

Accent

Group
LIMITED

**RESULTS
PRESENTATION**
YEAR ENDED 1ST OF JULY 2018





OUR BRANDS

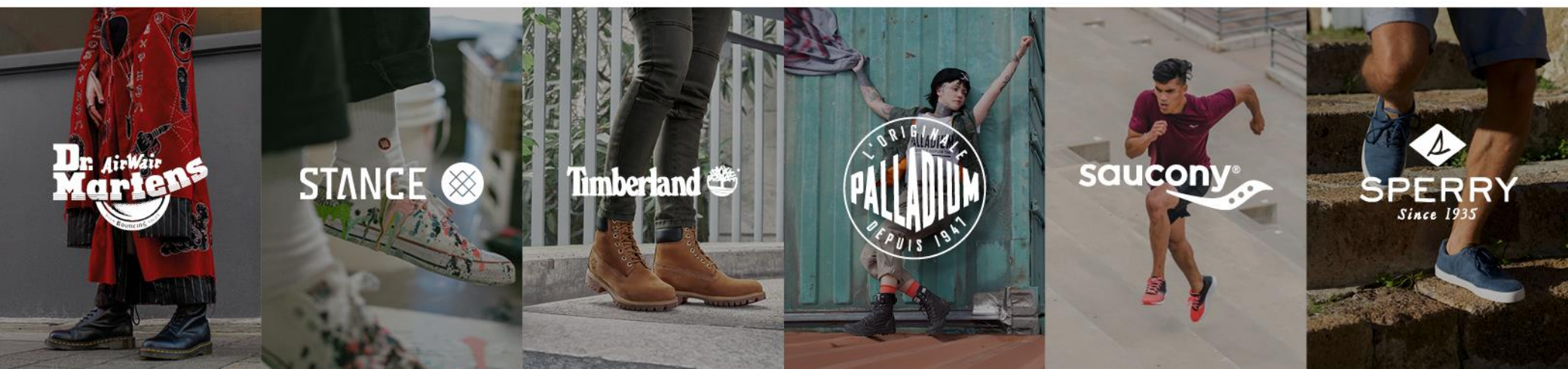
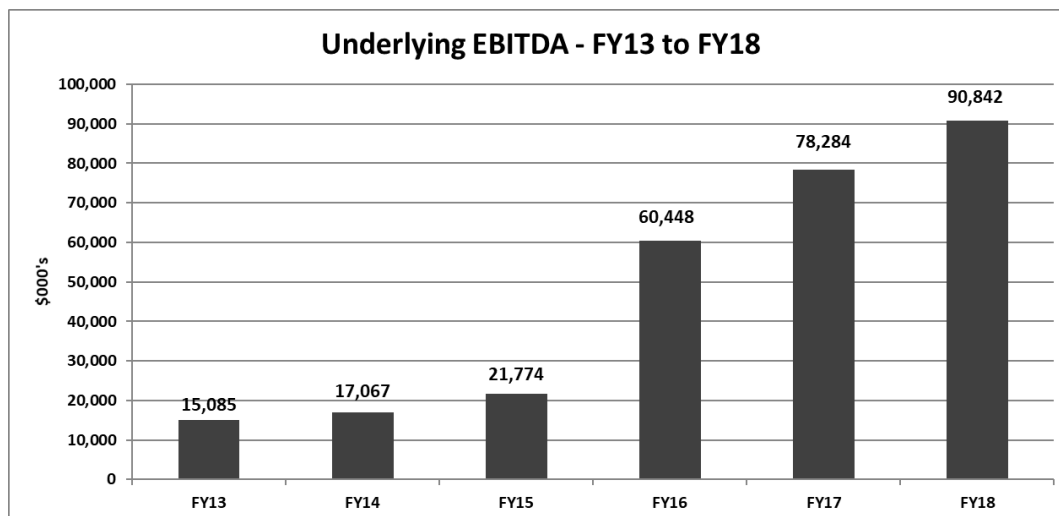
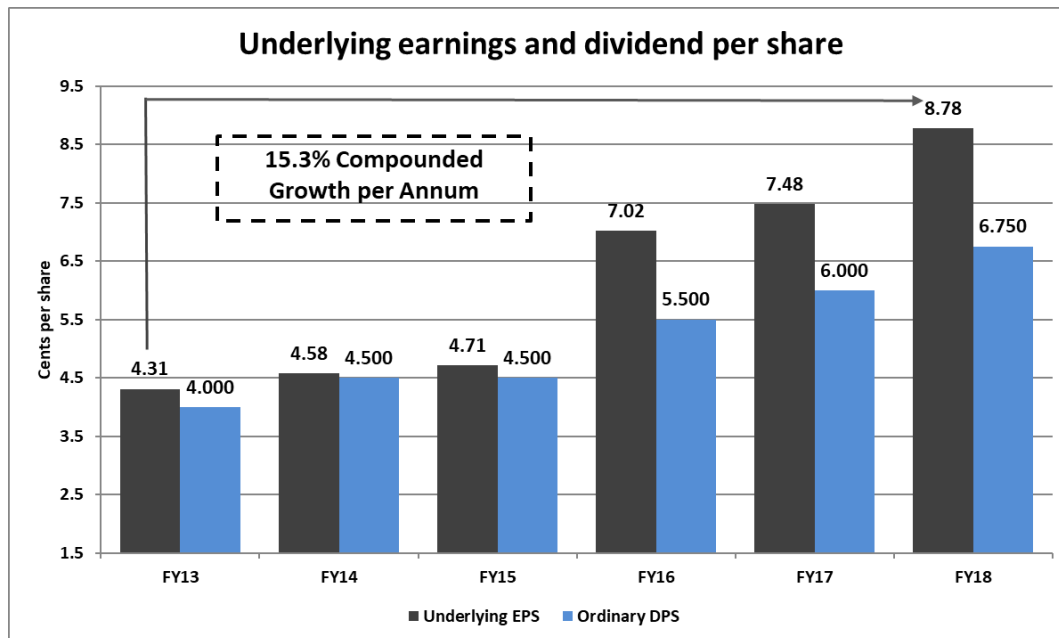


