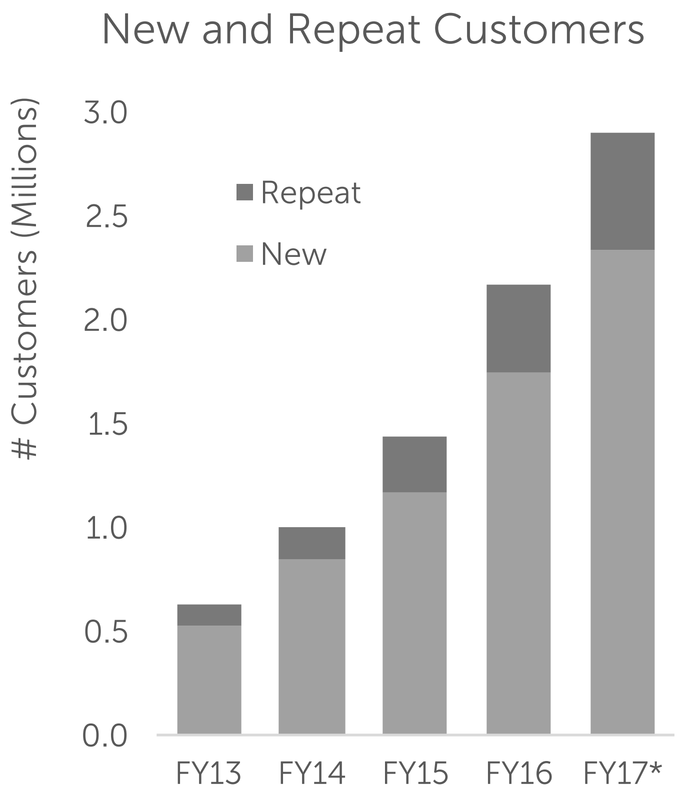
**Share Price** **Volume**

# 2. Healthy Marketplace

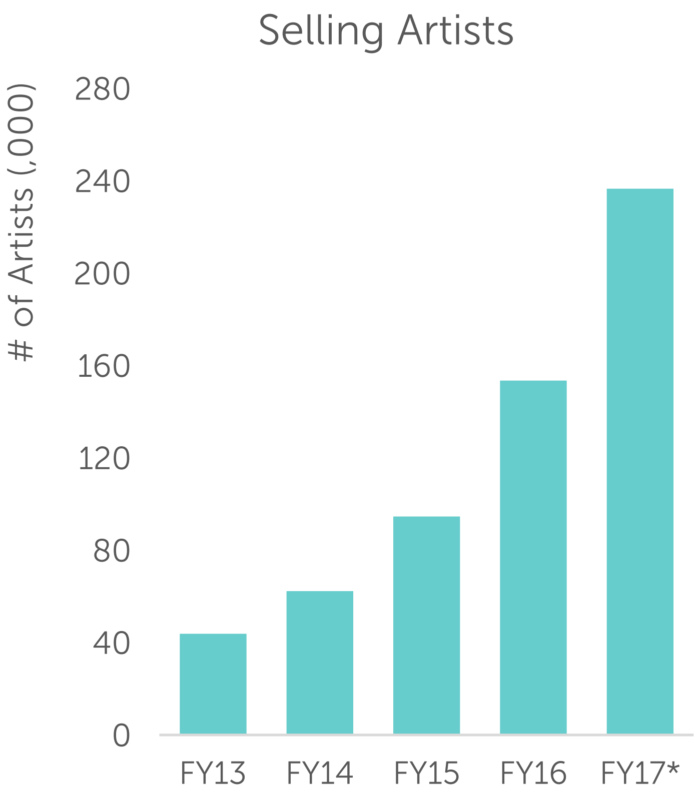
BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

