

# **SHRIRO HOLDINGS LIMITED**

## **CHAIRMAN'S ADDRESS**

After my introductory remarks, Tim Hargreaves, the Company's CEO, will present the outcomes of the 2019 financial year in more detail before we proceed with the formal business of the meeting.

It is with pleasure that I welcome you to Shriro Holdings Limited's 2020 Annual General Meeting. Its first virtual AGM!

As the recently appointed Chairman, I would like to take this opportunity to introduce you to Cheryl Hayman who was appointed a Non Executive Director along with me on the 24th of October 2019. I know I can speak on behalf of Cheryl and say that we are both very much looking forward to working with the Board and Management to make a positive contribution to the Company.

Before I get to my report, I would like to recognise the service, contribution and leadership of our former and recently retired Chairman, John Ingram and former fellow Director and Chairman of our Audit Committee, Greg Laurie. Both John and Greg were instrumental in the IPO of the Company. In addition the Board, Management and all staff wish to pass our condolences to family and friends of Greg on his recent passing.

2019 year was a challenging year with revenue down 5.0% to \$172.1M. The EBITDA of \$18M and underlying NPAT of \$6.5M were down 6.3% and 5.8% respectively on the prior year.

Key factors contributing to the decline were appliance revenue in our commercial division that struggled in a soft property development market, and margin compression as a result of the clearance activity required to make way for the recently released refreshed Omega appliance range.

On a positive note, it was pleasing that timepiece had a record year, and that our New Zealand business also grew its EBITDA to \$5.6 million from \$5.0 million in the prior year.

Notwithstanding the reduction in earnings, effective Balance Sheet management lead to a year ending positive cash at bank position of \$6M with no debt allowing the Board to declare a fully franked final dividend of 3 cents per share bringing the total dividend for the year to 7 cents per share fully franked. This represented a payout ratio of approximately 102.7%.

Key projects undertaken in the year included a cost efficiency program to ensure a more operationally productive business, investments made in the brand refresh of Omega appliances, a redesign of the digital and social media assets for all brands and continued expansion of the global reach of the Everdure by Heston brand. Tim will elaborate on these and other highlights in his CEO's report.

Before I hand over to Tim, it's appropriate that I comment on the recent economic events that have occurred as a result of the Governments response to the outbreak of the COVID-19 Virus.

Like many businesses, Shriro's operations have been impacted by the government enforced retail shutdowns and social distancing measures put into place in Australia and New Zealand. The last couple of months have been eventful with the Board and Management meeting regularly to keep abreast of developments and to ensure that the company was well prepared, responded quickly to new government policy and regulation and is planning for the measured recovery ahead.

No doubt the world has changed and the way that people are shopping now, and will continue to shop, has changed. Our international markets will recover in different ways and at different times, which will require a review of our strategic plans to ensure that we are best placed to take advantage of the new opportunities ahead.

On behalf of the Board, I would like to thank our CEO, Tim, his management team and indeed all of the Shriro staff for the absolute commitment that they have demonstrated in ensuring the safety and welfare of each other and for the personal sacrifices that they and their families have made during this time.

And finally, I would like to thank you, our shareholders, for your continued support. I look forward to seeing you here again next year and wish you all a safe return to your new normal whatever that may look like.

I now invite Tim to present his CEO's report.



SHRIRO

# AGM PRESENTATION

28<sup>th</sup> May 2020



**BLANCO**

**CASIO**

**EVERDURE.**  
EASY DECISION.

everdure  
by heston blumenthal

*Pioneer*

 Robinhood

**omega**

omega  
*altise*



SHRIRO

STEPHEN HEATH  
Chairman





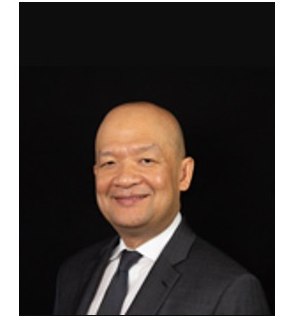


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## SHM BOARD MEMBERS



Stephen Heath



Vasco Fung



Cheryl Hayman



Tim Hargreaves

# FY19 RESULTS

CY19 Revenue  
**\$172.1M**

(5.0%)

CY19 EBITDA  
**\$18.0M**

(6.3%)

