



SHAVER SHOP

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Shaver Shop Group Limited

Annual General Meeting

28 October 2020

2020

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## Summary Information

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## Forward looking statements

This Presentation contains certain forward looking statements and comments about future events, including Shaver Shop’s expectations about the performance of its business. Forward looking statements can generally be identified by the use of forward looking words such as ‘expect’, ‘anticipate’, ‘likely’, ‘intend’, ‘should’, ‘could’, ‘may’, ‘predict’, ‘plan’, ‘propose’, ‘will’, ‘believe’, ‘forecast’, ‘estimate’, ‘target’ and other similar expressions. Indications of and any guidance on future earnings or financial position or performance of Shaver Shop are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Shaver Shop’s 2019 Consolidated Financial Report contains details of a number of key risks associated with an investment in Shaver Shop. Many of these risks are beyond the control of Shaver Shop. Should one or more of these or other risks or uncertainties materialise, or should any assumption underlying any forward looking statement contained in this Presentation prove incorrect, Shaver Shop’s actual results may differ materially from the plans, objectives, expectations, estimates, and intentions expressed in the forward looking statements contained in this Presentation. As such, undue reliance should not be placed on any forward looking statement.

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## Pro forma and normalised financial information

This Presentation contains pro forma and normalised financial information. The pro forma and normalised financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Shaver Shop’s views on its future financial condition and/or performance. This financial information has been prepared by Shaver Shop in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia.

Shaver Shop uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information. Shaver Shop considers that this non-IFRS financial information is important to assist in evaluating Shaver Shop’s performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. In particular this information is important for comparative purposes with normalised results across financial periods..

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.



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**01** Welcome &  
Introduction

**02** Chairman's Address

**03** CEO & MD's Address

**04** Items of Business

# 01

## Welcome & Introduction



# Board of Directors

## Board Members

- > Brodie Arnhold – Independent Chair
- > Cameron Fox – CEO & Managing Director
- > Craig Mathieson – Independent Director
- > Trent Peterson – Independent Director
- > Brian Singer – Independent Director
- > Debra Singh – Independent Director

## Other representatives in attendance

- > Larry Hamson – CFO & Company Secretary
- > Daniel Rosenberg – PwC Audit Partner



# 02

## Chairman's Address

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## Shaver Shop Share Price History

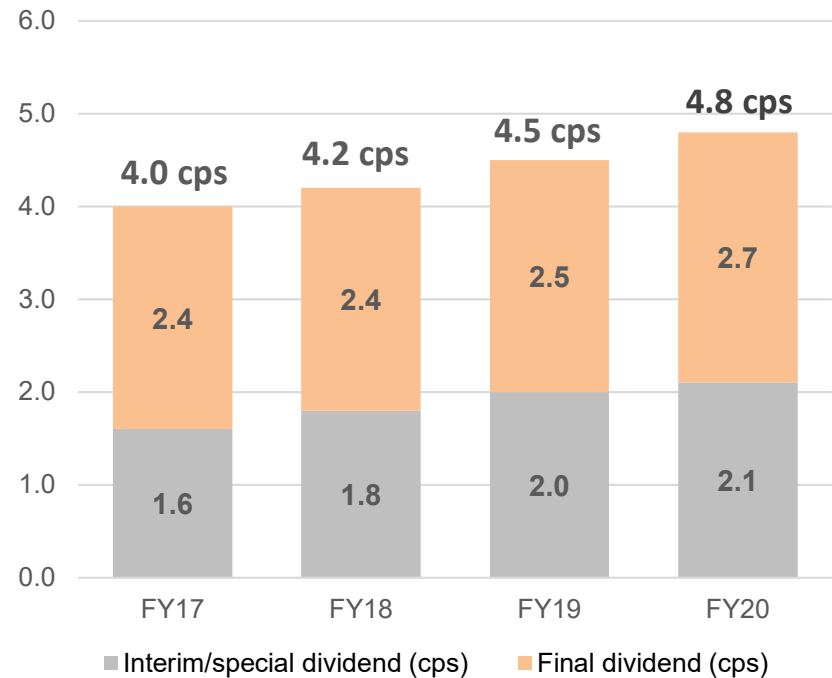
Record sales and profitability and continued dividend growth have led to strong recovery in SSG's share price – up to \$1.09 on 23 October 2020





