



Shopy – online shopping

Investor presentation – August 2014

Homewares and Domestic Appliances | Computers and Electronic Goods | Recreational Goods



Corporate snapshot



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

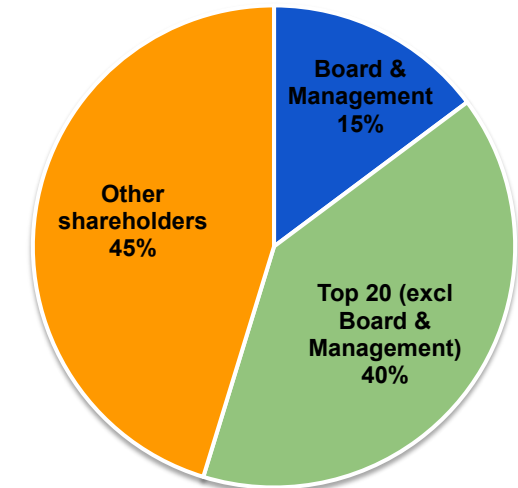
ASX Code: SHP

Ordinary Shares	522m
Listed options (SHPOA, 3.5¢, 31/7/15)	60.0m
Unlisted options	13.5m
Market cap (@ 2.4 cents)	\$12.5m
Cash (30 June 2014)	\$3.5m

Directors & Senior Management

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

Shareholding breakdown



Strongly positioned for growth



1 Online retail market – attractive growth fundamentals

2 Dual growth strategy – organic and M&A

3 Scalable platform in place

4 Well funded

5 Strong Board and management

A well developed growth strategy



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

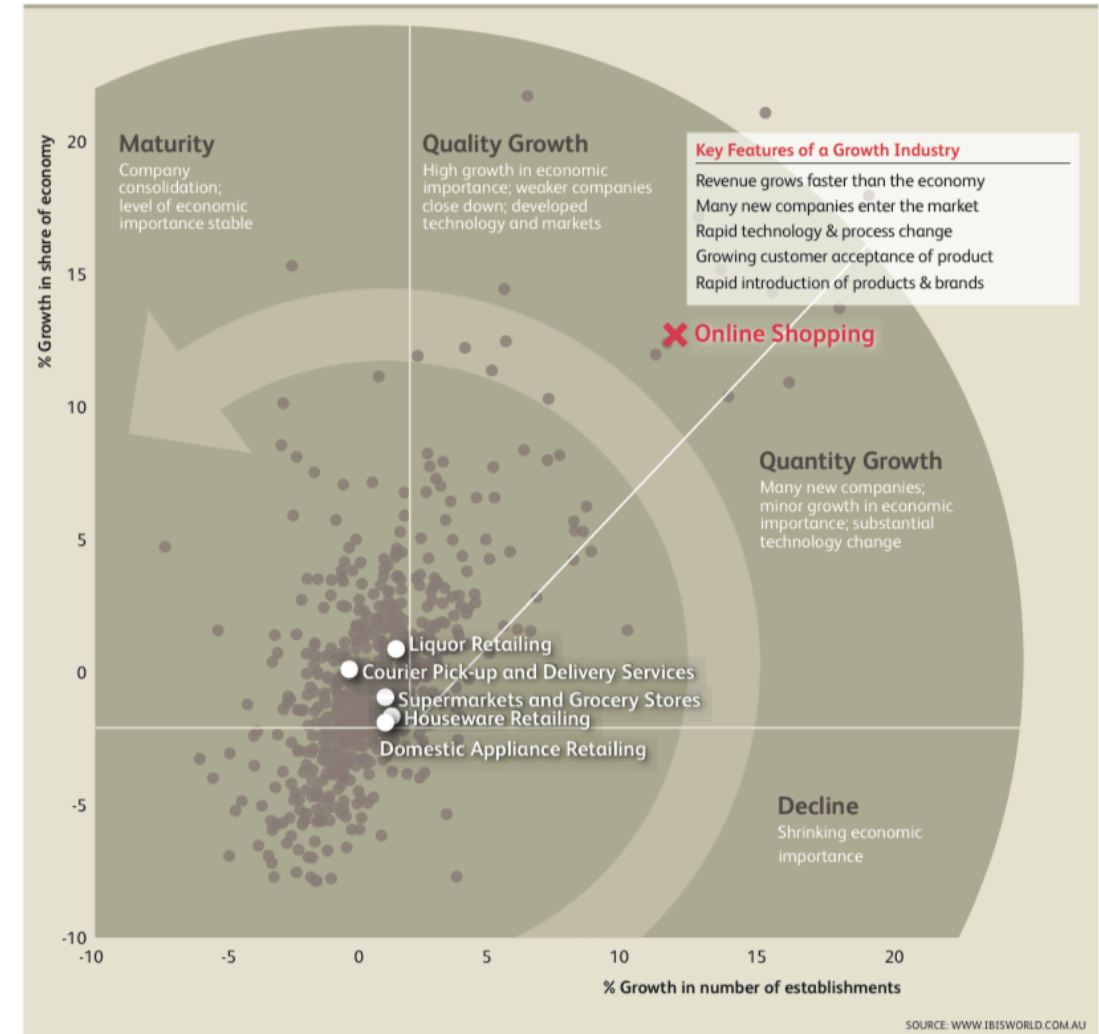
Complement acquisitions by building new online stores with Tier 1 domain names