CY19 UNDERLYING NPAT  
**\$6.5M**

(5.8%)

CY19 CASH POSITION  
**+\$6.0M**

CY19 DIVIDEND  
**7.0c**

Fully Franked

CY18 Revenue  
**\$181.1M**

CY18 EBITDA  
**\$19.2M**

CY18 UNDERLYING NPAT  
**\$6.9M**

CY18 DEBT POSITION  
**-\$6.0M**

CY18 DIVIDEND  
**7.0c**

Fully Franked

# CHAIRMAN'S ADDRESS

## FY19 Results

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- Group revenues declined by 5% with challenging market conditions impacting the Australian Appliances business and lower BBQ sales associated with the slower than anticipated expansion in the USA
- Timepiece lead by GShock posted a record sales result in Australia. The New Zealand operation continued to perform steadily lead by Robinhood appliances and Pioneer DJ product
- Operating expenses were well controlled, decreasing by 5.6%
- Effective debtor and inventory management resulted in cash inflows of +12.0M. Shriro closed FY19 with zero debt and a positive cash position of \$6.0M

everdure  
by neston blumenthal

# CHAIRMAN'S ADDRESS

## Key Initiatives

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- Operational productivity
- Omega Brand Refresh Investment
- Brand Websites and Social Media Investment
- Extending the effectiveness of global reach of BBQ's

everdure  
by heston blumenthal



# CHAIRMAN'S ADDRESS

## COVID-19

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- Shriro remains committed to supporting the containment of the virus and ensuring the safety and health of staff & customers
- Managements contingency planning resulted in the smooth and efficient staff transition to “work from home”
- Staff have agreed to reduce working time to 3 days per week
- All staff remain well, no health related impacts from virus
- Management have developed a plan to realign staff working time to match the anticipated rebound in revenues as stores reopen



SHRIRO

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TIM HARGREAVES

Chief Executive Officer



# STRONG FOUNDATIONS

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- No debt – net cash inflows of +\$12M in CY19
- Extended supplier payment terms assisting our cash position to manage the challenging economic conditions
- Strong balance sheet (no intangibles) inventory clean of key stock issues
- CY19 gross profit % remained stable despite the devaluation of local vs international currencies



# COVID-19 – STAFF

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## RESPONSE

- All 239 employees safe and healthy
- Effective contingency planning, assisted in rapid & smooth Working from Home policy for all applicable staff
- All staff have agreed to a temporary reduction in working hours leading to a 40% saving in wage cost (Apr-May)
- Australian & New Zealand operations met eligibility test for government wage subsidies



# COVID-19 – STAFF

## CURRENT

- Staff working time reduced to 3 days per week, with operational flexibility to cover 5 day per week work load

## RECOVERY & NEXT STEPS

- CY20 Revenue = 85% CY19
  - ↳ 3 days → 4 days per week
- CY20 Revenue = 90% CY19
  - ↳ 4 days → 5 days per week
- Flexibility in working hours will be maintained for CY20 if trading conditions deteriorate below 85% of CY19 revenues

# TRANSFORMATION

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- Driving efficiencies to lower our cost base in challenging economic conditions
- Capital intensive costs reduced, with all instate showrooms closed → consolidate to Sydney
- Reduced ongoing BBQ product costs through favourable royalty negotiations
- Increased investment in digital and ecommerce capability, to improve consumer engagement

# AUSTRALIA

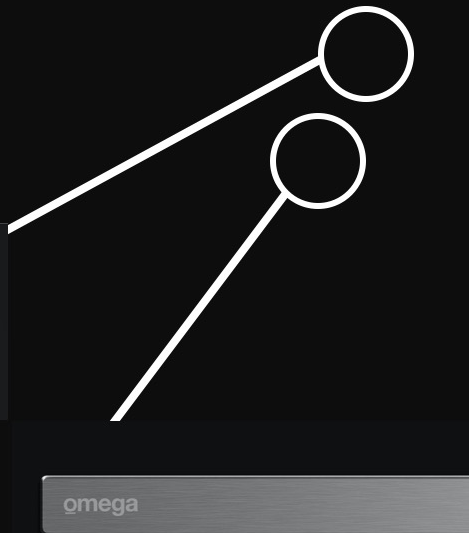
## Appliances Business

2019

- Revenue declined in a challenging property cycle
- Fragmented sales & operational structure
- Aged inventory and obsolete range cleared
- Initiated “Project Refresh”
  - New range development
  - Digital marketing plan



