



Kresta Holdings Limited

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23 November 2012

## ASX ANNOUNCEMENT

### 2012 ANNUAL GENERAL MEETING

#### CHAIRMAN'S ADDRESS TO MEMBER

On behalf of the Board and Management we are sorry to present a disappointing result. But the key word is Transformation. 'Transformation' is a word that gets bandied around too easily these days, but that's precisely what Kresta has been undergoing. We've been making some very significant changes to improve every facet of the business. While we've made good progress, it's an ongoing process.

As we look back at where we were when we embarked on this transformation, the Kresta business was in far from good shape.

The signs were there in the amount of stock the business held, and in the amount of space we needed to store it. Systems were out of date, manufacturing processes needed updating and our retail stores weren't looking as fresh as they once had.

It was obvious that getting it back in shape wasn't something that could be achieved overnight. We have reduced the stock being held, then sold buildings that were surplus to our needs.

We streamlined and modernised our manufacturing processes and installed new machinery. We closed some of our factories and outsourced manufacturing to external suppliers where that made the best sense.

We have introduced new product ranges, and embarked upon a revitalisation of our retail stores to ensure we remain at the forefront of the Australasian window furnishings market. We are reviewing the location and necessity for each store.

All business costs have been examined, and as a result we've reduced the company's car fleet by a third and introduced new policies to get costs under control.

The company's debt was \$9 million at the end of 2012 and has been reduced by \$3m to \$6m and we expect it to be further reduced down to \$1.5 million after the sale of the 2 surplus building. And we will still have \$4m in the bank.

Perhaps most importantly, we have revitalised the team who run the company.

You will have seen that we recently appointed Jules Di Bartolomeo as Chief Executive Officer. We are confident he will lead the business to a period of renewed growth and success. Over the past year we have made a number of other senior appointments.

At the same time we have taken tough decisions which have resulted in a reduction of our staff numbers by some 200, including the removal of one level of management to provide a more streamlined and efficient corporate structure.

We now have consistent national HR policies, new induction procedures to introduce recruits to the Kresta way of doing business, and a revamp of our practices to ensure we offer a safe workplace for our employees.

The road we've travelled over the past two years has had its bumps and potholes, and not everything has gone to plan. Some appointments have not worked out, but we have not shirked from making the hard decisions needed to get the right team.

It hasn't been made any easier by the fact we have been working through this process in what is an extremely tough retail environment. Kresta is certainly not alone in this, and in fact I'd suggest there isn't a retailer in the Australian market currently who is experiencing anything different.

Yet as we look to the future, we know that the changes we've been progressively implementing are already bringing results. The company will be stronger for it, and in much better shape to deliver sustainable, profitable growth over the long term.

Thank you for staying loyal through the thin times to date, and I look forward us **all** reaping the benefits of a leaner revitalized Kresta in the near future. I will keep you updated over the coming months and beyond.

**For further information please contact:**

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Chairman  
Kresta Holdings Limited  
T: 08 9249 0748

Ken McKinnon  
Company Secretary & CFO  
Kresta Holdings Limited  
T: 08 9249 0748

**About Kresta**

Kresta is a leading national window furnishings manufacturer and retailer. The Company has been manufacturing blinds for over 38 years, and is now the largest window coverings manufacturer / retailer in Australia and New Zealand, employing over 1000 people. Kresta's brands include: Kresta Blinds, Vista Window Coverings, Decor2Go, Curtain Wonderland and Ace of Shades. For further information, see [www.kresta.com.au](http://www.kresta.com.au)



**AGM 2012** **kresta**  
Kresta Holdings Limited

## Welcome to the 2012 Annual General Meeting of Kresta Holdings Limited

**The Directors**

- John Molloy, non-executive chairman
- Kevin Eley, non-executive director
- Robert Farrar, non-executive director
- Peter Aberly, non-executive director

**Company executives**


- Jules Di Bartolomeo, chief executive officer
- Ken McKinnon, company secretary & chief financial officer

