

Corporate overview

February 2015

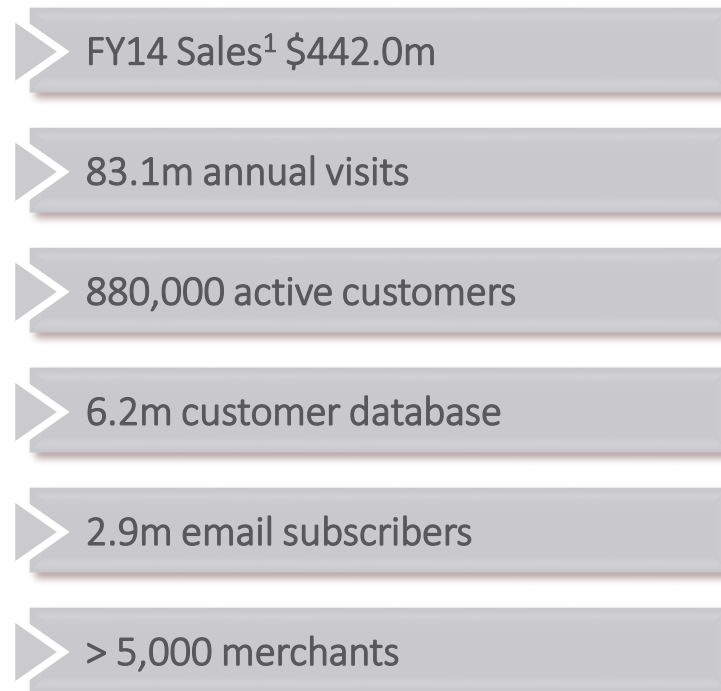
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Introducing Grays eCommerce Group

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GEG is Australia's largest listed eCommerce Group

Created by Grays (Australia)'s reverse acquisition of Mnemon in 2014



Business to Business (B2B)



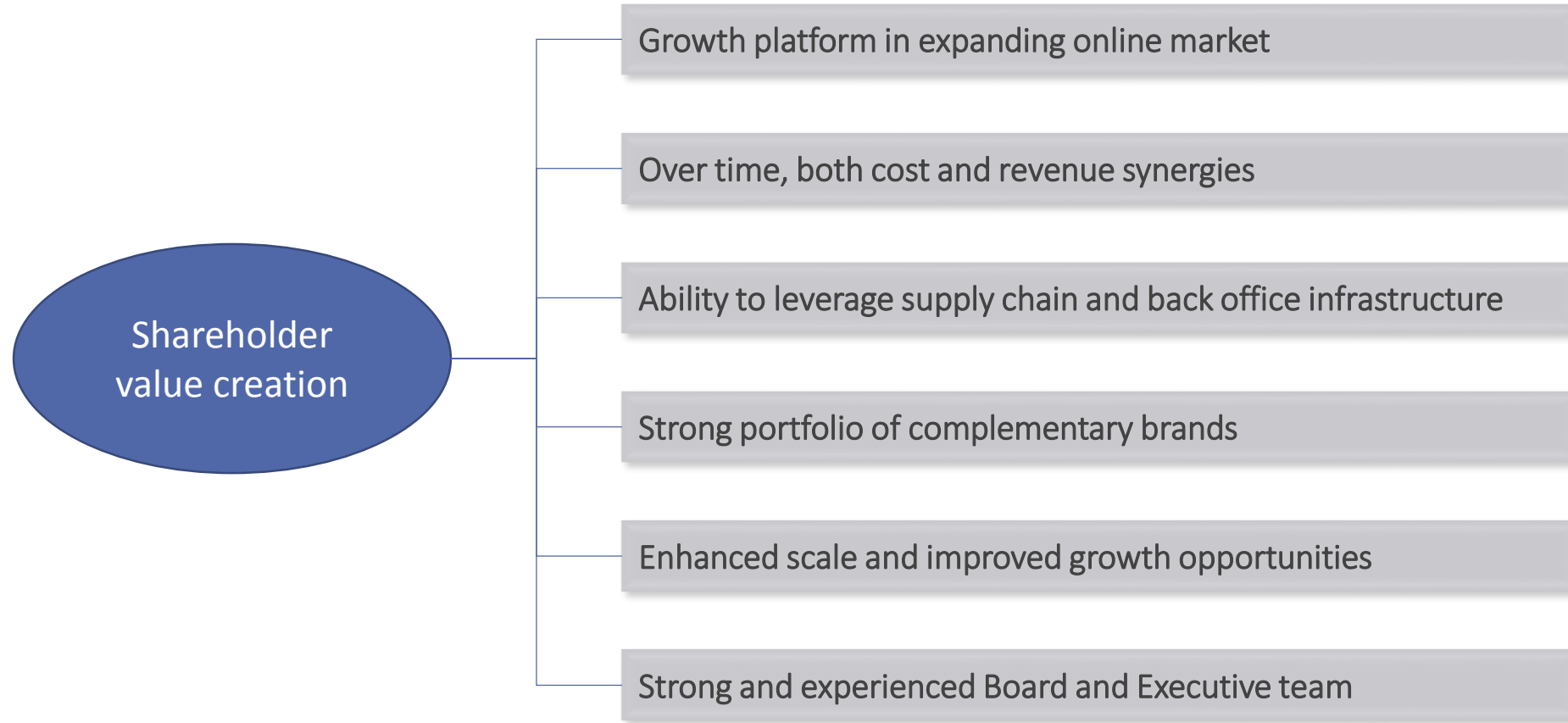
- Leading B2B online auctioneer serving corporates, SMEs, banks and finance companies
- Specialising in the efficient sale of industrial and commercial assets, plant & equipment
- FY14 sales \$212m

Business to Consumer (B2C)



- Portfolio of leading online department stores
- Leading B2C auctioneer
- Market leading wine and consumer electronics / IT categories
- FY14 sales \$230m

Compelling strategic rationale



GEG has a unified direction and purpose

Our Vision

Be the leading online international auctioneer and Australasian retail destination

Our Strategy

Create a growing and sustainable business with strong and consistent revenue and profit growth

Positioned for success

Significant and growing opportunity in B2B & B2C markets

Business to Business (B2B)

“While U.S. business-to-consumer eCommerce topped \$263 billion last year, industry analysts at Gartner Inc. and Forrester Research Inc. say the U.S. B2B eCommerce volume is approaching about \$1 trillion”

(Internet Retailer November 2014)

