

TEMPLE & WEBSTER GROUP LTD

ABN 69 608 595 660



ASX Announcement

21 June 2017

FY17 Full Year Guidance

Temple & Webster (ASX: TPW), Australia's largest e-commerce company in the furniture and homewares market¹, today released its full year FY17 guidance.

- FY17 Revenue forecast to be \$63.5m - \$64.5m, up ~4% YoY on a pro forma basis and ~10% on a continuing business basis (ex Milan Direct UK)
- FY17 EBITDA forecast to be a loss of \$6.8m - \$7.3m, an improvement of over 50% YoY

Temple & Webster CEO Mark Coulter said, "Q4 FY17 will be our strongest quarter in our turnaround journey. We have reduced our Q4 EBITDA loss to ~\$0.5m, a significant improvement from a loss of \$3.1m in the prior year corresponding period. We again grew revenues while improving our margins and cost base, and continue to make great progress on all our key metrics."

"These improvements have lowered the revenue run-rate required to reach profitability to ~\$79m on Q4 metrics. Given our full year revenue guidance of \$63.5m-\$64.5m and our current growth rate, we are confident of reaching profitability during CY18, with FY19 being our first full year of profit".

"With a forecast cash balance of \$8.0-\$8.5m at June 30, and a significant reduction in our EBITDA loss per quarter we are also comfortable that we have the existing cash reserves to meet our current plans" said Coulter.

"With over 130,000 products for sale, Temple & Webster has the largest range of any retailer in our category in Australia. We have combined this massive range with the most inspirational content and world-class service. Our relentless focus to deliver beautiful solutions for our customers' homes and work spaces is the reason we are the number one online retailer in our category by quite a long way" said Coulter.

¹ Source: Limited; Euromonitor Online Household Furniture Sales in Australia May 2016

Key Highlights:

- June 30 2017 forecast closing cash balance of \$8.0-\$8.5m and zero debt
- Q4 FY17 forecast EBTIDA loss of \$0.3m-\$0.6m
- FY17 Revenue forecast to be \$63.5m - \$64.5m, up ~4% YoY on a pro forma basis and ~10% on a continuing business basis (ex Milan Direct UK)
- FY17 EBITDA forecast to be a loss of \$6.8m - \$7.3m, an improvement of over 50% YoY
- Significant year on year contribution margin improvement (gross margin after all variable costs including marketing costs) up 8.0 percentage points in Q4FY17 vs prior corresponding period (from 6.8% to 14.8%)
- Better than planned fixed cost base reduction to \$11.7m (annualised Q4)
- Revenue run-rate required to reach profitability now ~\$79m (now within our target range)

Path to Profitability – From 1HFY17 Investor Presentation (updated with Q4FY17 guidance)

	Temple & Webster H1 FY17 (annualised)	Temple & Webster Short-Mid Term Target	Q3FY17 Update	Q4FY17 (Guidance) Update
Revenue	100%	100%	100%	100%
Gross Margin	41.9%	42-44%	42.4%	43.5%
Delivered Margin (after distribution costs)	26.2%	27-29%	27.9%	29.7%
Customer Service & Merchant Fees	5.0%	2-4%	4.7%	3.9%
Marketing	14.0%	9-10%	11.0%	11.0%
Contribution Margin	7.2%	13-18%	12.2%	14.8%
Annualised Fixed Costs (people, property, tech, other)	\$14.7m	\$12-13m	\$13.3m	\$11.7m
		Implies revenue run-rate required to reach profitability of \$70-\$90m		
			Implies revenue run-rate required to reach profitability of ~\$79m	

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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 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, and reducing the need to hold inventory thereby allowing a larger product range.

The business also imports and 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.