Harvey Norman®
HOLDINGS LIMITED

PRESENTATION OF RESULTS FOR THE YEAR ENDED 30 JUNE

2016

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HARVEY NORMAN® - SOLUTIONS FOR EVERY ROOM IN THE HOME

Truly the one-stop destination, Harvey Norman® offers a range of solutions for every room - superb quality and style in the living room, comfort and support you need in the bedroom, the latest innovative technology for entertainment and food preparation, and everything you need to set up the perfect home office.

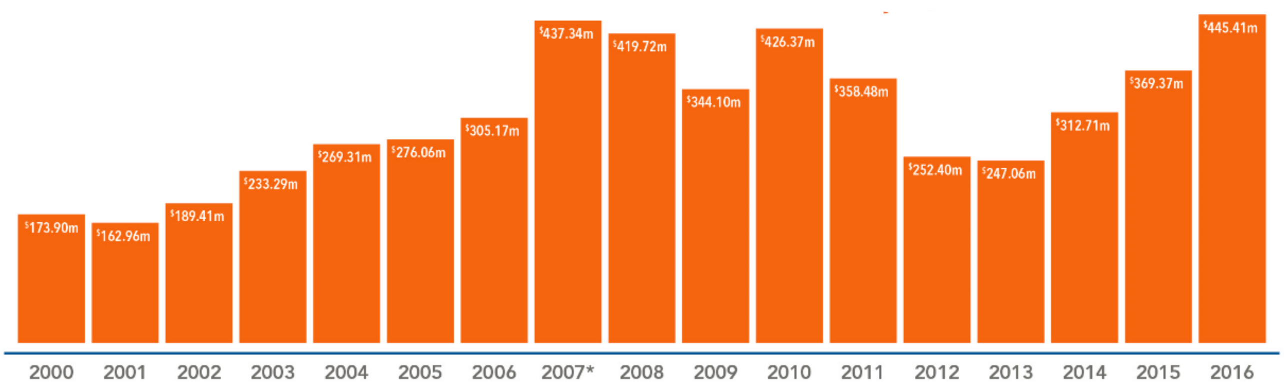
KEY FINANCIAL HIGHLIGHTS: OUTSTANDING PROFITABILITY

	2016	2015	Incr/(Decr)
EBIT	**$522.47m**	$410.97m	+27.1%
Profit Before Tax (PBT)	**$493.76m**	$378.10m	+30.6%
PBT (excluding property revaluations[1])	**$445.41m**	$369.37m	+20.6%
PBT (excluding impairment losses[2])	**$526.32m**	$378.37m	+39.1%
Net Profit After Tax (NPAT)	**$348.61m**	$268.10m	+30.0%
NPAT (excluding property revaluations[2])	**$314.74m**	$261.84m	+20.2%
NPAT (excluding impairment losses[1])	**$371.40m**	$268.29m	+38.4%

[1] 2016 net property revaluation increment was $48.36m before tax ($33.86m after tax)
2015 net property revaluation increment was $8.73m before tax ($6.26m after tax)

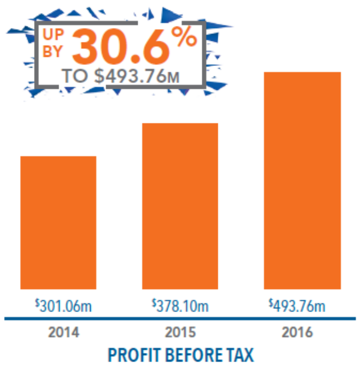
[2] 2016 impairment was $32.56m before tax ($22.79m after tax)
2015 impairment was $0.27m before tax ($0.19m after tax)

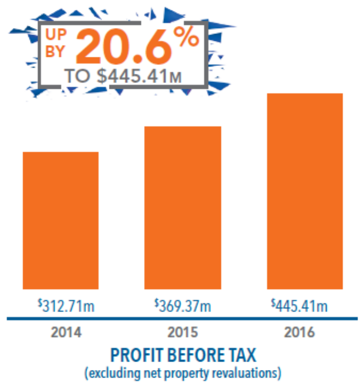
PROFIT BEFORE TAX ($M)
(Excluding net property revaluations and Rebel gain on sale*)

