SuperGroup Plc

Full Year Results Year Ended 25 April 2015

Agenda

Overview	Euan Sutherland, CEO
Financial Results	Nick Wharton, CFO
Strategic progress	Euan Sutherland, CEO
Q&A	

FY15 Overview.

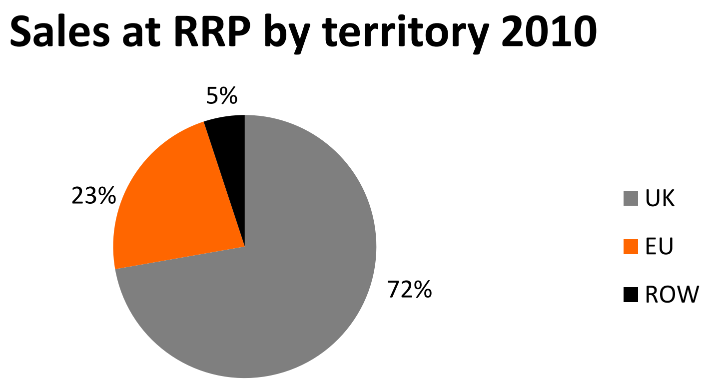
A Year Of Two Halves

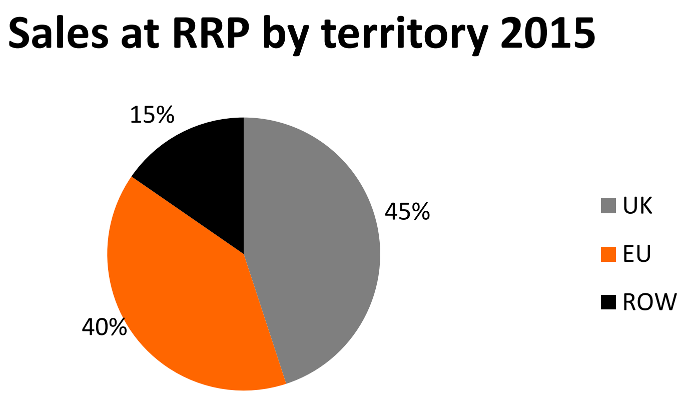
- **Good progress after a challenging start**
- **Strong cash generation**
- **H2 progress:**
  - Healthy sales growth across channels
  - Clarity on long-term growth strategy
  - Prioritised global opportunities
  - Buy-out US licence
  - Initial benefits from design to customer
- **Team strengthened**

% Change Year-On-Year	1H15	2H15	FY15
Total sales	8.4	16.6	12.9
Retail like-for-like	(4.1)	11.3	4.8
Wholesale	2.0	8.0	4.9
Underlying Profit Before Tax	**(30.2)**	**15.0**	**2.0**

Global Lifestyle Brand.

55% Of FY15 Global Sales From Non-UK*





Growing Global Presence

- Over half of sales outside UK*
- Global e-commerce: continued strong growth
- Continental Europe: increasing like-for-like growth and strong store pipeline

Strategic Territories

- Continental Europe: clear development plan
- US: integration on track
- China: long-term JV agreed

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

Current Trading.

Strong Start To FY16

- Total Retail revenue growth of 34.5%
- Average retail space increase of 19.5%
- Strong trading year-to-date; like-for-like sales growth +20.3%
- Good performance across all channels, full-price, e-commerce and off price
- Weak comparative period in FY14: like-for-like (4.9)%
- Low volume quarter and strengthening comparatives
- FY16 underlying profit expected to be within the range of analyst expectations

極度乾燥(しなさい) Super Dry®

China JV.

10 Year Minimum 50:50 JV With Trendy – An Experienced Chinese Retail Operator

- China forecast to overtake US as largest apparel and footwear market in the world[1]
- $351bn total retail value[1]
- Evolving consumer tastes from luxury to brands influenced by pop culture
- Superdry's product, pricing model and infrastructure allows the brand to be delivered effectively
- Positive response from in-market consumer research
- Existing brand presence via T:Mall and Hong Kong

[1] Euromonitor International, Apparel and Footwear Markets by Retail Value.

Superdry.
極度乾燥(しなさい)

