



SHAVE SHOP

H1 FY24 RESULTS PRESENTATION

**Transform  
Yourself**



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# 01

## H1 FY24 HIGHLIGHTS

# H1 FY24 Highlights



Sales down 3.7% to

**\$127.0m**



Net profit after tax

**\$12.5m**

down 8.6% vs pcg



Operating cash flow

**\$34.9m**



Net cash at 31 Dec 23

**\$31.9m**

down \$2.2m vs 31 Dec 22



Online sales flat on pcg at

**\$31.1m**

and 24.4% of total sales (up from 23.5% in H1 FY23)



Interim dividend

**4.7c**

per share (100% franked)  
consistent with H1 FY23



Net promoter score

**88.6**

(out of 100)



Sales conversion\*

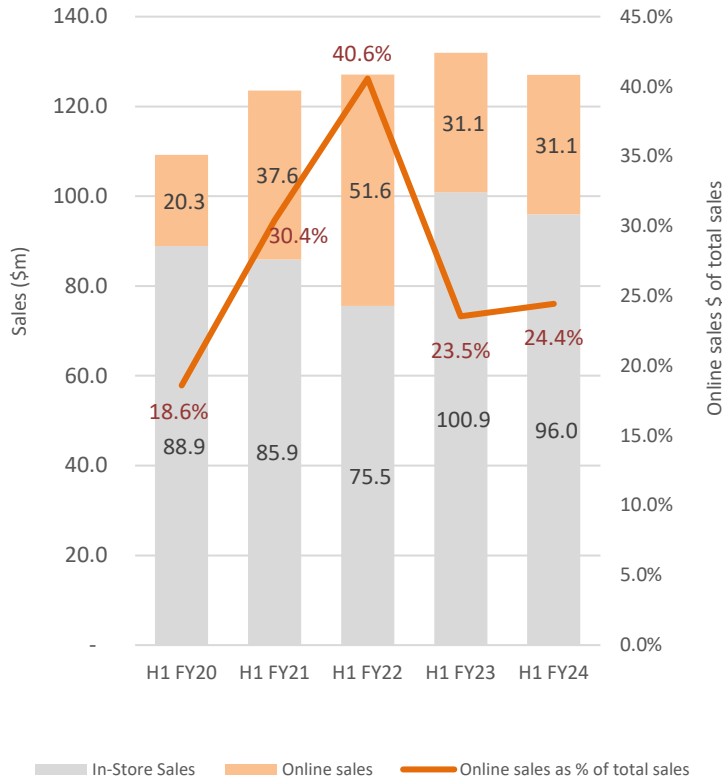
**44.8%**

Down 120bps on pcg

\*Kepler Analytics data sourced from devices in Shaver Shop stores

# Sales drivers

Online and in-store sales trends



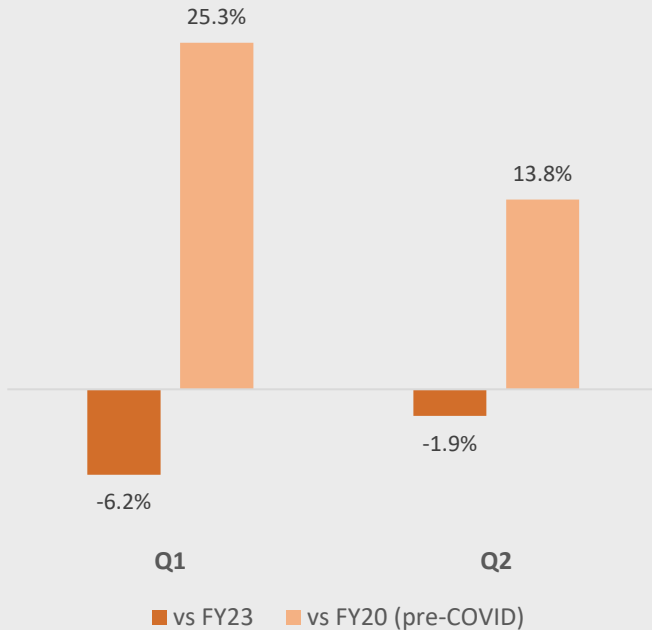
Total sales declined 3.7% to \$127.0m due to foot traffic declines outside our stores and slightly lower sales conversion, offset partially by higher transaction values. Online sales were flat vs pcp.

