PRESENTATION OF RESULTS

FOR THE YEAR ENDED 30 JUNE 2019

Harvey Norman®

HOLDINGS LIMITED

ACN 003 237 545

Kezie Apps
Captain, NSW Women's State of Origin Team

Ali Brigginshaw
Captain, QLD Women's State of Origin Team

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At Harvey Norman®, we strive to continually deliver the highest levels of quality, value and service for our customers. These principles inform every facet of our business, from top to bottom, and it is with these principles in mind that we devised our Flagship strategy.

A Flagship store should represent the pinnacle of achievement for a brand, while also setting the course for the future. Our Flagship stores feature the latest innovations and designs, with the biggest range of quality brands and products, and offer a level of customer service that is unsurpassed in the industry.

Auburn, Sydney, Australia


Millenia Walk, Singapore

Ikano, Kuala Lumpur, Malaysia


Zagreb, Croatia


Wairau Park, Auckland, New Zealand


Boucher Road, Belfast, Northern Ireland


Ljubljana, Slovenia

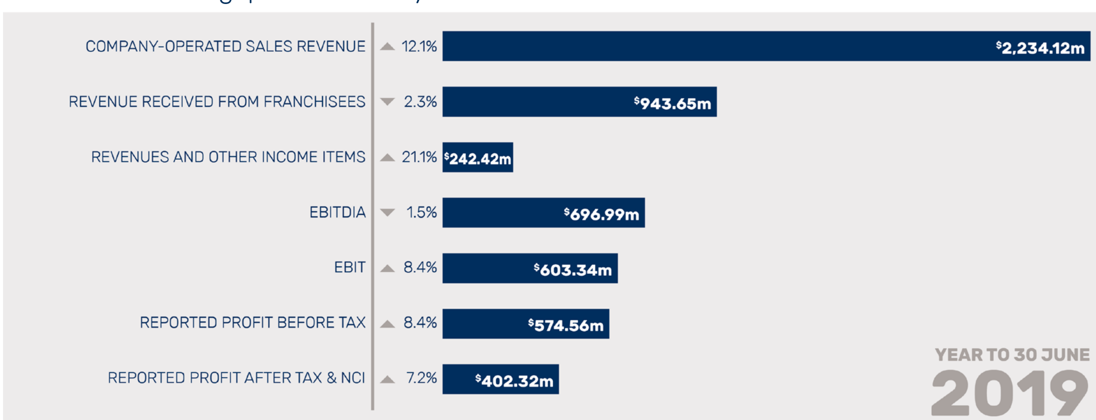

Tallaght, Dublin, Ireland

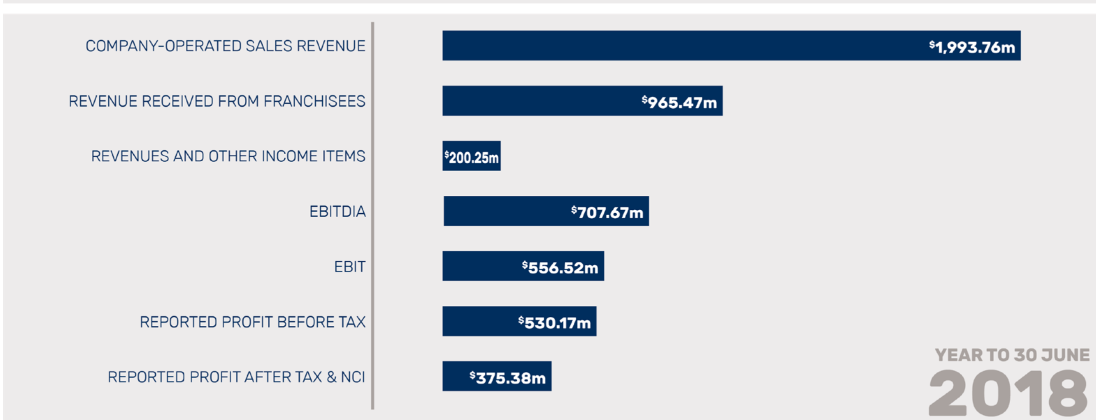
Harvey Norman®

FLAGSHIP STORES

THE BEST STORES IN THE WORLD

- **Reported PBT up by 8.4% to $574.56 million**
  → This was primarily achieved from the continued dominance of our 90 Harvey Norman® company-operated retail stores overseas, improved profitability of property segments and sale of equity investments during the year.
- **Net assets exceed $3 BILLION milestone**
  → Net assets soared to $3.2 billion as at 30 June 2019, surpassing the $3bn milestone for the first time in FY19. The robust tangible, property portfolio valued at $2.99 billion represents approx. 93% of the total net asset base.
- **Offshore Harvey Norman® retail revenue surpassed $2 BILLION milestone**
  → Strongest-ever sales performance overseas, with offshore revenue of $2.05 billion for FY19 and each overseas region reporting solid sales growth and market share gains.
- **Outstanding performance of Harvey Norman® overseas delivering best-ever trading result, representing 23% of total consolidated PBT**
  → Combined, the overseas retail operations produced an exceptional profit result of $129.70 million, up by 11.7% on previous year.
- **We intend to grow our international retail footprint to 111 Harvey Norman® company-operated stores across 7 offshore countries by the end of FY2021**
  → We have updated our expansion plans and now intend to open up to 21 new stores overseas within the next 2 years, with 17 of those stores in Singapore and Malaysia.





