



Trading and Strategy Update

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Content

Trading Update

Group Strategy

Trading Update

Supercheap Auto

- LFL sales growth of 4.4% in the first 17 weeks of H2; 3.9% YTD to 28 April 2018
- Segment EBIT margin tracking in line with PCP
- 319 Supercheap Auto stores at 28 April 2018

Rebel

- LFL sales growth of 2.2% in the first 17 weeks of H2; 1.5% YTD to 28 April 2018
- Amart conversion broadly tracking in line with plan with focus on connecting former Amart customers to the Rebel brand and converting former Amart stores to the Rebel inventory range
- Segment EBIT margin continues to track circa 0.1% below PCP
- 158 Rebel stores at 28 April 2018

BCF

- BCF LFL sales growth of -0.4% in the first 17 weeks of H2; 0.7% YTD to 28 April 2018
- Strong LFL sales growth in NSW and Vic offset by negative LFL growth in QLD and WA
- BCF EBIT margin continues to track circa 1% below PCP
- 136 BCF stores at 28 April 2018

Trading Update

Macpac and Rays

- Macpac acquisition completed on 5 April 2018 and expected to contribute circa \$5 million EBIT in FY18
- Rays expected to generated \$6 million EBIT loss in FY18
- Rays restructuring costs of \$13 million and Macpac acquisition costs of \$4 million to be recognised in FY18
- 54 Macpac and 9 Rays (to be rebranded to Macpac) stores at 28 April 2018

Full year 2017/18 outlook

- Based on current trading conditions, 2017/18 Group EBIT margin (excluding 3 months contribution from Macpac) is expected to be in line with the prior comparative period
- Capital expenditure of circa \$100m



Content

Trading Update

Group Strategy

Group Strategy

OUR VISION

Inspiring you to live your passion

OUR PURPOSE

To provide solutions and engaging experiences that inspire our customers to make the most of their leisure time

OUR GOALS

Healthy, passionate
and high
performing team

Inspired, engaged
and satisfied
customers

Sustainable omni-
retail capabilities

Top quartile
shareholder returns

OUR STRATEGY

Growing businesses in high
involvement categories

Engaging capable team
members who share our
customers' passions

Building a world class
omni-retail organisation

OUR CUSTOMER PROMISE

INSPIRATION

Inspiring our
communities
with our
passion

EXPERIENCE

Engaging you
and providing
outstanding
service &
expertise

SOLUTIONS

Determining the
best solution for
your needs

DELIVERY

Delivering how,
when and
where you
choose

CONFIDENCE

Guaranteeing
the competitive
value of our
solutions

OUR VALUES



PASSION



OPENNESS



INTEGRITY



CARE



DISCIPLINE

Our Scorecard

Healthy, passionate and high performing team

- ✓ Top quartile team engagement at 71%
- ✓ Team Retention at 75.3% significantly higher than industry average
- ✓ LTIFR at 6.1 over 50% improvement over last 3 years
- ✓ NPS highlights positive trend in team expertise and service

Inspired, engaged and satisfied customers

- ✓ 5.44 million active club members at March 2018 (up from 3.9 million at June 2015)
- ✓ Club members NPS of 57.5 at March 2018 (up from 36.9 at June 2015)
- ✓ 35 million customer transaction in 9 months to March 2018 (up by 2.8% on PCP)
- ✓ 10 million website active visits in March 2018 (up by 29% on PCP)

Sustainable omni- retail capabilities

- ✓ SCA, BCF and Rebel strongly outperforming competitors in digital traffic
- ✓ Core Information systems replatformed to be more flexible, scalable and secure
- ✓ Investment in supply chain delivering productivity and working capital savings
- ❑ Development focus on direct to customer delivery and customer management

Top quartile shareholder returns

- ❑ CAGR in Normalised EPS of 5% (5 years to June 17)
- ❑ Average post tax Return on Capital of 11.6% (5 years to December 17)
- ❑ Average Group EBIT margin of 8% (5 years to December 17)
- ✓ Average Group LFL sales growth of 3.6% (5 years to December 17)

