



27th August 2019

Attention: Manager ASX Announcements

Regarding: Joyce Corporation Ltd (ASX: JYC)

Strong brands, cost focus drive significant FY19 earnings growth

Joyce Corporation (ASX:JYC) is pleased to announce a 5.0 cps dividend on the back of strong annual growth in earnings. This takes the fully franked dividend for the year to 11.7 cps associated with FY19, a 6.4% increase on FY18.

Highlights

- **Revenue exceeds \$100m for the first time since FY01, up 10.7% on FY18**
- **Profit after tax of \$7m, up 18.4% on FY18**
- **Dividend of 5c (fully franked) to be paid in November, bringing the full year fully franked dividend to 11.7 cps, up 6.4% on FY18**
- **Joyce Corporation continues to invest in business improvement activities, to sustain business performance in future years**
- **Strong performance by retail operations Bedshed and KWB Group, despite a difficult retail market**
- **Cost reductions and business process improvement at Lloyds Auctions to drive future profitability**
- **Joyce Corporation is well positioned for both organic growth and through potential new additions to the Company's portfolio**

Joyce Corporation Chairman Mike Gurry said the Company's performance was driven by ongoing investment in its brands, a strategic approach to growth opportunities and a strong focus on costs and business performance.

"The performance of our major retail brands – those within the KWB Group, and Bedshed - have defied the broader economic trend of weaker discretionary retail spending," Mr Gurry said.

"Our brand strategy is paying dividends through the current economic cycle. We are focused on making sure our franchisees and company stores have the right people and products, supported by strong marketing campaigns, to meet the needs of a dynamic market. Our expansion strategy is geared towards extending our brand presence in geographic areas that maximise the potential for revenue and earnings growth.

"In the case of Lloyds Online auctions, we have built resilience into the business by concentrating on unique and ultra-rare classic cars, while insolvency auctions experienced weaker activity. At the same time, we have invested in business process improvements and made a concerted effort to reduce costs, in order to set this business up for sustained performance."

Joyce Corporation operates three significant business divisions.

KWB Group

KWB Group now operates 20 stores Australia wide under the Kitchen Connection and Wallspan Kitchen and Wardrobes. The business is benefiting from new store rollouts that have increased revenue and earnings. A new mobile sales team is driving growth in the wardrobe and flooring divisions within the Group. Most pleasingly, the Group is experiencing the best customer ratings among kitchen suppliers in Australia, which is critical in a market where consumer spending is soft.

KWB Group reported revenue of \$65m, up 15.3% on FY18, and a profit of \$9.5m, an increase of 14.0% on FY 18.

Lloyds Online

Lloyds Online Auctioneers and Valuers is another strong Australian brand. In 2019 the traditional insolvency auction business was impacted by a slowdown across the market. Lloyds was able to mitigate this by focusing on classic and ultra-rare cars, and fine art auctions. These activities also brought significant brand development opportunities through media exposure.

The new lines of business have built resilience into Lloyds, and combined with a strong focus on costs, Lloyds reported sales of \$17.0m, up 6.8% on FY18. Segment profit was down to \$247k, compared to \$700k in 2018, as investments in business process improvements were made to set Lloyds up for stronger performance over the long term.

Bedshed

Bedshed is one of Australia's most recognised brands, and through this Joyce partners with 32 franchisee stores across the nation. During the year Bedshed opened four new franchise stores and continued to receive inquiries from potential partners looking to join one of Australia's most successful franchise models.

Ongoing investment in staff training, marketing, store presentation and the product range drove profit contribution to \$2.1m which was up 12.9% on 2018. Bedshed is in a good position to improve its performance in the 2020 full year.

Corporate

Mike Gurry said the Company was well positioned for future growth, with a strong suite of brands that are performing exceptionally well in their markets. The Company is also looking for opportunities to apply its strong performance culture to new partnership opportunities.

"Our success to date has given the Board confidence that we should continue to invest, to capitalise on the opportunities before us," Mr Gurry said.

Ends

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