540 FRANCHISEES
195 FRANCHISED COMPLEXES
IN AUSTRALIA

90 OFFSHORE HARVEY NORMAN® COMPANY-OPERATED STORES

REPORTED PROFIT BEFORE TAX
$574.56m
UP 8.4% FROM $530.17m IN 2018

REPORTED PROFIT AFTER TAX & NCI
$402.32m
UP 7.2% FROM $375.38m IN 2018

2019 PBT RETURN ON NET ASSETS
18.0%

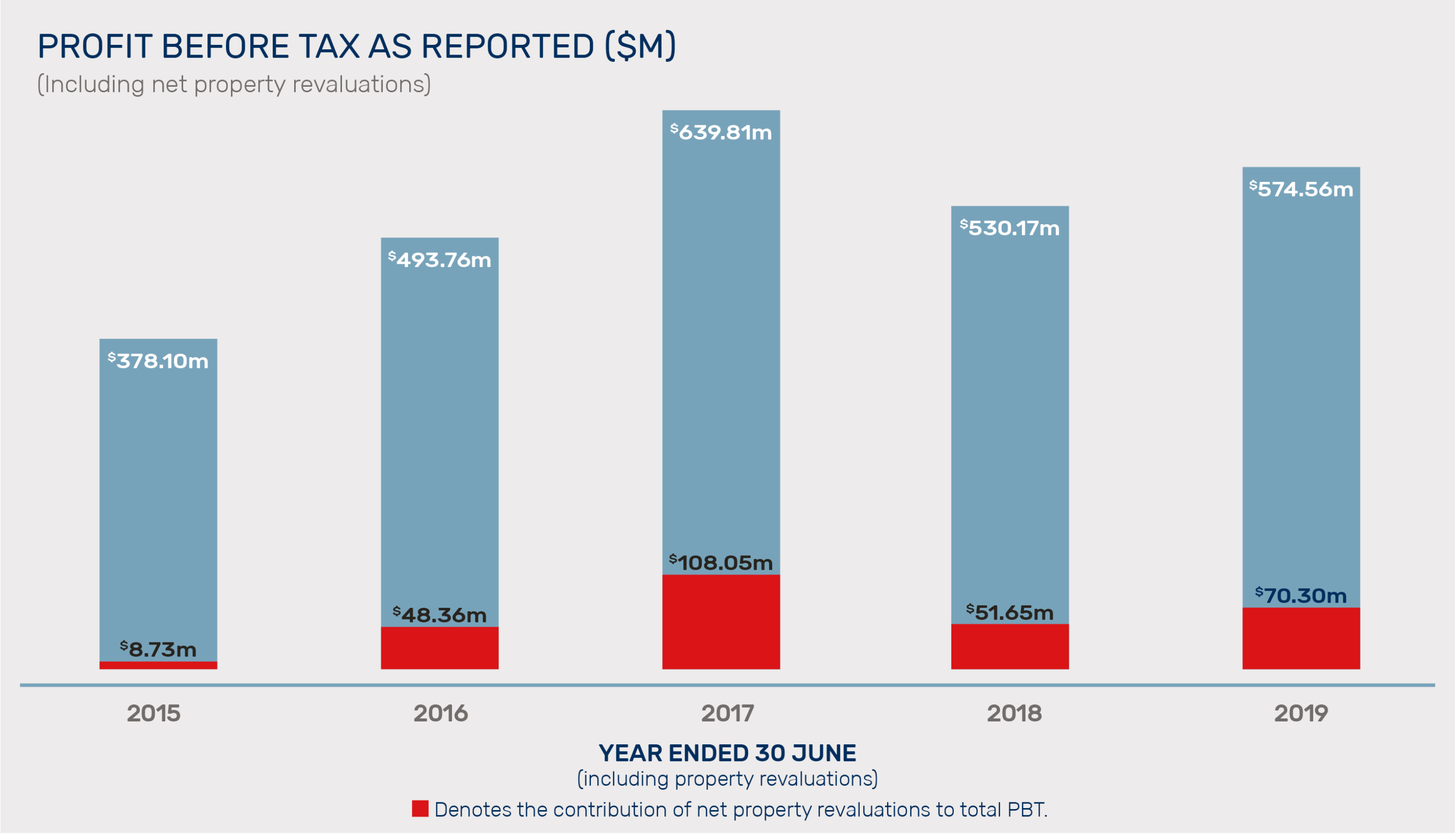
BASIC EARNINGS PER SHARE
34.70c
UP FROM 33.21c IN 2018

DIVIDENDS PER SHARE (FULLY-FRANKED)
33.0c
30.0c IN 2018

NET DEBT TO EQUITY RATIO
19.46%
IMPROVED FROM 25.50% IN 2018

REPORTED PBT YEAR ENDED 30 JUNE 2019

NET PROFIT BEFORE TAX **$574.56m** | UP BY **8.4%**



REPORTED PBT UP BY **8.4%** ON PREVIOUS YEAR

Increase of $44.39m in Reported PBT due to:

- **$13.57m increase in the profitability of the overseas company-operated retail stores ($129.70m vs 116.13m), up +11.7%**
  - → Singapore & Malaysia + $12.04m (+48.1%) mainly due to 2 new store openings in Malaysia, the continued dominance of the Flagships at Ikano, Kuala Lumpur (Malaysia) and Millenia Walk (Singapore) and a full year's trade of the stores that opened or were expanded in Singapore and Malaysia in the previous year
  - → Ireland & Northern Ireland +$6.39m (+452%) as retail stores in Ireland showed double-digit growth across all key product categories
  - → Slovenia & Croatia +$0.06m (+0.8%) with pleasing market share growth in Croatia and plans to open 3 new stores in Croatia within the next 3 years
  - → offset by New Zealand -$4.91m (-6.0%) partially due to the challenging economic conditions in NZ in FY19. NZ total income margins have moderated, coupled with increased operating expenses, resulting in a reduction in profitability in FY19

- **$16.11m increase in the overall property segment result ($204.68m vs $188.57m), up +8.5%**
  - → mainly due to $18.66m (+36.1%) increase in the net property revaluation increment ($70.30m vs $51.65m)
  - → higher rent and outgoings collected from property segments assets, offset by higher borrowing costs

