Results for the 26 weeks to 28 December 2013

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20th February 2014

Group Highlights

Super Retail Group

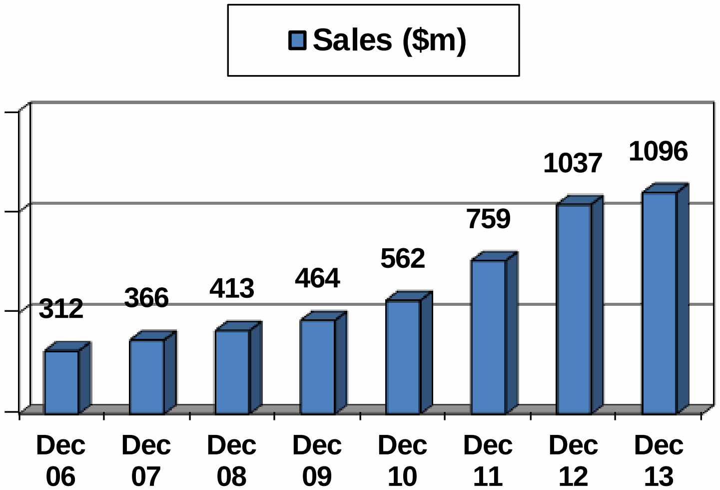
- Group NPAT up by 1.7%
- Group EBIT up by 1.3%
- Group Sales up by 5.8%

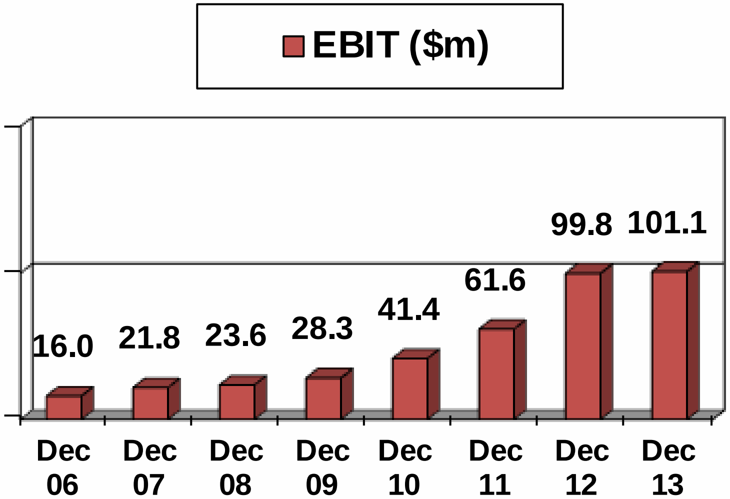
Sales LFL %	13/14	12/13	11/12	10/11	09/10	08/09
SCA	2.3%	5.2%	3.5%	3.4%	6.1%	4.5%
Leisure*	1.6%	2.8%	9.9%	1.5%	8.8%	6.8%
Sports	5.5%	8.3%	7.8%	* Leisure is BCF only until 11/12		

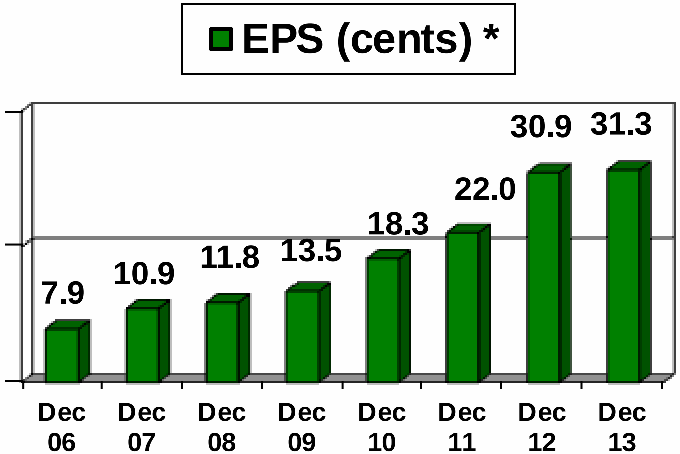
- The six month result is below expectations due to short term internal issues. Underlying business performance remains solid
- Results reflect continued strong performance of Supercheap Auto and Rebel/Amart
- Leisure performance is below expectation, actions are in place to focus on margin generation
- Cost of doing business improved after accounting for continued investment in multichannel capability
- $37.3 million invested in new and refurbished stores and a further $39.2 million invested in supply chain network and multi channel platforms
- Higher depreciation costs beginning to flow through result prior to program benefits delivering
- Strong operating cash flow performance was delivered in the period funding a higher inventory position in both Auto and Sports
- Continued improvement in Team Member retention