Updated Knobs – “Project Refresh”



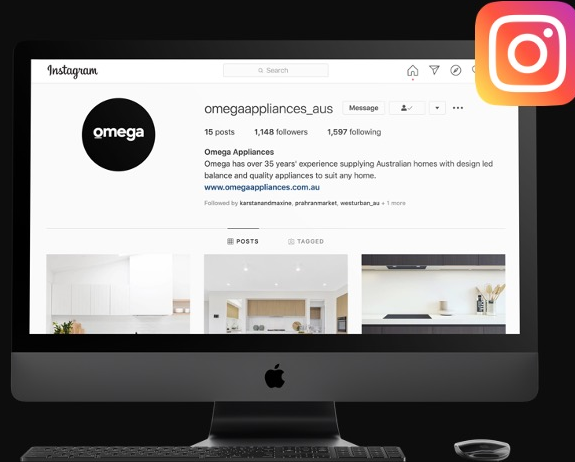
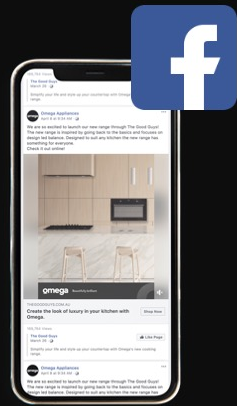
Updated Handles – “Project Refresh”

2020

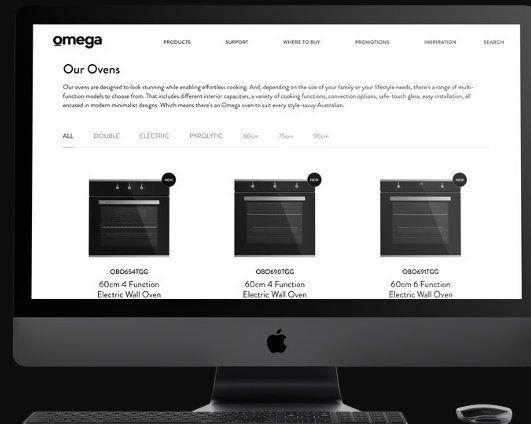
- New Australian Appliance Group created to strengthen sales and marketing execution
- New Omega range with distinctive design launched in April, sell through during COVID-19 impact period has been very strong
- Roll out of new instore displays into retail partners
- All interstate showrooms closed
- Digital strategy launched targeting millennial market demographics

# AUSTRALIA

## Appliances Business



omega



Omega Appliances Website

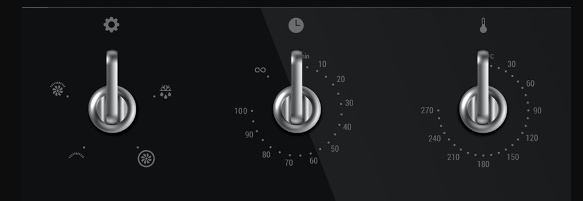
## PROJECT "REFRESH"



New Omega In-store Display



New Models



Updated Handles & knobs



# AUSTRALIA

## Casio Business

2019

- Record GShock watch sales driven by higher Average Sell Price
- Strong growth in musical instruments with new upgraded product
- Australia/NZ exclusive school scientific calculator range dominates market, with teacher resource program matching state curriculums
- Supply of “lamp free” data projector range to department of defence



PX-S1000RD

2020

- Major jewellery chains closed in April, reopening shop fronts from May. Online % of business growing
- New “GShock Fit” range including heart rate monitor to launch May
- Digital refresh complete in May for web & social media → GShock
- New FX82 / 100 school scientific calculator released for “Back to school”
- Musical instrument/keyboard sales strong during COVID-19 lockdown
- Cash register business continues to decline, move towards “Cashless Society”



