

**Analyst**

Chami Ratnapala 612 8224 2845

**Associate Analyst**

Leo Armati 612 8224 2846

**Authorisation**

Chris Savage 612 8224 2835

# Premier Investments (PMV)

## Synergising non-core brands

**Recommendation**  
**Buy** (unchanged)  
**Price**  
**\$29.97**  
**Target (12 months)**  
**\$35.00** (unchanged)

**Sector**  
**Retailing**

**Expected Return**

Capital growth	17%
Dividend yield	4%
Total expected return	21%

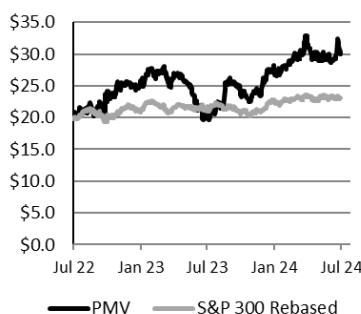
**Company Data & Ratios**

Enterprise value	\$4,778m
Market cap	\$4,784m
Issued capital	160m
Free float	59%
Avg. daily val. (52wk)	\$8.45m
12 month price range	\$19.48 - \$33.51

**Price Performance**

	(1m)	(3m)	(12m)
Price (A\$)	29.58	31.07	20.35
Absolute (%)	1.32	-3.54	47.27
Rel market (%)	0.76	-2.09	40.14

**Absolute Price**



SOURCE: IRESS

### Proposal to divest non-core Apparel Brands to Myer

Premier Investments (PMV) recently announced the proposal received from Myer Holdings (MYR) to divest PMV's non-core Apparel Brands (AB) to MYR via an all-script sale. We consider few scenarios on how the move could provide revenue/margin/cost savings outcomes for the combined group if the potential merger between Myer and AB succeeds. We see various opportunities for revenue/earnings incrementality up to \$3/share within our current PMV valuation.

### Earnings accretion up to \$3/share upside to PT

While MYR shareholders could benefit from an EPS accretion, we see upside to PMV shareholders given the ~64% post-merger ownership in MYR's upsized earnings base from a previous 31%. While the higher earnings base yielding higher operating margins (BPe ~9% vs MYR's current 6%) warrants a re-rate, this could see unlocking of significant value in post-merger MYR shares that PMV shareholders will own via the distribution of shares from PMV. While our current sum-of-the-parts (SOTP) driven PT for PMV reflects MYR's current market value and AB on an implied valuation of ~\$500m, a potential re-rate in post-merger MYR could add an incremental \$3/share to PMV's valuation.

### Investment View: PT unchanged at \$35.00, Maintain BUY

Our estimates and A\$35.00 PT remain unchanged as we view the potential MYR/AB demerger as an upside to our base case. Our PT is based on a SOTP with a 13x multiple for core brands, 5x for Apparel Brands and a current market valuation for MYR. We view PMV's P/E multiple of ~15x (FY25e, BPe) as attractive, considering the value that we see emerging from the potential demerger of PMV's two key brands, Smiggle and Peter Alexander which are global roll-out worthy somewhat similar to some of the dominant players such as LOV and LULU, highly profitable in comparison to the peer group (EBIT margins wise). With the Smiggle spin-off due in Jan-25, we await updates on the leadership transition. PMV remains a key preference for us within the Consumer Discretionary sector.

**Earnings Forecast**

Year end	2023a	2024e	2025e	2026e
Premier Retail Sales (A\$m)	1,643.5	1,640.8	1,723.5	1,825.4
Total Group Revenue (A\$m)	1,645.9	1,647.2	1,731.8	1,835.6
EBITDA (A\$m)	526.3	509.3	532.2	570.5
NPAT (reported) (A\$m)	294.6	303.2	313.1	341.9
NPAT (underlying) (A\$m)	294.6	303.2	313.1	341.9
EPS underlying (cps)	184.2	189.6	195.7	213.7
EPS underlying growth (%)	13.3%	2.9%	3.2%	9.2%
PER (on underlying EPS) (x)	16.3	15.8	15.3	14.0
EV/EBITDA (x)	10.7	11.1	10.6	9.9
Dividend (eps)	114.0	120.8	125.4	136.9
Yield (%)	3.8%	4.0%	4.2%	4.6%
Franking (%)	100%	100%	100%	100%
ROE (%)	16.9%	16.7%	16.3%	17.2%

SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES ESTIMATES

# Key takeaways and BP estimates

**EPS accretion in MYR.** In a likely merger scenario between Myer Holdings (MYR) and PMV's Apparel Brands (AB), we estimate the combined revenue base to grow ~25%, while AB's ~100% vertical brands which benefit from higher gross margins to drive margin accretion from current 36% to ~40% for MYR. Applying a re-based cost base with cost savings up to \$100m, we think operating earnings (Pre-AASB16 EBITDA) could see ~100% upside to more than offset the ~90% dilution (BPe) in the MYR share base from the script issue in exchange of the merger.

