



Shoply – online shopping

Investor presentation – November 2014

Homewares and Domestic Appliances | Computers and Electronic Goods | Recreational Goods



Corporate snapshot

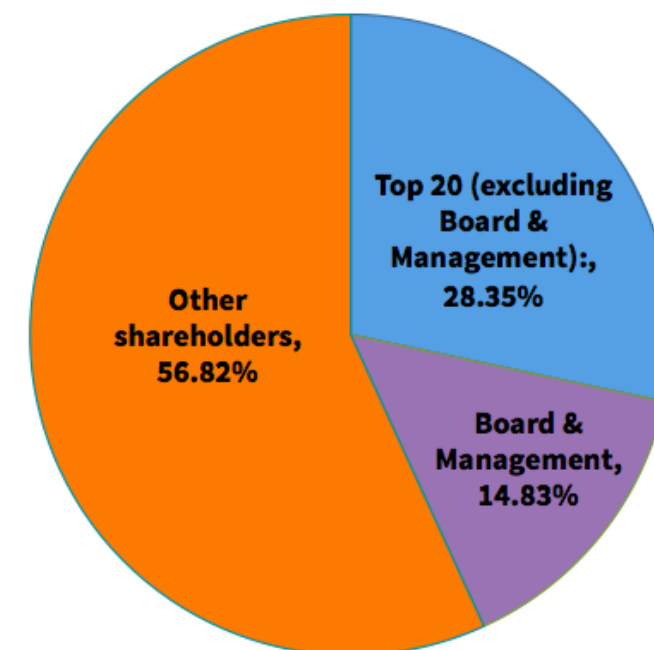


Vision: to become a leading ASX-listed online shopping company, via organic growth and consolidation across targeted market segments

ASX Code: SHP	
Ordinary Shares	525m
Listed options (SHPOA, 3.5¢, 31/7/15)	60.0m
Unlisted options	13.5m
Market cap (@ 1.6 cents)	\$8.4m*
Cash (30 September 2014)	\$2.9m

Directors & Senior Management
Simon Crean – CEO
Andrew Plympton – Chairman
Damian London – Non-Executive Director
Sophie Karzis – Non-Executive Director
Mark Gouloupoulos – Non-Executive Director
Domenic Carosa – Non-Executive Director

Shareholding breakdown



*At November 18

Strongly positioned for growth



1

Online retail market – attractive growth fundamentals

2

Dual growth strategy – organic and M&A

3

Strong customer proposition

4

Scalable platform in place

5

Strong board and management

Shoply's brands

Strong position in Australian homewares and office technology



Home Appliances



Consumer Electronics



Office Technology



Kitchenware



Toys



Baby



- ▶ Shoply entered the online shopping market late in 2013 through the acquisition of a number of existing brands
- ▶ Major presence is in the home wares and electronics departments
 - ▶ “Your Home Depot” and “Warcom”

