Results for the 52 weeks to 1st July 2017

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25 August 2017

Super Retail Group

Contents

Super Retail Group

Group Highlights

- Total Group sales of $2.5 billion up by 4.1% on a LFL basis
- Total Segment EBIT of $207.3 million up by 18.3% on pcp
- Normalised NPAT of $135.8 million up by 25.0% on pcp
- Operating cash flow of $234.5 million up by $75.3 million on pcp
- Full year dividend of 46.5 cents per share up by 12% on pcp

2016/17 results are for 52 weeks, pcp results are for 53 weeks

Core businesses generating strong underlying performance √

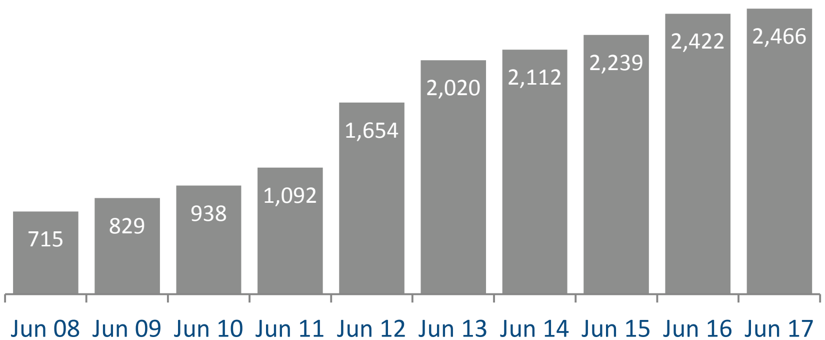
Transformation initiatives delivering expected benefits √

Investment in omni-retail capabilities on track √

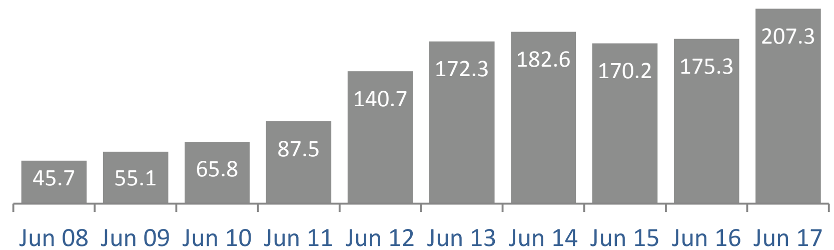
Strong performance in customer and team member metrics √

Performance Trends

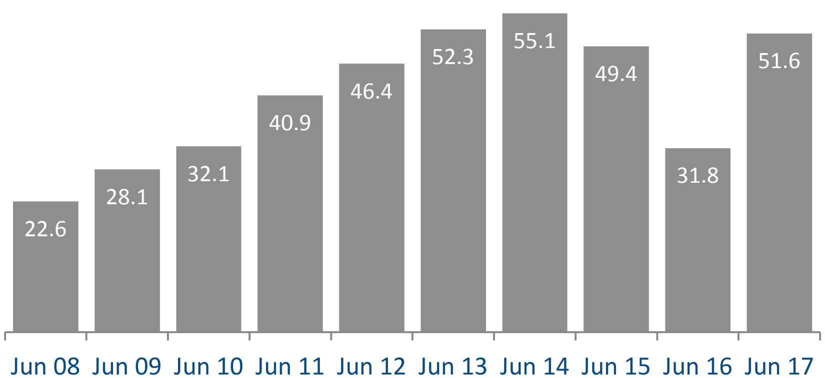
Reported Sales ($m)



Reported Total Segment EBIT ($m)

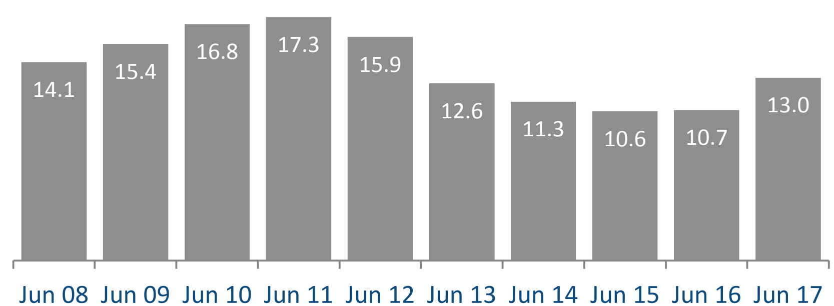


Reported EPS (c)



