

The Reject Shop

Full Year Results Presentation

19 August 2009



Agenda

1. FY2009 Overview

- Full Year Trading Results
- Key Shareholder Statistics
- Operational Achievements

2. Financial Performance

- Financial Highlights
- Profit and Loss
- Cash Flow and Balance Sheet

3. FY2010 Outlook

- Operational Targets
- Financial Targets

4. Company Outlook

FY2009 Overview

- Strong Trading in Tough Times

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

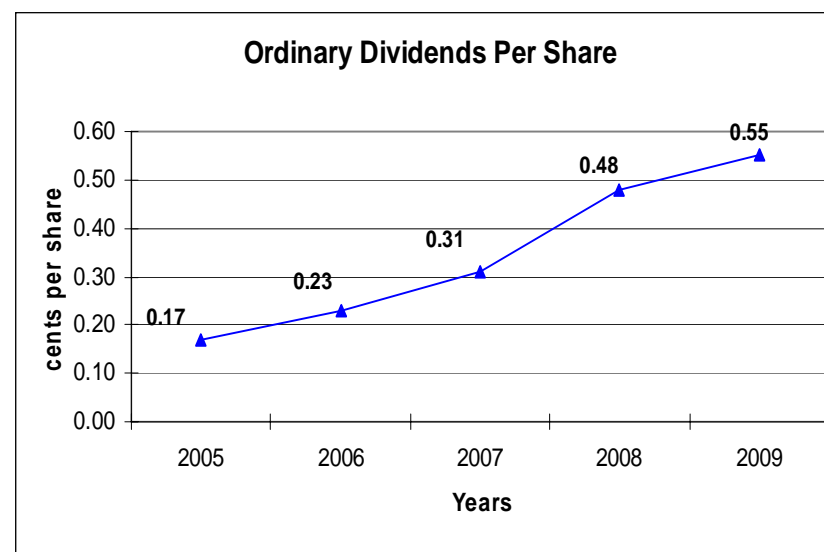
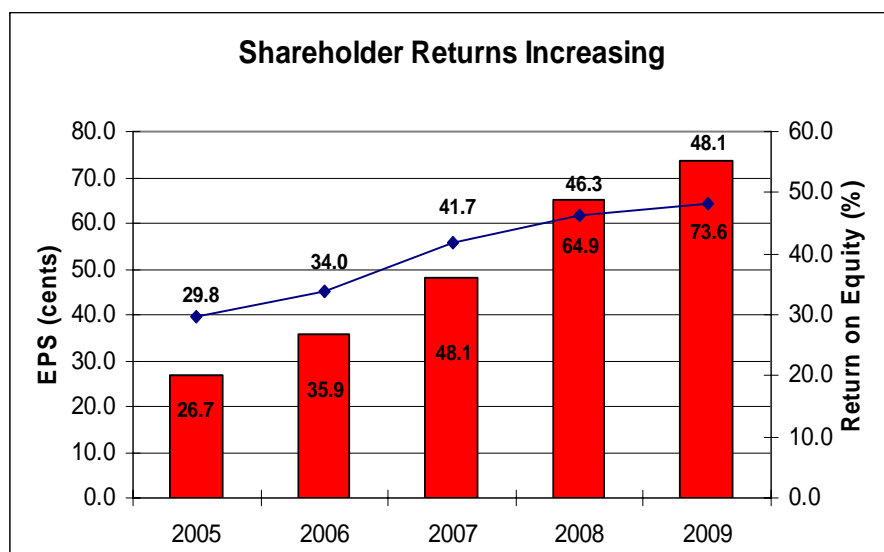
**FY2008 result adjusted for extra week*

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

FY2009 Overview

- Shareholder Returns Continue to Grow

- Continuing growth in shareholder returns
 - EPS - 73.6 (cents per share)
 - ROE - 48.1%
- Final dividend - 23¢ per share
 - Record Date – 28 Sept 2009
 - Payment Date – 12 Oct 2009