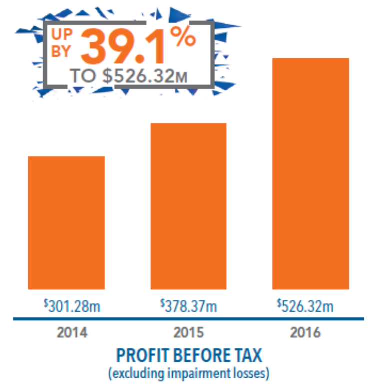


* Excludes Rebel gain of $117.55M on sale of business in March 2007

IMPROVED PROFITABILITY ACROSS ALL OPERATING SEGMENTS







Main factors impacting net profit before tax:

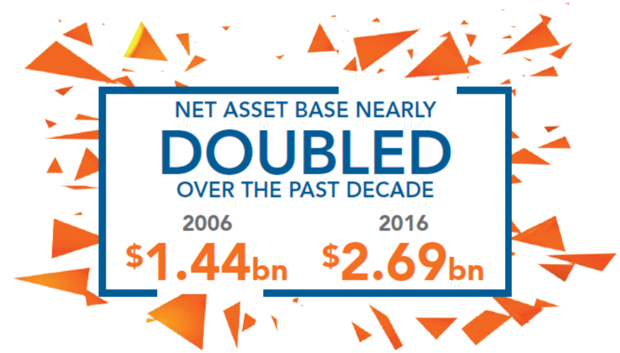
- a $67.79m (+33.8%) increase in the profitability of the franchising operations segment to $268.15m due to a $63.18m (+8.9%) increase in franchise fees & a $12.19m decrease (-15.0%) in tactical support;
- a $39.63m increase in the net property revaluation increment, from $8.73m in FY15 to $48.36m in FY16;
- a $17.38m turnaround in the profitability of the company-operated stores in Singapore & Malaysia, from a loss of $6.03m in FY15 to a profit of $11.36m in FY16;
- a $15.61m increase in profitability of the company-operated stores in New Zealand;
- a $6.61m (49.9%) reduction in retail trading losses of the company-operated stores in Ireland and Northern Ireland; and

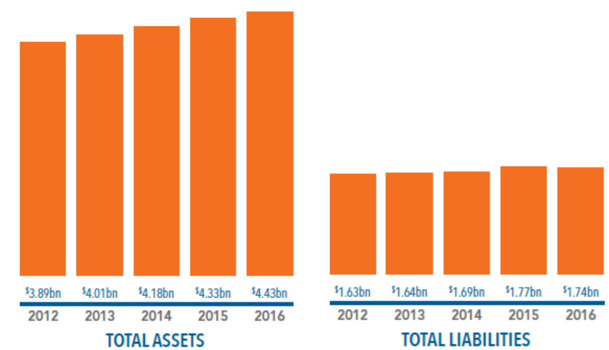
Offset by:

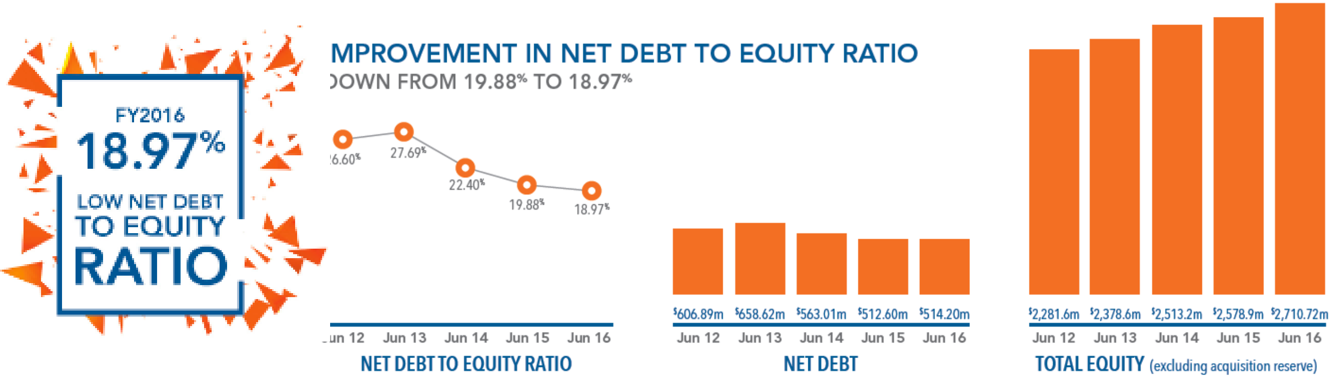
- recognition of impairment losses of $32.56m: $19.12m from the write-down of equity-accounted investments & commercial advances to mining camp accommodation joint ventures, $11.56m from the write-down of other non-trade commercial advances & $1.88m from the impairment of non-current assets.

