
NONI B GROUP TO ACQUIRE

SELECTED SPECIALTY FASHION GROUP ASSETS

Noni B Limited (**ASX: NBL** or “**Noni B Group**”) and Specialty Fashion Group Limited (**ASX: SFH** or “**Specialty**”) today announced that Noni B Group has agreed to acquire the assets and businesses of Millers, Katies, Crossroads, Autograph and Rivers (“**Specialty Assets**”) from Specialty for total consideration (on a cash free, debt free basis) of \$31.0 million in cash. Specialty will retain the City Chic business.

With the acquisition of the Specialty Assets, Noni B Group will become one of the largest specialty women’s apparel retailers in Australia, with a network of over 1,350 stores across 9 brands, including Noni B Group’s existing brands, Noni B, Rockmans, W.Lane and BeMe. Noni B Group’s total annual sales would almost treble to around \$1.0 billion following the acquisition, based on calendar year 2017 figures.

Noni B Group Managing Director and CEO, Scott Evans, said: “This is another exciting step forward for Noni B Group and represents the acquisition of five well-known and established, iconic Australian brands that are both complementary and highly synergistic to our existing portfolio.

“With the successful integration of the Pretty Girl Fashion Group over the past 18 months, the team at Noni B Group has created a very successful and scalable retail business. With the acquisition of the Specialty Assets, Noni B Group will become one of the pre-eminent women’s apparel retailers in Australia, whilst retaining our solid, focussed market position.”

Commenting on the opportunities the acquisition will create, Mr Evans noted: “The scale this acquisition brings will further enhance the opportunity to continue to invest strategically in customer experience, our physical stores and online.”

Discussing the transaction, Noni B Group Chairman, Richard Facioni, commented: “This transaction represents another step-change in Noni B Group’s scale and will be transformational to the company, in the same way that the acquisition of Pretty Girl Fashion Group was in 2016.

“The shareholder value that has been created since Alceon acquired control of Noni B Group in November 2014 has been outstanding, with our share price increasing from 51 cents to \$2.35 at last close. We believe this acquisition will deliver another meaningful increase in shareholder value over the next 12-24 months.”

Overview of Combined Group

For the 2017 Calendar Year, based on Noni B Group's audit reviewed accounts and Specialty's unaudited management accounts, the combined portfolio would have generated, on a pro forma basis, a total revenue of \$1.0 billion and earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$31.1 million, including the full-year benefit of store portfolio optimisation achieved during the year, but excluding any potential merger benefits and one-off costs.

The acquisition is expected to generate merger benefits through efficiencies in cost of doing business of approximately \$30 million, which management expects will be achieved by the end of the 2019 Financial Year and fully-reflected in Noni B Group's 2020 Financial Year results. Additional synergies are anticipated from sales and gross margin improvement of the Specialty Assets, supply chain optimisation, other areas of duplication and application across the combined group of our focussed approach of putting the customer at the heart of everything we do.

Trading Update

The Specialty Assets incurred EBITDA losses of (\$6.2m) for the 2017 Calendar Year.

Noni B management expects the 2018 full-year result for the Specialty Assets to show further losses, with continued deterioration in performance anticipated in the near term.

Commenting on the current trading performance of the Specialty Assets, Mr Evans noted: "The businesses we're acquiring are underperforming for a number of reasons. However, we believe our disciplined approach to costs of doing business, combined with our customer focus, will ensure a successful turnaround.

"One of the key benefits of this merger is that we will be able to quickly achieve a number of savings and efficiencies that we anticipate will result in the acquired portfolio of assets breaking even on an EBITDA basis in FY2019, whilst we work to improve their overall operating performance."

Mr Facioni commented: "We're very confident in our ability to improve the performance of the Specialty Assets, as Scott and the team will be adopting the same approach we have previously employed in successfully turning around the Noni B and Pretty Girl businesses. As before, our focus will be on quickly driving integration benefits, improving supply chain and sourcing, then driving growth."

Noni B Group has continued the strong performance outlined in its first half results presentation and earnings remain in line with market expectations.

Capital Raising

Noni B Group's acquisition of the Specialty Assets will be funded by an equity capital raising of \$40.0 million, comprising an Institutional Placement ("**Placement**") of \$24.5 million and an Accelerated Non-Renounceable Entitlement Offer ("**Entitlement Offer**") of \$15.5 million (together, the "**Capital Raising**"). The Capital Raising has been fully underwritten by Wilsons at a price of \$2.50 per share. In addition to funding the acquisition, the Capital Raising will raise additional capital to fund transaction and restructuring costs, and to provide working capital for the acquired Specialty Assets.

Alceon has committed to subscribe for its pro-rata share under the Entitlement Offer. The Placement will be taken up by a combination of Noni B Group's existing institutional investors and new institutions.

Mr Facioni said: "We're very pleased with the support our shareholders have shown us over the past few years. The Placement will further increase the level of institutional representation on Noni B Group's share register and will continue to improve liquidity."

The transaction is subject to customary conditions and is expected to close in early July.

ENDS

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About Noni B Group

Noni B Limited, founded in 1977, is one of Australia's leading fashion retailers, with over 640 stores nationally across its brands Noni B, W Lane, BeMe and Rockmans.

About Specialty Fashion Group

Specialty Fashion Group is the largest specialty retailer of women's fashion in Australasia, through Millers, Katies, Crossroads, Autograph, City Chic and Rivers.

About Alceon Group

Alceon is a specialist advisory, investment and capital solutions partnership, with offices in Sydney, Melbourne, Brisbane and Perth. Alceon invests in private mid-market assets across property, asset-backed and alternative investments, including private equity.

In November 2014, Alceon acquired a controlling stake in Noni B Group through a recommended takeover and remains its largest shareholder.