

Interim Results
Period Ended
25 October 2014
SuperGroup Plc



AGENDA

- Introduction
- Financial results
- Initial thoughts
- Summary
- Q&A

Euan Sutherland, CEO

Shaun Wills, CFO

Euan Sutherland, CEO

Euan Sutherland, CEO

INTRODUCTION

EUAN SUTHERLAND



INTRODUCTION

極度乾燥(しなさい)
Superdry.

Exceptional weather impacts sales performance but...

- International growth momentum
- Range development – SS14 learnings
- Brand remains strong and desirable
- Investment in infrastructure and the cost base
- Full year outlook in line with recent guidance

AMBITION: DELIVERING SUSTAINABLE CONSISTENT LONG-TERM GROWTH

FINANCIAL SUMMARY

SHAUN WILLS



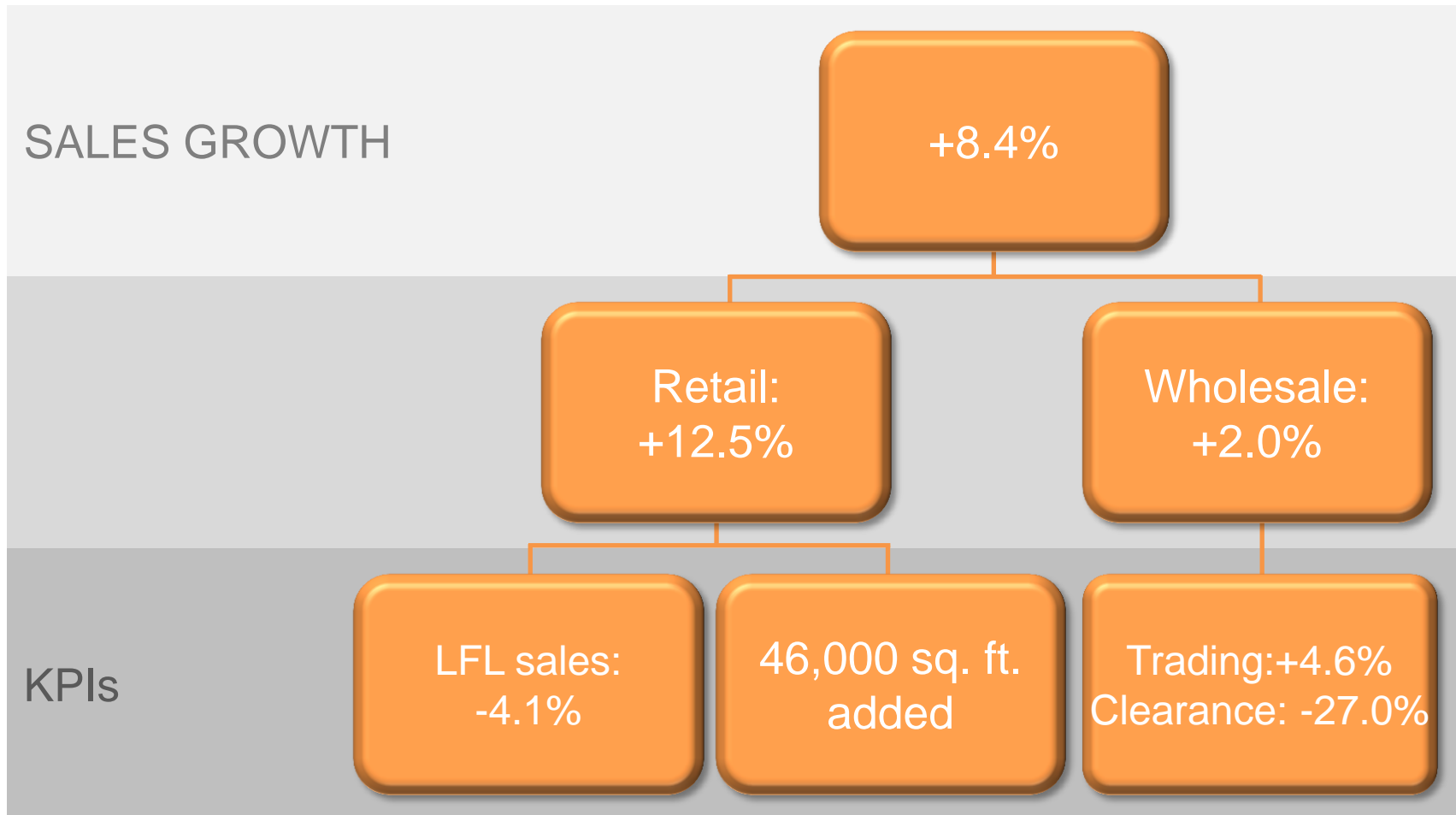
FINANCIAL SUMMARY

- Group sales growth of +8.4%
- LFL sales growth of -4.1%
- Group gross margin percentage improved by 220 bps
- Cost increases +21.3% as planned
- Underlying profit fell by -30.2%
- Half year-end net cash balance of £66.6m

