

# Annual General Meeting

30 November 2011



## 2011: Accelerated Mothercare rollout

Over the past year, Mothercare has expanded aggressively to achieve scale

### 2011 Store opening activity...

#### NSW:

- 5 new Mothercare stores
- 4 conversions of Babies Galore stores

#### Queensland:

- 1 new Mothercare store
- 3 conversions of Babies Galore stores

#### Perth:

- 2 conversions of Baby on a Budget stores; remaining stores to be completed in 2012

#### New stores:

- Belrose (Northern Suburbs), Canberra (Mothercare Clearance), Mt. Wellington (NZ)

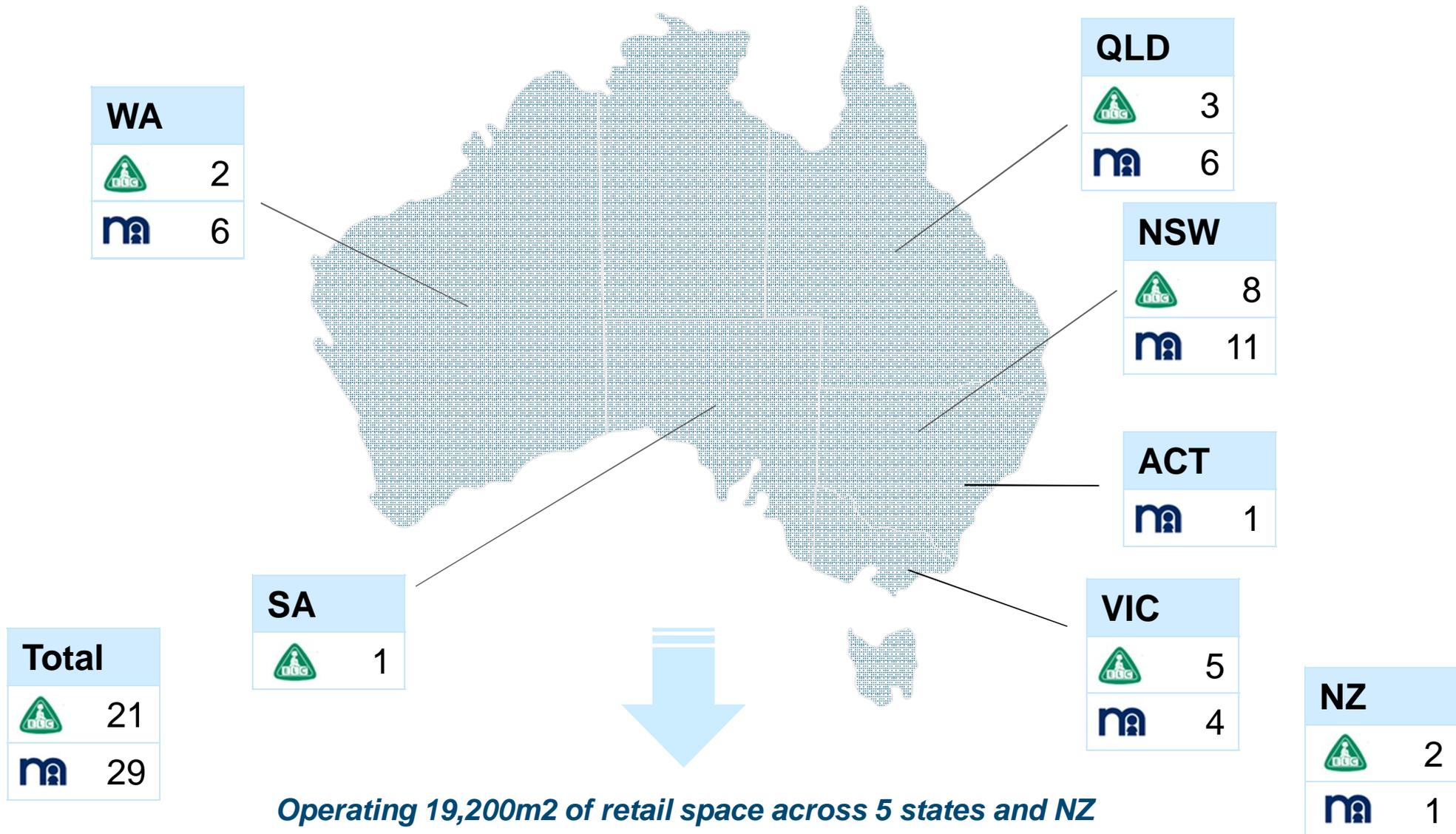


### Opportunities arising from scale ...

- Greater leverage with respect to the marketing investment made in the Mothercare brand
