

TEMPLE &
WEBSTER

FY18 Results

Mark Coulter CEO
Mark Tayler CFO



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CEO Update

Mark Coulter CEO



Summary

FY18 Revenue
\$72.6m

FY18 EBITDA
(\$0.6m)

June 30 Cash
\$9.9m

H2 Revenue
↑ 25%

H2 EBITDA
\$0.3m

- Temple & Webster is the online market leader in furniture & homewares
- ~\$14b total market, less than 4% moved online
- Business is now profitable with top-line growth accelerating and a strong balance sheet

EBITDA is a non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's performance.

Sources: Euromonitor International Limited; Home Furnishings and Homewares System 2017 edition; IBISWorld Industry Report OD4176 Online Household Furniture Sales in Australia.

Temple & Webster is the leading online retailer for furniture & homewares

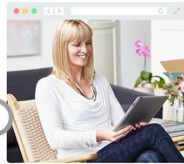
Page impressions (MONTHLY)

11m+



Website users (MONTHLY)

1.1m



Email subscribers (WEEKLY)

1.6m+



Social media reach

~465k

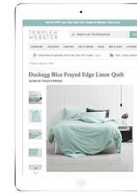


TEMPLE &
WEBSTER



Active customers (LTM)

~198k



Product listings

~125k

Sub-categories

~185



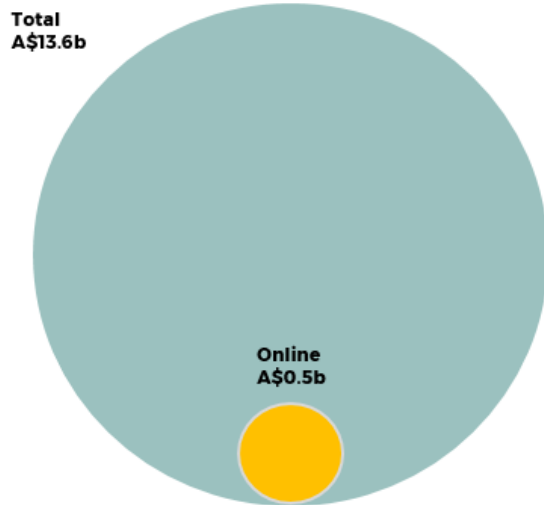
Average time to dispatch

~2 days



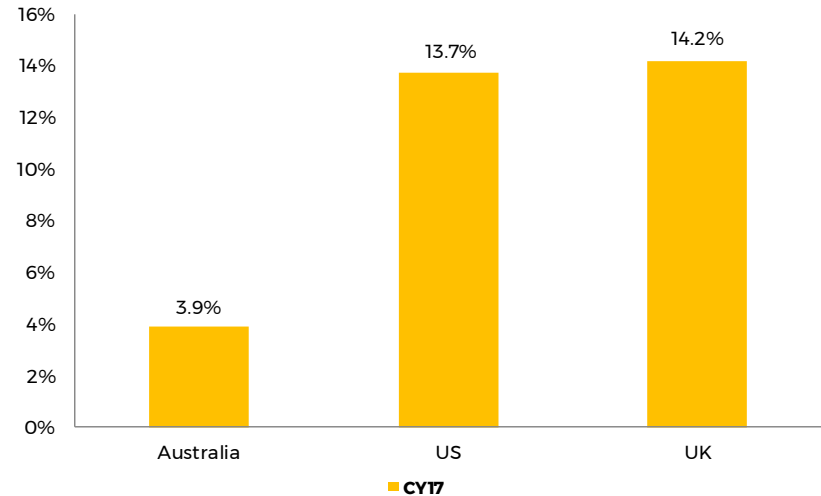
Our core furniture and homewares category is a \$13.6 billion dollar market, with only ~4% migrated online

Furniture and Homewares Market (AUS)



Source: Euromonitor International Limited; Home Furnishings and Homewares System 2017 edition. Sales in 2017 in retail value (inc. sales tax), current terms, and is to scale.

