

Shoply Limited – Investor Update – October 2015

Simon Crean – Chief Executive Officer

Agenda



- ▶ Shoply overview
- ▶ Shoply Corporate snapshot
- ▶ FY15 Financial highlights
- ▶ FY15 Financial summary
- ▶ FY16 Outlook
- ▶ Strengthened team
- ▶ Mid-market consolidator
- ▶ Key trend indicators
- ▶ Ecommerce barriers to entry
- ▶ Market comparables

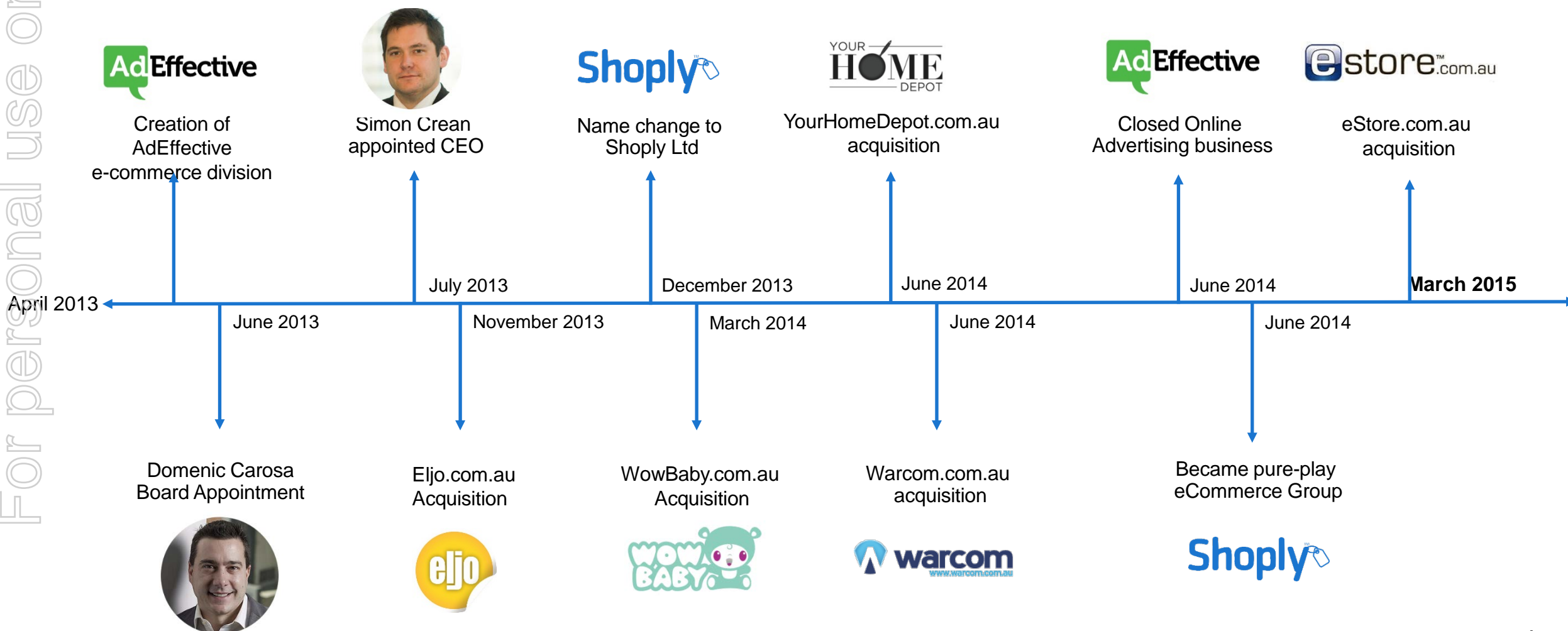


Shoply Ltd (ASX:SHP) has the objective to be a leading ASX-listed online shopping company by rapidly executing a dual strategy of organic and acquisitive growth.

Shoply - Corporate Evolution



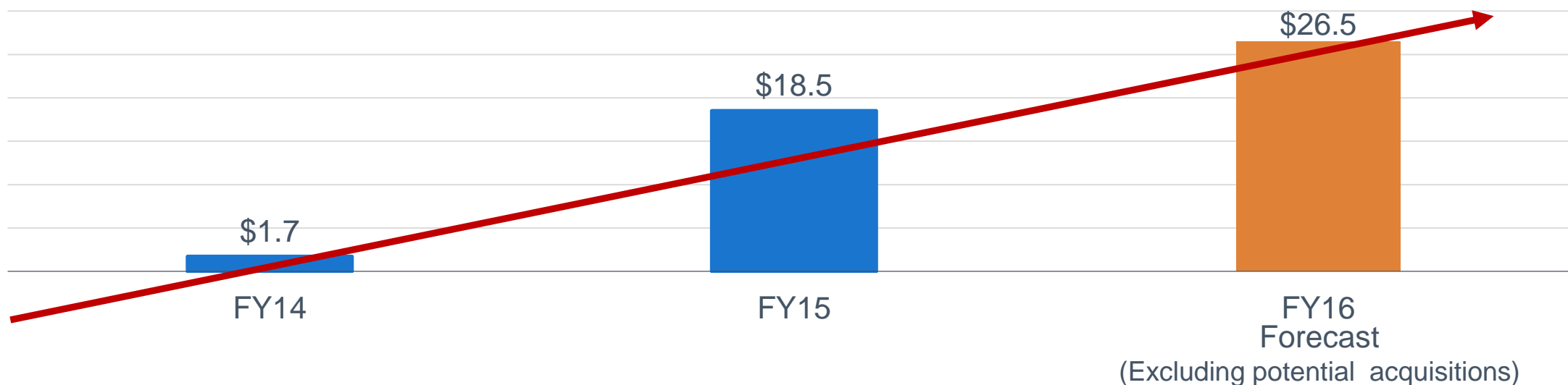
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Acquisitions – Past 18 months



Growing revenues organically and through acquisition (\$m)



Proven ability to acquire and organically grow assets.
Undervalued, growing investment opportunity.

