

# SUPERDRY



# 冒險魂

FY21 Full Year Results  
52 Weeks ended 24 April 2021

16 September 2021

# SUPERDRY



## 冒險魂

### AGENDA

#### OVERVIEW

JULIAN DUNKERTON, CEO

#### FINANCIAL PERFORMANCE & OUTLOOK

SHAUN WILLS, CFO

#### STRATEGY UPDATE

JULIAN DUNKERTON, CEO



Julian Dunkerton  
Founder and CEO



Shaun Wills  
CFO

# KEY FY21 OPERATIONAL MILESTONES

SHARPENED STRATEGY SETS OUT KEY PILLARS OF BRAND RESET



# FY21 OVERVIEW

PERFORMANCE SIGNIFICANTLY IMPACTED BY COVID-19 DISRUPTION

## INSPIRE THROUGH PRODUCT & STYLE

- FOCUS ON RETURNING TO FULL PRICE STANCE
- LAUNCH OF SHORT-ORDER TO AUGMENT MAINLINE

## ENGAGE THROUGH SOCIAL

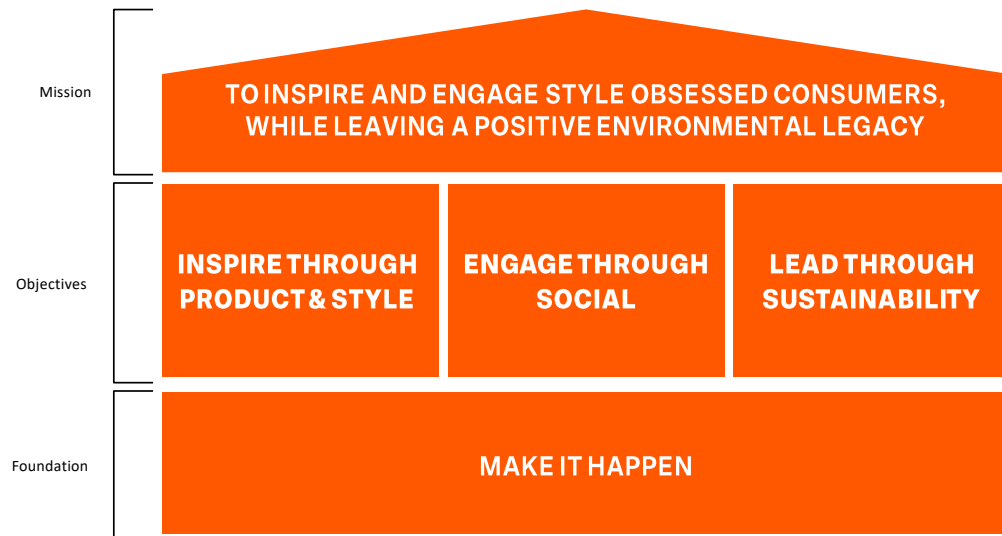
- TOTAL FOLLOWERS INCREASED 6%
- ACTIVE DATABASE UP 3%

## LEAD THROUGH SUSTAINABILITY

- 1ST PLACE IN THE FT “EUROPE’S CLIMATE LEADERS 2021”
- 33% SUSTAINABLE PRODUCT MIX

## MAKE IT HAPPEN

- OXFORD STREET FLAGSHIP – AUTUMN OPENING
- INVENTORY UNITS REDUCED 14%



# FINANCIAL PERFORMANCE & OUTLOOK

SHAUN WILLS, CFO



# FY21 FINANCIAL OVERVIEW

TRADING PERFORMANCE SIGNIFICANTLY IMPACTED BY COVID-19

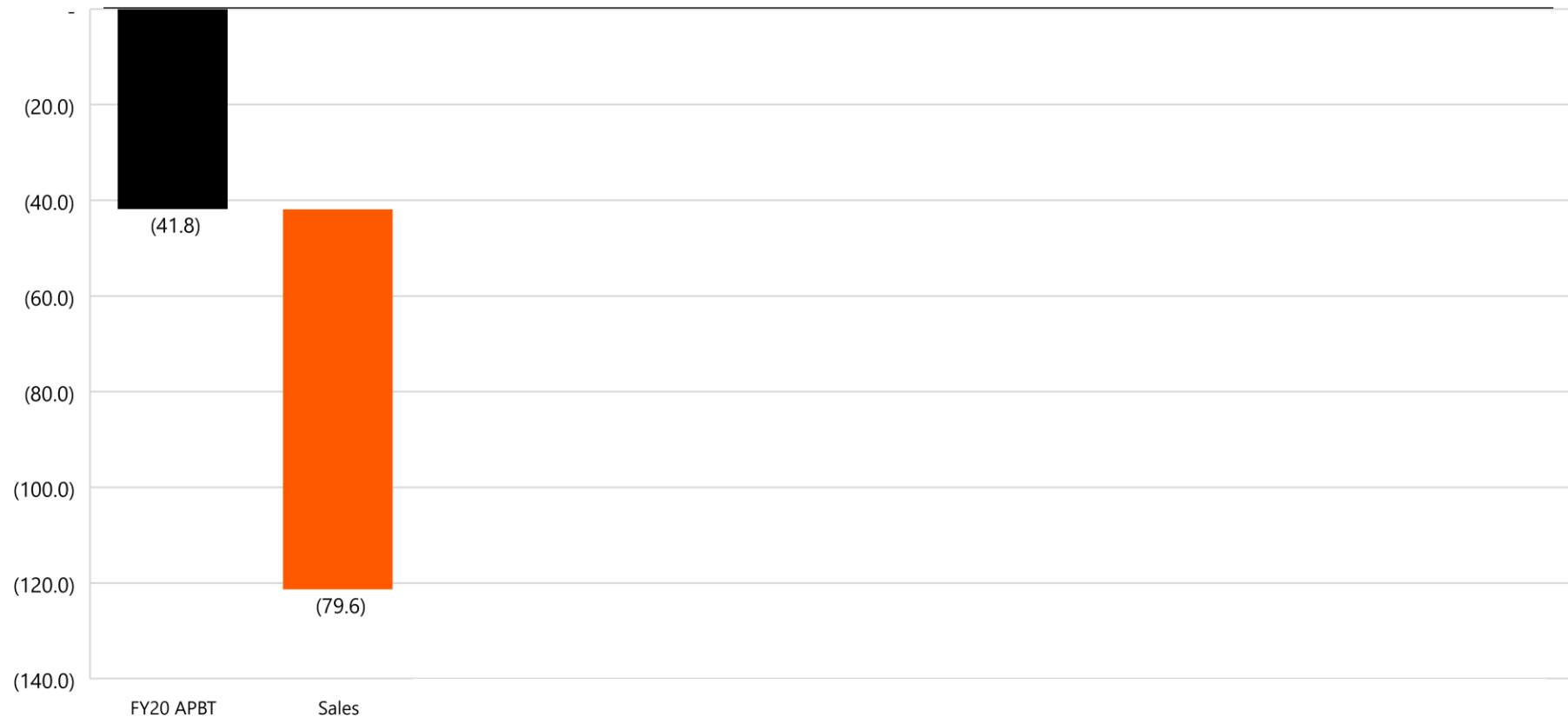
£m	FY21	FY20	%
Group revenue	£556.1m	£704.4m	(21.1)%
Gross margin (%)	52.7%	53.6%	(0.9)%pts
Adjusted loss before tax	£(12.6)m	£(41.8)m	(69.9)%
Adjusting items	£(24.1)m	£(125.1)m	(80.7)%
Statutory loss before tax	£(36.7)m	£(166.9)m	(78.0)%
Adjusted basic loss per share	(19.4)p	(43.5)p	(55.4)%
Statutory basic loss per share	(44.0)p	(174.9)p	(74.8)%
Net working capital	£124.1m	£147.0m	(15.6)%
Net cash position	£38.9m	£36.7m	6.0%

