

極度乾燥(しなさい)
Superdry.[®]

Interim Results
26 Weeks Ended 24 October 2015

SuperdrySnow Film.

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Agenda.



Introduction

Euan Sutherland
CEO

Financial Results

Nick Wharton
CFO

Strategic Progress

Euan Sutherland
CEO

Q&A

1H16 Overview.

Strong Trading Performance Across All Customer Channels

- Positive trading performance across channels & priority territories
- Continued strong performance in e-commerce
- On track to deliver FY16 space growth target & healthy new store pipeline
- Solid growth in franchise & wholesale operations
- Strong profit growth
- Maiden interim dividend of 6.2 pence per share

Strategic Progress.

Four Pillar Strategy Delivering Global Lifestyle Brand

Embed

Extended customer insight
Store experience trial in development
Action plan to become a 'great' place to work

Enable

Retail stock pool successfully combined
Further strengthening of leadership team
Good progress on resetting Wholesale

Extend

Encouraging Womenswear progress
Premium Idris Elba range launched
Product innovation programme: Sport & Snow

Execute

Owned retail expansion continued in EU
Franchise growth on target
US turnaround continuing

Financial Performance

Nick Wharton



1H16 Financial Overview.



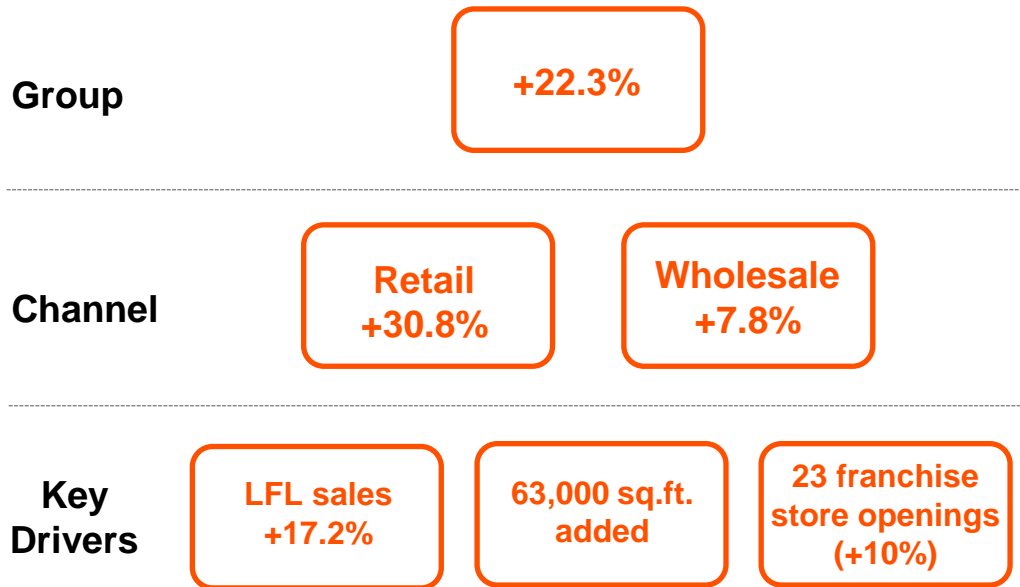
Good Start To FY16 On All Key Financial Metrics

	1H16	1H15	Growth
Sales (£m)	254.7	208.2	22.3%
Like-for-like	17.2%	(4.1)%	
Gross margin	60.1%	59.0%	110bps
Costs (£m)	(138.2)	(112.6)	(22.7)%
Operating margin	7.6%	5.8%	180bps
Group underlying profit before tax (£m)	19.3	12.5	54.4%
Underlying profit before tax excl. North America (£m)	21.7	12.5	73.6%
Underlying basic EPS (p)	20.0	11.9	68.1%
Dividend per share ¹ (p)	6.2	-	
Net cash flow (£m)	1.1	(19.2)	£20.3m

¹ Based on a dividend cover of 3.2x FY15 underlying basic EPS.

1H16 Sales Analysis.

Sales Momentum Across All Channels



Global Owned Retail

- New space
 - 21.2% average space increase
 - 63k sq.ft. EU new store openings (+9%)
 - 827k sq.ft. closing space (EU: 778k sq.ft.)
- Like-for-like
 - Sales momentum continued (Q1:19.3%; Q2:15.5%)
 - Strong e-commerce growth

Wholesale

- Good performance despite Euro headwind
- Continued growth in core operations
 - Increased in-season sales
 - 23 additional franchise stores and licensees

Gross Margin.

