



FY19 HALF YEAR RESULTS – PREDICTED AND SOLID GROWTH

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HY19 Results

Joyce Corporation	HY19	HY18 Underlying *	Variance %	HY18 Statutory
	\$000's	\$000's	%	\$000's
Revenue	49,180	43,918	+12.0%	43,918
Profit after tax from continuing operations	3,174	2,782	+14.1%	3,462
Profit attributable to Joyce shareholders	1,533	1,419	+8.0%	1,752
EPS (Diluted) cents	5.5	5.1	+7.8%	6.3

Joyce earnings continue to grow through a time of strategic investment for the future.



Joyce Corporation	HY19	HY18	Variance %
	\$000's	\$000's	
Cash from operations	1,813	2,189	-17.2%
Closing cash	4,010	3,211	+24.9%
Drawn debt	11,116	10,491	+6.0%
Gearing ratio	39.5%	37.3%	

Joyce delivered significant increases to cash and maintained modest debt ratios in the period.

* - Excludes the 'one-time' property revaluation at KWB of \$933k.

Underlying Growth

Store openings

- KWB opened three new stores and Bedshed opened one.
 - Bedshed's new store is in the high-growth suburb of Robina, Gold Coast.
- KWB is expected to maintain a consistent roll out of three or more stores a year into the foreseeable future and Bedshed has exciting openings planned for the second half of FY19.

Sales development

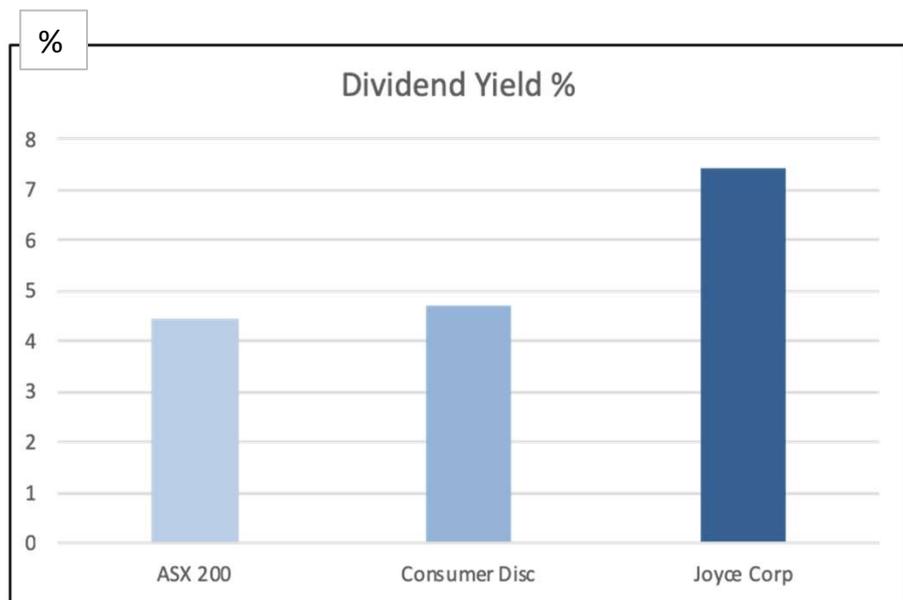
- KWB and Lloyds sales grew against a backdrop of a very 'lacklustre' retail sector. These businesses traditionally weather the storms of a weakening market.
- The strength of Bedshed's highly trained and knowledgeable staff, advertising, refurbished stores and refreshed range has supported their growth. As has the tailwind from key new store openings in FY18.
- KWB's new stores and trusted reputation (earned over years of delivery and underpinned by exceptional service and quality) are a key factor in the business's exceptional growth.

EBIT development

- Earnings before tax, interest and 'one-time' property revaluations grew 16.3% in the period and marginally exceeded budgeted expectations. The first half of the year was designed to be a period of investment in both Opex and Capex to deliver the desired future earnings.



Joyce Dividend Yield



Source marketindex.com.au (30/1/19)

Our consistent dividend yields are well in excess of our peers and the broader market, represented by the ASX 200.



In November of last year Joyce delivered a 'fully franked' 6c final dividend for FY18.

- Current forecasts indicate the FY18 level of cash 'pay out' can be maintained for the foreseeable future.
- This dividend is 10% higher than forecast to the market 3 years ago.
- A 'fully franked' 5c interim dividend has been declared for FY19, consistent with FY18.

Business Unit Review

KWB Group	HY19	HY18	Variance
	\$000's	\$000's	
Continuing revenue	31,737	26,859	18.2%
Segmental profit	5,167	3,779	36.7%

KWB now operate out of 20 stores and continues to receive the 'tailwind' from stores opened in the prior period coming to maturity.



