



# Pumpkin Patch Half Year Result

January 2008'



# Performance Highlights – HY08

- Group operating revenue of \$205.0m – up 13.5%
- Strong sales and EBIT performances in Australia
  - Sales up 14.2%, EBIT up 27.8%
- Strong sales and EBIT performances in New Zealand
  - Sales up 7.2%, EBIT up 16.8%
- Continued investment in the United States
  - 10 stores opened with capital expenditure of \$9.1m

Unless otherwise stated all 1H08 results and comparatives in this presentation are reported under previous NZGAAP. Refer to later slides for reconciliation with NZIFRS

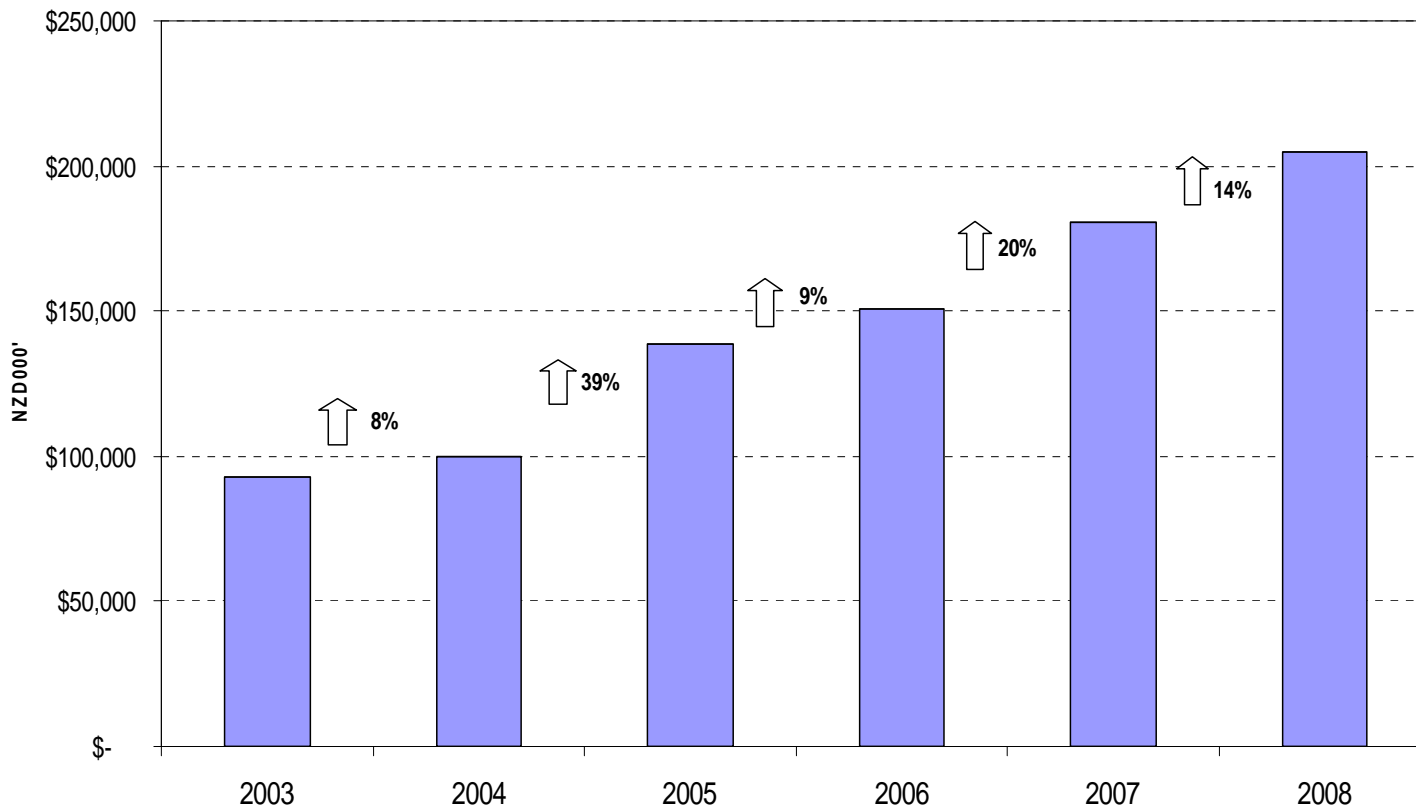


# Performance Highlights – HY08

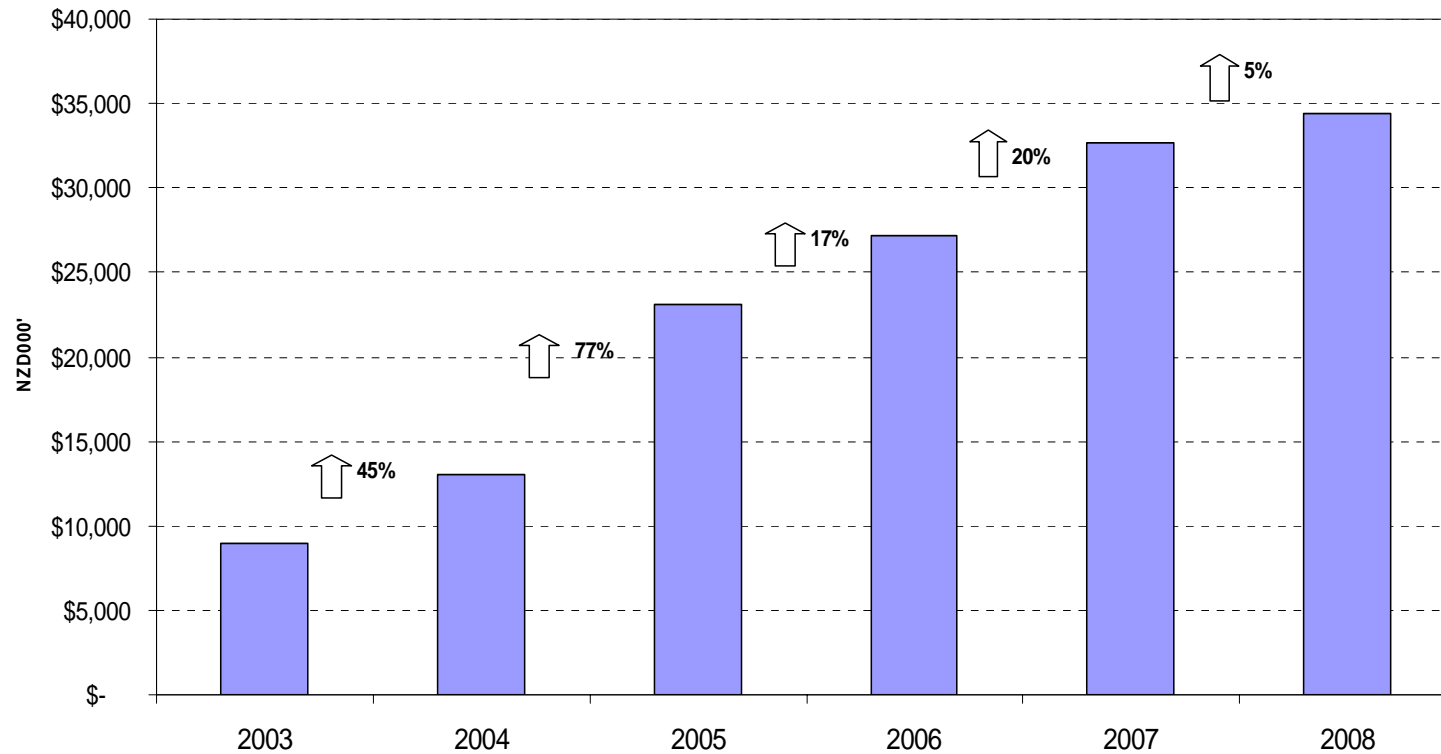
- Before quota:
  - EBITDA was \$34.4m up 5.3%
  - EBIT was similar to last year at \$25.7m
  - NPAT was \$16.5m down 6.8%
- After Quota
  - EBITDA was \$29.9m down 1.7%
  - EBIT was \$21.3m down 10.5%
  - NPAT was \$12.1m down 22.3%
- Total store numbers now 215
  - Australia 104, New Zealand 50, United Kingdom 33, United States 28
- Interim dividend of 4.00 cents per share, fully imputed (2007: 4.50cps)



Since 2003 Operating Revenue has grown at a 14% compound average growth rate



Since 2003 EBITDA (before quota) has grown at a compound average growth rate of 25%



# Financial Highlights

## Statement of Financial Performance (Previous NZGAAP)

	Jan 2008 (6 months)	Jan 2007 (6 months)	%
Operating Revenue	205,042	180,684	13.5%
EBITDA	29,947 14.6%	30,478 16.9%	(1.7%)
EBIT	21,279 10.4%	23,774 13.2%	(10.5%)
Interest	2,931 1.4%	1,429 0.8%	105.0%
Net Profit After Tax	12,054 5.9%	15,507 8.6%	(22.3%)
Earnings (CPS)	7.2	9.3	
Interest Cover	7.3	16.6	



