

TEMPLE & WEBSTER GROUP LTD

ABN 69 608 595 660

ASX Announcement

29 April 2016



FY2016 Third Quarter Cash Flow Statement

Temple & Webster Group Limited (ASX:TPW) today released its Appendix 4C Cash Flow Statement for the third quarter.

The Appendix 4C represents statutory cash flows recorded during the period and is not directly comparable to the 12-month cash flow projections for FY16 contained in the Company's Prospectus which were prepared on a pro forma basis assuming ownership of subsidiaries acquired for a full 12-month period. Further, the pro forma cash flow projections for FY16 exclude all costs associated with the Milan Direct and ZIZO acquisitions, integration and the IPO, whereas the Appendix 4C Statement includes these costs.

Net cash flows of -\$8.3m for the quarter are made up of an operating loss of \$4.1m, one-off IPO transaction costs of \$0.9m and a decrease in trade payables of \$3.3m as a result of seasonal payments to suppliers relating to the Xmas trading period.

As announced on Friday, 22 April the business has completed a substantial part of the cost efficiency program including reducing payroll costs by 20% (effective May/June), reducing warehousing costs by 26% (effective May), and a number of other variable and fixed cost initiatives. These initiatives will reduce the monthly cash burn of the business by \$400k from June.

In addition to these bottom line initiatives, the business has accelerated the transformation of the main website of the group Temple & Webster, by merging ZIZO's entire catalogue of 130,000 products onto the www.templeandwebster.com.au domain. This strategy is designed for better search engine optimisation, and more efficient deployment of marketing resources in order to build Temple & Webster into a household name with the broadest and deepest catalogue in its category delivering an exceptional shopping experience for its customers. The relaunch of Temple & Webster and retiring of the ZIZO brand was completed yesterday (28 April 2016).

The Group has also released some early results in relation to the Milan Direct Melbourne Showroom that officially launched late March 2016. Over 40% of the showroom's in-store customers are being driven by the website, and the showroom is already profitable on a contribution basis within its first full month of trading.

TPW CEO, Mr Coulter said: "We were excited to launch the new Temple & Webster site yesterday. The site looks fantastic, the range is incredible and the functionality and tools of the platform are second-to-none. We still have all of our great sale events with the most beautiful magazine-like content in Australia, but now with a much richer product offering to deliver our customers one of the best shopping experiences in Australia.

“We have \$19m cash at bank, no debt and a low inventory business model. We now have implemented the strategy to accelerate our path to profitability and reach breakeven with our existing cash flow reserves. Our vision remains to be the first place Australians turn to when shopping for their homes – we have well-loved brands, Temple & Webster and Milan Direct, the platform, the team, the offering and the resources to do so.”

ENDS

Attached: APPENDIX 4C Cash Flow Statement

Contacts

Mark Coulter
CEO
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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, and currently operates the Temple & Webster and Milan Direct platforms.

The Temple & Webster brand provides a curated offering of over 10,000 different products a month from over 400 suppliers together with one of the largest marketplaces for furniture and homewares with over 130,000 products on sale from over 700 suppliers. The business 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 allowing a larger product range. Milan Direct is one of Australia's largest online retailers of furniture which has operations in Australia and the UK, with almost 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.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Temple & Webster Group Ltd

ABN

69 608 595 660

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	15,544	39,431
1.2 Payments for (a)staff costs	(2,386)	(7,260)
(b)advertising and marketing	(2,637)	(8,158)
(c)research and development	-	-
(d)leased assets	-	-
(e)other working capital	(17,902)	(38,521)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	43	83
1.5 Interest and other costs of finance paid	(4)	(10)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(7,342)	(14,435)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(7,342)	(14,435)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	(13,538)
(b) equity investments	-	-
(c) intellectual property	(81)	(81)
(d) physical non-current assets	-	(146)
(e) other non-current assets	(63)	(63)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
	(144)	(13,828)
Net investing cash flows		
1.14 Total operating and investing cash flows	(7,486)	(28,263)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	73,915
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of net borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (repayment to shareholders, refer 2.1)	-	(21,621)
Other (transactions costs)	(847)	(6,554)
	(847)	45,740
Net financing cash flows		
Net increase (decrease) in cash held	(8,333)	17,477
1.21 Cash at beginning of quarter/year to date	27,736	1,926
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	19,403	19,403

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	14
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Payments of directors fees to Carol Schwartz, Matthew Campbell, Conrad Yiu (inclusive of GST).	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

1.2 Other (repayment to shareholders): Temple & Webster Group Ltd raised \$61.5m in an IPO on 10 December 2015. Of this, \$21.5m was paid directly to certain early stage shareholders in realisation of part of their investment. The Temple & Webster Group Ltd received \$40m from this raising prior to the acquisition of Milan Direct (refer section 5) and costs of the IPO.

Regarding acquisitions of businesses refer to section 5.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	4,403	12,736
4.2 Deposits at call	15,000	15,000
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	19,403	27,736

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	<ol style="list-style-type: none"> 1. Wayfair Australia Pty Ltd 2. Milan Direct UK Pty Ltd and Milan Direct Group Investments Pty Ltd 	-
5.2 Place of incorporation or registration	<ol style="list-style-type: none"> 1. Australia 2. Australia 	-
5.3 Consideration for acquisition or disposal	<ol style="list-style-type: none"> 1. \$4,000,000 in cash initially with deferred consideration of \$2,000,000 payable on 31 July 2016 2. \$9,538,150 in cash and 7,306,394 Shares in the Company 	-
5.4 Total net assets	<ol style="list-style-type: none"> 1. \$6,000,000 2. \$17,575,178 	-
5.5 Nature of business	<ol style="list-style-type: none"> 1. Online furniture and homewares retailer 2. Online furniture and homewares retailer 	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

+ See chapter 19 for defined terms.

- 2 This statement does ~~/does not*~~ (delete one) give a true and fair view of the matters disclosed.



Sign here:

Company secretary

Date: 29 April 2016

Print name: Michael Egan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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