



## Premier Investments Ltd 2021 AGM Report

ASX Code	PMV
Meeting Time/Date	10:30 am, Tuesday 2 December 2021
Type of Meeting	Virtual
Monitor	Jason Cole assisted by Christine Haydon
Pre AGM Meeting?	Yes – with Terry McCartney (Chair of Remuneration Committee), Mark Middeldorf (investor Relations) and Marinda Meyer (Company Secretary)

## Premier Investments Satisfies Shareholders

### What the Company Does

Premier Investment Limited (PMV) operate a collection of diversified retail brands, along with a 26.27% shareholding in Breville Group Limited (BRG) and 15.77% in Myer Holding Limited (MYR).

### Developments in the Financial Year

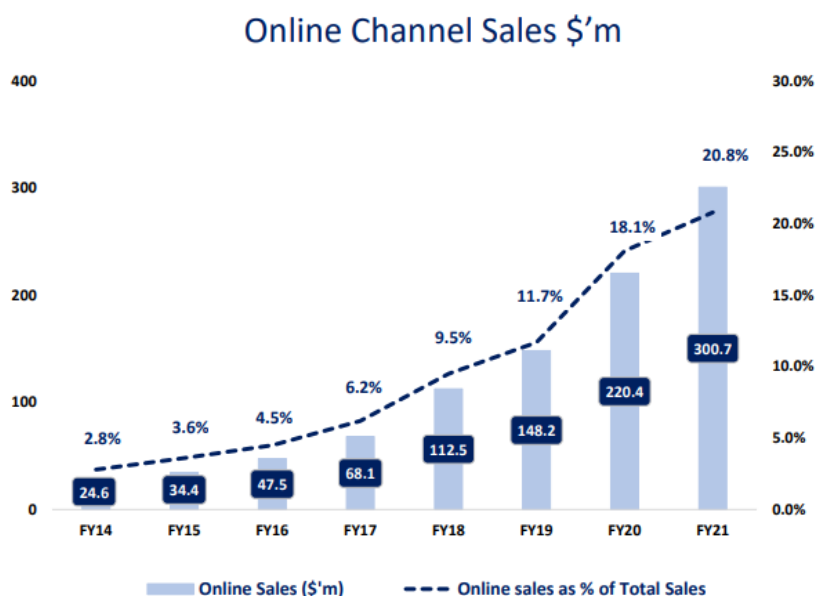
The major development during the financial year was the change in CEO, with long-time CEO Mark McInnes stepping down at the end of financial year 20/21 (FY21). Richard Murray, previously of JB HiFi, commenced as CEO in September.

The ASA queried the apparent high expense to shareholders of the transition, with a post-employment restriction being placed on the outgoing CEO and a sign-on retention being proposed for the new CEO. The company believed that implementing a post-employment restriction was the most appropriate way to protect shareholders and the company's intellectual property (IP). Additionally, the company believe that PMV's ability to attract and retain superior talent is what sets it apart from its competitors.

Covid-19 continued to impact PMV, with temporary closures in parts of its global store network occurring in 52 of the 53 trading weeks in FY21. On average, 176 stores were forced into temporary closures in any given week of the year.

Despite this impact PMV delivered excellent results. It recorded Net Profit After Tax (NPAT) of \$271.8m, which was up 97.4% on the previous year. Earnings Before Interest and Taxes (EBIT) also increased by 88% to \$351.9m. Shareholders received a fully franked dividend of 80c per share, up 14.3%.

PMV's online presence continued to be accelerated by the impact of Covid-19, as the following graph illustrates.



Source: 2021 AGM - [Chairman and CEO Address](#)

### Summary of Historical ASA Issues with the Company

PMV received a first strike in FY20, recording a 48.51% against vote. This year however there were no such issues, with the remuneration report resolution being comfortably carried with the support of 90.32% of shareholders.

With only two of the eight non-executive directors (NEDs) being female, the ASA has previously raised the issue of board composition and diversity with the company. Both female directors stood for re-election this year and they were re-elected easily with at least 96% of shareholders in favour.