Figure 1 – Sales mix of post potential merger Myer (FY23 based)

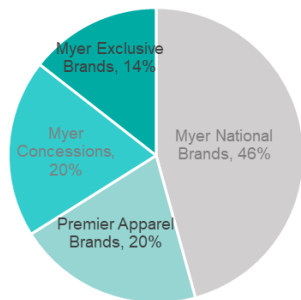
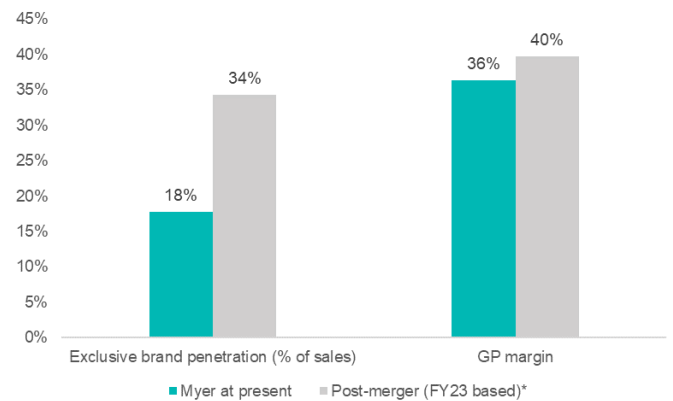


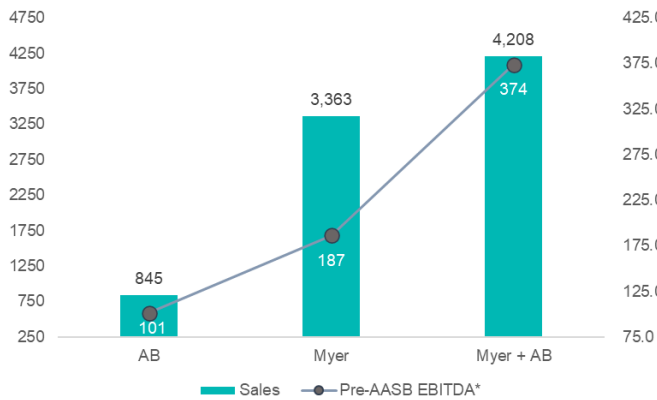
Figure 2 – Exclusive brand penetration and Gross margin uplift



SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES

\*GROSS MARGIN UPLIFT AS PER BPE | SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES ESTIMATES

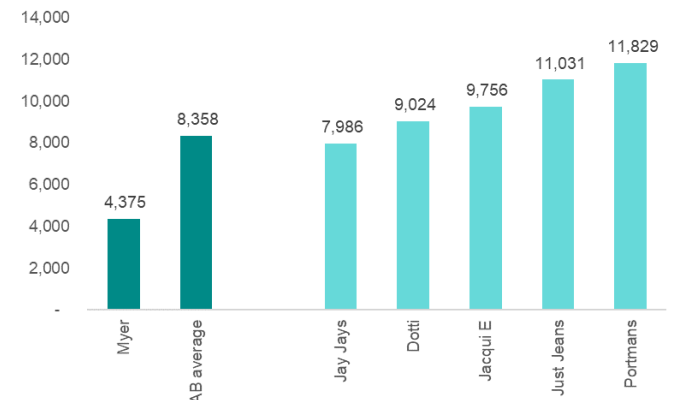
Figure 3 – BPe MYR revenue & headline earnings uplift from merger



\*EARNINGS AS ESTIMATED BY BP ON A FY23 PRO-FORMA BASIS BELL POTTER SECURITIES ESTIMATES

SOURCE: COMPANY REPORTS,

Figure 4 – BPe higher sales concentration of Premier Apparel Brands vs Myer: Sales per Sqm by brand (FY23 based)



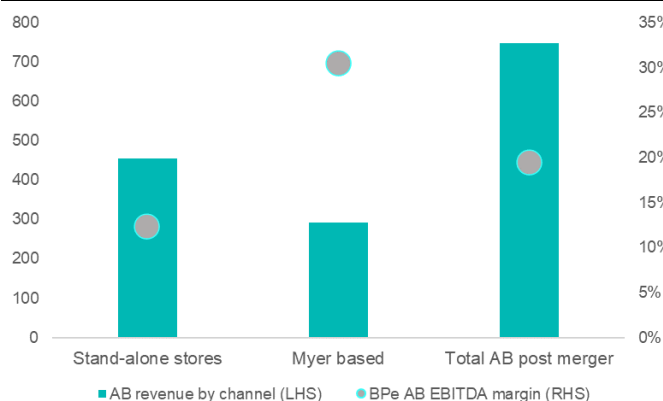
SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES ESTIMATES

**MYR/PMV accretion, \$3/share upside to PT.** While MYR shareholders could benefit via an EPS accretion, we see upside to PMV shareholders given the ~64% post-merger ownership in MYR's upsized earnings base from a previous 31%. While the higher earnings base yielding higher operating margins (BPe ~9% vs MYR's current 6%) warrants a re-rate, this could see unlocking of significant value in post-merger MYR shares that PMV shareholders will own via the distribution of shares from PMV. While our current sum-of-the-parts valuation (SOTP) driven blended PT for PMV reflects MYR's current market value and AB on an implied valuation of ~\$500m, a potential re-rate in post-merger MYR could add an incremental \$3/share to PMV's valuation.