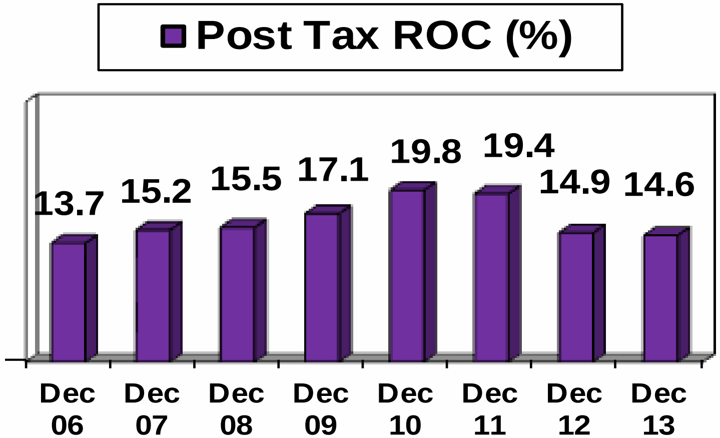
Performance Trends

Super Retail Group









* - historical EPS adjusted to take into account the bonus element in the 2011 entitlement offer

Post Tax ROC adjustment due to capital calculation reclassification

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Group Results

Super Retail Group

- Solid sales growth in both Auto and Sports from both new store and LFL growth
- Strong Leisure sales growth from new store expansion. LFL and gross margin performance below expectations in BCF impacting EBIT performance for Leisure
- Group EBITDA increase below sales growth due to softer Gross Margin performance
- Cost of doing business ratio has reduced reflecting strong cost control and efficiencies
- Increased Depreciation cost due to Group multi channel investment, benefits are not yet realisable
- Operating Cash Flow strong at $156.8m, pcp included $75m trade payables benefit due to balance dates timing versus payment cycle
- Net Debt below Jun 13 but above Dec 12, capital structure remains conservative
- Half Year Dividend increased to 18.5cps, representing underlying 59% payout ratio

	2013/14 $m	**Change on pcp**
Sales	1,096.5	5.8%
EBITDA	125.2	4.9%
EBIT	101.1	1.3%
NPAT	61.6	1.7%
Operating Cash Flow	156.8	-$49.6m
Net External Debt	293.4	-$35.9m
Dividend	18.5c	+1.5c

Divisional Results

	2013/14		2012/13	
	Sales $m	EBIT $m	Sales $m	EBIT $m
Auto Retailing	415.0	44.9	400.2	41.0
Leisure Retailing	306.9	24.4	283.9	26.6
Sports Retailing	370.2	38.4	348.4	36.4
Group & Unallocated	4.4	(6.6)	4.3	(4.2)
Total Group	1,096.5	101.1	1,036.8	99.8

- Sports Retailing includes trading losses for Goldcross standalone stores in both periods
- Interest income has been classified as net interest expense

Auto Retailing

- Divisional result includes Supercheap Auto and Auto Trade Direct (not material at this stage)
- Strong sales from new stores and good momentum in LFL sales growth at 2.3% growth on PCP.
- Solid performance across all categories with the exception of Tools and all states except Victoria/Tasmania
- Sales growth driven by increase in customer numbers and average transaction value
- Further improvements in gross margin driven by trading terms, overseas sourcing, own brand development and product quality
- Improved cost of doing business due to efficiencies in marketing and general efficiency measures
- 4 new stores, 2 closures, 5 stores refurbished including 3 as Superstores – 290 stores at 28 December

