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Premier Investments Limited  
2020 Full Year Results Overview  
25 September 2020

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# Agenda

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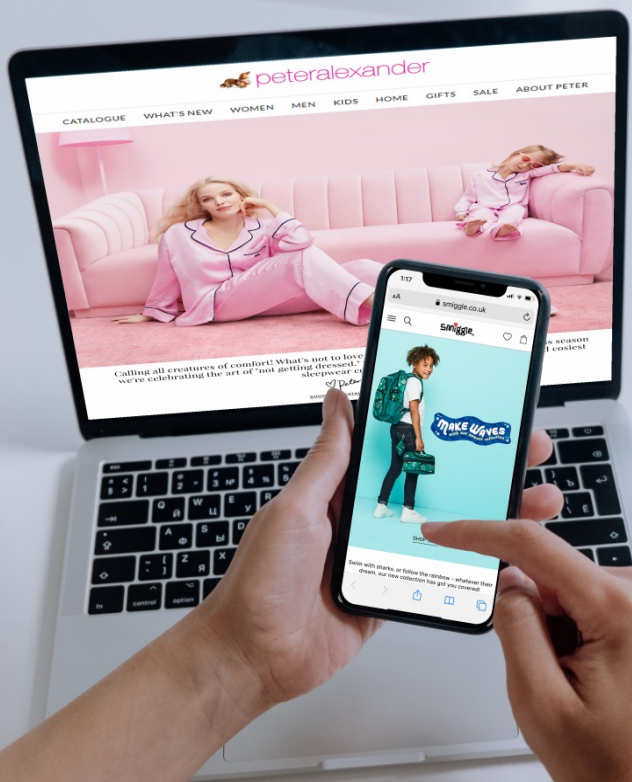
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AUSTRALIA

NEW  
ZEALAND

UNITED  
KINGDOM

# PREMIER INVESTMENTS LIMITED FY20 OVERVIEW



## 1

## Premier Investments Limited FY20 overview

## Group result

- Statutory net profit after tax of \$137.8 million, up 29% on FY19
- Underlying Premier Retail EBIT (Pre AASB 16) of \$187.2 million, up 11.9% on FY19<sup>1,2</sup>
- Underlying Premier Retail EBIT % to sales (Pre AASB 16) of 15.4%, up 222 bps on FY19<sup>1,2</sup>
- Premier Retail sales of \$1,216.3 million down 4.3% on FY19
  - LFL sales up 7.6% on FY19 on a constant currency basis
  - Record Peter Alexander sales up 16.3% on previous record FY19, underpinned by strong LFL growth
  - Record Online sales of \$220.4 million up 48.8% on previous record FY19
  - 2H20 Online sales up 70% on 2H19, contributing 25.5% of Premier Retail's total 2H20 sales

## Note:

1. The Statutory results for FY20 reflect the adoption of the new Accounting Standard AASB 16 Leases. To allow for prior period comparison, FY20 results disclosed in this presentation unless otherwise stated are pre adoption of AASB 16 ("Pre AASB 16") and therefore exclude the impact of AASB16. Refer Appendix B for reconciliations of Statutory and Pre AASB 16 results.
2. Refer Appendix B for details regarding significant and other one-off items excluded from underlying results



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# 1

## Premier Investments Limited FY20 overview

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### Strong cash flow and balance sheet

- Net cash generated (operating cash flow less payments of lease liabilities and investing activities) for the year of \$339.3 million, up \$216.0 million on FY19
- Strong balance sheet at end of FY20 shows:
  - Increased cash on hand by \$258.6 million to \$448.8 million
  - Decreased interest bearing debt by \$20.8 million to \$146.7 million
  - Investment in associate (Breville Group Limited) of \$257.4 million. The market value of this investment is \$1.0 billion (as at 11-Sep-20)
  - Investment in Myer Holdings Limited of \$18.1 million
  - Investment in strategically-owned properties at St Kilda Road Melbourne (Premier Retail's global head office) and Premier Retail's Australian Distribution Centre of \$70.8 million, reflected at historical cost not their current market value
- Franking credit pool of \$196.7 million
- On 20 March 2020, the Premier Board approved an interim ordinary dividend of 34 cents per share fully franked. The interim ordinary dividend will be paid on 30 September 2020.
- The Premier Board has approved a final FY20 dividend of 36 cents per share fully franked, taking full year dividends to 70 cents per share in line with last year. The final dividend will be payable on 28 January 2021 with a record date of 7 January 2021.

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## 2 Premier Investments Limited summarised consolidated income statement

\$'M	FY20	FY19
Premier Retail EBIT - underlying <sup>1</sup>	187.2	167.3
Premier Investments income from Associate (BRG)	17.7	18.9
Premier Investments other revenue (Interest, Rent & Other)	6.3	7.6
Premier Investments expenses (ex Premier Retail)	(7.7)	(8.5)
Finance costs <sup>1</sup>	(5.6)	(7.7)
AASB16 Impact on underlying net profit before tax <sup>1</sup>	(0.4)	-
<b>Underlying net profit before tax</b>	<b>197.5</b>	<b>177.6</b>
One-off UK Brexit accelerated depreciation and associated costs <sup>2</sup>	-	(25.9)
One-off COVID-19 impairment of store assets and associated costs <sup>2</sup>	(31.4)	-
One-Off COVID-19 gain on closeout of hedge book <sup>2</sup>	13.2	-
One-off gain from the equity accounting impact of BRG equity raising	15.9	-
<b>Reported net profit before tax</b>	<b>195.2</b>	<b>151.7</b>
Income tax expense	(57.4)	(44.9)
<b>Reported net profit after tax</b>	<b>137.8</b>	<b>106.8</b>

Note:

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## 2

## Premier Investments Limited summarised consolidated balance sheet

<b>Balance Sheet</b>		
<b>\$'M</b>	<b>25 Jul 2020</b>	<b>27 Jul 2019</b>
<b>Assets</b>		
Cash and cash equivalents	448.8	190.3
Inventories	156.6	171.2
Property, plant and equipment	155.1	210.9
Right of Use assets	231.8	-
Other assets	40.9	43.7
Deferred tax assets	66.9	40.4
Listed equity investment at fair value	18.1	46.9
Investment in associate	257.4	238.7
Intangible assets	826.9	826.6
<b>Total assets</b>	<b>2,202.5</b>	<b>1,768.7</b>
<b>Liabilities</b>		
Interest bearing liabilities	146.7	167.5
Lease liabilities	303.9	-
Trade payables and other liabilities	169.9	140.1
Provisions	48.9	35.4
Income tax payable	66.2	12.6
Interim dividend payable	54.0	-
Deferred tax liabilities	65.4	63.9
<b>Total liabilities</b>	<b>855.0</b>	<b>419.5</b>
<b>Total equity</b>	<b>1,347.5</b>	<b>1,349.2</b>

