



Premier Investments Limited

Results 1H FY12 Overview

March 2012



Just Jeans

JACQUIE



portmans

peteralexander

dotti

smiggle

THE
JUST
GROUP

Agenda

- 1 Premier Investments Consolidated 1HFY12 Overview
- 2 Just Group Results 1H FY12 Overview
- 3 Just Group Financial Results
- 4 Industry Structure Pressures to Continue and Key Mitigation Strategies Accelerated
- 5 Premier Retail Investing in Growth
- 6 CODB Reductions to continue
- 7 Brand by Brand Performance
- 8 Outlook
- 9 Interim Dividend



1 Financial Results



Group Profit:

- Profit before tax of \$54.1 million
- Profit after tax of \$38.5 million, down 2.4% on pcg



Premier Retail (The Just Group) contribution to Premier performance:

- EBIT of \$51.3 million, down 2.3% on pcg



Premier investment income up 6.0% on pcg

- Strong dividend income from investment in Breville Group



Premier cash flows

- Cash flows from operation of \$45.5 million
- Capex of \$6.9 million
- Just Group debt reduction of \$15.0 million
- Fully franked dividend paid of \$27.9 million in the half



Premier balance sheet remains strong with half year end

- Cash on hand of \$303 million
- Just Group debt facilities refinanced and extended to March 2015
- Inventories clean and in a strong position
- Investment in Breville approximately \$93.1 million at end of half (current value approx \$130 million)
- Franking credit pool of \$228 million

1 Premier—Consolidated Income Statement

\$m's	26 Weeks to 28 Jan 2012	26 Weeks to 29 Jan 2011
Premier Revenues (ex Just Group)	10.6	10.0
Premier Expenses (ex Just Group)	(2.3)	(1.9)
Just Group EBIT	51.3	52.5
Finance Costs	(5.5)	(4.4)
Profit before income tax	54.1	56.2
Income tax expense	(15.6)	(16.8)
Net profit	38.5	39.4















1 Premier—Summarised Consolidated Balance Sheet

\$m's	28 Jan 2012	30 Jul 2011
Assets		
Cash and cash equivalents	303.5	307.8
Inventories	76.0	73.4
Plant and equipment	80.4	84.8
Other assets	28.2	37.0
Available-for-sale financial assets	93.1	104.5
Intangible assets	854.5	854.5
Total assets	1,435.7	1,462.0
Liabilities		
Interest bearing loans and borrowings	118.6	133.8
Trade payables, provisions and other liabilities	113.8	134.5
Total liabilities	232.4	268.3
Equity		
Contributed equity	608.6	608.6
Reserves	38.6	39.6
Retained earnings	556.1	545.5
Total equity	1,203.3	1,193.7

1 Premier—Consolidated Cash Flow Statement

\$m's	26 Weeks to 28 Jan 2012	26 Weeks to 29 Jan 2011
Net cash flows from operating activities before tax payments	55.8	62.2
Net Capital Expenditure	(6.9)	(13.3)
	48.9	48.9
Tax Payments	(10.3)	(5.4)
Payment for the settlement of Smiggle deferred payable	-	(18.4)
Just Group debt movement	(15.0)	3.0
Ordinary Fully franked dividend payment	(27.9)	(27.9)
FY10 Final special fully franked dividend paid in 1H11	-	(15.5)
Net decrease in cash and cash equivalents	(4.3)	(15.3)
Cash and cash equivalents at beginning of period	307.8	316.6
Cash and cash equivalents at end of period	303.5	301.3

2 Just Group Results 1H FY12 Overview

-  EBIT on track at \$51.3 million
-  EBIT margin up 37bps to 11.8%
-  Strong cost out performance
-  Solid margin performance
-  Clean inventory
-  Strong internet growth- All 7 brands online
-  Strong sales performance – Peter Alexander
-  Strong sales performance – Smiggle
-  Portmans positive LFL performance
-  Smiggle Singapore exceptional
-  Strategic review initiatives on track
-  Company transforming