PROFIT  
& LOSS



# ADJUSTED PROFIT BEFORE TAX - SALES

REDUCTION IN REVENUE FROM ENFORCED STORE CLOSURES

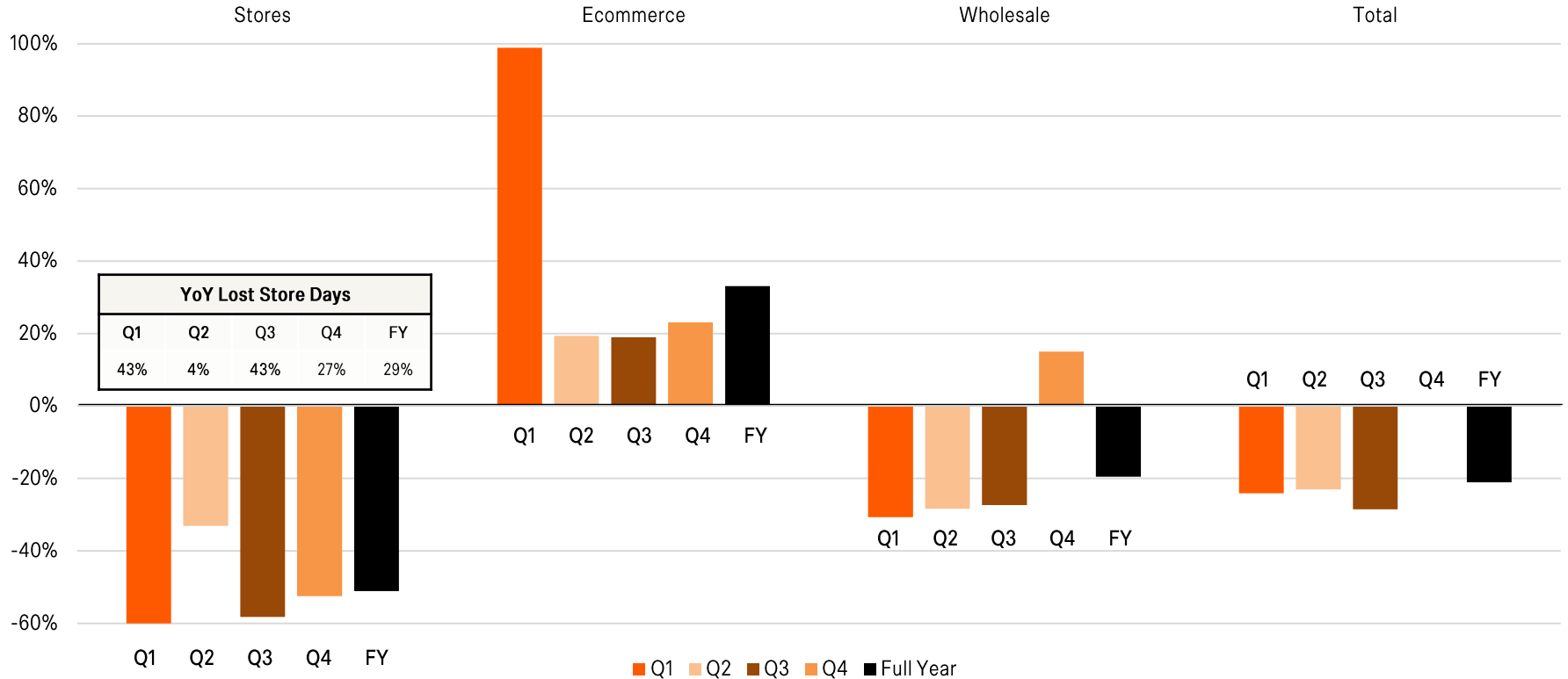




# GROUP REVENUE

VOLATILE TRADING THROUGHOUT THE YEAR REFLECTS CONTINUED COVID-19 DISRUPTION

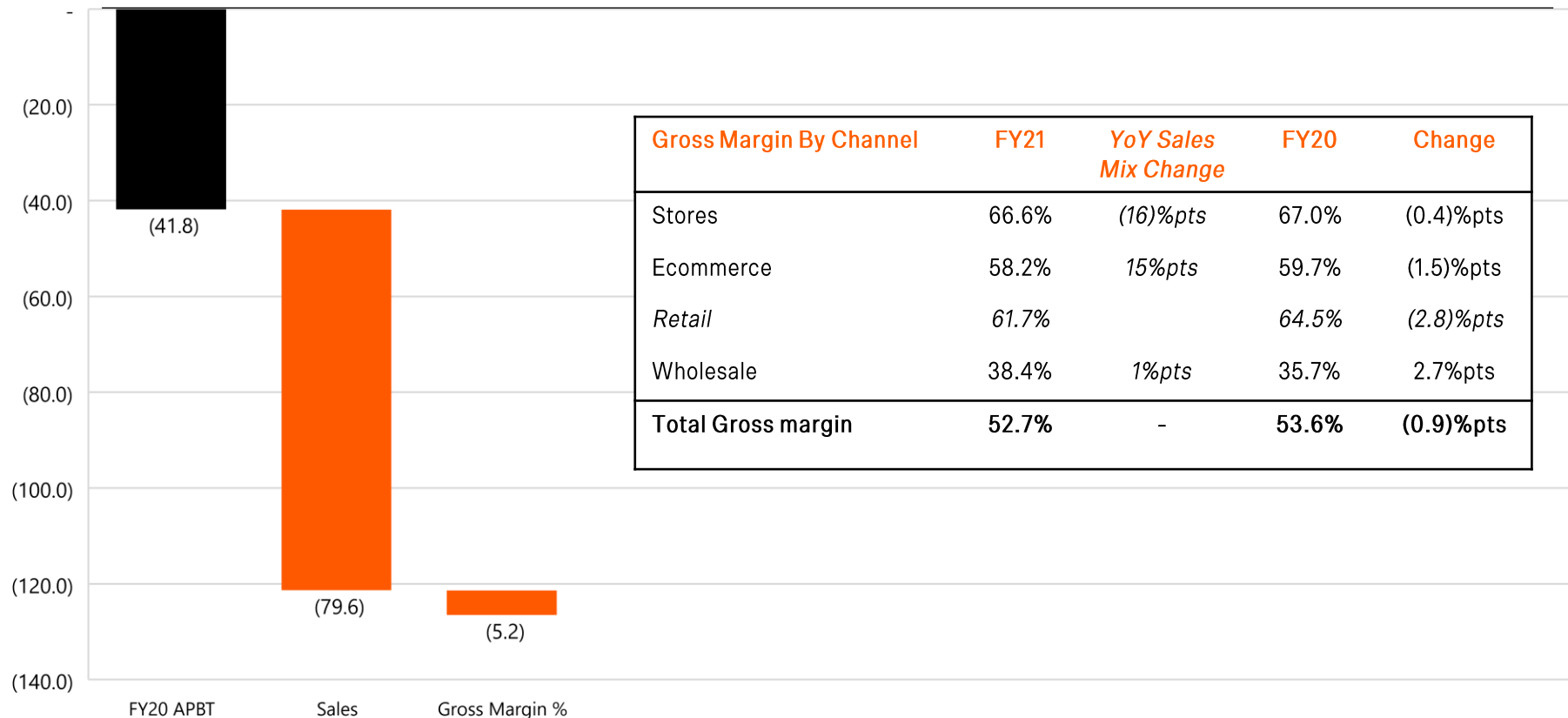
## Revenue Performance



Note: Fulfil From Store sales reallocated to Ecommerce in FY21 (£8.3m) and FY20 comparatives (£1.6m)

