

TEMPLE &
WEBSTER

Temple & Webster

Investor Presentation & Q1FY19 Trading Update

October 2018

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Summary

Q1FY19 Update

FY18 Revenue
\$72.6m

FY18 EBITDA
-\$0.6m

June 30 Cash
\$9.9m

Q1FY19 Revenue
↑ 39%

Q1FY19 EBITDA
+\$0.2m

Sep 30 Cash
\$10.5m

- Temple & Webster is the online market leader in furniture & homewares
- \$13b total market, less than 4% moved online
- Business is now profitable with top-line growth accelerating and a strong balance sheet

*FY19 metrics contained in this presentation are pre-audit
Cross Revenue is used in the calculation of the Q1 growth rate metric, which excludes the impact of refunds and deferred revenue, which may result in a difference to statutory revenue growth*

Temple & Webster is the leading online retailer for furniture & homewares

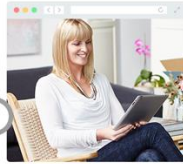
Page impressions (MONTHLY)

11m+



Website users (MONTHLY)

1.1m



Email subscribers (WEEKLY)

1.6m+



Social media reach

~465k



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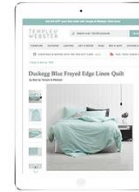


Active customers (LTM)

~198k

Product listings

~125k



Sub-categories

~185



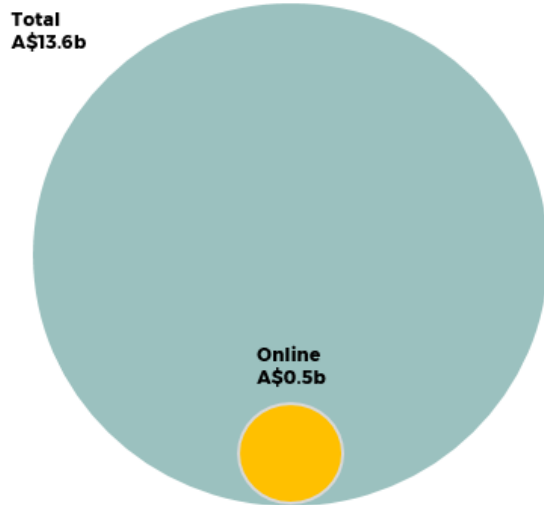
Average time to dispatch

~2 days



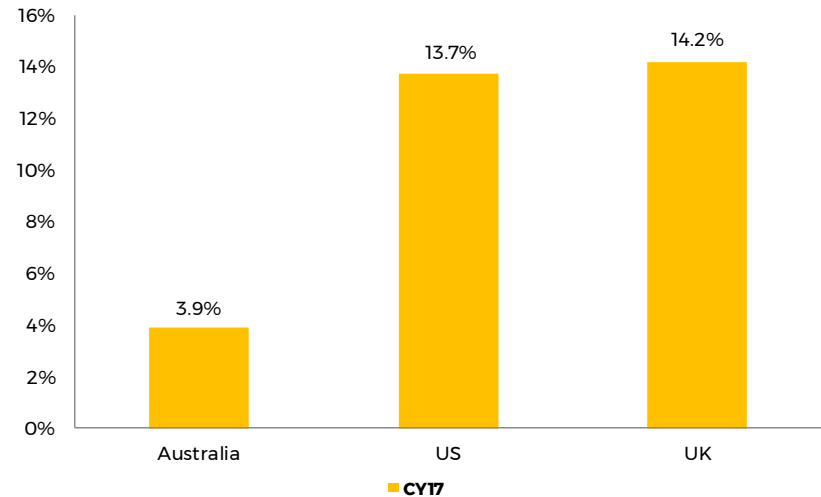
Our core furniture and homewares category is a \$13.6 billion dollar market, with only ~4% migrated online

Furniture and Homewares Market (AUS)



Source: Euromonitor International Limited; Home Furnishings and Homewares System 2017 edition. Sales in 2017 in retail value (inc. sales tax), current terms, and is to scale.

