



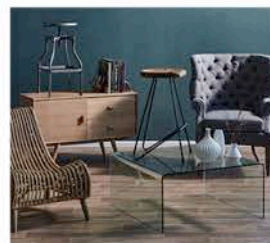
TEMPLE &
WEBSTER
GROUP

Annual Results

30 June 2016

Mark Coulter CEO
Mark Tayler CFO

**DELIVERING
BEAUTIFUL
SOLUTIONS**
FOR OUR
CUSTOMERS'
HOMES AND
WORK SPACES



Summary

**PRO FORMA
REVENUE \$61.7M**

Within revised guidance
of \$60-62m

**PRO FORMA
EBITDA (\$14.8M)**

Within revised guidance
loss of \$14-15m

**MANAGEMENT
TEAM
REFRESHED**

Strategic plan implemented

**STRONGER
Q4**

Results trending in the right direction

**\$12.6B
MARKET**

Only 4.1% migrated online

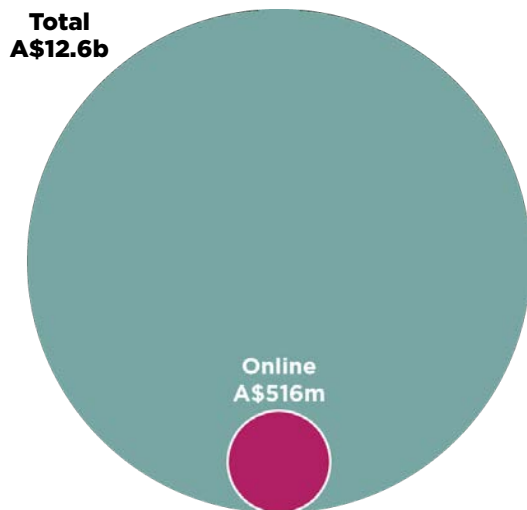
FY17 PRIORITIES

- Execute vision of delivering beautiful solutions
- Double digit revenue growth
- Push towards profitability
- Set up for future growth horizons

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. Pro forma 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. See page 14 for a detailed reconciliation between statutory revenue and pro-forma revenue and from statutory net profit before tax to pro-forma EBITDA.

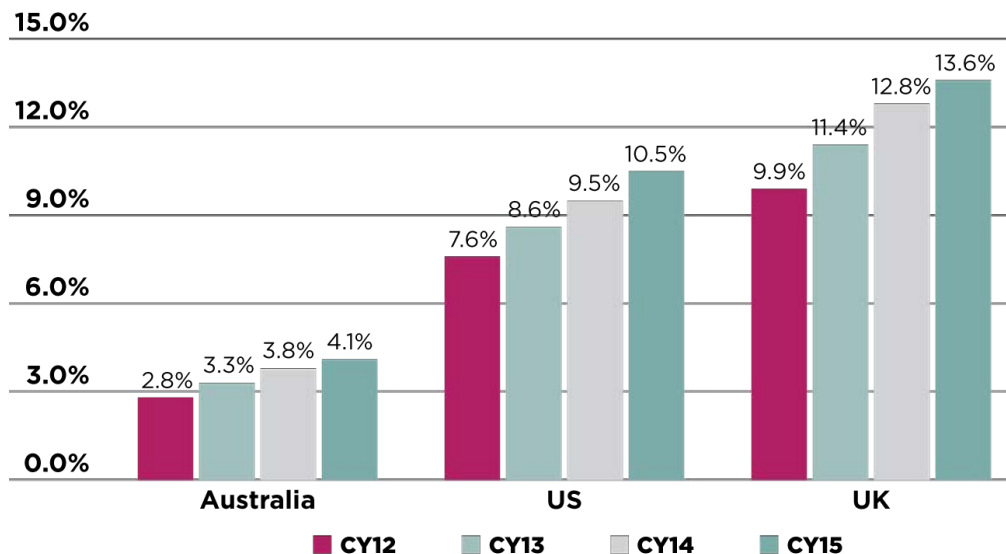
We operate in a \$12.6 billion dollar market, with only ~4% migrated online

A\$12.6 billion addressable market



Source: Euromonitor International Limited; Home Furnishings and Homewares System 2016 edition. Sales in 2015 in retail value (inc. sales tax), current terms, and is to scale

Furniture and homewares online penetration rates by country from CY12 to CY15.



