



Release to the Australian Securities Exchange

Adairs exceeds FY15 prospectus forecast with like for like sales growth of 21.6%

Melbourne, 25 August 2015: Adairs Limited (ASX: ADH) is pleased to announce its maiden full year results as a listed company. Adairs has successfully executed its strategy to deliver pro-forma results ahead of Prospectus forecast for the 52 weeks ended 28 June 2015 (FY15).

FY15 saw growth across all key metrics:

- Like for like (LFL) sales growth of 21.6%
- Sales up 25.6% to \$210.9 million (3.7% above Prospectus Forecast)
- Gross profit up 25.9% to \$130.7 million (2.5% above Prospectus Forecast)
- Pro-forma earnings (best reflects the underlying performance of the business):
 - EBITDA up 46.1% to \$37.7 million (5.2% above Prospectus Forecast)
 - EBIT up 51.8% to \$33.1 million (5.7% above Prospectus Forecast)
 - NPAT of \$22.0 million (Prospectus Forecast \$20.7 million)
- Pro-forma net debt of the business of \$39.4 million, after allowing for full payment of IPO transaction costs

Commenting on the FY15 results, Adairs Managing Director & CEO David MacLean said:

"This was an exciting year for the business, as Adairs became a publicly listed company and continued to grow strongly. With so much happening over the past year, the results achieved are a testament to the dedication, commitment and passion of all our team.

"The strength of the company's business model can clearly be seen in the like for like sales growth achieved. Our 31 consecutive months of like for like sales growth has been driven by a significant increase in transaction numbers. The combination of strong like for like sales growth and operating leverage saw earnings grow faster than revenues over FY15."

Focused on superior retail execution

"The results achieved over the past year reflect our ability to identify and deliver on our growth strategies. We have continued to pursue our long-standing strategy of product and range differentiation, leveraging our high quality product design, development and sourcing capabilities. This has continued to pay off, especially in our fashion bedlinen and home furnishings which have performed strongly, with the Fashion & Decorator category now accounting for 57% of sales.

"We continued to expand our national store footprint, opening five new stores and closing one underperforming store, while completely refurbishing seven stores. Three Urban Home Republic concession stores were opened in select Myer locations, and we have seen



improved performance in Adairs Kids. Further our online store grew strongly, with 35% sales growth.

“While we have continued to successfully expand our national footprint, we have also undertaken important operational initiatives to position Adairs for the future. We have successfully implemented a new ERP within Warehouse, Product and Finance, and POS roll out is on track for completion in the second half of FY16. In addition, we opened our Keysborough distribution centre, which is up and running smoothly with capacity for further growth.”

Strong balance sheet

After adjusting for IPO costs which were yet to be paid at year end, net debt was \$39.4 million; being modestly below the \$40 million of net debt set out in the Prospectus. Adairs is comfortably geared with funding in place to support continued growth.

Well positioned to continue growing and achieve FY16 Prospectus forecast

Commenting on the company’s outlook, Mr MacLean said: “The investments made in recent years have positioned the business well for future growth. Investment in the ERP will enhance the customer experience through improved delivery channels, faster transaction speed and a more integrated loyalty program. We are also enriching our online experience and reallocating marketing spend to higher performing channels such as loyalty, electronic direct mail and search engine marketing, as well as developing our social media strategy.”

“We will continue to drive growth through expansion of our store network. We plan to roll out seven to ten new Adairs and Adairs Homemaker stores each year for the next five years. Our core format stores has proven to be a material growth driver historically and we expect this to continue.

“Our emerging store formats are an exciting growth opportunity and we plan to roll out two to four standalone Adairs Kids and Urban Home Republic stores each year in addition to the trial Urban Home Republic concession stores. Further, Adairs is evaluating the potential to commence international expansion trial stores in New Zealand or South Africa.

“We have a long and successful history in Australia. We have invested significantly in our business, have an exceptional team and excellent infrastructure complemented by a differentiated customer proposition. With a clear growth strategy, Adairs is well placed to grow shareholder value, and is on track to deliver FY16 Prospectus forecast.”

For further information please contact:

Corporate

David MacLean, Managing Director & CEO
P: +61-3 8888 4500

Investors

Ronn Bechler, Market Eye
P: +61-400 009 774
E: ronn.bechler@marketeye.com.au

Media

Whitney Fitzsimmons, Market Eye
P: +61-448 285 646
E: whitney.fitzsimmons@marketeye.com.au



About Adairs

Adairs Limited (ASX: ADH) is a retailer of home furnishings in Australia with a national footprint of stores across a number of formats. The company presents customers with a differentiated proposition, which combines on-trend fashion products, quality staples, strong value and superior in-store customer service. For further information visit

www.adairs.com.au