## Increasing shareholder returns

History of strong operating cash flow and conservative balance sheet has supported increased dividend pay out each year





# FY2021+ Growth Strategies

## Increase market share

- Utilise DIY trend to enhance brand exposure through online, social and traditional channels
- Target 1 million customer database within 24 months
- Increase female category mindshare
- Maximise blog impact to drive SEO and brand connection
- Selectively increase online marketplace participation

## Increase existing customer value

- Maintain service excellence to drive repeat business
- Increase transaction frequency using smart targeting
- Enhance knowledge of our customer through linking in-store and online customer data
- Basket size optimisation through checkout
- Increased use of Buy-Now-Pay-Later options to increase transaction value

## Product innovation & expansion

- Secure launches of the latest innovative products
- Maintain/secure new exclusivity arrangements for core lines
- Leverage category expertise to curate depth and breadth of personal care offering

## Digital Excellence

- Use data and AI to drive unique Shaver Shop online customer experience
- Continue to streamline user interface
- Increase online interactivity and inspirational content
- Leverage existing and new IT platforms to drive further operational efficiency

# 03

CEO & MD's  
Address



# FY2020 Highlights

## Sales

- **Total Sales up 16.4%** to \$194.9 million
- **Online sales up 103.5%** to \$47.8 million (now 22.7% of total sales)
- **FY20 LFL Corporate Store Sales growth +15.3%** (pcp +1.1%)

## Earnings

- **Pro forma EBITDA (AASB 117) up 36.0% to \$18.4m** in FY20 (pcp Norm. EBITDA \$13.5m) – No JobKeeper
- **Pro forma Cost of Doing Business 33.7% of sales** (FY19 – 35.5%) down 180 bps
- **Pro forma NPAT up 44.6% to \$10.6m** (Norm. FY19 NPAT - \$7.4m)

## Growth

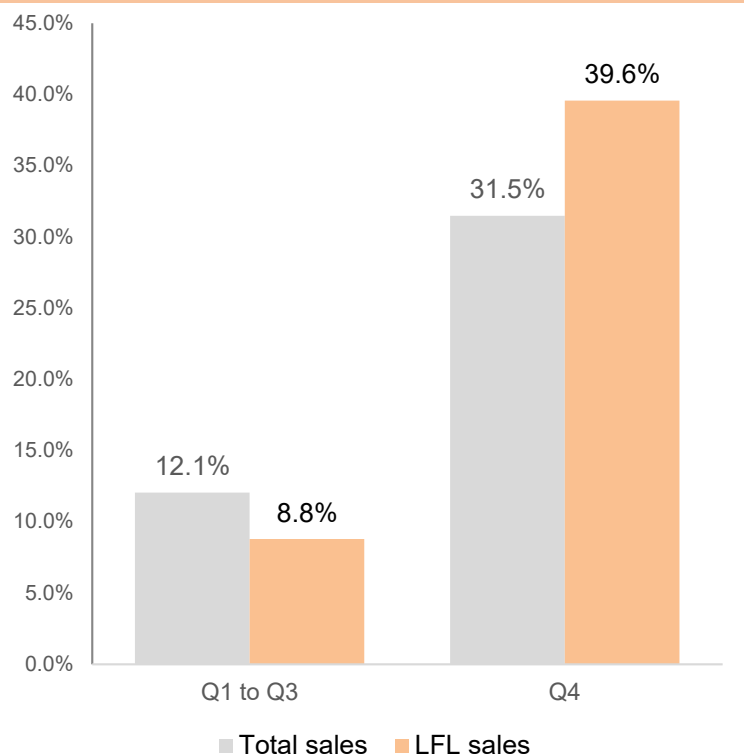
- **CRM launched in October 19** – significant further potential to drive value from customer data and insights
- **Customer database up 88% to 440,000 subscribers** – focussed on growing lifetime customer value
- **Completed 2 franchise buybacks** – 6 franchises remain in network
- New Zealand business performed strongly with further new store and online growth opportunities
- **Accelerated omni-retail investments** and increased capability and online fulfilment capacity/efficiency

