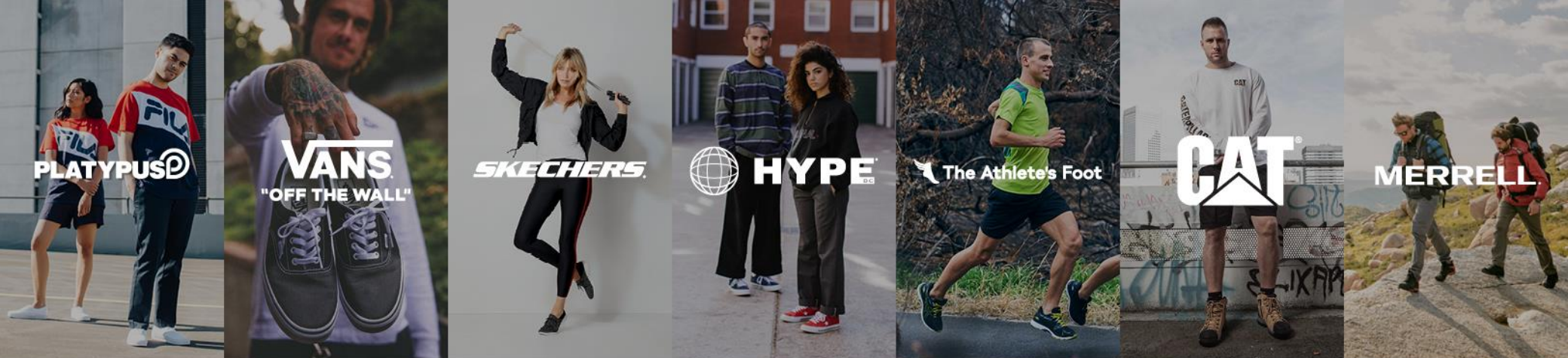


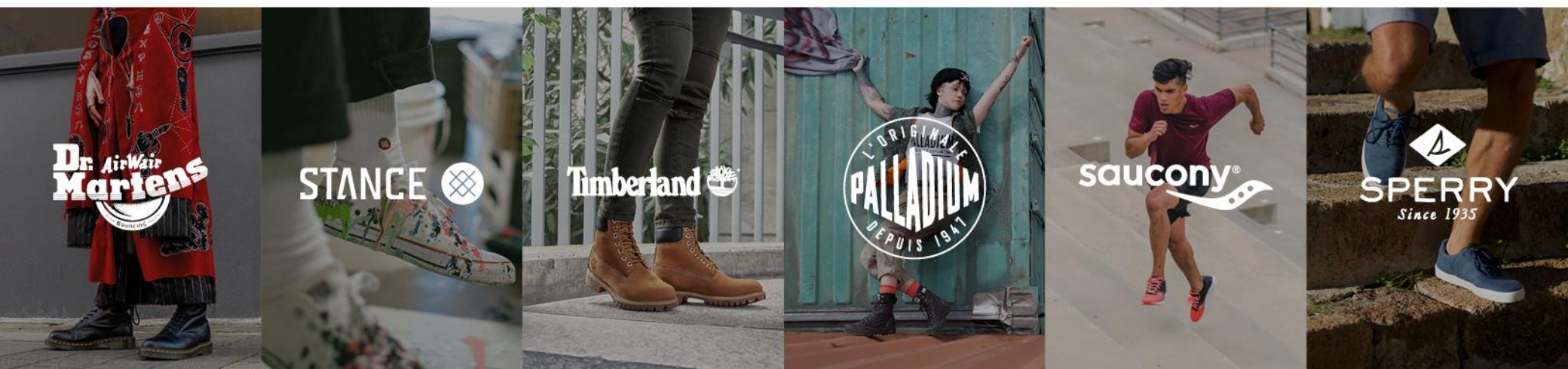
# Accent Group LIMITED

**RESULTS  
PRESENTATION**  
YEAR ENDED 1ST OF JULY 2018





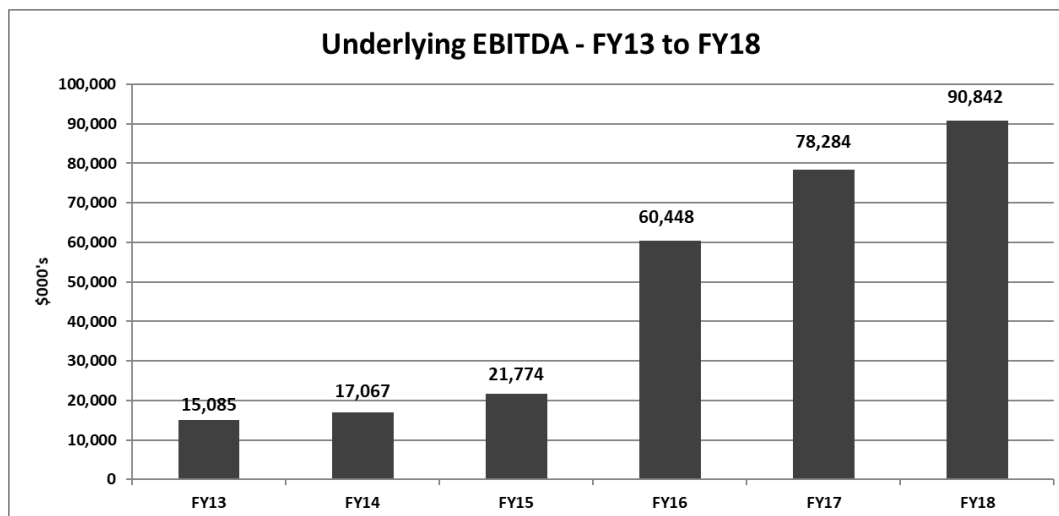
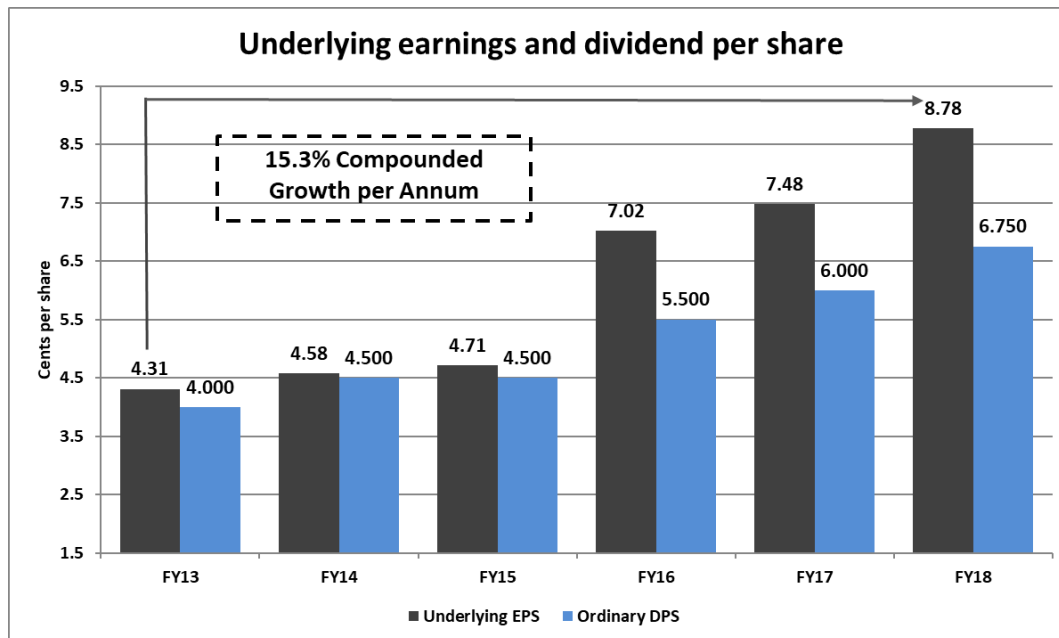
# OUR BRANDS



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# Shareholder Value Creation



Accent Group has delivered strong returns over the past 5 years

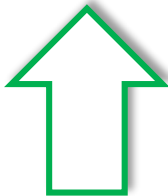








Total shareholder return over the past 5 years is 177%

This represents a Compound Annual Growth Rate (CAGR) of 22.6%

Accent Group continues to deliver consistently increasing shareholder value through sustainable sales and profit growth, avoiding lazy retailing and through a strong balance sheet



# Financial Year highlights<sup>(a)</sup>

<b>Underlying EBITDA</b>  <b>16%</b> <b>\$90.8m</b>	<b>Underlying NPAT</b>  <b>18%</b> <b>\$47.1m</b>	<b>Underlying EPS</b>  <b>17%</b> <b>8.78c</b>
<b>FY18 Dividend</b>  <b>12.5%</b> <b>6.75 cents</b>	<b>Net Debt</b>  <b>\$34.9m</b> \$30m of debt repaid	<b>Inventory</b>  <b>\$98.6m</b> Last year \$112m
<b>Underlying Sales</b> (inc TAF Franchises)  <b>5%</b> <b>\$861m</b>	<b>New Stores</b>  <b>+31</b> <b>446 stores</b>	<b>Digital Sales Growth</b>  <b>131%</b>

a) Unless otherwise stated all FY18 results and references to growth are based on FY18 underlying results (52 Weeks to 1 July 2018) and pro-forma underlying FY17 results (53 Weeks to 2 July 2017). The pro-forma underlying results for the full-year to 2 July 2017 include the sales, gross profit and EBITDA for Hype