



Nick Scali Limited
Results Presentation
Six Months Ended 31 December 2011
(1H12)

9 February 2012



Key points – 1H12

Sales	<ul style="list-style-type: none">• Sales increased 9% in very difficult retail environment• Growth driven by new stores
Profit	<ul style="list-style-type: none">• NPAT down 11% to \$5.3m
Dividend	<ul style="list-style-type: none">• Final dividend of 4.5 cents (fully franked)
New Stores	<ul style="list-style-type: none">• 7 stores opened during June to December 2011 – across all brands

Earnings Summary

Half Year End 31 December (\$m)	1H11	1H12	Change
Sales revenue	49.3	53.8	9.1%
Cost of sales	(18.3)	(20.9)	
Gross profit	31.0	32.9	
Operating expenses	(22.5)	(25.4)	
EBITDA	8.5	7.5	-11.8%
Depreciation	(0.5)	(0.6)	
EBIT	8.0	6.9	-13.8%
Net interest	0.4	0.4	
Profit before tax	8.4	7.3	-13.8%
Taxation	(2.5)	(2.0)	
NPAT	5.9	5.3	-10.9%
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Gross margin	63.0%	61.2%	
Op expenses / sales	45.6%	47.2%	
EBITDA margin	17.3%	13.9%	
EBIT margin	16.3%	12.8%	
Effective tax rate	30.0%	27.6%	
Earnings ¢ per share	7.3	6.5	
Dividends ¢ per share	4.5	4.5	

- Sales reflect contribution of new stores.
- Comparative store sales growth flat.
- Margin impacted by discounting and price deflation.
- Operating cost proportionately higher due to the 9 new stores opened since the previous December, 7 since June 2011.
- New stores impact property and employment costs
- Dividend payout ratio 69%



Cash flow

Half Year End 31 December (\$m)	1H11	1H12
Receipts from customers	53.1	58.5
Pmts to suppliers/employees	(44.9)	(51.7)
Other	0.4	0.5
Income tax paid	(3.1)	(2.7)
Operating Cash Flow	5.5	4.6
Capital expenditure	(9.2)	(1.0)
Investing Cash Flow	(9.2)	(1.0)
Dividends	(3.6)	(3.6)
Borrowings	3.5	0.0
Interest paid	0.0	(0.1)
Financing Cash Flow	(0.1)	(3.7)
Net Cash Flow	(3.8)	(0.1)

- Operating cashflow reflects change in EBITDA
- Capex investment in the 7 new stores
- Capex investment in existing store refurbishments
- 1H11 includes impact of Alexandria property purchase on capex and borrowing



Balance Sheet

- Balance sheet stable
- Inventory held in DCs \$4.8m (FY11 \$5.0m). Balance is showroom display stock or in transit for customers.
- Payables up due to timing of deliveries closer to reporting date.



Period End (\$m)	Jun'11	Dec'11
Cash	17.6	17.4
Receivables	0.8	0.9
Inventories	12.2	13.8
Fixed assets	13.7	14.1
Intangibles	2.4	2.4
Other	1.7	2.1
Total Assets	48.4	50.7
Payables	17.0	18.5
Current tax payable	1.6	0.7
Provisions	0.7	0.7
Borrowings	3.5	3.5
Total Liabilities	22.8	23.4
Net Assets	25.6	27.3
Net cash (debt)	14.1	13.9
Working capital	(4.0)	(3.8)

Store Growth

Nick Scali Furniture

- Two new Nick Scali stores opened August & November 2011 (VIC & NSW)
- One new store committed in calendar 2012
- More stores under active negotiation for 2012 and beyond

Sofas2Go

- Three new Sofas2Go stores opened mid October & late December 2011 (2xNSW, 1xVic)
- Further stores are in negotiation for calendar 2012
- Now four stores in NSW and one in Victoria
- Brand has been positively received, and is positioned well in this trading environment - with good price points for quality product, much of it sourced through our existing supplier networks
- Greater store presence permits us to more heavily promote the brand and develop brand awareness

Chateau d'Axe

- New store expected to open by the end of 2012 in NSW

Outlook

SALES AND PROFIT

- First half written sales orders are 12% over the same period last year, and 1.5% higher on a comparable store basis (these are orders written in stores but which may not yet be delivered to customers)
- January trading has been strong, though down on January last year's record levels
- Consumer buying patterns continue to be volatile month to month, making it difficult to predict full year results
- The new stores opened in the first half will make a much greater contribution to profitability during the remainder of the fiscal year

