

JOYCE CORPORATION 1H18 RESULTS



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March 2018

Agenda

Statutory 1H18 Summary

Key Performance Highlights

Key Performance Summary

Dividends

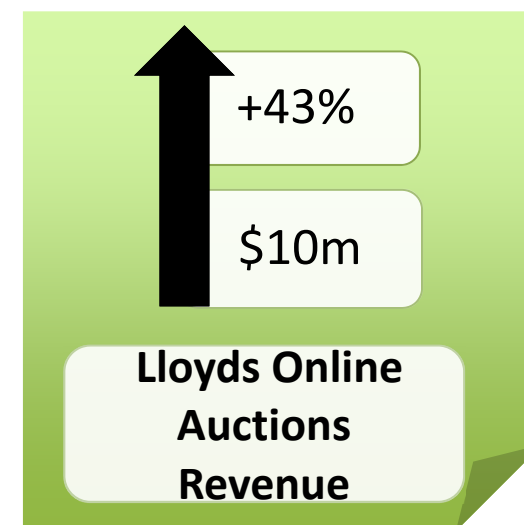
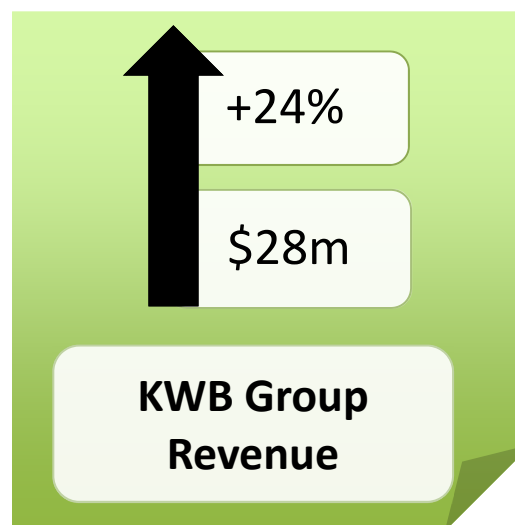
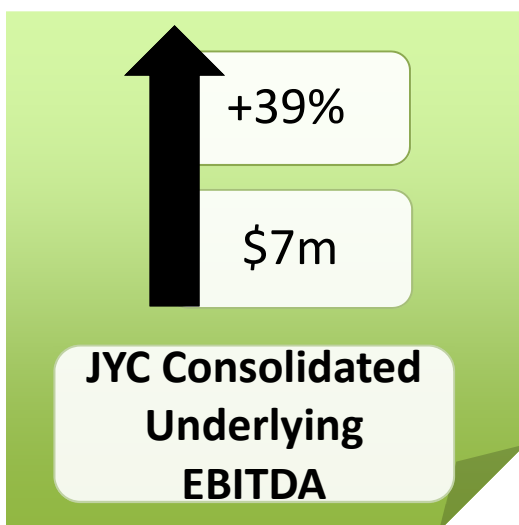
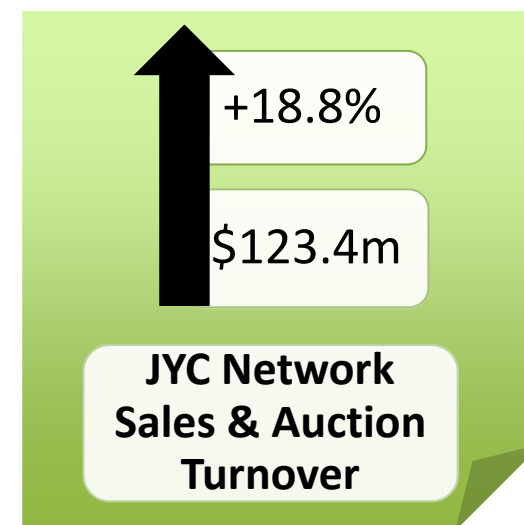
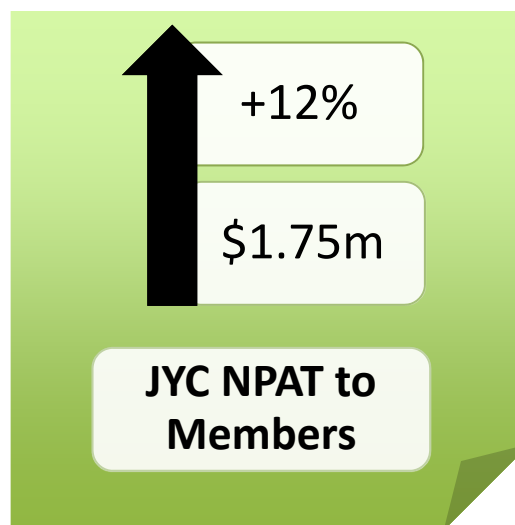
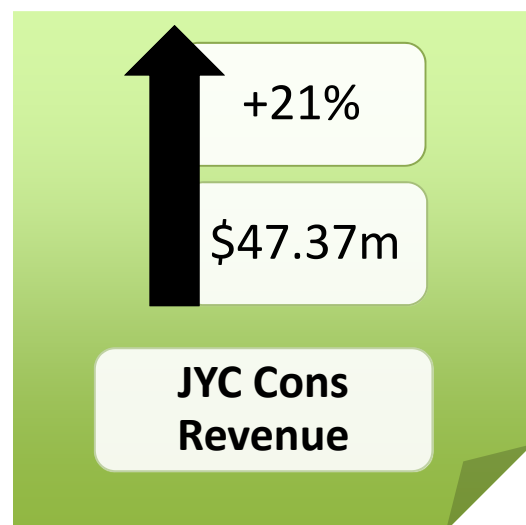
Segment Summary

