

ADAIRS LIMITED
ANNUAL GENERAL MEETING

2 NOVEMBER 2017

adairs



Michael Butler
Chairman



FY17 Result Highlights



Sales growth up 7.1%

- LFL Sales for the full year down -1.4% (cycling 3 years of double digit growth)
- LFL strengthened over 2H with Q4 LFL sales +3.8%



Growth from Online channel

- Online sales up 26%
- Online sales grew 41% in 2H
- Represents 9% of total sales



Gross Profit

- Gross Profit grew by \$5.8m (3.8% on FY16)
- Gross Margin rate of 59.2% (61.0% FY16)



NPAT down \$5.1m (-19.6% on FY16)

- 1H NPAT down \$4.7m (-35.3% on FY16)
- 2H NPAT stabilised: down \$0.5m (-3.5% on FY16)



Strong Balance Sheet to support continued growth

- Net debt of \$27.6m



Total full year fully franked dividend 8 cents per share

- Final fully franked dividend of 4.5 cents per share



Variances refer to FY17 compared to pro-forma FY16 reflecting a 52 week period

Mark Ronan

CEO



Financial Performance KPI's

First Half			
	FY17	FY16*	Change
Sales LFL%	-4.0%	+15.4%	
GM%	59.3%	62.9%	-3.6%
CODB%	47.4%	43.8%	-3.6%
EBIT	\$12.0m	\$19.9m	-\$7.9m



Second Half			
	FY17	FY16*	Change
Sales LFL%	+1.0%	+8.7%	
GM%	59.1%	59.3%	-0.2%
CODB%	43.5%	42.4%	-1.1%
EBIT	\$18.8m	\$19.3m	-\$0.5m

Improved execution across the business led to enhanced customer experience and improved financial results.

* FY16 represents a pro forma 52 week period



Point of sale system

- New system rolled out to all stores



Website replatform

- Faster page load speed
- Search engine optimization
- Enhanced checkout capabilities
- Buy Now Pay Later deployment



Growing footprint in Australia

- Addition of 9 new stores taking total to 156
- 5 store refurbished with 4 of these upsized



International expansion

- 4 stores opened on North Island
- Adairs.co.nz commenced trading October 2016



Improved performance from key product categories

- Balanced range providing options for all customers
- Strong performance from Fashion Bedlinen

Effective marketing instore and online

- Increasing brand awareness
- Highly targeted search engine marketing program
- Successful social media campaigns

Online store

- Leveraging the investment of FY17
- Enhancing site performance and customer experience leading to increased conversion rates.

Improved execution and efficiencies achieved across all areas of business

Guidance Update (\$m)	Previous Guidance	Revised Guidance
Year End Stores	166 – 168	166 – 168
Sales (\$m)	285 – 300	290 – 305
Gross Margin%	59% - 60%	59% - 60%
EBIT (\$m)	33 - 37	34.5 – 39
Capital Investment (\$m)	9 - 11	9 – 11





Product, Product, Product

- Maintain our focus on product and a well balanced differentiated range
- Range extension into adjacent categories



Larger more inspiring stores

- Larger store formats inspire a more engaging instore experience



Passionate high performing team members

- Superior service is a key point of difference



Best in class omni channel capabilities

- Digital marketing and social media initiatives enhance customer engagement levels
- Linen Lovers drive repeat purchase and a loyal Adairs customer

