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PREMIER INVESTMENTS DELIVERS STRONG 1H17 RESULT

RECORD SALES AND EBIT ACHIEVED BY PREMIER RETAIL

INCREASED INTERIM ORDINARY DIVIDEND OF 26 cps, UP 13.0%

HIGHLIGHTS FOR 1H17

- Premier Investments' underlying net profit before tax (NPBT) of \$100.6 million, up 9.7% on 1H16^{1,2}
- Premier Retail's underlying earnings before interest and tax (EBIT) of \$93.0 million, up 10.6% and underlying EBIT margin up 50bps to 15.8%^{1,2}
- Premier Investments' reported net profit after tax (NPAT) of \$71.9 million
- Premier Retail's sales and margin:
 - Total sales up 7.1% to \$588.6 million despite the negative impact of significant external events during the half (Hobart stores collapsed in August, unseasonably cold October and New Zealand Earthquake in November)¹
 - Like-for-like (LFL) sales up 2.1% on constant currency basis, following record 1H16 LFL growth¹
 - Smiggle's global sales up 26.4% on 1H16 and continuing to grow strongly in all countries¹
 - 26 new stores opened in the UK during the half
 - 7 new stores opened in Asia
 - Smiggle to enter Eurozone in 2H17 with first two stores to open in the Republic of Ireland
 - Peter Alexander's sales up 13.8% on 1H16 through very solid LFL growth and the opening of 3 new stores during 1H17¹
 - Online channel delivering a world class platform for customers with growing profitability. Total sales up 48.0% on 1H16, well ahead of the market growth¹
- Increased interim ordinary dividend of 26 cps, up 13.0% (1H16:23 cps)

Premier Investments Limited ("Premier") today reported underlying net profit before tax of \$100.6 million for the 26 weeks ended 28 January 2017 (1H16: \$91.7 million). The reported net profit after tax for the half was \$71.9 million.^{1,2}

Premier Retail's record underlying EBIT of \$93.0 million was up 10.6% on the comparable 26 week period last year (\$84.1 million). The underlying EBIT was at the top of the guidance previously given. Underlying net profit before tax increased 10.8% to \$90.9 million.^{1,2}

¹Group result in 1H16 excludes non-comparable 27th week which contributed \$15.2m in sales and \$6.6m in EBIT. 1H17 Sales and LFL growth percentage is reported on comparable 26 weeks of 1H16.

²Underlying EBIT and NPBT excludes non-recurring costs during 1H17 regarding the finalisation of the one-off litigation matter (\$3.0m) included within "Other Expenses" in the statutory accounts.

Total sales for Premier Retail were up 7.1%¹ to \$588.6 million. Group LFL sales were up 2.1%¹ on a constant currency basis, on top of record 1H16 LFL growth.

The strong half year results were achieved notwithstanding the reported difficulties experienced by other discretionary retailers in Australia, as well as, significant external events that impacted the business (Hobart stores collapsed in August, unseasonably cold October and the New Zealand earthquake in November).

Premier's Chairman, Mr Solomon Lew said: *"The Premier Retail team, led by Premier Retail CEO Mark McInnes, has again delivered a very strong performance with solid growth in sales and underlying earnings. These results were achieved in a half that saw several Australian discretionary retailers go out of business whilst others have reported significant decline in earnings. Premier Retail's performance in the half shows the robust nature of our business resulting from key investment decisions made over the past five years in line with the business' 2011 strategic review.*

"Smiggle global sales were up 26.4%¹. At the end of the half, Smiggle had 272 stores across Australia, New Zealand, Singapore, England, Scotland, Wales, Malaysia and Hong Kong. The brand has opened globally more than one store a week for the past 12 months with results ahead of expectations. Today I am delighted to announce that during the second half, Smiggle will enter the Eurozone by opening its first stores in the Republic of Ireland. The brand will continue to review opportunities in additional new geographies.

