



# TPW Revised Plan APR 2016

# Executive Summary of the Revised Plan

One of  
largest online  
retailers in  
category

TPW is well positioned to capture a large share of the online homewares & furniture market

- Number one pureplay online retailer in a large & attractive market
- Great assets to capitalise on including low inventory business models, Temple & Webster brand, sophisticated technology platform of ZIZO, large subscriber database and great team

Temple &  
Webster  
repositioned  
with largest  
range in  
Australia

Temple & Webster is being positioned as the first place Australians turn to when shopping for their homes

- We have taken advantage of Temple & Webster's known and loved brand, and combined it with the sophisticated technology platform and drop-shipping business model of ZIZO
- [www.zizo.com.au](http://www.zizo.com.au) site has been merged into Temple & Webster (all 130k products run under [www.templeandwebster.com.au](http://www.templeandwebster.com.au))
- ZIZO brand retired from May
- Temple & Webster repositioned as having one of the largest ranges in Australia with the most inspiring content and best tools to help our customers make their home beautiful
- Milan Direct run separately as an omni-channel retailer focused on furniture (office & residential)

Business set  
up for longer  
term success  
with pathway  
to profitability  
accelerated

Business set up for longer term success

- Cost savings and operational efficiencies enabled immediately
  - 20% of headcount costs are being removed from business
  - Logistics & general opex has been reduced by ~20%
  - Aim to retain 85% of ZIZO revenue over short term
- Cash burn reduced by \$400k per month (by June)
- Targeting active customer and revenue growth with revised plan
- Break even accelerated and within existing cash reserves



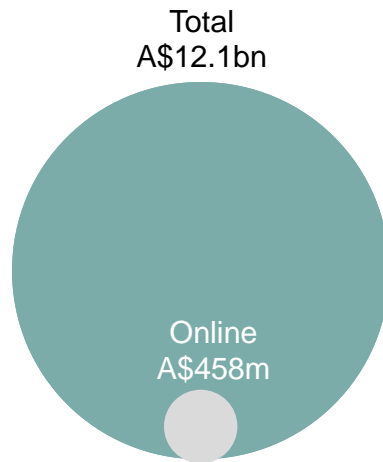
TPW's vision remains to be the *first place* Australians turn to when shopping for their home



# Large addressable market with significant upside

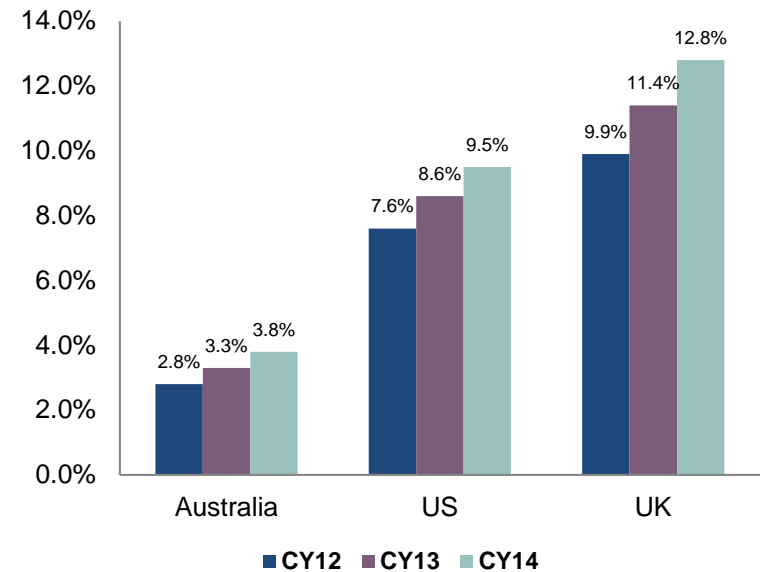
## A\$12.1 billion addressable market

Total Australian retail sales in Homewares & Furniture



## Australia lags comparable markets

Furniture and homewares online penetration rates by country from CY12 to CY14.



