

Media Release

27 August 2015

**Increased focus on value to the customer delivers
Fantastic Holdings a record sales result**

Financial Key Points

- Statutory sales of \$496.9 million, up 11.0% on pcg
- Like for like sales growth up 12.2% on pcg
- Statutory EBIT of \$19.0 million, up 116.9% on pcg
- Statutory NPAT of \$13.2 million, up 125.4% on pcg
- Underlying NPAT of \$13.2 million, up 45.6% on pcg (prior period underlying NPAT of \$9.1 million)
- Statutory EBITDA of \$26.1 million, up 30.5% on pcg
- Operating cash flow of \$24.3 million, up 107.4% on pcg
- Final dividend of 5.0 cents. Total dividends of 15.0 cents for the year (including 4.00 cents special dividend)

Leading Australian furniture retailer, manufacturer and importer, Fantastic Holdings Limited (ASX: FAN) today announced a full year NPAT result of \$13.2 million, a 125.4% increase on pcg and an EBIT result of \$19.0 million, representing a 116.9% increase on prior period statutory result. All businesses were profitable during the full year to June 2015.

FHL Group sales for the year were a record \$496.9 million, an increase of 11.0% on the pcg. An enhanced product offering, improved customer service, a better engaged workforce and more effective marketing in Fantastic Furniture and Plush have driven the increase in sales. Fantastic Furniture and Plush account for 85% of Group sales and Plush increased sales by 43% on the prior year delivering a strong financial result.

Operating cash flow for the year was \$24.3 million, compared to \$11.7 million in the prior period. At June 2015, FHL had a cash balance of \$36.7 million and debt of \$5.0 million resulting in a net cash position of \$31.7 million. FHL's cash balance was enhanced with the sale of the Dandenong Property for \$22.7 million with proceeds from this property sale being used to reduce debt by \$10.0 million.

During the financial year, Fantastic Furniture opened its first store in Far North Queensland (Townsville) and closed Stanmore in NSW. The Group launched its first Ashley Furniture HomeStore in Gepps Cross, SA and the Original Mattress Factory opened two new stores in Belrose and Caringbah, NSW. The Dare Gallery business which comprised 10 stores was sold in January. As at 30 June 2015, the Group operates 126 company owned stores nationally, with an additional two franchise stores.

The Board has declared a fully franked final dividend of 5.0 cents per share taking the total dividends to 15.0 cents for the year. The total dividends for the year (excluding special dividends) increased by 83.3%, representing a pay-out ratio of 86.0% of NPAT. The closing date for shareholders to be registered for the final dividend is 5pm on 1 October 2015. The dividend will be paid on 15 October 2015.

Commenting on the results, FHL Managing Director Stephen Heath said "We are pleased to report a record sales result, strong earnings growth and that all business units were profitable with outstanding results achieved in the Plush business. It is very encouraging to see that the management initiatives undertaken over the last couple of years have produced positive results in this financial year".

Looking forward, Mr Heath said "Sales in July were strong, representing like-for-like sales growth of 12.8%. Notwithstanding, the continuing depreciation of the Australian dollar will partly offset some of the improvements being made. We will continue to focus on our product offer, customer service and employee engagement to increase shareholder value".

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