- > Outside like for like foot traffic\* in H1 FY24 was down c.13% vs pcp and is materially down vs pre-COVID levels leading to a decline in in-store transaction volumes
  - All States and Territories (except NT) experienced footfall declines in H1 FY24
- > In-store sales conversion remained strong across H1 FY24 but was slightly down on H1 FY23 (remains well above pre-COVID levels)
- > Average transaction values increased as product mix changed together with ongoing focus on maximizing gross profit dollars through prudent promotional activities
- > Online sales were flat at \$31.1m and represented 24.4% of total sales in H1 FY24 (H1 FY23 – 23.5%)

\*Kepler Analytics data sourced from devices in Shaver Shop stores, Management estimates

# Quarterly trading patterns

Sales Growth (Decline) %



Trading patterns improved in Q2 FY24 compared to Q1 with rate of sales decline improving. Total sales remain significantly higher than pre-COVID levels (FY20).

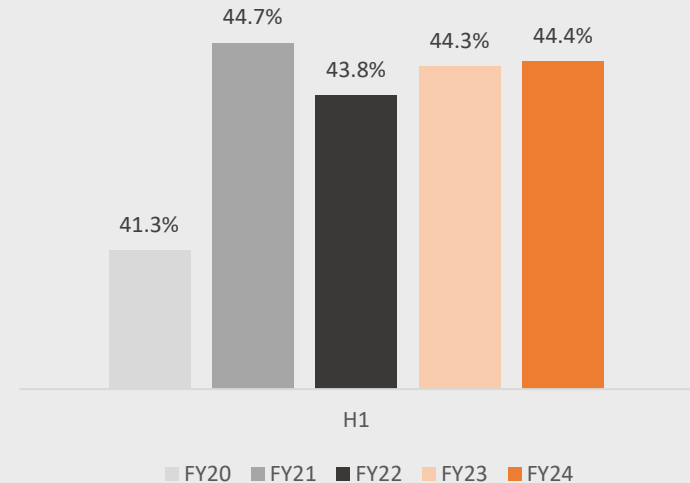
- > While foot traffic rate of decline was higher in Q2 compared to Q1, improvements in sales conversion (propensity to spend) and average transaction values mitigated most of the foot traffic impact
- > Black Friday continues to grow in importance each year with increased focus on budget conscious shopping in H1 FY24
- > Strong Black Friday promotional plan delivered sales growth over this key selling period
- > We continue to adapt our promotional and operational plans to reflect reduced activity in early December following customer attention on Black Friday sales (structural change in consumer behaviour)
- > Online sales returned to growth in Q2 FY24 following a soft start to the year
- > Shaver Shop operational metrics continue to be above internal benchmarks
  - NPS – 88.6 (H1 FY23 – 88.4)
  - Sales conversion – 44.8% (H1 FY23 – 46.0%)

# Gross profit margin up 10bps to 44.4%

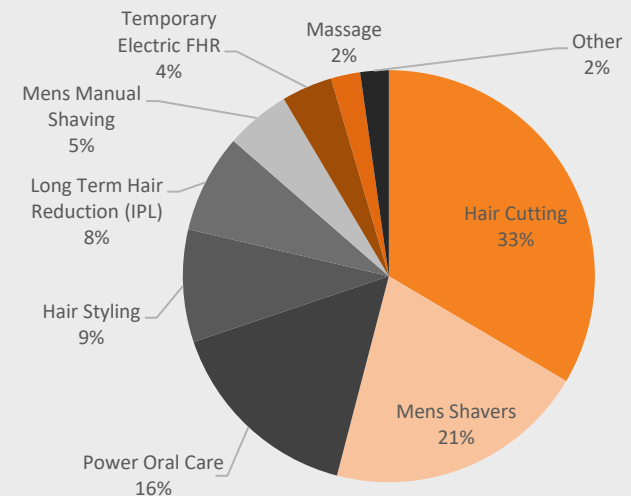
Maintaining significantly higher gross profit margins (post COVID) despite changes in category and product mix

- > Continually revising promotional pricing strategy to achieve the right balance between driving market share and consumer demand with protecting underlying profitability
- > Leveraging product lines and ranges exclusive to Shaver Shop
- > Trust and confidence in Shaver Shop's brand, strong service model and customer loyalty
- > Remaining highly competitive on trade-wide model pricing
- > Strong upfront planning with suppliers leading into key promotional periods was support by:
  - Store team alignment and training on promotional priorities
  - Securing sufficient stock weight to maximise the opportunity
  - Prudent pricing in core hair removal categories
  - Clean inventory position resulting from aligned demand and supply over time
- > Overall approach enabled SSG to increase gross profit margin despite increased contribution from lower margin categories

5 Year Gross Margin (%) Trend



H1 FY2024 Sales Contribution





A close-up photograph of a smiling man with dark skin and a short beard, wearing a white towel. He is holding a white electric toothbrush in his mouth. The background is a soft, out-of-focus grey.