### Plus Attractive Fundamentals

Shipping costs limit  
offshore competition

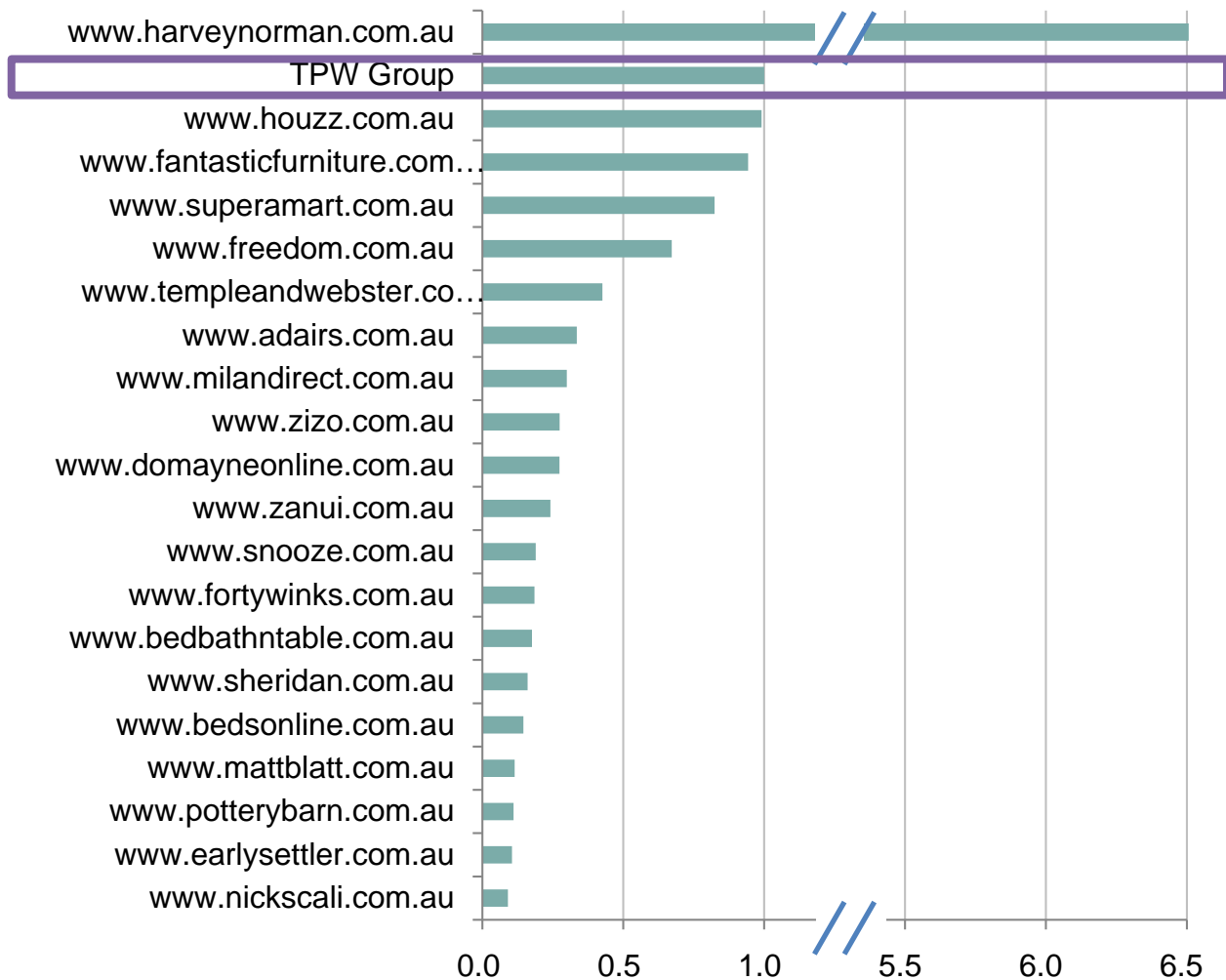
Unbranded goods reduce  
price comparison

Emotional purchasing  
decision

# TPW is one of the largest online retailers in the category

## Online visits for select homewares & furniture retailers

Indexed to TPW Group, March 2016

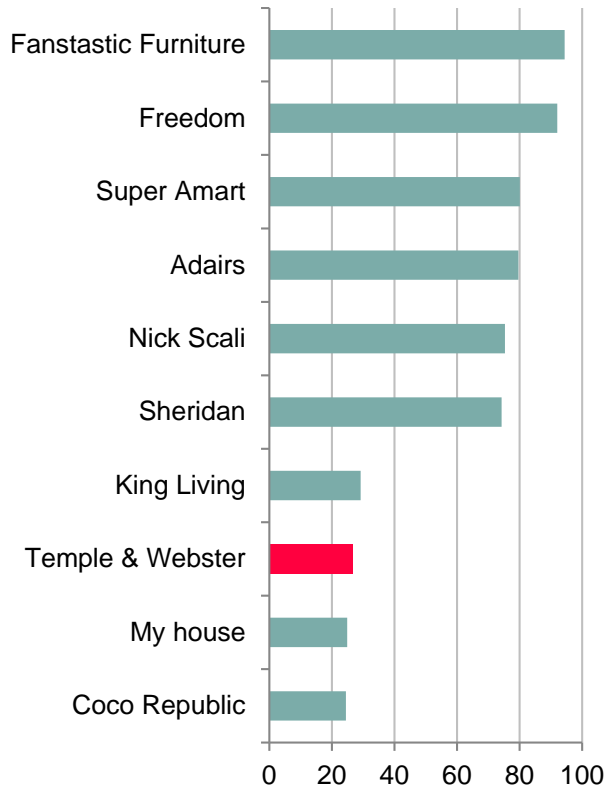


- TPW Group has 3 sites:  
www.templeandwebster.com.au;  
www.milandirect.com.au;  
www.zizo.com.au
- The Group is the largest pureplay retailer in the homewares & furniture segment and its online visits are larger than all but a few offline players (eg Harvey Norman)

