



Premier Investments Limited
2019 Full Year Results Overview
20 September 2019

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Agenda

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PREMIER INVESTMENTS LIMITED FY19 OVERVIEW



1

Premier Investments FY19 overview

Group profit

- Reported net profit after tax of \$106.8 million, up 27.7% on FY18
- Underlying net profit before tax of \$177.6 million, up 10.8% on FY18¹
- Record Underlying Premier Retail EBIT of \$167.3 million, up 11.5% on FY18¹
- Record Premier Retail Sales of \$1,271.0 million up 7.5% on FY18
 - LFL sales up 4.2% on FY18 on a constant currency basis
 - Apparel Brands sales up 6.9%, with LFL sales growth even stronger up 7.8%
 - Record Online sales of \$148.2 million growing to 13.4% of respective markets' sales
 - Record Peter Alexander sales of \$247.8 million
 - Record Smiggle sales of \$306.5 million

Strong cash flow and strong balance sheet

- Net cash generated (operating less investing activities) for the year of \$123.3 million, up \$30.1 million or 32.3% on FY18
- Cash on hand of \$190.3 million at end of FY19
- Balance sheet at end of FY19 shows investment in associate (Breville Group Limited) as \$238.7 million. The market value of this investment at end of FY19 was \$691.7 million
- Investment in Myer Holdings Limited of \$46.9 million
- Franking credit pool of \$208.5 million

Increased record full year ordinary dividends of 70 cps fully franked, up 8 cps or 12.9% on FY18 (FY18: 62 cps)

Note:

1. Refer Appendix B for details regarding significant and other one-off items excluded from underlying results



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Premier Investments summarised consolidated income statement

<u>\$m</u>	FY19	FY18
Premier Retail EBIT – underlying	167.3	150.1
Premier Investments income from associate (BRG)	18.9	16.1
Premier Investments other revenue (Interest, Dividends, Rent & Other)	7.6	7.3
Premier Investments expenses (ex Premier Retail)	(8.5)	(7.0)
Underlying finance costs	(7.7)	(6.2)
Underlying net profit before tax¹	177.6	160.3
Expenses incurred before occupying new head office property		
– Depreciation, relocation and other	-	(2.8)
– Finance costs	-	(1.4)
Expenses incurred in relation to investment in Myer Holdings Limited including preparation for legal action	-	(1.5)
One-off UK Brexit accelerated depreciation and associated costs	(25.9)	-
One-off Smiggle Europe expansion	-	(0.7)
Non-cash impairment charge in relation to intangible assets	-	(30.0)
Reported net profit before tax	151.7	123.9
Income tax expense	(44.9)	(40.3)
Reported net profit after tax	106.8	83.6

Note:

1. Refer Appendix B for details regarding significant and other one-off items excluded from underlying results



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Premier Investments summarised consolidated balance sheet

\$m	27 Jul 2019	28 Jul 2018
Assets		
Cash and cash equivalents	190.3	178.6
Inventories	171.2	159.3
Property, plant and equipment	210.9	238.2
Other assets	43.7	48.9
Deferred tax assets	40.4	36.6
Listed equity investment at fair value	46.9	40.7
Investment in associate	238.7	223.2
Intangible assets	826.6	825.9
Total assets	1,768.7	1,751.4
Liabilities		
Interest bearing loans and borrowings	167.5	175.7
Deferred tax liabilities	63.9	63.9
Trade payables, provisions and other liabilities	188.1	166.9
Total liabilities	419.5	406.5
Equity		
Contributed equity	608.6	608.6
Reserves	(10.9)	(16.0)
Retained earnings	751.5	752.3
Total equity	1,349.2	1,344.9



PREMIER RETAIL

3

Premier Retail - Delivers record result

- Record sales of \$1,271.0 million up 7.5% on FY18, with like-for-like (LFL) sales up 4.2% on FY18 on a constant currency basis
- Record Underlying EBIT of \$167.3 million, up 11.5% on FY18¹
- Record Underlying EBIT % to sales of 13.2%, up 47 bps on FY18¹
- Record Underlying profit before tax of \$162.5 million, up 11.8% on FY18¹
- Apparel Brands continuing to deliver strong sales growth momentum
 - FY19 sales up 6.9% to \$716.7 million
 - FY19 LFL sales growth of 7.8% was stronger than overall growth, with 26 Apparel stores closed during FY19
- Record Online sales of \$148.2 million, up 31.7% on a previous record FY18
- Record Peter Alexander sales of \$247.8 million, up 13.3% on a previous record FY18
- Record Smiggle sales of \$306.5 million. Smiggle's Accelerated Growth Strategy, announced in September 2018, is being successfully delivered with performance to date far exceeding expectations

Note:

1. Refer Appendix B for details regarding one-off items excluded from underlying results



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Premier Retail performance

\$000	52 weeks to 27 Jul 2019	52 Weeks to 28 Jul 2018	Var LY
Sales	1,270,958	1,182,221	+7.5%
<i>LFL sales (constant currency)</i>	+4.2%	+3.3%	
Gross Profit	786,578	738,314	+6.5%
<i>Gross margin (%)</i>	61.9%	62.5%	-56 bps
Employee Expenses ¹	(301,737)	(280,268)	+7.7%
<i>% sales</i>	23.7%	23.7%	+3 bps
Rent ¹	(228,183)	(224,377)	+1.7%
<i>% sales</i>	18.0%	19.0%	-103 bps
Advertising & Direct Marketing ¹	(15,896)	(15,234)	+4.4%
<i>% sales</i>	1.3%	1.3%	-4 bps
Depreciation, Amortisation & Impairment ¹	(29,924)	(27,535)	+8.7%
<i>% sales</i>	2.4%	2.3%	+3 bps
Other Costs of Doing Business ¹	(44,444)	(42,328)	+5.0%
<i>% sales</i>	3.5%	3.6%	-8 bps
Other income	940	1,494	
Underlying EBIT	167,334	150,066	+11.5%
<i>% sales</i>	13.2%	12.7%	+47 bps
Borrowing costs	(4,807)	(4,672)	
Underlying Profit before tax	162,527	145,394	+11.8%

Note:

1. FY19 total cost of doing business equates to 48.8% of sales (FY18 49.9%) excluding significant and other one-off items - Refer Appendix B for details



