



Results for the 26 weeks to 29th December 2018

Peter Birtles Group Managing Director and Chief Executive Officer

David Burns Chief Financial Officer

14 February 2019



Group Highlights

TRADING PERFORMANCE

- ✓ Total Group sales of \$1.4 billion up by 6.0% on pcp
- ✓ Total Segment EBITDA of \$166.2 million up by 11.3% on pcp
- ✓ Normalised NPAT of \$81.6 million up by 8.9% on pcp
- ✓ Profit attributable to owners of \$71.7 million down by 0.7% on pcp
- ✓ Operating cash flow of \$235.4 million, \$69.2 million above Segment EBITDA
- ✓ Half year dividend of 21.5 cents per share consistent with pcp

STRATEGY IMPLEMENTATION

- ✓ Core businesses delivering solid sales growth
- ✓ Strong contribution from Macpac
- ✓ Investment in omni-retail capabilities underpinning growth
- ✓ Successfully re-platformed core websites
- ✓ Strong performance in team member and customer metrics

Group Highlights : Our Scorecard

Strong performance in team member and customer metrics

Healthy, passionate and high performing team

- Top quartile team engagement at 70%
- Team Retention at 73.8% significantly higher than industry average
- LTIFR at 6.4 over 50% improvement over last 3 years
- NPS highlights positive trend in team expertise and service

Inspired, engaged and satisfied customers

- 5.5 million active club members at December 2018 (up from 4.4 million at December 2015)
- Club members NPS of 58.4 at December 2018 (up from 57.9 at June 2018)
- 23.6 million customer transactions in 6 months to December (up by 0.5% on PCP)
- 9.8 million active website visits in December 2018 (up by 26% on PCP)

Sustainable omni- retail capabilities

- SCA, BCF and Rebel websites relaunched on Salesforce Commerce Cloud
- Core information systems replatformed to be more flexible, scalable and secure
- Investment in supply chain delivering productivity and working capital savings
- Development focus on direct to customer delivery and customer management

Top quartile shareholder returns

- CAGR in Normalised EPS of 5% (5 years to June 18)
- Average post tax Return on Capital of 11.7% (5 years to June 18)
- Average Group Normalised EBIT margin of 8.1% (5 years to June 18)
- Average Group LFL sales growth of 3.3% (5 years to June 18)



Content

Group Highlights

■ **FY19 1st Half Performance**

FY19 2nd Half Trading Update

Appendices

- Performance Trends
- Segment Notes

Group Results

- Total Sales increased 6.0% on pcp; excluding contribution from Macpac & Rays, sales increased 2.8%
- Group segment EBITDA includes a \$9.5m contribution from Macpac. EBITDA has increased by 5.0% excluding Macpac
- Strong operating cash flow of \$235.4m is \$69.2m above Segment EBITDA
- Net Debt increased on pcp due to debt funding of Macpac acquisition of \$133.8m in April 2018
- Half year dividend of 21.5 cents, consistent with prior year
- The \$30.0m of after tax (\$42.6m pre tax) of costs associated with store manager underpayments has been recognised as follows:
 - \$24.0m of prior period costs in a restatement of retained earnings
 - \$6.0m of compensatory interest in other items not included in normalised NPAT

	2018/19 \$m	Change on PCP
Total Sales	1,403.2	6.0%
Total Segment EBITDA	166.2	11.3%
Total Segment EBIT	124.5	9.6%
Normalised NPAT	81.6	8.9%
Other items not included in Normalised NPAT	(9.9)	
Profit attributable to owners	71.7	(0.7%)
Operating Cash Flow	235.4	(58.3)
Net External Debt	(294.0)	94.8
Half Year Dividend	21.5	0.0

