

7 March 2007

MEDIA RELEASE

**JUST GROUP'S FIRST HALF NET PROFIT UP 9.0%**  
**ANNOUNCES SOUTH AFRICAN JOINT VENTURE**  
**AND OFF-MARKET SHARE BUY-BACK**

Just Group today announced a net profit of \$39.7 million for the six months ending 27 January 2007, 9.0% higher than the previous first half.

**IN BRIEF**

- **Net Profit After Tax \$39.7 million – up 9.0%**
- **EBITA of \$58.4 million compared with \$55.8 million – up 4.8%**
- **Sales of \$385.2 million compared with \$362.2 – up 6.4%**
- **Fully franked interim dividend of 9.5 cents per share – up 11.8%**
- **Annualised stock turn of 5.36 times – up 0.25 times**
- **Cashflow from operations of \$47.7m – up 6.9%**
- **Store numbers exceed 800**
- **Off-market share buy-back announced, supported by strong balance sheet**
- **South African joint-venture signed**

**Dividend**

Directors declared an interim dividend of 9.5 cents per share, fully franked, to be paid on 24 May 2007 with a record date of 11 May 2007. This compares with an interim dividend of 8.5 cents per share last year.

**Commentary**

After a solid start to the half, the Group was impacted by a number of factors that led to a result that is essentially in line with the record delivered in the corresponding half last year, after adjusting for the profit from the strategic investment in Colorado Group. Just's Managing Director, Mr Jason Murray, said the womenswear businesses, which had been outstanding in the previous corresponding half, had been particularly affected by a tougher environment for apparel and a significant downturn in the accessories market. However, the casualwear businesses, led by Jay Jays, performed well.

The New Zealand market was tougher than last year for all our brands. The slowing economy finally impacted on apparel sales and the depreciating New Zealand dollar increased import prices and decreased profits reported in Australian dollars.

There were a number of highlights during the half including an outstanding performance by Peter Alexander and continued growth in Jay Jays. We also opened our 800<sup>th</sup> store just before Christmas. Australian sales were especially strong in Western Australia and Queensland where the domestic economy remains reasonably strong. Despite the otherwise difficult trading conditions, the focus on stock management ensured stock was cleared and the Group reported yet another improvement to stockturns. The results of our trial in South Africa suggests there will be exciting opportunities for us in that country.

We are pleased to have delivered increases in profit and cashflow from operations in a half that has involved significant change for the company and continued investment into our retail machine and new areas of growth.

Reviewing each brand's performance for the half, Mr Murray said:

### **Just Jeans**

"The repositioning of the Just Jeans brand has been successful and we were pleased with its contribution. Same-store sales were up and earnings were stable. Sales of denim over Summer were better than expected and all brands sold well. The Levi brand is on its way back after struggling for a period.

Our strategic review of all stores has continued. Stores where rents are high will be closed. In some cases small Just Jeans stores will be converted to Jay Jays – a process that has now been trialled in selected locations with pleasing outcomes.

Our Just Shop loyalty program has grown and now has over 325,000 members. Customers are enjoying the benefits offered by the program, and it is providing valuable insight into how our customers shop."

### **Jay Jays**

"After a strong first quarter, Jay Jays produced a solid half. The brand is well established in the youth market and sustained sales and profit growth has been achieved.

All categories generated good returns with sales of women's tops being especially strong.

With the continuing success of the Jay Jays brand, we will look to expand stores that are overtrading and will continue to grow the number of stores in this chain."

## **Dotti**

“Our youth fashion brand, Dotti, had a disappointing half as we continue to refine the proposition of this business after an aggressive growth phase.

Corrective action was taken in the last quarter of the half and we have recently seen signs of improvement. The product development team has been strengthened and a new marketing campaign will be launched in March to bolster the brand’s penetration of its target market – fashion conscious teenagers.

We opened 10 new stores in the half and the brand has now achieved critical mass with 59 stores. These 10 stores include key locations such as Booragoon and Chadstone where initial sales have been pleasing.

We expect Dotti to deliver earnings momentum later in 2007.”

## **Portmans**

“Portmans experienced a challenging half due largely to the tougher womenswear market and a significant decline in accessories sales.

The business responded well and finished the half with positive sales and earnings momentum. Sales for the early stages of the winter season have been strong.

Portmans was the first fashion chain in Australia to collaborate with a high quality fashion label, Kit Willow, and the brand continues to build its fast fashion leadership. We were delighted when Portmans was named Ragtrader’s Retailer of the Year for chains with more than 20 stores.”

## **Jacqui E**

“Jacqui E had a difficult half after record sales and earnings in the prior year. Ranges were not as well received by customers and the new stores were slow to gain traction.

Summer stocks were aggressively cleared and our new product ranges and marketing give us cause for optimism in the second half.”

## **Peter Alexander**

“Australia’s leading sleepwear brand, Peter Alexander, produced another outstanding half with the relatively new retail channel exceeding all expectations.