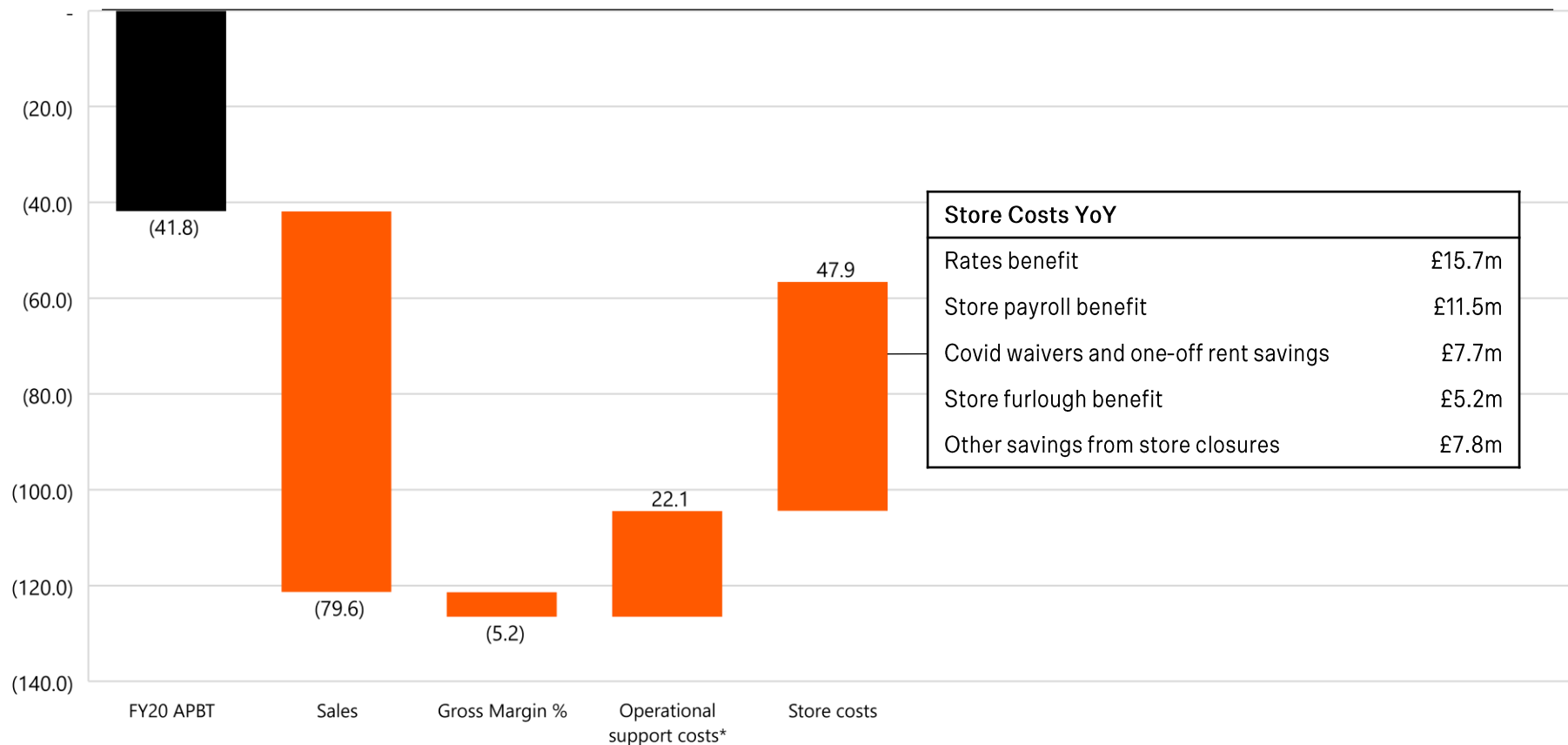
# ADJUSTED PROFIT BEFORE TAX – GROSS MARGIN

GROSS MARGIN IMPACTED BY ELEVATED PROMOTIONAL ACTIVITY ONLINE, OFFSET BY IMPROVED WHOLESALE MARGIN



# ADJUSTED PROFIT BEFORE TAX – SG&A

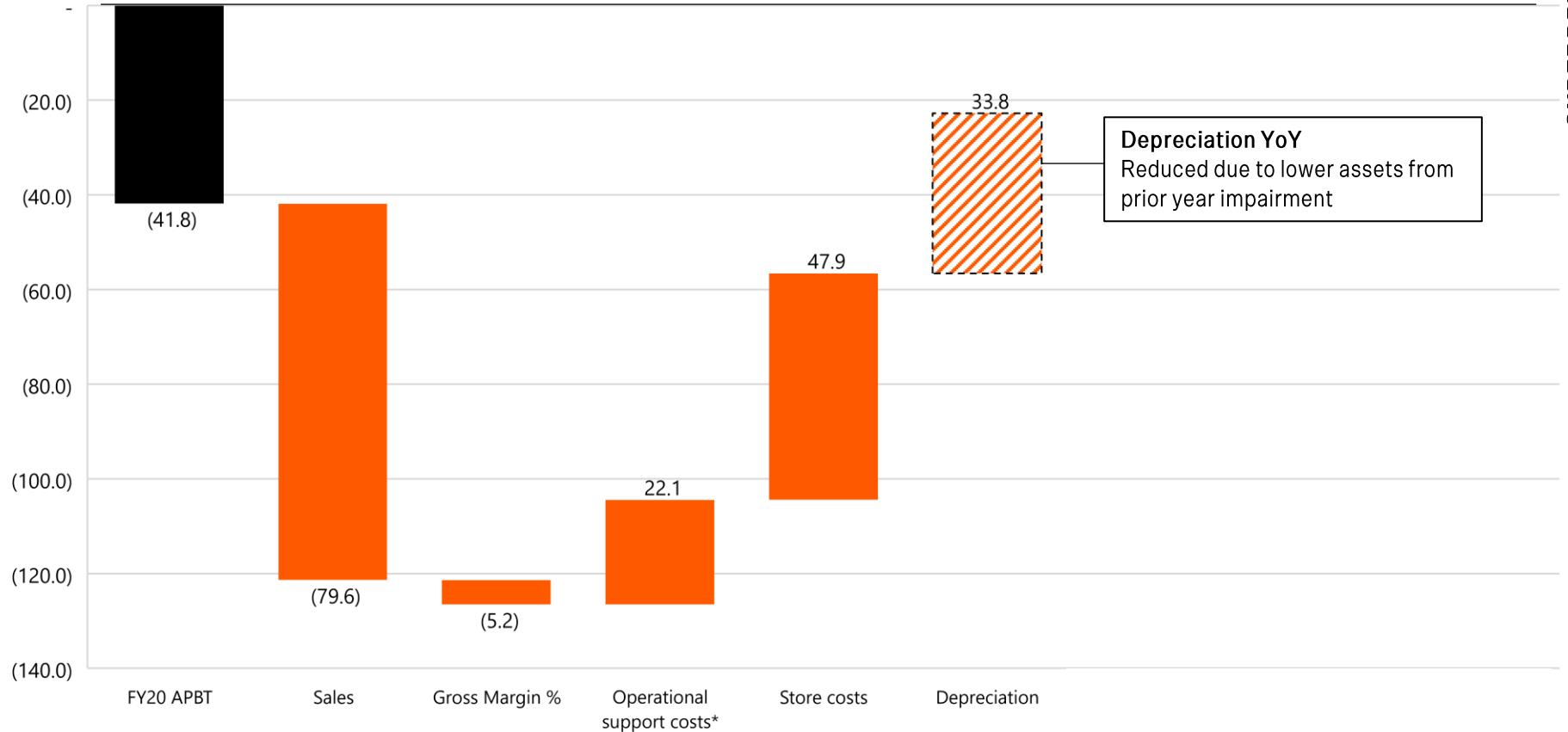
DISCIPLINED COST MANAGEMENT OFFSETTING SALES SHORTFALL



\*Operational support costs include Head office, Marketing, Distribution, FX, P&L on disposal and Finance Income

# ADJUSTED PROFIT BEFORE TAX - DEPRECIATION

## BENEFIT TO APBT FROM LOWER DEPRECIATION



\*Operational support costs include Head office, Marketing, Distribution, FX, P&L on disposal and Finance Income

# ADJUSTED PROFIT BEFORE TAX - OTHER INCOME

SIGNIFICANT IMPROVEMENT IN OTHER INCOME DUE TO IFRS 16 LEASE MODIFICATIONS



\*Operational support costs include Head office, Marketing, Distribution, FX, P&L on disposal and Finance Income

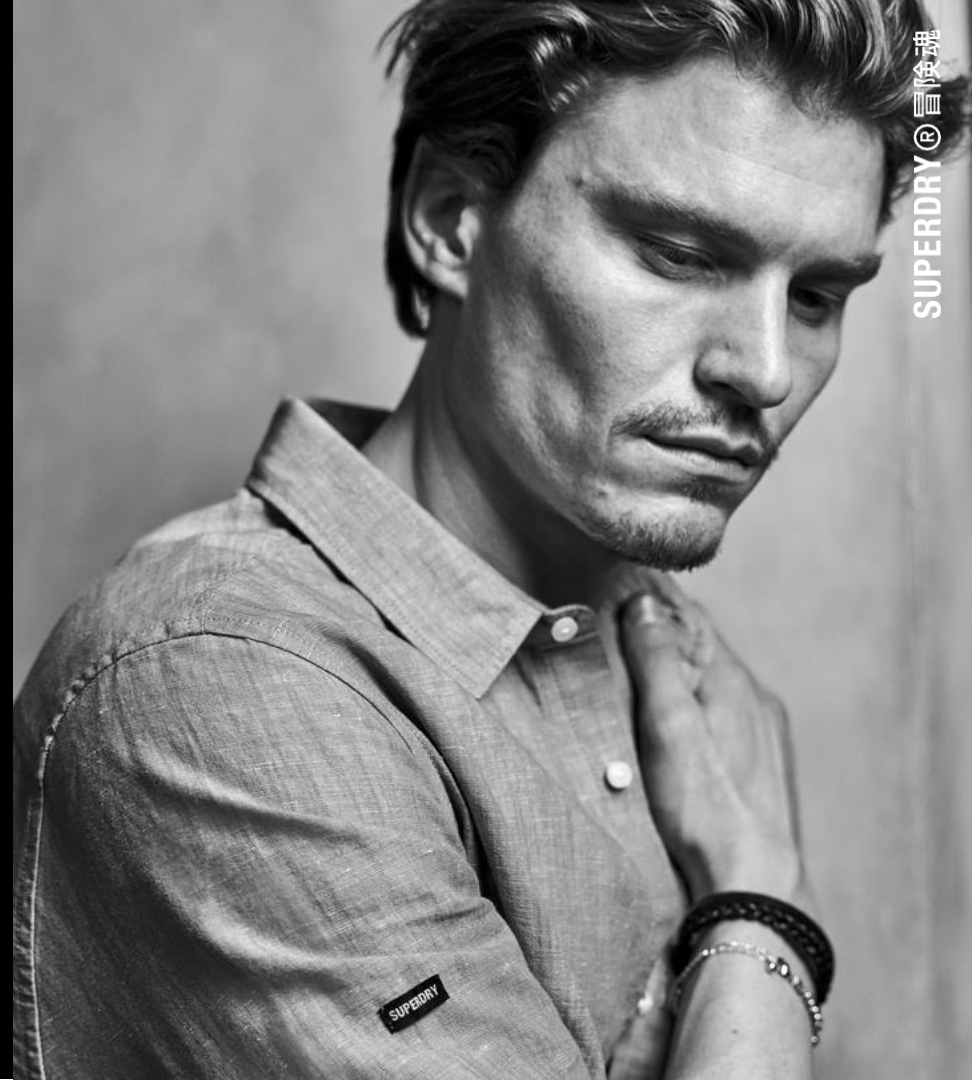
# ADJUSTED PROFIT BEFORE TAX

COST MANAGEMENT AND ACCOUNTING BENEFITS OFFSETTING COVID-19 DISRUPTION



\*Operational support costs include Head office, Marketing, Distribution, FX, P&L on disposal and Finance Income

