

SuperGroup.Plc

**Interim
Announcement
Presentation**

DECEMBER 12TH 2013



Shaun Wills.

CHIEF FINANCIAL OFFICER



Today's agenda.



Financial results

Shaun Wills Chief Financial Officer

Business update

Susanne Given Chief Operating Officer

Product development
and summary

Julian Dunkerton Chief Executive Officer

Q&A

Introduction.

- > Strong first half financial performance across all channels
- > Infrastructure projects underway, on track and on budget
- > DC set-up complete and operating as planned
- > Deals in Spain and Germany completed
- > Further improvements in womenswear product and performance
- > Further strengthening of the management team
- > Brand remains strong and desirable



Financial Summary.

- > Group sales growth of **+21.4%**
- > LFL sales growth of **+8.1%**
- > Gross margin percentage ahead of expectations **+50 bps**
- > Underlying profit before tax **+21.8%** at **£17.9m**
- > Underlying operating margin **maintained**
- > **38,000** square feet of new owned space opened
- > **35** franchised and licensed stores opened
- > Cash increased by **+£44.6m** on last year to **£61.5m**

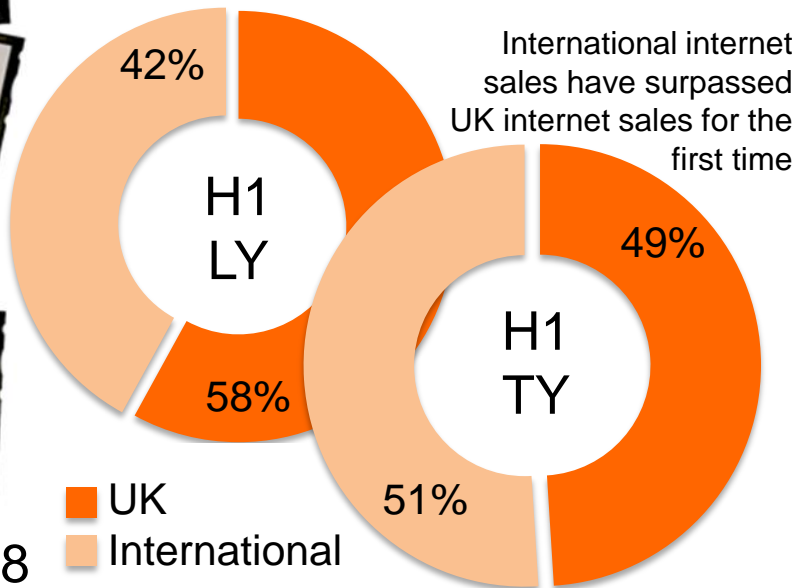
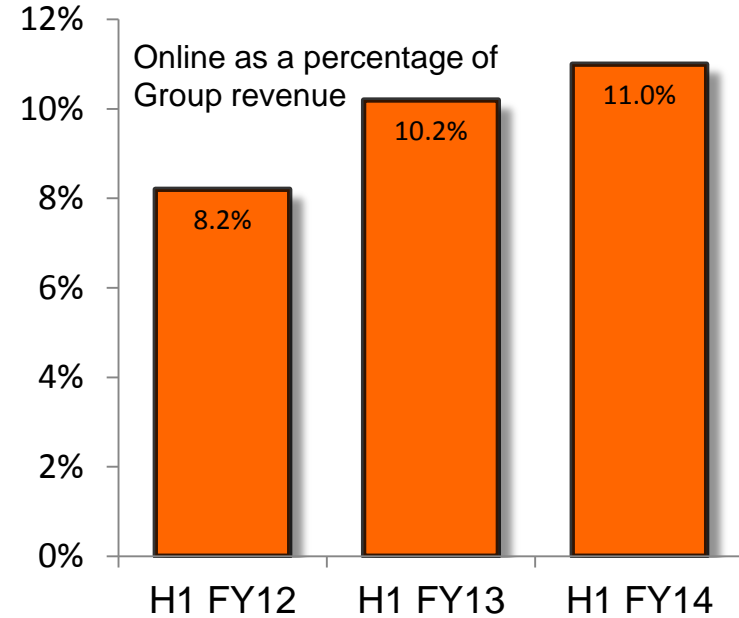
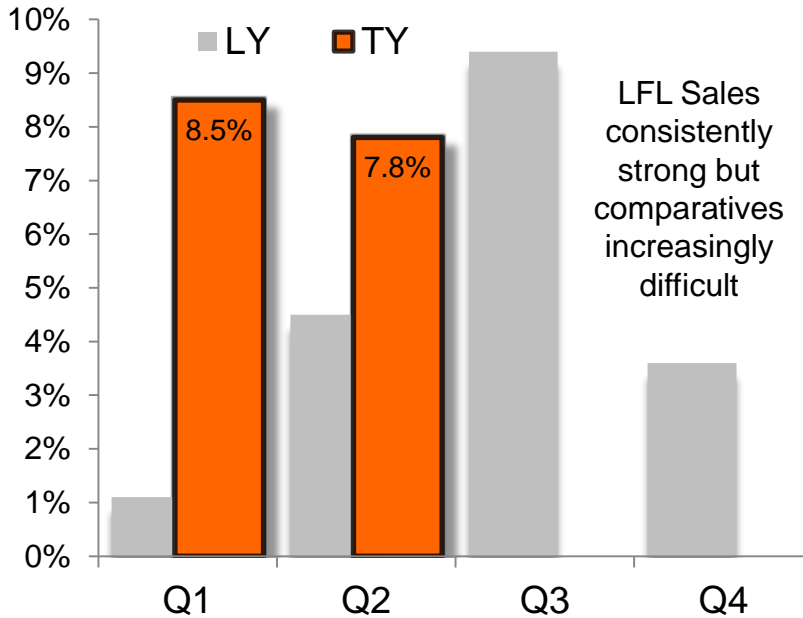