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**PREMIER RETAIL**



# 3

## Premier Retail – delivers record result

- Underlying Premier Retail EBIT (Pre AASB 16) of \$187.2 million, up 11.9% on FY19<sup>1,2</sup>
- Underlying EBIT % to sales (Pre AASB 16) of 15.4%, up 222 bps on FY19<sup>1,2</sup>
- Underlying Profit before tax (Pre AASB 16) of \$184.4 million, up 13.5% on FY19<sup>1,2</sup>
- Premier Retail sales of \$1,216.3 million down 4.3% on FY19
  - LFL sales up 7.6% on FY19 on a constant currency basis
  - Record Peter Alexander sales up 16.3% on previous record FY19 underpinned by strong LFL growth
  - Record Online sales of \$220.4 million up 48.8% on previous record FY19
  - 2H20 Online sales up 70% on 2H19, contributing 25.5% of Premier Retail's total 2H20 sales

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### 3 Premier Retail performance

\$'000	Pre AASB16 <sup>2</sup>	Pre AASB16 <sup>2</sup>	Var LY
	52 weeks to 25 Jul 2020	52 weeks to 27 Jul 2019	
Sales	1,216,316	1,270,958	-4.3%
LFL sales (constant currency)	7.6%	4.2%	
Gross Profit	741,735	786,578	-5.7%
Gross margin (%)	61.0%	61.9%	-91bps
Employee Expenses <sup>1</sup>	(246,556)	(301,737)	-18.3%
% sales	20.3%	23.7%	-347bps
Rent <sup>1</sup>	(205,256)	(228,183)	-10.1%
% sales	16.9%	18.0%	-108bps
Channel Optimisation <sup>1</sup>	(8,719)	-	
% sales	0.7%	0.0%	72bps
Advertising & Direct Marketing <sup>1</sup>	(14,171)	(15,896)	-10.9%
% sales	1.2%	1.3%	-9bps
Depreciation, Amortisation & Impairment <sup>1</sup>	(37,138)	(29,924)	+24.1%
% sales	3.1%	2.4%	70bps
Other Cost of Doing Business <sup>1</sup>	(44,102)	(44,444)	-0.8%
% sales	3.6%	3.5%	13bps
Other income	1,380	940	
<b>UNDERLYING EBIT</b>	<b>187,173</b>	<b>167,334</b>	<b>+11.9%</b>
	<b>15.4%</b>	<b>13.2%</b>	<b>222bps</b>
Borrowing Costs	(2,755)	(4,807)	-42.7%
<b>UNDERLYING PBT</b>	<b>184,418</b>	<b>162,527</b>	<b>+13.5%</b>
	<b>15.2%</b>	<b>12.8%</b>	<b>237bps</b>

Note: Due to COVID-19 temporary closures, Premier Retail paid no rent during April while stores were closed. In line with accounting standards Premier Retail has fully expensed the global contracted rent for May-July. However, Premier Retail only paid gross rent of \$59.2m during 2H20 while rent negotiations with landlords are still being finalised (12.2% of 2H20 sales).

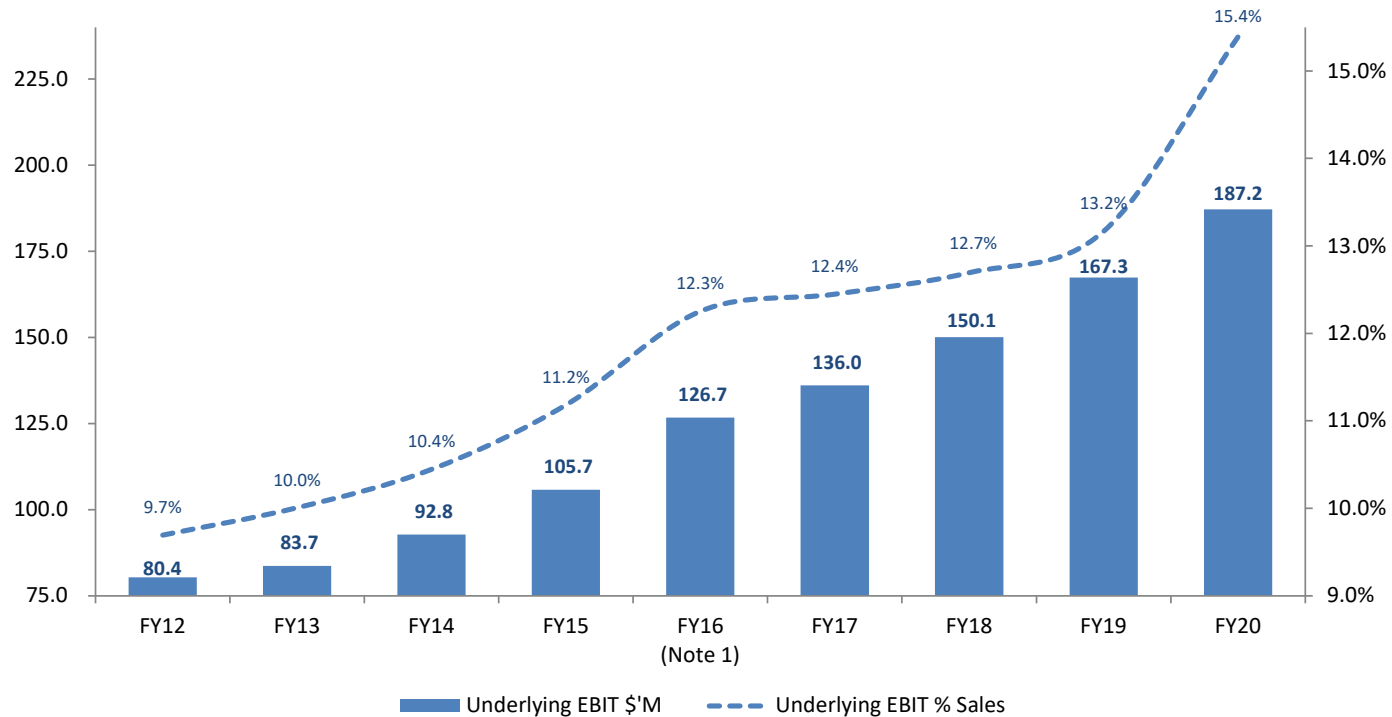
While it is not Premier Retail's objective to close any stores, should landlords not accept the major shift in consumer shopping behaviour and adjust their rents according to consumer shopping preferences, store closures will be inevitable. Premier Retail's underlying EBIT result includes a \$8.7m channel optimisation expense to potentially close up to 350 stores in Australia and New Zealand. In addition the Group has taken the necessary store asset impairments to close stores if suitable rental agreements cannot be reached<sup>1</sup>.

