

TEMPLE &
WEBSTER

H1FY19 Investor Presentation

Mark Coulter CEO
Mark Tayler CFO



H1FY19 Revenue

\$49.3m

40% Growth YoY

H1FY19 EBITDA

\$0.9m

Dec-18 Cash

\$11.5m

H1FY18 Revenue

\$35.2m

H1FY18 EBITDA

(\$0.5m)

Jun-18 Cash

\$9.9m

- Temple & Webster is the online market leader in furniture & homewares
- \$13.6b total market, ~4% moved online
- Business is now trading profitably with strong top-line growth and a debt free balance sheet

HI Summary Cont.

High growth, even in a weak housing market

- 40% year on year revenue growth
- Shift to online driven by demographic changes independent of macroeconomic factors
- Temple & Webster positioned as “affordable beauty”, appealing to value conscious shopper

Market leader in a large, growing market

- Furniture & homewares is a \$13.6b market (excluding appliances and DIY)
- Temple & Webster is the online market leader
- Allows us to forge closer partnerships with our suppliers and invest in key differentiating areas e.g. technology, experience, content

Strong balance sheet, profitable business

- \$11.5m in cash, with no debt
- Trading profitably and cashflow positive
- Negative working capital model as ~80% of sales do not require holding inventory

Good progress on strategic initiatives

- Room ideas (shop the look) & product recommendations (launched)
- Pilot bulky delivery service (launched)
- New Zealand expansion (testing)
- Trade & Commercial Sydney Showroom (underway – Q3 launch)
- Mobile app (underway – Q4 launch)

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

Page impressions (MONTHLY)

~11m

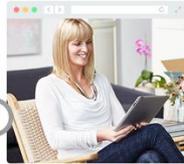


Active customers (LTM)

~231k

Website users (MONTHLY)

~1.2m



Product listings

~120k

Email subscribers (WEEKLY)

