



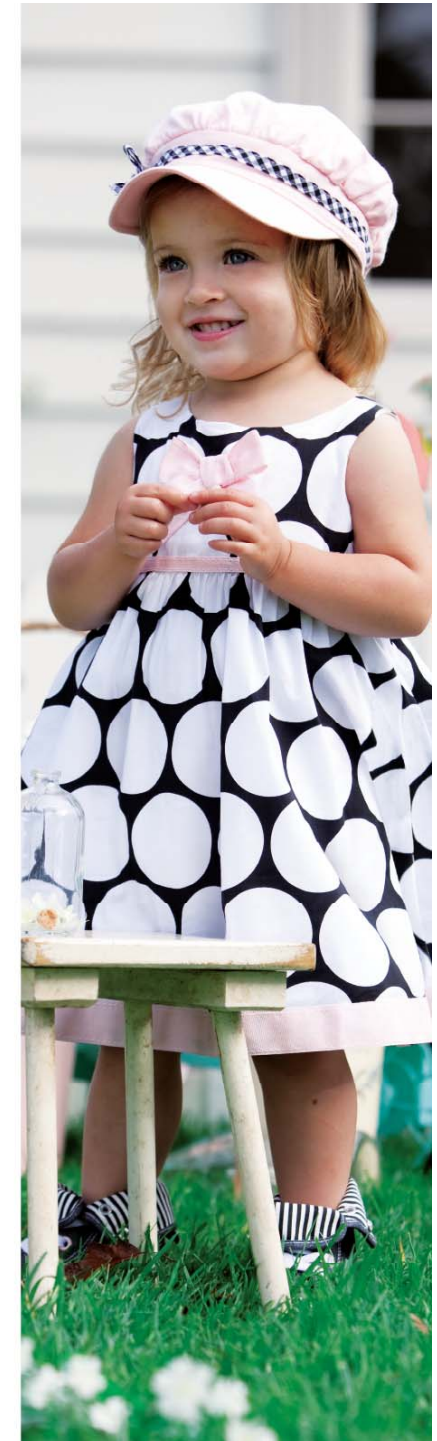
Annual Shareholders Meeting
November 2011



Key Priorities – 2012 and beyond

Priority 1: Focus on Christmas trading and managing current trading conditions

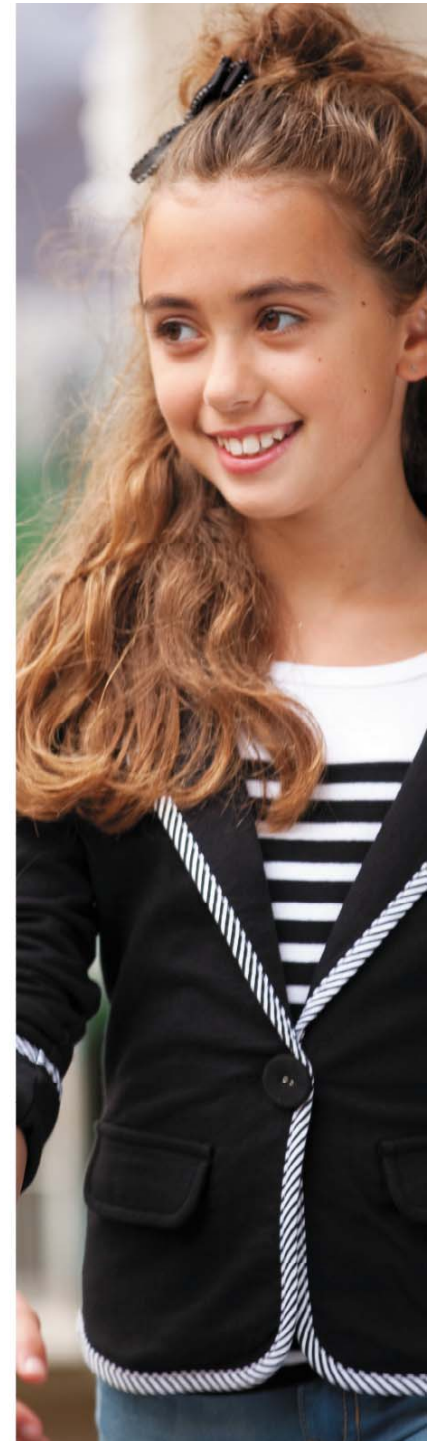
- Christmas trading window is currently the main focus
- Trading conditions continue to be volatile across all markets
- Online sales continue to grow strongly – up over 40% YTD
- Seeing increased Wholesale orders for late FY12 delivery



