Accent Group LIMITED

RESULTS PRESENTATION HALF YEAR ENDED 30 DECEMBER 2018

Our Brands

SKECHERS PLATYPUS VANS "OFF THE WALL" HYPE The Athlete's Foot

Dr. Martens AirWair Timberland MERRELL CAT PALLADIUM L'ORIGINALE DEPUIS 1947

STANCE saucony SPERRY Since 1935 TRYBE SUBTYPE

Make it Happen

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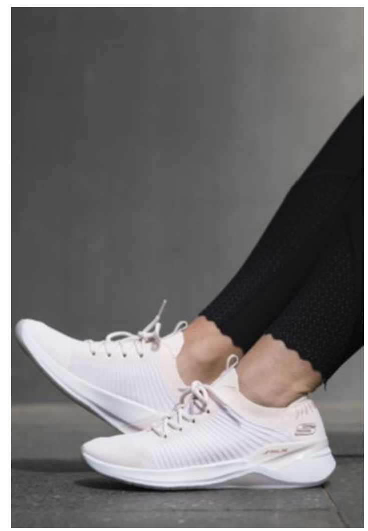
Financial Year highlights[(a)]

$'000's	H1 FY19	H1 FY18	% Change
NPAT	$32,159	$25,260	**+27.3%**
EBITDA	$61,260	$49,669	**+23.3%**
EPS	5.69 cents	4.74 cents	**+20%**
FY19 Interim Dividend	4.50 cents	3.00 cents	**+50%**
Gross Margin	57.3%	54.5%	**+280 bps**
Operating Cash Flow	$49,311	$31,097	**+58.6%**



(a) All figures in this presentation are presented on a statutory basis unless otherwise stated.

Accent Group business model

Accent Group owns a powerful, scalable, end to end supply chain with direct access to brands and customers that ensure a strong and competitive position for growth.

Strong Brand and Product Relationships

Third Party Global Brands

Vertical Products

Leveraging global sourcing relationships to source vertical socks, shoe cleaners, laces and other product categories

Distributed Global Brands

Accent is a significant customer for key third party global brands

Future gross margin improvements

Accent's key distributed brands are trending globally

Retail Banners and Distributed Brands

Multibrand Retail Banners

Vertical Retail & Wholesale Distribution

Large Store Network & Customer Access

- Over **450** stores, with key presence in both metropolitan and regional areas
- **16** websites
- Single view of inventory with over **450** customer distribution points
- Customer database - **4.4m** customers
- Significant Australia and New Zealand market share in the segments in which we operate in

H1 FY19 summary of financial performance

Accent Group LIMITED

Financial Summary

Profit & Loss ($000's)	H1 FY19	H1 FY18	Var LY
Owned Sales	389,391	350,257	11.2%
Gross Margin ($)	223,112	190,831	16.9%
Gross Margin (%)	57.3%	54.5%	280 bps
CODB	(172,409)	(152,947)	12.7%
CODB %	44.3%	43.7%	60 bps
Royalty and franchise fees	6,252	7,323	(14.6%)
Other Income	4,305	4,462	(3.5%)
EBITDA	**61,260**	**49,669**	**23.3%**
Depreciation & amortisation	(13,883)	(11,826)	17.4%
EBIT	**47,377**	**37,843**	**25.2%**
Net interest (paid) / received	(1,588)	(1,870)	(15.1%)
PBT	**45,789**	**35,973**	**27.3%**
Taxation	(13,630)	(10,713)	27.2%
Net Profit After Tax	**32,159**	**25,260**	**27.3%**

The financials in this table are presented on a statutory basis and are inclusive of a $1.1m charge that relates to the Long Term Incentive program (H1 FY18 $0.33m) and a charge for the amortisation of intangibles arising from the acquisition of Accent Group by RCG of $1.2m (H1 FY18 $1.2m).

