



BRISCOE
GROUP LIMITED

October 2017

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01

Overview of Briscoe Group

Briscoe Group overview

Briscoe Group is New Zealand’s leading homeware and sporting goods retailer. BGP listed on the NZX in December 2001 and the ASX in July 2017.

Retail brands

Homeware



- Supplies quality and competitively priced homeware
- Large format stores with a wide range of products
- 45 stores nationwide
- Online store at www.briscoes.co.nz

Living
&
Giving

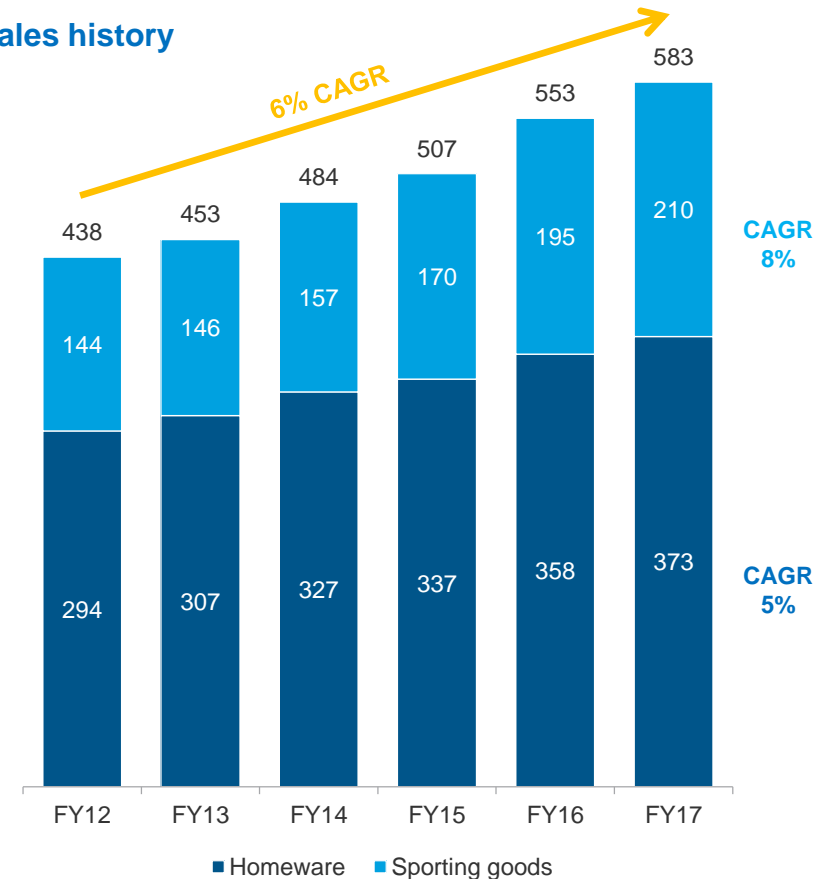
- Supplies fashionable and affordable gifts and homeware
- Two small format stores in Auckland and Christchurch
- Online store at www.livingandgiving.co.nz

Sporting goods



- Dominant specialty sporting goods retailer in New Zealand
- Sports ‘superstores’ with a wide range of well known brands
- 36 stores in selected cities nationwide
- Online store at www.rebelsport.co.nz