DC for the full period including the period prior to completion (1/7/16 – 3/8/16). FY17 pro-forma sales of \$617.8 million include \$10.7 million of sales for the Hype business, reported sales for the period were \$607.1 million. Refer to the Appendix (page 24) for reconciliations between underlying and statutory reported results.

# FY18 summary financial performance

## Financial Summary

Underlying Profit & Loss (\$000's)	FY18	FY17	% Change
Owned Sales	675,571	617,810	9.3%
Gross Profit	370,081	326,189	13.5%
Gross Margin (%)	54.8%	52.8%	2.0%
CODB	(306,849)	(276,951)	10.8%
CODB %	45.4%	44.8%	0.6%
Royalties and franchise fees	16,269	17,120	(5.0%)
Other Income	11,341	11,926	(4.9%)
<b>Underlying Consolidated EBITDA</b>	<b>90,842</b>	<b>78,284</b>	<b>16.0%</b>
Underlying depreciation & amortisation	(21,876)	(18,871)	15.9%
<b>Underlying Consolidated EBIT</b>	<b>68,966</b>	<b>59,413</b>	<b>16.1%</b>
Net interest (paid) / received	(3,778)	(3,070)	23.0%
<b>Underlying Consolidated PBT</b>	<b>65,188</b>	<b>56,343</b>	<b>15.7%</b>
Pro-forma taxation at the effective tax rate <sup>(b)</sup>	(18,104)	(16,420)	10.3%
<b>Underlying Net Profit After Tax</b>	<b>47,084</b>	<b>39,923</b>	<b>17.9%</b>

## Operating Highlights

### Sales

- **Total owned sales of \$676 million, up 9.3%<sup>(a)</sup>** on an underlying basis
- Continued digital sales growth of **131%**
- LFL retail sales up **2%** (including The Athlete's Foot franchise stores). H2 FY18 LFL sales up **3%**, despite cycling through higher promotional activity in H2 prior year
- **31** new stores opened, **15** closures