# Financial Highlights

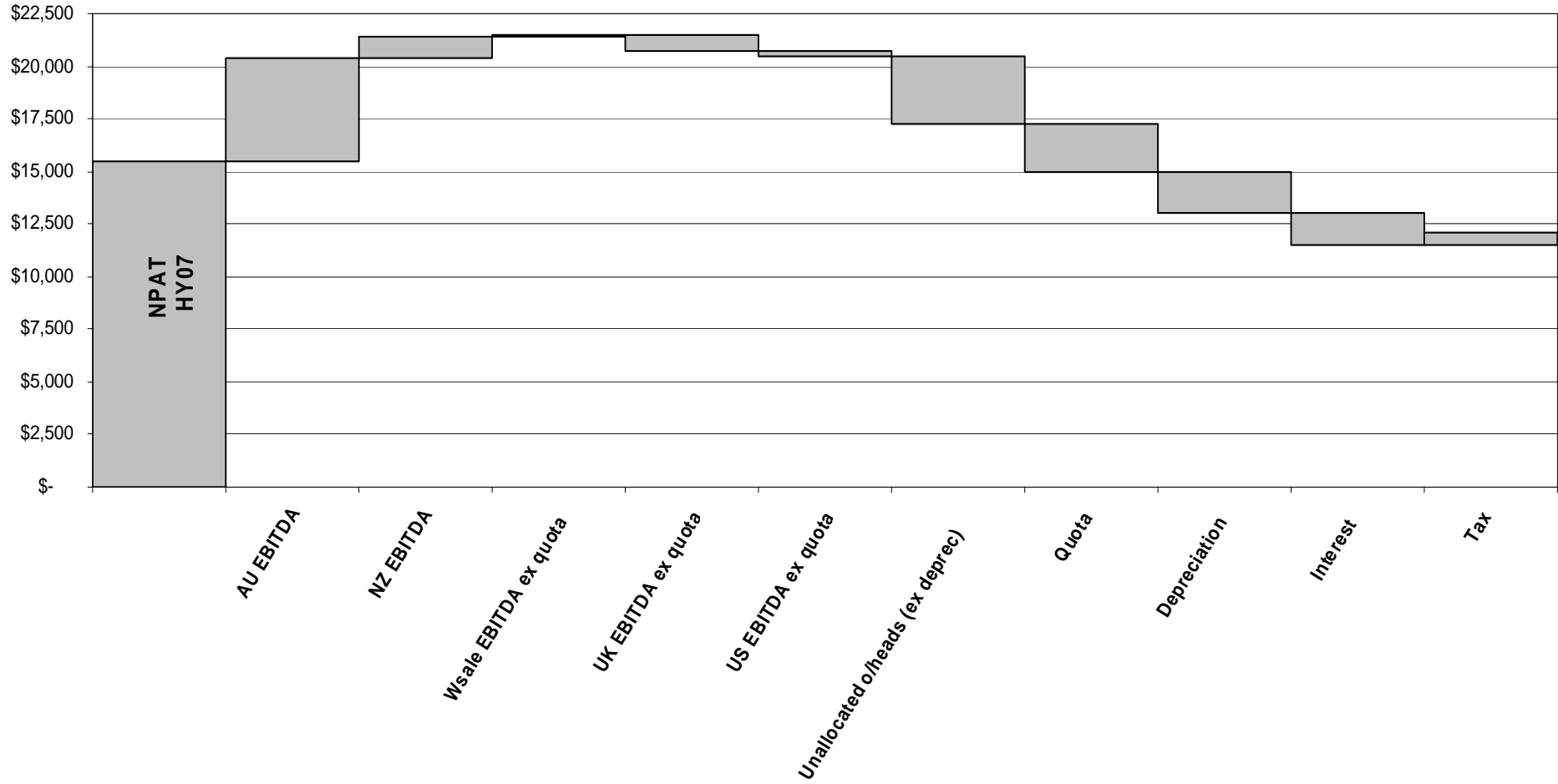
## Impact of Quota

	<b>Jan 2008</b> (6 months)	<b>Jan 2007</b> (6 months)	<b>%</b>
Direct Quota Cost	4,423	2,174	
EBITDA (before quota)	34,370 16.8%	32,652 18.1%	5.3%
EBIT (before quota)	25,702 12.5%	25,948 14.4%	(0.9%)
Net Profit After Tax (before quota)	16,477 8.0%	17,681 9.9%	(6.8%)

1H08 quota costs include a \$1.2m write off of expired European quota



# NPAT 1H08 vs. 1H07



# Financial Highlights

## Statement of Financial Position (Previous NZGAAP)

	<b>Jan 2008</b>	<b>Jul 2007</b>	<b>Change</b>
Current assets	133,399	107,812	25,587
Non-current assets	87,635	77,755	9,880
<b>Total assets</b>	<b>221,034</b>	<b>185,567</b>	<b>35,467</b>
Current liabilities	30,813	31,302	(489)
Bank debt	65,422	37,095	28,327
Non-current liabilities	9,073	6,880	2,193
<b>Total liabilities</b>	<b>105,308</b>	<b>75,277</b>	<b>30,031</b>
<b>Net assets</b>	<b>115,726</b>	<b>110,290</b>	<b>5,436</b>



# Financial Highlights

## Statement of Cashflows

	<b>Jan 2008</b> 6 months	<b>Jan 2007</b> 6 months	<b>Change</b>
Net cashflow from operating activities	(1,460)	19,093	(20,553)
Net cashflow from investing activities	(19,933)	(21,803)	1,870
Net cashflow from financing activities	(6,934)	(7,127)	193
<b>Net increase in bank debt</b>	<b>(28,327)</b>	<b>(9,837)</b>	<b>(18,490)</b>

