



AGM
2013

krestaTM
Kresta Holdings Limited

CEO Presentation

Jules Di Bartolomeo

Our Company

- Kresta Holdings Limited is the largest manufacturer and retailer of window coverings in Australia.....

Kresta

**Curtain
Wonderland**
home & living™

Curtain
Wonderland
DÉCOR₂GO

ACE OF SHADES

Vista
WINDOW COVERINGS

mardo

Operational Highlights

Return to Profit	KHL has returned to a profitable underlying positive earnings result for the 2013 financial year of a \$249k profit vs a loss of \$1,931k in FY2012
New Team and Structure	Stable, cohesive and effective management team now in place. Structure evolving to allow for regions to more effectively tailor strategies and plans to local environment
Process Improvements	Distribution Centres, Supplier Arrangements & Pricing Practice processes all improved
Training	Product, Measurement & Customer Service enhanced and regularly delivered
Local Manufacturing	Profitable and complementary local and overseas manufacturing programs
Staff Engagement	Empowering front line staff to improve customer experience and employee job satisfaction

Financial Highlights

Improved operating cash flow	Return to positive operating cash flow of \$1.5m in FY2013 vs a negative cash flow of \$1.6m in FY2012 – an improvement of \$3.1m
NPAT up 94%	After all non operating items (asset sales, restructuring costs and intangibles write-offs) KHL delivered a 94% increase in after tax profit
Balance Sheet Strengthened	Sale of land and buildings surplus to our needs has enabled us to reduce bank debt by \$5m & subsequent to year end we repaid a further \$0.9m extinguishing all bank debt - FY2013 Net cash \$3.7m vs FY2012 Net debt \$3.1m
Dividends Recommence	Declaration of 0.25c dividend Intention to keep paying dividends subject to ongoing profitability

June Summary Results

	FY June 13 \$000's	FY June 12 \$000's	
Revenue	<u>\$100,755</u>	<u>\$110,896</u>	Subdued retail environment
"Underlying" Profit	\$249	(\$1,931)	Delivered increased profitability on a 9.1% decrease in sales
<u>Non Operating Costs</u>			
Sale of Property	\$3,890	\$3,598	Sale of Land and Buildings additional to our needs
Intangibles write off	(\$1,686)	-	Ace of Shades Trademark \$0.6m, IT software \$1.1m
Restructure costs	<u>(\$604)</u>	<u>(\$1,277)</u>	Manufacturing restructures, closure of show rooms
	\$1,600	\$2,321	
Net Finance Costs	(\$44)	(\$277)	Reduced Debt
Pre tax profit	<u>\$1,805</u>	<u>\$113</u>	
Profit After Tax	<u>\$1,535</u>	<u>\$791</u>	

