



ASX RELEASE

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PREMIER RETAIL COVID-19 UPDATE

STORE RE-OPENING AND RECOVERY

On 26 March 2020, Premier Investments Limited (“Premier”) announced that it had no choice but to temporarily close all retail stores in Australia until 22 April 2020. This decision was necessary as a result of the protective measures imposed by Federal and State Governments to stop the spread of COVID-19 and was consistent with similar decisions Premier had been forced to take in New Zealand, the United Kingdom and the Republic of Ireland.

On 21 April 2020, Premier announced that the temporary closure of retail stores in Australia would continue until at least 11 May 2020.

This “*forced hiatus*”, as the Australian Federal Treasurer Joshua Frydenberg recently called it, was in line with the repeated and unequivocal directions given by the Prime Minister and State Premiers for the population to stay home unless it was absolutely necessary to go out.

In both of our prior releases, Premier stated that it would continue to monitor the advice and requirements of the governments in the relevant jurisdictions where Premier operates.

The store closures have significantly impacted Premier Retail’s global sales, with total sales down 74% for the 6 weeks to 6 May 2020 vs the prior year comparable period. Our global retail store network sales were down 99%. However, our online sales have surged by 99%.

Since the start of the global health crisis, Premier quickly realised the hardships ahead and has acted decisively and prudently in response. These actions have allowed Premier to maintain its strong balance sheet to ensure a strong and long-term future for Premier Retail.

Today, Premier announces the start of the store re-opening and recovery phase.

ONLINE SALES SURGE

Since the beginning of the temporary store closures, online sales in Australia have surged.

Premier’s largest online brand in Australia, Peter Alexander, has consistently broken its own weekly records during this period, with online sales up 295%. Incredibly, during the week ended 2 May 2020, Peter Alexander Australia’s online sales alone were up 18% on last year’s total sales across both online and our entire 122 store and concession network in Australia.

Over the past decade, Premier has made major investments in online technology, people and marketing initiatives in order to deliver a world class platform and customer experience. In 2013, Premier invested in a centralised and specifically customised owned Australian distribution centre servicing all Australian order fulfilment.

The online business has a significantly higher EBIT margin than the Group average.

Premier Retail's New Zealand online sites have progressively been re-opening since 28 April 2020 following the easing of restrictions in New Zealand. Premier's online sales have since surged in New Zealand, with online sales for the 9 days to 6 May 2020 up 560% compared to the prior comparable period's online sales. Incredibly, during this 9 day period, Peter Alexander's New Zealand online sales alone were up 52% on last year's total sales across both online and our entire 15 store network in New Zealand.

Prior to the global health crisis, customers were already increasingly electing to shop online. The COVID-19 pandemic has significantly increased that existing trend and could hasten the substantial retail restructure already underway.

Premier is best placed to take advantage of this restructure as a result of its investments in creating a world class online platform and its fully owned Australian distribution centre together with the flexibility provided by its current lease profile — with 70% of its stores in Australia and New Zealand either in hold over or expiring in 2020.

STORE RE-OPENING PLANS and RECOVERY

Premier congratulates the Federal and respective State Governments on their leadership during this global health crisis. Premier's Chairman Mr Solomon Lew said: *"I would like to congratulate the Prime Minister, the Federal Treasurer, the Federal Health Minister and the National Cabinet on the handling of the COVID-19 pandemic. The Prime Minister's announcement on Friday 8 May 2020 of the 3 Step Framework for a COVIDSafe Australia is an extraordinary achievement when compared to the rest of the world, which will support over a million Australian retail employees safely returning to work."*

Australia

In line with Step 1 of the Australian Government's "3 Step Framework for a COVIDSafe Australia", Premier is delighted to announce the reopening of the balance of its stores in Australia from Friday, 15 May 2020. Stores in New South Wales, Victoria, Western Australia, South Australia, Australian Capital Territory and Tasmania will now reopen (excluding airports and some CBD stores).

Premier Retail had already reopened all of its Queensland and Northern Territory stores (except airports and some CBD stores) on Thursday 7 May following government direction in those states and territories.

All COVIDSafe Australian health and safety measures will be in place for the reopening of our stores including:

- 1.5 metres social distancing;
- Good hygiene – including availability of hand sanitisers for customers and staff;
- Frequent cleaning and disinfecting of communal areas;
- Implementing all other individual state/territory directions for the health and safety of customers and staff; and
- Encouraging all staff and customers to download the COVIDSafe app.

New Zealand

Premier is delighted to announce the reopening of all its New Zealand stores from Thursday 14 May 2020 in line with the New Zealand Prime Minister's announcement of Monday 11 May 2020. The Prime Minister also announced that all schools and early learning centres will reopen on Monday 18 May 2020. Premier Retail will implement all of the health and safety directives outlined by the Prime Minister including:

- Maintaining a register of all customers entering our stores for potential future government contact tracing purposes;
- 1 metre social distancing; and
- Hand hygiene policies.

