



ASX ANNOUNCEMENT

For Immediate Release

102% ONLINE SALES GROWTH DRIVES RECORD FIRST HALF SALES AND PROFITS

Melbourne, Friday, 19 February 2020 – Shaver Shop Group Limited (ASX: SSG), the Australian specialty retailer of male and female personal grooming and beauty products, is pleased to announce its financial results for the half-year ended 31 December 2020 (H1 FY2021).

Shaver Shop has maintained its strong trading momentum from the last four halves to deliver another record breaking half for the Company.

H1 FY2021 results highlights (vs H1 FY2020)

- Total sales up 15.0% to \$123.6 million
 - Like for like sales up 17.3% (including online sales and Victorian store sales during Q1 shutdown)
 - 24 months of consecutive LFL sales growth
 - Corporate store online sales up 102.0% to \$37.6 million (30.4% of total corporate store sales)
- Gross profit margin up 340bps to 44.7%
- NPAT up 85.5% to \$14.2 million (H1 FY2020 - \$7.6 million)
- EPS up 85.4% to 11.6 cents per share (H1 FY2020 – 6.3 cents)
- Operating cash flow up 41.7% to \$41.5 million
- Strong balance sheet with excellent liquidity; \$41.1 million cash, no debt and \$30 million debt facility headroom (30 June 2020 – net cash of \$12.6 million)
- Interim dividend up 52.4% to 3.2 cents per share, 100% franked (H1 FY2020: 2.1 cps, 80% franked)

Shaver Shop was not eligible for, and did not receive any, JobKeeper payments.

Shaver Shop's Managing Director and CEO, Cameron Fox said: "This is an outstanding first half result, which is a record for Shaver Shop and shows the overwhelming success of our online strategy. It also highlights that we are now a successful omni-retailer, given the ongoing performance of our stores. Online sales doubled in the first half while we continued to deliver exceptional levels of in-store customer service. I am extremely proud of our store teams who once again showed why they are the best personal care retailers across Australia and New Zealand."

Mr Fox continued: "Shaver Shop is in the strongest shape it has ever been in. We have strong cash flow, \$41.1 million cash and zero debt, and for our shareholders we have now delivered 24 months of consecutive like for like sales growth. So, whilst we are very proud of our first half results, we are even more pleased in our ability to deliver ongoing sales growth each month for the past two years."

Strong sales growth supported by 340bps gross margin expansion

Shaver Shop's H1 FY2021 sales increased 15.0% to \$123.6 million with online sales now representing more than 30% of total sales. Sales growth (in \$ terms) was strongest across the Company's higher margin, hair cutting categories as customers continued to purchase beard trimmers, hair clippers and body groomers in record numbers.

Shaver Shop Group Limited (ACN 150 747 649)

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Commenting on the sales growth, Mr Fox said: “The Shaver Shop brand name has become synonymous with hair removal solutions for men and women. We invest heavily in staff training so our customers can shop with confidence and know they will receive the right advice to get the look they are after.”

Mr Fox continued: “Pleasingly our Hair Cutting category also happens to have higher than company average margins, which was one of the key drivers behind the 340 basis point increase in gross profit margin to 44.7%. We also decided to moderate aggressive discounts on some of our exclusive product lines across the first half in order to balance volume growth, supply availability and profitability. Overall, the team did an exceptional job adjusting our promotional and marketing programs in what became an extremely dynamic period where consistent supply proved challenging in the lead up to Christmas.

“Other categories that performed exceptionally well for us were hair styling, long term hair removal solutions for women and massage which are strong gift giving categories for women.”

Omni-retail investments continuing to deliver strongly

Shaver Shop’s stores continue to be the foundation of its go to market strategy, reflected by in-store like for like sales increasing 8.0% in H1 FY2021 (excluding Victorian stores due to government imposed store closures).

Mr Fox said: “Our in-store teams provided exceptional customer service in the first half, as evidenced by our NPS score being 85 and our customer experience score being 9.7 out of 10. Sales conversion also increased by 26% to 49% in the key Q2 trading period. So whilst customer foot-traffic declined in most centres we operate in across Australia and New Zealand, more people are purchasing products in our stores thanks to the tremendous product knowledge and customer service focus displayed across our store teams. Our business appears strongly placed to benefit from the trend towards DIY personal care products regardless of whether the customer wishes to purchases on-line or in-store. As a result, we are investing in a number of initiatives to further enhance our market position, improve customer insights, deliver a more tailored shopping experience and further streamline store operations and efficiency.”