- Industry analysts suggest the U.S. B2B eCommerce market is approaching \$1 trillion and growing (versus U.S. B2C eCommerce market c\$263 billion)
- Many B2B organisations that have traditionally sold through catalogues are turning to an online sales model
- As consumers become more accustomed to online retailing in their personal lives, business customers want the same convenient, customer friendly experience they get from an online retail purchase
- B2B sites need to help business customers by offering content rich, informative pages plus quick and easy to find products
- B2B e-commerce is off and running and companies that connect best with customers are reaping the rewards



Business to Consumer (B2C)

Australian online shopping revenue



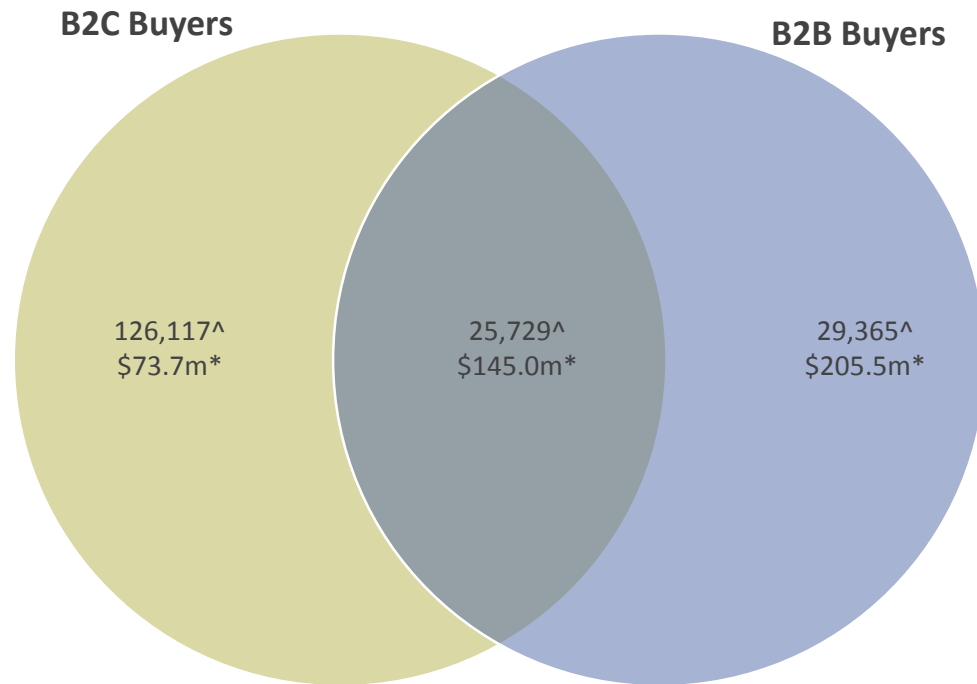
- Internet penetration is high and entrenched
- Confidence in online shopping is increasing as technology use, product ranges and price transparency increases
- Benefits include convenience, more diverse range of goods, functionality & pricing
- Mobile device use as a buying platform is growing – 35% share of online in 2014
- Consumer confidence is expected to drive B2C growth resulting in;
 - Increased online sales in absolute terms,
 - Online retail increasing relative to traditional retail

GEG eCommerce business model

Sales Channel	Business to Business (B2B)		Business to Consumer (B2C)	
Sale type	Online Asset Sales	Industrial Services	Online Retail Sales	
	Auction	Service Fees	Auction	Fixed Price
Description	<ul style="list-style-type: none"> Auction based sales of industrial and commercial equipment 		<ul style="list-style-type: none"> Auction based retail sales of products Fixed price retail sales of products 	
Products	<ul style="list-style-type: none"> Manufacturing and engineering Auto, trucks and marine Mining, construction and agriculture Forklifts Warehousing and pallet racking 		<ul style="list-style-type: none"> Valuations Stock takes Corporate relocations Inventory reduction Tenders Asset Inspections 	
Brands	  		    	

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Strong cross-over of customer base between GraysOnline B2B and B2C



[^] Buyers Nov-13 to Oct-14
^{*} Sales Nov-13 to Oct-14

Repeat Buying	
Numbers per Annum	
GraysOnline wine	6.0
GraysOnline B2C non wine	3.0
Total GraysOnline B2C	4.4
GraysOnline B2B	3.0

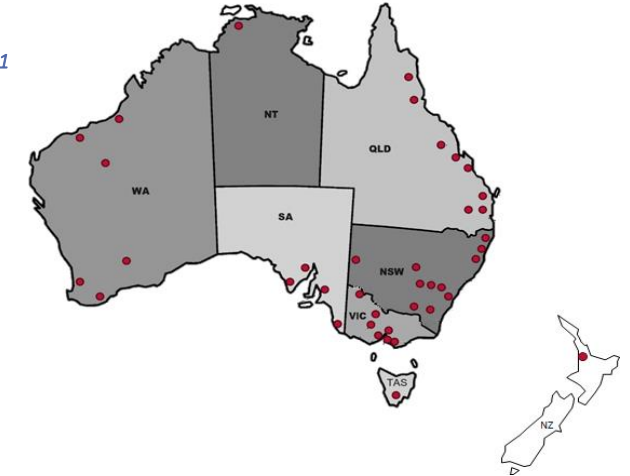
Supported by industry leading logistics

- Leading warehousing and fulfilment capabilities with 70,000m² of distribution centres in key geographic locations across Australia & New Zealand
- Advanced supply chain expertise developed over 15 years
- Shipping 190,000 units per month
- 93% of products shipped next day (ex Sydney DC)
- 22% of items drop shipped (35% are from offshore)
- Among biggest customers for Australia Post & Toll Logistics
- Dedicated customer service teams
- Distribution centre in Shenzhen through Top Buy

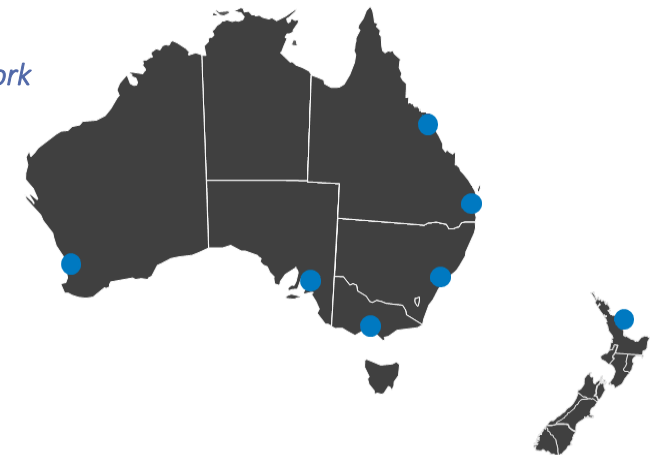
Distribution centre



*B2B supply chain
& distribution network ¹*




*B2C supply chain
& distribution network*



B2B is the clear leader in industrial auctions

Overview

- Largest B2B online auction marketplace in Asia Pacific for used plant and equipment
- Clients include major corporations, insolvency practitioners, financiers and banks
- Strategic alliance with Iron Planet (US based online  marketplace for used heavy equipment) to facilitate sales of excess construction and mining equipment from Australia
- The industrial auction marketplace provides large variety of unreserved content which attracts registered bidders creating the ideal marketplace

Why Grays?

