SuperGroup.Plc

Full Year Results

Year Ended 29 April 2017

Agenda.

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

Overview & Strategic Progress

Euan Sutherland

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FY17 Overview.

Consistent strategy execution further diversifies business model

Brand and strategic progress delivers strong financial performance

- Delivered revenue growth +27%[1] with strong performances across Retail and Wholesale
  - Consistent trading performance across quarters, channels and categories
  - Positive like-for-like in all channels, led by wholesale
- Underlying profit growth +18%[1] and +19%[1] adjusting for development markets and DC dual running costs
- USA at breakeven, in line with acquisition plan
- £60m investment to support business growth
- 21% growth in full year ordinary dividend

1. On a comparable FY16 52 week basis

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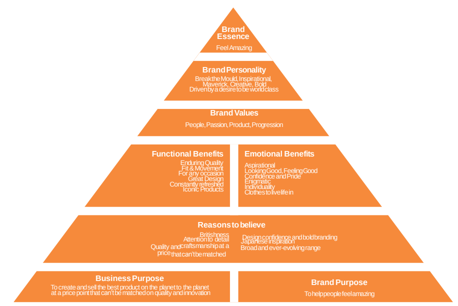
Creating A Global Lifestyle Brand

2015 introduced a clear four-pillar strategy to build 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

Two years of significant progress against each element of the strategy

Embed.



Insight programme introduced

Insight programme extended to key products and geographies

Brand purpose defined

Digital / multi-channel campaigns introduced

Jackets AW16

The night is young

My Superdry This is my city

FY15 — **FY17**

Annual colleague engagement survey launched

Share schemes: BAYE launched, added to SAYE

Superdry Academy introduced

Next generation store trial
- Arndale plus 4
- 7 new stores in next generation format

Sales & Service training to >2,000 colleagues

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Enable.

DCs opened in:
Pennsylvania, USA
Grobbendonk, Belgium

Direct sourcing c.55%

Strengthening design and buying teams

Paula Kerrigan
Transformation Director

Nick Tatum
Global Retail Director

Joint product buys between Wholesale & Retail

i-kiosk EU roll-out completed

Global merchandising function established enabling global range planning

Direct sourcing c.65%

FY15

FY17

Integration of store and e-commerce stock files

Implementation of merchandising planning system

Re-invention of Wholesale go to market approach

India sourcing office operational

E-commerce site content re-design and experience optimisation

Introduction of category management

Hugo Adams
Marketing & Business Development Director

Extend.

