

RESULTS ANNOUNCEMENT – HALF YEAR 2015 (1H FY15) – 11 February 2015

Record net profit of \$10m, up 28%

	HY15	HY14	Change
Revenue (\$m)	77.6	71.7	8.3%
Net profit after tax (\$m)	10.0	7.9	27.7%
Net Margin (%)	60.3%	60.3%	
Expenses (excl Dpreciation and Finance costs) (%)	41.2%	43.9%	
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$m)	15.0	11.8	27.2%
Earnings before interest and tax (EBIT) (\$m)	14.0	10.8	29.2%
EBIT Margin (\$m)	18.0%	15.1%	
Basic earnings per share (EPS) (cents)	12.4	9.7	27.7%
Interim dividend per share (DPS) (cents)	7.0	6.0	
Like for like sales growth (%)	+1.2%	+8.5%	
Operating cash flow before interest and tax (\$m)	9.4	10.2	-7.7%
Net cash (\$m)	28.6	27.2	
Number of stores (#)	41	38	+3

Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported a record net profit after tax of \$10.0m for the half year to 31 December 2014, an increase of 28% on the previous corresponding period.

Profit growth was driven by an 8.3% increase in sales revenue to \$77.6m for the half year. The higher sales resulted from same store sales growth of 1.2%, the contribution from new stores opened over the past 18 months and the online channel growth. Gross Margins were maintained at the same level as last year and operating expenses as a percentage of sales fell to 41.2% from 43.9%, with all major categories contributing.

The Directors have declared a fully franked interim dividend of 7.0 cents per share, with a record date of 5th March 2015 and payable on 26th March 2015. This compares with a fully franked interim dividend of 6.0 cents per share for the previous corresponding half year.

Commenting on the results, the Managing Director, Mr Anthony Scali, said "we are pleased with the result that has been delivered especially considering the competitive market in which we trade. During the first half we managed to increase sales while holding our gross margin above 60% in spite of the continued pressures from suppliers, the weakening of the Australian dollar and fluctuating consumer confidence. Our online channel continues to grow and will be an ongoing focus to complement our in-store offer."

Store Growth

Two new Nick Scali stores have opened since June 2014, Rutherford (NSW) and Cairns (QLD), both in the latter part of December 2014. Plans for expansion into Western Australia are well on track with three new Nick Scali stores scheduled to open during H2-15 at Joondalup (WA) and O' Connor (WA) in March 2015 and Osborne Park (WA) in May 2015. Lease commitments for a further two new eastern states stores, which are planned to open in Q4 of FY15, are nearing finalisation. This plan will result in a total of seven new Nick Scali stores by June 2015, bringing the total number of stores to 41 Nick Scali stores (LY:34).

Mr Scali added "we look forward to opening these new stores in the second half of the financial year and are especially excited about the plan to open our first stores in Western Australia, supported by a purpose built Distribution Centre".

Outlook

January is traditionally the Company's strongest trading month of the year for sales orders and January 2015 saw a 7% growth over the prior comparative period.

The rollout of the new stores, including the start-up operation in Western Australia incorporating a stand-alone distribution centre and additional management to support the business, will result in significant start-up costs being incurred. Sales revenue from orders taken on these new stores during Q4 will largely fall into the following financial year (FY16). The new stores in Western Australia are expected to take longer to reach maturity given it is the Company's first move into this state. In addition to these factors, a continuing decline in the Australian dollar may bring further challenges to maintain sales and margins, requiring careful management.

For further information contact

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