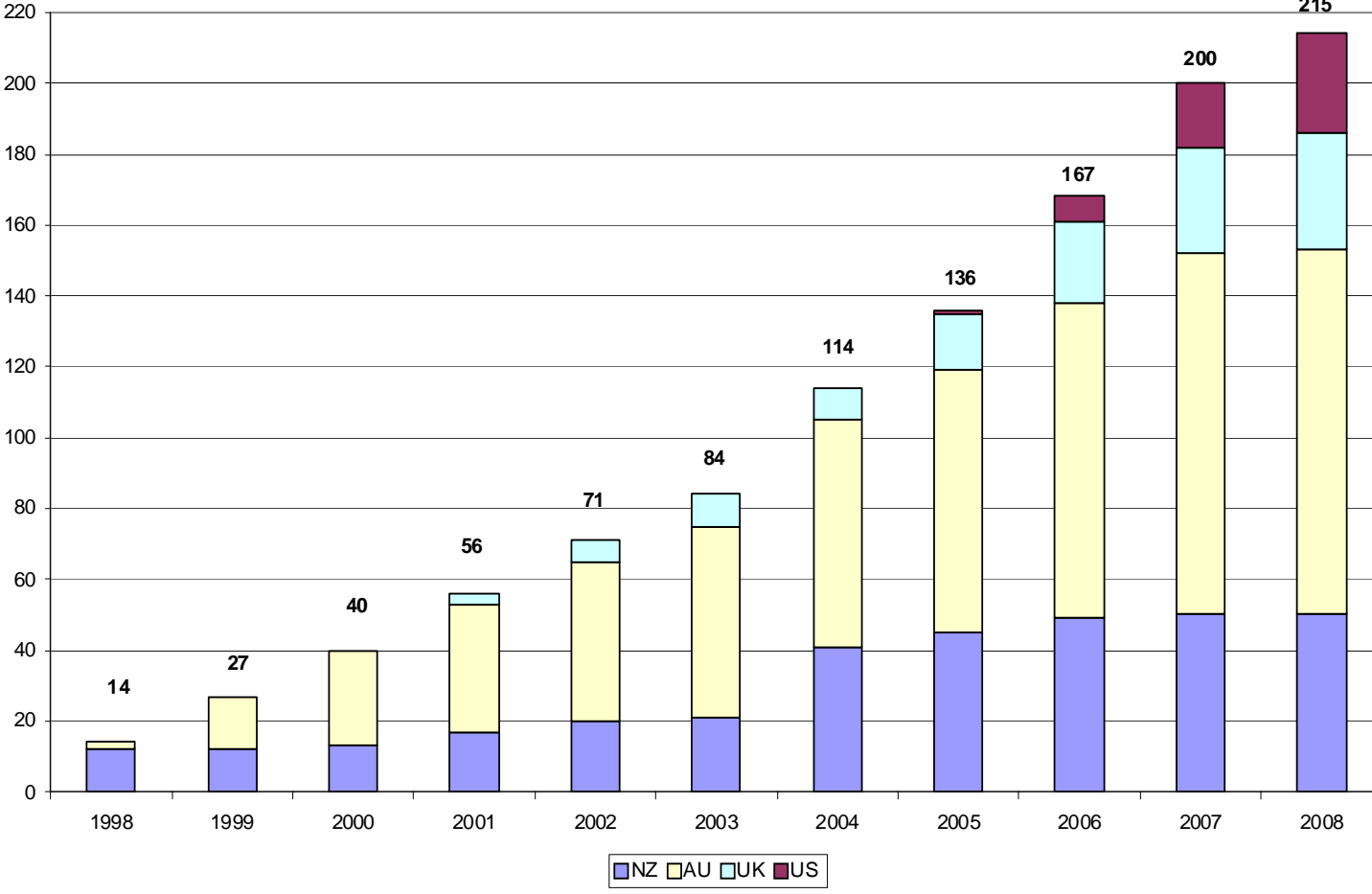


# Store Openings

	Jan 08 Total Stores Open	1H08 Store Openings	1H07 Total Store Openings	FY07 Total Store Openings
<b>Australia</b>				
Pumpkin Patch	92	2	4	10
Outlets	11	0	2	3
Urban Angel	1	0	0	0
	104	2	6	13
<b>New Zealand</b>				
Pumpkin Patch	32	0	2	3
Outlets	8	0	1	1
Urban Angel	10	0	-2	-3
	50	0	1	1
<b>United Kingdom</b>				
Pumpkin Patch	31	2	4	7
Outlets	2	1	0	0
	33	3	4	7
<b>United States</b>				
Pumpkin Patch	28	10	7	11
	<b>215</b>	<b>15</b>	<b>18</b>	<b>32</b>
Add back Urban Angel store mergers in period		0	2	3
<b>Stores opened in period</b>		<b>15</b>	<b>20</b>	<b>35</b>



