

## **ASX ANNOUNCEMENT**

28 October 2020

### **Chair and CEO Presentation to Shareholders**

Super Retail Group Limited (**ASX:SUL**) is pleased to provide the Chair and CEO Presentation to Shareholders in relation to the 2020 Annual General Meeting.

-END-

The release of this announcement has been authorised by the Board of Super Retail Group Limited.

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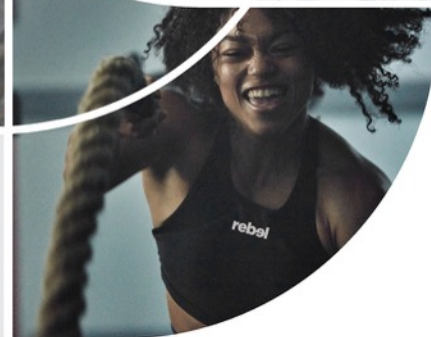
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Super Retail  
Group



Inspiring you to  
live your passion



Super Retail Group Limited

# 2020 | AGM PRESENTATION

**SUPERCHEAP  
AUTO**

**rebel**

**BCF**

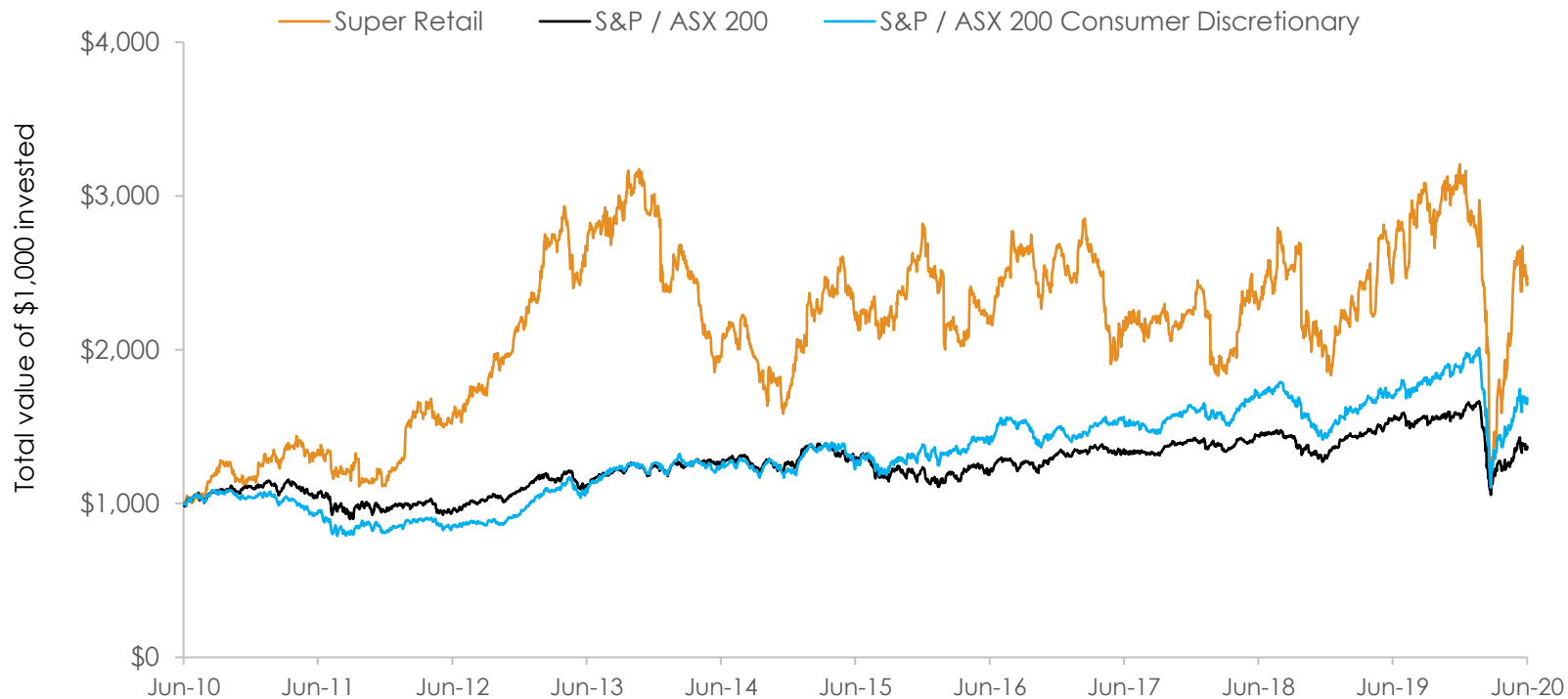
**macpac**

Authorised for release by the Super Retail Group Board

28 October 2020

# Total shareholder returns – 10 years to 30 June 2020

OVER THE PAST 10 YEARS SUPER RETAIL GROUP HAS DELIVERED SUPERIOR RETURNS TO THE S&P/ASX 200 INDEX



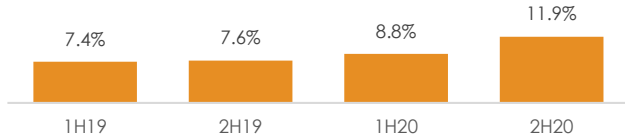
# Operating safely and profitably during COVID-19

## IN 2019/20 SUPER RETAIL GROUP SUCCESSFULLY ADAPTED TO MEET THE CHALLENGES OF COVID-19

Super Retail Group responded to COVID-19 quickly and effectively	<ul style="list-style-type: none"><li>• Super Retail Group responded promptly to protect the health and safety of team members and customers and to introduce cost, cash flow and liquidity measures</li><li>• COVID-19 is driving a number of shifts in consumer behaviour – online channel shift, at-home fitness and leisure, DIY auto repairs, outdoor activities and domestic tourism</li><li>• Super Retail Group's four core brands are well positioned to take advantage of these trends</li></ul>