Segment Results

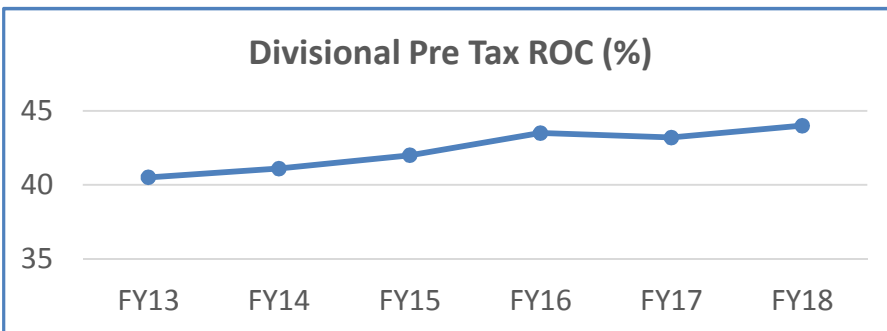
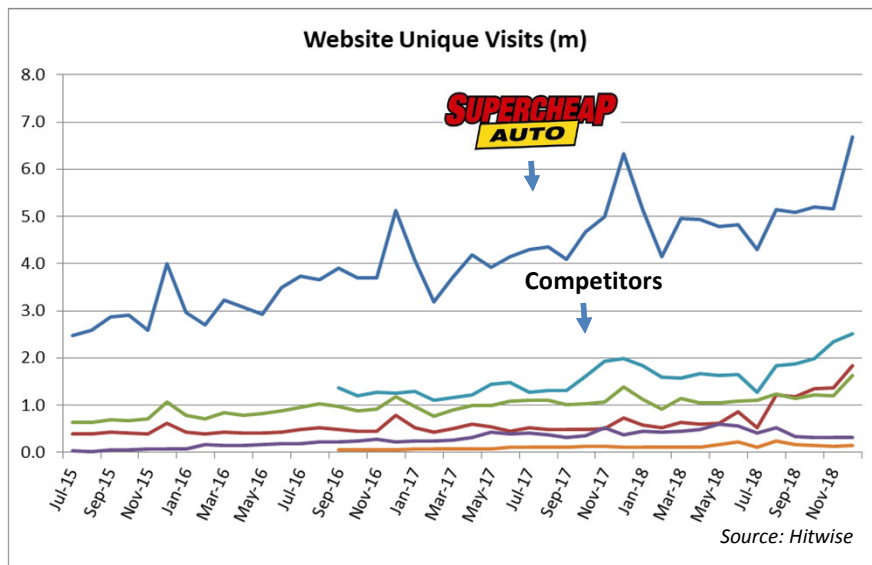
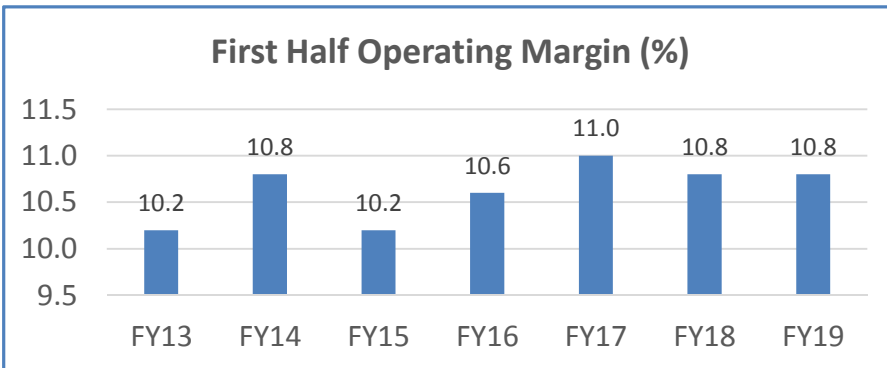
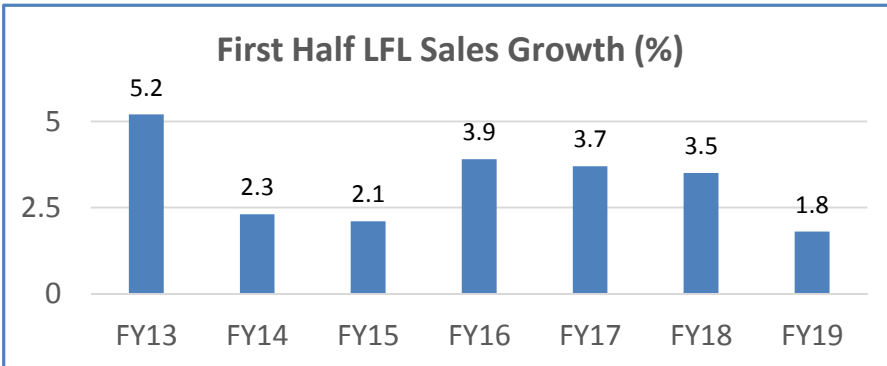
	2018/19		2017/18	
	Sales \$m	Segment EBIT \$m	Sales \$m	Segment EBIT \$m
Auto Segment	530.8	57.1	516.7	55.7
Outdoor Segment	348.5	22.9	299.1	16.4
Sports Segment	523.9	54.4	503.8	51.7
Group & Unallocated	-	(9.9)	4.1	(10.2)
Total Segment Result	1,403.2	124.5	1,323.7	113.6

- Segment Results are net of non-controlling interests (EBIT only) and other costs. Refer to the segment note slides in the appendices.

Auto Retailing



Key Statistics Snapshot (latest available data)	Trend	
Active club members	↑	1.51m
Club members NPS	↑	60%
Club sales % total sales	↑	38%
Store numbers	↑	323
Online sales % total sales	↑	6%
Click and collect % online sales	↑	>50%
Private brand mix	↑	45%



Auto Retailing



- Total sales growth of 2.7% driven by ATV
- Second quarter promotional activity balancing gross profit and like for like sales growth
- The key categories of Accessories and Maintenance delivered strong growth
- Sales growth was achieved in the key markets of Queensland, Victoria and New Zealand.
- Gross margins improved, driven by ranging and sourcing benefits plus benefits from supply chain efficiencies
- Operating costs increased due to investment in customer solutions, in store service and digital to support omni-retailing capability
- Depreciation and amortization costs have increased due to higher investment in omni-retailing initiatives. SCA opened 4 new stores, relocated 3 stores and refurbished 3 stores

