



23 September 2021

## PREMIER INVESTMENTS NPAT OF \$271.8 MILLION, UP 97.3%

RECORD PREMIER RETAIL EBIT OF \$351.9 MILLION, UP 88.0%<sup>1 2</sup>

FINAL FULLY FRANKED DIVIDEND of 46 CPS, UP 27.8%

### Highlights for FY21<sup>1 2</sup>

- ▶ Premier Investments Limited statutory NPAT \$271.8 million, up 97.3% on FY20
- ▶ Premier Retail Global sales of \$1.4 billion, up 18.7% on FY20
  - Global like for like sales up 15.9% on FY20 (constant currency basis)
  - Record Peter Alexander sales of \$388.2 million, up \$100.0 million or 34.7% on FY20
  - Record online sales of \$300.7 million, up \$80.3 million or 36.4% on FY20 and contributed 20.8% of Global FY21 sales (FY20: 18.1%)
  - Apparel Brands sales up 25.3% to a record \$841.6 million
- ▶ Gross Profit of \$927.9 million, up \$186.2 million or 25.1% on FY20 with Gross Margin up 331 bps
- ▶ Premier Retail EBIT of \$351.9 million, up 88.0% on FY20 underlying EBIT
- ▶ Premier's investment in Breville Group Limited at a market value of \$1.2 billion as at 31 July 2021 (Balance sheet value of \$271.4 million)
- ▶ Final fully franked dividend of 46 cps (up 10 cps or 27.8% on FY20) taking full year fully franked dividends to 80 cps (up 14.3%)

### Commentary

Premier Investments Limited ("Premier") 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 all our teams, especially our store teams, and customers. For 52 of the 53 trading weeks during the 2021 financial year, Premier faced temporary store closures across our global store network due to government mandated closures. On average, 176 stores were forced into temporary closures in any given week during the year. This resulted in 50,581 lost retail store trading days during FY21.*

*"Yet today Premier is very pleased to announce record results for the year. 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 remains optimistic about the all-important second quarter of FY22 as the vaccine rollout progresses and the economy re-opens. Premier Retail has again made the strategic decision to invest in inventory and we have the appropriate supply chains to support this decision and ensure we are in stock of wanted product."*

<sup>1</sup>The Statutory results for FY21 and FY20 reflect the adoption of the new Accounting Standard AASB 16 Leases. To allow for historical comparison, FY21 and FY20 results in this release, unless otherwise stated, are pre-adoption of AASB 16 ("Pre AASB 16") and therefore exclude the impact of AASB16. Refer to Appendix B of the PMV FY21 investor presentation for reconciliations of Statutory and Pre AASB 16 results and one off items excluded from the Underlying FY20 results.

<sup>2</sup>FY21 includes a 53rd week which contributed \$19.1 million in sales and \$7.9 million in EBIT. All FY21 sales, margin and profit information contained in this release (except LFL sales, or where otherwise stated) are for the period of 53 weeks ended 31 July 2021 (FY20: 52 weeks ended 25 July 2020).

## **Result for FY21**

Premier today reported a statutory consolidated net profit after tax ("NPAT") of \$271.8 million for the 53 weeks ended 31 July 2021, up 97.3%.

Premier Retail total sales for the year were up 18.7% to a record \$1.4 billion, with like for like ("LFL") sales growth of 15.9% (constant currency). Gross margin increased 331 bps to 64.3% delivering a \$186.2 million or 25.1% increase in gross profit to \$927.9 million. The strong sales and the lift in gross profit, together with operational excellence and strong cost control has delivered a record earnings before interest and tax ("EBIT") of \$351.9 million, up 88.0% (FY20: \$187.2 million).

### **Peter Alexander – Delivers \$100 million sales growth in one year**

Peter Alexander delivered record sales for the year of \$388.2 million, up \$100.0 million or 34.7% on a record FY20.

All Peter Alexander channels delivered exceptional growth across both Australia and New Zealand – online, full priced & outlet stores— including several outstanding results from suburban and regional retail stores.



Peter Alexander's record sales result was driven across all product categories (Womenswear, Menswear, Childrenswear, PA Plus, Footwear, Gift & Home Fragrance). Peter Alexander's unique design-led product combined with the Group's strategic decision, early in the global health crisis, to continuously invest in inventory, enabled Peter Alexander to be in stock of its much-loved products at the key gift giving periods of Black Friday/Cyber Monday, Christmas, Easter, Mother's Day and Father's Day. The design, sourcing and supply chain teams adapted to the changing times with long term suppliers supporting these altered work practices to accommodate the fast moving environment.