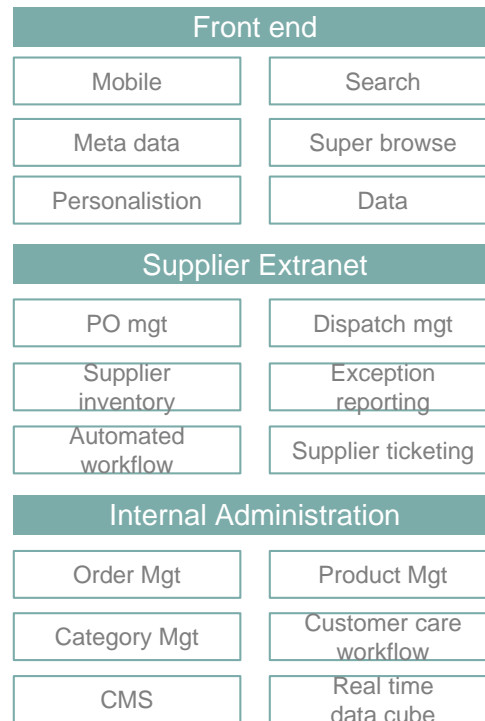
# TPW has strong assets to leverage

## Temple & Webster Brand

Brand Awareness, Feb 2016

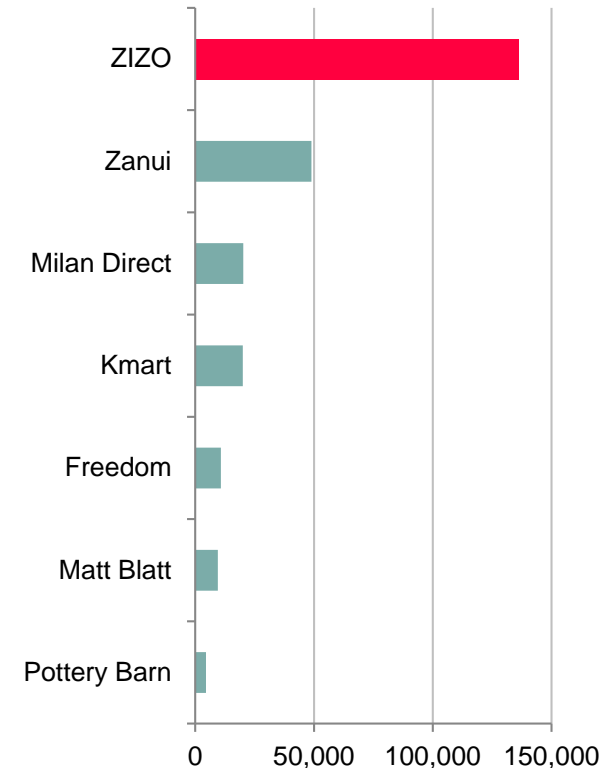


## Technology Platform



## ZIZO Catalogue

Select retailers, indexed pages



27% brand awareness with target female demographic

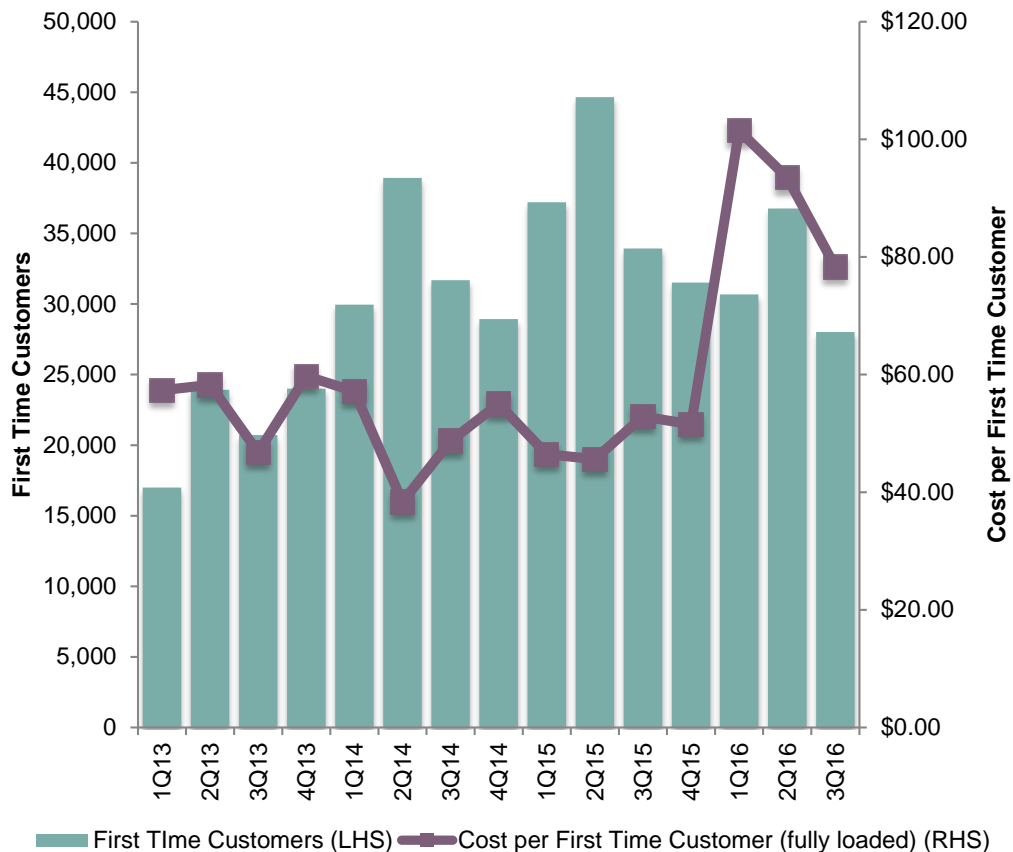
World class technology platform

Largest homewares & furniture catalogue in Australia



# FY16 has been a challenging year with marketing however now trending in the right direction

### First Time Customers and Cost per FT Customer



While our customer acquisition costs have been trending down, our lower customer numbers and higher marketing costs resulted in a higher cash burn. Our strategy is to reduce our cash burn while still delivering active customer and revenue growth

# Under our revised plan Temple & Webster will be relaunched into an open ecommerce site



- TPW Group will run 2 brands (Temple & Webster as hero brand, Milan Direct as specialist furniture brand)
- ZIZO brand will be retired (from May)
- [www.templeandwebster.com.au](http://www.templeandwebster.com.au) will absorb ZIZO's catalogue of 130k products
- Temple & Webster will continue to run sale events but no longer under members only model
- Site will run on ZIZO platform
- Teams have been merged
- Integration to be completed 1 May



# Temple & Webster will continue to differentiate through its world-class “shoppable content”



## AUTUMN GARDEN

Without doubt, Australia's favourite place to entertain is outdoors. With the weather turning crisp and cool, it's the ideal time to pack up the plaid and the picnic basket, and head outdoors for a feast among the fiery leaves.

