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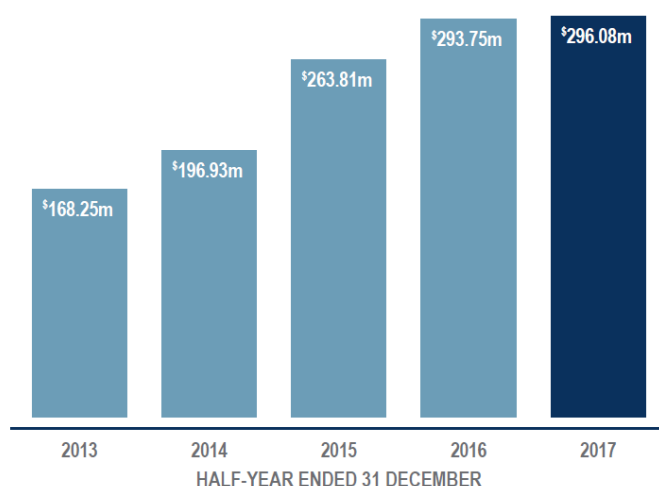
RESULTS FOR HALF-YEAR ENDED 31 DECEMBER 2017

UNDERLYING NET
PROFIT BEFORE TAX*

\$296.08m

UP
BY **+0.8%**

(*Excluding net property revaluations, Coomboona JV trading losses and Coomboona JV impairment)



RECORD
UNDERLYING PROFIT BEFORE TAX
RESULT IN DECEMBER
2017

The consolidated entity has built on the record-breaking comparative base for HY17 to deliver a new record underlying profit result (excluding net property revaluations, Coomboona JV trading losses and Coomboona JV impairment loss) for HY18.

HALF-YEAR ENDED 31 DECEMBER 2017

	Reported	Underlying (Excluding Significant Items*)	Variance to PCP (excluding significant items)
Net Profit Before Tax	\$293.61m	\$296.08m	+0.8%
Net Profit After Tax and NCI	\$207.69m	\$209.42m	+1.4%
Property segment result before tax	\$91.28m	\$68.52m	-3.4%

* Excluding net property revaluation adjustments, Coomboona JV trading losses and Coomboona JV impairment loss

	Reported	Variance to PCP
Franchisee aggregated headline sales revenue¹	\$3.00bn	+4.8%
Franchising Operations segment result	\$167.21m	-2.9%
Company-operated sales revenue	\$1,022.24m	+4.7%
Company-operated retail segment result before tax	\$57.38m	+11.3%
Net Assets	\$2.88bn	+4.2%

¹ Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity

Harvey Norman Holdings Limited (ASX:HVN) announced today that net profit after tax and non-controlling interests for the half year to 31 December 2017 was \$207.69 million, down \$49.60 million, from \$257.29 million in the previous corresponding period (PCP), representing a 19.3% decrease.

Profit before tax was \$293.61 million, a decrease of 19.8% from \$366.23 million in the PCP. Profit for the period was negatively impacted by a reduction in the net property revaluation increment by nearly \$53 million this half, from \$75.74 million in the previous half year to \$22.76 million in the current half, in addition to the first-time recognition of a \$20.67 million impairment loss for the write-down of the equity-accounted investment in the Coomboona Holdings joint venture. Excluding net property revaluation adjustments, the Coomboona JV trading losses and the Coomboona JV impairment loss, underlying profit before tax was \$296.08 million – an increase of 0.8% from \$293.75 million in the PCP, building on the record-breaking comparative base for HY17 to deliver a new record underlying profit result for HY18.

Harvey Norman Chairman, Gerry Harvey said, "the strength, stability and flexibility of our expansive, high-quality retail developments continues to be an integral point of difference, and this allows us to maximise the ability of our physical retail offerings to provide a complete interactive customer experience. We're very much focused on raising the bar of our retail experience, and this period has seen a concerted focus towards completing our Flagship store strategy by the end of the 2018 financial year."

"After the successful development and implementation of our Flagship stores in Singapore, Slovenia, Ireland and Northern Ireland, this last half year saw more great progress towards our goal. In October/November we finished the first of two stages of the Flagship complex at Auburn in Sydney. In November we completed the Flagship store at Ikano in Kuala Lumpur. The Zagreb Flagship upgrade, the completion of the 2nd stage of the Flagship complex at Auburn and the full upgrade of the Flagship store at Wairau Park in Auckland will be completed by June 2018." said Mr Harvey.

The trend of strong growth and profitability in Harvey Norman's company-operated retail operations continued during the half, with an 11.3% rise in profitability of the total company-operated retail segment to \$57.38 million for the current half compared to \$51.56 million in the previous corresponding period. The Flagship store at Tallaght, Dublin that opened in July 2017 provided a healthy boost to sales in Ireland and the continued growth of the Boucher Road Flagship store in South Belfast, Northern Ireland bolstered the brand in the region. Stores in New Zealand performed well showing modest sales and market share growth amidst a slowdown in the NZ economy and a cooling housing market in Auckland. Sales in Singapore and Malaysia were strongly assisted by the opening of the new Flagship store at Ikano, Malaysia in November 2017 and the opening of the Viva City Factory Outlet, Singapore in July 2017 alongside the expansion to full-format stores of the Parkway Parade (in August 2017) and North Point (in December 2017) stores in Singapore.

The period has seen the aggregated franchisee sales revenue increase 4.8% from the previous half year, breaking the \$3 billion barrier for the first time for a December reporting period. Harvey Norman Chairman, Gerry Harvey said, "our franchisees continue to be dominant in the Home and Lifestyle categories – with an increase in aggregated sales revenue of 4.8% from this period last year. This is a really solid result when you consider the previous half-year period saw the strongest results on record and it shows our franchisees have kept up that momentum to deliver an unprecedented result."

The property portfolio has gone from strength to strength over this reporting period, with the portfolio valued at \$2.81 billion at 31 December 2017. This represents 62% of the consolidated entity's total asset base at the end of the period. The net property revaluation increment for the period was \$22.76 million for the current period reflecting the continued solid market conditions in the large-format retail sector.

Harvey Norman's balance sheet continues to be strong, anchored by real property assets and a solid working capital position. The value of net assets increased 4.2%, or \$115.96 million, to \$2.88 billion at 31 December 2017, from \$2.77 billion as at 31 December 2016.

The Board has recommended the payment of a fully-franked dividend of 12.0 cents per share, to be paid on 1 May 2018 to shareholders registered on 6 April 2018.

The details of this announcement will be made available on our website www.harveynorman.com.au.

Yours faithfully,



Chris Mentis
Company Secretary