



1 December 2017

CHAIRMAN'S ADDRESS

On behalf of the Directors of Premier Investments Limited I would like to warmly welcome you to our Annual General Meeting.

The Premier Board fully recognises that our shareholders are the owners of the company who have entrusted the protection and growth of their investment to us to be managed responsibly and prudently.

It is in this context that it is my pleasure to report that for the 2017 Financial Year, we have again delivered a successful result which has enabled the return of record dividends to our shareholders.

This outcome has been underpinned by the performance of our key operating business, Premier Retail, which achieved record sales and profit, and it was also supported by the outstanding performance of our substantial investment in Breville Group Limited.

Our ability to deliver year on year outperformance has not relied on riding the 'up cycle' of buoyant times for the Australian economy and the retail sector.

On the contrary, it is the product of a very hard earned and managed process, which has at its foundation a very strong and credentialed Board. It has been the ability of our senior management team to work with the Board and draw on its knowledge and experience in order to successfully confront the confluence of cyclical and structural changes which have adversely impacted the general economy and retail sector.

The quality of a Board, and its capacity to contribute to both protect shareholders' interests and add value in challenging times, is very evident when we compare our performance relative to some other Australian retailers. I'll come back to this point, not with any great pleasure.

In the case of Premier Retail we have put in place a management team, under the leadership of Mark McInnes, which can be benchmarked favourably against any international retail management team.

The Board has also overseen a strategic framework to both defend the market position of our proprietary brands through investment funded by cost controls (for example, funding the relocation and consolidation of our Distribution Centre and, also, Head Office) while also investing in growth opportunities such as Smiggle International, Online and Peter Alexander.

It has been this combination of the right strategy, together with excellence in implementation by management, which has enabled Premier to more than double its market capitalisation and deliver record dividends to our shareholders over a five year period - which has concurrently seen so many Australian retailers flounder or fail.

In this forum last year I made the point that I had never experienced more challenging times in my over 50 years in retail. And so it remains. I won't run through a laundry list of cyclical and structural issues which we face and are all by now familiar with.

I will, however, observe that some 'cyclical' factors relating to the general economy have been sustained over the period since the GFC. Most cyclical factors will never become structural features and improvements for consumers and retailers will inevitably emerge at some point to provide opportunity and further upside for well managed businesses.

I might also note that 10 years of continuous Government instability, uncertainty and short term decision making, where sound public policy has been subordinated to political tactics, has certainly contributed to the sustained maintenance of low levels of business and consumer confidence. Hopefully, this too might change - 4 year set terms would certainly have our support.

That said, our focus is to deal with the environment as it is - the challenges and opportunities - and to manage both for the times and for future growth.

We trust that our achievement has been recognised through your continued support as shareholders - year on year outstanding results relative to the retail sector as a whole in addition to delivering substantial growth opportunities.

One opportunity that will arise in the 2018 year is the imminent introduction in Australia of GST on international online purchases. We commend the recent report from the productivity commission that confirmed, to both the government and the opposition, that the playing field needs to be level and that GST on international online orders be charged from July 2018.

Let me now turn to the financial result.

STRONG PERFORMANCE

During FY17, Premier delivered underlying net profit before tax of \$146.8 million, up 5.8% on the prior year. Statutory reported net profit after tax was \$105.1 million.ⁱ

At the consolidated group level, Premier's result reflects the contribution from Premier Retail (or The Just Group) which includes its seven retail brands, earnings from Premier's 27.5% stake in electrical consumer products manufacturer Breville Group Limited, and interest earned on Premier's cash balance.

PREMIER RETAIL

Premier Retail delivered a solid operating result, with sales for the year up 5.7% on prior year to \$1.1 billion and underlying earnings before interest and taxation (“EBIT”) of \$136.0 million. ⁱ

The resilience of Premier Retail is the direct result of key investment decisions made by your company over the past six years following the major strategic review undertaken in 2011.

