# Provisional Trading Results for the 26 weeks to 29th December 2018

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# 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
- ✓ Total Segment EBIT of $124.5 million up by 9.6% on pcp
- ✓ Operating cash flow of $235.4 million, $69.2 million above Segment EBITDA

The provisional results are subject to board and external audit review. The company expects to release its finalised half year results on Thursday 14th February.

## 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

# Contents



Super Retail Group

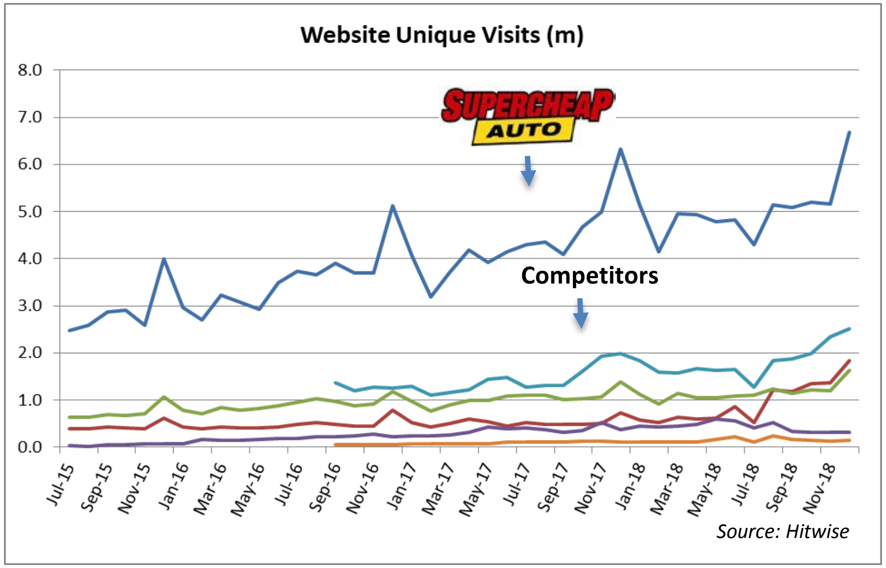
# Provisional Segment Results

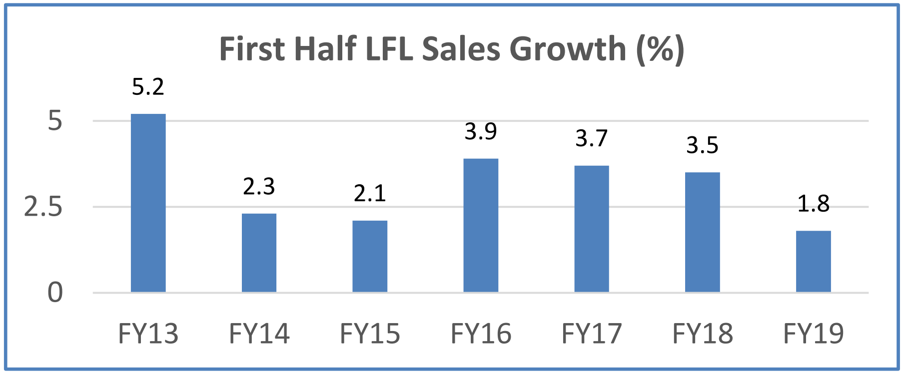
| | 2018/19 | | 2017/18 | |
|---|---|---|---|---|
| | Sales $m | Segment EBIT $m | Sales $m | Segment EBIT $m |
| **Auto Segment** | 530.8 | 57.1 | 516.7 | 55.7 |
| **Outdoor Segment** | 348.5 | 22.9 | 299.1 | 16.4 |
| **Sports Segment** | 523.9 | 54.4 | 503.8 | 51.7 |
| **Group & Unallocated** | - |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