Operating Highlights

Sales

- **Total company owned sales of $389.4 million, up 11.2% on prior year.**
- Total sales (including The Athlete's Foot franchise stores) of $458.1 million, up 6.2% on prior year
- Continued omnichannel sales growth of **94%**.
- H1 LFL retail sales up **1.2%** (including The Athlete's Foot franchise stores).
- **35** new stores opened, **16** closed.

Gross Margin

- **Gross margin of 57.3% up 280 bps** reflecting strong retail growth, vertical brands penetration and the strategy of reducing discount driven retailing compared to prior year.

CODB

- CODB increased due to additional operating costs associated with new stores, the digital support team and TAF corporate stores implementation costs.
- Continued focus on CODB reductions, including front line productivity and achieving sustainable store occupancy outcomes at lease renewal.

EBIT

- **EBIT of $47.4 million, up 25.2%.**

Retail Update

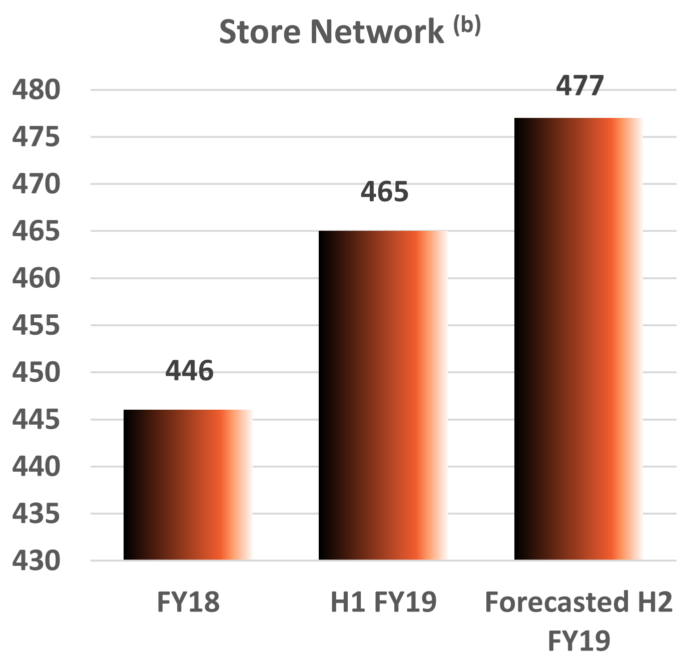
Retail performance

Key Financial Highlights	Commentary

Owned Retail Sales up 12.2%, $331.1m

LFL Sales[a] up 1.2%

Gross Margin up 330 bps



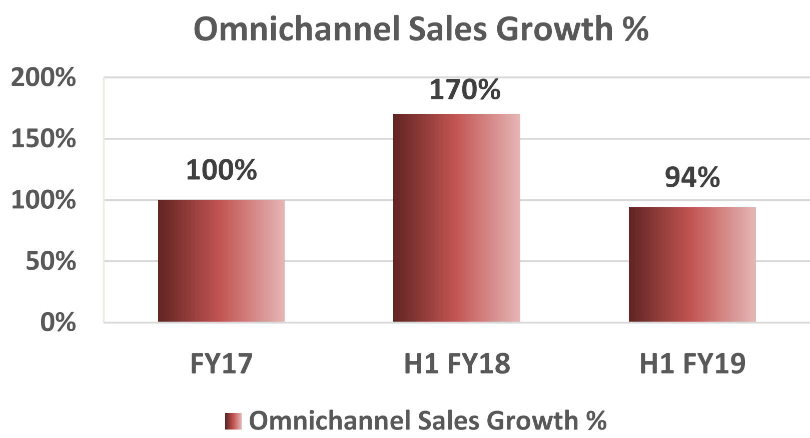
a) LFL sales include The Athlete's Foot franchise stores
b) Includes store closures, for a breakdown by brand refer to page 19

