Results for the 26 weeks to 27 December 2014

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David Burns, Chief Financial Officer
19th February 2015

Super Retail Group

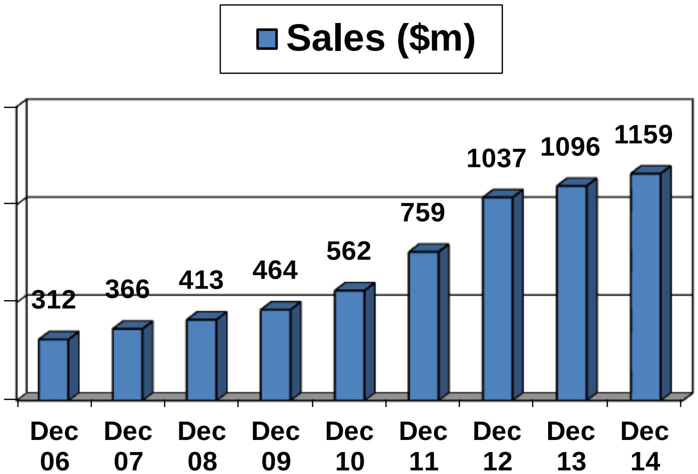
Group Headlines

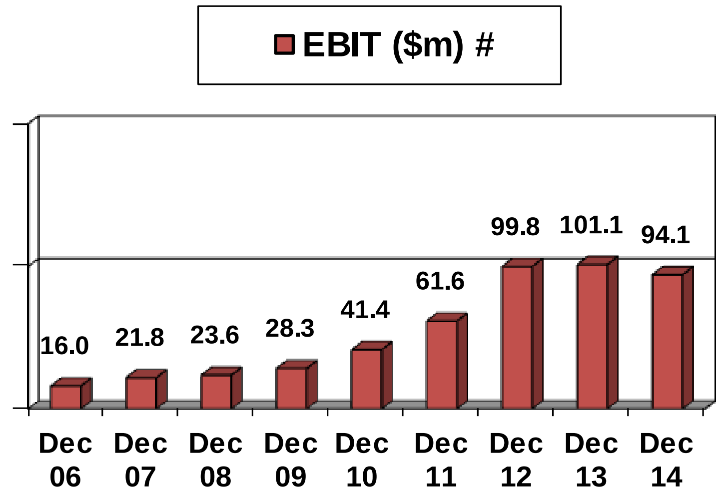
- Group Sales up by 5.7%
- Group NPAT down by 45.5%
- Group EBITDA before restructuring down by 1.0%

Sales LFL %	14/15	13/14	12/13	11/12	10/11	09/10
Auto	2.1%	2.3%	5.2%	3.5%	3.4%	6.1%
Leisure*	(5.1%)	1.6%	2.8%	9.9%	1.5%	8.8%
Sports	6.1%	5.5%	8.3%	7.8%	* Leisure is BCF only until 11/12	

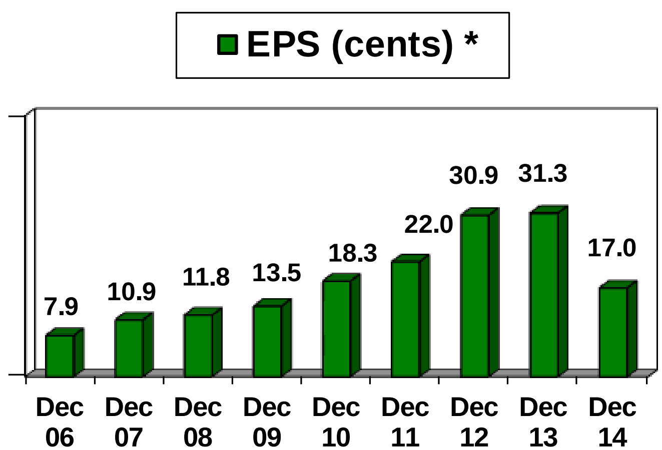
- Group sales increased by 5.7% driven by the Sports and Auto Divisions with like for like growth at 6.1% and 2.1% respectively
- EBITDA before business restructuring costs grew by 4.6% in the Sports Division and 1.7% in the Auto Division
- Improving like for like sales trends throughout the first half in the Leisure Division supporting expectation of positive growth in the second half
- Costs of $26.9 million associated with the planned exit of the FCO Fishing Camping Outdoors business and the restructuring of the Ray's Outdoors business
- $47.3 million invested in future growth in new and refurbished stores and the development of multi-channel business capabilities
- New Sydney and Brisbane distribution centres operational in line with plan
- Dividend of 18.5 cents per share declared

