



## PREMIER INVESTMENTS LIMITED

2018 Full Year Results Overview  
20 September 2018

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# Agenda

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# PREMIER INVESTMENTS LIMITED FY18 OVERVIEW

## 1

## Premier Investments FY18 overview

2018 Full Year Results	Statutory Reported	Excluding significant and one-off items (Note 1)	Variance to FY17 excluding significant and one-off items (Note 1)
Premier Retail Sales	\$1,182 m	\$1,182 m	+ 8.2%
Premier Retail EBIT	\$147.9 m	\$150.1 m	+ 10.3%
Consolidated net profit before tax	\$124.0 m	\$160.3 m	+ 9.2%
Final dividend per share (fully franked)	33 cps	33 cps	+ 22.2%
Total full year dividends per share (fully franked)	62 cps	62 cps	+ 17.0%

- Underlying net profit before tax \$160.3 million, up 9.2% on FY17<sup>1</sup>
- Statutory net profit after tax, significant and other one-off items \$83.6 million
- Net cash generated (including dividends received) up 36% on FY17 to \$146.9 million
- Increased record final ordinary dividend of 33 cps fully franked (FY17: 27 cps) taking full year dividends to 62 cps fully franked (FY17: 53 cps)
- Cash on hand of \$178.6 million at end of FY18
- Balance sheet at end of FY18 shows investment in associate (Breville Group Limited) as \$223.2 million. The current market value of this investment \$472.1 million<sup>2</sup>
- Investment in Myer Holdings Limited at year end of \$40.7 million
- Franking credit pool of \$215.5 million

Note:

1. Refer Appendix B for details regarding significant and other one-off items excluded from underlying results
2. Based on share price of \$13.20 on 17 September 2018.



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- Premier Retail contribution to Premier Investments performance:
  - Record Sales of \$1.18 billion, up 8.2% on FY17. 2H18 Sales up 9.5%
  - Record Underlying EBIT of \$150.1 million, up 10.3% on FY17<sup>1</sup>
  - Record Underlying EBIT margin to Sales of 12.7%, up 25 bps on FY17<sup>1</sup>
  - Record Underlying Profit before tax of \$145.4 million, up 10.2% on FY17<sup>1</sup>
  - FY18 LFL sales up 3.3% on FY17 on a constant currency basis. 2H18 LFL Sales up 4.2%. Improving momentum in Q4-18 with LFL sales up 6.8%
  - Smiggle sales up 22.7% on a previous record FY17 and up 58% over two years
  - Peter Alexander sales up 14.5% on a previous record FY17 and up 31% over two years
  - Online sales of \$112.5 million, up 65.3% on FY17
  - 2020 Online Sales target of \$100 million delivered more than two years ahead of original plan
  - Apparel brands delivering strong sales growth momentum. 2H18 sales up 5.5%, with further improving momentum in Q4-18 with sales up 8.1%
  - Inventories clean at year end
  - Significant investment in Online, Smiggle international and Peter Alexander to drive future growth
  - Premier Retail successfully moved into new Premier Investments owned head office in April 2018

Note:

1. Refer Appendix B for details regarding significant and other one-off items excluded from underlying results



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## 2

## Premier Investments summarised consolidated income statement

\$m	FY18	FY17
Premier Retail EBIT – underlying	150.1	136.0
Premier Investments income from associate (BRG)	16.1	14.8
Premier Investments other revenue (Interest, Dividends, Rent & Other)	7.3	6.9
Premier Investments expenses (ex Premier Retail)	(7.0)	(5.9)
Underlying finance costs	(6.2)	(5.0)
<b>Underlying net profit before tax<sup>1</sup></b>	<b>160.3</b>	<b>146.8</b>
Expenses incurred before occupying new head office property		
– Depreciation, relocation and other	(2.8)	(3.3)
– Finance costs	(1.4)	(1.2)
Expenses incurred in relation to investment in Myer Holdings Limited including preparation for legal action	(1.5)	-
One-off litigation matter	-	(3.0)
One-off Smiggle Europe expansion	(0.7)	(0.2)
Non-cash impairment charge in relation to intangible assets	(30.0)	-
<b>Reported net profit before tax</b>	<b>123.9</b>	<b>139.1</b>
Income tax expense	(40.3)	(34.0)
<b>Reported net profit after tax</b>	<b>83.6</b>	<b>105.1</b>

Note:

1. Refer Appendix B for details regarding significant and other one-off items excluded from underlying results



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## 2

## Premier Investments summarised consolidated balance sheet

\$m	28 Jul 2018	29 Jul 2017
<b>Assets</b>		
Cash and cash equivalents	178.6	170.6
Inventories	159.3	140.8
Property, plant and equipment	238.2	214.4
Other assets	48.9	35.4
Deferred tax assets	36.6	35.8
Listed equity investment at fair value	40.7	67.7
Investment in associate	223.2	216.9
Intangible assets	825.9	855.1
<b>Total assets</b>	<b>1,751.4</b>	<b>1,736.7</b>
<b>Liabilities</b>		
Interest bearing loans and borrowings	175.7	173.5
Deferred tax liabilities	63.9	58.8
Trade payables, provisions and other liabilities	166.9	168.7
<b>Total liabilities</b>	<b>406.5</b>	<b>401.0</b>
<b>Equity</b>		
Contributed equity	608.6	608.6
Reserves	(16.0)	(30.1)
Retained earnings	752.3	757.2
<b>Total equity</b>	<b>1,344.9</b>	<b>1,335.7</b>



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# 3

## Premier Retail delivers record sales and EBIT

- Record Sales of \$1.18 billion, up 8.2% on FY17
- 2H18 Sales up 9.5%
- Record Underlying EBIT of \$150.1 million, up 10.3% on FY17<sup>1</sup>
- Record Underlying EBIT margin to Sales of 12.7%, up 25 bps on FY17<sup>1</sup>
- FY18 LFL sales up 3.3% on FY17 on a constant currency basis. 2H18 LFL Sales up 4.2%. Improving momentum in Q4-18 with LFL sales up 6.8%
- All key growth initiatives continue to deliver
  - Smiggle global sales up 22.7% to \$293.0 million delivering highest sales revenue of all brands within Premier Retail, with 52 new stores opened globally in FY18
  - Peter Alexander delivered a 14.5% increase in sales through strong LFL growth and the opening of 21 new stores during FY18
  - Online sales of \$112.5 million up 65.3% on FY17, growing to 11% of the respective markets' total sales. 2020 Online Sales target of \$100 million delivered more than two years ahead of original plan
- Apparel brands delivering strong sales growth momentum. 2H18 total sales up 5.5% on 2H17, with further improving momentum in Q4-18 with total sales up 8.1% on Q4-17
- Investment program continues in online technology, people and marketing together with 396 capital investment initiatives across all brands and markets during FY18, including opening a record 84 new stores
- Premier Retail global sales for the first five weeks of FY19 were up 10.2% with an improved gross margin on pcp. Pleasingly this growth number includes Smiggle's key UK and Republic of Ireland "back to school" period where sales were up 29%

Note:

1. Refer Appendix B for details regarding significant and other one-off items excluded from underlying results



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### 3 Premier Retail performance

\$000	52 weeks to 28 Jul 2018	52 Weeks to 29 Jul 2017	Var LY
Sales	1,182,221	1,092,760	+8.2%
<i>LFL sales (constant currency)</i>	<b>+3.3%</b>	<b>+1.1%</b>	
Gross Profit	738,314	689,424	+7.1%
<i>Gross margin (%)</i>	<b>62.5%</b>	<b>63.1%</b>	<b>-64 bps</b>
Employee Expenses <sup>1</sup>	(280,268)	(271,772)	+3.1%
<i>% sales</i>	<b>23.7%</b>	<b>24.9%</b>	<b>-116 bps</b>
Rent <sup>1</sup>	(224,377)	(212,672)	+5.5%
<i>% sales</i>	<b>19.0%</b>	<b>19.5%</b>	<b>-48 bps</b>
Advertising & Direct Marketing <sup>1</sup>	(15,234)	(13,718)	+11.1%
<i>% sales</i>	<b>1.3%</b>	<b>1.3%</b>	<b>+3 bps</b>
Depreciation, Amortisation & Impairment <sup>1</sup>	(27,535)	(25,116)	+9.6%
<i>% sales</i>	<b>2.3%</b>	<b>2.3%</b>	<b>+3 bps</b>
Other Costs of Doing Business <sup>1</sup>	(42,328)	(31,646)	+33.8%
<i>% sales</i>	<b>3.6%</b>	<b>2.9%</b>	<b>+68 bps</b>
Other income	1,494	1,531	
<b>Underlying EBIT</b>	<b>150,066</b>	<b>136,031</b>	<b>+10.3%</b>
<i>% sales</i>	<b>12.7%</b>	<b>12.4%</b>	<b>+25 bps</b>
Borrowing costs	(4,672)	(4,117)	
<b>Underlying Profit before tax</b>	<b>145,394</b>	<b>131,914</b>	<b>+10.2%</b>

Note:

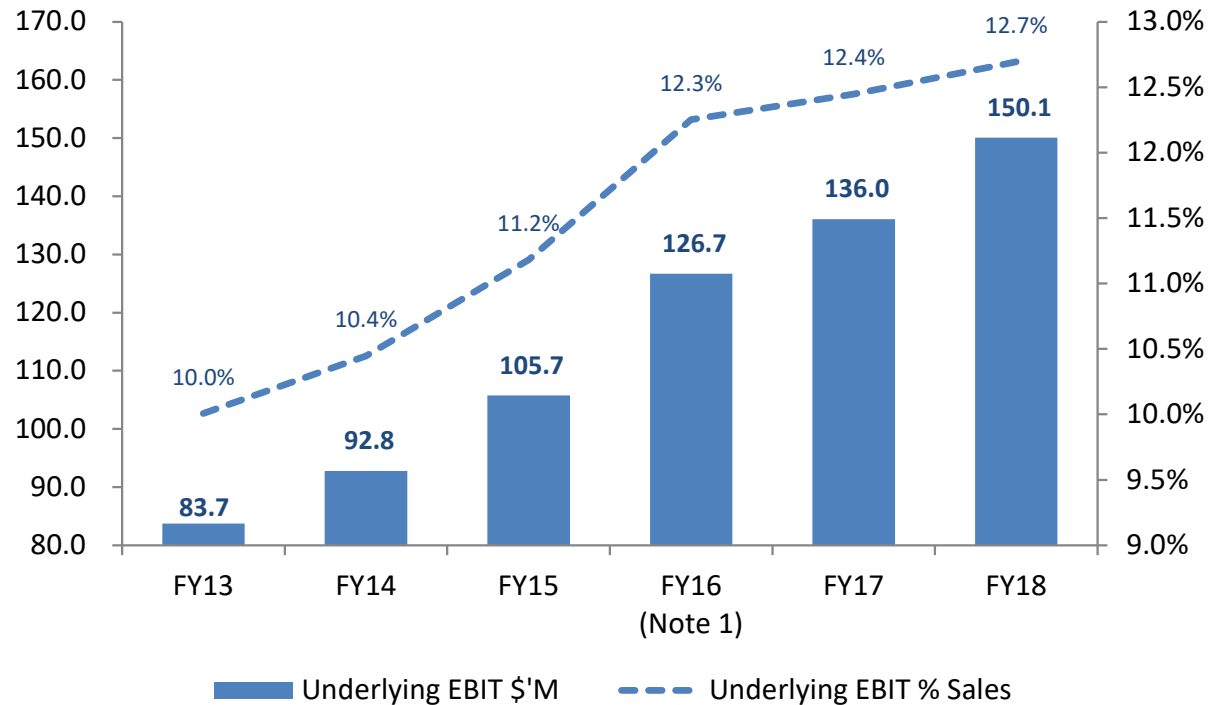
1. FY18 total cost of doing business equates to 49.9% of sales (FY17 50.8%) excluding significant and other one-off items - Refer Appendix B for details

## 4

## Premier Retail FY18 EBIT: strong growth continues

- 7 consecutive years of EBIT growth
- FY18 EBIT margin to Sales up 25 bps on FY17
- Key Gross Margin and CODB strategies delivering

### Underlying EBIT – 7 Year History



Notes:

1. FY16 excludes non-comparable 53<sup>rd</sup> week which contributed \$6.6m in EBIT



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### Gross Margin Strategies continue to deliver

- FY18 results were achieved notwithstanding significant external headwinds in the apparel sector, with retailers continuing to discount deeper and for longer to remain competitive
- Key long term foreign currency hedging policies allowed for merchandise planning
- Direct sourcing initiatives continued to deliver benefits from new and existing suppliers
- Sourcing from new geographies continues
- Investing in better merchants and delivering better product remained key focus area
- Significant growth was achieved via higher margin brands including Smiggle and Peter Alexander
- Disciplined execution of markdown management remained a focus and delivered clean inventory position at end of FY18

### CODB Focus continues to deliver

- CODB **decreased by** 90 bps as a percentage of sales to 49.9% in FY18<sup>1</sup>
- Costs continue to be well controlled despite structural inflationary pressure
- Significant investment will continue in strategic growth initiatives including Online, Smiggle's international growth and Peter Alexander

Note:

1. Refer page 9 for CODB details



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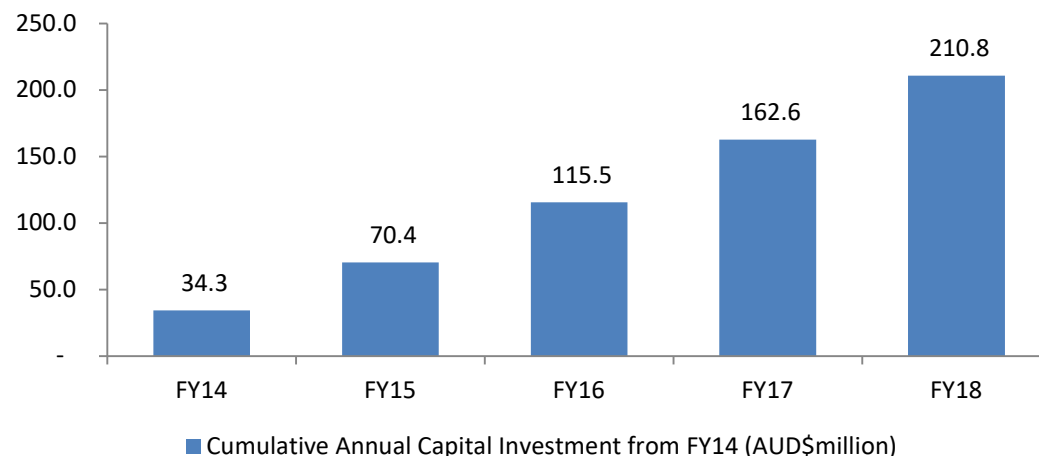
### CODB – Store Profitability Focus

- Focus on strategic growth initiatives has resulted in the opening of 307 highly profitable new Smiggle and Peter Alexander stores globally in the last 6 years, with 192 of these new stores opened outside of Australia
- 17 stores closed during FY18, a total of 103 stores closed over the last 6 years, as part of the ongoing program to close unprofitable stores
- As consumers continue to increase their online shopping, the focus continues on individual store profitability to drive 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, further store closures may be necessary
- Many landlords are offering other international and local fast fashion retailers significant capital and low rents to enter their centres during development. Unless those landlords offer Premier Retail the same capital and rent they are offering Premier Retail competitors, then Premier Retail will escalate the closure of all brands in those centres. Premier can more efficiently allocate capital and achieve shareholder returns from investment in the online channel, further international expansion of our key brands or opening in other shopping centres where landlords respect the nature of Premier Retail's seven brand portfolio
- As a direct result of unrealistic rent expectations, after over 30 years trading and generating over \$5m sales in FY17, Premier Retail closed its Just Jeans and Portmans Melbourne Flagship stores in the Bourke Street Mall in October 2017 as part of the ongoing program to close unprofitable stores

## 5 Premier Retail investing in growth

- Significant investment continues in all online platforms including the rapid international and local expansion of online capability as consumers increasingly choose to shop this channel
- Investment in rapid growth of Smiggle continues in international markets
- Investment continues in Peter Alexander new stores and refurbishments
- Targeted store upgrades and refurbishments continue in the apparel brand network where landlords are also investing in improving the overall shopping experience
- In FY18, 82.3% of capital investment in Australia and New Zealand stores has been funded via landlord contributions
- The group will continue to invest to underpin future growth

### 5 year Cumulative Capital Investment



Note: Capital investment reflects the total of the group spend including any landlord contributions.

# 5

## Premier Retail investing in growth

Premier Retail continues to invest in new stores, upgrades and refurbishments to deliver sustainable sales growth: 396 stores received capital investment, including a record 84 new stores (including 5 Myer Concessions and 1 Selfridges UK Concession) opened in FY18



- 31 new stores opened in the United Kingdom
- 5 new stores opened in the Republic of Ireland
- 6 new stores opened in Malaysia
- 4 new stores opened in Hong Kong
- 4 new stores opened in Australia
- 1 new store opened in New Zealand
- 1 new concession store opened in the United Kingdom
- 3 stores relocated and refurbished in Australia
- 1 store refurbished in existing location in Australia
- 76 stores received fixture upgrades globally

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- 15 new stand-alone stores opened in Australia
- 1 new stand-alone store opened in New Zealand
- 5 new Myer concession stores opened in Australia
- 1 store refurbished in existing location in Australia
- 2 stores relocated and refurbished in Australia and New Zealand
- 96 stores received VM fixture upgrades (70 Australia, 11 New Zealand, 15 Concession)
- 95 stores received store fixture upgrades (83 Australia, 12 New Zealand)



Smiggle Flagship Oxford Street Store, London – Opened May 2018



Peter Alexander Sydney Airport T3 - Opened December 2017



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# 5

## Premier Retail investing in growth

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- 2 new stores opened in Australia
- 2 stores refurbished in existing locations in Australia
- 3 stores relocated and refurbished across Australia and New Zealand



- 3 new stores opened in Australia
- 7 stores relocated and refurbished in Australia
- 7 stores refurbished in existing locations across Australia and New Zealand



- 4 new stores opened in Australia
- 7 stores relocated and refurbished in Australia
- 3 stores refurbished in existing locations across Australia and New Zealand

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- 1 new store opened in Australia
- 5 stores relocated with full new store concepts in Australia
- 1 store refurbished in existing location in Australia

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- 1 new store opened in Australia
- 1 store relocated and refurbished in Australia
- 2 stores refurbished in existing locations in Australia



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Portmans Mandurah (WA) – Opened March 2018