Omni-retail strategy validated by resilient trading performance during COVID-19	<ul style="list-style-type: none"><li>• The Group's omni-retail strategy has enabled our businesses to adapt quickly to consumer trends during COVID-19 and delivered a solid trading performance</li><li>• All Australian stores remained open during the peak 2019/20 COVID-19 lockdown period<sup>1</sup></li><li>• Keeping stores open for our customers while successfully pivoting to meet increased demand in online sales channels enabled the Group to profitably navigate an extremely challenging period for retail and deliver 44% online sales growth</li></ul>
Conservative balance sheet provides flexibility to invest in omni-retail capability and pursue growth opportunities	<ul style="list-style-type: none"><li>• Super Retail Group successfully completed a \$203m equity raising in July 2020, which will provide the Group with additional flexibility in a more uncertain economic environment</li><li>• Following the equity raising, the Group has no net bank debt</li><li>• The strong balance sheet enables ongoing execution of Super Retail Group's strategy and pursuit of strategic growth initiatives</li><li>• Super Retail Group will continue to invest in omni-retail capabilities, supply chain investments, simplification of the business model and working capital to take advantage of elevated sales in certain categories, footprint optimisation and organic market share growth opportunities</li></ul>
Strong trading momentum has continued in 2020/21	<ul style="list-style-type: none"><li>• In the first 17 weeks of FY21, the Group has delivered both total sales growth and like-for-like sales growth of 25% (includes stores impacted by lockdowns in Melbourne and Auckland)</li></ul>

