

SuperGroup.Plc



Full Year Results
Year Ended 30 April 2016

Agenda.

Overview

Financial Results

Strategic progress

Q&A

Euan Sutherland, CEO

Nick Wharton, CFO

Euan Sutherland, CEO




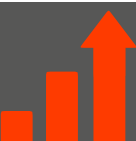
FY16 Overview.

Strong financial performance and significant strategic progress

Financial progress supports dividend introduction

- Successful year: Sales +21% and PBT +16%¹
 - consistent trading performance across categories led by e-commerce
 - positive like-for-like in all channels
- Continued progress on global diversification
- Dividend: maiden full year dividend 23.2p and first special dividend 20.0p

Strategic progress on all fronts

<p>Embed</p> 	<ul style="list-style-type: none"> • Clarity on brand essence for global rollout • Customer insight supports product innovation • Broad customer demographic reinforced
<p>Enable</p> 	<ul style="list-style-type: none"> • Single pool of retail stock delivered • Direct sourcing increased by over 5% year-on-year • Inventory levels reduced by 6% on like-for-like basis
<p>Extend</p> 	<ul style="list-style-type: none"> • New range launches driving incremental sales • Womenswear our highest growth category • Continuity range strengthening
<p>Execute</p> 	<ul style="list-style-type: none"> • 136,000 sq. ft. added, 88% in mainland Europe • E-commerce 23.1% penetration of Retail sales • USA and China development in-line with plan • Core market store format reinvention

極度乾燥(しなさい)
**Super
Dry®**

Financial Performance

Nick Wharton



FY16 Financial Overview.



Good progress on key financial metrics

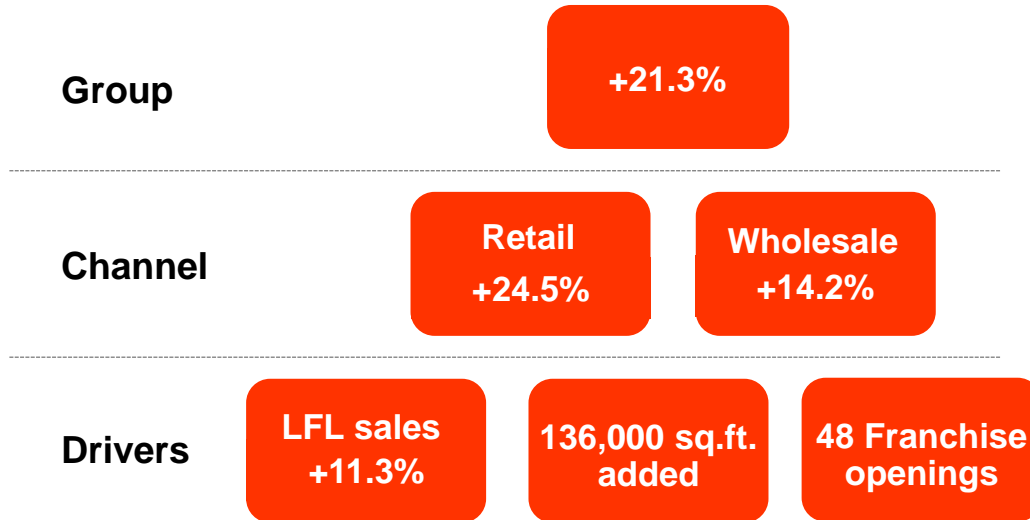
52 weeks ¹	2016 ¹ £m	2015 £m	Growth
Sales	590.1	486.6	21.3%
<i>Like-for-like</i>	11.3%	4.8%	
Gross margin	362.9	296.2	22.5%
<i>Gross margin %</i>	61.5%	60.9%	60bps
Net costs	(288.7)	(232.3)	(24.3%)
Operating profit	74.2	63.9	16.1%
<i>Operating margin %</i>	12.6%	13.1%	(50)bps
<i>Operating margin % (excluding development markets)</i>	13.6%	13.1%	50bps
Underlying profit before tax	73.5	63.2	16.3%
Underlying basic EPS (p)	72.0	59.1	21.8%
Dividend per share (p)	23.2	-	-
Underlying profit before tax – 53 weeks	72.4	63.2	14.6%
Net cash flow (£m)	19.7	(10.9)	

1. Our audited full year results are for the 53 weeks to 30 April 2016 (see appendix). We believe that the 52-week period to 23 April 2016 reflects better the underlying performance of the business when compared to financial year 2015.

FY16 Sales Analysis.