Furniture and homewares online penetration rates by country for CY17

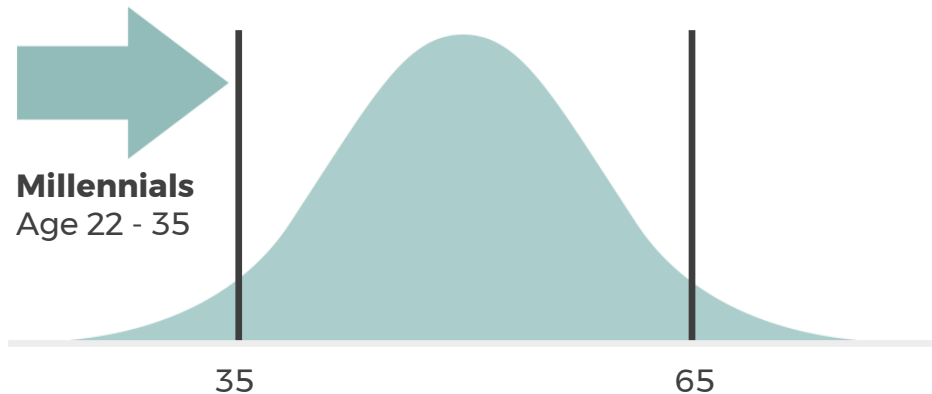


Source: Euromonitor International Limited; Home and Garden system 2017 edition. Internet sales as a percentage of the total retail sales value (inc. sales tax) for home furnishings and homewares in Australia, UK and US. Current terms.

Demographic and structural changes will drive strong market growth for years to come

1 Millennials are now entering our core demographic

Hypothetical distribution of homewares and furniture spend by age



2 Structural changes in our favour

- Faster internet and mobile speeds
eg. NBN, 5G
- New market entrants accelerating online shopping take-up
eg. Amazon
- New technologies improving experience and conversion
eg. augmented reality
- Offline exits/store closures

Our strategy is based on range, inspiration and service

Our Core Belief

- We believe everyone wants to live more beautifully.

Our Vision

- Our vision is to make the world more beautiful, one room at a time.

Our Mission

- Our mission is to deliver beautiful solutions for our customers' homes and work spaces, and for all of our other stakeholders including suppliers and shareholders.

Our Strategic Pillars

- We want to be famous for having **the largest range** in our category, the **most inspirational content** and the **best delivery experience & customer service**.
- Our foundations are built on data-driven marketing, world-class technology and exceptional execution by an amazing team.

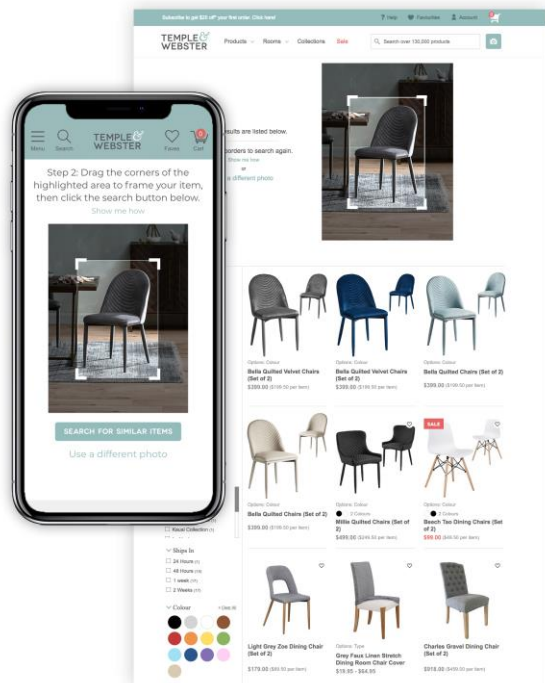
Our Goal

- We believe if we can deliver the above, Temple & Webster will become the first place Australians turn to when shopping for their homes and work spaces.