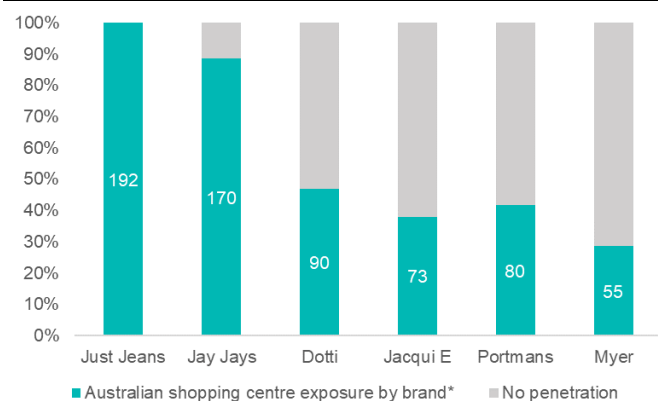
**Could AB be re-channelled through Myer?** We also consider a scenario where ~50% of the AB store base which we identify as up to 55 stores per AB brand could be re-channelled to the Myer department store (DS) model, resulting in store closures up to 330 in total across AB. While we factor in a 75% revenue retention rate of the revenue passed through via the DS model, we see attractive rental cost savings of \$30-40m and yielding higher margins. We have seen Myer recycling floor space to accommodate higher margin brands up to ~5% of total floor space in the past and we think that a similar move would be sufficient to stock the 5 AB brands in majority of the Myer stores. A scenario similar to this could see up to 90% of the AB revenue retained with ~40% of that revenue re-channelled via Myer providing a ~40% upside to the current AB earnings base.

**Further upside via more AB sales into Myer.** Our analysis into Myer’s ~55 stores and co-location mapping of the current AB store network identifies that AB could see an opportunity to take floor space in ~10 Myer stores given the limited AB brand penetration in the vicinity. However, we see minimal potential for this move given AB stores are well penetrated/co-located at Myer tenanted shopping centres, with 28 shopping centres carrying all 5 brands of AB while only 9 centres carrying 2 or less and 1 without any AB stores in the vicinity. We identify an incremental ~\$15m revenue opportunity given the higher revenue per Sqm of AB and an earnings upside driven by higher gross margins inherent to AB (vs MYR third party margins).

**Figure 5 – Apparel Brands EBITDA margin uplift for 50% of AB store closures and ~40% AB sales re-channelled via Myer**



**Figure 6 – Shopping centre exposure of Premier’s Apparel Brands vs Myer (Australia based)**



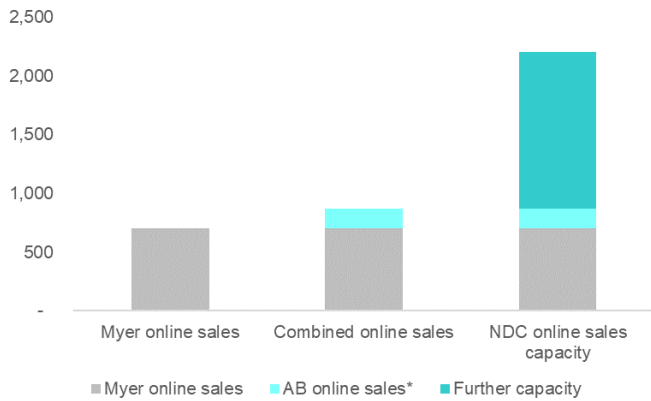
SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES ESTIMATES

\*MATURE JUST JEANS AB CONSIDERED AS THE MAXIMUM NUMBER OF STORES | SOURCE: COMPANY WEBSITES, BELL POTTER SECURITIES ESTIMATES

**Cost synergies.** Further upside catalysts remain in the removal of duplicate costs and utilising of the MYR distribution centre to drive synergies to both businesses while leaning on PMV’s direct sourcing partnerships and supply chain. We note that Myer’s 40,000 Sqm large scale national distribution centre (NDC) in Victoria which was fully operational from Mar-23 is ~2x as the largest of PMV’s owned DC. MYR management has guided to a capacity of a further ~\$1.5b in sales with majority towards online order fulfilment. At a BPe combined ~\$850m online sales across MYR and AB, we expect cost synergies from AB utilizing Myer’s NDC to service majority of the online orders.