Performance Trends

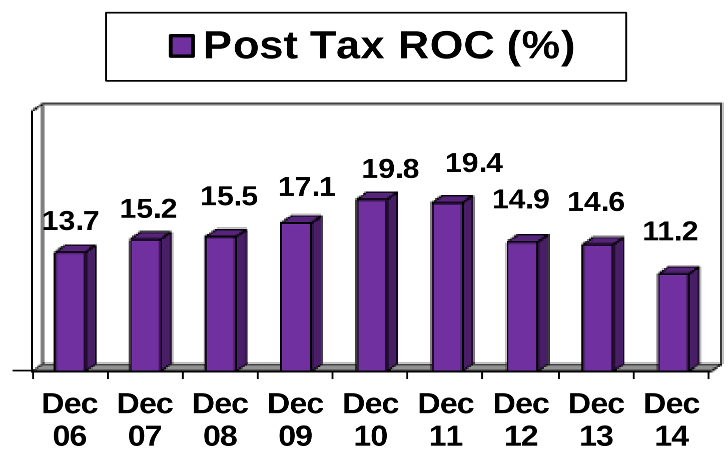




EBIT before business restructuring costs



* - historical EPS adjusted to take into account the bonus element in the 2011 entitlement offer



Post Tax ROC adjustment due to capital calculation reclassification

Group Results

- Solid sales growth achieved in both Auto and Sports from both new store and LFL sales
- Improving like for like sales trends throughout the first half in the Leisure Division supporting expectation of positive growth in the second half
- EBITDA growth in the Auto and Sports Divisions offset by decline in Leisure Division
- EBIT margin decline due to higher group depreciation and amortisation expense, which has increased due to investment in development programs
- NPAT before business restructuring costs of $58.1m
- Operating Cash Flow strong at $140.7m, includes increase in inventory investment
- Net Debt below Jun 14 but above Dec 13, capital structure remains conservative
- Half Year Dividend of 18.5cps, representing underlying 63% payout ratio

	2014/15 $m	**Change on pcp**
Sales	1,158.7	5.7%
EBITDA*	124.0	-1.0%
EBIT*	94.1	-7.0%
NPAT	33.6	-45.5%
Operating Cash Flow	140.7	-$16.1m
Net External Debt	337.2	$43.8m
Dividend	18.5c	0.0c

* before restructuring costs

Divisional Results

	2014/15		2013/14	
	Sales $m	**EBIT $m**	**Sales $m**	**EBIT $m**
Auto Retailing	431.5	44.2	415.0	44.9
Leisure Retailing	302.1	20.3	306.9	24.4
Sports Retailing	421.5	38.6	370.2	38.4
Group & Unallocated	3.6	(9.0)	4.4	(6.6)
Total Group (before restructuring costs)	1,158.7	94.1	1,096.5	101.1
Restructuring Costs		(26.9)		-
Total Group		67.2		101.1

- Sports Retailing result for 2014/15 includes 100% of the Infinite Retail business, which was previously equity accounted in Group/Unallocated.

Auto Retailing

- Divisional results includes Supercheap Auto and Auto Trade Direct (not material at this stage)
- Strong sales from 6 new stores and good momentum in LFL sales at 2.1% growth on PCP
- Sales growth in all categories with the exception of Tools and growth in all states except Queensland. Regional, central, and northern Queensland experienced negative LFL growth
- Business testing different mixes of traditional, digital and club member promotional activities - sales growth driven by average transaction value
- Gross margin improvement driven by pricing and promotional management, trading terms, overseas sourcing, own brand development and product range management
- Cost of doing business increased due to higher store operating costs partially offset by efficiencies in marketing and administration
- Six new stores, 13 stores refurbished including two as Superstores – 297 stores at 27 December 2014

