

# **Smiths City Group**

**20 November 2013**

***NZX Emerging and Mid Cap  
Companies Conference***

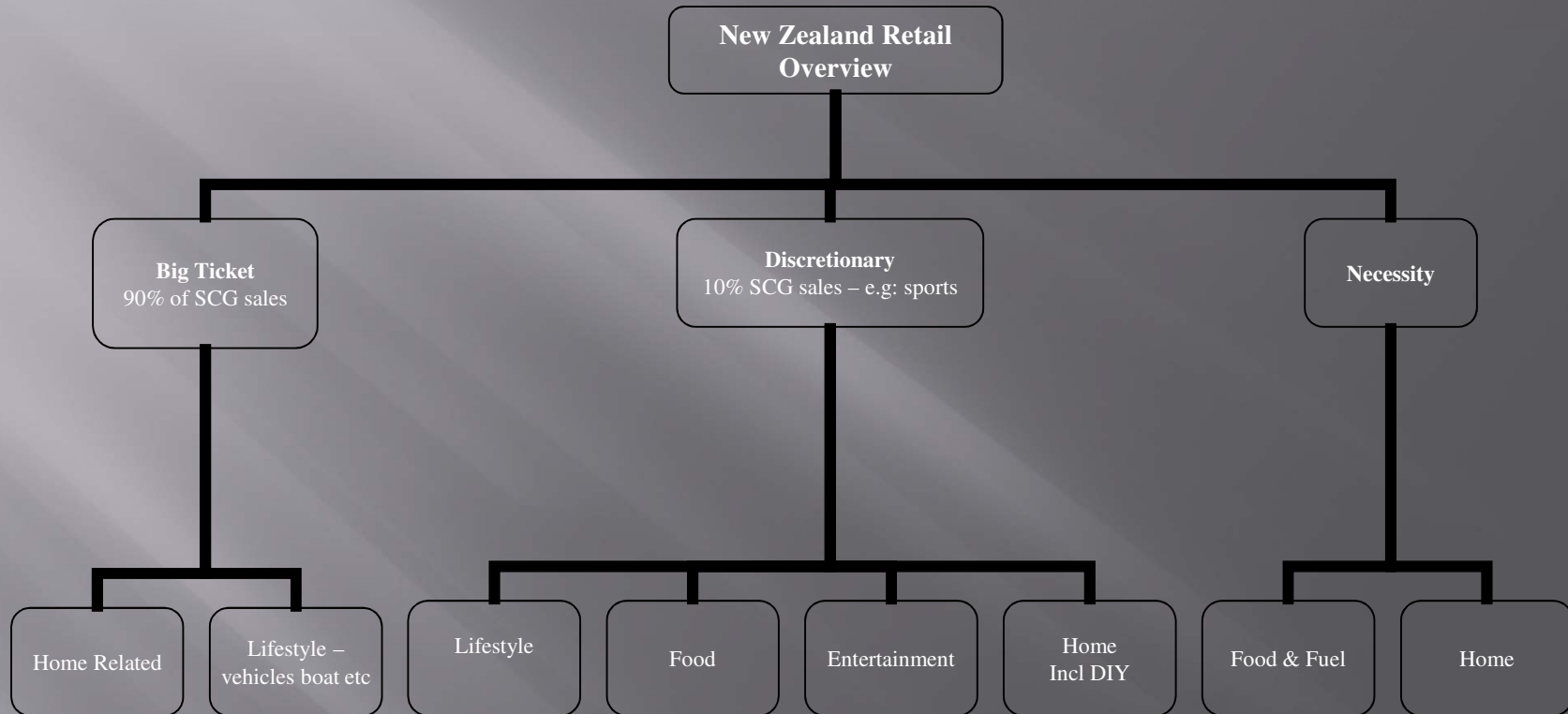
**[www.smithscitygroup.co.nz](http://www.smithscitygroup.co.nz)**

# AGENDA

1. Retail Market Overview
2. Introduction to Smiths City
3. Governance Structure
4. 2 Year Share Price History
5. Big Ticket Market Size
6. Business Profile
  - Retail
  - Finance
  - Property
7. Go Forward Strategy – Key Elements

# RETAIL MARKET OVERVIEW

**Smiths City  
Group**



# INTRODUCTION TO SMITHS CITY

**Smiths City  
Group**

- Founded in 1918.
- Integrated Retail, Finance and Property company based in Christchurch.
- Core business activities based around the retail industry.
- 2013 revenue of \$222.5million, net assets \$46.4million but market capitalisation only \$34.247million.
- Dividends paid in the last 12 months were 3.5cents per share resulting in a gross dividend yield of 5.38% on a share price of 65cents.

