



25 March 2022

## PREMIER INVESTMENTS 1H22 NPAT OF \$163.6 million

PREMIER RETAIL 1H22 EBIT OF \$212.0 MILLION<sup>1</sup>

RECORD INTERIM FULLY FRANKED DIVIDEND of 46 CPS, UP 35.3%

### 1H22 Highlights

- ▶ Premier Investments Limited ("Premier", or "the Group") statutory NPAT of \$163.6 million
- ▶ Premier Retail Results:

	1H22 <sup>2</sup> Premier Retail	Growth on comparable 1H21 (excl significant items <sup>2</sup> )	Growth on comparable 1H20 (excl significant items <sup>2</sup> )
Premier Retail sales	\$769.9 m	+0.6%	+5.2%
Online sales <i>(25.4% of total Premier Retail sales)</i>	\$195.4 m	+27.3%	+101.1%
Premier Retail Gross Profit	\$507.2 m	+1.4%	+10.8%
Premier Retail EBIT <sup>1</sup>	\$212.0 m	+5.5%	+55.7%

- ▶ Premier Retail Global sales of \$769.9 million:
  - Global like-for-like sales up 8.9% on 1H21
  - Record online sales of \$195.4 million, up 27.3% on 1H21 and up 101.1% on 1H20 and contributing 25.4% of total global sales
  - Record Peter Alexander sales of \$227.4 million, up 11.4% on 1H21 and up 57% on 1H20
  - Smiggle showing positive momentum with sales up 5.6% on 1H21
- ▶ Premier Retail Gross Margin up 54 bps on 1H21 and up 334 bps on 1H20
- ▶ Premier Retail EBIT margin up 119 bps on 1H21 and up 828 bps on 1H20
- ▶ Premier's investment in Breville at a market value of over \$1 billion at 29 January 2022 (balance sheet value of \$289.3 million)
- ▶ All operating debt repaid during 1H22 with cash on hand at end of half of \$468.6 million
- ▶ Record interim dividend of 46 cps fully franked, up 35.3% on 1H21
- ▶ 2H22 has opened strongly with total global sales for the first 5 weeks up 6.2% on 2H21

<sup>1</sup> Premier Retail EBIT of \$212.0 million includes significant items, as presented in Appendix B of the accompanying 1H22 Investor Presentation. Premier Retail 1H22 EBIT, excluding significant items, amounted to \$196.4 million.

<sup>2</sup> The Statutory results for 1H22 represent a 26 week period ended 29 January 2022 (1H21: 27 week period ended 30 January 2021). Results marked as "statutory" reflect the adoption of AASB 16 Leases. All other results are stated on a comparable 26-week period, pre-AASB 16 and excluding significant items, unless otherwise noted. Refer to Appendix B of the 1H22 Investor Presentation for a reconciliation of Statutory and Pre-AASB 16 results, including and excluding significant items.

## Commentary

Premier's Chairman, Mr Solomon Lew, said:

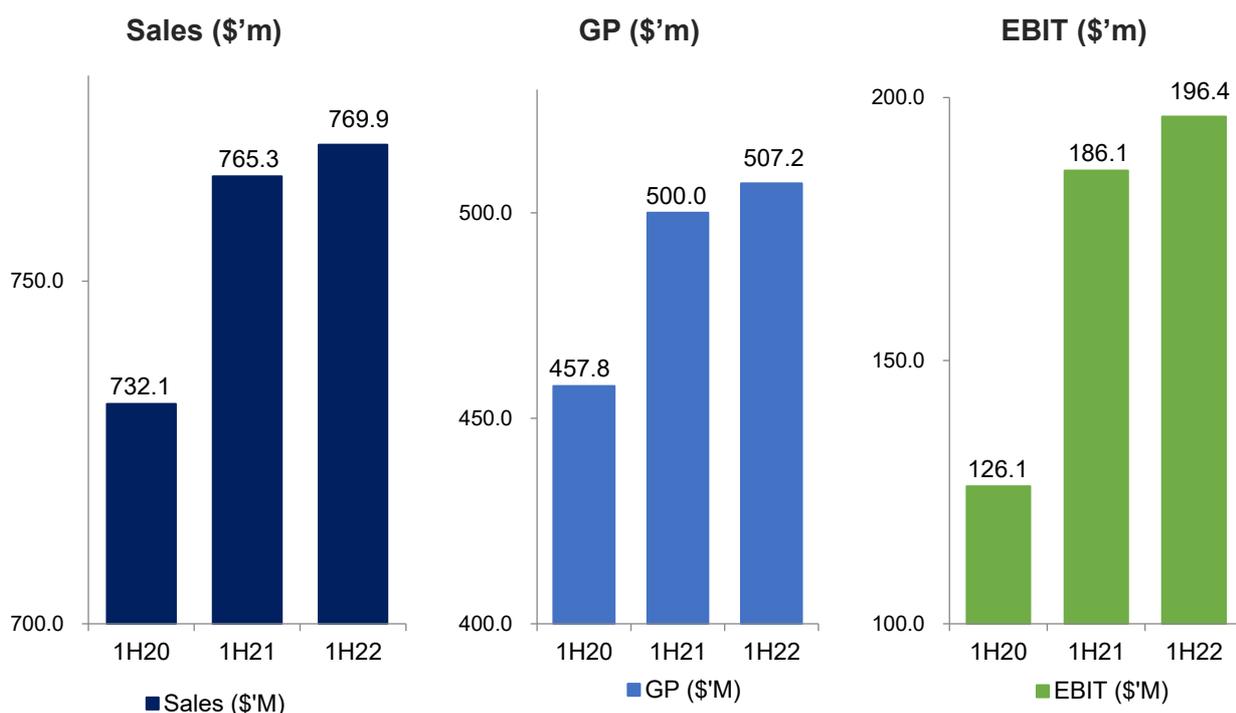
*"1H22 was one of the most challenging and unpredictable halves of the pandemic. Under government mandates, stores in our largest markets were shut for most of the first quarter equating to 42,675 trading days during the period. In the final two months of 1H22, we managed the impacts of the Omicron variant across our entire global business. Despite these challenges, Premier has once again delivered outstanding results, reflecting the high calibre of our Board, our talented senior management team, and the commitment and dedication of our team members across the globe."*

### Premier Retail – Strong results driven by sales and gross margin

Premier Retail delivered global sales for the half of \$769.9 million, up 0.6% on 1H21 and up 5.2% on 1H20. Like-for-like sales growth for the half was 8.9%. Premier is particularly pleased with this strong result given that the Group's stores were closed for 42,675 trading days during the half due to government mandated lockdowns imposed in response to the COVID-19 pandemic.

Premier Retail's gross margin increased by 54 bps on 1H21 (up 334 bps on 1H20). Gross Profit for the half was \$507.2 million, an increase of 1.4% on 1H21 and up 10.8% on 1H20. Total cost of doing business decreased by 67 bps on 1H21 and by 430 bps on 1H20. These reductions include store rent reductions (excluding significant items) of 349 bps on 1H20.

Premier Retail delivered EBIT of \$212.0 million (including significant items). Premier Retail EBIT excluding significant items was \$196.4 million, up 5.5% on 1H21 and up 55.7% on 1H20.



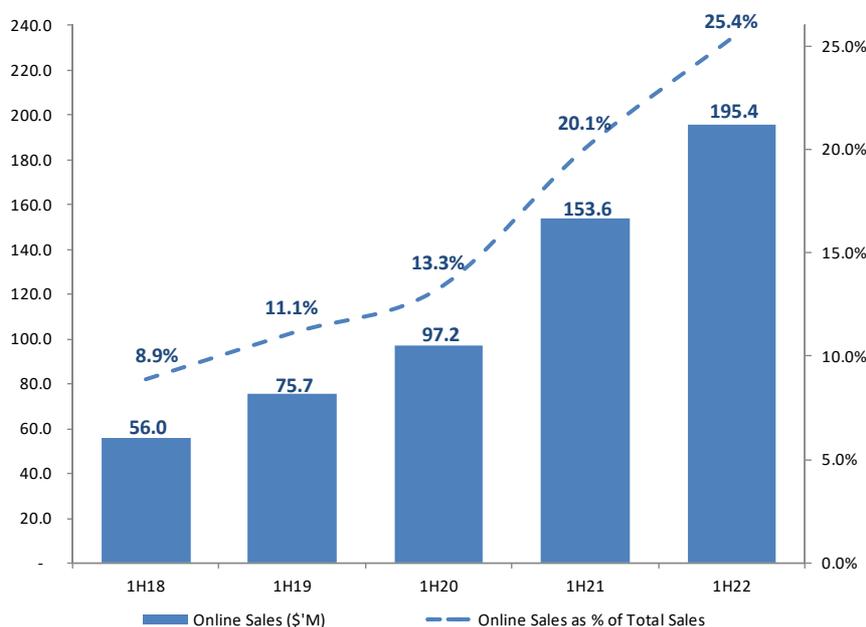
Executive Director and Premier Retail CEO Mr Richard Murray, said:

*"We are delighted with Premier Retail's strong 1H22 result which was achieved despite the volatile trading environment. The Group has had to pivot rapidly during 1H22 to combat numerous logistical challenges in the face of lengthy government mandated lockdowns and the emergence of the Omicron variant during the latter part of the half. This result has been delivered through rigorous planning and execution across all areas of our business. It was particularly pleasing to see the record results from Peter Alexander, Portmans and Online. Further, the Smiggle business has shown positive momentum during the half as children have returned to school and COVID-19 restrictions have eased."*

## Online – Record result surpassing 25% of total group sales

Premier Retail delivered record online sales of \$195.4 million in 1H22, up \$41.9 million or 27.3% on 1H21. The online business contributed 25.4% of total Group sales for the half.

### Online Sales Growth



The online channel continues to deliver significantly higher EBIT margin than the retail store channel.

Premier's 2013 strategic decision to invest in its 100% owned Australian Distribution Centre has allowed the Group to remain agile and to scale up its online fulfillment in response to customer demand, providing the Group with significant operating leverage. Reviews of the Group's distribution centre capabilities in both Australia and New Zealand continue as part of a long-term strategy to meet ongoing demand as customers change their shopping behaviour.

The Group will continue to make major investments in its people, its information technology, digital marketing capability and distribution centres to maximise the increasing customer preference to shop online.

### Multi-Channel Strategy – Maximising channel profitability

The accelerated customer preference to shopping online has further increased Premier Retail's focus on each store's profitability. Premier Retail has closed 156 stores over the past seven years, including 67 stores in the last two years, demonstrating its unrelenting focus on individual store profitability. It is not Premier Retail's objective to close any stores, however, should landlords not accept the major shift in consumer shopping behaviour and adjust their rents according to customer shopping preferences, store closures will be inevitable.

The majority of landlords – both large and small – have recognised the change in consumer shopping behaviours and the material ongoing impact of the COVID-19 pandemic on the retail market. Pleasingly many landlords recognise the long term financial strength of Premier and its seven iconic brands. Premier has continued to reach mutual agreement with key landlords over the past two years that appropriately rebases the Group's normalised store rent.

Premier Retail maintains maximum flexibility in reviewing each stores' profitability, with over 75% of its global store network either in holdover or with leases expiring in less than 12 months.

## **Peter Alexander – A leading lifestyle designer brand delivering record results**

Peter Alexander delivered another record sales result for the half of \$227.4 million, up 11.4% on 1H21 and up 57% on 1H20.

Peter Alexander's record sales result was driven by growth across all product categories (Womenswear, Menswear, Childrenswear, PA Plus, Footwear, Gift & Home Fragrance). The 1H22 sales growth was delivered despite prolonged government mandated lockdowns in Australia and New Zealand throughout the half, as customers seamlessly adjusted their shopping behaviour between online and store channels.

Peter Alexander's unique design led product continued to excite customers during critical gift giving periods and this has enabled the brand to deliver increased full priced sales with less promotional activity.

Peter Alexander has cemented its position as one of the leading lifestyle brands in Australia and New Zealand – increasing brand sales by over 400% in the past 10 years. The creative direction of the products and marketing programs provide customers a truly unique shopping experience with exciting products, world class store displays and instore theatre, customer service teams who are passionate about the brand and an exceptional online customer experience.

## **Smiggle – Powerful global brand rebounding as children return to school**

Smiggle delivered global sales of \$146.3 million in 1H22, up 5.6% on 1H21.

Smiggle is the ultimate children's destination for school essentials. From backpacks, water bottles and lunchboxes to pens and pencil cases, Smiggle is the original creator of all things fun, colourful and on trend. This unique global brand has been particularly impacted by the COVID-19 pandemic over the past two years in all markets as governments mandated the closures of retail stores and schools for extended periods of time, and as international borders were closed.

The key to Smiggle's success is children attending school. As schools have gradually reopened, Smiggle sales have rebounded.

In Australia and New Zealand, 1H22 was disrupted by months of school and store closures in the largest states and regions. Smiggle delivered a strong 2022 "back to school" trading period in Australia and New Zealand with sales up 16% on the comparable trading period in 2021. In Europe, Smiggle's sales performance in 1H22 exceeded expectations, particularly around the key "back to school" periods, and the brand is currently cycling the European store closures of 2021. Smiggle UK has continued to reach favourable property agreements with landlords during the half.

In Asia, numerous COVID-19 related disruptions were experienced in 1H22, including school closures and lack of tourists due to international border closures. Smiggle's international wholesale markets have delivered strong results where children have returned to school and COVID-19 restrictions have eased. The strong sales performance in the Middle East gives the Group confidence that the wholesale channel will thrive in an environment under easing COVID-19 restrictions.