  - Necessary critical mass to justify required level of activity
- Improved purchasing
  - Ability to execute bulk purchasing to improve margins without compromising stock turn
- Increased property opportunities as a result of being a growth, national brand

## Mothercare Australia Store Portfolio

Mothercare has become a leading player while achieving its strategic objective of establishing a national footprint

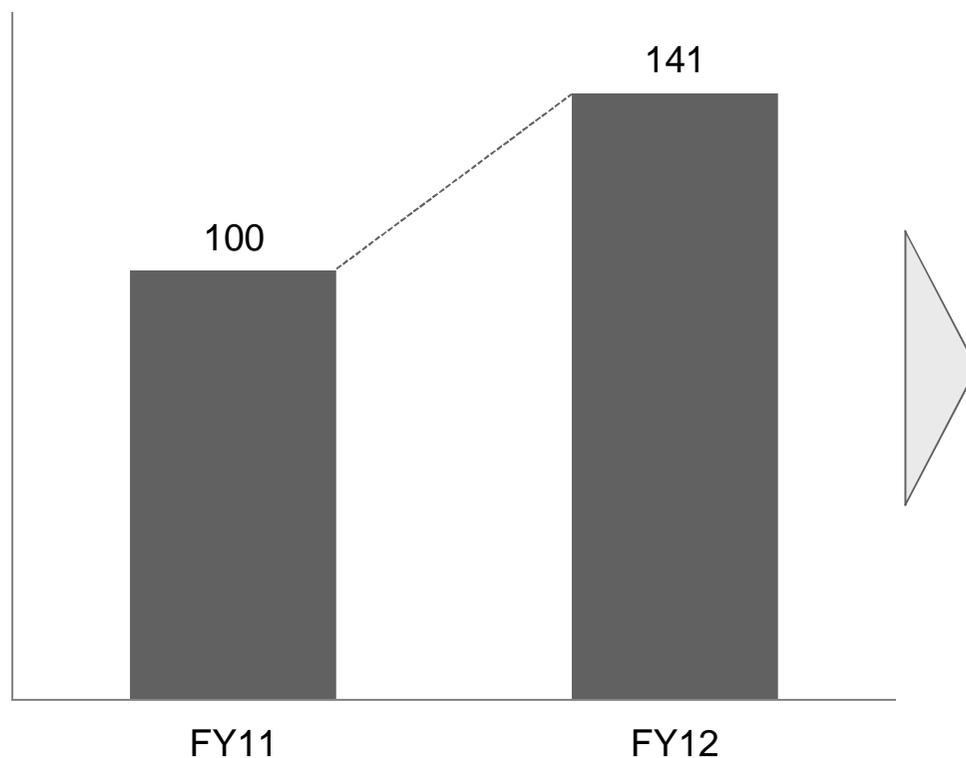


Note: ELC store count includes the Kids Central toy and gift stores

## Mothercare Store Revenue Growth

Mothercare's 'growth curve' indicates the performance improvement that stores are experiencing as consumer awareness of the brand and store locations increases

Last 3 months sales in Stores open >1 yr vs. prior year  
(Indexed)