# Store Numbers – January 2008



# Divisional Results



# Australia Retail

	Jan 2008 (6 months)	Jan 2007 (6 months)	
Turnover AUD	82,310	75,830	8.5%
Turnover NZD	98,729	86,450	14.2%
EBIT NZD	20,797	16,269	27.8%
	21.1%	18.8%	
Stores:			
Pumpkin Patch	92	84	
Outlet	11	10	
Urban Angel	<u>1</u>	<u>1</u>	
	104	95	



# Australia Retail

## Highlights

- Sales growth
  - AUD sales up 8.5%
  - NZD sales up 14.2%
  - Very strong sales performance
  - Reflects strength of Pumpkin Patch brand and a very strong summer range
- EBIT growth
  - EBIT \$ up 27.8%
  - EBIT % up 2.3% to 21.1%
  - Driven by ongoing focus on margins and operating costs, growth from recently opened stores, economies of scale
- 2 stores opened vs. 6 in HY07
  - New stores: PP 2
  - Total stores now 104



# New Zealand Retail

	<b>Jan 2008</b> (6 months)	<b>Jan 2007</b> (6 months)	
Turnover	33,345	31,111	7.2%
EBIT	6,949	5,948	16.8%
	20.8%	19.1%	
Stores:			
Pumpkin Patch	32	31	
Outlet	8	8	
Urban Angel	<u>10</u>	<u>11</u>	
	50	50	



# New Zealand Retail

## Highlights

- Sales growth
  - Sales up 7.2%
  - Strong performance considering lacklustre general retail environment
  - Reflects position of Pumpkin Patch brand in the market and a very strong summer range
- EBIT
  - EBIT \$ up 16.8% and as % of sales up 1.7% to 20.8%
  - Continued the focus on margins and operating costs
  - Improved performances from Urban Angel stores
- No new store openings
  - Total stores now 50



# United Kingdom Retail

	Jan 2008 (6 months)	Jan 2007 (6 months)	
Turnover GBP	12,849	10,628	20.9%
Turnover NZD	34,316	30,233	13.5%
EBITDA NZD	1,893	3,444	(45.0%)
	5.5%	11.4%	
(excluding quota)	3,765	4,506	(16.4%)
	11.0%	14.6%	
EBIT NZD	224	2,147	(89.6%)
	0.7%	7.1%	
(excluding quota)	2,096	3,209	(34.7%)
	6.1%	10.6%	
Stores:			
Pumpkin Patch	31	26	
Outlet	<u>2</u>	<u>1</u>	
	33	27	