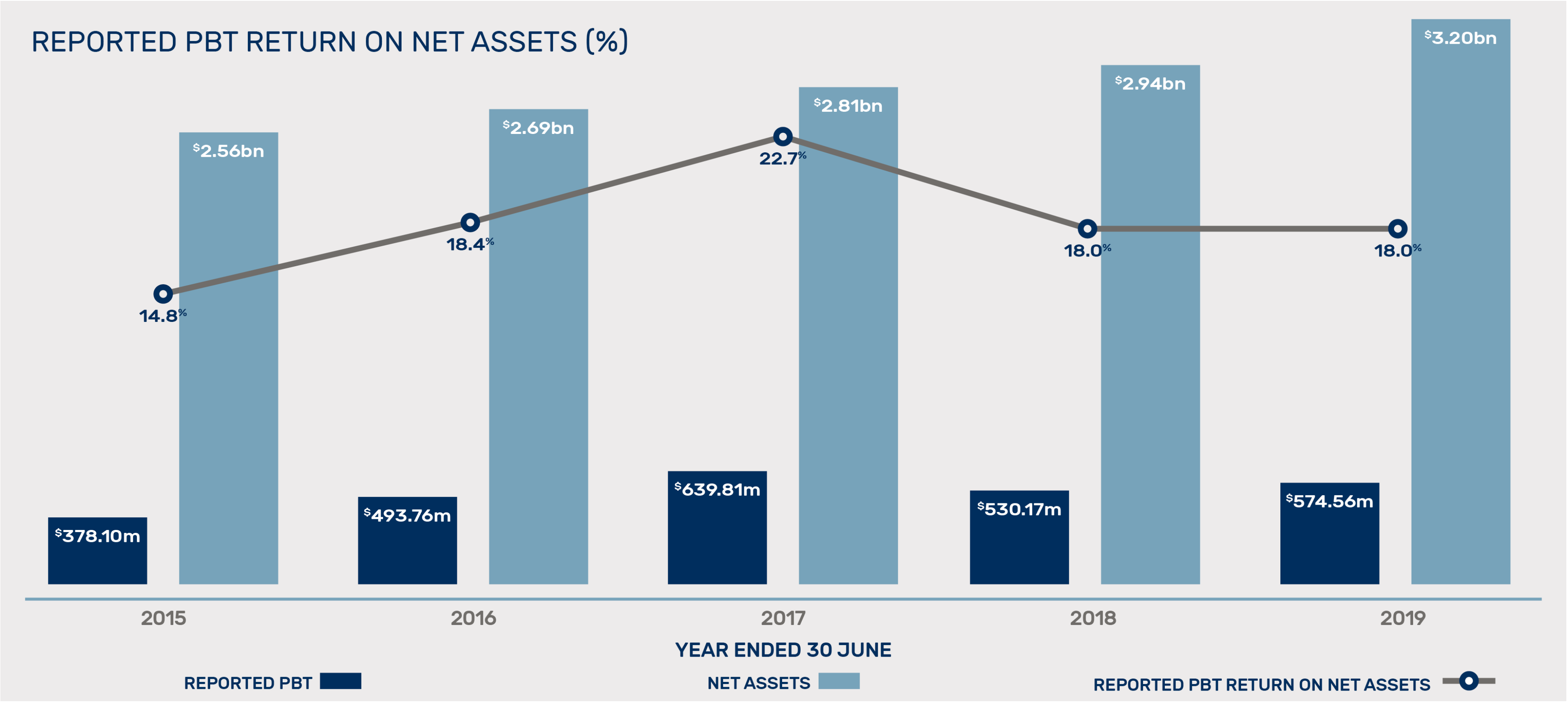
- **$12.51m increase in the profitability of the equity investments segment ($18.40m vs $5.88m)**
  - → primarily related to a realised gain of $17.51m recognised upon the sale of equity investments during FY19

- **$36.33m reduction in losses incurred by the non-core joint ventures included in the "Other" segment and "Other Non-Franchised Retail" segment (loss of $26.62m vs loss of $62.95m)**
  - → lower impairment losses by $41.20m recognised in respect of the Coomboona JV, as we divested out of Coomboona during FY19
  - → offset by increased losses by $4.29m relating to the KEH Partnership Pty Limited (KEH), trading as The School Locker. Following the restructure of KEH on 1 July 2018, the consolidated entity's partnership interest was 99.02%.

Offset by:

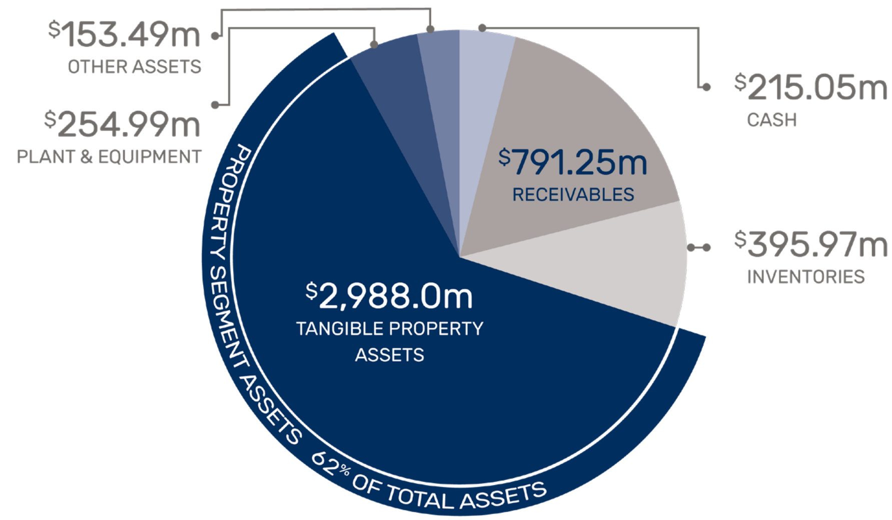
- **($34.14m) decrease in franchising operations segment result ($248.40m vs $282.54m), down -12.1%**
  - → FO segment was negatively impacted by soft retail conditions in Australia resulting in a reduction in aggregate headline franchisee sales by 1.8% to $5.66 billion, or down 0.9% on a comparable sales basis, leading to a reduction in FO segment revenue by $19.03m during FY19. In addition, there was a rise in the operating expenses of the franchisor to monitor and evaluate compliance with franchise agreements.

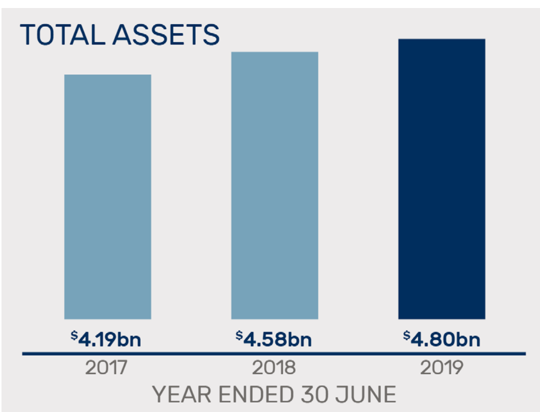
SOLID PBT RETURN ON NET ASSETS %

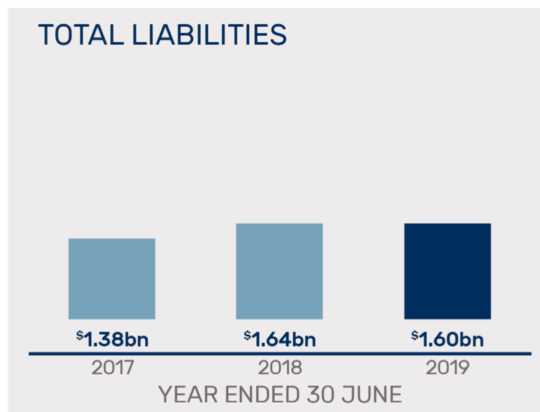


	FY2019	FY2018	Incr/(Decr)
TOTAL ASSETS	**$4.80bn**	$4.58bn	+4.8%
TOTAL LIABILITIES	**($1.60bn)**	($1.64bn)	(-2.4%)
NET ASSETS	**$3.20bn**	$2.94bn	+8.8%
NET DEBT TO EQUITY %	**19.46%**	25.50%	
DIVIDENDS PER SHARE	**33.0c**	30.0c	
EPS	**34.70c**	33.21c	+4.5%