Source: Euromonitor International Limited; Home and Garden system 2016 edition. Internet sales as a percentage of the total retail sales value (inc. sales tax) for home furnishings and homewares in Australia, UK and US. Current terms.

The Group runs two market leading websites



#1 online only retailer in category

Largest range in Australia – 147k products

Database: 1m+ newsletter subscribers

Famous for content and curation

No inventory business model



Specialist online furniture retailer

10 year history

Office and residential sales

Direct sourcing capabilities

Melbourne showroom

We have recently refreshed our management team



Mark Coulter **Interim Chief Executive Officer**

Mark is a co-founder of Temple & Webster and has been involved as an advisor to the Group since its inception, commencing the role of interim CEO in April 2016. His previous roles include Director of Strategy for News Digital Media, and he is co-founder of the National Online Retailers Association, as well as logistics company ParcelPoint/Fluent Retail.



Mark Taylor **Interim Chief Financial Officer**

Mark joined Temple & Webster Group as Chief Financial Officer in April 2016 with a multitude of industry experience including eCommerce, retail, wholesale, and IT services in both private and public enterprise. Most recently he held the position of CFO at the DealsDirect Group where he led programs enabling its ASX listing and subsequent transformation into Australia's largest listed e-commerce group.



Adam McWhinney **Group Chief Experience Officer, T&W**

Co-founder Adam has been with the business since its formation in July 2011, where he is responsible for leading customer experience across the group. Adam brings to the role more than 15 years of experience in senior digital product development roles at News Limited, and was the creator of no.1 Australian recipe website Taste.com.au. Adam now runs the customer service and operations teams.



Michael Henriques **Chief Information Officer, T&W**

Michael joined the Group in July 2015 on Temple & Webster's acquisition of ZIZO/Wayfair Australia, where he previously held the roles of Vice President, Managing Director and Technology & Operations Manager. His previous experience includes several technology roles at Wotif.

We have recently refreshed our management team (cont.)



Dean Ramler **Executive General Manager, MD**

Dean is founder and executive general manager of online furniture retailer Milan Direct, which he established in 2006 at the age of 24. He has deep experience in the Australian furniture and retail industries, which he brings to Temple & Webster Group since Milan Direct's acquisition in December 2015.



Susie Sugden **Chief Commercial Officer, T&W**

Susie is a specialist in digital marketing and merchandising for online retailers, and leads the site merchandising and content teams. Before joining Temple & Webster, Susie spent five years in Indonesia where she managed businesses including Lazada.co.id, Indonesia's biggest e-commerce site (acquired by Alibaba in 2016). Susie was instrumental in getting TPW's marketing back on track in Q4.



Sven Lindell **Chief Marketing Officer, T&W**

Sven joined Temple & Webster Group in July 2016. As Chief Marketing Officer, he is responsible for the group's marketing strategy. Named as one of the Inside Retail Top 50 People in eCommerce in 2015 and 2016, Sven previously oversaw the digital transformation of Bras N Things as Chief Digital Officer, and held positions at Woolworths, Loyalty Works, Rebel Group and Microsoft.



Kate Perkins **Head of Buying, T&W**

Kate joined Temple & Webster in September 2015, and leads the Buying team in its management of more than 700 suppliers. Kate brings 20 years furniture & homewares sourcing experience with previous roles including 7 years as Head of Home with Freedom, and senior buying positions with Big W.