Table of contents

Item	Page
Shareholder value creation	4
Financial year highlights	5
FY18 Summary financial performance	6
Earnings and dividends per share	7
Retail update	8
Omnichannel	10
Wholesale update	13
Growth plan update	15
Our Guiding Principles and Core Values	18
Dividends, trading update and outlook	21
Appendix	23

Shareholder Value Creation



Accent Group has delivered strong returns over the past 5 years

Total shareholder return over the past 5 years is 177%

This represents a Compound Annual Growth Rate (CAGR) of 22.6%

Accent Group continues to deliver consistently increasing shareholder value through sustainable sales and profit growth, avoiding lazy retailing and through a strong balance sheet

Financial Year highlights^(a)

Underlying EBITDA  16% \$90.8m	Underlying NPAT  18% \$47.1m	Underlying EPS  17% 8.78c
FY18 Dividend  12.5% 6.75 cents	Net Debt  \$34.9m \$30m of debt repaid	Inventory  \$98.6m Last year \$112m
Underlying Sales (inc TAF Franchises)  5% \$861m	New Stores  +31 446 stores	Digital Sales Growth  131%

a) Unless otherwise stated all FY18 results and references to growth are based on FY18 underlying results (52 Weeks to 1 July 2018) and pro-forma underlying FY17 results (53 Weeks to 2 July 2017). The pro-forma underlying results for the full-year to 2 July 2017 include the sales, gross profit and EBITDA for Hype DC for the full period including the period prior to completion (1/7/16 – 3/8/16). FY17 pro-forma sales of \$617.8 million include \$10.7 million of sales for the Hype business, reported sales for the period were \$607.1 million. Refer to the Appendix (page 24) for reconciliations between underlying and statutory reported results.

FY18 summary financial performance

Financial Summary

Underlying Profit & Loss (\$000's)	FY18	FY17	% Change
Owned Sales	675,571	617,810	9.3%
Gross Profit	370,081	326,189	13.5%
Gross Margin (%)	54.8%	52.8%	2.0%
CODB	(306,849)	(276,951)	10.8%
CODB %	45.4%	44.8%	0.6%
Royalties and franchise fees	16,269	17,120	(5.0%)
Other Income	11,341	11,926	(4.9%)
Underlying Consolidated EBITDA	90,842	78,284	16.0%
Underlying depreciation & amortisation	(21,876)	(18,871)	15.9%
Underlying Consolidated EBIT	68,966	59,413	16.1%
Net interest (paid) / received	(3,778)	(3,070)	23.0%
Underlying Consolidated PBT	65,188	56,343	15.7%
Pro-forma taxation at the effective tax rate ^(b)	(18,104)	(16,420)	10.3%
Underlying Net Profit After Tax	47,084	39,923	17.9%

Operating Highlights

Sales

- **Total owned sales of \$676 million, up 9.3%^(a)** on an underlying basis
- Continued digital sales growth of **131%**
- LFL retail sales up **2%** (including The Athlete's Foot franchise stores). H2 FY18 LFL sales up **3%**, despite cycling through higher promotional activity in H2 prior year
- **31** new stores opened, **15** closures

Gross Profit

- **Gross profit of 54.8% up 2.0%** reflecting strong retail growth, vertical brands penetration and the strategy to reduce discount driven retailing compared to prior year

CODB

- CODB increased due to additional operating costs associated with new stores, ongoing investment in infrastructure for new stores, the digital support team and digital marketing
- Continued focus on front line productivity and achieving sustainable store occupancy outcomes at lease renewal

EBITDA

- Underlying **EBITDA of \$90.8 million, up 16%**

a) Underlying Pro-forma results (refer to note a) on slide 5

b) Pro-forma taxation is calculated by multiplying the underlying PBT by the effective tax rate

