SPECIALTYFASHION | GROUP
FULL YEAR RESULTS

30 JUNE 2011

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Agenda

1. FY11 Summary
2. Business Overview
3. Financial Analysis
4. Strategy Update
5. Outlook
6. Appendices
7. Q&A

FY11 Full Year Summary

- Very tough trading conditions throughout the year and product input cost inflation
- Revenue $570.3m, EBITDA $41.1m (continuing operations), NPAT $14.2m
- 2.4% increase in revenue, -0.9% CSG sales for the year (continuing operations)
- Basic EPS 7.4 cents
- Well managed net debt position of $16.4m. $84m unused debt facility available
- Investment in store portfolio: net 76 new stores, 97 refurbishments, 891 stores in total
- Membership community (6.2 million), email customers grown to 1.5 million
- Product sourcing transformation capabilities driving benefits, and more expected
- Interim dividend of 4 cents paid. No final dividend declared
- Ongoing macro economic challenges: carbon tax, QLD flood levy and ongoing interest rate uncertainty. Expect extraordinary conditions to continue
- La Senza performing to expectations, 20 new stores planned for FY12


AUTOGRAPH
Business Overview
Gary Perlstein, CEO

The year in review

Economic climate

Extremely cautious consumers

- Perfect storm of uncertainties due to global and national politics and economics
- Threat of RBA rate rise continues to loom
- Perceived and/or real decline in personal wealth

Aussie dollar

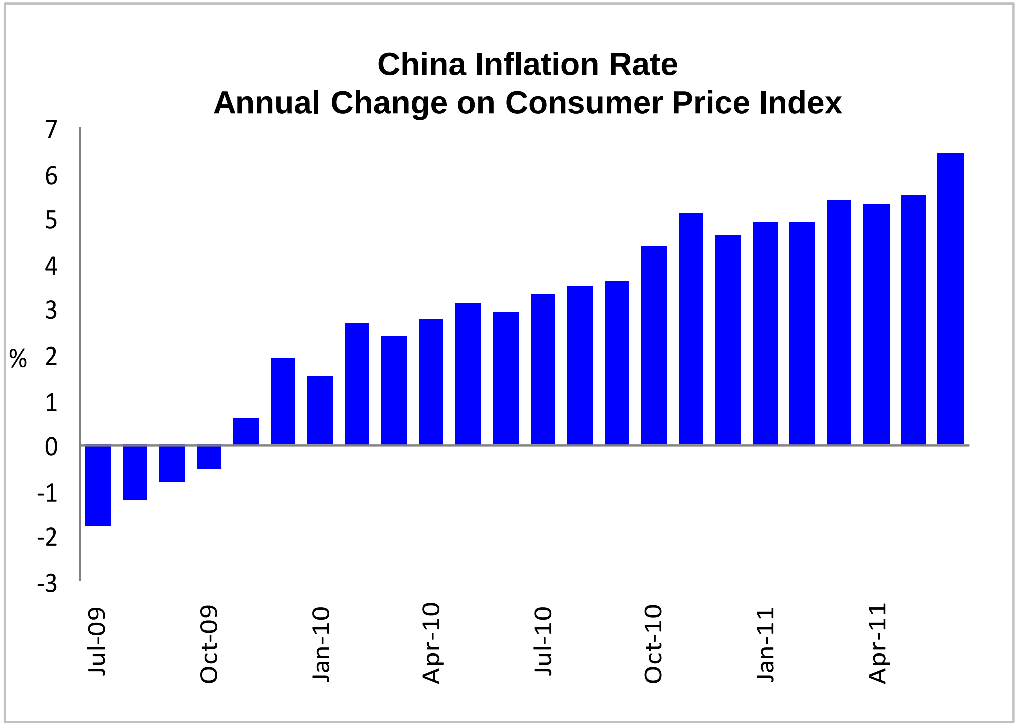
- Commodities continue to support Aussie dollar
- Ongoing strength through H2, peaked at $US1.097

Unprecedented inflationary pressures in China

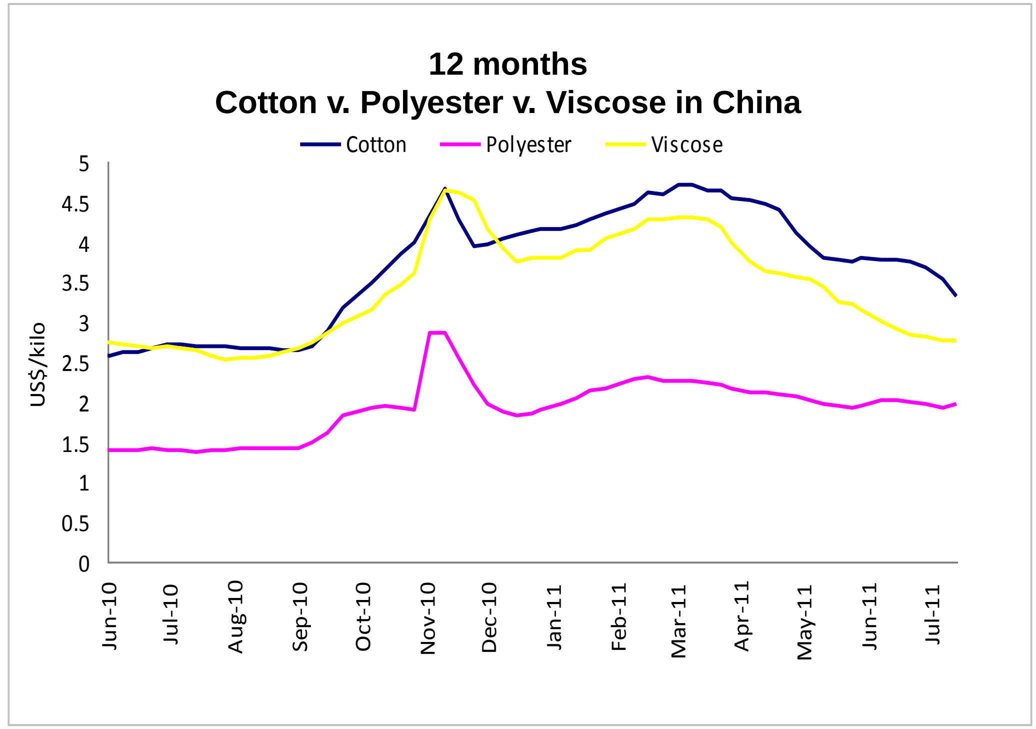
- Labour shortages
- Cotton shortages
- Drove product inflation in H2, continues into Q1FY12

