



# Acquisition of Your Home Depot

Investor Presentation – February 2014



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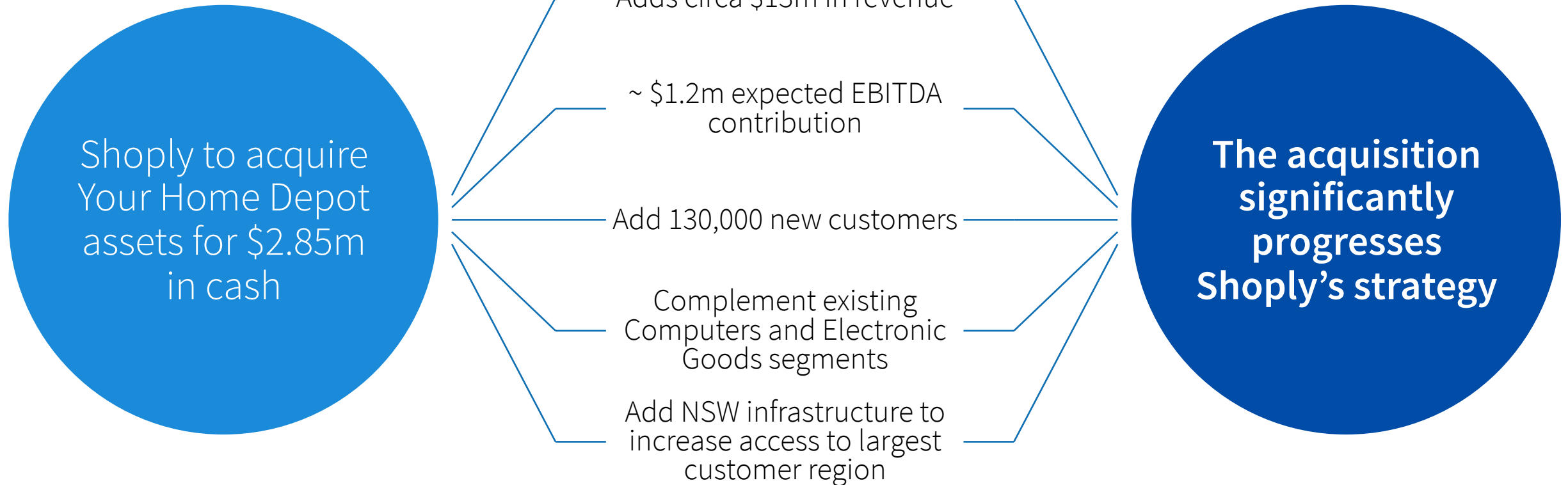


- ▶ Transaction Overview
- ▶ Shoply Overview
- ▶ Your Home Depot Overview
- ▶ Strategic Rationale for Acquisition
- ▶ Strategic Priorities

# Transaction Overview



## Benefits to Shoply



Attractive acquisition multiple (less than 3 x EBITDA)

# Shoply Ltd - Corporate Snapshot



## ASX Code: SHP

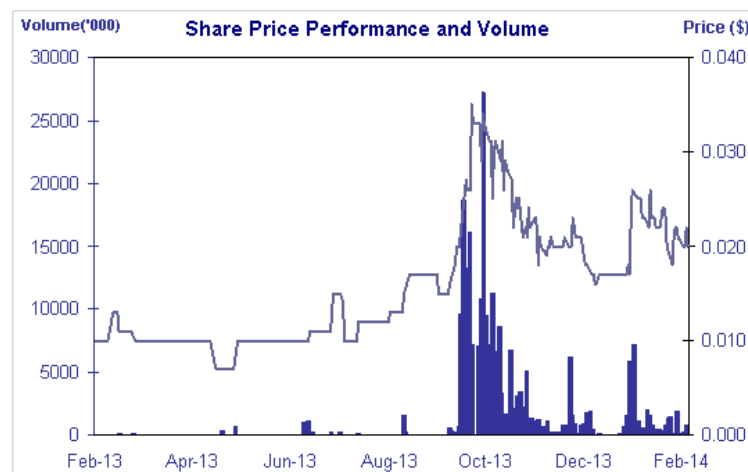
Ordinary Shares	240.0m
Listed options (SHPO, 1.5¢, 30/6/14)	161.9m
Unlisted options	11.6m
Market cap (@ 2.4 cents)	\$5.7m
Average Monthly Volume	43.4m
Cash (31 December 2013)	\$0.9m
Debt	\$nil