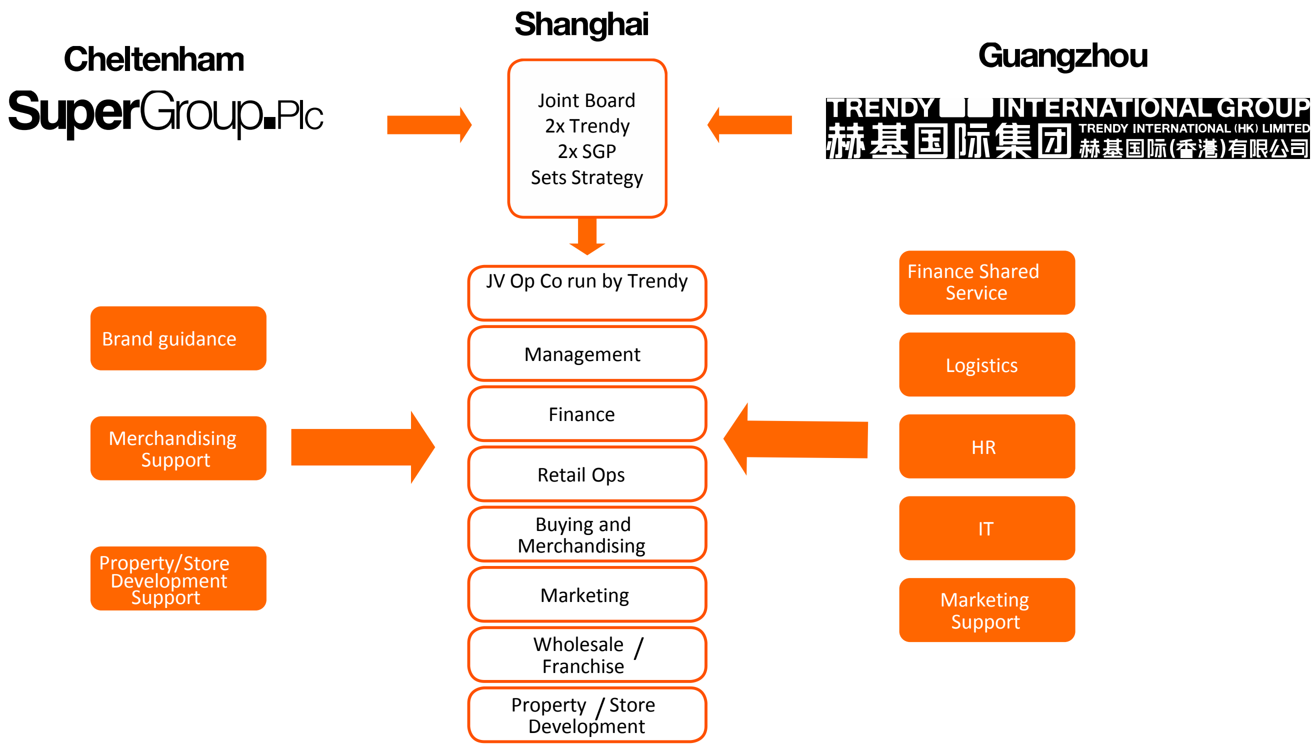
TRENDY INTERNATIONAL GROUP
赫基国际集团
TRENDY INTERNATIONAL (HK) LIMITED
赫基国际(香港)有限公司

Low risk JV model with established Chinese company

- **Operating Model**
  - JV OpCo run by Trendy, supported by SuperGroup
  - Structure gives SuperGroup strong management oversight without committing significant resource
  - Measured roll-out programme

- **Governance**
  - Paula Kerrigan, Transformation Director appointed to SuperGroup ExCo and JV Board
  - SuperGroup appointing JV CFO

- **JV Agreement & Financials**
  - Maximum joint investment £18m; 50:50 contribution
  - SuperGroup call option after 10 years, on deadlock or underperformance; no put option
  - Further expansion funded out of JV after 2 years
  - Small pre-trading loss expected in FY16



- Established in 1999, Trendy is an innovative fashion and lifestyle retail corporation
- 9 brands including 5 domestic brands
- Operates over 3,000 stores
- 20 key partners in China
- Delivered 3-year revenue CAGR of 6.9%

Financial Performance

Nick Wharton

FY15 Financial Overview.

Good Progress On Key Financial Metrics

	2015	2014	Growth
Sales (£m)	**486.6**	**430.9**	**+12.9%**
Like-for-like	+4.8%	+3.2%	
Gross margin	60.9%	59.7%	+120bps
Costs (£m)	(238.3)	(200.5)	+18.9%
Operating margin	13.1%	14.3%	(120)bps
Underlying profit before tax (£m)	**63.2**	**62.0**	**+2.0%**
Underlying diluted EPS (p)	58.8	57.2	+2.8%
Net cash flow (£m)	(7.0)	32.2	(121.7)%

FY15 Sales Analysis.

Sales Momentum Established Across Second Half Year

Group	+12.9%		
Channel	Retail +17.0%	Wholesale +4.9%	
Drivers	LFL sales +4.8%	82,000* sq.ft. added	28 Franchise openings (+13%)

*Excluding US.

Retail

- New space
  - 17% average space increase
  - 82k sq.ft. new store openings (+13%)
  - 764k sq.ft. closing space (incl. US)
- Like-for-like
  - Strong H2 following poor Autumn
  - Continued e-commerce growth

Wholesale

- Challenging year overall
- Half 2
  - Failure of UK key account
  - Currency headwind
  - Initial process improvement benefit

