

# The PAS Group Limited – FY2014 Results Briefing

28 August 2014

# Agenda



- Highlights and Overview – Eric Morris (CEO)
- 2014 Results Analysis – Derrick Krowitz (CFO)
- Strategy and Outlook – Eric Morris (CEO)
- Appendices

METALICUS

BLACK PEPPER

REVIEW

BREAKAWAY

yarra trail



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## Highlights and Overview



# FY2014 Results Highlights



## Financial Highlights (i)

- Sales growth of 5.6%
  - Retail sales up 13.0%
- Pro forma underlying EBITDA growth of 4.8%
  - 1.3% ahead of prospectus
- Pro forma underlying NPAT of \$16.8 million
  - 1.2% ahead of prospectus
  - Pro forma EPS of 12.3 cps
- Net cash of \$0.5 million

## Operational Highlights

- 36 new stores opened
  - 235 retail sites at 30 June 2014
- LFL sales growth of 3.1%
- Online sales up 60.6%
- Strong growth in loyalty program membership and engagement
- Wholesale migrating from private label to licensed brands
- New brand licenses obtained during FY2014 include Slazenger, Everlast, Fred Bare, DKNY Menswear and Karrimor for launch in FY2015

Pro-Forma Underlying (i)	FY2013	FY2014	Change
Sales	\$232.4 million	\$245.5 million	+5.6%
EBITDA	\$29.3 million	\$30.7 million	+4.8%
NPAT	\$16.7 million	\$16.8 million	+0.6%

(i) See Pro-Forma Income Statement on page 12 and reconciliations in Appendix A, B

# Retail Sales Growth



- Retail sales grew 13.0% in FY2014
- 36 new stores in FY2014 and full-year impact of 28 stores opened in FY2013 were key drivers of growth
- LFL sales growth of 3.1% was a partial contributor in driving retail sales growth
  - Challenging trading environment in last quarter of FY2014 due to unseasonably warm weather and the impact of the Federal Budget

FY2013 to FY2014 Retail Sales Bridge (\$ million)



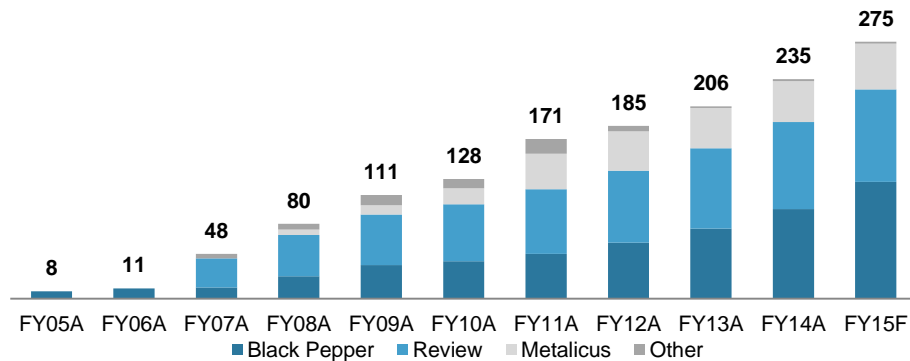
# New Store Roll-Out on Track



## Total Retail Sites by Brand

	FY2013	Opened	Closed	FY2014
Black Pepper	75	25	(4)	96
Review	86	7	-	93
Metalicus	43	4	(3)	44
Other	2	-	-	2
<b>Total Retail Sites</b>	<b>206</b>	<b>36</b>	<b>(7)</b>	<b>235</b>

## Store Roll-Out Trajectory



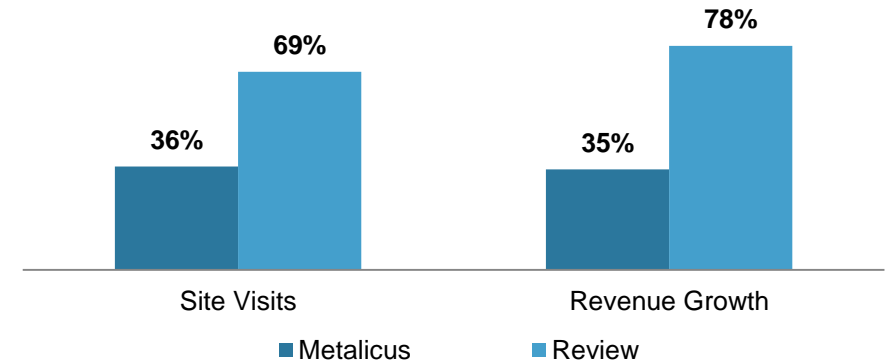
- 36 new retail sites opened in FY2014
  - Black Pepper: 25 stores
  - Review: 4 stores, 3 concessions
  - Metalicus: 3 stores, 1 concession
- 2 Black Pepper stores relocated
- 5 stores closed (2 due to centre redevelopment)
- 23 retail sites refurbished
- New store design concept introduced in Review and Metalicus