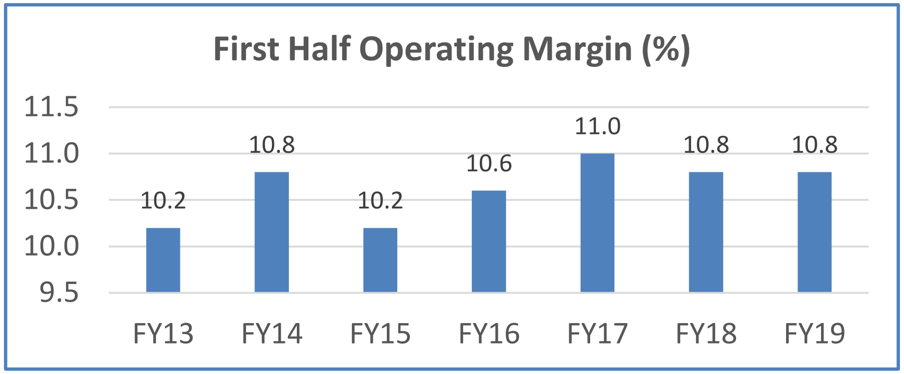
- Provisional Segment Results are net of non-controlling interests (EBIT only) and other costs.
- The provisional results are subject to board and external audit review. The company expects to release its finalised half year results on Thursday 14th February.

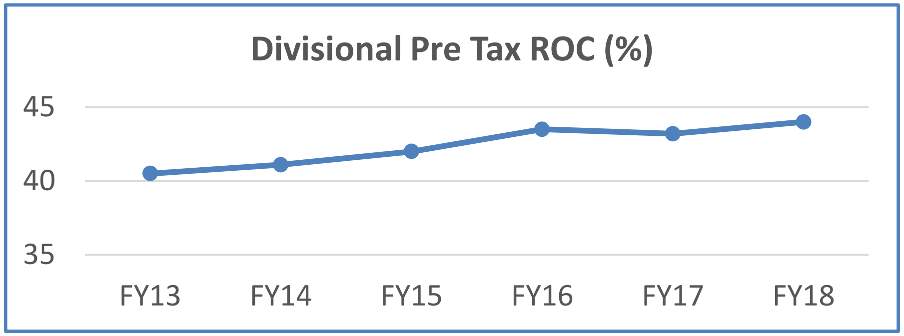
# Auto Retailing

| 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% |
| *EBITDA margin %* | 14.0% | 0.3% |
| Segment EBIT | 57.1 | 2.5% |
| *Segment EBIT margin %* | 10.8% | 0.0% |

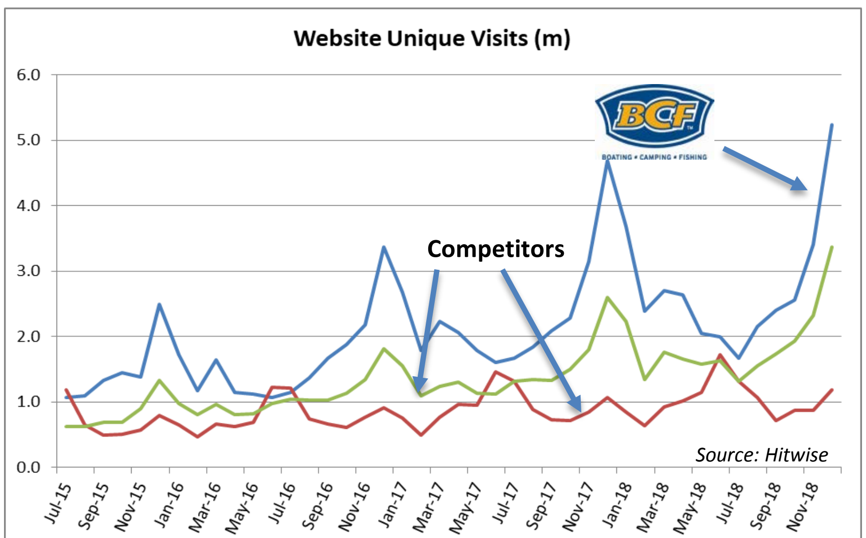
# Outdoor Retailing

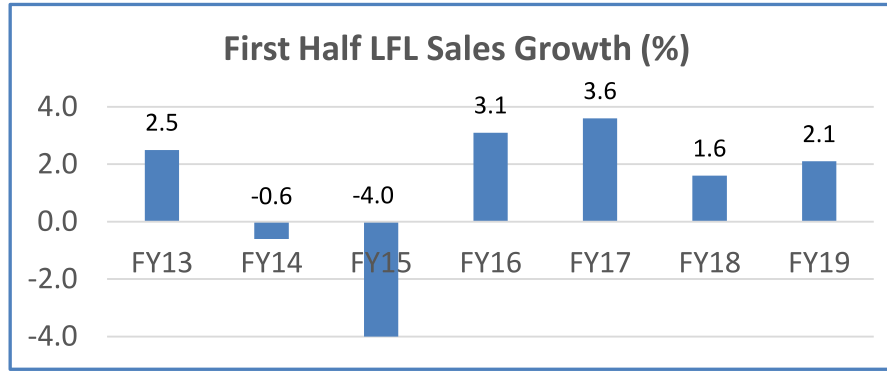
- Outdoor Retailing includes BCF, Rays and Mapac
- Following the successful trial of a large format outdoor adventure store under the Rays brand, the Group acquired Macpac to build a market leading outdoor adventure retail business
- Macpac was acquired, effective 31 March 2018 – nine Rays stores will 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