The year in review

Input inflationary pressures



Source: EmergingTextiles.com



Source: EmergingTextiles.com

- Escalating inflation throughout FY11
- Capacity issues in parts of China due to shortages of labour, recently eased in apparel with decreases in capacity demand

- Yarn price volatility throughout the year
- Prices have eased since Easter peak, but remain historically high (vs June 2010 - cotton: 25% higher; Polyester: 39% higher; Viscose 4% higher)

The year in review

Tough trading, but continued focus of investing in our business

Unprecedented downturn in consumer spend drove negative CSG for the year (-0.9%), although improved in second half (H211: Flat, H210: -8.1%)

Gross profit margin % improved

- Favourable USD rate at average hedge rate of 88 cents (FY10: 78 cents)
- Controlled promotional activity supported margins in second half of year

Focus on investment in store portfolio

- Opened/acquired net 76 new stores
- 97 refurbishments completed
- 23 new stores planned for H1FY12 (5 La Senza)
- 10 refurbishments planned for H1FY12

Focus on differentiating our offering to our customers

- Innovation through our product design and sourcing transformation
- Enhancement of our customer relationship management capabilities

The year in review

Growth opportunities pursued

- La Senza rollout: 14 stores and online store operating June 2011
- E-Commerce expansion: 6 online stores trading and resources increased

Millers

Financial Analysis

Alison Henriksen, CFO

Group Trading

Half year ended 30 June 2011

	H211 $'000	H210 $'000	Change %
Continuing Business:			
Revenue(1)	261,498	247,471	5.7%
Gross Profit	151,440 *57.9%*	141,767 57.3%	6.8%
EBITDA	6,450 *2.5%*	14,248 5.8%	(54.7%)
EBIT	(2,587)	6,153	(142.0%)
(Loss)/Profit before income tax	(3,258)	5,517	(159.1%)
Net (Loss)/Profit after tax	(2,632)	4,240	(162.1%)
Queenspark	-	(463)	-
(Loss)/Profit for the period	(2,632)	3,777	(169.7%)
Basic earnings per share (cents)	(1.4)	2.0	(170.0%)

- Flat CSG sales; growth driven from new stores
- H2 USD purchases made at average rate 87 cents (H2FY10: 82 cents). FX gains and controlled promotional activity offset underlying product input cost inflation
- Increases in CODB associated with larger portfolio and inflation
- $1m increase in depreciation reflecting investments in portfolio and IT

(1) Revenue of continuing business. Total revenue for H210 of $254.5m includes Queenspark (H210: $7.0m)

Group Trading

Full year ended 30 June 2011

	FY11 $'000	FY10 $'000	Change %
Continuing Business:			
Revenue(1)	570,304	556,707	2.4%
Gross Profit	328,361 *57.6%*	317,985 *57.1%*	3.3%
EBITDA	41,071 *7.2%*	59,665 *10.7%*	(31.2%)
EBIT	22,745	44,461	(48.8%)
Profit before income tax	21,306	43,227	(50.7%)
Net Profit after tax	14,519	30,717	(52.7%)
Queenspark(2)	(348)	(306)	
Profit for the period	14,171	30,411	(53.4%)
Basic earnings per share (cents)	7.4	16.0	(53.4%)

- -0.9% CSG sales, increase in revenue from new stores
- FY11 USD purchases made at average rate 88 cents (FY10: 78 cents)
- Loss of $1.4m from La Senza operations (in start up phase)
- 11% increase in CODB associated with larger portfolio, inflation and investment in new people
- 21% increase in depreciation, reflects investment in portfolio and IT

(1) Revenue of continuing business. Total revenue of $574.2m for the year includes Queenspark (FY10: $572.2m)

(2) FY11 loss from Queenspark includes trading loss after tax of $859K and gain on sale of the business of $511K

Group Cash Flow

Full year ended 30 June 2011

	H111 $'000	H211 $'000	FY11 $'000	FY10 $'000
EBITDA	34,124	6,947	41,071	60,136
Net working capital	18,164	(14,890)	3,274	(427)
LTIP vesting expense	(707)	135	(572)	1,929
Net interest	(768)	(671)	(1,439)	(1,234)
Taxes	(4,867)	(3,658)	(8,525)	(10,841)
Operating cash flow	45,946	(12,137)	33,809	49,563
Capex	(20,057)	(13,805)	(33,862)	(21,877)
Sale of business (Queenspark)	3,953	-	3,953	-
Free cash flow	29,842	(25,942)	3,900	27,686
Shares	-	309	309	499
Borrowings	(8,000)	22,000	14,000	(25,800)
Dividends	(7,625)	(7,697)	(15,322)	(7,724)
Net cash flow	14,217	(11,330)	2,887	(5,339)

- Inventory turns 5.3 times (FY10 5.4 times)
- Tight inventory controls freed up working capital
- 92 new stores and 97 refurbishments (including Queenspark).
- $4.4m IT capex spend supporting business improvements, including direct sourcing and CRM
- $4m cash from sale of Queenspark
- $15.3m in dividends paid

Financial Health

Positioned for investment in growth

Strong balance sheet with net debt of $16.4m

$100m debt facility available overall

- $40m working capital facility - $36m unused at 30 June 11
- $60m investment facility - $42m unused at 30 June 11
- Current average interest rate exposure - 7.1%
- Mature in May 2013

Fixed charge cover 1.37 times (FY10 1.40 times)

- Within bank covenants

Dividend & capital management

Board remains confident that the strategies adopted by the Group are the right ones

- In light of tough trading in H2FY11 and the expectation such conditions will continue, the Board considers it prudent not to declare a final dividend
- Fully franked interim dividend of 4 cents per share was paid in March 2011

crossroads

Strategy Update

Gary Perlstein, CEO

Our Mission

Making women everywhere look good and feel great

The Market Landscape

Our threats and opportunities

GLOBAL RETAIL	
THREATS	**OPPORTUNITIES**
New entrants to Australia, stores & online	Leverage local market expertise to partner with global brand owners
Product differentiation more difficult	Leverage online retail to go global
Global brands have greater attraction for landlords and consumers	Develop unique product design
	Use scale and brand association to negotiate new stores and rentals

ONLINE RETAIL	
THREATS	**OPPORTUNITIES**
Decline of B and C shopping centres	Leverage store presence and customer database to grow online stores
New online only competitors	Re-align store portfolio and reduce CODB
	Decline in rental costs

CHINA'S ECONOMIC DEVELOPMENT	
THREATS	**OPPORTUNITIES**
Product cost price inflation	Develop direct sourcing capability
	Geographical diversification of supply

