

## ASX Announcement

4<sup>th</sup> May 2022

### **Temple & Webster announces the launch of The Build by Temple & Webster ([www.thebuild.com.au](http://www.thebuild.com.au)) and a Trading Update**

Temple & Webster (ASX: TPW), Australia's largest pure play online retailer in the furniture and homewares market<sup>1</sup>, today announced its move into the \$26b home improvement market<sup>2</sup> with the launch of The Build by Temple & Webster ([www.thebuild.com.au](http://www.thebuild.com.au)), a new online-only store for home renovators providing an easier and more convenient way to shop for all things DIY, renovation, and home improvement.

Temple & Webster CEO, Mark Coulter, said "Temple & Webster is all about making the world more beautiful, one room at a time. Our mission is to help our customers live and work in more beautiful spaces, so turning our attention to home improvement is a natural extension. Australia is a country of home renovators, we love our homes, and we love making them more beautiful. The Build by Temple & Webster is aimed at making home improvement jobs, big or small, easier, cheaper, and better."

"The Build will stand for the same core values as Temple & Webster – an amazing and comprehensive range, paired with great customer service and a source of practical advice and inspiration. We believe our expertise in ecommerce and the home will help make The Build by Temple & Webster become Australia's first-stop shop when it comes to renovating and redecorating," said Coulter.

The Build has launched with an initial range of more than 20,000 products across 39 categories including bathroom fixtures (e.g., vanity units, toilets, sinks, tapware, bathtubs), kitchen fixtures (e.g., cupboards, sinks, taps), indoor and outdoor lighting fixtures, ceiling fans, blinds & curtains, and wallpaper. New categories such as flooring and tiling, outdoor living and landscaping, tools and building/renovation equipment will be added in the coming months.

The market opportunity is significant, with these addressable home improvement categories adding a further \$16b<sup>2</sup> to the Group's current \$16b TAM in B2C furniture and homewares<sup>3</sup>. The category is also significantly underpenetrated with respect to online adoption, with only 4% migrated online which compares to home improvement in the UK which has an online penetration rate of 25% and growing<sup>4</sup>.

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<sup>1</sup> Source: IBISWorld Industry Reports: OD4176 Online Household Furniture Sales in Australia, OD4174 Online Home Furnishing Sales in Australia

<sup>2</sup> Source: IBISWorld Industry Reports: G4231 Hardware and Building Supplies Retailing in Australia, G4211 Furniture Retailing in Australia, G4212 Floor Coverings Retailing in Australia, G4214 Manchester Retailing in Australia, TPW estimates

<sup>3</sup> Source: Euromonitor International Limited; Home Furnishings and Homewares System 2020 edition, ABS Retail Sales data, TPW estimates

<sup>4</sup> Source: Euromonitor International Limited; Home and Garden 2021 & 2022 / Retailing 2021 & 2022, TPW estimates

The Build complements Temple & Webster's core furniture and homewares business by offering customers everything they need to make their homes more beautiful and bring to life their interior decorating and home improvement projects. Natural synergies and cross sell opportunities between The Build and the core Temple & Webster business will help to scale The Build and will ensure the Group captures a larger share of customer spend on the home. These include leveraging the core technology platform, digital marketing and data expertise, and sharing functions such as logistics and supply chain management.

To provide clarity on The Build's performance, investment and revenue contribution will be reported separately in Group reporting. An initial investment across FY22 and FY23 of ~\$10m will be made up of marketing, people and working capital, with future funding subject to milestone achievement. These growth investments will be funded from existing cash reserves. The Company is targeting The Build to make a material revenue contribution and be EBITDA positive in FY26. Furthermore, the long-term margin profile is expected to be better than Furniture & Homewares.

#### **Trading update**

The second half of FY22 continues to trade well and in line with management's expectations with YoY revenue growth of 23% for the period 1st January to the 30th of April vs. the same period in 2021, and up 116% vs 2020. The full year FY22 EBITDA margin range of 2-4% is reaffirmed and is expected to be ~3% (excluding The Build investment).

As previously stated, our diversified supply chain, including both private label and drop ship, continues to hold up well and underpin growth, and we are in a strong stock position for Q4FY22.

We continue to invest into areas that are building key strategic moats around the business (data, personalisation, AR/AI, logistics) and we will continue to use our strong balance sheet position to further grow organic opportunities, such as our private label offering, whilst leaving room for opportunistic inorganic activity.

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**This announcement has been authorised by the board of directors.**

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### **About the Temple & Webster Group**

Temple & Webster is Australia's largest pure play online retailer of furniture and homewares.

Temple & Webster has over 200,000 products on sale from hundreds of suppliers. The business runs an innovative drop-shipping model whereby products are sent directly to customers by suppliers, enabling faster delivery times and reducing the need to hold inventory, allowing for a larger product range.

The drop ship range is complemented by a private label range which is sourced directly by Temple & Webster from overseas suppliers.

The Build by Temple & Webster ([www.thebuild.com.au](http://www.thebuild.com.au)) is a pure play online retailer for home improvement. Sharing the same mission as its leading furniture and homewares sister site Temple & Webster, The Build helps Australians make their homes more beautiful and turn home renovators' visions into reality by providing the biggest and best range, a beautiful and easy shopping experience, and inspirational content.

Temple & Webster Group's registered office and principal place of business is Unit 1a, 1-7 Unwins Bridge Road, St Peters, Sydney, Australia and is listed on the Australian Securities Exchange under the code TPW.