RNS Number : 9413L
SuperGroup PLC
10 July 2014

SuperGroup ■ Plc

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FULL YEAR RESULTS
(For the period ended 26 April 2014)[1]

A successful year of infrastructure implementation and strong financial performance

SuperGroup Plc has today reported a strong financial performance for 2014, delivering a 19% increase in underlying[2] profit before tax to £62.0m. Group revenues are up 20%, cash generated from operations has increased 68% and the Group has £86.2m of cash on hand at the balance sheet date.

FINANCIAL HIGHLIGHTS

- Group revenue up 19.6% to £430.9m
- Group gross margin up 140 basis points to 59.7%
- Underlying[2] profit before tax up 18.8% to £62.0m
- Underlying[2] earnings per share of 58.0p (2013: 47.8p)
- Basic earnings per share of 34.0p (2013: 44.7p)
- Net cash generated from operations of £64.3m (2013: £38.3m)
- Year-end net cash position up 58% to £86.2m (2013: £54.5m)

OPERATIONAL HIGHLIGHTS

- Opened around 100,000 square feet of trading space taking the UK and European retail portfolio to 633,000 square feet (+18%), in-line with guidance.
- Net increase of 46 international franchised and licensed stores during the year taking the total to 208 (2013: 162).
- Retail sales growth of +17.7%; LFL sales growth of +3.2%.
- Wholesale sales growth of +23.3% in-line with the order books (2013: +7.4%).

STRATEGY HIGHLIGHTS

- Germany: Bought-out the agency operation and acquired seven franchise stores giving the Group the rights to open its own retail stores.
- Spain: Bought-out the Spanish agency and subsequently opened 10 El Cortes Ingles concessions. Further progress made on building a stronger wholesale platform.
- Post balance sheet event: Acquired SMAC Group, the Group's long term Scandinavian distributor.
- New central warehouse operation in Burton upon Trent opened and operating successfully.
- New merchandise management system, HR and payroll systems implemented and a new

point of sale system currently being rolled out throughout the estate.

As part of the previously announced investment programme the Group incurred £9.1m of pre-tax exceptional items, the majority of which relates to costs associated with the new warehouse and the deals concluded in Germany and Spain. In addition there were £7.7m of non-cash re-measurements. There is a reconciliation to the statutory profit before tax in note 3.

Julian Dunkerton, Chief Executive Officer, commented:

"We have delivered a solid performance over the past year, with profits[3] up 19%, whilst managing the transition to our new distribution centre and the implementation of the merchandising management system. With a strong pipeline of new stores, particularly in mainland Europe, we are well positioned for further profitable growth in the year ahead. The strength of the Superdry brand and the investment we have made in our business leaves me confident in our ability to implement and deliver the growth strategy."

Notes:

1. 51 weeks and 6 days (the "Period" or "2014" or "FY14")
2. Underlying is defined as reported results adjusted to reflect the impact of the gain/loss recognised on re-measurement (being fair valuing deferred contingent share consideration, financial derivatives), exceptional items and, when appropriate, the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 4. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties
3. Underlying profit before tax

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Chairman's Statement

This has been another year of progress for SuperGroup Plc. Revenues have grown by almost 20% and underlying profit before tax by nearly 19%. The scale of the Group has continued to increase with further new store openings, and a significant programme of infrastructure developments has been delivered aimed at supporting future growth and efficiencies. Although like-for-like sales growth in the final quarter fell short of expectations, the financial performance for the year as a whole was broadly in line with market expectations and produced largely positive movements on the Group's key performance indicators.

In last year's Annual Report I commented that FY2014 would see the Group enhance its capacity for future growth and enable efficiencies within its existing operations through substantial investments in its IT and logistics infrastructure. I am pleased to report that the planned projects were delivered on time and on budget. Whilst there are still more improvements to make, these initial investments have delivered a solid platform for the Group's growth aspirations, improved its processes and controls, and will provide cost savings and efficiency gains from financial year 2015 onwards.

International growth opportunities will provide the major sources of expansion for the Group. Of the new owned retail space opened in the last year 43% was outside the UK. The buy-out of the distributor in Spain and the German agency and franchise business, together with the opening of 59 new franchise stores, and the roll out of two new websites demonstrate the potential for further international growth.

Whilst the growth opportunities are wide ranging, the challenges for SuperGroup are to ensure that the attractiveness of the Superdry brand for its customers is maintained and that high quality execution is sustained as the business expands and develops. Continual improvement and innovation in its product ranges is crucial in ensuring that we deliver the expected returns to shareholders. The Board closely monitors performance in these areas and is seeking to ensure the development of the organisation and infrastructure keeps pace with the growth ambitions of the business.

A number of steps have been taken through the year to ensure that the Group operates responsibly and in the interests of its stakeholders. SuperGroup is making good progress in the key areas of employee welfare, workforce in the supply chain, environmental sustainability, and supporting the communities that SuperGroup interacts with. There is more to do in developing SuperGroup's agenda to operate responsibly, but the foundations are now in place to deliver through the team established during the last 12 months.

On behalf of the Board I would like to thank everyone at SuperGroup for what has been achieved over the last year and wish them well for the year ahead.

Peter Bamford
Chairman
9 July 2014

Review of the Year

SuperGroup has made significant progress during the past year. The business has undertaken a comprehensive infrastructure improvement programme that will start to deliver tangible benefits into the new financial year and lay the foundations for the next phase of growth. This has been achieved whilst simultaneously delivering significant growth in revenues and underlying profits; underlying profit before tax has grown by +18.8% to £62.0m (2013: £52.2m).

The Group's core objective continues to be delivering growth in shareholder value and, in doing so, to build a global business that is capable of delivering long term, sustainable profit and cash flow growth. The Group has made significant progress over the year against its strategic objectives:

Growing the franchise estate: The Group opened 59 franchised stores and 4 licensed stores during the year. This results in the total franchised estate amounting to 185 and 23 licensed stores. Adjusting for the transfer of seven German franchised stores into Retail and the 10 closures during the year, the group achieved a 28% increase in its franchised estate. Early indications are that franchise partners will open around 50 stores during FY15 but, more importantly, franchise partners are contracted to open in excess of 200 further stores over the next five years.

Driving wholesale business: Order book growth of circa 25% has been matched by strong wholesale sales growth of +23.3% during the period.

European estate growth: The group opened around 100,000 square feet (+18%) of Retail space during the year taking the UK and European portfolio to 633,000 square feet. Around 43% of this growth was in mainland Europe with large format stores opened in Amsterdam, Paris, Bruges, and Marseille. In addition to the Group's retail expansion 29 of the franchised stores opened during the period were in Europe.

Maximising / optimising the UK estate: The group has 544,000 square feet of owned retail space across 96 stores in the UK. Over the last 3 years, the average size of a typical Superdry store has increased from 5,085 square feet in 2011 to 5,671 square feet in 2014. The product range has grown at a faster rate than this, the result of which is that a number of the Group's stores are now too space restricted to show the optimum range for that particular market. As such there are a small number of towns where the Group has targeted relocation and resizing opportunities.

Optimising and expanding the e-commerce platforms: The group operates from 18 international websites with local payment solutions, local languages, and pricing in local currencies. The Group has seen a 10 basis points improvement in its conversion rate during the period, but to maximise the long-term opportunity the Group appointed Jon Wragg as Director of e-commerce in April 2014. Jon has extensive retail experience, having recently been Multichannel Director at Asda and previously holding a number of management roles at the multi-brand online retailer, Shop Direct. E-commerce continues to be a significant global opportunity for the Group and Jon's experience and insight, coupled with the investment already made into world-class delivery services, should generate significant growth over the medium term.

Enhance the Superdry brand through increasing the product range and brand extensions: The Superdry brand has been significantly enhanced over the past few years with the increase in breadth and depth of the product offering. This has been done by extending and developing the core ranges to include products that previously weren't offered, such as:

- premium tailoring;
- dresses;
- accessories;
- underwear;
- watches;
- sunglasses; and
- cosmetics and fragrance, among others.