Womenswear participation 33.5%

Superdry Sport Women

Superdry Sport Men

Footwear range re-launch

Extended iconicised Jackets ranges cement category ownership

Womenswear participation 36.5%

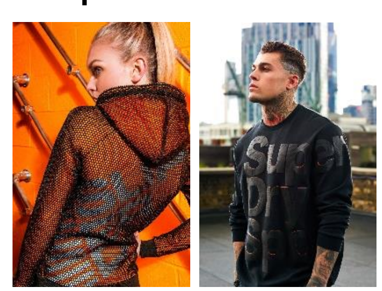
FY15

FY17

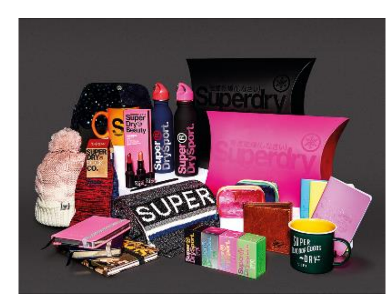
Snow - Broader, more technical range

IDRIS Premium range

SuperDesign Lab James Holder
– New innovation
– Speed to market



Seasonal gifting range launch extends lifestyle offer

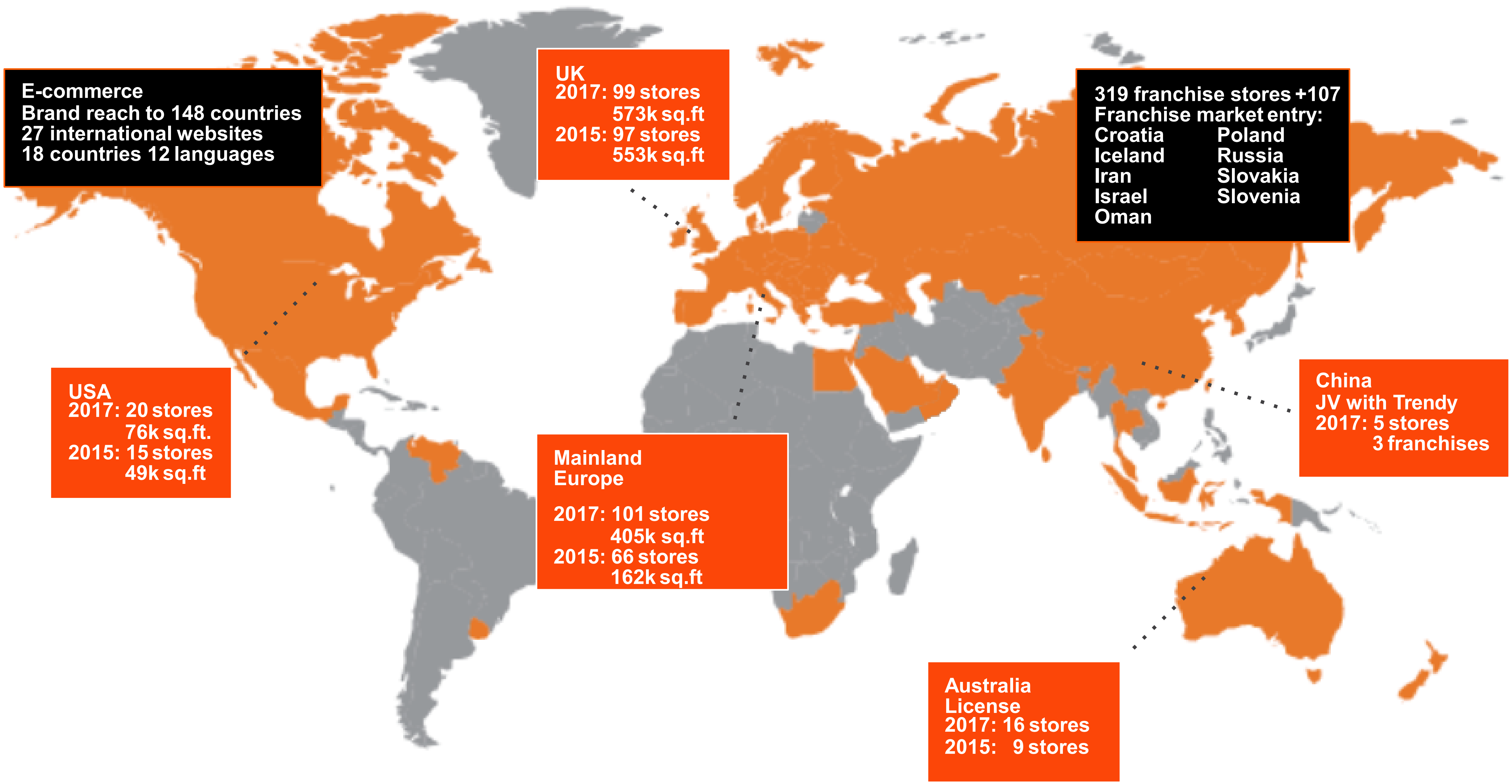


Innovation range extensions to Wholesale channels

Execute.

FY15 – FY17 Progress

Global branded store presence 555 stores +156 stores
Own store space 220 stores +42 stores and 1.1m sq. ft. +38%
E-commerce penetration 25.9% +770bps



Near-term Priorities.

Embed.

- UK store estate: Next generation re-fit programme 10 stores
- Digital marketing campaigns
  - 2017 Summer campaign
  - Autumn / Winter 2017 Jackets
- Colleague engagement
  - Superdry Academy development programmes
  - Extend community engagement activities

Enable.

- Crystallise benefits from design to customer led efficiencies
  - Significantly increase wholesale / retail range cross-over
  - Reduced inventory levels
- Extend capability and secure improvements in new DCs
  - Faster store replenishment and e-commerce delivery
- Open China sourcing office to increase direct sourcing
- Implement best-of-breed E-commerce order management system
- Extend B2C digital capacity to wholesale channel

Near-term Priorities.

Design to customer and distribution infrastructure changes enable operating efficiencies

Stock model protected sales but limited efficiency

- Wholesale retail crossover limited
  - Eg; Options, coordinated buying, inventory pools
- Early and concentrated buying
- Single global distribution capability

Planned activities crystallising in FY18 & FY19

- Overall reduction in options
- Global brand design and merchandising introduced
- Buying model
  - All year round continuity
  - Four seasons
  - Fast track
- Multi channel regional distribution centres
- Single integrated stock pool

Near-term Priorities.

Extend.

- Significant growth potential from range innovations
  - Womenswear
  - Sport
  - Premium
- Global sport standalone stores
- SuperDesign Lab
  - Sport
  - Fast track to market

Execute.

- Continue to grow global e-commerce sales
- Opening of branded stores:
  - Measured expansion across Europe c.75,000 square feet new space
  - c.60 new franchises to open including new countries; Bulgaria, Serbia and Ukraine
- Developing markets:
  - USA: Open c.10 new stores and accelerate Wholesale growth
  - China: Continue store roll-out centred on a franchise model (c.5 stores) and ramp up e-commerce.
- Wholesale: Long-term mid-double digit growth opportunity

Near-term Priorities.

Standalone Superdry Sports Stores

- Significant range progress for AW17
  - Key technical attributes extended across range
    - Including; breathable, permanent moisture wicking, super reflective, seamless construction, antibacterial
    - Majority of range with multiple attributes
  - Fashion forward capability as clear point of difference

- Stand-alone Sport store opportunity
  - Initially via franchise
  - 3-5 stores globally in 2017

- Redesigned “Shop-in-Shop” as part of Next Generation roll out
  - Combined mens / womens offer
  - Increased space

- Emerging wholesale opportunity

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Financial Performance

Nick Wharton

FY17 Financial Overview.