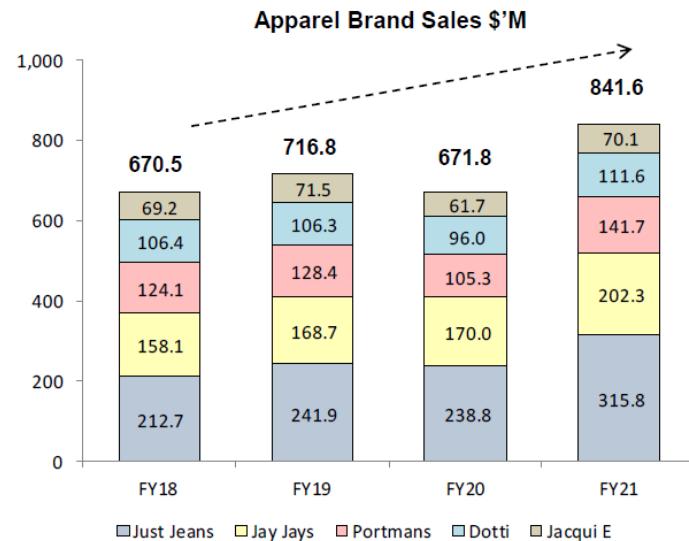
The continued creative involvement of Peter Alexander as Founder and Creative Director in collaboration with a strong team, under the leadership of Judy Coomber, has allowed the brand to maintain the design lead, look, feel and consistency of the much-loved heritage of the Peter Alexander brand.

Peter Alexander customers enjoy a truly unique shopping experience with products that excite; world class store window displays and website; service teams who love and are immersed in the brand; and instore theatre.

The creative direction of the products and marketing programs position Peter Alexander as one of the leading lifestyle brands in Australia and New Zealand.

## Apparel Brands – record sales and well positioned to deliver future growth

The Group's five iconic Apparel Brands delivered record sales of \$841.6 million, up 25.3% on FY20 with LFL sales growth for year up 18.7%. The Apparel Brands delivered three year sales growth of 25.5% from FY18 to FY21.



In the midst of a global pandemic, in mid-2020 Premier Retail made the strategic decision to significantly invest in inventory and build the supply chain to be in stock for the critical summer trading period including Black Friday, Christmas and January sales period. This strategy continued into 2H21, investing in wanted inventory for Easter, April school holidays, Mother's Day and the winter season, ensuring a strong in stock position delivering strong sales and gross margin growth across all brands.

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

## Online – record result with FY21 sales surpassing \$300 million

Premier Retail delivered record online sales of \$300.7 million in FY21, up \$80.3 million or 36.4% on a previous record FY20 (FY20 sales: \$220.4 million). The online business contributed 20.8% of total Group sales for the year (FY20: 18.1%).



The online business, led by Georgia Chewing, 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 to meet ongoing demand as customers increasingly choose to shop online.

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.

### **Accelerating retail industry restructure due to COVID-19**

COVID-19 continues to influence customer shopping behaviours, accelerating shopping preferences to the online channel due to rolling government mandated store closures and global social distancing practices.

Premier has continued to make significant investment in its fully integrated online channel.

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
- ▶ Significant investment in digital capability
- ▶ Significant investment in online technology and infrastructure
- ▶ Significant investment in dedicated teams focused on online growth

The accelerated customer preference to shopping online has further increased Premier Retail's focus on each store's profitability. Premier Retail has closed 158 stores over the past seven years including 46 stores in the last 12 months, demonstrating the Group's unrelenting focus on individual store profitability.

Pleasingly, many landlords recognise the long-term financial strength of Premier and its seven iconic brands. During FY21 Premier Retail's Property Division, led by Josh Molloy, was able to reach mutual agreement with key landlords that appropriately rebased the Group's normalised rent to 13.5% of sales (52-week basis) - a reduction of 339 bps on FY20.

Premier Retail maintains maximum flexibility in reviewing each store's profitability, with over 75% of its global store network either in holdover or with leases expiring in less than 12 months.

### **COVID-19 Impacts on FY21 Results**

The Group faced temporary government mandated store closures across its global store network for 52 of the 53 trading weeks during FY21. All geographic segments in which the Group operates have been affected by these temporary store closures during this financial year.