	2013/14 $m	**change on pcp**
Sales	415.0	3.7%
LFL sales growth		2.3%
Gross margin %	*43.9%*	*+0.3% pts*
EBITDA	54.5	10.5%
EBITDA margin %	*13.1%*	*+0.8% pts*
EBIT	44.9	9.5%
EBIT margin %	*10.8%*	*+0.6% pts*

Leisure Retailing

- Overall sales results reflects solid sales in Ray's Outdoors and FCO plus new store growth in BCF
- Gross margin compression is partially offset by lower cost of doing business
- Higher depreciation costs attributable to store rollout and investment in Group programs to improve inventory performance
- BCF LFL decline due to new store cannibalisation and lower activity attributable to regional and mining service areas. BCF gross margin impacted by promotional discounting
- Key focus for Ray's has been the clearance program to reposition the business for future growth. Program has supported LFL sales and dampened margin performance
- FCO delivered circa 20% LFL sales growth from increased customers and average units sold. Repositioning strategy for FCO will continue over the next 18 months
- 7 new BCF stores and 3 new Ray's Outdoors stores opened and 1 closed during the period to bring total stores to 112 and 57 respectively

	2013/14 $m	change on pcp
Sales	306.9	8.1%
LFL sales growth		1.6%
Gross margin %	*43.6%*	*-1.4% pts*
EBITDA	31.1	-1.6%
EBITDA margin	*10.1%*	*-1.0% pts*
EBIT	24.4	-8.3%
EBIT margin	*8.0%*	*-1.4 %pts*

Sports Retailing

- Sales performance has been strong in both Rebel and Amart Sports. LFL sales growth driven by increased traffic and average transaction value
- Included in the result are Goldcross store losses prior to closure circa $1m (pcp circa $4m). All Goldcross standalone stores are now closed.
- Workout World acquired in late November, immaterial contribution
- Nine new stores were opened in the period including one Rebel, seven Amart Sports stores and one Rebel Fit store
- Sports was fully converted onto the Group SAP platform in the period
- Gross margin performance was below prior period, impacted by SAP transition
- EBIT margin has been dampened by the expansion of Amart Sports stores in Victoria and NSW as the brand establishes itself in these new markets
- Aged stock maintained at below 5%

	2013/14 $m	**change on pcp**
Sales	370.2	6.3%
LFL sales growth		5.5%
Gross margin %	*46.3%*	*-0.1%pts*
EBITDA	46.2	8.5%
EBITDA margin%	*12.5%*	*-0.3%pts*
EBIT	38.4	5.5%
EBIT margin %	*10.4%*	*0.0%*

Group & Unallocated

- Group and Unallocated includes SRG Commercial, consolidated investment in Oceania Bicycles and Group costs not allocated to segments
- Acquisition costs are held at group and not allocated to business units.
- Unallocated Group costs include public company activities, un-utilised DC space and costs relating to the Group development team
- Significant increase in Group development costs arising from work in progress on the Group multi-channel programs and the SAP implementation into the Sports businesses
- Capital programs under management include:
  - Supply Chain projects to deliver multi user DC in Sydney and Brisbane. Inventory planning and management system JDA which is targeted to deliver circa $50m inventory improvement
  - CRM programs to launch and leverage new loyalty programs in each brand. Multi-channel capability development including websites and IS infrastructure
  - Sports SAP integration

	2013/14 $m	change on pcp
Sales	4.4	2.3%
		$m
EBITDA	(6.6)	+2.5
EBIT	(6.6)	+2.4
Comprising:		
Public company	(1.9)	(0.2)
Un-utilised storage	(0.6)	0.1
Group development	(3.1)	2.5
Commercial & other	(1.0)	0.7
Goldcross SIS conversions	0.0	(0.7)