Earnings and dividends per share

\$000's	FY18	FY17	% Change
<u>Underlying Diluted Earnings Per Share</u>			
Underlying Net Profit After Tax	47,084	39,923	17.9%
Less non-controlling interests	(43)	(195)	
NPAT used in the calculation of underlying EPS	47,041	39,728	18.4%
Weighted average number of shares (in thousands)	536,063	530,843	1.0%
<u>Underlying Diluted Earnings Per Share (cents)</u>	8.78	7.48	17.3%
<u>Reported Diluted Earnings Per Share</u>			
Reported Net Profit After Tax	44,000	29,352	49.9%
Less non-controlling interests	(43)	(195)	
NPAT used in the calculation of reported EPS	43,957	29,157	50.8%
Weighted average number of shares (in thousands)	536,063	530,843	1.0%
<u>Reported Diluted Earnings Per Share (cents)</u>	8.20	5.49	49.3%
<u>Dividends per share</u>			
<u>Ordinary fully franked dividend (cents)</u>	6.75	6.00	12.5%





RETAIL UPDATE



Retail Performance

Key Financial Highlights

Owned Retail sales **12.2%**

 **\$566.9m**

LFL sales

 **2%^(a)**

Store Network ^(b)	FY18	FY17
 PLATYPUS	98	91
 SKECHERS	81	67
 HYPE	64	65
 The Athlete's Foot	143	146
 VANS "OFF THE WALL"	17	17
 Timberland	7	7
 MERRELL	22	21
 Dr. Martens	2	

a) LFL sales include The Athlete's Foot franchise stores

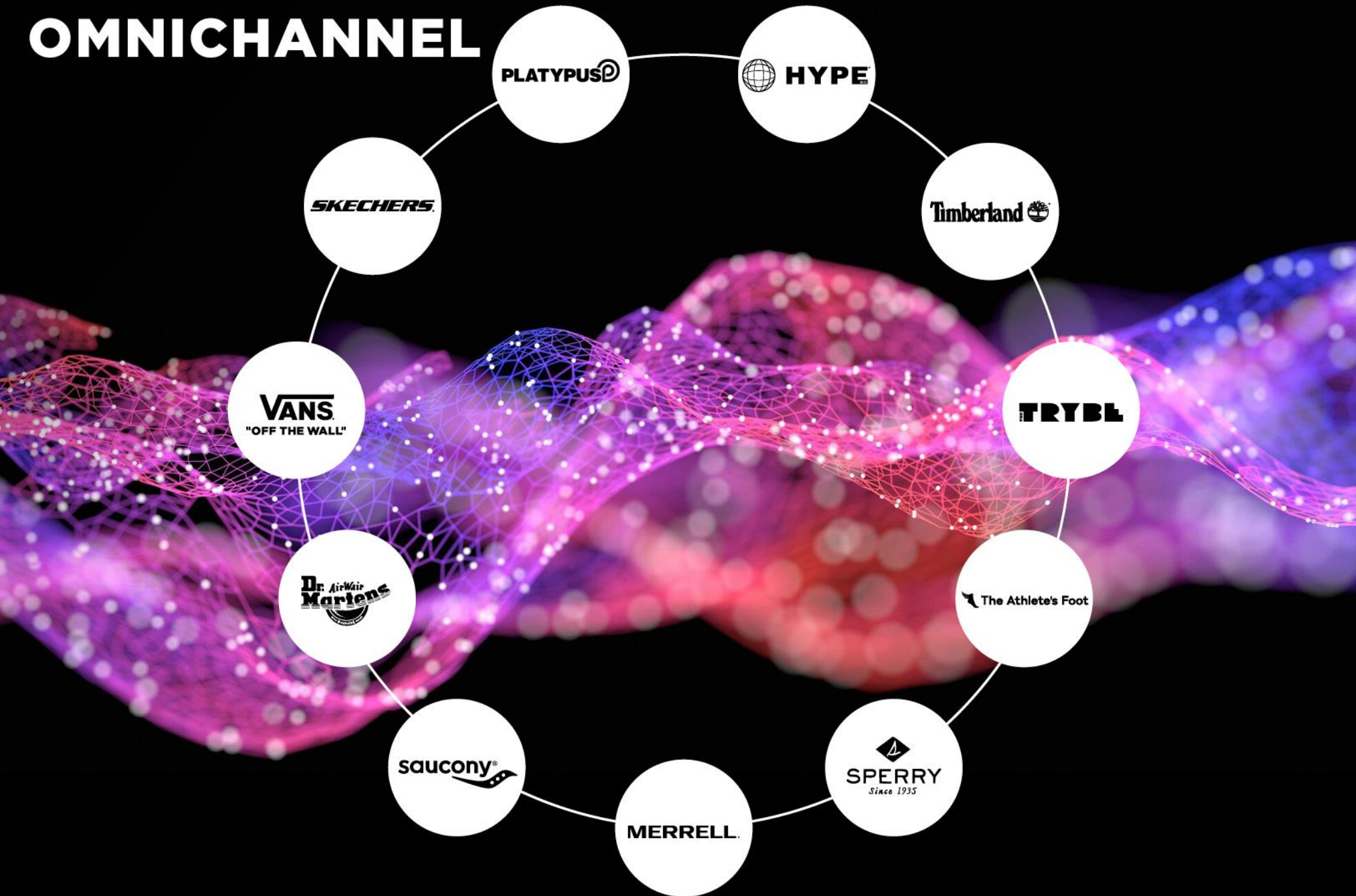
b) Includes The Athlete's Foot franchise stores and Online stores. Excludes Podium stores (9) & Other stores (3), see Appendix for full store network