## Capital Structure

- **Net cash - \$12.6m** at 30 June 2020 (\$30m undrawn debt facility)
- **Final dividend – 2.7 cents per share fully-franked** (total FY20 franked dividends – 4.8 cents/share)
- **FY20 pro forma operating cash flow - \$28.9m** (\$21.2m normalised for \$5m stock re-investment and \$2.7m in deferred rent payments )

# FY2020 trading review

## FY2020 Trends in Total and Like for Like Sales Growth



## Pre COVID-19 Sales Performance (July '19 to Mar '20)

- > Trading performance was tracking ahead of internal targets through Mar '20
- > H1 FY2020 – LFL sales up 9.3%, Online sales up 61%
- > FY2020 EBITDA guidance - \$14.25 - \$15.75 million (AASB117)

## COVID-19 Impacted Period (April and May '20)

- > Immediately increase liquidity to mitigate risk
  - Interim dividend cancelled/landlord rents deferred/reduce stock purchasing/store rosters cut/20% mgmt and director salary reductions/discretionary spend cut/guidance withdrawn
- > 11 AU stores progressively closed due to low foot traffic foot traffic across April and May / All 7 NZ stores closed in April (re-opened early May)
- > High volume, online sales distribution facility successfully established in Melbourne by mid-April
- > Online sales up 297% in AU across April & May

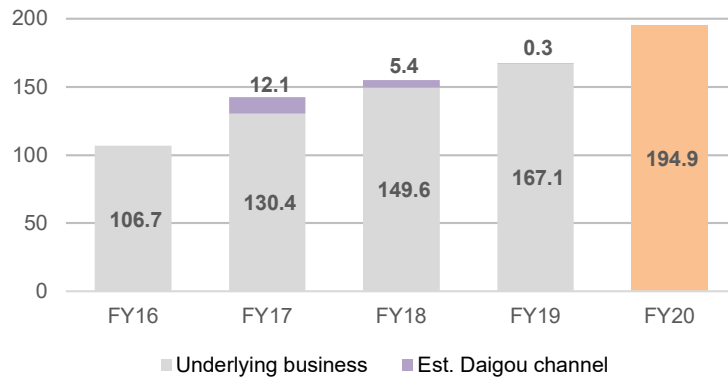
## Restrictions Eased (Jun '20)

- > AU stores gradually re-open from early June / foot traffic increases off very low levels / online sales up 100% in June / maintain cautious stock procurement / service metrics at all time highs
- > Updated EBITDA guidance to \$17.25m to \$18.25m, announced special dividend

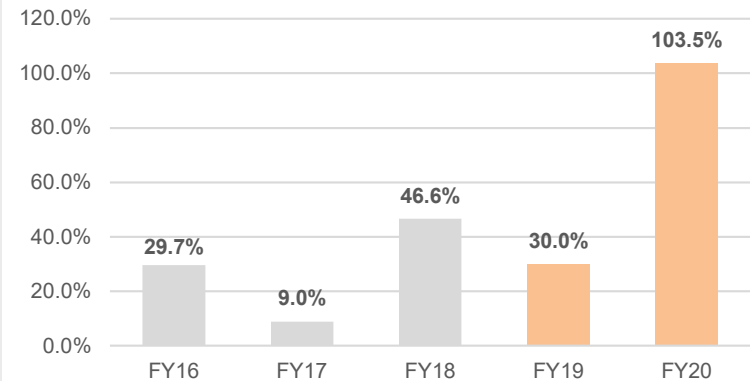
# Shaver Shop has a strong growth trajectory

Online sales now the dominant driver of growth and accelerating

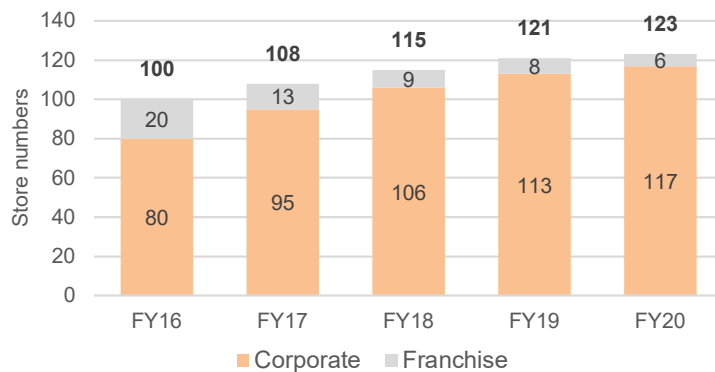
**Consistent Sales Growth (A\$ millions)**