Sales momentum across all channels



Retail

- **New space**
 - 23% average space increase
 - 136k sq.ft. new store openings
 - 900k sq.ft. closing space (incl. USA)
 - Europe 281k sq.ft.
- **Like-for-like**
 - Retail momentum continued
 - Sector leading e-commerce growth

Wholesale

- **Accelerated growth with core customers**
 - Increased in-season sales
 - 48 additional franchise stores (+23%)
 - Initial process improvement benefit in Europe

Category

- Strong growth of womenswear
- New innovation categories performing well

Quarterly Growth Profile

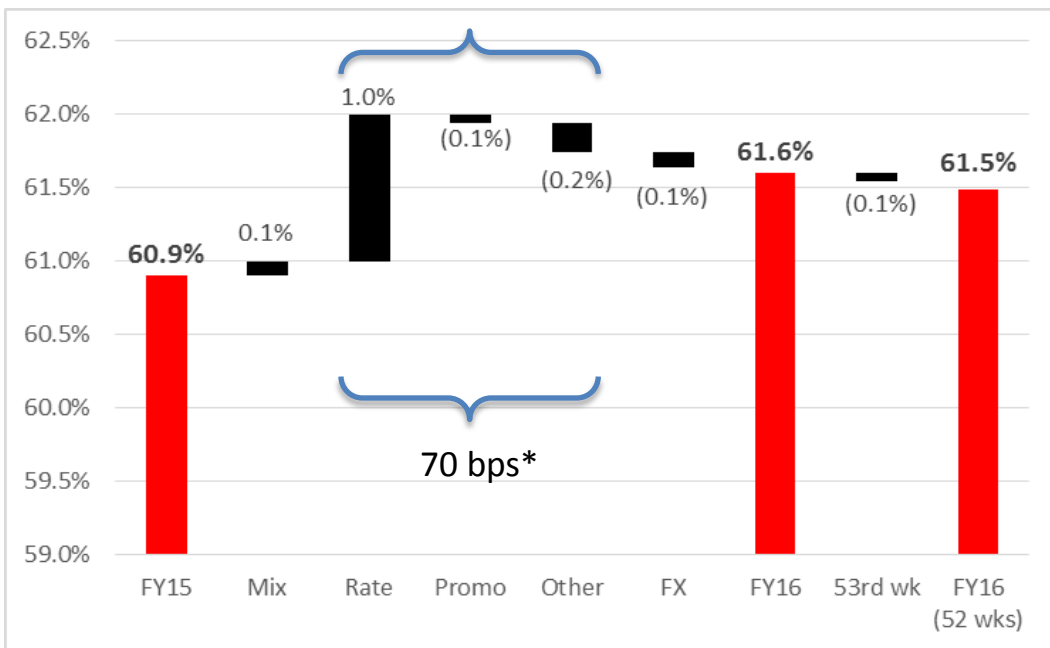
%	Q1	Q2	H1	Q3	Q4	H2	FY
Retail LFL – 1 Year	19.3	15.5	17.2	1.2	15.4	8.0	11.3
Retail LFL – 2 Year	14.9	10.6	12.6	13.7	28.8	20.2	16.6
Wholesale			7.8			20.7	14.2

Gross Margin.



Ongoing margin accretion from direct sourcing programme

FY15 to FY16 movement



*Gross margin drivers subject to guidance

Half Year Profile	H1	H2
Gross margin accretion	+110bps	+30bps
Channel Mix	+110bps	-30bps
	Retail growth bias	Even channel growth

Channel mix

- H1: Impact of strong retail growth
- H2: Faster growing E-commerce and Wholesale

Margin rate

- Benefit from direct sourcing & buying scale
 - c.60% of product bought direct
- Continued re-investment in pricing & product
- New store expansion with positive international mix

Promotional programme

- Annual programme established
 - Creates customer interest at peak trading periods
 - Cost effective clearance in-situ
- Participation remains very low (c.12%)

