



Shaver Shop Group Limited

FY 2016 FULL YEAR RESULTS

Management Presentation

25 August 2016



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For a reconciliation of the non-IFRS financial information contained in this Presentation to IFRS-compliant comparative information, refer to the Directors Report that forms part of the Shaver Shop Group Limited Consolidated Financial Report that has been lodged with the ASX. All dollar values in this Presentation are in Australian dollars (A\$), unless otherwise specified.

KEY HIGHLIGHTS



Achieved FY16 Pro Forma sales and EBITDA targets – well positioned for FY17

Store sales	<ul style="list-style-type: none">• Total Sales of \$106.7m up 68.7% on FY2015 (Prospectus Forecast \$106.2m)• LFL Network Sales growth 10.7% (Prospectus Forecast 10.4%)• LFL Corporate Store Sales growth 9.2% (Prospectus Forecast 9.7%)• Gross margins up 91 bps vs FY 2015 to 42.8% (Prospectus Forecast 42.7%)
Earnings	<ul style="list-style-type: none">• Pro forma EBITDA of \$12.6m up 75.6% on FY 2015 (Prospectus Forecast \$12.5m)• Pro Forma Cost of Doing Business 34.7% of Sales (Prospectus forecast 34.8%)• Pro forma NPAT \$7.5m (Prospectus Forecast \$7.5m)
Growth	<ul style="list-style-type: none">• Opened 16 new greenfield sites and completed 8 buybacks in FY 2016• Opened 100th store in Ocean Keys, WA in June 2016• Six corporate stores in New Zealand – now reaching critical mass• New stores are maturing well and contributing to top and bottom line growth
Capital Structure	<ul style="list-style-type: none">• Successful ASX listing• Net debt of \$2.0m at 30 June 2016 (Prospectus Forecast \$4.1m)• New \$23 million debt facility in place• Average corporate store inventory holding at 30 June 2016 - \$214,000 (FY 2015 - \$213,000)
Outlook	<ul style="list-style-type: none">• Remain confident of achieving FY17 Prospectus forecast• 3 additional buybacks completed in August (4 so far in FY17)• 8 new greenfield sites now committed in 1H FY16 (4 in Prospectus forecast)



COMPANY BACKGROUND & COMPETITIVE ADVANTAGE



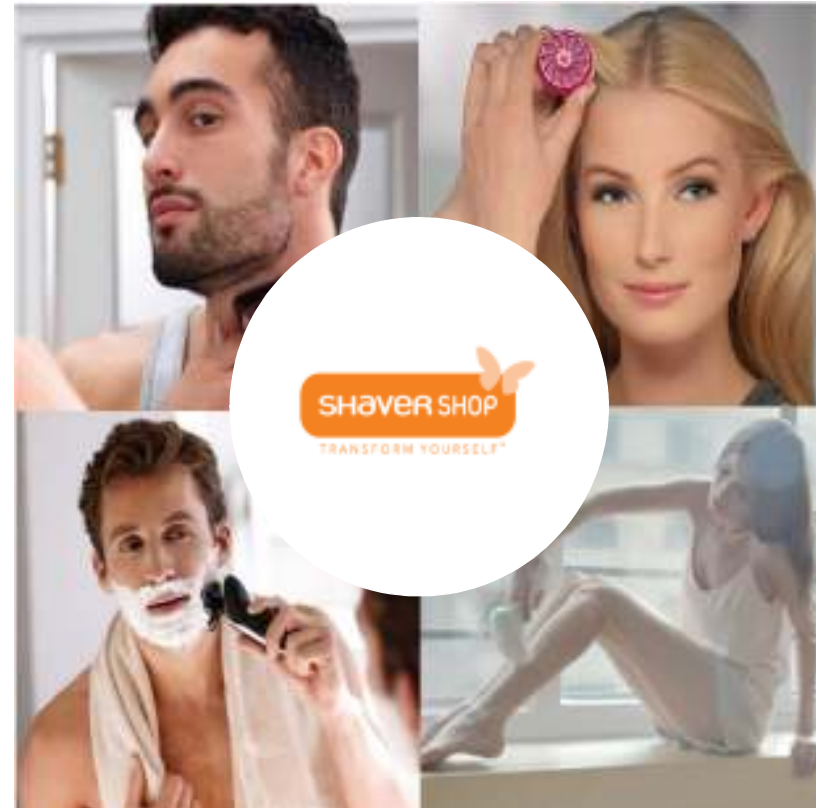
INTRODUCTION TO SHAVER SHOP

Shaver Shop aspires to be the leader in 'all things related to hair removal'