# BALANCE SHEET



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# BALANCE SHEET

ROBUST BALANCE SHEET SUPPORTED BY NET CASH POSITION

£m	FY21	FY20	Change
Fixed assets	29.4	41.7	(29.5)%
Right of use assets	91.1	118.0	(22.8)%
<i>Inventory</i>	148.3	158.7	(6.6)%
<i>Receivables</i>	102.3	91.6	11.7%
<i>Payables</i>	(126.5)	(103.3)	22.5%
Net working capital	124.1	147.0	(15.6)%
Net Cash	38.9	36.7	6.0%
Lease liabilities (Current & Non-Current)	(269.6)	(320.9)	(16.0)%
Other	76.5	90.2	(15.2)%
Net Assets	90.4	112.7	(32.9)%

## Right of use assets

- Reduced due to impairment in FY20

## Net Working Capital

- Inventory – see slide 18
- Receivables increased due to Q4 sales increase YoY
- Payables includes non-IFRS 16 rent creditor of £12m

## Cash

- See slide 17

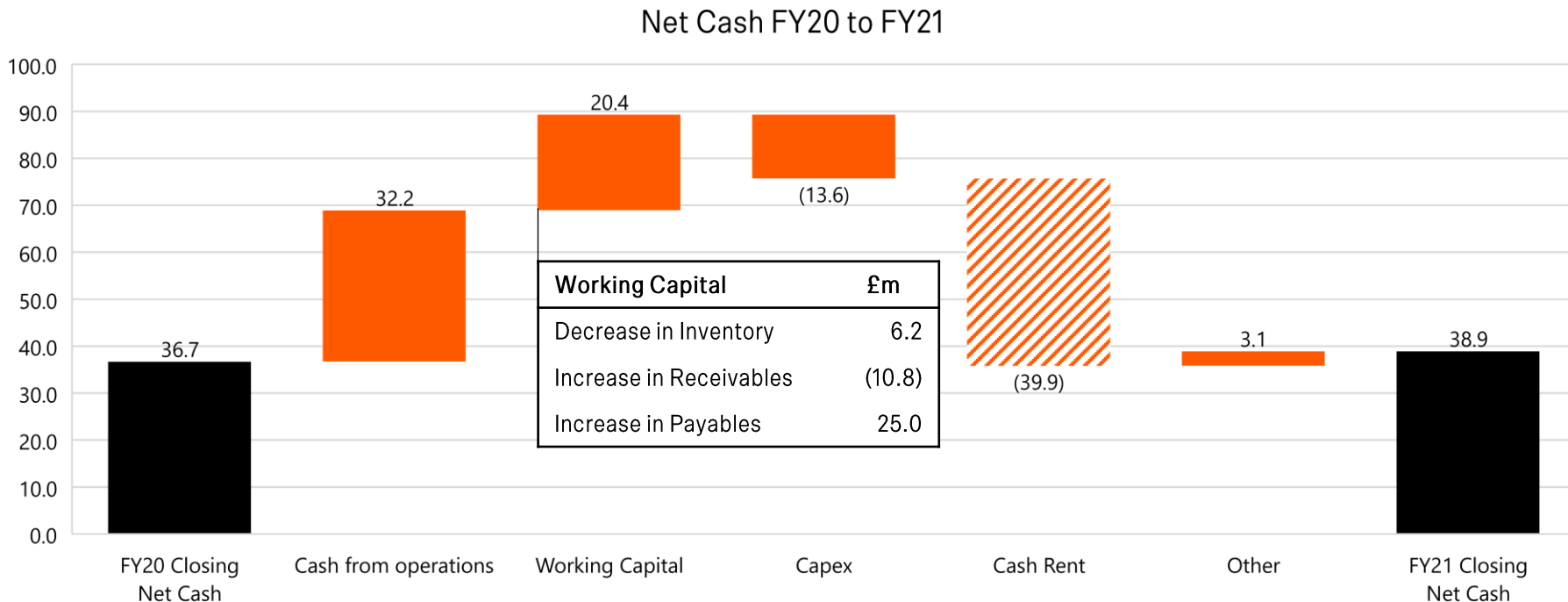
## Lease Liabilities

- Reduction due to store exits, lease negotiations (terms) and modifications (non-cash) and repayments
- Includes IFRS 16 Rent Creditor of £24m



# CASH FLOW

CONTINUED FOCUS ON CASH PRESERVATION; REDUCTION IN INVENTORY OFFSET BY DEFERRED RENT

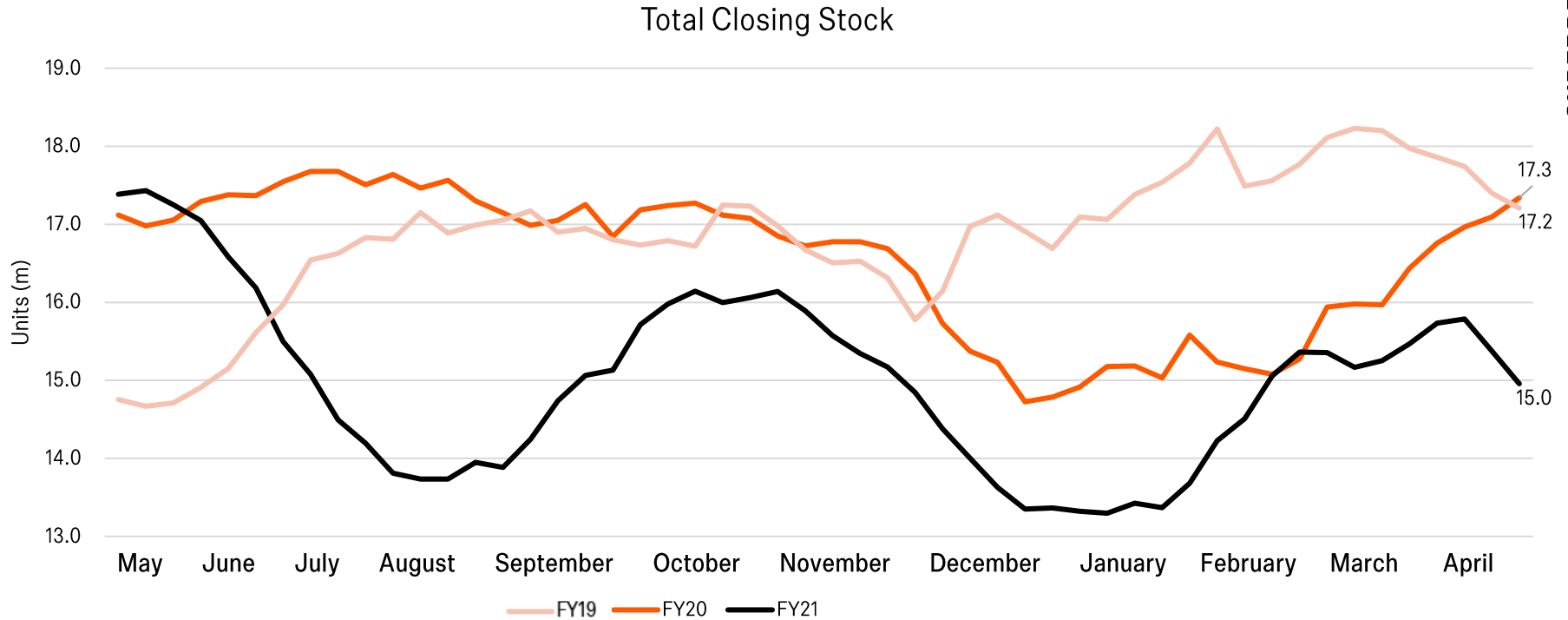


- No interim or final dividend in FY21
- No drawdown on the ABL facility during FY21
- Total deferred rent of ~£40m
- Ahead of FY20 closing net cash by £2.2m, net cash positive as at 14 September 2021

\*Other includes FX £10.2m, Interest £(7.2)m and Proceeds from share capital £0.1m