# THE RB MARKETPLACE IS SCALING RAPIDLY

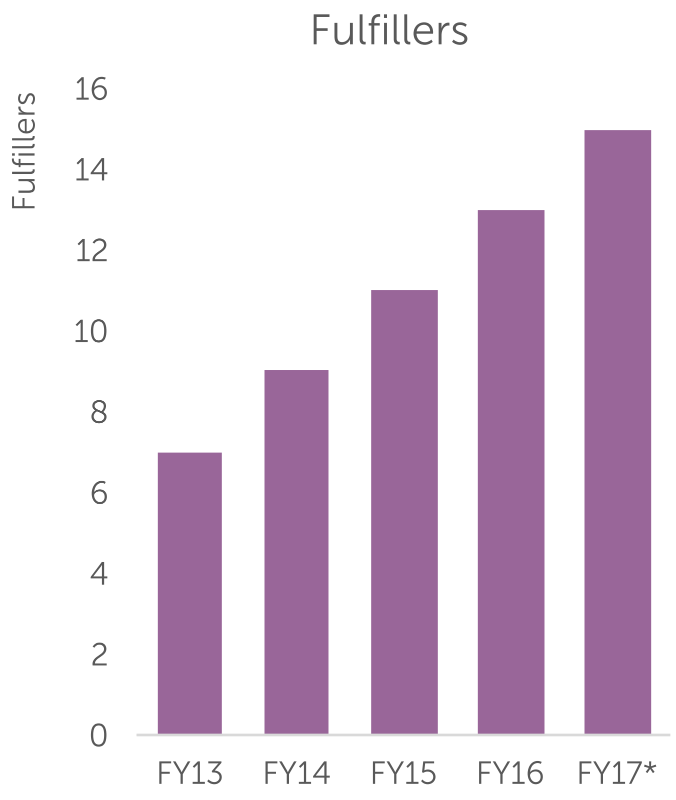
## CONSISTENT GROWTH IN CUSTOMERS, ARTISTS AND FULFILLERS




LARGE AND GROWING CUSTOMER BASE




SUSTAINABLE, LOW COST ARTIST COMMUNITY




DIVERSE, LOCALISED MANUFACTURING

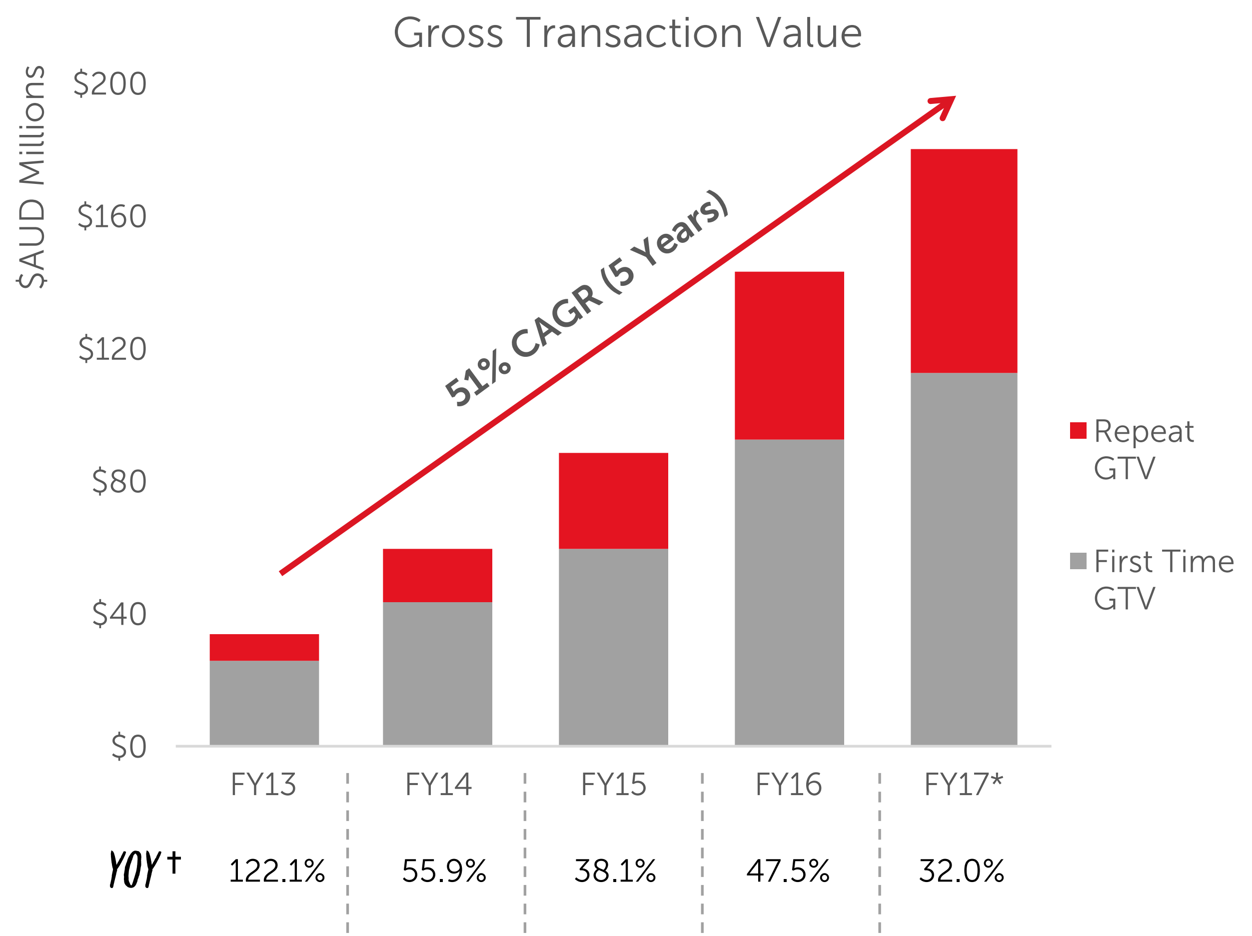
* Q4 FY2017 has been projected based on actuals through Q3 FY2017

