

Nick Scali Limited (NCK)
Results Presentation – Y/E 30 June 2015 (FY15)
11th August 2015

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L I M I T E D



Key Highlights – FY15

Sales

Sales increased 10% to \$155.7m (FY14: \$141.4m)

Profit

NPAT increased 20% to \$17.1m (FY14: \$14.2m)

Dividend

- Final dividend of 8.0 cents per share (FY14: 7.0 cps)
- Total dividend for the year of 15.0 cps (FY14: 13.0 cps)
- Payout ratio of 71% (FY14: 74%)

New Stores

7 new Nick Scali Furniture stores opened during the year

Earnings Summary – FY15

Year Ended 30 June	FY15 \$m	FY14 \$m	Change %
Sales Revenue	155.7	141.4	+ 10%
Cost of sales	(61.3)	(56.0)	
Gross Profit	94.5	85.4	+ 11%
Other income	0.4	0.2	
Operating Expenses	(69.0)	(64.1)	+ 8%
EBITDA	25.9	21.5	+ 21%
Depreciation	(2.1)	(1.9)	
EBIT	23.8	19.5	+ 22%
Net Interest income	0.6	0.8	
Profit before tax	24.4	20.4	+ 20%
Taxation	(7.3)	(6.1)	
Net profit after tax	17.1	14.2	+ 20%
Gross margin	60.7%	60.4%	
Operating Expense to sales	44.3%	45.3%	
EBITDA margin	16.6%	15.2%	
Effective tax rate	30%	30%	
Earnings per share	21.1	17.6	
Dividends per share	15.0	13.0	

- Sales increase of 10.1% from comparable store growth of +3.4%, some contribution from 7 new stores opened in the latter part of FY15 and a consistent investment in marketing
- Sales orders for the year were up 11.2% and +2.5% on a comparable store basis
- Margin held solid at 60.7% (FY14 : 60.4%) despite the continued decline in AUD throughout the period
- Operating expenses increased by \$4.9m to \$69.0m driven by the start up costs for the new stores but decreased as a percentage to sales to 44.3% (FY14: 45.3%) due to continued cost efficiency, especially resource management and lease renewals
- NPAT result of \$17.1m up 20% for the year (FY14: \$14.2m)
- The directors declared a fully franked final dividend of 8.0 cents per share (FY14: 7.0 cps) with a record date of 7th October 2015 and a payment date of 28th October 2015



Balance Sheet – FY15

Year Ended 30 June	Jun 15 \$m	Jun 14 \$m
Cash and term deposit	33.7	35.9
Receivables	0.2	0.2
Inventories	24.2	19.0
Fixed assets	35.1	22.9
Intangibles	2.4	2.4
Other	0.7	0.1
Total Assets	96.3	80.4
Payables	33.2	27.4
Current tax liabilities	1.1	2.4
Provisions	3.2	3.4
Borrowings	12.1	6.8
Other	0.5	0.4
Total Liabilities	50.1	40.3
Net Assets	46.2	40.1
Net cash	21.6	29.1

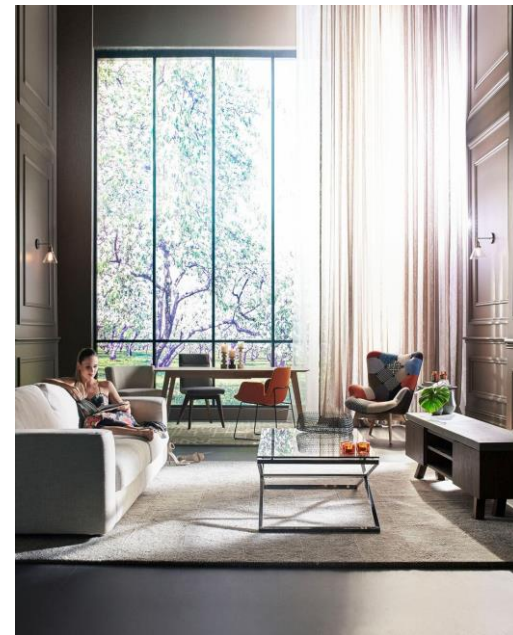
- Strong cash position maintained
- Inventory up \$5.2m due to expected sales growth, 7 additional stores in FY15 plus a new warehouse in WA and the decrease in the AUD
- Payables have increased largely due to a higher balance of customer deposits
- Fixed assets up \$12.2m as properties in Caringbah and Joondalup were purchased in July 2014 for \$6.3m and March 2015 for \$4.5m respectively, both for Nick Scali stores
- Borrowings up \$5.3m in relation to financing of the Caringbah and Joondalup property purchases
- All borrowings relate to property purchases, the total cost of which is ~\$27m