# United Kingdom Retail

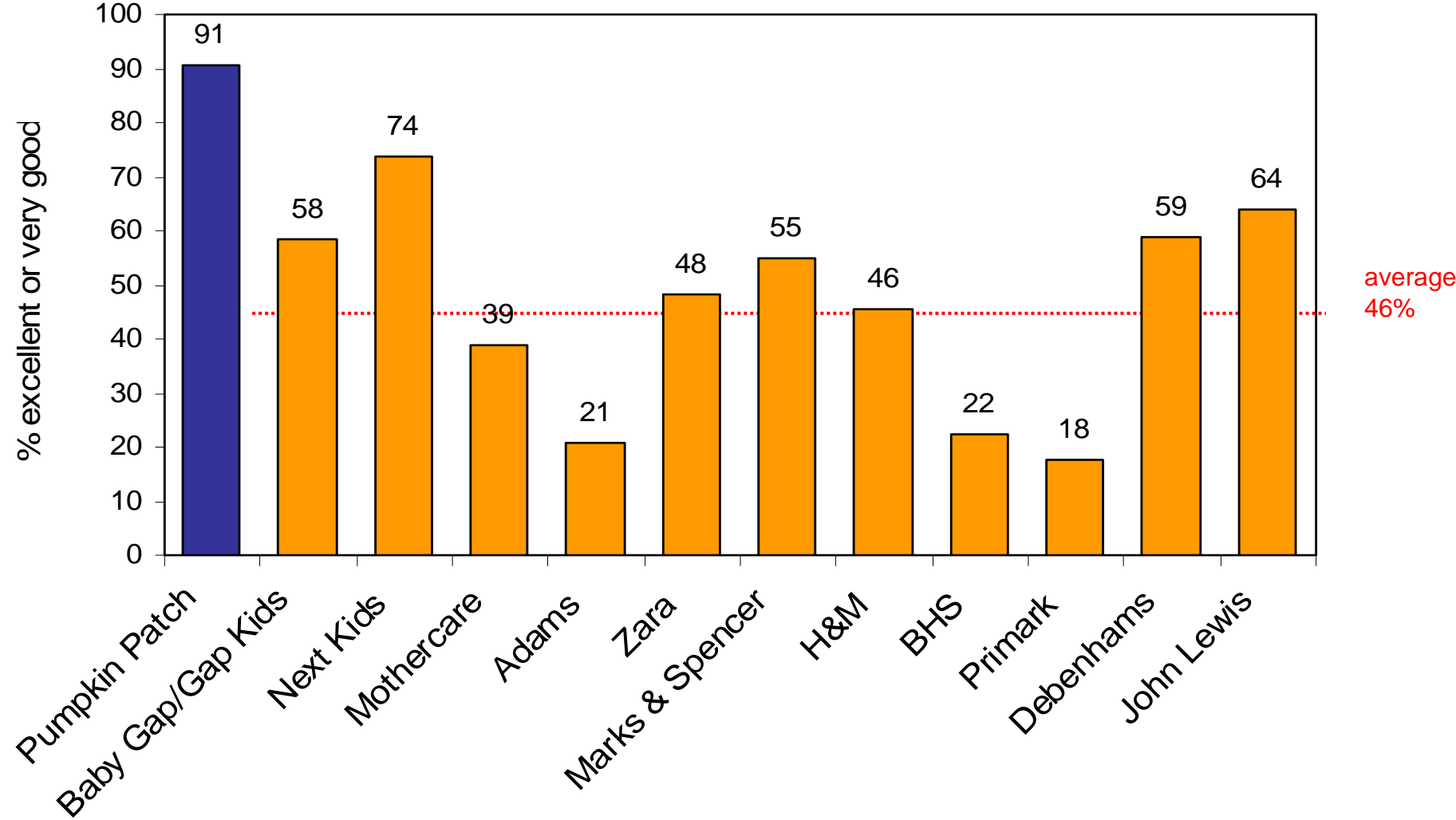
## Highlights

- Sales growth
  - GBP sales up 20.9%; NZD sales up 13.5%
  - Very soft retail environment compared to 1H07
  - Market leaders reporting poor performances
- Quota
  - Ended 1 January – one off write cost \$1.0m
  - Total quota costs for 1H08: \$1.9m (1H07: \$1.1m)
- EBIT
  - EBIT down on the very strong 1H07
  - Impacted by quota costs, soft retail environment, and supply chain complexities
  - 20 of the 27 stores open greater than 1 year are trading profitably
- 3 stores opened – total stores 33



# United Kingdom Customer Satisfaction

Average key competitor rating in the United Kingdom is 46%



# United States Retail

	<b>Jan 2008</b> (6 months)	<b>Jan 2007</b> (6 months)	
Turnover USD	11,419	7,092	61.0%
Turnover NZD	15,083	10,393	45.1%
 EBITDA NZD	 (804)	 200	
	(5.3%)	1.9%	
(excluding quota)	475	780	
	3.1%	7.5%	
 EBIT NZD	 (2,274)	 (629)	
	(15.1%)	(6.1%)	
(excluding quota)	(995)	(49)	
	(6.6%)	(0.5%)	
 Stores:			
Pumpkin Patch	28	14	



# United States Retail Highlights

- **Sales**
  - USD sales up 61.0%; NZD sales up 45.1%
  - Tough retail environment
- **EBIT**
  - Impacted by store opening costs, local infrastructure investment, quota, and supply chain complexities
  - Quota costs \$1.3m (1H07: \$0.6m); per unit quota price significantly higher than 1H07
  - 7 of the 14 stores open greater than 1 year are trading profitably
- **10 stores opened vs. 7 in HY07**
  - 28 stores now open (California 13, Arizona 4, Texas 4, Colorado 2, Virginia 2, Washington State 2, Oregon 1)
- **Positive non-financial performance measures**
  - Average basket size highest in group, overall customer satisfaction higher than major competitors