3 Just Group Financial Results

	1H12	1H11	Var
Sales*	433,823	458,385	-5.4%
LFL sales	-7.1%	-5.1%	
Gross Profit*	267,435	284,206	-5.9%
Gross margin (%)*	61.6%	62.0%	-36bps
Salaries	(98,848)	(103,439)	-4.4%
	22.8%	22.6%	22bps
Rent	(87,768)	(88,611)	-1.0%
	20.2%	19.3%	90bps
Advertising & Direct Marketing	(4,780)	(7,063)	-32.3%
	1.1%	1.5%	-44bps
Depreciation, Amortisation & Impairment	(9,973)	(10,761)	-7.3%
	2.3%	2.3%	-5bps
Other CODB	(18,209)	(26,660)	-31.7%
	4.2%	5.8%	-162bps
Other income	3,443	3,509	-1.9%
Share of JV Profit	7	1,315	
EBIT	51,307	52,496	-2.3%
	11.8%	11.5%	37bps
Borrowing Costs	(5,462)	(4,422)	23.5%
Profit before tax	45,845	48,074	-4.6%
Stock turnover (last 12 months)**	4.6	4.9	-0.3
Capital expenditure	6,824	13,122	-6,298

* Sales, gross profit and gross margin exclude sales to associate

** Includes approximately \$2.5m of stock delivered in January 2012 due to Chinese New Year



Just Jeans

JACQUIE

JayJays

portmans

peteralexander

dotti

smiggle

THE
JUST
GROUP

4 Industry Structure Pressures to Continue and Key Mitigation Strategies Accelerated

Industry structure pressures to continue

Rent increases not in line with centre performance



EBA Increase not linked to productivity



International apparel companies entering the market



Online Retailing



Key mitigation strategies accelerated

- Close loss making and marginal stores
- Change the negotiation framework to be about performance as lease expires
- Bulk up leasing team to negotiate better outcomes
- Negotiation with SDA for productivity improvements to offset inflation increase
- Roster re mix
- Alignment to change in consumer shopping behaviour – 70% of trade Thursday to Sunday
- Dedicated buying, planning retail team by brand
- Local customer knowledge – colours/fabrics/ silhouettes/sizes
- Sourcing from factories that make for international brands at international best price
- Sourcing in existing markets at lower fob's
- Shorter lead times to market
- Strong 1st half FY12 result - 100% sales growth
- All brands online, all skus online and well ahead of expectations
- All brands proprietary to Premier Retail
- Investment in global competitive internet site for Dotti
 - Video - Search
 - Outlet - Social
 - Mobile
- All other brands to be enhanced following Dotti trial
- Third party distribution opportunities being evaluated – ASOS, EBay, auction sites, Shopbop, market place
- The government has it wrong on GST and Duty

5 Despite Industry pressures—Premier Retail Investing in Growth

The Internet—material investment and growth set to continue

- ✦ Outstanding 1st half performance—100% sales growth
- ✦ All Brands online—all skus online
- ✦ All Brands to be on world class platform by Christmas 2012
- ✦ New Dotti Internationally competitive website launched end of Q3 featuring
 - Video
 - Outlet
 - Mobile
 - Search
 - Social
- ✦ Calendar 12 rollout based on Dotti success
- ✦ External marketing driving traffic directly back to our website – to be rolled out across all marketing disciplines in Summer 12
- ✦ Dedicated senior leadership team
- ✦ Web affiliation review end of Q3, ASOS, EBay, auction sites, market place
- ✦ All Brands proprietary to the Just Group. No brand can be sold cheaper by any competitive website
- ✦ Peter Alexander Singapore internet to launch May 2012
- ✦ Internet aspiration to reach 10% of total company sales by 2015



5 Dotti New Home Page

dotti.

Create Account / Login

Customer Service

Wishlist (16) / Shopping Bag (22)

Hi Anthony

Find what you're looking for

Search Products



LOOKBOOK

NEW ARRIVALS

CLOTHING

ACCESSORIES

SHOES

SALE

GIFT CARDS

DOTTI SOCIAL

STORES

HARLOW PETAL DRESS

◀ BACK | CLOTHING ▶ DRESSES ▶ HARLOW PETAL DRESS

ZOOM



DETAILS

SIZE CHARTS

DELIVERY & RETURNS

REVIEWS

HARLOW PETAL DRESS

NOW: \$89.95 AUD

WAS: \$129.95

RATING: 4/5

(1) Review | Submit Review

WE LOVE THIS! (SPECIAL TEXT)

Strapless lurex thread bodice with chiffon petal cutout skirt. A party dress for a special occasion.

Line number: 567392

Fabric: 100% Polyester

Select colour: Orange



Select size: Small

XS S M L

Select Quantity:

1

Sold Out Online - Contact Us

ADD TO BAG +

ADD TO WISHLIST +

WEAR IT WITH



ALTERNATE VIEWS



video

RECENT VIEWS



want it 18 own it 9



6

email to a friend



Like

Litsa Litsa and 2 others like this.



