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Fantastic Holdings Limited to focus on its core brands in Adelaide

Fantastic Holdings Limited (ASX: FAN), one of Australia's leading furniture retailers and manufacturers, today announced changes to its South Australian operations.

Fantastic Holdings operates under its core Fantastic Furniture and Plush brands in various sites in South Australia and under the Le Cornu brand in Keswick (Adelaide). The Keswick site, which is leased by Fantastic Holdings, has been for sale since late 2015 with potential buyers of the site understood to be considering various redevelopment options.

In view of the likely disruption at the Keswick site, and in consideration of the company's brand strategies, Fantastic Holdings has determined that it will now be investing in its core brands in the South Australian market. Accordingly, the Le Cornu Keswick store will be closed down over the next six months. It is anticipated that there will be staff redeployments and reductions within the Group.

The Le Cornu brand will continue to trade in Darwin and it is expected there will be minimal impact to its operations. In addition, the Ashley Furniture HomeStore at Gepps Cross in Adelaide will transition to Fantastic Furniture.

Fantastic Holdings Group CEO Retail, Debra Singh said: "Fantastic Holdings is committed to its strategy of investing in strong furniture brands and we believe that winding down the Le Cornu brand in Adelaide and investing further in our core brands in South Australia is the right strategic choice. It will enable us to best deliver a long term platform for growth that will be positive for our customers, our people and our shareholders."

"Our immediate priority is of course to assist all Le Cornu employees. While some redundancies are unavoidable, we will be working to ensure as many employees as possible are redeployed within the Group."

As a consequence of these changes Fantastic Holdings Ltd will incur a one off non recurring charge of \$9.1 million which includes a cash charge of approximately \$2.5 million.

For the past few years the Le Cornu business has been profitable. In fiscal year 2016, however, trading has deteriorated and Le Cornu will incur trading losses of circa \$4 million. Notwithstanding Fantastic Holdings Group expects FY16 EBIT, before the one off non recurring charges, to be approximately 30% above FY15.

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About Fantastic Holdings

Fantastic Holdings Limited (ASX: FAN) is a leading Australian furniture retailer and manufacturer. FAN operates over 125 stores across three furniture retail chains including, national retailers Fantastic Furniture, Plush and the Original Mattress Factory (NSW and ACT). FAN is also Australia's largest sofa manufacturer, has one of the country's leading mattress manufacturers and operates a national supply chain to service all FAN's retail brands. FAN has recently expanded its manufacturing activities into China and Vietnam.