- Strong , experienced team
- Project management
- All work done in-house
- Extensive industry experience in large disposal projects
- Access to over 1.9 million registered customers and 1.2 million visitors each month via GraysOnline
- Trusted marketplace promoting premium price realisation

B2B Brands



- Major site & plant closure
- Industrial inventory reduction
- Monthly multi-vendor sales in industry verticals
- Expressions of Interest and Tenders

- Plant and equipment valuation services
- OH&S consultancy services
- Management of end-of-lease residual values and stocktakes

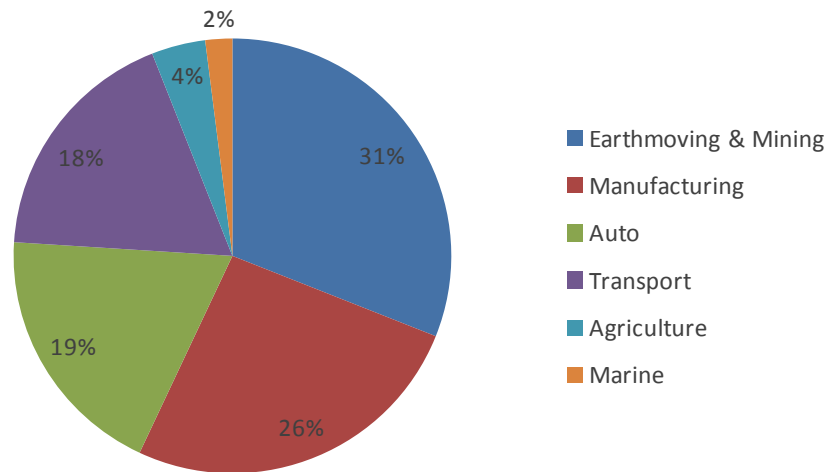
Industry Specialisations

- Mining and earth moving
- Infrastructure and construction
- Transport, automotive and marine
- Agribusiness
- Manufacturing and production
- Hospitality

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B2B actively sources assets from a variety of sectors

Revenue by Asset Categories %



Demand & Supply

Demand side

Majority Unreserved Content:

- Keep buyer databases in sync with supply side
- Offer the most attractive, dynamically priced content to be the single destination for industrial buyers
- Leverage best-in-market website analytics and marketing principles



Supply side

Majority Unreserved Content:

- Corporations
- Banks and Insolvency Practitioners
- SMEs
- State Government and Local Councils

B2C is a pure online retail destination

B2C Overview

- 100% sales are online
- Combines both auction and fixed price
- Extensive product coverage
- Multiple brands and websites
- Excellent relationships with all local service providers, especially in supply chain/carriers
- Category specialists with extensive product knowledge and merchant relationships
- Highly experienced senior management team across general management, sales, marketing, and supply chain

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DealsDirect
Australia's Online Department Store

oo.com.au
The Joy of Shopping Online

TOPBUY
.COM.AU

SAVINGS OF UP TO 25% OFF RRP
ON BIG BRAND TVs INCLUDING SAMSUNG & LG

UP TO 25% OFF RRP
LED, LCD & Plasma TV's.
Premium entertainment at home

SHOP NOW

REFURBISHED COMPUTERS

SHOP

KEEP COOL THIS SUMMER!

UP TO 50% OFF APPLIANCES

sheffield. eurolab. rankarena

SHOP NOW

BIG APPLIANCE BRANDS SELL-OUT

DISHWASHERS, FRIDGES, COOKTOPS & MORE

BID NOW

omega BLANCO BOSCH & more

\$500K HIGH END HiFi & HOME CINEMA CLEARANCE!

HURRY, AUCTIONS END MONDAY 30TH APRIL ONE SALE ONLY!

