



29 November 2018

CHAIRMAN'S ADDRESS

On behalf of the Directors of Premier Investments, I would like to welcome all of you to our Annual General Meeting for the 2018 financial year.

As I have said many times before, my fellow Directors and I take our responsibilities very seriously to prudently manage your investment in Premier with the objective of achieving sustainable profit growth and maximising returns for our shareholders.

Consistent with that fundamental objective, I am pleased to report another strong financial performance in FY18 that continues our growth trajectory and track record of robust shareholder returns.

I will take you through our performance in more detail shortly but most pleasingly it reflects the outstanding performance of our core operating business, Premier Retail, and the continued successful implementation of the Premier Retail Strategy – a journey we commenced in 2011 to drive growth through Smiggle, Peter Alexander and our online offering whilst rejuvenating our core brands and controlling efficiencies.

Despite well documented trading headwinds impacting the retail sector, Premier's year-on-year outperformance is a testament to the way your company's very professional management team have worked together with your experienced and skilled board to build and lead a successful global retail business.

The retail sector has not been helped by the continued turbulence in the Australian political landscape. This has created sustained and unwelcome uncertainty for the economy and the retail sector which has also faced pressure as households feel the effects of higher costs of living, coupled with a period of sustained wage stagnation.

Sound and decisive policy action with a long-term perspective, as opposed to short-term political tactics, is critical if we are to effectively tackle the range of challenges facing households and impacting both business and consumer confidence.

Notwithstanding this, in an environment where so many other retailers are floundering or have failed in the face of challenging structural changes and external conditions, we are proud to have a cohesive team of **nine thousand** employees across the globe working to

deliver the best product and service standards to our customers. Together with the Board, this team is critical in its ability to consistently deliver strong shareholder returns.

FY18 FINANCIAL RESULTS

During FY18, the Group reported underlying net profit before tax of \$160.3 million, up 9.2% on FY17.

At the consolidated group level, Premier's result reflects the contribution from Premier Retail 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's record performance, together with Breville's dividends, has resulted in the Group generating \$146.9 million in cash flow, an increase of 36% on FY17.

PREMIER RETAIL

Within Premier Retail, we delivered record total sales of \$1.18 billion, up 8.2% on FY17 and a record underlying EBIT of \$150.1 million, an increase of 10.3% on FY17.

The outstanding trading result is reflective of the strong growth from the Premier Retail online platforms, Smiggle globally, and Peter Alexander together with the positive momentum of our apparel brands.

As I mentioned earlier, these outcomes have been achieved despite significant external headwinds and the structural challenges in the retail industry globally.

Highlights for the 2018 financial year include Smiggle's global record sales – up 22.7% for the year, and up 58% over two years. Peter Alexander's record sales were up 14.5%, and up 31% over two years. Our five apparel brands all showed strong momentum, particularly in Q4, with sales up 8.1%, and our online division sales for the year were up 65.3% on last year, representing 11% of total sales in countries and brands with a transactional website.

Together with our full year results released in September, we announced a major strategic global growth plan for Smiggle. The plan aims to both deliver the targeted \$450 million in global Smiggle retail sales by the 2020 financial year, and to set up pathways for major international growth. One of these pathways is the addition of concession stores for Smiggle, which commenced this year with a highly successful launch in Selfridges and Harrods in London.

Under Smiggle Managing Director John Cheston's outstanding leadership, the Smiggle team has consistently demonstrated its ability to deliver on sales targets and to do so profitably.

We are also extremely pleased with Peter Alexander's momentum which also delivered a record year. Sales of \$218.7 million were up 14.5% on FY17 and up 31% over two years. The brand's objective of achieving \$250 million in annual sales by 2020 is progressing well ahead of expectations which is truly a credit to the brand's Managing Director Judy Coomber, the brand's Creative Director Peter Alexander, and the entire team.

Moving to Online. I am particularly pleased to report that our Online business surpassed our original 2020 target of \$100 million more than two years ahead of plan, delivering sales for the year of \$112.5 million – up 65.3% on FY17.

