

BRISCOE GROUP LIMITED**Results for announcement to the market**

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| Reporting Period | Full Year 1 February 2016 to 29 January 2017 |
| Previous Reporting Period | Full Year 26 January 2015 to 31 January 2016 |

| | Amount (000s) | Percentage change |
|--|---------------|-------------------|
| Sales revenue from ordinary activities | \$582,840 | +5.4% |
| Profit from ordinary activities after tax attributable to shareholders | \$59,420 | +26.1% |
| Net Profit attributable to shareholders. | \$59,420 | +26.1% |

| Final Dividend | Gross amount per share | Imputed amount per share |
|----------------|------------------------|--------------------------|
| | 11.00 cents | 11.00 cents |

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| Audit | The abridged financial statements attached to this report have been audited. |
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| Comments: | Refer to the section "Full Year Review" for commentary. Earnings before interest and tax (EBIT) is a non-GAAP measure. |
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Full Year Review

Highlights for the full year ended 29 January 2017

- Total sales \$582.84 million, +5.42%
- Same store sales growth (adjusted for prior year 53rd week), +4.94%
- Gross profit \$239.36 million, +6.92%
- Gross profit margin 41.07% (Last year 40.49%)
- EBIT \$79.83 million, +21.07%
- NPAT \$59.42 million, +26.06%
- Final dividend 11.00 cents per share, +15.79%
- Total dividend for the year 18.00 cents per share, +16.13%

The directors of Briscoe Group Limited announce an audited net profit after tax (NPAT) of \$59.42 million for the year (52 weeks) ending 29 January 2017, a 26.06% increase on the \$47.14 million for the previous year (53 weeks).

The result includes a \$2.03 million gain from the sale of property in Hastings and also the subsequent \$0.79 million deferred tax liability reversal in relation to this property created in 2011 as a result of legislation introduced in relation to the tax deductibility of depreciation on buildings. Excluding these adjustments NPAT for the full year was \$56.70 million or 20.28% higher than the full year result reported for last year.

Group Managing Director, Rod Duke, said “We are pleased to announce another record profit for Briscoe Group in a market that has been challenging for many retailers. The focus we place on managing and improving our retail brands underpins our strong profit growth of recent years as we continually drive to improve the way we do things in every area of the business. This year’s result represents an increase of 77% over the result posted just three years ago at a compound annual growth rate of 21% for the same period.”

The directors have resolved to pay a final dividend of 11.00 cents per share (cps). This compares to last year’s final dividend of 9.50 cps. The dividend is fully imputed and, when added to the interim dividend of 7.00 cps, brings the total dividend for the year to 18.00 cps, an increase of 16.13% over last year’s total dividend of 15.50 cps.

The final dividend will be paid on 31 March 2017. The share register will close to determine entitlements to the dividend at 5 pm on 28 March 2017.

The earnings were generated on sales revenue of \$582.84 million, an increase of 5.42% on the \$552.89 million reported in the previous year.

The Group operates on a weekly trading and reporting cycle resulting in 52 weeks for most years with a 53 week year occurring once every 6 years as was the case last year. On a same store basis and adjusting for the additional week included in last year’s 53 week period, the Group’s sales for the year were 4.94% ahead of the same period last year.

The Group’s gross profit margin for the year increased from 40.49% to 41.07%, reflecting the continued focus the Group has on inventory and promotion management. The ongoing refinement of product ranges, careful foreign exchange management, enhancements to inventory allocation processes and improvements in the analysis of promotions and store inventory are all important factors in protecting and growing gross profit margin. Rod Duke said, “The relatively late start to summer and unsettled weather patterns in most parts of the country made the selling of seasonal products a little tougher but by identifying the issues quickly and holding our nerve we have sold through seasonal stocks at an acceptable rate, protecting both margin and our closing inventory position.”

Earnings before interest and taxation (EBIT) increased 21.07% from \$65.94 million for 2015-16 to \$79.83 million for the 2016-17 year.

The profit result includes dividends received of \$4.41 million from the Group's 19.9% shareholding in Kathmandu Holdings Limited. Rod Duke said, "We continue to monitor Kathmandu's performance closely as they seek to restore historical levels of profitability."

