

Noni B Limited

Results presentation for FY 2011

24 August 2011



NONI B

About Noni B

- Leading fashion retailer for women who want to look and feel good
- Recognised for a wide choice of career, casual and evening wear
- Two fashion labels: Noni B and Liz Jordan that offer unique style and fit
- Passionate about providing great customer service
- 214 stores nationally
- Brand established for more than 30 years
- We focus on selling the best outfits, not the cheapest outfits
- Management team who have experienced retail down-turns before and increased profits as demand recovered



NONI B

Key financial results

- Sales \$117.3 million, in line with FY2010
- Comparable store revenue down 1%
- Underlying NPAT before impairment \$0.7 million (pcp: \$3.9 million)
- Impairment of goodwill from IPO in 2000 \$0.4 million
- Higher full-price margin, but small decline in gross profit margin from discounting to meet the market
- Stock-turn increased
- Inventory 10% lower

Financial summary

Results summary for the year	FY 2011 \$'000	FY 2010 \$'000	% Change
Sales Revenue	117,286	117,368	(0.1%)
Underlying earnings before interest, tax, depreciation and amortisation (before goodwill impairment)	4,635	9,487	(51.1%)
Underlying earnings before interest and tax (before goodwill impairment)	855	5,523	(84.5%)
Profit before tax and goodwill impairment	1,026	5,614	(81.7%)
Profit after tax before goodwill impairment	669	3,867	(82.7%)
Goodwill impairment	438	-	0.0%
Statutory profit after tax and goodwill impairment	231	3,867	(94.0%)
Earnings per share* (cents)	2.1	12.1	(82.7%)
Final dividend per share – fully franked (cents)	nil	3.0	0.0%
Full year dividends – fully franked (cents)	1.0	9.0	(88.9%)

* Earnings per share before Goodwill Impairment

- Underlying NPAT compares with guidance of \$0.6 - \$0.8 million
- No final dividend due to market uncertainty

Balance sheet

Results summary for the year	FY 2011 \$'000	FY 2010 \$'000	% Change
Cash & Cash Equivalents	5,484	4,420	24.0%
Inventories	14,281	15,914	(10.3%)
Other Current Assets	1,453	1,074	35.3%
Total Current Assets	21,218	21,408	(0.9%)
Property Plant & Equipment	9,188	10,270	(11.5%)
Other Non Current Assets	13,000	13,242	(1.2%)
Total Non Current Assets	22,188	23,512	(5.6%)
Total assets	43,406	44,920	(3.4%)
Current liabilities	16,540	16,948	(2.4%)
Non current liabilities	2,127	2,330	(8.7%)
Total liabilities	18,667	19,278	(3.2%)
Net assets	24,739	25,642	(3.5%)
Total equity	24,739	25,642	(3.5%)

- Cash of \$5.5 million, compared with \$4.4 million June 2010
- No bank borrowings

Cash flow

Results summary for the year	FY 2011 \$'000	FY 2010 \$'000	% Change
Net cash from operating activities	5,207	9,127	(42.9%)
Net cash used in investing activities	(2,694)	(2,581)	4.4%
Net cash used in financing activities	(1,449)	(5,090)	(71.5%)
Net increase in cash and cash equivalents	1,064	1,456	(26.9%)
Cash and cash equivalents at beginning of year	4,420	2,964	49.1%
Cash and cash equivalents at end of year	5,484	4,420	24.1%

- Cash flow from operations \$5.2 million (pcp: \$9.1m)

Current challenges

- Low consumer confidence
- Our customers hit hardest by the economic conditions
- Rising cost of doing business, including wages, penalty rates, rents, etc.
- Volatile revenue, not aligned to fixed costs
- Extreme discounting by retailers with excess inventory
- Rising costs of overseas production
- Rise in consumer savings and a reluctance to spend

The new retail world

Challenges

- Trend towards online purchases
- Price competition from online retailers with lower fixed costs
- Overseas retailers looking for growth in Australia
- Rise in household expenses reducing discretionary expenditure, especially by those on fixed incomes

Opportunity

- Lack of personalised service by online retailers and staff reductions by bricks-and-mortar retailers give Noni B an opportunity to build on one of its key strengths: personal service and advice on style, colour and fit

What we have done

- Business model and all parts of the business reviewed in detail
- Management restructured
- Supplier terms improved
- Expenses reduced wherever possible
- Store staffing rosters aligned more closely with demand
- Increased investment in training, including retail qualification for all store managers
- New enterprise agreement locking in wage cost until 2013

What we have done (cont.)

- Research into perceptions of Noni B and Liz Jordan and into what today's shoppers are looking for
- Additional promotion of Liz Jordan label and new Liz Jordan and Noni B styles to expand customer demographic, growing the loyalty base
- New store openings where attractive leasing terms are available, especially sharing risk (8 opened in FY2011; 7 in FY2010)
- Greater focus on each store's performance (7 closed in both FY2011 and FY2010)
- CRM strengthened through low cost online/mobile communication

Further initiatives

- Online store to be launched September 2011
- Roll-out 'personal styling sessions by appointment' to highlight the value our store staff can provide to customers who want to look their best
- Differentiate Noni B through providing personalised service and advice and give customers a reason to visit our stores
- Increase engagement with our one million 'loyalty club' database (91,000 new names added in FY2011) and re-activate lapsed customers
- Introduce new product ranges to suit the busy woman's lifestyle
- Increase stores in Victoria and Queensland, where we are under-represented

Outlook

- Consumer confidence not expected to improve in the short term
- Confident Noni B well placed to bounce back when demand grows
- Inventory and costs are being managed tightly
- Plans to enable Noni B to prosper in the new retail environment will continue to be pursued



NONI B

Key areas of focus for FY2012

- Grow online sales
- Use the loyalty database as a low-cost way to talk direct to customers
- Profitable new store openings and management focus on non-performing stores
- Align fixed costs to variable revenue
- Keep the brand strong and relevant to an ever-growing customer base
- Be the best at customer service to differentiate Noni B
- Maintain inventory control to protect gross profit margin from industry discounting
- Search for innovation and efficiencies
- Make the best outfits that women want...it's all about the clothes!

Management team

Joint managing directors

David Kindl

Strategy, finance,
administration, IT distribution,
property and investor relations

James Kindl

Retail operations, HR,
buying and marketing

**Chief financial officer
and company secretary**

Ann Phillips

**General manager
buying and marketing**

Rhonda Kilpatrick

**General manager
human resources
services**

Philip Fikkers