

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

Reporting Period	Full Year 29 January 2018 to 27 January 2019
Previous Reporting Period	Full Year 30 January 2017 to 28 January 2018

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$631,919	+4.4%
Profit from ordinary activities after tax attributable to shareholders	\$63,393	+3.4%
Net Profit attributable to shareholders.	\$63,393	+3.4%

Final Dividend	Gross amount per share	Imputed amount per share
	12.00 cents	12.00 cents

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

Briscoe Group Posts Record Profit

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the full year ended 27 January 2019

- Total sales \$631.92 million, +4.43%
- Same store sales growth, +3.10%
- Gross profit \$253.36 million, +4.74%
- Gross profit margin 40.09% (Last year 39.97%)
- EBIT \$86.00 million, +3.16%
- NPAT \$63.39 million, +3.37%
- Final dividend 12.00 cents per share, +4.35%
- Total dividend for the year 20.00 cents per share, +5.26%

The directors of Briscoe Group Limited announce a record net profit after tax (NPAT) of \$63.39 million the year (52 weeks) ending 27 January 2019, a 3.37% increase on the \$61.32 million for the previous year (52 weeks).

Group Managing Director, Rod Duke, said “We are pleased to announce another record profit for Briscoe Group in a challenging retail market which continues to contend with erratic consumer confidence and economic indicators making customers even more determined than ever to seek true value for money. The commitment and focus of the entire Briscoe Group team, both at Support Office and throughout the retail operations network, has enabled us to remain focused on delivering our unique value proposition which clearly resonates strongly with customers.”

The earnings were generated on sales revenue of \$631.92 million, an increase of 4.43% on the \$605.14 million generated for the previous year.

Gross Margin dollars increased 4.74% for the period with gross margin percentage increasing from 39.97% to 40.09%. The increased gross margin percentage reflects improvements in stock-loss measurements from improved loss prevention initiatives as well as targeted operational and buying strategies designed to optimise the availability of product in relation to online fulfilment stores and for specific promotional events.

As previously reported for the half-year result, the introduction of accounting standard *NZ IFRS 15: Revenue from contracts with customers*, now means sales revenue reported by the Group includes delivery fees charged to online customers for the delivery of products purchased directly online. The corresponding cost incurred by the Group for delivery of product to customers is included in the total cost of goods sold. Previously these amounts were offset and the net cost shown within store expenses. The reclassification has the effect of increasing sales revenue and cost of goods sold, while decreasing gross profit and store expenses. There is no impact on the Group’s reported net profit after tax. The table below shows the full-year effect of the reclassification on selected Group reported amounts, for both this year and last year.

	Full Year 2018/19		Full Year 2017/18	
	Before Reclassification	After Reclassification	Before Reclassification	After Reclassification
Sales (\$000)	629,612	631,919	603,086	605,136
Sales growth (%)	4.40%	4.43%		
Same-store-sales growth %	3.06%	3.10%		
Gross profit (\$000)	256,088	253,355	244,172	241,894
Gross profit (%)	40.67%	40.09%	40.49%	39.97%
Store expenses (\$000)	105,935	103,202	101,763	99,485
Earnings before interest and tax (\$000)	85,995	85,995	83,364	83,364
Net profit after tax (\$000)	63,393	63,393	61,325	61,325

During the year \$21.59 million of capital investment was made by the Group of which \$16.11 million represents predominantly development of property owned by the Group in Auckland and Silverdale. The balance of capital investment was for the fit-out of new and relocated stores, online platform improvements, security system upgrades and enhancements to system software and hardware.

Inventories totalled \$81.02 million at year-end, \$6.53 million higher than the \$74.49 million reported for last year, reflecting the impact of the two additional Rebel Sport stores opened during the year, the increased demand for online shopping as well as a higher mix of imported inventory this year compared to last year's year-end position.

Mr Duke said, "Economic uncertainty had certainly tested consumer confidence; increased wage pressures, erratic fuel prices and a challenging New Zealand dollar, all factors which have and will continue to impact retailers' ability to maintain margins.

"Providing customers with an exceptional shopping experience whether it be through a physical store, via online - or both, is a major focus for us and critical in defending our market position against new and emerging competition.

"Our development programme progressed well during the year with two new Rebel Sport stores; in Kerikeri during February 2018 and also at the new North Link Retail Centre at Papanui, Christchurch in November. The Northlands Briscoe Homeware store relocated to the North Link Retail Centre also during November.

"Progress has continued at pace on the build to replace the Group's Support functions in Taylors Road, Auckland. The new offices and retail space are on track for the Support Office to relocate by September 2019 before the temporary relocation of the existing nearby Briscoes Homeware store, to allow for its complete rebuild.

"Our online business continues to produce excellent sales growth, finishing the year around 27% up on the previous year and we look forward to the launch of our new online platform later this year. We constantly review the size and location of our fulfilments hubs to optimize the service level and cost to serve from this important sales channel.

"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 suitable opportunities. Leveraging customer data and our own knowledge and experience, provides a rich platform for us to deliver an outstanding shopping experience for customers to access the best brands at the best prices."

