



4th Quarter Sales to 26 January 2020

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights

- 4th Quarter Group sales \$209.7 million, +1.84%
- Full year Group sales \$653.0 million, +3.34%
- Full year Homeware sales growth, +1.92%
- Full year Sporting goods sales growth, +5.84%
- Full year Online sales growth, +16.20%
- Full year Group same-store sales growth, +2.04%
- Expected full year NPAT (before NZ IFRS 16 adjustment) at least \$64.0 million, +1.0%

Commentary

Managing Director Rod Duke said: “The Group has produced a satisfactory performance overall for the final quarter of the year which saw the company produce record quarterly sales of nearly \$210 million and over \$650 million for the full financial year.

“Our sporting goods segment continued to post impressive sales throughout the second half closing the year with growth of 5.84%.

“Consumer spending patterns continue to change with a huge concentration of sales in relation to Black Friday promotions now influencing the traditional steady sales build through to Christmas.

“We operate in highly competitive markets, and while the trend towards major event-based campaigns, such as Black Friday and Boxing Day, have wide customer appeal, they do come at the cost of gross profit percentage.

“Our online business continues to produce excellent sales growth, finishing the year 16% up on the previous year and now represents just over 11% of total Group sales. We will continue to focus on our online offering while maintaining our proven strategy of adding stores to our network as and when we identify opportunities. Three new stores were opened during the second half of the year – Briscoes Homeware and Rebel Sport stores at Mt Roskill as well as a new Rebel Sport store in Newmarket as part of the exciting new Westfield retail redevelopment.”

Gross profit dollars will finish ahead of last year despite a decrease in gross profit percentage as a result of an intensely competitive and ever-changing retailing environment.

This year’s result includes \$2.7 million received for rights entitlements not exercised in relation to Kathmandu’s capital raising process associated with their acquisition of the Rip Curl business.

In addition to the competitive trading environment, the full-year reported bottom line, as was the case for the half-year, will be impacted by the introduction of the new accounting standard in relation to the treatment of leases (NZ IFRS 16). The effect on the Group’s income statement will be to lower the net profit after tax (NPAT) in comparison to the NPAT which would have been reported under the previous accounting treatment. The impact of this change will be approximately \$2.7 million. It is important to

note that the impact of NZ IFRS 16 has no cash effect to the Group and is for financial reporting purposes only.

Rod Duke said: "New Zealand retailing remains highly competitive, sensitive to continued cost and margin pressures as well as subdued consumer and business confidence.

"In relation to the Group's full-year profit, we anticipate a performance of at least \$64.0 million which would represent an increase over last year's reported NPAT of approximately 1.0%. However, an additional negative adjustment will be made to this NPAT of around \$2.7 million as a result of the new leases accounting standard."

The directors expect to release the half-year profit announcement on 16 March 2020, including declaration of a final dividend.

Fourth Quarter: 28 October 2019 – 26 January 2020:

The directors of Briscoe Group announce unaudited sales for the 13-week quarter ended 26 January 2020 were \$209.7 million, an increase of 1.84% on the same quarter for the previous year. Homeware sales decreased by 0.73% to \$131.5 million, while sporting goods sales were \$78.3 million, an increase of 6.47% on the fourth quarter last year.

On a same-store basis, the Group's sales for the fourth quarter ended 26 January 2020 were 0.32% below the fourth quarter for last year.

On the same-store basis, homeware sales decreased by 1.98% and sporting goods sales increased by 2.70% for the same quarter.

Full year: 28 January 2019 - 26 January 2020:

Total sales for the Group for the 52 weeks ended 26 January 2020 of \$653.0 million, being 3.34% above the \$631.9 million achieved for the 52 weeks ended 27 January 2019.

For the 52-week period from 28 January 2019 to 26 January 2020, homeware sales increased by 1.92% to \$410.9 million while sporting goods sales increased sales by 5.84% to \$242.1 million.

On a same-store basis, Group sales for the year ended 26 January 2020 were 2.04% ahead of the previous year.

On the same-store basis, homeware sales increased by 1.58%, while sporting goods sales increased by 2.84%.

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