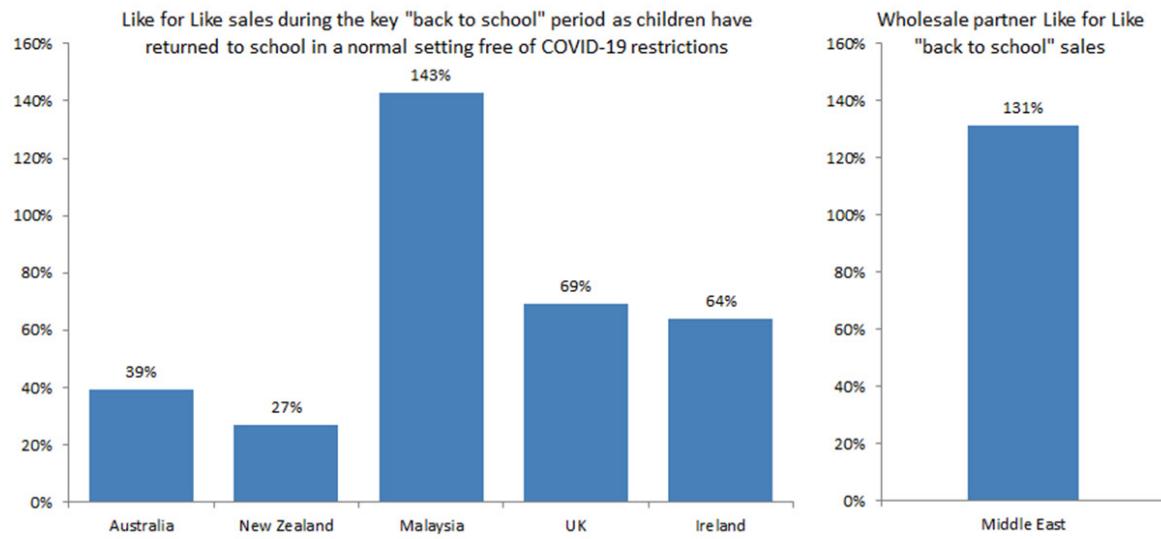
On average, 176 stores were forced into temporary closures in any given week of the FY21 year, adding immense operational complexity across every aspect of the entire business. Mandated store closures further increased from late June, with over 400 stores in the final key trading weeks of the reporting period in July 2021.

## **Smiggle – Powerful global brand starting to rebound**

The impact of COVID-19 was particularly severe on the Smiggle Global business as schools were closed for long periods of time, and families did not feel safe shopping in-store.

A fundamental aspect to Smiggle's success is children attending school. Pleasingly, in countries and markets where schools have re-opened under easing COVID-19 restrictions, Smiggle is flourishing.

In the key 'back to school' periods, Smiggle has demonstrated its unique product and competitive advantage by delivering LFL sales growth up 39% in Australia, up 27% in New Zealand and up 143% on Malaysia.



### Smiggle International

In FY21, the impact of COVID-19 continued to be particularly severe on a global brand such as Smiggle, with government mandated retail store and school closures for extended periods of time across all Smiggle Retail and Wholesale markets, together with the prolonged closure of international borders.

The UK and Republic of Ireland have experienced a severely disrupted past year of retail store closures and remote home learning, with stores closed for five months of the financial year.

By mid-May 2021 all stores in Europe resumed trading. Since restrictions have been fully eased (from end of July onwards) and as consumers feel increasingly confident with high national rates of vaccination, sales performance has surpassed expectations.

With children back in the classroom there has been a very strong response to Smiggle's product offering for 'back to school' essentials, with sales for the key 'back to school' period in 1H22 significantly ahead of expectations. Retail store LFL growth is up 69% in the UK and up 64% in the Republic of Ireland, delivering record 'back to school' sales results at full margin.

In the wholesale channel, for the key 'back to school' period in 1H22, in the Middle East where children have returned to school in highly vaccinated societies, sales have significantly exceeded expectations delivering record sales and LFL growth up 131%. The strong Middle East performance gives the group confidence that the wholesale channel will flourish in an environment under easing COVID-19 restrictions.

This positive response in the Northern Hemisphere gives every confidence that the business, under the leadership of John Cheston, will bounce back strongly in the Southern Hemisphere as restrictions ease, children return to the classroom and retail and wholesale stores are able to reopen.

## **COVID-19 Impacts on trading for the first 7 weeks of FY22**

The Group's retail store network continues to be impacted by various government mandated store closures. The Group has had 661 stores temporarily closed across Australia and New Zealand through the majority of the month of August and into early September, representing 56% of the global retail store network. Pleasingly, the Group has since progressively been able to re-open over 170 of these stores in the past two weeks.