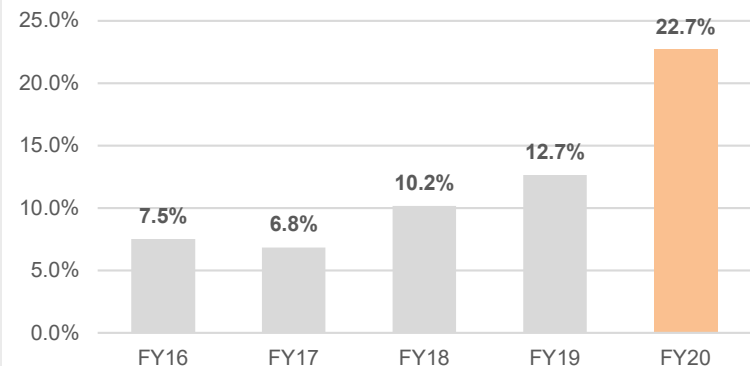
**Online Sales Growth (%)**



**Prudent slowing of store network rollout**



**Total Online Sales as % of Total Network Sales**



\* Underlying results exclude the estimated sales and EBITDA contribution from the Daigou reseller channel. Daigou reseller sales and earnings are difficult to estimate given these customers come into Shaver Shop's stores but often buy in higher volumes. Daigou sales are identified by separating sales transactions with > 5 units per transaction for product known to sell into the Daigou channel.



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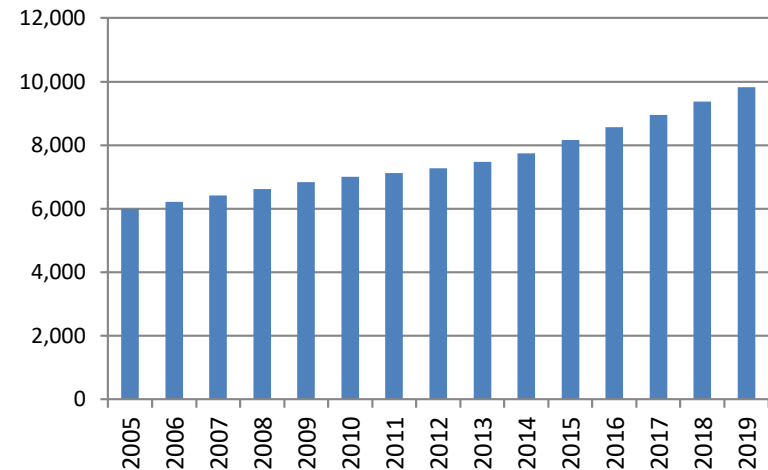
**Our omni-retail  
growth  
opportunity**

# Large and growing market

## Shaver Shop is a market leader with plans to further growth market share

- > Health, beauty and personal care market is estimated to be \$10B+ in Australia & New Zealand
- > Product categories straddle all age groups and demographics (hair cutting, hair styling, oral care, skincare, etc...)
- > COVID-19 has accelerated DIY adoption of personal care appliances and introduced new customers to these categories
- > Mens grooming market is \$1B+ with growth driven by increased social acceptance of male beauty regimes and facial/body hair trends
- > Shaver Shop's retail model is unique – focused on males and females of all ages and supported by product expertise and exclusivity, customer service and omni-retail excellence
- > Shaver Shop estimates it currently has c.3% market share of its total addressable market

### Beauty & Personal Care Market Growth (A\$m)



Source: Euromonitor International, Beauty & Personal Care in Australia, June 2020, management estimates

<b>Total Addressable Market Estimate</b>	<b>A\$m</b>
Total beauty & personal care market	10,511
Less: excluded categories	(2,709)
<b>Total Addressable market</b>	<b>7,802</b>

