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The Blenheim Report

Numbers

Retail

October 2014

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RETAIL																
Company	REVENUE FY 2014	REVENUE FY 2013	EBITDA FY 2014	EBITDA FY 2013	EBIT FY 2014	EBIT FY 2013	EBIT Margin 2014 %	EBIT Margin 2013 %	NPAT FY 2014	NPAT FY 2013	NPAT Margin 2014 %	NPAT Margin 2013 %	ROA FY14[2]	ROA FY13[2]	Inventory Turnover FY14[2]	Inventory Turnover FY13[2]
Dick Smith Holdings Ltd	1,227,600	1,226,000	74,400	71,800	61,600	58,700	5.0	4.8	42,100	40,000	3.4	3.2	10.6		4.3	
JB Hi-Fi	3,483,800	3,308,400	226,700	211,000	191,100	177,800	5.4	5.5	128,400	116,400	3.7	3.5	15.1	14.1	6.1	6.2
Kathmandu Holdings Ltd	392,900	384,000	74,500	74,000	64,300	63,400	16.4	16.5	42,200	44,200	10.7	11.5	10.7	11.8	1.6	1.9
Metcash Ltd	13,392,700	12,976,600	460,100	507,300	390,300	447,800	2.9	3.5	169,200	206,000	1.3	1.6	4.0	5.0	16.2	14.8
- Food & Grocery	9,072,400	9,120,600			293,400	368,900	3.2	4.0								
- Australian Liquor Markets	3,160,800	2,917,600			52,100	46,100	1.6	1.6								
- Hardware & Automotive	1,159,500	938,400			49,900	33,600	4.3	3.6								
Myer Holdings Ltd	3,143,000	3,144,900	252,600	304,600	106,300	214,800	3.3	6.8	98,500	132,100	3.1	4.2	5.1	6.8	3.6	3.4
Premier Investments Ltd	904,194	861,411							73,000	174,473	8.1	20.3	4.6	11.3		
- Retail	888,400	836,500			92,800	83,700	10.4	10.0								
Speciality Fashion Group Ltd	685,043	569,475	39,154	41,118	17,971	19,339	2.6	3.4	12,475	12,970	1.8	2.8	6.2	7.7	4.2	5.3

RETAIL																
Company	**REVENUE FY 2014**	**REVENUE FY 2013**	**EBITDA FY 2014**	**EBITDA FY 2013**	**EBIT FY 2014**	**EBIT FY 2013**	**EBIT Margin 2014 %**	**EBIT Margin 2013 %**	**NPAT FY 2014**	**NPAT FY 2013**	**NPAT Margin 2014 %**	**NPAT Margin 2013 %**	**ROA FY14[2]**	**ROA FY13[2]**	**Inventory Turnover FY14[2]**	**Inventory Turnover FY13[2]**
Super Retail Group Ltd	2,112,100	2,020,000	237,500	218,600	182,600	172,300	8.6	8.5	108,400	102,700	5.1	5.1	7.1	7.1	2.5	2.6
- Leisure Retailing	552,500	522,500			33,000	33,200	6.0	6.4								
- Auto Retailing	818,200	789,000			94,500	87,100	11.5	11.0								
- Sports Retailing	734,000	703,500			62,800	63,400	8.6	9.0								
The Reject Shop Ltd	711,500	618,000	47,100	44,200	29,200	30,200	4.1	4.8	14,500	19,500	2.0	3.1	7.0	11.0	4.3	4.6
Wesfarmers Ltd	62,348,000	59,832,000	5,273,000	4,729,000	4,150,000	3,658,000	6.6	6.1	2,689,000	2,261,000	4.3	3.7	6.5	5.2	8.0	7.9
- Coles	37,391,000	35,780,000			1,672,000	1,533,000	4.5	4.3								
- Home Improvement	8,546,000	7,661,000			979,000	904,000	11.5	11.8								
- Kmart	4,209,000	4,167,000			366,000	344,000	8.7	8.3								
- Office Supplies	1,575,000	1,506,000			103,000	93,000	6.5	6.2								
- Target	3,501,000	3,658,000			86,000	136,000	2.5	3.7								
Woolworths Ltd	60,952,000	58,674,100	4,771,500	4,572,500	3,775,200	3,607,000	6.1	6.1	2,451,700	2,353,900	4.0	4.0	10.5	10.7	10.0	10.8