Our customer promise

How we win



INSPIRATION

Inspiring our communities with our passion



EXPERIENCE

Engaging you and providing outstanding service & expertise



SOLUTIONS

Determining the best solution for your needs

How we compete



DELIVERY

Delivering how, when and where you choose



CONFIDENCE

Guaranteeing the competitive value of our solutions

Delivering our Strategy

Growing businesses in high involvement categories

Engaging capable team members who share our customers' passions

Building a world class omni-retail organisation



Our Goals and Customer Promise
Shape Our Strategic Plan

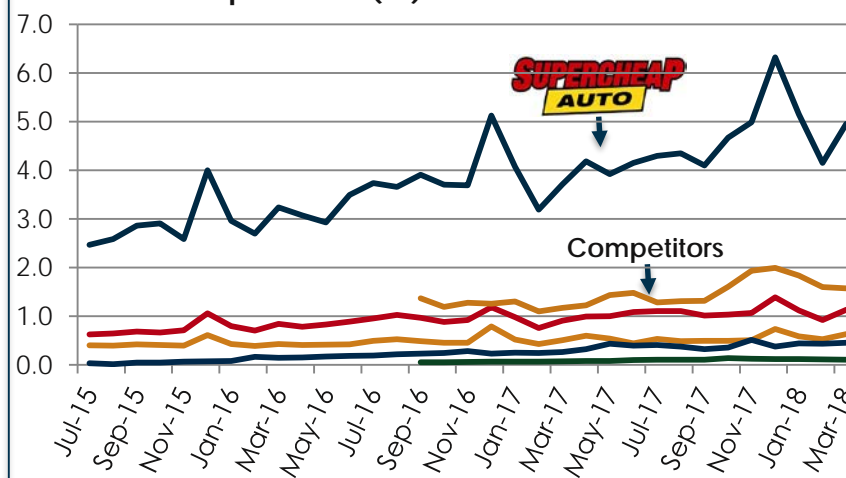
- ✓ Market Leader growing share of customer spending in auto retailers
- ✓ Customer NPS improving and outperforming competitors
- ✓ Significant growth in on-line business outperforming traditional competitors
- ✓ Highly engaged and passionate team members
- ✓ Consistent track record of strong financial performance
- ✓ Pre tax return on capital tracking above 40%
- ✓ Opportunities for growth through store development, digital and extension of services

Key Statistics Snapshot (latest available data)

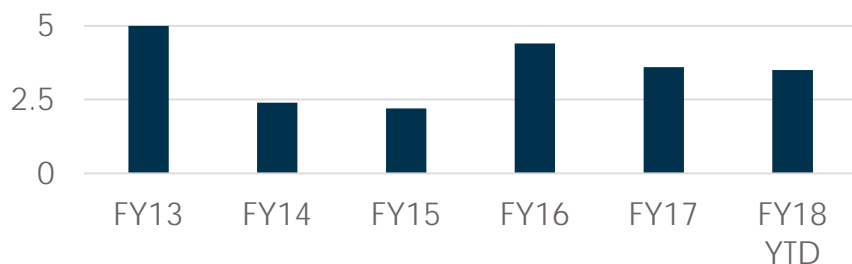
Active club members	↑	1.46m
Club members NPS	↑	59%
Club sales % total sales	↑	37%
Store numbers	↑	319
Share of online spending in auto retailers	↑	23%
Online sales % total sales	↑	5%
Click and collect % online sales	↑	>50%
Private brand mix	↑	44%

Website Unique Visits (m)

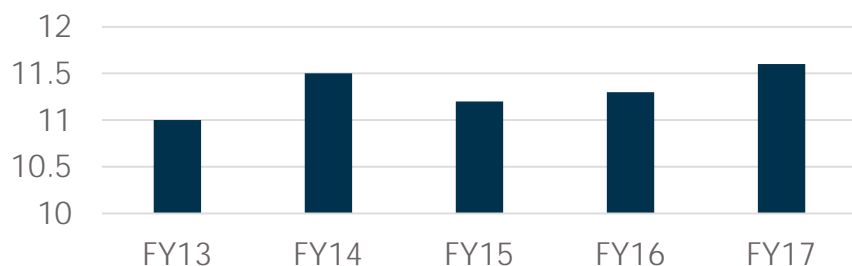
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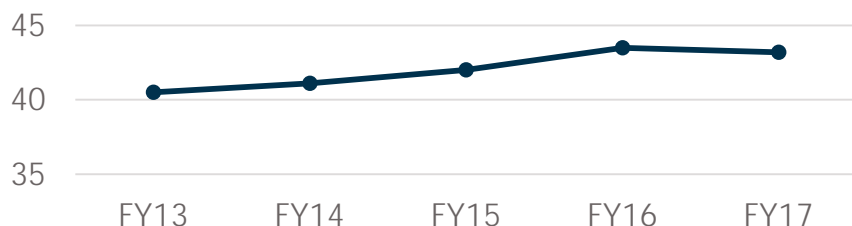
LFL Sales Growth (%)