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

Australian online shopping snapshot



- ▶ Frost & Sullivan predicts Australian online shoppers to spend as much as \$21.7b in 2015 and \$27.5b by 2017
- ▶ 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
- ▶ Limited opportunities for local investors to gain exposure to Online Shopping



Online shopping growth drivers



- ▶ Consumers seeking convenience and value for money
- ▶ Increasing level of sophistication and comfort amongst consumers
- ▶ Continued growth in consumers using mobile devices to browse and purchase products
- ▶ The entry of more online retailers and proliferation of group buying sites
- ▶ Product and service expansion by current online retailers and traditional bricks & mortar retailers improving their offerings



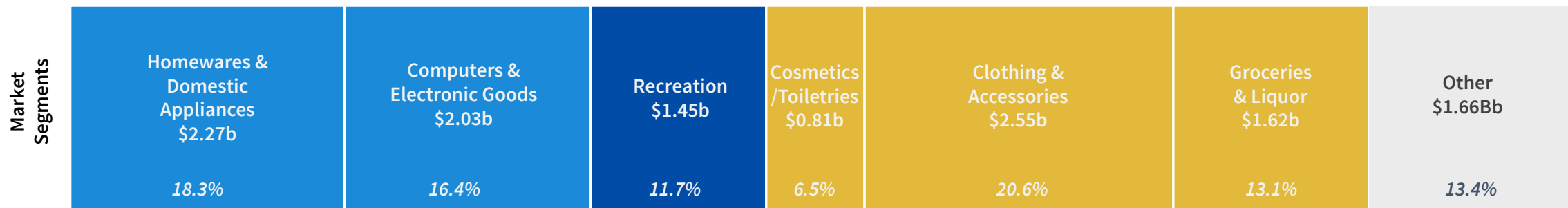
Source: IBISWorld & Price Waterhouse Coopers (PWC)

Shoply “departments”



Australian online shopping market: \$12.4b¹

Shoply Target Markets: \$10.73BN – 86.6%¹



← Currently operating in these segments →

← Currently building online stores →

← Potential acquisitions in these segments →

Shoply Online Stores



- Strong position in complementary Electronics & Home Appliances market
- Market position in 3 of the 4 largest online market segments
- Relevant customer databases for effective cross-selling

¹ IBISWorld Online Shopping in Australia October 2013

Shoply.com.au department store

Customer proposition: top brands at great prices!



Home Appliances | Consumer Electronics | Office Technology | Kitchenware | Toys | Baby



	Combined
Customers	260,000
Products	~9,800
Suppliers	52
Warehousing	Victoria & New South Wales
Market size**	\$5+BN

** IBISWorld Online Shopping in Australia October 2013

- Aggregate categories/departments into a department store at Shoply.com.au
- Enhance position in existing categories
- Enter new categories organically and via acquisition
- Aggregate category/department positions into a department store at Shoply.com.au

Homewares and domestic appliances

Category size: \$2.3bn or 18% of the Australian online shopping market¹



Status	Acquired June 2014	Launching Q3 2015
Ecommerce Description	One of Australia's leading online kitchenware and homewares retailers	Wide category offering of Home Appliances leveraging the brands and supply from Eljo, Ohki and Your Home Depot
Customers	130,000	0
Products	~3000	~ 6,000

KitchenAid[®]

bamix

Cuisinart[®]

magimix[®]

SCANPAN[®]
DENMARK

具良信
GLOBAL

simplehuman[®]

ANOLON[®]

Breville

Miele

DeLonghi

NESPRESSO

SAMSUNG

LG

dyson

Panasonic

Pioneer

ONKYO

FUJITSU

Electrolux

¹ IBISWorld Online Shopping in Australia October 2013

Computers and electronic goods

Category size: \$2bn or 16% of the Australian online shopping market¹



Status	Re-launched June 2013	Re-launched November 2013	Acquired April 2013	Acquired June 2014
Ecommerce Description	Specialising in home appliances and electronics	Award-winning online retailer specialising in small appliances & home entertainment	Specialising in office supplies and electronics.	Specialising in networking, voice over IP and resale of commercial and residential broadband
Customers	24,655	13,905	19,528	56,380
Products	426	401	4,003	11,380