COMPOSITION OF TOTAL ASSETS OF $4.80bn







NET ASSET POSITION JUNE 2019

UP 8.8%

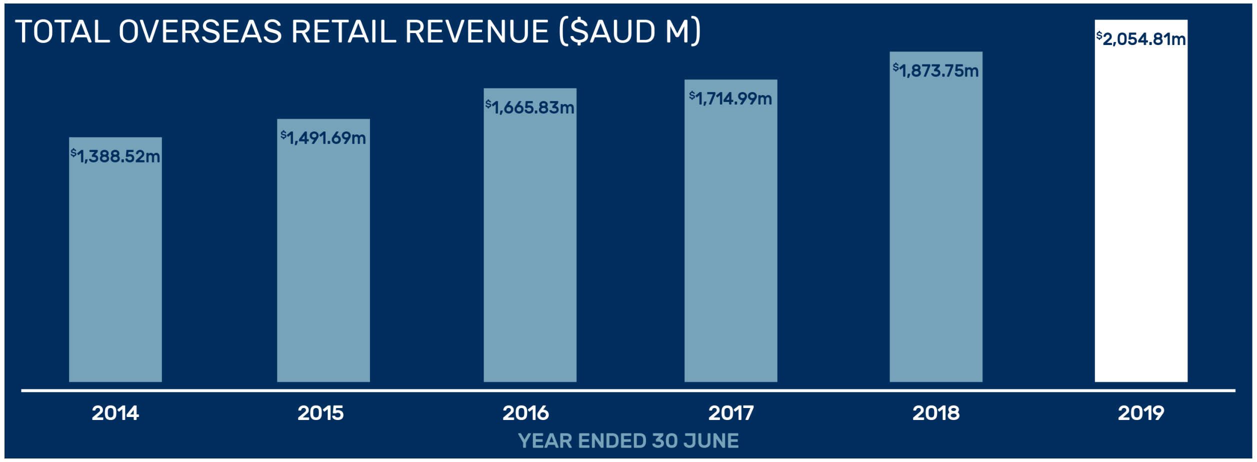
TO $3.20bn

JUNE 2019

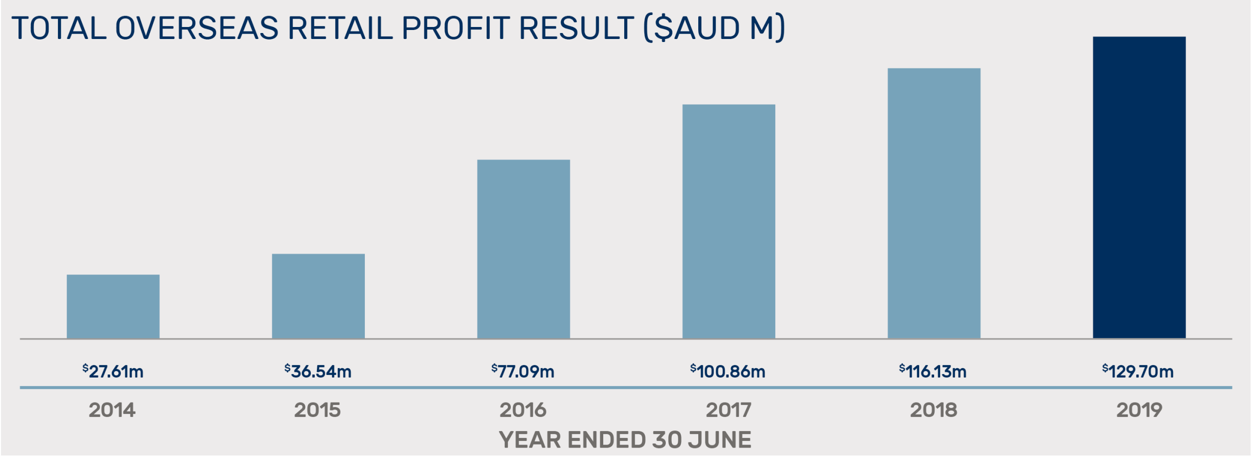
19.46%

NET DEBT TO EQUITY RATIO

OFFSHORE SEGMENT PROFIT RESULT	FY2019	FY2018	Incr/(Decr)
NEW ZEALAND	**$77.39m**	$82.31m	(-6.0%)
SINGAPORE & MALAYSIA	**$37.06m**	$25.01m	+48.1%
IRELAND & NORTHERN IRELAND	**$7.80m**	$1.41m	+452%
SLOVENIA & CROATIA	**$7.46m**	$7.40m	+0.8%
TOTAL OVERSEAS	**$129.70m**	**$116.13m**	**+11.7%**



UP BY
48%
OVER THE LAST 5 YEARS



UP BY
370%
OVER THE LAST 5 YEARS

OFFSHORE COMPANY-OPERATED RETAIL REVENUE
OVER $2 BILLION
FOR FY2019

COMPANY-OPERATED RETAIL SEGMENT REVENUE
UP BY $181.06m (+9.7%)
FROM $1.87 BILLION IN FY18 TO $2.05 BILLION IN FY19

GROWTH OF 48%
OVER THE LAST 5 YEARS

SINGAPORE & MALAYSIA
UP BY $79.32m (+16.2%)

IRELAND & NORTHERN IRELAND
UP BY $59.29m (+18.6%)

NEW ZEALAND
UP BY $27.07m (+2.9%)

SLOVENIA & CROATIA
UP BY $15.38m (+11.3%)

Main reason for revenue growth was rise in offshore retail revenue by $181.06m (+9.7%), from $1.87bn to $2.05bn:

- **$77.07m increase in Singapore & Malaysia sales revenue:**

Singapore

→ up by $24.63m due to full year's trade of the expanded, full-format stores at Parkway Parade & North Point City in FY18 and the sustained strong sales performance and premium positioning of the Millenia Walk Flagship that continues to provide an unrivalled offering in Singapore.
Intend to open +3 stores by FY21

Malaysia

→ up by $50.76m due to 2 new stores: Paradigm Mall, Johor (Jul-18) & MiriTimes Square, Sarawak (Apr-19), the continued solid performance of the Ikano, Kuala Lumpur Flagship and the continued positive 'halo-effect' it has in elevating the brand and performance of the existing stores in Malaysia.
Intend to open +14 stores by FY21

- **$56.83m increase in Ireland & Northern Ireland sales revenue:**

Ireland

→ up by $55.74m due to the ongoing success of the Tallaght Flagship that has continued to produce positive flow-on effects to the existing store base with each of the Irish stores growing sales during FY19
Intend to open +2 stores in FY20

Northern Ireland

→ up by $1.09m due to ongoing strength of Boucher Road, Belfast Flagship in a very difficult retail trading environment. Signs of an uplift in growth following the launch of the Premium Bedding Gallery in the Flagship in March 2019.