Store portfolio and store refresh program

Shaver Shop transitioned to a wholly owned corporate store network on 3 February 2021 following the acquisition of the 6 remaining franchises for \$13.0 million plus stock on hand. Shaver Shop currently has 121 stores with 114 locations in Australia and 7 in New Zealand. Shaver Shop continues to evaluate the size and composition of its store network to optimise returns.

The Company also completed two store refits in H1 FY2021 as it continues its store refresh program at key doors. Four additional refits are planned for H2 FY2021.

Strong cash flow and liquidity

Shaver Shop generated \$41.5 million in operating cash flow (up 41.7% on H1 FY2020) and finished the half with \$41.1 million in cash and no debt.

Speaking about Shaver Shop’s financial position, Mr Fox said, “We continued to maintain a very prudent approach to managing stock levels and controlling costs in the first half. In doing so, we reduced our ending stock on hand by almost \$10 million and significantly increased our stock turn compared to the same time last year without any noticeable effect on sell through. Our stock position is now as healthy as I can remember in my time at Shaver Shop.”

Interim dividend up 52% to 3.2 cent per share, 100% franked

Shaver Shop has continued its 4 year trend of increasing its interim dividend payment, by announcing a 3.2 cent per share fully-franked interim dividend. The Company cancelled its H1 FY2020 interim dividend of 2.1 cents per share (80% franked) at the height of Australian pandemic concerns in March 2020, and subsequently declared a replacement Special Dividend of equivalent value in June 2020.

Mr Fox continued, “Shaver Shop’s financial position has never been stronger. The 52% increase in Shaver Shop’s fully-franked interim dividend reflects the company’s outstanding trading performance over the first half, our strong financial position, the investment we’ve just made in acquiring the last six franchise stores, as well as the Board’s desire to retain a degree of fiscal conservatism as we continue to navigate through pandemic uncertainties.”

Trading update

Shaver Shop’s strong H1 FY2021 trading performance has continued into the first six weeks of H2 FY2021 (1 January 2021 through 11 February 2021) as evidenced by:

- Total sales being up 17.3% (despite WA stores being closed for 5 days in early February due to the government imposed lockdown)
- Like for like store sales up 17.6% including online sales being up 100.1%.

Gross profit margins were broadly in-line with the prior corresponding period.

Outlook

Commenting on Shaver Shop’s outlook for FY2021, Mr Fox said: “The start to the second half has been very encouraging with the trends towards online shopping and DIY personal care continuing to be key growth drivers for Shaver Shop. Stock levels for our top selling lines are in good shape, supplier relationships remain strong, and with the highly accretive acquisition and integration of the last six franchises we will improve brand consistency and operational efficiency across our network. Finally, our in-store service metrics remain outstanding which puts us in the best position possible to comp the exceptional growth rates we experienced in Q4 FY2020.”

While the first half has started strongly and Shaver Shop’s Board currently expects a pleasing FY2021 result, due to the ongoing uncertainties caused by COVID-19, Shaver Shop does not currently consider it appropriate to provide FY2021 sales and earnings guidance.

Approved for release by the Board.

-ENDS-



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About us

Shaver Shop Group Limited (ASX: SSG) is an Australian and New Zealand speciality retailer of male and female personal grooming products, and aspires to be the market leader in 'all things related to hair removal'.

There are currently 121 Shaver Shop stores across Australia and New Zealand. The Company also sells products via its websites www.shavershop.com.au and www.shavershop.net.nz, and an eBay store.

Shaver Shop offers customers a wide range of quality brands, at competitive prices, supported by excellent staff product knowledge. The Company's specialist knowledge and strong track record in the personal grooming segment enables it to negotiate exclusive products with suppliers.

Shaver Shop sources products from major manufacturers who seek to create functional and innovative products to meet customers' needs and wants in the hair removal and personal care product categories. The Company's core product range comprises male and female hair removal products such as electric shavers, clippers and trimmers, and wet shave items. Complementary to its core product range, Shaver Shop retails various products across the oral care, hair care, massage, air treatment, and beauty categories.