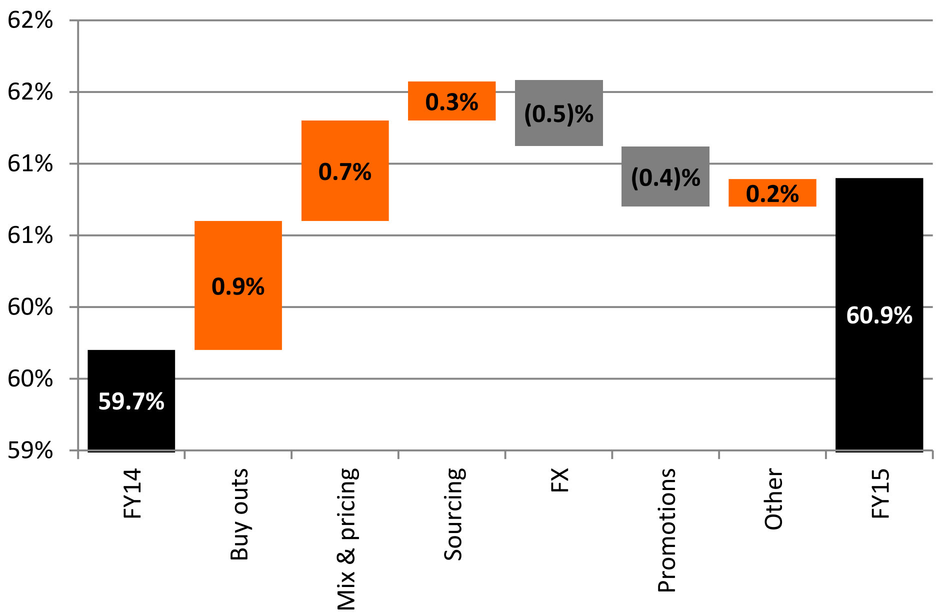
Quarterly Profile

	Q1	Q2	Q3	Q4
Retail LFL	(3.7)%	(4.2)%	12.4%	11.6%
Wholesale	21.6%	(6.0)%	2.5%	9.7%

Gross Margin.

120bps Margin Accretion From Favourable Mix, Buy outs And Direct Sourcing

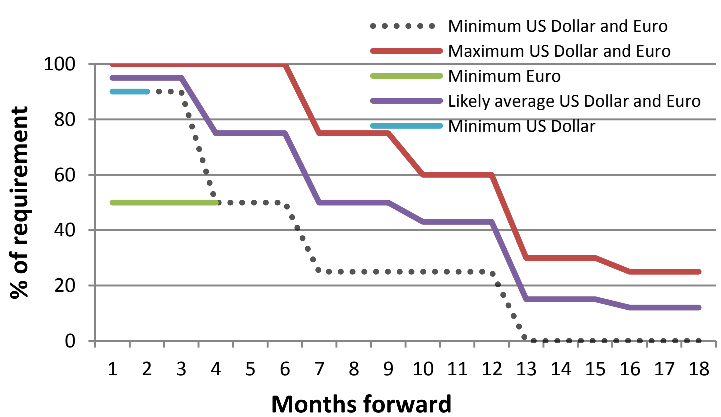
FY14 to FY15 movement



H1	H2
+220bps	+30bps

- **EU partner acquisition margin**
  - Offsetting sales, distribution and central costs
- **Increased Retail mix**
  - New store expansion with positive international bias
- **Foreign currency**
  - Initial headwind from Euro and US dollar exchange rates

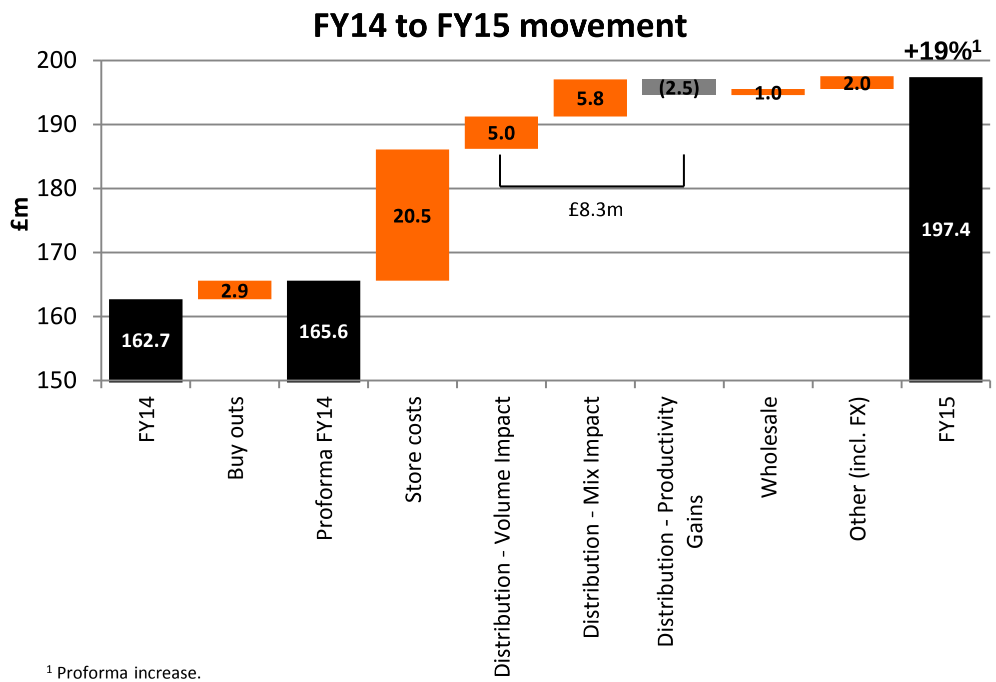
Hedging strategy



- **Promotional programme**
  - Excess stock clearance
  - Effective mechanics identified for ongoing programme

Selling & Distribution Costs.

