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FY24 Half Year Results

6 February 2024

nickscali

FY24 half year summary

Written sales orders

- Written sales orders of **\$212.7m, up 1.1%** on H1 FY23
- LFL¹ written sales orders **flat (-0.4%)** on H1 FY23

Profitability

- Group gross profit margin **65.6%, up 2.1%** on FY23 and consistent with 2H FY23 gross profit margin of **65.4%**
- Profit after tax of **\$43.0m**, slightly above the **\$40-\$42m** guidance provided at the October 2023 AGM

Revenue

- Revenue of **\$226.6m**, compared to **\$283.9m** in H1 FY23
- H1 FY23 benefited from increased deliveries due to the elevated order bank at June 2022

Cash generation & capital management

- Cash and deposits **\$68.3m** at 31 December 2023
- **\$20m** repaid on corporate acquisition debt and FY23 dividend paid **\$28.4m** in 1H FY24
- Interim dividend **35 cents** per share fully franked

1. LFL represents written sales orders from showrooms which were open for the whole of both reporting periods.

Revenue & written sales orders

Revenue 1H FY24	\$226.6m
Change versus 1H FY23	-20.2%

Written sales orders 1H FY24	\$212.7m
Change versus 1H FY23	+1.1%

Commentary

- 1H FY24 **revenue is consistent** with written sales order levels and typical delivery lead times
- 1H FY23 revenue benefited from **increased deliveries** as the June 2022 order bank reduced with lead times returning to pre Covid levels

Commentary

- Q2 written sales orders **8.2% higher** than Q2 FY23 with both Nick Scali and Plush brands contributing to the increase
- Q1 written sales orders **5.4% lower** than Q1 FY23 as reported at the October 2023 AGM
- 1H FY24 LFL¹ written sales orders were **flat (-0.4%)** compared to 1H FY23

1. LFL represents written sales orders from showrooms which were open for the whole of both reporting periods.

Financial performance

	1H FY23	1H FY24
Sales revenue	283.9	226.6
Cost of sales	(107.8)	(78.0)
Gross profit	176.1	148.6
Other income	2.0	2.8
Operating expenses	(64.8)	(60.0)
Depreciation	(21.0)	(22.1)
Finance costs	(5.9)	(7.3)
Profit before tax	86.4	62.0
Income tax	(25.8)	(19.1)
Profit after tax	60.6	43.0
EBITDA ²	112.2	89.7
EBIT ²	91.2	67.6

Gross profit margin

- Group gross profit margin for 1H FY24 was **65.6%** compared to **62.0%** for 1H FY23 and **65.4%** for 2H FY23

Cost of doing business¹

- Operating costs were **\$4.8m lower** than 1H FY23 which included additional logistics expenses of **\$4m** to support the peak delivered volumes
- 1H FY23 CODB relative to sales was favourably impacted by increased deliveries due to the outstanding order bank at June 2022
- Depreciation and interest expense on leased assets **totalled \$24.2m, \$1.7m higher** than 1H FY23
- Other income includes **\$1.7m** (1H FY23 \$1.2m) of interest income on cash and deposits. Excluding interest on lease liabilities net interest expense was **\$0.5m** (1H FY23 \$0.7m)

1. Cost of Doing Business includes operating expenses, depreciation and finance costs net of \$1.7m (1H FY23 \$1.2m) interest income included in Other income.

2. EBITDA and EBIT are based on finance costs net of \$1.7m (1H FY23 \$1.1m) interest income. Included in Other income.

Cashflow

Opening cash & deposits

89.3

Operating cashflows

43.6

Interest on borrowings

2.2

Property & other capital investments

14.0

Repayment of borrowings

20.0

Dividends

28.4

Closing cash & deposits

68.3

Operating cashflows

- Cash of **\$43.6m** generated from operating activities (including operating lease payments and interest payments) compared to **\$35.1m** 1H FY23

Property & other capital investments

- Construction in progress for build of new Queensland distribution centre **\$8.5m**, completion expected Q3 FY24 with a total construction cost of **\$16.2m** in addition to the land purchased of **\$7.8m** in FY23
- Other plant, equipment, intangible assets and leasehold improvements **\$5.5m in total**