LABOUR STRUCTURE	
THREATS	**OPPORTUNITIES**
Wage Inflation	Reduction in wage hours as online grows and store portfolio re-aligns

The Year Ahead

Focus on our key differentiators and pursue growth

	JULY 11	DECEMBER 11	JUNE 12

Global Economic Climate: Very low consumer confidence; US & European debt crisis; Interest rate uncertainty

S H I R T

Service | Humility | Integrity | Respect | Trust

EXPAND CORE BRANDS – MILLERS, KATIES, CROSSROADS, AUTOGRAPH, CITY CHIC

Optimise product & sourcing mix	Increase product differentiation	Selective store portfolio expansion

EXPAND E-COMMERCE

Growing City Chic US	Expand E-Commerce team	Invest in online platform

LEVERAGE & OPTIMISE SUPPORT SERVICES

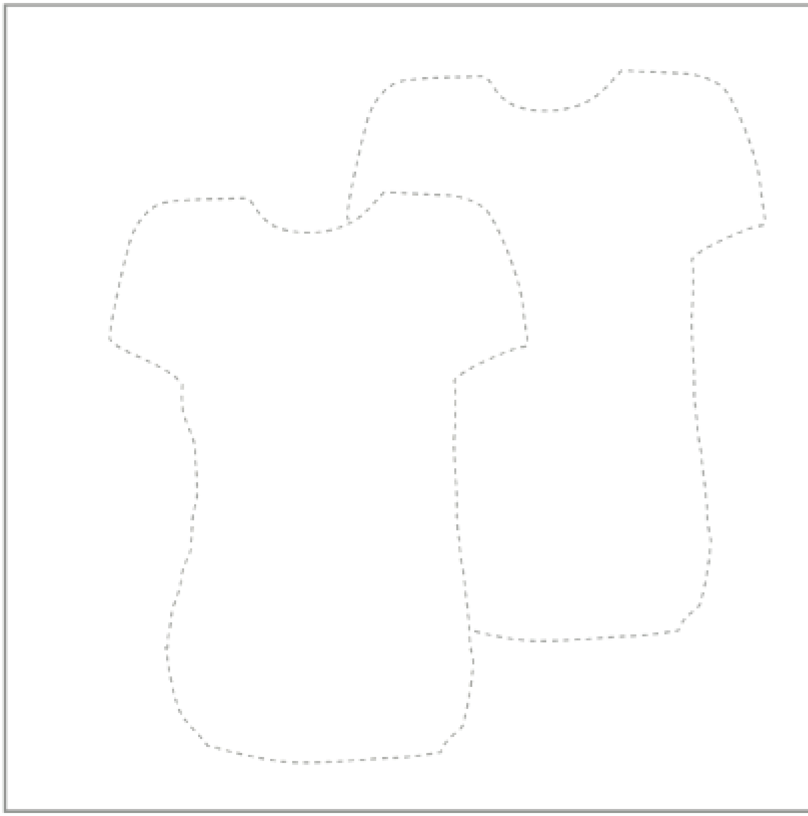
Refine direct sourcing process	Drive CRM enhancements, leverage CRM Community	Cost management, whilst growing

BROADEN CORE AND EXPAND INTO NEW MARKETS - LA SENZA

Rollout new La Senza stores	Leverage Limited Brands partnership	Explore new market opportunities