🕒 THIS SALE ENDS IN 5 DAYS . 9:37:23



2 Left  
**Bronte Herringbone Cushion in Blue**  
Today \$149.00 \$180.00

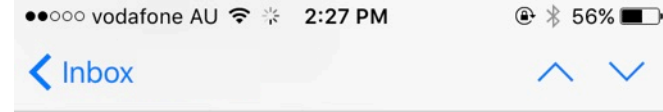


2 Left  
**Bronte Skye Check Throw in Grey**  
Today \$209.00 \$255.00



**Bronte Windowpane Throw**  
Today \$279.00 \$335.00

World-class in-house styling, design & editorial capabilities. “Shoppable content” integrated on site and through customer communication channels (blog, email, social, PR, ads)



# Temple & Webster will be a broader service to help customers make their homes beautiful

**Tools, filters, search, recommendations**  
(Live)



**Trade program for interior designers**  
(Live)



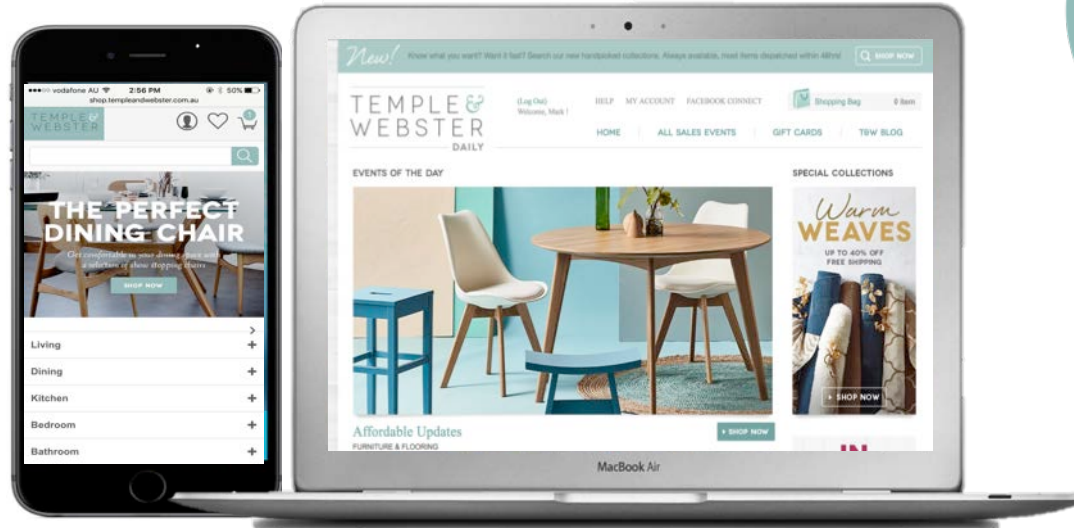
**Virtual styling services in customer care**  
(Future)



**In-store design help & Click & Collect**  
(Future)



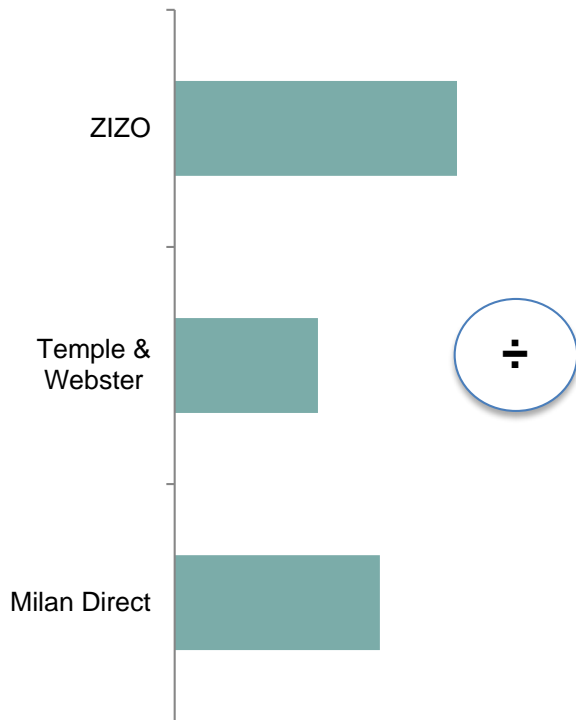
**Largest range, curated collections, sale events**  
(Live)



