

SuperGroup.Plc



Half Year Results
26 Weeks
Ended 29 October 2016

Agenda.



Overview &
Current Trading Update

Financial Results

Strategic
Progress

Q&A

Euan Sutherland, CEO

Nick Wharton, CFO

Euan Sutherland, CEO

1H17 Overview.



Strong financial performance, continued diversification & strategic progress.

- Sales +31%, LFL +12.8% and PBT +21%¹
- Positive trading performance across all channels and priority territories
- Continued strong performance in e-commerce, significant growth in Wholesale
- Further progress on global diversification
- Interim dividend 7.8p

Current trading.

10 weeks to 7 January 2017

- Total Retail revenue growth of 20.6%
- Like-for-like sales growth +14.9% (FY16: +1.2%²)
- Good performance across all channels; full-price, e-commerce and off price
- Q4 is a low volume quarter with strengthening comparative +15.4%
- FY17 underlying profit is expected to be in line with analyst expectations³

1. Underlying PBT adjusted for DC migration costs and development market losses

2. 11 weeks to 9 January 2016

3. FY17 underlying profit before tax consensus at 11 January 2017: £86.2m. Consensus at 9 November 2016: £84.6m

Strategic Progress.



Strategy delivering a global lifestyle brand.

Embed



- Strong global brand experience
- Global one team approach
- Encouraging results from next generation trial

Enable



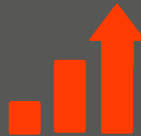
- New EU & USA distribution centres operating effectively
- Design to Customer foundations in place
- Further progress in direct sourcing

Extend



- Strong, balanced core category growth
- Adjacent category extensions driving incremental sales
- Innovation in heritage ranges and new categories

Execute



- 19% increase in international retail space
- Increased inventory pool drives e-commerce growth
- USA: LFL recovery and new stores performing well
- China development in-line with plan

Financial Performance

Nick Wharton



1H17 Financial Overview.



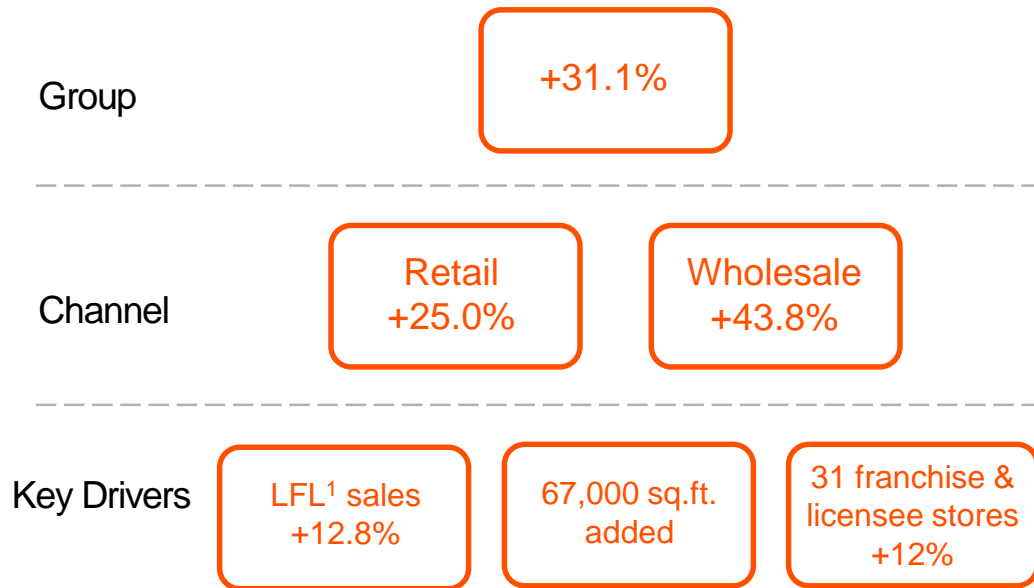
Strong start to FY17 on key financial metrics.