The Group has been increasing its focus on womenswear over recent seasons and will continue to do so as it provides a great opportunity to attract new customers and provide like-for-like growth. Womenswear currently occupies approximately 50% of retail floor space, on average, to ensure that it has presence and credibility as an offer. However, it presently accounts for around 33% of revenues, a fact that the Board views as a key opportunity to increase sales through organic growth over the medium term as sales densities move towards those of menswear. As a global brand, product excellence, innovation and design is key to sustainable long-term growth. Continued diversification into new categories and ongoing investment in the design team will underpin the strength and longevity of the Superdry brand.

A stable and developing infrastructure: The Group successfully delivered the rationalisation of its retail warehouses having relocated its retail logistics operation to a single 500,000 square feet distribution centre at Burton upon Trent. Two warehouses in Gloucester and a small site in Merchtem, Belgium, were all closed by the end of the financial year with all retail inventories, including e-commerce, now being dispatched from the new distribution centre. The operational capability of this site will support planned growth and will generate significant cost efficiencies from the second quarter of FY15.

The replacement Merchandising Management System ("MMS") was fully implemented prior to the year-end. This system is the 'engine-room' of the retail business and it will allow the business to improve the management of its most important asset, stock. The additional insight and power the system offers will allow the Group to operate a more swift and sophisticated replenishment operation, manage the ever growing complexity of a global store base, and provide more integrated support for the Group's multi-channel operations. This is particularly important in a rapidly changing customer environment where the digital and physical environments are becoming increasingly blurred.

There has been significant investment in information technology ("IT") over the past year. As well as implementing the MMS system the Group has introduced new human resources and payroll systems. Preparations are now underway for the next phase of planned investment which will include the delivery of a new in-store point of sale system, a replacement financial system, and a comprehensive upgrade of the wholesale system over the next 12 months.

OVERVIEW OF RESULTS

Profit and loss

Group revenue for the period rose by 19.6% to £430.9m (2013: £360.4m). The Group gross margin rose 140 basis points to 59.7% (2013: 58.3%) reflecting lower clearance activity, the increasing mix of international business, and the benefits of increasing scale and purchasing power. Group underlying operating margins, however, declined by 10 basis points on last year to 14.3% (2013: 14.4%) reflecting the investment made in senior management and personnel, and the costs associated with laying the foundations for a European roll-out.

Underlying profit before tax increased 18.8% to £62.0m (2013: £52.2m). Exceptional items incurred during the year include £5.7m relating to the acquisition or buy-out of partners and/or agents in Europe, and £3.4m relating to costs associated with the new retail distribution centre. There were £7.7m of non-cash items relating to financial re-measurements. Statutory profit before tax decreased to £45.2m (2013: £51.8m).

Underlying basic earnings per share increased 21.3% to 58.0p (2013: 47.8p) and basic earnings per share decreased 23.9% to 34.0p (2013: 44.7p).

Cash flow and returns

Cash inflow from operations was £64.3m, an increase of 68% over the prior year having paid a corporation tax bill of £9.6m. FY14 was a year characterised by significant investment in infrastructure and a return to higher rates of store openings. The Group invested a gross amount of £36.4m in new sites, systems, and the acquisitions/buy-out of several European agents/distributors during the year. Despite this investment representing a 104% increase in outgoings over the prior year, the Group's cash balances increased by 58.2% to £86.2m (2013: £54.5m).

The Board has decided not to return excess cash to shareholders despite the high level of cash building on the balance sheet. There are a number of opportunities over and above the organic roll-out which, if they materialise, will require meaningful capital investment.

In coming to this decision the Board reviewed all issues relating to the strategy, direction and future development of the Group. It has also taken into consideration the requirement to return excess cash to shareholders whilst at the same time recognising the operational and financial gearing inherent in our lease-based business model. Moreover the Board do not wish to restrict the Group's ability to take advantage of the numerous opportunities that may arise.

Despite the higher level of investment during the year, the Group has delivered another period of improving returns. In FY14, SuperGroup Plc generated an underlying ROCE of 29.8% (2013: 25.7%). This supports the Board view that excess cash is best served towards executing the Group's global growth aspirations.

REVENUE ANALYSIS

Sales increased by 19.6% on the year; a strong result in what remains a very competitive and challenging retail environment and against a backdrop of such significant developments in infrastructure. Revenue growth was relatively consistent across the two divisions, with Retail delivering sales growth of 17.7% and Wholesale 23.3% on the prior year:

Revenue excluding VAT (£m)	2014	2013	Growth (%)
Retail	285.5	242.5	17.7%
Wholesale	145.4	117.9	23.3%
	430.9	360.4	

Retail

Retail revenues represented 66.3% of Group revenue and grew 17.7% in FY14 to £285.5m (2013: £242.5m). The key drivers of the growth were:

- the addition of around 100,000 square feet during financial year 2014, and
- LFL sales (which includes e-commerce revenue) of +3.2%

Like-for-like sales

As a branded fashion retailer, the Group is focussed on managing the integrity of the brand in order to deliver sustainable and long-term growth. Whilst this strategy may at times cause short term volatility to like-for-like sales growth, management feel that the focus on full-price trading, limiting the level of clearance activity through discreet channels delivers strong cash generation, superior margins and consequently high rates of return on capital.

The Group achieved like-for-like sales growth of +3.2% in FY14. Adjusting for the impact of eBay 'mega-sales', an activity the Group undertook historically to clear aged stock, underlying like-for-likes were +4.4%. Like-for-like sales grew strongly across the first half of the year, increasing by 8.1%. Quarter 3, which includes the important Christmas trading period and is the most significant retail quarter of the year, saw a rise in like-for-like sales of +4.5% despite the very tough comparative of +9.4% from the year before. Quarter 4 was affected by a lack of new spring stock in store, heavy competitor discounting, including some Superdry products by wholesale partners, and a late Easter. The resultant like-for-like sales were down by -3.2%, although this was -1.3% adjusting for the change in eBay.

Store openings

Around 100,000 square feet of retail space was opened during the year taking the Group to 633,000 square feet and 139 owned stores. There was a net increase of 11 new stores across the UK and Republic of Ireland, which included locations in premium shopping centres such as Southampton, Newcastle Metro centre, Reading Oracle centre, Cribbs Causeway, and the Dundrum shopping centre, near Dublin. In Europe, 15 stores were added to the portfolio, which included new larger-format stores in Aéroville (France), Amsterdam, and Bruges. These stores follow on from the successful pilot store in Oberhausen, Germany, that opened last year and represent a marked change from the current portfolio in Europe which consists mainly of smaller boutique-style stores.

In October 2014, SuperGroup bought out its German agent and, in the process, acquired its portfolio of seven stores, adding approximately 14,000 square feet to the estate. The Group created a 70% owned venture in Germany, which it runs in collaboration with previous management who run the operations for wholesale, franchise and retail. More importantly, the Group now has the rights to the German and Austrian markets, which will enable it to use its own capital to accelerate the roll-out of owned retail stores throughout these territories.

Germany offers a significant opportunity for the Group with a retail fashion market that is valued at €58.4bn by Verdict Research, some 20% larger than the UK. The Group's confidence in the German market is underpinned by the positive performance of the Oberhausen store, which is generating strong positive like-for-like sales growth, and the success that has been experienced in the wholesale business to date.

In July 2014 SuperGroup bought out its Spanish agent, bringing the management team in house as part of the deal to preserve expertise and experience. As with the German transaction, this deal allows the Group to invest its own capital in the territory to take advantage of opportunities that could not be delivered under the previous structures, as well as improving the margins achieved through the wholesale operations. The Group has subsequently opened 10 concessions in the regionally important El Corte Ingles department store chain across Spain and in Portugal. Despite the uncertainties around the Spanish economy, the territory has provided strong growth for SuperGroup's wholesale division over the last few years.