- Historical EPS adjusted to take into account the bonus element in the 2011 entitlement offer
- Jun 15 continuing operations only; Jun 14 not adjusted for discontinued operations

Normalised Reported Post Tax ROC (%)

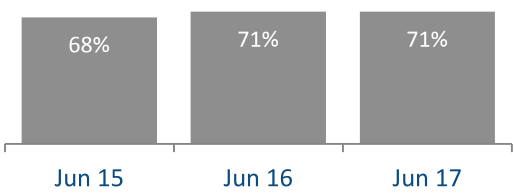


- Post Tax ROC adjustment due to capital calculation reclassification
- Jun 15 continuing operations only; Jun 14 not adjusted for discontinued operations

Performance Trends

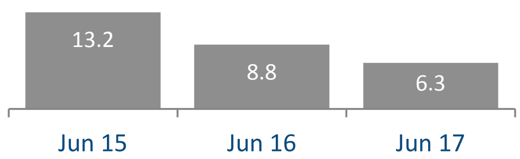
Team

Team Engagement

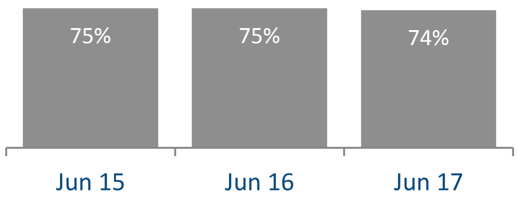


Safety

Lost Time Injury Frequency Rate

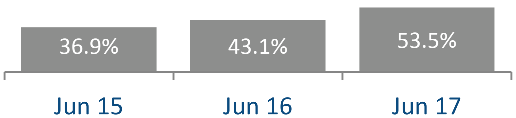


Team Retention



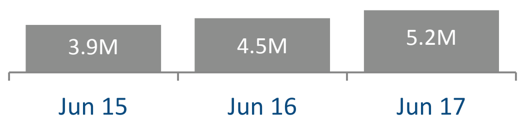
Customer

Average Net Promoter Score

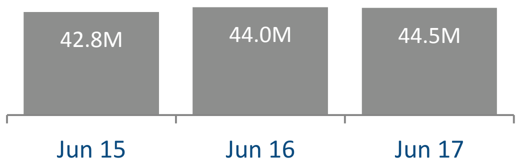


- Average of club member NPS scores of each Division

Active Club Members



Customer Transactions



Group Results

- Total Sales increased 3.5%, adjusting for week 53 sales
- Group segment EBIT increase driven by a combination of underlying performance, benefits of transformation initiatives and omni-retailing investment
- Normalised NPAT improvement includes benefits of a reduced interest expense and favourable effective tax rate
- Sports Division restructuring costs of $34.0m after tax are not included in normalised NPAT
- Operating cash flow was $37.5m higher than PCP after adjusting for 2015/16 week 53 net payments impact of $37.8m
- Full year dividend of 46.5 cents, representing payout ratio of 65% of underlying net profit after tax

	2016/17 $m	Change on PCP
Total Sales	2,465.8	1.8%
Total Segment EBITDA	278.0	13.1%
Total Segment EBIT	207.3	18.3%
Normalised NPAT	135.8	25.0%
Other items not included in Normalised NPAT	(34.0)	$11.8m
Profit attributable to owners – continued operations	101.8	62.1%
Operating Cash Flow	234.5	$75.3m
Net External Debt	380.7	($19.5m)
Full Year Dividend	46.5	5.0c

Segment Results

	2016/17		2015/16	
	Sales $m	Segment EBIT $m	Sales $m	Segment EBIT $m
Auto Segment	955.9	111.0	922.8	104.6
Leisure Segment	553.5	25.4	581.9	18.6
Sports Segment	949.2	91.3	910.2	77.8
Group & Unallocated	7.2	(20.4)	7.3	(25.7)
Total Segment Result	2,465.8	207.3	2,422.2	175.3

Segment Results are net of non-controlling interests (EBIT only) and in 2016/17 excludes the business restructuring costs for Sports Retail (in 2015/16 excludes the business restructuring costs for Ray's Outdoors and Infinite Retail). Refer the segment notes below.