## Directors & Senior Management

Andrew Plympton – Chairman
Damian London – Non-Executive Director
Sophie Karzis – Non-Executive Director
Mark Goulopoulos – Non-Executive Director
Domenic Carosa – Non-Executive Director
Simon Crean – CEO

## Major Shareholders (Top 20 shareholders - 58.7%)

MP3 Australia Pty Ltd	16.8%
Planet W Pty Ltd	14.0%
Mr Chris Retzos	9.1%



## Corporate Vision:

To become a leading ASX-listed online shopping company, via organic growth and consolidation across targeted market segments

# Shoply Ltd (ASX:SHP)



A fast growing ASX listed  
online shopping  
company

Pursuing a dual  
acquisitive and organic  
growth strategy

Has identified numerous  
attractive acquisition  
opportunities in sub-  
scale private online  
shopping businesses

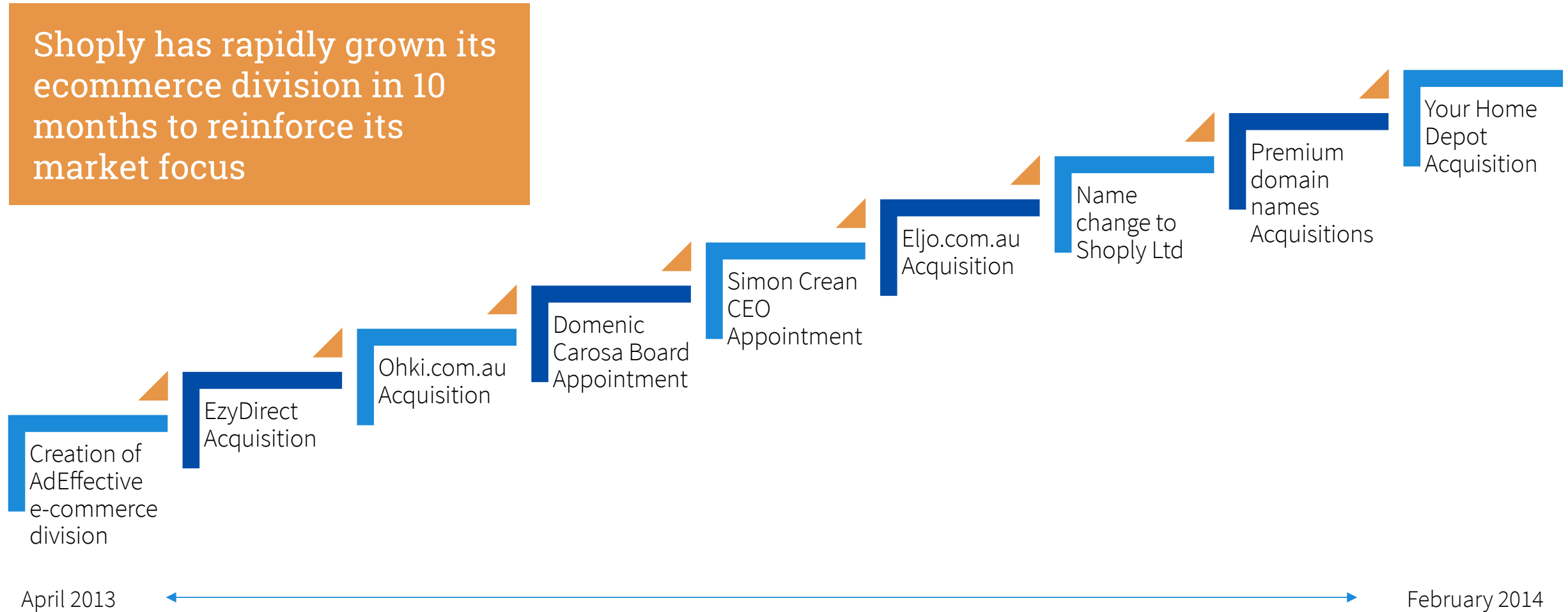
Complement  
acquisitions by building  
new online stores with  
Tier 1 domain names

Achieve distribution and  
cross selling synergies  
across multiple online  
businesses to enhance  
margins