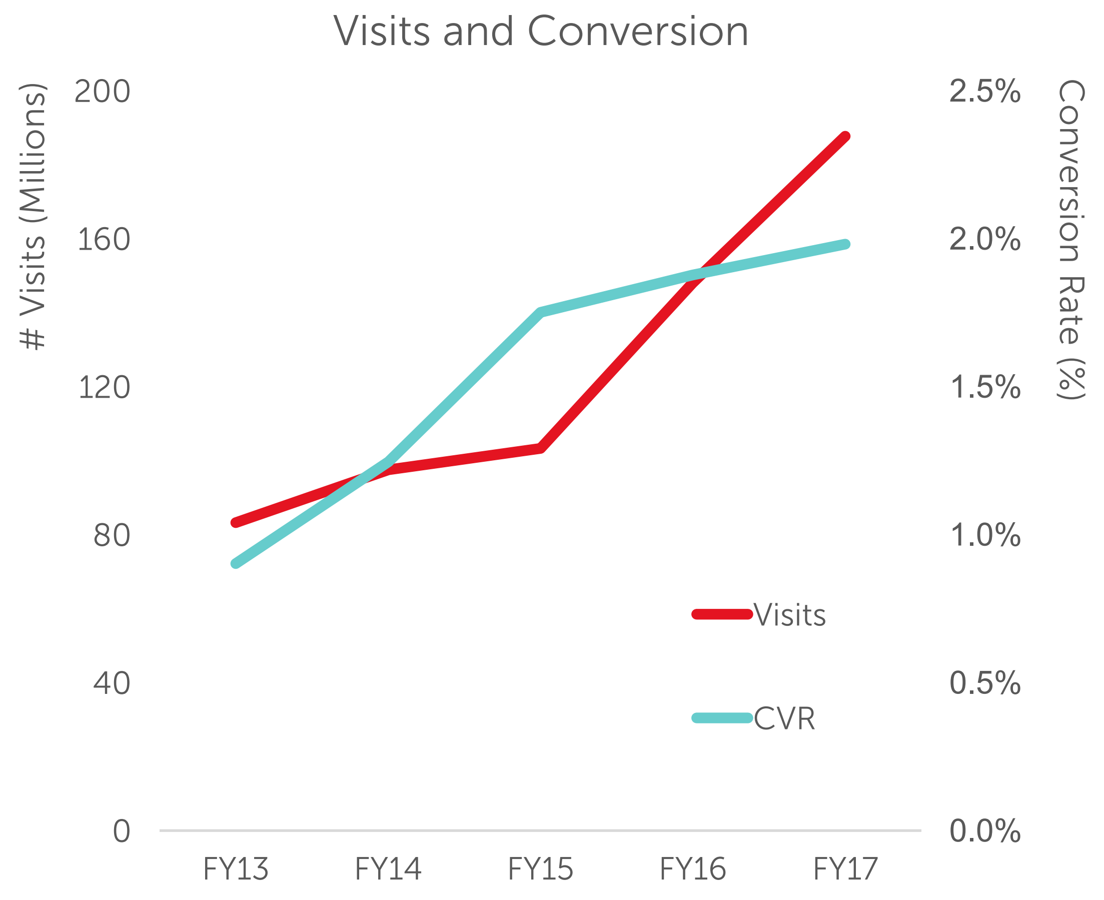

# 3. Historical Top-line growth

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

# HAS HAD STRONG TOP-LINE GROWTH

## GTV GROWTH DRIVEN BY VISITS AND CONVERSION RATE IMPROVEMENTS




* FY17 projection based on mid-point of April 17 reaffirmed guidance
† YoY growth rates are based on constant currency exchange rates to eliminate exogenous FX spikes