	2014/15 $m	change on pcp
Sales	431.5	4.0%
LFL sales growth		2.1%
Gross margin %	*44.0%*	*+0.1% pts*
EBITDA	55.4	+1.7%
EBITDA margin %	*12.8%*	*-0.3% pts*
EBIT	44.2	-1.6%
EBIT margin %	*10.2%*	*-0.6% pts*

Leisure Retailing

- Like for like sales negative trend continuing into the 1st half of 2014/15 reflecting new store cannibalisation and lower demand in mining areas
- As expected trend improving with like for like sales down 8% in 1st quarter and 2% in 2nd quarter – expect positive growth in the 2nd half
- Solid contribution from BCF new stores
- Gross margin expansion reflects strong focus on promotion management in the lead up to Christmas, particularly in BCF
- Strong cost control has mitigated impact of negative sales growth. Depreciation and amortisation cost increase is attributable to store rollout and investment in supply chain and IT programs
- FCO loss of $2.0m for the first half included in the result
- Three BCF stores were opened during the period to bring total BCF stores to 117. Ray's Outdoors and FCO stores total 57 and 13 respectively

	2014/15 $m	**change on pcp**
Sales	302.1	-1.6%
LFL sales growth		-5.1%
Gross margin %	*44.7%*	*1.1% pts*
EBITDA*	29.0	-6.8%
EBITDA* margin	*9.6%*	*-0.5% pts*
EBIT*	20.3	-16.8%
EBIT* margin	*6.7%*	*-1.2 %pts*

* before restructuring costs

Sports Retailing

- Sales performance has been strong in both Rebel and Amart Sports. LFL sales growth driven by increased traffic and average transaction value
- Included in the 2014/15 result is Infinite Retail, which became a fully consolidated business in July 2014
- Gross margin are 1.2% lower to PCP, due to the dilution effect of Infinite Retail (0.7%pts) and an investment of (0.5%pts) in the Rebel and Amart Sports businesses to drive sales growth in the first quarter
- Operating cost increases have been well managed to support EBITDA growth of 4.6%
- Depreciation and amortisation costs have increased due to expansion of Amart Sports stores in Victoria and NSW and from investment in new IT systems
- Aged stock maintained at 5%
- Three Amart Sports stores were opened in the period, one Amart Sports store was closed and one Rebel Store was closed

	2014/15 $m	**change on pcp**
Sales	421.5	13.9%
LFL sales growth		6.1%
Gross margin %	*45.1%*	*-1.2%pts*
EBITDA	48.3	4.6%
EBITDA margin%	*11.5%*	*-1.0%pts*
EBIT	38.6	0.5%
EBIT margin %	*9.2%*	*-1.2%pts*

Group & Unallocated

- Group and Unallocated includes SRG Commercial, consolidated investment in Oceania Bicycles, Fixed Price Car Service and corporate costs not allocated to segments
- Investment in Fixed Price Car Service occurred in December 2014, no impact in this reporting period
- Group costs not allocated to segments include corporate costs, multi-channel development costs, un-utilised DC space and costs relating to the Group projects
- Multi-channel development costs have increased arising from work in progress on the Group multi-channel programs and the increase in DC space for the group with the addition of the Sydney facility at Erskine Park
- Group Projects in progress include the strategic review of FCO and Ray's Outdoors and a review of the Group's change management capabilities

	2014/15 $m	**change on pcp**
Sales	3.6	NA
		$m
EBITDA	(8.7)	(2.1)
EBIT	(9.0)	(2.4)
Comprising:		
Corporate costs	(3.3)	(1.4)
Un-utilised storage and multi-channel costs	(4.7)	(1.0)
Commercial & projects	(1.0)	(0.0)

Group Cash Flow

- Operating cash flow performance has funded increased investment in new stores and development program
- Investment in inventory has reduced operating cash flow compared to pcp
- New and refurbished store investment of $25.8m is fully funded out of operating cash flows
- Investment in new and refurbished store capex is split:
  - $10.2m in SCA
  - $3.0m in Leisure
  - $4.4m in Sports
- Investment in other capital projects relates to DC network expansion, inventory management capability (JDA) and IT projects
- Business acquisition in the period was Fixed Price Car Service