	2018/19 \$m	Change on PCP
Sales	530.8	2.7%
LFL Sales growth		1.8%
Segment EBITDA	74.3	4.6%
<i>EBITDA margin %</i>	14.0%	0.3%
Segment EBIT	57.1	2.5%
<i>Segment EBIT margin %</i>	10.8%	0.0%

Outdoor Retailing



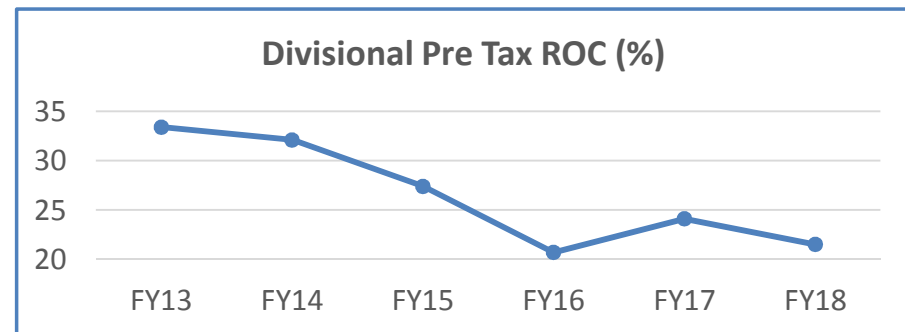
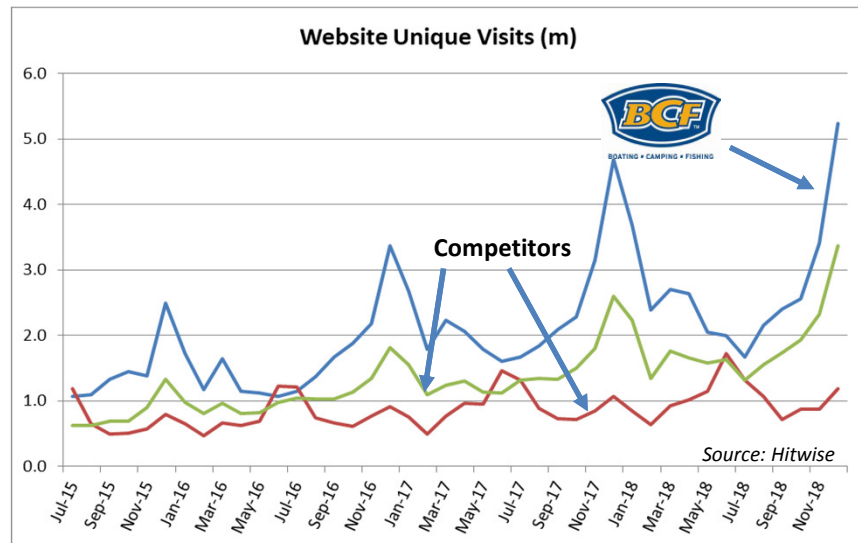
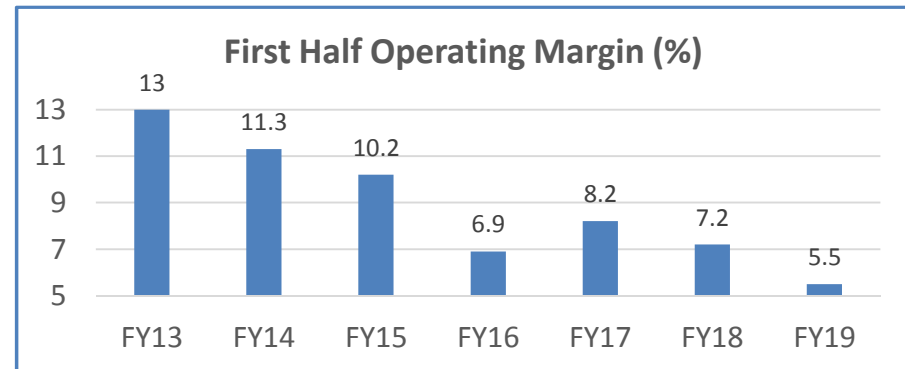
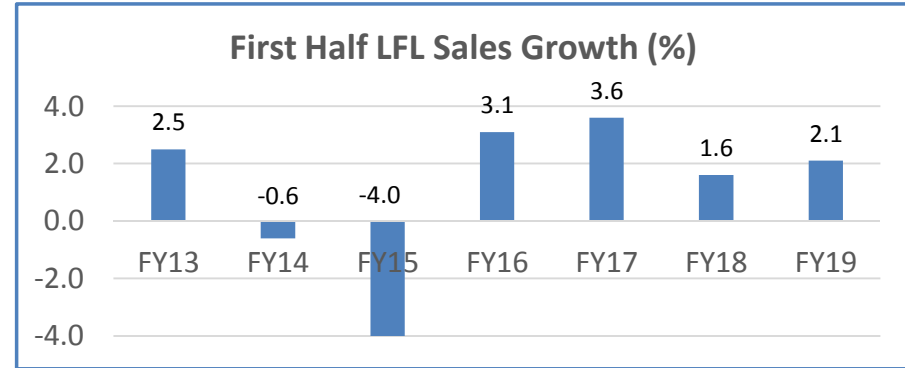
- Outdoor Retailing includes BCF, Rays and Mapac
- Following the successful trial of a large format outdoor adventure store under the Rays brand, the Group acquired Macpac to build a market leading outdoor adventure retail business
- Macpac was acquired, effective 31 March 2018 – 9 Rays stores will be converted to Macpac Adventure Hub from February to April
- Total Outdoor sales included a \$51.4m contribution from Macpac which were not in the comparative period. Rays sales declined as a result of store closures contributing \$15.7m in the period
- Outdoor EBIT includes a \$8.7m contribution from Macpac. BCF EBIT was \$4.5m below the prior year while Rays EBIT loss was \$1.2m