Performance of the Mothercare stores open for longer than one year show a very encouraging growth profile:

- ✓ Substantial increase in visitors
- ✓ Revenue per m2 increasing
- ✓ Mix of revenue improving as locations increasingly recognized for apparel and toy offer

Note: Overall LFL growth in Q1 of FY2011 was 7.5%

# “Much More Than You’re Expecting”

Mothercare has used a variety of media from catalogues to outdoor marketing in order to drive increased awareness of the Mothercare brand

**mothercare**  
the world's leading  
mother & baby store

now open at  
Chadstone Knox  
Doncaster Highpoint

**m**

much more than you're expecting...  
fashion • nursery • car seats • prams & more

**mothercare**  
the world's leading  
mother & baby store

now open at  
a location near you

**m**  
mothercare.com.au

much more than you're expecting...  
maternity, baby & kids fashion • nursery • car seats • prams • feeding & more

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**m**

much more than  
you're expecting

**mothercare**  
mothercare.com.au

see inside for  
great offers on  
car seats, prams,  
feeding & fashion...  
hurry while  
stocks last

**m**

much more than  
you're expecting

**mothercare**  
mothercare.com.au

great offers on  
prams, car seats,  
cots & more...  
hurry while  
stocks last

celebrating  
**50**  
years of parenting  
(1961-2011)

