



For personal use only

# Investor Presentation

## FY20 Results Update

21 August 2020

RB Group owns and operates the leading global online marketplaces, hosted at Redbubble and TeePublic, powered by millions of independent artists, bringing more creativity into the world.

\*The financial results have been audited and are on a delivered basis (unless otherwise noted). Strategic and operational metrics are from internal management reports and have not been subject to audit.

## Creating the world's largest marketplace for independent artists

# Redbubble Group offers a compelling investment opportunity

### 1. **Emerging winner in rapidly shifting landscape**

With ecommerce accelerating, the combination of on-demand technology and user-generated content has enabled rapid scaling

### 2. **Industry-leading marketplaces with strengthening flywheel effects**

Virtuous cycle of a growing community of artists fuelling strong demand for unique content

### 3. **The on-demand business model is scalable, diversified and resilient**

Global network of 3P localised fulfilment, with natural FX hedge

### 4. **Demonstrated commitment to strong, profitable growth**

Tripling of sales since IPO in 2016, with margin upside, operating leverage, positive EBITDA and free cash flows

1.

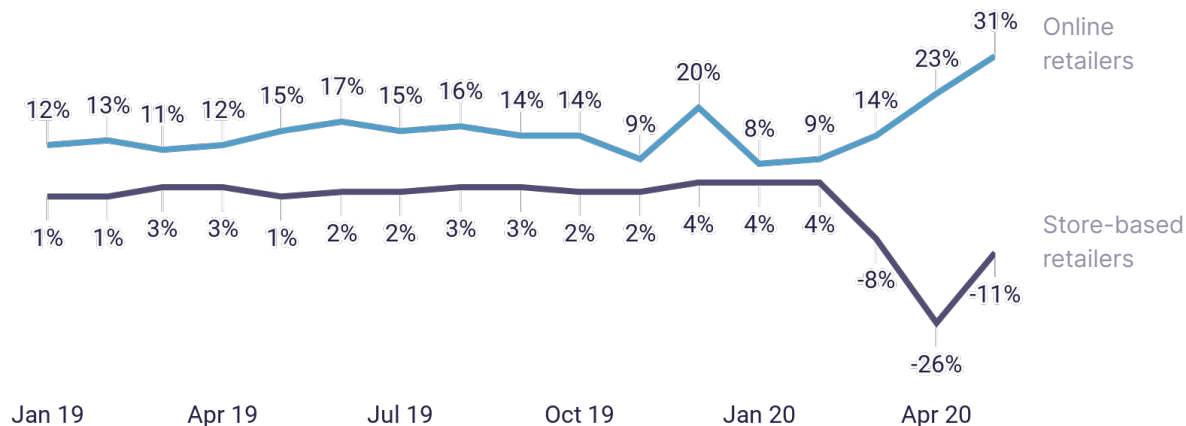
## Emerging winner in rapidly shifting landscape



Mt Kosciuszko Brumbies  
by Esther Fallon Lau

# COVID-19 has accelerated ecommerce, and the structural shifts are likely to endure

US non-store v. store-based retailer YoY growth  
(%, Jan 2019 - May 2020)



Online retailing growing more quickly than ever

- ~10 years of growth achieved in 3 months

Signs of enduring structural shift in consumer behaviour

- Online growth continuing even as offline starts to reopen
- Surveys indicate **60%** of buyers expect to continue online spending behaviours post-COVID-19



# RB Group positioned to win as COVID-19 accelerates long-term retail trends

## Retail trends accelerating in 2020:

### Customers seeking more value within tight discretionary spending

After this crisis, consumers will become much more discerning with discretionary purchasing. Their connection with brands will be important, and they “will want something meaningful.” ... Made-to-order, particularly with customization, attaches more meaning to products.

[Forbes, April 2020](#)

### Design to Retail lead times too long

Before the crisis struck, the fashion industry had started to change its out-of-date sourcing model characterized by long lead times, maximizing order sizes, and relatively low flexibility. It was already clear that transformation was needed, particularly in making sourcing more demand-driven and more sustainable on social and environmental dimensions.

[McKinsey, May 2020](#)

### Overstock and Inventory risk

Manufacturing on demand eradicates overstock and risk, reduces inventory costs and slashes lead times. Digital printing continues to transform the fashion industry, rebalancing power - more to the consumer and the designer - and increasing sustainability in the garment printing space.

[Which PLM, November 2019](#)



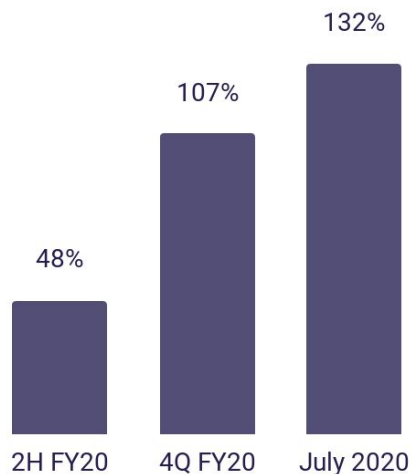
→ Meeting consumer desire for customisation and meaning

→ With art created by Independent Artists

→ Large product range manufactured on-demand

# Revenue growth has accelerated through the second half of FY20

RB Group Marketplace Revenue YoY growth  
(%, 2H FY2020 - July 2020<sup>1</sup>)



RB Group recorded accelerating growth during COVID-19

- Benefitted from increased online activity

Topline momentum from April - June continued in July

- Recent momentum propelling the business across geographies and product categories



