

Prestal Holdings Limited (ASX:PTL)



FY24 Half Year Results

Investor Presentation

Executive Summary

Prestal Holdings is the owner of Hampers with Bite, a resilient e-commerce gifting business

- H1'24 marked the beginning of an ecommerce-focused business, having divested the Consumer Products business in November 2023
- Business faced strong headwinds throughout the first 6 months of due to the broader macroeconomic environment and increased interest rates, which negatively impacted consumer discretionary spending
 - Sales Revenue from continuing operations of \$16.8m, down 15.7% pcp
 - Underlying EBITDA from continuing operations of \$3.4m, down 6.4% pcp
 - Implementation of cost saving measures ensured business was able to improve Underlying EBITDA margin to 20%, up 2% on pcp
- As of 31 December, the business maintained a healthy cash balance of \$62m including proceeds from sale of Consumer products business, of which the Board remains committed to return \$52.8m to shareholders via:
 - Initial special dividend of 6cps declared (to be paid 11 March 2024)
 - Capital return of approximately 18cps (intended to be paid around March- April 2024 subject to favourable tax ruling from ATO)
 - Final special dividend of 7cps (intended to be paid in July 2024)
- The Board remains committed to actively looking at strategic and inorganic growth initiatives to deliver further shareholder value



HAMPERS WITH BITE

1. HWB Highlights
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Performance Highlights

AVERAGE ORDER
VALUE WEBSALES

\$127

Up 2% on pcp

AVERAGE ORDER
VALUE B2B SALES

\$2,351

UPSELL ITEMS
PURCHASED VIA B2B
SALES

\$104k

Up 16% on pcp

WEBSITE TRAFFIC

679k

Up 43% on previous
6 months

47k+

COMPANIES IN
HWB DATABASE

238k+

CLIENTS IN HWB
DATABASE

208.5k

MEALS DONATED
THROUGH COTTON
ON FOUNDATION
SEP – DEC 2023

H1'24 Sales & Marketing

- In September Hampers with Bite officially launched the new 2023 Christmas range, that included 76 new hampers ranging from \$30 to \$600 offering a wide range to all customers.
- Inspired from 2022 best sellers, this year we included the Hampers With Bite bright creative flare to reflect the emerging customer towards personalisation and individuality.
- Hampers with Bite developed 3 new Pet Hampers, alongside a new range of Bridesmaid Boxes and a Value range under Mini Moments in response to the increase in the cost of living



**76 New
Christmas Hampers**



**4 New
Bridesmaid Boxes**



**3 New
Pet Hampers**



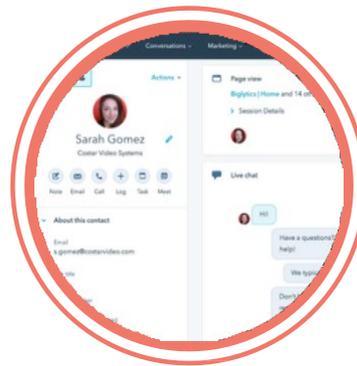
**5 New
Mini Moments Hampers**

H1'24 Operations

- During H1, investment in operations was a major focus - setting Hampers With Bite up with a strong foundation for growth over both the short term and long term.
- This included preparation for a move to a new warehouse facility, giving the business the opportunity to redesign production and inventory flows to maximise efficiency. Forecasting improvements during H1 optimised the inventory holdings post- peak, particularly for lines being rejuvenated in H2.
- The continued implementation of ERP software will further streamline operations and procurement, provide enhanced end-to-end visibility on revenue streams and their associated costs.
- The CRM implementation, completed early H1, significantly improved customer insights and increased sales outreach capacity threefold. Integration with advertising meant marketing could be refined and customers retargeted across all sales channels.



New Warehouse



New CRM System



New Manufacturing Capability

Corporate Social Responsibility

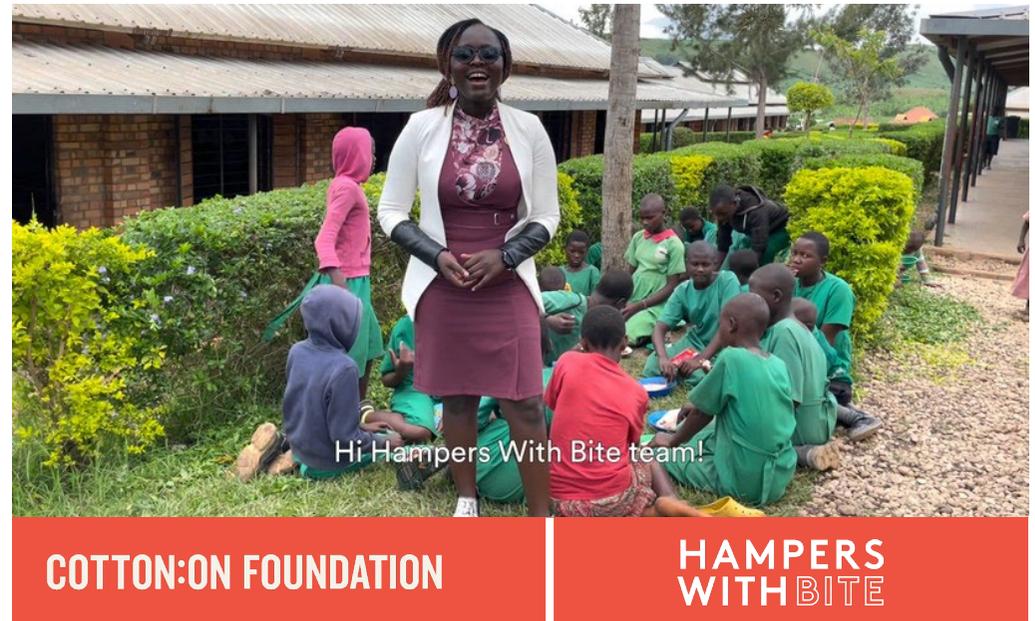
- Hampers with Bite's partnership with Cotton On Foundation has proven to deliver significant support for children in need in Uganda
- Charitable donations from Hampers with Bite provided over 540K meals since partnership began in July 2022, with communication sent out about the partnership to customers via EDM and other direct marketing offers.

