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Chairman's Address
Annual General Meeting – 24 October 2016

This is our thirteenth year as a listed company. In that time, we have seen sales increase from $383 million to $2.4 billion and Group EBIT increase from $22.8 million to $175.3 million.

During this period the Auto business has increased EBIT each and every year. This has been the foundation that has driven our share price from $1.97 at listing to $10.60 at the close of the market last Friday.

When dividends are taken into account the compound total shareholder return from listing to the end of the last financial year has been 728 per cent compared with 48 per cent for the ASX 200 Accumulation Index, placing us in the top quartile of performance.

I am pleased to be presenting another solid result from our Auto and Sports businesses. However, the Group result was below expectations due to the poor performance of the Leisure division.

Total Normalised Net Profit after tax for the year was $108.6 million, an increase over the previous year of $2.3 million or 2.2 per cent. The Net Profit attributable to shareholders at $62.8 million was $18.3 million below the $81.1 million achieved in the previous year. This year's profit was adversely impacted by the Board's decision to write down the Ray's Outdoor brand name and accelerate the transformation of the Rays business.

After a detailed review of the performance of the new Rays concept stores, it was determined that the restructure would provide a viable business model and that increased value for shareholders would be achieved by completing the transformation quickly. The acceleration of the Rays transformation involved converting an additional 12 stores to Rays, converting 17 stores to other Super Retail Group brands and closing 21 stores.

As at the date of AGM, all the stores that were to close have all been closed. Of the 17 stores to be converted to other brands, nine are now trading as BCF. Ten stores have been converted to the new Rays format, and the balance of seven stores will be refurbished by the end of calendar 2017.

Our strategy has not changed over the past few years. We have a clear focus on our customer, and inspiring them to live their passions by providing solutions and engaging experiences that enable our customers to make the most of their leisure time.

Our strategic pillars revolve around understanding and meeting the needs of our customers and we continue to invest in improving our capabilities to deliver.

The Group has again generated a strong cash flow with net cash flow from operating activities of $159.2 million, after adjusting for the 53 week year an increase of $15 million on the previous period. This, as in previous years, enabled the Group to continue to fund the investment in the development of our businesses and supporting capabilities.

During the year $79.9 million of capital was invested in the business, comprising $56.1 million in new and refurbished stores and $23.8 million developing and improving capabilities in multi-channel platforms and new loyalty programs.

We continue to see opportunities to grow each of the businesses by opening new stores, store refurbishments and an improved online presence. We expect to open a total of 43 new stores this year.

In addition, we will increase the rate at which we refurbish stores as we continue to test and roll out new features in each of the divisions. This year we will also continue to invest in building capabilities, particularly around understanding the customer and online channels.

We estimate that capital expenditure in 2016/17 will approximate $110 million, with the major portion being on new and refurbished stores. As in past years, we expect that this capital spend will be funded from operating cash flow.

Directors were pleased to declare a fully franked final dividend of 21.5 cents per share, taking the dividend for the full year to 41.5 cents per share, an increase of 3.8 per cent on the previous year. As in previous years, the dividend is funded out of operating cash flow.

The Group is firmly committed to Corporate Social Responsibility, and managing and reducing our impact on the environment. There is strong support for the safety of our team members and the communities in which we operate. The Board is pleased to see that the increased emphasis on health and safety throughout the Group has resulted in a significant reduction in lost time injuries

With respect to the environment, the Group continues to develop initiatives to reduce our impact on the environment, including reducing packaging and power consumption and the recycling of waste, particularly packaging materials, batteries and oils.

As a large importer of private label and international brands, we are committed to ethical sourcing. This year we have completed a comprehensive review of our compliance framework. Following the review, we are implementing a number of new initiatives to improve our ethical sourcing practices.

Cyber Security has become a significant area of focus for Boards as we implement strategies and processes to safeguard the information of our customers, club members, team members and the corporation itself. We have and will continue to invest in the area.

Unfortunately, John Skippen has decided not to stand for reelection but to retire at the conclusion of today's meeting.

John has been a director of Super Retail group since September 2008 and has been the Chairman of the Audit and Risk Committee since October 2009.

John has made a valuable contribution to the development of the group. The board will miss John's wise counsel, we thank him for his contribution over the past eight years and wish him well for the future.

The Board recognises the importance of both Board renewal and the need for diversity. Late last year two new directors, Launa Inman and Diana Eilert, were appointed to the Board. Both bring skills that add to and enhance the mix of skills on the board. Both are standing for re-election today.

On behalf of the Board, I thank Peter, his management team and all of our 12,000 team members for their contribution to our result in a challenging year.

The directors would also like to thank you our shareholders for your support and interest in the Group, and I will now call on Peter to talk in more detail on this year's highlights and on the Group's strategy.