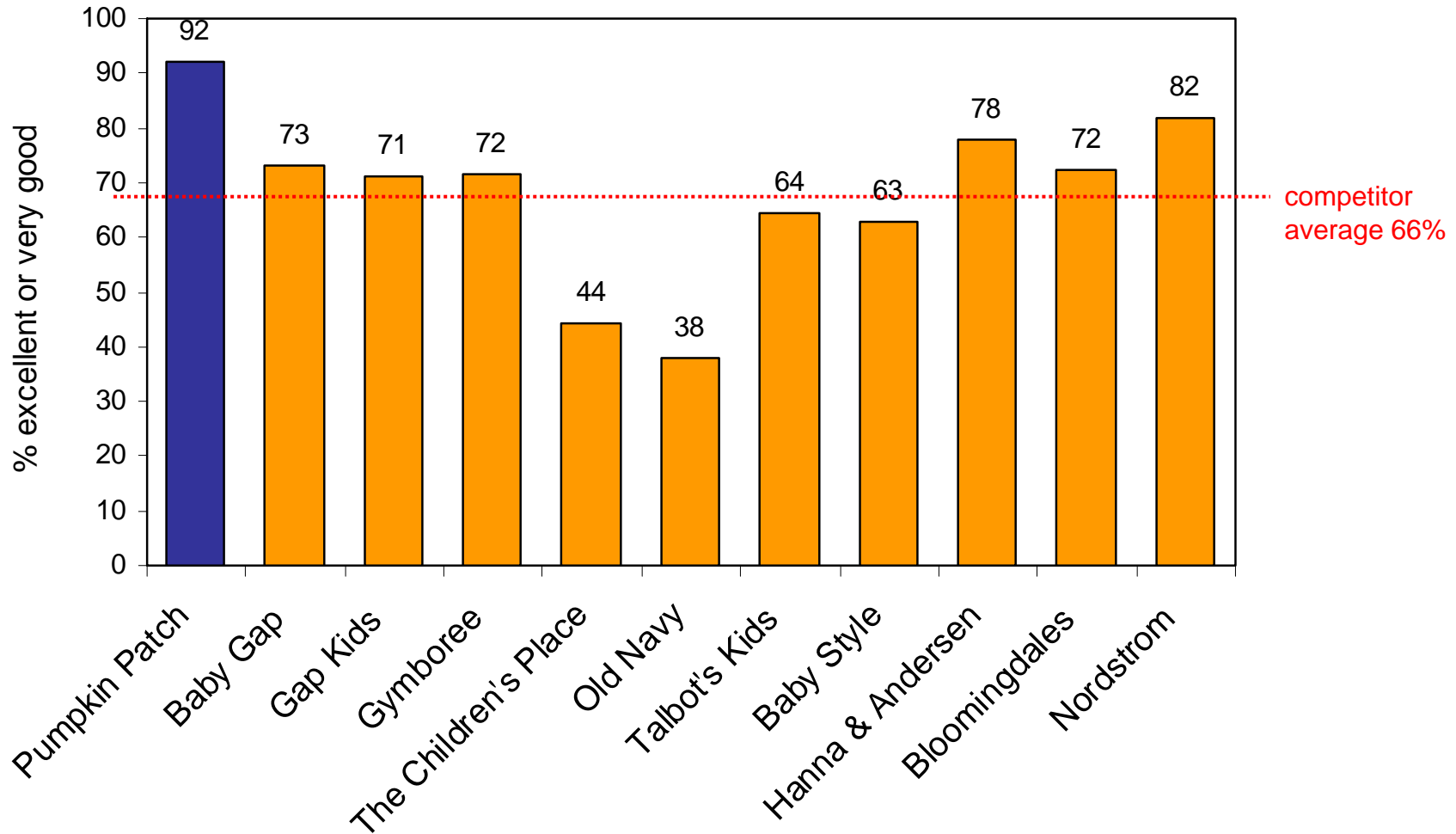


### Climate

state	city	jan	apr	jul	oct
washington	seattle/portland	4.7	10.4	19.5	12
california	san francisco	9.7	13.4	17.1	16.1
	los angeles/san diego	14.1	16.5	21.2	19.6
arizona	phoenix	12.3	21.2	33.8	23.7
colorado	denver	-1.6	8.7	23	10.6
texas	dallas	6.7	18.3	29.4	19.6
	houston/san antonio	10.6	20.3	29	21.4
virginia	washington dc	1.6	13.4	26.2	14.0

# United States Customer Satisfaction

Average key competitor rating in the United States is 66%



# Wholesale and Direct

	<b>Jan 2008</b> (6 months)	<b>Jan 2007</b> (6 months)	
Turnover NZD	23,357	22,286	4.8%
EBIT NZD	6,054 25.9%	6,675 30.0%	(9.3%)
EBIT NZD (excluding quota)	7,319 31.3%	7,207 32.2%	1.6%



# Wholesale and Direct

## Highlights

- Sales
  - Translation of earnings negatively impacted by high NZD
  - Timing of deliveries impacted timing of sales recognition
  - Asian markets continue to show promise
  - Positive signs from mail order and internet selling to United States and United Kingdom
- EBIT
  - Result includes quota costs of \$1.3m (1H07: \$0.5m) including \$0.2m write off of EU quota
  - US quota prices significantly higher than 1H07
  - Impacted by higher exchange rates, market development costs, costs of establishing additional direct shipping capability in China



# Outlook 2H08

## Australasia

- **Australia**

- Current trading conditions expected to continue for remainder of FY08
- Margins to remain strong
- Open at least 2 stores

- **New Zealand**

- Currently no sign of economic slow down impacting sales
- Brand strength to underpin continuation of current trading conditions
- Continue to hold margins



# Outlook 2H08 – cont

## United Kingdom

- Continuation of the current soft trading conditions
- Customer and brand awareness continues to grow
- Focus on EBIT growth:
  - Margin enhancement
  - Continuation of brand development
  - Improved logistics processes
- EBIT benefit from quota ceasing not expected until 2009 year
- Open 2 stores before year end
- Identify sites for 2009