	1H17	1H16	Growth
Sales (£m)	334.0	254.7	31.1%
Like-for-like	12.8% ¹	17.2%	
Gross margin	58.8%	60.1%	(130)bps
Costs (£m)	(178.8)	(138.2)	29.4%
Operating margin	6.6%	7.6%	(100)bps
Group underlying profit before tax (£m)	21.0	19.3	8.8%
Core ² underlying profit before tax (£m)	26.2	21.7	20.7%
Underlying basic EPS (p)	21.0	20.0	5.0%
Dividend per share ³ (p)	7.8	6.2	25.8%
Net cash (£m)	40.4	70.0	(42.3%)

1. Trading LFL. 15.1% on a statutory week basis adjusting for the 53rd week in FY16
2. Excluding DC migration costs and development market losses
3. In line with dividend policy, calculated as approximately one-third of FY16 total dividend

1H17 Sales Analysis.

Sales momentum across all channels.



Quarterly Profile – Retail LFL ¹			
%	Q1	Q2	H1
FY17	11.9	13.7	12.8
FY16	19.3	15.5	17.2

Group

- Currency contributed c.one-third to sales growth

Retail

- New space
 - 18.9% average space increase
 - 51k sq.ft. EU net new store openings
 - 967k sq.ft. total closing space (EU: 332k sq.ft.)
- Like-for-like
 - Continuing, consistent sales momentum
 - Strong e-commerce growth +c.40%
 - Contribution from new categories
 - Continued LFL progress in Germany

Wholesale

- Strong performance with expanding customer base
- Existing customer growth driven by:
 - Improved forward order sales processes
 - Increased in-season sales
 - Range extensions
- 31 additional franchise and licensee stores

1. Trading LFL. 15.1% on a statutory week basis adjusting for the 53rd week in FY16

Gross Margin.

Dilution from strong Wholesale sales and one-off promotions.



Foreign exchange

- Revenue led currency impact +40bps

Channel sales mix

- Retail vs Wholesale participation
- EU store expansion mitigates

Rate

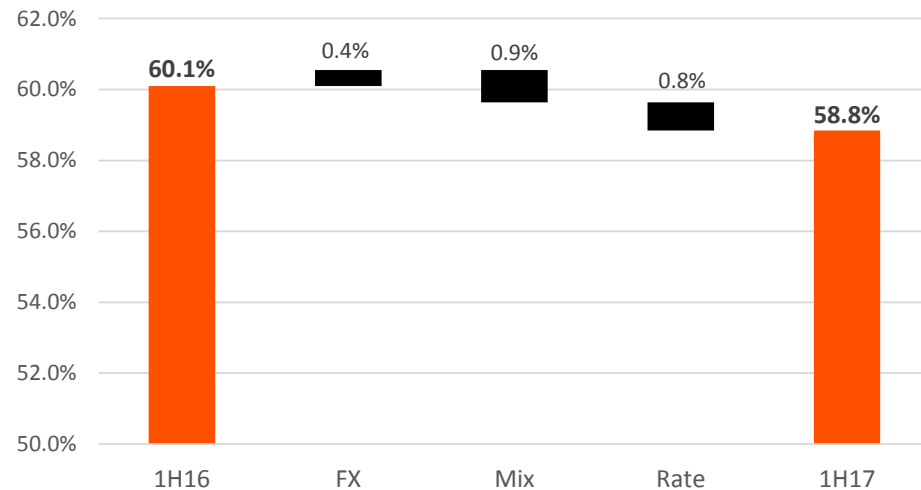
Sourcing improvements

- Benefit from buying scale & direct sourcing
- Re-investment in pricing & product (e.g. Footwear)

Promotional impact

- Improved clearance event performance
- Focused clearance activity prior to DC migration (Retail & Wholesale)
- Trial of added value promotions in retail (e.g. Cross store 342)

Year on Year Movement



Selling & Distribution Costs.