110bps Accretion Due to Sourcing Benefits and Revenue Mix

Mix benefit

- Retail vs Wholesale participation
- EU store expansion
- Reduced clearance sales in Wholesale

Sourcing improvements

- Benefit from buying scale & direct sourcing
- Re-investment in pricing & product

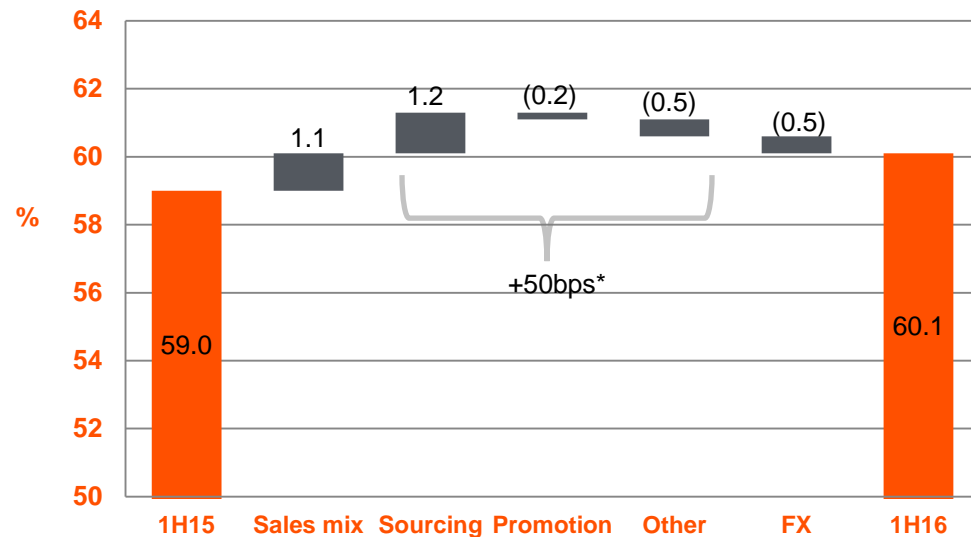
Promotional programme

- Focused programme to clear excess seasonal stock in situ – cost efficient
- Participation remains very low

Foreign currency

- Euro headwind on sales

1H15 to 1H16 movement



* Gross margin drivers subject to guidance.

Selling & Distribution Costs.



Cost Leverage From LFL Growth

Store costs (+ 18% Yr on Yr)

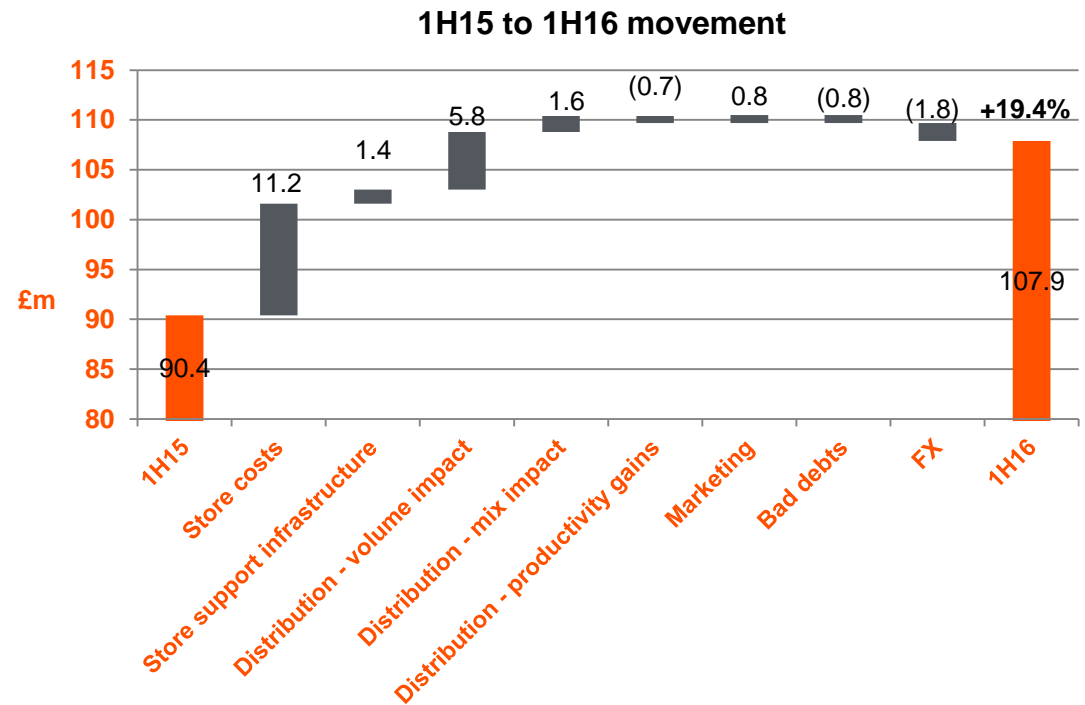
- Primarily driven by increase in owned space of +21%