As market leader we continue to innovate our offer

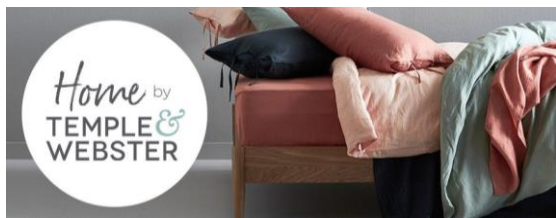
Visual Search

Using machine learning and artificial intelligence



Private Label

Private label ranges under the Temple & Webster brand

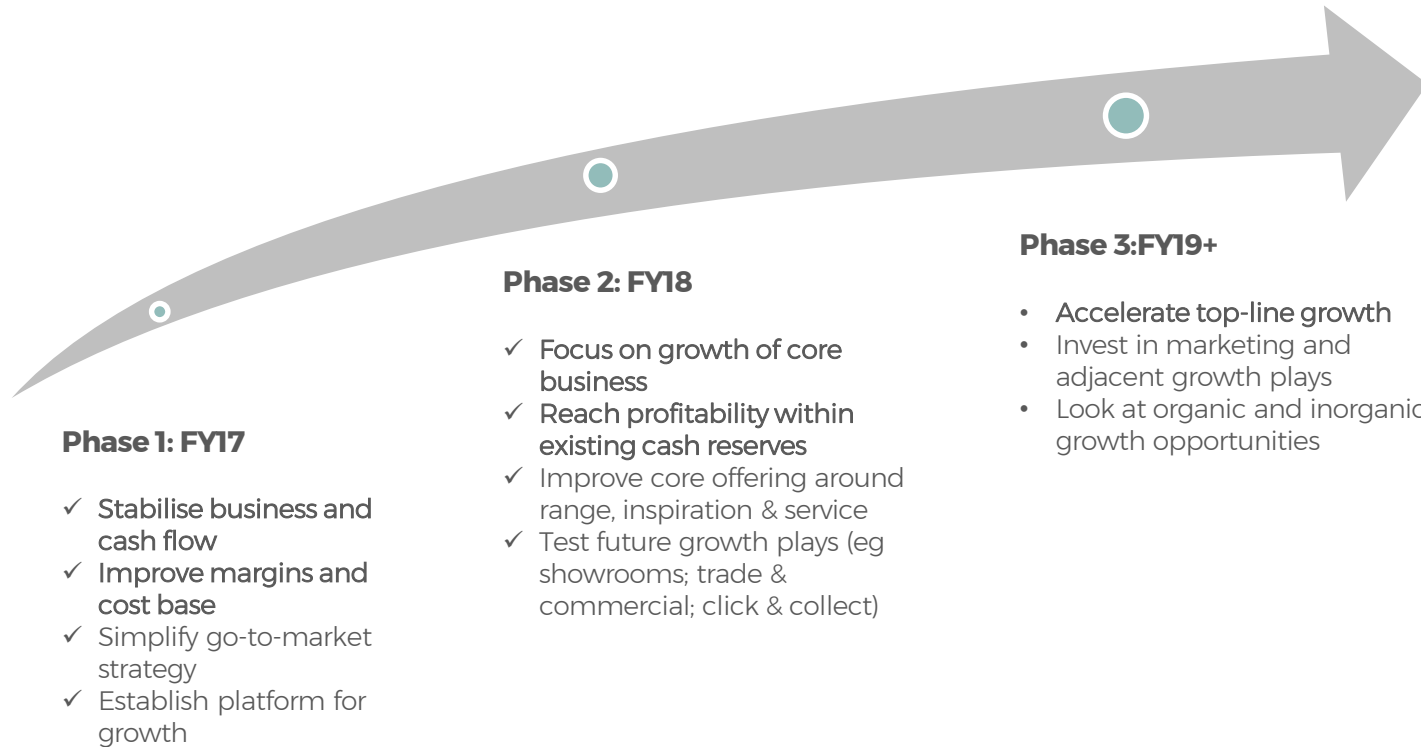


Temple & Webster Delivery

Our first branded delivery van, aimed at improving the bulky delivery experience