Cost growth in line with revenue growth.



Foreign exchange

- Currency impact on EU / USA cost base

Store costs (+19% Yr. on Yr.)

- Increase in owned space of 19%
- Higher EU operating costs
- Payroll: NLW impact offset by productivity

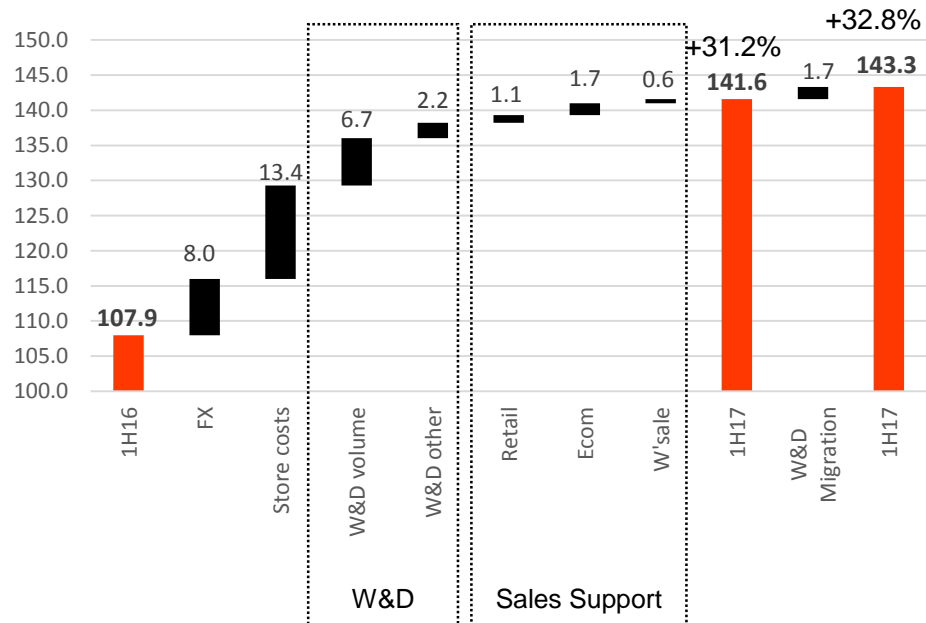
Distribution costs (+46% Yr. on Yr.)

- Sales mix inefficiencies
 - E-commerce mix
 - EU expansion
 - Additional warehouse space

Sales support (+26% Yr. on Yr.)

- Strengthened Retail and Wholesale teams
- E-commerce:
 - Variable cost model (e.g. hosting)
 - Ongoing customer experience investments

Year on Year Movement



Central Costs*

Enabling investment continues.