The German and Spanish businesses have both been successfully integrated into the Group during the second half.

Following the activities of FY14, the Group now has 139 owned stores across the European Union and trades from 633,000 square feet.

	FY13		FY14 movement		FY14	
	Square feet	**Stores**	**Square feet**	**Stores**	**Square feet**	**Stores**

UK	489,000	85	55,000	11	544,000	96
EU	47,000	28	42,000	15	89,000	43
Group	536,000	113	97,000	26	633,000	139

Financial year 2015 (FY15) will see the Group open between 80,000 and 100,000 square feet of retail space with the emphasis shifting towards European stores and, in particular, the German market. The Group has a strong pipeline of space for the next eighteen months with the majority of the coming financial year's either exchanged or with agreed heads of terms. Of particular interest is the first European flagship which will open in the German city of Munich in October.

E-commerce

The Group has delivered improvements in both its website traffic and its conversion rate during the year. This is despite moving away from discount and voucher related traffic drivers, used commonly during FY13, to deliver a premium experience that is in line with stores. A significant driver of this has been the improvements in the service levels offered on the site, which now includes both free delivery and returns, and a later cut-off time for next day delivery, a benefit provided by the new distribution facility in Burton upon Trent. Visitor growth did slow during the year as mobile became a more important channel for the customer, but the recent release of new mobile and tablet sites across most of the Group's international websites puts the business in a strong position to return to historical growth rates.

The average order value (including VAT) rose 8.1% to £78.90 (2013: £72.96), driven by a combination of the growth in international business, product mix and around 2% growth in the average number of items per basket.

Following the opening of China and the USA over the last twelve months, the Group operates 18 international sites in 15 countries, all with localised payment solutions, localised content and local currency pricing; three of those have two separate versions for multi-language populations. 13 of those sites also have mobile versions with development underway to extend that to others.

Wholesale

Wholesale revenues represented 33.7% of total Group revenue and grew 23.3% in FY14 to £145.4m (2013: £117.9m).

Due to the numerous channels within the Wholesale business and the timing issues these generate, sales growth on a quarterly and half-yearly basis can be volatile. To counter this, the Group chooses to disclose the Wholesale order book each season, which it believes best reflects the overall performance of this channel. For FY14 the order books grew by an average of 25.9% which closely reflects the wholesale sales growth rate.

During the year, the Group opened 59 franchised stores and 4 licensed stores taking the totals to 185 and 23 respectively. The lower net increase of 46 is due to the transfer of seven franchised stores into Retail after their acquisition through the buyout of the agency and franchise partner in Germany, and 10 closures. Of the new stores opened, 29 were in Europe, with 9 of those in France and 8 in Spain. The Group now has a store presence in 46 countries with franchised stores having opened in two new territories during the year: the Czech Republic and Latvia.

Early indications are that franchise partners will open around 50 stores during FY15 but, more importantly, franchise partners are contracted to open in excess of 200 further stores over the next five years.

Outlook

Whilst the youth sector marketplace remains competitive, the Group has developed a strong management team and improved infrastructure whilst delivering sales and profit growth that highlight the continuing appeal of the brand. That platform will enable management to continue to realise opportunities, both in the UK and overseas, and to deliver profitable growth in the coming year. The Group will announce its quarter 1 results and autumn / winter Wholesale order book, as scheduled, on Thursday 4th September 2014.

Julian Dunkerton
Chief Executive Officer
9 July 2014

Finance Review

Introduction

It has been a successful year for the Group with significant increases in revenue, gross margins, and underlying operating profit, full details of which are shown in the table below. This has been achieved in a year when the management team's primary focus was on the significant investments made to secure the Group's infrastructure and shape the business to support future growth. In total, £36.4m of investment spend was incurred against last year's £17.8m, delivering an increased rate of new space opening, the new consolidated distribution facility, the new merchandising system, and the acquisition of the seven stores operated by the German franchise partner.

The Group has made a change to its financial reporting date, timed to coincide with the implementation of the merchandise management system. The final day has moved from the last Sunday in April to the last Saturday, effectively giving the Group a financial year of 51 weeks and 6 days (the "Period" or "FY14"). This change aligns the Group with most other retailers in operating reporting weeks on a Sunday to Saturday basis which will enable the Group to collate weekly sales performance on a Sunday and allow management to begin reviewing performance data first thing on a Monday morning, facilitating faster decision making at the weekly trading meetings.

Key performance indicators

KPI	**Units**	**2014**	**2013**	**Change**
GROWTH				
Group revenue	£m	430.9	360.4	+19.6%
Like-for-like sales	%	3.2	5.7	-250 bps
Total Retail selling space (excluding concessions)	000 sq.ft	633	536	+18.1%
E-commerce - growth (excluding eBay)	%	26.7	29.3	-260 bps
Visits (excluding eBay)	m	31.9	29.9	+6.7%
Conversion (excluding eBay)	%	2.0	1.9	+10 bps
OPERATIONAL				
Gross margin	%	59.7	58.3	+140 bps
Underlying operating profit margin	%	14.3	14.4	-10 bps
FINANCIAL				

Underlying profit before tax	£m	62.0	52.2	+18.8%
Underlying basic EPS	p	58.0	47.8	+21.3%
Cash flow from operations	£m	73.3	46.5	+57.6%

Definitions:

- Group revenue represents amounts receivable for goods supplied, net of discounts, returns and value added taxes.
- Like-for-like sales growth is defined as the year-on-year increase in revenue from stores and concessions open for more than one year, and allowing for store upsizing of no more than 100% in original trading space, and includes e-commerce revenues.
- Total retail selling space is defined as the trading floor area of all standalone stores, excluding concessions, and does not include stockrooms, administration and other non-trading areas.
- E-commerce growth is the percentage growth in online revenues, net of returns, year-on-year.
- Visits is the number of times Superdry websites were visited during the year.
- Conversion is the number of website transactions expressed as a percentage of those visitor numbers.
- Gross margin percentage is gross profit expressed as a percentage of Group revenue.
- Underlying operating profit margin is the ratio of underlying operating profit to external revenue. Underlying operating profit is external revenue less cost of sales, selling, general and administrative expenses, plus other gains and losses (net), and before charging re-measurements and exceptional items (note 13).
- Underlying basic EPS is underlying profit after tax attributable to the owners of the Company divided by the weighted average number of shares.
- Cash flow from operations represents the cash generated from the core operating activities of the Group, excluding capital expenditure, financing, taxation, and acquisitions.

Group Profit and Loss

Group revenue for the period rose by 19.6% to £430.9m (2013: £360.4m). The Group gross margin rose 140 basis points to 59.7% (2013: 58.3%) reflecting lower clearance activity, the increasing mix of international business, and the benefits of increasing scale and purchasing power. Group underlying operating margins, however, declined by 10 basis points on last year to 14.3% (2013: 14.4%) reflecting the investment made in senior management and personnel, and the costs associated with laying the foundations for a European roll-out.

	2014 £m	Re-measurements £m	Exceptional costs £m	Reported 2014 £m
Revenue:				
Retail	285.5	-	-	285.5
Wholesale	145.4	-	-	145.4
Group revenue	430.9	-	-	430.9
Gross Profit	257.3	-	-	257.3
Operating profit:				
Retail	54.8	(2.0)	(3.6)	49.2
Wholesale	47.8	(1.7)	(5.1)	41.0
Central costs	(41.1)	(4.0)	(0.4)	(45.5)
Total operating profit	61.5	(7.7)	(9.1)	44.7
Net Finance Income- central costs	0.6	-	-	0.6
Share of loss of investment- central costs	(0.1)	-	-	(0.1)
Profit before income tax				
Retail	54.8	(2.0)	(3.6)	49.2
Wholesale	47.8	(1.7)	(5.1)	41.0
Central costs	(40.6)	(4.0)	(0.4)	(45.0)
Total profit before income tax	62.0	(7.7)	(9.1)	45.2

Underlying and reported profit

A number of adjusting items have been identified in establishing the underlying performance of the Group, which are either exceptional items or re-measurements (and the related income tax where appropriate). Underlying is defined as reported results adjusted to reflect the impact of those items. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 4 and all references to underlying are after making these adjustments. For FY14 those items relate to the following:

- the fair value re-measurement of deferred share consideration;
- the loss/gain on financial derivatives;
- the set up and dual running costs of the retail distribution centre;
- the buy-out of the Spanish and UK agents; and
- the buy-out of the German agent and business combination costs.