Key Differentiators

Design & Production



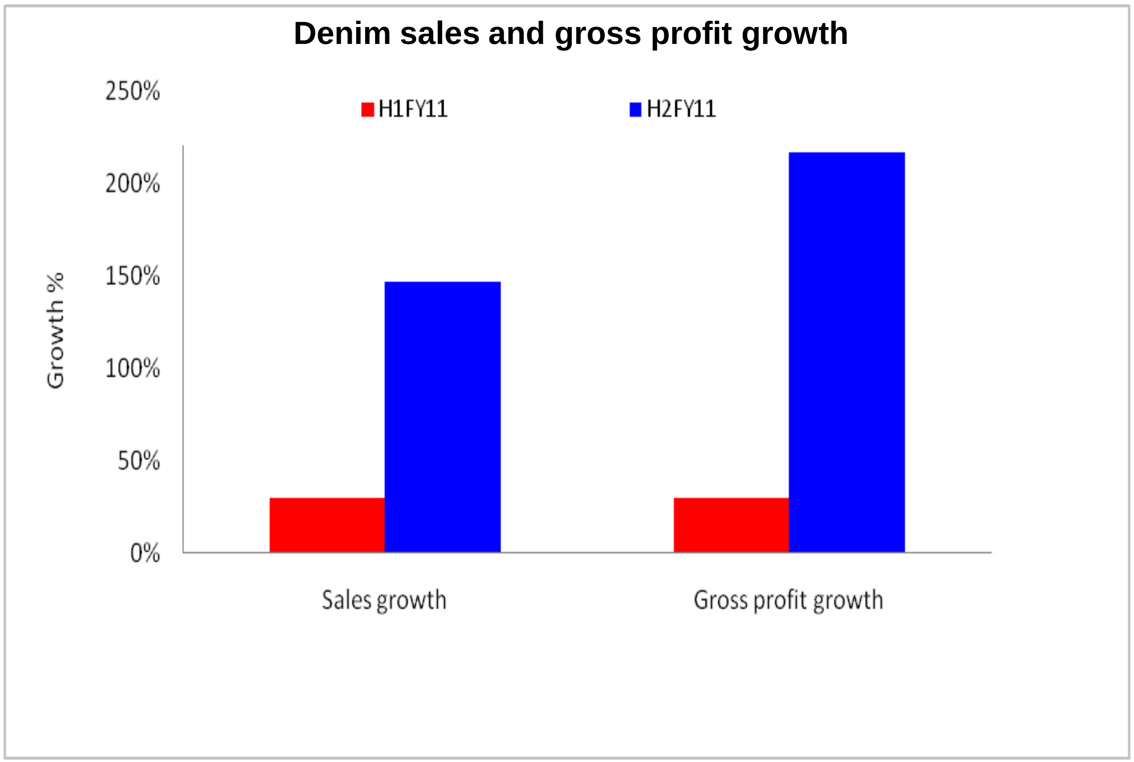
Design & Production

Katies Ultimate Pant

The success of Product Innovation - Denim

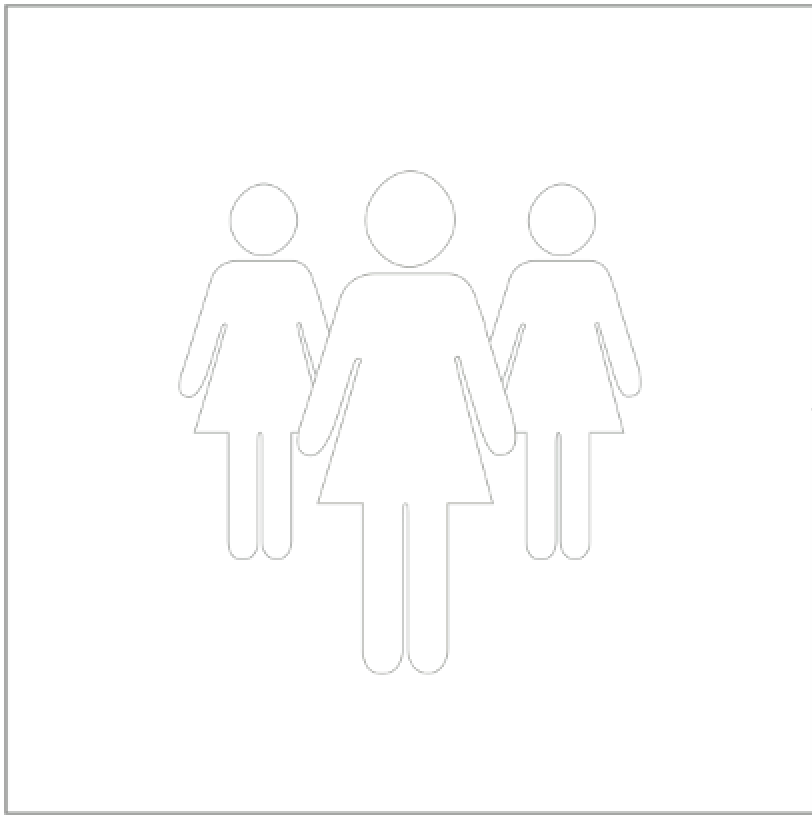
What is the Ultimate Pant™?

- In H111, Katies launched the Ultimate Pant range. A pant that is cut on a double bias so it lifts and smooths. At an affordable price - $49.95
- An instant success, since launching denim sales have grown 150% and gross profit 220%



