ASX ANNOUNCEMENT
FOR IMMEDIATE RELEASE

SHAVER SHOP 2017 ANNUAL GENERAL MEETING

Melbourne, 26 October 2017

Shaver Shop Group Limited (ASX: SSG) the Australia and New Zealand specialty retailer of male and female personal grooming products, will today address shareholders at its Annual General Meeting to be held in Melbourne, VIC commencing at 11a.m. AEST.

Attached is a copy of the address to be delivered by the Chairman, Mr. Brodie Arnhold and the address to be delivered by the Chief Executive Officer and Managing Director, Mr. Cameron Fox.

Voting results from the meeting will be lodged with the ASX later today.

-ENDS-

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2017 Annual General Meeting
Chairman's Address – Brodie Arnhold

Good morning ladies and gentlemen and thank you for joining us today at our inaugural AGM as a public company. My name is Brodie Arnhold and I am the Chairman of Shaver Shop Group Limited and have been a board member since 2011.

Having started as a maintenance and service centre for Men's Electric Shavers, Shaver Shop has now been in business for more than 30 years; we employ more than 550 team members across Australia and New Zealand and have more than 110 stores in the network. We certainly see more growth in the years to come but more on that later.

As we have a quorum, I now declare the Annual General Meeting open.

KEY PERFORMANCE TRENDS

Shaver Shop has a long standing history of delivering strong growth, as shown by Shaver Shop's top line sales trend over the last 5 financial years. The compound annual growth rate since 2013 has been 58.1% driven by 2 key factors:

- The first is the increase in corporate store numbers – either through new store rollouts or through acquiring franchises. This has been a key part of our strategy since 2011 and will continue to remain so for the foreseeable future.
- The second is through our same store sales growth which has been consistently in the mid to high single digits for a number of years.

This a key attribute of our business. Shaver Shop has a history of being highly resilient. We have consistently found a way to grow and achieve our targets each year. This past year it was through the new multi-unit reseller channel that presented itself in March and came through very strongly in the remainder of the second half.

Other years it's been about new product innovation and strong sales execution that has driven growth. Shaver Shop is nimble and entrepreneurial and we generally find a way to achieve our targets. It is this tradition of driving for results that gives me confidence that even though we may encounter some challenging periods again at some point in the future, our results focused and adaptive culture will hold us in good stead over the long term and will deliver increased shareholder value.

Our EBITDA over the last five years has grown from $4.2m in FY13 to $14.9m last financial year – or a compound annual growth rate of 37.2%. This is slightly lower than our revenue CAGR in part due to the fact we are continuing to roll out new stores. A new Shaver Shop location generally doesn't achieve its mature sales and earnings run rate until its third year of operation.

So with around 25% of our Corporate Store network (or 24 stores) still in their maturity phase, this has a bit of a drag on EBITDA margins in the short term.

In terms of our Corporate Store rollout strategy, since 30 June 2013 when we owned 16 Corporate Stores, we have since acquired 43 franchises and launched 36 new stores leading to 95 Corporate stores at 30 June 2017.

We had 56 franchises at start of the 5 year period, and had 13 franchises left in the portfolio at the end of the last financial year. Many of these franchisees stores are located in A grade metro shopping centers locations such as Sydney CBD, Parramatta, Penrith, Chastswood, Doncaster, Eastland, so we will remain prudent in our approach to securing further franchise acquisitions.

I'm pleased to advise today that Shaver Shop has been able to secure 2 franchise buybacks in FY18 with in-principle agreement to acquire two further franchises.

The buyback and greenfield strategies that have been in place for many years, remain cornerstones of our growth plans, having delivered aggregated returns on capital employed of around 30% in the last financial year.

FY2017 SNAPSHOT

In terms of how the business performed in the last financial year, consolidated sales were up 33.6% to $142.6m for the year, driven by:

- Like for like corporate store sales growth of 6.2%; and
- The addition of 15 stores to our Corporate Store network through 8 greenfields and 7 buybacks.

Gross profit margins declined slightly to 41.7% in part due to strong contribution from the new multi-unit reseller channel Shaver Shop began selling to in the second half.