Shoply growth strategy



Organic
focus on
sales and
building the
brands in the
market

Strategic
online
shopping
acquisitions
at attractive
multiples

Cost
reduction
through
systemisation

Improved
visibility on
all sites with
optimisation
for mobile &
tablet



Corporate snapshot



ASX Code: SHP

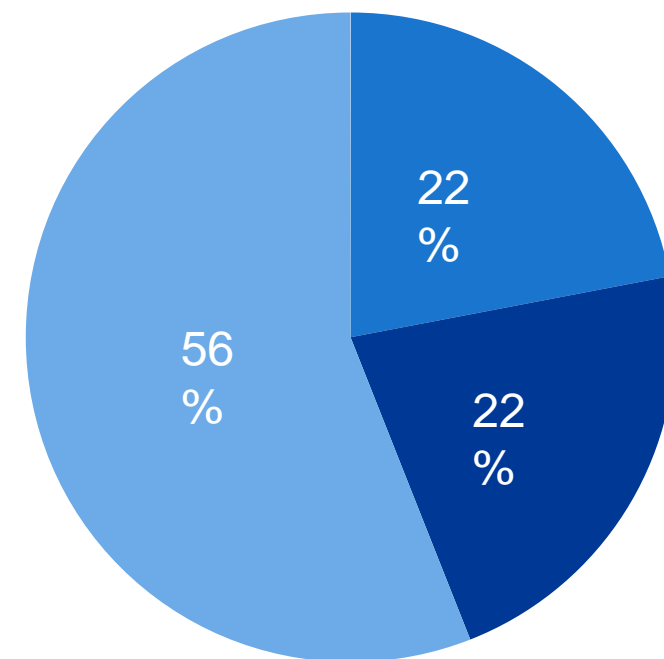
Ordinary Shares	559m
Unlisted options	5m
Market cap (@ 1.5 cents)	\$8.4m
Cash (30 September 2015)	\$1.0m

*As of October 19, 2015

Directors & Senior Management

Simon Crean – Chief Executive Officer
Andrew Plympton – Chairman
Mark Gouloupoulos – Non-Executive Director
Domenic Carosa – Non-Executive Director
Matt Dickinson – Non-Executive Director
Lorenzo Coppa – Non-Executive Director
Alyn Tai – Company Secretary
Graeme Lay – Chief Financial Officer
Vaughan Clark – Chief Operating Officer

Shareholding breakdown



- Top 20 (excluding Board & Management)
- Board & Management
- Other

Premium brands at great prices...all online **Shoply**

Compelling customer proposition

- ▶ Shoply offers only leading consumer brands
 - ▶ brands bring customers to the site
 - ▶ brands already have a high level of customer trust
 - ▶ fosters strong supplier relationships
 - ▶ reduced risk to Shoply's brand and balance sheet for any product faults
- ▶ Trust acquired through established online brands and Australian ownership
- ▶ Hybrid inventory model for lower prices and convenience



KitchenAid

 **Office**

DeLonghi

FUJITSU

SAMSUNG

Breville

果良信
GLOBAL

SCANPAN
DENMARK

Black Tie Service  **Plain Wrap Prices**

 **LG**  **SONY**

FY15 highlights



REVENUE



\$18.5m

Guidance: \$18m

REVENUE GROWTH



Up 995% on FY14

FY14: \$1.7m

NON-SEASONAL MONTHLY REVENUE



\$2.2m

Doubled from \$1.1m

FY15 summary



Strong sales growth

- Solid contribution from acquired and organic sales growth
- \$2m plus monthly revenue run-rate achieved



Consolidation of operating model

- Functional organisational structure in place
- 75% through the integration of all stores on one operating platform



Strong partners

- Developed strong relationships with suppliers across all categories
- New partnerships bringing greater range across the group



Strengthened team

- Further retail and marketing capability and experience added to the board
- Appointment of Chief Financial Officer and Chief Operating Officer

FY16 outlook



Growth of revenue

- \$18.5m to \$26.5m in organic growth (43%)
- Capitalising and growing on current \$2.2m monthly revenue position



Profit/ loss from continuing operations

- EBITDA loss reduced to \$619K. This is an improvement of \$1.5m which will be gained through revenue increases, margin improvement and cost reductions
- Extract greater value and effectiveness from marketing strategies



Operationally profitable

- Continual improvement in business processes to improve our position



Acquisitions

- Seek appropriate acquisition opportunities
- Online properties that can be integrated into the operating model and deliver ongoing revenue growth

Strengthened team



Vaughan Clark
Chief Operating Officer

Sales, marketing and operations executive manager with over 30 years' in retail and establishing cultures of operational excellence that deliver results.

Executive managerial experience gained in large scale online and offline retail from previous roles with DealsDirect, Telstra and Bob Jane T-Marts



Graeme Lay
Chief Financial Officer

CPA / MBA with 28 years' experience in commercial accounting in industries including retail, manufacturing, warehousing and distribution and tertiary education).

Previous employers include Pacific Dunlop Limited, Boral Limited, Agri Energy Ltd and Deakin University. Experience in USA and UK consolidations and company secretarial work.



Matthew Dickinson
Non-Executive Director

Founded iMega Group, growing it to multi-million dollar profit.

Known as Australia's first "growth hacker" and is one of Australia's most sought after start-up advisors over the past 15 years.



Lorenzo Coppa
Non-Executive Director

Founded City Software group of companies, an innovative market leader since 1991, and pioneered Australia's first IT online retail presence in 1994.

Non-Executive Director and later served as Chairman of SteriHealth LTD since 2008, privatised the firm in 2014.