The number of homeware stores across the Group remained at 47 during the year with the opening in March 2016 of a Briscoes Homeware store at the new Northwest shopping development at Westgate in Auckland offset by the closure in July 2016 of the Living & Giving store in Albany. These changes, the relocation to larger premises of the Hastings Briscoes Homeware store and extensions to the Dunedin, Te Rapa and Taranaki Street stores have resulted in an increase in total floor area for homeware stores from 100,085 to 104,122 square metres. Sporting goods store numbers increased by one during the year to 36 with the opening of the new Rebel Sport store at Westgate, Auckland. Floor area also changed through projects at Te Rapa and Hastings resulting in the total floor area for sporting goods stores increasing from 56,394 to 57,490 square metres.

On an adjusted same store sales basis the homeware and sporting goods segments returned sales increases of 3.79% and 7.04% respectively for the year ended 29 January 2017.

During the year \$18.28 million of capital investment was made by the Group of which \$11.45 million represents development of property owned by the Group in Wellington at Taranaki Street and in Petone and also in Auckland at Taylors Road. The balance of capital investment was primarily for the fit-out of two new stores, the relocation of two stores, the refurbishment of five stores and enhancements to system software and hardware.

Inventories totaled \$78.93 million at year-end, being \$1.27 million lower than the \$80.20 million reported for last year, reflecting the continual focus management has on inventory control.

Cash and bank balances as at 29 January 2017 were \$60.07 million, compared to \$17.55 million at 31 January 2016. This increase was impacted by the financial year-end cut-off date falling two days before the end of the calendar month. Approximately \$22 million of creditor payments are included in the trade payables balance at year-end which were subsequently paid on 31 January 2017.

Net cash inflows from operating activities were \$85.99 million, \$46.09 million above those of last year, primarily as a result of the abnormally high payments made in the previous year due to the 53 week financial period, as well as this period's earlier closing date.

The results are for the 52 week period from 1 February 2016 to 29 January 2017.

Group Managing Director, Rod Duke, said "We completed another very full year of store development, upgrades and refurbishments. Briscoes Homeware and Rebel Sport stores were opened in March as part of the new Northwest shopping centre at Westgate in Auckland. This development will grow in popularity as the remaining stages are completed and the surrounding population growth takes effect. In May our Briscoes Homeware store at Wairau Park in Auckland closed temporarily as a result of fire damage. We took the opportunity to completely re-fit the store which reopened in July and has traded strongly since. A stockroom extension was undertaken during June at The Base in Te Rapa, Hamilton delivering improved stock flow and additional space was also secured adjacent to the Dunedin profit centre allowing us to expand its retail area, improve storage capacity and add an online fulfilment centre for both Briscoes Homeware and Rebel Sport. Our Briscoes Homeware and Rebel Sport stores in Hastings were relocated towards the end of the year to an improved site with appropriately sized retail stores sharing back-of-house facilities.

"A number of Group owned property projects were also progressed during the year. Our Briscoes Homeware store at Taranaki Street in Wellington was extended, earthquake strengthened and re-

roofed and now offers a larger retail area and a much improved shopping environment. Demolition, site works and construction is well underway at our Group owned Petone property in Wellington. New Briscoes Homeware and Rebel Sport stores are on track to open during the first half of this year replacing the two existing Briscoes Homeware stores at Petone and Lower Hutt as well as the Lower Hutt Rebel Sport store, all of which will close. Demolition and site works began at 1-5 Taylors Road in Auckland. This site, which is very close to the existing Briscoes Homeware store and the Group's Support Office, will become the location for a new Support Office and a temporary Briscoes Homeware store as we demolish and rebuild the existing Briscoes Homeware store. On completion of the rebuild a new Rebel Sport store will open beneath the new Support Office. We expect this major project to be completed during 2018.

"Our online business saw strong sales growth during the year and process reviews across all service areas has resulted in improved order picking accuracy, reduced backorders, quicker picking speed and faster dispatch times delivering a better service experience for our growing number of online customers. Online sales growth was in excess of 40% and accounted for over 6% of Group sales for the year with strong growth anticipated to continue for the foreseeable future. We remain committed to continual improvement of the overall shopping experience.