Smiggle United Kingdom and Republic of Ireland

All Smiggle retail stores in the United Kingdom and the Republic of Ireland have been shut since 21 March 2020 in line with respective government directions.

In line with Prime Minister Boris Johnson's announcement of Sunday 10 May 2020, all Smiggle retail stores in the United Kingdom will remain closed until at least 1 June 2020.

In the Republic of Ireland, in line with government directions, all Smiggle retail stores will remain closed until at least 29 June 2020.

Smiggle Singapore, Malaysia and Hong Kong

Due to COVID-19 government regulations and children not attending schools in each of these markets, trade in Singapore, Malaysia and Hong Kong continues to be severely disrupted. Store closures have varied in each location and the current status is as follows:

- All Smiggle Singapore stores have been shut since 6 April 2020 and will remain closed until at least 1 June 2020 in line with Singapore Government regulations.
- Smiggle Malaysia stores were shut on 18 March 2020 and 16 stores re-opened on 4 May 2020, in line with easing of Malaysian Government regulations.
- In line with Hong Kong Government directions, all Smiggle Hong Kong stores are currently operating.

STORE LEASES

In Australia and New Zealand, close to 70% of Premier Retail stores are either in holdover or with leases expiring in 2020. This provides the Group with maximum flexibility. During the period of the forced closures, due to government directions including stay at home orders, Premier Retail paid no rent globally.

Given the severe economic disruption caused by the COVID-19 pandemic and the understandable level of public concern which will exist for some time, the customer response and trading activity during the next phase of our recovery and store re-opening remains highly uncertain and unpredictable. In addition, inventory levels and product assortments will be imbalanced until potentially December 2020.

During this phase of re-opening and recovery, Premier Retail intends to pay rent in arrears for all stores at a gross percentage of sales.

In relation to the upcoming period of economic recovery, the Australian Federal Treasurer has said: *“Going forward, we need to ensure when sectors are open – for example, in retail – that there is both consumer confidence to engage in these activities, but also business confidence that they are unlikely to be disrupted again and forced to close.”*

“This reinforces the importance of having the right processes and protocols in place to manage the health risk and providing for a safe working environment.”

Premier looks forward to working with shopping centre landlords to help bring the economy back to life. As part of this critical process, it is incumbent on those landlords to demonstrate and announce the actions they are taking to ensure a healthy and safe environment for our employees and customers to confidently return to shops.

JOB KEEPER AND OTHER GLOBAL WAGE SUBSIDY SCHEMES

At the time of standing down our 9,000 employees globally, there were no wage subsidy schemes in place to support team members and companies through the crisis. Premier welcomes all national Government actions which have since been announced and implemented to keep teams connected to their employers and have wages subsidised for the benefit of both employees and companies.

Australia

Premier Retail is eligible and has applied for the Australian JobKeeper scheme in line with Government requirements. The Group has already passed through the JobKeeper payments to all eligible employees for the month of April and we will continue to do so for the duration of the scheme.

Premier Chairman Mr Solomon Lew said: *“We are delighted to be making JobKeeper related payments directly to thousands of our employees to assist our teams during this health and economic crisis.”*

Global Wage Subsidy Schemes

In New Zealand, the United Kingdom and the rest of the world, Premier has qualified for the various wage subsidy schemes announced by the respective governments. As in Australia, we have passed these benefits directly on to our eligible employees.

Premier Executive Director and CEO Premier Retail, Mr Mark McInnes, said: *“The Australian JobKeeper and other global wage subsidy schemes have been most welcomed by Premier Retail as a means to both keep our teams connected to the Company and provide flexibility with our work force to sustainably manage the re-opening and recovery phase.”*

BALANCE SHEET AND OUTLOOK

Throughout the global COVID-19 crisis, Premier has acted decisively and prudently for the long-term benefit of shareholders, employees, suppliers and other stakeholders. The Group acted swiftly to protect the long-term future of the Company by:

- Making the very difficult decision to stand down over 9,000 employees;
- Instituting a hard pause on all capital and operating expenditure;
- Communicating clearly our intentions on rent; and
- Maximising all available government subsidies in the various jurisdictions in which we operate.

As at 1 May 2020, Premier’s consolidated cash position was \$256.2 million and maintains access to undrawn facilities of \$91.8 million, which leaves the Group well placed to begin the recovery, including progressively bringing back our workforce to reopen.

This strength is no accident and is a function of our long-standing successful strategies that ensure we are in the strongest possible position to answer all the challenges of the global health and economic crisis.

However, no one can reliably predict the pace and timing of the upcoming phase of economic recovery. In this recovery period, Premier Retail's sales and margin by store, by country, by brand and by region are highly uncertain and will be dictated predominately by the manner in which consumers respond to the return of instore shopping in their local communities, bound by strict social distancing rules and health guidelines.

Given the uncertainty around the timing of the recovery, it is impossible to forecast the extent of the impact on 2H20 earnings until we have actualised the result.

Premier remains a strong Company with a strong balance sheet, seven distinctive brands and a very experienced management team and Board of Directors.

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