

PREMIER INVESTMENTS LIMITED

(A.C.N. 006 727 966)

27 November 2015

CHAIRMAN'S ADDRESS

INTRODUCTION

Two consistent themes have characterised my address to shareholders at our Annual General Meeting in recent years.

The first has been to acknowledge the extraordinarily challenging environment for business generally, and certainly for the Australian retail sector.

The second has been to report that Premier Investments has achieved outstanding performance, notwithstanding the adverse environment.

On behalf of my fellow Directors, it is with great satisfaction that we were again able to report this outcome for the 2015 financial year.

At the consolidated Group level: Premier achieved a strong increase in profits; maintained the strength of our financial position and substantial cash reserves with all of the options this provides; and invested strongly in our very exciting growth platforms while increasing dividends, both ordinary and through the payment of a special dividend.

The Group result has again been underpinned by the strong performance of our core operating business, Premier Retail, which achieved record increases in sales, margins and profit.

These outcomes have been achieved in the context of the continuation of the most challenging period for retailers in my over 50 years of retail experience.

That said, our key message to shareholders today is to convey the confidence and optimism of your Board in our prospects for future growth and the continued creation of shareholder value and wealth.

In no way do we seek to downplay the significant external challenges that we continue to experience and have no control over.

A range of current issues including the fragility of the international economy, the slowdown in China and various geopolitical events have all resulted in

volatility in the equity markets, commodity prices, currencies and have impacted on general investment and growth.

In Australia, the transition from the mining boom has not been well managed and is overlaid by cost of living pressures, high levels of personal debt, under- and unemployment and poor public policy decisions driven largely by recent political instability.

All of these factors contribute to uncertainty – when certainty and security are the lifeblood of business and consumer confidence and the willingness to invest and spend.

As retailers, we have always lived with the certainty of uncertainty - the inevitability of economic cycles and issues beyond our control which routinely impact on our business and the achievement of optimal performance.

In 2011 the Premier Board appointed Mark McInnes as Premier Retail CEO. Since that time we have assembled what we believe to be the most outstanding retail management team in Australia and one which can be benchmarked by any international standard.

The test which the Premier Board has consistently applied to this management team is to deliver operational outperformance relative to our key competitors; to deliver financial results which are acceptable to shareholders whatever the external environment; and to achieve this in a manner which not only improves the market position of our core brands but also delivers on the Board's expectations for growth.

That is, to manage both for the times and for the future.

The Board is very pleased that the management team has met these tests.

The achievement of consistently strong results is clearly not the outcome of luck – or riding the upside of a retail cycle.

Rather, it reflects the opposite. Excellence in the execution of retail disciplines – managed outcomes achieved during the sustained downside of a retail cycle in which other players are struggling or failing.

Under Mark McInnes' leadership, consistent with the strategy set by the Board, there has been strong investment to improve the market position of our core brands and to achieve outstanding performance and the platform for further substantial growth from Online, Peter Alexander and Smiggle. At the

same time a very disciplined cost efficiency programme has been implemented to meet the challenges of rising input costs.

In summary, the management of those things we can control has been exceptional – and is the key factor in our successful performance in these very difficult times.

The ultimate beneficiaries of successful Board and management performance are our shareholders, as reflected in our record of strong shareholder returns and the substantial increase in our market capitalisation.

Strong Financial Performance

The 2015 financial year resulted in a strong financial performance with underlying net profit before tax of \$118.6m, up 11.9% on the previous financial year. The reported net profit after tax of \$88.1m was an increase of 20.7% over the previous financial year.

As I have said, the overall Group result was underpinned by the strong performance of our core operating asset, Premier Retail, which I now turn to.

Premier Retail

Premier Retail sales for year increased by 6.4% to \$945.7 million. Importantly, all brands achieved sales growth for the year.

Premier Retail's underlying earnings before interest and tax increased by 13.9% to \$105.7m with underlying net income before tax up by 16.0% to \$100.9 million.