Commentary

FY18 Highlights

- LFL retail sales of **2%^(a)** across all banners on an aggregate basis, with H2 FY18 growing at **3%**
- Total digital sales grew by **131%**
- Significant improvement in Gross Profit margin % for the full year, up **130** basis points against prior year
- Rolled out **31 new stores** across the business, including 15 store closures where in some cases sustainable renewal terms could not be achieved with landlords
- New concept store format opened in Hype QVB Sydney, Hype Queen Street Auckland and Platypus Bondi Junction. All stores performing ahead of expectations
- First Dr Martens store opened in Sydney
- **29** store refurbishments completed
- Completed the roll out of the eCommerce decentralised fulfillment in The Athlete's Foot (TAF) network. TAF digital sales since deployment are up more than **100%** against prior year
- TAF corporate stores network has grown from **12** stores to **28** stores as at 28 August 2018

OMNICHANNEL



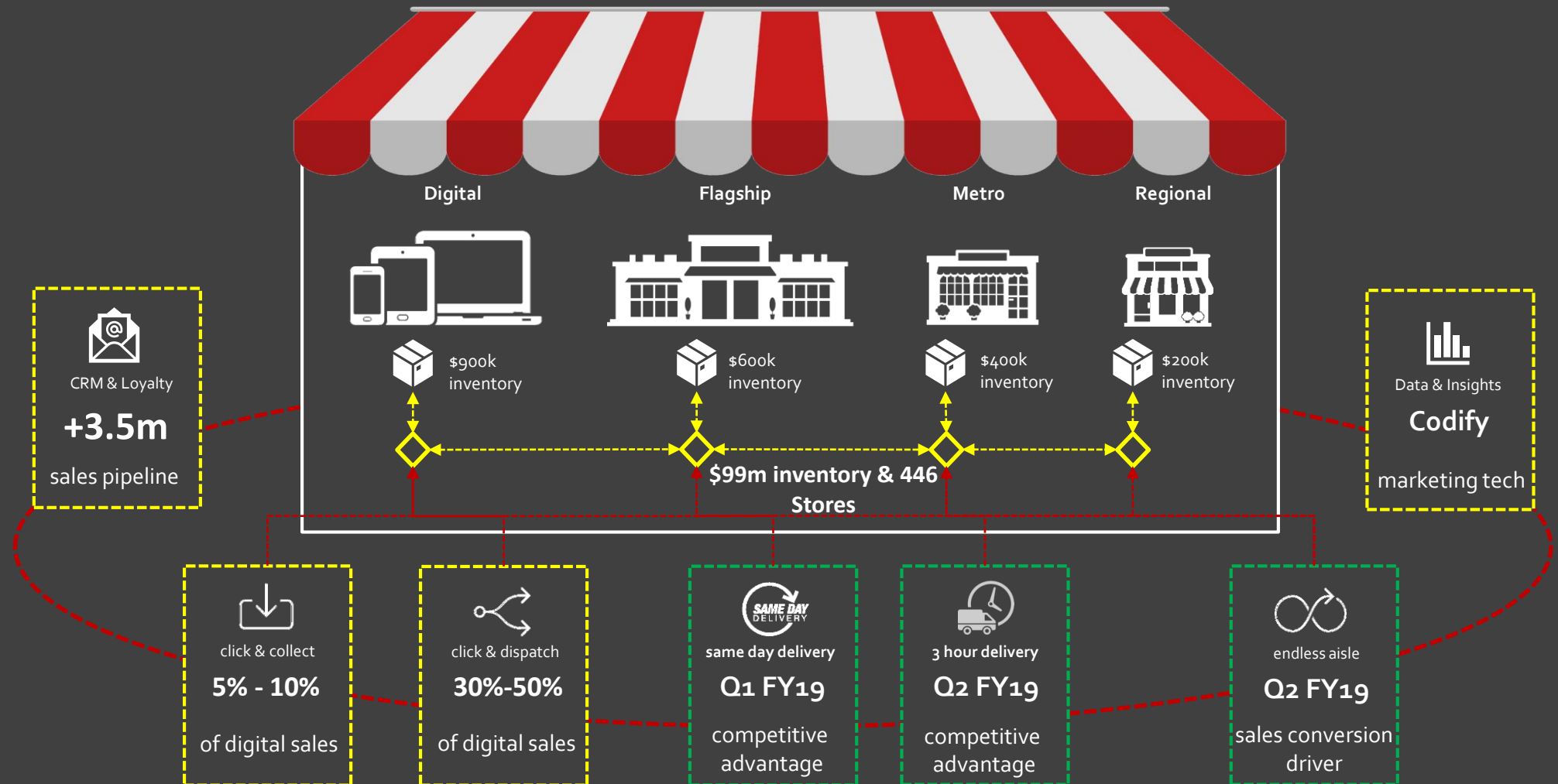
Omnichannel Key Milestones

Accent Group offers customers a market leading omnichannel experience with 446 stores throughout Australia and New Zealand and an integrated eCommerce capability across its TAF, Platypus, Hype, Skechers, Vans, Merrell, Saucony and CAT brands.