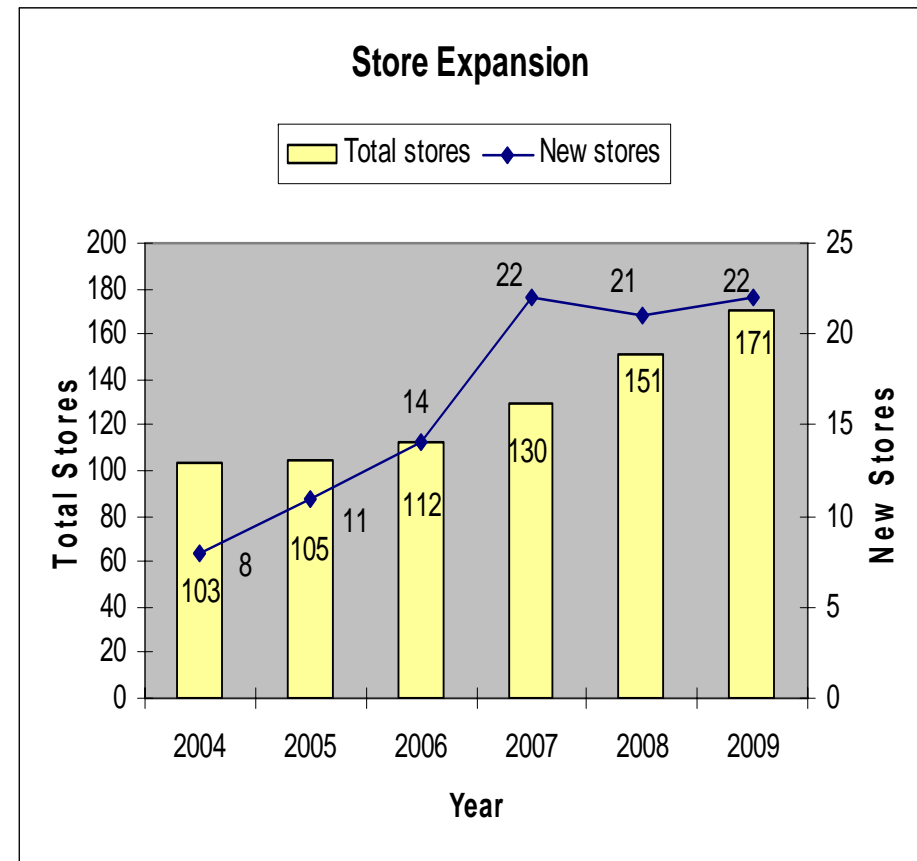


FY2009 Overview

- Store Expansion Continues

Stores – Total Stores 171 (current)