Central cost investment

- Cost leverage from LFL growth
- Total costs increased by 17%

Variable pay

- Scale impact at normalised incentive levels

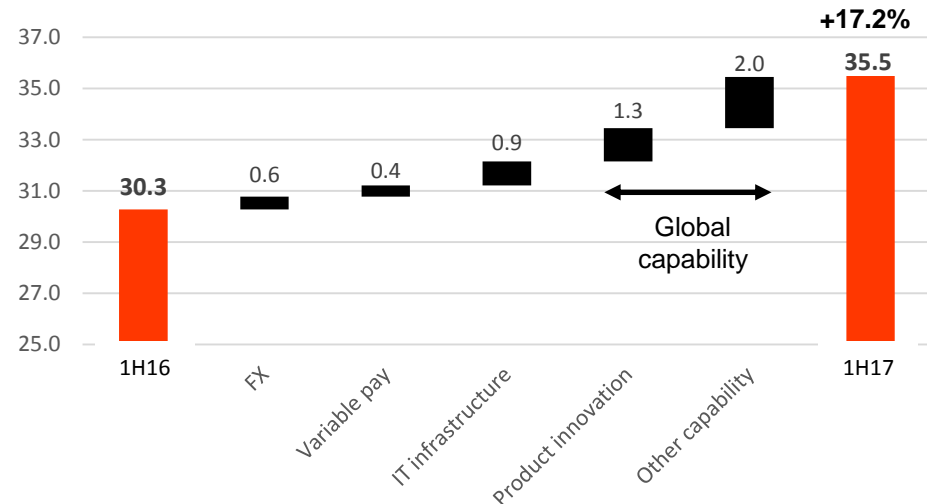
Infrastructure led depreciation

- FY17: Multi-warehouse capability, UK DC improvement, website upgrades (Total capex c.£11m)
- FY16: Merchandise planning, DC single pick, website upgrades, new head office space (Total capex: £14m)

Global capability

- Product innovation
 - Design (Incl. SuperDesignLab)
 - Sourcing, merchandising
- Central capability further strengthened

Year on Year Movement



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

PBT Margin Bridge.



Investment led dilution offset by sales mix.

Underlying “core” margin

- 50bps dilution in core business

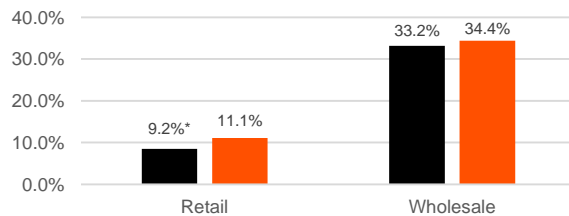
Foreign exchange

- Small favourable currency impact at PBT level

Group: Operating margin drivers

- Channel benefit from Wholesale
- Productivity
 - Head office leverage
- Investment
 - One-off inventory actions & consumer trials
 - Higher distribution unit cost to serve (EU stores and e-commerce)

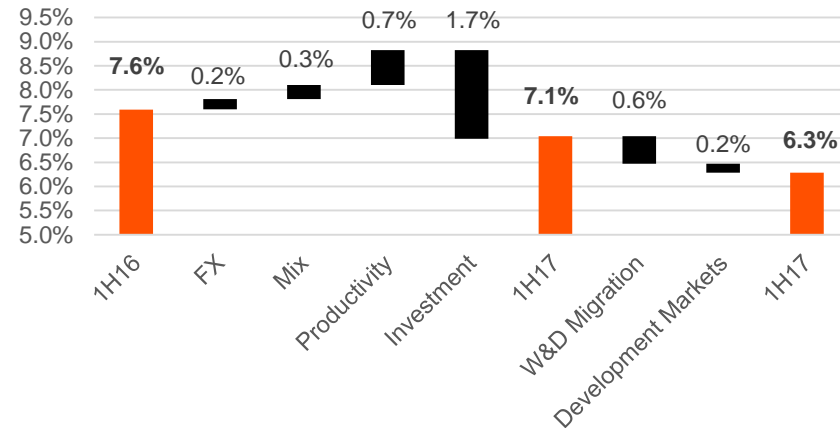
Channel: Operating margins



* Exc DC Migration

■ 1H17 ■ 1H16

Year on Year Movement



Cash Flow.

Net cash impacted by inventory investment and dividend payments.



	1H17 £m	1H16 £m
Cash generated from operations	36.5	29.8
Working capital movement	(35.3)	5.1
Interest income	0.2	-
Income taxes paid	(9.9)	(12.0)
Underlying cash generation	(8.5)	22.9
Purchase of intangibles and property, plant, equipment	(25.8)	(22.2)
Dividend payments	(30.1)	-
Other	0.2	0.4
Net increase/(decrease) in cash	(64.2)	1.1
Exchange rate movements	3.9	1.3
Opening net cash	100.7	67.6
Closing net cash	40.4	70.0

Working Capital.



Inventory investment to support peak trading and protect DC migration.