Further year of solid financial performance

	2017	2016[1]	Growth
Sales (£m)	752.0	590.1	27.4%
Like-for-like (%)	12.7%	11.3%	
Gross margin (£m)	453.0	362.9	24.8%
Gross margin (%)	60.2%	61.5%	(130) bps
Net costs (£m)	(363.6)	(288.7)	(25.9%)
Operating margin (%)	11.9%	12.6%	(70) bps
Group underlying profit before tax (£m) Core[2] underlying profit before tax (£m)	87.0 91.4	73.5 76.9	18.4% +19%
Underlying basic EPS (p)	84.5	72.0	17.4%
Full year ordinary dividend per share (p)	28.0	23.2	20.7%
Closing Net cash (£m)	65.4	100.7	

1. FY16 audited full year results were for the 53 weeks to 30 April 2016. We believe that the 52-week period to 23 April 2016 reflects better the underlying performance of the business when compared to financial year 2017.
2. Excluding DC migration costs and initial development market losses

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FY17 Sales Analysis.

Consistent sales momentum across channels and trading periods

Group	27.4%		
Channel	Retail 20.8%	Wholesale 43.2%	
Drivers	LFL[1] sales 12.7%	154,000 sq.ft. added	76 Franchise openings

Quarterly Growth Profile

%	Q1	Q2	H1	Q3	Q4	H2	FY
Retail LFL – FY17	11.9	13.7	12.8	14.9	9.4	12.5	12.7
– FY16	19.3	15.5	17.2	1.2	15.4	8.0	11.3
Wholesale			43.8			42.7	43.2

1. Trading LFL. 12.8% on a statutory week basis adjusting for the 53rd week in FY16

Group

- Currency contributed c.one-third to sales

Retail

- New space
  - 17% average space increase
  - 124k sq.ft. EU new store openings
  - 1,054k sq.ft. closing space (Europe 405k sq.ft)
- Like-for-like
  - Consistent trading profile
  - Strong e-commerce growth +35%

Wholesale

- Expanding base and growth in core customers
  - Enhanced forward order sales processes
  - Increased in-season sales flexibility
  - Innovation range extensions
- 59 net additional franchise stores (+23% yr. on yr.)

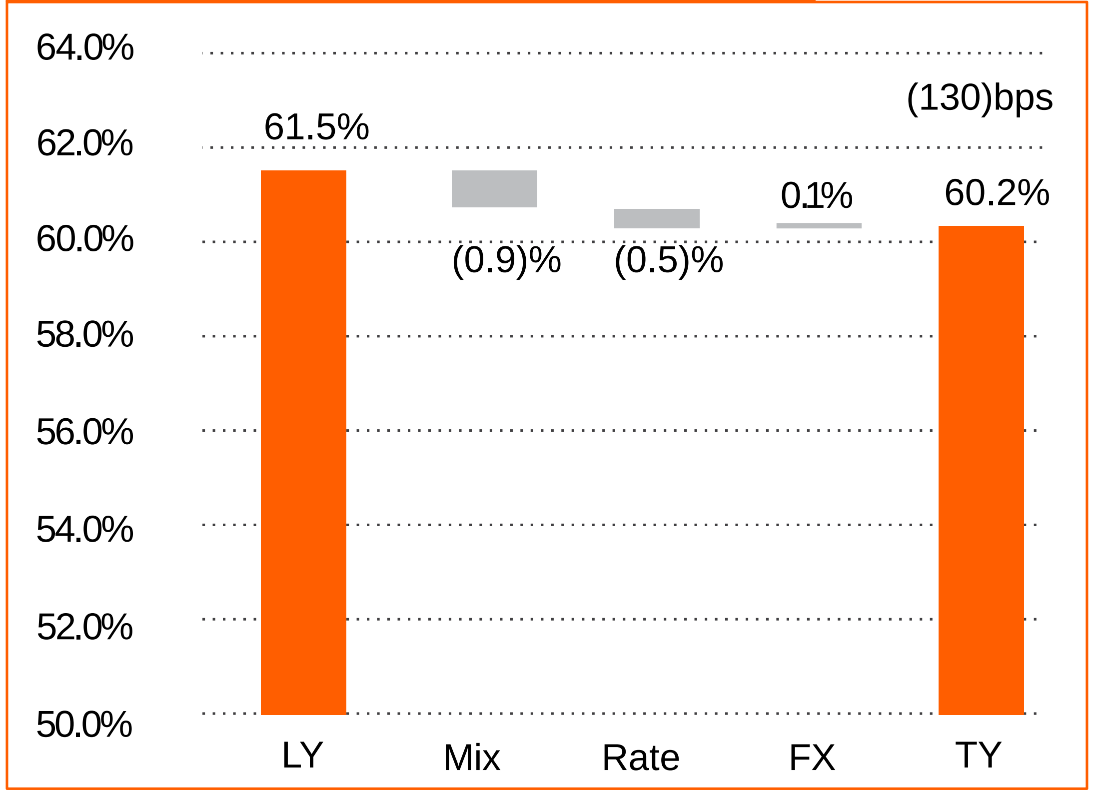
Category

- Further increase in womenswear participation
- Strong innovation ranges participation, particularly Sport

Gross Margin.