Profit and loss account.

	2014 H1	2013 H1	Change
Sales - retail	117.0	98.1	19.3%
- wholesale	75.1	60.1	25.0%
- total	192.1	158.2	21.4%
Gross profit - £m	109.2	89.0	22.7%
- %	56.8%	56.3%	50 bps
Costs	(92.8)	(77.4)	19.9%
Other items	1.5	3.1	-51.6%
Underlying profit	17.9	14.7	21.8%
Non-underlying adjustments	(8.0)	(0.8)	
Profit before tax	9.9	13.9	-28.8%

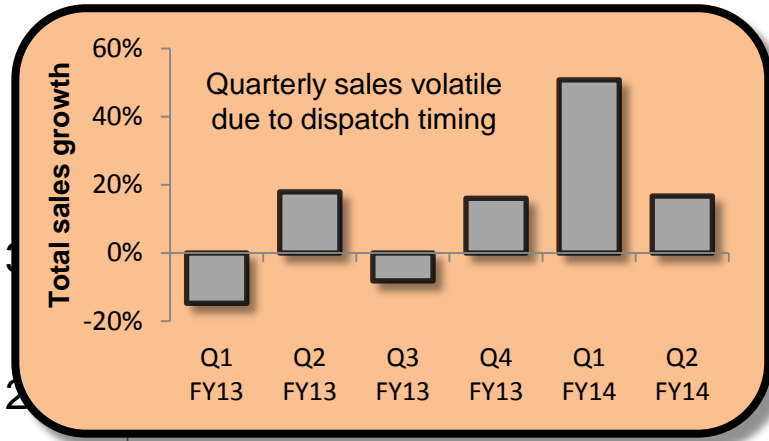


Retail sales.