02

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## DETAILED FINANCIAL RESULTS



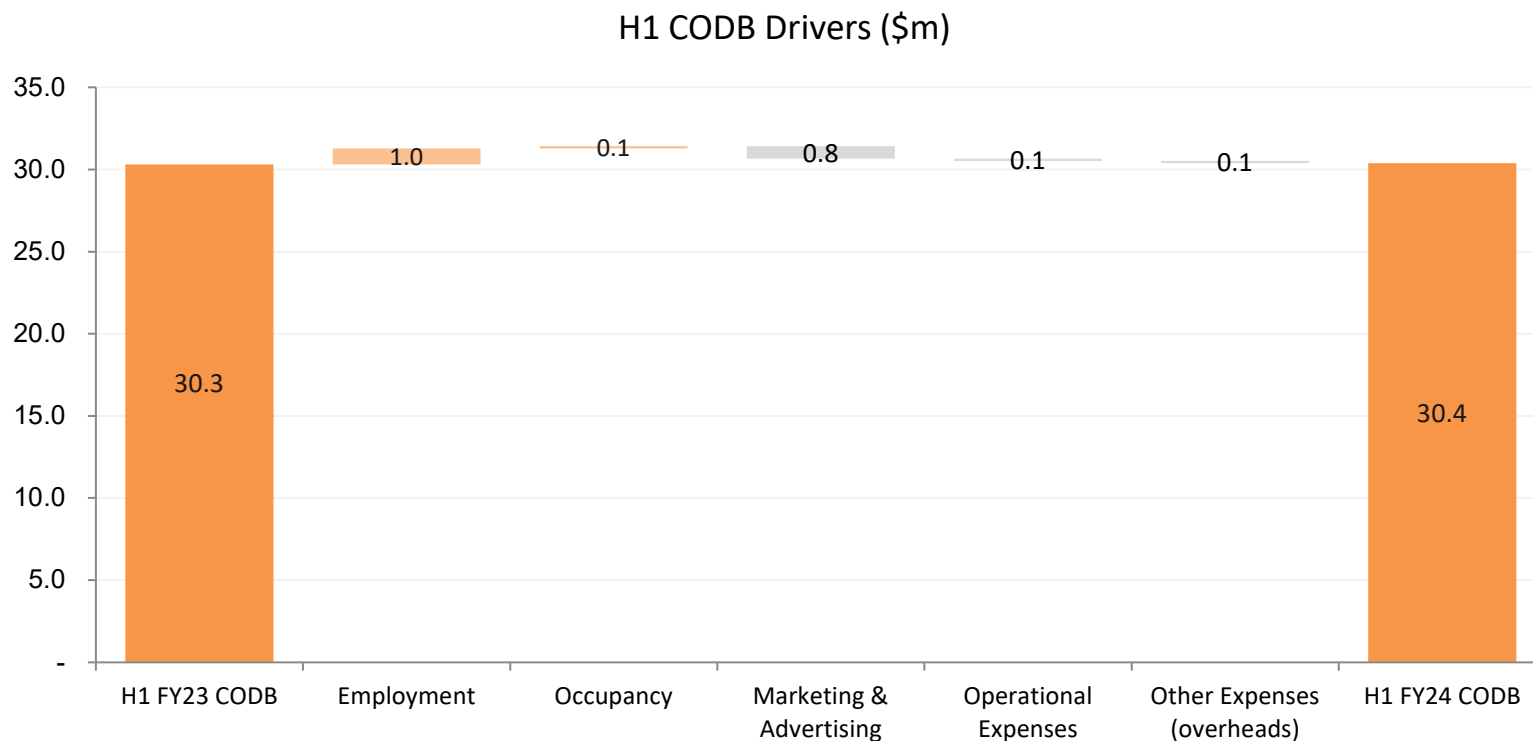
# Financial performance

## SLIGHT GROSS MARGIN EXPANSION AND PROACTIVE COST MANAGEMENT LARGELY MITIGATED SOFTER DEMAND AND UNDERLYING COST INFLATION PRESSURES