Note:

1. Excluding significant and other one-off items – Refer Appendix B for details
2. The Statutory results for FY20 reflect the adoption of the new Accounting Standard AASB 16 Leases. To allow for prior period comparison, FY20 results disclosed in this presentation unless otherwise stated are pre adoption of AASB 16 ("Pre AASB 16") and therefore exclude the impact of AASB16. Refer Appendix B for reconciliations of Statutory and Pre AASB 16 results

# 4 Premier Retail – Delivers nine consecutive years of growth

- Nine consecutive years of underlying EBIT growth
- FY20 underlying EBIT margin to sales (Pre AASB 16) up 222 bps on FY19
- Premier Retail best positioned for an accelerating industry restructure



Notes:

1. FY16 excludes non-comparable 53<sup>rd</sup> week which contributed \$6.6m in EBIT
2. The Statutory results for FY20 reflect the adoption of the new Accounting Standard AASB 16 Leases. To allow for prior period comparison, FY20 results disclosed in this presentation unless otherwise stated are pre adoption of AASB 16 ("Pre AASB 16") and therefore exclude the impact of AASB16. Refer Appendix B for reconciliations of Statutory and Pre AASB 16 results



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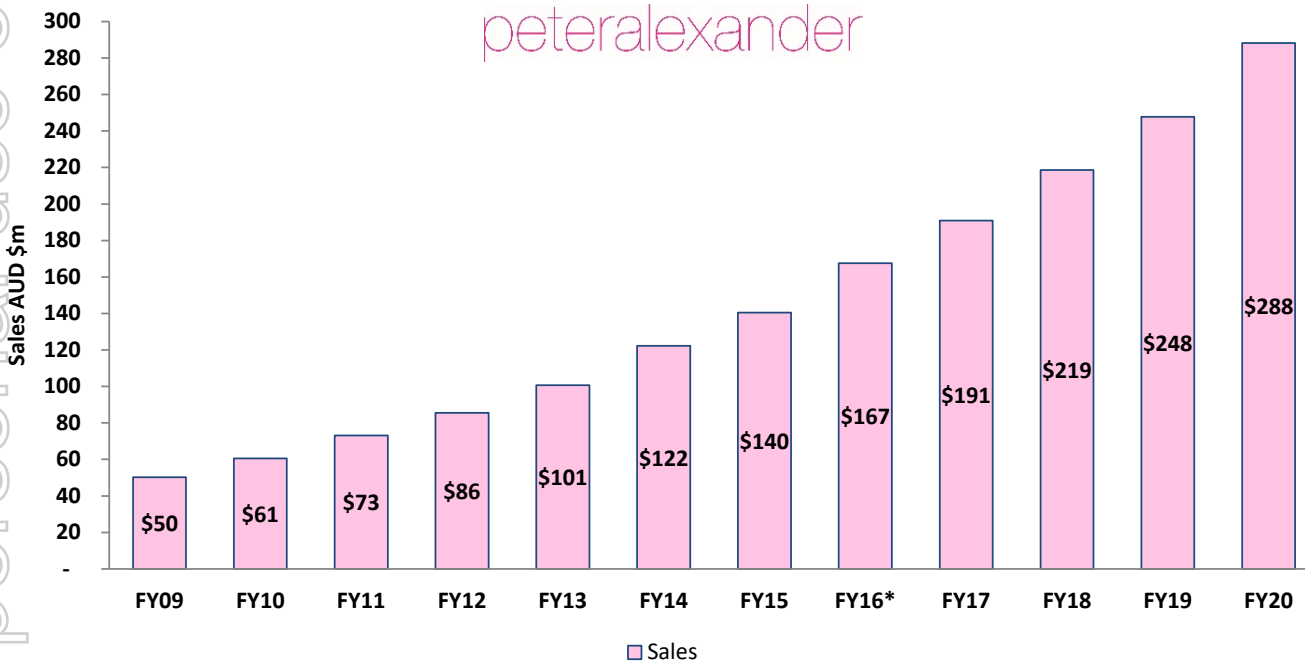
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# 5 Peter Alexander – delivers record growth

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Notes:

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



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## 5 Peter Alexander – powerful brand delivering record results