### Gross Profit

- **Gross profit of 54.8% up 2.0%** reflecting strong retail growth, vertical brands penetration and the strategy to reduce discount driven retailing compared to prior year

### CODB

- CODB increased due to additional operating costs associated with new stores, ongoing investment in infrastructure for new stores, the digital support team and digital marketing
- Continued focus on front line productivity and achieving sustainable store occupancy outcomes at lease renewal

### EBITDA

- Underlying **EBITDA of \$90.8 million, up 16%**

a) Underlying Pro-forma results (refer to note a) on slide 5

b) Pro-forma taxation is calculated by multiplying the underlying PBT by the effective tax rate

# Earnings and dividends per share

\$000's	FY18	FY17	% Change
<b><u>Underlying Diluted Earnings Per Share</u></b>			
Underlying Net Profit After Tax	47,084	39,923	17.9%
Less non-controlling interests	(43)	(195)	
NPAT used in the calculation of underlying EPS	47,041	39,728	18.4%
Weighted average number of shares (in thousands)	536,063	530,843	1.0%
<b><u>Underlying Diluted Earnings Per Share (cents)</u></b>	<b>8.78</b>	<b>7.48</b>	<b>17.3%</b>
<b><u>Reported Diluted Earnings Per Share</u></b>			
Reported Net Profit After Tax	44,000	29,352	49.9%
Less non-controlling interests	(43)	(195)	
NPAT used in the calculation of reported EPS	43,957	29,157	50.8%
Weighted average number of shares (in thousands)	536,063	530,843	1.0%
<b><u>Reported Diluted Earnings Per Share (cents)</u></b>	<b>8.20</b>	<b>5.49</b>	<b>49.3%</b>
<b><u>Dividends per share</u></b>			
<b><u>Ordinary fully franked dividend (cents)</u></b>	<b>6.75</b>	<b>6.00</b>	<b>12.5%</b>








## RETAIL UPDATE














# Retail Performance

## Key Financial Highlights

**Owned Retail sales** **12.2%**  
 **\$566.9m**

**LFL sales**  
 **2%<sup>(a)</sup>**

Store Network <sup>(b)</sup>	FY18	FY17
 <b>PLATYPUS</b>	<b>98</b>	91
 <b>SKECHERS</b>	<b>81</b>	67
 <b>HYPE</b>	<b>64</b>	65
 <b>The Athlete's Foot</b>	<b>143</b>	146
 <b>VANS</b> "OFF THE WALL"	<b>17</b>	17
 <b>Timberland</b>	<b>7</b>	7
 <b>MERRELL</b>	<b>22</b>	21
 <b>Dr. Martens</b>	<b>2</b>	

a) LFL sales include The Athlete's Foot franchise stores

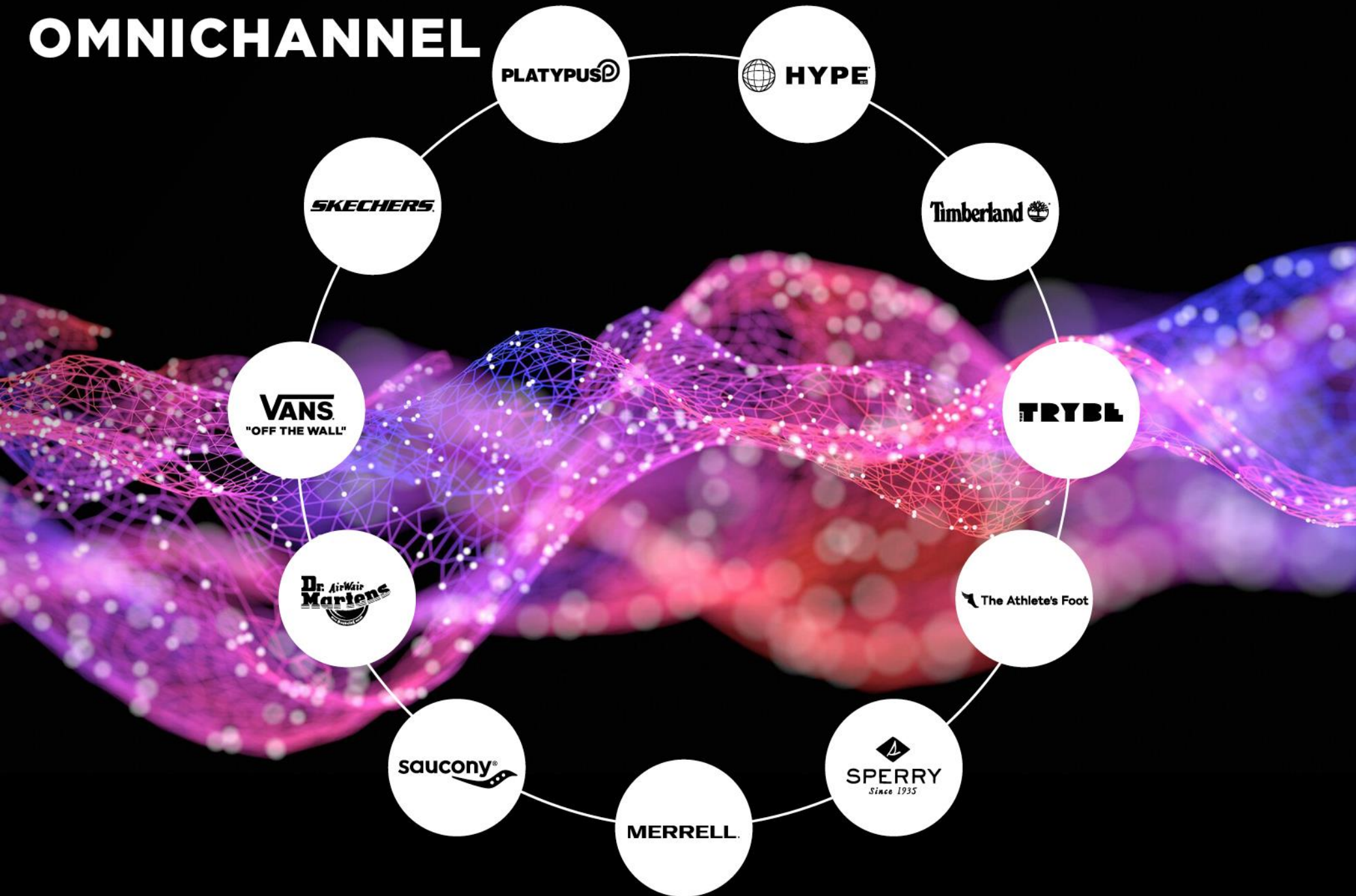
b) Includes The Athlete's Foot franchise stores and Online stores. Excludes Podium stores (9) & Other stores (3), see Appendix for full store network