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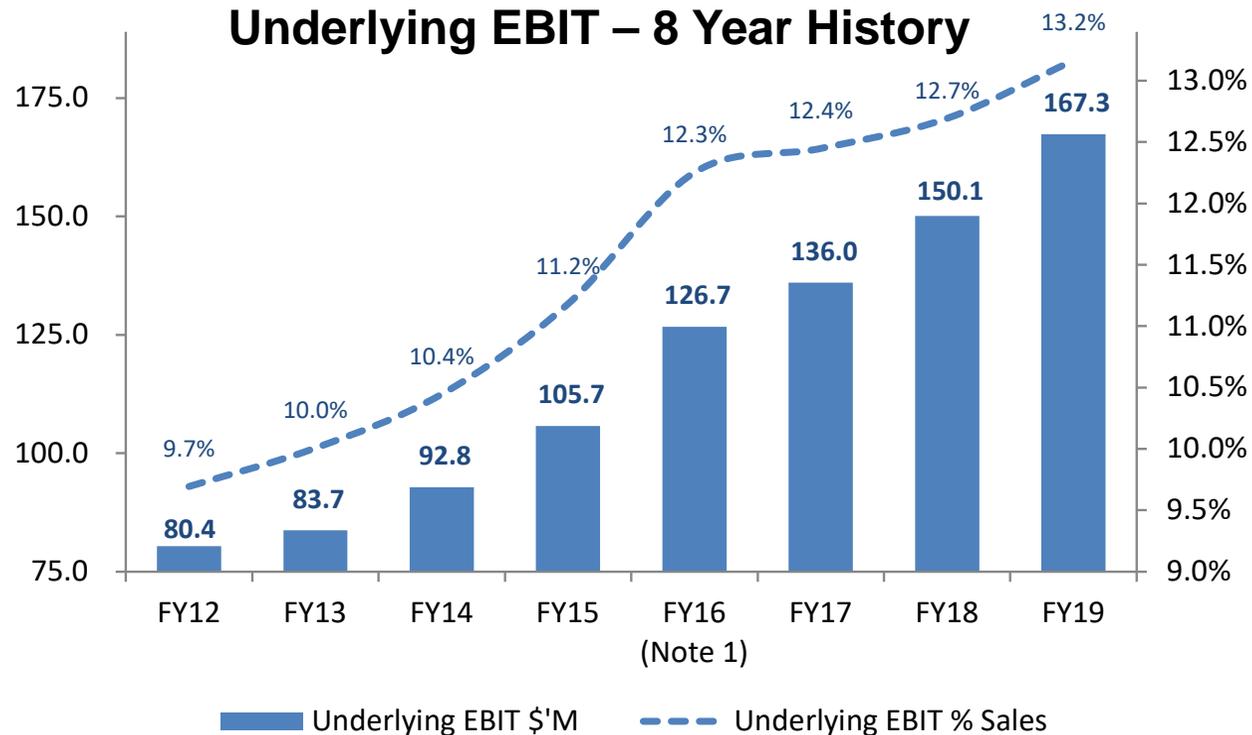
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Premier Retail – Delivers 8 consecutive years of growth

- 8 consecutive years of Underlying EBIT growth
- FY19 Underlying EBIT margin to Sales up 47 bps on FY18
- Key Gross Margin and CODB strategies delivering



Notes:

1. FY16 excludes non-comparable 53rd week which contributed \$6.6m in EBIT
2. Refer Appendix B for details regarding one-off items excluded from underlying results



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Premier Retail - Delivers record result

Gross Margin Strategies continue to deliver

- FY19 results were achieved notwithstanding significant external headwinds in the apparel sector and with Brexit uncertainty in the United Kingdom, with retailers generally continuing to discount deeper and for longer to remain competitive
- Long term foreign currency hedging strategies allowed for merchandise planning
- Direct sourcing initiatives continued to deliver benefits from new and existing suppliers
- Sourcing from new geographies continues
- Investing in better merchants and delivering better product remains the key focus area

The delivery of better product and disciplined execution of markdown management was integral to delivering a clean inventory position at the end of FY19

CODB Focus continues to deliver

- CODB **decreased by 109** bps as a percentage of sales to 48.8% in FY19¹
- Costs continue to be well controlled despite structural inflationary pressure
- Investment will continue in strategic growth initiatives including Smiggle's Accelerated Growth Strategy, Online and Peter Alexander

Note:

1. Refer page 8 for CODB details



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CODB – Store Profitability Focus

- 35 stores closed during the last 12 months, a total of 138 stores closed over the last 7 years, as part of the ongoing program to close unprofitable stores
- As consumers continue to increase their online shopping, the focus continues on individual store profitability to drive shareholder returns. Where landlords do not continue to invest in overall shopping experiences and/or adjust their rent expectations in line with the performance of their own centres and the major shift in consumer behaviour, further store closures may be necessary
- Many landlords are offering other international and local fast fashion retailers significant capital and low rents to enter their centres during development. Unless those landlords offer Premier Retail the same capital and rent they are offering Premier Retail competitors, then Premier Retail will escalate the closure of all brands in those centres. Premier can more efficiently allocate capital and achieve shareholder returns from investment in the online channel, further international expansion of our key brands or opening in other shopping centres where landlords respect the nature of Premier Retail's seven brand portfolio
- As a direct result of unrealistic rent expectations, in July 2019 Premier Retail closed 3 prime CBD stores in Auckland (New Zealand). This is in addition to the previously announced store closures in the once iconic Chapel Street (Victoria) in 2019 and the closure of Just Jeans flagship store in Rundle Mall (South Australia) in April 19, demonstrating the willingness of Premier Retail to walk away from stores with unrealistic rents that deliver unprofitable sales

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Premier Retail – Investment continues in store network

Premier Retail continues to invest in new stores, upgrades and refurbishments to deliver sustainable sales growth

162 stores received capital investment, including 28 new stores and 6 new Smiggle International Concessions opened in FY19

In FY19, 90% of capital investment in Australia and New Zealand stores has been funded via landlord contributions

- 3 new concession stores opened in the United Kingdom
- 3 new concession stores opened in Singapore
- 2 new stores opened in Australia
- 1 new store opened in the United Kingdom
- 1 new store opened in Malaysia
- 3 new permanent kiosks opened in Australia
- 4 stores relocated and refurbished across Australia and New Zealand
- 1 store refurbished in existing location in New Zealand
- 1 store received a fixture upgrade in Australia



Smiggle Maroochydore (QLD) - Relocated and refurbished November 2018



- 9 new stores opened across Australia and New Zealand
- 2 stores relocated and refurbished in Australia
- 2 stores received fixture upgrades in Australia



Peter Alexander Maroochydore (QLD) – Relocated and refurbished November 2018



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Premier Retail - Investment continues in store network

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- 3 new stores opened across Australia and New Zealand
- 1 store relocated and refurbished in Australia
- 1 store refurbished in existing locations in Australia
- 93 stores received fixture upgrades in Australia

Just
Jeans

- 2 new stores opened across Australia and New Zealand
- 4 stores relocated and refurbished across Australia and New Zealand
- 6 stores refurbished in existing locations in Australia

Jay
Jays

- 4 new stores opened across Australia and New Zealand
- 4 stores relocated and refurbished in Australia
- 2 stores refurbished in existing locations in Australia

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- 2 new stores opened across Australia and New Zealand
- 1 store relocated and refurbished in Australia
- 1 store refurbished in existing location in Australia