These decisions have included:

- priority allocation of capital and resources to our unique growth brands;
- development of a world class online platform supported by a best in-market logistics capability; and
- rejuvenation of our core brands.

I know that you will already be aware of the tremendous growth we have experienced in Smiggle and Peter Alexander, but the past year has been so exciting for both brands that I think it's worth updating you on their achievements and also our forward plans for both.

Over the past ten years, Smiggle annual sales have grown from \$19 million to \$239 million.

In FY17 alone Smiggle sales were up 28.8% on FY16.

The growth for the year was achieved both by strong like-for-like growth in all markets and the opening of 58 new stores.

Smiggle is now truly an international retailer, generating the majority of its sales outside of Australia.

At the end of the financial year, Smiggle had 297 stores trading across Australia, New Zealand, Singapore, England, Scotland, Wales, Northern Ireland, Republic of Ireland, Hong Kong and Malaysia.

The brand performance across all geographies has given management confidence to confirm the opening of 100-120 new stores in these existing markets over the next two years. Smiggle has already opened 23 new stores since July 2017 and Smiggle will open a further 12 stores before the end of first half 2018.

The brand will also further grow its European markets by entry into Continental Europe, opening stores in the Netherlands and Belgium during calendar year 2018.

In September 2017, Premier announced that Smiggle was aiming to exceed \$400 million in revenues by FY20. Smiggle has subsequently reviewed its plans, and now expects to deliver in excess of \$450 million in annual sales by FY20 – this would mean almost a doubling of the record sales achieved in FY17.

The Smiggle team, under Smiggle Managing Director John Cheston's outstanding leadership, has demonstrated its ability to expand into new markets - which we will continue to do - and to do so profitably.

Your Board believes that Smiggle has the potential to become one of the most valuable retail brands in the world. A statement which we do not make lightly.

We are also extremely proud of Peter Alexander and excited about the future of this unique brand.

Total sales at Peter Alexander grew by 14.0% in FY17 to \$191 million, with strong total and like-for-like sales.

During the year, Peter Alexander opened six new standalone stores and five new department store concessions.

As a result of the continuing strong performance of Peter Alexander, your Board has committed to further investment in Peter Alexander online, new store openings, concessions and category expansion with a view to generating sales in excess of \$250 million by 2020.

The new three-year growth strategy, has been built on the previous Peter Alexander plan that saw sales grow from \$47 million per year to \$191 million per year over the last ten years. Much of the credit goes to the creative leadership of Peter and also to an outstanding management team led by Peter Alexander Managing Director Judy Coomber, supported by the Group's shared services structure.

Our online channel also continues to outperform the market and drives significant growth in profitable sales.

In FY17, Premier Retail continued to invest in its online capabilities, delivering sales for the year of \$68.1 million.

This represents year on year growth of 44.3%.

The online business has grown from 1.1% of the respective market's sales in FY11 to 7.1% in FY17. We are now confident that our online sales will well exceed our original target of \$100 million in annual sales much sooner than 2020. Again, we recognise the achievements of the management team led by Group General Manager Internet and Marketing Georgia Chewing.

While our world class Online stores have very exciting futures we also know that customers will always want to choose how they shop with us, and that means investing in a world class store experience across all of our brands.

Premier Retail made targeted investments in refurbishments and new store formats during the year.

The Premier Retail team remains focused on delivering improved shareholder returns in all five of our outerwear clothing brands. We are delighted with the continued positive sales growth we are experiencing season to date in Portmans under the new leadership of Group

General Manager Linda Levy. The Portmans brand is going from strength to strength – a great sign for the balance of summer and the winter season coming. Jacqui E continues its positive momentum since the appointment in June 2017 of Group General Manager, Nicole Nacarella. We were expecting and are experiencing positive sales growth in Jacqui E so far in Q2 and are delighting our customers with new products.

