



19th February 2019

Att: Manager ASX Announcements

Re: Joyce Corporation Ltd (ASX: JYC)

FY19 Half Year Results – Press Release

Good planning, strong leadership and a strategic focus on achieving long-term results for investors has seen Joyce Corporation achieve predicted and solid growth in the first half of the 2019 Financial Year.

In the first half of FY19, Joyce Corporation saw underlying earnings before interest and taxes (EBIT) increase by 16.3 per cent compared to the same period in FY18. The underlying net profit after tax (NPAT) attributable to Joyce shareholders increased by 8 per cent to \$1.5 million.

These results and current forecasts indicate a consistent high fully franked dividend yield for FY19. Joyce dividend yields are well in excess of its peers and the broader market, represented by the ASX 200.

Announcing the FY19 half-year results, Executive Director Anthony Mankarios said Joyce Corp – a well-established Australian owned and operated company – has a sound track record of delivering on forecasts and promises.

“With a strong portfolio of small-to-medium sized Australian businesses, Joyce Corp has demonstrated that it has a considered approach to its investments,” Anthony Mankarios said.

“In line with ‘the Joyce Way’, we work together with our partners to ensure our businesses are performance-focused. This is underpinned by strong leadership, a strategy focus and good planning.

“Our strong leadership has been strengthened of late with Big 4 trained chartered accountant and 25-year finance veteran Keith Smith joining the leadership team as Finance Executive.

“As we enter the second half of FY19, we acknowledge that nationally there is a softening of the retail market which can cause concern for investors,” Keith Smith said.

“For Joyce Corp, our businesses traditionally weather the storms of a weakening market. In such times, consumers often bring a focus to their homes, seeking affordable renovations and selling off items of value – such as classic cars.

“The trend towards renovations was highlighted by CommSec this month in their February 4 Economic Insights release. The release – headlined ‘Aussies opt to stay and renovate’ – noted that renovation approvals are again approaching record levels. With fewer houses and apartments being approved, more people are opting to stay and renovate.”

Anthony Mankarios also acknowledged the exceptional growth of KWB (owners of Kitchen Connection), who continue to receive strong consumer support (earned over years of delivery and underpinned by exceptional service and quality) and earnings growth above forecasts.



“In the first half of FY19, KWB opened three new stores and refurbished one existing store. KWB is expected to maintain a consistent rollout of three or more stores a year into the foreseeable future. Expansion efforts for the next four years will be focussed on New South Wales and Victoria.

“Our confidence in our investments is highlighted in our decision last month to increase our stake in the Lloyds Group from 51 per cent to 56 per cent, based on the potential business upside.

“We first partnered with Lloyds – one of Australia’s most trusted and experienced Auction and Valuation Service providers – in 2016. Our acquisition was based on the business’s sound 12-year history and strong potential for growth.”

“In this first half of FY19, we have worked with Lloyds to enhance their management team, invest in business processes improvements and streamline their auction offering. These actions have resulted in a 13% increase in auction revenue in the first half.

“We continue to enact our strategy to transform the Lloyds offering through FY19 to deliver consistent profitable growth. This includes through a nation-leading classic car division and expanding the underlying base business.”

Trusted mattress, bedding and bedroom furniture experts Bedshed continue to be a solid and consistent performer in the Joyce Corporation family, with new franchises continuing to be in demand and highly trained and knowledgeable staff proving to be a key differentiator in the market.

“In December 2018, Bedshed opened a new franchise in the high-growth Gold Coast suburb of Robina. And they have more exciting openings planned for the second half of FY19,” Anthony said.

With strong organic growth plans in place, Joyce Corporation is actively identifying further external acquisition opportunities for the Group which will inject further profitable growth.

For more information, including the full F19 half-year results, see the half-year FY19 reporting documents on our website <http://joycecorp.com.au/index.php/download/jyc-half-year-fy19/>.

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