

TEMPLE & WEBSTER GROUP LTD

ABN 69 608 595 660

ASX Announcement

28 July 2016



### FY2016 Fourth Quarter Cash Flow Statement

**Temple & Webster Group Limited (ASX:TPW) today released its Appendix 4C Cash Flow Statement for the fourth quarter.**

The business ended the fourth quarter with cash of \$18.4m (compared to previous quarter of \$19.4m) with net cash flows of -\$1.0m.

The improved operating results have been driven by:

- Successful relaunch of the Temple & Webster site into Australia's largest open ecommerce site for the home, with the biggest range and best content (site relaunched April 28)
- Strong double-digit revenue growth driven by the relaunched Temple & Webster site, with record levels of organic search traffic (Q4 Pro Forma Revenue was up ~11% year on year)
- New Chief Marketing Officer appointed with significant retail and digital experience – Sven Lindell (ex Head of Digital for Bras N Things, Woolworths, Rebel Sport)
- Significant improvements in marketing, with ~30% reduction in cost per first time customer (Mar-16 vs Jun-16)
- Completion of the first phase of the cost reduction programme, including consolidating warehouse providers & reducing payroll costs
- Monthly cash burn reduction of \$400k (Mar-16 vs Jun-16) and improved cash management strategies

“Temple & Webster is back on track”, said Mark Coulter, TPW CEO. “In April we made the call to accelerate our plans of building out Temple & Webster into Australia's largest open ecommerce site. Looking at the results to date, this call was the right one. While the household goods retail market contracted in May (-1.1%, ABS), we posted double digit growth. Our vision of delivering beautiful solutions for our customers' homes & work spaces is working and we are changing the way Australians are researching and shopping for their homes.”

“We have \$18m cash at bank and a low inventory business model. We have a re-energised executive team with a clear vision. We have a world-class tech platform and Australia's leading content team. We have the largest product range by far, and most of our orders are shipped within 48 hours. Our brands are loved and trusted by our customers. We are the number one online retailer in a growing market sector with strong fundamentals. We have the resources, the team, the brands and the assets to achieve our goal of being the first place Australians turn to when shopping for their home and work spaces.”

“We still have lots of work to do but I am confident of delivering our twin financial goals of strong revenue growth and to reach breakeven in CY18 within our existing cash reserves. While the benefits of the integration of the acquisitions may have taken longer than expected, we are now seeing the fruits of those moves” said Coulter.

ENDS

### **Contacts**

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

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 which were prepared on a pro forma basis assuming ownership of subsidiaries acquired for a full 12-month period. Further, the pro forma 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 includes these costs.

### **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 the home & work spaces, and currently operates the Temple & Webster and Milan Direct platforms.

The Temple & Webster brand provides a curated offering of over 10,000 different products a month from over 400 suppliers together with one of the largest marketplaces for furniture and homewares with 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, 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")

30 June 2016

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	15,776	55,208
1.2 Payments for (a)staff costs	(3,667)	(10,927)
(b)advertising and marketing	(2,571)	(10,729)
(c)research and development	-	-
(d)leased assets	-	-
(e)other working capital	(10,386)	(48,907)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	123	205
1.5 Interest and other costs of finance paid	(12)	(22)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(737)</b>	<b>(15,172)</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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(737)	(15,172)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	(73)	(13,611)
(b) equity investments	-	-
(c) intellectual property	(156)	(237)
(d) physical non-current assets	-	(146)
(e) other non-current assets	-	(63)
<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>(229)</b>	<b>(14,057)</b>
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(966)</b>	<b>(29,229)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	73,915
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)	-	(21,621)
Other (transactions costs)	-	(6,554)
	-	<b>45,740</b>
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>(966)</b>	<b>16,511</b>
1.21 Cash at beginning of quarter/year to date	19,403	1,926
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>18,437</b>	<b>18,437</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	61
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	<p>Explanation necessary for an understanding of the transactions</p> <p>Gross payments of directors' fees to Carol Schwartz, Conrad Yiu, Sue Thomas, Stephen Heath (excluding superannuation, payroll tax and workers compensation).</p>	

**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	-	-

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**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	8,637	4,403
4.2 Deposits at call	9,800	15,000
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>18,437</b>	<b>19,403</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	<ol style="list-style-type: none"> <li>Wayfair Australia Pty Ltd</li> <li>Milan Direct UK Pty Ltd and Milan Direct Group Investments Pty Ltd</li> </ol>	-
5.2 Place of incorporation or registration	<ol style="list-style-type: none"> <li>Australia</li> <li>Australia</li> </ol>	-
5.3 Consideration for acquisition or disposal	<ol style="list-style-type: none"> <li>\$4,072,508 in cash initially (\$72,508 being adjustment to the initial purchase price resulting from higher final working capital) with deferred consideration of \$2,000,000 payable on 31 July 2016</li> <li>\$9,538,150 in cash and 7,306,394 Shares in the Company</li> </ol>	-
5.4 Total net assets	<ol style="list-style-type: none"> <li>\$6,072,508</li> <li>\$17,575,178</li> </ol>	-
5.5 Nature of business	<ol style="list-style-type: none"> <li>Online furniture and homewares retailer</li> <li>Online furniture and homewares retailer</li> </ol>	-

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



Sign here:

(~~Director~~/Company secretary)

Date: 28 July 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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