

Results for announcement to the market		
Name of issuer	BRISCOE GROUP LIMITED	
Reporting Period	Half-Year - 28 January 2019 to 28 July 2019	
Previous Reporting Period	Half-Year - 29 January 2018 to 29 July 2018	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$302,984	3.3%
Total Revenue	\$302,984	3.3%
Net profit/(loss) from continuing operations	\$ 28,272*	-3.6%
Total net profit/(loss)	\$ 28,272*	-3.6%
Interim Dividend		
Amount per Quoted Equity Security	\$ 0.085	
Imputed amount per Quoted Equity Security	\$ 0.085	
Record Date	1 October 2019	
Dividend Payment Date	8 October 2019	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$ 1.0932	\$1.3177
A brief explanation of any of the figures above necessary to enable the figures to be understood	<p>* \$28,272 above represents NPAT after the impact of the new NZ IFRS 16 accounting standard. Refer tables below for further detail in relation to the impacts of NZ IFRS 16 on income statement and balance sheet.</p> <p>Refer to the section below "Half Year Review" for commentary.</p> <p>Earnings before interest and tax (EBIT) is a non-GAAP measure.</p> <p>For reporting period commencing 28 January 2019 the Group has elected to apply the modified retrospective transition method. Under this method the Group has not restated comparatives therefore reclassifications and adjustments are recognised in the opening balance sheet.</p>	
Authority for this announcement		
Name of person authorised to make this announcement	Geoff Scowcroft	
Contact person for this announcement	Rod Duke	
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Date of release through MAP	17/09/2019	

Unaudited abridged financial statements accompany this announcement.

Half Year Review

Highlights for the 26 week period ended 28 July 2019:

- Total sales \$302.98 million, +3.34%
- Same store sales growth, +2.74%
- Gross profit \$122.88 million, +2.40%
- Gross profit margin 40.56% vs 40.93% last year
- NPAT before impact of NZ IFRS 16, \$29.41 million, +0.22%
- NPAT including impact of NZ IFRS 16, \$28.27 million
- Interim Dividend 8.50 cps increase from 8.00 cps last year, +6.25%

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce a net profit after tax (NPAT) before the impact of NZ IFRS 16 of \$29.41 million for the half-year ended 28 July 2019 compared to \$29.34 million achieved for last year's first half. The half-year results are unaudited.

Rod Duke, Group Managing Director, said: "Overall we are pleased with the Group's performance for this first six months. To achieve a profit (before the impact of NZIFRS 16) in line with last year despite the ongoing competitiveness of the retail environment, the impact on winter-dependent categories with the late start to the colder months, and continued cost pressures, is a very satisfactory start to this financial year."

"We've seen a gradual improvement in trading through this first half with the slight decline in profit reported for the first quarter more than compensated for during the second quarter. We are also very pleased with trading in August producing strong increases over the previous year for both homewares and sporting goods.

Reported NPAT will be \$28.27 million and includes a \$1.14 million impact from the introduction of NZ IFRS 16, the new accounting standard in relation to the treatment of leases. Due to its January balance date, Briscoe Group is one of the first companies to adopt the new leasing standard which will significantly impact all businesses with sizable portfolios of leased properties. 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. *See tables below for more detail in relation to the impacts of the new standard.*

The directors have resolved to pay an interim dividend of 8.50 cents per share (cps). This compares to last year's interim dividend of 8.00 cps. Books will close to determine entitlements at 5pm on 1 October 2019 and payment will be made on 8 October 2019.

The earnings were generated on sales revenue of \$302.98 million compared to the \$293.20 million generated for the same period last year. On a same-store basis the Group's sales for the half year ended 28 July 2019 were 2.74% ahead of the same period last year.

Gross margin dollars has increased 2.40% for the period with gross margin percentage decreasing from 40.93% to 40.56%.