"Improved product availability both online and in bricks and mortar stores remains a key focus for all teams across the business. During the second half of the year we improved our analytical ability to obtain enhanced insights by store around this key performance metric. These insights are assisting both store and support teams to better understand the size of the opportunities for improvement. Trials are planned to test enhanced stock management processes which will drive better product availability for customers and increase sales.

"We look forward to another year of improving and growing our business. Providing improved service and engagement across all our channels and brands is always a priority for us and while we have improved our performance measure in this area during the year we believe we can do much better. To support this continued improvement we trialed a simplified customer engagement programme across a number of stores. The trial was well received by the store teams involved and immediately impacted positively on the performance measures. As a result we will expand to a wider group of stores to drive its benefits through all stores.

"While Rebel Sport has continued to benefit from the popularity of 'athleisure' products there are now more mainstream competitors in this sector. To combat this increased competition the Rebel Sport merchandising team are working closely with our supply partners to ensure we have the best range of products from the best brands.

"In addition to continuing work in relation to completing the Group owned property projects commenced during the year, the store development team have a number of projects planned to reconfigure or refurbish a number of stores across the Group. Three new online fulfilment sites will be established in existing stores which will alleviate pressure as well as build capacity for further online growth. A new Briscoes Homeware store at Rangiora in Christchurch is planned to open toward the end of 2017.

"It is clear that the New Zealand retailing environment remains challenging with a number of retailers struggling for growth, but we remain cautiously optimistic about the year ahead for Briscoe Group.

"Online growth has continued at pace and we will support further growth by continuing to streamline all processes and by trialing the effectiveness of 'click and collect' later in the year. Our merchandise, operations and marketing teams will continue to focus on the protection of gross profit margin percentage while driving sales growth across all categories and across all stores. Inventory is in good shape as we start the new financial year and the team are excited about the initiatives we have planned to improve sales and profitability. We are confident that we will continue to strengthen our position as New Zealand's leading retailer of homeware and sporting goods.

“On behalf of the Board I would like to acknowledge the huge contribution again, from all team members and thank them for their continued support and effort over the past 12 months.”

Tuesday 14th March 2017

Contact for enquiries:

Rod Duke
Group Managing Director
Tel: (09) 8153737

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| BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 52 week period ended 29 January 2017 |
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| | 52 Week Period ended 29 January 2017 \$000 | 53 Week Period ended 31 January 2016 \$000 |
|--|---|---|
| Sales revenue | 582,840 | 552,892 |
| Cost of goods sold | (343,483) | (329,021) |
| Gross profit | 239,357 | 223,871 |
| Other operating income | 7,457 | 2,881 |
| Store expenses | (100,461) | (94,758) |
| Administration expenses | (66,526) | (66,059) |
| Earnings before interest and tax | 79,827 | 65,935 |
| Finance income | 237 | 1,007 |
| Finance costs | (369) | (650) |
| Net finance income | (132) | 357 |
| Profit before income tax | 79,695 | 66,292 |
| Income tax expense | (20,275) | (19,155) |
| Net profit attributable to shareholders | 59,420 | 47,137 |

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| BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 52 week period ended 29 January 2017 |
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| | 52 Weeks Period ended 29 January 2017 \$000 | 53 Weeks Period ended 31 January 2016 \$000 |
|--|--|--|
| Net Profit attributable to shareholders | 59,420 | 47,137 |
| Other comprehensive income: | | |
| Items that may be subsequently reclassified to profit or loss: | | |
| Change in value of investment in equity securities | 15,637 | (7,738) |
| Fair value loss/(gain) recycled to income statement | 3,726 | (14,950) |
| Fair value (loss)/gain taken to the cashflow hedge reserve | (7,375) | 13,480 |
| Deferred tax on fair value (loss)/gain taken to income statement | (1,043) | 4,186 |
| Deferred tax on fair value loss/(gain) taken to cashflow hedge reserve | 2,065 | (3,775) |
| Total other comprehensive income | 13,010 | (8,797) |
| Total comprehensive income attributable to shareholders | 72,430 | 38,340 |