# Organic Search Traffic (SEO) is a key benefit of the new strategy

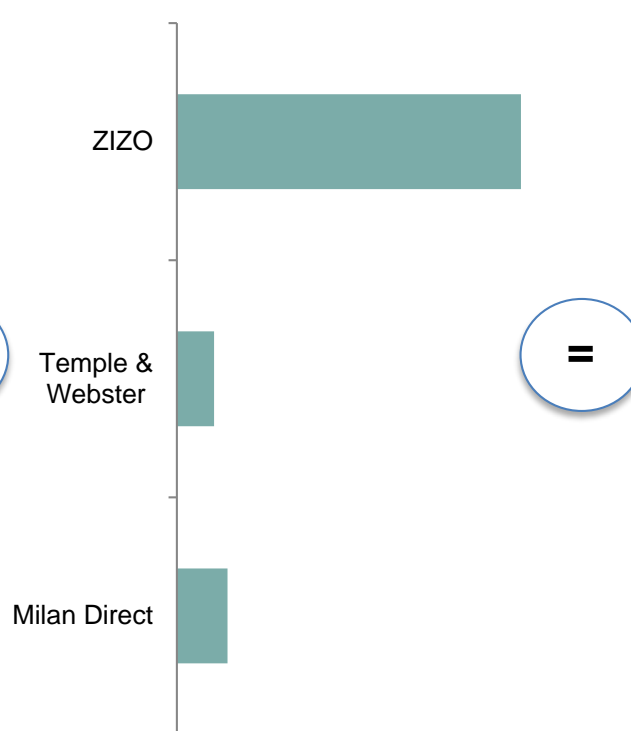
## ZIZO does well from SEO today

Sessions from organic search, March



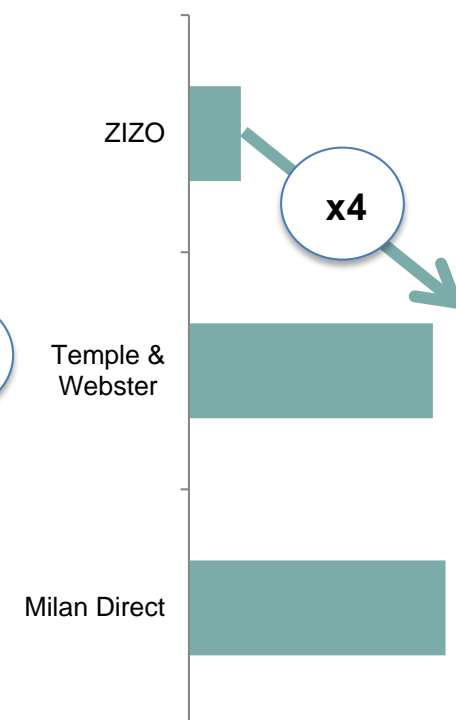
## Driven by it's massive catalogue

Pages indexed, March



## However T&W's brand authority is superior

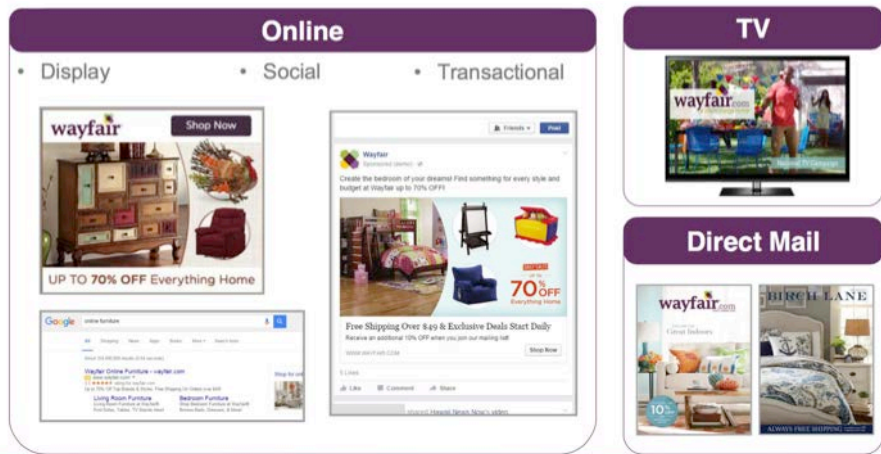
Sessions per indexed page



Running ZIZO's catalogue under the [www.templeandwebster.com.au](http://www.templeandwebster.com.au) domain is expected to significantly increase SEO traffic

# We will look to Wayfair.com's impressive growth for a leading indicator of marketing efficiency

## Wayfair.com (US) marketing channels

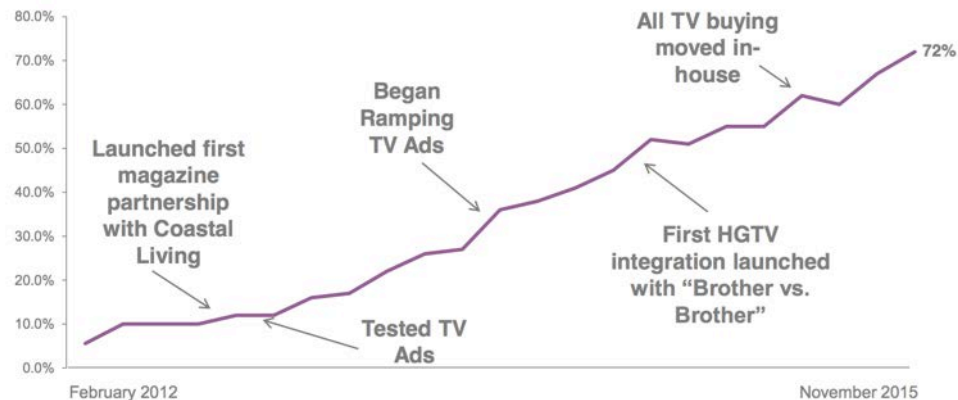


- Three broad advertising channels – online; TV and print catalogues
- Digital marketing largest spend
- Strict adherence to ROI by channel
- Average cost per customer: ~\$64
- We are trialing print catalogue in May

## Wayfair.com (US) brand awareness

- Wayfair brand awareness in the US is 70%
- Growth in brand awareness correlates to trajectory in revenue
- TV is the medium which worked best for Wayfair
- Our TVC tests through ZIZO resulted in cost per order of ~\$6-80 with further upside from refining creative & audience
- Temple & Webster has had integrations with Living Room