Just Jeans

JACQUIE

Jay Jays

portmans

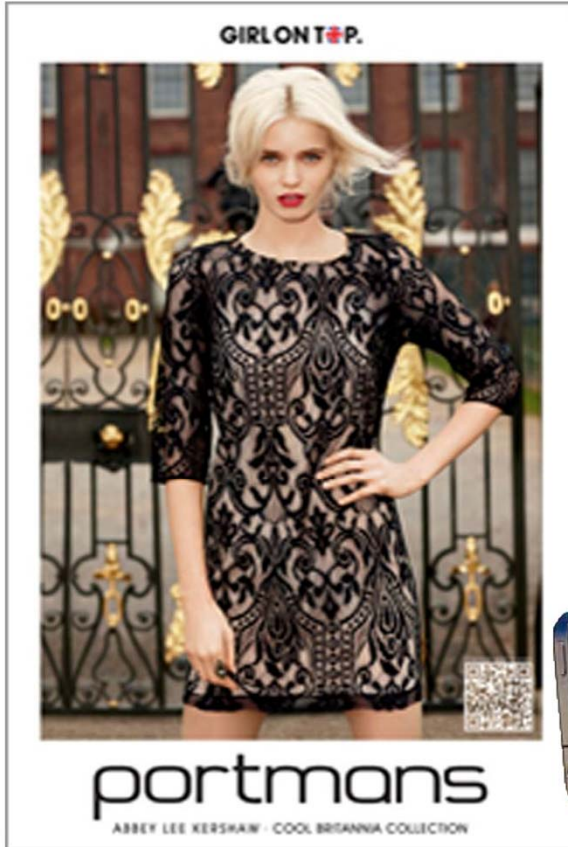
peteralexander

dotti

snuggie

THE
JUST
GROUP

5 Portmans Street Posters



5 Jay Jays

denim
2 for
\$60*
**selected styles only*

JayJays

 **SHOP**
INSTORE
+ONLINE

Hurry offer ends March 6th 2012.

5 Despite Industry Pressure, Premier Retail Investing in Growth

Smiggle Australia & New Zealand

- New store growth to accelerate
- Expectations upgraded to 70 to 100 new stores over the next three years
- Dedicated leasing team to enable growth
- 11 stores opened in Summer 11 for Winter 12 benefit
- Up to 10 stores opening in Winter 12
- 25-30 new stores a year over the next 3 years

Peter Alexander Australia & New Zealand

- New store growth to accelerate
- Up to 30 new stores over the next 3 years
- Dedicated leasing executive to enable growth
- 7 stores opened in Summer 11 for Winter benefit
- 2 stores confirmed to open in Winter
- 5-10 new stores per year FY12, FY13, FY14

5 Despite Industry Pressure, Premier Retail Investing in Growth

Smiggle Singapore

- Exceptional performance
- 5 stores opened in Summer 2011
- Five of top 10 Smiggle stores in our network are in Singapore
- 7 stores now trading with eighth store due to open in April 2012
- 3 more stores to open in Winter 12
- 3 to 6 stores to open in Summer 12



5 Despite Industry Pressure, Premier Retail Investing in Growth

Peter Alexander Singapore

- 🐎 Internet launch to Singapore May 2012 – peteralexander.com.sg
- 🐎 Evaluating opportunity for first store opening late 2012/early 2013 in flagship location



5 Despite Industry Pressure, Premier Retail Investing in Growth

Smiggle Asia – represents an exciting growth path for our company



Represents a major growth opportunity for Premier Retail (not available to many other listed retailers)



Market studies complete. Korea, Japan, China (incl. Hong Kong), Malaysia all have lucrative personal stationery markets



Competitive analysis

- Despite a wide held perception that these countries are more competitive in this category, detailed studies conclude that the competitive framework is no more or less competitive than the current Australian market, providing material opportunity for Smiggle



Each market is Unique

- Requiring careful deliberation on market entry, order and timing
- Singapore success providing the Company with great confidence



Further expansion for Smiggle Asia

- Further expansion for Smiggle Asia is currently being considered and the market will be updated in Q4