Borrowings

- **\$20m repaid** on corporate acquisition debt in August 2023, reducing the outstanding balance to **\$28m**
- **\$43.7m** of borrowings are property debt secured at **less than 50% LVR**

Capital management & dividends

- **\$28.4m** returned to shareholders in final FY23 dividend
- Closing cash on hand 31 December of Cash & Cash Equivalents **\$68.3m**

Balance sheet

	June 2023	December 2023
Cash & deposits	89.3	68.3
Inventory – in transit	12.9	16.0
Inventory – on hand	41.7	37.2
Property – at net book value	104.5	113.6
Plant & equipment	14.8	17.7
Leased assets	203.7	205.7
Intangibles	129.8	129.8
Other assets	10.9	5.3
Borrowings	91.7	71.7
Payables	22.7	21.6
Lease liabilities	226.5	229.6
Deferred revenue	65.2	58.5
Provisions	7.0	7.2
Tax & other liabilities	14.7	13.0
Net assets	179.9	192.0

Inventory — on hand

	DCs	Nick Scali showrooms	Plush showrooms
June 2023	18.8	18.6	4.3
December 2023	13.8	18.9	4.5

Property – at net book value

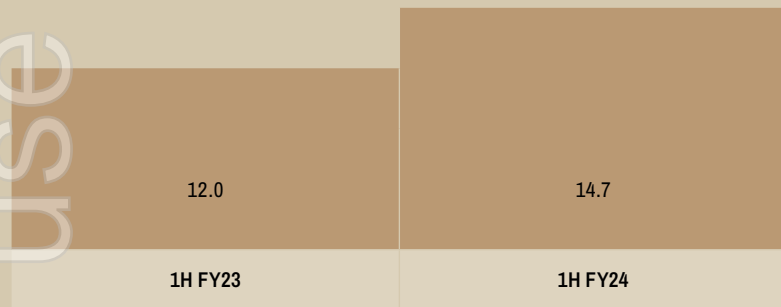
- Includes **\$9m** construction in progress costs at 31 December 2023 for the new Queensland distribution centre, of which **\$8.5m** was incurred 1H FY24, in addition to the land purchased of **\$7.8m** in FY23

Nick Scali brand online

Written sales order growth Nick Scali brand online

- 1H FY24 online written sales orders were **\$14.7m, up 22.5%** with enhancements in the eCommerce user experience driving growth

Written sales orders (\$m)



Store network

	June 2023	Net change	December 2023	Long Term Target ¹
Nick Scali				
Australia	59	—	59	73
New Zealand	5	—	5	13
	64		64	86
Plush				
Australia	43	1	44	85-90
New Zealand	—	—	—	5-10
	43	—	44	90-100
Total²	107	1	108	176-186

1H FY24

- Nick Scali showroom opened in a new and larger location in Payneham, South Australia, with the existing store converted to an additional clearance store.
- Two new Plush stores opened in Helensvale, Queensland and Payneham, South Australia. One Plush showroom was closed in the on-going optimisation of the acquired Plush store network.
- Further 11 Plush showrooms were updated to the new concept for Plush launched December 2022. 20 Plush showrooms now reflect the new concept.

1. Target is based on demographic data and proximity to existing showrooms. Timing of store rollout is dependent on site availability and commercial terms.

2. Total excludes clearance stores.



Recent trading

- January 2024 written sales orders of **\$58.9m** were **up 3.6%** over January 2023, with LFL **up 2.6%**, continuing the positive momentum of Q2 FY24.

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Q & A

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This presentation should not be relied upon as a recommendation or forecast by the Company.

This document should be read in conjunction with the H1 FY24 Results Announcement and H1 FY24 Appendix 4D.



Appendix 1 – EBIT reconciliation

	1H FY23	1H FY24
Gross margin	176.1	148.6
Other income not interest	0.9	1.1
Operating expenses	(64.8)	(60.0)
EBITDA¹	112.2	89.7
Depreciation & amortisation	(21.0)	(22.1)
EBIT¹	91.2	67.6

1. EBITDA and EBIT are based on finance costs net of \$1.7m (1H FY23 \$1.1m) interest income included in other income on slide 4.

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Thankyou

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