Group Cash Flow

- Strong underlying operating cash flow performance has funded increase investment in new stores and development program
- Comparative period cash flow performance is higher due to timing benefits from month end creditor payments ($75m)
- New and refurbished store investment of $37.3m is fully funded out of operating cash flows
- Investment in new and refurbished store capex is split:
  - $4.7m in SCA
  - $6.7m in Leisure
  - $10.6m in Sports
- Investment in other capital projects relates to DC network expansion (Sydney), inventory management capability (JDA) and IT projects including Sport SAP migration
- Business acquisition in the period is Workout World

	Dec 13 $m	Dec 12 $m
Operating cash flow (pre store set up investment)	172.1	226.6
Store set up investment	(15.3)	(20.2)
Business acquisition	0.0	0.0
Operating cash flow	**156.8**	**206.4**
Investing activities:		
- Store fitout	(22.0)	(22.1)
- Other capex	(39.2)	(31.1)
- Business Acquisition	(4.2)	(6.0)
Financing activities:		
- Dividends & interest	(54.4)	(50.6)
- Ext Debt (repayt)/proceeds	3.1	(45.1)
- Equity Issues	0.0	0.2
Net cash flow	**40.1**	**51.7**

Group Balance Sheet

- SCA average inventory per store is 14% higher than pcp due to increased use of trade partner funded inventory, lower than plan sales and Chinese New Year planning
- Leisure average inventory per store is 9% lower than December 2012 pcp derived from inventory planning improvements
- Sports inventory increase to pcp due to; higher sales performance; increase in overseas sourcing; 9 new stores and risk management through the SAP implementation. Aged inventory remains below 5%
- Trade Creditor increase is due to timing of inventory build for key Xmas and New trading period
- Increase in Plant & Equipment primarily as a result of ongoing capital expenditure in new and refurbished stores and the Sydney DC
- Increase investment in computer software due to SAP integration multi channel

	Dec 13 $m	Jun 13 $m
Inventory		
- Auto Retailing	193.4	168.4
- Leisure Retailing	163.8	162.2
- Sports Retailing	147.4	117.5
- Group & Unallocated	7.2	4.5
Total	511.8	452.6
(Trade creditors)	(383.6)	(274.3)
Net inventory investment	128.2	178.3
Plant, equipment & software	287.6	251.6
Net External Debt	293.4	329.3