This led to EBITDA being up 18.0% to $14.9m and pro forma NPAT being up 20.7% to $9.1m.

Finally, having regard to our dividend policy, the Board declared a fully franked final dividend of 2.4 cents per share. This brings total dividends to 4.0 cents per share for the year or a payout of around 47% of our full year pro forma cash NPAT and 56 percent of our reported NPAT.

3 YEAR GROWTH PLANS

Our strategy has not changed for many years. We have a clear focus on our customers and providing the right products and advice to let them transform themselves.

From an organic perspective, we continue to have several drivers of growth. The first and most important is delivering same store sales growth each year.

We also must remain nimble and aware to new channels for growth, like the multi-unit reseller channel which grew strongly for Shaver Shop in the second half. Based on the intelligence we have gathered so far, we continue to see potential for this channel in the future – albeit at lower levels in the near term than what we experienced in the 4th quarter of last year.

We continue to see 140-145 retail stores as viable under our current retail model across ANZ but we are also evaluating alternative store formats that could see this increase – for example our Belrose, NSW store launches next month and is a 200 square metre store located in our first home maker centre.

Investments in online, social media and further female category expansion should drive continued growth as well as loyalty.

Separate to organic growth opportunities, franchise buybacks remain a core part of our strategy. Given the lack of a direct pure play competitor overseas, international expansion is also being evaluated together with potential and bolt-on acquisitions.

STRONG BALANCE SHEET AND CASH FLOW

Each of these growth options is underpinned by a solid balance sheet that has low gearing and supported by strong cash flows.

Our debt to EBITDA ratio at the end of the last financial year was 0.6X with $11.2 million in additional capacity under our existing debt facilities.

New store rollouts are not overly capital intensive with the initial up-front investment after landlord incentives being approximately $300,000 to $330,000.

We take a prudent approach to franchise buybacks with returns on these investments supported by an ATO Private Ruling that provides significant tax benefits over the subsequent 5 years. This tax benefit leads to cash income tax paid being lower than the income tax expense we report through our profit and loss statement and ultimately higher cash flows for the business.

DISCLIPLINED CAPITAL MANAGEMENT

With this in mind, your Board decided to change the company's dividend policy to take these tax benefits into account, leading to a new payout ratio of approximately 50% of cash net profit after tax.

This has led to a final dividend being declared and paid this week of 2.4 cents per share, fully franked, and full year dividends amounting to 4 cents per share for the 2017 financial year. This represents a payout ratio of approximately 47% of cash NPAT in FY17 in line with our new policy.

We believe that our current level of dividends is sustainable, and we are committed to continuing to deliver a consistent dividend return to our shareholders.

Your Board remains focused on maximising shareholder value in a sustainable manner and as a result, Shaver Shop today has announced an on-market buy-back of up to 10% of the Company's share capital or up to 12.5 million shares.

This is an appropriate capital management mechanism to implement at the present time and complements our revised dividend policy. This also reflects the confidence we have in Shaver Shop's business fundamentals, including its solid balance sheet and strong cash flows.

To this end, as far as possible, we will be seeking to use our free cash flow generation to complete the share buyback over the next 12 months. This may mean we are in and out of the market from time to time and of course, given our compliance obligations, we will not be buying back shares during our share trading blackout periods at the end of each half year until we release our financial results for the relevant period.

CONCLUSION

In conclusion, I would like to take this opportunity to acknowledge and thank Shaver Shop's leadership team as well as all employees in head office and franchisees across the network. Their contribution, spirit and commitment has been significant over the last year and were key contributors in delivering the strong results achieved in 2017. I would also like to offer my sincere thanks to our shareholders for your ongoing support and investment in our business.

2017 Annual General Meeting
Chief Executive Officer and Managing Director Address – Cameron Fox

FINANCIAL RESULTS SUMMARY

In terms of key financial highlights for FY17, we were pleased to meet or exceed the Prospectus forecast on all key financial measures.

Despite a relatively soft Christmas last year, like for like sales were up +6.2% for FY17. Over the same period of time online sales increased +9.4% to $11.7m.

Overall, our greenfield stores and buybacks achieved their targets, although some stores and regions have performed better than others.