	2018/19 \$m	Change on PCP
Sales	348.5	16.5%
LFL Sales growth		3.1%
Segment EBITDA	33.5	32.4%
<i>EBITDA margin %</i>	9.6%	1.1%
Segment EBIT	22.9	39.6%
<i>Segment EBIT margin %</i>	6.6%	1.2%

Outdoor Retailing - BCF



Key Statistics Snapshot (latest available data)	Trend	
Active club members	↑	1.40m
Club members NPS	↑	58%
Club sales % total sales	→	79%
Store numbers	↑	136
Online sales % total sales	↑	7%
Click and collect % online sales	↑	>50%
Private brand mix	↑	35%



Outdoor Retailing - BCF



- Sales growth of 2.2% was driven by like for like growth which has improved since October
- Like for like sales growth was driven by an increase in average transaction value. Increase reflects sales mix shift to camping, from boating and fishing
- Significant investment in price to protect market leadership in response to competitive activity
- On-line sales increased by 10% compared to pcp
- Gross margins declined due to price investment to support an increase in competitive intensity in key categories
- Operating costs leverage reduced due to lower sales intensity and investment in omni-retail capabilities
- BCF opened 3 stores and closed 1 store during the year, resulting in 136 stores at period end

	2018/19 \$m	Change on PCP
Sales	281.4	2.2%
LFL Sales growth		2.1%
EBITDA	24.8	(12.0%)
<i>EBITDA margin %</i>	8.8%	(1.4%)
EBIT	15.4	(22.6%)
<i>EBIT margin %</i>	5.5%	(1.8%)

Outdoor Retailing - Macpac and Rays

Macpac

- Macpac was effectively acquired on the 31 March 2018 and is not in the comparative period. The business has traded above expectations for sales and contribution
- Strong LFL sales growth driven by increasing brand presence in Australia
- Gross margins increased slightly against pcp
- On-line sales grew 24%, now 10% of total sales. The website was re-platformed to Salesforce in the period
- Total stores of 59 at December 2018 compared to 50 stores in pcp

Rays

- Sales in continuing stores achieving business case expectations
- Sales growth has been achieved in core categories of apparel and hiking
- Rays brand not promoted from November as 9 stores prepare for conversion to Macpac from February to April 2019