Group underlying profit before income tax

Underlying profit before income tax stands at £62.0m (2013: £52.2m), up 18.8% on the year, and compares to an overall growth in revenue of 19.6%. The Group's gross profit of £257.3m (2013: £210.0m) is up 22.5% and the Group's gross profit percentage has increased by 140 basis points to 59.7% (2013: 58.3%) as a result of favourable changes to sales mix and sourcing gains, partly offset by the impact of foreign exchange rate movements.

Despite the significant increase in gross profit, the underlying operating profit margin has declined by 10 basis points to 14.3% (2013: 14.4%), driven by the increased cost base. Underlying costs have increased by 22.8% to £200.5m (2013: £163.3m), driven predominantly by the costs associated with the ongoing growth of the store portfolio, and the investments made in infrastructure and the strengthening of the management team.

Store costs have increased by 24.6%, increasing as a percentage of retail sales by 160 basis points. The increase is predominantly due to a ramp up in the store opening programme, resulting in higher pre-opening costs and costs associated with some store relocations.

Distribution costs have increased by 10.6%, decreasing as a percentage of sales by 50 basis points. The decrease is due to lower participation of e-commerce, particularly eBay which incurred significant costs relating to the 'mega-sale' events.

Head office costs (including marketing costs and depreciation) have increased by 20%, broadly in line with sales growth. FY14 has continued to be a year of investment with the establishment of local management teams in Germany and Spain, increased resources to support international expansion and new IT platforms and more vigorous activity to protect the group's intellectual property.

Robust financial management

Management believe that having robust systems and business processes is as important as strong cost control and monitoring when it comes to running the business effectively and efficiently. Improvements to business processes and financial controls have been made during the year, aided by the new distribution centre and the MMS implementation, and these will be significantly enhanced by the replacement of the finance system in FY15.

Taxation in the Period

The Group's income tax expense on underlying profit of £14.9m (2013: £13.4m) represents an effective tax rate of 24.0% (2013: 25.7%). This is higher than the statutory rate of 22.8% (2013: 23.9%) primarily due to the depreciation and amortisation of non-qualifying assets and non-allowable expenses.

The UK corporation tax rate reduction from 23% to 21% with effect from 1 April 2014 and the further reduction to 20% with effect from 1 April 2015, are substantially enacted at the balance sheet date so the deferred tax balances at 26 April 2014 have been re-measured resulting in an exceptional deferred tax charge of £4.3m (2013: £1.5m).

During the year the Group paid more than £49m in UK taxes, which includes corporation tax, import duty, business rates, employer's national insurance and stamp duty.

In preparation for the listing of the business on the London Stock Exchange, a substantial reorganisation was undertaken with effect from 7 March 2010 and the Group's subsidiaries acquired net assets with a total fair value of £375m. Within this amount, £340m was identified as intangible assets and goodwill, of which the directors believe that at least £187m should be deductible against taxable profits over the useful economic lives of the respective assets. This gave rise to £52.4m of the exceptional deferred income tax credit booked in 2010. Based on this the directors consider that the Group's future cash tax expense should be reduced by approximately £2.8m per annum using the corporation tax rate of 20%.

Earnings per share

Underlying basic earnings per share is 58.0p (2013: 47.8p). Reported basic earnings per share is 34.0p (2013: 44.7p) based on a basic weighted average of 80,580,959 shares (2013: 80,280,115 shares). The increase in the basic weighted average number of shares is predominately due to 441,917 5 pence ordinary shares being issued during February 2014 in accordance with the deferred contingent share consideration agreement following the acquisition of SuperGroup Europe BVBA in 2011. The transaction resulted in an increase of £7.1m in share premium. There was also an increase in share premium of £0.1m in respect of 16,500 5p ordinary shares issued in relation to the buy out of the Spanish distributor. In total share premium increased in the year by £7.2m.

Underlying diluted earnings per share is 57.2p (2013: 47.4p). Diluted earnings per share is 33.6p (2013: 44.3p) based on a diluted weighted average of 81,653,319 (2013: 81,049,304) shares.

Dividends

The Board recognises the level of cash building on the balance sheet but, at this stage, has decided not to return excess cash to shareholders. There are a number of opportunities over and above the organic roll out covered in the Strategic Report which, when and if they materialise, will require meaningful capital investment and the Board does not wish to restrict the Group's ability to take advantage of these opportunities.

Consequently, the Board remains of the view that the business is best served by retaining current cash reserves to support growth, as illustrated with the deals in Germany, Spain, and the recently announced deal in Scandinavia. A recommendation will be made at the Annual General Meeting that no dividend is payable in relation to FY14 (2013: £nil). The Board will keep the dividend policy under review by considering the Group's profitability, underlying growth, availability of cash and distributable reserves and the investment opportunities open to the business.

Despite the higher level of investment during the year, management is satisfied that the Group has delivered another period of strong returns. In FY14, SuperGroup generated a return on capital employed of 29.8% (2013: 25.7%). This supports the Board view that excess cash is best utilised executing the Group's global growth aspirations.

Cash flow and balance sheet

The Group had net cash balances of £86.2m (2013: £54.5m) as at the end of the year. The business remains highly cash generative and operations delivered an inflow of £73.3m (2013: £46.5m). This year-on-year increase is largely due to the significant increase in revenues and underlying profit supported by an improvement in working capital management as aged stock has been cleared from the business. There has been a significant increase in investing activities to £36.4m (2013: £17.8m) driven by the capital expenditure incurred in opening the near 100,000 square feet of new retail space, the opening of the new distribution centre, and the information technology investments. It is anticipated that the Group will continue to enjoy a strong balance sheet that will enable it to continue to invest in new business opportunities and infrastructure to support future growth.

The net book value of property, plant and equipment is £70.3m (2013: £63.7m). During the year, £26.9m

(2013: £15.0m) of capital additions were made, of which £21.8m (2013: £10.0m) relates to leasehold improvements across the Group. The balance is made up of furniture, fixtures and fittings (£2.7m) and computer equipment (£2.4m). Furniture and fittings with a value of £1.2m were acquired as part of the business combination in Germany.

Landlord contributions of £4.6m (2013: £3.0m) were received during the year and will be amortised over the length of the respective leases.

Intangible assets comprise goodwill, lease premiums, distribution agreements, trademarks, the website and computer software, stood at £46.7m at the year end (2013: £41.5m). Acquisitions in the year resulted in £0.7m being added to goodwill and £1.2m to intangibles.

Investment in inventories, trade receivables and trade payables decreased by 0.7% during the year to £67.9m (2013: £68.4m) and as a proportion of Group revenue was 15.8% (2013: 19.0%). Group inventory increased to £77.8m (2013: £72.5m), up 7.3%. The increase in inventory is a result of the increase in both retail space and sales, offset by a reduction in aged stock. Trade receivables (excluding prepayments and provisions) increased by 14.8% to £32.5m (2013: £28.3m) and were 7.5% (2013: 7.8%) of Group revenue. This is broadly in line year-on-year.

Trade payables were £42.4m (2013: £32.4m), an increase of 30.9% on the prior year and represented 9.8% (2013: 9.0%) of Group revenue.