RETAIL																	
Company	REVENUE FY 2014	REVENUE FY 2013	EBITDA FY 2014	EBITDA FY 2013	EBIT FY 2014	EBIT FY 2013	EBIT Margin 2014 %	EBIT Margin 2013 %	NPAT FY 2014	NPAT FY 2013	NPAT Margin 2014 %	NPAT Margin 2013 %	ROA FY14[2]	ROA FY13[2]	Inventory Turnover FY14[2]	Inventory Turnover FY13[2]
- Food & Liquor	41,171,000	40,031,000			3,278,700	3,061,600	7.9	7.6								
- General Merchandise	4,352,000	4,383,000			152,900	191,300	3.5	4.4								
- Home Improvement	1,527,000	1,239,000			-169,000	-138,900	n/a	n/a								
- Petrol	7,065,000	6,794,000			89,300	137,700	1.2	2.0								

Notes
[1] Figures have been rounded.
[2] ROA and Inventory turnover are recalculated by Blenheim, based on annual report figures, to make numbers relatively comparable across segments.
[3] Segment profits for FY14 and FY13 are from annual report/investor presentations, and do not exactly match stated profit/loss numbers elsewhere. They are before unallocated expenses, net finance costs and income tax. Numbers do give good indication of relative performance of each respective segment.

PROFIT GUIDANCE

Myer sales miss the mark
Australian Financial
12 NOV 2014

Myer's sales rose just 0.1 per cent in the three months to October 25 - falling well short of market forecasts - as new and refurbished stores failed to deliver a long-awaited sales boost. Myer chief executive Bernie Brookes said total sales rose 0.1 per cent to $691.6 million - the first top-line sales growth since the January quarter 2014 - and same-store sales rose 0.7 per cent after rising 2.1 per cent in the July quarter and 0.4 per cent in the first quarter last year.

Myer has now delivered same-store sales growth in nine of the last ten quarters and Mr Brookes said the business was well-positioned to make the most of trading during Christmas and the end of year stocktake sales. The strongest performing categories were cosmetics, toys, childrenswear and menswear - with womenswear noticeably absent - and the strongest brands included Napoleon Perdis, Benefit, Bobbi Brown, Lego, R.M. Williams, Nike, and Rodd & Gunn.

However, the result was well below market expectations. Analysts had forecast total sales growth between 2 per cent and 3.5 per cent and same-store sales growth between 2 and 3 per cent. Myer's sales have been largely flat for the last four years and profits have been going backwards since 2010, falling from $169 million to $98.5 million, as cost growth outpaced sales growth.

Mr Brookes expects both sales and earnings to grow this year as the company completes major refurbishments, opens two new stores, and realises the benefits of recent -investments in e-commerce, customer service and customer loyalty.

The refurbishment of four major stores in 2014 wiped about $40 million off sales. New stores and completed refurbishments, combined with stronger online sales, are expected to lift total sales by between $90 million and $100 million this year.

Analysts say sales will need to rise by at least 2 per cent to cover the cost of additional investments in new stores and refurbishments, customer service and staff development. Analysts also believe Myer has stepped up discounting to drive sales - a strategy that could put pressure on its gross margins. Gross margins slipped 57 basis points in 2014.

"Myer needs both strong sales growth and significant gross margin expansion to maintain current profits," Morgan Stanley analyst Tom Kierath said in a report in September.

Myer's net profit for the year ending July 2014 fell 22.6 per cent to $98.5 million and earnings before interest and tax slumped 25.4 per cent to $160.3 million as margins were squeezed by rising labour, depreciation and refurbishment costs.

http://www.afr.com/p/business/companies/myer_sales_miss_the_mark_JhdOH33cyd3fRGn10TaARJ

Woolworths needs to trade margin for sales: analysts
Australian Financial
04 NOV 2014

Woolworths may have to sacrifice margins in food and liquor to revive sales and regain lost market share after reporting its weakest sales and volume growth in more than a decade. Analysts have cut profit forecasts and share price targets for Woolworths, saying the company may have to discount more deeply and more often to regain share from Coles, Aldi and independent retailers as consumers become increasingly value conscious.

"In order to improve sales growth, we believe the food and liquor business needs to lift its discounting intensity and effectiveness, which would have negative margin consequences," Citigroup analyst Craig Woolford said.

"In the second quarter, more advertising is likely, along with deeper promotions on high-profile items," Mr Woolford said. He has cut his full-year net profit forecast by $50 million to $2.57 billion.