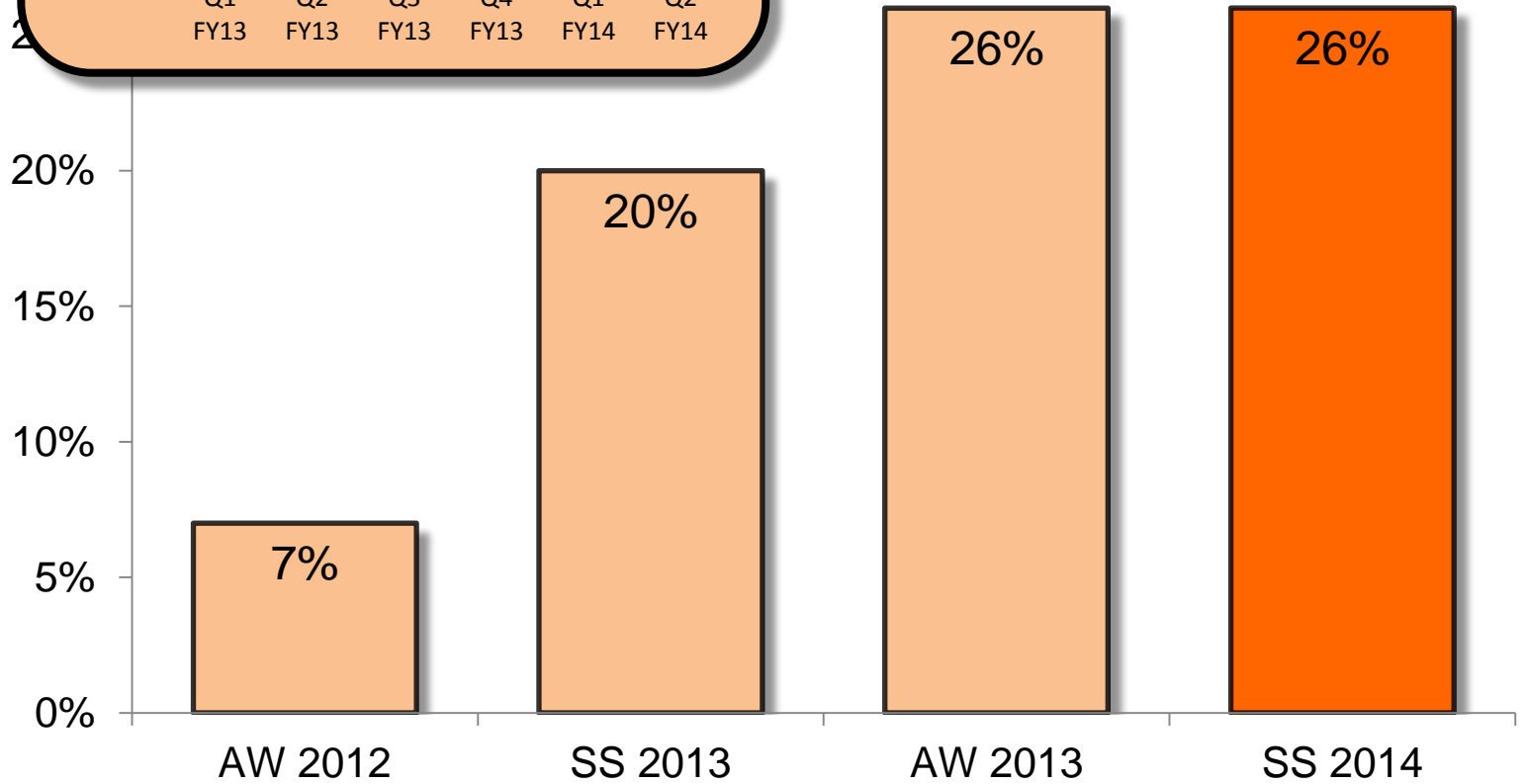
Components of online growth		2014 H1
UK growth		11.0%
Rest of world growth		54.3%
Full-price internet		29.3%
eBay		-16.6%
Total e-commerce		18.7%

Wholesale sales.



