

Wednesday, 17 February 2021

ASX/Media Announcement

## **Super Retail Group reports half year results**

***Group Segment Earnings Before Interest and Tax (pre-AASB 16) of \$256.0 million for the first half, at the top end of the provisional earnings guidance range announced on 18 January 2021***

Highlights<sup>1</sup>:

- Total Group sales up 23 per cent to \$1.78 billion
- Group like-for-like sales growth of 24 per cent<sup>2</sup>
- Online sales up 87 per cent to \$237.4 million
- Group segment EBITDA up 95 per cent to \$311.4 million
- Group segment EBIT margin up 6.4 per cent to 14.4 per cent
- Statutory NPAT up 201 per cent to \$172.8 million
- Underlying NPAT up 139 per cent to \$177.1 million
- Fully franked interim dividend of 33.0 cents per share

Chief Executive Officer and Group Managing Director Anthony Heraghty said “We are pleased with a first half financial performance characterised by robust top-line growth, higher gross margin and strong operating leverage. Our omni-retail capability has been instrumental in enabling the Group to pivot towards shifting consumer spending habits and deliver profitable growth, underpinned by strong digital sales. We would like to again thank all of our team members whose unwavering efforts have enabled us to meet the unique challenges of COVID-19, capitalise on the unprecedented level of consumer demand and deliver a record result.”

### **ONLINE**

Group online sales increased by 87 per cent to \$237.4 million, representing 13 per cent of Group sales. Click & Collect represented 45 per cent of Group online sales.

Click & Collect sales increased by 74 per cent to \$107.8 million while home delivery sales increased by 100 per cent to \$129.6 million.

1. Growth numbers shown are versus prior comparative period
2. No adjustments have been made to like-for-like sales growth numbers for COVID-19 related store closures

The Group fulfilled over 2 million online orders during the first half and now has 700,000 more active online loyalty club members than in the prior comparative period (pcp).

Mr Heraghty said ongoing investment in the Group's omni-retail platform meant the Group was well positioned given the shift in consumer spending towards digital channels.

"This investment has supported 64 per cent compound annual growth in Group online sales over the past four years.

"Over this period, the Group's active membership base of 7.1 million has grown by 48 per cent compared to an 11 per cent increase in store numbers.

"The strong operating leverage that the Group has been able to deliver in the first half, during a period of robust online sales growth, clearly reinforces the profitability of our digital sales and the scalability of our omni-retail platform."

### **SUPERCHEAP AUTO**

Sales increased by 20.2 per cent to \$661.9 million, driven by strong like-for-like sales growth and contribution from new stores.

Like-for-like sales growth of 19.6 per cent reflected both transaction growth and increased units per sale, driving higher average transaction value.

Western Australia, Queensland and South Australia were the best performing states.

Like-for-like sales growth was achieved in all categories with Outdoors and Accessories delivering the strongest growth.

In-Car Tech, 4WD & Outdoor, Paint Protect, Car Detailing and Safety & Comfort were the strongest performing sub-categories.

Segment EBITDA increased by 69.1 per cent to \$127.7 million and Segment EBIT increased by 81.7 per cent to \$104.1 million.

Online sales grew by 46.1 per cent to \$54.2 million.

Active Club Plus membership increased by 11 per cent to 1.88 million, with club member sales representing 42 per cent of Supercheap Auto sales. Average club member Net Promoter Score (NPS) was 63 per cent, up from 62 per cent in the pcp.

Supercheap Auto opened one new store during the first half, with 327 stores at period end.

### **REBEL**

Sales increased by 17.0 per cent to \$623.7 million. Like-for-like sales growth of 17.1 per cent was driven by transaction growth and higher average transaction value.

Queensland and NSW were the best performing states.

Like-for-like sales growth was achieved in all categories with Fitness and Hardgoods delivering the strongest growth. Apparel and Footwear sales accelerated during the half as COVID-19 restrictions eased.

Limited stock availability impacted sales but this was offset by higher gross margin due to reduced promotional activity.

Segment EBITDA increased by 74.0 per cent to \$119.0 million and Segment EBIT increased by 85.5 per cent to \$99.6 million.

Online sales grew by 102.1 per cent to \$119.9 million.

Active club membership increased by 12 per cent to 3.08 million, with club member sales representing 67 per cent of rebel sales. Average club member NPS was 53 per cent.

During the period, rebel opened one store and closed four stores with 157 stores at period end.

## **BCF**

Total sales increased by 50.9 per cent to \$427.7 million.

Like-for-like sales increased by 50.8 per cent due to increased transactions and higher average transaction value.

BCF reported a material uplift in boating, camping and fishing sales during the period as COVID-19 restrictions eased and domestic tourism and leisure activity increased.

Western Australia, Queensland and NSW were the best performing states.

Like-for-like sales growth was achieved in all categories with Camping, Boating and Apparel the standout performers. Camping Accessories, Watersports and 4WD were the best performing sub-categories.

Strong growth in Segment EBITDA and Segment EBIT reflected increased sales intensity driven by unprecedented consumer demand.

