

Super Retail
Group



2019

Annual General Meeting

22 October 2019



rebel





Today's Agenda



Chair's Presentation

Dr. Sally Pitkin



Group MD & CEO's Presentation

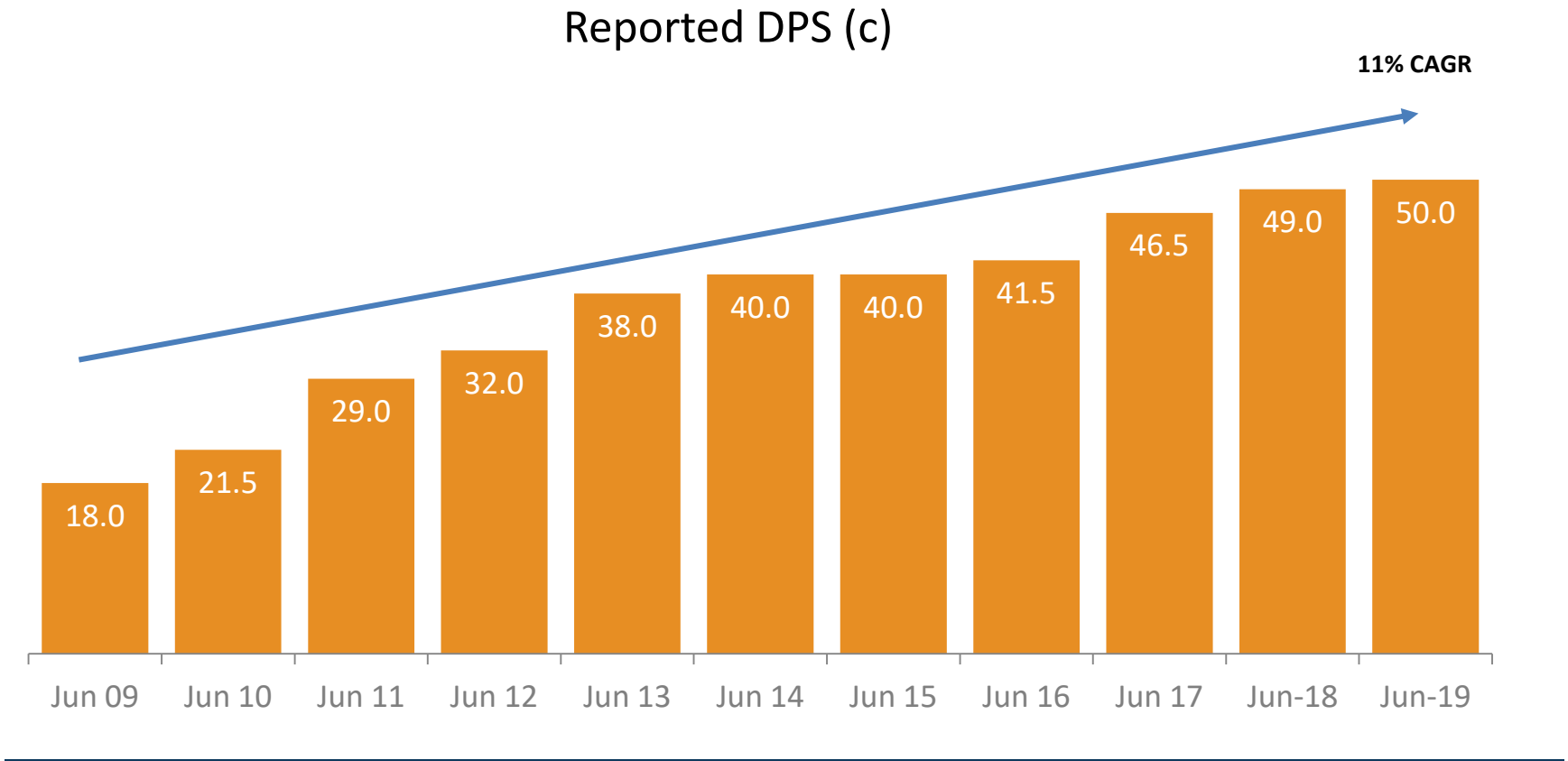
Anthony Heraghty



Items of Business

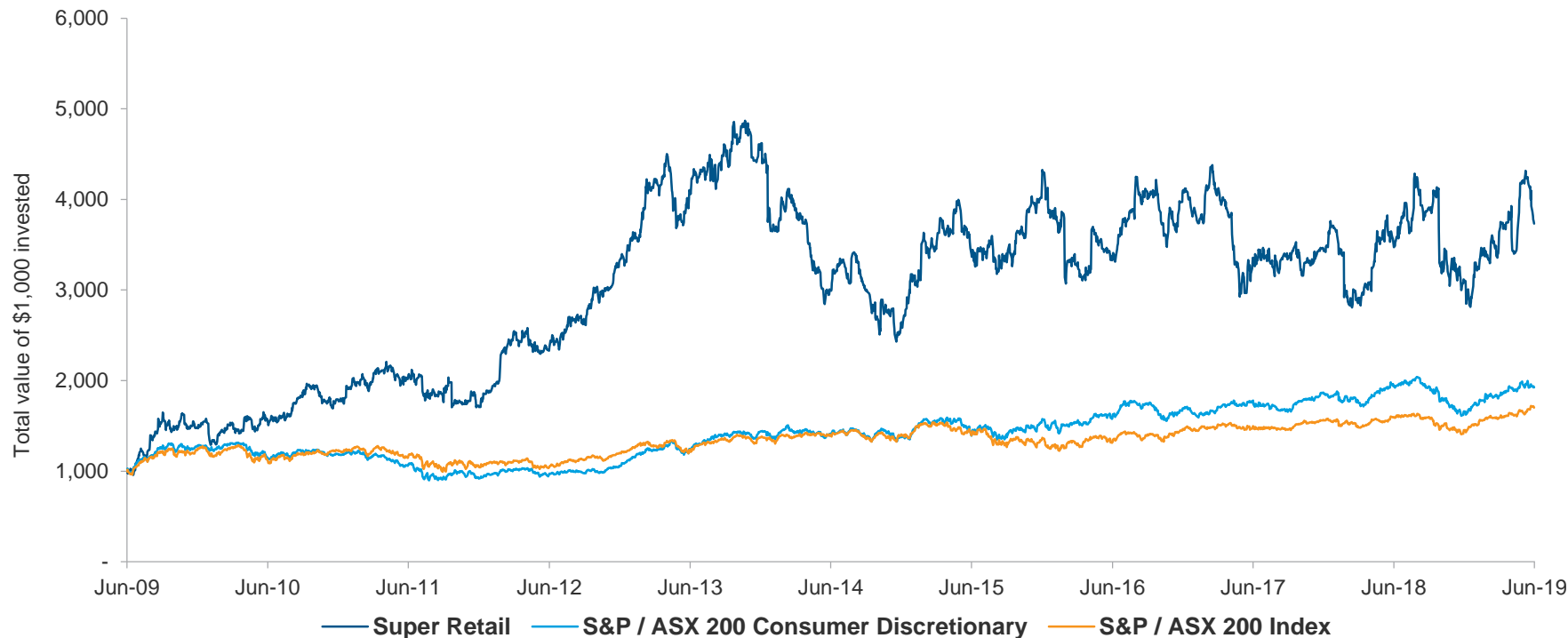
Dr. Sally Pitkin

Dividend Per Share Trends



Total Shareholder Returns

Total shareholder returns – 10 years to June 2019¹



Source: Data extracted from FactSet on 23rd Sep 2019. Note 1. Chart shows the dollar value of \$1,000 invested on 30 June 2009, with all dividends reinvested in the stock at the dividend date payable