Furniture and homewares online penetration rates by country for CY17



Source: Euromonitor International Limited; Home and Garden system 2017 edition. Internet sales as a percentage of the total retail sales value (inc. sales tax) for home furnishings and homewares in Australia, UK and US. Current terms.

Demographic and structural changes will drive strong market growth for years to come

1 Millennials are now entering our core demographic

Hypothetical distribution of homewares and furniture spend by age



2 Structural changes in our favour

- New logistics entrants
eg. SingPost, Japan Post
- Faster internet and mobile speeds
eg. NBN, 5G
- New market entrants accelerating online shopping take-up
eg. Amazon
- New technologies improving experience and conversion
eg. augmented reality
- Offline exits/store closures

Our strategy is based on range, inspiration and service

Our Core Belief

- We believe everyone wants to live more beautifully.

Our Vision

- Our vision is to make the world more beautiful, one room at a time.

Our Mission

- Our mission is to deliver beautiful solutions for our customers' homes and work spaces, and for all of our other stakeholders including suppliers and shareholders.

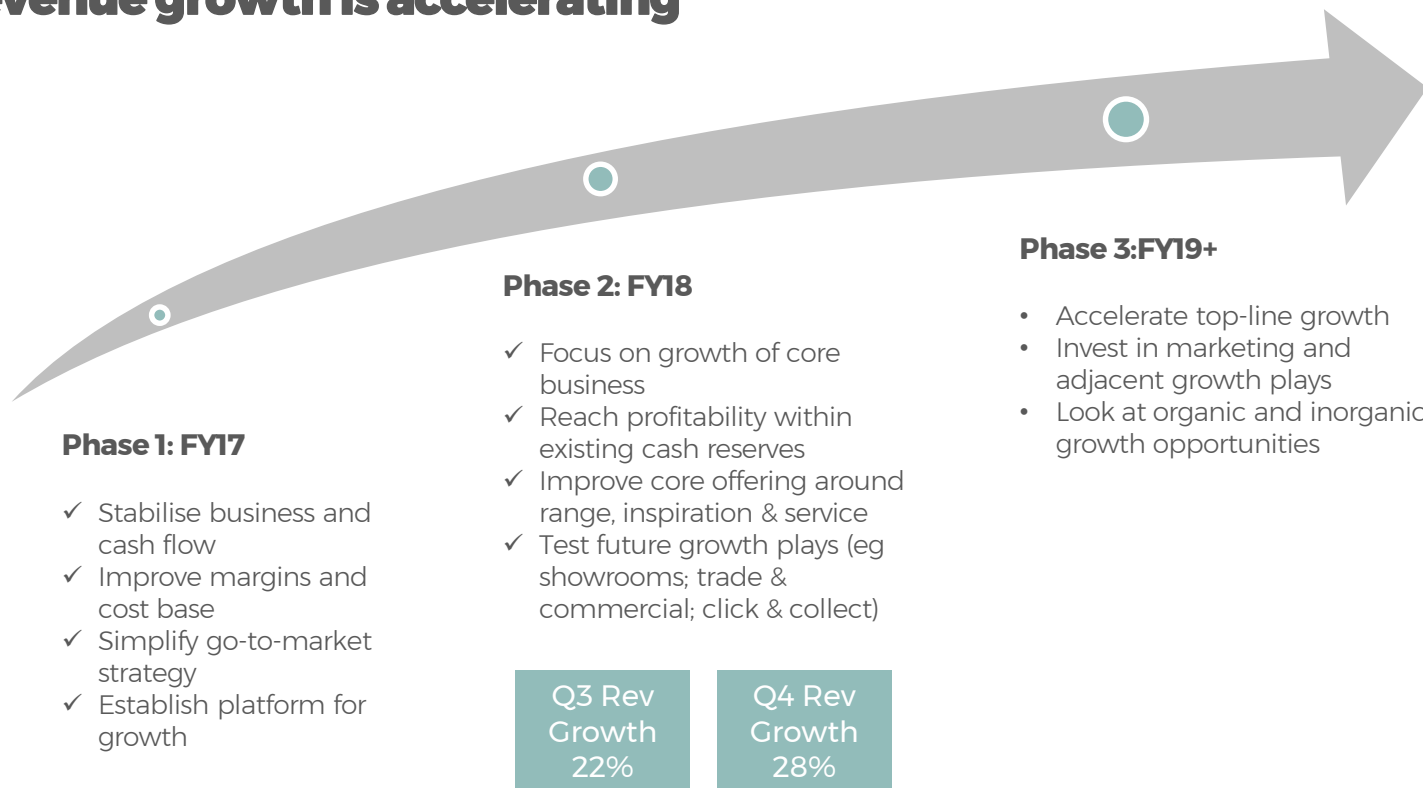
Our Strategic Pillars

- We want to be famous for having **the largest range** in our category, the **most inspirational content** and the **best delivery experience & customer service**.
- Our foundations are built on data-driven marketing, world-class technology and exceptional execution by an amazing team.

Our Goal

- We believe if we can deliver the above, Temple & Webster will become the first place Australians turn to when shopping for their homes and work spaces.

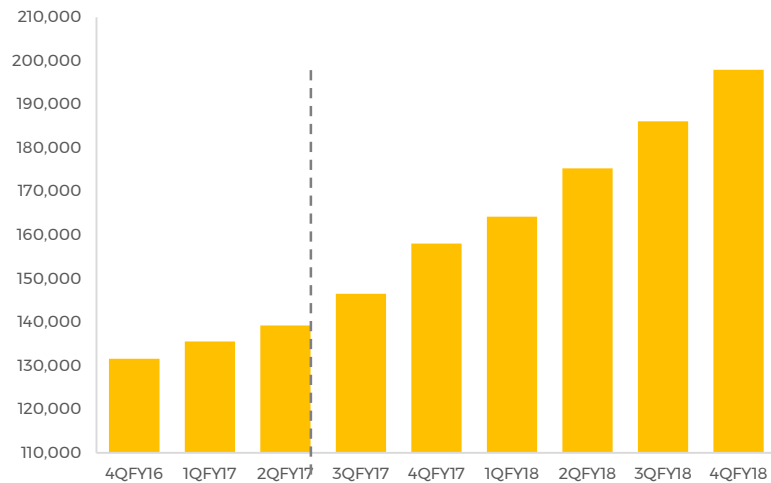
Revenue growth is accelerating



NB: Revenue used in growth rate metrics refer to statutory revenue which includes the impact of refunds and deferred revenue, resulting in a difference between growth rates quoted in the Appendix 4C

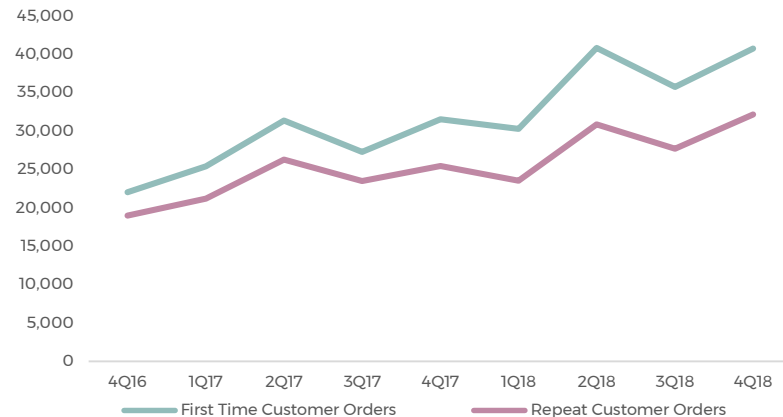
Active customers are growing at +25% year on year