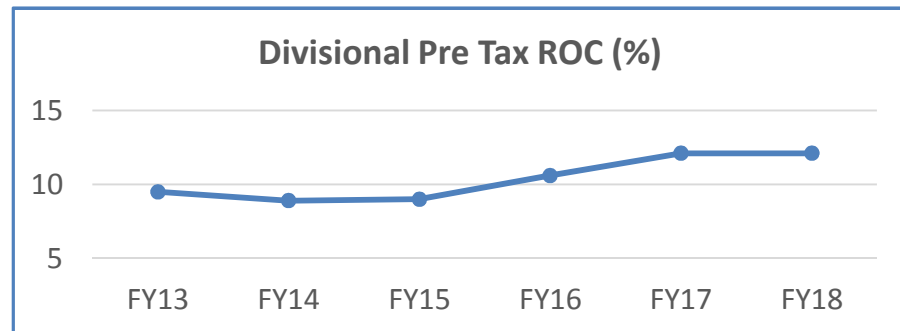
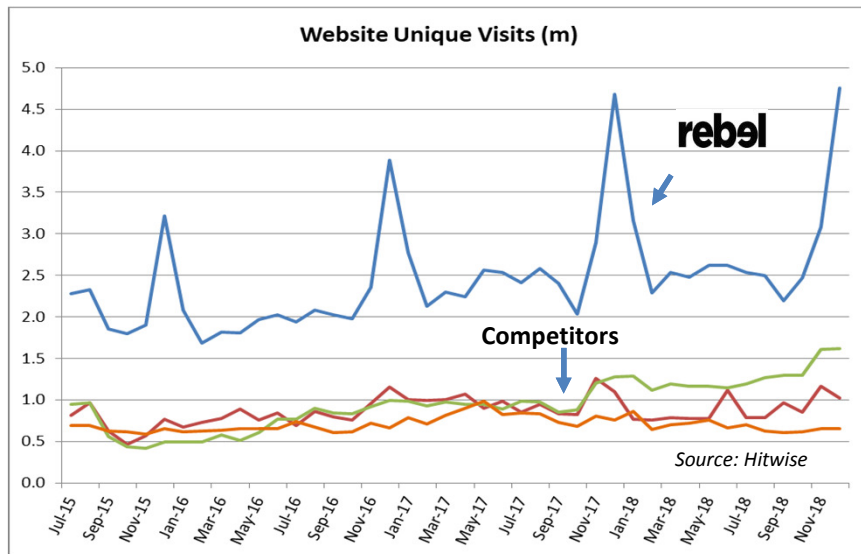
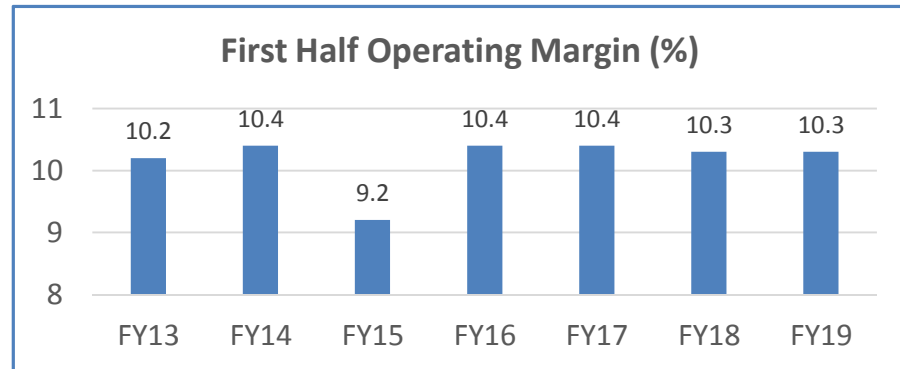
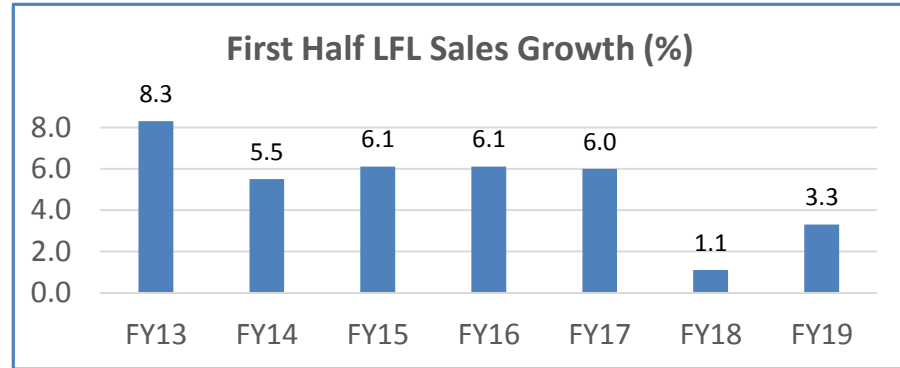
	2018/19 \$Am	Change on PCP
Sales		
- Macpac ⁽¹⁾	51.4	-
- Rays	15.7	(34.4%)
26 week LFL sales growth		
- Macpac		10.8%
- Rays continuing stores		0.9%
EBIT		
- Macpac ⁽¹⁾	8.7	-
- Rays	(1.2)	64.7%

⁽¹⁾ Contribution from 1 April 2018, no pcp

Sports Retailing



Key Statistics Snapshot (latest available data)	Trend	
Active club members	↑	2.55m
Club members NPS	↑	57%
Club sales % total sales	↑	62%
Store numbers	↑	161
Online sales % total sales	↑	11%
Click and collect % online sales	↓	>25%
Private and exclusive brand mix	↓	11%



Sports Retailing



- Sales growth for the period was supported by both increased transaction growth and increase in units per transaction
- Apparel, footwear and fitness delivered strong growth offset by decline in equipment, (consistent with the Amart Sports integration strategy)
- On-line sales increased by 41% to represent 11% of sales. The Rebel website was transitioned to Salesforce in the period
- Operating expenses improved due to delivering the expected synergy benefits from the Amart Sports integration in marketing and support costs
- Depreciation and Amortisation cost increased in the period due to increased investment in omni-retailing initiatives
- Rebel opened 4 new stores and closed 2 in the period. Total stores at period end was 161 stores

	2018/19 \$m	Change on PCP
Sales	523.9	4.0%
LFL Sales growth⁽¹⁾		3.2%
Segment EBITDA	68.2	8.3%
EBITDA margin %	13.0%	0.5%
Segment EBIT	54.4	5.2%
Segment EBIT margin %	10.4%	0.1%

⁽¹⁾ Comparative to Rebel and Amart Sports

Group & Unallocated

- Group and Unallocated includes:
 - Corporate costs not allocated to segments
 - Commercial operations
 - Omni retail development
- Un-utilised distribution centre costs remain consistent with no changes to the DC network compared to pcp
- Digital cost lower due to reduced investment in digital ventures. Auto Guru is no longer consolidated nor now included in Segment Result
- Omni-retail development costs include investment in developing the optimal group wide operating model to support the Group's omni-retail strategy