Key Differentiators

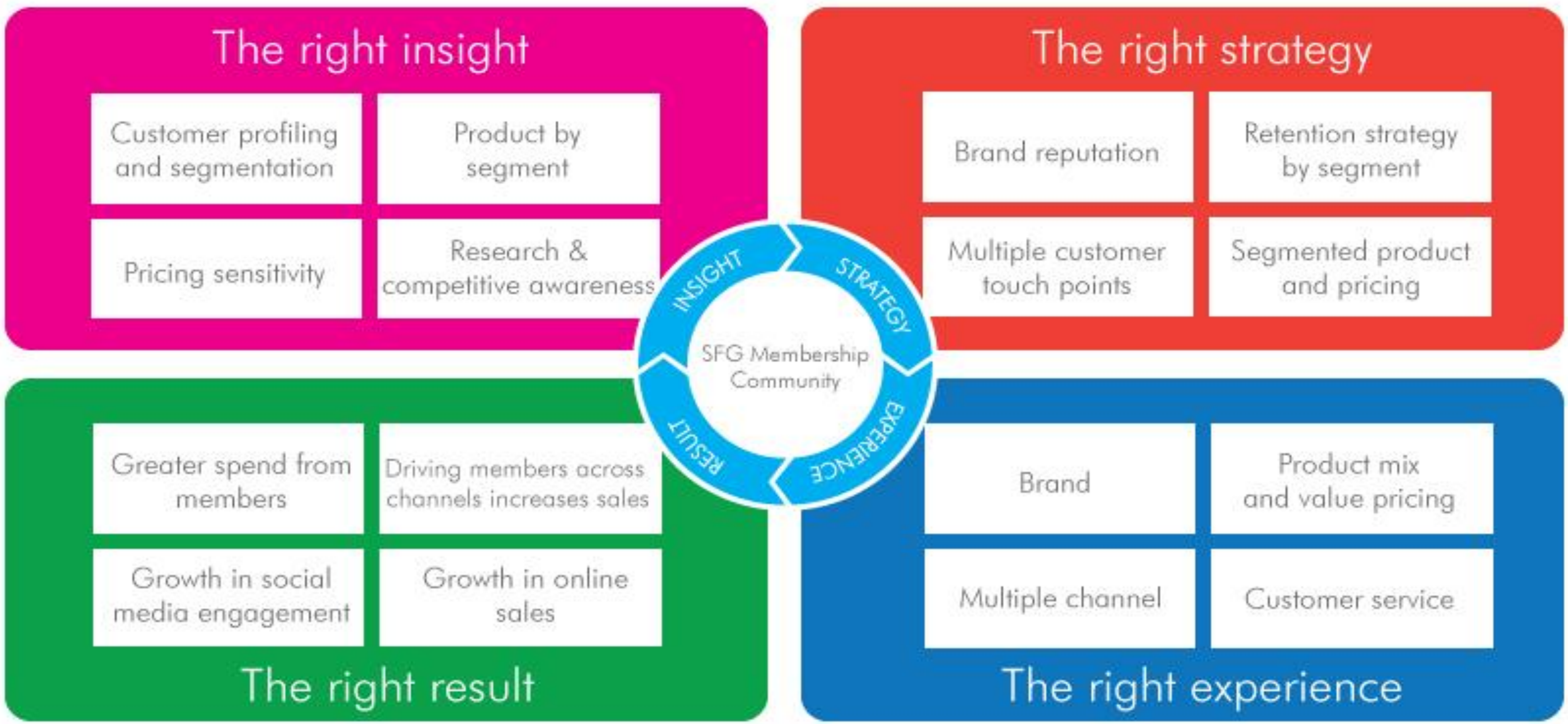
Customer Relationship Marketing



CRM

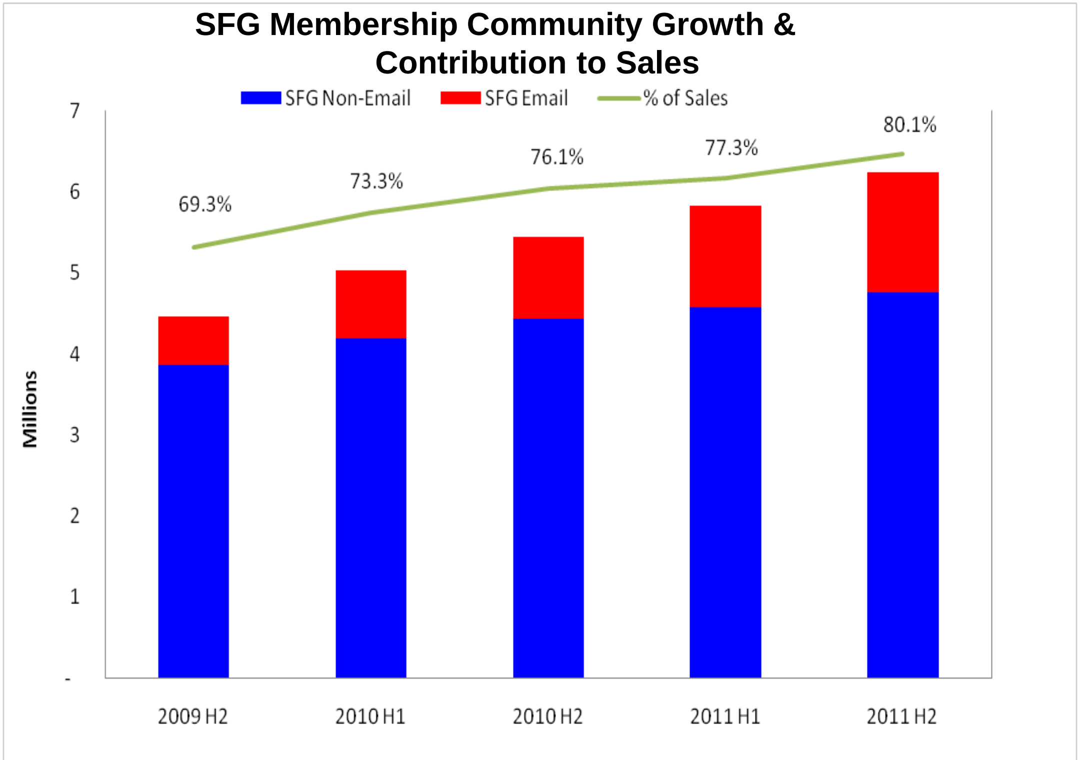
SFG Membership Community

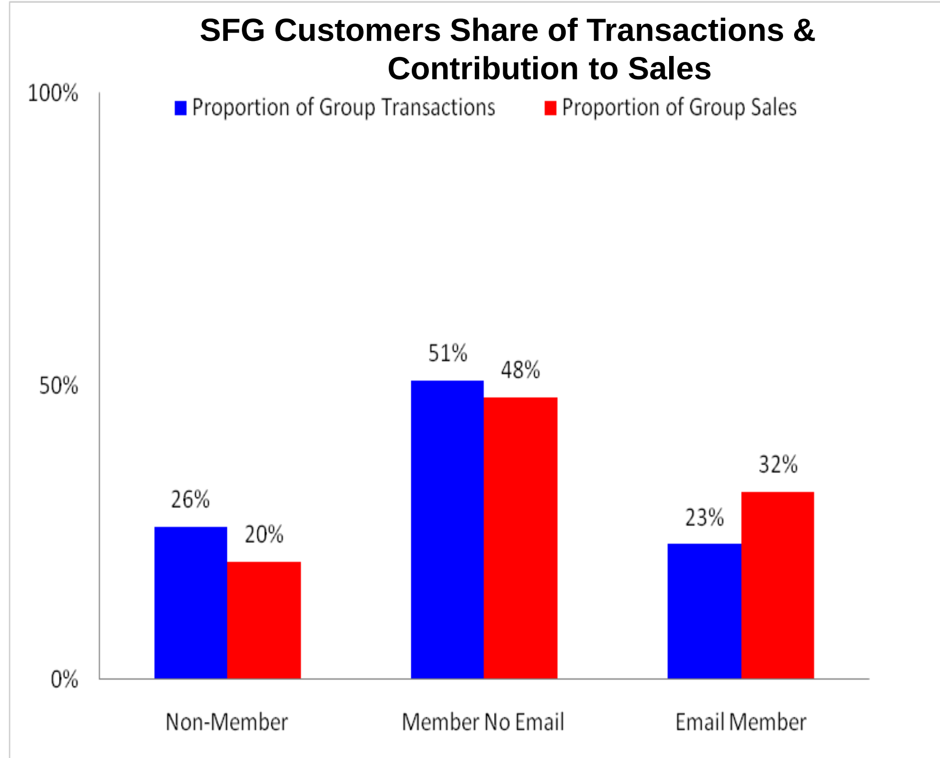
Our strategy is driving results



SFG Membership Community

Brand loyalty is a key driver of sales growth



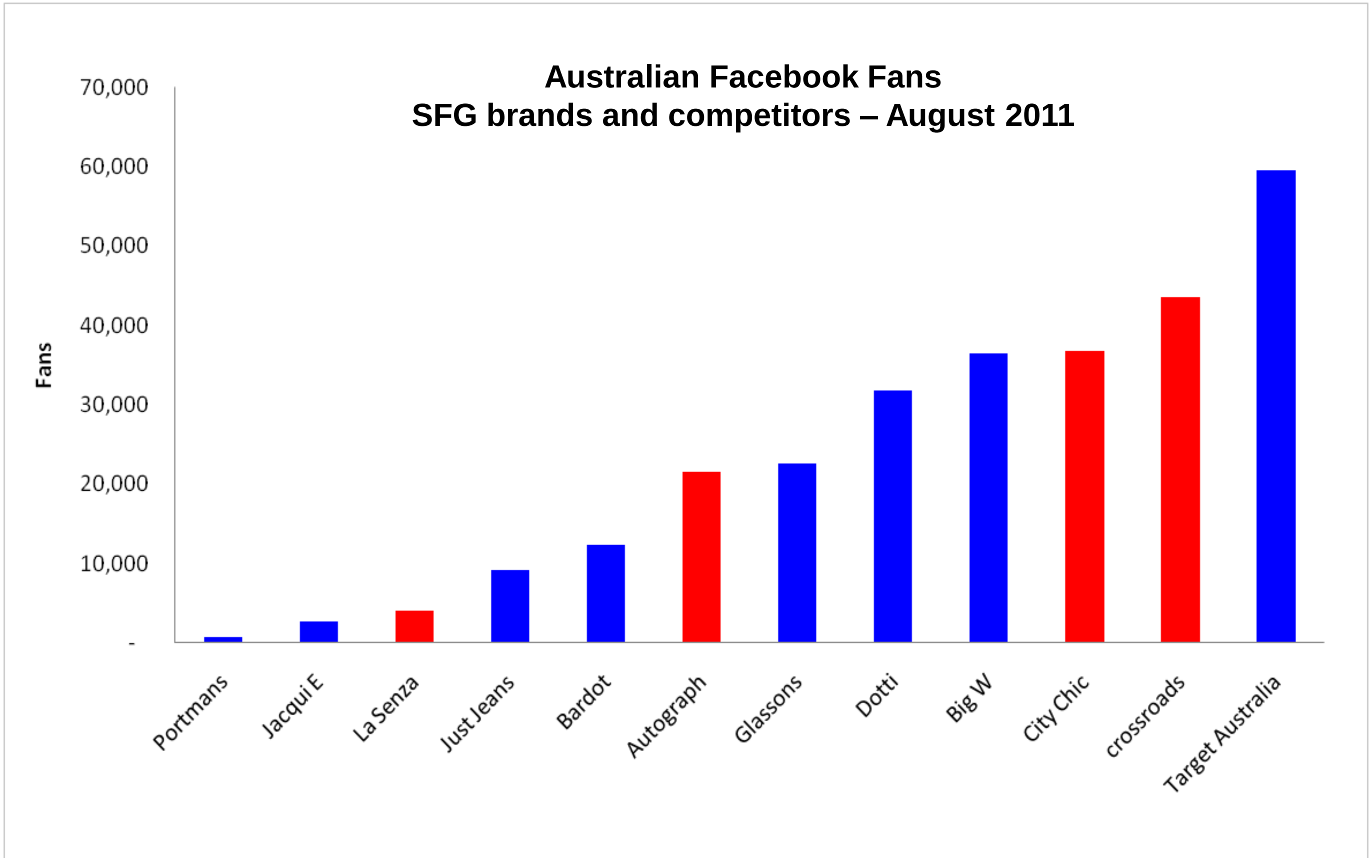


- SFG Community continues to grow with cross channel acquisition drives
- 46% growth in email members in FY11 to 1.5m
- Increase in % of sales to community in FY11 illustrates the strength of engagement with our membership community

