



ASX Release

For Immediate Distribution

3 December 2014

TRADING UPDATE

The PAS Group ("PAS" ; ASX: PGR) advises that subsequent to the trading update provided at the company's AGM at the end of October 2014, market conditions in the discretionary retail segment have remained more challenging than expected, thereby negatively impacting a number of its key bands. The Board has therefore decided to update the market on current trading performance and expectations ahead of the key Christmas trading period rather than in January, as previously advised.

Based on current assumptions, we expect the FY 2015 first half year results to be as follows:

A\$m	H1 2015	H1 2014
Sales	118.7	121.7
EBITDA	8.6	16.3
NPAT	3.3	4.9

The main drivers of the first half performance were:

- The accelerated reduction of sales in Target house branded product, as previously outlined, which resulted in Wholesale revenues in the first half being below expectations.
- Concession sales of the Review and Metalicus brands have been below expectations as department stores have continued to experience weak trading conditions.
- The Metalicus recovery has been slower than expected.
- While the new store rollout for Black Pepper is progressing according to plan (and new stores are trading profitably), sales have been lower than expected due to the subdued trading environment.

Outlook for the second half of FY15:

1. As previously indicated, it is expected that the result for FY15 will be significantly weighted towards the second half in the Wholesale business as the sales shortfall from Target is expected to be recovered through revenues from newly acquired brand licenses, albeit at reduced margins. New brand licenses to be launched in the second half include:
 - a. Everlast equipment;
 - b. Slazenger and Dunlop equipment;
 - c. Karrimor apparel, footwear and accessories; and
 - d. Hello Kitty apparel and accessories.

2. In Designworks, sales from the Everlast apparel range, launched in mid-November, have been strong which bodes well for the second half. Slazenger apparel is also selling well and continues to gain momentum.
3. Metalicus wholesale sales for winter are 14% above last year, which is a positive indicator for the group's retail store offering in the second half.
4. Review and Black Pepper are expected to deliver a solid result during the second half.
5. New store openings are running ahead of schedule. Of the 41 stores due to open in FY 15, 27 are already open and 5 will open by the end of December. The remainder of the sites have either been signed or are under negotiation.

Retail store sales for the first half are expected to be 10.4 % above the prior corresponding period, which supports the group's new store roll-out strategy.

Despite the anticipated stronger second half performance, particularly from Designworks and an improved performance in Metalicus, at this early stage it is anticipated that FY15 EBITDA will be between 10% and 15% below the forecast set out in the company's listing prospectus. The company will continue to keep the market updated as to its current trading performance and expectations in accordance with its continuous disclosure obligations.

PAS has a strong balance sheet and cash position, and will continue to carry out its growth plans while maintaining a tight control on costs.

The Board expects the fully franked interim dividend for the half year to be unaffected.

-ENDS-

For further information please contact:

The PAS Group

Mr. Eric Morris

Chief Executive Officer

(03) 9902 5501

Citadel Communications

Mr. Matthew Gregorowski

(02) 9290 3033