The sales fallout from these retail store closures have been partially mitigated by the Group's strong global online sales (up 44.6%) and the rebounding of Smiggle Europe. For this seven-week period total global sales were down 9.5%. Premier Retail has a proven track record to appropriately manage cost structures across the business in response to ever changing macroeconomic conditions. The Group's online business continues to accelerate with an EBIT margin significantly higher than the store network.

### **Balance Sheet and Dividends**

Premier maintains a strong balance sheet with:

- ▶ An investment in Breville Group Limited with a market value of \$1.2 billion at the end of FY21 (balance sheet reflects an equity accounted value of \$271.4 million)
- ▶ Cash on hand of \$523.3 million at end of FY21
- ▶ Premier's strategic ownership of properties at St Kilda Road (the global Premier Retail head office) and Premier Retail's Australian Distribution Centre
- ▶ A \$63.5 million investment in Myer Holdings Limited at the end of FY21

The Premier Board remains optimistic about the all-important second quarter as the COVID-19 vaccination rollout across Australia and New Zealand increases, however the Board also recognises that the Group is operating in highly uncertain times.

The Board also notes that the environment, whilst challenging for many businesses, may present new opportunities for the Group given the strength of its balance sheet.

In balancing these considerations, the Board has adopted a prudent approach and has approved a final fully franked dividend of 46 cps (up 10 cps or 27.8% on FY20), taking full year dividends per share to 80 cps (fully franked). The approved final dividend will be payable on 27 January 2022 with a record date of 6 January 2022.

Premier Chairman, Mr Solomon Lew, said: "*The Board and I would like to express our sincere thanks and gratitude to our former Premier Retail CEO Mark McInnes. Mark has skillfully led the business over the past ten years. We look forward to a new chapter with Richard Murray as our new Premier Retail CEO having joined the Group on 6 September 2021. The business has a strong balance sheet, seven distinctive brands, a fast-growing online business and a deep and experienced Board and executive team. Richard's leadership will enhance the team as we look for new opportunities to maximise returns for our shareholders and continue to deliver for our customers and stakeholders.*"

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](mailto:m_middeldorf@centuryplaza.com.au)

Tel: +61 3 9650 6500

#### **Media**

Ross Thornton: +61 418 233 062

Lauren Thompson: +61 438 954 729

## APPENDIX

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

#### FY21: Employee Expenses - JobKeeper

During all COVID-19 temporary store closures, Premier Retail's focus has been on the health and safety of our teams and the communities in which we operate. Premier recognises that the Australian Federal Government's JobKeeper initiative was fundamental to keeping employees and employers connected during the once in a century health crisis. On 3 May 2021, Premier announced that it will voluntarily return the \$15.6 million FY21 net JobKeeper wage subsidy benefit that it received under the scheme rules to the Australian Taxation Office. As a result, Premier recorded no net JobKeeper benefit in its FY21 financial statements. The Group was not eligible for the second phase of the Australian Government JobKeeper scheme from 28 September 2020 onwards.

Over and above any obligations, and despite not being eligible for "JobKeeper 2", Premier Retail continued to pay 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 from October 2020 through July 2021, when the Federal Government made its temporary COVID disaster payment scheme available directly to impacted team members.

#### FY20: One-Off COVID-19 gain on closeout of hedge book: \$13.2m income

The devastating global impact of the COVID-19 health crisis resulted in the very difficult decision to temporarily shut down Premier Retail's global operations on 26 March 2020 with no certainty of when the business would be able to reopen. As a result of this uncertainty, the group closed out its USD currency hedge books realising a \$13.2 million gain.

#### FY20: One-off COVID-19 impairment of store assets and associated costs: \$31.4m

The temporary global closures of stores and ongoing government implementation of social distancing measures due to COVID-19 has significantly impacted customer shopping behaviour. Customers are increasingly choosing to shop online in this highly uncertain macro-environment. Given these changed consumer behaviours, the Group reviewed each retail store's future estimated cash flows and considered the possibility of a continued adverse impact on future estimated cash flows as a result of the COVID-19 pandemic. Furthermore, consideration was given to the fact that the Group had maximum flexibility within its current retail store portfolio, given that over 70% of its Australian and New Zealand store leases were in holdover, or due to expire within 2020. As a result of the uncertain future trading environment of traditional bricks-and-mortar stores due to COVID-19, together with the accelerating growth of the online channel, the Group recognised an impairment loss on store plant and equipment during the second half of FY20 of \$26.2 million and associated costs of \$2.8m.

An impairment loss of \$2.4 million was recognised in relation to the Group's right-of-use assets during FY20. The impairment loss related to the closure of Hong Kong retail stores, writing down the associated right-of-use assets to their recoverable amount.

#### 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.