- Highly targeted behavioural emails to our community drive growth in email contribution to sales
- Email members are our most valuable customers, contributing 32% of sales from 23% of transactions

SFG Membership Community

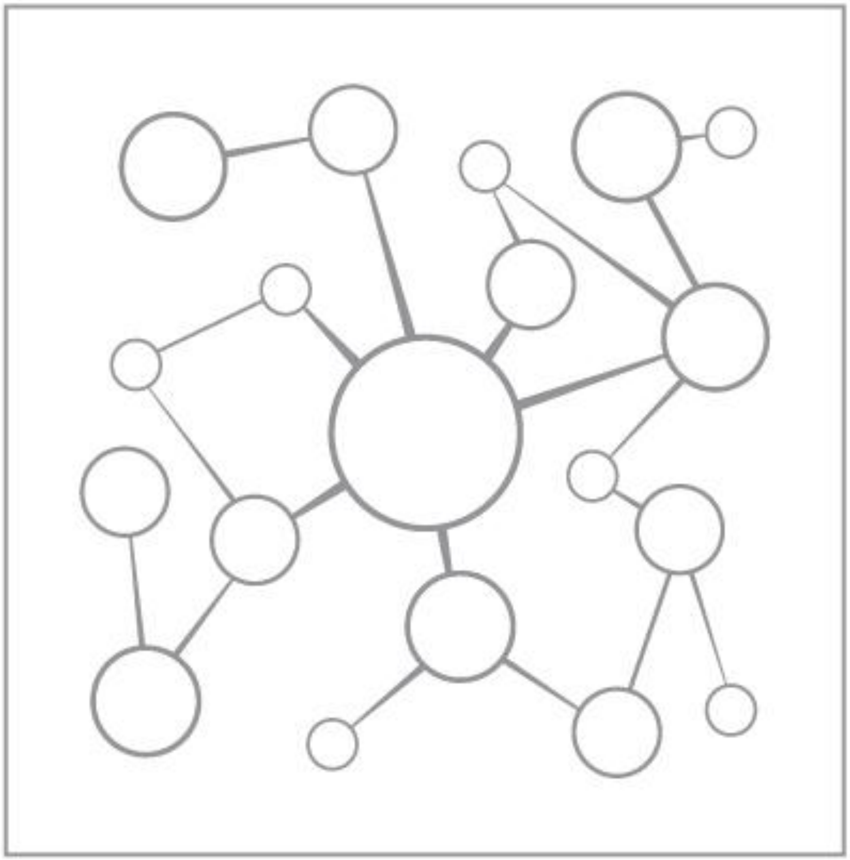
Growth in social media engagement



- Rapid growth in Autograph, City Chic, and Crossroads fans
- Instant and active communication with customers
- Provides voice to our customers and real time feedback
- Channel for marketing and promotions