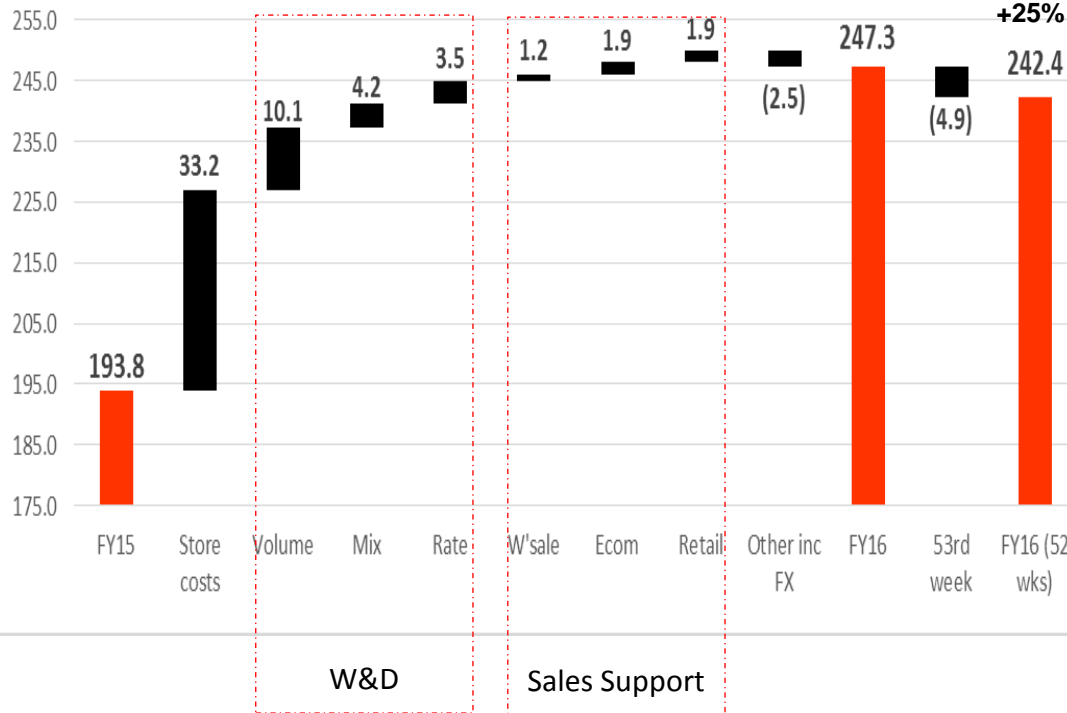
Foreign currency

- Substantial natural trading hedge
- Hedging policy provides planning certainty
- Drag from Euro and US dollar exchange rates (FY16)

Selling & Distribution Costs.

Costs increasing broadly in line with space growth

FY15 to FY16 movement



Store costs (+22% Yr on Yr)

- Average Retail space +23%
- Higher European operating costs
- Initial labour productivity improvement

Distribution costs

- Sales mix inefficiencies:
 - E-commerce mix
 - European retail expansion
- Rate investment:
 - Protected service on single pick change
 - Capacity driven external storage
 - Productivity gains offset

Sales support (+25% Yr. on Yr.)

- Sales increase 21%
- Strengthened wholesale & retail teams
- E-commerce:
 - Variable cost model (e.g. hosting)
 - Investments to support proposition

Other

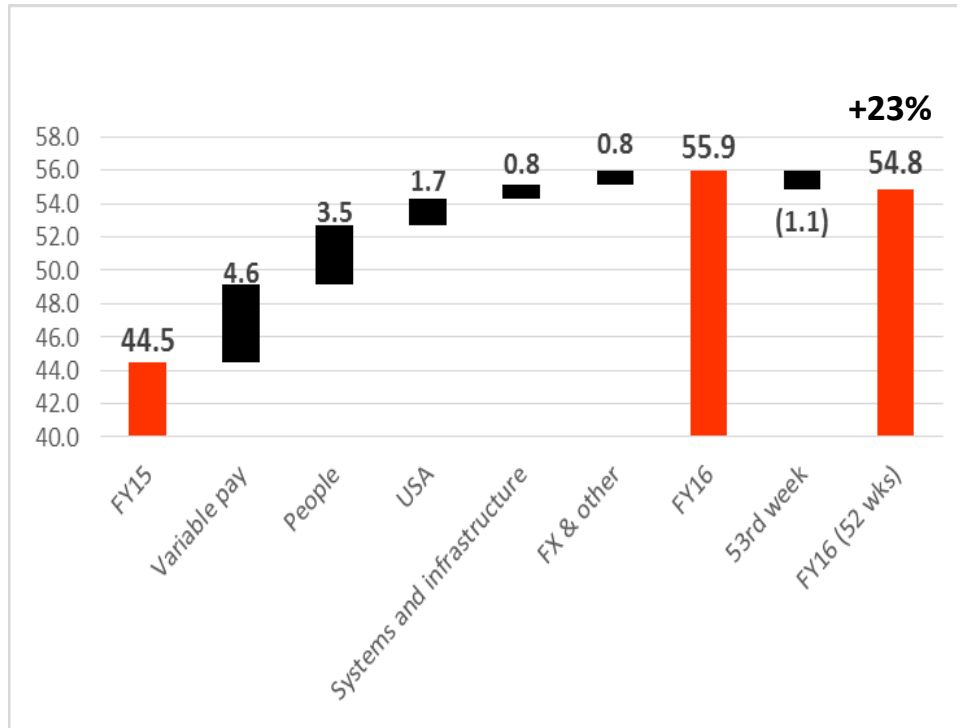
- Translation benefits on €/ \$ denominated monetary assets / liabilities

Central Costs*

Continued strengthening of support capability & infrastructure



FY15 to FY16 movement



Continued strengthening of central capability

- Leadership team
- Design, Merchandising, IT, Business transformation

Infrastructure led depreciation

- FY16: Merchandise planning, DC single pick, transactional website upgrades, new head office space (Total capex: £14m)
- FY15: New Epos & finance systems, wholesale upgrade (Total capex: £11m)

