

RESULTS ANNOUNCEMENT – YEAR ENDED 30 JUNE 2015 (FY15)

11 August 2015

Record net profit of \$17.1m, up 20%

Summary Result

	FY15	FY14	Change
Revenue (\$m)	155.7	141.4	10.1%
Net profit after tax (\$m)	17.1	14.2	20.0%
Net Margin (%)	60.7%	60.4%	
Expenses (excl Dperception and Finance costs) (%)	44.3%	45.3%	
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	25.9	21.5	20.5%
Earnings before interest and tax (EBIT) (\$m)	23.8	19.5	21.8%
EBIT Margin (%)	15.3%	13.8%	
Basic earnings per share (EPS) (cents)	21.1	17.6	20.0%
Final dividend per share (DPS) (cents)	8.0	7.0	
Like for like sales growth (%)	+3.4%	+6.3%	
Operating cash flow before interest and tax (\$m)	26.4	27.2	-3.0%
Net cash (\$m)	33.7	35.9	
Number of stores (#)	46	39	7

Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported a net profit after tax of \$17.1m for the year ended 30 June 2015, an increase of 20% on the previous corresponding period.

The 10.1% increase in sales revenue to \$155.7m for the year resulted from same store sales growth of 3.4%, some contribution from the seven new stores opened in the latter part of FY15 and a consistent investment in marketing. Gross Margins were slightly higher than last year despite the decline in the AUD throughout the period. Although operating expenses increased by \$4.9m or 7.7% driven by the start-up costs for the new stores, expenses decreased as a percentage of sales by 100 bps to 44.3% due to continued cost efficiency.

Dividends

The Directors have declared a fully franked final dividend of 8.0 cents per share (FY14: 7.0 cps), bringing the total dividends for the year to 15.0 cents per share (FY14: 13.0 cps). The final dividend will have a record date of 7th October 2015 and a payment date of 28th October 2015. The dividend payout ratio of 71% appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth.

Commenting on the results, the Managing Director, Mr Anthony Scali, said “the business performed well and gained market share in an environment where consumers remained cautious with their spending. Our ability to hold our margin above 60% and continuing our vigilance in cost control has delivered a record NPAT for FY15”.

Store Growth

Seven Nick Scali Furniture stores were opened during the year bringing the total Group stores at fiscal year end to forty six. Two new stores opened during the first half of the fiscal year at Rutherford (NSW) and Cairns (QLD) both in late December 2014 in time for end of season sale. The brand was launched in WA by opening a distribution centre in the first half and three new stores in the second half of FY15 including Joondalup, O’Connor and Osborne Park. Two new stores were also opened in West Gosford and Penrith (both NSW).

A further two new stores have been secured and are planned to open in H1-16, Casula (NSW) and Midland (WA).

The Company has also committed to purchase a property at Nunawading (VIC) in H1-16 which will bring the number of owned stores to five.

Mr Scali added “we have leveraged the strength and trust in the Nick Scali brand and demonstrated the value of diversifying into new geographies by expanding into Western Australia – this now represents a significant opportunity for our business”.

Outlook

The new financial year started in line with expectations with good trading conditions in July however the broader business conditions are expected to be challenging and increasingly competitive in the 2016 financial year.

The Company expects continued sales growth into FY16 from new store openings and the recent move into Western Australia. The store network expansion continues in conjunction with the strategy to opportunistically purchase properties where strict financial hurdles are met.

A continuing decline in the Australian dollar may bring further challenges to maintain sales and/or margins, requiring careful management.

The business is well placed to face the challenges over the coming year and expects another year of profit growth. With a strong balance sheet the Company is well placed to grow its existing business and take advantage of future opportunities.

For further information contact :

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