# Online Sales Growing

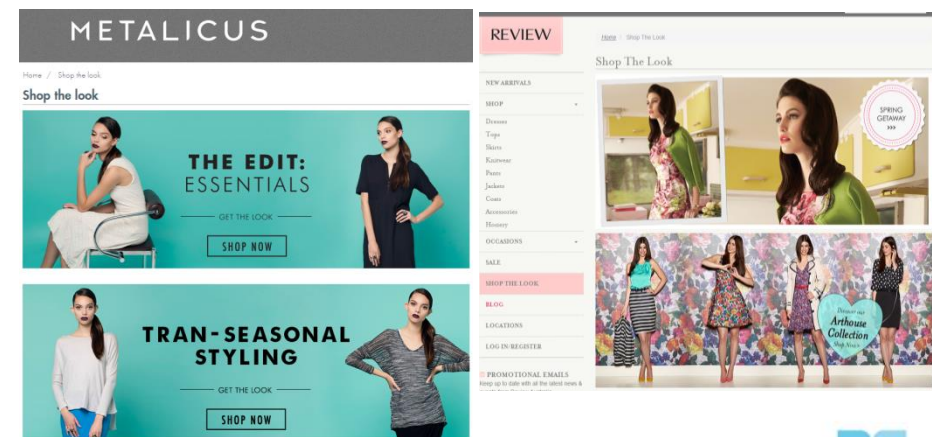


- Online and digital focus providing sales generation, consumer insights and direct consumer communication
- Online sales up 60.6% and 5.1% of retail segment sales
- 34% open rates on email marketing in FY2014
- Online continues to drive traffic to stores
- Implemented abandoned cart and retargeting
- “Click and Collect” functionality in 1H FY2015
- Further focus planned on SEO
- Launched “live chat” which provides direct consumer insights
- Affiliate marketing programs in place
- Focus planned on “welcome sequence”
- Black Pepper online to go live in October 2014 following encouraging performance of the trial site

## Online Growth Rates (FY2014 vs. FY2013)



## Metalicus and Review Online Stores



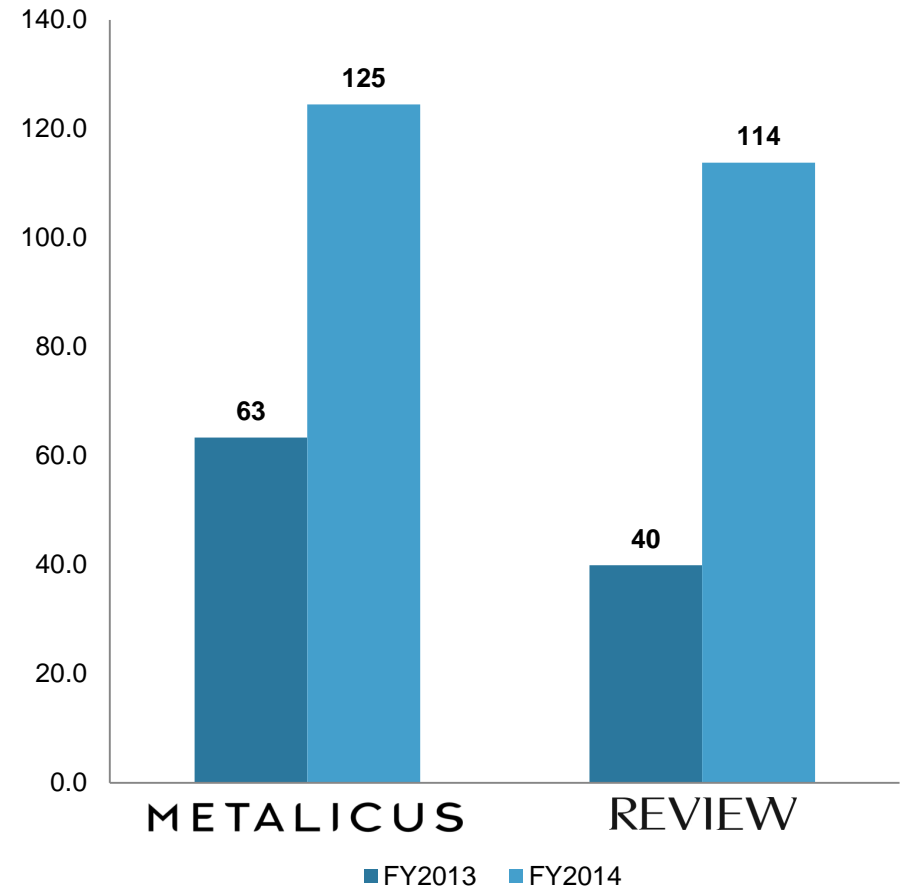
# Loyalty Programs



## Overview

- Existing loyalty programs for Metalicus and Review were enhanced in FY2014 and are continuing to be enhanced with additional features
- Strong growth in loyalty programs
  - Review up circa 1,500 members per week to 113,800
  - Metalicus up circa 500 members per week to 124,500
- 76% of Metalicus and 54% of Review sales in FY2014 are associated with the loyalty program
- Launching a loyalty program for Black Pepper in October 2014
- Continue to utilise the 'Myer One' program to support the Myer concessions as well as the acquisition of new customers