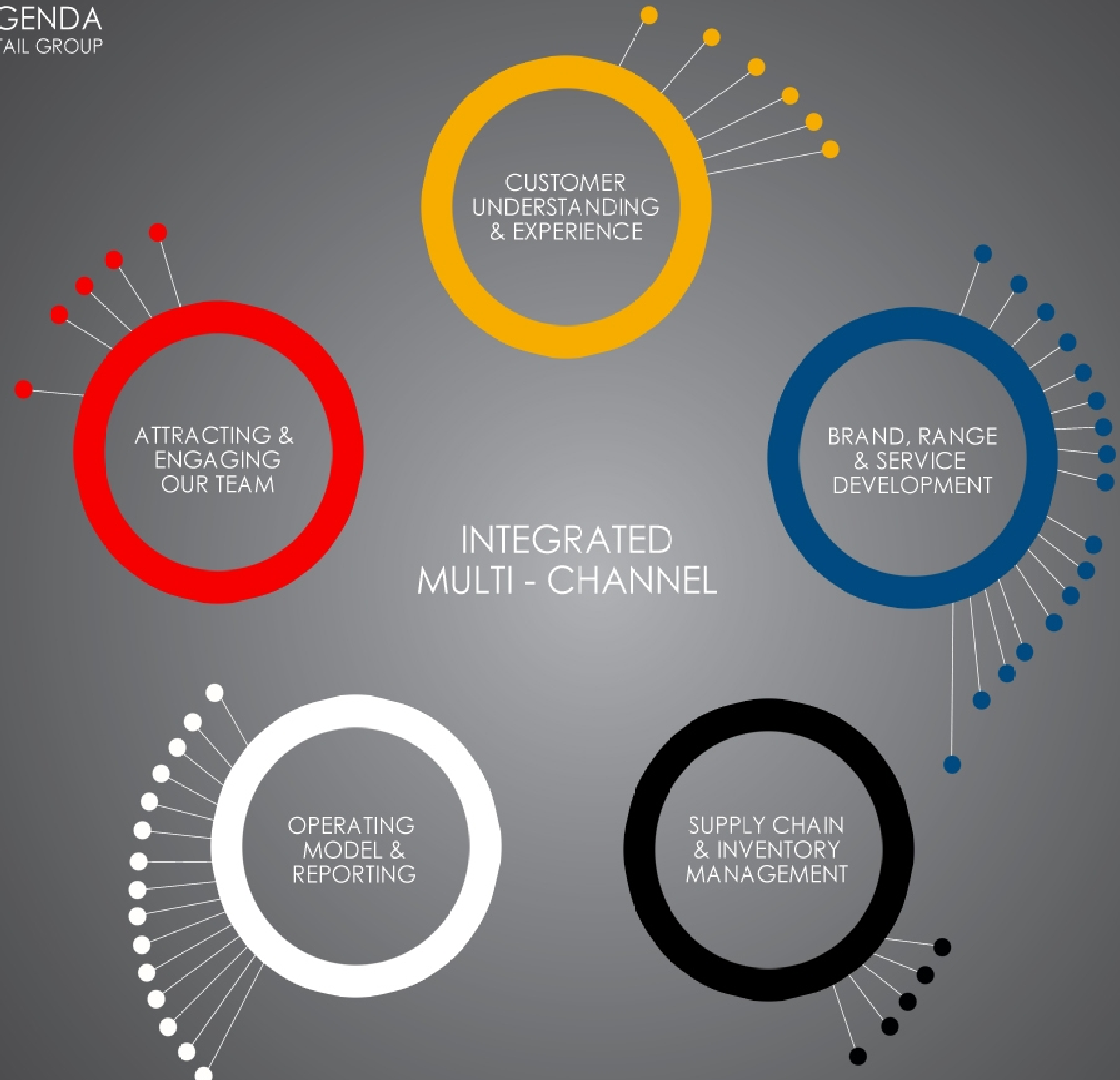
Returns & Capital Ratios

- Improvement in EPS ratio consistent with profit performance
- The Group undertook a modification of its debt facility in the period. The facility limit has been increased to $600m and extended on more favourable terms. All cover ratios are well within covenant levels
- Average net debt increased as a result of the investment in capital expenditure and inventory
- Return on Capital remains below targeted level, but remains above the WACC
- Effective FX rate for the period was 0.95, down from 1.03 in pcp. Based on existing hedge position, 2013/14 full year FX rate expected to be around 0.93
- Effective tax rate for the period was 30% - full year expected to be consistent with this level
- *^Adjusted capital includes leases capitalised into debt at 6x annual charge*

	Dec 2013	Dec 2012
EPS – reported	31.3c	30.9c*
Fixed charge cover	2.04x	2.04x
Average Net Debt	$400m	$360m

	Dec 2013	Jun 2013
Net debt : capital		
- Headline	28.0%	31.0%
- Adjusted^	65.4%	65.0%
Annualised post tax ROC		
- Headline	14.6%	11.5%
- Adjusted	14.6%	12.6%

*Comparative restated


CUSTOMER UNDERSTANDING & EXPERIENCE
ATTRACTING & ENGAGING OUR TEAM
BRAND, RANGE & SERVICE DEVELOPMENT
INTEGRATED MULTI - CHANNEL
OPERATING MODEL & REPORTING
SUPPLY CHAIN & INVENTORY MANAGEMENT