Distribution costs

- Sales mix inefficiencies
 - E-commerce mix
 - Additional warehouse space
 - EU expansion
 - Stock uplifts
- Continued productivity gains offset

Other

- Investment in EU area manager network and back office
- Improved credit control in Wholesale
- Translation benefit on €/\$ denominated monetary assets/liabilities



Central Costs*

Long-Term Enabling Investment Continues

Key central costs

- Increased by 20%, compared to sales growth of 18% (Excl. North America & variable pay)

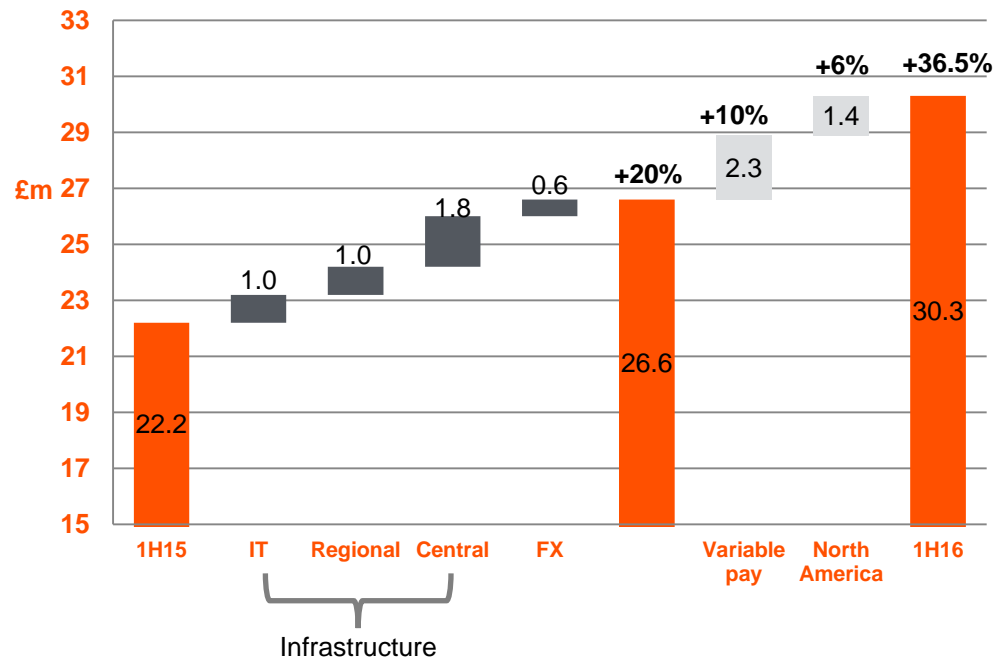
Infrastructure

- Regional
 - Enhanced capability in market (e.g. EU store development team)
- Central capability strengthened
 - Merchandising
 - E-commerce
 - Business transformation

Variable pay

- Return to normal levels

1H15 to 1H16 movement



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

US Update.

Integration Timeline Extended

- Customer offer repositioning
 - Legacy stock substantially cleared
 - Merchandising and replenishment transferred to Global Infrastructure
 - Better range; pricing; availability and product density achieved by end October
 - Good performance in e-commerce
- On track to reduce operating costs by \$2m year-on-year
 - Losses mitigated in 3 stores by rent reduction, rolling leases and acquisition adjustments
- Expect to reduce operating loss by a third in FY16

Operating Margin Bridge.