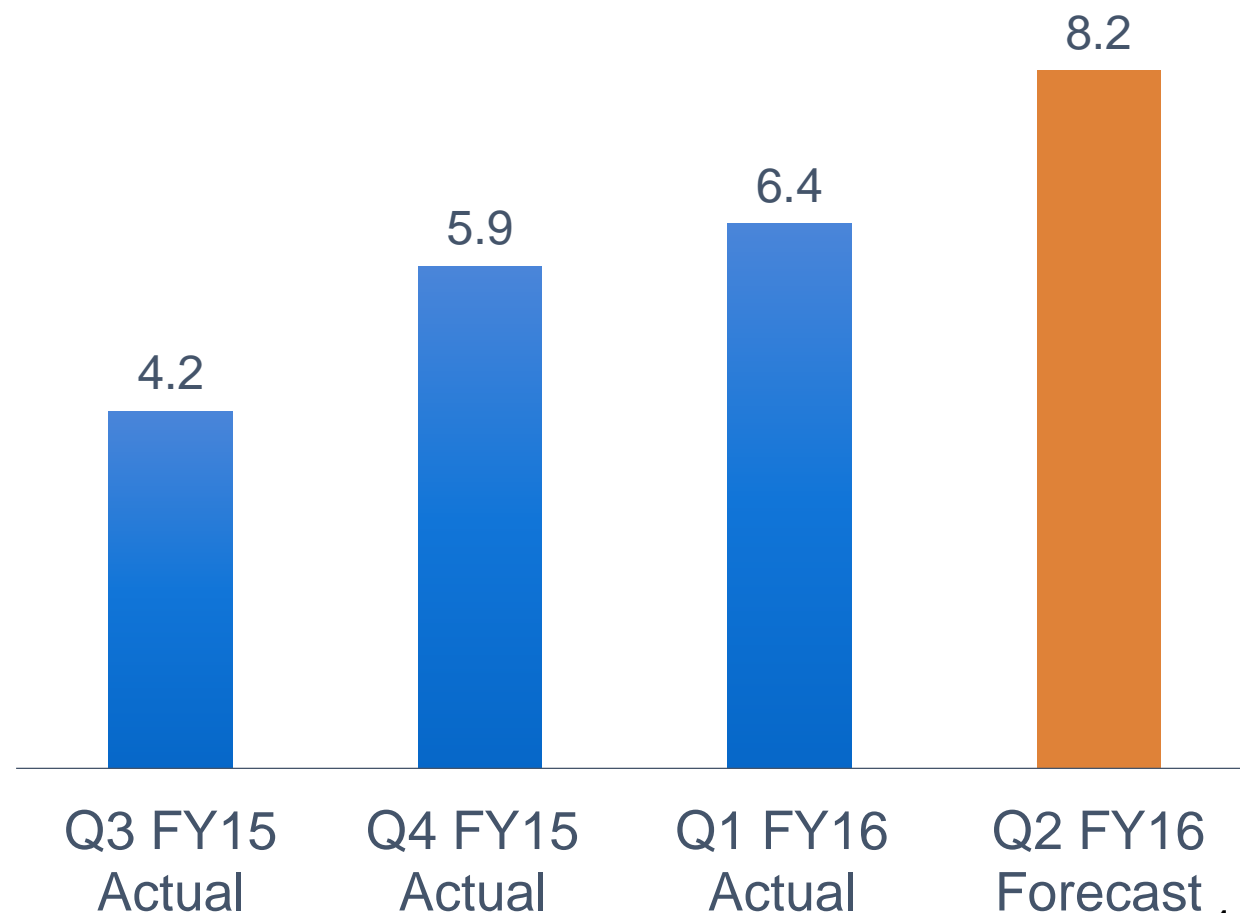
Strong revenue growth



According to the NAB Retail Sales Index Shoply's organic growth is 10 X faster than the market

- ▶ Key focus over last 12 months:
 - ▶ improving marketing and sales
 - ▶ reducing operational costs
 - ▶ improving operational systems
- ▶ Opportunities for further growth:
 - ▶ further acquisition opportunities
 - ▶ additional scale benefits
 - ▶ increase marketing to build brand awareness and organic growth

Online Shopping Sales (\$m)



Online shopping growth drivers



- ▶ Weaker AUD driving increased domestic purchasing. (Consumers paying ~30% more for USD products and 35% for EUR)
- ▶ \$1,000 GST threshold will be abolished in July 2017, further increasing domestic purchasing
- ▶ Consumers seeking convenience and value for money. The time and cost to park for shopping excursion continue to increase
- ▶ Continued growth in consumers using mobile devices to browse and purchase products
- ▶ Online retail still only represents ~8% of total retail in Australia



Recent improvements



Operational

- ▶ Increased capability in the marketing team
- ▶ Implemented new systems and processes to efficiently support growth
- ▶ Reviewed, rationalised and expanded product lines
- ▶ Employed a dedicated manager and champion of Wow Baby

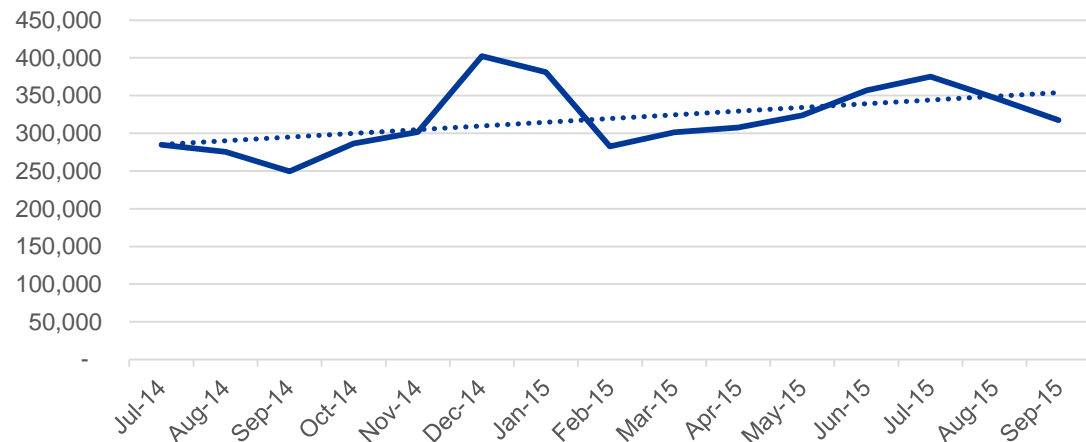
Financial

- ▶ \$2m monthly baseline revenue set
- ▶ Product margin increases from 18% to 23%
- ▶ Favourably renegotiated transactional and distributions expenses
- ▶ Doubling of revenue with minimal operating expense impacts