	2018/19 \$m	\$m
Sales	0	(4.1)
EBIT	(9.9)	0.3
Comprising:		
Corporate costs	(5.8)	(0.3)
Un-utilised distribution centre costs	(1.8)	(0.1)
Digital	(0.5)	0.5
Omni Retail Development	(1.8)	0.2

Group Cash Flow

- Strong operating cash flow (pre store set up investment) driven by higher profit, \$69.2m above Segment EBITDA
- Effective management of net working capital has fully funded increased inventory levels to support higher in-stock availability and to offset the impact of the lower AUD
- The Group's capital expenditure reflects a shift to increase the investment in omni-retail capabilities while moderating the spending on the growth and refurbishment of the store network
- Investment in new and refurbished store capex is split: \$3.8m in Auto, \$3.6m in Outdoor and \$2.0m in Sports
- Other capital expenditure is higher due to investments in omni-retailing capabilities including Salesforce website re-platform, product information management systems, cyber infrastructure, networking, core information systems and inventory assortment and allocation projects

	2018/19 \$m	2017/18 \$m
Operating cash flow (pre store set up investment)	248.3	303.8
Store set up investment	(12.9)	(10.1)
Operating cash flow	235.4	293.7
Stores	(9.4)	(17.8)
Other Capex	(31.0)	(38.5)
Payment of JV	(0.4)	(0.3)
Investing Cash flow	(40.8)	(56.6)
Dividends & interest	(67.1)	(55.2)
Finance Leases	(1.7)	(1.4)
Ext Debt (repay)/proceeds	(78.0)	(169.9)
Financing Cash flow	(146.8)	(226.5)
Net Cash flow	47.8	10.6

Group Balance Sheet

- Inventory has increased due to growth in private brand volumes, focus on lifting in-stock availability and the lower Australian Dollar
- SCA inventory has increased due to new stores
- Outdoor inventory increase includes seasonal increase in Macpac and BCF has increased average inventory per store to improve in-stock performance
- Sports inventory has increased seasonally and to improve in-stock position through this period. Aged stock has improved compared to December 2017
- Net inventory has increased from December 2017 by \$17m, after adjusting for Macpac net inventory has reduced by \$13m
- Net debt improvement since June due to period cash flows.

	Dec 18 \$m	Jun 18 \$m
Inventory		
- Auto Retailing	206.7	204.5
- Outdoor Retailing	200.6	160.2
- Sports Retailing	210.6	180.8
Total Inventory	617.9	545.5
Trade and other payables	(526.8)	(342.3)
Net inventory investment	91.1	203.2
Property, Plant and Equipment & Computer Software	378.1	382.8
Net External Debt	294.0	422.9

Returns & Capital Ratios

- Normalised EPS of 41.3c an increase of 8.7% on pcp
- Normalised Fixed charge cover ratio, calculated after adjusting for restructuring costs is near target range of 2.2 times
- Average net debt increase reflects \$133.8m Macpac acquisition partially offset by positive cash flows
- In December 2018, the Group's core debt facility was amended to \$655m and core tranches were extended to expire in 3,4 and 5 years. No changes were made to financial covenants which have significant headroom
- Return on Capital remains above WACC
- Effective AUD/USD rate for the period was 0.735 down from 0.767 in pcp.

	2018/19	2017/18
Normalised EPS	41.3c	38.0c
Basic EPS	36.3c	36.6c
Reported Annualised Post Tax Return on Capital (ROC) ⁽¹⁾	15.8%	14.9%
Average Net Debt	\$426m	\$366m
	Dec 18	Jun 18
Fixed charge cover – normalised EBITDAL	2.15x	2.09x
Net Debt / EBITDA - normalised	0.94	1.44
Net Debt/Total Capital	26.4%	34.6%

⁽¹⁾ Based on Normalised Net Profit After Tax



Content

Group Highlights

FY19 1st Half Performance

■ **FY19 2nd Half Trading Update**

Appendices

- Performance Trends
- Segment Notes

FY19 2nd Half Trading Update

Auto Retailing

- LFL sales growth in the first 6 weeks of second half circa 4%, year to date LFL now circa 2.2%
- SCA second half store development: plan to open 6 new stores, close 2 stores and undertake 11 relocations and extensions

Outdoor Retailing

- BCF LFL sales growth in the first 6 weeks of the second half circa 8%, year to date LFL now circa 3.2%
- BCF second half store development: plan to open 1 store and undertake 1 store relocation
- Macpac LFL sales growth in the first 6 weeks of second half circa negative 2%, cycling significant clearance program in pcp, year to date LFL now circa 8.4%
- Macpac second half store development: plan to open 1 new store and relocate 2 stores. Integration of 9 Rays stores will occur in February to April 2019