Proforma Costs Increasing Broadly In Line With Space Expansion

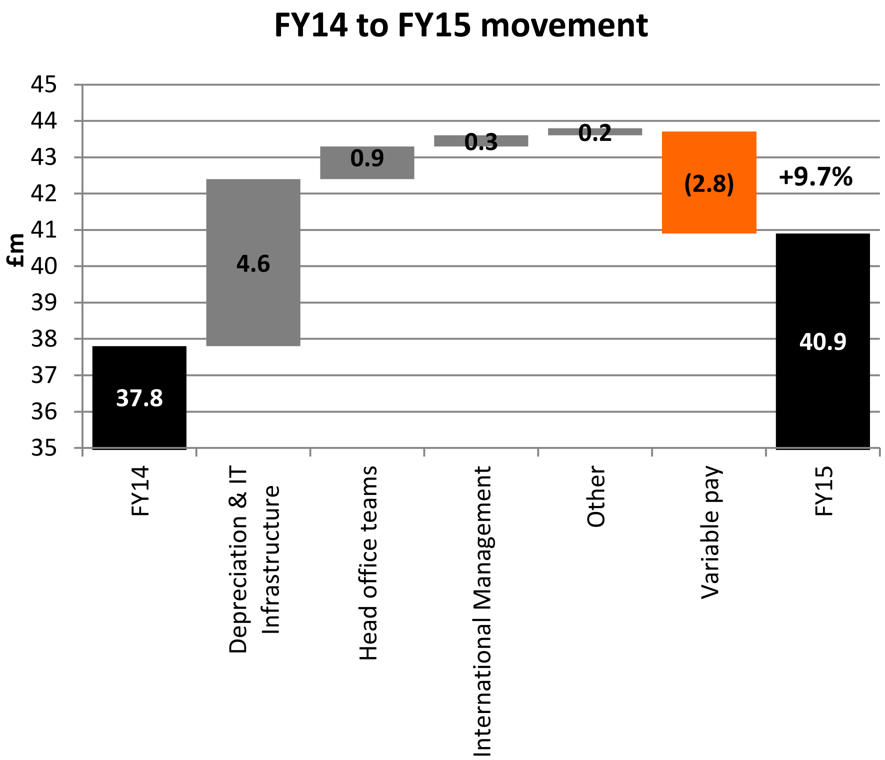


[1] Proforma increase.

- **Buyouts**
  - Agent costs internalised (full year impact)
- **Store costs (+17% Yr on Yr)**
  - Average Retail space +17.1%
  - Initial labour productivity improvement
- **Distribution costs**
  - Sales mix inefficiencies
    - E-commerce mix
    - Additional warehouse space
    - Promotional activity
    - Stock uplifts to outlet
  - Productivity gains offset

Central Costs*.

Continued Strengthening of Central Infrastructure

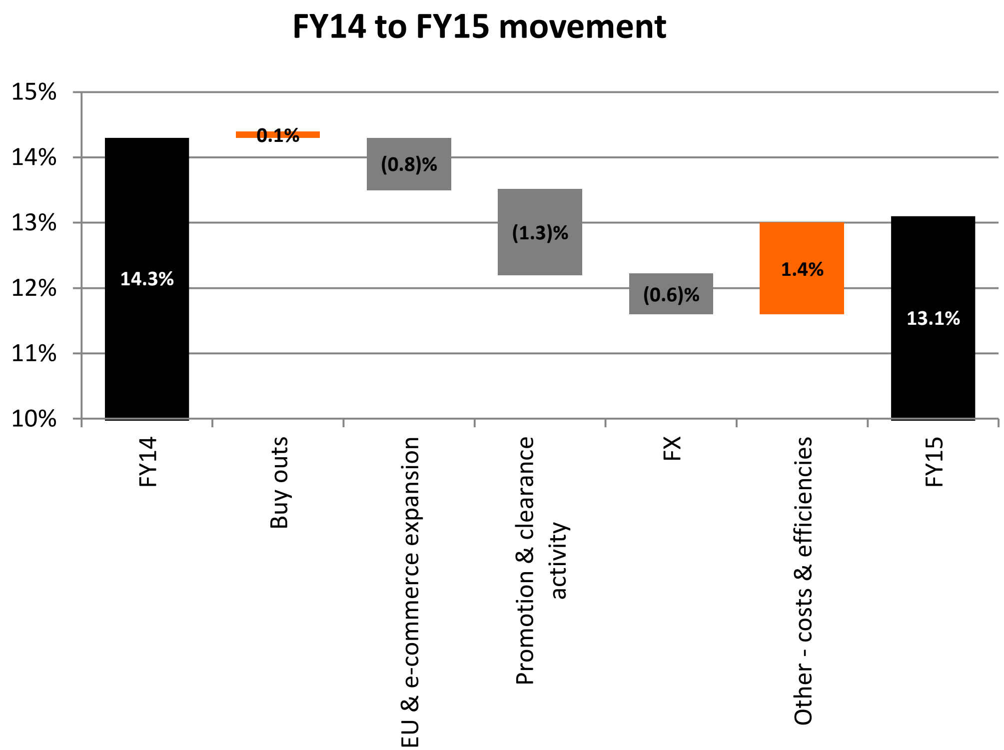


- **16% underlying central cost investment**
- **Infrastructure led depreciation**
  - FY14: merchandise management system (capex: £7m)
  - FY15: Epos replacement, new finance system and wholesale operating system upgrade (capex: £6m)
- **Continued strengthening of central capability**
  - Merchandising
  - Information Technology
- **Reduced annual incentive costs**

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

Operating Margin Bridge.