Woolworths chief executive Grant O'Brien admitted on Monday that Australia's largest retailer needed to do more to overcome consumer perceptions that its prices were not as competitive as those of Coles and Aldi.

"It's about the communication, it's not about the actual pricing," he said.

Woolworths' same-store sales in food and liquor rose just 2.1 per cent in the three months to October 5 – less than half the rate at Coles – and group sales rose 3 per cent, the slowest growth for at least 12 years. After rejigging its marketing team and advertising agencies twice in the past three years, Woolworths now plans to cut the price of grocery staples and will relaunch its popular animal trading cards to spur sales in the all-important December quarter.

http://www.afr.com/p/business/companies/woolworths_needs_to_trade_margin_8GMFyCl9QmloIC135uFnJM

Coles growth lifts Wesfarmers sales
Australian Financial
30 OCT 2014

Strong sales growth at Coles, Bunnings and Officeworks has countered weak sales at Target, lifting total retail sales at Wesfarmers by 4.6 per cent to $13.6 billion in the three months ending September. Same-store sales at Coles rose a better than expected 4.3 per cent, up from growth of 4.1 per cent in the fourth quarter of 2014, buoyed by easing food price deflation and gains in key metrics including customer transactions, basket size and fresh food participation.

Coles' same-store sales exceeded market forecasts around 4 per cent, but would have been higher if not for continued underperformance in liquor. Same-store sales in food rose 5 per cent, indicating that liquor sales continued to go backwards. Coles has appointed new management, restructured the store support centre and is developing detailed plans to accelerate store closures and reset the product range. Including sales from four new stores, Coles' total sales rose 5.8 per cent to $7.3 billion.

Buoyant housing industry starts and home renovation activity fuelled strong revenue growth at Bunnings. Same-store sales rose 8.2 per cent in the September quarter, below the 10.3 per cent growth achieved in the fourth quarter 2014 but well ahead of analysts forecasts around 7 per cent.

Including new stores, Bunning's total sales rose 11 per cent to $2.2 billion.

Officeworks also performed well, with total sales rising 8 per cent to $403 million.

Kmart's same-store sales rose 0.9 per cent but would have been higher, at 1.8 per cent if not for ongoing weakness in the entertainment category. Kmart's total sales rose 2.9 per cent to $998 million.

Target's total sales fell 4.6 per cent to $753 million and same-store sales dropped 2.3 per cent as price deflation offset volume growth.

Wesfarmers managing director Richard Goyder said the results were generally pleasing. "During the quarter our retail portfolio continued to invest productivity improvements into lower pricing, enhanced merchandise offers and customer service, as well as improving store networks," Mr Goyder said.

At Coles Express, sales fell 2.3 per cent to $1.9 billion despite 11 per cent growth in convenience store sales. Headline fuel volumes slipped 3.0 per cent and comparable fuel volumes fell 4.6 per cent, with lower fuel prices during the quarter more than offset by reduced fuel discounts following the December 2013 undertaking to the Australian Competition and Consumer Commission.

http://www.afr.com/p/business/companies/coles_growth_lifts_wesfarmers_sales_4f7Hi7YIIalXWbLqnMehGN

JB Hi-Fi shares surge as total sales return to growth
Australian Financial
29 OCT 2014

JB Hi-Fi shares jumped as much as 11 per cent after the consumer electronics retailer said sales returned to growth in September and October after a sharp drop in July triggered by weak demand for tablet computers and market share losses to arch rival Dick Smith.

JB Hi-Fi chief executive Richard Murray said total sales had risen 0.5 per cent in the year to date while same-store sales were down 2.1 per cent. This represents a significant improvement on JB Hi-Fi's performance in July, when total sales were down 3.2 per cent and same-store sales plunged 5.5 cent.

“Week to week trading remains volatile, however it is pleasing to see a return to growth in sales in September and October, which we believe places us in a good position as we move into the key Christmas trading period,” Mr Murray told the annual meeting in Melbourne on Wednesday.

“We maintain our guidance for 2015 total sales of circa $3.6 billion (vs $3.48 billion in 2014) and expect the market to remain competitive as retailers drive for market share,” he said.