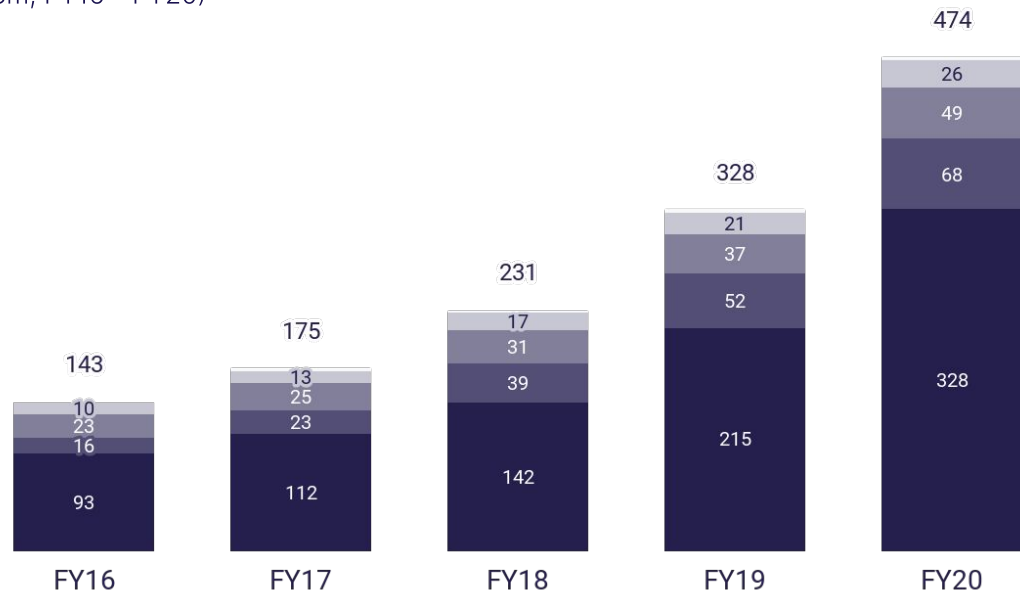
Source: RB internal data.  
1. 4Q FY20 and July 2020 (unaudited) shown on paid basis, and 2H FY20 is reported on a delivered basis.



Quarry, Summer Days  
by **FernandoVieira**

# RB Group is a global marketplace, with growth in all geographies

Gross Transaction Value by Region  
(A\$m, FY16 - FY20)



Region	% total business	FY19-20 YoY	4Q YoY
ROW	1%	7%	24%
AU/NZ	5%	24%	79%
UK	10%	33%	124%
EU	14%	30%	61%
North America	69%	53%	121%

2.

## Strengthening flywheel dynamics



Cabin in front of mountains  
by [marinaweishaupt](#)

# Core strategic assets drive flywheel effects across Redbubble and TeePublic marketplaces



**Leading Print-On-Demand marketplaces for independent artists**

511,000 selling artists on RB marketplaces (↑51% YoY)

**Aggregated, growing demand**

6.8 million customers (↑30% YoY)  
bought from RB marketplaces  
spending \$474m GTV (↑44% YoY)



**Scalable on-demand global 3rd party fulfilment**

41 fulfilment locations across global network (↑9 locations)

# RB Group is powered by a loyal and growing artist community

**New artists are additive to marketplace growth**, while older artists provide sustained revenue

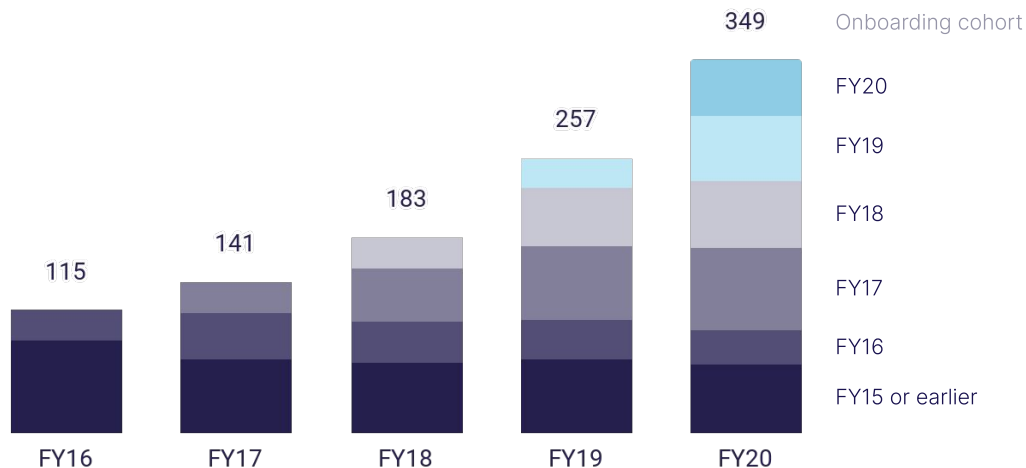
## FY20 Focus

Artist onboarding and engagement  
Artist shops  
IP protection

## Next

Systems for stronger account management of artists  
Active outreach and marketing to high value artists

**Marketplace Revenue by artist cohort<sup>1</sup>**  
(A\$m, FY16 - FY20)



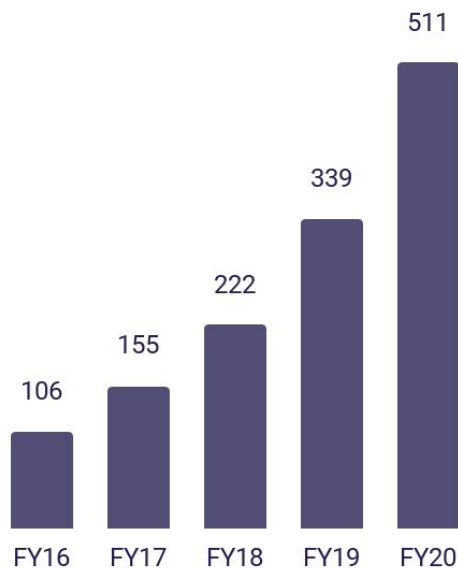
Source: RB internal data.