Both Just Jeans and Jay Jays have strong competitive market positions. Dotti is experiencing extreme competition from international entrants but as previously advised, we are in negotiations with Landlords to ensure we experience market competitive rents.

We closed eight unprofitable stores during FY17. This represents our promise to Landlords - if store rents are excessive and result in shops being unable to trade profitably - we will close the store in the interests of our shareholders.

As consumers continue to shift their spending from physical stores to online, Premier Retail will continue to focus on store profitability to drive appropriate investment and shareholder returns.

Where landlords do not continue to invest in overall shopping experiences and/or adjust their rent expectations in line with the performance of their own centres and the major shift in consumer behaviour, as I have just said, further store closures may be necessary.

The strong result in FY17 was achieved notwithstanding significant external events that impacted trading.

In addition to the macroeconomic and competitive pressures that all retailers face, I note that in FY17 Premier Retail also experienced significant store closures across its portfolio for reasons outside of our control, including:

- the significant redevelopment of Chadstone shopping centre leading to temporary store closures;
- a partial building collapse in Hobart; and
- the devastating impacts of the Kaikoura earthquake in New Zealand.

I mention these factors only to underscore the resilience of your business – and the outstanding efforts of our team which runs your business day in and day out.

I would like to acknowledge Mark McInnes, the senior leadership team and our over 8,000 dedicated employees who now span nine countries across the globe.

Notwithstanding the very challenging environment and significant operational hurdles, this team continues to deliver results for shareholders across a well-diversified portfolio. Please join me in applauding their efforts.

FINANCIAL STRENGTH AND DIVIDENDS

At the end of the financial year, Premier's balance sheet reflected free cash on hand of \$170.6 million, an investment in Myer Holdings Limited valued at \$67.7 million, and its equity accounted investment in Breville Group Limited at \$216.9 million.

The current market value of Premier's holding in Breville is approximately \$470 million.

Given the continued strength of Premier's balance sheet and the performance of Premier Retail, the Board declared record total full year ordinary dividends of 53 cents per share fully franked up 10.4% for the year.

CURRENT ISSUES

I must now report to you on Premier's stake in Myer, a task which gives me no joy.

In March, Premier believes it was misled by the Myer Board and management team's strong claims about how Myer was performing. The Board decided to invest in that story, which turned out to be all hot air and no substance. As we have seen Myer's performance has only continued to deteriorate.

I am sure that you would be aware by now of my personal displeasure, and that of your Premier Board, at this situation. The Myer Board has most certainly been made aware of it, and yet they continue to refuse to be accountable for their performance to their shareholders.

At the Myer Annual General Meeting last week Premier received the support of approximately 10,000 shareholders in the positions we proposed for accountability and change. The Myer Board engaged in heavy proxy solicitation through specialist firms, directly lobbied institutional shareholders and retained an army of external consultants, PR specialists and lawyers. Notwithstanding this, the Myer Board was defeated in their support for a number of resolutions, including the rejection by shareholders of the Remuneration Report.

The support of many thousands of small shareholders is both encouraging and understandable given the massive destruction of value which is so evident. However, the passive role of a number of institutional shareholders, who are responsible for managing 'other people's money', was deeply disappointing given that they are serving only to delay the inevitable as the business continues its very clear downward trajectory and further value is destroyed under this current Myer Board.

Premier will continue to use all of the options at our disposal to ensure the protection of our investment. The pressure is on the Myer Board - having aggressively denied our help - they must now deliver. For the Myer Board to rebuff our retail performance and experience, to protect their own jobs, is bad for the Myer business and shareholders.

The contrast between Premier and Myer is stark and can be assessed at every level - Board and management strength, product offer, sales and profit performance, dividends, balance sheet - and on it goes.

With apologies to fans of The Game of Thrones, my message to the Myer Board is this:

‘Summer is Coming’

the numbers won't lie.

