



# The Reject Shop Annual General Meeting

14 October 2009



# Chairman's Address

**Brian Beattie**

*Chairman*

# Agenda

- **Welcome and Introduction**
- **Chairman's Address**
- **Managing Director's Address**
- **Ordinary Business**
  - Item 1. To Receive and Consider the Financial Report
  - Item 2. To Adopt the Remuneration Report
  - Item 3. To Re-elect a Director
  - Item 4. Approval of Grant of Performance Rights - **WITHDRAWN**
- **Conclusion of Annual General Meeting**

# Welcome & Introduction

- **Directors**

- Brian Beattie - Chairman
- Chris Bryce - Managing Director
- Kevin Elkington - Non-executive Director
- Bill Stevens - Non-executive Director

- **Chief Financial Officer & Company Secretary**

- Darren Briggs

- **External Auditor**

- Con Grapsas (Partner, PricewaterhouseCoopers)

# Chairman's Address

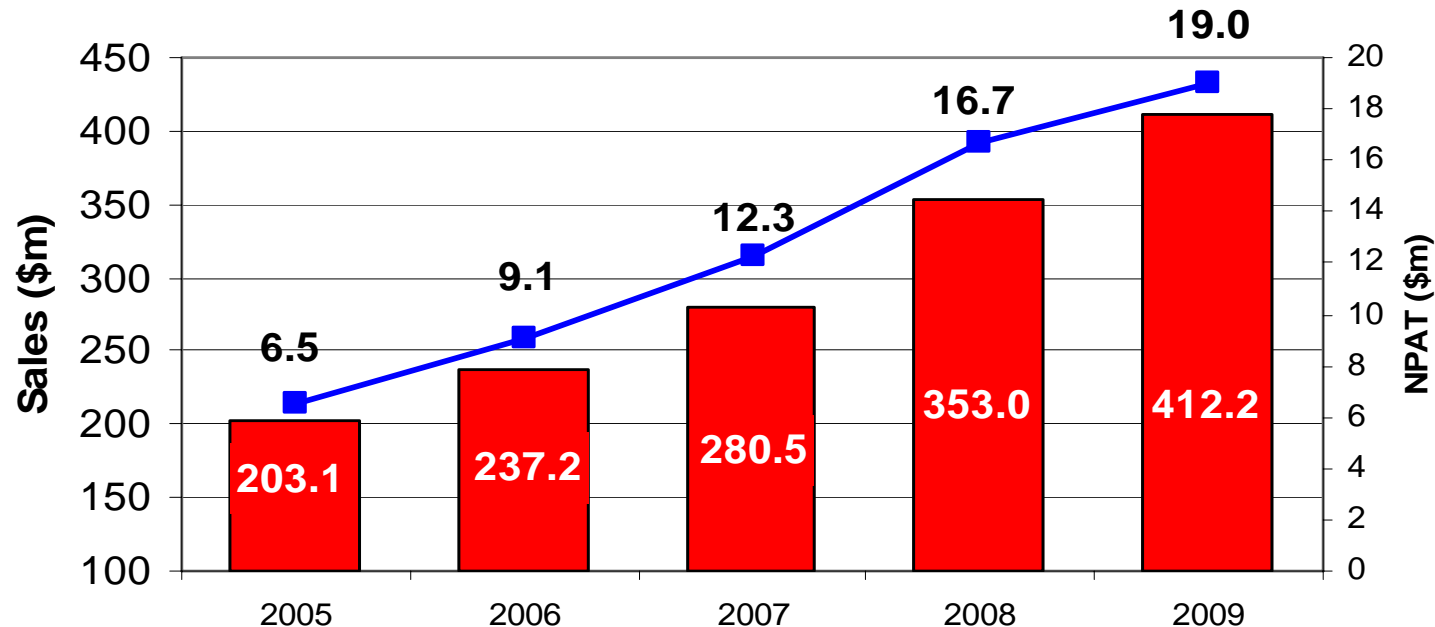
- **New Managing Director Appointed**
- **Strategic Initiatives well advanced:**
  - SAP Implemented
  - Queensland Distribution centre on track
- **Strong trading performance in FY2009**
- **Financial position remains strong and the future looks bright**