## Commentary

### FY18 Highlights









- LFL retail sales of **2%<sup>(a)</sup>** across all banners on an aggregate basis, with H2 FY18 growing at **3%**
- Total digital sales grew by **131%**
- Significant improvement in Gross Profit margin % for the full year, up **130** basis points against prior year
- Rolled out **31 new stores** across the business, including 15 store closures where in some cases sustainable renewal terms could not be achieved with landlords
- New concept store format opened in Hype QVB Sydney, Hype Queen Street Auckland and Platypus Bondi Junction. All stores performing ahead of expectations
- First Dr Martens store opened in Sydney
- 29** store refurbishments completed
- Completed the roll out of the eCommerce decentralised fulfillment in The Athlete's Foot (TAF) network. TAF digital sales since deployment are up more than **100%** against prior year
- TAF corporate stores network has grown from **12** stores to **28** stores as at 28 August 2018

# OMNICHANNEL



# Omnichannel Key Milestones

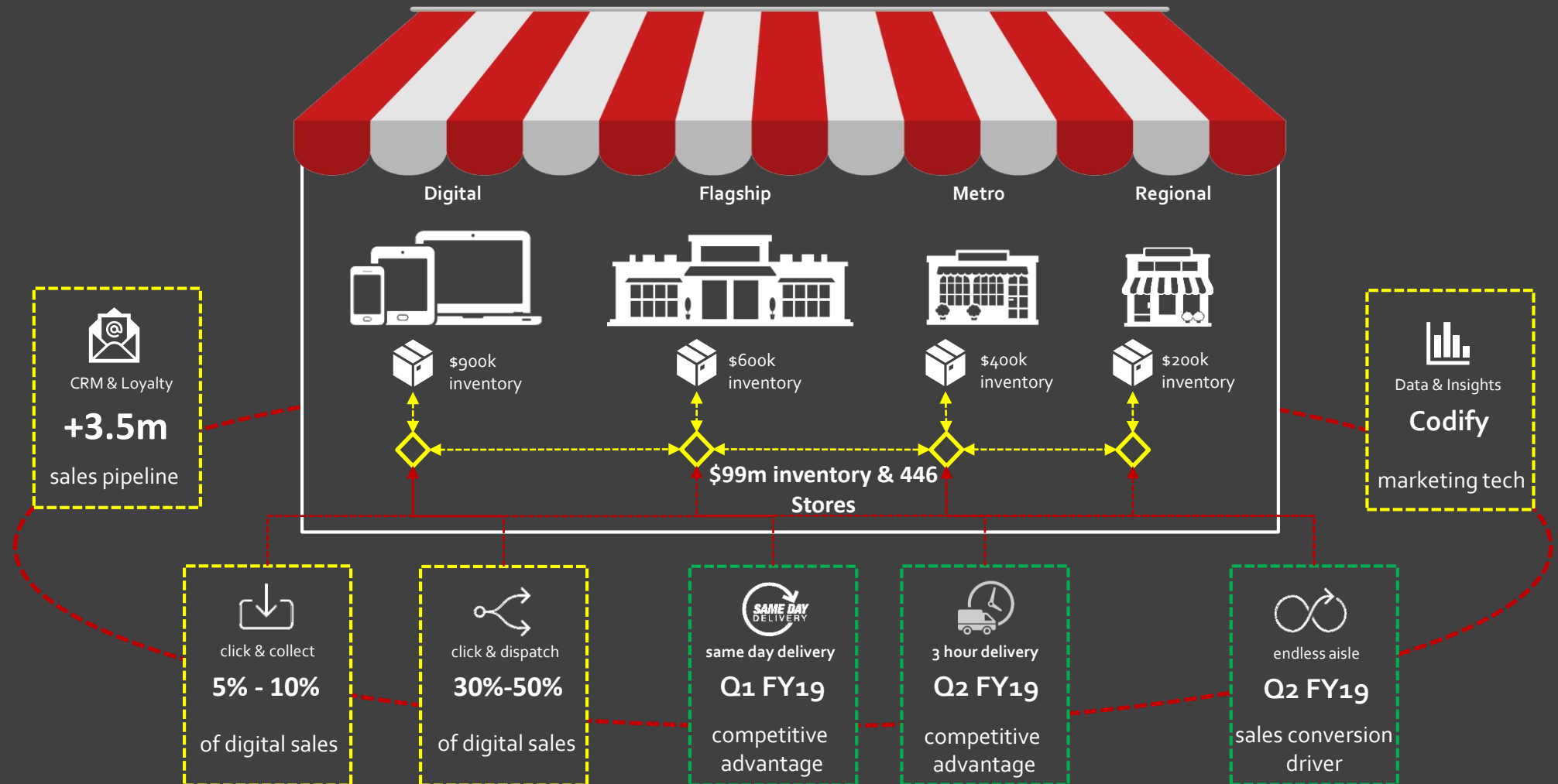
Accent Group offers customers a market leading omnichannel experience with 446 stores throughout Australia and New Zealand and an integrated eCommerce capability across its TAF, Platypus, Hype, Skechers, Vans, Merrell, Saucony and CAT brands.

