



ASX RELEASE

29 November 2019

ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Please see the attached address to be delivered by the Chairman to shareholders at today's Annual General Meeting.

Regards,

A handwritten signature in black ink, appearing to read 'M Meyer'.

Marinda Meyer
Company Secretary



29 November 2019

CHAIRMAN'S ADDRESS

On behalf of the Premier Investments Limited Board, I would like to welcome you all to our Annual General Meeting for the 2019 financial year.

It is always a pleasure to address you and provide an update on the performance of your company during the year. We are conscious – not just in AGM season, but in every meeting we have and every decision we make – that you've entrusted your capital to us to invest prudently for long term returns. We're grateful for your trust in the Premier Board and the Management Team and we hope to continue to reward that trust.

2019 was another outstanding year for Premier, with your business performing very strongly at both the top line and the bottom line. However, yet again, this performance was set against a backdrop of declining consumer confidence and the uncertainty surrounding the outcome of the federal election in Australia.

It is in this context – and against a tumultuous global economic and political backdrop – that your company continues to adapt and thrive.

In the 2019 financial year, Premier delivered Net Profit After Tax of \$106.8 million, up almost 28%. On an underlying basis, Net profit before tax was \$177.6 million¹ with strong contributions from Premier Retail and our investment in Breville Group Limited ("Breville").

Premier also maintains an investment in Myer Holdings Limited, and had \$190.3 million of free cash on hand as at year end.

Recognising your company's strong result, and reflecting our confidence in Premier Retail's growth strategies, your Directors declared full year ordinary dividends totalling 70 cents per share, fully franked. This is a record for Premier and an increase of almost 13% on the prior year.

Today, Premier is a business with a retail and consumer products portfolio that is truly global. All seven Premier Retail brands have a presence in both Australia and New Zealand and a strong online offering. Smiggle is now available in 14 countries including the United Kingdom, Republic of Ireland, Singapore, Hong Kong and Malaysia.

Meanwhile, our strategic investment in Breville is performing strongly as the company continues to expand in North America and Europe with a focus on technology and innovation. More than two thirds of Breville's revenue is now generated offshore.

Breville contributed \$18.9 million to Premier's consolidated profit for the year. While the balance sheet value of Breville at year end was \$238.7 million, the market value was \$691.7 million.

There are few Australian companies that have managed to translate their local successes offshore, but The Premier Board and Management Team are proud of the way we have executed this via our strategic investments and our owned brands. We intend to remain nimble in order to maximise opportunities and minimize risks.

The way our Team, Management and Board work together to respond to challenges is a hallmark of our success and it is something I will speak more about when I address you on Smiggle's global growth strategy shortly.

PREMIER RETAIL PERFORMING STRONGLY

As you know, Premier Retail includes our apparel brands: Just Jeans, Jay Jays, Dotti, Jacqui E and Portmans. And also, our unique growth brands: Smiggle and Peter Alexander.

During the year the Premier Retail management team, led by Mark McInnes, continued to relentlessly pursue the successful rejuvenation of our apparel brands while growing Smiggle, Peter Alexander and our Online businesses.

As a result, Premier Retail delivered:

- total global sales of \$1.27 billion, up 7.5% on the prior year; and
- underlying earnings before interest and tax of \$167.3 million¹, up 11.5%.

These are outstanding results in a tough and competitive retail environment and while consumer sentiment in our core markets remains low.

Notwithstanding the environment, by creating a clear market position for each of Premier Retail's brands and successfully balancing efficiency measures with investment opportunities, your company continued to deliver operational outperformance and record financial results for shareholders.

Premier Retail's apparel brands achieved like-for-like sales growth of 7.8% across Australia and New Zealand – well above the market.

THE IMPORTANCE OF ONLINE

Premier has also invested heavily in the online offering for our retail brands and we will continue to do so. As technology evolves, so too do consumer expectations. This is not a set and forget business if you want to maintain consumer engagement and ensure the best possible online experience of your brands.

We also took the decision in 2013 to centralise and customize one single Australian Distribution Centre servicing 100% of Premier Retail's order fulfilment across all seven brands in Australia. This allows us to run a cost and time efficient operation that benefits our online customers.