~1.6m



Sub-categories

~190

Social media reach

~510k



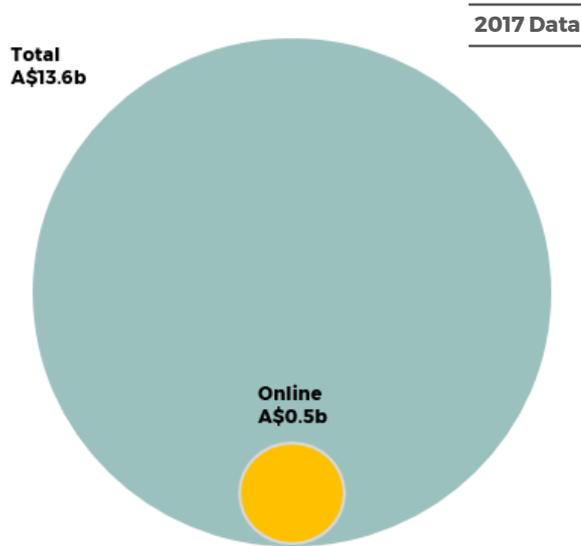
Average time to dispatch

~2 days



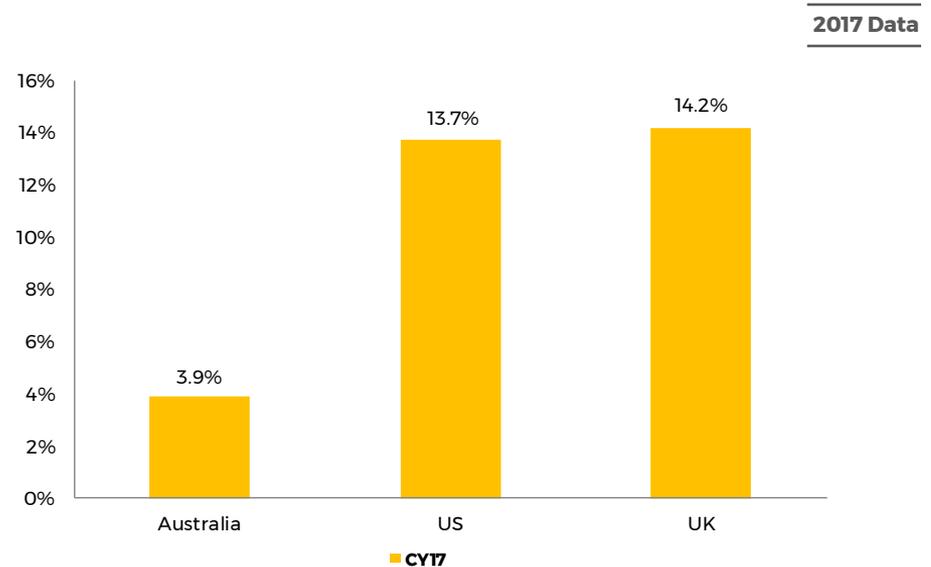
Our core furniture and homewares category is a \$13.6 billion dollar market, with only ~4% migrated online

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



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.

It's all about the customer



Temple & Webster

www.templeandwebster.com.au

★★★★★ 4.3 from 2239 reviews



2018 AWARDS WINNER



Temple & Webster

Reviews 3,821 • Excellent



2017 AWARDS WINNER

Net Promoter Score (score range: -100% to 100%)



Key initiatives to further drive customer satisfaction

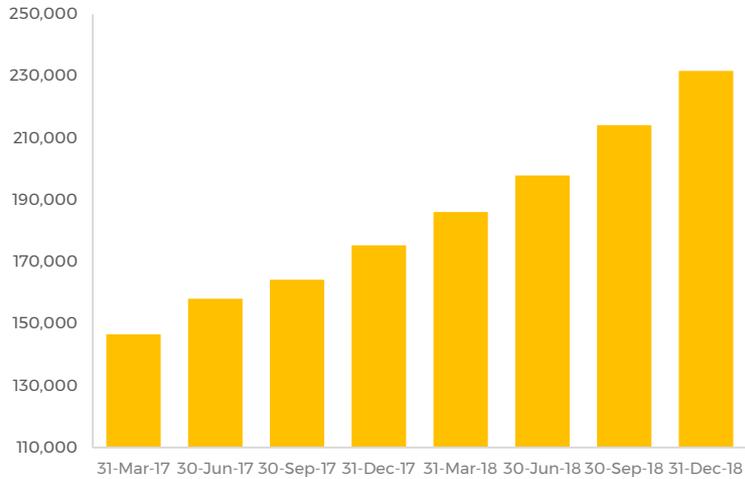
Taking more control over delivery experience

Enforcing quality standards across supplier base

Category experts within customer care team

Active customers grew 32% year on year

Active Customers



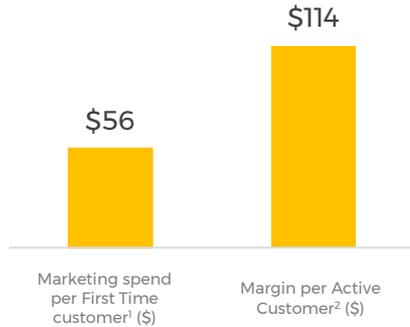
Repeat and First Time Orders



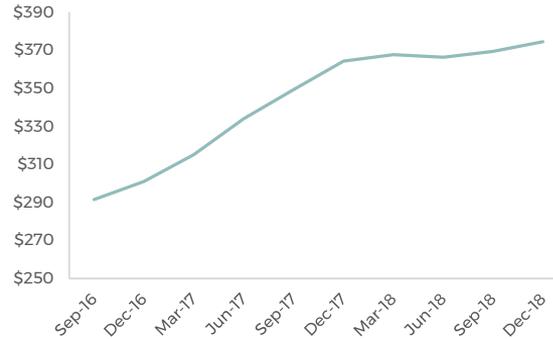
NB. Active customers are the number of unique customers who have transacted in the last twelve months (LTM). All numbers are Temple & Webster only and exclude Milan Direct.