PROFIT STATEMENT

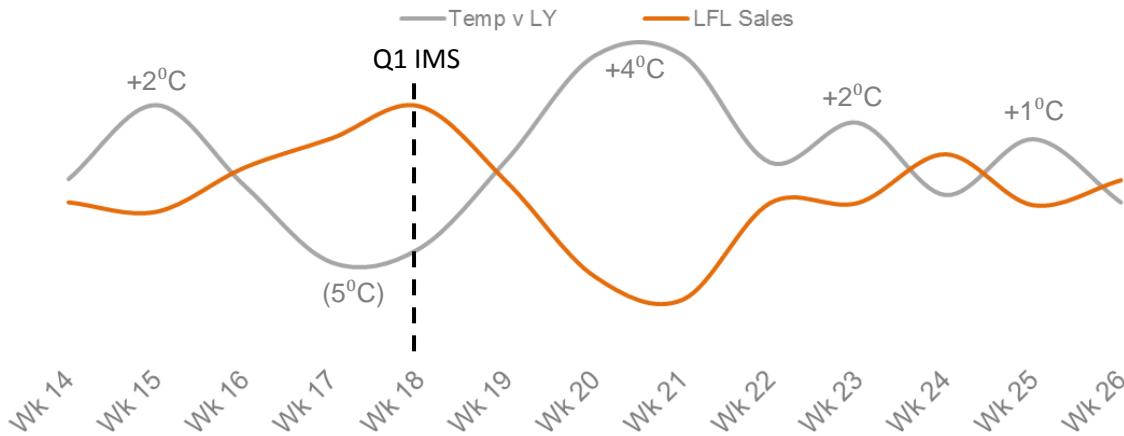
	2014	2013	Growth
Sales (£m)	208.2	192.1	8.4%
Gross profit (£m)	122.8	109.2	12.5%
Gross margin (%)	59.0%	56.8%	220 bps
Costs	(112.6)	(92.8)	21.3%
Other	1.9	1.3	
Operating profit (£m)	12.1	17.7	(31.6%)
Finance income	0.4	0.2	
Underlying Profit before tax (£m)	12.5	17.9	(30.2%)
Tax	(2.8)	(4.6)	
Profit after tax	9.7	13.3	(27.1%)
EPS (<i>diluted</i>) (p) underlying	11.8	16.1	
reported	16.1	2.6	

SALES ANALYSIS



WEATHER IMPACT

UK Retail Q3 LFL Sales vs Temp.



Britons bask in balmy October

BBC – Wednesday 29 October 2014

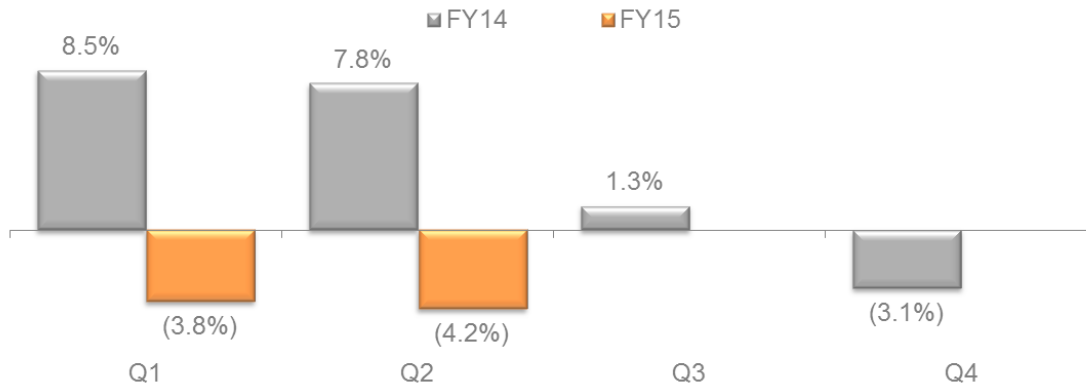
Warmest Halloween on record for the UK

Channel 4 News – Friday 31 October 2014

Met Office expects autumn to be UK's third warmest in more than 100 years

The Guardian - Thursday 27 November 2014

LFL %



RETAIL SPACE

- 45,700 square feet of net retail space growth in H1
- 19,400 additional square feet opened in subsequent weeks
- 40,000 square feet of new space in Germany to end of November
- On track to open 80,000-100,000 square feet for FY15 including:
 - Italian outlets x 4 (Sicily, Rome, Florence & Venice)
 - Paris x 2 (Belle Epine & Rue de Rivoli)
 - Canary Wharf