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Group Highlights

FINANCIAL AND OPERATING PERFORMANCE

FINANCIAL PERFORMANCE

- ✓ Total Group sales of \$2.71b up by 5.4% on pcip
- ✓ Total Group LFL sales growth of 2.9%
- ✓ Total Segment EBITDA of \$314.7m up by 7.0% on pcip
- ✓ Segment D&A increased by 16.2% to \$86.6m reflecting increased omni-retail investment
- ✓ Total Segment EBIT of \$228.1m up by 3.9% on pcip
- ✓ Normalised NPAT of \$152.5m up by 5.0% on pcip
- ✓ Final fully franked dividend of 28.5 cents per share contributing to full year dividends totalling 50.0 cents per share

OPERATING PERFORMANCE

- ✓ All core businesses delivering solid LFL and total sales growth
- ✓ Over six million active loyalty club members driving increased spending and higher NPS
- ✓ Continued strong cash generation and lower net debt
- ✓ Investment in omni-channel capability underpinning 25% growth in Group online sales
- ✓ Improved team member safety performance
- ✓ Highly experienced leadership team in place

Group Highlights

KEY STRENGTHS AND OPPORTUNITIES



FOUR POWERFUL BRANDS

- Recognised brands with market leading positions in growing lifestyle categories



LARGE, GROWING AND HIGHLY ENGAGED CUSTOMER LOYALTY BASE

- Over six million active customers in our loyalty programs
- Loyalty club members represent over 56% of total Group sales
- Loyalty club members have a higher average transaction value than non club members
- Opportunity to create closer relationships with our customers by refreshing our loyalty programs and utilising customer data analytics to deliver more personalised offers



FOCUS ON SEAMLESS OMNI- RETAIL EXECUTION

- Investing in digital capability to develop a seamless omni-channel platform and grow online market share
- Leveraging store network to mitigate online cost to serve via click and collect
- Scale allows us to fractionalise the cost of our investment in technology and systems across our entire brand portfolio, store network and customer transaction base

Group Highlights

HEALTHY, HAPPY AND ENGAGED TEAM MEMBERS



- Awarded an Aon Best Employer for Australia (2019), as part of Aon Best Employers global certification
 - certification assessed on four measures: employee engagement, organisational agility, engaging leadership and talent focus
- Continued improvement in safety performance
 - Total Recordable Injury Frequency Rate (TRIFR) decreased by 10% in 2018/19 on pcip
- Ongoing investment in leadership capability and team members' skills and knowledge
 - strengthened retail experience at the executive level
 - targeted leadership capability program for senior management levels
 - continuous learning program focused on technical skills for all team members

Group Highlights

SUSTAINABILITY

Our **2019 Sustainability Report** is available on our website for further information

ACTING WITH INTEGRITY



BECAME A SIGNATORY
TO UN GLOBAL COMPACT



LISTED AS
SUSTAINABILITY LEADER
(in Australian retail sector)
by RobecoSAM



RECOGNISED BY ASCI
AS 'LEADING'
(for sustainability
disclosure)



LAUNCHED REVISED
RESPONSIBLE SOURCING
PROGRAM

97%

OF FACTORIES COMPLETED
RESPONSIBLE SOURCING
AUDIT (within the last 2 years)

52

DOW JONES
SUSTAINABILITY INDICES
SCORE (DJSI)