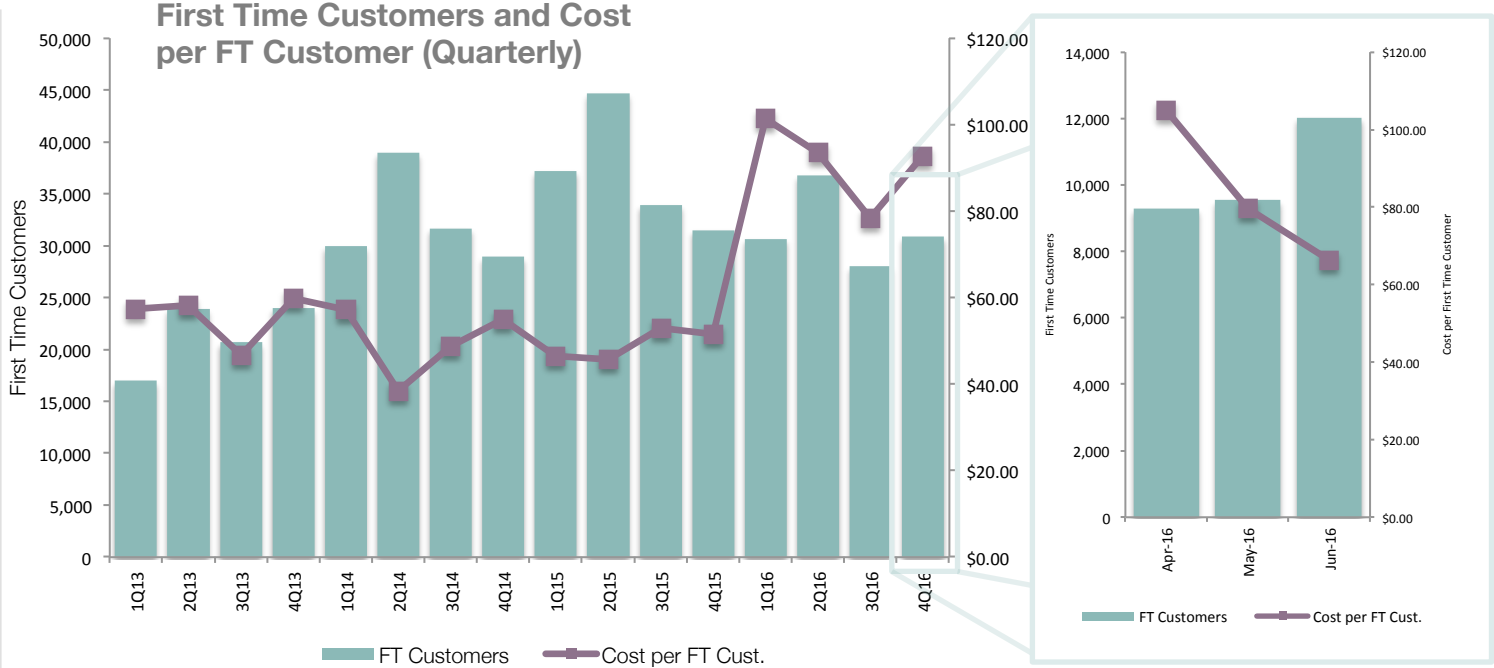


Christie McGuinness **Human Resources Director**

A specialist in HR, leadership development and change management, Christie joined Temple & Webster in October 2015, following 15 years working across a variety of industries including eCommerce, media, finance and agriculture.

Our focus on improving marketing has grown first time customers with cost per first time customer decreasing

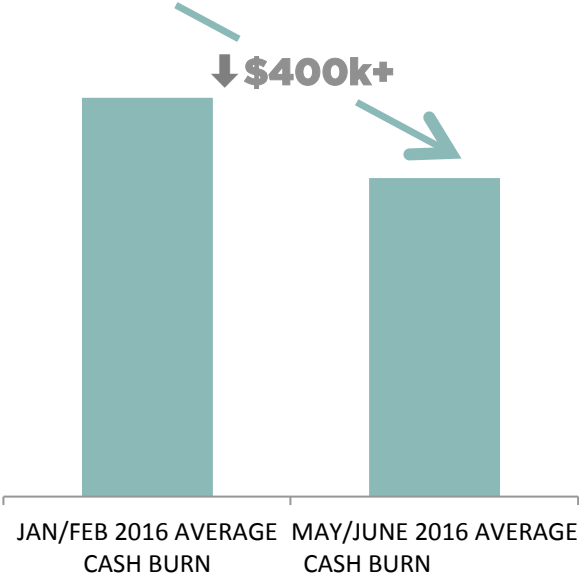
- Initial channel mix focused on building brand awareness impacted first time customer acquisition rate earlier in year
- Channel mix refined
- New marketing team & digital agency
- First time customers growing; ad cost ratios decreasing



We have completed the first phase of our cost reduction program

- ✓ Combined T&W and ZIZO
- ✓ Marketing ROI improvement
- ✓ Employment related expenses reduced
- ✓ Shipping and fulfillment costs reduced
- ✓ General OPEX reduction

Monthly cash burn reduced by \$400k+



The relaunched Temple & Webster site is working

147k+
products



Organic
search traffic



Conversion
steady



Site
visits



Basket
size



Average
ship time



May/June
year on year
(templeandwebster.
com.au)

