SHRIRO

SHRIRO HOLDINGS LIMITED
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015
PROSPECTUS PROFIT FORECAST EXCEEDED

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HIGHLIGHTS

- Revenue in line with the Prospectus forecast, an increase of 5.3% on CY14
- Strong Gross Margin performance despite the Australian dollar being weaker than CY14
- Disciplined Operating Expense control resulting in strong pro forma EBITDA growth
- Working capital initiatives and solid trading performance underpinned strong cash-flow reducing Net Debt to $9.4 Million (0.4x proforma EBITDA)
- Pro forma EBITDA 11% above Prospectus forecast
- Pro forma NPAT exceeded CY14 Prospectus forecast by 24.0% and up 39.3% up on CY14
- Pro forma NPAT represents a 26.0% return on year end Shareholders Funds
- Final dividend declared of 6.0 cents per share, fully franked

PRO FORMA RESULTS SUMMARY

	CY15 Reported $m	CY14 Reported $m	Change	CY15 Prospectus $m	Difference
Revenue	186.3	177.0	5.3%	187.0	-0.4%
Gross Margin	42.6%	41.9%		42.1%	
Operating Expenses	(57.3)	(55.4)	3.4%	(58.8)	-2.6%
EBITDA	**22.1**	**18.7**	**18.2%**	**19.9**	**11.1%**
Depreciation	(3.4)	(3.3)	3.0%	(3.6)	-5.6%
Interest	(1.4)	(2.7)	-48.1%	(2.1)	-33.3%
Profit Before Tax	17.4	12.7	37.0%	14.2	22.5%
Profit After Tax	**12.4**	**8.9**	**39.3%**	**10.0**	**24.0%**

NOTES:
Shriro Holdings Limited was listed on the ASX on 23 June 2015. Pro forma financial information reflects the full year effect of operating and capital structure as at the completion of the IPO, but excludes the costs of the IPO and other non-recurring items. See Appendix A for a summary of the statutory results and a reconciliation of the statutory and pro forma results.

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GROUP PRO FORMA PERFORMANCE

Shriro Holdings Limited ("the Company") (ASX: SHM) today announced pleasing results for the year ended 31 December 2015 (CY15), following the successful listing of the Company on the ASX on 23 June 2015. The Company achieved significant profit growth over the prior year and comfortably exceeded the CY15 profit forecasts contained in the Prospectus dated 27 May 2015.

Pro forma Revenue grew by 5.3% on the prior year and was in line with the Prospectus forecast. The Company achieved a pro forma Gross Margin of 42.6% which modestly exceeded both prior year (41.9%) and Prospectus forecast (42.1%). This was particularly pleasing in a year that saw the Australian dollar weaken against Shriro's main import currencies.

Pro forma Operating Expenses were well controlled during the year, growing at 3.4% compared to Revenue growth of 5.3%. Pro forma Operating Expenses were also 2.6% below the Prospectus forecast.

The combination of Revenue growth, Gross Margin expansion and tight control of Operating Expenses, resulted in pro forma EBITDA growing by 18.2% to $22.1 million, exceeding Prospectus forecast by 11.1%.

The lower than expected average Net Debt (see below), reduced pro forma Interest Expense to $1.4m, 33.3% below Prospectus forecast.

Tax Expense was broadly in line with prior year and Prospectus forecast, resulting in pro forma Net Profit After Tax growing by 39.3% to $12.4 million, exceeding Prospectus forecast by 24%.

The main difference between the pro forma results and the statutory results are the one-off costs associated with the IPO of $5.7m (pre tax). On a statutory basis, the Net Profit After Tax grew by 22.4% to $7.1 million, exceeding Prospectus forecast by 47.9%. A summary of the statutory results, and a reconciliation to the pro forma results, is contained at Appendix A.

CONSUMER PRODUCTS

The Consumer Products segment performed very well, with Revenue growing by 8.6% to $100.1 million, exceeding Prospectus forecast by 6.4%. Continued strong performance from Casio watches, particularly the "store-in-store" G-Shock watch displays, and calculators. In addition, Altise Heater products and Electrical Musical Instruments achieved higher sales. This strong sales result was a large contributor to EBITDA margins that exceeded the prior year and the Prospectus forecast.

Shriro has a number of exciting new products expected to launch in CY16, particularly in the BBQ products range.