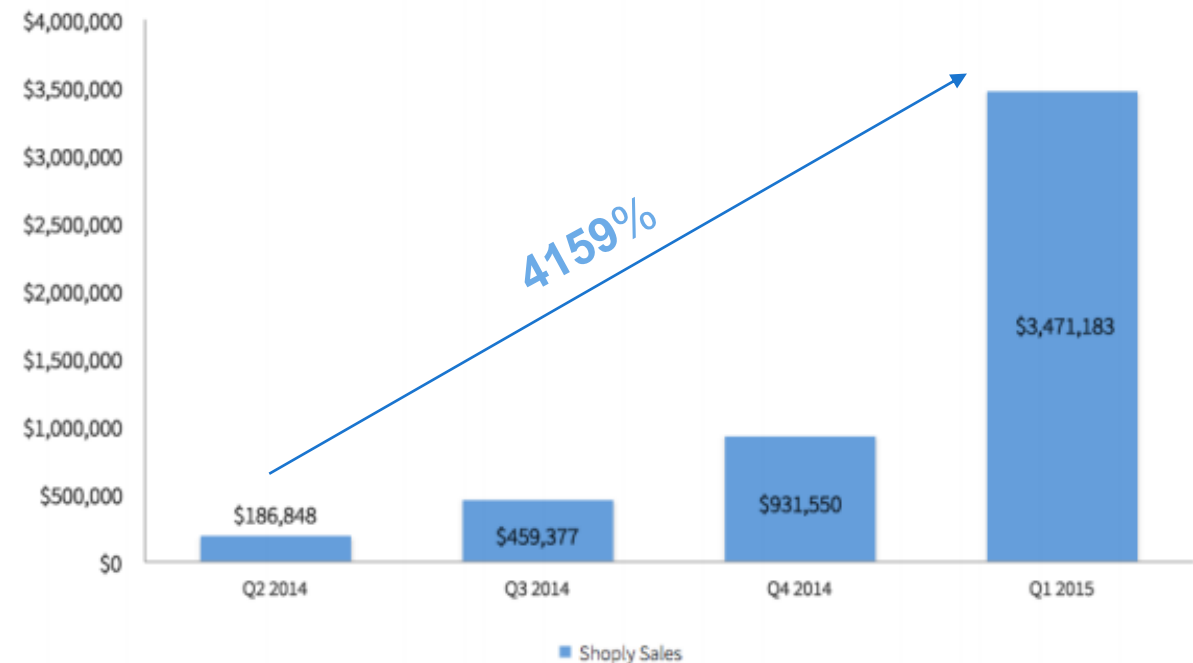
Significant revenue growth

Revenue growth of over 4000% over the past 12 months



- ▶ Key focus over last 12 months:
 - ▶ building online presence through acquisitions
 - ▶ building a scalable platform to allow future growth
- ▶ Significant opportunities for further growth:
 - ▶ increase marketing spend to build brand awareness
 - ▶ further acquisition opportunities
 - ▶ additional scale benefits

Online Shopping Sales



Shoply's strategy

Premium brands at great prices...all online

- ▶ Shoply is a pure online retailer
 - ▶ positioned to capitalise on online growth fundamentals
- ▶ Shoply offers only leading consumer brands
 - ▶ brands bring customers to the site
 - ▶ there is a high-level of intrinsic customer trust with leading brands
 - ▶ allows SHP to foster strong supplier relationships
 - ▶ reduces risk to Shoply's brand and balance sheet for any product faults
- ▶ Hybrid inventory model
 - ▶ higher turnover and higher margin products purchased and warehoused – this offers speed and reliability of delivery
 - ▶ 'drop shipping' for remaining products to allow a wide breadth and depth of range

Shoply™

SCANPAN®
DENMARK

dyson

DeLonghi

NESPRESSO®

Breville®

SAMSUNG

SONY
VAIO

FUJITSU

Miele

LG

果良信
GLOBAL

KitchenAid®

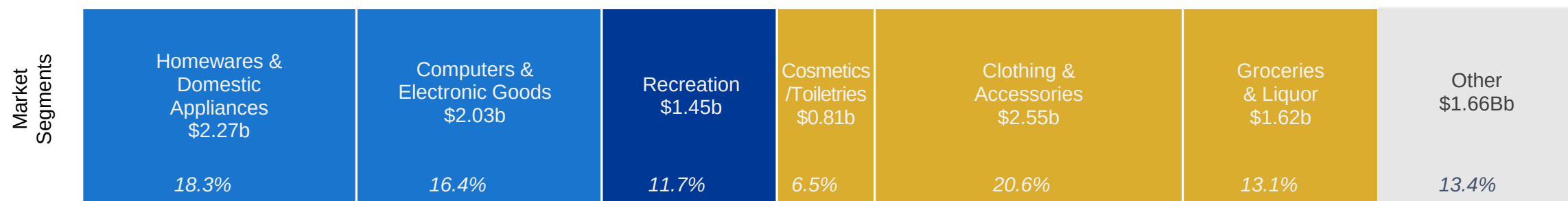
Shoply “departments”

Opportunities exist outside of homewares and electronics



Australian online shopping market: \$12.4b¹

Shoply Target Markets: \$10.73BN – 86.6%¹



- Strong position in complementary Electronics & Home Appliances market
- Market position in 3 key online market segments
- Relevant customer databases for effective cross-selling

¹ IBISWorld Online Shopping in Australia October 2013

Building a strong customer base

A growing base across multiple shopping destinations



- ▶ Current customer base of almost 300,000¹ shoppers
- ▶ In an average month Shoply records 8,000 transactions, of which 1/3 are new customers
- ▶ Product offering of around 10,000 products
- ▶ Strong supplier arrangements with 54 suppliers
 - ▶ this represents a significant barrier to entry
- ▶ Large opportunities for significant future customer growth

	Combined
Customers	290,000
Products	~10,000
Suppliers	54
Warehousing	Victoria & New South Wales
Market size**	\$5+BN

** IBISWorld Online Shopping in Australia October 2013

¹. Customer is defined as someone who has purchased a product from Shoply within the last 3 months (this is a very tight definition)

Scalable platform in place



Consolidated Back Office

Customer Support
(3 FTEs, 1 casual)

Technology Platform
(1FTE, 1 contract)

Marketing
(2 FTEs)

Supplier Management
(2 FTEs)

Logistics
Management (1FTE)

- Proven ability to acquire and absorb businesses
- Warehousing and distribution facilities in Melbourne and Sydney – 2 largest online retail markets
- Platform capable of supporting significant sales growth without significant further investment