¹ IBISWorld Online Shopping in Australia October 2013

Recreation

Category size: \$1.5bn or 12% of the Australian online shopping market¹



Status	Acquired March 2014	Launched July 2014
Ecommerce Description	Specialising in products for Mum's with Kids.	Specialising in Toys
Customers	1,528	0
Products	~600	~200 at launch



¹ IBISWorld Online Shopping in Australia October 2013

Scalable platform in place



- Proven ability to acquire and absorb businesses
- Warehousing and distribution facilities in Melbourne and Sydney – 2 largest online retail markets
- Platform capable of supporting significant sales growth without significant further investment



- Castle Hill, NSW
 - 2,300 square metres
 - 75% utilisation
- Brunswick, VIC
 - 220 square metres
 - 65% utilisation

Consolidated Back Office

Customer Support
(4 FTEs, 1 casual)

Technology Platform
(1FTE, 1 casual)

Marketing
(2 FTEs)

Supplier Management
(2 FTEs)

Logistics Management
(1FTE)

New South Wales

Warehousing

Picking and Packing

Victoria

Warehousing

Picking and Packing

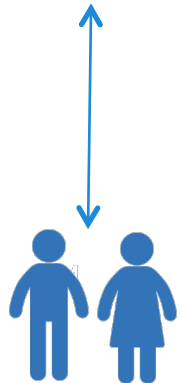
Hybrid inventory model



Consolidated back office

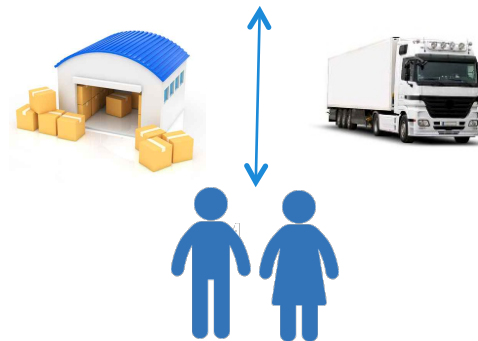
Low turnover products

'Drop shipped' to customers directly from suppliers



High turnover products

Inventory holdings shipped to customers from New South Wales (2,268 sqm) & Victoria



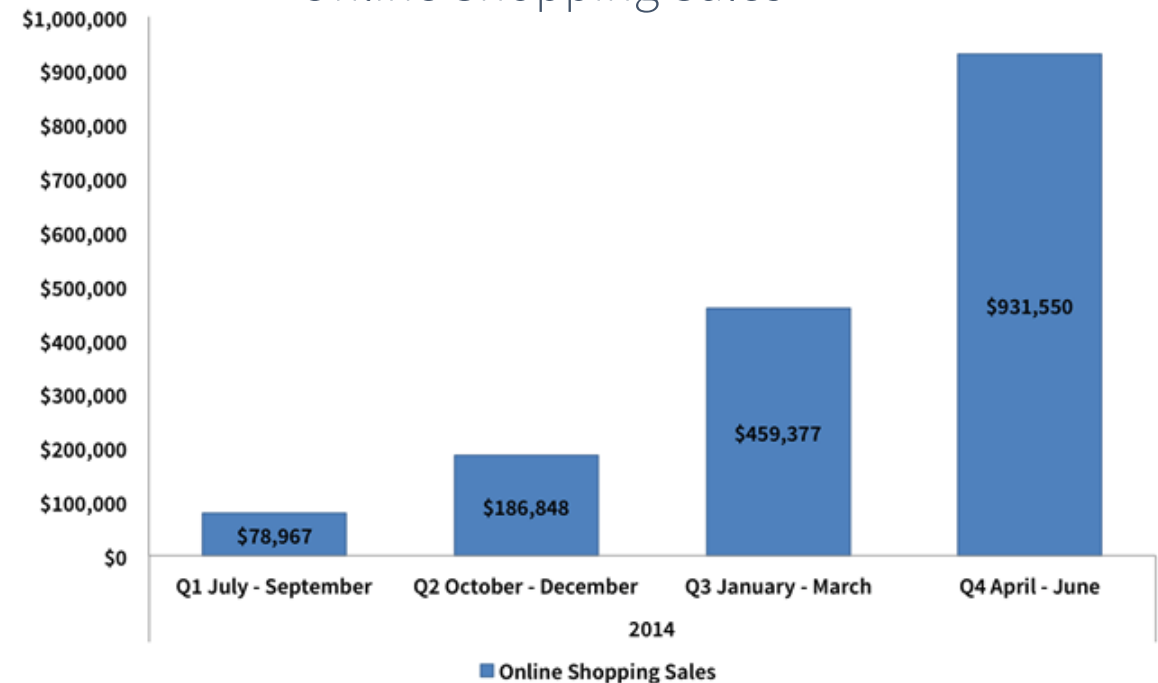
- ▶ Breadth and depth of product offering through 'Drop Shipping' (i.e. products shipped directly from suppliers to customers)
- ▶ Higher turnover and higher margin products purchased and warehoused ('inventory holdings')
- ▶ Ability to test and understand demand prior to inventory holdings
- ▶ Dispatched orders at historical peak is 1400 (5 days before Christmas)
- ▶ Average daily dispatched orders ~250