YTD German store openings



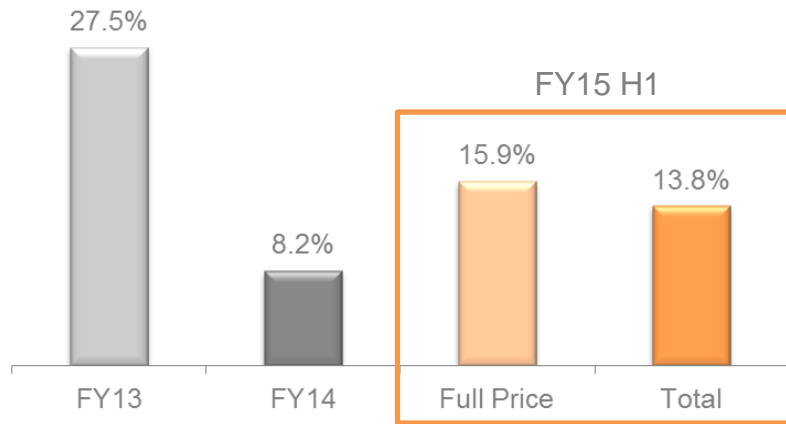
Now have 18 stores in Germany in total

MUNICH

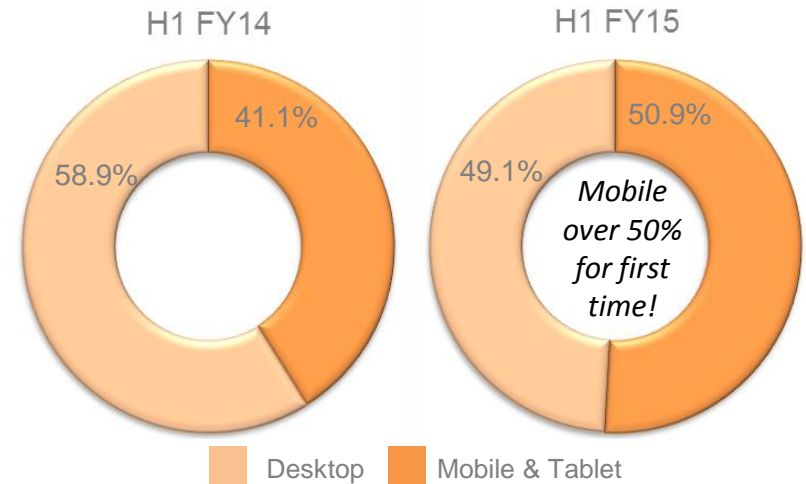


E-COMMERCE

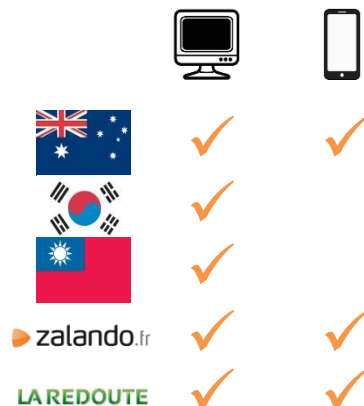
E-commerce Revenue Growth



Mobile & Tablet Participation



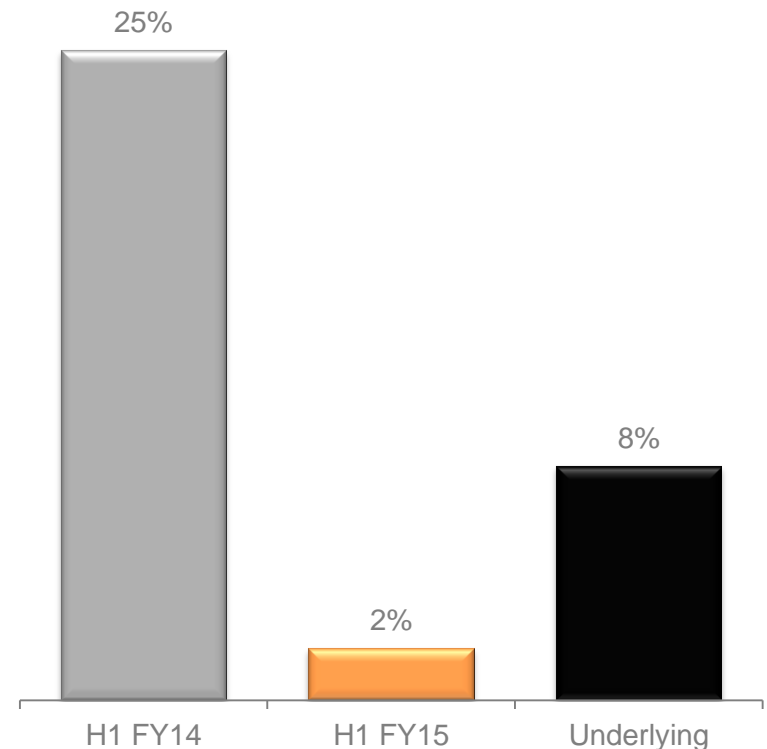
Sites opened since H1 FY14



- International continues to grow, now represents 53% of sales (H1 FY14 50%)
- Mobile/desktop site re-design launched end Oct in 16 countries
- In store ordering introduced to 30 stores in H1
- 3 new international sites
- 17 mobile sites
- Order cut-off extended to 10pm for next day delivery

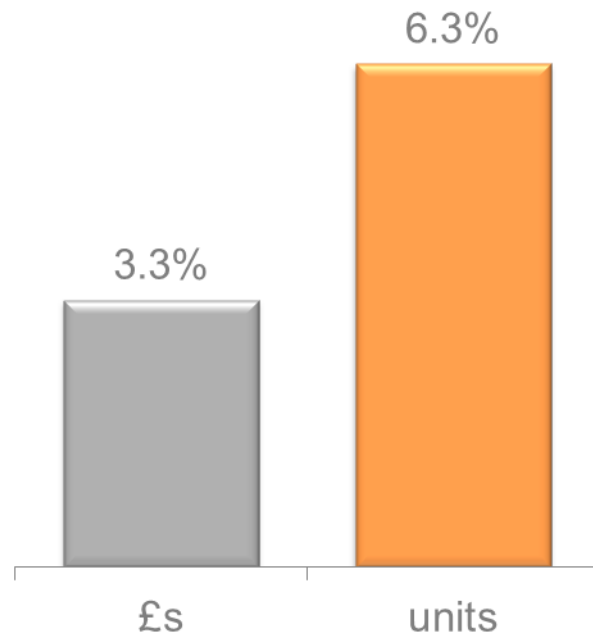
WHOLESALE

- Wholesale sales up by 2% v LY
- Affected by timing of dispatches over the year-end
- Forex impact on Euro sales
- Clearance activity in wholesale down by -27%
- Underlying sales at constant currency circa +8%.
- Customer pressure from the UK and mainland Europe after difficult summer and early autumn
- Returns rates higher than anticipated