Auto Retailing

- Strong like for like sales growth of 3.5% driven by ATV and transaction growth
- Auto Accessories and Auto Maintenance categories delivered strong like for like sales growth
- Tools and Outdoor category impacted by Masters closures in H1 recovered in H2 to deliver a flat result year on year
- Strong sales growth in Digital channel with a 75% increase on pcp with industry leading click and collect service levels
- EBITDA margin improvement driven by gross margin expansion and supply chain cost improvements
- New store format opened in June at Penrith to test industry leading customer experience initiatives
- Twelve new stores, three store closures, 28 stores refurbished including 8 super stores – 316 stores at year end

	2016/17 $m	Change on PCP
Sales	955.9	3.6%
LFL Sales growth		3.5%
Segment EBITDA	139.4	4.7%
EBITDA margin %	14.6%	0.2%
Segment EBIT	111.0	6.1%
Segment EBIT margin %	11.6%	0.3%

Leisure Retailing

- Total sales decrease reflects closure of Ray's Outdoors stores
- BCF like for like sales growth[1] of 5.1% driven by increased transaction and ATV growth through improved pricing and promotion management
- E-commerce sales increased by over 150% across the Division
- Converted Rays stores have achieved sales growth of 6.5%[1] excluding the fishing category
- Ray's Outdoors/Rays contributed circa $6 million EBIT loss
- EBIT margin increase driven by gross margin expansion, supply chain cost improvements and reduced operating costs reflecting the reduced Rays store network
- Sixteen new BCF stores opened (including 12 former Ray's Outdoors stores) and one closure resulting in 135 BCF stores at year end
- 38 Ray's Outdoors stores closed during the year. 15 stores in process of being converted to new Rays format

	2016/17 $m	Change on PCP
Sales	553.5	(4.9%)
LFL Sales growth[1]		4.8%
Segment EBITDA	43.1	14.9%
EBITDA margin %	7.8%	1.4%
Segment EBIT	25.4	36.6%
Segment EBIT margin %	4.6%	1.4%

[1] Weeks 11 to 52 post Ray's Outdoors store closures

PCP Segment results excludes restructuring costs – refer segment note in Annual Report

Sports Retailing

- Like for like sales growth in Rebel and Amart Sports driven by average transaction value growth
- Strong LFL growth for Kids and Mens Apparel, and for Equipment and Accessories
- Footwear category performance was more subdued, particularly football
- Growth was achieved in all states with the exception of Queensland
- Strong sales growth in Digital channel with a 73% increase on pcp
- Sports EBITDA margin increase has been driven by gross margin improvements and elimination of Infinite Retail losses
- Nine store openings, and four closures resulting in 166 stores at year end, including 8 rebelFIT stores
- Sports restructure impact announced in July 2017 is not included in the segment result

	2016/17 $m	Change on PCP
Sales	949.2	4.3%
LFL Sales growth(1)		4.4%
Segment EBITDA	115.1	14.8%
EBITDA margin %	12.1%	1.1%
Segment EBIT(2)	91.3	17.4%
Segment EBIT margin %	9.6%	1.1%

(1) Rebel and Amart Sports Only
(2) Infinite Retail EBIT net of non-controlling interests - 16/17 - $0.1m, 15/16 - $(5.6m)

Group & Unallocated

- Group and Unallocated includes:
  - Corporate costs not allocated to segments
  - Commercial Operations
  - Digital Businesses
- Corporate costs reflect increased incentive provisions in line with improved company performance and higher advisory costs
- Un-utilised distribution centre costs are reducing over time reflecting business growth
- Digital cost reduction due to completion of Auzzie Outdoors trial and reduced Technology Transformation costs
- Other Group costs reduction due to completion of a number of multi-channel projects in 2015/16
- Investment in the Group's digital initiatives have been expensed due to the early development phases of the investments

	2016/17 $m	Change on PCP
Sales	7.2	(1.4%)
		$m
EBITDA	(19.6)	5.7
EBIT	(20.4)	5.3
Comprising:		
Corporate costs	(10.6)	(3.7)
Un-utilised distribution centre costs	(4.1)	3.9
Digital	(4.8)	3.4
Other Group costs	(0.9)	1.7

Group Cash Flow

- Operating cash flow (pre store set up investment) is circa $42m higher than pcp on an comparable basis (impact of 53rd week in 2015/16)
- Strong underlying operating cash flow performance has funded investment in new stores and capability development
- New and refurbished store investment of $95m is fully funded out of operating cash flows. Store refurbishment returns continue to support the larger refurbishment programs in Auto and Sports
- Investment in new and refurbished store capex is split: $26.0m in Auto, $18.3m in Leisure and $20.4m in Sports
- Other capital expenditure is higher due to information systems and inventory transformation projects