- > Sales down 3.7% to \$127.0 million
  - Like for like sales declined 4.6%
- > Gross profit margin up 10bps to 44.4%
  - Pricing strategies in core categories helped offset changes in category and product mix
- > Costs of doing business<sup>1</sup> increased \$0.1m or 0.3%
  - Inflationary impact of minimum wage changes on 1 July 24 (5.75%) were able to be largely offset by:
    - Lower marketing and advertising expenses as focus remains on maximising ROI
    - Lower variable costs (largely postage & merchant fees)
- > Depreciation and amortisation increased as average lease term to renewal continues to reduce
- > Net finance costs reduced as surplus funds were able to be re-invested at a higher average rate and lease interest reduced as average remaining lease term declines
- > NPAT of \$12.5m (down 8.6%) with EPS of 9.7cps (down 10.2%)

Profit & Loss A\$m	Reported H1 FY24	Reported H1 FY23	Variance (\$)	Variance (%)
<b>Sales</b>	<b>127.0</b>	<b>131.9</b>	<b>(4.9)</b>	<b>(3.7%)</b>
<b>Gross profit</b>	<b>56.4</b>	<b>58.5</b>	<b>(2.0)</b>	<b>(3.5%)</b>
<i>Gross margin %</i>	<i>44.4%</i>	<i>44.3%</i>	<i>0.1%</i>	<i>0.2%</i>
Cost of doing business (CODB)	(30.4)	(30.3)	(0.1)	0.3%
Depreciation and amortisation	(7.9)	(7.4)	(0.5)	6.3%
Net finance costs	(0.3)	(0.7)	0.4	(56.1%)
Income tax expense	(5.3)	(6.3)	1.0	(15.7%)
<b>NPAT</b>	<b>12.5</b>	<b>13.7</b>	<b>(1.2)</b>	<b>(8.6%)</b>
<i>NPAT margin %</i>	<i>9.8%</i>	<i>10.3%</i>	<i>-0.5%</i>	<i>(5.1%)</i>
<b>Basic EPS (cents) - weighted avg shares</b>	<b>9.7</b>	<b>10.8</b>	<b>(1.1)</b>	<b>(10.2%)</b>
Franchise buyback tax benefit	0.5	0.5	(0.0)	(3.3%)
<b>Cash NPAT (after adjusting for tax benefit of franchise licence termination costs - 5 year amortisation)</b>	<b>13.0</b>	<b>14.1</b>	<b>(1.2)</b>	<b>(8.4%)</b>
<b>Cash EPS (cents)</b>	<b>10.1</b>	<b>11.1</b>	<b>(1.0)</b>	<b>(9.0%)</b>

# Flat costs of doing business (CODB)



- > Increase in employment costs was largely due to store roster cost increases following General Retail Industry Award adjustment of 5.75% (effective 1 July 23) together with annual increase in support office expenses
- > Ongoing optimisation of digital advertising expenditure with significantly reduced TV ad spend in H1 FY24
- > Inflationary pressures in operational and other expenses were able to be largely offset