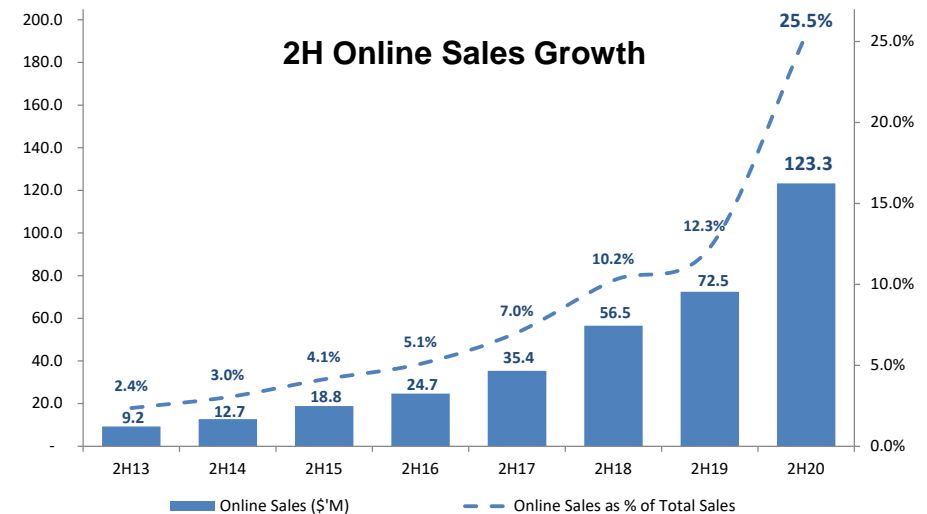
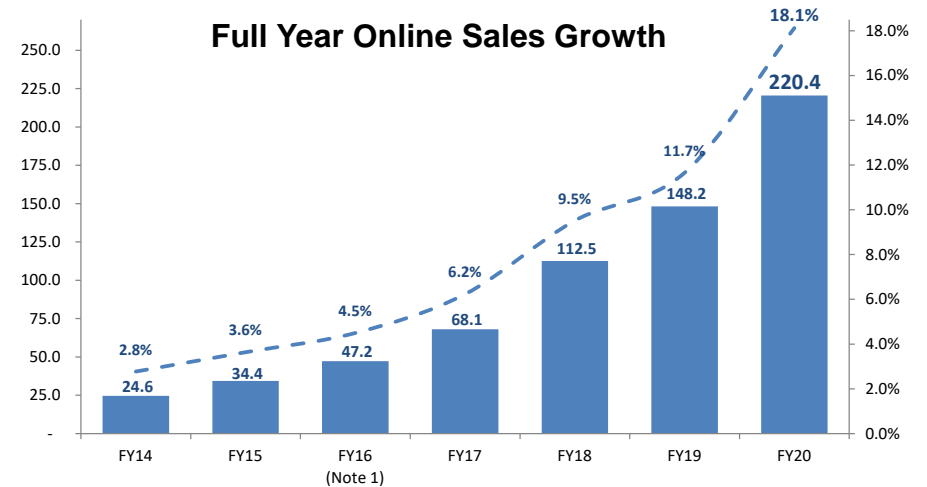
- Record FY20 sales of \$288.2m, up a record \$40.4m or 16.3% on FY19, underpinned by strong LFL growth both online and in stores
- The online channel continued to deliver impressive sales and EBIT growth well ahead of the market
- Demonstrating the strength of Peter Alexander and the investment made over the last nine years in the online channel, in Australia during the key Mothers Day week ended 2 May 2020, with all 122 stores closed due to the COVID-19 health crisis, online sales alone were up 18% on the prior year's total sales when all stores were open
- Children's sleepwear continued to deliver outstanding growth. FY20 sales were up 34% on FY19 on a like for like basis, with 35% of all Children's sleepwear sales delivered through the online channel
- P.A. Plus continued to deliver outstanding results. FY20 sales up 48% on FY19 on a like for like basis, with 64% of all P.A. Plus sales delivered through the online channel
- Brand momentum has continued into the first six weeks of FY21, total sales growth up 40% on the comparable period last year, despite Melbourne metropolitan stores being closed for this entire period
- Peter Alexander extremely well placed as the leading gift destination for the upcoming Christmas trading period



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# 6 Online – delivers record sales & EBIT

- Record online sales of \$220.4 million, up 48.8% on a previous record FY19 and contributed 18.1% of total FY20 sales (FY19: 11.7%)
- Online sales growth accelerated during 2H20, up 70% on 2H19 and contributed 25.5% of total sales (2H19: 12.3%)
- Recently launched New Zealand Websites for Smiggle, Just Jeans, Portmans and Jacqui E, in addition to the rapidly growing Peter Alexander and Dotti Online businesses already in New Zealand, far exceeded expectations in FY20 up 144% on FY19
- 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 both the retail store and group average
- Significant online sales growth has continued into FY21 with online sales for the first six weeks up 92% on the comparable period of last year. Extremely well placed for the upcoming Black Friday, Cyber Monday and Christmas trading period
- Major investment in technology, people and new marketing initiatives continuing to deliver a world class platform and customer experience in FY21 and beyond



Note:

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



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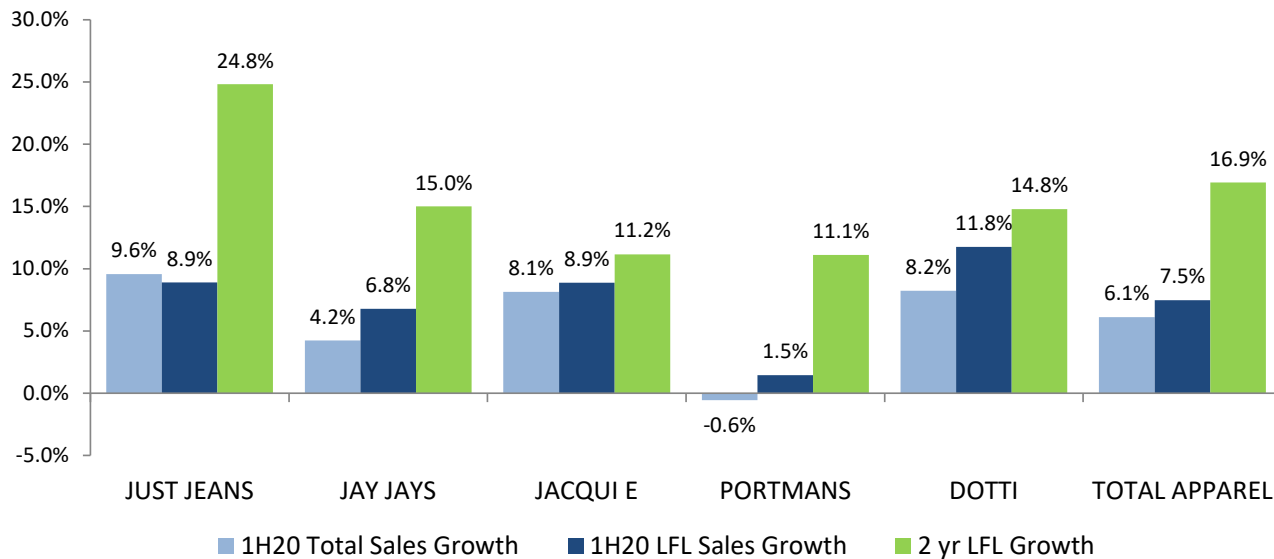
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# 7 Apparel Brands – well positioned for future growth