Company snapshot

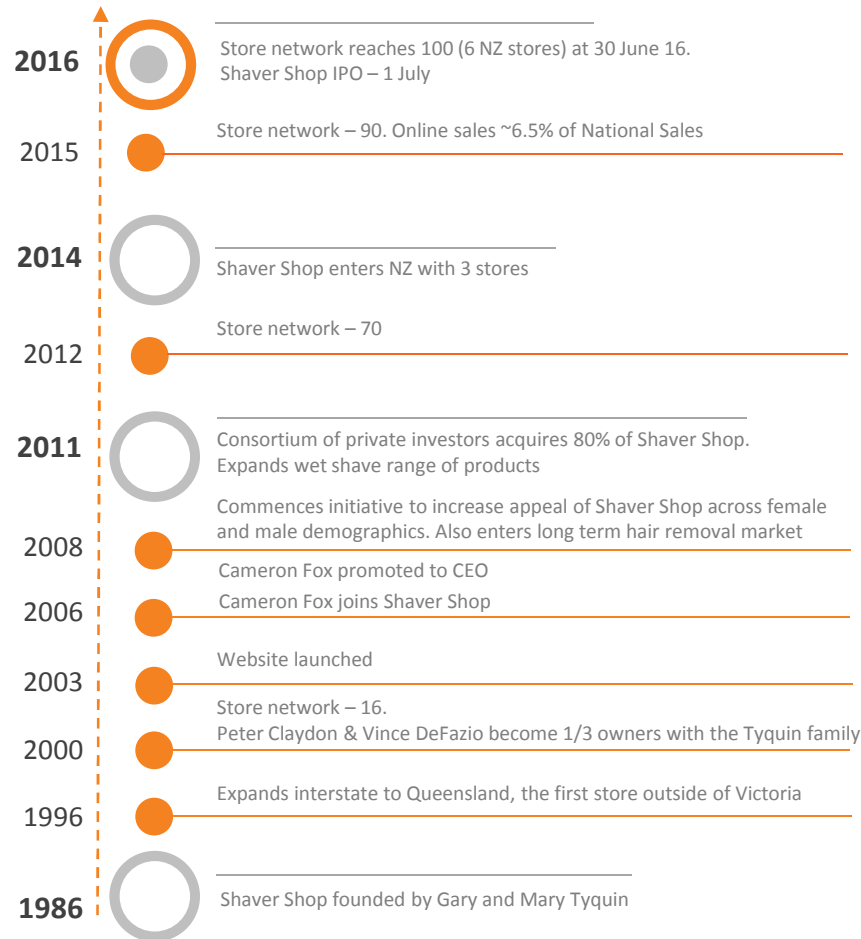
- > **Trusted and respected retail brand** founded in 1986
- > Quality brands, at competitive prices, supported by excellent product knowledge
- > **Total Network Sales of \$150 million** in FY16
- > **103 stores¹ across Australia and New Zealand** at 26 August 2015 (87 Corporate Stores, 16 Franchise)
- > **5 additional Greenfield stores locked for FY17**
- > **Targeting 145 stores across ANZ within 3 years**
- > With the support of marketing campaigns **brand awareness is currently 80%**
- > Category and market growth fuelled by consumers **desire to look and feel good**
- > Fragmented competition with **no significant direct competitor** offering the full range of products provided by Shaver Shop



¹ 3 new greenfield sites opening in late August 2016 with additional 5 planned to be opened by Nov '16

HISTORY & COMPETITIVE ADVANTAGE

A wide range of quality brands, at competitive prices, supported by excellent staff product knowledge



BUSINESS GROWTH DRIVERS



1

Ongoing product innovation & exclusivity

- > Continually evolving range to cater to changes in personal grooming styles, new fashion trends, and product innovations
- > Continue to source new and innovative products on an exclusive release basis

2

Greenfield store rollout

- > Intend open 10 to 15 stores per year through FY2019
- > Store rollout will be a mix of high quality shopping centre, strip shop, factory outlet, and airport stores
- > 8 greenfield sites now committed for FY17