Increased annual incentive costs

- FY16 performance drives higher than average incentives

Underlying central cost investment

- +23% on 52-week basis
- +12% at standardised incentive levels

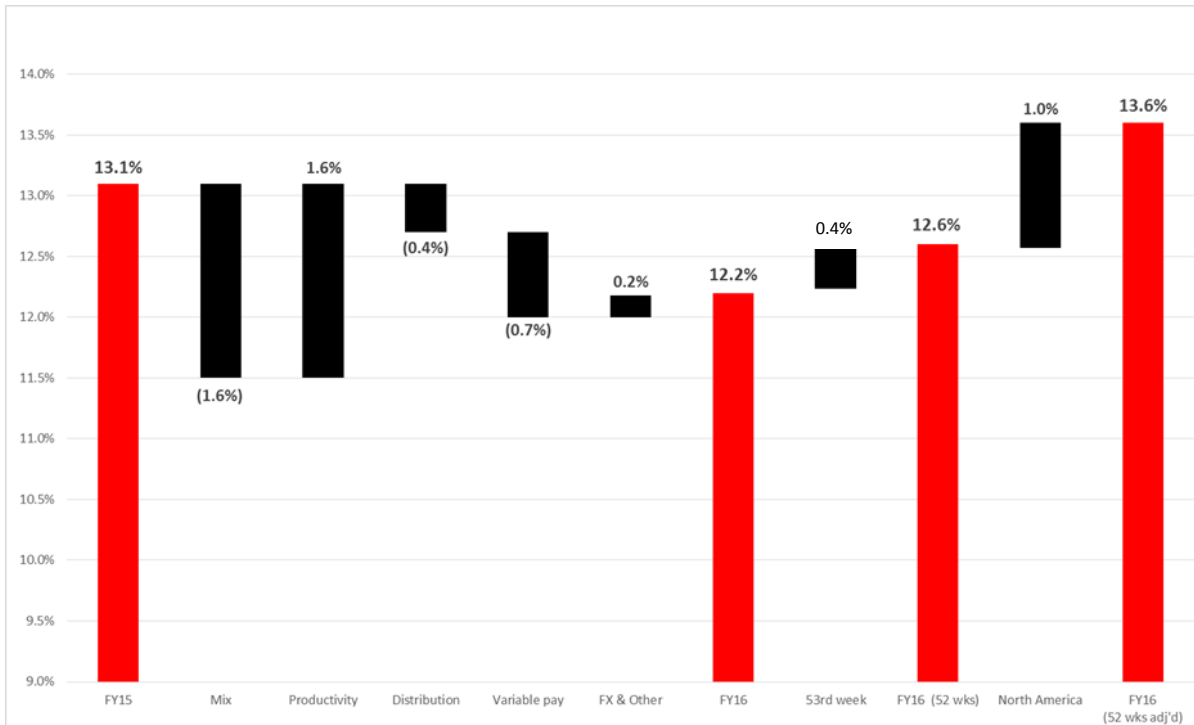
*Central costs include all central support costs (including depreciation of core systems), Group costs and amortisation of intangibles.

Operating Margin.



50bps growth in underlying operating margins

FY15 to FY16 movement

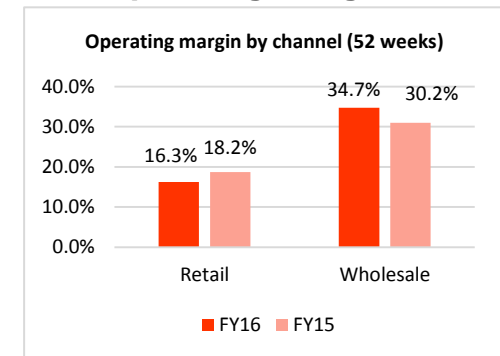


1. Mix variance represents channel change at FY15 operating margins

Group operating margin drivers

- Channel drag from increased retail mix
- Distribution impact:
 - European operations supplied ex-UK
 - Investments to support service
- Increased incentives
- Productivity improvements:
 - Central & store cost leverage
 - Gross margin accretion

Channel operating margins



- Revenue quality benefit in Wholesale
 - Reduced clearance sales
 - Sales growth bias to Europe
- Cost to serve impact in Retail

Exceptional Items.

US fair values remain materially in line with acquisition view



	2016 £m	2015 £m
Underlying profit before tax	73.5	63.2
Re-measurements:		
(Loss)/Gain on financial derivatives	(13.8)	13.4
Other exceptional items:		
USA: primarily sales discounting of acquired stock	(2.5)	-
Buy-out of European partners	-	0.5
Buy-out of USA licensee	(0.7)	(14.9)
Restructuring	-	(2.7)
Re-measurements and exceptional items	(17.0)	(3.7)
Reported profit	56.5	59.5

Cash Flow.

Strong cash generation readily funds investment



	2016 £m	2015 £m	Growth %
Operating cash flow before working capital	101.7	83.3	22.1
Working capital movement	(10.1)	(32.5)	
Cash generated from underlying operating activities	91.6	50.8	80.3
Net interest (paid)/received	(0.6)	0.4	
Income taxes paid	(18.9)	(10.9)	
Exceptional items	-	(14.2)	
Net cash generated from underlying operating activities	72.1	26.1	176.2
Purchase of property, plant, equipment and intangibles (£6.4m)	(50.6)	(27.4)	
Investment in JV/acquisitions & proceeds of issue of share capital	(3.5)	(14.0)	
Landlord contributions	6.7	4.4	
Interim dividend	(5.0)	-	
Net increase/(decrease) in cash	19.7	(10.9)	
Exchange rate movement	3.4	2.3	
Opening net cash	77.6 ¹	86.2	
Closing net cash	100.7	77.6 ¹	29.8
Cash conversion ²	1.40x	1.30x	

1 Includes cash and cash equivalents and term deposits classified as "Other financial assets", which matured during FY16

2 Operating cash flow before working capital divided by underlying operating profit (53-week basis).

Working Capital.