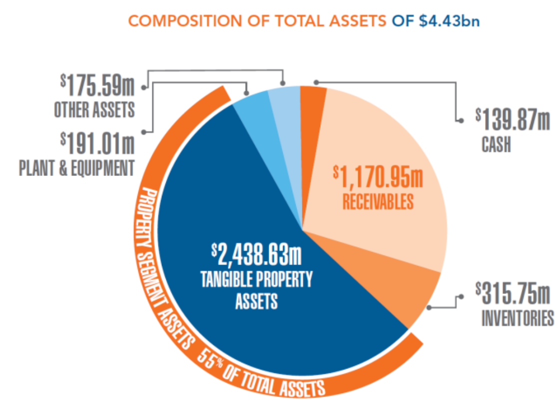
KEY FINANCIAL HIGHLIGHTS: BALANCE SHEET STRENGTHENS

	2016	2015	Incr/(Decr)
Total Assets	**$4.43bn**	$4.33bn	+2.4%
Total Liabilities	**($1.74bn)**	($1.77bn)	-1.5%
Net Assets	**$2.69bn**	$2.56bn	+5.2%
Net Debt to Equity %	**18.97%**	19.88%	-91bps
Dividends Per Share	**30.0c**	20.0c	+50.0%
Special Dividend	**-**	14.0c	-
EPS	**31.36c**	24.51c	+27.9%









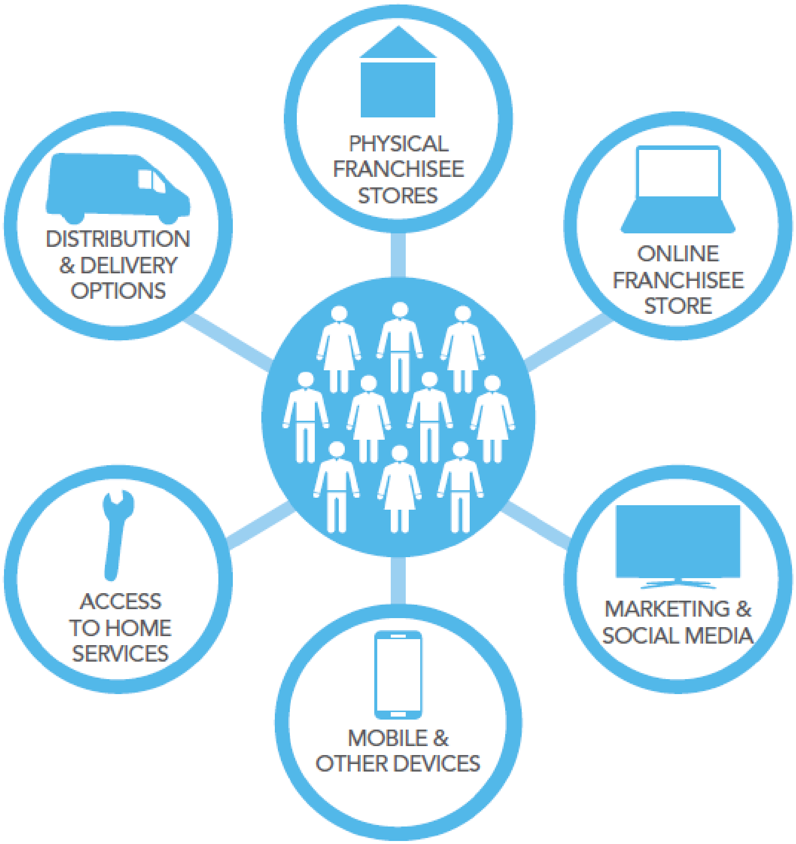
INTEGRATED STRATEGY: DRIVING SUSTAINED PROFITABILITY AND RESILIENCE

The integrated retail, franchise, property and digital strategy is the basis of the consolidated entity's success and the foundation for the business' resilience across economic cycles:

- Integrated strategy places Harvey Norman®, Domayne® and Joyce Mayne® branded franchisees at the forefront of Home and Lifestyle retailing