		2014	2013	Growth
Current assets		**£m**	£m	%
Inventories		**77.8**	72.5	+7.3%
Trade and other receivables	Trade receivables	**32.5**	28.3	+14.8%
	Other receivables/derivatives	**21.8**	19.0	+14.7%
Sub total receivables		**54.3**	47.3	+14.8%
Cash and cash equivalents		**86.2**	54.5	+58.2%
Total current assets		**218.3**	174.3	+25.2%
Trade and other payables	Trade payables	**(42.4)**	(32.4)	+30.9%
	Other payables / derivatives / borrowings	**(30.7)**	(25.0)	+22.8%
Total current liabilities		**(73.1)**	(57.4)	+27.4%
Net current assets		**145.2**	116.9	+24.2%
Working Capital	Inventories	**77.8**	72.5	+7.3%
	Trade receivables	**32.5**	28.3	+14.8%
	Trade payables	**(42.4)**	(32.4)	+30.9%
Total		**67.9**	68.4	-0.7%

The Group continues to review its supplier base in order to manage risk and meet growth expectations. During the year, the number of suppliers decreased to 66 (2013: 79) although several of these operate from multiple locations. Changes to sourcing in recent years have resulted in the supply base being focused in three principal territories: Turkey, China and India. The flexible sourcing model that the Group has adopted, both in terms of suppliers and territories, enables the Group to generate competitive tension between suppliers and de-risk its sources of supply.

The directors report that, having reviewed the current performance forecasts, they have a reasonable expectation that the Company and the Group have adequate resources to continue their operations for the foreseeable future. For this reason they have continued to adopt the 'going concern' basis in preparing the financial information.

Divisional Performance

Retail

The Retail division delivered revenue of £285.5m (2013: £242.5m), up +17.7% on the year and represents 66%

of total Group revenue (2013: 67%). Like-for-like sales for the year, including the European owned stores and e-commerce revenues, were +3.2% (2013: +5.7%). During the year, management took the decision to cease the eBay 'mega sales' that had been previously used to clear excess aged stock. These had been successful in generating revenue but had almost no impact on profit. Stripping out the effect of these sales from last year would adjust the total sales growth to +20.5% and like-for-like sales up to +4.4%.

The Retail division's operating profit was £49.2m (2013: £46.8m). Underlying operating profit in the year was £54.8m (2013: £46.2m), up 18.6% on the year, and underlying operating profit margin was 19.2% (2013: 19.1%).

The operating margin improvement reflects gains from sourcing, coupled with changes to the trading mix. Clearance sales have switched away from eBay and into owned outlet space, delivering a better margin. There has also been an increase in participation from the international business, which carries a 20-25% price premium over the UK. This has been partly offset by the higher cost of running the international stores, relative to the UK.

Retail division	**2014**	2013	Growth
	£m	£m	
External revenues	**285.5**	242.5	+17.7%
Underlying operating profit	**54.8**	46.2	+18.6%
Underlying operating margin (%)	**19.2%**	19.1%	+10bps
Re-measurements	**(2.0)**	1.1	
Exceptional items	**(3.6)**	(0.5)	
Retail operating profit	**49.2**	46.8	+5.1%

Wholesale

The Wholesale division delivered revenue of £145.4m, up 23.3% (2013: £117.9m), representing 34% of total Group revenue (2013: 33%).

Operating profit in the year was £41.0m (2013: £37.1m), whilst underlying operating profit was £47.8m (2013: £35.6m). Underlying operating margin was 32.9% (2013: 30.2%). The improvement in operating margin of 270 basis points was predominantly delivered through the gross profit margin, reflecting gains from sourcing and the sales growth in Europe where better margins are achieved due to the pricing premium.

Wholesale revenue by territory:	**2014**	2013	Change
	£m	£m	%
UK and Republic of Ireland	**31.9**	28.0	+13.9%
Europe	**86.5**	67.4	+28.3%
Rest of World	**20.6**	15.5	+32.9%
Clearance & other	**6.4**	7.0	-8.6%
Total Wholesale revenue	**145.4**	117.9	+23.3%

Revenue growth in Wholesale was achieved mainly through Europe and rest of world territories. The European growth was from independent accounts and new franchise store openings whilst the rest of world has seen an increase in orders through the existing franchise partnership base opening new stores and the addition of new partnership deals. The UK territory has improved significantly following last year's decline, mainly driven by increased orders from UK key accounts.

There are 208 (2013: 162) Superdry branded franchise and license stores worldwide, including 23 (2013: 20) licensed stores, operating in 45 countries.

Wholesale division	**2013**	2013	Change
	£m	£m	%

External revenues	**145.4**	117.9	+23.3%
Underlying operating profit	**47.8**	35.6	+34.3%
Underlying operating profit margin %	**32.9%**	30.2%	+270bps
Re-measurements	**(1.7)**	1.5	
Exceptional items	**(5.1)**	-	
Wholesale operating profit	**41.0**	37.1	+10.5%

Shaun Wills
Chief Financial Officer
9 July 2014

Group statement of comprehensive income

	Note	**Underlying 2014 £m**	**Non underlying and exceptional items £m**	**Total 2014 £m**	Underlying 2013 £m	Non underlying and exceptional items £m	Total 2013 £m
Revenue	3	430.9	-	430.9	360.4	-	360.4
Cost of sales		(173.6)	-	(173.6)	(150.4)	-	(150.4)
Gross profit		**257.3**	**-**	**257.3**	**210.0**	**-**	**210.0**
Selling, general and administrative expenses		(200.5)	(13.1)	(213.6)	(163.3)	(3.0)	(166.3)
Other gains and losses (net)		4.7	(3.7)	1.0	5.2	2.6	7.8
Operating profit	3	**61.5**	**(16.8)**	**44.7**	**51.9**	**(0.4)**	**51.5**
Finance income		**0.6**	-	**0.6**	**0.3**	-	**0.3**
Share of loss of investment		**(0.1)**	-	**(0.1)**	**-**	-	**-**
Profit before income tax		**62.0**	**(16.8)**	**45.2**	**52.2**	**(0.4)**	**51.8**
Income tax expense	5	(14.9)	(2.5)	(17.4)	(13.4)	(2.1)	(15.5)
Profit for the period		**47.1**	**(19.3)**	**27.8**	**38.8**	**(2.5)**	**36.3**
Attributable to:							
Owners of the Company		46.7	(19.3)	27.4	38.4	(2.5)	35.9
Non-controlling interests		0.4	-	0.4	0.4	-	0.4
		47.1	**(19.3)**	**27.8**	**38.8**	**(2.5)**	**36.3**

Other comprehensive income net of tax:

Items that subsequently may be reclassified to profit or loss:

Currency translation differences		(0.8)	-	(0.8)	1.6	-	1.6
Total comprehensive income for the period		**46.3**	**(19.3)**	**27.0**	**40.4**	**(2.5)**	**37.9**
Attributable to:							
Owners of the Company		45.9	(19.3)	26.6	40.0	(2.5)	37.5
Non-controlling interests		0.4	-	0.4	0.4	-	0.4
		46.3	**(19.3)**	**27.0**	**40.4**	**(2.5)**	**37.9**
		pence per share		**pence per share**	pence per share		pence per share
Earnings per share:							
Basic	9	58.0		34.0	47.8		44.7
Diluted	9	57.2		33.6	47.4		44.3

Note:

Underlying is defined as reported results adjusted to reflect the impact of the gain/loss recognised on re-measurement (being fair valuing deferred contingent share consideration, financial derivatives), exceptional items and, when appropriate, the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 4. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