 <p>Sales</p> <ul style="list-style-type: none"> <li>Total digital sales grew by <b>131%</b> for the full year ending FY18.</li> <li>13 websites across AU &amp; NZ</li> <li>2 new websites due to launch in Q2 FY19 (The Trybe &amp; Vans NZ)</li> <li>Omnichannel sales on track to reach <b>15%</b> target of total sales within two years</li> </ul>	 <p>Technology &amp; Capability Platform</p> <ul style="list-style-type: none"> <li>Opened state-of-the-art Digital Hub in Melbourne</li> <li>8/13 websites re-platformed onto Magento 2, remaining websites to be re-platformed over the next 12-18 months</li> <li>FY19 continued investment in Adobe Experience Cloud</li> </ul>
 <p>Click &amp; Collect</p> <ul style="list-style-type: none"> <li>With 446 stores across Australia &amp; NZ, Accent Group is a true omnichannel retailer</li> <li>C&amp;C rollout was completed across all retail banners in Q3 FY18 and accounted for more than 5% of total Digital sales</li> </ul>	 <p>Same Day &amp; 3 Hour Delivery</p> <ul style="list-style-type: none"> <li><b>Platypus launched same day delivery service in July 2018, representing approximately 3% of online orders</b></li> <li>Hype, Skechers &amp; Vans to be rolled out during H1 FY19</li> </ul>
 <p>Click &amp; Dispatch</p> <ul style="list-style-type: none"> <li>Opens the entire inventory catalogue of all stores to the online customer</li> <li>C&amp;D rollout was completed in Q3 FY18 and is available in 80% of the network and accounted for 36% of digital sales FY18</li> <li>On track to complete rollout in FY19</li> </ul>	 <p>Decentralisation</p> <ul style="list-style-type: none"> <li>TAF completed the launch of its new omnichannel website, doubling the assortment available for consumers and bringing to market Click &amp; Collect and Click &amp; Dispatch capability</li> <li><b>TAF's new website has delivered over 100% growth on prior year since full deployment in March 2018</b></li> </ul>
 <p>Endless Aisle</p> <ul style="list-style-type: none"> <li>Opens the entire inventory catalogue of all stores and online warehouse to the instore customer.</li> <li>Rollout to commence H1 FY19</li> </ul>	 <p>CRM &amp; Loyalty</p> <ul style="list-style-type: none"> <li>3.5m customers registered through its various loyalty programs</li> <li><b>1.2m new customers joined in FY18</b></li> <li>FY19 to drive further customer acquisition</li> </ul>

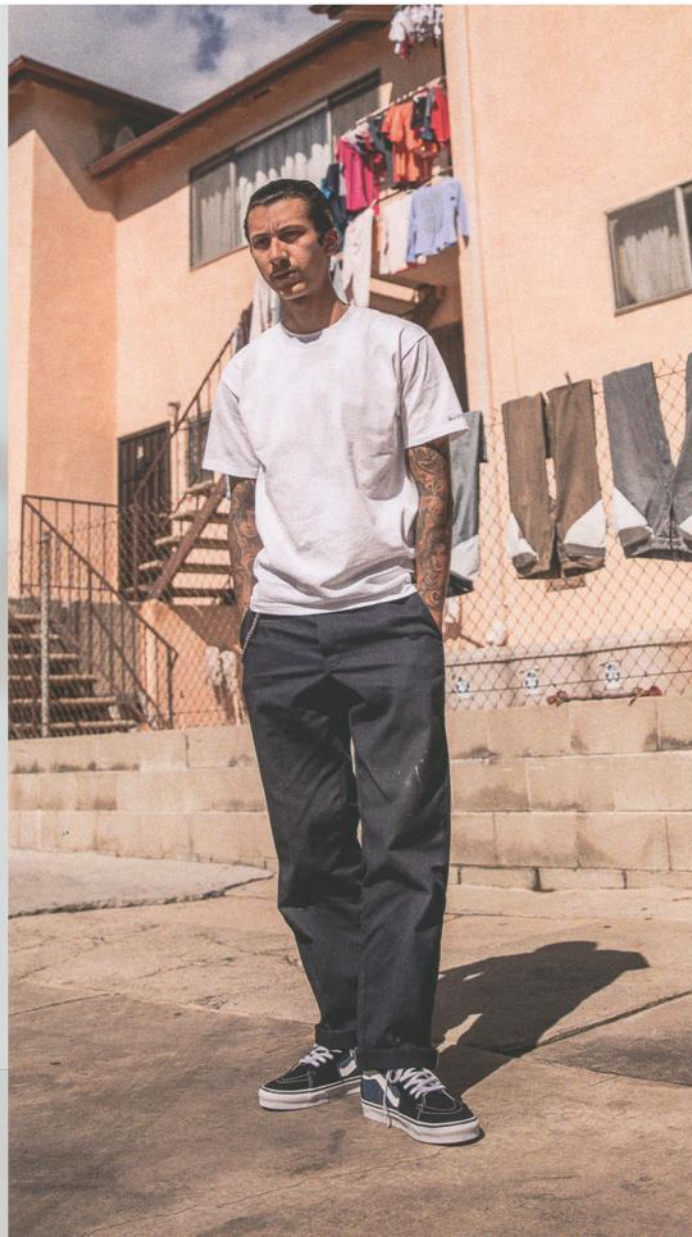


# Omnichannel Strategy Canvas

Accent Group has reimagined its physical & digital infrastructure to provide industry leading omnichannel innovation for its customers with 446 physical points of presence throughout Australia and New Zealand that serve as both experience centres for customers and distribution centres for product enabling market leading innovation and capability.



