

Shoply Limited - ASX:SHP

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ASX and Media Release

Acquisition of Online Homewares Store - Your Home Depot (yourhomedepot.com.au)

- A strategic acquisition that enhances Shoply's scale and expands the Company's existing online shopping offering into the complementary home wares and home appliances segment
- YourHomeDepot.com.au generated \$12.9 million in revenue and \$1.0 million EBITDA in FY13

Shoply Limited ("Shoply" or "the Company") is pleased to announce that it has entered into a Heads of Agreement with Your Home Depot Pty Ltd ("YHD") for a proposed acquisition of the key assets of the YHD business ("the Transaction").

The Transaction

Shoply will pay all-cash consideration of \$2.85 million for the assets of YHD on a debt-free basis. The primary assets of YHD include:

- the domain name and website assets associated with yourhomedepot.com.au which generated close to \$12.9 million in revenue in FY13 with an EBITDA of \$1.0 million;
- a database of approximately 130,000 retail and commercial clients;
- stock on hand to the value of \$1.5 million; and
- a recently fitted out leasehold warehouse facility of around 2,300m² located approximately 24km north-west of Sydney's CBD.

Completion of the Transaction is conditional on, amongst other things:

- the negotiation of a definitive assets purchase agreement;
- negotiation of either the transfer of the existing warehouse lease from YHD to Shoply (or its nominee) or the grant of a new lease to Shoply (or its nominee) on substantially the same terms and conditions;
- Shoply completing a successful capital raising to fund the Transaction (details of which will be announced when the details are finalised); and
- Completion of the Transaction occurring no later than 11 April 2014.

About Your Home Depot

Founded in 2003, YHD is one of Australia's leading online homewares and home appliances retailers.

In FY13 YHD generated an EBITDA of \$1.0 million on revenue of \$12.9 million.

YHD offers high-end kitchenware, home wares and electrical appliances nationwide via its online website www.yourhomedepot.com.au. The website is supported by a warehouse facility located in Castle Hill approximately 24km north-west of Sydney's CBD. Current brands YHD offers include KitchenAid, Scanpan, Magimix, Bamix, Anolon, Simple Human, LED Lenser, Royal Doulton and many other well-known brands. YHD is well positioned and recognised by customers Australia-wide.

Transaction Rationale

The proposed acquisition of the YHD business accelerates Shoply's strategy of becoming a leading Australian online shopping company. In particular:

- the acquisition of YHD brings significant scale to Shoply – in FY13 YHD generated sales of \$12.9 million;
- the YHD product offering complements and broadens Shoply's existing computer and electronic product online stores, Eljo.com.au, EzyDirect.com.au and Ohki.com.au;
- Shoply adds significant capability through its customer acquisition and resource capabilities and consolidated operating platform to further grow the demand and customer base already existing in the YHD business;
- YHD will enable the Company to leverage and derive considerable synergies with the recently acquired HomeAppliances.com.au domain name;
- YHD currently has over 130,000 subscribers to supplement Shoply's 60,000 subscribers, which should enable cross-selling opportunities across the combined base of almost 200,000 subscribers; and
- the acquisition will add additional distribution capacity for faster fulfillment in NSW to complement Shoply's existing warehousing and distribution facility in Victoria. The combined distribution infrastructure will enable the Company to better service the two largest online shopping markets in Australia as well as cost effectively add further online shopping businesses (via organic growth and acquisitions) to this platform in the future.

On completion of the proposed acquisition Shoply will have a growing position in the following online market segments as categorised and sized by IBISWorld:



Shoply CEO Simon Crean said, "The acquisition of Your Home Depot is very exciting and represents a significant opportunity for Shoply to grow into a leading Australian online shopping company. YHD brings considerable scale to our business whilst also broadening and deepening our product offering. In addition to the growth of YHD when combined with Shoply's resources, platform and capabilities, we expect to gain significant synergies with our recently acquired www.homeappliances.com.au Tier 1 domain name and will look to become a major participant in the Homewares and Domestic Appliances category."

Shoply anticipates that the YHD business will generate EBITDA of circa \$1.2 million for the 12 months post completion.

-ENDS

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About Shoply Limited

Shoply is an Online Shopping and Online Advertising business focusing on the retail sale of consumer goods and distribution of advertising to publishers and publisher networks. The Company is committed to the transition from an online advertising to an online shopping company and the development of its Online Shopping Division through creating and acquiring new revenue streams.

<http://www.shoply.com.au>