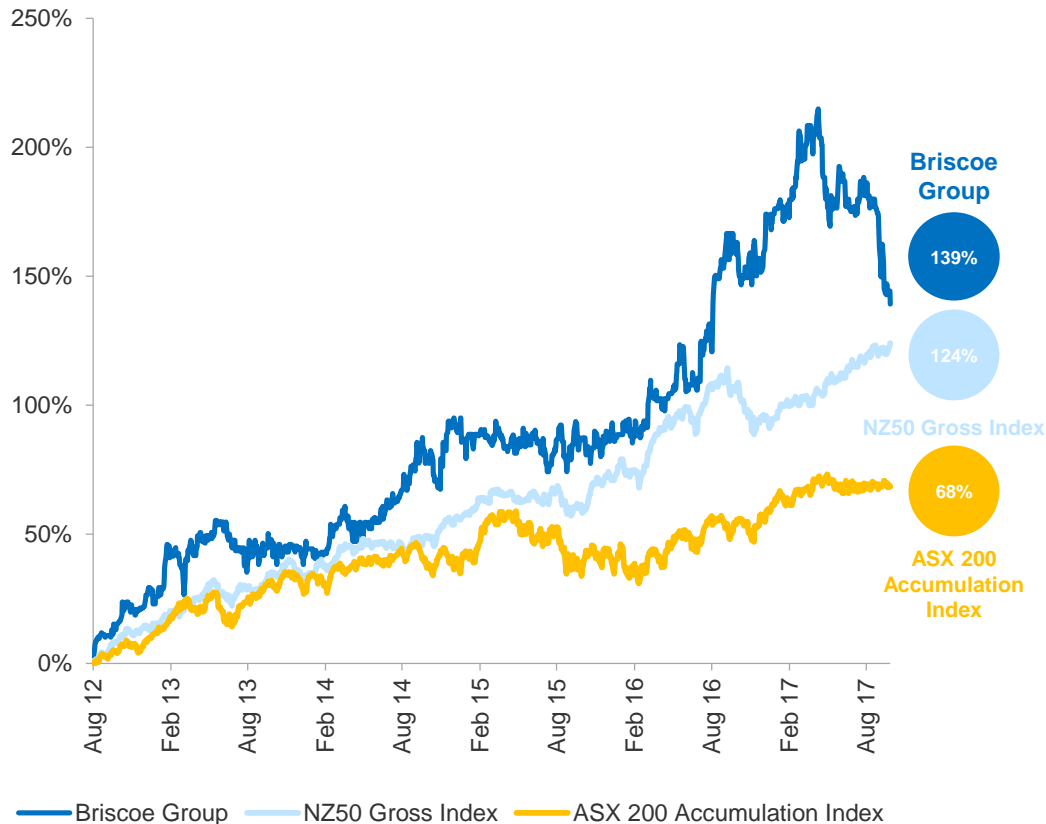
Sales history



Strong track record

Briscoe Group's experienced management team and Board of Directors have achieved a track record of delivering strong returns to shareholders

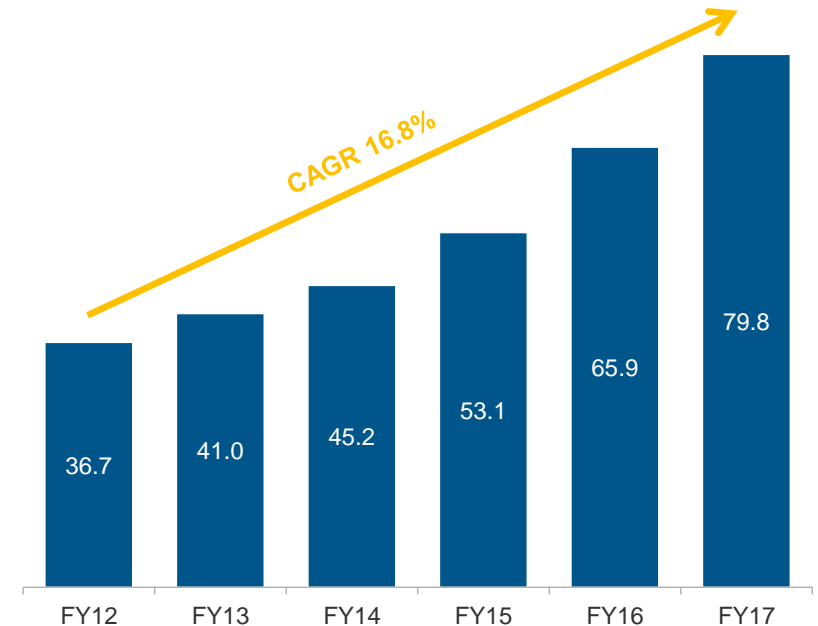
Aggregate total shareholder return over the last five years (August 2012 to September 2017)