WHOLESALE

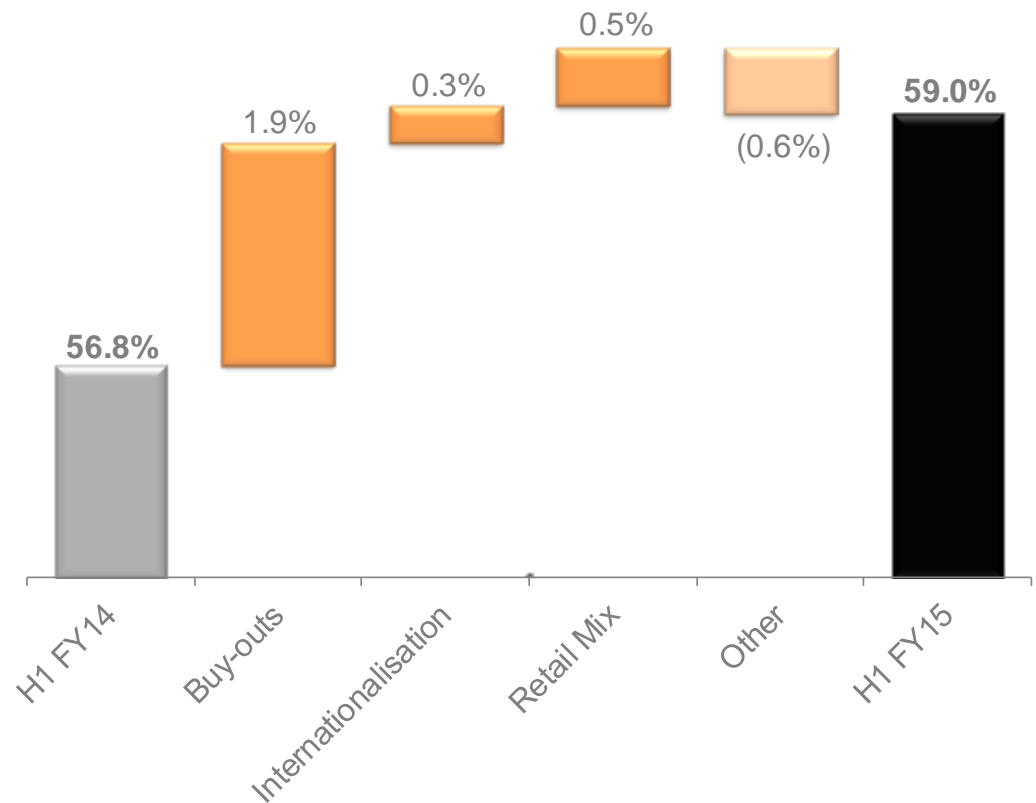
SS15 Forward Order Book



- Spring summer order book up 3.3% v 26% LY
- Anticipated difficulties from the UK and mainland Europe as stock holdings affect budgets
- Rest of the world continues to demonstrate double-digit growth
- Unit orders significantly higher due to increasing underwear business

GROSS MARGIN

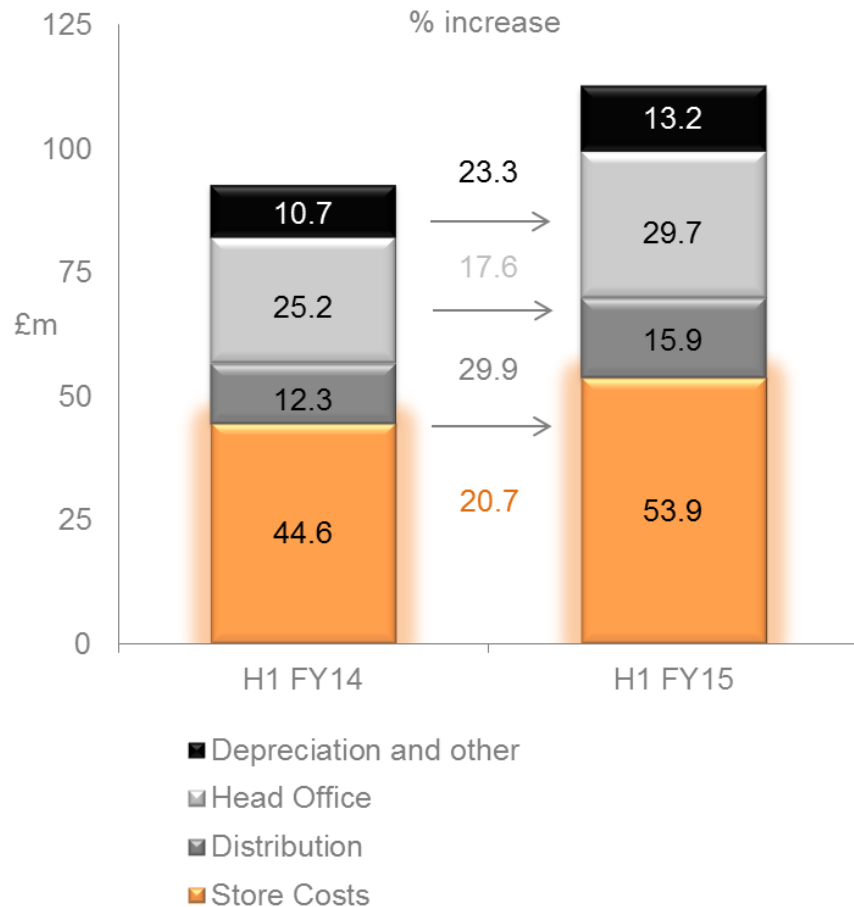
- Gross margin up by 220 basis points
- Primarily driven by acquisitions of European partners and agents
- Increased retail and international mix added 80 basis points
- 'Other' includes forex impact