PASSIONATELY SUPPORTING OUR TEAM

AON®

BESTEMPLOYER

AUSTRALIA | 2019

10.1% ↓

REDUCED TOTAL RECORDABLE
INJURY FREQUENCY RATE



39%

WOMEN IN
LEADERSHIP



>2,200

TRAINING HOURS TO
SENIOR LEADERS



CARING FOR OUR NATURAL ENVIRONMENT

1.9% ↓

CARBON EMISSIONS

3.0% ↑

RECYCLING RATE



1,058,208 LITRES OF
OIL RECYCLED BY
SUPERCHEAP AUTO



> 773,000 PLASTIC
PET BOTTLES RECYCLED TO
PRODUCE MACPAC'S TUI JACKET

\$470K

BCF CONTRIBUTIONS
TO OZFISH



Supercheap Auto



- Total sales growth of 3.4% driven by like for like sales growth and contribution from new stores
- Like for like sales growth of 2.3% driven by higher average item value and items per transaction
- Like for like sales growth was achieved in all Australian states and New Zealand
- Gross margin in line with pcg and operating expenses as a percentage of sales improved by 0.3%
- Segment EBITDA increased by 5.3% to \$156.1 million and EBITDA margin of 15.0% was 0.3% higher than pcg
- Auto maintenance and auto accessories were the strongest performing categories
- 25% growth in online sales following the successful replatforming of the website in August 2018
- SCA opened 5 new stores, closed 1 store and completed 8 refurbishments and relocations, with 323 stores at period end

	2018/19 \$m	Change on PCP
Sales	1,040.6	3.4%
LFL sales growth		2.3%
Segment EBITDA	156.1	5.3%
EBITDA margin %	15.0%	0.3%
Segment EBIT	120.6	3.6%
Segment EBIT margin %	11.6%	0.0%

- Total sales growth of 3.8% driven by LFL sales growth and new store openings
- Like for like sales growth of 3.3% was supported by transaction growth and higher average transaction value
- Queensland, Victoria and South Australia delivered the strongest like for like sales growth
- Gross margin was in line with pcg and operating expenses as a percentage of sales improved by 0.3%
- Segment EBITDA increased by 6.0% to \$122.6 million and EBITDA margin of 12.1% was 0.3% higher than pcg
- Key categories of clothing, footwear and fitness accessories performed well offset by a decline in hardgoods
- 33% growth in online sales following successful relaunch of website in July 2018
- Rebel opened 4 stores, closed 2 stores and completed 15 refurbishments, with 161 stores at period end

	2018/19 \$m ¹	Change on PCP
Sales	1,016.4	3.8%
LFL sales growth		3.3%
Segment EBITDA	122.6	6.0%
EBITDA margin %	12.1%	0.3%
Segment EBIT	93.8	2.5%
Segment EBIT margin %	9.2%	(0.1%)

(1) Includes Infinite Retail

- 3.2% like for like sales growth was driven by higher ATV resulting from increased units per sale
- LFL sales growth across all Australian states
- Overall performance reflects significant investment in price to maintain market leading position
- Gross margins declined due to increased promotional mix of sales and deeper discounting of key value items as competitors increased their footprint and pricing intensity
- Segment EBITDA decreased to \$40.2 million and EBITDA margin of 7.8% was 1.1% lower than pcg
- Segment EBIT decreased to \$20.8m and overall EBIT margin declined to 4.0%
- Online sales increased by 6% compared to pcg
- 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	514.6	3.3%
LFL sales growth		3.2%
Segment EBITDA	40.2	(9.0%)
<i>EBITDA margin %</i>	7.8%	(1.1%)
Segment EBIT	20.8	(23.8%)
<i>Segment EBIT margin %</i>	4.0%	(1.5%)

Macpac

- Completed integration of Macpac
- Sales of \$119.3m supported by new stores and 7.3% like for like growth (moderated in the fourth quarter)
- EBITDA of AUD17.4m⁽²⁾ is 18.4% higher than acquisition case of NZD16m⁽³⁾ and in line with business plan
 - includes annualised costs of ~\$1m reflecting investment in capability (merchandising, product design, marketing, digital and supply chain) to position the Macpac brand for growth
 - includes overhead costs relating to Adventure Hubs
 - opportunity to fractionalise these overheads over time as formats mature and store network expands
- Macpac includes 3 month contribution from Adventure Hubs following conversion of nine Rays stores in March