New GShock Fit Range



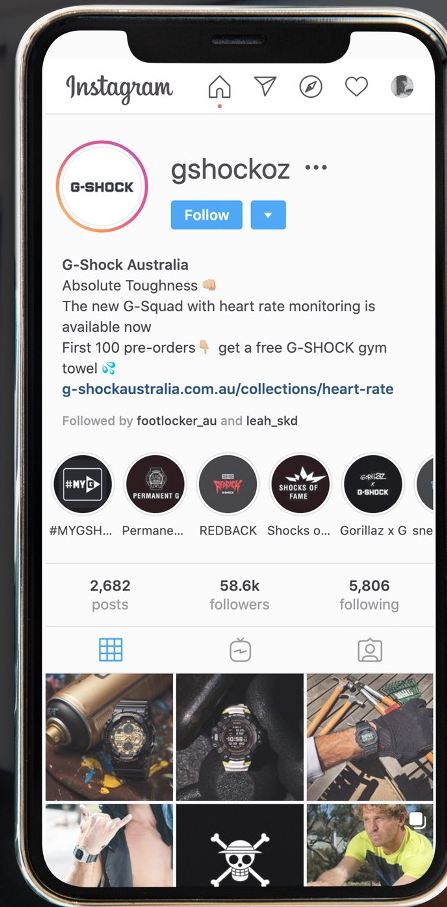
AU-designed for the Aust/NZ mathematics curriculum

# AUSTRALIA

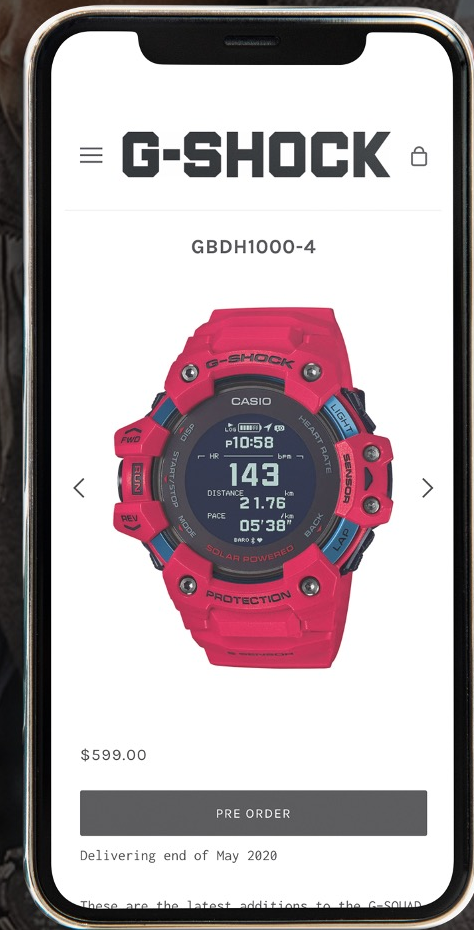
## Casio Business – Consumer Engagement



Social Influencer Reach



Social Media Platforms



GShock Website



# AUSTRALIA

## Seasonal – BBQ, Heating & Cooling

2019

- Omega Altise/Everdure heater sales below prior year with warmer than anticipated winter season
- Revenues of Evedure by Heston Range (EHB) - (4<sup>th</sup> year since launch) continue to grow despite challenging weather conditions
- Aura - Air movement product launched Nov, sold out



EHB – 4K

Altise - Aura

2020

- EHB product upgrades, further improving quality – reinforcing premium offering
- EHB digital refresh complete – shift emphasis towards online, consumer marketing
- EHB accessory range launch online/direct opportunities
- Upgraded product components in new Heater range will reinforce product and brand reputation



EHB Knife Range

# New Zealand

## Casio, Pioneer & Robinhood

2019

- Revenues and margins showed modest growth despite subdued consumer spending and currency devaluation
- Robinhood appliance and laundry business continues to strengthen, capitalising on last 2 years brand/product investment
- Casio business continues to perform well with dominant market positions in key product groups (Timepiece, Calculators and Musical instruments)
- Pioneer pro audio/DJ sales growing strongly in line with international market expansion



2020

- Level 4 COVID-19 restrictions impacted March/April revenues. Level 2 restrictions in place forward looking economic impact on “shut down” unclear
- Core product groups such as Robinhood, Pioneer DJ and Casio school calculators are expected to perform steadily during COVID-19 impact period
- Closure of Auckland International Airport, and anticipated softer discretionary spend are expected to contribute to lower GShock sales in the first half of CY20