Organic growth initiatives

- ▶ Platform upgrades commenced to support mobile and tablet devices on all online stores
- ▶ Increasing volume leading to better trading terms across suppliers and services
- ▶ Increased product availability and customer satisfaction through light-inventory holdings
- ▶ Consolidation of costs and operations
- ▶ Pending launch of HomeAppliances.com.au



Online Shopping Sales



Proven ability to deliver organic growth

Acquisitive growth

- ▶ 6 completed acquisitions in the past 12 months
 - ▶ proven ability to identify, execute and integrate acquisitions
 - ▶ building online department store offering
- ▶ Seeking acquisitions of profitable or break-even companies with \$5-20m in revenue that operate in attractive categories
- ▶ Consolidate operations, customer support, logistics, marketing, pick and pack
- ▶ Cross sell new categories to the increasing customer base

Shoply™ 



Acquire or enhance a position in large high-growth online shopping categories

Strategic priorities

Capitalising on significant growth opportunities



Short term

- ▶ Finalise platform and operating consolidation
- ▶ Cross-sell enhancements and increased marketing
- ▶ Accelerate organic growth through increased marketing
- ▶ Complete integration of Your Home Depot and Warcom
- ▶ Build on recent launch of Toystore.com.au
- ▶ Launch HomeAppliances.com.au with one of the largest supplier relationships in Australia

Medium term

- ▶ Enhanced marketing activities across existing Shoply businesses to ensure organic growth
- ▶ Further acquisitions of private businesses and premium domains



Well funded



- ▶ Cash at bank \$3.5m (as at 30 June 2014)
- ▶ Capital will be used to support organic and acquisitive growth
- ▶ 60m listed options (ASX: SHPOA)
 - ▶ exercise price of 3.5¢
 - ▶ expiry date of 31 July 2015
 - ▶ will raise ~\$2.1m if exercised



Well positioned to capitalise on significant growth opportunities

Strong board and management



Andrew Plympton
Non-Executive Chairman

- Brings considerable financial management skills to the Board
- Director of a number of ASX listed companies



Damian London
Non-Executive Director

- 16 years' experience in software, search engine marketing and online advertising
- Strong technical background



Sophie Karzis
Non-Executive Director

- Practising lawyer with 20 years' experience
- Corporate counsel for a number of public companies



Mark Goulopoulos
Non-Executive Director

- Associate Director at Patersons Securities
- 15 years' experience in equity capital markets and investments



Domenic Carosa
Non-Executive Director

- Chairman of the Future Capital Fund
- Co-founded and listed destra Corporation growing to revenues of \$100M

Online retailer comparisons



Company	Revenue	Market cap ¹	Revenue multiple	Description
Shoply	\$18m ²	\$12.5m	0.7x	<ul style="list-style-type: none"> Australian online retailer Home appliances, consumer electronics, office technology, kitchenware, toys, baby
<i>Australian comparables</i>				
iBuy (ASX:IBY)	\$50m ³	\$151.3m	3.0x	<ul style="list-style-type: none"> Focused on SE Asia and Hong Kong Specialises in “flash sales”
Mnemon (ASX:MNZ)	\$74m ⁴	\$27.3m	0.4x	<ul style="list-style-type: none"> Owner of Australian online retailer Deals Direct Home and lifestyle goods
<i>International comparables</i>				
Mysale (AIM listed) ⁵	\$200m	\$577m	2.9x	<ul style="list-style-type: none"> Focused on Oceania, SE Asia Specialises in “flash sales”

¹ As at 4 August 2014

² Pro-forma including FY'13 actual revenue for YHD plus annualised revenue from Warcom

³ Pro-forma iBuy + LivingSocial combined revenue for year ended 31 December 2013

⁴ FY'14 Company forecast excluding any contribution from TopBuy (acquired 7/5/14)

⁵ 1 GBP = 1.80454 AUD , Revenue as per AIM listing information for 2013.

Summary



- 1 Significant growth of online retail market with attractive growth fundamentals
- 2 Delivering on dual growth strategy – organic and M&A
- 3 Scalable platform in place – ready to be leveraged
- 4 Well funded
- 5 Strong Board and management

Disclaimer



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August 2014