Operating Margin (%)



Divisional Pre Tax ROC (%)



Strategic Initiatives

Experience

- Customer NPS action plan
- Team focus and capability
- Store Development
- Store / Online integration

Solutions

- Endless aisle
- In-house and 3rd party services
- Private brand
- Auto Crew and Auto Guru

Inspiration

- Digital engagement
- Social activation
- Club Plus development
- Educational content

5 Year Growth Opportunities

Revenue

- Customer spend driven by services and extended range
- 345 Stores
- Online sales to 15% total sales

Margin

- Private brand growth to 50%
- Supply chain (circa 1% of sales)
- Productivity dividend

Capital

- Stockturn

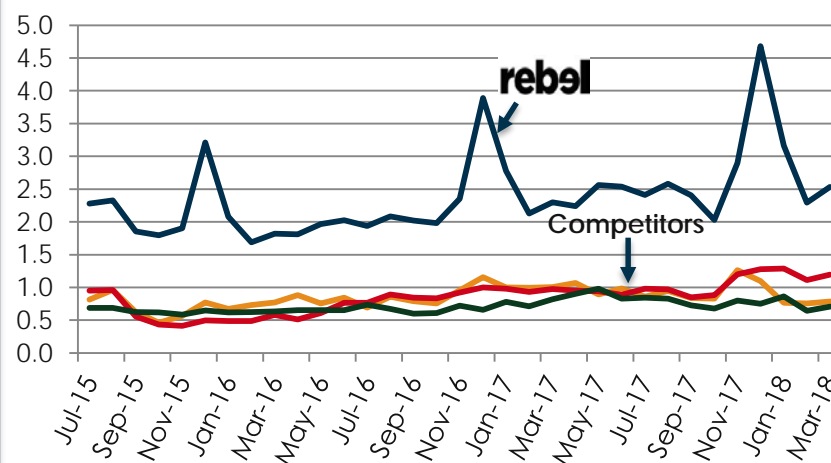
- ✓ Market Leader growing share of customer spending in sports retailers
- ✓ Customer NPS improving and outperforming competitors
- ✓ Significant growth in on-line business outperforming traditional competitors
- ✓ LFL sales growth averaged 5.2% from FY13 to FY18YTD
- ✓ CAGR EBIT growth of 5.5% from FY13 to FY17
- ✓ Pre tax return on capital increasing steadily since acquisition and is now tracking at Group cost of capital
- ✓ Opportunities for growth through store development, digital and crystallising Amart Sports integration synergies

Key Statistics Snapshot (latest available data)

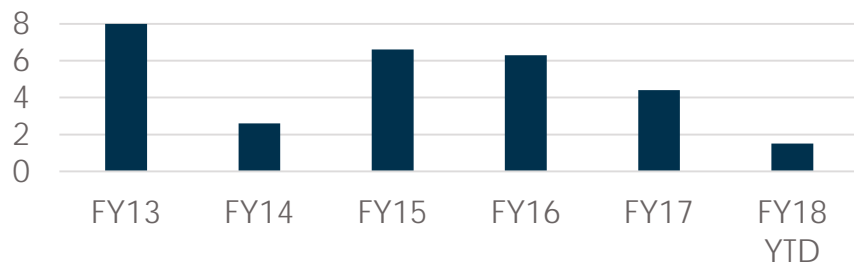
Active club members	↑	2.47m
Club members NPS	↑	55%
Club sales % total sales	↑	61%
Store numbers	↓	158
Share of online spending in sports retailers	↑	19%
Online sales % total sales	↑	8%
Click and collect % online sales	↑	>30%
Private and exclusive brand mix	↓	16%