Active Customers



milandirect.com.au
integrated into
templeandwebster.com.au

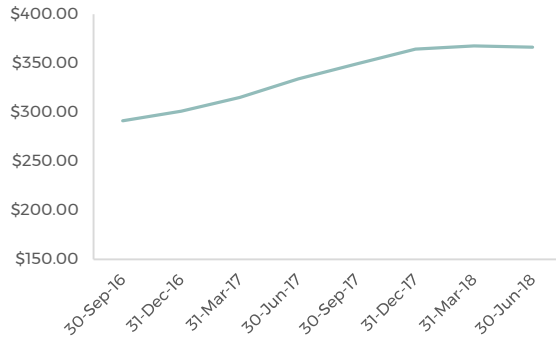
Repeat and First Time Orders



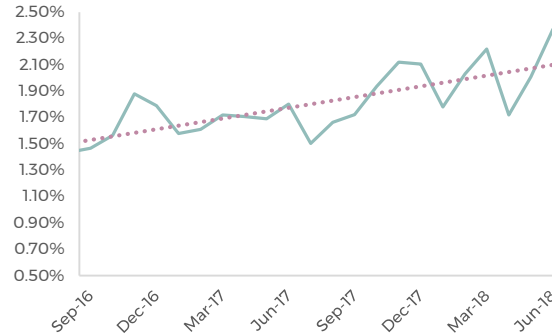
NB. Active customers are the number of unique customers who have transacted in the last twelve months (LTM). All numbers are Temple & Webster only and exclude Milan Direct.

Customer profitability continues to improve

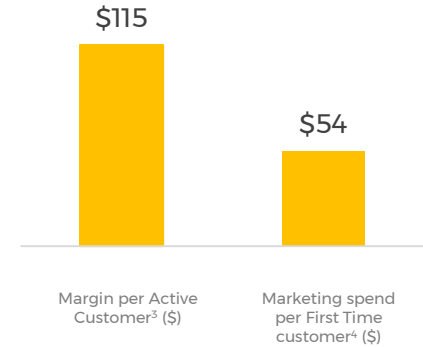
Revenue per Active Customer¹



Conversion Rate²



Year 1 Marketing ROI



1. Revenue per active customer = Last 12 months revenue divided by Active Customers

2. Conversion rate = number of transactions divided by number of unique visitors (source: Google Analytics)

3. Margin per Active Customer = Revenue / Active Customer as at 30 June 2018 x Delivered Margin % for H2 FY18

4. Marketing spend per First Time Customer = Total marketing spend for H2 FY18 divided by number of First Time customers during H2 FY18

NB: All numbers are for Temple & Webster only and exclude Milan Direct

Our business can now scale profitably

	FY16	FY17	FY18
Revenue	100%	100%	100%
Gross Margin	39.9%	42.7%	44.2%
Delivered Margin (after all distribution costs)	21.7%	27.6%	31.0%
Customer Service & Merchant Fees	4.9%	4.7%	3.3%
Marketing	19.4%	12.7%	11.2%
Contribution Margin	(2.6%)	10.2%	16.6%
Fixed Costs (people, property, tech, other)	\$13.3	\$13.4	\$12.6

- Includes 100% of marketing and customer service costs

FY16 and FY17 comparisons are performed on a pro forma basis which includes the assumption that Milan Direct and ZIZO were part of the group but exclude any costs associated with the acquisition and restructure of Milan Direct and ZIZO and any costs associated with the Group's IPO.