Operating Margin Decline From Inventory Clearance And FX

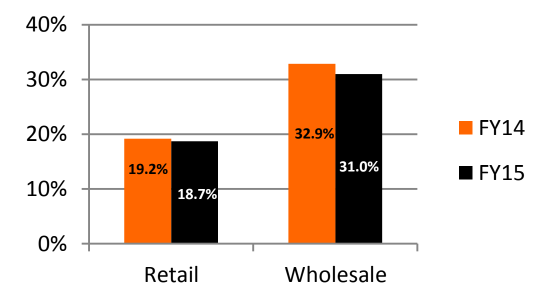


Key operating margin drivers

- Agent buy-outs margin accretive
- Higher cost to serve of EU operations
  - Supplied Ex-UK
  - Relative store costs
- Margin & distribution impact of clearance
- Other
  - \+ Reduced Incentives
  - \+ Distribution efficiencies
  - \- Bad debt within Wholesale

Small operating margin decline in each channel

- Retail – Impact of promotional volume
- Wholesale – Impact of debt provisions



Exceptional Items.

US Acquisition Principle H2 Exceptional Item

	2015 £m	2014 £m
Underlying profit	63.2	62.0
Re-measurements:		
Deferred contingent share consideration	-	(4.0)
Gain/(loss) on financial derivatives	13.4	(3.7)
Other exceptional items:		
Set-up costs of Retail distribution centre	-	(3.4)
Buy-out of European partners	0.5	(5.7)
Buy-out of US licencee and business combination costs	(14.9)	-
Restructuring	(2.7)	-
Re-measurements and exceptional items	(3.7)	(16.8)
Reported profit	59.5	45.2

Cash Flow.

Strong Net Cash Position With Future Working Capital Opportunity

	2015 £m	2014 £m	Growth %
Cash generated from operations	73.7	79.5	(7.3)
Working capital movement	(28.2)	(1.6)	-
Interest income	0.4	0.6	(33.3)
Income taxes paid	(10.9)	(9.6)	(13.5)
Underlying cash generation	35.0	68.9	(49.2)
Purchase of property, plant, equipment	(27.3)	(33.8)	19.2
Acquisitions	(13.9)	(2.2)	-
Other	(0.8)	(0.7)	-
Net (decrease)/increase in cash	(7.0)	32.2	-
Exchange rate movement	(1.6)	(0.5)	-
Opening net cash	86.2	54.5	58.2
Closing net cash*	77.6	86.2	(21.6)

*Includes cash and cash equivalents and term deposits classified as other financial assets.

Working Capital.

Inventory Reduction Opportunity in FY16

	FY15	FY14	%
Inventories	107.9	77.8	38.7
Trade Receivables	40.0	32.5	23.1
Trade Payables	(51.2)	(42.4)	(20.8)
	96.7	67.9	42.4

Inventory
- Low Autumn/Winter 2013 exit stock
- New store injection c.£8m
- US stock take-on c.£5m
- Autumn 2014 residual stock & SS15 commitments
- Opportunity from design to customer improvements

Trade Receivables
- Shipment phasing year-on-year

Trade Payables
- Later phasing of SS15 inventory
- Integrity improvements from new financial system

Capital Investment.

Strong Returns Achieved On New Store Capital

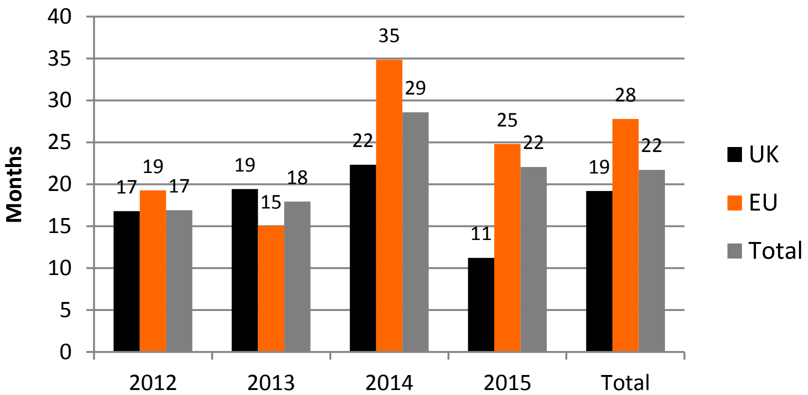
£m	FY15	FY14
Store Portfolio		
New Stores	11.4	12.6
Existing Stores	3.6	2.6
Franchise	1.5	0.9
Total store portfolio	**16.5**	**16.1**
Infrastructure		
Information Technology	8.4	8.6
Distribution	0.2	4.7
Head Office	1.6	3.9
Wholesale	0.6	0.5
Total infrastructure	**13.6**	**17.7**
Total	**27.3**	**33.8**

New Store Opportunity

Attractive Return on Investment

- FY12 – FY15 Average Payback 22 Months
- Payback Target c.30 Months

Post-tax payback on invested capital



Infrastructure Investment

- Epos and replacement
- Finance system
- Wholesale system upgrade
- Head Office expansion

FY16 Guidance.