History of delivering consistent earnings growth

Solid same store sales growth from FY12 to FY17 are a result of a strong value proposition, effective stock management and a focussed marketing strategy

Briscoe Group EBIT - FY12 – FY17 (NZ\$m)



Source: IRESS. Total Shareholder Return is the capital appreciation of the company's share price on NZX, adjusted for capital management (such as share splits or consolidations), assuming reinvestment of dividends at the declared dividend rate per share, up to and including 27 September 2017



02

Key strengths

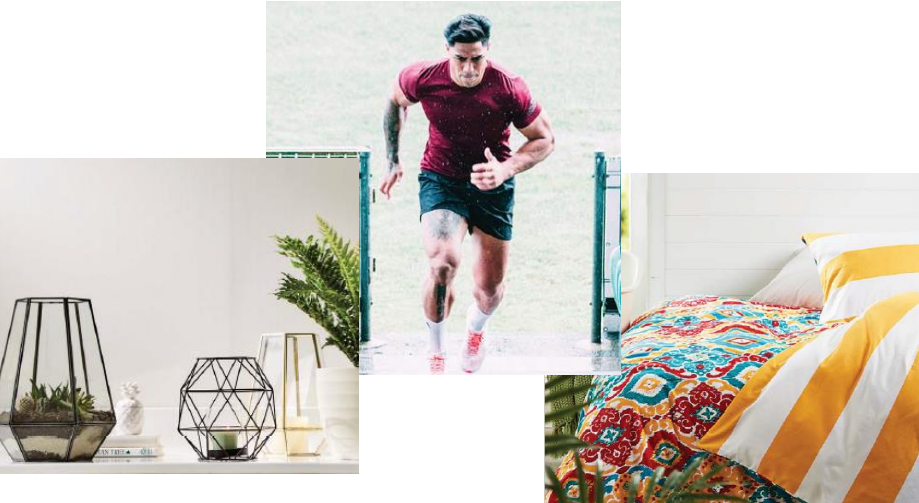
Quality of product ranges

Homeware

- 'Good-better-best' product strategy
- Ability to offer true value across a number of price points

Sporting goods

- Close relationships with supply partners to build desirable product ranges, both online and in-store



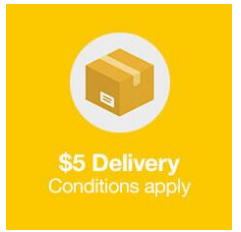
Selected brands stocked by Briscoes Homeware include:

Selected brands stocked by Rebel Sport include:

Focus on customer engagement

Customer service and engagement is a priority

- Introducing programmes that will improve customer engagement and enhance service at the checkouts
- Process reviews across all service areas have resulted in improved order-picking accuracy and speed, reduced backorders, and faster dispatch times for online orders
- Additional fulfilment centres planned to ensure an even quicker and more efficient service