Customers metrics have all improved year on year

Year 1 Marketing ROI



Revenue per Active Customer³



Conversion Rate⁴



1. Marketing spend per First Time Customer = Total marketing spend for H1 FY19 divided by number of First Time customers during H1 FY19

2. Margin per Active Customer = Revenue / Active Customer as at 31 Dec 2018 x Delivered Margin % for H1 FY19

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

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

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

Our business is now scaling profitably

Pre Audit

	FY16	FY17	FY18	HIFY18	HIFY19	
Revenue	100%	100%	100%	100%	100%	
Gross Margin	39.9%	42.7%	44.2%	44.2%	44.6%	
Delivered Margin (after all distribution costs)	21.7%	27.6%	31.0%	30.8%	30.5%	
Customer Service Staff & Merchant Fees	4.9%	4.7%	3.3%	3.1%	3.1%	} Costs which scale with revenue
Advertising Costs	19.5%	12.6%	11.3%	11.5%	10.9%	
Contribution Margin	(2.7%)	10.3%	16.5%	16.1%	16.5%	
Annualised Fixed Costs (people, property, tech, other in \$m)	\$13.3	\$13.4	\$12.6	\$12.4	\$14.5	} Investment in people (buying, marketing and B2B)

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.

FY16-FY18 numbers have been adjusted for the impact of new revenue standard AASB15

Our Trade and Commercial (B2B) division grew 35% year on year

Our B2B Customer Proposition



EXCLUSIVE TRADE DISCOUNTS

Our competitive pricing matched with an exclusive members-only discount means extra savings for you while offering clients the very best quality and brands in the industry.



TRADE-EXCLUSIVE PRODUCTS

We partner with the brands you love to provide insider access to exclusive collections and custom offerings that are exclusive to our Trade & Commercial clients. You'll have more than 120,000 products to choose from every day.



ACCESS TO THE T&W DESIGN TEAM

Trade & Commercial customers have access to the T&W Design team for a full design and procurement service. If you need an expert to help you create a beautiful solution for your client, your space or your business, our talented group of stylists and designers is ready to work on your brief. Speak to your dedicated Trade & Commercial representative today for more information.



PERSONALISED SERVICE

Our specialist account managers are here for you, so you can complete every project efficiently and flawlessly. They are committed to sourcing the right product for you, matching specs and ensuring your ordering and delivery process is seamless. From quotes to tear sheets to fabric samples, no job is too big or too small.



NO PURCHASE MINIMUMS

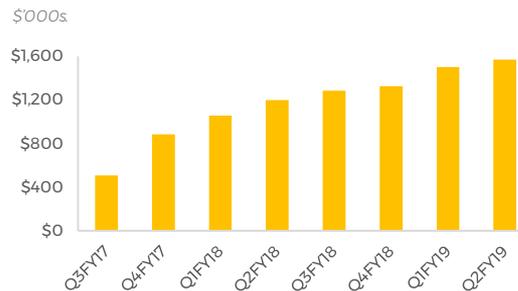
There's no minimum purchase or volume requirement to take advantage of the discount.



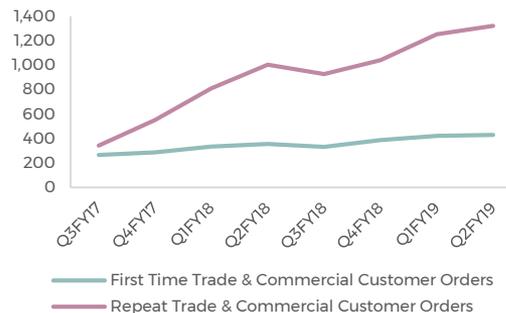
FREE PROJECT MANAGEMENT TOOLS

Such as favourites boards, quote requests, tear sheets, fabric samples and client sharing.