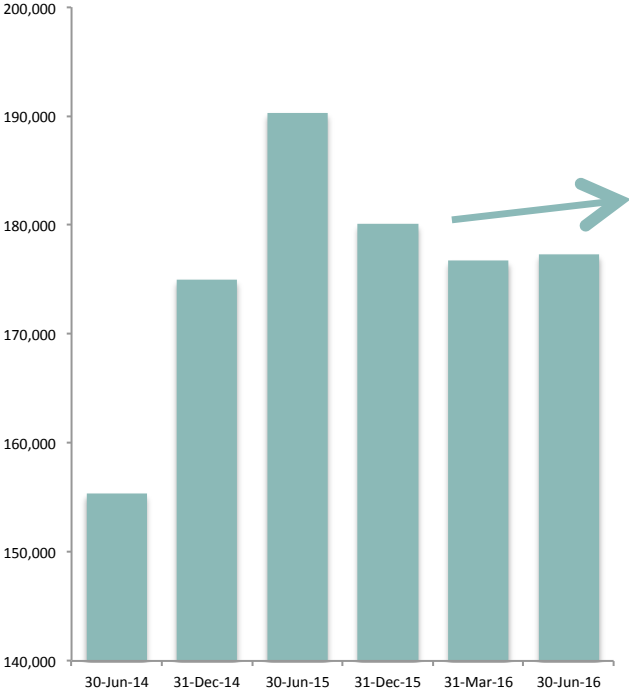
**Google Analytics –
01 May 2015 to 31
Jul 2015 Comp
YOY*

Key

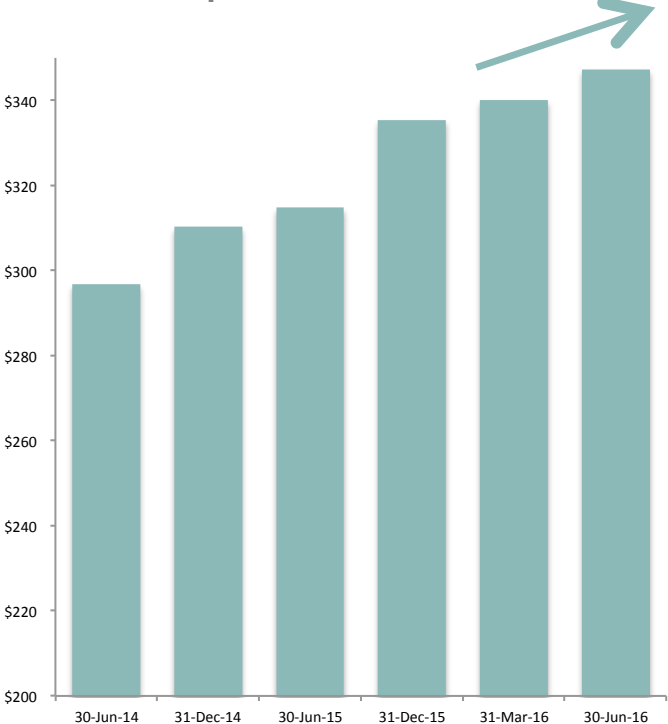
= +/- 5% ↑ +/-10% ↑↑ +/-10-30% ↑↑↑ +/- 30%+

Both Active Customers and Revenue per Customer grew in Q4

Active Customers



Net Revenue per Active Customer



An Active Customer is a customer that has made at least one purchase over the last 12 month period

A bedroom scene featuring a bed with a wooden headboard, several pillows with various patterns and colors (dark blue, orange, and white), and a blue quilted blanket. To the right, there is a wooden wall with a copper-colored lamp, a small potted plant, and a modern chair with a curved wooden back and metal legs. The floor is made of dark wood.