- Omni Channel customer service offering gives customers of franchisees the power to purchase when, where and how they wish

- Process innovation in franchisee merchandise, inventory and supplier management as well as workforce productivity drives operating leverage



HEADLINE AGGREGATED SALES & COMPARABLE AGGREGATED SALES

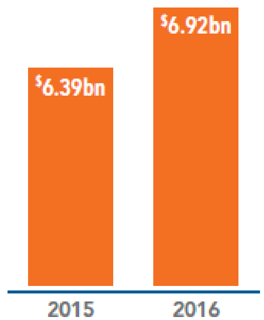
AGGREGATED SALES UP 8.3% ($AUD) FOR 12 MONTHS TO JUNE 2016

FRANCHISEE SALES IN AUSTRALIA PLUS COMPANY-OPERATED SALES IN NEW ZEALAND, SLOVENIA, CROATIA, IRELAND, NORTHERN IRELAND, SINGAPORE, MALAYSIA

HEADLINE AGGREGATED SALES IN $AUD

+8.3%

UP BY $532.98M



COMPARABLE AGGREGATED SALES IN $AUD

+8.7%

Aggregated Sales Increase / (Decrease) in Constant Local Currencies – TOTAL SALES

Headline Sales Increase / (Decrease) %	1Q2016 vs. 1Q2015	2Q2016 vs. 2Q2015	3Q2016 vs. 3Q2015	4Q2016 vs. 4Q2015	YTD 2016 vs. YTD 2015
Australian Franchisees $A	5.7%	9.4%	6.9%	8.3%	7.6%
New Zealand $NZ	4.8%	7.7%	16.0%	15.2%	10.9%
Slovenia / Croatia € Euro	3.2%	(-3.6%)	10.2%	10.3%	4.5%
Ireland € Euro	13.5%	12.2%	7.6%	7.2%	10.4%
Northern Ireland £ Pound	21.7%	12.6%	61.4%	91.5%	44.9%
Singapore $SGD	0.3%	(-7.3%)	10.6%	12.8%	3.5%
Malaysia RM	(-8.3%)	10.4%	(-11.1%)	47.2%	6.4%

Aggregated Sales Increase / (Decrease) in Constant Local Currencies – COMPARABLE SALES

Comparable Sales Increase / (Decrease) %	1Q2016 vs. 1Q2015	2Q2016 vs. 2Q2015	3Q2016 vs. 3Q2015	4Q2016 vs. 4Q2015	YTD 2016 vs. YTD 2015
Australia $A	7.1%	10.3%	7.6%	8.4%	8.4%
New Zealand $NZ	3.4%	7.3%	16.1%	12.4%	9.8%
Slovenia / Croatia € Euro	2.3%	(-3.8%)	10.3%	10.3%	4.2%
Ireland € Euro	11.7%	12.2%	7.6%	7.0%	10.0%
Northern Ireland £ Pound	21.7%	(-7.9%)	4.2%	12.9%	6.3%
Singapore $SGD	(-2.0%)	(-3.5%)	19.0%	17.8%	7.2%
Malaysia RM	(-8.3%)	3.8%	(-16.6%)	37.1%	1.0%

FRANCHISEE SALES REVENUE

FRANCHISEE SALES REVENUE

TOTAL FRANCHISEE SALES
LAST TWO FINANCIAL YEARS

JUNE 2016
$5.33bn UP BY 7.6%

JUNE 2015
$4.95bn UP BY 3.7%

COMPARABLE FRANCHISEE SALES
LAST TWO FINANCIAL YEARS

JUNE 2016
$5.30bn UP BY 8.4%

JUNE 2015
$4.92bn UP BY 4.5%

7.6%
INCREASE IN TOTAL FRANCHISEE SALES

- Franchisee sales revenue driven by a combination of factors including: sustained growth in retail spending, continuing housing growth, positive consumer sentiment, growth in household incomes and consumption and favourable monetary policy;
- Harvey Norman®, Domayne® and Joyce Mayne® branded franchisees have a strong foothold in the Home and Lifestyle market;
- Franchisees operate across a diverse range of key product categories which span a vast array of markets, mitigating the reliance on a single trading source or exposure to the risks of a single product category.

