

24 July 2017

## **ASX/Media Announcement**

### **Super Retail Group provides update on Sports Division brand portfolio**

Super Retail Group (ASX:SUL) today announces that, following a strategic review, the Company has concluded that the long-term interests of shareholders, customers and team members would be best served by the Group focusing on one single core brand within its Sports Division. As a result, the Company has made the decision to convert its network of Amart Sports stores into new Rebel stores by 31 October 2017, expanding the Rebel brand's national footprint to almost 160 stores<sup>(1)</sup>, and that the Amart Sports brand will be discontinued from 1 November 2017.

This decision is aligned with the Group's long-standing strategy of providing customers the inspiring solutions and services they need to make the most of their leisure time.

In realising this change, the Group will be combining the best of both brands into one single customer-focused offering that brings together Rebel's strengths in solutions and services with Amart Sports' customer service excellence into the one strong, national omni Sports retailer.

As a brand, Rebel, with its ongoing focus on engaging both the casual enthusiast and serious competitor with the full range of solutions and services they need to live their sporting passions, is a strong fit with the Group's long-term strategic focus and winning competitive advantages.

Together with Amart Sports' strong national store footprint, high standards of customer service and strong connections with the communities it serves, this combination will sustain and strengthen the competitive position of our Sports Retailing Division in a changing customer and market landscape.

Amart Sports' store team members will be redeployed and transferred directly to the newly converted Rebel stores and the Group is expecting minimal impact on team members, who will be fully supported through the transition.

Commenting on the decision, Super Retail Group CEO and Group Managing Director, Peter Birtles reiterated the Group's focus on realising its long-term strategy:

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<sup>1</sup> excluding Rebel Fit stores

“The Amart Sports brand has been and continues to be a strong performer for Super Retail Group, however, as a business it is important we are realising a strategy that places the Group in the optimal position for strong and sustained growth, and that we anticipate and respond to changing and market dynamics that continuously evolve.

“Coming together under the one single brand will enable our Sports Division to further accelerate the shift it has made in recent years towards a concentrated focus on delivering the solutions and services that customers today need and want in order to live their sporting passions.

“Focusing on the Rebel brand will enable us to offer customers an expanded range of solutions and services at more locations, concentrate our investment building world-class omni retail capabilities, and further streamline the end-to-end supply chain required to deliver the seamless omni experience that customers expect.”

The conversion is expected to deliver gross margin uplift arising from range optimisation and reduction of underperforming categories and synergy benefits in marketing and administration. These benefits are expected to reach an annualised amount of circa \$15 million after two years and will provide capacity for reinvestment in building the Rebel business and in sustaining a competitive offer as market dynamics change.

The one-off after tax non-cash costs associated with this transformation are expected to be in the range of \$34 million. These will be recognised as other costs not included in Total Segment Net Profit after Tax in the 2017 financial year. One-off after tax cash transformation costs of \$3 million are expected in the 2018 financial year. The capital investment in fitting out the converted stores will be circa \$9 million.

The Group will report its results for the 2017 financial year on 25 August and confirms that it expects to report Group Segment EBIT at the upper end of previous guidance of 16 to 18 per cent above the prior comparative period.

## **ENDS**

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