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NONI B Group

ASX/media release 21 February 2019

1H 2019 EBITDA up 31.4% to $29.1 million

- Total Group revenue $464.4m, up 140.4% from 1H 2018
- Underlying EBITDA $29.1m, up 31.4% from 1H 2018
- Interim dividend 9.0 cents fully franked in line with prior year
- Cash-on-hand $64.7m, up 89.9% from 1H 2018

Noni B Limited (ASX:NBL), one of Australia's largest specialty retail Groups, today announced an underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $29.1m for the half year to 30 December 2018 compared with $22.1m for the same corresponding period last year, up 31.4%.

Sales grew by 140.4% to $464.4m (1H 2018: $193.2m) following the acquisition of five brands from Specialty Fashion Group on 2 July 2018. Strong Christmas trading resulted in like-for-like sales growth of +1% for the month of December, resulting in the Group delivering -3.1% in like-for-like sales for the half year compared with the -5.0% announced to the end of October.

Cash flow was strong with cash-on-hand at 30 December 2018 of $64.7m compared with $34.1m in December 2017 (+89.9%), giving a net cash position of $42.4m.

The Directors are pleased to confirm the 4th consecutive dividend for Noni B Group, declaring for the half a fully-franked interim dividend of 9.0 cents per share, payable on 22 March 2019 to shareholders with a record date of 12 March 2019.

Half year to	30 Dec 2018 ($'000)	31 Dec 2017 ($'000)	% change
Revenue	464,379	193,200	140.4%
Underlying EBITDA	29,054	22,108	31.4%
Underlying profit before tax	19,372	17,034	13.7%
Net profit after tax (incl. transaction and restructuring costs)	9,531	11,796	-19.2%
Earnings per share (cents)	9.9	14.7	-32.7%
Fully franked interim dividend (cents)	9.0	9.0	-

'We are very pleased to see a much improved November & December trading result. This is a direct outcome of the core strategies implemented post acquisition to rebuild the acquired five brands' product range, variety and stock levels along with enhanced emphasis on each brand's specific customer base.

'In addition, our continued focus on operating costs across the Group remains on track to deliver the previously announced additional cost synergies of $20m by 30 June 2019, over the achieved $30m (on an annual basis). Above this, we anticipate further efficiencies and margin improvements to add to the FY20 earnings', said Scott Evans, Managing Director and CEO of Noni B Group.

'During this period, we have completed the majority of the integration required across the Group. This has included consolidating supply chains, systems and reporting as well as establishing a single support centre so learnings can be shared and we can take advantage of the vast array of data we gather.

‘Putting the customer at the heart of everything we do underpins all aspects of our business. This includes creating an environment in our stores where customers feel comfortable and confident and where it builds their emotional engagement with our collections and store teams. While we still have some way to go, we have begun to create a more customer-focused experience in our five new brands’ stores and this will have increasing impact as we roll out new store designs.

‘We have continued to invest in our online presence. Sales through online channels grew by +27.9% representing 9.0% of total sales during the period, up from 5.8% in FY2018.’

Richard Facioni, chairman of Noni B Limited, said: ‘This encouraging performance continues Noni B’s strong growth since Alceon acquired control of the company in November 2014, growth that accelerated with the acquisition of Pretty Girl Fashion Group in September 2016.

‘The acquisition of the loss-making Specialty Fashion Group brands for $31m in July 2018 more than doubled the company’s size, creating one of Australia’s leading retail fashion Groups with over 1,400 stores. At the time, we anticipated restoring the acquired brands to EBITDA break-even in FY2019, and we are delighted that now we expect them to achieve positive EBITDA for the current year.

‘This better-than-expected turnaround during a challenging period for the retail sector has accelerated Noni B’s development into a sustainable business with considerable opportunities for further growth, capitalising on the Group’s robust financial position.

‘We’re also very pleased to announce a continuation of Noni B’s payment of dividends, reflecting the Groups sustainable, and growing, underlying profitability’

Outlook

Whilst like-for-like sales growth has continued into the second half, we expect the market to remain challenging. However Noni B reaffirms its EBITDA continues in line with market consensus of approximately $45m for the full FY19 financial year, subject to trading leading up to the all-important Mother’s Day trading period. This compares with the combined pro-forma EBITDA of $31.1m achieved by the Noni B Group and the five Specialty Fashion Group brands in the 2017 calendar year.

As anticipated at Noni B’s annual general meeting in November 2018, the company expects the full year benefit of synergies, together with improvements in gross margin, to result in FY20 EBITDA exceeding $75m consistent with market consensus.

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* EBITDA is a non-AAS financial measure, defined for the purposes of this document as earnings before interest, tax, depreciation, amortisation, non-recurring income/expenditure and certain non-cash items such as share based payments and unrealised foreign exchange gains/losses.