3

Online sales growth

- > Customers electing for the convenience and privacy of shopping online
- > Investment in new e-commerce platform in FY17 that is mobile friendly

4

Wet Shave category growth

- > Domestic Wet Shave market in Australia is worth \$387 million
- > Market share of ~3%; Shaver Shop sees opportunity to continue increasing market share in this large category

5

Store maturity profile

- > Shaver Shop stores typically take 24 months to reach maturity
- > Currently 26 stores across the network that are yet to reach maturity

6

Franchise store buyback

- > Shaver Shop will continue to assess the opportunity to buy back Franchise stores on a case-by-case basis
- > 1 buyback completed in July, 3 completed in August
- > There are 16 remaining franchises in the network

7

Marketing activity

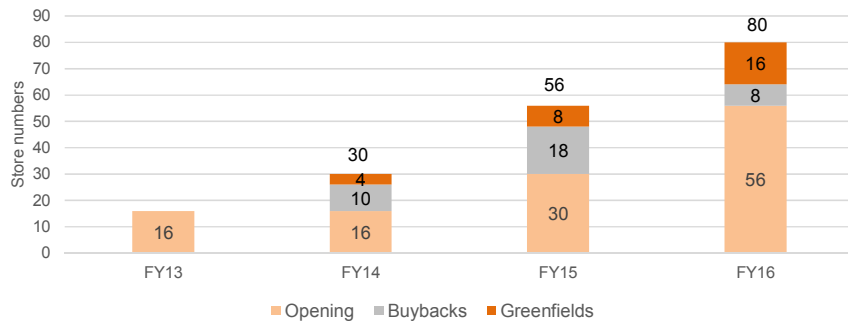
- > Continue to perform targeted marketing campaigns (digital, catalogue) to increase overall brand awareness
- > Further scope to increase brand awareness in several key markets

STORES

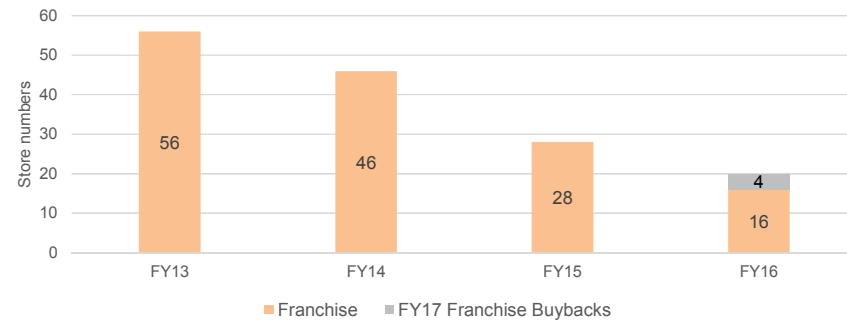
At 30 June 2016, 100 stores across Australia and New Zealand with significant further rollout potential



Corporate Store Profile



Franchise Store Profile





FY2016 OPERATIONAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS

Strong finish to FY16 and progress made in FY17 YTD



- > Celebrated our 30th year as a successful company
- > Opened our 100th store in Ocean Keys, WA
- > Increased consumer brand awareness to 80%
- > Completed 16 greenfield sites in FY16
 - > Total Corporate Stores at 30 June 16 – 80
 - > Now committed to launch 8 greenfield sites in 1H FY17 (4 in Prospectus)
- > Completed 8 franchise buybacks in FY16
 - > Total Franchise Stores at 30 June 16 – 20
 - > Completed buyback of 4 stores in FY17 YTD
 - > Mackay (in Prospectus) – completed in July
 - > Geelong, Bendigo, Park Beach Plaza – completed in August
- > Online sales up 42.6% in FY16 across total store network
- > Established new National Training Facility at new head office
- > 12 store refits and evolved store design
- > Strengthened leadership team and Board
- > Successful ASX listing