<b>Shaver Shop Network Sales</b>	<b>211</b>
<b>Implied market share</b>	<b>2.7%</b>

Source: Euromonitor international, management estimates

# Our stores are critical in delivering customer experience

**Our store teams are product experts delivering outstanding customer service. Shaver Shop stores are a key differentiator that is essential to delivering our desired shopping experience.**

## Personalised advice and insight at purchase

- > Team members are product experts that ask the right questions to align product features and benefits with customer needs
- > Hair removal/reduction can be a sensitive topic that often requires 2-way dialogue
- > Many personal grooming products look the same – we help guide customer decisions
- > Delivers inspiration/confidence to try DIY personal care and grooming solutions

## Improved post-purchase service and support

- > In-store fulfilment of online orders delivers better customer experiences – Click & Collect, potential for reduced delivery timeframes
- > Experienced and friendly service supports:
  - confidence re: post purchase support;
  - brand loyalty and customer lifetime value;
  - delivering inspiration/confidence to get the most benefit out of each purchase

## Stores enable customers to actively engage and connect with our brand

- > Expertise and service driven culture
  - Our NPS scores are consistently above 80 (world class)
- > Product quality is more evident when shopping in-person
- > Leading range of personal care and grooming appliances and value for money focus is readily apparent in-store

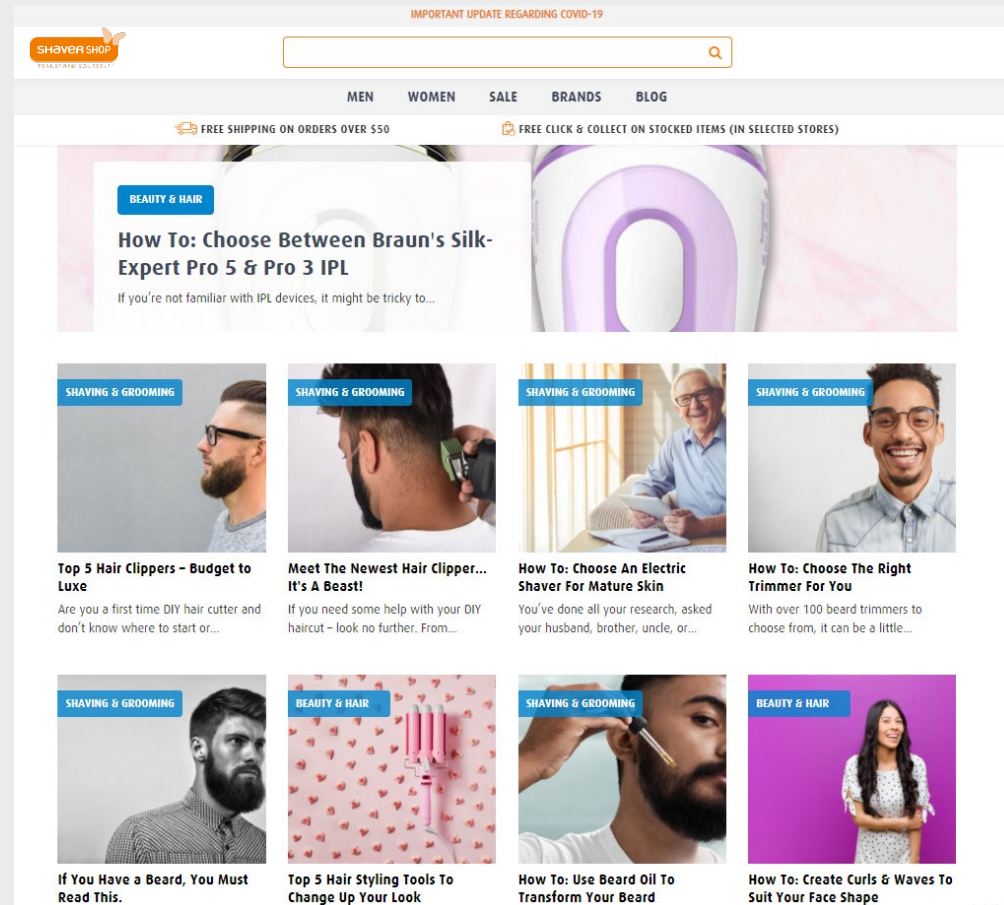




# Translating the in-store experience online

Digital strategy is designed to engage, educate and inspire our customers

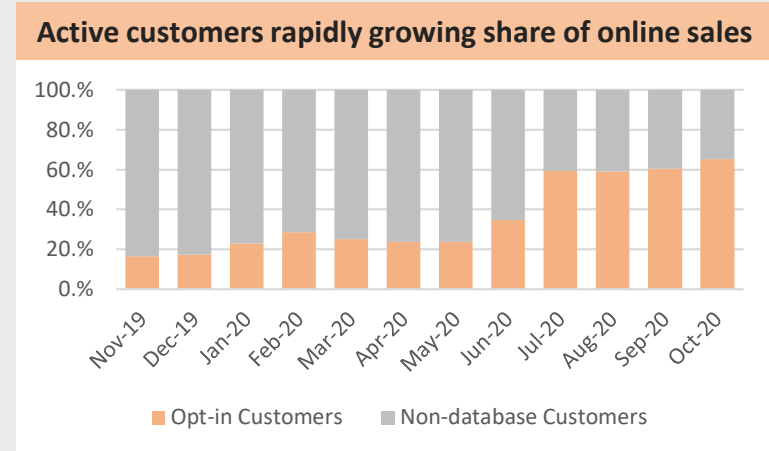
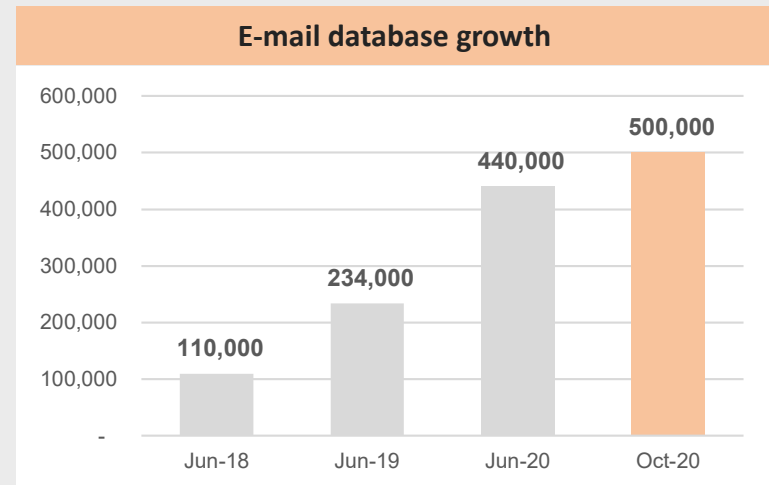
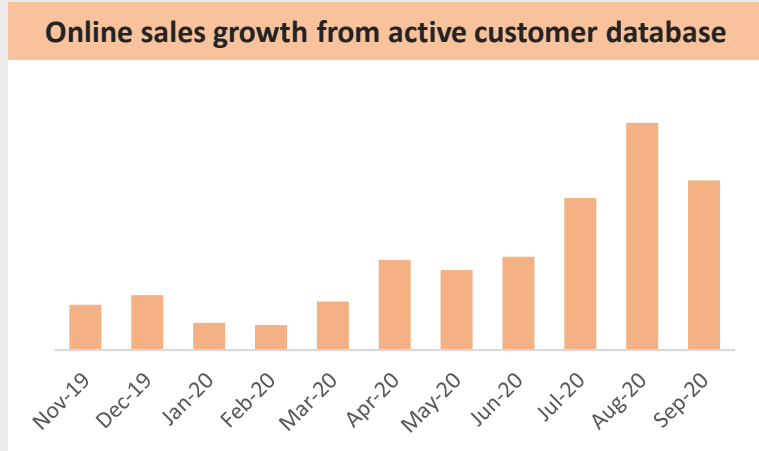
- > Shaver Shop has deep domain knowledge in grooming and personal care appliances
- > Our DIY “BLOG” section of the Shaver Shop website translates this knowledge into the online experience
- > We are empowering our male and female customers to better understand how to:
  - Choose the best product that suits their needs
  - Use their tools/consumables to achieve their desired DIY results
- > Shaver Shop is uniquely positioned to provide this insight given our sole focus in this area and our work with all leading suppliers in the category
- > The “BLOG” page is just the start of our plans to engage, educate and inspire customers to achieve the DIY look or personal care outcome they want



