



BRISCOE GROUP LIMITED

Half Year

26 week period ending
31 July 2022

**RETAIL
IS OUR
WORLD.**





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Highlights

Half year period ended 31 July 2022



The Group has delivered a solid half year performance despite the challenges of Omicron, disrupted supply chain and declining economic sentiment.



RECORD HY SALES

- Group sales +2.66% to \$367.9m
- Homeware sales +2.74% to \$228.7m
- Sporting goods sales +2.51% to \$139.2m



STRONG ONLINE PERFORMANCE

- Online sales 19.36% of total Group sales
- Online sales growth +22.93%
- New front-end features
- Back-end system development



GROSS PROFIT PERFORMANCE

- Gross Profit 45.64% - down less than 1% point from 46.50% LY, despite pressure from higher supply chain costs, increased costs and weaker New Zealand dollar
- Many benefits now embedded from supply chain initiatives in relation to inventory ordering and flow



TEAM

- Extensive use of online learning platform
- Increase in team engagement scores



SOLID NPAT PERFORMANCE

- HY NPAT \$45.6m
- Management optimistic for full-year to exceed last year's \$87.9m



STRONG BALANCE SHEET

- Net cash at period end \$97.6m
- Increased inventories to meet ongoing consumer demand to mitigate uncertainty in global supply chain
- Investment in store network refurbishment programme
- 12.00 cents per share interim dividend to be paid 12 October 2022



STRATEGIC INITIATIVES ENHANCE BOTTOM-LINE

- Protection of gross profit percentage margin through continued delivery of supply chain initiatives
- Leverage of Customer database
- Continued strong Net Promoter Score (NPS) across both segments

Sales growth

Record Half Year Sales - \$368M

Percentage Growth



Sales Growth by Segment



Continued **sales growth** in a challenging retail environment.



Continued positive **growth across both segments.**



Combination of **in-store and online initiatives** driving growth.



Store refurbishment programme underway.

Gross profit margin %

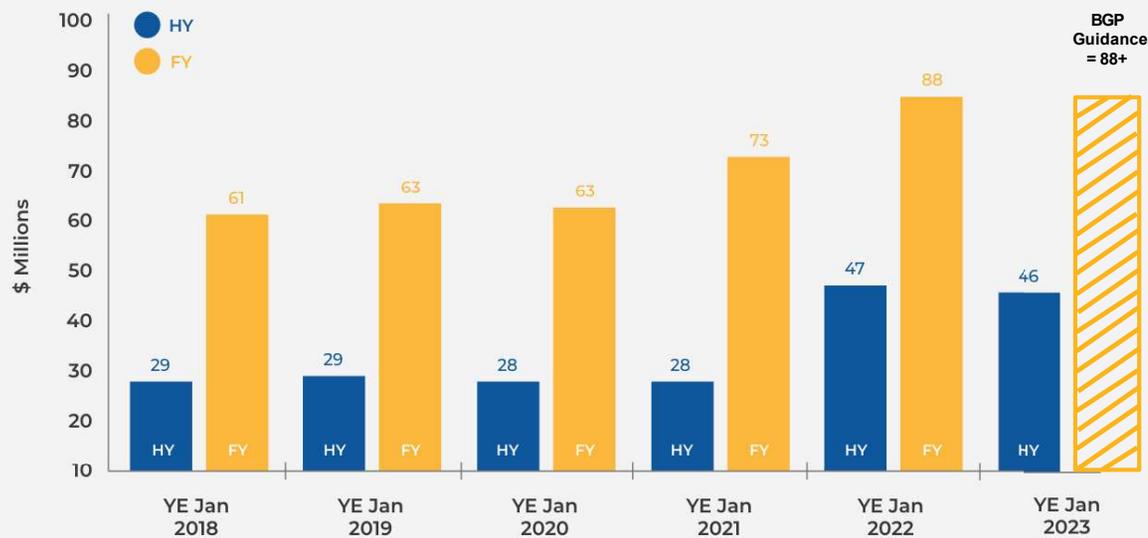
Solid Margin Performance

- 633 basis points gain across the last 2 full year financial periods
- Strong margin across both Homeware and Sporting Goods despite higher supply chain costs and a weaker New Zealand dollar
- Benefits from supply chain initiatives evident from the less than 100 basis points decrease in gross profit margin percentage



