

OROTONGROUP

2011 Financial Year Results Announcement - 22 September 2011

EBIT OF \$36.5 M – UP 14% ON PRIOR YEAR NPAT of \$24.8 M – UP 8%

OrotonGroup today reported:

- ❖ Group revenue increased 12% to \$164.4 M (FY10: \$146.4 M) and OrotonGroup's like for like store sales performance for the period was a positive +7% (FY10: +2%).
- ❖ Brand like for like sales performance was +4% for Oroton and +10 % for Ralph Lauren.
- ❖ Net margin increased 260 basis points from 68.5% in FY10 to 71.1%.
- ❖ Group EBIT increased 14% for the period to \$36.5 M and EBIT Margin also improved to 22.2% of revenue (FY10: \$32.0 M and 21.9% of revenue). Similarly EBITDA has grown by 16% to \$43.8 M or 26.6% of revenue (FY10: \$37.9 M and 25.9% of revenue).
- ❖ Net profit of \$24.8 M for the year ended 30 July 2011, an increase of 8% on FY10 (\$23.0 M).
- ❖ EPS increased 8% to 60.8 cents (FY10: 56.3 cps).
- ❖ The Board has declared a final fully franked dividend of 28.0 cents (FY10: 26.0 cps). This brings the total fully franked dividend to 50.0 cents for FY11 (FY10: 48.0 cps). The record date for determining the entitlement is 12 October 2011 and payment will be made on 26 October 2011.
- ❖ The Group's expenses rose to 49.6% of revenue (FY10: 47.1%) as we continued to invest in strategic brand development and retail innovation to drive long term growth, including the rollout of Oroton stores into Asia.
- ❖ Net bank debt ended the year at \$9.2 M (FY10: \$6.7 M).
- ❖ There were 85 stores trading at the end of FY11 - an increase of 9 new stores (FY10: 76). Four of these new stores were the Group's first Oroton stores in Asia - 2 in Singapore and 2 in Kuala Lumpur.

OrotonGroup CEO, Sally Macdonald, commented, "FY11 was a great year for OrotonGroup with growth in sales, margin and profit, positive like for like sales of +7% (FY10:+2%) and the commencement of our Oroton store rollout in Asia. The Asian region represents a significant opportunity for Oroton over the long term and early results are encouraging. In addition, our oroton.com online business which we launched in 2006 continues to be our fastest growing and largest store at >6% of total Oroton brand sales and with much further potential.

As part of our strategy to continuously develop and elevate our brands, we increased our focus on product design, category extensions and our engagement with social media.

The Group's sales in the first 7 weeks of FY12 have exceeded expectations, but as always we remain vigilant to the macro environment ahead. We have so far committed to one additional Oroton store in Asia (opening November) and planning for a further 3 store sites in Singapore, Malaysia and Hong Kong this year. In addition to these 4 new Oroton Asia stores, we will open 4 Ralph Lauren concession stores in domestic department stores and one Oroton store in Australia, to bring a total of 9 new stores for the Group in FY12.

As part of our long term strategy we are planning a minimum of ~4 Oroton stores a year in Asia for the next several years."

	FY11 \$ M	FY10 \$ M	Change
Revenue	164.4	146.4	+12.3%
Net Margin (%) (1)	71.1%	68.5%	
Total Expenses (%)	49.6%	47.1%	
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	43.8	37.9	+15.6%
Earnings Before Interest and Tax (EBIT)	36.5	32.0	+14.0%
EBIT Margin (%)	22.2%	21.9%	
Net Profit After Tax (NPAT)	24.8	23.0	+7.9%
Basic Earnings Per Share (EPS) (Cents)	60.8	56.3	+7.9%
Dividend Per Share (DPS) (Cents – Fully franked)			
Interim	22.0	22.0	-
Final	28.0	26.0	+7.7%
Total	<u>50.0</u>	<u>48.0</u>	+4.2%
Like for Like Sales Growth (%)			
Group	+7%	+2%	
Oroton	+4%	+10%	
Ralph Lauren	+10%	-6%	
Operating Cash Flow	24.0	24.6	-2.4%
Net Bank Debt (2)	9.2	6.7	
Net Bank Debt to Equity (%)	31.1%	23.3%	
ROCE (%) (3)	85.3%	81.0%	
No. of Stores			
Group	85	76	+ 9 stores
Oroton	57	49	+ 8 stores
Ralph Lauren	28	27	+ 1 stores

(1) (Revenue – Cost of sales) / Revenue

(2) Cash & Cash Equivalents – Bank Overdraft – Bank Loans

(3) EBIT / (Total Assets – Current Liabilities)

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