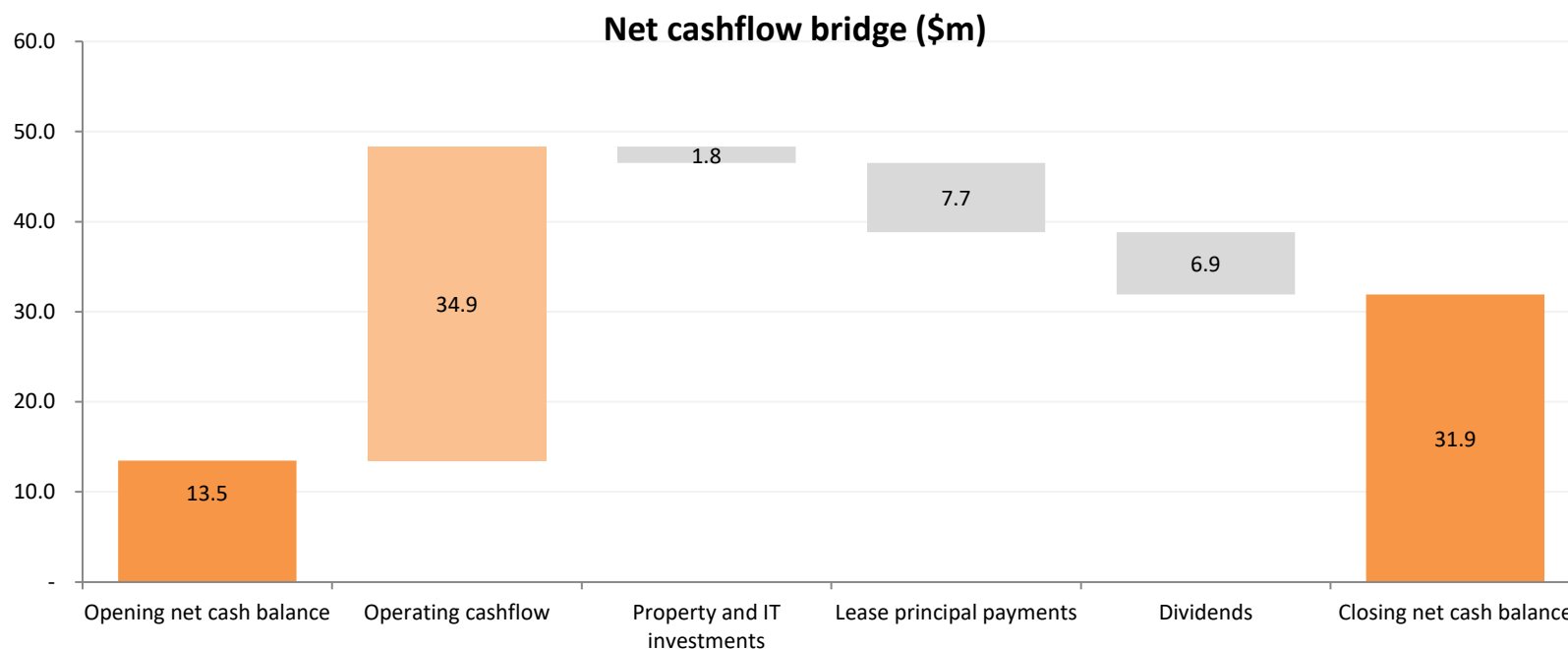
# Financial position

## HEALTHY LIQUIDITY POSITION WITH NET CASH OF \$31.9M AT 31 DEC 23

- > Net cash position reflects seasonal high point (consistent with prior years) given stock suppliers are largely paid in January and February for Christmas stock purchases
- > Inventory position remains very clean
- > Plant & equipment increase reflects continued investment in refurbishing stores as well as investments to improve core operating systems (software and hardware)
- > Right of use assets and lease liability balances continues to decline as average lease tenor reduces
- > Trade payables reduced (compared to pcp) due to changes in supplier mix and corresponding changes in payment terms
- > Net assets of \$90.4m at 31 Dec 23

A\$m	AASB 16 31-Dec-23	AASB 16 30-Jun-23	AASB 16 31-Dec-22
Cash	31.9	13.5	34.1
Trade & other receivables	5.3	2.1	4.6
Lease receivables	-	-	-
Inventory	26.0	22.0	24.4
Plant & Equipment	11.7	10.6	10.9
Right of use assets	14.5	17.6	21.3
Goodwill & Intangibles	54.4	54.5	54.2
Other assets	3.4	4.8	5.1
<b>Total assets</b>	<b>147.2</b>	<b>125.1</b>	<b>154.7</b>
Trade payables	33.5	14.6	36.2
Interest bearing liabilities	-	-	-
Lease liabilities	18.3	21.7	25.8
Other liabilities	5.0	4.5	6.0
<b>Total liabilities</b>	<b>56.8</b>	<b>40.8</b>	<b>68.0</b>
<b>Net assets</b>	<b>90.4</b>	<b>84.3</b>	<b>86.7</b>

