



## ASX ANNOUNCEMENT

### SHAVER SHOP'S LIKE FOR LIKE FIRST-HALF SALES GROWTH OF 5.5% UNDERPINS INCREASED SALES AND EARNINGS

**Melbourne**, Friday, 23 February 2018 – Shaver Shop Group Limited (ASX: SSG), the Australian specialty retailer of male and female personal grooming and beauty products, today announced its results for the half year ended 31 December 2017 (1H FY18), that saw total sales grow 19.0% to \$93.4 million and normalised cash net profit after tax grow 16.9% to \$8.1 million.

#### Continued growth in 1H FY18<sup>1</sup>

- Total sales up 19.0% to \$93.4 million
  - Like for like corporate store sales growth up 5.5%
  - 4 franchises bought back
  - 7 new stores opened
- Reported NPAT up 9.2% to \$6.9 million
- Normalised<sup>2</sup> EBITDA up 16.3% to \$11.7 million
- Normalised cash NPAT<sup>3</sup> up 16.9% to \$8.1 million
- Strong balance sheet, with net cash of \$2.2 million at 31 December 2017
- Fully-franked interim dividend up 12.5% to 1.8 cents per ordinary share

Commenting on Shaver Shop's 1H FY18 results, Managing Director and CEO Cameron Fox, said: "We are pleased to have delivered record sales and earnings, as well as 5.5% growth in same store sales in the first half, despite the challenging retail environment. We have a robust business model and are excited by the opportunities we see for the group, particularly in growing the number of female customers with more female focused brands."

Normalised gross profit increased 16.3% to \$38.8 million resulting in a gross profit margin of 41.5%. Shaver Shop's normalised cost of doing business (CODB) as a percentage of sales decreased approximately 180 basis points to 30.4%. Marketing, occupancy and employment costs remained controlled as the business continued to grow both corporate store numbers as well as same store sales. The strong sales growth combined with operating expense leverage underpinned normalised EBITDA growth of 16.3% to \$11.7 million, and normalised Cash NPAT growth of 16.9% to \$8.1 million.

#### Strong growth in online sales, up 66.6%

Shaver Shop's total network websales grew 66.6% in 1H FY18, and represented approximately 10% of total network sales. The substantial growth in online sales reflects ongoing investments that have been made in refining the Company's website, as well as increased exposure to social media marketing. This is an area that

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<sup>1</sup> Compared to 1H FY17.

<sup>2</sup> Normalised results exclude the impact of provisions for doubtful debts and stock provisions (\$491,000 in aggregate) that resulted from the liquidation of two suppliers in 1H FY18 (the suppliers were affiliated with each other). A reconciliation of reported to normalised results is available in the Appendix to the Company's 1H FY18 Investor Presentation that is available from the Investors section of the company's website ([www.shavershop.com.au](http://www.shavershop.com.au)).

<sup>3</sup> Adjusting for the benefit of tax deductions in relation to historical franchise buybacks that reduce Shaver Shop's income tax payable in comparison to the income tax expense shown in the Company's reported profit and loss statement. A reconciliation between reported and normalised cash NPAT together with a summary of the expected future franchise buyback tax deductions available to Shaver Shop is outlined in the Directors Report's contained in the Company's 1H FY18 Financial Statements.



will receive continued investment in 2H FY18 as the Company continues to execute its omni-channel marketing plans.

### **Increasing relevance to female customers**

Shaver Shop has successfully increased its relevance to female customers through the addition of popular beauty and hair styling brands over the last 24 months. These include Dyson Supersonic™, Veet, Scholl, StylPro, Foreo and Dafni.

“We are really pleased to see our Female Beauty category grow more than 380% over the first-half given the successful sourcing of innovative and exclusive products. Following the strong brands added to the portfolio over the last two years, we are excited to be launching another major female brand late in the second half of this financial year as well as launching a new ‘own-brand’ range that will strategically complement our current portfolio of beauty products”, said Mr Fox.

### **Corporate Store expansion**

Shaver Shop’s Corporate Store network grew to 106 stores over 1H FY18, with 100 stores in Australia and 6 in New Zealand at the end of 2017. Shaver Shop also has 9 franchise operated stores. Commenting on the growth in Shaver Shop’s retail network, Mr Fox said: “We continued to execute our greenfield store and franchise buyback programs in the first half. Seven new stores were opened and we acquired four franchises. We have also locked in one new store to open late in the second half.”

### **Strong operating cash flow and net cash of \$2.2 million; 12.5% increase in interim dividend**

In its seasonally stronger half, Shaver Shop delivered a 44% increase in operating cash flow to \$21.8 million. The Company continues to have a strong balance sheet, with net cash of \$2.2 million at 31 December 2017. Gross debt was \$7.3 million following \$4.5 million of debt repayments over 1H FY18.

Given the Company’s strong balance sheet and financial results, Shaver Shop’s Board of Directors is pleased to declare a fully franked interim dividend of 1.8 cents per share, up 12.5% on last year.

### **Key 2H FY18 initiatives to drive growth**

Shaver Shop has several initiatives planned for 2H FY18 that are expected to drive both incremental growth and efficiencies into FY19:

- Launching a major new supplier in Q4 FY18
- Implementing a fully functioning CRM that will provide improved service for our customers
- Further brand expansions in female beauty – including the launch of an “own” brand
- Introducing a new buy-now, pay later option for customers in Shaver Shop’s stores
- Commencing several technology transformation projects to drive efficiency across the business
- Releasing Phase II of our online subscription program
- Continued investments across our e-commerce imperatives.

### **Outlook for 2H FY18**

“Delivering a record sales and earnings result in the first half was pleasing. We did this despite experiencing both sales and margin softness in December, our most important month of the year”, said Mr Fox.

The challenging market conditions experienced in December have continued into early 2H FY18. Sales and margins remained subdued in January but have been recovering through February with like for like sales on target through the middle of the month.

**Shaver Shop Group Limited (ACN 150 747 649)**

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In 2H FY18, Shaver Shop is cycling very strong sales numbers from 2H FY17 that reflected the establishment of a new reseller channel. The Company was nimble and did well to secure these sales last year, however contributions from this channel have declined substantially since June 2017 but remain volatile and difficult to predict.

Having regard to the 1H FY18 result and the Company's recent trading performance, Shaver Shop expects its full year normalised EBITDA to be in the range between \$13.0 million and \$15.5 million.

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