We have made substantial investments in our Online channels including a very significant upgrade this year to all our brands' platforms across mobile, tablet and desktop. We are committed to continuing to invest in this fast paced space which should position us to continue to outperform under the leadership of Georgia Chewing and aided by Premier Retail's Chief Information Officer, Frank De Sa.

While we believe our best in class Online offering will continue to be a key driver of sales, we also recognise that customers want to experience a world class in-store shopping experience. That's why we have continued to invest heavily in new flagship stores and the refurbishment of existing stores across our brands.

Our property division is a key strength to our business and is led by Joshua Molloy. We constantly review our store footprint and continue to close unprofitable stores. In FY18, we closed a further 17 stores, bringing the total number of store closures to 103 over the last six years. We continue to press landlords to offer rent in line with the changing consumer market and their own centre performance and further closures will occur for those landlords who do not respond to these changing market conditions. In the next few months we will be closing three unprofitable stores on Chapel Street, South Yarra, Victoria due to landlords' unrealistic expectations and inability to understand the changing market structure. The move is a true symbol of the changing nature of the retail market as Chapel Street was the location of Just Jeans first store and therefore the birth of the Just Group.

In April this year the Premier Retail team moved into new Premier-owned headquarters. The new office location provides a cost-benefit to the Group, but more importantly, provides the required space to facilitate further future growth of our businesses.

FINANCIAL STRENGTH AND DIVIDENDS

At year-end, Premier's balance sheet reflected cash on hand of \$178.6 million.

Due to the continued strength of Premier's balance sheet and the outstanding performance of Premier Retail, the Board was delighted to reward shareholders with an increased record final ordinary dividend of 33 cents per share fully franked, up 22.2% or 6 cents per share on FY17. This brought the total full year dividends per share to 62 cents per share fully franked, up 9 cents per share or 17% on FY17.

The FY18 dividends will return a total of approximately \$98 million to Premier shareholders bringing the total dividends declared since 2011 to approximately \$542 million fully franked.

MYER

Turning now to our investment in Myer. It gives me no pleasure to provide an update on our investment in this once iconic Australian department store. Last year, Premier together with thousands of other Myer shareholders delivered a "first strike" sending the Board a strong signal. As I recently wrote to Myer shareholders, I had hoped that, by now, the Myer Board would have seen the writing on the wall and have resigned in favour of a new independent

Board with proven retail experience, a clear direction and a coherent strategy to help support the new Myer management.

Instead, in the past year, Myer reported a net loss of \$486 million for the year – more than the company's current market capitalisation. Its share price has fallen by half to just 40 cents with no dividends being paid. This represents destruction of approximately \$270 million in shareholder value during this short period alone, and destruction of more than \$2.2 billion since Myer's ASX listing in 2009.

To add further insult to its shareholders, the Myer Board declared that it had effectively handed over control of the company to its banks after being forced into a refinancing with security over all its assets being given to the banks for the first time since Myer's ASX listing. The new financing arrangements also include significantly higher fees and an onerous covenant which prohibits the payment of dividends to shareholders until certain targets have been met.

As you know, Premier has not been standing silent as the situation has deteriorated. We have long been calling for the Myer Board to be replaced with a new independent board with the requisite skills to actually deliver for shareholders – the most important skill being retail experience, which the current Board conspicuously lacks. Boards exist to create value, not to destroy value while rewarding themselves.

We continue to use all of the options at our disposal to ensure the protection of our investment and have been urging our fellow long suffering Myer shareholders to take action at Myer's AGM being held in Melbourne tomorrow.

GOVERNANCE

Despite our disappointing investment in Myer, Premier shareholders continue to enjoy some of the best returns of any listed company in the ASX200. Premier Retail has delivered seven consecutive years of underlying EBIT growth, resulting in increased ordinary fully franked dividends being declared to our shareholders.

As you will have seen in our Annual Report to shareholders, your Premier Retail's underlying EBIT has almost doubled in the past six years, growing from \$80.4 million in 2012 to \$150.1 million in the 2018 financial year.

Dividends have followed the same trajectory – growing from 36 cents per share in 2012 to 62 cents this year.