Q4 FY2017 CVR and Visits has been projected based on actuals through Q3 FY2017

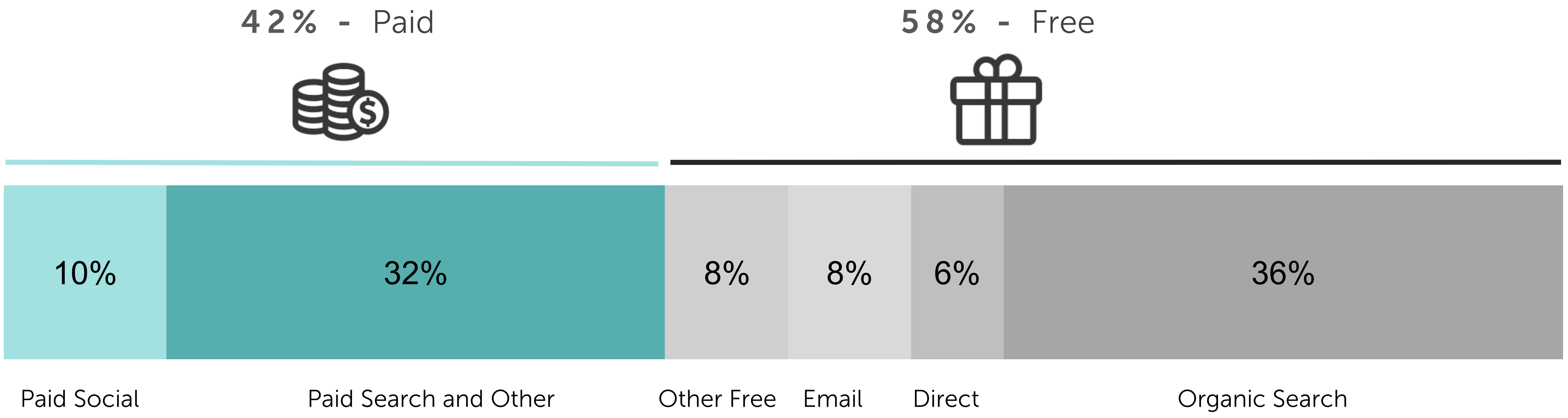
# 4. Customer Acquisition

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

# GROWS STRONGLY WITH LOW CUSTOMER ACQUISITION COSTS

## WITH ALL PAID CHANNELS PROFITABLE ON FIRST PURCHASE

### FY2017 YTD TRAFFIC




1. Organic Search = traffic to the site originating from search click through that we do not pay for
2. Direct = Traffic coming directly to the RB homepage
3. Paid = Traffic from sources we pay for (Google ads, Facebook ads, etc.)
4. Data complete through Q3 FY 2017

