

HEADLINE

Group Limited

ACN 060 199 082

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30 November, 2010

For immediate release to the market

Managing Director's Presentation at 2010 Annual General Meeting

Please find attached for release to the market the Managing Director's Presentation to be given to shareholders at the Company's Annual General Meeting at 10.00 a.m. today.

Headline Group Limited



Ian Gordon
Company Secretary



HEADLINE
Group Limited



Annual General Meeting
30 November 2010

Aggressive Growth in 2010

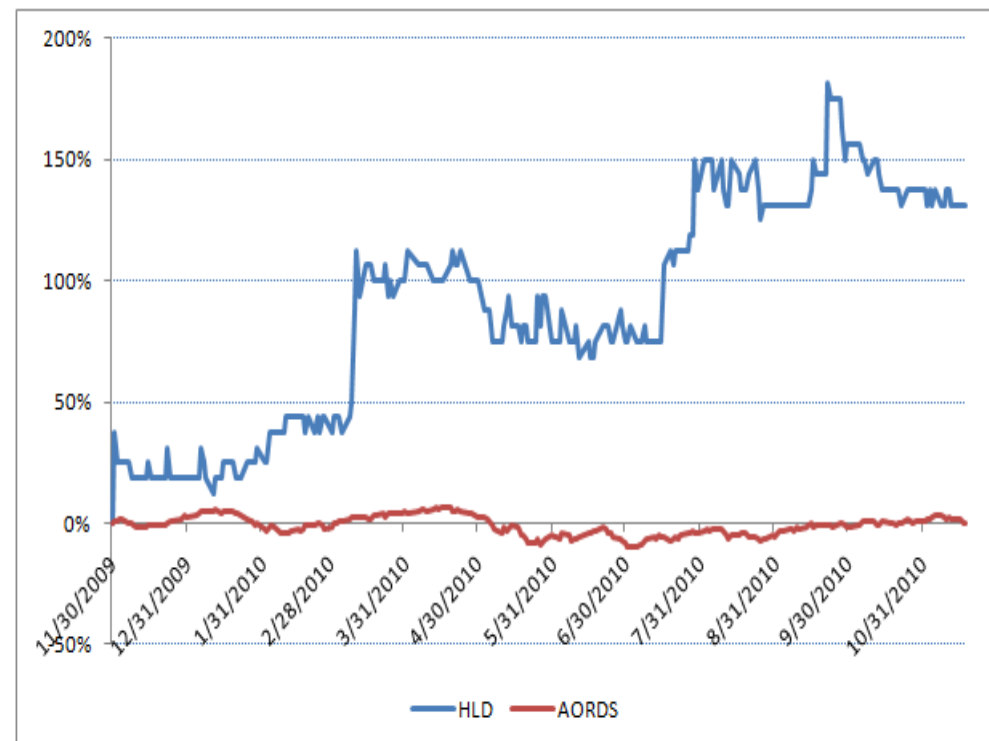
The company now runs 24,225 SQM of retail trading space out of 52 stores for a current revenue run rate of \$80 - \$90M

	Nov 2009	Nov 2010
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Stores	30	52
SQM	7,174	24,225
Employees	150	400+

Revenue Run Rate	\$30M	\$80 - 90M
Share Price	\$ 0.15	\$ 0.33
Market Capitalization	\$18M	\$64M