- Apparel Brands 1H20 sales up 6.1% on 1H19 to \$393.5 million
- Apparel Brands 1H20 LFL sales growth of 7.5% was stronger than overall sales growth
- Apparel Brands delivered two year LFL sales growth of 16.9% from 1H18 to 1H20, before the impact of COVID-19 on 2H20 trading
- Pleasingly, as stores re-opened and most regions of Australia and New Zealand gradually returned to business as usual, in the final 10 weeks of FY20 the Apparel Brands delivered sales growth up 14.1% on the comparable period in 2H19 on a LFL basis
- Importantly, in regions largely free of COVID-19 restrictions, total Apparel Brand sales in the final 10 weeks of FY20 in Western Australia were up 42% and New Zealand were up 28% on a like for like basis
- All Apparel Brands are well positioned to deliver future growth



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## 8 | Industry Restructure Accelerating – online growth accelerating

- COVID-19 has accelerated the retail industry restructure already underway
- Globally, the temporary closures of stores and ongoing government implementation of social distancing measures has significantly impacted customer shopping behaviour. Consumers are increasingly choosing to shop online in this highly uncertain macro-environment.
- Over the last nine years the group has made significant investment in its fully integrated online channel and is best placed to take advantage of this significant swing in customer shopping preference
- Today Premier Retail has:
  - Seven brands each with a strong, distinctive and competitive market position
  - A 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
  - Delivered online sales growth accelerating through 2H20, up 70% on 2H19 and contributing 25.5% of total 2H20 sales

**The Online Channel delivers significantly higher EBIT margin than the retail store channel**



## 8 Industry Restructure Accelerating – maximising channel profitability

- 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 137 stores over the past seven years, demonstrating its willingness to walk away from stores with unrealistic rents that deliver unprofitable sales.
- Premier Retail has maximum flexibility in reviewing each store's profitability with over 70% of its stores in Australia and New Zealand either in holdover or with leases expiring in 2020.
- While it is not Premier Retail's objective to close any stores, should landlords not accept the major shift in consumer shopping behaviour and adjust their rents according to customer shopping preferences, store closures will be inevitable.
- Premier Retail's underlying FY20 EBIT result includes a \$8.7 million channel optimisation expense to potentially close up to 350 stores in Australia and New Zealand. In addition, the Group has taken the necessary store asset impairments to close stores if suitable rental agreements cannot be reached with landlords

### **The group is best placed to maximise channel profitability in the retail industry restructure**

*Note: Due to COVID-19 temporary closures, Premier Retail paid no rent during April while stores were closed. In line with accounting standards Premier Retail has expensed the global contracted rent for May-July. However, Premier Retail only paid rent of \$59.2m during 2H20 while rent negotiations with landlords are still being finalised (12.2% of 2H20 sales). While it is not Premier Retail's objective to close any stores, should landlords not accept the major shift in consumer shopping behaviour and adjust their rents according to consumer shopping preferences, store closures will be inevitable. Premier Retail's underlying EBIT result includes a \$8.7m channel optimisation expense to potentially close up to 350 stores in Australia and New Zealand. In addition the Group has taken the necessary store asset impairments to close stores if suitable rental agreements cannot be reached.*



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# 9

## COVID-19 impacts on 2H20 results

- Premier's absolute priority is the safety and wellbeing of our teams and we will continue to support all customers and communities in the countries we operate
- 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 by 26 March 2020 and stand down over 9,000 employees. At the time there was no certainty of when the business would be able to reopen and no wage subsidy scheme was in existence in Australia.
- The financial impact of COVID-19 was most severe during the period 11 March 2020 to 15 May 2020, with retail store sales down 78.4% and global sales down \$131.1 million on the comparable period in 2H19



- Due to the devastating impact on Premier Retail's sales due to the COVID-19 health crisis, the group became eligible for a range of global subsidy programs designed to keep people in jobs. Eligible Premier team members received wage subsidies in full while they were not working. In addition, in Australia many of Premier's casual workforce and many of its part time workforce received subsidy payments in excess of their normal working arrangements in accordance with the rules of the government scheme. The funds received were used to support standing up Premier's employees as stores gradually reopened under COVID-19 safe plans. This ensured that Premier was able to fulfil the governments' objectives of keeping people in jobs and connected to their employers in the midst of a global pandemic.

The impact of COVID-19 was particularly severe on the Smiggle business as schools were closed for extended periods of time, international borders were shut across all Smiggle Retail and Wholesale Markets, and families no longer felt safe shopping with children in stores in the midst of a once in a century global health crisis.



To ensure Smiggle is best placed to rebound and grow post COVID-19 the group will:

- Close the final four Smiggle Hong Kong retail stores by 31 October 2020
- Close up to 55 Smiggle stores out of 131 stores in the United Kingdom in FY21 and impair 100% of all UK store assets
- Impair all Smiggle International store assets in Hong Kong, Singapore, Malaysia and the Republic of Ireland
- Continue to significantly invest in Smiggle's highly profitable global online presence

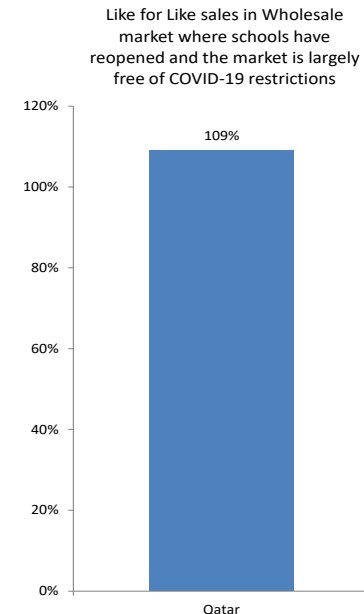
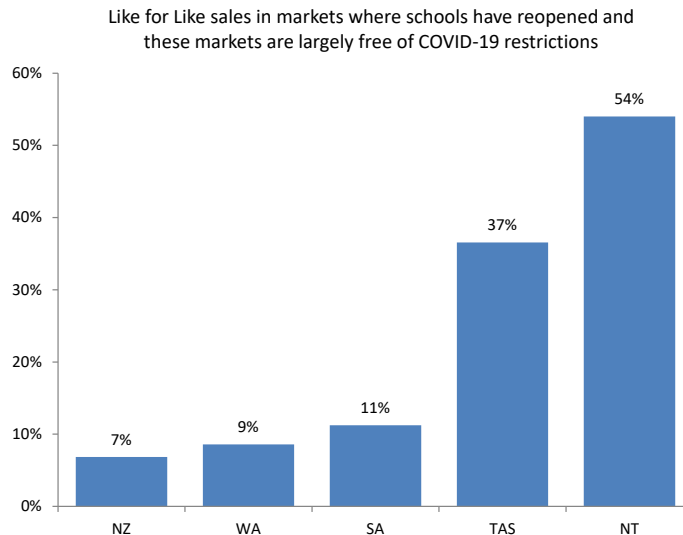
These actions will leave Smiggle International best placed to rebound and grow in line with previously announced multi-channel growth strategies: Online, Wholesale, Concession & Retail Stores