We also used a portion of the upside coming from the multi-unit reseller channel to further strengthen our management team. Philip Tine was appointed to the newly created position of Retail Director. Philip previously played a key leadership role within the Priceline or API retail team. Tony De Fazio was also appointed as the head of our training department. Tony was one of our strongest franchisees, prior to selling his store and joining the national office.

We also accelerated investment across various e-commerce projects. Ultimately our goal here is very simple and that is to ensure our customer experiences a consistent, convenient and outstanding level of service whether they are shopping on-line or in our stores.

EBITDA was up +18% to $14.9m. This includes $300k of short term incentives that were not included in the prospectus forecast of $14.7m EBITDA. So if you adjust for this item for consistency, we were approximately $430k above the prospectus forecast at EBITDA level.

SHAVER SHOP MET OR EXCEEDED ALL KEY PROSPECTUS MEASURES

In comparison to Shaver Shop's Prospectus forecast, you can see on our profit and loss, that all key financial metrics across Sales, EBITDA, and Net Profit were met. We are pleased with this performance but remain focused on driving incremental growth in the coming twelve months.

As outlined to the market in various disclosures coming into the end of the year as well as in our annual results presentations, we had a strong sales and earnings tailwind in the second half of last year from the multi-unit reseller channel. It was our ability to quickly identify and tap into this opportunity that allowed us to recover from a soft Christmas last year and hit our full year numbers.

You will note that our costs of doing business were significantly higher than our prospectus forecast. This increase was largely due to the continued rollout of new stores as well as the acquisition of six franchise stores that were not in the original prospectus forecast.

Finally, overall cash NPAT was up +4.2% versus Prospectus Forecast to $10.6m.

SALES TREND

The sales contribution from the multi-unit reseller channel was significant, driving +24.5% like for like sales growth in the fourth quarter. This sales growth was primarily from one brand of products which sold at unprecedented levels in our business.

As announced in August, sales have slowed significantly in the last two months as supply tightened significantly. We are still cautiously optimistic about the potential of multi-unit channel over the medium term but in comparison to what we saw last year, we believe it will be a slow build.

That said, as we saw last year, this channel is incredibly hard to predict and forecast as demand or supply can be very fluid. Based on what we know today, we do not see sales thru this channel returning to levels achieved in the second half of last year. But this could change quickly if we strike upon another winning product – something we remain very focused on.

PROMISING CHRISTMAS PROGRAM

This year, we have another promising promotional program lined up for Christmas with a healthy amount of product innovation across numerous categories.

We are pleased to advise that the new ranging of Dyson Supersonic has been rolled-out across our store network. Dyson is of a course a new supplier for Shaver Shop. Stock of Dyson Supersonic only arrived across most Shaver Shop stores in late-September. The alignment between the Dyson and Shaver Shop brand may not appear terribly obvious to some, but explore the opportunity further and you appreciate why our two brands are a solid match for one another:

- Dyson are manufacturers and sellers of highly innovative, market leading products that are known for outstanding quality and design, but priced at a premium.
- The Supersonic launch has cemented Dyson as a leading, innovative premium brand within the hair-styling market. The product technology underpinning Dyson Supersonic is second to none, so it requires a very educated store consultant to drive customer conversion.
- Shaver Shop store staff are "product matter experts" when it comes to all personal care products. It is in our DNA – it is part of what makes Shaver Shop so very successful and has been refined over 30 years of living and breathing personal care products. Our store staff are completely at ease in educating customers about the benefits of a Braun men's shaver priced at $400 and above, or a Smooth Skin IPL machine priced at around $700, or even the latest Philips Sonicare electric toothbrush priced at around $400.
- Educating customers and ultimately driving consumer conversion across a new, innovative Dyson hair-dryer at a premium price point of $499 sits very well with our store staff and obviously represents an opportunity for both Shaver Shop and Dyson.

It's early days in our partnership, but we are delighted with the training, overall support and store staff engagement since we launched Supersonic in late September. We view the Dyson Supersonic range and support plans as a key addition to our business and one that is fundamental to establishing our position as a leading beauty destination for women. We also expect Dyson Supersonic to offset revenue and earnings risk associated with Dafni in the first half of FY18.