Inventories

Constant currency growth in line with sales

- Store like-for-like inventory improvements continue
- c.£10m impact from FX
- New store injection
- DC migration investment

Trade receivables

- Ongoing reduction in debtor days
- Increase reflects scale and phasing of wholesale despatches

Trade payables

- Timing of AW16 deliveries
- Improved payment practices
 - Prompter payment to terms
 - Settlement discount opportunity

	1H17 £m	1H16 £m	Change %
Inventories	160.5	117.7	36.4%
Trade & similar receivables	95.9	75.7	26.7%
Trade & similar payables	(124.2)	(91.6)	35.6%
Working capital investment	132.2	101.8	29.9%

Capital Investment.



New store programme continues with strong returns.

New stores

- Attractive returns on investment
- Payback target c.30 months
- FY13-FY16 new stores average post tax payback 23 months

Infrastructure investment

- Distribution:
 - Development of regional facilities
 - UK DC: increased capacity
- IT:
 - Multi warehouse capability
 - Core systems enhancement programme

Head Office

- Continued investment to support business growth
 - In-house “Mock shop” introduced
 - Improved work environment and capacity

£m	1H17	1H16
Store Portfolio		
New stores	14.9	16.9
Existing stores	4.9	2.4
Franchise	1.6	0.6
Total store portfolio	21.4	19.9
Infrastructure		
IT (incl. software dev)	5.2	3.1
Distribution	3.2	1.8
Head Office	1.0	4.4
Total infrastructure	9.4	6.4
Total	30.8¹	29.2
Capital creditor	(5.0)	(7.0)
Per cash flow	25.8	22.2

1. Includes intangible assets £1.5m (1H16: £2.9m), predominantly software development.

FY17 Guidance.

Profit expected in line with current consensus*.



Unchanged

Underlying profit before tax	<ul style="list-style-type: none"> In line with analyst expectations*
Space growth	<ul style="list-style-type: none"> EU 110k-120k sq.ft. USA 30k sq.ft.
Selling & distribution costs	<ul style="list-style-type: none"> Increase in line with revenue <ul style="list-style-type: none"> Growth in higher cost to serve channels
DC migration	<ul style="list-style-type: none"> One-off operating cost of c.£2m
Central costs	<ul style="list-style-type: none"> Grow ahead of revenue <ul style="list-style-type: none"> Continued capability investment
Working Capital	<ul style="list-style-type: none"> Grow slower than revenue
Capital Investment	<ul style="list-style-type: none"> £60m-£70m investment

New / Updated

Gross margin	Full Year <ul style="list-style-type: none"> 40–60bps dilution Previous: 0–30bps accretion
Effective tax rate	<ul style="list-style-type: none"> FY17: c.21% FY16: 20.4%

* FY17 underlying profit before tax consensus at 11 January 2017: £86.2m. Consensus at 9 November 2016: £84.6m

Financial Summary.



Strong performance across key financial metrics.

- Strong first half:
 - 31% revenue growth, delivered across all channels
 - 21% core business profit growth
- Gross margin impacted by structural mix and one-off management actions
- Strengthened global enabling capability marginally dilutes operating margins
- Good net cash generation funds inventory investment, ongoing store opening programme & progressive dividend
- Peak trading period under-pins full year PBT expectation

Strategic Progress

Euan Sutherland



Creating A Global Lifestyle Brand.



Embed



Our brand values for long term sustainable growth

Enable



Investment in people, systems & infrastructure

Extend



Achieving growth potential in key categories

Execute



Growth opportunities in new markets and online

Embed.

Our brand values for long term sustainable growth.

Strong global brand experience

- ✓ Improving brand awareness
- ✓ 'This is my Superdry' supports brand purpose
- ✓ Strong performance from next generation concept stores

Our people are our brand

- ✓ Engagement levels improved year on year
- ✓ Development focus for all colleagues
 - Superdry Academy established
 - Sales & Service training delivered to 1,700 colleagues
 - Future, Engage, Deliver programme for 200 key leaders
- ✓ Sharing in Success
 - National Living Wage for all colleagues
 - ShareSave in fifth year, Buy as you Earn launched
 - Participation in National Apprenticeship scheme
- ✓ Strengthened leadership team:
Marketing & Business Development: Hugo Adams

Enable.