- **$25.57m increase in New Zealand sales revenue**

→ mainly due to a full year's trade of Wairau Park Flagship that has created a retail environment that is second-to-none in Auckland, promoting modest sales growth throughout existing stores in NZ

- **$15.17m increase in Slovenia & Croatia sales revenue:**

Slovenia

→ up by $13.29m with the Flagship at BTC City, Ljubljana leading the way and improvements in the marketing campaigns, in-store product displays and merchandising enhancing brand awareness in Slovenia

Croatia

→ up by $1.88m due to completion and launch of the Zagreb Flagship in Oct-18
Intend to open +2 stores by FY21

OVERSEAS COMPANY-OPERATED RETAIL SEGMENT
NOW REPRESENTS 23%
OF TOTAL PROFIT BEFORE TAX

HARVEY NORMAN®
COMPANY-OPERATED RETAIL SEGMENT RESULT
UP BY $13.57m (+11.7%)
FROM $116.13m IN FY18
TO $129.70m IN FY19

GROWTH OF 370%
OVER THE LAST 5 YEARS

- **$12.04m (+48.1%) increase in Singapore & Malaysia result from $25.01m in FY18 to $37.06m in FY19**
  - → we are proud of our successful expansion into Asia and we now have 30 Harvey Norman® stores in Singapore and Malaysia, with plans to open a further 17 stores in Asia (+3 Singapore; +14 Malaysia) within the next 2 years
  - → successful 'reinvigoration strategy' in Singapore & Malaysia where selected smaller, full-format stores have been augmented with the best elements of the Flagship experience as part of its refurbishment

- **$6.39m (+452%) increase in Ireland & Northern Ireland result from $1.41m in FY18 to $7.80m in FY19**
  - → significant growth and market share gains across most product categories
  - → continued investment in warehousing and logistics capabilities, enhancing digital platforms and improved delivery services in Ireland
  - → very difficult trading environment in Northern Ireland as the political and economic uncertainty caused by Brexit has negatively impacted consumer confidence

- **$0.06m (+0.8%) increase in Slovenia & Croatia result from $7.40m in FY18 to $7.46m in FY19**

- **($4.91m) (-6.0%) decrease in New Zealand result from $82.31m in FY18 to $77.39m in FY19**
  - → performed strongly despite challenging NZ economy and headwinds that dampen consumer discretionary spending
  - → 39 NZ company-operated stores remain the clear market leader across key Home & Lifestyle product categories

HEADLINE AGGREGATED SALES OF
$7.651bn FOR FY19
vs $7.581bn FOR FY18
UP 0.9% ($AUD)

AGGREGATED COMPARABLE SALES OF
$7.596bn FOR FY19
vs $7.496bn FOR FY18
UP 1.3% ($AUD)

COMPRISED OF AGGREGATED FRANCHISEE SALES REVENUE IN AUSTRALIA PLUS COMPANY-OPERATED HARVEY NORMAN® SALES IN NEW ZEALAND, SLOVENIA, CROATIA, IRELAND, NORTHERN IRELAND, SINGAPORE AND MALAYSIA

AGGREGATED SALES INCREASE / (DECREASE) IN CONSTANT LOCAL CURRENCIES:

TOTAL SALES	1Q2019 vs. 1Q2018	2Q2019 vs. 2Q2018	3Q2019 vs. 3Q2018	4Q2019 vs. 4Q2018	FY2019 vs. FY2018
AUSTRALIAN FRANCHISEES $A*	(-1.7%)	(-1.8%)	(-1.9%)	(-1.8%)	(-1.8%)
NEW ZEALAND $NZD	+3.1%	+0.5%	(-2.9%)	+3.8%	+1.1%
SLOVENIA & CROATIA € EURO	+1.9%	+10.7%	+6.4%	+9.7%	+7.4%
IRELAND € EURO	+16.7%	+16.6%	+9.8%	+14.9%	+14.8%
NORTHERN IRELAND £ GBP	(-3.6%)	+1.6%	(-0.1%)	+14.6%	+2.4%
SINGAPORE $SGD	+6.5%	+6.6%	(-3.6%)	(-4.7%)	+1.2%
MALAYSIA RM	+46.3%	+34.3%	+15.8%	+13.8%	+26.4%

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

COMPARABLE SALES	1Q2019 vs. 1Q2018	2Q2019 vs. 2Q2018	3Q2019 vs. 3Q2018	4Q2019 vs. 4Q2018	FY2019 vs. FY2018
AUSTRALIAN FRANCHISEES $A*	(-0.7%)	(-0.5%)	(-0.8%)	(-1.6%)	(-0.9%)
NEW ZEALAND $NZD	+3.1%	+0.5%	(-3.0%)	+3.8%	+1.0%
SLOVENIA & CROATIA € EURO	+1.9%	+10.7%	+6.4%	+9.5%	+7.4%
IRELAND € EURO	+13.9%	+16.6%	+9.8%	+14.9%	+14.2%
NORTHERN IRELAND £ GBP	(-3.6%)	+1.6%	(-0.1%)	+14.6%	+2.4%
SINGAPORE $SGD	+1.3%	+3.4%	(-0.9%)	(-2.1%)	+0.5%
MALAYSIA RM	+35.3%	+17.3%	+8.3%	+1.2%	+14.4%

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

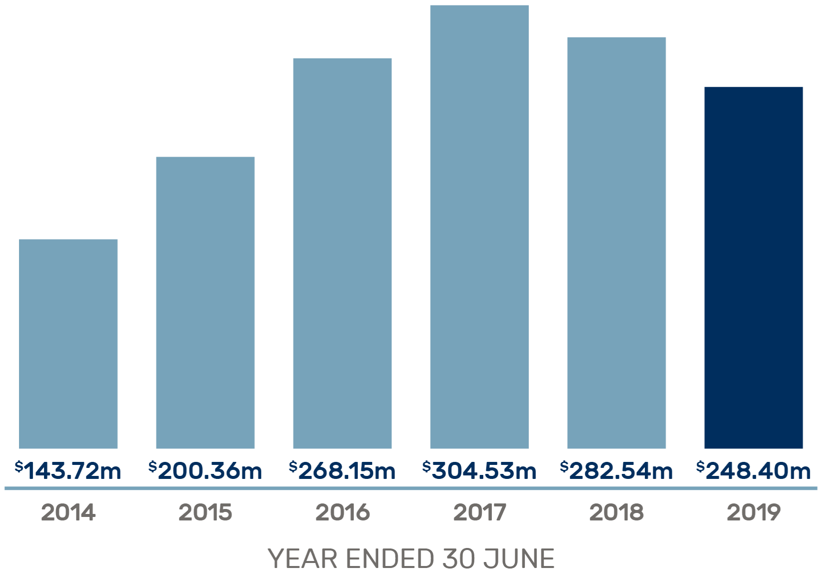
AGGREGATED FRANCHISEE SALES REVENUE FY2019

