

RESULTS ANNOUNCEMENT – HALF YEAR 2017 (H1-17)

14 February 2017

Record half year net profit of \$20.5m, up 45%

Summary Result

	<u>HY17</u>	<u>HY16</u>	<u>Change</u>
Revenue (\$m)	118.4	102.5	15.5%
Net profit after tax (\$m)	20.5	14.1	44.7%
Net Margin (%)	62.0%	60.0%	
Expenses (excl Dpreciation and Finance costs) (%)	36.4%	39.5%	
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	30.5	21.1	44.2%
Earnings before interest and tax (EBIT) (\$m)	29.0	20.0	45.2%
EBIT Margin (%)	24.5%	19.5%	
Basic earnings per share (EPS) (cents)	25.2	17.4	44.7%
Interim dividend per share (DPS) (cents)	14.0	9.0	55.6%
Like for like sales growth (%)	+10.1%	+11.6%	
Operating cash flow before interest and tax (\$m)	25.3	14.7	71.9%
Net cash (\$m)	15.9	6.4	
Number of stores (#)	50	47	3

Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported a net profit after tax of \$20.5m for the half year to 31 December 2016, an increase of 44.7% on the previous corresponding period.

The profit growth was driven primarily by a 15.5% increase in sales revenue to \$118.4m. The higher sales resulted from same store sales growth of 10.1% and the contribution from new stores. Gross margins strengthened to 62.0% largely as a result of economies of scale from volume growth in our specialised categories.

Operating expenses decreased as a percentage of sales to 36.4% (H1-16: 39.5%) due to continued attention to the control of costs and seeking efficiencies.

Commenting on the results, the Managing Director, Mr Anthony Scali, said "Our overall performance has been underpinned by the current favourable market conditions, our continued store rollout program and economies of scale. The store rollout to strategically selected locations will continue to be a major element of our strategy."

Dividends

The Directors have declared a fully franked interim dividend of 14 cents per share, with a record date of 1st March 2017 and a payable on 22nd March 2017. This compares with a fully franked interim dividend of 9 cents per share for the previous corresponding period.

Store Growth

During the period, the store network continued to expand with three new Nick Scali Furniture stores opening since June 2016, in Hobart (our first store in Tasmania), Geelong (VIC) and Jandakot (our fifth store in WA).

A further two to three stores are expected to open during the second half of the 2017 financial year and there is a promising pipeline of new stores for financial year 2018.

Outlook

January is traditionally the Company's biggest trading month of the year for sales orders received and the four week trading period in January 2017 saw continued double digit growth in both total sales orders and comparative stores sales orders compared with the previous corresponding period. The Company expects market conditions for the second half of the 2017 financial year to remain favourable. Nick Scali Limited's strong balance sheet gives it the capability to continue to grow the business.

For further information contact :

Anthony Scali
Kevin Fine

(Chief Executive Officer and Managing Director)
(Chief Financial Officer and Company Secretary)