# Shoply - Corporate Evolution



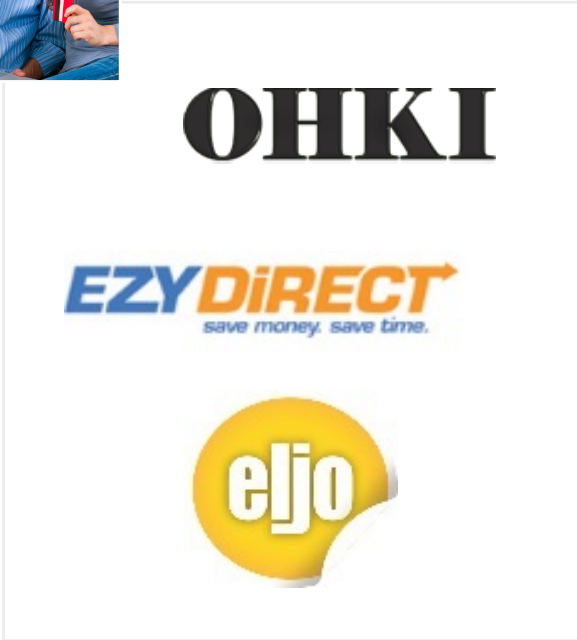
Shoply has rapidly grown its ecommerce division in 10 months to reinforce its market focus



# Online Shopping Division - Current Status



Acquired Businesses



New Capabilities

- Ecommerce Manager appointed
- Customer service personnel appointed
- Have developed an online shopping platform for consolidating existing and future acquisitions



Supply Chain

- Re-established supplier relationships
- Extended its sourcing range
- Runs a 'hybrid inventory model' where fast moving inventory is purchased and warehoused and slower moving inventory is purchased on demand

# Shoply – Existing Stores



Customer proposition:

Best prices, high quality customer service, secure buying



Acquired	Nov 2013	Re-launched Sep 2013	April 2013
<b>Ecommerce Description</b>	Award-winning online retailer specialising in small appliances & home entertainment	Specialising in home appliances and electronics	Specialising in office supplies and electronics
<b>Customers</b>	13,905	24,655	19,528
<b>Products</b>	401	426	4,003
<b>Top Brands</b>			



# New Acquisition - Your Home Depot



YOUR  
**HOME DEPOT**

A leading online retailer of kitchenware, homeware and home appliances since 2003

Operates in the \$2.3BN online shopping Homewares and Home Appliances market segment

3,000+ items from household name brands

\$12.9M  
Revenue  
(FY 2013)

\$780k  
Net Profit  
(FY 2013)

Sydney based warehousing and distribution

130,000 +  
customers

# Your Home Depot - Key Brands

Shoply™ 

**KitchenAid**®

SCANPAN®  
DENMARK

**magimix**®

**ANOLON**®

具良治  
GLOBAL®

**bamix**

simplehuman®

  
ROYAL DOULTON  
ENGLAND 1815

**CIRCULON**®

**Cuisinart**®

 **LE CREUSET**®

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SHUN

# Strategic Rationale for Acquisition



Considerable financial, operational and performance synergies can be effectively realised

An additional \$12.9M in revenue (FY13)

Broadens and complements Shoply's existing computer and electronic product online stores

Adds significant customer acquisition and resource capabilities to the YourHomeDepot business

Realise considerable synergies with the recently acquired HomeAppliances.com.au domain name

Adds 130,000 subscribers to Shoply's 60,000 customers enabling group cross-selling opportunities

Combined infrastructure enables better servicing of the largest markets in Australia (NSW & VIC)

Adds higher margin product lines

# Post-Acquisition Position



	Shoply	Your Home Depot	Combined
<b>Customers</b>	60,000	130,000	190,000
<b>Products</b>	~4,800	~3,000	~7,800
<b>Suppliers</b>	19	30	49
<b>Warehousing</b>	Victoria	New South Wales	Victoria & New South Wales
<b>Market category</b>	Computers, software and electronic goods	Homewares and domestic appliances	Computers, software and electronic goods; Homewares and domestic appliances.
<b>Market category size**</b>	\$2.0BN	\$2.3BN	\$4.3BN