	Dec 14 $m	**Dec 13 $m**
Operating cash flow (pre store set up investment)	148.9	172.1
Store set up investment	(8.2)	(15.3)
Business acquisition	0.0	0.0
Operating cash flow	**140.7**	**156.8**
Investing activities:		
- Store fitout	(17.6)	(22.0)
- Other capex	(21.5)	(39.2)
- Business Acquisition	(1.5)	(4.2)
Financing activities:		
- Dividends & interest	(54.5)	(54.4)
- Ext Debt (repayment)/proceeds	1.2	3.1
- Equity Issues	0.0	0.0
Net cash flow	**46.8**	**40.1**

Group Balance Sheet

- Inventory balances are seasonally higher in December.
- SCA average inventory per store is 1% lower than December 2013
- Leisure average inventory per store is 7% higher than December 2013 pcp due to lower than plan LFL sales
- Sports inventory increase includes Infinite Retail $12m; new Amart Sports stores and average inventory increase per store of 18%
- Inventory improvement plans are expected to reduce inventory per store by June 2015
- Trade Creditor increase is due to timing of inventory build for key Xmas and New Year trading period partially funding inventory investment
- Increase in Plant, Equipment & Software primarily as a result of ongoing capital expenditure in new and refurbished stores and the Brendale DC
- Net debt decline is seasonal and above December 2013 due to inventory investment

	Dec 14 $m	**Jun 14 $m**
Inventory		
- Auto Retailing	195.7	173.7
- Leisure Retailing	180.7	159.8
- Sports Retailing	194.8	151.2
- Group & Unallocated	7.6	5.4
Total	578.8	490.1
(Trade creditors)	(408.6)	(278.4)
Net inventory investment	170.2	211.7
Plant, equipment & software	306.8	302.5
Net External Debt	337.2	382.6

Returns & Capital Ratios

- Headline EPS ratio impacted by business restructure provisions. EPS before business restructuring is 29.5cps
- The Group undertook a modification of its debt facility in the period. The facility limit has been increased to $635m and extended a further 12 months
- Average net debt increased as a result of the investment in inventory and capital expenditure
- Return on Capital remains below targeted level, but above the WACC
- Effective FX rate for the period was 0.91, down from 0.95 in pcp. Existing hedge position 0.84
- Effective tax rate for the period was 40.3% due to FCO provision. Excluding FCO provision full year effective tax rate is expected to be 30%
- *^Adjusted capital includes leases capitalised into debt at 6x annual charge*

	Dec 2014	**Dec 2013**
EPS – reported	17.0c	31.3c
Fixed charge cover (12month rolling)	1.82x	1.94x
Average Net Debt	$430m	$400m

	Dec 2014	**Jun 2014**
Net debt : capital		
- Headline	30.8%	33.5%
- Adjusted^	56.0%	67.2%
Post tax ROC (12month rolling)	11.2%	11.3%

Leisure Division Restructure

Ray's Outdoors

- Strategic review has concluded that there is a $1.8 to $2.0 billion addressable market opportunity
- Opportunity is to provide an 'Australian adventure for all' retail offering built around a wide range of quality outdoor products at constant fair value
- Positioning complements the BCF business with its focus on male customers with a passion for fishing.
- Team working on the development of the new Ray's business model, branding, product range and marketing over the next six months
- The Group is expecting to test three new format Ray's stores in the first half of the 2015/16 financial year
- A total of $7.7m of restructuring costs have been taken to support the restructure. These costs include:
    - Five stores have been identified for closure or relocation at a cost of $3.8m
    - Accelerated clearance of existing range of stock that do not meet the future business model with a provision of $3.9m

FCO

- A review of the FCO business has identified that while a number of improvement opportunities exist the business is unlikely to be able to achieve the Group's return on capital targets within a reasonable time period
- It has therefore been decided to move towards ceasing operations this financial year
- A provision of $19.2m has been taken to cover the closure costs of the business which includes the clearance of inventory, write off of fixed assets and the exiting of lease commitments

Leadership

- Anthony Heraghty appointed as Managing Director Leisure Retailing Division – will commence in April 2015

Looking Forward

Looking Forward

General Margin Expectations

- Expect each division to deliver solid like for like sales growth in the second half
- Focus on lifting gross margin but need to be careful to manage the trade off with sales momentum in an environment in which customer confidence is still patchy. This will be critical in generating positive EBITDA margin outcomes

