

12 February 2020

Results Summary

	HY20	HY19	Movement
Revenue	\$45.2m	\$21.9m	107%
Gross Profit	\$21.1m	\$4.2m	402%
Gross Margin	46.7%	19.2%	143%
Underlying EBITDA¹	\$0.4m	(\$2.4m)	
Statutory NPAT	(\$0.5m)	(\$3.0m)	

Business Performance

AuMake International Limited (the “Company”) (ASX: AU8) today reported record results for the HY20 period with total revenue of \$45.2m, underlying EBITDA of \$0.4m and statutory NPAT of (\$0.5m).

This profit result was due to the significant impact of the Broadway acquisition (completed 24 July 2019) and better than expected trading conditions in both the AuMake store network and Broadway. Furthermore, the Company transitioned a number of AuMake customers to its online stores and realised several cost synergies.

Revenue

Total revenue in HY20 was \$45.2m, with the Broadway store network contributing \$20.2m, driven by a 98.2% pcp increase in tour group visitation. AuMake store revenue also grew strongly to \$25.0m, with 19.8% growth in Like for Like (“LFL”) revenue.

Gross Margin

Gross margin grew from 19.2% HY19 to 46.7% in HY20, reflecting the significant increase in sales of high margin AuMake owned brand and Broadway exclusive brand products to \$12.0m, which comprised 26.5% of total revenue.

This was driven by the increase in Asian tourist visitation in both the Broadway and AuMake store networks, and their appetite for new and authentic high margin retail products.

Cashflow

Cash on hand as at 31 December 2019 was \$12.1m with strong operating cash inflows of \$6.3m.

Inventory

Inventory decreased by 23.5% to \$3.9m as at 31 December 2019 (\$5.1m at 30 June 2019), highlighting improvements in operational leverage, due to portfolio rationalisation and inventory optimisation efforts.

Online

Online revenue for HY20 reached \$8.5m in the AuMake store network (18.8% of total revenue), as more customers have been encouraged to purchase products online.

The Company continues to explore a number of options for the provision of online functionality to Broadway customers.

¹ To enable a more effective comparison of results versus HY19, HY20 underlying EBITDA result shown above has been adjusted to exclude the impact of the adoption of AASB 16. The statutory results for HY20 are shown in Appendix 1 of the Investor Presentation dated 12 February 2020, along with a reconciliation of the impact of the adoption of AASB 16.

Operating Expenses

During HY20 the Company reset its cost base, realised immediate synergies from the Broadway acquisition and increased retail store efficiencies.

Cost of Doing Business (“CODB”) comprised 46.0% of total revenue. CODB broken down comprises 27.1% of revenue for marketing expenses (which includes commissions paid to travel agents who deliver customers to Broadway stores) and 18.9% for all other expenses.

The Company continues to monitor and effectively manage both CODB and marketing expenses to maximise profitability.

Outlook

The remainder of FY20 will be a challenging period for the Company due to the impact of the novel coronavirus on Chinese visitors, and restrictions placed on their travel to and from Australia & New Zealand.

From industry consultation, the Company is confident that the impact of the coronavirus will be temporary and will not impact the long-term opportunity for it to establish itself as the preeminent Asian tourist retail brand in Australia & New Zealand.

ENDS

This announcement has been authorised for release on behalf of the Board by Keong Chan, Executive Chairman of AuMake International Limited.

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