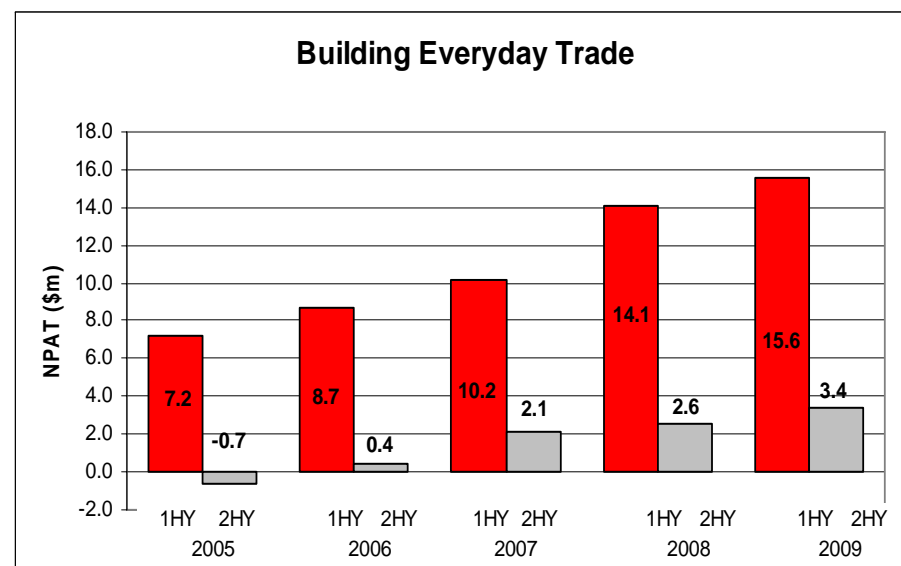
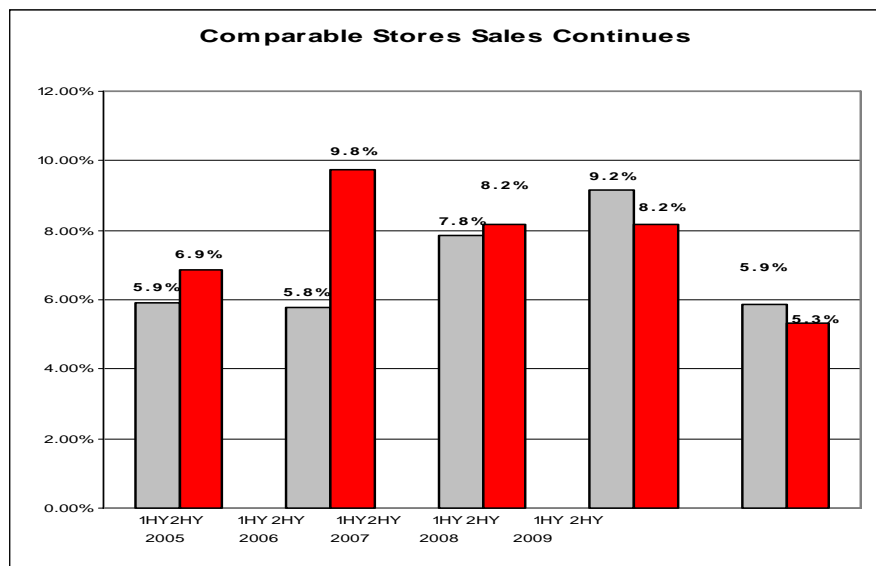
- Continued Portfolio Management
 - 22 new stores (inc 1 ex ADRT), and
 - 2 so far in FY2010
 - 7 major refurbishments/11 refreshed
 - 1 relocation/2 closures
- New Concept Store
 - Single queue at POS
 - New Wheeled Basket
 - Directional / Aisle Signage
- “Green” Initiatives
 - Energy Efficient Lighting
 - POS off when not in use
 - Flooring contains recycled plastic & bottles



FY2009 Overview

- Strong Trading in Volatile Times

- Strong focus on Customer Experience
 - New in-store communication
 - Increased use of focus groups
- Value Offer Still Key
 - Product mix shifted
 - Customers tightened spending
- Significant volatility in AUD
 - Price maintenance (up and down)
 - Quantification was challenging



FY2009 Overview

- Significant Progress on Strategic Initiatives

- Long Term Supply Chain

- Overseas freight consolidation working well

- 3 China Ports
 - Increasing use of facilities

- New Qld DC under construction

- Internal design completed
 - Project team in place

- Existing Melbourne DC re-fitted

- Increased capacity for picking
 - Aligns to use of replenishment

- SAP Implemented Successfully

- Implemented May 2009
 - No negative impact on operations
 - Initial 'teething' issues being addressed

