



ASX ANNOUNCEMENT

SHAVER SHOP REPORTS HALF YEAR RESULTS

Key Financial Highlights*

- **Consolidated revenue up 26.2% to \$78.5m (1H FY16: \$62.2M)**
 - Like for like total network sales down 0.2% (we cycled exceptionally strong LFL sales growth in 1H YFY16, of +14.0%)
 - Eight new stores opened (1H FY16 – 6 new stores)
 - Five franchise buybacks completed (1H FY16 – 6 buybacks)
- **Gross profit margin flat at 42.5% (1H FY16 – 42.5%)**
- **Consolidated pro forma EBITDA up 5.3% to \$10.0m (1H FY16 - \$9.5m)**
- **Consolidated NPAT up 6.3% to \$6.3m (1H FY16 - \$5.9m)**
- **Pro forma net cash flow \$12.3m**
- **Net cash position of \$7.5m at 31 December 2016 (Gross Debt - \$7.3m)**
- **Fully franked interim dividend of 1.6 cents per ordinary share declared**

*1H FY16 results are pro forma and exclude the impact of one-off IPO transaction costs expense, and (with the exception of interest expense) estimate the impact on the financial results for the year and previous corresponding period as if the Company had undertaken an IPO and become a listed company at the beginning of each financial period. Refer to the Company's Directors' Report (dated 24 February 2017) for a reconciliation between statutory and pro forma financial results.

Melbourne, Friday, 24 February 2017 – Shaver Shop Group Limited (ASX: SSG) ('Shaver Shop' or the 'Company') the Australian specialty retailer of male and female personal grooming products, today announced its half year results for the six months ended 31 December 2016.

Commenting on the results, Shaver Shop's Managing Director and CEO, Cameron Fox, said: "Shaver Shop remains committed to being the leader in all things related to hair removal. In our core Hair Removal categories, network same store sales were up +2.7% in the first half of the year which was a solid result in what appears to have been a subdued retail environment. With good levels of innovation across the hair removal range, we saw strong growth in women's long term hair removal solutions, temporary female hair removal as well as a return to growth in men's electric shavers."

"Our female beauty category was also a strong performer on the back of the new distribution arrangement we established this year to sell both Scholl and Veet product ranges albeit margins are lower in this category."

"While we were pleased with our performance across Hair Removal categories, we had challenges in cycling the strong prior year sales performance over Christmas in both Hair Styling and Massage products which were flagged in our announcement of 23 December 2016. Given our strong seasonality, this led to same store sales dipping into negative in the first half."



Mr Fox continued, “Pleasingly, we were able to hold gross profit margins consistent with the prior year at 42.5%. Our business model remains strong and differentiated. 37 of our top 50 products are exclusively sold by Shaver Shop in Australia and together with the exceptional product knowledge of our staff and our focus on customer service, we are well positioned to continue growing in the future.

Expanding the corporate store network

Commenting on the growth in Shaver Shop’s retail network, Mr Fox said, “The Shaver Shop team remained focused on executing its growth plans in the first half. We opened 8 new corporate stores and were also able to secure five franchise buybacks – the last being in Macquarie, NSW. This brings our total network to 108 stores across Australia and New Zealand, 15 of which are owned and operated by our continuing franchisee partners.”

“Importantly 24 corporate stores are still maturing with 18 rolled out within the last twelve months - so these are yet to reach their full sales and earnings potential and are not included in our LFL sales calculations. Within these 24 stores, we’re excited by the progress our larger direct factory outlet stores have made in a short period of time with many of these exceeding expectations.”

Shaver Shop has been gradually moving from a franchise business model to a corporate store model over the last five years. At 30 June 2016, the Company had 80 corporate stores and 20 franchise owned stores. As it transitions to a largely corporate store model, EBITDA margins (%) for the business naturally decline as we account for both the full store sales and operating expenses from each corporate-owned store, as opposed to only recording royalty income from each franchise operation. Importantly, our earnings dollars grow as a part of this strategy.

Sound financial position

Shaver Shop’s net cash position was \$7.5m at 31 December 2016 after generating \$12.3 million in pro forma net cash flow for the first half. The company also has \$15.7m in undrawn debt facilities after utilizing \$2.2m in 1H FY17 to fund the five franchise buybacks it completed in the half.

Summary and Outlook

Cameron Fox said: “Shaver Shop continues to be in a strong position. We have a differentiated business model within the hair removal segment that focuses on unparalleled in-store product knowledge and exceptional customer service. This enables us to access to exclusive products from local and global suppliers in a market segment that has shown strong growth over a long period of time.”

“We’re continuing to execute our new store rollout and buyback strategies and have now reached brand awareness of 82% within Australia.”



“Substantially all our new product launches coming into Christmas went to plan. However, we underestimated the rate of progress of our largest product, Dafni, in its product lifecycle which significantly impacted our first half trading performance.”

Commenting on Shaver Shop’s full year outlook, Mr Fox said: “Despite strong Boxing Day trading, we have found the last two months to be challenging with unprecedented same store sales volatility in recent weeks. In light of this dynamic retail environment, we expect consolidated sales to be between \$128 million and \$133 million and full year EBITDA of \$12.0 million to \$13.5 million. This compares to our prospectus forecast of \$14.7 million EBITDA.”

Mr Fox continued: “Whilst our recent trading performance is below our expectations, Shaver Shop remains confident in its future prospects.”

“Looking at the big picture, we grew our profitability in the first half in what appears to have been a tough retail trading period for many specialty retailers. Our issues were isolated to a few specific product areas, and trading in other our core product areas was pleasing. Cash flow was strong, we have grown our market share, and our store roll out and franchise buy backs have exceeded our expectations.”

In summary Mr Fox said: “Our strategy remains clear and we will continue to execute this with vigour to close out the year strongly. Longer term, with more than a quarter of our stores still maturing, our new e-commerce platform now up and running, and more store rollouts in the pipeline, we remain confident about the strength and future growth of our business.”

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