Structural dilution from strong Wholesale sales performance

FY16 to FY17 Movement



Half Year Profile	H1	H2
Channel Mix	-80bps	-100bps
Rate (*)	-90bps	-
FX	+40bps	-20bps
Total	**-130bps**	**-120bps**

* Guidance is provided on margin rate variance which includes the impact of trading / promotional strategy

Channel Mix

- Increased Wholesale revenue participation

Margin Rate

Sourcing improvements

- Input inflation offset by scale and direct sourcing benefit
- Consumer selling prices protected, enhancing value credentials

Trading / Promotional impact

- Participation remains low (Below 15%)
- H1 (-90 bps)
  - Clearance activity prior to DC migration
  - Trial of added value promotions
- H2 (Flat yr. on yr.)
  - Clearance activity focused on effective end of season clearance

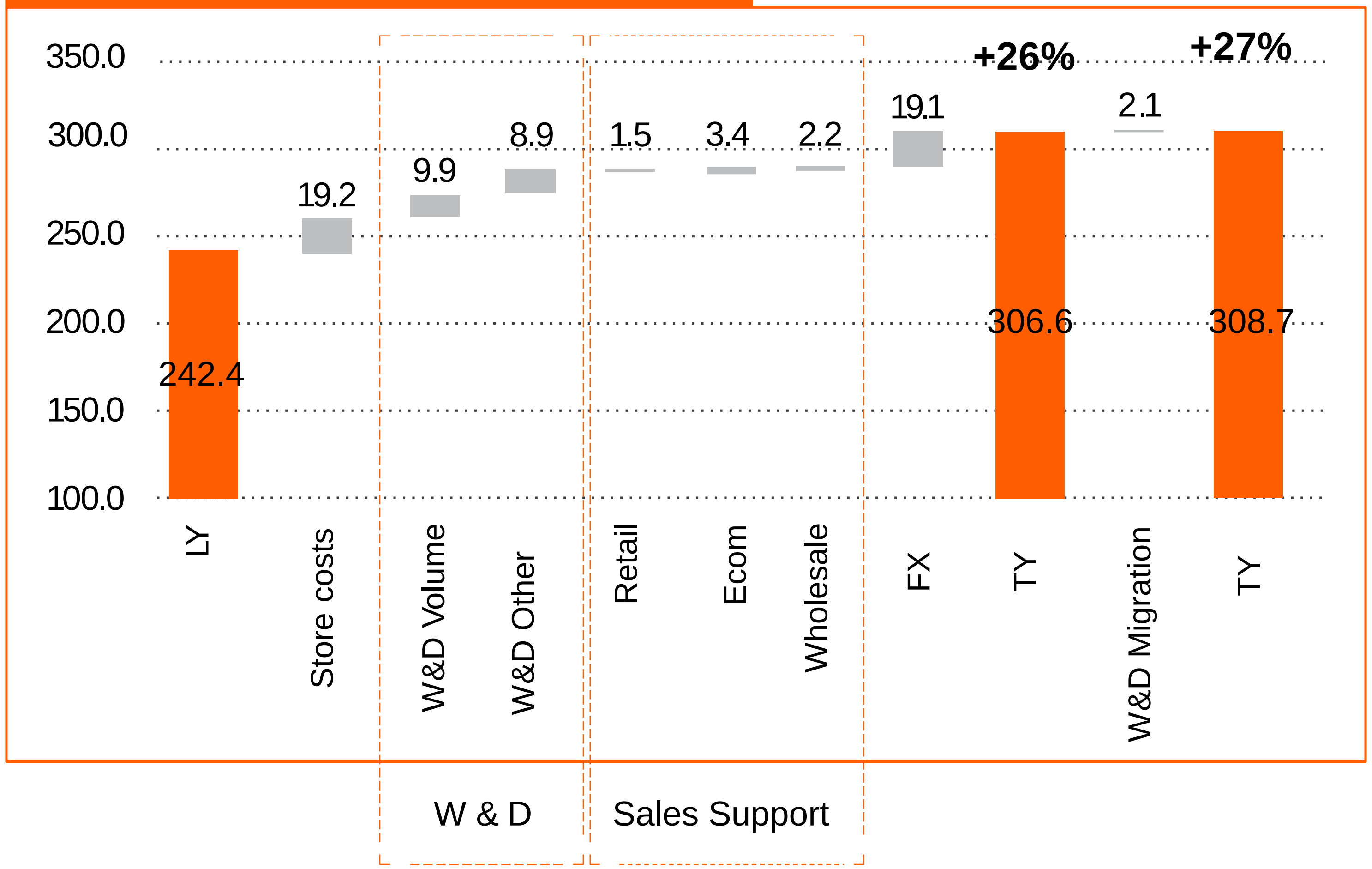
Foreign exchange

- 40% of Group revenue denominated in Euro
- Revenue led currency impact

Selling & Distribution Costs.

