



ASX ANNOUNCEMENT

17 January 2019

Kogan.com Business Update

Kogan.com Limited (the Company; Kogan.com; ASX:KGN) is pleased to advise that the business generated record trading in the peak Christmas period with the iconic Black Friday and Boxing Day sales respectively producing record days in the history of the business. The Company's core divisions of Exclusive Brands, Partner Brands and Kogan Mobile all grew in revenue and active customers during the half.

Kogan.com Founder & CEO, Ruslan Kogan, said the team delivered a strong end to the half year:

"Our team is proud to have delivered the best Christmas trading period the business has ever had. Our customer-centric approach saw us deliver more items than ever, faster than ever. The investments we have made in a nationwide logistics footprint enabled us to delight customers all over Australia with rapid delivery, along with the great value they have come to expect from Kogan.com."

We have invested in the Kogan brand, our logistics capability, and our inventory in the lead up to the back-to-school trading period. We have also improved our marketing performance and the efficiency of some of our variable costs. We have laid the foundation for expansion of Kogan Money into additional financial services verticals by establishing strong partnerships with Mercer and Citibank, and we have launched Kogan Money Home Loans, in partnership with Adelaide Bank and Pepper.

The Kogan.com business is innovative, agile and resilient, and we are extremely proud of our ability to help Aussies get the most in-demand products and services for less. We are obsessed about delivering our customers better value, and we look forward into the new year with confidence in our team, and our business strategy."

The Company provides the following business update which, where applicable, is based on unaudited management accounts:

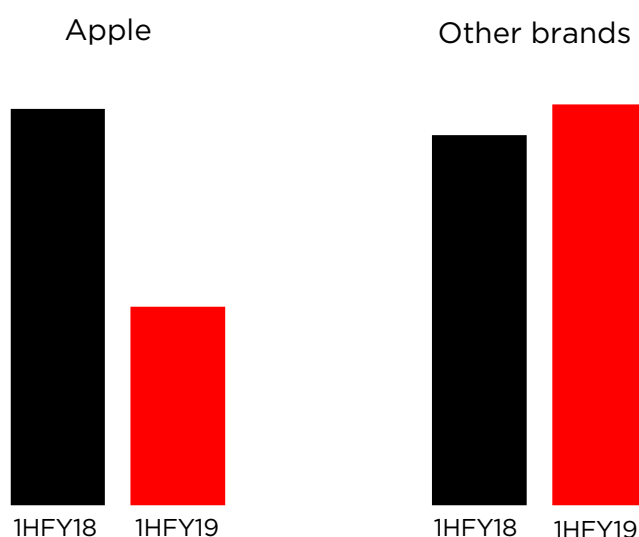
- Kogan.com achieved 32.2% year-on-year Active Customer growth as at 31 December 2018. The Company had Active Customers of 1,542,000 as at 31 December 2018 (compared with 1,166,000 as at 31 December 2017).

Comparing management accounts of 1HFY19 against those of the prior corresponding period (1HFY18):

- Total revenue growth was 9.7%, which reflected the following rate of growth in the Product Divisions:
- Following the receipt of new ranges of inventory in the lead up to the peak Christmas trading period, Exclusive Brands revenue growth accelerated in the latter part of 1HFY19, such that overall growth during the half was 23.6%
- Global Brands revenue decreased during the half by 46.7%, driven by the changes in the GST law and the apparent avoidance of GST by a number of foreign websites selling into Australia. Global Brands revenue was also significantly impacted by subdued demand for new Apple products which resulted in a significant reduction in sales, in particular of the new iPhone.

Excluding Apple, Global Brands product revenue (reflecting product sales of brands including Samsung, Google, Xiaomi, Garmin, etc) grew by 8.5%.

YoY Global Brands product revenue \$m



- Following continued on-boarding of new brands and investment in inventory, Partner Brands revenue growth accelerated in the latter part of 1HFY19, such that overall growth during the half was 92.8%.
- Following an improvement in Gross Margin in the latter part of 1HFY19, Gross Margin for 1HFY19 was broadly in line with 1HFY18.
- Kogan Mobile Active Customers grew 75% year-on-year, as at 31 December 2018.
- Following an improvement in marketing ROI and efficiency in the latter part of 1HFY19, the Company's overall expenditure on marketing grew by approximately 25% year-on-year in 1HFY19.

- Following an improvement in warehousing efficiency (and with many upfront costs associated with the expansion of the Company's warehousing footprint expensed in the earlier part of 1H FY19), the Company's overall expenditure on variable costs grew by under 30% year-on-year in 1H FY19.
- The Company is cooperating with ACCC in respect of its enquiry into Kogan's marketing of a promotion in June 2018. The Company has no further update on the matter at this stage.

ENDS

For further information please contact:

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About Kogan.com

Kogan.com is a portfolio of retail and services businesses that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance and Kogan Travel. Kogan is a leading Australian consumer brand renowned for price leadership through digital efficiency. The company is focused on making in-demand products and services more affordable and accessible.