# Strong growth from understanding our customers

We are at the cusp of using our customer data to drive recurring revenue growth

- > Shaver Shop is more actively and effectively engaging with our customer database
- > We have significantly more opportunity to drive sales growth from our "opt-in"/active customer database
  - Database to date is only from online customers
  - We are just starting to gather customer details in store so "opt-in" database expected to grow strongly in F21
  - Transaction frequency\* – c. 0.33X per annum
- > Smart re-targeting of customers to begin in late Q2, early Q3 F21
- > Our active customers are starting to drive the majority of online sales (since July 20)



\* Transaction frequency: the number of online transactions by active customers (i.e. those customers that have opted into receiving e-mail marketing) divided by the number of active customers currently on the database.

# Q1 Business Update & Outlook

# Strong Q1 FY21 Performance

## Q1 FY21 Business Update\*

- > DIY and online sales trends continuing
- > Total sales up 19.8% to \$49.1 million
- > Total sales (exc. Victoria) up 31.2%
- > Total online sales up 192% (32% of total sales)
- > Healthy gross profit margins and ongoing cost control
- > Net profit after tax up 185% to \$4.9 million

## FY21 Outlook

- > Importance of Q2 trading to full year financial results and ongoing uncertainty caused by the COVID-19 pandemic means sales and earnings guidance is not able to be provided at this time

\* Based on unaudited management accounts



# 04

Items of Business



## Conduct of a poll

A poll will be conducted at the end of the meeting following consideration and discussion of all items of business