In Men's Electric Shavers, we have a largely exclusive range of Philips Star Wars branded shavers that we believe will be attractive to both younger and older generations. We also have new and exclusive electric shavers coming through from Braun and Remington which we believe will be solid contributors.

In beard trimmers, a category that has been very strong for a number of years, we launched the Remington Durablade exclusively prior to Father's Day. With a limited reach TV advertising campaign over Father's Day, we saw significant sales from this product so with a broad reach television campaign leading into Christmas, we are excited by the potential of this product. Our leading trimmer brand (Wahl) also has a very strong promotional plan for Christmas with key innovation being sourced around premium price points (in particular).

Men's Body grooming has also shown very encouraging signs over the recent weeks and months. The launch of an exclusive, innovative Panasonic body groomer around Father's Day of this year, complemented by the introduction of a new brand within this category (also exclusive to Shaver Shop) appears to place us in a solid position leading up to Christmas.

Power oral care has been a solid contributor to Shaver Shop sales and earnings for many years. Oral-B and Philips are both very active in the power oral care space in the lead up to Christmas 2017 with strong investment in above the line marketing spend and a plethora of product innovation. Innovation across premium end power oral care products such as the Oral-B Genius Rose Gold and Philips Sonicare Diamond Clean Connected appear to place Shaver Shop in a solid position in this category over the coming months.

The launch of the exclusively ranged StylPro make-up brush cleaner is another key component of our December quarter 2017 promo plans. The family of StylPro products has now increased to four in the lead up to the Christmas trading period. It is worth noting we will launch a two week TVC campaign to support the StylPro range from late October. The entire StylPro range remains exclusive to Shaver Shop.

In wet shave, an area that was flat to slightly down last year, we are launching exclusive bulk packs of Gillette blades. This gives us a further price advantage which we believe will make us the lowest priced retailer for genuine Gillette blades in the market by some margin.

Overall, I am pleased with the way our Christmas and Boxing Day programs are coming together as we enter the most important trading period of the year for Shaver Shop. The majority of product innovation that will support our promotional plans in the lead up to Christmas are exclusive to Shaver Shop or, as a minimum, appear very well suited to Shaver Shop and its customer base.

E-COMMERCE INITIATIVES

Make no mistake, we are making material improvements across our e-commerce operations. Online sales across the store network were $11.7m in FY17 and grew at 9.4%. Since the launch of the new website in February of this year, growth rates have been in significant double digits.

Over the course of the past 9 months, we have continued to successfully execute numerous milestone events that strengthen our overall e-commerce capability. Some examples include:

1. Our Australian website was optimised for mobile use in February of this year.
2. Single Page Checkout was successfully implemented in early July.
3. AfterPay and Zip Pay was launched at the end of July.
4. Bazaar Voice customer Reviews was launched in August of this year– today we have over 32,000 customer testimonials on Shaver Shop website.
5. Our new website for New Zealand was launched on 31st August.
6. We have increased the number of products ranged across both our own website as well as through our E-Bay store.
7. We have successfully created live feeds for pricing and inventory so that we can offer options for customers like Click & Collect.
8. We have successfully integrated various back-end systems so we reduce the time for staff in store picking, packing and shipping goods. Importantly our average time from taking an order to dispatching it through Australia Post is around 13 hours with some shops consistently achieving dispatch times of less than 2 hours.
9. We are also rolling out a subscription option in the next few weeks which we expect will work well with our new Gillette blade bulk packs that are in stores now.
10. We are actively generating electronic marketing campaigns across our active customer registered database that is excess of 80,000 and growing.

These items are just some of the exciting initiatives that we have successfully implemented in the past nine months.

We continue to work on other key e-commerce imperatives of which some will be rolled out prior to this year's Christmas trade such as Click and Collect, Apple Pay, improved store landing pages and product comparison matrix tables, launch of Shipster program with Australia Post.

Looking forward, we'll use the database that we're creating to generate further personalized marketing campaigns and increasingly use social media for marketing and branding opportunities.