The 2018/19 NPAT includes dividends received of \$6.40 million from the Group's 18.9% shareholding in Kathmandu Holdings Limited. Mr Duke said, "As the largest single shareholder, Briscoe's Board remains an interested observer of Kathmandu's performance.

Group Chair Dame Rosanne Meo said, "This year's results continue to show that customers recognise and support a quality value proposition based around product, price and service.

“On behalf of the Board, I would like to acknowledge the great work done by all staff to maintain Briscoe Group’s status as New Zealand’s top homeware and sporting goods retailer.”

Dame Rosanne announced that the directors have resolved to pay a final dividend of 12.00 cents per share (cps). The dividend is fully imputed and, when added to the interim dividend of 8.00 cps, brings the total dividend for the year to 20.00 cps, an increase of 5.26% over last year’s total dividend of 19.00 cps.

The final dividend will be paid on 29 March 2019. The share register will close to determine entitlements to the dividend at 5pm on 26 March 2019.

Tuesday 12 March 2019

Contact for enquiries:

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BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 52 week period ended 27 January 2019

	52 Week Period ended 27 January 2019 \$000	Restated ¹ 52 Week Period ended 28 January 2018 \$000
Sales revenue	631,919	605,136
Cost of goods sold	(378,564)	(363,242)
Gross profit	253,355	241,894
Other operating income	6,994	6,260
Store expenses	(103,202)	(99,485)
Administration expenses	(71,152)	(65,305)
Earnings before interest and tax	85,995	83,364
Finance income	754	567
Finance costs	(142)	(136)
Net finance income / (costs)	612	431
Profit before income tax	86,607	83,795
Income tax expense	(23,214)	(22,470)
Net profit attributable to shareholders	63,393	61,325

1. Refer below: Adoption of NZ IFRS 15

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 52 week period ended 27 January 2019
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	52 Week Period ended 27 January 2019 \$000	52 Week Period ended 28 January 2018 \$000
Net Profit attributable to shareholders	63,393	61,325
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Change in value of investment in equity securities	994	18,845
Fair value (gain)/loss recycled to income statement from cashflow hedge reserve	(3,904)	484
Fair value gain/(loss) taken to the cashflow hedge reserve	5,509	(621)
Deferred tax on fair value gain/(loss) taken to income statement from cashflow hedge reserve	1,093	(136)
Deferred tax on fair value (gain)/loss taken to cashflow hedge reserve	(1,543)	174
Total other comprehensive income	2,149	18,746
Total comprehensive income attributable to shareholders	65,542	80,071

BRISCOE GROUP LIMITED
CONSOLIDATED BALANCE SHEET
as at 27 January 2019

	Period ended 27 January 2019 \$000	Period ended 28 January 2018 \$000
ASSETS		
Current assets		
Cash and cash equivalents	80,777	78,193
Trade and other receivables	2,822	2,737
Inventories	81,017	74,494
Derivative financial instruments	793	47
Total current assets	165,409	155,471
Non-current assets		
Property, plant and equipment	92,016	83,326
Intangible assets	2,520	1,364
Deferred tax	3,418	2,983
Investment in equity securities	101,989	95,427
Total non-current assets	199,943	183,100
TOTAL ASSETS	365,352	338,571
LIABILITIES		
Current liabilities		
Trade and other payables	83,754	81,161
Taxation payable	6,830	6,980
Derivative financial instruments	448	1,276
Total current liabilities	91,032	89,417
Non-current liabilities		
Trade and other payables	779	726
Total non-current liabilities	779	726
TOTAL LIABILITIES	91,811	90,143
Net assets	273,541	248,428
EQUITY		
Share capital	58,929	56,467
Cashflow hedge reserve	240	(915)
Share options reserve	1,097	1,045
Other reserves	27,738	26,744
Retained earnings	185,537	165,087
TOTAL EQUITY	273,541	248,428
Net Tangible Assets per Security (cents)	122.30	111.90

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 52 week period ended 27 January 2019

	52 Week Period ended 27 January 2019 \$000	Restated ^{1/} 52 Week Period ended 28 January 2018 \$000
OPERATING ACTIVITIES		
Cash was provided from		
Receipts from customers	631,881	605,146
Rent received	589	801
Dividends received	6,405	5,216
Interest received	748	472
Insurance recovery	-	243
	639,623	611,878
Cash was applied to		
Payments to suppliers & employees	(529,107)	(498,099)
Interest paid	(142)	(129)
Net GST paid	(20,405)	(22,418)
Income tax paid	(24,249)	(21,704)
	(573,903)	(542,350)
Net cash inflows from operating activities	65,720	69,528
INVESTING ACTIVITIES		
Cash was provided from		
Proceeds from sale of property, plant and equipment	4,905	6
	4,905	6
Cash was applied to		
Purchase of property, plant and equipment	(19,632)	(12,888)
Purchases of intangible assets	(1,959)	(1,116)
Investment in equity securities	(5,568)	-
	(27,159)	(14,004)
Net cash outflows from investing activities	(22,254)	(13,998)
FINANCING ACTIVITIES		
Cash was provided from		
Net proceeds from borrowings	-	-
Issue of new shares	2,178	3,282
	2,178	3,282
Cash was applied to		
Dividends paid	(43,090)	(40,710)
	(43,090)	(40,710)
Net cash outflows from to financing activities	(40,912)	(37,428)
Net increase in cash and cash equivalents	2,554	18,102
Cash and cash equivalents at beginning of period	78,193	60,066
Effect of exchange rate changes on cash and cash equivalents	30	25
Cash and cash equivalents at period end	80,777	78,193