Source: Redbubble internal data

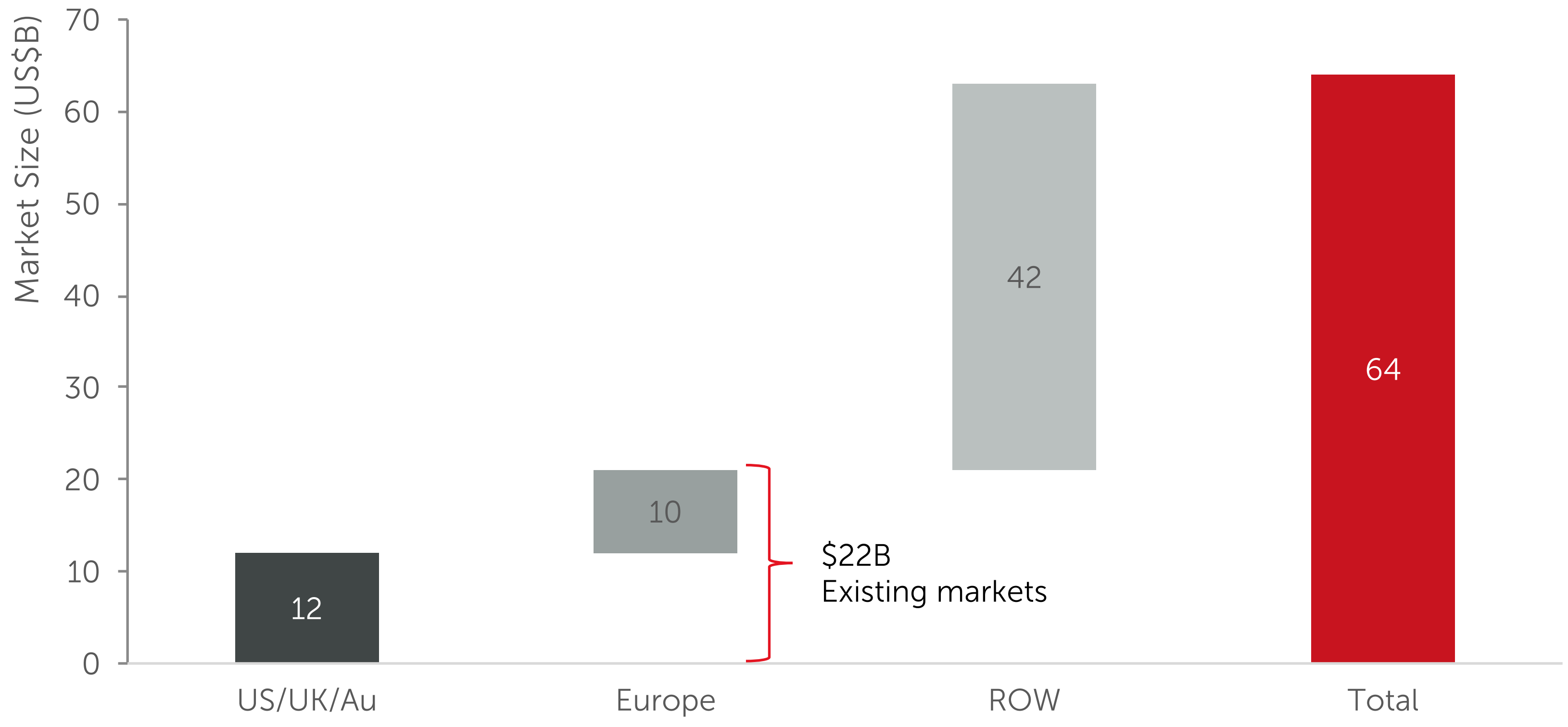
# 5. The Opportunity

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

# 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

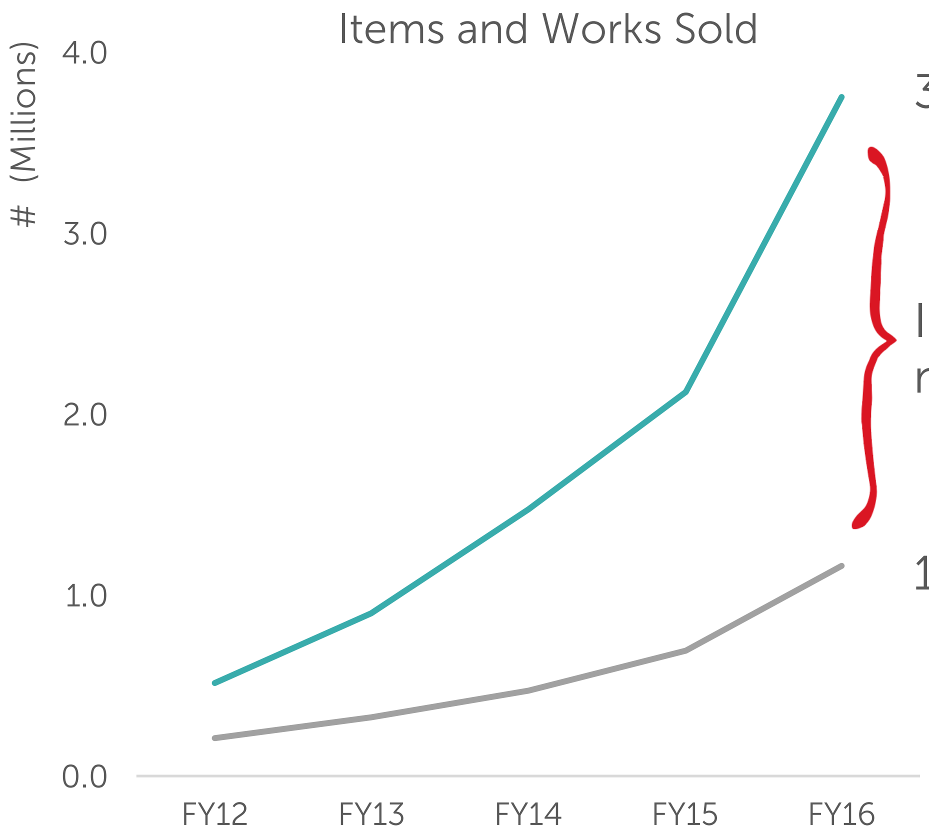
1. Redbubble analysis of the total market of customers seeking creative expression on lifestyle products (apparel, electronic accessories, homewares and stationery)
2. Homewares = furniture and household goods such as kitchen and bathroom accessories, textile furnishings, office supplies and stationery