## Loyalty Program Members ('000)





# Wholesale, Design & Distribution

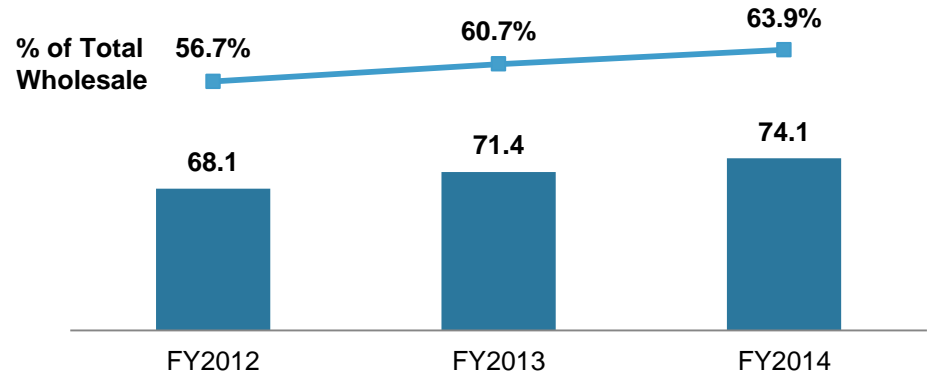


- FY2014 Wholesale sales of \$115.9 million, a reduction of 1.5% on FY2013.

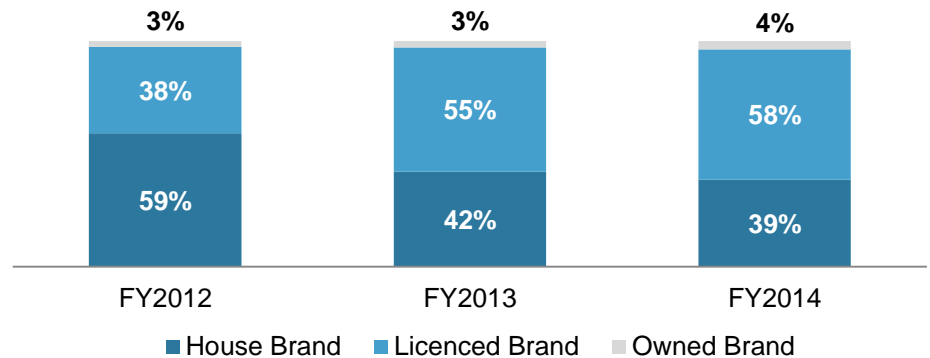
## DESIGNWORKS

- FY2014 sales growth of 3.8% (\$2.7 million) primarily driven by new licenses including Mooks
- House brand product remained stable in FY2014, however is expected to decline in FY2015
  - Greater shift than previously forecast from house brand to licensed product
  - Significant sales shift from 1H to 2H due to the transition to brand licensing and 2H impact of new brand licenses
- New design and procurement arrangements
  - Peter Morrisey Kids and new brand – Big W
  - Jack Stone – Myer
  - Mattel consumer products agreement – exclusive DDS partner
- Strong pipeline of new license opportunities
  - Brand owners attracted to Designworks design capability, quality and supply chain speed to market

## Designworks Revenue (\$ million)



## Designworks Migration from Generic to Owned / licensed Brands



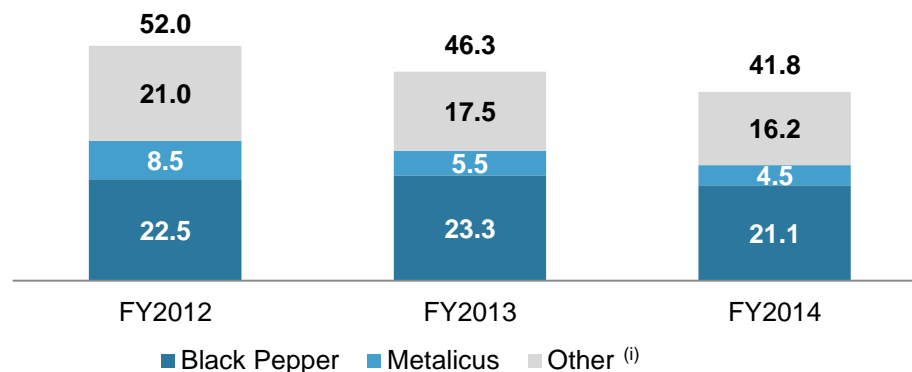
# Wholesale, Design & Distribution (cont'd)



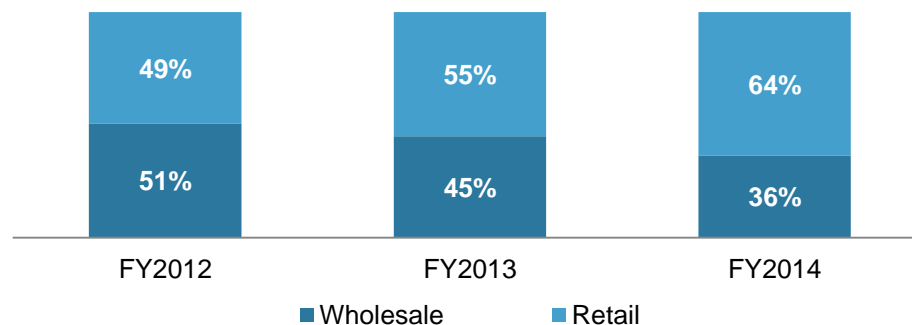
## OTHER WHOLESALE

- FY2014 sales decreased by 9.7% primarily driven by:
  - The rollout of the Black Pepper retail stores which has intentionally resulted in cannibalisation of wholesale sales providing greater profitability to the business
  - A decline in Metalicus wholesale (Previous GM now back in the business)
  - Reduction of wholesale sales of Marco Polo, offset by improved sales in Yarra Trail