GOVERNANCE

Let me now turn to Board matters. In early November Premier advised the ASX that both Mr Lindsay Fox AC and Dr Gary Weiss would retire as Directors before the end of July 2018.

As both will continue to serve as your Directors for some months to come it seems a little premature to be giving testimonials just yet.

However, given this will be their last AGM as Board Members after many years, I do want to place on record, as a kind of preliminary testimonial, my deep personal appreciation and gratitude for the contribution they have made to the company and to the wealth created for you, our shareholders.

Both men are giants in their own fields in the Australian business community and Premier has been extremely fortunate that they were prepared to commit their time and vast experience to our Board - it certainly wasn't the Board fees that motivated them.

Lindsay and Gary - on behalf of all shareholders and your fellow Directors, we sincerely thank you for your contributions above and beyond what would have been reasonable to expect.

Truly outstanding Directors - and I will have more to say at a later time.

The retirements mean that Premier will appoint new Directors and I can advise that this process is already underway.

I assure you that the new Directors proposed for election at the 2018 AGM will be highly credentialed to add value to the Board and issues such as independence and diversity will also be addressed.

CONCLUSION

In conclusion, on behalf of the Board and our thousands of employees, we say thank you to our fellow shareholders for your continued support and investment.

We have a proud record of achievement and the building blocks are firmly in place to deliver future success and profitable growth.

We will now commence with the formal business of the meeting.

ⁱ Group result in FY16 excludes non-comparable 53rd week which contributed \$15.2 million in sales and \$6.6 million in EBIT. FY17 Sales and underlying EBIT growth is reported on comparable 52 weeks of FY16. For reconciliation between statutory results and underlying results please refer to attached AGM presentation.



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Jay Jays



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Smiggle

Premier Investments Limited
Annual General Meeting
1 December 2017



portmans



Just
Jeans



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Agenda

1 Chairman's address

2 Resolutions



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THE **JUST** GROUP



1. CHAIRMAN'S ADDRESS

A woman with long brown hair is modeling a two-piece outfit. The top is white with a green and pink tropical print of palm leaves and flowers, featuring a V-neckline and puffed sleeves. The shorts are a solid dusty rose color with a high waist and a large matching fabric bow at the front. A large green monstera leaf is visible on the left side of the frame.

portmans

A woman with her hair pulled back is modeling a sleeveless, knee-length dress. The dress is covered in a dense black and white lace pattern. It has a high neckline and a thin black belt at the waist. She is also wearing black strappy high-heeled sandals. The background is a minimalist white space with a set of grey steps on the right.

JACQUI-E

**Just
Jeans.**



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Smiggle

Financial review

- Group profit
 - Underlying net profit before tax \$146.8 million, up 5.8% on FY16^{1,2}
 - Reported net profit after tax \$105.1 million
- Premier Retail contribution to Premier Investments performance:
 - Record Sales of \$1,092.8 million, up 5.7% on FY16¹
 - Record Underlying EBIT of \$136.0 million, up 7.3% on FY16^{1,2}
 - Record Underlying Profit before tax of \$131.9 million, up 7.6% on FY16^{1,2}
 - Smiggle sales up 28.8% on a previous record FY16¹ and up 80% over 2 years
 - Peter Alexander sales up 14.0% on a previous record FY16¹
 - Online sales of \$68.1 million up 44.3% on FY16¹, well ahead of market growth

Note:

1. Group result in FY16 excludes non-comparable 53rd week which contributed \$15.2m in sales and \$6.6m in EBIT. FY17 Sales growth percentage is reported on comparable 52 weeks of FY16
2. PMV underlying EBIT and underlying NPBT excludes make-good and other costs to date regarding the planned Melbourne Head Office move of Premier Retail to Premier Investments owned property incurred during FY17 of \$4.5m (Premier Investments \$2.7m; Premier Retail \$1.8m), non-recurring costs incurred during 1H17 regarding the finalisation of the one-off litigation matter previously reported (1H17 \$3.0m; FY16 \$2.3m) and one-off costs investing in Smiggle Ireland Expansion incurred during FY17 of \$0.2m all included within 'Total expenses' in the statutory accounts