Nationwide store footprint

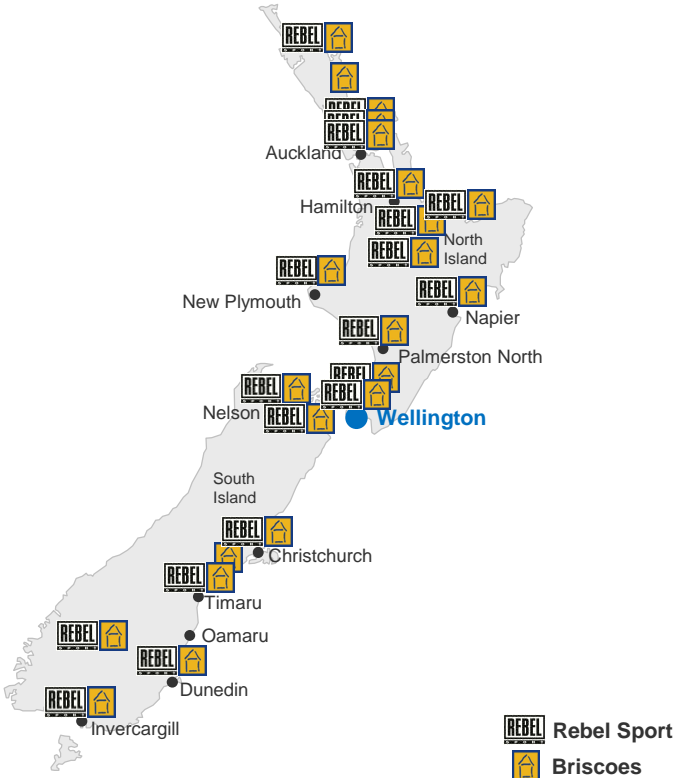
Expertise in 'big box' retail

- Coverage across all of New Zealand's main centres
- Continued investment in development, upgrading and refurbishing the store network to improve customers' in-store experience

Extensive store network

Consistent same store sales growth (%)

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	1H18
Homeware	2.0	7.4	3.6	4.6	3.5	3.8	3.8	5.0
Sporting Goods	3.3	9.3	0.5	6.6	7.9	8.7	7.0	3.4
Total	2.4	8.0	2.6	5.2	4.9	5.4	4.9	4.4



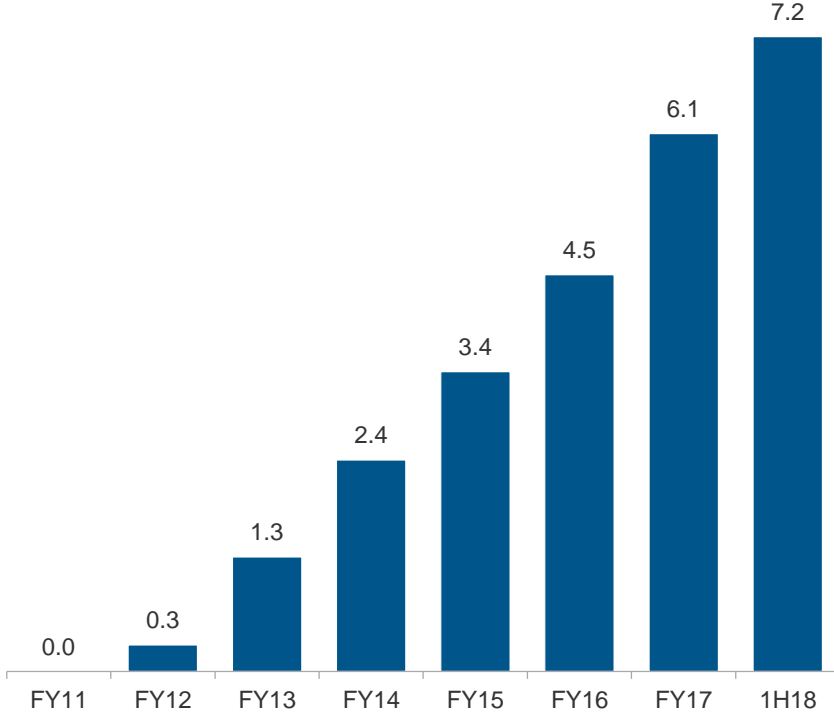


Significant growth in online sales channel

Online sales now >7% of Group sales

- Part of the Group's omni-channel strategy
- >40% growth per annum for the last two years, 1H18 +41%
- Strong growth expected for the foreseeable future
- Trialling a 'click and collect' initiative later in the year

Online sales as a % of Group sales



Proven operational approach

- **Core strategy to focus on effective retailing**
 - Brand selection and management
 - Inventory control
 - Gross Profit management
 - Wage and expense control
- **Simplified operational and organisational structures**
 - ‘Profit Centre’ driven with focus on annual incremental improvements
- **Strong and experienced management team**
- **Strong balance sheet provides flexibility**
- **8 years of consistent growth in EBIT**