Store efficiencies offset DC migration and drive cost leverage

FY16 to FY17 Movement



Store costs (+12% YOY)

- Average Retail space +17%
- Labour productivity improvements continue

Distribution costs (+39% YOY)

- Sales mix inefficiencies:
  - E-commerce cost to serve
  - International DC learning curve
  - Growth capacity in new warehouses

Sales support (+22% YOY)

- Sales increase 27%
- Strengthened wholesale & retail teams
  - 4 new wholesale showrooms (15 globally)
- E-commerce: Variable cost model incl.
  - Bank charges including new payment options
  - Hosting & customer acquisition marketing

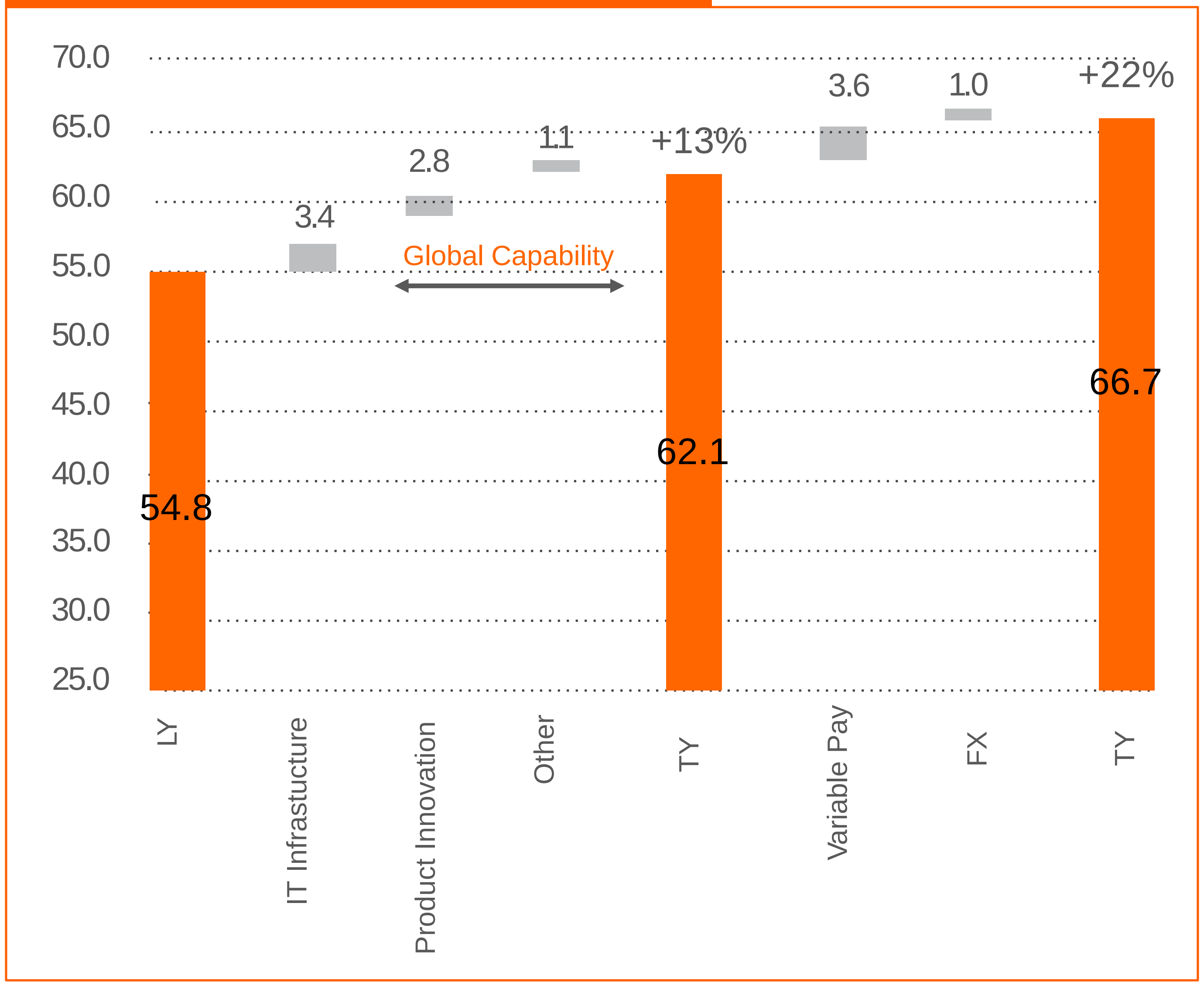
Foreign exchange

- Currency impact on EU/USA cost base

Central Costs*

Cost leverage after ongoing investment to build capability

FY16 to FY17 Movement



Infrastructure:

- Global store expansion
- Investment led depreciation
  - FY17: Assortment planning and multi DC system capability (Total capex: £16m)
  - FY16: Merchandise planning, DC single pick, transactional website upgrades, new head office space (Total capex: £14m)

Global capability

- Product innovation
  - In-market sourcing teams: India, Turkey
  - Design incl. SuperDesign Lab, Idris royalty
- Central capability further strengthened
  - Dedicated Marketing leadership
  - Global support costs eg; payroll, health insurance