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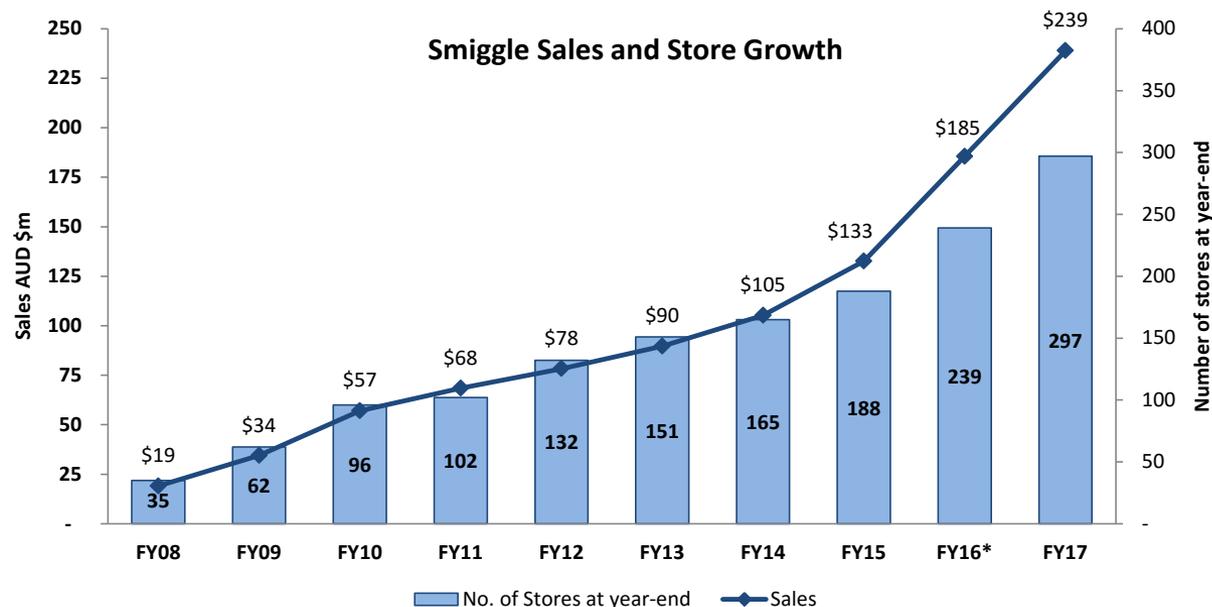


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THE JUST GROUP

Smiggle: sales now planned to exceed \$450 million by FY20

- Sales of \$238.9 million, up 28.8% on FY16¹
- Another record year for the brand underpinned by strong global LFL growth and 58 new stores opened globally
- Smiggle planning to open 100 - 120 new stores in existing markets over the next two years
- In addition, Smiggle announced entry into Continental Europe with first stores to open in the Netherlands and Belgium in CY18
- In September 17, Smiggle announced revenue plans to exceed \$400 million by FY20
- **Smiggle now aims for annual sales to exceed \$450 million by FY20**



Note:

1. FY16 excludes non-comparable 53rd week of sales. FY17 Sales growth percentage is reported on comparable 52 weeks of FY16