The decrease in gross margin percentage reflects the continued intensity of competition across the retailing environment. Trading patterns for seasonal product, particularly in homewares, were impacted by the very late start to winter. As a result, the successful winter clearance programme which closed out trading for the first half, boosted sales but did come at the expense of gross profit percentage.

In the period under review, homeware sales increased 2.57% from \$186.70 million to \$191.50 million and sporting goods sales increased 4.68% from \$106.50 million to \$111.48 million.

On a same store basis, homeware sales increased by 2.72%, while sporting goods sales increased by 2.76%.

Inventory levels as at 28 July 2019 were \$88.83 million, up from \$85.01 million at the same time last year, predominantly reflecting increased stock holdings to satisfy the new Rebel Sport store operating at Papanui in Christchurch, as well as the new Rebel Sport store in Newmarket, Auckland which opened at the end of August.

“Rod Duke said: “We were delighted to welcome Andrew Scott to our senior executive team in July as Chief Operating Officer. His former roles include Head of Merchandise Planning & Supply Chain for Big W in Australia and Chief Executive Officer of Torpedo7. Andrew brings a set of skills and experience that we can already see will both complement and enhance the knowledge and capabilities that exist in the business.

“We have progressed a number of projects during this first half. Following earthquake strengthening works at the Briscoes Homeware and Rebel Sport stores in New Plymouth both these stores have undergone full refurbishments. We have added an online fulfilment facility to our Briscoes Homeware and Rebel Sport stores in Whangarei as well as to our Rebel Sport store in Hamilton.

“Significant progress was made in the construction of the Group’s new Support Office in Taylors Road, Auckland with the full support team relocated by the end of August. It’s a brilliant space and wonderful to have the full support team together in one location.

“Our projects programme continues at pace into the second half of the year with the opening of a new Rebel Sport store in Newmarket, Auckland as part of the exciting new Westfield retail redevelopment. This store reflects a contemporary fit-out and design, parts of which we will look to replicate in future new and refurbished Rebel Sport stores.

In September we will relocate the existing Briscoes Homeware store in Taylors Road, Auckland, to retail space on the ground floor of the new Support Office building to allow for a complete rebuild on the existing site.

“October will see progress to a number of projects. The relocation of the existing Briscoes Homeware store at Riccarton, in Christchurch to a new site on Riccarton Road which will also include a fulfilment facility, the opening of new Briscoes Homeware and Rebel Sport stores - including online fulfilment centres, in Mt Roskill, Auckland, and an extension and full refurbishment of the Briscoes Homeware store in Tauranga.

“During the six months we received a dividend of \$1.71 million from our investment in Kathmandu Holdings Limited. We are comfortable with our position as that company’s largest shareholder and note its continued improvement in operating performance.

“We continue to experience strong growth through our online channels which are now approaching 11% of total Group sales. Continuing to increase the number of fulfilment stores has helped to improve online capacity with further additions planned for later in the year. During August we launched our new web platform which will make it easier for customers to shop online with us. We have also commenced the roll out of our ‘Click and Collect’ offering to a selection of non-fulfilment trading stores.

“The economic outlook for the second half remains uncertain with subdued consumer and business confidence, increased wage and other cost pressures and a lower New Zealand dollar, all of which will make it difficult for retailers to maintain margins. We are confident that we have the right programmes in place to ensure that we continue to be the first choice for homeware and sporting goods in New Zealand across our store network and online.”