Group balance sheet

	Note	**2014**	2013
		£m	£m
ASSETS			
Non-current assets			
Property, plant and equipment	7	70.3	63.7
Intangible assets		46.7	41.5
Investments accounted for using the equity method		0.3	-
Deferred income tax assets	5	30.4	34.0
Total non-current assets		**147.7**	**139.2**
Current assets			
Inventories		77.8	72.5
Trade and other receivables		54.3	45.9
Derivative financial instruments		-	1.4
Cash and cash equivalents	10	86.2	54.5
Total current assets		**218.3**	**174.3**
LIABILITIES			
Current liabilities			
Borrowings		0.1	0.2
Trade and other payables		58.9	49.2
Current income tax liabilities		11.9	8.0
Derivative financial instruments		2.2	-
Total current liabilities		**73.1**	**57.4**

	Note		
Net current assets		**145.2**	**116.9**
Non-current liabilities			
Borrowings		-	0.2
Trade and other payables		28.9	29.1
Provisions for other liabilities and charges		1.1	0.9
Deferred income tax liabilities		1.6	2.0
Derivative financial Instruments	5	0.1	-
Total non-current liabilities		**31.7**	**32.2**
Net assets		**261.2**	**223.9**
EQUITY			
Share capital		4.0	4.0
Share premium		147.3	140.1
Translation reserve		(1.3)	(0.5)
Merger reserve		(302.5)	(302.5)
Retained earnings		411.4	382.4
Other reserves	12	0.7	-
Equity attributable to the owners of the Company		**259.6**	**223.5**
Non-controlling interests	12	**1.6**	**0.4**
Total equity		**261.2**	**223.9**

Group cash flow statement

	Note	**2014**	2013
		£m	£m
Cash flows from operating activities			
Profit before income tax		45.2	51.8
Adjusted for:			
Depreciation of property, plant and equipment		19.1	15.2
Loss on disposal of property, plant and equipment		1.7	0.1
Proceeds on disposal of fixed assets		0.2	-
Amortisation of intangible assets		3.2	3.0
Share of loss of investment		0.1	-
Net impact of lease incentives		(2.7)	(3.2)
Finance income		(0.6)	(0.3)
Fair value loss /(gain) on derivative financial instruments	4	3.7	(2.6)
Fair value loss on deferred contingent share consideration	4	4.0	2.5
Long- term incentive plan		1.1	0.5
Changes in working capital:			
Increase in inventories		(2.6)	(16.8)
Increase in trade and other receivables		(11.3)	(2.8)
Increase/(decrease) in trade and other payables, and provisions		12.2	(0.9)
Cash generated from operations		**73.3**	**46.5**
Interest received		0.6	0.3
Tax paid		(9.6)	(8.5)

Net cash generated from operating activities		**64.3**	**38.3**
Cash flow from investing activities			
Acquisitions	11	(2.2)	-
Purchase of property, plant and equipment		(26.9)	(14.9)
Purchase of intangible assets		(6.9)	(2.9)
Purchase of investments/associates		(0.4)	-
Net cash used in investing activities		**(36.4)**	**(17.8)**
Cash flow from financing activities			
Cash contributions received from landlords		4.6	3.0
Repayment of borrowings		(0.3)	(0.2)
Net cash generated from financing activities		**4.3**	**2.8**
Net increase in cash and cash equivalents	10	**32.2**	**23.3**
Cash and cash equivalents at beginning of period		54.5	30.9
Exchange (losses) / gains on cash and cash equivalents		(0.5)	0.3
Cash and cash equivalents at end of period, (net of overdraft)	10	**86.2**	**54.5**

Group statement of changes in equity

	Attributable to the owners of the Company								
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other Reserves £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 29 April 2012	**4.0**	**138.6**	**(2.1)**	**(302.5)**	**346.0**	**-**	**184.0**	**-**	**184.0**
Comprehensive income									
Profit for the period	-	-	-	-	35.9	-	35.9	0.4	36.3
Other comprehensive income									
Currency translation differences	-	-	1.6	-	-	-	1.6	-	1.6
Total other comprehensive income	**-**	**-**	**1.6**	**-**	**-**	**-**	**1.6**	**-**	**1.6**
Total comprehensive income for the period	**-**	**-**	**1.6**	**-**	**35.9**	**-**	**37.5**	**0.4**	**37.9**
Transactions with owners									
Employee share award scheme	-	-	-	-	0.5	-	0.5	-	0.5
Shares issued	-	1.5	-			-	1.5	-	1.5
Total transactions with owners	**-**	**1.5**	**-**		**0.5**	**-**	**2.0**	**-**	**2.0**
Balance at 28 April 2013	**4.0**	**140.1**	**(0.5)**	**(302.5)**	**382.4**	**-**	**223.5**	**0.4**	**223.9**
Comprehensive income									

Profit for the period	-	-	-	-	27.4	-	27.4	0.4	27.8
Other comprehensive income									
Currency translation differences	-	-	(0.8)	-	-	-	(0.8)	-	(0.8)
Total other comprehensive income	**-**	**-**	**(0.8)**	**-**	**-**	**-**	**(0.8)**	**-**	**(0.8)**
Total comprehensive income for the period	**-**	**-**	**(0.8)**	**-**	**27.4**	**-**	**26.6**	**0.4**	**27.0**
Transactions with owners									
Employee share award scheme	-	-	-	-	1.1	-	1.1	-	1.1
Deferred tax - employee share award scheme	-	-	-	-	0.5	-	0.5	-	0.5
Shares issued	-	7.2	-	-	-	-	7.2	-	7.2
Reserves arising on business combination	-	-	-	-	-	0.7	0.7	0.8	1.5
Total transactions with owners	**-**	**7.2**	**-**	**-**	**1.6**	**0.7**	**9.5**	**0.8**	**10.3**
Balance at 26 April 2014	**4.0**	**147.3**	**(1.3)**	**(302.5)**	**411.4**	**0.7**	**259.6**	**1.6**	**261.2**

Selected notes to the financial information

1. Basis of preparation

The financial information contained in this announcement, which does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006, has been derived from the audited statutory accounts for the 51 weeks and 6 days ended 26 April 2014 ("2014") (2013: 52 weeks ended 28 April 2013 ("2013")). The statutory accounts for the year ended 26 April 2014 will be filed with the Registrar of Companies in due course. The independent auditors' report on these accounts is unqualified and does not contain any statements under s.498 (2) or (3) of the Companies Act 2006.

2. Significant accounting policies

New accounting pronouncements

The following new or recent standards, interpretations and amendments to standards have been adopted by the Group where appropriate or applicable to the Group:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for the Group to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (re-classification adjustments).

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in

IAS 36 by the issue of IFRS 13.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 29 April 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the board.

3. Segment information

The Group's operating segments under IFRS 8 have been determined based on the reports reviewed by the Group's Chief Operating Decision Maker (executive board members, "the CODM"). The CODM assesses the performance of the operating segments based on profit before income tax, before inter-segment royalties. The CODM considers the business from a customer perspective only, being Retail and Wholesale. The CODM reviews the balance sheet at a Group level. No separate balance sheet measures are provided between the Retail and Wholesale segments.

The CODM receives information, reviews the performance of the business, allocates resources and approves budgets for two operating segments, and therefore information is disclosed in respect of the following two segments:

- Retail - principal activities comprise the operation of UK, Republic of Ireland and European stores, concessions and all internet sites. Revenue is derived from the sale to individual consumers of own brand and third party clothing, footwear and accessories; and

- Wholesale - principal activities comprise the ownership of brands, wholesale distribution of own brand products (clothing, footwear and accessories) worldwide and trade sales.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group reports and manages central functions separately to the Retail and Wholesale operations, which includes design, finance, HR, IT, legal, marketing, merchandising, property, sourcing and the goodwill and intangibles arising on consolidation.

The revenue from external parties reported to the board is measured in a manner consistent with that of the IFRS financial statements.

Inter-segment royalties, transfers or transactions entered into under a cost plus pricing structure are not reflected in the performance of each business segment.