L4L NETWORK SALES¹ 10.7% IN FY16

L4L sales were a strong growth driver in FY16



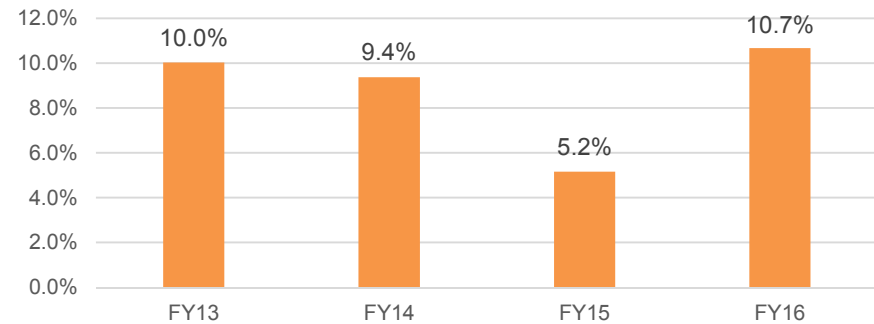
- > FY16 Total Network LFL sales growth 10.7%
 - > Corporate Store LFL sales growth 9.2%
 - > Franchise Store LFL sales growth 12.5%

- > 2H FY16 Total Network LFL sales growth of 6.7%
 - > Corporate Store LFL sales growth 5.6%
 - > Franchise Store LFL sales growth 8.7%

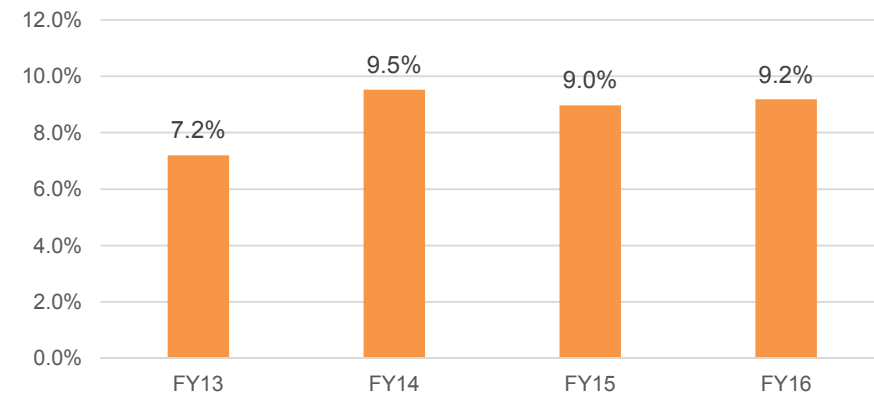
- > ASX listing and unusual timing of Easter impacted 2H FY16 L4L sales performance

- > NZ stores seeing strong L4L growth with increasing brand awareness

Total Network Sales – LFL Growth



Total Corporate Store Sales – LFL Growth



1) Total network LFL sales growth is calculated as the percentage change in total sales from corporate and franchise stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding corporate and franchise stores that did not trade for both the whole of the period and / or the prior corresponding period.

STRONG PERFORMANCE FROM KEY CATEGORIES



- > Hair removal sales up 11.8%*
 - > Wet shave, beard trimmers, body grooming all performed strongly
 - > Weakness in female long term hair removal and mens electric shaving due to relatively low levels of innovation for 2015 Christmas season



- > Complementary product sales up 29.6%*
 - > Hair care and power oral care grew strongly on the back of strong innovation and promotional campaigns (Dafni)
 - > Air purification and massage categories declined



* Total network (corporate and franchise store sales)



FY 2016 FINANCIAL HIGHLIGHTS



FY16 RESULTS ABOVE PROSPECTUS FORECAST



Shaver Shop has ended the financial year strongly and achieved FY16 prospectus forecast on all key measures

\$000's	Statutory Accounts FY16	Pro Forma Actual FY16	Prospectus (IPO) Forecast FY16	Variance to IPO Forecast FY16 (\$)	Variance to IPO Forecast FY16 (%)
Sales	106,711	106,711	106,173	538	0.51%
Gross profit	45,337	45,622	45,369	253	0.56%
Gross margin %	42.5%	42.8%	42.7%	0.0%	
Franchise & other income	4,028	4,028	4,020	(8)	(0.19%)
Cost of doing business (CODB)	(41,904)	(37,046)	(36,896)	(151)	(0.41%)
EBITDA	7,461	12,604	12,494	110	0.88%
EBITDA margin %	7.0%	11.8%	11.8%	0.0%	
Depreciation and amortisation	(936)	(936)	(919)	(17)	(1.80%)
Net finance costs	(1,043)	(945)	(735)	(210)	(28.66%)
Income tax expense	(1,628)	(3,200)	(3,344)	144	4.31%
NPAT	3,854	7,523	7,496	27	0.36%
EPS - weighted average (cents per share)	4.6	8.9	8.9	-	-
EPS - total shares on issue (cents per share)	3.1	6.0	6.0	-	-
Net Debt	790	1,976	4,120	2,144	