Dotti Erina (NSW) – Relocated and refurbished May 2018

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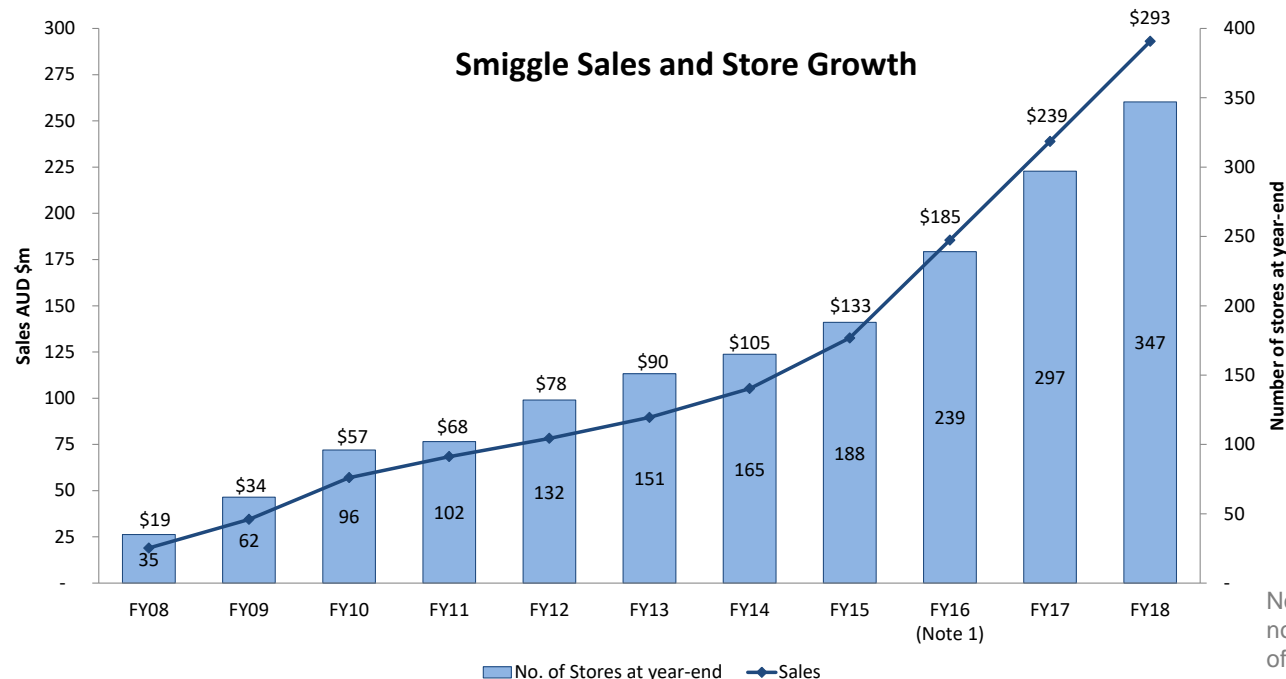
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# 6

## Smiggle: Brand expansion continues to deliver record results

- Sales of \$293.0 million, up 22.7% on previous record FY17
- Another record year for the brand with 52 new stores opened globally and online sales in countries with a transactional website exceeding 10% of sales
- Smiggle offshore expansion continues to deliver ahead of expectations, with 67% of the brand's sales delivered from outside of Australia
- Opening of a two-level flagship store on London's Oxford Street in May 2018 with sales ahead of expectations
- First global flagship concession opened in Selfridges Oxford Street London in an exciting new global brand acceleration strategy



## 6

## Smiggle: Australia and New Zealand

### Australia and New Zealand

- Smiggle celebrated its 15th Birthday in 2H18, with the launch of a highly successful limited edition range, loved by fans and testament to the brands longevity
- Positive total sales and LFL sales growth across Australia and New Zealand
- 5 new stores have opened in FY18 and are trading ahead of expectations
- Collectibles have become a key product range which has been highly successful for the brand in FY18



# 6

## Smiggle: Asia – Singapore, Hong Kong and Malaysia

### Asia

- LFL sales growth across Asia has far outstripped expectations in FY18
- Asia has grown rapidly to become a key region with more than half of the brand's global top 20 stores for sales
- 31 stores opened across HK and Malaysia since April 2016, ahead of guidance

### Singapore

- Another strong LFL and total sales performance in FY18
- Business in Singapore remains buoyant with strong demand from both locals and regional tourists; regional travellers continue to provide insight on which markets the brand could enter next
- The opportunity exists for a further 2-3 store openings in Singapore, with an option to infill with key department store operators



# 6

## Smiggle: Asia – Singapore, Hong Kong and Malaysia

### Hong Kong

- 4 new stores opened in FY18, including key flagship locations in Harbour City, Tsim Sha Tsui and Windsor House in Causeway Bay, HK Island
- Sales densities in the top stores are on par with the brand's very best stores around the world
- The brand has been well received by locals and tourists, including mainland Chinese, with encouraging sales results and strong momentum building
- Opportunities remain to open further standalone stores as well as an option to infill with key department store operators



Windsor House, Causeway Bay, HK Island – Opened June 2018



# 6

## Smiggle: Asia – Singapore, Hong Kong and Malaysia

### Malaysia

- 6 new stores have opened in FY18
- There are now 17 stores trading, well ahead of previous guidance
- One additional store in Kuala Lumpur already opened in 1H19
- Opportunities remain to open further standalone stores as well as an option to infill with key department store operators



Paradigm Mall, Johor Bahru (Malaysia) – Opened July 2018



Setia City Mall, Shah Alam (Malaysia) – Opened July 2018

## 6

# Smiggle: Europe – UK delivers strong sales growth and brand opens in key global flagship locations

## United Kingdom

- Strong sales growth delivered with Smiggle navigating Brexit better than most retailers due to the unique nature of the brand, coupled with high quality management
- 134 stores trading in the UK at the end of FY18
- 31 new stores opened during FY18 plus 1 concession, including the key locations of Manchester Trafford Centre, Southampton West Quay, Oxford Street London and Selfridges Oxford Street London (concession)
- Global flagship site, London Oxford Street successfully opened in May 2018 which has provided key exposure to the brand internationally with Oxford Street's annual footfall of 194 million shoppers per annum (over 100 million of which are international visitors)
- Oxford Street store is on track to be the UK's number one turnover store with further benefit to come from the forthcoming opening of the Elizabeth Line cross rail network generating increased foot traffic, with phase 1 opening in December 2018
- The UK is the brand's largest market for sales, profitability and store numbers



Flagship Oxford Street Store, London – Opened May 2018



6

## Smiggle: Europe - Oxford Street flagship store launch May 2018



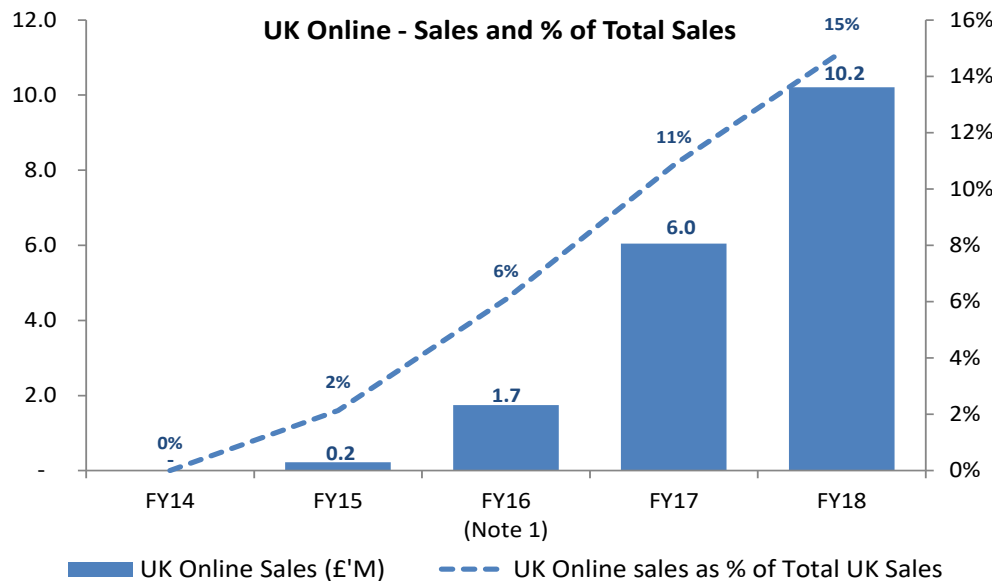
Flagship Oxford Street Store, London – Opened May 2018

# 6

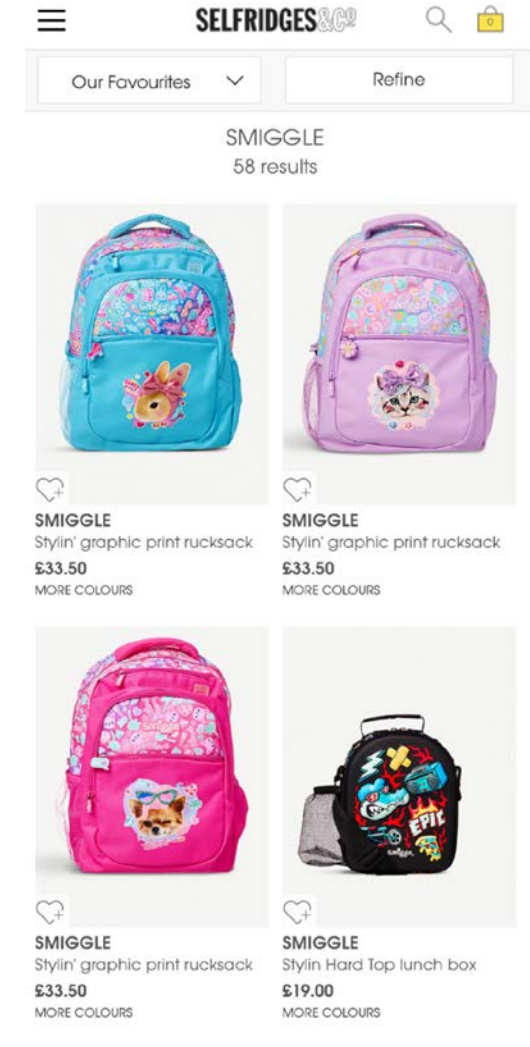
## Smiggle: Europe - Online exceeding expectations