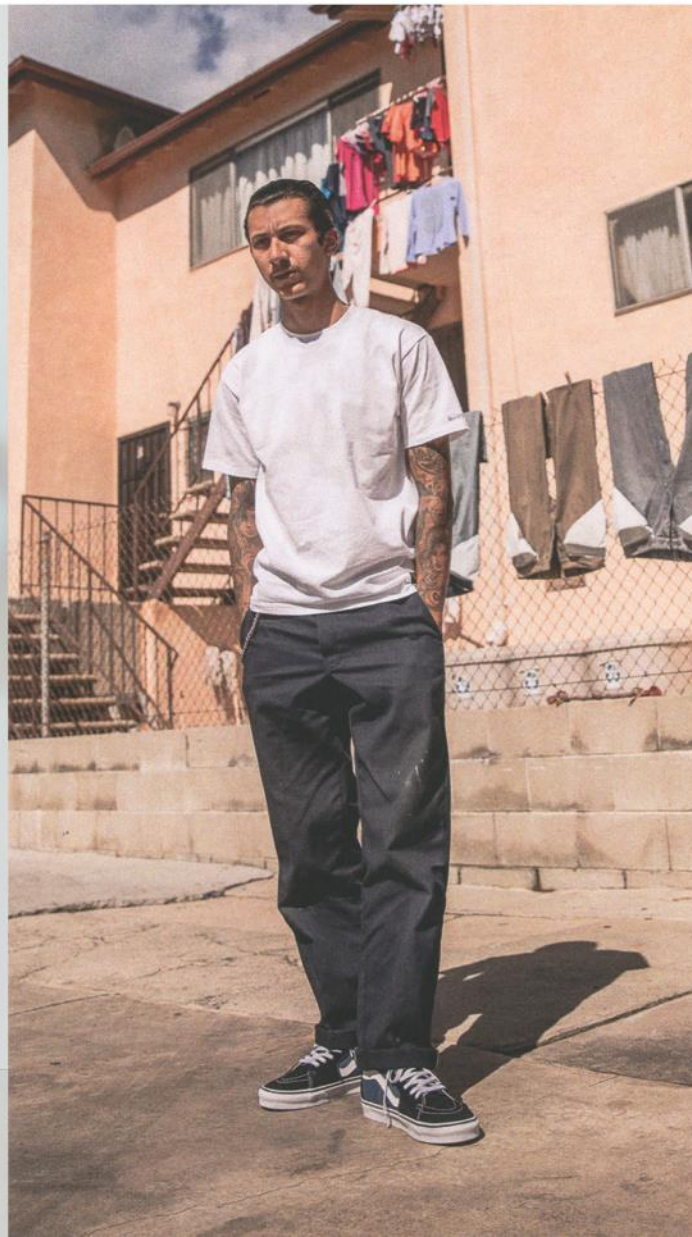
 Sales - Total digital sales grew by 131% for the full year ending FY18. 13 websites across AU & NZ 2 new websites due to launch in Q2 FY19 (The Trybe & Vans NZ) - Omnichannel sales on track to reach 15% target of total sales within two years	 Technology & Capability Platform - Opened state-of-the-art Digital Hub in Melbourne 8/13 websites re-platformed onto Magento 2, remaining websites to be re-platformed over the next 12-18 months - FY19 continued investment in Adobe Experience Cloud
 Click & Collect - With 446 stores across Australia & NZ, Accent Group is a true omnichannel retailer - C&C rollout was completed across all retail banners in Q3 FY18 and accounted for more than 5% of total Digital sales	 Same Day & 3 Hour Delivery Platypus launched same day delivery service in July 2018, representing approximately 3% of online orders - Hype, Skechers & Vans to be rolled out during H1 FY19
 Click & Dispatch - Opens the entire inventory catalogue of all stores to the online customer - C&D rollout was completed in Q3 FY18 and is available in 80% of the network and accounted for 36% of digital sales FY18 - On track to complete rollout in FY19	 Decentralisation - TAF completed the launch of its new omnichannel website, doubling the assortment available for consumers and bringing to market Click & Collect and Click & Dispatch capability TAF's new website has delivered over 100% growth on prior year since full deployment in March 2018
 Endless Aisle - Opens the entire inventory catalogue of all stores and online warehouse to the instore customer. - Rollout to commence H1 FY19	 CRM & Loyalty 3.5m customers registered through its various loyalty programs 1.2m new customers joined in FY18 - FY19 to drive further customer acquisition

Omnichannel Strategy Canvas

Accent Group has reimagined its physical & digital infrastructure to provide industry leading omnichannel innovation for its customers with 446 physical points of presence throughout Australia and New Zealand that serve as both experience centres for customers and distribution centres for product enabling market leading innovation and capability.