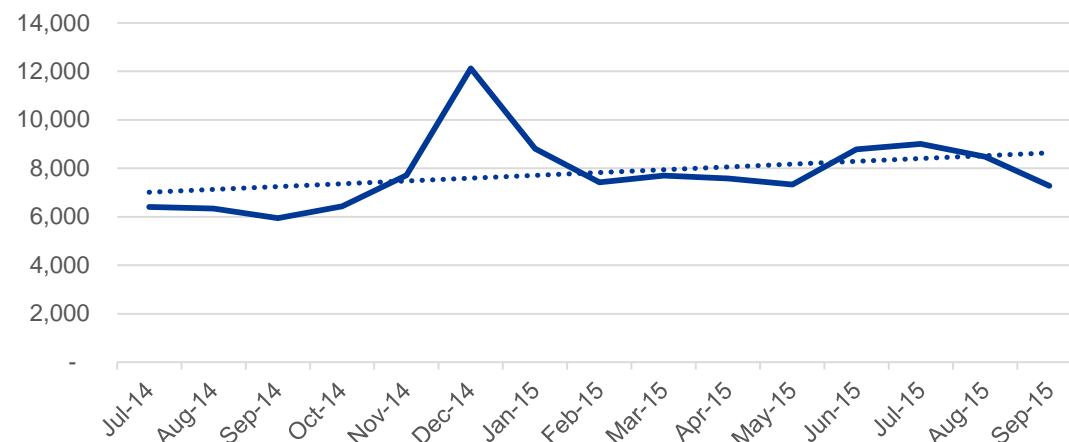
Shoply – Key trend indicators



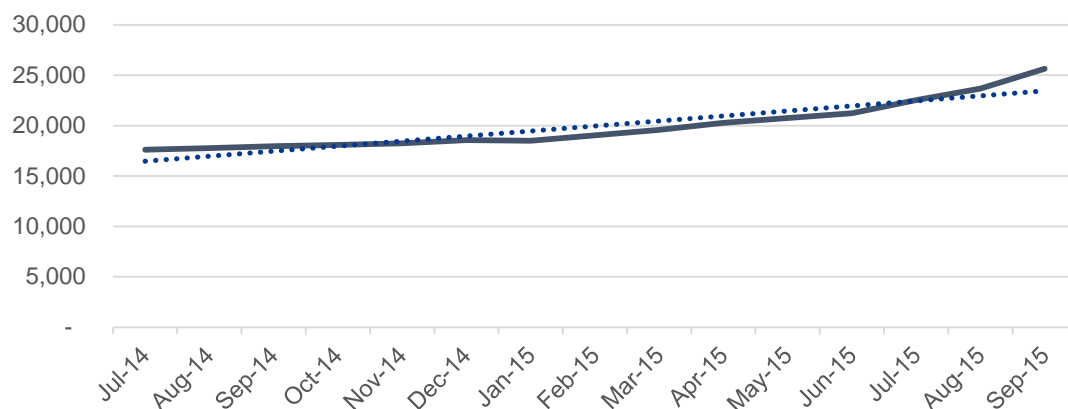
Visitors



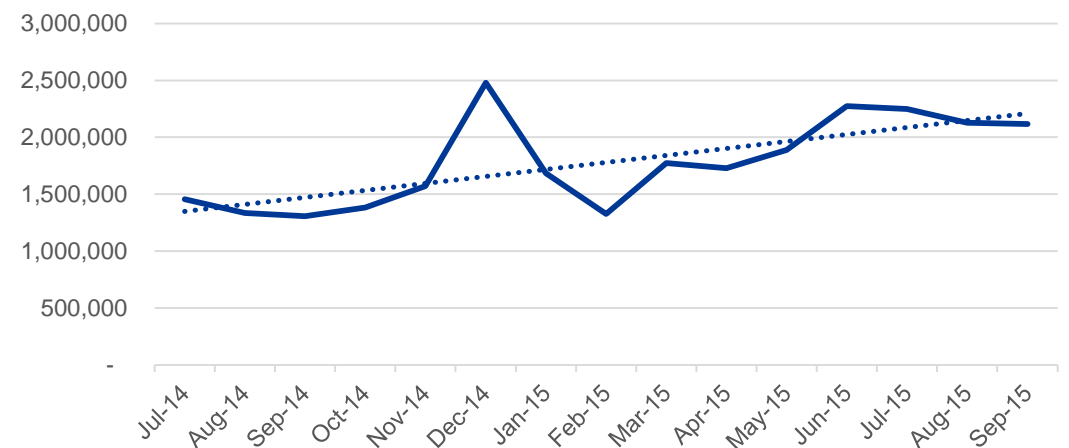
Transactions



Products for sale



Revenue



Data includes eStore prior to acquisition Source Google Analytics

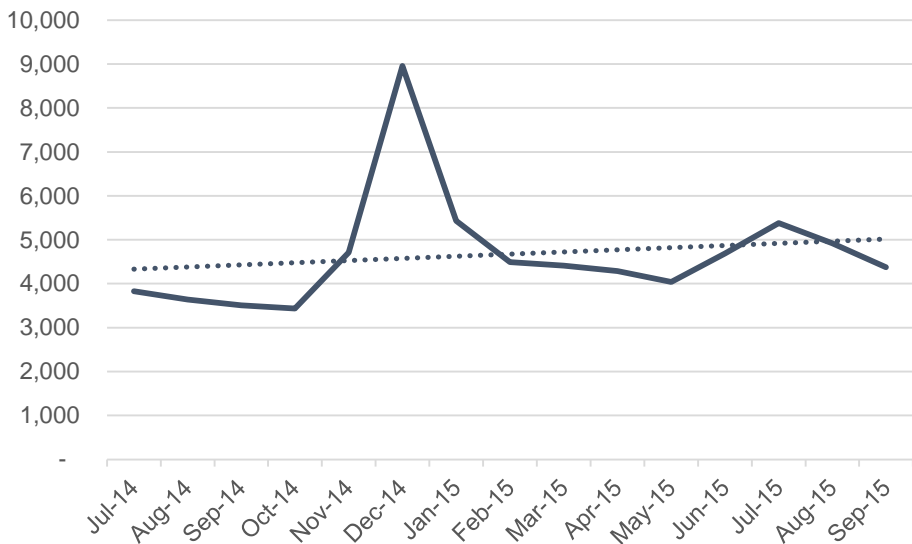
Your Home Depot – yourhomedepot.com.au