### UK Online

- Online sales have once again significantly outperformed the brand's most optimistic expectations
- Sales from the UK proprietary transactional website have now grown to 15% of total sales in just the third full year of operation, double Australia's performance
- The acceptance of the brand via the online channel provides confidence to continue to invest in people, technology and marketing to maximise the brand's full growth potential in this highly profitable channel
- Selfridges online, Smiggle's first third party website, launched successfully in August 2018 with very encouraging initial results



Note: 1. FY16 excludes non-comparable 53rd week of sales





## Selfridges Oxford Street concession

- Opened in Selfridges Oxford Street in May 2018, the world's first ever Smiggle concession store
- Selfridges is amongst the most iconic department stores in the world and provides incredible exposure for the brand attracting customers from across the world



Selfridges Oxford Street Store, London



Smiggle's world first concession in Selfridges Oxford Street Store, London – opened May 2018

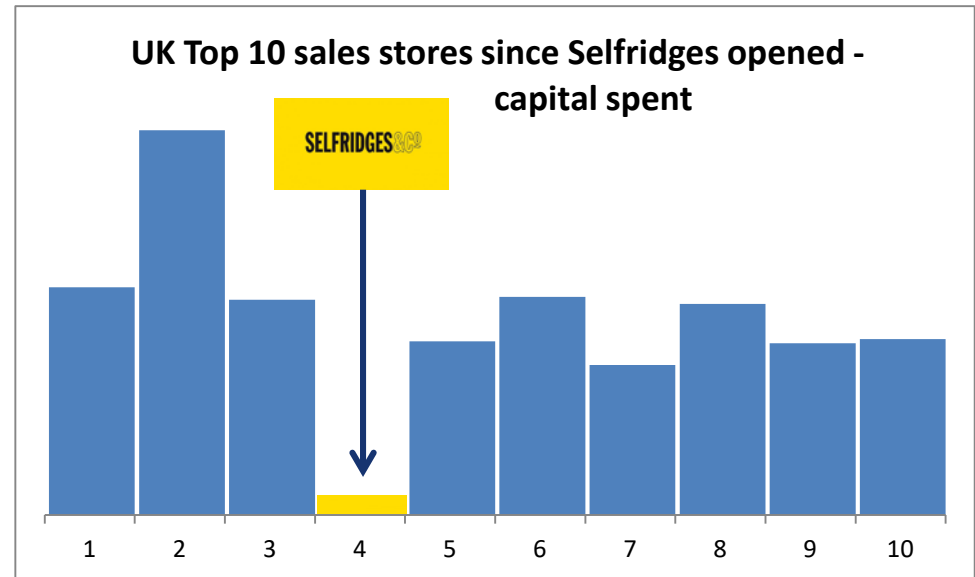
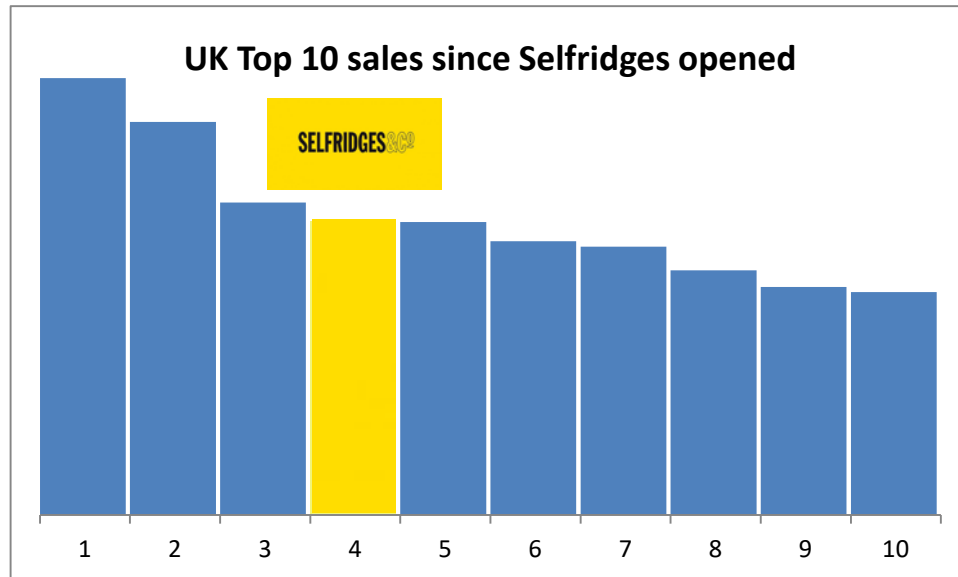


# 6

## Smiggle: Europe – Selfridges concession exceeding all expectations

### Selfridges Oxford Street concession

- Since opening in May 2018, the Selfridges concession has ranked as the 4<sup>th</sup> highest for sales in the UK (some weeks store number one globally)
- The deployment of capital was at one tenth of an average store
- This is a low capital, high shareholder return outcome
- This highly successful trial has given the brand confidence to embark on a new concession strategy partnering with the most iconic retailers around the globe



### Republic of Ireland

- 7 stores successfully trading ahead of expectations in the Republic of Ireland within 15 months of market launch
- 5 new stores have opened in FY18
- Two Dublin stores are in the global top 20 stores for sales
- Reaffirm the market potential for 15-20 stores including possible concessions within 3 years of launch



# 6

## Smiggle strategy to accelerate global expansion

### Smiggle announces major strategic plan to accelerate global growth

Accelerated global expansion will come from 4 major channels:

1. Online growth, both proprietary and third party
2. Concession partnerships with iconic global retailers
3. Wholesale in markets where Smiggle has a significant opportunity but chooses not to or will unlikely operate company owned standalone stores
4. New store growth through the continued rollout of standalone stores where the economics and shareholder returns are attractive

***Growth strategy targeted to deliver \$450 million in global Smiggle retail sales by FY20 and establish future pathways for growth beyond FY20***

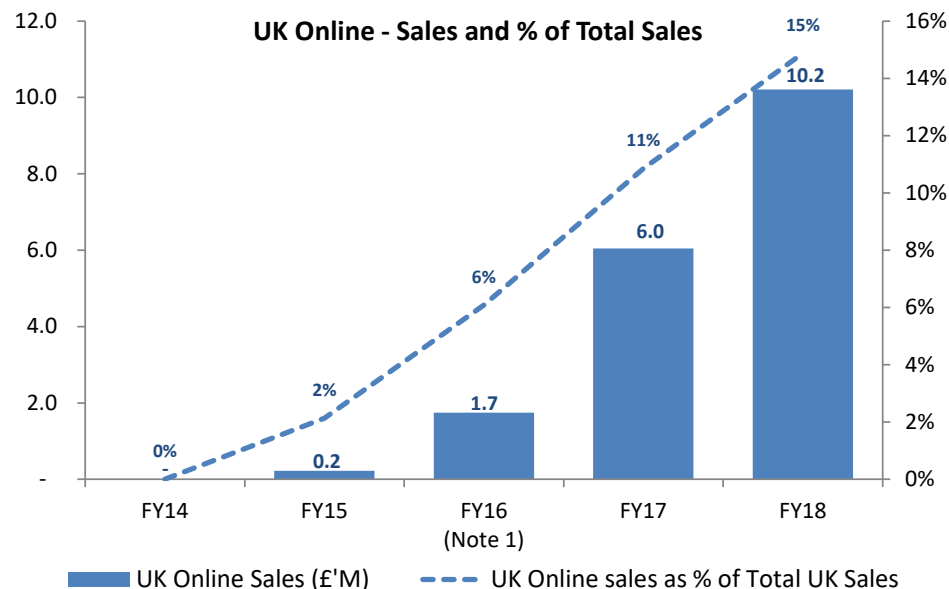
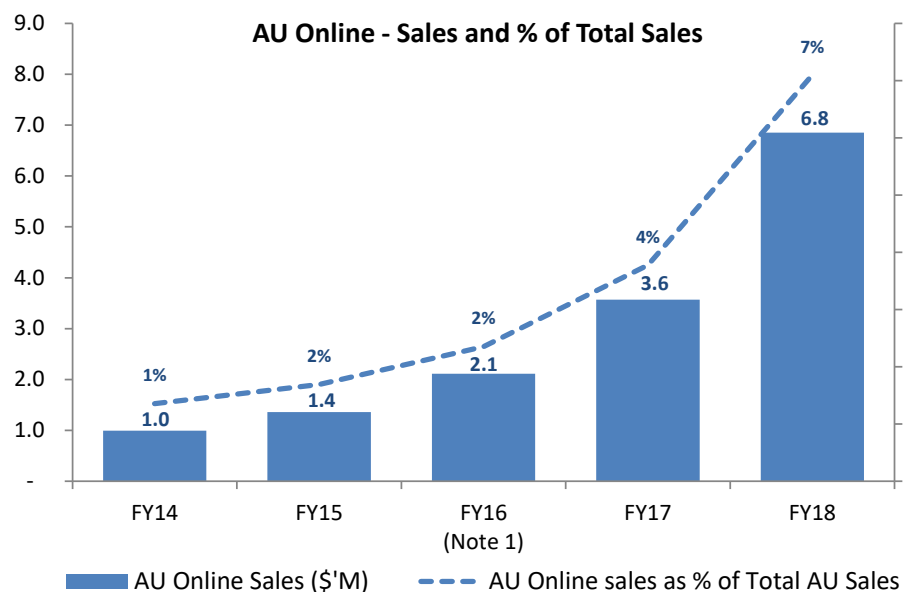


