

Fantastic news for Greenlit's Homewares assets



[The owner of Fantastic Furniture, Freedom and Snooze reported solid sales and profit growth for 2022.](#)

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- **EXCLUSIVE**

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Greenlit Brands, the owner of retail stores Fantastic Furniture, Freedom and Snooze has booked millions of dollars in restructuring expenses in the wake of supply chain shocks and rising costs caused by the pandemic.

But a timely sale of its furniture chain, Plush-Think Sofas, and a doubling of earnings by Fantastic kept it highly profitable in 2022.

The improving profitably and overall sales growth for Australian retail conglomerate Greenlit Brands was also fuelled by strong online sales by its furniture businesses and the continued turnaround of Freedom.

However, the furniture retailer cautioned that higher interest rate and inflationary pressures endured, and although these were being partially offset by a normalising of ocean freight and global supply chains, there were challenges ahead for consumer and discretionary spending.



[Fantastic Furniture is the jewel in Greenlit's Australian crown.](#)

Greenlit said it was beginning to see some early indications of a slowdown in consumer confidence and spending as household budgets came under pressure.

Latest accounts lodged with the corporate regulator show the sale of Plush to rival furniture retailer Nick Scali last year for \$103m helped Greenlit Brands to pay \$140m in dividends to its cash-strapped and scandal-ridden South African parent company, Steinhoff International.

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In 2017, Steinhoff International shocked markets around the world with an Enron-like financial scandal involving top executives who had overstated profits for several years

by as much as \$US7.4bn, using fictitious transactions and outright fraud. Its share price quickly collapsed and the entire company, which has more than 40 retail brands across 30 countries including Australia, almost failed.

Greenlit Brands, which recently spun out key business Fantastic Furniture into its own holding company as a possible prelude to a sharemarket float, witnessed a profit lift for Fantastic Furniture in 2022. This business also paid \$30m in dividends in late 2021 to Steinhoff.

That took the total dividends paid to Steinhoff by its Australian offshoots (Greenlit and Fantastic) to \$170m – a welcome capital injection to the teetering international retail conglomerate that almost collapsed in 2017 due to a fraud scandal.

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[Greenlit Brands chief executive Michael Ford.](#)

It was also a testament to the growing financial and independent balance sheet strength of its local retail businesses, despite Covid-19 upheavals.

In twin sets of accounts lodged with the Australian Securities and Investments Commission, Greenlit Brands has given a glimpse into the performance of its retail arms, led by continued sales and profit growth at the Fantastic Furniture chain.

Combined accounts for Greenlit Brands and the holding company which owns Fantastic Furniture report combined revenue of \$1.2bn for the 12 months to the start of October 2022 – up 3 per cent on 2021 with total combined profit from continuing operations of \$14.7m.

When the proceeds from the sale of Plush-Think were added, the combined profit was \$112.3m.

Total combined online sales were \$274m for the retail chains, representing a market-leading result of 23.4 per cent of sales. Online sales were 3 per cent lower compared with the previous year, reflecting a return of shoppers to bricks-and-mortar stores.

“Our strong financial results for 2022 are a testament to the quality of our brands, the capability of our people and the resilience of our business models against the backdrop of disruption to global supply chains, significantly increased costs of ocean freight and further COVID-19 related volatility,” Greenlit Brands chief executive and Fantastic Furniture chairman Michael Ford said.

“The progress we made against our strategic priorities, and the strength of our balance sheet gives us the confidence to continue to invest and grow our businesses.”

Mr Ford said Greenlit Brands and Fantastic Furniture continued to be debt free and had net cash of \$73m after the repayment of dividends.

But he wasn't rushing an IPO or sale of the businesses.

“We are not in a rush to transact our businesses. We continue to evaluate opportunities from a position of strength.”

The latest accounts for the Fantastic Furniture holding company shows it posted a 73 per cent leap in revenue to \$571m for the 12 months to October 2022 and net profit doubled to \$23.63m.

The Greenlit Brands accounts reveal sales of \$601m, up from \$562.54m in 2021. The company recorded a loss from continuing operations of \$6.984m. However \$110.6m in gross funds from [the sale of Plush to Nick Scali](#) helped it post a net profit of \$91.17m for the year, although that was down from a profit of \$158.43m in 2021.

In 2019, when the Greenlit accounts included the Fantastic business, it recorded a loss of \$163.958m following a massive restructure and divestment of some of its businesses.

Group chief operating officer Aaron Canning told The Australian trading for the start of the new year was strong, but mounting economic headwinds were likely to restrict consumer spending.



[Greenlit group chief operating officer Aaron Canning.](#)

“We continue to perform in line with our expectations after the first quarter of trading ending December 2022, but we are beginning to see some early indications of a slowdown in consumer confidence and spending,” Mr Canning said.

“The burden of higher interest rates and inflationary pressures remain, although these pressures are being partially offset to a lesser extent by a normalising ocean freight and global supply chains.

“We remain cautiously optimistic about the next six months, but we do expect some further headwinds to dampen demand versus our current year to date performance.”

Despite that cautious outlook, the Australian operations are fast becoming the jewel in Steinhoff’s tarnished crown.

This is partly due to the leadership of Greenlit Brands and Fantastic Furniture by [Mr Ford, a respected veteran of the retail sector and CEO of The Good Guys for 13 years before it was sold to JB Hi-Fi.](#)

He was appointed by Steinhoff to run its Australian operations in 2017 – only months before the scandal was revealed.

Under Mr Ford's tenure as chief executive of Greenlit Brands he has steadied the ship and

sold off a number of assets, such as discount department store Harris Scarfe, Best & Less and closed a poorly timed launch of British department store Debenhams.

In June last year Greenlit Brands also sold off its Original Mattress Factory retail business.