



1st Quarter Sales to 28 April 2019

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce that unaudited sales for the first trading quarter ended 28 April 2019 were \$150.6 million, being 2.62% higher than the \$146.8 million achieved for the same quarter of last year.

On a same-store basis, the Group's sales for the quarter were 2.07% above the first quarter for last year. The same-store calculation adjusts for two Rebel Sport stores opened by the Group at Kerikeri (February 2018) and at Papanui, Christchurch (November 2018), and also for the closure of the Living & Giving Store at Riccarton (March 2018).

Sales for the Group's homeware segment increased by 2.85% to \$90.7 million, while sporting goods sales increased by 2.28% to \$59.9 million. On a same-store basis, homeware sales increased by 3.17% for the quarter while sporting goods sales were 0.41% ahead of last year.

Group Managing Director Rod Duke said, "The trading patterns during this quarter were significantly different to last year with Easter falling later and much closer to Anzac Day compressing our promotional activity. While we are relatively pleased with the sales performance for the first quarter, continued pressure on margins and increased wage cost pressures have resulted in a bottom-line profit marginally below that for the same period last year.

"In addition to the competitive trading environment, this year's reported bottom line, as noted in last year's financial statements, will be impacted by the introduction of the new accounting standard in relation to the treatment of leases (NZ IFRS 16). The impact to the Group's income statement will be to lower the reported net profit after tax (NPAT) in comparison to the NPAT which would have been reported under the previous accounting treatment. The effect of this change on NPAT will occur gradually throughout the year and has resulted in a decline in the first quarter's tax-paid profit of \$0.6 million in addition to the change incurred from normal trading. 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. The new standard will significantly impact all businesses with sizable portfolios of leased properties.

"For the Group to continue to achieve positive sales growth is pleasing, however as widely reported, the retail environment remains highly competitive which together with the impact of NZ IFRS 16, will put pressure on our ability to grow profit in the short term."

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