



24 March 2021

RECORD PREMIER INVESTMENTS NPAT OF \$188.2 million, UP 88.9%

RECORD PREMIER RETAIL EBIT OF \$237.8 MILLION, UP 88.5%^{1 2}

Highlights for 1H21^{1 2}

- ▶ Premier Investments statutory NPAT \$188.2 million, up 88.9% on 1H20
- ▶ Premier Retail Global sales of \$784.6 million, up 7.2% on 1H20
 - Global like for like sales up 18.2% on 1H20
 - Record Peter Alexander sales of \$207.7 million, up \$62.9 million or 43.4% on 1H20
 - Record online sales of \$156.7 million, up \$59.5 million or 61.3% on 1H20 and contributed 20% of Global sales
 - Apparel Brands like for like sales up 18.5%
- ▶ Premier Retail Gross Margin up 286 bps
- ▶ Premier Retail EBIT of \$237.8 million, up 88.5% with EBIT margin up 1,308 bps
- ▶ Premier's investment in Breville at a market value of \$1.0 billion as at 30 January 2021 (Balance sheet value of \$268.1 million)
- ▶ Interim dividend of 34 cps, in line with 1H20
- ▶ Strong trading momentum has continued into 2H21 with Global like for like sales up 32.1% and gross margin % up 379 bps for the first seven weeks

Commentary

Premier Investments Chairman, Mr Solomon Lew, said:

“Throughout this devastating COVID-19 global health crisis, our absolute priority has and continues to be the safety and wellbeing of our teams and our customers. Today’s announcement is a testament to the skills and dedication of our entire global team. To have delivered these record results in a very difficult and volatile environment is a truly outstanding achievement.”

Premier Investments Limited (“Premier”) today reported a statutory consolidated net profit after tax of \$188.2 million, up 88.9%.

Premier Retail delivered record earnings before interest and tax (EBIT) of \$237.8 million, up 88.5% (1H20: \$126.1 million). Premier Retail like for like (“LFL”) sales were up 18.2% (constant currency) for the year with total sales up 7.2% to \$784.6 million (1H20: \$732.1 million). Premier Retail’s gross margin increased 286 bps to 65.4% and the EBIT margin for the half was 30.3% (1H20: 17.2%).

Executive Director and Premier Retail CEO Mr Mark McInnes, said:

“During an extremely unpredictable half, that has seen many of our retail stores faced with numerous government mandated temporary closures, Premier Retail has been able to deliver a record EBIT of \$237.8 million. This result highlights the unsurpassed skills of the Premier Retail team and the tireless execution of our long term strategy.

¹The Statutory results for 1H21 and 1H20 reflect the adoption of the new Accounting Standard AASB 16 *Leases*. To allow for historical comparison, 1H21 and 1H20 results, unless otherwise stated, are pre-adoption of AASB 16 (“Pre AASB 16”) and therefore exclude in this presentation the impact of AASB16. Refer to Appendix B of PMV 1H21 slide presentation for reconciliations of Statutory and Pre AASB 16 results.

² 1H21 includes a 27th week which contributed \$21.5 million in sales and \$9.1 million in EBIT. All 1H21 sales, margin and profit information contained in this release (except LFL sales, or where otherwise stated) are for the period of 27 weeks ended 30 January 2021 (1H20: 26 weeks ended 25 January 2020).

“In the midst of a global pandemic and despite the considerable uncertainty at the time, we made the critical decision in mid-2020 to invest in increased inventory for the key summer, Black Friday, Christmas and January sales period. This decision ensured we were in-stock to deliver significantly higher sales and gross margin in 1H21. Those same inventory investment and in-stock strategies have continued into 2H21 and are providing a foundation for the sales and gross margin momentum we are currently experiencing.”

Peter Alexander – A much loved, unique and powerful designer brand delivering record results

Peter Alexander delivered record sales for the half of \$207.7 million, up \$62.9 million or 43.4% on 1H20.

Peter Alexander’s unique design-led product, combined with the Group’s strategic decision to be in stock for the critical Q2 and Christmas trading period, has enabled the brand to deliver increased full priced sales with much less promotional activity delivering significantly higher gross margin in 1H21.