6

CODB Reductions to Continue



Material 1H FY12 performance



Material opportunity in calendar 12



20 non-merchandise contracts under negotiation



30 CODB projects organisation wide underway



New merchandise trading terms implemented January

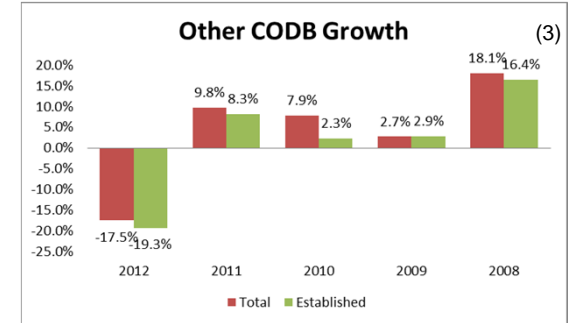
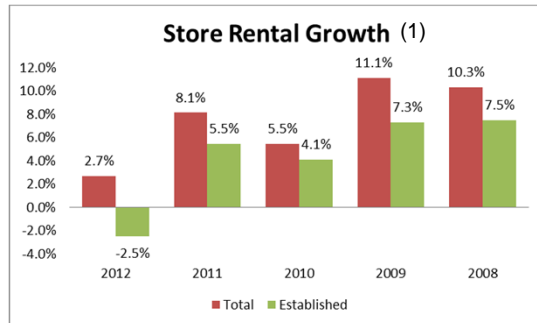


New non merchandise trading terms implemented January



FY13 CODB project kicked off

6 5 Year Cost History 1st half



- Total store rental growth slowed to 2.7% in 1H12
- Established brands rent decreased by 2.5%, with improved renewal outcomes and closure of loss making stores improving group profitability
- Smiggle and Peter Alexander new stores contributed significant profits to the group.
- Store wages decreased by 5.2% in 1H12.
- Established brands store salaries decreased by 9.2%, in line with the sales results.
- Continued focus on labour efficiency and productivity.
- Other CODB decreased by 17.5% in 1H12
- Discretionary cost reductions and cost efficiency focus delivering benefits
- Further cost reduction outcomes expected and initiatives in place.







(1) Store rental only – all countries. Established businesses includes Just Jeans, Jay Jays, Dotti, Jacqui E and Portmans. Total includes all brands and markets (excl South Africa JV that is equity accounted). Excludes impact of onerous lease provisions from July 2011.

(2) Store wages only – all countries. Established businesses includes Just Jeans, Jay Jays, Dotti, Jacqui E and Portmans. Total includes all brands and markets (excl South Africa JV that is equity accounted).

(3) Other CODB excludes store salaries, store rental, depreciation, borrowing costs, net income from South Africa JV and FX gains/losses.

6 Despite Industry Pressure, Premier Retail Investing in Growth

The Path to Growth is clear...

-  Core brand rejuvenation to continue, whilst store rationalisation takes place
-  Cost efficiency to accelerate
-  Internet investment accelerating whilst core brand store rationalisation continues
-  100 new stores in Australia and New Zealand for Smiggle and Peter Alexander
-  New stores in Singapore for Smiggle with expansion for PA in FY13
-  Smiggle Asia accelerated and currently being considered by Premier Board

7 Brand by Brand Performance – Smiggle



1H FY12 Sales

- **Sales:**
\$48.1m
+18.1% on LY
- **21 stores opened***
+14 in Aust
+7 in Singapore
- **119 stores at end of half**

Merchandise & Marketing initiatives

- Dedicated management team led by Tom Kimberley
- Excellent Results across Aust and NZ
- Singapore performance exceptional
- Consistent innovation in new product
- 11 new stores opened in Summer 2011
- 6-10 new stores in Australia in the Winter half
- 2 new stores in Singapore in the Winter half
- 3-6 new stores in Singapore in the Summer half
- Asian expansion strategy being considered by Premier Board

* Store Movements last 12 months

7 Brand by Brand Performance – Peter Alexander



1H FY12 Sales

- **Sales:**
\$44.1m
+15.2% on LY
- **7 stores opened***
- **46 stores at end of half**

Merchandise & Marketing initiatives Calendar 12

- Dedicated Management team led by Julie Otter
- Continuing to deliver outstanding results from new and existing stores
- Double digit online sales growth despite store roll out program
- New digital catalogues performing well
 - exciting future opportunities
- 15-30 new stores across FY12/FY13/FY14
- Singapore brand launch online trial in May 2012
- Celebrating 25 years of Peter Alexander in 2012

* Store Movements last 12 months

7 Brand by Brand Performance – Jay Jays



1H FY12 Sales

- **Sales:**
\$102.1m
-15.0% on LY
- **11 stores closed***
- **3 stores opened***
- **235 stores at end of half**