- Castle Hill, NSW
 - 2,300 m2, 80% utilization
- Brunswick, VIC
 - 220 m2, 65% utilization

Hybrid inventory model



- ▶ Breadth and depth of product offering through 'Drop Shipping' (i.e. products shipped directly from suppliers to customers)
- ▶ Higher turnover and higher margin products purchased and warehoused ('inventory holdings')
- ▶ Ability to test and understand demand prior to inventory holdings
- ▶ Dispatched orders at historical peak is 1400 (5 days before Christmas)
- ▶ Average daily dispatched orders ~260

Acquisitive growth

- ▶ 6 completed acquisitions in the past 12 months
 - ▶ proven ability to identify, execute and integrate acquisitions
 - ▶ building online department store offering
- ▶ Seeking acquisitions of profitable or break-even companies with \$5-20m in revenue that operate in attractive categories
 - ▶ a number of opportunities exist where small operators hit a “glass ceiling” in their ability to grow their business
 - ▶ a very disciplined acquisition strategy – will not pay “over the odds”
 - ▶ Synergies exist through consolidating operations and cross-selling new categories to the increasing customer base
- ▶ Acquire or enhance a position in large high-growth online shopping categories

Shoply™



OHKI

Strategic priorities looking ahead

Capitalising on significant growth opportunities



Short term

- ▶ Accelerate organic growth through increased marketing
- ▶ Cross-sell enhancements and gaining a better understanding of our customer base
- ▶ Realise benefits through Your Home Depot mobile site (launched in October 2014)
- ▶ Consolidation of costs and operations
- ▶ Launch HomeAppliances.com.au with one of the largest supplier relationships in Australia

Medium term

- ▶ Enhanced marketing activities across existing Shoply businesses to ensure organic growth
- ▶ Further acquisitions of private businesses
- ▶ Consolidating OHKI and eljo brands to streamline offering
- ▶ Consolidate Warcom and EzyDirect to reduce overheads
- ▶ Continue to build market share and position in online retail in order to move to profitability

Well funded for current operations



- ▶ Cash at bank \$2.9m (as at 30 September 2014)
- ▶ Capital will be used to support organic growth through marketing
- ▶ Accelerated growth through acquisitions
- ▶ 60m listed options (ASX: SHPOA)
 - ▶ exercise price of 3.5¢
 - ▶ expiry date of 31 July 2015
 - ▶ will raise ~\$2.1m if exercised



Well positioned to capitalise on significant growth opportunities

Strong board and management



Andrew Plympton
Non-Exec Chairman

- Brings considerable financial management skills to the Board
- Director of a number of ASX listed companies



Damian London
Non-Executive Director

- 16 years' experience in software, search engine marketing and online advertising
- Strong technical background



Sophie Karzis
Non-Executive Director

- Practising lawyer with 20 years' experience
- Corporate counsel for a number of public companies



Mark Gouloupoulos
Non-Executive Director

- Associate Director at Patersons Securities
- 15 years' experience in equity capital markets and investments



Domenic Carosa
Non-Executive Director

- Chairman of the Future Capital Fund
- Co-founded and listed destra Corporation growing to revenues of \$100M



Simon Crean
Chief Executive Officer

- 18 years' experience in ecommerce, marketing and online advertising.
- Strong start-up, technical and commercial background

Summary



- 1 Significant growth of online retail market with attractive fundamentals
- 2 Delivering on dual growth strategy – organic and M&A
- 3 Strong customer proposition
- 4 Scalable platform in place – ready to be leveraged
- 5 Strong board and management



Appendix



Online retailer comparisons



Company	Revenue	Market cap ¹	Revenue multiple	Description
Shoply	\$18m²	\$8.4m	0.5x	- Australian online retailer - Home appliances, consumer electronics, office technology, kitchenware, toys, baby
iBuy (ASX:IBY)	\$52m ³	\$55.4m	1.1x	- Focused on SE Asia and Hong Kong - Specialises in “flash sales”
Grays eCommerce Group (ASX:GEG)	\$122.4m ⁴	Awaiting re-listing	Awaiting re-listing	- GreysOnline auction sites - Owner of Australian online retailer Deals Direct and OO - Multiple consumer and business categories
Mysale (AIM listed) ⁵	\$224.3m	579.8\$m	2.6x	- Focused on Oceania, SE Asia - Specialises in “flash sales”

¹ As at 18 November 2014

² Pro-forma including FY'13 actual revenue for YHD plus annualised revenue from Warcom