Geoff Lotter, representing Kresta's auditors, Ernst Young  
Rob McKenzie, representing Jackson McDonald

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## Agenda

Registration of Members and guests  
Welcome by Chairman and opening of the meeting  
Tabling of the 2012 Annual Report  
Chairman's address  
Presentation to Members and guests by Mr Jules Di Bartolomeo,  
the Chief Executive Officer of The Kresta Group  
Voting on Resolutions  
Close of Meeting  
Light refreshments will be served



## Chairman's Address

An Address to the meeting by Mr John Molloy



# Chief Executive Officer

Mr Jules Di Bartolomeo

## FY 2012 Issues

### Key Issues

- Under Pricing
- Job Problems
- Product Mix
- Under-performing Vista
- Under-performing Decor2Go
- Performance of Distribution Centres
- Decline In sales / Sales Consultants
- High Fixed Cost Base
- Expense Control
- Store Operations

## Industry Review

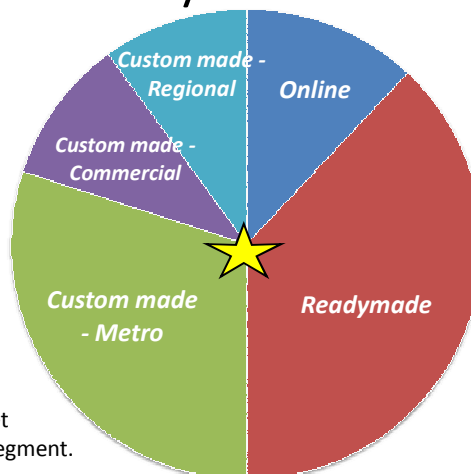
- Approximately 4,000 individual blinds and curtains retailers in Australia, contributing approximately \$3 billion total industry sales per annum
- Level of industry concentration is low
- Highly fragmented in nature with a large number of smaller businesses
- Kresta Holdings Limited have 3 of the largest national businesses

**Kresta**

**Vista**  
WINDOW COVERINGS

**Curtain  
Wonderland**  
Kresta Holdings

## Market Size / Market Share



represents KHL's market share in each market segment.

# What Are We Doing Right Now To Restore This Company's Financial Position?

## “Return to Profit” is #1 Priority

- Resurrect Gross Profit
- Expense control
- Turnaround under-performing entities / areas
- Optimise productivity
- Create group synergies across all brands