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- 1 new store opened in New Zealand
- 4 stores relocated and refurbished in Australia
- 1 store refurbished in existing location in Australia



Dotti Eaton Fair (WA) – Opened May 2019



Jay Jays Tauranga Crossing (NZ) – Opened April 2019



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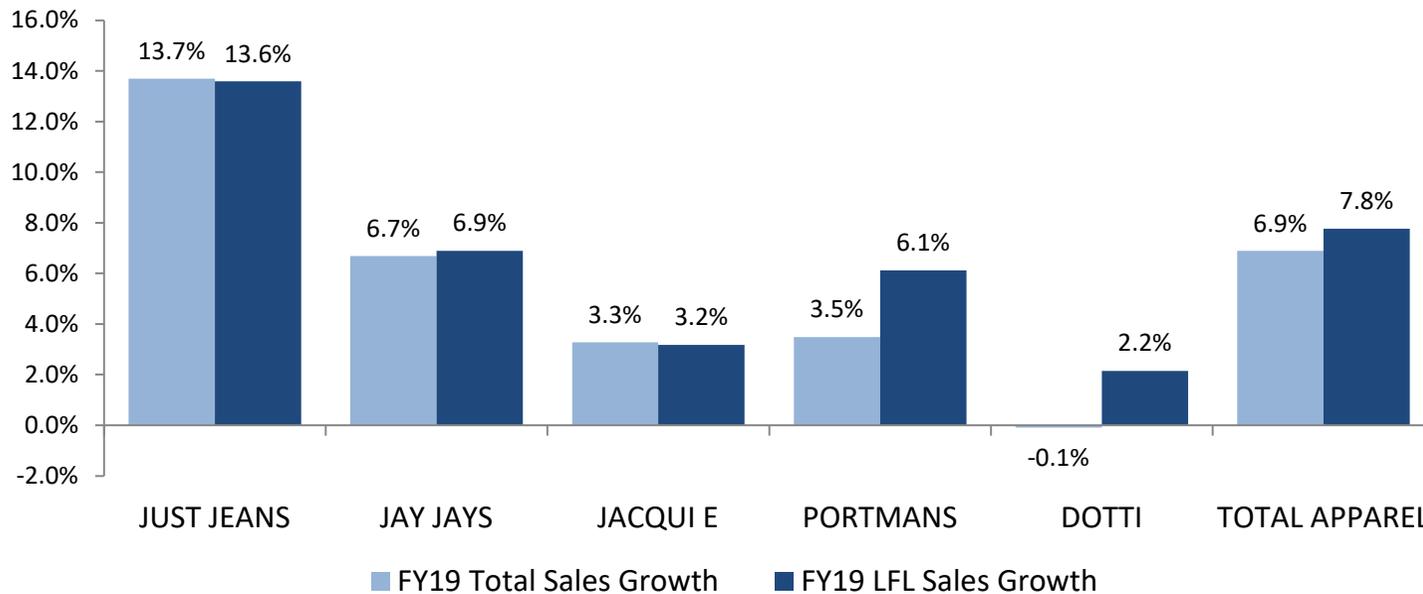
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Apparel Brands - Deliver strong FY19 sales growth

- Apparel Brands FY19 sales up 6.9% on FY18 to \$716.7 million
- Apparel Brands FY19 LFL sales growth of 7.8% was stronger than overall growth, with 26 stores closed during the last 12 months as part of the ongoing program to close unprofitable stores
- Ongoing investment in product and merchandise teams delivering growth
- Focus on better product and disciplined execution of markdown management in a highly competitive market leaving a clean inventory position to commence FY20



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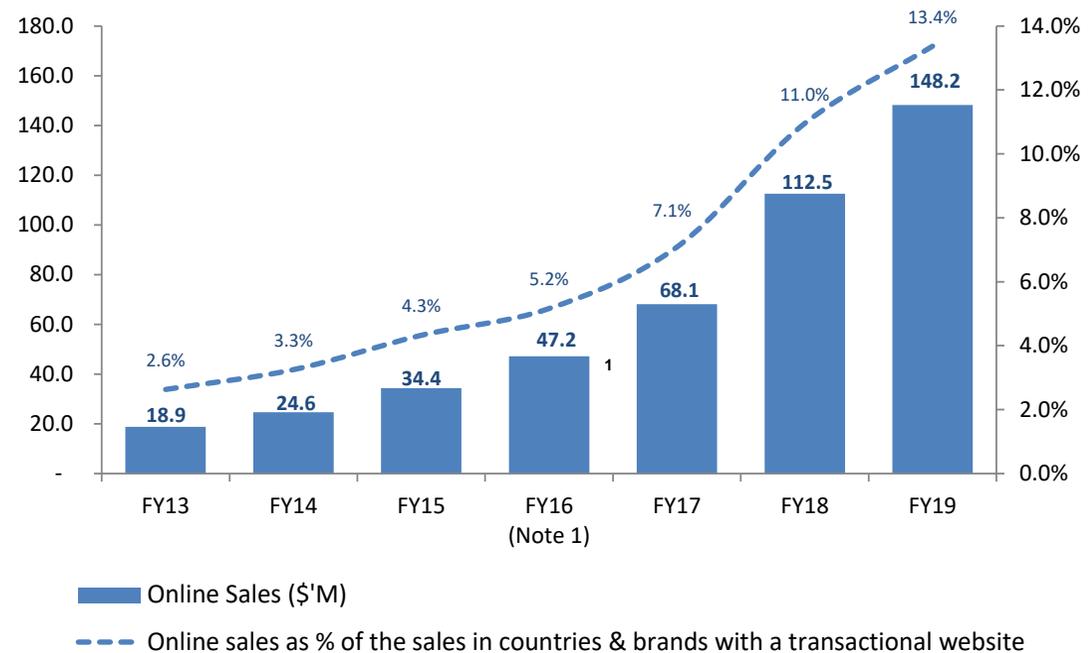


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Online - Delivers record sales

- Record Online sales of \$148.2 million, up 31.7% on a previous record FY18
- Online sales growing to 13.4% of the respective markets' sales in FY19
- The Group surpassed its aspirational target of \$100 million in global annual online sales in FY18, 2 years ahead of expectations
- New Zealand Websites successfully launched and far exceeding expectations in 2H19 for Smiggle, Just Jeans, Portmans and Jacqui E, in addition to the rapidly growing Peter Alexander and Dotti Online businesses already in New Zealand
- 2013 investment in centralised and specifically customised Australian Distribution Centre servicing 100% order fulfilment of 100% of Premier Retail products in Australia
- Online channel continues to deliver significantly higher EBIT margin than the Group average
- All global sites continuing to deliver strong growth with all brands outperforming the market
- Major investment continues in technology, people and new marketing initiatives to deliver a world class platform and customer experience

Online Sales Growth



Note:

1. FY16 excludes non-comparable 53rd week of sales



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8 Smiggle - strategy to accelerate global growth far exceeding expectations