Growth opportunities

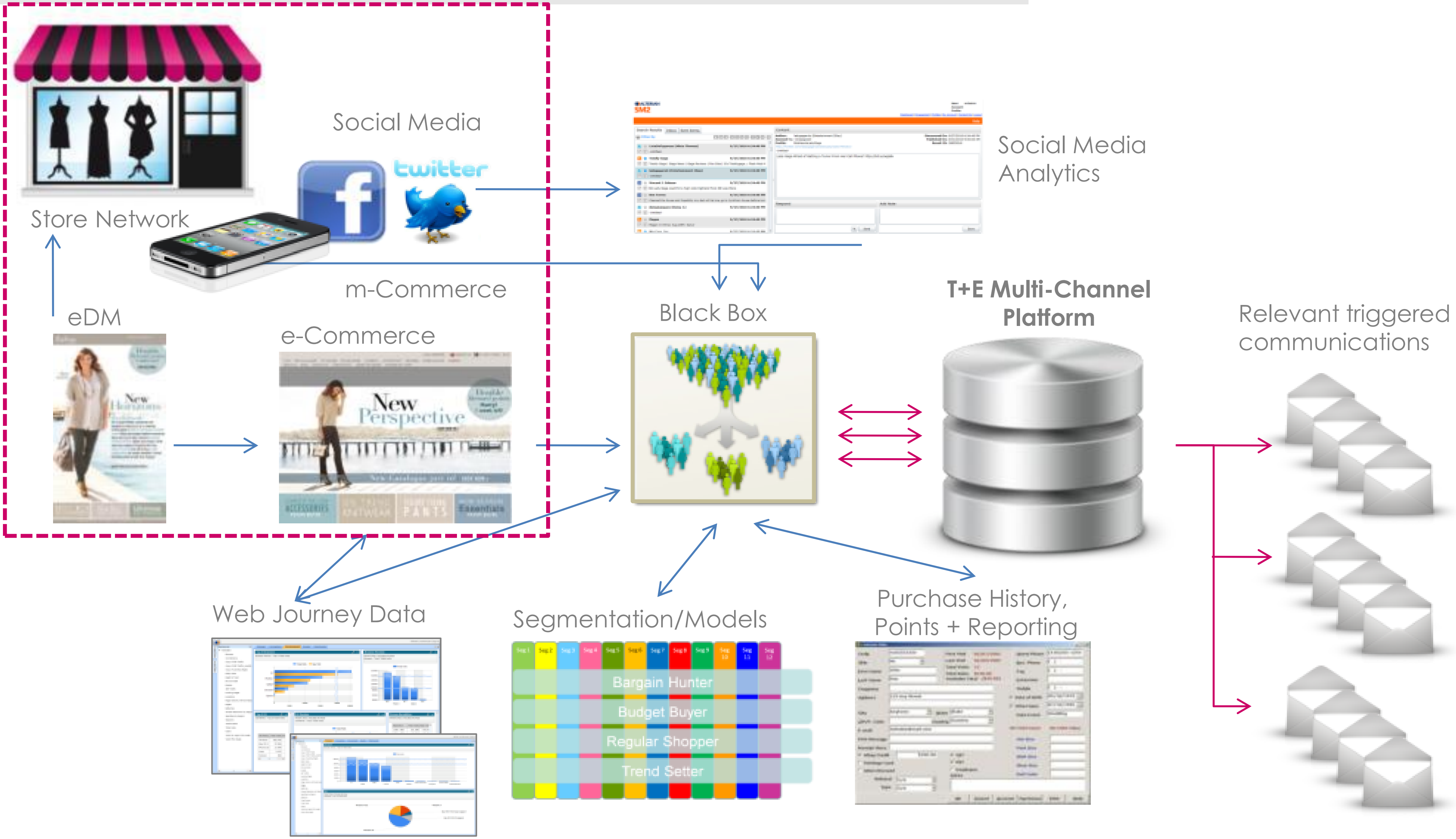
Multi-Channel Retailing



Multi-Channel Retailing

Multi-Channel Retailing

Combining CRM and sales channels to optimise touch points



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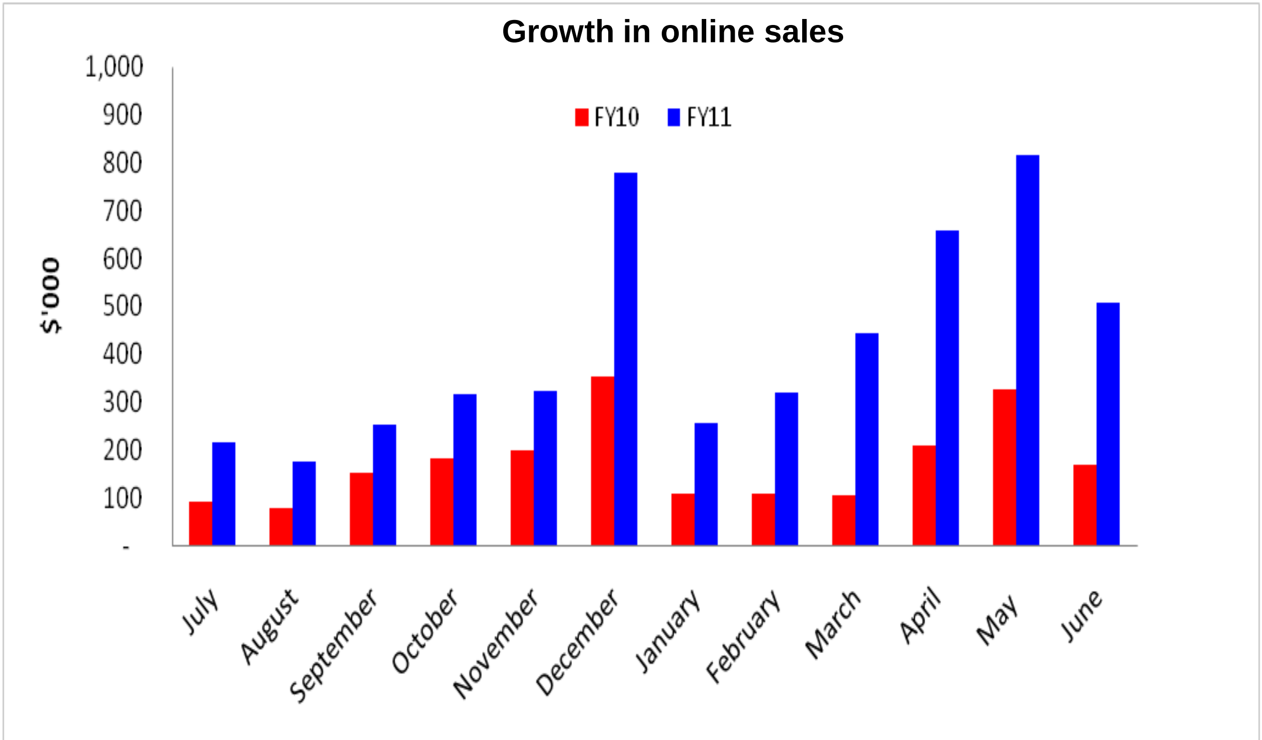
Multi-Channel Retailing

E-Commerce is a priority



- Online sales currently 1% of total sales: opportunity for significant growth
- Like for like growth FY11 121% (total growth 158%)
- Online stores opened in FY11 for Katies, City Chic US and La Senza
- Millers last brand to open online store before Christmas
- Investment in dedicated E-Commerce team: 8 hired, further 3 to be hired in FY12
- New multi-brand platform rollout planned for H2FY12

