

**TEMPLE & WEBSTER GROUP LTD**

ABN 69 608 595 660



## **ASX Announcement**

27 February 2017

### **Temple & Webster Half-Year Results to 31 December 2016**

#### **Turnaround in full swing as Temple & Webster continues to report improved financial results**

Temple & Webster (ASX:TPW), Australia's largest e-commerce company in the furniture and homewares market, today released its half year results for 2016/17.

Key highlights:

- Revenue of \$33.4m, up 11% year-on-year (on a continuing business basis)
- Gross Profit of \$14.2m, up 25% year-on-year (on a continuing business basis)
- Average Order Value at \$261, up 15% year-on-year
- Advertising cost as % of revenue of 14%, down 32% year-on-year
- EBTIDA loss improvement of 35% year-on-year

"We are pleased to report our first half of FY17, which shows the turnaround is in full swing. This half was the first with our refreshed management team, and was another busy period of significant operational change. While the major project for the half was the successful integration of Milan Direct, we also made significant progress across the entire business which you can see in our numbers" said CEO, Mark Coulter.

"Earlier in the year, we also made the strategic decision to focus on the higher margin category of furniture which makes up the lion's share of the \$12.6 billion furniture & homewares sold in Australia. Furniture now represents more than 50% of the Group's sales (up from 44% in FY15), helped by strong growth in our private label sales. We have also reviewed our pricing architecture and tightened our discounting and promotional activity. The fruits of these strategies can be seen in our improvements in Gross Margin and Average Order Value."

"We are on track to reach profitability in CY18 whilst staying true to our vision to deliver beautiful solutions for our customers' homes and work spaces. With Australia's largest range of homewares and furniture online, exciting events and aspirational, lifestyle-led content, we look forward to continuing to deliver our customers one of the best shopping experiences in Australia" Said Coulter.

Other highlights include:

- Completion of the Milan Direct integration into Temple & Webster online store which added greater depth and breadth to our range
- Market first launch of the Temple & Webster Style School, an innovative online education program done in partnership with the Sydney Design School
- Conversion rate improvement by 15% year-on-year, as we continue to improve merchandising and website design across the site
- Distribution costs decreased by 12% year-on-year (as a % of sales) due to supplier consolidation and rate negotiations across our logistics chain
- Scaling up of our trade program including winning marquee clients such as Sydney Football Stadium and Sydney Cricket Ground to supply design services and furniture

## **Outlook**

January was a strong start to the year with revenue, gross profit and EBITDA showing similar year-on-year growth rates as H1. While revenue may yet still be impacted by the Milan Direct integration and the continued focus on improving margins, the Company expects market conditions for the second half of FY17 to remain favourable. The Company remains confident in its plan of reaching profitability during CY18.

Further information on the group's FY17 half year results can be found in the Company's Investor Presentation and FY17 Half Year Report.

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### **For further information on this announcement, please contact:**

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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 deliver beautiful solutions for our customers and be the first-place Australians turn to when shopping for their homes & work spaces.

Temple & Webster has 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, and reducing the need to hold inventory thereby allowing a larger product range.

The business also sells furniture under the Milan Direct brand, which has almost 10 years of experience in sourcing and selling private label furniture in the online Australian market.

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