# INVENTORY

REDUCTION IN INVENTORY DESPITE PANDEMIC



- Despite disruption from pandemic, FY21 inventory units 14% lower than FY20
- Inventory at the year end of £148.3m, a decrease of 7% year-on-year – temporary higher mix of AW product
- Targeting lower closing position for FY22, further 2m units

LOOKING  
FORWARD



# CURRENT TRADING

REVENUE RECOVERING, DESPITE SUBDUED FOOTFALL VS PRE-COVID LEVELS

## Stores

- Strong rebound in UK (+76%) and US (+169%)
- EU impacted by closures in current period (-10%)
- Encouraging full price trends YTD

## Ecommerce

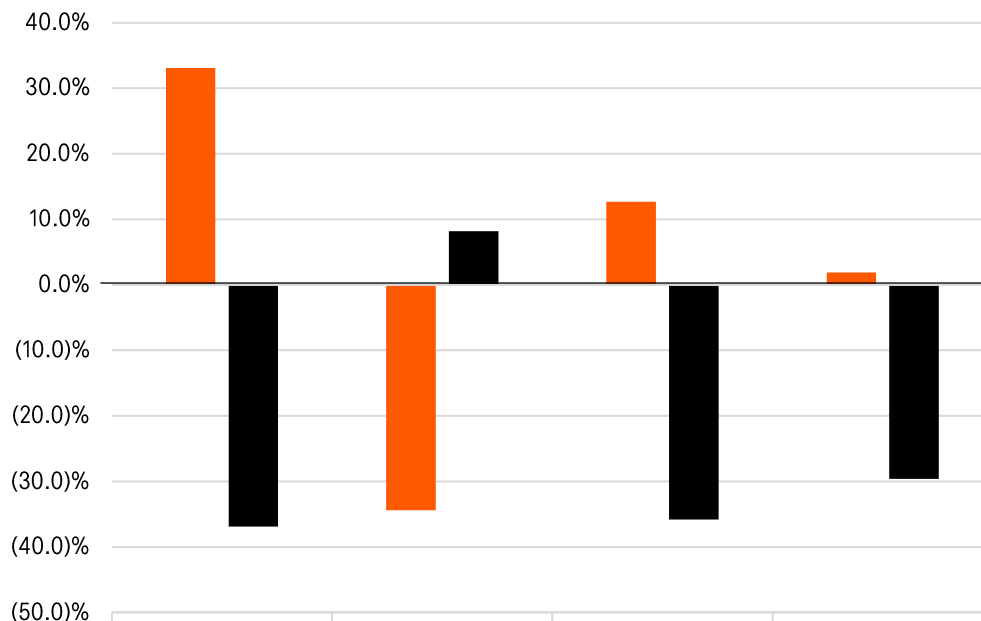
- Lapping extraordinary growth in FY21
- Revenue +8.2% against 2 year comparables
- Full price stance driving +10.5%pts gross margin YoY

## Wholesale

- +12.7% growth as physical trading improves
- Expect recovery to continue through rest of year

## 1- and 2-year Revenue change

18 weeks to 28 August 2021



	Stores	Ecommerce	Wholesale	Group
1 year	33.1%	(34.4)%	12.7%	1.9%
2 year	(36.9)%	8.2%	(35.8)%	(29.6)%

# OUTLOOK

REVENUE RECOVERY IN FY22, DESPITE CONTINUED UNCERTAINTY

## FY22 – recovery steps

### Revenue – recovery in physical trading channels

- Stores – improving trading, towards FY20 levels
- Ecommerce – growth v FY20, but down YoY due to FY21 comparables and partial reversal as stores reopen
- Wholesale – modest, but sustainable revenue recovery

### Margin – reduced promotion and channel mix benefits

- Full price stance delivering margin increase in all channels

### Profitability – operating leverage versus pre-Covid

- £35-45m YoY increase in SG&A – non-recurring FY21 savings
- Given current market uncertainties, comfortable with current FY22 consensus at APBT level

### Cash – continued strong cash preservation

- Closing inventory lower YoY (targeting 2m units)
- Deferred rent unwind – targeting more Covid-waivers

## Medium Term – sustainable growth

### Revenue - back to pre-Covid levels

- Stores - permanent footfall decline, stabilise but never reach pre-Covid levels
- Ecommerce – structural growth opportunity, increasing channel mix
- Wholesale – geographic and branded collection expansion opportunity

### Profitability - recovery in all channels

- Full price trading, rent reductions and cost savings return the business to historic operating profit margin

### Cash - sustainable growth

- Step-change in inventory turn
- Return to substantial cash generation

# SG&A POST IFRS16

£35-45M SG&A COST HEADWINDS EXPECTED IN FY22E

Cost	FY21	FY22e	Range
Store costs	£63m	↑	+£20m-£25m
Operational support, inc.: - Distribution - Marketing - Central overheads	£202m	↑	+£20m-£25m
Depreciation	£53m	↓	£(5)m-£(10)m
<b>Total SG&amp;A</b>	<b>£318m</b>	<b>↑</b>	<b>+£35m-£45m</b>
Other Income	£19m	↓	£(10)m-£(15)m