Profit expected to be within the range of analyst expectations

Space growth
- 120-130k sq.ft. owned store expansion
- 80% committed

Gross Margin %
- 0-30bps accretion
  - Sourcing and efficiency gains
  - Mix to higher margin sales channels
  - Currency offset but hedged

Sales and Distribution Costs
- Increase with revenue
  - Growth in higher cost to serve channels
  - Ongoing distribution inefficiency
  - Productivity offsets

Central costs
- Grow ahead of revenue
  - Continued capability enhancement
  - Re-instate incentive provision

Capital
- c.£35m Investment
  - £25m new and refurbished space
  - Further distribution and Head Office development

Working Capital
- Grow slower than sales
  - Inventory opportunity

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

Financial Summary.

Continued Positive Momentum

- Healthy sales growth after challenging Autumn
- Strengthened gross margin with further opportunity
- Good returns achieved on agent/distributor acquisitions
- Continued strengthening of central infrastructure
- Strong returns on capital investments with good pipeline
- Solid net cash position with working capital opportunity
- Ordinary dividend commencing in FY16

Strategic Progress

Euan Sutherland

Creating A Global Lifestyle Brand.

Embed	Our brand values for long term sustainable growth
Enable	Investment in people, systems & infrastructure
Extend	Achieving growth potential in key categories
Execute	Growth opportunities in new markets and online

Embed.

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

Achieved in FY15

- ✓ In-depth understanding of our customer
- ✓ Clear brand strategy
- ✓ Significantly increased multi-channel participation

Near-term Priorities

- Idris Elba collaboration
- Further improve customer experience
- Global colleague engagement programme

Enable.

Improvements In Design To Customer Process Drives Efficiencies

Achieved in FY15

- ✓ Centralised merchandising across Europe
- ✓ Improved systems and reporting
- ✓ Enhanced range planning
- ✓ Solid A/W order book in Wholesale

Near-term Priorities

- Improve range planning, store replenishment & order fulfilment
- Deploy iKiosk to franchisees
- Increase focus on in-season sales & top 100
- Retail and e-commerce single stock pool

Management Team.

Strong, Experienced Management Team In Place To Drive Next Phase Of Growth

- Julian Dunkerton and James Holder 100% focused on product and design
- CFO and Transformation Director appointed
- Experienced management team able to drive growth