Segmental information for the main reportable business segments of the Group for the 52 weeks ended 28 April 2013 and the 51 weeks and 6 days ended 26 April 2014 is set out below:

	Retail 2014 £m	Wholesale 2014 £m	Central costs 2014 £m	**Group 2014 £m**
Total segment revenue	295.4	165.3	-	460.7
Less: inter-segment revenue	(9.9)	(19.9)	-	(29.8)
Revenue from external customers	**285.5**	**145.4**	**-**	**430.9**
Finance income	-	-	0.6	0.6
Profit /(loss) before income tax	**49.2**	**41.0**	**(45.0)**	**45.2**

The following additional information is considered useful to the reader:

	Underlying 2014 £m	Re- measurements £m	Exceptional costs £m	**Reported 2014 £m**
Revenue				
Retail	285.5	-	-	285.5
Wholesale	145.4	-	-	145.4

Total revenue	**430.9**	-	-	**430.9**
Gross profit	257.3	-	-	257.3
Operating profit				
Retail	54.8	(2.0)	(3.6)	49.2
Wholesale	47.8	(1.7)	(5.1)	41.0
Central costs	(41.1)	(4.0)	(0.4)	(45.5)
Total operating profit / (loss)	**61.5**	**(7.7)**	**(9.1)**	**44.7**
Net finance income - Central costs	0.6	-	-	0.6
Share of loss of investment- Central costs	(0.1)	-	-	(0.1)
Profit /(loss) before income tax				
Retail	54.8	(2.0)	(3.6)	49.2
Wholesale	47.8	(1.7)	(5.1)	41.0
Central costs	(40.6)	(4.0)	(0.4)	(45.0)
Total profit / (loss) before income tax	**62.0**	**(7.7)**	**(9.1)**	**45.2**

Note:

Note:

Underlying is defined as reported results adjusted to reflect the impact of the gain/loss recognised on re-measurement (being fair valuing deferred contingent share consideration, financial derivatives), exceptional items and, when appropriate, the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 4. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

The following additional information is considered useful to the reader:

	Retail 2013	Wholesale 2013	Central costs 2013	Group 2013
	£m	£m	£m	£m
Total segment revenue	242.5	121.7	-	364.2
Less: inter-segment revenue	-	(3.8)	-	(3.8)
Revenue from external customers	**242.5**	**117.9**		**360.4**
Finance income	-	-	0.3	0.3
Profit / (loss) before income tax	**46.8**	**37.1**	**(32.1)**	**51.8**

	Underlying 2013 £m	Re-measurements £m	Exceptional costs £m	Reported 2013 £m
Revenue				
Retail	242.5	-	-	242.5
Wholesale	117.9	-	-	117.9
Total revenue	**360.4**	-	-	**360.4**
Gross profit	210.0	-	-	210.0
Operating profit				
Retail	46.2	1.1	(0.5)	46.8
Wholesale	35.6	1.5	-	37.1
Central costs	(29.9)	(2.5)	-	(32.4)
Total operating profit / (loss)	**51.9**	**0.1**	**(0.5)**	**51.5**
Net finance income - Central costs	0.3	-	-	0.3
Profit before income tax				
Retail	46.2	1.1	(0.5)	46.8
Wholesale	35.6	1.5	-	37.1
Central costs	(29.6)	(2.5)	-	(32.1)
Total profit /(loss) before income tax	**52.2**	**0.1**	**(0.5)**	**51.8**

The Group has subsidiaries which are incorporated and resident in the UK and overseas. Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	2014 £m	2013 £m
External revenue - UK	254.8	236.0
External revenue - Europe	150.7	105.3
External revenue-Rest of World	25.4	19.1
Total external revenue	**430.9**	**360.4**

Included within external revenue overseas is revenue of £45.2m (2013: £29.0m) generated by our overseas subsidiaries.

The total of non-current assets, other than deferred income tax assets, located in the UK is £71.2m, (2013:£71.1m), and the total of non-current assets located in other countries is £46.1m (2013:£34.1m).

4. Non-underlying and exceptional items

Non-underlying and exceptional items incurred during the period are as follows:

	2014	2013
	£m	£m
Re-measurements:		
Deferred contingent share consideration	(4.0)	(2.5)
(Loss) / gain on financial derivatives	(3.7)	2.6
Re-measurements	(7.7)	0.1
Exceptional Items:		
Set- up costs regarding the Retail distribution centre	(3.4)	(0.5)
Buy out of Spanish and UK agents	(3.3)	-
Buy out of German agent and business combination costs	(2.4)	-
Re-measurements and exceptional items	**(16.8)**	**(0.4)**
Taxation:		
Tax impact of non-underlying adjustments	1.8	(0.6)
Deferred income tax - exceptional -note 5	(4.3)	(1.5)
Taxation on non-underlying adjustments	**(2.5)**	**(2.1)**
Total non-underlying adjustments	**(19.3)**	**(2.5)**
Re-measurements and exceptional items are included within:		
Selling, general and administrative expenses	(13.1)	(3.0)
Other gains and losses	(3.7)	2.6
Re-measurements and exceptional items	**(16.8)**	**(0.4)**

Re-measurements

Fair value re-measurement of deferred share consideration

The SuperGroup Europe BVBA acquisition in February 2011 included two tranches of deferred contingent share consideration to be issued on the second and third anniversaries of the acquisition. The consideration is payable in shares, and the shares will be issued in proportion to the percentage completion of certain sales and store number targets. The fair value of these shares at the acquisition date was £10.3m.

IFRS 3 (revised) requires deferred contingent share consideration to be re-measured at each period end to reflect the estimated percentage completion of the targets and change in share price. The share price movement from £7.36 at April 2013 to £16.10 in February 2014, the date the shares were issued on the third anniversary of the acquisition, increased the liability by £3.9m (2013: the share price movement from £3.50 at April 2012 to £6.93 in February 2013, the date the shares were issued on the second anniversary of the acquisition, increased the liability by £0.8m. The movement on the deferred contingent consideration to £7.36, at April 2013, increased the liability by £1.7m). The movements in the deferred contingent share consideration have been recorded in the Group statement of comprehensive income.

Loss / gain on financial derivatives

Loss/gain on financial derivatives has been recognised as a re-measurement

Exceptional

Set up costs regarding the Retail distribution centre

On the 15th April 2013 the Group announced that the Gloucester Retail and e-commerce distribution centres would close and the activities be moved to a site in Burton-upon-Trent. During the period £3.4m (2013:£0.5m) of set-up costs, dual running costs and loss on write off of assets were recognised.

Buy-out of Spanish and UK agents

During the year the Group bought out Spanish and UK agents. Total costs including deferred consideration and legal fees, was £3.3m.

Buy-out of German agent and business combination costs

On 31 October 2013 the Group completed a business combination (see note 11). As part of the business combination a pre-existing agency relationship that was unfavourable was terminated, and a loss was recognised of £1.8m. £0.6m of other related costs, including professional fees were also incurred.

5. Income tax expense

The income tax expense comprises:

	2014	2013
Current income tax:	**£m**	£m
UK corporation tax charge for the period	11.7	11.2
Adjustment in respect of prior periods	(0.2)	(0.1)
Overseas tax	2.1	0.9
Total current tax	**13.6**	**12.0**
Deferred income tax:		
Origination and reversal of temporary differences	(0.6)	2.1
Adjustment in respect of prior periods	0.1	(0.1)
Exceptional income tax expense, due to a change in taxation rate	4.3	1.5
Total deferred income tax	**3.8**	**3.5**
Total income tax expense	**17.4**	**15.5**

The income tax expense on underlying profit is £14.9m (2013: £13.4m). The income tax credit on non-underlying and exceptional items is £1.8m (2013: £0.6m expense) and the exceptional income tax expense is £4.3m (2013: £1.5m), so the net position being disclosed as an exceptional tax charge in the period is £2.5m.