BRISCOE GROUP LIMITED
CONSOLIDATED BALANCE SHEET
as at 29 January 2017

| | Period ended 29 January 2017 \$000 | Period ended 31 January 2016 \$000 |
|---|--|--|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 60,066 | 17,554 |
| Trade and other receivables | 2,559 | 2,334 |
| Inventories | 78,931 | 80,204 |
| Held-for-sale assets | - | 5,375 |
| Derivative financial instruments | 44 | 2,620 |
| Total current assets | 141,600 | 108,087 |
| Non-current assets | | |
| Property, plant and equipment | 76,081 | 63,527 |
| Intangible assets | 960 | 1,538 |
| Deferred tax | 3,015 | 1,321 |
| Investment in equity securities | 76,582 | 60,945 |
| Total non-current assets | 156,638 | 127,331 |
| TOTAL ASSETS | 298,238 | 235,418 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 84,970 | 63,261 |
| Taxation payable | 6,284 | 6,810 |
| Derivative financial instruments | 1,112 | 210 |
| Total current liabilities | 92,366 | 70,281 |
| Non-current liabilities | | |
| Trade and other payables | 719 | 713 |
| Total non-current liabilities | 719 | 713 |
| TOTAL LIABILITIES | 93,085 | 70,994 |
| Net assets | 205,153 | 164,424 |
| EQUITY | | |
| Share capital | 52,756 | 48,242 |
| Cashflow hedge reserve | (816) | 1,811 |
| Share options reserve | 957 | 1,291 |
| Other reserves | 7,899 | (7,738) |
| Retained earnings | 144,357 | 120,818 |
| TOTAL EQUITY | 205,153 | 164,424 |
| Net Tangible Assets per Security (cents) | 93.02 | 74.86 |

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 52 week period ended 29 January 2017

| | 52 Weeks Period ended 29 January 2017 \$000 | 53 Weeks Year ended 31 January 2016 \$000 |
|---|--|--|
| OPERATING ACTIVITIES | | |
| Cash was provided from | | |
| Receipts from customers | 582,579 | 553,839 |
| Rent received | 792 | 874 |
| Dividends received | 4,414 | 2,008 |
| Interest received | 179 | 1,349 |
| Insurance recovery | 220 | - |
| | 588,184 | 558,070 |
| Cash was applied to | | |
| Payments to suppliers & employees | (459,993) | (479,164) |
| Interest paid | (361) | (683) |
| Net GST paid | (20,373) | (21,857) |
| Income tax paid | (21,473) | (16,468) |
| | (502,200) | (518,172) |
| Net cash inflows from operating activities | 85,984 | 39,898 |
| INVESTING ACTIVITIES | | |
| Cash was provided from | | |
| Proceeds from sale of property, plant and equipment | 7,315 | 28 |
| | 7,315 | 28 |
| Cash was applied to | | |
| Purchase of property, plant and equipment | (17,661) | (12,097) |
| Purchases of intangible assets | (615) | (1,080) |
| Purchase of investment in equity securities | - | (68,683) |
| | (18,276) | (81,860) |
| Net cash outflows flows from investing activities | (10,961) | (81,832) |
| FINANCING ACTIVITIES | | |
| Cash was provided from | | |
| Net proceeds from borrowings | - | - |
| Issue of new shares | 3,713 | 1,418 |
| | 3,713 | 1,418 |
| Cash was applied to | | |
| Dividends paid | (36,051) | (31,475) |
| | (36,051) | (31,475) |
| Net cash outflows from to financing activities | (32,338) | (30,057) |
| Net (decrease)/increase in cash and cash equivalents | 42,685 | (71,991) |
| Cash and cash equivalents at beginning of period | 17,554 | 89,690 |
| Foreign cash balance cash flow hedge adjustment | (173) | (145) |
| Cash and cash equivalents at period end | 60,066 | 17,554 |