# Cashflow drivers

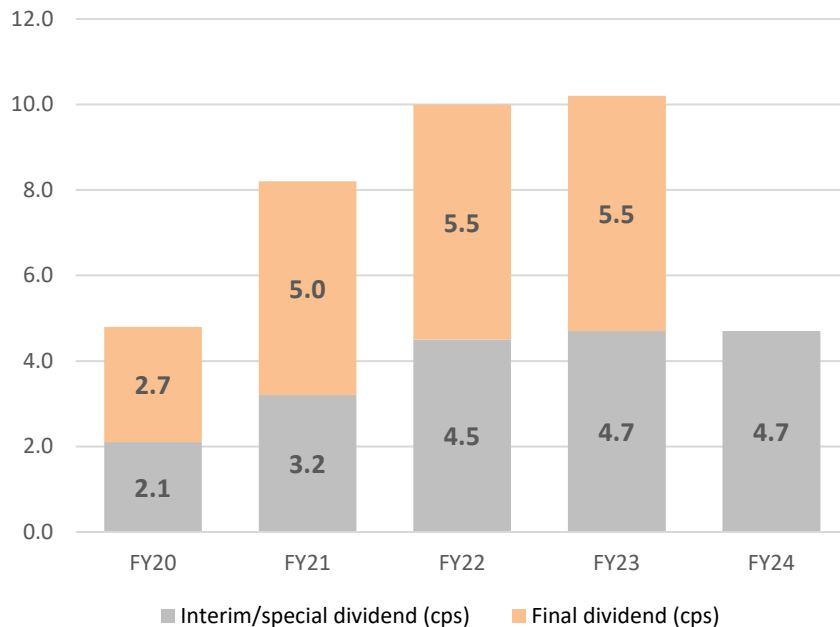


- > Strong operating cash flow of \$34.9m (AASB 16). As noted in FY23 results presentation, ending stock balance at 30 June 2023 was c. \$2.0m lower than target. This was replenished in H1 FY24 leading to slightly lower operating cashflow vs H1 FY23
- > Operating cashflow was used to continue store refresh program (4 stores) as well as invest in software and hardware upgrades (largely to be completed in H2 FY24)
- > We are in a strong position to maintain dividends, pursue organic or M&A growth, or consider capital management options
- > \$7.0m returned to shareholders through FY23 final dividend (5.5 cents fully franked)



# Dividends and capital management

INTERIM DIVIDEND HELD STEADY AT 4.7 CPS  
(100% FRANKED)



- > Dividend payout ratio (% of cash EPS) increased vs H1 FY23
- > Attractive dividend yield supported by solid operating cashflows
- > Strong return on capital\* employed 26.1% (CY23)





03

H2 FY24 PRIORITIES





## H2 FY24 PRIORITIES

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- > Offer customers unparalleled value for money and customer service to further improve Shaver Shop's market position and share in our core categories
- > Continue focusing on operational excellence to maximise every sales/customer engagement opportunity (particularly given shopping centre foot traffic remains soft H2 FY24 YTD)
- > Continue to focus on maximising gross profit dollars to mitigate as much operating expense inflationary impact as possible
- > Continue store refresh program with full store refits at Chapel Street, VIC and Woden, ACT
- > Launch new software platform to drive improved in-store efficiency, enhanced shopping experiences (e.g. endless aisle) and improved customer insight
- > Refine and target expansion of exclusive, only at Shaver Shop, product ranges
- > Identify 1-3 new store openings for FY25

A close-up photograph of a woman's face, framed within a circular mirror-like border. She has light brown hair pulled back, blue eyes, and a soft smile. Her hand is resting against her cheek. In the background, a blue spray bottle is visible. The overall lighting is soft and natural.

# 04

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## TRADING UPDATE



# Trading Update

- > Total sales for the period from 1 Jan 24 to 22 Feb 24 (H2 FY24 period to date – H2 TD) versus the comparative period last year :

1 Jan 24 to 22 Feb 24 (H2 TD) (c. 7.5 weeks)	vs FY23
Total sales growth	+0.9%
Like for like sales growth <sup>1</sup>	-0.7%

- > Total sales growth +0.9% H2 TD is improved on Q2 FY24 sales decline of -1.9% with results in February so far showing an improvement compared to January's trading result
- > Shaver Shop remains well positioned with a unique business model in an attractive retail segment that offers budget conscious alternatives relative to going to the barber, hair salon or beauty clinic (i.e. DIY options), and premium quality products for DIY personal grooming customers
- > Despite changes in product and category mix, our focus on gross profit dollars continues to be the right strategy to maximise profitability with H2 TD gross margin in line with pcg
- > As outlined in SSG's FY23 results presentation, our store refit program together with upgrades to components of Shaver Shop's technology stack expected to result in net CAPEX of \$2 million to \$3 million in FY24

<sup>1</sup> Like for like sales are sales for those stores that were owned and operated by Shaver Shop for all of FY23 and FY24. It therefore excludes any new stores or stores that were permanently closed in FY23 or FY24. Where any like for like stores were temporarily closed for in-store trading (e.g. due to COVID restrictions) for any day in FY23 or FY24, the in-store sales (if any) and any online sales for those days have been excluded from like for like sales in all periods.