03

Financial performance

Financial performance overview

Briscoe Group has a history of earnings growth over the last six years with EBIT growing from \$37m in FY12 to \$80m in FY17

Briscoe Group financial performance FY12 – FY17

As reported NZ\$m, year ending January	FY12	FY13	FY14	FY15	FY16	FY17	CAGR 12-17 ¹
Sales	438.0	452.7	483.6	507.1	552.9	582.8	5.9%
Gross profit	168.5	175.9	186.2	197.2	223.9	239.4	7.3%
Gross margin %	38.5%	38.9%	38.5%	38.9%	40.5%	41.1%	n/a
EBIT	36.7	41.0	45.2	53.1	65.9	79.8	16.8%
EBIT %	8.4%	9.1%	9.4%	10.5%	11.9%	13.7%	n/a
NPAT	27.5	30.5	33.6	39.3	47.1	59.4	16.6%
EPS	12.9	14.3	15.6	18.2	21.7	27.1	16.0%
DPS (declared)	10.0	21.0 ²	12.5	14.0	15.5	18.0	12.5%
Inventory turnover	4.2x	4.3x	4.4x	4.3x	4.3x	4.3x	

Briscoe Group financial performance overview

- Solid same store sales growth year on year
- Growth generated by a combination of:
 1. strong value proposition through stocking well-known global and local brands,
 2. a focus on stock management, and
 3. a co-ordinated and effective marketing strategy
- Continued refurbishment and expansion programmes are expected to drive revenue and earnings growth over the medium term
- Stable gross margin reflective of strong supplier relationships and FX management
- Strong growth in EBIT a result of focussed cost management

1. Compound Annual Growth Rate, 2. Included a special dividend of 10cps



04

Briscoe Group strategy

Key strategies

Be the **first choice** for customers considering purchasing homeware or sporting goods

Doing things better

1

- Understanding our **customer**
- Improve **website and digital** communication
- Enhance bricks and mortar **shopping experience**
- Maintain best ranges of **brands**
- Improve **operations and systems**
- Build **rewarding careers** for our people

Growth initiatives

2

- Store network **expansion**
- **Acquisition** – Aus/NZ

Key strategies

Doing things better

1

- Understanding our **customer**
 - Research and insights
 - Marketing tests
 - Tokenised data
 - Loyalty
- Improve **website and digital** communication
 - Platform review and replacement
 - Routing enhancement
 - Click & Collect
 - Social Media
- Enhance bricks and mortar **shopping experience**
 - Directional signage
 - Checkout service and greetings
 - Rebel Sport city centre model



Key strategies

Doing things better

1

- Maintain best ranges of **brands**
 - Exclusivity
 - Good/better/best strategy
- Improve **operations and systems**
 - Product availability
 - Conversion rate
 - Store management structure
- Build **rewarding careers** for our people
 - Clear and appealing career paths

Key strategies

Growth initiatives

2

- Store network **expansion**
 - Where return justifies investment
 - Strategic property investment
- **Acquisition** – Aus/NZ
 - Kathmandu (July 2015)
 - Strategic 19.8% purchase
 - Largest single shareholder
 - Significant ROI



NZ / Australia retail environment – key themes

Fragmentation of media

Changing the way retailers engage with consumers

Amazon

Entrance into the Australian market

NZ economic conditions

Recent conditions driving consumer spending



Online and social media

Growth of online channel and importance of social media

International retailers

Increasing presence of international retailers

Experience based spending

Shift to experience based spending and access over ownership

Briscoe Group trading update 1H18

Total Sales \$280.3m (+4.4%)

- Homeware +4.6%
- Sporting Goods +4.2%

Same-Store-Sales growth (+4.4%)