ROTEL DENON JAMO

ATHENA polk audio Metz JBL

harman/kardon marantz

\$9 Starts

BID NOW

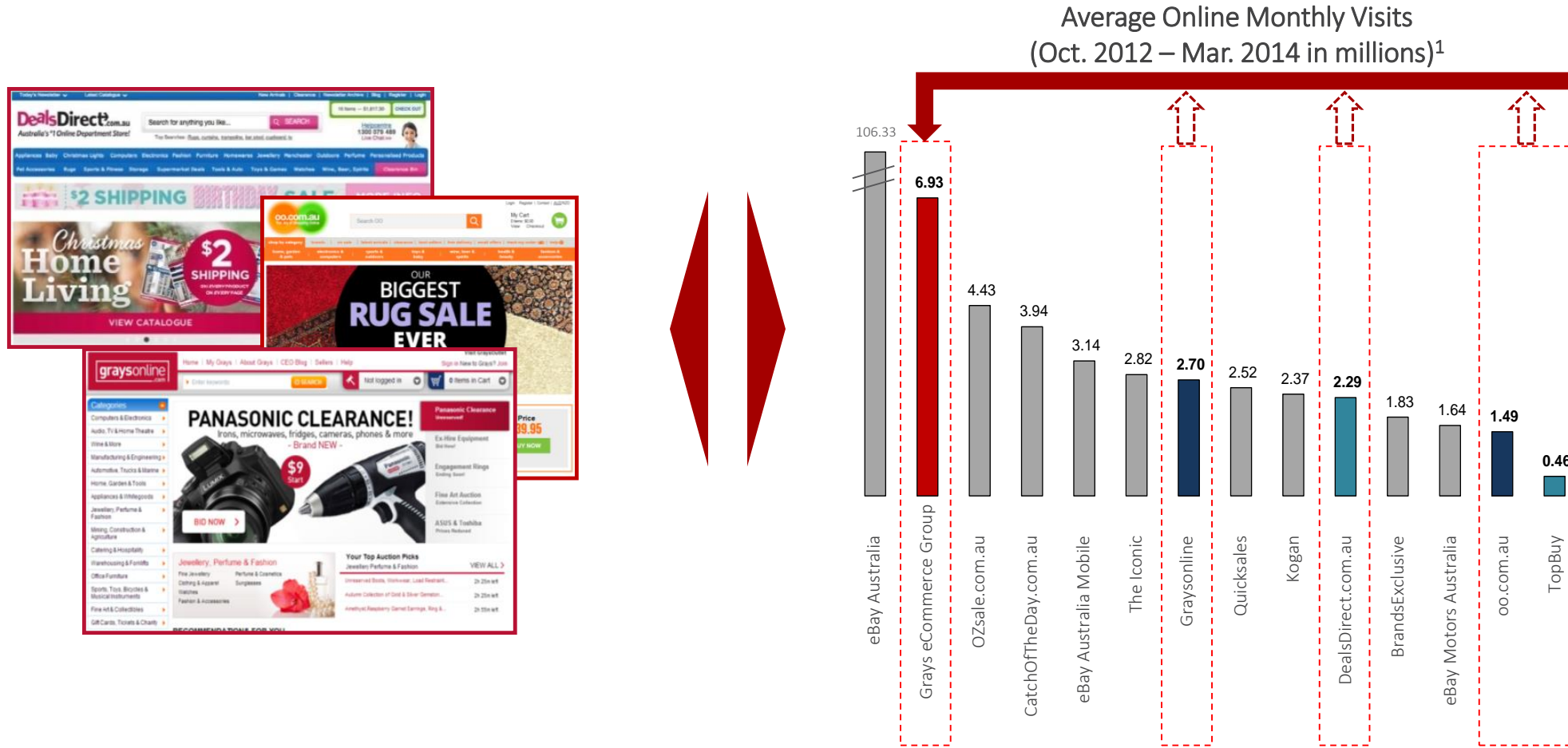
PUT A RING ON IT ENGAGEMENT SALE

If you like it you should put a ring on it. Introducing the all-new engagement collection.

BID NOW

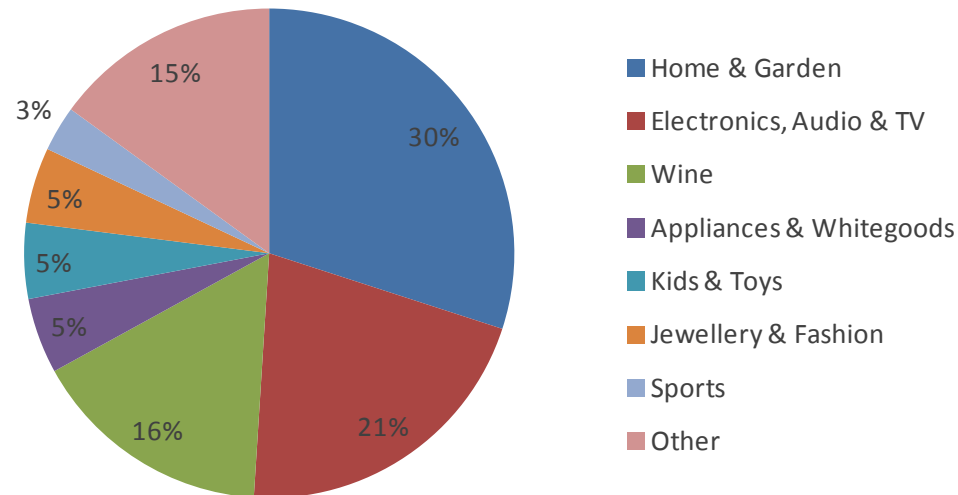
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Our B2C has significant online reach



B2C consumer sales by category

B2C Consumer Sales %



Category Overview

- Home & Garden represent the largest proportion of sales
- Traditionally strong in Consumer Electronics and IT categories
- Excellent relationships with local and international brands
- Private label development in a variety of categories
- Niche category of Jewellery showing strong potential
- Strategy is to refine offering and concentrate on the strongest growth categories

Wine – market leading offering

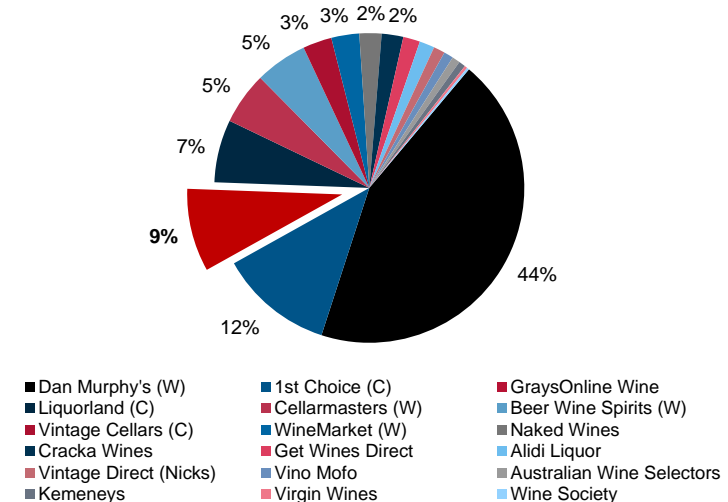
Overview

- Strongest consumer category in terms of profitability and brand awareness
- Sells ~55,000 cases of wine direct to consumers per month
 - ~2% of total bottled wine market in Australia¹
 - Generating sales of \$31m in FY14²
- ~86% of wine sold through online auctions, remainder fixed price
- Auction model offers an alternative and attractive route-to-market for wine growers and distributors
- Services >400 wineries in Australia and New Zealand, 30 exclusive labels
- Increasingly importing wines direct from Europe and the Americas
- Winner of CanStar Blue Most Satisfied Customers Award for Online Liquor Store
- Opportunity to significantly expand wine offering on DealsDirect, replicating the success of wine expansion to OO

Top Wine Sites by Visits

- Grays is the third largest online wine site³ after Dan Murphy's (Woolworths) and 1st Choice (Coles)
- Grays is the largest non-Woolworths, non-Coles owned site
- Potential to leverage total GraysOnline website traffic for wine sales

Online wine traffic (Total visits – 39.3m)



¹ Grays management estimate & Aztec Wine Report 2013

² Gross sales refer to the value of products sold. Grays receives a commission on sales of these products. Includes \$1.5m sales through OO.

