

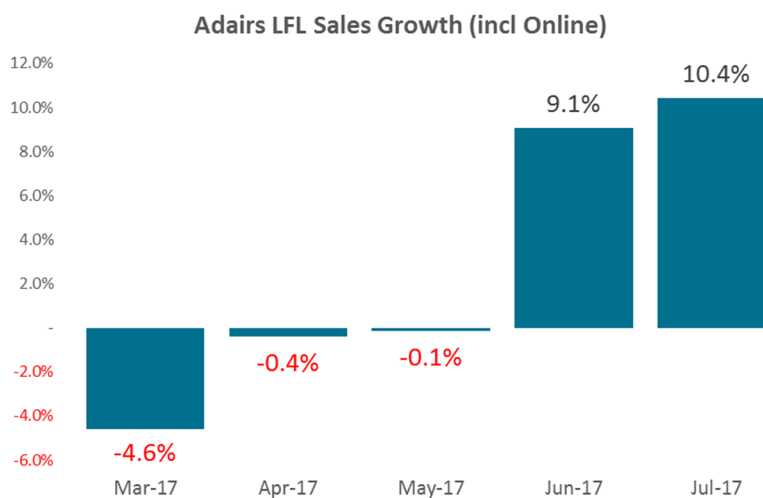


Release to the Australian Securities Exchange

Adairs Trading Update

Melbourne, 17 Aug 2017: Adairs Limited (ASX: ADH) provides this update in relation to improved sales momentum observed in its business over recent months.

The first 6 weeks of FY18 (period to 13 August) has seen strong store trading that builds on the improvement in sales momentum observed in June 2017. The substantially improved June sales result signalled a significant change in like for like (LFL) sales momentum as compared to the reported LFL sales growth relative to Q2 and Q3 FY17. The monthly LFL sales chart below provides context to both the recent nature and extent of sales momentum observed.



The momentum in LFL sales growth has continued into August, with the first 2 weeks of August delivering LFL sales growth at a similar rate.

Commenting on the year to date LFL sales performance, Adairs' CEO Mark Ronan said: "Adairs improved sales performance over the last 10 weeks provides us with increased confidence that the measures taken in the first half of FY17 were successful in repositioning the business, including our new product offering resonating with our customers. It would be imprudent to extrapolate these sales results to the full year period given we are only through the first 6 weeks of trading of FY18. We expect that as FY18 progresses, the rate of LFL sales growth will likely moderate from the levels recently observed."

Adairs will provide more information and a broader perspective of this trading update at its FY17 annual results announcement scheduled for 28 August 2017.

End.



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