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

REDBUBBLE

# HUGE CONTENT LIBRARY & PRODUCTS PROVIDE INCREASING LEVERAGE

## ~60% OF SALES ARE FROM ENDURING CONTENT




3.75M Unique items sold → Diversifying the range of items broadens potential customer base

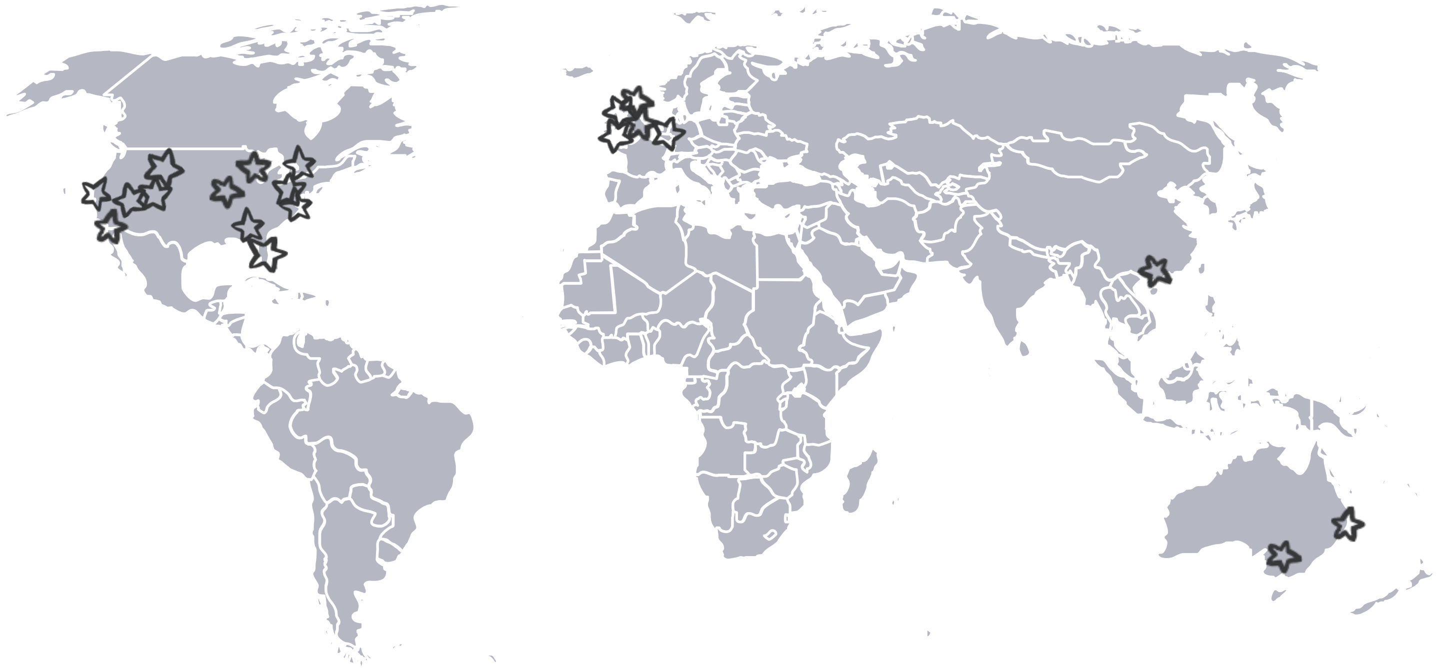
Increasing leverage from new products → Content library can be instantly applied to new products

1.16M Unique works sold → Content is a mix of enduring (~60%) and new/trending (~40%)

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

# PRODUCTION IS LOCALISED IN OUR PRIMARY MARKETS

## WITH GAINS IN MARGIN, CONVERSION AND CUSTOMER EXPERIENCE



**23** FULFILMENT CENTERS

**62** PRODUCTS

**6** COUNTRIES

Localisation of production has **REDUCED GLOBAL AVERAGE DELIVERY TIME** by a full day in the last 12 months, resulting in:

- **MARGIN IMPROVEMENT** via reduction of shipping charges
- **CONVERSION UPLIFT** from improved delivery times
- **NPS GAINS** from better service experience
- **SYSTEMIC REDUNDANCY** against fulfiller failure



Source: Redbubble internal data

# 6. Growth Initiatives

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

# 4 BIG THEMES FOR CY2017

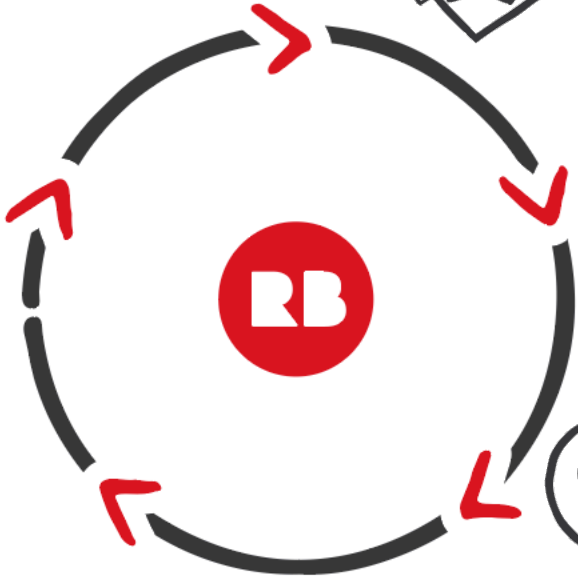
## STAY FOCUSED ON STRENGTHENING MARKETPLACE DYNAMICS

Efficient
**GLOBAL ACQUISITION**
of new customers & artists

- ✓ Increase leverage of content library into paid channels (search, Facebook)
- Improvements in organic acquisition (social, search)

Enhancing ability
**TO FIND YOUR THING**
to enrich experiences

- Personalised content recommendations
- Content discovery journey
- Content partnerships



Developing
**DEEPER RELATIONSHIPS**
with our customers

- ✓ Mobile app for rich, habitual browsing experience
- Upgrading account creation to enable personalisation

Enhancing
**SCALABILITY**
across the business

- ✓ EBITDA improvements of up to $3 million p.a. from operational efficiencies
- Faster core platform – critical for mobile experience

# WITH A FINAL OBJECTIVE FOR CUSTOMERS

- More buyers acquired more profitably
- Seeing ever more content from more artists & partners
- With a personalised mobile discovery & shopping experience for all visitors
- Forming a mobile habit resulting in more orders from more loyal customers
- Supported by best-in-class site speed

...