# WHOLESALE UPDATE



# Wholesale Performance

## Key Financial Highlights

**Wholesale  
sales**

**\$108.7m -3%**

**Wholesale  
Gross Profit**



## Vertical Distribution and Wholesale

**SKECHERS**



**Timberland**

**VANS**  
"OFF THE WALL"



**MERRELL**

**saucony**



**STANCE**

**SPERRY**  
Since 1935

## Commentary

- Strong sales performance from Vans, Dr Martens, Merrell and CAT
- Combined retail growth and new store rollouts in Skechers led to a slight decline in Skechers wholesale sales against prior year. As Accent Group continues to execute the strategy to grow the Skechers store network, we expect a moderate decline in Skechers wholesale sales
- Wholesale margin improvement due to cleaner inventories and improved exchange rates
- Growth of Timberland brand in our retail stores
- Continued to drive the growth of our exclusive brands in Hype
- Finalising negotiations for 4 brand licence renewals:

**Timberland, Palladium, CAT & Saucony:** positive well advanced negotiations to renew licences for a further 3 years beyond December 2018

**FY18  
Highlights**





PLATYPUS  CLICK & COLLECT

STANCE 

**GROWTH  
PLAN UPDATE**



# Growth Plan Update

## New Stores

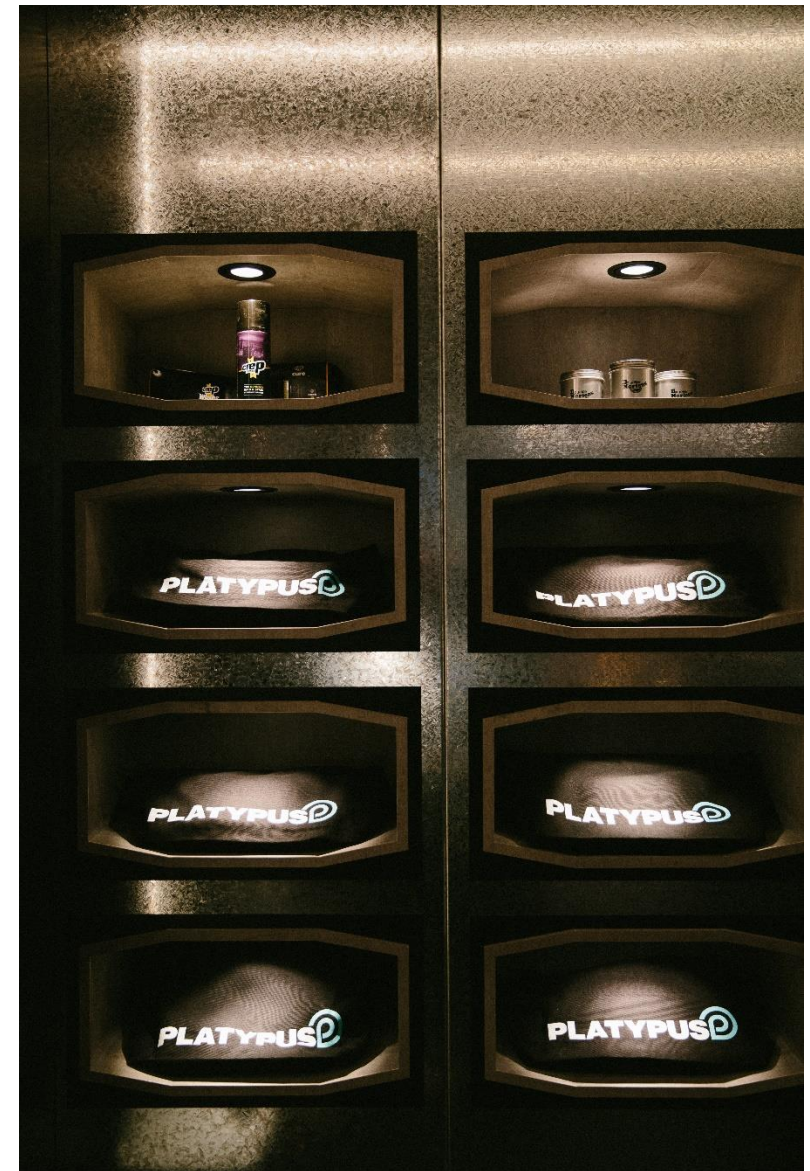
- More than **30** stores to open in FY19
- Continued rollout of new concept Platypus and Hype stores
- Potential for a further **30-40** stores in the next 2-3 years, including store growth in New Zealand
- Secured lease to open a 600 square metre Platypus Megastore in Melbourne Central

## Vertical & Emerging Brands

- Continue to drive improved gross margins and product differentiation in store
- New product launches in Hype with exclusive brands Filling Pieces and ARKK, the introduction of RM Williams boots and range expansion of Vans and Dr Martens
- Increased penetration of vertically distributed brands in Platypus and owned accessories and shoe care products

## International

- Continuing to investigate international opportunities
- Preferred approach is for an organic entry through the Platypus brand