Improvement From Sales Mix; Sourcing and Productivity Gains

Sales mix

- Like-for-like growth leverages store cost base

Sourcing and productivity gains

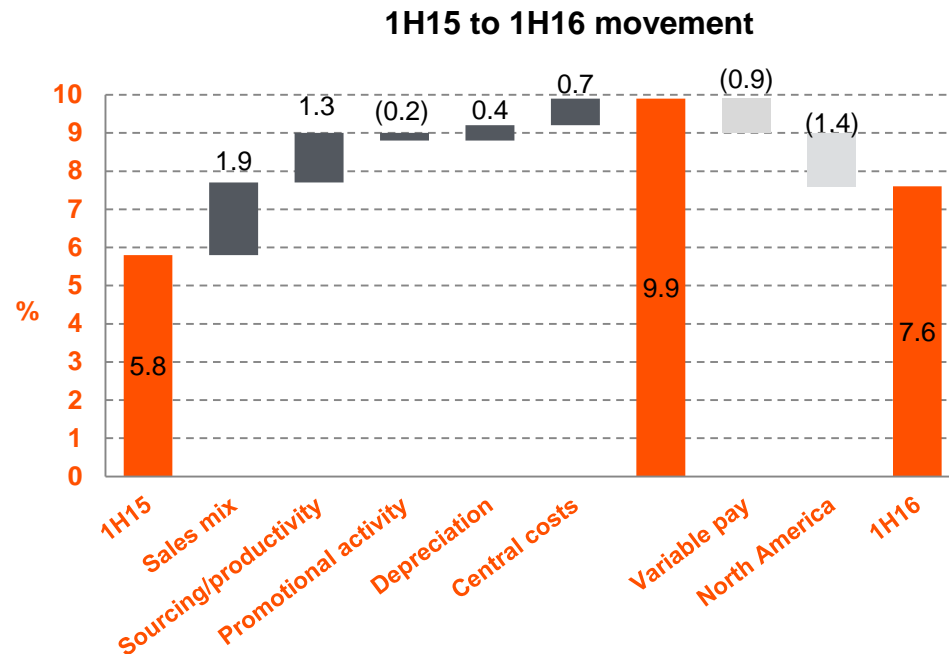
- Sourcing strategy drives margin improvement
- Productivity gains within distribution

Promotional programme

- Run-rate of promotional activity to annualise in H2 2016

North America

- Margin dilutive whilst in turnaround



Cash Flow.

Strong Net Cash Position

	1H16 £m	1H15 £m
Cash generated from operations	34.9	21.7
Working capital movement	1.1	(19.1)
Interest income	-	0.4
Income taxes paid	(12.0)	(4.9)
Underlying cash generation	24.0	(1.9)
Purchase of property, plant, equipment	(22.2)	(14.3)
Acquisitions	-	(3.0)
Other	(0.7)	-
Net increase/(decrease) in cash	1.1	(19.2)
Exchange rate movements	1.3	(0.4)
Opening net cash	77.6	86.2
Closing net cash*	80.0	66.6

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

Working Capital.

Excess Inventory Unwinding in Line with Expectations

Inventories

- Like-for-like inventory 3% lower
- Unwinding stock overhang from FY15
- New store injection c.£8.3m
- US stock c.£4.4m
- Early benefits from design to customer improvements

Trade Receivables

- In line with wholesale sales growth

Trade Payables

- Timing of AW15 deliveries
- Supplier switch from Letters of Credit

	1H16 £m	1H15 £m	% change
Inventories	117.7	108.2	(8.8)
Trade & Other Receivables	54.3	49.7	(9.3)
Trade Payables	(91.4)	(65.7)	39.1
Total working capital investment	80.6	92.2	12.6

Capital Investment.

New Store Programme Continues With Strong Returns

New Stores

- Attractive returns on investment
- FY12-FY15 new stores average post tax payback 22 months
- Payback target c.30 months

Infrastructure Investment

- Expansion of UK DC
- Investment in systems
 - merchandise planning system
 - upgrade to core wholesale operating system
 - roll out of finance system to overseas subsidiaries

Head Office

- Continued investment to support global business growth

	1H16 £m	1H15 £m
New stores	17.5	9.0
Existing stores	2.4	1.0
Distribution Centre	1.8	-
Information Technology	3.1	3.6
Head Office	4.4	4.4
Change in capital creditor	(7.0)	(3.7)
Cash Investment	22.2	14.3

FY16 Guidance.