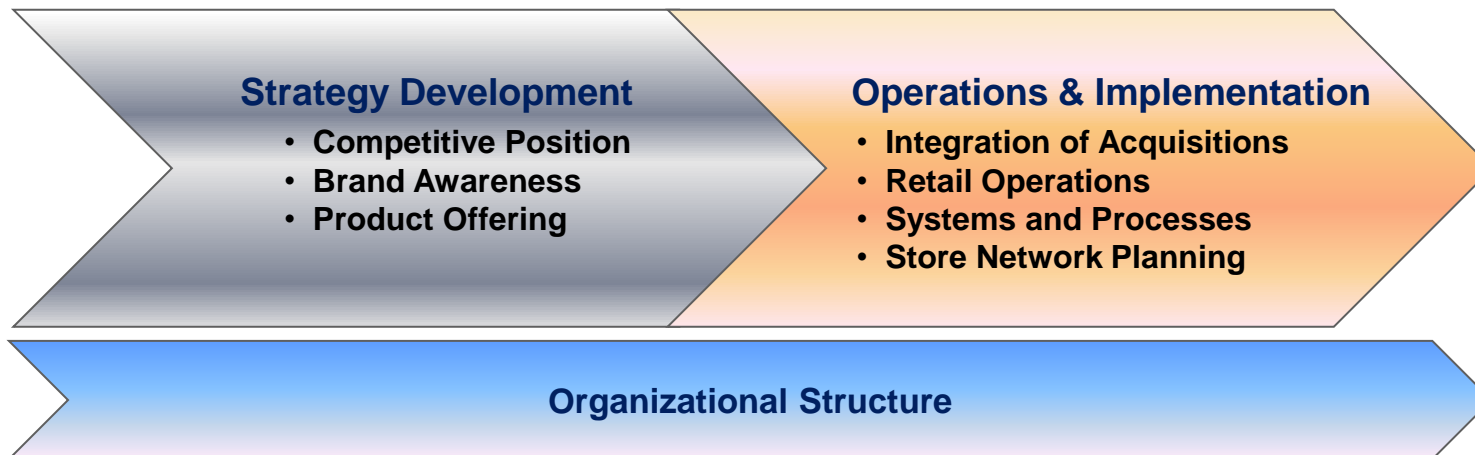
HLD Share Price



The market has recognised the future growth potential in HLD's strategy

Building Blocks of Value Creation

HLD's value creation is driven by a growth strategy underpinned by the right organizational structure, systems and retail business processes....



Superior Shareholder Returns

Strategy Review

Mothercare has a competitive advantage in an attractive market...



❑ Sources of Competitive Advantage...

- ✓ Compelling, internationally proven, “exclusive” product offering with ongoing product innovation
- ✓ Mothercare branded products providing margin advantage
- ✓ Fragmented market of largely local competitors operating on thin margins
- ✓ Ability to leverage global infrastructure for sourcing, marketing, merchandising etc.

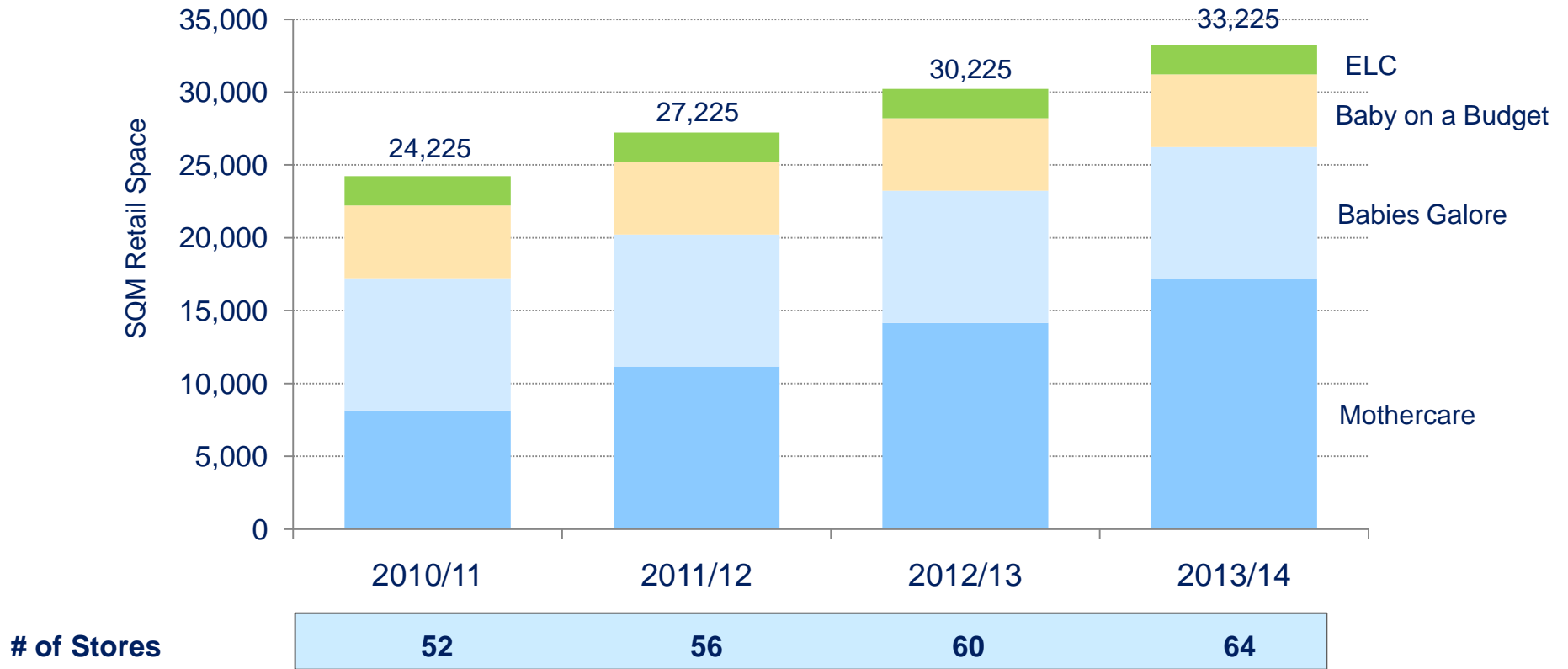
A number of strategic growth initiatives are being implemented to help capitalise on our strong competitive position ...