"Peter Alexander achieved sales growth for the half of 13.8%¹ whilst our online business significantly outperformed the market with sales growth of 48%¹. We will continue to enhance our world class online platform by making significant investments in technology, people and marketing, to achieve annual online sales of over \$100 million by 2020."

Premier Retail CEO, Mr Mark McInnes said: *"We are relentlessly focussed on implementing our strategies – investing in expanding Smiggle globally, growing Peter Alexander significantly and delivering a world class online experience for our customers while achieving ongoing cost efficiencies and continuing to invest in our core apparel businesses."*

During the half, Premier acquired an office building on St Kilda Road, Melbourne. The acquisition price of \$58.0 million was over 85% funded via a new debt facility. The building will become the new head office of Premier Retail. The building will allow for the continued growth of Premier Retail with the ongoing interest cost of the investment less than the current significant escalating rent expense at the existing head office (excluding one-off relocation and make-good costs).

PREMIER RETAIL TRANSFORMATION – FOCUS ON GROWTH & INVESTMENT

Growth

- Grow Smiggle significantly
- Grow Peter Alexander significantly
- Expansion and growth of online businesses

Core

- Gross margin expansion program
- Organisation-wide cost efficiency program
- Rejuvenation of core apparel brands

GROWTH INITIATIVES DELIVER

Smiggle's successful global expansion continues

Smiggle opened 33 new stores during the 26 week half. The brand achieved global sales of \$134.7 million, up 26.4% on the comparable 26 week period last year. Almost 60% of Smiggle sales for the half were from outside of Australia.

At the end of the half Smiggle had 272 stores across Australia, New Zealand, Singapore, England, Scotland, Wales, Hong Kong and Malaysia. Premier Retail expects to have between 320 and 330 Smiggle stores trading before Christmas 2017. The brand performance across all geographies has given management confidence to reconfirm growth targets of:

- \$200 million in annual sales in the UK by calendar 2019; and
- A footprint of 50 stores across Hong Kong and Malaysia within 5 years.

Premier today announced that Smiggle will enter the Eurozone by opening two stores in the Republic of Ireland during 2H17. The annual personal stationery market in the Republic of Ireland is US\$360 million and management sees potential for between 15 and 20 stores over the next three years. These stores will leverage the existing Smiggle UK infrastructure.

Mr McInnes said: *"The sales and customer acceptance of Smiggle in each of the countries we have entered continues to be exceptional. Our Managing Director of Smiggle, John Cheston, has led Smiggle to become a truly unique global brand. The brand is quickly being recognised as a new and leading retail concept in all of its new markets. Smiggle UK was recently awarded both Retailer of the Year 2016 by the British Council of Shopping Centres and Fastest Growing Shopping Centre Retailer for 2016 by Retail Week. As we enter the Irish market, we are excited about the opportunity to leverage the existing Smiggle UK infrastructure for this expansion in the same way that we've used Singapore as a platform for our broader Asian growth strategy."*

Peter Alexander continues to perform strongly

Total sales at Peter Alexander for the half grew by 13.8%¹ to \$99.4 million with strong total and LFL sales in both Australia and New Zealand.

Peter Alexander opened three new stores during the half with all trading ahead of expectations. The brand also had significant improvements from refurbished and relocated larger stores in Chadstone, Pacific Fair, Spencer Street and Warringah.

During 2H17, Peter Alexander will open three new stores and upgrade and refurbish a further store. Management re-affirms plans to open between five and seven new stores in each of calendar years 2017, 2018 and 2019. Management also plans to upgrade, refurbish or upsize between three to five existing stores per year over the same timeframe.

Online strategy delivering a world class platform

Premier Retail's online sales continue to significantly outperform industry growth, with total sales up 48.0%¹ on 1H16.

Online is a profitable channel for Premier with EBIT margin significantly higher than the group average. Premier will continue to invest in further enhancing its world class online platforms in order to reach \$100 million in annual online sales by 2020.

