



Release to the Australian Securities Exchange

ADAIRS TO ACHIEVE UPPER END OF FY17 GUIDANCE

Melbourne, 12 July 2017: Adairs Limited (ASX: ADH) wishes to inform the market that it is updating the FY17 earnings guidance previously provided in February 2017, based on a strong final quarter.

Based on unaudited results:

- Total sales for 2H17 are expected to be \$140.4 million, representing an 8.3% increase on the prior period¹. As a result, expected FY17 full year sales is \$264.9 million.
- Underlying 2H17 EBIT is expected to be between \$18.5 and \$19.0 million (2H16: \$19.2 million¹), with a full year EBIT result of between \$30.5 and \$31.0 million.

Following a poor start to the second half, Adairs sales performance continued to improve as the second half progressed and new product arrived in store. Like for like sales by quarter is outlined in the chart below:



Adairs achieved 2H17 like for like sales of +1.0% and full year like for like sales of -1.4%, in line with previous guidance.

Adairs' CEO, Mark Ronan said: "The business continues to make changes to address the issues that led to the disappointing first half results. The issues observed in our key bed linen category in the first half of FY17 have largely been resolved, with the category again delivering like for like sales growth vs pcp in the second half."

"While we are pleased to see sales in the bed linen category improve, we continued to see higher than usual sales variability across our store formats, centre types, product categories and geographies. This is perhaps symptomatic of a more subdued retail environment, but also indicates further room to improve our product and store execution."

All financial information included in this release is unaudited, and still subject to review by Adairs' auditors.

Further details will be provided when Adairs releases its audited full year results on 28 August 2017.

End.

Footnotes:

1. 2H17 was a 26 week reporting period. 2H16 was a 27 week reporting period. All figures quoted in this release are stated on a 26 week v 26 week period.



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