# Investment Summary

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- ✓ Segment leader both online and offline
- ✓ Large and growing market driven by changing consumer preferences and new product innovation
- ✓ Products range is applicable to almost all demographics
- ✓ Differentiated & resilient specialty retail business model
  - Service excellence and unparalleled product knowledge
  - Product exclusivity
  - Competitive, value-based pricing
- ✓ Potential to further increase market share
- ✓ High brand awareness in Australia (NZ growing)
- ✓ Proven and highly profitable omni-retail model
- ✓ Clean balance sheet – no debt – with high cash conversion
- ✓ Experienced management team
- ✓ Focus on investing for growth and improving total shareholder returns
- ✓ Attractive dividend payout and franked dividend yield

A woman with dark hair pulled back is smiling and using a pink and gold facial roller on her right cheek. She is wearing a light-colored spaghetti strap top and a thin necklace. The background is softly blurred, showing a window with greenery outside and a blurred figure of another person on the right.

# 05

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## APPENDICES



# Key Metrics

Comparable Accounting (AASB 16)	Reported H1 FY24	Reported H1 FY23
Number of corporate stores (31 Dec)	123	122
Number of franchise stores	-	-
Total stores	123	122
Corporate store sales (\$m)	127.0	131.9
Franchise store sales (\$m)	-	-
Total network sales (\$'000)	127.0	131.9
Corporate store LFL sales growth %	-4.2%	4.4%
Corporate store total sales growth %	-3.7%	3.8%
Gross profit margin %	44.4%	44.3%
Employee benefits expense as a % of sales	14.9%	13.6%
Occupancy expenses as % of sales (AASB 16)	1.4%	1.2%
Marketing and advertising expenses as % of sales	2.8%	3.3%
Operational expenses as % of sales	3.8%	3.7%
Other expenses as % of sales	1.1%	1.1%
EBITDA margin	20.5%	21.3%
EBIT margin	14.3%	15.7%
NPAT margin	9.8%	10.3%
Basic EPS (cents)	9.7	10.8
Dividends declared per share (cents) - 100% franked	4.7	4.7
Net cash (debt) - 31 Dec (\$m)	31.9	34.1

\* Melbourne Spencer Street closed in early July 23. Current corporate stores 123 but will reduce to 122 when the temporary Chadstone location shuts in H2 FY24 (assuming no new store openings).

<sup>1</sup> Like for like sales are sales for those stores that were owned and operated by Shaver Shop for all of FY24 and FY23. It therefore excludes any new stores or stores that were permanently closed in FY24 or FY23. Where any like for like stores were temporarily closed for in-store trading for any day in FY24 or FY23, the in-store sales (if any) and any online sales for those days have been excluded from like for like sales in all periods.