# 6

## Smiggle accelerated global growth strategy - Online

### Online strategy

- Online growth has significantly exceeded our expectations as consumers increasingly shop this channel
- Online sales in countries with a transactional website now exceeds 10% of sales, with UK online sales already 15% of total UK sales and Australia online sales 7% of total Australia sales
- The acceptance of the brand via the online channel provides confidence to continue to invest in people, technology and marketing to maximise the brand's full growth potential in this highly profitable channel



Note: 1. FY16 excludes non-comparable 53rd week of sales



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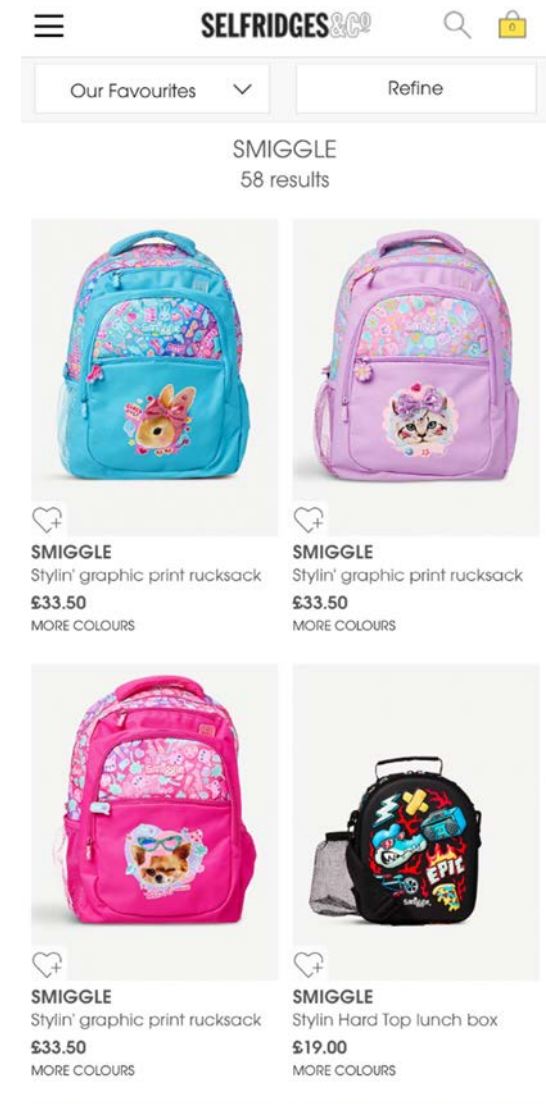
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# 6

## Smiggle accelerated global growth strategy - Online

### Online strategy

- Continue to grow the existing business in Australia and the UK through the roll out of a suite of initiatives already underway including click & collect (UK), e-receipts, additional payment options (UK) for customers and increased Search Engine Optimisation (SEO)
- Smiggle announces launch of NZ transactional website in 2H19
- Smiggle announces for the first time, the launch of the brand on a third party transactional website via an edited range with Selfridges in August 2018, benefitting from monthly traffic of 4M+ with half shopping from locations outside of the UK
- Smiggle investigating trading online with Harrods
- Investigating third party websites in major markets with ongoing research being completed on and with key global leaders including Alibaba and Amazon, initially focusing on countries in which the brand does not currently operate but is in high demand
- Simultaneously investigating Amazon and other third party operators in Europe as a channel to support an expanding European retail footprint
- The online channel delivers a significantly higher EBIT margin than the brand average





# 6

## Smiggle accelerated global growth strategy – Global concession model

### Global concession model

- Global concession model to drive Smiggle's future store growth
- Following exceptional results in Selfridges London the brand will embrace a low capital, highly productive roll out in iconic international world class retailers
- This strategy enables the brand to leverage on the foot traffic generated by the operator without the need for long term leases and at a fraction of the capital employed to open standalone stores
  - Launched in Selfridges London Oxford Street in May 2018
  - Launched in Selfridges Trafford Manchester in August 2018
  - Launch in Selfridges Birmingham scheduled for October 2018
  - Launched in Harrods London in August 2018



Selfridges Oxford Street Store, London – opened May 2018



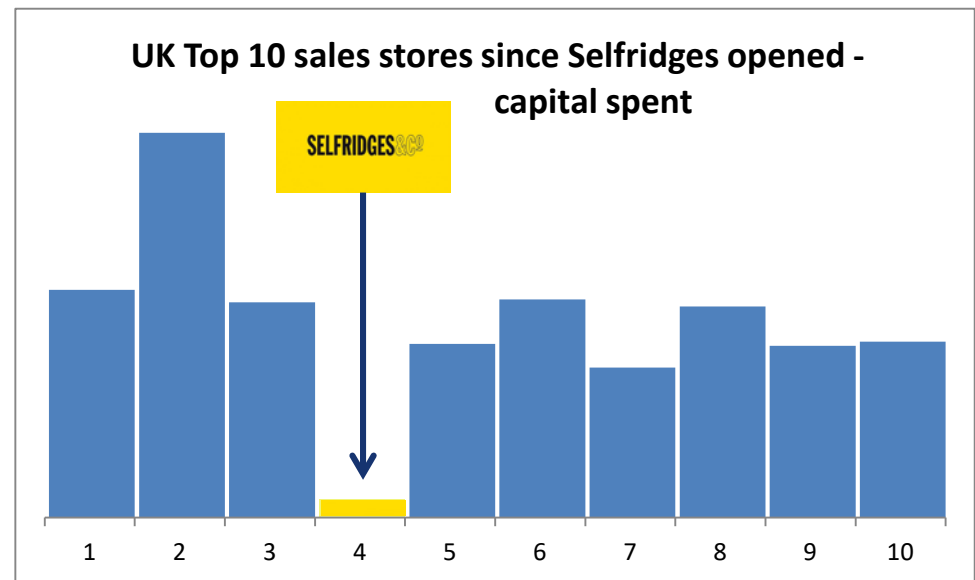
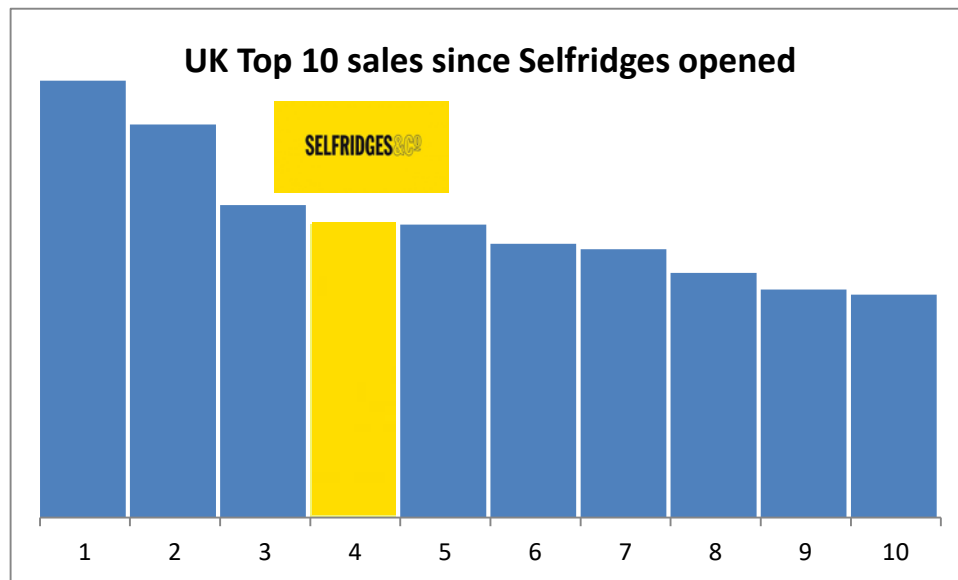
Harrods, London – opened August 2018

# 6

## Smiggle accelerated global growth strategy – Global concession model

### Global concession model

- Concession results have been exceptional since opening
- Smiggle is now in discussion with other major global high performing retailers throughout Continental Europe with concessions targeted to commence opening from 2H19
- Smiggle will only partner with iconic retailers providing the brand with low capital roll out opportunities whilst maintaining control of the brand through a concession type brand format
- This strategy is expected to deliver maximum international brand presence at significantly higher shareholder returns than opening standalone stores



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## Smiggle accelerated global growth strategy – Wholesale model

### Wholesale model

- Smiggle announces today its intention for a multi-country expansion through wholesale relationships with key retailers in major markets of significant opportunity
- The demand for the brand in markets where Smiggle either cannot trade as a wholly owned business or chooses not to, is simply too great to ignore through what is a low risk and highly capital efficient model
- Smiggle will embark on wholesale relationships with iconic retailers in countries where the brand would likely not otherwise operate a standalone business, with brand merchandising and presentation standards set by Smiggle
- The brand is clear on which countries to focus on where the brand is already well known and highly coveted, with customers shopping in the brand's already established standalone stores
- Smiggle is at advanced discovery stage with iconic retail partners in countries that have significant populations with a major emphasis on education and learning
- The brand expects to fulfil initial wholesale orders in 2H19 ramping up in FY20 and will announce the countries, retail partners, and number of doors to be created as and when commercial terms are agreed