Investment in people, systems
& infrastructure.

Enhanced multi-channel distribution capability

- ✓ New distribution centres in Europe & USA operating effectively and opened ahead of plan
Reduced transport costs and accelerated replenishment
- ✓ Record volumes achieved across each new facility
- ✓ EU e-commerce fulfilment to improve customer proposition & sales

Design to Customer progress continues

- ✓ Global range planning increases range crossover and reduces option count
- ✓ Harmonised Wholesale and Retail critical path
- ✓ Single global merchandising team established
- ✓ 64% direct sourcing achieved: India & Turkey

Extend.

Innovation continues to drive sales across the business.

Successful heritage range innovation

- ✓ Strong womenswear growth broadens brand appeal
- ✓ Jackets
 - Bombers and Rookies now iconic ranges
 - Fuji and padded range significantly extended
 - Multi-channel campaign: Jackets guide, digital & social
- ✓ Hoodies, sweats and T shirts
 - Significant development in handwriting, shapes & fabrics

New innovation categories performing well

- ✓ Brand expansion through adjacent category extensions
 - Idris Premium
 - Sport – Men's and Women's.
 - Snow
 - Footwear
- ✓ Gifting launched ahead of peak trading
- ✓ SuperDesignLab established and driving next phase of Sportswear development



Execute.

Growth opportunities in new markets and online.

Strong progress in first half

- ✓ 18% increase in mainland Europe trading space
- ✓ 12 new stores – 9 EU, 3 USA
- ✓ Continued e-commerce momentum from increased availability
- ✓ USA
 - Encouraging LFL traction in inherited stores
 - New stores performing well
- ✓ Three initial trial stores trading in China

Further potential in all channels

- ✓ Material EU opportunity with FY17 space increase on target at 115k sqft
- ✓ Next generation stores provide further growth opportunity
- ✓ Continued complementary franchise opportunity (FY17: c.60 stores)
- ✓ USA store opening programme 5 further stores approved for FY18
- ✓ Increase investment in e-commerce to access consumer preference
- ✓ China: Further trial stores including franchise opportunity



Summary.

Strong Financial Performance

- Delivered strong revenue and profit growth
- New store programme on plan
- Increased interim dividend
- Good peak trading performance across all channels
- Expect FY17 underlying profit before tax in line with consensus

Further Strategic Progress

- Balanced growth is building the brand and further diversifying the business
- Product innovation and next generation stores enhancing brand equity
- Design to Customer foundations and ongoing investments enabling future efficiencies
- Further significant infrastructure opportunity through international DC's
- Successfully growing Superdry globally across all channels



Q & A



Appendix.



Summary Balance Sheet.



	1H17 £m	1H16 £m
Total Non-Current Assets	206.6	168.8
Inventories	160.5	117.7
Trade & Other Receivables	109.8	89.2
Derivative and financial instruments	15.2	5.3
Cash and cash equivalents together with term deposits classified as an other financial cost	40.4	70.0
Total Current Assets	325.9	282.2
Total Current Liabilities	161.1	115.2
Net Current Assets	164.8	167.0
Total Non-Current Liabilities	44.0	33.8
Net Assets	327.4	302.0

Re-measurements and exceptional Items.



	1H17 £m	1H16 £m
Underlying operating profit	22.1	19.3
Re-measurements		
Loss on financial derivatives	(8.3)	(5.5)
Other exceptional items		
Sales discounting of acquired US stock	-	(2.3)
Re-measurements and exceptional items	(8.3)	(7.8)
Reported operating profit	13.8	11.5