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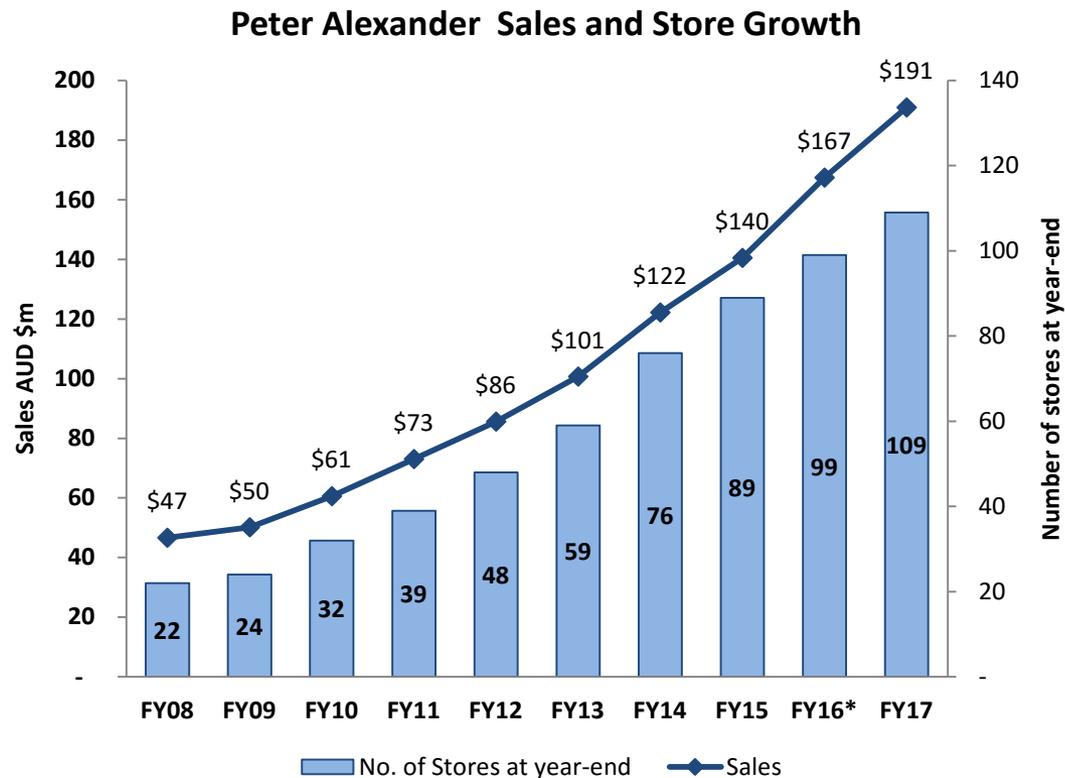


portmans

THE JUST GROUP

Peter Alexander performing strongly

- Sales up 14.0% with strong total and LFL sales in both Australia and New Zealand¹
- **Peter Alexander plans to achieve sales in excess of \$250 million by FY20**



Notes:

1. FY17 Sales growth percentage is reported on comparable 52 weeks of FY16

* FY16 excludes non-comparable 53rd week of sales. FY17 Sales growth percentage is reported on comparable 52 weeks of FY16



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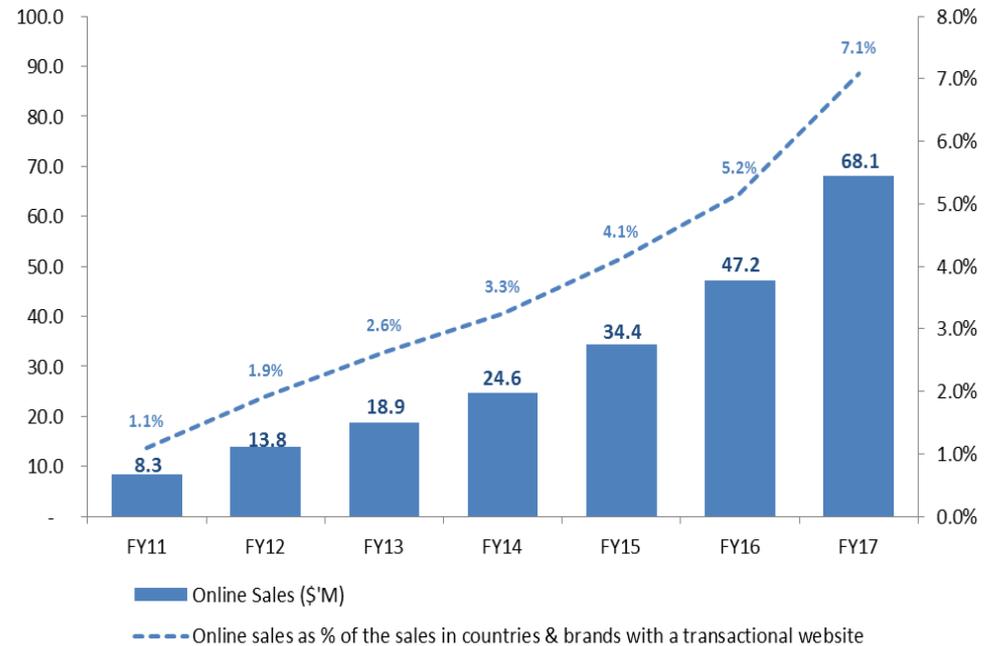