FY16 VS FY15 PERFORMANCE

Strong performance vs prior year across all key financial metrics



\$000's	Pro Forma Actual FY15	Pro Forma Actual FY16	\$ Var	% Var
Sales	63,242	106,711	43,469	68.7%
Gross profit	26,460	45,622	19,163	72.4%
Gross margin %	41.8%	42.8%	0.9%	
Franchise & other income	6,143	4,028	(2,115)	(34.4%)
CODB	(25,425)	(37,046)	(11,621)	(45.7%)
EBITDA	7,177	12,604	5,426	75.6%
EBITDA margin %	11.3%	11.8%	0.5%	
Depreciation and amortisation	(686)	(936)	(249)	(36.3%)
Net finance costs	(519)	(945)	(426)	(82.2%)
Income tax expense	(1,960)	(3,200)	(1,240)	(63.3%)
NPAT	4,012	7,523	3,511	87.5%
EPS - weighted average (cents per share)	4.8	8.9	4	86.8%
EPS - total shares on issue (cents per share)	3.2	6.0	2.8	87.5%

NORMALISED NPAT (NEW CAPITAL STRUCTURE)



FY16 normalised pro-forma NPAT \$7.96m after adjusting for new capital structure

\$000's	Pro Forma Actual FY16	Prospectus (IPO) Forecast FY16	Variance to IPO Forecast FY16 (\$)	Variance to IPO Forecast FY16 (%)
Pro forma NPAT	7,523	7,496	27	0.36%
Add back: Pro forma interest (tax effected)	685	540	145	26.79%
Less: Normalised interest - new capital structure (tax effected)	(246)	(246)	-	-
Normalised pro forma NPAT (new capital structure)	7,962	7,790	172	2.20%
Cash tax impact of franchise licence termination deduction				
Tax benefit from franchise licence termination (5 years straight line)	1,131	1,131	-	-
Normalised pro forma cash NPAT (new capital structure)	9,093	8,921	172	1.92%

- > New capital structure has significantly lower net finance costs following repayment of \$15.2m debt using IPO proceeds
- > Shaver Shop's Prospectus forecast assumed interest for FY16 at historical debt levels up to the date of the Prospectus (7 June 2016)
- > If the new capital structure existed for the full FY16 year, NPAT would be \$0.44m higher than reported pro forma NPAT and \$0.17m higher than Prospectus forecast
- > Private ruling from ATO enables deduction for franchise licence termination cost over five years.
- > Cash benefit of ATO ruling is \$1.1m per year over the next 5 years (higher if additional buybacks completed)
- > Normalised pro forma NPAT adjusted for cash benefit of tax ruling and capital structure is \$9.1m

PRO FORMA ADJUSTMENTS ACTUAL VS PROSPECTUS FORECAST



\$'000	Pro Forma Accounts FY16	IPO Pro Forma Forecast FY16	Fav (Unfav) Variance FY16
Statutory NPAT	3,854	3,898	(44)
Incremental costs as a public company	(423)	(531)	108
One off advisory costs	40	40	-
IPO transaction costs expensed	4,438	4,438	(0)
Management IPO incentives	901	908	(7)
Accounting for rebates in stock	285	285	-
Tax effect	(1,572)	(1,542)	(30)
Total pro forma adjustments	3,669	3,598	71
Pro forma NPAT	7,523	7,496	27
Interest benefit if post IPO capital structure applied from 1 July 15	439	294	145
Pro forma NPAT - IPO cap structure from 1 July 15	7,962	7,790	172

- > Pro forma adjustments largely consistent with Prospectus
- > Publicly company audit fee adjustment (\$81k) reflected in statutory results rather than as a pro-forma adjustment leading to statutory results NPAT lower than forecast and pro forma adjustments favourable to forecast – no net impact to pro forma NPAT