During 2019, Premier Retail's online business delivered record sales of \$148.2 million, up 31.7% with growth ahead of the market. In comparison, NAB's Online Retail Sales Index records 8.3% growth for the industry year on year (in seasonally adjusted terms) to August 2019.

In the second half of the year, the team launched transactional websites for Just Jeans, Smiggle, Portmans and Jacqui E in New Zealand. These were in addition to the already established and rapidly growing New Zealand Peter Alexander and Dotti transactional websites.

The performance of Premier Retail's online businesses has surpassed expectations. We continue to make major investments in technology, people and new marketing initiatives to deliver a world class platform and customer experience.

PETER ALEXANDER AHEAD OF EXPECTATIONS

Pleasingly, our Peter Alexander business delivered record sales of \$247.8 million during 2019, up 13.3%. The Board is delighted that Peter Alexander has now achieved its aspirational target of \$250 million in annual sales a year ahead of schedule.

Peter Alexander opened nine new stores during the year and continued the online expansion of P.A. Plus and children's sleepwear. All of this will stand us in good stead as we approach the all-important Christmas season. Peter Alexander is a popular brand all year round, but it is a great destination for Christmas shopping.

Peter Alexander's growth categories continue to perform, with children's sleepwear sales up 500% since 2013 and P.A. Plus sales growing by 150% over the past two years.

Peter Alexander has further growth plans in place via the expansion of ranges online, expanded stores, refurbished stores and new stores.

SMIGGLE ACCELERATED GLOBAL GROWTH STRATEGY

Meanwhile, Smiggle continues to perform strongly as we launch the brand in more geographies and make it available through additional channels.

In 2019, Smiggle began to implement its "Accelerated Global Growth Strategy". This strategy recognises the major structural changes in global consumerism and technology that are taking place and allows us to manage risk and remain nimble in all the key markets we operate in.

Our objective is to accelerate Smiggle's global growth using four major pathways, namely:

- global wholesale arrangements;
- online growth;
- concession partnerships with iconic global retailers; and
- new store growth where the economics and shareholder returns are attractive.

Significantly, these four pathways aim to deliver much higher EBIT margin with materially less capital and far higher cashflows than the originally planned multi-country own-store roll out.

As Smiggle is unique to Premier and highly sought-after by customers, we can control our pathways to market and are not limited by traditional channels.

The strategy is progressing ahead of expectations, with Smiggle recently launching into South Korea, Thailand, Indonesia, Philippines, United Arab Emirates, Canada and Qatar via wholesale partnerships with iconic retailers.

Advanced discussions are ongoing with wholesale partners in new markets which have been identified as high potential with long runways for future global growth.

Smiggle's concession stores in Selfridges and Harrods continue to perform ahead of expectations and Smiggle opened its first Asian concession stores during the year, with three concessions trading in Singapore as at July 2019.

Also, in addition to its own successful transactional websites in key markets, Smiggle continued to expand its global footprint through third party websites in new markets.

LEADERSHIP AND GOVERNANCE

Before closing, let me briefly touch on governance. At the start of the year, we announced the appointment of Ms Marinda Meyer to the role of Company Secretary following the retirement of Mr Kim Davis. I'd like to take this opportunity now, on behalf of the Board, to sincerely thank Kim for his hard work and dedication.

We are also delighted to welcome Marinda to the role. She has a deep knowledge of the Premier business having had a number of years' experience working on Premier matters.

It's also important to acknowledge that Premier's robust financial performance would not have been possible without the continued hard work and commitment of our more than 10,000 employees.

As I have said previously, and I am more than happy to repeat here today, your Board believes that we have the most outstanding team of any retail business in Australia, and one that I believe could be successfully benchmarked internationally.

I would also like to thank my fellow Directors for their insights and counsel throughout the year. I consider it a privilege to serve alongside you all. I note that Dr David Crean, Mr Terrence McCartney and Mr Timothy Antonie will stand for re-election today. I hope my fellow directors will have your support – their contribution to this Board and Premier's performance has been invaluable.

And finally, on behalf of the entire Board, let me extend my thanks to you, our shareholders. We are conscious that we manage Premier on your behalf and we appreciate your support. We intend to continue to invest your capital prudently for long term growth and shareholder returns.

1. Refer to the Appendix included in the AGM presentation slides for details regarding significant and other one-off items excluded from underlying results.