³ Pro-forma iBuy + LivingSocial combined revenue for year ended 31 December 2013

⁴ Prospectus aggregated revenue for 2014 financial year

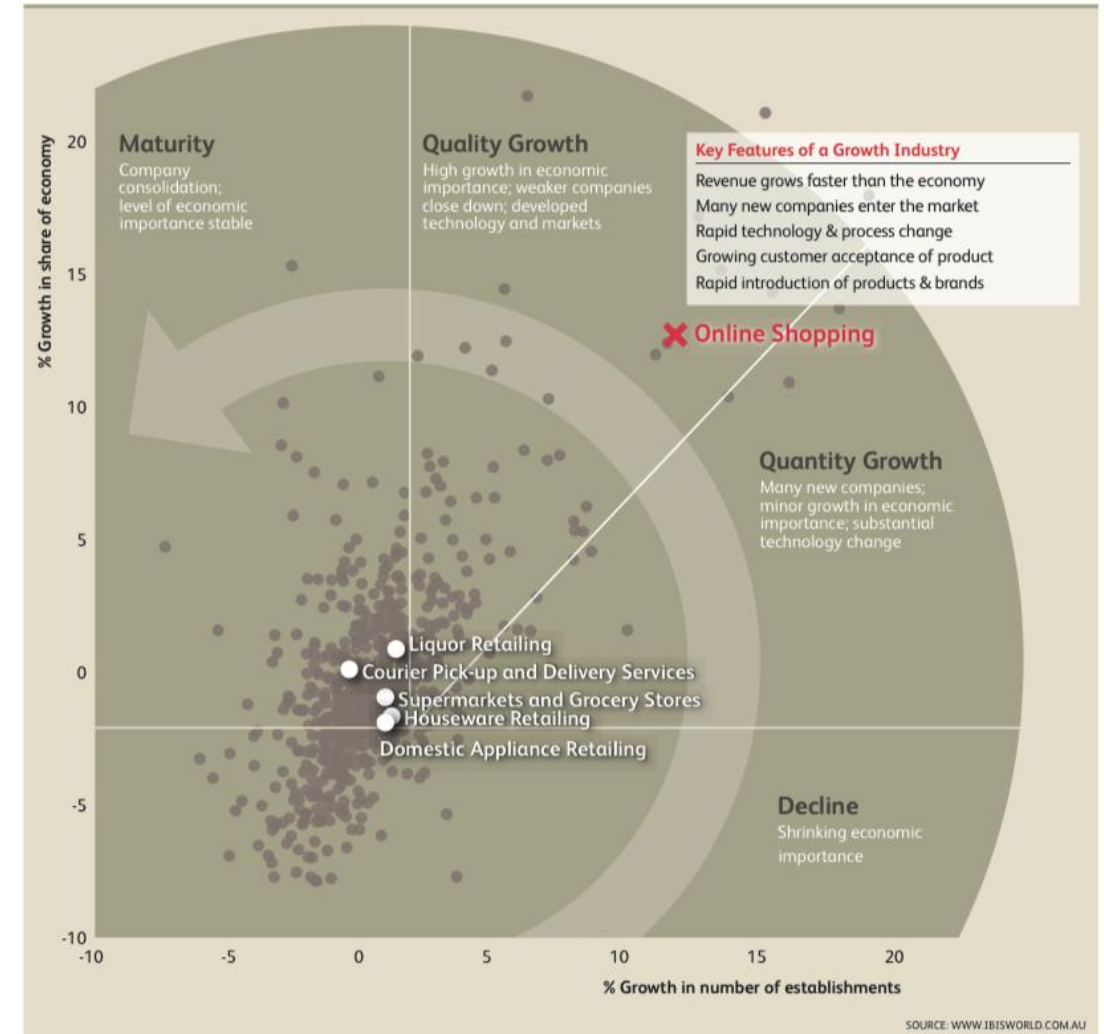
⁵ 1 GBP = 1.79 AUD , Revenue as per AIM listing information for year ended June 2014.

- ▶ The competitive landscape also includes unlisted retail competitors such as Kogan, The Catch Group, Amazon, Alibaba Group and traditional bricks and mortar retailers who have an online offer such as BigW, Kmart and Target

Australian online shopping snapshot



- ▶ Frost & Sullivan predicts Australian online shoppers to spend as much as \$21.7b in 2015 and \$27.5b by 2017
- ▶ Australian online shopping market is expected to grow at around twice the rate of the retail sector overall
- ▶ 12.6% compound annual growth rate for online shopping expenditures over the next four years
- ▶ The average Australian will spend around \$600 online this year
- ▶ Limited opportunities for local investors to gain exposure to Online Shopping



Online shopping growth drivers



- ▶ Consumers seeking convenience and value for money
- ▶ Increasing level of sophistication and comfort amongst consumers
- ▶ Continued growth in consumers using mobile devices to browse and purchase products
- ▶ The entry of more online retailers and proliferation of group buying sites
- ▶ Product and service expansion by current online retailers and traditional bricks & mortar retailers improving their offerings



Source: IBISWorld & Price Waterhouse Coopers (PWC)

Disclaimer



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