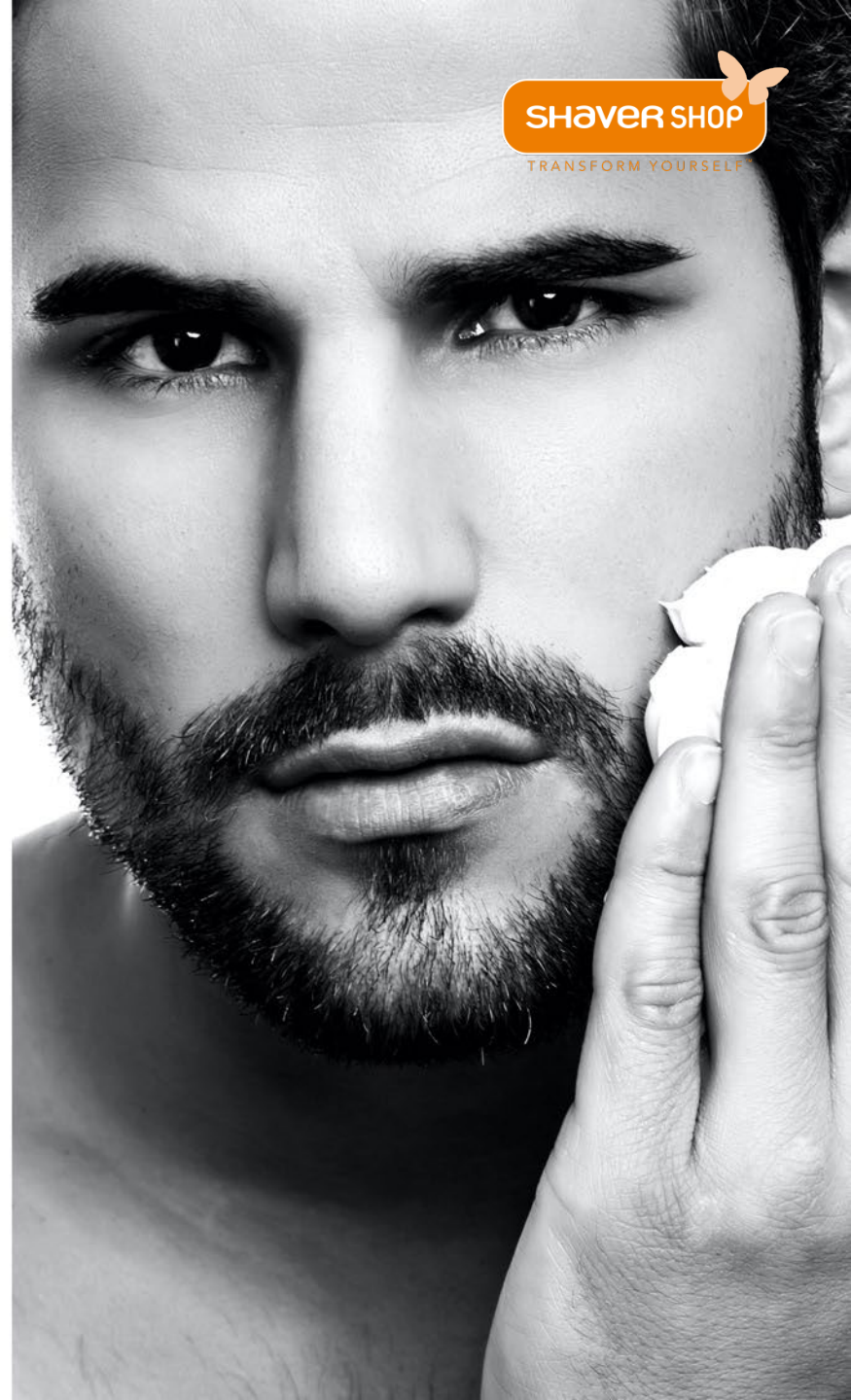
# 1. Annual Financial Report

“To receive and consider the Financial Report, Directors’ Report and Auditor’s Report of the Company and its controlled entities for the financial year ended 30 June 2020.”

**There is no vote on this item of business.**

## 2. Adoption of remuneration report

“That the Remuneration Report (which forms part of the Directors’ Report) in respect of the financial year ended 30 June 2020 be adopted.”





## 2. Adoption of Remuneration Report

Proxies Received	# votes	% votes
For	56,291,160	99.45%
Open	123,060	0.22%
Against	187,090	0.33%
Abstain	272,656	

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.





### 3. Election of director – Mrs Debra Singh

“That Debra Singh, in accordance with article 66.2 of the Company’s constitution and, being eligible, offers herself for election as a Director of the Company.”



### 3. Election of Director – Mrs Debra Singh

Proxies Received	# votes	% votes
For	72,680,575	99.82%
Open	130,250	0.18%
Against	0	0.00%
Abstain	103,200	

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.

## 4. Re-election of Director – Mr Trent Peterson

“That Trent Peterson, who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rules 14.4 and 14.5 and, being eligible for election, be elected as a Director of the Company.”





## 4. Re-election of Director – Mr Trent Peterson

Proxies Received	# votes	% votes
For	72,075,944	98.85%
Open	130,250	0.18%
Against	704,631	0.97%
Abstain	3,200	

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.

## 5. Approval of issue of securities to Mr Cameron Fox, CEO & Managing Director

“That for the purposes of the ASX Listing Rule 10.14 and all other purposes, approval is given for the issue to the CEO and Managing Director of the Company, Mr Cameron Fox, of up to 700,000 LTI Shares as a long-term incentive on the terms and conditions and in the manner set out in the Explanatory Notes accompanying this Notice of Annual General Meeting.”



## 5. Approval of issue of securities under the Amended LTI Plan to Mr Cameron Fox, CEO & Managing Director

Proxies Received	# votes	% votes
For	64,283,939	92.79%
Open	123,060	0.18%
Against	4,871,479	7.03%
Abstain	217,300	

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.





## 6. Approval of selective buy back of ordinary shares

“That, for the purposes of section 257D of the Corporations Act 2001, and for all other purposes, the selective buy-back of 24,603 fully paid ordinary shares from two participants under the Alternative LTI Plan on the terms and conditions set out the Buy-Back Agreements (details of which are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting) be approved.”





## 6. Approval of selective buy back of ordinary shares

Proxies Received	# votes	% votes
For	72,170,679	99.01%
Open	721,646	0.99%
Against	900	0.00%
Abstain	20,800	

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.

Thank you



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**2020**