

Nick Scali Limited
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Press Release
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Record First Half Result

	Half year ended December 2012 \$'000	Half year ended December 2011 \$'000	Change %
Sales revenue	62,931	53,801	17.0%
Profit before tax	9,215	7,264	26.9%
Net profit after tax	6,447	5,259	22.6%

Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported a record profit before tax result of \$9.2m for the half year to 31 December 2012, an increase of 27% compared to the previous corresponding period. Net Profit after Tax (NPAT) for the first half was up 22.6% on last year.

The Company also achieved record sales revenue of \$62.9m for the half year, a 17.0% increase on the previous corresponding period and comparable store sales were positive 4.7%.

The Directors have declared a fully franked interim dividend of 6.0 cents per share, with a record date of 7 March 2013 and payable on 28 March 2013. This compares with a fully franked interim dividend of 4.5 cents per share for the previous corresponding half year.

Commenting on the results, the Managing Director, Mr Anthony Scali, said "we delivered a good result in a subdued trading environment by growing market share in our segment. We have grown our store network and strengthened our product offer at a time when our competitors are either consolidating or closing stores. Consumer demand continued to be volatile through much of the period but there was a noticeable improvement in the order intake in the quarter ended 31 December, which should benefit sales revenue in the second half."

The increase in Net Profit after Tax was the result of the higher sales and a disciplined approach to costs, which saw expenses as a percentage to sales decline by 300 basis points

compared with last year. Gross Margin for the half year was 59.8% to sales, down on the same period last year's 61.2%, but was in line with plan.

Store Growth

Three new stores were opened during the half; two Nick Scali stores and one Sofas2Go store. The two Nick Scali stores were opened in Bankstown, NSW, and at Maroochydore in Queensland. Both stores have performed in line with expectations.

The new Sofas2Go store is at Fyshwick ACT and was opened just prior to Christmas. Mr Scali said that "this new store brings the number of Sofas2Go stores to six and the brand continues to show promising returns in its early stages of roll-out. As we increase the store footprint we are confident that this will deliver economies of scale and increased brand awareness".

The Company will be opening a new Nick Scali store at Moorabbin in Victoria in March 2013. The Company also has plans to open one more Nick Scali and three Sofas2Go stores in the second half of the year. This will bring the total number of stores we expect to open during the financial year to eight, comprising four Nick Scali and four Sofas2Go stores.

Mr Scali said that "the rate of new store openings has increased over the past 2 years, which should underpin future sales and profit growth. The Nick Scali and Sofas2Go brands still have considerable room to grow, and as a result, new store opportunities are continually under review".

Outlook

January is our strongest trading month of the year in terms of written sales orders and has an important bearing on our second half result. This year the Company experienced robust trading conditions in January with excellent order intake growth.

For the seven months to January 2013, written orders have grown by 13% over the previous corresponding period and total same store orders are up 2%. If consumer demand continues at present levels, Directors believe that the full year to June 2013 Net Profit after Tax will be at least 20% up on the previous year.

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