Sales to 28 July 2019

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the 2nd quarter (13 weeks) to 28 July 2019:

- Total Group sales $152.3 million, +4.05%
- Homeware sales growth, +2.32%
- Sporting goods sales growth, +7.61%
- Group same-store sales growth, +3.40%
- Total gross profit (dollars) growth, +3.69%

Highlights for the half-year (26 weeks) to 28 July 2019:

- Total Group sales $303.0 million, +3.34%
- Homeware sales growth, +2.57%
- Sporting goods sales growth, +4.68%
- Group same-store sales growth, +2.74%
- Total gross profit (dollars) growth, +2.40%

The directors of Briscoe Group Limited announce unaudited sales for the thirteen-week second quarter to 28 July 2019 increased 4.05% to $152.3 million from the $146.4 million achieved for last year's second quarter. The Group's homeware segment increased sales by 2.32% during this period and the sporting goods segment by 7.61%.

On a same-store basis, the Group's sales for the second quarter ended 28 July 2019 were 3.40% ahead of the same period last year.

On a same-store basis, homeware sales increased by 2.32%, while sporting goods sales increased by 5.62% over the second quarter of last year.

Group sales for the first half, 26-week period to 28 July 2019, were $303.0 million, an increase of 3.34% on the $293.2 million achieved for the first six months of last year. The Group's homeware segment increased sales by 2.57% during this period and the sporting goods segment by 4.68%.

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. 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).

On a same-store basis, homeware sales increased by 2.72% for the 26 week period while sporting goods sales were 2.76% ahead of last year.

Group Managing Director, Rod Duke said, “The very late start to winter has impacted our trading patterns for this second quarter, especially for our seasonal homeware product. The successful winter clearance programme which closed out the second quarter, boosted sales but did come at the cost of gross profit percentage.

The second quarter has seen a strong performance across our sporting goods segment with sales growing at over 7% ahead of last year.

“We are relatively pleased with the sales performance for the second quarter and despite continued pressure on margins and increased wage cost pressures, the second quarter has produced a bottom-line profit marginally ahead of that for the same period last year.

“Sales through our online channel continue to grow strongly and are now approaching 11% of total Group sales, having grown at over 20% compared to last year’s half-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 will impact the first half tax-paid profit by around $1.2 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.

“New Zealand retailing remains highly competitive, sensitive to continued cost and margin pressures as well as subdued consumer and business confidence.

“In relation to the Group’s half-year profit, we anticipate a trading performance similar to the first half of last year. However, an additional negative adjustment will be made to the final reported net profit after tax (NPAT) of around $1.2 million as a result of the new leases accounting standard. The directors expect to release the half-year profit announcement on 17 September 2019.

Monday 5 August 2019

Contact for enquiries:
Rod Duke
Group Managing Director
Tel: +64 9 815 3737