# New Zealand Commercial Appliances

## KAINGA ORA PROJECT

- Project won by Monaco with Robinhood product
- Government funded social housing project
- Project to deliver up to 4,000 homes over 4 years



## BUNNINGS TRADE

- Clever living project focused on supplying new housing
- Blanco appliances specified exclusively



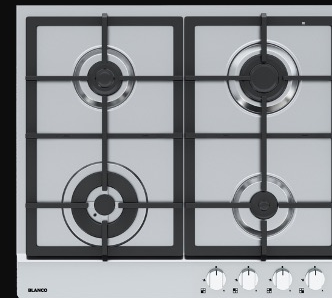
New Super tub



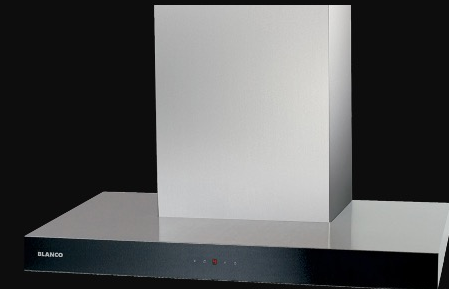
New Rangehood



BDW8345X



BCG604WXFFC



BWC61TB

# Export Markets

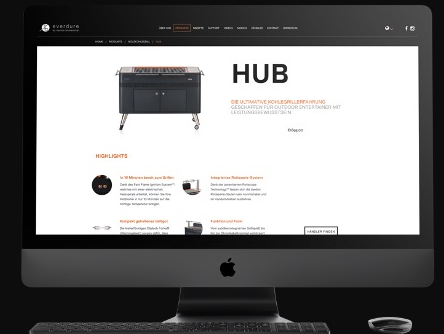
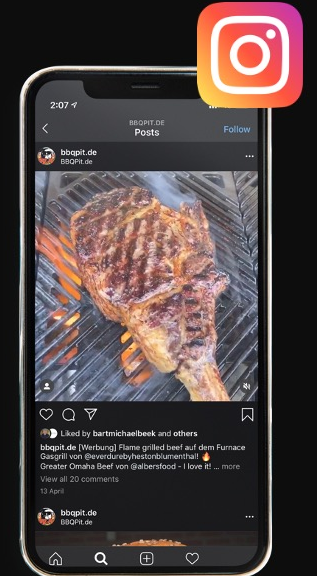
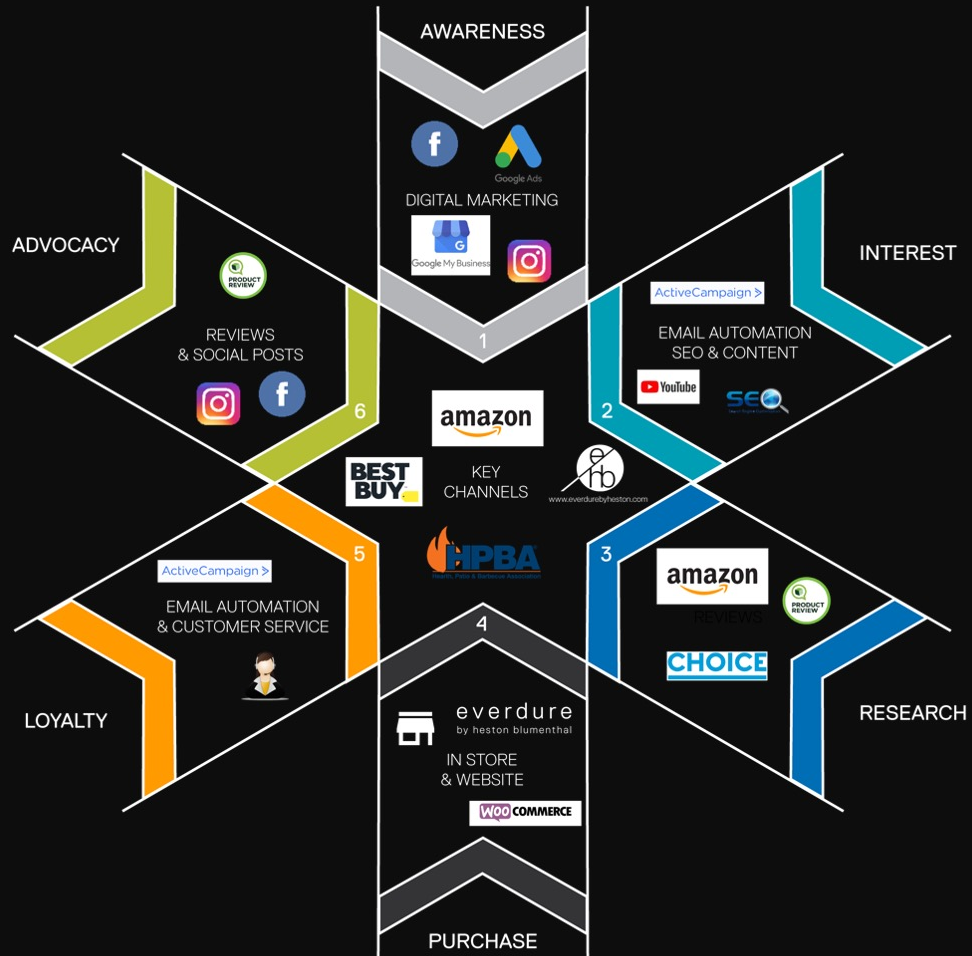
2019