**PREMIER
INVESTMENTS
LIMITED**

A.C.N. 006 727 966



Premier Investments Limited
Annual General Meeting
29 November 2019

THE **JUST** GROUP

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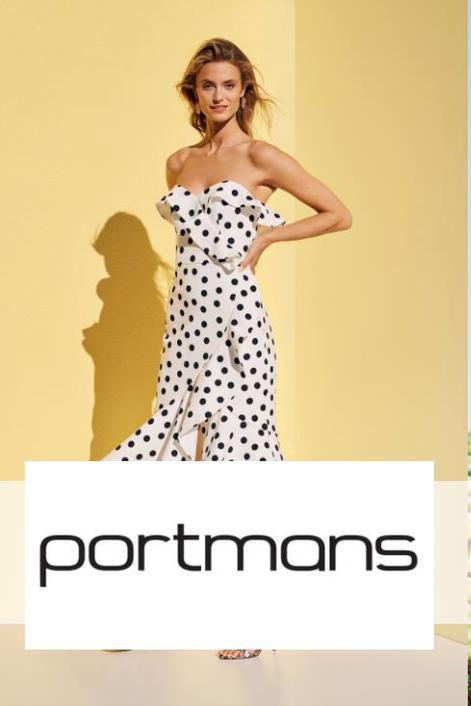
Jay
Jays

Just
Jeans

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portmans

Smiggle



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Agenda

1. Chairman's address
2. Resolutions



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1. CHAIRMAN'S ADDRESS



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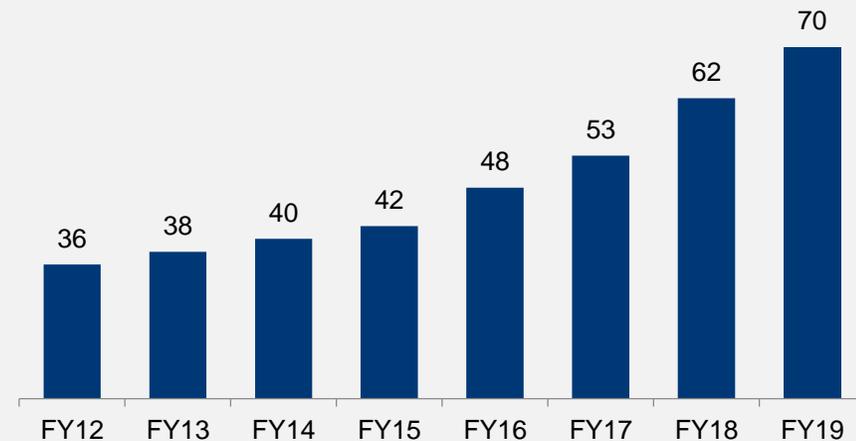
Premier Investments FY19 consolidated results

- Group profit
 - Net profit after tax \$106.8 million, up 27.7% on FY18
 - Underlying net profit before tax \$177.6 million¹
 - Net cash generated (operating less investing activities) for the year of \$123.3 million, up 32.3% on FY18
 - Cash on hand of \$190.3 million at end of FY19
 - **Increased record full year ordinary dividends of 70 cps fully franked, up 8 cps or 12.9% FY18 (FY18: 62cps)**

Note:

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

DIVIDEND HISTORY
Full year ordinary dividends per share (cents) fully franked



Premier strategic investment in Breville Group Ltd

- Breville equity accounted profit contributed \$18.9 million to Premier's consolidated profit for FY19
- Investment in Breville shown on Premier's balance sheet at \$238.7 million (equity accounted)
- Market value of investment at year end of \$691.7 million