Euan Sutherland
CEO

Lindsay Beardsell
Company Secretary & Adviser

Julian Dunkerton
Founder, Product and Brand Director

James Holder
Founder, Brand and Design Director

Nick Wharton
CFO

Jon Wragg
Sales & Marketing Director

Paula Kerrigan
Transformation Director

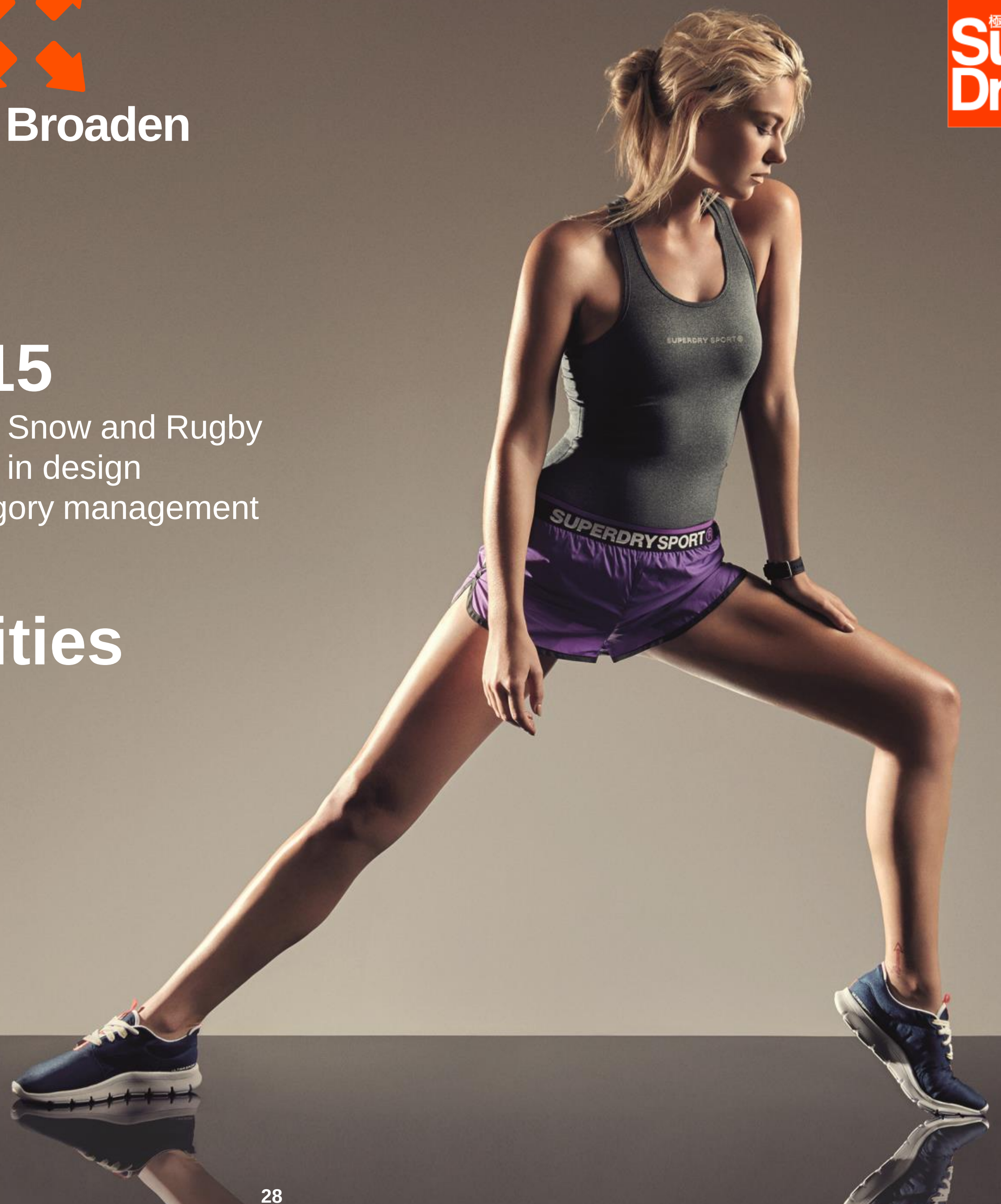
Nicole Smith
Head of Merchandising

Andrea Cartwright
Group HR Director

Vacancy
Global Retail Director

Extend.

Continued Innovation To Broaden Our Product Appeal



Achieved in FY15

- ✓ Category extensions including Snow and Rugby
- ✓ Customer insight incorporated in design
- ✓ Introduced womenswear category management

Near-term Priorities

- Launch IDRIS^{R} AW15
- Launch active sportswear
- Newness in womenswear
- Develop new footwear range

Execute.

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

Achieved in FY15

- ✓ 24 net new owned stores in 8 countries
- ✓ Good progress and performance in Germany
- ✓ Buy-out of US licence
- ✓ Strongest e-commerce performance in recent years
- ✓ Expanded e-commerce partner programme
- ✓ Successful roll-out of iKiosk in UK stores

Near-term priorities

- Add net new space in EU of 120-130k sq.ft.
- Expand global franchises
- Investment in and integration of wholesale business
- Retail & wholesale development in US
- Prepare for launch in China

US Update.

Good Progress In Three Months Since US Licence Buy-Out

- **Integration in line with expectations**
- ✓ Combined team working well
- ✓ UK secondees to key positions
- ✓ Transitional arrangements effective

- **Retail channel**
- ✓ Legacy stock clearance
- ✓ Improved selection and product density
- ✓ Customer service improvement
- ✓ Store closures in negotiation

- **Wholesale**
- ✓ Key accounts prioritised
- ✓ Canadian distribution negotiated

- **Target to reduce operating loss by 50%**

Germany Update.