TOTAL FRANCHISEE SALES	COMPARABLE FRANCHISEE SALES
JUNE 2019	JUNE 2019
$5.66bn DOWN BY 1.8%	$5.63bn DOWN BY 0.9%

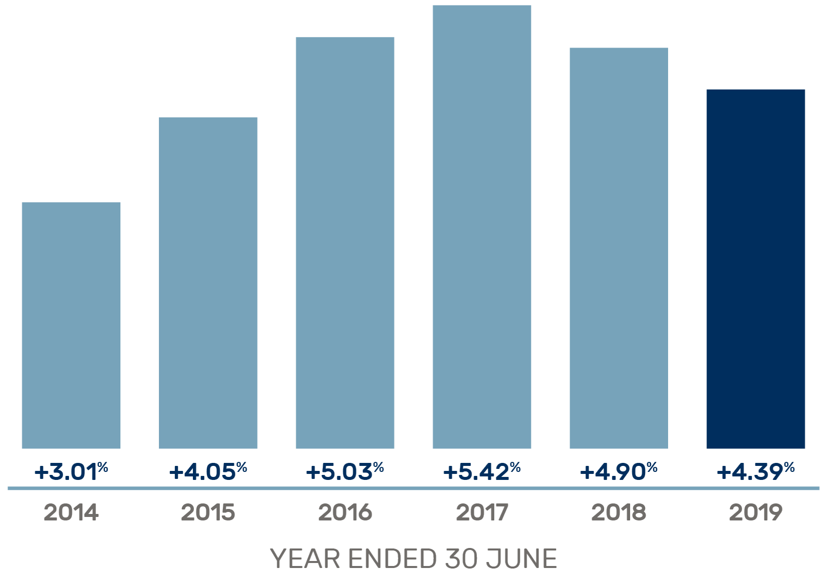
- 195 franchised complexes in Australia, with 540 franchisees responsible for the day-to-day management and control of their respective franchisee businesses.
- Retail sales in Australia remain subdued, particularly in the 2nd half of FY19, impacted by the challenges faced by the residential housing market, and this was reflected in the aggregated sales revenue of franchisees in Australia.
- Even though their sales have been soft, our franchisees have continued to invest in their people, logistics and technology, in anticipation of Government stimulus via tax credits, stabilising house prices, and an increase in lending by banks for mortgages and small business loans. The recent reduction in interest rates and the relaxing of stringent lending restrictions on banks by APRA, is anticipated to provide the necessary momentum to stimulate residential home loan customers.

	FY2019	FY2018	Incr/(Decr)	%
AGGREGATED FRANCHISEE HEADLINE SALES REVENUE	$5.66bn	$5.76bn	(-$0.10bn)	(-1.8%)
FRANCHISING OPERATIONS SEGMENT RESULT	$248.40m	$282.54m	(-$34.14m)	(-12.1%)
FRANCHISING OPERATIONS MARGIN %	**4.39%**	**4.90%**	**-51bps**	

FRANCHISING OPERATIONS SEGMENT RESULT
DOWN BY 12.1% FROM $282.54m TO $248.40m



FRANCHISING OPERATIONS MARGIN
DOWN FROM 4.90% TO 4.39%



JUNE 19
4.39%
FRANCHISING OPERATIONS MARGIN

	FY2019	FY2018	Incr/(Decr)	%
FRANCHISING OPERATIONS SEGMENT RESULT	$248.40m	$282.54m	(-$34.14m)	(-12.1%)
FRANCHISING OPERATIONS SEGMENT REVENUE	$838.67m	$857.69m	(-$19.03m)	(-2.2%)
FRANCHISING OPERATIONS MARGIN %	**4.39%**	**4.90%**	**-51bps**	

FRANCHISING OPERATIONS SEGMENT REVENUE
DOWN BY $19.03m (-2.2%)
FROM $857.69m IN FY18
TO $838.67m IN FY19

- **Impacted by a $24.55m (-3.5%) decrease in franchise fees received from franchisees (per franchise agreements) [$668.93m vs $693.48m]**
  - → negatively impacted by a 1.8% reduction in headline aggregated franchisee sales revenue to $5.66 billion, or a reduction of 0.9% on a comparable franchisee sales basis
  - → first-time application of AASB 15 Revenue from Contracts with Customers required tactical support payments to be netted off against gross franchise fees received
  - → AASB 15 had no impact on the franchising operations segment result (just a reclassification of tactical support from expenses to revenue)
  - → Franchisees have performed solidly within a soft retail climate and continue to be the dominant player in the domestic Home & Lifestyle market
  - → Franchisees have invested in their people, their physical and digital fulfilment options and in their logistical delivery capabilities
  - → Franchisees are focussed on ensuring their teams are well-equipped with the tools, knowledge and skills to deliver the attention and service their customers expect, from the moment they start their journey, in-store or online, to well beyond the fulfilment and delivery of their goods
  - → Investment in their people, technology and logistics is a critical, bedrock component of their strategy to invest in innovation and future growth and development

FRANCHISING OPERATIONS SEGMENT RESULT
DOWN BY $34.14m (-12.1%)
FROM $282.54m IN FY18
TO $248.40m IN FY19

Franchising operations segment result down by $34.14m (-12.1%) from $282.54m in FY18 to $248.40m in FY19

- → Decrease is due to the reduction in franchising operations segment revenue by $19.03m as described above, and a rise in operating expenses of the franchisor to monitor and evaluate compliance with franchise agreements

	FY2019	FY2018	Incr/(Decr)	%
PROPERTY SEGMENT REVENUE	$332.16m	$304.62m	$27.54m	+9.0%
NET PROPERTY REVALUATION INCREMENT	$70.30m	$51.65m	$18.66m	+36.1%
PROPERTY SEGMENT EBITDIA	$235.08m	$218.19m	$16.90m	+7.7%
PROPERTY SEGMENT RESULT BEFORE TAX	$204.68m	$188.57m	$16.11m	+8.5%

