



SHRIRO  
HOLDINGS LTD (SHM)

# INVESTOR PRESENTATION

1H 2020 RESULTS  
27<sup>TH</sup> AUGUST 2020



EVERDURE.  
EASY DECISION.

everdure  
by heston blumenthal



# 2020 HALF YEAR RESULTS

	1H20	CHANGE	1H19
REVENUE	\$78.6M	(1.8%)	\$80.0M
EBITDA	\$10.5M	+32.9%	\$7.9M
STATUTORY NPAT	\$4.7M	+74.1%	\$2.7M
CASH POSITION	\$19.7M	+\$18.6M	\$1.1M
INTERIM DIVIDEND	3 cents (Fully Franked)		4 cents (Fully Franked)

# 2020

## Half Year Executive Summary

### REVENUE

- Diversified product, distribution channels and geographic mix protected sales revenue from COVID-19 related retail shutdowns. Revenue down 1.8% pcp. New Zealand was totally shut down in April
- Household related products (appliances, musical instruments) outperformed discretionary products (G-Shock watches)
- Post shut down (May / June) revenue bounced back +19.7% pcp
- BBQ international revenues up 64.6% pcp

### OPERATIONS

- Staff well with no cases of COVID-19 and have adapted successfully to working from home (WFH). Staff temporarily reduced working hrs in April and May.
- Company qualified for Aust / NZ wage subsidies of \$1.9M. This allowed Shiro to keep all staff employed
- Final phase of the rationalisation of operating costs - all interstate showrooms closed - Sydney warehouses merged & H/O relocation underway

### FINANCE

- Gross profit margin down due to currency devaluation and appliance product mix margin
- Operating expenses lowered by 18.4% pcp to \$20.0m
- Through inventory and payables management, without any debt, the cash position was \$19.7m versus \$1.1m pcp.

# 2020

## Half Year Revenue Split

SPLIT  
%

AUSTRALIA  
74%

NEW ZEALAND  
21%

INTERNATIONAL MARKETS  
5%



UP



DOWN



UP



DOWN



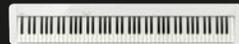
UP



Retail



Commercial



- North America
- UK
- Germany
- Scandinavia
- Benelux

### NEW MARKETS

- Russia



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# PROFIT & LOSS STATEMENT

\$ Million	1H20 Actual	1H19 Actual	Δ
<b>Revenue from ordinary activities</b>	78.6	80.0	(1.8%)
<b>Gross Margin %</b>	38.8%	40.5%	
<b>Operating expenses</b>	(20.0)	(24.5)	(18.4%)
<b>EBITDA</b>	<b>10.5</b>	<b>7.9</b>	<b>32.9%</b>
<b>Depreciation</b>	(3.0)	(3.2)	(6.3%)
<b>Interest</b>	(1.0)	(1.1)	(9.1%)
<b>NPBT</b>	<b>6.5</b>	<b>3.6</b>	<b>80.6%</b>
<b>NPAT</b>	<b>4.7</b>	<b>2.7</b>	<b>74.1%</b>

- Total sales revenue was negatively impacted by COVID-19 lock-downs despite sales from household related products improving.
- Gross margin lower due to depreciating AUD and appliances margin pressure.
- Operating expenses were offset by government subsidies and due to continued cost-cutting, the Perth showroom exit in April 20, and reduced staff hours.
- Profit grew significantly as a result of the lower cost base.