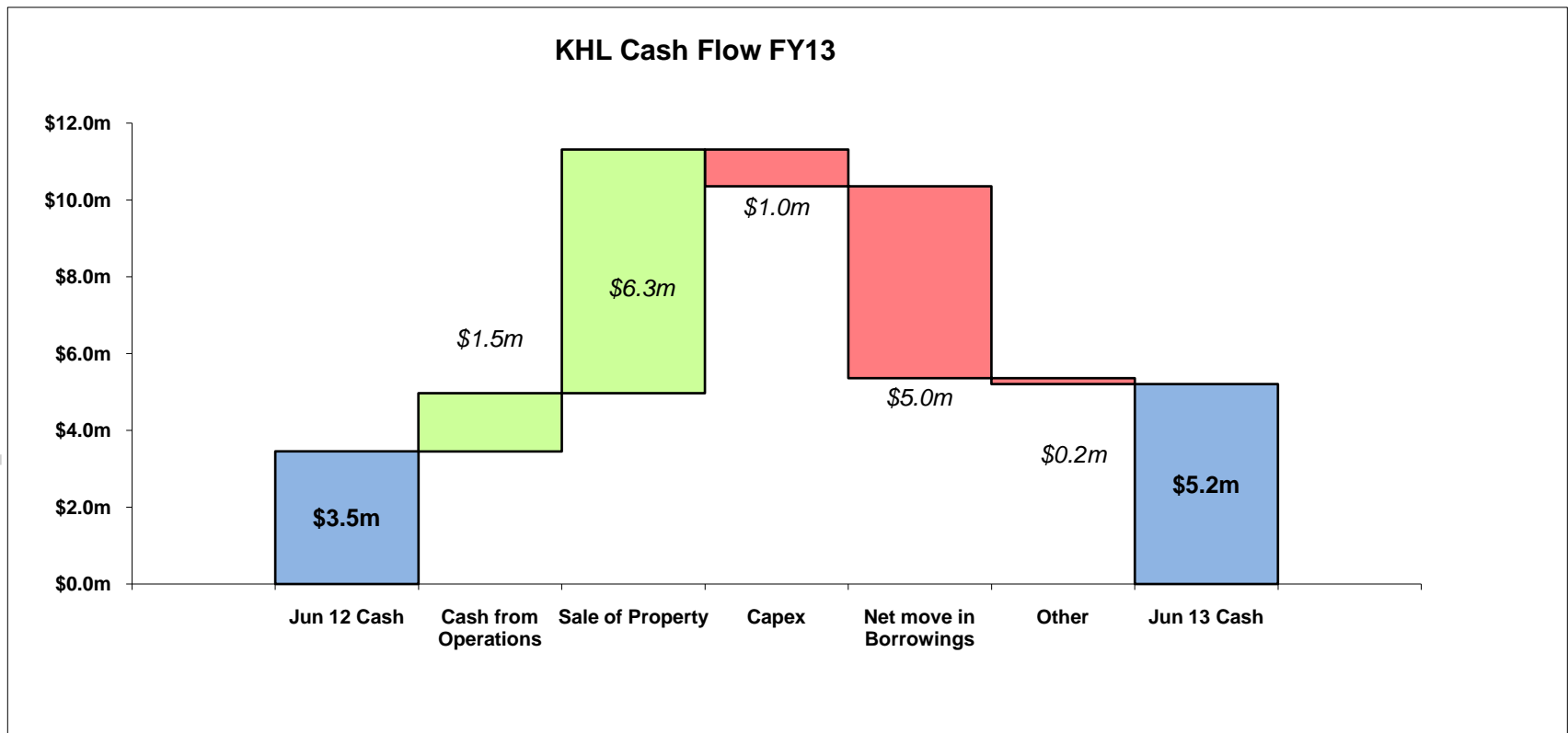
Financial Performance Trends

	H1 FY13 \$000's	H2 FY13 \$000's	FY13		H1 FY12 \$000's	H2 FY12 \$000's	FY12 \$000's
Revenue	<u>\$53,954</u>	<u>\$46,801</u>	<u>\$100,755</u>		<u>\$58,712</u>	<u>\$52,184</u>	<u>\$110,896</u>
"Underlying" Result	\$794	(\$545)	\$249		\$1,314	(\$3,245)	(\$1,931)
<i>Non Operating Costs</i>							
Sale of Property	\$1,525	\$2,365	\$3,890		\$3,598		\$3,598
Intangibles write off	-	(\$1,686)	(\$1,686)		-		-
Restructure costs	-	(\$604)	(\$604)		(\$561)	(\$716)	(\$1,277)
	\$1,525	\$75	\$1,600		\$3,037	(\$716)	\$2,321
Net Finance Costs	(\$104)	\$60	(\$44)		(\$157)	(\$120)	(\$277)
Pre tax profit	<u>\$2,215</u>	<u>(\$410)</u>	<u>\$1,805</u>		<u>\$4,194</u>	<u>(\$4,081)</u>	<u>\$113</u>

Second half underlying result for FY13 (6mths to June 13) was a \$2.7m improvement compared with the prior year, reflecting improvements flowing through from the changes implemented.

Cash Flow

After a difficult 2012, the business generated positive operating cash flow of \$1.5m and net cash movement of \$1.7m after repaying \$5m borrowings



Key Strategic Drivers

- ✓ Showroom Review
- ✓ Sales Consultant Performance and Training
- ✓ On-Line Expansion
- ✓ Supply chain efficiency
- ✓ Centralisation Of Distribution Centres
- ✓ Reduction in Job Problems
- ✓ Improve customer experience

Summary

- ❖ First Quarter FY14 Activity - Sales commenced weaker than last year, but profitability is tracking stronger.
- ❖ Continue to build a strong company capable of delivering sustainable profits at acceptable ROI.
- ❖ Position the company to be able to maximise revenue and profits for the upturn.