Our customer satisfaction continues to improve



2017 AWARDS WINNER

- Australia's leading independent review site
- Awards based on highest customer satisfaction
- Number 1 out of 346 Home & Garden Shops in 2017
- Average star rating: 4.3 out of 5 from ~1500 reviews

Verified Customer

Impeccable customer service

★★★★★ 5 out of 5, reviewed on Jan 31, 2018

Verified Customer

Perfect purchase

★★★★★ 5 out of 5, reviewed on Dec 29, 2017

Verified Customer

Excellent quality product and excellent service

★★★★★ 5 out of 5, reviewed on Jan 23, 2018

Verified Customer

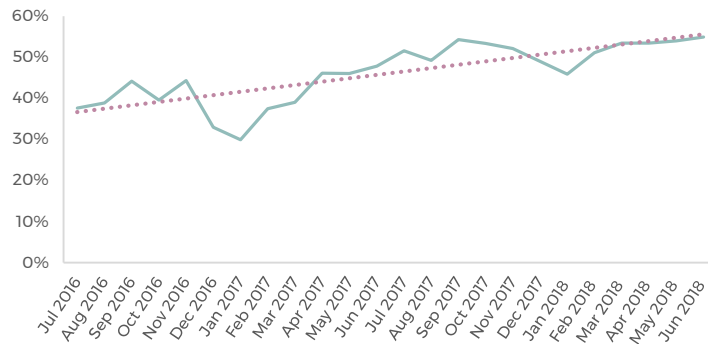
Always a great product and always amazing service

★★★★★ 5 out of 5, reviewed on Dec 22, 2017

NPS Improvement:

↑ **27%**

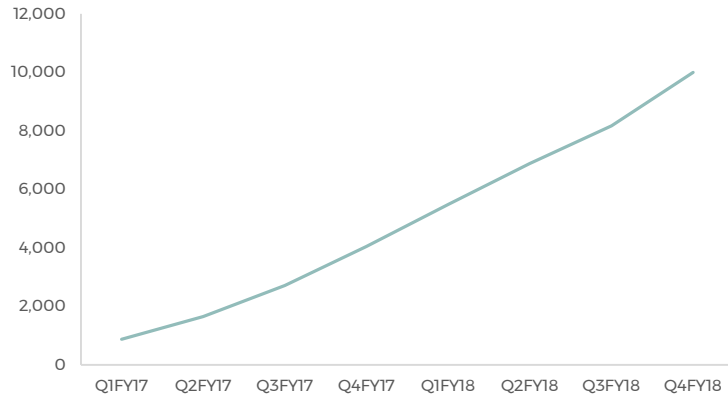
Net Promoter Score (score range: -100% to 100%)



Net Promoter Score Improvement measured as average H2 FY18 NPS vs H2 FY17 NPS

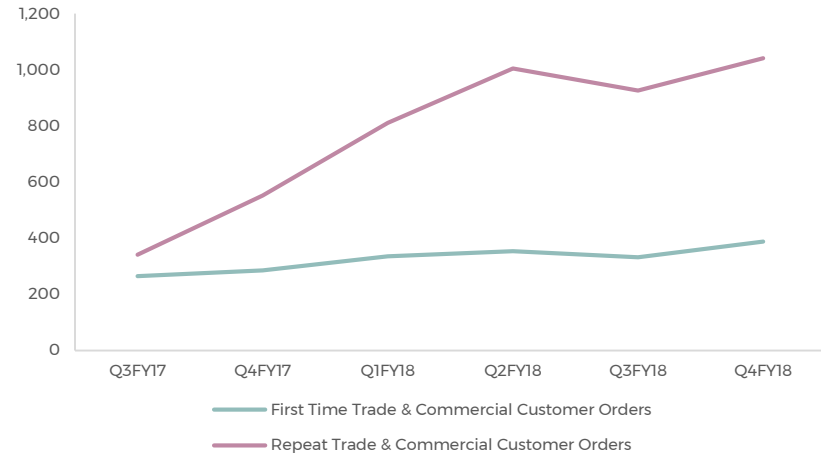
Our B2B (Trade & Commercial) division continues to grow strongly

Number of Trade & Commercial Accounts



Repeat and First Time Orders

Trade & Commercial accounts have high repeat rates. Next phase is investment in new customer acquisition.



NB. Trade & Commercial accounts are accounts who have applied for and have been approved for our trade & commercial program.