### New standalone store growth strategy

- Today Smiggle has announced the strategic intent to accelerate worldwide distribution through online, concession and wholesale formats delivering high returns to shareholders for significantly less capital outlay
- Notwithstanding this announcement, the brand will continue to explore compelling opportunities to open standalone stores in existing markets where commercial terms and returns on investment are attractive for shareholders
- In current trading markets the infill strategy could come from either fully operated standalone stores or through concessions in iconic retail operators whose consumer base and values are aligned with Smiggle
- As the brand embarks on a growth strategy through concessions in multiple markets, sales and intelligence gathered will provide guidance to those markets where the best opportunity exists to open a standalone store network in order to generate the greatest returns for shareholders



## 6

## Smiggle accelerated global growth strategy – Summary of new standalone store and concession capacity in current markets

### New standalone store and concession growth strategy for current markets

Country	FY18	Estimated Standalone Store and Concession Capacity	New Standalone Stores Capacity	Concession Capacity
Australia	132	130-135	3	-
New Zealand	23	20-25	2	-
Singapore	20	20-25	2	3
Hong Kong	14	25-35	7	14
Malaysia	17	20-25	3	5
United Kingdom	134 <sup>1</sup>	150+	7+	10+
Republic of Ireland	7	15-20	7	6
<b>Current trading markets</b>	<b>347<sup>1</sup></b>	<b>380–415 +</b>	<b>31 +</b>	<b>38 +</b>

- All standalone stores and concessions will add significantly to Smiggle's presence in each current trading market with standalone stores remaining a critical part of the brands strategy
- Whilst standalone stores remain a key focus for the brand, with the ever evolving world of retail and the profound speed of growth into new channels, including online, the number of standalone stores and or concessions may be interchangeable in each individual country as the focus will always be on delivering the highest returns for shareholders with the lowest capital employed

Note: 1. UK FY18 store count includes 1 concession (Selfridges Oxford Street opened May 2018)



peteralexander



dotti

smiggle

JACQUIE



portmans

THE JUST GROUP



## Continental Europe strategy

- Given the stand out successes of Smiggle's online business in the UK and concession stores with Selfridges and Harrods, Smiggle is reviewing the nature of its retail channel entry into the Netherlands and Belgium
- Smiggle remains fully committed to entering into Continental Europe in FY19
- Smiggle now sees significantly more penetration into additional countries including France, Spain, Italy and Germany as well as the Netherlands and Belgium
- Discussions with key iconic retailers for concession stores have begun with updates to be provided to the market as appropriate
- Smiggle now sees significantly more than 40-50 concession stores as well as complementary online penetration across Continental Europe over the next 4-5 years as a function of this strategy

## 6

## Smiggle accelerated global growth strategy – Summary

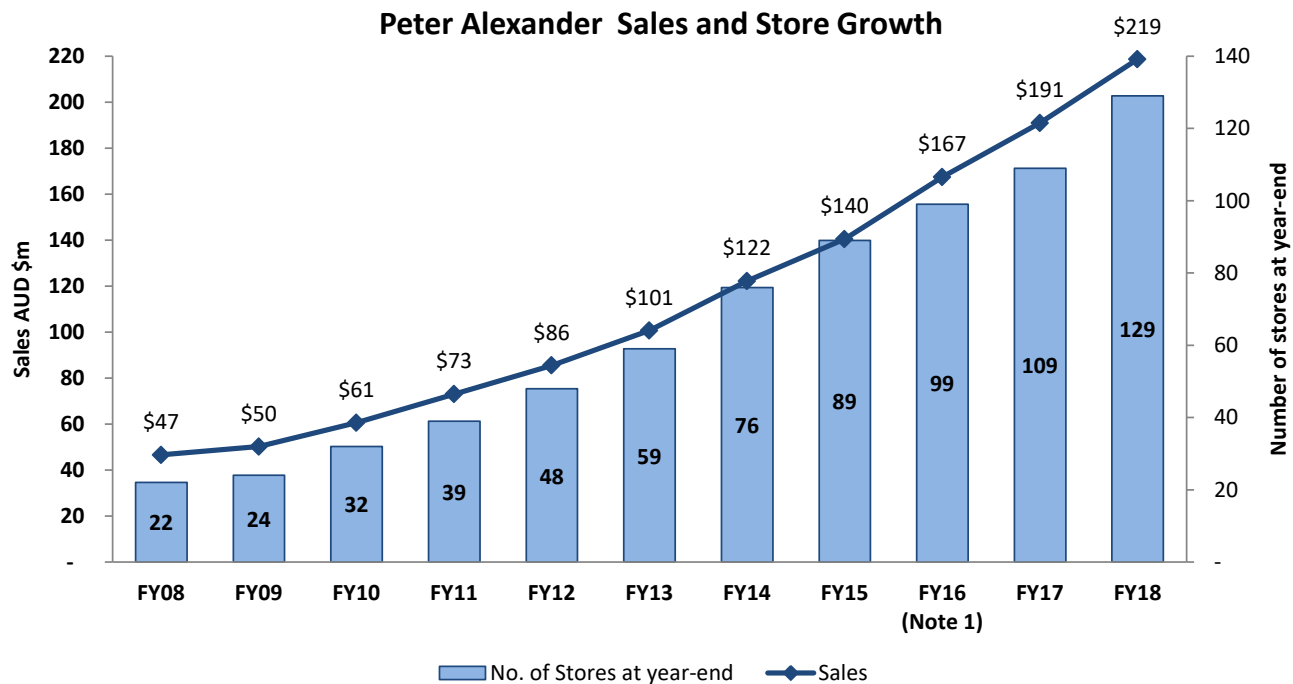
### Smiggle accelerated global growth strategy summary

- Smiggle is Premier retail's largest brand with EBIT margins well above the Group's average
- Smiggle has once again delivered a record year in FY18
- The brand's appeal is ubiquitous and the group is ever more confident that Smiggle is a global brand
- With the brand continuing to be led by John Cheston (Managing Director: Smiggle), Smiggle today announces an accelerated global growth strategy with a multi-channel vision that maximises shareholder returns to realise the Group's aspiration to make Smiggle a world leader in Children's stationery and lifestyle products

***Growth strategy targeted to deliver \$450 million in global Smiggle retail sales by FY20  
and establish future paths for growth beyond FY20***



## Peter Alexander performing strongly



Notes:

1. FY16 excludes non-comparable 53<sup>rd</sup> week of sales



## Peter Alexander performing strongly

- Sales up 14.5% on FY17 with strong total and LFL sales in both Australia and New Zealand
- 16 new stores opened: Hurstville, Sydney Airports T2 and T3, Wollongong, Rockhampton, Rockingham, Midland Gate, Adelaide Harbour Town, Mandurah, Norwood, Highpoint Junior, Melbourne Airport T4, Unihill Factory Outlet, Balgowlah, Green Hills and Newmarket - all trading ahead of expectations
- 5 new Myer concessions opened in FY18: Myer Bendigo, Myer Southland, Myer Eastland, Myer Canberra and Myer Hobart
- 3 new airport locations opened during FY18 all trading well
- Online has continued to deliver exceptional growth across all key categories and strong uptake on new categories of P.A. Plus and Childrenswear
- Peter Alexander Home Fragrance, Bath & Body launched in all stores April 2018



*Peter Alexander Melbourne Airport T4 (VIC) - Opened May 2018*



## Peter Alexander 2020 Growth Plan ahead of expectations

- 2020 Growth Plan progressing well ahead of expectations, with annual sales expected to exceed \$250m by FY20
- 21 stores opened in FY18 puts the brand ahead of target to deliver 40 new stores as planned in the three years FY18 to FY20
- 5 new stores already confirmed to open in 1H19:
  - Forrest Chase (WA) Nov-18
  - Blacktown (NSW) Oct-18
  - Moonee Ponds (VIC) Dec-18
  - Cockburn (WA) Sep-18
  - Mt Maunganui (NZ) Nov-18
- Store refurbishment scheduled for Maroochydore (QLD) Nov-18

### Key merchandise initiatives:

#### P.A. Plus size expansion

- Outstanding sales in FY18
- FY18 Sales grew by over 100% on previous year. Increased options available through the online channel

#### Bath & Body / Home fragrance

- Positive response to the select product ranged during Christmas
- Full range launched April 2018 – positive customer response as awareness builds