The financial year had many highlights but I would like to particularly note the following which focus on our growth assets:

- Peter Alexander sales increased by 14.9% to \$140.5 million (up 40% in only two years)
- We opened 14 new Peter Alexander stores including the Brisbane CBD flagship store
- Smiggle achieved global sales of \$132.6 million, up 26% on financial year 2014 (second half up 36%)
- We opened 25 new Smiggle stores across Australia, New Zealand, United Kingdom and Singapore including major new stores in

internationally renowned shopping centres - ION in Singapore, Westfield London and Bluewater in the United Kingdom

- Total online sales grew 31% on last year (second half up 38%) and we enhanced our international online capabilities through the launch of “dotti.co.nz” and “smiggle.co.uk”. Online sales remain on track to achieve the aspiration of 10% of total group sales.

Smiggle International

Smiggle International continues to be a unique and very exciting platform for the future. During the 2015 financial year, the group opened 16 new stores in the United Kingdom bringing the total number of Smiggle stores in the United Kingdom to 24 at year end. We expect to have 42 stores trading by Christmas of 2015 and then growing by approximately 40 stores per year until the group reaches its objective of 200 stores in the United Kingdom generating \$200 million in sales within five years.

Smiggle is also expanding its Asian footprint with plans to open stores, within the next 12 months in Malaysia and Hong Kong. The objective is to have around 50 new Smiggle stores operating, between these two markets within five years.

The Premier Board is both pleased and excited by the success of Smiggle and we are also very conscious of the size of the international opportunity.

Our success to date in the new markets we have entered has been achieved through both strategy and excellence in execution. We have chosen markets which provide opportunity in their own right but also as platforms to expand.

We have also developed a culture in the Smiggle team which permeates to every detail of the operation and will be fundamental to our continued success.

Be assured that the Premier Board fully understands the potential international opportunity and is very focused on realizing it.

Financial Strength

The balance sheet of Premier Investments remains very strong. This has been a consistent objective of the Board which we have been determined to maintain in order to provide the company with growth options, flexibility and confidence in uncertain times.

At the end of the financial year, Premier reported cash of \$281.6 million and its equity accounted investment in Breville at \$209.5 million. The market value of this stake at year end was \$228.9 million.

The strong balance sheet, the underlying financial performance of Premier Retail and a franking credit pool at financial year end of \$208.2 million, allowed the Board to again increase dividends for the year. The Board declared:

- an interim ordinary dividend of 21 cents per share fully franked in March 2015,
- a special fully franked dividend of 9 cents per share in March 2015 as part of Premier's capital management strategy, and
- a final fully franked ordinary dividend of 21 cents per share in September 2015.

In total the Board declared 51 cents per share fully franked for the financial year (2014: 40 cents per share).

We will continue to leverage our balance sheet capacity to fund the expansion of growth brands, while still retaining a substantial capacity to pursue opportunities that may arise in the future. Your Board will also continue to be disciplined in its approach to investment and will only act where we believe there is a clear and long-term benefit for shareholders.

Current Government Issues

Premier applauded the Government in June when it finally announced that the low value threshold, being the level at which GST and duties are applied to online international purchases, will be lowered from \$1,000 to zero. This followed years and years of offshore retailers having an unfair and uncompetitive advantage over local retailers costing jobs and significant loss of GST revenues to government. However, whilst the announcement of a future change was made, the change itself is yet to occur and all Australian based retailers, large and small, continue to trade on an uneven playing field. The lowering of the low value threshold has to happen and it has to happen now.

In every comparable economy Governments acted on this issue years ago. In Australia there are simply too many small retailers that have either gone out of business or will go out of business waiting for this change, too many Australian retailing jobs that have already disappeared or will disappear shortly and too much urgently needed government revenue foregone.

Bureaucratic complacency cannot continue to frustrate sound public policy and the need for immediate action.

In relation to the broader issue of tax reform, a prolonged period of uncertainty is bad for business. While we are generally supportive of the need for reform, continuing uncertainty will be reflected in delayed and lower levels of business investment and consumer spending.