Rays

- 9 month contribution prior to closure. Business discontinued.
- \$1.8m EBITDA losses – non repeating

Store network

- Macpac opened 16 stores, resulting in 61 small format stores and nine Adventure Hubs at the end of the period

	2018/19 AUD m ¹	2017/18 AUD m ¹
Sales		
- Macpac	119.3 ²	31.4
- Rays	<u>19.5</u>	<u>50.1</u>
	138.8	81.5
EBITDA		
- Macpac	17.4 ²	8.1
- Rays	<u>(1.8)</u>	<u>(4.4)</u>
	15.6	3.7
EBIT		
- Macpac	15.4 ²	7.8
- Rays	<u>(2.4)</u>	<u>(5.5)</u>
	13.0	2.3
LFL sales growth	7.3% ⁴	circa 8%

- (1) Macpac was acquired effective 31 March 2018 and owned for 3 months in 2017/18 compared to 12 months in 2018/19
- (2) Contribution of small format stores and Adventure Hubs
- (3) Pro forma estimated revenue of NZD95m (AUD87.1m) and EBITDA of NZD16m (AUD14.7m) for 12 months to 31 March 2018 as per ASX announcements
- (4) Includes Adventure Hubs post April Easter trading period.

Group sales for first 16 weeks of 2019/20

- Group sales growth of 4.2% and like-for-like sales growth of 3.2%
- While retail consumer sentiment remains mixed, the Group has delivered strong sales growth and like-for-like sales growth across its three largest brands. In response to a cautious consumer, the Group has activated a higher level of promotional activity across the business, which has successfully generated topline growth but adversely impacted margin

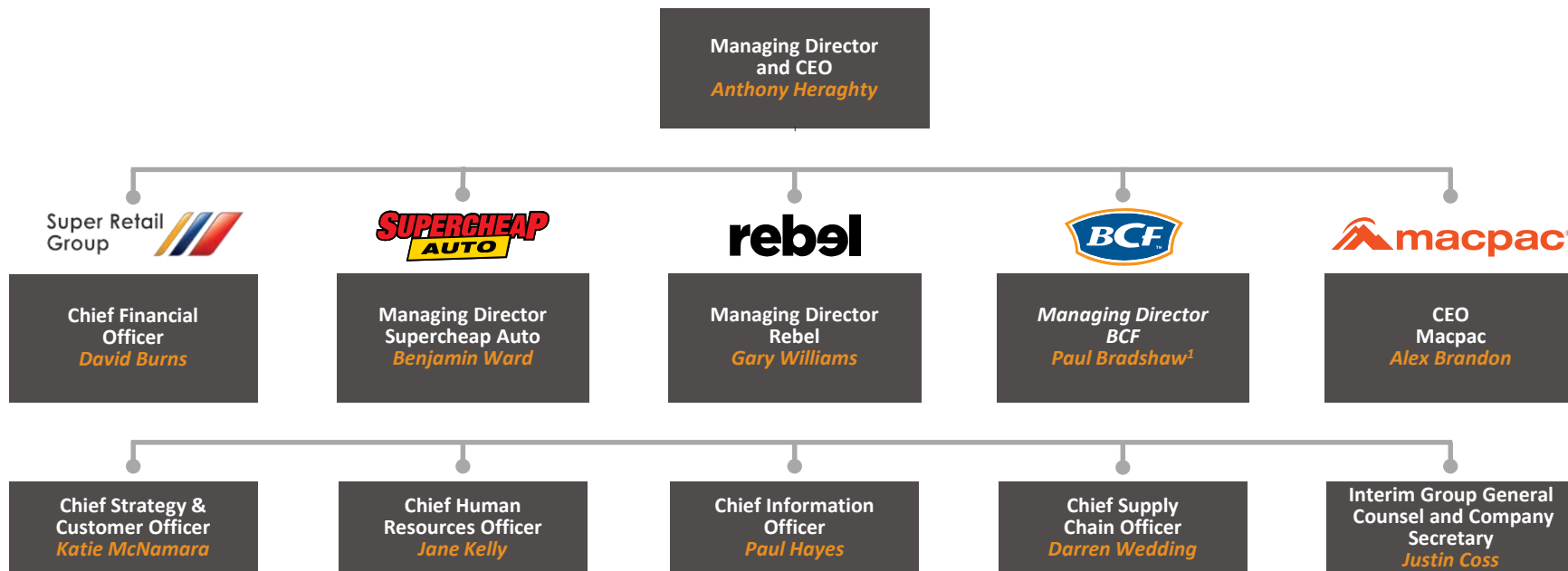
- Divisional performance:

	Total sales growth	LFL sales growth
• Supercheap Auto	3.5%	2.7%
• Rebel	3.9%	3.1%
• BCF	6.7%	6.5%
• Macpac	3.8%	(2.1%)

- Macpac is cycling a strong sales performance in the previous corresponding period. Macpac's like-for-like sales also reflect refinements to promotional and pricing strategy in 2019/20
- As always, the Group's first half result will be highly dependent on the Christmas trading period.

Leadership Team

HIGHLY EXPERIENCED LEADERSHIP TEAM IN PLACE



Group Strategy

The Group's corporate strategy will build upon the focus areas previously identified in the Company's April 2019 investor presentation

	Seamless Omni-retail	Integrated Supply Chain	Model Simplification	Customer Analytics	Brand Development
Current	<ul style="list-style-type: none"> Deployed Salesforce CC Enterprise Omni capability 	<ul style="list-style-type: none"> National DC network Asian sourcing capability 	<ul style="list-style-type: none"> Overlapping remit Powerful execution skill 	<ul style="list-style-type: none"> Emerging capability Single view of customer 	<ul style="list-style-type: none"> Powerful retail brands Private labels Services
Gap	<ul style="list-style-type: none"> Endless aisle In store integration Product Information Management 	<ul style="list-style-type: none"> Omni delivery orchestration Vertical supply integration 	<ul style="list-style-type: none"> Duplication of capabilities Complex legacy environment 	<ul style="list-style-type: none"> Loyalty & CRM Segment performance Promotion and pricing 	<ul style="list-style-type: none"> Enhanced branded offering Subscription and service offering
Goal	<ul style="list-style-type: none"> Market share growth Margin improvement 	<ul style="list-style-type: none"> Delivery cost reduction Increased utilisation Working capital reduction 	<ul style="list-style-type: none"> Cost and revenue synergy Reduction of obsolescence 	<ul style="list-style-type: none"> Real-time marketing Margin improvement Property optimisation 	<ul style="list-style-type: none"> New profit pools Gross margin improvement



The Year Ahead 2019/20



Today's Agenda



Chair's Presentation
Dr. Sally Pitkin



Group MD & CEO's Presentation
Anthony Heraghty



Items of Business
Dr. Sally Pitkin

Item 1: Reports and Accounts

No Resolution Required:

The first item of business is to receive and consider the Financial Report and the Directors' and Auditors' reports for the financial period ended 29 June 2019.

Item 1: Reports and Accounts



Would you like
to share any **comments** or ask a
question?

Procedure for the remainder of the meeting



Each item requires a formal vote.



Shareholders will be given the opportunity to ask questions.



Voting on each item will be by Poll rather than by show of hands.



Attendees wishing to vote should use the Voting Card provided on registration.

Item 2: Remuneration Report

Resolution Required:

“That the Company’s Remuneration Report contained within the accounts for the year ended 29 June 2019 be adopted” by passing an ordinary resolution as set out in the Notice of Meeting.

Item 2: Remuneration Report



Would you like
to share any **comments** or ask a
question?

