



# The Reject Shop Annual General Meeting

20 October 2010



# Agenda

- **Welcome and Introduction**
- **Chairman's Address – Mr. Bill Stevens**
- **Managing Director's Address – Mr. Chris Bryce**
- **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 – Mr. Kevin Elkington
  - Item 4. To Re-elect a Director – Mr. Denis Westhorpe
- **Special Business**
  - Item 5. Approval of Grant of Performance Rights to Managing Director
  - Item 6. Approval of Director's Fees
- **Conclusion of Annual General Meeting**

# Managing Director's Address

**Chris Bryce**

*Managing Director*

# FY2010 Financial Highlights

## - Full Year Trading Results

<b>Full Year Financial Results</b>	<b>FY2010 \$</b>	<b>FY2009 \$</b>	<b>% Inc Prior Yr</b>
<b>Sales</b>	470.8m	412.2m	14.2%
Comparable store sales growth	1.0%	5.6%	
<b>EBITDA</b>	41.5m	35.8m	15.9%
<b>EBIT</b>	32.7m	28.3m	15.4%
<b>Reported NPAT</b>	23.4m	19.0m	22.9%

# The Future

## - Strategic Checklist

→ Potential Store Growth	Identified
→ SAP	Implemented – May 09
→ Qld Distribution Centre	Opened - June 10
→ Overseas Consolidation Centres	Expanded Use from Mar 10
→ Enhanced Planning Tools	FY2011-12
→ Demand Forecasting Tools	FY2011-12
→ Enhanced DC Capability in Melbourne	FY2012-13
→ People Development	In progress
→ Full Benefits of the Above	To Come

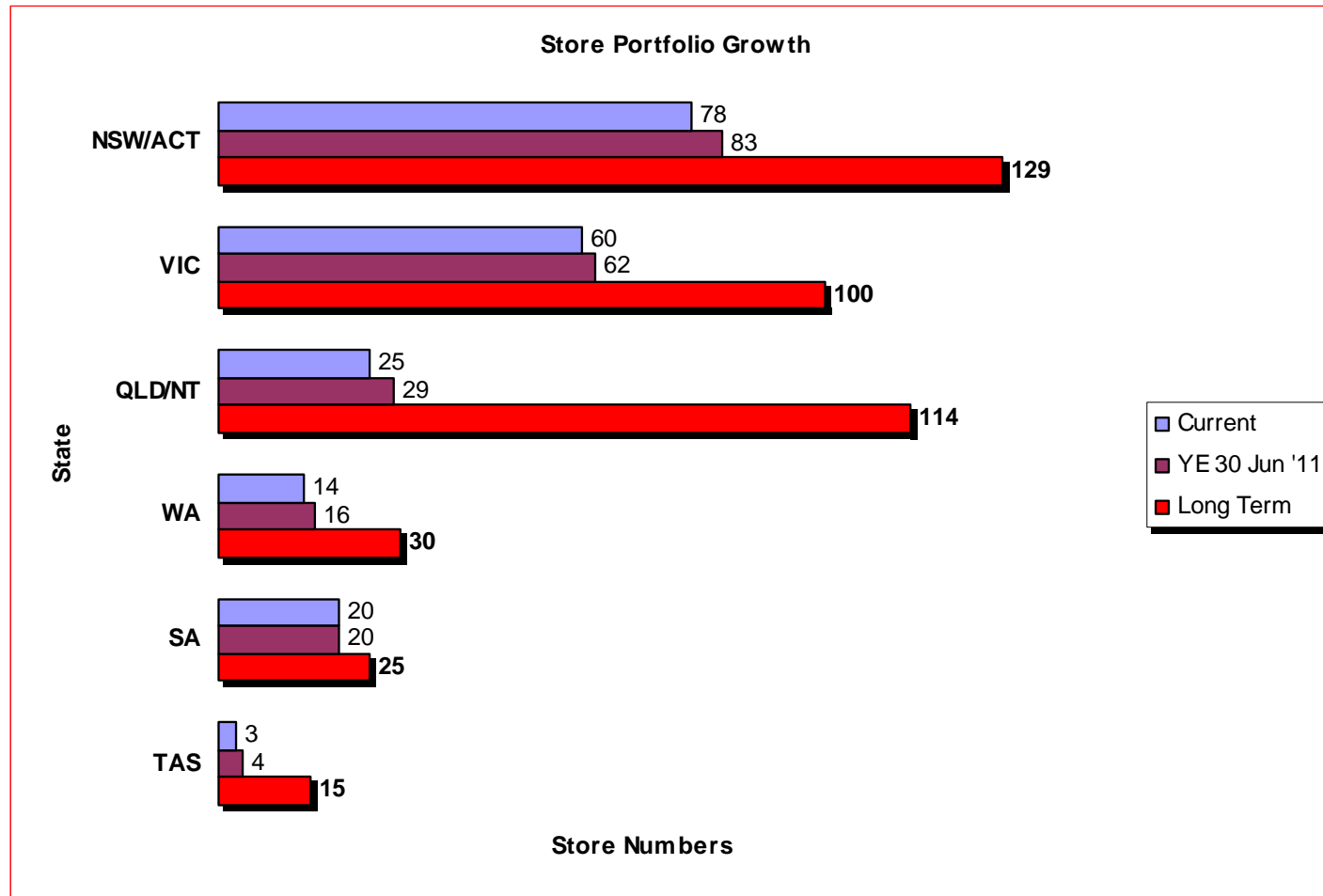
# Significant Changes to Supply Chain - Impact Analysis

- Short Term
  - Gross margins are impacted by:
    - Increased Cost of Overseas Sourced Product (Consolidation Charges)
    - Reduced Local Freight (Qld DC closer to some stores)
  - Operating Costs are impacted by:
    - Additional rent on Qld DC
    - Additional depreciation on SAP/Qld DC
  - Interest expense will increase due to increased debt
  
- Medium to Long Term
  - Gross margins will be impacted by:
    - More stores serviced by both DC's
    - More overseas imports direct to port
  - Operating costs
    - Rent/Depreciation leverage as store numbers grow
    - Improved operational efficiency at DC's and stores

# The Future

## - 200 Stores and Counting

- 19 New Stores forecast for the year - Growth in all states → Increased focus on future opportunities
- Existing Stores - 22 refurbishments → Strong base for FY2012 openings
  - 13 major refurbishments
  - 9 stores 'refreshed'



# The Future

## - People Remain the Key to the Future

- **Merchandise Team Expanding**
  - More buyers
  - Additional planning resources
  
- **Internal Support Services Increased**
  - Information systems support
  - Staff development & recognition
  - Future Leaders Program implemented



# FY2011 Outlook

## - No Change to Guidance

- FY2011 net profit forecast remains unchanged at **\$26.0m - \$26.5m**
- Trading to date
  - Comparable store sales in line with budget
  - Two additional new stores for year however offset by
    - Delayed openings this half
    - Unplanned closures
  - Peak Seasonal Period to Come
- Strengthening AUD has up and down side
  - Higher FX leads to lower prices
    - More volume same sales \$
    - More volume increases handling costs
  - Gross margin % may improve but prices must remain competitive

# Ordinary Business

Questions?