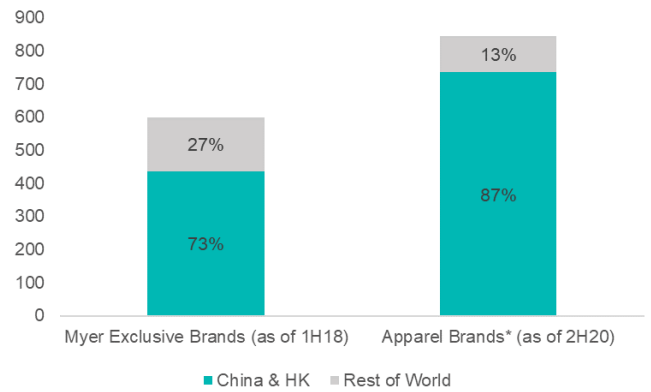
**Sourcing benefits.** In line with enhanced direct sourcing capabilities flagged by Myer as an outcome of the merger, we identify a ~2x larger purchasing power which could see better direct sourcing capabilities from China & HK led by the Just Group (PMV). While the post-merger private label sales at Myer would be ~150% larger at \$1.4b, we estimate the China & HK sourced revenue base to increase ~170% to \$1.2b providing better opportunity to leverage on the Just Group’s direct sourcing capabilities. We also see better gross margin outcomes for both Myer Exclusive Brands and Apparel Brands driven by a larger shift to direct sourcing. We see the strong case for driving these synergies given PMV’s largest shareholder, Solomen Lew as the single largest shareholder to join the MYR board post a successful merger.

**Figure 7 – Myer NDC capacity for online order fulfillment (\$m): FY23 based**



\*AB ONLINE SALES ASSUMED AT THE PREMIER RETAIL AVERAGE PENETRATION | SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES ESTIMATES

**Figure 8 – Revenue (\$m) & Sourcing mix of Myer Exclusive Brands vs Apparel Brands\***



THE SOURCING MIX FOR AB BASED ON JUST GROUP'S STATS | SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES ESTIMATES

# Proposal to divest non-core Apparel Brands to Myer

Premier Investments (PMV) announced that the company have received a proposal from Myer Holdings (MYR) to divest PMV's non-core Apparel Brands (AB) to MYR via an all-script sale.

## Key points

- The combination of MYR with AB for all script based on maintainable EBIT and on the same EV/EBIT multiple
- AB would be contributed together with sufficient cash to ensure a consistent capital structure for each of the businesses and to drive growth in the consolidated entity, MYR
- PMV shareholders to own listed MYR stock as the company notes "The separation of Myer from Premier – Premier would distribute all of its shares in Myer to Premier shareholders. As a result, Premier would cease to own shares in Myer. After the proposed transaction, Premier shareholders would become Myer shareholders directly, whilst also retaining their existing Premier shareholding"
- Shared services and transitional services arrangements would apply for a period of time following completion of the proposed transaction
- The transaction subject to approval of MYR/PMV board/shareholders, ACCC and ATO; PMV current determining the proposal as needing further consideration and currently conducting reciprocal due diligence with MYR
- Myer has indicated that it expects Century Plaza Investments Pty Ltd and its Associates ("Century Plaza") would be represented on the Board of Myer if the proposal proceeds, Solomon Lew proposed by PMV

# Earnings changes and Valuation

**Earnings changes.** We make no changes to our forecasts as our overall comparable store sales growth estimates, new store and margin assumptions remain unchanged.

**Valuation.** Our Price Target remains unchanged at \$35.00/share. In terms of the demerger of AB with MYR, we see this as an upside to our base case sum-of-the-parts (SOTP) valuation. While our current SOTP driven blended PT for PMV reflects MYR's current market value and AB on an implied valuation of ~\$500m, a potential re-rate in post-merger MYR could add an incremental \$3/share to PMV's valuation.

**Preview for FY24 Result in September.** PMV last updated the market in Mar-24 reporting that the first 8 weeks of 2H24 was back to the pcp levels implying positive comps. The Easter trading period, Mothers' Day and the EOFY trading would be key to the 2H Premier Retail topline performance and the promotional intensity/shift to value in a weak consumer backdrop key to 2H margins. We expect a return to positive like-for-like sales in 2H given the supportive comps during the highly seasonal 4Q and remain broadly in line with market consensus at the FY24e overall revenue/EBIT line.

We believe the key areas of focus for the results will be,

- **2H24 trading trends.** We see overall industry data points into Apparel spend as a category remaining in decline into end of June. However, we also see a healthy seasonality lift in Smiggle Australia web traffic in May driven by store & online sales campaigns during the time and with momentum retained into mid-June. We also note a good uplift in Peter Alexander Australia web traffic into early June post a modest month of May.
- **New stores additions.** Our FY24e estimates see 1,161 company owned global stores driven by ~7 net new store additions and we expect PMV to close the year broadly in line with BPe. Our latest analysis into the UK store network has seen one net add in line with recent management commentary for minimal closures in the region during the recent past.
- **Gross margins & CODB.** We expect gross margins to remain broadly similar to the pcp while cost control to remain broadly in line with the usual 2H seasonality impact.