Item 2: Remuneration Report

VOTES RECEIVED:

	Votes Received	% of Eligible Votes Cast (excluding abstentions)
For	96,131,058	98.81%
Undirected (Chair)	123,047	.13%
Undirected (Other)	159,405	.16%
Against	875,707	.90%
Abstain	3,910,888	-

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.

Item 3: Re-election of Director – Diana Eilert

Resolution Required:

“That Ms Diana Eilert, who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.4 and, being eligible, offers herself for election, be re-elected as a Director of the Company” by passing an ordinary resolution as set out in the Notice of Meeting.

Item 3: Re-election of Director – Diana Eilert



Would you like
to share any **comments** or ask a
question?

Item 3: Re-election of Director – Diana Eilert

VOTES RECEIVED:

	Votes Received	% of Eligible Votes Cast (excluding abstentions)
For	156,955,093	99.56%
Undirected (Chair)	125,139	.08%
Undirected (Other)	159,405	.10%
Against	401,525	.25%
Abstain	1,400,491	-

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.

Item 4: Approval of Securities

(MD & CEO LTI)

Resolution Required:

“That approval is given for the purposes of ASX Listing Rule 10.14 and all other purposes, for the grant of 86,294 performance rights to Anthony Michael Heraghty under the Performance Rights Plan, in respect of the long-term incentive component of his remuneration for the 2020 financial year, as summarised in the Explanatory Notes accompanying the Notice of Meeting” by passing an ordinary resolution as set out in the Notice of Meeting.

Item 4: Approval of Securities

(MD & CEO LTI)



Would you like
to share any **comments** or ask a
question?

Item 4: Approval of Securities

(MD & CEO LTI)

VOTES RECEIVED:

	Votes Received	% of Eligible Votes Cast (excluding abstentions)
For	156,486,643	99.29%
Undirected (Chair)	125,206	.08%
Undirected (Other)	157,905	.10%
Against	821,220	.52%
Abstain	1,409,988	-

Item 5: Approval of Securities

(MD & CEO Co-Investment)

Resolution Required:

“That approval is given for the purposes of ASX Listing Rule 10.14 and all other purposes, for the grant of 53,262 performance rights to Anthony Michael Heraghty under the Performance Rights Plan, in respect of the one-off co-investment grant relating to his appointment as MD & CEO, as summarised in the Explanatory Notes accompanying the Notice of Meeting” by passing an ordinary resolution as set out in the Notice of Meeting.

Item 5: Approval of Securities

(MD & CEO Co-Investment)



Would you like
to share any **comments** or ask a
question?

Item 5: Approval of Securities

(MD & CEO Co-Investment)

VOTES RECEIVED:

	Votes Received	% of Eligible Votes Cast (excluding abstentions)
For	133,703,640	84.86%
Undirected (Chair)	130,516	.08%
Undirected (Other)	156,756	.10%
Against	23,562,449	14.95%
Abstain	1,447,601	-

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.

Item 6: Amendments to Constitution

Resolution Required:

“That, in accordance with section 136(2) of the Corporations Act, the Company’s Constitution be modified by making the amendments contained in the document tabled at the Annual General Meeting and signed by the Chair for the purposes of identification” by passing a special resolution as set out in the Notice of Meeting.

The special resolution must be passed by at least 75% of the votes cast by members entitled to vote.

Item 6: Amendments to Constitution



Would you like
to share any **comments** or ask a
question?

Item 6: Amendments to Constitution

VOTES RECEIVED:

	Votes Received	% of Eligible Votes Cast (excluding abstentions)
For	157,198,338	99.75%
Undirected (Chair)	148,763	.09%
Undirected (Other)	159,405	.10%
Against	84,247	.05%
Abstain	1,450,900	-

The Chair of the Meeting intends to vote all available proxies **in favour** of this resolution.

Polls

1. Please complete your voting card
2. Place it in one of the polling boxes
3. Short recess whilst the votes are cast
4. Close of meeting



Thank you

*I extend an invitation to join the
Board and members of the
Executive Leadership Team for
light refreshments*