NED Sylvia Falzon does not currently own any PMV shares and has now served a full term on the board. Ms Falzon did not speak to her re-election at the meeting. However, the ASA asked a general question regarding PMV's position on directors holding a meaningful equity investment in the company. The chair's reply was that the company does not have a required minimum shareholding at this stage, believing that shareholders have experienced significant growth under the current board and that they are always acting in the best interests of shareholders.

### Debate and Voting at the AGM

The two other resolutions in the business of the meeting were the approval of the performance rights plan and the granting of performance rights attached to the new CEO's long-term incentive (LTI).

The ASA did not support the approval of the performance rights plan, preferring that shares be purchased on market when incentive schemes vest, or to be included in the 15% cap if shares are issued. PMV last sought approval from shareholders in 2014 and this expired in 2017. The ASA asked why approval was again being sought, with the chair responding that PMV believe it is in the best interests of shareholders to periodically seek their approval. This resolution was carried with 99.74% shareholder support.

The granting of the performance rights was supported by the ASA. Although the LTI has only one metric, it does include an absolute test of Total Shareholder Return (TSR) that must be positive, before any relative comparisons with peer groups are considered. Additionally, the ASA consider the 7-year holding requirement to be a positive component of the LTI scheme. Shareholders also passed this resolution, although it did record over 20% of votes against.

For a company which can often attract attention, the AGM was very uneventful. Only six questions were asked by shareholders and four of these came from the ASA.

In addition to the questions already outlined, the ASA again sought a response from the company about criticism it has received regarding non-repayment of jobkeeper payments and, whether it intended to make any further repayments. Earlier in the year, PMV voluntarily repaid \$15.6m of the approximate \$87m in total it has received.

The chair's response was consistent with those given earlier by the company. That is,

- during the onset of Covid-19, PMV's sales were down by \$131m between March and May 2020 and as a result it became eligible for jobkeeper.
- The jobkeeper initiative was fundamental in keeping employees connected with their employer whilst stood down during government mandated business closures. This was consistent with the intention of the policy and PMV managed to keep 9000 employees on its books during this most difficult and uncertain time.
- PMV did not qualify for the second phase of jobkeeper from 28/9/20 onwards and voluntarily returned \$15.6m in jobkeeper funds, representing the FY21 net wage subsidy benefit received. It therefore did not record any net jobkeeper benefit in FY21 results.
- Despite this voluntary repayment and not qualifying for jobkeeper from September 2020, PMV continued to pay its full and part-time employees their contracted hours whilst being unable to work due to government mandated store closures from October 2020 – July 2021.
- From July 2021, the federal government made available temporary Covid disaster payments directly to impacted employees.

The two non-ASA questions related to the date that the Just Group would be signing the international accord protecting the health and safety of textile workers in Bangladesh and a question regarding releasing the Just Group's factory supplier list. Alongside a detailed response about PMV's commitment to ethical sourcing and its modern slavery statement, the answers were that the accord will be signed when the agreement is in place and that the supplier list is very sensitive information and IP held by the company.

### **Outlook Statements from the Company**

Guidance provided to the market in September 2021, indicated that sales for PMV's wholly owned retail segment were down 9.5% for the first 7 weeks of FY22 compared to corresponding period of FY21. Updated guidance provided on the day of the AGM, shows that for the first 17 weeks of FY22, total sales are now down 3.5% on FY21. The improved guidance is attributable to improved sales over the first three weeks of November, with all stores now globally trading and showing a 10.1% increase compared to FY21.

## Meeting Statistics

Number of Holdings Represented by ASA	64
Number of Shares represented by ASA	170,619 (outside the Top 20 list as per the Annual Report)
Value of Shares represented by ASA	\$5.2 m
Number Attending Meeting	Unknown
Market capitalisation	\$4.8b
Were proxies voted?	Yes, on a poll

## Monitor Shareholding

*The individual(s) (or their associates) involved in the preparation of this report have no shareholding in this company.*

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