- Revenues declined to \$3.4M with the lingering impact of USA tariffs and lag in establishing key retail partnerships
- International network further strengthened by establishment of Shriro direct USA operations and the addition of South Africa and Israel markets
- New lower Fat Duck Group collaboration costs (saving \$1M p/a) on current sales, establishes significantly lower and ongoing product cost base
- Digital refresh/online project commenced to lift capacity to engage directly with international customers via Social Media and improved digital search analytics

2020

- 1<sup>st</sup> half revenues and margins tracking higher than 1<sup>st</sup> half CY19
- In addition to the traditional “Bricks & Mortar” Hearth USA retailers, business established and trading with online marketplace retailers – Amazon.com, BestBuy.com, Walmart.com, BBQguys.com. Shriro using own distribution to ship to retailer or “dropship”
- Online USA business showing positive signs early in summer season
- International digital marketing commencing in May to capitalise on increased online consumer cooking interest. #stay@home&cook

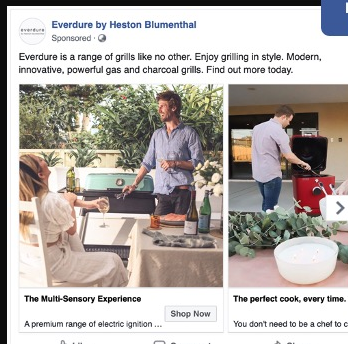
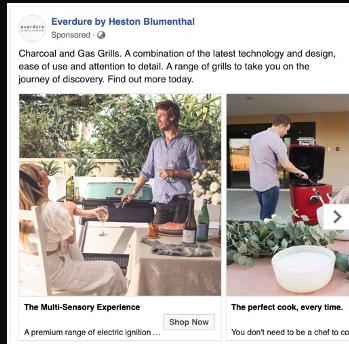
# Consumer Engagement





