

**Nick Scali Limited**  
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**Press Release**  
13<sup>th</sup> August 2014

## **Record Sales and Underlying Profit**

	<b>Year ended June 2014 \$'000's</b>	<b>Year ended June 2013 \$'000's</b>	<b>Change %</b>
<b>Sales revenue</b>	<b>141,442</b>	<b>127,431</b>	<b>11.0%</b>
<b>Profit before tax (PBT)</b>	<b>20,358</b>	<b>22,865 (i)</b>	
<b>Underlying PBT</b>	<b>20,358</b>	<b>17,492</b>	<b>16.4%</b>
<b>Net profit after tax (NPAT)</b>	<b>14,236</b>	<b>16,002 (i)</b>	
<b>Underlying NPAT</b>	<b>14,236</b>	<b>12,241</b>	<b>16.3%</b>
<b>Final dividend per share</b>	<b>7.0 cents</b>	<b>6.0 cents</b>	

**(i) Includes Government compensation from property resumption.**

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Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported a net profit after tax of \$14.2m for the year ended 30 June 2014, an increase of 16.3% on the previous years' underlying net profit after tax and was a record trading result. The previous years' statutory profit benefited from a one-off compensation payment of \$5.4m before tax and \$3.8m after tax received from the NSW Government for the closure of two stores located at Bella Vista NSW, due to land resumption.

Sales revenue rose 11.0% to \$141.4 million, a strong result given the very competitive environment and was another year of record performance. Same store sales growth reached 6.3%, the second successive year at this level and reflected sound product range initiatives and successful marketing programmes. New store openings continued to also be a material component of the growth in sales revenue.

Gross Margins, whilst slightly lower than last year, remained solid due to effective retail price point management and supplier cost control. Operating expenses were managed in line with the growth of the business and as a percentage of sales fell to 45.3% from 46.4% last year.

The Company has delivered a solid and encouraging result with a sound blend of same store sales growth and network expansion.

The Directors have declared a fully franked Final Dividend of 7.0 cents per share, with a record date of 8<sup>th</sup> October 2014 and payable on 30<sup>th</sup> October 2014. When added to the Interim Dividend of 6.0 cents per share, the Total Dividend for the year is 13.0 cents per share fully franked.

## **Store Growth**

Two new Nick Scali stores were opened during the year - at Castle Hill (NSW) in November 2013 and at Taylors Lake (VIC) in March 2014. Further new stores are planned to open in FY15. There were no new Sofas2go stores opened during the year, although a number of opportunities remain under consideration.

Selective growth of our store network is an important plank in our strategy and our expansion into the West Australian market during fiscal 2015 is on track, with a purpose-built distribution centre and new stores planned. We expect to be trading in Western Australia in the 3<sup>rd</sup> quarter of fiscal 2015 with up to 3 stores opened by the end of the year.

## **Outlook**

The current financial year has opened with a strong pipeline of orders to be delivered which is expected to underwrite robust results in the early months of the 2015 financial year. Consistent with recent periods however, market volatility remains and customer orders in July were subdued.

Whilst it is expected that continued low interest rates should drive a larger volume of housing construction and sales which are drivers for the furniture industry, ongoing market volatility makes it difficult to predict future results at this stage.

The Company continues to position itself well to capitalise on improved consumer confidence and spending patterns that may emerge as the year progresses.

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