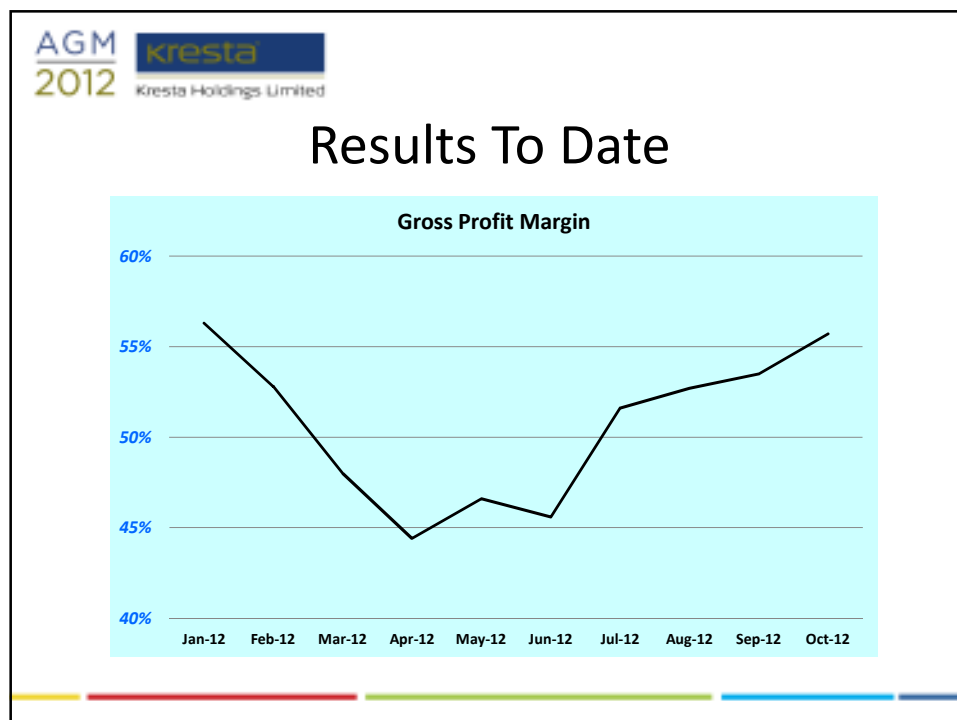
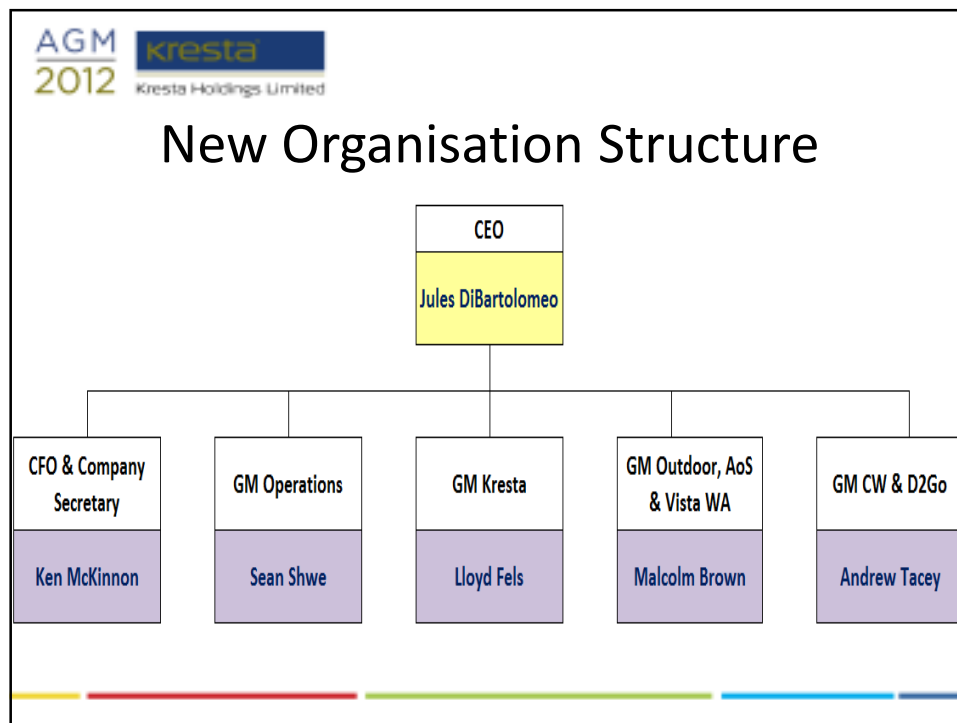
## Short Term Wins & Financial Improvements Generated To Date

- New Price List & Discount Auditing
- Manufacturing Lean Training
- Group Synergies
- Distribution Centres Scanning & Restructure
- Credit Card Surcharges
- Leased Property Management Review

## Short Term Wins & Financial Improvements Generated To Date

- Decor2Go Restructure
- Vista Turnaround Plan
- Staff Morale and Communication
- Brand Differentiation & Marketing
- “Customer-Centric” culture
- New Management Structure
- Product Development Committee
- Job Problems Committee





# The Way Forward

## Dividend Policy

One of the key objectives of the company is to provide shareholders with sustainable and consistent return.

KHL will always strive to provide in excess of 60% of Earnings

## The Way Forward


### UNDERPINNED BY A PROFIT FOCUS

#### Vision

Our vision is to become “the biggest and the best” in the window coverings industry in Australia and New Zealand.