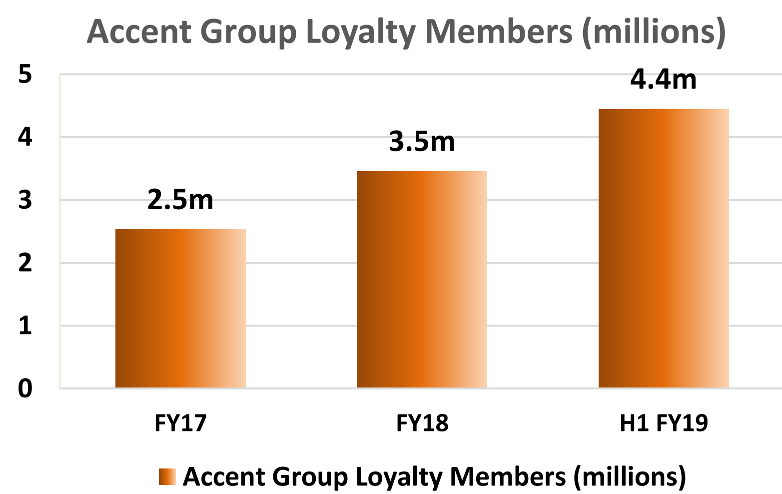
H1 FY19 Highlights

- H1 LFL retail sales up **1.2%**[a].
- Total omnichannel sales grew by **94%**.
- Significant improvement in Gross Profit margin for the half year, up **330** basis points on prior year.
- Skechers, Vans and Dr Martens drove strong sales growth in stand alone stores and margin growth in Platypus and Hype.
- Platypus traded strongly ahead of expectations.
- Hype traded in line with plan and experienced strong margin growth.
- Opened **35 new stores** during the half, refurbished **15** stores and closed **16** stores.
- Platypus Flagship superstore (600 square metre) in Melbourne Central opened at the beginning of December and has traded ahead of expectations.
- In TAF, sales performance ahead of prior year on both a total and like for like basis. TAF omnichannel sales grew by **159%**.
- Subtype traded in line with expectations.


Omnichannel
Update

Omnichannel performance





Commentary	
Sales	• Total omnichannel sales grew by **94%** for H1 FY19, this was on top of the **170%** growth in the same period LY. • 16 websites now in operation across AU & NZ. • 1 NEW website due to launch in H2 FY19 (Vans NZ). • Omnichannel sales target of ~15% of total sales within two years.
Omnichannel	• Single view of inventory over 400 stores, driving significant growth due to the amount of available inventory to purchase online, in addition to providing many local distribution points. • This pivotal innovation has enabled new paths to purchase for consumers, including Click & Collect, Click & Dispatch, Same Day Delivery and Endless Aisle.
Customer Loyalty	• **4.4m** customers registered through various loyalty programs, up **29%** (**~1m** customers) in the first 7 months of FY19. • Large focus in FY19 and beyond to drive acquisition and greater value for customers.

Wholesale + Vertical Brands Update

Wholesale & Vertical Brand performance

Key Financial Highlights

Wholesale Sales up 5.7%, $58.3m

Wholesale Gross Profit up 20 bps

Vertical Distribution and Wholesale

Commentary

H1 FY19 Highlights

- Strong sales performance from Vans, Dr Martens, Merrell and CAT.
- Skechers wholesale sales were in line with expectations as we continue to roll out the Skechers store network.
- Wholesale margin continues to improve.
- Brand licence renewals:
  - a) Timberland, CAT and Saucony renewed until 2021; and
  - b) Palladium renewed until 2023.
- New ranges of vertical socks, accessories, shoe cleaners and custom laces launched in Hype, Platypus and TAF. These ranges are performing strongly with a significant future growth runaway.
- The retail price of the new vertical products is similar to their third party branded equivalents with gross margins of up to **80%**.
- Supra and Sneaker Lab launched and trading strongly.