1. TeePublic artists onboarded prior to incorporation in FY17 assumed to be onboarded in FY17 cohort.



# ~511,000 artists made sales across RB Group marketplaces in FY20

**Selling artists**  
(‘000, FY16 - FY20)



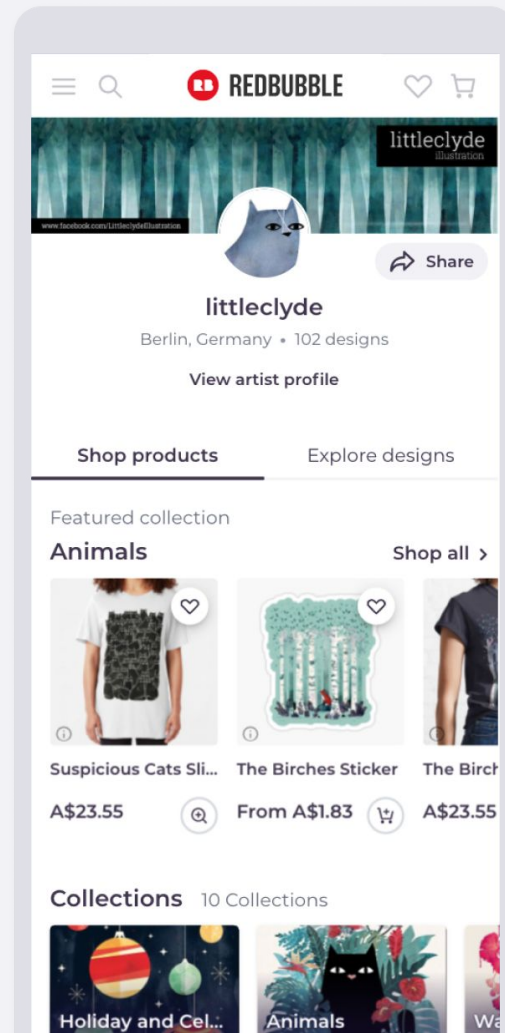
## \$67m

**paid to artists in FY20**  
(up 35% YoY)

From an Australian artist:

"I have been having some great sales success. Prior to the March I would expect to earn \$300 per month and am now regularly seeing a return of up to \$1000 per month, which is very very nice!

A lot of my sales are of masks, quite a few jigsaw puzzles and overall...people are shopping more extensively for other products and designs within my range. I've found more success through COVID-19."



Source: RB internal data.



# RB Group's customer growth has accelerated through FY20

Growth in unique customers accelerated in 4Q (74% YoY)

Marketing spend low at 11.4% of MPR:

- Marketplace / e-commerce peers spend 11-26% of revenue<sup>1</sup>
- TeePublic expanding efficiently into paid marketing

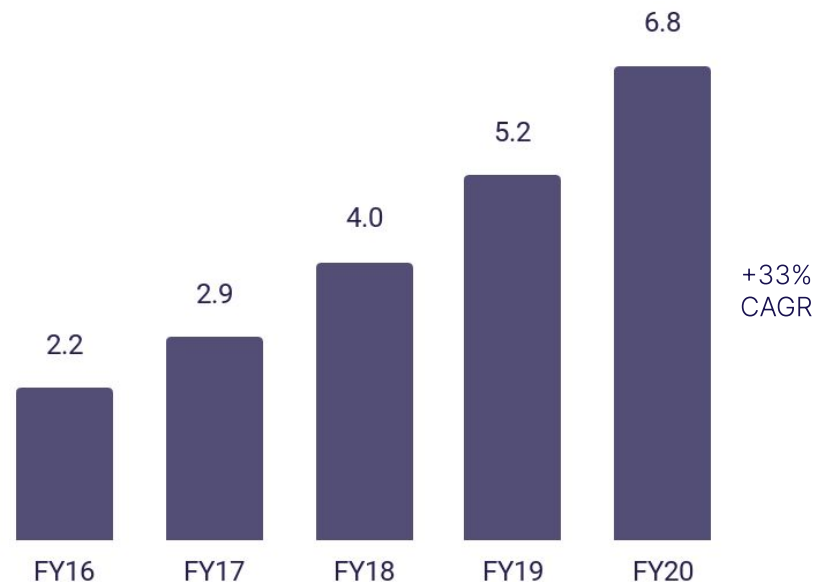
## FY20 Focus

SEO improvements  
Content management systems

## Next

Uplift in core ecommerce elements

Unique customers  
(m, FY16 - FY20)



Source: RB internal data.

1. Based on marketing / advertising spend as % of Marketplace Revenue or equivalent in the last fiscal year from publicly available information.

# Loyalty is an area of opportunity with focus on building a global brand

Repeat purchasing has remained strong during COVID-19. Apps have strong user engagement, conversion and repeat

Marketing diversifying: targeting new customers segments and channels to increase effectiveness and reach

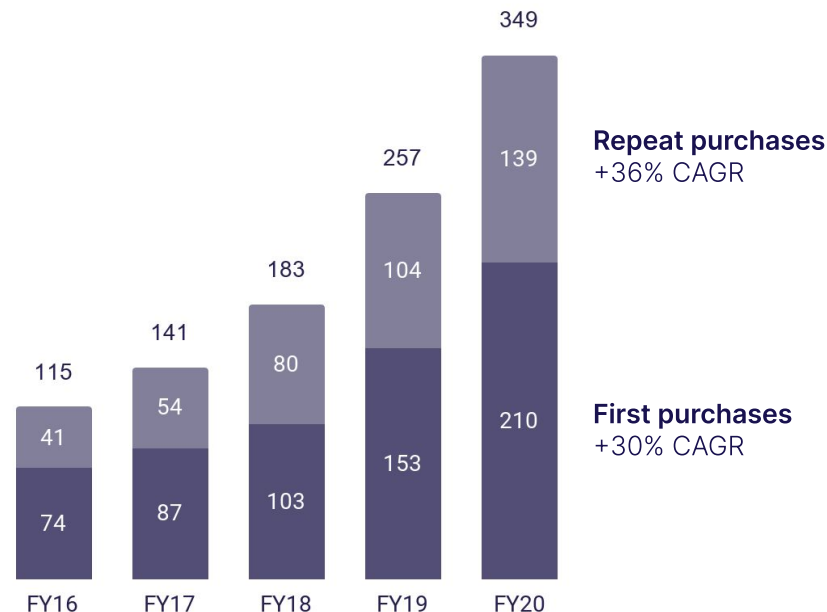
## FY20 Focus

Android app launch  
Deeper personalisation

## Next

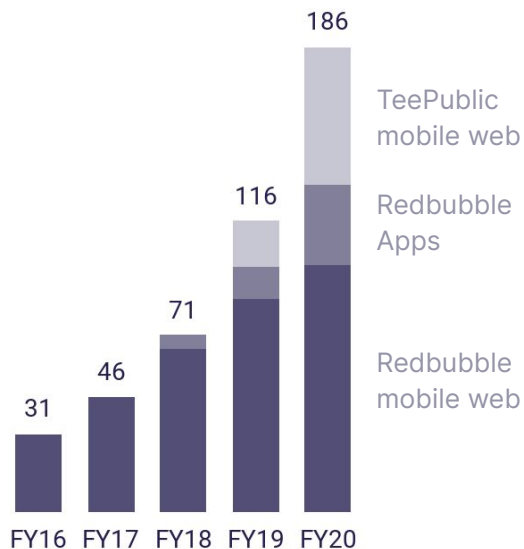
Alignment of Group brands to target customers  
Audience-based targeted marketing