Morgan Stanley analyst Tom Kierath estimates that sales in September and October rose by 4 per cent, or 1.2 per cent on a same-store basis. This is still below the growth rates posted in 2014 but represents the strongest momentum for several months. Mr Kierath said that if sales growth remained around 4 per cent JB Hi-Fi could exceed its 3.3 per cent annual sales growth guidance, as sales would become easier to hurdle in the fourth quarter.

http://www.afr.com/p/business/companies/growth_hi_fi_shares_surge_as_total_l6cBr8NMYRxPg8RpknAihM

Super Retail Group’s auto and sports sales rise
Australian Financial Review
22 OCT 2014

Super Retail Group has started the new financial year on a solid note, reporting stronger same-store sales growth in its two biggest divisions, auto accessories and sporting goods. In a trading update at the retailer’s annual meeting in Brisbane on Wednesday, Super Retail chief executive Peter Birtles said same-store sales at Super Cheap Auto had risen 4 per cent in the 16 weeks to October 18.

This compares with same-store sales growth of 2.4 per cent in 2014 and 3 per cent in the first six weeks of 2015. At Rebel Sports and Amart, same-store sales had risen 3 per cent in four months, compared with growth of 2.6 per cent in 2014 and 2.5 per cent in the first six weeks of the year.

However, same-store sales in the leisure business, which includes Ray’s Outdoors, BCF and FCO outdoor leisure stores, had fallen 8 per cent, compared with a decline of 0.2 per cent in 2014 and a 9 per cent drop in the first six weeks of 2015. The update was welcomed by shareholders. Super Retail shares, which have fallen 42 per cent over the last 12 months, rose 34¢ to $8.00 on Wednesday after hitting a two-year low of $7.59 last week.

Mr Birtles said overall sales so far this year had been in line with expectations but sales in leisure continued to come under pressure from new store cannibalisation and weak trading conditions in mining and regional areas.

This impact was expected to reduce in the June half as Super Retail cycled weaker second-half sales in 2014, but Super Retail has launched a review of Rays Outdoors and FCO.

Mr Birtles said gross margins were tracking below those in the previous corresponding period but were expected to be in line with margins for the full year.

Depreciation costs were tracking in line with company forecasts for a 20 per cent increase over the full year, reflecting investment in information technology and distribution centres over the last three years.

Super Retail expects to spend $90 million this year (versus $113 million in 2014) on new stores and refurbishments, fitting out its new distribution centre in Brisbane and improving its multi-channel offer.

http://www.afr.com/p/business/companies/super_retail_group_auto_and_sports_ydIqMD7VlK3sqalO1FBPAI

Dick Smith sees improving first-half sales
Australian Financial Review
15 OCT 2014

Dick Smith chief executive Nick Abboud has moved to dispel concerns that the consumer electronics retailer's profit rebound under new owners may prove short-lived, unveiling ambitious sales and margin growth targets for the next three years.

Mr Abboud expects sales from new and existing stores to grow between 5 and 10 per cent a year and says -expansion into the lucrative duty free sector could lift sales by another 3 to 4 per cent. At the same time, gross -margins are expected to improve as the retailer expands its private label range from 11 per cent to 15 per cent of sales, while the cost of doing business is forecast to fall from 19 per cent in 2014 to around 17.5 per cent by 2017, boosting net profit margins.

Dick Smith plans to open 20 stores a year, expanding its footprint to 450 by 2017, while boosting online sales from 5 per cent of revenues now to 10 per cent. The retailer plans to offer customers "click and collect" in most stores and is selling online through eight e-commerce platforms including eBay and Trade Me as well as company-owned sites.

Mr Abboud told shareholders that sales in the first 15 weeks had risen 10.1 per cent, with new stores augmenting like for like sales growth of 1.7 per cent. Sales for the first half were expected to rise by between 8 and 12 per cent, subject to market conditions.

In comparison, the consumer -electronics sector has grown about 0.6 per cent. Dick Smith appears to be taking share off larger rivals such as JB Hi-Fi, which reported a 5.5 per cent fall in same-store sales in the first four weeks of 2015. JB Hi-Fi is due to give an update at its annual meeting later this month. Mr Abboud welcomed the fall in the Australian dollar, saying it could restore much-needed inflation to the consumer electronics sector after years of margin-crunching deflation.