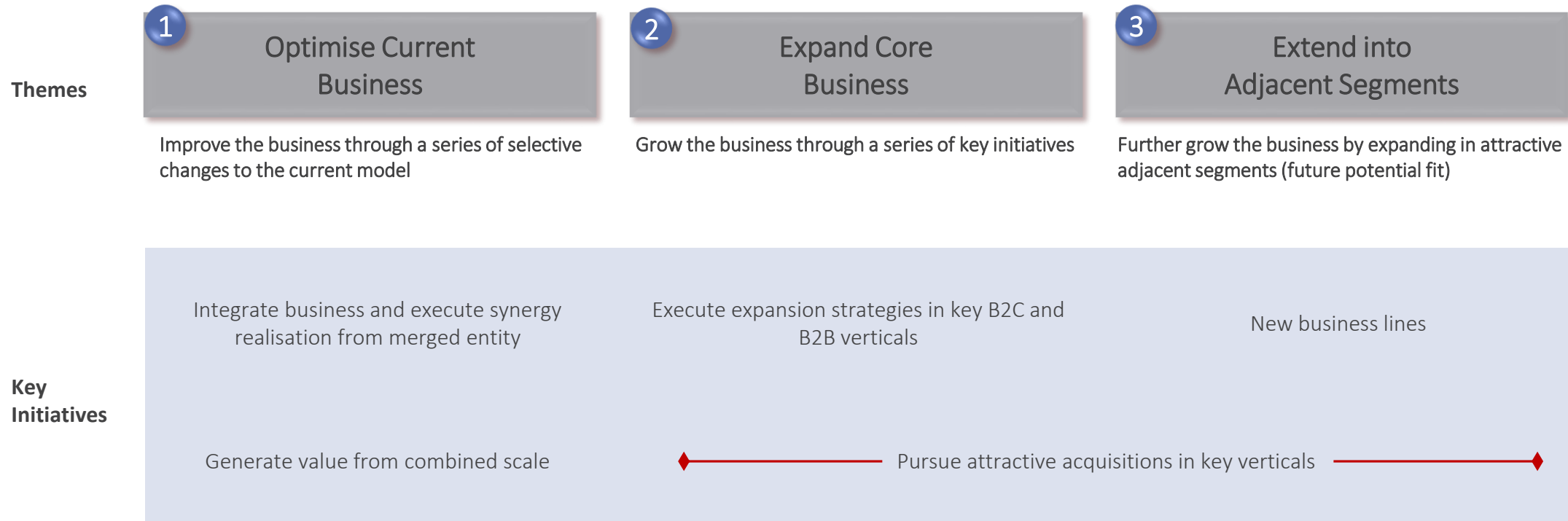
³ Based on traffic. GraysOnline Wine visits represents GraysOnline Wine traffic only. Total GraysOnline visits for same period is 33m.

Note: (W) refers to Woolworths and (C) refers to Coles owned brands/stores.

Source: Hitwise: Top Wine Sites by Visits: April '13 – March '14

A clear and executable strategy

A clear strategy in place centred around 3 themes



1. Optimise current business

Review of current cost structure to deliver efficiency improvements and cost reductions

Operational efficiencies

- Savings in marketing, IT and back office functions
- Staff productivity
- Supply chain efficiencies – freight and customer service
- Increased scale creates economies of scale

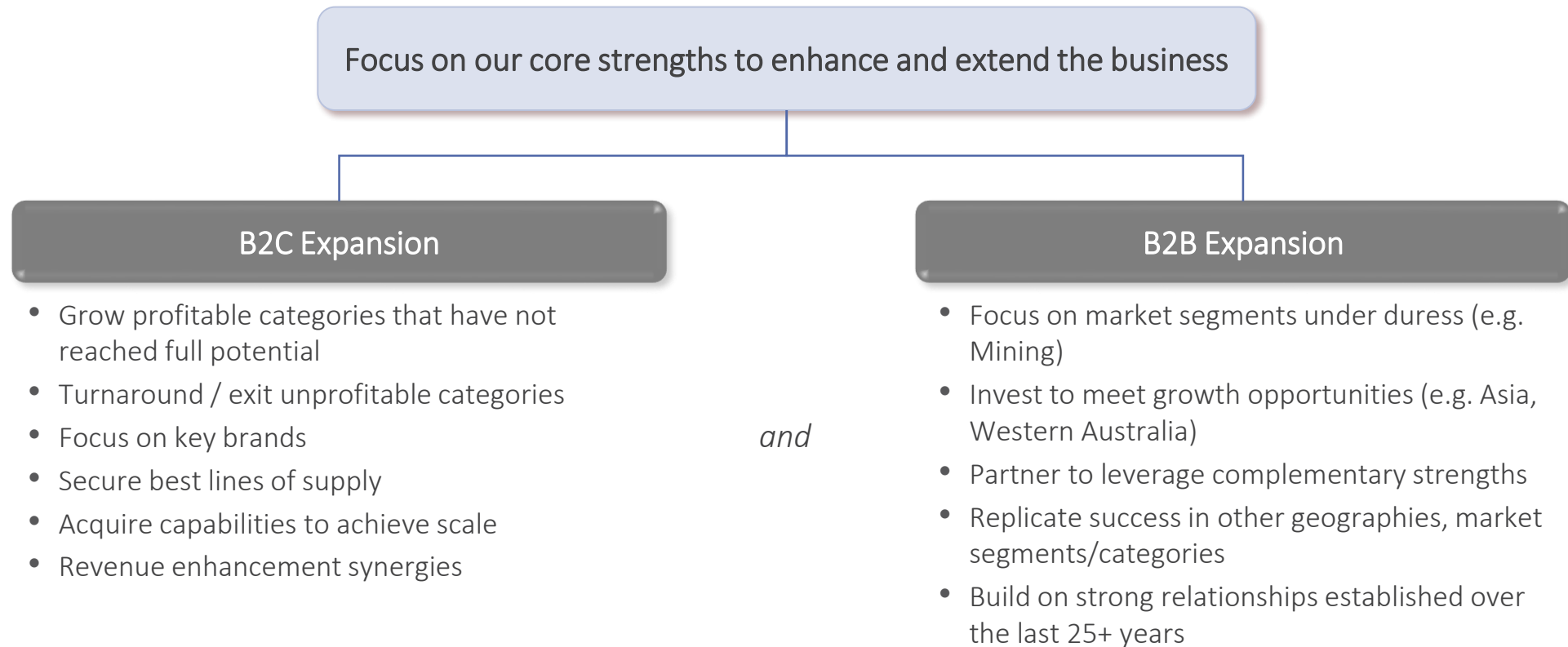
Reduced cost base

- 3rd party spend
- Reduced warehouse and occupancy costs
- Supplier performance management
- Integration synergies

