



Release to the Australian Securities Exchange

ADAIRS UPGRADES FY18 GUIDANCE

Melbourne, 20 April 2018:

Adairs Limited (ASX: ADH) is pleased to announce a further upgrade to its FY18 earnings guidance.

The upgrade to FY18 guidance has been underpinned by continued like for like sales growth over the second half, and in particular over the last two months as customers have responded well to the autumn and winter range.

On a financial year to date basis (to 15 April), Adairs has delivered like for like sales growth of +16%, with second half (to date) like for like sales growth of +18%, demonstrating the further strengthening in sales over the last two months. In particular, Adairs online sales performance remains a highlight, generating year to date sales growth of +99% and representing circa 12.8% of sales.

The pleasing trading performance, together with disciplined cash management, has driven very strong operating cash generation. Cash conversion is expected to be another highlight of the FY18 result. Net debt at year end is expected to be between \$12 million and \$16 million, which may lead Adairs to being in a position to consider capital management initiatives in FY19.

A summary of the revised earnings guidance is set out below:

	Revised Guidance (April 2018)	Previous Guidance (February 2018)
Year End Stores	166 - 168	166 - 168
Sales (\$m)	310 - 315	300 - 310
Gross Margin%	60% - 61%	59.5% - 61.5%
EBIT (\$m)	44 - 46.5	40 - 44
Capital Investment (\$m)	7 - 9	9 - 11

Commenting on the latest upgrade to guidance, Adairs' CEO, Mark Ronan said: "This further upgrade to our FY18 earnings guidance reflects both the continued higher sales performance observed over the last two months, and our confidence in the momentum we carry into the remainder of this financial year.

Our current trajectory will see us deliver an FY18 result which sets new records in sales and earnings for the Company. Our FY18 result will be underpinned by a significant rebound in performance, the capacity of our strategy to grow market share profitably and the effectiveness of our omni channel strategy. Further, we believe the FY18 result will provide a solid platform for continued growth into FY19."

End.

For further information please contact:

Corporate

Mark Ronan, CEO
P: +61-3 8888 4500

Mandy Drake, CFO
P: +61-3 8888 4500

Investors & Media

Ronn Bechler, Market Eye
P: +61 400 009 774

E: ronn.bechler@marketeye.com.au

Adairs Limited

www.adairs.com.au

2 International Court, Scoresby, Victoria, Australia, 3179