Increased annual incentive costs

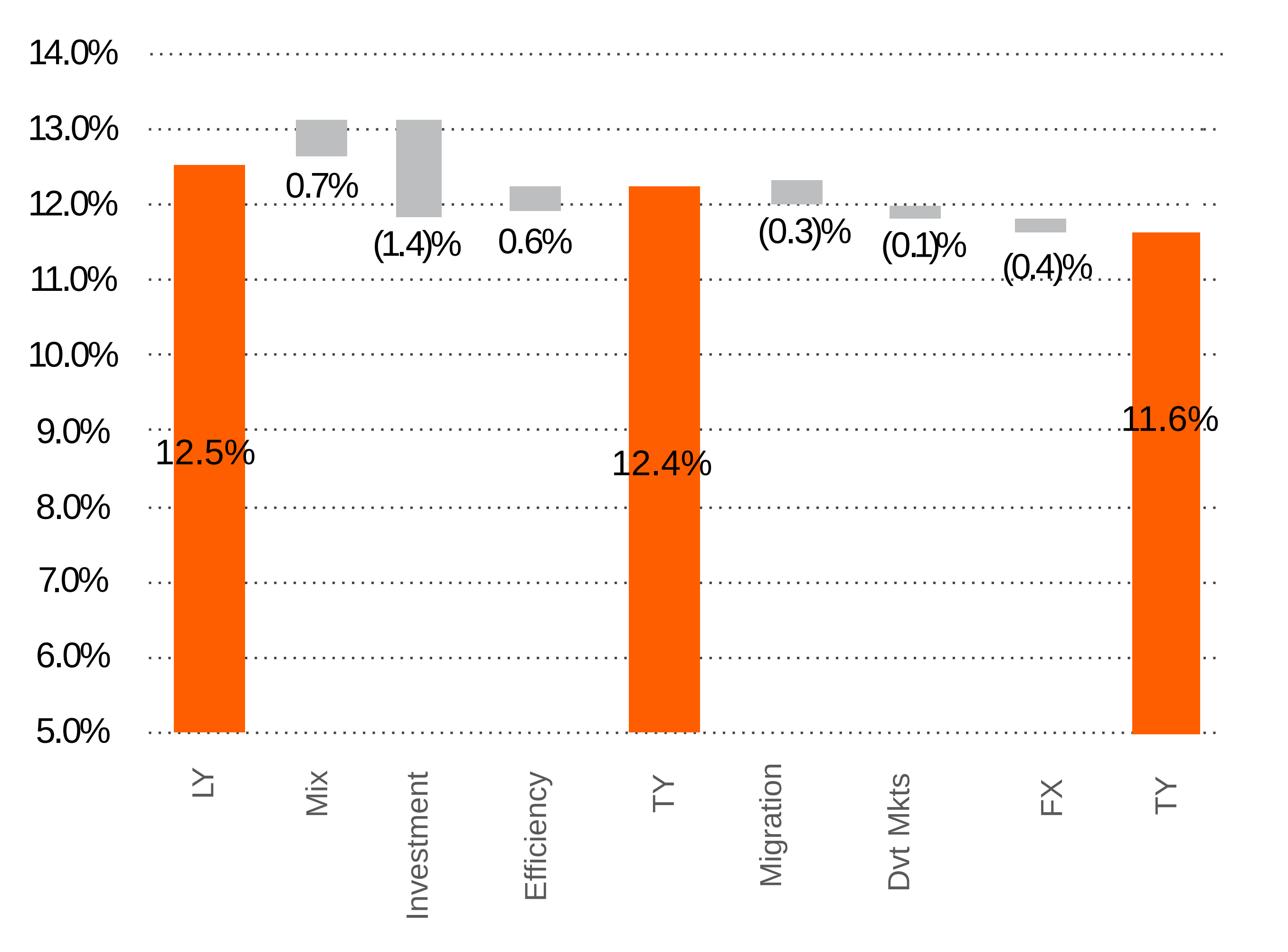
- FY17 performance drives higher than average incentives

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

PBT Margin Bridge.

Broadly flat core business PBT margins on constant currency basis

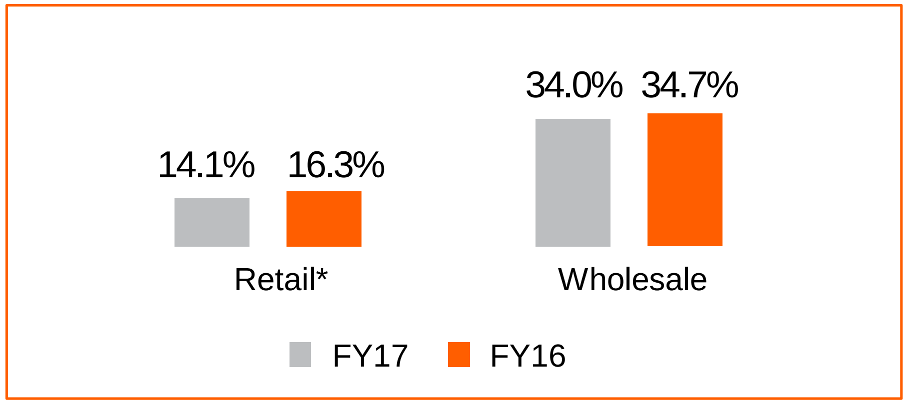
FY16 to FY17 Movement



Group PBT margin drivers

- Channel benefit from strong Wholesale performance
- Investment impact:
  - Gross margin dilution
  - Investments to support service levels
  - Increased incentives
- Efficiency improvements:
  - Central & store cost leverage