Growth Plan Update

Growth plan update

1 TAF

- Now expect to own **50** corporate stores by the end of FY19
- **26** TAF stores acquired during H1 FY19, funded out of operating cash flow
- The gross margin and the profitability of the acquired stores have been ahead of the prior year

# of Stores	28 August 2018[(a)]	H1 FY19	FY19 (fct)
Corporate	28	42	**50**

(a) FY18 Full Year results presentation

2 Omnichannel

- Endless aisle and same day delivery have launched and will continue to roll out across the balance of the store network during H2 FY19
- Key focus on customer loyalty program acquisition
- Ongoing investment to scale infrastructure and support omnichannel growth
- Targeting 15% of sales in 2 years

3 Vertical Product

- Continue to expand this program in H2 FY19 and beyond
- Exploration of further vertical product categories
- Will continue to drive gross margin improvements as the sales mix of these products increases

Growth plan update

Accent Group

4 New Stores

- A further **18** stores to open in H2 FY19
- Platypus Pitt St Superstore scheduled to open in Q4
- Subtype Melbourne store scheduled to open in Q4
- Potential for a further **30-40** stores in the next 2-3 years, including store growth in New Zealand

5 International

- Considerable market investigation and due diligence conducted on specific opportunities in Singapore and other Asian markets
- As an outcome of this disciplined due diligence process, we have not yet identified any opportunities that meet our return requirements
- We continue to investigate opportunities in international markets, including Singapore and elsewhere in Asia


Dividends,
Trading Update
+ Outlook

Dividends, Trading update and FY19 outlook

Accent Group LIMITED

Dividends	• Accent Group has announced an interim ordinary dividend of **4.50 cents** per share, fully franked, payable on **21 March 2019** to shareholders registered on **07 March 2019**. • On the basis of strong profit growth and operating cashflow in H1, and expectations of continued growth in H2, the Board has decided to re-align the dividend payout ratio going forward to more closely reflect the earnings per share and cashflow generated in each half. • The interim dividend of **4.5** cents per share represents **79.1%** of the H1 diluted earnings per share. • For FY19, the Group expects to pay fully franked dividends in our stated range of 75% to 80% of profit after tax.
Trading Update	• For the first 7 weeks of the H2 FY19, LFL retail sales are up **2.5%** on the same period in the prior year • For the first 7 weeks of the H2 FY19, gross margin % is up more than **100** bps on the same period in the prior year

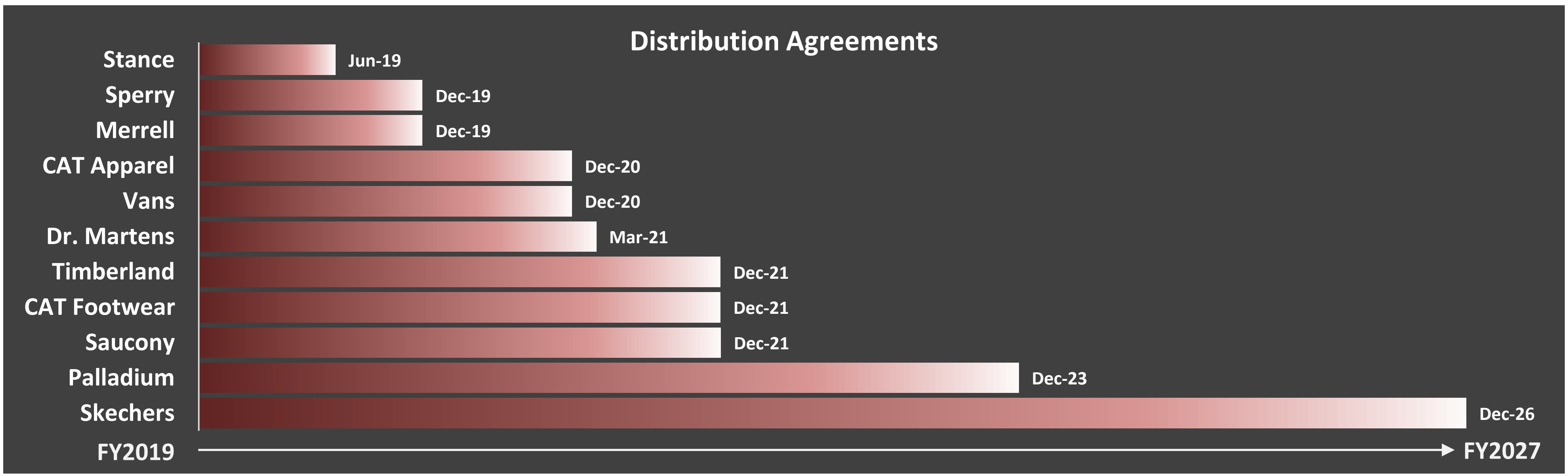
Outlook	• **Accent Group is now expecting at least 10% EBITDA growth in H2 FY19, delivered through:**
	  ◦ Continued low single digit LFL store growth;
	  ◦ More new stores added in H1 than originally expected and strong new store performance;
	  ◦ Continued strong digital growth;
	  ◦ Continued margin improvement through vertical brands penetration and new exclusive brands; and
	  ◦ TAF new corporate store acquisitions program still expected to be EBITDA neutral for FY19 after implementation costs.
	• **Management remains focused on the strategy of "no lazy retailing", continuing to drive profitable full price sales**