Sports Retailing

- LFL sales growth in the first 6 weeks of second half circa 8%, year to date LFL now circa 4.0%
- Rebel second half store development: no new stores, 3 relocations and 3 refurbishments are planned



Content

Group Highlights

FY19 1st Half Performance

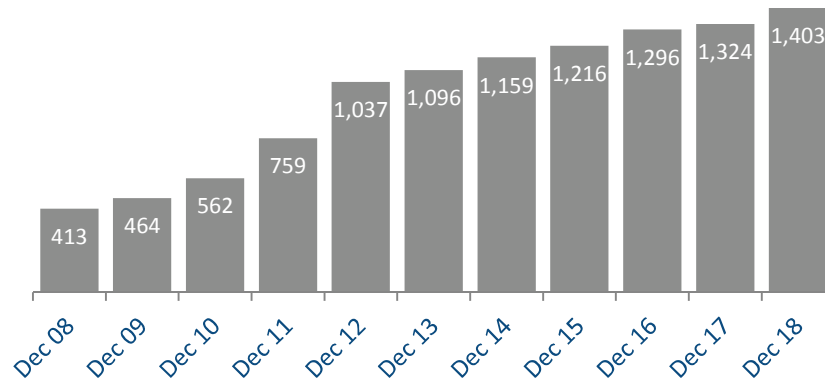
FY19 2nd Half Trading Update

Appendices

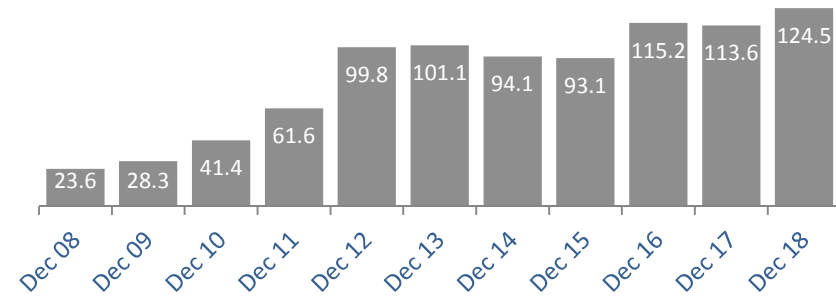
- Performance Trends
- Segment Notes

Performance Trends

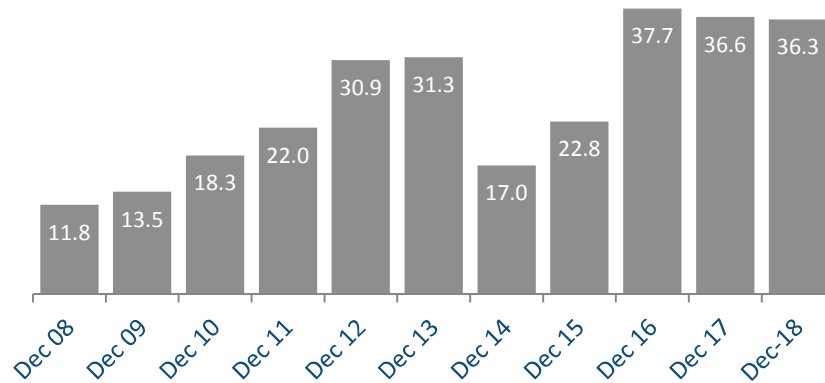
Reported Sales (\$m)



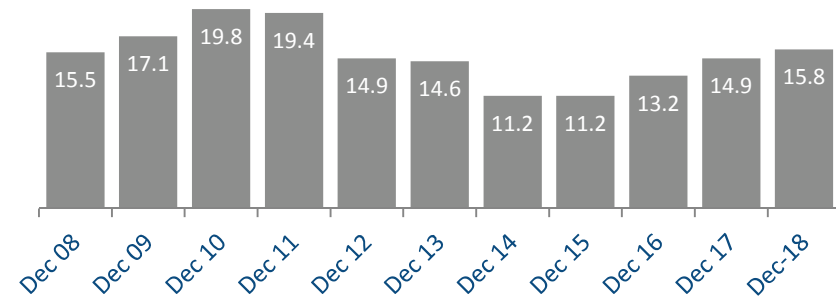
Reported Total Segment EBIT (\$m)



Reported EPS (c)



Reported Post Tax ROC (%)



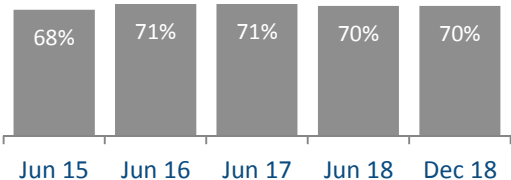
- Historical EPS adjusted to take into account the bonus element in the 2011 entitlement offer

- Post Tax ROC adjustment due to capital calculation reclassification
- Dec 14 Post Tax ROC for continuing operations only