# Well positioned to benefit from consumer trends emerging from the pandemic

## KEY CONSUMER TRENDS EXPECTED TO SUPPORT SUPER RETAIL GROUP'S FOUR CORE BRANDS

	COVID-19 impact on consumer	Impact on sales during COVID-19	Potential trends as restrictions ease										
<div>Channel shift to online</div> <div>1</div>	<ul style="list-style-type: none"><li>Mobility restrictions forcing reduction of in-store shopping</li><li>Purpose-driven shopping</li><li>Home delivery encouraged</li></ul>	<ul style="list-style-type: none"><li>Significant uplift in online sales from new and existing customers as in-store shoppers shifted to the online channel</li></ul> <p><b>Group online sales as a % of Group sales</b></p>  <table><thead><tr><th>Period</th><th>Online sales as a % of Group sales</th></tr></thead><tbody><tr><td>1H19</td><td>7.4%</td></tr><tr><td>2H19</td><td>7.6%</td></tr><tr><td>1H20</td><td>8.8%</td></tr><tr><td>2H20</td><td>11.9%</td></tr></tbody></table>	Period	Online sales as a % of Group sales	1H19	7.4%	2H19	7.6%	1H20	8.8%	2H20	11.9%	<ul style="list-style-type: none"><li>Consumer has become familiar and comfortable shopping online – particularly expected to impact online favourable categories of apparel and footwear</li></ul>
Period	Online sales as a % of Group sales												
1H19	7.4%												
2H19	7.6%												
1H20	8.8%												
2H20	11.9%												
<div>Trend towards health and wellness</div> <div>2</div>	<ul style="list-style-type: none"><li>Closure of gyms</li><li>Restrictions on outdoor exercising</li><li>Limited leisure options but greater leisure time</li><li>Suspension of team sports</li></ul>	<ul style="list-style-type: none"><li>Increased at-home consumption</li><li>Consumers working from home driving a significant uplift in "comfort athleisure clothing"</li><li>Shift in Rebel mix to weights and gym equipment, personal fitness, and home entertainment goods</li><li>Supercheap Auto increase in DIY / household projects products</li></ul>	<ul style="list-style-type: none"><li>Re-commencement of grassroots, school and professional sporting seasons</li><li>Likely to see increased general physical activity due to health and wellness trend</li><li>Ongoing restrictions for gyms drive focus on home-based exercise</li></ul>										
<div>Pent-up demand for domestic tourism and leisure activity</div> <div>3</div>	<ul style="list-style-type: none"><li>Travel restrictions</li><li>Closure of camping grounds and national parks (particularly over peak Easter camping period)</li><li>Ban on fishing in some states</li></ul>	<ul style="list-style-type: none"><li>Restrictions on camping and fishing activity over Easter shifted customer demand into May and June as restrictions eased</li></ul>	<ul style="list-style-type: none"><li>Offshore travel restrictions to drive demand for domestic tourism and leisure (e.g. camping, hiking)</li><li>Local leisure activities re-opening</li></ul>										

# Financial Highlights

## SALES



- Group sales up 4.2% to \$2,825.2m
- Group LFL sales growth of 3.6%

## EARNINGS



- Segment EBITDA up 4.3% to \$328.1m<sup>1</sup>
- Segment EBIT up 3.5% to \$236.1m<sup>1</sup>
- Group EBIT margin steady at 8.4%<sup>1</sup>
- Normalised NPAT up 1.0% to \$154.1m<sup>1</sup>
- Final fully franked dividend of 19.5 cents per share

## ONLINE



- Online sales up 44.4% to \$290.5m
- Online sales represented 10% of total sales and 15% of fourth quarter sales
- Online sales more than doubled in the fourth quarter vs pcpc
- More than 1m new online customers in 2019/20
- Online conversion rates up across all brands

## BALANCE SHEET



- Strong balance sheet with no net bank debt following \$203m equity raising successfully completed in July
- Significant covenant headroom
- Financial flexibility to pursue growth opportunities

(1) Excludes AASB 16 Leases and other items excluded from normalised profit as defined in the segment note, to enable a more meaningful comparison with the prior comparative periods (pcpc)







# Operating Highlights

## CUSTOMERS



- 6.6m active club members up 8.2% on pcip
- Average customer NPS up 1.8% to 60.7
- Active club members represent 59% of Group sales

## OMNI-CHANNEL



- Opened Macpac Australian DC
- Online order management system phase 1 implementation finalised
- Finalised Click & Collect roll out in Macpac NZ
- Click & Collect up 41% on pcip

## BRANDS



- Outstanding brand awareness scores reflect core four brand strength – Supercheap Auto 86%, rebel 93%, BCF 76% and Macpac 82%<sup>1</sup>

## SUSTAINABILITY



- Named as a sustainability leader in the retail sector in the SAM Sustainability Yearbook 2020
- Dow Jones Sustainability Index (DJSI) score of 52
- Increased recycling rate by 2% to 65%
- Reduced carbon emissions by 8% on pcip

## TEAM



- Improved safety performance. Total Recordable Injury Frequency Rate (TRIFR) decreased by 25% vs pcip
- One-off thank you payment of between \$250 and \$1,000 to permanent, frontline team members for their extraordinary efforts during COVID-19

(1) Stellar Market Research 2020, Prompted Brand Awareness. Macpac NZ only

# Supercheap Auto



- Total sales growth of 7.6% driven by like-for-like sales growth and contribution from new stores
- Like-for-like sales growth of 6.3% reflected both transaction growth and increased units per sale driving higher average transaction value
- 33.6% like-for-like sales growth in May and June
- Online sales grew by 37% to 7% of sales
- Category shift towards essential and DIY products during peak COVID-19 lockdown period
- Auto accessories and auto maintenance delivered the strongest category growth. Like-for-like sales growth was achieved in all categories including tools and outdoors.
- Segment EBIT margin improved by 40bps to 12.0%
- Active Club Plus membership increased to 1.71m and club members represented 40% of total sales
- SCA opened 4 new stores and closed 1 store with 326 stores at period end