Key Priorities – 2012 and beyond

Priority 2: Reduce bank debt

- This objective underlies all our current initiatives
- Level of working capital/ inventory to be reduced across the year
- FY12 and future capital expenditure will be significantly lower than historic levels
- Growth areas (Wholesale, online, Charlie & Me) will require low levels of capital investment





Key Priorities – 2012 and beyond

Priority 3: Understand our customers better

- Have maintained market share across Australasia
- However we want to grow market share to drive better returns on our investment
- Launching a more comprehensive research program
 - Will drill deep into the market place
 - Will give us a better understanding of how our existing and potential customers see the brands
- Findings will form a key ingredient in our longer term strategies



Key Priorities – 2012 and beyond

Priority 4: Reduce the cost of doing business

- The business is more complex than a ‘simple’ NZ retailer
 - Need systems and infrastructure to support the multi channel international business that we are
- However we need to have the lowest possible cost base
 - Reduced Head Office costs by 10%
 - Salary and wage freeze in place across Head Office
 - Major focus on driving down store lease costs
 - Supply chain initiatives to reduce per unit logistics costs
- Will eliminate costs not generating an appropriate return

Key Priorities – 2012 and beyond

Priority 5: Closure of United States retail stores

- Closure program on track for completion in January
- Stores are unlikely to generate an appropriate return on the investment in the foreseeable future
 - Decision to close was necessary
- Will continue to have a brand presence in the market:
 - Strong Wholesale operation - product available in 200 locations in the United States
 - Fast growing online operation - focus on converting retail customers to online customers
 - Exploring franchise/ license opportunities for our brands in the market





Key Priorities – 2012 and beyond

Priority 6: United Kingdom strategy

- Develop strategy for the United Kingdom retail stores
- Our investment has struggled to generate an acceptable return:
 - High rent costs, lack of scale
 - Recent soft trading conditions creating additional challenges
 - European economic conditions to further impact trading environment
- Taking a hard look at the United Kingdom operation
 - 4 stores closed year to date
- Review is well advanced
 - Expecting to finalise strategy by half year





Key Priorities – 2012 and beyond

Priority 7: Wholesale – a major growth driver

- Increasing our focus on Wholesale opportunities
- Currently in over 300 locations in 19 countries
- Wholesale offers a number of advantages:
 - High margin earnings
 - Entry to markets that have major barriers (legal, language, cultural etc)
 - Low levels of capital required for growth
 - Leverages off existing design, supply, and support functions
 - Overall lower risk vs. company owned retail operation
- Offers significant long term growth opportunities
 - Currently assessing a number of new markets

Charlie & me
CLOTHING COMPANY





Key Priorities – 2012 and beyond

Priority 8: Charlie & Me

- Targets the very large ‘everyday wear’ market
- Leverages off existing capabilities and infrastructure
- Currently 8 stores in Australia and 4 in New Zealand
 - Testing different formats and locations
 - Level of PP sales cannibalisation much lower than expected
- Online site trading well
- International interest is being shown in the brand
 - Wholesale and license opportunities to be explored
- Results to date have been positive and confirm the long term potential for Charlie & Me



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Key Priorities – 2012 and beyond

Priority 9: Online – leverage existing capabilities to drive growth

- Have a well established, highly developed infrastructure supporting the online business
- Currently trading in 5 international markets
- Experiencing significant international online growth:
 - Sales up 40% YTD
 - % of online sales twice the global average for retailers
- High margin, low capital investment
- Developing new initiatives to leverage our capabilities
 - Possible relationships with global third party online operators
 - ‘Patch General Store’



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