

RESULTS ANNOUNCEMENT – YEAR ENDED 30 JUNE 2018 (FY18)

16th August 2018

Record Net profit of \$41.0m, up 10%

Summary Result

	FY18	FY17	Change
Revenue (\$m)	250.8	232.9	7.7%
Net profit after tax (\$m)	41.0	37.2	10.1%
Net margin (%)	62.7%	62.5%	
Expenses (excl depreciation and finance costs) (% to sales)	38.1%	38.9%	
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	62.8	55.7	12.7%
Earnings before interest and tax (EBIT) (\$m)	59.0	52.9	11.6%
EBIT margin (% to sales)	23.5%	22.7%	
Basic earnings per share (EPS) (cents)	50.6	46.0	10.1%
Final dividend per share (cents)	24.0	20.0	20.0%
Full year dividend per share (excl special dividend) (cents)	40.0	34.0	17.6%
Operating cash flow before interest and tax (\$m)	59.6	58.6	1.8%
Net cash (Cash less borrowings) (\$m)	2.9	18.8	
Number of stores (#)	55	50	5

Furniture retailer Nick Scali Limited ("the Company") (ASX: NCK) today reported a record net profit after tax of \$41.0m for the year ended 30 June 2018, an increase of 10% on last year.

Sales Revenue increased 8% to \$250m with the increase derived from a full year's contribution from the four stores opened during FY17 and a smaller contribution from six stores opened during FY18. Same store sales were flat for the year.

Gross margins strengthened by 20 bps to 62.7% driven by efficiencies from supplier consolidation and volume growth.

Operating expenses as a percentage of sales continue to decrease due to the ability of the Company to leverage sales growth through the existing distribution network.

Commenting on the results, the Managing Director, Mr Anthony Scali, said "The result demonstrates that the continued store roll out provides significant leverage enabling us to improve our operating margins and also lower our cost ratios, which is essential for future profit growth. Our cash flow and balance sheet remain strong, allowing us to take advantage of opportunities that may arise."

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Dividends

The Directors have declared a fully franked final dividend of 24.0 cents per share, up 20.0% on last year and bringing the total dividends for the year to 40.0 cents per share (FY18: 34.0 cps), up 17.6% on last year. Total dividends for the year represent a payout ratio of 79%. The final dividend will have a record date of the 3 October 2018 and a payment date of 24 October 2018.

Store Growth

Six new Nick Scali stores were opened during the FY18 year including the first store in New Zealand, in Auckland, with others to follow.

For FY19, the Company has confirmed a further six new stores with five of the six opening in the first half. One of the six will be the second store to open in New Zealand. This will result in a Company-wide store network of 60 stores by December 2018.

Our long term store network is 75+ stores throughout Australia and New Zealand.

Outlook

Same store sales growth has been challenging during FY18 particularly given that the Company was cycling off two years of double digit same store sales growth.

Trading since June has seen positive same store sales order growth, which is encouraging given the difficult trading conditions experienced in April and May.

At the end of the first half FY19 the Company will add a new product category of bedrooms and bedding to the range in selected stores, which is expected to generate further sales growth over time.

The performance of the first store in New Zealand has been extremely encouraging. With the second store opening in October, New Zealand will begin to provide a positive contribution. The good start in NZ has confirmed that the product and brand acceptance there is better than had been anticipated. Nick Scali is confident that New Zealand will generate significant profit growth for the Company in the future

Conference call

Anthony Scali will be presenting the FY18 results by teleconference at 10h00 AEST on Thursday 16 August 2018. Dial in details are as follows :

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Participant (Toll)	+ 61 2 8038 5221

For further information contact :

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Kevin Fine	(Chief Financial Officer and Company Secretary)