Channel operating margins



(*) Excluding DC migration costs of £2.1m in FY17

- Cost to serve impact in Retail
  - Greater geographical footprint prior to new DC's
  - E-commerce growth on fulfilment costs
  - H1 margin investments
- Wholesale margin maintained
  - Scale leverage after sales-force investment
  - Growth in lower margin US operations

Cash Flow.

Cash generative business model funds ongoing investment and returns to shareholders

	2017 (£m)	2016 (£m)	Growth (%)
Cash generated from operations	118.7	101.7	16.7
Working capital movement[2]	(43.8)	(10.1)	
Income taxes paid	(19.9)	(18.9)	
Net interest received/(paid)	0.2	(0.6)	
Underlying cash generation	55.2	72.1	(23.0)
Purchase of property, plant, equipment and intangibles	(56.3)	(50.6)	
Dividends	(36.5)	(5.0)	
Other	0.7	3.2	
Net (decrease)/increase in cash	(36.9)	19.7	
Exchange rate movement	1.6	3.4	
Opening net cash	100.7	77.6[1]	
Closing net cash	65.4	100.7	(35.1)

1. Includes cash and cash equivalents and term deposits classified as “Other financial assets”, which matured during FY16
2. Includes similar payables and receivables considered to be working capital

Working Capital.

Inventory anticipated to rebase in FY18, releasing operating efficiencies

	FY17 (£m)	FY16(£m)	(%)
Inventories	157.2	112.6	39.6
Trade Payables(*)	(109.0)	(83.1)	31.2
Trade Receivables(*)	99.9	74.8	33.6
Working Capital Investment	148.1	104.3	42.0

Inventory

- Increase supports new store growth and wholesale in-season opportunity
- Higher safety stock due to multiple DC's
- Inventory efficiency now clear focus

Trade Payables

- Increase in line with inventory investment
- Improved payment practices
  - Prompter payment to terms
  - Settlement discount opportunity

Trade Receivables

- Increase reflects:
  - Wholesale revenue growth (+43%)
  - Increased scale of landlord contributions
- Ongoing improvement in debtor days 83 (FY16: 87)

* Includes similar payables and receivables considered to be working capital

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Capital Investment.

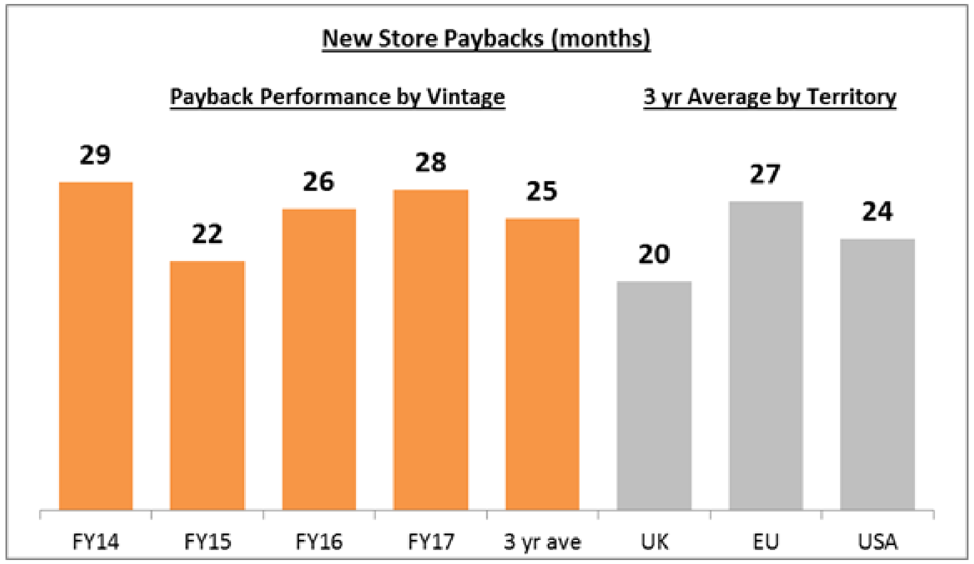
Attractive returns achieved on new store capital continue

£m	FY17	FY16
Store Portfolio		
New Stores	36.0	27.0
Existing Stores	6.4	3.7
Franchise	2.4	2.1
Total store portfolio	**44.8**	**32.8**
Infrastructure		
Information Technology - Software development - Other	 7.6 2.6	 6.4 1.9
Distribution	3.2	2.3
Wholesale	0.4	0.7
Head Office - Freehold - Improvements	 - 2.1	 4.5 3.6
Other	0.2	1.0
Total infrastructure	**16.1**	**20.4**
Total	**60.9**	**53.2**
Capital creditor	(4.6)	(2.6)
Per cash flow	**56.3**	**50.6**

1. Payback is calculated post tax and includes cannibalisation of existing stores

Material new store opportunity at attractive returns

- FY13 – FY16 average payback[1] 25 months
- Strong delivery in all regions
- Payback target c.30 months



E-commerce & Infrastructure investment

- Continual investment in E-commerce
- Distribution centre facilitation and multi-DC systems capability
- Assortment planning
- Head office: expansion, mock shop and enhanced environment

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FY18 Guidance.