Brand awareness has grown to 72% since Wayfair launch in 2011<sup>1</sup>

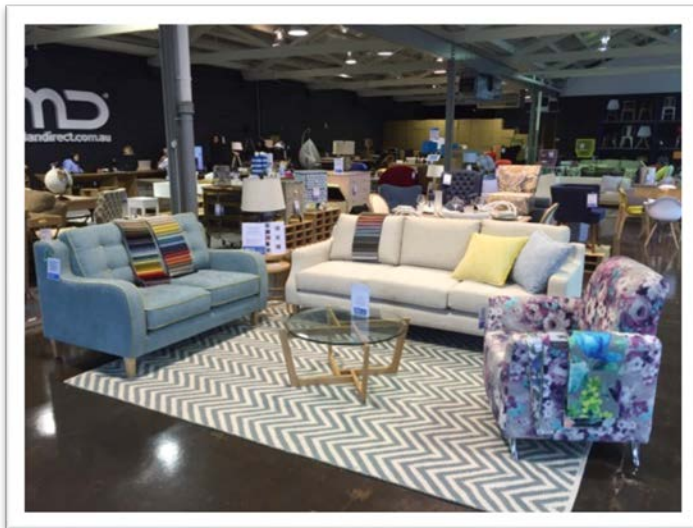


Source: Hanover Research  
<sup>1</sup> Aided Brand Awareness as of November 2015.

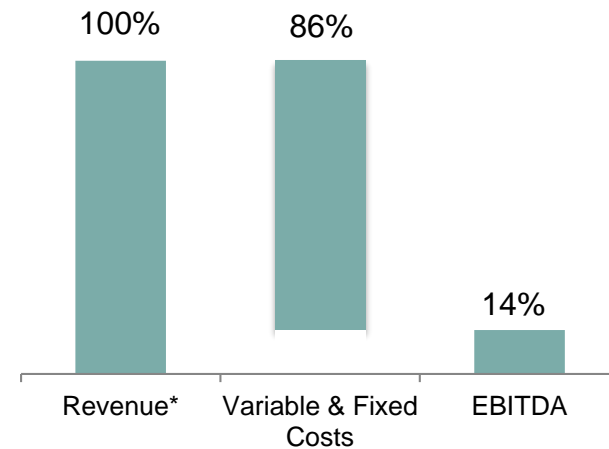


# Milan Direct will focus on building out a profitable omnichannel strategy focused on furniture

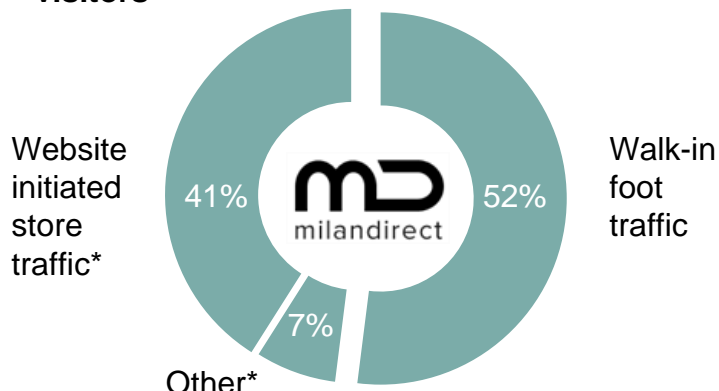
**Milan Direct Showroom officially opened in Melbourne (2 April)**



