

28 August 2015

RESULTS FOR YEAR ENDED 30 JUNE 2015

NET PROFIT AFTER TAX UP 26.6% TO \$268.10 MILLION

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- **Global Sales of \$6.02 billion up 4.6% on like-for-like basis**
- **Strong balance sheet underpinned by \$2.32 billion of property assets**
- **Conservative gearing with debt to equity at 19.88%**

Harvey Norman Holdings Limited announced today that profit before tax for the financial year ended 30 June 2015 increased 25.6% to \$378.10 million from \$301.06 million in the prior year.

This result includes a \$20.38 million turnaround in the net property revaluation to an increase of \$8.73 million in the 2015 financial year, from a net property revaluation decrease of \$11.65 million in the prior year.

Excluding net property revaluation adjustments, the net profit before tax increased 18.1% to \$369.37 million from \$312.71 million in the prior year.

Net profit after tax increased 26.6% to \$268.10 million from \$211.70 in the prior year. Excluding the effects of net property revaluation adjustments, the net profit after tax for the 2015 financial year increased 19.0% to \$261.84 million from \$220.10 million in the prior year.

Global sales for the 2015 financial year increased 4.3% to \$6.02 billion from \$5.77 billion in the prior year, and increased 4.6% on a like-for-like basis.

Harvey Norman Chairman Gerry Harvey said: "This is a good result that once again demonstrates the strength of our integrated retail, franchising, property and digital system. In what is still a generally challenging retail environment, we have seen further improvement in the performance of each of our business segments."

"The fourth quarter marked the 10th consecutive quarter-on-quarter increase in Australian franchisee sales on a like-for-like basis. Continuing investment in our Omni Channel Strategy to deliver an ever more seamless, more integrated and more differentiated Harvey Norman customer experience is paying dividends. We are clearly Australia's homemaker retail destination of choice."

Headline Australian franchisee sales revenue increased 3.7% to \$4.95 billion for the year ended 30 June 2015 from \$4.77 billion in the prior year. Like-for-like franchisee sales revenue increased 4.5% to \$4.92 billion for the 2015 financial year from \$4.71 billion in the prior year.

Mr Harvey said “Strong growth in franchisee sales has enabled us to further reduce tactical support to franchisees. While maintaining our investment in the Harvey Norman brand, tactical support has decreased by approximately 20% in each of the past two years,”

The company-operated retail segment net profit before tax increased 42.9% to \$41.03 million from \$28.72 million in the prior year. Operations in New Zealand outperformed in a competitive market, while sustained efforts to increase brand recognition, coupled with an improvement in economic conditions, led to a reduction in trading losses in Ireland and Northern Ireland. This was partially offset by operations in Asia, where profitability declined due to an erosion of gross margins and higher costs associated with new store openings.

Harvey Norman retains a strong balance sheet; net assets increased 2.6% to \$2.56 billion at 30 June 2015 from \$2.49 billion at 30 June 2014. Net debt-to-equity decreased to 19.88% from 22.40% in the prior year, reflecting strong cash generation and prudent financial management. Real property assets increased to \$2.32 billion at 30 June 2015 from \$2.29 billion at the end of the 2014 financial year.

“The outlook for the property market in Australia remains positive, particularly new starts, renovation expenditure, and secondary market clearance rates; franchisees market-leading position in the homemaker category positions them to continue taking market share and delivering strong performance. With franchisee sales turnover for the period 1 July 2015 to 27 August 2015, up 5.5% on a headline basis and 6.6% on a like-for-like basis on the corresponding prior year period, I remain positive about the outlook for Harvey Norman.”

The Board has recommended the payment of a fully-franked final dividend of 11.0 cents per share, to be paid on 1 December 2015 to shareholders registered on 2 November 2015.

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

Yours faithfully



Chris Mentis
Company Secretary / CFO