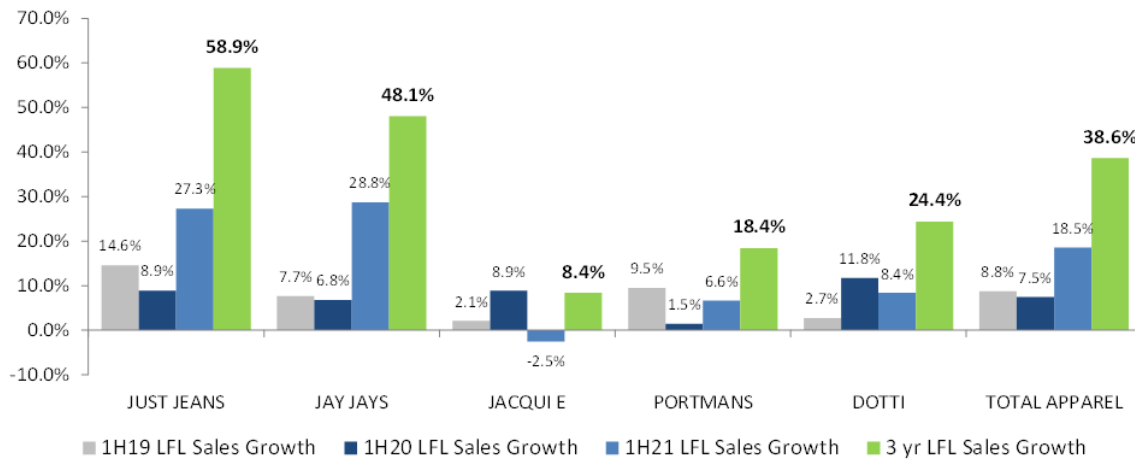
Peter Alexander’s record sales result was driven across all product categories and all channels. Significant LFL sales growth and gross margin growth was achieved in both Peter Alexander’s retail stores and online channel demonstrating the power of this unique designer-led brand. The long term investment in Childrenswear and P.A. Plus has continued to deliver exceptional results with Childrenswear 1H21 sales up 51% on a LFL basis and P.A. Plus up 67% on a LFL basis.

Sales and margin growth momentum has continued into the first seven weeks of 2H21 with total sales growth up 46.0% on the comparable period last year.

Apparel Brands – Well positioned to deliver future growth

The Group has five iconic Apparel Brands delivering unparalleled LFL growth in a difficult macro trading environment.

In 1H21, the Apparel Brands delivered LFL sales growth of 18.5% with overall sales growth of 10.4% over 1H20. The Group’s Apparel brands have significantly outperformed the broader clothing market by delivering three-year LFL sales growth of 38.6% from 1H18 to 1H21.

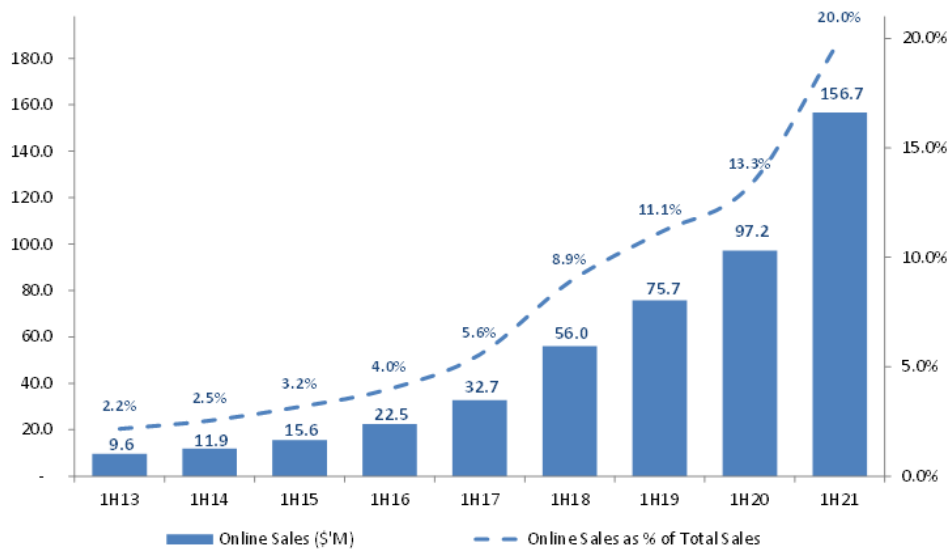


Each of Premier Retail's Apparel Brands has a strong and distinctive competitive market position and are all well positioned to deliver future growth.

Sales and margin growth momentum has continued into the first seven weeks of 2H21 with LFL sales growth up 27.6% on the comparable period last year.

Online – Contributes 20% of total group sales

Premier Retail delivered record online sales of \$156.7 million in 1H21, up \$59.5 million or 61.3% (1H20: \$97.2 million). The online business contributed 20.0% of total Group sales for the half.



The online channel continues to deliver significantly higher EBIT margin than the retail store channel.

Premier's 2013 strategic decision to invest in its 100% owned Australian Distribution Centre has allowed the Group to remain agile and to scale up its online fulfillment in response to unprecedented customer demand providing the Group with significant operating leverage. Plans have commenced to expand this facility in calendar 2022.

The Group today has world class customer facing websites and will continue to make major investments in its people, its information technology, digital marketing capability and distribution centres to maximise the increasing customer preference to shop online.