Profit Expected in Line With Consensus*

Unchanged		Updated	
Underlying profit	<ul style="list-style-type: none"> In line with analyst expectations 	Space growth	<ul style="list-style-type: none"> 130k sq.ft. owned store expansion <i>Previous: 120–130k sq.ft.</i>
Selling & Distribution costs	<ul style="list-style-type: none"> Increase with revenue 	Gross margin	<ul style="list-style-type: none"> 40–60bps accretion <i>Previous: 0–30bps</i>
Central costs	<ul style="list-style-type: none"> Grow ahead of revenue 	Capital	<ul style="list-style-type: none"> c.£45m investment <i>Previous: c.£35m</i>
Working capital	<ul style="list-style-type: none"> Grow slower than sales 	North America performance	<ul style="list-style-type: none"> FY16: £3.0–3.5m loss FY17: Small loss <i>Previous: FY16 c.£2.5m</i> <i>Previous: FY17: breakeven</i>
		Effective Tax Rate	<ul style="list-style-type: none"> FY16: c.22%

* FY16 underlying profit before tax consensus: £72.1m; based on 52 weeks.

FY16 is a 53 week statutory period. The Group will present both 52 and 53 week results for FY16.

Financial Summary.

Good Performance Across All Key Financial Metrics

- Strong revenue growth across all channels
- Improved gross margin with further sourcing opportunities
- Continued strengthening of central infrastructure
- Underlying operating margin growth from sales mix & productivity gains
- Good net cash generation funds ongoing store opening programme & ordinary dividend

Idris Elba Launch Film.

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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.

Our brand values for long term sustainable growth

Achieved

- ✓ UK: increased frequency of shop & strong and improved brand awareness
- ✓ Customer insight extended to Germany
- ✓ Action plan post colleague engagement survey to take us from 'really good' to 'great'

Near-Term Priorities

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





Investment in people, systems & infrastructure

Achieved

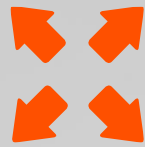
- ✓ Appointed Global Retail Director – completes Executive Team
- ✓ Successfully combined stores and e-commerce into single stock pool
- ✓ Implemented merchandising planning system
- ✓ Increased Wholesale participation of in-season sales
- ✓ Maiden global supplier conference

Near-Term Priorities

- Deploy iKiosk in Continental Europe
- Open EU & US Retail distribution centre
- Further improve Wholesale category and range planning



Extend.



Achieving growth potential in key categories

Achieved

- ✓ Customer insight drives womenswear growth
- ✓ Launched **IDRIS** AW15 collection
- ✓ Trialled Superdry Sport for women with small collection
- ✓ Extended Superdry Snow – broader & more technical

Near-term Priorities

- Expand **IDRIS** collection into SS16
- Develop AW16 footwear for Wholesale
- Launch extended range of Superdry Sport for Women
- Launch Superdry Sport for Men







Execute.

Growth opportunities in new markets and online

Achieved

- ✓ Added 63k sq.ft. trading space – 14 net new owned stores in 5 countries
- ✓ Enhanced EU store opening programme with dedicated team of experts
- ✓ Positive sales momentum in global e-commerce continued
- ✓ Opened 19 franchise stores in 14 countries
- ✓ Good progress in set-up of China JV with Trendy International Group

Near-Term Priorities

- Achieve target of 130k sq.ft. net new space in EU
- Continue to grow global e-commerce sales
- US: open test stores & reset Wholesale business
- China: identify test store opportunities



Summary.

Delivered Key Performance Metrics & Strategic Progress

Financial

- Delivered strong revenue and profit growth
- New store programme on plan
- Improving working capital position
- Declared maiden interim dividend
- Expect FY16 underlying profit before tax in line with consensus

Strategic

- Improved brand awareness globally and across channels with customer insight and marketing
- Continued growth and improved efficiency through ongoing investment
- Product innovation complements existing range
- Successfully growing Superdry globally, across all channels



Q & A



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Appendix

Summary Balance Sheet.



	1H16 £m	FY15 £m
Total Non-Current Assets	161.8	152.5
Inventories	117.7	108.2
Trade & Other Receivables	79.2	60.3
Derivative and financial instruments	5.3	3.9
Cash and cash equivalents together with term deposits classified as an other financial cost	80.0	66.6
Total Current Assets	282.2	239.0
Total Current Liabilities	108.2	86.8
Net Current Assets	174.0	152.2
Total Non-Current Liabilities	33.8	30.9
Net Assets	302.0	273.8

Exceptional Items.

	1H16 £m	1H15 £m
Underlying profit	19.3	12.5
Re-measurements		
(Loss) / gain on financial derivatives	(5.5)	6.3
Other exceptional items		
Sales discounting of acquired US stock	(2.3)	-
Buy-out of European Partners	-	0.4
Restructuring costs	-	(2.0)
Remeasurements and exceptional items	(7.8)	4.7
Reported profit	11.5	17.2