	2016/17 $m	2015/16 $m
Operating cash flow (pre store set up investment)	264.8	184.4
Store set up investment	(30.3)	(25.2)
Operating cash flow	234.5	159.2
Stores	(64.7)	(56.1)
Other Capex	(36.5)	(23.8)
Investing Cash flow	(101.2)	(79.9)
Dividends & interest	(104.0)	(100.3)
Ext Debt (repay)/proceeds	(25.0)	23.3
Financing Cash flow	(129.0)	(77.0)
Net Cash flow	4.3	2.3

Group Balance Sheet

- Inventory performance has been sound accommodating an increased cost base from Australian dollar weakening and growth in private brand volumes
- SCA average $ inventory per store has reduced by 3%
- Leisure average $ inventory per store has remained flat. Overall reduction in inventory driven by reduced Rays store network
- Sports average $ inventory per store has reduced by 2%
- Increase in PP&E and Computer Software primarily relates to stores and investment in new technology to support omni-retailing strategy
- Net debt decreased compared to pcp due to strong operating cash flows driven by improved working capital investment and underlying earnings growth

	Jun 17 $m	Jun 16 $m
Inventory		
- Auto Retailing	187.7	188.7
- Leisure Retailing	126.9	145.8
- Sports Retailing	164.9	162.7
- Group & Unallocated	2.0	4.7
Total Inventory	481.5	501.9
Trade and other payables	(253.7)	(251.1)
Net inventory investment	227.8	250.8

Property, Plant and Equipment & Computer Software	358.0	315.2

Net External Debt	380.7	400.2

Returns & Capital Ratios

- Normalised EPS of 68.9c an increase of 25% on pcp
- Normalised Fixed charge cover ratio, calculated after adjusting for transformation costs (2016/17 all non cash items)
- Average net debt reduction is due to working capital improvements though the year
- Debt facilities extended in January 2017, all debt funding in compliance with financial covenants
- Improvement in Return on Capital in the year, remains below targeted level of 15%, though well above WACC
- Effective AUD/USD rate for the period was 73.6c down from 76.4c in pcp. The AUD/USD hedge rate for next 12 months circa 76.0c

	2016/17	2015/16
Normalised EPS	68.9c	55.1c
Basic EPS	51.6c	31.8c
Fixed charge cover – normalised EBITDAL	2.12x	1.93x
Average Net Debt	$379m	$405m
	Jun 17	**Jun 16**
Net Debt : Capital		
- Headline	33.5%	35.3%
- Adjusted[1]	69.0%	71.6%
Reported Annualised Post Tax Return on Capital (ROC) [2]	13.0%	10.7%

[1] Adjusted capital includes leases capitalised into debt at 6x annual charge

[2] Based on Normalised Net Profit After Tax

Segment Note 2016/17

For the period ended 1 July 2017	Auto $m	Leisure $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Segment Revenue and Other Income						
External segment revenue[1]	955.9	553.5	949.2	2,458.6	7.9	2,466.5
Inter segment sales	-	-	-	-	(0.7)	(0.7)
Other income	0.2	0.3	0.5	1.0	0.4	1.4
Total segment revenue and other income	956.1	553.8	949.7	2,459.6	7.6	2,467.2
Segment EBITDA[2]	139.4	43.1	115.1	297.6	(19.6)	278.0
Segment depreciation and amortisation[3]	(28.4)	(17.7)	(23.8)	(69.9)	(0.8)	(70.7)
Segment EBIT result	111.0	25.4	91.3	227.7	(20.4)	207.3
Net finance costs[4]						(16.8)
Total segment NPBT						190.5
Segment income tax expense[5]						(54.7)
Normalised NPAT						135.8
Other items not included in the total segment NPAT[6]						(34.0)
Profit for the period attributable to:						
Owners of Super Retail Group Limited						101.8
Non-controlling interests						(1.3)
Profit for the period						100.5

[1] Includes non-controlling interest (NCI) revenue of $1.5 million.

[2] Adjusted for NCI operating result of $1.8 million, business restructuring costs of $3.5 million and $37.3 million impairment charge for the Amart Sports and Goldcross Cycles brand names, refer note 10 – Intangible assets.