BRAND REALIGNMENT

One of Shaver Shop's key growth priorities is to be seen as a beauty destination for HER as well as for HIM.

More than 50% of our customers are women, but so far, they are primarily buying products for men. We feel we can secure a significant share of the market and have proven our ability to compete in this area over a number of years.

Adding Dyson Supersonic to our range was a great win for us. The inclusion of the Dyson Supersonic brand to our range, builds upon a healthy and growing number of brands that are positioned strongly across the female marketing including; Veet, Parlux, Scholl, Foreo, Dafni, Vidal Sassoon, Smooth Skin, StylPro….not to mention the brands that have strong appeal across both males and females such as Braun, Philips, Homedics, Oral-B, and Panasonic.

ADDITIONAL CORPORATE STORES

As Brodie mentioned earlier, adding new stores to our network and buying back franchises remain core building blocks in our growth strategy.

We maintain a prudent approach with both, evaluating each investment on its own merits and looking at the latest information available. Now that we are up close to 115 stores across the network, we need to be conscious of potential cannibalisation impacts as well as the trend towards online shopping.

Prior to Christmas, we've locked in 7 new store openings with one further store committed in the second half of the financial year. We are looking forward to piloting a larger format, 200 square metre store at Belrose, NSW which opens in November and we will continue to revisit the size and format of our stores going forward to ensure we are maximising the potential of our offering.

In terms of franchise buybacks, I'm pleased to advise that we have reached agreement on the acquisition of Erina Fair, a good performing store in a key NSW growth corridor and we have reached in principle agreement for the acquisition of two further franchise stores.

Discussions are continuing with respect to further buybacks, however as always, we will remain disciplined in our approach. It's always been difficult to predict how many franchise buybacks will be done in any given year as the personal circumstances and views of a franchisee can change quite quickly and lead to deal being done where we otherwise thought it wouldn't.

MULTI-UNIT RESALE CHANNEL

We remain cautiously optimistic about our ability to grow the multi-unit reseller channel over the long term. These customers come into our stores, and generally buy in large quantities and request a discount for doing so.

We only really became exposed to this opportunity in the last 7-8 months, but it's a significant opportunity here in Australia and one that we believe deserves dedicated focus.

As noted earlier in the presentation, in the second half of 2017, this channel was responsible for driving significant growth in our business, in what would otherwise have been a relatively disappointing year. It is unlikely we'll be able to replicate the significant sales levels we experienced in the second half of 2017 in this coming financial year, but in recent months we've seen demand for other products as well.

So we have some early and encouraging signs, and based on this and the size of the prize, we will continue to dedicate time and energy to extract the maximum value from this opportunity.

TRADING UPDATE

We've had a solid start to the year with L4L sales up +9.9% in the first 16 weeks of trade. This is in part due to a strong contribution from the multi-unit reseller channel most particularly in July and early August.

Over the same period, whilst it is difficult to calculate exactly, we estimate that underlying L4L sales were up approximately +3% (excluding the multi-unit channel) having benefited from a strong Father's Day campaign as well as a good start to October.

We're well advanced in our preparations for Christmas having held product and sales training events across all States and Territories in the last month.

Most of the new lines for Christmas, including the new Dyson Supersonic and Philips Star Wars ranges, are now in-store and starting to drive sales.

We've secured 8 greenfields for FY18 and 2 franchise buybacks. We also have reached in principle agreement for a further two franchise buybacks – albeit these remain subject to legal documentation.

Our new online platform is going from strength to strength and driving significant online sales growth.

We've also rolled out new foot traffic monitoring and sales conversion tools that are helping us drive improved store performances.

We continue to have a strong balance sheet with robust cash flows.

We remain focused on capital management and delivering improved returns to shareholders, having now paid our final dividend of 2.4 cents per share earlier in the week and today have announced a share buyback of up to 10% of our capital.

In summary, Shaver Shop remains a very strong business, with a clear strategy and great potential and I look forward to updating you further as the year progresses.

CONCLUSION

I would like to echo Brodie's sentiments and thank all of our staff and franchisees for their contributions last year as well as for the effort and focus they are dedicating to the upcoming Christmas and Boxing Day trading period.