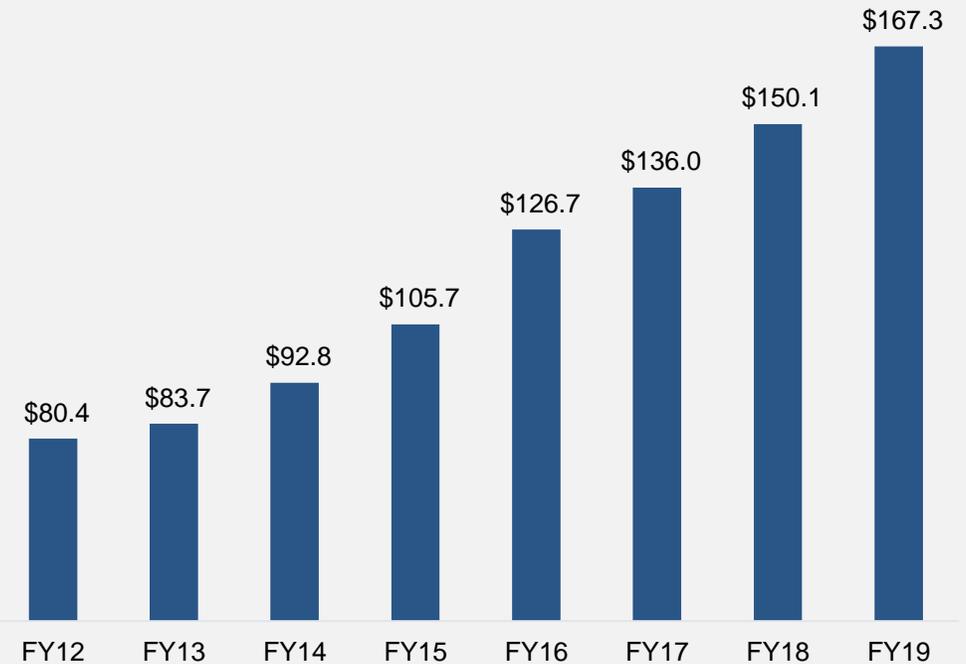
Premier Retail FY19 results

- Record sales of \$1.27 billion up 7.5% on FY18
- Like for like (LFL) sales up 4.2% (constant currency basis)
- Underlying earnings before interest and tax (EBIT) of \$167.3 million, up 11.5% on FY18¹

Note:

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

UNDERLYING EBIT HISTORY¹
\$ millions



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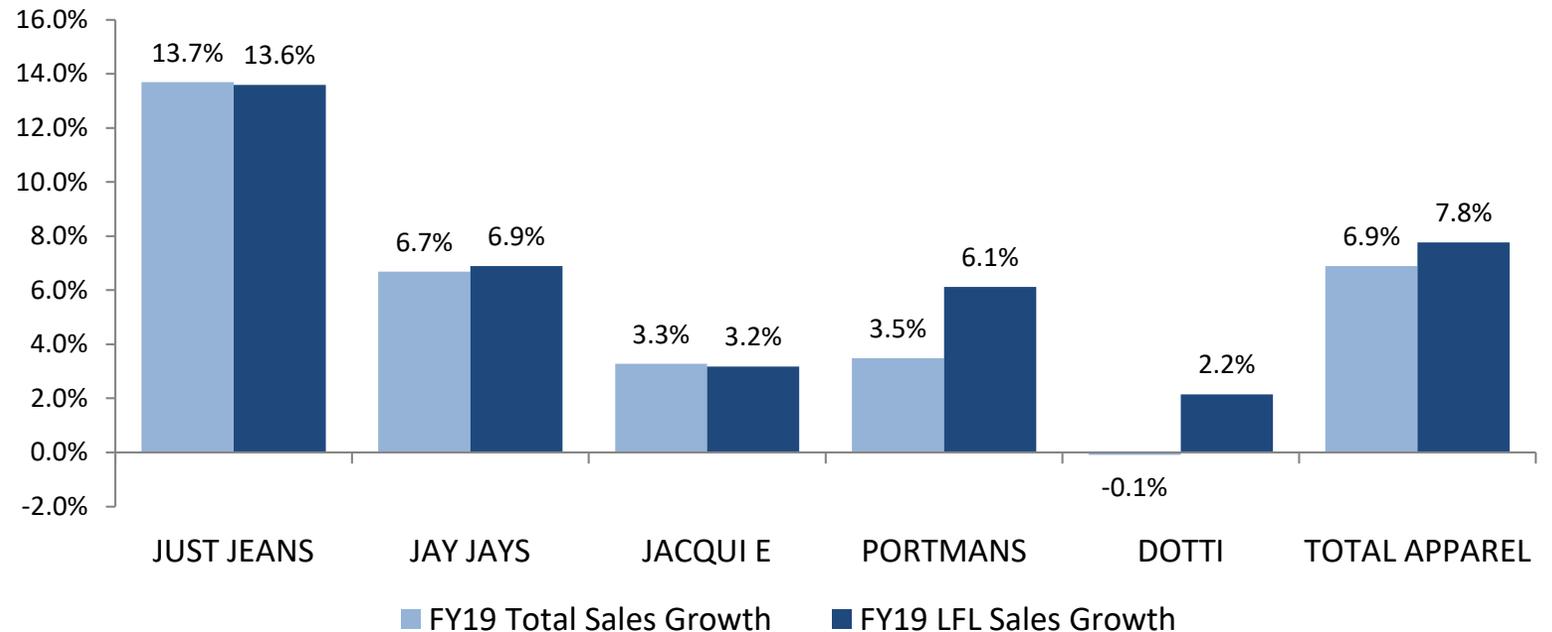
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portmans