The first New Zealand store was opened in the half, in the resort town of Queenstown, and we are pleased with its initial results.

With 2007 being its 20<sup>th</sup> anniversary, Peter Alexander continues to perform very well and will attain an even higher profile this year as we continue to invest in this brand with new stores and an enhanced direct sales business.”

### **Management change**

“The appointment of Ashley Gardner as Chief Financial Officer was announced in late 2006 and he commenced with Just in early January. Ashley takes the role vacated by Jason Murray who was appointed Managing Director from September 2006.”

### **Retail Machine**

“An active program was launched in the half to significantly re-invest into the Just retail machine – the infrastructure that underpins the company’s brands. Highlights include a significant expansion in the IT team, strengthening of the logistics platform and continued development of new ways of working throughout the supply chain.

Our Australian supply chain was recognised as the Apparel Supply Chain of the Year by Logistics Magazine which is very pleasing. We continue to upgrade this capability with upcoming investment into an enhanced eCommerce platform and the construction of a new distribution facility in New Zealand.”

### **South Africa**

“Following a successful trial of the Jay Jays brand in South Africa, Just has entered into a joint-venture with a leading South African retailer, Pepkor Retail Limited.

The South African retail apparel market is as large as the Australian market with established retailers earning EBIT margins of 10% to 30% of sales. It is a competitive market with a young population, a growing middle class and exciting growth prospects. The joint venture will benefit from Pepkor’s local knowledge and scale and Just Group’s speciality retailing, branding and sourcing skills. The commonality of the seasons allows product ranges to be aligned with those developed for Australasia. The joint venture currently operates 11 Jay Jays stores and will now roll-out further Jay Jays stores and potentially other Just Group brands.

Just Group and Pepkor will each immediately contribute 20 million Rand (approximately A\$3.6m) to the joint venture in the form of equity and loans, with up to a further 25 million Rand (approximately A\$4.5m) within three years to finance the expansion of the business.

Glenys Shearer – Commercial and Womenswear Merchandising Director of Just Group – will chair the new entity and the CEO will be Tom Kimberley, who is currently Business Development Manager of Just Group. The South African business will be equity accounted by Just Group and is expected to contribute to earnings by FY09.”

**Cashflow**

“Cashflow from operations increased to \$47.7m which was 6.9% higher than the same period last year. This result was achieved on the back of solid trading and tight inventory management.

Proceeds from the sale of the strategic investment in Colorado Group were received during the half. Of this, \$2.4m was received as a fully franked special dividend. In addition, a capital gain of \$0.6m was earned on the sale of those shares.”

**Share Buy-back**

“Directors have announced that the Just Group will commence a share buy-back program of circa 9% of the company’s issued share capital.

This will be an off-market program that is expected to cost approximately \$65 million and will be funded through a mixture of cash and debt. In excess of 95% of the buy back price will be paid as a fully franked dividend. The final price will be decided via a tender process to be completed in early May 2007.

The buyback is expected to be earnings accretive in 2007/08 and will partially re-gear the Company’s strong balance sheet. Significant debt capacity remains however to make any attractive acquisitions that may arise for the Group. Full details of the buy-back will be the subject of a separate announcement to be made shortly.”

**Outlook**

“Just Group’s focus on stock management, repositioning of key brands and continued store roll-out position our company for a satisfactory second half to the financial year. Improving consumer confidence, with stable interest rates and lower petrol prices, should support second half sales and we expect the relatively high Australian dollar to help sustain margins in the casualwear businesses.

We are well placed to deliver a positive result for the full year and will continue to push ahead with investments that position our Company for sustainable growth in 2008 and beyond.” said Mr Murray.

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Just Group is a leading specialty apparel retailer operating over 800 stores in Australia and New Zealand. Founded in 1970, the Company operates leading apparel brands including Just Jeans, Jay Jays, Dotti, Portmans, Jacqui E and Peter Alexander. Just Group was listed on the ASX (JST) on 7 May 2004.

	<b>HI 2006</b>	<b>HI 2007</b>	<b>Change</b>
<b>No. Weeks</b>	26	26	
<b>Sales</b>	\$362,207	\$385,240	+6.4%
<b>Gross Profit</b>	\$210,015	\$220,162	+4.8%
<b>EBITDA</b>	\$64,053	\$67,765	+5.8%
<b>EBITA</b>	\$55,757	\$58,419	+4.8%
<b>EBIT</b>	\$55,638	\$58,323	+4.8%
<b>NPAT</b>	\$36,449	\$39,733	+9.0%
<b>GP%</b>	57.98%	57.15%	-83bp
<b>EBITA Margin</b>	15.39%	15.16%	-23bp
<b>Annualised Stock Turns</b>	5.11x	5.36x	+0.25x
<b>Net Debt</b>	\$48,533	\$23,492	-\$25,041
<b>Interest Cover</b>	17.28x	18.94x	1.66x

Further information about the Group is at [www.justgroup.com.au](http://www.justgroup.com.au)

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JACQUIE·E



portmans::

dotti