Key Objectives

Outlook in 2018



Key Performance 1H18 Highlights



Key Performance 1H18 Summary

SEGMENT EBITDA December 2017	"\$000's	"\$000's	"\$000's	"\$000's	"\$000's	"\$000's	Var %
in \$000's	Bedshed Franchising	Bedshed – owned Retail bedding	KWB Group Retail Kitchen	Joyce	Lloyds Online Auctions	Total	YOY Increase
<i>Segment Underlying profit (EBIT)</i>	765	220	4,838	-982	1,558	6,400	36.5%
<i>Depreciation</i>	15	102	374	51	63	606	111%
<i>Underlying EBITDA before unallocated</i>	780	323	5,213	-931	1,625	7,006	40.8%
<i>Revaluations and one off</i>	0	0	0	0	-1,363	-1,363	n/a
<i>Segment EBITDA before unallocated</i>	780	323	5,213	-931	262	5,643	13.4%
<i>Unallocated</i>						-114	
<i>Consolidated Net profit b4 tax incl NCI</i>						4923	4.1%
<i>Tax</i>						-1479	2%
<i>Consol Segment profit after tax including NCI</i>						3,444	5.2%
EBIT in NCI			underlying profit b4 tax incl NCI			6,421	33.0%

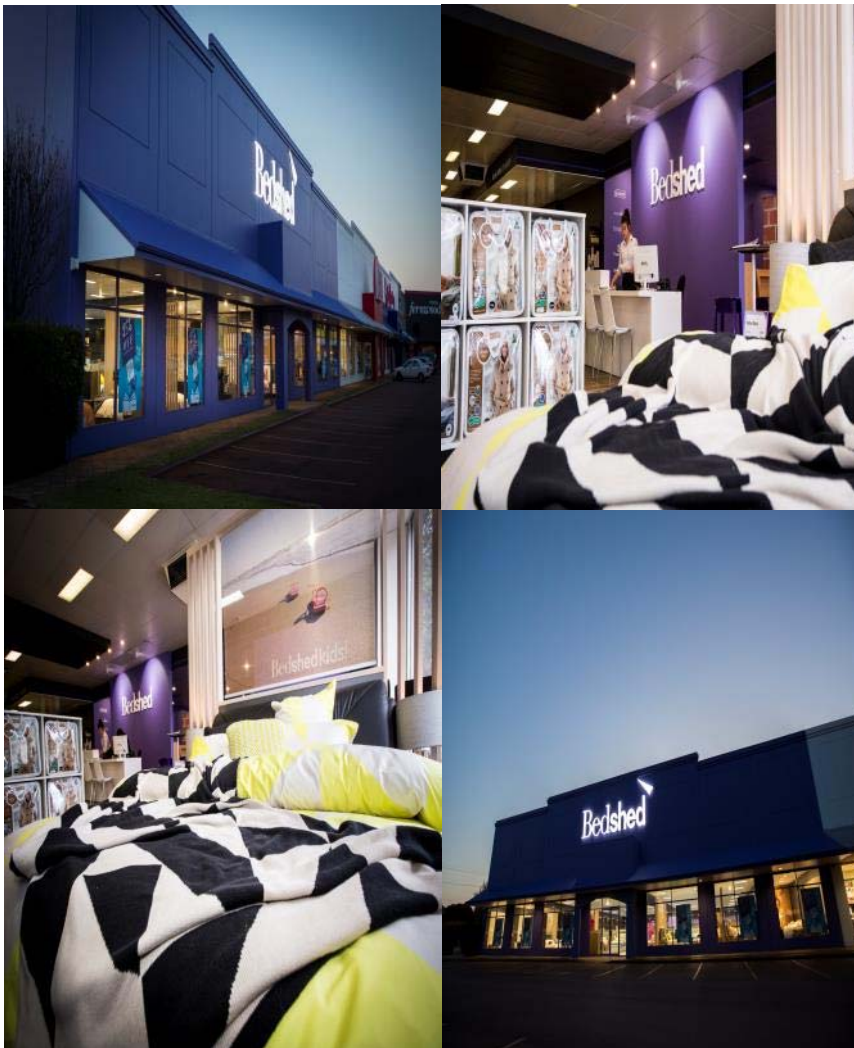
Earnings Per Share Underlying Profit

Reconciliation of EPS table		1H18	1H17	Variance
Total Shares Joyce Diluted	27,968,255	\$'000's	\$'000's	%
Net Profit after tax for members of Joyce		1,752	1,570	
Add back Joyce share of after tax underlying adjustment		487	0	
Remove Property re-valuation in KWB.		333	0	
Underlying profit for Joyce Members		1,906	1,570	