As I mentioned earlier, key to Premier's success is very much driven by the ability of Premier's experienced and skilled Board to work with Premier's proven management team. Your Board is acutely aware of the fact that you have entrusted us with your capital and it is incumbent upon us to prudently manage that capital to deliver long term, sustainable returns.

So, let me address you now on Board composition and governance.

This year we were delighted to welcome a new Director Sylvia Falzon who joined the Board in March 2018. Sylvia has nearly 30 years of executive experience in Financial Services and is an experienced Non-Executive Director who currently serves on the Boards of Regis Healthcare, Perpetual and Suncorp.

Sylvia is an outstanding appointment who has already demonstrated that she will be a valuable contributor and protector of shareholder interests.

In July 2018, Mr Lindsay Fox AC and Dr Gary Weiss retired from the Premier Board.

Lindsay was on the Premier Board for 30 years. His advice in all areas but specifically around logistics, human resources and union discussions has been invaluable. His ability to put together a successful business plan on the back of an envelope is simply legendary.

Gary's time on the Board was slightly shorter period at 23 years. His input to the Board was particularly valuable around M&A and various strategic decisions. His insights and tenacity in these situations has been to the very great advantage of the Board and Premier shareholders.

Both Lindsay's and Gary's skills have aided Premier shareholders over the years and never more so than during the challenging time with our substantial investment in Coles Myer. The result was the eventual significant value uplift created for Premier shareholders, as well as all other Coles Myer shareholders, when we assisted in facilitating the Wesfarmers takeover of the Coles Group in 2007, just a short while before the GFC took place.

Lindsay's and Gary's individual contributions to the success of Premier should not be understated and it has been our privilege to work with them for the benefit of the company.

Finally, I would like to recognise our former Chairman, Mr Frank Jones, who passed away in August. Frank was instrumental in all key events in Premier's history, including the original float of Premier in 1987. He was also a deeply valued friend and advisor.

During his tenure as a Director of Premier, Frank held several positions including Chairman, Deputy Chairman and Chairman of the Audit and Risk Committee. He was also the Chairman and a Director of Breville Group for many years.

Frank made a truly vital contribution to the substantial growth in shareholder wealth for Premier shareholders during his long association with the company. He is already and will continue to be greatly missed.

CONCLUSION

On behalf of the Premier Board and the entire Premier team, I would like to thank you, our shareholders, for your continued support and investment in this company.

Premier's 2018 result, and our confidence in the outlook, reflect the success of our strategy. We proudly have the best retail management team in Australia implementing that strategy under, without doubt, Australia most successful retail CEO in Mark McInnes. Mark and his team are fully supported by a very experienced Board with the necessary skills and knowledge for this company and industry. On behalf of all Premier shareholders, I thank

Mark, his executive team, all employees and my fellow Board members for the success Premier enjoys.

Thank you for your attention on the business update. We will now move on to the formal business of the meeting.



Premier Investments Limited
Annual General Meeting
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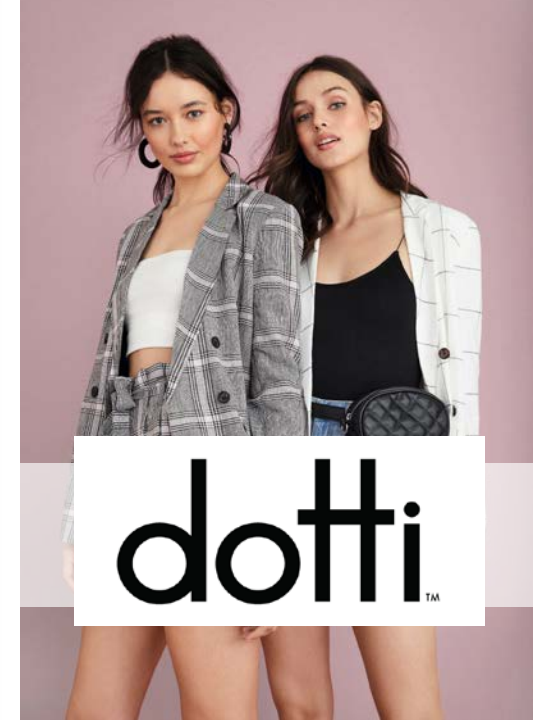
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Agenda