SUMMARY OF PRO FORMA REVENUE AND EBITDA

Achieved Prospectus targets for Sales and EBITDA



Revenue - \$106.7m up 68.7% (Prospectus \$106.2m)

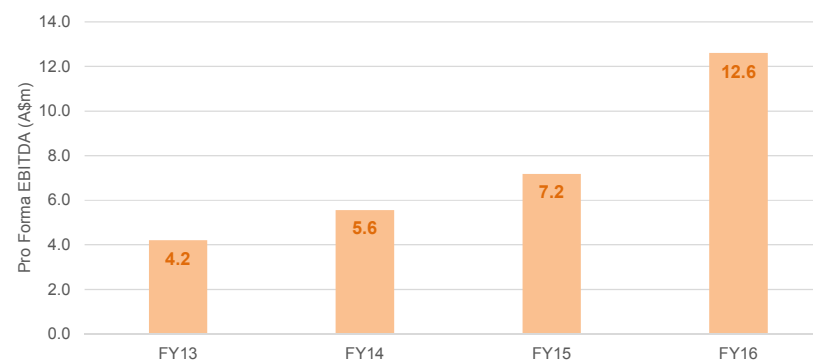
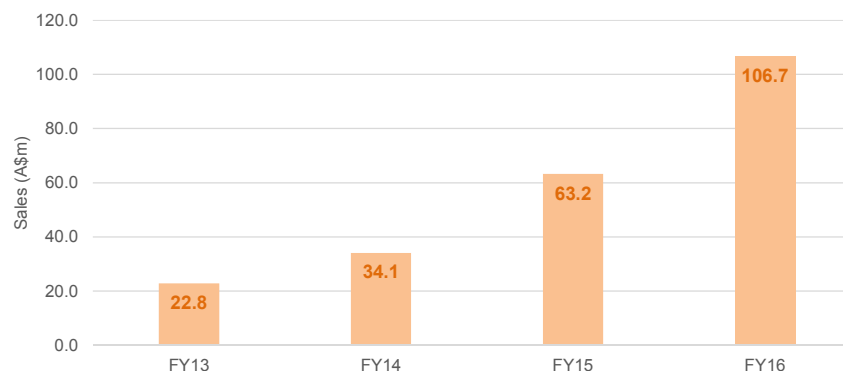
Growth in sales over FY 2015 led by a range of factors

- > Annual Corporate Store L4L growth since FY13 – 9.2%
- > 14 new greenfield stores opened over FY13-FY15. 16 new greenfield stores in FY16.
- > 29 franchise stores bought back over FY13-FY15. 8 franchise stores bought back in FY16

EBITDA - \$12.6m up 75.6% (Prospectus \$12.5m)

EBITDA growth over FY 2015 driven by:

- > Sales expansion from LFL growth, greenfields and buybacks
- > Gross profit margin expansion to 42.8% (Prospectus 42.7%)
- > Reduction in CODB as % of sales to 34.7% - in part driven by continuing maturity of greenfield stores launched in FY15 and FY16 (24 stores in total)
- > Partially offset by lower franchise royalties and other income as expected – down \$2.1m