Merchandise & Marketing initiatives

- Deanna Moylan appointed 1st July 2011
- Experienced new team in place
- Product and brand transformation underway
- Lifting fashionability of the Jay Jays range, offering entry priced on trend items for the season
- Own key categories at key price point
 - Enhanced in store communication and VM
- Re-establish high volume programs in key categories
 - denim
 - essential tops
 - leggings
- Improve sourcing initiatives
 - new markets
 - leading international factories
 - new terms

* Store Movements last 12 months

7 Brand by Brand Performance – Jacqui E



1H FY12 Sales

- ✦ **Sales:**
- \$37.0m**
- 14.6% on LY**
- ✦ **0 stores closed***
- ✦ **0 store opened***
- ✦ **108 stores at end of half**

Merchandise & Marketing Initiatives

- ✦ Karen Russell appointed on 1st August 2011
- ✦ Customer research confirmed the strategic direction of the brand
- ✦ Product and brand transformation underway
- ✦ Strengthened product team
- ✦ Strategic relationships established with fewer key suppliers with strong sourcing capabilities
- ✦ Reduced lead-times
- ✦ Implementing floor ready merchandise
 - hung
 - pressed
- ✦ Introduction of new brand and VM principles to support positioning

* Store Movements last 12 months

7 Brand by Brand Performance – Dotti



1H FY12 Sales

- **Sales:**
\$47.4m
-11.6% on LY
- **2 stores closed***
- **1 store opened***
- **115 stores at end of half**

Merchandise & Marketing Initiatives





- David Bull (most experienced merchant dedicated to Dotti since 1st October 2011)
- Brand transformation underway
- Internationally competitive website launched March 2012
 - video
 - outlet launched
 - search
 - mobile
 - social
- Store upgrade to improve instore ambience and product positioning underway- to be completed Q3
 - 55 stores
 - new lighting
 - new fixtures
- Introduce new categories (e.g. Footwear and special occasion) with good early results
- Sourcing new programs at higher margins for key events
- Introduce high volume denim destination - including coloured denim

* Store Movements last 12 months







7 Brand by brand performance – Portmans



1H FY12 Sales

- 
Sales:
\$52.0m
-5.8% on LY
Positive LFL
- 
9 stores closed*
- 
1 stores opened*
- 
110 stores at end of half

Merchandise & Marketing initiatives

- 
 Jade Holgate appointed 1st October 2011
- 
 Internet Sales growth (launched in Sept 2011)
- 
 Refreshed store layout with clearer parent department destinations and improved in-store signage
 - career
 - fashion
 - occasion
- 
 Completed strategic review of sourcing. Consolidated key partnerships to deliver speed, margin and value.
- 
 New product categories delivering strong growth eg. shoes, technology accessories and gifts.
- 
 Strong brand communications with Abbey Lee Kershaw- face of Portmans.

* Store Movements last 12 months

7 Brand by Brand Performance – Just Jeans



1H FY12 Sales

- 🦄 **Sales:**
\$103.2m
-3.8% on LY
- 🦄 **6 store closed***
- 🦄 **0 stores opened***
- 🦄 **250 stores at end of half**

Merchandise & Marketing initiatives

- 🦄 Merchandise team led by Kathy Cocovski
- 🦄 Continued innovation in denim
 - luxe denim
 - coloured denim and chinos
- 🦄 Sourcing initiatives delivering improved outcomes in key categories eg. Denim
 - FOB reduction by moving to Northern China
 - new markets
 - new international factories
- 🦄 Investing in above the line marketing to rejuvenate the business – using the heritage of the brand to rebuild the value proposition
- 🦄 Gaining share in a tough and competitive market

* Store Movements last 12 months

8 Outlook



All of our strategic review initiatives and core growth investments are on track and set to benefit our Winter 12 result. Despite these initiatives and investment, the short term headwinds facing our existing portfolio remain challenging. The company reaffirms the bottom end of its full year \$80-\$95 million guidance for Just Group EBIT, subject to an improvement required in Q4 following a difficult Q4 last year.



Despite the macro economic headwinds, the company has material growth opportunities both in Australia and Asia that provide a clear path to long term success



The Premier Board has declared an interim fully franked dividend of 18 cps



This represents a payout of 73% of earnings, above the minimum of our policy



Premier Board made the dividend decision after reviewing

- The underlying earnings of the group
- Premier Retail (The Just Group) trading outlook
- Future potential for The Just group earnings
- Maintaining cash reserves for future opportunities
- The strength of the Premier balance sheet