→ Attracting more artists, generating more content to sell to more customers

# 7. Strong Financials

BUILDING A HIGH GROWTH, SUSTAINABLE AND DIVERSIFIED MARKETPLACE

# UNIQUE RB BUSINESS MODEL

### INSIGNIFICANT CAPITAL INVESTMENT (PP&E)

### NO INVENTORY RISK

### NO DISTRIBUTION COSTS

### POSITIVE WORKING CAPITAL CYCLE

### NO WAREHOUSING COSTS

# CONFIRMING FY2017 P&L GUIDANCE

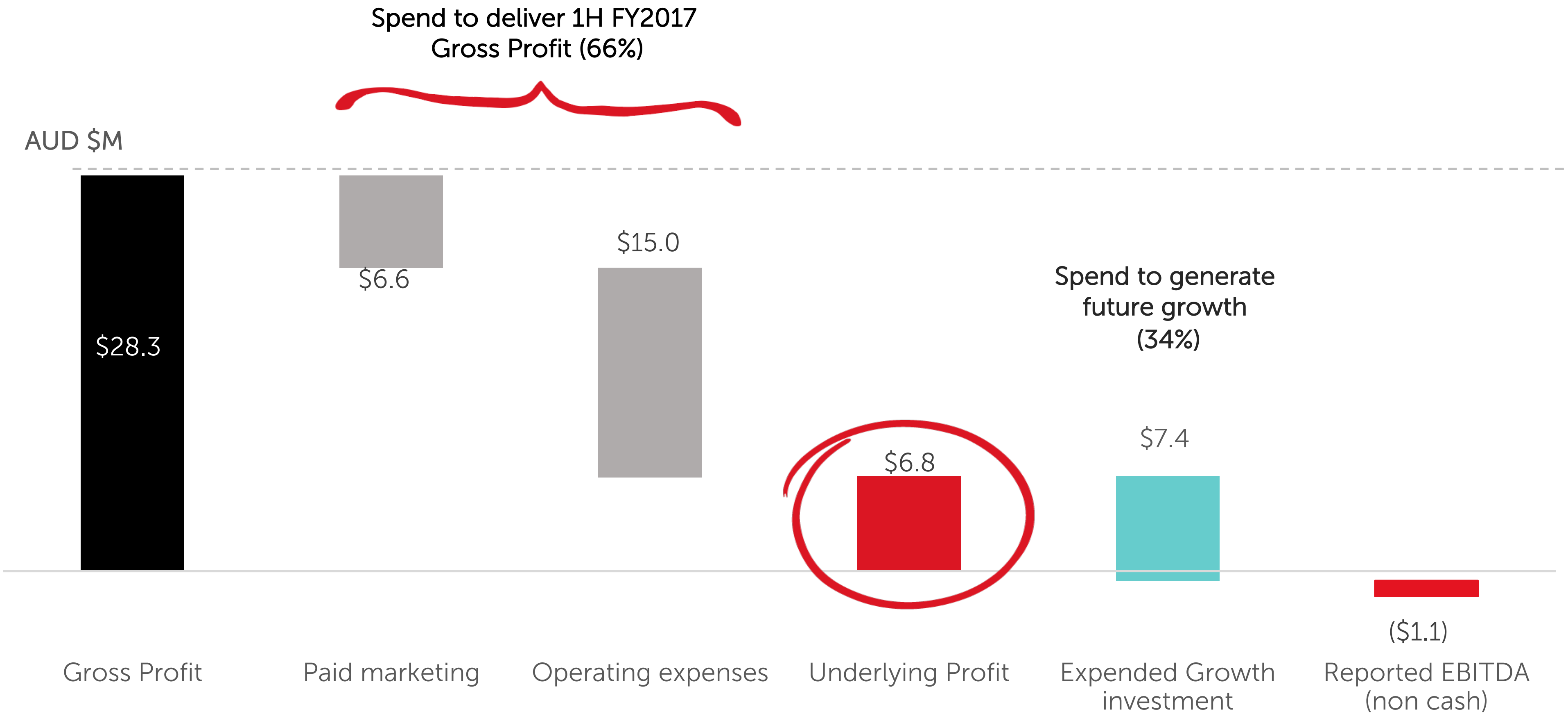
| P&L | FY2016 | FY 2017 | Guidance Growth |
|---|---|---|---|
| (A$M) | Full Year | Guidance [1] | % |
| GTV | **142.9** | **180.0** | 26.0% |
| **Revenue** | 114.6 | 144.0 | 25.7% |
| Cost of sales | (75.6) | (93.6) | **23.8%** |
| **Gross profit** | 39.0 | 50.4 | 29.2% |
| Gross profit margin | 34.0% | 35.0% | |
| Paid Acquisition costs | (7.7) | (13.0) | 68.8% |
| Gross Profit (after Paid Acquisition) | **31.3** | **37.4** | **19.5%** |
| Operating expenses [2] | (37.4) | (44.5) | 19.0% |
| **Operating EBITDA loss** | (6.0) | (7.1) | **17.5%** |

- GTV & Revenue expected to increased by 33.4% and 33.7% on Constant Currency basis
- Significant margin improvement achieved through product mix changes and scale in negotiations with fulfillers
- Operating leverage beginning to emerge
- Moving to EBITDA profitability towards end of FY18

1. Guidance figures based on mid-point of guidance issued in January and re-affirmed in April
2. Operating expenses exclude non-cash share based payments

# SIGNIFICANT SPEND IN 1H FY2017 INVESTED FOR FUTURE GROWTH

## … UNDERLYING PROFIT $6.8M DELIVERED




Source: Redbubble internal data

# 8. Wrap-up

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

# POSITIONED FOR LOW RISK LONG-TERM GROWTH…

## 1

### HIGH GROWTH

- Leading global marketplace
- 10 consecutive years of growth
- Enormous addressable market
- Opportunities on many dimensions

## 2

### DIVERSIFIED

- Fresh and enduring content
- From global artists
- Range of product offering
- From geographically dispersed fulfillers

## 3

### SUSTAINABLE

- Capital efficiency from outsourcing and business model
- Manufacturing outsourced
- Positive cash cycle
- Low customer and artist acquisition costs
- Strong balance sheet


THANK YOU

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