B2B Sales



Repeat and First Time Orders



We continue to innovate our offering

Product Recommendations

Using AI and machine learning



Halfway heroes collection

THIS COLLECTION ENDS IN: 5 DAYS 12:38:37
★★★★★ 4.7 (6 reviews)

\$109.00

Limited Time Offer

RDP ~~\$239.00~~

You Save: **\$130.00 (54%)**

afterpay

4 payments of \$27.25

zip

Own it now, pay later

Shipping charges priced in cart
10+ in Stock
Leaves warehouse in 2 business days

Quantity: 1

ADD TO CART

SAVE TO FAVOURITES

Similar items



Aqua Blue Table Lamp
\$109.00



White Pineapple Table Lamp
\$99.00



Amelie Porcelain Table Lamp
\$299.00



Gusgus Ceramic Table Lamp
\$239.00



Green Han Table Lamp
\$149.00

Room Ideas / Shop the Look

Leveraging back catalogue of proprietary imagery

TEMPLE WEBSTER

Shop products

Shop rooms

Room ideas

Sale

Search over 130,000 products

Room ideas

Room

LIVING ROOM



Global & relaxed coastal living room



LA Glam living room

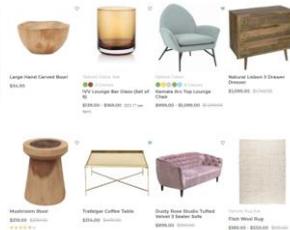
Room ideas



Industrial luxe reception



Casual tech games room



H1FY19 Financial Results

Mark Tayler CFO



Profit and loss

Pre Audit

A\$m	H1FY18 Pre Adj	AASB 15 Adjustment	H1FY18 Post Adj	H1FY19
Revenue	34.4	0.8	35.2	49.3
Cost of Sales	(19.2)	(0.4)	(19.7)	(27.3)
Gross Margin	15.2	0.4	15.6	22.0
	44.2%		44.2%	44.6%
Distribution	(4.6)	(0.1)	(4.7)	(6.9)
Delivered Margin	10.6	0.3	10.8	15.1
	30.7%		30.8%	30.5%
Advertising & Marketing	(4.1)	0.0	(4.1)	(5.4)
Customer Service & Merchant Fees	(1.1)	0.0	(1.1)	(1.5)
Contribution Margin	5.4	0.3	5.7	8.1
	15.7%		16.1%	16.5%
Wages	(5.1)	0.0	(5.1)	(5.9)
Other	(1.2)	0.0	(1.2)	(1.4)
EBITDA	(0.8)	0.3	(0.5)	0.9
Share Based Payments	0.3	0.0	0.3	0.6
Adjusted EBITDA	(0.5)	0.3	(0.2)	1.4
	-1.4%		-0.6%	2.9%

- H1 growth rate of 40% (numbers reflect the adoption of AASB15)

Adoption of AASB 15 (Revenue from Contracts with Customers) provides a new framework for revenue recognition, shifting from previous principles of "Risk and Rewards" towards the concept of "Control".

Under the previous Australian Accounting Standards, revenue for TPW was recognised on shipment of goods in line with TPW's terms and conditions. Under the new standard, revenue is recognised upon receipt of goods by the customer, resulting in more revenue being deferred (~4 days) at the end of the period.

*H1FY18 and H1FY19 received a net benefit as deferred revenue from the prior period (H2 prior year) was higher than deferred revenue for H1 due to higher average sales levels in June vs December. **Importantly, the YoY statutory revenue growth rate of 40% is in alignment with gross sales pre accounting adjustments for the period.***

Both current and comparable periods have been adjusted to reflect the above change in the revenue accounting policy.