PROPERTY SEGMENT REVENUE
UP BY $27.54m (+9.0%)
FROM $304.62m IN FY18
TO $332.16m IN FY19

- **$18.66m increase in the net property revaluation increment**
  → $70.30m in FY19 vs $51.65m in FY18. Driven mainly by the $69.29m increment in the Australian investment property portfolio (+34.2%)
- Higher rent and outgoings received from investment properties in Australia leased to external tenants, other than franchisees

PROPERTY SEGMENT RESULT BEFORE TAX
UP BY $16.11m (+8.5%)
FROM $188.57m IN FY18
TO $204.68m IN FY19

- **$27.54m increase in property segment revenue**
- offset by an increase in property finance costs (higher utilisation of external financing facilities for the acquisition and refurbishment of properties) and other costs to operate the Australian investment property portfolio

	FY2019	FY2018	Incr/(Decr)	%
SALES REVENUE*	**$2,234.12m**	$1,993.76m	$240.36m	+12.1%
GROSS PROFIT	**$723.39m**	$667.42m	$55.96m	+8.4%
REVENUES & OTHER INCOME	**$1,186.07m**	$1,165.73m	$20.34m	+1.7%

* Includes the sales revenue of company-operated stores in New Zealand, Singapore, Malaysia, Ireland, Northern Ireland , Slovenia & Croatia under the Harvey Norman® brand name but does not include the sales revenue made by Harvey Norman® Domayne® and Joyce Mayne® franchisees in Australia.

SALES REVENUE
UP BY $240.36m (+12.1%)
FROM $1.99 BILLION IN FY18
TO $2.23 BILLION IN FY19

- **+$77.07m (+16.1%) increase for Singapore (12 stores) & Malaysia (18 stores)** → Local currency up by $S44.77m (+8.99%) [FX impact was 6.53% appreciation of SGD vs AUD]
- **+$55.74m (+18.8%) increase for Ireland (13 stores)** → Local currency up by €28.15m (+14.6%) [FX impact was 3.67% appreciation of Euro vs AUD]
- **$25.57m (+2.8%) increase for New Zealand (39 stores)** → Local currency up by NZ$10.55m (+1.1%) [FX impact was 1.72% appreciation of NZD vs AUD]
- **$13.29m (+13.0%) increase for Slovenia (5 stores)** → Local currency up by €5.98m (+9.0%)
- **+$1.88m (+6.0%) increase for Croatia (1 store)** → Local currency up by €0.46m (+2.2%)
- **+$66.56m (+42.8%) increase in other non-retail sales in Australia,** mainly due to the restructure and consolidation of the KEH Partnership, trading as The School Locker

REVENUE RECEIVED FROM FRANCHISEES & OTHER INCOME ITEMS
UP BY $20.34m (+1.7%)
FROM $1,165.73m IN FY18
TO $1,186.07m IN FY19

- **+$18.66m increase in net property revaluation increment** → $70.30m in FY19 vs $51.65m in FY18.
- **+$12.51m increase in profit on investments** → includes the realised gain of $17.51m recognised upon the sale of equity investments during FY19
- **+$10.67m increase in rent and outgoings received from other third parties** → $95.98m in FY19 vs $85.31m in FY18

Offset by

- **-$24.55m decrease in franchisee fees** → driven by the sales of franchisees which has been negatively impacted by a 1.8% reduction in headline aggregated franchisee sales revenue to $5.66 billion, or a reduction of 0.9% on a comparable franchisee sales basis

	FY2019	FY2018	Incr/(Decr)	%
TOTAL EXPENSES	**($1.344.68m)**	($1.308.77m)	($35.91m)	(-2.7%)
SHARE OF NET PROFIT OF JV ENTITIES	**$9.79m**	$5.79m	$4.0m	+69.0%
PROFIT BEFORE TAX	**$574.56m**	$530.17m	$44.39m	+8.4%
INCOME TAX EXPENSES	**($165.56m)**	($150.12m)	($15.44m)	(-10.3%)
NON-CONTROLLING INTERESTS	**($6.69m)**	($4.67m)	($2.01m)	(-43.1%)
PROFIT AFTER TAX & NCI	**$402.32m**	$375.38m	$26.94m	+7.2%

TOTAL EXPENSES
UP BY $35.91m (+2.7%)
FROM $1,308.77m IN FY18
TO $1,344.68m IN FY19

- +$18.08m increase in other expenses, including the $9.67m loss on consolidation of KEH
  → i.e. the losses recognised on the restructure and consolidation of KEH Partnership for the settlement of pre-existing transactions immediately prior to the consolidated entity increasing its partnership interest to 99.02%
- +$16.89m increase in occupancy expenses mainly attributable to new offshore retail stores and annual rent increases
- +$16.72m increase in marketing expenses to drive sales revenue, and includes the impact of foreign currency movements for the marketing expenses of our overseas operations.

Offset by:

- -$17.71m decrease in administrative expenses due to:
- lower depreciation, amortisation and impairment costs by -$57.50m from $151.16m in FY18 to $93.65m in FY19 → mainly due to a $41.20m reduction in Coomboona JV impairment losses ($8.25m in FY19 vs $49.44m in FY18)
- Above decrease offset by increase in wages & salaries and on-costs by $38.06m

SHARE OF NET PROFIT OF JV ENTITIES
UP BY $4.0m

- FY18 included the share of trading losses incurred by the Coomboona JV of $4.57m compared to nil in FY19 (completion of Administrator Sale of Coomboona JV assets in January 2019)

HIGHER TAX CHARGE
BY $15.44m

- Mainly due to higher profit before tax in FY19 vs FY18
- FY19 effective tax rate of 28.81% vs. FY18 effective tax rate of 28.32%

	JUN 2015	JUN 2016	JUN 2017	JUN 2018	**JUN 2019**
TOTAL ASSETS	$4.33bn	$4.43bn	$4.19bn	$4.58bn	**$4.80bn**
TOTAL LIABILITIES	$1.77bn	$1.74bn	$1.38bn	$1.64bn	**$1.60bn**
TOTAL EQUITY	$2.56bn	$2.69bn	$2.81bn	$2.94bn	**$3.20bn**

TOTAL ASSETS
UP BY $221.10m (+4.8%)
FROM $4.58 BILLION IN FY18
TO $4.80 BILLION IN FY19

- +$44.50m (+26.1%) increase in cash and cash equivalents due to the proceeds from shares issued (renounceable pro-rata Entitlement Offer) and the proceeds from the Administration Sale of the Coomboona JV
- +$50.68m (+14.7%) increase in inventories due to offshore store expansion and offshore sales growth and the consolidation of the KEH Partnership resulting in the recognition of inventory holdings of The School Locker business
- +$79.55m (+3.3%) increase in the value of the investment property portfolio due to net property revaluation increments of $70.30m in the past twelve months and acquisitions and refurbishments made since the previous year
- +$35.87m (+5.4%) increase in property, plant and equipment due to new offshore retail locations, completion of the Flagship strategy and the refurbishments of existing company-operated stores and franchised complexes
- +$36.67m increase in assets held for sale, classified as investment properties in prior year (relating to the pending sale of The Byron at Byron Resort (currently under contract) and the sale of a warehouse in Singapore)

offset by:

- -$11.88m reduction in trade and other receivables

TOTAL LIABILITIES
DOWN BY $38.76m
FROM $1.64 BILLION IN FY18
TO $1.60 BILLION IN FY19

- -$83.87m (-9.1%) decrease in interest bearing loans and borrowings

offset by:

- increase in deferred tax liabilities of $49.81m (+17.7%)

	FY2019	FY2018	Incr/(Decr)	%
OPERATING CASH FLOWS	**$372.84m**	$454.17m	(-$81.33m)	(-17.9%)

OPERATING CASH FLOWS
DOWN BY $81.33m

Solid operating cash flows in FY19 of $372.84m achieved by receiving $2.40bn from customers, $858.37m net receipts from franchisees, offset by $2.68bn payments to suppliers and employees.

- -$293.53m increase in payments to suppliers & employees due to offshore expansion and growth
- -$88.69m reduction in net receipts from franchisees
  - → net receipts from franchisees are affected by the movement in the aggregate amount of financial accommodation provided to franchisees, which has increased in FY19 vs the movement in FY18 – predominantly due to an increase in inventory reserves acquired by franchisees in FY19 vs FY18 as franchisees increased their inventory investment to support sales growth post-balance date, driven by expected improved trading conditions
  - → also due to a reduction in gross revenue from franchisees received in FY19 vs FY18

offset by:

- +$263.28m increase in receipts from customers
  - → primarily due to higher sales generated by overseas company-operated stores
- -$31.02m reduction in income tax paid

	FY2019	FY2018	Incr/(Decr)	%
INVESTING CASH FLOWS	**($66.20m)**	($303.49m)	$237.28m	+78.2%
FINANCING CASH FLOWS	**($246.29m)**	($68.10m)	($178.19m)	-262%
NET INCREASE/(DECREASE) IN CASH FLOWS	**$60.35m**	$82.58m	($22.23m)	
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**$125.46m**	$42.88m	$82.58m	
CASH & CASH EQUIVALENTS AT END OF PERIOD	**$185.82m**	$125.46m	$60.35m	+48.1%

INVESTING CASH OUTFLOWS
DOWN BY $237.28m

- $97.78m reduction in the purchase of investment properties in FY19 vs FY18
- $40.50m proceeds received from completion of Administrator Sale of Coomboona JV assets in January 2019
- $89.70m decrease in loans granted to joint venture entities, joint venture partners and unrelated entities in FY19 vs FY18

FINANCING CASH OUTFLOWS
UP BY $178.19m

- $163.87m proceeds raised from shares issued under the renounceable pro-rata Entitlement Offer in Oct-18 which was utilised to repay external borrowings
  → higher repayments of the Syndicated Facility Agreement (SFA) in FY19 vs FY18.
  $25.00m net repayments of SFA in FY19 vs $210.00m net SFA drawdowns in FY18, a significant improvement in the utilisation of the SFA by $235.00m between the 2 comparable years
- $74.79m higher final dividend payments during FY19 vs FY18 (mainly due to higher final dividend)
  → Final 2018 dividend of 18c (paid Dec-18) vs 12c final 2017 dividend (paid Dec-17)

- We intend to continue growing our international retail footprint and expect to open up to 21 new stores overseas within the next 2 years, with 17 of those new stores in Singapore and Malaysia. By the end of FY21, we anticipate having 111 Harvey Norman® company-operated stores across 7 offshore countries.
- In Australia, 1 Harvey Norman® complex in Victoria will open in FY20.
- For new stores and existing store refits going forward in the 8 countries, we will be taking the best elements of the Flagship fitout and design to integrate into these stores. We plan to start rolling this format out in Australia and New Zealand, as new franchised complex and store refits become due.
  → 1st premium refit in Australia is underway at the Cairns (QLD) franchised complex
  → premium refits at the following franchised complexes will commence post-Christmas: Campbelltown (NSW), Balgowlah (NSW), Preston (NSW) and Aspley (QLD)
  → premium refits at the following NZ company-owned stores will commence post-Christmas: Mt. Wellington and Hamilton
- Aggregated franchisee sales for the period 1 July 2019 to 29 August 2019 increased by 3.3% compared to the period 1 July 2018 to 29 August 2018, and 3.0% on a comparable sales basis.
- Total overseas sales revenue and comparable overseas sales revenue increases/(decreases) for each of our overseas controlled entities for the period 1 July 2019 to 29 August 2019 vs 1 July 2018 to 29 August 2018 is as follows:

	$A TOTAL SALES	$A COMPARABLE SALES	CONSTANT LOCAL CURRENCIES TOTAL SALES	CONSTANT LOCAL CURRENCIES COMPARABLE SALES
NEW ZEALAND	9.8%	9.7%	5.2%	5.1%
SLOVENIA & CROATIA	14.5%	14.3%	11.2%	11.0%
IRELAND	12.4%	12.4%	9.0%	9.0%
NORTHERN IRELAND	10.9%	10.9%	9.5%	9.5%
SINGAPORE	(-6.7%)	(-4.1%)	(-12.4%)	(-10.0%)
MALAYSIA	14.7%	0.9%	9.3%	(-3.9%)

- Strong sales growth in New Zealand, Slovenia, Croatia, Ireland and Northern Ireland
- Sales in Malaysia are cycling higher comparable sales, relating to the removal of the 6% GST by the Malaysian Government in the months of June, July and August 2018 which resulted in exceptionally high sales during that period. Sales normalised from 1 September 2018 after the introduction of the 10% sales tax.
- Singapore sales for July & August 2019 were under pressure due to softening economic conditions. The Singaporean Government has indicated that an economic stimulus may be required. Singapore has seen a plunge in exports, partly due to weakening growth in China which has been further exacerbated by the trade war between China and the United States.
- Harvey Norman® New Zealand launched GenoaPay (Buy Now Pay Later (BNPL)) in April 2019. After a successful NZ launch, a select number of Harvey Norman® franchisees and Latitude Financial Services Australia Holdings Pty Ltd (Latitude) trialled the BNPL offer in Australia (LatitudePay). LatitudePay will now launch nationally in early September 2019.
- The consolidated entity will continue to invest in our people, our brands and in the development and enhancement of the tools provided to our franchisees to enable them to seamlessly service their customers.

QUESTIONS (limited to 30 minutes)