portmans

THE JUST GROUP

Online: delivery a world class platform and customer experience

- Online sales of \$68.1m up 44.3% on FY16¹
- The online business has grown from 1.1% of the respective markets' sales in FY11 to 7.1% in FY17
- Investment continues in technology, people and new marketing initiatives to deliver a world class platform and customer experience
- Online sales now expected to exceed the original target of \$100m sooner than 2020



Note:

1. FY16 excludes non-comparable 53rd week of sales. FY17 Sales growth percentage is reported on comparable 52 weeks of FY16



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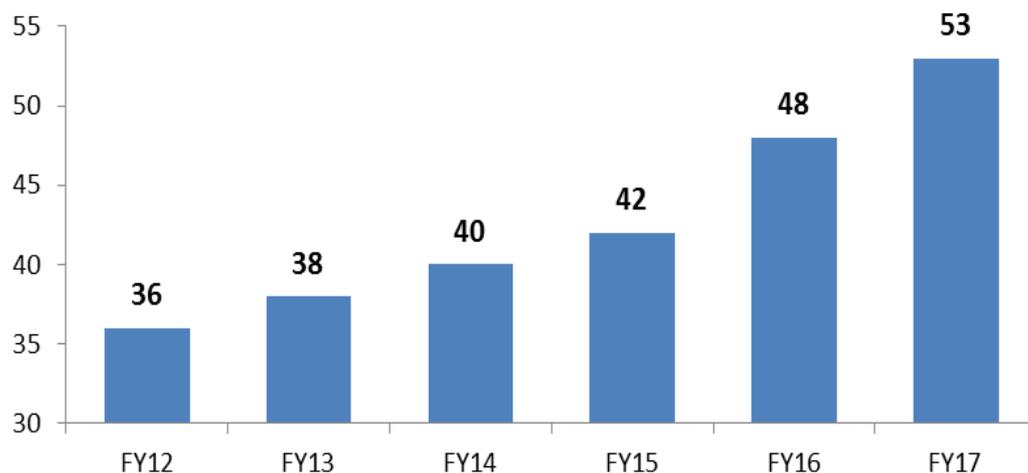
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Premier Investments balance sheet remains strong

- Cash on hand of \$170.6 million at end of FY17
- Balance sheet at end of FY17 shows investment in associate (Breville) as \$216.9 million.
The current value of the investment is approximately \$470 million
- Total full year dividends of 53 cps fully franked up 10.4% on FY16 (FY16 ordinary: 48 cps)

Premier Investments Full Year Ordinary Dividends per share (cents) fully franked



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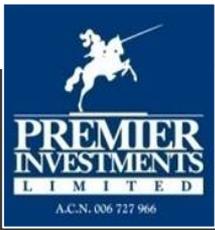
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2. RESOLUTIONS



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Premier Investments Limited
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