# BALANCE SHEET

	30 Jun 20 \$M	30 Jun 19 \$M
<b>Current Assets</b>		
Cash and cash equivalents	19.7	1.1
Trade and other receivables	25.4	28.6
Inventories	27.6	40.1
Other Assets	0.4	1.2
<b>Total Current Assets</b>	<b>73.1</b>	<b>71.0</b>
<b>Non-current assets</b>		
Right use of assets	16.0	18.8
Property, plant and equipment	5.9	7.7
Deferred tax assets	6.6	6.3
<b>Total non-current assets</b>	<b>28.5</b>	<b>32.8</b>
<b>Total assets</b>	<b>101.6</b>	<b>103.8</b>
<b>Current liabilities</b>		
Trade and other payables	20.4	18.4
Borrowings	-	-
Lease Liability	3.5	3.0
Provisions	4.8	5.5
<b>Total current liabilities</b>	<b>28.7</b>	<b>26.9</b>
<b>Non-current liabilities</b>		
Borrowings	-	-
Lease Liability	19.3	22.4
Provisions	2.6	2.7
<b>Total Non-Current Liabilities</b>	<b>21.9</b>	<b>25.1</b>
<b>Total Liabilities</b>	<b>50.6</b>	<b>52.0</b>
<b>Net Assets</b>	<b>51.0</b>	<b>51.8</b>

- Cash at bank of \$19.7M, no debt. This is a \$18.6M better position than the prior year, paying 3 cents per share dividend in the first half
- Debtors in line with the prior year, other receivables lower
- Stock is in a better position due to conservative ordering in response to COVID-19. The stock position contains limited aged stock, with stock aged 1.5 years + at \$2.6M and the stock provision at \$2.3M. The Company's products have long lifecycles.
- PPE is lower due to the fit-out write-offs for the QLD and WA showrooms
- The lease liability has reduced at a greater rate than the prior year due to the closure of the WA showroom
- \$51.0M of net assets, no intangibles, hence the movements in the balance sheet resulted in increased cash

# CASH FLOWS

	1H20 \$M	1H19 \$M
<b>Cash Flows from Operating Activities</b>	19.0	12.6
Net Property, Plant & Equipment	(0.5)	(1.5)
Lease Repayments	(1.7)	(1.2)
Dividends	(2.9)	(2.9)
<b>Net Cash Increase</b>	<b>13.9</b>	<b>7.0</b>

- In order to preserve cash due to the economic uncertainty created by COVID-19, stock ordering was reduced, and supplier terms were increased
- Lease repayments increased due to payout of showroom leases
- Dividends paid were in line with the prior first half

# AUSTRALIA

## 1H 2020 (Business Overview)

### APPLIANCES

- 1H retail channel revenues – led by new Omega range, outperforming 2019 pcp
- With a challenging new home property market, commercial appliances revenues were lower pcp
- Digital / virtual showrooms launching 2H to complement expanded retail partner displays
- New commercial range & expanded sales structure planned 1H 21



### SEASONAL

- Heating products revenue lower – impacted by yet to be resolved supply chain challenges
- EBH\* digital marketing platform in place to drive expected consumer demand whilst staying at home this summer
- New matt black gas BBQ series to launch 2H
- Upgraded EBH direct online store to launch 2H to complement retail partners and accessory range



### CASIO

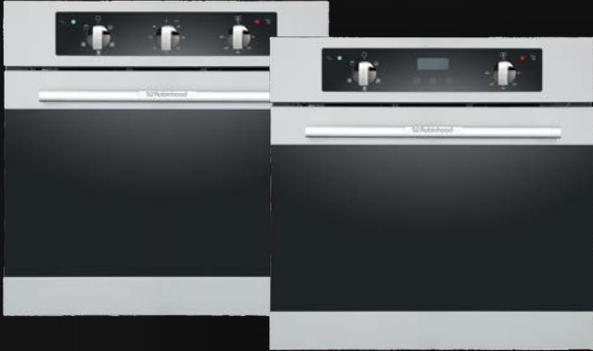
- Home “staycation” demand has increased sales of the new EMI\* range well above 2019 pcp
- G-Shock revenues has bounced back strongly post April retail shut down
- G-Shock online channel successfully launched to compliment retail partner network
- Upgraded school calculators models and teacher support resources released



