

TEMPLE & WEBSTER GROUP LTD

ABN 69 608 595 660

ASX Announcement

22 April 2016



Revised Business Plan & Management Update

Key Points

- **Revised plan in place to accelerate break even and transform Temple & Webster by merging ZIZO's business and catalogue onto www.templeandwebster.com.au**
- **ZIZO brand retired, focus on building Temple & Webster into household name**
- **Cost savings immediately realised to reduce cash burn**
- **Board has accepted the resignation of TPW's CEO, Brian Shanahan**
- **Board has appointed Mark Coulter, current COO as Interim CEO**
- **Revised FY16 EBITDA guidance of (\$14-15m)**
- **Lowering short term FY16 revenue guidance to \$60-62m, as ZIZO business is migrated onto Temple & Webster**
- **Target breakeven remains CY18 and within existing cash reserves**

Following the recent trading results, and recent management changes (Mark Coulter COO & Mark Taylor CFO) and board changes (Stephen Heath NED and consultant), the Board is pleased to announce the implementation of a revised business plan for the Group to help focus on cost efficiencies, streamline our divisions, and leverage the scale while delivering to customers a unique and stimulating shopping experience.

The key elements of the business plan are as follows:

- Temple & Webster will be migrated to the sophisticated technology platform of ZIZO and ZIZO's full catalogue of 130,000 products will be run under www.templeandwebster.com.au effective 1 May
- ZIZO brand will be retired, with the focus on building Temple & Webster into a household name
- Temple & Webster will have the deepest and broadest catalogue of any homewares & furniture business in Australia and will continue to differentiate its offering through its world-class shoppable content
- Temple & Webster will be a much richer shopping experience for its customers
- Significant free traffic benefits to be gained by running the ZIZO catalogue under the www.templeandwebster.com.au domain
- ZIZO and Temple & Webster teams have been merged and cost savings realised by removing duplicated efforts
- Cash burn reduced by ~\$400k per month, through headcount, logistics & general opex savings (effective May/June)
- Milan Direct will continue to rollout showrooms, with its first showroom already making a positive contribution after its first full month of trading

Carol Schwartz, the Chairperson of Temple & Webster said, "This plan allows us to take advantage of

Temple & Webster's well-known and loved brand by combining it with the 21st Century no-inventory business model of ZIZO. Our customers will love the new Temple & Webster with the biggest range, the best content, the most helpful tools. We are already number one in our category, and this new plan will accelerate our leadership position."

Along with the announcement of this plan, the Board has accepted the resignation of Brian Shanahan as CEO and Managing Director, effective immediately with an agreed period of transition support to 31 May. The Board has appointed the current COO, Mark Coulter, as Interim CEO. Mark was an original co-founder of Temple & Webster, and has significant digital experience, co-founding the National Online Retailer's Association and having worked as a director of digital strategy for News Corp following extensive commercial and corporate management roles, including with McKinsey & Company.

"The Board would like to thank Brian for building Temple & Webster from an idea into the largest online retailer in its category within 5 years. Brian has worked incredibly hard and with an amazing passion to deliver this feat, and will be missed. The good news is that we have continuity of leadership in place with Mark Coulter, who has recently returned to the company as COO, already running the day-to-day operations. Mark and the management team have been working hard on this revised plan and are already in the process of executing it. Mark's appointment will give the Board time to properly explore its options," said Schwartz.

Mark Coulter, Interim CEO said "FY16 has been a transformative year for the Group, and this revised plan is the next phase for Temple & Webster. While the plan delivers short-term cash flow benefits and accelerates the path to profitability, I am most excited about relaunching Temple & Webster as the online retailer with the deepest & broadest range in our category. We created Temple & Webster as a service for our customers – to help make their homes beautiful. Up to now, we have primarily done that through finding great products at great prices, and combining them with our world class content. We now get to help our customers at a much bigger scale leveraging one of the most sophisticated technology platforms in our category. I would also like to thank Brian as a friend and co-founder for the incredible job he has done on getting us this far in our journey."

Outlook

- **Cost savings and operational efficiencies enabled immediately to accelerate pathway to breakeven, and address softer trading**
- **Revised FY16 EBITDA guidance of (\$14-15m)**
- **Lowering short term FY16 revenue guidance to \$60-62m, as ZIZO business is migrated onto Temple & Webster**
- **Target breakeven remains CY18 and within existing cash reserves**

"Our plan is about setting the business up for longer term success. While there will be a short-term impact to revenue, we are now much more confident of breaking even within our existing cash reserves. By simplifying our business, we can now focus on building Temple & Webster into a household name, famous for its range and innovative services, and Milan Direct into an omnichannel retailer passionate about furniture. With this revised plan we will be back on track to being the first place Australians turn to when shopping for their home," said Coulter.

ENDS

Contacts

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Media

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About the Temple & Webster Group:

The Temple & Webster Group is one of Australia's leading online retailers of furniture and homewares. The Group's vision is to be the first place Australians turn to when shopping for the home.

The Temple & Webster brand provides a curated offering of over 10,000 different products per month from over 400 suppliers. ZIZO (to be rebranded Temple & Webster) is one of Australia's largest marketplaces for furniture and homewares with over 130,000 products on sale from over 700 suppliers. ZIZO runs an innovative drop-shipping model, whereby products are sent directly to customers by suppliers thereby enabling faster delivery times, reducing the need to hold inventory and allowing a larger product range. Milan Direct is one of Australia's largest online retailers of furniture with operations in Australia and the UK, and nearly 10 years of experience in sourcing private label products under the Milan Direct brand.

The Temple & Webster Group is headquartered in Sydney, Australia and is listed on the Australian Securities Exchange under the code TPW.