Tuesday 17 September 2019

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TABLE 1: INCOME STATEMENT – IMPACTS OF NZ IFRS 16

	HALF YEAR JULY 2019 ACTUAL					HY JULY 2018 ACTUAL	VARIANCE July 2019 vs July 2018			
	Previous classification	Adjustments under NZ IFRS 16			NZ IFRS 16 classification			Previous classification	NZ IFRS 16 classification	
		Back out rental expense	Include lease amortisation	Include lease finance cost						
Sales revenue	302,984	-	-	-	302,984	293,200	9,784	9,784		
Cost of goods sold	(180,102)	-	-	-	(180,102)	(173,196)	(6,906)	(6,906)		
Gross profit	122,882	-	-	-	122,882	120,004	2,878	2,878		
Other income	1,790	-	-	-	1,790	2,108	(318)	(318)		
Store expenses	(51,927)	13,985	(8,589)	-	(46,531)	(49,532)	(2,395)	3,001		
Administration expenses	(32,133)	625	(306)	-	(31,814)	(31,965)	(168)	151		
Earnings before interest and tax	40,612	14,610	(8,895)	-	46,327	40,615	(3)	5,712		
Finance income	477	-	-	-	477	419	58	58		
Finance costs	(67)	-	-	(7,293)	(7,360)	(67)	-	(7,293)		
Net finance income / (costs)	410	-	-	(7,293)	(6,883)	352	58	(7,235)		
Profit before income tax	41,022	14,610	(8,895)	(7,293)	39,444	40,967	55	(1,523)		
Income tax expense	(11,614)	(4,091)	2,491	2,042	(11,172)	(11,625)	11	453		
Net profit attributable to shareholders	29,408	10,519	(6,404)	(5,251)	28,272	29,342	66	(1,070)		

TABLE 2: BALANCE SHEET - IMPACTS OF NZ IFRS 16
HALF YEAR JULY 2019

	Previous classification	NZ IFRS 16 classification	Difference
	\$000	\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents	55,529	55,529	-
Trade and other receivables	2,659	2,659	-
Inventories	88,827	88,827	-
Held-for-sale assets	5,521	5,521	-
Derivative financial instruments	924	924	-
Total current assets	153,460	153,460	-
Non-current assets			
Property, plant and equipment	94,763	94,763	-
Intangible assets	2,634	2,634	-
Right-of-use assets	-	211,426	211,426
Deferred tax	3,112	11,770	8,658
Investment in equity securities	90,467	90,467	-
Total non-current assets	190,976	411,060	220,084
TOTAL ASSETS	344,436	564,520	220,084
LIABILITIES			
Current liabilities			
Trade and other payables	74,737	73,488	(1,249)
Lease liabilities	-	14,988	14,988
Taxation payable	2,398	2,398	-
Derivative financial instruments	192	192	-
Total current liabilities	77,327	91,066	13,739
Non-current liabilities			
Trade and other payables	808	808	-
Lease liabilities	-	227,360	227,360
Total non-current liabilities	808	228,168	227,360
TOTAL LIABILITIES	78,135	319,234	241,099
NET ASSETS	266,301	245,286	(21,015)
EQUITY			
Share capital	60,074	60,074	-
Cashflow hedge reserve	538	538	-
Equity-based remuneration reserve	994	994	-
Other reserves	16,216	16,216	-
Retained earnings	188,479	167,464	(21,015)
TOTAL EQUITY	266,301	245,286	(21,015)

BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 26 week period ended 28 July 2019 (unaudited)
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	Period ended 28 July 2019 \$000	Period ended 29 July 2018 \$000
Sales revenue	302,984	293,200
Cost of goods sold	(180,102)	(173,196)
Gross profit	122,882	120,004
Other income	1,790	2,108
Store expenses	(46,531)	(49,532)
Administration expenses	(31,814)	(31,965)
Earnings before interest and tax	46,327	40,615
Finance income	477	419
Finance costs	(7,360)	(67)
Net finance income	(6,883)	352
Profit before income tax	39,444	40,967
Income tax expense	(11,172)	(11,625)
Net profit attributable to shareholders	28,272	29,342

Comparative figures in the above consolidated income statement have not been restated to reflect the impact of NZ IFRS 16

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 26 week period ended 28 July 2019 (unaudited)