Complimentary Customer data base

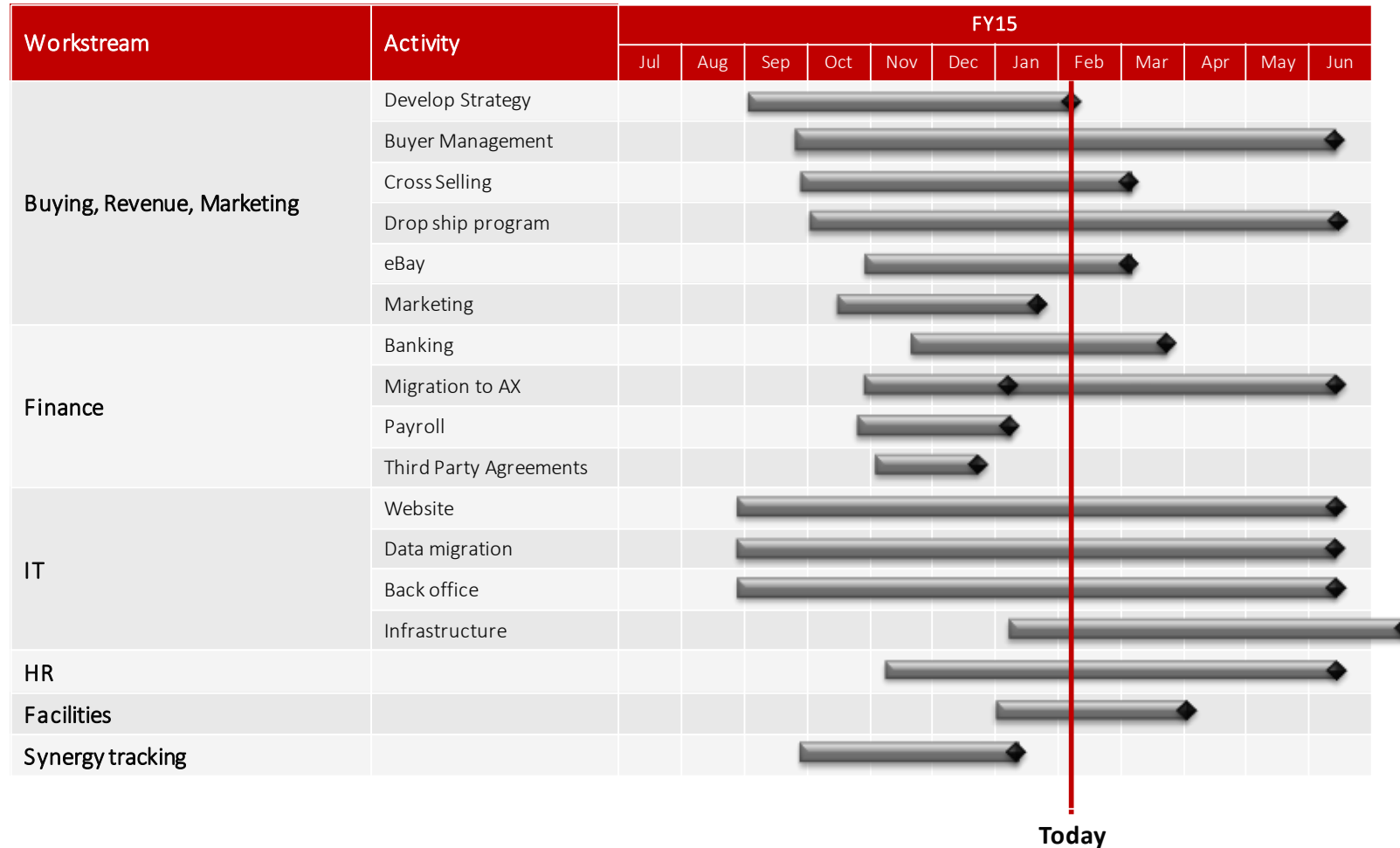
- Wider database creating cross sale opportunities

2. Growth in key categories and geographies



Integration status

DealsDirect integration update



Status Summary

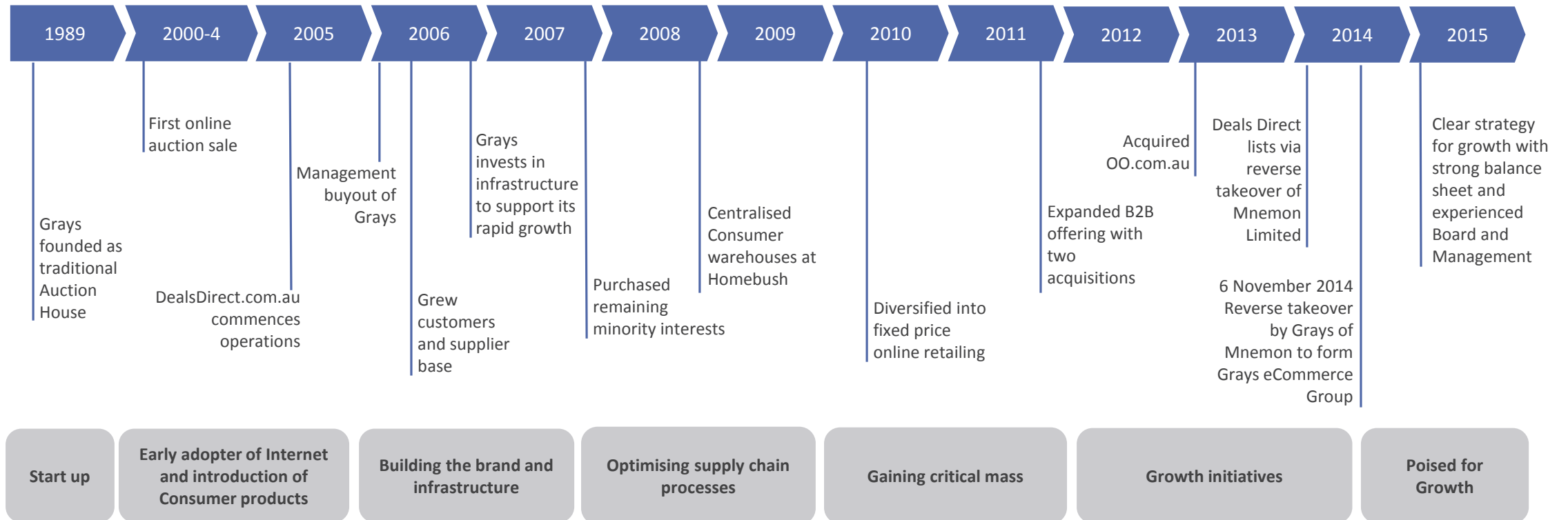
All workstreams are on track and well progressed.