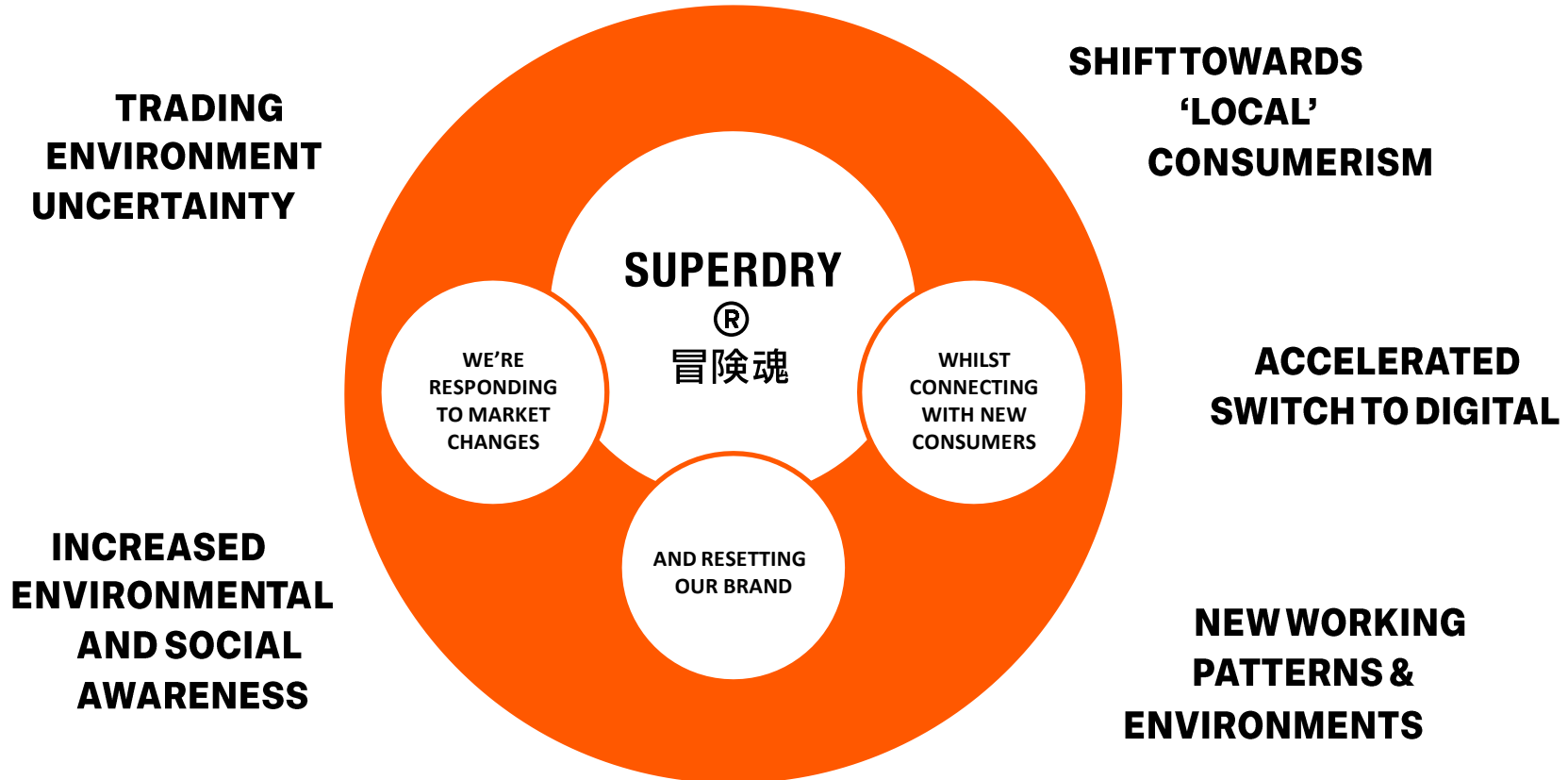
# STRATEGY OVERVIEW

JULIAN DUNKERTON, CEO



# STRATEGY

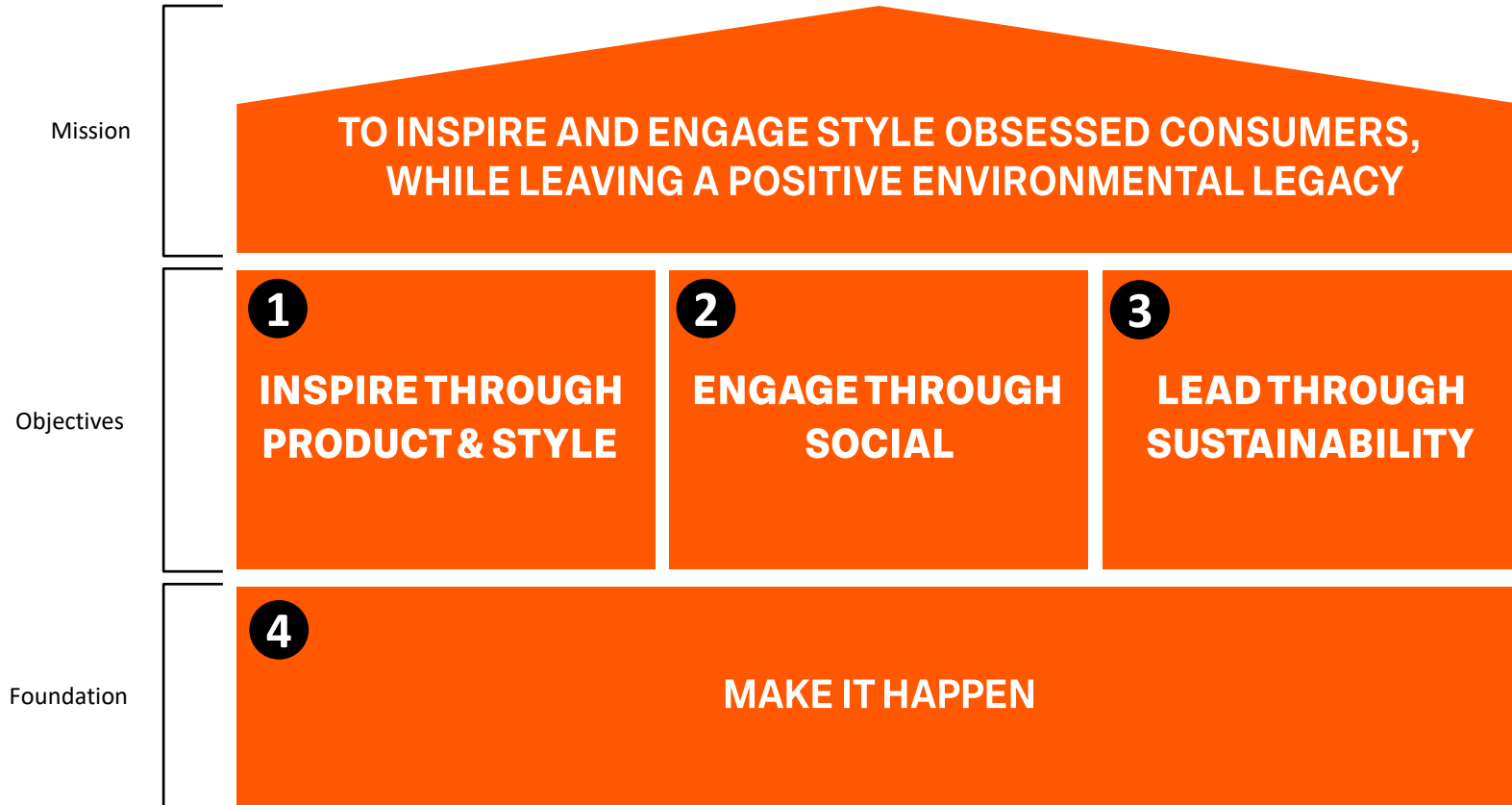
WE'RE ADAPTING TO A NEW MARKETPLACE





# KEY FY21 OPERATIONAL MILESTONES

SHARPENED STRATEGY SETS OUT KEY PILLARS OF BRAND RESET





# DELIVER INSPIRING BRAND EXPERIENCES

NEW FLAGSHIP STORE IN LONDON

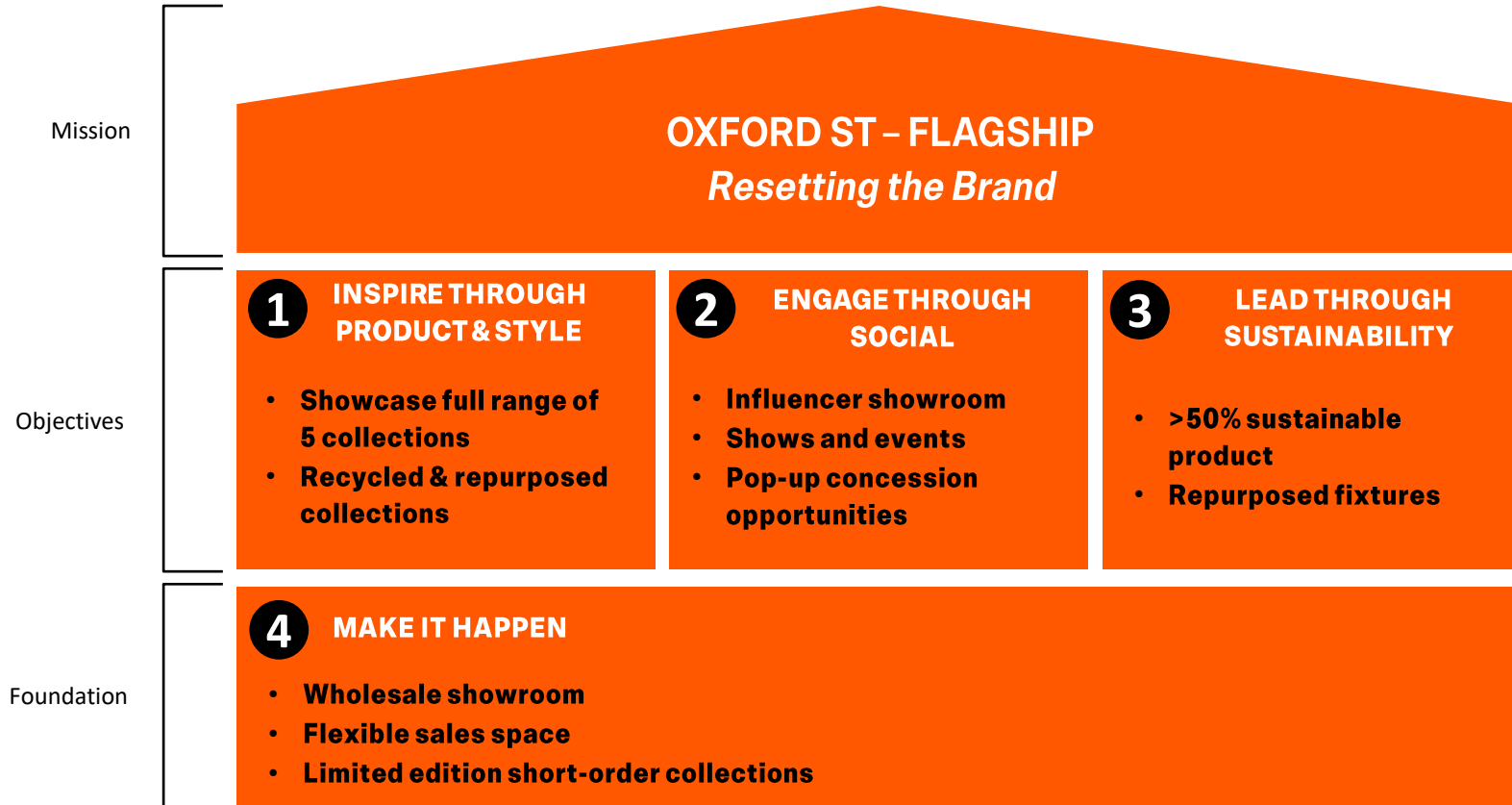
- **22,000sqft Retail trading across 2 floors**
- **Substantially increased footfall v Regent St**
- **Adjacent to new Bond St Crossrail**
- **Differentiated zones**
- **Sustainability embedded**
- **6,000sqft Wholesale & influencer showroom**