Consumer electronics prices had risen about 5 to 10 per cent in the last six months and were likely to rise further if the dollar stayed around current levels.

http://www.afr.com/p/business/companies/dick_smith_sees_improving_first_eYkpBQNZwEk5dJ2tOKQxBJ

Reject Shop hit by warm winter, consumer sentiment
Australian Financial Review
15 OCT 2014

The Reject Shop's new managing -director Ross Sudano has unveiled a multi-year turnaround plan to restore sales and profit growth by cutting costs and reinvesting the savings into -marketing, products and stores. Mr Sudano, who took the helm a month ago after the surprise departure of Chris Bryce earlier this year, wants to emulate major retailers such as -Woolworths and Coles by creating a 'virtuous loop" of cost savings to drive top-line sales while using data analytics to better meet customer needs.

Mr Sudano blamed heavy discounting by Discount Superstores, unseasonably warm winter weather and weak consumer confidence for a sharp drop in sales in July and August.

Reject Shop's same-store sales fell 5.4 per cent in the three months ending September, although sales for the first two weeks of October were flat as new strategies aimed at addressing the decline in sales started to take effect.

"When they were clearing products at deep discounts to turn into cash it was impacting foot traffic and the flow of customers," Mr Sudano said.

He also plans to cut supply chain and sourcing costs, investing the savings into mainstream and digital marketing to better communicate The Reject Shop's value proposition to consumers.

"We under-spend on marketing as a consumer facing business and don't spend enough in communicating the value proposition," he said. "We could potentially spend more but only after bringing savings back – it needs to be self-funding."

The Reject Shop had no plans to cut prices across the board. However, the chain would trade more aggressively and use low-margin products such as washing powder to entice customers into stores, where they would be encouraged to spend on 'new and interesting' general merchandise such as clothing, toys and homewares.

Reject Shop reported a 26 per cent fall in net profit to $14.5 million for the 12 months ending June as costs -associated with the opening of 46 new stores outweighed a 15 per cent rise in sales to $711.5 million.

http://www.afr.com/p/business/companies/reject_shop_hit_by_warm_winter_consumer_E1N5gcBQt2iSORoKlAgzuK

Europe proves expensive for Kathmandu
Australian Financial Review
23 SEP 2014

Kathmandu may be synonymous with hiking, skiing and camping in -Australasia but in the US and Europe the brand is dwarfed by rivals such as North Face and Colombia.

"Kathmandu is a dominant player in Australia and New Zealand but a -relatively small player in the global sense," chief operating officer Mark Todd said on Tuesday after reporting a 4.5 per cent fall in net profit to $NZ42.2 million for the 12 months -ending July. "We're working on making ourselves a noisy brand in the northern hemisphere through brand -advertising and direct advertising through -billboards, media, radio, TV, sponsorships and PR," he said.

"Providing there is no deterioration in economic conditions we expect improved earnings from the Australasian business in 2015. However, the overall outcome will be impacted by the UK investment," Mr Todd said.

Kathmandu shares fell 6¢ to $2.81, taking losses this year to 13 per cent. Analysts said the subdued guidance suggested earnings growth from -Australia and New Zealand would be modest and were planning to take the knife to profit forecasts, currently around $NZ48 million.

Kathmandu declared a final -dividend of NZ9¢ a share, in line with last year, taking the full year payout to NZ12¢ a share.

The company issued a 15 per cent profit downgrade in June after unseasonally warm weather in autumn and early winter, when it holds a mid-year clearance sale. But after a cold snap in July Kathmandu managed to lift same-store sales in Australia by 6.9 per cent on a constant currency basis and total sales by 14.8 per cent to $NZ245.3 million, offsetting more modest sales growth in New Zealand.

Group earnings before interest and tax rose 1.4 per cent to $NZ64.3 million and would have been $NZ5.8 million higher if not for the weaker Australian dollar.

http://www.afr.com/p/business/companies/europe_proves_expensive_for_kathmandu_9amjOUD9tpQPLckazcPuKJ

Lew's Premier Investments leaves Myer in shade
Australian Financial Review
17 SEP 2014

Solomon Lew's Premier Investments has left larger rival Myer in the shade, reporting double-digit profit growth from its retail operations as stronger sales and falling costs offset gross margin pressures. Premier Retail's underlying earnings before interest and tax rose 10.9 per cent to $92.8 million in the 12 months ended July 26, underpinned by total sales growth of 6.2 per cent to $888.5 million and like-for-like sales growth of 4.7 per cent.

In comparison, Myer's full-year sales were flat, same-store sales rose 1.2 per cent and earnings before interest and tax fell 25 per cent. At 10:30am AEST, Premier Investment's shares were up 2.8 per cent at $10.10.