Marketplace Revenue by purchase type  
(A\$m, FY16 - FY20)



# Sales through apps are growing rapidly, attracting loyal users

Marketplace Revenue from Mobile,  
(A\$m, FY16 - FY20)

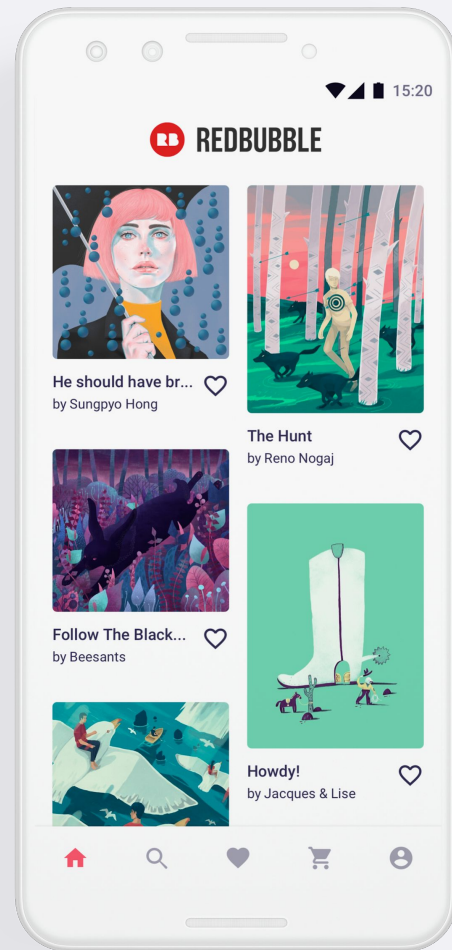


## 13%

**Redbubble Marketplace Revenue through apps in FY20**  
(up 159% YoY)

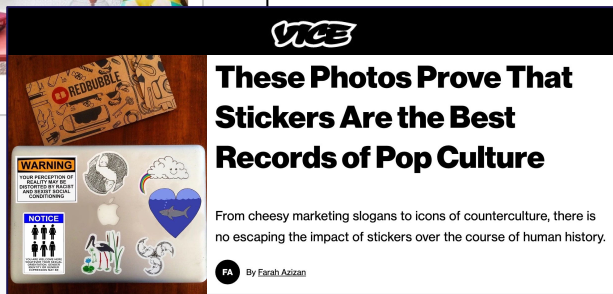
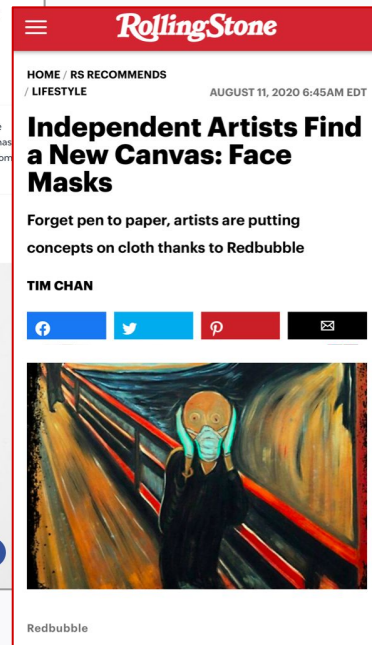
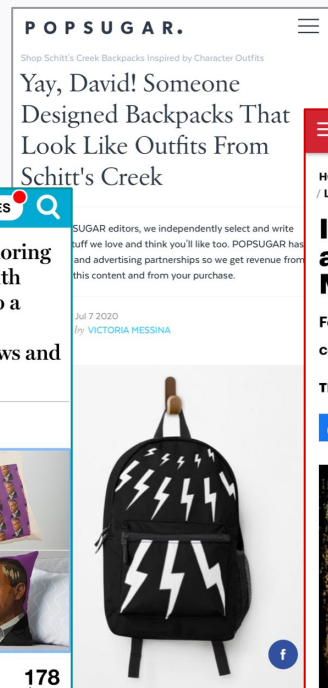
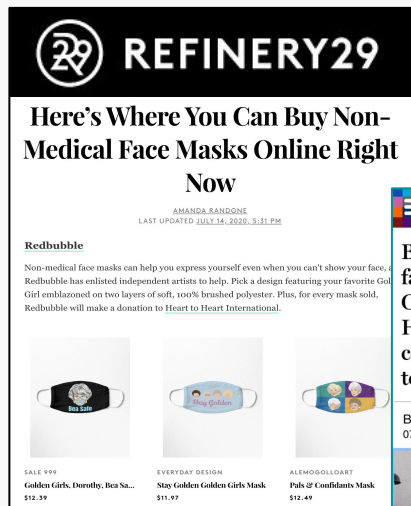
From an app user in Canada:

"I will definitely be doing most of my shopping online! Not planning to go to any malls this Christmas. I'll probably be back on Redbubble shortly to look at Christmas gifts... Awesome app, love you guys."



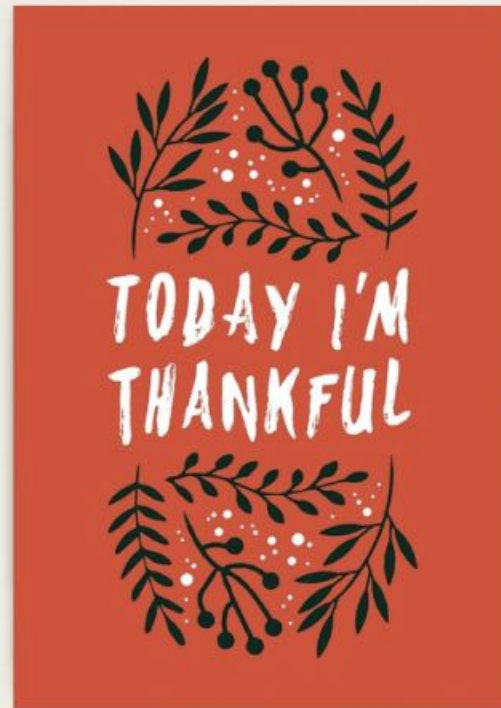
# RB Group brands are emerging in mainstream press

For personal use only



3.