Positioned for growth

- ▶ Attractive underlying market fundamentals
- ▶ GEG has a strong market position with exposure across multiple attractive market segments
- ▶ Clear strategy to grow
- ▶ Rigorous approach to strategy execution whilst maintaining focus on current business
- ▶ Key B2B strategic partnerships in place
- ▶ Strong balance sheet with net cash >\$10m
- ▶ Strong and experienced Board and management team

Appendix

A strong history with significant experience



Board of Directors



Jonathan Pinshaw
Non-Executive Chairman

Jonathan is an experienced board director and business leader. He has held non-executive director roles in a number of public companies including Just Group (Chairman), Australian Consolidated Investments (Chairman), Fairfax Media (Deputy Chairman), James Hardie and Country Road. He has also chaired a number of private equity owned companies. Previous executive roles include Managing Director of public companies OPSM Group and Freedom Furniture as well as CEO roles with Gestetner Asia-Pacific and Brierley Investments Australia.



Naseema Sparks
Non-Executive Director

Naseema is deputy Chairman Racing NSW, Non-Executive Director of Melbourne IT, AIG, Shadforth Financial Group and PMP. Naseema was previously the Managing Director of M&C Saatchi and has extensive experience in traditional and digital marketing.



Will Vicars
Non-Executive Director

Will is Chief Investment Officer at Caledonia and sits on the Board of Caledonia, DFO Investments and The Caledonia Foundation. Will is Vice-Chairman and a Non-Executive Director of St Luke's Hospital Foundation, a Non-Executive Director of Oroton Group, Oneview and Grays. Prior to Caledonia, Will worked as a Senior Portfolio Manager at NRMA Investments and at Bankers Trust.



Mark Bayliss
Executive Director &
Chief Executive Officer

Mark is a senior executive with over 25 years experience in international and publicly listed companies, with leveraged buyouts, private equity turnarounds and with all aspects of strategic, operational and financial management. Previous positions include Group Chief Executive at Quick Service Restaurants, Partner at Anchorage Capital Partners, Executive Chairman at Antares Restaurant Group and CFO at Fairfax Media.

The Company intends to appoint an additional non-executive director and will have regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Management team



Adam Scharer
Executive General
Manager - B2B

Adam joined Grays in 1994 and has been Executive Director since 1999. Adam has extensive experience in all aspects of the auction business including sales, marketing, management, equipment appraisal, innovation, mergers & acquisitions and strategy. Adam's experience also extends to the establishment of new branches across Australia and development of new revenue streams. Adam holds a Bachelor of Engineering (Hons) and is a certified plant and machinery appraiser.



Mark Kehoe
Executive General
Manager - B2C

Mark joined Grays in 1999, and has been an Executive Director heading the consumer business since 2003. Extensive senior level experience in online eCommerce operations, including general management, sales & marketing, and operations. Hands on knowledge and extensive experience in the Australian and international online environment over the last fourteen years. Mark holds a Bachelor of Business (UTS).



Michael Rosenbaum
Head of Retail

Michael co-founded DealsDirect in 2004, a pioneering online department store. Michael's first foray into online retail was in 2001 when he co-founded AuctionBrokers, eBay Australia's first commercial seller. This business went on to become the leading online store on eBay in Australia. Michael has 13 years experience across eCommerce, merchandise, marketing & technology. Michael is currently Managing Director of DealsDirect Group & Interim CEO of Mnemon Limited.



Emmanuel Zammit
Chief Financial Officer

Emmanuel was appointed CFO of Grays in 2015. He was previously the CFO at Wattyl and Alesco both of whom were listed on the ASX. Previously, Emmanuel held numerous senior management positions at MeadWestvaco operating variously in Europe, Asia Pacific and the Australia / New Zealand regions.



Stephen Charlesworth
Chief Information
Officer

Stephen became CIO of Grays in 2013 and as such has taken responsibility for all aspects of IT including infrastructure, externally hosted environments, the overall direction of software development, management of third party software and the relationships with key IT suppliers. The holder of a BA and a Graduate Diploma of Computing, Stephen came to Grays in 2001 following a successful consulting career in database driven application development.



David Sharp
Executive General
Manager - Marketing

David has over 21 years experience in the Australian data driven marketing, credit and property decision science industries. He founded Sharp & Anderson Consulting which later became Market Advantage and was fully acquired by Veda Ltd in 2000. During his 12 years with Veda he was responsible for the data-driven marketing and credit analytics businesses. David joined Grays in 2010 as Group Marketing Manager and has also been responsible for OO.com.au retail business.