## Other Wholesale



## Black Pepper Wholesale vs. Retail



(i) Includes Yarra Trail and Marco Polo

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## 2014 Results Analysis



# Income Statement



	FY2013	FY2014	FY2014
\$ millions	Pro-Forma Underlying (i)	Prospectus Forecast (i)	Pro-Forma Underlying (ii)
<b>Revenue</b>	<b>232.4</b>	<b>249.3</b>	<b>245.5</b>
Gross Profit	134.1	143.4	141.8
<i>Gross Profit Margin (%)</i>	<i>57.7%</i>	<i>57.5%</i>	<i>57.5%</i>
Total Expenses	(104.8)	(113.1)	(111.1)
<i>Total Expenses (%)</i>	<i>45.1%</i>	<i>45.4%</i>	<i>45.3%</i>
<b>EBITDA</b>	<b>29.3</b>	<b>30.3</b>	<b>30.7</b>
Depreciation & Amortisation	(4.8)	(6.0)	(6.2)
<b>EBIT</b>	<b>24.5</b>	<b>24.3</b>	<b>24.6</b>
Net Finance Costs (iii)	(0.6)	(0.6)	(0.6)
<b>PBT</b>	<b>23.9</b>	<b>23.7</b>	<b>24.0</b>
Tax Expense (iv)	(7.2)	(7.1)	(7.2)
<b>NPAT</b>	<b>16.7</b>	<b>16.6</b>	<b>16.8</b>

(i) Per prospectus

(ii) Refer reconciliation in Appendix A

(iii) Pro-forma finance costs assumed at \$0.6m in line with prospectus

(iv) Pro-forma tax expense assumed at 30% of pro-forma PBT in line with prospectus

- Revenue growth of 5.6% driven primarily by store rollout
  - Difference to prospectus due to slower trading in 4Q FY2014 and timing of wholesale customer deliveries
- Gross profit margin in line with prospectus
- Cost management initiatives resulted in expenses below prospectus forecasts
- Pro-forma EBITDA slightly ahead of prospectus

# Sales by Brand and Segment



	FY2013	FY2014	FY2014
\$ millions	Actual	Prospectus	Actual
<b>Retail</b>			
Black Pepper	28.7	37.1	36.9
Review	58.6	64.1	64.4
Metalicus	26.2	29.1	27.6
Other	1.3	0.7	0.7
<b>Total Retail Sales</b>	<b>114.7</b>	<b>131.0</b>	<b>129.6</b>
<b>Wholesale</b>			
Black Pepper	23.3	21.4	21.1
Metalicus	5.5	4.6	4.5
Designworks	71.4	76.3	74.1
Other	17.5	16.1	16.2
<b>Wholesale Sales</b>	<b>117.7</b>	<b>118.3</b>	<b>115.9</b>
<b>Total Sales</b>	<b>232.4</b>	<b>249.3</b>	<b>245.5</b>
<i>Retail Sales % of Total Sales</i>	<i>49%</i>	<i>53%</i>	<i>53%</i>
<i>Wholesale Sales % of Total Sales</i>	<i>51%</i>	<i>47%</i>	<i>47%</i>
<i>Retail Sales Growth (%)</i>	<i>11.3%</i>	<i>14.2%</i>	<i>13.0%</i>
<i>LFL Sales Growth (%)<sup>(1)</sup></i>	<i>(1.7%)</i>	<i>4.2%</i>	<i>3.1%</i>
<i>Wholesale Sales Growth (%)</i>	<i>(2.0%)</i>	<i>0.6%</i>	<i>(1.5%)</i>

- Challenging market conditions and unseasonably warm weather in May and June affected Retail sales particularly at Metalicus
- Review outperformed prospectus forecasts
- LFL sales growth of 3.1% - slower trading in 4Q FY2014
- Wholesale sales impacted by timing of customer deliveries which occurred in July