- Record sales in FY19 of \$306.5 million driven by another outstanding year in Asia
- The accelerated growth strategy announced in September 2018 is successfully being delivered with performance to date far exceeding expectations
 1. Wholesale demand far exceeding expectations
 2. Online growth both proprietary and third party far exceeding expectations
 3. Concession partnerships with iconic global retailers continues to accelerate
 4. New store growth through the continued rollout of standalone stores remains on track where the economics and shareholder returns are attractive
- The four pathways to growth deliver significant global brand presence and a much higher EBIT margin with materially less capital, generating far higher cash flows than the originally planned multi country own store rollout



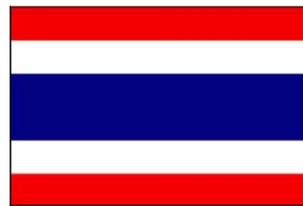
Smiggle reaffirms its growth strategy targeting to deliver \$450 million in annual Smiggle global retail sales in calendar 2021 or calendar 2022

8

Smiggle - Wholesale launch successful and far exceeding expectations

Wholesale Update

- All 6 countries announced in March 2019 have successfully launched
- South Korea, Thailand, Indonesia, Philippines, United Arab Emirates and Canada
- In addition, launch in the Middle East now extended to Qatar



- Smiggle brand is now represented in over 180 new doors through 6 iconic retailers across 7 countries with a combined population of over half a billion
- Potential to grow to 350+ doors with the existing 6 partners within 12-24 months
- The wholesale partners chosen in each market are best in class iconic local retail operators who are delivering on their contractual obligations to Smiggle's high brand integrity standards around product, visual merchandising and brand presentation

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Wholesale partners all delivering on the brand's high standards



United Arab Emirates



Indonesia



Canada



Philippines



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Wholesale partners all delivering on the brand's high standards



South Korea



Qatar



Thailand



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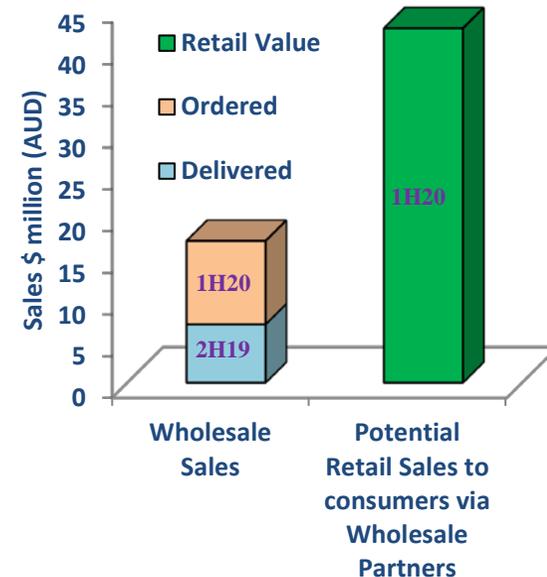
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Smiggle - Wholesale business far exceeding expectations

Wholesale Update

- Smiggle has received \$17 million of wholesale orders – far exceeding expectations
- The \$17 million of Smiggle wholesale orders has the potential to deliver \$35 – \$45 million in retail sales to consumers in 1H20
- These orders alone through the existing 6 partners represent retail sales growth of +20-25% on 1H19 actual total global Smiggle retail sales



- Smiggle brand is now represented in over 180 doors through 6 iconic retailers across 7 countries with a combined population of over half a billion and with the potential to grow to 350+ doors with the existing 6 partners within 12-24 months
- The wholesale business with the existing 6 iconic partners allows the brand to leverage off our partners iconic status, market knowledge, store portfolio, traffic and transactional websites in each of the countries they operate in
- Retail sales to consumers from our wholesale partners across all 7 countries for the first 6 weeks of 1H20 have far exceeded all expectations

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All 6 iconic retail partners are delivering on the brand standards

Wholesale Update

- All wholesale ordering is done on a quarterly basis, with product then delivered and dropped into doors on a monthly basis to ensure continual brand newness similar to the brands own standalone stores
- All wholesale revenue is received in USD currency
- All partners are contracted to deliver on the Smiggle brand instore experience including all marketing and fixture collaterals
- All partners require authorisation and brand approval on all elements of brand presentation, product information, visual merchandising, marketing and promotional activity
- All partners that have rolled out the over 180 current doors are delivering on these high brand standards
- All partners have significantly invested and delivered on marketing campaigns to launch Smiggle in each of their respective markets

Smiggle's wholesale EBIT margin is far higher than the brand's average EBIT margin



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Smiggle wholesale channel - long runway for future global growth

Wholesale Update

- Smiggle brand is now represented in over 180 doors through 6 iconic retailers across 7 countries with a combined population of over half a billion and with the potential to grow to 350+ doors with the existing 6 partners within 12-24 months
- Advanced discussions are ongoing for new wholesale partners in markets which have been identified as high potential and with long runways of future global growth
- Smiggle is clear on which markets it will enter next and will announce these further countries and number of doors as and when commercial terms are finalised



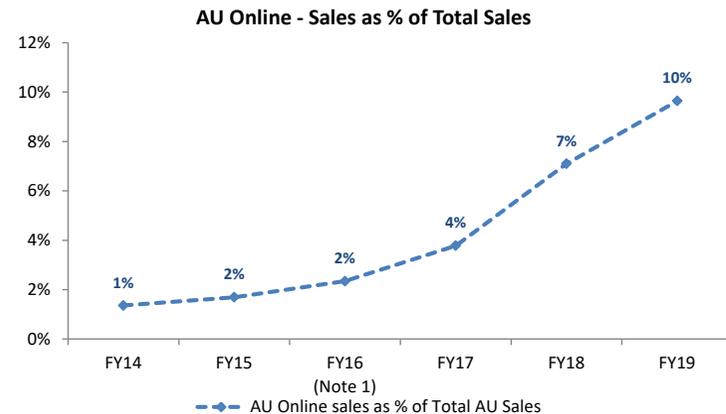
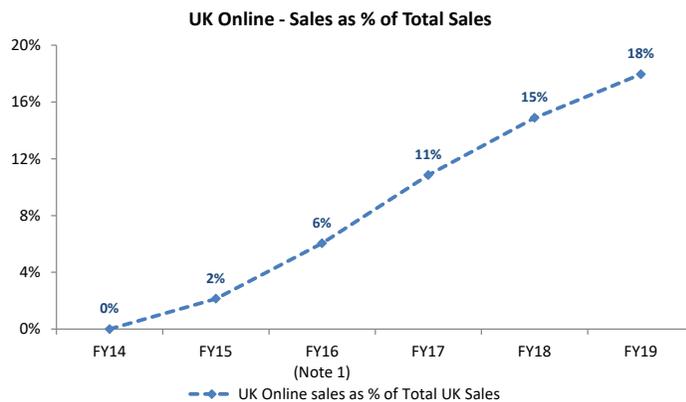
Successful brand launch in over 180 doors with potential to deliver \$35 – \$45 million in retail sales to consumers in 1H20, alone representing +20-25% growth on 1H19 actual global Smiggle retail sales