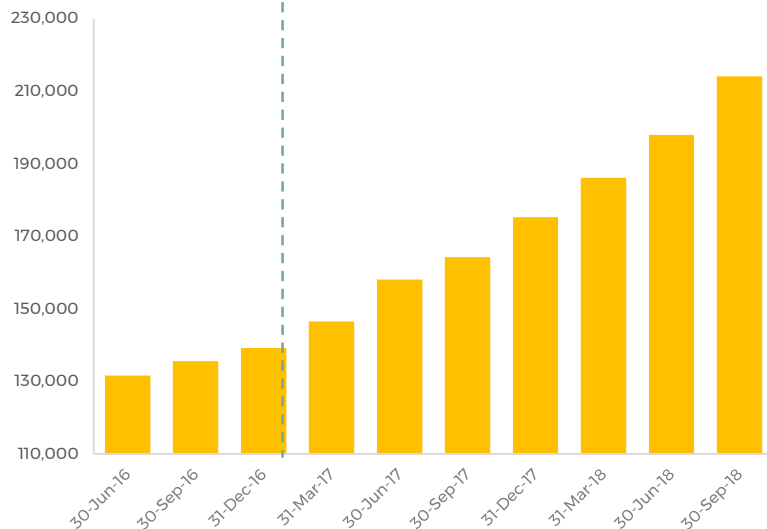


Our focus is now on growth



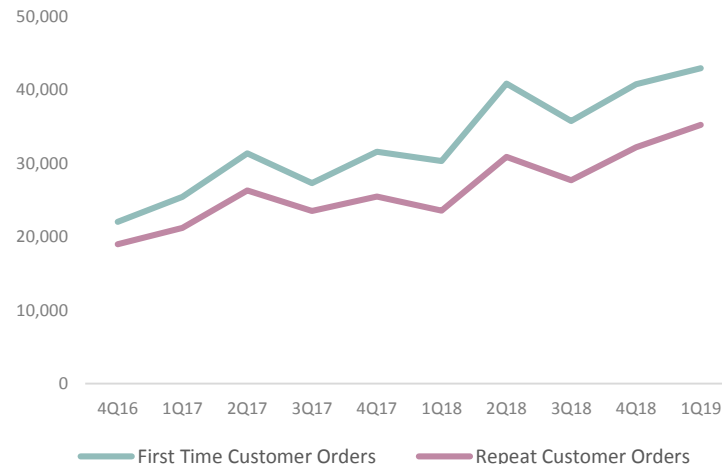
Active customers continue to grow with 45% of orders now from repeat customers

Active Customers



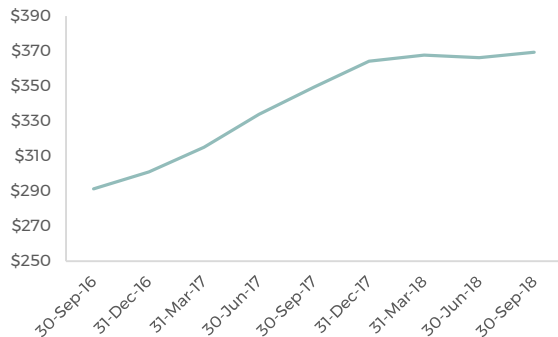
milandirect.com.au
integrated into
templeandwebster.com.au