**The showroom is already profitable on a contribution basis in its first full trading month**

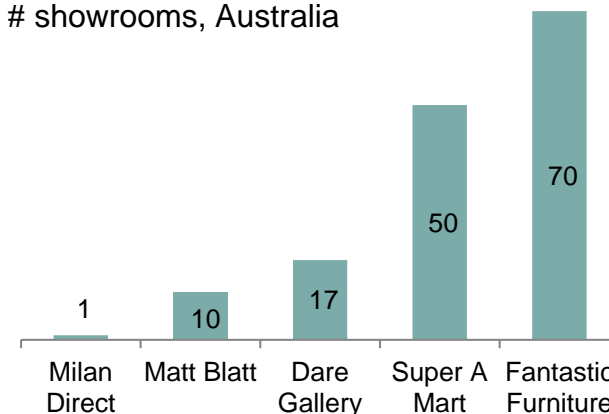


**The website is driving 40%+ of the showroom visitors**



**We see potential for at least 1-2 showrooms in each metro area**

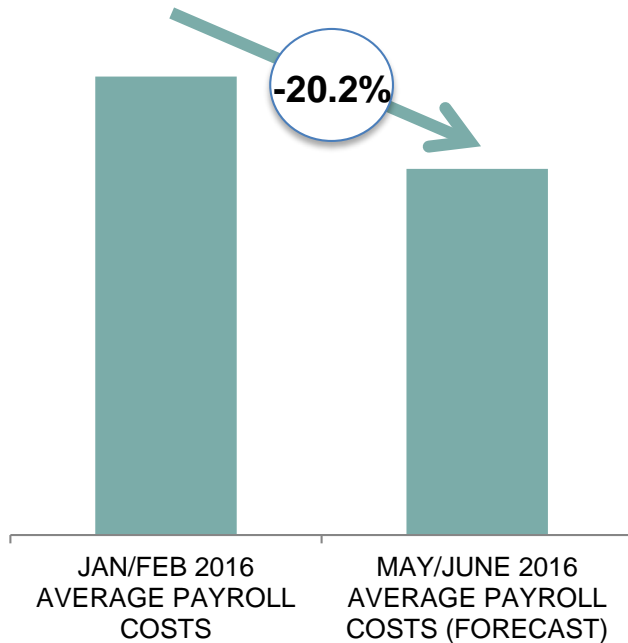
# showrooms, Australia



# Folding ZIZO into Temple & Webster has allowed us to accelerate our cost efficiency program

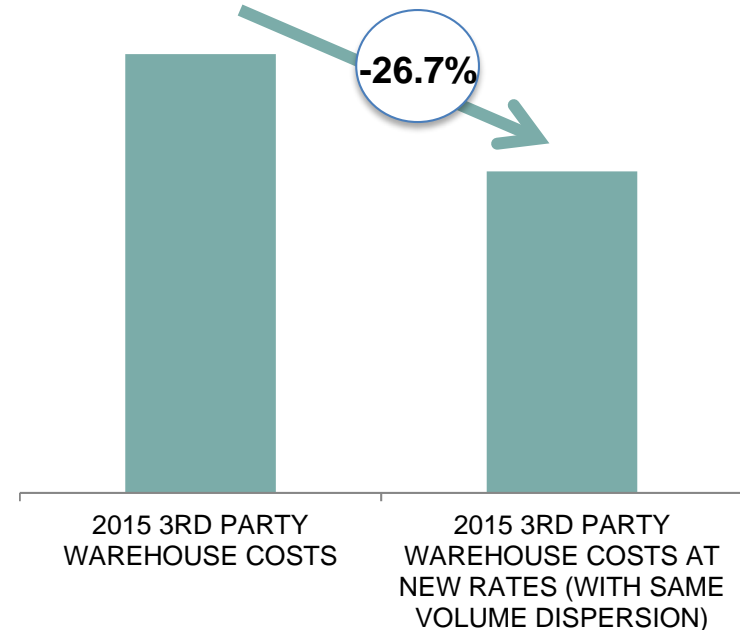
## Total headcount costs have been reduced by removing duplication

Total payroll costs, Jan/Feb actual compared to May/June forecast



## We have consolidated our warehouses into single vendor

Total 3rd party warehouse costs at 2015 volume dispersion (with and without new contracted rates)



### Other cost initiatives in progress

Shipping vendor consolidation  
(~10% saving)

Property Consolidation  
(20% saving)

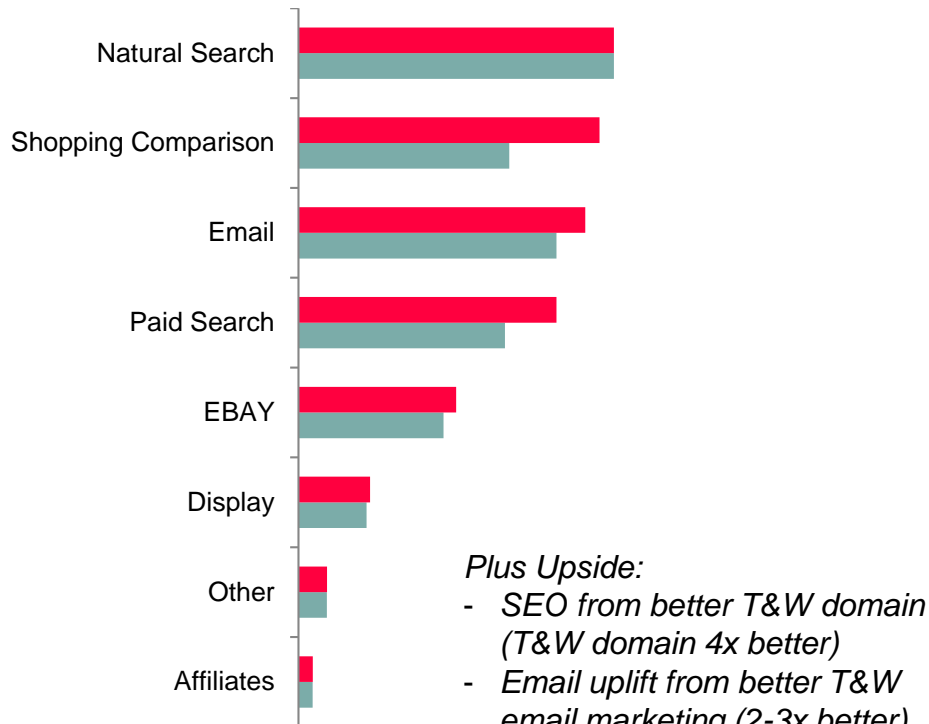
General Opex  
(20-30%+ saving)