FY2009 Overview

- People Development Remains a Priority

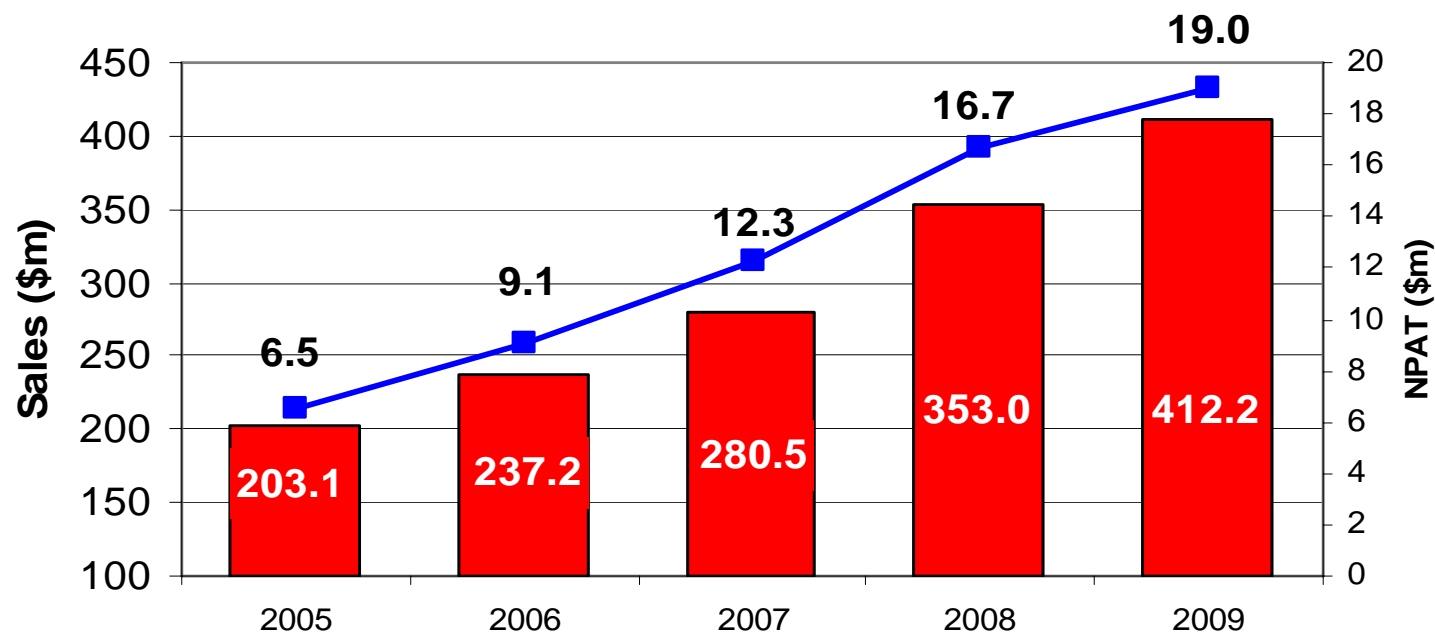
- Merchandise Re-structure
 - New GM - Merchandise
 - New Buying Controllers in place
 - Shipping Department expanded
- Succession Planning continues
 - 'Future' Leaders identified
 - Tailored course underway
- Internal Project Capability Enhanced
 - SAP resources re-deployed
 - Change Management handled internally
- Strong focus on Workplace Safety
 - More dedicated resources
 - Return to work initiatives

Financial Performance

- Sales & Profit Trend Continues

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

Sales & NPAT Growth Continues



Financial Performance

- Profit & Loss FY2009

\$'m	FY2009	FY2008*
Total Sales	412.2	346.9
Gross Profit	190.2	165.4
Total Operating Expenses	154.5	135.6
EBITDA	35.8	29.8
Depreciation/Amortisation	7.5	6.7
EBIT	28.3	23.1
Interest	1.3	0.8
Tax	8.0	6.7
Profit after Tax	19.0	15.6
Sales Growth	18.8%	23.6%
Gross Margin	46.1%	47.6%
CODB	37.5%	39.1%
EBIT Margin	6.9%	6.7%
EBIT Growth	22.5%	25.5%
NPAT Margin	4.6%	4.5%
NPAT Growth	21.8%	26.8%
Stores at year end	171	151