FY16 KEY FINANCIALS

Pro Forma profit and loss

A\$m	FY13	FY14	FY15	H1	H2	FY16
Revenue	29.9	46.1	59.9	32.1	29.5	61.7
Cost of Sales	(17.5)	(26.8)	(35.2)	(19.8)	(17.2)	(37.0)
Gross Profit	12.4	19.3	24.7	12.3	12.3	24.6
Gross Profit %	41.5%	41.9%	41.2%	38.3%	41.7%	39.9%
Distribution	(5.6)	(8.6)	(11.6)	(5.9)	(5.3)	(11.2)
Wages	(5.7)	(7.1)	(9.8)	(5.5)	(6.6)	(12.1)
Advertising & Marketing	(4.8)	(6.3)	(7.1)	(6.6)	(5.4)	(12.0)
Selling and Admin Expenses	(2.3)	(3.0)	(3.9)	(1.9)	(2.2)	(4.1)
EBITDA	(6.0)	(5.8)	(7.8)	(7.5)	(7.2)	(14.8)
Gross Profit %	41.6%	41.8%	41.2%	38.4%	41.7%	39.9%
Contribution Margin %	22.8%	23.2%	21.7%	20.1%	23.7%	21.7%
% of Revenue						
Cost of Sales	58.4%	58.2%	58.8%	61.6%	58.3%	60.0%
Distribution	18.8%	18.6%	19.4%	18.3%	18.0%	18.2%
Wages	19.2%	15.4%	16.4%	17.1%	22.4%	19.6%
Advertising & Marketing	15.9%	13.7%	11.9%	20.4%	18.3%	19.4%
Selling and Admin Expenses	7.6%	6.6%	6.5%	5.9%	7.5%	6.6%
EBITDA	(20.0%)	(12.5%)	(12.9%)	(23.3%)	(24.4%)	(24.0%)

Key observations

- Revenue up 3.0% for the year. Double digit growth rates realised post integration of ZIZO/TPW (April 2016)
- Gross profit % up 8.8% in H2 as a result of mix and strategic pricing point increases
- Significant improvements in marketing ROI in H2 with marketing spend as a % of revenue down 10%.
- Annualised benefits of employment restructuring activities will be realised in FY17

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Reconciliation of Statutory Results to Pro Forma Results

Revenue Reconciliation

A\$m	FY16
Statutory revenue	50.8
Milan Direct revenue pre acquisition	10.0
ZIZO revenue pre acquisition	0.9
Pro Forma revenue	61.7

EBITDA Reconciliation

A\$m	FY16
Statutory net loss before tax	(44.9)
Net loss of acquired businesses pre acquisition	(1.1)
Impairment of intangible assets (non cash)	19.4
Costs associated with IPO and business combinations	6.9
Finance cost (FV of option relating to convertible notes)	4.6
Interest, depreciation and amortisation	0.3
Pro Forma EBITDA	(14.8)

EBITDA is a non-IFRS measure

FY16 Pro Forma Results

- Include revenue reflecting 12 months revenue for Temple & Webster, Milan Direct and ZIZO
- Exclude all costs associated with the Milan Direct and ZIZO acquisitions, depreciation, interest, amortisation and costs associated with the IPO

FY16 Statutory Results

- Include revenue for:
 - Temple & Webster from 1 July 2015
 - ZIZO from 31 July 2015
 - Milan Direct from 4 December 2015
- Include all costs associated with the Milan Direct and ZIZO acquisitions, depreciation, interest, amortisation and costs associated with the IPO

Statutory balance sheet


A\$m	30-Jun-16
Assets	
Cash & Cash Equivalents	18.4
Inventories	3.5
Other current assets	1.2
Intangibles, (inc. goodwill)	7.3
PPE	0.2
Total Assets	30.6
Liabilities	
Trade and other payables	9.1
Employee accruals and provisions	1.2
Deferred revenue	1.9
Deferred payment consideration	2.0
Total Liabilities	14.2
Net Assets	16.4
Equity	
Share Capital	76.7
Reserves	0.1
Retained earnings	(60.4)
Total Equity	16.4

Key observations

- Strong balance sheet with +\$18m cash and zero debt
- Cash generation significantly up in Q4 due to improved trading and the implementation of cash management strategies
- Inventory reflects Milan Direct's low inventory model
- Goodwill and intangibles reflect the value of the Milan Direct acquisition
- Conservative impairment position taken at year end on Milan Direct and ZIZO acquisitions
- Low PPE balance reflects the group's asset light online business model
- Deferred payment consideration reflects the final payment for the ZIZO acquisition (paid in Q1)

A modern dining room featuring a round table with a white marble top and a light wood base. The table is surrounded by six white plastic chairs with light wood legs. On the table are a purple and white mug, a white ceramic vase, and a small wooden bowl. The room has a light green wall with vertical paneling, a wooden floor, and a round, textured rug under the table. In the background, there is a wooden shelving unit with plates, a framed picture, and a stack of books. To the right, a white kitchen island with a wooden countertop is visible, with a grey upholstered bar stool and a white metal stool nearby. The text "STRATEGY & OUTLOOK" is overlaid in the center of the image.

