

RESULTS ANNOUNCEMENT – HALF YEAR 2016 (H1-16)

9 February 2016

Record net profit of \$14.1m, up 41%

	<u>HY16</u>	<u>HY15</u>	<u>Change</u>
Revenue (\$m)	102.5	77.6	32.0%
Net profit after tax (\$m)	14.1	10.0	40.7%
Net Margin (%)	60.0%	60.3%	
Expenses (excl Dpreciation and Finance costs) (%)	39.5%	41.2%	
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	21.1	15.0	41.2%
Earnings before interest and tax (EBIT) (\$m)	20.0	14.0	43.0%
EBIT Margin (%)	19.5%	18.0%	
Basic earnings per share (EPS) (cents)	17.4	12.4	40.7%
Interim dividend per share (DPS) (cents)	9.0	7.0	
Like for like sales growth (%)	+11.6%	+1.2%	
Operating cash flow before interest and tax (\$m)	14.7	9.4	55.7%
Net cash (\$m)	6.4	21.9	
Number of stores (#)	48	41	7

Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported a record net profit after tax of \$14.1m for the half year to 31 December 2015, an increase of 41% on the previous corresponding period.

Profit growth was driven by a 32% increase in sales revenue to \$102.5m for the half year. The higher sales resulted from excellent same store sales growth of 11.6% and the contribution from new store openings. Gross margins were maintained at 60% and operating expenses as a percentage of sales reduced to 39.5% from 41.2%.

Dividends

The Directors have declared a fully franked interim dividend of 9.0 cents per share, with a record date of 2nd March 2016 and payable on 23rd March 2016. This compares with a fully franked interim dividend of 7.0 cents per share for the previous corresponding half year.

Commenting on the results, the Managing Director, Mr Anthony Scali, said “Total sales order growth of 37% and comparative sales order growth of 12% was achieved on the back of very strong July and November trading months in particular. We have opened 9 new stores during the 2015 calendar year which all performed in line with expectation and positively influenced the overall result for the half. We are very pleased with the top line result together with holding margins at 60% despite the falling Australian dollar.”

Store Growth

During the period, the store network continued to expand with two new Nick Scali Furniture stores opening since June 2015, in Casula (NSW) and a fourth store in Western Australia at Midland.

Mr Scali added “We have opened two new stores and refurbished four existing stores during the period. The stores in Western Australia continue to trade well and contribute favourably to the Group results.”

Store network expansion continues in conjunction with the strategy to selectively purchase properties. A total of 4 to 6 new stores are expected to open in existing markets over the next 12 months.

The Company still has considerable store network expansion opportunities. Following a recent review, the network target remains at 75 stores in Australia/New Zealand.

Outlook

January is traditionally the Company’s strongest trading month of the year for sales orders received and January 2016 saw a 24% growth in total sales orders with a 3.3% growth in comparative sales orders over the prior comparative period. The Company expects continued sales growth for the second half of the 2016 financial year.

Current expectation is for net profit after tax for FY16 to be in the range of \$22 to \$24 million.

For further information contact

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