Website Unique Visits (m)

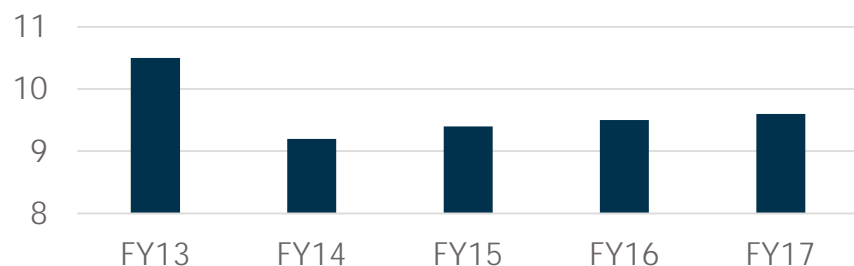
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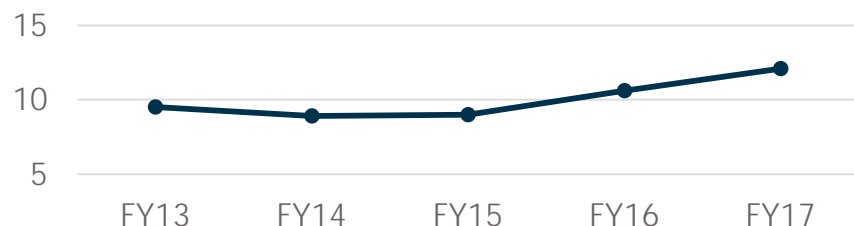
LFL Sales Growth (%)



Operating Margin (%)



Divisional Pre Tax ROC (%)



Strategic Initiatives

Experience

- Complete Amart integration
- Reinventing customer experience
- Team Development
- Optimise store network

Solutions

- Optimise range across network
- Leveraging partnerships and sponsorships
- Private and exclusive brands
- Services

Inspiration

- Relaunch rebel post integration
- From "product" as the hero to "sport and customer" as the hero
- Club program relaunch
- Digital and content optimisation

5 Year Growth Opportunities

Revenue

- Continue to increase share of customer spending across category
- 180 Stores
- Online sales to 20% total sales

Margin

- Private and exclusive mix to 25%
- Supply chain (circa 2% of sales)
- \$15m Amart integration synergies

Capital

- Stockturn and inventory funding

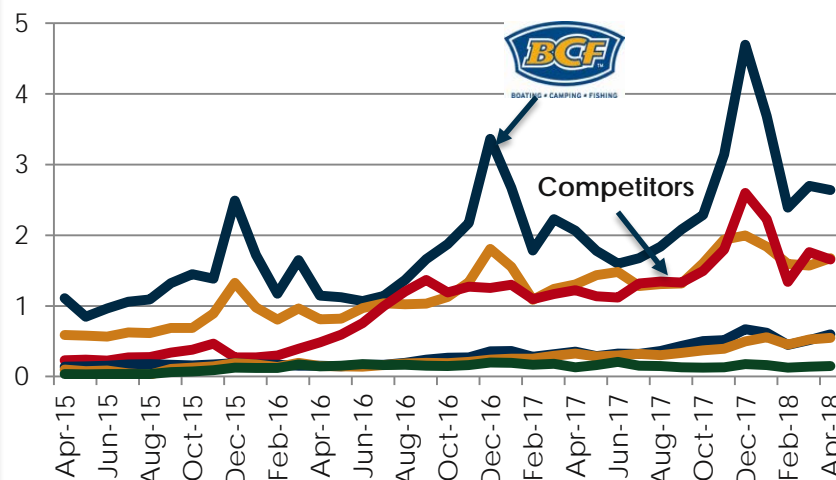
- ✓ Market Leader growing share of customer spending in competitive outdoor leisure market
- ✓ Highly active club membership - Customer NPS improving and outperforming competitors
- ✓ Significant growth in on-line business outperforming traditional competitors
- ✓ Highly engaged and passionate team members
- ✓ Return on capital have continued to track significantly higher than the Group's cost of capital through increased working capital efficiency
- ✓ Repositioning post Rays Outdoors closure allows BCF to extend its offer across all Leisure Outdoors categories
- ✓ Opportunities for growth through store development, digital, private brand and productivity focus