Order book consistently over 20% up for 3 quarters

Order book growth



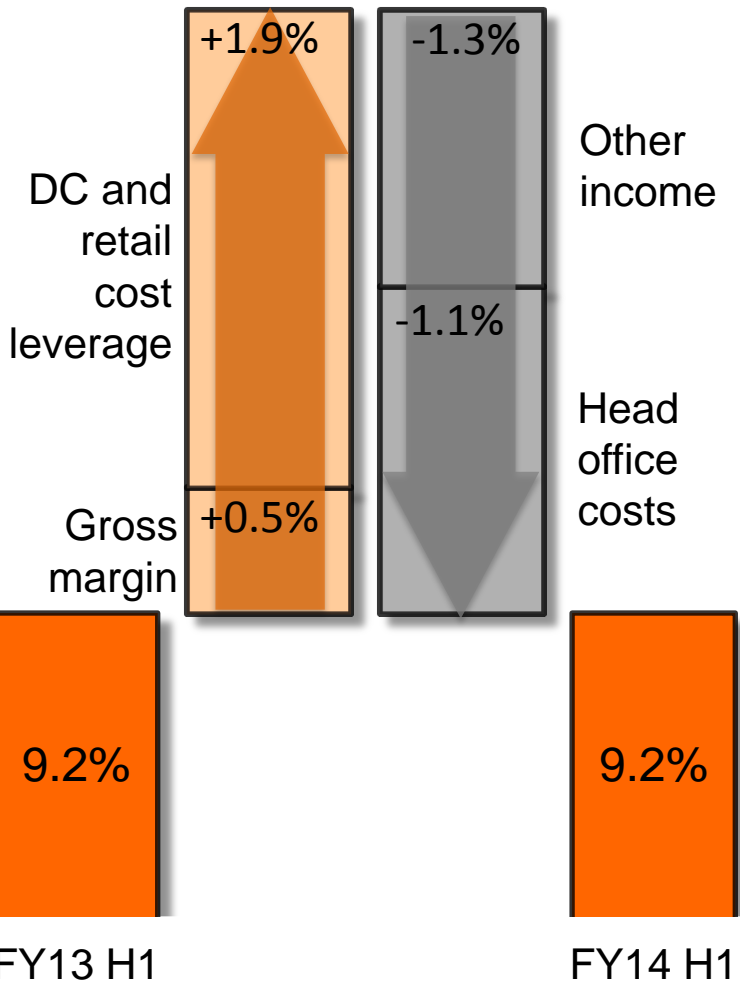
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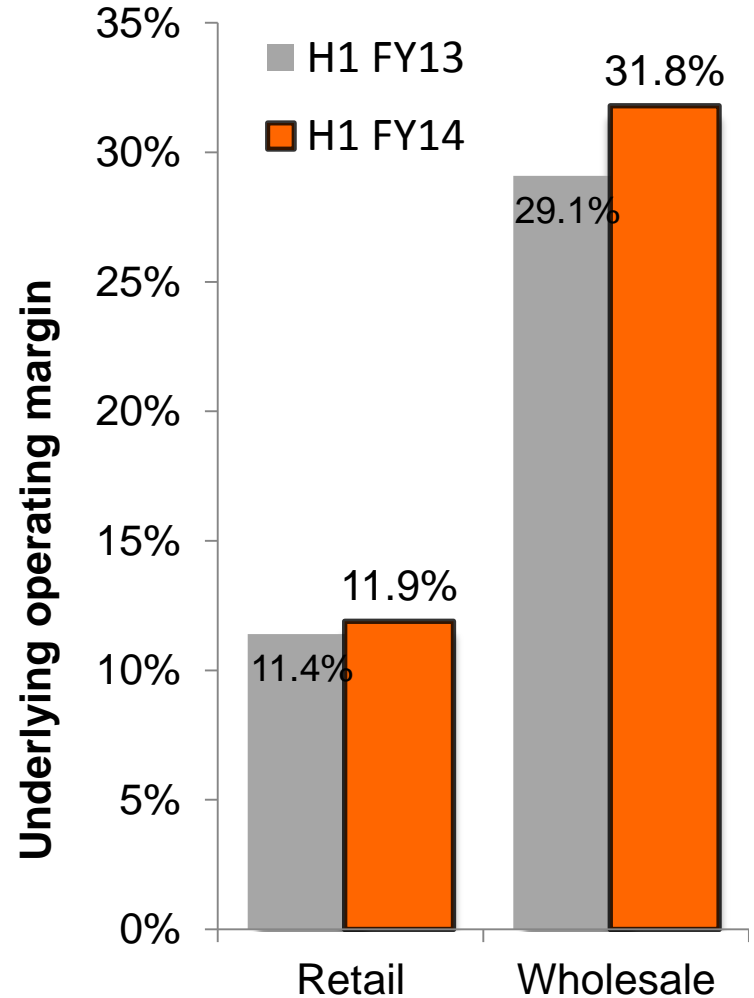


Underlying operating margin.

Group operating margin maintained



Divisional operating margins both improved



Underlying costs.