Cash Flow – FY15

Year Ended 30 June	FY15 \$M	FY14 \$M
Receipts from customers	171.2	166.3
Payments to suppliers/employees	(144.9)	(139.1)
Interest received	1.1	1.1
Income tax paid	(8.6)	(5.9)
Operating Cash Flow	18.8	22.4
Capital expenditure	(14.6)	(2.9)
Investing Cash Flow	(14.6)	(2.9)
Dividends	(11.3)	(9.7)
Borrowings	5.3	0.0
Interest Paid	(0.4)	(0.3)
Financing Cash Flow	(6.5)	(10.0)
Net Cash Flow	(2.2)	9.5

- Operating Cash Flow in the prior comparative period included a one-off compensation payment received in relation to government land resumption
- Operating Cash Flow increased year on year by 10% when excluding the one off prior period payment as mentioned above
- Capital Expenditure increased from the purchase of the Caringbah and Joondalup properties for a combined amount of \$10.8m with a corresponding increase in borrowings of \$5.3m to part finance these acquisitions
- Dividends paid during FY15 include the FY14 final dividend of 7.0 cps paid in October 2014 (FY13: 6.0 cps) and the 7.0 cps FY15 interim dividend paid in March 2015 (FY14: 6.0 cps)



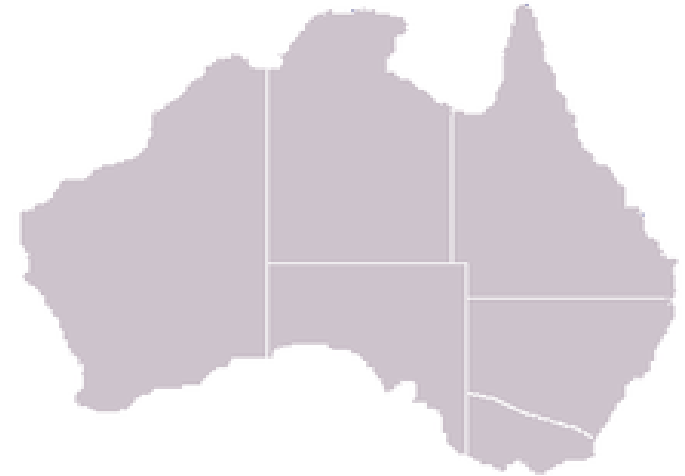
Store Network

Nick Scali Furniture

- 7 stores were opened during the period bringing the total stores at fiscal year end to 41
- 2 new stores opened during H1-15 at Rutherford (NSW) and Cairns (QLD) both in late December 2014 in time for end of season sale
- The brand was launched in WA by opening a distribution centre in H1-15 and 3 new stores in H2-15 including Joondalup, O'Connor and Osborne Park
- 2 new stores were opened during H2-15 at West Gosford (NSW) and Penrith (NSW)
- A further 2 new stores are planned to open in H1-16, Casula in NSW and Midland in WA
- The Company has committed to purchase a property at Nunawading (VIC) in H1-16

Sofas2Go

- Store network includes a total of 5 stores as at 30 June 2015



Store Numbers at 30 June 2015

	Nick Scali	Sofas2Go	Total
NSW	15	3	18
VIC	10	1	11
QLD	8		8
SA	4		4
ACT	1	1	2
WA	3		3
	41	5	46

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2go

Outlook

- The new financial year started in line with expectations with good trading conditions in July
- The Company expects continued sales growth into FY16 from the full 12 month impact of opening 7 new stores during FY15 together with the rollout of 2 new stores in H1-16
- The successful launch of the brand into Western Australia with a distribution centre and 3 stores opened in FY15 and a 4th store planned, will contribute favourably in FY16
- The store network expansion continues
- A continuing decline in the Australian dollar may bring short term challenges to maintain margins, requiring careful management of product mix and promotions



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- This document should be read in conjunction with the FY15 Results Announcement and FY15 Appendix 4E.