Appendix

Store network and distribution agreements

Store Network [a]	TAF	Platypus	Skechers	Vans	Timberland	Dr Martens	Merrell	Hype	Sub Type	Trybe	Podium / Other	Total
Stores at end of FY18	**143**	**98**	**81**	**17**	**7**	**2**	**22**	**64**			**12**	**446**
FY2019 H1												
Stores at beginning of year	143	98	81	17	7	2	22	64			12	446
Stores opened	2	9	8	6		1	1	5	2	1		35
Stores closed	(5)	(2)					(2)	(4)			(3)	(16)
Podium stores conversion	1	4									(5)	
Stores at end of H1 FY19	**141**	**109**	**89**	**23**	**7**	**3**	**21**	**65**	**2**	**1**	**4**	**465**
Projection FY19												
Expected at the end of FY19 [b]	**140**	**113**	**95**	**24**	**7**	**4**	**21**	**66**	**2**	**1**	**4**	**477**

(a) Includes online websites and franchises, (b) Net of store closures



Balance Sheet

Balance Sheet ($000's)	Dec-18	Dec-17
Cash and cash equivalents	40,089	50,895
Trade and other receivables	22,992	20,433
Inventories	126,148	106,197
Property, plant and equipment	83,891	76,242
Intangible assets	353,020	346,429
Other assets	31,955	10,175
Total Assets	**658,095**	**610,371**
Trade and other payables	117,778	84,164
Borrowings	71,125	101,125
Provision for income tax	9,754	6,021
Other Liabilities	53,427	37,120
Total Liabilities	**252,084**	**228,430**
Net Assets	**406,011**	**381,941**

Commentary

- Net Debt **$31m** down from **$50m** at December 2017
- Cash and cash equivalents down from $50.9m to $40.1m driven by the investment in the acquisition of TAF corporate stores and Subtype ($11.4m)
- Inventory increase due to higher stock in transit, new stores and TAF corporate store acquisitions
- Property, plant and equipment increased due to significant investment in new stores
- Trade and other payables consistent with our inventory growth

Cash Flow

Cash Flow ($000's)	Dec-18	Dec-17
EBITDA	61,260	49,669
Change in working capital	5,523	1,460
Net interest and finance costs paid	(2,261)	(1,870)
Income tax paid	(18,584)	(14,871)
Other	3,373	(3,291)
Net cash flows from operating activities	**49,311**	**31,097**
Purchases of P&E	(13,392)	(8,163)
Net Payments for purchase of business	(11,387)	-
Net cash flows from investing activities	**(24,779)**	**(8,163)**
Net proceeds from issue of shares	820	228
Proceeds from borrowings	15,625	-
Repayment of borrowings	(18,125)	(2,000)
Dividends paid	(20,341)	(16,341)
Net cash from financing activities	**(22,021)**	**(18,113)**
Net cash flow	**2,511**	**4,821**