Working capital benefits now crystallising

	FY16 £m	FY15 £m	%
Inventories	112.6	107.9	4.4
Trade Receivables	40.7	40.0	1.8
Trade Payables	(56.6)	(51.2)	10.5
	96.7	96.7	-

Inventory

- Continued inventory efficiencies
- Like-for-like inventory 6% lower

Trade Receivables

- Material improvement in debtor quality
- Debtor days 77 (FY15: 83)

Trade Payables

- Increase in line with business scale
- Terms extension through supplier switch from Letter of Credit

Capital Investment.

Strong returns achieved on new store capital

£m	FY16	FY15
Store Portfolio		
New Stores	27.0	11.4
Existing Stores	3.7	3.6
Franchise	2.1	1.5
Total store portfolio	32.8	16.5

Infrastructure		
Information Technology		
- Software development	6.4	6.2
- Other	1.9	2.2
Distribution	2.3	0.2
Wholesale	0.7	0.6
Head Office		
- Freehold	4.5	0.0
- Improvements	3.6	1.6
Other	1.0	0.1
Total infrastructure	20.4	10.9

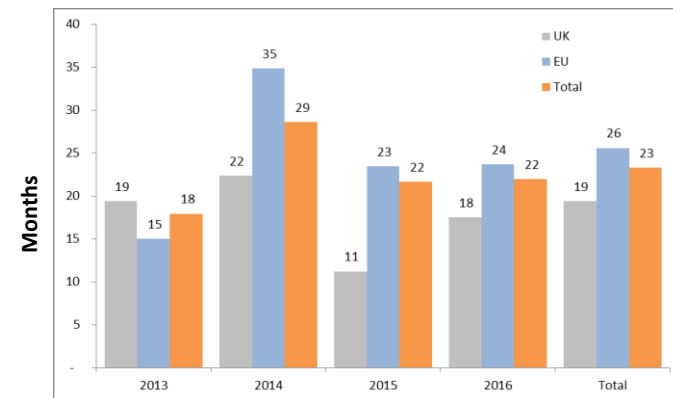
Total	53.2	27.4
Capital creditor	(2.6)	-
Per cash flow	50.6	27.4 ¹

1. Excluding acquisitions totalling £13.7m.

Material new store opportunity at attractive returns

- FY13 – FY16 average payback 23 months
- Payback target c.30 months

Post-tax payback on invested capital



Infrastructure investment

- Merchandise planning system
- Single retail inventory pool
- Wholesale system upgrade
- E-commerce development

Head office

- Freehold investment provides future capacity

FY17 Guidance.



Space growth

- Europe 110k – 120k sq.ft. owned store expansion
- 80% committed
- USA 30k sq. ft.

Gross margin %

- **0-30bps accretion**
 - Sourcing and efficiency gains
 - Mix to higher margin sales channels
 - FY17 H2 headwind from currency appreciation

Sales and distribution costs

- **Increase in line with revenue**
 - Growth in higher cost to serve channels
 - Regional DCs to drive efficiencies
 - Productivity offsets
- **Investment to protect service levels on DC migration**

Central costs

- **Grow ahead of revenue**
 - Continued capability enhancement

Capital

- **c.£60m - £70m investment**
 - £35m new and refurbished space
 - In-country distribution centres (c.£10m)
 - Further distribution and Head Office development

Working capital

- **Grow slower than sales**
 - Ongoing inventory opportunity

Capital policy

- Progressive Ordinary dividend at 3.0x – 3.5x cover
- Special dividend where appropriate

Financial Calendar.

H1 results move to January and Q1 to H1 pre-close

Event	Date
Q1 trading update	Included in H1 pre-close
Half year pre-close: Q1 and Q2 trading updates	10 November 2016
Half Year (H1) Results Presentation¹	12 January 2017
Peak trading update	Included in H1 results announcement
Full year pre-close	11 May 2017
Full Year Results Presentation¹	6 July 2017

Note 1. Net cash to be reported in Half and Full Year results

Financial Summary.



Strong financial performance, key metrics at upper end of guidance

- Successful year: sales +21% and PBT +16%
- Direct sourcing drives gross margin increase
- Core business operating margin accretive
- £50m investment to support business growth
- New store programme ahead of guidance, with good pipeline
- Working capital efficiencies drive strong cash generation
- £5.0m interim dividend paid, full year dividend 3.1x cover
- 20p per share special dividend declared

Strategic Progress

Euan Sutherland



Creating A Global Lifestyle Brand.