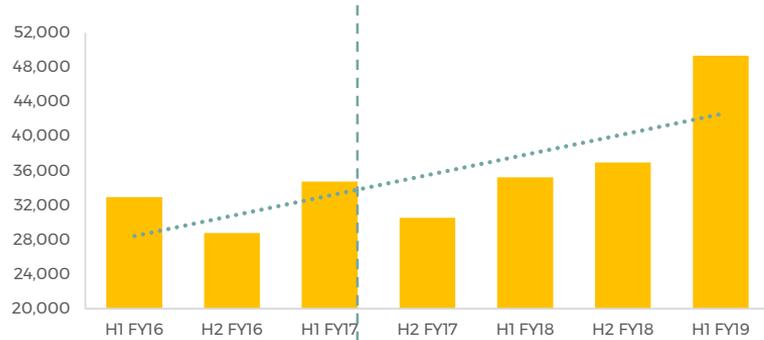
- Savings resulting from better terms with suppliers were passed onto customers through pricing and shipping promotions, resulting in margins that were materially in line with H1FY18
- H1FY19 operating costs (as a % of sales) down 6% YoY, driven by more efficient marketing spend and fixed costs growing at a slower rate than revenue
- Contribution margin within target range of 15-17%
- EBITDA of \$0.9m, up \$1.4m from the prior comparative period, driven by operating leverage as a result of the strong revenue growth

EBITDA is a non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's performance.

Top-line growth is delivering operating leverage

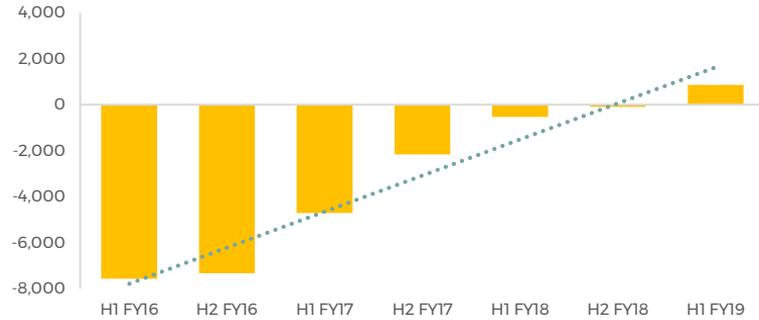
Pre Audit

Revenue by Half



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

EBITDA by Half



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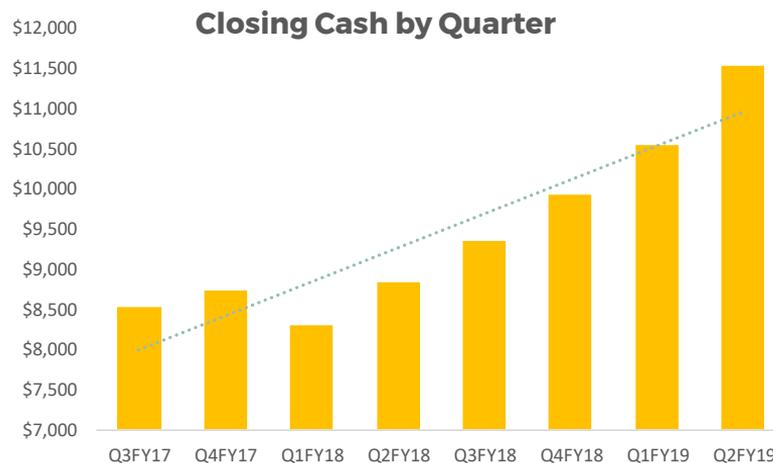
FY16-FY18 numbers have been adjusted for the impact of new revenue standard AASB15

Balance sheet & cash flow

Pre Audit

A\$m	30-Jun-18	31-Dec-18
Cash & Cash Equivalents	9.9	11.5
Inventories	2.3	3.4
Other current assets	1.3	1.5
Total Assets	21.9	27.1
Trade and other payables	6.2	8.0
Employee accruals and provisions	1.7	1.7
Deferred revenue	3.6	3.4
Total Liabilities	11.5	13.1
Net Assets	10.4	14.0
Share Capital	76.6	76.6
Reserves	1.6	2.1
Retained earnings	(67.8)	(64.7)
Total Equity	10.4	14.0