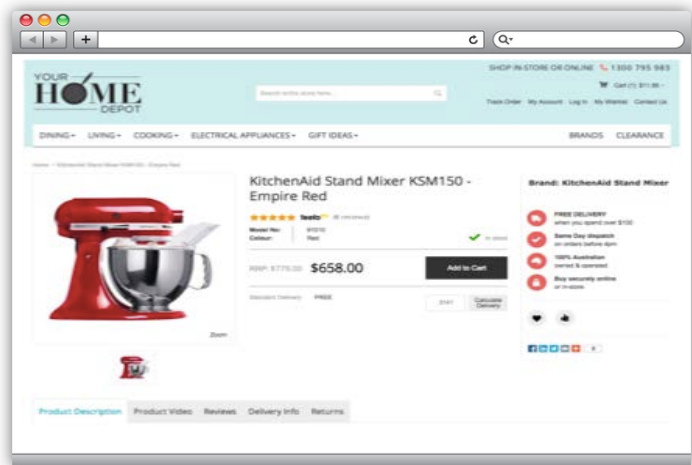
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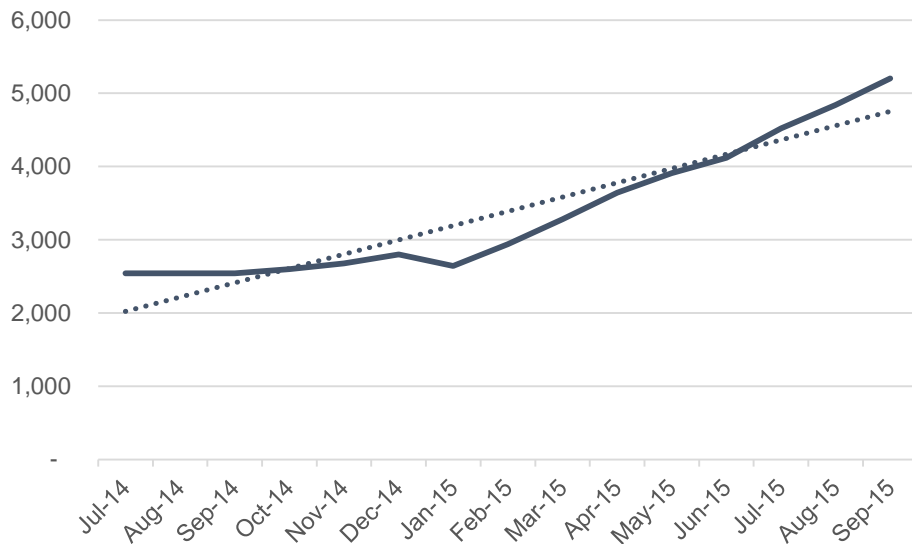
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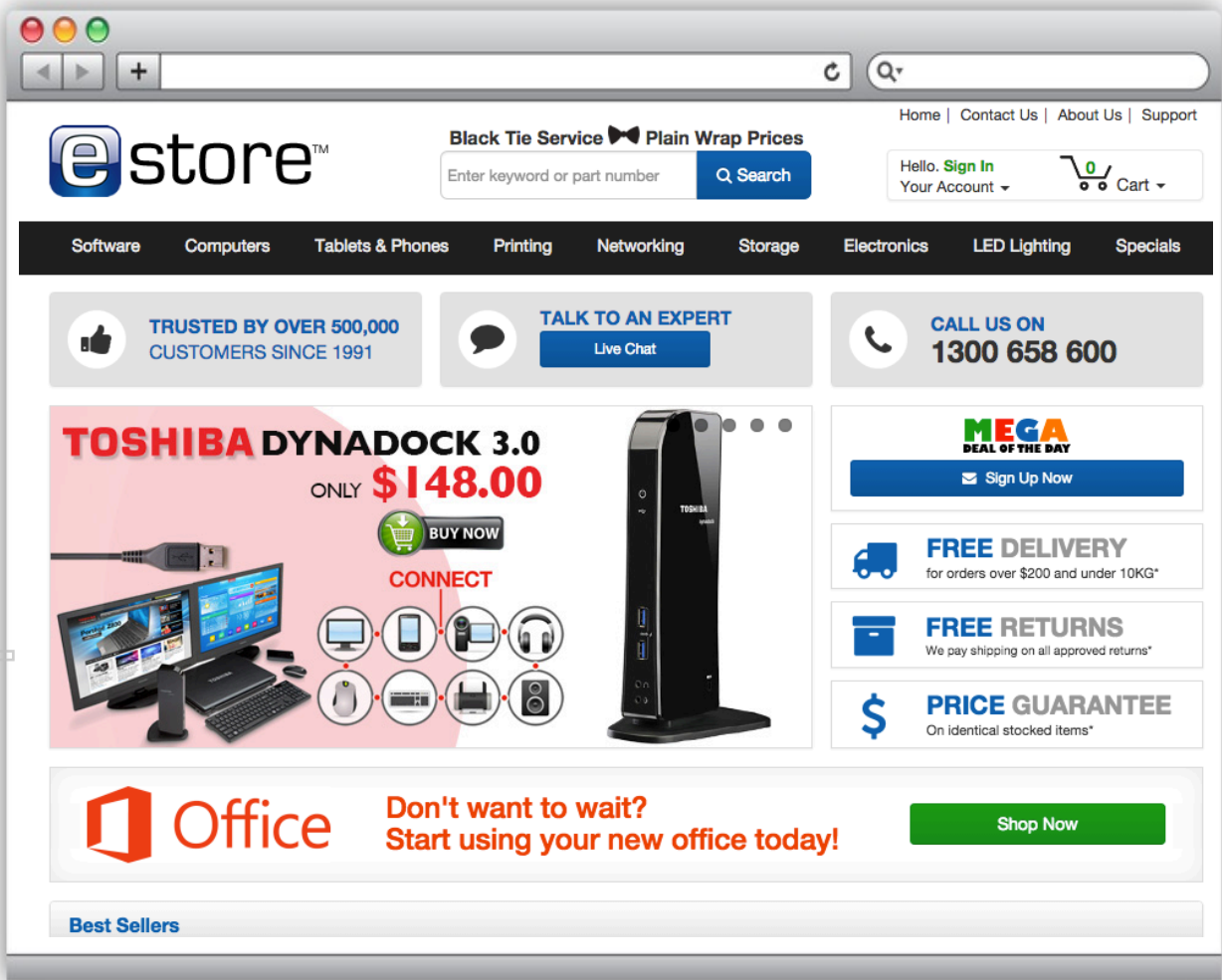
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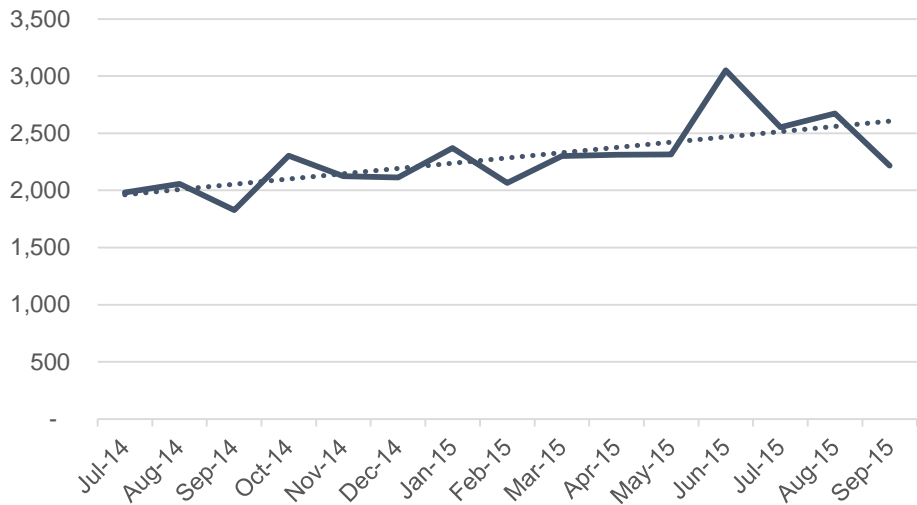
Products



