

ASX Announcement

29 August 2016

Temple & Webster Full Year Results to 30 June 2016

Key features

- **Pro forma FY16 revenue of \$61.7 million (within revised guidance of \$60m to \$62m)***
- **Pro forma EBITDA loss of \$14.8 million (within revised guidance)***
- **Debt free**
- **\$18.4 million net cash**

Temple & Webster Group Limited (ASX: TPW) today announced its full year results for the year ending 30 June 2016, reporting pro forma revenue of \$61.7 million for the year (within revised guidance) and a pro forma EBITDA loss of \$14.8 million (within revised guidance).

The Company ended the year with a strong balance sheet, including cash of \$18.4 million and no debt.

Temple & Webster Chief Executive Officer, Mark Coulter, said while the year had been challenging for the Company, Temple & Webster had successfully implemented a number of strategic initiatives to reposition the business for growth.

“The past financial year was a period of rapid transformation for Temple & Webster,” Mr Coulter said.

“In addition to the IPO, our Company acquired Milan Direct and Wayfair (later rebranded ZIZO), integrated the ZIZO business, relaunched Temple & Webster as Australia’s largest open e-commerce site, and opened its first showroom – each significant initiatives in their own right that have positioned the Company for growth in the retail homewares and furniture sector,” he said.

“While these changes came with their challenges, I’m confident that with these initiatives in place and our revised business plan, we are in a stronger, more competitive position.”

Highlighting key elements of Temple & Webster’s revised strategy, Mr Coulter said efforts were now focused on cost efficiencies, streamlining its divisions and leveraging scale.

“We have redirected our marketing mix to focus on the channels we are most familiar with, while increasing our focus on return-on-investment,” Mr Coulter said.

“In the last quarter, this approach reduced first-time customer costs by 30 per cent and we will continue to drive further efficiencies in this space,” he said.

“Similarly, we have also reduced headcount, logistics and operational expenditure.”

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Commenting on the homewares and furniture market, Mr Coulter said Australia was yet to see the growth experienced by international markets in the online sector.

“Online sales of homewares and furniture in Australia remains small as a percentage of total retail sales at 4.1 per cent, compared to the United States at 10.5 per cent and the United Kingdom at 13.6 per cent,” Mr Coulter said.

“Like many other industries, we believe Australia tracks these geographies and, as such, we are expecting healthy market growth,” he said.

“Looking ahead, we are well resourced, have no debt and we operate a low inventory business model. I believe these elements put us in a good position financially to deliver on our strategic objectives and our path towards profitability,” he said.

“Most importantly, we continue to deliver on our mission of delivering beautiful solutions for our customer’s homes and works spaces. We have the largest range in our category, magazine-like content, a talented team and a world-class technology platform,” said Mr Coulter.

“Temple & Webster is already number one in its category and we will continue to offer our customers a unique and compelling shopping experience. I’m pleased to say we are on track to be the first place Australians turn to when shopping for their home,” he said.

Ends../

** The results presented in the FY16 audited Financial Report represent statutory revenue and net profit after tax and are not directly comparable to the 12-month pro-forma forecasts for FY16 contained in the company’s prospectus and upon which the revised guidance was based.*

The pro-forma basis and the pro-forma balances presented are unaudited non-IFRS measures that, in the opinion of the Directors, are useful in understanding and appraising the Company’s performance against the forecasts made in the company’s prospectus. Revenue and EBITDA results include adjustments to the audited statutory profit and loss to include the assumption that Milan Direct and Zizo were part of the group for the full financial years presented and accordingly their earnings are included in all periods shown.

The pro-forma results included above exclude all costs associated with the acquisitions of Milan Direct and Zizo, depreciation, amortisation, impairment charges and costs associated with the IPO. The statutory results include all of these items. The FY16 annual report contains a detailed reconciliation between statutory revenue and pro-forma revenue and from statutory net profit before tax to pro-forma EBITDA.

For further information, please contact Mike Egan, Company Secretary, at investor.relations@templeandwebster.com.au

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Other Temple & Webster disclosures

Refer Temple & Webster's separate release – Annual Report, 30 June 2016 issued on 29 August 2016 for more detailed financial information and commentary.

Temple & Webster's website contains presentational material associated with the full year results – refer www.templewebstergroup.com.au

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 deliver beautiful solutions for its customers and be the first place Australians turn to when shopping for the home & work spaces. The Group currently operates the Temple & Webster and Milan Direct platforms.

Temple & Webster provides a curated offering of daily sale events, together with one of the largest marketplaces for furniture and homewares with over 140,000 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.