Net profit after tax (NPAT)

On Track To Beat Last Year's
Record Performance

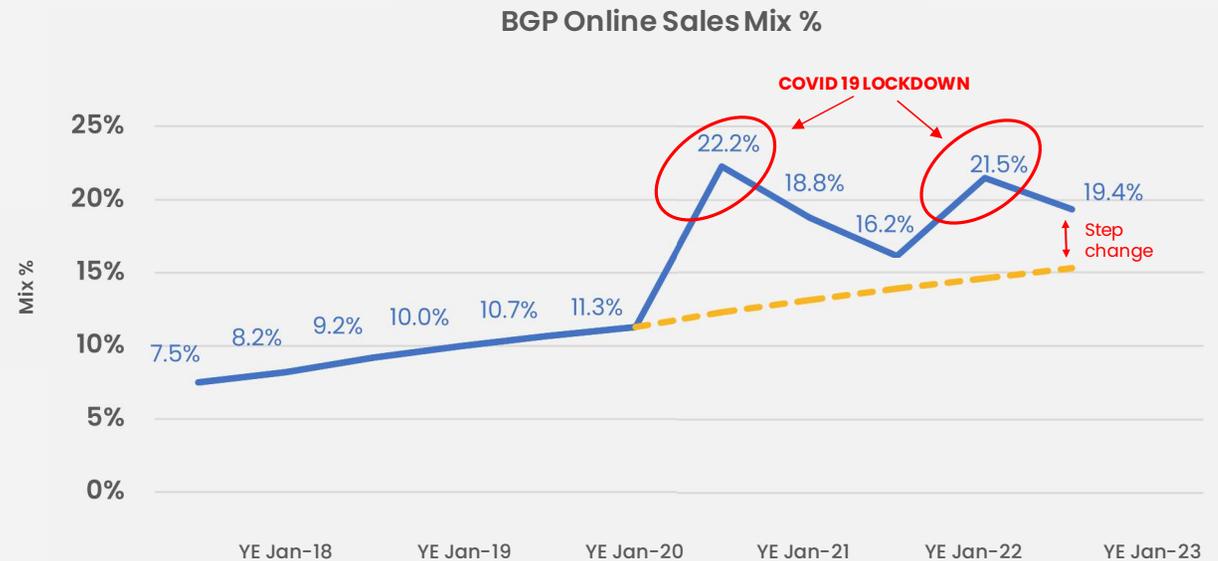


- Solid NPAT performance despite continued supply chain disruption, wage cost pressure and general cost increases
- Management optimistic for full year NPAT to be ahead of last year's record profit