Embed



Our brand values for long term sustainable growth

Enable



Future growth through investment in people, systems & infrastructure

Extend



Our key categories to achieve our brand growth potential

Execute

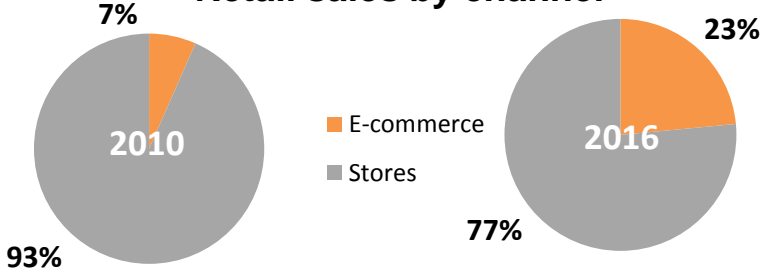


Growth opportunities in new and existing markets and online

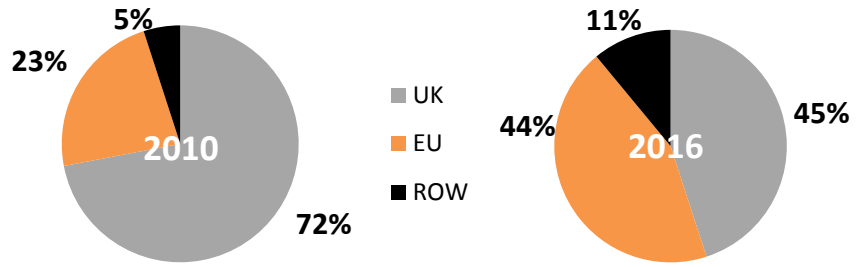
Creating a Global Lifestyle Brand.

Diversification reduces reliance on single channel, geography and category

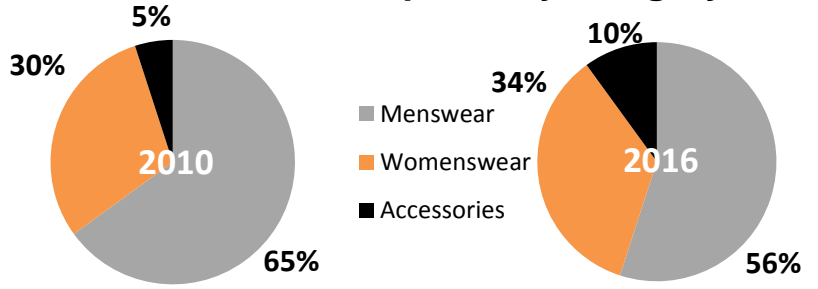
Retail sales by channel



Sales at retail price* by geography



Sales at retail price* by category



Increasing online penetration

- E-commerce: continued strong growth
- Fastest growing channel to customer
- Penetration 16 ppts growth since IPO
- Increased use of portable devices

Growing global presence

- 55% of Group sales outside UK*
- Mainland Europe:
 - extended maturity profile
 - strong store pipeline
 - clear development plan
- USA: 5 trial stores in 2016
- China: first 2 trial stores open

Category

- Strong growth in womenswear
- Innovation benefitting all categories

* Retail (including e-commerce) and Wholesale stated at retail price.

Embed.

Brand and cross channel customer relationships to drive awareness of product breadth

極度乾燥(しなさい)
Super Dry®

Achieved in FY16

- ✓ Detailed brand hierarchy built and agreed
- ✓ UK: increased “frequency of shop” with strong and improved brand awareness
- ✓ Customer insight extended to all key markets
- ✓ Action plan post colleague engagement survey to take us from ‘good’ to ‘great’

Near-term Priorities

- Store environment trial to improve customer experience
- Extend customer insight to North America & key new product categories

Building our Brand

極度乾燥(しなさい)
**Super
Dry®**

Brand Essence

Feel Amazing

Brand Personality

Break the Mould, Inspirational,
Maverick, Creative, Bold
Driven by a desire to be world class

Brand Values

People, Passion, Product, Progression

Functional Benefits

Enduring Quality
Fit & Movement
For any occasion
Great Design
Constantly refreshed
Iconic Products

Emotional Benefits

Aspirational
Looking Good, Feeling Good
Confidence and Pride
Enigmatic
Individuality
Clothes to live life in

Reasons to believe

Britishness
Attention to detail
Quality and craftsmanship at a
price that can't be matched

Design confidence and bold branding
Japanese inspiration
Broad and ever-evolving range

Business Purpose

To create and sell the best product on the planet to the planet
at a price point that can't be matched on quality and innovation

Brand Purpose

To help people feel amazing

Embed.