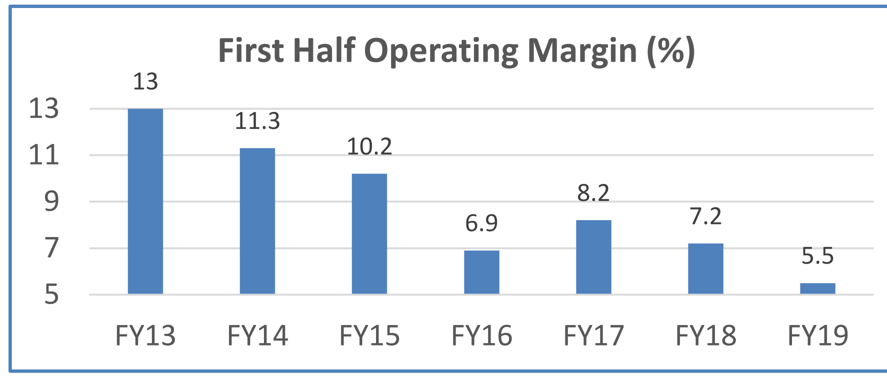
| | 2018/19 $m | Change on PCP |
|---|---|---|
| Sales | 348.5 | 16.5% |
| LFL Sales growth | | 3.1% |
| Segment EBITDA | 33.5 | 32.4% |
| *EBITDA margin %* | 9.6% | 1.1% |
| Segment EBIT | 22.9 | 39.6% |
| *Segment EBIT margin %* | 6.6% | 1.2% |

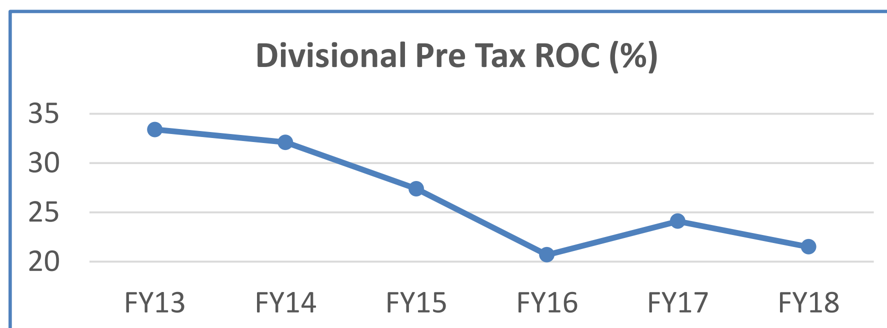
# Outdoor Retailing - BCF

| 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 stores 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%) |
| *EBITDA margin %* | 8.8% | (1.4%) |
| EBIT | 15.4 | (22.6%) |
| *EBIT margin %* | 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 nine stores prepare for conversion to Macpac from February to April 2019

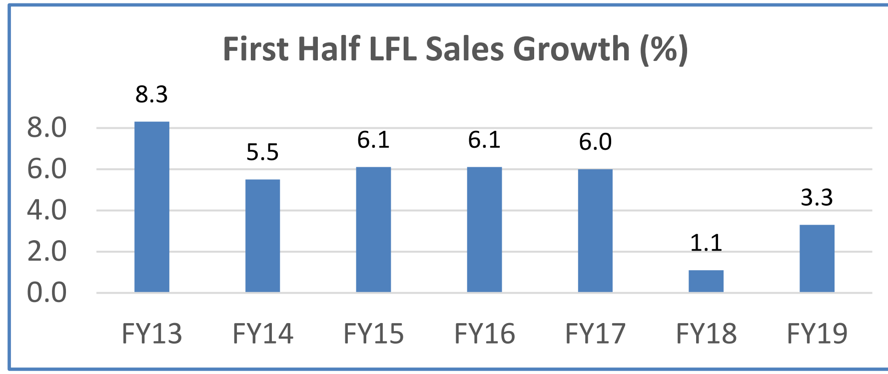
| | 2018/19 $Am | Change on PCP |
|---|---|---|
| Sales | | |
| - Macpac [1] | 51.4 | - |
| - Rays | 15.7 | (34.4%) |
| 26 week LFL sales growth | | |
| - Macpac | | 10.8% |
| - Rays continuing stores | | 0.9% |
| EBIT | | |
| - Macpac [1] | 8.7 | - |
| - Rays | (1.2) | 64.7% |