# Earnings by Segment



	FY2013	FY2014	FY2014
\$ millions	Prospectus	Prospectus	Pro-Forma
<b>EBITDA</b>			
Retail	16.4	18.6	18.5
<i>Margin (%)</i>	14.3%	14.2%	14.3%
<i>Growth (%)</i>	19.3%	13.4%	12.8%
Wholesale	18.8	18.9	18.3
<i>Growth (%)</i>	(4.1%)	0.3%	(2.7%)
<i>Margin (%)</i>	16.0%	16.0%	15.8%
Unallocated / Corporate	(5.9)	(7.2)	(6.1)
<b>Total EBITDA</b>	<b>29.3</b>	<b>30.3</b>	<b>30.7</b>
<i>Margin (%)</i>	12.6%	12.2%	12.5%
<b>EBIT</b>			
Retail	12.8	14.4	14.1
<i>Margin (%)</i>	11.2%	11.0%	10.9%
<i>Growth (%)</i>	22.5%	12.4%	10.2%
Wholesale	18.6	18.6	17.9
<i>Margin (%)</i>	15.8%	15.7%	15.4%
<i>Growth (%)</i>	(4.4%)	0.0%	(3.8%)
Unallocated / Corporate	(6.9)	(8.7)	(7.4)
<b>Total EBIT</b>	<b>24.5</b>	<b>24.3</b>	<b>24.6</b>
<i>Margin (%)</i>	10.5%	9.7%	10.0%

- Retail pro-forma underlying EBITDA in line with prospectus
- Wholesale pro-forma underlying EBITDA below prospectus primarily due to timing of customer deliveries
- Unallocated / Corporate pro-forma underlying EBITDA favourable to prospectus due to cost management initiatives
- Increase in depreciation due to timing of store rollout and IT systems implementation

# Balance Sheet



	Actual Statutory
\$ millions	30 Jun 2014
Cash and Cash Equivalents	0.5
Trade and Other Receivables	24.8
Inventory	22.8
Property, Plant and Equipment	12.0
Deferred Tax Assets	13.3
Goodwill & Other Intangible Assets	103.5
Other Assets	6.6
<b>Total Assets</b>	<b>183.5</b>
Trade and Other Payables	11.9
Borrowings	-
Other Liabilities	14.0
<b>Total Liabilities</b>	<b>25.9</b>
<b>Net Assets</b>	<b>157.6</b>

- Zero borrowings
  - Net cash of \$0.5 million
- 30 June 2014 balance sheet reflects implementation of the IPO
- Property, plant & equipment increase due to retail store rollout (2013: \$11.6 million)
- Deferred tax assets increase due to the tax step up on inventory valuation (2013: \$5.2 million)

# Cash Flow Statement



	FY2013	FY2014	FY2014
\$ millions	Pro Forma	Pro Forma	Statutory
EBITDA	29.3	30.7	31.2
Movement in Working Capital	2.8	(4.2)	(4.2)
Other Operating Cash Flows	(0.2)	(1.0)	(1.0)
<i>Cash Flow Conversion (%)<sup>(i)</sup></i>	<i>108.9%</i>	<i>83.1%</i>	<i>83.3%</i>
Share Based Payments	0.1	0.1	-
<b>Net cash flow from operating activities before financing activities and tax</b>	<b>32.0</b>	<b>25.6</b>	<b>26.0</b>
Capital Expenditure	(6.0)	(5.9)	(5.9)
<b>Net cash flow before financing activities and tax</b>	<b>26.0</b>	<b>19.7</b>	<b>20.1</b>
Income Tax Payments		(6.8)	(2.8)
Net Interest		(0.6)	(12.7)
Proceeds from issue of Shares			120.5
Repayment of borrowings			(96.0)
Offer costs			(7.2)
Funding of Minority Roll Up Transaction			(10.0)
Corporate Reorganisation			(9.4)
<b>Net cash flow before dividends</b>		<b>12.3</b>	<b>2.5</b>
<b>Dividends paid (including pre-Offer dividend)</b>			<b>(22.0)</b>
<b>Net Cash Flow</b>			<b>(19.5)</b>

(i) Cash flow conversion defined as EBITDA less movement in working capital and other operating cash flows, divided by EBITDA

- Working capital impacted by the timing of customer deliveries, creditor payments and higher inventory

	FY2014
\$ millions	Statutory
Movement in Trade & Other Receivables	2.1
Movement in Inventories	(2.7)
Movement in Trade & Other Payables	(3.6)
<b>Movement in Working Capital</b>	<b>(4.2)</b>

- Decrease in trade & other receivables due to lower sales to independent customers
- Increase in inventories and reduction in trade & other payables due to timing of deliveries to wholesale customers and slower sales in retail
- Capital expenditure in line with prior year



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## Strategy and Outlook



# Growth Strategy



<b>1 New Store Roll Out</b>	<ul style="list-style-type: none"><li>• Expected to grow from current 235 retail sites to 275 by end of FY2015 (refer next slide)</li><li>• Targeting 340 retail sites by end of FY2017</li></ul>
<b>2 Store Enhancement</b>	<ul style="list-style-type: none"><li>• Continuous review and refresh program driving same store sales growth</li><li>• New retail concept launched for both Review and Metalicus</li><li>• 31 retail sites due for refurbishment in FY2015</li></ul>
<b>3 Product and Brand Extension</b>	<ul style="list-style-type: none"><li>• Accessories and additional apparel categories</li><li>• Introduced footwear and accessories to selected Designworks brands and licenses</li></ul>
<b>4 Licensing Opportunities</b>	<ul style="list-style-type: none"><li>• Proven model of growing licensed brands – e.g. Mooks</li><li>• Strong pipeline of new licensing opportunities</li><li>• Leverage alliance with UK based global brand owner IBML</li><li>• Leverage existing wholesale relationships (e.g. Target, Big W, Myer, David Jones)</li></ul>
<b>5 Online Growth</b>	<ul style="list-style-type: none"><li>• Review and Metalicus online channels equivalent to number one and number two stores by sales respectively</li><li>• Successful pilot of Black Pepper online – launching in October 2014</li></ul>
<b>6 Loyalty</b>	<ul style="list-style-type: none"><li>• Continue to enhance Metalicus and Review programs</li><li>• Launching Black Pepper program in October 2014</li></ul>
<b>7 Acquisitions</b>	<ul style="list-style-type: none"><li>• Continuing to evaluate opportunities</li><li>• Disciplined approach and strict acquisition criteria</li></ul>

