



## Good Results from Premier Investments

<b>Company/ASX Code</b>	Premier Investments Limited/PMV
<b>AGM date</b>	Friday 29 November 2019
<b>Time and location</b>	Royce Hotel, 379 St Kilda Road, Melbourne
<b>Registry</b>	Computershare
<b>Webcast</b>	No
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Gavin Morton
<b>Pre AGM Meeting?</b>	Yes, with Company Secretary Marinda Meyer

<b>Item 1</b>	<b>Consideration of accounts and reports</b>
<b>ASA Vote</b>	No vote required

### Summary of ASA Position

Net Profit after Tax (NPAT) of \$106.8 million (m) was 27.7% above the previous year's \$83.7m. Underlying profit was \$177.6m. The main profit contribution came from Premier Retail where sales were up 7.5% and underlying profit up 11.5%. These are excellent results coming from a tough retail market. PMV online sales grew by 31.7% to \$148.2m. Peter Alexander sales increased by 13.3% to \$247.8m. Smiggle had record sales of \$306.5m, up 4.6%. Other major brands delivered positive results.

Closing share price of \$16.28 was 6.2% below the previous year. However, the current PMV share price is \$19.52.

PMV has a 28.06% share in Breville Group Limited (BRG) with an equity accounted value of \$238.7m. The value of BRG based on share price on 27 July 2019 was \$692.7m. The \$102m invested in Myer Holding Limited shares, now has a fair value of \$46.9m.

PMV has total assets of \$1.769 billion and liabilities of \$419m. Cash or cash equivalents at year end was \$190m.

Overall, PMV is performing well in difficult market conditions.

## Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	107	84	105	104	88.0
UPAT (\$m)	178	84	109	67	117
Share price (\$)	16.28	17.35	13.35	16.22	13.43
Dividend (cents)	66.0	56.0	51.0	44.0	50.0
TSR (%)	(6.2)	30.1	(18.1)	21.2	44.7
EPS (cents)	67.51	52.97	66.8	66.3	56.5
CEO total remuneration, actual (\$m)	6.15	6.3	4.47	5.07	5.07

For FY19, the CEO's total actual remuneration was **69.8 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

<b>Item 2</b>	<b>Remuneration Report</b>
<b>ASA Vote</b>	<b>For</b>

## Summary of ASA Position

CEO rem. framework	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.475	33.1
STI - Cash	2.500	33.4
STI - Equity		
LTI	2.500	33.4
Total	7.475	100.0%

The table presented here does not define any target amounts. There are hurdles in the Short Term Incentive (STI) and Long Term Incentive (LTI) awards, but the amount is not clearly defined and can be exceeded based on discretion. There is a relationship between the STI and LTI programmes and an increase in shareholder value. Absolute Total Shareholder Return (TSR) over the last 5 years is 41.1%.

The STI programme is reasonably robust. The hurdle criteria are designed to ensure that STI outcomes are aligned with an increase in shareholder value. If the EBIT (earnings before interest and tax) growth is less than 5%, no STI payments are made. The budgeted EBIT must be greater than that in the previous year. Key Performance Indicators (KPIs) must also be met. The financial performance measures are chosen with reference to short term success and long term value. If the hurdles are not met, the STI is not payable. Payment is in cash. ASA guidelines are for payment

in cash for 50% of the STI payment and for the remainder to be in equity with a 2-year or 3-year deferral.

The LTI programme is aligned to increasing shareholder value. Absolute TSR must be positive over the test period. If the absolute TSR is negative over the test period, the performance rights will lapse. If the TSR is positive, comparison is made with a comparison group. Straight vesting between the 50<sup>th</sup> and 75<sup>th</sup> percentile. Performance rights vest over a 3-year period. ASA guidelines are for performance rights to vest over 4 years.

The Chair of the Board of Directors has the ability to extend the CEO's STI award based on their discretion if the CEO exceeds certain targets. This discretion has not been exercised in the two previous financial years. ASA prefers a downward discretionary power vested with the board as opposed to upwards discretion.

Sufficient of the STI and LTI conditions meet ASA guidelines. ASA will vote open proxies in favour of the resolutions.

<b>Item 3</b>	<b>Re-election of Dr David Crean</b>
<b>ASA Vote</b>	<b>Against</b>

#### **Summary of ASA Position**

Dr Crean was elected to the PMV Board in 2009. Prior to his appointment he did not have any experience in retail companies. If elected, he will have over 12 years' service in 2022, and would then not be considered an independent Director. ASA guideline is that independence is compromised by more than 12 years of service. ASA guideline is that a Director should hold shares whose value is greater than his or her annual fees. Dr Crean does not own any PMV shares. His annual fees are \$160,000. A vote against his re-election is recommended.

<b>Item 3B</b>	<b>Re-election of Terrence McCartney</b>
<b>ASA Vote</b>	<b>For</b>

#### **Summary of ASA Position**

Mr McCartney joined the Board in 2016. He has had extensive experience in retail. He worked for Grace Bros in Sydney which was taken over by Myer Limited. He moved on to be Managing Director of K Mart stores. His annual fees are \$340,000. He chairs the Remuneration Committee. He does not own any PMV shares. ASA guideline is that a Director should hold shares whose value is greater than his annual fees, within three years of his or her appointment. This guideline will be mentioned at the PMV AGM. We will vote in favour of his election.

<b>Item 3C</b>	<b>Re-election Timothy Antonie</b>
<b>ASA Vote</b>	<b>Against</b>

### Summary of ASA Position

Mr Antonie was appointed to the Board in 2009. He has had 20 years' experience in investment banking. He is a Non-Executive Director of Village Roadshow, Breville Group and Netwealth Group Limited. If elected, he will have been a Director of PMV for 13 years and no longer an independent Director. His annual fees are \$120,000. He does not own any PMV shares. On balance, a vote against is recommended.

The individual involved in the preparation of this voting intention report does not have a shareholding in this company.

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