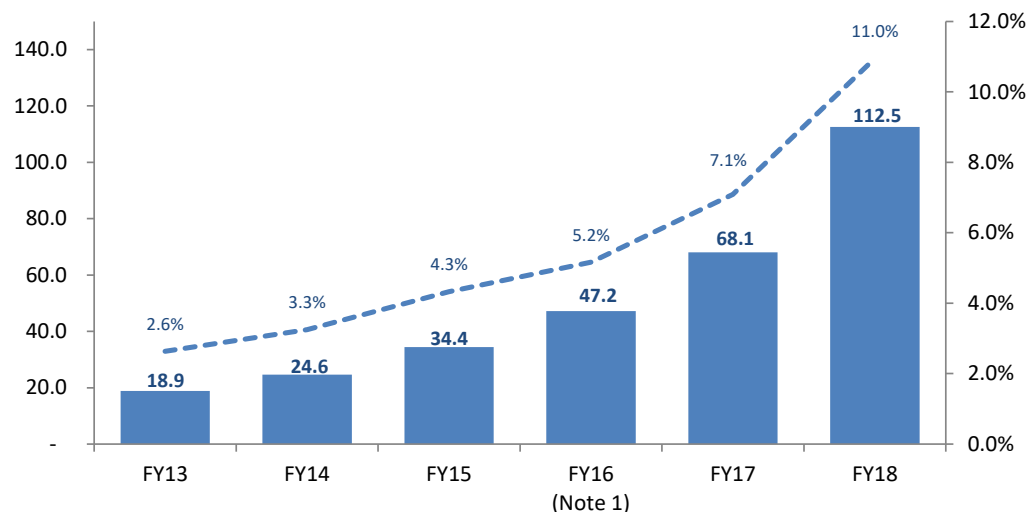




# 8

## Online – delivers record \$112.5 million sales

- 2020 Online Sales target of \$100 million delivered more than two years ahead of original plan
- Online sales up 65.3% on FY17 to \$112.5 million
- Online sales grew to 11.0% of the respective markets' sales in FY18
- 2013 investment in centralised and specifically customised Australian Distribution Centre servicing 100% order fulfilment of 100% of Premier Retail products in Australia
- Online channel continues to deliver significantly higher EBIT margin than the Group average
- All global sites continuing to deliver strong growth with all brands outperforming the market
- Major investment continued in technology, people and new marketing initiatives to deliver a world class platform and customer experience, including full upgrade of our mobile, tablet and desktop website platform for all 7 brands completed in 2H18
- Announces New Zealand Websites to be launched in 2H19 for Smiggle, Just Jeans, Portmans and Jacqui E, in addition to the rapidly growing Peter Alexander and Dotti Online businesses already in New Zealand



■ Online Sales (\$'M)

--- Online sales as % of the sales in countries & brands with a transactional website

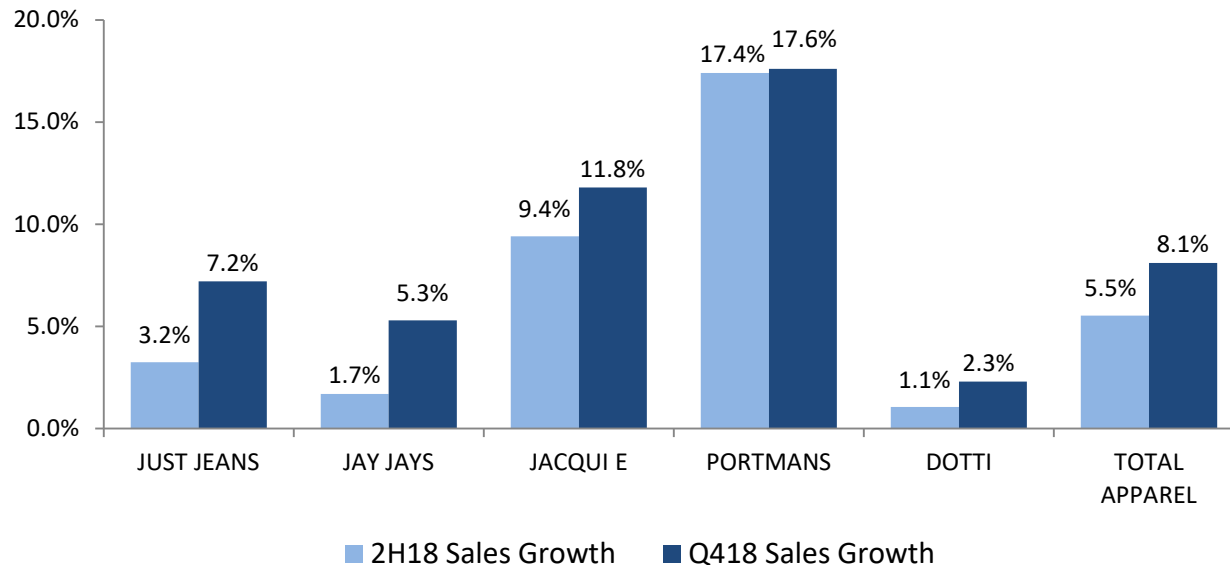
Note:

1. FY16 excludes non-comparable 53<sup>rd</sup> week of sales

## 9

## Apparel Brands delivering strong 2H18 sales growth momentum

- Apparel brands 2H18 sales up 5.5% on 2H17
- Strong growth momentum in Q4-18 with sales up 8.1% on Q4-17
- Ongoing investment in product and merchandise teams delivering growth
- Focus on disciplined execution of markdown management in a highly competitive market provided a clean inventory position to commence FY19
- The Australian and New Zealand apparel industries remain difficult, increasingly competitive and structurally challenged. The apparel brands have delivered the growth in the second half through the ongoing investment in product and strong management and merchandising teams.



**Smiggle achieves record growth and announces accelerated growth strategy**

- Record year for Smiggle with global sales of \$293.0 million up 22.7% (total sales up 58% over two years)
- 52 new stores opened globally in FY18
- Smiggle offshore expansion continued to deliver ahead of expectations, with 67% of the brand's sales delivered from outside of Australia
- Online success in both Australia and UK is significantly ahead of expectations and through ongoing targeted investment in people, technology and marketing has become a key driver of sales and profit
- Smiggle today announces major strategic plan to accelerate global growth from the 4 major channels of Online, Concession, Wholesale and New standalone store growth
- Smiggle remains fully committed to entering into Continental Europe in FY19 with an opportunity for significantly more than 40-50 concession stores as per previous guidance on the Netherlands and Belgium, as well as complementary online penetration across Continental Europe over the next 4-5 years as a function of this strategy
- John Cheston (Managing Director: Smiggle) continues to lead a strong and capable management team and will direct the brand through the new accelerated multi-format global growth strategy
- ***Growth strategy targeted to deliver \$450 million in global Smiggle retail sales by FY20 and establish future paths for growth beyond FY20***

### Peter Alexander performing strongly

- Record year for Peter Alexander with sales up 14.5% on FY17 to \$218.7m (total sales up 31% over two years)
- Peter Alexander's 2020 growth plan progressing well ahead of expectations – **annual sales expected to exceed \$250m by FY20**
  - 21 stores opened in FY18 puts the brand ahead of target to deliver 40 new stores as planned in the three years FY18 to FY20
  - Peter Alexander Bath & Body range successfully launched in April 2018
  - Continued expansion of P.A. Plus sizes following strong sales performance of the category
  - Continued investment and growth from online
- Strong and focused management team led by Judy Coomber (Managing Director: Peter Alexander and Dotti) and Peter Alexander (Creative Director: Peter Alexander)

### Online strategy delivering

- 2020 Online Sales target of \$100 million delivered more than two years ahead of original plan
- Online sales up 65.3% on FY17 to \$112.5 million - well ahead of market growth
- Online sales growing to 11.0% of the respective markets' sales in FY18
- Online channel extremely profitable with EBIT margin significantly above group average
- Significant investment continued in technology, people and marketing to deliver world class platform and online customer experience to maximise growth
- Announces New Zealand Websites to be launched in 2H19 for Smiggle, Just Jeans, Portmans and Jacqui E, in addition to the rapidly growing Peter Alexander and Dotti Online businesses already in New Zealand
- Strong and focused management team led by Georgia Chewing (Group General Manager: Internet and Marketing) continuing to grow and innovate the business

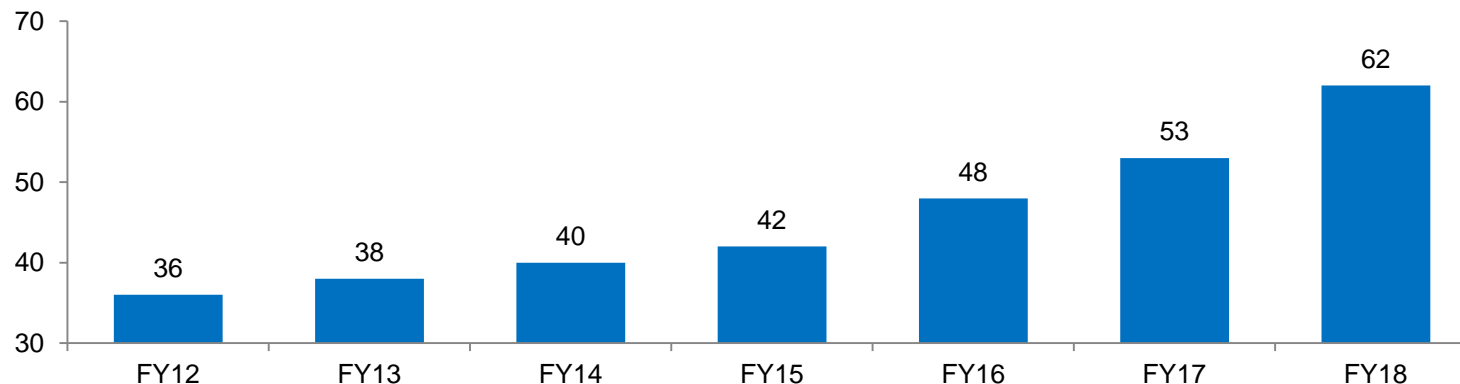




**DIVIDEND**

- Due to the continued strength of the Premier Balance Sheet and the strong performance of Premier Retail, the Premier Board has declared an increased record final dividend of 33 cps fully franked, up 22.2% on FY17 (FY17 Final: 27 cps)
- Total full year ordinary dividends of 62 cps fully franked, up 17.0% on FY17 (FY17: 53 cps)
- The final dividend will be payable on 16 November 2018