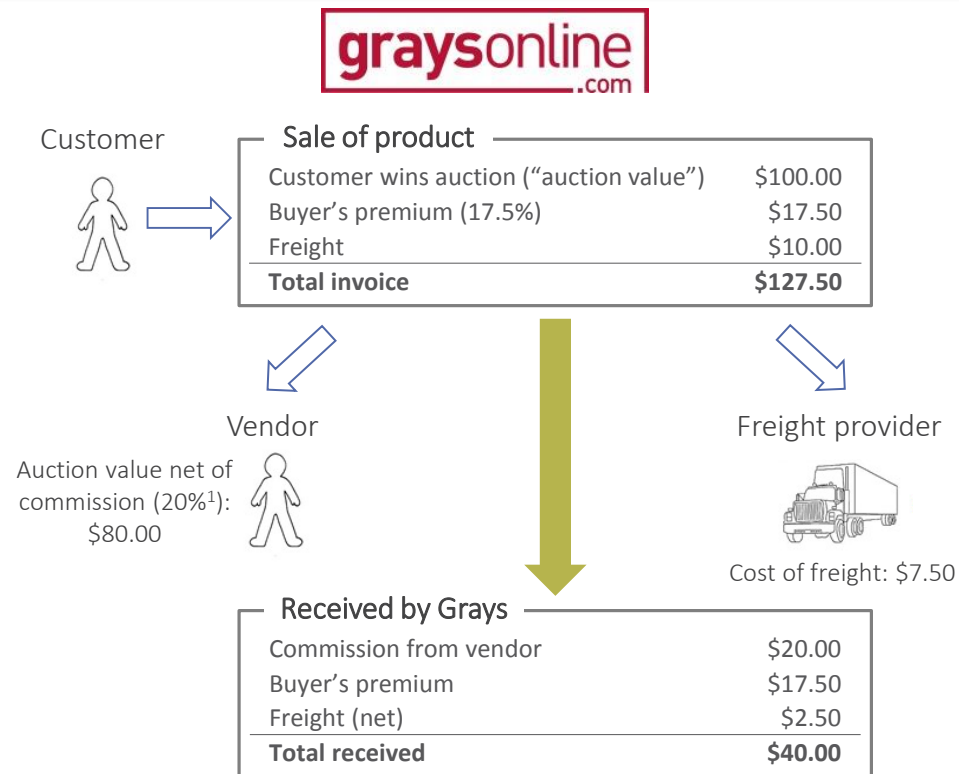


Julie Starley
Executive General
Manager - Operations

Julie joined Grays in 2009 leading operational excellence in customer service, logistics and warehousing. Julie has over 16 years experience in the fast paced Online Retail and ICT industries. Previously, Julie held international roles in Vodafone Group with experience in marketing, business and segment growth strategies, customer experience and change management.

Generating revenue - auction and fixed price

Revenue model – auction (illustrative only)







Revenue model – fixed price



Own inventory sales

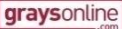





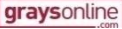



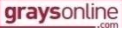














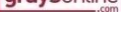
- Margin received on products sold
- Business manages inventory for resale

Portfolio of complementary brands

				
Trading mechanism	Online Auctioneer	Online Department Store (fixed price)	Online Department Store (fixed price)	Online Department Store (fixed price)
Value proposition - customers	Leading online auctioneer and retailer in Australia & NZ. Offering over 80 categories in industrial, commercial and consumer goods	Leading online department store in Australia & NZ with over 30 categories offering extensive range of quality products from leading brands at exceptional prices	Australia's #1 online department store offering a range of over 15,000 quality products at heavily discounted prices across 20 categories	Leading super store in providing customers with high quality and brand name products with key strengths in branded consumer electronics, fashion and general merchandise
Value proposition - vendors	To be the most efficient channel between vendors and online buyers in both B2C and B2B markets	Tap into the growing and complementary online channel, for both local brands and international importers	Tap into the growing and complementary online channel, for both local brands and international importers	Tap into the growing and complementary online channel, for both local brands and international importers
Tagline	The smartest bargains are just a click away	The Joy of Shopping Online	Australia's online department store	TOP Brands! TOP Service! TOP Prices!
Brand attributes	B2B & B2C Trusted Australian Broad Range Established Distressed Stock Auction & Fixed Price Quality Brands Physicality Local Call Centre Value	B2C The Great Rebate Best Deals Strong returns policy Hassle-free Reliable Easy & Fun Australian Quality brands Brand New Stock	B2C Brand New Stock Trusted Australian Retailer Full range offering Quick and reliable fulfilment Industry leading customer service	B2C Value Brand New Stock Branded electronics Flash sales Fashion focus Innovative retailer
Customer personas – who shops?	Male 35+ Age Group Educated High disposable income Consumers Businesses	Female Age group (29 – 45) Families Lower disposable income	Female Age group (35 – 55) Families Lower disposable income	Female and Male Age group (25 – 45) Higher disposable income

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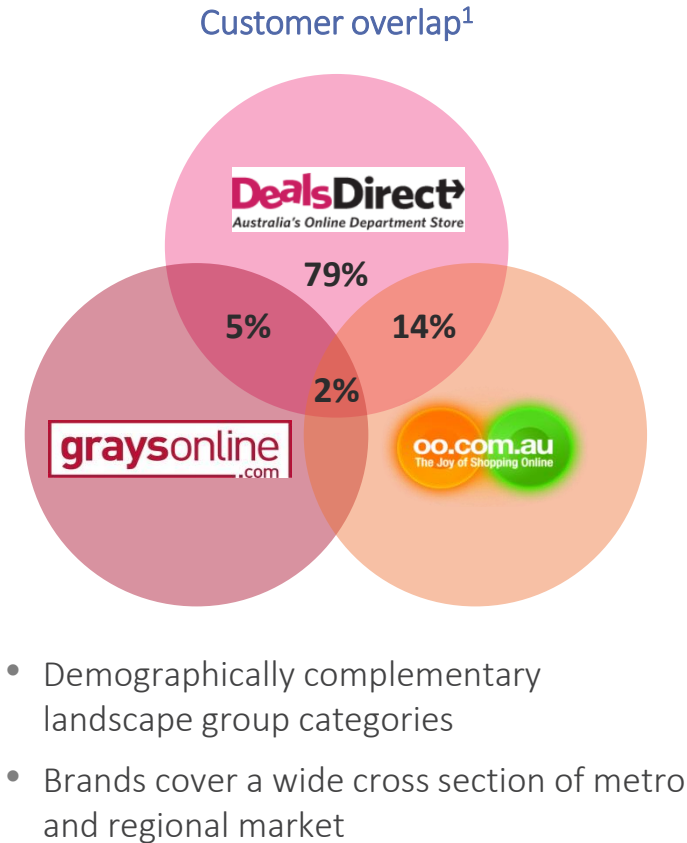
Exposure across multiple attractive segments

		Grays eCommerce Group		
Top product categories		Auction	Fixed Price	Websites / brands
B2C / Consumer	Wine	✓	✓	  
	Computers & IT	✓	✓	   
	Appliances and whitegoods	✓	✓	   
	Audio, TV & home theatre	✓	✓	   
	Fine jewellery	✓	✓	  
	Bedding & Manchester	✓	✓	  
B2B / Industrial	Home Furniture	✓	✓	  
	Motor vehicles	✓	—	
	Agriculture	✓	—	
	Mining and mining services	✓	—	
	Manufacturing & production	✓	—	
	Transport, trucks and trailers	✓	—	
	Earth moving and mobile plant	✓	—	



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Targeting multiple demographics



DealsDirect
Australia's Online Department Store

Australia's online department store

- Female
- 35 – 55 age group
- Families
- Lower disposable income

TopBuy
.com.au

TOP Brands! TOP Service! TOP Prices!

- Female and Male
- 25 – 45 age group
- Higher disposable income

graysonline
.com

The smartest bargains are just a click away

- Male
- 35+ Age Group
- Educated
- High disposable income
- Consumers
- Businesses

oo.com.au
The Joy of Shopping Online

The Joy of Shopping Online

- Female
- 29 – 45 age group
- Families
- Lower disposable income

End

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Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Grays eCommerce Group Limited current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.