# Consumer Engagement

## AWARENESS



## INTEREST



## RESEARCH



Amazon Customer Reviews

## PURCHASE



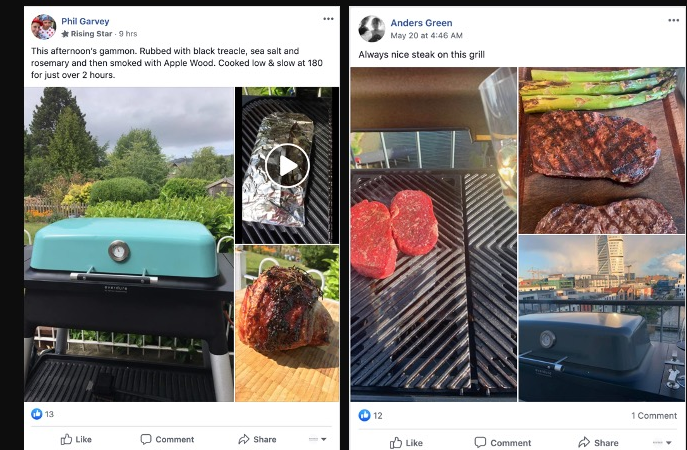
Amazon Everdure Brand Page

## LOYALTY



QR code at front of manual directs customer to registration

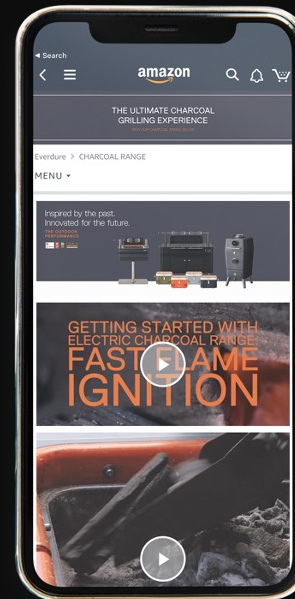
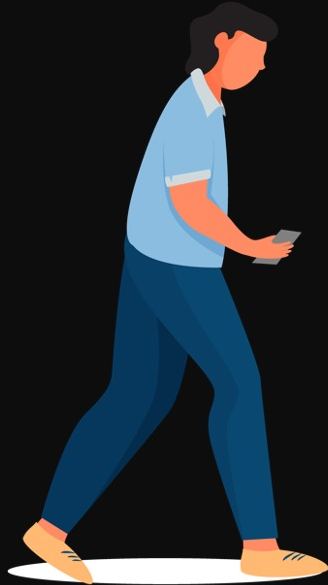
## ADVOCACY



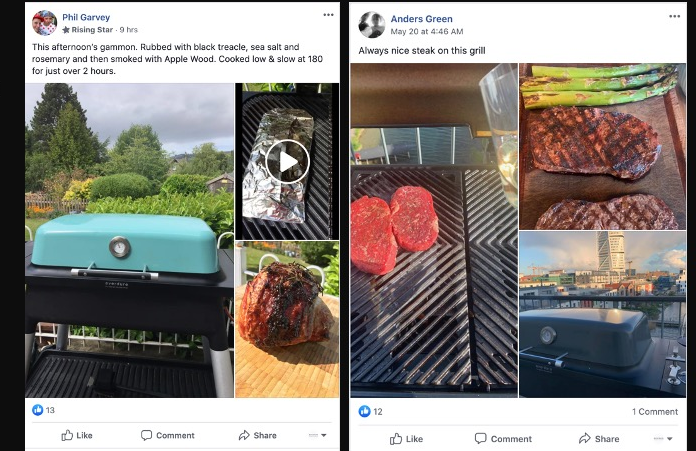
Everdure by Heston Blumenthal Owners Group