Performance Trends

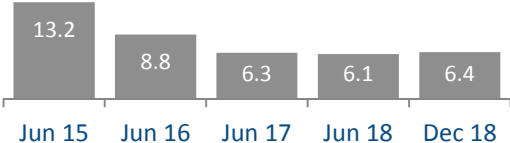
Team

Team Engagement

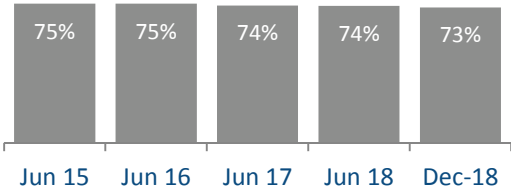


Safety

Lost Time Injury Frequency Rate

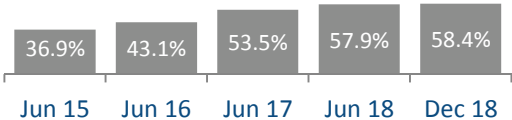


Team Retention

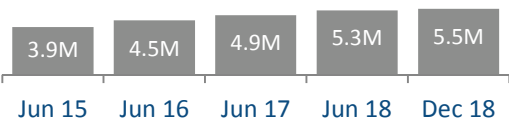


Customer

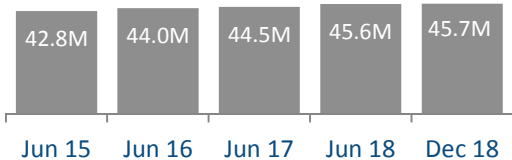
Average Net Promoter Score



Active Club Members



Customer Transactions



• Average of club member NPS scores of each Division

* 12 months to December 2018

Segment Note 2018/19

For the period ended 29 December 2018	Auto \$m	Outdoor \$m	Sports \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
Segment Revenue and Other Income						
External segment revenue ⁽¹⁾	530.8	348.5	523.9	1,403.2	-	1,403.2
Inter segment sales	-	-	-	-	-	-
Other income	0.1	0.1	1.1	1.3	0.1	1.4
Total segment revenue and other income	530.9	348.6	525.0	1,404.5	0.1	1,404.6
Segment EBITDA⁽²⁾	74.3	33.5	68.2	176.0	(9.8)	166.2
Segment depreciation and amortisation	(17.2)	(10.6)	(13.8)	(41.6)	(0.1)	(41.7)
Segment EBIT result	57.1	22.9	54.4	134.4	(9.9)	124.5
Net finance costs						(11.0)
Total segment NPBT						113.5
Segment income tax expense ⁽³⁾						(31.9)
Normalised NPAT						81.6
Other items not included in the total segment NPAT ⁽⁴⁾						(9.9)
Profit for the period						71.7
Profit for the period attributable to:						
Owners of Super Retail Group Limited						71.7
Non-controlling interests						-
Profit for the period						71.7

⁽¹⁾ Includes non-controlling interest (NCI) revenue of nil.

⁽²⁾ Adjusted for \$11.5 million of compensatory interest and remediation costs associated with prior years' wages underpayment, \$1.3 million of equity accounted Autoguru losses and net loss on divestment of Youcamp \$0.6 million.

⁽³⁾ Segment income tax expense of \$31.9 million excludes \$3.5 million relating to the tax effect of compensatory interest and remediation costs associated with prior years' wages underpayment.

⁽⁴⁾ Includes \$8.6 million of compensatory interest, \$2.9 million of remediation costs associated with set up team's wages underpayment, \$1.3 million of equity accounted Autoguru losses and net loss on divestment of Youcamp \$0.6 million and the related income tax effect of \$3.5 million.

Segment Note 2017/18

For the period ended 30 December 2017	Auto \$m	Outdoor \$m	Sports \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
Segment Revenue and Other Income						
External segment revenue ⁽¹⁾	516.7	299.1	503.8	1,319.6	4.8	1,324.4
Inter segment sales	-	-	-	-	(0.7)	(0.7)
Other income	0.1	-	0.3	0.4	-	0.4
Total segment revenue and other income	516.8	299.1	504.1	1,320.0	4.1	1,324.1
Segment EBITDA⁽²⁾	71.0	25.3	63.0	159.3	(10.0)	149.3
Segment depreciation and amortisation ⁽³⁾	(15.3)	(8.9)	(11.3)	(35.5)	(0.2)	(35.7)
Segment EBIT result	55.7	16.4	51.7	123.8	(10.2)	113.6
Net finance costs ⁽⁴⁾						(8.4)
Total segment NPBT						105.2
Segment income tax expense						(30.3)
Normalised NPAT						74.9
Other items not included in the total segment NPAT ⁽⁵⁾						(2.7)
Profit for the period						72.2
Profit for the period attributable to:						
Owners of Super Retail Group Limited						72.2
Non-controlling interests						(0.7)
Profit for the period						71.5

⁽¹⁾Includes non-controlling interest (NCI) revenue of \$0.7 million.

⁽²⁾Adjusted for NCI operating expenses of \$1.0 million.

⁽³⁾Adjusted for NCI depreciation of \$0.1 million.

⁽⁴⁾Adjusted for NCI interest of nil.

⁽⁵⁾ Includes \$3.8 million of business restructuring costs and the related income tax effect of \$1.1 million.