Underlying PBT expected to be in line with market expectations

Inventory reduction drives operating efficiencies

Gross margin %

- Ongoing Trading: Broadly flat year on year
  - Sourcing and efficiency gains invested to protect retail prices
  - Mix to higher margin sales channels
  - Headwind from currency appreciation
- Up to 100bps dilution from planned inventory re-base from next phase from design to customer programme

Sales and distribution costs

- Increase slower than revenue
  - Growth in higher cost to serve channels
  - Regional DCs to drive efficiencies
  - Inventory related productivity offsets

Central costs (excl. incentives)

- Increase slower than revenue
  - Leverage of historical capability enhancement

Working capital

- Growth materially slower than revenue
  - Crystallising inventory opportunity

Disciplined investment continues

Space growth

- Disciplined approach to owned store investment
  - Europe c.75k sq.ft. 80% committed
  - USA c.50k sq. ft. 60% committed
- Increased confidence in franchise expansion
  - 60 branded store openings (+20% growth)

Capital

- c.£60m - £70m investment
  - £45m new and refurbished store space
  - E-commerce
  - Distribution centres
  - Further IT and Head Office development

Capital policy

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

Summary
Euan Sutherland

Summary.

A further year of brand and strategy progress driving strong financial performance

Strong Financial Performance

- Delivered revenue growth +27%[1] with strong performances across Retail and Wholesale
- Profit growth +18%[1] and +19%[1] adjusting for development markets and DC dual running costs
- USA at breakeven in line with plan
- £60m investment to support business growth
- 21% growth in Ordinary dividend

Significant Strategic Progress

- Improved brand awareness across channels with customer insight and social media marketing
- Ongoing investment and design to customer protects future growth and improves efficiency
- Branded store opening programme ahead of plan, good pipeline for FY18 and next generation re-fits
- Strong growth potential in low capex routes to market: Wholesale and E-commerce
- Successfully growing Superdry globally, across all channels

1. On a comparable FY16 52 week basis

Q&A

Appendicies

FY17 Financial Overview.

Comparison of FY17 (52 weeks) to FY16 statutory period (53 weeks)

	2017 (£m)	2016 (£m)	Growth
Revenue	**752.0**	**597.5**	**+25.9%**
Gross margin	453.0	367.8	+23.2%
Gross margin %	60.2%	61.6%	(140)bps
Costs	(375.4)	(303.2)	(23.8%)
Other gains and losses	11.8	8.5	+38.8%
Underlying operating profit	89.4	73.1	+22.3%
Underlying operating margin	11.9%	12.2%	(30)bps
Net finance expense and share of loss in investment	(2.4)	(0.7)	-
Underlying profit before tax	**87.0**	**72.4**	**+20.2%**
Underlying basic EPS (pence)	84.5	70.9	19.2%
Net cash flow (£m)	(36.9)	19.7	

Re-measurements and Exceptional Items.

	2017 (£m)	**2016** (£m)
Underlying profit before tax	87.0	72.4
Re-measurements:		
Loss on financial derivatives	(2.2)	(13.8)
Other exceptional items:		
USA: primarily sales discounting of acquired stock	-	(2.5)
Buy-out of USA licensee	-	(0.7)
Re-measurements and exceptional items	**(2.2)**	**(17.0)**
Reported profit	84.8	55.4

Summary Balance Sheet.

	2017 (£m)	2016 (£m)
Total Non-Current Assets	212.7	178.9
Inventories	157.2	112.6
Trade & other receivables	112.2	80.4
Financial assets at fair value through profit or loss	2.2	0.7
Derivative financial instruments	3.1	0.7
Cash and cash equivalents	65.4	100.7
Total Current Assets	340.1	295.1
Total Current Liabilities	132.1	103.9
Net Current Assets	**208.0**	**191.2**
Total Non-Current Liabilities	48.3	34.7
Net Assets	372.4	335.4

FY18 Financial Calendar.

Event	Date
Q1 trading update	Included in half year ("H1") pre-close
H1 pre-close: Q1 and Q2 trading updates	9 November 2017
H1 Results Presentation	10 January 2018
Q3 peak trading update	Included in H1 results announcement
Full year pre-close	10 May 2018
Full Year Results Presentation	5 July 2018

KPIs.

Linked to key value drivers

	Key measures of performance	
Investment thesis	**Report each quarter**	**10 January 2018**
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

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