❑ Initiatives ...

- ✓ Conversion of acquired stores
 - ❖ Large store formats comprise 75+% of all conversions
- ✓ Ongoing organic store growth
 - ❖ Future organic growth driven predominantly by more profitable larger store format “Parenting Centres”
- ✓ E-Commerce Strategy ... www.mothercare.com.au, www.elctoys.com.au, www.kidscentral.com.au
- ✓ MotherCard Loyalty Program and database management

Store Expansion

The growth plan provides for sixty four stores and over 33,000 SQM of retail floor space by 2014

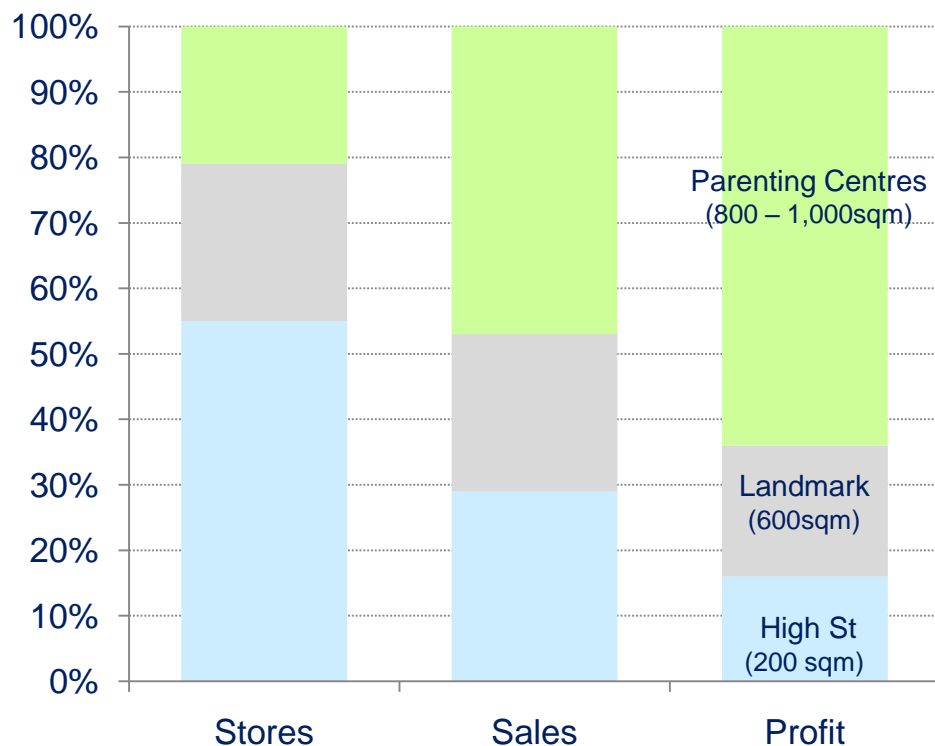


The Mothercare License Agreement target of 20,000 SQM retail space will be surpassed in 2011. Two additional parenting centres are scheduled to open in Q3 2011 in New Zealand

Parenting Centres – Economic Rationale Reminder

Parenting Centres in the UK contribute both the bulk of sales and profits. This is true of Mothercare franchisees in other countries as well – hence our emphasis on large format stores...