## Scaling on-demand fulfilment



Today I'm thankful  
by Rene Hamann

# 3P fulfilment is localised in core regions providing customer benefits, cost advantages and resilience

~96% of orders are shipped locally, up from ~87% in FY16

Localising improves customer experience

- Faster delivery times
- Lower contact rates
- Lower shipping costs

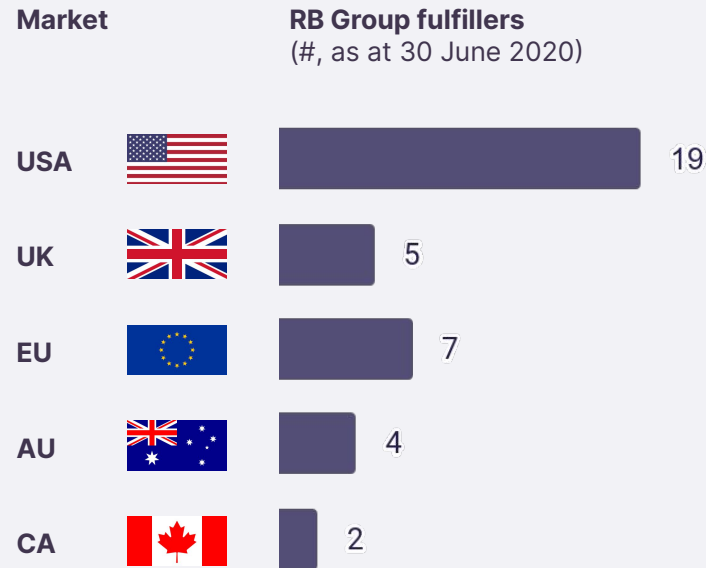
Diversified network assures resilience in peak times

Aggregated Group volumes provide scale benefits

Competition between fulfillers keeps costs low

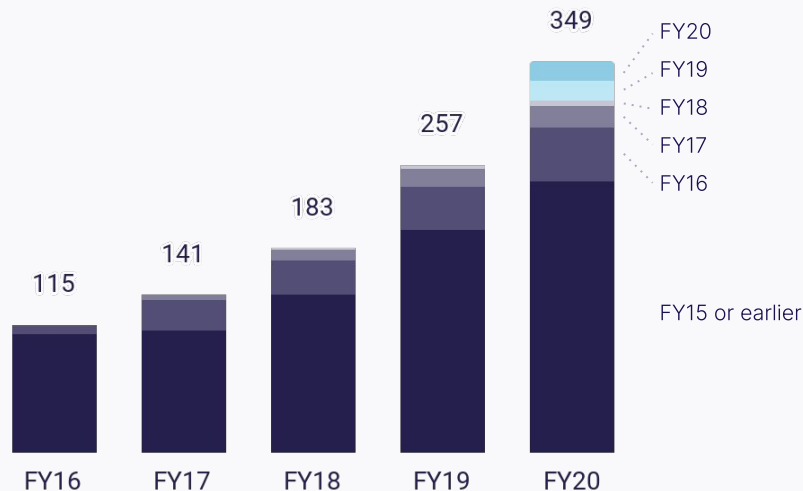
## Next

Ongoing localisation and fulfiller diversification as volumes increase and new products grow



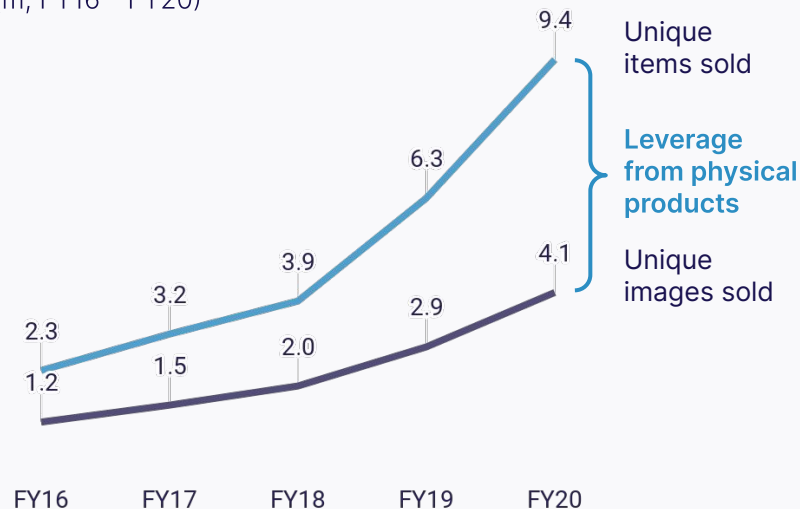
# This fulfilment network supports ongoing addition of new products, increasing leverage on unique works

Revenue by product launch year  
(A\$m, FY16 - FY20)



**\$17m Marketplace Revenue**  
from 16 new products in FY20

Unique items and works sold  
(m, FY16 - FY20)



**117 products<sup>1</sup> now live**  
with hundreds more in the pipeline



Source: RB internal data.

1. Excludes double counting of the same product on both Redbubble and TeePublic. Total of 152 if including overlaps.



# There are 117 physical products currently on offer with many more to come



## Apparel

**Added to collection  
of over 100 products  
in FY20 / FY21**

Possible future  
additions

**Socks**  
**Kids Hoodie**  
**Toddler Hoodie**  
**Active T-Shirt**  
Footwear  
Outerwear  
Recycled, Organic  
Swimwear  
Underwear

## Accessories

**Masks**  
**Duffle Bag**  
**Back Pack**  
**Cotton Tote**  
**Pin Button**  
**Water Bottle**  
Hats, Caps & Beanies  
Patches

## Home and wall art

**Apron**  
**Coasters**  
**Comforter**  
**Die Cut Magnet**  
**Jigsaw Puzzle**  
**Mounted Print (Canvas)**  
**Mounted Print (Wood)**  
Drinkware  
Kitchen & Dining  
Outdoor