Auto Retailing

- LFL sales growth in the first 7 weeks of 2nd half 14/15 circa 3.5%
- SCA store development: plan to open five new stores, 15 refurbishments, extensions and relocations

Leisure Retailing

- LFL sales growth in the first 7 weeks of 2nd half 14/15 circa 6.5%
- Plan to open two stores and close five stores associated with Ray's Outdoors restructure in 2nd half 14/15
- FCO closure expected to be completed by June 2015

Sports Retailing

- LFL sales growth in the first 7 weeks of 2nd half 14/15 circa 9%
- Plan to open one Rebel, one Rebel Fit and four Amart Sports stores and close 2 Amart stores in 2nd half 14/15

Group Costs

- Circa $6m additional investment in group projects – Ray's Outdoors reinvigoration project, Fixed Price Car Service and change management review initiatives

Capital Expenditure

- Planned full year capital expenditure circa $80m

Group Strategy

Our Vision

INSPIRING YOU TO LIVE YOUR PASSION

Our Mission

TO PROVIDE SOLUTIONS AND ENGAGING EXPERIENCES THAT ENABLE OUR CUSTOMERS TO MAKE THE MOST OF THEIR LEISURE TIME

Our Goals

- To be one of the 5 largest Australasian retail companies
- To achieve the highest Team Member engagement across the retail industry
- To achieve higher customer engagement ratings than our competitors
- To provide returns to our shareholders that exceed the ASX 200 by 5%

Our Focus

- Understanding our Customers
- Engaging Customers across all channels
- Innovative and Relevant Solutions
- Leading Private and Exclusive Brands
- Optimising our Supply Chain
- Engaging and Developing our Team

Our Values

- Passion
- Openness
- Integrity
- Care
- Discipline

How are we going to win?

Understanding our Customers	Developing a clear understanding of our customer's leisure passions, their search patterns, their buying behaviour and their opinion of our offer customer relationship management increasingly driving our store and website design, ranging, pricing, promotions and marketing
Engaging Customers across all Channels	Providing a consistent engaging and inspiring experience that reflects our brand personality for our customers across all channels and interactions
Innovative and Relevant Solutions	Consistent new product introduction. Tailoring the range at a store level to local demand. Extended ranging available on line through working with trade partners. Providing services and information as well as product
Leading Private and Exclusive Brands	Designing, developing and marketing a strong portfolio of private and exclusive brands that can compete with international branded product on features and benefits but provide protection against direct price competition
Optimising our Supply Chain	Agile, cost efficient supply chain supporting growth in international sourcing of 3rd party and private branded product and growth in on-line business Optimised inventory management across the Group
Engaging and Developing our Team	Developing and maintaining a culture that is consistent with our brand values, facilitates a solutions focus and attracts and engages motivated team members who share our customer's leisure passions

Auto Retailing – Key Strategic Initiatives

(5 year goal)

NETWORK EXPANSION (325 STORES)	LFL SALES GROWTH (> 3% PA)	EBIT MARGIN (12%)	PRE TAX ROC (> 40%)

Understanding our Customers	• SCA club + membership now at 1.2 million – target 1.5 million plus • Understanding and meeting needs of 2 new customer types 'Alex' and 'Kathy' representing a significant market opportunity • Use of customer analytics to drive marketing and ranging
Engaging Customers across all Channels	• Rollout of store of the future at 50 stores per annum • Further development of on line offer and content • Development of services in store and out of store • Continued move from traditional media to direct marketing • Trials of trade offers
Innovative and Relevant Soultions	• Maintaining 25% of range being refreshed each year • JDA planning and replenishment system benefits realisation • Targeting inventory turns of 3x
Leading Private and Exclusive Brands	• Targeting up to 50% of the range being private and exclusive brands • Continued move to category specific private brands

Leisure Retailing – Key Strategic Initiatives

(5 year goal)

NETWORK EXPANSION (200+ STORES)	LFL SALES GROWTH (> 3% PA)	EBIT MARGIN (11%)	PRE TAX ROC (> 30%)