PROFIT STATEMENT

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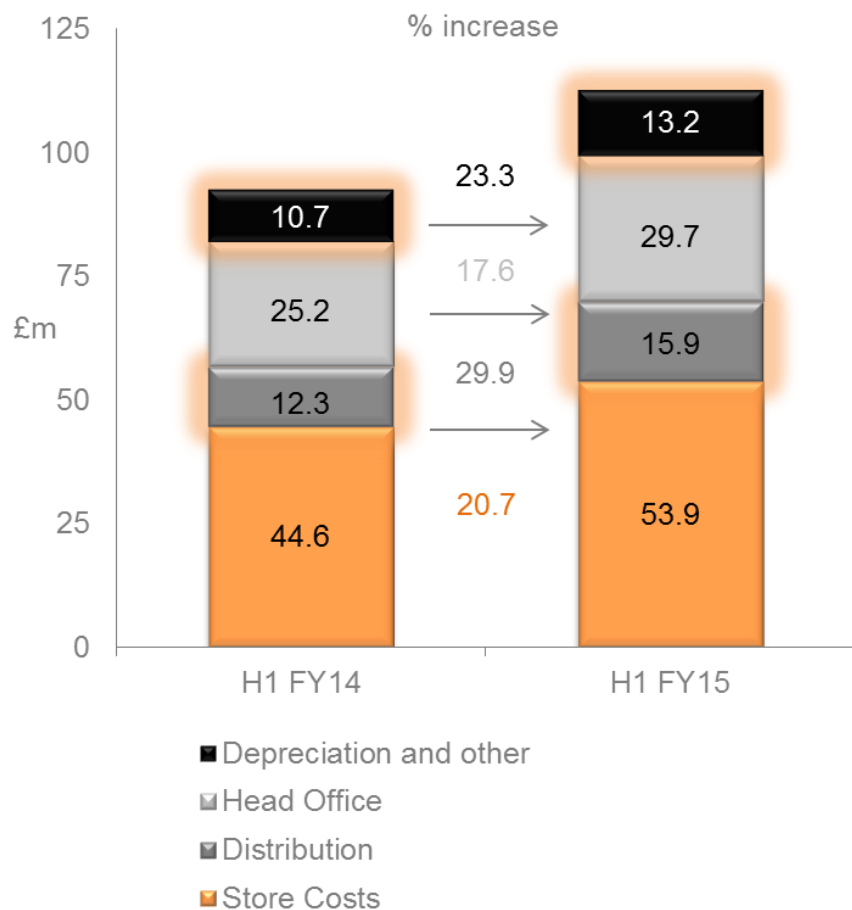
COSTS



STORE COSTS

- Increase broadly in line with space growth of 19%
- Leverage impacted by LFL performance
- Staffing levels not fully flexible in the short term and high proportion of fixed costs