## Electronics

**Samsung Galaxy Case (Soft)**  
**Laptop Skin Model Extension**  
iPad / Tablet Cases  
Wearables Tech Cases  
Gaming

## ...Future category expansions

Pets  
Home Office  
Nursery and Baby  
Active wear  
Printed Fabric / DIY



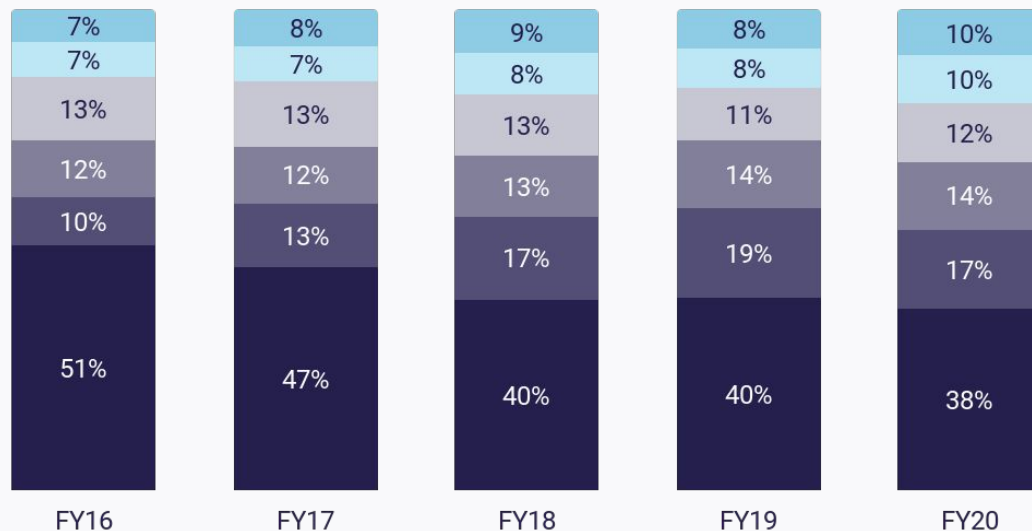
Source: RB internal data.

1. Excludes double counting of the same product on both Redbubble and TeePublic. Total of 152 if including overlaps.

# During COVID-19, growth has accelerated across all product categories, driving further diversification

## Product contribution

(% of Marketplace Revenue, FY16 - FY20)



Category	FY19-20 YoY	Q4 YoY
Homewares	63%	220%
Artwork	68%	195%
Accessories	52%	273%
Other Apparel	38%	75%
Stationery and Stickers	21%	65%
T-shirts	30%	46%

# Masks were launched in record time in response to COVID-19, with rapid financial impact

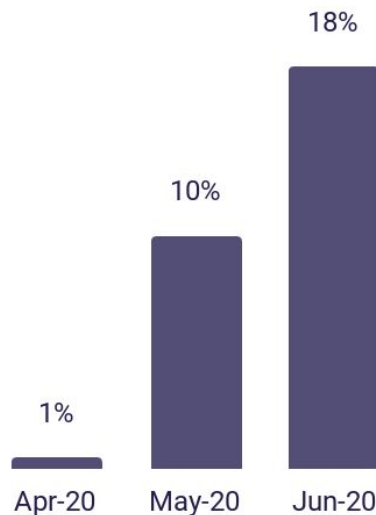
## At a glance

Since late April launch to 30 June 2020:

- 741K** Masks sold
- \$12.1m** Marketplace Revenue
- 10m** Designs enabled
- \$1.4m** Artists earnings

## Face masks contribution to Group

(% of monthly MPR, Apr-Jun 2020)



## Social impact

Donations to communities in need

**400,000+**  
face masks donated



Donations were made to **Heart to Heart International** and **Direct Relief** who are working to help those on the frontline and communities most in need

4.

**Strong financials  
underpinned by  
operational  
performance**



Tiny Town On The Patchwork Hill  
by Lisafrancesjudd



# Strong financial results have been underpinned by growth in core operational metrics

Marketplace  
Revenue

**\$349m**

↑ 36% floating  
↑ 29% cc

Operating  
EBITDA

**\$15.3m**

↑ 141%

EBITDA

**\$5.1m**

↑ \$7.1m  
First EBITDA profit since IPO

Free Cash  
Flow

**\$38m**

↑ \$38m  
First positive FCF since IPO

Selling  
artists

**511k**

↑ 51%

Unique  
customers

**6.8m**

↑ 30%

Repeat  
purchases

**40%**

of Marketplace Revenue

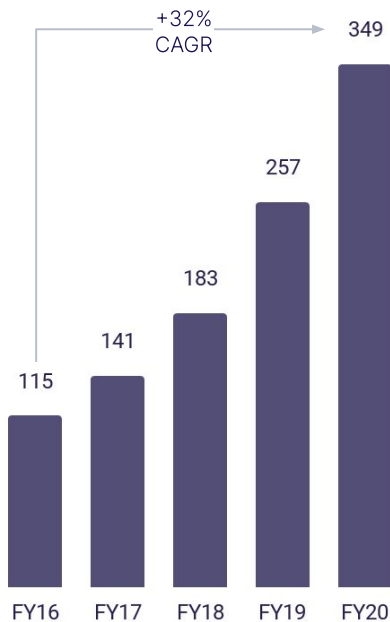
New products  
contribution to FY

**\$17m**

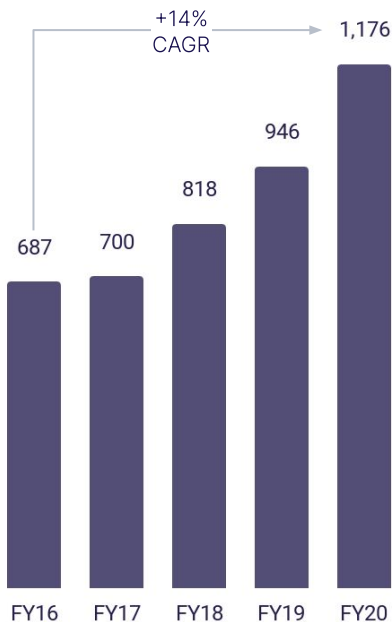
of Marketplace Revenue

# RB Group has a strong track record of delivering topline growth

**Marketplace Revenue**  
(A\$m, FY16 - FY20)



**MPR per employee**  
(A\$ '000, FY16 - FY20)



**RB Group has a strong track record of growth**

- 5-year CAGR of +32% at the topline since IPO

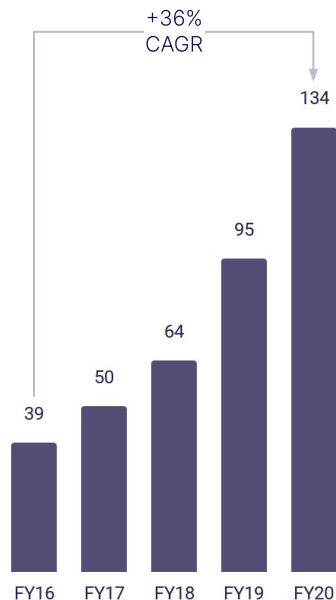
**Recent macro shifts in online activity has accelerated growth momentum**

