

TEMPLE & WEBSTER GROUP LTD

ABN 69 608 595 660

ASX Announcement



## **FY2016 Second Quarter and Half Year Cash flow Statement**

**SYDNEY (29 January 2016): Temple & Webster Group Limited ("The Group", or ASX:TPW) today released its Appendix 4C Cash Flow Statement for the second quarter and half year to 31 December 2015.**

The Appendix 4C represents statutory cash flows recorded during the period and is not directly comparable to the 12 month cash flow projections for FY16 contained in the Company's Prospectus.

The Prospectus' projected cash flows are based on a full twelve months ownership of The Group's three operating companies – Temple & Webster, ZIZO and Milan Direct, only Temple & Webster was owned for the full duration of the reporting period. ZIZO and Milan Direct were acquired during the period and contributed approximately five months and three weeks of actual cash flow performance, respectively. Further, the pro forma Prospectus cash flow projections for FY16 exclude all costs associated with the Milan Direct and ZIZO acquisitions, integration and the IPO, whereas the Appendix 4C Statement issued today includes these costs.

The Group has completed a transformational 12 months with the acquisition of ZIZO (previously Wayfair Australia), Milan Direct, and its IPO to create Australia's largest online-only furniture and homewares retailer.

Integration of the three businesses has progressed well. Management is now able to bring forward a number of top line and bottom line initiatives including the launch of the Temple & Webster online store ([shop.templeandwebster.com.au](http://shop.templeandwebster.com.au)). The online store leverages the world-class technology platform acquired as part of the Wayfair (ZIZO) acquisition and features a permanent collection of 15,000 curated products. The full range of products is drop-shipped from suppliers, enabling faster customer delivery times for customers and avoiding the need to carry inventory.

The Group will shortly be launching ZIZO PRO, an exclusive program open to business consumers as well as industry and trade professionals. The program provides access to a dedicated ZIZO PRO representative, discounted trade pricing from over 600 local and international suppliers, and also leverages the Wayfair technology platform.

The Group has also accelerated the launch of a pilot showroom for the Milan Direct brand ([www.milandirect.com.au](http://www.milandirect.com.au)) which will open in Melbourne in Q4 2016. The showroom will allow Milan Direct's customers to touch and feel furniture lines which is expected to assist online sales conversion and boost brand awareness of the Milan Direct website.

TPW CEO, Mr Shanahan said: "While we are pleased with the progress we have made over the first half of the year in building and then listing the Temple & Webster Group, we are cognisant of the range of market views on the outlook for the Australian economy, consumer confidence and the potential impacts on retail trends.

“We have \$27m cash at bank, no debt and a low inventory business model. We believe the initiatives we are taking, combined with the flexibility of our online operations allow us to more rapidly adapt to variable economic and macro conditions as they eventuate.

“We continue to be well placed to capture the expected migration of spend from offline to online channels over the coming years, extend our leadership position, and achieve our ambition of becoming the first place Australians turn to for furniture and homewares.

TPW will provide an update on trading performance and the progress of the company’s strategy at the end of February with the company’s FY2016 first half results.

ENDS

**Attached:** APPENDIX 4C Cash Flow Statement

**Contacts**

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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 be the first place Australian's turn to when shopping for the home, and currently operates the Temple & Webster, ZIZO and Milan Direct platforms.

The Temple & Webster brand provides a curated offering of over 10,000 different products a month from over 400 suppliers. ZIZO is one of Australia's largest marketplaces for furniture and homewares with over 100,000 products on sale from over 700 suppliers. ZIZO runs an innovative drop-shipping model, whereby products are sent directly to customers by suppliers thereby enabling faster delivery times, reducing the need to hold inventory allowing a larger product range. Milan Direct is one of Australia's largest online retailers of furniture which has operations in Australia and the UK, with almost 10 years of experience in sourcing private label products under the Milan Direct brand.

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

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Temple & Webster Group Ltd

ABN

69 608 595 660

Quarter ended ("current quarter")

31 December 2015

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	14,217,132	23,887,002
1.2	Payments for (a)staff costs	(3,219,857)	(4,874,656)
	(b)advertising and marketing	(3,056,986)	(5,521,678)
	(c)research and development	-	-
	(d)leased assets	-	-
	(e)other working capital	(12,827,815)	(20,618,655)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	30,720	40,298
1.5	Interest and other costs of finance paid	(5,744)	(5,744)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net operating cash flows</b>	<b>(4,862,550)</b>	<b>(7,093,433)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,862,550)	(7,093,433)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	(9,538,150)	(13,538,150)
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(126,542)	(145,813)
(e) other non-current assets		
<b>1.10 Proceeds from disposal of:</b>	-	-
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
	<b>(9,664,692)</b>	<b>(13,683,963)</b>
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(14,527,242)</b>	<b>(20,777,396)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	61,917,976	73,915,042
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of net borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (repayment to shareholders, refer 2.1)	(21,620,527)	(21,620,527)
Other (transactions costs)	(4,729,393)	(5,706,628)
	<b>35,568,056</b>	<b>46,587,887</b>
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>		
1.21 Cash at beginning of quarter/year to date	6,695,340	1,925,663
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>27,736,155</b>	<b>27,736,155</b>

+ See chapter 19 for defined terms.

## **Payments to directors of the entity and associates of the directors**

### **Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(187,000)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Payments of directors fees and consulting fees to Carol Schwatz, Matthew Campbell, Conrad Yiu and Ardenpoint Pty Ltd (inclusive of GST).	

## **Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

1.2 Other (repayment to shareholders): Temple & Webster Group Ltd raised \$61.5m in an IPO on 10 December 2015. Of this, \$21.5m was paid directly to certain early stage shareholders in realisation of part of their investment. The Temple & Webster Group Ltd received \$40m from this raising prior to the acquisition of Milan Direct (refer section 5) and costs of the IPO.

Regarding acquisitions of businesses refer to section 5.

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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## **Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	\$700,000	\$0

+ See chapter 19 for defined terms.

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	12,736,155	3,695,340
4.2	Deposits at call	15,000,000	3,000,000
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>27,736,155</b>	<b>6,695,340</b>

## Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	1. Wayfair Australia Pty Ltd 2. Milan Direct UK Pty Ltd and Milan Direct Group Investments Pty Ltd	-
5.2	Place of incorporation or registration	1. Australia 2. Australia	-
5.3	Consideration for acquisition or disposal	1. \$4,000,000 in cash initially with deferred consideration of \$2,000,000 payable on 31 July 2016 2. \$9,538,150 in cash and 7,306,394 Shares in the Company	-
5.4	Total net assets	1. \$6,000,000 2. \$17,575,178	-
5.5	Nature of business	1. Online furniture and homewares retailer 2. Online furniture and homewares retailer	-

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

+ See chapter 19 for defined terms.

- 2 This statement does ~~/does not~~\* (delete one) give a true and fair view of the matters disclosed.



Sign here: .....  
(~~Director~~/Company secretary)

Date: 29 January 2016.

Print name: .....Michael Egan.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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