

MANAGING DIRECTOR ANTHONY SCALI INCREASES INTEREST IN NICK SCALI LIMITED FOLLOWING SELL DOWN OF PART OF SCALI FAMILY INTEREST TO INSTITUTIONS

22 March 2016

Nick Scali Limited (NSL) [ASX: NCK] was founded by Mr Nick Scali Snr (Founder) over 50 years ago and listed on the ASX in 2004. Since listing, Mr Anthony Scali (Managing Director) has presided over substantial growth in the market capitalisation of the Company from \$81m in 2004 to approximately \$335m today. This has included a significant increase in the number of stores from 10 to 48 and Sales Revenue from \$36 million in FY2003 to \$156 million in FY2015.

The Scali family has held a 50% stake (Family Stake) in NSL since listing. In 2006, the Family Stake was acquired from the Founder by Scali Consolidated Pty Ltd (Scali Consolidated), in which family interests associated with each of Mr Anthony Scali and his two siblings, Nicky and Yvonne, each hold a 16.7% economic interest in NSL.

In order to repay outstanding debt following the acquisition of the Family Stake and realign their interests in NSL with their current level of operational involvement in the business, both Nicky and Yvonne have agreed to transfer their economic interests in NSL to family interests associated with Mr Anthony Scali (Shareholding Restructure).

In connection with the Shareholding Restructure, Scali Consolidated will today complete the sale of approximately 18.4 million shares representing 23% of NSL to institutional investors (Sell Down). The Sell Down was completed at \$3.80 per share, for total proceeds of \$70 million and was fully underwritten by Macquarie Capital (Australia) Limited.

Following completion of the Shareholding Restructure and Sell Down (together the Transactions), family interests associated with the Managing Director, Mr Anthony Scali, will have increased their economic interest in NSL from 16.7% to 27.3% of the Company. The reduction in the Family Stake by 18.4 million shares has resulted in a significant increase in the free float market capitalisation of NSL, increasing potential trading liquidity of NSL shares.

Mr John Ingram, Chairman of NSL said, "The transactions reflect the generational change which has occurred over the past several years where Mr Anthony Scali has increasingly put his stamp on the business he has so successfully led for more than 25 years. Importantly, Mr Anthony Scali will continue as Managing Director of NSL with his economic interest in the Company to increase to 27.3%."

Mr John Ingram added, “Two very positive outcomes stem from the Transactions, the first being that NSL’s Managing Director has increased his economic exposure and alignment with the Company, demonstrating his commitment and his confidence in the future prospects of NSL. Secondly, we welcome onto our register a number of new institutional shareholders who will enhance the liquidity of NSL shares, representing a benefit for all NSL shareholders.”

Mr Anthony Scali said, “I am delighted that the Scali family will remain the largest shareholder in NSL and that my economic interest in the Company has increased, demonstrating my confidence in the long term prospects for the business as we continue to pursue our strategy.”

Mr Nick Scali Snr, who founded the Company and is now 82 years of age, has indicated his desire to take this opportunity to announce that he intends to retire from the Board of NSL at the Company’s 2016 Annual General Meeting.

Having now sold his stake in the Company, Mr Nick Scali Jnr will relinquish his role as Alternate Director.

Mr Anthony Scali said, “Whilst the Scali Family Stake will reduce following completion of the Sell Down, I remain fully committed to NSL and believe that the new ownership structure results in a strong personal alignment of economic interests between myself and all other NSL shareholders.”

Following the Transactions, the Board reaffirms the Company’s guidance given to the market on 9 February 2016, noting the expectation of continued sales growth in the second half of the 2016 financial year, with 2016 full year net profit after tax expected to be in the range of \$22-24 million.

For further information contact

Anthony Scali (Managing Director) or
John Ingram (Chairman of the Board)