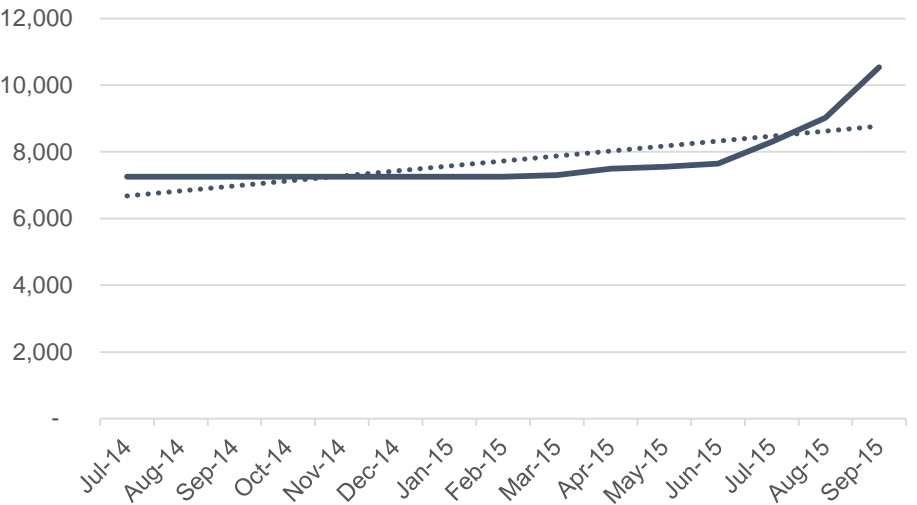
Estore – estore.com.au



Transactions



Products



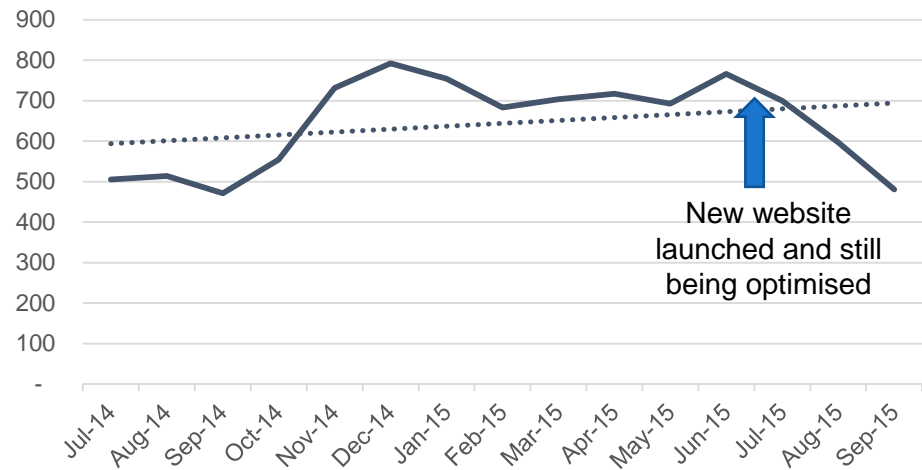
Warcom – warcom.com.au



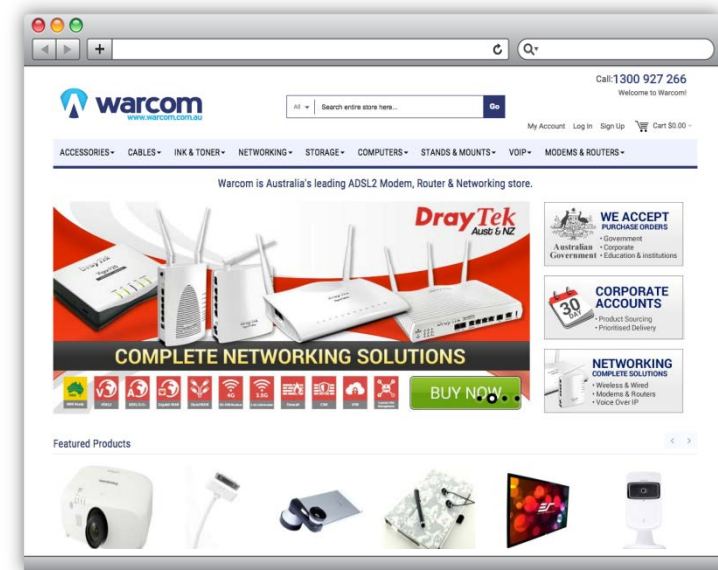
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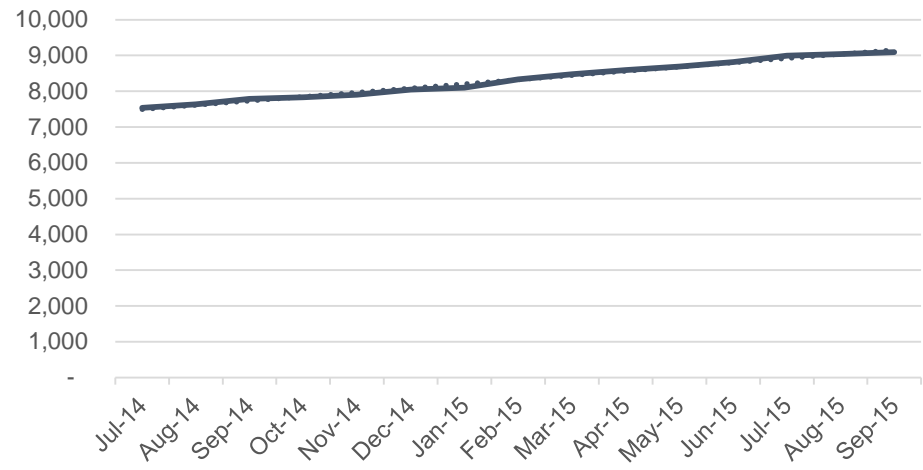
Transactions