At the same time, we are very supportive of the government's review of penalty rates. The structure of the current regime of weekend penalty rates is incompatible with the world we live in, where most consumers shop on weekends and can also shop online 24 hours a day, 7 days a week. Our penalty rate system functions in a way which is economically unproductive and provides less jobs. Our own experience in the United Kingdom shows that, without punitive penalty rates, we can employ more people who want to work on the weekends. This is enhancing the shopping experience for customers whilst raising the level of productivity. I would like to leave you with this one key statistic when thinking about Penalty rates. It costs us over 100% more per hour per employee to work on a Sunday in Australia than it does in the United Kingdom, Singapore or New Zealand. In a global market this work practice is uncompetitive and stops growth.

Board Changes

It is my privilege to say a few words of tribute to mark the retirement of Mr Frank Jones (Frank) from the Board in July 2015.

Frank is a former Chairman of Premier, was the Chairman of the Audit and Risk Committee for many years and, at the time of his retirement, the Deputy Chairman of the company.

He has had a long and distinguished professional career as one of the Australian Accounting Industry's leading figures and we have been extremely fortunate that he has contributed his vast knowledge and expertise to the growth and development of Premier – from a relatively small investment company to the company you as shareholders own today with a market capitalisation of over \$2 billion and positioned for future growth.

Frank has not only been a non-executive Director, but instrumental in every key event in Premier's history – from the original listing of the company to the disposal of Premier's substantial shareholding in Coles Group and the transformative acquisition of Just Group.

In wishing Frank well in his retirement I will share one small but very telling anecdote about Frank. On the day after Frank's impending retirement was announced to the ASX, Frank was on a 7am flight to Sydney to participate in an Audit Committee check of an inventory stocktake. A longstanding non-executive Director who wasn't happy to simply tick off a paper checklist but instead to roll up his sleeves in the back storeroom of a Just Jeans store to physically count the stock. That, my shareholder colleagues, is the kind of non-executive Director that should be held up as a model – professionally distinguished, relevant knowledge, unquestioned integrity and deeply committed to his responsibilities.

Frank, you have made a significant contribution to the growth of shareholder wealth for all Premier shareholders, an invaluable contribution to the Board and you have also been an incredible support for me over many years as a confidante and a source of always very wise counsel.

On behalf of the entire Board, Premier shareholders and me personally, I formally thank you and acknowledge your immense contribution to the development and growth of the company.

Dr David Crean was appointed as Deputy Chairman following Frank's retirement. Dr Crean has been an independent non-executive Director since 2009 and is Chairman of our Audit and Risk Committee where he has made an outstanding contribution. On behalf of the Board and shareholders congratulations and we look forward to your continuing contribution.

I would also like to acknowledge the significant contribution of Terry McCartney, a Just Group non-executive Director with a distinguished retail background, who has played a key advisory role in the growth of Smiggle.

Conclusion

Let me conclude by providing a snapshot of where we stand today as a company and why your Directors are confident of our future, notwithstanding the apparent 'new normal' of a sustained challenging external environment.

- Premier has an exceptional Board of Directors with deep knowledge of our industry, business and a record of individual distinguished professional achievement
- Our strong financial position, given the strength of our balance sheet and substantial cash reserves, provides the capacity for a range of growth options

- We continue to see future upside in our substantial investment in Breville as it expands to new international markets and strengthens its leadership in innovation
- Premier Retail has the outstanding senior management team in our sector in Australia and can be benchmarked internationally
- Premier Retail has a clear growth strategy which is being successfully delivered
- In 2015 all brands delivered sales growth and all of our businesses are profitable
- Smiggle International will continue its successful rollout and provides substantial potential upside for the Group
- We have a demonstrated record of achieving outstanding results notwithstanding the state of the economic cycle
- We have a demonstrated record of shareholder focus both through significant capital growth and strong dividend returns

A further source of optimism is the new Turnbull government. The immediate rise in consumer confidence reflects the expectation that there will be both political stability and a coherent and more predictable public policy framework for business and consumers.