8

Online channel continues to expand and is far exceeding expectations

Smiggle Online Update

- Smiggle online channel continues to far exceed expectations
- FY19 UK online sales were 18% of total UK sales and Australia online sales were 10% of total Australia sales as consumers increasingly shop this channel
- Successful 2H19 launch of Smiggle proprietary transactional website in NZ, with sales results to date far ahead of expectations
- Continued investment across the existing proprietary business in Australia, New Zealand and the United Kingdom
- Successful 2H19 launch of Smiggle on Amazon Europe exposing the brand to an incremental 175 million potential new customers across France, Italy and Spain
- Third party transactional websites launched in FY19 including Selfridges (August 2018) and Harrods (November 2018) have seen over 40% of customers shopping from locations outside of the UK
- The online channel delivers a significantly higher EBIT margin than the Smiggle brand average
- Smiggle continues to explore further third-party relationships with other key global leaders including Alibaba, focusing on countries in which the brand does not currently operate but is in high demand



Note: 1. FY16 excludes non-comparable 53rd week of sales



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Concession strategy with iconic retail partners continues to deliver

Concession Update

- The concession strategy enables the brand to leverage on the foot traffic generated by the iconic retail partner without the need for long term leases and at a fraction of the capital employed to open standalone stores
- The concession model for Smiggle is extremely capital light with the deployment of capital at one tenth of an average store
- The concession performances in Selfridges and Harrods continue to perform well ahead of expectations
- Concession launch in Asia in FY19 has also been highly successful growing to 3 concessions across Singapore by end of 2H19 and with negotiations in final stages for a further 3-5 trading across Asia by Christmas 2019
- In markets where the brand already operates standalone stores Smiggle will continue to seek concession partnerships in the interest of delivering the highest returns to shareholders with best in class iconic retail partners



Selfridges Oxford Street Store, London – new location opened August 2019

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Concession strategy with iconic retail partners continues to deliver

Concession Update



Harrods, London – opened August 2018

Selfridges Oxford Street Store, London
– new location opened August 2019



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Smiggle pathways to global growth update – New standalone stores

New Standalone Store Update

- The brand will continue to explore compelling opportunities to open standalone stores in existing markets where commercial terms and returns on investment are attractive for shareholders
- New standalone store strategy remains on track with 7 new stores opened globally in FY19
- Whilst standalone stores remain a focus for the brand, with the ever evolving world of retail and the profound speed of growth into new channels, including online, the number of standalone stores and wholesale or concessions may be interchangeable by country as the focus will always be on delivering the highest returns for shareholders with the lowest capital employed



Castle Hill, Australia – relocated and refurbished March 2019

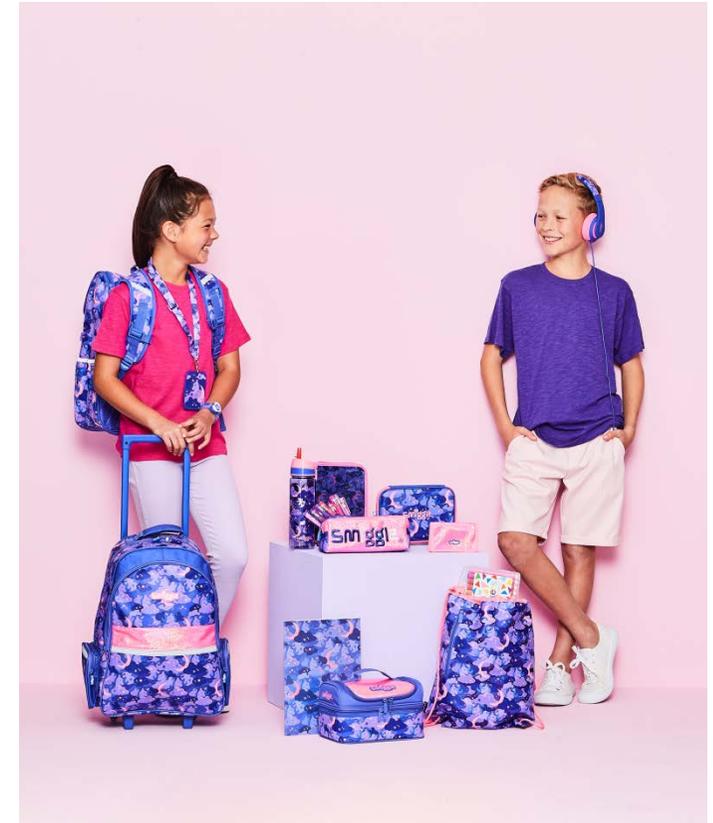


Empire Gallery, Malaysia – opened August 2018

8 Smiggle summary – pathways to global growth far exceeding expectations

Smiggle accelerated global growth strategy summary

- Smiggle has once again delivered a record result in FY19
- Smiggle reaffirms its growth strategy target to deliver \$450 million in annual global retail sales in calendar 2021 or calendar 2022, with the four pathways to growth platforms far exceeding expectations
- Wholesale far exceeding expectations with the Smiggle brand now represented in over 180 doors through 6 iconic retailers across 7 countries with a combined population of over half a billion and with the potential to grow to 350+ doors with the existing 6 partners within 12-24 months
- The wholesale EBIT margin is far higher than the brand's average EBIT margin
- Online proprietary and third-party growth continues to accelerate with the channel delivering a significantly higher EBIT margin than the brand average
- Concession growth continues to deliver high returns on low capital
- Smiggle maintains a unique market position to drive long term global growth



