

14 September 2005

**MEDIA RELEASE**

**JUST GROUP DELIVERS RECORD NET PROFIT OF \$41.6 MILLION  
FOR 2004/05**

Just Group today announced a record net profit of \$41.6 million for the 12 months ending 30 July 2005, its first full year trading as a listed company. Earnings before interest, tax and amortisation (EBITA) of \$73.1 million were in line with the prospectus forecast of \$73.0 million and also at the top end of the profit guidance issued on 17 May 2005.

**HIGHLIGHTS**

- Record Net Profit After Tax of \$41.6 million, an increase of 4.0% over the previous year and 2.9% ahead of the prospectus forecast of \$40.4 million
- EBITA of \$73.1 million, down on the previous year's record of \$75.3 million but in line with prospectus forecast of \$73.0 million
- Sales of \$632.8 million, up 2.1% on the previous year which included 53 weeks as compared to 52 weeks in FY2004/05 as explained below
- All Womens fashion brands performed strongly
- Successful integration and expansion of the Dotti retail chain, acquired in October 2004
- Industry leading inventory stockturn of 4.6 times, an improvement from 4.4 times in FY2003/04
- A fully franked final dividend of 6.0 cents per share to be paid on 16 November 2005 for shareholders on the register as at 26 October 2005 (taking the full year payout to 13.5 cents per share as per the prospectus forecast)
- The result demonstrates that our 'retail machine' successfully adjusted to the volatile market conditions

The result reflects a 52-week trading period compared with 53 weeks for the previous year. Had the comparison been made on a 53-week trading period, this year's result would have shown an increase in sales of 3.7% and in NPAT of 10.4%. Sales from stores open for 12 months or more increased 0.7% in the equivalent period, with the strong performance of the Womens fashion businesses (Jacqui E, Portmans and Peter Alexander) being offset by the Casualwear businesses (Just Jeans and Jay Jays).

	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2005 Adjusted</b>	<b>Change 2005 Adjusted</b>
<b>No. Weeks</b>	53	52	53	
<b>Sales (\$M)</b>	619,821	632,785	642,475	+3.7%
<b>Gross Profit (\$M)</b>	359,166	363,046	368,637	+2.6%
<b>EBITDA (\$M)</b>	94,147	88,815	91,026	-3.3%
<b>EBITA (\$M)</b>	75,271	73,137	76,861	+2.1%
<b>EBIT (\$M)</b>	69,310	68,025	71,749	+3.5%
<b>NPAT (\$M)</b>	39,961	41,589	44,129	+10.4%
<b>GP%</b>	58.0%	57.4%	57.4%	-57bp
<b>EBITA Margin</b>	12.1%	11.6%	12.0%	-18bp
<b>Stock Turns</b>	4.38x	4.53x	4.60x	+0.22x
<b>Net Debt</b>	81,434	64,979	64,979	-\$16,455
<b>Interest Cover</b>	7.81x	10.36x	10.89x	+3.08x

### **Commentary**

Just Group's Managing Director, Mr Howard McDonald, said the year had been one of contrasting halves – a record first half and a subdued second half.

“Unseasonably warm weather and a general slowing of retail expenditure impacted on the second half performance,” said Mr McDonald.

“As a result of the warm weather, sales of winter ranges were well below expectations, particularly at Just Jeans and Jay Jays. The performances of Portmans, Jacqui E and Peter Alexander were particularly strong despite the softer retail trading conditions.

“Given these conditions, we believe the group has performed creditably and has done slightly better than the results forecast in last year’s prospectus.

“This result demonstrates that our ‘retail machine’ can successfully adjust to unpredictable and volatile market conditions, both on the upside last summer and in tougher times during the winter just gone”, said Mr McDonald.

### **Just Jeans**

“After a strong first half, Just Jeans was adversely impacted by the warm winter in Australia and the continuing under-performance of the Levi brand. Sales of jackets, which had sold well over the past three winters, were disappointing. A new store design is being trialled, new ranging is being introduced and we are working closely with Levi on the re-energising of their brand. We have also restructured our arrangements for the Seven7 brand in Australia and New Zealand, to better leverage Just Group’s superior supply chain, and see this as an important contributor to future earnings. During the year we opened 1 new store and closed 6 stores to bring the total number to 284.