## GOVERNANCE STRUCTURE

- Experienced Board of Directors

CRAIG BOYCE – *Chairman*

JOHN DOBSON – *Deputy Chairman*

GARY ROHLOFF

SARAH OTTREY

RICK HELLINGS – *Managing Director*

- The company has 52.6million ordinary shares; around 1,466 shareholders. The company's five major shareholders hold approximately 50% of the shares.

# 2 YEAR SHARE PRICE HISTORY

**Smiths City  
Group**

## Price History

2 years ▾ Line ▾ No Overlay ▾ Volume ▾ Compare



# BIG TICKET MARKET SIZES

**Smiths City  
Group**

<b><u>NEW ZEALAND MARKET SIZES</u></b>				
<b><u>YEAR ENDED APRIL</u></b>				
<b><u>APPLIANCES</u></b>		<b><u>FURNISHINGS</u></b>		
Year end April	\$M	Year end April		\$M
2001	\$ 1,453	2001		\$ 1,117
2002	\$ 1,537	2002		\$ 1,213
2003	\$ 1,873	2003		\$ 1,251
2004	\$ 1,961	2004		\$ 1,268
2005	\$ 2,232	2005		\$ 1,387
2006	\$ 2,324	2006		\$ 1,486
2007	\$ 2,397	2007		\$ 1,891
2008	\$ 2,396	2008		\$ 1,945
2009	\$ 2,389	2009		\$ 1,742
2010	\$ 2,496	2010		\$ 1,711
2011	\$ 2,517	2011		\$ 1,702
2012	\$ 2,736	2012		\$ 1,764
2013	\$ 2,613	2013		\$ 1,885
** source NZ Department of Statistics				

# BUSINESS PROFILE

**Smiths City  
Group**

**Integrated Retail, Finance and Property company based in Christchurch.**

- **Retail – built on quality brands, staff and locations; strong advertising and full after sales service.**
- **Finance – ownership of the finance company retains profit and maximises customer relationships.**
- **Property – property development allows the Group to leverage its strength as a tenant.**



## RETAIL

**Smiths City  
Group**

- Focus on branded product wherever possible.
- Product range mixes high foot traffic drivers with high margin products.
- Dual branding strategy to maximise buying power and reduce costs per transaction across the Group.
  - ❖ *Narta*
- Focus on furnishings, beds and kitchen appliances to address commoditisation of appliances particularly flat panel tv and mobile technology.
- Full service across the Group includes in home installation and delivery plus being “the face” of warranty.
- Direct importers of furniture with our own warehouse and logistics operation.
- Omni channel retail offering now well underway.
- Growth of Commercial operation.

# FINANCE

**Smiths City  
Group**

- Ownership of the finance company retains profit and maximises customer relationships.
- New Zealand domiciled and managed.
- Mail outs of up to 80,000 personalised letters.

**Smithcorp**

Finance Limited

Dear Customer

**We'd like you to know that.....**

- When you buy from us on EasyCard or EasyPay, Smithcorp Finance is the finance company.
- Smithcorp Finance Limited is 100% owned by Smiths City.
- When you purchase from us on credit you are dealing with local Smiths City staff from start to finish.

**Just another way that Smiths City  
'makes it easy'**

**Smiths City<sup>®</sup>**

# PROPERTY

**Smiths City  
Group**

## Property Investment - Colombo Street



Property Development – utilise strength as a tenant

# GO FORWARD STRATEGY – KEY ELEMENTS

**Smiths City  
Group**

- Introduction to Growth Strategy.
- South Island only to 2004.
- Reintroduction into North Island 2005.
- Go Forward Strategy.



## STORE LOCATIONS - 2013

28 Smiths City

9 Appliance Stores

- 4 L V Martin  
*Wellington only*
- 5 Powerstore *South Island only*

2 Furniture Concepts

7 Alectra Service

1 Distribution Centre

3 Credit Offices