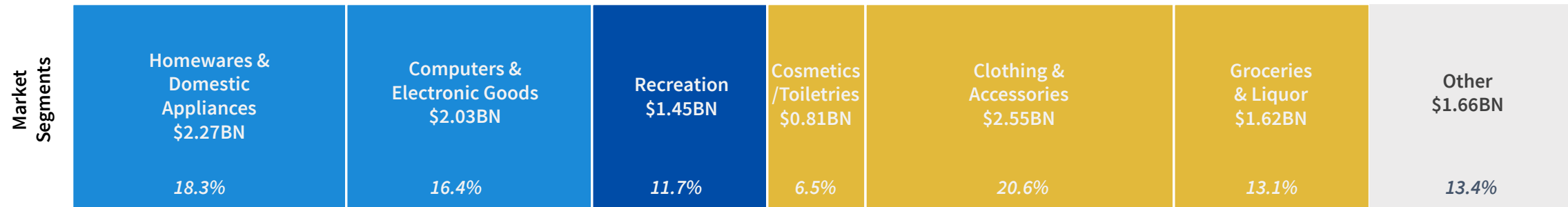
\*\*IBISWorld Online Shopping in Australia October 2013

# Market & Customer Segments



Australian Online Shopping Market: \$12.4BN<sup>1</sup>

Shoply Target Markets: \$10.73BN – 86.6%<sup>1</sup>



← Currently operating in these segments →      ← Currently building online stores →      ← Potential acquisitions in these segments →

Shoply Online Stores

YOUR HOME DEPOT

**OHKI**

**EZYDIRECT**  
save money. save time.

**TOYSTORE**

**Sporting**  
Goods.com.au

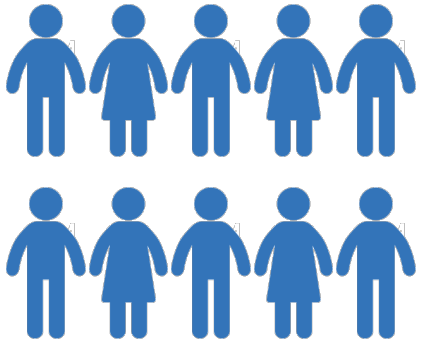
- Strong position in complementary Housewares & Home Appliances market
- Market position in three of the four largest online market segments
- Relevant customer databases for effective cross-selling