	2014 H1	2013 H1	Change
Store costs	44.6	37.3	19.6%
Distribution costs			
Total	13.7	12.7	7.9%
Less exceptionals	(1.4)	-	-
Underlying distribution costs	12.3	12.7	-3.1%
Head office costs			
Long- and short-term incentives	2.1	0.4	-
Other payroll and payroll related	10.4	8.4	23.8%
Other head office costs	12.7	9.7	30.9%
Total head office costs	25.2	18.5	36.2%
Depreciation	10.7	8.9	20.2%
Total underlying costs	92.8	77.4	19.9%

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Non-underlying adjustments.

	2014 H1	2013 H1	Change
Underlying profit before tax	17.9	14.7	21.8%
<u>Exceptional items</u>			
DC set-up	(1.4)	-	
DC dual running	-	-	
Total DC related	(1.4)	-	
Buy-out and acquisition costs	(2.3)	-	
Total exceptional items	(3.7)	-	
<u>Fair value re-measurements</u>			
Deferred contingent share consideration	(1.9)	(2.1)	
Forward foreign exchange contracts	(2.4)	1.3	
Total re-measurements	(4.3)	(0.8)	
Operating profit	9.9	13.9	-28.8%

Cash flow.

	2014 H1	2013 H1
Cash generated from operations	27.5	22.3
Change in inventories	(2.8)	(25.1)
Change in other working capital	0.9	(1.8)
Capital expenditure	(17.2)	(9.2)
Tax paid	(0.9)	(1.9)
Landlord contributions	3.0	1.9
Other	0.2	(0.1)
Underlying cash inflow	10.7	(13.9)
Buy-outs and associated fees	(2.3)	-
Exceptional DC costs	(1.4)	-
Reported cash inflow	7.0	(13.9)
Cash and cash equivalents	61.5	16.9



Capex and investments.

	Spend to date	FY14 Guidance	
		From	To
New stores and refits	9.4	15.0	18.0
IT systems inc. e-commerce	3.1	6.0	8.0
Distribution centre	3.5	4.5	5.5
Other capex	1.2	0.5	0.5
Total capital expenditure	17.2	26.0	32.0
Investment in European partners	2.3	5.0	6.0
Total 'investment' spend	19.5	31.0	38.0

FY14 guidance.

- > First half margin growth likely to result in full-year margin improvement of up to 50 basis points
- > Most of the important Christmas trading period still ahead
- > Space growth of 80,000 – 100,000 square feet (unchanged)
- > Tax rates will remain stable
- > Further capital investment and depreciation from investment programme
- > Significant exceptional costs of circa £5m in H2 due to restructuring and dual running the DC and the German transaction





Susanne Given.

CHIEF OPERATING OFFICER

Business update.

- > Distribution Centre
- > Information Technology
- > E-commerce
- > International growth



Distribution centres.



Gloucester Business Park

- > SS full price retail*
- > Outlet operations
- > Recalls
- > Trade
- > AW and prior stock migration

Barnwood, Gloucester

- > Key UK wholesale accounts
- > eCom pick and despatch
- > eBay operations

Merchtem

- > European outlets

Burton-upon-Trent

(fully operational May 2014)

Peak replenishment safeguarded

- AW13 full price stores delivered from Gloucester Business Park.
- eCommerce and eBay delivered from Barnwood.
- *SS14 stock received into Burton from December 2013

Items in black transferred

21 *Items in orange transfer by May 2014*

Information technology.

Core systems - on track, on budget

BT Expedite MMS Core System



Expedite & Fresca

Multichannel Retail Specialists

- > In user acceptance testing - training scheduled after peak.
- > Rollout of stock management complete – phased cutover March 2014.
- > Initial POS development complete and in system testing - to be released to SuperGroup in January.

**Essential for growth
Efficiency gains**

Other Systems Changes FY14

HR/payroll

- > Central payroll replacement.
- > Time and attendance recording.
- > Generation of store rosters to enable scheduling efficiencies.

Finance system replacement

- > Selection of CODA, a well proven solution used in Retail.
- > Enhanced functionality includes budgeting, purchase order processing
- > Spring 2014.

**Essential for growth
Efficiency gains**

E-commerce developments.