*Adjusted for 53^d week

Key Drivers – Sales Growth

- Comparable store growth at 5.6%
- 22 new store openings
- Price changes impacted product mix

Key Drivers – Gross Margins

- AUD\$ impacted margin %
 - Price increases - where possible
 - Balance and quantification challenging
- Shrinkage results continued to improve

Other Key Impacts on Profit

- Strong focus on costs:
 - Store and DC wages
 - Discretionary expenditure
- Some unplanned expenditure :
 - ADRT opportunity
 - Employee Share Trust

Financial Performance

- Cash Flow & Balance Sheet FY2009

\$'m	FY2009	FY2008
Gross cash flow *	26.4	23.4
Changes in working capital & other	(1.1)	(4.4)
Operating cash flows	25.5	19.0
New store openings	(7.7)	(8.0)
Existing stores maintenance	(1.8)	(3.7)
DC development	(2.5)	(0.2)
IT development	(5.2)	(1.8)
General Capital maintenance	(0.4)	(1.2)
Net capital expenditure	(17.2)	(14.9)
Free cash flows	8.3	4.1
Key Statistics	FY2009	FY2008
Stock Turns (times)	5.9x	5.9x
Interest Cover (times)	23.5x	28.9x
Fixed Charges Cover	1.7x	1.7x
Net Debt	13.5m	8.6m

* Gross cash flow equals earnings before depreciation and amortisation and after interest and tax

Operating Cash Flows

- Continued NPAT growth
- Stockturns remain strong
- Stock investment for new stores

Increased Capital Expenditure Program

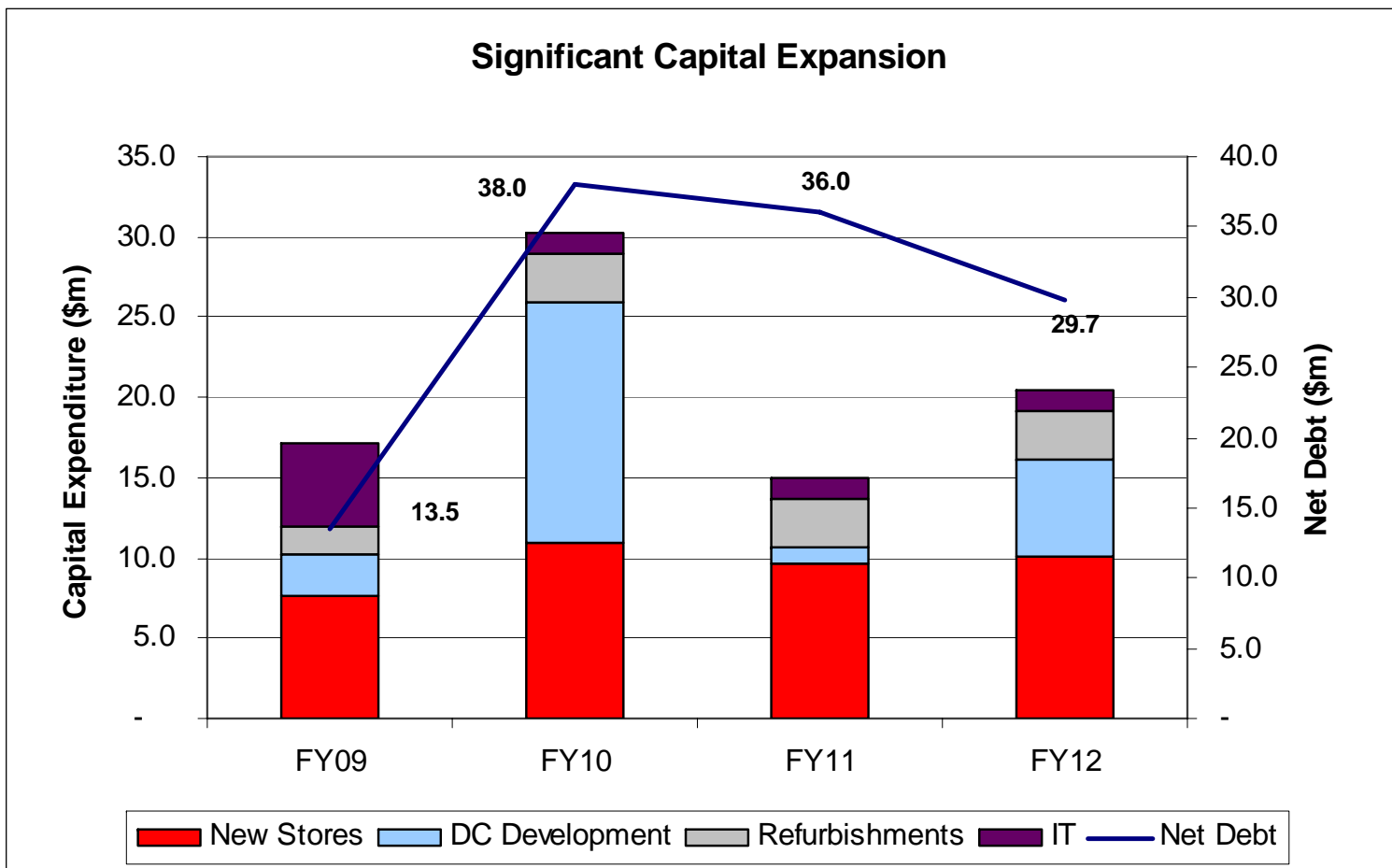
- Continued growth in new stores
- Existing stores kept 'fresh'
- SAP implementation
- QLD DC & Vic DC re-fit