Growth opportunities

Global Retailing

Global Retailing

- La Senza
- City Chic USA

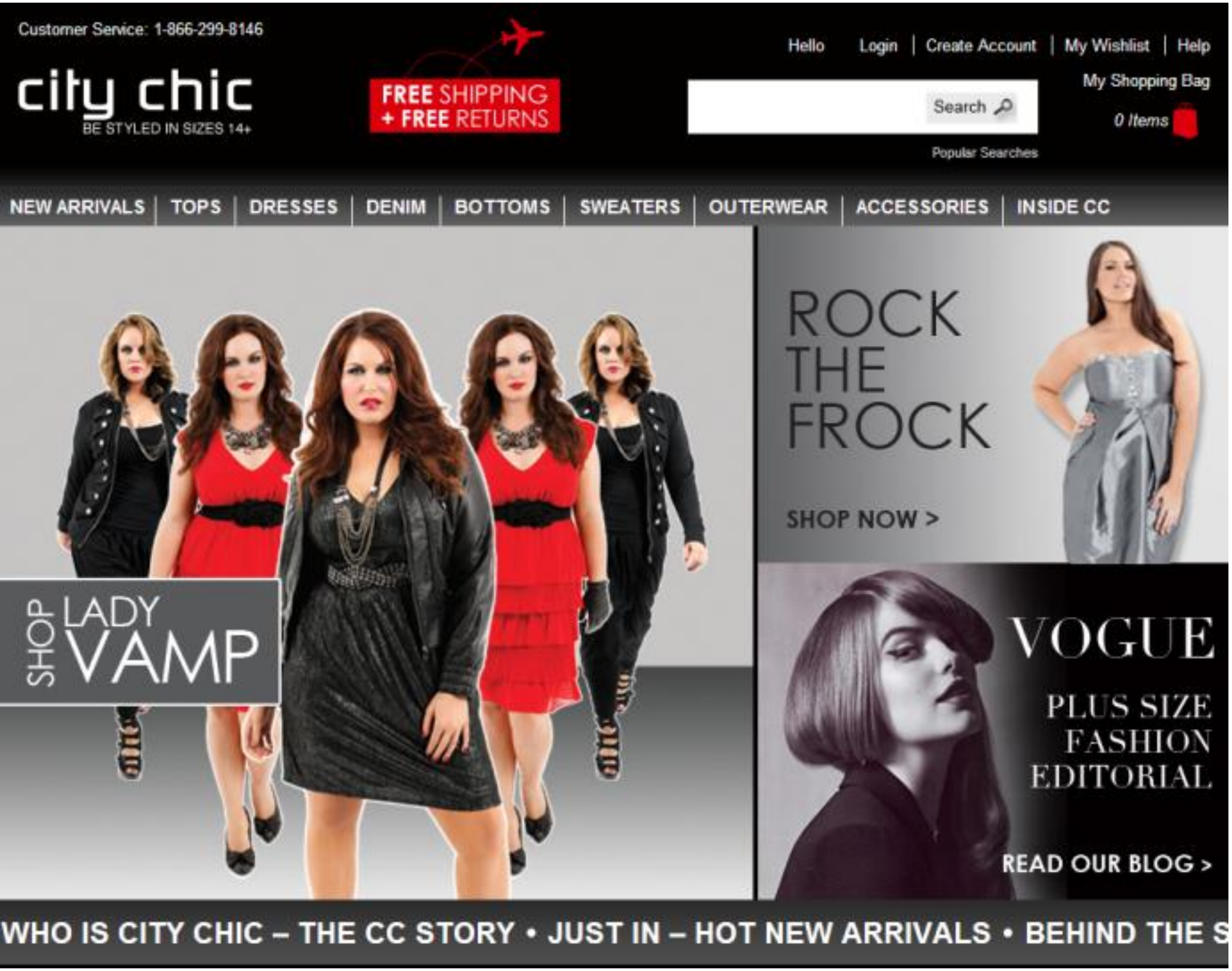
Global Retailing

La Senza

- One of the most highly recognised global brands in intimate apparel
- 14 stores nationally across Australia as well as an online store
- Launch of Sydney City store in Westfield Pitt St Mall in July, joining several other international brands to successfully launch in Australia
- 20 new stores planned for FY12
- 3 year plan to expand to 100 stores

Global Retailing

City Chic USA



- Launched November 2010
- Developing brand equity with plus size community through use of social media
- Learning the challenges of an online brand without bricks and mortar presence

H1FY12 Outlook

- Partnership with La Senza working well, new store openings on track
- Expansion of multi-channel retailing a key focus
- Consolidation of direct sourcing benefits ongoing
- Closely managing operating costs
- Expect H1 to be tough trading environment, product cost inflation may improve in H2


MONTREAL ISTANBUL PARIS SHANGHAI NEW YORK MOSCOW GENEVA
la SENZA
LINGERIE
071404

Appendices

EBITDA Reconciliation

Continuing business

	FY11 $'000	FY10 $'000
Profit before tax	21,306	43,227
Interest expense	1,713	1,527
Interest revenue	(274)	(293)
EBIT	22,745	44,461
Depreciation	18,326	15,204
EBITDA	41,071	59,665

Year on year movements

Rental and employee benefits expense

	Rental expense $'000	Employee Benefits expense $'000
FY10	93,153	128,159
Net increase in stores	4,627	3,745
Inflation	3,819	3,524
Investment in new people	-	3,918
Stepped leases(1)	3,017	-
Redundancy costs(2)	-	235
Other year on year changes(3)	1,606	(859)
FY11	106,222	138,722

(1) Movement in stepped lease provision as required under accounting standard AASB117

(2) One-off costs in relation to the redundancy of 21 Head Office staff

(3) Other year on year changes includes one time rental reductions received in FY10, and movements in employee bonuses and LTIP expenses

Store movements

Full year ended 30 June 2011

	Stores 1 July 10	New/ Acquired	Closures/ Sale	Stores 30 Jun 11	Stores Aus	Stores NZ
Millers	367	16	(6)	377	350	27
Katies	143	6	(2)	147	147	-
Crossroads	138	22	(1)	159	159	-
Autograph	118	1	(2)	117	117	-
City Chic	49	29	(1)	77	60	17
La Senza	-	14	-	14	14	-
Total – Continuing Group	815	88	(12)	891	847	44
Queenspark	22	4	(26)	-	-	-
Total	837	92	(38)	891	847	44

Store and other capex

Full year ended 30 June 2011

	New Stores FY11	Refurbs FY11	Total FY11
Millers	16	54	70
Katies	6	11	17
Crossroads	22	19	41
Autograph	1	6	7
City Chic	29	7	36
La Senza(1)	14	-	14
Total – Continuing Group	88	97	185
Queenspark	4	1	5
Total	92	98	190

	H111 $'000	H211 $'000	Total $'000
New stores	8,524	4,293	12,817
Refurbishments	8,665	7,095	15,760
IT Capex	2,402	1,949	4,351
Other capex	466	468	934
Total Capex	20,057	13,805	33,862

(1) 4 La Senza stores were assumed from previous licensee. 2 DFO stores opened in H1FY11, 8