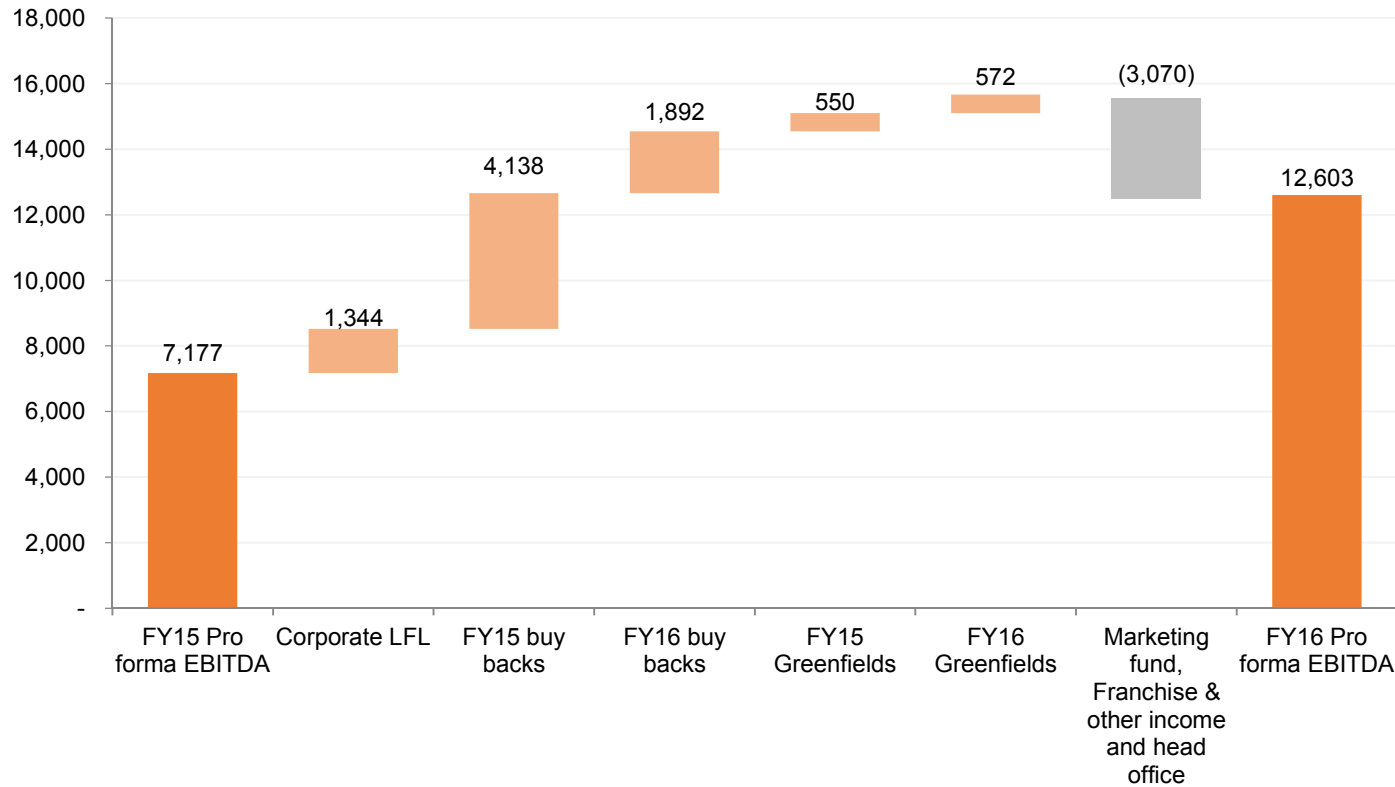


Corporate stores at 30 June:	16	30	56	80
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1) Total network LFL sales growth is calculated as the percentage change in total sales from corporate and franchise stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding corporate and franchise stores that did not trade for both the whole of the period and / or the prior corresponding period.

Revenue based on Corporate store revenue. EBITDA based on consolidated earnings.

EBITDA BRIDGE – FY15 TO FY16



- > Corporate LFL growth strong at 9.2% driven by hair styling, trimming and power oral growth
- > 18 franchise buybacks completed in FY15 drove significant full year incremental contribution
- > 8 franchise buybacks completed in FY16

- > 8 new stores launched in FY15 – 0 in 2H FY15
- > 16 new stores launched in FY16 – 9 in 2H FY16
- > Lower royalty contributions from franchises, increased marketing expenditure to drive brand awareness and higher head office costs associated with corporate store growth reduced EBITDA by \$3.1m

CONSOLIDATED STATUTORY AND PRO-FORMA BALANCE SHEET AT 30 JUN 2016



\$000's	Pro Forma 31-Dec-15	Pro Forma 30-Jun-16	Statutory 30-Jun-16
Cash	20,955	3,148	4,334
Inventory	19,752	18,115	18,115
Other assets	46,544	48,441	48,441
Total assets	87,251	69,704	70,890
Interest bearing liabilities	3,649	5,124	5,124
Other liabilities	33,087	12,535	13,720
Total liabilities	36,736	17,659	18,845
Net assets	50,515	52,045	52,045

- > Difference between statutory balance sheet at 30 June 2016 and pro forma is an adjustment to reflect unpaid IPO transaction costs in accounts payable at 30 June 2016 in statutory accounts
- > Low gearing to support future investments for growth (buybacks and greenfields)
- > Inventory balance \$18.1m represents approximately \$210k per store