PROGRESS AGAINST CORE TRANSFORMATION INITIATIVES

Premier Retail's underlying EBIT increased by 10.6% to a record \$93.0 million with the underlying EBIT margin up 50 bps to 15.8%.^{1,2}

Gross margin strategies delivering

- Premier Retail's gross margin of 64.0% for the half was delivered through the effective implementation of key gross margin strategies:
 - long term foreign currency hedging policies (in all markets) allowing for long term merchandising planning;
 - direct sourcing initiatives continuing to deliver benefits from new and existing suppliers;
 - sourcing from new geographies;
 - investing in better merchants delivering better product;
 - a focus on disciplined execution of markdown management; and
 - significant growth from higher margin brands Smiggle and Peter Alexander.
- Premier Retail is fully hedged for all Australian, New Zealand and United Kingdom offshore purchases for the balance of FY17 and 1H18.
- Premier Retail's inventory position was clean at end of the half.

Cost efficiency and supply chain

Cost of Doing Business for the half decreased by 115 bps as a percentage of sales to 48.4% in 1H17.¹

- The group delivered ongoing cost efficiencies, despite structural inflationary pressure
- Key investments in strategic growth initiatives, including Smiggle's international growth markets (UK, Republic of Ireland, Hong Kong, Malaysia), online and Peter Alexander will continue.

Rejuvenation of core apparel brands

Premier Retail's record result for the half was achieved notwithstanding significant external events that impacted the business.

The group was forced to temporarily close four Hobart stores from 27 July 2016 in the Cat & Fiddle Shopping Centre due to a partial building collapse. In addition, all group flagship Chadstone stores were temporarily closed and severely disrupted in 1Q17 due to the centre's major upgrade and redevelopment.

The New Zealand Earthquake that hit in the Wellington region on 14 November 2016 severely impacted Premier Retail, with 26 stores facing temporary closures during the all important Christmas quarter.

In Australia, the widely acknowledged cool start to Summer (in particular in October) led to both a negative impact on total and LFL sales that directly led to gross margin decline as all clothing brands were forced to compete on price with all retailers to clear inventory across the critical Christmas quarter.

Just Jeans

Just Jeans delivered strong sales growth of 4.7%¹ in a highly competitive market. Just Jeans Womenswear had an outstanding half. The brand continues to go from strength to strength in differentiating through the International branded denim business where the width of range, in stock of sizes and personal service deliver Just Jeans a competitive advantage.

Jays Jays

Jay Jays had a challenging 1Q17 off the back of a cool start to summer and temporary closure of its flagship Chadstone store. The brand bounced back strongly in 2Q17 with LFL sales for the quarter up by 3% on 2Q16.

Pleasingly LFL sales for the first six weeks of 2H17 are up 3.3% on the same period last year. Given the strong start to the season, management remains cautiously optimistic for a solid 2H17 in particular given the alignment of a later Easter and school holidays in 2H17 (compared to 2H16).

Dotti

Dotti delivered a very solid 1H17 despite intense competitive pressure including the further rollout of major international competitors into key shopping centres. After excluding the one off impacts of Hobart, Chadstone and the New Zealand earthquake total sales grew by 0.5%¹ for 1H17.

Jacqui E

Jacqui E delivered a credible 1H17, with sales down 2.5%¹ after excluding the one-off impacts of Hobart, Chadstone and the New Zealand earthquake (in particular the negative sales and margin impact on the flagship Wellington CBD store since the earthquake).

Given the very competitive nature of this market segment, and the critical importance of product leadership for competitive advantage, Premier Retail is delighted to announce the appointment of Nicole Naccarella as the new Group General Manager of Jacqui E, reporting to Premier Retail's Core Brand Director Colette Garnsey. Nicole will join the business in June 2017.

Nicole has a wealth of experience in the Womenswear category through both brand and product development portfolios having been Group General Manager of Womenswear, Intimates and Accessories at Myer responsible for the outstanding success of brands such as Basque and Piper as well as Myer Exclusive Brands.