COSTS



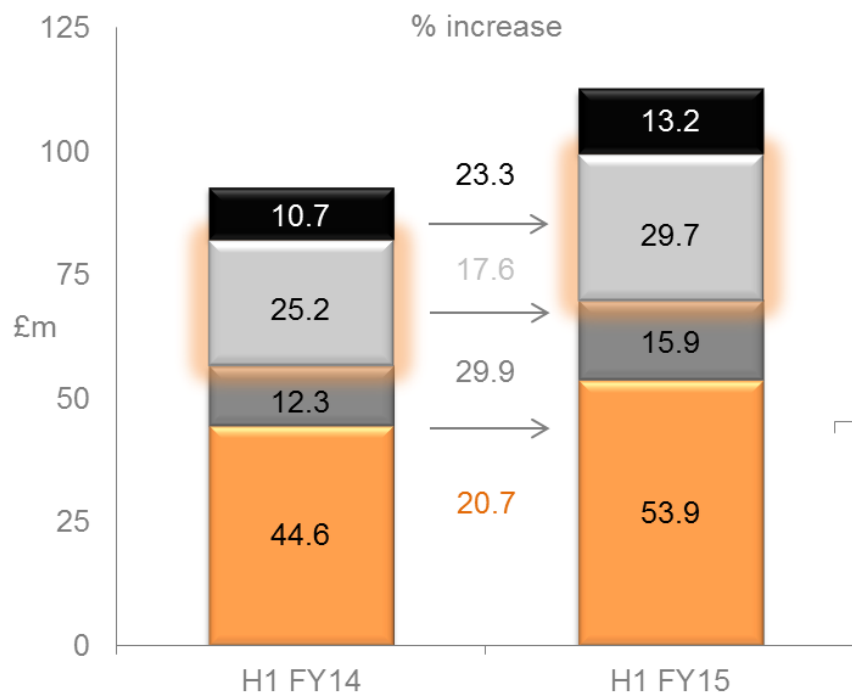
DISTRIBUTION COSTS

- New DC delivered planned cost per unit savings from Q2
- Stock levels and recall activity higher than planned as a result of sales performance

DEPRECIATION

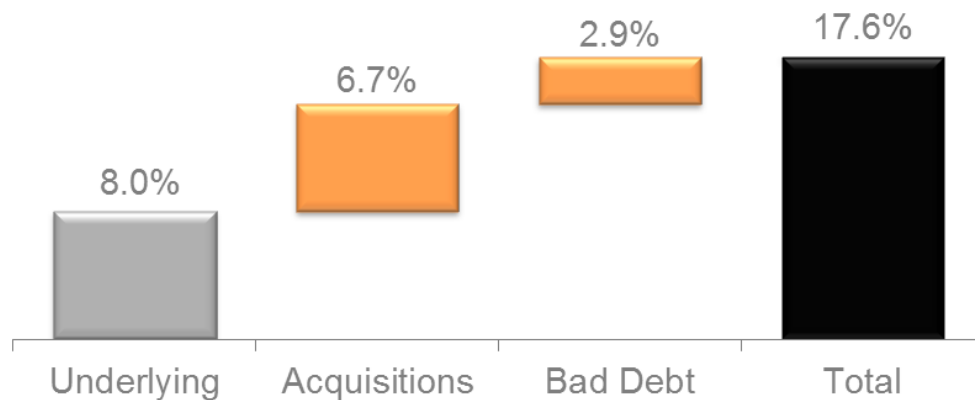
- Depreciation up 23% in line with investment programme

COSTS



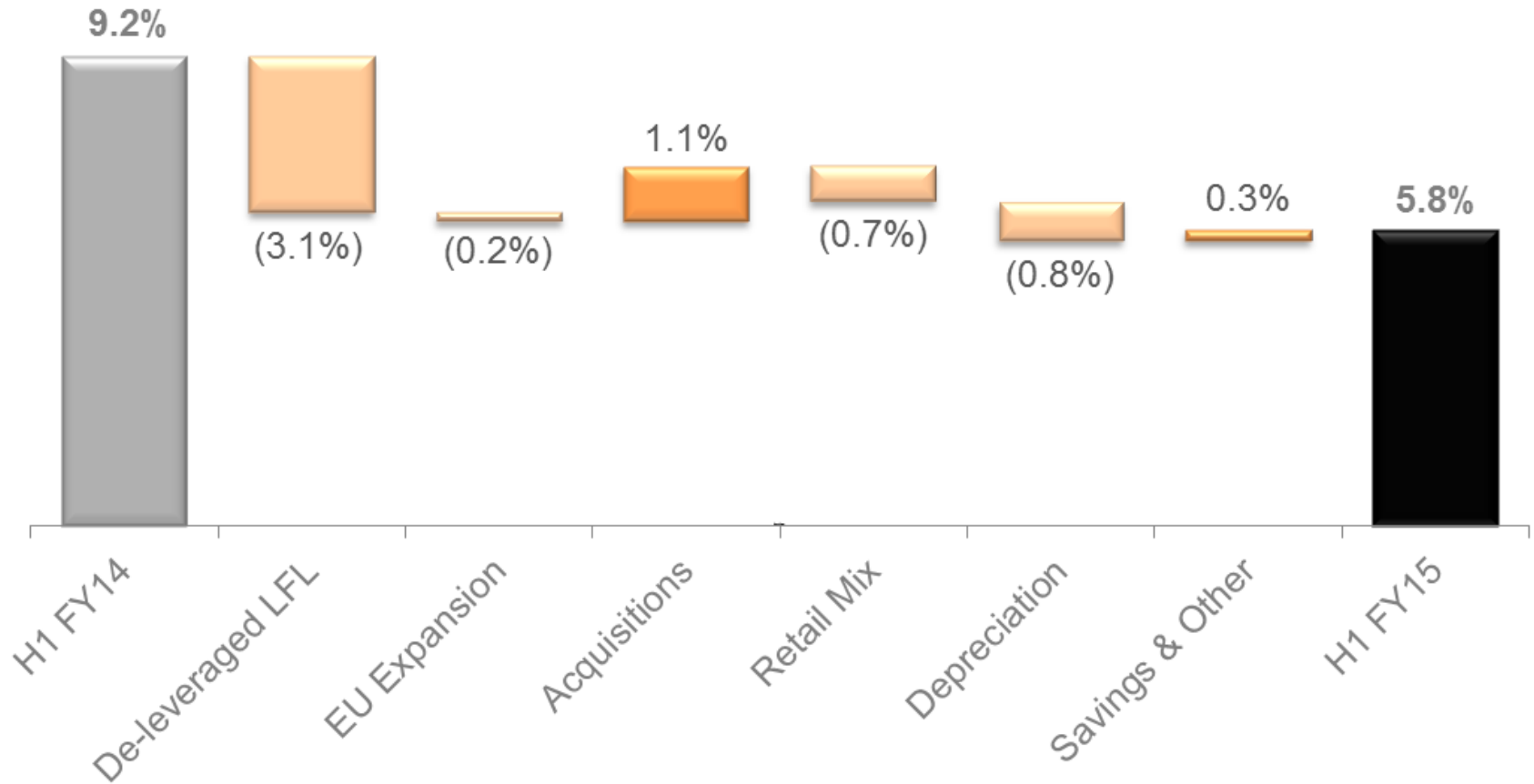
- Depreciation and other
- Head Office
- Distribution
- Store Costs