Brand and cross channel customer relationships to drive awareness of product breadth

極度乾燥 (しなさい)
Super Dry®

Achieved in FY16

- ✓ Detailed brand hierarchy built and agreed
- ✓ UK: increased “frequency of shop” with strong and improved brand awareness
- ✓ Customer insight extended to all key markets
- ✓ Action plan post colleague engagement survey to take us from ‘good’ to ‘great’

Near-term Priorities

- Store environment trial to improve customer experience
- Extend customer insight to North America & key new product categories



Improvements In Design To Customer Process Drives Efficiencies

極度乾燥(しなさい)
Super
Dry®

Achieved in FY16

- ✓ Recruitment of executive team complete
- ✓ Successfully combined stores and e-commerce into single stock pool
- ✓ Implemented merchandising planning system
- ✓ Increased Wholesale participation of in-season sales

Near-term Priorities

- Open European & USA Retail distribution centres
- Design to customer led improvements to Wholesale category and range planning
- Increase direct sourcing enabled by in-market infrastructure
- Extend iKiosk in Continental Europe, including franchise stores



Extend.



**Continued Innovation To Broaden
Our Product Appeal**

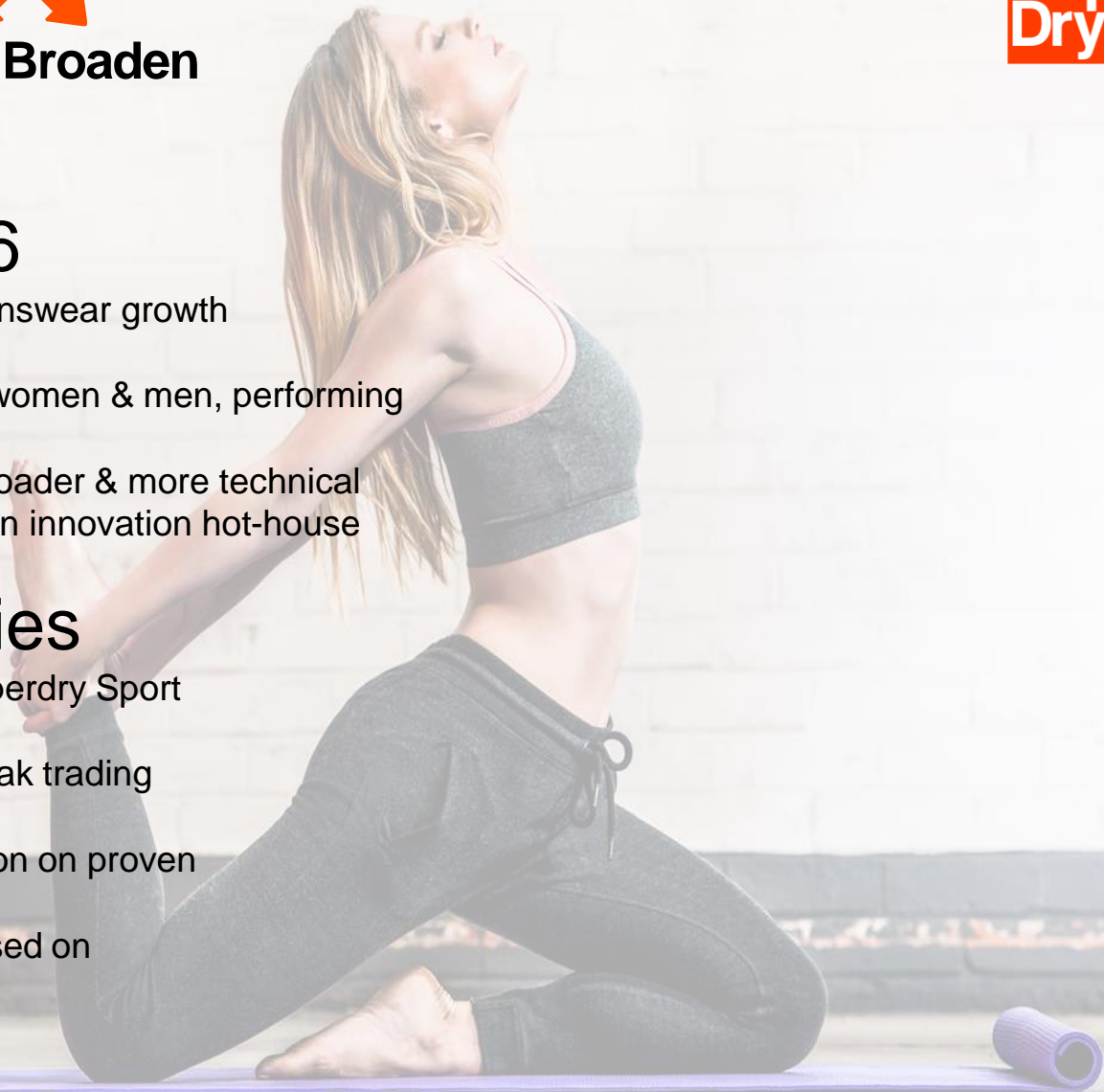
極度乾燥(しなさい)
**Super
Dry®**

Achieved in FY16

- ✓ Customer insight drives womenswear growth
- ✓ Launched IDRIS collections
- ✓ Launched Superdry Sport for women & men, performing ahead of expectation
- ✓ Extended Superdry Snow – broader & more technical
- ✓ SuperDesign Lab created as an innovation hot-house

Near-term Priorities

- Launch extended range of Superdry Sport for Women
- Expand gifting selection for peak trading season
- Focus IDRIS premium collection on proven categories
- Develop AW16 footwear, focused on Wholesale channels



Execute.

