

## Smiths City trading update – Covid-19

Smiths City Group Limited (NZX.SCY) is closely monitoring the impact of the Covid-19 outbreak. The company's core focus is to protect our team and customers and take all reasonable steps to mitigate adverse impacts on our business.

Over the past month we have seen a reduction in sales and customers visiting our stores. We believe this trend is directly attributable to the outbreak. We can only expect this to continue while the outbreak continues. Our website still offers customers the flexibility of online shopping.

At this time, we anticipate our net loss in our financial result for the year to 30 April 2020 will be greater than the \$1.9 million net loss recorded in the prior financial year. However, we cannot at this time quantify the extent of this anticipated loss given the current uncertainties and just over six weeks of trading remaining in our financial year.

While we welcome the government's announcement of a \$12.1 billion economic support package, we are mindful there will be longer term economic consequences from the outbreak which will impact discretionary income for customers.

Smiths City has been focused on transforming its business over the past two years. This work had been progressing well. But given these new uncertainties, management will be revisiting our transformation plan and looking for additional gains and further efficiencies.

As a first step, and reflecting the need for belt-tightening across the organisation, Chief Executive Roy Campbell has voluntarily reduced his base salary by 20% with the support of the Board. The Board meanwhile has also agreed to take a similar reduction in Directors' fees.

Any new initiatives approved by the Board that are material will be announced to the market.

In addition, our Chair Alastair Kerr has just entered self-isolation in the United Kingdom having just returned there from continental Europe. We are pleased to report he has no Covid-19 symptoms.

As the timing of Mr Kerr's return to New Zealand is uncertain, given the current difficulties for international travel, Tony Allison will assume the role of Interim Chair so that our key leadership is present in New Zealand at this time.

Mr Kerr remains a director and will re-assume the Chair role when he returns to New Zealand and completes any domestic self-isolation requirements.

**For more information:**

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**About Smiths City Group Limited**

Smiths City Group (NZX.SCY) was founded in Christchurch in 1918 and has a proud tradition as one of New Zealand's oldest and largest retail chains. The company floated on the stock exchange in 1972 and operates stores nationwide. It also operates the Smiths City Finance, and the Smiths City Commercial businesses. On the web: [www.smithscity.co.nz](http://www.smithscity.co.nz) and [www.smithcitygroup.co.nz](http://www.smithcitygroup.co.nz).