Never standing still



Visual

- Video
- Improved zoom
- Tablet specific site
- Revised look and feel
- Rich banner content
- Brand appropriate models
- Enhanced photography

Communication

- Localised e-mail campaigns
- On-site reviews
- Individual targeted e-mails

Omni-channel

- Click and collect
- In-store kiosks

Service

- Single page checkout
- Site usability review
- Virtual fitting room
- Collect + returns
- Faster delivery options
- Local return hubs

Merchandising

- Personalised product recommendations
- Online gift vouchers
- 'Get the look'

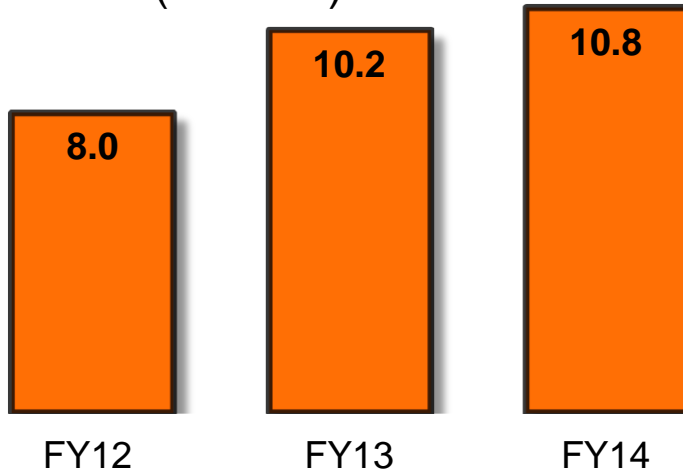
International

- Australia
- South Korea
- International mobile sites
- Chinese trial
- International payment options

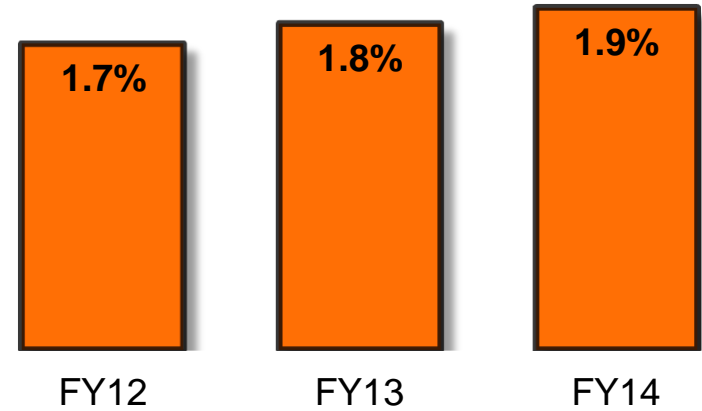
E-commerce (excluding eBay)

H1 Key performance indicators

Visits (millions)



Conversion (%)



Average order value (£)



- > Strong growth in average order value driven by impact of international mix
- > Tablet sales 22% of ecommerce sales
- > Mobile sales 11% of ecommerce sales

E-commerce.

