

Adairs Limited Annual General Meeting

26 October 2018



Plant Style
BALDHAUS
THE KINFOLK HOME
PERFECT IMPERFECT



27 AUGUST
2018

Michael Butler

Chairman





FY18 Results Highlights

LFL sales drives growth

Sales +19% to \$315m

LFL sales +14.3% (cycling -1.4% FY17)

Online growing substantially

Online is now a material contributor to earnings growth

Online sales +75% to \$42m

Online accounts for 13% of total sales

Strong gross profit result

Gross profit +21% to \$190m

Gross margin rate +110bp to 60.3%

EBIT +46.7% to \$45.3m

Record EBIT result for the business

Effective cost control and operating leverage reducing CODB to 43.7% (45.3% FY17)

Strong operating cash flow

Net debt reduction of \$15.4m to \$12.2m

Growing EPS and Dividends

Earnings per share up 45% to 18.4 cents

Full year fully franked dividends up 68.8% to 13.5 cents

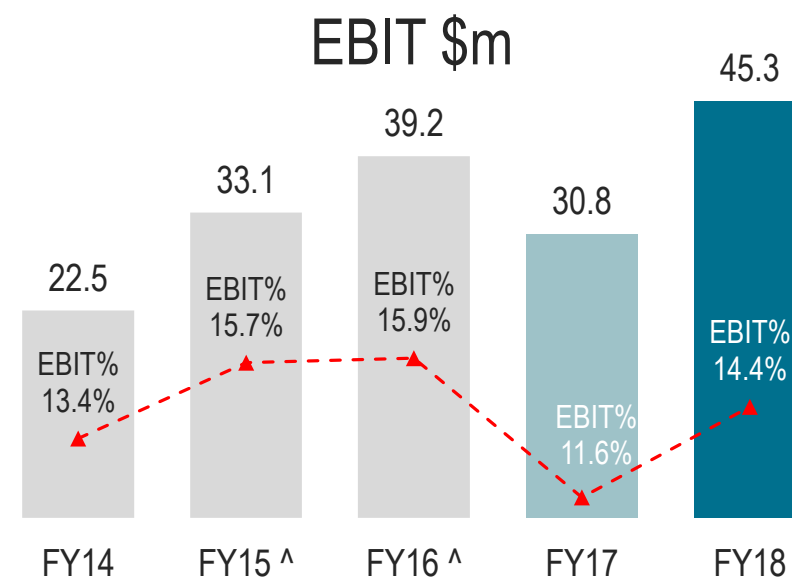
Mark Ronan

CEO



Growth across all P&L metrics

(\$ Million)	FY18	FY17	Change
Sales	314.8	265.0	18.8%
Gross Profit	189.6	156.8	20.9%
<i>Gross Profit %</i>	60.3%	59.2%	
CODB	137.6	120.1	14.5%
<i>CODB %</i>	43.7%	45.3%	
EBITDA	52.1	36.7	42.0%
<i>EBITDA %</i>	16.5%	13.8%	
EBIT	45.3	30.8	46.9%
<i>EBIT %</i>	14.4%	11.6%	
NPAT	30.6	21.0	45.4%
EPS (cps)	18.4	12.7	45.4%



Strong EBIT Result – Key Highlights

- ▶ Like for like sales across store network of +8%
- ▶ Online sales growth of +75% representing 13% of total sales
- ▶ Strong gross margin rate expansion
- ▶ Opened 8 new stores and refurbished 7 with 5 of these being upsized over the year
- ▶ Expansion categories driving result with more customers choosing Adairs as the place to shop

Key growth drivers

Product, Product, Product

- ▶ Great on trend, well coordinated product for our broad customer base remains the focus
- ▶ Continue to differentiate our product through fashionability, quality and enhanced value
- ▶ Look to continue to expand our width of offer

Best in Class Omni Retail Capacities

- ▶ Online now represents 13% of company sales and is a key contributor of future growth
- ▶ Key engagement channel with customers
- ▶ Linen Lover membership continues to build in size and contribution

More Inspiring Larger Stores

- ▶ Upsized stores delivering great results
- ▶ Continued preference towards homemaker store formats to showcase coordinated ranges and enable a differentiated shopping experience
- ▶ Net 4 – 6 stores planned to open during FY19 allowing for closure of 3 Myer concessions

Passionate High Performing Team Member

- ▶ Continuous investment in teams through training focused on product knowledge & customer service

International Expansion

- ▶ FY18 did not deliver the results we expected
- ▶ Remain confident that NZ will become a profitable market for Adairs



FY19 Outlook

	FY19 Guidance
Year End Stores	171 – 173
Sales (\$m)	345 – 360
Gross Margin%	59 – 61%
EBIT (\$m)	47.5 – 51.5
Capital Investment (\$m)	8 – 10

- ▶ As previously disclosed, on 12 October 2018, our first 13 weeks of trade has delivered like for like sales growth of +5.2% across stores and online

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 1 July 2018.”



2a. Re-election of Directors

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

Usable Proxies Received

	Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	94,561,138	81.27%
Open/Undirected (Chairman)	233,055	0.20%
Open/Undirected (Other)	1,962	0.00%
Against:	21,563,645	18.53%
Abstained:	11,248	N/A



2b. Re-election of Directors

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

Usable Proxies Received

	Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	101,419,498	87.16%
Open/Undirected (Chairman)	233,055	0.20%
Open/Undirected (Other)	1,962	0.00%
Against:	14,705,285	12.64%
Abstained:	11,248	N/A



3. Remuneration Report

“That the Remuneration Report for the year ended 1 July 2018 be adopted.”

Usable Proxies Received

	Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	115,591,198	99.72%
Open/Undirected (Chairman)	234,106	0.20%
Open/Undirected (Other)	1,962	0.00%
Against:	93,058	0.08%
Abstained:	21,866	N/A



4. Approval of long term incentive grant of options 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 annual long term incentive for the year ended 30 June 2019 on the terms described in the explanatory notes accompanying this Notice of Meeting.”

Usable Proxies Received

	Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	106,873,467	91.85%
Open/Undirected (Chairman)	234,106	0.20%
Open/Undirected (Other)	1,962	0.00%
Against:	9,247,976	7.95%
Abstained:	13,537	N/A



5. Approval of long term incentive grant of options 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 annual long term incentive for the year ended 30 June 2019 on the terms described in the explanatory notes accompanying this Notice of Meeting.”

Usable Proxies Received

	Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	106,873,467	91.85%
Open/Undirected (Chairman)	234,106	0.20%
Open/Undirected (Other)	1,962	0.00%
Against:	9,247,976	7.95%
Abstained:	13,537	N/A



6. Approval of Non-Executive Directors remuneration

“That the maximum aggregate annual remuneration of the non-executive directors be increased by \$150,000 from \$450,000 to \$600,000 per annum.

Usable Proxies Received

	Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	105,764,926	91.23%
Open/Undirected (Chairman)	234,106	0.20%
Open/Undirected (Other)	1,962	0.00%
Against:	9,929,730	8.57%
Abstained:	11,466	N/A

MEETING CLOSED





Disclaimer

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’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.