Key Statistics Snapshot (latest available data)

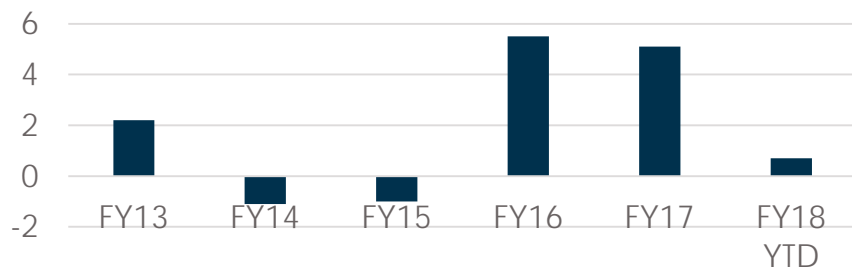
Active club members	↑	1.36m
Club members NPS	↑	57%
Club sales % total sales	↑	78%
Store numbers	↑	136
Share of online spending in leisure retailers	↑	12%
Online sales % total sales	↑	7%
Click and collect % online sales	↑	>50%
Private brand mix	↑	31%

Website Unique Visits (m)

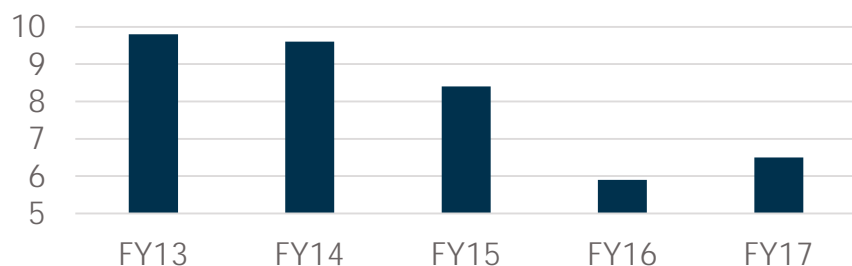
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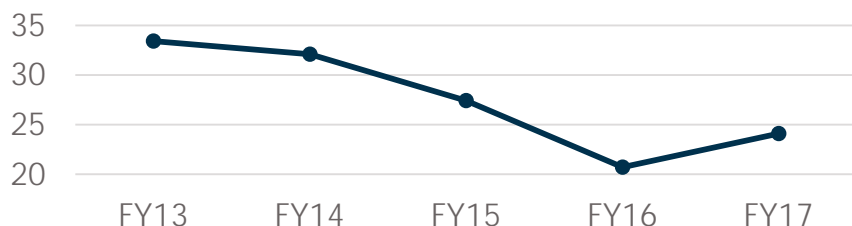
LFL Sales Growth (%)



Operating Margin (%)



Divisional Pre Tax ROC (%)



Strategic Initiatives

Experience

- Team of experts
- Store Development
- Store / Online integration
- Deliver in stock promise

Solutions

- New and extended categories
- Winning in winter
- Endless aisle
- Private brand
- Partnerships and Services

Inspiration

- Digital and content optimisation
- A club worth paying for
- Sustainability leadership
- Fisho stage 2

5 Year Growth Opportunities

Revenue

- Continue to increase share of customer spending across category
- 150 Stores
- Online sales to 20% total sales

Margin

- Private brand growth to 40%
- Supply chain (circa 1% of sales)
- Productivity dividend

Capital

- Stockturn and range management

Growing businesses in high involvement categories



Year to March 2018

- 54 Stores
- Sales NZ\$97 million
- Digital sales 8% total sales
- Normalised EBITDA margin circa 16%



5 Year Opportunity

- 75 core stores and 20 megastores
- Sales circa NZ\$250 million
- Digital sales 20% total sales
- EBITDA margin circa 13%

RAYS

Integration Plan

- 9 stores converted to Macpac megastores within 12 months
- 6 stores close by 30 June 2018
- FY20 Rays business discontinued
- FY18 restructuring costs circa A\$13 million



