

Media Release

February 26th 2015

Fantastic Holdings delivers strong first half results with 10 cents dividend payment

Financial Key Points

- Statutory sales of \$244.3 million, up 8.7% on pcp
- Like for like sales up 8.7% on pcp
- Half year EBIT of \$10.2 million, up 41.8% on pcp
- Half year NPAT of \$7.0 million, up 43.0% on pcp
- Operating cash flow of \$10.0 million, up 22.8% on pcp
- Interim dividend of 6.0 cents, up 3 cents on pcp
- Special dividend of 4.0 cents

Leading Australian furniture retailer, manufacturer and importer, Fantastic Holdings Limited (ASX: FAN) today announced a half year NPAT result of \$7.0 million, a 43.0% increase on prior period and an EBIT result of \$10.2 million which represents a 41.8% increase on prior period. All businesses delivered positive L4L growth and were profitable during the half year to December 2014.

FHL group sales for the half year were \$244.3 million, an increase of 8.7% on pcp. The introduction of new products within Fantastic Furniture and Plush helped to drive the increase in sales.

Operating cash flow for the half year is \$10.0 million, compared to \$8.1 million in the prior period. At December 2014, FHL had a cash balance of \$25.2 million offsetting debt of \$15.0 million providing net cash of \$10.2 million. Since the end of the period, FHL's balance sheet has been further enhanced with the sale of the Dandenong Property for \$22.7 million. Proceeds from the sale of the property have been received in February. The Dare Gallery business has been sold in excess of book value with the deal completed in January 2015.

FHL opened a net 2 stores during the half and operated 135 stores nationally, in addition, there are 3 franchise stores in the network at December 2014. Post half year, the sale of the Dare Gallery business and the opening of an Ashley Furniture Home Store in Gepps Cross, SA, brings the total number of FHL stores to 126 excluding the franchise stores.

The Board has declared a fully franked interim dividend of 6.0 cents per share, reflecting a pay-out ratio of 88.9% of NPAT. This pay-out ratio reflects the strong cash position of the business. Notwithstanding this; FHL continues to regard its stated dividend policy, based on a 60% pay-out ratio, as an appropriate target to retain sufficient capital in the business to fund its longer term growth aspirations. In addition the Board has declared a fully franked special dividend of 4.0 cents per share. The Special dividend is an additional payment which has been declared to provide the benefit of surplus franking credits held by the company back to its shareholders. The closing date for shareholders to be registered for this dividend is 5pm on 17 March 2015. The dividend will be paid on 8 April 2015.

Commenting on the results, FHL Managing Director Stephen Heath said "We are pleased to report that all business units reported a profit and strong L4L sales growth. We are extremely pleased with the turnaround of the Plush business, the sale of the Dare Gallery business and the sale of the Dandenong property during this half year".

Looking forward, Mr Heath said sales in January and February were strong representing L4L growth of 9.2% till 8 February 2015. The management initiatives that have been undertaken will continue to produce further benefits across the group. Notwithstanding this, significant depreciation of the Australian dollar will offset some of the improvements being made until the market begins to reflect this impact into prices. We will continue to focus on our Asian manufacturing business, supply chain model and retail consumer offer to increase shareholder value".

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