Online share of total Group sales

Strong Online Performance

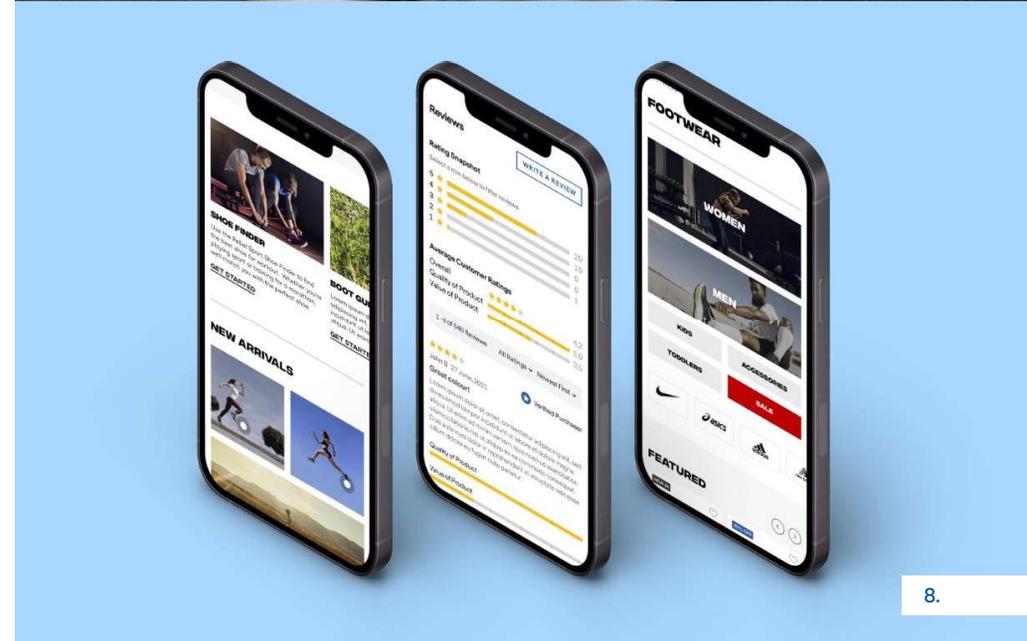
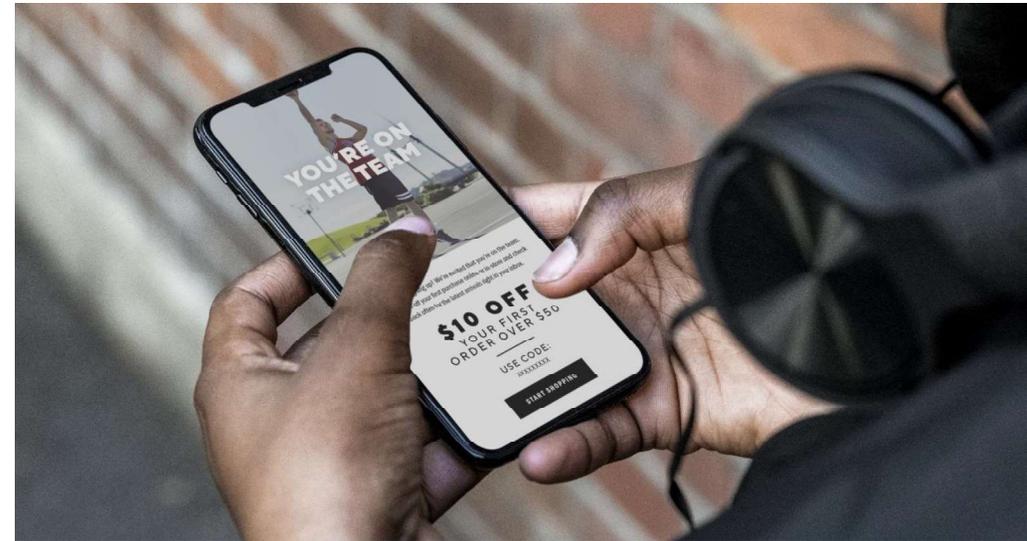
- Continued investment in online developments protecting post-lockdown step-change in online mix
- Online sales mix stabilising post-lockdowns



Online experience

Significant step-change in the online experience delivered

- Introduced new way to shop collections to make it easier to buy product sets
- New mobile navigation and user experience
- New product page to make understanding features easier for our customers
- Introduced online NPS and a quarterly user testing programme
- Wide range of new email automations driving frequency and rewarding VIP database customers





Enhancing In-store experience

Store refurbishment performing well:

- 7x fully refurbished stores in 1H
- Very strong customer response
- +2 points NPS improvement
- +5% improvement in basket size
- New generation of fixtures providing greater utilisation of space

Upgraded lighting to brighter and more efficient LED platforms:

- 8 stores in 1H
- Another 10x stores in 2H this year

Customer Service improvement:

- Launched new data visualisation reporting tools and On-Shelf Availability tool to the retail management team to improve inventory management
- Improved stock availability
- Increased focus on fulfilment of online orders:
 - Market leading online fulfilment performance
 - 72% orders dispatched same day order is placed
 - 3.1 days average for customers to receive their order (93% delivered within 5 days)
 - 95% click and collect ready same day (when store is in stock)
 - 784,000 orders delivered

Supply chain – continued cost pressures

Significant increase in supply chain costs in the first half vs LY:

- Import shipping costs circa +48% higher
- Congestion at ports and shortage of containers causing increased leadtime and costs
- Increased inventory holding and shortage of available space also increased costs
- Labour shortages and increasing cost of labour
- First half cost of total distribution over 35% up
- Forward outlook is that costs are stabilising



Longer term supply chain developments:

- Network modelling now completed
- Defined the increased requirements for warehouse space in Auckland by up to 300%
- Increased internal capability with appointment to new GM Supply Chain role
- Tender for larger Christchurch facility underway



Investment in our Team



- Over 6,900 hours invested through our online learning platform with over 93,000 sessions and 1.4 million reinforcement questions answered by the team



