nickscali
LIMITED

RESULTS ANNOUNCEMENT – YEAR ENDED 30 JUNE 2017 (FY17)

10th August 2017

Record Net profit of $37.2m, up 42%

Summary Result

	FY17	FY16	Change
Revenue ($m)	**232.9**	**203.0**	**14.7%**
Net profit after tax ($m)	**37.2**	**26.2**	**42.4%**
Net margin (%)	62.5%	60.8%	
Expenses (excl depreciation and finance costs) (% to sales)	38.9%	41.3%	
Earnings before interest, tax, depreciation and amortisation (EBITDA) ($m)	55.7	40.2	38.7%
Earnings before interest and tax (EBIT) ($m)	52.9	37.1	42.7%
EBIT margin (% to sales)	22.7%	18.3%	
Basic earnings per share (EPS) (cents)	46.0	32.3	42.4%
Final dividend per share (cents)	20.0	14.0	42.9%
Full year dividend per share (excl special dividend) (cents)	34.0	23.0	47.8%
Like for like sales growth (%)	+10.0%	+11.1%	
Operating cash flow before interest and tax ($m)	58.6	42.3	38.4%
Net cash (Cash less borrowings) ($m)	18.8	15.9	
Number of stores (#)	51	47	4

Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported a record net profit after tax of $37.2m for the year ended 30 June 2017, an increase of 42.4% on the previous corresponding period.

The 15% increase in sales revenue to $232.9m for the year was due a combination of same store sales growth of 10% and the contribution of new stores opened during FY16 and FY17.

Gross margins strengthened to 62.5% from 60.8% driven by significant volume growth in certain product categories.

Operating expenses decreased as a percentage of sales from 41.3% in FY16 to 38.9% for FY17. Whilst the Company maintains tight cost control, the proportional decrease was achieved largely from the ability of the Company to leverage increased revenue off our existing infrastructure.

Commenting on the results, the Managing Director, Mr Anthony Scali, said "Although our overall performance has been underpinned by the current favourable market conditions, I am pleased with the gross margin percentage increase and expense percentage decrease which have both contributed to another record profit result."

Nick Scali Limited ABN 82 000 403 896 3-29 Birnie Avenue Lidcombe NSW 2141 Tel: 61 2 9748 4000 Fax: 61 2 9748 4022

Dividends

The Directors have declared a fully franked final dividend of 20.0 cents per share bringing the total dividends for the year to 34.0 cents per share (FY16: 23.0 cps). The final dividend will have a record date of 4th October 2017 and a payment date of 25th October 2017. The dividend payout ratio for the full year of 74%, appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth.

Store Growth

During the fiscal year, the Company opened four new Nick Scali Furniture stores in Geelong (VIC), Hobart (our first store in Tasmania), Jandakot (our fifth store in WA) and Preston (VIC). The total number of stores at 30 June 2017 was fifty one.

The Company expects to open up to 10 new stores during FY18.

The first New Zealand store will open in Auckland in December 2017 with additional stores to open in FY18.

Outlook

The furniture market is directly influenced by consumer confidence, interest rates, unemployment levels and the volume of home renovations and housing sales. Given the likely slowdown in housing sales, the Company believes that same stores sales order growth will be challenging in FY18.

Whilst the Company is planning to open around 10 new stores in FY18, the benefit to earnings will only be generated in FY19 due to the associated start-up costs of new stores and their staggered starting dates.

Given the uncertainty of trading conditions moving forward, it is very difficult to provide any profit guidance for FY18.

Nick Scali has a strong balance sheet, with a healthy net cash position, enabling the Company to continue its growth strategy and take advantage of any opportunities that may arise.

Conference call

Anthony Scali will be presenting the FY17 results by teleconference at 10h30 AEST on Thursday 10 August 2017. Dial in details are as follows :

Confirmation Code	6485 9745
Participant (Toll)	+ 61 2 8038 5221

For further information contact :

Anthony Scali	(Chief Executive Officer and Managing Director)
Kevin Fine	(Chief Financial Officer and Company Secretary)

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