- 4Q20 topline trends also continuing into FY2021

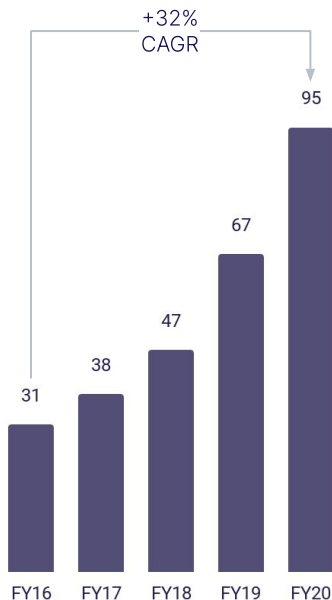
**Increasing productivity generating topline performance**

# This growth has also translated to margin, with increasing profitability across the P&L

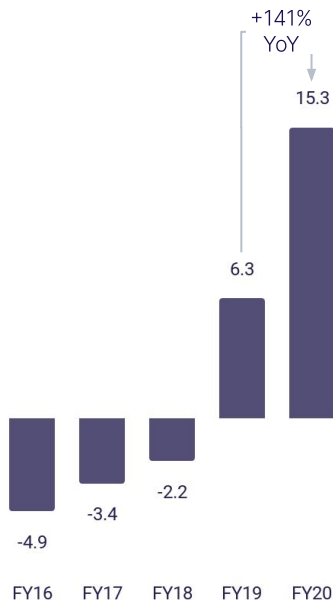
**GP**  
(A\$m, FY16 - FY20)



**GPAPA**  
(A\$m, FY16 - FY20)



**Operating EBITDA**  
(A\$m, FY16 - FY20)



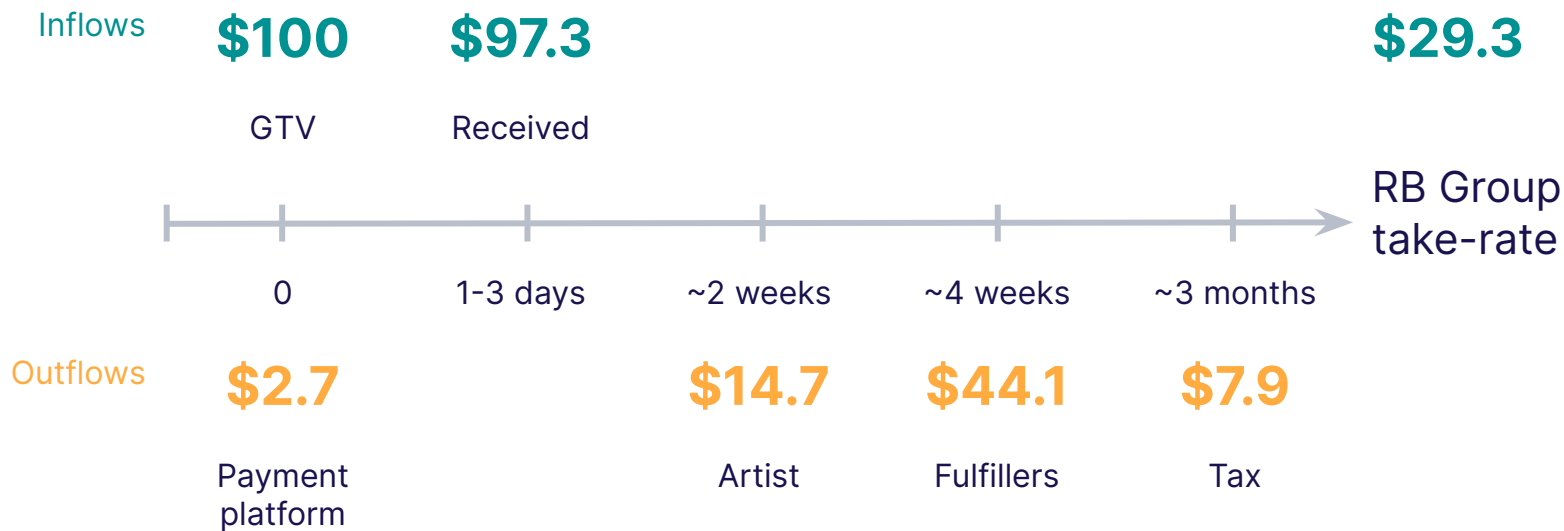
Topline growth propelling increasing profitability driven by scale benefits

- Expanding margins whilst controlling opex growth
  - GPAPA margin of 27.1% in FY20 v. 26.3% in FY19
  - Operating EBITDA margin of 4.4% in FY20 v. 2.5% in FY19

Profitable growth via further margin upside and demonstrable operating leverage



Also benefiting from favourable working capital cycle,  
with high take-rate of ~\$29.3 for \$100 of GTV





# 2021 is a year of opportunity for Redbubble Group

RB Group is positioned to build on a decade of momentum and aggressively pursue the global opportunity presented by the shift to online activity and increasing adoption of ecommerce platforms.

