

# SPECIALTY FASHION | GROUP

## **ASX Announcement/Media Release**

**25 August 2015**

### **Specialty Fashion Group Announces Audited Full Year Results**

Specialty Fashion Group Limited (ASX: SFH – “The Group”) confirms revenue for the full year ended 30 June 2015 of \$791.5 million, delivering audited Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA) of \$20.3 million which includes a loss of \$21.6 million attributable to Rivers. This is in line with the results update provided on 14 August 2015.

While challenging economic and retail market conditions continued throughout the year to June 2015, the Group excluding Rivers, was able to deliver positive Comparable Store Growth (“CSG”) for its third consecutive six-monthly period.

The Group reported an audited net loss for the year of \$4.5 million, which is largely attributable to operating losses incurred by Rivers.

The Group has net debt of \$27.8 million at 30 June 2015. Operating cash flows were \$1.8 million higher than the prior year at \$5.4 million which was caused by an increase in Rivers inventory in the prior year. The Group’s capital expenditure for the year was \$16.3 million, which includes \$2.0 million invested in IT systems, mostly to support the Group’s digital strategy, and \$14.3 million in relation to new stores and refurbishments. The Group has undrawn debt facilities of \$50.8 million at year end.

As elaborated in the update on 14 August 2015, the Group continues to deliver on its strategic objectives, in particular, the turnaround of Millers, a cautious international expansion, supply chain transformation, and significant growth in digital/online retail sales. The Group has been successful in leveraging its customer relationship management capabilities by competing on brand and customer engagement, rather than price discounting.

In FY2015 the Group’s digital sales grew to \$51.2 million for the year, representing 6.5% of total revenue, an increase of 64.0% or \$20.0 million on the previous year.

The Company has not declared a final dividend.

### **Outlook**

The Group expects an improved trading performance in FY2016, although it remains cautious as to the extent to which macroeconomic factors, both in Australia and abroad, may adversely influence consumers’ discretionary spend.

Returning Rivers to profitability is a priority, and management is confident that it has the strategies in place to do this successfully.

*Note: A reconciliation of EBITDA to loss before tax is provided in the notes to the financial statements as well as appendices of the investor presentation, also announced 25 August 2015.*

The Group ended FY2015 with a portfolio of 1,086 stores and intends to continue to pursue its growth strategy through:

- new stores and measured entry into certain retail markets beyond Australia;
- aggressively driving digital sales in Australia and internationally; and
- continuing to compete for increased sales and improved margins through product differentiation and customer engagement of our brands rather than discounting prices.

We anticipate that our core strategies of continual business improvements and omni-channel growth will ensure ongoing benefits to the Group.

**ENDS**

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**About Specialty Fashion Group**

Specialty Fashion Group is the largest specialty retailer of women's fashion in Australasia, through Millers, Katies, Crossroads, Autograph, City Chic and Rivers. The Group operates 1,086 stores in Australia, New Zealand, USA and South Africa and its brands' products are also available online at [www.millers.com.au](http://www.millers.com.au), [www.katies.com.au](http://www.katies.com.au), [www.crossroads.com.au](http://www.crossroads.com.au), [www.autographfashion.com.au](http://www.autographfashion.com.au), [www.rivers.com.au](http://www.rivers.com.au), [www.citychic.com.au](http://www.citychic.com.au), and in the USA at [www.citychiconline.com](http://www.citychiconline.com) as well as selected national department stores.