\$m	2019/20 Pre AASB 16 <sup>1</sup>	Change on PCP <sup>2</sup>	2019/20 Post AASB 16
Sales	1,119.7	7.6%	1,119.7
LFL sales growth		6.3%	
Segment EBITDA	174.7	11.9%	242.0
EBITDA margin %	15.6%	0.6%	21.6%
Segment EBIT	134.9	11.9%	141.6
Segment EBIT margin %	12.0%	0.4%	12.6%
Segment normalised PBT	n/a	n/a	129.2



- Total sales growth of 3.3%<sup>1</sup> driven by like-for-like sales growth
- Like-for-like sales growth of 2.7%<sup>1</sup> was driven by higher average transaction value
- 9.1% like-for-like sales growth in May and June
- Online sales grew by 49% to represent 14% of sales
- Fitness and hardgoods were the best performing categories as COVID-19 lockdown led to strong demand for home fitness products
- Apparel and footwear sales recovered during the fourth quarter as COVID-19 restrictions eased
- Gross margins increased due to lower promotional activity. Operating expenses increased in rebel mostly due to an increased share of group infrastructure as the business fully migrated into Group distribution centres and expanded online. The operating expense increase partially offset gross margin expansion
- Active club membership increased to 2.88m and club member sales represented 66% of rebel sales
- Infinite Retail business was closed, \$15.9m of sales were recorded for the year at a small loss
- Rebel closed 1 store resulting in 160 stores at period end

\$m	2019/20 Pre AASB 16 <sup>2</sup>	Change on PCP <sup>3</sup>	2019/20 Post AASB 16
Sales	1,038.6	3.3% <sup>1</sup>	1,038.6
LFL sales growth		2.7% <sup>1</sup>	
Segment EBITDA	126.6	3.3%	205.1
EBITDA margin %	12.2%	0.1%	19.7%
Segment EBIT	96.6	3.0%	110.6
Segment EBIT margin %	9.3%	0.1%	10.6%
Segment normalised PBT	n/a	n/a	96.0

- Accelerated growth with last fourteen weeks of the year delivering 21.3% LFL sales growth
- Total sales increased by 4.0% driven by LFL sales growth
- Like-for-like sales increased by 3.0% due to increased transactions and higher average transaction value
- 68.1% like-for-like sales growth in May and June
- Fishing, camping and apparel were the strongest performing categories
- Material uplift in camping and fishing sales in the fourth quarter as COVID-19 restrictions eased
- Online sales grew by 33% to represent 9% of sales
- Segment EBITDA and Segment EBIT were both lower than pcp as a result of the impact of summer bushfires on peak Christmas trading period and impact of COVID-19 lockdown on key Easter period
- Segment EBIT margin declined by 110bps to 2.9%, key driver was gross margin compression
- Active club membership increased to 1.54m and club member sales represented 83% of BCF sales
- BCF opened 4 stores and closed 1 store resulting in 139 stores at period end

\$m	2019/20 Pre AASB 16 <sup>1</sup>	Change on PCP <sup>2</sup>	2019/20 Post AASB 16
Sales	535.0	4.0%	535.0
LFL sales growth		3.0%	
Segment EBITDA	34.9	(13.2%)	79.3
EBITDA margin %	6.5%	(1.3%)	14.8%
Segment EBIT	15.7	(24.5%)	23.4
Segment EBIT margin %	2.9%	(1.1%)	4.4%
Segment normalised PBT	n/a	n/a	15.0

- Sales fell by 5.0% as a result of a 9.1% decline in like-for-like sales
- In Australia, like-for-like sales decreased by 9.7% as a result of the impact of summer bushfires on peak Christmas trading and impact of COVID-19 on store foot traffic and key Easter trading period
- In New Zealand, like-for-like sales decreased by 8.2% mainly due to government mandated seven week store shutdown relating to COVID-19
- 7.8% like-for-like sales growth in May and June
- Online sales grew by 83%, to represent 17% of sales
- Second half delivered EBIT of \$4.9m compared to \$5.5m in pcpc even with New Zealand store closures
- Active club membership increased to 0.45m and club members represented 64% of Macpac sales
- Macpac opened three stores and closed one store resulting in 72 stores at period end