# FY2015 Store Roll-Out Program



Total Retail Sites by Brand	FY2014	Sites Secured	Under Negotiation	Sites to Secure	To Close	FY2015	FY2015 Prospectus
Black Pepper	96	11	9	10	(1)	125	125
Review	93	5	1	-	-	99	99
Metalicus	44	4	1	-	-	49	48
Other	2	-	-	-	-	2	2
<b>Total Retail Sites</b>	<b>235</b>	<b>20</b>	<b>11</b>	<b>10</b>	<b>(1)</b>	<b>275</b>	<b>274</b>

- Current plan ahead of Prospectus
- 31 retail sites due to be refurbished
- Newly refurbished stores positive impact on LFL sales growth
- 340 sites by 2017



- Retail environment remains challenging
- Controllable factors are being well executed
  - Store roll-out and refurbishment
  - Online and loyalty strategy
  - New brand licenses
  - Cost discipline
- Shift to licensed brands expected to result in 2H weighting in Wholesale segment
- Increased number of acquisition opportunities being presented – reviewing with discipline
- FY2015 NPAT guidance of \$17.7 million confirmed
  - LFL and acceleration of house brand decline are risk areas
  - Timing of store roll-out
  - Margin potential (including higher FX vs. forecast)
  - New licenses to mitigate risk areas
  - Continued focus on cost management
- Board maintains dividend policy of 70 – 80% of NPAT
  - 1<sup>st</sup> dividend expected with 1H FY2015 result

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# Appendices



# Appendix A: Statutory to Pro Forma Reconciliation



*Underlying results are reported to give information to shareholders that provides a greater understanding of the performance of The PAS Group Limited and its controlled entities' ('PAS') operations.*

*The underlying results represent the statutory profit adjusted for items that are material items of revenue or expense that are unrelated to the underlying performance of the business ('significant items'). PAS believes that presenting underlying profit provides a better understanding of its financial performance by facilitating a more representative comparison of financial performance between financial periods. Refer Appendix A for reference.*

FY2014 (\$'millions)	Footnote	FY2014 Revenue	FY2014 EBITDA	FY2014 EBIT	FY2014 NPAT	FY2013 Revenue	FY2013 EBITDA	FY2013 EBIT	FY2013 NPAT
<b>Statutory</b>		<b>245.5</b>	<b>28.6</b>	<b>22.5</b>	<b>13.0</b>	<b>232.4</b>	<b>30.3</b>	<b>25.5</b>	<b>8.3</b>
<b>Add back / (deduct) significant items:</b>		-	<b>3.1</b>	<b>3.1</b>	<b>(4.6)</b>	-	-	-	-
IPO related costs	(i)	-	2.6	2.6	1.8	-	-	-	-
Bonus payments relating to the IPO	(ii)	-	0.5	0.5	0.3	-	-	-	-
Write-off borrowing costs on repayments of borrowings via IPO proceeds	(iii)	-	-	-	0.9	-	-	-	-
Tax consolidation benefit	(iv)	-	-	-	(7.6)	-	-	-	-
<b>Underlying</b>		<b>245.5</b>	<b>31.7</b>	<b>25.6</b>	<b>8.4</b>	<b>232.4</b>	<b>30.3</b>	<b>25.5</b>	<b>8.3</b>
Pro-Forma Adjustments	(v)	-	(1.0)	(1.0)	8.4	-	(1.0)	(1.0)	8.4
<b>Pro-Forma Underlying</b>		<b>245.5</b>	<b>30.7</b>	<b>24.6</b>	<b>16.8</b>	<b>232.4</b>	<b>29.3</b>	<b>24.5</b>	<b>16.7</b>
<b>Prospectus Forecast</b>		<b>249.3</b>	<b>30.3</b>	<b>24.3</b>	<b>16.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

(i) \$2.6 million of IPO costs recognised as an expense. Total IPO costs were \$7.2 million, with \$4.6 million (net of tax) recognised in equity and \$2.6 million expensed in the profit and loss.

(ii) Payment of \$0.5 million under the Group's previous long term incentive plan triggered upon the IPO.

(iii) Write off of unamortised borrowing costs \$1.3 million (\$0.9 million after tax) in connection with the repayment of shareholder loans and other borrowings at IPO.

(iv) \$5.9 million tax benefit recognised on formation of an Australian tax consolidation group upon IPO and \$1.7 million in respect of tax losses not previously brought to account. These tax losses now meet the test for recoverability under AASB 112 'Income Taxes'.