WHOLESALE UPDATE



Wholesale Performance

Key Financial Highlights

**Wholesale
sales**

\$108.7m -3%

**Wholesale
Gross Profit**



Vertical Distribution and Wholesale

SKECHERS



Timberland

VANS
"OFF THE WALL"



MERRELL

saucony



STANCE

SPERRY
Since 1935

Commentary

- Strong sales performance from Vans, Dr Martens, Merrell and CAT
- Combined retail growth and new store rollouts in Skechers led to a slight decline in Skechers wholesale sales against prior year. As Accent Group continues to execute the strategy to grow the Skechers store network, we expect a moderate decline in Skechers wholesale sales
- Wholesale margin improvement due to cleaner inventories and improved exchange rates
- Growth of Timberland brand in our retail stores
- Continued to drive the growth of our exclusive brands in Hype
- Finalising negotiations for 4 brand licence renewals:

Timberland, Palladium, CAT & Saucony: positive well advanced negotiations to renew licences for a further 3 years beyond December 2018

FY18 Highlights



PLATYPUS  CLICK & COLLECT

STANCE 

**GROWTH
PLAN UPDATE**

Growth Plan Update

New Stores

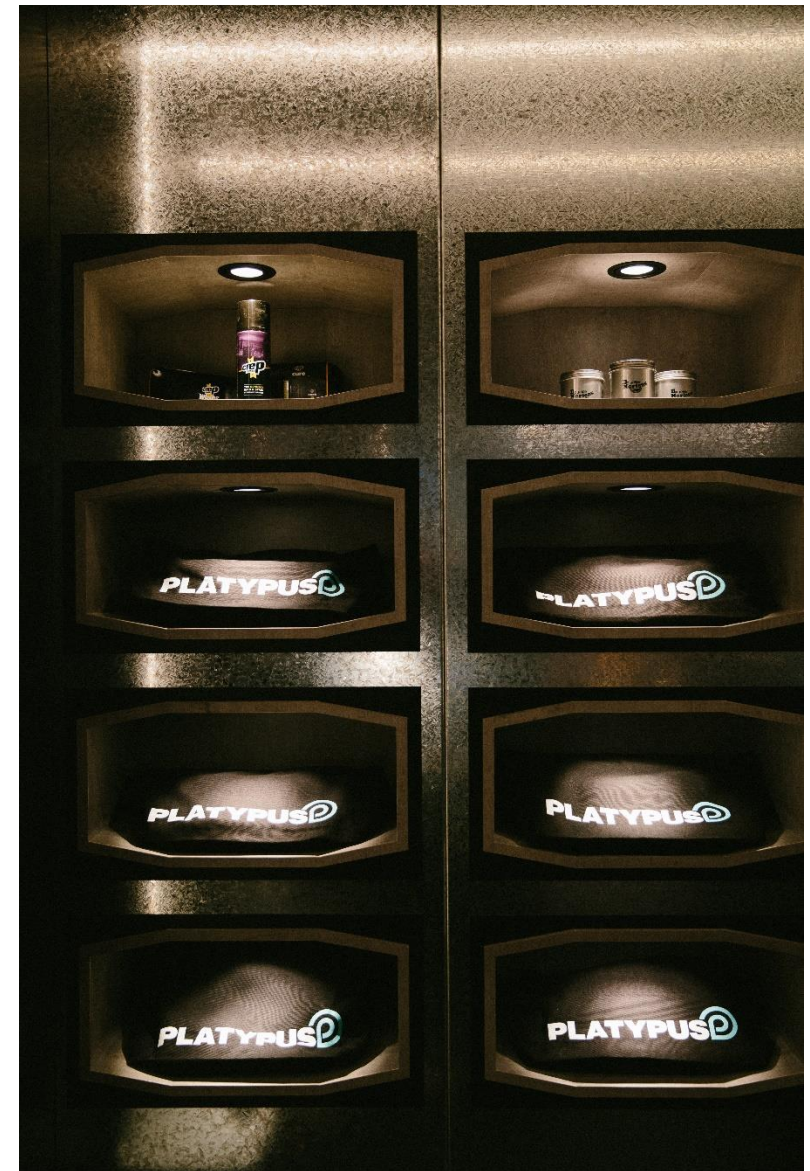
- More than **30** stores to open in FY19
- Continued rollout of new concept Platypus and Hype stores
- Potential for a further **30-40** stores in the next 2-3 years, including store growth in New Zealand
- Secured lease to open a 600 square metre Platypus Megastore in Melbourne Central

Vertical & Emerging Brands

- Continue to drive improved gross margins and product differentiation in store
- New product launches in Hype with exclusive brands Filling Pieces and ARKK, the introduction of RM Williams boots and range expansion of Vans and Dr Martens
- Increased penetration of vertically distributed brands in Platypus and owned accessories and shoe care products

International

- Continuing to investigate international opportunities
- Preferred approach is for an organic entry through the Platypus brand