Statutory EPS.		\$ 0.064	\$ 0.057	12%
Underlying EPS for members exc revaluation		\$ 0.068	\$ 0.057	19.5%
Underlying EPS for members inc revaluation		\$ 0.08	\$ 0.057	40%

Key Performance 1H18 Summary

- 1H18 revenue increased to \$47.37 million, up +21% on 1H17.
- 1H18 Network Sales including fees and auction turn- over up to \$123.4 Million, up +18.8% on 1H17.
- 1H18 total Group EBITDA (inc NCI) up +13 % to \$5.6M Million from 1H17; and 1H18 Underlying consolidated EBITDA up +39% to \$7.03 M on 1H17.
- Statutory Net Profit After Tax (NPAT) after non-controlling interest (NCI) to members \$1.75million; up +11.6% on 1H17.
- Fully franked interim dividend of 5 cents per share, payable on 11th April 18.
- KWB Group 1H18 sales revenue up 24% on prior year; and EBIT up + 65% on 1H17.
- Lloyds Online Auctions Pty Ltd grew 1H18 Commissions and fee Revenue by + 43%.
- National expansion commencement in Q3F17.

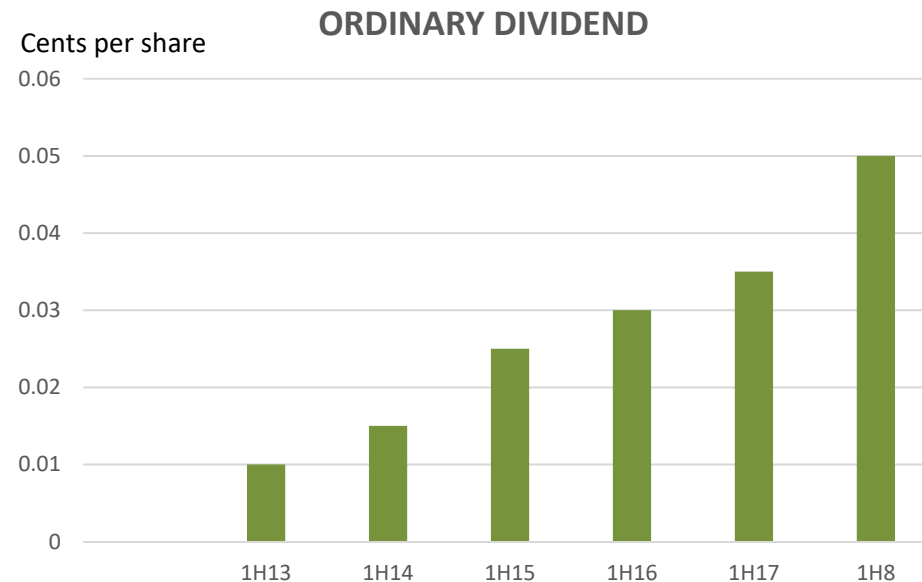
Segment Revenue Summary



Segment-1H18	Consolidated	1H18 Revenue \$000's	1H17 Revenue 000's	Var. %
<i>Bedshed Franchising</i>		1,562	2,033	-23%
<i>Company owned stores</i>		6,967	7,022	-1%
<i>Kitchens</i>		28,728	23,087	24%
<i>Online Auctions</i>		10,025	7,000	43%
<i>Corporate</i>		87	5	1,640%
Total		47,369	39,147	21%