HEAD OFFICE COSTS



- Underlying growth driven by internationalisation, brand protection and IT.
- International acquisitions have added to the central cost base
- Bad debt provisions made against specific Spanish franchise operators

OPERATING PROFIT MARGIN BRIDGE



EXCEPTIONAL ITEMS

£m	2014	2013
Underlying Profit	12.5	17.9
Re-measurements:		
Deferred contingent share consideration	-	(1.9)
(Loss) / gain on financial derivatives	6.3	(2.4)
Exceptional Items:		
Acquisition of Scandinavian distributor	(0.3)	-
Restructuring costs	(2.0)	-
Set-up costs regarding the Retail distribution centre	-	(1.6)
Buy out of Spanish distribution agreement	0.7	(2.1)
Re-measurements and exceptional items:	4.7	(8.0)
Reported Profit	17.2	9.9

BALANCE SHEET

£m	2014	2013	Growth
Non Current Assets	152.8	143.4	6.6%
Inventory	108.2	75.3	43.7%
Trade & Other Receivables	60.3	57.7	
Derivatives	3.9	-	
Cash & equivalents	66.6	61.5	
Current Assets	239.0	194.5	22.9%
Total Assets	391.8	337.9	16.0%
Non Current Liabilities	32.0	31.4	1.9%
Current Liabilities	86.8	79.7	8.9%
Total Liabilities	118.8	111.1	6.9%
Net Assets	273.0	226.8	20.4%

CASH FLOW

£m	2014	2013	Growth
Cash generated from operations*	20.8	23.8	(12.6%)
Working capital movement	(18.0)	(1.8)	
Interest income	0.4	0.2	
Income taxes paid	(4.9)	(0.9)	
Underlying cash generation	(1.7)	21.3	(108%)
Purchase of property, plant and equipment	(12.3)	(14.6)	
Cash contributions from landlords	0.9	3.0	
Acquisitions	(3.0)	-	
Other (including purchase of intangible assets)	(3.1)	(2.7)	
Net increase/(decrease) in cash	(19.2)	7.0	(374%)
Exchange rate movement	(0.4)	-	
Opening net cash	86.2	54.5	
Closing net cash	66.6	61.5	8.3%

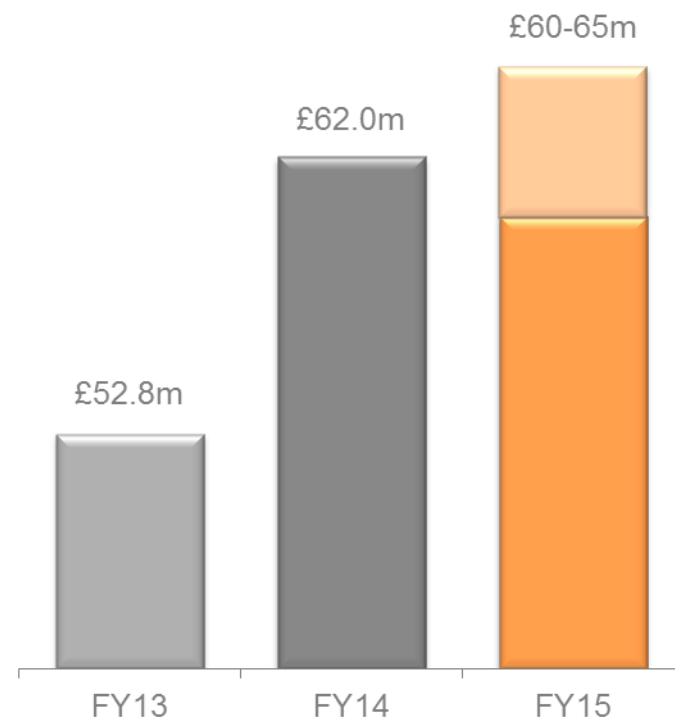
* Excluding working capital movement, interest income and income taxes paid

STOCK ACTION PLAN

- Increased clearance activity expected in H2 and AW15
- Work existing clearance channels harder
- Further activities to clear stock, avoid cost and drive footfall, including:
 - Existing
 - Friends & family promotion
 - Winter exclusive offers
 - Deeper EU sale
 - Focused UK offers
 - New
 - January bounce-back voucher

GUIDANCE: FY15

- Like-for-like comparatives in the second half much softer (H1: +8.1%; H2: -0.9%)
- Space guidance unchanged at 80,000-100,000 square feet
- Second half gross margin will be lower than last year due to clearance activity
- Full year margin guidance broadly level
- Cost growth likely to be consistent with first half
- Operating margin affected by first half performance; likely to be down 150 basis points



A close-up photograph of the waistband area of a pair of blue denim jeans. The jeans feature orange stitching. A rectangular, brown leather patch is attached to the waistband. The patch has embossed text and a circular logo. The text on the patch includes 'SELECTED', 'DENIM', 'MADE IN', and 'USA'. The background is dark and out of focus.