STRATEGY & OUTLOOK



**1.
Execute
vision of
delivering
beautiful
solutions**

**2.
Double
digit
revenue
growth**

**3.
Push
towards
profitability**

**4.
Set up
for future
growth**

1. Execute vision to deliver beautiful solutions for our customers' homes and work spaces



Expand range, focus on catalogue improvement



Shoppable content eg. styled shoots, complete rooms, video



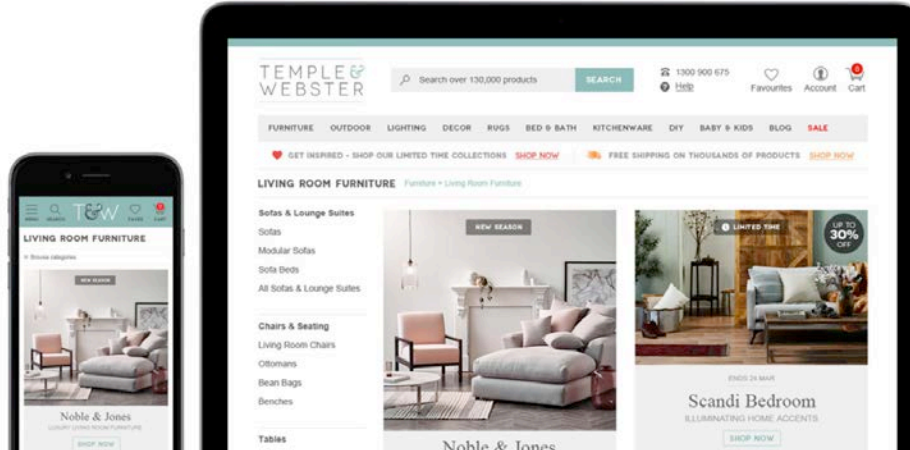
Tech innovations eg. AR, new mobile site



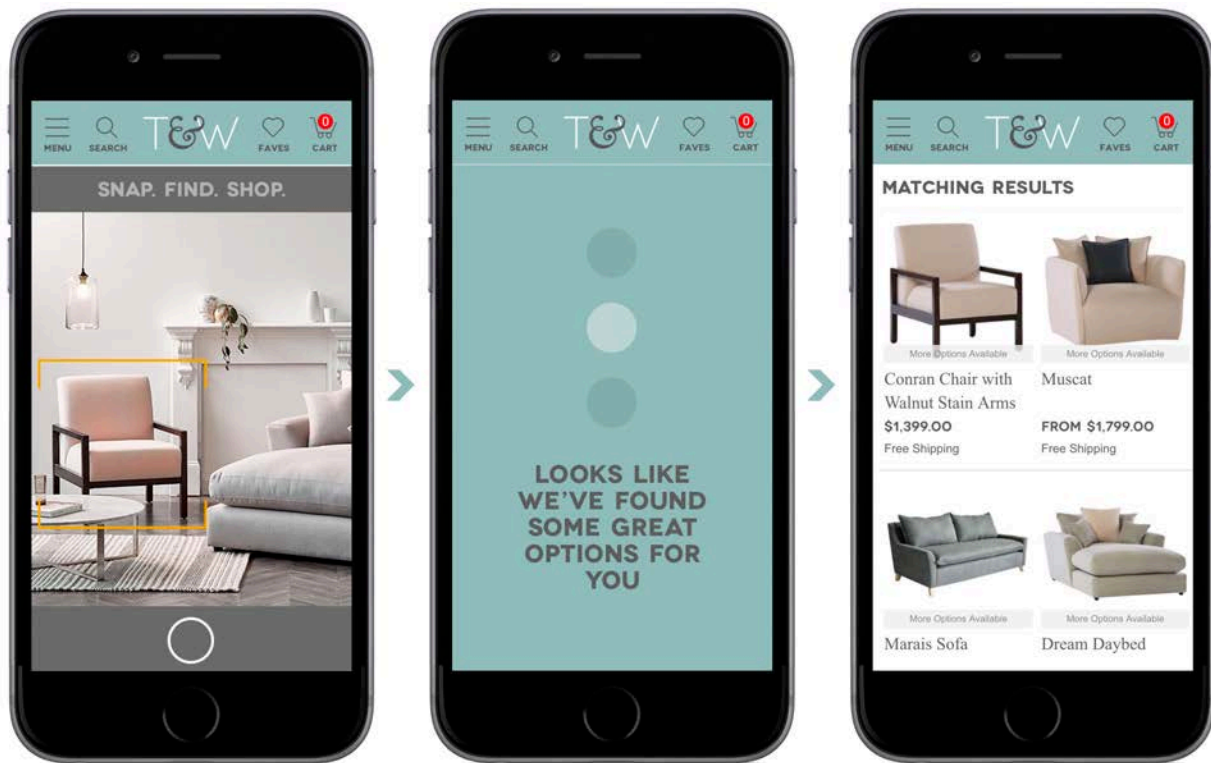
Virtual styling advice in customer care, live-chat