Smiggle continued to have successful collaborations during 1H22 with Disney studios, BBC studios and Universal studios. The brand is delighted to announce a collaboration in 2H22 with the Australian Football League (AFL). The brand will also undertake major additional collaborations during calendar 2022.

Smiggle will maximise EBIT growth as sales continue to rebound in all markets and across all channels.

## **Apparel Brands – Well positioned to deliver future growth**

The Group's five iconic apparel brands delivered sales for the half of \$396.2 million, an increase of 0.7% on 1H20, notwithstanding the significant impacts of government mandated lockdowns in Australia and New Zealand.

The apparel brands' like-for-like sales for the half was up 5.3% on 1H21. Each of Premier Retail's apparel brands have a strong and distinctive competitive market position and are all well positioned to deliver future growth. Portmans has delivered a record 1H22 result with sales up 16.4% on the prior year, underpinned by strong like-for-like growth in both stores and online. The Group's original iconic brand, Just Jeans, has delivered first half sales growth of 16.0% over a three year period.

## **Premier Retail – A diverse portfolio of successful retail businesses**

Premier Retail has continued to deliver strong results despite the numerous challenges presented during the half. Today, Premier Retail is well positioned for future growth with:

- ▶ 1H22 Global sales up 5.2% on 'pre-COVID' 1H20 despite protracted government mandated lockdowns during 1H22
- ▶ 1H22 EBIT up 55.7% on 'pre-COVID' 1H20 (excluding significant items)
- ▶ Seven iconic owned brands each with a strong, distinctive and competitive market position
- ▶ World class customer facing website platforms trading in three countries
- ▶ A 100% owned and fully integrated Australian distribution centre with reviews of the Group's distribution centre capabilities in both Australia and New Zealand continuing as part of a long-term strategy to meet ongoing demand as customers change their shopping behaviour
- ▶ Significant investment in digital capability, online technology and infrastructure
- ▶ Significant investment in dedicated teams focused on retail, online and wholesale channel growth

2H22 has opened strongly with total global sales for the first 5 weeks up 6.2% on 2H21.

## **Premier Balance Sheet and Dividends**

Premier maintains a strong balance sheet with:

- ▶ An investment in Breville Group Limited with a market value over \$1 billion at the end of 1H22 (balance sheet reflects an equity accounted value of \$289.3 million)
- ▶ Cash on hand of \$468.6 million at end of 1H22 and property related debt of \$69.0 million having repaid all Premier Retail operating debt during 1H22
- ▶ Premier's strategic ownership of properties at St Kilda Road (the global Premier Retail head office) and Premier Retail's Australian Distribution Centre valued at a combined historical cost less depreciation of \$73 million (not reflective of the current market values)
- ▶ A \$68.6 million investment in Myer Holdings Limited at the end of 1H22

The Premier Board remains optimistic about the Group's ability to continue to deliver, however also recognises the Group is operating in highly uncertain times. The Board notes that the environment, whilst challenging for many businesses, may present new opportunities for the Group given the strength of its Balance Sheet.

In balancing these considerations, the Board has approved a record interim dividend of 46 cps up 12 cps or 35.3% on 1H21.

The approved interim dividend will be payable on 27 July 2022 with a record date of 22 June 2022.

This announcement, together with the accompanying investor presentation, has been approved for release by the Board of Premier Investments Limited.

ENDS

For enquiries:

**Investors and analysts**

Mark Middeldorf  
Premier Investments Limited  
m\_middeldorf@centuryplaza.com.au  
Tel: +61 3 9650 6500

**Media**

Lauren Thompson: +61 438 954 729  
Jon Snowball: +61 477 946 068

## 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: Pre AASB 16, significant, one-off items, non-recurring costs, like for like (LFL) sales, underlying Earnings Before Interest and Tax (EBIT), underlying Net Profit Before Tax (NPBT) and underlying Net Profit After Tax (NPAT).

Any non-IFRS financial information is clearly labelled to differentiate it from reported/IFRS financial information. Premier 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 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.

Like for like sales growth is calculated on a store by store daily basis in each market, including online stores. Only stores open on the same day in each corresponding period have been included in the LFL percentage growth calculation.

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. 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. In particular the dynamic nature and continuing uncertainty surrounding COVID-19 means it is impossible to predict or forecast the COVID-19 impact on future global consumption, supply chains and therefore Premier's business. 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.

Subject to any obligations under the Corporations Act or the ASX Listing Rules, Premier does not give any undertaking to update or revise any forward looking statements after the date of this document to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.