INITIAL THOUGHTS

EUAN SUTHERLAND

THOUGHTS & FINDINGS

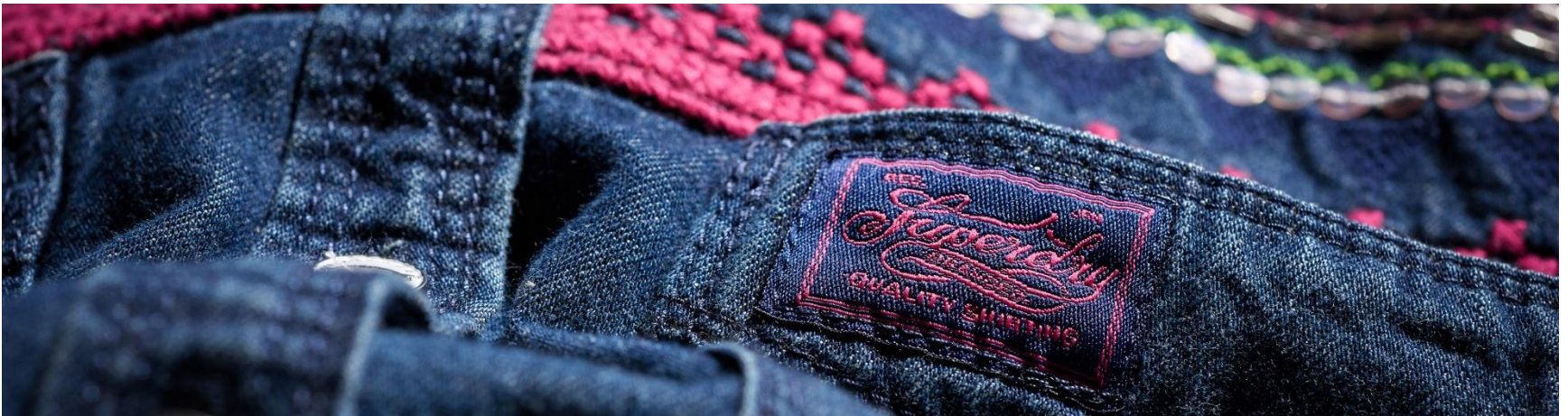
- Significant global growth potential
 - Product development
 - Global footprint
 - Channel management
 - Range segmentation
- Improvement in capital disciplines and cost management
 - “Design to customer” optimisation
 - Flexibility from variable cost

THOUGHTS & FINDINGS

- Clarity and amplification of our model
 - Understanding of our customers
 - Pricing and discount strategies
 - Owned stores, franchise and wholesale
- Team engagement and motivation
 - Clear strategy and goal
 - Role clarity
 - Performance management

STRATEGIC GOAL

- Create a global lifestyle brand
- Deliver consistent and sustainable earnings growth
- Leverage recent investment for margin growth
- Maintain returns on invested capital



DELIVERY

- A deep understanding of our customers by territory
- Smart delivery of the Superdry brand USP
- Worldwide profitable roll-out of owned store, franchise and wholesale operations
- Improved financial and capital disciplines, and more efficient delivery processes

WHAT I'VE SEEN

GOOD

- Enthusiastic, capable, committed team
- Constant flow of innovation and commercially viable product
- Control of retail operations and strengthened support infrastructure
- Systems capability and improving insight / data led decision making

OPPORTUNITIES

- Inconsistencies and inefficiencies across functions and territories
- Segmentation and profiling of the offer in retail and wholesale
- Internationalisation of range selection
- “Design to customer” optimisation

H1: LESSONS LEARNED

IMPROVE

- Greater flexibility on cost management in season required
- Clarity on pricing and promotion will give greater impact in season
- Womenswear is less cold weather dependent and could be further maximised

CONTINUE

- Strong retail set up for peak seasons – lessons learned from previous years
- Strengthen infrastructure in IT and supply chain to sustain our global growth
- To evolve the model to deliver global growth potential

BRAND HEALTH

- Strong brand dynamics
- Significant improvement in key indicators since Q1 2012:
 - Awareness up 26%
 - Consideration and purchase up 12%
 - Commitment has remained consistently high
- Consistently out performing our competitor set

SUPERDRY SKI



H1 SUMMARY

- Strong confidence in the brand
- Significant global growth potential
- Well prepared for peak
- Still on track to deliver FY15 guidance

H2 AND BEYOND

*“I am reviewing **every** aspect of the **business**, including the execution of our strategy, **cost management** and **capital allocation**, and will report our conclusions in the spring.”*

Strategy update March 2015

- Strengthening our founding principles
- Strengthening our capability and capital disciplines
- Road map for strong global growth