#### Mission

Our mission is to create “raving customers” that are always referring, in all market segments of the window coverings industry.



## The Way Forward

#### Objectives

- To provide shareholders with sustainable and consistent return
  - To institutionalise all business processes
  - To build lean & profitable business models
  - To position our brands & build brand equity
  - To employ robust management systems
  - To position the company to take full advantage of the market when retail conditions improve
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2012

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## Resolutions




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## Voting by Poll

Voting for Resolutions 1 and 4 will be by poll.

To facilitate the polls Resolution 4 will be moved to item 2 on the Agenda



## Voting by Poll

1. Please raise your hand if you require assistance to register for voting or have any questions.
2. The voting slip is on the rear of the green attendance card.
3. Registered Shareholders, registered Representatives and holders of Open Proxies vote by marking the boxes on the voting form.
4. Holders of Directed Proxies will be guided by the form appended to their admission/voting card.
5. Ensure that you print your name, sign the voting paper and lodge it in the ballot box.

### Resolution 1

## Adoption of Remuneration Report

To consider and, if thought fit, to pass the following as an ordinary resolution:

**“That the remuneration report forming part of the Company’s 2012 Annual Report,(Remuneration Report) which accompanied the notice convening this meeting, be adopted.”**

*Voting exclusion: The Company will disregard any votes cast on this Resolution 1 by or on behalf of either a member of the Key Management Personnel\*, details of whose remuneration are included in the Remuneration Report, or their closely related parties (which includes their spouse, child, dependent, other family members and any controlled company) unless the vote cast is cast as a proxy for a person who is entitled to vote on Resolution 1 in accordance with their instructions on the proxy form or by the Chairman of the Meeting pursuant to an express authorisation on the proxy form.*

## Proxy votes – Resolution 1

Votes in favour	36,282,171
Undirected proxy votes, voted in favour	<u>17,018,499</u>
Total proxy votes in favour	53,300,670
 Votes against	 44,216,143
 Open and usable	 100,100
 Abstaining	 <u>125,852</u>
Total proxy votes received	<u>97,742,765</u>

## Resolution 4

### Re-election of Mr John William Francis Molloy as a Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

**“That for the purposes of Listing Rule 14.4 and clause 3.6 of the Constitution and for all other purposes, Mr John William Francis Molloy, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for election, be re-elected as a director of the Company.”**

## Proxy votes – Resolution 4

Votes in favour	38,900,271
Undirected proxy votes, voted in favour	19,095,104
Total votes in favour	57,995,375
Votes against	41,351,920
Abstaining	316,975
Total proxy votes received	99,664,270

## Resolution 2

### Appointment of Mr Robert Farrar as a Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

**“That for the purposes of Listing Rule 14.4 and clause 3.3 of the Company’s constitution (“Constitution”) and for all other purposes, Mr Robert Farrar, having been appointed as a director to fill a casual vacancy and having retired in accordance with the Constitution, be elected a director of the Company.”**

## Proxy votes – Resolution 2

Votes in favour	80,034,367
Undirected proxy votes, voted in favour	<u>19,095,104</u>
Total votes in favour	99,129,471
 Votes against	 194,824
 Abstaining	 <u>339,975</u>
Total proxy votes received	<u>99,664,270</u>

### Resolution 3

## Appointment of Mr Peter Graham Abery as a Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

**“That for the purposes of Listing Rule 14.4 and clause 3.3 of the Constitution and for all other purposes, Mr Peter Graham Abery, having been appointed as a director to fill a casual vacancy and having retired in accordance with the Constitution, be elected a director of the Company.”**



## Proxy votes – Resolution 3

Votes in favour	80,034,127
Undirected proxy votes, voted in favour	<u>19,095,104</u>
Total votes in favour	99,129,231
 Votes against	 208,964
 Abstaining	 <u>326,075</u>
Total proxy voted received	<u>99,664,270</u>

## Closure of Meeting

Thank you for your attendance

Light refreshments are being served at the rear of the room.