Dividends

- The Company declared a interim 5 cents per share fully franked Dividends. To be paid 11 April 18.
- We are optimistic that future additional growth in Dividends may be possible subject to current cash flow management requirements.
- In 1H17 a special dividend of 2 cents was declared, this is not classified as an ordinary dividend, or shown here in the ordinary Dividend graph above. However total payments to shareholders is expected to be at least the same as F17 subject to cashflow requirements F18.



Underlying EBIT Summary



Underlying EBIT performance summary

<i>" \$000's</i>	<i>1H18 Statutory</i>	<i>1H17 Statutory</i>	<i>Variance %</i>	<i>one-Off transactions</i>	<i>1H18 Underlying EBIT</i>	<i>1H17 underlying EBIT</i>	<i>Variance</i>
<i>Bedshed Franchising</i>	765	464	65%	-	765	464	65%
<i>Company owned stores</i>	220	503	-56%	-	220	503	-56%
<i>Kitchens</i>	4,838	2,941	65%	-	4,838	2,941	65%
<i>Online Auctions</i>	195	2,055	-91%	1,363	1,558	2,055	-24%
<i>Corporate</i>	-982	-1,273	18%	-	-982	-1,273	23%
<i>Total EBIT Excluding unallocated</i>	5,036	4,690	7%	1363	6,399	4,690	36%

- Lloyds Online Auctions purchased its previously leased online platform and online IP. Considerable investment has been made in future brand growth in strategic areas.
- Bedshed is expected to have a stronger 2H18 with new store roll- out. Bedshed Company stores are currently trading with a small increase to F17 on a like for like basis.
- KWB Group is forecasting a solid 2QF18 and 3QF18 new store openings completed.
- KWB Property valuation gain \$933K 1H18 before tax and NCI.

Joyce Corporation {ASX:JYC}

Summary

- Company is in a solid financial position, with low levels of bank debt and opportunity to leverage and grow with cash in bank.
- QLD Lytton property fully leased and annualised rents stream of \$908K pa including o/goings has commenced creating future valuation potential gains.
- Lloyds Online Auctions expanding on an organic basis with Auctions in (VIC) + (NSW) + growing categories in both Business to Business (B2B) and Business to Consumer (B2C) and expanding with acquisition of Macquarie Auction group (1 March 18) adding another 3 sites and an expected \$5M additional auction revenue pa.
- Bedshed Franchising trading up on 1H17, meeting expectations in FYR18 YTD with 1 new store planned to roll out in 2H18.
- National Expansion for KWB Group in F18 commenced with 1 new NSW store and 1 SA store (relocated) and 1 new QLD showroom already opened.

Key objectives

- Lloyds purchased its online auction platform and its online -IP resulting in further national expansion investment with a total 11 sites nationally.
- Step up the Roll-out of the new “evolution” store fit-out program to remaining Bedshed stores and expansion into Eastern states. Investing in Bedshed’s enterprise franchise system upgrades in F18.
- Implement store Franchisee growth and recruitment plan in NSW.
- KWB group to continue expansion in NSW and QLD in next 12 months.
- 2H18 franked Dividend may increase subject to expected growth and cash availability.



Outlook in 2018



- ❑ Joyce Corporation { JYC} is in a dynamic growth stage. Statutory Revenue up + 21% and total group network written sales and commissions up + 18.8%.
- ❑ Joyce has mostly counter- cyclical business units. This provides relatively low risk, robust balance sheets making it reasonably bullet-proof.
- ❑ Lloyds Online Auctions with 43% 1H18 revenue growth and expected significant growth in Auction sales with Macquarie auctions 2H18.
- ❑ KWB Group performing to expectations with 3 new stores already rolled out in 1H18 with gains in 2H18.
- ❑ Bedshed growth planned with 1 new Franchise store expected in 2H18 and 5 total new stores expected in next 18 months.

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