# While there will be some revenue loss in the short term, our cash burn is reduced by ~\$400k per month

## Aim to migrate 85%+ of the revenue from ZIZO to T&W within 3 months

ZIZO Revenue acquisition by channel

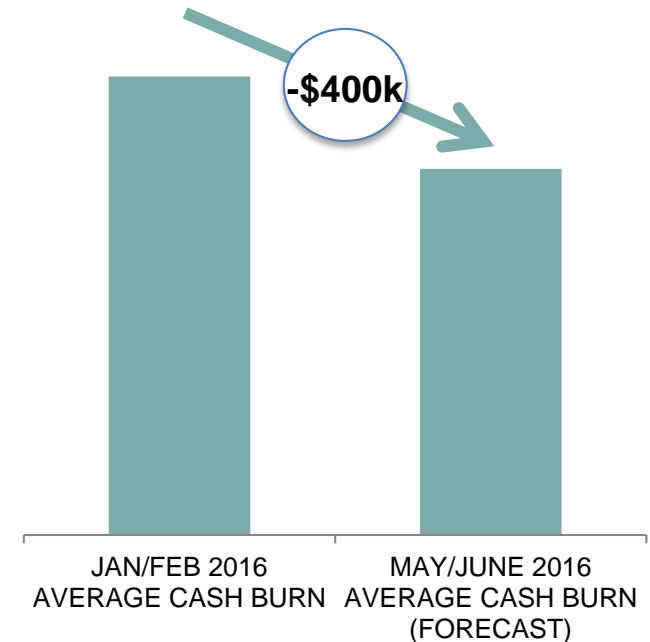
 ZIZO Revenue (pre May 1)     Estimated 3 month revenue migration to [www.templeandwebster.com.au](http://www.templeandwebster.com.au)



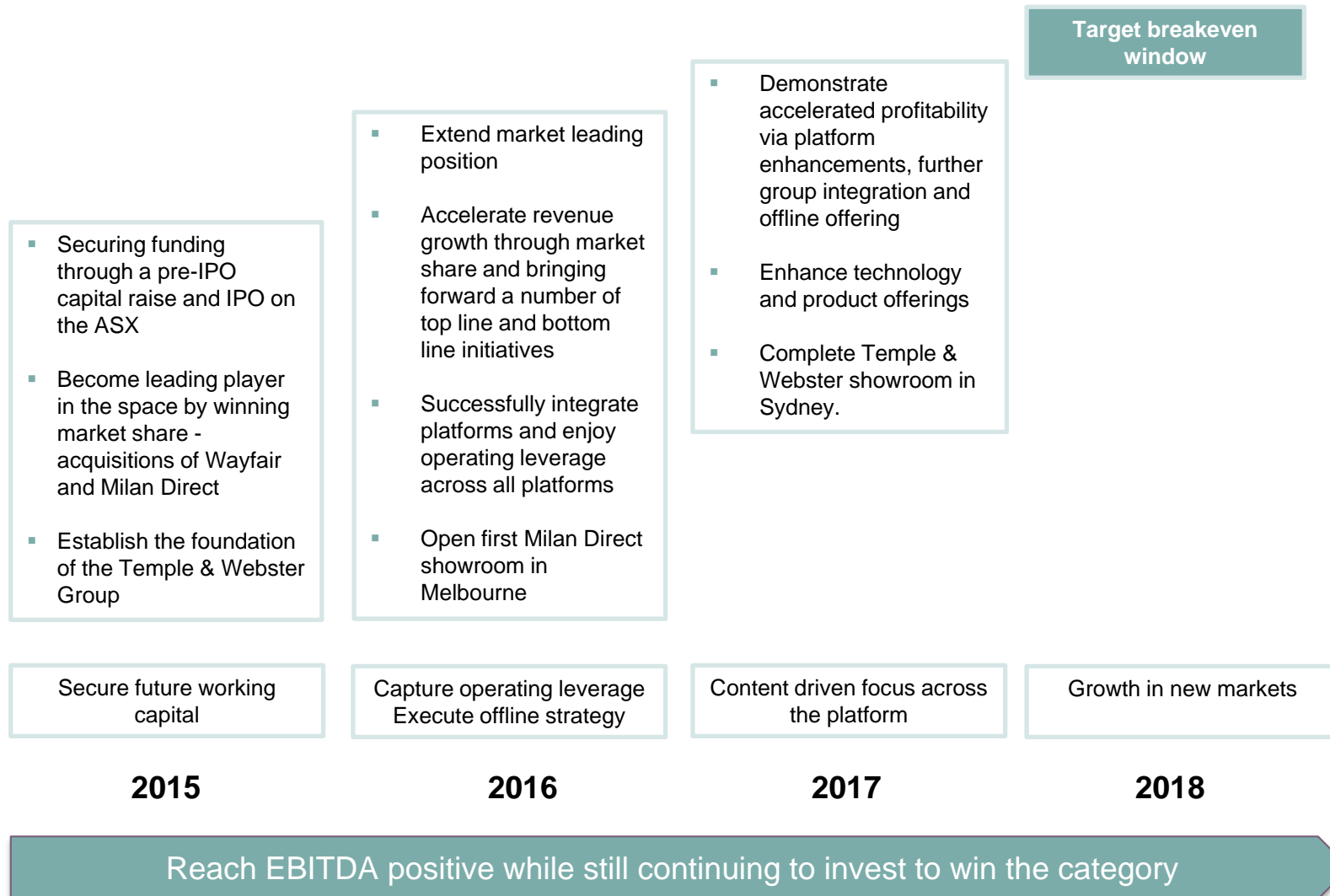
*Plus Upside:*

- SEO from better T&W domain (T&W domain 4x better)
- Email uplift from better T&W email marketing (2-3x better)
- Better conversion on T&W ebay store (30% better today)

## Monthly cash burn will be reduced by ~\$400k by June



# This plan accelerates the roadmap to EBITDA positive





Temple & Webster & ZIZO merged

ZIZO's full catalogue of 130k products run under [www.templeandwebster.com.au](http://www.templeandwebster.com.au)

Retire ZIZO brand, focus on building Temple & Webster into a household name

20-30% of HR and Opex costs removed from business

Milan Direct focused on omni-channel strategy as furniture retailer

Monthly cash burn reduced  
by ~\$400k in short term

Target active customer &  
revenue growth

Accelerate breakeven and  
within existing cash  
reserves

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