Repeat and First Time Orders

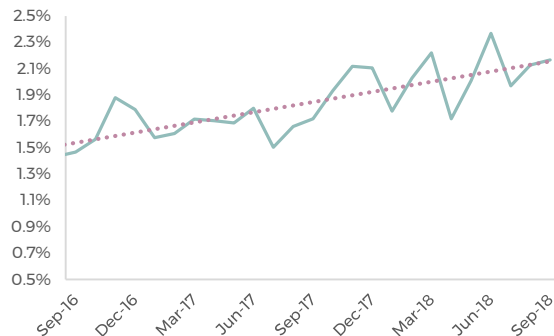


Our customers are profitable in their first year

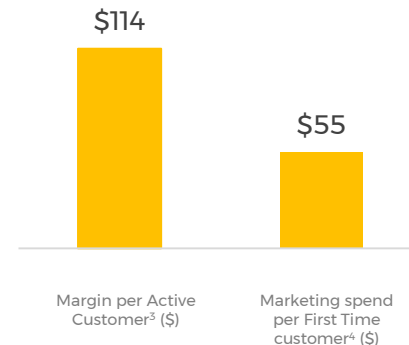
Revenue per Active Customer¹ (\$)



Conversion Rate²



Year 1 Marketing ROI



1. Revenue per active customer = Last 12 months revenue divided by Active Customers

2. Conversion rate = number of transactions divided by number of unique visitors (source: Google Analytics)

3. Margin per Active Customer = Revenue / Active Customer as at 30 Sept 2018 x Delivered Margin % for Q1 FY19

4. Marketing spend per First Time Customer = Total marketing spend for Q1 FY19 divided by number of First Time customers during Q1 FY19

NB: All numbers are for Temple & Webster only and exclude Milan Direct.

Our business can now scale profitably

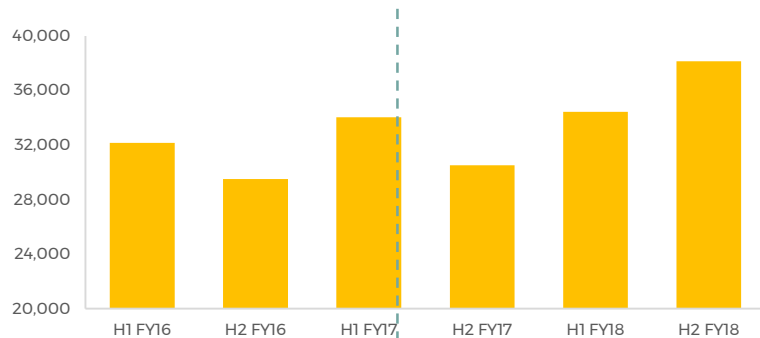
	FY16	FY17	FY18
Revenue	100%	100%	100%
Gross Margin	39.9%	42.7%	44.2%
Delivered Margin (after all distribution costs)	21.7%	27.6%	31.0%
Customer Service & Merchant Fees	4.9%	4.7%	3.3%
Marketing	19.4%	12.7%	11.2%
Contribution Margin	(2.6%)	10.2%	16.6%
Fixed Costs (people, property, tech, other)	\$13.3	\$13.4	\$12.6

- Includes 100% of marketing and customer service costs

FY16 comparison is performed on a pro forma basis which includes the assumption that Milan Direct and ZIZO were part of the group but exclude any costs associated with the acquisition and restructure of Milan Direct and ZIZO and any costs associated with the Group's IPO.

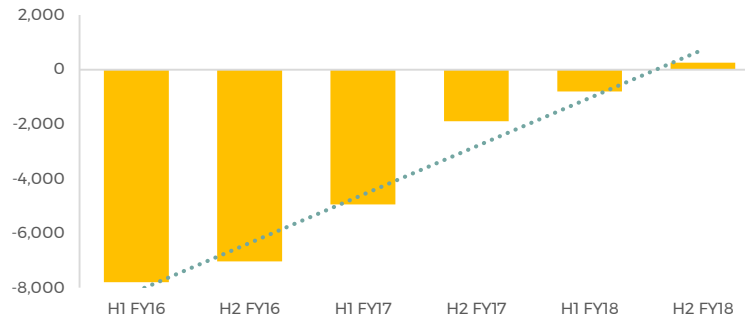
Our top-line is now delivering operating leverage

Revenue by Half



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integrated into
templeandwebster.com.au

EBITDA by Half



FY16 and FY17 comparisons are performed on a pro forma basis which includes the assumption that Milan Direct and ZIZO were part of the group but exclude any costs associated with the acquisition and restructure of Milan Direct and ZIZO and any costs associated with the Group's IPO.