Work in 2021 will be across:

**Artist activation and retention at Group level**

**User acquisition and transaction optimisation**

**Customer understanding, loyalty and brand building**

**Further physical product and fulfilment network expansion**

## Appendix



Island Lighthouse  
by Lisafrancesjudd



# 4Q & FY20 Income Statement Summary - RB Group<sup>1</sup>

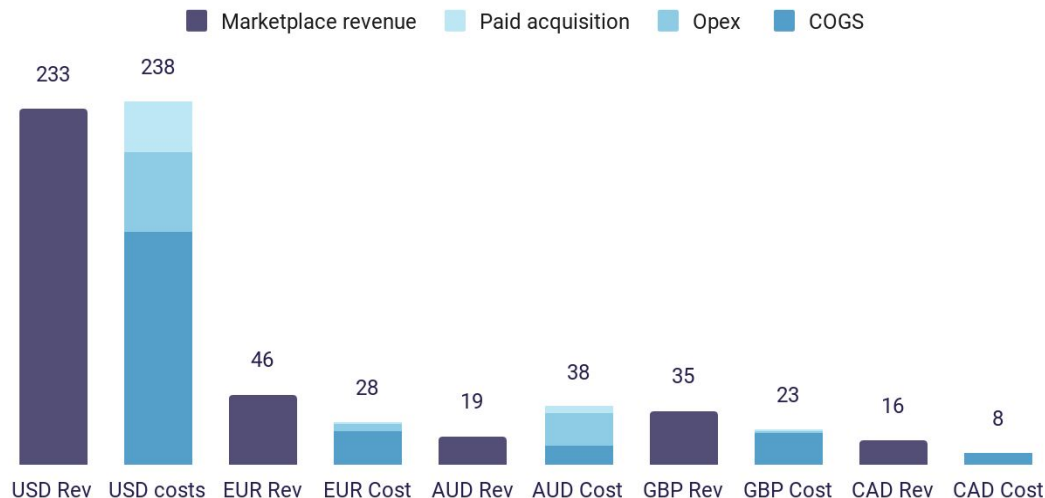
P&L (A\$M)	4Q		YoY (4Q FY20 v 4Q FY19)	FY		YoY (FY20 v FY19)
	FY19 <sup>1</sup>	FY20	Growth	FY19 <sup>1</sup>	FY20	Growth
Total Revenue	71.3	124.6	75%	307.0	416.3	36%
Less: Artist Revenue	(11.5)	(21.3)	85%	(50.1)	(67.4)	35%
Marketplace (MP) Revenue	59.8	103.3	73%	256.9	348.9	36%
Gross Profit	22.8	42.9	88%	94.5	134.4	42%
GP % (on MP Revenue)	38.2%	41.6%	3.4pp	36.8%	38.5%	1.7pp
Paid Acquisition (Marketing)	(5.8)	(11.7)	102%	(27.0)	(39.8)	47%
GPAPA (Gross Profit after Paid Acquisition)	17.1	31.2	83%	67.5	94.5	40%
GPAPA % (on MP Revenue)	28.5%	30.3%	1.7pp	26.3%	27.1%	0.8pp
Operating Expenses	(15.7)	(22.8)	46%	(61.2)	(79.3)	30%
Operating EBITDA	1.4	8.4	506%	6.3	15.3	141%
Operating EBITDA % (on MP Revenue)	2.3%	8.1%	5.8pp	2.5%	4.4%	1.9pp
Other Income/Expenses <sup>2</sup>	(3.0)	(1.0)	(65%)	(8.3)	(10.1)	22%
EBITDA	(1.6)	7.4	570%	(2.0)	5.1	358%
Depreciation & Amortisation	(2.7)	(3.5)	29%	(10.0)	(13.7)	37%
EBIT	(4.3)	3.9	190%	(12.0)	(8.6)	28%

1. FY19 results include TeePublic from 1 November 2018 onwards.

2. Includes non-cash share-based payments, currency gains/losses, rent expenses (as per AASB 16 effective 1 July 2019), depreciation and amortisation.

# RB Group has a natural currency hedge in core geographies

FY2020 distribution of Marketplaces Revenue and costs by currency  
(A\$m, FY20)



→ Receipts from sales and payment of costs in the same currencies creates a natural hedge

→ Coverage for GBP, EUR and CAD improving as more localisation occurs in those regions

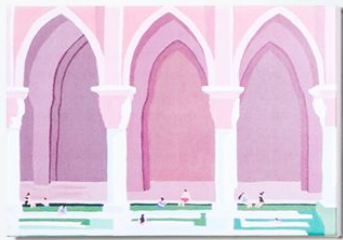
→ RB Group benefited from strong USD:AUD tailwinds in FY20

→ Operating expenses in US and EUR provide further hedge at EBITDA level

# Glossary

- **Marketplace Revenue:** Total Revenue less Artist Revenue (i.e. margin)
- **Gross Transaction Value (GTV):** Gross Transaction Value less Taxes and Artist Revenue is equal to Marketplace Revenue.
- **Constant currency:** reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 94% of its Marketplace Revenue in currencies other than Australian dollars. TeePublic sources about 89% of its Marketplace Revenue in US dollars.
- **Operating EBITDA:** excludes non-cash share-based payments, currency gains/losses, rent expenses (as per AASB 16 effective 1 July 2019), depreciation and amortisation. Comparative figures have been adjusted accordingly on a like for like basis. 4Q and FY2020 Operating EBITDA also includes the impact of \$2.2m related to one-off reorganisation costs.
- **Free cash flow:** aggregate of operating and investing cash flows excluding consideration for TeePublic. Recent changes in the accounting treatment of rent expenses on property leases (as per AASB 16 effective 1 July 2019) have reclassified payments for such leases as financing cash flows and are therefore excluded from the free cash flow figure. FY19 comparative figures have also been adjusted accordingly.
- **Take rate:** Gross Profit as % of Gross Transaction Value. Gross Transaction Value less Taxes and Artist Revenue is equal to Marketplace Revenue.
- **Selling artists:** currently active artists (i.e. not suspended or deleted) who sold a currently published work during the period; does not account for overlaps between Redbubble and TeePublic
- **Unique customers:** defined as an unique email address; does not account for overlaps between Redbubble and TeePublic
- **Repeat purchases:** based on Repeat Marketplace Revenue earned from purchases made by customers who have previously purchased, regardless of the date of their initial purchase
- **New products contribution to FY:** Marketplace Revenue earned from sales of products launched within the financial year

## Q&A





## About Redbubble Group

Founded in 2006, the Redbubble Group incorporates Redbubble Limited and its subsidiaries, including TP Apparel LLC (TeePublic). The Redbubble Group owns and operates the leading global online marketplaces hosted at Redbubble.com and TeePublic.com, powered by over one million independent artists. The Redbubble Group's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags, wall art and so on. Through the Redbubble and TeePublic marketplaces, independent artists are able to profit from their creativity and reach a new universe of adoring fans. For customers, it's the ultimate in self-expression. A simple but meaningful way to show the world who they are and what they care about.

## Disclaimer

The information in this investor update is 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.

## Forward-looking Statements

This announcement includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of RB Group. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.