## Outlook 2H08 – cont

# United States

- Tough retail environment to continue
- Short term store sales growth profile impacted by conditions
- Short term earnings will be subdued
- Focus on:
  - Bedding down existing stores
  - Increasing brand awareness
  - Ensuring supply chain operating efficiently
- More cautious short term expansion plan
  - Open 6 new stores in existing states before year end
  - Identify sites for 2009 and beyond



## Outlook 2H08 – cont

### Wholesale and Direct

- Continue to work with both new and more developed partners to grow sales in local currency terms
- High New Zealand dollar will continue to subdue earnings
- Focus on:
  - New opportunities in Asia and Russia
  - Continue research into other European markets and develop strategies for a number of these
- Grow internet and mail order activities in the United Kingdom and United States



# Dividend

- Interim dividend of 4.00 cps
  - Vs. 4.50 cps in 2007
  - In line with stated policy of distributing approximately 50% of NPAT (pre NZIFRS)
  - Fully imputed for New Zealand residents
  - Fully franked for Australian residents
  - Supplementary dividend to be paid to non-residents
  - Payment date 15<sup>th</sup> April/ Record date 4<sup>th</sup> April



# Foreign Currency

Current FX position – major currency pairings

		FY08	FY09	FY10
<b>Exports</b>				
NZD/ AUD	% covered	64%	66%	41%
	Ave cover rate	\$0.8401	\$0.8450	\$0.8177
NZD/ GBP	% covered	56%	58%	0%
	Ave cover rate	\$0.3384	\$0.3305	-
<b>Imports</b>				
USD/ AUD	% covered	87%	86%	58%
	Ave cover rate	\$0.7282	\$0.7297	\$0.7853
USD/ NZD	% covered	76%	83%	84%
	Ave cover rate	\$0.7019	\$0.6950	\$0.6892
USD/ GBP	% covered	74%	86%	82%
	Ave cover rate	\$1.8754	\$1.9127	\$1.9390



# Adoption of NZIFRS

- NZIFRS adopted in current (2008) financial year
- Refer to following slides to assist in the reconciliation of previous NZGAAP to NZIFRS for the key financial numbers and segment EBIT results
- Will continue to communicate results via investor relations briefings/ analysts updates etc under previous NZGAAP for remainder of 2008 financial year to allow market to clearly understand the transition to NZIFRS. In 2009 all reporting will be under NZIFRS.



# Financial Highlights

## Statement of Financial Performance (NZIFRS)

	Jan 2008 (6 months)	Jan 2007 (6 months)	%
Operating Revenue	205,042	180,684	13.5%
EBITDA	27,882 13.6%	27,638 15.3%	0.7%
EBIT	19,174 9.4%	20,993 11.6%	(8.7%)
Interest	2,931 1.4%	1,430 0.8%	105.0%
Net Profit After Tax	10,221 5.0%	13,391 7.4%	(23.7%)
Earnings (CPS)	6.1	8.0	
Interest Cover	6.5	14.7	



# Impact of NZIFRS

	Jan 2008 (6 months)	Jan 2007 (6 months)
<b>NPAT (NZIFRS)</b>	<b>10,221</b>	<b>13,391</b>
NZ IFRS adoption adjustments made for:		
• Fixed increase operating lease rental	253	8
• Derivative financial instruments	743	1,941
• Share option expense	816	747
• Long service leave/ employee benefits	293	86
• Taxation adjustments on the above items	<u>(272)</u>	<u>(666)</u>
	<u>1,833</u>	<u>2,116</u>
<b>NPAT (Previous NZGAAP)</b>	<b>12,054</b>	<b>15,507</b>



# Impact of NZIFRS on Segment EBIT

	NZIFRS	Previous NZGAAP	Var
<b>1H08 – Segment EBIT</b>			
Australia Retail	20,599	20,797	(198)
New Zealand Retail	6,903	6,949	(46)
United Kingdom Retail	149	224	(75)
United States Retail	(2,472)	(2,274)	(198)
Wholesale and Direct	6,054	6,054	0
Unallocated and other	<u>(12,059)</u>	<u>(10,471)</u>	<u>(1,588)</u>
<b>EBIT</b>	<b><u>19,174</u></b>	<b><u>21,279</u></b>	<b><u>(2,105)</u></b>
<b>1H07 – Segment EBIT</b>			
Australia Retail	16,261	16,269	(8)
New Zealand Retail	5,852	5,948	(96)
United Kingdom Retail	2,098	2,147	(49)
United States Retail	(562)	(629)	67
Wholesale and Direct	6,675	6,675	0
Unallocated and other	<u>(9,331)</u>	<u>(6,636)</u>	<u>(2,695)</u>
<b>EBIT</b>	<b><u>20,993</u></b>	<b><u>23,774</u></b>	<b><u>(2,781)</u></b>



# kid culture