<sup>1</sup> IBISWorld Online Shopping in Australia October 2013

# Post-Acquisition Customer Base

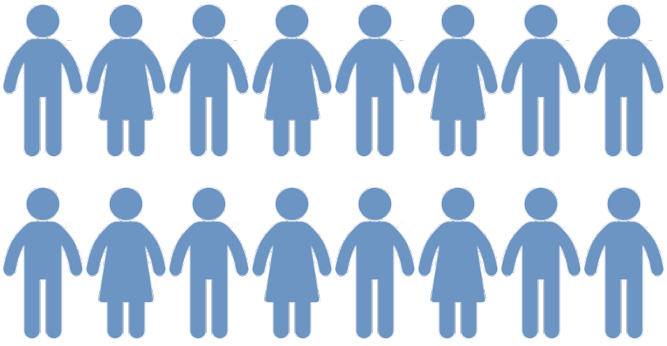


Existing Shoply customers



60,000

Your Home Depot customers



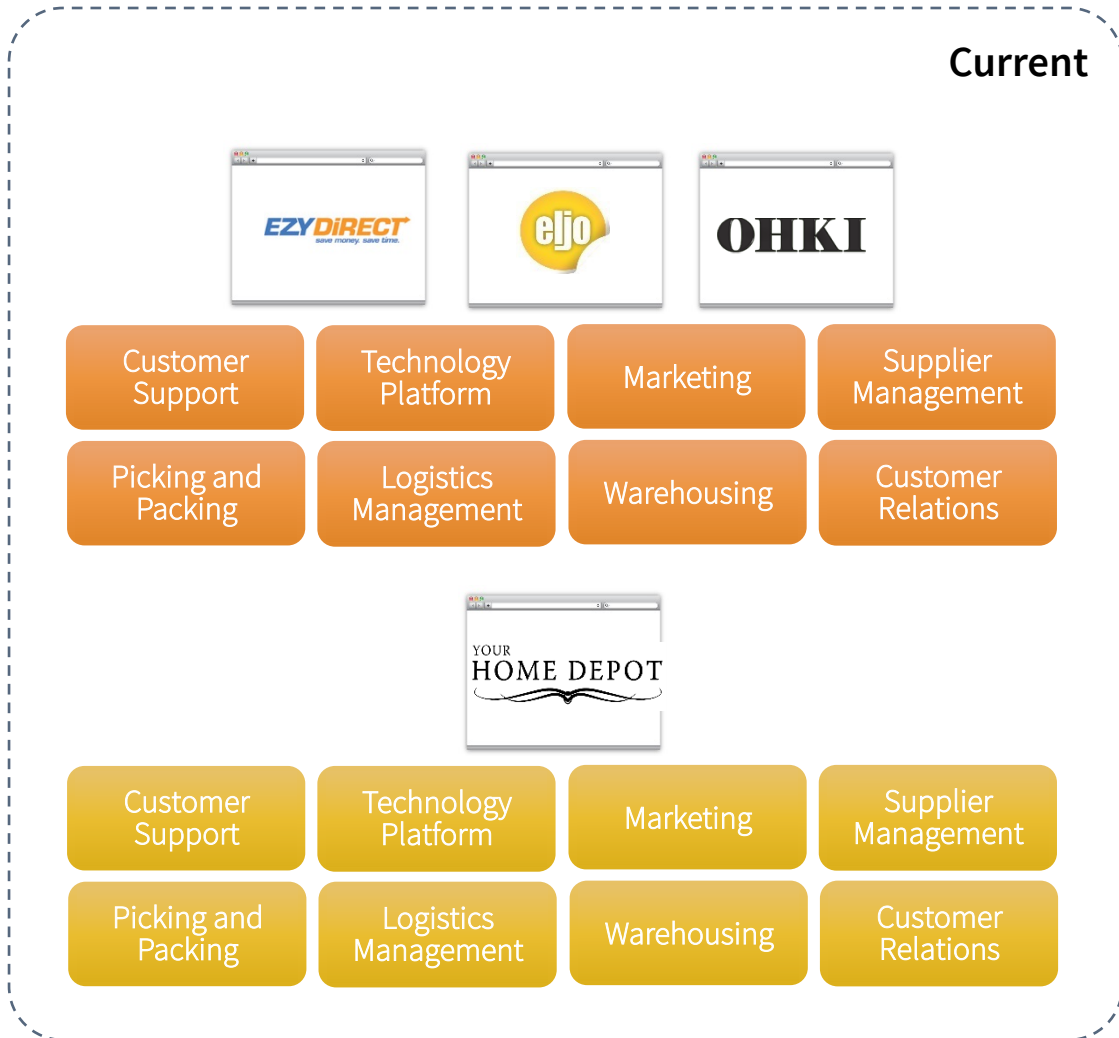
130,000

Shoply Post-acquisition



190,000

# Operational Efficiencies



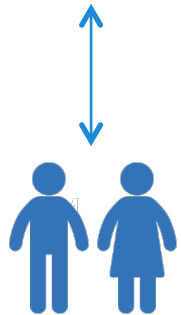
# Hybrid Inventory Model



Consolidated Back Office

Low Turnover Products

'Drop shipped' to customers directly from suppliers



High Turnover Products

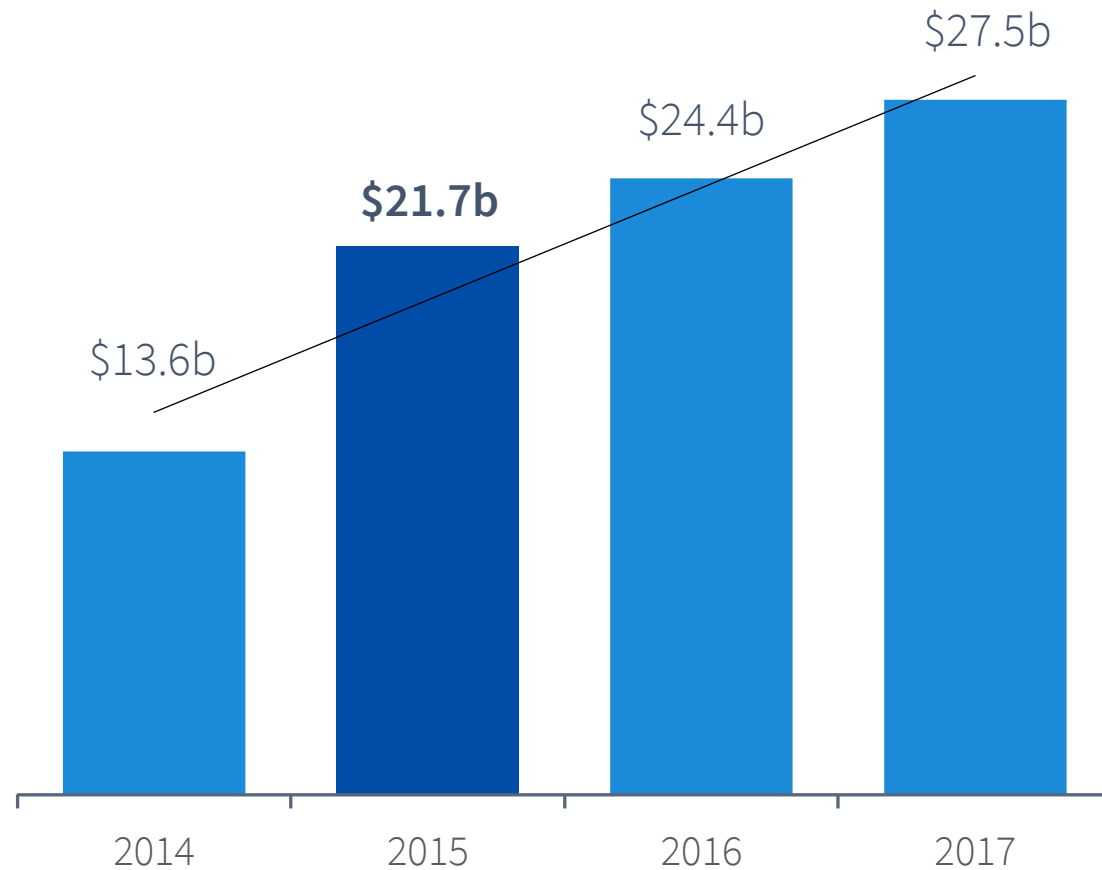
Inventory Holdings shipped to customers from New South Wales & Victoria



- ▶ Breadth and depth of product offering through 'Drop Shipping' (i.e. directly from suppliers)
- ▶ Higher turnover and higher margin products through 'Inventory Holdings'
- ▶ Ability to test and understand demand prior to inventory holdings



# Australian Online Shopping Market



- ▶ Frost & Sullivan predicts Australian online shoppers to spend as much as \$21.7b in 2015
- ▶ Australian online shopping market is expected to grow at around twice the rate of the retail sector overall
- ▶ 12.6% compound annual growth rate for online shopping expenditures over the next four years
- ▶ The average Australian will spend around \$600 online this year

Source: Frost & Sullivan & Price Waterhouse Coopers (PWC) Joint Research

# Recent Ecommerce M&A Activity



E-commerce consolidation activity intensifying

Date	Target	Business description	Acquirer
January 2011	Spreets	Group buying	Yahoo!7
June 2012	BuyInvite	Online shopping club	Ozsale
July 2012	BrandsExclusive	Online shopping club	APN
July 2013	Cudo	Daily deals	AussieCommerce
April 2013	OO.com.au	Online retailer	Graysonline
August 2013	Ezibuy	Online retailer	Woolworths