Global reach

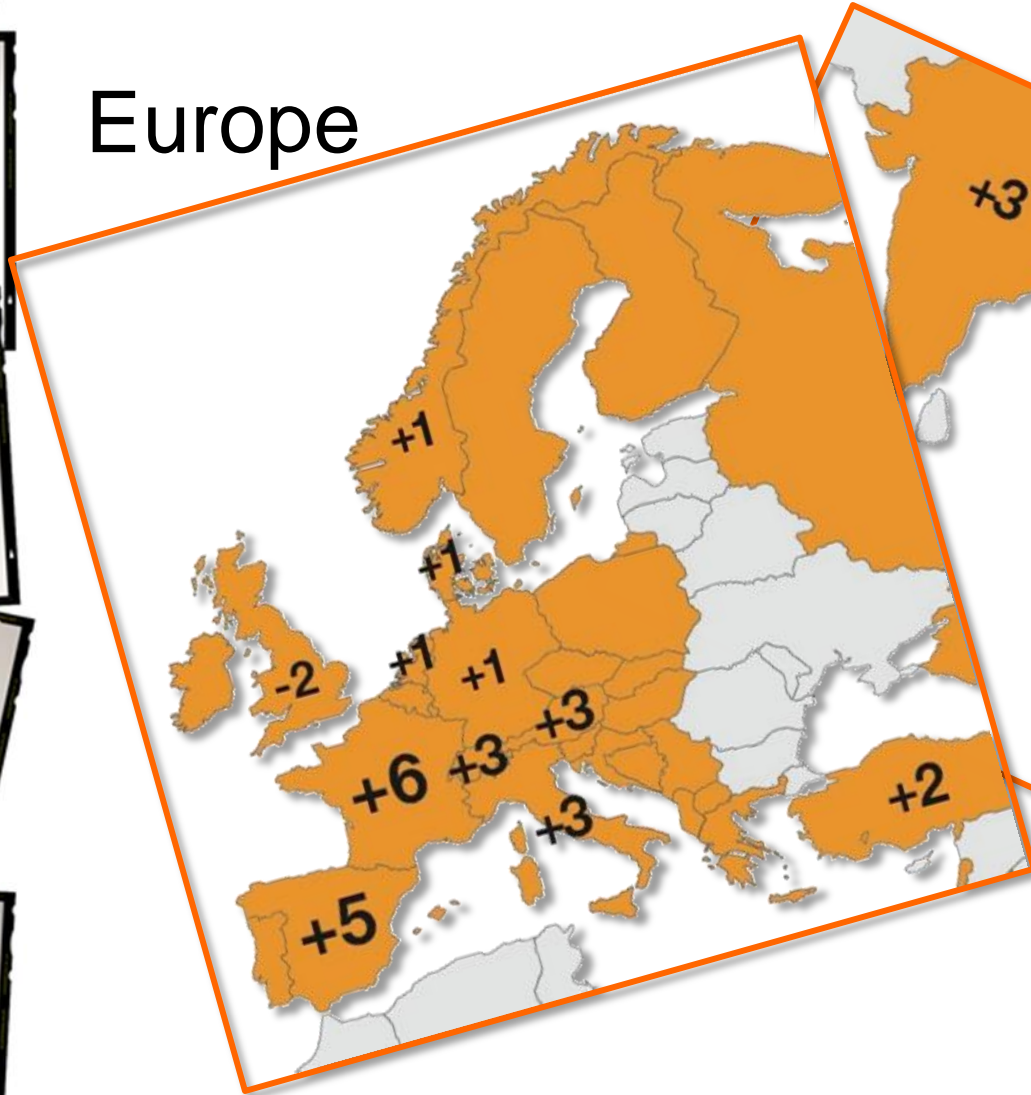


- > 16 country specific sites - US, China added
- > Taiwan, Australia and South Korea - Planned early 2014

International.

H1 franchise growth

Europe



South East Asia



Germany.

- > Acquisition completed 31 October
 - 7 stores acquired (1 Austria)
 - 14,000 square feet added
- > Oberhausen performance ahead of plan
- > Pipeline of prime retail sites for 2014 including Munich and Hamburg
- > Strongest internet growth globally
- > More than 200 independent stockists



Europe.

Market opportunity

Spain.

- > Buy-out of Spanish distribution agreement complete
 - 8 ECI concessions opened
 - further 8 planned in H2
- > 25 franchised stores now operating
- > New Barcelona showroom opened



Europe.

European expansion

France.

- > Aeroville 7,000 square feet
- > Planned openings: Marseille and Les Halles
- > 43 franchised stores
- > 2nd strongest internet growth

Netherlands.

- > Amsterdam 5,000 square feet open
- > Strong LFLs from existing stores and franchises
- > Under-potentialised market



Julian Dunkerton.

CHIEF EXECUTIVE OFFICER



Summary.

- > First half performance shows brand remains desirable across all territories
- > E-commerce growth pleasing, both UK and international
- > International developments presenting further future opportunities
- > Infrastructure developments on track
- > Well set for Christmas in stores and online
- > Wholesale growth in spring / summer reinforces confidence beyond current season



Appendix



Taxation

	£m	Tax rate
Underlying profit before tax	17.9	
Profit multiplied by time weighted UK standard rate	4.1	22.8%
Tax impact of:		
Non qualifying depreciation and expenditure	0.3	24.6%
Amortisation of Regent Street lease premium	0.1	25.1%
Overseas profits taxed at a higher rate	0.1	25.7%
Underlying income tax expense	4.6	25.7%
Reduction in cash tax due to deferred tax	(1.7)	
Cash tax for the period	2.9	16.2%