Premier Investments' group net profit rose 5.3 per cent to $73 million, from $69.3 million previously, excluding a one-off non-cash gain of $105.2 million in 2013 from the reclassification of its stake in appliance maker Breville. The group net result would have been higher if not for one-off cash costs of $7.6 million from a new distribution centre and costs associated with the entry of Smiggle into the UK market in February. Group net profit fell short of consensus forecasts of about $78.5 million, while earnings before interest and tax from the Just Group retail operations were slightly ahead of forecasts around $90 million.

Premier Retail chief executive Mark McInnes said he was pleased with the progress against the group's six-point transformation plan, which includes rejuvenating core brands, boosting gross margins through better sourcing, supply chain simplification, online expansion and growing the Smiggle and Peter Alexander brands.

While gross margins slipped 25 basis points to 62.1 per cent, Premier's cost of doing business fell 38 points, despite rising rental and labour expenses. As a result, EBIT margins rose from 10 per cent to 10.4 per cent. All seven brands in Premier Investments' retail stable – Just Jeans, Dotti, Portmans, Smiggle, Peter Alexander, Jacqui E and Jay Jays – delivered like-for-like sales growth in the second half. This represents a big improvement from several years ago, when only half the brands were in growth.

http://www.afr.com/p/business/companies/lew_premier_investments_leaves_myer_YSytW9Fe7jDCqPF4iH364M

Metcash aims to equal growth of grocery market
Australian Financial Review
28 AUG 2014

Metcash chief executive Ian Morrice says a $675 million plan aimed at restoring sales and earnings growth in food and groceries is showing early encouraging signs, but it could take three to four years before sales are growing at the same rate as the grocery market.

"We intend to get sales back to parity and over the next three to four years we'll set ourselves a goal of getting back to at least market growth," Mr Morrice told shareholders at Metcash's annual meeting on Wednesday.

Metcash's food and grocery sales rose by 6.8 per cent a year between 2008 and 2011 as the wholesaler's 2500 IGA grocery retailers grew their share of the $85 billion grocery market. However, since 2011 sales had fallen by 0.7 per cent in compound annual growth rate (CAGR) as Metcash and independent retailers lost market share to Coles, Woolworths and Aldi.

Mr Morrice, who took the helm from Andrew Reitzer in June last year, says the turning point was Australia Day 2011, when Coles cut the price of house brand milk to $1 a litre. The milk price cut triggered a price war between the two big supermarket chains and had led to three successive years of price deflation that had crimped Metcash's sales and squeezed margins.

Metcash is now starting a $675 million five-year capital investment program aimed at restoring earnings growth through top line sales growth. The program entails reducing prices on everyday grocery products in IGA stores, improving fresh and dry grocery ranges to suit shopper needs and drive higher basket spending, improving store formats and online offers and lifting service.

http://www.afr.com/p/business/companies/metcash_aims_to_equal_growth_of_kwfNc9LSCCOPJFUfP8y5WI

Specialty Fashion profit dampened by Rivers
Australian Financial Review
26 AUG 2014

Specialty Fashion's $4 million acquisition of discount retailer Rivers last year has led to a blow out in costs, contributing to a 3.8 per cent decline in net profit to $12.47 million in 2014.

While Specialty Fashion's sales soared 20.3 per cent to $685.04 million, buoyed by the Rivers acquisition, earnings before interest, tax, depreciation and amortisation fell 4.8 per cent to $39.15 million. Cost of doing business jumped $85.8 million due to the Rivers acquisition as well as higher rental and wages costs and a $15.4 million investment in omnichannel retailing. The net profit result fell short of consensus forecasts around $14 million and compared with a $13 million profit in 2013.

"The company's sales momentum is good, but operating costs have escalated significantly in order to achieve the better sales and gross profit result," said Citigroup analyst Craig Woolford.

Specialty Fashion snapped up the 28-year-old -Rivers Australia clothing and footwear company from founder Philip Goodman for the bargain basement price of $4 million cash, a discount to asset value, last November. Rivers boosted SFH's sales by $106 million, but contributed extra costs of $58.3 million. The acquisition, which expanded SFH's footprint into menswear, childrenswear and footwear for the first time, is expected to boost annualised sales by at least $180 million to around $750 million.

http://www.afr.com/p/business/companies/specialty_fashion_profit_dampened_sq1PFGHyPBnlXQHS0pM3LJ

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