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 29 January 2017

| | Share Capital | Cashflow Hedge Reserve | Share Options Reserve | Other Reserves | Retained Earnings | Total Equity |
|---|------------------|------------------------------|-----------------------------|-------------------|----------------------|-----------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Balance at 25 January 2015 | 46,550 | 2,870 | 1,058 | - | 105,081 | 155,559 |
| Net profit attributable to shareholders for the period | - | - | - | - | 47,137 | 47,137 |
| Other comprehensive income: | | | | | | |
| Change in fair value of investment in equity securities | - | - | - | (7,738) | - | (7,738) |
| Fair value gain recycled to income statement | - | (14,950) | - | - | - | (14,950) |
| Fair value gain taken to cashflow hedge reserve | - | 13,480 | - | - | - | 13,480 |
| Deferred tax on fair value gain taken to income statement | - | 4,186 | - | - | - | 4,186 |
| Deferred tax on fair value gain to cashflow hedge reserve | - | (3,775) | - | - | - | (3,775) |
| Total comprehensive income for the period | - | (1,059) | - | (7,738) | 47,137 | 38,340 |
| Transactions with owners: | | | | | | |
| Dividends paid | - | - | - | - | (31,475) | (31,475) |
| Share options charged to income statement | - | - | 582 | - | - | 582 |
| Share options exercised | 1,692 | - | (274) | - | - | 1,418 |
| Transfer for share options lapsed and forfeited | - | - | (75) | - | 75 | - |
| Balance at 31 January 2016 | 48,242 | 1,811 | 1,291 | (7,738) | 120,818 | 164,424 |
| Net profit attributable to shareholders for the period | - | - | - | - | 59,420 | 59,420 |
| Other comprehensive income: | | | | | | |
| Change in value of investment in equity securities | - | - | - | 15,637 | - | 15,637 |
| Fair value loss recycled to income statement | - | 3,726 | - | - | - | 3,726 |
| Fair value loss taken to cashflow hedge reserve | - | (7,375) | - | - | - | (7,375) |
| Deferred tax on fair value loss taken to income statement | - | (1,043) | - | - | - | (1,043) |
| Deferred tax on fair value loss to cashflow hedge reserve | - | 2,065 | - | - | - | 2,065 |
| Total comprehensive income for the period | - | (2,627) | - | 15,637 | 59,420 | 72,430 |
| Transactions with owners: | | | | | | |
| Dividends paid | - | - | - | - | (36,051) | (36,051) |
| Share options charged to income statement | - | - | 637 | - | - | 637 |
| Share options exercised | 4,514 | - | (801) | - | - | 3,713 |
| Transfer for share options lapsed and forfeited | - | - | (170) | - | 170 | - |
| Balance at 29 January 2017 | 52,756 | (816) | 957 | 7,899 | 144,357 | 205,153 |

Earnings per Security (EPS)

Calculation of basic and fully diluted EPS in accordance with IAS 33: Earnings Per Share

| | Current full year (cents per share) | Previous corresponding full year (cents per share) |
|-------------|--|---|
| Basic EPS | 27.2 | 21.7 |
| Diluted EPS | 26.5 | 21.2 |

Dividends Paid / Payable

| | Date Paid / To be paid | Cents per share (fully imputed) |
|--|-------------------------------|--|
| Interim Dividend for the period ended 29 January 2017 | 10 October 2016 | 7.00 |
| Final Dividend for the period ended 29 January 2017 | 31 March 2017 | 11.00 |

Segment Information

| | Homeware \$000 | Sporting goods \$000 | Eliminations / Unallocated \$000 | Total Group \$000 |
|---|---------------------------|---------------------------------|---|------------------------------|
| For the period ended 29 January 2017 | | | | |
| Sales Revenue | 372,507 | 210,333 | - | 582,840 |
| Earnings Before Interest and tax | 46,381 | 27,747 | 5,699 | 79,827 |

| | Homeware \$000 | Sporting Goods \$000 | Eliminations / Unallocated \$000 | Total Group \$000 |
|---|---------------------------|---------------------------------|---|------------------------------|
| For the period ended 31 January 2016 | | | | |
| Sales Revenue | 357,875 | 195,017 | - | 552,892 |
| Earnings Before Interest and tax | 40,449 | 24,962 | 524 | 65,935 |