	Period ended 28 July 2019 \$000	Period ended 29 July 2018 \$000
Net Profit attributable to shareholders	28,272	29,342
Other comprehensive income:		
Items that will not be subsequently reclassified to profit or loss:		
Change in value of investment in equity securities	(11,522)	37,266
Items that may be subsequently reclassified to profit or loss:		
Fair value gain recycled to income statement	(1,025)	(631)
Fair value gain taken to the cashflow hedge reserve	1,439	4,421
Deferred tax on fair value gain taken to income statement	287	177
Deferred tax on fair value gain taken to cashflow hedge reserve	(403)	(1,238)
Total other comprehensive income	(11,224)	39,995
Total comprehensive income attributable to shareholders	17,048	69,337

Comparative figures in the above consolidated statement of comprehensive income have not been restated to reflect the impact of NZ IFRS 16

BRISCOE GROUP LIMITED
CONSOLIDATED BALANCE SHEET
As at 28 July 2019 (unaudited)

	28 July 2019 \$000	29 July 2018 \$000
ASSETS		
Current assets		
Cash and cash equivalents	55,529	46,230
Trade and other receivables	2,659	2,540
Inventories	88,827	85,005
Held-for-sale assets	5,521	-
Derivative financial instruments	924	2,459
Total current assets	153,460	136,234
Non-current assets		
Property, plant and equipment	94,763	88,598
Intangible assets	2,634	2,116
Right-of-use assets	211,426	-
Deferred tax	11,770	3,045
Investment in equity securities	90,467	138,261
Total non-current assets	411,060	232,020
TOTAL ASSETS	564,520	368,254
LIABILITIES		
Current liabilities		
Trade and other payables	73,488	70,785
Lease liabilities	14,988	-
Taxation payable	2,398	3,253
Derivative financial instruments	192	6
Total current liabilities	91,066	74,044
Non-current liabilities		
Trade and other payables	808	735
Lease liabilities	227,360	-
Total non-current liabilities	228,168	735
TOTAL LIABILITIES	319,234	74,779
Net assets	245,286	293,475
EQUITY		
Share capital	60,074	57,429
Cashflow hedge reserve	538	1,814
Equity-based remuneration reserve	994	1,163
Other reserves	16,216	64,010
Retained earnings	167,464	169,059
TOTAL EQUITY	245,286	293,475
Net Tangible Assets per Security (cents)	109.32	131.77

Comparative figures in the above consolidated balance sheet have not been restated to reflect the impact of NZ IFRS 16

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS for the 26 week period ended 28 July 2019 (unaudited)

	Period ended 28 July 2019 \$000	Period ended 29 July 2018 \$000
OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	302,633	293,087
Rent received	6	401
Dividends received	1,707	1,707
Interest received	483	564
Insurance recovery	77	-
	304,906	295,759
Cash was applied to:		
Payments to suppliers & employees	(254,641)	(262,604)
Interest paid	(7,361)	(67)
Net GST paid	(7,893)	(9,062)
Income tax paid	(15,896)	(16,475)
	(285,791)	(288,208)
Net cash inflows from operating activities	19,115	7,551
INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant and equipment	-	-
	-	-
Cash was applied to:		
Purchase of property, plant and equipment	(11,174)	(8,348)
Purchase of intangible assets	(489)	(1,150)
Investment in equity securities	-	(5,568)
	(11,663)	(15,066)
Net cash outflows from investing activities	(11,663)	(15,066)
FINANCING ACTIVITIES		
Cash was provided from:		
Issue of new shares	1,017	845
Net proceeds from borrowings	-	-
	1,017	845
Cash was applied to:		
Dividends paid	(26,613)	(25,401)
Lease liabilities payments	(7,132)	-
	(33,745)	(25,401)
Net cash outflows from financing activities	(32,728)	(24,556)
Net decrease in cash and cash equivalents	(25,276)	(32,071)
Cash and cash equivalents at beginning of period	80,777	78,193
Foreign cash balance cash flow hedge adjustment	28	108
CASH AND CASH EQUIVALENTS AT END OF PERIOD	55,529	46,230