1. Chairman's address
2. Resolutions



1. CHAIRMAN'S ADDRESS



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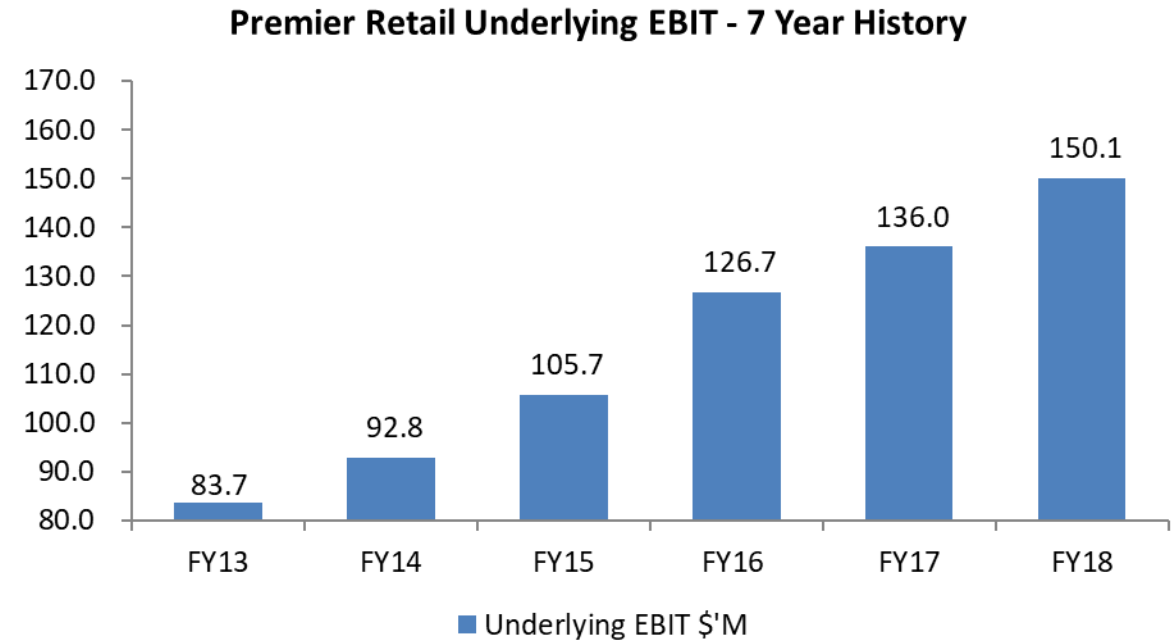
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Financial review

- Group profit
 - Underlying net profit before tax \$160.3 million, up 9.2% on FY17¹
 - Net cash generated (including dividends received) up 36% on FY17 to \$146.9 million
- Premier Retail contribution to Premier Investments performance:
 - Record Sales of \$1.18 billion, up 8.2% on FY17
 - Record Underlying EBIT of \$150.1 million, up 10.3% on FY17¹

Note:

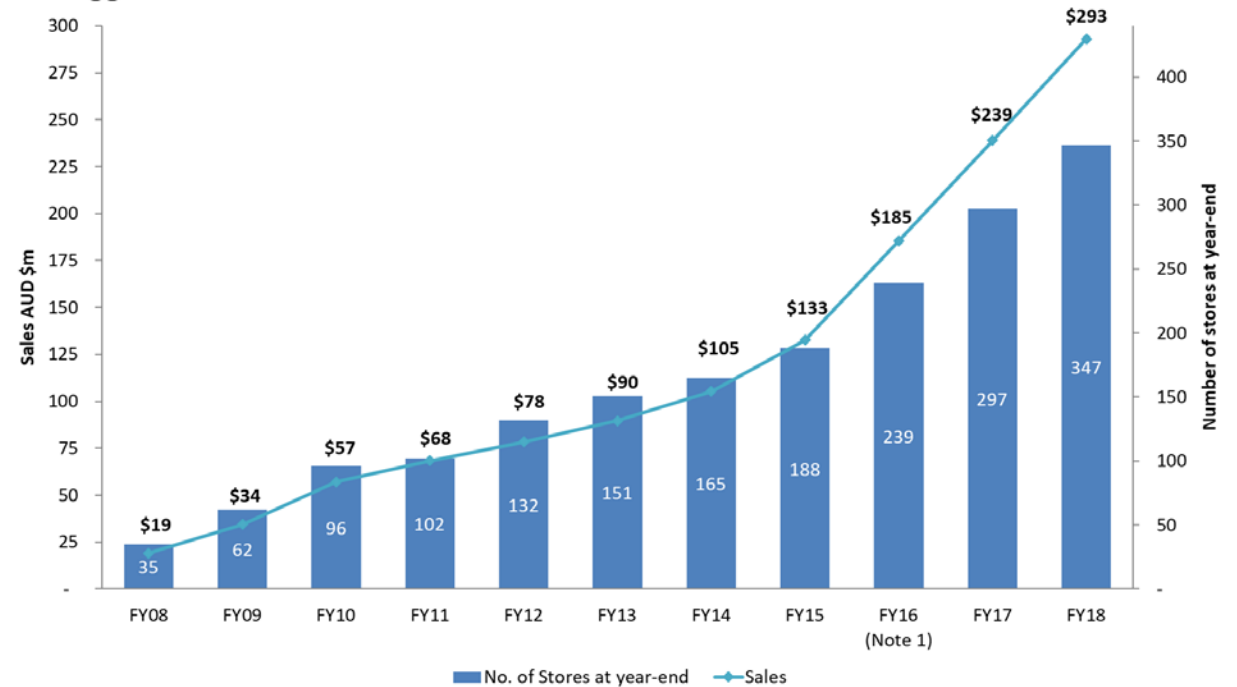
1. Refer Appendix for details regarding significant and other one-off items excluded from underlying results



Smiggle: brand expansion continues to deliver record results

- Sales of \$293.0 million, up 22.7% on FY17 (up 58% over two years)
- In September 18, Smiggle announced growth strategy targeted to deliver both the \$450 million in global Smiggle retail sales by FY20 and establish future paths for growth beyond FY20

Smiggle Sales and Store Growth



Peter Alexander performing strongly

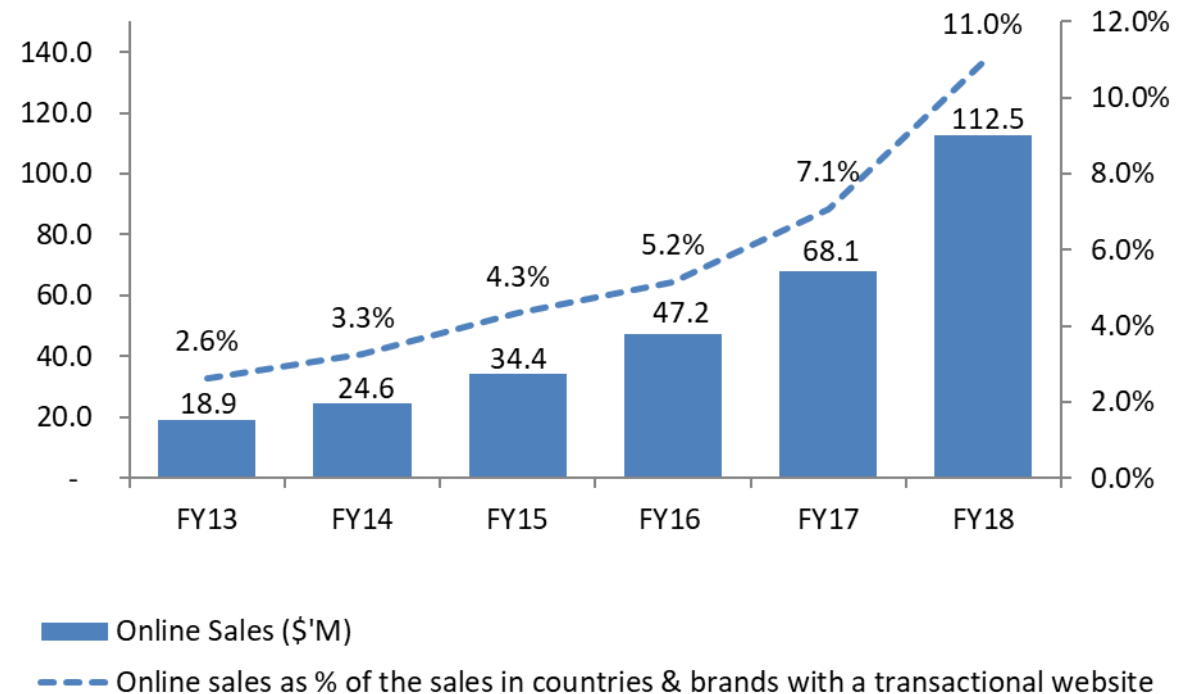
- Sales of \$218.7 million, up 14.5% on a previous record FY17 and up 31% over two years
- Peter Alexander 2020 growth plan with an aim to deliver in excess of \$250 million by FY20 is progressing well ahead of expectations



