Super Retail Group

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ASX/Media Release

Super Retail Group provides update on trading performance and on restructuring initiatives

Super Retail Group (SUL) has today provided an update on latest trading performance and on restructuring initiatives being undertaken in the Ray's Outdoors, FCO and Workout World businesses.

Sales Performance

Total and like for like (LFL) sales growth in the Group's three divisions for the 44 weeks up to 2 May 2015 has been as follows:

	44 weeks to 2 May 2015		18 weeks to 2 May 2015
	Total	LFL	LFL
Auto	3.5%	2.0%	1.9%
Leisure (excluding FCO)	1.5%	(1.3)%	4.1%
Sports	15%	7.4%	9.2%

Sales in the Sports Division have continued to be very strong benefiting from an improved in stock position in stores compared to the prior year, the interest generated by major sporting events and successful marketing and promotional campaigns. The Leisure Division has maintained positive momentum throughout the second half with the BCF business performing strongly. Sales growth in the Auto Division has been slightly lower than expected in the second half as a solid start to the second half year was impacted by a weaker performance across the Easter period.

Store Development

The Auto Division has recently reached an important milestone with the opening of its 300th store at Holden Hill. The Auto Division has also continued its refurbishment program having now refurbished 28 stores during the year, including six as superstores. The Division has upgraded the number of potential Supercheap Auto stores from 325 to 350 and will aim to open between 10 and 15 stores per annum over the next 4 years.

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No new stores have been opened in the Leisure Division during the second half of the year and one Ray's Outdoors store has closed. There are currently 117 BCF stores and 56 Rays Outdoors stores.

The Sports Division has closed one Rebel store and opened four and closed one Amart Sports stores so far during the second half of the year. There are currently 91 Rebel stores, 56 Amart Sports stores and 22 Workout World stores.

Margin Performance

In the Auto Division, gross margin is tracking slightly above the prior comparative period with the business effectively managing the impact of the lower Australian dollar on product costs and the investment being made in the Supercheap Auto Club Plus loyalty program. The lower like for like sales growth and increase in depreciation costs have resulted in EBIT margin tracking at around 30 basis points below the prior comparative period.

In the Leisure Division (excluding FCO), gross margin is tracking below prior comparative period reflecting the competitive pricing investment made in the BCF business. EBIT margin is tracking at around 5.9% broadly in line with the reported margin in the prior comparative period.

In the Sports Division, gross margin is below PCP due to impact of the lower margin Infinite Retail and WOW businesses, the expansion of the Amart Sports business and promotional activity across the Rebel and Amart Sports businesses. EBIT margin is tracking at around 8.2%.

Restructuring Initiatives

Total restructuring costs are projected at around $27 million in line with the costs recognised in the half year financial statements.

a) Rays Outdoors

   Work is progressing on plan to develop the new Rays business with a full review of retail brand, store design and fit-out, product ranging and marketing. The new format will be tested in three existing stores and two new stores from September 15 through to March 16 before five additional stores are refurbished. One store has been closed and three other stores will be closed by 31 July. Clearance of the products that do not fit the new positioning has commenced and will impact on gross margins over the coming months. Restructuring costs of the Rays business are anticipated at around $9 million.

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b) FCO

The closure of the FCO business has progressed ahead of plan and all 13 stores will close on or before 31 May. Proceeds generated from clearance of inventory and fixtures and fittings have been higher than anticipated. It is now expected that restructuring costs of the FCO business will be around $16.5 million. The FCO business will be reported as a discontinued business in the full year financial statements.

c) Workout World

It is planned to more closely integrate the Workout World business within the Rebel business and to rebrand Workout World as a sub brand of Rebel. 5 stores will be closed by 31 May and a further 5 stores will close as leases expire during the balance of the 2015 calendar year. The support teams will be combined and a joint marketing program will be developed.

The business is projected to generate an EBIT loss of around $5 million in the current financial year but it is expected that the above actions will result in a break even result in the 2016 financial year. Restructuring costs of $1.5 million will be recognised in the 2015 financial year.

ENDS

Further information:	Mr Peter Birtles	Mr David Burns
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Peter Birtles will be presenting an update on Group strategy and performance at the Macquarie Securities Australian Conference on the 8th May. A copy of the slides to be used in the presentation will be lodged with the Australian Stock Exchange.