Balance Sheet & Cash Flows Support

- Strong dividend stream
- Significant New Store Growth
- Significant investment in QLD DC

Balance Sheet Outlook

- Capital Investment Continuing

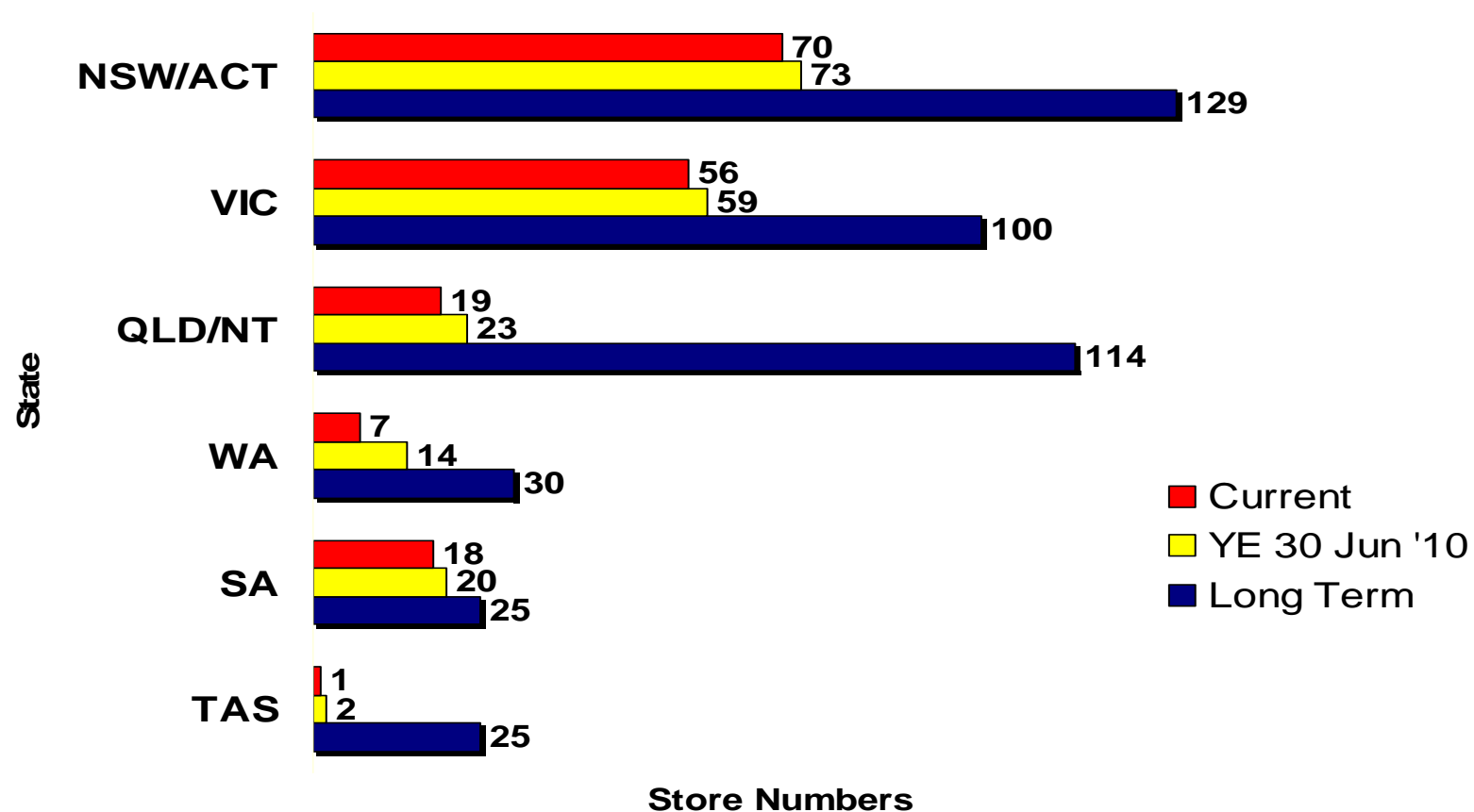


FY2010 Outlook

- National Expansion Accelerating

- 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'

Store Portfolio Growth



FY2010 Outlook

- Supply Chain Program Ramping Up

Supply Chain

- Increased use and number of overseas consolidation facilities
 - More China ports
 - Europe / Rest of Asia to come on line
- Quantification for two DC's to be defined
 - Number of stores at opening
 - Timing of opening and ramp up

Qld Distribution Centre

- Facility to be opened in early FY2011 (currently on track and on budget)
 - Building complete early 2010
 - Sortation and Conveying installed by April 2010
 - Testing and Cutover May 2010 onwards

FY2010 Outlook

- SAP Platform Provides Scalability

IT Developments

- Finalise SAP implementation:
 - 'Bed Down' functionality
 - Establish support / information
 - Post implementation review
- Plan for future enhancements
 - Merchandise Planning
 - Demand forecasting and replenishment

Other Developments

- Long Term Funding Secured
 - New 3 year Facilities in place
 - Working Capital
 - Capital Expansion Funding
 - Capital Management a focus

FY2010 Outlook

- Sales & Profit Growth Continuing

- FY2010 net profit forecast \$21.4m - \$21.6m (14% up on FY2009)
- The growth assumptions are:
 - 23 new store openings
 - Gross margins stable
 - Balancing exchange rate volatility
 - Maintaining competitive profile
- Operating costs increase (short term) as we invest for the future:
 - SAP depreciation
 - Queensland Distribution Centre opening

Company Outlook (Next 5 Years)

- Strategic Initiatives our main focus:

- FY2010 a demanding year:
 - Increased use of Overseas consolidation
 - Splitting orders between two DC's
 - Cutover to new Queensland facility
- Significant capital investment still to come to support long term strategy:
 - Information Systems
 - Planning and Demand Forecasting Tools
 - Enhancements to Point of Sale & Warehouse Management Systems
 - Infrastructure
 - Queensland Distribution Centre
 - Melbourne Airport Distribution Centre upgraded