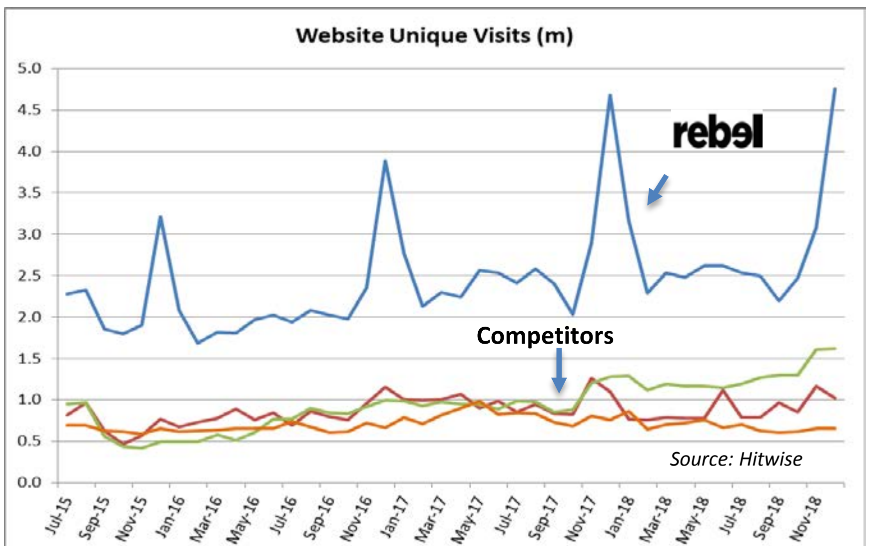
[1] Contribution from 1 April 2018, no pcp

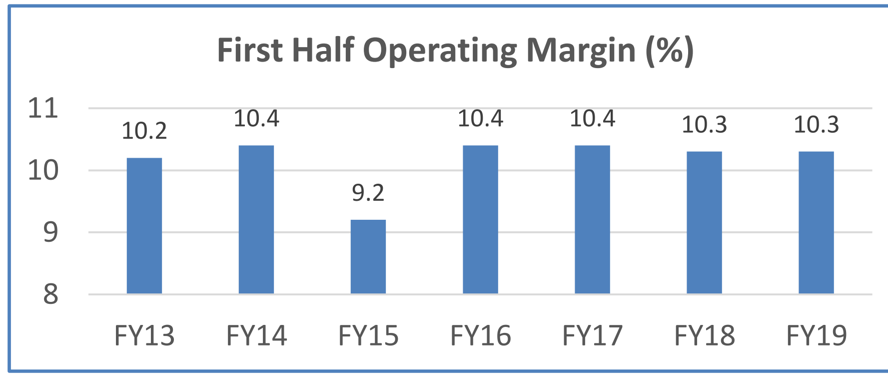
# Sports Retailing

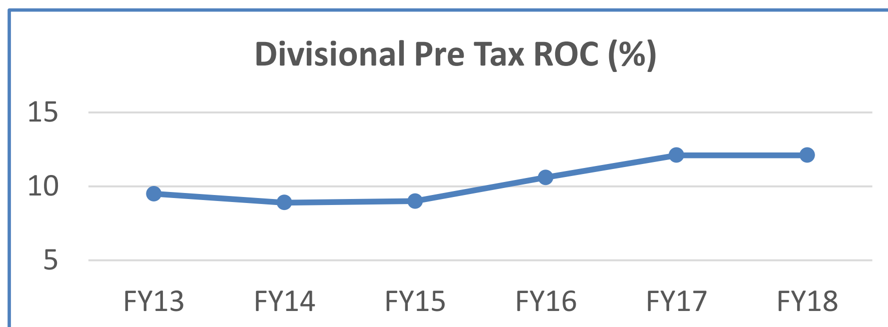
rebel

| **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

rebel

- 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 |

# Content

Group Highlights

FY19 1st Half Trading Performance

**FY19 2nd Half Trading Update**

Super Retail Group

# 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 one 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