After



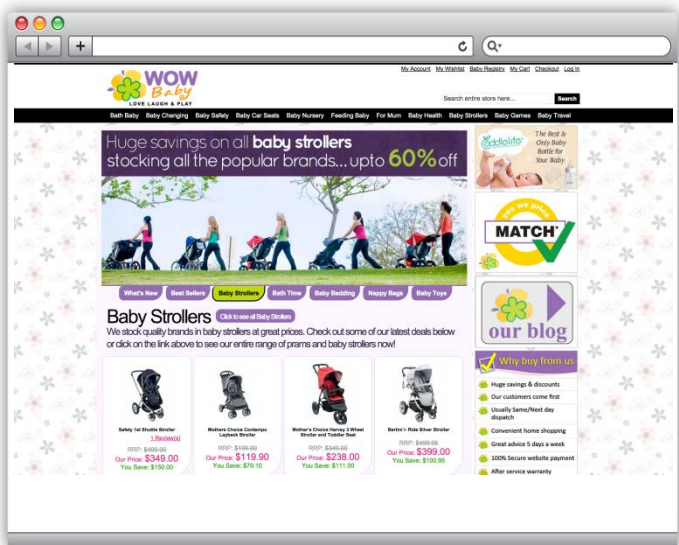
Products



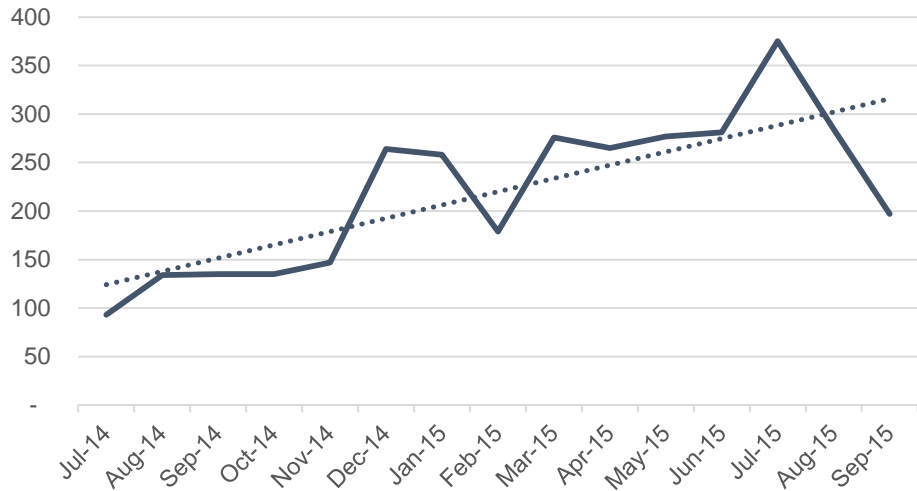
Wow Baby- wowbaby.com.au



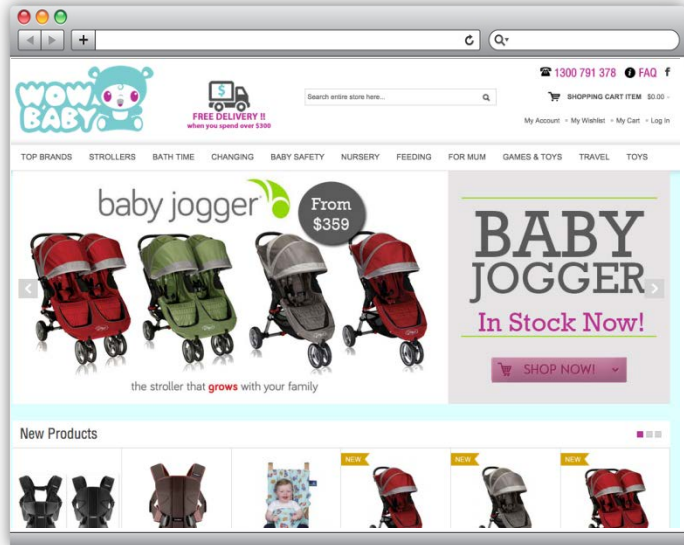
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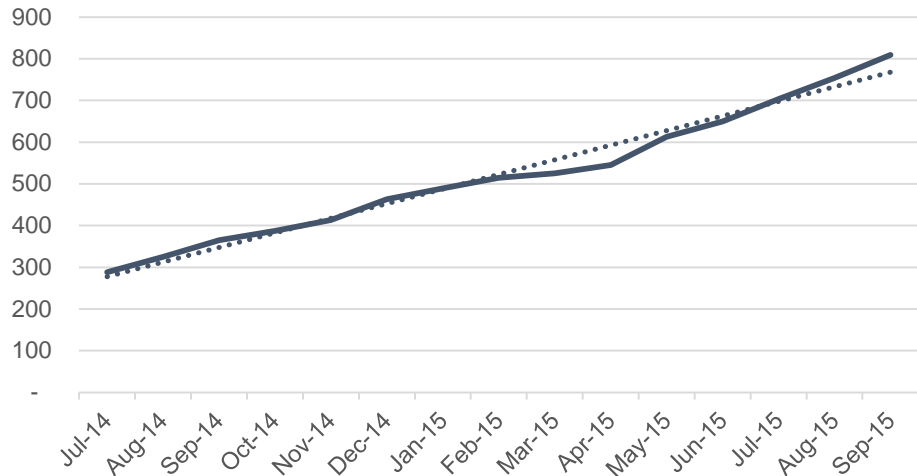
Transactions



After



Products



Mid-market consolidation opportunities



Large-end \$30m+
Mid-market \$5m-\$30m profitable
Small-end Sub \$5m in revenue

Currently too large for Shoply

- Generally broken through to profitability
- Strong foundations, generally seeking growth capital