July & August 2016 Franchisee Sales Revenue

Franchisee sales remained strong in the period 1 July 2016 to 28 August 2016 with a 6.4% increase on a headline basis and a 6.6% increase on a comparable basis on the corresponding prior year period.

CONNECTED TO EVERYTHING!

- Harvey Norman® is the destination for connected devices forming a big part of the **Internet of Things ("IoT")**.
- ~ 6.4 billion connected devices in use worldwide this year → may grow by more than 3x to nearly 21 billion by year 2020.
- IoT is all-encompassing and it's not limited to "things" – it is also about the underlying data & how that data can be captured & analysed.
- The endless possibilities of IoT include: technology & entertainment, smart phones, connected fitness devices, intelligent appliance retailing, home automation & security and intelligent mattresses.
- Harvey Norman®, Domayne® and Joyce Mayne® branded franchisees will sell the "things" – nearables, hearables, wearables, voice devices and the world of virtual reality & augmented reality – and will offer the expertise & technology to use & understand the benefits of this personal network of things.
- All of these devices will connect together to create a seamless & connected lifestyle and the franchisees will act as the conduit to make this happen.

INCOME STATEMENT: STRONG REVENUE GROWTH

Total Revenues	2016	2015	Incr/(Decr)	%
Sales Revenue*	**$1,795.76m**	$1,617.15m	+$178.61m	+11.0%
Gross Profit	**$563.83m**	$490.26m	+$73.57m	+15.0%
Revenues & Other Income	**$1,230.48m**	$1,116.83m	+$113.66m	+10.2%

- *Includes the sales revenue of company-operated stores in NZ, Singapore, Malaysia, Ireland, Slovenia, Northern Ireland & Croatia under the Harvey Norman® brand name but does not include the sales revenue made by independent franchisees*

Sales Revenue ↑ by $178.61m	▪ $69.57m increase in NZ sales due to:
	  ▪ new store at Westgate (Apr-16) & full year's contribution of stores at Napier & Hamilton Outlet (opened in FY15);
	  ▪ market share continues to grow in all key categories.
	▪ $43.10m increase in Asia due to appreciation of the SGD vs. AUD by 8.25%. Local currency sales increased partly due to opening of the 100,000 sq feet flagship store at Millenia Walk, Singapore in Dec-15, replacing the existing 45,000 sq feet store & the new store at Ioi City Mall in Malaysia (opened Oct-15);
	▪ $44.00m increase in Ireland & Northern Ireland due to the successful turnaround of the 12 stores in Ireland with robust year-on-year sales growth. The new furniture flagship store on Boucher Road in South Belfast opened in Nov-15;
	▪ $10.34m increase in Slovenia and Croatia, with improvements primarily in the 2nd half of the year.

Revenues & Other Income ↑ by $113.66m	▪ $63.18m increase in gross franchise fees received primarily due to the 7.6% increase in franchisee sales revenue; ▪ $48.36m net property revaluation increase in FY16 vs.$8.73m net increase in FY15.

INCOME STATEMENT: EXPENSES SUPPORT EXPANDING BUSINESS

Expenses & Profit	2016	2015	Incr/(Decr)	%
Total Expenses	($1,304.90m)	($1,237.64m)	-$67.26m	-5.4%
Share of JV investments	$4.36m	$8.66m	-$4.30m	-49.7%
Profit Before Tax	$493.76m	$378.10m	+$115.66m	+30.6%
Income Tax Expense	($142.42m)	($109.19m)	-$33.24m	-30.4%
Non-Controlling Interests	($2.74m)	($0.82m)	-$1.92m	-234%
Profit After Tax & NCI	$348.61m	$268.10m	+$80.5m	+30.0%

Total Expenses ↑ by $67.26m	▪ $63.98m increase in administrative expenses mainly due to: ▪ $32.29m increase in impairment losses ($32.56m in FY16 vs. $0.27m in FY15) attributable to the write-down of equity-accounted investments & commercial advances to mining camp accommodation JVs ($19.12m), the write-down of other non-trade commercial advances ($11.56m) & impairment of non-current assets ($1.88m); ▪ $25.57m increase in employee benefits expense due to new store openings; ▪ $15.54m increase in marketing expenses; ▪ offset by an $11.29m decrease in other expenses (mainly due to lower tactical support by $12.19m) & lower finance costs by $4.17m due to lower utilisation of external debt & favourable monetary policy.
Share of JV investments ↓ $4.30m	▪ $2.71m in equity-accounted start-up losses for the 49.9% investment in Coomboona Holdings Pty Ltd, the new dairy JV that commenced in Sep-15; ▪ the full write-down of the equity-accounted investment in mining camp accommodation JVs during the year limited the recognition of mining camp trading losses to $2.84m for FY16 vs. share of trading losses of $3.63m in FY15
Higher tax charge by $33.24m	▪ $33.24m increase in tax expense in FY16 due to higher taxable income vs. FY15; ▪ FY16 effective tax rate of 28.84% vs. FY15 effective tax rate of 28.88%