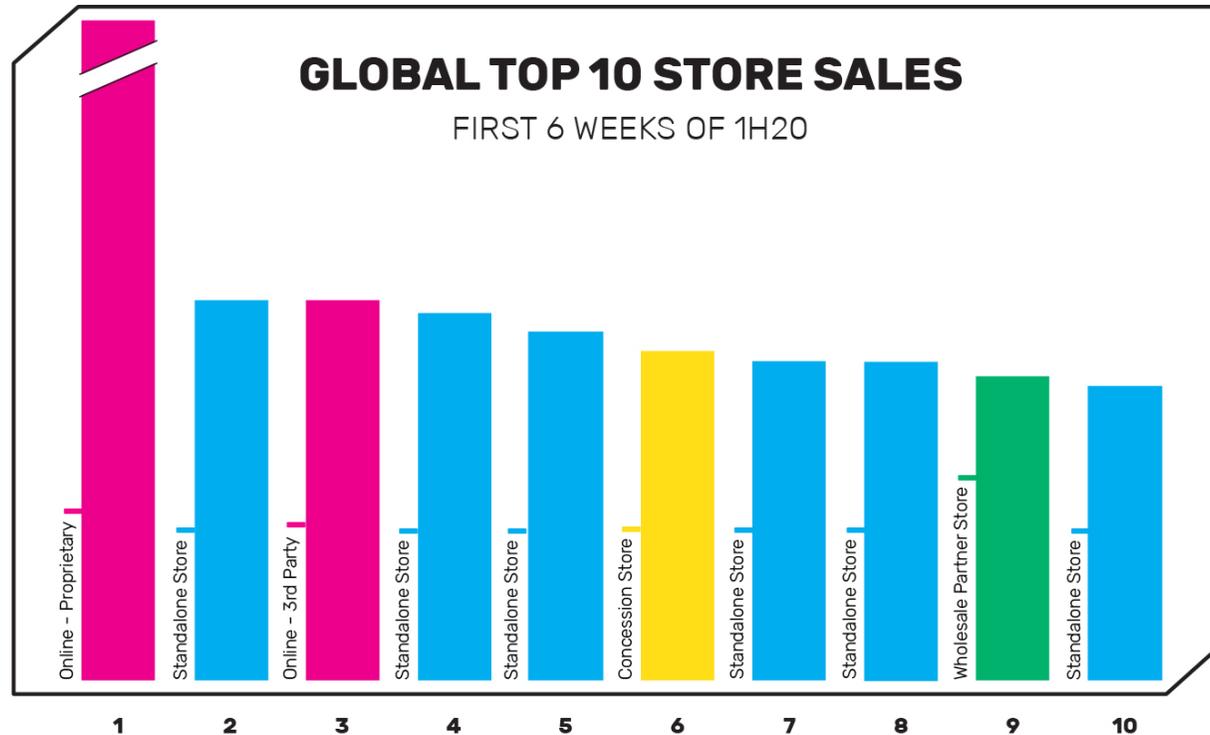
Smiggle reaffirms its growth strategy targeting to deliver \$450 million in annual Smiggle global retail sales in calendar 2021 or calendar 2022

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Smiggle's four pathways to growth are far exceeding expectations

All channels to consumers are represented in the brand's global top 10 stores

- The four pathways to growth strategy is delivering significant global brand exposure and a much higher EBIT margin with materially less capital, generating far higher cash flows than the originally planned multi country own store rollout



- John Cheston (Managing Director: Smiggle) continues to lead and inspire a high-quality management team that is creating and executing a multi-format, multi-channel brand strategy in order to realise the group's aspiration to make Smiggle a world leader in Children's stationery and lifestyle products

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Peter Alexander – Delivers record result

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Peter Alexander Sales



Notes:

- 1. FY16 excludes non-comparable 53rd week of sales



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Peter Alexander – 2020 Growth Plan now delivered

- Record Sales up 13.3% to \$247.8 million with strong total and LFL sales in both Australia and New Zealand
- 2020 Strategic Growth plan announced in September 2017 to increase annual sales to \$250 million by FY20 has now been delivered one year ahead of schedule
- 9 new stores opened in FY19: Cockburn (WA), Blacktown (NSW), Forrest Chase (WA), Moonee Ponds (VIC), Mt Maunganui (NZ), Merrylands (NSW), Canberra DFO (ACT), Rhodes (NSW) and Central Square Ballarat (VIC)
- 90% of capital investment in Australia and New Zealand stores has been funded via landlord contributions
- Children's sleepwear delivering outstanding results, with sales up 500% since FY13
- Continued expansion of P.A. Plus sizes delivering exceptional sales growing by over 150% in the past 2 years, with the Online channel delivering over 50% of total sales in this category
- Online has continued to deliver exceptional growth well ahead of the market, in particular as a growth channel for the new expanded ranges of Children's sleepwear and P.A. Plus



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Peter Alexander - Growth set to continue

- 2020 Strategic Growth plan announced in September 2017 to increase annual sales to \$250 million by FY20 has now been delivered one year ahead of schedule - with growth set to continue
- Potential to open a further 20-30 stores over the next 2 years, with 5 new stores already confirmed to open in 1H20:
 - Chatswood West (NSW) Oct-19
 - Hornsby (NSW) Oct-19
 - Helensvale (QLD) Nov-19
 - Eastgardens (NSW) Dec-19
 - Fashion Spree (NSW) Dec-19
- Additional opportunities exist for landlord funded refurbishments and expansions of existing stores
- Significant growth opportunity exists by expanding Children's sleepwear options online only
- Significant growth opportunity exists by expanding P.A. Plus options online only
- Online EBIT margin far higher than the brand average
- Peter Alexander continues to be a major destination for gifting, with innovative product design & packaging positioning the brand as truly unique in the market



Peter Alexander Rhodes (NSW) - Opened May 2019

Smiggle record result with the four global growth platforms far exceeding expectations

- Record result in FY19
- Record performance in Asia
- Reaffirm Smiggle growth strategy targeting to deliver \$450 million in annual global Smiggle retail sales in calendar 2021 or calendar 2022
- The four pathways to growth deliver significant global brand exposure and a much higher EBIT margin with materially less capital, generating far higher cash flows than the originally planned multi country own store rollout and are far exceeding expectations
- Wholesale far exceeding expectations with Smiggle now represented in over 180 doors through 6 iconic retailers across 7 countries with a combined population of over half a billion and with the potential to grow to 350+ doors with the existing 6 partners within 12-24 months
- Potential retail sales to consumers through wholesale channel in 1H20 of \$35 – \$45 million, alone representing +20-25% growth on 1H19 actual global Smiggle retail sales
- Smiggle maintains a unique market position to drive long term brand growth
- John Cheston (Managing Director: Smiggle) continues to lead and inspire a high quality management team that is creating and executing a multi-format, multi-channel brand strategy in order to realise the group's aspiration to make Smiggle a world leader in Children's stationery and lifestyle products

10 Premier Retail summary FY19

Peter Alexander – Delivers record result

- Record Sales up 13.3% to \$247.8 million with strong total and LFL sales growth in both Australia and New Zealand
- 2020 Strategic Growth plan announced in September 2017 to increase annual sales to \$250 million by FY20 has now been delivered one year ahead of schedule - with growth set to continue
- Potential to open a further 20-30 stores over the next 2 years, with 5 new stores already confirmed to open in 1H20
- Additional opportunities exist for landlord funded refurbishments and expansions of existing stores
- Significant growth opportunity exists by expanding Children's sleepwear options online only
- Significant growth opportunity exists by expanding P.A. Plus options online only
- Strong and focused management team led by Judy Coomber (Managing Director: Peter Alexander and Dotti) and Peter Alexander (Creative Director: Peter Alexander)

Online – Delivers record result

- Record Online sales of \$148.2 million, up 31.7% on a previous record FY18
- Online sales growing to 13.4% of the respective markets' sales in FY19
- Online channel continues to deliver significantly higher EBIT margin than the Group average
- All global sites continuing to deliver strong growth with all brands outperforming the market
- Major investment continues in technology, people and new marketing initiatives to deliver a world class platform and customer experience
- New Zealand Websites successfully launched and far exceeding expectations in 2H19 for Smiggle, Just Jeans, Portmans and Jacqui E, in addition to the rapidly growing Peter Alexander and Dotti Online businesses already in New Zealand
- Strong and focused management team led by Georgia Chewing (Group General Manager: Internet and Marketing) continuing to grow and innovate the business



peteralexander



dotti

smiggle.

