

Media Release

25 February 2016

## **Fantastic Holdings delivers strong profit growth as same store sales and productivity improves**

### **Financial Highlights**

- Record sales result for the half year
  - Sales of \$272.8 million, up 11.7% on pcpc
  - Same store sales up 15.7% on pcpc
- Significant improvement in profitability
  - EBIT of \$14.9 million, up 45.8% on pcpc
  - NPAT of \$10.9 million, up 56.6% on pcpc
  - EBITDA of \$18.3 million, up 31.8% on pcpc
- Operating cash flow of \$8.2 million, down 18.0% on pcpc
- Interim dividend of 7.0 cents, fully franked

Leading Australian furniture retailer, manufacturer and importer, Fantastic Holdings Limited (FHL) (ASX: FAN) today announced a half year net profit after tax (NPAT) result of \$10.9 million, a 56.6% increase on the prior corresponding period (pcpc) and an EBIT result of \$14.9 million, representing a 45.8% increase on pcpc.

Group sales for the half year were a record \$272.8 million, an increase of 11.7% on the pcpc with same store sales recording 15.7% growth. The prior corresponding period included \$12.4 million in sales from Dare Gallery, which was divested in January 2015.

Julian Tertini, FHL Chairman said, "The group has achieved a record sales result this half with very pleasing comparative store sales growth of 15.7%. The ratio of our cost of doing business to sales is at its lowest point in five years."

The overall sales improvement was driven by increased sales volumes primarily from Fantastic Furniture which recorded 19.2% same store sales growth, Plush with 18.8% same store sales growth and Original Mattress Factory (OMF) with 16.9% same store sales growth.

Accounting for approximately 73% of group revenue, the largest of the group's businesses, Fantastic Furniture, achieved revenues of \$198.2 million from its 72 stores across Australia. Debra Singh, Chief Executive Officer of Fantastic Furniture said, "We have strengthened our customer value proposition and we are seeing results flow from those changes. We are refreshing our product range, improving our supply chain and investing in our people. This half has also seen the e-commerce platform for Fantastic Furniture become fully operational. It has been well-received by customers and this sales channel is already showing strong growth."

Group operating cash flow for the year was \$8.2 million, compared to \$10.0 million in the prior period. The current period included tax payments of \$4.0 million in relation to the FY15 year. At December 2015, FHL had a cash balance of \$35.3 million and debt of \$5.0 million resulting in a net cash position of \$30.3 million.

As at 27 December 2015, the Group operated 126 company owned stores nationally, with an additional two franchise stores. During the period, Fantastic Furniture opened its second store in Far North Queensland (Rockhampton) and closed two stores, one at Aspley in Queensland and the other at Noarlunga in South Australia. OMF opened an additional store at Wagga Wagga, New South Wales.

The Board has declared a fully franked interim dividend of 7.0 cents per share. The dividend for the half year represents a pay-out ratio of 66.2% of NPAT. The closing date for shareholders to be registered for the interim dividend is 5pm on 5 March 2016. The dividend will be paid on 21 March 2016.

Julian Tertini  
Chairman (02) 8717 2600