Synergies

- General procurement
- Integration of Macpac into SRG supply chain
- Macpac team design and procure BCF private brand apparel range and provide support to Sports apparel team
- Brand building expertise



Development Plan

FY2019

- Continue new store roll-out
- Launch new website
- Refine megastore strategy
- Review Macpac brand strategy
- Convert 9 Rays stores
- Initial international sourcing and supply chain integration
- Procurement benefits

FY2020 to FY2022

- Store roll-out
- Branding and visual merchandising
- Omni-retail and CRM
- Supply chain integration
- Identified systems integration
- International sourcing

Post FY2022

- Incremental megastore and small format roll-out
- Digital channel development
- Extend international wholesale business

OUR GOALS

Current Position

Key Initiatives

- I have the skills and capability to deliver on our customer promise
- I am healthy and happy at work
- I am part of a high performing team
- I am passionate and proud to work here

- ✓ Top quartile team engagement at 71%
- ✓ Team Retention at 75.3% significantly higher than industry average
- ✓ LTIFR at 6.1 over 50% improvement over last 3 years
- ✓ Customer NPS highlights positive trend in team expertise and service
- ❑ Investment in learning below levels required to deliver on customer promise

- Senior Leadership Capability
 - Leadership agility and adaptability
 - Customer centricity and delivering on the customer promise
 - Execution of the omni-retailing offer
- Team Member Capability
 - Expertise
 - Solutions orientation
 - Service/Fitment skills
 - Responsiveness to change

OUR GOALS

Current Position

Key Initiatives

- **We deliver how, when and where our customer choose**
- **We have the capabilities required by our customer promise**

- ✓ New website platform built and being rolled out across all businesses by end July
- ✓ Click and Collect running efficiently
- ✓ Direct to customer delivery achieving current service levels but high cost
- ✓ Trials of different delivery methods concluded
- ✓ Competitive price guarantee in place in each business
- ✓ Competitor price monitoring tools implemented
- ✓ Core information systems replatformed - flexible, scalable and secure

- Digital Customer Experience
 - Leveraging new website platform
 - Increasing conversion
- Direct to Customer Delivery – Increasing speed and lowering cost
 - Systems
 - Grey Stores
 - Delivery Partners
- Major systems investments:
 - IS Network optimisation
 - Product information management
 - Omni-retail order management
 - Customer relationship management
 - Cyber security

OUR GOALS

Current Position

Key Initiatives

- We operate a sustainable cost efficient operating model
- We operate a sustainable value adding supply chain

- ❑ Developing omni-retailing operating model but core processes primarily support a physical retail business
- ❑ Common systems across the Group but a number of business processes are disparate
- ✓ One Super Way program underway building the optimal group-wide operating model to deliver the customer promise
- ✓ Recent investment in supply chain delivering productivity and working capital savings
- ✓ Supply chain network capable of supporting the Group's 5 year plan

- One Super Way program
- Competitive cost base
 - Operational improvement
 - Productivity
 - Cost reduction
- Working capital efficiencies
- Supply Chain Initiatives
 - In-stock position
 - Logistics productivity
 - International sourcing and supply chain efficiency

3 Year Revenue, EBIT and Capital Expectations

	Core Planning Assumptions	SCA, Rebel and BCF		Macpac (incl Rays)
REVENUE	<ul style="list-style-type: none"> Market value growth rates of 1% to 2% recognising competitive pricing – market growth driven predominantly by digital 2% space growth per annum Organic market share growth of 1% to 2% 	4% to 6% per annum		Macpac Contribution: FY21 \$185m to \$205m
EBIT	<ul style="list-style-type: none"> + Ranging and sourcing initiatives + Private brands + Supply chain efficiency + Operating cost productivity + Amart integration synergies + Unallocated Group costs reducing - Investment in team training - Investment in omni-retail capabilities - Cost increases above CPI - Competitive pricing 	10 to 30 basis points improvement in EBIT margin per annum		Macpac Contribution: FY21 \$20m to \$22m Elimination of FY18 Rays losses \$6m
CAPITAL	<ul style="list-style-type: none"> Capital Expenditure - Slower pace of new store roll-out and focus on digital capabilities Working Capital Efficiencies 	\$80 to \$90 million per annum \$10 to \$15 million per annum		\$5m per annum



Thank You