# NEW ZEALAND

## 1H 2020 (Business Overview)

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- Revenue impacted by April total retail shutdown decreased 5.9% on pcp
- Positive bounce back post April with revenues increasing 8% pcp
- Household related products experienced revenue growth -Robinhood appliances + 21% pcp, Pioneer DJ +154% pcp
- New CASIO school calculator and resources to launch for "Back To School" promotion
- Upgrade of E-commerce capability to roll out 2H
- Commercial appliances division to launch 2H
- New Blanco sink and tap distribution agreed – commencing early 2021

# INTERNATIONAL MARKETS

## Europe & Other



- Revenues increase 62.5% pcp
- Gross margin improved , +139% pcp – long-term lower Fat Duck collaboration cost
- European 2020 summer season sell through was strong – Positive market feedback that EBH brand is gaining traction
- USA business & Amazon direct strategy remains on track and meeting management expectations
- Global digital / promotional strategy developed to roll out 2021
- Management believe EBH business has “turned the corner” and is now scalable with a lower cost base.



Revenue +62.5%

UP

# CONSUMER BRAND ENGAGEMENT

- **Online Presence:** fully optimised websites with refreshed, consistent branding & messaging across all platforms: Amazon, Best Buy, Google, Facebook, Instagram, YouTube.
- **Digital Advertising:** Google, Facebook, Instagram, YouTube
- **Digital PR:** Editorials, gift guides, Influencers
- **Content:** Emotive and informative content to engage, educational usage content to enhance the experience post purchase
- **Call to Action:** 100's of Recipes available on Website

## ONLINE PRESENCE

Amazon Everdure Brand Page

## DIGITAL ADVERTISING

Outdoor Oven. Smoker. Grill. Bluetooth Technology. Unique Airflow Control. Cool to Touch. LED Touch Screen. Grill Bundle & Save!

Lifestyle Video Content

## DIGITAL PR

tim\_cahill  
3,873 posts 461k followers 1,398 following  
TIM CAHILL 417  
4 WC  
@roadto2022 Global Ambassador  
enquiries - www.timcahill.com  
timcahill.com

shaynnablaze  
4,793 posts 150k followers 1,644 following  
shaynnablaze  
Interior Designer | TV presenter : SHA & The Block | Ambassador - ASKO, I Designer: Harris Scarfe, Molmic, Urban Road, One World | Author  
shaynnablaze.com

## CONTENT



# NEW PRODUCT DEVELOPMENT

“Creating higher value propositions with award winning design & innovation”

## ESTABLISHED PRODUCT DNA



- Electric ignition charcoal
- Power pole rotisserie
- Cliplock Fork System
- Integrated/Bluetooth temperature probes



## NEW DEVELOPMENTS



- Portable gas rotisserie with glass view window
- USA outdoor rating for Aura air movement
- GShock fitness watch



New GShock Fit Range



Aura – Outdoor Rating



Gas Rotisserie



## CONTEMPORARY STYLE



Robinhood Ironing System



Matte Black Gas BBQ's



Updated Omega Range



## MAXIMISE PRODUCT LIFECYCLE

2018 ————— 2025



Series 1



Series 2



Series 3



Series 4

# COMPANY STRATEGY



# OUTLOOK

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- 2H 20 has started strongly with July/August's revenue growth rates in line with those experienced throughout May / June.
- Despite the uncertain macro-economic conditions Shriro is well placed to withstand market changes due to its diversity in product categories, distribution channels and geographies.
- A more productive organisational structure and strong balance sheet means Shriro is well placed to invest in growing the business both locally and internationally.
- Shriro has surrendered its Head Office lease for a \$500K fee taken up in the first half. The impact of this transaction in August 2020 will result in lease related second half profit of \$2.3 million due to exiting the lease, plus ongoing rental reduction savings. A new Head Office search is currently being conducted.
- The outcome of COVID-19 and the impact of the second wave is uncertain. Management will provide a further market update if it determines that business operations will be materially impacted.

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