- Homeware +5.0%
- Sporting Goods +3.4%

Gross Profit +2.3%

- Homeware +1.2%
- Sporting Goods +4.3%

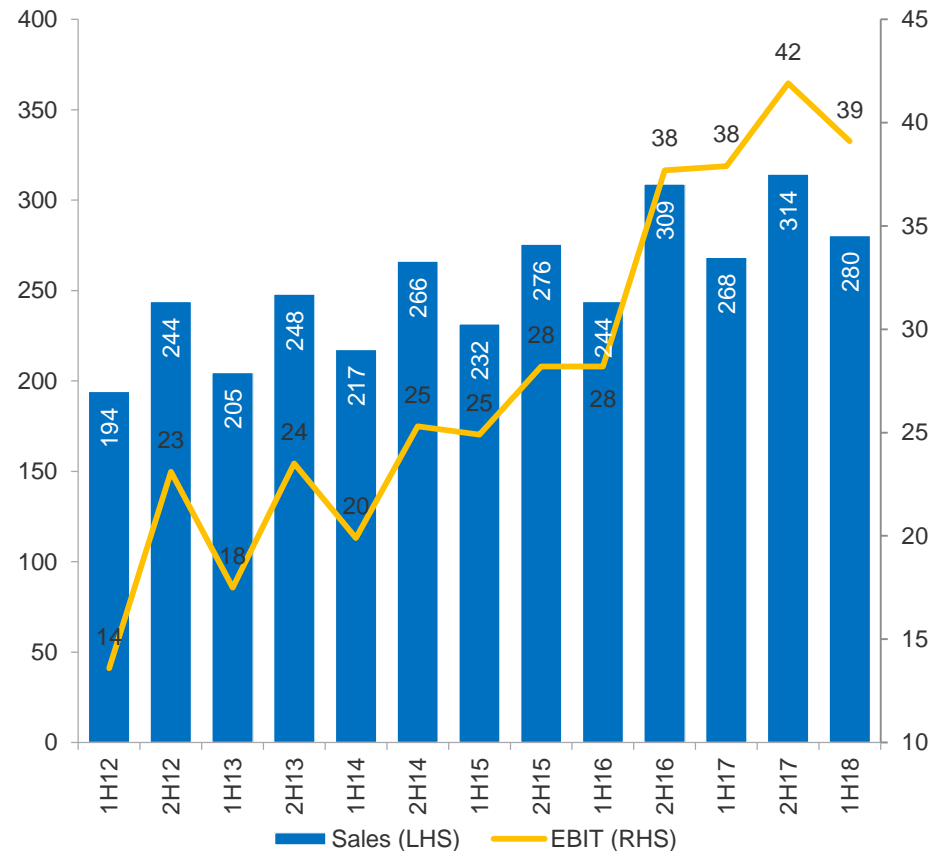
EBIT \$39.1m (+3.3%)

NPAT \$28.6m (+4.8%)

Interim Dividend 7.5cps (+7.1%)

Online sales growth +41%, 7.2% of Group Sales

Sales and EBIT 1H12 – 1H18 (NZ\$m)