Limited natural buyers

- Generally have taken a strong market position
- Require resources to expand

Too small for Shoply

- Limited opportunities for meaningful growth and cost outs

Purchasing on EBITDA multiples, for a combination of cash, shares and earn-out

Revenues

\$5m+

Profitable



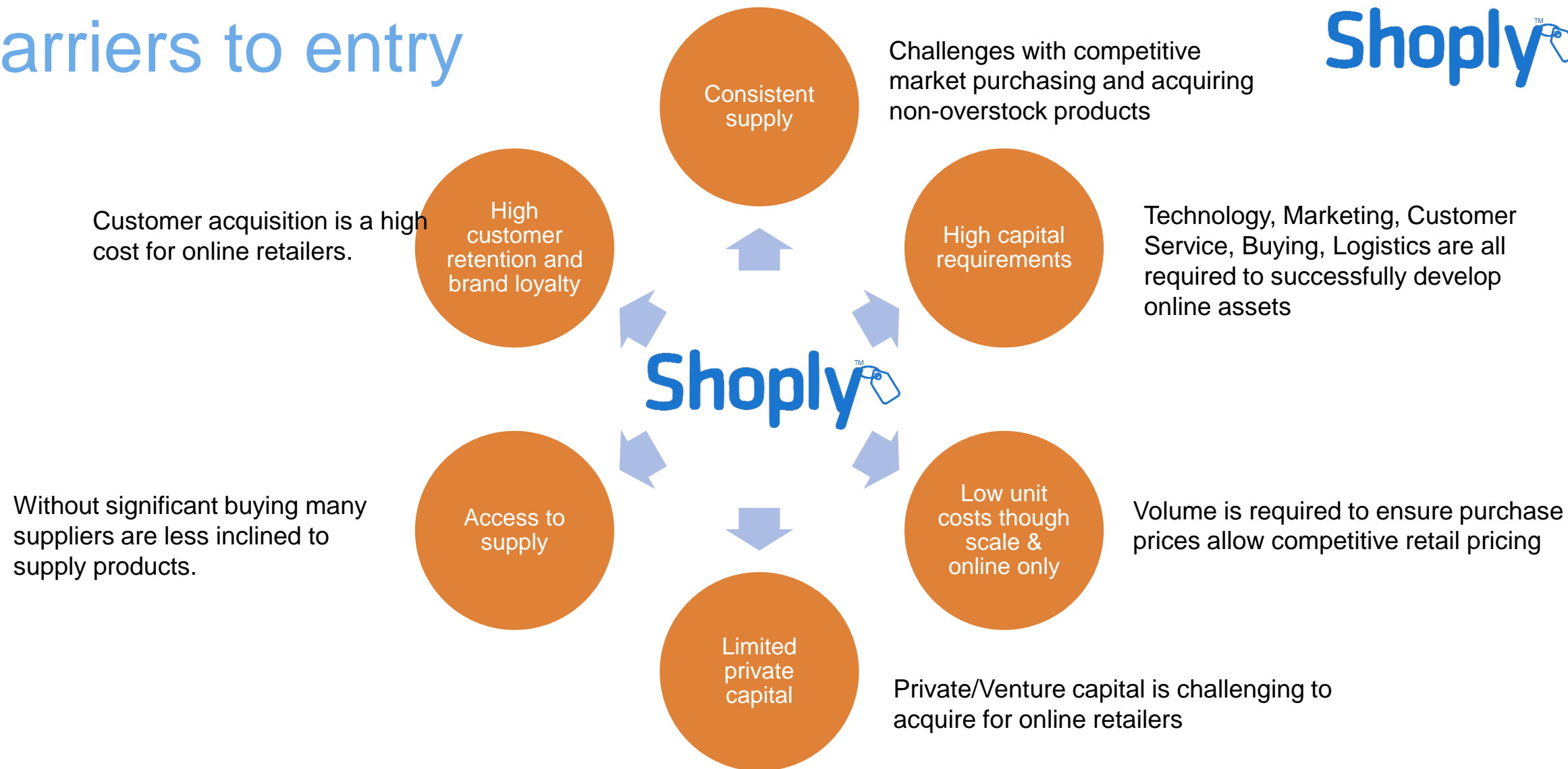
Increased depth in existing verticals



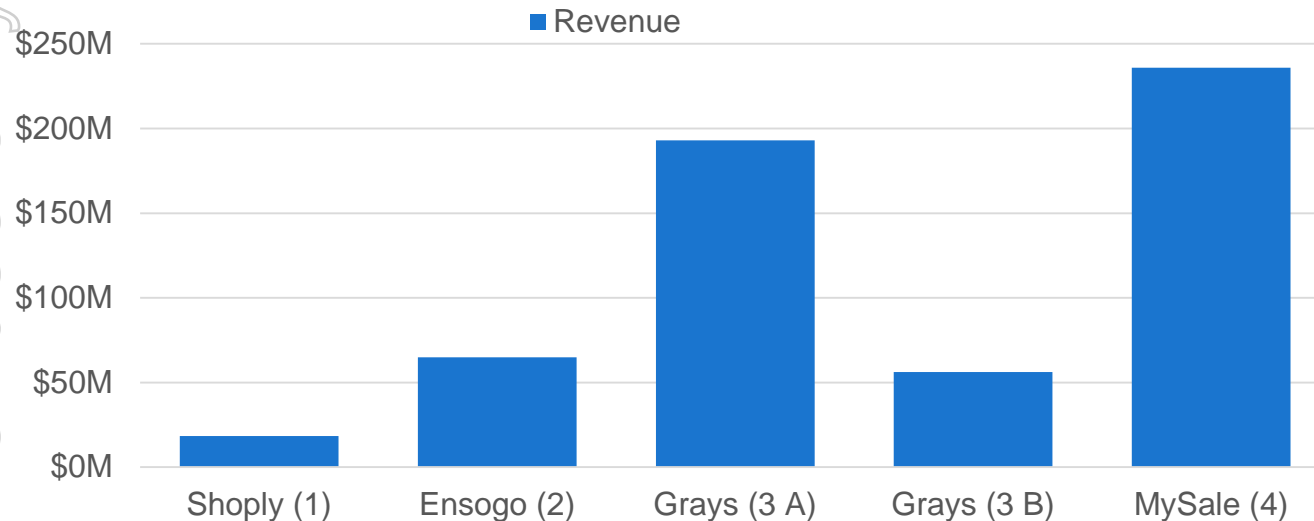
Entry into a new vertical



Barriers to entry



Online Shopping Comparables

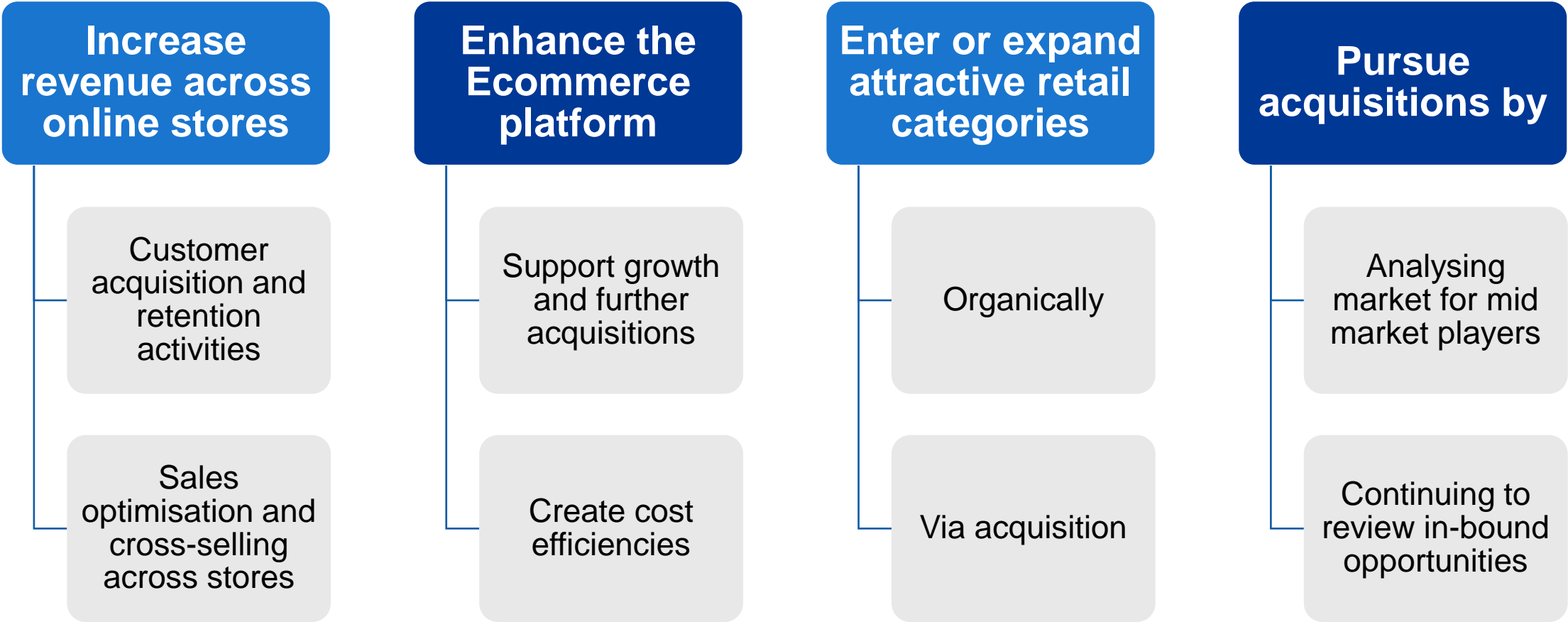


Notes:

- 1) Audited Revenue FY15
- 2) Revenue FY14
- 3 A) Pre-disposal of Fixed Price Assets (B2C)
- 3 B) Post-disposal of Fixed Price Assets and refocus on B2B (B2C assets sold to MySale Group)
- 4) Listed on the London Stock Exchange (AIM)

	Shoply (1)	Ensogo (2)	Grays Group (3 A)	Grays Group (3 B)	MySale (4)
ASX code	SHP	E88	GEG	GEG	MYSL (MYSL:LSE)
Market cap.	\$8.4m	\$94m	\$91.4m	\$91.4m	\$172.3m
Revenue	\$18.5m	\$64.8m (FY14)	\$192.9m	\$56.1m	\$235.9m
Market Cap / Rev	0.45x	1.45x	0.47x	1.62x	0.73x
Description	<ul style="list-style-type: none"> Australian online retailer Home appliances, consumer electronics, office technology, kitchenware, baby 	<ul style="list-style-type: none"> Focussed on SE Asia and Hong Kong Specialises in "flash sales" 	<ul style="list-style-type: none"> Owner of Australian online retailer Deals Direct, OO.com.au and TopBuy.com.au 	<ul style="list-style-type: none"> Owner of leading B2B trading platform. 	<ul style="list-style-type: none"> Leading online retailer with established flash sales sites in Australia, New Zealand, South-East Asia and the United Kingdom.

Strategic Priorities



Summary



- ▶ Proven ability to acquire assets and and accelerating there growth
- ▶ Shoply has a functional operating and acquisition platform
- ▶ Shoply is uniquely positioned as a mid-market consolidator
- ▶ \$26.5m in revenue to \$26.5m for FY16. 43% growth in revenue, without further acquisitions
- ▶ Ecommerce barriers to entry are high



Shoply Ltd (ASX:SHP) has the objective to be a leading ASX-listed online shopping company by rapidly executing a dual strategy of organic and acquisitive growth.

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