Factors affecting the income tax expense for the period are as follows:

	2014	2013
	£m	£m
Profit / (loss) before income tax	**45.2**	**51.8**
Profit multiplied by the standard rate in the UK - 22.8% (2012: 23.9%)	10.3	12.4
Expenses not deductible for tax purposes	1.1	0.3
Fair value movement of deferred contingent share consideration	0.9	0.6
Non-qualifying additions	1.0	0.9
Adjustment in respect of prior years	(0.2)	(0.2)
Total income tax expense excluding exceptional items	**13.1**	**14.0**
Exceptional income tax expense	4.3	1.5

Total income tax expense including exceptional items	**17.4**	**15.5**

Net deferred income tax movement:

	2014	2013
	£m	£m
Opening net deferred income tax	(32.0)	(35.5)
Charged to the statement of comprehensive income:		
Accelerated capital allowances	(1.0)	(0.8)
Movement on goodwill and intangibles - change in corporation tax rate	3.7	1.4
Movement on goodwill and intangibles - other	2.8	3.0
Other temporary differences	(1.0)	(0.7)
Revaluation of derivatives and forward exchange contracts	(0.8)	0.6
Other temporary difference - employee share scheme	(0.5)	-
Closing net deferred income tax	**(28.8)**	**(32.0)**
Represented by:		
Accelerated capital allowances	0.6	1.6
Other intangibles	1.6	2.0
Temporary differences (losses)	(1.8)	(0.8)
Recognition of lease incentives	(3.1)	(2.6)
Goodwill and other intangibles arising in subsidiary entities	(25.6)	(32.6)
Revaluation of derivatives and forward exchange contracts to fair value	(0.5)	0.4
Closing net deferred income tax	**(28.8)**	**(32.0)**

Included within note 4, £4.3m (2013 £1.5m) of exceptional tax charges, of which £3.7m (2013:£1.4m) relate to the impact of the tax rate on goodwill and intangibles. The remainder of £0.6m (2013:£0.1m) is included within other movements such as movements such as accelerated capital allowances and temporary differences.

Discussions with HMRC in respect of the tax deductible goodwill arising on the March 2010 reorganisation are ongoing. Written conformation has been received from HMRC that they will not challenge the commercial nature of the transactions. The amounts of intangible assets available for tax relief are yet to be agreed with HMRC. Following independent advice the director consider that the related deferred tax asset in respect of these intangibles continues to be considered recoverable.

6. Dividends

No dividends were paid in the year, and no dividends will be proposed at the Annual General Meeting on 19 September 2014 (2013: £nil).

7. Property, plant and equipment

The Group made improvements to leasehold buildings and acquired fixtures and fittings and computer equipment at a total cost of £26.9m during the 51 weeks and 6 days ended 26 April 2014 (£15m for the 52 weeks ended 28 April 2013). The Group also acquired £1.2m of fixtures and fittings as part of the business combination in Germany.

8. Capital expenditure commitments

The Group is committed to capital expenditure on property, plant and equipment of £2.4m as at 26 April 2014 (£0.9m as at 28 April 2013).

9. Earnings per share

	2014	2013
Earnings	£m	£m
Profit for the period attributable to the owners of the Company	27.4	35.9
	No.	**No.**
Number of shares at year end	80,961,378	80,455,547
Weighted average number of ordinary shares - basic	80,580,959	80,280,115
Effect of dilutive options and contingent shares	1,072,360	769,189
Weighted average number of ordinary shares - diluted	**81,653,319**	**81,049,304**
Basic earnings per share (pence)	**34.0**	**44.7**
Diluted earnings per share (pence)	**33.6**	**44.3**

Underlying basic earnings per share	2014	2013
	£m	**£m**
Underlying profit for the period attributable to the owners of the Company	46.7	38.4
	No.	**No.**
Weighted average number of ordinary shares - basic	80,580,959	80,280,115
Weighted average number of ordinary shares - diluted	81,653,319	81,049,304
Underlying basic earnings per share (pence)	**58.0**	**47.8**
Underlying diluted earnings per share (pence)	**57.2**	**47.4**

There are no share-related events after the balance sheet date that will affect earnings per share.

Note:

Underlying is defined as reported results adjusted to reflect the impact of the gain / loss recognised on re-measurements(being the fair valuation of deferred contingent share consideration and financial derivatives), exceptional items and, when appropriate the related income tax. The directors believe that the underlying results provide additional guidance to statutory measures to help understand the performance of the Group. Further details of the adjustments are included in note 4. All references to underlying are after making these adjustments. Retail and Wholesale segments are presented before inter-segment royalties.

10. Net cash

Analysis of net cash	2013	Cash flow	Non cash changes	**2014**
	£m	£m	£m	£m
Cash and short-term deposits	54.5	32.2	(0.5)	86.2

Cash and cash equivalents net of overdraft	**54.5**	**32.2**	**(0.5)**	**86.2**
Other loans	(0.4)	0.3	-	(0.1)
Total net cash	**54.1**	**32.5**	**(0.5)**	**86.1**

11. Business combinations

During the year a 70% subsidiary of SuperGroup Plc, Superdry Germany GmbH ("Superdry Germany") completed a business combination with KUH Retail GmbH ("KuH"), a former distributor and former agent in Germany for the Group. The other 30% shareholder in Superdry Germany is Ranft Soller Holdings GmbH ("RSH"). RSH is the sole shareholder of KuH.

The business combination was completed on 31 October 2013 and involved KuH selling their trade and certain assets to Superdry Germany for the consideration as set out below. The trade and assets acquired principally consists of seven Superdry branded stores. As part of the transaction the pre-existing agency agreement between the Group and KuH was terminated in order that the Group would take back control of this territory.

The transaction will allow the Group to benefit from improved wholesale margins, accelerate the roll-out of German stores by investing in its own capital, and retain the local operational and management expertise.

Superdry Germany paid a total of £5.8m in consideration by a combination of cash and non-cash funding. Cash paid by SuperGroup Plc on acquisition was £1.0m. Deferred cash payable within one year was £2.1m. Fair value of other considerations was £2.7m.

Of the £2.1m deferred cash payable, £0.9m remains unpaid as at 26 April 2014. £2.2m of cash outflow has been recognised in respect of acquisition of businesses in the Group cash flow statements.

In addition to the consideration of £5.8m, there is a deferred termination fee with a maximum value of £0.7m which may be paid in SuperGroup Plc shares, dependent on certain employees remaining in employment.
The provisional fair value of assets acquired and liabilities assumed was as follows:

	£m
Non-current assets:	
Intangible assets	1.2
Property, plant and equipment	1.2
Total non-current assets	**2.4**
Current assets:	
Inventories	2.8
Non-current liabilities:	
Provision for deferred tax	(0.1)
Total fair value of assets acquired and liabilities assumed	**5.1**
Goodwill on acquisition	0.7
Total consideration	**5.8**

Intangible assets relate to re-acquired rights to the German territory. Goodwill represents expected synergies, and is expected to be tax deductible.

12. Non-controlling interests and other reserves

Movement in non-controlling interests during the year are disclosed in the statement of changes in equity.

An increase in non-controlling interest of £0.8m and other reserves of £0.7m was recognised in respect of the business combination with regards to Superdry Germany.

	Non-controlling interest 2014	Other Reserves 2014
	£m	£m
Brought forward as at 29 April 2013	0.4	-
Arising on business combination during the period	0.8	0.7
Share of result for the year	0.4	-
Carried forward as at 26 April 2014	1.6	0.7

13. Events after the reporting period

On 20 June 2014 the Group acquired the entire share capital of SMAC A/S, SMAC Norge AS and SMAC Retail A/S; former Scandinavian distributors. Due to the proximity of the acquisition date to the release of the annual report, valuations of assets and liabilities acquired along with the disclosures required by IFRS 3 (Revised) have not been able to be prepared. Disclosure will be made in future annual financial statements. The book value of assets acquired was £1.4m and no material goodwill is expected to arise once the fair value exercise is complete.

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