Harvey Norman
HOLDINGS LIMITED

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press release

RESULTS FOR HALF-YEAR ENDED 31 DECEMBER 2013

- **Net profit before tax up 60.4% to $159.6 million**
- **Net Profit after tax up 36.0% to $111.4 million**
- **Global sales $2.99 billion, up 4.9% on like-for-like basis**
- Improved profitability of Australian franchising segment
- Reduction of trading losses in Ireland and Northern Ireland
- Strong balance sheet with net debt-to-equity of 24.95%

Harvey Norman Holdings Limited announced today that profit before tax for the half year to 31 December 2013 was $159.64 million, a 60.4% increase over the previous corresponding period.

This result is inclusive of a net property revaluation decrement of $8.61 million compared to $44.97 million in the previous period. Excluding net property revaluation adjustments, the net profit before tax was $168.25 million, a 16.4% increase from $144.52 million in the previous corresponding period.

Net profit after tax was $111.42 million, up 36.0% from $81.92 million in the previous corresponding period. Excluding the effects of the net property revaluation adjustments, the net profit after tax for the half year was $117.45 million, an increase of 3.6% over the previous period.

Global sales for the half year increased to $2.99 billion, a 3.6% increase from the previous corresponding period and a 4.9% increase on a like-for-like basis.

Harvey Norman Chairman Gerry Harvey said: “We achieved a strong increase in profit in an environment where consumer spending growth was modest. This improved performance reflects sound strategic decision-making across our business and growing traction from our omni-channel strategy. Our franchising operations segment recorded improved profitability while Australian franchise sales showed strong momentum improving on gains recorded in the September quarter to increase 1.7% on a headline basis and 3.6% on a like for like basis in the December quarter. That’s a pleasing set of numbers for the important Christmas trading period.”

“Our company-operated retail operations also turned in a good performance. We continue to outperform a number of our competitors in the New Zealand market while our business in Ireland

and Northern Ireland benefitted from loss reduction measures and growing brand recognition, together with early signs of stabilisation in the Irish economy. This was somewhat offset by our performance in Asia, where the implementation of a new information technology system in Singapore and Malaysia had an impact on the business, and the softer consumer environment in Singapore."

Harvey Norman maintains a strong balance sheet, with net assets of $2.45 billion at December 2013. Net debt to equity improved to 24.95% at December 2013 from 27.69% at the end of FY13 to reflect strong cash generation by the business. Real property assets totalled $2.27 billion, an increase from $2.21 billion in June 2013 and $2.14 billion at the end of December 2012.

Mr Harvey said: "Our property portfolio continues to underpin the Harvey Norman business through the strength and stability it provides. We have more than doubled our net asset base in the last nine years and our property assets have provided a solid foundation to our integrated retail, franchising and property system for more than three decades. To my mind, our ownership of real property is an absolute competitive strength when compared with the intangibles and goodwill that figure prominently on the balance sheets of many of our competitors."

The Board has recommended payment of a [fully franked] interim dividend of 6.0¢ per share, to be paid on 5 May 2014 to shareholders registered on 11 April 2014.

The details of this announcement will be available on our website www.harveynorman.com.au this afternoon.