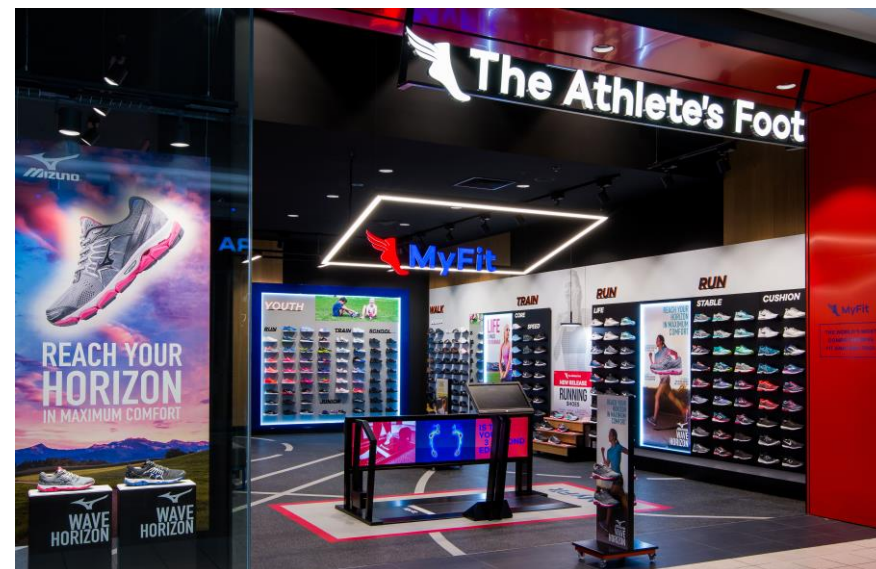


# Growth Plan Update

## The Athlete's Foot Corporate Stores

- Accent Group commenced a strategy to acquire a strong network of TAF corporate stores
- The expanded corporate network will be built through a combination of the acquisition of selected stores where franchisees are willing sellers, as well as the opening of new flagship CBD stores and outlets
- As at the 28<sup>th</sup> of August, the Group has **28** corporate stores in Australia and expects a further **5-10** franchise stores will be acquired in FY19
- In addition, the Group has reached agreement to purchase the New Zealand (NZ) master franchise licence along with **6** additional NZ corporate stores
- The EBITDA impact of these acquisitions will be neutral in FY19 due to the investment costs to acquire the stores and to develop a retail infrastructure. The cash investment required in FY19 will be funded from cash on hand, free cashflow and existing debt facilities

Number of Stores	Beginning of FY18	28 <sup>th</sup> August 2018	Projection FY19
Corporate	12	28	39-44







**OUR GUIDING  
PRINCIPLES &  
CORE VALUES**

# Our Vision

## Strategic Vision

To be the leader in the performance and lifestyle footwear market across Australia and New Zealand, by delivering world-class customer experiences, harnessing the power of our people, brands and products

## Key Guiding Principles

### Shareholder

1 Delivery of long-term returns to shareholders through the delivery of sustainable sales and profit growth across the business

2 Delivery of sustainable and growing dividends flowing from the high quality cash flows from its defensible and desirable business

3 Maintenance of a strong, conservatively geared balance sheet

### Company

1 **Customers First** - always

2 **Attitude** – can do, accountable, humble, open, curious

3 **Teamwork** – success through teams not individuals

4 **Excellence** – in everything we do, no complacency

5 **Empathy** – warmth and respect

6 **Sense of urgency** – consider all options, act decisively

7 **Communication** – open, regular and two-way

8 **Integrity** – doing what we say we will



# AT ACCENT WE BELIEVE IN...

*No lazy retailing*

*Retail is all in*

*Making a great  
impression on  
our customers  
'The Magic'*

*Drive out  
complacency*

*Looking for the extra  
1% in everything*

*We don't do average*

*Persistence wins*

*Follow the customer  
and you will never have  
to look for growth*

*"Make It Happen."*





**-DIVIDENDS  
-TRADING  
UPDATE  
-OUTLOOK**

# Trading update and FY19 outlook

## Dividends

- Accent Group has announced a final ordinary dividend of **3.75 cents** per share, fully franked, payable on **27 September 2018** to shareholders registered on **13 September 2018**. This brings the dividend for the financial year to **6.75 cents**, an increase of **12.5%** on the prior year
- For the FY19 year a dividend payout ratio of **75% to 80%** of net profit after tax is targeted

## Trading Update

- For the first 7 weeks of the FY19 year LFL retail sales are up **4.6%** on the same period in the prior year
- For FY19, the Group has forward cover at a weighted average rate of **\$0.77** for **80%** of its expected USD purchases (vs. **\$0.74** in FY18)

## Outlook

- **Accent Group is targeting mid-single digit EBITDA growth in FY19, delivered through:**
  - Low single digit LFL store growth, continued strong growth in digital and growth from new stores
  - Continued margin improvement through increased vertical brands penetration, new emerging brands and reduced discounts (which will primarily benefit H1)
  - TAF new corporate store acquisitions program is expected to be EBITDA neutral for FY19 after implementation costs
- The company refinanced its debt facilities on 17 August 2018, in advance of their maturity. The new \$154.8 million facility is provided by NAB and HSBC and consists of a combination of 3 and 5 year terms