Apparel brands – delivered 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



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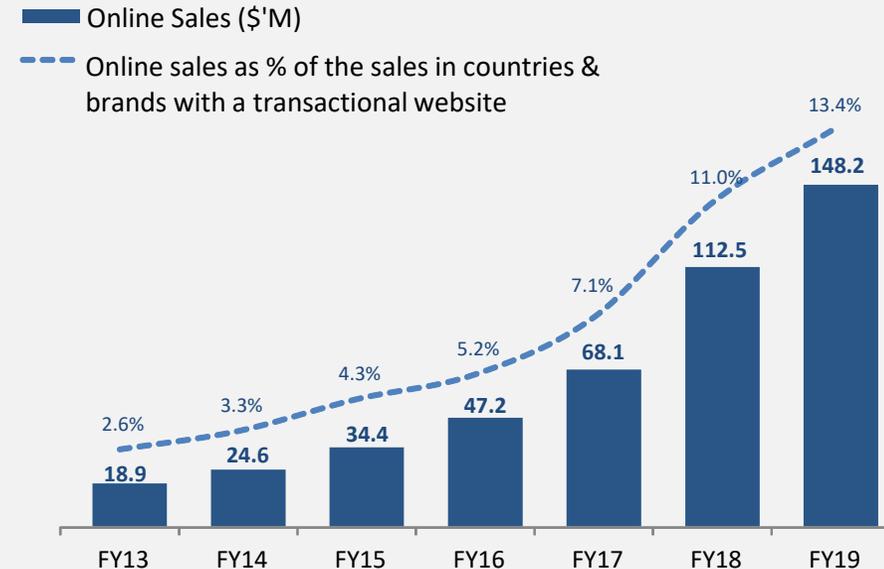
portmans



Online: delivers record sales

- Record online sales target of \$148.2 million up 31.7% on previous record FY18
- Online sales growing to 13.4% of the respective markets' sales in FY19
- New Zealand websites successfully launched 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
- Smiggle successfully launched on international third party websites
- Major investment continues in technology, people and new marketing initiatives to deliver a world class platform and customer experience