FY18 Financial Results

Mark Tayler CFO



Profit and loss

A\$m	FY16	FY17	FY18	Like for Like Period	
				H2FY17	H2FY18
Revenue	61.7	64.5	72.6	30.5	38.2
Cost of Sales	(37.0)	(37.0)	(40.5)	(17.3)	(21.3)
Gross Margin	24.6	27.5	32.1	13.2	16.9
Gross Margin %	39.9%	42.7%	44.2%	43.3%	44.2%
Distribution	(11.2)	(9.7)	(9.6)	(4.2)	(4.9)
Wages	(12.1)	(12.4)	(11.7)	(5.6)	(6.0)
Advertising & Marketing	(12.0)	(8.2)	(8.1)	(3.5)	(4.1)
Selling and Admin Expenses	(4.1)	(4.0)	(3.3)	(1.7)	(1.7)
EBITDA	(14.8)	(6.8)	(0.6)	(1.8)	0.3
Delivered Margin % (After Distribution Costs)	21.7%	27.6%	31.0%	29.5%	31.3%
Cost Base					
Cost of Sales	60.0%	57.4%	55.8%	56.7%	55.8%
Distribution	18.2%	15.1%	13.2%	13.8%	12.9%
Wages	19.6%	19.2%	16.1%	18.3%	15.6%
Advertising & Marketing	19.4%	12.7%	11.2%	11.6%	10.6%
Selling and Admin Expenses	6.6%	6.3%	4.5%	5.6%	4.4%
EBITDA	(24.0%)	(10.5%)	(0.8%)	(5.9%)	0.7%

- H2FY18 revenue growth rate of 25% YoY (which is the first trading period to provide a true like-for-like comparison due to the Milan Direct consolidation in Dec-16)
- H2FY18 gross margin and delivered margin (after distribution costs) up 28% YoY
- H2FY18 operating costs (as a % of sales) down 11% YoY, driven by more efficient marketing spend and realising the full benefits of the Milan Direct integration
- Full year EBITDA improved by 91% with H2FY18 yielding a \$0.3m EBITDA result, the first profitable half in the Group's short history

EBITDA is a non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's performance. FY16 and FY17 comparisons are performed on a pro forma basis which includes the assumption that Milan Direct and ZIZO were part of the group but exclude any costs associated with the acquisition and restructure of Milan Direct and ZIZO and any costs associated with the Group's IPO.

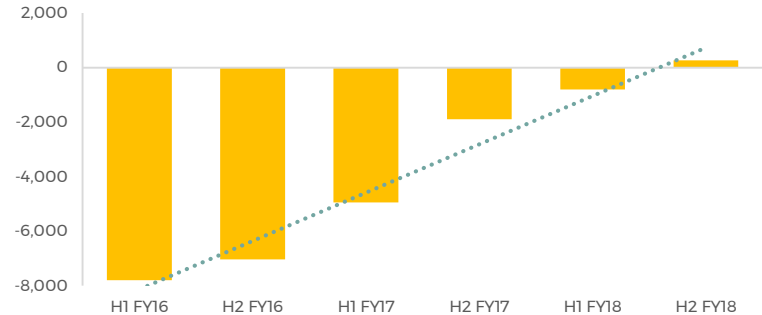
Our top-line is now delivering operating leverage