Online: delivery a world class platform and customer experience

- 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
- The online business has grown from 1.1% of the respective markets' sales in FY11 to 11.0% in FY18

Premier Retail online sales



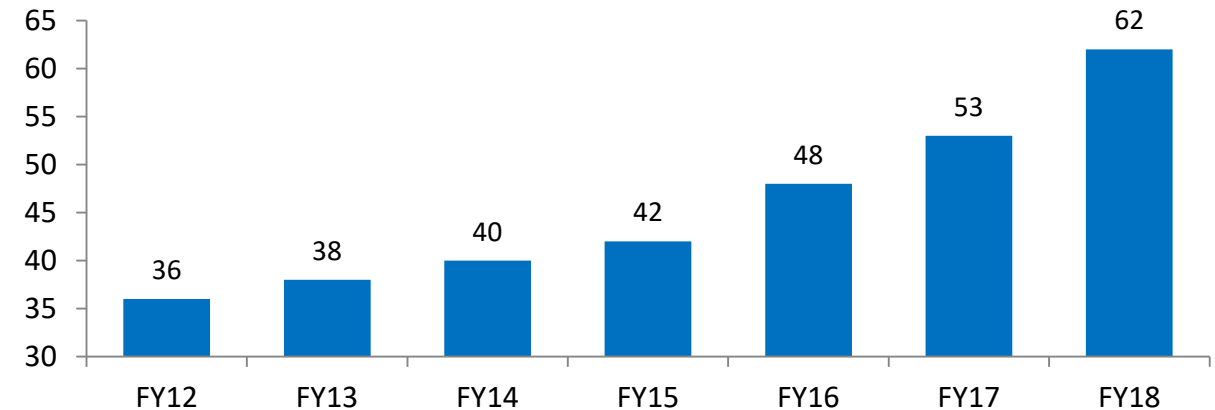


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Premier Investments' record dividends

- Cash on hand of \$178.6 million at end of FY18
- Total full year dividends of 62 cps fully franked up 17% on FY17 (FY17 ordinary: 53 cps)
- Total dividends paid for FY18 totalled \$98m bringing total dividends declared since 2011 to approximately \$542 million all full franked

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





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A woman with long dark hair and blue eyes is looking towards the camera. She is wearing a bright yellow blouse with a large floral pattern in shades of pink and purple, and white high-waisted trousers. She is standing in a field of pink flowers, possibly cherry blossoms, with a soft, hazy background. A large, semi-transparent white circle is overlaid on the left side of the image, containing the text '2. RESOLUTIONS'.

2. RESOLUTIONS



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Premier Investments Limited
Annual General Meeting
29 November 2018

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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.

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.
- Subject to any obligations under the Corporations Act or the ASX Listing Rules, Premier does not give any undertaking to update or revise any forward looking statements after the date of this document to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.