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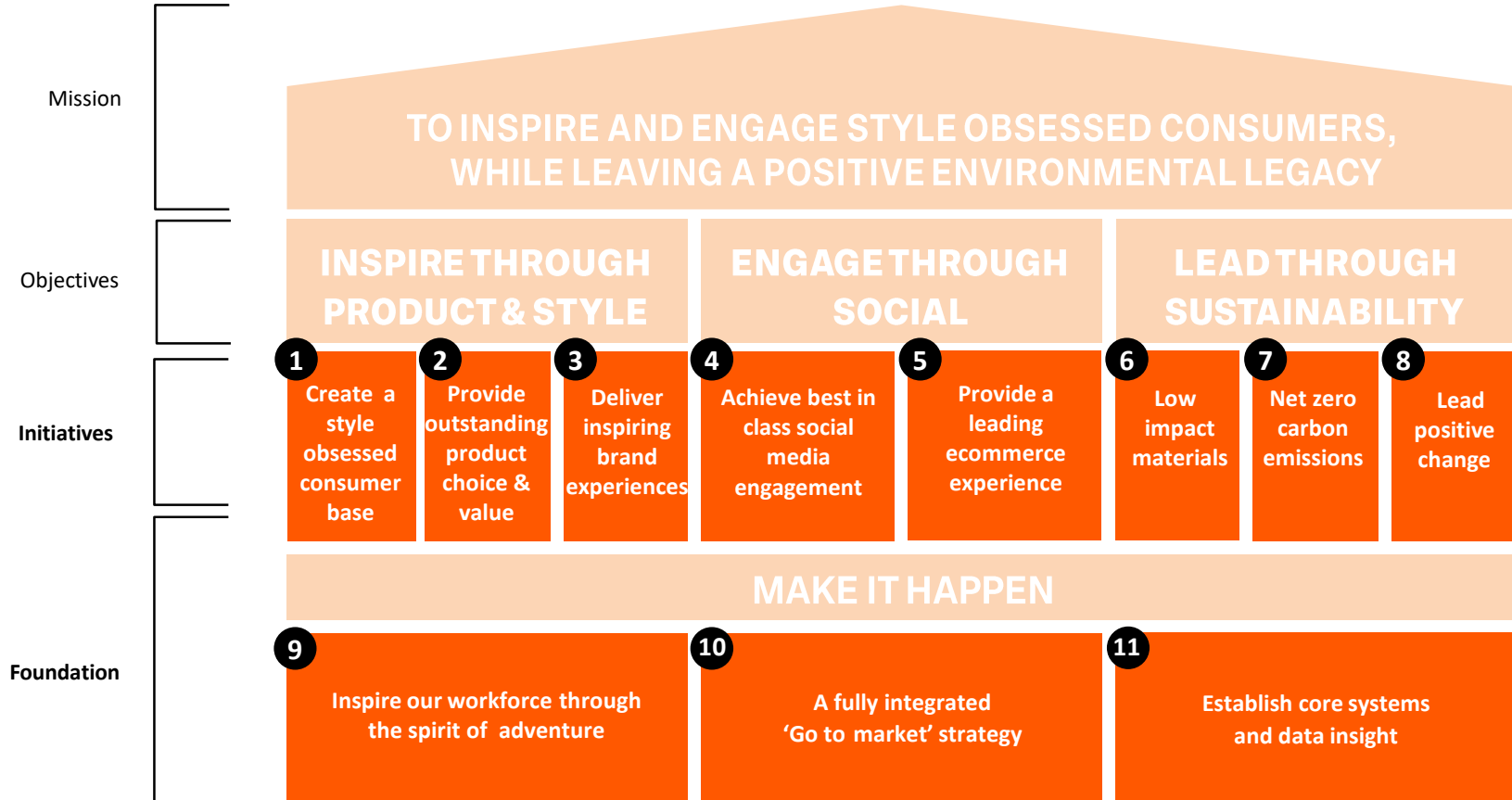
# OXFORD ST – EMBODYING OUR NEW STRATEGY

MORE THAN A STORE - SHOWCASING ALL OF OUR STRATEGY PILLARS



# STRATEGY

4 PILLARS, EXECUTED THROUGH 11 INITIATIVES





# INSPIRE THROUGH PRODUCT & STYLE

INSPIRE THE RIGHT CONSUMERS THROUGH THE RIGHT EXPERIENCES ONLINE AND IN STORE

## FY21

## PRIORITIES

1

Create a style obsessed consumer base



Extended segmentation to include 13-15yrs



Launched AW20 and SS21 under five collections



Build brand heat with younger demographic and female consumers

2

Provide outstanding product choice & value



Launched our first short-order collection online



Full price stance, minimal in-store promotion



Foundation product growing to 50% of range

3

Deliver inspiring brand experiences



Re-merchandised four key stores with new segmentation



Opening new flagship store in Oxford Street



Leverage improving CRM on website



# PROVIDE OUTSTANDING PRODUCT CHOICE & VALUE

PURE SHORT ORDER (1/3)



## PURE SHORT ORDER

– VERY REACTIVE



## NEW PRODUCT INITIATIVES

– CONSIDERED MARKET-SHARE PLAYS



## INFLUENCER PERSONALISATION

– INCREASED SOCIAL ENGAGEMENT & BRAND ADVOCACY  
E.G. PERSONALISED RECYCLED SWEATS



# PROVIDE OUTSTANDING PRODUCT CHOICE & VALUE

NEW PRODUCT INITIATIVES (2/3)



## PURE SHORT ORDER

– VERY REACTIVE



## NEW PRODUCT INITIATIVES

– CONSIDERED MARKET-SHARE PLAYS



## INFLUENCER PERSONALISATION

- INCREASED SOCIAL ENGAGEMENT & BRAND ADVOCACY  
E.G. PERSONALISED RECYCLED SWEATS



# PROVIDE OUTSTANDING PRODUCT CHOICE & VALUE

## INFLUENCER PERSONALISATION (3/3)



### PURE SHORT ORDER

- VERY REACTIVE



### NEW PRODUCT INITIATIVES

- CONSIDERED MARKET-SHARE PLAYS



### INFLUENCER PERSONALISATION

- INCREASED SOCIAL ENGAGEMENT & BRAND ADVOCACY  
E.G. PERSONALISED RECYCLED SWEATS







# ENGAGE THROUGH SOCIAL

'SOCIAL-FIRST' BRAND MARKETING APPROACH

## FY21

4

Achieve best in class social media engagement



Over 250 Influencers engaged in FY21, with a total following of over 100m



Followers +6% in FY21, accelerating in FY22 YTD

5

Provide a leading ecommerce experience



Active database +3% in FY21

## PRIORITIES



Affiliate influencer model



Focus on earned media



Website re-platform to microservices






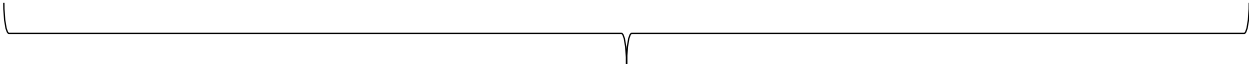
Segment content and platform to engage new audiences



# PROVIDE A LEADING ECOMMERCE EXPERIENCE

WEBSITE PLATFORM UPGRADE TO INCLUDE MICROSERVICES

 <b>WEBSITE BASICS</b>	 <b>SALES &amp; CONVERSION</b>	 <b>CUSTOMER SATISFACTION</b>
<ul style="list-style-type: none"><li>→ Recently viewed items</li><li>→ Store stock checker</li><li>→ Next day delivery filter</li><li>→ Keep items in basket after session expires</li><li>→ Faster checkout</li><li>→ Abandoned cart follow up</li></ul>	<ul style="list-style-type: none"><li>→ Personalised emails</li><li>→ Personalised homepage</li><li>→ Mobile first</li><li>→ App notifications</li><li>→ Customer Segmentation</li><li>→ Before you go messaging</li><li>→ Create Community</li></ul>	<ul style="list-style-type: none"><li>→ Faster site performance</li><li>→ Smoother scrolling</li><li>→ Personalised guides</li><li>→ In-pack messaging including returns information</li><li>→ Shipping updates</li></ul>



**MICROSERVICES ON TRACK FOR LAUNCH IN EARLY 2022**



# LEAD THROUGH SUSTAINABILITY

AWARD-WINNING PROGRESS MADE ACROSS INITIATIVES

## FY21

## PRIORITIES

6

Low impact materials



Accelerated pure cotton organic cotton target to 2025



93% of our packaging is Reusable, Recyclable or Compostable



Convert 20,000 farmers to organic; full traceable supply chain to farmer



100% recyclable, recycled or compostable packaging by 2025

7

Net zero carbon emissions



1st place in the FT “Europe’s Climate Leaders 2021” for reduction in Greenhouse Gases



Carbon Disclosure Project rating improved to ‘B’



100% renewable energy in offices, stores and warehouses by 2025



2% air freight cap in FY22



Achieve ‘A’ rating for CDP

8

Lead positive change



Drapers Sustainable Fashion Awards 2021 “Positive Change Award”