Mothercare UK – Parenting Centres

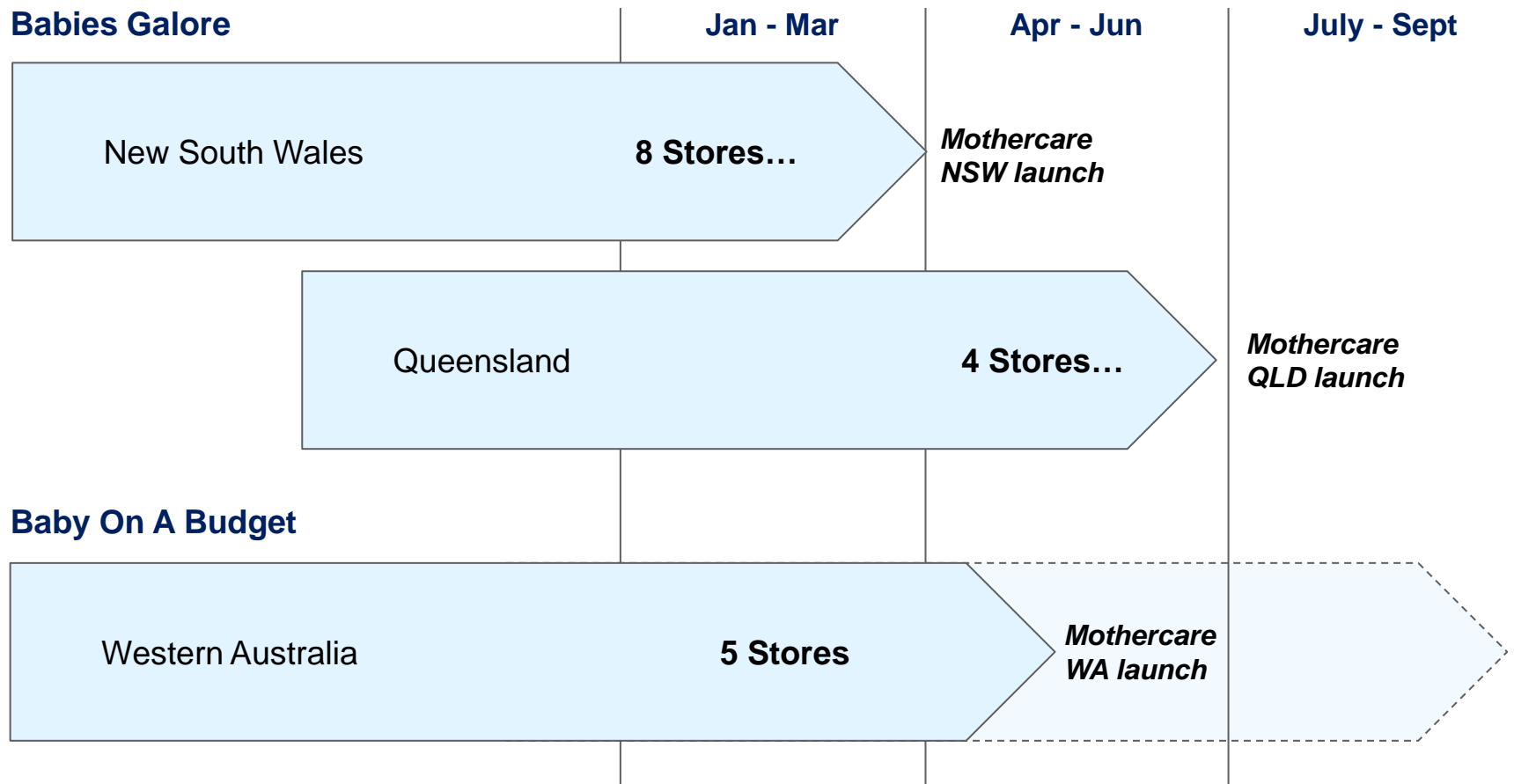


- ❑ Parenting centers account for only 20 % of Mothercare UK stores but contribute almost 50% of sales and 65% of profit
 - ✓ They are more than twice as profitable as smaller stores on a square meter basis
 - ✓ Other Mothercare franchisees report similar findings; e.g., Ireland: Parenting Centres account for 20% of stores and 80% of the profit

- ❑ ***The Babies Galore and Baby On A Budget conversion program is focused on creating Mothercare parenting centre store concepts***

Conversion Program

Babies Galore and BOAB stores to be converted by October 2011 with coinciding launches of the Mothercare brand by state...



Kids Central / ELC

Kids Central/ELC is entering the critical Christmas period well-prepared...