1. Refer below: Adoption of NZ IFRS 15

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 27 January 2019

	Share Capital	Cashflow Hedge Reserve	Share Options Reserve	Other Reserves	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 29 January 2017	52,756	(816)	957	7,899	144,357	205,153
Net profit attributable to shareholders for the period	-	-	-	-	61,325	61,325
Other comprehensive income:						
Change in fair value of investment in equity securities	-	-	-	18,845	-	18,845
Net fair value loss taken through cashflow hedge reserve	-	(99)	-	-	-	(99)
Total comprehensive income for the period	-	(99)	-	18,845	61,325	80,071
Transactions with owners:						
Dividends paid	-	-	-	-	(40,710)	(40,710)
Share options charged to income statement	-	-	632	-	-	632
Share options exercised	3,711	-	(429)	-	-	3,282
Transfer for share options lapsed and forfeited	-	-	(115)	-	115	-
Balance at 28 January 2018	56,467	(915)	1,045	26,744	165,087	248,428
Net profit attributable to shareholders for the period	-	-	-	-	63,393	63,393
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	994	-	994
Net fair value loss taken through cashflow hedge reserve	-	1,155	-	-	-	1,155
Total comprehensive income for the period	-	1,155	-	994	63,393	65,542
Transactions with owners:						
Dividends paid	-	-	-	-	(43,090)	(43,090)
Share options charged to income statement	-	-	483	-	-	483
Share options exercised	2,462	-	(284)	-	-	2,178
Transfer for share options lapsed and forfeited	-	-	(147)	-	147	-
Balance at 27 January 2019	58,929	240	1,097	27,738	185,537	273,541

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	28.7	27.8
Diluted EPS	28.3	27.3

Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Interim Dividend for the period ended 27 January 2019	11 October 2018	8.00
Final Dividend for the period ended 27 January 2019	29 March 2019	12.00

Segment Information

	Homeware \$000	Sporting goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 27 January 2019				
Sales Revenue	403,159	228,760	-	631,919
Earnings Before Interest and tax	46,689	31,062	8,244	85,995

	Homeware \$000	Sporting Goods \$000	Eliminations / Unallocated \$000	Total Group \$000
Restated ¹ For the period ended 28 January 2018				
Sales Revenue	385,217	219,919	-	605,136
Earnings Before Interest and tax	46,120	30,225	7,019	83,364

1. Refer below: Adoption of NZ IFRS 15

Adoption of NZ IFRS 15

The adoption of NZ IFRS 15 has given rise to the reclassification of both delivery fees charged to customers and the corresponding cost incurred by the Group for these customer deliveries. Delivery fees charged to customers are considered to be part of the same performance obligation as the sale of the goods, as control of the goods passes to customers when they physically receive the goods. Previously, the delivery fees charged to customers and the corresponding cost incurred by the Group have been offset and the net cost shown under store expenses. Under NZ IFRS 15, it has been determined that control of the goods does not pass to the customer until delivery, because the customer cannot use or otherwise benefit from the goods until obtaining possession of the goods, which occurs on delivery. The reclassification has the following effects in the period ended 27 January 2019:

- increases sales revenue and receipts from customers by the amount of the delivery fees charged by the Group to customers by \$2.31 million,
- increases the cost of goods sold by the amount of the cost incurred by the Group for the deliveries by \$5.04 million, and
- decreases store expenses by \$2.73 million
- increases payments made to suppliers by \$2.31 million.

The Group's income statement for the comparative period shown in these consolidated financial statements has been restated to reflect the reclassification outlined above. A reconciliation showing the adjustments made to the income statement to restate the prior period comparatives is shown below:

	Period Ended 28 January 2018 Before Restatement \$000	Adjustments \$000	Period Ended 28 January 2018 After Restatement \$000
Sales revenue	603,086	2,050	605,136
Cost of goods sold	(358,914)	(4,328)	(363,242)
Gross profit	244,172	(2,278)	241,894
Other operating income	6,260	-	6,260
Store expenses	(101,763)	2,278	(99,485)
Administration expenses	(65,305)	-	(65,305)
Earnings before interest and tax	83,364	-	83,364
Finance income	567	-	567
Finance costs	(136)	-	(136)
Net finance income/(costs)	431	-	431
Profit before income tax	83,795	-	83,795
Income tax expense	(22,470)	-	(22,470)
Net profit attributable to shareholders	61,325	-	61,325

As a result of the above reclassification the statement of cashflows for the period ended 28 January 2018 has been restated to increase receipts from customers and payments made to suppliers by \$2.05 million.