(v) Additional public company costs of \$1.0 million added to the actual costs already incurred of \$0.3 million in FY14 to reflect the impact of a full year's costs. Pro-forma finance costs assumed at \$0.6 million in line with prospectus. Pro-forma tax expense assumed at 30% of pro-forma PBT in line with prospectus (\$7.2 million).

# Appendix B: Pro-Forma Earnings per Share Reconciliation



FY2014 (\$'millions)	Footnote	Underlying Pro-Forma
<b>Pro-Forma Underlying NPAT</b>	(i)	<b>16.8</b>
<b>Number of shares issued at IPO</b>	(ii)	<b>136.7 million</b>
<b>Pro-Forma EPS</b>	(iii)	<b>12.3 cents per share</b>

(i) Refer to Pro-Forma Income Statement on page 12 and reconciliation in Appendix A.

(ii) The number of shares issued at IPO was 136,690,860.

(iii) The Pro-Forma EPS (earnings per share) reflects the Pro-Forma NPAT / The number of shares issued at IPO



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## Overview of The PAS Group





# Key Attributes of The PAS Group



## Diversification

Diversified portfolio of brands across channel to market, gender, age, metro vs regional, price point and major customer mix.

## Design

Pride ourselves on investment in design.

## Platform

Strong platform for organic, bolt on and acquisition growth with ability to leverage an integrated supply chain and group infrastructure.

## Multi Channel

Online and digital focus providing sales generation, consumer insights and direct consumer communication. Further store growth opportunities.

# Key Brands and Operations



	Review	Metalicus	Black Pepper	Designworks	Other
Gender	Female	Female	Both	Both	Female
Age	24 – 40	25 – 50	50+	All	40+
Indicative Price Point	\$60 – \$300	\$40 – \$300	\$50 – \$150	Various	\$40 – \$300
Products	Dresses, tops, skirts, knitwear, pants, jackets, coats, accessories	Dresses, tops, cardigans, jackets, skirts, pants, legwear, accessories	Shirts, tees, polo's, pants, shorts, tops, skirts, jeans, jackets, knitwear, dresses	Men's, women's kids, all apparel categories, accessories, license product	Tops, shirts, knitwear, vests, jackets, pants, skirts, dresses
Range	Daywear, occasion wear, bridesmaid, career	Collections, basics	Various	Various	Daywear, occasion wear, weekend wear, casual and city dressing
# of Stores	93	44	96	N/A	2
Brands	<b>REVIEW</b>	<b>METALICUS</b>	<b>BLACK PEPPER</b> <b>BREAKAWAY</b> <b>yvonne black</b> <b>EQUUS</b>	Various	yarra trail <b>MARCO POLO</b> annapelle FIORELLI
% of Group FY2014 Net Sales					
FY2014 Net Sales: Retail vs Wholesale					
Established	1985	1992	1976	1993	Various



## REVIEW

- Established in 1985, Review has built a strong and loyal customer base
- Unique brand positioning offering feminine products inspired by vintage designs with a modern twist
- Target market is women aged between 24 and 40 years
- Review captures a large share of the value chain through operating a vertically integrated retailer model
  - Operates 35 stand alone stores nationally and 58 concessions within Myer
- Consistently in the top three performing concessions in Myer
- Rapidly growing online channel, currently equivalent to the number 1 “store” in the PAS group by sales
- Speed to market and regular store inputs of up to 15 new styles provided weekly



# Review at a Glance



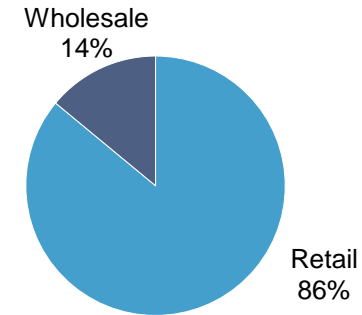




## METALICUS

- Established in 1992, Metalicus has a loyal customer base built on its distinctive and innovative collection which uses two way stretch fabrications
- The stretch nature of the fabrications and designs differentiates Metalicus from other brands in the market and enables the majority of products to be sold on a 'one size fits most' basis
- The easy care nature of the fabrication enables the product to be perfect for travel
  - Also suitable for maternity wear
- Broad distribution network of 31 owned retail stores, 13 Myer concessions, a rapidly growing online channel and 250 wholesale accounts
- Minor distribution currently in South Africa and Canada
- Small store footprints and efficient layout drive higher returns per square metre