\$m	2019/20 Pre AASB 16 <sup>1</sup>	Change on PCP <sup>2</sup>	2019/20 Post AASB 16
Sales	131.9	(5.0%)	131.9
LFL sales growth		(9.1%)	
Segment EBITDA	10.1	(35.3%)	25.0
EBITDA margin %	7.7%	(3.6%)	19.0%
Segment EBIT	7.2	(44.6%)	7.7
Segment EBIT margin %	5.5%	(3.9%)	5.8%
Segment normalised PBT	n/a	n/a	5.8

# Our Strategy

## THE THREE PRIMARY VALUE LEVERS



## 5 STRATEGIC DRIVERS



**GROW THE FOUR  
CORE BRANDS**



**LEVERAGE CLOSENESS  
TO OUR CUSTOMER**



**CONNECTED OMNI-  
RETAIL SUPPLY CHAIN**



**SIMPLIFY THE  
BUSINESS**



**EXCEL IN OMNI-  
RETAIL EXECUTION**

# Strategy robust throughout COVID-19



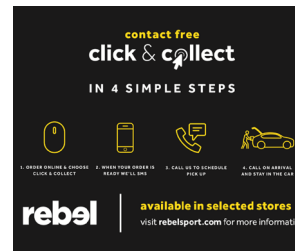
## GROW THE FOUR CORE BRANDS



## LEVERAGE CLOSENESS TO OUR CUSTOMER



## CONNECTED OMNI-RETAIL SUPPLY CHAIN



## SIMPLIFY THE BUSINESS



## EXCEL IN OMNI-RETAIL EXECUTION

### COVID-19 specific actions

- |                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Alignment of category and range offering mix to changing consumer demand during COVID-19 restrictions (rebel: Fitness and Hard goods; SCA: Tools, In-car Tech, Paint and Panel; BCF: Fishing; Macpac: Domestic Hiking)</li> </ul> | <ul style="list-style-type: none"> <li>Customer behavioural analytics and insights leveraged to inform new COVID-19 specific campaign activity (e.g. BCF backyard campout)</li> <li>Shift from catalogues to digital campaigns</li> <li>Maintained customer activity throughout</li> </ul> | <ul style="list-style-type: none"> <li>DC assets leveraged to service significant online order demand</li> <li>Customer Contact Centre resourced to support customer requirements</li> </ul> | <ul style="list-style-type: none"> <li>Seamless shift to remote support office workforce</li> <li>Digital acceleration program implemented to focus e-commerce activity to manage significantly increased online volume and align offering with changing customer behaviour</li> </ul> | <ul style="list-style-type: none"> <li>Contact-free Click &amp; Collect implementation across all Australian standalone stores</li> <li>COVID-19 health &amp; safety measures implemented in all stores</li> <li>Significant online growth successfully executed</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Key outcomes

- |                                                                                                |                                                                    |                                                                                                                    |                                           |                                                                                                              |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <p>Accelerating sales momentum across all brands following easing of COVID-19 restrictions</p> | <p>NPS remained strong at 60.7</p> <p>6.6m active club members</p> | <p>Supply Chain cost per unit (CPU) down</p> <p>Click &amp; Collect at 34.4% of online sales in fourth quarter</p> | <p>Business successfully run remotely</p> | <p>Omni-retail offering uninterrupted<sup>(1)</sup></p> <p>Online sales of ~\$291m, an increase of 44.4%</p> |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------|



# FY21 Trading Update

## GROUP SALES FOR FIRST 17 WEEKS OF FY21

- Group total sales growth and like-for-like sales growth of 25% (includes stores impacted by lockdowns in Melbourne and Auckland)
- Strong momentum in digital channels with online sales growth of 132% including Click & Collect sales growth of 123%. Click & Collect represents 44% of year to date total online sales

- Divisional performance:

	Total sales growth <sup>1</sup>	Like-for-like sales growth <sup>1</sup>	Online sales growth <sup>1</sup>
• Supercheap Auto	22%	21%	132%
• rebel	16%	16%	184%
• BCF	63%	61%	140%
• Macpac	(2)%	(1)%	121%

- Group gross margin is over 200 bps higher than for the prior comparative period and has benefitted from reduced promotional activity (particularly in rebel) as the Group manages its inventory position in the lead up to the peak Christmas trading period
- Capex in FY21 now expected to be approximately \$100 million
- The Group's four core brands operate in attractive lifestyle categories and are well positioned to benefit from increased demand for domestic tourism and leisure as well as the acceleration of the health and wellbeing trend
- Given the uncertain economic outlook, the Board does not believe that year-to-date performance should be treated as an indicator of full year performance



# Thank you

The Board thanks you for your attendance today at our first virtual Annual General Meeting.