Commentary

- **59%** increase in operating cash flow vs. last year
- **Positive** net cash flow
- Increase in investing cash outflows driven by acquisitions of TAF corporate stores and Subtype
- Increase in property, plant and equipment due to significant **investment in new stores**
- Proceeds and repayment of borrowings driven by refinance of debt facilities

Ratios	Dec-18	Dec-17
Fixed Charges Ratio (12 Months Rolling)	2.06	1.98
Net Leverage Ratio (12 Months Rolling)	0.32	0.59
EBITDA Interest Cover Ratio	39x	27x

Earnings and dividends per share

$000's	H1 FY19	H1 FY18	% Change
Diluted Earnings Per Share			
Reported Net Profit After Tax	32,159	25,260	27.3%
Non-controlling interest	(13)	39	
NPAT used in the calculation of the EPS	32,146	25,299	27.1%
Weighted average number of shares (in thousands)[(a)]	565,313	533,374	6.0%
Diluted Earnings Per Share (cents)	**5.69**	**4.74**	**20%**
Dividend Per Share			
Interim ordinary fully franked dividend (cents)	**4.50**	**3.00**	**50%**

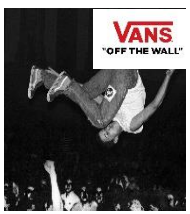
(a) The weighted average number of shares (in thousands) includes 24,876 (in thousands) approved performance rights, which have not yet vested.

About Accent Group Limited

Accent Group Limited (AX1) is a regional leader in the retail and distribution sectors of performance and lifestyle footwear, with over 465 stores across 10 different retail banners and exclusive distribution rights for 12 international brands across Australia and New Zealand. Our brands include:(a)

The Athlete's Foot
With 141 stores, The Athlete's Foot (TAF) is Australia's largest specialty athletic footwear retailer, known for its exceptional in-store customer service experience

Dr. Martens
Dr Martens range of footwear was born in 1960 and it is a representation of rebellion and free-thinking youth culture. Dr Martens has now 3 stores



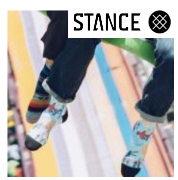
Vans
A staple for skaters and surfers, Vans has a strong heritage in action sports, and prides itself on being grounded in youth, authenticity and individual style. Accent Group operates 23 Vans stores

Sperry
Sperry Top-Sider is the original and authentic boat shoe brand, and is for people drawn to the surf, sun and soul of the ocean

Platypus Shoes
With 109 stores across Australia and NZ, Platypus is the region's largest multi-branded sneaker destination, offering a wide range of iconic sneakers from around the world

Skechers
Skechers is a global leader in lifestyle and performance footwear. Accent Group operates 89 Skechers stores across Australia and New Zealand

Timberland
Inspired by the company's New England heritage, Timberland is a brand true to the outdoor lifestyle. Accent Group operates 7 Timberland stores

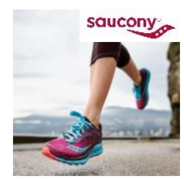


Stance
Dedicated to the spirit of individuality, the Stance range of action-sport socks offers cutting-edge style, extreme comfort and exceptional durability

Hype DC
Hype DC is a retailer of premium, exclusive and limited edition sneakers, curated from the world's leading brands. Accent Group operates 65 stores across Australia

Merrell
Merrell is one of the worlds leading brands of performance outdoor and adventure footwear. Accent Group operates 21 Merrell stores

CAT
Cat Footwear and apparel has been designed and engineered to live up to the hard-working reputation of the Caterpillar brand. Made with uncompromising toughness and style



Saucony
Saucony exists for runners. This focus and passion drives Saucony to create the world's best running shoes and apparel

(a) Store numbers include online stores; other Accent Group Limited brands not reflected include Podium Sports (1 store), Subtype (2 stores) and other online stores (4)

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