- Team engagement score increased 13 points between February and July surveys



- Analysis of gender pay gaps across our retail management team identified less than 1% variation



- Retail Leadership team actively engaged in our bespoke Management and Leadership programme with 95% engagement in Management Skills building and 44% participation in our Leadership Series



- Covid Support for our team has included over \$1.2 million and 50,000 hours in the last 6 months where team members received full pay without deduction from their sick leave balances or government subsidy



Community

Support for *cure kids* on track to deliver a record >\$1m in donations for the full year

- Nearly \$500k raised in first half
- Second half is fully loaded with events including:
 - 2 In-store "add a dollar" campaigns
 - 24hr Cycle challenge
 - Charity Golf Day
 - Introduction of online donations



Strategic plan on track



2022

- Online NPS program now live – providing full omni channel customer visibility
- In store digital tools launched and increasing productivity
- Online order digital picking live

2023 & BEYOND

- Pilot in-store electronic labelling at 6 stores from November 2022
- Implement Phase 2 of online digital picking
- Go-live with express online fulfilment & premium delivery options

FUTURE SUPPLY CHAIN

- Enhanced size availability in Rebel Sport Clothing and Footwear
- Hybrid Online fulfilment model live
- Warehouse digital picking live
- Requirements for enhanced DC facility in Auckland now complete

- Increased North and South island distribution capability
- Implement warehouse system upgrade
- Plan multi-year transition to increased capacity DC facility in Auckland

NEW REVENUES

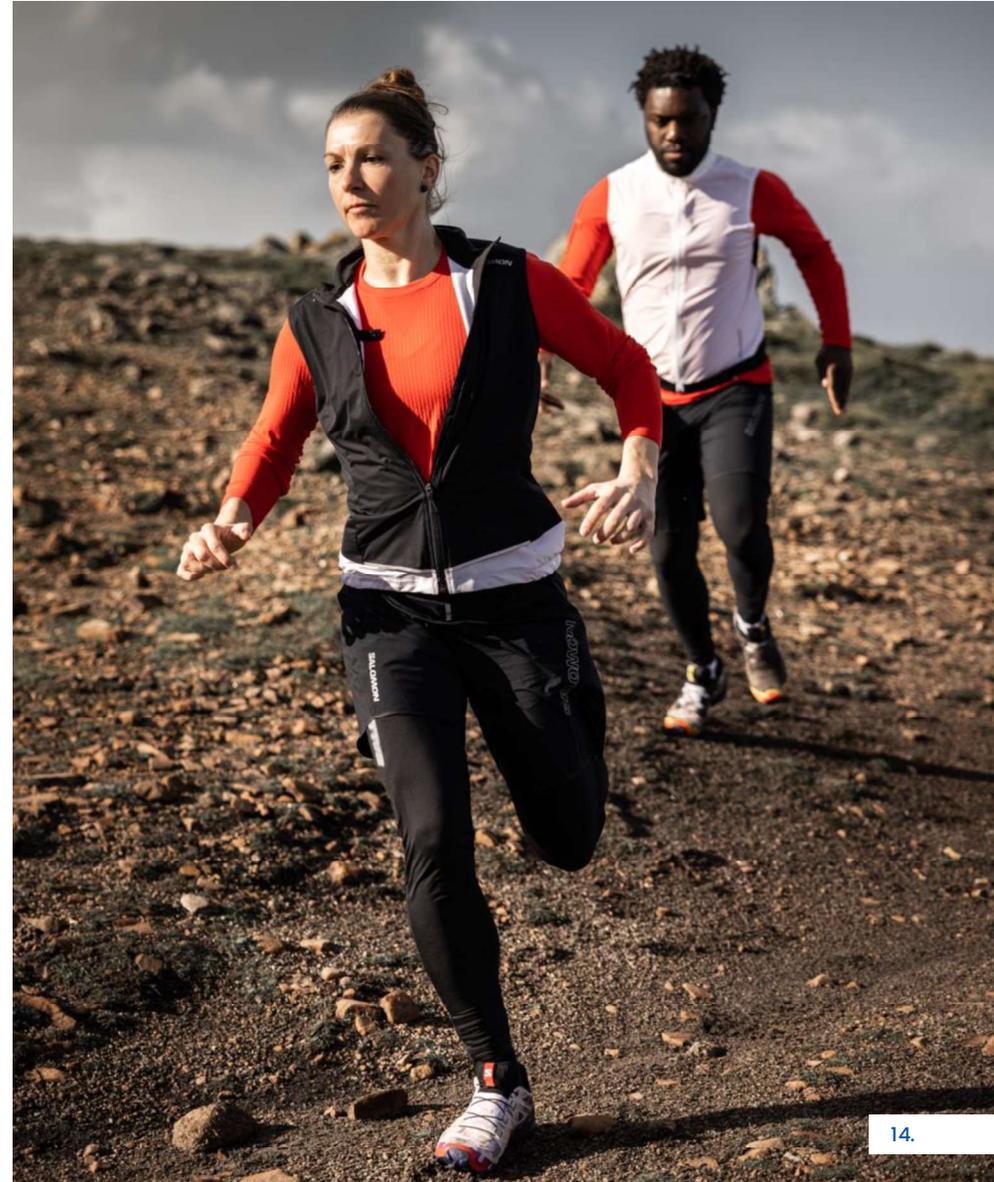
- 23 suppliers live with Drop ship
- Automated email platform generating significant sales growth
- Promotional collaboration with New World