Understanding our Customers	• BCF / Ray's Outdoors club membership now at 2.9 million • Developing Ray's Outdoors offer to meet the needs of the target customer groups – the 'Progressives' and the 'Socialisers' • Use of customer analytics to drive marketing and ranging
Engaging Customers across all Channels	• Ray's Outdoors restructure pilot new concepts and rollout through whole network • BCF new store formats • Further development of on line offer and content • Continued move from traditional media to direct marketing
Innovative and Relevant Solutions	• Maintaining 25% of range being refreshed each year • Development of revised Ray's offer • Leveraging JDA planning and replenishment system • Targeting inventory turns of 3x
Leading Private and Exclusive Brands	• Targeting up to 25% of the range being private and exclusive brands • Continued move to category specific private brands rather than generic house brands

Sports Retailing – Key Strategic Initiatives

(5 year goal)

NETWORK EXPANSION (250 STORES)	LFL SALES GROWTH (> 4% PA)	EBIT MARGIN (11%)	PRE TAX ROC (> 21%)

Understanding our Customers	• Rebel / Amart club membership now at 2.5 million • Relaunch of loyalty programs • Use of customer analytics to drive marketing and ranging
Engaging Customers across all Channels	• Amart store rollout and Rebel store refurbs • Testing new formats – Rebel Fit and Amart Sports local • Repositioning of Workout World stores and integration with Rebel/Amart • Further development of on line offer and content – targeting 10% of sales • Continued move from traditional media to direct marketing
Innovative and Relevant Solutions	• Development of athletic footwear, football, training apparel, supporter wear, cycling and fitness • Implementation of assortment planning system • Targeting inventory turns of 3x
Leading Private and Exclusive Brands	• Targeting up to 25% of the range being private and exclusive brands • Focus on private brands in equipment and fitness and exclusive brands in footwear and apparel

Commercial

(5 year goal)

B2B INTERFACE	SALES TARGET $50M +	PRE TAX ROC (> 21%)

Wholesale	• Opportunities across all Group categories • Centred around Group's private label products
Insurance	• $15m opportunity • Providing gift cards or replacement products to major insurers to assist in claims settlement
Petrol and Convenience	• $100m accessible market • Targeting 25% market share • Ramp up of BP pilot
Rewards and Incentives	• Providing gift card solutions for corporates developing reward and incentive programs • Benefits in results of brand issuing the gift cards
Digital models	• Fixed Price Car Service • Camping services

Supply Chain and Inventory Management

(5 year goal)

- Support the brands inventory optimisation initiatives
- Clarity of supply chain cost drivers and ability to select appropriate supply method
- Efficient flow of inventory to reduce logistics costs as a % of sales by 1%
- Enhanced integration between promotion planning, forecasting and replenishment processes to increase promotional effectiveness
- Improved Sales & Operations Planning process
- Implementation of multi-channel fulfilment capability

Innovative and Relevant Ranging	• Roll-out of JDA forecasting & allocations • Clear, time-phased inventory reduction targets as part of enhanced S&OP planning process
Optimising our Supply Chain	• Implementation of common replenishment system to facilitate multi-user DC's • DC network strategy implementation – full multi-user DC network • Supply methods including integrated offshore logistics hubs • Enhanced management systems for inventory and supply chain to provide greater visibility of performance in these areas

Supply Chain and Inventory Management

	FY14	FY15	FY16	FY17
Logistics Investment	Sydney DC developed	Brisbane DC developed	New network implemented	Network optimised
Systems Development	Sports SAP implemented WMS developed	Sports SAP optimised WMS rollout		
Trade Partner engagement	Leisure DTS New Zealand	Leisure DTS Sydney	Leisure DTS Australia Primary Freight Sports 3PL migration	Freight optimisation Sports exclusive & private label
Inventory Planning JDA	F&R rollout Leisure & pilot in Auto	F&R rollout in Auto	JDA modules implemented all brands	JDA fully supporting S&OP
P&L cost (Program & excess DC)	$10m	$11m	$10m	$10m
Net working capital $ per store reduction targets	Leisure 10%	Leisure 10% Auto 5% Sports 10%	Leisure 10% Auto 5% Sports 5%	Leisure 10%

DTS – Direct to store; WMS – Warehouse management system; S&OP – Sales and Operational Planning;
F&R – Forecasting and Replenishment ; 3PL – Third Party Logistics; DC – Distribution Centre