Most recently Nicole has been General Manager of all apparel at Harris Scarfe.

We are delighted to welcome Nicole whose deep Womenswear product development experience will be of significant benefit to Jacqui E in a highly competitive market.

Portmans

The Portmans business had a very challenging half cycling a record 1H16 result. Sales were down 5.8%¹ off a record 1H16 sales growth of 15.3%. This result was in part due to a cooler start to Summer and some poor fashion choices. Given the market opportunity for this

brand, the decision was taken to strengthen and revitalise the senior leadership team of Portmans.

Linda Levy will join as GGM Portmans in early April 2017. Linda will report to Premier Retail's Core Brand Director Colette Garnsey. Linda has a long and successful career in Women's specialty fashion retail in the most senior product design, development and leadership roles.

The business has also appointed Vicky Kordatou, former very successful business manager of Myer Miss Shop to the role of Merchandise Manager for woven tops, dresses and coats.

In addition Joanne Simmonds has been appointed Merchandise Manager responsible for knits, separates and accessories. Joanne is a former Portmans Merchandise Manager with deep experience and success in the brand and with the customer.

Premier Retail CEO Mark McInnes said: *"The senior product leadership changes announced today in Jacqui E and Portmans will revitalise our product development teams and we expect to return to positive sales growth in 4Q17/ 1H18.*

"Pleasingly our major clothing brands Just Jeans and Jay Jays are performing very strongly in a highly competitive market. As a strong sign of the future in all Premier Retail core clothing brands, the group opened flagship stores in Australia's number one shopping centre in Chadstone, Victoria.

"The group has Jay Jays, Just Jeans, Dotti, Portmans, Peter Alexander, Smiggle and Jacqui E all in brand new or upgraded flagship stores in the new prime shopping precinct that includes Zara, H&M, Sephora and Uniqlo. Since opening, all stores have delivered exceptional results and well above the same period last year in their old locations.

"Premier Retail will continue to invest in better merchants to deliver better product for long term competitive advantage. In addition investment will continue in branding, store upgrades, refurbishments, online and marketing to deliver growth in all our clothing brands."

PREMIER INVESTMENTS' FINANCIAL STRENGTH

At the end of the year, Premier's balance sheet reflected free cash on hand of \$279.2 million plus its equity accounted investment in Breville Group Limited at \$218.4 million. The market value of Premier's holding in Breville Group Limited was \$364.1 million at 17 March 2017³.

Due to the continued strength of Premier's balance sheet and the performance of Premier Retail, the Board has declared an increased interim ordinary dividend of 26 cents per share fully franked, up 13.0% (1H16: 23 cps). The interim ordinary dividend of 26 cents per share will be payable on 17 May 2017. The dividend will be 100% franked.

Premier continues to use its strong balance sheet to fund the expansion of its growth brands, while still retaining the flexibility to pursue other opportunities that may arise in the future.

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For enquiries:

For investors and analysts

Mark Middeldorf
Premier Investments
Tel: +61 3 9650 6500

For media

Lauren Thompson
Mob: +61 438 954 729

³Based on Breville Group Limited share price of \$10.18 on 17 March 2017

APPENDIX

Overview of Premier's non-IFRS financial information

- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards
- Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. For example: one-off items, non-recurring costs, 26 week comparable, like for like sales, underlying EBIT, underlying NPBT and underlying NPAT
- Any non-IFRS financial information is clearly labelled to differentiate it from reported/IFRS financial information
- Premier Investments provides reconciliations in the footnotes in order to allow the reader to clearly reconcile between the IFRS and non-IFRS financial information
- Premier Investments' management believes that the presentation of additional non-IFRS information in its results presentations provides readers of these documents with a greater understanding into the way in which management analyses the business as well as meaningful insights into the financial condition or Premier's overall performance
- The Australian Securities and Investments Commission (ASIC) acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.