JACQUIE



portmans

THE JUST GROUP

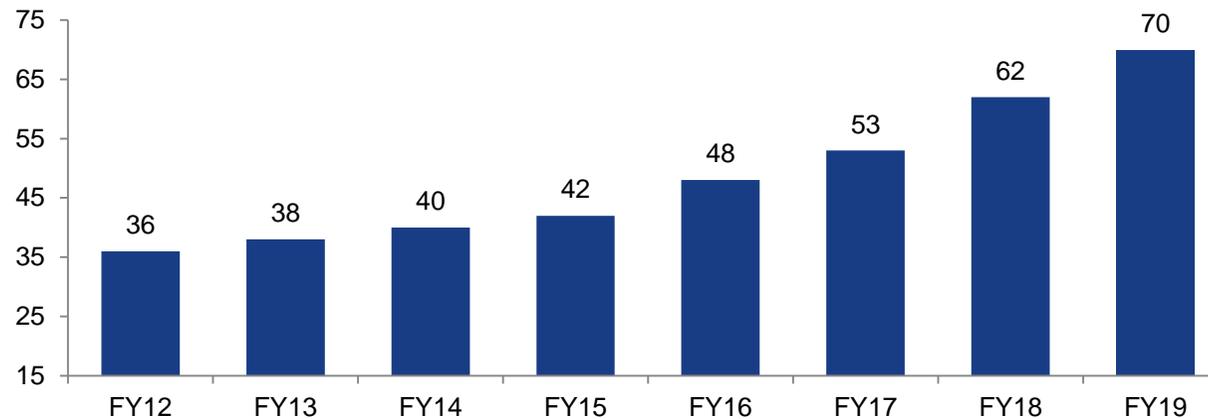
A woman with long, wavy blonde hair is wearing a white trench coat over a plaid scarf. She is looking directly at the camera with a neutral expression. Her right hand is raised, touching her hair. The background is a plain, light gray.

portmans

DIVIDENDS

- Due to the continued strength of the Premier Balance Sheet and the strong performance of Premier Retail, the Premier Board has declared an increased record final dividend of 37 cps fully franked, up 12.1% (FY18 Final: 33 cps)
- Total full year ordinary dividends of 70 cps fully franked, up 12.9% (FY18: 62 cps)
- The final dividend will be payable on 15 November 2019

Premier Investments Full Year Ordinary Dividends per Share (cents) Fully Franked





PREMIER RETAIL

Appendix A: BRAND BY BRAND PERFORMANCE

Highlights

- Record sales in FY19 of \$306.5 million
- Record performance in Asia
- Reaffirm Smiggle growth strategy targeting to deliver \$450 million in annual global Smiggle retail sales in calendar 2021 or calendar 2022
- The four pathways to growth deliver significant global brand exposure and a much higher EBIT margin with materially less capital, generating far higher cash flows than the originally planned multi country own store rollout and are far exceeding expectations
- Smiggle has commenced 1H20 strongly, with global sales for the first 6 weeks up 5.2% on the prior comparable period (excluding the wholesale channel)

Overview of Results

Sales	\$306.5m			
Var LY	+4.6%			
Store movements¹	Jul 18	Open	Close²	Jul 19
Australia/NZ	155	5	5	155
Asia	51	1	3	49
Asia Concession	-	3	-	3
Europe	140	1	-	141
Europe Concession	1	3	-	4
Global	347	13	8	352

Note: 1. Store movements table reflects standalone and concession stores only. 2. Store movements table reflects permanent store closures only, and does not include temporary store closures



Highlights

- Record Sales up 13.3% to \$247.8 million with strong total and LFL sales growth in both Australia and New Zealand
- 2020 Strategic Growth plan announced in September 2017 to increase annual sales to \$250 million by FY20 has now been delivered one year ahead of schedule – with growth set to continue
- Potential to open a further 20-30 stores over the next 2 years, with 5 new stores already confirmed to open in 1H20
- Additional opportunities exist for landlord funded refurbishments and expansions of existing stores
- Significant growth opportunity exists by expanding Children's sleepwear options online only
- Significant growth opportunity exists by expanding P.A. Plus options online only

Overview of Results

Sales	\$247.8m			
Var LY	+13.3%			
Store movements	Jul 18	Open	Close¹	Jul 19
Australia	95	8	1	102
New Zealand	14	1	-	15
Myer Concession	20	-	-	20
	129	9	1	137



Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures

Highlights

- FY19 Sales up 13.7% to \$241.9m - a particularly pleasing result for the group's original brand founded in 1970
- FY19 LFL sales up 13.6%
- 4 stores were closed in the last 12 months as part of the ongoing program to close unprofitable stores. The closure of these stores is EBIT positive for the brand despite the headline loss of sales in these stores
- Just Jeans has a strong, distinctive and competitive market position
- Differentiation through the international branded denim business where investment in width of range, instock of sizes and personal service continues to deliver a great competitive advantage
- Ongoing investment in better merchants to drive further growth
- Focus on disciplined execution of markdown management in a highly competitive market leaving a clean inventory position to commence FY20

Overview of Results

Sales	\$241.9m			
Var LY	+13.7%			
Store movements	Jul 18	Open	Close¹	Jul 19
Australia	197	1	3	195
New Zealand	45	1	1	45
	242	2	4	240



Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures

Highlights

- FY19 Sales up a 6.7% to \$168.7 million delivering a strong result for the brand
- FY19 LFL sales up 6.9% - stronger than overall sales growth
- 7 stores were closed in the last 12 months as part of the ongoing program to close unprofitable stores. The closure of these stores is EBIT positive for the brand despite the headline loss of sales in these stores
- Jay Jays has a strong, distinctive and competitive market position
- Ongoing investment in better merchants to drive further growth
- Focus on disciplined execution of markdown management in a highly competitive market leaving a clean inventory position to commence FY20

Overview of Results

Sales	\$168.7m			
Var LY	+6.7%			
Store movements	Jul 18	Open	Close¹	Jul 19
Australia	177	3	3	177
New Zealand	34	1	4	31
	211	4	7	208



Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures

Highlights

- FY19 Sales up 3.5% to \$128.4 million
- FY19 LFL sales up 6.1% - stronger than overall sales growth
- 4 stores were closed in the last 12 months as part of the ongoing program to close unprofitable stores. The closure of these stores is EBIT positive for the brand despite the headline loss of sales in these stores
- FY19 Online Sales continue to drive overall growth at a significantly higher EBIT margin than the store portfolio
- Portmans has an extremely strong and distinctive market position
- Investment to continue in social media to maximise customer potential
- Ongoing investment in better merchants to drive further growth
- Focus on disciplined execution of markdown management in a highly competitive market leaving a clean inventory position to commence FY20

Overview of Results

Sales	\$128.4m			
Var LY	+3.5%			
Store movements	Jul 18	Open	Close¹	Jul 19
Australia	87	1	2	86
New Zealand	12	1	2	11
	99	2	4	97



Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures

A | JACQUI·E

Highlights

- FY19 Sales up 3.3% to \$71.5 million
- FY19 LFL sales up 3.2%
- 2 stores were closed in the last 12 months as part of the ongoing program to close unprofitable stores. The closure of these stores is EBIT positive for the brand despite the headline loss of sales in these stores
- Jacqui E has an extremely strong and distinctive market position
- Ongoing investment in better merchants to drive further growth
- Focus on disciplined execution of markdown management in a highly competitive market leaving a clean inventory position to commence FY20

Overview of Results

Sales	\$71.5m			
Var LY	+3.3%			
Store movements	Jul 18	Open	Close¹	Jul 19
Australia	78	-	1	77
New Zealand	20	1	1	20
	98	1	2	97



Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures

Highlights

- The appointment of Judy Coomber to role of Managing Director Peter Alexander and Dotti, together with the return of Deanna Moylan to the group as Dotti Group General Manager in March 2018 reporting to Judy, is delivering a turnaround in performance
- FY19 LFL sales up 2.2% were stronger than overall sales, with improvement in profit margins being delivered through changes to sourcing strategy
- 9 stores were closed during FY19 as part of the ongoing program to close unprofitable stores. The closure of these stores is EBIT positive for the brand despite the headline loss of sales in these stores
- Capital investment in new store concepts continued in FY19, largely funded by landlords
 - New store concept investment at Melton (VIC), Eaton Fair (WA) and Mt Maunganui (NZ), and also at the relocation and refurbishment of Maroochydore (QLD)
 - 2 stores refurbished in existing locations in Australia
 - 93 stores received fixture upgrades in Australia
- Online Sales continued to grow ahead of the market with this channel delivering significantly higher EBIT margin than the Brand average

Overview of Results

Sales	\$106.3m			
Var LY	-0.1%			
Store movements	Jul 18	Open	Close¹	Jul 19
Australia	98	2	7	93
New Zealand	20	1	2	19
	118	3	9	112

Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures



B Appendix

Notes regarding significant and other one-off items excluded from underlying results

- **FY19:** Recent political developments in the United Kingdom, including the appointment of Boris Johnson as Prime Minister, have added further political and economic uncertainty to an already distressed retail and landlord environment. Many retailers including Top Shop, Paperchase, Debenhams, House of Fraser, Monsoon and Accessorize are currently trading through UK insolvency processes (such as CVAs – Company Voluntary Arrangements) which has led to material reductions in rent being provided by landlords to keep these retailers open and operating. Smiggle UK successfully launched in February 2014. To date, the business' store portfolio has generated significantly more cash flow than the capital invested and the brand has achieved a very strong and distinct market position. To maximise the group's leverage with landlords to achieve significantly lower rents in a very distressed and uncertain macro-economic environment, the Premier Board has decided to exercise the majority of the lease break clauses that were strategically negotiated as a risk mitigation strategy upon entering the UK market. As a direct result, the Premier Board has prudently decided to accelerate the UK store depreciation to lease break dates, incurring a one-off Brexit accelerated depreciation and associated costs charge of \$25.9 million (pre-tax) in FY19. Typically, specialty store leases in the UK are 10 years or longer. As a risk mitigation strategy, since launching Smiggle UK in February 2014, the Premier Board has strategically negotiated 5 year break clauses in the majority of leases to provide future flexibility. The Brexit accelerated depreciation & associated costs systematically accelerates the depreciation to the strategically negotiated lease break dates remaining in 117 out of 134 stores. The exercising of these lease break options provides Premier maximum flexibility and leverage to achieve lower rents in a distressed retail and landlord environment.
- **FY18:** During 2008, Premier Investments acquired Just Group Limited, and in line with Accounting Standards upon acquisition, recognised \$477.1 million in goodwill and \$376.2 million in brand names. In accordance with Accounting Standards, the carrying values of intangible assets are reviewed annually for impairment. In line with the changing structure of retail, the Board prudently decided to recognise an impairment expense of brand names within the casual wear cash generating unit (CGU) of \$30 million (pre and post tax). After this impairment expense, Premier reported statutory net profit after tax of \$83.6 million. The applicable Accounting Standards do not allow for the uplifting value either in total or in specific brands beyond the original cost allocation. Therefore, the financial statements do not reflect the significant value creation enjoyed by Premier shareholders since the 2008 acquisition for the Just Group as a whole, and specifically in the case of Smiggle and Peter Alexander. As an example, the combined sales of these two brands delivered sales of \$512 million in FY18 compared to \$66 million in FY08. This result is a function of Premier's strategy to grow its unique assets and compete in the apparel industry. The impairment expense for the FY18 year was non-cash
- **FY18:** Premier's other one-off charges in FY18 totalled \$6.4 million pre-tax (FY17: \$7.7 million pre-tax) and included costs incurred on relocation and pre-moving costs associated with the new Premier owned head office of Premier Retail, costs in relation to Premier's investment in Myer Holdings Limited and one-off Smiggle Europe expansion costs.



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Jay Jays

dotti

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B Appendix

Overview of Premier's non-IFRS financial information

- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. For example: significant, one-off items, non-recurring costs, like for like sales, underlying EBIT, underlying NPBT and underlying NPAT.
- Any non-IFRS financial information is clearly labelled to differentiate it from reported/IFRS financial information. Premier Investments provides reconciliations in the footnotes and appendix in order to allow the reader to clearly reconcile between the IFRS and non-IFRS financial information.
- Premier Investments' management believes that the presentation of additional non-IFRS information in its results presentations provides readers of these documents with a greater understanding into the way in which management analyses the business as well as meaningful insights into the financial condition or Premier's overall performance.
- The Australian Securities and Investments Commission (ASIC) acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.

Forward looking statements

- Any forward looking statements contained in this document have been based on expectations at the date of preparation of this document about future events. The forward looking statements included in this document may generally be identified by use of forward looking words such as believe, target, aim, expect, planned or other similar words. Similarly, statements that describe Premier's objectives, plans, goals or expectations are, or may be, forward looking statements. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual results to differ materially from the expectations. Nothing contained in this document is, or may be relied on as, a promise or representation as to the accuracy or likelihood of fulfilment of any forward looking statements, except to the extent required by law. You are therefore cautioned not to place undue reliance on any such forward looking statements.
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