Range, Brand and Service Development

Channel and Customer Development

- New stores
  - Auto – Grow to 320 stores
  - Leisure – Grow to 220 stores
  - Sports – Grow to 185 stores
- Store refurbishments
- Store resizing/relocation
- Store of the future
- On line channel development
- Initiatives to drive sales intensity in Rays Outdoors and FCO formats
- Customer development
  - Auto Trade Direct
  - Group wide: Commercial and Wholesale

Range Development

- New product introduction
  - Circa 20 to 25% of product renewed annually
  - Focus on growing categories
- Private brand development
  - SCA up to 40%
  - BCF and Rebel/Amart up to 20%
  - Rays Outdoors up to 50%
- Overseas Sourcing
  - Rebel/Amart sourcing integration
  - Trade partner collaboration
- Improved capability to manage local ranging

Integrated Multi Channel Capabilities

Understanding and Engaging Customers

Objectives:

- Engaging and integrated customer experience across all channels
- Effective Loyalty Programs and targeted marketing

Capabilities developed in 13/14:

- Rays's Outdoors – Rays Rewards loyalty program launched
- Targeted promotions in SCA and BCF

Key initiatives:

- CRM system development and implementation
- CRM analytics and direct marketing
- BCF loyalty programs relaunch
- Store of the future – customer engagement model
- Content development

Supply Chain & Inventory Management

Objectives:

- The right supply chain to support a $3bn + multi channel multi business organisation
- Reduction in net working capital and supply chain costs as a % of sales

Capabilities developed in 13/14:

- JDA rollout BCF and Ray's and SCA car care category and seat covers pilot
- New Sydney DC devliered, go-live March 2014

Key initiatives:

- New Brisbane DC go-live March 2015
- Group wide forecasting and replenishment
- Leveraging international supply chain methods

Supporting Capabilities

Efficient and Effective Organisation

Objectives:

- Reduce business operating costs by 2% of sales
- Improved sales per sqm across the group
- Flexible decision support and analysis

Capabilities developed in 13/14:

- Re-engineered sales and operational planning
- SAP implemented into Sports Retailing
- Ongoing store productivity

Key initiatives:

- Store productivity
- Cross functional process re-engineering
- Group wide procurement savings
- Reporting development
- Bedding down of Sports SAP performance

Attracting and Engaging Team Members

Objectives & Current Performance:

- Achievement of KPI's in areas of Attraction, Retention, Engagement, Safety, Succession and Diversity;
- Attraction tracking ahead of target
- Retention in line with target
- Engagement to be measured in the second half
- Safety below retail industry average and target
- Succession tracking in line with target
- Diversity behind internal target

Key initiatives:

- Ongoing development of performance management and succession planning systems
- Team member value proposition development
- OHS strategy, focus and training
- Diversity action plan
- Learning and development content update
- Recruitment of Leisure Retailing MD to augment the Groups executive talent pool

Looking Forward

Auto Retailing

- LFL sales growth in the first 7 weeks of 2nd half 13/14 circa 2.5%
- SCA store development : no net increase in store numbers, 10 refurbishments, extensions and relocations (including 5 super stores)
- Full year gross and EBIT margins expected to show small growth for full year

Leisure Retailing

- LFL sales growth in the first 7 weeks of 2nd half 13/14 circa 2.0%
- Plan to open 2 stores and refurbish 2 stores in 2nd half 13/14
- Promotional and pricing initiatives implemented to lift gross margin in second half
- Full year EBIT margin expected to be in line with last year's reported margin

Sports Retailing

- LFL sales growth in the first 7 weeks of 2nd half 13/14 circa 6.0%
- Plan to open 4 stores, close 1 store and refurbish 4 stores in 2nd half 13/14
- Full year gross margin is expected to improve and EBIT margin is expected to be consistent with last year's reported margin (excluding Goldcross provision)

Net Debt

- Planned full year capital expenditure circa $105m
- Net debt expected to be circa $330m at June 2014