05

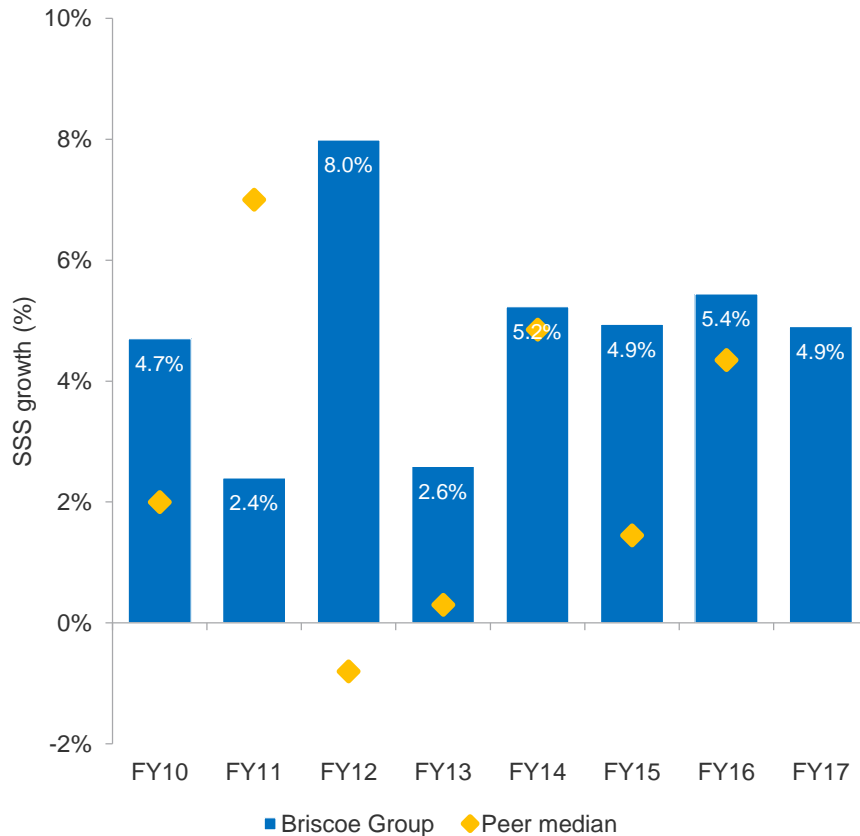
Sector benchmarking



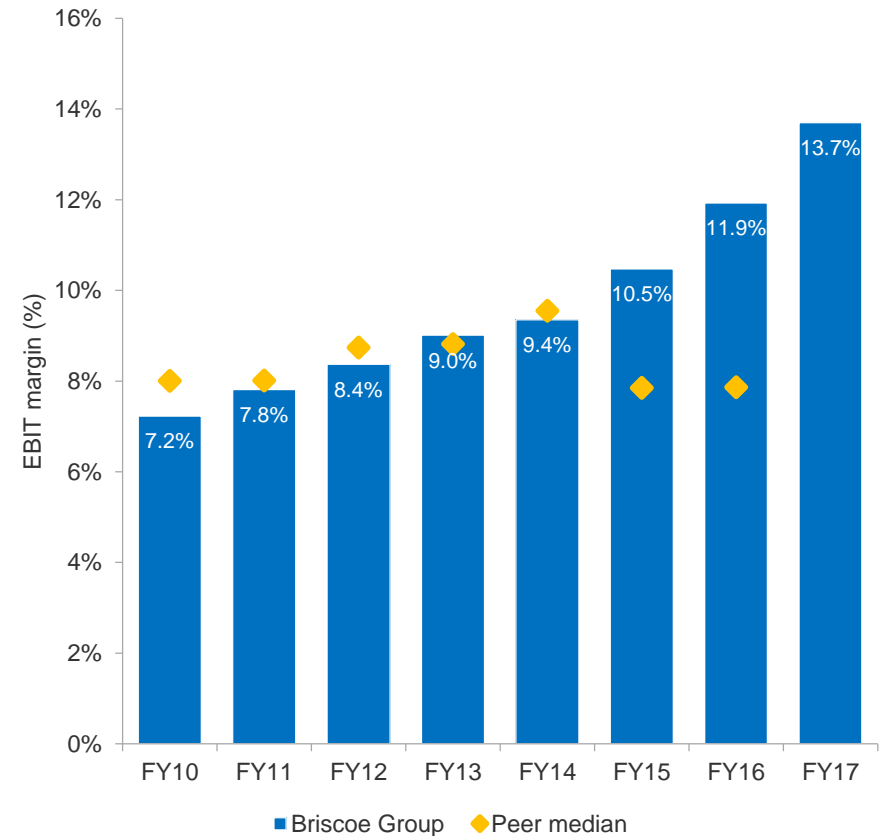
Sector benchmarking – sales growth and EBIT margin

Briscoe Group has delivered consistent same-store sales growth and expanded its EBIT margin over time

Same store sales growth (%)



EBIT margin



Source: Annual reports and presentations. Peer median consists of Kathmandu, Premier Investments (retail), Michael Hill, Orotan, JB Hi-Fi, Adairs. Super Retail and Warehouse (retail) for EBIT margin only