December 2013	iBuy	Online retailer	IPO
January 2014	DealsDirect	Daily deals	Reverse Takeover
February 2014	BrandsExclusive	Online shopping club	AussieCommerce
February 2014	Your Home Depot	Online retailer	Shoply

# Strategic Priorities



## Immediate

- Integrate Your Home Depot on to Shoply Platform
- Cross sell Your Home Depot across Shoply stores
- Launch HomeAppliances.com.au with one of the largest supplier relationships in Australia



## Medium Term

- Organic growth across existing Shoply businesses through enhanced marketing
- Accelerate organic growth through the launch of Toystore.com.au and Sportinggoods.com.au
- Further acquisitions of private businesses and premium domains

# Investment Highlights



12.6% CAGR of Australian online retail over next 4 years (twice rate of retail overall)

Has established a scalable online shopping platform targeting two of the largest segments of the online shopping market

## Dual growth strategy

- Launch of new businesses on the platform - Toystore.com.au, SportingGoods.com.au
- Acquisitive growth – many targets in the private sector that require scale and capital to grow

## Your Home Depot is first major acquisition

- significantly progresses Shoply's strategy to become a leading online shopping company
- Attractive acquisition multiple (less than 3 times expected EBITDA contribution)

## The right team to deliver on the strategy

- Board members and CEO have considerable experience in building significant businesses via acquisitions and organic growth

# Disclaimer



*The material herein is a presentation of non-specific background information about the Company's current activities. It is information given 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.*



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