Fantastic Holdings Limited

Media Release *Wednesday February 20th 2013*

Fantastic Holdings delivers an increase in profit and dividend

Financial Key Points

- Statutory sales of $233.4 million, up 2.5% on pcp
- Like for Like sales up 1.8% on pcp
- Half year NPAT of $13.5 million, up 2.2% on pcp
- Half year EBIT of $17.8 million, consistent with pcp
- Half year EBITDA of $21.3 million, up 3.1% on pcp
- Fully franked interim dividend of 7.5 cents, up 15.4% on pcp, reflecting 57.3% payout ratio

Leading Australian furniture retailer, manufacturer and importer, Fantastic Holdings Limited (ASX:FAN) today announced a 2.2% improvement in half year profit after tax of $13.5 million. This record profit result was achieved despite a subdued sales environment continuing to impact the discretionary retail sector. EBIT was consistent on pcp at $17.8 million, with EBITDA improving by 3.1% to $21.3 million.

Group statutory sales for the half year were $233.4 million, an increase of 2.5%, and comparative store sales increased by 1.8%. The Group had one net store opening (2 stores opened and 1 closed) during the period to bring total stores to 134 stores nationally.

Operating cash flow remained strong at $17.2 million, an improvement of 11.0% on the previous corresponding period. The Group's net debt position (net debt to equity ratio) increased from 2.6% in the previous corresponding period to 5.4% as at 30 December 2012, largely attributable to $7.4 million of external borrowing for the completion of the Group's Dandenong retail property development project.

FHL declared a fully franked interim dividend of 7.5 cents per share (up from 6.5 cents per share in pcp), reflecting a pay-out ratio of 57.3% of NPAT. The closing date for shareholder registration is 5pm on 15 March 2013 and the dividend will be paid on 4 April 2013.

Commenting on the results, FHL Managing Director Julian Tertini said "We were able to deliver an increase in profit after tax in what remains a very subdued market. We were particularly pleased with the 1.2% increase in LFL sales by Fantastic Furniture, demonstrating that brand's resilience in a tough environment. We were also pleased to see that the restructuring work carried out in the Le Cornu and Dare brands resulted in improved profits. As previously indicated, we are currently exploring divestment options at Dare Gallery following this brand's improved performance".

Looking ahead, Mr. Tertini said "The Group continues to particularly focus upon its strategic initiatives related to reducing cost of doing business, vertical integration and improved supply chain efficiency. The January sales period and early weeks in February were slightly below prior year for the same period and clear signs of improved consumer sentiment remain patchy. As such, the Group remains cautious regarding the retail sales environment".

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