CONSOLIDATED PRO FORMA CASH FLOW

Improved pro forma operating and net cash flow versus Prospectus forecast



\$'000	Prospectus Pro Forma Forecast FY16	Pro Forma Actual FY16 Actual	Variance (\$) FY16
EBITDA	12,494	12,604	110
Non-cash adjustments to EBITDA	-	308	308
Other working capital changes	-	-	-
Change in working capital	(4,107)	(831)	3,277
Net cash flow from operating activities before investing activities, financing activities and tax	8,387	12,081	3,694
Payments for franchise store buy backs	(6,470)	(6,465)	6
Other capital expenditure	(3,357)	(4,035)	(678)
Net cash flow before financing activities and tax	(1,441)	1,581	3,022
Income tax payments	(2,210)	(2,490)	(281)
Net finance costs	(735)	(945)	(210)
Borrowings drawdown / (repayment)	4,400	4,425	25
Net cash flow before dividends	15	2,571	2,556
Dividends paid	-	-	-
Net cash flow	15	2,571	2,556

- > Operating cash flow was \$12.1m in FY16 driven by strong EBITDA performance and reduced investment in working capital (primarily payables timing) at 30 June 2016 versus forecast
- > Investing cash flow was \$0.7m higher than forecast due to earlier investment in new head office facility than planned

- > Tax payments were \$2.5m in FY16 (including FY15 refund of \$0.3m), however FY16 tax refund of \$0.8m expected leading to cash tax of \$2.0m vs pro forma income tax expense of \$3.2m (reflecting franchise licence termination tax deduction)
- > Overall pro forma net cash flow \$2.5m for FY16



FY 2017 OUTLOOK



FY 2017 OUTLOOK

Remain confident of achieving FY17 Prospectus forecast



- > L4L Network trading performance for FY17 expected to be in-line with Prospectus expectation of 2.7% as we are cycling off a strong prior corresponding period
 - > Level of Christmas product innovation and promotional activity is in line with our expectations
 - > Exclusivity attained/retained on key product lines
- > In addition to the 4 Greenfields and 1 Buyback for FY17 included in the Prospectus forecast, Shaver Shop has secured:
 - > 3 additional Buybacks in 1H FY17 (Geelong, Bendigo and Park Beach Plaza)
 - > 4 additional Greenfield sites in 1H FY17
 - > Generally speaking, in 'first year' of trade, new greenfield sites do not contribute significantly to earnings
 - > Shaver Shop will remain disciplined in its approach to greenfield and buyback opportunities
- > Progress being made on launching new e-commerce (mobile friendly) platform that will support launch of loyalty offering in FY17
- > Well positioned to achieve FY17 Prospectus forecast

APPENDICES



KEY OPERATING METRICS



	Pro forma Historical				Pro forma Forecast
	FY13	FY14	FY15	FY16	FY16
Number of corporate stores	16	30	56	80	80
Number of franchise stores	56	46	28	20	20
Total stores	72	76	84	100	100
Corporate store sales (\$'000)	22,844	34,095	63,242	106,711	106,173
Franchise store sales (\$'000)	80,836	81,406	65,724	43,555	43,125
Total network sales (\$'000)	103,680	115,501	128,966	150,266	149,298
Corporate store LFL sales growth %	7.2%	9.5%	9.0%	9.2%	9.7%
Franchise store LFL sales growth %	10.5%	9.7%	3.9%	12.7%	11.6%
Total network LFL sales growth %	10.0%	9.4%	5.2%	10.7%	10.4%
Corporate store sales growth %	na	49.2%	85.5%	68.7%	67.9%
Gross profit margin %	43.2%	44.2%	41.8%	42.8%	42.7%
Employee benefits expense as a % of sales	24.1%	20.4%	16.6%	14.8%	15.0%
Occupancy expenses as % of sales	9.0%	9.8%	9.5%	9.2%	9.2%
Marketing and advertising expenses as % of sales	13.7%	12.0%	7.1%	5.0%	5.2%
EBITDA margin	18.4%	16.3%	11.3%	11.8%	11.8%
EBIT margin	16.5%	14.9%	10.3%	10.9%	10.9%

LFL sales growth is calculated as the percentage change in total sales (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding stores that did not trade for both the whole of the period and / or the prior corresponding period.



SHAVE SHOP

TRANSFORM YOURSELF™