# Financial Performance

## - Sales & Profit Trend Continues

- Sales of \$412.2m, up 18.8% on FY2008 (adjusted for 53<sup>rd</sup> week)
- NPAT of \$19.0m, up 22% on last year (adjusted for 53<sup>rd</sup> week)

**Sales & NPAT Growth Continues**



# Managing Director's Address

**Chris Bryce**

*Managing Director*

# FY2009 Overview

## - Strong Trading in Tough Times

<b>Full Year Financial Results</b>	<b>FY2009 \$ (52 weeks)</b>	<b>FY2008 * \$ (52 weeks)</b>	<b>% Inc * Prior Yr (52 weeks)</b>		<b>FY2008 \$ (53 weeks)</b>	<b>% Inc Prior Yr (53 weeks)</b>
<b>Sales</b>	412.2m	346.9m	18.8%		353.0m	16.8%
Comparable store sales growth	5.6%	8.7%				
<b>EBITDA</b>	35.8m	29.8m	20.1%		31.4m	14.0%
<b>EBIT</b>	28.3m	23.1m	22.5%		24.7m	14.6%
<b>NPAT</b>	19.0m	15.6m	21.8%		16.7m	13.9%

*\*FY2008 result adjusted for extra week*

- Annual comparable store sales growth 5.6% - in tough trading conditions (2nd half 5.3%)
- NPAT up 22% (adjusted for 53<sup>rd</sup> week)



# Strategic Initiatives

## - Significant Progress with Work to Come

### → SAP Update

#### → Implemented Successfully

- Implemented May 2009
- No negative impact on operations
- Commitment by our people outstanding

#### → Provides scalability

- Inherent Functionality Improved
- Identified enhancements to come

### → Long Term Supply Chain

#### → Qld DC under construction

- Building complete by Dec 2009
- Internal Fitout by April 2010
- Open early FY2011

#### → Overseas freight consolidation to expand

- More China ports and Asia/Europe to come
- Increasing use of facilities to service 2 DC's