“Gift Guide” Catalogue...

www.elctoys.com.au

special offers

new & exclusive
Digi-Cool Camera

limited edition
Mini Micro Scooters

star buy

free toys
with special Christmas starbuys*

KIDS CENTRAL

2010 CHRISTMAS GIFT GUIDE
toys that make learning fun!

Bold Store Merchandising

merry christmas
from mothercare

E-Commerce and MotherCard Loyalty Program

Both www.mothercare.com.au and the MotherCard loyalty program have launched...



❑ Traffic has been building steadily but there is of room for improvement in the online performance

- ✓ Average spend per transaction is greater than \$100 and conversion rates have doubled
- ✓ Initiatives to further drive traffic and conversion include paid search engine placements, an increase in H&T product offering and the merging of the Babies Galore database



❑ Initial uptake has been encouraging, over 50k members to date...key insights:

- ✓ MotherCard holders spend 50% more per transaction than regular customers and...
- ✓ ...return for more transactions than regular customers. A third of the loyalty base have made more than 4 transactions on their card
- ✓ Great opportunity for data analysis and targeted marketing as transaction data builds

Priceline

In 3 weeks the “All We Know” toiletries range has hit 75% of its sales units target and space productivity is approaching that of key national players...



mothercare
all we know
baby toiletries



All our special: into All We Know The products c extracts, are m suitable from b

always open at mothercare.com.au

IN IT TO WIN IT

Win a Mothercare prize pack

To celebrate the launch of Mothercare All Baby products at Priceline this November two lucky entrants the change to win a great Mothercare prize pack.

Simply tell us in 25 words or less why you want to win these great prizes from Priceline and Mothercare.

1st PRIZE:
Mothercare Pure Package, including:
Cotbed, Mattress, Dresser and Wardrobe.
Valued at RRP \$1,966

2nd PRIZE:
Mothercare Spin Pram in Silver.
Valued at RRP \$895

Hurry! Competition runs from November 16 to December 16 2010

THIS 28 people love this competition



congratulations!

Simply by entering the fantastic Mothercare competition, you are now in the running to win some fabulous Prizes courtesy of Priceline & Mothercare.

Need advice, helpful tips and great offers? Simply head to www.mothercare.com to sign up for their exclusive loyalty program.



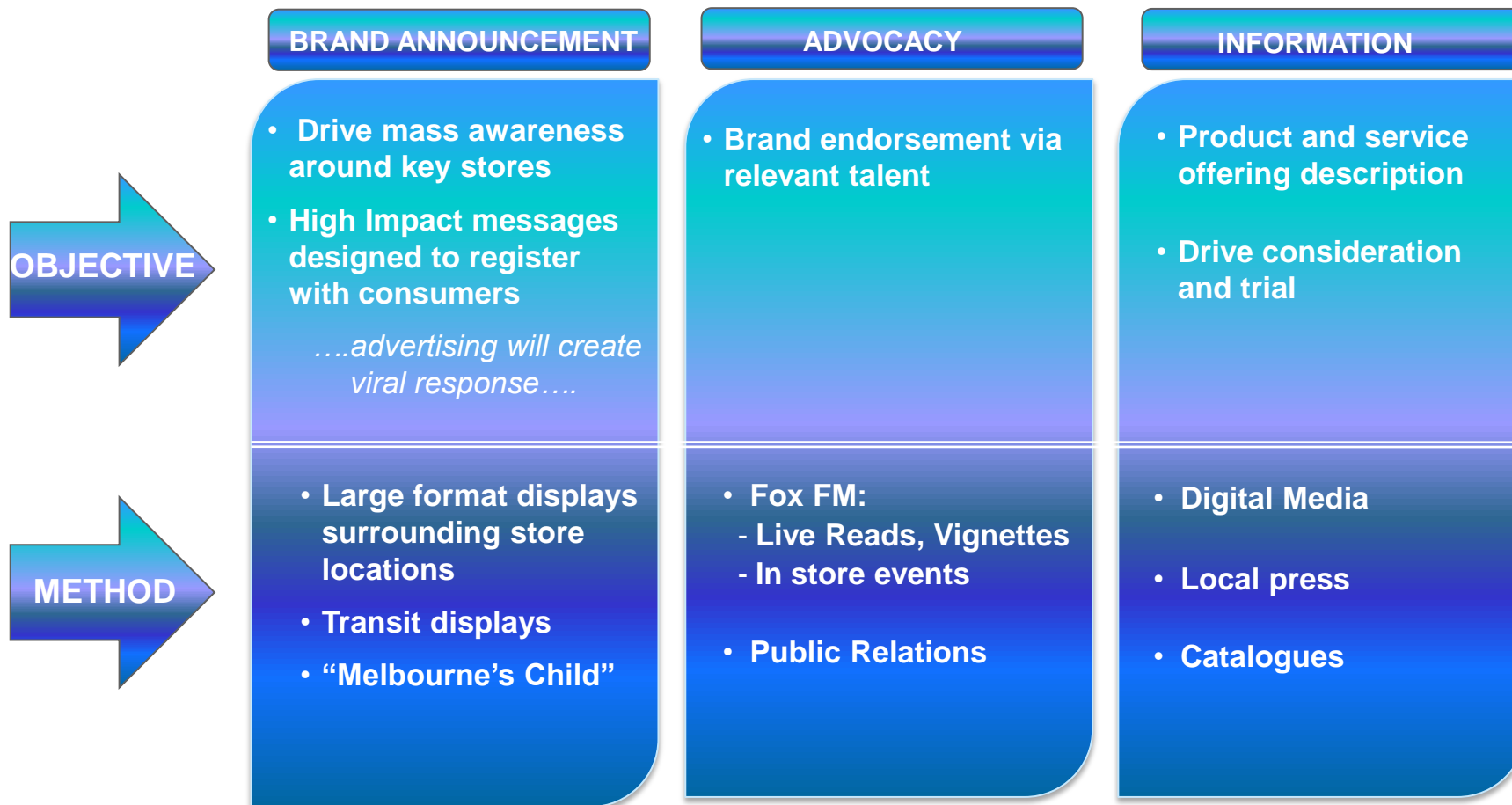
Click here to become a Priceline Clubcard member