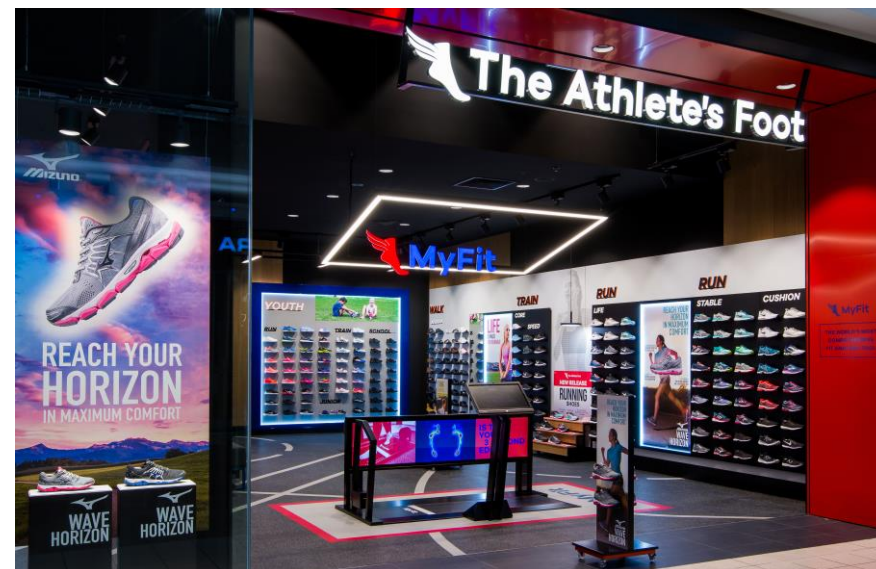


Growth Plan Update

The Athlete's Foot Corporate Stores

- Accent Group commenced a strategy to acquire a strong network of TAF corporate stores
- The expanded corporate network will be built through a combination of the acquisition of selected stores where franchisees are willing sellers, as well as the opening of new flagship CBD stores and outlets
- As at the 28th of August, the Group has **28** corporate stores in Australia and expects a further **5-10** franchise stores will be acquired in FY19
- In addition, the Group has reached agreement to purchase the New Zealand (NZ) master franchise licence along with **6** additional NZ corporate stores
- The EBITDA impact of these acquisitions will be neutral in FY19 due to the investment costs to acquire the stores and to develop a retail infrastructure. The cash investment required in FY19 will be funded from cash on hand, free cashflow and existing debt facilities

Number of Stores	Beginning of FY18	28 th August 2018	Projection FY19
Corporate	12	28	39-44





**OUR GUIDING
PRINCIPLES &
CORE VALUES**

Our Vision

Strategic Vision

To be the leader in the performance and lifestyle footwear market across Australia and New Zealand, by delivering world-class customer experiences, harnessing the power of our people, brands and products

Key Guiding Principles

Shareholder

- 1 Delivery of long-term returns to shareholders through the delivery of sustainable sales and profit growth across the business
- 2 Delivery of sustainable and growing dividends flowing from the high quality cash flows from its defensible and desirable business
- 3 Maintenance of a strong, conservatively geared balance sheet

Company

- 1 **Customers First** - always
- 2 **Attitude** – can do, accountable, humble, open, curious
- 3 **Teamwork** – success through teams not individuals
- 4 **Excellence** – in everything we do, no complacency
- 5 **Empathy** – warmth and respect
- 6 **Sense of urgency** – consider all options, act decisively
- 7 **Communication** – open, regular and two-way
- 8 **Integrity** – doing what we say we will

AT ACCENT WE BELIEVE IN...

No lazy retailing

Retail is all in

*Making a great
impression on
our customers
'The Magic'*

*Drive out
complacency*

*Looking for the extra
1% in everything*

We don't do average

Persistence wins

*Follow the customer
and you will never have
to look for growth*

"Make It Happen."



**-DIVIDENDS
-TRADING
UPDATE
-OUTLOOK**

Trading update and FY19 outlook

Dividends

- Accent Group has announced a final ordinary dividend of **3.75 cents** per share, fully franked, payable on **27 September 2018** to shareholders registered on **13 September 2018**. This brings the dividend for the financial year to **6.75 cents**, an increase of **12.5%** on the prior year
- For the FY19 year a dividend payout ratio of **75% to 80%** of net profit after tax is targeted

Trading Update

- For the first 7 weeks of the FY19 year LFL retail sales are up **4.6%** on the same period in the prior year
- For FY19, the Group has forward cover at a weighted average rate of **\$0.77** for **80%** of its expected USD purchases (vs. **\$0.74** in FY18)

Outlook

- **Accent Group is targeting mid-single digit EBITDA growth in FY19, delivered through:**
 - Low single digit LFL store growth, continued strong growth in digital and growth from new stores
 - Continued margin improvement through increased vertical brands penetration, new emerging brands and reduced discounts (which will primarily benefit H1)
 - TAF new corporate store acquisitions program is expected to be EBITDA neutral for FY19 after implementation costs
- The company refinanced its debt facilities on 17 August 2018, in advance of their maturity. The new \$154.8 million facility is provided by NAB and HSBC and consists of a combination of 3 and 5 year terms