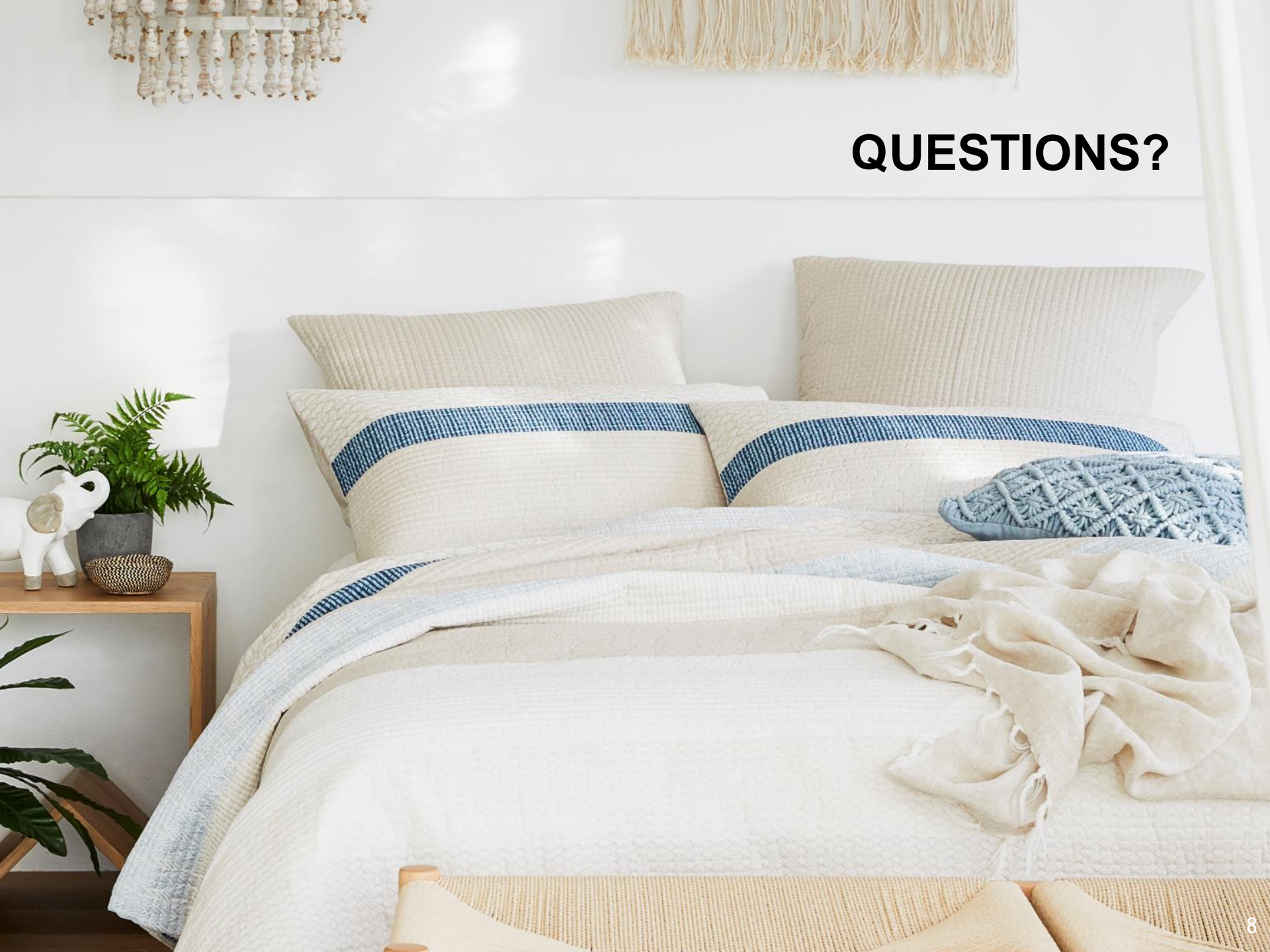


International expansion

- Store rollout strategy to underpin New Zealand growth
- International website to be established in 2018



QUESTIONS?



MEETING RESOLUTIONS



1. Annual Financial Report

“To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 2 July 2017.”



2a. Re-election of Michael Butler

“That Michael Butler, being eligible, be re-elected as a Director of the Company.”

Usable Proxies Received

	Proxies	% of Total Capital
For:	128,803,117	77.65%
Open/Undirected (Chairman)	1,596,668	0.96%
Open/Undirected (Other)	100,000	0.06%
Against:	13,500	0.01%
Abstained:	12,000	0.01%



2b. Re-election of David Briskin

“That David Briskin, being eligible, be re-elected as a Director of the Company.”

Usable Proxies Received

	Proxies	% of Total Capital
For:	128,781,117	77.64%
Open/Undirected (Chairman)	1,596,668	0.96%
Open/Undirected (Other)	100,000	0.06%
Against:	35,500	0.02%
Abstained:	12,000	0.01%



3. Remuneration Report

“That the Remuneration Report for the year ended 2 July 2017 be adopted.”

Usable Proxies Received

	Proxies	% of Total Capital
For:	125,548,538	75.69%
Open/Undirected (Chairman)	1,597,015	0.96%
Open/Undirected (Other)	100,000	0.06%
Against:	149,427	0.09%
Abstained:	48,180	0.03%



4. Approval of long term incentive to Mark Ronan

“That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of options to Mark Ronan as his long term incentive for the year ended 1 July 2018 on the terms described in the explanatory notes accompanying this Notice of Meeting.”

Usable Proxies Received

	Proxies	% of Total Capital
For:	128,714,713	77.60%
Open/Undirected (Chairman)	1,597,748	0.96%
Open/Undirected (Other)	100,000	0.06%
Against:	94,824	0.06%
Abstained:	18,000	0.01%



5. Approval of long term incentive to Michael Cherubino

“That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of options to Michael Cherubino as his long term incentive for the year ended 1 July 2018 on the terms described in the explanatory notes accompanying this Notice of Meeting.”

Usable Proxies Received

	Proxies	% of Total Capital
For:	126,476,278	76.25%
Open/Undirected (Chairman)	1,607,048	0.97%
Open/Undirected (Other)	100,000	0.06%
Against:	115,824	0.07%
Abstained:	18,000	0.01%



MEETING CLOSED



Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect Adairs Limited current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of Adairs Limited.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Adairs Limited current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.