KITCHEN APPLIANCES

The Kitchen Appliances segment generated revenue of $86.2 million, flat on prior year and 7.1% below Prospectus forecast. Whilst Blanco sinks performed strongly, the segment performance was adversely impacted by a change in sales channel for Blanco kitchen appliances: the benefit of this channel switch is expected to be realised in the second half of CY16.

Omega appliances performed very well during the year, with sales 12% up on the prior year. The premium "Neil Perry by Omega" range was launched in the last quarter of CY15 and is expected to perform well in CY16.

EBITDA margins were broadly in line with Prospectus forecast, a substantial uplift from prior year (which included the impact of the clearance of older Blanco and Omega products).

BALANCE SHEET AND CASHFLOW

Operating cash flow was strong, assisted by tight control of working capital, particularly inventories. Net Debt reduced to $9.4 million from the impact of the IPO, sound profitability and the lower working capital.

The Company's gearing is low and as measured as Net Debt to Pro forma EBITDA is 0.4 times.

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The strength of the balance sheet is underpinned by the low levels of Net Debt and the absence of Intangibles. As a result, the Company is very well placed to fund appropriate growth opportunities in the future.

DIVIDEND

The Directors have declared a final fully franked dividend of 6.0 cents per share, with a record date of the 17th of March 2016 and payable on the 31st of March 2016. This dividend is in respect of profits from the date at listing to 31 December 2015. The dividend implies a payout ratio of 60%, which is consistent with the 60-70% range contained in the Prospectus.

OUTLOOK

Seasonal influences result in the Company's financial performance being heavily biased toward the second half of the calendar year and so visibility on the likely results for CY16 is unclear at this stage. Overall however, it is currently expected that growth in customer demand will be modest through CY16. Whilst Shriro will be introducing a number of new marketing initiatives in the current year, they are more likely to have their full beneficial impact in CY17.

In this environment, the Directors currently believe that net profit after tax for CY16 will be modestly above CY15.

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ABOUT SHRIRO

The Group is a leading kitchen appliances and consumer products marketing and distribution group operating in Australia and New Zealand.

The Group markets and distributes an extensive range of company-owned brands (including Omega, Robinhood, Everdure and Omega Altise) and third party owned brands (such as Casio, Blanco and Pioneer). Products include calculators, watches, cash registers, musical instruments, audio products, kitchen appliances, sinks & taps, laundry products, consumer electronics, car audio, amplifiers, professional DJ, Hi-Fi/speakers, fashion, lighting, gas heaters and gas barbeques, electric heaters and cooling products.

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APPENDIX A

STATUTORY RESULTS SUMMARY					
	CY15 Reported $m	**CY14 Reported $m**	**Change**	**CY15 Prospectus $m**	**Difference**
Revenue	186.5	177.7	5.0%	187.0	-0.3%
Gross Margin	42.7%	42.1%		42.1%	
Operating Expenses	(62.9)	(58.0)	8.4%	(64.1)	-1.9%
EBITDA	**16.8**	**16.8**	**0.0%**	**14.6**	**15.1%**
Depreciation	(3.4)	(3.5)	-2.9%	(3.6)	-5.6%
Interest	(1.6)	(3.2)	-50.0%	(2.2)	-27.3%
Profit Before Tax	11.8	10.1	16.8%	8.8	34.1%
Profit After Tax	**7.1**	**5.8**	**22.4%**	**4.8**	**47.9%**

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APPENDIX A (CONT'D)

PRO FORMA BRIDGING ENTRIES - NPAT		
	ACTUAL CY15	**PROSPECTUS CY15**
NPAT Statutory	**7.1**	**4.8**
IPO Costs	5.0	4.8
Employee Share Plan	0.2	0.3
MEP	0.4	0.4
ASX Costs	(0.2)	(0.2)
Interest	0.2	0.2
Property	0.0	0.0
Tax	(0.3)	(0.3)
NPAT Pro Forma	**12.4**	**10.0**

PRO FORMA BRIDGING ENTRIES - EBITDA		
	ACTUAL CY15	**PROSPECTUS CY15**
EBITDA Statutory	**16.8**	**14.6**
IPO Costs	5.0	4.8
Employee Share Plan	0.2	0.3
MEP	0.4	0.4
ASX Costs	(0.2)	(0.2)
Property	(0.1)	0.0
EBITDA Pro Forma	**22.1**	**19.9**

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