#### → Improved Service to Stores

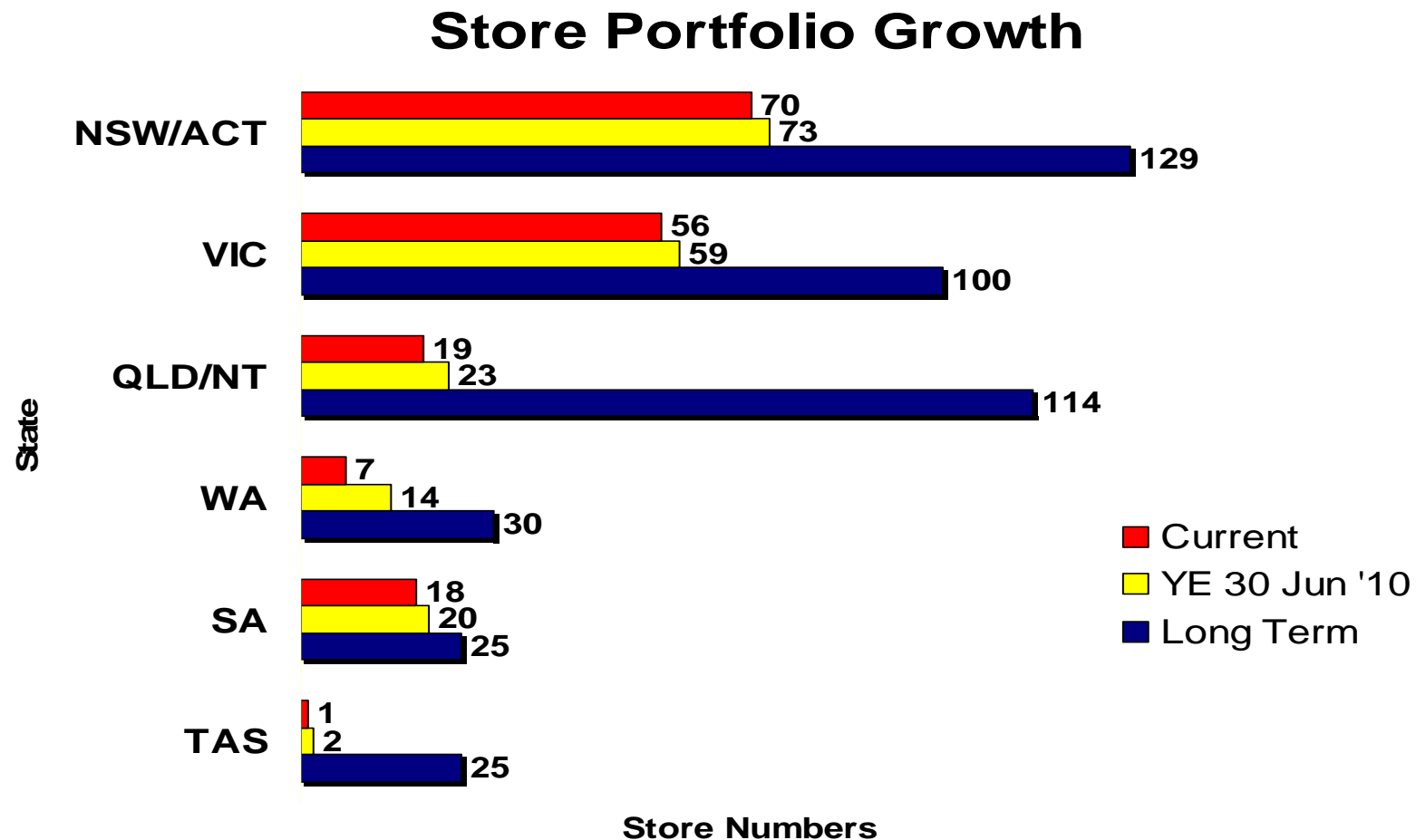
- Improved processing efficiency
- Optimal stockflow to service sales
- Melbourne Airport Upgraded in the future

# Store Portfolio Management

## - Significant Growth Ahead

EVERYONE'S A WINNER AT  
THE REJECT SHOP

- New Stores - 23 stores (with planned opening dates)
  - Qld & WA continue to provide opportunities
  - Second Tasmanian store
- Existing Stores - 22 refurbishments
  - 10 major refurbishments
  - 12 stores 'refreshed'



# Continuous Improvement - Focus on Fundamentals

## Offer Drives Sales

### → Appealing Offer

- Price/Value
- Range
- Packaging

### → Balanced Offer

- Everyday Needs
- New Lines/Seasonal Offers

### → Be in Stock

## Constant Attention to Basics

### → Customer Experience

- Superior Store Standards
- Trialling new ideas

### → Be Aware of Competitors

- Check offer and price always
- Keep ahead

### → Monitor Costs/Invest where necessary

# FY2010 Forecast

## - No Change

- FY2010 net profit forecast remains unchanged at \$21.4m - \$21.6m (14% up on FY2009)
- Early Trade Disappointing
  - Poor in-stock position led to lost sales
  - Comparable store sales fell in first six weeks
  - YTD comparable store sales flat
- Positive Outlook for the remainder of the half and rest of year
  - Sales strengthening as in-stock position improved sharply
  - Price reductions driving sales
  - Gross Margin strengthening and CODB better than expected
  - New Store Program strong
    - 13 stores opened to date – exceeding expectations
    - 9 further stores to come pre-Christmas

# Ordinary Business

Questions?