APPENDIX

Recon. of Underlying Profit to Reported Profit

Recon. of Underlying Profit to Reported Profit	\$'000	FY18	FY17	% Change
	Underlying Consolidated EBITDA	90,842	78,284	16.0%
	Less: Hype DC EBITDA prior to Completion (1/7/16 - 3/8/16)		(1,598)	
	Less: Cost of Executive Performance Rights	(1,949)		
	Reported EBITDA	88,893	76,686	15.9%
	\$'000's	FY18	FY17	% Change
	Underlying Net Profit After Tax	47,084	39,923	17.9%
	Add back pro-forma taxation ^(a)	18,104	16,420	
	Underlying consolidated PBT	65,188	56,343	15.7%
	Less: Hype DC EBITDA prior to Completion (1/7/16 - 3/8/16)		(1,599)	-
Non – IFRS Financial Information	Less: Restructuring Costs		(811)	-
	Less: Impairment of Hype Brand		(9,714)	
	Less: Cost of Executive Performance Rights	(1,949)		
	Less: Amortisation of intangibles arising on acquisition of Accent	(2,323)	(2,795)	
	Profit before tax per statutory accounts	60,918	41,424	47.1%
	Taxation	(16,918)	(12,072)	40.1%
	Reported Net Profit After Tax	44,000	29,352	49.9%
	- The Accent Group management believes that the presentation of additional non-IFRS financial information in its investor presentation provides readers with a greater understanding of the underlying performance of the business and the way in which performance is monitored. - Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards and includes items such as underlying EBITDA, EBIT, PBT, NPAT and EPS. - Non-IFRS financial information is clearly identified to enable the reader to differentiate it from reported/IFRS financial information. Where necessary, non-IFRS information is reconciled to reported/IFRS financial information, including in the table above. - The Australian Securities and Investments Commission acknowledges the relevance of non-IFRS financial information in providing “meaningful insight” as long as it does not mislead the reader.			
	a) Pro-forma taxation is calculated by multiplying the underlying PBT by the effective tax rate			

Store network and distribution agreements

Store Network ^(a)	TAF	Platypus	Skechers	Vans	Timberland	Dr Martens	Merrell	Hype	Podium / Other	Total
FY2017										
Stores at end of FY17	146	91	67	17	7		21	65	16	430
FY2018										
Stores opened	3	9	14		1	2	1	1		31
Stores closed	(6)	(2)			(1)			(2)	(4)	(15)
Stores at end of FY18	143	98	81	17	7	2	22	64	12	446
Projection FY19										
Expected at the end of FY19	138	107	90	23	7	3	19	67	13	467

Disribution agreements	Effective date	Expiry date	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Timberland	Jan-16	Dec-18							
Palladium	Jan-14	Dec-18							
CAT Footwear	Jan-16	Dec-18							
Saucony	Dec-13	Dec-18							
Stance	Feb-16	Jun-19							
Sperry	Jan-16	Dec-19							
Merrell	Jan-15	Dec-19							
Dr. Martens	Nov-15	Oct-20							
Vans	Feb-18	Dec-20							
CAT Apparel	Jan-16	Dec-20							
Skechers	Feb-16	Dec-26							

About Accent Group Limited

Accent Group Limited (AX1) is a regional leader in the retail and distribution sectors of performance and lifestyle footwear, with over 446 stores across 10 different retail banners and exclusive distribution rights for 10 international brands across Australia and New Zealand. Our brands include:^(a)



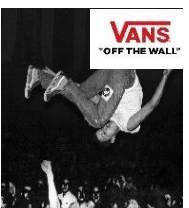
The Athlete's Foot

With 143 stores, The Athlete's Foot (TAF) is Australia's largest specialty athletic footwear retailer, known for its exceptional in-store customer service experience



Dr. Martens

Dr Martens range of footwear was born in 1960 and it is a representation of rebellion and free-thinking youth culture. Accent Group opened 2 stores in FY18



Vans

A staple for skaters and surfers, Vans has a strong heritage in action sports, and prides itself on being grounded in youth, authenticity and individual style. Accent Group operates 17 Vans stores



Sperry

Sperry Top-Sider is the original and authentic boat shoe brand, and is for people drawn to the surf, sun and soul of the ocean



Platypus Shoes

With 98 stores across Australia and NZ, Platypus is the region's largest multi-branded sneaker destination, offering a wide range of iconic sneakers from around the world



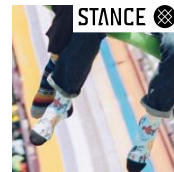
Skechers

Skechers is a global leader in lifestyle and performance footwear. Accent Group operates 81 Skechers stores across Australia and New Zealand



Timberland

Inspired by the company's New England heritage, Timberland is a brand true to the outdoor lifestyle. Accent Group operates 7 Timberland stores



Stance

Dedicated to the spirit of individuality, the Stance range of action-sport socks offers cutting-edge style, extreme comfort and exceptional durability



Hype DC

Hype DC is a retailer of premium, exclusive and limited edition sneakers, curated from the world's leading brands. Accent Group operates 64 stores across Australia



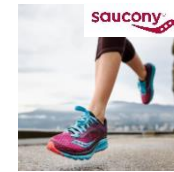
Merrell

Merrell is one of the worlds leading brands of performance outdoor and adventure footwear. Accent Group operates 22 Merrell stores



CAT

Cat Footwear and apparel has been designed and engineered to live up to the hard-working reputation of the Caterpillar brand. Made with uncompromising toughness and style



Saucony

Saucony exists for runners. This focus and passion drives Saucony to create the world's best running shoes and apparel

(a) Store numbers include online stores; other Accent Group Ltd. brands not reflected include Podium Sports (9 stores) and other online stores (3)

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