

SHAVER SHOP GROUP LIMITED

Appendix 4E

Preliminary Final Report

Results for Announcement to the Market

Year ended 30 June 2016 (Previous corresponding period: Year end 30 June 2015)

Statutory Result Summary

		2016 \$'000	%		2015 \$'000
Revenue from ordinary activities	Up	106,711	68.7	to	63,242
Profit from ordinary activities after tax attributable to members	Down	3,854	-54.0	to	8,382
Net profit after tax attributable to the members	Down	3,854	-54.0	to	8,382

The figures reported above represent the statutory results of the company. As a result, the results of FY2016 include transaction costs related to the company's Initial Public Offering (IPO) on the Australian Stock Exchange on 1 July 2016. Shaver Shop's pro forma results for the year in comparison to the prior year are presented below.

Dividends

The Board of Directors declared a pre-Initial Public Offering (IPO) dividend of \$18,175,416. No dividend was resolved to be paid for the year ended 30 June 2016. Accordingly, there is no record date for determining entitlements to dividends.

The company does not have a dividend reinvestment plan.

Pro-forma Result Summary

The financial results set out below include reference to pro forma results to exclude the impact of transaction costs related to Shaver Shop's IPO and include costs associated with the business operating as a publicly listed entity as disclosed in the Company's prospectus dated 7 June 2016. The Directors believe the presentation of non-IFRS financial measures such as pro forma results and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying performance of the business and can be directly compared to the forecasts given in the Prospectus. Non-IFRS financial measures contained within this report are not subject to audit or review.

Calculation of Statutory EBITDA

	2016 \$'000	2015 \$'000
Profit after income tax from continuing operations	3,854	8,382
Add back (subtract):		
Income tax (benefit) / expense	1,628	(1,844)
Net finance costs	1,043	519
Depreciation and amortisation expense	936	686
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,461	7,743

EBITDA is a measure of financial performance by excluding certain variables that affect operating profits but which may not be directly related to all financial aspects of the operations of the group. EBITDA is not a measure of operating income, operating performance or liquidity under A-IFRS. Other companies may calculate EBITDA in a difference manner to Shaver Shop.

Reconciliation of Statutory EBITDA to Pro Forma EBITDA

The table below reconciles the statutory EBITDA result to the pro forma result for the 2016 and 2015 financial years. This illustrates the full year results from the business had the operating structure that is in place following completion of the IPO, been in place since 1 July 2014. One-off transaction costs associated with the IPO and prior corporate development activities have been removed to better present the underlying result of operations of the business.

	2016	2015
	\$'000	\$'000
EBITDA	7,461	7,743
Add back (subtract):		
IPO transaction costs	4,438	-
Management IPO incentives	901	-
Rebates in stock	285	(188)
One-off advisory costs	40	205
Incremental costs as a public company	(521)	(583)
Pro forma EBITDA	12,604	7,177

Reconciliation of Statutory NPAT to Pro Forma NPAT

The table below reconciles the statutory NPAT result to the pro forma NPAT result for the 2016 and 2015 financial years. This illustrates the full year results from the business had the operating structure that is in place following completion of the IPO, been in place since 1 July 2014. One-off transaction costs associated with the IPO and prior corporate development activities have been removed to better present the underlying result of operations of the business.

	2016	2015
	\$'000	\$'000
Profit after income tax from continuing operations	3,854	8,382
Add back (subtract):		
IPO transaction costs	4,438	-
Management IPO incentives	901	-
Rebates in stock	285	(188)
One-off advisory costs	40	205
Incremental costs as a public company	(423)	(583)
Tax effect	(1,572)	170
Accounting for franchise store buybacks	-	(3,974)
Pro forma profit after income tax from continuing operations (Pro forma NPAT)	7,523	4,012

The table below summarises the pro forma results of the business for its 2016 financial year in comparison to the prior corresponding period in 2015.

		2016	%	2015
		\$'000		\$'000
Pro forma Revenue	Up	106,711	+68.7%	63,242
Pro forma EBITDA	Up	12,604	+75.6%	7,177
Pro forma NPAT	Up	7,523	+87.5%	4,012
Pro forma EPS (total post IPO shares outstanding)	Up	6.0 cents	+87.5%	3.2 cents
Pro forma EPS (weighted avg shares outstanding)	Up	8.9 cents	+85.4%	4.8 cents

In FY16, the Company grew revenue 68.7% over FY15 due to the continued success of its strategy to acquire franchise stores, roll out new stores in premium retail locations and increase like for like store sales across the network. Online sales growth continues to be a strong contributor to overall network sales growth delivering 42.6% growth year over year.

Consistent with the growth in Revenue, Shaver Shop increased gross profit by \$19.2 million (72.4%) in FY16 over the prior year. Pro forma gross margins improved over the prior year to 42.8% (FY15 – 41.8%) resulting primarily from a change in product mix towards exclusive, higher margin products in the hair styling category supporting a strong Christmas trading period.

Pro forma EBITDA increased 75.6% to \$12.6 million (up \$5.4 million from FY15) supported by the strong revenue and gross profit performance, offset by slightly higher overheads costs.

Pro forma NPAT increased 87.5% (or \$3.5 million) to \$7.5 million. If the post-IPO capital structure was applied for the full FY16 year, tax effected interest expense would be \$0.5m lower leading to normalised pro forma NPAT of \$8.0 million.

Pro forma earnings per share (EPS) using the total number of shares outstanding post-IPO was 6.0 cents for FY16 up 2.8 cents on the prior year. EPS using the weighted average number of shares outstanding in each year increased to 8.9 cents in FY16 up from 4.8 cents in FY15.

For further explanation of the results above refer to the ASX/Media Announcement for the year ended 30 June 2016 and the accompanying Directors Report.

Basis of Preparation

This report is based on the consolidated financial statements which have been audited. The audit report, which was unqualified, is included within the Company's Financial Report which accompanies this Appendix 4E.

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2016 Financial Report.