BALANCE SHEET: NET ASSET POSITION IMPROVED AGAIN

	2012	2013	2014	2015	2016
Total Assets	$3.89bn	$4.01bn	$4.18bn	$4.33bn	$4.43bn
Return on Total Assets %	4.43%	3.55%	5.07%	6.20%	7.87%
Total Liabilities	$1.63bn	$1.64bn	$1.69bn	$1.77bn	$1.74bn
Total Equity	$2.27bn	$2.36bn	$2.49bn	$2.56bn	$2.69bn
Return on Equity %*	7.71%	6.10%	8.57%	10.57%	13.07%

** excludes non-controlling interests*

Total Assets ↑ by $105.14m	▪ $110.36m (+5.7%) increase in investment properties attributable to fair value adjustments and increased construction and acquisition activity during the year; ▪ $28.20m (+5.1%) increase in property, plant and equipment assets due to new store openings and increased refurbishments of existing franchised complexes in Australia; ▪ $17.37m (+5.8%) increase in inventories of company-operated retail stores; *offset by:* ▪ $45.97m decrease in cash and cash equivalents due to higher acquisitions and construction of investment properties and refurbishments of existing sites, higher repayments of interest-bearing loans and borrowings and higher dividend payments (net of rights issue proceeds); ▪ $11.53m decrease in trade and other receivables primarily due to a $13.59m decrease in the aggregate amount of receivables from franchisees to assist the franchisee with working capital requirements during the current year.
Total Liabilities ↓ by $26.68m	▪ $44.36m reduction in interest-bearing loans and borrowings; *offset by:* ▪ $27.53m increase in deferred tax liabilities due to investment property revaluations.

CASH FLOWS: REFLECT EXPANDING BUSINESS

	2016	2015	Incr/(Decr)	%
Operating Cash Flows	$437.69m	$340.45m	+$97.24m	+28.6%

Operating cash flows ↑ by $97.24m	▪ $221.79m increase in receipts from customers due to higher sales revenue generated by company-operated stores by $178.61m in FY16 vs. FY15; ▪ $118.40m increase in net receipts from franchisees mainly due to increase in revenue from franchisees by $66.41m, reduction in tactical support by $12.19m and the net reduction in the aggregate amount of receivables from franchisees during FY16. *offset by:* ▪ $208.16m increase in payments to suppliers & employees due to increased stock purchases, higher wages & salaries and increased marketing expenses; ▪ $26.25m increase in income taxes paid and $8.95m increase in GST payments.

CASH FLOWS: INCREASED BUSINESS INVESTMENT

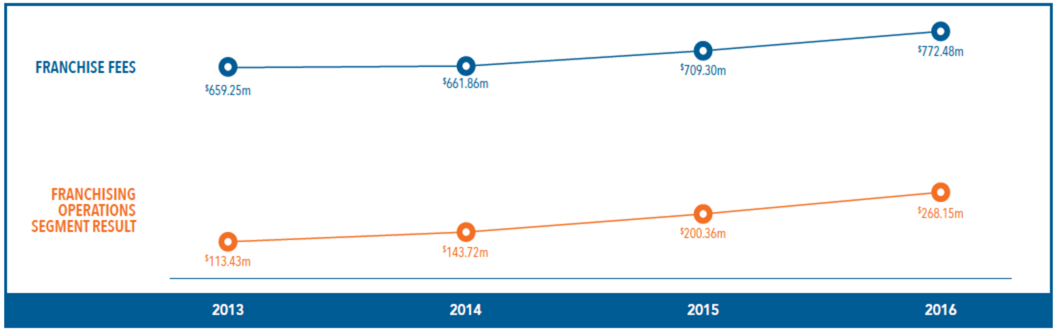
	2016	2015	Incr/(Decr)	%
Investing Cash Flows	($179.85m)	($81.80m)	-$98.05m	-120%
Financing Cash Flows	($307.43m)	($220.60m)	-$86.83m	-39.4%
Net Increase/(Decrease) in Cash Flows	($49.59m)	$38.05m	-$87.64m	
Cash & Cash Equivalents At Beginning of the Year	$153.22m	$115.17m	+$38.05m	
Cash & Cash Equivalents At End of the Year	$103.63m	$153.22m	-$49.59m	-32.4%