Figure 9 – PMV FY24 Preview (BPe)

Jun YE / \$m	1H23	2H23	FY23	1H24	2H24e	FY24e	Consensus (FY24e)
<b>Smiggle</b>							
Revenue	190.7	129.1	319.8	183.9	135.5	319.4	
Growth %	30%	12%	22%	-4%	5%	0%	
<b>Peter Alexander</b>							
Revenue	261.7	217.2	478.9	279.3	237.4	516.7	
Growth %	15%	8%	12%	7%	9%	8%	
<b>Apparel Brands</b>							
Revenue	453	392	845	416	388	805	
Growth %	14%	-5%	5%	-8%	-1%	-5%	
<b>Premier Retail Revenue</b>	<b>905</b>	<b>738</b>	<b>1,644</b>	<b>880</b>	<b>761</b>	<b>1,641</b>	<b>1,631</b>
Gross Profit	576	446	1,023	559	460	1,019	1,014
% margin of sales	63.7%	60.4%	62.2%	63.5%	60.4%	62.1%	
<b>Underlying EBIT (Pre-AASB)</b>	<b>220</b>	<b>136</b>	<b>357</b>	<b>210</b>	<b>124</b>	<b>334</b>	<b>342</b>
% margin of sales	24.3%	18.4%	21.7%	23.9%	16.2%	20.3%	

SOURCE: COMPANY DATA, VISIBLE ALPHA, BELL POTTER SECURITIES ESTIMATES

# Premier Investments (PMV)

## Company Description

Premier Investments (PMV) is a leading multi-brand retailer based in an expanding number of international markets. PMV's brands focus on apparel, and its range includes mid-tier fashion, sleepwear and back-to-school goods. Due to PMV's product range, the target customer age is anywhere from 10 up to 45. The company operates a multi-channel strategy focused on proprietary stores, wholesaling and online, in markets such as APAC, UK, Europe and the Middle East. Overall the largest market is APAC, but PMV has an established presence in the UK through back-to-school brand Smiggle, with sleepwear brand Peter Alexander set to open 2 stores at the end of CY24.

The company recently underwent a strategic review, to understand the value that could be unlocked from its two leading brands, Smiggle and Peter Alexander. PMV announced that it expects to demerge Smiggle into a separate listed entity by the end of January 2025, and that it is exploring a demerger of Peter Alexander during CY25.

## Valuation

Our \$35.00 12-month target price is based on a sum-of-the-part valuation. We utilize a relative valuation on CY24e based EBIT for Premier Retail brands, with a multiple of 13x for Smiggle & Peter Alexander and 5x for Apparel Brands. We value PMV's associate investments, Myer Holdings (MYR) and Breville Group (BRG) at market value (as of market close on 02-Jul-24), while we include PMV's land bank & property investments as carried in the financials.

## Key risks

- **Slowdown in consumer spending and rise in unemployment** - Just Group's product portfolio is mainly clothing and accessories which are highly discretionary items.
- **Rising competition from international peers** – Impingement of market share arising from increased competition from global retailers such as Zara, Top Shop and H&M.
- **Brand positioning and product offering** – It is crucial to keep up with the latest fashion trends and right product mix for the targeted customer group. Failure to do so can result in declining sales and loss of customer loyalty.
- **Inventory risk** – As a retailer, the company is exposed to inventory risk and in a period of store closures or demand weakness, the inventory position could be higher than expected which could lead to aged stock.
- **Movements in the foreign exchange rates** - PMV directly imports majority of their products from overseas. The greatest currency sensitivity is to the AUD/USD.
- **Management risk** - Loss of Just Group Management. Key person risk in PMV Chairman, Solomon Lew who has substantial retail experience.
- **Evolving fashion trends and consumer preferences** – Demand for PMV's products is sensitive to successful range development and product selection by the team. Significant misjudgements in interpreting product and fashion trends could adversely affect demand for their brands.

# Premier Investments

as at 03 July 2024

Recommendation

Buy

Price

\$29.97

Target (12 months)