### **Jay Jays**

“Jay Jays, our youth brand, also suffered from the unseasonable conditions and sales of winter wear were sluggish during the second half. Nevertheless, the brand had a solid year following an excellent first half. Jay Jays has a very clear market position with great prices, a strong basics range and the latest fashions. We continue to invest in the brand and during the year 26 new stores were opened and 3 were closed, bringing the total number to 212,” he said.

### **Jacqui E**

“Jacqui E’s result was exceptional with two strong halves. Women shoppers in the 30 plus age group were active throughout the year and the ranges we offered met their expectations. Well controlled ranges, good communications and excellent store presentations all contributed to the result,” said Mr McDonald. 7 new stores were opened in the year bringing the total to 94.

### **Portmans**

“Portmans had a strong year and achieved a record result. Progress since we acquired this brand has been very pleasing. There was further refinement of the stores, additional balancing of the ranges and upgraded promotions through the year. 13 stores were opened during the year and 3 closed bringing the total number to 107.

## **Dotti**

“Dotti, which was acquired in October 2004, was successfully integrated into the group with new ranges and an enhanced supply chain. We are ready to further expand the brand and expect Dotti to generate a profit from Summer 2005. When acquired, the business had 10 stores and it now has 25 stores in total, including four in New Zealand. We expect that over the next four to five years, it will be the most rapidly growing brand in the group,” said Mr McDonald.

## **Peter Alexander**

“Peter Alexander, the premium sleepwear brand, had an outstanding year. It is a multi-channel brand with successful catalogue and internet sales. Internet sales now account for 40% of total direct sales while wholesale revenue, largely through the David Jones group, was very strong and is growing. There are now five retail stores and all are trading well ahead of expectations.”

## **Cashflow**

“Cashflow from operations is similar to that of the previous year at \$65.8 million. Net debt currently stands at \$65 million being 33.9% of total assets less cash. Capital expenditure for the year was \$19.6 million split 70% for growth capital and 30% for maintenance capital. Pleasingly, return on capital employed again exceeded 50%.” Total store numbers increased to 729 from 686.

## **Dividend**

“Given the strong cash generating features of the business, the Board declared a fully franked final dividend of 6.0 cents per share, to be paid on 16 November 2005 to shareholders with a record date of 26 October 2005. This takes the full year dividend to 13.5 cents per share as forecast in the company’s prospectus last year,” said Mr McDonald.

## **Impact of Adopting Equivalents to International Reporting Standards**

The company is required to prepare its first full AIFRS compliant annual report as at 31 July 2006. This will entail the preparation of an opening AIFRS balance sheet as at 1 August 2004 and the restatement of its balance sheet and profit and loss statement for FY2004/05. The expected impacts of these changes are disclosed in Note 17 of the year end report accompanying this statement. The most material areas of change involve the cessation of goodwill amortisation and the requirement to account for fixed rate increases in operating leases on a straight line basis.

## **Appointment of New Director**

The Directors today announced the appointment of Mr Jason Murray as an Executive Director of the Just Group. Mr Murray has been Chief Financial Officer since March 2004 and joined the company as General Manager Strategy and Corporate Development in mid 2003.

The Chairman of Just Group, Mr Jonathan Pinshaw, welcomed Mr Murray's appointment saying that he would be a wonderful complement to the existing Board. "Jason has been a critical part of our success since listing and the Board believes he has an important contribution to make to our long-term future".

## **OUTLOOK**

Just Group is positive about the 2005/06 year despite a relatively subdued retail environment in Australia and New Zealand. Summer 2004 was a record half for the Group which will provide for challenging comparative figures through to Christmas. That said, Mr McDonald commented that, "the first indicators of the summer season give us cause for confidence with the new ranges that were tested in June and July performing well."

"Trading for the first six weeks of the new season to Saturday, 10 September 2005 show sales ahead of last year," said Mr McDonald.

"We are continuing to invest in all our brands with new store roll-outs and aggressive promotion. Management is particularly pleased with the way in which our 5,500 people have responded to the challenging environment, another key reason for being confident about the year ahead," said Mr McDonald.

Just Group is a leading specialty apparel retailer operating over 700 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.

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

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