



3rd Quarter Sales to 25 October 2020

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the 3rd quarter (13 weeks) to 25 October 2020:

- Total Group sales \$161.3 million, +14.97%
- Homeware sales growth, +12.28%
- Sporting goods sales growth, +19.48%
- Online sales mix of total Group sales, 16.3%
- \$11.5 million wage subsidy repaid in full

Third Quarter: 27 July 2020 – 25 October 2020:

The directors of Briscoe Group Limited announce unaudited sales for the third quarter period, being the thirteen weeks ended 25 October 2020, of \$161.3 million, 14.97% above the \$140.3 million for the same quarter last year. For the quarter, homeware sales increased by 12.28% to \$98.7 million, while sporting goods sales were \$62.6 million, an increase of 19.48% from the \$52.4 million achieved for the equivalent quarter last year.

Year-to-date: 27 January 2020 – 25 October 2020:

Unaudited sales for the thirty-nine-week period from 27 January 2020 to 25 October 2020 were \$453.7 million, an increase of 2.35% on the \$443.3 million achieved for the first three quarters of last year. The Group's homeware segment increased sales by 1.30% during this period and the sporting goods segment by 4.14%.

Group Managing Director, Rod Duke said, "The significant increase in sales reported for the second quarter has continued through this third quarter. After trading interruptions due to Covid-19, we're delighted in the way the Group has rebounded to produce consecutive quarterly double-digit sales growth. Importantly, this augurs well for continued strong sales as we commence the crucial final quarter."

On 8 September the company announced a half-year net profit after tax (NPAT) of \$28.0 million. This result included \$11.5 million of government wage subsidy which the Group was eligible to receive.

On 16 October Board Chair, Dame Rosanne Meo, announced that after experiencing sustained sales growth since the end of the national lockdown, the Group would pay back all of the \$11.5 million wage subsidy. Dame Rosanne said, "It's the right decision for our company to pay back the subsidy given the strong sales recovery we experienced and reduced likelihood of another full national lockdown. We supported our employees in full through-out this difficult year and there were no redundancies or permanent store closures."

“Notwithstanding the interim dividend announced by the Board, we think it’s important to recognise the support of our shareholders who have taken the financial brunt of Covid-19. They missed \$28 million through the cancellation of our dividend payment back in March when the national lockdown was first announced. Although it was pleasing to be able to reinstate dividend payments at the half-year they are still one significant payment down.

“It is a credit to the team led by Rod that we have come through this crisis so strongly. The energy and success of the team in continuing with new developments and initiatives during this extraordinary period has far exceeded the Board’s expectations.”

Rod Duke said, “Clearly the repayment of the wage subsidy will impact our second-half and full-year results, as will the recent announcement by Kathmandu that they will not be paying a dividend at all for their financial year ended July 2020. Last year Briscoe Group received \$6.8 million in dividends from our investment in Kathmandu. However, notwithstanding this, I am optimistic that if the current trading momentum continues, we can still produce a full-year result to the end of January of which we can be extremely proud.

“The massive disruption to trading from Covid-19 has produced opportunities for us to re-think the way we construct our promotional activity and also how we process and manage the flow of inventory through the business. This is having a very positive impact on gross profit margin.

“The Group’s online business continues to show impressive growth over last year and for the third quarter ending 25 October 2020 it represented 16.3% of total Group sales. The accelerated roll-out of Click and Collect across the entire store network was a significant achievement for us during lockdown. More than 25% of online sales during the third quarter were produced via our Click and Collect operation.

“In addition, our strategic initiatives around; enhancing our customers’ shopping experience, improvements within our supply chain and sourcing new revenue streams are progressing well and we expect to see some ‘quick-wins’ emerging before the end of this financial year.

“I am very confident that with the initiatives we have in place, the Group can produce a remarkable full-year result. Just how close we get to achieving last year’s profit will depend on how buoyant trading is across the crucial 4th quarter.”

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