\$35.00

Table 1 - Financial summary

Jul Year end	2022	2023	2024e	2025e	2026e
<b>Profit &amp; Loss (A\$m)</b>					
<b>Premier Retail Revenue</b>	<b>1,497.5</b>	<b>1,643.5</b>	<b>1,640.8</b>	<b>1,723.5</b>	<b>1,825.4</b>
... Change	3.8%	9.7%	-0.2%	5.0%	5.9%
Other rev/income	(4.4)	2.4	6.4	8.3	10.3
Total Group Revenues	1,493.1	1,645.9	1,647.2	1,731.8	1,835.6
... Change	3.4%	10.2%	0.1%	5.1%	6.0%
EBITDA	510.8	526.3	509.3	532.2	570.5
... Change	-4.6%	3.0%	-3.2%	4.5%	7.2%
Deprec. & amort.	(166.2)	(160.2)	(166.0)	(173.2)	(180.9)
EBIT	344.6	366.1	343.4	359.0	389.6
Net Interest	(4.7)	8.7	(0.9)	(5.5)	(5.0)
Pre-tax profit	339.9	374.8	342.4	353.5	384.6
Tax expense	(107.5)	(111.1)	(98.3)	(105.5)	(114.3)
... tax rate	32%	30%	29%	30%	30%
Associates	27.1	30.9	59.1	65.0	71.5
Minorities/Prefs	-	-	-	-	-
Underlying Net Profit	259.5	294.6	303.2	313.1	341.9
... Change	-1.2%	13.5%	2.9%	3.2%	9.2%
Abs. & extras.	-	-	-	-	-
Reported Profit	259.5	294.6	303.2	313.1	341.9
<b>EBIT, Premier Retail (Pre-AASB16)</b>	<b>335.1</b>	<b>356.5</b>	<b>333.6</b>	<b>347.5</b>	<b>376.5</b>
<b>Cashflow (A\$m)</b>					
EBITDA	510.8	526.3	509.3	532.2	570.5
Working capital changes	(38.0)	(36.8)	15.0	5.7	(7.0)
Net Interest Expense	(2.5)	7.9	0.8	(5.5)	(5.0)
Tax	(125.7)	(144.0)	(102.2)	(104.2)	(111.0)
Other operating items	10.9	5.7	3.0	6.7	8.2
<b>Operating Cash Flow</b>	<b>355.5</b>	<b>359.1</b>	<b>426.0</b>	<b>434.9</b>	<b>455.8</b>
Capex	(8.7)	(16.3)	(29.4)	(30.9)	(32.8)
<b>Free Cash Flow</b>	<b>346.8</b>	<b>342.7</b>	<b>396.5</b>	<b>404.0</b>	<b>423.0</b>
Acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Payment of leases	(169.6)	(161.8)	(187.8)	(195.2)	(202.8)
Dividends paid	(146.3)	(237.2)	(196.4)	(194.5)	(210.3)
Other investing items	(2.5)	(1.9)	(8.3)	-	-
Equity	-	-	-	-	-
<b>Core debt increase/(reduction)</b>	<b>(77.8)</b>	<b>-</b>	<b>56.2</b>	<b>(14.2)</b>	<b>(9.9)</b>
<b>Balance Sheet (A\$m)</b>					
Cash	471.4	418.2	478.3	478.3	478.3
Receivables	11.0	24.9	21.9	18.9	20.0
Inventories & WIP	224.4	231.2	215.5	218.0	230.3
Other current assets	10.3	13.0	14.0	14.0	14.0
<b>Current Assets</b>	<b>717.1</b>	<b>687.3</b>	<b>729.6</b>	<b>729.1</b>	<b>742.6</b>
Assoc & investments	312.2	458.8	518.3	583.3	654.9
Fixed Assets (PP&E)	125.3	128.5	142.2	156.0	170.0
Right-of-use Assets	195.6	389.7	380.2	395.4	410.4
Intangibles	827.2	822.4	822.4	822.4	822.4
Other non-curr assets	127.4	31.4	8.5	8.5	8.5
<b>Non Current Assets</b>	<b>1,587.7</b>	<b>1,830.8</b>	<b>1,871.7</b>	<b>1,965.7</b>	<b>2,066.2</b>
<b>Total Assets</b>	<b>2,304.7</b>	<b>2,518.1</b>	<b>2,601.3</b>	<b>2,694.8</b>	<b>2,808.8</b>
ST and LT Debt (incl. Leases)	308.3	499.3	419.1	439.2	454.8
Creditors	143.5	127.3	123.6	128.8	135.3
Provisions	159.4	135.9	146.3	153.0	161.2
Other liabilities	16.1	14.3	14.8	14.8	14.8
<b>Total Liabilities</b>	<b>627.2</b>	<b>776.8</b>	<b>703.8</b>	<b>735.7</b>	<b>766.1</b>
<b>Net Assets</b>	<b>1,677.5</b>	<b>1,741.3</b>	<b>1,897.5</b>	<b>1,959.1</b>	<b>2,042.7</b>
Share Capital	608.6	608.6	608.6	608.6	608.6
Reserves	(4.3)	25.7	17.0	17.0	17.0
Retained Earnings	1,073.2	1,107.0	1,271.9	1,333.5	1,417.1
<b>Shareholders Equity</b>	<b>1,677.5</b>	<b>1,741.3</b>	<b>1,897.5</b>	<b>1,959.1</b>	<b>2,042.7</b>
Outside Equity Interests	-	-	-	-	-
<b>Total Equity</b>	<b>1,677.5</b>	<b>1,741.3</b>	<b>1,897.5</b>	<b>1,959.1</b>	<b>2,042.7</b>
Core Net debt/(cash) \$m	(402.4)	(349.2)	(470.4)	(466.8)	(467.3)
Net debt/(cash) [incl. leases] \$m	(163.1)	81.1	(59.2)	(39.1)	(23.5)