Investing cash outflows ↑ by $98.05m	▪ $48.51m increase in cash outflows to acquire new investment property assets and increased capital refurbishments of existing sites; ▪ $25.34m capital contribution to Coomboona Holdings Pty Limited representing a 49.9% investment in the dairy farm joint venture; ▪ $17.00m increase in payments to acquire and refurbish plant and equipment assets in Australian franchised complexes and new offshore store openings; ▪ $15.25m increase in loans to joint venture entities, joint venture partners & other unrelated entities; *offset by:* ▪ $3.86m decrease in purchase of intangible computer assets.
Financing cash outflows ↑ by $86.83m	▪ $53.94m net increase in dividend payments net of proceeds from Renounceable Rights Offer → dividends paid during FY16 of $266.88m (24c paid during FY16) vs. $333.66m paid during FY15 (17c paid during FY15 + 14c special dividend) net of Rights Offer proceeds of $120.72m; ▪ $83.02m increase in the net loan repayments to related parties *offset by:* ▪ $52m reduction in repayments of the Syndicated Facility

SEGMENT ANALYSIS: FRANCHISING OPERATIONS SEGMENT THRIVING

	2016	2015	Incr/(Decr)	%
Franchising Operations Segment Revenue	$939.95m	$870.92m	+$69.03m	+7.9%
Franchising Operations Segment Result	$268.15m	$200.36m	+$67.79m	+33.8%
Franchising Operations Margin %	**5.03%**	**4.05%**	+98bps	

SEGMENT ANALYSIS: OUTSTANDING FRANCHISING OPERATIONS RESULT



Franchised Complexes	2014	2015	2016
Number of franchised complexes in Australia	198	194	192
Openings during year	-	*+1 HN*	*+1 HN*
Rebranded during year	-	*+1 DM*	-
Closures during year	*-7 HN* *-1 JM*	*-2 HN* *-4 JM*	*-2 HN* *-1 JM*
Number of franchisees in Australia	677	678	673

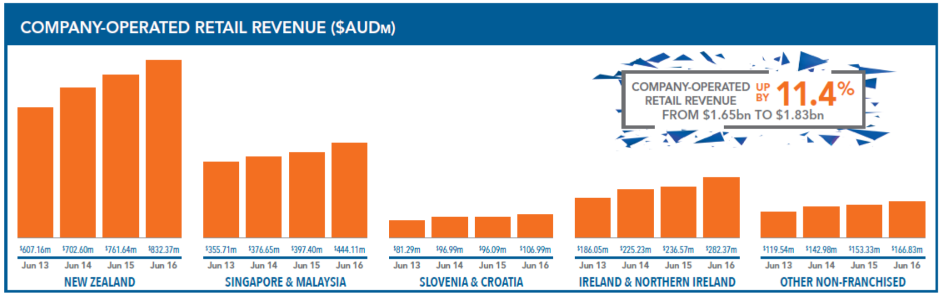
Franchising operations segment revenue ↑ by $69.03m	Increases in franchising operations segment revenue due to: ▪ $63.18m increase in gross franchise fees received in FY16 due a 7.6% increase in franchisee sales revenue; ▪ there is a direct correlation between franchise fee income and franchisee sales revenue → increased franchisee sales revenue results in increased franchise fee income.
Franchising operations segment result ↑ by $67.79m	The franchising operations segment result increased due to an increase in segment revenue by $69.03m, a decrease in tactical support by $12.19m (-15.0%), offset by an increase of approximately $14m in marketing expenses.