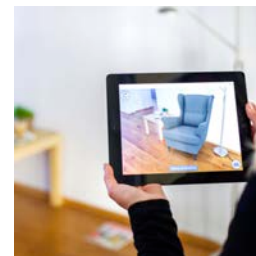
Improved last mile delivery experience



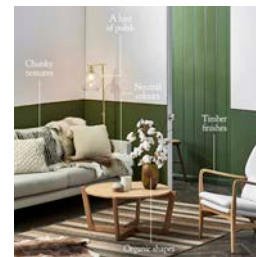
With visits at ~50%, mobile experience is a key focus for innovation



Snap, find, shop
(to be launched later in the year)



Augmented reality shopping



Explore and shop the look

2. Double digit revenue growth

Online market growth



Take greater share

Focus on
ecommerce
basics

Traffic acquisition
SEO; digital
marketing, brand
awareness

Conversion
range, price,
merchandising,
product

Basket size
cross sell, up sell,
mix, add-ons

Repeats
delivery experience,
personalisation,
engagement

Leverage
scale as
competitive
advantage

Buying/
Sourcing

Logistics/
Last mile

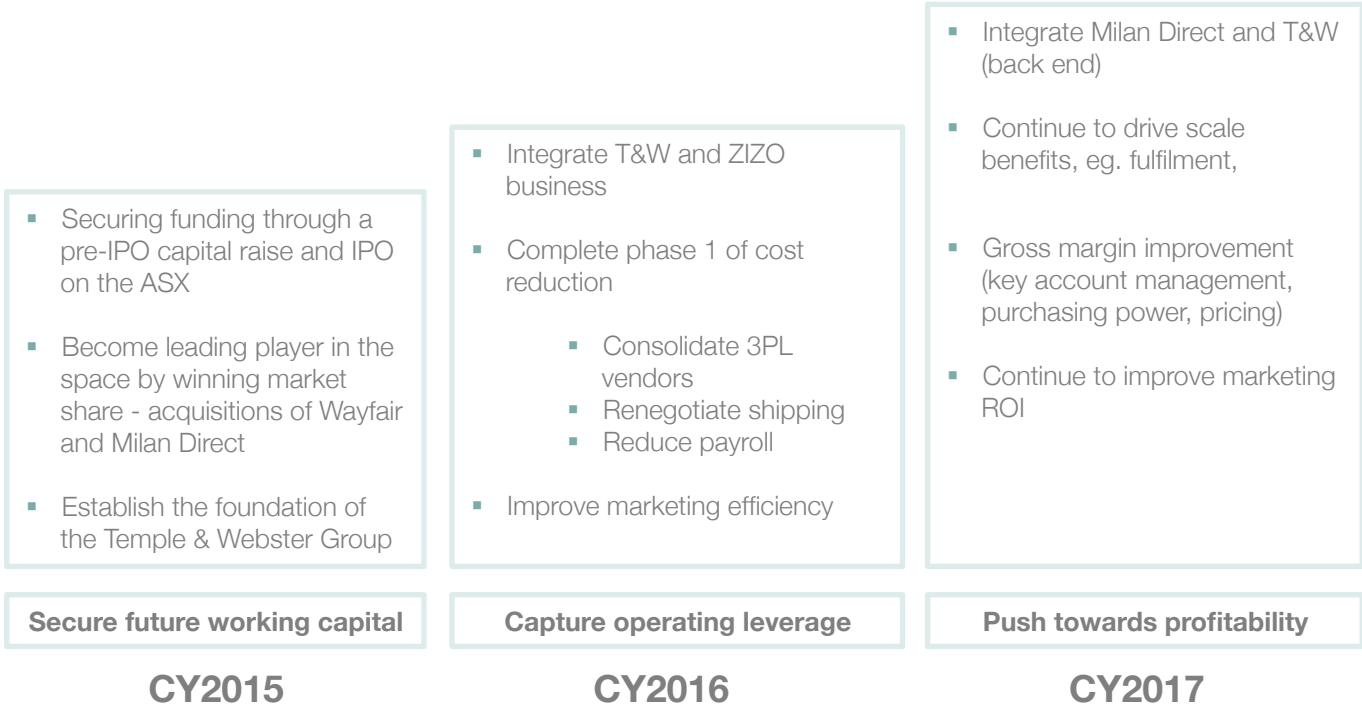
Team/
Bench strength

Tech/
Innovation

3. Push towards profitability

Well capitalised, with better cash management procedures

Achieve Breakeven

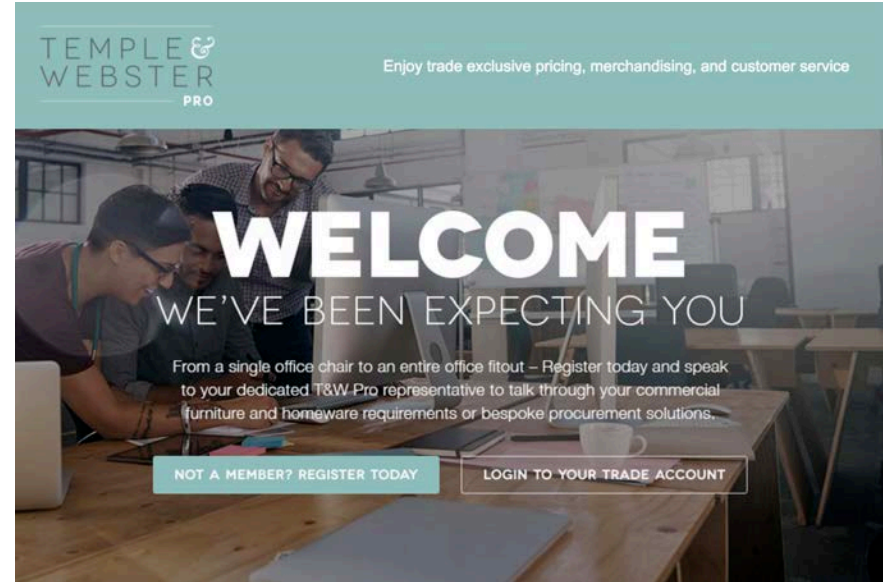


4. Set up for future growth

A Showroom rollout



B Trade program



Why we will win

Focus on delivering beautiful solutions for customers

Already #1 and capturing scale benefits

Largest range and magazine quality content

Large and engaged customer database

Best team and talent in category

Loved and respected brands

World class tech platform

Well capitalised



Q&A

A woman with long blonde hair is sitting up in bed, reading a magazine. She is wearing a light-colored, short-sleeved top and light-colored pants. The bed is covered with a large, multi-colored plaid blanket in shades of blue, brown, and white. Several pillows are visible, including one with a blue and white plaid pattern and another with a striped pattern. The wall behind the bed is a dark teal color and features three small, framed pictures. To the right, a wooden nightstand holds a lamp, a mug, and a small plant. A window with a wooden frame is visible at the top left of the image.

APPENDIX

FY16 has been a transformational year for the T&W Group



October 2011

- Temple & Webster is born

30 July 2015

- Acquisition of Wayfair Australia

Mid-Sept 2015

- Wayfair Australia rebranded and relaunched as ZIZO

December 2015

- TPW Group lists on the ASX
- Acquisition of Milan Direct

Feb/Mar 2016

- Sydney reorganisation and relocation
- Milan Direct opens physical showroom (Melbourne)

May 2016

- ZIZO merged into T&W
- First phase of cost reduction complete

“The first place Australians turn to when shopping for their homes and work spaces”

TEMPLE &
WEBSTER
GROUP
