

BOOKTOPIA SMASHES PROSPECTUS FORECASTS AS CUSTOMERS CONTINUE TO SPLURGE ON BOOKS

- Revenue up 35% to \$223.9m million (FY20: \$165.7 million)
- Underlying EBITDA (adjusted for IPO costs) up 125% to \$13.6m (FY20: \$6.0 million)
- A record 8.2 million (FY20: 6.5 million) units shipped
- Strong start to the current financial year with sales in the first two months (July and August) tracking above the same period in FY21.
- Completion of three (Brio Books, Zookal and Welbeck) strategic partnerships.
- Strong momentum in book industry vertical integration through Booktopia Publisher Services and Booktopia Publishing.

Australia's leading online book retailer Booktopia Group Limited (ASX: BKG) has convincingly beaten its prospectus forecasts for the full year to June 30, 2021, with increased capacity, record numbers of customers and growing order values all combining to deliver a strong first year on the ASX.

Booktopia today reported its first results since listing on the Australian Securities Exchange (ASX) in early December 2020 following a \$43.1 million capital raising.

In the 12 months to June 30, 2021, the company reported total revenue of \$223.9 million, a 35% increase on the previous year and 10% above the \$204.5 million forecast in the company's November 2020 prospectus. Since 2018 the company has achieved a CAGR in revenue of 26%.

Underlying EBITDA (adjusted for IPO costs) for the year was \$13.6 million, up 125% on the previous year (\$6.0 m) and 45% above prospectus forecasts of \$9.4m.

The full-year result was achieved on a 27% increase in total units shipped to 8.2 million, an average annual spend per customer of \$126.85 (FY20: \$111.43) and an average order value of \$71.07 (FY20: \$65.08).

Booktopia Chief Executive Officer Tony Nash said the company's first full-year result as a listed company was very pleasing and had laid the foundation for the next phase of growth.

"Our prospectus set some very ambitious targets for our first year as a listed company and I am very happy to report we have been able to eclipse those expectations," he said. "Our focus has now shifted to executing our multi-pronged growth strategy that will see us ramp up our market penetration, expand our reach within the book industry and lock-in new, earnings accretive partnerships and acquisitions."

"Our team's performance over the last 12 months, the strength of the Booktopia brand and our ability to adapt quickly to a rapidly changing external environment leaves us confident we can continue to grow at or above what we have achieved over the last few years."

Mr Nash said the company had started the new financial year strongly with the momentum from the previous year continuing into the current year.

“Sales for the current year are currently tracking above the same time last year, despite the ongoing lockdowns in Sydney and Melbourne,” he said.

Booktopia’s growth and success since it was first established in 2004 is built on the development and continued refinement of proprietary software and algorithms that optimise traffic and conversion rates. The company has now built a database of over 5 million customers with 1.8 million active customers in FY21, a growth of 19% on the previous year.

As well as achieving strong market share growth during FY21, the company also identified and executed three new partnerships that would accelerate growth over the coming years. In FY21 the company finalised deals with Australian publisher Brio Books, edtech provider Zookal, and teamed up with UK publisher Welbeck for a new joint venture in Australia and New Zealand.

Mr Nash said the company was actively pursuing several new bolt-on opportunities to leverage the company’s infrastructure and systems and enhance growth.

“Bolt-on opportunities, whether through acquisition or partnership, provide a clear path to supercharging our growth over the next few years and if we see an opportunity that provides the right benefits, at the right price, we will pursue it.”

“While our immediate focus is on Australia and New Zealand, we will look at opportunities in other markets if we believe there is attractive, medium-term, growth potential.”

Booktopia is also investing in the growth of its publishing (Booktopia Publishing) and publisher services (Booktopia Publisher Services) operations that will give customers access to even more titles, more quickly. The publishing division uses BPS to distribute its books to retailers and resellers across Australia and New Zealand.

“The Australian book industry is forecast to generate more than \$2.6 billion in sales this year and we want to be at the very core of that industry to ensure our customers are getting the best deals on the best books,” Mr Nash said.

Mr Nash said the company would continue to invest in expanding capacity to accommodate growth.

Booktopia has invested over \$20 million in the automating of its 14,000 sqm Distribution Centre at Lidcombe in Sydney’s west resulting in a doubling of capacity that allows the company to ship 60,000 books across 145,000 different titles per day.

As part of its planning for future growth, Booktopia signed an agreement on 27 August, 2021, to secure an additional 13,500 sqm of warehousing and distribution facilities at Enfield in Sydney’s South West to complement its existing facility at Lidcombe. The new facilities will provide increased capacity to hold and distribute stock to its customers.

“The investment in distribution centres together with our strong balance sheet means we are well-positioned to leverage our future growth profitably and sustainably,” he said.

OUTLOOK

FY22 has started strongly, with revenue tracking ahead of the previous corresponding period.

The company continues to experience strong tailwinds, including:

- the ongoing adoption of online shopping due to structural and demographic shifts
- acceleration of these trends due to COVID-19
- an increase in discretionary spending locally due to travel restrictions

The Board and management are cognisant of the ongoing impact of COVID-19, geographic lockdowns and the vaccine rollout, both in Australia and internationally and note that a high degree of uncertainty continues to surround the Australian economy.

“We will continue our growth strategy, investing into key areas of the business to cement our online market leadership and drive increased market share with an ongoing ‘customer obsession’ mindset to ensure our engagement and service is second to none,” Mr Nash said.

The company will also continue the expansion of its Publisher Services (Distribution) and Publishing businesses and its investment in distribution facilities as well as exploring international expansion opportunities through partnerships and acquisitions.

“Our intent is to be the core of the book industry, locally and internationally.” Mr Nash said.

Authorised for lodgment by Chris Beare, Chairman on behalf of the Board.

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About Booktopia

Booktopia Group is the largest Australian-owned online book retailer by market share. It is an Australian home-grown business having sold items to more than five million customers since establishment, with 2.3 million repeat customers. Since FY2012 Booktopia Group has sold more than 32.6 million items to its growing customer base. While approximately 85% of the items the Company sold in FY2020 were books, Booktopia Group also sells eBooks, DVDs, audiobooks, magazines, maps, calendars, puzzles, stationery and cards. The Company sold one item approximately every 4.7 seconds and shipped approximately 6.5 million items in the 12 months to 30th June 2020, averaging 25,000 items per business day. The company was listed on the Australian Securities Exchange (ASX) in December 2020 after completing a \$43.1 million capital initial public offering.