



Release to the Australian Securities Exchange

First quarter FY16 performance

Melbourne, 2 November 2015: Adairs Limited (ASX: ADH) provides the following update regarding the Company's financial and operating performance over the quarter ended 27 September 2015 (Q1 FY16).

Revenue and earnings for Q1 FY16 have been very good. Group Revenue of \$53.1 million is 23% above the prior corresponding period (PCP) on a pro-forma basis and 7% above the performance implied for the quarter by the Company's FY16 Prospectus forecast.

Earnings Before Interest and Tax (EBIT) of \$7.7 million was 41% above PCP on a pro-forma basis and 21% above the profitability implied for the quarter by the company's FY16 Prospectus forecast.

Like for Like ("LFL") sales growth in Q1 FY16 was +17%. At the end of Q1 FY16, the Company's inventory position is sound. The new store roll out is tracking in-line with the target in the Company's FY16 Prospectus forecast (i.e. 11 net new stores). As a result, Adairs is well positioned to continue to perform well.

While these are pleasing figures, we note for context that gross margin percentage is under some pressure from a robust competitive environment, and current foreign exchange spot rates are lower than assumed in the Company's FY16 Prospectus forecast. Q1 is historically the smallest quarter in relation to EBIT for the financial year, and as the year progresses Adairs will cycle against the increasingly strong LFL sales growth achieved in FY15.

Consistent with the above observations, having reviewed performance relative to its FY16 Prospectus forecasts and broker consensus earnings expectations, the Company has elected to not provide further FY16 earnings guidance at this time, other than to reiterate our confidence in delivery of the FY16 Prospectus forecast. Adairs will continue to meet its continuous disclosure obligations, and will review its FY16 earnings guidance position again at completion of the half year.

It is not Adairs' current intention to provide regular quarterly trading updates. All of the financial data above is unaudited.



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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