[3] Adjusted for NCI depreciation of $0.1 million, $7.7 million provision for asset impairment relating to business restructuring and $37.3 million of brand name impairment.

[4] Adjusted for NCI interest of $0.1 million.

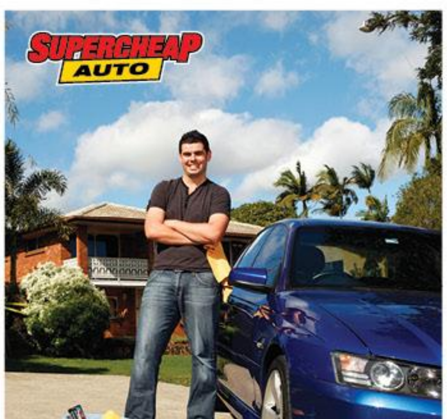
[5] Segment income tax expense of $54.7 million excludes $14.5 million relating to the tax effect of business restructuring costs with a value of $48.5 million.

[6] Includes $48.5 million of business restructuring costs and the related income tax effect of $14.5 million.

Segment Note 2015/16

For the period ended 2 July 2016	Auto $m	Leisure $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Segment Revenue and Other Income						
External segment revenue[1]	922.8	581.9	910.2	2,414.9	7.9	2,422.8
Inter segment sales	-	-	-	-	(0.6)	(0.6)
Other income	-	-	0.9	0.9	0.7	1.6
Total segment revenue and other income	922.8	581.9	911.1	2,415.8	8.0	2,423.8
Segment EBITDA[2]	133.2	37.5	100.3	271.0	(25.3)	245.7
Segment depreciation and amortisation[3]	(28.6)	(18.9)	(22.5)	(70.0)	(0.4)	(70.4)
Segment EBIT result	104.6	18.6	77.8	201.0	(25.7)	175.3
Net finance costs						(19.4)
Total segment NPBT						155.9
Segment income tax expense[4]						(47.3)
Normalised NPAT						108.6
Other items not included in the total segment NPAT[5]						(45.8)
Profit for the period attributable to:						
Owners of Super Retail Group Limited						62.8
Non-controlling interests						(4.8)
Profit for the period						58.0

[1] Includes non-controlling interest (NCI) revenue of $7.4 million.
[2] Adjusted for business restructuring costs of $43.3 million and the $20.0 million impairment charge for the Ray's Outdoors brand, refer to note 10 – Intangible assets.
[3] Adjusted for NCI depreciation of $0.9 million and $14.9 million provision for depreciation relating to business restructuring.
[4] Excludes $17.5 million relating to the tax effect of business restructuring costs with a value of $63.3 million.
[5] Includes $63.3 million of business restructuring costs (including $20.0 million impairment) and the associated income tax benefit of $17.5 million.



Contents

Super Retail Group

2017/18 Trading Update

Auto Retailing

- LFL sales growth in the first 7 weeks of 2017/18 circa 4%
- SCA store development: plan to open 10 new stores and close one store, 46 refurbishments, extensions and relocations

Leisure Retailing

- LFL sales growth in the first 7 weeks of 2017/18 circa 7%
- Store development: plan to open 2 BCF stores and 1 Rays store

Sports Retailing

- LFL sales growth in the first 7 weeks of 2017/18 circa 2%
- Sports rebranding of Amart Sports stores to Rebel branding will be undertaken in two phases. First phase will see Amart Sports brand retired by November 2017. Second phase will result in consistent livery for the network by June 2018
- Store development: no new stores planned for the FY18 year

Group

- Group Unallocated costs to be circa $20m, including Corporate $10m, un-utilised distribution centre storage $3m, Digital $5m, and Other $2m
- Planned capital expenditure of circa $120m to support the store development program, Sports transformation and investment in information systems to support omni-retailing strategy
- Potential for additional store sites pending ex-Masters sites decision and timing of site availability