- Strong balance sheet position with no debt
- Inventory and creditor metrics (WOC/DPO/Ageing profile) all continue to track within target ranges
- Cash flow positive half (+\$1.6m) was driven by a positive EBITDA result and benefits from the group's cash flow positive business model, offset by investment into private label owned inventory



30 June -18 and 31 Dec-18 reflect new revenue standard AASB15

Strategy & Outlook



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

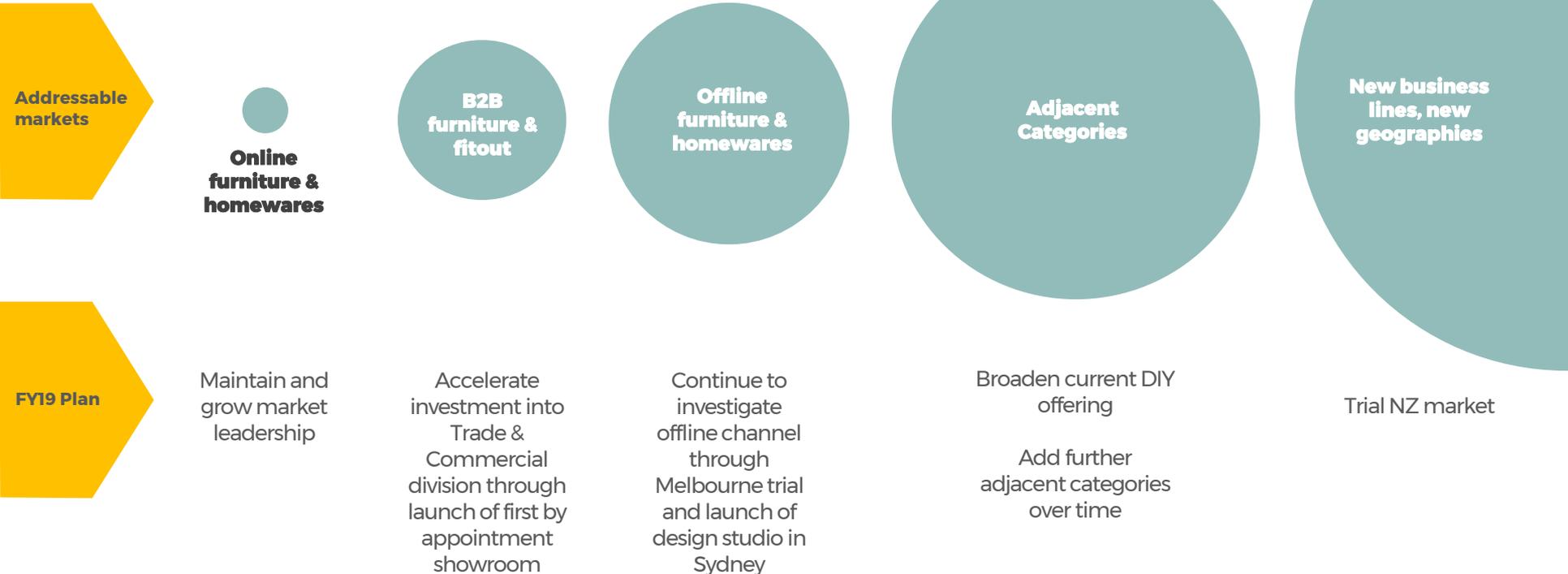
Increase brand awareness through digital and non-digital channels

Innovate our offering:
mobile app,
personalisation,
augmented reality

Continue pilot of our own delivery van network to solve bulky delivery

Add design help for all customers
(chat, voice,
online, in-store)

We are setting the business up for future growth horizons



Trading update & outlook

January has started strongly with trading exceeding H1 FY19's year on year growth rate of 40%.

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



Q&A



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