Awarded “Best Organic Ambassador” by The Soil Association



Focus on ‘Grow Future Thinking’ Initiatives



# MAKE IT HAPPEN

OPERATIONAL EFFICIENCIES ACROSS THE SUPPLY CHAIN AND A RE-ENERGISED CORPORATE CULTURE





# KPIs

NEW KPIs ALIGNED TO SHARPENED STRATEGY

## STRATEGIC KPI's

### ACTIVE DATABASE

FY21: 2.78m; +3% YoY

FY22 Target:



### SUSTAINABLE PRODUCT MIX

FY21: 33%; +16% YoY

FY22 Target:



### SOCIAL FOLLOWERS

FY21: 3.32m; +6% YoY

FY22 Target:



### INVENTORY DAYS

FY21: 206 Days; +16% YoY

FY22 Target:



Q&A



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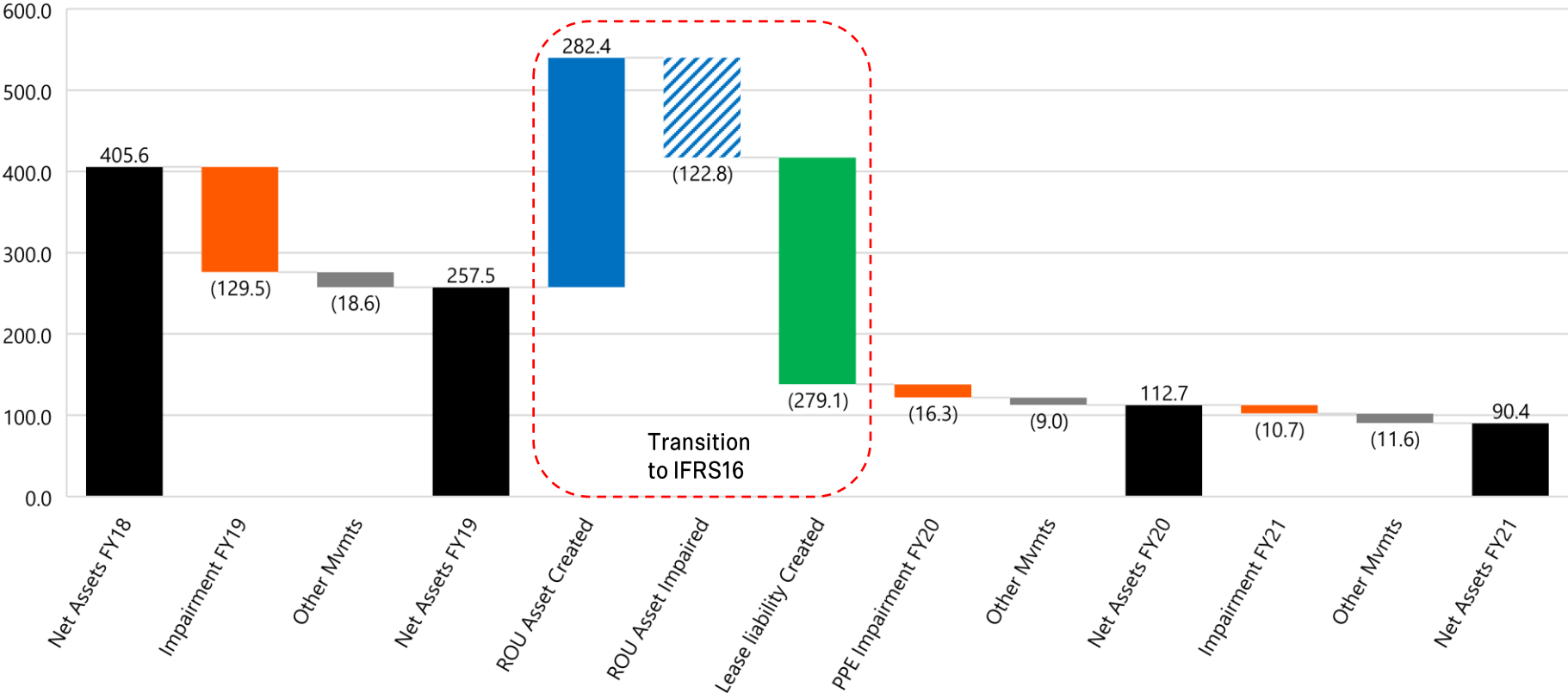
# APPENDIX IFRS 16



# BALANCE SHEET- RECAP IFRS 16

HISTORICAL IMPAIRMENT RESULT IN LOWER NET ASSETS

Net Assets Movement FY18 to FY21

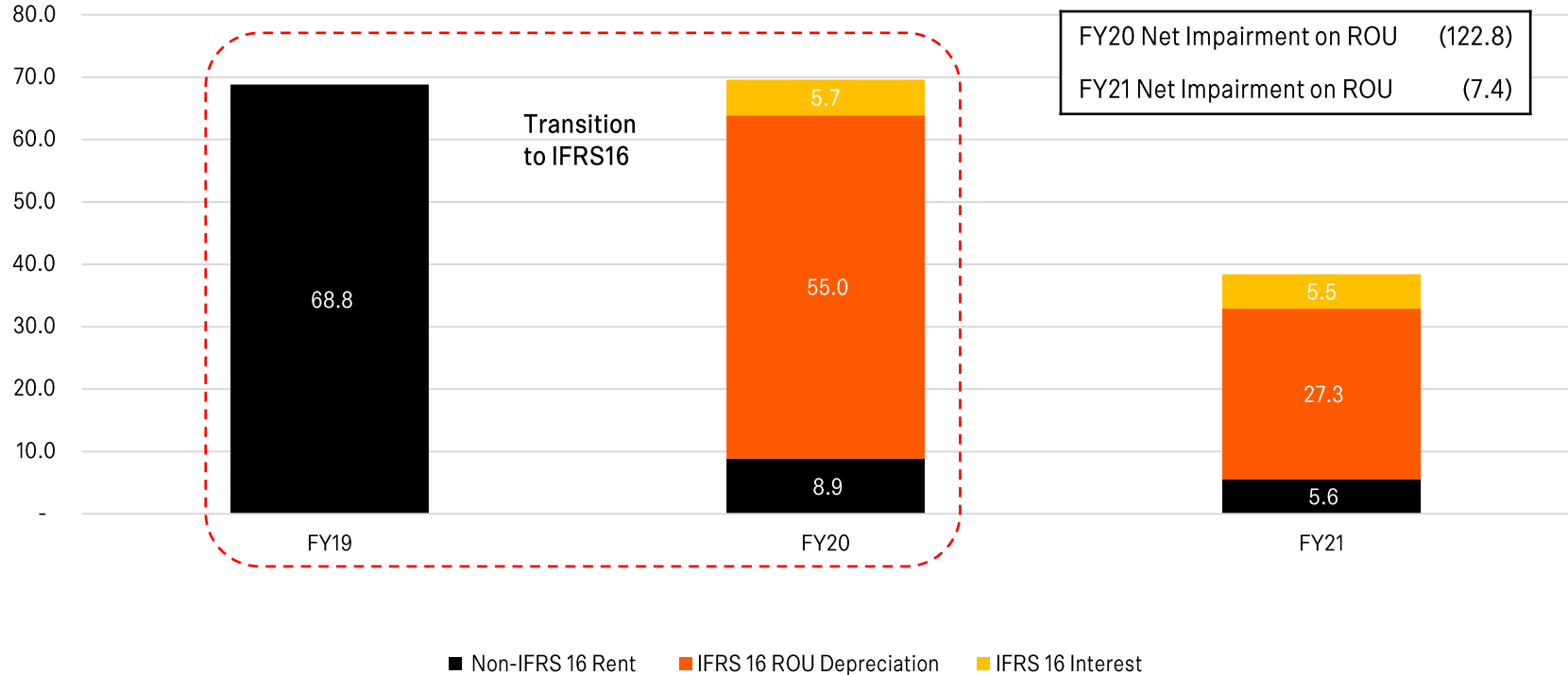




# P&L – IFRS 16 & IMPAIRMENT IMPACT ON RENT AND DEPRECIATION

REDUCTION IN DEPRECIATION DUE TO IMPAIRMENT CHARGES

Rent vs Depreciation  
FY19 vs FY20 vs FY21



# ADJUSTED OTHER GAINS AND LOSSES

IFRS 16 LEASE MODIFICATION AND RENEGOTIATIONS CAUSING SIGNIFICANT INCREASE YOY

Adjusted other gains and losses	FY21 £m	FY20 £m	Change £m
Royalty income	4.2	7.2	(3.0)
IFRS 16 lease modifications and renegotiations	14.3	-	14.3
Other income	0.8	1.9	(1.1)
<b>Total adjusted other gains and losses</b>	<b>19.3</b>	<b>9.1</b>	<b>10.2</b>



## CHANGE IN LEASE MEANS IT IS NO LONGER IN SCOPE UNDER IFRS 16

- Assess ROU asset vs Lease Liability
- If previously impaired, the difference is taken to the P&L as a gain
- One-off, non-cash FY21 Benefit

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