# 5 Year – Half Yearly Profit & Loss Summary

	AASB 16 H1 FY20 Actual	AASB 16 H2 FY20 Actual	AASB 16 H1 FY21 Actual	AASB 16 H2 FY21 Actual	AASB 16 H1 FY22 Actual	AASB 16 H2 FY22 Actual	AASB 16 H1 FY23 Actual	AASB 16 H2 FY23 Actual	AASB 17 H1 FY24 Actual
<b>Normalised Results (\$ millions)</b>									
<b>Sales</b>	<b>107.5</b>	<b>87.4</b>	<b>123.6</b>	<b>90.0</b>	<b>127.1</b>	<b>95.6</b>	<b>131.9</b>	<b>92.6</b>	<b>127.0</b>
Cost of goods sold	(63.1)	(49.7)	(68.4)	(50.6)	(71.4)	(53.6)	(73.5)	(51.1)	(70.6)
<b>Gross profit</b>	<b>44.4</b>	<b>37.8</b>	<b>55.3</b>	<b>39.4</b>	<b>55.7</b>	<b>42.0</b>	<b>58.5</b>	<b>41.5</b>	<b>56.4</b>
<b>Gross margin %</b>	<b>41.3%</b>	<b>43.2%</b>	<b>44.7%</b>	<b>43.8%</b>	<b>43.8%</b>	<b>43.9%</b>	<b>44.3%</b>	<b>44.8%</b>	<b>44.4%</b>
Franchise and other revenue	0.8	0.3	0.8	0.1	0.0	0.0	0.0	0.0	0.0
Employee benefits expense	(15.3)	(13.9)	(15.6)	(16.4)	(14.6)	(17.2)	(17.9)	(17.9)	(18.9)
Occupancy expenses	(1.6)	(1.4)	(1.2)	(1.3)	(1.2)	(1.7)	(1.6)	(1.6)	(1.8)
Marketing and advertising expenses	(3.8)	(3.7)	(4.3)	(3.0)	(4.7)	(3.8)	(4.4)	(2.9)	(3.6)
Operational expenses	(4.1)	(4.8)	(5.4)	(4.4)	(6.8)	(4.3)	(4.9)	(4.5)	(4.8)
Other expenses	(1.6)	(2.6)	(1.7)	(1.9)	(1.7)	(1.3)	(1.5)	(1.7)	(1.3)
<b>Overhead expenses</b>	<b>(26.5)</b>	<b>(26.4)</b>	<b>(28.3)</b>	<b>(26.9)</b>	<b>(29.1)</b>	<b>(28.4)</b>	<b>(30.3)</b>	<b>(28.6)</b>	<b>(30.4)</b>
<b>EBITDA</b>	<b>18.7</b>	<b>11.6</b>	<b>27.8</b>	<b>12.6</b>	<b>26.7</b>	<b>13.6</b>	<b>28.1</b>	<b>12.9</b>	<b>26.0</b>
<b>EBITDA margin</b>	<b>17.4%</b>	<b>13.3%</b>	<b>22.5%</b>	<b>14.0%</b>	<b>21.0%</b>	<b>14.2%</b>	<b>21.3%</b>	<b>13.9%</b>	<b>20.5%</b>
Depreciation and amortisation	(1.1)	(1.1)	(1.1)	(1.0)	(0.9)	(0.9)	(1.0)	(0.9)	(1.0)
Depreciation - right of use assets (leases)	(5.8)	(5.4)	(5.8)	(6.2)	(6.2)	(6.3)	(6.5)	(6.9)	(6.9)
<b>EBIT</b>	<b>11.7</b>	<b>5.1</b>	<b>20.9</b>	<b>5.5</b>	<b>19.5</b>	<b>6.4</b>	<b>20.7</b>	<b>5.1</b>	<b>18.1</b>
Net finance costs	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.1	0.2
Net finance costs - lease liabilities	(0.9)	(0.8)	(0.8)	(0.7)	(0.8)	(0.7)	(0.7)	(0.6)	(0.5)
<b>Profit before income tax</b>	<b>10.7</b>	<b>4.1</b>	<b>20.1</b>	<b>4.6</b>	<b>18.6</b>	<b>5.6</b>	<b>20.0</b>	<b>4.6</b>	<b>17.8</b>
Income tax expense	(3.2)	(1.2)	(5.8)	(1.5)	(5.6)	(1.9)	(6.3)	(1.4)	(5.3)
<b>NPAT</b>	<b>7.4</b>	<b>2.9</b>	<b>14.3</b>	<b>3.2</b>	<b>13.1</b>	<b>3.6</b>	<b>13.7</b>	<b>3.2</b>	<b>12.5</b>
Basic shares outstanding (# millions)	121.8	121.8	123.3	123.3	126.2	126.2	127.0	128.2	128.2
<b>Basic EPS (cents)</b>	<b>6.1</b>	<b>2.4</b>	<b>11.6</b>	<b>2.6</b>	<b>10.3</b>	<b>2.9</b>	<b>10.8</b>	<b>2.5</b>	<b>9.7</b>
Franchise buy-back tax benefit	0.6	0.6	0.4	1.2	0.6	0.6	0.5	0.5	0.5
<b>Cash NPAT</b>	<b>8.1</b>	<b>3.6</b>	<b>14.7</b>	<b>4.4</b>	<b>13.7</b>	<b>4.2</b>	<b>14.1</b>	<b>3.7</b>	<b>13.0</b>
<b>Cash EPS (cents)</b>	<b>6.6</b>	<b>2.9</b>	<b>11.9</b>	<b>3.6</b>	<b>10.8</b>	<b>3.4</b>	<b>11.1</b>	<b>2.8</b>	<b>10.1</b>

# Thank you