Revenue by Half



milandirect.com.au
integrated into
templeandwebster.com.au

EBITDA by Half



Strong revenue growth is driving operating leverage with H2FY18 EBITDA positive

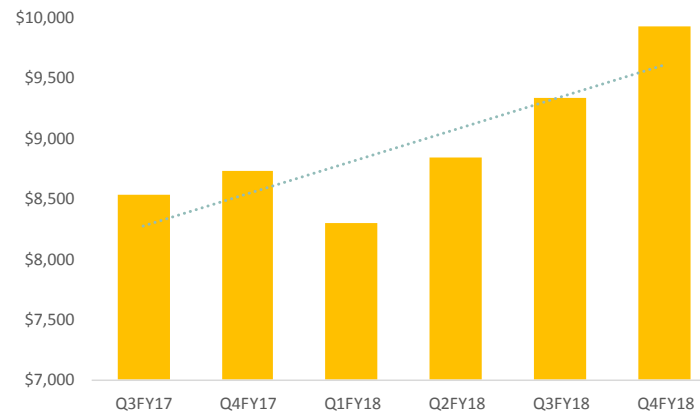
FY16 and FY17 comparisons is performed on a pro forma basis which includes the assumption that Milan Direct and ZIZO were part of the group but exclude any costs associated with the acquisition and restructure of Milan Direct and ZIZO and any costs associated with the Group's IPO.

Balance sheet & cash flow

A\$m	30-Jun-17	30-Jun-18
Cash & Cash Equivalents	8.7	9.9
Inventories	1.4	2.2
Other current assets	0.9	1.2
Intangibles, (inc. goodwill)	7.7	7.5
PPE	0.2	0.2
Deferred tax assets	0.0	0.7
Total Assets	18.9	21.7
Trade and other payables	5.6	7.2
Employee accruals and provisions	1.6	1.8
Deferred revenue	1.6	1.9
Total Liabilities	8.8	10.9
Net Assets	10.1	10.8
Share Capital	76.6	76.6
Reserves	0.8	1.6
Retained earnings	(67.3)	(67.3)
Total Equity	10.1	10.8

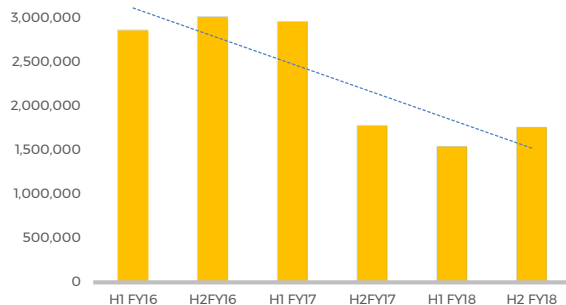
- Strong balance sheet position with no debt
- Benefits of our cash flow positive model are now visible with FY18 cash flow positive (+\$1.2m)

Closing Cash by Quarter



Inventory productivity strong as levels start to scale with the business

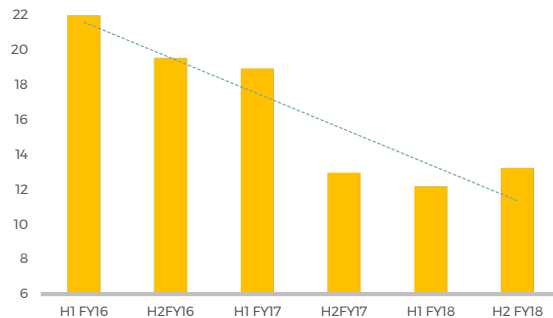
Average inventory



Average inventory levels now tracking between \$1.5m - \$2m, and will grow as the business scales

Average inventory is calculated utilising the average for the half (excluding stock in transit).

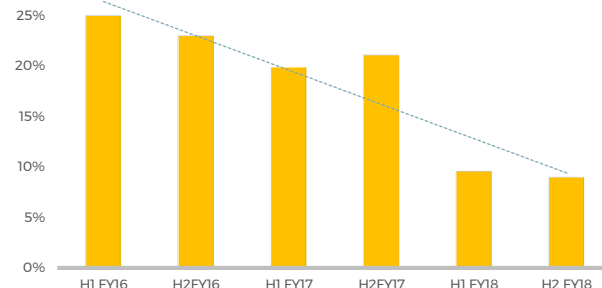
Weeks of cover



WOC has stabilised at 12-14 weeks (~4 stock turns)

WOC is calculated by dividing 3 months forward COGS (for owned inventory) by the closing inventory balance at the end of the half. H1FY18 forward COGS have been updated for actual results