540,000+
MEALS AND COUNTING

YOUR GIFT CHANGES LIVES

With every order Hampers With Bite is able to donate meals and education to Ugandan Children in need.

**WATCH OUR RECENT
QUARTERLY UPDATE**



[Hampers with Bite Quarterly Update](#)

Financial Performance

Key Consolidated Income Statement Items

\$'000	1H23	1H24	Change	%
Sales Revenue from continuing operations	19,896	16,772	(3,124)	(15.7%)
Underlying EBITDA from continuing operations	3,596	3,365	(231)	(6.4%)
<i>Underlying EBITDA margin on Net Sales</i>	<i>18.1%</i>	<i>20.1%</i>	<i>2.0%</i>	
Depreciation	(206)	(226)	(20)	9.7%
Underlying EBIT from continuing operations	3,390	3,139	(251)	(7.4%)
<i>Underlying EBIT margin on Net Sales</i>	<i>17.0%</i>	<i>18.7%</i>	<i>1.7%</i>	
Interest and Tax	(1,170)	(1,011)	159	(13.6%)
Underlying NPAT from continuing operations	2,220	2,128	(92)	(4.1%)
Underlying basic EPS in cents	1.30	1.25	(0.05)	(4.1%)
Goodwill and brand names impairment (non-cash, net of tax)	-	(22,053)	(22,053)	100.0%
Reported Profit after tax from continuing operations	2,220	(19,925)	(22,145)	(997.5%)
Profit after tax from discontinued operations	1,137	18,892	17,755	1,561.6%
Reported Profit after tax	3,357	(1,033)	(4,390)	(130.8%)
Reported basic earnings per share in cents	1.97	(0.61)	(2.58)	(131.0%)

- Sales revenue declined by 15.7% predominantly in B2C segment impacted by reduction in consumer discretionary spending.
- B2B segment relatively stable with sales declining by 5.0% compared to HY23.
- Underlying EBIT of \$3.139 million down by 7.4% on prior period however maintaining healthy EBIT margin of 18.7% through effective cost control.
- Non-cash goodwill and brand name impairment charge of \$22.053 million taken considering tough trading environment.
- Profit after tax from discontinued operations of \$18.892 million including gain on sale of assets of \$18.530 million.
- Dividend of 6 cents per share to be paid on 11 March 2024 with a record date of 4 March 2024

Financial Performance

Key Statement of Financial Position Items

\$'000	Jun-23	Dec-23	Change
Assets			
Cash	1,784	62,050	60,266
Trade and other receivables	15,469	8,961	(6,508)
Inventories	18,647	1,930	(16,717)
Property, plant and equipment	17,451	361	(17,090)
Leased assets	2,105	108	(1,997)
Brand names and other intangible assets	41,350	5,778	(35,572)
Other	1,664	1,426	(238)
Total Assets	98,470	80,614	(17,856)
Liabilities			
Trade and other payables	13,132	10,931	(2,201)
Lease liabilities	2,119	86	(2,033)
Employee and other provisions	2,814	332	(2,482)
Borrowings	2,125	0	(2,125)
Other financial liabilities	54	5	(49)
Deferred Tax Liabilities	6,347	541	(5,806)
Total Liabilities	26,591	11,895	(14,696)
Net Assets	71,879	68,719	(3,160)

- Strong cash position of \$62.05 million with no borrowings as a result of sale of consumer products business.
- \$52.8 million in total intended to be returned to shareholders via combination of capital return and fully franked dividends.
- Strong cash position after distributing funds to shareholders enabling growth via strategic acquisitions and organic investments.
- Non-cash goodwill and brand name impairment charge of \$22.053 million taken considering tough trading environment.
- Working capital managed effectively with Dec 23 inventory levels significantly down on Dec 22 for continuing operations.



HAMPERS WITH BITE

H2 FY24
Business Outlook

Growth Strategy

HWB Brand Relaunch

1



Brand Relaunch

- Brand revamp paying tribute to distinctive assets
- Expansion of brand visual identity to allow for All Year Round (**AYR**) gifting
- Improve ease of shopping experience

2



All-Year Round Range

- Develop product strategy for AYR gifting
- Priority for B2B and B2C product synergies
- Range & pricing strategy review

3



Website Update

- New website improving customer conversion across platforms.
- Customer journey review
- Advertising optimisation to drive increased ROI

Operations Improvements

Operational Improvements



Systems Improvements

- Improvements in financial analysis & forecasting capability.
- Expansion in customer offering, thereby increasing sales and conversion
- Further optimisation of new CRM, integrating advertising into sales pipeline to improve customer retention & Lifetime Value (LTV)



New Warehouse

- Brand new warehouse with best practice capability.
- Increased inventory capacity, thereby reducing 3PL costs
- Optimisation of production process to increase labour efficiencies
- Strategy to achieve HACCP accreditation early 2025
- “Forever home” future proofing for long term growth

2024 Outlook Summary



Brand Marketing

- Brand Relaunch
- Website improvement
- Optimised Advertising



New Product Offering

- Wellness hamper range expansion
- Tailored seasonal ranges



New Warehouse

- Brand new facility
- Major capacity increase
- Reducing operational costs



Charity Partnership

- Supporting major charities



IT Systems

- New ERP system
- Two-way website integration

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Prestal
H o l d i n g s