Strong online sales growth has continued into the first seven weeks of 2H21 with sales growth up 61.9% on the comparable period last year.

Accelerating Retail Industry Restructure due to COVID-19

Due to the global impact of COVID-19, governments in each of the countries and territories in which Premier Retail operates have continued to mandate rolling temporary store closures and continued the implementation of strict social distancing rules for instore shopping. As a direct result, customers have increasingly chosen to shop online in this highly uncertain macro-environment.

Premier has made significant investment in its fully integrated online channel over the past nine years.

Today Premier Retail is best placed to take advantage of the accelerating industry restructure underway with:

- ▶ Seven iconic owned brands each with a strong, distinctive and competitive market position
- ▶ World class customer facing website platforms trading in three countries
- ▶ A fully integrated and owned Australian distribution centre with significant expansion opportunities
- ▶ Significant investment in digital capability
- ▶ Significant investment in online technology and infrastructure
- ▶ Significant investment in dedicated teams focused on online growth

The accelerated swing in customer preference to shopping online has further increased Premier Retail's focus on each store's profitability. Premier Retail has closed 162 stores over the past seven years including 51 stores in the last 12 months, demonstrating the Group's willingness to walk away from stores with unrealistic rents that deliver unprofitable sales.

Pleasingly, many landlords recognise the long term financial strength of Premier and its seven iconic brands. During 1H21 Premier Retail was able to reach mutual agreement with key landlords that appropriately rebased the Group's first half normalised rent to 12.7% of sales (26-week basis), a reduction of 318 bps on 1H20.

Premier Retail maintains maximum flexibility in reviewing each store's profitability, with over 70% of its global store network either in holdover or with leases expiring in less than 12 months.

COVID-19 Impacts on 1H21 Results

Premier Retail's priority has been to support team members, keep them in jobs and connected to the business during this once in a century health crisis.

At various times during the first half, it was government mandated that Premier Retail temporarily close stores in:

- | | |
|-----------------------------|-----------------------|
| ▶ Melbourne | ▶ England |
| ▶ Regional Victoria | ▶ Scotland |
| ▶ Brisbane | ▶ Wales |
| ▶ Sydney's Northern Beaches | ▶ Northern Ireland |
| ▶ Adelaide | ▶ Republic of Ireland |
| ▶ Auckland | ▶ Malaysia |

During all of these temporary store closures, Premier Retail's focus has been on the health and safety of our teams and the communities in which we operate.

At the start of 1H21, the Victorian Government mandated the closure of 216 Premier Retail stores for most of August, September and October. As a result of this government mandate, Premier Retail suddenly lost \$44.0 million in store sales and corresponding gross profit of \$28.5 million on the same period last year. The loss of gross profit (\$28.5 million) more than offset the eligible wage subsidy support recognised in the half.

Over and above any obligations, and despite not being eligible for “JobKeeper 2” from 28 September 2020 onwards, Premier has continued to pay more than 1,500 of its full time and part time Australian team members their contracted hours whilst those teams were unable to work due to various state government mandated temporary store closures in October, November, December 2020, January and February 2021.

Consistent with the Australian Federal Government’s policy of keeping people in jobs and connected to their employers during this once in a century health crisis, Premier is committed to the \$15.6 million net benefit of “JobKeeper 1” recognised in 1H21 being used to continue to pay its full time and part time workforce their contracted hours, should they potentially be stood down and unable to work due to any further state government mandated snap COVID-19 lockdowns.

In addition, Premier confirms that the “JobKeeper 1” benefit recognised in 1H21 will not be used in the calculation nor the funding, of dividends or management bonuses.

Smiggle – Powerful global brand set to rebound and grow

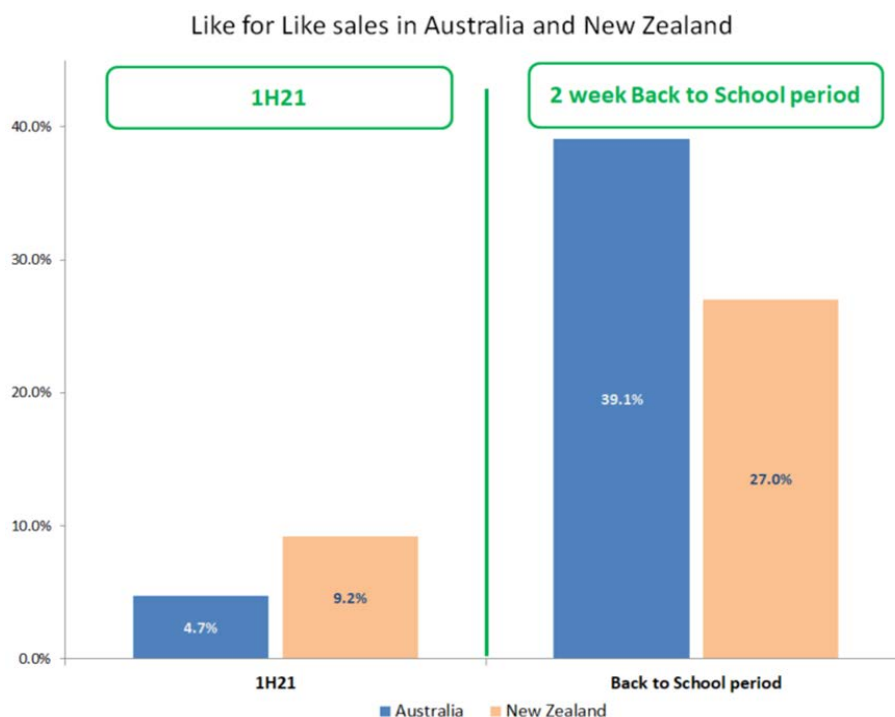
The impact of COVID-19 was particularly severe on the Smiggle Global business as families no longer felt safe shopping with children in store and schools were closed for long periods of time.