- Accelerate new store concept refurbishment plan circa 30 stores
- Launch new product categories in-store and via direct-to-customer
- Explore other strategic alliances for further promotional opportunities

Continued growth

Well positioned to continue to grow in a challenging market:

- Continued strong trading performance in both Homewares and Sporting goods
- Strategic plan is delivering ahead of expectations
- Strong customer engagement from customer service improvements
- Ongoing refurbishment programme
- Healthy inventory position will help protect from supply chain volatility
- Electronic Shelf Label pilot
- Strong balance sheet provides financial protection and ability to fund strategic investment if required
- New product categories including Serta Beds and outdoor bean furniture
- Business has proven record of performing well in times of economic uncertainty (GFC, COVID-19)



Financial summary

	HY Jul 18	HY Jul 19	HY Jul 20	HY Jul 21	HY Jul 22	FY Jan 19	FY Jan 20	FY Jan 21	FY Jan 22	FY Jan 23 ¹
Homeware Revenue - \$000	186,701	191,503	184,347	222,628	228,739	403,159	410,908	439,234	460,887	
Sporting Goods Revenue - \$000	106,499	111,481	108,060	135,793	139,207	228,760	242,109	262,563	283,563	
Group total Revenue - \$000	293,200	302,984	292,407	358,421	367,946	631,919	653,017	701,797	744,450	
Online Mix of Sales - %	9.2%	10.7%	22.2%	16.2%	19.4%	10.0%	11.3%	18.8%	21.5%	
Group Gross Margin - \$000	120,004	122,882	123,275	166,663	167,937	253,355	257,502	307,116	340,642	
Group Gross Margin - %	40.9%	40.6%	42.2%	46.5%	45.6%	40.1%	39.4%	43.8%	45.8%	
Group EBIT - \$000	40,615	45,659	45,948	73,040	70,016	85,995	97,223	115,886	136,468	
Group EBIT - % to Sales	13.9%	15.1%	15.7%	20.4%	19.0%	13.6%	14.9%	16.5%	18.3%	
Group NPAT - \$000	29,342	28,347	27,979	47,461	45,620	63,393	62,583	73,199	87,909	87,909 ⁺
Group NPAT - % to Sales	10.0%	9.4%	9.6%	13.2%	12.4%	10.0%	9.6%	10.4%	11.8%	
Free Cash Flow - \$000 (Operating Cash Flow less Capex)	(1.9)	8.2	37.4	33.2	38.9	49.0	60.3	81.1	76.6	
Dividends Per Share - cps	8.0	8.5	9.0	11.5	12.0	20.0	8.5 ²	28.5 ³	27.0	
Earnings Per Share - cps	13.3	12.8	12.6	21.3	20.5	28.7	28.2	32.9	39.5	
Net Debt /Cash Position - \$000	46.2	55.5	98.6	93.9	97.6	80.8	67.4	100.4	102.5	
Inventory Turnover - X p.a. (COGS divided by average inventory)						4.9	4.7	4.4	3.8	

¹ Source: BGP Half Year results announcement 14/9/2022

² Final dividend of 12.5cps cancelled as a result of Covid-19 pandemic

³ Includes special dividend of 6cps

Our international brand partners