PREMIER RETAIL ONLINE SALES



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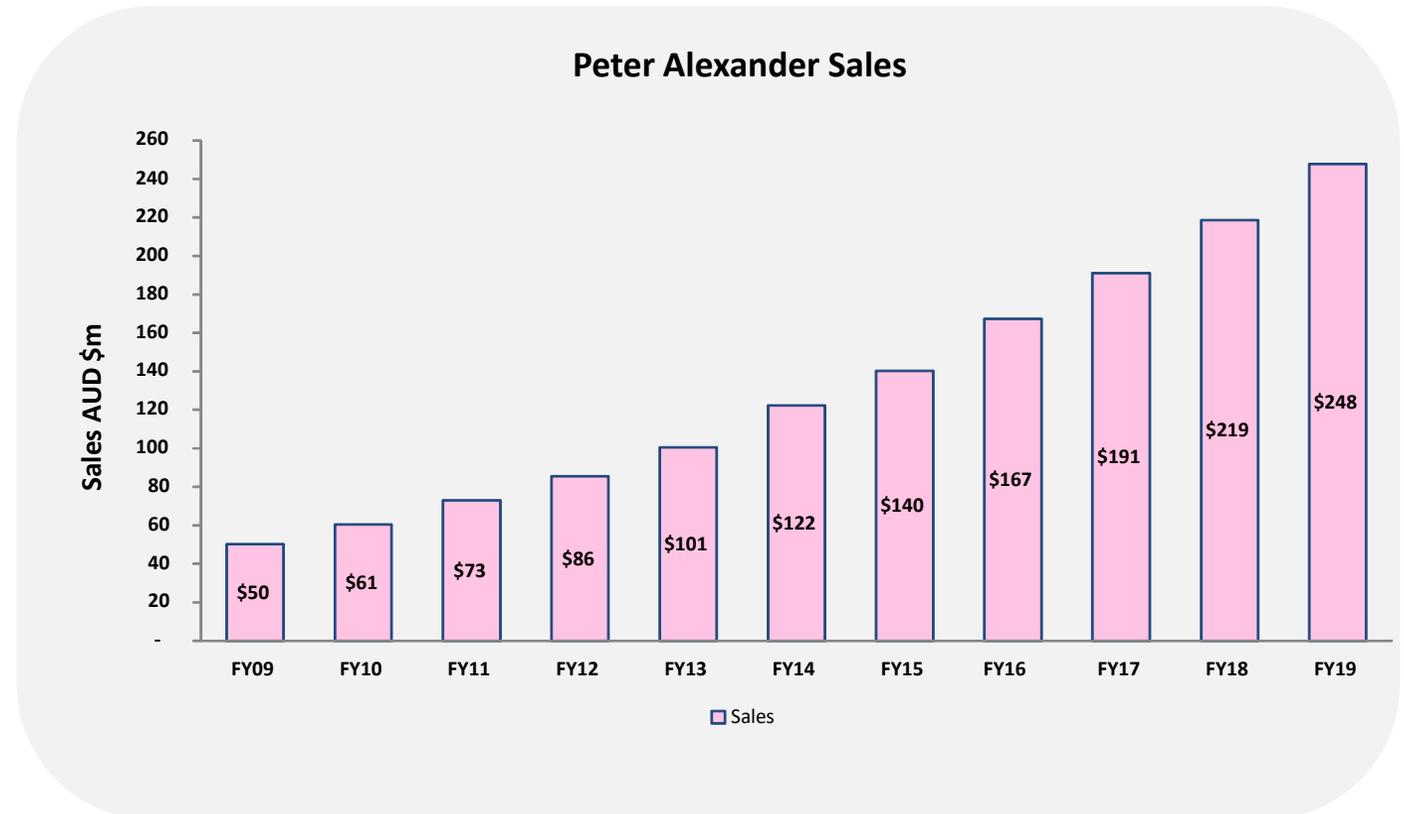
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portmans

smiggle

Peter Alexander — 2020 growth plan now delivered

- Sales of \$247.8 million, up 13.3% on a previous record FY18
- Peter Alexander 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



Smiggle: strategy to accelerate global growth far exceeding expectation

- Sales 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
- 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







dotti™



**Jay
Jays**



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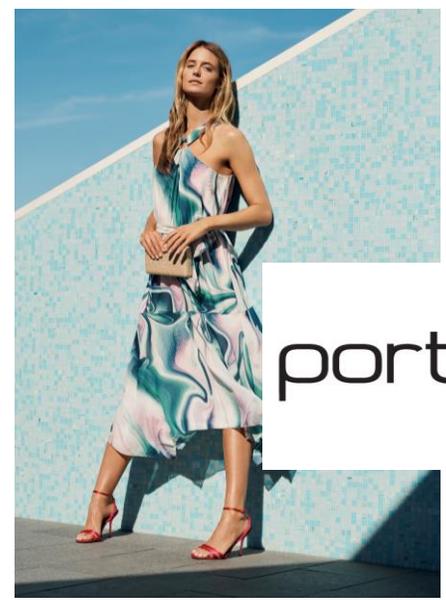
 Smiggle



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Just Jeans



portmans



Jay Jays



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Smiggle



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portmans

2. RESOLUTIONS

Appendix

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

- The Group's financial statements are reported under Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards board. Non-IFRS information is financial information that is presented other than in accordance with all relevant accounting standards. The Group provides these Non-IFRS financial measures to better understand key aspects of the performance and drivers of the Group's retail segment. Refer to page 9 of Premier's Director's report included in the 2019 Annual Report for further explanation and reconciliation of underlying EBIT.
- **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.

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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