By joining Australia's favourite loyalty program, you'll receive free eZines and monthly eNewsletters brimming with brilliant offers. Join Priceline Clubcard today to discover just how sweet the rewards can be.



Mothercare brand launch...

With scale having been achieved, we are launching the Mothercare brand promotion to raise brand awareness and drive increased store traffic...



Marketing Plan – Raising awareness....driving traffic

Billboards



Transit



Operations & Implementation



❑ Integration of Acquisitions currently underway and on schedule

- ✓ Key initiatives divided into 30, 60 and 90 day target deliverables
- ✓ Work on capturing 'quick win' synergies in place
- ✓ Management team completed with integration of new available talent

❑ Information Technology and Systems

- ✓ The selection of a robust and scalable ERP system is a cornerstone of the integration process – an integrated finance, merchandising and warehouse planning system is a clear requirement
- ✓ By end-June 2011 all stores will be operating on a consistent platform and finance system

❑ Warehousing and Logistics

- ✓ In conjunction with Mothercare Plc, distribution network planning underway to finalize strategy to service expanded store portfolio and geographic presence
- ✓ Anticipate a new expanded facility to come on line in 2011

Integration Planning – Integration Schedule on track...

30 Day Targets	Status
1. Establish management plan for integration	COMPLETED
2. Transition critical accounts to Skansen KCG	COMPLETED
3. Stabilise supplier relationships	COMPLETED
4. Restore logistics	COMPLETED
5. Develop timetable for store conversions	COMPLETED
6. Introduction of ELC and Mothercare fashion into BG stores	COMPLETED
7. Define communication plan for integration	COMPLETED
8. Reporting framework	COMPLETED
10. Begin IT needs assessment	IN PROGRESS
11. Consolidation of HR and Payroll function	IN PROGRESS

60 Day Targets	Status
1. Relocation of BG head office	IN PROGRESS
2. Transition BG head office staff to Skansen IT operating platform	IN PROGRESS
3. Complete lease assignments	IN PROGRESS
4. Selection of ERP system and outline implementation timetable	IN PROGRESS
5. Consolidation of retail recruitment function	COMPLETED
6. Consolidation of retail operations related policies and procedures	IN PROGRESS



Rapid progress being made towards 90 day “full” integration plan targets

Synergies

Full synergy value from the acquisitions of Babies Galore and Baby on a Budget will be realised over the next 18 months

□ Key Sources of Synergy Value will be:

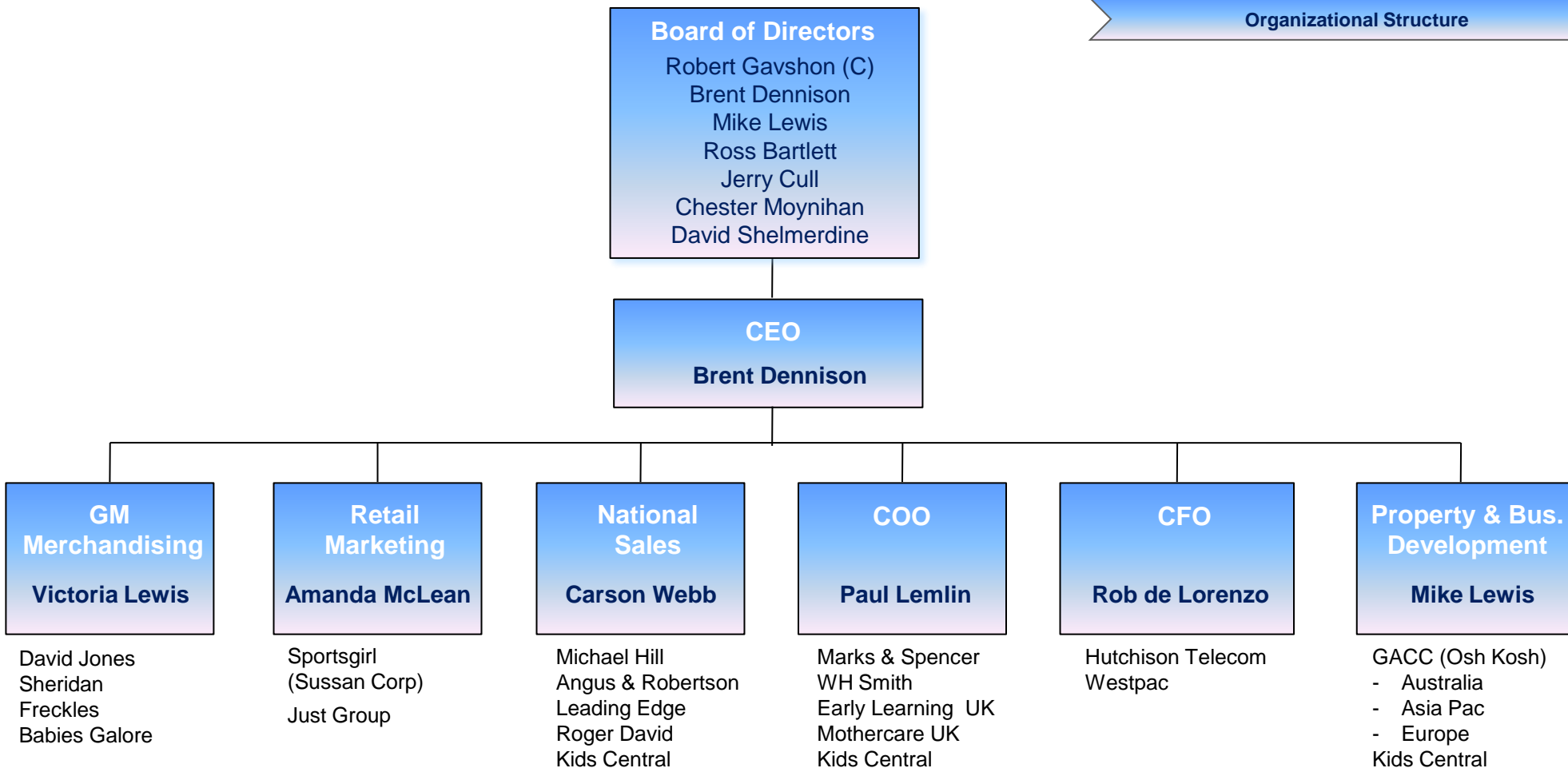
- ❖ Increased Sales per SQM
 - ✓ Access to an expanded range of exclusive product categories including kids apparel, maternity essentials/fashion and ELC toys
- ❖ Improved Gross Margin
 - ✓ Access to Mothercare sourcing platform will yield gross margin improvements up from ~30% to more than 40%
 - ✓ Increased national scale (rebates, volume discounts) as a result of leveraging national sourcing platform for non-Mothercare product

□ Early synergy value realized includes:

- ❖ ELC and Mothercare fashion range into BG stores in time for Christmas
- ❖ Cost savings:
 - ✓ ~\$850k in human resource cost savings (head office and retail operations) through rationalizing duplicated cost structures
 - ✓ ~\$230k in renegotiated rents and other assorted shared infrastructure costs