Our plan to grow our market leadership in the online furniture and homewares market

Add depth and breadth across our core categories, expand private label offering

Leverage scale to obtain cost advantage and exclusivity on new product ranges

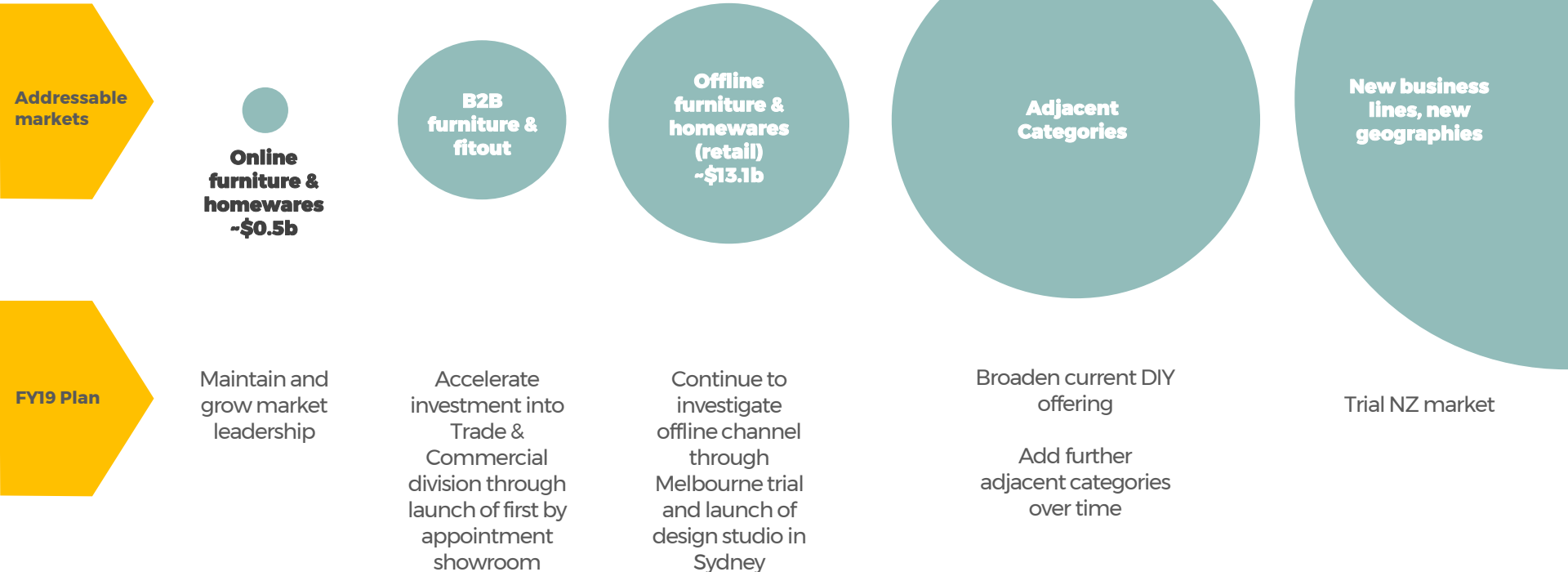
Increase brand awareness through digital and non-digital channels

Innovate our offering: mobile app, product recommendations, shop the look

Pilot our own delivery van network to solve bulky delivery

Add free design help for all customers (chat, voice, in-store, augmented reality)

We are setting the business up for future growth horizons



Trading update & outlook

The new financial year has started strongly, with trading exceeding expectations.

Q1 FY19 revenue grew 39% year on year, delivering a profitable quarter.

The Company remains confident of delivering its maiden full year profit in FY19.

Gross Revenue is used in the calculation of the Q1 growth rate metric, which excludes the impact of refunds and deferred revenue, which may result in a difference to statutory revenue growth

Q&A



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