I would like to thank Mark McInnes, the management team and our 6,000 employees who have all contributed to our strong position today.

I would also like to extend my personal appreciation to my fellow Premier Directors for the support, guidance and professional expertise they have contributed during the year.

Finally, as I say every year because it is truly what drives this Board, I sincerely thank our shareholders for your continued support and investment. The Premier Board fully understands that our shareholders are the owners of the company who have entrusted at-risk capital to us, which they expect to be managed prudently to achieve strong investment returns and long-term wealth creation. We will work hard to continue to achieve that objective in the year ahead.



Premier Investments Limited
Annual General Meeting
27 November 2015



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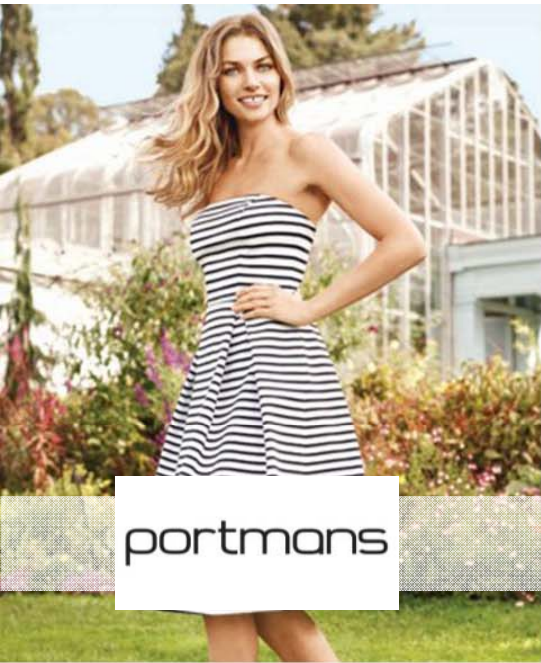
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Smiggle

Agenda

- 1 Chairman's address
- 2 Resolutions



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1. CHAIRMAN'S ADDRESS

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Financial review

- Group profit
 - Underlying net profit before tax of \$118.6 million, up 11.9%¹
 - Reported net profit after tax of \$88.1 million, up 20.7%
- Premier Retail contribution to Premier performance
 - Sales of \$945.7 million, up 6.4% on pcp²
 - Underlying profit before tax of \$100.9 million¹, up 16.0% on pcp
 - Underlying EBIT of \$105.7 million¹, up 13.9% on pcp

Notes:

1. Underlying NPBT, NPAT and EBIT excludes non-recurring costs in FY15 associated with exit from South African joint venture (\$1.7m) and in FY14 the non-recurring investment costs associated with Smiggle UK market entry (\$3.1m) and supply chain transformation (\$4.5m)
2. Sales exclude sales to South African joint venture



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Key highlights for FY15

- Peter Alexander sales up by 14.9% to \$140.5 million (up 40% in 2 years)
- Smiggle sales of \$132.6 million, up 26%
- Opened 25 new Smiggle stores across Australia, New Zealand, United Kingdom and Singapore
- Total online sales up 31%



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Smiggle



Smiggle



Financial strength

- Premier balance sheet strengthened
 - Cash on hand of \$281.6 million
 - Balance sheet at year end shows investment in associate (Breville) as \$209.5 million. Market value at year end of \$228.9 million¹
 - Franking credit pool of \$208.2 million at year end
 - Full year dividends increased by 11 cents per share to 51 cents per share fully franked:
 - Interim ordinary dividend of 21 cents per share fully franked
 - Special fully franked dividend of 9 cents per share fully franked
 - Final fully franked ordinary dividend of 21 cents per share fully franked

Note:

1. Based on BRG closing share price of \$6.40 as at 24 July 2015.



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2. RESOLUTIONS



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Annual General Meeting
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