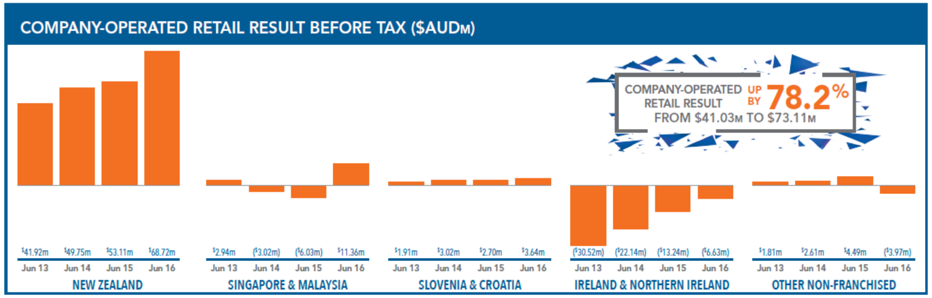
SEGMENT ANALYSIS: PROPERTY UNDERPINNED BY BUOYANT MARKET

Total Property Segment	FY2016	FY2015	Incr/(Decr)	%
Property Segment Revenue	$282.75m	$236.13m	+$46.62m	+19.7%
Net Property Revaluation Increment	$48.36m	$8.73m	+$39.63m	+454%
Property Segment EBITDIA	$202.76m	$163.17m	+$39.59m	+24.3%
Property Segment Result Before Tax	$169.29m	$135.19m	+$34.10m	+25.2%

Property segment revenue ↑ by $46.62m	▪ $39.63m increase in the net property revaluation increment relative to prior year ($48.36m in FY16 vs. $8.73m in FY15); ▪ $4.92m increase in rent received by owned properties in Australia (annual rent increases and full year's contribution from complexes opened in FY15)
Property segment result before tax ↑ by $34.10m	▪ $46.62m increase in property segment revenue; ▪ $1.88m decrease in finance costs due to lower average interest rate; *offset by:* ▪ $6.96m increase in the write-down of equity-accounted investments in mining camp accommodation joint ventures from $0.28m in FY15 to $7.23m in FY16.

SEGMENT ANALYSIS: COMPANY-OPERATED RETAIL IMPROVEMENT





Company-operated retail segment revenue ↑ by $187.64m	▪ $70.72m increase in NZ revenue due to new store openings and market share growth in all key categories; ▪ $45.80m increase in Ireland & Northern Ireland revenue, with improved performance across all categories and increased market share; ▪ $46.72m increase in revenue for Singapore & Malaysia due to the strengthening SGD in FY16, opening of the new flagship superstore in Millenia Walk, Singapore, and Ioi City Mall in Malaysia; ▪ $13.50m increase in revenue from non-franchised retail controlled entities; ▪ $10.90m increase in Slovenia & Croatia revenue.
Company-operated retail segment result ↑ by $32.08m	▪ $15.61m increase in profitability of company-operated stores in NZ on the back of record rate of year-on-year growth, gross margin improvements and the containment of costs achieving solid operating leverage; ▪ $17.38m turnaround in trading profit of the company-operated stores in Singapore & Malaysia from $6.03m loss in FY15 to $11.36m profit in FY16 due to gross margin improvements & effective management of costs; ▪ $6.61m decrease in trading losses in Ireland & Northern Ireland due to the successful turnaround of the 12 stores in Ireland generating a local retail trading profit of €0.54m in FY16 (vs. loss of €5.28m in FY15). Losses were incurred in Northern Ireland including £0.43m costs in the closure of the Newtownabbey store and opening of the new flagship store at Boucher Road, South Belfast; *offset by:* ▪ $8.46m decrease in profit from non-franchised retail controlled entities mainly due to $11.56 million write-down in commercial advances made to a retail joint venture in Australia

OUTLOOK

- Integrated retail, franchise, property and digital model is robust and dependable, providing stability when it needs to, yet flexible and swiftly responsive to emerging trends and opportunities in the market place.

- While macroeconomic conditions in the markets in which we operate may change, housing conditions in Australia remain strong and are likely to remain favourable in the near term. This is evident in the 1 July 2016 to 28 August 2016 franchisee sales turnover, where headline franchisee sales increased 6.4% and comparable franchisee sales increased 6.6% on the corresponding prior year period.

- After a period of moderate investment, the consolidated entity intends to open a total of 7 new stores in the 2017 financial year:
    - Australia = 2: 1 Harvey Norman® franchised complex and 1 Domayne® franchised complex;
    - Overseas = 5: 1 New Zealand, 1 Ireland, 1 Singapore, 2 Malaysia

Questions (limited to 30 minutes)