**APPENDIX**














# Recon. of Underlying Profit to Reported Profit

Recon. of Underlying Profit to Reported Profit	\$'000	FY18	FY17	% Change
	<b>Underlying Consolidated EBITDA</b>	<b>90,842</b>	<b>78,284</b>	<b>16.0%</b>
	Less: Hype DC EBITDA prior to Completion (1/7/16 - 3/8/16)		(1,598)	
	Less: Cost of Executive Performance Rights	(1,949)		
	<b>Reported EBITDA</b>	<b>88,893</b>	<b>76,686</b>	<b>15.9%</b>
	\$000's	FY18	FY17	% Change
	<b>Underlying Net Profit After Tax</b>	<b>47,084</b>	<b>39,923</b>	<b>17.9%</b>
	Add back pro-forma taxation <sup>(a)</sup>	18,104	16,420	
	Underlying consolidated PBT	65,188	56,343	15.7%
	Less: Hype DC EBITDA prior to Completion (1/7/16 - 3/8/16)		(1,599)	-
Non – IFRS Financial Information	Less: Restructuring Costs		(811)	-
	Less: Impairment of Hype Brand		(9,714)	
	Less: Cost of Executive Performance Rights	(1,949)		
	Less: Amortisation of intangibles arising on acquisition of Accent	(2,323)	(2,795)	
	Profit before tax per statutory accounts	60,918	41,424	47.1%
	Taxation	(16,918)	(12,072)	40.1%
	<b>Reported Net Profit After Tax</b>	<b>44,000</b>	<b>29,352</b>	<b>49.9%</b>
	<ul style="list-style-type: none"> <li>The Accent Group management believes that the presentation of additional non-IFRS financial information in its investor presentation provides readers with a greater understanding of the underlying performance of the business and the way in which performance is monitored.</li> <li>Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards and includes items such as underlying EBITDA, EBIT, PBT, NPAT and EPS.</li> <li>Non-IFRS financial information is clearly identified to enable the reader to differentiate it from reported/IFRS financial information. Where necessary, non-IFRS information is reconciled to reported/IFRS financial information, including in the table above.</li> <li>The Australian Securities and Investments Commission acknowledges the relevance of non-IFRS financial information in providing “meaningful insight” as long as it does not mislead the reader.</li> </ul>			
	<p>a) Pro-forma taxation is calculated by multiplying the underlying PBT by the effective tax rate</p>			

# Store network and distribution agreements

Store Network <sup>(a)</sup>	TAF	Platypus	Skechers	Vans	Timberland	Dr Martens	Merrell	Hype	Podium / Other	Total
<b>FY2017</b>										
<b>Stores at end of FY17</b>	<b>146</b>	<b>91</b>	<b>67</b>	<b>17</b>	<b>7</b>		<b>21</b>	<b>65</b>	<b>16</b>	<b>430</b>
<b>FY2018</b>										
Stores opened	3	9	14		1	2	1	1		31
Stores closed	(6)	(2)			(1)			(2)	(4)	(15)
<b>Stores at end of FY18</b>	<b>143</b>	<b>98</b>	<b>81</b>	<b>17</b>	<b>7</b>	<b>2</b>	<b>22</b>	<b>64</b>	<b>12</b>	<b>446</b>
<b>Projection FY19</b>										
<b>Expected at the end of FY19</b>	<b>138</b>	<b>107</b>	<b>90</b>	<b>23</b>	<b>7</b>	<b>3</b>	<b>19</b>	<b>67</b>	<b>13</b>	<b>467</b>

Disribution agreements	Effective date	Expiry date	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Timberland	Jan-16	Dec-18							
Palladium	Jan-14	Dec-18							
CAT Footwear	Jan-16	Dec-18							
Saucony	Dec-13	Dec-18							
Stance	Feb-16	Jun-19							
Sperry	Jan-16	Dec-19							
Merrell	Jan-15	Dec-19							
Dr. Martens	Nov-15	Oct-20							
Vans	Feb-18	Dec-20							
CAT Apparel	Jan-16	Dec-20							
Skechers	Feb-16	Dec-26							

# About Accent Group Limited

Accent Group Limited (AX1) is a regional leader in the retail and distribution sectors of performance and lifestyle footwear, with over 446 stores across 10 different retail banners and exclusive distribution rights for 10 international brands across Australia and New Zealand. Our brands include:<sup>(a)</sup>



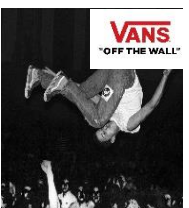
## The Athlete's Foot

With 143 stores, The Athlete's Foot (TAF) is Australia's largest specialty athletic footwear retailer, known for its exceptional in-store customer service experience



## Dr. Martens

Dr Martens range of footwear was born in 1960 and it is a representation of rebellion and free-thinking youth culture. Accent Group opened 2 stores in FY18



## Vans

A staple for skaters and surfers, Vans has a strong heritage in action sports, and prides itself on being grounded in youth, authenticity and individual style. Accent Group operates 17 Vans stores



## Sperry

Sperry Top-Sider is the original and authentic boat shoe brand, and is for people drawn to the surf, sun and soul of the ocean



## Platypus Shoes

With 98 stores across Australia and NZ, Platypus is the region's largest multi-branded sneaker destination, offering a wide range of iconic sneakers from around the world



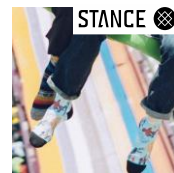
## Skechers

Skechers is a global leader in lifestyle and performance footwear. Accent Group operates 81 Skechers stores across Australia and New Zealand



## Timberland

Inspired by the company's New England heritage, Timberland is a brand true to the outdoor lifestyle. Accent Group operates 7 Timberland stores



## Stance

Dedicated to the spirit of individuality, the Stance range of action-sport socks offers cutting-edge style, extreme comfort and exceptional durability



## Hype DC

Hype DC is a retailer of premium, exclusive and limited edition sneakers, curated from the world's leading brands. Accent Group operates 64 stores across Australia



## Merrell

Merrell is one of the worlds leading brands of performance outdoor and adventure footwear. Accent Group operates 22 Merrell stores



## CAT

Cat Footwear and apparel has been designed and engineered to live up to the hard-working reputation of the Caterpillar brand. Made with uncompromising toughness and style



## Saucony

Saucony exists for runners. This focus and passion drives Saucony to create the world's best running shoes and apparel

(a) Store numbers include online stores; other Accent Group Ltd. brands not reflected include Podium Sports (9 stores) and other online stores (3)



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