Segment EBITDA increased by 229 per cent to \$72.7 million and Segment EBIT increased by 412.4 per cent to \$62 million.

Online sales grew by 113.1 per cent to \$50.5 million.

Active club membership increased by 16 per cent to 1.77 million, with 84 per cent of BCF sales coming from club members. Average club member NPS was 63 per cent, up from 62 per cent in December 2019.

With an additional two stores opening in the first half, BCF had 141 stores at period end.

## **MACPAC**

Sales fell by 5.3 per cent as a result of a 3.3 per cent decrease in like-for-like sales and store closures and relocations.

In New Zealand, like-for-like sales increased by 15.6 per cent despite store closures in Auckland due to the COVID-19 lockdown and a downturn in tourism and travel.

In Australia, like-for-like sales decreased by 15.3 per cent, reflecting store closures in Melbourne due to the COVID-19 lockdown and the impact of offshore travel restrictions on thermal and insulation sales.

Excluding the impact of store closures in Melbourne and Auckland, Macpac like-for-like sales increased by six per cent.

A decline in thermal and insulation sales was partly offset by strong performance in tents, backpacks and accessories following successful launch of the summer family camping range.

Segment EBIT increased by 52.2 per cent to \$3.5 million and segment EBIT margin increased by 210 bps to 5.6 per cent

Online sales grew by 93.9 per cent to \$12.8 million.

Active club membership decreased to 0.41 million and club members represented 64 per cent of Macpac sales. Average club member NPS was 67 per cent.

Macpac had 72 stores at period end.

### **GROUP AND UNALLOCATED**

Group unallocated costs of \$13.2 million were \$3.2 million higher than pcp due to higher corporate costs. These costs included \$1.7 million in JobKeeper payments to be refunded to the Australian government, insurance costs and management incentives.

### **CASH FLOW AND NET DEBT**

Operating cash flow (pre-AASB 16) was \$420 million, \$180.9 million higher than the prior comparative period.

Total capital expenditure of \$29.4 million was \$8.5 million below the prior comparative period and included \$19.0 million spent on omni-retail and IT projects and \$10.4 million spent on new stores and refurbishments.

At the end of the period, the Group had no bank debt and a cash position of \$416.8 million, reflecting the July 2020 equity raising and strong trading throughout the period.

The Group's fixed charge cover (based on normalised EBITDAR) at the end of the period was 2.7 times.

### **INTERIM DIVIDEND**

The Group has declared a fully franked interim dividend of 33.0 cents per share.

The Group confirms its dividend policy is to pay out total annual dividends of between 55% and 65% of underlying NPAT.

### **TEAM MEMBER REMEDIATION**

The remediation program is substantially complete with \$49.7 million in back payments, paid to more than 25,000 current and former team members. Super Retail Group continues to engage with the Fair Work Ombudsman over the underpayment issue self-reported in August 2018. The outcome of this process, which may result in an enforceable undertaking or prosecution, remains uncertain.

## TRADING UPDATE

The Group has achieved like-for-like sales growth of 25.2 per cent as at week 33.<sup>2</sup>

	H1 Like-for-like sales % (weeks 1-26)	H2 Like-for-like sales % (weeks 27-33)	Year to date Like-for-like sales % (weeks 1-33)
Supercheap Auto	19.6	23.1	20.3
rebel	17.1	18.4	17.4
BCF	50.8	71.2	55.1
Macpac	(3.3)	8.0	(1.2)
Group Total	23.8	30.5	25.2

Strong trading momentum has continued, particularly in BCF, with Group like-for-like sales of 30.5 per cent in the first seven weeks of the second half.

Mr Heraghty said "It has been a positive start to the second half, with strong trading across all of our brands.

"We remain well positioned to benefit from positive consumer sentiment and elevated consumer demand in the domestic outdoor leisure and travel sectors.

"We do expect current levels of consumer spending will moderate when government stimulus is phased out and international travel restrictions ease.

"However, the Group's strong balance sheet, large active customer base of 7.1 million-plus loyalty club members and market-leading brands in attractive lifestyle categories mean we are well positioned to continue to execute our omni-retail strategy and grow our market share."

The Group expects to revert to normal levels of promotional activity in the second half as inventory levels are restored.

Second half operating expenses will reflect catch up on projects deferred during COVID-19 and increased reinvestment in the business to grow the four core brands.

The Group confirms guidance for capex in 2020/21 of \$100 million for investment in digital and omni-retail, and to fund its store development program.

## RESULTS BRIEFING - TELECONFERENCE DETAILS

Super Retail Group will conduct a results briefing teleconference for analysts and investors at 10.30am (Sydney time) today.

If you wish to access the teleconference please pre-register at least 10 to 15 minutes prior to the conference call via the following link: <https://s1.c-conf.com/diamondpass/10012234-pop313.html>

Following pre-registration, participants will receive the teleconference details and a unique access passcode.

Authorised for release by the Board of Super Retail Group Limited

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