

# Release to the Australian Securities Exchange

# Adairs Limited Trading update and provision of first half FY21 guidance

# 8 December 2020

# Adairs Limited (ASX: ADH)

Adairs today provides a trading update for the first 23 weeks of FY21 (ending 6 December 2020), and Sales/EBIT guidance for the six months ending 27 December 2020.

# **Trading Update**

With three weeks remaining in the first half of FY21, sales have continued to remain elevated across all channels and are well ahead of the same period last year. This is despite 43 stores in the Melbourne Metropolitan area being closed for c.12 weeks<sup>1</sup> of this period as a result of COVID-19 Government restrictions.

Sales, unaudited (first 23 weeks of FY21)	Growth over PCP
Adairs stores	+5.2%
Adairs stores (LFL) <sup>2</sup>	+17.3%
Adairs online	+99.7%
Adairs Total Sales	+23.4%
Mocka <sup>3</sup>	+45.1%

Online sales represented 39% of total sales (comprising Adairs online 27% and Mocka 12%) versus 20% for the same period last year.

Consistent with our heightened focus over the last 18 months, gross margins in both the Adairs and Mocka businesses have been well above prior year levels due to the continuation of pricing, promotion and sourcing initiatives outlined with the FY20 results. This has remained the case since the AGM update, a period which included our November Linen Lovers and Black Friday sales events.

<sup>&</sup>lt;sup>1</sup> Melbourne metropolitan stores were closed from 6 August 2020 and re-opened on 28 October 2020.

<sup>&</sup>lt;sup>2</sup> Like for like sales growth ("LFL") has been adjusted for Greater Melbourne store closures and is calculated on a store by store daily basis (where only stores open on the same day in each corresponding period have been included).

<sup>&</sup>lt;sup>3</sup> For information only. Adairs acquired Mocka in December 2019.



Adairs inventory levels are in line with plan going into Christmas while Mocka inventory levels have improved but remain below plan given stronger than expected sales and its longer product lead times to market.

# 1H-FY21 Guidance

Given the proximity to our half-year end the Board has now provided the following guidance for the 26 weeks ending 27 December 2020.

(A\$m)	1H-FY21 Guidance	1H-FY20 Actual
Group Sales <sup>1</sup>	\$235-245m	\$179m
Underlying Group EBIT <sup>2</sup>	\$62-66m	\$23.2m

#### Notes:

- 1. Mocka contributed sales for the full 26-week period in 1H FY21 vs 5 weeks for the 1H FY20 period.
- 2. Excludes the impact of (i) AASB 16 adjustments, and (ii) non-cash costs associated with the acquisition of Mocka. Includes the impact of (i) JobKeeper wage subsidy and (ii) the closure of Melbourne Metro stores for 12 weeks.

Commenting on the trading update Mark Ronan, CEO and Managing Director, noted:

"With a few weeks to go, it is now clear our first half FY21 result will be outstanding and builds on the excellent result in FY20. Whilst we have clearly been a COVID-19 beneficiary, the result has been delivered through the team's strong execution against our articulated business strategies and the fundamental strength of our vertical business model. These gains extend across all aspects of our business with Adairs achieving strong growth through our integrated omni-channel model and Mocka delivering strong results as we continue to build momentum and scale.

Across our group our team continue to delight and inspire our customers through great product and a differentiated approach. It is great to see their unwavering passion and commitment to our brands.

Our model allows our customers to shop with us when, where and how they want whilst simultaneously delivering attractive financial results. For the group to achieve an expected EBIT outcome in six months that exceeds the EBIT of the full prior year, which was itself a record for the company, is testament to the strategic health and operational excellence of our business."

We look forward to providing more insights and detail with the release of our first half results.

# **ENDS**

This announcement has been approved by the Board of Adairs Limited.



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# **About Adairs Limited**

Adairs Limited is Australia's largest omni channel specialty retailer of home furnishings and home decoration products. We own and operate two businesses in the category, Adairs and Mocka. Both businesses are design led, customer focused, and sell quality in-house designed product direct to customers in Australia and New Zealand. Adairs head office is in Melbourne, Australia.

For further information visit our investor relations website www.investors.adairs.com.au

# **About Adairs**

Adairs is a leading specialty retailer of home furnishings in Australia and New Zealand with a national footprint of stores across a number of formats and a large and growing online channel. Our strategy is to present customers with a differentiated proposition, which combines on-trend fashion products, quality staples, strong value and superior customer service.

For further information visit <a href="www.adairs.com.au">www.adairs.com.au</a>

# **About Mocka**

Mocka, a wholly owned subsidiary of Adairs, is a vertically integrated pure-play online home and living products designer and retailer operating in Australia and New Zealand. Mocka sells its own exclusive, well designed, functional and stylish products in the Home Furniture & Décor, Kids and Baby categories. Delivering great product and compelling everyday value-for-money is core to the Mocka customer proposition.

For further information visit <a href="https://www.mocka.com.au">www.mocka.com.au</a>