Good performance in Europe and E-commerce drive like-for-like growth

極度乾燥(しなさい)
Super Dry®

Achieved in FY16

- ✓ Added 136k sq.ft. trading space – 24 net new owned stores in 8 countries
- ✓ Enhanced European store opening programme with dedicated team of experts
- ✓ Positive sales momentum in global e-commerce continued: 23.1% retail sales penetration
- ✓ Opened 48 franchise stores
- ✓ USA re-set continues
- ✓ Good progress in set-up of China JV with Trendy International Group

Near-term priorities

- Ongoing measured expansion across Europe
- Continue to grow global e-commerce sales
- USA:
 - Open 5 trial stores
 - Re-set wholesale business
- China: open initial store opportunities
- UK store estate: Next generation

Execute.

34th Street, Manhattan new store opening



Execute.

Good performance in Europe and E-commerce drive like-for-like growth

極度乾燥(しなさい)
**Super
Dry®**

Achieved in FY16

- ✓ Added 136k sq.ft. trading space – 24 net new owned stores in 8 countries
- ✓ Enhanced European store opening programme with dedicated team of experts
- ✓ Positive sales momentum in global e-commerce continued: 23.1% retail sales penetration
- ✓ Opened 48 franchise stores
- ✓ USA re-set continues
- ✓ Good progress in set-up of China JV with Trendy International Group

Near-term priorities

- Ongoing measured expansion across Europe
- Continue to grow global e-commerce sales
- USA:
 - Open 5 trial stores
 - Re-set wholesale business
- China: open initial store opportunities
- UK store estate: Next generation

UK store estate: Next generation

- Investment in legacy UK store estate
- **5 objectives:**
 - Update brand delivery in-store
 - Showcase the breadth of the range
 - Improve sales density through flexible fixturation
 - Reduce the capital cost of new and refurbished stores
 - Reduce operating costs

• **Capital Markets Day: 29 September 2016**

- Explain next generation stores
- Showcase product development
- Highlight multi-channel shopper capability

Summary.

Strong Financial Performance

- Delivered strong revenue (+21%) and profit growth (+16%)
- New store programme ahead of plan, with good committed pipeline for FY17
- £50m investment to support business growth
- Ordinary and Special dividends to be paid to shareholders

Significant Strategic Progress

- Improved brand awareness globally and across channels with customer insight and marketing
- Strengthened capability in all key functions
- Ongoing investment protects growth and improves efficiency
- Product innovation complements existing range, with full year impact in FY17
- Successfully growing Superdry globally, across all channels



極度乾燥(しなさい)
**Super
Dry®**

Q&A



Appendix

FY16 Financial Overview.



53 weeks (audited)	2016 £m	2015 £m	Growth
Revenue	597.5	486.6	+22.8%
Gross margin	367.8	296.2	+24.2%
Gross margin %	61.6%	60.9%	+70bps
Costs	(303.2)	(238.3)	(27.2%)
Other gains and losses	8.5	6.0	+41.7%
Underlying operating profit	73.1	63.9	+14.4%
Underlying operating margin	12.2%	13.1%	(90)bps
Net finance expense and share of loss in investment	(0.7)	(0.7)	-
Underlying profit before tax	72.4	63.2	+14.6%
Underlying basic EPS (pence)	70.9	59.1	20.0%
Net cash flow (£m)	19.7	(10.9)	

Summary Balance Sheet.

	2016 £m	2015 £m
Total Non-Current Assets	179.6	153.6
Inventories	112.6	107.9
Trade & Other receivables	80.4	70.3
Derivative financial instruments	0.7	10.4
Cash and cash equivalents together with term deposits classified as an other financial asset	100.7	77.6
Total Current Assets	294.4	266.2
Total Current Liabilities	103.9	92.8
Net Current Assets	190.5	173.4
Total Non-Current Liabilities	34.7	31.8
Net Assets	335.4	295.2

KPIs.

Linked to key value drivers



Investment Thesis	Key measures of performance	
	Report each quarter	Report at half and full year results
Growth	Total Retail revenue Like-for-like sales Average Retail space growth	Total revenue Online participation Committed retail space Wholesale sales growth
Operating returns	Gross margin %	Operating margin % Underlying Earnings Per Share
Capital discipline		Net cash position Operating cash flow Payback on new stores

Hedging Strategy

Hedging strategy provides certainty

	Inventory buy	Natural revenue hedge
USD (\$)	45%	X
Sterling (£)	40%	✓
Euro (€)	15%	✓

- Hedge through forward contracts 18 months out
- Average cover:
 - c.80% on 6-month forward horizon
 - c.66% on 12-month forward horizon