Ageing profile



Stock on hand +6 months old stabilised at <10%

Ageing profile is calculated by taking the level of inventory older than 6 months at the end of each half divided by the total inventory at the end of each half (excluding stock in transit)

Strategy & Outlook

Our plan to grow our market leadership in the online furniture and homewares market

Add depth and breadth across our core categories, expand private label offering

Leverage scale to obtain cost advantage and exclusivity on new product ranges

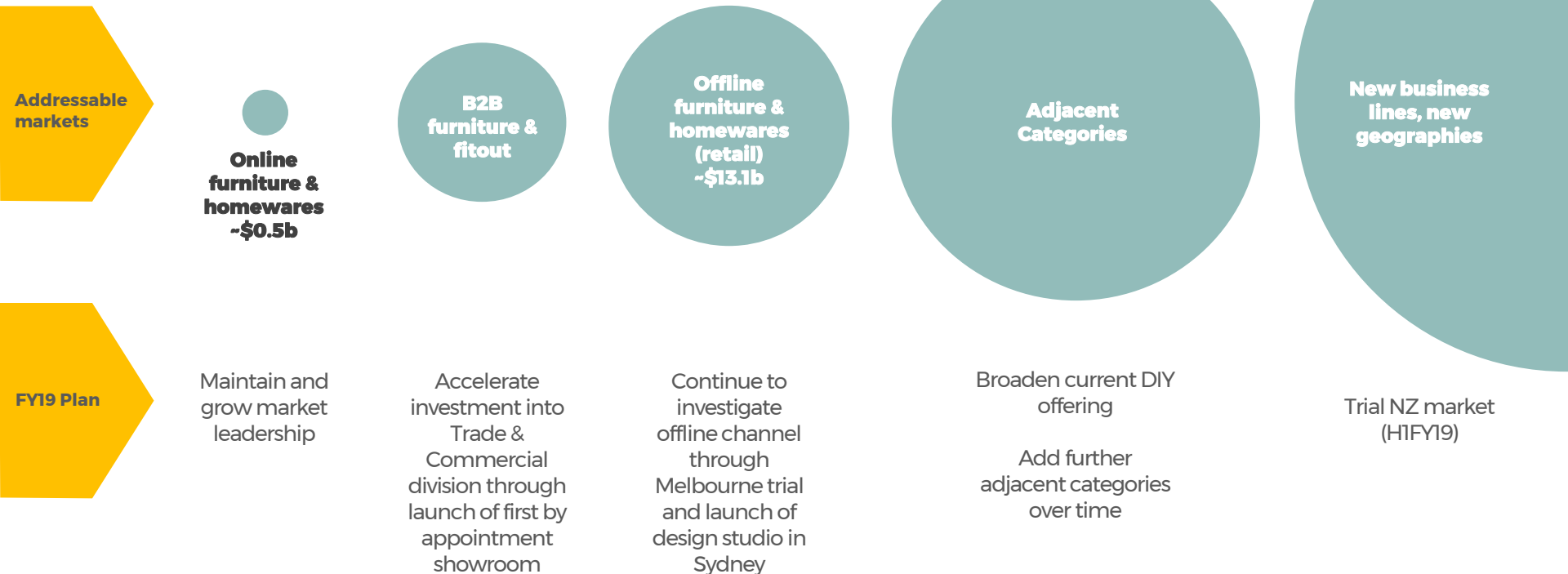
Increase brand awareness through digital and non-digital channels

Innovate our offering: mobile app, product recommendations, shop the look

Pilot our own delivery van network to solve bulky delivery

Add free design help for all customers (chat, voice, in-store, augmented reality)

We are setting the business up for future growth horizons



NB: Relative sizes of market opportunities are indicative only

Trading update & outlook

The new financial year has started strongly, with trading exceeding expectations.

July's revenue grew 34% year on year and this momentum has continued into August.

The Company remains confident of delivering its maiden full year profit in FY19.



Q&A



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