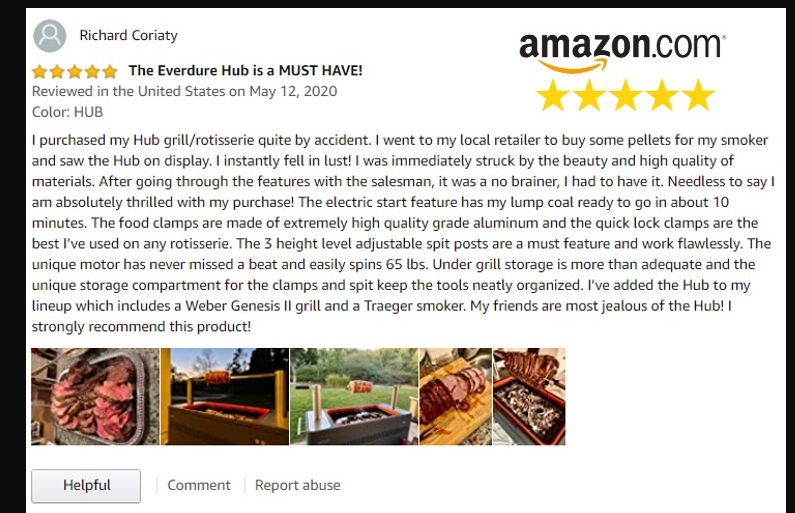
# Consumer Engagement



Amazon Everdure Brand Page



Everdure by Heston Blumenthal Owners Group



Amazon Customer Reviews

# Distribution Channels

## BRICKS & MORTAR

## E-COMMERCE

1. Australia



2. New Zealand



3. USA



4. Germany



5. Scandinavia



6. UK



7. South Africa



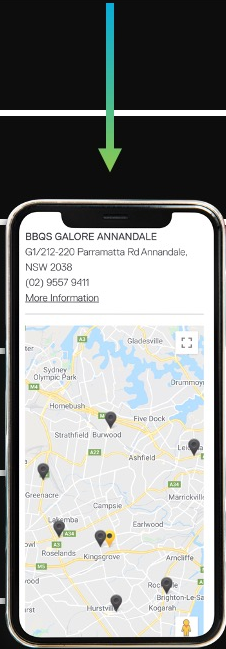
8. Spain



9. Benelux



Store Locator



# New Product Development

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



## ESTABLISHED PRODUCT DNA



## NEW DEVELOPMENTS

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

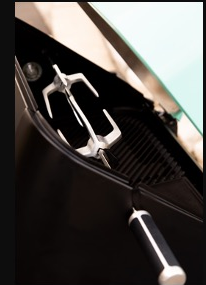
- Portable gas rotisserie with glass view window
- USA outdoor rating for Aura air movement
- GShock fitness watch



New GShock Fit Range

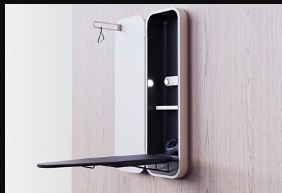


Aura – Outdoor Rating



Gas Rotisserie

## CONTEMPORARY STYLE



Robinhood Ironing System



Matte Black Gas BBQ's



Updated Omega Range

## MAXIMISE PRODUCT LIFECYCLE





# Strategy





# Outlook

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- Uncertainty remains around the extent and length of the impact of COVID-19
- Year to Date (YTD, Jan-Apr) Group revenues 16% lower than last YTD. April, negatively impacted by retail closures in Australia (partial) and New Zealand (full). May results rebounding with the easing of COVID-19 restrictions and retailers reopening stores
- Export sales YTD(Jan-Apr) 55% higher vs last YTD, with early signs of positive sell through of BBQ product in the Northern Hemisphere. #cook@home
- Cost base has been lowered to leverage best possible returns
- Solid financial position to manage challenging market
- Digital infrastructure enhanced in key product categories to connect with consumers and the accelerated online purchasing trend
- Target business sectors have been identified for potential acquisitions (on hold during COVID-19 period)



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# MATTERS OF MEETING

## Financial Reporting

To consider in respect of the Company for the year ended 31 December 2019:

1. The Annual Financial Report;
2. The Director's Report; and
3. The Independent Auditor's Report.



# RESOLUTION 1

## To Adopt the Remuneration Report

- To consider and if thought fit pass the following as an advisory resolution:
  - To adopt the Remuneration Report of the Company for the year ended 31 December 2019 as set out on pages 25 to 30 of the Annual Report. Under the Corporations act, this resolution is advisory only and does not bind the Directors or the Company.

In Favour	Open	Against	Abstain
27,512,389	4,237,768	251,313	154,000



# RESOLUTION 2

## Election of a Director, Stephen Heath

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- To consider and if thought fit, pass the following as an Ordinary Resolution:
  - “That Stephen Heath, being a Director of the Company who was appointed by the Directors on 24 October, 2019, who retires under rule 8.1(c) of the Company’s Constitution, and being eligible, is elected as a Director of the Company”.

In Favour	Open	Against	Abstain
50,836,083	4,237,768	13,084	73,285

# RESOLUTION 3

## Election of a Director, Cheryl Hayman

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- To consider and if thought fit, pass the following as an Ordinary Resolution:
  - “That Cheryl Hayman, being a Director of the Company who was appointed by the Directors on 24 October, 2019, who retires under rule 8.1(c) of the Company’s Constitution, and being eligible, is elected as a Director of the Company”.

In Favour	Open	Against	Abstain
50,832,254	4,247,768	584	79,614

# RESOLUTION 4

## Grant of Performance Rights to the CEO

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- To consider and if thought fit pass the following as an ordinary resolution:
  - That approval be given to grant 359,281 rights valued at \$240,000 to the CEO and Director Tim Hargreaves under the Shriro Holdings Limited Equity Incentive Plan, for the reasons explained in the Explanatory Notes.

In Favour	Open	Against	Abstain
50,428,953	4,195,268	441,170	94,829





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QUESTIONS





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MEETING CLOSED





# Disclaimer

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