



Investor FAQ's

Yowie Group Limited (ASX:YOW) (the "Group" or "Yowie") is pleased to detail the answers management has provided to investors' most frequently asked questions with a view to assisting all shareholders.

As CEO you have now been in the position for 9 months. What are your priorities and outlook for the company?

I was attracted to Yowie because of the strong brand proposition to promote learning and increase both understanding and engagement with the natural world through the adventures and exploits of the charming and fun Yowie characters. The brand is contemporary and has great integrity.

However, when I was appointed CEO in January it quickly became clear to the new Board and myself that previous market expectations for Yowie had been too high and the Group had failed to deliver on its potential.

We quickly had to "re-set" the Group and work on restoring market credibility. Our focus has been on expanding distribution to drive sales growth, reduce the cost run rate and turn Yowie into a profitable and Cash flow positive company during this financial year.

Having completed the "re-set", we now have the confidence to provide guidance to the market that we will deliver on.

Our outlook in FY19 is to return to US sales growth, achieve positive EBITDA this fiscal year and turn cash flow positive on a run rate basis in the 2nd half of this year.

Specifically, our priorities are now to:

- Maintain fiscal discipline and prudently invest in opportunities to grow the top and bottom line
- Continue distribution growth in both the US and Australia
- Develop new Yowie branded confectionary products
- Staying true to our mission of educating children about the natural world
- Offering interesting new collectible formats and complementing our flagship Yowie Surprise Inside
- Releasing 2 new Global Series annually to build our collector base

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Yowie has been restructured and repositioned since the new Board and management were appointed at the beginning of the year. What did this involve?

We focused on reducing costs to a level appropriate for the near term size of the business. We took out \$1.9M in admin costs including headcount, infrastructure and outside consulting services. Our marketing expenditures were cut \$1.2M by eliminating new digital content development. We focused more on consumer centric social media marketing to enhance collectability.

We restructured our personnel to focus on new distribution and more direct customer contact.

What underpins your confidence of US sales returning to growth?

While we are making excellent gains in distribution across all channels, particularly Grocery and Convenience, we still have less than 50% share of available distribution, leaving a substantial runway to grow. In addition, we expect to add new front end confectionary items while staying true to our mission of educating children about the natural world.

How have you refocused sales and marketing to effectively drive the brand?

We have realigned our US sales team to provide broader customer coverage and increase distribution in all channels. Marketing is more focused on trying to build the collector base and less on costly digital content development.

Have you cut marketing expenditure too far?

No. We have refocused our marketing spend to more intelligently drive our brand. Our retooling of our marketing activities allows us to connect directly with consumers and highlight our brand and mission, while using content developed in the past.

What assumptions support your guidance of Yowie turning positive this year with a 5% EBITDA margin for the year?

With modest growth in sales and a more appropriate level of resources, coupled with fiscal discipline and prudent investing, we expect to show positive EBITDA this year and turn cash flow positive in the second half.

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Yowie has USD \$19m of cash on the balance sheet. What are your priorities for this capital?

We are continually looking for opportunities to invest for growth and earnings potential, whether with marketing initiatives, media related ventures building our character and brand awareness, or acquisitions/joint ventures in the confectionary space adding to our portfolio offerings to retailers.

Glen Watts
Deputy Chairman

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