**Premier Investments**  
**Full Year Ordinary Dividends per Share (cents)**  
**Fully Franked**





# PREMIER RETAIL

## Appendix A: BRAND BY BRAND PERFORMANCE

## Highlights

- Record year with sales growth of 22.7% on FY17 to \$293.0m (total sales up 58% over 2 years)
- 52 stores opened globally with 67% of sales now outside of Australia
- Online has significantly outperformed expectations and Smiggle will continue to invest in people, technology and marketing to maximise this unique customer channel
- Opening of a two-level flagship store on London's Oxford Street in May 2018 with sales ahead of expectations
- First global flagship concession opened in Selfridges Oxford Street London; this highly successful trial has given the brand confidence to embark on a new global concession and brand acceleration strategy
- A record FY18 performance in Asia which has far outstripped expectations, with more than half of the brand's global top 20 stores for sales coming from the three Asia markets

## Overview of Results

Sales	\$293.0m			
Var LY	+22.7%			
Store movements	Jul 17	Open	Close <sup>1</sup>	Jul 18
Australia/NZ	152	5	2	155
Asia	41	10	-	51
Europe	104	36	-	140
Europe Concession	-	1	-	1
<b>Global</b>	<b>297</b>	<b>52</b>	<b>2</b>	<b>347</b>

Note: 1. Store movements table reflects permanent store closures only, and does not include temporary store closures





## Highlights

- Peter Alexander sales up 14.5% on FY17 to \$218.7m with strong total and LFL sales growth
- Peter Alexander's 2020 growth plan progressing ahead of expectations: **annual sales expected to exceed \$250m by FY20**
  - 21 stores opened in FY18 puts the brand ahead of target to deliver 40 new stores as planned across FY18 to FY20
  - Peter Alexander Bath & Body range successfully launched in April 2018
  - Continued expansion of P.A. Plus size following strong sales performance of the category
  - Continued investment and growth from online

## Overview of Results

Sales	\$218.7m			
Var LY	+14.5%			
Store movements	Jul 17	Open	Close <sup>1</sup>	Jul 18
Australia	80	15	-	95
New Zealand	14	1	1	14
Myer Concession	15	5	-	20
	<b>109</b>	<b>21</b>	<b>1</b>	<b>129</b>

Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures



## Highlights

- Turnaround continues to gain momentum under a revitalised Portmans leadership team following the appointment of Linda Levy as the new Group General Manager of Portmans in April 2017
- FY18 Sales up 11.3% on FY17 to \$124.1m, with 2H18 Sales up 17.4%
- LFL sales were stronger than overall sales
- 6 stores were closed in FY18 as part of the ongoing program to close unprofitable stores, including the Melbourne flagship Bourke Street Mall store
- FY18 Online Sales delivered more than 100% growth on FY17 at a significantly higher EBIT margin than the store portfolio
- Portmans has an extremely strong and distinctive market position
- Investment to continue in social media to maximise customer potential
- Ongoing investment in better merchants to drive further growth

## Overview of Results

Sales	\$124.1m			
Var LY	+11.3%			
Store movements	Jul 17	Open	Close <sup>1</sup>	Jul 18
Australia	90	2	5	87
New Zealand	13	-	1	12
	<b>103</b>	<b>2</b>	<b>6</b>	<b>99</b>

Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures



# A | JACQUI·E

## Highlights

- Turnaround continues to gain momentum under a revitalised Jacqui E leadership team following the appointment of Nicole Naccarella as the new Group General Manager of Jacqui E in June 2017
- FY18 Sales up 5.3% on FY17 to \$69.2m, with 2H18 Sales up 9.4%
- FY18 Online Sales up 43% on FY17 at a significantly higher EBIT margin than the store portfolio
- Jacqui E has an extremely strong and distinctive market position
- Ongoing investment in better merchants to drive further growth

## Overview of Results

Sales	\$69.2m			
Var LY	+5.3%			
<b>Store movements</b>	<b>Jul 17</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 18</b>
Australia	77	1	-	78
New Zealand	20	-	-	20
	<b>97</b>	<b>1</b>	<b>-</b>	<b>98</b>

### Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures



## Highlights

- FY18 Sales of \$212.7m driven by strong 2H18 performance including Q4-18 LFL Growth up 8.5%
- Three stores were closed in FY18 as part of the ongoing program to close unprofitable stores, including the Melbourne flagship Bourke Street Mall store
- Just Jeans has a strong, distinctive and competitive market position
- Differentiation through the international branded denim business where investment in width of range, instock of sizes and personal service continues to deliver a great competitive advantage
- Ongoing investment in better merchants to drive further growth
- A return to investing in TV Advertising in August 2018 has driven a strong start to FY19

## Overview of Results

Sales	\$212.7m			
Var LY	-1.7%			
<b>Store movements</b>	<b>Jul 17</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 18</b>
Australia	197	3	3	197
New Zealand	45	-	-	45
	<b>242</b>	<b>3</b>	<b>3</b>	<b>242</b>

Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures





## Highlights

- FY18 Sales of \$158.1m driven by strong 2H18 performance including Q4-18 Sales Growth up 5.3%
- Three stores were closed in FY18 as part of the ongoing program to close unprofitable stores
- Jay Jays has a strong, distinctive and competitive market position
- Investment to continue across existing 1.3 million digital touchpoints with customers across Email, Instagram, Facebook, Twitter, Snapchat and YouTube to maximise customer potential
- Ongoing investment in better merchants to drive further growth
- Focus on disciplined execution of markdown management in a highly competitive market providing a clean inventory position at end of FY18

## Overview of Results

Sales	\$158.1m			
Var LY	-0.5%			
<b>Store movements</b>	<b>Jul 17</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 18</b>
Australia	176	4	3	177
New Zealand	34	-	-	34
	<b>210</b>	<b>4</b>	<b>3</b>	<b>211</b>



Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures

## Highlights

- The appointment of Judy Coomber to role of Managing Director Peter Alexander and Dotti, together with the return of Deanna Moylan to the group as Dotti Group General Manager in March 2018 reporting to Judy, is already delivering a turnaround in performance with Q4-18 returning to positive LFL and Total sales growth
- Customer research completed and new strategy being implemented
  - pricing structure reviewed to ensure competitive positioning
  - decreasing option count and increasing depth
  - focusing on value fashion at affordable prices
  - new direct sourcing channel continues to enhance margin
  - marketing program reviewed and increased social media investment planned
- Capital investment in new store concepts
  - New store concept investment at Erina, Green Hills, Narellan and Bondi completed in FY18, largely funded by landlords
  - New store concept investment at Maroochydore, Melton and Mt Maunganui planned in FY19, largely funded by landlords
  - Investment in fixtures suite and lighting upgrades planned in 5 key stores in FY19
- Two stores were closed in FY18 as part of the ongoing program to close unprofitable stores
- LFL sales were stronger than overall sales
- Dotti expects Q4-18 improved momentum to deliver further sales and margin growth in 1H19



## Overview of Results

Sales	\$106.4m			
Var LY	-3.6%			
Store movements	Jul 17	Open	Close <sup>1</sup>	Jul 18
Australia	98	1	1	98
New Zealand	21	-	1	20
	<b>119</b>	<b>1</b>	<b>2</b>	<b>118</b>

Notes:

1. Store movements table reflects permanent store closures only, and does not include temporary store closures

## B Appendix

### Notes regarding significant and other one-off items excluded from underlying results

- During 2008, Premier Investments acquired Just Group Limited, and in line with Accounting Standards upon acquisition, recognised \$477.1 million in goodwill and \$376.2 million in brand names. In accordance with Accounting Standards, the carrying values of intangible assets are reviewed annually for impairment. The Board has decided to recognise an impairment expense of brand names within the Casual Wear cash generating unit (CGU) of \$30 million (pre and post tax). The decrease in the recoverable amount of brand names within the Casual Wear CGU Group reflects the increasingly competitive retail landscape and structural changes impacting the apparel industry in Australia and New Zealand. After this impairment expense, Premier reported statutory net profit after tax for the year of \$83.6 million. The applicable Accounting Standards do not allow for the uplifting value either in total or in specific brands beyond the original cost allocation. Therefore, to that extent, the financial statements do not reflect the very significant value creation enjoyed by Premier shareholders since the 2008 acquisition of the Just Group as a whole, and specifically in the case of Smiggle and Peter Alexander. As an example, the combined sales of these two brands were \$512 million in FY18, compared to \$66 million in FY08. These results reflect Premier's successful strategy of growing its unique assets and competing in the apparel industry. The impairment expense for the FY18 year is non-cash.
- Premier's other one-off charges in FY18 totalled \$6.4 million pre-tax (FY17: \$7.7 million pre-tax) and included costs incurred on relocation and pre-moving costs associated with the new Premier owned head office of Premier Retail, costs in relation to Premier's investment in Myer Holdings Limited and small one-off Smiggle Europe expansion costs. Premier's other one-off charges for FY17 included pre-moving costs associated with the new Premier owned head office of Premier Retail, a one-off litigation matter and initial Smiggle Europe expansion costs. The underlying EBIT and underlying NPBT numbers stated in this release exclude the impairment expense and the other one-off charges. Premier will not incur any one-off costs in relation to the new head office in FY19.

# B 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: significant, one-off items, non-recurring costs, 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 and appendix 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.

## Forward looking statements

- Any forward looking statements contained in this document have been based on expectations at the date of preparation of this document about future events. The forward looking statements included in this document may generally be identified by use of forward looking words such as believe, target, aim, expect, planned or other similar words. Similarly, statements that describe Premier's objectives, plans, goals or expectations are, or may be, forward looking statements. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual results to differ materially from the expectations. Nothing contained in this document is, or may be relied on as, a promise or representation as to the accuracy or likelihood of fulfilment of any forward looking statements, except to the extent required by law. You are therefore cautioned not to place undue reliance on any such forward looking statements.
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