

EVERYONE'S A WINNER AT
THE REJECT SHOP

The Reject Shop

Annual General Meeting

10 October 2007



PRODUCT PROMISE

We are committed to providing merchandise that is:

- ★ GREAT VALUE
- ★ SAFE TO USE
- ★ FIT FOR PURPOSE
- ★ COMPLIANT WITH AUSTRALIAN STANDARDS & REGULATIONS



THE REJECT SHOP

A photograph of a salesperson in a yellow shirt holding a price tag. The tag features several price points: 19, 59, 14, 3, and 60. The background shows shelves with various products.



The Reject Shop Limited - Annual General Meeting 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
- **Conclusion of Annual General Meeting**



**The Reject Shop Limited - Annual General Meeting
Welcome and Introduction**

→ Directors

- Brian Beattie, Chairman
- Gerry Masters, Managing Director
- Craig McMorrison, Non-executive Director
- John Shuster, Non-executive Director

→ Chief Financial Officer & Company Secretary

- Chris Bryce

→ External Auditor

- Dale McKee (Partner, PricewaterhouseCoopers)



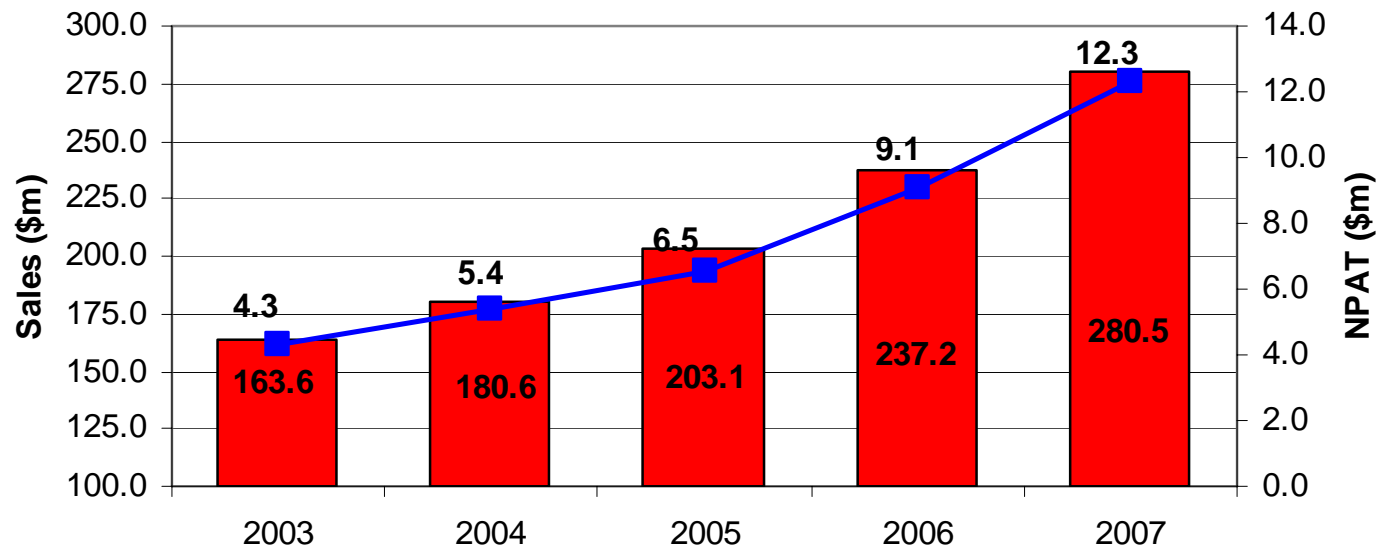
**The Reject Shop Limited - Annual General Meeting
Chairman's Address**

Overview of FY2007

→ Financial Highlights

- Sales of \$280.5m up 18.3% on FY2006
- Record NPAT of \$12.3m up 35.8% on FY2006
- EPS of 48.1 cps, up 34.0% on FY2006
- Ordinary dividend of 31c per share

Growth in Sales & NPAT



The Reject Shop Limited - Annual General Meeting Chairman's Address

Strategic Initiatives

→ Current Year Progress

- Opening of new Distribution Centre
- Accelerated store opening program

→ Transition of Managing Director

→ Strategic Outlook

- Annual 5 Year Strategic Planning
- More investment in people, IT and Logistics

→ Annual Dividend Payout Ratio

- Ratio increasing from 65% to 75% of NPAT going forward



The Reject Shop Limited - Annual General Meeting
Managing Director's Address

Gerry Masters

Managing Director



FY2007 Results

- Sales up 18.3% to \$280.5M
- NPAT up 35.8% to \$12.3M
- Comp Sales up 8.4%



**The Reject Shop Limited - Annual General Meeting
Managing Director's Address**

Operational Achievements

Store Operations

- Continued Portfolio Management
 - Accelerated new store growth
 - More growth in QLD & WA
 - 14 stores refurbished
- Improved execution of new store openings

Merchandise

- A balanced product mix (variety vs. everyday)
- Strong performance in peak seasonal trading periods
- Constant attention to competitive pricing
- Improvements in quantification and allocations to stores





The Reject Shop Limited - Annual General Meeting Managing Director's Address

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Operational Achievements

Logistics

- New Distribution Centre operating to expectations
- Constant focus on:
 - Streamlining stock flow

IT Developments

- Significant input to new Distribution Centre
- Current attention on future IT requirements
- Internal re-structure progressing well

People

- Strong focus on internal succession planning at store level
- Significant recruitment effort to support growth
- Continue focus on developing our people



The Reject Shop Limited - Annual General Meeting Managing Director's Address

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Looking Ahead

→ Store Operations

- Continue to improve the customer experience
- Store Operations team bolstered to support growth
 - Investment in extra resources made available:
 - Staff training and development
 - Recruitment

→ Merchandise

- Continue to improve the customer offer
 - Range refinement
 - Competitive pricing
 - Better Value
- Continue to improving the planning and allocation process

→ Real Estate

- Strong new store program continues
- Communication Sessions with Landlords
- Looking for future opportunities where we have no presence

**The Reject Shop Limited - Annual General Meeting
Managing Director's Address**

Looking Ahead

→ Logistics

- Increasing capacity of current Distribution Centre
- Evaluation of future needs
- Continued analysis of potential productivity gains

→ IT Developments

- Planning for key IT enhancements
 - New ERP will provide
 - Improved planning tools
 - Upgraded allocation methodologies

→ People

- Investment in Training and Development
- Investment in Growth
- Strong focus on Succession Planning



**The Reject Shop Limited - Annual General Meeting
Managing Director's Address**

Outlook

→ Trading to September Quarter 2007

- Early trend encouraging
 - Store opening program on track
- On track to meet guidance NPAT \$14.8M to \$15M

→ Full Year Outlook FY2008

- Focus on improving the customer experience
- Focus on our people opportunities
- Important Christmas trade to come
- Strong focus on logistics
- ERP implementation to commence



**The Reject Shop Limited - Annual General Meeting
Ordinary Business**

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Questions ?