Comparative figures in the above consolidated statement of cash flows have not been restated to reflect the impact of NZ IFRS 16

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 26 week period ended 28 July 2019 (unaudited)

	Share Capital	Cashflow Hedge Reserve	Equity-Based Remuneration Reserve	Other Reserves	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 28 January 2018	56,467	(915)	1,045	26,744	165,087	248,428
Net profit attributable to shareholders for the period	-	-	-	-	29,342	29,342
Other comprehensive income:						
Change in fair value of investment in equity securities	-	-	-	37,266	-	37,266
<u>Net fair value gain taken through cashflow hedge reserve</u>	-	2,729	-	-	-	2,729
Total comprehensive income for the period	-	2,729	-	37,266	29,342	69,337
Transactions with owners:						
Dividends paid	-	-	-	-	(25,401)	(25,401)
Share options charged to income statement	-	-	266	-	-	266
Share options exercised	962	-	(117)	-	-	845
<u>Transfer for share options lapsed and forfeited</u>	-	-	(31)	-	31	-
Balance at 29 July 2018	57,429	1,814	1,163	64,010	169,059	293,475
Net profit attributable to shareholders for the period	-	-	-	-	34,051	34,051
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	(36,272)	-	(36,272)
<u>Net fair value loss taken through cashflow hedge reserve</u>	-	(1,574)	-	-	-	(1,574)
Total comprehensive income for the period	-	(1,574)	-	(36,272)	34,051	(3,795)
Transactions with owners:						
Dividends paid	-	-	-	-	(17,689)	(17,689)
Share options charged to income statement	-	-	217	-	-	217
Share options exercised	1,500	-	(167)	-	-	1,333
<u>Transfer for share options lapsed and forfeited</u>	-	-	(116)	-	116	-
Balance at 27 January 2019	58,929	240	1,097	27,738	185,537	273,541
<u>Impact of adopting NZ IFRS 16</u>	-	-	-	-	(19,930)	(19,930)
Adjusted balance at 28 January 2019	58,929	240	1,097	27,738	165,607	253,611
Net profit attributable to shareholders for the period	-	-	-	-	28,272	28,272
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	(11,522)	-	(11,522)
<u>Net fair value gain taken through cashflow hedge reserve</u>	-	298	-	-	-	298
Total comprehensive income for the period	-	298	-	(11,522)	28,272	17,048
Transactions with owners:						
Dividends paid	-	-	-	-	(26,613)	(26,613)
Share options charged to income statement	-	-	168	-	-	168
Performance rights charged to income statement	-	-	43	-	-	43
Share options exercised	1,145	-	(128)	-	-	1,017
<u>Transfer for share options lapsed and forfeited</u>	-	-	(198)	-	198	-
<u>Deferred tax on equity-based remuneration</u>	-	-	12	-	-	12
Balance at 28 July 2019	60,074	538	994	16,216	167,464	245,286

Prior year figures in the above consolidated statement of changes in equity have not been restated to reflect the impact of NZ IFRS 16

Earnings per Security (EPS)

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

	Current half-year (cents per share)	Previous corresponding half- year (cents per share)
Basic EPS	12.74	13.28
Diluted EPS	12.63	13.08

Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Final Dividend for the period ended 27 January 2019	29 March 2019	12.00
Interim Dividend for the period ended 26 January 2020	8 October 2019	8.50

Segment Information

	Homeware \$000	Sporting goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 28 July 2019				
Sales Revenue	191,503	111,481		302,984
Earnings Before Interest and tax	26,228	17,432	2,667	46,327

	Homeware \$000	Sporting Goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 29 July 2018				
Sales Revenue	186,701	106,499		293,200
Earnings Before Interest and tax	23,694	14,330	2,591	40,615

Comparative figures in the above segment information have not been restated to reflect the impact of NZ IFRS 16