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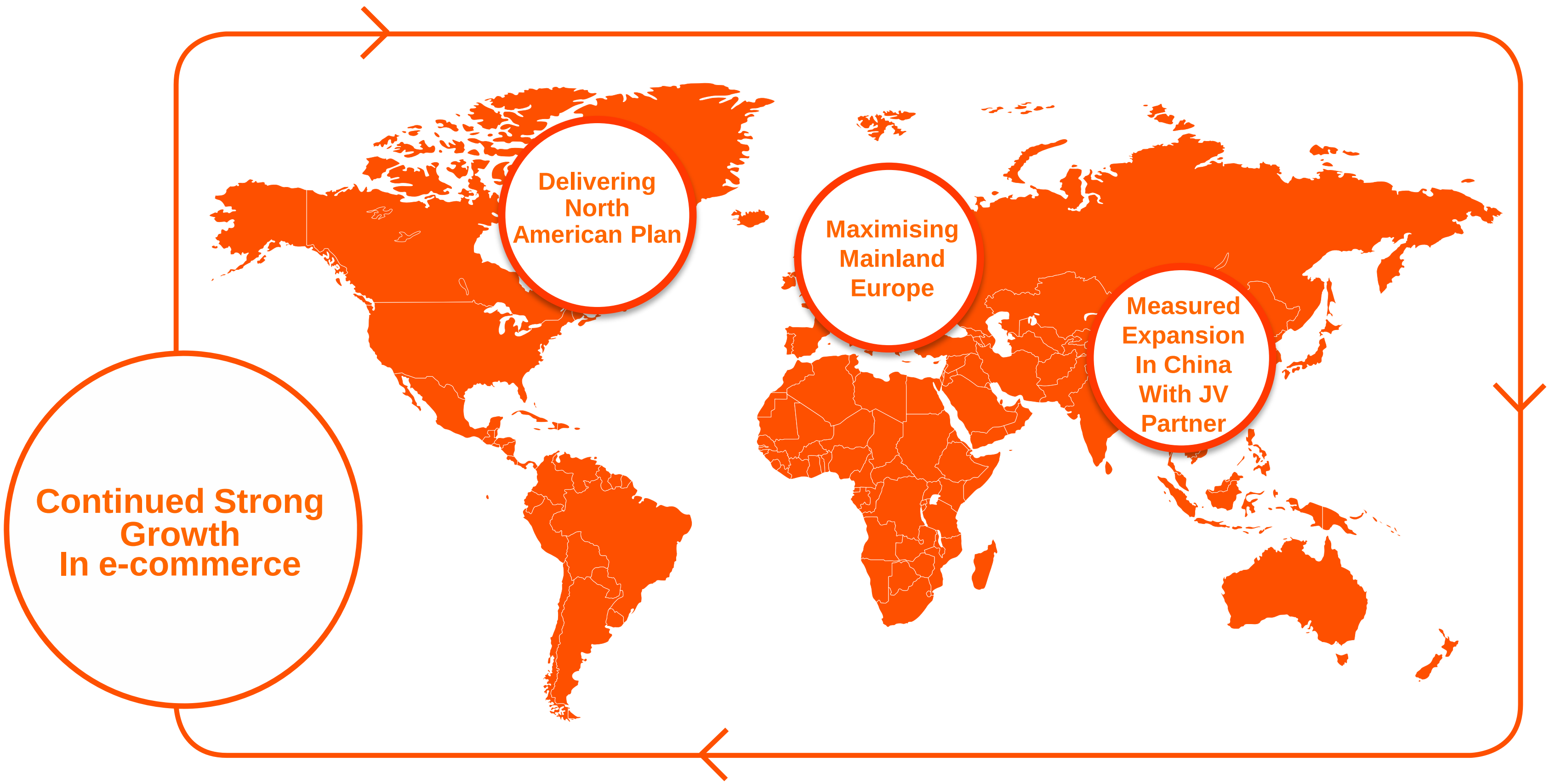
Performance In Line With Expectations

- 22 stores including 4 franchises at year-end
- Opening 50k sq.ft. of new space in FY16
- Store paybacks and densities in-line with previous guidance
- Strong multi-channel momentum in Superdry.de and Zalando

Global Growth.

Established Routes To Grow In Territories Across The Globe



Financial Calendar.

Ongoing Commitment To Transparent Communication

Event	Date/ timing
Q1 update	July/Early August
Q2 update	Early November
Interim Results	Mid December
Peak trading update	Mid January
Q4 trading update	Early May
Full Year Results	Early July

Exact dates will be confirmed in subsequent announcements and on www.supergroup.co.uk.
The financial calendar will be reviewed in line with market developments and best practice.

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Super Dry®

Summary.

Deliver Global Growth And Improved Efficiency

Financial

- Delivered continued profit and revenue growth
- New stores continue to generate good returns
- Capture stock management and cash flow opportunity
- Current trading strong
- Expect FY16 underlying profit in line with current consensus

Strategic

- Embed the brand across all geographies and channels
- Drive customer awareness of breadth of product range
- Continue to enhance the design to customer process
  - Improve speed to market
  - Capture cost efficiencies
- Ongoing investment in wholesale, process and systems
- Capture significant global growth opportunity

Q&A

Appendix

Summary Balance Sheet.

	2015 £m	2014 £m
Total Non-Current Assets	153.6	147.7
Inventories	107.9	77.8
Trade & Other Receivables	70.3	54.3
Derivative financial instruments	10.4	-
Cash and cash equivalents together with term deposits classified as an other financial asset	77.6	86.2
Total Current Assets	266.2	218.3
Total Current Liabilities	92.8	73.1
Net Current Assets	**173.4**	**145.2**
Total Non-Current Liabilities	31.8	31.7
Net Assets	295.2	261.2

About Trendy International Group.

Super Dry®
极度乾燥(しなさい)

- Trendy International Group ('Trendy') was established in 1999. It's an innovative fashion and lifestyle retail corporation renowned for its perfect union of art and business.

- It has 9 brands which include 5 domestic brands: **ochirly** (ladies fashion brand), **Five Plus** (ladies fashion brand), COVEN GARDEN (ladies fashion brand), TRENDIANO (men's Fashion brand) and **ochirly kids** (Kid's wear). Moreover, Trendy acquired the global ***MISS SIXTY***, ENERGIE and *Killah* for Asia Region.

- Since the Greater China Region partnership was established with 10·corso·como in 2013, a luxury lifestyle concept store, Trendy has expanded its business from a fashion group to a fashion and lifestyle group.

- Trendy proactively furthered its path in international retail since 2011 with the investment by L Capital Asia (the investment arm of LVMH) to build on its fashion leadership in the domestic market, regionally and globally.