A fundamental key to Smiggle’s success is children attending school. Pleasingly, in countries and markets where schools have re-opened largely free of COVID-19 restrictions, Smiggle is flourishing.

Smiggle Australia and New Zealand

Despite the ongoing impact of COVID-19 in 1H21, Smiggle demonstrated its true strength by delivering LFL sales growth up +4.7% in Australia and up +9.2% in New Zealand.

Critically, during the key two week “back to school” period as children returned to school in Australia and New Zealand following the summer holidays, Smiggle demonstrated its unique product competitive advantage by delivering LFL sales growth up +39.1% in Australia and up +27.0% in New Zealand.



Smiggle International

During 1H21, in most Smiggle International markets, schools were closed for a significant period of time. Pleasingly:

- ▶ In Malaysia all children returned to school by 15 March 2021 after more than a nine-month absence. With all stores now open and families preparing for school return, Smiggle has delivered LFL sales growth of 142.6% in the last four weeks
- ▶ In the UK and Republic of Ireland, after a severely disrupted year of schooling, all children finally returned to school by 8 March 2021 even though the countries remain in lockdown. In line with the respective governments' roadmaps for economic re-opening, all Smiggle stores currently closed will commence reopening in England and Wales on 12 April, and in Scotland, Northern Ireland and Republic of Ireland on 26 April.

Smiggle has been strategically positioned for maximum EBIT growth as sales rebound due to the decisions previously made to reset Smiggle International's asset base. In addition, Smiggle has continued to realign its retail store channel to rebound and grow. In 1H21, Smiggle UK closed 17 stores with the potential for a further 10-16 to close in 2H21. In all stores that remain open at lease end, Smiggle UK reached agreement with landlords on turnover rent at a significantly lower % to sales than the existing lease terms. In addition, Smiggle UK has negotiated maximum flexibility with short term notice periods.

Smiggle is a powerful global brand flourishing where children are returning to school and stores previously closed, begin to open.

Balance Sheet and Dividends

Premier maintains a strong balance sheet with:

- ▶ An investment in Breville Group Limited with a market value over \$1.0 billion at the end of 1H21 (balance sheet reflects an equity accounted value of \$268.1 million)
- ▶ Cash on hand of \$497.2 million at end of 1H21 (up \$297.5 million on 1H20)
- ▶ Premier's strategic ownership of properties at St Kilda Road (the global Premier Retail head office) and Premier Retail's Australian Distribution Centre valued at a combined historical cost less depreciation of \$70.1 million (not the current market values)
- ▶ A \$27.4 million investment in Myer Holdings Limited at the end of 1H21

The Premier Board recognises that the Group is still operating in a once in a century global health crisis with continuing uncertainty and unpredictability. In line with this level of volatility, the Board has taken a prudent approach and approved an interim dividend of 34 cps in line with 1H20.

The approved interim dividend will be payable on 29 July 2021 with a record date of 24 June 2021.

This announcement, together with the accompanying investor presentation, has been approved for release by the Board of Premier Investments Limited.

ENDS

For enquiries:

Investors and analysts

Mark Middeldorf
Premier Investments Limited
m_middeldorf@centuryplaza.com.au
Tel: +61 3 9650 6500

Media

Ross Thornton: +61 418 233 062
Lauren Thompson: +61 438 954 729
Jon Snowball: +61 477 946 068

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: Pre AASB 16, 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.

Like for like sales growth is calculated on a store by store daily basis in each market, including online stores. Only stores open on the same day in each corresponding period have been included in the LFL percentage growth calculation.

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. 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. In particular the dynamic nature and continuing uncertainty surrounding COVID-19 means it is impossible to predict or forecast the COVID-19 impact on future global consumption, supply chains and therefore Premier's business. 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.