Organizational Structure

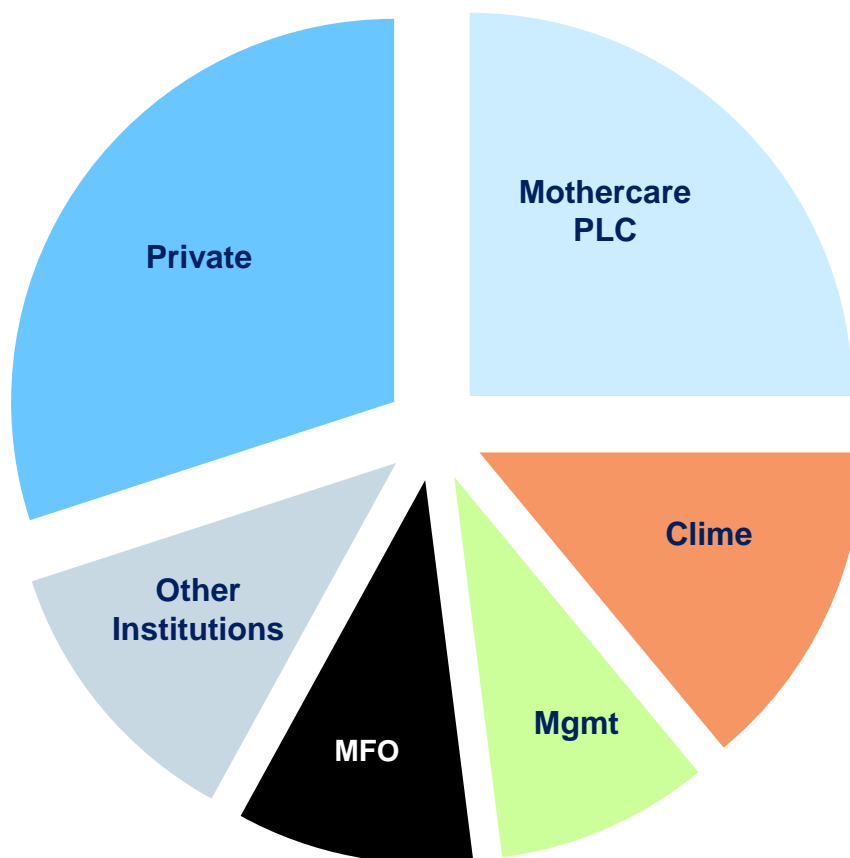
The company has put together an experienced board as well as a management team with deep, diverse retail experience...



Financials – Shareholder Base

The shareholder base is now a diversified mix of strategic investors, management, and assorted institutional and private investors

Current Shareholder Register



Outlook for 2011

2011 will be a year of investment in integration, conversion and branding for Mothercare Australia

- **Q1 2011 trading has been challenging due to a cautious consumer environment and the ongoing dislocation of integrating three businesses**
 - ✓ Difficult initial Babies Galore trading due to ongoing merger dislocation. Baby on a Budget is in line with projections
 - ✓ Despite a slower initial sales ramp up than anticipated in the new Mothercare large format stores, the stores are trending towards targets with key performance indicators (conversion rates, IPS, ATV) providing early validation of the core Mothercare Strategy
 - ✓ Like-for like sales in KC / ELC stores are up 3.4%. As we have invested to improve stock availability for the xmas period, store sales performances have improved versus last year
 - ✓ The new xmas catalog has been well received...the ELC website is now posting record conversion rates after registering a slow down in growth during Q1
 - ✓ Balance Sheet remains strong with end December cash projected at \$11M

- **The remainder of 2011 and into FY2012 will see continued work on integrating acquisitions, converting and refurbishing stores and making customers aware of the Mothercare value proposition**
 - ✓ Integration costs as a result of the acquisitions and the marketing costs associated with transitioning the stores to Mothercare will be higher than initial expectations
 - ✓ Full cost and revenue synergy benefits will only be fully realized over the next 18 months
 - ✓ Revenue forecast range of \$80 - \$90M for 2011

Summary

The core foundations to capture the value creation inherent in the Mothercare Australia opportunity have been laid. The company has:

- ✓ ...a distinctive competitive position in a growth market that is well positioned to leverage the up cycle
- ✓ ...a 52 store national footprint; the company is now one of the largest independent players in Australia in the sector
- ✓ ...an experienced and committed management team
- ✓ ...an experienced board including a new chairman in Robert Gavshon
- ✓ ...new strategic retail shareholders in Mothercare PLC and the Myer Family Office
- ✓ ...the human and cash resources to implement the strategy