# 10 Smiggle – strong global brand flourishing where children are back at school

- Smiggle is a powerful global brand
- In 1H20 Smiggle delivered record sales to consumers up 14.2% on 1H19

## ***The key to Smiggle's success is children attending school***

- In countries and markets where schools have reopened and these markets are largely free of COVID-19 restrictions, the brand is flourishing
- Since children have returned to school and stores have reopened, LFL sales are up: 7% in New Zealand, 9% in Western Australia, 11% in South Australia, 37% in Tasmania, and 54% in Northern Territory
- In the Wholesale channel, since the start of FY21 in Qatar where children have returned to school in an environment largely free of COVID-19 restrictions, sales are up 109% on a LFL basis – this gives the group confidence that the Wholesale channel will flourish in a post-COVID-19 environment



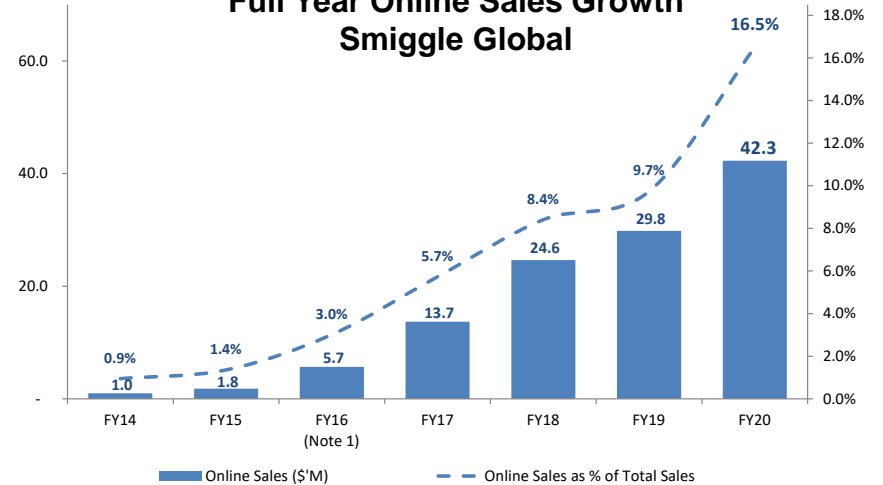


# 10 | Smiggle – delivers record online sales

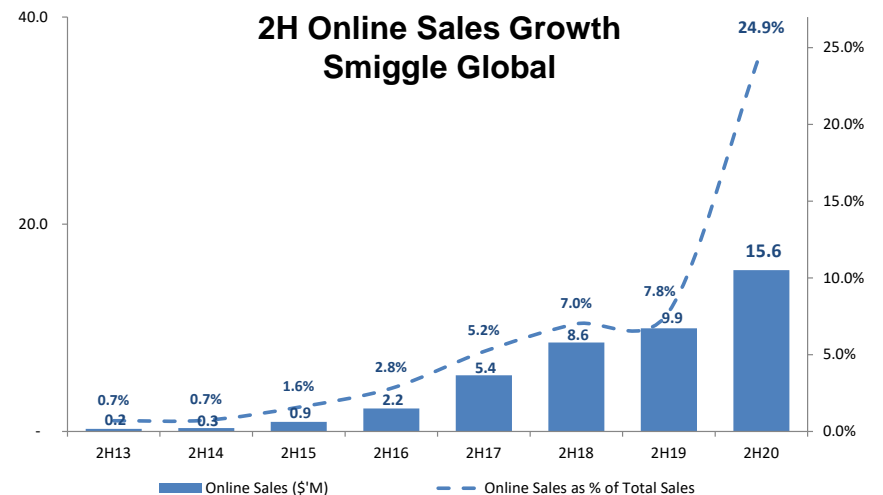
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- Smiggle delivered record global online sales in FY20 of \$42.3 million, up 41.8% on FY19, and contributed 16.5% of total Smiggle FY20 sales (FY19: 9.7%)
- Global online sales growth accelerated during 2H20, up 57% on 2H19 and contributed 24.9% of total sales (2H19: 7.8%)
- Demonstrating the strength of Smiggle’s online power, upon reopening the United Kingdom website in the week ended 20 June 2020 with 118 stores still closed due to the COVID-19 health crisis, UK online sales alone were up 13.4% on last year’s total sales when all stores were open
- Channel momentum has continued into the first six weeks of FY21, with total online global sales growth up 101% on the comparable period last year. Extremely well placed for the upcoming Black Friday, Cyber Monday and Christmas trading period
- Online channel continues to deliver significantly higher EBIT margin than the retail store channel
- Significant investment continues in Smiggle’s global online opportunity

**Full Year Online Sales Growth  
Smiggle Global**



**2H Online Sales Growth  
Smiggle Global**



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# 10 | Smiggle – long runway and huge growth potential

## Smiggle collaboration Success

- Highly successful first ever global collaboration with Disney studios (Frozen II, Star Wars) in 1H20 has continued with a very successful launch of Minions with Universal film studios in 2H20
- Results and response from Smiggle customers have far exceeded expectations
- A long runway and huge growth potential exists with Disney, Pixar, Universal, Warner Brothers for many future collaborations with industry leading film studios that are aligned to Smiggle's core consumers, values and philosophy



# 11 Premier strong cashflow and balance sheet

Premier's absolute priority is the safety and wellbeing of our teams and we will continue to support all customers and communities in the countries we operate.

It is impossible to predict or forecast the nature and impact of the COVID-19 health crisis on consumption.

Notwithstanding the uncertain global environment Premier is extremely well placed having:

- Seven brands each with a strong, distinctive and competitive market position
- A fully integrated and highly profitable online channel to maximise the accelerating retail industry restructure
- Delivered a record Premier Retail underlying FY20 EBIT
- An extremely strong balance sheet including a \$1.0 billion investment in Breville
- A high calibre Board and management team that remain focused, flexible and nimble to respond to all unfolding scenarios.