**\$399**  
new list  
includes  
FREE fitting!

**m**

much more than  
you're expecting

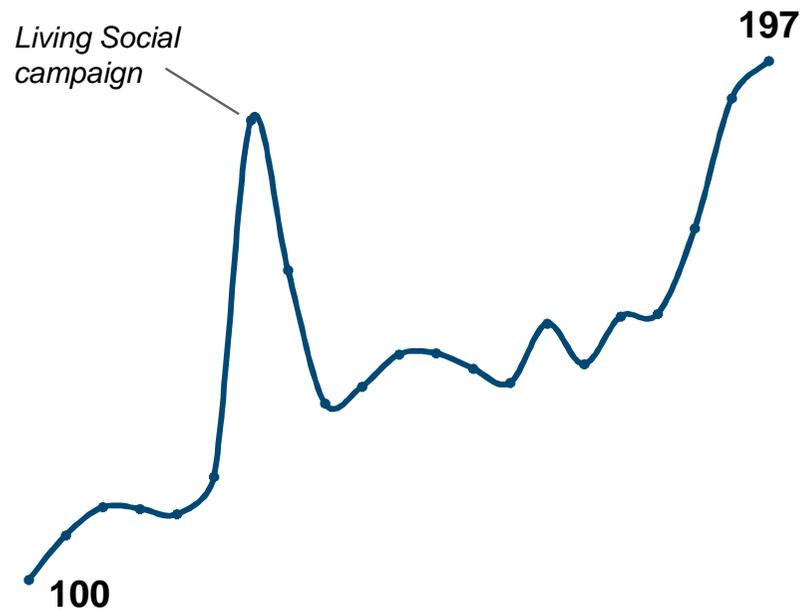


*Educating the customers re store locations and breadth of product offer*

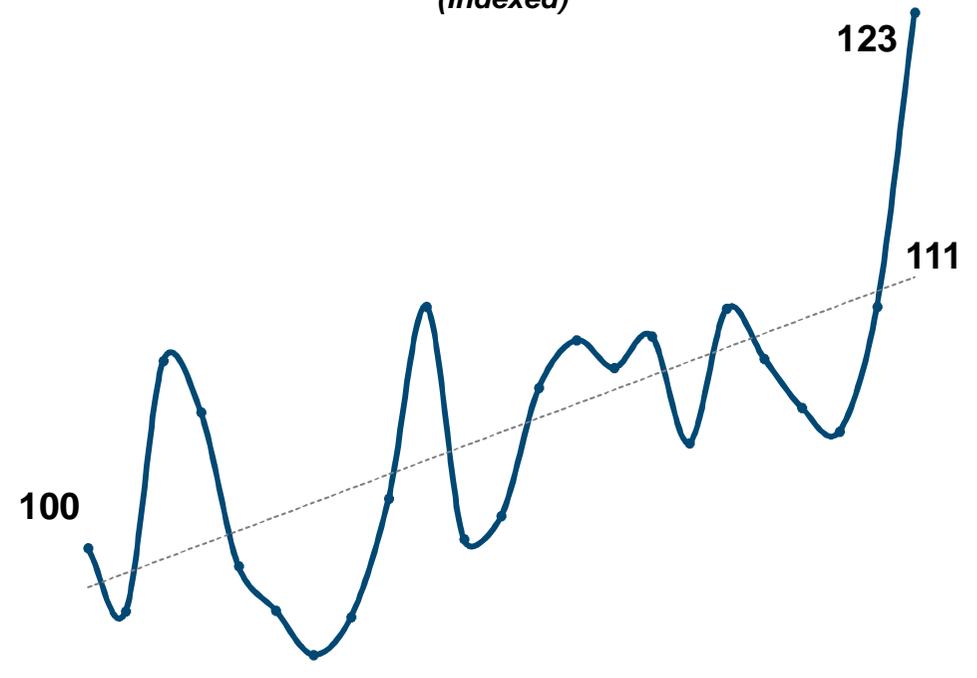
## Mothercare Traffic

The investment in building the Mothercare brand is having the desired impact – a significant lift in traffic to both the Mothercare stores and mothercare.com.au

Unique Web Site Visitors July 2011 onwards  
(Indexed)



Mothercare 'Same Store' Visitors July – Nov 2011  
(Indexed)



## Mothercare Loyalty Programme

Key to our growth in store performance is the extent to which we are successfully growing the Mothercare loyalty program



- ❑ Increasing proportion of sales being captured on our two loyalty cards - *Mothercard and Kidscard*
  - We have recently launched the Grandmothercard to further penetrate that customer segment
- ❑ Higher average transaction values achieved with loyalty card member transactions
- ❑ Significant % of customers have purchased multiple times on their loyalty card – indicating stickiness of brand once customers are aware and have purchased

## Operational Update

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### As part of the integration process, Mothercare Australia is focused on improving operational efficiency

- ❑ The group's warehousing operation for the non-apparel categories (i.e., Toy & Gift and baby "Home and Travel") has transitioned under a 3PL agreement to Toll in-to-store
  - Significant savings are anticipated as a result of leveraging Toll's scale and supply chain expertise
- ❑ All stores have been consolidated onto one common POS system, with further systems development planned to generate increased sales capability and organizational effectiveness
- ❑ Injection of significant retail expertise with addition of Ciaron Murphy (CFO) and Jason Garner (Retail Operations Manager) to the senior management team
- ❑ Increased emphasis on staff training in collaboration with Mothercare UK and local suppliers
- ❑ Ongoing focus on cost reduction and management to drive profit and margin improvement

# Summary

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## Outlook

### ❑ First half FY2012 trading

- ✓ Price competition increasingly aggressive in the sector
- ✓ Margin improvement achieved with majority of required clearance effort completed in FY2011
- ✓ Significant investment in establishing the Mothercare brand
- ✓ Entering Christmas period with improving Toy & Gift sales trend. The new Christmas Gift Guide has been well received...the ELC website is now posting record traffic
- ✓ Balance Sheet strengthened by capital raising efforts

### ❑ Second half FY2012

- ✓ WA conversions to be completed in the first quarter of the new calendar year
- ✓ Sustain brand building momentum with continued marketing spend
- ✓ Focus on driving improvement in space productivity and sales mix to grow top line
- ✓ Inventory management a key initiative
- ✓ Attractive new store opportunities in strategic locations to be capitalized upon
- ✓ Revenue projection of +\$80M for FY2012