Wallspace Kitchens and Wardrobes have a 4.7 (out of 5.0) 'Product Review' rating. (Out of a significant 590 reviews).

Lloyds Online	HY19	HY18	Variance
	\$000's	\$000's	
Continuing revenue	8,446	7,769	8.7%
Segmental (loss)/profit	-317	191	-266.0%

We have worked with Lloyds to enhance their management team, invest in business processes improvements and streamline their auction offering. These future-proofing actions have resulted in an expected, lower short-term growth in revenue from the comparative period in FY18.

The transformation of the Lloyds business is focused on long-term profitable growth.

Bedshed	HY19	HY18	Variance
	\$000's	\$000's	
Continuing revenue	8,996	9,290	-3.2%
Segmental profit	806	838	-3.8%

Bedshed continue to be a consistent performer, with new franchises in high-growth suburbs and highly trained and knowledgeable staff proving to be a key differentiator in a softening national retail market. Early cost over runs in East Coast operations have been addressed.

Bedshed has a number of potential franchisees in discussions about joining the team.

Investing in the present enhances future returns

KWB Highlights — *Optimising Stage*

- Three stores were opened and one was refurbished (all in Northern NSW) .
 - The 3-year expansion plan continues to be rolled out – focussed on NSW and VIC.
- The results of the Division continue to benefit from the maturing of stores opened in prior periods.
- The evolution of the supply chain continues to support reductions in operational costs and has increased critical mass.
- The KWB brands continue to command strong consumer support.
 - Earned over years of delivery and underpinned by exceptional service and quality
- Foot traffic in established stores has significantly increased compared to the previous comparable period.



Lloyds Online Highlights

Maximised Future Potential

- Lloyds continues to bring unique ultra rare cars to market.
 - Like the GTHO Phase III & IV and the 'Brock collection'.
- Unprecedented free media interest has occurred in the period particularly in the terrestrial TV space.
- Celebrities such as Alan Jones and Jeff Thompson amongst other prominent people have become 'Brand Ambassadors' helping to create interest in Lloyds Online Auctions.
- Setting records in the period for multi-million dollar auction prices on individual vehicles continues to cement Lloyds reputation for delivering.



Bedshed Highlights

Solid and Consistent Performer

- The Division has multiple franchisee enquiries currently.
- Investment in a one-off re-structure and the strengthening of management has occurred in Bedshed’s North QLD store.
- Staff are highly trained and knowledgeable, which is proving a key differentiator.
- ‘Evolution’ store fitouts are enhancing customer experiences.
- A new franchise store has opened in high-growth suburb Robina, QLD.
- Exclusive partnership with Kingsdown Inc, who are the manufacturer of the world’s smartest bedding technology.



We're listening.

Joyce Overview

Joyce Corporation continues to execute its plans for FY19 to plan; opening four stores and cementing consumer support for the Group's brands.

Our partnering relationships are encapsulated in the 'Joyce Way' – a set of principals by which we do business.

The Group continues to have great growth opportunities in its subsidiaries through:

- significant geographic expansion;
- further leveraging current IP; and
- entering adjacent spaces.

The Group also has options to grow inorganically.

In the period Joyce reviewed its investments in the current partner base and chose to invest further in the Lloyds division. This was through the subsidiary issuing a further 699,000 ordinary shares which increases Joyce's holding to 56% and injects additional funds into an entity where the Group anticipates growth.

It is anticipated that the Opex and Capex investments have now peaked and the Lloyds organisation will move to earnings delivery.



Joyce Corp Outlook



The team have delivered a strong first half and all the planned store changes for FY19 setting the organisation up well for future earnings growth, the next phase is consolidation before the next store openings in HY20.



The investment phase in HY19 is planned to transition into significantly positive EBIT earnings in H2 of FY19. This is based on the IP system savings and sales reputation developed over the past 12 months.



The strong interest from potential franchisees is driven from the ongoing success of the Bedshed brand. This brand support will continue in the second half of the financial year from initiatives which continue to come out of the 'Bedroom Report'.
Delivery of the ERP/POS system remains planned for July'19 which will deliver an eCommerce solution for the Division.

With strong growth plans set at the trading divisions the Executive are actively identifying further acquisition opportunities for the Group which will inject further profitable growth.

The Company aims to achieve a \$100m market cap within our strategic time horizon.

Joyce Corporation Ltd anticipates another highly successful year of growth in FY19.

Joyce Corporation Ltd { ASX: JYC } www.joycecorp.com.au

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