Contents

Super Retail Group

Group strategy on a page

OUR VISION	Inspiring you to live your passion					
OUR PURPOSE	To provide solutions and engaging experiences that enable our customers to make the most of their leisure time					
OUR STRATEGY	Growing businesses in high involvement categories	Engaging capable team members who share our customers' passions	Building a world class omni-retail organisation			
OUR GOALS	Top quartile shareholder returns	Inspired, engaged and satisfied customers	Sustainable and efficient omni-retail capabilities	Healthy, passionate and high performing team members		
OUR BUSINESSES	AMART SPORTS	BCF BOATING • CAMPING • FISHING	RAYS	rebel	SUPERCHEAP AUTO	SRC Super Retail Commercial
	Solutions that engage and inspire					
OUR PILLARS	Seamless Omni-Retail Capabilities	Future Organisation	Actionable Customer Insights	Agile & Efficient Supply Chain	Engaged & Capable Team	Strong & Sustainable Foundations
OUR VALUES	PASSION	OPENNESS	INTEGRITY	CARE	DISCIPLINE	

Key initiatives – investing in customer experience

OMNI	• Implementing click-and-collect into Sports • Extending click-and-collect in Auto and Leisure • Extending customer delivery and collection options • Improving direct to customer delivery capability and efficiency
DIGITAL	• New web platform for all websites to be implemented in 2018 • Building content through partnerships – e.g. Mighty Car Mods • Customer engagement apps – BCF trialling FISHO • Leveraging partnership with Auto Guru and Youcamp
STORES	• New Stores – opportunity to grow network from 632 to circa 800 stores • Refurbishments – continuing to refresh the experience in circa 80 stores per annum • Supercheap Auto trialling new customer experience centre at Penrith
SERVICES	• Supercheap Auto - extending program of in-house provided fitment services and partnering with 3rd party providers • Sports – clubs and schools program • BCF – building program of in-house provided services and partnering with 3rd party providers

Key initiatives – building business capability

CUSTOMER INSIGHT	• Developing analytics data hub leveraging Group's 10 year club history • Enhancing email campaign automation • Embedding NPS analytics as driver of commercial decisions • Partnering with analytics companies to advance capability • Driving higher returns from the Group's marketing spend
PRIVATE BRANDS	• Integrating sourcing and supply chain functions to drive profitability of private brands • A number of new sports private brands being introduced in FY18 • Increasing share of sales from private brand – Supercheap Auto from 43% to 50%; BCF from 32% to 40% and Sports from 7% to 20%
TEAM CAPABILITY AND ENGAGEMENT	• Team engagement as the foundation for customer engagement • Opportunity to leverage our industry leading team member engagement and retention • Culture and capability shift from product to customer centricity • Focus on leadership alignment, capability development, talent pipeline and building an achievement culture

Key initiatives – delivering business efficiency

OPERATING MODEL	• Review commenced of the Group wide operating model to: ○ set up operations in the optimal manner to build a successful omni-retail organisation ○ identify efficiency opportunities in Group wide operations
LEISURE	• Division – benefits in 1st quarter FY18, cycling impact of Ray's Outdoors closure in 1st quarter FY17 • BCF – space productivity opportunities identified which will be implemented in FY18 • Rays – trial of new format to conclude in Q3 FY18 – opportunity exists to build a business generating margins and returns in line with target
SPORTS	• Rebel Amart Sports Integration – circa $15m benefits in gross margin and marketing and administration synergies • Maturing store space productivity in recently opened stores in Victoria and New South Wales
SUPPLY CHAIN	• Operations - $10 million cost efficiencies delivered in FY17; a further $10 million cost efficiencies to be delivered in FY18 • Working Capital – circa $40 million working capital savings delivered over the last three years; Group is targeting a further $40 to $50 million over the next three years

Delivering our financial targets

5 Year Target	Store Numbers	LFL Growth	EBIT Margin	Pre Tax ROC % *
Auto	350	>3% PA	12%	> 50%
Leisure	220	>3% PA	11%	> 30%
Sports	230	>4% PA	11%	> 30%

*Excludes acquired goodwill and brand names

Opportunities

- Growing store numbers to over 800
- Delivering LFL growth of 3% to 4%
- Range management and sourcing initiatives
- Deliver $20m saving in supply chain costs
- Address loss making small businesses
- Eliminate Group transformation costs
- Private brand profit contribution
- Rebel and Amart Sports integration
- Successful transformation of Rays
- Group costs efficiencies targeting $10m
- $75m to $100m working capital savings
- Omni-retail capability
- Effective change management

Challenges

- Increased investment in digital and technology
- Investment in in-store customer experience
- Lower domestic growth
- Consumer confidence
- Weakening Australian dollar
- Competitive intensity

Compared to 2014/15 base