APPENDIX

Board and management

Board of Directors

Dame Rosanne Meo



Director and Chairman

- Appointed Chairman in 2001
- Extensive governance experience of over 25 years, mostly in New Zealand but also in Australia
- Current appointments include; Real Estate Institute of NZ, AMP (NZ) Staff Superannuation Scheme, Director of Overland Footwear and Patron of the Auckland Philharmonia
- Knighted for Services to Business in 2011

Rodney Duke



Managing Director and Deputy Chairman

- Worked in the retail sector for his entire working life
- Former NSW manager of Homecraft/Eric Anderson stores and senior merchandise manager for Grace Brothers
- Former Managing Director of Norman Ross Australia
- Appointed Managing Director of Briscoe Group¹ in 1988
- Purchased 100% of Briscoe Group¹ in 1990

Mary Devine



Non-Executive Director

- Appointed in 2013
- Extensive experience in corporate strategy, brand marketing and retailing
- Former CEO roles with department store J.Ballantyne, multichannel retailer EziBuy and outdoor company Arthur Ellis
- Director of Meridian Energy, IAG New Zealand and Top Retail
- Made an Officer of the New Zealand Order of Merit for services to business

Tony Batterton



Non-Executive Director

- Appointed in 2016
- Partner and Executive Director of Evergreen Partners
- More than 20 years of private equity and investment banking experience in New Zealand and London
- Qualified Chartered Accountant

Andy Coupe



Non-Executive Director

- Appointed in 2016
- Chairman of Farmright, Solid Energy and the New Zealand Takeovers Panel
- Director of Gentrack Group and investment companies Kingfish, Barramundi and Marlin Global
- More than 30 years' experience in investment banking
- Chartered member of the NZ Institute of Directors

1. Predecessor entity

Senior Management

Geoff Scowcroft Chief Financial Officer



- Joined Briscoe Group as Chief Financial Officer in 2002 with responsibility for finance, IT, and administration
- Began finance career in accounting with Associated Wholesalers
- 15 years with Woolworths (NZ), including last position as Financial Controller

Peter Burilin Chief Operating Officer



- Joined Briscoe Group in 1998 and was appointed Chief Operating Officer in 2004
- Held Senior operational management positions with Gateway Foodmarkets (now Somerfield) in England, with responsibility for 630 stores
- Held General Management roles at Levenes and Progressive Enterprises in New Zealand
- Former positions at Briscoe Group include General Manager of Rebel Sport and General Manager of Briscoes Homewares

Dave Hughes General Manager – Supply Chain



- 15 year career in the retail sector
- Experience in support, IT, merchandise planning, customer insights, warehousing and distribution, logistics, and e-commerce at EziBuy
- Former General Manager Supply Chain at Ezibuy
- Joined Briscoe Group as General Manager Supply Chain in 2013

Stephen Jones Group General Manager – Operations



- Joined Briscoe Group in 2017
- Over 25 years of multi-national retail management experience gained across a rich variety of sectors
- Since moving to New Zealand in 2007 Stephen has held senior roles with Mitre 10, Placemakers and The Warehouse

Fraser Collins Group General Manager – Merchandise



- Joined Briscoe Group as the manager of Christchurch in 1984
- Appointed Project Manager in 1988 with responsibility of opening all Briscoe Group's stores until 1999
- Also held position of South Island Operations Manager and National Operations Manager
- Appointed to General Manager Merchandise in 2008

Aston Moss Group General Manager – Human Resources



- Joined Briscoe Group in 2015
- Experience working for a wide range of organisations including SkyCity, Woolworths Limited (Australia), Progressive Enterprises, Manukau Institute of Technology, NZ Post and Fonterra in a variety of operational and human resource roles

Nick Turner General Manager – Store Development



- Joined Briscoe Group in 2002
- Experience across a variety of roles in retail management, planning and management of large scale projects including new stores and refurbishments
- Has led the Non-Trade Services team since it was established in 2013 and appointed General Manager Store Development in 2017