Price	29.97
Recommendation	Buy
Diluted issued capital (m)	160.0
Market cap (\$m)	4,794.0
Target Price (A\$m)	35.00

Jul Year end	2022	2023	2024e	2025e	2026e
<b>Valuation Ratios</b>					
Underlying EPS (c\$ps)	162.5	184.2	189.6	195.7	213.7
... % change	-1.0%	13.3%	2.9%	3.2%	9.2%
<b>PE (on underlying EPS) (x)</b>	<b>18.4</b>	<b>16.3</b>	<b>15.8</b>	<b>15.3</b>	<b>14.0</b>
EV/EBITDA (x)	11.02	10.70	11.05	10.58	9.87
EV/EBIT (x)	16.34	15.38	16.40	15.68	14.45
NTA (\$ps)	5.32	5.75	6.72	7.11	7.63
P/NTA (x)	5.64	5.22	4.46	4.22	3.93
Book Value (\$ps)	10.49	10.89	11.86	12.25	12.77
Price/Book (x)	2.86	2.75	2.53	2.45	2.35
DPS (c\$ps)	100.0	114.0	120.8	125.4	136.9
... % pay-out	77.0%	70.6%	63.7%	64.1%	64.0%
Special DPS (c\$ps)	25.0	16.0	-	-	-
Yield (%)	3.3%	3.8%	4.0%	4.2%	4.6%
Franking (%)	100%	100%	100%	100%	100%

Performance Ratios	2022	2023	2024e	2025e	2026e
Revenue growth (%)	3.4%	10.2%	0.1%	5.1%	6.0%
EBIT growth (%)	-3.5%	6.2%	-6.2%	4.6%	8.5%
EBIT margin (%)	23.1%	22.2%	20.8%	20.7%	21.2%
Gross cash conversion (%)	89.9%	88.9%	92.8%	91.2%	89.1%
Free cash-flow yield (%)	7.2%	7.1%	8.3%	8.4%	8.8%
ROE (%)	16.1%	16.9%	16.7%	16.3%	17.2%
ROIC (%)	22.1%	21.2%	21.3%	21.6%	22.3%
Capex/Depn (x)	0.4	0.9	1.9	1.8	1.7
Net interest cover (x)	74.1	n/a	370.1	65.4	77.6
Core Net Debt/EBITDA (pre-AASB16) (x)	n/a	n/a	n/a	n/a	n/a
Net debt/equity (%)	-9.7%	4.7%	-3.1%	-2.0%	-1.1%
Net debt/net debt + equity (%)	-10.8%	4.5%	-3.2%	-2.0%	-1.2%

Half yearly (A\$m)	1H22	2H22	1H23	2H23	1H24
Sales revenue	769.9	723.2	907.0	738.9	885.1
EBITDA	303.7	207.0	305.4	220.9	297.0
Deprec. & amort.	(83.1)	(83.1)	(80.3)	(80.0)	(82.1)
EBIT	220.7	123.9	225.1	141.0	214.9
Interest expense	(3.4)	(1.3)	3.4	5.3	3.4
Pre-tax profit	217.3	122.6	228.5	146.3	218.3
Tax expense	(65.7)	(41.8)	(68.5)	(42.5)	(61.1)
... tax rate	30%	34%	30%	29%	28%
Associates	20.3	6.7	20.1	10.7	35.7
Minorities	-	-	-	-	-
<b>Underlying Net Profit</b>	<b>172.0</b>	<b>87.6</b>	<b>180.1</b>	<b>114.5</b>	<b>192.9</b>
Abs. & extras.	-	-	-	-	-
<b>Reported Profit</b>	<b>172.0</b>	<b>87.6</b>	<b>180.1</b>	<b>114.5</b>	<b>192.9</b>
<b>Segments (A\$m)</b>					
<b>Total Stores</b>	<b>1,154</b>	<b>1,146</b>	<b>1,161</b>	<b>1,177</b>	<b>1,190</b>
Smiggle	306	301	311	320	329
Peter Alexander	122	127	138	152	163
Apparel Brands	726	718	712	705	698
<b>Premier Retail Revenue</b>	<b>1,497.5</b>	<b>1,643.5</b>	<b>1,640.8</b>	<b>1,723.5</b>	<b>1,825.4</b>
Smiggle	261.2	319.8	319.4	346.2	393.0
Peter Alexander	428.5	478.9	516.7	577.2	646.3
Apparel Brands	807.8	844.8	804.6	800.1	786.0
<b>Group NPAT</b>	<b>259.5</b>	<b>294.6</b>	<b>303.2</b>	<b>313.1</b>	<b>341.9</b>
Premier Retail EBIT (Pre-AASB)	335.1	356.5	333.6	347.5	376.5
Associate income	27.1	30.9	59.1	65.0	71.5