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# PREMIER RETAIL

## Appendix A: BRAND BY BRAND PERFORMANCE



## Highlights

- Record FY20 sales of \$288.2m, up a record \$40.4m or 16.3% on FY19, underpinned by strong LFL growth both online and in stores
- Demonstrating the strength of the brand and the investment made over the last 9 years in the online channel, in Australia in the week ended 2 May 2020 with all 122 stores closed due to the COVID-19 health crisis, online sales alone were up 18% on last year's total sales when all stores were open
- Strong and focused management team led by Judy Coomber (Managing Director: Peter Alexander and Dotti) and Peter Alexander (Creative Director: Peter Alexander)

## Overview of Results

Sales	1H20 \$144.8m	FY20 \$288.2m		
Var LY	1H20 +11.1%	FY20 +16.3%		
<b>Store movements</b>	<b>Jul 19</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 20</b>
Australia	102	7	1	108
New Zealand	15	-	-	15
Myer Concession	20	-	3	17
	<b>137</b>	<b>7</b>	<b>4</b>	<b>140</b>



Notes:

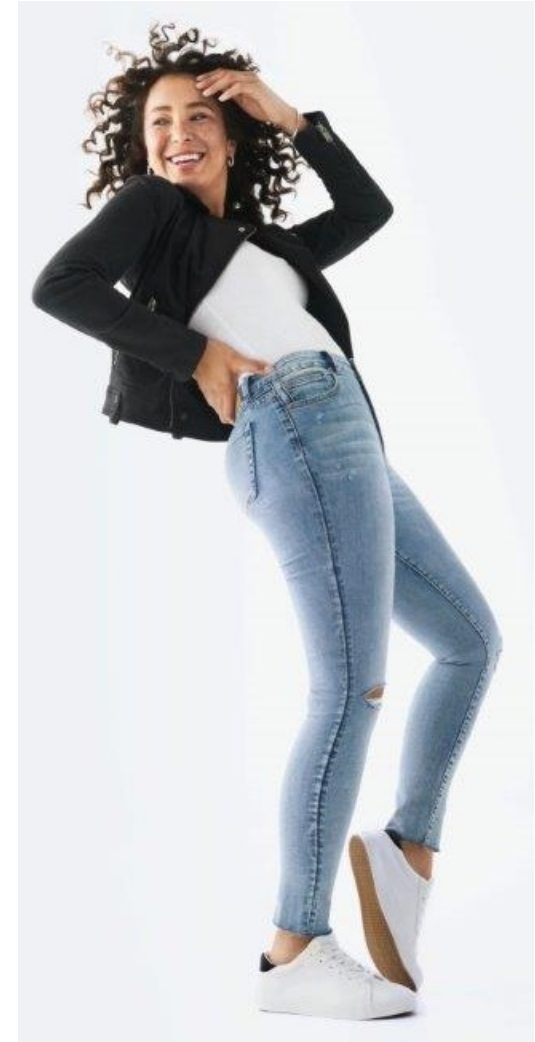
1. Store movements table reflects permanent store closures only, and does not include temporary store closures

## Highlights

- 1H20 Sales up 9.6% to \$134.4m - a particularly pleasing result for the group's original brand now celebrating its 50<sup>th</sup> anniversary
- As stores re-opened and most regions of Australia and New Zealand gradually returned to business after the COVID-19 shutdowns, in the final 10 weeks of FY20 Just Jeans delivered sales growth up 26.3% on the comparable period in 2H19 on a like for like basis
- In regions largely free of COVID-19 restrictions, Just Jeans sales in the final 10 weeks of FY20 in Western Australia were up 49% and New Zealand were up 33% on a like for like basis
- Just Jeans has a strong, distinctive and competitive market position and is well positioned for future growth

## Overview of Results

Sales	1H20 \$134.4m	FY20 \$238.8m		
Var LY	1H20 +9.6%	FY20 -1.2%		
<b>Store movements</b>	<b>Jul 19</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 20</b>
Australia	195	3	-	198
New Zealand	45	-	1	44
	<b>240</b>	<b>3</b>	<b>1</b>	<b>242</b>



Notes:

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

## Highlights

- 1H20 Sales up 4.2% to \$96.1 million delivering a strong result for the brand
- As stores re-opened and most regions of Australia and New Zealand gradually returned to business after the COVID-19 shutdowns, in the final 10 weeks of FY20 the Jay Jays delivered sales growth up 47.2% on the comparable period in 2H19 on a like for like basis
- In regions largely free of COVID-19 restrictions, Jay Jays sales in the final 10 weeks of FY20 in Western Australia were up 76% and New Zealand were up 51% on a like for like basis
- In a year severely disrupted by the impact of the COVID-19 health crisis, Jay Jays still delivered full year sales growth in FY20, up 0.8% on FY19
- Jay Jays has a strong, distinctive and competitive market position and is well positioned for future growth

## Overview of Results

Sales	1H20 \$96.1m	FY20 \$170.0m		
Var LY	1H20 +4.2%	FY20 +0.8%		
<b>Store movements</b>	<b>Jul 19</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 20</b>
Australia	177	-	1	176
New Zealand	31	-	2	29
	<b>208</b>	<b>-</b>	<b>3</b>	<b>205</b>



### Notes:

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

## Highlights

- 1H20 Sales up 8.2% to \$57.5 million
- 1H20 LFL sales up 11.8% were stronger than overall sales, with continued improvement in profit margins being delivered through changes to sourcing strategy
- As stores gradually re-opened in regions largely free of COVID-19 restrictions, Dotti sales in the final 10 weeks of FY20 in Western Australia were up 31% and New Zealand were up 16% on a like for like basis
- Online Sales continued to grow ahead of the market with this channel delivering significantly higher EBIT margin than the Brand average
- Dotti has a strong, distinctive and competitive market position and is well positioned for future growth

## Overview of Results

Sales	1H20 \$57.5m	FY20 \$96.0m		
Var LY	1H20 +8.2%	FY20 -9.7%		
<b>Store movements</b>	<b>Jul 19</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 20</b>
Australia	93	1	2	92
New Zealand	19	-	-	19
	<b>112</b>	<b>1</b>	<b>2</b>	<b>111</b>



Notes:

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



## Highlights

- 1H20 Sales up 8.1% to \$40.0 million
- 1H20 LFL sales up 8.9% - stronger than overall sales growth
- 2 year LFL Sales up 11.2% from 1H18 to 1H20
- Jacqui E has been significantly impacted by the temporary exodus of workers from CBD areas during the COVID-19 health crisis
- As stores gradually re-opened in regions largely free of COVID-19 restrictions, Jacqui E sales in the final 10 weeks of FY20 in Western Australia were up 17.2% on a like for like basis
- Jacqui E has an extremely strong and distinctive market position and is well positioned for future growth