### Sales by Distribution Channel FY14



# Metalicus at a Glance





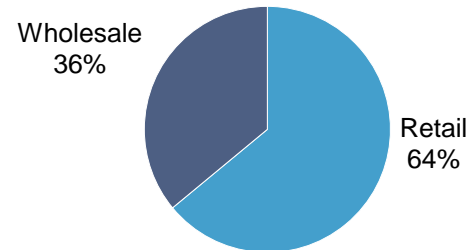
# Brand Overview – Black Pepper



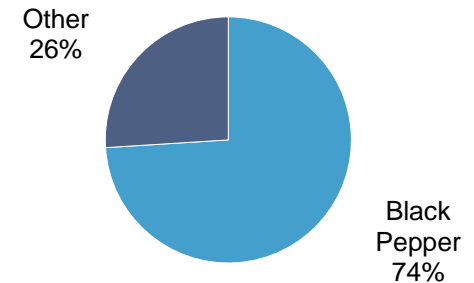
BLACK PEPPER

- Established in 1976 with a distinctive and sustainable position with the older demographic
- Black Pepper brands target a market segment which includes women's and men's leisurewear to a loyal over 50's customer base
- Key brands include Black Pepper, Breakaway, Yvonne Black, Equus and Extra Pepper. All brands have strong brand equity
- Significant intellectual property in designing products targeted to the older demographic body shape
- No major customer reliance with the products delivered through a broad distribution network including owned retail stores and outlet stores
- Currently have 91 retail stores and 5 concessions with significant growth opportunities based on a proven model. Retail sites target "strips" and neighbourhood centres with a strong focus on regional areas
  - Black Pepper is a key focus of the Group's medium term store rollout strategy
- High earnings predictability with majority of wholesale sales on indent basis (ie. committed orders received in advance of production)
- Strong profitability and high earnings to cashflow conversion
- Diversified distribution network with over 650 retail accounts in Australia and NZ
- Limited competition in an under-served and growing demographic

Sales by Distribution Channel FY14



Sales by Brand FY14



# Black Pepper at a Glance





# Operation Overview – Designworks

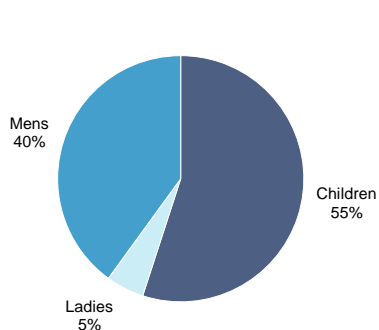


## Designworks®

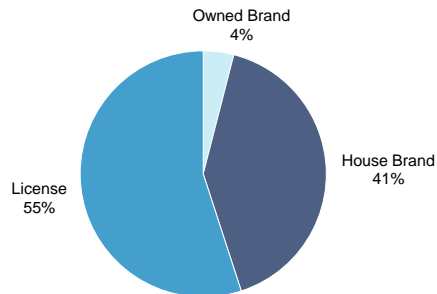
### Overview

- Designworks is a designer, marketer and wholesale supplier of owned brands, licensed brands and house brands to customers including Target, Big W, David Jones, Kmart, Myer
- Talented design team with over 22 designers
- Efficient supply chain enables speed to market
- Deliberate strategy to migrate from house brands to licensed brands
- Australian representative of IBML provides access to new brand licenses
- Growing footwear and accessories business

### Sales by Demographic FY14



### Sales by Mix FY14



### Key Brands

#### Owned Brands



#### IBML Brands



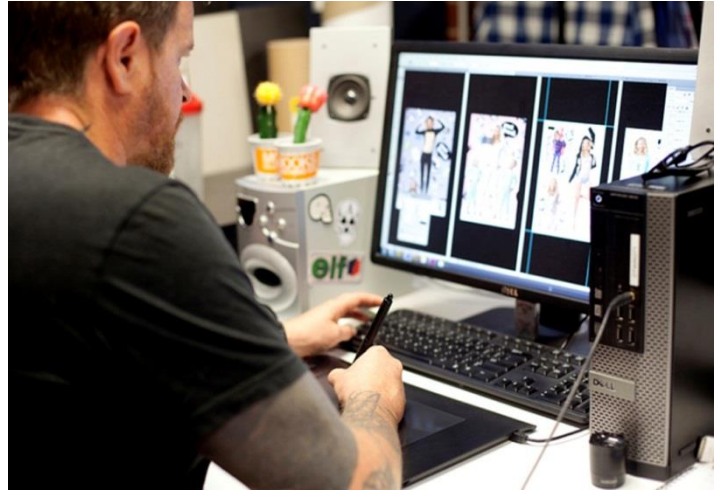
#### 3rd Party Private Label



#### Other Brands



# Designworks at a Glance





## yarra trail

- Established in 1984, Yarra Trail produces high-quality mid-range fashion products for women aged over 40, mostly via the Yarra Trail brand which has strong brand equity
- Yarra Trail distributes its product through 320 retailers including Myer and David Jones and operates 2 stand-alone stores
- Disciplined and focussed approach to the targeted consumer

## MARCO POLO

- Established in 1972, Marco Polo has an emphasis on knitwear and co-ordinates focused on the female 45+ consumer
- The brand has a long heritage
- A wholesale customer base of 200 accounts with long standing relationships
- Recently introduced into Myer

## FIORELLI

- Owner and licensor of the Fiorelli and Annapelle brands
- Fiorelli and Annapelle are licensors only and employ no staff
- Established in the 1986 (Fiorelli) and 1994 (Annapelle)
- Fiorelli is a licensing business which licenses the Fiorelli brand for bags, accessories and sunglasses
- Annapelle licenses handbags and accessories to 3rd parties
- Product for both Annapelle and Fiorelli is sold through department stores and independents



# Yarra Trail at a Glance





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