SOURCE: COMPANY REPORTS, BELL POTTER SECURITIES ESTIMATES



**Recommendation structure**

**Buy:** Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

**Hold:** Expect total return between -5% and 15% on a 12 month view

**Sell:** Expect <-5% total return on a 12 month view

*Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.*

*Such investments may carry an exceptionally high level of capital risk and volatility of returns.*

**Research Team**

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
Rob Crookston	Strategy	612 8224 2813	rcrookston
<b>Analysts</b>			
John Hester	Healthcare	612 8224 2871	jhester
Martyn Jacobs	Healthcare	613 9235 1683	mjacobs
Thomas Wakim	Healthcare	612 8224 2815	twakim
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Joseph House	Industrials	613 9325 1624	jhouse
Baxter Kirk	Industrials	613 9235 1625	bkirk
Daniel Laing	Industrials	612 8224 2886	dlaing
Hayden Nicholson	Industrials	613 9235 1757	hnicholson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Connor Eldridge	Real Estate	612 8224 2893	celdridge
Andy MacFarlane	Real Estate	612 8224 2843	amacfarlane
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9325 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
James Williamson	Resources	613 9235 1692	jwilliamson
<b>Associates</b>			
Leo Armati	Associate Analyst	612 8224 2846	larmati
Kion Sapountzis	Associate Analyst	613 9235 1824	ksapountzis
Ritesh Varma	Associate Analyst	613 9235 1658	rvarma

**Research Coverage & Policies**

For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: <https://bellpotter.com.au/research-independence-policy/>.

**Authoring Research Analyst's Certification**

The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

**Research Analyst's Compensation**

Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

**Prices**

The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

**Availability**

The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time.

**Dissemination**

Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated. The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.

**Disclaimers**

This Research Report is a private communication to Clients and is not intended for public circulation or for the use of any third party, without the prior written approval of Bell Potter Securities Limited.

The Research Report is for informational purposes only and is not intended as an offer or solicitation for the purpose of sale of a security. Any decision to purchase securities mentioned in the Report must take into account existing public information on such security or any registered prospectus.

This is general investment advice only and does not constitute personal advice to any person. Because this Research Report has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited Broker (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this Research Report.

While this Research Report is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in this document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee expressly or impliedly, that the information contained in this Research Report is complete or accurate.

Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views, opinions or recommendations contained in this Research Report or for correcting any error or omission which may have become apparent after the Research Report has been issued.

Bell Potter Securities Research Department has received assistance from the Company referred to in this Research Report including but not limited to discussions with management of the Company. Bell Potter Securities Policy prohibits Research Analysts sending draft Recommendations, Valuations and Price Targets to subject companies. However, it should be presumed that the Author of the Research Report has had discussions with the subject Company to ensure factual accuracy prior to publication.

All opinions, projections and estimates constitute the judgement of the Author as of the Date of the Research Report and these, plus any other information contained in the Research Report, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice.

Notwithstanding other departments within Bell Potter Securities Limited advising the subject Company, information obtained in such role is not used in the preparation of the Research Report.

Although Bell Potter Research does not set a predetermined frequency for publication, if the Research Report is a fundamental equity research report it is the intention of Bell Potter Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental Research Reports, Bell Potter Research may not provide regular updates to the views, recommendations and facts included in the reports.

Notwithstanding that Bell Potter maintains coverage on, makes recommendations concerning or discusses issuers, Bell Potter Research may be periodically restricted from referencing certain Issuers due to legal or policy reasons. Where the component of a published trade idea is subject to a restriction, the trade idea will be removed from any list of open trade ideas included in the Research Report. Upon lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the Analyst continues to support it or it will be officially closed.

Bell Potter Research may provide different research products and services to different classes of clients (for example based upon long-term or short term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative Research Report, provided each is consistent with the rating system for each respective Research Report.

Except in so far as liability under any statute cannot be excluded, Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in the document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of the document or any other person.

In the USA and the UK this Research Report is only for institutional investors. It is not for release, publication or distribution in whole or in part in the two specified countries. In Hong Kong this Research Report is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In the United States this Research Report is being distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this Research Report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

**Bell Potter Securities Limited**

ABN 25 006 390 772  
Level 29, 101 Collins Street  
Melbourne, Victoria, 3000  
Telephone +61 3 9256 8700  
www.bellpotter.com.au

**Bell Potter Securities (HK) Limited**

Room 1601, 16/F  
Prosperity Tower, 39 Queens  
Road Central, Hong Kong, 0000  
Telephone +852 3750 8400

**Bell Potter Securities (US) LLC**

Floor 39  
444 Madison Avenue, New York  
NY 10022, U.S.A  
Telephone +1 917 819 1410

**Bell Potter Securities (UK) Limited**

16 Berkeley Street London, England  
W1J 8DZ, United Kingdom  
Telephone +44 7734 2929