## Overview of Results

Sales	1H20 \$40.0m	FY20 \$61.7m		
Var LY	1H20 +8.1%	FY20 -13.7%		
<b>Store movements</b>	<b>Jul 19</b>	<b>Open</b>	<b>Close<sup>1</sup></b>	<b>Jul 20</b>
Australia	77	-	1	76
New Zealand	20	-	-	20
	<b>97</b>	<b>-</b>	<b>1</b>	<b>96</b>



### Notes:

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

## Highlights

- 1H20 LFL sales up 1.5% - stronger than overall sales growth
- 2 year LFL Sales up 11.1% from 1H18 to 1H20
- Portmans has been significantly impacted by the temporary exodus of workers from CBD areas during the COVID-19 health crisis
- Online Sales continue to drive overall growth at a significantly higher EBIT margin than the store portfolio
- As stores gradually re-opened in regions largely free of COVID-19 restrictions, Portmans sales in the final 10 weeks of FY20 in Western Australia were up 2.2% on a like for like basis
- Portmans has an extremely strong and distinctive market position and is well positioned for future growth

## Overview of Results

Sales	1H20 \$65.5m	FY20 \$105.3m
Var LY	1H20 -0.6%	FY20 -18.0%

Store movements	Jul 19	Open	Close <sup>1</sup>	Jul 20
Australia	86	-	1	85
New Zealand	11	-	-	11
	<b>97</b>	<b>-</b>	<b>1</b>	<b>96</b>



Notes:

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



## Highlights

- Record 1H20 global retail sales including wholesale partners sales to consumers up 14.2% on 1H19
- The key to Smiggle's success is children attending school
- In region's where children are back at school and there is minimal social distancing restrictions, the brand is flourishing. Since children have returned to school and stores have reopened, like for like sales are up: 7% in New Zealand, 9% in Western Australia, 11% in South Australia, 37% in Tasmania, 54% in Northern Territory and in the Wholesale channel, up 109% in Qatar
- Smiggle delivered record global online sales in FY20 of \$42.3 million, up 41.8% on FY19, and contributed 16.5% of total Smiggle FY20 sales (FY19: 9.7%)
- John Cheston (Managing Director: Smiggle) continues to lead and inspire a high-quality management team
- Smiggle is a powerful global brand flourishing where children are back at school and is set to rebound and grow in a post-COVID-19 environment

### Overview of Results

Sales	1H20 \$193.7m	FY20 \$256.3m		
Var LY	1H20 +8.3%	FY20 -16.4%		
<b>Store movements<sup>1</sup></b>	<b>Jul 19</b>	<b>Open</b>	<b>Close<sup>2</sup></b>	<b>Jul 20</b>
Australia/NZ	155	-	5	150
Asia	49	1	4	46
Asia Concession	3	6	-	9
Europe	141	-	3	138
Europe Concession	4	-	-	4
<b>Global Stores</b>	<b>352</b>	<b>7</b>	<b>12</b>	<b>347</b>
<i>Wholesale Doors</i>				282



Note: 1. Store movements table reflects standalone and concession stores within Global Stores; Wholesale Doors as at Jul 20 are listed separately

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

# Appendix B: Impact of AASB 16 and other information



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# Appendix: Implementation of lease accounting standard AASB 16

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- The new lease accounting standard AASB 16 was adopted at the start of the FY20 reporting period effective from 28 July 2019
- The implementation of AASB 16 has significantly changed reported results, however the standard does not have a significant economic impact on the company, net cash flows, debt covenants or shareholder value
- The Group has adopted AASB 16 using a modified retrospective approach. Under the transition provisions of the new standard, comparative information has not been restated
- The impact of AASB 16 on the FY20 reported statutory results compared to “Pre AASB 16” results (i.e. excluding the impact of the new standard) is summarised on the following pages

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Appendix: Premier Investments Limited  
Profit and Loss impact of AASB 16

Profit & Loss	Statutory		Statutory	
	<i>Pre AASB16</i>	<i>Pre AASB16</i>	<i>Post AASB16</i>	<i>AASB16 Impact</i>
\$'M	52 weeks to 25 Jul 2020	52 weeks to 27 Jul 2019	52 weeks to 25 Jul 2020	
Sales	1,216.3	1,271.0	1,216.3	
Gross Profit	741.7	786.6	741.7	
Employee Expenses	(247.6)	(302.6)	(247.6)	
Operating Lease rental expense	(201.0)	(224.4)	(17.5)	183.5
Advertising & Direct Marketing	(14.2)	(15.9)	(14.2)	
Depreciation, Amortisation & Impairment	(74.9)	(52.3)	(250.0)	(175.1)
Other Cost of Doing Business	(50.8)	(55.4)	(50.8)	
Other revenue and income	32.6	4.5	32.6	
Share of profit of associate	17.7	18.9	17.7	
<b>EBIT</b>	<b>203.5</b>	<b>159.4</b>	<b>211.9</b>	<b>8.4</b>
Borrowing Costs	(5.6)	(7.7)	(16.7)	(11.1)
<b>PBT</b>	<b>197.9</b>	<b>151.7</b>	<b>195.2</b>	<b>(2.7)</b>

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### 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.

# B | Appendix

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

### **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 by 26 March 2020 with no certainty of when the business would be able to reopen. During the time 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 COVID-19 health crisis has accelerated the retail industry restructure already underway. 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 has maximum flexibility within its current retail store portfolio, given that over 70% of its Australian and New Zealand store leases are currently in holdover, or are 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 has recognised an impairment loss on store plant and equipment during the second half of the year 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 the current financial year. The impairment loss relates to the closure of Hong Kong retail stores writing down the associated right-of-use assets to their recoverable amount.

### **FY19: One-off UK Brexit accelerated depreciation and associated costs: \$25.9m**

As a result of the economic and political uncertainty in the United Kingdom, and the impact of these uncertainties on the landlord and retail markets in particular, the Group reviewed its depreciation methods for its United Kingdom store plant and equipment. The changed method resulted in an accelerated depreciation charge in the previous financial year of \$21.0 million. Other expenses associated with the Group's review of its United Kingdom lease break options amounted to \$4.8 million and have been disclosed as "other expenses"